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RISKS OF NUCLEAR WAR REVIEWED, DEBATED

Paris DEFENSE NATIONALE in French Nov 80 pp 61-70

[Article by Pierre-M. Gallois: "Risks of Nuclear Escalation"]

[Excerpts] What are the definitions of escalation? Let us imagine two adversaries possessing the total gamut of conventional and atomic weaponry and let us suppose, for a specific conflict, that they meet on territory other than their own (and, consequently, territory without "sanctuary"). If they confront one another with conventional arms, the time will come when one of the two will be victorious over the other and when that adversary, placed in a situation of inferiority, will be faced by a choice: either he will capitulate and, consequently, will lose the war, or, on the contrary, he will seek a more powerful weapon in his arsenal in an effort to carry the day. Confronted by the destructive effects of this more powerful weapon, his opposite number will be forced to further disperse his conventional forces, and these forces will then lose part of their firepower.

In turn, this belligerent will be forced either to capitulate or to find a more powerful weapon in his arsenal which, in turn, will dominate the adversary. The time will come when one of the two parties will find himself forced into the decision of crossing the extremely fine line which today separates the nonnuclear weapon with the greatest destructive force from the nuclear weapon at the lower end of the destruction scale. The escalation process has then been initiated. Naturally, there is a great difference between the country which starts a war and a country which finds itself in a psoition to defense. For his part, the aggressor will have calculated the advantages and disadvantages of his initiative, including the risk of escalation. Consequently, he will have formulated a certain number of hypotheses concerning the possible behavior of his future victim. This victim, perhaps, will be caught unprepared as it did not start the war: it is the victim of such a war. Therefore, it will be necessary for this country to immediately find a suitable counteraction and to decided whether or not to resort to escalation. There is also a considerable difference, linked to precedent, between the escalation phenomenon manifested by an autocracy and the conduct of this escalation by a democracy. The autocracy does not have concern for the weight of public opinion. In the case of an escalation taking place over a period of time, as opposed to a sudden nuclear attack, the weight of public opinion obviously would be felt within a democracy and the latter would find itself restricted vis-a-vis an autocracy whose governments would not have to take into consideration the reactions of public opinion.

There is a third variant: escalation involving states with very unequal power. It is clear that any state possessing large armed forces can look upon the escalation process quite differently than a state which has only limited military means. Also the latter would have to find itself in the presence of a really vital confrontation to attempt the adventure of escalation, since the leaders of this country would know that their powerful adversary would not agree to compromise and that he would be in a position to proceed to the extremes of violence.

Finally, in the specific case which finds two kinds of society in opposition, there is still a principal distinction to be made between incidents which could take place on the borders of even a power such as the Soviet Union, for example, and those which could occur at a distance. Quite obviously, when such incidents (in which the Soviet Union always has the initiative) take place on its borders, the Red Army intervenes. It intervened in such a way in east Poland, Finland, Czechoslovkia, Hungary, East Germany and most recently in Afghanistan. These involved continguous territories, and the Soviet Union entered the lists with its own forces. These forces have a long tradition of victory; and, in the eyes of the Soviet Government it is inconceivable for the Red Army to make an about-face and yield. The Soviet Government knows that the cohesion of the Soviet empire would not withstand any outright defeat of its army. Also the fate of the peoples directly attacked by the Soviet Army, in my opinion, is sealed. On the other hand, when it happens that the Soviet Union intervenes at a distance from its borders, it never does so directly, with its own means. It uses friendly political parties or even intermediaries, such as the Cubans, or the volunteers of an allied power. As for the Soviet Army, it limits itself to providing logistical support or arms. But it never engages itself. Also a setback would not jeopardize the existence of the system. The Soviet leaders would pretend to be disinterested, and public opinion would pay no attention to the intervention. All of the Kremlin's foreign undertakings have not been favored by good forture: this was the case with Sudan and Egypt. On the other hand, in Angola, Ethiopia, South Yemen and Vietnam, Moscow made quite a few points.

There have been other examples of escalation. The best known is obviously the one for which the 1962 Cuban crisis was the setting. In that crisis, which has been described as one of the models of political "gesticulation" by American leaders vis-a-vis Soviet aggressors, there are many things to review. In fact, by installing ballistic missiles in Cuba--42 missiles on concrete platforms, if my memory does not fail me--the objective of the Soviets obviously was not to destroy the United States. The Russians knew quite well that the Americans at the time had about 1,520 heavy bombers, while they themselves did not have an antiaircraft defense effective enough to neutralize such means. Moscow was not unaware of the fact that in the event of an attack on American territory which would have been made with these 42 missiles, a few hours later, the Soviet Union would have been devastated by megaton attacks. The Kremlin's objective, therefore, was not to threaten the territory of the United States as was claimed. Moscow was merely attempting to "sancturarize" the island of Cuba which for the Soviet Union was an essential jumping off point in the Caribbean Sea, vis-a-vis Central and Latin America. On the other hand, the Americans' objective was to chase Fidel Castro out of Cuba; and they had attempted to do this with the Bay of Pigs operation, which was organized by President Eisenhower and Allen Dulles. Of course, that was a troublesome heritage which President Kennedy did not know how to get rid of. As is known, this operation was a fiasco similar to the one which America has just

experienced in Iran and for somewhat the same reasons: the lack of decisiveness on the part of the president. At the time of the Cuban affair, after having promised air support which was to have been decisive against the small Cuban Air Force, John Kennedy renounced such support for fear of committing his country too deeply. In addition to that, Mr Krushchev had sized up the new president during their meeting in Vienna; and he felt he could count upon the latter's inexperience. That was the reason for the clearly colossal risk, contrary to what we know about Soviet policy, which Moscow had taken with the installation of ballistic missiles less that 100 km from the American coast. At the time, no one could believe that the Soviet Union would take such an initiative: reconnaissance flights, at the end of August 1962, and photos taken over Cuba were necessary before the evidence was believed. The operation was ended, not as claimed, with a victory for American diplomacy but with a setback. In fact, Fidel Castro, whom Washington wanted to chase out of Havana, remained in Cuba as the Soviets desired. What is more, the Americans withdrew the ballistic missiles they had deployed in Europe in 1957, principally in Great Britain, Italy and Turkey. Of course, a phony excuse was given to explain this withdrawal; and Western public opinion was deceived. The American argument was that these missiles were obsolete. As a matter of fact, these were "Thor" missiles which were exposed to destruction on their surface platforms. However, as such, these "Thor" missiles played an extremely important political and military role. Their presence gave the adversary the following alternatives: either that adversary respected the status quo or he would have to preventively destroy these missiles, if he wished, for example, to attack Turkey, without suffering the effects of a nuclear counterstrike. In this event, American blood would have flowed; and there was a risk that this would happen. The United States made it known that they were going to replace these missiles with much more modern missiles (launched by submarines), and European public opinion believed it was getting replacements. It was wrong. In fact, in the case of the "Thor" missiles the decision to involve American soldiers in war was up to the Soviet Union since it would have to preventively destroy this weaponry. On the other hand, the fact of launching "Polaris" missiles from submarines in the Mediterranean, in reprisal for a conventional Russian attack, would have been an American decision. That is, the responsibility for the decision passed from the Russians to the Americans who, to defend Turkey, would have had to attack Russian cities with their missiles. Consequently, from two standpoints, the Cuban affair resulted in a victory by the Soviet Union. All the more so because President Kennedy then committed himself by treaty to never again engage in an operation of the Bay of Pigs kind and to never attack Cuba. Therefore, it is possible, following the Afghanistan affair on the morning of 28 December, at a time when certain advisers reportedly urged President Carter to respond withthe seizure of Cuba, that the signing of the 1962 agreement played a certain role. "Our deeds follow us," and Kennedy's decisions may to a certain extent have tipped the balance.

Let us now consider a third experience, that of the October 1973 crisis. That Yom Kippur war was a strange war, and its singularities continue to be pretty much of a mystery to us. That was the first war in which two nonbelligerents, which were supporting the warring countries, were better informed about the position of the contending troops than the belligerents themselves. It must also be said--second singularity—that the Americans like the Soviets seemed to know the date of the onset of operations. One hour after they were started, the Soviets launched

a satellite, another followed 3 days later, then another 4 days after that, so that the battlefield was under continuing surveillance. But when we realize the preparations required for the launching of several satellites, we can believe that the Soviets were hardly unaware of the fact that there were going to be hostilities in the Middle East. And the Americans, too, in spite of denials by Henry Kissinger. The question can even be asked of whether or not in this affair there was a deliberate effort to deceive the Israeli intelligence services in such a way as to place Tel Aviv, at least temporarily, in difficulty, the lesson inducing the Israelis to compromise [composer]. That is the reason for what followed.

However, to better understand what happened on 25 October, we must take into account the treaty signed on 21 and 22 June 1973 in Washington. Mr Brezhnev was received with great ceremony by Mr Nixon; and the two powers signed a six-article treaty by means of which they put an end, they said, to the danger of nuclear warfare between them. There was nothing new in that: 20 or 25 years ago such a danger had already been ruled out. But, vis-a-vis world public opinion, it was a response to the general hope. The agreement also included a statement of principle by the two powers stressing their devotion to democracy, their desire for peace, their sincerity in cooperation, etc. These statements are part of the contemporary diplomatic ritual. In another article, the two powers declared that they would thenceforth abstain from the use of force directly upon one another. In a way, it was confirmation of the peaceful coexistence announced by Krushchev in March 1961 in his famous speech; and it was also confirmation of what Kennedy had demanded in Vienna; not war between the "Big Two." That would have been too horrible. Twelve years later, the two powers, therefore, signed a document in which they declared that they did not wish to attack one another directly. A third article mentioned the ways and means of permitting the application of the two preceding articles and the prevention of an accidental war; however, in the final analysis, there is talk of such a war today. And, above all, there was a fourth article which had the purpose of extending the agreements made between the two powers to other states. The two parties recognized that, if a conventional war between states which were not parties to an agreement could present the threat of degenerating into a nuclear war, the two great powers should immediately consult one another and combine their efforts to put an end to the conflict. Articles V and VI followed. They dealt with application measures. However, Article IV is important, and it seems that this article was evoked at the time of the Middle East crisis. During the Yom Kippur campaign, the military situation at first developed favorably for the Egyptians: they overran the Bar Lev line in a few hours; they succeeded in having several hundred men cross the Nile without the Israeli intelligence services, which were gratuitously assured by the Americans, having had sufficient information about the situation. General Dayan himself has said that up to the last minute the Israelis had never thought they were going to have to make war. Therefore, it is not ruled out that the American intelligence services failed to communicate to the Israeli services all that they knew. The situation was critical for a long time for the state of Israel whose forces had to retreat. It is also noteworthy that, beginning on the 4th day, Egypt's allies, including Syria, were receiving quantities of Soviet arms while the first arms destined to reestablish the situation on the Israeli side were not delivered until the 11th day of the conflict. What is more, even though the arms supplied in dire extremity were quite sophisticated and even though they had been more or less tested during the war in Vietnam, the Israelis had no knowledge of them. It is known how the Israeli forces

rectified the situation: General Sharon made a breakthrough with his tanks between the Egyptian 2d and 3d Armies and drove toward Cairo. The maneuver was unexpected and Mr Kosygin immediately traveled to Egypt and Mr Kissinger to Moscow. An initial cease-fire was imposed upon the two belligerents; however, General Sharon paid no attention to it: he had the victory. And since the satellites regularly supplied information about the advance of General Sharon, Kosygin made an extremely urgent demarche to the Americans to exert pressure on the Israelis in order that the cease-fire would really be applied. General Sharon continued his advance; there was the famous threat of the Soviets to reoccupy the Canal region with parachute units to interpose themselves between the Israeli and Egyptian troops. Events were, therefore, taking quite a different turn than the one envisaged in Washington and Moscow. That is why, on the night of 24-25 [October], the National Security Council met (the president himself did not bother to attend, while Kissinger was present in two capacities: as the president's personal adviser and as secretary of state). It was decided to put the Strategic Air Command on alert No 4; i.e., to place the strategic forces in a state of alert which was to appear to be a measure of intimidation, a kind of "gesticulation," within the very framework of escalation. It was then that it became necessary to go back to the 1973 treaty, signed 5 months before these events. By its decision to put the Strategic Air Command on alert, the American Government included the Near East conflict within the definition of a conflict which could degenerate into a nuclear war. That is, it imposed two-way negotiation upon the Soviets. Effectively, that is what happened. Negotiations between the United States and the USSR began; it was established that the negotiations would be held in Geneva but, in reality, by initiatives which do not fall within the purview of our examination, Kissinger then managed to eliminate the Soviets from the negotiations. This was doubtless an error, with America bearing sole responsibility for Camp David and its consequences. Also, at the time the Soviets attacked the Muslim peoples of Afghanistan, it was the U.S. Embassy in Iran which was occupied, while the Soviet Embassy functioned normally.

A few additional words about the case of France. The error which must not be made is to believe, situated where it is, and playing the critical role it has in Europe, that it can still choose between "all or nothing." This choice does not belong to France. This choice belongs to the aggressor who will impose it upon her. One cannot imagine powerful Soviet Russia taking the colossal risk of moving from a state of nonwar from which we know it has been profiting for 25 years, to a state of open war in Europe and then agreeing, in the face of the conventional resistance which we might put up against her, to make its armies do an about-face and to admit that they are suffering a setback, at the risk of knocking to earth the vast political and social structure which the Kremlin has patiently constructed. That is not conceivable. If Soviet Russia were ever to make the decision to use force in Europe, it could not refrain from using its armies and neither the latter, not their leaders, could accept a setback. The regime and the empire would not withstand such a setback. Consequently, it is indeed the "all" with which France is confronted; and, what is more, there are many examples: it was with the "all" that the Poles, Finns, Romanians, Bulgarians, Czechs, Hungarians and East Germans were confronted. The "all" is occupation and subservience, although it is difficult to speculate on a phenomenon of escalation between the European countries and the Soviet Union. We can hardly believe in the search for a graduation in the

reprisals which the countries of the West would bring to bear vis-a-vis those of the East. The latter, possible initiators of a war in Europe, will never accept a setback. It is difficult to imagine the East attacking the West to lose such a decisive conflict. The democracies are in quite another situation. It is not up to them to start the war. They can only endure it. And in all the forms that the aggressor will judge advantageous to him to utilize.

8143
CSO: 3100

SOVIET, EAST BLOC EFFORTS TO DELAY CSCE, HELSINKI ACCORDS

Barcelona LA VANGUARDIA in Spanish 9 Nov 80 p 15

[Interview with president of Spanish delegation to CSCE, Javier Ruperez, in Madrid on 8 November, by Jose Luis Martinez]

[Text] Madrid, 8 Nov--The president of the Spanish delegation to the Conference on Security and Cooperation in Europe, Javier Ruperez, does not seem optimistic as the first preliminary phase concludes. After 9 weeks the representatives from 35 countries have not been able to come to an agreement on setting up an internal working method. With the opening session only a few hours away, on 11 November, the climate of distrust between the countries of the two blocs, the Warsaw Pact and NATO, is the dominant note in these preliminary conversations. The USSR and the East European countries are obsessed with avoiding a pointed discussion of the intervention in Afghanistan and other actions, while the western countries want an analysis and exhaustive condemnation of this type of enterprise. Swords are drawn between the two blocs, and this weekend uncertainty hangs over the Congress building in Madrid where the Conference is taking place.

[Question] How can the lack of agreement on subjects such as the procedure and working method of the conference be explained?

[Answer] We have spent 9 weeks exclusively on problems of procedure, and it is really difficult to explain why 35 countries, all of them important, are not coming to an agreement on approving a method of procedure for the conference. What is happening is that some countries are trying to nullify the final statement of the Helsinki Conference. It is not only procedure that is being argued; that covers up deep differences relating to the very concept itself of the conference. Differences relating to the very concept itself of the conference. Differences which have been taking shape over the course of the years, which in certain areas of the conference can make one think that it is the final sense of the Helsinki Conference which is being changed, or that they are trying to change markedly from its original form.

[Question] Are there other reasons for this major disagreement between the two most important blocs at the conference?

Progressive Deterioration Internationally

[Answer] Yes, there are other reasons. That general concept of what the procedure

of the conference is, of what detente is, has been suffering recently, and it has suffered continuously since the document was signed in 1975. It is a progressive deterioration internationally, and although those tensions have not been directly reflected in the preliminary stages, it is evident that that deterioration, with the uncertainties which it has involved, is creating a situation of distrust, a certain paralysis, which is serious.

[Question] There have been comments that the Soviets and their allies are obstructing normal progress, so as to avoid a full debate on Afghanistan.

[Answer] Yes, it is true, and another additional comment can be made also. Soviet negotiating tactics, which in a certain way are tactics by the book, consist of more than making use of time--of misusing it--with statements which are overly rigid and never adequately explained; and always waiting for the end of the time available to use the psychological pressure of time at that moment so they can obtain everything possible. Up until the last moment the Soviet negotiator does not give up the hope that one more drop can be squeezed out of the lemon. Those tactics have had their function in the past, but obviously here they have come up against western negotiating tactics which are much clearer: putting forward the position considered to be final from the first moment, and making them see that there is no possibility of changing that position, because it is not a more or less hidden tactic, but simply a very clear presentation of a certain desideratum.

[Question] Then they have been opposing the spirit and consensus of the Helsinki Accord itself, clearly causing political damage to that platform?

Two Basic Concepts

[Answer] There are two basic concepts to the conference. On one hand there is the final agreement of the Helsinki Conference, which is the document which constituted and inspired this conference. This is a balanced document, with the natural ambiguities of a text which has been negotiated and drafted on a basis of consensus; here there were no majorities or minorities. In that context it is clear that this agreement contains three parts: one dedicated to the political-military aspects of detente or security; a second aspect devoted to topics of cooperation; and a third package or basket devoted to human rights. We, and the West, naturally have a greater inclination to emphasize something that is the very essence of the western system: respect for the rights of man and fundamental liberties. But in the course of the conference I believe that our approach is a realistic one, without attempting to convert the conference into a forum for discussion of the rights of man only, since there are political and military factors to consider, and otherwise the subject of security would not be dealt with thoroughly.

[Question] Accusations are constantly being made by the western countries that the Soviet Union is delaying the progress of the conference. What is the basis for these accusations?

[Answer] At this time we think, without taking into account the controversy over what is interference in internal affairs or not, that as regards the Soviet Union and the Eastern bloc, respect for human rights in those countries does not concern only the domestic sphere. The final Helsinki Agreement makes this statement, and

it is also associated with the development of international law and with all present-day international relations. On the other hand, we cannot say that detente is a practice limited only to Europe, as if it were an island of peace, and that certain activities which are carried on outside of Europe by countries taking part in the conference have nothing to do with security in Europe. The Soviet Union does not want an open and plain debate on all its foreign activities, especially the invasion of Afghanistan. Because of this, it is obstructing the normal progress of the conference.

Two Contrasting Desires

[Question] Why are there so many problems when it comes to drawing up the working procedure? What is behind this problem, what is hidden behind the argument?

[Answer] The procedure conceals a desire on the part of the West for the conference to be held in a reasonable way, with sufficient time to examine the proposals. The countries of the East, meanwhile, are hiding their desire for that review of the past, of the final agreement, to go on in the most rapid and watered-down way possible; that there should be hardly any examination of that concrete data where it could objectively be considered that there are violations of the Helsinki Accord, of which the invasion of Afghanistan would have to be cited as a violation of human rights. Our attitude is to demand those rights in order to criticize those aspects which appear in the final Helsinki Agreement, but at the same time to receive the criticism that they want to give us.

[Question] The unknown factors about the political utility of this conference are not clear; and they do not even anticipate a successful beginning for the conference on the 11th. Will they be able to reach an agreement on the working method before that day?

[Answer] I am convinced that there will be an agreement. It is a matter of finding out how many weeks we are going to have for one subject or another, and how we are going to divide up the progress from one stage to another: if that dividing is going to be done by a guillotine or if it is going to be done more flexibly. There is another very important problem: the preliminary conference includes a very clear mandate for the final conference; it says that the conference must conclude with a final document, and in that final document the date and place of the next conference must be recorded in any case.

[Question] How has the election of Reagan already influenced the conference?

[Answer] Reagan's election has cleared up an unknown factor. I am convinced that the Reagan administration will not introduce major changes, not even in the American delegation present at the conference.

[Question] Has the possible entry of Spain into NATO been a factor in the negotiations at any time?

[Answer] Absolutely. The positions are very clear, and again I repeat, the final Helsinki Agreement upholds the right of participating countries to be members of an alliance or to be neutral.

[Question] How does Spain benefit from the conference?

[Answer] On the one hand we are taking part in a multilateral process which is objectively important for European security. Secondly, beginning with this conference we are supported in a system of deep and satisfactory coordination with the western countries, which will also result in time in a fully western Spain, integrated into various western structures such as the Common Market, such as NATO. Third, in certain specific aspects, we will put forward some alternatives which interest us nationally, such as terrorism, emigration, the Mediterranean Sea, information, etc. Although the conference does not affect our foreign policy directly, we are still interested in the process of detente, a real detente, which would be indivisible, which would satisfy all countries.

8131
CSO: 3110

MATERIEL PRESTOCKAGE IN NORWAY BRINGS THREAT TO NORTH

Stockholm DAGENS NYHETER in Swedish 14 Nov 80 p 4

[Article by Maj Wechselmann: "If War Comes to Norway, Ostersund Will Be in a Bad Position"]

[Text] "The factors which have protected us from a direct military confrontation between the great powers for the past 20 years do not exist any longer," says Johan Galtung in a new Norwegian book on the armaments race, Forhandslagring i Norge? [Prestockage in Norway?] (PAX Forlag, publisher). It deals with the storage of American weapons in advance in Norway and the significance of those weapons in overall strategy. The distance from the new storage depots in Trondelagen to our own Ostersund is a scant 15 miles. Willy-nilly, Sweden will be involved in the action having to do with the new bases.

Galtung wants to get us away from the fatalism and fear which have characterized the military debate in the North: "Fear of a coming war," as he says, "and a feeling of fatalism, since such a war is considered to be unavoidable." I will come back to his proposals.

The information Galtung and his coauthors want to supply is frightening. It is not without reason that the book has become a sensation in Norway. A number of research workers at the Norwegian institute for peace research, the PRIO [Peace Research Institute of Oslo], are working on it, and among them are the former major Anders Hellebust and the head of the information department of Norway's Directorate for Civil Defense, Rolf Thue.

The authors feel that the Norwegian people have been misled in regard to the significance of the new weapon storage depots. They indicate that "a historical tradition" exists where deceiving the Norwegian people and involving them in the nuclear strategy of the superpowers without providing them with information are concerned. In the 1950's, the Norwegian airfields were improved so that they would be able to receive the first large American nuclear bombers, the B-47's. Later on, that country got the big radio-monitoring stations in its northern section as a link in the American antisubmarine strategy in the Atlantic Ocean. It was from the Norwegian Bodo base that the U-2 aircraft took off to carry on espionage several thousand kilometers inside Russian territory.

Anyhow, the authors feel that the new depots have an even more mementous and dangerous significance where Norwegian security policy is concerned. The depots are intended to provide a brigade of American marines with easily-accessible weapons, is the official explanation. That is a subterfuge and a bluff, the authors think: what actually is happening and already has happened is that the Americans built the depots to be filled with fuel, spare parts and ammunition for no less than between 350 and 400 American military aircraft.

Most of the aircraft for which depots have already been built have a radius of action of between 2,000 and 3,500 kilometers--undeniably an extremely long range for defending Norway--and actually have the capability of bombing far to the east, around Moscow.

The authors believe that the aircraft are to be used for a very advanced strategy. They think that the so-called AVAC aircraft are going to function as a sort of fleet of commando stations which perform a coordinating function in carrying out that strategy. None of them seems to believe that an offensive conventional armament program is being carried out by the Soviets--on the Kola Peninsula, for example--which could give grounds for the American escalation. (On this point, they are supported by our domestic expert in this area, the only female member of the military academy, Katarina Brodin, among others).

Former Major Anders Hellebust (now a teacher in the Norwegian institute for advanced studies in journalism) and research worker Malven Lumsden, too, believe that the new depots must be seen in connection with the United States' new military doctrines: Norway is to be made the "unsinkable carrier" to 1) maintain a barrier against Soviet submarines in the North Atlantic, 2) prevent the Soviet Northern Fleet from forcing its way out into the Atlantic and 3) make Norway an intermediate landing base for aircraft with nuclear bombs on the way to the Kola Peninsula or Leningrad and Moscow.

On this, Galtung writes as follows: "The Americans are interested in trying to tie in the Europeans therefore the problem consists not only of the need to have a reliable defense but also of the need to have reliable bombing targets, so that the war can be shifted over to European territory."

Now, what are the worst possible consequences of the new doctrines? In statements by former Secretary of State Harold Brown and American admirals at this year's congressional inquiry into the defense program, the question of "a second front" recurs. Government sources also have stated that "the United States must reserve the right to be able to open a second front on either the southern or the northern flank of NATO in case of a war between the superpowers in the Persian Gulf, for example."

"Is it probable or improbable that Scandinavia would be drawn into a duel between the superpowers which started in the Persian Gulf, for example?" Rolf Thue was asked.

"Probable," he thought. He also thinks that that war is going to be a nuclear war. He referred again to Harold Brown, who was asked what the nature of a flexible nuclear strategy for Europe would be at that moment. That moment was as recent as 17 August 1980.

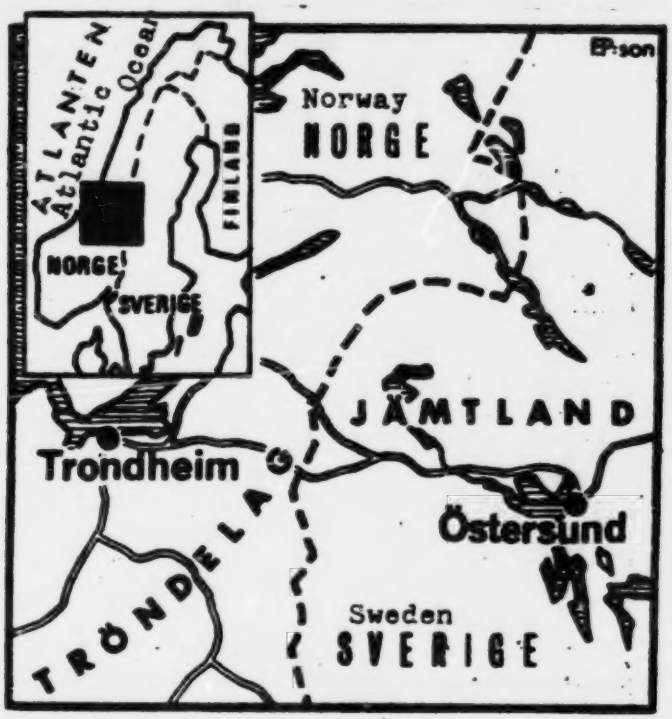
He replied that the United States would have to carry out deterrence against small-scale nuclear attacks upon the United States, American forces in Europe and America's allies. He said that tactical nuclear weapons could only come into use if a massive Soviet conventional attack was carried out against Western Europe.

There is scarcely any doubt at all that the new Norwegian weapons depots are causing the Soviet Union to assign first priority to Norway as a bombing target in any future war. That sort of assignment of priorities will in all likelihood also be our lot if a war takes place.

What can and must be done in the present situation? Johan Galtung proposes that a northern zone free of nuclear weapons be set up. It should include not only Scandinavia but also England and the Netherlands. In view of the political concern in the small NATO countries in regard to nuclear armament, Galtung's proposal is very realistic.

In the final document from the United Nations special session on disarmament last year, areas free of nuclear weapons was one highly-recommended disarmament proposal, too!

What possibilities exist today for extending contacts on what has been a traditional Scandinavian peace policy for a long time (compare Kekkonens and Osten Undens proposals)? Personally, I am convinced that a desire exists to take action on the proposal to create areas free of nuclear weapons, not just on a rather high political level but among all the people in this country. Who will take the initiative?



The distance from the United States' new weapons depots in Trondelagen in Norway to Ostersund in Jamtland, for example, is a scant 15 miles. These bombing targets for Soviet missiles are menacingly close to Sweden.

9266
CSO: 3109

COMING INVESTMENTS IN NATION'S OIL REFINERIES VIEWED

Rome RASSEGNA PETROLIFERA in Italian 3 Oct 80 pp 841-842

[Text] The refineries in the hexagon, as the French like to refer to their country, which in fact does vaguely resemble a hexagon, will have to invest up to 15 billion 1980 francs between 1980 and 1990, that is to say 3,000 billion lire to adapt refining capacity to meet supply and demand requirements. Eleven billion francs have yet to be allocated, while 3.5 billion francs for planning are being or already have been set aside. The level of such investments does not place much relevance on the rapidity of oil supply slippage, decreasing only by 10 percent, or by 1.5 billion francs, if 1990 consumption estimates are of 80 million tons versus 70 million tons. (These high and low estimates are targets of the energy restructure process set by the government.) Furthermore, refining investments must be 80 percent complete before 1985.

The above are the conclusions reached by the Commission for Energy and Raw Materials under the aegis of the Eighth Plan. Published in this format last summer, they merit further attention. First of all, the above-mentioned evaluation refers solely to refining and evidently does not take into consideration those investments linked to other forms of energy exclusive of oil, be it at the retailer level or at the wholesale level.

Preview of Tentative Estimates

The plan's experts do not exclude further honing of the above estimates: "They are tentative estimates, nothing more." This is true for various reasons, the most important of which is the acceptance at face value of hypotheses the experts themselves at times view as arbitrary and open to conjecture. However, hypotheses are indispensable and in any case do permit the acquisition of useful data. At most, one can argue that the reports did not examine maintenance procedures used by a certain number of small refineries.

The refinery statistical model used in the study was based on a single, large refining plant, thus allowing only a limited approach in examining the given problem. Its use has undoubtedly called for minimizing the level of investments, a conclusion also shared by the plan's experts, despite precautions taken to the contrary.

Being very theoretical, the calculations were based on hypotheses which, for the time being, are not in agreement with one another. Such hypotheses are influenced by given consumption rates, obviously in consonance with the government's goals and

with certian supply schemes. Prior to examining the quantitative characteristics of hypotheses of French refinery reorganization, three main avenues of approach, namely 1, 1 bis and 2 used by the plan's experts should be mentioned: 1) this case involves use of oil for energy purposes in the order of 70 million tons in 1990, or, in general terms, the most conservative objective announced by the public office. 1 bis) this case differs from the first by calling for less gasoline consumption and an increased demand for diesel fuel. The objective is to test future refining investment sensitivity to a rapid introduction of diesel engines in the automobile field. 2) this case involves the hypothesis of gas consumption for energy purposes in the order of 80 million tons in 1990.

The plan's experts agree that scenarios used for case 1, while favorable to gasoline, definitely are not favorable to heavy combustible oil and oil for domestic use. In their opinion, a drastic reduction such as that envisioned for heavy oil will only be possible if "the alternate forms of energy will actually be capable of replacing it" thanks to a satisfactory supply and a much more vigorous stimulation policy. It is for this reason that the scenario in case 2 appears much more realistic than the first, at least as far as heavy combustible oil is concerned. The experts also state clearly that an 80 million ton consumption figure by 1990 is much more realistic than the 70 million tons envisioned in the government's conservative hypothesis.

In order to simplify matters, in addition to the consumption scenarios, three hypotheses dealing with petroleum supply are to be examined:

a) Average imported petroleum is a little heavier than that on hand (crude oil pool will be 32 degrees API compared to 33.5 degrees API) which is in consonance with the world tendency toward heavier reserves. This development is offset by the importation of 2 million tons of GPL, of light condensed fuel, the former and the latter both being derived from the recovery of liquid and heavy particles from natural gas.

b) Petroleum imports have decreased by 5 percent. Taking their place are other products which are then in turn added to 4 million tons of GPL and condensed substances. This is so if one makes allowances for an insufficient refining capability for secondary conversion and an international market devoid of stress periods.

c) The third hypothesis differs from the initial one in the form of a significant increase in weight of the imported barrel, on one hand, due to the weight of extra-heavy crude (Venezuelan Boscan), 10 million tons worth, and on the other hand by the purchase of 5 million tons of heavy combustible oil from OPEC, assuming this is a "one-time only" access to crude oil. This plan evidently was influenced by talks held with Venezuela in order to obtain extra-heavy crude and by a given slant exhibited by some OPEC countries around the beginning of the year, but which today appears to be dispelled because of the worldwide petroleum market turnaround.

It should be noted that the plan's experts, adopting the different supply models relating to their calculations, did not at all attempt to envision what 1990 will really be like, but have taken into account only the present economic situation.

If the case can be viewed as a reasonable hypothesis, the two variables are a test of value sensitivity of French refining capacity which is facing unfavorable situations. This is true even if one day there were to be the importing of extra-heavy crude.

After having input the various consumption and supply parameters in the equation, the plan's experts came up with positive results, which are given in the tables below.

The figures show that in all cases, it is possible to meet a demand that faces a relatively moderate increase (from 50 to 100 percent, depending on the case) of present conversion capacity, aided by plants whose construction is already underway and which shall begin production before end-1982. Only a supply of "very heavy" would call for the adoption of the costly hydrocracking method.

Figures Lower Than Foreseen

With regard to the volume of required investment, the figure of 15 billion francs mentioned at the beginning, which was only a rough estimate, taking into account a considerable margin of error, is noticeably lower than a previous estimate, arrived at by government sources. These sources, in fact, quantified the government's energy objectives and conversion plant investment needs at around 20-23 1978 billion francs from the present to 1990.

The resulting figures still evidence a great "sensitivity" of the investments with respect to the "gravity" of the supply situation: the "heavy" variation calls for a doubling of investments necessary to build more sophisticated plants. On the other hand, case number 2, which is less "severe," does not result in the reduction of investments as initially envisioned.

The plan's experts believe that the financing of investments needed for the development of French refining should pose no particular problems. The condition remains, however, that the behavious and price levels allow a sufficient margin of financial self sustainment to remain on the par with refining capacity. Furthermore, in French circles, investments directly linked with new units are not included with the maintenance of existing transformation plants, which turns out to be a sum calculated at about 1 billion francs per year, an amount equal to that which is needed in order to construct new plants taking the period from the present day to 1990.

In conclusion, it also remains to be seen if other forms of energy can rapidly take the place of petroleum products.

[Table 1. on following page]

Table 1. Needed Refining Capacity in France
(million tons per year)

CAPACITA' DI RAFFINAZIONE NECESSARIA IN FRANCIA
(milioni di t/anno)

(1) Scenario di consumo	(3) Situaz.		1)		1 bis)	2)
(2) Approvvigionamento	1980 (*)	a)	b)	c)	a)	a)
(5) Distillazione atmosferica	--	(4) Eccedentaria			(4) Eccedentaria	
(6) Reforming	—					
(7) Distillazione sotto vuoto	32,4	44,5	42,1	51,8	44,3	45,2
(8) Deasfaltazione	0,5	9,1	8,4	—	9,3	7,1
(9) Idrodesolforazione del residuo deasfaltato	0	5,5	5,1	12,2	5,7	3,8
(10) Cracking catalitico	15,0	23,8	22,4	27,2	22,9	23,5
(11) Visbreacking	6,6	11,0	10,5	9,6	10,7	12,9
(12) Cracking all'idrogeno	0,7	1,0	1,0	5,5	1,9	0,0
(13) Coking	—	—	—	—	—	—
(14) Cracking catalitico equivalente	19,1	30,5	28,9	38,6	30,5	30,0
(15) Consumi e perdite	—	6,8	6,4	8,1	6,7	6,8

(*) Comprese le capacità in costruzione.

Equivalenza « FCC » di capacità delle diverse unità: cracking catalitico = 1; hydrocracking = 1,2; coking = 0,7; visbreacking = 0,5.

Key:

1. Consumption Scenario
2. Supply
3. Situation
4. In excess
5. Atmospheric Distilling
6. Reforming
7. Vacuum Distilling
8. Asphalt Removal
9. Hydrodesulphuring of asphaltless residue
10. Catalytic Cracking
11. Visbreaking
12. Hydrogen Cracking
13. Coking
14. Equivalent Catalytic Cracking
15. Consumption and Waste

(*) Includes construction capability. "FCC" Equivalent of different unit capabilities: catalytic cracking = 1; hydrocracking = 1.2; coking = 0.7; visbreaking = 0.5

Table 2. Refinery Investments 1980-1990
(billions of 1980 francs)

INVESTIMENTI NELLA RAFFINAZIONE: 1980-1990
(miliardi di franchi 1980)

(1) Scenario di consumo	1)	1)	1)	1 bis)	2
(2) Scenario di approvvigionamento	a)	b)	c)	a)	b)
(3) Investimenti (*)	11,2	9,8	21,5	11,4	10,2

(*) Escluse le attività di costruzione in corso, che ammontano ad oltre 2,5 miliardi di franchi.

Key:

1. Consumption Scenario
2. Supply Scenario
3. Investments *

(*) Excluding construction already underway, which totals over 2.5 billion francs.

Table 3. Oil Consumption in France

IL CONSUMO PETROLIFERO IN FRANCIA

(1) Obiettivo 1990

	(2) Risultati 1979	(3) Caso 1)	Caso 1 bis)	Caso 2)
(4) GPL	3,1	3,0	3,0	3,0
(5) Carburanti auto	17,7	20,0	18,0	20,0
(6) Basi petrolchimiche (1)	7,0	10,0	10,0	10,0
(7) Jet fuel	2,5	4,0	4,0	4,0
(8) Gasolio	9,2	10,5	15,5	13,5
(9) Fuel domestique	30,6	10,5	10,5	13,5
(10) Olio comb. pes. industr.	17,5	3,0	3,0	9,0
(11) Olio comb. pesante centr.	11,5	4,0	4,0	4,0
(12) Bitumi	3,0	3,0	3,0	3,0
(13) Bukeraggi	5,0	5,0	5,0	5,0
(14) Altri	3,5	3,0	3,0	3,0
(15) Totale	110,6	79,0	79,0	87,0

(1) Gpl nafta e gasolio in quantità arbitrarie (ottimizzate per il programma di raffinazione).

Key:

1. 1990 Target
2. 1979 Results
3. Case 1
4. GPL
5. Automobile gas
6. Petrochemical bases (1)
7. Jet fuel
8. Diesel fuel
9. Domestic heating oil
10. Industrial mixed heavy oil
11. Center mixed heavy oil
12. Bitumen
13. Bunkering
14. Others
15. Total

(1) GPL, naphta and diesel fuel in arbitrary quantities (optimized for refinery production).

Table 4. Structure of Petroleum Consumption

STRUTTURA DEL CONSUMO PETROLIFERO

	(1) Risultati 1979	(2) Caso 1)	Caso 1 bis)	Caso 2)
(3) Prodotti leggeri	27%	43%	41%	39%
(4) Prodotti medi	43%	37%	39%	36%
(5) Prodotti pesanti	37%	20%	20%	25%

(6) Fonte: Commission de l'Energie et des Matièrese premières pour la preparation du VIIIème Plan.

Key:

1. 1979 Results
2. Case 1
3. Light products
4. Medium products
5. Heavy products
6. Source: Commission de l'Energie et des Matieres Premieres Pour La Preparation du VIIIeme Plan.

9209
CSO: 3104

ENERGY COLLABORATION WITH ALGERIA PUSHED AGAIN

Rome RASSEGNA PETROLIFERA in Italian 7 Nov 80 pp 961-963

[Text] The French minister of industry has made a "working visit" to Algiers at the head of a delegation consisting of representatives of the French Gas Company [GDF] and the CFP [French Petroleum Company]. Algiers apparently wishes to link revision of the gas supply contracts to renewal of France's collaboration agreement with Algeria.

The French authorities have always said that the differences in gas prices are part of a trade problem between SONATRACH [National Company for the Transport and Marketing of Hydrocarbons] and the French Gas Company. Even if this still true, it was new developments that recently took French Minister of Industry Andre Giraud to Algiers.

Paradoxically, therefore, the changes in the situation have not related to gas: in Paris no one makes a secret of the fact that the Algerian position has remained unchanged since affirmation of the principle that natural gas prices must be aligned with petroleum prices. The French Government, for its part, continues to maintain that natural gas competes with certain petroleum products and that its price to the consumer cannot be higher than the price of the liquid fuels. It does not appear, therefore, that Giraud's visit has any possibility of resolving the divergent points of view of the two parties with respect to revision of the contracts governing the supply of Algerian gas.

Moreover, the representatives of SONATRACH and the French Gas Company have met in Paris to reach a decision concerning these new contractual terms.

The most recent negotiations between the parties had made possible (to judge by the diplomatic language employed) a rapprochement between the respective points of view. Industrial circles and the trade press express the belief that a compromise will ultimately be reached, even though significant difficulties are clearly apparent with respect to the procedure for determining the new price. Still another aspect of major importance is the question of retroactivity of the future price, and this remains completely unresolved. In addition, the French would like a phased program that will plan the sequence of shipments through the medium term. This would replace the current program, which allows SONATRACH to notify the customer at the end of the month concerning shipment of cargoes of LNG [liquefied natural gas] in the following month.

Pending conclusion of the agreement with the Algerians, the French Gas Company--pursuant to the provisions of the indexing clauses of the contracts currently in effect--has doubled its payments to SONATRACH during 1980. Those sums that were paid, however, represent an advance on the definitive price that will be established. According to reliable information, the French Gas Company was paying $3.05 per million BTU [British thermal units] (approximately 93 lire per cubic meter) between 1 January 1980 and 1 July for Algerian gas and today (since 1 July) is paying $3.20 per million BTU (approximately 103 lire per cubic meter, based on the current exchange rate of 900 lire per dollar).

These prices are applicable after liquefaction of the gas; in other words, transportation of the LNG from Skikda or Arzev to the French ports of Fos-sur-Mer or Le Havre--and also the regasification--is at the expense of the GDF. The cost of transportation and regasification is approximately $0.5 or $0.6 per million BTU (approximately 16-19 lire per cubic meter), with the result that the gas arrives at the point of entry to the French system with a tentative price of from $3.7 to $3.8 per million BTU (approximately 119-122 lire per cubic meter). For the seller--SONATRACH--the tentative price for the gas at the wellhead will be around $2 per million BTU (approximately 64 lire per cubic meter). Subtracted from the $3.2 paid by the GDF are the cost of liquefaction (approximately $1--equal to 32 lire--per cubic meter); the costs of transportation between the Hassi R'Mel fields and the liquefaction installations on the Mediterranean coast; and the costs of exploiting the fields.

A recent study presented at a symposium on Arab natural gas held in Algiers last summer stated that the price established for natural gas in Europe corresponded in April 1980 to a purchase price of $4.1 per million BTU CIF (cost, insurance and freight). Since then the parameters for traditional indexing of the price of gas have led to a price readjustment, which has in fact been translated into renegotiation of the contracts for supplying the Dutch gas; renegotiation of the contracts for the Libyan LNG; and conclusion of the agreement covering future imports of Nigerian LNG.

Greater Knowledge of Gas Prices

It is therefore probable that the average price CIF for natural gas imported into France (and consequently including Algerian gas) will be very close to $4 million per million BTU.

With the passage of time, information concerning gas prices is becoming increasingly more precise than it was in the past. Heretofore, of course, trade secrecy prevented an adequate knowledge of these prices, but today this situation is changing. It is also true that the prices stated are frequently not well defined, because unlike the prices for petroleum--for which the prices paid to the producing countries represent almost the totality of the real cost of supplying the petroleum--the prices for gas must be accompanied by the data that relate to the particular stage to which the prices are applicable, inasmuch as the expenses attendant on liquefaction, transportation and regasification are an extremely important factor. Moreover, the disparity that has heretofore existed (and justifiably so) among the various contracts for international trade in gas unquestionably reflects the free choice of the various interested parties. Free choice is still in fashion, but certain data enable one to make a better evaluation of the market and the price for

gas. One can therefore obtain an idea (although not a precise one) of the nature of the compromise agreements which the negotiators for SONATRACH and the GDF--or other suppliers and potential customers in Algeria and elsewhere--can and should arrive at if they want the market for gas (LNG or other types) to evolve as they desire.

The financial modalities of the contract recently concluded by the consortium of European purchasers of Nigerian natural gas (scheduled to take effect in 1984-85) undoubtedly provide one with an understanding of the broad outlines of what will be possible. According to industrial and press sources, this agreement with the Nigerians was concluded on the basis of a 1 January 1980 price of $4.5 per million BTU (approximately 133 lire per cubic meter, with the dollar quoted at 900 lire) for the countries of northern Europe, and $4.25 (approximately 136.60 lire per cubic meter) for the countries of southern Europe. This base price will be linked to two parameters: indexing based 57 percent on the prices for energy in the FRG and in France (that is to say, 19 percent on the cost of importing the crude, 19 percent on the price of the gas oil, and 19 percent on the price of the fuels), and 43 percent based on the evolution of industrial costs and wages (two-thirds for the FRG and one-third for France). Twenty percent of the total price will be established at the time the liquefaction installation goes into operation. Based on this formula, the CIF price as of 1 July 1980 proved to be approximately $5 per million BTU (more than 160 lire per cubic meter).

It is obvious that if these values are confirmed the price level will rise sharply. Other contractual prices deserve to be cited. These range from $4.07 (approximately 131 lire per cubic meter) CIF Austria for Soviet gas supplied to Europe (according to information disclosed by sources in Vienna) to $5.75 CIF Japan (approximately 185 lire per cubic meter) for LNG from Abu Dhabi, and include the $4.11 (132 lire per cubic meter) for Dutch gas FOB the Netherlands border and the $4.47 (approximately 143.6 lire per cubic meter) paid by the Americans for gas (FOB the respective border) from Canada and from Mexico.

Algerian 'Ambitions'

Returning to the question of Saharan gas, it should be noted that the Algerian development plan calls for an investment of $20 billion in each of the next 5 years (approximately 18 trillion lire per year). Moreover, the recent disaster at El Asnam entails new and massive requirements for capital for reconstruction.

Receipts from the sale of Algerian hydrocarbons are expected to approach $12 billion in 1980, compared to approximately $10 billion in 1979 and $5 billion in 1978. Mainly because of the program for LNG development, however, Algiers has recorded a foreign debt of almost $19 billion, while the profits derived from the gas do not yet compensate for the investments made by the Algerians--investments which have, moreover, elicited strong criticism of the new leaders of the country, in contrast to their predecessors. SONATRACH, for example, is criticized for having agreed to excessively low prices for the gas it exports and for having excessively high production goals.

Lastly, the government is in the position of having to find, and spend, a constantly increasing volume of capital in order to cope with the very high rate of population

growth (3.2 percent per year). This explains why--in the hydrocarbons sector--Algeria plans to make the maximum effort to obtain the best possible return from its exports.

Presence of the CFP

The presence--at the side of the minister of industry--of top officials of the French Petroleum Company [CFP] confirms that the new topic of discussion--together with gas--is petroleum. The CFP has refused to reveal the expiration date of its collaboration agreement with SONATRACH, but it is known that this date is next 31 December. So long as France is faced with the problem of replacing the one-fourth of its petroleum supplies that formerly came from Iraq, and so long as the petroleum market shows signs of tension, the temptation for Algeria must be very great to link revision of the LNG supply contracts to revision of the 10-year petroleum agreement with the CFP. In 1979 the CFP had taken out 11.45 million tons of Algerian crude and expected to take out 10.5 million tons in 1980. It should be pointed out in this respect that only one-third of this crude goes to the French market. Renewal of the agreement is very important to the CFP, but negotiations appear to have reached a deadlock following the Algerian request for payment of a premium of $3 per barrel over the official price of $37 per barrel.

France, to be sure, is in a highly vulnerable position vis-a-vis the request to link the two dossiers: the gas dossier and the oil dossier. President Giscard has obtained an additional 50,000 barrels of Abu Dhabi crude per day, for an undisclosed price. Moreover, the CFP and SNEA [expansion unknown] have signed with PETROMIN [expansion unknown]--under the terms of contracts concluded in 1979 with the assistance of the then Minister of Foreign Affairs Jobert and President [sic] Barre--a supplementary agreement which reportedly will guarantee to them "substantial" additional quantities (several million tons per year) of Saudi petroleum in addition to those they have been receiving since 1974.

Supported as it is by the behavior of the market, Algeria appears to have picked the right moment. One will not have failed to notice that relations between Algiers and Paris are exceptionally good, and that despite the differences of opinion there is a desire to reach an agreement. Giraud's visit to Algiers demonstrates the fact that in France--as in other countries--the gas and petroleum problem is dealt with at the political level. It should be noted, however, that in France--within the government and the public administration--there are jurisdictions at a very high level which have the power to negotiate at the international level and even to direct the "technicians" of the enterprises. At the working sessions held in Algiers, Giraud has apparently succeeded in getting the gas negotiations back on the rails. The two parties have agreed to meet in the near future for "a difficult discussion that will, however, take place in a favorable climate," to quote French Gas Company General Manager Delaporte. The probable explanation of this development is that an agreement has been reached based on as yet unspecified modalities for recognition of the principle of the equivalence of natural gas and petroleum. The Algerians are, in fact, intransigent on this point, and Minister of Energy Belkacem Nabi--the current chairman, by rotation, of the OPEC Conferences--has committed his own personal prestige and political reputation to the effort to resolve this problem.

On the other hand, the Algerians appear to be quite flexible and receptive with respect to the modalities of implementation. They recognize the need for a phased

evolution of prices in order to keep abreast of the market. They have, for example, renounced their proposal to index their gas to Saharan Blend oil--the price for which ($37 per barrel) is particularly high in consequence of the quality of the oil--and are willing to divide the costs of transportation, insurance (and perhaps regasification) between the parties.

Conclusion of the new agreements between the CFP and SONATRACH, however, appears to be no easy task. Under the terms of the 1971 agreements (which were renewed in 1975) the company holds concessions that yield it approximately 12 million tons per year of Algerian crude, only a part (3 million tons) of which--as we have stated--is sold on the French market. The remainder is sold on foreign markets, and in particular to American companies. Algeria is in this way playing a not inconsiderable role in supplying France with oil and is enabling the CFP to improve its situation on the international petroleum market. The French side, for its part, is hoping for maintenance of the privileged status of the crude it receives, but the authorities in Algiers--who are aiming at conservation of their reserves--are increasingly more anxious than in the past to exercise tight control over the exploitation and development of these deposits. The discussions, however, have been facilitated by the exemplary, discreet and serious collaboration that has taken place to date between the two companies. The CFP is prepared to participate extensively in mining exploration in new areas and to sign new contracts to that effect. ELF-Aquitaine [Gasoline and Lubricants Company of France-Aquitaine] has, moreover, already done so: it has resumed exploration in Algeria after many years of absence from that country, where its direct predecessor--the Petroleum Exploration Office--had basically been responsible for the discovery, and initial development, of Algeria's great hydrocarbons resources. It would therefore seem that on this point as well, a good foundation has been laid for an agreement which will renew the one concluded a decade before.

10992
CSO: 3104

ENERGY PROGRAM STRESSES COAL MINING INDUSTRY

Increase in Coal Production

Madrid YA in Spanish 25 Nov 80 p 34

[Text] As of 31 October of this year, 1.040 billion pesetas had been invested by the National Energy Plan in the coal mining industry. This figure is broken down as follows: 847.8 million pesetas for geological and mining research and 197 million for technological research programs. In mining there are now 30 geological and mining research projects being conducted, while there are seven technological research programs taking place, with the assistance of firms such as Encasur, the mining firms of Guardo, Hunosa, Lignitos, S.A., Hullasa, Minas y Ferrocarril de Utrillas, as well as some others.

The geological and mining research programs are taking place in the following provinces, according to a report issued by Minerpress: Oviedo (five), Leon (three), Palencia (one), Terual (five), Barcelona-Huesca-Lerida (three), Badajoz (one), Cordoba (two), Granada (two), Mallorca (four), and Galicia (one), with three additional projects in the rest of the country. The technological research programs are being conducted in Oviedo (one), Teruel (two), and the rest of the nation (two).

This report also points out the lack of planning in the Spanish coal mining industry concerning technological restructuring. This, along with the fact that the national industry can not absorb the PEN [National Energy Plan] programs, according to a report on coal presented by staff specialists of the PSOE [Spanish Workers Socialist Party], the Bank of Bilbao, and the Central Bank, is one of the main obstacles that Spain will have to overcome to emerge from its present mining crisis. Furthermore, according to Carbunion, Spain's coal production during the first 6 months of this year amounted to 13,461,000 tons, with a sales value of 35 billion pesetas. Imports during this period came to somewhat more than 1.5 million tons.

All the figures show the decisive importance of coal as a source of energy for the next 100 years. The world coal reserves have an expected duration of 200 to 300 years. The countries now producing the most are those which at this time have the largest known reserves. The United States accounts for a fourth of the world's total production, and it holds a similar quantity of reserves. The EEC, with 15 percent of the world's reserves, has given priority to increasing its coal exploration. The USSR and China have reserves of about 17 and 15 percent, while Japan will remain highly dependent on foreign suppliers.

Spain has some reserves which were recently evaluated at 4 billion tons, so it can become involved in the coal industry.

The completion of the PEN program will improve the capability of the national industry to import. While imports now come to 5 million tons, this figure may be tripled in forthcoming years. These imports will require, in turn, new investments in transportation and other types of infrastructure. This will cause a fairly heavy outflow of currency, which may be further increased if, as may be expected, the price of coal rises in response to demand.

Answer to Energy Crisis

Madrid EL PAIS in Spanish 4 Dec 80 p 50

[Text] "The development of our huge coal reserves is the only optimistic sign we have in resolving the present energy crisis," said Jose Manuel Fernandez Felgueroso, chairman of the Hulleras del Norte National Firm, during the meetings which have been held on energy since last Tuesday in the Official Chamber of Commerce, Industry, and Navigation of Barcelona.

Fernandez Felgueroso said that coal now accounts for 16.5 percent of Spain's energy consumption and 22.3 percent of energy consumption in the European Community but that, according to all forecasts, by the year 2000 dependency on coal to offset petroleum shortages will have tripled.

He also mentioned that it is estimated that the world's coal reserves may be sufficient for 500 years, and that future dependence on this energy source will not have the disadvantages associated with the present OPEC oligopoly.

The countries which now have large coal reserves are the USSR, the United States, and China, but because of the high costs of mining these deposits, the main suppliers will be Australia, South Africa, and possibly Colombia.

The coal market, said Fernandez Felgueroso, will stimulate port operations and the lagging freight market.

7679
CSO: 3110

OIL CONSUMPTION STUDIED AT CONFERENCE

Istanbul MILLIYET in Turkish 16 Nov 80 p 7

[Text] At a meeting on "Oil Production in Turkey" arranged by the Economic and Social Studies Conference Delegation at the Sheraton Hotel yesterday, Energy and Natural Resources Minister Serbulent Bingol said, "Turkey's energy problem stems from delaying completion of the Afsin-Elbistan electric power plant project."

Attending the "Oil Production in Turkey" meeting were Bingol, Industry and Technology Minister Sahap Kocatopcu, former Maritime Bank Director General Nezih Neyzi, Nejat Eczacibasi and former finance and energy ministers and officials. Minister Bingol, who spoke at the meeting, said in summary: "Turkey's oil requirement will reach 30 million tons in 1985. And this is a disquieting situation for the future. If the Afsin-Elbistan project had been completed on time, our energy problem would have been taken care of. If the efforts in this area go on, coal reserves may reach 6 billion tons, which is encouraging for the future."

Also speaking at the meeting, former Maritime Bank Director General Nezih Neyzi said, "Oil production in Turkey has been declining since 1970, dropping from 3.5 million tons to 2.5 million tons because of our failure to keep in step with OPEC price increases."

Nezih Neyzi continued: "Oil exploration and the accompanying industrial studies needed for production must be accomplished and new opportunities must be shown. On the other hand, only 20 million tons of crude oil well be obtainable in 1999, even if the programs for a 10-percent increase per year in local production are implemented. This inadequate production shows that it is necessary that we find more new oil reserves."

Another speaker at the meeting, Dr Nejat Eczacibasi, said, "The important thing is to find a solution to the energy problem as soon as possible. One remedy would be to activate non-petroleum energy resources. As for increasing our oil production, we must get away from fuzzy ideas and trends as soon as possible and take scientific, realistic approaches."

Fikret Gurel, a retired deputy director general of the Shell Company in Turkey, said: "The world is getting ready for a second coal age. Turkey must make the necessary investment in this regard, both raising domestic production and turning to exportation. Moreover, we are rich in forests, and should begin immediately to use the latest technology to obtain 600,000 kilogram calories per year of smokeless, nonsulfurous fuel. Moreover, we must give the go-ahead as soon as possible on the nuclear energy program."

8349
CSO: 4907

SWEDEN'S KOCKUMS YARD SELLS SUBMARINES TO NORWAY, DENMARK

Stockholm DAGENS NYHETER in Swedish 28 Nov 80

[Report by Mats Hallgren]

[Text] Sweden's Scandinavian neighbors Denmark and Norway may be future markets for Swedish submarines from the problem-plagued Kockums yard in Malmö. Kockums is conducting separate discussions with Denmark and Norway concerning orders and co-operation on the submarine side.

"We are talking with the Danish navy about a possible order for a number of submarines of our A 17 type, which has been ordered by the Swedish navy," says Roger Sprimont of Kockums to DAGENS NYHETER.

"With Norway we are still only feeling out the ground to try to bring about an industrial cooperation in the field," Sprimont adds.

Both Norway and Denmark are on the point of renewing their submarine fleets. In Denmark a smaller number are involved--perhaps 3 or 4 boats. In Norway the need is definitely greater, 10 or 12 boats.

Norway's demands on the size and performance of the submarine correspond approximately to Kockums's A 17 type. But for the A 17 to satisfy Norway completely, a number of modifications would have to be carried out.

"The feelers we have put out to Norway so far are aimed at a joint venture to develop this modified A 17 type, which would then be built both at Kockums and at Norwegian yards," says Sprimont.

Kockums already has experience in dividing up the production of submarines. Together with the state Karlskrona yard it has built several submarines of the *Näcken* type for the Swedish navy.

Political Question

One hitch in the plans, however, is that in the past the Norwegian navy has had submarine cooperation with the FRG. That cooperation has been more or less put on ice, but the Norwegian navy has already invested both time and money in that project.

"It is thus a political question both in Norway and in Sweden whether there will be any concrete industrial submarine cooperation," says Roger Sprimont.

Discussions are being carried on between the Swedish and Norwegian ministries of industry, but so far they have not yielded any concrete results.

"On the Swedish side, however, we think that a valuable cooperative project can be worked out here that will benefit both sides," DAGENS NYHETER is told by Sten Nicklasson, ministerial counselor with the Ministry of Industry.

What these deals with Denmark and Norway can give Kockums in revenues is impossible to say today. Any profits will have to be divided up among Swedish, Norwegian, and Danish manufacturers. But the combined value of the project can be estimated at over 3 billion kronor.

8815
CSO: 3109

JOINT TANK CONSTRUCTION VENTURE TO BE 50-50 OPERATION

Paris LE MONDE in French 14 Nov 80 p 4

[Article by Jacques Isnard]

[Text] Joel Le Theule, minister of defense, endeavored recently to reassure the State Civilian Personnel Syndicates, who are worried about the conditions under which discussions have begun between France and the Federal German Republic, on the project of building jointly a new battle tank. He stated positively to them that this cooperation would be carried out on a 50-50 basis in order to guarantee equality between the two partners and assure the military, technological, industrial independence of each of the signatories of the agreement-in-principle concluded in February, 1980. The tank project, if it sees daylight, is intended to replace, after 1990, the AMX-30 and Leopard armored vehicles currently in service in the two armies. A production series comprising at a minimum between 4,000 and 8,000 tanks, including export markets, may be expected.

It was in Paris, last 6 November, before the representatives of the Defense Civilian Personnel Syndicates, that the minister, during his briefing on the military equipment budget for 1981 and the work load of defense establishments, commented at great length on the Franco-German tank project and the discussions underway.

On several occasions, these past few weeks, the State Arsenals Civilian Personnel Syndicates, concerned industrialists, and deputies of the opposition who are members of the Defense Committee of the National Assembly, such as Charles Hernu, Socialist deputy from Rhone, have voiced their fears that the French Government may, in one form or another, consent to relinquish sovereignty to its West German partner. The project under discussion concerns the definition of a tank of 50-60 tons, armed with a 120 millimeter gun and featuring many improvements, such as night firing, for example.

The eve of Le Theule's briefing, the general delegate to armaments, Jean Martre, had explained, on 5 November, to the deputies who were members of the Defense Committee, that the need to carry a large munitions capacity entailed the conception of a heavy tonnage tank--the AMX-30 armored vehicle weighs 36 tons in battle array--and a propulsion power twice that of the current motorization. Martre indicated, in addition, that the new tank was to have a lower profile, an automatic turret pointing, but that the French Army had not considered obligatory the possibility of firing while moving.

An agreement, signed on 5 February 1980 by Yvon Bourges, at that time French minister of defense, and Hans Apel, his West German opposite number, laid down the main lines of the State and industrial organization of the program. A steering committee will be established in Paris and a program office will function in Hamburg to coordinate the activities of the prime industrial contractors. For France, this responsibility will be the "Groupement industriel des armements terrestres" (GIAT) of the general delegation to armaments, and it is planned to install a production line in Roanne. The steering committee and the program office will be staffed, 50-50, by French and German personnel.

"The development of the new tank," the minister of defense specified, "will be carried out jointly, while relying chiefly on French and West German technology. The division of work between the two countries will be decided on on the basis of a quantitative and qualitative balance, in particular the main components will be developed by binominals bringing together an industrialist from each country. The pooling of know-how will be covered by agreements guaranteeing the rights and interests of both parties and preserving their technological independence. Each country will have a production line on its own territory, just as if the material had been developed at a purely national level. Each country will be authorized to export according to arrangements analogous to those which govern the different programs under cooperation."

The Choice of a Motor

Le Theule concluded: "France is presently fully qualified to undertake the development of this tank and thus presents itself as a major partner for cooperation on this program. It holds the necessary cards to win full acceptance of its views and to preserve, in any event, its national independence."

The great fear of industrialists is, precisely, that France, in order to obtain other quid pro quo in exchange, may resign itself to defending only very feely its chances with respect to the motor, the transmissions, and the cooling of the diesel propulsion chosen for this tank. Over against the propositions of the West German manufacturer, MTV, there exists, in fact, a French project of a 1,500 CV diesel motorization, using hyperbarization (which is a supercharging which quintuples the number of CVs per cylinder), conceived by the Societe surgerienne de constructions mecaniques (SSCM).

Without making a hasty judgment as to the outcome of the negotiations underway, Martre indicated to the deputies that the discussions were not yet dealing with the choice of a motor but that France was hanging in with the project of a diesel sufficiently powerful and less cumbersome (by 20 to 30 percent) than the MTV motor.

In actual fact, military conversations between Paris and Bonn go far beyond the single subject of a tank to be jointly produced. Various other projects exist, like that of a night operation anti-tank helicopter or that of a tactical aircraft for the nineties which the United Kingdom is also interested in. Having been asked by the United States to increase its share of financing the costs of stationing American troops in Europe, Federal Germany must lower its ambitions in defense matters and solicitate from France concessions or sacrifices on their joint armament projects.

9330
CSO: 3100

FINANCE MINISTER EYSKENS INTERVIEWED ON FISCAL PROGRAM

Brussels LE SOIR in French 28 Nov 80 p 7

[Interview with Finance Minister Mark Eyskens by Bauwens, Damman, Depas, Effinier, Toussaint, Vandendreissche, van Hoorebeke]

[Text] Mark Eyskens need not worry: he has already made his name a household word. It would be an understatement to say that this man, with his virtues and faults, his irritating aspects, his unbelievable competence and his intellectual virtuosity, is more and more imposing himself in the Flemish and Belgian political world as a personality with whom one will have to--and already has to--reckon.

With him, in any case, an interview rapidly goes off in all directions. Every argument that he develops becomes a springboard for an incidental clause, a multiple-stage digression, a bold generalization. But as soon as one catches one's breath, one realizes that the discourse does have at least the appearance of coherence, that the pieces of reasoning fit together as if by enchantment, and that even the sophisms are troubling to the questioner.

Not to mention the meaning of the formulation, so delicately molded, and even at the roughest points sparkling forth with clarity of a logical proof.

In short, this man who takes responsibility for his own cynicism, his relativism, but also his sentimentality, is a remarkable "professional" who juggles boldly with possibilities and necessities, with the squaring of vicious circles, with the moon and green cheese.

Remarkable and formidable? Evidently, you can't have one without the other.

[Question] The government has just decided to block wages going beyond the index. What will be the effects of this decision on businesses, for the state, and on the cost of operating the public services?

[Answer] It is much more than blocking wages. It is blocking revenue. Holding down incomes is going to diminish tax revenue and thus, at first, aggravate the deficit. But we are taking a calculated risk. I am not fond of a policy of holding down revenue because of its delicate character. But what are the alternatives?

Certainly, one can try to reduce production costs of enterprises by relying on quasi-tax measures, that is to say by going through a restructuring of the social security system such that the entire system would no longer be recognizable. Or again one could let things alone and bank on a recovery of consumption. But the consequence would be an additional increase in our imports and an export of our savings. So we risk becoming dependent on the great foreign banks such as Morgan Trust or the Chase Manhattan. In short, the alternatives to me seem impractical. Thus one must go through the purgatory of an income policy.

[Question] In numbers, the holding down of incomes is going to be how costly to the public finances, in terms of loss of revenue?

[Answer] Let us understand each other clearly, I said that it was a calculated risk. We took tough measures in 1976, too. The budgetary result, extrapolated to 1980, could be expressed by a loss of fiscal revenue of 6 to 7 billions [of Belgian francs] on the one hand, but by a resurgence on the other, because of the increased economic activity. As a net result, it should cost the state something like 3 billion.

[Question] But concretely, what does this tempering mean for our compatriots? Must they all undergo a diminution in their means of existence?

[Answer] No, this is not a policy of diminishing incomes. So it is not a question of lowering the standard of living, but of the status quo.

In general, we must rein in consumption by putting the emphasis on production.

[Question] How can a real holding down of /ALI/ [printed in boldface] income be achieved? For the wage-earners and agents of the public services it is easy, but how about the other sectors? Liberal professions, tradespeople, artisans? Is there some really effective measure that you are planning to put in place?

[Answer] It can be shown that the burdens will be equitably distributed. For the liberal professions (notaries, advocates, doctors, etc.) we are going to publish official tariffs and schedules of professional service fees which can be enforced in the courts. The client will have the right to refuse to pay anything beyond the fixed price.

[Question] Do you imagine that many clients are going to go after their lawyer in the courts?

[Answer] No, but one can count on competition. This is an important element. Also, one should not forget that the members of the liberal professions with the highest incomes, benefit from neither the fiscal splitting [decumul?] of a spouse's income nor from the fiscal fractioning of single incomes ("splitting"). The self-employed must also deal with a significant increase in their tax assessments: 20

percent, in fact. And big pensions will be subjected to a diminution of 25 to 30 percent with retroactive effect. The system of contractual abatements for substitute incomes--unemployment benefits, sick pay, pensions--is going to be modified. Right now tax abatements on these incomes are at the 90 billion level.

[Question] Doesn't this step--taxing directly the income corresponding to an anticipated eligibility for a pension which the government quite rightly wishes to promote in order to create jobs--discourage people from taking their pensions?

[Answer] That is a possible side effect. But one must make choices.

[Question] This all holds for the liberal professions. And what about the businessmen, industrialists, and artisans?

[Answer] Price controls will be strengthened, profit margins will be limited and monitored.

Tax Fraud, Impost on Capital

[Question] So much for holding down incomes. What about tax fraud? This is the perennial complaint. So let us try to be lucid. Who defrauds the treasury in Belgium?

[Answer] If we knew the cheats, there would be no more fraud! There are many studies on this subject. We say that fraud can be estimated at 5 to 10 percent. Fraud has spread into all sectors. But today now that we are at the end of our rope, this is intolerable. We are not going to go out at night with torches in pursuit of people, but we are going to attack the mechanisms based on veritable fiscal banditry.

It should not be thought, however, that the administration is not making efforts. In 1979 it reviewed 600,000 dossiers concerning direct imposts (which brought in 34 billion) and 200,000 dossiers relative to TVA [value-added tax] (which brought in 9 to 10 billion).

This is an operation that must be done again every year. But, beyond that we must take a new look at the penal aspects and modernize our judicial apparatus. The objective is quick punishment for tax infractions. We in Belgium must do what has long since been done elsewhere.

[Question] There has been mention of the possibility of establishing a registry of fortunes.

[Answer] That is not in the governmental statement. But I am pragmatic. How are you going to sustain the public treasury through subscription, if you kill savings? Besides, we already have a sort of impost on capital: the inheritance taxes are high and registration fees the highest in Europe. And let's not forget, too, the cadastral equalization. In the EEC, only Denmark, Luxembourg, and the United Kingdom are ahead of us in this regard.

[Question] That is a tax on landed wealth. Movable capital is under no constraint.

[Answer] I must acknowledge this. And it is not right. Also, with successive nudgings, we must encourage the people to show themselves more "outdoorsy." But, could one want, for example, to establish a control over financial transactions that could ruin our externally-oriented economy?

The Tragic Future of our Finances

[Question] The predicament of the public finances is catastrophic. You have said this a hundred times. You have also said several days ago that revenue is 50 billion short. What will be the condition of the finances next year?

[Answer] Tragic! In addition to the 90 billion deficit that was anticipated, there will be 50 billion in loss of tax value. The inadequacy of revenue by comparison with expenditures on current account will be at least 140 billion. Not to mention supplementary expenditures that will inevitably be added. The net balance to finance through borrowing will amount to 400-450 billion Belgian francs. This is insupportable, is it not? You see the prospects: successive borrowing, higher and higher interest rates, inflation.

[Question] So what should be done?

[Answer] Up to now we have "contained" the crisis by going into debt. In fact we are "futurophagous": we are consuming our future. If this future remained edible I would quite agree. But the prospects are otherwise. Our net balance to finance represents 11 percent of the GNP. And 1 percent of the GNP represents 35 billion! Among the other European countries, the average balance to finance is from 5 to 6 percent of the GNP. So we should arrive at a comparable rate. To get there we will have to prove ourselves consistent and constant. But we must begin by resorbing the deficit immediately. There is not a minute to lose. But it is an effort over 3 or 4 years.

We must make decisions on the basis of priorities. If we refuse to choose, one is not only refusing to govern, but one is also throwing oneself into the abyss.

Up to now we have cultivated the art of compromise. It is the art of compromise, which to us has become a kind of Florentine art carried to the Nth power, that has carried us to where we are now. It has become second nature. We have acquired the habit of seeing everyone's side to some little extent. So a law which aims at cutting down public expenses ends up leading to an augmentation of expenses! We must replace this with the art of making necessary decisions. Happily, one is seeing a change of heart, which is already being translated into changes of language.

We must reinforce and stimulate our economic potential.

[Question] In other words, permit the enterprises to make more profits?

[Answer] Yes! And this for all enterprises: private, mixed, and public. But also on certain conditions: it is indispensable for the workers to have a right to be informed of the utilization of the profits of their enterprise. They have a right to be informed of the effects of the holding down of incomes. It would be

unacceptable for the fruits of this moderation not to be reinvested in a productive manner. We should start thinking right now about the terms of future contracts. I would also like to say that we have lost in Belgium the sense of relativity, perhaps because we have lost the sense of the absolute. I am not resigned, I am more and more indignant! For what is happening today is an effort at necessary adaptation. It is not colossal! It is calculated in terms of minimal percentages which are being surrounded and attacked systematically by virtual guerrillas. Now our standard of living, in real terms, has doubled in the last 15 years!

Ambitious, Hard-Line Flemish, Etc.

[Question] A rather wide-spread idea about you is that you are ambitious. Would you have any comment to make on this assessment which is in the air?

[Answer] What does "ambitious" mean? It first of all means doing well what one is called upon to do. And then, in politics, we're not choirboys. It is the most highly "competitive" field there is, especially when one is in the full "limelight of the state."

[Question] Do you want to follow in the footsteps of your father?

[Answer] In politics, one has no father, one has only the voters. It took me 20 years to cut the umbilical cord. There are both advantages and drawbacks in this situation. When I was a young boy, just after the war, I learned at school that according to Darwin man descended from the ape. When I repeated that to my father, he answered: "You may be, but I am not!" All that ascendency, descendence, and so forth is more opaque than one thinks. It is true that I was brought up in a political atmosphere. And, too, the attraction of politics is that, unlike many fields, nothing is routine. A second attraction: one deals with interesting problems. Third attraction: I am perhaps becoming romantic, but I believe that there exists in politics something like a concept of the common good, in terms of solidarity of men of good will.

[Question] You are said to be combatively Flemish. Is that an important thing in you?

[Answer] I do not have any more complexes! I do not have any more problems of integration in the most extremely varied circles: francophone, Dutch-speaking, English-speaking. I did my studies in Dutch, but I have made a big effort to learn French. A Dutch-speaker who does not know French has only one leg. What has always shocked me, and this is really Belgium's problem, is the absence of reciprocity in efforts at assimilation. Good! There are many francophone ministers who are incapable of having, in the editorial offices of a Dutch-language newspaper, the conversation we are having here.

That said, given our economic situation, the temperature between the communities has gone down 20 degrees. The state has been reformed, thank God! Not completely reformed, but at last... Besides, what is the use of reforming the state if it is threatened with bankruptcy? There remains a problem in Brussels, but let's not picture things as if it were a question of a captured city put to fire and sword.

[Question] Are you arguing for the status quo in Brussels?

[Answer] I will refer to the governmental statement. The status of Brussels is to be discussed. I observe in any case that good sense is coming back after the excessive dramatization of our community problems.

Excesses are Self-Destructive

[Question] From where you are, is there anything you would like to say to the Belgians?

[Answer] We are still a fortunate country, despite our problems. I do not even just mean by comparison with certain developing countries and the lack of a future facing their inhabitants. We have all the same come to achieve an optimal balance between justice and freedom. At this stage, excesses become self-destructive. We must absolutely protect this real, moral, cultural capital, by keeping our problems in perspective while remaining extremely aware of our vulnerability. For there are examples all around us. There are extremely prosperous countries for whom this level, in 20 years, has declined by 40 percent. What must be said to the Belgians, is that they must make an effort at solidarity, qui porte sur quelques pour cent [translation unknown]. This is not dramatic, but we absolutely have to do it.

[Question] Must this effort at moderation go on for long?

[Answer] It might. But let us not underestimate what is being done, in a manner that is often inconspicuous. There has been a colossal effort at rationalization in certain enterprises, perhaps to the detriment of jobs for the moment, but that should make it possible to reestablish more jobs in the future. The story is not all one of failure. Let's turn the statistics around. Nearly 10 percent of the active population is jobless: that means that 90 percent of this population is working. And 95 percent of the enterprises continue to operate.

9516
CSO: 3100

TURKEY NOT TO ALTER TFSC FAVORED-NATION STATUS

Nicosia BOZKURT in Turkish 13 Nov 80 p 2

[Text] The press adviser of the Turkish embassy yesterday released a statement, printed verbatim below, on changes made in the Turkish Customs Administration:

"Reports and comments have appeared lately in the local press to the effect that a change in the Turkish Customs Administration would remove the TFSC [Turkish Federated State of Cyprus]'s 'most favored' status in Turkish customs.

"The customs administration amendment which prompted the reports and comments was published in the Turkish RESMI GAZETE no 17150, dated 4 November 1980, and the full text of the subject administration is as follows:

"'From the Customs and Monopolies Ministry:

"'Directive pertaining to the amendment of the Turkish Customs Administration:

"'Article: 1) The Turkish Federated State of Cyprus is added to the Annex:36 list of "States Based on Reciprocity Principle" which was published in RESMI GAZETE no 14451, dated 17 February 1973, pertaining to the Customs Administration published in RESMI GAZETE no 14437 Duplicate, dated 3 February 1973, as realted to Customs Law no 1615.

"'Article: 2) This directive will enter into effect on the date of publication.'

"The list of States Based on the Reciprocity Principle which constitutes Annex 36 to the Customs Administration referred to by this directive has to do with 'procedures to be applied to vehicles of foreigners who come to Turkey for a limited, specific period of time for work, study and education.' This list was prepared by the Turkish Foreign Ministry to reciprocate practices applied in other countries to Turkish citizens. The list has no connection whatever with the regime or related practices adopted for TFSC commercial goods at Turkish customs. In view of this, there is no question of lifting the customs facilities which Turkey has granted to the TFSC by means of this amendment, but, rather, additional resources have been created from the standpoint of TFSC citizens in Turkey."

8349
CSO: 4907

ATUN DISCUSSES TURKISH AID FOR 1981

Nicosia BOZKURT in Turkish 10 Nov 80 p 1

[Text] Ankara -- By the end of 1980 the motherland government will provide the Turkish Federated State of Cyprus [TFSC] financial support totalling 735 million liras, 300 million of it as grant aid. Moreover, agreement has been reached on the provision of 1.5 billion liras in economic and financial aid needed by our state in fiscal year 1981.

Economy and Finance Minister Hakki Atun, in Ankara with Prime Minister Mustafa Cagatay for contacts with government authorities, said in an interview with MILLIYET newspaper that they had received full understanding and solidarity from Turkey and that a unity of views had been reached with Ankara on increasing commercial and economic cooperation with third nations in order that the economy might turn as soon as possible to the more productive sectors. "Meanwhile, the matter of the allocation or long-term lease of a Turkish Airlines aircraft for the Cypriot Airlines was concluded positively and a definite promise that this would be done was obtained from the esteemed prime minister and transportation authorities. Thus the Greek Cypriot efforts to sabotage our tourism will be blocked to a large extent," he said.

TFSC Finance Minister Hakki Atun replied as follows, in summary, to questions on the economic status of the TFSC and developments for the year:

"When making the budget accounts at the beginning of 1980, it was understood that we would have a budget deficit by the end of the year of 1.5 billion liras, as the result of both devaluation and the reduction of real purchasing power. Accordingly, 1.2 billion liras' addition credit was obtained from the Commercial Bank to ensure at least the payment of wages and salaries. This money is in addition to the original aid."

8349
CSO: 4907

CAGATAY COMMENTS ON AID, UN, CITRUS GROWERS

Nicosia BOZKURT in Turkish 12 Nov 80 pp 1,4

[Text] Nicosia -- At a press conference held yesterday to report results of his Ankara contacts, Prime Minister Mustafa Cagatay announced that technical work had begun on cost-of-living appropriations for keeping in line with the economic conditions of the day for civil servants. In important announcements made at the press conference, Cagatay said the following:

"Before going into the details of the concrete results of our Ankara contacts, I would like to make this statement: Instructions will be given by our government for those concerned to make prompt preparations for an economic program. This program will specify once more, bearing in mind also the views of the Turkish mainland experts, the facts and socio-economic status of the TFSC [Turkish Federated State of Cyprus] in light of the situation created by our Ankara contacts. This Stabilization Program, which also will include the status of our Public Economic Enterprises [KIT's], will be the basis for urgent measures to resolve our problems.

Special Status of TFSC

"Because of existing economic conditions, the status of the TFSC economy depends on the development and stabilization of the Turkish economy. We pointed out that we thought it necessary to look at this situation carefully and to bear in mind the special status of the TFSC economy while operations are under way to repair the Turkish economy. We were happy to see that our sensitivity in this regard met with understanding. We found the opportunity to take up our problems in detail in the meetings of the Cyprus Coordination Board chaired by Deputy Prime Minister Mr Zeyyat Baykara. These meetings were attended by five ministers of the motherland government involved with our affairs and other officials. On Saturday, we had the opportunity to hold a special meeting also with Minister of State and Deputy Prime Minister Mr Turgut Ozal and Finance Minister Mr Kaya Erdem. Our economic situation and problems were discussed at this meeting and the measures needed for economic stability were examined.

Transfers

"While the decision was made to realize promptly through transfers of 75 million Turkish liras per month within 4 months the investments to which the Turkish government is committed for the investment and defense budgets for fiscal year 1981, measures were also taken to eliminate the liquidity shortage at the Soil Products Organization [TUK] and CYPFRUVEX [Cyprus Vegetable and Fruit Processing and Export Corporation]. Additional credit resources provided us in this regard total 433 million liras, with 250 million for the TUK and 183 million for CYPFRUVEX.

Additional Aid

"Additional aid was also provided from the government of the motherland for fiscal year 1981. Our budget expenditures for fiscal year 1981 are estimated in our preliminary studies to be 5.75 billion Turkish liras. Of this total, 3.1 billion liras will be allocated to current expenses, 1.1 billion to investments and 550 million to defense. It was explained during our contacts that 5.6 billion liras of our projected budget will be covered by our own resources and 500 million by borrowing, and it was requested that the remaining 1.65 billion be based on aid from the government of the mother country. This request was met positively by the goverment of the mother country. Moreover, it was found suitable to cover our projected budgetary deficit of 500 million Turkish liras by stabilization measures to be taken by the TFSC or certain other foreign resources and, should this not be possible, there was unity of view on the deficit's again being made up by credit from the government of the mother country.

Diversion Project

"We noted during our contacts the importance ascribed by the mainland government to the Guzelyurt diversion project. After the necessary legal arrangements have been made for realization as soon as possible of the diversion project, technical teams and financial aid will be sent promptly.

Transportation Problems

"Our problems and hold-ups in air transportation were also among the major matters taken up. The negative effects of this situation on our tourism were seriously dwelled upon. We were met with understanding and it was decided that to alleviate our air transportation problems in 1981, one aircraft would be allocated to the TFSC and measures would be taken to provide us uninterrupted service on a schedule agreeable to us. There were certain serious problems peculiar to our TIR transport via Turkey. Our requests relating to the elimination of our problems in this regard met with great understanding. A draft protocol to regulate our TIR transport will be prepared as soon as possible and sent to the competent Turkish authorities. Following completion of the necessary efforts, this protocol will be signed and will enter into effect.

KIT's

"We also conducted detailed efforts on the KIT's. The capital, administrative and statutory status of the KIT's will be taken up in detail in meetings to be attended by Turkish mainland experts. The authorities of the mainland government heard with interest and understanding our complaints about the KIT's. They assured us that they would provide the necessary assistance to find solutions to the KIT-related problems in keeping with the structure and needs of the TFSC.

It gives me great pleasure to announce that it was decided that the TFSC's barley and wheat requirement will be met by the mainland government and that our shortage will be covered.

Cost of Living Allocation

"It is clear that we obtained from Ankara, from which I returned with positive impressions, new resources to fight and defeat our economic problems and that we have the support of the mainland government. I believe that we have now reached a stage better suited to the resolution of our economic problems and the rehabilitation of our community. In addition to effective measures we will take for our producing sectors, we will also try to grant to our public employees a cost-of-living allocation geared to the economic conditions of the day. Technical efforts in this regard have been started.

Worthy of Mother Country

"In conclusion, I would like to stress one matter which I consider important:

"This time as always, the mainland government has taken a kind and concerned approach to the problems of the TFSC and the Turkish Cypriot people. We are filled with gratitude and thanks. Despite the difficult conditions in the Turkish motherland, intensive efforts were made to find solutions to our problems and sincere unselfishness was shown. We must appreciate as a community this interest, closeness and unselfishness and must be worthy of the kind support of our mother country. We must strive responsibly, bravely and unstintingly to become self-sufficient as a community. The support we have from the mother country is the clearest indicator that the mother country believes that we will succeed in this endeavor. It is our communal duty and responsibility to prevent the mother country's belief from being in vain. I believe that, if everyone does his part and shows the maturity required by the democratic principles in the climate of discussion to resolve our problems, we will always be able to stand tall beside the mother country which is helping us in the solution of our problems. The mother country expects us to be an unshakeable example of unity within the democratic principles. The condition for the solution of our communal problems is communal solidarity in a climate in which love and respect for each other is basic."

Cyprus Problem

Prime Minister Mustafa Cagatay answered various questions of members of the press at the press conference. One reporter recalled that President Denktas had said the Cyprus problem was at a critical stage and asked his views on the present status of the Cyprus problem. The prime minister said in reply that they had given information on developments in Cyprus to the Ankara authorities.

Waldheim's Demarche

Explaining that information had been given to the mainland authorities about how the Greek Cypriots had given the Turkish side no opportunity to reply with regard to UN Secretary General Kurt Waldheim's recent demarche, Prime Minister Cagatay said:

"But we pointed out that we still favor talks with good will and this was approved by Turkey."

No Interparty Tension

In response to a question about the reports that six national deputies had submitted a memorandum, Prime Minister Cagatay said this had been a letter, not a memorandum and that the matter had been resolved after the necessary contacts took place. Prime Minister Cagatay said that there was no trouble within the party.

CYPFRUVEX Situation

Prime Minister Mustafa Cagatay was asked about CYPFRUVEX losses and the recent demonstrations by citrus growers. He said it was true that CYPFRUVEX had suffered losses and that it was a duty to improve the situation of the organization, considering its place in our economy. Explaining that various decisions had been taken with regard to enabling CYPFRUVEX to work better, Prime Minister Cagatay said that it had most recently been decided that a study commission should be formed but that the commission had been unable to begin its work yet as legal arrangements were necessary. He said he believed the commission would be able to get started after 14 November after the necessary arrangements were made. He pointed out that the system used in the 1979-80 season had been devised as a system to benefit the producers and CYPFRUVEX and for this reason the need to alter the system to apply the advance system was justified. The prime minister said:

"We are in the position to explain to the producer that this system is not disadvantageous to the producers. We are trying to do this. But systems are not easily accepted. Indeed, if we get used to this system, you would certainly see a reaction if you then replaced it with another new one. I daresay it is among our principal duties to take the necessary measures as the government, bearing in mind this knowledge and these matters, to apply ourselves with care to the matter so as not to harm either the producer, CYPFRUVEX or the state and to promote, take and enforce the necessary measures. We are doing this."

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PROBLEMS WITH CITRUS GROWERS INTENSIFY

Citrus Growers Stage Mass Protest

Nicosia HALKIN SESI in Turkish 9 Nov 80 pp 1,7

[Article by Sevgi Mithat]

[Text] The Turkish Cypriot Citrus Fruit Producers' Union [KTNUB], the Bostanci and Guzelyurt Citrus Fruit Producers' Unions and the Famagusta Citrus Fruit Producers' Union held the second of their joint demonstrations yesterday in Famagusta.

At the rally, which began at 1100 at Namik Kemal Square, placards were carried such as "Respect for labor," "Who is running the government," "No end to thievery," "Where is the lost money" and "We are asking for our money, not charity."

Messages wishing success were read at the meeting from the Communal Liberation Party, the Democratic People's Party, the Republican Turkish Party, the Turkish Unity Party, the Potatoes and Carrot Producers Union, Tobacco Producers' Union and Turkish Cypriot Farmers' Union.

Ahmet Niyazi, speaking on behalf of the Turkish Cypriot Citrus Fruit Producers' Union, said that they would continue holding meetings until there was a solution to their problems, that they would be meeting next in Guzelyurt and after that in Nicosia.

Saying, "In Nicosia, we will hold a demonstration to end all demonstrations," Ahmet Niyazi added, "On that day, we will squeeze out grapefruit juice and fill every place from the presidential palace to the Assembly with it."

Noting that those concerned were telling the producers, "Harvest your crop; the security forces will protect you," A. Niyazi then said the following:

"Security has no business in this business. Security's job is to find thieves. If Security wants to find thieves, let them come and I will give them information so they can find thieves."

A. Niyazi stated that no producers wanted to harvest after Monday and said, "No produce will be harvested. If anyone cuts, we will risk imprisonment to smash every piece."

Speakers voicing once more the problems of the citrus producers at the meeting were Ahmet Dogrusu, member of the executive board of the Famagusta Citrus Fruit Producers' Union; Huseyin Oztoprak, speaking on behalf of the Bostanci Citrus Fruit Producers' Union; Izzet Kombos, president of the Bostanci Union; KTNUB President Ahmet Niyazi and, finally, the Famagusta union president, Bekir Ikicioglu.

In his speech, Ahmet Dogrusoz criticized Industry, Trade and Cooperatives Minister Taskent Atasayan and Agriculture, Natural Resources and Energy Minister Irsen Kucuk. He said that the government of the Turkish Federated State of Cyprus was paying a ridiculous 3 Turkish liras for grapefruit, which is selling on the European markets for 50 Turkish liras per kilogram and has a base price of 31 Turkish liras in the motherland. Dogrusoz, who spoke of Irsen Kucuk, who has stood by watching all these decisions, as the "bemedalled minister," said that they would "invite the government to cooperate in order that the nation and the state not suffer further harm."

Basic Rate of Exchange System Should Be Eliminated

In later speeches, meanwhile, CYPFRUVEX was criticized and it was requested that the basic rate of exchange system applied to the citrus producer be eliminated. Readiness for a much greater struggle was called for if there was no solution to the problem within 2 or 3 days and "Either government or citrus" was shouted during the meeting.

Government to Support Citrus Harvest

Nicosia HALKIN SESI in Turkish 11 Nov 80 pp 1,2

[Text] Nicosia -- A government spokesman said in a statement on the current citrus problem that producers who wanted to pick their fruit had state backing and asked that they not be carried away by the excitement and that they evaluate the situation cooly and with common sense.

The government spokesman said the following:

"The refusal of our citrus producers to pick their fruit will not solve the problem. Quite the reverse, it will further aggravate the problem both for our producers and for our communal economy. The place where the problem should be taken up in all its details and resolved is in the citrus fruit consultation committee and the authorized state organs.

"While repeating at this stage the call for talks that we have made from the beginning to our valuable producers and citrus organizations, we stress again that a series of street protests and demonstrations of brute force offer no opportunity to find a solution to the problems. Our producers who wish to pick their fruit have state protection. The state will never allow unlawful behavior and will definitely take pains for the protection of our crops and production within the framework of the law.

"Meanwhile, we would like to apprise both our producers and the public of certain malicious rumors. The claims that the state is blocking purchase of the producers' fruit by the private sector are totally false. The state is appropriately sensitive to the configuration of our producers' relations with the private sector and to the need for no party to be mistreated.

"The government will show maximum care in the matter of our producers' getting a proper return for their crops, and the value of the crop will be given."

Incidents

Incidents which began the day before continued yesterday between police and those who failed to comply with the Citrus Fruit Producers' Union and tried to deliver produce and Famagusta citrus producers who tried to block them.

In yesterday's incidents, a producer, Emin Aslan, received a head injury and was taken to the hospital. He received five stitches in his head at Famagusta Hospital. The duty doctor at Famagusta Hospital said that Emin Aslan was struck in the head, receiving bruises and a gash on top of his head, and was given the appropriate treatment.

The incident began when two truckloads of lemons from Kyrenia were brought to the CYPFRUVEX packing plant at Golbasi. Incidents broke out between producers who were trying to make way for the trucks to go in [as published] and the large number of police assigned to escorting the trucks in. One of the trucks got into the packing house, while the other could not and turned back.

After the incidents, Famagusta Security received supplementary forces from the surrounding villages.

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DISPUTE OVER OIL NATIONALIZATION MAY FORCE ELECTIONS

Stockholm SVENSKA DAGBLADET in Swedish 14 Nov 80 p 29

[Article by Richard Plate: "Dispute Over Oil May Force an Early Election in Denmark"]

[Text] Copenhagen--A storm is blowing up in regard to Danish oil. Specifically, the government wants to regain control over the continental shelf of Denmark in the North Sea and the A.P. Moller concern, which holds the concession, is saying it cannot have control.

If a break does not occur in the negotiations, this affair may overturn the Anker Jorgensen government, and a new election will then be the result.

The Danish situation is very extraordinary. When the question came up after the Law of the Sea negotiations in Geneva in 1957, no one in Denmark thought that any oil would be found in the North Sea. A.P. Moller got into the picture because he was irritated over the fact that the Germans wanted to begin searching for oil on Danish territory. The shipowner thought a stop ought to be c to that. His only experience with oil at that time was as a transporter of it.

The Danish Government in power at that time took a disdainful attitude toward the whole question. As far as it was concerned, A.P. Moller could certainly search for oil if he wanted to. In that way, A.P. Moller got exploration rights in 1963--2 years before his death--throughout all of Denmark, including the continental shelf of Denmark. and he got those rights in exchange for what can almost be described as symbolic compensation to the government. The situation today is that the Danish Government can take approximately half of the net profits of A.P. Moller's oil business through taxation.

A Few Droplets

It is easy to make a comparison with Norway, where exploration rights cost large amounts of money, where the state's oil company is guaranteed a 50 percent participation in every allocation with the possibility of increasing that to 80 percent, and where the taxation of profits ultimately amounts to 80 percent. But that is as far as the comparison can be carried. There is no similarity between the oil wealth in Norway and the few droplets which exist in Denmark. Accordingly, the Danish oil discoveries are very slight and would not have been regarded as commercially worthwhile if the water depth throughout the Danish continental shelf had

not been so slight and circumstances had not otherwise been so favorable that the extraction expenses could be kept to a minimum. In substance, there are three fields--namely, the Dan, the Skjold and the Gorm--which, taken together, have exploitable reserves amounting to 52 million tons at best, but which more probably amount to only 40 million tons.

Production is under way in the Dan field, the Gorm field will follow in February 1981 and the Skjold field is also to be added in 1984. A maximum production of 2.5 million tons is calculated for 1985. Even though one cannot speak of that as "peanuts," it is insignificant for a nation which uses approximately 17 million tons a year. Neither is it a particularly large amount for the A.P. Moller concern. It has an annual turnover of approximately 18 billion Danish kroner, and the part of that which results from oil can be figured at between 2 and 3 billion kroner in 1985, and gas is also included in that calculation.

Gas Being Sold Directly

A.P. Moller's share in the fields now being worked is 30 percent, while Shell's share is 40 percent and Chevron and Texaco's shares are both 15 percent. The big companies were brought in from abroad to provide their knowledge and to finance the cost of exploration and the subsequent cost of production. Where gas is concerned, the agreement with the government is that it is to be sold directly from the places where it is obtained--Tyra and Roar. The quantity which can be extracted is estimated to amount to 80 billion cubic meters at best.

It is that quantity which is supplying the initial motivation for a gas network costing a good many billions of kroner which would first be carried to Copenhagen and to southern Sweden through another pipeline. The gas is to be ashore on Jutland in October 1984. It is entirely evident to the people in the A.P. Moller concern that it is the Danish agreement with Ruhrgas which is the significant thing in this picture. Besides, the first gas in the Danish pipelines will be German, and thereafter it will primarily be Norwegian.

Oil experts employed by A.P. Moller have told the SVENSKA DAGBLADET that there is no hope of making a truly large discovery on the Danish peninsula. What one can hope to encounter is accumulations of the same dimensions as those which have been found up to now, at best. But even limited discoveries are economically interesting. Therefore, A.P. Moller's attitude is a negative one toward the government's proposals.

A Thorn in the Flesh

A.P. Moller's exclusive right to perform oil explorations on Danish territory has been a thorn in the flesh for the Danish Government ever since the North Sea bonanza began, but it was not until spring that it took its knotty fist out of its trousers pocket and confronted A.P. Moller with a series of demands. In general, it insisted upon those demands with threats of expropriation legislation in the best Arab style if they were not complied with.

What the government wants is for a state oil pipeline to be laid from the Gorm field to the Shell refinery in Fredericia, that the government should have the

right to buy half of all the oil and that the concession--with the exception of the licenses for the fields which have been producing--should be returned by 1987, at the latest. A.P. Moller was not at a loss for an answer to this.

The concern says that it would be in agreement with the laying of a pipeline if it would have 50-percent ownership of it. That is in conformity with the arrangements in the Norwegian Ekofisk area. In regard to deliveries of oil to the government, the concern says that if a concrete offer is made it will receive favorable consideration. In conclusion, where the concession is concerned, A.P. Moller proposes that 67 percent of the licenses shall have been returned during 1980 and that the remainder should be liquidated gradually up until 2012, when the concession period expires.

It is probable that A.P. Moller will agree to further concessions in negotiations, but not particularly big ones. What is significant is the fact that this Danish concern worth billions of kroner has the Danish public with it. In general, this means that people are thinking that if A.P. Moller cannot rely on a written agreement with the government then who will be able to do so?

If Anker Jorgensen ventures on the project of passing an expropriation law, it is probable that his government will fall. He will not get it through the Folketing since only a total of 60 members who will say "No" is required. Then another election and another parliamentary decision are necessary before any such law could go into effect. Thus a new and noteworthy development in the very remarkable series of developments connected with oil policy in Denmark is probable.

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SPD DEMORALIZATION, CRITICISM OF SCHMIDT MOUNT

Hamburg DER SPIEGEL in German 1 Dec 80 pp 17-24

[Article: "'Poor, Very Poor, I Am Sure'"]

> [Excerpt] Seven weeks after its election victory, the coalition misfired, the Social Democrats feeling that they have been taken advantage of by their small partner, the FDP. There is growing skepticism in Bonn about whether the Schmidt-Genscher government will in fact be able to survive this legislative period. The chancellor himself is spreading a terminal mood.

All contrary assurances by the coalition notwithstanding, there is growing skepticism and doubt in Bonn and in the country about whether the Schmidt-Genscher government will be able to survive the 4 years of this legislative period.

Particularly there is too great an accumulation of displeasure among Social Democrats about the Liberals' foray during the coalition talks as well as about the chancellor not doing enough to defend party interests.

A government declaration in the form of an inventory, moreover, left open the question as to whether the previously "historic alliance" (former Minister Werner Maihofer's term) between the parties of workers and liberal bourgeois should in fact be continued. Schmidt's inaugural speech was devoid of any perspective as to how the coalition partners plan to cope with the problems of a society whose fat years appear to be over.

What is in demand is intellectual leadership; what is being offered, according to Volker Hauff, is "a wreckage mentality, with everyone grabbing what he can get hold of."

Party leftists such as Kiel Deputy Norbert Gansel are already drawing comparisons to the arch-reactionary capitalist theory of U.S. economist Milton Friedman. "Chicago boys," like Friedman students, is the term Gansel used to describe the FDP coalition profiteers.

"Out in the party," the normally rather deliberate SPD parliamentarian Hugo Brandt says, upset, "an explosive mixture of disgruntlement and aimlessness is building up; people no longer know why and whereto."

According to him, the coalition partners and government are responsible for the vacuum. "The lack of a political-intellectual horizon on the part of the FDP is banishing any advancing thought into a state lacking orientation. The government, at least half of which are pygmies, is already incapable of handling the routine business in a confident manner--not to speak of setting marks, let alone landmarks."

There is deep-seated disappointment among many Social Democrats at the way in which their feelings and political claims have been dealt with in the past few weeks.

There were the oath-taking ceremonies of the Bundeswehr [federal armed forces], very very hard to take and just as distasteful to the comrades' pacifist mentality as the bowing and scraping by Chancellor Schmidt and Foreign Minister Hans-Dietrich Genscher before future U.S. President Ronald Reagan.

Many comrades remember only too well Reagan's pithy election campaign remarks. One SPD minister comments: "One really has to have a pretty good understanding of foreign policy to catch on to the fact that this devout attitude is in the German interest."

Then there were the successes of the Free Democrats in the coalition talks, with their own clients, farmers and civil servants, being handled gently and prosperous climbers retaining tax-saving privileges such as the 7b subsidy for residential construction.

Sacred cows of the SPD, on the other hand, were slaughtered. In the question of codetermination, the Liberals bluffed their ingenuous Social Democratic partners into accepting a solution threatening to destroy the alliance of comrades and unions.

From the start, the FDP negotiators had brought up the executive employees, saying that only if these were conceded legally guaranteed special rights would the Free Democrats be prepared to make compromises in the question of codetermination in the coal and steel industry.

In a play with divided roles, the Free Democrats kept harping on this until the chancellor and his comrades finally reached the conclusion that only extraordinary concessions could induce the FDP to desist from that demand, unacceptable to the SPD.

That having been accomplished, FDP chief Genscher took yet another step Saturday before last, meeting DGB [German Labor Union Federation] Chairman Heinz Oskar Vetter. For 2 and 1/2 hours Genscher in his house in Pech had breakfast with the union official. Later Genscher's party friend Gerhart Baum classified the secret meeting like this: "Vetter was sounded out about what he would support and about how far one could go."

The fact that one could go quite far was demonstrated the day after during the 7-hour concluding parley of the coalition about codetermination--a key subject for the Social Democrats. Rather than concluding an agreement about the definitive insuring of codetermination in the coal and steel industry, the SPD and FDP people--wholly to Genscher's liking--agreed to put an end to it.

While for the next 6 years, according to the coalition compromise, everything will continue as before, after that period there will be an end to the balance between labor and capital in the West German steelworks if, as in the case of Mannesmann, the management succeeds in reducing the coal and steel industry turnover in the long run to below 50 percent of the total turnover by restructuring the combines.

True, the chancellor and the SPD chief urgently pointed out the advantage of the compromise--that the immediate danger had been banished for the next 6 years. That period, said Schmidt in the Bundestag, would "create room for further thought about it." And Willy Brandt has already made it known that before the time runs out the Social Democrats will insure continuation of codetermination in the coal and steel industry by further legislation.

Vetter, tied down by long talks with the federal chancellor and the visit with Genscher, said that the result would just lend itself to being expanded on.

On the other hand, Rudolf Judith, the Metalworkers Union executive member responsible for the coal and steel industry, warned the chancellor that there would be a row with the union base, saying: "We can't live with that."

There will be a row because Genscher's party friends left no doubt that they understood the compromise as a law that would expire and whose prolongation they would not agree to.

Since even a single joint action with the CDU/CSU was expressly ruled out in the coalition agreement, the SPD is thus powerless. The Social Democrats could achieve codetermination in the coal and steel industry only through a grand coalition or by attaining an absolute majority in the 1984 election, while the FDP by merely biding its time will attain its aim of removing the current codetermination provisions.

To all protests from the SPD against FDP predominance, FDP chief Genscher reacts with irritating casualness, saying that after all it was not Schmidt and the SPD who won the election but the FDP. Genscher: "If I were to talk about everything that angers me, this coalition would have been over long since."

Despite the fact that the Liberals too know about those latest voter analyses according to which 80 percent of FDP voters favored a continuation of the coalition with the SPD (in 1976 only two-thirds did so, and in 1969 only half), the Liberals are constantly thinking up new threats. Thus the FDP party leadership is spreading the news that their Land associations are increasingly dissociating themselves from the SPD and are on their way to the CDU/CSU.

Even now the Social Democrats are being offered discouragement and encouragement for the 1984 Bundestag election.

The threat: In spring 1984 the Liberals at the Baden-Wuerttemberg Landtag election might initiate a change in the country by coming out for a coalition with the CDU.

The offer: In the presidential election, the Social Democrats of the Federal Convention could support a Liberal candidate if Karl Carstens does not run again in 1984, and thus reconsolidate the SPD-FDP coalition on their part.

The very night of the election, the Free Democrats presented a candidate to the chancellor--former Federal President Walter Scheel, who has already quickly had an investigation made into the legal admissibility of a comeback. Genscher revealed the career plan to fellow members of the FDP Executive--though comprehensible only to experts.

President Carstens had congratulated Genscher by phone on his election victory, whereupon the FDP chief reported to Honorary Chairman Scheel that "your predecessor called."

Such exuberance on the part of the 10.6-percent party worsened the already depressed mood among the comrades, who then blamed Helmut Schmidt for their vexation and their displeasure.

Having ruled undisputedly over party and government since 1974, having disciplined party congresses with threats of resignation and having decided about election campaigns alone, the chancellor only a few weeks after the election confronted a change of weather. Veteran ministry officials and commentators in Bonn already were recalling the time after Ludwig Erhard's 1965 victory when the successor to Adenauer lost his capacity to govern.

Party friends too were observing the phenomenon, Volker Hauff commenting: "When someone's reputation is at such a dizzying height, a small breach is enough for katzenjammer to start everywhere."

The new minister for research, Andreas von Buelow, is afraid that many comrades have not yet realized that hard times are ahead: "Everyone here is dragging his teddy bear and complaining. Anybody can be a fine-weather democrat."

Helmut Schmidt was there on Wednesday, a couple of days after his Bundestag address, with a stony face and hands generally folded, when his predecessor, Brandt, delivered what the ruling chancellor had failed to come up with--a government declaration, though no explanation of the budget.

Schmidt is now suffering for having gone it alone in preparing and managing the coalition talks. "It is absurd for someone to be negotiating on behalf of the SPD who at the same time must find a compromise," an SPD member of the cabinet commented.

Saturday before last, a few hours before the decisive consultations, the ministers got to read the 150-page draft of the government declaration. If someone still wanted to make a change, he got to feel his master's wrath at the meeting.

The comrades now complain that the talks lacked all strategy. Wherever the Liberals had laid traps, the ill-prepared Social Democrats groped and fell. In the final phase of the codetermination discussion Brandt saved the SPD team when Schmidt had talked himself into a corner to the point of endangering the whole talks. In the end Otto Graf Lambsdorff, who normally has little in common with the SPD chairman, thanked him for his conciliatory behavior.

Brandt's late action showed how wrong it had been for the coalition talks to have been prepared by the chancellor alone. Party Deputy Chairman Hans-Juergen Wischnewski proved overtaxed in a number of difficult disputes concerning fiscal and social policy.

Thus Ben Wisch at one point complained to Finance Minister Hans Matthoefer that he had kept certain files from him, but the latter was able to show that Wischnewski had misplaced them.

Nor was Bundestag leader Herbert Wehner any help to anyone. While displaying stamina in keeping minutes on everything being discussed, he refrained from any useful verbal contributions.

During Schmidt's spell of debility, something is being uncovered from which the chancellor's reputation, authority and success had long diverted attention: the two SPD centers of power, the party in the Bundestag and the party headquarters at Erich-Ollenhauer-Haus, are not in too good a shape.

Helmut Schmidt's recipe of separating the government from the party and presenting himself to the electorate as a chancellor who is above parties, while enabling the Social Democrats to govern in many a critical period, has damaged their political vitality.

What Egon Bahr described as the party's noblest task--"always to be one step ahead of the government"--was felt by Schmidt to be dispensable blather at best but sometimes also a threat. He finds discipline more important than imagination.

In fact the chancellor during the last legislative period managed time and again to nip in the bud any independent thinking in the party outside and inside parliament. He only had to point to the bare majority of the coalition and the comrades would give in.

To guard against unwelcome surprises by his party friends, Schmidt tried in addition to influence SPD personnel policy in accordance with his interests.

In 1976 he urged his independent-minded Minister for Development Aid Egon Bahr to take over the vacant post of SPD federal executive manager. The critical intellectual, the argument went, was the best man to cope with the CDU secretary general, agile Prof Kurt Biedenkopf.

Three months later already, Biendenkopf gave up his party job, but Willy Brandt in the person of executive manager Bahr had received a competitor who was just as much interested in foreign affairs as the party chairman himself. What continued to be lacking at headquarters was a party worker who smelled like having worked in the stables. Rather than presenting himself to districts and complaining local associations in the provinces, the former East negotiator Bahr delivered lectures at congresses and in academies on the international situation.

Party Deputy Chairman Schmidt, who easily could have foreseen this development, kept complaining about breakdowns and alleged mismanagement at party headquarters. In the end the chancellor's low opinion of Ollenhauer-Haus reached the point of

Bahr being considered no more than an assistant in the Office of the Chancellor during the Bundestag election campaign. The party executive manager had to have every leaflet text and every election poster approved before passing them on to SPD bodies in the country.

Schmidt's next chess move did not improve his king's position either. When Hans Koschnick, Bremen mayor and chancellor critic, an SPD deputy chairman like Schmidt and long considered a potential successor to Brandt, withdrew from his office in Bonn, the chancellor saw to it that his Minister of State Hans-Juergen Wischnewski moved up to the post of deputy chairman. While Wischnewski had proved himself as a firefighter in such crisis situations as the hijacking of a Lufthansa plane to Mogadishu in 1977 or the printers' strike in 1978, he was unable to fulfill the chancellor's wish to lend greater weight to Germany policy in public and in parliament. In the Office of the Chancellor it was charged that the shrewd man from Cologne, though displaying political instinct, was unable to come up with detailed knowledge of subject matter at conferences.

Schmidt sent the newly elected SPD deputy chairman to Erich-Ollenhauer-Haus to work there full time, thus causing additional trouble at headquarters. For since then, in the persons of Wischnewski, Bahr and Brandt, three comrades have been competing for prestige in foreign affairs or in Ostpolitik. "Not exactly the right thing for a workers party" was the comment of Saarland SPD Deputy Chairman Oskar Lafontaine about the international trio.

Not being used to continual desk work and without a clear mission, Wischnewski did not know what he was to do alongside Bahr. "He just doesn't exist, and the place simply operates without paying any attention to him," a headquarters employee commented.

On those occasions when Schmidt's man did do something, there was trouble right away. For example, the presidium asked Wischnewski to draft the party program for the Bundestag election. Bahr, feeling passed over, for reasons of loyalty remained silent although he had prepared a draft of his own, and Wischnewski got himself editorial help where he thought the better experts were--at the Office of the Chancellor. Draft proposals about social policy which Herbert Wehner had prepared were blue-penciled rigorously. The final result was a feeble compromise which earned its author the nickname Ben Wishy-Washy.

Undaunted, the deputy party chairman made strenuous efforts for a new post. At the round table in Willy Brandt's office, Wischnewski told the party chairman and the chancellor around the middle of the year that various comrades in the Bundestag had asked him to seek the post of deputy party leader in the Bundestag after the election.

Schmidt and Brandt did not want to advise against it but voiced a reservation: Wischnewski was not to interpret their agreement as meaning that the succession to Herbert Wehner in 1981 had thus been decided in advance. Nevertheless the old head of the party in the Bundestag suspected that, egged on by Brandt and Schmidt, Wischnewski was out for his skin.

The SPD deputy chairman was elected, though coming off next to last among all deputy chairmen--a lesson by the Bundestag deputies.

Only a few days later Willy Brandt stopped another ambitious plan of the busy Wischnewski. At the SPD Presidium the party chief made it clear Monday before last what his concept of a future managing executive of the Social Democrats was.

When Egon Bahr gives up his party job late in January, Brandt said, it will be necessary to find a successor as active as possible, politically full-blown and convincing externally and internally. In any case, he said, he had no use for the plan of this or that prominent comrade to fill the vacancy to be created by Bahr with a party functionary who saw himself only as a party administrator.

None of those present contradicted, and Hans-Juergen Wischnewski, to whom Brandt's allusion in fact was addressed, did not stir either. Everyone knew, however, the meaning of the party chief's terse remark as far as the deputy chairman was concerned. It meant the end of Wischnewski's dream of making himself the covert ruler of the SPD.

The shrewd tactician had figured that if the party appointed an administrative expert without political weight to be executive manager, there would be but one strong man at SPD headquarters, whose actual boss, Brandt, paid little attention to management--Ben Wisch.

Brandt saw through this plan, realizing that if Wischnewski realized his intention, it would also have meant a preliminary decision against the current party chairman.

Brandt prevailed with his view that the executive should pick an executive manager of its choice on 12 December--either Berlin Science Senator Peter Glotz or Minister of State in the Foreign Office Klaus von Dohnanyi. As for the third candidate, North Rhine-Westphalian Minister of Labor Friedhelm Farthmann, his minister-president, Johannes Rau, will not let him move to Bonn.

So the man picked by the chancellor to discipline the SPD and to "enmesh" (Wischnewski's term) more closely the work of party, government and leadership in parliament is finding himself sitting between all chairs. The "SPD John Wayne," as his comrades sometimes refer to him, who had secretly hoped to succeed Herbert Wehner or even Willy Brandt in the near future has been brushed aside for the time being.

To what extent the leading comrades have neglected the internal party organization in their covert maneuvers for power became apparent last week when, lured by substantial compensation, 86 employees gave notice--mostly women secretaries and senior clerks with long experience in the SPD, whom the party will find it difficult to spare.

The amateurish action with which Treasurer Friedrich Halstenberg planned to lower the salary costs of the SPD--DM 50 million in debt--threw Ollenhauer-Haus into chaos. "The party is not capable of action at the moment," one comrade complained. To counter the confusion, Willy Brandt wondered whether he "ought not to move to the Bundeshaus [parliament building] for the next few weeks."

Just as at headquarters, so in parliament Chancellor Schmidt at present has no pillar of support he can depend on. Wehner, undisputed tamer of the troop of comrades for years, is no longer intact. Failures and independent actions on the veteran's part have ruined the personal relationship with the chancellor, which had been troubled long since anyway.

While Schmidt was seeking the support of a majority of the party for the NATO followup armament decision, Wehner talked publicly about the "defensive" nature of Soviet armament. When the chancellor condemned the Russian invasion of Afghanistan, Uncle Herbert crossed him up with the remark that Moscow had acted "preventatively."

Angered by Wehner's go-it-alone actions, Schmidt considered bringing him down as head of the party in the Bundestag even before the election. Only the brilliant SPD victory in North Rhine-Westphalia stopped the putsch plans.

Shortly before the end of the legislative period, the breakdowns by the leadership in parliament took on serious proportions, with important government bills such as the amendment of the military service legislation and the noise protection law meeting with failure in parliament. Behind Schmidt's back Wehner persuaded the party in parliament to submit a group proposal for insuring codetermination in the coal and steel industry, thus disturbing the Liberals, who then took revenge against their partner after the election. In memorandums to Brandt, Wehner, Ehrenberg and Justice Minister Vogel, the chancellor at that time already openly threatened to resign.

Schmidt waited in vain last Tuesday for Wehner to protect him vis-a-vis the party in parliament against charges in the SPD's own ranks and against criticism of the government declaration. While, as usual, firing a "Stalin salvo of invectives" (as put by a member of the cabinet) against leftwingers, Wehner left the chancellor in the lurch when he pleaded for understanding for his difficult position.

For example, when parliamentary newcomer and former Juso [Young Socialists] Chairman Gerhard Schroeder compared the terminal atmosphere of the 1980 government declaration with the takeoff mood of the 1969 government declaration, Schmidt, lecturing as ever but without acrimony, replied to the leftwing tyro: "Let us switch on three spotlights." No 1, according to Schmidt's scale of priorities: Eleven years ago, the first SPD-led government of the Federal Republic had presented itself, and it was therefore no wonder that at that time there had been no lack of long-matured reform projects.

Spotlight No 2: The rates of economic growth had made it easy at that time to satisfy claims and desires.

Reminder No 3: The Ostpolitik of the Brandt-Scheel government in 1969 had come exactly at the right time because the superpowers too wanted a dialog of detente.

In the end Schmidt had almost managed to turn the mood around again. "If only he had had as much fire in the Bundestag," one comrade said regretfully.

Not only the chancellor but many deputies have realized since 5 October that Herbert Wehner's luster is beginning to fade. Jealously intent on power and responsibilities, the old man is having an increasingly destructive effect on the party in parliament.

Hugo Brandt: "Much though I value Herbert Wehner, his tactical ability, his political effectiveness, I sometimes sense physically how his shadow is lying over the party in parliament, stifling any kind of independent existence. What a pity that great people do not get the contradiction that they actually deserve."

The combination of fear and loyalty besetting many comrades when they see Uncle Herbert, insured for him once more a brilliant result in the election to the post of leader in parliament, with only 26 of 211 deputies not voting for him, but the relief would be great if the 74-year-old Wehner withdrew of his own volition.

Unfortunately, however, the old coachman shrewdly saw to it that he would be indispensable in order to "pull the cart as long as the cart is willing" (his own words). To the best of his ability, the leader in parliament prevents anyone from building himself up alongside him. He gives no clearcut responsibilities or tasks to his five deputies--with the result that none of them is in a position to straighten out the boss's mistakes.

Just as inconspicuous in their work as Wehner's deputies are the five parliamentary executive managers, who are responsible for coordinating the party's activity in the Bundestag. The two new ones who have been appointed to this job, Carl Ewen and Werner Zeitler, are distinguished by having spent their previous years in parliament quietly on the back benches.

"Power through chaos is Wehner's principle of rule" is the comment of one leftwing deputy on the leader's style.

Research Minister Andreas von Buelow misses exploitation of the political potential residing with the team in parliament. He says: "The discussion among the deputies at long last must be placed in position against the government. Everyone must have the feeling that his voice is not submerging somewhere. Then the party in parliament would be rid of its poison."

But neither the rightwing party workers around Minister Egon Franke nor the young leftwingers can expect anything to change in the management of the party in parliament as long as Herbert Wehner rules with his unmistakable combination of fulfillment of duty and reign of terror.

Just as he has sent Wischnewski packing now, he has shaken off former candidates--Hans Apel, for instance. The former defense minister, at one time brought up by Schmidt as heir apparent for the most important jobs in government and parliament, now, as a result of all too soft a policy toward the military, has made many enemies among the comrades.

Meanwhile the chancellor has been on the lookout for a new crown prince who, if need be, could succeed him or Herbert Wehner--Minister of Justice Jochen Vogel. Vogel's plus over Apel, compared with Wischnewski or Finance Minister Hans Matthoefer, is that the former "Juso baiter" from Munich has worked himself up to a position of counselor, mediator and guide, valued in all sections of the party outside and inside parliament, in the discussion of issues in the cabinet and in SPD bodies.

Last Friday Vogel invited an illustrious company of moderately rightwing SPD dignitaries for joint consultation, including Bonn Ministers Ehrenberg and Apel.

Behind the closed doors of the Lufthansa training center in Bergstrasse in Seeheim, the wounded chancellor was allowed to plead for solidarity among his sobered supporters.

The head of the gathering, Vogel--the new number 2--is standing ready, and not only in case the chancellor's standing should remain at its low ebb and he therefore calls it quits.

He might also succeed Schmidt if the latter at some time or other wants to realize a long-cherished plan "to resign like Harold Wilson."

The British prime minister retired from politics in 1976--successful, respected and completely unexpectedly.

8790
CSO: 3103

BRIEFS

VÄYRYNEN: KEKKONEN SHOULD CONTINUE--Helsinki, Saturday [22 Nov 80] (from DAGENS NYHETER's correspondent)--Urho Kekkonen, 80, should get to continue as president as long as possible; he is quite simply indispensable to the country. That was emphasized by Paavo Väyrynen at the party's representative meeting in Vasa on Saturday. The Center Party has no problems when it comes to choosing the next president--it will be Kekkonen again, it was plain from Väyrynen's speech. He felt that Kekkonen is quite simply unique, and that his contributions cannot be rated highly enough. Nobody can persuade the Center Party to participate in the so-called presidential game, Väyrynen asserted. He said that Kekkonen should have peace and quiet in which to work. In any case, it is outright improper to discuss a successor when Kekkonen still has a good 3 years left of his term. Besides, Kekkonen should be allowed to stay as long as possible, the Center Party leader felt. [Text] [Stockholm DAGENS NYHETER in Swedish 27 Nov 80 p 8] 8815

CSO: 3109

FINANCIAL, POLITICAL PRICE OF DEFENSE DISCUSSED

Paris LE FIGARO in French 24 Nov 80 p 24

[Article by Paul Granet: "Reflections: the Price of Defense"]

[Text] "The Will to Defense" is the theme of the conference held today [24 November] in Paris, at the Hotel Sheraton, by the Movement for the Independence of Europe. Founded in 1969 by its delegate general, Alain Ravennes, the NIE is presided over by Olivier Guichard.

After being asked about the sources and means available to stimulate a will to defense that would be felt and understood by public opinion and about an evolution toward a professional army, the participants will make successive presentations on the threats which face Europe, on its strategic "encirclement," on the defense of France and of Europe, and on the possibilities of European response to encirclement. In addition to Olivier Guichard and Alain Ravennes, General Georges Buis and Messrs Andre [illegible]tencourt, Andre Fanton, Paul Granet, Michel Poniatowski, and Pierre Messmer will speak. Not the least interest in this meeting will come from gauging the extent of agreement of eminent personalities of the UDF and of the RPR on this important subject.

The Solidarity of France and Europe

The election of Ronald Reagan will lead to an increase in the military effort in the U.S., an increased irritation with the inadequacies of the military budgets of the European states, an aggravation of self-centered and manichean political impulses--and, finally, will open into a new, overall Russo-American negotiation. At the same time, the impact of technological innovations will not stop feeding the arguments on defense strategy, notably in France, where we are not yet ready to say whether the second generation of Pluton missiles constitutes a kind of super-artillery or an element of deterence.

There are some essential reasons for posing again the problem of the defense of Europe and the missions of French defense.

Two concepts are in conflict, even in the government majority parties and in the very center of the UDF. The first concept extensively relies on the Treaty of Brussels of 17 March 1948. In case of armed attack in Europe against one of the signatories of the Treaty, French involvement would be automatic. As there are hardly any other assumptions of conflict other than war with the

USSR, it becomes a matter of logic to prepare for it, all of us together and immediately. The supporters of this concept wish to ignore the hypothesis of non-intervention and confuse strategic space and geographic space. In their view, they are led to place the emphasis on the reinforcement of cooperation with our allies and, finally, in recommending a rapprochement with NATO.

Let us be clear about this: to state that France is automatically engaged in a conflict which involves NATO is to turn our backs on Gaullism. NATO is not a political structure. It is not a democratic assembly of various countries. It is a napoleonic organization where the United States descides the security and the strategy of the others.

Certainly, the supporters of the concept of "commitment without ambiguity" continue to call themselves partisans of our nuclear force and of its autonomy. No doubt, this is out of political prudence. But one does not see very well what significance this has. From the instant that there would be no more options open than its use, the so-called independence of our nuclear force would become a joke.

I remain opposed to the formula of the UDF report on defense: "The participation of French forces in the first battle in Europe cannot be problematical," (page 42). My view is just the reverse. I would recall, on this subject, that the president of France on 1 June 1976, very sensibly, left in doubt the modalities of our participation in the first battle. I would also recall that General Mery excluded the possibility, "that we would commit ourselves, in advance and in time of peace, to occupy one of the battlements in the framework of allied strategy."

The second concept begins with the evidence: there cannot be a Europe without a common foreign policy; there is no foreign policy without a common defense; there is no common defense as long as NATO exists in its present form. This is a pertinent analysis, but it is as abstract as it is unrealistic. Must it be concluded that there will never be a European political identity? Are we condemned to the status quo?

Perhaps not. As the years have gone by our European partners have begun to doubt the reality and the appropriateness of American protection. First, there has been the negotiation on the nuclear fuel cycle, marked by the American wish to make all European industry--civilian as well as military--dependent on uranium controlled by the United States. In a way this was an attempt to re-create, for uranium, the equivalent of an OPEC, at the initiative of Washington. Then we had the beginnings of SALT III and the proposals for the nuclear neutralization of Europe. And there is nothing to prove that Mr Reagan, once he is sure of American military power and considers it sufficient for the defense of the world, will not return to this concept on his own. Finally, the future trade negotiations between Europe and the U.S. threaten to be difficult. In general, these are the frictions on one side or the other of the Atlantic which will be aggravated in the coming years under the dual influence of European economic and social integration and the wish of Ronald Reagan to re-establish--even at the price of crises with his allies--American prosperity. In short, the "era of misunderstandings" between Europe and the U.S. is not necessarily over. Perhaps this is the moment for France, in this context, to make proposals with a view to raising again the idea of European defense.

The problem of European security is closely circumscribed by four considerations, which are sometimes contradictory:

1) The nuclear rearmament of West Germany, in the sense of a true, strategic nuclear force, is excluded. Not only, given the position of the USSR, does it risk placing in question world peace, but it is unlikely that French public opinion would be favorable to it. That was the weakness of the proposals of Alexandre Sanguinetti.

2) No French Government will renounce the independence of our strategic nuclear force or refuse to modernize it. Never again will a blank check be left in the hands of our American allies. Of if there is, then the whole French internal political situation will have been overturned.

3) The idea of European defense, organized around the French nuclear force, which would replace American protection, remains a dream. Our nuclear force is not sufficiently credible, notably in the eyes of the Germans.

4) NATO will collide more and more with policies affirming European identity. Eventually, one of the two is condemned to disappear.

But even enclosed within these limits, negotiation is possible. It could take place around a draft for the organization of a European Army which would largely substitute for NATO, while still benefiting, in certain ways, from the protection of the American strategic nuclear force and or the French strategic nuclear force, the latter remaining outside the European Army.

Does this mean that the European Army should be a conventional army, a human mass and therefore easy prey on the battlefields, whose role would be limited to constituting the casus belli? There we are at the heart of the problem. If one must exclude that the European Army will have a strategic nuclear force--first, because of Germany, and then because the seriousness of the intervention of a strategic nuclear force ensures that the decision can only be taken by a national government--it would be as inprudent as vain not to provide it with tactical nuclear weapons and especially neutron weapons. Jacques Chirac, at Mailly-le-Camp on 10 February 1975, opened the debate on the matter.

One must always have in mind two developments:

1) The proliferation of nuclear weapons is inevitable. From now on the manufacture by a sovereign state of a certain quantity of fissile material for the purpose of producing a limited number of weapons with the objective of basic deterence or of political prestige--this cannot be stopped.

2) The major strategic phenomenon of tomorrow will not be the entry into service of interncontinental super-missiles and the Russo-American equilibrium of terror which will flow from it (although that development, especially if, for a certain period of time, there is no balance, is not a negligible one), but rather the proliferation of tactical nuclear weapons and their still further state of ministurization. In short, this will involve the deployment of what it is necessary to call nuclear artillery.

In such conditions neither Washington nor Moscow could long be opposed to the establishment of a European Army of the kind that we envisage.

Our security could be that much more effectively ensured as the distinction between tactical weapons and strategic forces is less evident in Europe, a crowded territory continguous to other continents, than it could be in the United States, isolated between two oceans.

This is a workin hypothesis. One must be aware that it is the only one which could make it possible for a political Europe to emerge from the impasse in which it is found and to reaffirm Franco-European solidarity, without diluting the French deterent force.

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CSO: 3100

MILITARY PROMOTIONS, ASSIGNMENTS NOTED

Paris LE MONDE in French 14 Nov 80 p 29

[Text] On a motion by Le Theule, minister of defense, the Council of Ministers approved, on Wednesday 12 November, the following promotions and appointments in the armed forces:

--"Army:" Colonel Christian Clarke de Dromantin was promoted to Brigadier General and appointed adjutant to the general commanding the 1st Military Region, the 3d Army Corps and military governor of Paris.

--"Medical Corps:" Medical Major Charles Tournier-Lasserve, head of department, was appointed central director of the Armed Forces Medical Corps [AFMC]; Medical Major Pierre Juillet, head of department, medical general inspector, was appointed Inspector General of the AFMC.

--"Promotions:" The medical generals, medical majors and departments heads Jean-Pierre Thomas and Henri Linon to medical general inspector (with rank of major general); medical department heads normal class Jean-Pierre Farges, Charles Hiltenbrand, Charles Poncelet and Pierre Cabasson (appointed medical head of the Sainte Anne Armed Forces Training Hospital at Toulon) to medical general (with rank of brigadier general).

Laurent Girier, medical general inspector, medical major head of department, was appointed technical inspector of the Armed Forces Medical Department of Hygiene and Epidemiology. Gilbert Perot, medical general, medical department head normal class, was appointed central director of research of the AFMC; Raymond Mautalen, medical general, medical department head normal class, was appointed deputy director of the AFMC; Robert Duriel, medical general, medical department head normal class, was appointed director of the 1st Military Region and 3d Army Corps medical corps.

Jacques Simon, medical general and department head normal class, is acting as the "organizational" assistant-director of the central directorate of the AFMC.

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CSO: 3100

GOVERNMENT MEASURES IN VIEW OF ELECTIONS ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 13 Nov 80 pp 7, 8, 43

[Article by Nikos Nikolaou]

[Text] Everything smells of elections! Within the space of one day, the government announced the instituting as of 1 January 1981 of the 5-day work week and promised the gradual implementation from the same date of the system of cost-of-living adjustments to salaries and wages, which will be completed within 1982. On the following day, Minister of Finance M. Evert announced substantial supports to the TEVE [Greek Craftsmen's and Tradesmen's Fund] with monies from the budget, as a result of which from 1 January 1981 all the pensions will be increased by 30 percent, while a similar regulation is impending also for the IKA [Social Insurance Foundation] pensioners. Even though such things involve the satisfaction of just demands by workers, it is a fact that these announcements (coming even after the tax cuts of September and the commitment by the government to not impose new taxes in 1981, despite the unfavorable trend of the public revenues) are giving rise to the feeling that these constitute a wave of favors such as are often given by administrations on the eve of elections.

In any case, it is certain that Premier G. Rallis, by his announcement last Wednesday to representatives of the GSEE [Greek General Confederation of Labor] and the ADEDY [Supreme Administrative Committee of Civil Servants] about the establishment of the 5-day work week and the implementation of cost-of-living adjustments to their pay, caught everybody off guard and took the initiative for forceful action at a time when the government was under heavy pressure from the strike movement and was being bombarded relentlessly by the opposition. Now, with the commencement of negotiations with the workers for implementing the announced measures, the government is the one which is dealing the cards. It is indicative that on Thursday, TO VIMA characterized these measures as a "bolt from the blue," adding that: This government decision can be regarded politically as "a surprise of the first magnitude," even though the explanation for this decision may be altogether simple (a consequence of the wave of strikes) or somewhat complicated (for example, with the elections in mind).

A sign of the success of the Rallis venture is the surprise of the opposition parties, which exhausted their criticism with the characterization of these steps as election-campaign measures, and also the embarrassment which they caused to New Democracy deputies themselves, who are keenly worried about the possibility that the government will resort to early elections. Finally, a chief

element in an explanation of the surprise which the measures produced is the fact that on just the previous day, Rallis had appeared on television to describe the critical situation the economy was in and to explain how difficult, if not impossible, it was to satisfy the demands of the workers (a government spokesman justified the inconsistency by arguing that the premier said these things because he had been of the opinion that certain branches of wage-earners were asking for unreasonable increases--on the order of 35 percent and more--and were even threatening strikes if they were not granted these excessive increases!).

In our opinion, regardless of whether or not the measures were announced in view of upcoming elections or because of a fear about the swelling wave of strikes, it was right for them to be imposed, and not only will they not bring an upheaval in the economy, as the alarmists maintain, but on the contrary they will help in its rapid recovery from the recession. The prompt taking of these measures is explained also by the political sensibilities of G. Rallis and his persistent effort to consolidate the calm political and social climate which he sought to introduce with his premiership.

With these governmental measures:

- As of 1 January 1981, the 5-day work week is established, but without a reduction of the total working hours per week of salaried employees and wage-earners. For the implementation of this measure, deliberations are taking place now among the concerned organizations, the appropriate ministers, and the employers.

- A decision is announced on instituting cost-of-living adjustments to salaries and wages (we note that last week in this column, in an exclusive we had referred to this possibility). More specifically, it is stated that as of 1 January, an increase will be granted in the minimum wages and salaries equal to the increase in the cost of living, and that the government is agreeable to the establishment on a systematic basis of cost-of-living adjustments to salaries and wages as of 1 January 1982 "provided that the workers formulate specific proposals and as long as the feasibility of implementing this measure is objectively verified." It is noted that already the GSEE has proposed a system of cost-of-living adjustments to earnings on a quarterly basis.

In any case, the negotiations with the workers for establishing the proper framework for the 1981 income policy has begun, and it is possible that by the time the OIKONOMIKOS TAKHYDROMOS is on the newsstands the specific rates of increase in salaries and wages will have been learned. Certainly what is of interest above all are the percentages for wage-earners who have real earnings greater than the minimum limits.

According to reports, the line being taken by the government in the collective agreements for different trades is to contract for increases which will likewise safeguard the purchasing power of the wage-earners. This means that increases will be granted to those wage-earners whose pay is other than the minimum limits (and who constitute about 85 percent of the totality of workers) which are proportional to the increases which will be given at the minimum levels. In any case, such increases will not exceed the increase in the cost of living expected for 1981, which is estimated by official quarters at around 19-20 percent. Finally, it is conjectured that the percentage of increase will not relate to the totality of earnings in the case of high salaries. There will be a ceiling beyond which the percentage will decrease progressively.

As for the increases which will be received by civil servants and workers in the broader national sector (banks, insurance organizations, the DEI [Public Power Corporation], the OTE [Greek Telecommunications Organization], the OSE [Railways Organization of Greece], and so forth), it was learned that the rates of increase will form the subject of separate negotiations, because the situation in each organization is different. For civil servants and pensioners the rate of increase will be decided in terms of the margins left by the 1981 regular budget (which will be balanced at the level of 448 billion drachmas). For workers in the public sector generally, the government's line is to have payroll increases similar to those of the private sector. However, in each specific case, consideration will also be given to those increases which automatically take place from one year to the next (the well-known longevity raises), but without the increase in pay because of promotion in grade being included in these increases.

The Balance

In reality, the balance of payments is faring better now, and it seems that for the short run the nightmare has passed concerning the disruption of its equilibrium, which was worrying the government up to the beginning of summer. In the 9-month period of January-September for which data exist, the deficit in the balance on current accounts was limited to $1.430 billion, compared to $1.428 billion last year in the same period--that is, it remained almost stationary. This fact is noteworthy when one considers that in making the same time comparison, the foreign-exchange expenditure for importing fuels was $2.219 billion in the 9-month period of this year, compared to $1.522 billion last year--that is, it increased by 45.8 percent.

Thus the government has a right to appear satisfied by the developments in the balance. Now, on the basis of the present data as well as the trends which are appearing, it is very likely that the deficit in the balance on current accounts as of 31 December 1980 will be kept to levels below $2.000 billion, whereas just a few months ago the threat was a deficit of $3.000 billion. This improvement will spare the country the necessity of new foreign borrowing, recourse to which would have been unavoidable if the deficit had swelled.

However, the government cannot pride itself on those developments in the balance which it can point to as evidence of the success of its policy. Because unfortunately this "improvement" in the balance is not a sign of health in the economy, but on the contrary it is evidence of an attack on it by the dangerous disease of stagflation. If indeed the changes in the balance are examined more closely, it is evident that this holding down of its deficit to about last year's levels is due exclusively and solely to the stagnation in imports. If fuels are subtracted, the value of the remaining commodity imports in the 9-month period of January-September was limited to $5.794 billion, compared to $5.822 billion in the same period of 1979--that is, they decreased in value by 0.5 percent, whereas for the same interval comparison between 1978 and 1979 they had increased by 27.8 percent. The suppression of imports is due for the most part to the economic recession which the country is suffering from, and secondarily to the excessive imports of the previous year, which led either to the formation of stockpiles which are now difficult to sell off, or to the loyal application of self-restraint on the part of importers. In reality, the economic recession

which is revealed by the drop in investments and by the decline in disposable income (it will be reduced by 2 percent this year according to the report by the KEPE [Center for Planning and Economic Research]), and hence by the decline in consumer demand, is the primary cause of the suppression of imports and the "improvement" in the balance. But however obliging one may be disposed to be, these two reasons for this situation cannot be considered achievements!

A true improvement in the balance would exist if organic changes in its composition were noted, such as a rapid growth in exports or a substantial rise in invisible receipts. But neither the one nor the other is happening now! In the 9-month period, receipts from exports came to $3.090 billion, compared to $2.807 billion last year--that is, they increased by 10.1 percent compared to a rate of increase last year of 33.7 percent. This year's increase does not even cover the rise in prices--something which means that the volume of exports has decreased.

Indeed it is a fact that today our exports are suffering from the conditions of recession which prevail in the international market and which are leading to a decrease in demand, while on the other hand the competitiveness of Greek products is on the decline at the same time that domestic inflation is running at a rate more than double that of Europe, and moreover the exchange value of the drachma has remained stationary from May up to now. In the midst of these conditions, it is clear that one cannot even begin to consider a reduction in the supports based on the Currency Committee's Decision 1574.

The invisible receipts are also showing a slackening in their rate of increase. Thus, this year the foreign exchange from tourism yielded $1.401 billion in the 9-month period of January-September, compared to $1.229 billion and $1.024 billion during the corresponding period in the years 1979 and 1978. That is, it increased this year by 14 percent, compared to 20 percent last year. The merchant-marine foreign exchange fared better, but again at a lower rate of increase, because of a recovery of the freight market. Thus, in the 9-month period the receipts from foreign exchange from shipping came to $1.334 billion, compared to $1.083 billion and 851 million during the same period in the years 1979 and 1978. On the other hand, the drop in emigrant remittances continued this year as well. The receipts from emigrant remittances was limited to $787 million, compared to $858 million last year in the same period--that is, they decreased by 8.3 percent.

Where a genuine improvement truly exists is in the sector of the inflow of capital. The value of venture capital introduced in the period of January-September came to $323 million, compared to $238 million last year in the same period--that is, it increased by 35.7 percent. This fact is due firstly to the improvement in the psychological climate following the formation of the G. Rallis administration, and secondly to the steady value of the drachma's exchange rate.

Investments

The level of expenditures for the Public Investments Program (PDE) has been finalized for 1981, and the appropriate ministries and generally all the agencies of the program have been sent the circular by Premier and Minister of Coordination G. Rallis which defines the spending limits within which the proposals will be made for inclusion in the program of those specific projects whose execution will be continued or will begin in 1981.

Thus, one of the chief differences of the 1981 PDE compared to this year's program is that beginning next year new projects will be incorporated into the program and will begin to be executed, whereas this year--as is known--for reasons of "belt-tightening in public expenditures," the program had been devoted entirely to the continuation and completion of projects already under way. In the premier's circular it is stressed that: "The inclusion of new projects in the 1981 Public Investments Program will be handled by the agencies within the framework of the disbursement limit which is fixed according to sectors and subsectors, and after the ability to finance the continuing projects is ensured, so that they may be rapidly executed and completed. For the inclusion of new projects in the program, the indispensable requirement is at least a complete and definitive approved study along with a revised and updated budget, the distribution of its expenditures over the subsequent years up to the year of completion of the project, and a report in which at all events the specific reason will be stated for why the project ought to be included in the 1981 program. The chief criterion will be the possibility of financing such projects by EEC funds and their ability to receive loans from the European Investment Bank." As long as the terms of this circular are observed, we can be optimistic that in the future we will avoid including projects in the program whose execution will drag on for years and whose overruns will follow one after another, as has happened up to now for lack of studies and the diachronic planning of expenditures.

The level of the 1981 program has been fixed at 80 billion drachmas, and besides this there is also a reserve fund of 5 billion drachmas. But from these 80 billion drachmas we should subtract 15 billion drachmas which have to do with the payment of debt installments for development loans (this year, this expenditure item is 9 billion drachmas), 3.3 billion drachmas which will be spent for military projects, and 1.25 billion drachmas for administrative expenses, so that chiefly productive activity will absorb about 60.5 billion drachmas--a sum which admittedly is insufficient for a year which happens to be the first year of our accession to the Community. In fact, even though it is now a commonplace observation, we ought to emphasize that at the commencement of the period of accession one would expect that even higher public investments would be realized, in order to accelerate the necessary structural changes in the economy.

In any case, the government maintains that it has exhausted all possibilities for using available resources in drawing up a program whose level in real-value terms is clearly higher than this year's (the execution of which will ultimately amount to 60 billion drachmas). The drawing up of a more ambitious program would jeopardize the monetary stability, because when inflation is running at a rate of 25 percent, it is frivolous at the very least for the State to carry out projects whose financing is done either through loans or through over-issuing of banknotes. On the other hand, the role of public investments is a reinforcing one, and what finally counts is whether by the execution of the requisite infrastructure projects the preconditions are created for an activation of private initiative, whose investments can cope with the structural problems of the Greek economy.

The basic characteristics of the PDE for 1981 are:

First of all, that this program has been drawn up with the objective in mind of the full use of those sums which our country is entitled to receive from the EEC funds (and which are free capital) as well as the loans which it will contract with the World Bank, the European Investment Bank, and so forth. In fact, it is figured that within 1981 this program will receive supports of about 75 billion drachmas from the regional fund of the EEC, the FEOGKA [expansion unknown] for orientation expenses, and so forth, while another 4.5 billion drachmas of Community monies will finance the so-called parallel investments (of the DEI, OTE, ETVA [Hellenic Industrial Development Bank], and so forth).

Secondly, that both through its absolute amount and through the distribution of its expenditures according to sectors, this program seeks to give the necessary expansionary impetus to the economy, by reversing the business-cycle conditions, which are now at a low point.

Thirdly, that the investment character of the program has been strengthened, in that the purging from it of day-to-day consumption expenditures has given significant returns. It is characteristic that with total expenditures of 85 billion drachmas, the administrative expenses are only 1.250 billion drachmas.

Fourthly, that the regional character of the program has been accented, given that almost all of its projects will be carried out in the countryside (with the exception of 2.500 billion drachmas which is being spent for projects in the greater capital area). In the 1981 program, for the first time expenditures for the Mornos River projects have been eliminated, as well as for the water-supply and sewer-system projects of the capital, and the flood-control projects have now been incorporated into the program of the Capital Area Water-supply and Drainage Corporation--something which means that the expenses for these projects will be borne exclusively and solely by the Athenians.

The apportionment of the program's appropriations according to ministries and agencies is as follows, in billions of drachmas:

Agriculture--2.270; forests-fisheries--1.650; land reclamation projects--4.720; industry-energy-handicrafts--4.900; communications--9.160; railways--1.900; tourism-museums-monuments--2.130; education--8.000; housing--0.650; health-welfare--1.570; water supply-sewer systems--2.200; public administration--1.050; research, technology, and technical cooperation--2.440; nomarchy projects--10.910; miscellaneous (amortization, military projects, and so forth)--20.300; administrative expenses--1.250; greater capital area projects--2.500; rehabilitation projects for earthquake victims of Northern Greece--2.400; reserves--5.000; total: 85.000 billion drachmas.

It should be noted further that for incentives to industrial investments--that is, for subsidizing interest charges and providing free capital (grants) to private parties which make investments, in 1981 the PDE will spend about 2.800 billion drachmas, compared to 1.500 billion drachmas this year.

Moreover, as was the case for almost all of the previous programs, the 1981 program is unsecured from the direction of specific revenues, and thus its expenditures will be met either from the proceeds of foreign loans or from

domestic borrowing (treasury notes). In connection with this latter alternative, beginning in 1981 an innovation is going to be put into practice.

Specifically, within the framework of the policy of decontrolling interest rates, which will begin in the initial days of 1981, a money market will become operative to which the State as well as the public enterprises and organizations will be able to turn in order to meet their borrowing needs. Initially, this money market will be limited exclusively to transactions between the banks and perhaps also the insurance organizations.

For 1981 the State is figuring on borrowing about 20 billion drachmas from this money market, by issuing bonds of corresponding value, which however will have a foreign-exchange provision (possibly a mark or Swiss-franc provision) and will earn also that interest rate which prevails in the euro market for deposits in foreign currency. The banks will be free at last to allot their obligatory deposits to such bonds or to the traditional treasury notes.

It is clear that the offering to banks of such attractive securities (as bonds with a foreign-exchange provision) is being done in order to relieve the state budget of the expense of paying interest rates which are especially high in the case of treasury notes, for which the State is charged at an interest of 13.5 percent, whereas the bonds will have an interest rate not greater than 7.5 percent.

12114
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NOVEMBER 16 VIOLENT INCIDENTS ANALYZED

Athens EPIKAIRA in Greek 20-26 Nov 80 pp 19, 20, 21

[Text] Confusion and inconsistencies. Indignation at the blood spilled, and uneasiness in the face of the specter of anarchy. This is the taste which the blood-stained Sunday has left in the mouths of the Greek people. A generally acceptable interpretation of these events has not yet been found. Nobody is able to explain the extent of the disturbances, how the clashes developed, and the way the rioters were handled. There is even confusion in the government's announcements, which are elaborated on or even retracted by other ministerial statements. A chaos of views prevails also among the parties of the opposition. There is a gap between the parties and their youth organizations. Some of them trace the riots back to the cautious attitude shown by the government and the political parties to the "occupations" of the schools. Others attribute them to "agents provocateurs" of every type. But most fear that the country is very close to following the nightmarish path of anarchy.

The confusion about the scope, the ringleaders, and the fomenters of the bloody incidents which took place in Athens on the occasion of the anniversary of the Polytechnic events was continuing even 3 days afterwards. Nobody was able to show convincingly who provoked the incidents, for what purpose, and who are behind the young perpetrators, assuming of course that somebody is.

Following a general condemnation of the incidents by the parties and the government, a torrent of insinuations began which caused a fresh confusion and injured the confidence of the political parties both toward the government and even toward each other. Following the peacefulness we enjoyed in this country, the real casualty of the incidents was our "mild climate" and the balance of trust on certain basic issues among the country's political forces.

Thus:

Mr Papandreou stated initially that "small groups of irresponsible elements and provocateurs of unknown and suspicious origin were the cause of the deplorable improprieties, their evident purpose being to sully and discredit this great people's anniversary. We express our indignation and to the Greek people we denounce the instigators and organizers of these deplorable events."

On the following day, Papandreou ascribed these events to paragovernmental elements which had slipped in among the demonstrators:

"These paragovernmental elements have infiltrated into the security forces, and they have acted within the framework of a practical alliance with the other groups, with the objective of drenching Athens in blood. This bloodshed has led to at least one dead person and dozens of injured.

"The indulgence shown by the administrations of the New Democracy Party toward the junta paragovernmental networks, which have taken over important points in the state machinery, has now yielded its fruits. And the responsibility for this is borne in fact by all the administrations of the Right, from the time of the change in government up to the present."

Governmental Inconsistencies

At the same time, the government's positions were not coordinated:

Early Monday morning, Minister of Public Order Davakis spoke about the responsibilities of the policemen. He said that the police "lost its composure," that it acted without authorization, and that he himself is "not disposed to cover up for anyone," but will conduct investigations and hearings.

On Monday evening, an official government announcement which was issued after a meeting of the Government Committee stressed that: "Thanks to the composure of the police, which performed its duty and carried out the government's orders with self-sacrifice, much greater losses in terms of human casualties and damage to property were avoided."

In the same announcement, the events are attributed to extremists on the Left, including the EKKE [Revolutionary Communist Movement of Greece], the Second Panhellenic, the OKV [expansion unknown], the "Makhitis" [Fighter], the OSE [Socialist Revolutionary Organization], the OKDE [Organization of Communist Internationalists of Greece], the "autonomous citizens," the KK/ML [probably Greek Communist Party/Marxist-Leninist], and so forth.

However, in a separate announcement, Mr Averof attacks Papandreou personally and stresses, among other things:

PASOK [Panhellenic Socialist Movement], in making inaccurate statements and thus throwing oil on a dangerous fire, leaves out something else as well: That with its constant preaching in the last 6 years for Marxist changes, for militant mass demonstrations, for ongoing strike mobilizations (these are his own words), and with its practice of espousing in the streets every riotous march--that this above all facilitated the creation of the suitable atmosphere for militant anarchistic demonstrations such as the ones seen yesterday.

"Its recent masquerading as a benign and socialist party is not enough to remove the climate which it has been forming continuously for 6 years."

On this point, political observers also connect with PASOK an insinuation made by the KKE about political forces which encourage extremists.

"Responsibility is borne likewise by those forces which, regardless of their ideological character, create in certain sectors a climate of indulgence toward

'autonomous' terrorist activity, forces which flatter and encourage irresponsible groups, their specific objective being to hurt the KKE."

KKE and KNE

Similar inconsistencies are observed also in what is expressed by the communists.

In its announcement, the KKE states that these events took place "with the direct and leading participation of fascist mechanisms and secret-service agents."

At the same time, the KNE [Greek Communist Youth] attributes the blame for the events--in contrast to the KKE and PASOK--to "anarcho-autonomist and leftist groups which, along with various provocateurs and suspect elements advancing pseudo-revolutionary slogans, violated the decision of the EFEE [National Student Union of Greece] in favor of a march to the Chamber of Deputies, seeing that they proceeded to engage in open provocations, which gave the police the pretext for launching an extended campaign of terrorization of the people." Besides the government, the KNE also denounces "those political groups which are covering up for" the leftists and anarchists.

The youth group of the New Democracy Party expresses a different view. "The shifting of responsibilities," its announcement reads, "to provocateurs is not vindicated by the record. If the provocateurs and the enemies of democracy are to be isolated, the parties must realize that in our country there are democratic procedures which function in the freest way possible in all expressions of political life."

The Leftists

The leftist groups reject the theory of paragovernmental elements and provocateurs, revealing that they themselves provoked the incidents:

"The attitude of certain forces of the opposition, and A. Papandreou above all, slanders and distorts the significance of this militant mobilization. In the eyes of the people, it identifies mass struggles with the development of such actions and thus gives the green light to the suppression and criminalization of such mass struggles."

And the organization "Rigas Feraios" of the KKE-Interior, in referring to the statement by Davakis which commends the youth groups of the parliamentary parties "which with consistency and a sense of responsibility paid honor to the anniversary," stated: "The congratulations which Davakis gave to the youth groups of the parliamentary parties are not for us. These pertain to the KNE and PASOK youth groups, which not only were indifferent to the brutal and undisguised attack by the police on the forces of the KKE-Interior and the "Rigas," which not only continued shouting the slogans for "change" and the "17 percent," but in some cases (KNE) beat up members of the "Rigas" who were trying to escape from the pursuit of the MAT [Restoration of Order Units]."

Aside from the contradictory views of the government figures, various opinions were also expressed by different sides on the attitude of the police:

Mr Papandreou avoids blaming the police as a body, speaking instead about paragovernmental elements which infiltrated the police ranks.

The KKE: "Barbarously and without provocation, the police attacked non-participants in the terroristic demonstrations, reaching the point of using fire-arms, and they brought about the killing of people."

"Rigas Feraios" denounces "the brutal violence of the MAT." The KKE-Interior expresses its surprise at the attitude of Papandreou toward the police: "And inaccurately he shifts the bloody events to after the dissolution of the march, whereas at the time when the murderous attack of the MAT was manifesting itself, tens of thousands of demonstrators were taking part in the legal march of the EFEE."

Sober Reflections

Merchants along Panepistimiou Street were asserting that the police were able to arrest the vandals and looters of their properties.

The police say that if the breaking up of their force and the bringing in of guard troops had been allowed, the incidents would have been uncontrollable on both sides, and we would have had more casualties.

Other citizens as well as individual political figures wonder why the police did not arrest several hundred of the extremists. And on this point, policemen were saying that the anarchists were all carrying poles and iron tools, and that any attempt to arrest them would have meant very serious injuries at the very least.

Finally, the expediency of the march to the Polytechnic itself was called into question, since it has become the occasion for killings and riots.

In his announcement, G. Mavros stressed that "it is deplorable that a solemn anniversary ceremony has transformed Athens for the second time into a battlefield, since this is an insult to the memory of the Polytechnic victims." Mavros added that "the marches by irresponsible elements against foreign embassies are acts which are barbarous and contrary to international justice. Let us not forget that during the Italian invasion of Greece, no Greek had thoughts about organizing a march against the Italian embassy. Men fight only on the front lines."

Thousands of telephone calls and protests were made to the newspapers by citizens who correctly pointed out that the Polytechnic march has departed from its original purpose and in essence now harms even this anniversary and the democracy for the sake of which the struggle of 1973 took place. The same citizens have made the observation that this year the slogans had no bearing on the Polytechnic and the uprising of the students against the dictatorship: "Out of NATO" was the prevailing slogan. "Down With the Bases," "the Chamber of Deputies Should be Dissolved Now," and so forth.

Zigdis: It Was to Be Expected

Mr Zigdis stresses in his announcement that "the politicizing of this day amounts to a frank disrespect. It lowers the level of this observance. And it leads inevitably to the deplorable events of last night. Because as long as the parties try to exploit this politically, it is to be expected that the same thing will be attempted as well by the extremist organizations which are opposed to the democratic system of government and to public order. In order to sully it, in order to desecrate it."

In summing up these happenings, political observers were contending that Sunday's events have revealed a very deep division of views between the government and the parties as well as among the parties and their factions themselves. And even among the ministers. They also revealed the existence of a very strong anarchist movement in this country, and sharp divisions of opinion within the political world on the origin, the nature, and the way to deal with this anarchism. And finally they revealed that in many cases political expediencies have gotten the better of the sense of responsibility of some political figures, the consequence being that the truth about the serving of political interests has been distorted. This, assert these observers, is the climate in which anarchy develops and ripens.

In Public Affairs as Well

A short time earlier, specifically at the end of last week, a squabble appeared in the press between Premier Rallis and the chairman of PASOK, Papandreou. In a speech at the conference of New Democracy officers, Rallis extolled the work which the New Democracy Party has accomplished, and he added:

"The positions of the New Democracy are crystal-clear and have no need of constant readjustments and reformulations, in accordance with momentary expediencies or depending on the make-up of the audience.

"Those who use the slogan of change so frequently and with such insistence in order to achieve uncertain election gains will be obliged soon to realize that our people are not misled by messianic proclamations.

"Do not be impressed by the noise-makers and sloganeers of the so-called change and the self-styled transformations. They make noises simply because they are not able to give substance to their demand for change. And this is because we ourselves have made this change.

"You must see yourselves as fighters for the completion of this mission. Public opinion, the general climate which we are speaking about, does not just fall from the sky. It has to be shaped. We need to mobilize will and courage. We need to present arguments. And above all we need to engage in discussions continually and everywhere."

Mr Papandreou responded by saying, among other things:

"It is a tradition for the Right in Greece to brandish dangers to the democratic institutions of our country whenever the forces of change begin to fight decisively

for the power. Indirectly but nevertheless very clearly, the premier once again is attempting the same scaremongering. We inform him that the 7-year dictatorship sprang from within the ranks of the Right, for the purpose of checking the forces of democratic change."

Against Rallis

He said further that: The New Democracy Party has returned Greece to NATO by surrendering national sovereign rights and by seriously downgrading the country's defenses.

That the country has entered the EEC under the most onerous of terms, and that not long after our accession the consequences of this will become clear to our industry and farming class.

That Rallis has always been in the loyal service of the Establishment and the monopolies.

That the Greek people are aware of the tremendous national and economic impasses into which our country has been led by the policy of servitude in national issues and of one-sided austerity, and by the lack of an even rudimentary economic programming.

The criticisms of Papandreou were characterized as "unexpectedly harsh" by political observers. The government's spokesman stated:

"This constant and wearisome reiteration of insulting inaccuracies reveals only one thing: That the chairman of PASOK has completely lost his composure. Because obviously he has begun to realize how different--in comparison to what he thought--the present state of affairs is for his party."

Finally, Rallis spoke about a pseudo-poll which will be made ridiculous by the results of the elections.

A short time earlier, a poll by the ELEVTHEROTYPIA became known which gave to PASOK 38-40 percent, to the New Democracy 32-34 percent, to the KKE 10-12 percent, to the Center 5-8 percent, and to the extreme rightists 4-9 percent.

Greece and Missiles

As a full member of NATO, Greece took part through Minister of Defense Averof in the conference of NATO's Nuclear Planning Group.

"We are re-entering the alliance," said Mr Averof, "at a time of crisis, whose seriousness has not been understood, in my opinion, by the European public. The solidarity of all is needed if we are to manage on the one hand to prevent drifts towards a heating up of the crisis, and on the other hand to practically express detente in the sector of disarmament and in the other sectors of the Helsinki Conference. Many post-war crises would have developed into conflicts if the largely deterrent force of the Atlantic Alliance had not existed. Within the framework of this deterrent role, Greece will fulfill to the utmost all the obligations which fall to its share."

Even though the discussions of this group are secret, there are reports that they referred to the issue of the modernization of medium-range nuclear weapons. In addition, the ministers were briefed on the change in nuclear strategy which was decided on last summer by President Carter, in accordance with which the American missiles will now be aimed, as are the Soviet missiles, also at military bases, and not only at cities.

More specifically, on the increase in military expenditures it was reported that this increase, which the Danes, Netherlanders, Belgians, and others are opposed to, does not pertain to Greece. Our country spends 19 percent of its budget for defense expenditures, whereas England, for example, spends only 10.7 percent, Denmark spends 6.4 percent, and so forth.

On this occasion, it was reiterated by this government that Greece neither has accepted nor is going to accept the establishment of "Cruise" and "Pershing" missiles on its territory.

Finally, in an interview with MILLIET, Mr Averof stressed:

Greece is never going to share the Aegean or relinquish its right to extend its territorial waters to 12 miles.

Nevertheless, relations between Greece and Turkey "will proceed in a positive direction."

"Center Faction"

The former leader of EDIK [Democratic Center Union], G. Mavros, spoke about a national crisis and the undermining of all our institutions, in his proclamation announcing the founding of the "Center Faction" party. He gives a rough outline of the purposes of his party as follows:

Suppression of the bureaucracy and a reformation of the governmental machinery.

Consolidation of political, economic, cultural, and social democracy.

Restoration of our country's prestige abroad.

Mavros proclaimed: "The hour of the Center has struck. We are all being summoned to respond to the call of history."

Mavros attacks only the government, and he does not make even an insinuation in the direction of the other parties of the opposition. But this did not keep him safe from their fire.

Thus, Pesmazoglou responded to Mavros to the effect that:

In Greece, the Center is democratic socialism.

The centrist forces must be independent vis-a-vis the other political forces, and this is incompatible with election-campaign associations which are inspired by coincidental expediencies.

The leadership for the Center must be chosen by democratic procedures.

At the same time, Mr Zigdis criticizes Mavros because although he led the EDIK to defeat in the 1977 elections and later tried to split it up, now he is trying to establish a new party.

On Konstandinos

Very widespread commentary was provoked by a full-page article of the ELEVTHEROS KOSMOS containing a photograph of Konstandinos and bearing the signature of S. Konstandopoulos, in which it was stressed that "Greece urgently needs the services of King Konstandinos." In this article, there is some talk about the formation of a new American policy under the leadership of President Reagan, a policy to which Greece as well should adapt itself by bringing back Konstandinos. It is stated in this article that "only those forces under which this country can expect its salvation" are in a position to resolve this new national problem.

12114
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PAPER COMMENTS ON SOCIALIST PARTY CONGRESS, CHAIRMAN

Reykjavik MORGUNBLADID in Icelandic 4 Nov 80 p 20

[Editorial: "Stormy Congress"]

[Text] The Social Democratic Congress this weeke did not promote unity within the party. It is obvious that both people and issues are being disputed. Members of parliament verbally attacked one another; and the parliamentary group was seriously criticized for its performance. The debate seems to have been most intense regarding the participation of the Social Democratic Party in the coalition government in 1978 and the afterplay of that participation. Benedikt Grondal, the outgoing chairman, said that he had always been opposed to this coalition; and the outgoing treasurer, Eyjolfur Sigurdsson, resigned from the party because of the party's flirtation with the communists. He said that since 1978 the saga of the Social Democratic Party had been a continuous tragedy.

This criticism was not reflected in the election of leaders. Karl Steiner Gudnason was reelected secretary, but he was one of the main advocates of the forming of the coalition government in 1978. Magnus H. Magnusson was elected vice-chairman, but he did not want to dissolve the coalition in the fall of 1979. Perhaps the congress representatives were only reprimanding the unruly parliamentary group, and at the same time they did not want to offend the labor-wing of the party. The vice-chairmanship was sought by two people who apply different methods in their political endeavors. The more conservative one won. He also leans towards the viewpoint that the newly elected chairman of the Social Democratic Party, Kjartan Johannsson, declares to be adherance to high offices instead of loyalty to the party policy.

The political battle of the Social Democratic Party is becoming more and more characterized by rhetoric in order to cover up differences that crop up about people and issues within their own ranks. Such methods are not inclined to spur confidence, especially not when at the same time very little or next to nothing is being done to live up to the big promises. "Stabilizing policy" in economic matters is the party's key word in discussions about the chaos in the national economy; that followed the election promise about validating the contracts. The party has not lived up to either one; and the tumult in the party during the government of Olafur Johannesson and the party work since then is more the proof of lack of balance than stability. Lack of discipline and rootlessness surfaced at the party congress, which will be difficult for the new chairman to tackle, as there are various indications that he would not have been elected if Grondal had decided to continue as chairman.
9583
CSO: 3111

FINANCE MINISTER ARNALDS PRESENTS BUDGET

Reykjavik MORGUNBLADID in Icelandic 15 Oct 80 p 12

[Article: "Price Premises of the Budget: Proposal 42 Percent Increase Between Price and Wages From 1980 to 1981"]

> [Text] Yesterday, Minister of Finance, Ragner Arnalds, called a press conference in order to introduce the budget proposal that was presented in the Althing the day before yesterday. At the press conference it came forth, as MORGUNBLADID has already reported, that according to the budget, the total revenue amounts to 533.6 billion kroner. Of that amount direct taxes, income- and property taxes are estimated at 91.6 billion kroner, indirect taxes 431.4 billion kroner, and other revenue is estimated at 10.6 billion kroner. The direct taxes are 17.2 percent of the final figures of the budget proposal; indirect taxes 80.8 percent and other income 2.0 percent.

According to this, the total tax burden because of the state taxation is 28.5 percent of estimated national production. The estimated revenue of the proposal is based on the premise that price and wages will rise about 42 percent on the average between the years 1980 and 1981.

The total expenses of the national treasury total 526.5 billion kroner. Of that amount 214.2 billion kroner go for community use; 87.6 billion will be used for investments and investment funds; and about 244.7 billion kroner will be used for consumption and management operations. Loan payments of the A-part of the proposal, beyond borrowings, amount to about 2 billion kroner total. The proposal, in its current form, presents about 3.8 billion kroner surplus.

The most important expense items in the proposal are insurance items, which claim about 136.5 billion kroner or 25.9 percent of the proposal; 69.5 billion kroner is allocated for education, or 13.2 percent; 39.8 billion for health purposes, or 7.6 percent; 31 billion for subsidies, or 5.9 percent; 35 billion for transportation, or 6.6 percent; 19.6 billion for interest, or 3.7 percent; 20.7 billion for energy, or 3.9 percent; 21.5 billion for agriculture, or 4.1 percent; 20.3 billion for law enforcement and police, or 3.9 percent; 11.8 billion for housing, or 2.2 percent; 7.7 billion for fishineries, or 1.5 percent; 12 billion for special economic measures,

or 2.3 percent; 101.1 billion for other expenses, or 19.2 percent. The proposal presupposes that the BSRB-contract [the Federation of State and Municipal Employees] will cost the national treasury between 4 to 4.5 billion kroner. The proposal also anticipates 21 billion kroner will be needed to cover wage price compensation increase.

The proposal anticipates that the State Building Fund and the Workers Building Fund will have about 40 billion kroner at their disposal during the year 1981; but the funds have about 23 billion kroner at their disposal this year. In the estimate for insurance expenses, a 5 percent income insurance increase is estimated from the middle of next year.

Arnalds emphasized that the item "art, contributions" increased from 480 million kroner in the 1980 budget to 859 million kroner according to this proposal, or about 70 percent. He said that the laws for the Icelandic Students' Loan Fund were being reviewed; and that during the latter part of this year it is expected that the loans will bridge 90 percent of the excess loans needed by students. The State contributions to the Fund will increase about 50 percent between the years 1980 and 1981.

At the conclusion of the press conference some items about beneficial changes in the state system were mentioned. It was mentioned, among other things, that in the 1980 Budget the sale of the older Fokker airplane and Arvakur, both belonging to the coast guard, had been decided upon. Now the sale of the coast guard vessel Thor is anticipated. The plan is to continue the organization of the State Motor Vehicle Supervision Office with the aim in mind to reduce the cost of car inspection. It is also mentioned that the provisions of the law about subsidies for agriculture, drainage and farming in connection with new directions in agricultural affairs. Investigations of the operation of various government agencies will be continued, among others, the operations of the National Energy Authority, the Post and Telegraph Administration, the State Natural Heat Supply, the State Drilling Contractors, the Iceland State Broadcasting Service and other agencies. Finally, it is mentioned that the possibilities of combining agencies that have a similar role, in order to reduce management costs; the ones mentioned are the Icelandic Survey Department, the Icelandic Hydrographic Service, the Office of the Veterinary General and the Sheep Diseases Control Office.

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CSO: 3111

BRIEFS

SIXTEEN BILLION FOR SUBSIDIES--Government subsidies for goods amounted to a little over 16.6 billion kroner during the period January to September this year. This came forth in an answer the minister of finance gave to an inquiry put forth by Vilmundur Gylfsson in Althing yesterday. It further stated in the finance minister's answer that included in this figure were payments to the farmers' pension fund amounting to almost one billion kroner, and about 1.38 billion kroner that were paid in January for the year 1979. Payment for export subsidies amount to a little over 8.1 billion kroner during this same period, including a total sum of interest- and storage fee for the fiscal year 1979-1980, or 934 million kroner. [Text] [Reykjavik MORGUNBLADID in Icelandic 31 Oct 80 p 32] 9583

KRONER CONTINUES TO FALL--A new decline of the rate of exchange has begun. Yesterday the U.S. dollar was listed at 555 kroner, but a little over 2 months ago, or 26 August, the krona started to fall and has continued to fall steadily since then and the devaluation during this period has reached 11.8 percent. The government's permit to declining the exchange rate expired during the middle of August, and the listing of the dollar remained stable for quite some time, or until 26 August, when the government authorized further decline of the krona. During the recent weeks the fall of the krona versus the U.S. dollar has been considerable. To solve the fish price problem before the end of last month, but a new fish price was to become effective 1 October according to law, the fish processing industry received a promise that the exchange rate would be dropped to 552 kroner, which was the level the krona had to be at in order for the fish processing industry to operate without deficit, based on the new fish price. This goal was reached during the last few days. It is therefore obvious that the governmemtn has authorized still further devaluation of the krona, as the dollar is now 3 kroner above this level. It is not clear what the reasons might be, but they can be many, new wage negotiations, among other things. Finally, it may be mentioned that the fall of the krona during these 2 months is computed over a 12-month period with the same rate of dedline, is 83 percent in 1 year. [Text] [Reykjavik MORGUNBLADID in Icelandic 31 Oct 80 p 32] 9538

CSO: 3100

BARRE DEFENSE POLICY SPEECH OF 11 SEPTEMBER 1980

Paris DEFENSE NATIONALE in French Nov 80 pp 9-19

[Speech by Prime Minister Raymond Barre at the opening of the 33rd national session of the Institute for High National Defense Studies, Paris, 11 September 1980]

[Text] This is the fourth time that I have had the honor of presiding at the opening session of a term at the Institute for High National Defense Studies; and it is always a renewed pleasure for me to be in this institute whose renown, along with that of the assembly, is unquestioned.

I take this opportunity to do homage to your staff for the quality of the programs that they carry out and for the dedication with which they animate your studies. I should particularly like to express my complete confidence in Admiral de Castelbajac who has just been designated director of the institute. My presence today is again evidence of the interest that the government attaches to the institute.

In the press conference that the president of the republic held this past 20 June, he stated that "defense problems are among the most complex that arise in the present world."

Your stay at the institute, ladies and gentlemen of the assembly, will make it possible for you to perceive the diversity of their aspects, and to be more aware of their implications. Then, with complete knowledge, you will be able to participate in the effort to obtain the information that is necessary to enable all of our fellow countrymen to understand the true nature, the needs, and the importance of defense in the modern world.

Coming from various sectors, you have the privilege of being able to approach the problems that you will study with a pluridisciplinary approach. From a comparison of your points of view and of your discussions may come a certain number of ideas that will cause our defense concepts to improve.

Now, when you are about to begin your studies, I should like to specify the status of France's security problems and to analyze the two aspects of our defense policy: the prevention of violence through capability, taking into account the variety of situations and the development of techniques and research, and the maintenance of our freedom of action.

1 - France's Security Problems (headings have been supplied by the editorial staff of the magazine).

The world, as you know, is in full evolution. In all spheres--economic, political, strategic--new balances are being sought in an atmosphere of uncertainty, disorder, and sometimes confrontation.

With respect to defense problems, one can illustrate the uncertain and unstable nature of the situations with which we are confronted with three observations.

In the first place, international life is dominated by the relative strengths of the superpowers: those of the United States and of the USSR. Any change in the relative superiority of one or the other of the protagonists alters these realtionships and puts them on another level. These fluctuations are expressed unceasingly by a progression or a regression of influence of one of the powers concerned in this or that part of the world, with inevitable political repercussions for the countries of the area concerned. For several years an acceleration of this process has been manifest. The Soviet government has known how, or was able, during the course of recent years to extricate offensive possibilities from the policy of coexistence instead of restricting itself, as in a less recent past, to an effort at defensive readjustment to the realities of the moment.

In the second place, for lack of a consensus on the part of the great powers concerning the determination of world order, political violence, blocked by the precarious balance between the USSR and the United States, manifests itself in the form of marginal and limited wars, armed intervention, guerrilla warfare, and acts of terrorism in increasing number.

Finally, these manifestations are the visible signs of hidden tension caused by demographic imbalances, unequal distribution of wealth among nations, the degradation by man of his native environment, the curbing of development owing to the huge rise in the price of energy. Those are the real challenges of our times.

Although our country still presents the image of an islet of peace--and I will add even of relative prosperity--in a world that is in the throes of all kinds of difficulties, international instability and uncertainties explain some of the apprehensions of the French people and their renewed interest in defense matters.

France in fact is directly affected by the confrontations, crises, and conflicts that take place in the world: first of all in Europe, where we have vital interests and where a close solidarity and a community of interests bind us to our own neighbors; overseas, where we have some departments and territories and where there are friendly countries with which we have so many ties; everywhere, in short, on land and sea, where freedom of trade and of transit are necessary to the economic life of our country.

Furthermore, because of its past and traditions, France has the duty to contribute to the lessening of tension and to the peaceful settlement of conflicts throughout

the world. From geography and from history it derives a mission to restore to Europe the political influence that the crises and the wars of the first half of this century have caused to dwindle.

That is why the idea of defense with respect to France could not be considered from a restrictive point of view: it must be considered in its entirety, because it concerns not only the protection of our land and our interests, but also our commitment to the ideals and the values of our civilization, to peace and the balance of power in the European continent.

II - Prevention of Violence

Among the dangers that could confront our country, there are some that threaten the integrity of the territory, national sovereignty, and our free choice of destiny. These are the things that we must with all priority forestall and avert.

In order to prepare against a variety of possible types of aggression, from diplomatic or economic pressure to possible nuclear bombing, and from having experienced the traditional action of mechanized units, France 20 years ago chose an original defense policy that was adapted to its ambitions, in accordance with its capabilities, applicable to the strategic situation that was appropriate to it.

That policy aims to dissuade any eventual aggressor from engaging in an attack against our vital interests in Europe through the certitude that its action would involve in return, the certain destruction of a considerable part of its cities and of its economy; the damage would exceed by far the benefit that the aggressor could hope for from its action.

That eventual response, to be credible, cannot be of an "all or nothing" nature, because its restrictive and prohibitive consequence cannot be fully and immediately exercized in all circumstances. An aggressor might doubt our willingness to accept the sacrifices for our country that the recourse to nuclear weapons implies and might be tempted to test the reality and the scope of our determination. Likewise, it might consider a nuclear strike decision as unlikely in the case of a minor engagement, on the fringes of our zone of interest, and in that hypothesis might try to proceed by successive nibblings. Finally, other events are conceivable, not very compatible with the threat of the use of strategic nuclear weapons.

To respond to these eventualities, France has conventional forces--land, sea, and air; their engagement, combined if need be with that of tactical nuclear forces, would make it possible either to victoriously oppose an attempt at a minor aggression, or to not leave any doubt concerning the reality of our determination, or again to respond to the need of any situation that might arise in Europe or in the Mediterranean.

The objective of this defense policy is to avoid war by stopping the course of violence in its beginnings. The diversity, complementary aspect, and versatility of our military apparatus must make it possible for the chief of state to bear down on the willingness of opposing leaders throughout the development of a crisis, whether the latter in the beginning is of the type of armed confrontation which either would directly affect us first or would affect only our neighbors and allies before reaching us.

This strategic concept is now giving rise to an intellectual debate in our country that is worthy of interest. In order to appreciate the relative value of the current theses, I should like to bring out some essential points that are too often lost from sight in the discussions.

First of all, in spite of everything that may have been said, or written, on the split in our ways of thinking that has resulted from the nuclear reality, all of its implications have not yet been clearly perceived. Many minds, including the best, continue to reason in old terms about new things, a customary psychological tendency in the case of an epistomological break. In the ferment of strategic thinking, the concept of the use of a nuclear discharge involves some unrealistic viewpoints. It is thus that, in a crisis situation in which we might be engaged, it appears inconceivable that a more or less lasting "tactical nuclear exchange" would not gradually come closer to our national territory.

On the other hand, the United States and the USSR have accepted the idea of a nuclear conflict of a certain duration, possibly limited in nature. These two great powers state, each in a speech made for the sake of the other, that they are ready to admit the possibility of a nuclear war carried out with strategic weapons and pursued up to victory. The Americans believe they can control the conflict and contain it at the level of forces; the Soviets for their part consider it unavoidable to proceed to the utmost. These theses perhaps have a certain rationality. But I note that, beyond the first exchanges that are envisioned, these strategies remain, in the last resort, based on the prevention of violence through the certainty of an assured mutual destruction. Through the use of strategic weapons combined with tactical weapons, the Americans, through dissuasion mean "to prevent the eruption of small wars in vital areas,"* while maintaining an anti-cities capability of response that is sufficient to prevent a conflict from degenerating and to forestall complete destruction to both sides. There is no anti-forces strategy--strategy of war--which in the highest degree is not an anti-cities strategy--strategy of dissuasion.

For our country, there is no problem of a choice between an anti-forces strategy and an anti-cities strategy. The area of possible conflicts would be located at the immediate approaches to our country, and the risk of seeing a confrontation

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* Editor's note: Statement of Harold Brown, United States secretary of defense, in the interview he granted to Thierry de Scitivaux, TF1 journalist, broadcast on 2 July in "U.S.A. Documents" of the Information and Cultural Relations Services of the United States Embassy in Paris. The passage referred to here is as follows: "In this way, the existence of strategic weapons, combined with the use of tactical nuclear weapons, serves to forestall small wars from erupting in vital areas through dissuasion. But one must pay the price of this dissuasion and this is the price: if a small war begins, there is a possibility that it will degenerate and bring about complete devastation to both sides."

degenerate and affect the national territory is highly improbable. Well, there will never be much hesitation on this point. Any atomic action on French soil is strategically significant because of its relatively small area and because of the density of its population. It would automatically entail an anti-cities nuclear response.

Besides, even if it wanted to, France, a medium-size nation with limited resources, cannot expect to aspire to equality with the two great nuclear powers. The only path that is open to us is that of the present strategy; its theoretical bases after all appear more certain. The framework for its use is not set and remains sufficiently flexible to respond rationally to all of the needs of our security and the diversity of marginal situations.

The dialectics of the relationship between the Russians and the Americans also show why we intend to continue to remain in control of the decision to engage our forces: we intend to avoid being drawn, in spite of ourselves, into a conflict when our vital interests would not be threatened. I remind you that we in Europe are directly affected by the security of our immediate neighbors; we consequently would not be able to remain indifferent to any action affecting their freedom.

My concluding remark concerns the nuclear weapon with a greater radiation capacity. An atomic weapon first of all, it calls for restrictions of use and significant action at the strategic level. As such, it would naturally take its place in our show of dissuasion by substituting itself in certain cases for the present tactical nuclear weapon, because it is more versatile and more credible with respect to use in no matter which theater. On the other hand we cannot let our security rest on it alone, by taking refuge behind some "China wall" and have it prevent any entry. Throughout history, people have paid dearly for the error of entrusting their safety to a rigid and too easily delimited system, not realizing that the essence of strategy is to counter the willingness of the opponent by having available at all times during the evolution of a crisis the means of appropriate action.

I have dwelt on the risks that our security incurs in Europe because they are of a deadly nature. Our country cannot allow any dilemma in their regard. In 1980, France reached a dissuasion capability that made it possible to forestall a major aggression. This capability will continue in the future. In a difficult economic and social period, the government has authorized an exceptional financial amount for defense. Thus the 1980 budgetary fiscal period credits for this department have increased 17.9 percent, while a ceiling has been placed on the other ministries. The portion of resources thus appropriated from the national revenue is considerable. It cannot continue to increase in an unlimited fashion, under pain of compromising economic development, the equilibrium of internal structures, and the stability of the country.

That imperative necessity influences our types of strategic action, just as it influences the choice of weapons systems, the structures of forces, and the effectiveness of our armament industries. As prime minister, charged with carrying out the choices and budgetary arbitrages, I have always, in accordance with the instructions of the president of the republic, seen to it that our defense has available the financial means necessary for its effectiveness. But, in the difficult economic times that we are experiencing, we accept some considerable sacrifices in other spheres of our national life in behalf of defense. That is why everything must be done to seek the best use of the credits appropriated for our forces,

whether for training, modernization, or development; for research; and for the manufacture of weapons.

III - Freedom of Action

Defense does not consist only of protecting us against violence. Its purpose is to also give France complete freedom of action. This concern is at the basis of our foreign actions and of our domestic endeavors to strengthen the country.

Abroad, our steadfast policy of course is to ensure the respect of the legitimate interests of our nationals and to maintain the free access of our trade to sources of supplies that are indispensable to the economy. But, to limit our ambition to that would be to detract from our time honored tradition. France intends to contribute to the establishment of peace throughout the world, just as it intends to reduce the inequalities of development by means of dialog and cooperation. To the extent of its resources, it is willing, through its initiatives to be a factor everywhere for order and progress.

The action in this domain is first of all diplomatic, economic, and cultural but, if circumstances require it, it will rely on the presence, and if need be, the engagement, of military means. Thus in several recent circumstances, and at the request of the governments concerned, France did not hesitate to resist attempts at the destabilization of the African continent. Likewise we were the first to give humanitarian assistance to the inhabitants of countries that were struck by calamities, disease, or famine.

France cannot conduct its defesne strategy and act abroad if its domestic security is not assured. In particular, the implementation of dissuasion is inconsistent with the disorganization of a country and with serious troubles implicating the cohesion of a country.

To realize the conditions that make it possible for our strategic action to act without impediments is the objective of our economic defense and of our civil defense.

France has had the privilege of benefitting for 20 years from a global defense concept and organization. The 7 January 1959 ordinance is based on the principle that defense is not solely military, but extends to all spheres that pertain to the action and responsibilities of the country. It stresses the need for dispositions that make it possible to meet varied situations and at increasingly serious levels of crisis. But the 1959 decrees for the application of the ordinance do not take into account our policy of dissuasion that was determined later. The government, at the request of the president of the republic, has undertaken to make the texts of the ordinance become consistent with our strategic means of action.

Its first preoccupation responds to a concern for coherence. The old texts on civil defense took into account serious and imminent situations that justified survival measures. This view of things corresponds in fact to a defeat of dissuasion. Our

Our present dispositions on the contrary favor measures that can contribute to the success of our strategic action.

Under the direction of the secretary general for national defense, work is in progress in the various ministerial departments to update the texts by adding a new dimension to the existing dispositions. The sought after aim is to have available an entire set of precautionary preventive measures and measures for action, in order to be able to meet increasingly serious crisis situations.

After the texts, arrangements were made to give more cohesion and effectiveness to the defense organization of the various ministerial departments. Therefore, under the direct jurisdiction of each minister concerned have been placed high-level defense officials, charged with seeing to it that the defense concerns are effectively taken into account by the officials who have this responsibility, and that they are translated into suitable dispositions. Simultaneously, at the departmental level, the role of the departments of defense and of the prefectures has been specified and broadened.

There remains economic defense. It is still based on old ideas of organization and of mobilization of the nation in time of war that are no longer suitable for new realities. The definition of a new concept and the realization of appropriate specific dispositions are imperative. This is the purpose of the studies in process, based on the lessons drawn from recent national and international crises.

Our second concern is to ensure the continuity of governmental action and of the functioning of the major services of the country.

The dichotomy between protection plans and defense plans is no longer appropriate. The maintenance of continuity of governmental action, indispensable for the control of crises, is the priority objective. It is thus necessary that in all circumstances the security and the free exercise of the functions of authority and of communications be assured and, foremost among them of course, those that condition the utilization of the forces and the continuance of essential governmental activities.

These conditions will be facilitated by the fact that those responsible for the preparation of the possible implementation of defense measures in time of crisis are henceforth the same ones who in normal times are responsible for the daily functioning of the country. The transference of responsibility from public order to military authority are reduced to exceptional cases, the principle being that the two authorities--civil and military--remain responsible for their specific missions by supplying mutual cooperation to each other.

The protection of populations, one of the components of civil defense, poses a problem. This subject deservedly preoccupies the French people; it will be the subject of your studies. You will have to clearly draw the consequences of three essential specific facts:

- The idea of passive defense if no longer valid; the protection of populations against the direct consequences of a nuclear strike is impossible, and respites

after a warning are extremely reduced;

- A policy for extensive construction of bomb proof shelters would involve enormous costs;

- For a relatively small country with a great population density like France, the real protection against bombs lies in the power of dissuasion.

The real debate then is the choice between passive protection or the strengthening of our dissuasion. We cannot do both. This does not exclude, of course, a study of preventive dispositions and the implementation of realistic and realizable measures.

Conclusion

In the unstable world in which we live, France will have more of a capability of providing against foreign dangers and of guarding against any form of violence in proportion to the assurance of its national cohesion and its economic and cultural dynamism.

It is the government's constant desire to realize this condition that is necessary and preliminary to any defense. It is in this direction that its efforts are proceeding, in order to develop our economy, to patiently reorganize our structures--agricultural, industrial, and commercial--to create good and lasting jobs, to ensure social progress, and to reduce inequalities among the French people.

It is the direction that its actions are taking to promote demographic recovery, to prepare the young for future tasks, to stir the spirit of initiative and of responsibility within the entire social structure.

Every population has experienced challenges and ordeals in its history. The people who surmount them emerge stronger; those who give up or surrender no longer count in the world scheme. France up to now has always been able to find the necessary will and resources to meet them and to survive. I, who for 4 years have had the responsibility of carrying out a governmental function in difficult national and international circumstances, should like to say once more that we have nothing to fear regarding either the future of France or the capability of the French people to serve France.

9255
CSO: 3100

PRESIDENT OF PUGLIA REGION DISCUSSES ECONOMIC GOALS

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 22 Oct 80 p 4

[Article by Franco Ferorelli: "The Region Is Opening Up and Is Expanding Planning, Expenditures, and Initiatives"]

> [Text] President Quarta's first press conference at the opening of the 3rd legislative session. Energy, environmental protection, and water: three factors lagging in Puglia's development. Administrative restructuring is first on the list. Open relations with the PCI. Newspapers in the schools.

In the 3rd legislative session, which has just begun, the region will turn its attention to the socio-economic development of Puglia, addressing three strategic problem areas: energy, environmental protection, and water, which are three important but hitherto neglected factors in the regional economy as a whole. Solving these problems will mean the recovery of tourism, agriculture, industry and will also insure a better quality of life for the whole Puglian population.

These are not new concepts; they were amply set forth in the regional council in the debate on the program of the new coalition, but given their importance the president of the region wanted to go over them again in his press conference of yesterday. Quarta also emphasized that the planning statement would contain a precise timetable for completing the most important projects.

One of these has already been done. The coalition recently approved a bill restructuring regional offices. The regional development program will be proposed to the council in the first half of 1981; to this end, the coalition promised to form in December the scientific and technical committee and the standing consultants with both local governments and union, business and cultural organizations.

In the first half of November, Quarta said, the coalition will propose a water resources bill and will present to the council next March a regional recovery plan for the reclamation of polluted water. Relations with the Basilicata region for the coordinated use of available resources, Quarta emphasized, will be established in 1980. Precise basic objectives and deadlines will make it possible to evaluate concretely the vigor and effectiveness of regional action.

Quarta dwelt on energy problems in particular, saying he favored the completion of the coal-fired electric power plant in Taranto, would leave up to the regional council

any definite decision about the siting of a nuclear reactor in Puglia, and recalled the plans for distributing Algerian natural gas and the initiative for alternative energy use (solar and wind).

Quarta then reported on regional expenditures. Of 3.257 trillion lire in the 1980 regional budget for all sectors of regional activity, some 2.237 trillion have so far been allocated by law and resolution, i.e. about 68.6 percent, and of this latter figure only 44.8 percent has actually been disbursed (1.004 trillion lire). Quarta detailed the results affecting individual sectors and stressed that there is a good rate of expenditure, especially in public works, health, agriculture, transportation, and public education.

Quarta quickly touched on many other aspects of regional activity, examining them especially from the standpoint of operative programs and their prospects for completion. He also primised to have complete press relations, going beyond communiques and handouts, and announced that a chart of Publian news media would be drawn up as part of a regional policy in this area (Dr Custodero, regional press coordinator, also spoke briefly on this subject at the beginning of the press conference).

Quarto also announced the introduction of a bill on school newspapers. This is in the regional plan. Quarta also addressed the problem of the political arrangement that engendered the 4-party coalition (the DC [Christian Democratic Party], PSI [Italian Socialist Party], PSDI [Italian Social Democratic Party], and the PRI [Italian Republican Party]) and clarified the relationship with the PCI. It will be an open relationship with no intention on the part of the majority to discriminate against it or limit it.

The question and answer session was very articulate and not devoid of polemics. It gave the president the opportunity to clarify other problems (new regional office, law No 285, slowdown of regional activity due to sluggish standing commissions, continual and frivolous postponements of the Control Commission's deliberations, meeting with CSATA [expansion unknown] for the use of electronic calculators to speed up bureaucratic procedures and work, etc.). All things considered, it was a useful press conference (Quarta promised to hold them frequently) because it gave an image of a region that is not arrogant but open to public opinion.

8782
CSO: 3104

PRODUCTIVE INVESTMENTS IN SICILY SAID TO LAG

Palermo GIORNALE DI SICILIA in Italian 15 Oct 80 p 2

[Article by Alessandro Hoffmann: "The Region Is Spending Half of What It Can"]

[Text] Report on the economic situation. The rate of payments has doubled in the last 2 years. Passive reserves remain unchanged at more than 2 trillion lire. Regional economy increasingly impoverished.

In concrete terms, 450 lire were paid of every 1,000 lire that the region could spend in 1979 for productive investments and social programs (by its own laws, not counting transfer payments from the government). This is the rate of financial stimulus in Sicily; in other words, the paltry sums coming from the regional fund. A reference point is the so-called spendable money supply, which includes not only items written into the budget (which hide a part of the expenditures on the pretext that they use up the "reserve") but also passive reserves or "earmarked" funds--practically a line of credit--where all the legal work is done but the money is not yet paid to the creditors because, for example, a public project is being processed for credit or because machinery on regular order is still in the testing stage and has not yet been billed.

And the much talked-about (though with many inaccuracies) passive reserves, which are a technical matter that cannot always be avoided, are increasing in total value and rose from 1.988 trillion lire in 1978 to 2.1 trillion in 1979 (though the nominal increase caused by inflation should be taken into account). But the rate of payments has actually increased much more rapidly, almost doubling in the last 2 years with an increase of almost 1.84 percent, amounting to 1.248 trillion lire rising to 2.295 trillion lire.

These are some of the facts in the "Report on the Economic Situation" (first of three volumes) drawn up every year by the assessor of Budget and Finance of the region. It is a quantitative synthesis of a mass of data that, when read with the proper key, can give an interpretation of many aspects of public intervention in the economy and society and the increasingly substantial slice of economic and social resources that this intervention takes. A characteristic of the regional economy that is being considered is the relationship between public expenditures in general (9.155 trillion lire in 1979) and the gross internal product (14.16 trillion in 1979); it comes to 64 percent in Sicily, which graphically illustrates how dependent the system is on expenditures by the national government, regions, local government and planning agencies.

If we evaluate the national government's share, we realize it is diminishing, going from 2.8 to 2.5 trillion lire in absolute value (in round figures) and from 5.2 to 4.1 percent of the total for all of Italy (a paltry amount for a region that contains about 9 percent of the country's population).

A glance at the economic balance sheet (i.e. all the credits and debits) shows that the gross internal product (in constant value, i.e. corrected for inflation) has fallen continuously and alarmingly from 1975 to the present. However, it is not in itself enough to account for all the debits, i.e. consumption and investment, and it is necessary to refer to the massive imports of goods and services, which come to a little more than 20 percent. In this context, problems are caused by the shrinkage of gross fixed investment (including amortizations, which, along with consumption by families and other institutions, are one of the two kinds of "debits"). This investment was 13.5 percent of the toal in 1975 and is 11.1 percent now. This means that the region's productive assets are not adequate for the times and are gradually becoming poorer.

8782
CSO: 3104

SUAREZ-ESCUREDO MEETING ON ANDALUSIAN AUTONOMY

Difficulties in Achieving Agreement

Barcelona LA VANGUARDIA in Spanish 10 Oct 80 pp 1, 9

> [Text] Rafael Escuredo was received yesterday by Prime Minister Suarez. The head of the Andalusian junta pointed out that he could not describe the meeting in positive terms because the viewpoints of the junta and the government do not agree. He said it would be difficult to reach final agreement and insisted that the Andalusian people had clearly come out in favor of the process set forth in [Constitutional Article] 151, "which is not the same as [Constitutional Article] 144."

Madrid, 9 Oct (LA VANGUARDIA special report)--"I cannot say that this afternoon's meeting with Prime Minister Suarez was positive, since the viewpoints of the government and the Andalusian junta do not agree. Moreover, the government's position remains very firm, and I see many problems in the future. However, I do not want to close a door to the future." This statement was made by Rafael Escuredo, president of the Andalusian junta, after his meeting at the Moncloa Palace with Prime Minister Adolfo Suarez, a meeting which was also attended by Martin Villa, minister of interior.

The meeting, which started at 2000 hours, ended at 2150 hours. The only subject on the agenda was the unblocking of Andalusian autonomy. The president of the junta stated that he had no negotiating power or specific objective, but had come simply to ascertain the government's position and report back to the junta.

Rafael Escuredo has called a meeting of the junta for tomorrow to report on the meeting and to have the junta, in turn, draft some rigorous but flexible criteria to be presented to the government in a coming meeting. Adolfo Suarez and Escuredo carried on most of the conversation, while Martin Villa limited himself to listening and clarifying some points.

"I really view the subject as very difficult and complex, and it will be very difficult to reach a final agreement. I hope we can smooth things over in the coming days and, for this reason, am keeping a flexible position. The government has to show more flexibility and stop entrenching itself in the positions it held at the time of the vote of confidence," said Escuredo.

Asked whether his attitude toward the Prime Minister was surprising compared to the attitudes of Santiago Carrillo and socialist leader Felipe Gonzalez, Escuredo said: "The meeting with Felipe Gonzalez ended without agreement: a door remained open to hope, a door that I do not want to close, but morally I cannot say it is optimistic. The prime minister has said that there need not be victors or vanquished. I share his opinion, but I have to insist that the only victor is the Andalusian people who have chosen the path of [Article] 151 by a rather large margin." The president of the Andalusian junta also said a specific date has not been set for a new meeting between the junta and the Prime Minister. He said that the meeting had not been bitter: "On the contrary, it was relaxed," and if something was outstanding about it, it was the extreme sincerity of the conversation.

Constitutional Articles 144, 151

Madrid ABC in Spanish 10 Oct 80 pp 88

[Text] "I cannot exactly assess the meeting as positive." With this comment the president of the Andalusian junta, Rafael Escuredo, expressed his displeasure last night about his 2-hour meeting with the prime minister and the minister of interior. Initially the meeting seemed to be the start of government contacts with the Andalusian junta, the valid interlocutor to negotiate the unblocking of the Andalusian autonomy process. However, the difference in viewpoints seems to have deepened, judging from the statements of the preautonomy Andalusian president.

"In short, " Escuredo said, "I can say that the government retains its viewpoint and the Andalusian junta, in its majority opinion, retains its own. I must also add that the conversation was quite sincere. I expressed myself in absolutely clear terms and so did the prime minister."

Escuredo, who once said that the Andalusian autonomy process would not follow Article 144 as long as he remained head of the junta, was expressing his concern last night because at the meeting they did not even begin to agree on the formulas advocated by the four Andalusian majority parties. As is known, the UCD [Democratic Center Union] and the PSA [Socialist Party of Andalusia] are trying to unblock the Andalusian autonomy process by applying Article 151 of the Constitution to all the provinces, except Almeria, which decided otherwise on 28 February. To Almeria they would apply Article 144, the least violent constitutional formula because it allows invoking the "national interest." However, the PSOE [Spanish Socialist Workers Party] and the PCE [Spanish Communist Party] seem more inclined toward reforming the Law of Referendum Procedures to make possible the repetition of the referendum in Almeria. If this attitude is clear in the case of the PCE, in the PSOE there seems to be a difference of opinion between the national leadership and Andalusian socialists headed by the president of the junta. While the leadership seems to recognize the viability of formula "151 for all." He stresses that the procedure in Article 144 does not agree with the wishes of the Andalusian people as expressed on 28 February and has called the Permanent Council of the Andalusain Junta to a meeting early this afternoon, specifically at 1630 hours, to report on his meeting with the prime minister.

9341
CSO: 3110

POLL SHOWS THAT SDP GAINS FAVOR AS ECONOMY CONCERN GROWS

Voters Go To Palme

Stockholm DAGENS NYHETER in Swedish 27 Nov 80 p 8

[Article by Dick Ljungberg]

[Text] Energy has yielded to the economy. That is revealed by DAGENS NYHETER's IMU poll. Almost every other voter raises the economy as the most important political question. At the same time the study indicates that the Social Democrats are strengthening their position with the voters.

The Liberal Party's chances of recovery in voter opinion have diminished, primarily through the Social Democrats' getting more and more dependable sympathizers. That is shown by the study of the voters' second choice party that the Institute for Market Research (IMU) did in September and October. The Center Party's chances of taking voters away from the Social Democrats are also decreasing.

At the same time that the IMU asks the persons interviewed about the best party, which results in separate party sympathy measurement, it also asks about the second best party.

If the person interviewed says that the difference between his "best party" and "second best party" is great or quite small, he classes himself as a possible party changer. In this way it is possible to get an idea of possible in-and-out shifts between the parties.

The Liberal Party is the party that has the lowest percentage of sure sympathizers. Of the 8 percent that gave the Liberal Party as "best party" in the IMU poll, only 3 percent are sure. But at the same time the Liberal Party has long had the biggest number of "second best party" votes. That is now on the decline.

Sympathizers

In the winter of 1980, according to the IMU, the Liberal Party had a chance to take a maximum of 10 percent of the voters away from the other parties. That would have meant more than doubling. In the last poll the figure is down to 7 percent.

While the possible influx from the Social Democrats during the winter was 8 percent, it is now down to 5. The biggest chance the Liberal Party has now is to take voters away from the Conservatives, but there it weighs equally with the Center Party.

It is in the biggest cities that the Liberal Party fights hardest with the Conservatives for the voters' favor and may win votes. The Conservatives together with the Social Democrats are the parties that have the biggest percentage of sure sympathizers, 13 percent of the total of 23 percent in the latest IMU poll. The surest voters are in the big cities.

The Conservatives have a very stable development with a net outflow of about 3 percent.

Center Party Dropping

It is interesting that the big possible exchange of voters between the Conservatives and the Center Party that was noted in the fall of 1979 has now gone down to half. At that time the Conservatives' possible loss to and gain from the Center Party were both 6 percent. Now the loss is 3 percent and the gain 4 percent. It is primarily in thinly settled areas that the Conservatives may take additional people away from the Center Party.

The percentage of sure sympathizers for the Center Party is going down as the poll figures go down. Of the 14 percent that had the Center Party as "best party" in the last IMU poll, 5 percent were sure. In the winter of 1980 the Center Party had a chance to take 5 percent from the Social Democrats and lose 2 percent. Now the chances of gain are down to 3 percent, while the possible losses remain at 2.

The Social Democrats' percentage of sure sympathizers has risen sharply, from 21 percent last fall to 28 percent now. This is in step with the party's rise in the IMU's party sympathy measurement.

In the spring the Social Democrats ran the risk of losing 22 percent of the voters in the maximal case against a possible gain of 7 percent. Now the corresponding figures are 19 and 7. The greatest risks of loss are in relation to the VPK [Left Party Communists]--a net of 5 percent--and next to the Liberal Party.

With the Center Party, to which they risked great losses earlier, the Social Democrats are practically in a dead heat among "second best party" voters.

Economy Main Problem

Stockholm DAGENS NYHETER in Swedish 27 Nov 80 p 8

[Article by Sven Svensson]

> [Text] The economy is in a class by itself as the most important problem for the politicians to come to grips with. That is shown by a study that the IMU (Institute for Market Research) has done for DAGENS NYHETER. Every other voter sees the economy as the main problem.

The poll was taken during the periods 1-24 September and 29 September-8 October, with 1,700 answers.

The voters got to say what two questions they consider most important right now. Twenty-five different answers were given. The economy occupies a quite dominant position. Of those asked, 49 percent consider that the economy is most important, as against 36 percent in the spring of 1980 and 20 percent in the fall of 1979.

Great swings have taken place in the last year. In the fall of 1979 the energy problem was rated most important by a wide margin with employment in second place.

Employment is still second, but has dropped from 41 percent in the fall of 1979 to 34 percent in the fall of 1980.

Less Interest in Energy

During the fall of 1979 and the winter of 1980 the energy question was on top with 43 percent, but it dropped in the spring of 1980 to 25 percent and has plunged this fall to 14 percent.

Taxes are stable at 14 percent. The alcohol and narcotics problem, which drew attention to itself in the spring of 1980, has dropped back in the fall from 16 percent to 10 percent. Part of this drop can be explained by the fact that a new heading, "youth problems," has now been introduced and got 6 percent.

Subsidy questions and environmental questions share 6th and 7th place in the poll with 8 percent each.

Women's Questions at the Bottom

Wages have gone down from 6 percent in the spring to 2 percent in the fall.

At the bottom of the poll, with 1 percent each, are rents, defense questions, workers' funds, influence questions, immigration questions, aid to underdeveloped countries, and the preservation of world peace. Work environment questions and women's questions got 0 percent.

The survey also shows which questions the sympathizers of different parties feel especially important or less important as the case may be.

Center Party Pushes Moral Questions

The Conservatives' sympathizers consider that the trade/exchange balance, the economy, taxes, subsidy questions, schools, and youth problems are especially important questions, while employment, questions of equality, child care, and the care of the aged are below the party's average.

The Center Party's priority for moral questions is confirmed by the study. Criminality, environmental problems, and alcohol and drugs seem to the Center Party's voters to be important problems to come to grips with.

To Social Democratic voters employment, rents, child care, and care of the aged are especially important questions, but not the economy, subsidy problems, crime, and the environment.

Socialists Best Satisfied

The VPK voters give priority to energy and the environment but feel that the subsidy question is uninteresting.

For the Liberal Party no deviations from the average are noted.

IMU also investigated how the voters think their own party is dealing with the questions that it is most important to come to grips with.

The socialist parties' voters are best satisfied. Fifty-nine percent of the VPK voters are satisfied with the performance, 27 percent dissatisfied. The greatest dissatisfaction has to do with child care, where 28 percent are satisfied, 72 percent dissatisfied.

Fifty percent of the Social Democratic voters are satisfied, 35 percent dissatisfied. Seventy-three percent of the Social Democratic voters are satisfied with the care of the aged, 62 percent are dissatisfied with the subsidy policy.

On the bourgeois side the Conservative voters are best satisfied. Forty-four percent feel that the party is dealing with the questions well, 37 percent poorly. The greatest dissatisfaction has to do with taxes, where 36 percent answer "well" and 51 percent "poorly."

In the Center Party 35 percent are satisfied and 40 percent dissatisfied. Care of the aged gets high marks; 72 percent are satisfied. The economy is also approved, with 45 percent satisifed and 36 percent dissatisfied. Definitely low marks for the schools, where 14 percent are satisfied and 48 percent dissatisfied.

The dissatisfaction is greatest in the Liberal Party, where 30 percent approve the party's handling of the various questions and 50 percent are dissatisfied. Care of the aged and the tax policy are definitely approved, environmental questions, alcohol and drugs, and the economy definitely disapproved. Seventy-one percent think environmental questions are handled badly, 69 percent say the same of alcohol and narcotics, and 51 percent the economy.

The IMU survey indicates that confidence in the politicians may be on the rise. In the fall of 1979, 50 percent of those asked felt that their own party gave adequate attention to the two most important questions. The figure dropped to 42 percent in the spring of 1980 and then rose in the fall to 47 percent.

Ten percent considered in the fall of 1979 that one of the two most important questions was being well handled, against 8 percent a year later.

In the fall of 1979, 33 percent felt that none of the questions was being handled well, against 38 percent in the winter of 1980, 41 percent in the spring of 1980, and now 38 percent in the fall of 1980. Don't know/no answers are unchanged at 8 percent.

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VOLVO FLYGMOTOR DEVELOPING NEW GENERATION JET ENGINES

Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 80 p 26

[Article by Nils-Erik Lindell: "Production is in Progress on the Garrett Engine"]

[Text] Goteborg--Volvo Flygmotor in Trollhattan has now begun producing components for the new generation of Garrett engines for civilian aircraft in which the company is interested. However, no engines have been sold yet. Both the TFE 731-5, a jet engine for commercial aircraft (Volvo's share is 7 percent) and the TPE 331-14/15, a turboprop engine for feeder aircraft and large commercial aircraft (Volvo's share is from 15 to 20 percent) belong to the new generation of engines which Garrett now has begun to put on the market. They missed the first big orders, as is already known, when Saab-Fairchild chose General Electric's engine.

Growing Market

"But the predecessor to these engines is a big seller," the public relations chief, Hans-Olof Karlsson, says. They sold 9,000 of the 731, but only 600 this year. Garrett is selling more than 500 of the TFE 331.

A fast-growing market for feeder aircraft for approximately 30 passengers exists. Saab-Fairchild has come out with its variant in good time and both the Havilland British Air Space Corporation and the Brazilian Embraer have chosen that engine. But many other manufacturers are in the starting blocks, too, including the French Aerospatiale, and Flygmotor Garrett says it is close to getting its first contract.

"There are a number of small airlines in the United States and the Third World which will have to replace their fleets during the coming years," says Bengt Lenhoff, the head of sales for the company. Those companies make their selections from among the less sophisticated aircraft--those without pressurized cabins, for example. That is where Garrett's big chance lies.

They expect to make their first deliveries of engines in 1983-84, but production consequently is already under way in Trollhattan.

For a year now, they have been testing a military jet engine on a bench in Trollhattan in which Volvo-Flygmotor has a majority interest and which also has

been developed for Garrett to a great extent. It is the TFE 1042 which, in part, is a further development of the TFE 731. It, too, has not yet been sold, but Bengt Lenhoff stresses the fact that Garrett is alone in the world in having a modern and fuel-efficient engine in that category.

Amerikanska Garrett is owned by Signal, a concern with 5,000 employees and a structure which in general is the same as that of Volvo. Among other things, they make trucks of the Mac K model. The aircraft engine division has 18,000 of the 50,000 [sic] employees.

Volvo Flygmotor also has a 6 percent share in the production of General Electric's engine for large civilian airline aircraft. The first of those engines are to be delivered in 1981-82.

9266
CSO: 3109

RETURN BEGINS TO 'LIBERATED AREAS'

Istanbul TERCUMAN in Turkish 13 Nov 80 pp 1,13

[Article by Erol Dalli]

[Text] Before 12 September, there were not only liberated areas in Turkey, but liberated cities as well. The lives of the people who were not involved in events in these areas and cities were disrupted and they waited for the state to step in for a while, then left their homes and migrated to other places. After 12 September, however, the state came in, exerted its influence, and the "return to the nest" began.

Heading the provinces where public tranquillity was most disrupted were Kars and Corum, with the worst districts being Fatsa, Siverek, Silvan and Kiziltepe. In Istanbul, 1 May Quarter, Guzeltepe in Alibeykoyu and Gulsuyu in Maltepe were completely in militant hands as liberated zones.

Present Situation

After 12 September, large operations were carried out in the regions where matters had come to a head, the militants were completely routed and public peace was restored.

In Kiziltepe, Silvan and especially Siverek, which we visited in the final months of 1979, at least four or five people were being killed daily owing to the activities of an illegal organization called the Apoists and the people were afraid to go out, even to buy bread. One national deputy in Siverek had not been out of his house for 3 months and, despite measures, could not even go to the Assembly. We were able to tour the city only with a gendarmerie escort. When we asked to go to a coffee house to talk with the people, the security officers would not agree because they could not ensure our safety. We were asked to stay in the city for only 2 hours and, moreover, it was requested that we not cause a disturbance or interview people in the street. The people who were not involved in the incidents in Siverek had sold their shops and homes for a song and moved to surrounding provinces.

Now, according to information received from our Urfa correspondent Kemal Kapakli, a "return to the nest" with peace of mind has begun in these zones, and meanwhile the prices of homes and shops sold for 30,000 or 40,000 liras has risen to 500,000 to 600,000 liras. The population of central Siverek, according to 1975 census

figures, was 48,465, while in 1980 it has dropped to 29,349. Recent public confidence has brought 560 families back home from Urfa alone with the state making its influence felt in this lovely district. Residents of Kars, Corum, Fatsa, Kiziltepe, Silvan and Siverek, who had abandoned their homes, are now coming back with arrival of the calm for which they had longed.

One quarter in Umraniye in Istanbul passed into militant hands in 1977 and remained for years a place where the illegal organizations made and executed their bloody plans. Its name had entered the registers as 1 May Quarter. The first thing done after 12 September was to change the name to "Mustafa Kemal," large operations were conducted to clean out the illegal organizations, the city bus began to operate, the police station became a police station, electricity and water were restored. In short, the longed-for calm arrived. Those who had moved away from here, from Guzeltepe and from Gulsuyu, have now returned to their homes. They are now living in peace.

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END

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ITALIAN CGIL-CISL-UIL CONGRESS

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No. 1678

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Rome CONQUISTE DEL LAVORO in Italian 10 Nov 80 Supplement 63 pp 1-24; Supplement 62 p 6

[Directorate Document for Debate Among the Workers in Preparation for the Cadre and Delegate Assembly Approved by the Directorate of the CGIL [Italian General Confederation of Labor]-CISL [Italian Confederation of Labor Unions]-UIL [Italian Union of Labor] Federation on 4 November]

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[pp 1-24]

Premise

1. Features of Crisis

The debate preparing the way for the Assembly of General Councils and Delegates--almost 3 years after the Assembly of the EUR [Labor Union Headquarters]--is the political instance where the labor union intends to redefine and spell out its own strategy line with respect to the employers, the institutions, and society in order to come to grips on this basis with the country's medium-term development choices.

The economic policy reflection of the labor union springs from the observation--confirmed throughout the experience of the past several years--of the structural nature of the crisis besetting the country's production system. On the worldwide level, the general slowdown of development, which struck all of the industrialized countries, is the reflection of vast changes that have taken place in the rates of exchange, in the relationships between the various parts of the world, and in the balances among the classes and the states, while the accentuation of international economic tensions increases and spreads the danger of war.

For these reasons, the component phenomena of the Italian situation (shortages in agriculture and food, chemical industry and steel industry; the auto industry crisis which affects areas beyond that sector; the growing gap between the North and the South; the loss of market shares both in the advanced sectors and the traditional sectors) are only the emergence of one basic fact of life: the overall and increasingly evident inadequacy of the traditional development model for guaranteeing--under the new conditions of domestic and international economy--economic growth by overcoming the inflationary and recession seesaw. Continuity and stability of growth therefore must be sought through structural efforts along a line of conversion and innovation, based on a profound reform of government instruments regarding the economy, the creation of a broad social consensus involving the choice of economic planning which is a political instrument of guiding the production system, the upgrading of the instances and instruments of worker participation in development decisions.

In this sense, converting the development model means making democracy grow.

2. Employers' Attack Strategy

Because of its characteristic features, the crisis has a harsh effect on the central objectives of the Italian labor movement--full employment and the South--and aggravates labor union relations. With respect to the crisis, especially where the strategic alternative of the labor union does not fully emerge, the employers are trying to rebalance the economic system by pushing labor costs down per employee unit, attacking the wage protection instruments (sliding scale) in trying to deal with inflation, managing the mobility processes beyond any policy of production system reorganization and increasing the areas of unemployment, demanding indiscriminate funding and welfare policies which are degrading to the workers and which only waste resources.

From the employers thus springs an attack upon the labor unions and the workers, of which the challenge at Fiat was a significant expression. It, as a matter of fact, tried to upset the power relationships which had been built on the basis of the gains of the workers and to solve the complex problems of the group's crisis and its reorganizations through a drastic reduction in employment. The plan for restoring the unilateral management of reorganization processes did not go through. However, this dispute clearly tells the labor union and the workers that the statement and specific handling of disputes must firmly avoid any split between reorganization management procedures and the defense of worker status, forcefully launching the union's commitment toward the strategic topics of industrial policy, bringing out not only the worker category interests but the interests of the entire collectivity regarding the conversion of the planned production apparatus with the accent on reform. This is the choice of the labor union with respect to the way proposed by the employers in the crisis which in substance is a way of rejecting an economic planning policy that would tackle the real problems of placing the country's entire production machinery within the requirements springing from the international division of labor, from the growing gap between North and South, from the unfulfilled job demands coming from the vast number of unemployed. This is precisely why this is a way that is dangerous to democracy because it jeopardizes not only the labor union gains of the past decade by also the prospects for the country's democratic development.

Hence the importance of the way the stakes are set up in the social clash and in the political confrontation to which the union is committed.

3. Judgment on Government's Action

The government's economic policy action so far has essentially been moving on the level of efforts connected with the ups and downs of the business cycle, hence, not in line with the need for going after the real structural causes of the Italian crisis through coordinated medium-term efforts. Indeed, the government's deficit has gone down but transfer payments from the government to the enterprises went up, beyond the instruments and instances of direction and control over production conversion; in the absence of economic planning policies, the administration has been fighting inflation by not attacking the distortions developing around the price formation mechanisms but through a tight money and credit policy which causes recession and unemployment. It is therefore urgent and necessary to spell out a framework of government economic policy planning within which the action designed to cope with the overall economic situation would be tied in with medium-term undertakings aimed at the restoration and development of the country's economic and production structure with a view toward employment.

The action by the United Federation however has produced significant results for the workers concerning family allowances, taxation, and some other bothersome issues of public employment; a beginning has been made toward tackling the entire issue at the points of most acute crisis although in a still partial fashion. We avoided the risk of new authoritarian intervention regarding the cost of labor.

The document issued by the preceding administration for the medium-term plan might be said to summarize the structural characteristics of the crisis but avoids a definition of objectives and has nothing to say on the allocation of the necessary resources, starting with the most urgent problems of the structural and program

framework: points of crisis, agriculture, taxation, energy, reform of public administration, retirement pay, in other words, problems on which the administration's effort to cope with the economic situation reveals very slow procedures and delays, with the subsequent effect of shifting the burdens of the production system's adjustment to the real wages and the living conditions of the workers. Besides, the South and the serious sector crises are not mentioned here as decisive causes of inflation.

What we thus get from this preliminary document is a definite lack of coherence between the identification of the structural objectives of economic planning and the indication of the essentially business-cycle-oriented means (money and credit handling) in order to attain them, as would be indicated in the light of acritical trust, not proven by the facts, regarding the spontaneity of the development process for which it would be sufficient to act upon real wages in order to determine conditions for the revival of the economy, based on the pure and simple recovery of profits.

These criticisms clarify the line of commitment charted by the labor union regarding active participation in the definition of the medium-term plan, ruling out the possibility that such participation might assume the characteristics of a corporative and developing a confrontation which above all must be aimed at putting together and modifying the options contained in the preliminary document in order to translate them into structural development choices coherent with the priorities and the structural objectives of the labor unions for the medium-term management of the national economy.

The above-announced intentions of the new administration's economic program do not differ significantly from those of the preceding administration. In particular, regarding economic policy action, there are no indications of priority now, just as there were none in the past.

It is the declared objective of the administration's economic problem to safeguard Italy's position within the Western countries, for this purpose pursuing a rigorous policy of reducing inflation, plus an economic policy that would not be divorced from launching structural policies.

But the United Federation believes that this economic strategy is insufficient when it comes to attaining the desired objectives if the complex of actions, by which it must be characterized, is viewed from the angle of working primarily to restore the profit margins of the enterprises by holding real wages down, out of the conviction that this is a necessary and sufficient condition for recovery.

The labor union is convinced that this prescription will not guarantee greater investments and more jobs and therefore asks the administration to address itself again to the definition of the structural outlines for economic adjustment around which one can organize all of the actions and undertakings aimed at medium-term national economic planning.

The basic problem which thus faces the labor union is not only the limit of economic policy within the context of the business cycle, to be resolved through a medium-term program, nor the inadequacies of immediate action to be taken in connection with the most acute situations of crisis and economic imbalance. There is a

lasting and serious gap between expectations regarding employment, skill labor, the civil process of the workers, between the subsequent need for profoundly innovating programs which would respond to that, and current economic policy as well as the promises of economic planning itself. Thus the workers do not detect any indication of prospects of a restoration and transformation of the economy, nor of growth in democracy based on worker participation. It is particularly in the South that this vast gap constitutes a heavy burden on the people and the institutions.

The labor union views the response to this situation in looking forward to a renewed strategy of profound changes and the specific and autonomous role of the labor union is strengthened in this context. Naturally, in view of the dimension of present and future problems, one cannot presume any self-sufficiency on the part of the labor union. The distinction among the roles of each subject in the country's social and institutional pluralism therefore involves the ability to promote complex ways of behavior and revitalized strategies of change on the part of all of the political subjects. This brings us back to a topic taken up at other times in the past, the topic of an evolution of all of the relationships that characterize the political framework and the indispensable dynamic nature of the political system today burdened down by heavy factors of rigidity.

In view of the government formulae, the labor union stresses its own position of not assuming a prejudicial opposition or consensus but simply arriving at its own autonomous judgment of the content and choices of the administration and its subsequent operations.

The labor union furthermore reasserts the demand that fundamental factors of solidarity among the political forces be asserted in view of the complex and also disquieting aspects of the Italian crisis, beginning with terrorism; it is aware that its autonomy objectively demands a more intensive and open relationship between the political forces and society.

Regarding the union movement's strategy, there is one basic fact which emerges and which all workers must pay attention to. The important thing is carefully to evaluate the scope and negative effects emerging from the gap between the quality and the dimension of the problems, on the one hand, and the political response and government, on the other hand.

In its action regarding the EUR platform, the union has tried but not succeeded in overcoming this gap and the situation today confirms this disparity and that remains the union's basic problem. It is therefore in the precise interest of the workers to maintain and develop the mass movements so that the quality of policy responses will be up to the serious present and future problems and to reafirm the demand for the renewal of the political action which would provide a way out for the instances of change sustained by the labor union.

4. EUR Turnabout--Labor Union a Political Subject

Every aspect of the crisis reveals the inability of the leading classes to chart a development strategy and hence to come up with a clear program framework. There emerges a need for the involvement of new subjects in the handling of the economy. Without a strong union, which would participate in development, we will not get out of the crisis. The Italian labor union movement in recent years has come up as a

political subject, gradually moving from a demand and partial proposition posture toward a posture that is increasingly sensitive in terms of tieing the demand platforms in with the country's major structural factors.

The authoritative nature of the labor union movement has thus grown but its decision-making power certainly has not yet grown and it remains with the traditional centers of private and public power.

Thesis A

The EUR Assembly (February 1978) demonstrated the full meaning of the labor union's responsibility toward the unemployed and the South through its decision to fight for an increase in productivity and the use of all resources, to make maximum use of the national income primarily so as to broaden the production bases by tieing the wage demands in with those objective decisions.

The refusal of the employers' decision-making centers and the public decision-making centers to go along with that line was among the main causes of the deterioration in the economic and political crisis but did not persuade the labor union movement to change its basic line, even though subjective elements of weakness must be overcome.

The decision to intervene in the accumulation process, that is to say, in the creation and use of wealth, remains fundamental, otherwise there is a threat of internal division within labor and the danger of a loss of action power on the part of the labor union when it comes to the creation of more just social balances.

The union's action regarding accumulation--stressing more jobs and production upgrading--must be aimed at control and guidance through correct and efficient reforms of economic management by means of the instruments of economic democracy.

This choice is all the more necessary today in view of the crisis among the capitalist mechanisms, the free-enterprises choices and the current processes of accumulation which create elements of destabilization in the individual national economies.

Sufficient lessons have been learned from the explosion of the energy crisis to draw some final conclusions: the powerlessness and insufficiency of policies designed to cope with the ups and downs of the business cycle, even though these policies are getting more and more sophisticated; the inequity of policies aimed at handling unemployment and pushing real wages down in order to make room for profits; the powerlessness of the enterprise in guaranteeing today what was promised yesterday, that is, growth and jobs.

The following can be derived from this: (a) the need for concentrating every effort on structural action and planning, with the effort aimed at the economic situation becoming a complement of the former; (b) the need for placing the problems of accumulation at the very center; its formation and orientation are decisive for the structural effort to which the enterprise is no longer spontaneously attracted; (c) the need for consolidating the changes in the power relationships in favor of the workers, such as they have taken place in Italian society.

Last but not least, it appears clear that the necessary economic interlocking relationship between the economies of the developed countries is not sufficient to tackle

the long phase of transformation which is before us. Hence the need for launching a process of economic interlocking relationships with the developing countries (in their various setups). Hence the strategic importance of the North-South negotiations and the initial policy outlines indicated by the Brandt Commission.

This is why the consultation of the workers and the Assembly of General Councils and delegates must restate and specifically spell out the strategic choices of the EUR, put them together in the light of political and economic events in recent years, enrich them regarding the operational and demand instruments so as to make these strategic choices of the labor union the real yardstick for confrontation with the administration and with the employers on medium-term economic and production policy, at the same time closing gaps which have become manifest and which have favored the antireform opposition.

These gaps primarily relate to a labor union approach to the problems of economic planning which is as yet incorrect, insufficiently qualitative, and not incisive especially regarding the essential matter of spending, effective and planned spending, of financing obtained through the first planning and reform laws. The mobilization of this tremendous programmed spending volume--capable of helping switch the demand from consumption to investments, causing private investments which would mean jobs in the end--has not been made the central and outstanding topic of all struggles with the necessary obstinacy and tenacity.

This incorrect approach on the part of labor union action toward economic planning can also be explained by the statement of planning decisions made so far which did not spring from resources and from accumulation but rather from the redistribution of the national income and which therefore placed the South in a residual role and considered conversion to be a simple sector factor.

This brings up the need for a regular revival of economic planning, such as it has been pursued so far, as well as a "political reform" of the planned undertaking which would be capable of acting upon the structural features of the development model crisis.

The labor union must more profoundly think about the limits of attaining the objectives of economic planning as proposed in the EUR platform. Obstacles in this sense consisted not only of the absence of a real and proper plan to fight for such objectives but also the insufficiency of the link between action for hiring and the struggle for economic planning. This is true above all because there has been a tendency to view the EUR simply as a key toward the moderation of demands, rather than a new quality in the demand policy line, in the context of a relative containment of wage demands. But above all this is so because there have been limitations on the development of a demand and hiring drive capable of proposing the problems of work quality and conditions, of the labor market, of skill levels, of the very issues of productivity, and therefore capable of exerting positive pressure on the objectives of economic planning itself.

This is also why the labor union has been having difficulty in involving, in its initiative, the new subjects of a struggle for work and development, consisting first of all of the women, the young people, who are outside the production effort.

But major gaps have also sprung up in another area: the area of industrial democracy and economic democracy, that is to say, the area of development of action and control strategy pursued by the labor union movement through the renewal of wage contracts during the last decade. The developments of control strategy above all involve the effective implementation of the "first part" of the contracts which, where concluded, make us consider the necessity--especially in the big enterprises and the public enterprises--of promoting further developments in the lively debate and in labor union experience.

The great experience of the conflicts among the big groups, which mostly ended with the assumption of investments in the South produced entirely partial successes and the formal results themselves were brought up for discussion again because the government authorities did not come up with a real sector and territorial planning policy.

Planned and socially controlled development thus, as the main road to be traveled by the labor union in order to intervene in economic planning and to draw new subjects into the democratic management of the economy--that is the issue. It is in this framework that "culture of crisis"--if it is not just to be a useless search for sterile shortcuts--must indicate a way out for that demand for social change which is today expressed loudly by labor and by the unemployed and which constitutes the central proving ground for the labor union.

In proposing the establishment of a "Solidarity Fund for the Workers of the South," financed by contributions from all employed workers, the United Federation intends to contribute to the greater articulation and efficiency of the instruments which the collectivity will have available in determining and implementing the country's economic and social development planning.

Thesis B

The social contract of the EUR has failed not only because of the maneuver of the conservative forces but also because of the weakness of a proposal which lined up the abstract design of a new economic policy against the concrete struggles of the workers which that struggle should have sustained. Worker conflicts constitute the fundamental instrument available to the labor unions in attaining its objectives of changing society, the change that makes Italian democracy live. The biggest limitation of the EUR sprang from the fact that it had weakened the organic relationship between the struggle and the objectives, between the workers and the labor union management, and besides it thus promoted the moderate counteroffensive of these past several years. This is a mistake which will not be repeated in the future. The representative nature and authoritativeness of the labor unions, in Italian society and in other societies, do not depend on their recognized position at the top of the institutional hierarchy but on their relationship with the workers.

It is necessary to reject a revival of the EUR based on the concept of a labor union which turns itself into a state of its own and which replaces the old objective of jobs and the South with the new objective of accumulation and productivity.

We are not facing here a crisis or an exhaustion of capitalism. The thing that is in crisis here is the type of exceptional capitalist development of the period of 30 years after World War II; the crisis involves the utopia of social market economy

and its impossible balance between the classes and the nation. The upheaval of the international market, where new processes of industrial and financial concentration are progressing, and a new geography of power do not demand of the labor union an impossible direct plea to restore the action and production mechanisms of 20 years ago; the labor union organizations which moved along those lines in Europe, by combining social contracts and corporative defense, were weakened and in some countries severely defeated.

5. Labor Union and Society

Because of the seriousness of the crisis and the broad range of change processes to be launched, the labor union movement must know how to express the direction of this process and of a proposal which other social strata can autonomously identify with.

What is under discussion in Italy as a matter of fact right now is a labor unionism which would be strong in defense of its interests, not just aimed at narrow worker categories, but which is a closed outfit and not yet open to such prospects. This is necessary in order fully to utilize the democratic nature and progressive vocation of Italian labor unionism suitable for triggering an expansion of democratic participation in society.

As a labor union it is therefore very important for us to reconfirm our action commitment toward the young people and the women and with the young people and the women. Their needs for finding jobs is tied in with a strong push toward a new quality of labor and of life which can find support from labor union policy aimed at asserting the conversion and upgrading of the entire production establishment. Innovation, technological advances, a new work organization, the revival of mass and community services, the elimination of discrimination factors especially in terms of job and skill growth--these in fact directly correspond to the increased cultural capacity of the young people and the women and to their heavy load of needs, that is to say, values and needs without whose assumption there cannot be any change.

Chapter I.

I. The Union's Demand Platform

1. Union's Objectives for Economic Conversion and Employment Growth

The structural crisis of the Italian economy which is expressed--as noted in the document submitted in July by the budget and planning minister--by the now chronic deficit of Italy's balance of trade; by the stagnation of production and services with a high technological and innovative content; by the growing weakness of the "traditional" sectors in which the bulk of investments has been concentrated in recent years; the rigidity of the production and distribution system; the distorted use of public spending and welfare efforts by the government--that remains the main source of the inflation process and the principal cause of employment stagnation. Attacking the root causes of inflation and unemployment consequently implies a planning policy aimed at changing the country's production bases and a profound reform of public spending management. What is involved here is a conversion of the national economy which--to bring about full utilization of the production forces at the base

and radically to improve the quality of work and life--calls for mobilization and great shifts of material and human energies and resources which only planning based on the expansion of the democratic participation of the workers can guarantee. This "political" reform of planning must therefore call for the creation of efficient instruments for running the economy and a broadening of the areas of democracy which would assure the effective consensus of all social forces involved.

For these essential reasons, the Italian movement cannot delude itself and it cannot delude the workers as to the possibilities of implementing an economic policy geared toward more jobs and the transformation of the southern regions that would not spring from the procurement of specific instruments of planning and that would not primarily be based on giving real action and control power to the workers and their organizations regarding the handling of the economy. Control by the workers and their organizations over the management of the economy cannot just boil down to formal consultation when it comes to drafting the general outlines of the plan. It appears indispensable for the union to go into action on various planning levels by exerting control over economy policy directions and actions in all of their phases of drafting and implementation in order to prevent the struggle and the quality and the coherence of worker demands from coming to naught. It is similarly indispensable to acquire more incisive forms of worker action regarding the decisions and choices of the enterprises in order concretely to influence the evolution of the production structures and the orientations of development.

For the Italian labor unions, the struggle to push through the adoption of a planning policy geared toward the development of employment and the qualitative transformation of work is inseparable from concrete demand drives aimed at improving the working conditions and wages of the workers, so as to influence the decisions of the enterprises in the matter of employment and investments through the quality and coherence of the demands. It is inseparable from the fight to win new instruments of power and action directly controlled by the workers in places of employment and in the territory.

Through this practice of autonomous and aggressive intervention in the direction of economic policy the union gradually acquired an awareness of the unpostponable need for a democratic renewal of the state and a consistent action of the workers for the effective democratization of economic management.

Some major reforms are therefore becoming the irreplaceable condition for imparting a new tilt to Italian economic policy in a useful confrontation between the labor union and the public institutions along the lines and objectives of democratic planning. These reforms must become the main objective of a grand fighting movement promoted by the union. They must become the fundamental target of the confrontation which the United Federation intends to have with the administration, with the elected assemblies and the democratic political forces. A drive aimed mostly at specific proposals would signify demanding the implementation of these reforms from outside instances and forces toward which instead one must systematically aim an effort in line with all of the objectives to be obtained.

2. Reform of State Participation Enterprise System

The system of State Participations constitutes a fundamental and irreplaceable instrument for a conversion and development policy particularly and mostly in the

South. What we therefore need is a profound revision of this action instrument. We need powerful financial backing capable of tackling the necessary restoration of enterprises with government participation, a gradual reduction of their indebtedness, the determination of investment programs within the context of sector and territorial programs, along with verification by parliament, the safeguarding of really economic operating procedures and efficiency in management, and the very definition of the action context as such.

Thesis A

But these choices presuppose the urgent need for implementing the decisions of the EUR according to which with the existing management agencies remaining in place and keeping in mind their multisector character--it is necessary to provide for a rearrangement and coordination in the form of compartments within which the following actions would be taken:

Sectors of the manufacturing, mining, and energy industry;

Banking sector;

Service sector.

The outfits could be shifted from one agency to another within this context.

Thesis B

But these choices presuppose urgent action on the decisions of the EUR according to which it is necessary to provide for a rearrangement of these agencies in the form of major compartments, while the multisector character of the management agencies themselves would remain in place. The current structure of the State Participation companies, the impermeability of their real decision-making centers in dealing with the individual enterprises and with the executive branch and parliament, the often welfare-oriented and patronage character of the decisions that led to a heterogeneous conglomeration of stockholder participation in the various management centers above and beyond any criterion of planning and management, the reluctance of the management agencies really to come to grips with the labor union movement regarding the strategic choices to be made in the various sectors--these constitute ever more difficult obstacles to be overcome in an effort to achieve the financial restoration of State Participations and their effective support for a policy of planned development. If the necessary financial restoration of enterprises with government participation is not to lead to further spread of resources, then it is necessary at the same time to launch some initial reform and reorganization measures. These measures must primarily involve the following:

The breakup of the EFIM [Manufacturing Industry Holding and Financial Company] and the assignment of control over its enterprises to the management agencies which operate in the same sectors or in sectors related to those in which EFIM is presently operating;

The transformation of the IRI [Industrial Reconstruction Institute] by bringing out a management separation--and hence a separation of responsibility in dealing with

government agencies--between the sectors of the manufacturing industry, the banks, and the services. It is therefore necessary to create three separate multisector management agencies, each responsible to the administration and parliament for the conduct of the compartments assigned to them. For some of the big enterprises, which run services of national concern (civil aviation, telephone and telecommunications, air and maritime transport) it may a good idea to transform them into autonomous public enterprises, subject to control by the directly competent ministries.

The agricultural and food management agency--which must coordinate the enterprises today under EFIM, IR-SME, and GEPI [Industrial Participations and Management Company]--will be established on a priority basis with headquarters in the South.

In this context we urgently need a coordination of activities in the agricultural and food sector in conjunction with planning in agriculture and the development of an organic program in the department of the processing industry and in the farm products distribution network.

In this context we also need a reorganization--within a single financial and management structure--of public action in the chemistry industry sector consisting of the ENI [National Hydrocarbons Agency] and comprising SIR and Liquichimica. This structure must move in coordination with Montedison, in which the public participation of the ENI is currently decisive, based on decisions constituting the foundation of the nation's chemical industry program.

We demand that the multiannual production and financing plans be the subject of a joint examination by the government and the labor unions as well as the management agencies and the labor union. These plans will be subjected to control by parliament.

The State Participations system must constitute the main effort in a policy of conversion and development in the various production sectors, in industry, agriculture, the services, research, and the South and they must do that because of the quantity and quality of their presence in the southern regions. For this purpose, the labor union demands a program for the State Participations system, tied in with the national sector plans, organized along regional lines and concentrated primarily in the South, through a production apparatus provided with autonomous and self-sufficient decision-making, promotion, and research centers, connected to the development of small and medium enterprises and relations with the cooperatives. The following are singled out in this context:

Sectors to be restored and consolidated, such as the chemical industry, the steel industry, shipbuilding, transportation means, etc.;

The innovative sectors with a high content of research and technology, such as the agriculture and food sector, plant equipment, telecommunications, electronics, etc.

3. Sector Plans

The plans for the energy sector, for industry, agriculture, and the tertiary sector, in part, have remained dead letters but in part they have been drafted, although along lines which can be criticized, without becoming operational, except in a very limited degree.

In the meantime, the government continues to supply money to the enterprises without sector programs and thus without their coordination. We therefore need a substantial change in the way in which sector planning has been handled so far in order to make it effectively operational.

This demand is essential in order to arrive at a positive way out of the struggle for jobs and growth and for the South, as well as for a coherent action on the company level to implement the first portion of the contract. The important thing is to manage to bring about an effective planning policy, due to the impetus and under the control of the contract commitments and as part of an adequate effort by the government and the democratic institutions in the context of effective social control.

In this situation, the labor union underscores the need:

(a) For the sector plans specifically to indicate the programming of public orders through adequate coordination of actual government spending with the regions and local entities;

(b) For the sector plans to show the financing--based on clear decisions and directions--of basic research and applied research in the enterprises involved; the sectors plans must therefore contain finalized research plans which must be tied to the supply of funds from the government to the enterprises.

(c) For the sector plans to make it possible to proceed to a comparison between their objectives and the medium-term production and financial commitments of the enterprises.

For this purposes, the enterprises, which intend to benefit from financial action, must be made to submit long-term programs in line with the directions of production developement, the investments, the technological changes, the anticipated employment levels, price policies, management financing, and medium-term financing. These enterprise programs, with the pertinent documentation, must be evaluated by the agencies provided for under the law in dealing with the sector plans and at the same time must be the subject of a comparison between the enterprise and the labor union organizations, according to standing contract practice. The enterprises therefore must report to the labor union their long-term programs and the union can demand a comparison among them and will have to express its own opinion;

(d) For the sector plans to contain indications on innovations in work organization to be promoted by the enterprises involved; in this sense it is necessary to draft objectives to be obtained, albeit gradually, for the transformation and improvement of work organization, for the implementation, in the organizations, of certain external and internal environmental conditions involving the health of the workers and the population, as well as the energy savings plan;

(e) For the sector plans--especially those based on the broad presence of small and medium enterprises--to provide for sales programs based on adequate penetration structures on the foreign market and adequate credit institutions;

(f) For the sector plans as a whole to include the evaluation of the need of the multinationalization of the sector with state participation as well as in the sector

of the big outfits, which so far have not been covered by any evaluations undertaken by parliament and the social forces. At the same time, it is necessary to encourage inter-European cooperation (in the field of research, technology, product innovation, etc.) for the strategic sectors which are most exposed to international competition.

Finally it is necessary to have instruments which permit the coordination of the objectives of the sector plans with the most general objectives of national planning, with specific reference to these demands: a coordinated shift of production and research activities toward the South; promotion of the most advanced technologies; pursuit of energy savings and, generally, environmental policies.

4. Role of Regions

To raise the decision-making participation and responsibility level of the regions in the general planning effort and in its internal coordination, the regions must be taken as primary subjects in the formation of planning, not just as consultative agencies, thus moving on to a planning statement which will make it possible to start with resources and not with spending, with accumulation and not with income redistribution, and thus to place the South in a nonresidual role.

In this way, the regional programs will directly have an effect on the drafting of government plans and in daily government action.

In drafting the regional programs, it is also necessary directly to involve the subregional entities (local government, mountain communities, etc.).

The regional administrations are going to be given not only the decision-making powers which they should have in keeping with the constitution but also the means and operational instruments which will enable them at the proper time and with the proper efficiency to develop their own institutional tasks, thus avoiding delays and uncertainties and accumulations of excess liabilities.

In case, pending the new and major primary functions which must be given to the regions for the sake of the country's growth, it is furthermore necessary to provide forms of substitutive action by the central authority in case the regions cannot accomplish the tasks assigned to them and in case they cannot utilize the means placed at their disposal.

Regarding territorial planning on the regional and local government level, which constitutes an essential link in planning policy, it is necessary for the union to reconsider the effective continuity and the repercussions of its initiative aimed at the management action of the regions and the local autonomous levels of government in general. In particular it is necessary to check immediately with the regions, with the direct support of worker initiative:

(a) The immediate implementation of national laws regarding health, housing, transportation, agriculture, school construction, spelling out regional programs in these subjects, looking into the arrangement of regional plans for vocational training;

(b) Arrangement of infrastructure projects for production, starting with plans for the use of methane in the South, also in connection with the upgrading of "industrial

areas" as equipped service areas ready to support technological and market research; this must be done particularly to revive the initiative of the small and medium enterprises; action by regions provided for under the law with respect to the plans of the big enterprises particularly those with government participation and especially in the South;

(c) Drafting of regional, sector, and zone agricultural plans in order to coordinate the sector actions and to evaluate all of their effects in terms of employment, production diversification, sales structures, and initial product processing;

(d) Coordination of action between the federal government and the regions in the big areas especially in the South, regarding the implementation of integrated intersector initiatives dealing with industrial plant settlement, infrastructure, hydrogeological assets, involving the assignment of specific political responsibilities to an operational agency charged with the execution of the individual integrated projects and the unified management of all action instruments provided for by regional and national laws.

The territorial disputes thus will be based on a combination of the experiences in dealing with the regions, the sector and area struggles, the implementation of the first part of the contracts, the handling of company and group agreements on investments and working conditions, as part of a movement which sustains and provides continuity for the general actions of the union.

5. Reform of Special Action in South

We continue to need an extraordinary influx of financing into the South, even more than has been supplied so far. Spending must be effective and swift and must be oriented toward a vigorous upgrading of material and human resources found in the South. The instruments involved are profoundly reform-oriented and must work in close coordination with the national and regional planning centers. In particular it is necessary to arrange for specific actions by State Participations; it is necessary to give the regions every authority demanded of them by the decentralization laws. The special incentives must be reconsidered within a modification of the entire system of incentives on the national level. The reform of instruments now in progress must be carried out by 31 December 1980, that is to say, when the current law and the fund itself are due to expire, taking care not to block the actions currently in progress. Within the medium-term plan, it will be necessary to evidence the specific choices for the South which must take into account the demand platforms advanced some time ago by the labor union structures of the South.

6. Active Labor Policy

The active policy on the labor market is not a secondary variable of the planning effort but must instead be one of the constituent elements of it. From that viewpoint, we must generalize the result already obtained in some sector plans, calling for the preventive upgrading of the effects of investments on employment levels. It is also necessary to introduce into them a preventive upgrading of the new indispensable qualitative characteristics of manpower in order to translate them into well-organized school education and vocational training plans in keeping with the dynamics of mobility and the possibilities of new jobs which arise.

With the direct support of all of its structures, the labor union movement must promote an active labor policy and the creation of a national employment service in order to attain three fundamental objectives:

(1) A reform of the job placement system, with the assignment of new powers to the regional labor market management agencies, also in the matter of mobility, and along with the assignment of broad powers of innovation and experimentation in labor union contract negotiations;

(2) Support of all forms of interconnections between schools, vocational training, and work; dissemination of the on-the-job training contract and apprenticeship reform;

(3) Reform of special and regular unemployment benefits and hiring policies aimed at promoting the employment of young people and women and supervising the forms of part-time employment through legislative regulations and contracts which would remove the element of secrecy and the arbitrary action of employers.

II. Choices in Various Economic and Social Departments

This complex of grand reforms is the inevitable prerequisite for certainty in the effectiveness of choices to be made in the various departments of the economic apparatus, according to specific priorities.

1. Energy

We confirm the structural objective of reducing energy consumption per unit of product and we reject the attempt to shift the burdens of foreign account adjustment to the real wages of the workers--not to an expansion of the production base. We demand that the government implement the bills (ready as of last January) for energy savi and conservation and the development of alternate sources; we demand that the ad istration strengthen the role of ENI in petroleum supplies by launching new relationships with the producer countries; we demand a follow-up on programs for methane development in the South; we demand a plan for the infrastructure facilities necessary for boosting the use of solid fuels.

Thesis A

Expand research and the definition of stricter requirements in the matter of nuclear safety.

Thesis B

Tie nuclear decisions in with the certification of maximum safety levels according to the most advanced standards adopted on an international level.

These priorities must be contained in an overall energy plan whose presentation is urgently requested.

2. Agriculture and the Farm-Food Department

Public action must be based on planning for the farm-food sector with the objectives of increasing the country's own independent supply, stabilizing and improving employment levels, raising the incomes and improving the living conditions of the workers and farmers in order to achieve parity with the workers in the other sectors.

The implementation of Law 984, particularly, the regional programs, must go hand in hand with the definition of plans of related industries up the line and down the line--with accentuated development of the presence of the food industry in the South --urgent action in the livestock and wine-growing sectors which are in a very serious crisis, a commercial policy stressing the sale of Italian products on domestic and foreign markets, a decisive initiative on real estate problems (price of land, plot and property mergers, protection of agricultural areas, use of the tremendous assets in terms of public lands, real estate mobility, modification of inheritance law), as well as reform of community agricultural policy. It is urgently necessary to pass the law on the reform of agricultural agreements and to push through specific initiatives to fight increasing sophistication and fraud in the farm-food sector. In the South in particular it is necessary to speed up the execution of irrigation plans and plans for the reorganization of the sales network.

The serious critical situation that has arisen in the agricultural sector makes the situation of employed workers and producing peasants dramatic because it generates uncertainty as to incomes and reduces employment levels while it promotes an increase in imports from abroad, with the subsequent further aggravation of the deficit in Italy's farm-food balance.

We emphatically ask the administration immediately and adequately to go into action in order to stop the crisis now in progress and to put the farm-food plan into the medium-range plan.

3. Industry

In view of the holdup in the implementation of sector plans, worked out on the basis of Law 675, the labor union organizations underscore the demand for an overall strategy aimed at shifting the country's production axis toward new strategic sectors in the international division of labor and to start a tremendous moderization drive in sectors and areas with low productivity levels. This is the only way we can achieve a conversion of the entire production establishment capable of brodening the production base, improving its average productivity, increasing its competitive capability in the worldwide context, establishing new dynamic relationships with the developing countries, especially countries producing raw materials and energy resources. Critical main points in this context are plant equipment and agribusiness, the chemical industry and steel industry, electronics and telecommunications, as well as the auto industry. These sector decisions will revive scientific research and will promote new relationships with the producer countries.

Here we also come to the proper resolution of "crisis points" and the rejection of the attack on employment levels and aimless mobility draws strength from that line.

Regarding the points of crisis, which the CGIL-CISL-UIL Federation had demanded as priority points in actions aimed at industry and which are emblematic with respect to the administration's real desire to go back to a planning logic by starting with these priorities, we can say that the situation is still entirely in the process of being spelled out.

Serious production and employment problems can be solved by implementing the commitments assumed in July by the administration relating to the following: the chemical industry (SIR, ANIC [National Agency for the Hydrogenation of Fuel], Liquichimica); shipbuilding; component industry; Finmeccanica [Mechanical Engineering Finance Corporation] initiatives for the auto industry; steel industry; methane industry development; GEPI; undertakings in support of Calabria and Campania.

4. Tertiary Sector

Action in this sector, which is decisive in terms of consumer price formation, must be aimed at an efficient and modern network of distribution services tied in with economic growth and the organization of civilian life. Excessive subdivision and parasite middleman transactions, all the way to mafia phenomena, have an effect on consumer prices and penalize production activities above all in agriculture. The modernization of this sector, which also calls for action on the transportation system and on infrastructure facilities, calls for a general nationwide law that will standardize the existing norms and that will provide for a strict connection with the general planning effort, with a broader role of effective action being assigned to the regions and the local entities. Planned development of the tourist sector is also necessary.

Along with traditional departments it is also essential to develop modern departments in the tertiary sectors involving the advanced services for the enterprises.

Planning, information science, management consultant services, marketing, in their most significant expressions, constitute an ever more essential support for development, especially for the promotion of the process accumulation in the South and for the development of small and medium enterprises. In this field we need a public initiative which, on the one hand, would be tied to a design for reorganization, restoration, and revival of State Participations and, on the other hand, the economic planning powers which must be assigned to the regions.

5. Public Administration

The central nature of the reforms in public administration consists of the relationship between the need for a reform of the structures of the state and the problems of planning, in the sense that we cannot have development planning without a profound change in the current administrative setup.

It is therefore essential for the entire labor union movement and not only for the civil service to adopt all the initiatives considered possible in order to achieve this change, asking the administration and parliament to implement the proposals contained also in the "Giannini Report" and backed up by the Senate through the unanimous motion of 10 July. In particular it is necessary to arrive at an agreement:

On the decentralization of government functions;

On the establishment of productivity-efficiency indicators for all public administrations;

On the simplification of procedures and the revision of administrative controls;

On the reform of public administrations, starting with those of the fundamental sectors and services, including the autonomous companies of the state, starting with the railroads.

In the context of a policy centering around a public administration reformed in terms of its structures and renewed in terms of the procedures, whose primary objective would be productivity, it will be necessary to place qualitatively more advanced demand-oriented policies, pursued and guaranteed by the general law in support of sector hiring, to whose rapid passage by parliament the United Federation must be totally committed. Contract renewals can thus move within a broader horizon within which the reform of the structure of remuneration, the upgrading of jobs status, problems of mobility, and working hours constitute the most urgent aspects.

6. Hidden Economy, Moonlighting

It is necessary to chart a line of action on the part of the entire labor union movement regarding the problems of decentralization, small enterprises, the crafts, moonlighting and homework by also adopting the necessary organizational measures.

The union's commitment must on a priority basis be aimed at the implementation of contracts and laws and in particular the one on homework by asserting the effective contract-negotiating power in the small, decentralized outfits. This must also be achieved through gradual solutions already positively tested. All of this together adds up to an initiative aimed at solving the structural problems of small enterprises through a complex of measures aimed at the restoration of the entire hidden portion of the economy.

Crafts contract renewals marked a step forward in that direction but it calls for a further commitment, starting with their implementation and with initiatives aimed at the exercise and further extension of union rights gained.

7. Schools

The rapid approval of some urgent reforms, starting with senior high school reform, and planning of school expansion, so as to correct the current situation of chaotic development and serious imbalances between the various parts of the country--these are the indispensable requirements for getting out of the crisis in which the schools find themselves and eliminating the growing gap between the content of school education and the requirements for retraining on the labor market.

In addition to stressing the positions expressed at the time with regard to senior high schools, calling for rapid parliamentary passage, the labor union movement lists the following priority points in the school sector.

(1) Senior High School and Vocational Training

In order to achieve a strongly emphasized tie-in between general education and preliminary job training aspects already in the secondary schools it will be necessary to work out real training plans in the territory according to existing needs and specific development assumptions;

(2) Program Revision

To be based on those absolutely obsolete in elementary schools.

(3) Price Control Policy

Aimed at holding down ever-rising school equipment costs, especially textbooks.

(4) Rapid Passage of Collegial Organ Reform

Featuring substantial corrections and combinations of provisions approved by the Chamber; at the same time it is necessary to launch administrative decentralization of the ministry of public education and to redefine its relationship with democratic management organs in the schools and local entities.

(5) Special Refinancing for School Construction

This also includes a modification of parameters for the redistribution of funds in favor of the southern regions; additional financing aimed at eliminating double and triple class sessions; speedup in procedures to strengthen the role of the regions.

(6) Expansion of Full-Time Study and Government Maternal School

To be done immediately:

(a) Increase in full-time attendance for an additional share of 20 percent with planning for action in every region and giving priority care to the establishment of at least two full-time schools in every district;

(b) Expansion of maternal school by at least 3,000 sections per year as part of a three-year development plan with priority for all communities in the South which ask for this.

On these points, the CGIL-CISL-UIL Federation not only develops an effort in dealing with the administration but proposes the immediate start--regarding in particular school construction, full-time study and maternal schools--of action on the regional level priority for the South aimed above all at making maximum use of funds, left over as excess liabilities, on the part of the regions and communities, so as to reverse the current tendency toward an increase in the imbalances between North and South in providing necessary services (transportation, dining rooms, action regarding the right to study) as well as school construction agencies.

III. Active Labor Policy, Wage Structure Reform, Social Policy

1. Training, Job Placement, Manpower Mobility, Income Makeup Fund

In view of the structural data on unemployment, the new labor supply coming from young people and women, it is necessary to work through sector and territorial planning, through hiring (working hours and work organization), and with the help of new institutional instruments.

In this context we are dealing with the following topics.

Reform of National Employment Service

It is necessary to get parliament conclusively--after hearing from the labor unions --to debate DL [Decree-Law] 760. The reform must be based on principles of flexibility and decentralized powers; it must have an experimental character; it must on a priority basis upgrade the contract role of the labor union; it must be tied in with regional training and planning policies, also calling for "pilot projects." Regional observers constitute technical instruments for determining the labor demand and supply. In this context, the question of mobility between companies must be taken up as the issue of mobility "from job to job," within the context of the roles of the employment commissions and the indications from the observers, following labor union contract negotiations among the parties involved. In this sense it is necessary to reject the attempt at removing the aspect of mobility from the context of DL 760. In this context, the income makeup fund--today used mostly as pure welfare reservoir--must be restored to its institutional functions. The daily special unemployment compensation must be reviewed in order to equalize the regular, special, and CIG [earnings insurance fund] benefits to a much greater degree. This reform of the employment structure is closely connected to the transformation of all school and training facilities throughout Italy so as to eliminate their substantial divorce from the labor market as part of the gap between culture and employment levels, against the background of the wide discrepancy between the cultural and job demands of the workers and the younger generations.

Regarding basic education, it is necessary to guarantee the exercise of the right to study, starting with kindergarten and mandatory schools, while it is also necessary to set up a national adult education program with a view to building a system of permanent [continuing] education which, in addition to guaranteeing the recovery of minimum basic cultural levels, will supply those levels of knowledge and those technical-scientific instruments which are indispensable in achieving an autonomous and fully aware control and action capacity within the production organization, starting with work organization, and within the various forms of organizational tie-ins in Italian society.

In this sense it is impossible to separate basic education from specifically job-oriented training, the education of young people from that of adults, general cultural education from the kind of education that can have an effect on the quality of work. In this organic policy of basic education and job training we must coordinate all of the contract gains in the matter of education and the demand and contract initiatives of the labor union aimed at tieing work activities in with study activities also in part-time ways.

School, Education, Work

In stressing the interconnection between education systems and the labor market it is necessary to tackle the problems of alternate work-study programs, of senior high schools, of the vocational guidance service, of a work-study contract as a long-range substitute for apprenticeship, the number of hours in determining the right to study, the vocational training system (structures, content, objectives, public character) as well as in relation to the modifications of work organization.

New Quality of Supply and Part-Time Employment

The massive labor supply involving young people and women calls for organic action to end the apprenticeship institution through a job-training contract, to support youth cooperation, involving support for in-house youth employment through special and regular action, for the South, for the employment of women also with the help of incentives for the modification of work organization and work hours and also in terms of social services, part-time employment, identifying the various figures involved and trying to connect periods of employment in various sectors so as to consolidate the ration of work involving a specific period of time.

2. Wage Structure

Thesis A

Pay is an essential part of the more general problem of labor costs. It is necessary rigorously to reorganize labor costs and wages by working toward a structural modification of the relationship existing today between direct pay, deferred pay, and social [security] contributions, in the sense of assigning ever greater weight to direct pay and progressively to transfer the financing of social benefits from the collection of contributions to collections deriving from taxes.

The wage effort must tackle a series of problems: defense of the purchasing power of pay and pensions, which have been eroded by inflation, inflation, primarily for the lowest pay and pension levels; the growing tax squeeze on incomes, the degree of contractual control over real wages, as compared to the growing portion which comes from the unilateral decisions of the enterprises and individual employers; the gap, in the context, between the wage scale resulting from contract negotiations and the wage scale in fact constituted also by the unilateral additional wages deriving from employer rewards for worker skills; the relation between direct pay and separation allowances, between skill allowances and periodic seniority raises; the relationship between pay and productivity; the relationship between pay attendance. Precisely spelling out the way in which to tackle these problems is an essential thing also with a view to the disputes on contract renewals which are in progress for civil service employees and which will start next year for the fundamental private sector.

The line of defense of the wage freeze and the sliding scale, as spelled out in the 1976 accord, was implemented not by chance and with success, holding indexing down to the freeze and eliminating the effects on other pay items as well as extending the influence of the sliding scale to retirement pay. This is in keeping with the essential principle of defending a minimum level of purchasing power which would be equal for all and which would derive from work pay and it does implement the

requirement for creating an equal correct foundation in pay policy which would have the broadest possible class content.

The growing gap between actual pay and contract-based pay however characterizes the limits of a wage policy which boils down only to egalitarian criteria. Naturally, the employers are trying to determine pay rates which are not based on contracts above all in order to divide the workers and establish their paternalistic link with the enterprise and the service; but in this way it can also respond to real demands. The skill level, as a personal work capacity, is hardly overshadowed by production and service activities but the requirements for traditional work capacity retain their full value and new work capacities are furthermore demanded. The denunciation of the decline in job skills now underway must be accompanied by an effort to point up new facts which also emerge in this field.

In general it is naturally as a part of the effort to change work organization that one must--in the course of the technological and organizational development of production and service activities--stress the demand for the defense of job skills and the new assertion of the quality of work, as an alternate to processes of work downgrading. But this action must be tied in with a wage policy that will assert the need for wage hikes characterized by a more accurate evaluation of job skills, taking into account problems springing from the excessive levelling of pay. The wage policy criteria can be spelled out as follows: it is necessary to accentuate the characteristic of skill pay in the portion of work pay which--beyond the wage freeze--is subject to contract negotiations on all levels; it is necessary adequately to evaluate directly productive work in contract-based pay.

It is necessary to consider the fact that excessive wage levelling is a phenomenon with which the labor union must come to grips. This phenomenon is undoubtedly influenced by the unique nature of the wage freeze and also a demand policy based on equal wage hikes for everybody.

The alternative thus features a choice between setting up percentages for wage indexing mechanisms and the resumption--through pay policies--of the parametric scale fixed by the contracts, correcting the effects which have been influencing pay in recent years. And a discussion should be started on how to implement this return.

1.1. During the current phase, prevailing conditions do not enable us to propose the assumption of differentiating the freeze point, as had happened prior to the 1975 accord. Instead we have the need for making sure--along with an equal freeze for everybody--that we are going to have parametric scales relating to definitely more differentiated skill levels, in particular including new job, individual, and group figures, which we want to bring out as part of the effort to revitalize work organization. We must thus affirm the validity of contract-based job mobility as an alternative to automatic switching between worker categories.

This line must be implemented on the basis of contract renewals, within the context of a demand choice which would propose a more accentuated pay dynamics for workers, technicians, clerical employees, administrative personnel, supervisors, which would thus determine the confirmation and positive evolution of the single organizational setup and which would be aimed at absorbing all actual pay in the contract negotiating procedure.

1.2. During the current phase, prevailing conditions mean that we cannot propose the assumption of differentiating the wage hold-down point, as had been done prior to the 1975 accord. We agree that it is necessary to organize job qualifications on the basis of a gradual modification of work organization and that we must firmly stick to the single organizational setup as a unifying gain for all workers; but it is also necessary to correct the effects of levelling which have been recurring regarding pay because of high inflation and automatic wage recovery mechanisms. At the same time, correction must take into account a higher job skill level which is also expressed by a modification in work organization. For this purpose, pay policies must above all be aimed at spelling out, in the contracts, a parametric scale corresponding to such indications and to the return to such a scale in the course of the contract terms.

Besides, such policies must be implemented also through integrated contract negotiations organized on the basis of the evolution of work organization aimed at new job values.

Finally we must assert the contract negotiation policy regarding job mobility and the corresponding pay evaluation with respect to automatic switching among worker categories.

1.3. To guarantee the continuous existence of pay differentials established by way of contract renewal, the labor union must, during nationalor company negotiations, provide mechanisms which would annually compensate the workers for the levelling effect caused by the sliding scale. But there would still be a prevalent specific evaluation, based on worker categories and companies and involving job, individual, and group values which would be tied to work organizations.

So long as this does not happen, going beyond the single figure for the freeze point would become inevitable.

2.1. Finally, regarding the effort aimed at the work environment and harmful, repetitive, and difficult working conditions, which must reject the principle of money reward, we pose the following problem: whether--where such conditions cannot be eliminated and where working hour reductions and the insertion of work breaks turn out to be insufficient--it is necessary to set up special pay for such conditions.

2.2. In this context we must define specific pay regarding difficult, harmful, and repetitive work conditions while labor union action for the amendment of work organization and the improvement of the work environment remains a priority thing that cannot be dropped.

Along this line we must move toward a systematic setup of seniority pay. For seniority, within a limited degree, the best solution involves the admission that a raise limited by seniority pay is in line with the growing work capacity deriving from work seniority and the proper certification in this sense also for continuity on a particular job. But we must avoid a spread that will be so wide as to wipe out the job pay scales because that would have a destructive effect on the job content of work pay and would lead to an unacceptable compression of initial pay. Regarding seniority pay, we must reaffirm that the essence of separation pay must be provided here and the pension must be equalized with work pay. The labor union

movement is in favor of a reform of the seniority allowance with respect to which the most suitable solutions will be identified.

In the following we would like to list some assumptions and we ask for a debate contribution.

Assumption A

On the other hand, the seniority allowance is a historically consolidated contract feature which is in keeping with the need for the connection between the job itself and for a tie-in between separation and retirement. The effect of removing the indexing for the allowance has been very strong, in view of the dynamic process of inflation. That brings up the need for working out a better tie-in between pensions and seniority allowance. One solution, for all employed workers and all retirees, could be this:

Define a separation allowance which would guarantee 10 months of actual pay (including the freeze) for 10 years of work seniority, maintaining the higher seniority allowances in force;

More closely spaced time intervals in the sliding scale for retirees and revaluation of pay for the purpose of calculating pay on which pensions can be based;

Implementing the new regulation on separation allowance in context with higher retirement pay being demanded both for the employed workers and for the retirees so as to acquire--also through this new regulation on separation allowance--a portion of the financial coverage in order to make improvements in retiree pay.

Assumption B

Retaining everything having to do with the relationship between pensions and retirement allowances, as stated above, one solution might also involve a retirement allowance that would be equalized with the work time, not the time spent in the company or factory. In this sense, we could constitute a common fund to which would periodically (annually) be turned over benefits deriving from previously established interests--with a contract adjustment taking into account the progress of inflation --leaving the option of partial or total retirement up to the worker on the basis of specifically defined conditions.

Assumption C

The problem of separation allowance is complicated by the abnormal relationship which has developed in recent years between the index wage rate and the contract rate; this has brought about an excessively accentuated devaluation of that allowance which must corrected by resuming the comparison with the counterparts as quickly as possible.

In substance, it is necessary to come up with a definite system for this institution which would stick to the principle that constituted the foundation of the 1977 confederation accord, that is to say, that the foundation of separation benefits consists of the pension equalized with work pay and that, with respect to that separation allowance, it plays a role of merely providing a subsidiary connection with access to retirement benefits or mobility processes.

First of all, it is necessary to find a new criterion for reevaluating the prior portion of allocations for seniority allowance in order to stop the continuous process of erosion here. In this connection, one could freeze it and apply a reevaluation index to it which would be different from the mere dynamics of the wage freeze and which could be that of the equal standard.

For future allocations, we propose to establish a ceiling of 10 monthly payments of seniority allowance for 10 years of work, restoring the rate of sliding scale with respect to the calculations of the allowance itself. This means that the institution of seniority allowance must be maintained and that, at the same time, it is necessary to build new forms and new ways of control by the labor union over the complex operations of this institution.

Along this pay policy line, we are going to discard the automatic high-in between pay and productivity, as well as between pay and work attendance. The question of efficiency and productivity will be viewed in the context of contract negotiations concerning control over work organization problems and it will be taken up according to the objective data emerging from actual production surveys and according to the evaluations of the workers themselves deriving from that.

Thesis B

Over the past 3 years we have had a major redistribution of income to the detriment of wages and in favor of profits, incomes, and earnings of some categories of autonomous workers. The decline in the share of the national products attributed to employed workers has been even more voluminous if we look at the net wages after taxes.

In the context of this dynamic situation, the policy of equality has been subjected to severe tensions while the way has been opened again toward the boss policy of dividing the workers through a unilateral employer action regarding actual wages, pursued particularly in dealing with some groups of workers.

While stressing the correctness of the equality policy which is sustained by the defense of the current wage freeze, the Federation proposes the following in order to eliminate these contradictions:

(a) A policy of wage hikes which would permit a more equitable participation of employed workers in the increase in the national income, beyond the simple defense of the purchasing power;

(b) In the context of an adequate recovery of wages it is possible to return the pay differentials to labor union control by reconstructing the 100-200 parametric scale;

(c) The equality policy becomes specifically compatible with the correct evaluation of the job capacity of the workers, stepping up the struggle for the amendment of work organization, the promotion of effective group job skill levels, and the exclusion of money rewards for harmful working conditions;

(d) In the context of a new wage policy, it will be necessary to resolve the issue of separation allowance through a redefinition of allocation measures by establishing a number of monthly pay increments equal for all workers and fully indexed.

3. Working Hours

Thesis A

Manpower paid by hour constitutes the fundamental element in the union's strategy. The workers respond to an increase in labor productivity and hence to the tendency toward a restriction in jobs as such or to growing inconvenience resulting from difficult, repetitive, and painful work with a reduction in working hours; this kind of work continues to be an important part of production and service activities; the workers also respond in this way to the demand for civil progress toward more spare time that would be freely available to each individual. The victorious fight for the 40 hour work week and the short work week was a decisive stage but certainly not a conclusive one in the working hour drive; on the European scale, for the middle of the eighties, the objective was set up for a further reduction of 10 percent in the working hours.

During the current critical situation, looking forward to the next phase in working hour reduction, the decision on working hours must be geared above all to employment problems. This is precisely why the choice must be aimed at a reduction in working hours within the context of greater utilization of plant and equipment, in sectors and areas of the entire production establishment, as well as in the distribution sector where technological modernization is much stronger and where the increase in productivity and therefore in growth is specifically threatened by a reduction in employment. As a matter of fact, to sustain employment within the framework of labor productivity increases, we must work toward an expansion of the production and service apparatus but at the same time we must work toward the greater utilization of plant and equipment and thus toward a relative reduction in investments necessary for each job. We therefore need a drive centering on working hours which will tend to compensate for the rise in labor costs, following the reduction in working hours, with greater utilization of plant and equipment during each working day, during each week, during the year, with a diversification and better organization of work shifts in which the employment levels would be increased and protected. On the other hand, it does not seem feasible today for us to pursue a policy of generalized reduction which would boil down to an overall increase in labor costs against the background of reduced plant and equipment utilization. There also continues to be a need for further reductions in working hours in connection with particularly difficult, troublesome, and repetitive work operations.

Thesis B

The objective of a further generalized 10-percent working hour reduction has been outlined on the European level for the middle of the eighties.

The labor union is aware particularly of the fact that the tremendous technological progress in the industrialized countries can cause a rise in productivity to the detriment of jobs.

Consequently, unemployment could go up and in particular strike at the young and the women. It is therefore necessary right now to chart an effective strategy--especially also in view of the coming contract renewals--which would provide continuity and strength for the strategy already launched during the last round of contract renegotiations, using productivity to reduce working hours.

Under these conditions we necessarily face the objective of a progressive reduction in working hours, broken down by sectors and shops. In the effort to provide the proper organizational setting--and where the necessary conditions are present--we could also try to work toward 35 hours.

In view of the current critical situation we definitely must make sure that the decision on working hours will on a priority basis be aimed at facing the problems of employment.

Thesis C

The labor union movement is aware that the strong advance of technology is creating a new type of structural mass unemployment in all of the industrialized countries and that applies also to Italy where the young and the women are affected in particular. Technical progress and employment are destined to come into conflict with each other dramatically if we do not immediately chart a specific strategy of progressive and sector-graduated reduction in working hours which would enable us, by 1985, to achieve the target of 35 working hours per week for everybody. This is why the CGIL-CISL-UIL Federation--considering the objective of reducing working hours strictly supplementary to a new policy of industrial development planning--submits the following for consideration by the workers:

(a) The assumption of including the proposal for a progressive reduction in working hours to 35 hours per week, with pay being disbursed for 40 hours, as the central proposal in the next platform for nationwide contract renegotiations in industry;

(b) The relationship to be established between the reduction of working hours down to 35 hours and suitable forms of flexitime (various daily and weekly schedules) to be agreed upon in contracts on the company level so as to permit the safeguarding and possible increase in the utilization of plant and equipment as part of a strategy aimed at an increase in investments and employment in the South.

This line must include an initiative for the control of real working hour levels which would extensively go beyond the contract-based working hours applicable partly in the smaller companies but also in the big enterprises. It is clear that, without this control, which would eliminate the abuse of overtime, the qualified choice for further reductions in working hours would run into major difficulties and would entail the risk of broadening the differences between the portion of workers who are organized and protected by contracts and the portion that is not.

We must demand work time organization which will provide for partial working time, either in general, to make more free time available for taking care of personal matters, or specifically to provide free time during which the individual can engage in study and retraining activities; this is necessary precisely in order to have effective control over working hours but also to respond to the complexity which the labor demand assumes in qualitative terms. In this sense, part-time work will be viewed in terms of a demand and hence of assertion and contract regulation.

The labor union furthermore must pledge itself to bring about social and cultural conditions which will permit the best possible utilization of time available to the individual away from work and we must particularly commit ourselves to make available adequate working hour systems to cover all of the services required for the workers and their families.

4. Social Policy and Quality of Life

1. Health

By way of implementation of the health reform law--where we must report delays in compliance and attempts at undermining and revising the guiding principles--the labor union must commit itself:

(a) On the national level, in dealing with the administration and parliament, to the urgent passage of the National Health Plan within which it is necessary to eliminate the wide gaps between North and South and to achieve an increase in so-called "integrative" [insurance] benefits and services as well as for the issue of standards in the matter of hygiene and safety as well as homologation according to the criteria of exclusively spelling out the general principles, leaving the definition of methods for achieving safety to the regulatory standards, to the specific points, and to labor union contract negotiations;

(b) On the regional level--particularly in the South--through demand platforms, to the immediate establishment and full operation of the local health units in the context of regional and territorial planning aimed at the efficient organization of services, with particular emphasis on labor medicine and preventive protection [work safety].

The operation of the national health service in terms of its real local and basic interconnections, such as in the hospital facilities, must find the labor union committed not only as a protagonist, as a fighter for adequate forms of social control, but also as the promoter of a commitment within the services to make them really efficient.

2. Housing

The housing problem, which recently has been deteriorating further due to the increase in executive evictions although, in the particular context, no new housing facilities were available on the market, so far has not produced a sufficient response in terms of government action.

We have furthermore detected a slowdown and undermining effort promoted by certain employer forces and by central and outlying government agencies which with determination obstructed the reform processes which were launched with so much difficulty through the ten-year plan, the fair standard, and the new land system.

The difficulty involved in a serious attempt at reforming public and private action in this sector was further increased due to the failure to perfect the overall body of standards which would eliminate the main contradiction. In view of this critical situation, the United Federation, together with the FLC, during the recent Housing Conference, revived its own commitment to guarantee conditions for planning and greater social productivity in the sector of housing construction.

In particular, regarding the ten-year plan, we are demanding not only a new financing procedure, which would maintain the planned number of housing units and which was eroded away due to higher costs deriving from inflation, but also and above all the effective launching of the plan itself, in all of its biennial and quadrennial interconnections.

To restore the big urban areas in the South, we must move on to cite selection decisions--something which must be done by the regions--so as to achieve a massive and coordinated concentration of available resources (ten-year program, special housing construction programs for the big communities, special projects of the Fund for the South).

Regarding the fair standards, we must amend the law in order to provide greater stability for the lease contract and we must review the indexing of the standard itself.

New market mobility involving home ownership and home rentals must be promoted through measures, including tax measures, which would put an end to the current rigidity in the supply, either by working on the loan terms for home purchases or by increasing the share of rental housing, or by extending the government's commitment in the matter of subsidized housing.

Strong support for these demands must come from a renewed effort by the system of enterprises with state participation which starts with a more qualified and functional relationship between material producing enterprises and enterprises which do the actual construction work.

Here we must forcefully state the problem of restoring balance between activities abroad and those in Italy which today--and even more so in the future--are dangerously unbalanced in the first direction.

3. Transportation

The reliable reorganization of an integrated transportation system in Italy must be based on the following, in addition to the specific and general decisions made 2 years ago by the National Transport Conference, which have not yet been implemented:

(1) The institutional management reform of the State Railways, so as to permit an effective ability to make the investments called for in the overall plan and to adapt the company structure to the requirements of freight and passenger traffic developments;

(2) The National Transportation Fund, an instrument which now can no longer be delayed in order to enable the local entities and particularly the regions to exercise control and implement planning with respect to spending and investments for urban and extraurban transportation;

(3) Planning and production development instruments for the maritime and port industry and for air transport (Plan for Ports, Coastal Shipping Project, Civil Aviation Reform, etc.).

4. Family Allowances

Considering the gap which keeps growing between family incomes, with several wage earners and those with only one breadwinner, it is necessary to develop a more effective policy in support of employed workers who have heavy family commitments, establishing a more equitable ratio between the overall contract-based wage and the family income.

Instruments for this kind of policy must include a reorganization of the taxation system which would favor workers with heavy family burdens; the development of a network of social and civilian services, free of charge or partly gratis, especially in the South, to be implemented together with the local entities; periodic adjustments of family allowances. In this respect, the resources of the Family Allowance Fund must be used in support of employed workers who have heavy family burdens.

5. Pensions

In the sector of pensions and social security, we urgently need parliament to pass the provisions which would result in the reorganization and reform of the system through greater equity and fairness in benefits, hand in hand with a financial restoration of social security, as distinguished from welfare payments. In this respect, we must underscore the importance of steps already being examined by parliament, in particular the following:

(a) The one on pension reform which among other things must lead to the standardization of the system within the INPS [National Social Security Institute] for the new cases involving all employed worker categories without distinction; the improvement of benefits, not only for current retirees, at least by 30 percent; extension to minimum retirement benefits after 15 years of contribution under the most favorable lock-in system provided for retirement pay in excess of the minimum; considering also the Employed Worker Fund of the INPS, where we need shorter intervals of periodic adjustment in the sliding scale, aimed at the gradual standardization of application times between active and retired workers; but also for active workers (reevaluation of benefits in order to calculate the pensionable remuneration, utilization for retirement purposes of all periods of time, even prior to the establishment of the Income Insurance Fund); standardized rearrangement of contributions, including also those of the INAIL [National Work Accident Insurance Institute] in it;

(b) The one on disability conditions which qualify for retirement pay where among other things we must establish two degrees of retirement (for partial and total disability), tieing the concept of disability qualifying for retirement pay to more objective criteria;

(c) The one on the reorganization of social security in agriculture which among other things must bring about parity in social security benefits for farm laborers and the abolition of the SCAU through the transfer of all of its functions to the INPS.

Bring about a new interconnection among job placement services, the INPS, and the local health units.

6. Tax Withholdings from Employed Labor

In the area of labor union policy regarding income redistribution, it is necessary --in view of the inequity caused by the rise in the tax burden deriving from the inflationary process (fiscal drag)--to contain its reflections upon income taxes of workers by moving both in the direction toward deductions and toward modification of shares and tax brackets. Regarding personal incomes, it is necessary to restore the balance of the tax burden between those who have only one single breadwinner

in the family group and those who have several breadwinners, as a result of which those family groups, in which only person works, are heavily penalized.

During this phase, following the modification achieved regarding deductions, it is necessary to introduce a reorganization of shares through a modification of income tax brackets and a mechanism for gradually starting taxes on family groups. This action calls for a firm initiative aimed at the reorganization of the financial administration and prosecution of tax evaders so as to go after the enormous tax evasions recorded in Italy.

7. Prices and Rates

We now have confirmation for the decisions made by the EUR:

(a) On the need for maintaining and keeping under control of the CIPI the public utility rates and prices on essential consumer goods;

(b) On the need--considering the social character of rates on some essential services --for allowing rate changes in a gradual pattern, provided they are combined with effective measures aimed at improving these services and at including certain investment programs.

In this context we demand the conduct of political confrontations on the structure and purposes of rate schedule handling, not only to finance the deficit in the balance but also to improve the services and to finance investments in sectors of the electric power company, the gas company (especially regarding the development of methane in the South) and the telephone companies, the transportation companies, and RAI [Italian Radio-Television].

We therefore reject any assumptions aimed at increases designed to work toward a redistribution of resources through parafiscal methods, but in the absence of any kind of supervision. Besides, the Federal Government, the regions and the local entities must--within the context of the distribution sector reform--activate the action instruments available to them in order to fight against phenomena of speculation and racketeering, guaranteeing the consumers absolute clarity in the presentation of prices and rates, along with other aspects. On these matters we must have a labor union initiative toward which the establishment of a specific consumer federation will contribute.

Chapter II. Solidarity Fund for Workers of South

The establishment of the solidarity fund and the identification of its specific objectives will have to be deliberated upon by parliament, after the consultation promoted by the United Federation has given all workers an opportunity to express themselves, fully informed on what is at stake, on the nature of the fund, on its ultimate purposes, on its management criteria and on the timeliness of creating this new action instrument.

Theses A, B, C

The solidarity fund must be one of the instruments for the participation of the workers in running the economy within the context of a planning policy to which

the labor union movement intends to make its own contributions in terms of incentives and proposals and in which it intends to exercise its autonomous action in terms of proportion and control. The fund must help toward the development of the South by encouraging the wide dissemination of cooperatives and self-managed economic and social activities, also creating conditions for their effective presence on the market.

Thesis A

1. The "Solidarity Fund for the Workers of the South" cannot be put together through an alternative involving the action of government authorities upon the process of assimilation. Instead it could represent one of the forms through which the workers will have to participate in building a planned economic policy which remains a basic objective of the union movement and which constitutes an essential reference point in its demand struggle and its battle for the development of employment.

If the "Solidarity Fund" were to become one of the instruments of a democratic planning policy and one of the instruments of government economic policy, destined to promote greater employment in the South, it will be necessary for the law clearly to spell out its tasks, tieing its activities in with that of the other public instruments (existing or to be created) which would have to work in support of a development policy. It is therefore necessary for the fund's management to be responsible for its operations to those public institutions whose task it is to coordinate government economic policy. And it is necessary for the law to identify its specific ultimate purposes so as to prevent overlap or confusion between the activities of the fund and those of the other instruments of public action.

Among the alternatives on which the workers should express themselves we must therefore provide the assumption--already present in the debate--of a voluntary contribution from the workers to the financing of the fund, although the implications of a possible choice in that direction would have to be made perfectly clear, in other words, this presupposes an option for a fund of a private nature which therefore would be entirely autonomous with respect to government economic policy; it would entail the direct assumption of management responsibility by the labor union, changing its nature in some way; it would entail the assumption of a burden entrusted only to the political sensitivity of the most committed workers upon whom other burdens already fall, including financial burdens connected with solidarity and labor union militancy.

2. The United Federation proposes that the "Solidarity Fund" be instituted for the specific purpose of providing for the financing--through the granting of greatly facilitated loans, of contributions toward the start-up of enterprises or advance payments on their earnings--of various forms of associated activities (from traditional cooperatives to the conversion of enterprises running on the self-management system) to be promoted or to be developed in the southern regions, with the priority objective of promoting and assisting in the creation of forms of associated work combined with the work of unemployed southern youths.

According to this proposal, the recipients of financial action by the "Fund," located in the southern regions, will therefore be as follows:

(1) The cooperatives (primarily the newly-established ones) operating in agriculture, in the farm product processing industry, in the fishing sector, in the crafts production;

(2) The cooperatives operating in the public interest service sector (such as assistance to senior citizens, adult education, historical and artistic heritage preservation). The service cooperatives connected with production activities (centers, projects, market studies, industrial architecture, etc.). The service cooperatives connected with local entities (drafting of low-cost housing construction plans for small communities, development plans for mountain communities, etc.).

(3) The production cooperatives in the housing construction sector which are again connected to a process of reorganization and industrialization of the construction sector;

(4) The cooperatives of employed workers concentrating on the construction and use of new housing units;

(5) Workers in agricultural, industrial, or service enterprises whose transformation into self-managed enterprises has been decided upon.

(6) Vocational basic and refresher training courses for workers of cooperative or self-managed enterprises which exist or which are in the process of being established.

Absolutely vital conditions for the grant of financial support by the "Solidarity Fund" must be the following:

(a) The ascertainment of the real operational autonomy of the cooperative which is supposed to be established, so as to prevent support for forms of subsidized underemployment more or less concealed by fictitious cooperative activities;

(b) Preservation of the right of all workers employed in the cooperative enterprise to share fully in enterprise management.

3. In relation to the purposes spelled out point (2), the "Solidarity Fund" will be able, in our peripheral structures, to promote the establishment of centers for technical and financial assistance as well as sales centers to support those associated enterprises which will receive financing and contributions from the fund, on the basis of specific long-term programs, as well as vocational training centers for members of cooperatives.

4. The fund will be financed with a contribution covering all of the employed workers (and only them) amounting to 0.50 percent of their wage. This contribution will have to be withheld after the achievement of a substantial reduction in the tax withholdings on work income deriving from a revision of the tax shares agreed upon with the labor union organizations. To prevent confusion in accounting and the creation of useless bureaucratic apparatus, this contribution will be turned over through deductions in fixed amounts corresponding to some major tax bracket spreads.

The contribution will last 5 years unless it is renewed by the individual worker. Its return at the end of the period of 5 years will be guaranteed by the government and will be accompanied by the payment of modest bank interest, likewise guaranteed by the federal government.

The gurantee by the federal government regarding the return of contributions and the payment of interest at the end of the 5-year term (when some financial transactions under the fund will still be in progress or will just have been started and when certain financing provided or certain possible "assistance and vocational training services" promoted by the fund turn out to be obviously nonprofitable in comparison to the contributions initially made) presupposes an effort which could spring from a pertinent allocation in the Federal Government budget, equal to one-third of the contribution paid in by the workers; it stresses the public nature of the "Fund," its necessary tie-in with the national and regional economic planning agencies and the timeliness of its operations on the level of public institutions through an annual report to be sent to the Parliament of the Republic.

5. The fund's public nature and, on the other hand, the need to make sure that it will have an efficient and competent operating structure, which moreover would be widely decentralized in the southern regions, make it impossible to propose the assumption of setting up a new and autonomous financing agency, in addition to those already operating in the national loan interest sector. Starting with this premise, the Fund could be managed by a special section of the National Labor Bank, a national interest bank which has for years been operating in the cooperative sector. This special section would thus have to set up its outlying offices near the main branches of the BNL [National Labor Bank] located in the southern regions.

6. The solidarity fund for the workers of the South will have to be managed by a board of directors consisting of the deputy administrator of the BNL or one of his assistants, some representatives of the economic ministries appointed by the CIPE, representatives of the southern regions and representatives of the national cooperative associations.

The law will have to guarantee that the CGIL-CISL-UIL Federation will get periodic reports from the fund's board of directors on the fund's activities in the various sectors and territories in which it will be called upon to operate, in order to give the labor union movement a chance to evaluate--through the direct contribution of its territorial and category organizations and through consultation of the workers in the associated enterprises--the congruit and correctness of financing allocated in relation to the fund's ultimate purposes and the supply criteria which will have to be established. The law will also have to enable the unions to check into the individual results actually achieved due to the fund's operation and their coherence with the statutory tasks of the fund itself.

One autonomous function of the labor union however remains and it is absolutely indispensable; this is the function of promoting, in the southern territories, initiatives aimed at activating the intervention of the fund, at promoting, among employed and unemployed young workers, participation in new forms of associated enterprises, at perfecting, together with the cooperative organizations, a joint and coordinated effort aimed at the support and dissemination of associated enterprises.

Thesis B

The fund should have the objective of the priority and central creation of forms of associated work involving young people and unemployed or recently fired workers in the South. If these forms are expressed in activities managed in cooperative forms

or in other self-management forms, they must be implemented in agriculture, in industry, particularly in farm product processing and in the lumber industry, in fishing, in the crafts, and in public interest services or in the structure of services tied in with production activities, the plans of the entities, community housing construction, vocational training and refresher courses for workers in self-managed enterprises or in cooperatives.

In substance, the ultimate purposes of the fund must respond to the economic development of the South and part of the logic of planning in the industrial, agricultural, and services sector; for this purpose it can also intervene in the enterprises which are being transformed into self-managed enterprises and cooperatives, as well as in the restoration of enterprises, as part of the logic of planning under the conditions of real decisive [decision-making] control by the workers in their management role.

On the basis of these purposes, the fund therefore demands a majority presence of the labor union in the policy management body which does not exclude but, in parallel, sustains forms of direct intervention and dialectical confrontation with the various national and regional planning instances. The management body (board) will periodically have to report on the fund's activities so that the union, on the various levels and with the support and control of the workers, will be able to evaluate and judge the correctness and correspondence of the use of financing allocated in relation to the purposes of the fund and so that it may look into the results actually achieved.

The fund will be financed with a contribution from all employed workers and only from them, amounting to 0.50 percent of the wage, through a simplified procedure, such as, for example, in the form of a fixed amount corresponding to some major tax bracket.

The law will have to determine which ones among the public financial institutions existing at this time meet the requirements that are most suitable for the attainment of the fund's purposes. The law will have to designate the time frame (for example, a minimum of 5 years from the date of contribution) for reimbursement which may possibly be requested, the interest to be given to the workers on the basis of the general averages, the evaluation guarantees for retirement and welfare purposes. The funds will experimentally be evaluated on the basis of the above-indicated criteria also regarding proper adjustments to be made.

Thesis C

By establishing the fund we intend to launch a new experiment in industrial democracy which would permit specific forms of worker participation in the economic processes within a planning framework.

A first requirement here involves the acquisition of the necessary public and labor union control guarantees. The can be accomplished by providing for the following:

The establishment, under the IMI [Italian Credit Institute] of an executive agency of the fund;

The establishment of a committee for providing direction and control with a structure at least equally distributed among labor union representation, chaired by the president of the IMI or a person appointed by him.

This committee would exercise all of the control and proposal powers together.

Regarding the ultimate purpose of the fund--after confirmation of its exclusive destination for the South--both through production activities and through employment support--we can provide for its specific employment through actions in support of cooperative and self-managed initiatives. These first indications regarding the ultimate purposes will be made up of the lessons learned in the past and the proposals that will come from the debate with the workers. The fund will be established through a loan from employed workers equal to 0.50 percent of the wage amount and will run for 5 years. Its return, with interest, will be guaranteed by the federal government.

Thesis D

Weak opposition developed in July within the union, along with a strong protest among the workers, against the summit-style and subordinate character of the choice made by the CGIL-CISL-UIL Federation for the fund regarding the 0.50 [percent withholding] from wages.

After several months now the joint-management ideology which inspired that decision, appears more evident and there is a more serious danger of turning it into the impossible replacement for a direct labor union commitment so that public and private investments would indeed be shifted to the South.

This is why we proposed the abandonment of the withholding from the employed workers and the opening of confrontation between the workers and throughout the country in order to come up with more effective and generalized decisions regarding public intervention aimed at solidarity with the cooperative and self-managed initiatives in the South.

Chapter III. Problems and Choices for Labor Union Democracy

Redefining the strategy of the labor union, basing it on a vaster consensus of workers, presupposes some basic reflection on a growth which would be substantial regarding labor union democracy. Besides, if the labor union does not have a democratic life, this will degrade the general level of democracy throughout the country and will wipe out the labor union's political commitments to the renewal of society's democratic structures.

A difficulty has come to light in recent times in relations between the union and the workers and that difficulty has reached moments of real crisis. It certainly has multiple causes which range from errors used in the method of decision-making on the various labor union management levels all the way to serious shortcomings in the formation and involvement of the workers during all phases of disputes and political confrontations in which the union is engaged, to real distortions in the consultation of the workers, when all of the workers in the particular shop, regardless of their special field (technicians, clerical employees, management personnel, or medium-level cadres) are not involved together, or situations where unemployed and

underemployed workers, seasonal laborers, including many young people and women, are confined to the sidelines of union action.

Overcoming this difficulty and these moments of pressure is a job that has been assigned to the labor union movement's capacity to conduct--around its own unifying demand drive--a revival of the organized participation of the workers and a gradual recomposition, within the union, of those strata of workers who feel excluded from it; but this also calls for a rigorous definition of some lines of conduct and specific norms of behavior within the union and the adoption of concrete measures aimed at the renewal of its structures and in the decision-making process.

It is necessary to eliminate the causes of the serious crisis which has arisen in relations between the union and the workers, especially in recent times.

Specific attention for this purpose must be devoted on a priority basis to the following fields of action.

1. Union's Structural Setup

Among the shortcomings which emerged recently, one very serious one is the delay in implementing the organizational reform of the United Convention of Montesilvano on 5-7 November 1979.

Overcoming any tendency toward reduction or deviation, it is important to grasp--in their full significance and their completeness, although within the scope of necessary gradual approach--all of the measures outlined at the Montesilvano Convention, implementing all of the five organizational levels provided for here. The next congresses of the three confederations can and must constitute a big opportunity for implementing the action phase in order to translate it into big and strong results. But much can be done starting right now.

The following commitments today assume fundamental importance:

(a) Developing in depth the political and organizational reasons behind the signs of discomfort and difficulties which are being registered among the delegates and the factory councils and among the latter and the workers; extend the councils where they do not exist. The council of delegates remains fundamental when it comes to assuring the action of the workers in labor union decisions and as the basis of the united process; but, in order to adapt it to the complex requirements of daily labor union politics, it is necessary to enable them to improve their action regarding problems of work organization also with respect to the more complex sector and territorial policies and therefore to participate, in the proper form, in an effort which will be projected outside the factory. We must also take action on the points outlined at Montesilvano and aimed at furnishing a "framework of democratic rules" for the life and operation of the councils, specifically spelling out also the self-regulating norms provided for here.

It is thus necessary to confirm and extend the council experience, relating it to the conditions and requirements of current reality. The representative nature of the homogeneous group delegates remained basic but we are going to look for extra room, contributions, and vaster coordination in daily production activities. At the same time (in line with the specifications contained in the Montesilvano

document) he must also come up with adequate responses to all those realities in which--precisely because of certain characteristics of work organizations--it would be a good idea to identify also homogeneous production areas in which we could elect more than just one delegate. The delegate's mandate will be verified periodically. Every concept and every practice of the council of delegates that is divorced from all of the workers together in fact generates an exclusion of workers from the decision-making process. The council of delegates, on the contrary, is the leading body for the choices of all workers, spelled out through participation. This imposes full responsibility upon all delegates in relations with the homogeneous group whose expression they are and this includes participation in the activities of the council which must propose, to the homogeneous group, the replacements, through elections, of the delegate who may have been absent repeatedly here it is also necessary to check with the territorial worker category structures on the utilization of labor union leave of absence granted exclusively for labor activity purposes.

The executives of the delegate councils cannot represent a restricted level endowed with decision-making powers which would cut off the delegates and the workers; instead, their functions are to organize participation and guarantee the execution of decisions collectively adopted;

(b) Determine the conditions--through the next congresses--for the elimination of provincial structures and the construction of territorial (local government) structures in terms of organizations and federations. The territorial structures constitute one of the links--together with the regional ones--in labor union policy and action.

(c) Promote the effective and coordinated construction of zone councils by 31 December 1981, capable of putting up a united presence on the territory and creating a possibility for the delegate council to go out of the factory or company and to perform a fighting role, with broad participation, in the territory, capable of developing a new relationship between the employed and the unemployed, the young, the seasonal laborers, and those in vocational or decentralized jobs as well as retirees.

In linking up with the effort to decentralize the structures of each organization and of the federations, the CUZ [United Zone Council?] are in line with the labor union's need for creating structures for itself that will link up with the strategy lines which it pursues, basing them on more extensive participation.

2. Questions of Labor Union Operation

Limitations and distortions are manifesting themselves in labor union life on all levels in terms of specific labor union functioning.

Participation

Participation must be understood and practiced not as a concession to democracy but as a necessity of the labor union. Real participation in decisions must be considered as a matter of fact a right and duty of the workers.

Through participation, the working class consolidates the self-government of its own strength, aimed at reform objectives, taking care of the need for selecting the

priorities and objectives and, in the proper places, helping to decide the forms of struggle.

It has turned out in practice that not all workers are identified with labor union representation and that not all of the workers therefore consider themselves equal regarding the decisions of the labor union with respect to which they intend to exercise their rights. To establish the principle of equality of all workers, no matter to what special field they belong, as well as the free exercise of their right of participation and confrontation, it is necessary to adopt appropriate criteria and rules to the advantage of all workers on the basis of equal votes for every individual worker.

Decision-Making Process

The difficulties are emerging in an ever more marked fashion at moments when decisions must be made. At such a moment, as a matter of fact, mediation--as the fundamental instrument for constantly leading the movement toward unity--often becomes the dominant concern, thus causing an unacceptable impoverishment of the dialectic and depriving the decisions made on the various levels of the federation of their representative nature. On the other hand, the alternative to mediation cannot be the acritical acceptance of all the positions which emerge from the debate and the confrontation. This would inevitably lead to the radicalization of positions and that would remove the possibility of a unity-oriented synthesis.

It is therefore necessary to introduce new instruments and new procedures of behavior in order to increase participation in the decision-making processes and to enhance the effectiveness and representative nature of the successes produced by them. In this respect, we must resolutely increase the factors of debate and consultation among the workers, such as they have been provided for the assumption of decisions by the labor union structure. These moments--which specifically must guarantee the exercise of decision-making power by all workers--must become a standard custom of the union in the council. They call for accurate preparation both for the identification of potential options and to arrange adequate information instruments for the workers; they furthermore must provide, as standard practice, the use of open or secret balloting as an instrument of the expression of the collective will.

Worker and Labor Union Cadre Participation in Demand Platform Drafting and Conduct of Negotiations and Direction of Disputes

It is necessary to restore clear standards of behavior in the preparation of disputes, in the conduct of negotiations, and in the operational direction of disputes promoted by the labor union. In particular, all disputes--especially those of general significance, such as those which directly commit the United Federation to a confrontation with the government or with the confederations of employers--must be prepared from the drafting of a platform, in which the objectives are submitted for approval by the labor union organs and consultation of the workers (through national assemblies, conferences, meetings, etc.) who are involved in the contents of the various individual disputes. The contents of the approved platform will then be communicated to all territorial, worker category, and factor structures, directly involved in the dispute, and verification meetings will be held on them. To conduct labor union negotiations, the leadership bodies of the labor union structures will provide for the formation of delegation which will be representative of the various organizational

establishments involved and which will be given primary responsibility in submitting, to the union's leadership bodies, their evaluations of the progress of negotiations and any possible conclusive assumptions. The delegation for negotiations is pledged to represent the union's leadership bodies during the various phases of worker consultation up to the moment of the approval of any understandings which might possibly be arrived at in the assemblies of workers involved. Regarding negotiations which directly involve the United Federation, the federation's steering committee will have to deliberate on the makeup of the delegation for the negotiations, identifying its national and territorial structures which must be represented there, according to the topics which are at the focus of the dispute or the confrontation. Cases where the dispute implies the opening of a confrontation with the government and in particular with the executive branch (national or regional), whose solutions must definitely be approved by the elected assemblies, it is necessary for the federation to arrange for adequate confrontations with the competent commissions of the elected assemblies. If necessary, this confrontation will be extended to the political forces. The delegation for negotiations, elected by the federation's steering committee, will be responsible for holding these confrontations, as well as the initiatives after the possible achievement of an agreement, dealing with the initial draft and the approval of legislative measures which can follow from this for the definition of administrative and operational measures that may be necessary to achieve the effective implementation of the labor union accord and the laws.

Forms of Struggle

They must to the maximum extent take into account the need for involving the largest number of workers and producing a consensus and support around the struggle of the workers. They must be checked out gradually in the course of the development of the disputes for any possible adjustments. The need for struggles that will not be of short duration, the organized form and the time frame likewise prove to be by far the most productive ways of handling this.

Worker Assembly

For debates, consultation, and decision-making, the worker remains fundamental with respect to current experiences;

The worker meeting however must be greatly improved, both in the way in which it is conducted and in terms of the times and methods of development. In many cases, the meeting--either due to lack of participation or due to shortcomings in preparation and handling which can facilitate sectarianism and prevarication--does not permit full expression and exact definition of the substance of the various decision-making orientations. Within the context of measures which t[illegible] to guarantee, during the meeting full exercise of democracy, it is necessary bett[illegible]o define the mechanisms, including the formal ones, with which to summon the [illegible]ng and to arrive at decisions (linked between detachment meeting, group and general meeting; nature and duration of reports and remarks; real time reserved for debate, avoiding any form of prevarication and monopoly on the part of just a few; criteria for voting on decisions, etc.).

On questions dealing with routine union activities, reasons of a political and practical nature advise us to retain the practice of open voting by a show of hands. But on questions which involve major choices, decisions of collective significance or particular delicacy, we must provide for the introduction of secret voting.

Referendum

By way of exception, given the nature of the choices to be made, and in those situations where the labor union representation does not have the necessary legitimate status (because, in that case, other instruments would have to be adopted), it may be useful to resort to the referendum.

It is obvious on the other hand that the referendum can be held only in those cases where topics suggested for judgment lend themselves to being boiled down to a simplified choice (yes-no) on the part of the workers.

The peculiar form of democratic expression of the will of all workers can be experimented with above all in the individual work environments in line with that group of topics that, in a circumscribed manner, involve conditions for the utilization of the labor force and methods involved in specific labor union activities designed to improve them. On the other hand, it cannot be used in the case of decisions which involve broader areas and sectors of workers concerned with the referendum and therefore with decisions relating to the opening and conclusion of negotiation and struggle phases.

We must on the other hand not rule out the possibility that, on other topics of a general nature, an opportunity might emerge for experimenting with forms of the referendum. In that case, retaining the limitations mentioned above, this prerogative will have to be recognized on all levels where structures of the federated agreement are present because they are the only ones authorized to bar a referendum.

Finally, it must be made clear that the decision to resort to the referendum must be made within the individual federated labor union structures, regardless of the level involved, with a qualified majority.

3. Nature of Union and Elimination of Signs of Bureaucratization

We must safeguard and extend the vastly representative nature of the labor union which would rule out any pretentious ideologizing classification. That nature is based on the free and conscious adhesion of the organized members and on the precious militancy of hundreds of thousands of delegates and militants. There is a need for reflection and action in various directions in this connection.

(a) Recruiting and Financing. Here we need a united team effort on the part of all structures, beginning with the individual job, eliminating any element of competition between the labor union organizations, in order to broaden the area of support for the CGIL, the CISL, and the UIL. Through vast unity-oriented drives, it is necessary to broaden the strength of the labor union especially among the young people, among the workers in the scattered and decentralized production areas, among the clerical employees and technicians. It is necessary furthermore to correct practices in the recruitment effort which smack of routine, of red tape, on the other hand stressing the value and significance of adhesion to the labor union.

While realizing the importance assumed by the delegation of power and its use to gather support and labor union contributions, it seems useful to launch a unity-oriented initiative which would verify the political and organizational relationship with the members, preventing the positive practice of delegation of power for the

financing of the labor union from becoming in reality a bureaucratic adhesion to the labor union organization.

We also need united initiatives which are aimed at overcoming--according to the decisions adopted on several occasions--areas which remain to be organized without a confederation decision, making this decision and thus guaranteeing a higher level of support from those workers to the individual confederations and the unity-oriented process in today's concrete reality.

All of this implicitly contains the need for active intervention to increase the union's funds, so that they will correspond to the tasks to be tackled. We thus find that two objectives are confirmed: the broadening of the area of organized members and the implementation of the commitment to raise the contributions to 1 percent of the earnings everywhere (base pay and wage freeze).

(b) Operation of Leadership Apparatuses and Bodies. Attention must be devoted to the phenomena which involve the entire labor union movement and which can--together with the shortcomings in the criteria of decision-making--contribute to red tape on the various levels. We will confine ourselves to indicating just a few topics here: the indications already provided by the February 1979 Assembly of the EUR regarding parity; the danger of an increase in the apparatuses, especially in correlation with the organizational reforms; the criteria and instruments for the operation of the leadership bodies of all confederations and particularly those of the united federation; the use of labor union withdrawals, especially those not refunded by the union; the dangerous increase in internal meetings and initiatives to the detriment of real contacts with the workers.

(c) Rules for Behavior during Disputes. It is necessary to determine whether and how we can handle the numerous points which tend to define a code or, better, "rules of behavior," which would permit the union during the formation, conduct, and conclusion of the various disputes. All of this is already part of a rather well consolidated practice which many people however consider to be insufficient and which therefore should be subjected to formal requirements.

4. Militant and Cadre Training

We must give the workers, the militants, and the cadres the knowledge and cultural background which will enable them effectively to make their own contribution. As a political subject for transformation, the labor union tends to tie action in the factory and in the sector in with a policy aimed at planning and economic and social transformation and it is encountering major difficulties in this effort. From this springs the need for a generalized cultural growth among its own forces and in particular among its militants and cadres.

Some requirements can be listed in that direction:

(a) Adoption of measures and instruments, also unity-oriented ones, which will make it possible to extend the sphere and effectiveness of labor union training, so as to guarantee a development of the knowledge, as well as the critical and participatory capacity of the workers, the militants, and the cadres. In this sense we must also study the advisability of paralleling the political platforms and the particular disputes with public and private counterparts by means of unity-oriented

labor union development activities which will provide the necessary knowledge and cultural background in order better to determine objectives and requests, to guarantee adequate application and control over results achieved;

(b) Boosting and more effective utilization of information instruments which the union has available or can have available;

(c) Expansion and improvement of labor union research instruments, in support of the drafting and participation process; this would be accomplished through the extension of methodological initiatives which, on the various levels, would tie in training and action with research efforts involving workers and militants, as well as through the greater use by the union, of specific instruments capable of furnishing the assets and potentials for action deriving from a permanent basic research.

Chapter IV. National Initiatives

We propose for debate by the basic assemblies and the meeting of general councils and delegates, the following initiatives:

National conference on active manpower policy;

Seminar and convention on the South;

National convention on wage structure reforms;

Aktivs on international policy document;

Conference on senior citizens;

Convention on problems of decentralization and hidden economy.

Regulation on Assembly Conduct Criteria

(1) To permit the broadest possible participation in discussion, we must first of all determine and consider the area of the meeting, providing, in addition to settings for big assemblies under special circumstances, above all a tie-in through detachment meetings, office meetings, workshop meetings, etc., and furthermore making sure that participation will be closely tied in with the workers of the area involved.

(2) For each meeting it is necessary to determine the agenda which must be communicated to the workers and structures involved at an early time. To permit maximum in-depth development, it is a good idea to describe the issues involved for examination specifically. The discussion must be confined as much as possible to the issue under examination and we must avoid the danger of dispersion and distortion.

(3) At the start of the meeting, it is necessary to elect the chair who will direct the development of the debate, guaranteeing the broadest expression of opinions and their statement in the form of specific conclusions.

(4) It is necessary to regulate the conduct of meetings by fixing the time for introduction and the times for remarks on the basis of the overall duration of the meeting,

the number of participants, and the issue or issues on the agenda. The objective must be to permit the broadest possible participation in discussion, preventing a few people from monopolizing the discussion and thus forestalling any form of prevarication. Each participant's right to be able to express himself freely must be guaranteed to the fullest extent.

(5) It is necessary, at the end of every meeting, to come up with precise conclusions that will express the debate that has taken place. The conclusive synthesis, promoted and summarized by the chair, must contain, not only the number of workers involved in the area of the meeting and the number of workers actually present, but also the specific manifestations of the various orientations and the votes resulting from the balloting. The precise guidelines and results for the voting must be communicated to the workers and the structures involved.

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Steering Committee of CGIl-CISL-UIL Federation

Final Document

The Steering Committee of the CGIL-CISL-UIL Federation, which met on 4 November to examine the document proposed for discussion by the rank and file, preparatory to the National Assembly of General Councils and Delegates, to be held in Milan, on 15, 16, and 17 January 1981:

After broad discussion, adopts the document to be forwarded for debate by the workers and the labor union structures;

Charges the Federation's secretariat with preparing a synthesis of the documents in order to facilitate discussion among all workers;

Issues a mandate to a "study group," constituted for this purpose, to coordinate the organization of the broadest consultation throughout the country, in places of work and on the territorial level, also drafting a regulation for the conduct of meetings and the correct disclosure of opinions;

Permits all structures to keep tabs during the debate on the development of labor union initiative regarding the disputes under way and those to be started on the worker category and territory level.

In this context it is necessary to resume the confrontations with the government, not only on the overall economic and fiscal policy proposals but also on the labor market, the problems of public administration and the sector programs as well as the southern region programs. This initiative will furthermore be communicated to the business and industry counterparts and on the enterprise level with particular reference to the subject matter contained in the "first part" of the contracts, as well as generally with a view to the renewal of national labor contracts.

(Approved with one abstention.)

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END

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ALPHA JET TRAINERS SOLD BY DORNIER-DASSAULT

Paris LE FIGARO in French 10 Nov 80 p 4

[Article by Pierre Darcourt]

[Text] A winged dolphin with elegant lines built and equipped to maneuver, dive, and spin between earth and sky without failure--such is the impression that the Alpha Jet gives to those who look at it and those who fly it. The pilots of the famous French patrol, who have just received six units, emphasize the three major characteristics of this airplane by comparing it to the Fouga Magister which has amply proved itself: greater facility for close flying in formation, a power reserve (thanks to the increased thrust of its jets) which enable it to perform acrobatic maneuvers (loops and horizontal rolls) with a greater margin of safety, and last, more spectacular controlability in solo flight due to a higher rate of roll (the airplane turns about itself more rapidly).

Built in cooperation with the Federal Republic of Germany to be an advanced trainer and tactical support aircraft, the Alpha Jet stands out as an exceptional aeronautic success.

The certification tests and the flight tests which the aircraft has undergone and the operational evaluations effected by the general staff of the Luftwaffe have demonstrated the ruggedness and remarkable performance of the Alpha Jet. But it is probably in the United States that the Dornier-Dassault twin jet has made the greatest impression. After a round of 4 weeks of demonstration conducted at 8 naval air bases and 100 flights made with 67 American pilots in the cockpit, the Alpha Jet A 58 has aroused the enthusiasm of technicians and flyers across the Atlantic.

The 67 American pilots, all with a very high level of experience, who handled the airplane during these demonstrations, expressed only the highest praise. "Excellent airplane for acrobatics, training, and aerial combat maneuvers. Would make an excellent shipboard aircraft. Impressive performance, best specific consumption ever seen; the instructors will have more time to control ground approach and landing, perfect stability and visibility. Excellent climbing speed in all flight configurations." The French Air Force has already selected the Alpha Jet as the trainer for its fighter pilots. The Federal Republic of Germany, for its part, has adopted the tactical support version. The small size of the airplane (length of 12 meters and span of 9 meters) in

fact give it a weak "radar signature," a decisive advantage in a severe electronic warfare environment. Formidably armed-very precise 27-millimeter automatic cannon and 2.2 tons of bombs or rockets--in addition to its missions of reconnaissance over front lines and direct ground support, it will be able to participate in interdiction of nearby battlefields by being devoted, in particular, to destruction of helicopters.

Up to the present 496 Alpha Jet aircraft have been sold by the manufacturers to 8 different countries: Federal Republic of Germany, France, Belgium, Spain, Finland, Indonesia, Morocco, and a country of the Middle East...not yet delivered.

11706
CSO: 3100

NEW REPORT INDICATES HIGHER PROJECTED LOSSES FOR GAS PROJECT

Copenhagen BERLINGSKE TIDENDE in Danish 30 Nov 80 pp 1, 30

[Article by Peter Kjelstrup]

[Text] New calculations made by BERLINGSKE SONDAG show that the losses on the natural gas project will be much larger than the 23 billion kroner B&W [Burmeister & Wain] came up with in the analysis released recently.

The new calculations which are confirmed by a group of former B&W workers led by former B&W director Jesper E. Rasmussen, show that the deficit under the same terms used in the first B&W calculation has risen to 29 billion kroner.

Before the decision was made to bring in natural gas the calculations were made available to Folketing but B&W was asked by the government to keep the figures to itself.

Since these calculations were made in 1978, however, the government has made some big undocumented changes in two vital factors, namely administration costs and investment size. Thus according to the latest information the administration costs have suddenly been cut in half compared to the 1977 figures and the total investment, quite contrary to price increase and inflation, has declined from 15 billion according to an energy policy report from 1976 to just 9.6 billion kroner now.

If these figures are used one arrives at a slightly better result than the one in the earlier B&W report, namely 20.3 billion kroner in fixed prices. That is the figure confirmed by the calculating group under the leadership of Jesper E. Rasmussen.

The group now wants to make an entirely new and detailed study of the whole gas project.

However the BERLINGSKE calculations reveal a whole string of irregularities in the basic assumptions used by the government to arrive at the conclusion that the gas project was profitable. The oil prices used in the government's calculations have been set too low at various times and one of the earlier calculations had forgotten to allow for the fact that the gas costs money. When this was

pointed out by the oil industry's Joint Council, which set a bottom price of 40 ore per cubic meter at that time, the government changed the whole calculation, but still arrived at roughly the same result. None of the government tables has shown what lies behind them and how the results were reached while the final price is kept a secret.

The last of the three reports written by B&W in 1978 showed the advantage of selling the gas to the Germans. That would turn a billion-kroner deficit into a billion-kroner surplus. The results of that report would be even more relevant today. While Danish natural gas is bought by DONG [Danish Oil and Natural Gas] from DUC [Danish Underground Consortium] at a price a little below 1 krone per cubic meter the market price of oil in Europe has risen considerably. The Germans are negotiating for the purchase of gas from Russia at a much higher price. A negotiating offer at the moment is 1.55 kroner per cubic meter.

6578
CSO: 3106

BRIEFS

KUWAIT TO SELL OIL--Kuwait will sell oil to France at the rate of 30,000 barrels a day (375,000 tons for the last quarter). The two French companies will divide the oil equally. If the contract is fulfilled "at the official price," Kuwait has demanded as a counter that the French companies take delivery of 80,000 tons of propane (at first the emirate wanted to sell 150,000 tons at a price more than $100--including transport--higher than the current price of propane in Europe). That raises the price of Kuwait's petroleum by about 2 dollars a barrel if that propane is taken to France. A 2 dollar increase is exactly the amount of the increase anticipated by the English-Language weekly GULF TIMES for the next OPEC meeting in Bali. Quoting "reliable sources," the Qatar magazine declares that such an increase will permit OPEC prices to overtake "the constant increase in the prices of foodstuffs and industrial goods in the world." It is true that OPEC's production has not been so low for 5 years. According to the PETROLEUM INTELLIGENCE WEEKLY for September, it has reached on the average only 25.4 million barrels a day. This level is certainly a result of the war between Iran and Iraq, but it is chiefly due to the sharp decline in world demand. If the industrialized countries are to avoid greater price increases they will have to dip into their reserves. From 1 October to 31 December 1980 the members of the International Energy Agency will draw 32 million tons of petroleum from their stockpiles, of which 22 million tons will come from terrestrial stocks and 10 million from maritime stocks. Mr Dantzke, executive director of the agency, made this statement on 22 November. On 30 September the reserves of the 21 member countries (the large Western consumers with the exception of France) were estimated at 460 million tons on land and 30 to 40 million tons on the sea. [Text] [Paris LE MONDE in French 25 Nov 80 p 46] 12,116

NATIONAL ENERGY RESEARCH CENTER--Poitou-Charentes produces only 4 percent of the electricity it consumes. Hence the nuclear generator project at Civaux (Vienne); also, some geothermal experiments are taking place at Jonzac (Charente-Maritime). However, the public authorities are counting on giving an impulse to research by calling on the University of Poitiers, which is well staffed (260 researchers and teachers). The state, which wants to turn this city into a "center of national dimension," will finance a hall for the pressurized chemical reactors and a number of pieces of equipment: a high-temperature thermodynamic conversion system, a test bank for thermic and solar components, etc. [Text] [Paris LE MONDE in French 2 Dec 80 p 43] 12,116

CSO: 3100

NORDIC COUNTRIES EXPECT LARGE RISE IN UNEMPLOYMENT

Oslo AFTENPOSTEN in Norwegian 1 Dec 80 p 25

[Article by Ragnhild Moy: "Harder Fight for Jobs"]

[Text] At the same time as economic developments move us toward greater unemployment, the labor market is beginning to acquire a tougher character, and access to jobs is becoming more difficult. The weak are being shut out, and there are many of them. The largest groups are the youth, the elderly, and women. These groups are so large that it is misleading to call them marginal. Rather it looks like we are nearly at the point where the group that fits the labor market is marginal, and that should give reason for thought. This was discussed at a seminar on unemployment and occupations in the Scandinavian countries which was recently conducted at Arhus.

Even if the degree of unemployment varies in the Scandinavian countries, the same developments are taking place throughout. All the countries fear growing unemployment through the 1980's, but nobody dares venture a guess as to its size.

Denmark and Finland have for several years fared the worst, and at the moment their unemployment is around seven and five percent respectively. In Sweden it is about two percent, and in Norway the latest figures indicate 1.3 percent unemployment. It must be said that the numbers can not be directly compared, because the four countries calculate unemployment in different ways.

Danish Labor Minister Sven Auken estimates that the actual unemployment figure is 5 percent at the highest. In Denmark unemployment is determined by how many are receiving unemployment compensation, but not all of the approximately 180,000 who now receive it are available to the labor market. People who have part-time employment, for example, are entitled to receive unemployment compensation.

In Norway unemployment is probably somewhat higher than reported, partly because a large number of job seekers are not entitled to unemployment compensation and they therefore see no reason to report to the labor office.

Auken pointed out the paradox that employment has never increased faster than in the crisis years. Access to the labor market is almost quadruple what it was in the 1960's.

Danish labor director Kaj Westergard was concerned about the changes which have taken place in the Scandinavian labor market during the past 5 to 10 years. One aspect of these developments is that there is increasing demand for manpower regardless of the job. Even for jobs in the lowest social scale, the requirement for specialization increases. This eliminates jobs which the less qualified could previously have had. This has caused many who could have managed on the labor market to take early pensions or other forms of social coverage.

Dividing the Labor Market

Another aspect of the developments in the labor market is the tendency toward a divided market which separates workers into category A and category B. Manpower has gradually become a burdensome item on business budgets, and it has also become more difficult to get rid of workers.

So more and more businesses, primarily the big concerns, look at their personnel policies the same way they look at their investment policies. This means that they seek to recruit only young people and place them in their own training systems. In that way employees can have prospects for a good future within the firm. But sometimes problems are created if later one wishes to break out of this internal labor market. Westergard has the impression that this type of personnel policy is spreading rapidly in Scandinavia.

Outside of this privileged market another market is developing for those who are not qualified to enter the first. In the other market are those least equipped, who are often dependent on the public sector.

Westergard raised the question of whether we have put too much emphasis on our social systems with security in mind, and not enough on preparing workers to fit into the labor market.

Westergard blamed the new technology for impeding efforts to create equality between the sexes on the labor market. This will effect the production of goods and performance of services to a degree which we still do not know. We do know that the women's share is rather large.

Another circumstance is that in all the Scandinavian countries it is said that growth in the public sector must be halted. That will hit women harder than men because more women are employed in the public sector.

Sexually Divided Labor Market Must Go

"We risk creating special problems in the female labor market if we do not do something to correct this," said Westergard. What he is doing to make women more capable of competing on the labor market is to try to get them into jobs previously reserved for men. In other words one must become more closely acquainted with the sexually divided labor market.

In practice this is done by each region in Denmark appointing an equality consultant at the employment agency who will try to influence the employers' ideas. The

largest opposition to female labor in male dominated employment comes from the labor unions in the firms, according to Westergard. People are afraid that the wages will be lower when women come on the job.

Labor activities for women vary somewhat in the Scandinavian countries. That is to say that it is very low in Norway in comparison with the other countries which have approximately the same standards.

Office manager Else Marie Kjerkegaard in the Danish Labor Ministry said that 85 percent of Danish women between 25 and 34 are actively employed. Among the married women in this age group 84 percent are employed, and for women with children from 0 to 6 there are 87 percent employed in Denmark. But 44 percent of all women have part-time work, while only 4 percent of the men have part-time work.

In Norway 49 percent of married women have wage-earning jobs, and half of them work part time, according to office manager Kari Vangsnes from the equality office. One-third of the women between 30 and 34 have part-time work, while 40 percent in the same age group have no job at all. At the same time 97 percent of the men in this age group have full-time jobs.

High unemployment among Danish college graduates is a cause for concern. Jakob Lange, who has several government positions, among which he is chairman of a local employment office, put it this way: What is the effect on the community if a large group of well-educated and articulate people are unemployed? Previously as a rule one found the unemployed among the lowest social groups, people who did not have the same ability or opportunity to make themselves effective as today's Danish college graduates.

The way of managing unemployment varies from country to country. Denmark pays for unemployment, while Sweden places people in training facilities or keeps them occupied in other work projects, said Svend Auken. According to Assistant Director Clas Almen from the Swedish Labor Market Board, Denmark has the most generous unemployment compensation in Scandinavia, while Sweden takes second place, followed by Norway and Finland.

But Sweden invests the most in labor market efforts and employment services. In Denmark, Finland, and Norway there were respectively 340, 350, and 360 employment agents in 1979, while Sweden had 2,900 employment agents.

Labor director Reidar Danielsen emphasized that in Norway it takes a rather large portion of the capacity of the employment service to help the weakest groups. There is therefore relatively little capacity left to help the able-bodied workers.

Kari Vangsnes said that low capacity in the labor offices is partly responsible for the employment of Norwegian women being so low.

9287
CSO: 3108

BRIEFS

NORDIC COOPERATION FUNDS ALLOCATED--At a meeting in Oslo, the Nordic Council of Ministers allocated 34.7 million kroner to Nordic cooperation for next year. One of the largest amounts, 2.6 million kroner, goes to security research regarding nuclear power. Nearly 6 million kroner have been appropriated for regional policy projects. New cooperative aras have been established, such as Oresund district and the archipelago district Stockholm-Aland-Aboland. Concrete cooperative Nordic projects that receive support are, among others, instituted by a business register for the Trondelags districts in Norway, Jamtland and Vesternorrland in Sweden and Vasa in central Finland. Half a million has been appropriated for various tourist projects. A Nordic tourist year is planned for 1982, among other things. At the same time, pensioners' resources within the Nordic countries will be stimulated. [Text] [Stockholm DAGENS NYHETER in Swedish 15 Nov 80 p 12] 9583

CSO: 3109

FISCAL POLICY OF QUEBEC GOVERNMENT ASSAILED

Quebec LE SOLEIL in French 1 Nov 80 p A 5

[Text] The Quebec government's financial situation, without being desperate, is serious enough to lead the fiscal expert, Marcel Belanger, to propose the adoption as soon as possible of a 5 year recovery plan. Mr Belanger a certified accountant from the Old Capital, considered by many to be the best fiscal expert in Quebec, made this proposal during a lecture he gave yesterday before the members of the Quebec Province Chamber of Commerce.

Stating that he had been entrusted with a delicate task when asked to discuss Quebec's public finances, the fiscal expert declared "I have tried to carry out this task in complete objectivity, well aware that even if it hurts, truth should be heard."

Considering that the most difficult problem is for our political leaders to accept the serious nature of the financial situation we have plunged into, Mr Belanger suggests that we should do the same as in Ontario, where a few years ago a 5 year recovery plan was developed whose aim was holding the growth of budgetary outlays to a rate less than the rate of increase in national production.

"Let us say frankly, we need a 5 year austerity program: eliminate useless expenses, stricter financial controls, moratoriums on new programs and gradual reduction of the indexing of salaries, incomes, and income transfers, except for social welfare payments to truly deprived persons," Marcel Belanger stated.

Indexing

The fiscal expert especially attacked indexing. According to him this method is a mere pain-killer directed at the effects, not the causes of inflation.

If it proves impossible to abolish indexing a good part of the outlays, one must then accept eliminating indexing individual income taxes. It would be difficult, on the one hand, to index upward salaries, incomes, and income transfers and, on the other hand, index downward the most important sources of fiscal revenues, the individual income tax," he affirmed.

While admitting that the current government has seriously tried to brake the increase in outlays having to do with existing health, education, and welfare programs, Belander asserted that in carrying out a part of its social programs the current

government had undertaken programs without possessing the means, and the effect has been to increase already existing deficits.

Current Outlays

The greatest reproach Mr Belanger addressed to Quebec's Finance Minister is for having constructed into a carefully thought out policy what had previously been a mere expedient of borrowing to finance current outlays. This practice of going into debt to finance current outlays had a timid beginning under the Bourassa government during the 1975-76 fiscal year. Mr Belanger used the term "timid" because the sum was modest, $99.3 million. Next, in the 1976-77 fiscal year, Mr Garneau became less timid. He borrowed $398.3 million to finance current outlays.

For his first budget, in 1977-78, Mr Parizeau also acted timidly. Loans of $296.3 million were used to finance current outlays. But in 1978-79 Mr Parizeau took courage. "The practice of financing a part of current outlays became a well defined, intentional fiscal policy. The Finance Minister began, intentionally, to forecast in his budget speeches larger deficits than capital outlays. In other terms, intentionally and at an accelerating pace the government decided to have recourse to long term borrowing to finance current outlays," Mr Belanger explained. "That was a major turning point in the evolution of Quebec's budgetary policy. What had been a lack of caution during the preceeding two years became what the government now considers a quite acceptable policy," concluded the speaker.

9772
CSO: 3100

FOREIGN MINISTER OLESEN ADDRESSES FOLKETING ON SALT

Copenhagen BERLINGSKE TIDENDE in Danish 22 Nov 80 p 9

[Text] It was not a very optimistic picture that Foreign Minister Kjeld Olesen painted of the world situation in his speech yesterday during the foreign policy debate of the Folketing.

"It cannot but cause anxiety and worry that the East-West relations have lately been marked by growing disagreements and tensions," he said. "The continued occupation by the Soviet Union of Afghanistan--contrary to the most elementary principles of international law--has given rise to a very deplorable state of uncertainty in the international situation. The same thing applies to the continued growth of the military potential of the Soviet Union and its military display in the world."

The foreign minister stressed, however, that to Denmark there can be no sensible alternative to a continuation of the efforts at relaxation. However, we seem today to be in a situation where new impulses are awaited in order for the efforts at relaxation and the dialogue to make further progress. This problem will, of course, be one of the central issues for the new U.S. administration which will take office in January. "It is the hope of the Danish Government that the United States under the leadership of Ronald Reagan will combine the safeguarding of its own and common interests of the West with a constructive and open attitude to the vast and urgent East-West problems. Defense and relaxation are to all of us equally important."

The government will follow closely the policy which President Reagan will finally lay down with regard to the question of a continuation of the SALT process. "If a SALT II agreement will have to be given up, and the process comes to a standstill, this will, undoubtedly, give rise to problems to a number of the European allies of the United States. Of course, the government will, in that case, reconsider its position."

Kjeld Olesen pointed out that the need for a close cooperation in the West is greater than ever. This applies to the security policy field but also

to the economic field. The need for a close cooperation with the United States is not smaller today than it used to be. This applies within NATO as well as within the OECD, the GATT, etc.

On the subject of the European cooperation the foreign minister said that the latest initiatives have demonstrated the willingness and ability of the Nine to play a more independent role on the basis of our own special political conditions and possibilities of action. He pointed out, at the same time, that this does not imply any desire on the part of the Nine to change their position in the East-West relations.

7262
CSO: 3106

FOREIGN MINISTER OLESEN: AID PROGRAM TO BE IMPROVED

Copenhagen BERLINGSKE TIDENDE in Danish 21 Nov 80 p 2

[Article by Lisbeth Knudsen]

[Text] Foreign Minister Kjeld Olesen is at present preparing his formal reply to the National Danish Accounting and Audit Bureau and the auditors of public accounts in response to their very strong criticism of the Danish foreign aid program. It will not only be a reply which will take note of the criticism, but, according to Kjeld Olesen, it will also contain a number of comments which will 'help put things right.' In a speech yesterday to the Council for International Development Cooperation, the foreign minister criticized dramatic headings used in the report of the National Danish Accounting and Audit Bureau, adding that, out of a total of 90 projects, the National Danish Accounting and Audit Bureau had only found 'details' in connection with 16 projects which were open to criticism.

At the meeting yesterday, the foreign minister announced two initiatives in connection with the criticism of the development aid program. He pointed to the fact that the criticism has especially been directed toward conditions in the recipient countries. He said that endeavors should be made to find out if it will be possible to increase the demands on the authorities of the recipient countries when it comes to fulfilling the obligations which they have undertaken in the project agreements. The minister of foreign affairs added, however:

"Even if we are considered givers, we must avoid any form of action which may leave the impression among our aid partners that we do not consider them equal members of the world community."

Kjeld Olesen revealed, as another initiative, that he has been in negotiations with Minister of Finance Svend Jacobsen on increased grants to DANIDA. The auditors of public accounts have pointed out directly that an expansion of the staff of DANIDA might form the basis for improvements in the preparation and supervision of Danish aid projects in developing countries. The foreign minister said that he agreed on this point, adding, "There is no doubt that the capacity of DANIDA is too small. It is rare for the auditors of public accounts to recommend an increase in the expenditure of the state, so it is a question of striking while the iron is hot. Now it is only to be hoped that the iron is hot enough."

7262
CSO: 3106

FOLKETING FOREIGN POLICY DEBATE CENTERS ON EAST-WEST TENSIONS

Copenhagen BERLINGSKE TIDENDE in Danish 22 Nov 80 p 9

[Text] The vast majority of the Folketing supports the government's foreign policy as formulated yesterday by Foreign Minister Kjeld Olesen. The EC and NATO form the basis of this foreign policy.

The position of the Folketing is expressed in a resolution proposed by Lasse Budtz (Social Democratic Party) on the part of the Social Democratic Party, the Liberal Party, the Conservative Party, the Center Democrats, and the Christian People's Party, which runs as follows: "Confirming the membership of Denmark in the EC and NATO, the Folketing takes note of the statement by the foreign minister."

This resolution was supported by 109 votes, in that also the Progressive Party voted for it. Those who voted against it were the Socialist People's Party, the Left-Socialist Party, the Single-Tax Party and two members of the Radical Liberal Party (Tage Drubye and Aase Olesen), a total of 16 members of the Folketing, while 5 members of the Radical Liberal Party abstained from voting.

Most of the foreign policy debate concerned the East-West relations and the international situation on the eve of a new presidency in the United States. Henning Christophersen (Liberal Party) stressed, among other things, that the United States should not again advocate a policy of blockade, which may lead to economic recession and thus new conflicts. It, therefore, would be important for the EC to pursue a policy which would put the economy in order. Erik Ninn-Hansen (Conservative Party) was especially gratified by the foreign minister's statement that the need for a close cooperation among the countries in the West was greater than ever.

A few spokesmen expressed direct hopes for positive results of Ronald Reagan's presidency, whereas Gert Petersen (Socialist People's Party) referred to Ronald Reagan's election victory as fatal because Ronald Reagan has won on the basis of promises of an enormous intensification of the rearmament efforts.

The Progressive Party wanted the Folketing to dissociate itself from the way in which Minister of Labor Svend Auken had described the U.S. president in his 1 May speech. Auken had, among other things, used the expression 'a discarded actor.' The resolution proposed by the Progressive Party was not put to the vote as the resolution proposed by the majority was first put to the vote.

7262
CSO: 3106

ECONOMIC EXPERTS SUGGEST REMEDIES FOR CRISIS

Copenhagen BERLINGSKE TIDENDE in Danish 4 Dec 80 p 13

[Article by Frank Dahlgaard]

> [Text] We need wage restraint, devaluations and more K [expansion unknown] loans for businesses, say the government's economic advisers.

Krone devaluations, income policy and selective interest subsidies for businesses are the economic policy cocktail that can bring the Danish economy back on its feet again.

The government's economic advisers pointed this out in a concluding chapter to their new report sent out yesterday to the approximately 25 members of the Economic Council.

The economic experts wrote directly that the automatic cost-of-living adjustment of wages in its present form is sabotaging the policy to improve competitiveness. At the same time they repeat earlier reports that the level of the guaranteed wage on the labor market (36.35 kroner an hour today) is helping to reduce demand for labor and is a factor in the high unemployment rate among the young workers.

The experts' advice to the government comes at a time when LO [Danish Federation of Trade Unions] leaders are meeting with the government today to discuss the contract situation and the economic prospects.

Three Alternatives

The economic experts outlined three alternatives extending to 1990.

1. If no further interventions are made we will stand in 1990 with an exchange deficit of 9 percent of the national product, almost twice as much as we have now. At the same time unemployment in 1990 would be 7 percent of the labor force, corresponding to 200,000 workers.

2. If one wishes to gradually remove the exchange deficit during the 1980's with the help of tax increases alone the price would be an unemployment rate in 1990 of 11 percent of the labor force, corresponding to 315,000 jobs. At the same time the tax burden would rise from 49 to 62 percent with a direct decline in the private consumption of individual families through the 1980's.

3. If one wishes to totally remove the exchange deficit by 1990 with the help of improved competitiveness wage and currency policy measures are needed at a level three times greater than the steps taken in December 1979. This would involve improving Danish competitiveness a good 20 percent and such a policy would lead to almost full employment by 1990--only 55,000 people out of work, roughly 2 percent of the labor force.

The last solution of the exchange problem would create around 250,000 more jobs than would be the case with a tax-increase solution. At the same time production in 1990 would be 13 percent higher than it will if the tax policy is chosen and there would also be more room for increased private consumption for the individual family.

The government's economic experts do not conceal the fact that they feel solution number 3 is the one the government should choose.

6578
CSO: 3106

BORNHOLM POPULATION, OFFICIALS RESENT DEFENSE CUTS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Dec 80 p 1 Part II

[Article by Jens Thomsen]

[Text] The most eastern part of Denmark, Bornholm, has been occupied in the past by the Swedes, the Germans and the Russians. The adults among the 47,783 inhabitants of the island can still remember the war years and the senseless Russian bombing in 1945 of Ronne and Nekso in which 10 people were killed and houses destroyed in the very days when the rest of the Denmark celebrated its liberation.

There is a deep hidden anger about that time in many residents of Bornholm. They felt forgotten by the rest of Denmark--just as they do today when the defense of Bornholm is being ignored once more for reasons of economy and in order not to expose the defenses of the rest of the country.

The former chief of Bornholm Naval District, Captain Kaj Nolso Bang, who could observe for himself from his livingroom window in Arsdale the strnage voyages of German and Polish pleasure boats into Skalder Cove, busily photographing and taking measurements, though not born on Bornholm is one of those who are angry about the government cuts in the island's preparedness.

"Official Denmark has forgotten us once more--for the second time in just 35 years. No one can tell me that a Danish government--true to history and tradition--would dare to do anything to reinforce Bornholm's defenses as long as a man like Bilgrav Nielsen is consulted."

No Guarantees

"Do we have any guarantee that the government would order mines to be laid in Bornholm waters at an appropriately early date? I have asked that question many times. Most recently I put the question to Home Guard Commissioner Knud Damgaard. But I got no answer.

"I understand the anger on Bornholm. Especially against the background of the events in 1945. Let me ask this question: Why hadn't Denmark worked to include Bornholm in the German capitulation at that time? Why wasn't a division of the

Danish brigade in Sweden sent to Bornholm--instead of waiting in Helsingborg for ferry connections and the permission of Prime Minister Per Albin Hansson and General Dewing. (The Danish brigade is the only invading army in the history of the world to use regular ferry service for transporcation.) I was in the brigade myself and a mere battalion could have handled the situation so that the Russian bombing and subsequent landing could have been avoided."

Home Guard people and politicians on the island also wonder why the proposal to make regular soldiers available for duty after they have been sent home (as they are starting to do in Sweden, Ed.) has not been followed up. This would help out with the current shortage of military personnel.

Feel Exposed

The chief of Bornholm's Home Guard, Lieutenant Colonel Kjeld Jakobsen, lives in the old commandant headquarters in Ronne. He said:

"Twice as many people join the Home Guard on Bornholm as they do anywhere else in the country. Namely, 2.8 percent. I think there are historical reasons for this to some extent. We are behind the Iron Curtain, after all and feel very exposed. But the Home Guard has only limited duties, surveillance and guard duty, even though we would naturally expect to be used in the event of an enemy landing. But that is primarily a military task."

County governor Jens Brandt who went to Copenhagen with a delegation last week to protest the cuts in the island's defenses to Defense Minister Sogaard is just as dubious about the new situation.

Unpleasant Surprise

"We all believed we had a military force of around 1000 men on the island. And we were unpleasantly surprised when we found out that the defense force will be down around 560 men.

"We have now formed a politically mixed contact committee within the county council to take the matter up and consider the problem of the military shortage. It is characteristic that this committee has members from all parties and we agree that something should be done. We asked Lieutenant Colonel Kjeld Jakobsen to evaluate the situation. He was well aware of it but could not tell us about it before because the figures were secret to a certain extent. But even in the Home Guard, one of the strongest opinion-forming factors we have on the island, people were concerned.

"It might not be practical to provide us with outside help in a threatening war situation. It might be a matter of hours. On Jutland, Funen and Sjaelland they can simply send troops from their camps to the threatened areas. It takes 8 hours to sail to Bornholm, not including loading and unloading materiel and manpower. That could easily be too late. It would be better if we had the troops here on the spot."

Colonel Heiberg-Jurgensen, Bornholm's military leader, said:

"I am also concerned about going under the previous norms. But the problem also has something to do with the shortage of enlisted privates. We have just obtained 12 Centurion tanks and of course we have a training problem. (The 12 tanks call for a crew of 48 men, Ed.)

"We hope to be able to make use of Bornholm men who have learned to drive the light reconnaissance tanks of the M-41 type and retrain them to operate the Centurions. We have the authority to call in personnel."

A Bornholm woman who wished to remain anonymous due to her position put it a little differently:

"It might have been better if we had joined Sweden when we had a chance. The ferry to Ystad costs only 44 kroner and you can go there and come back in a single day. The boat to Copenhagen costs almost twice that for deck space and it takes 24 hours to get there and back. We have lower wages than they do in the rest of Denmark and our electric rates are higher. And now they won't even defend us."

6578
CSO: 3106

PRO-IRA TERRORIST GROUP CLAIMS RESPONSIBILITY FOR FIRE

Copenhagen BERLINGSKE TIDENDE in Danish 21 Nov 80 p 3

[Article by Hans Møller and Bent Bak Andersen]

[Text] A pro-IRA group has claimed responsibility for the terrorist fire costing a couple of million kroner at the factory owned by the British consul at Århus, N.C. Nielsen, the night before yesterday.

This was done by way of anonymous letters to the newspaper editors of the town. At the same time the British embassy in Copenhagen has issued a statement, deeply deploring the incident.

"The matter is the more deplorable in view of the report that an anonymous letter describes the attack as a demonstration brought about by the conditions in Northern Ireland," the statement says.

The statement goes on to say that the accusers in the letter of the conditions in Northern Ireland lack any form of basis. "The prisoners on hunger strike in the Maze Prison have not been sentenced for their convictions but, on the contrary, have been sentenced in open trials for extremely serious offences," the statement says.

It points out that the prisoners through their hunger strike try to obtain special rights compared to other prisoners. The British government cannot accept this. The statement finally says that the hunger strike has been widely condemned, among others by the Roman Catholic archbishop of Westminster, Cardinal Hume, and by Dr. Fitzgerald, who is the leader of the largest opposition party in the Irish Republic, Fine Gael.

Detective inspector Jørgen Iversen, Århus, who is in charge of the work to clear up both this fire and other terrorist fires in Århus during the last year, tells BERLINGSKE TIDENDE: "Some people who are not directly involved in the terrorist fires must know who is involved. I urgently request people to contact the police if they know of somebody. If the fires are allowed to continue, the organization will become a threat to the national security."

All applications will be treated as strictly confidential, the detective inspector added.

In his anonymous letter, the writer of the letter clearly expresses his sympathy with the IRA which is fighting the government in Northern Ireland. The letter accuses the British government of murdering the IRA members on hunger strike in the prison.

The reason why the fire hit N. C. Nielsen's Boligtekstil [furnishing fabrics company] is that the owner, N.C. Nielsen, is the British consul at Århus, and that the consulate is located in the factory premises, the sender of the letter writes.

The criminal investigation department is now of the opinion that several political groups must be behind the many fires in the town. This fire is reminiscent of an earlier fire at the IBM on 4 July where a group, which calls itself 'Enemies of the State,' was responsible for the fire.

On the wall of the factory the word 'murderer' had been painted, and technical investigations have shown that a spray can had not been used for painting the word on the wall, as is done by another group, the Socialist Liberation Army, after fires it has set.

7262
CSO: 3106

BRIEFS

GOVERNMENT INITIATIVES BY MAY--"We must all start preparing ourselves that there will be some new measures in May of next year, at the latest," it says in an editorial in the Social Democratic periodical NY POLITIK. The editorial is signed by Altmann, which is supposed to be the pseudonym of the prime minister or a person close to the prime minister. The new measures are mentioned in a context where it is also said that we have "slowly" started feeling the effects of the policy pursued. And the editorial goes on to say: "But this having been said, it should immediately be added that more adjustments of the crisis programs are imperative, and we should all start preparing ourselves for new measures in May of next year, at the latest. The editorial notes that the lowering of the discount rate was perhaps a positive sign of the development but, nevertheless, unmistakable. "The balance of payments is somewhat more favorable lately, and the krone is actually in a very strong position. There is no reason for extreme optimism, but there is no reason either for the feeling of disaster which the opposition parties like to provoke," the editorial says. The editorial dissociates itself from the Liberal Party's "desparate attempts to gain the position of leader of the right wing." Nevertheless, the editorial concludes that the Social Democratic Party welcomes cooperation both with the Liberal Party and the Conservative Party. "But the cooperation must, of course, be based on good will and a feeling of responsibility on the part of both sides, and, for the time being, we apparently cannot get beyond the temporary cooperation with the three small non-Socialist parties," Altmann concludes. [Text] [Copenhagen INFORMATION in Danish 11 Nov 80 p 10] 7262

NEW FAEROESE GOVERNMENT--The biggest party in the Faeroe Islands, the Union Party, has now entered into final negotiations on the formation of a non-socialist national regime after the Lagting election on 8 November. This was preceded by a number of formal talks with all parties in the islands. As expected the leader of the Union Party, Folketing member Pauli Ellefsen, is now hoping for a coalition with the conservative People's Party whose chairman has just become Lagting chairman, and the moderate Home Rule Party. The three parties hold 17 of the 32 seats in the Lagting. In the area of economic policy the three parties have quite similar viewpoints. The Union Party became the biggest Faeroese party in the preceding Lagting election but due to the uneven effects of the Faeroese election law the party received the same number of seats as the Social Democrats. Therefore that party retained ruling power in a coalition with the People's Party and the extremist liberation party, the Republican Party. When the Social Democrats placed increasing emphasis on the idea of expanding public influence the People's Party broke out of the coalition, making an election necessary. In the election the Social Democrats lost a seat and the non-socialist parties won a total of 60 percent of the votes. The Social Democrats then refused to take part in forming a new regime. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 29 Nov 80 p 2] 6578

CSO: 3106

KINKEL TO BE NEW COORDINATOR OF INTELLIGENCE SERVICES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 24 Nov 80 p 3

[Article by Friedrich Karl Fromme: "Intelligence Service Job Change. A Belated Result of 5 October Developments?" (Kinkel Becomes a Full-Time Coordinator)]

[Text] Frankfurt, 23 Nov--The appointment of Kinkel (43), hitherto the chief of the Federal Intelligence Service (BND), who has held this position for the past 1 1/2 years, to the position of coordinator of the (secret) intelligence services of the FRG with headquarters in the office of the Federal chancellor, is considered to be a certainty. In the opinion of experts, this rather soberly announced appointment amounts to a belated and conspicuously executed change in the staffing relationships between the SPD [Social Democratic Party of Germany] and the FDP [Free Democratic Party]. The coalition had previously reigned with an extremely narrow majority. The fact that it is from now on equipped with a comfortable majority is due solely to the increase in FDP votes whereas the SPD, which had expected for itself an electorate's reward for Schmidt's chancellorship and which had aimed its entire election struggle toward this objective, practically stagnated and experienced failure.

The three intelligence services of the FRG are subject to the supervision of various Federal government offices. The BDN belongs to the official domain of the Federal Chancellery. The Federal Office for the Protection of the Constitution (BfV) is a subordinate body of the Federal Ministry of the Interior, and the Military Intelligence Service (MAD) is part of the Federal Ministry of Defense. Thus, as far as the FRG is concerned, the BfV falls within the sphere of influence of the Federal Ministry of the Interior under Minister Baum (FDP), MAD falls within the province of the Defense Department of Minister Apel (SPD), and although Kinkel, the departing BND chief, is not a member of the FDP, he is in fact a close confidant of FDP chairman Genscher. He was the chief of the latter's ministerial offices both at the Ministry of the Interior and, subsequently, at the Ministry of Foreign Affairs. It is no secret at all that it was Genscher who had pushed through Kinkel's appointment as chief of the BND. It had been Kinkel's desire to occupy an independent position. He was successful in steering the BND, which had been plagued by many internal difficulties, into a calmer direction, with more emphasis on work.

The position of an intelligence services coordinator was initiated in 1975 on the basis of an expert opinion given by an independent experts' commission headed by

political scientist Eschenburg of Tuebingen, which had been set up for the purpose of determining possible weak points in the collaboration of the intelligence services, which had appeared to become evident in the wake of the espionage affair involving Guillaume, the GDR agent in Federal Chancellor Brandt's antechamber who became the cause for the latter's resignation.

State Secretary Schueler of the Federal Chancellery was appointed as coordinator. It was obvious that only limited attention could be devoted to this task by a man like Schueler, who was so fully occupied with his primary official function. A sort of subordinate deputy was requested. This man was Ministerial Director Schlichter. But it was only to a limited extent possible for the latter to prevail against the departments in the "in-house" affairs of which he had to intrude in connection with his assignment. Thus the coordination of the intelligence services in which connection, at any rate, the experts were only with difficulty able to provide information as to what such coordination should be in actual practice, to a far-reaching extent remained a merely theoretical matter. Thus the "intervention" of the chancellery--the state secretary of which is at any rate subordinate to the BND--in the Ministry of Defense, which is on friendly terms with the party and, particularly, in the Ministry of the Interior headed by the FDP, the coalition partner, was carried out on a limited scale. The legally based parliamentary control of the intelligence services further restricted the "coordination" emanating from the chancellery.

A Trustee of the FDP

A number of changes will come about as a result of Kinkel's appointment. For one thing, Kinkel is a trustee of the FDP, to put it bluntly. He would continue to keep the BND under his custody, he would additionally gain the BfV, and he would be able also to include in his field of observation and supervision the MAD, which, of course, in the very nature of things has had to cooperate closely with the BND, which has the task of gathering foreign intelligence. Above all, Kinkel would be a full-time coordinator and he would be a high-ranking and expert one. Kinkel would be able to devote himself fully to what could only be handled as a secondary duty by Schueler, who will leave the chancellery and will be replaced there by the financial affairs expert Lahnstein, who is hardly familiar with secret service matters.

In summarizing the aspects of this staffing decision of the coalition, which was presented inconspicuously and belatedly, one finds tht the FDP is gaining additional influence. The BND remains in Kinkel's field of vision. The BfV, headed by Baum, also remains within the family, and the FDP gains insight into the MAD. This will be supplemented by subsequent decisions connected with personnel policy.

It is considered certain that Meier, the chief of the BfV, who occupied this office since 1975, will become Kinkel's successor as BND chief. Meier came from the BND and has on occasion shown an inclination to return to it. He is a nonparty expert and can certainly not be considered an SPD man. With respect to Meier's successor in Cologne, one can hear FDP politicians say that this must be Minister of the Interior Baum's decision--which means that there prevails in the FDP a tendency not to accept lightly any possible SPD compensation claims in this connection. There are also suggestions that Meier's position should be filled by

someone from "Baum's establishment," in which connection some interesting political conclusions could possibly be drawn.

And, finally, this personnel policy position change also has a T/O aspect. As BND chief, Kinkel has been paid on the basis of the B-10 scale, one step below the highest pay category, i.e., that of the state secretaries. It will not be possible in the Federal Chancellery to downgrade him. This means that (at the least) this would amount to a request for a sort of under-secretary of state for the intelligence services, the legal budgetary prerequisites for which would still have to be created (perhaps by shifts within the sphere of competence of the chancellery). If there is a high-ranking coordinator such as Kinkel, the standing of subordinate coordinator Schlichter would be reduced. In this respect, too, there would be available some possibilities for shifting T/O positions.

8272
CSO: 3103

POEHL, BANKERS COMMENT ON MONETARY POLICY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Nov 80 p 13

[Article by Erl.: "Poehl: Price Stability Retains Priority"]

[Text] Frankfurt, 27 Nov--As far as the German Bundesbank is concerned, preserving price stability is still a matter of priority. Only the continuation of a consistent stabilization policy can create the prerequisites for a return to lower interest levels, something which the Bundesbank desires just as much as others do, but it cannot be done by relaxing the monetary policy. A statement to that effect was made by Bundesbank President Karl Otto Poehl, when announcing the target for the 1981 money supply.

The Central Bank Council decided to permit a 4- to 7-percent increase in the "central bank money supply" between the fourth quarter of 1980 and the fourth quarter of 1981. This goal was derived from an expected rise of 2.5 percent in the production potential and a so-called "unavoidable" rate of price increases, ranging between 3.5 and 4 percent. The target for the year which has just been concluded was somewhere between 5 and 8 percent; the actual figure was close to the bottom line. Nevertheless, the fact that the growth rates when compared to last year are lower by one percentage point does not mean, according to Poehl, that a course of sharper restrictions is in the offing.

The Bundesbank will take into consideration current economic and price developments, the balance of payments and the exchange rate for the German mark to ascertain whether the central bank money supply should increase according to the lower or upper half of the targeted range. Poehl stated explicitly that the Bundesbank had decided to establish and announce these basic data of its policy as early as it did to make them available for consideration during fiscal policy discussions and particularly for the upcoming collective bargaining negotiations. Nevertheless, the Bundesbank will not only devote its attention to the development of the money supply but also to other "secondary goals," and Poehl made it a point not to call them incidental goals. He was referring to economic and foreign policy developments.

In Poehl's opinion, the risks in the economic development had become even greater; signs of weakness had certainly increased. Nevertheless, Poehl is hoping that a sufficiently vigorous trend in investments will forestall a recessive development.

If everybody, particularly public treasuries--not only in the Federal Government but also in Laender and communities--as well as collective bargaining parties, would act sensibly and mindful of stabilization, there may be a chance that 1981 might see the economic boom which has been predicted.

Concerning the exchange rate of the German mark, Poehl explained that the Bundesbank was not conducting a policy of support of the German mark exchange rate or that it had done so in the past. Rather, American agencies had built up their German mark reserves to have available sufficient funds for the repayment of German mark obligations--keyword "Carter" bonds. To be sure, the German mark had at times come under pressure within the European Monetary System and, consequently, interventions had been necessary; however, that is "normal and not dramatic." Sooner or later the high interest rates abroad, which Poehl is not criticizing, would show their effect even in the United States. At any rate, the German mark is not weak, considering the fact that the fundamental data are in its favor.

There has been a general realization that the large deficit in the balance of payments is limiting the possibilities of Bundesbank policies, Poehl continued; it is also restricting fiscal policies. Finally, regarding pension transactions that will soon be concluded, Poehl announced that the Bundesbank board of directors will make the liquidity available for maintaining an orderly money market.

Association of German Banks: Sign of Political Stability

The Federal Association of German Banks assessed the new target for the money supply as a sign of political stability. It is now up to collective bargaining parties and the public sector to provide for a noticeable relief in monetary policy. After all, a return to a rise in production next year and urgently needed productive investments are only possible if costs and price increases can be moderated and the capital market can avoid being drained by public credit demands.

The Association of German Savings and Deposit Banks is of the opinion that the new money supply target of the Bundesbank will create the prerequisite for greater stability in 1981. The range of the monetary goal, which has been lowered by 1 percentage point, is a clear sign of a further containment of price rise expectations.

The Federation of German Industries expressed the following opinion on the money supply goal for 1981: "By establishing a target of between 4 and 7 percent for the 1981 money supply, the Central Bank Council is affirming its position that stability of the value of the currency will continue to receive priority. The fact that the size of the targeted increase has been reduced, when compared to 1980, is seen as a clear challenge to respect the narrowed latitude for distribution during the upcoming decisions on wages and financial policies.

In the opinion of the Federation of Chambers of German Industry and Commerce, the Bundesbank money supply target for 1981 is an unmistakable sign of the continuation of a consistent policy of stability. The reduced target for growth in the money supply compared to last year is logical. It is now up to collective bargaining parties and financial policies to fully support the Bundesbank course of stability.

8991
CSO: 3103

JOB ABSENTEEISM SHARPLY REDUCES AVERAGE WORKWEEK

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Dec 80 p 13

[Article by Kg.: "Highest Absenteeism Occurs on Fridays"]

[Text] Bonn, 1 Dec--On the average, wage earners in German industry work only 31.6 hours per week. As a consequence, the effective working time is definitely below the hours agreed upon in collective bargaining contracts. It can be explained by the fact that absenteeism accounts for an annual average loss of 8.4 percent in the contractually agreed upon working time. This means that the effective working time comes to only 1,641 hours per year and--according to calculations--31.6 hours per week. It is the result of a representative survey undertaken by the Institute of the German Economy. Among the participants are industrial enterprises and service industries of various sizes and various lines of business; altogether they employ 3.6 million workers.

It was determined that the highest rate of absenteeism occurs on Friday. Next in line is Monday. Workers are least likely to be absent on Wednesday. Absenteeism is particularly high during February and March. It declines toward summer, the apparent reason seems being that it is vacation time. Absenteeism rises again during October and November and declines again in December, particularly among female workers. The Institute of the German Economy points out that sickness is the main cause given for absenteeism. At least 80 percent of the time it is the stated reason. Next in sequence are cures and accidents as well as, at the very end, excused and unexcused absences.

According to the findings by the institute, the extent of absenteeism varies between laborers and white-collar workers. It also differs according to sex, size of the company and type of industry. It is the highest in the iron and steel industry--11.8 percent--and in the construction industry--10.5 percent. It is lowest in petroleum, plastics and rubber processing, in steel, machine and vehicle manufacturing, as well as in the food and luxury industry, each recording approximately 7 percent. Everywhere, absenteeism among female workers is higher than among male workers. Blue-collar workers tend to be absent more frequently than white-collar workers. In this connection, the institute is referring to the greater danger of accidents. The inner bond with work and the company increases with the amount of occupational training and qualifications, prestige and position in the company hierarchy. Absenteeism among qualified workers is reduced accordingly.

There is also a connection between the size of the company and absenteeism. At any rate, absenteeism rises with the size of the company, and this is the case independent of the occupational group, occupational traits and sex. Differences in the rate of absenteeism are particularly significant among male white-collar workers. According to the institute, the rate is exactly twice as high in large companies as it is in small companies.

8991
CSO: 3103

COST, MANNING OF NEW NAVAL FRIGATES DESCRIBED

Bonn WEHRTECHNIK in German Nov 80 pp 35-36

[Text] In the middle of August, the Federal Defense Ministry's information and press service had invited journalists from Bonn and from Northern Germany to the Bremen "Vulcan" in order to report there in word and in hardware about the frigate building program. Cost was of course the focal point of interest. But there were also detailed reports about technology, use and manning problems in connection with the frigates.

First: Costs

System costs of a frigate have increased from DM 315 million in 1974 to DM 412 million at the end of 1979. If one adds a cost increase of a total of DM 114 million for distribution to the 5 shipyards, then the system costs of a frigate today is DM 431 million. This amounts to an annual price increase from 1974 to 1979 of 5.5 percent or 6.5 percent, respectively, which is still below the average rate of cost increases for defense. Included in this rate are, among other things, a surplus value tax, but also certain price reductions for materials from the United States. Several millions could be saved through competitive bidding in the selection of components, especially in connection with turbines, engines and propellers. This also applies to weapons, weapons guidance systems and ammunition to be purchased jointly with the Netherlands. For example, several million marks were saved merely through a joint "Harpoon" purchase. If one includes the board helicopters, twice DM 23 million must be added for each ship, resulting in a systems price of DM 477 million. Great Britain's high price increases last year have made a considerable impact here--the price of helicopters rose by 12.1 percent (compared with a medium price increase for armament in Germany of 6.1 percent in 1979). But it also became a little cheaper: The F-122 weapons system's development costs, which had been estimated to be DM 94 million in 1975 (without additional projects such as RAM, Sonar or EloKa equipment) are today estimated to cost only DM 74 million, by going back to proven equipment and to the base development of the Dutch frigate.

A 9-Month Delay

The completion of the first frigate to be built totally by the general contractor will be delayed by about 9 months until the end of March, 1981--for a number of

reasons: the additional cost caused by the distribution of the 6 frigates to 5 shipyards, e.g. 3 tons of documents had to be given to each licensed dry dock, all 4 yards are to be informed of all amendments, strikes in the steel industry, delayed delivery of foreign components, etc. The general contractors, BWB and the navy are still negotiating about the cost of the delay and who shall pay. It was said in Bremen that the delay is not bad by international comparison, and that it must be taken into consideration that other navies, e.g. the Dutch navy, will use their ships much earlier and do their own testing and even equipping. In Germany the general contractor is responsible for this. The additional 5 ships are to follow after a delay of only 6 months for each, which means that all frigates 122 should be in use in the fall of 1984.

Plans for Manning the Frigate

The crew of the frigate consists of 203 men (27 officers, 118 NCO's and 58 sailors). The navy hopes to be able to get by with 200 soldiers later. The board helicopter constituent has 6 officers and 12 NCO's. Since the 6 frigates 122 replace 4 class 119 destroyers (243 men each) plus 3 frigates 120 (212 men each), the navy "saves" 492 soldiers, if the new board helicopter constituent (108 men) is not taken into consideration. But the demand on qualification of personnel has been increased: For the 6 frigates 122, an additional 15 staff officers and 68 chief petty officers are required. But 4 fewer ensigns and lieutenants and 57 fewer petty officers are required. A total of 514 fewer sailors are needed.

The number of electronics experts on board has also increased considerably--approximately 50 per ship, i.e. more than one-third of the ship's crew with extended service! The navy hopes to get a sufficient number of electronics personnel by retraining, by "directed career counseling" with the goal of extended service obligation, and by separation of operation and repair services. The latter is part of the new organization on board. Once there were the three main divisions of weapons, technology and operation (and the personnel in each was responsible for operation, maintenance and repair). Now, the frigates 122 have one main division of ship deployment (weapons and control together, operation only), technology (conventional, personnel responsible for both operation and maintenance) and guidance and weapons technology (only maintenance and repair). Board helicopters are separate from this.

The Christening

On 27 September, 1979 in Bremen, the first frigate was christened the "Bremen," on 9 June 1980, the second frigate was christened "Niedersachsen" at the Weser corporation, and on 3 September 1980, at Blohm & Voss, the third was named "Rheinland-Pfalz." Since the Laender of Nordrhein-Westfalen, Saarland and Baden-Wuerttemberg have already given their names to the three destroyers of the "Luetjens" class, and since even city mayors have already approached the chancellor regarding the retention of names, the fourth frigate will be christened the "Emden" on 17 December 1980 at the Thyssen-Nordseewerke in Emden. The two remaining frigates will be named "Koeln" and "Karlsruhe"--which means that the names of the class 120 frigates to be replaced will be retained. This also means that for several months there will be four warships, two each bearing identical names.

9328
CSO: 3103

EUROMISSILES MAY CAUSE PROBLEMS FOR NEUTRALITY

LD220943 Copenhagen AKTUELT in Danish 15 Dec 80 p 8

[Report by Hugo Gaarden: "Neutrality Put To Test"]

[Text] Helsinki--Finland's neutrality and its relations with the Soviet Union have been put to the test in the last year. According to the friendship treaty with the Soviet Union, Finland is supposed to be able to prevent a foreign power pushing through Finnish territory to the Soviet Union. This could, however, prove difficult if low-flying cruise missiles of the type that NATO decided to introduce in 1979 are used.

The contingency stockpiling of U.S. arms in Norway has been vehemently criticized by the Soviet press, which talks of a disturbance in the balance of power to NATO's advantage.

Both these circumstances have led to a situation in which there is speculation about the extent to which Finland can preserve its neutrality and its previous relationship with Moscow. Under the 1979 friendship, aid and cooperation treaty, the Soviet Union can make demands on Finland to increase its defense capability.

The Finnish defense forces admit the problem with cruise missile, but say that in principle it is possible to detect them and render them harmless. But radar installations will have to be modernized. Radar surveillance itself is an element to which the Swedish defense staff attaches particular importance. The Swedes have the same shortcut problem as the Finns with regard to missiles, which in principle could fly under radar surveillance.

Finland could find itself forced to acquire advanced Soviet radar equipment, which would require the help of Soviet consultants. The Swedish defense staff is following this prospect very closely.

Finland is maintaining its defense capability. "We do not consider the cruise missiles a military weapon, but rather a political one," Finnish Defense Ministry section chief Gen Aimo Pajunen said. "The missiles fly slowly and cannot be used in a first nuclear strike--after which there is nothing left.

"The cruise missiles make no contribution to security, but cause problems for neutral countries," the general said. "Finland has warned Norway especially against

possible continued expansion of NATO cooperation." This warning has taken a moderate form, in which President Urho Kekkonen called on the Scandinavian nations to take account of their neighbors when shaping security policy.

Some security policy experts think that Finland actually accepts and is satisfied with the agreed arms stockpiling in Norway, but that it fears its expansion since this could have an effect on the relationship between the Soviet Union and Finland.

Finland considers the North Calotte a censitive area and does not want foreign soldiers in the Norwegian section of Finnmark. Finland is expanding its defense in Lappland, where a battalion is being strengthened up to a brigade--in the military "vacuum."

Finnish critics of the Lappland reinforcements say that they have greater political and symbolic than military importance. "Finland cannot defend itself and preserve its neutrality by military means. The only way of doing this is through foreign policy," People's Democrat Ilkka-Christian Bjkoerklund said. Nor does Djoerklund see a strong Swedish defense force as any security guarantee.

However, this conflicts with the official Finnish position. Chairman of the defense committee (which fixes the main outline of Finnish defense policy) and chief editor Jan Magnus Jansson said:

"Finnish defenses must be so strong that Finnish territory could not be used by other powers. A strong Sweden, able to protect its neutrality, is also important for us, but we cannot comment on minor changes in the scale of Swedish defenses. It is important that Denmark and Norway maintain their present defense policy bases," Jansson said.

But both the Finnish Foreign Ministry and the defense high command at the same time stress that foreign policy is the most important means of defending Finland's status. This was established by former Prime Minister J. K. Paasikivi and has been carried on by Kekkonen.

CSO: 3106

ENERGY TO CONTINUE DOMINANT IN FINNISH-USSR TRADE

LD191553 Helsinki HUFVUDSTADSBLADET in Swedish 10 Dec 80 p 17

[Unattributed report: "Trade With Soviet Union To Increase to 24.4 Billion Markkaa Next Year"]

[Text] In Moscow on Tuesday [9 December] Finland and the Soviet Union ratified the contents of next year's trade protocol. According to the protocol the value of next year's trade will rise to over R4.2 billion--around 24.4 billion markkaa. This year the value of trade is expected to amount to R3.8 billion rubles, around 22 billion markkaa.

The trade agreement will in practice take effect from the beginning of next year. The agreement will be signed in Moscow in January in connection with the mixed Finnish-Soviet economic commissions' meeting.

The trade agreement, which is the first in the framework agreement period 1981-1985, shows a slight profit for Finland. Trade experts consider that the large deficit which arose last year as a result of the steep energy price rises could be a more memory next year.

The energy price rises have greatly increased the value of the trade between Finland and the Soviet Union. The total value of trade in the 5-year period now coming to an end will be more than R12 billion, instead of the R9 billion estimated at the beginning of the period.

During the 5-year period now beginning all advance estimates should be exceeded. In the long-term agreement a total of R12 billion was estimated, while the framework agreement mentions R14 billion. According to the most recent estimate the value of the framework agreement for 1981-1985 could even be 20 billion markkaa [as published].

Since the agreement covers reciprocal trade there have been attempts to correct the imbalance brought about by oil price rises through supplementary agreements. If no large price increases occur in the immediate future reciprocal trade should be in balance by the end of the year.

For Finland the trade has meant the chance to pay for even bigger energy imports from the Soviet Union by exports in the future. The new trade protocol shows this clearly in noticeable increases in the most important quotas.

Next year Finland will export goods worth at least 11.3 billion markkaa to the Soviet Union, while imports will be worth at least 11.9 billion markkaa.

When the estimated net effect of the export of services, chiefly the export of projects to the Soviet Union, are added to this we can expect a total trade exchange worth 24.4 billion markka according to the Foreign Ministry.

The protocol's total contents were not revealed on Tuesday, merely the total value of a few types of goods. Finland's imports from the Soviet Union next year will continue on the same basis as those for this year, which means that energy imports will continue to be dominant. According to the Foreign Ministry, energy imports will be similar to those of this year.

This year's trade protocol contained a crude oil import quota of 7 million tons, a diesel oil import quota of 1.5-2 million tons and a quota for heavy fuel oil of 1.5 million tons. The quota for natural gas was 1,050 million cubic meters. Finland also imports coal, coke, electricity and nuclear fuel from the Soviet Union.

In the new framework agreement the crude oil quota is 7-7.5 million tons per year to begin with, but rises from 1984 to 7.5-8 million tons per years. This means that crude oil imports will show a marked increase as early as next year.

For natural gas a quota of 1.4 billion cubic meters has been agreed on, but the possibility has also been accepted that the quota may be overstepped in 1983-1985.

The import of plant and machinery from the Soviet Union will continue to the same extent as in the past.

The metal industry's exports next year will rise to a pretty high level. The value of the metal industry's exports next year will exceed 5 billion markkaa, which represents 46 percent of Finland's total exports to the Soviet Union.

Finland will export plant and machinery worth around 2.5 billion markkaa, while the value of the shipbuilding industry's exports will be 2.1 billion markkaa.

The forestry industry accounts for around one quarter of Finland's exports to the Soviet Union. The export of consumer goods will be somewhat greater than normal next year. Shoes, ready-made garments and knitted garments are the largest groups within consumer goods exports, which next year will amount to around 1.2 billion markkaa.

CSO: 3109

COUNTRY MAY AGAIN BE INDUSTRIAL WORLD'S GROWTH LEADER IN 1980

Wage Pact's Inflationary Pressure

Stockholm SVENSKA DAGBLADET in Swedish 29 Oct 80 p 28

[Article by Lars-Georg Bergkvist]

[Text] Next year, Finland has a good chance of showing the strongest economic growth in the entire industrialized world for the third year in a row. Only 3 years ago, the country was still in a deep economic crisis that had many similarities with the present situation in Sweden. How did the Finns manage to turn things around? Can we learn something from them? SVENSKA DAGBLADET will examine this in a series of articles.

An inflation rate approaching 20 percent, a foreign trade deficit exceeding a third of all exports, rising foreign debts--a country out of economic balance.

No, this does not refer to Sweden in 1980. This is a picture of crisis-ridden Finland in 1975.

Today the situation is completely different. This year, for the second year in a row, Finland will be the "world champion" in economic growth. The gross national product, which increased last year by 7.5 percent will rise by an additional 6 percent. Industry is operating at full capacity.

Behind this Finnish economic metamorphosis lies several years of heavy-handed stabilization and stimulation policies.

Actually, the political conditions were not especially favorable in 1975. Despite the serious situation, the coalition government hesitated to resort to measures that were unpopular among the voters.

But in its national bank, the Bank of Finland, Finland has a very independent institution. Its head at that time, Mauno Koivisto--today the country's most popular politician, next to President Kekkonen--did not hesitate.

Belt Tightening Policy

The monetary policy was tightened. Credit quotas were introduced and a call loan market established. Finnish banks have already had greater loans than deposits. During

crisis years, the gap had only increased and continually added to inflation. The import of capital was placed under strict control.

The inflationary pressure slackened and this laid the groundwork for a series of so-called comprehensive income policy agreements: package agreements between the state, employers, trade unions, and land and forest owners.

Unlike in Sweden, the Finnish Government does not hesitate to intervene in negotiations between sides in the labor market.

Tax Relief

In this way, during the years 1976-1978, nominal wages increases were greatly limited to around 6-7 percent per year. First a price freeze, then strict price monitoring held inflation under 8 percent per year.

The state's contribution was gradual tax relief for both companies and wage earners. Unlike Sweden today, the budget deficit was not a dominant part of the economic imbalance.

The gross tax level--the tax portion of the GNP--has decreased from 40 to 34.5 percent since 1976.

In addition, Finland built up a wall to the outside in the form of import duties. At the urging of the IMF (International Monetary Fund) and other international organizations, however, these measures were softened relatively soon. The successful "buy Finnish campaign" of the early seventies was revived.

Three Years' Wait

It took 3 tough years before the measures produced their full effect. Unemployment rose. When it was at its highest, over 8 percent, the trade unions agreed to postpone already agreed upon wage increases from the spring to the fall of 1978.

At that time, however, exports began to take off. The package agreement had improved the relative competitiveness by around 20 percent.

In 1979 Finland became the only Western country, beside West Germany and Japan, to show a surplus in its trade balance--2.5 billion marks.

The doubling of oil prices during the past year and a half have not significantly disturbed the Finnish boom. For it is not just the economic policy that has been behind it but also, to a great extent, several "typically Finnish" economic characteristics.

Protective Umbrella

Growing Soviet trade, which gives Finland automatic compensation in the form of increased industrial orders to counterbalance the rising oil bill.

As the world's northernmost industrial country, Finland is also one of the most energy consuming ones. Consumption per capita is even greater than in Sweden.

Hydroelectric power is fully developed. There are no other large, domestic sources of energy--in the short time, at least. Despite the absence of an energy debate in the Swedish style, development of nuclear power has been cautious.

Sixty percent of the energy needs are covered by oil, which accounts for 25 percent of all imports. Almost two-thirds of it comes from the Soviet Union.

Business deals with the Soviet Union occur by way of exchange within the framework of 5-year agreements. Each year, implementation negotiations are held. A new 5-year period begins next year. During this period, the exchange ofgoods is presently estimated at 120 billion marks.

Oil on Credit

The Soviet Union has kept pace with the international oil price rises. In the latest round, this meant for Finland an increase of 3 billion marks.

However, Finland does not have to pay with hard currency. Instead, Finland must deliver goods, primarily machines and ships, worth 1.8 billion "extra" this year. The rest is to be covered within a year and a half.

The boom is in typical Finnish export areas. Especially the forestry industry--which is responsible for 40 percent of gross exports and, due to the insignificant imports involved, for two-thirds of the net export earnings--has enjoyed good times with increased orders and substantial price rises.

Thus, the worsening in terms of trade has been as low as 0.7 and 1.5 percent of the GNP during 1979-1980, despite the oil price rises.

Continued Growth

And the future? Can Finland keep up the rapid growth?

"The first half of next year looks quite good, but then it will get rougher," director Aarne Castren of Finland's Industrial Association says.

"Finland is always late in following the economic trends. International fluctuations reach us after a 6 to 12 month lag. The forestry industry is already on the decline and in the mid-1981 our other heavy export sector will be hit: the machinery construction and metal goods business. The Soviet trade, however, will certainly compensate for much of the decline on the Western markets."

However, all indications are that when the balance sheet is made up for 1981, Finland will have "gone against the OECD (Organization for Economic Cooperation and Development) stream" yet another year.

The gross national product will increase by around 4 percent, according to estimates by both the government and bank economists. That should give the country another top spot in the GNP competition. Growth up to the year 1984 will average 3 percent per year, the government claims in its long-range budget.

'Full Employment'

Unemployment will continue to drop from 4 percent this year to 3.5 percent. That is practically full employment in Finland, which still suffers from great regional imbalances. Four-fifths of the country receives support. A labor shortage has arisen in the larger cities.

The increase in exports will slow down from this year's 9 percent increase in volume to around 2 percent. The increase in the value of exports will be 20 and 10 percent respectively for the 2 years.

The increase in imports, the volume of which is expected to be as great as 14 percent this year, will decrease only toward the end of 1981, when industrial investments subside.

Thus, the trade balance will have a deficit of 6.5 billion next year, as well as this year.

Of greatest significance for the economic future, however, will be the outcome of this winter's wage negotiations, for inflation is still the great economic hobgoblin in Finland. The inflation rate on a yearly basis has again reached 13 percent.

Criticism of Koivisto

The government has attempted to dampen inflation by, among other things, postponing all investments and freezing some of the forestry industry's profits. The other day, an extra fee for nonprioritized construction was introduced.

"Too little, too late," trade union economists say, however. And, ironically enough, the criticism is directed toward Mauno Koivisto, who resigned as head of the Bank of Finland to lead the center-left coalition.

Last year the attempt to reach a comprehensive income policy settlement failed for the first time since 1973, despite the fact that the government prepared for it by way of two revaluations, totaling 3.5 percent.

The trade unions concluded separate agreements. Seamen, for example, received an 18 percent wage hike following a strike.

Two-Year Pact

So far no formal decisions have been reached, but individual trade union chairman, as well as Prime Minister Koivisto, have advocated a 2-year agreement.

The trade union strategy is as follows:

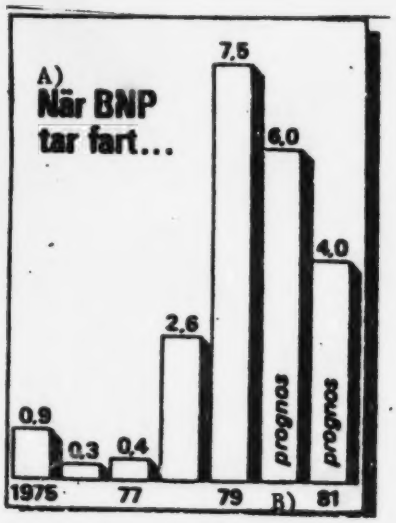
This year's inflation adjustment of the tax rates by 11 percent is a good basis for negotiations. If, in addition, the government decreases national insurance fees by 2 percent, it would mean an increase in real wages.

In that case, the trade unions could agree to a relatively low wage hike for the first year. During the second year, the state would use its resources to combat

increasing unemployment, while employers would pay higher wages. In this way, trade unions would also avoid negotiating during the economic downswing of 1982.

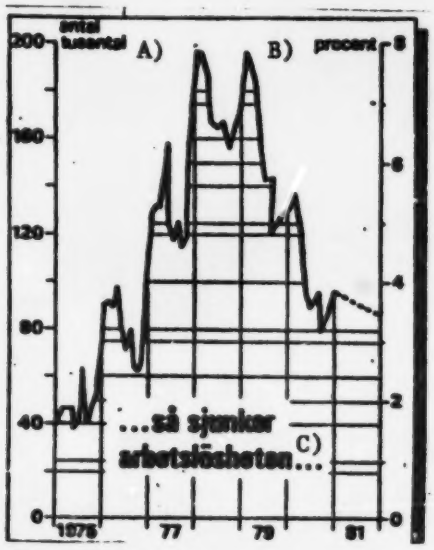
The diagram shows how trends in Finland's gross national product the past 5 years have affected unemployment and inflation

Graph 1



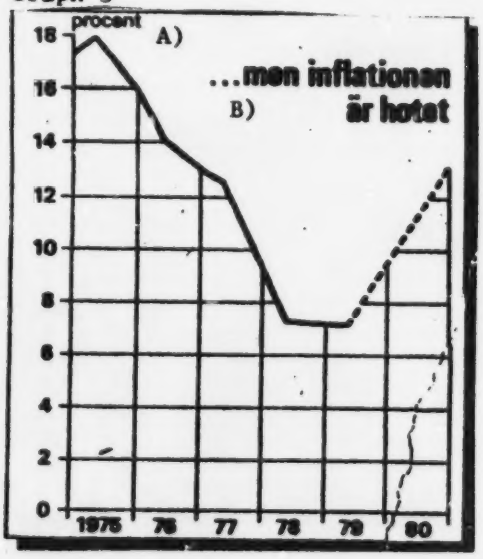
A) When the GNP rises...
B) Prognosis

Graph 2



A) Thousands
B) Percent
C) ...unemployment drops...

Graph 3



A) Percent
B) ...but inflation threatens

Finance Minister Warns

Stockholm SVENSKA DAGBLADET in Swedish 29 Oct 80 p 28

[Article by Lars-Georg Bergkvist]

[Text] "The international recession will be felt in our economy, as well. The year 1982 will be one that entails great difficulties." This was stated by Finland's finance minister Ahti Pekkala (Center Party) in an interview with SVENSKA DAGBLADET.

Inflationary pressure is the main problem with the economy.

"One difficulty is that expectations for the upcoming wage negotiations are greatly exaggerated. Oil costs will take a large portion of the increase in our GNP. There is no reason for large wage increases," he says.

"According to law, wage negotiations are something to be handled by the parties involved in the labor market, but the government is willing to contribute to stabilization."

Ahti Pekkala states, however, that a comprehensive income policy settlement this year should include only prices and wages.

"The government has already adjusted the tax rate to inflation. The budget has been balanced so that it will not increase demand. We have promised to keep the gross tax level unchanged this year and next year and we have an agreement with the communes that they will hold taxes, by and large, at the present level."

"Beyond that, I see little possibility for the state to contribute and it will be difficult to avoid tax increases in 1982 due to the expected economic slump. However, the state will be very restrictive when it comes to expenditures, at least through 1983," Ahti Pekkala says.

Deficit Compensated

The finance minister sees the trade-balance deficit--totaling 13 billion this year and next year--as a minor problem. The deficit fluctuates concurrently with the overall economic conditions.

"Half of the deficit is caused by energy price increases. We are compensated for that by way of increased deliveries to the Soviet Union. The other half consists of investment goods and decreases automatically when the investment rate declines," Ahti Pakkala says.

But does Finland's industry have the capacity to handle ever-increasing deliveries to the Soviet Union? After all, oil prices are expected to rise steadily during the coming years.

Ahti Pekkala says:

"This question has arisen here in Finland, as well, but of course the alternative would be to purchase oil from the Arab countries. We would have to pay for those

imports through sales in stiff international competition. In the Soviet Union, on the other hand, we have a secure market.

Peat Developed

"Trade with the East has an additional facet that is advantageous to us. We sell industrial products and this levels out the economic fluctuations in the West. We would like to buy even more oil from the Soviet Union if we could.

Finland currently has four nuclear reactors--two delivered by Asea-Atom and two from the Soviet Union.

"We have 3 more years before we must make a decision on a new, large power plant--either coal or nuclear powered," Ahti Pekkala says.

"In the meantime, we are working to develop our own energy sources, primarily peat. We are planning to double today's peat production of 10 million cubic meters by 1985. In addition, we are going in for energy savings. Consumption this year remained unchanged, even though the GNP rose by 6 percent.

Sweden Disturbing

Sweden is Finland's largest trade partner. Industrial cooperation between the countries has risen sharply the past few years.

"Economic trends in Sweden are somewhat disturbing here in Finland, as well," Finance Minister Pekkala says.

"I hope Sweden finds the right economic prescription. After all, we have no copyright on ours."

EC Worried About Policy

Stockholm SVENSKA DAGBLADET in Swedish 30 Oct 80 p 23

[Article by Lars-Georg Bergkvist]

[Text] During the next 3 years, Finland's forestry industry will put 12 new paper making machines into use. During 1980-1981 alone, the industry will invest between 7 and 9 billion marks.

After 3 bad years, profitability and the desire to invest have returned to Finnish companies. Industrial production, which rose last year by all of 10.5 percent, will rise by an additional 6 percent this year and by 4 percent next year, the predictors believe.

Total profits after taxes and interest payments for the 33 companies listed on the stock exchange, which in 1976 were down around a half billion marks, have again reached "normal" levels: 2.7 billion marks last year and about the same this year.

The companies are utilizing the upswing, among other things, to pay off part of their debts and renogotiate short loans to long ones at better interest rates.

The burden of debts is one of industry's great problems. In 1979 the companies listed on the stock exchange had a total turnover of 29.9 billion marks--and debts of 26.6 billion. Interest payments took 43 percent of the gross profits.

Forestry Leads

This does not at all mean, however, that the companies cannot handle any new investments. This year, material investments will increase by 30 percent and next year by an additional 10-15 percent.

It is the forestry industry that is taking the lead.

"Our export industry has only one leg and it is made of wood. But that is not unreasonable. It is in this area we have our advantage in the international competition," undersecratary Bo Goran Eriksson of the Department of Industry and Trade says.

"In the early fifties, the forestry industry was responsible for 85 percent of exports. Now its share has stabilized at around 45 percent."

Exports are a key factor in the Finnish economy, which is one of the most open in the world. Half the industrial production is sold abroad. Only Belgium has a higher percentage.

The value of the forestry industry's exports, like for industry as a whole, will increase this year by 20 percent. The forestry industry brings in around 23 billion marks from abroad.

Next year, however, stagnation is expected due to the recession at the large markets of Western Europe.

"The market is dropping rapidly. There is a risk that our investments will mature during the economic slump, resulting in overcapacity," director Aarne Castren at Finland's Industry Association says.

Increased Processing

The forestry industry is in its third great wave of development since the early fifties. The primary goal is to increase the degree of processing--not the production volume.

"Our plans for development have apparently shocked the French," Aarne Castren says.

"But the decision of the EC to raise the duties on paper, which was pushed through by France, is meaningless. This will not improve the competitiveness of their own industry, since it will not affect prices. It only increases our costs by 7 percent."

The availability of raw material is a bottleneck for both the Finnish and Swedish forestry industry, even though it is Europe's largest importer of round timber. It is floated in from the Soviet Union by way of rivers in the north.

The Jaako Poyry Consulting Firm says that the industry should convert from chemical to mechanical pulp to utilize better the high fiber quality in the Nordic forests. Newspaper and wood-free printing paper are the products of the future.

The investment programs also indicate that this is the path the industry intends to take: by May 1982, for example, three new newspaper and magazine paper making machines will be put into operation. Kaukaus, which is working together with Stora Kopparberg, will build a second LWC-facility. Those investments alone will cost 2.5 billion marks.

No fewer than four companies plan to invest in wood-free printing paper and there are extensive plans in the area of bond paper.

United States Disturbing

The Finns are disturbed by developments in the United States.

"Their forestry business, to be sure, is primarily a home market industry, with cheaper raw materials and lower interest rates than ours, but when the market declines, they dump their overproduction in Europe. They need only to cover their production costs," Aarne Castren says.

The forestry boom has also carried with it part of the machine construction industry which produces machinery and equipment. Among other things, it now has 18 paper making machines in its well-filled order books.

Most of the orders are going to the domestic industry, but it is also an important export branch, which brought in just over a billion marks last year. Every sixth paper making machine in the world was manufactured in Finland.

The industry has several great competitive advantages:

The technical development is so slow--compared, for example, to the electronics industry--that even a small country such as Finland can lead the way.

Most manufacturers are part of conglomerates that have "built-in know how" in the form of their own forestry industry.

The industry, as well as practically the entire machine construction and metal sector, is of recent origin. They were built up so that Finland could pay its war reparations.

"The industrial development of the thirties in other industrialized countries occurred during the fifties here. For this reason, we presently have a modern production apparatus," Bo Goran Eriksson says.

Profitable Commercial Steel

One example is the steel industry. The state-owned Rautarukki, using the most modern imaginable continuous casting technology, is producing 1.5 million tons of commercial steel per year in Raahe--almost as much as SSAB's Lulea. And it is doing it at a profit.

Last year, metal works exported goods worth 3 billion marks. But they also have a source home market in the domestic heavy machinery industry, which is developing at the same pace as the ever-increasing Soviet trade, which also evens out the economic fluctuations in the Western markets.

Twenty-five percent of the machinery industry's exports go to the Eastern countries. Machine construction is currently responsible for processing goods worth a higher value than is the forestry industry, but total exports now amount to "only" 15 billion marks.

For shipbuilding has almost completely avoided the international industrial crisis by going in for specialization: for example, every other icebreaker and every third passenger ship in the world is built in Finland. The order books are filled for 2 years in advance.

The garment industry is the most "Finland-Swedish" industry. Twenty Swedish-owned companies are responsible for a third of the country's garment production.

Imports from low-wage countries have not managed to compete successfully in the garment industry. Production is rising sharply this year. Clothing exports bring in just over 2 billion marks, half of which comes from Sweden.

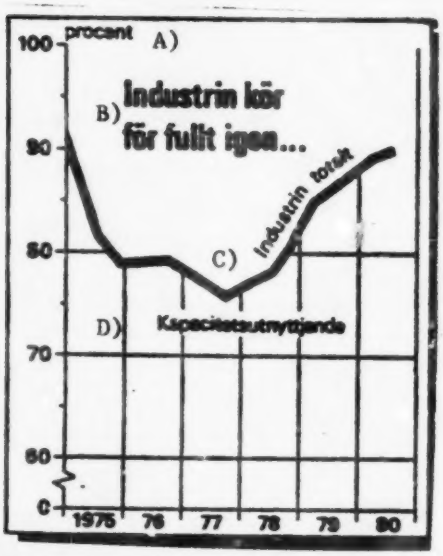
This is also an important industry in Finland's unemployment problem. Every ninth industrial worker works for a garment company. The future now depends to a great extent on the upcoming wage negotiations: will the industry manage to retain the competitive edge derived from the low wages?

Construction Abroad

Otherwise, the export of construction and projects is the one that is growing most rapidly. Twenty Finnish companies are working abroad. The largest market--almost half--is in the Soviet Union, but construction companies have also had great success in the OPEC countries.

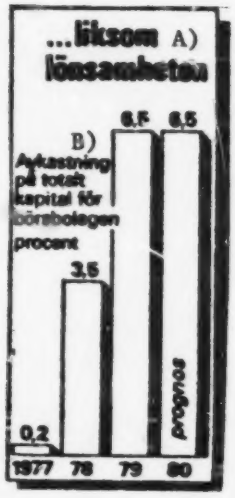
But this is a branch that is filled with risks. Finnish companies are involved in projects in Iran worth a total of 2.4 billion. The 2,000 Finnish employees who worked in that country have been evacuated because of the war.

"That can lead to bankruptcies among companies here in Finland," Aarne Castren says.



A) Percent
B) Industry moving at full speed ahead...
C) Industry as a whole
D) Utilization of total capacity

Graph 1: The Finnish industrial boom as reflected in statistics: Utilization of total capacity is on the way up to 95 percent...



A) ...and so are profits
B) Return on total capital for companies on the stock exchange percent

Graph 2: ...and profits have reached at least "normal" levels.

Overcapacity in Forest Industry

Stockholm SVENSKA DAGBLADET in Swedish 30 Oct 80 p 23

[Article by Axel Odelberg]

[Text] Finland's forest industry, more than hidden Swedish subsidies, has incurred the wrath of the EC.

This fall the EC directed sharp criticism against ehe expansion plans of the Scandinavian paper industry and the fact that these plans are being subsidized by state funds. It is against this background one should see MoDo's decision to back out of the bond paper project with NCB.

It is primarily the French pulp and paper industry that has criticized its Scandinavian competitors.

It was the French who were behind the request last fall to retain the so-called paper ceiling. This means that full duties are imposed on bond paper imports from the Nordic countries during the last 3 months of the year.

According to the EC's free-trade agreement with the Nordic countries, only certain predetermined quantities may be exported completely duty-free.

Sweden's exports had already surpassed that level in June, but it is not until now, in October, that the EC has begun to impose full duties.

It should also be remembered that the EC did not exercise this right in 1978 or 1979.

Jacques Minier, chairman of the French paper industry's cooperative agency, CEIPCC, describes the duty increase as a warning signal, triggered by the expansion plans of the Nordic, especially the Finnish, paper industry.

"Since the summer, the Finns have made public investment plans of remarkable proportions," Jacques Minier says.

"The calculations we have made, based on planned investments in Finland and Sweden, indicate that an enormous overcapacity will arise in Europe."

"We are now trying to act in such a way that Swedish and Finnish banks will not allow themselves to be enticed by the siren voices of the paper manufacturers and go into business deals that can involve losses."

The step taken by the EC this fall against the Nordic countries has raised concern for the deescalation process in the direction of full exemption from duties by 1984.

"The Scandinavians should not believe that there will be an open dog fight within the EC, simply because customs disappear in 1984," Jacques Minier says.

Valmet Chief Looks Abroad

Stockholm SVENSKA DAGBLADET in Swedish 31 Oct 80 p 35

[Article by Lars-Georg Bergkvist]

[Text] "The import freeze in Brazil was the direct reason why Finnish Valmet initiated its joint tractor production with Volvo BM. Valmet manufactures 4 times as many tractors in South America as it does at home. When parts deliveries there were stopped, the domestic production was too little."

This was stated by Valmet's managing director Matti Kankaanpaa, who also reveals that plans for joint production of paper making machines with the Johnson-owned Karlstads Mekaniska (KMW) have now definitely been shelved.

Valmet, with an overall sales figures of around 3.3 billion and 20,000 employees, is Finland's second largest company, after the likewise state-owned oil company Neste.

It is also the Finnish company with the most connections in Sweden. The joint production of tractors and forestry machines is the latest.

The two companies are the only tractor manufacturers in Scandinavia. Valmet's domestic position is strong: its share of the market is over 25 percent. In Sweden and Norway, however, sales have been more sluggish, under 5 percent. Volvo BM, on the other hand, has a strong position there.

Valmet's only large, foreign daughter company abroad is in Brazil. Last year 13,500 tractors were manufactured there.

"When deliveries there were cut off we, like Volvo BM, were to small. The competition is fierce, with giants such as Ford and Massey-Ferguson," Matti Kankaanpaa says.

"If it costs billions to develop a new automobile model, it takes at least hundreds of millions to develop a new tractor program."

The main features of the joint effort are complete. Now the partners are discussing details. Cabs, six-cylinder motors, and possibly transmissions will be produced in Sweden. All assembly will take place in Finland.

In 1982 the first tractors with the new Valmet-Volvo BM label will roll onto the market. Only after 3 or 4 years will the partners be able to read the results of their investment.

"We must become the market leader in Scandinavia. Later, we can move down the continent with the help of Volvo's retail network," Valmet's managing director says.

Forestry Machines Coming

In the area of forest machinery, joint production has progressed more rapidly. A much smaller investment is involved. The first coproduced machines are already on their way out onto the market.

Valmet's Tammerfors facility is the main plant. Carriers are produced and machines assembled there. The 50-50 owned Umea Mekaniska Verkstad is responsible for harvesters and processors. All basic product development takes place in Finland.

The tractor group is responsible for about one-third of Valmet's combined sales. Like so many other large Finnish companies, it has a broad production program: machines for the forest industry and shipbuilding, the two other heavy branches, transport machines, electronics, and defense material.

The conglomerate was formed soon after the war, when the military's shipbuilding yards and machine construction industry were combined. The contacts with Sweden go back almost as far.

Cooperation Natural

Matti Kankaanpaa says:

"After the war we had to pay war reparations. We had plenty of labor and we obtained technical production know-how. But what should we produce?"

"It was natural for us to seek cooperation with Sweden, which was far ahead of us in research and development--and with Saab, which like us was involved in defense material."

One result of this is the automobile factory in Nystad. There, for the past 11 years, 25-30 thousand Saab 99's per year have been assembled. Half are sold in Finland and the rest go to Sweden. Saab and Valmet own half each of the company, which is the smallest automobile plant in Europe!

"Keeping the production volume up is the big problem," Matti Kankaanpaa admits.

"But it is a flexible facility with high productivity. When Saab discontinued the 96 model, it was easy for us to replace it with the assembly of Talbot cars, a purely Finnish car line.

The Nystad company has also developed its own extended version of the 99 called Saab Finlandia, a popular car here, and developed a new motor.

'Profitable' Oil Crisis

Despite the cooperation with Sweden, Valmet's largest market is to the east, for it is one of the large Finnish conglomerates that have profited from the oil crisis."

Sixty percent of production goes for exports--half of this to the Soviet Union. Rising oil prices and agreements for additional deliveries create a steadily increasing market there.

This is especially true of the shipbuilding group, whose export share amounts to almost 90 percent with sales of almost 800 million marks. It is able to share in the "10 billion mark pie," which the 5-year agreement currently gives the shipbuilding sector. This should mean orders worth at least 2 billion marks (Valmet's share in Finland's shipbuilding production is 20 percent).

"Sure, we have a steady market in the Soviet Union, but these are not deals that make themselves. The trade agreements determine in which areas the orders will be made. Afterward, the competition is tough among Finnish companies," Matti Kankaanpaa says.

Despite the stiff internal competition for Soviet trade, Finland's large companies find it unusually easy to cooperate. This is espeically true of the TVW group: the joint Tampella, Valmet, and Wartsila company in the field of paper making machinery.

Joint Marketing

The group has joint marketing, the same sales channels, but no common ownership. The other two partners are privately owned.

The group has started marketing companies in Australia and Spain/Portugal and bought its way into the French company Ateliers de Constructions Allimand, to gain a foothold in both the EC and the former French colonies. A factory will soon be opened in Campinas, Brazil, which will be part owned by a local company.

On the other hand, attempts to broaden cooperation across the Baltic Sea have fallen through. Negotiations with KMW were conducted last winter.

"We were very close to an agreement, but a joint effort of this type requires that both partners perceive it as 100 percent fair. We thought that strict rationalization was needed--competition in this field is fierce. Also, both partners must think, among other things, about employment conditions in their respective countries," Valmet's managing director says.

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WARTSILA BEGINS PLAN WORK ON NUCLEAR ICEBREAKER FOR USSR

Helsinki HELSINGIN SANOMAT in Finnish 4 Dec 80 p 27

[Article: "Plans for Nuclear Icebreaker Begun at Wartsila Shipyard"]

[Text] The planning and development work on a nuclear icebreaker has commenced at Wartsila's Helsinki Shipyard since the Soviet Union will in all probability order such an icebreaker from Finland during the next five-year plan.

Even though an official and final agreement on an order has not yet been obtained, it became evident during President Urho Kekkonen's recent visit to the Soviet Union that both parties are prepared to cooperate in the planning and production of a nuclear powered icebreaker.

During the state visit the understanding that a nuclear icebreaker would in time be ordered from Finland was also reinforced.

However, an agreement on the purchase of a nuclear icebreaker can be expected after 2 years at the earliest. The order will come during the latter part of the five-year plan, which begins in 1981, if negotiations progress according to plan, is the assumption on the part of officials at Wartsila.

Even though the icebreaker is still on the drawing board, it has already been agreed in principle that the vessel will be constructed at Wartsila's Helsinki Shipyard and the nuclear reactor for the ship will be manufactured and installed in the Soviet Union.

At this time the Soviet Union has three nuclear powered icebreakers, all of which are operating in Arctic waters, in the North Arctic Sea, among other places. The Soviet Union is the only country to have nuclear icebreakers.

The officials at Wartsila are not inclined to disclose or estimate the exact price of the nuclear powered icebreaker since there is still time for actual negotiations on an agreement. However, "it will cost hundreds of millions of markkas," states a company source. There is also no inclination to talk about the dimensions of the ship.

On Tuesday Wartsila's Helsinki Shipyard turned over to the Soviet Union a Polar-class icebreaker, the value of which is approximately 250 million markkas. Another icebreaker of the same class will be completed next summer.

In the five-year plan beginning next year Finland's ship exports to the Soviet Union will increase to 2.5 billion rubles or more than 1 billion markkas.

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ARMED FORCES APPROVE CUTTING PLAN FOR FORESTS

Helsinki HELSINGIN SANOMAT in Finnish 4 Dec 80 p 26

[Article: "Defense Forces Increase Use of Wood Chips"]

[Text] The annual amount of wood to be taken from Finland's forests for energy purposes corresponds to nearly 1 million oil tons. Methods of processing small trees unsuitable for industry and their transfer to the place of use at competitive prices are problems that have been resolved for 20 years now.

Wood chip production for the needs of the defense forces has been under experimental development, and Vapo is the producer. The program has now progressed so far that the defense forces will obtain 45 percent of their energy from wood chips next year, and in the near future the proportion of wood chips will make up more than half of their energy production.

Pentti Poyry of the construction section of the Ministry of Defense estimates that the proportion of oil will be reduced to 30 percent. At this point it seems doubtful that it will be possible to exceed this limit.

The use of wood chips by the defense forces began in 1959 in the garrisons of Hamina, Ylamylly, and Kontioranta. The intent was to expand the experiment at a gradual pace. However, the oil crisis upset these plans and a sense of urgency has surrounded the program to expand the use of wood chips.

The importing of inexpensive oil brought an end to the Commission on Small Wood Products in 1964, but Vapo continued its studies on wood chips and the development of wood chip techniques. Counselor of Forestry Kosti Ranta points out the statute according to which Vapo's task is to deliver fuel and wood products to government institutions.

Vapo's experience with the delivery of wood chips to the defense forces does not support the delivery of wood chips directly from small producers to the consumer. According to Ranta continued readiness and flexibility will be required of the producers of wood chips. In order that the production of wood chips be maintained, a permanent organization must be responsible for it.

The wood chip needs of the Luonetjarvi Garrison can be cited as an example; during extremely cold weather 120 cubic meters of wood chips are used daily, in the summer only 20-30 cubic meters. The fuel and heating system requires wood chips daily on Sundays as well as weekdays.

A Train Carrying Wood Chips Would Reach From Tikkakoski to Vienna

To date Vapo has delivered 1,625,000 cubic meters of wood chips to the defense forces since 1959. Major General Lauri Koho, commander of the Sisa-Suomi [Inner Finland] Military District, states that this amount would fill a train reaching from his station in Tikkakoski to Vienna. Business Director Antti Savela would out of this amount be able to make a 100-meter large wood chip silo covering the whole area of Helsinki's Kasarmintori.

One thousand oil tons corresponds to 14,000-17,000 cubic meters of wood chips. The production of this amount of wood chips requires five-six man years if the men are skilled in their trade and have effective equipment at their disposal.

The year-round employment of a contractor requires the cutting down and transporting of approximately 30,000 cubic meters of wood chips. "The procurement of wood chips for fuel as a parttime employer of the farm population is perhaps of decisive importance," states Forest Manager Eero Lehtonen from Vapo.

15.3 Million Cubic Meters of Wood for Energy

According to estimates of the Forest Research Institute Finland's forests will provide 15.3 million cubic meters of energy wood unsuitable for industry every year and twice the amount that is now being produced. Such wood can be found in untended stands of young trees, low-yield deciduous forests, forest clearings, and in forests being thinned out for the first time.

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BRIEFS

BUDGET INCREASED 135 MILLION--Next year's offical budgetary expenditures will be increased in the Diet by 135.5 million markkas. After the budget passes through the Diet's Finance Committee the final sum will be 56,072 million markkas. The Finance Committee compiled its budget report with a surplus of 5 million markkas. According to the report completed on Wednesday the state will procure additional income from taxes on fuel, liquor, and tobacco. In addition to last Monday's price increases, the prices of gasoline and other fuels will increase in January. The largest change in the budget relates to the pension, housing, and rehabilitation assistance to front line veterans. Increases amounting to a total of 77.5 million markkas will come from the joint initiatives of the ruling parties. The development cooperation fund was given an additional 10 million markkas, an amount with which the parties had to be satisfied contrary to the large demands presented in the preliminary debate. The traditional so-called Christmas funds of the ruling party will remain at 10 million markkas. The Diet intends to have the budget ready before Christmas. This was accomplished by the Diet only once in the 1970's, last year. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 4 Dec 80 p 3] 10576

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PRESIDENT SEEN ACQUIRING MORE POWER, PARLIAMENT WANING

Conflict with Constitution

Paris LE MONDE in French 20 Nov 80 p 2

[Article by Pierre Marcilhacy]

[Text] Presidential regime, parliamentary regime, constitutional monarchy: such are almost the only modes of administering democracies. They all have their advantages and their hazards.

By decapitating Louis XVI France broke with a tradition, and a tradition is something that cannot be recreated. The monarchical regime is thus impossible for us.

As for the parliamentary regime, it did not die a violent death, but dies rather of consumption. Parliament, bedecked in pomp, taken up with prebendaries, [sic] and more concerned about being a Rump Parliament than overseer, advocate, legislator, and a driving force, bears the main responsibility for its own defeat. A parliament that could be called courageous is one that simply does its job.

The electorate--which also bears some responsibility--sometimes makes it pay dearly for being so preoccupied with who's looking at it and not exclusively anymore with the little interests of those who elected it.

The responsibility, in the third instance, must also lie with the chief of state, whether it be Charles de Gaulle, Georges Pompidou, or Valery Giscard d'Estaing. He wanted power, then all the power. He got all the power with the assent if not the concurrence of the legislature and the nation.

France in 1980 thus lives under a parliamentary regime according to the letter of the constitution, a presidential regime according to constitutional practice, and a monarchic regime by ballot, at least until it becomes hereditary, if one only looks at the facts.

Every 7 years, for an instant, the monarch comes to ask to be anointed by the whole electorate, then he acts as he pleases for his entire term of office.

Now the constitution of the Fifth Republic did not intend that. Certainly, it worked to increase the power of the executive. And it did increase it. On the other hand, the drafters were not expecting the checking and balancing forces to collapse. According to the strict letter of the document, the president was to be the arbiter. From the moment when, in the field, he became accustomed, of course with the nation's consent, to participate in the game, he ceased being an arbiter. There ensues a dangerous constitutional state of affairs--dangerous both for democracy, since the people no longer have any right to rule themselves during the rest of the 7-year period, and for the nation, which loses the sense of managing its own affairs by itself.

One can finally imagine that a National Assembly might be in opposition against the chief of state. This latter having relinquished his role as arbiter could only retreat to the hoots of the crowd. This would result in a scandal worse than a revolution.

To our knowledge, none of the candidates to succeed Valery Giscard d'Estaing envisages returning to respect for the constitution, which, let us recall, entrusts to the prime minister--chosen by the president of the republic--responsibility for the executive with the corollary, responsibility before the National Assembly. What they all want is to win power, some in order to pursue the same policy, others to create a different one with the same absence of brakes and checks, for the latter are inoperative as soon as the referee kicks the ball.

At the very opening of the presidential election campaign, it would be proper for every candidate to say openly to the country whether he is opting for respect for the letter of the constitution or for the contrary practice, which has been done for more than 20 years.

The rest of their platform is doubtless more important, but it can only be discussed after the answer to the first question.

Now if ever is the time to recall that it is not healthy to lead a country into ambiguity: politics is the art of decisions, and every uncontrolled regime one fine day lays the blame on our most precious possession, which constitutes the essence of democracy: freedom.

Executive Branch Ignores Parliament

Paris LE FIGARO in French 14 Nov 80 p 6

[Interview with Roger Chinaud, president of the French Democratic Union (UDF), group in Parliament, by Sophie Huet, date and place not specified]

> [Excerpts] Roger Chinaud, president of the UDF group in the Assembly, is a man who speaks little and whose discretion needs no further proving. The interview that he grants us here is by virtue of that fact all the more revealing, in the severity of the statements he makes. The Paris deputy lays the blame

squarely on Jacques Chirac and Bernard Pons, denounces the insipidity of Parliament's role, and wishes for a merger of the different components of the UDF, after the presidential elections, with a view toward the 1983 legislative elections.

[Question] The autumn session of Parliament was especially tranquil. Does this mean that the center of gravity of political debate has shifted?

[Answer] Our partners in the majority have doubtless understood that the atmosphere of excessive agressiveness had no positive aspects, even for their own partisan interests. And from the moment when we begin to approach a fundamental national turning point which does not involve the Parliament, we have always observed a return to discretion. That being the case, I think that the Parliament is no longer playing its role. For the executive, since the Sixties, has monopolized contacts with the socioprofessional organizations to the detriment of Parliament, in the preparation of decisions. He is motivated by the concern to instantly obtain apparent effectiveness. This is regrettable.

Moreover, the political groups represented in the Assembly have obten behaved in a Manichean fashion. There is always a brutal border between "yes" and "no" for the government, and so, no more discussion is possible.

I think that following the presidential election, we must redefine legislative debate. The majority should welcome opposition proposals. The Assembly should do much more work in committees and should as need arises create commissions of inquiry--nonpolemical ones--on important subjects. The Parliament should defend the general interests and not local ones. The executive, for its part, should make the effort to involve the deputies more in the preparation of decisions. If not, the institutions will be put in serious peril. Presently, the ministers are no longer accountable, and are not even resting on the support of the political body we represent.

The Majority Exists

[Question] What are relations like presently within the parliamentary majority?

[Answer] The life of the parliamentary majority is not satisfactory. I do not hesitate to say that this is because since the change of prime minister the leaders of the RPR [Rally for the Republic Party] refuse to hold regular working meetings with the government, in common with the UDF. I do not mind if a prime minister is reproached for appearing more or less flexible, but I do not understand a majority party isolating itself deliberately from the head of government.

One might as well be asking the French to believe the majority no longer exists. I do not see what purpose is served by the president and the secretary general of the RPR in holding such curious views. In fact, the majority exists completely. First of all in Parliament, where it votes the budget, even in 1981, and all the major projects proposed by the government. It exists also in the electoral body. Sunday after Sunday, in the partial elections, and the municipal and cantonal elections, one sees this well. The public would surely be unable to understand a desire to put an end to the existence of a majority, to put an end to it would

lead to the paralysis of all governmental activity. Unless those who defend this point of view wish to change the present majority. Then they should tell us clearly just with whom they wish to do it.

[Question] The UDF will be 3 years old when the presidential elections are being held. The parties that compose it have only with difficulty achieved a "modus vivendi", except in Parliament. What is the cause of this malaise?

[Answer] You are making a rather strong statement! We have proceeded in these 3 years in a coherent manner and in a spirit of cohesion without exception, without any of the UDF deputies feeling constrained by his membership in this group.

With regard to the movement, 3 years is really very little, but here too the overall balance is positive. I add that I would like for the end of 1981 to be marked by a redoubled effort in attendance, in leadership, in political debate, and above all by a daily resoluteness of unitary solidarity in action, among what I would like to call the older components of the UDF. This is the only way that we will be able, in 1983, to win the legislative elections.

President Without Controls

Paris LE MONDE in French 15 Nov 80 p 11

[Article by Alain Guichard]

[Text] The cleverness of Giscard d'Estaing and of "Giscardism" is in the way it has of discouraging any more vivid awareness of the deep nature of the regime. Under cover of words which belie the facts, "advanced liberalism" makes it in fact difficult to see the realities.

With a subtlety that denatures all resistance, the authority of the president gradually annihilates all the counter-forces, not even leaving the citizen any longer the possibility (or at least leaving him less and less) of acting through the intermediation of his elected officials. Never, perhaps, in a democracy which proclaims itself still to be "parliamentary" has the Parliament been so dispossessed, without reacting, of its means of action--either with respect to law-making or to controlling the executive. The executive is now the president: a president who is not responsible to the National Assembly, and who can get away with determining the "priority actions" that his premier "should take between now and the presidential election," appropriating thereby the rewards without running the risk of a failure which would only be that of the "head" of a government doomed, in any case, to disappear.

The Parliament, condemned in the end in this regime to become a simple piece of constitutional ornamentation, obviously no longer fulfills its role and leaves the realities of power to the administration, the president reserving to himself the "broad directives." For lack of an outlet, the citizens, in their professional groups, no longer have recourse to anything but strikes or action in the streets (or the highways, when we speak of the truckers), quite apart from murderous violence among the most desparate. In such a regime, which calls itself "liberal," repression becomes the ultimate tool of governing. But, to escalate the penal code, one needs the law-maker, who one convinces by describing to him the violence of the situation. So, the noose is knotted.

SUMMARY OF MARCHAIS' 131 PROPOSALS FOR 1981 ELECTION

Paris LE MONDE in French 22 Nov 80 p 10

[Article: "The 131 Measures Proposed by the Communist Candidate"]

[Text] The "plan for the struggle against the crisis, for change" presented by Mr Georges Marchais is composed of 131 proposals, broken down into four objectives (jobs for everyone, humane working conditions, a more just society, a free and responsible life in a fraternal society, a society for our youth) and three means of achieving them (develop France, a sovereign France, on the spot and active in the world, major democratic reforms).

Among Marchais' proposals are particularly:

- The creation each year of 500,000 additional jobs*: 260,000 in industry, 140,000 in the public and social services ("Any elimination of a post should be preceded by a reclassification").

Of the 500,000 jobs additionally created each year: 300,000 for women, 150,000 of which in industry.

- Stop the admission of new immigrant workers into France.

- A 35-hour work week without reduction of wages; 33 and 1/2 hours in the case of uninterrupted operation with a fifth shift. Thirty hours paid on a full-time wage basis for working mothers who are raising children under 2 years of age (or for one of the parents when both have jobs).

- A fifth week of paid vacation.

- Allow workers to collectively decide on the conditions and organization of the work and to participate in the choice and application of equipment, particularly as concerns the maintenance and updating of tools.

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* Roughly speaking and considering the fact that a job that has been created does not eliminate a jobseeker and also considering the arrival of young people each year in the job market, it would take 7 years to reduce the number of jobseekers from 1.5 million to 500,000, a level which we may assume to be incapable of further reduction. Moreover, let us note that from 1959 to 1969 — a period of vigorous economic growth — only 240,000 jobs a year were created (outside the public sector).

- Extend the right to full retirement to women 55 years of age and to men 60 years of age.

- Immediately raise the SMIC [Interoccupational Minimum Growth Wage] to 3,300 francs a month and bring it up to 4,000 (in constant franc) before the end of the coming 7-year term. Gradually reduce the wage scale to a range of from 1 to 4.

- Sharply increase the income tax rate for the high-income brackets: Raise the maximum rate to 100 percent ("that is, take everything") for income brackets higher than 40,000 francs a month. Eliminate all deductions allowed for shares and bonds. Tax capital gains accrued through speculation up to 100 percent. Create a progressive tax on property with rates running from 1.5 percent to deterrent ones of from 15 to 20 percent (basic allowance of 2 million francs per family, annual reporting of property). "Any fraud involved should be punished."

- Reduce income tax for low-income families: exemption for regular Army personnel and people on retirement, blanket deduction per child, deduction for couples when both husband and wife have jobs, no value-added tax for items of basic necessity.

- Build 500,000 HLM [Low-Cost Housing Program] units a year, modern and comfortable aprtments. Decide that no family with an income twice as low as the SMIC (or 6,600 francs immediately after the election) can be forced to spend more than 15 percent of its income for housing (rent plus expenses). Put an end to waste: no more half-empty office buildings, no more status apartments. Equitably distribute immigrants among all municipalities.

- Under the heading of safety: "Have done with the impunity and the protection hooligans, criminals, drug peddlers and pimps enjoy." Assure safety in the subway, means of public transportation, post offices and banks. Try cases of rape and sexual assault in superior court.

- Under the heading of making a living in rural areas: Put an end to the decline in farmers' standard of living. Raise prices for the producer so that they match the spiraling of costs (fuel, fertilizers, equipment, land).

- Under the heading of freedom and equality for women: Raise maternity leave to 6 months.

- Each of the populations of the DOM-TOM [overseas departments and territories] has the right to freely decide on the status of their own choice (self-determination).

- Under the heading of "an unstintingly [given] life": In the municipalities let people be elected aldermen as of 18 years of age.

- Under the heading of independence in energy matters: While national production covered about 25 percent of our needs in 1979, it is possible and necessary for it to cover almost 60 percent in 1990 (double coal production in France, assure the nation mastery of the development of nuclear energy) and to devote 3 percent of gross domestic production to research.

- Achieve a GDP (gross domestic production) annual growth figure of about 4.5 percent. When necessary, adopt protective measures (understood import tariffs and quotas) to develop our strength.

- Beat inflation, impose truth in pricing.

- Defend the franc.

- Under the heading of disarmament and peace: Stop research and the production of new weapons of extermination, first of all the neutron bomb. France must ensure its security. It must have at its disposal an effective defense (opt for all kinds of deterrence, maintain French nuclear armament in operational condition, assign the decision to use it not to a single person but to a high commission for nuclear defense).

- Nationalize 23 combines, among which figure particularly Hachette, Peugeot-Citroen-Talbot, Michelin, Matra, the General Water Company, the Lyons Water Company, BSN [expansion unknown]-Gervais-Danone, etc. (see, moreover, the comparison made with the list contained in the joint program).

- To "break the power of money": Reduce the value-added tax gradually while developing a high-yield tax on business capital, increase the profits tax for business firms and create a tax to lay a heavy burden on inflationary profits.

- Control the development of prices at the sources of production and distribution. Reduce the number of commercial middlemen.

- Eliminate the ENA (National Administration School) and all the privileges along the approaches to the administration of the state.

- Elect a regional assembly by universal suffrage. Eliminate the office of prefect.

And lastly, Mr Marchais said that it was possible to restore full employment and assure a constant increase in purchasing power.

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NATION MOBILIZES FOR BIO-INDUSTRIAL ADVANCES

Paris LE NOUVEL ECONOMISTE in French 10 Nov 80 pp 90-96

[Article by Gilles Coville and Jacqueline Geraud]

[Text] A lack of specialists, raw materials which are too expensive, and insufficient knowledge of the technologies. What obstacles in the way of the bio-industrial revolution exist in France! But, mobilization has begun.

"In a simple lump of yeast there is a genuine planetarium war taking place. Billions of microbes, belonging to tens of different strains, appear, proliferate, and kill each other. The outcome of the conflict determines the characteristic of the food." In charge of the "biotechnological processes" division of the Technological University of Compiegne, Prof Jean-Michel Lebeault succeeds in making comprehensible the invisible microbe saga present in the preparation of bread.

Of this fermentation, which Pasteur discovered was the work of microbes, man has taken advantage for centuries while knowing nothing about its mechanisms. Today, because of the explosion of biological knowledge, the systematic exploitation of the work of microbes heralds, in the same way as the explosive flood of microprocessors, an upheaval in industrial processes capable of yielding solutions to the great problems of the times. Energy, food supply, health, and pollution--it is the microbes which will effect the revolution.

It took the report on the "life sciences" by Profs Francois Gros, Francois Jacob, and Pierre Royer, a year ago for France to discover that, in spite of its six "Pasteurian"* Nobel laureates, it ran the very great risk of missing out on this bio-industrial revolution as it had done with data processing. And that the example--or the challenge--was coming, here too, from both sides of the Pacific: from Japan and California. "Our report had the effect of an electric shock upon the pharmaceutical and agricultural food industries," Prof Gros, director of the Pasteur Institute, relates. "We were reproached by many for being excessively severe. I maintain that our industry, even though it has a good chemical foundation, is inadequately prepared in biology and

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*The meaning of the French word "pastorian" is unclear in this context. The Robert dictionary defines it as "relating to the theories of Pasteur and their application."

enzymology." This deficiency has an economic penalty. While it boasts of its "green petroleum" France imports 85 percent of its protein for cattle, with soya oil-cake in the lead. While it has, in Rhone-Poulenc, one of the great pharmaceutical groups in the world, its trade balance is in deficit in the antibiotic sector where demand is ceaselessly growing. The only area of biological products in which it occupies a worldwide rank is that of immunology—which has just earned a Nobel Prize for Prof Jean Dausset--a "Pasteurian" tradition extended by the success of the Merieux Institute. The American Schering-Plough firm has just saluted this advance by deciding that its French subsidiary, Unicet, will establish an international center of immunological research at Lyon, an investment of 150 million francs over 5 years.

The electrical shock administered by the "Three Sages" has already had its effects. Today there is better appreciation of the magnitude of the obstacles to be overcome in order to improve the fortunes of the French industry: gaps in research, shortage of qualified specialists, lack of familiarity with the technologies, high prices of agricultural raw materials, and narrowness of the domestic market. Within the Secretariat of State for Research as in the Ministry of Industry, priority is now given to development of bio-industry. It appears among the six subjects for activity of the CODIS (Committee for Orientation of Strategic Industries) to which 50 manufacturers have already submitted projects. "We must give even more thought to defining a general strategy" in the opinion of Christian Langlois-Meurinne, director for Chemical Industries and Textiles in the Ministry of Industry. "We have asked SEMA [expansion unknown] for a market study in order to weigh the prospects of the French industry and determine which are competitive processes. But we cannot serenely await the results of such thought. Time is pressing. We are willing to support all initiatives." Benefiting from the present spotlighting and the prestige of the "California Model" is genetic engineering, the technique enabling the heredity of a micro-organism to be modified, which has inspired the first initiatives (see box, p 92 [not translated]). But most of the groups involved with this avant-garde technique have other irons in the fire. Elf-Aquitaine has established Elf-Bioindustrie, while its pharmaceutical subsidiary, SANOFI, has strengthened its position by acquiring control of Institute Pasteur Production and then of the pharmaceutical branch of Clin-Midy. Moet-Hennessy has just acquired 49 percent of the stock of SETRIC, a small enterprise in Toulouse which is highly innovative in the field of biotechnological apparatus. Air Liquide, the one French industrial group with the greatest commitment to research and future technology (nearly 2 percent of business volume) last year formed EUROSYME, a company specializing in production of "lyophilicized lactobacilli" for the cheese industry--an initiative which is less surprising when it is known that Air Liquide is associated in Carboxyque Francaise on a 50-50 basis, with Fromageries Bel, one of the pioneers in recovery by microbiological processes of the proteins contained in whey.

The Japanese model, champion in production of amino-acids (the constituents of proteins) by fermentation has inspired Lafarge. By acquiring control of the Belgian Coppee group and its subsidiaries, Orsan and Eurolysine (50-50 with the Japanese firm, Ajinomoto) the specialist in cement and refractory and sanitary products has become the foremost European producer of the two amino acids, glutamine and lysine. This latter operation has the virtue of being

lucid because it concerns well identified markets. In contrast most of the others do not seem to conform to very precise strategies as it is a question of boarding a train in motion on the chance of discovering its destination later on.

"After having suffered from ignorance, it seems to me that today all the biotechnologies earn high marks," we were told by Prof Daniel Thomas, one of the experts at Compiegne, and author of a report for the European communities. "The danger is that too much will be expected and too quickly...without very well knowing what! The interest of manufacturers to me seems often based upon diffuse feeling more than upon concrete technical-economic studies." To Prof Gros "it is a problem of training. That of the French decision makers, public and private, favors mathematics and physics and prepares them poorly to understand the problems and constraints of living beings." Biotechnologies do not easily enter into the traditional industrial structures. And the reason: bio-industry is defined less by the nature of its products--pharmaceuticals, foodstuffs, energetics--than by utilization of raw materials and biological agents, vegetable matter and microbes and by its mode of production which exploits the processes of living things (see box, p 94 [not translated]). The strength of the large Japanese firms lies in ignoring the yoke of sectorial specializations: each one exploits the whole gamut of its technological capabilities and its microbe strains to produce, equally, aromatics, medicaments, cosmetics, or detergents. The approach of French firms consists, rather, of seeking ways in which biotechnologies might improve their traditional production.

Such is the case with Rhone-Poulenc, for example, which can rightfully proclaim itself the leading French bio-industrial firm. It is true by virtue of its fermentation capacity to produce vitamins and antibiotics, which is almost equal to that of the largest Japanese and American firms. And it is true by virtue of the nature of its products, in particular, the vaccines and blood derivatives of its Roger Bellon and Institute Merieux subsidiaries. "Biology for us is not a new discovery," asserts Igor Landau, director of the group's Health Division. "Biological products represent a business volume of 1.5 billion francs.... In 5 years the portion of our research budget devoted to biology went from 35 to 50 percent." But, with Rhone-Poulenc it is less a question of exploring new areas than of progressing in its conventional activities: increasing the yield from fermentation, improving the antibiotic producing strains, and above all, discovering new pharmaceutical compounds. "Especially in seeking these new compounds biological screening, a selection method which reproduces the mechanisms at work within the organism, offers a distinct advantage over chemical screening. But in order to manufacture the product for a long time we will have recourse to chemistry. It is a matter of cost price. Our subsidiary, AEC, is producing methionine, an amino acid for cattle, by chemical synthesis at Commentry and Roussillon. Because it is less expensive, ethanol was produced by fermentation 40 years ago. A method displaced by petrochemistry. Perhaps the cost of petroleum is going to make us return to the process of yesteryear. For each of the 5,000 products the group manufactures, we examine which is the more economical; biosynthesis or conventional chemical synthesis."

It is also in connection with its present activities that the Elf-Aquitaine group is approaching biotechnology. "Whether it be a matter of assisted recovery of petroleum, of fine chemicals, of the health sector, of the production of new forms of energy, or of the seed sector, all the manufacturing directorates of the group desire to evaluate the potential contributions of this new tool," says Pierre Feillet, on detached assignment from INRA [National Institute of Agricultural Research?] to manage the "biotechnologic" strategy program of Elf-Aquitaine. But the group directed by Albin Chalandon, whose appetite for diversification is well known, does not thus limit its ambitions. Elf-Bioindustrie was established to develop all the new biological activities of the group, particularly those resulting from work done in the laboratory which will be built at Toulouse within the next 2 years. Already four research paths have been chosen. One short term program conducted at Lacq concerns the production of biogas by fermentation of pork [word unknown*]. For the future in fine chemicals the group is closely following the work on enzymes, those catalysts of the chemistry of living organisms which may revolutionize industrial synthesis. Elf is also associated with the large program for fixation of nitrogen of the air by micro-organisms being jointly carried out by the INRA, CNRS [National Center for Scientific Research], and the Pasteur Institute, an agriculturally oriented program with which Feillet is well acquainted: "The objective is to decrease the importation of nitrogenous fertilizers by utilizing the ability of microbes in the soil to fix nitrogen contained in the air." That is a long-term research project, as are those concerned with exploitation of lignocellulose, the essential constituent of wood. "Wood contains 50 percent sugar, not recoverable today because it is bound within an inseparable mixture of cellulose and lignin. Nobody knows what is the right research path. Exploratory work must be done without guarantee of success. Research of high risk, but the stakes are considerable because the wood sugar is an important potential source of alcohol, and hence of energy."

Director of research at BSN-Gervais-Danome, Pierre Mainguy, nurtures less futuristic ambitions. "We have always treated bio-industry as Jourdain treated prose. The novelty is going from the emperical to the reasoned. The biotechnologies will be to the food industry what recipes are to gastronomy; they should make it possible to obtain the same gustatory quality. What the French industry has lacked up to now is the technological environment, the 'hardware,' which has not kept pace with progress in basic research."

That technological environment is to be found at the University of Compiegne, whose president, Prof Guy Denielou, although a nuclear engineer, has felt since 1973 that a large place must be reserved for biotechnologies. In its laboratories, whose resolutely modern architecture combines the tubes of Beaubourg and the foot-bridges of Roissy, there floats the perfume of a California campus. But the inspiration is clearly Japanese. "It matters little whether it is desired to make sauerkraut or plastics, the problem is knowing how to put the

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*The word "lisier" used in the source is not found in the Robert dictionary, or the Larousse.

microbes to work. That is our sole specialty," says Prof Lebeault. "While the French are by choice specialized and abstract, in biotechnology one must be general and concrete," Prof Danielou states further. Directed by Prof Georges Brown, the Department of Biologic Engineering at Compiegne provides a rare example of liaison between university and industry. In the laboratories on the second floor test tubes are being manipulated and research work which is often very basic is being performed. But in the large bays of the ground floor pilot plants are being constructed, and all the parameters of new processes are being tested before they are committed to manufacturers for exploitation.

Installed in the heart of an agricultural region, the research workers at Compiegne work most particularly with the agricultural food industry. "Industrialization in this area is accomplished by adaptation of the foodstuff to the machine, especially to the means of chemical additives," explains Prof Henri Chaviron, an expert in flavorings. To find the hygienic, dietetic, and gustatory qualities of the synthetic food it is necessary, in contrast, to rethink food technology fundamentally." And, first of all, discover all phases of the microbe war whose end result determines the characteristics of the foodstuff. "A cheesemaker knows, by tasting his cheese, whether or not it is in proper condition. What he does not know is to what extent the result depends upon the stage at which the fermentation is interrupted. That is why the same brand can offer products which vary," says Prof Lebeault. The objective of the research workers at Compiegne is to learn to master completely the development of the microbes' work in order to provide industrial foodstuffs of consistent quality, an objective requiring the collaboration of biologists, chemists, mechanical engineers, and data processors. "The microbes are highly temperamental," Prof Lebeault states. "All disciplines must be combined in order to master their evolution."

The first success: sauerkraut. The producer in the department of Sarthe, Charles Christ, was not satisfied with the taste of his product. The reason? "He seeded each new vat with 'juice' from the previous one. And the bacteria from the end of the cycle killed those of the first phase, which are indispensable to product quality," explains Prof Lebeault. By decontaminating his "juice," Christ is now obtaining an industrial sauerkraut as good as his grandmother's.

Formerly head of the "proteins from petroleum" project at the BP plant at Lavera (now closed), Prof Lebeault does not believe, for the future, in the production of pure proteins, the path nevertheless chosen by the giant British ICI [Imperial Chemical Industries], which has just completed a plant with 60,000 tons annual capacity. "A complete food must provide energy, not solely proteins. If a pure product is manufactured, it must be remixed, and that is expensive. We shall be competitive if we bring a complete product out of our fermentation processes." Basic foodstuff of Africans, manioc is a highly energy providing product by virtue of the starch sugar, but much poorer in proteins than the rice of the Asians. In a large fermentation vat built at Compiegne, the manioc is now being enriched in protein by proliferation of a yeast strain selected by the CNRS. The finished product, manioc intermixed with yeast, is reminiscent of a sort of light biscuit taken with aperitif. Negotiations are under way for construction of an actual plant for enrichment of manioc in an African country.

France does not have to worry about malnutrition but does have to be concerned about better exploitation of its agricultural products. Sugar beets, for example. Must sugar or alcohol be made from them? Likewise with starch from cereals, or cellulose from trees, one may also make either sugar or alcohol, then ethylene, and hence establish a new chemistry based upon vegetable carbohydrates and no longer upon hydrocarbons. To get away from importing sugarcane the Americans have earnestly commenced to exploit corn starch; thus they are producing 3 million tons of corn syrup and sugar. "Cereals contain 70 percent starch and 30 percent inert substances," says Prof Lebeault. "One may very well reserve the latter for food and transform the starch into chemical products. The problem is which, chemistry or food agriculture, will control the raw materials, which will be dependent upon the other. The scuffle has already begun. The chances are great that the chemical industry will win because it is very powerful."

In competing in the exploitation of these new raw materials European manufacturers are also restrained by the high prices of Community agricultural products. "The Americans can make sugar from their corn; they export the latter and it costs only half as much as in the Community," remarks Landau. "Some developments which are conceivable in the United States are not so for us." This problem is one of those which the government is studying. "The industrial choices must be compatible with the policies being implemented in the other sectors," we are reminded at CODIS. That involves the Community agricultural policy, and also the directions of research and the training of people.

Industrial initiatives come up against problems of recruitment. "What is lacking is not the basic personnel. The lack is of high level research workers, capable of directing a team," states Prof Gilbert Durand, Toulouse specialist in fermentation, who has directed a "think tank" at the DGRST [General Directorate for Scientific and Technical Research]. The first concrete step; the DGRST is disbursing 1 million francs in scholarships this year; it will have double that amount available in 1981. "It is above all a matter of redirecting research workers and engineers who have already been trained by giving them a more 'pointed' specialization," states Prof Pierre Royer, scientific counselor to the DGRST. "In 5 years we should thus have 300 specialists available." Research must also be redirected to microbiology and enzymology, two disciplines which have been neglected because of the current fashion favoring molecular biology and genetics. Next year the Fund for Research will devote 30 million francs to these new programs. Whatever these gaps may be, French research is already providing opportunities which industry is slow in grasping, in the opinion of CODIS responsible officials. "Too few manufacturers know what new things they could do," Prof Durand also finds. To help them the government has decided upon the establishment of four "transfer centers" (see box, p 96 [Manufacturers at the Microbe School]), which are both places for meeting and of advisory services where the gulf between research and its development should be eliminated. Initially, the government expects that these centers should permit the PME [small and medium-size enterprises], lacking their own research resources, to participate in the development of bio-industry. The responsible officials of the DGRST believe that today recourse to biotechnologies demand great resources. "It is less the matter of research than the enormous costs of development--extraction, product purification, long toxicological tests--

which exceed the capabilities of a medium-size manufacturer," in the opinion of Prof Royer. "In our domain investments are always very great, about 500 million," states Landau. It can be well understood why manufacturers show some reluctance! All the more so since dividends are long term and results not guaranteed. "There are few products for which the French market is sufficient; Eurolysine, for example, is exporting 60 percent of its production," a SEMA expert reminds us. It is therefore necessary to aim at a larger market. European? Worldwide? And which products must be selected? "Interferon is not a good program for France. We missed our chance 4 years ago when Roussel and Pasteur did not succeed in reaching agreement upon carrying out joint research. Now we are too late," in the opinion of Prof Royer. "But at the same time the responsible officials of CODIS claim a certain 'right to be wrong.' It is not yet known whether interferon will fulfill its therapeutic promises. But have we the right to be absent, not to run this risk?" Even in official circles the "bio-industrial" strategy is still a long way from being decided. It should emerge next year from meetings of CODIS officials, manufacturers, and bankers, and be nurtured by the results of the inquiry by SEMA which, after a visit in the United States, is finishing with a trip to Japan. And which, as well as determining which "processes" are competitive, seems intended to find possible foreign partners. "In visiting the principal American firms we have sought to find out if they were interested in coming to work with us. As BUSINESS WEEK recently wrote, the Americans have come to understand that indeed to work in France, a 50-percent French partner is necessary. That is also true for the Japanese." The development of the bio-industry appears decidedly more a business for the multinationals than for PME.

[boxed text, p 96]

Manufacturers at the Microbe School

In the beginning of 1980 the government decided to establish four transfer centers. "A list not limited to these," states Prof Royer. "It may be decided to establish two other centers--at Lyon and at Paris."

Paris: Nobel prizes make it obligatory for the Pastuer Institute to house the "genetic engineering" transfer center; 300 square meters of new laboratories are to be available next year. In addition, the government has decided to establish, at the Pasteur Institute, a data bank which will make it possible for laboratories and manufacturers to know which microbe strains are available in France.

Grignon: Within the National Agronomic Institute there will be established a center of microbe genetics which will perform "screening of strains after the manner of the Japanese" in an attempt to make up the French lag in identification of "useful" microbes.

Toulouse: A laboratory devoted to fermentation engineering will be built at INSA between now and 1982. It will combine the capabilities of Prof Durand's team, already installed at INSA, geneticists from INRA, CNRS, and the university, and data processors from an automation laboratory. "Our work begins when a strain

is selected," says Prof Durand. "We must define the conditions which will enable it to produce all of which it is capable. The optimum efficiency must be obtained, by modifying the microbe's physiology. That is the work of the geneticists. And by perfecting fermentation technology." An example of improved efficiency: going from batch fermentation to continuous process fermentation. Normally beer ferments in vats which are emptied and cleaned at the end of each operation. The new process: the beer wort is passed through a column within which the yeast is placed; fermentation takes place more rapidly and the process operates continuously.

Compiegne: The technological university will house the center for "enzyme engineering," the specialty of Prof Thomas, and developments of which can yield products with greater added value. In living in chemistry organisms enzymes play the role of catalysts in chemistry; without them no breakdown of large molecules nor synthesis is possible. An enormous advantage over chemical catalysts: enzymes function under ambient pressure and temperature conditions. Whence the idea, to carry out certain transformations, of no longer working microbes--which must be fed and maintained under proper living conditions--but only the useful enzyme. It is in this way that the Americans make sugar from corn. "With enzymes more expensive raw materials can be exploited because the energy necessary to support a living system is saved," Prof Thomas emphasizes. Of the some 2,000 enzymes present in a cell, we know how to exploit scarcely 15 today. In particular, even though it is known how to effect some breakdown of large molecules, yet to be achieved are enzyme syntheses under profitable conditions. In the end it is biotechnology which might change pharmaceutical and fine chemical production the most.

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CSO: 3100

THOMSON-CSF OFFICIAL INTERVIEWED ON WEAPONS MARKETS

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-30 Nov 80 p 19

[Interview with Jean de Mercey, assistant general director of Thomson-CSF; date and place not given]

[Text] [Question] In recent years, a large share of French weapons systems exports have generally been linked to exports of aeronautic equipment. However, in the recent contract which Saudi Arabia made with France, one sees important markets in the naval field. While French exports of aeronautic equipment seem to be marking time, do you believe that through the naval sector, there is a possibility of conversion for traditional weapons systems manufacturers?

[Answer] In general, I do not believe that one should speak of conversion because actually, there is an increasingly broad interpenetration of electronic techniques in the naval and avionics sectors.

Naturally, the Saudi Arabian order will mark the coming years with an upsurge of activity in the naval field, but for Thomson-CSF, I would remind you that this is not a new activity. On the contrary, historically speaking, within our company electronics began with naval applications before the advent of aero-related applications. We have therefore always had sustained naval activity.

As for our avionics activity, it continues to progress although in 1980, there was indeed a certain slump in airplane orders for military purposes, first of all, because we have an airplane equipment plan that remains important in long-range terms and second, because our avionics division also produces other equipment: remote control devices for missiles, interceptors to be carried by planes and ships.

[Question] Concerning your military activities, there is little talk of the naval sector. What does it represent for your company?

[Answer] We have highly diverse activities. In fact, beyond the supplying of equipment carried by ships, we are making more and more complete weapons and equipment systems, systems that include different sensors, telecommunications equipment, data processing information, weapons guidence means, surface-to-air missiles (the Crotale, for example), and so on.

In addition, we have increasing activity in the field of submarine acoustics, both for surface vessels and the submarines themselves, characterized by remarkable progress in exports. On the whole, speaking in terms of turnover, the naval sector represents one-third of our military activities.

[Question] What does the aeronautic component represent as part of that naval market?

[Answer] It is growing because of the increasing share of airplane and helicopter engines in naval weapons systems, without mentioning maritime patrol planes.

[Question] What are the bases for development of the naval market?

[Answer] In recent years, the trend was toward the purchase of small ships (200 to 400 tons), armed with sea-to-sea missiles. The efficiency of these missiles, on the one hand, and miniaturization of electronics and data processing means, on the other, have made it possible to put extremely powerful means on small ships, which would have been unthinkable only a few years ago.

Today, needs seem to be evolving toward ships with larger tonnage (1,500 to 2,000 tons). In other words, the weapons systems we deliver will be even more complex.

But to respond to such needs, it is indispensable to have competence in all the techniques implied by such systems, which we can do because of our very extensive catalog.

This will be used to great advantage for the Saudi Arabian order.

[Question] What will be the effect on technological developments of the naval sector?

[Answer] The special environment of warships, the very long duration of missions at sea, impose particular technological limitations on our equipment. The development of naval equipment has therefore always helped to improve all our equipment. That is already one technological effect.

Furthermore, even more than in the case of aeronautic equipment, we are, in the naval field, forced to conceive rather diverse systems in order to respond to the particular requirements of our foreign customers. For example, for one export order, we manufactured a Ka band radar of the original fire control. This is another interesting technological repercussion of the naval market.

[Question] Do you develop your systems mainly our of your own funds or through government contracts?

[Answer] In general, within Thomson-CSF, our research and development effort is considerable. For the company as a whole, sums devoted to this effort make up 20 percent of our turnover on the average. This percentage is even greatly exceeded in some fields.

Considering our expansion, we are led to provide more and more of the financing for that effort out of our own resources and through foreign contracts. But the share

of the French Government remains substantial and essential for the orientation of our studies.

[Question] You spoke of foreign contracts. What is your company's position on naval weapons systems exports?

[Answer] As a naval electronics firm, Thomson-CSF is among the top three exporters in the world in the field of equipment for warships.

Actually, we have very few competitors able to supply as large a range of products as we do. Our two main rivals are European for to our knowledge, the United States, which has a very large domestic market, does not have builders with such a complete range of equipment.

[Question] Does your company want to sell alone or would it prefer to be in some way linked to shipbuilders, just as it was linked to airplane builders?

[Answer] Unlike in the case of the avionics market (from the very beginning, combat planes are designed with their weapons systems and cannot be dissociated from them later), our equipment can be installed on very different ships. That is why we have no special attachments in this field.

Naturally, while we maintain the best possible relations with French shipbuilders, we fortunately succeed in equipping vessels built by foreign shipyards.

That is one of the important elements of this market, a market that should remain promising for years.

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CSO: 3100

THOMSON-CSF LABORATORY ACTIVE IN OPTOELECTRONICS

Paris ELECTRONIQUE ACTUALITES in French 7 Nov 80 p 14

[Article by F. Grosvalet: "Two Axes of Research in Optoelectronics at LCR (Thomson-CSR)"]

[Text] Optoelectronics and the investigation of compounds of the III-V type are two of the main axes of research at the LCR [Central Research Laboratory] of the Thomson-CSF company. Having an aspect in common (the investigation of III-V compounds in optical applications), they represent about half the LCR's activity.

Optoelectronics alone involves around one third of the LCR's laboratories. The main body of this activity is centered within the Optoelectronics Devices and Systems group headed by Mr Leclerc.

As is the case with all the LCR's studies, its optoelectronic research is financed to the extent of 75 percent by the Thomson-CSF group, the rest being financed pinpointedly by the interested government administrations (DAII [Directorate of Industrial and International Affairs], DGRST [General Delegation for Scientific and Technical Research], DRET [expansion unknown], etc).

Since the transfer to the DCM [Microwave Components Division], in January 1979, of its work on gallium and aluminum arsenide (Ga Al As) lasers produced by liquid-phase epitaxy and emitting at 0.85μm, the optoelectronics group's work has been devoted to 1.3-μm and 1.55-μm laser emitters and their respective detectors.

The LCR has already obtained good results in this domain, with sustained operation at ambient temperatures, last year-end, of the first laser having an active zone consisting of a quaternary compound of phosphorus, arsenic, gallium and indium (Ga In AsP) and emitting at 1.27μm. Mr Leclerc's research group is also the first to have succeeded in operating, in February, a Ga In AsP laser produced by metallo-organic vapor-phase epitaxy, at 1.18μm, and has obtained the best results to date, worldwide, with Ga Al As lasers at a threshold current of 800 A/cm^2.

The LCR has facilities now for four methods of fabricating compounds: ordinary vapor-phase epitaxy, liquid-phase epitaxy, metallo-organic vapor-phase epitaxy (in English: MO-CVD [metallo-organic chemical vapor deposition]), and molecular beam epitaxy [MBE]. Next year it will have facilities for the Czochralski process. Ordinary vapor-phase and molecular beam epitaxies are not used for the production of laser structures.

As for large-scale production, the future seems to point to metallo-organic vapor-phase epitaxy. Liquid-phase epitaxy, although it yields good results to the DCM, remains a relatively costly process and one that is difficult to put into production because of its highly technical nature.

While it is continuing its work on 1.3 μm lasers with a view to improving their performance characteristics before they are put into production, the LCR expects to realize shortly a 1.55 μm device (still using a Ga In AsP compound but with different proportions of indium and phosphorus), this wavelength being that of another attenuation minimum in silicon optical fibers (it would appear also, according to the Japanese, that this wavelength is the most suitable for optical telecommunications).

At 1.3 μm for liquid-phase epitaxy and at 0.85 μm for metallo-organic vapor-phase epitaxy, preliminary laboratory results show promise for the future, and it is now possible to foresee the start of industrialization, with the turning over of the work to the DCM targeted for the end of next year.

But there are still many problems to be resolved in these two domains, above all in that of metallo-organic vapor-phase epitaxy. The market at the 1.3-μm wavelength is not yet defined; true, the DAII has put out requests for bids on links at that wavelength, but these do not represent immediate requirements (none for 2-3 years from now).

Since achieving sustained operation of the first 1.3-μm laser at ambient temperatures, the LCR has been working on improving its temperature-response characteristics and, in particular, on increasing its operating temperature.

Its main research efforts are being focused on the device's structure, currently a double heterostructure for the indium phosphide substrate with a Ga In AsP active zone, to improve its heat dissipation and optimize the dimensions of its active zone. The processes being used by the LCR to establish the size of the active zone (ribbon structure) are not being revealed but it appears that proton bombardment, which is currently used for Ga Al As lasers, is not the best solution at 1.3 μm.

The 1.3-μm lasers being made by the LCR, which are solely to supply the group's own needs, have threshold currents of 100-150 mA, output powers of the order of 10 mW, and a life span of over 10,000 hours. (The problem of the degradation of Ga In AsP lasers appears to be simpler than in the case of Ga Al As lasers. A rule of thumb appears to be in the process of verification, according to which, the shorter the wavelength the greater are the problems of degradation).

The objective for lasers intended for telecommunications use, be it at 1.3 μm or at 0.85 μm, is to obtain output powers in the range between 1 and 10 mW at 15 percent above threshold current. Emission at 1.55 μm presents problems that are more difficult to resolve, and there is as yet no laser capable of sustained 1.55-μm operation at ambient temperatures. Research on metallo-organic vapor-phase epitaxy is far less advanced and, although researchers have obtained good results with a

Ga Al As laser with a divergence of only 26° in a direction perpendicular to the plane of the active zone and a typical sustained power output of 5 mW, much remains to be done, mainly in regard to the reproducibility and the reliability of the devices.

The LCR was also the first to operate a Ga In AsP laser at 1.15 μm. This laser also has a double heterostructure with two 2.2-μm indium phosphide confining layers, one an n-type and the other a p-type, and a 0.2-μm-thick In [as published] active zone of Ga 0.2 In 0.8 As 0.43 P 0.57. To make these devices, the LCR has a horizontal reactor that can process several 2-inch sections at a time, and an experimental vertical reactor.

Parallel and jointly with its work on emitters, the LCR optoelectronics group is also working on 1.3-μm detectors using the same materials and structure-types. In certain cases, the purpose is served by a Ga In As-on-Ga As linear detector; but in this case, the problems are different: The most important characteristic is the purity of the material, from the standpoint of limiting the parasitic effects of capacitance.

The DCM has already commercialized its 0.85-μm detectors.

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CSO: 3100

NEW BOOK CLAIMS TIES AMONG SECRET SERVICE, POMPIDOU, GISCARD

Paris LE MONDE in French 25 Nov 80 p 12

[Article by Jacques Isnard: "A Former Secret Agent Reveals That Georges Pompidou Wanted to Entrust the SDECE With Espionage Missions of Internal Politics in 1962"]

[Text] In an autobiographical volume, soon to appear, in which he relates his past activities, a former Foreign Documentation and Counterespionage Service (SDECE)* agent, Mr Marcel Le Roy, alias Finville, reveals that then Prime Minister Georges Pompidou had ordered him to engage in internal espionage missions — illegal entry into labor union offices and the central office of a newspaper — and in operations designed to neutralize or execute French refugee opponents, particularly in Spain after the war in Algeria.

Mr Le Roy also reveals that the minister of finance at the time, Mr Valery Giscard d'Estaing, had asked for and received from him information — obtained in any way possible, including the theft of American documents in a Cannes luxury hotel — on the U.S. position prior to the so-called "Kennedy Round" negotiations with Europe in 1964. Later, the author had to explain the source of the documents to chief of state General de Gaulle.

Former chief of planning at the SDECE, the French secret service, and today a real estate promoter on the Riviera, Mr Le Roy, now 60, after World War II created Department Seven, responsible especially for secret burglary operations and safecracking in order to microfilm important and useful documents and later for the job of analysis and interpretation handled by specialized information divisions. Mr Le Roy feels that he was a pioneer in the use of these methods in France, later extensively applied in the United States, notably so in the Watergate "plumbers" affair which put an end to Richard Nixon's presidential career. At the peak of its activity, the SDECE's Department Seven managed to open between 20 and 27 diplomatic pouches a day in order to intercept and decode ambassadors' correspondence.

Implicated in the Ben Barka affair — Ben Barka was the Moroccan opposition leader who disappeared in Paris on 29 October 1965 under circumstances that still remain

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* Created in 1945 and, since October 1970, headed by Mr Alexandre de Marenches, the SDECE is composed of about 2,000 officials (55 percent civil and 45 percent military) with an overt budget on the order of 400 million francs anticipated for 1981.

far from being cleared up 15 years after the fact — Mr Le Roy was suspended in January 1966. A month later, he was charged with failure to report a crime because he was suspected of not having brought the information he had on the disappearance of the Moroccan leader to the attention of his superiors in time. In his book, the former SDECE agent vigorously defends himself against such an accusation.

Acquitted

Moreover, Mr Le Roy was acquitted in June 1967 at the end of the second trial of the authors of the kidnaping. But his dismissal from the SDECE was confirmed by the Council of State in August 1972. "Could I have replied to the presiding judge," writes the former agent today, "that while sinister plots were being hatched against the Moroccan politician, I was getting ready to steal an American atomic warhead" stored in Frankfurt? That operation, prepared in such detail, had to be suspended.

Specifically on the Ben Barka affair, Le Roy does not contribute any startling revelations. He is satisfied — after reminding us of the warnings addressed to his superiors prior to the Moroccan leader's disappearance — with denouncing the alliance, in France and in Morocco, of hooligans, informers and policemen whom he accuses of having wanted to pin the responsibility for the kidnaping on a heedless SDECE, torn from within, clumsy and badly led. He merely notes that, since then, Department Seven has been dispersed.

Job

But if the book contributes little new information to this last-named affair, it makes up for that by shedding light in a rather unexpected way on the SDECE's relations with Georges Pompidou and Giscard d'Estaing during Charles de Gaulle's first presidential term of office.

Thus the former head of Department Seven reports that Mr Jacques Patault, a member of the prime minister's office from 1962 to 1966, prefect and today chief treasurer of the dep rtment of Landes, in cahoots with Georges Pompidou and without having to bo through the director general of the SDECE, Gen Paul Jacquier, at that time sought to turn special services activity in the direction of political espionage in France, of obtaining information on the "enemy within" and the labor unions in particular. Le Roy says that he was opposed to this despite the introduction into his department to do just that of agents of the Civic Action Service (SAC), "a Gaullist-type service," he writes, "which is in fact a sort of unofficial police force."

At any rate, the former SDECE chief of planning admits that, acting on orders from the prime minister, he had to train police inspectors, then responsible for spying on the parties and labor unions, in Department Seven methods.

Le Roy also reports that some time after that Patault informed him of Pompidou's wish to recover — if necessary setting fire to the premises afterward to remove any trace of the breakin — various documents stored in the office safe belonging to Jean-Francois Devay, who was then manager of the weekly MINUTE. The head of Department Seven says he refused to do the job, which was based on an illegal conception of how the secret services are to be employed.

Unlike the Departments of National Surveillance (DST), General Intelligence or Military Security, which function inside the country's borders, the SDECE is officially responsible for "seeking out all the information and documentation, outside the country, likely to provide the government with information so that it can warn the departments concerned about agents of foreign powers likely to pose a threat to national defense or security." Its missions are, therefore, primarily oriented to the exterior.*

Nevertheless, SDECE agents periodically continue to complain (LE MONDE, 19 July 1978) of a slow evolution in their missions in the direction of internal intelligence under the pretext of the international struggle against subversion and terrorism that has led the department to arrogate to itself a "followup right" in France as regards its discoveries abroad.

Along another line of thought, Le Roy relates that, in Pompidou's presence at the Hotel Matignon, Patault ordered him to set up liquidation or kidnaping operations in Spain — where they had sought refuge — against Frenchmen who belonged to the OAS, the Secret Army Organization, which had through its attacks opposed Algerian independence. The secret agent explains that, despite the prime minister's astonishment at his lack of discipline and his man in charge of the mission's insistence on considering it to be the SDECE's duty to neutralize these Frenchmen "as [one would] harmful animals," he refused to do the job.

"Contract"

Most of the world's special services are organized to carry out missions called "contracts" (for murder) in France or "murder actions" in the English-speaking countries. During World War II, operations of this kind were carried out by the "action" divisions of the chief intelligence services.

As early as 15 years ago, a book entitled "The Spy Fair," written by a French counterespionage officer under the pen name of Francois Gardes, in fictional form described a Guignol (one of the many SDECE cover names) "murder action" against an American secret agent, guilty of having with the complicity of police officials aided the opposition to the president of France. Grancois Gardes' roman a clef very quickly disappeared from the bookshops.

Theft at the Majestic

As for Le Roy, he reports that in 1957 Gen Maurice Challe, then an Army major general, with the assent of Guy Mollet, the chairman of the council, came to the SDECE with a list containing 29 names of foreign nationals believed to be in favor of the arguments for rebellion in Algeria and, because of that, condemned to disappear. Some of these missions were carried out and others were canceled. They were known under the program code name of "brain trust action" and concerned arms dealers, Algerian bigshots or double agents.

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* "SDECE Department Seven" by Philippe Bernert and Colonel Le Roy-Finville, 410 pp, Presses de la Cite, about 60 francs.

Created by a socialist government, the former SDECE chief of planning further notes, the "brain trust action" survived the Fourth Republic. But, under the existing circumstances, in line with the request from the Hotel Matignon, it was a matter of organizing intimidations, provocations and neutralizations of French citizens. According to Le Roy, Department Seven's refusal to cooperate led government leaders to entrust these missions to secret agents often recruited from the underworld.

Shortly after that, it was the Ministry of Finance and Economic Affairs that had need of Department Seven in connection with the so-called Kennedy Round negotiations on trade between the United States and the Common Market which began in 1964.

Transmitted by the head office of the SDECE, then minister Giscard d'Estaing's wish was to know beforehand the cards his American partner would be playing at the discussion table. Microphones were placed in the room in the Hotel Majestic in Cannes in which American Undersecretary of State George Ball would be discussing matters with his collaborators. A secret laboratory was set up in the hotel to photograph the documents and a member of the Finance Ministry had the use of a special airplane for rapid and dependable communication with his ministry. In the night, an SDECE agent entered Mr Ball's room and, while the latter was asleep, stole the notes from the American minister's jacket pocket, which were returned to it in the same way after they had been microfilmed.

At the Council of Ministers, Giscard d'Estaing had to explain the source of the documents and Le Roy says that he was then summoned to the Elysee, where he was used to remove the chief of state's doubts before receiving a simple thank you delivered, he writes, reluctantly.

Decline

Because since 1940, relations between the special services and General de Gaulle had always been tumultuous and complex. In his book, Le Roy traces what he calls "the decline of the SDECE" to the president's decision to exclude the department from the negotiations at Evian on Algerian independence in 1961 and 1962.

Furthermore, General de Gaulle had contributed to the redirection of the activities of the services against targets that were not exclusively in the East, like acquiring information on allied countries, including the United States, whose diplomatic pouches in black Africa did not escape the scrutiny of Department Seven. Surveillance of American activities in France formed part of the SDECE's missions. On the other hand, according to Le Roy, it was one of his agents who, on General de Gaulle's personal orders, in 1960 provided the Chinese with the measuring devices necessary for their first nuclear test in 1964.

Generally speaking, the former chief of planning feels that throughout all those years the Gaullist clique "gangrened" and "corrupted" the SDECE by letting it be invaded by SAC members — several of whose names he cites — thrust upon it, according to him, by Georges Pompidou or by Roger Frey at the Ministry of Interior and Jacques Foccart at the Elysee.

11,466
CSO: 3100

REIMS AIR CONTROL CENTER TO BE OPERATIONAL BY 1983

Paris ELECTRONIQUE ACTUALITES in French 28 Nov 80 pp 1, 14

[Article by G. Bidal]

[Text] Reims--The Reims Regional Center for Aerial Navigation (CRNA-eastern area), whose objective is to "relieve" the current control center of Athis-Mons, will be operational by 1983. As early as January 1981 the building under construction will be ready to receive equipment deliveries (radars, computer systems, control panels) most of which is being supplied by Thomson-CSF. This equipment represents a value of 100 million francs, or half of the total cost.

"The decision to set up a fifth control center in Reims (after those of Paris-Athis-Mons, Aix, Bordeaux and Brest) goes back to 1976 when it appeared that by 1982 the Athis-Mons center, of early concept, would no longer make it possible to handle flights over the eastern and northern areas adequately," Mr Abraham, director general of civil aviation, disclosed during a visit to the Reims construction site organized on behalf of the press.

Reims will assure control of air traffic "en route" through the "upper" space of the east and north as well as through the "lower" space within the area of its responsibility; thus, Athis-Mons will retain responsibility only for traffic "approaching" Parisian airports.

The building is under construction and equipment deliveries will be made continuously from January 1981 to October 1982 with the gradual start-up scheduled for the end of 1982. Five to six control "sectors" will be installed at that time (Athis-Mons has 15), but the computer system as a whole is designed for 20 sectors which are to be installed by 1986.

The equipment contracts, nearly all signed as of this date, now amount to 100 million francs for the basic structures and six control "sectors." The total cost of the center is expected to reach 200 million francs divided into four annual sums of 50 million francs each.

Only One-Third of the 1981 Budget

In this connection, Mr Abraham stressed that the proposed 1981 budget calls for a substantial increase: 160 million francs for the "en route" equipment out of a total budget of 184 million (compared with 113 and 134 respectively in 1980).

Thus, in 1981 Reims will absorb only one-third of the expenses: as a result, 53 million francs will be available for equipment in the other four centers to improve radar coverage (a new radar will be installed in Nice in 1981), replace the visual consoles and gradually install a new computer system--the CAUTRA IV. The remainder will be allocated to the air-to-ground communications sector and, in particular, to the replacement of the last ground stations for navigation by lights.

Mr Abraham also emphasized the showcase role the Reims center could play with regard to export, for the first time presenting the latest French technology on the subject of air control at a center handling a large volume (Reims will handle a daily average of 2,400 flights during the summer).

Safety

This technology has not been revolutionary but should--in Reims--lead to substantial improvements in the matter of safety at each control "sector," comprising one station and equipped with two radar visualization consoles (21 and 16 inches) furnished by Thomson, instead of a single console as in the case of the present centers.

However, the heart of the control center will be the CAUTRA IV system (now in its final development stage in Brest); its minicomputer structure now separates the radar functions and handling of flight plans. The STR (Radar Handling System) subassembly is composed of three computers (Sems Mitra 525) two of which are operational in active redundance and the other a relief unit; the SLPV (Flight Plan Handling System) is dependent upon two computers--one normal, one relief. The masterwork of the CAUTRA IV is the STNA (Aerial Navigation Technical Service), but its realization was subcontracted to ECA-Automation (of the Thomson group) and Eurocontrol.

The matter of safety is further enhanced by a complex telephone system, "Sigphone," for communications between controllers, developed by the CSEE /Signals and Electrical Enterprises Company/. The possibilities of interconnection with other centers and of a "switching" of control points make the quality of the communications network highly important: the center uses PTT /Telephone and Postal Services/ cables but also a radio hookup (furnished by TRT /Radio and Telephone Telecommunications Company/ from a small integrated station located a few kilometers away.

Although Thomson is cutting itself in for the lion's share of the center's equipment, about 20 other companies, all French, have taken part in its development: we may cite SODERN, Logabax and Sagem (peripheral data processing), CGCT /General Telephone Construction Company/ (telephonic autocommutator), Philips (TV network), Telerad (V/UHF transmitter-receiver), Merlin-Gerin (undulators), Systelec (remote control units), Cerme and Asmann.

8568
CSO: 3100

NEW IMMIGRATION POLICY SEEN ENCOURAGING

Paris LE NOUVEL ECONOMISTE in French 1 Dec 80 pp 26-27

[Article by Henri Gibier: "The New Hospitality Laws"]

[Text] Entrance tightly closed and exit wide open, the French immigration policy is without ambiguity. But up to now, only 100,000 foreigners have taken the return route, voluntary or forced. There are still 3.5 million "tenacious" immigrants who are beginning to nourish a "ghetto complex" from feeling so little wanted. To avoid finding himself in the near future faced with the French equivalent of the black American problem, Mr Lionel Stoleru doffed his border guard cap Wednesday. One year after ordering a report on this question, at the last meeting of the Council of Ministers the secretary of state for immigration presented 10 measures "of cultural acclimatization" for the foreign population.

This "table of laws" of French hospitality will involve 150 million francs in 1981, provided mostly by the FAS (Social Action Fund). Not all the measures are costly. For example, the desire to improve the reception given immigrants by public services. A handbook and circular recalling the rules of courtesy toward foreigners will be distributed at post offices and social security offices. There is also administrative simplification--elimination of marriage authorization, humiliating and purely formal.

On the other hand, two other series of measures are more extensive. They are aimed primarily at children, this "second generation" of immigrants who often know Franch better than their own country. The 45,000 immigrant students of the technical sector will thus be able to decide to learn Arabic, Spanish or Portuguese in preference to English. In elementary and secondary education the 900,000 or so foreign students will have 12,000 supervised study hours.

At present, due to lack of private pedagogic support, 200,000 give up their schooling as early as the fifth grade. Lastly, they are to be given assistance in returning home thanks to 50 vacation centers to be set up in the near future in their native lands.

For parents, the chosen remedy is participation. A total of 24 departments, considered desirable because of their heavy concentration of foreigners, will serve to some extent as "mission lands." Government coordinators are organizing on-the-spot conferences among interested parties. Meanwhile, 240 sociocultural promoters, a third being immigrants, will be especially assigned to deal with the problems of youth and women throughout the country. Finally, all companies will henceforth be able to count on one-quarter foreign administrators instead of just one individual, as was the case up to now.

Nothing in this panoply conflicts with the immigration policy drawn up by the government. Simply put, coming soon after the Franco-Algerian accord, Mr Stoleru's initiative will put a gentle end to an initial 7-year period which was difficult for "our" foreigners.

24 Desirable Departments

Departments Receiving the Most Foreigners: National Average--6 Percent

Department	Percentage in Population	Number of Foreigners
Paris	15.0	354,000
Seine-Saint-Denis	13.6	180,000
Hauts-de-Seine	13.4	194,000
Nord	7.0	176,000
Rhone	13.4	193,000
Bouches-du-Rhone	9.3	152,000
Val-de-Marne	16.4	200,000
Moselle	11.5	116,000
Yvelines	13.2	143,000
Isere	13.8	119,000
Val-d'Oise	12.3	109,000
Essonne	10.4	96,000
Alpes-Maritimes	11.7	96,000
Seine-et-Marne	11.7	89,000
Loire	8.3	62,000
Haut-Rhin	10.3	66,000
Meurthe-et-Moselle	7.6	55,000
Herault	8.7	57,000
Haute-Garonne	7.5	59,000
Bas-Rhin	5.6	50,000
Gironde	5.3	57,000
Var	9.5	60,000
Haute-Savoie	11.8	53,000
Oise	7.6	46,340

8568
CSO: 3100

BRIEFS

AIRCRAFT DELIVERIES--The air force's delivery program, as foreseen in the 1981 defense budget, calls for the delivery of 72 planes during the next fiscal period. The shipments are broken down as follows: 37 combat planes (28 Mirage F-1 and 9 Jaguar A), 33 training planes (Alpha Jet) and 2 transport planes (Transall, new series). With these deliveries the air force will conclude its Jaguar program, the 200 planes all having been delivered. With regard to the Alpha Jet, by the end of 1981, 97 planes will have been delivered out of a total of 175 originally planned. [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Dec 80 p 9] 8568

NAVAL AIRCRAFT DEVELOPMENT--According to the present order book, the first New Generation Atlantic plane, currently being developed for the national navy, will fly during the spring of 1981, and the plane will be shown at the next Bourget aircraft show. The first flight of the second prototype is scheduled for the spring of 1982, and the first deliveries should be made in 1986 and 1990. The national navy has ordered 42 New Generation Atlantics. [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Dec 80 p 9] 8568

NEW MILITARY HELICOPTER--The helicopter division of SNIAS [National Industrial Aerospace Company] has presented a new version of its twin-engined helicopter AS 365 N Dauphin 2, the AS 365 F, in Bourget; the new version is specially equipped to combat surface vessels. Its armament comprises four AS 15 TT antiship missiles with a range of 15 km and radar guidance associated with a Thomson-CSF "Agrion" fire-controlled radar. This new version of the Dauphin 2, which differs only slightly from the AS 365 N, has been ordered by Saudi Arabia to the tune of 20 units, four others being the type AS 365 N. [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Dec 80 p 9] 8568

CSO: 3100

PAPER DISCUSSES LATEST POLL SHOWING DECLINE FOR MODERATES

Stockholm DAGENS NYHETER in Swedish 2 Nov 80 p 2

[Editorial: "Slow Drift Toward the Middle?"]

[Excerpts] According to Soren Holmberg and Olof Petersson in their new book "Within the Margin of Error," anyone who interprets the latest poll by the IMU [Institute for Market Research] as a trend toward the middle, with an ostensible flow of votes from the Conservative to the Liberal Party and from the VPK [Left Party Communists] to the Social Democrats, would surely be falling victim to the more or less biased "overinterpretation" of public opinion polls which both commentators and--in a more secret way--party strategists are guilty of.

The fact is that one seldom knows whether shifts from one month to the next are real or the result of sampling errors. Only long-term continuing trends provide anything to rely on. And even less can one know what causes the monthly swings--or whether they even exist at all except in the computer calculations.

Does statistical success have an actual political effect, in the sense that a winning party in, say, the nonsocialist corner (apparently winning, that is, according to the public opinion polls) attracts the relatively undecided vote in the next poll? And does it do the opposite when the pendulum swings the other way and shows a percentage drop for a particular party?

That classic question as to whether public opinion polls influence public opinion is also posed, of course, by Holmberg and Petersson, and this has even led the Swedish Language Committee to propose the terms "advantageous effect" and "disadvantageous effect" to cover the two phenomena. The two researchers do not seem inclined to attach any real importance to either.

11798
CSO: 3109

ECONOMIC PREPAREDNESS CHIEF URGES INCREASED FUNDS

Stockholm DAGENS NYHETER in Swedish 15 Nov 80 p 33

[Article: "Economic Defense Limited Preparedness for the Most Important"]

> [Text] Stingy appropriations and poor planning has characterized our economic defense, thinks the director gneeral of the Board of Economic Defense Gunnar Nordbeck. In the future we must concentrate on certain absolutely necessary maintenance area; transfer prestocking over on the companies and reduce our dependency on strategic merchandise.

The recent criticism of the preparedness in the mass media is biased even if it is not directly wrong, said Nordbeck.

--It is obvious that there are shortcomings in an operation that stocks and turns over 6 billion kroner worth with hired personnel that numbers 25, and warehouses spread out over approximately 500 places in the country.

The criticism batters at an open door, said Nordbeck. At the same time, he was careful to emphasize that the appropriation OEF received was only half of what was needed and half of what was mentioned in the 1977 defense resolution.

The new direction in our economic defense was presented by Nordbeck at the Swedish Civil Defense Federation official meeting in Stockholm on Friday. He was very critical of the model that the government powers have shown up to now for the economic defense.

--The plan has been based on the fact that we in general keep the whole social machinery operating during war or blockade. The development of the society, however, is rapid and it is impossible to oversee it in its entirety.

--The result has been that a great quantity of more or less outdated plans for different community sectors have been collected, said Nordbeck.

Greater Risks

Such an "all encompassing" objective is hardly realistic today, in Nordbeck's opinion. Instead, the economic defense must be directed towards securing the prestocking of the most necessary merchandise during a long time period.

--This new direction involves great risks to be taken. This the politicians must accept if they are not willing to give the economic defense considerably greater resources than now.

The absolutely necessary priorities in the preparedness areas are food, clothing, heating, hygiene, health-and medical treatment, as well as energy and transportation.

--This plan creates a net of shelters which we under all circumstances can depend on.

Nordbeck even announced other changes. It is important to find alternatives for the extremely costly prestocking, he explained.

The need of industry for different quantity of specific raw materials changes constantly. It is hard to make sure that the state stocking of material constantly corresponds with industry's needs.

--We must get a transfer of stocks directly from the companies referred to, said Nordbeck.

For certain raw materials, for example, oil, we are completely dependent on import. It is not advantageous to utilize some other important raw materials in Sweden today. Nordbeck mentioned vanadin as an example, an alloy which, among others, is mined in South Africa.

--Swedish vanadin mining would be fine for preparedness reasons. Aside from that, it would reduce our budget deficit and improve employment.

Gunnar Nordbeck

9583
CSO: 3109

BUSINESS WILL BE LESS ACQUIESCENT TOWARD GOVERNMENT IN 1980'S

Copenhagen BERLINGSKE TIDENDE in Danish 30 Nov 80 p 8

[Commentary by Tom Hoyem]

[Text] The 1980's will be offensive years for business under the sign of neoliberalism.

Swedish business will no longer stand with hat in hand, apologizing for its very existence. Some law or other type of restriction which business accepted came out about every 10 days throughout the 1970's. The 1970's were characterized by a defensive attitude. The 1980's will be offensive years in which the growth of the public sector and socialization will not be taken for granted. There will be better conditions for stressing private instead of public enterprises. Why not make the postal system, hospitals and health care private businesses? Who says the public sector is best suited to handle these things? It is good and proper to talk about capitalism. The market economy is inextricably bound up with a democracy that respects the freedom of the individual.

Is the Sweden of the future to be a creative Sweden or a caretaker Sweden? Will there be room for imagination, initiative, determination and hard work or will the desire to work be lost in bureaucracy, unprofitable envy and a nostalgic fear of technology and progress?

Topics of this magnitude were discussed at the recent congress of the Swedish Employers' Confederation. And discussion alone was not enough. This was a rejection of the national economic ideas of John Maynard Keynes which have dominated large parts of political thought in this century. This was a welcome to the return of the theoretician Adam Smith from the 1700's. It is a deliberate launching of neoliberalism. The employers' group will change its style and administrative form. When state authorities often make wage negotiations an illusion, when modern society makes strike and lockout methods problematical, the employers' group must also take an active part in the social debate. For many years LO [Swedish Federation of Trade Unions] has had a patent on political influence through the structure of the two wings of the labor movement. In Sweden both the LO chairman and other union leaders have sat in parliament as Social Democratic representatives.

We have to become involved too, said SAF [Swedish Employers' Confederation]. The first step was to free all SAF directors from routine work. Instead they will take the offensive in social debates and the group admitted with pride that it intends to become a political pressure group along the lines of the American organizations often negatively called "lobbies." Information campaigns are underway and many others will follow. About 20 million Swedish kronor a year goes into campaigns across the country. Often there have been campaigns against something, for example workers' funds, public expansion, the tax system, lack of norms in the schools. Now they want more campaigns in favor of something, such as market economy, rewarding extra work performance, a freer business sector without subsidies. They want to participate in the forming of public opinion. And not just to make people understand the banal but forgotten fact that without production and exports everything would grind to a halt.

SAF's information and press activities will be strengthened and employer representatives will be trained to improve their skills in participating in the social debate.

Some 900 members took part in the congress and dealt with 200 proposals. The majority came from small businesses which are drowning in paperwork and problems. The membership consists of 37,600 firms with 1.3 million employees. Half have fewer than five employees. SAF employs 500 workers itself. They have had great success in the last few years with the Ratio Press which has released a long list of books written for the general public by many of the most prominent Swedish business people in an interplay of economics, research and culture. The books have attracted well-deserved attention and the "opinion monopolists" (Swedish: "proffstuckere") have been worried about the sudden emergence of counterparts on a qualified intellectual level.

Capitalism could become petrified and expire in decadence. That is the theme of a revival movement--and market forces need this since Keynes has ended up in a bureaucratic capitalism lacking in imagination, according to leading SAF people.

The new SAF Bible is the French journalist Henri Lepage's "Tomorrow, Capitalism." Individual choice is central, competition is decisive for democracy. The neoliberal revival is actually American and at many universities it is growing as quickly as left-wing orientation did in the late 1960's. (Incidentally, Sweden and Austria are the only countries where nonsocialist students dominate the university environment.)

Adam Smith attacked the feudal control of the 18th century. Neoliberalism claims to wage the same battle against the monopoly position of the public sector. The most extreme neoliberals have similarities with Marxist fanatics in that both represent themselves as exponents of a total scientific concept of existence. They don't go that far in Sweden but they say that the police, the armed forces and the legal system have to be under public control, but who has shown that other areas could not become private to the benefit of the state and the individual?

SAF also wants to combat all protectionist efforts and it is working for free trade and greater internationalism.

A leading American businessman once put it like this: "If you're not in business for fun or profit, what in hell are you doing here?" For many years business has been concerned with its profits and its attackers have been just as singleminded in focusing on that concept. But without profits, everything would go to pieces, SAF says and without an active and imaginative private sector citizens will have neither fun nor freedom.

SAF has written off the 1970's. Now they're going to fight for the 1980's.

6578
CSO: 3106

PAPER CRITICIZES LO'S WAGE DEMANDS AS IRRESPONSIBLE

Stockholm DAGENS NYHETER in Swedish 19 Nov 80 p 2

[Editorial]

[Text] Should LO [Swedish Federation of Trade Unions] stay out of wage negotiations? That is the logical conclusion of Gunnar Nilsson's statement on Tuesday that LO cannot assume any socioeconomic responsibility this year.

This is the first time, as Gunnar Nilsson pointed out, that LO has made such a statement. He stressed that economic leeway is a "secondary issue" this year. The decisive factor is the shaping of economic policy, especially the tax reform.

LO has not estimated the cost of its demands but the total cost increase for employers in 1981 should be around 16 percent. LO predicts that other organizations, primarily the four in the public sector, will ask for about the same. It is likely that all groups representing workers will be blaming exaggerated wage demands on the government this year. Workers cannot assume their responsibility when the government refuses to assume its share.

However the demands are directed at the employers and the individual firm must ask what justification LO has for trying to push through ruinous cost increases. In a negotiation between employers and workers economic leeway cannot be pushed to one side as a secondary issue no matter how unsuccessful the economic policy is. Economic responsibility is not something workers can accept or reject depending on the circumstances. In any situation no matter how it came about the important thing is to act out of consideration to the consequences.

How much blame does the government deserve for "forcing" workers to demand more than there is leeway for? The LO economic statement Tuesday said that government economic policies have failed both in Sweden and in most other industrial nations. Governments have been unable individually and collectively to master oil price increases, the growing power of multinational companies and increasing international speculation, it is charged.

The Swedish Government should have handled many things differently but it would not have done any better if it had followed the instructions of those who now regard themselves as free of responsibility because the government did more

things wrong. The union organizations' recipe for dealing with the economic crisis is very wide of the mark. Incidentally they should have learned to regard the fact that governments make mistakes as something normal, not as something exceptional.

In the debate earlier this fall LO claimed that index regulation of tax rates would hurt low-income workers if 1981 wage increases are much lower than 12 percent. Not until wage increases reach that level is index regulation neutral, as intended. That is the main reason why LO is asking for high nominal wage increases this year.

But the distribution desired by LO could have been achieved with a strongly equalizing wage profile. With lower overall wage increases channeled to low-wage earners the effects of the tax reform could have been neutralized without hitting us with continued high inflation.

In the choice between high wage increases and a stress on equalization, LO has said "yes and no." The argument that index regulation is hard on low-wage earners has no relevance at the level at which LO made its demands. Even so LO will place large amounts of money in an equalization supplement that will give a 16.4 percent gross wage increase to those earning 45,000 a year and nothing to those earning 132,000 kronor a year. The total effect of the tax changes and the wage increases would thus be strongly equalizing. Of course LO thinks that all organizations should adjust to this pattern or be forced to do so.

But experience suggests that LO is not strong enough to push such a solution through. LO can join with public employees to drive up the general wage level the way it did in the spring in the belief that this would guarantee real wages. Or it can try to win the support of SAF [Swedish Employers' Confederation] and public employers for a settlement at a low cost level with a strong equalization profile. But that would hardly force the wage level up while at the same time directing wage distribution. LO has no power over civil servant contracts. An understanding with employers must be reached to affect these.

When LO claims that "solving the problem of distribution is facilitated by high nominal wage increases" it is turning things upside down. It has become totally fixated on the tax rate, ignoring everything else. High wage hikes hurt employment and thus the weakest members of the labor market. Inflation erodes a unified wage policy and reduces union control over wage developments. Speculators and property owners benefit at the expense of savers. Nothing makes a solution of the problem of distribution more difficult than inflationary wage increases.

6578
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EMPLOYERS' FEDERATION TO ADOPT MORE POLITICAL ROLE

Stockholm DAGENS NYHETER in Swedish 17 Nov 80 p 6

[Article by Clas Barkman]

> [Text] The Swedish Employers' Confederation, SAF, is being transformed from a negotiating organization into a political pressure group along American lines.
>
> That is clear if one reads the motions for the SAF congress to be held at the end of the week. The impression is further reinforced by the reorganization made in the association so it can conduct its campaigns more effectively. SAF's entire management group has been freed from daily routine activity in order to devote itself to campaign work.

SAF, the employers' group, is being transformed from an interest and negotiation organization into a political pressure group.

Right now campaigns are going on against worker funds, the public sector, lack of requirements in the schools, the tax and subsidy system, etc. At the same time SAF is propagandizing for business freedom, a strong market economy and greater wage distribution.

SAF spends over 20 million kronor each year on its information campaigns.

In SAF's eyes the decade of the 1970's was one big failure. A long list of labor market laws such as MBL [expansion unknown], the Aman law and others passed despite SAF's disapproval. According to SAF these laws have strengthened the power of the workers at the expense of the employers.

To prevent a repetition of what happened during the 1970's SAF is now putting a lot of emphasis on influencing politicians, people in power and public opinion in this country. Using the American system of influencing politicians, known as lobbying, as a model SAF has assigned special colleagues to act as contacts with parliament and the government chancellery.

Different Traditions

"America and Sweden have different traditions in this area but in principle it's the same. In SAF we have Bjorn Tarras-Wahlberg who takes care of lobbying. We'll probably do more of that in the future but it's only one among several ways of doing things."

These remarks were made by SAF information chief Sture Eskilsson.

The emphasis on shaping opinion and influencing politicians and other people in power is based on the fact that SAF no longer believes that the decisive resolutions are made at the negotiating table, where SAF meets LO [Swedish Federation of Trade Unions] and PTK, the Private Salaried Employees' Cartel. Instead SAF intends to acquire some political influence.

SAF's new role as political soothsayer with representatives of the association acting more like statesmen than employer representatives is not being accepted as a matter of course, however.

Criticism

Within SAF leaders there is criticism about devoting their efforts more toward general policy than toward the special interests of the group's members.

Previously SAF's entire organization was directed toward negotiation and recurrent routines.

But several months ago the employers' group reorganized in order to be able to enter the social debate more quickly and with greater effectiveness. All of the old management people in SAF are no longer directly responsible under the new organization for current activities. Instead they are now part of a leadership group working on time-limited programs, campaigns and projects.

With the new organization SAF hopes to be able to occupy a more central position in forming public opinion.

Effective

In principle SAF can engage in most general political issues and take stands on them. As long as the work occurs according to the objective of the association, "to promote the mutual interests of employers" (Section 1 of the SAF statutes) the political work can continue.

The SAF management people think the campaigns waged in connection with such things as nuclear power, the labor conflict this spring, etc. were very effective. This is also true of the work to restrain expectations prior to contract negotiations.

During the spring conflict SAF put a lot of emphasis on supplying the mass media with press information. SAF feels that too was successful.

Among other things the management found that "afterwards the workers felt they had more to complain about with respect to mass media coverage than SAF did."

Press Releases

The press service of the Business Life organization, with the support of SAF, sends out weekly releases to around 120 local newspapers containing SAF material. Prior to this year's SAF congress the organization made an "exclusive offer" to a number of daily papers involving complete coverage with articles and pictures of events at the congress.

The employer organization is now stressing having individual firms cooperate on the local level in shaping public opinion. By next year therefore SAF intends to start a political education course for employers to train firms in entering into the social debate.

General political developments, the market economy, wage policy and worker democracy issues are examples of what the course would include. In addition it will include presentation tactics to enable individual firms to sell the views they and SAF hold.

Shaping Opinion a Major Issue

Shaping public opinion will be one of the major issues at the SAF congress at the end of the week.

SAF chairman Curt Nicolin feels the association must now take the initiative and indicate which important political decisions must be made to get the country back on its feet.

One of the motions calls for a real beefing up of campaign funds, 100 kroner per employee in the member firm.

If this is implemented it will produce about 130 million kronor more for public opinion work.

Unlike most other congresses the SAF congress is only advisory. The directors and the assembly are still the highest decision-making bodies.

The word "congress" does not even occur anywhere in the statutes.

But this does not mean the congress is without interest. It gives a rare opportunity to gain some insight into the internal SAF debate. A debate based entirely on politicizing activities.

Over 900 Delegates

SAF's first congress was held in 1977. The same year the organization celebrated its 75th anniversary. Instead of inviting members to a traditional anniversary party the SAF directors decided to arrange a congress.

Over 900 delegates have gathered for the congress, about 10 of them women.

In 2 days the delegates will take up 200 motions divided up into eight subject areas.

The main issue is opinion formation. Other motions call for changing several labor market laws and agreements. Many motions are aimed at stopping growth in the public sector while others call for big reforms in the tax system.

Few Rejected

Most of the motions come from small businesses within SAF which represent the majority of proprietors in the organization.

The SAF directors have a positive attitude toward most of the motions. Only a few were rejected. One of them called for giving extra wages to workers who are teetotalers, another proposed dividing SAF into two groups, one for big and one for small firms.

In all there are around 37,600 firms in SAF with roughly 1.3 million employees. Half the member firms have fewer than five employees.

The employer association consists of 36 branch groups. The biggest is the Engineering Association, VF, with over 320,000 employees.

The smallest is the Swedish Millers' Association with around 750 workers and salaried employees.

6578
CSO: 3109

BRIEFS

LEFTIST STUDENTS WIN--Leftist parties in the Stockholm University student body won the votes in the student election held on the weekend. The nonsocialist party which now controls the student body, the 0'68 Nonsocialist Union, lost several seats. But it is still the biggest student party despite its decline. The party received roughly 40 percent of the votes. That means 17 seats on the student council (a loss of 3 compared with last year). The second largest party is the Communist Secondary School Society/VPK [Left Party Communists] which received about 30 percent of the votes. The party will have 11 seats (a gain of 1). The Social Democratic student party also gained 1 seat. The party now has 7 student council seats. Last year Clarte had no council seats but this year the party got one. The Liberals have 3 seats, the same as last year. The Independent Students Party has 2 mandates, the same as last year. Some 30 percent of the students in Stockholm took part in the election. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 80 p 11] 6578

TECHNICAL UNIVERSITY ELECTIONS--The student party known as the Nonsocialist Technologists is expected to remain on the Technical University's Student Council following the annual election which was held Saturday afternoon. Of the 45 seats on the council the Nonsocialist Technologists won 22, one less than last year. They will be working on the council with an entirely new student group, the Technologist Party (not to be confused with a former party of the same name), which won 5 seats. The two other parties taking part in this year's election were the Social Democrats who received 6 seats (a gain of 2) and the Socialist Student Front which won 12 (a gain of 5). Clarte, the Liberals and Foreign Technologists, all currently represented on the council, did not run for election this year. Some 37 percent of those registered at the Technical University voted in the election. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 80 p 11] 6578

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END

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West Europe Report

No. 1680

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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DENMARK GETS 'WARNING' FROM NATO ON DEFENSE BUDGET

LD231529 Copenhagen BERLINGSKE TIDENDE in Danish 18 Dec 80 part 1 p 1

[Report by Christian Broendum: "Strongest NATO Warning Yet to Government"]

[Text] NATO has sent its most serious warning yet to Denmark, directed at the government's unchanged defense budget. The warning was contained in a letter to Defence Minister Poul Soegaard from NATO General Security Joseph Luns and said that the NATO defense planning committee itself thinks that a 3 percent increase in defence spending would itself be insufficient for Danish defenses to be able to fulfill their commitments.

Joseph Luns' letter is accompanied by a confidential evaluation from NATO military committee, which expresses doubts that the government's planned cuts will mean that it will still be possible to receive reinforcements at all. The confidential evaluation is couched in such strong language that it has raised doubts whether Denmark will be offered more "earmarked" reinforcements from the United States with their accompanying stockpiles.

Joseph Luns reminds Poul Soegaard that Denmark did promise a 3 percent increase in its defense budget and that its allies "have in the past year been given the amount of money over and above the alliance's present budgetary requirements would be necessary to cure a situation which is already extremely serious." Thus Joseph Luns warns that Denmark will not be able to avoid its share of joint defenses, even if a zero solution is decided on now.

The letter from Luns was shown to the Liberals, Conservatives, Center Democrats, Christian People's Party and the Radical Liberals at a meeting yesterday.

CSO: 3106

BRIEFS

REACTION TO NATO WARNING CRITICIZED--["CB" report: "Soegaard Takes NATO Criticism Lightly"]--Political reactions after the briefing on NATO's view of Danish defenses in 1981 and thereafter are characterized by anger that Defense Minister Poul Soegaard is ignoring NATO's warnings. The defense minister admitted that the letter from NATO General Secretary Joseph Luns about Danish defenses in 1981 is critical and contains a request to increase the defense budget by 3 percent. "But we have always been criticized by NATO." [Soegaard said] At a meeting with the defense minister yesterday both Conservative spokesman Palle Simonsen and Liberal spokesman Arne Christiansen called on the government to give new consideration to Denmarks' defenses. Arne Christiansen: "It is completely indefensible of the defense minister to ignore the NATO council's serious warning against the government's so-called zero solution. NATO's serious view could result in our allies declining to guarantee reinforcements." Palle Simonsen: "The government's zero solution is leading to a further weakening of Danish defenses. And this will in its turn lead to a situation in which a 3 percent increase in 1982 would no longer be enough to guarantee that our strength targets would be adequate." [Text] [LD231531 Copenhagen BERLINGSKE TIDENDE in Danish 18 Dec 80 part 1 p 6]

CSO: 3106

BRIEFS

COMBINING SALT, MBFR TALKS--Bonn (DPA)--Juergen Moellemann, FDP defense spokesman, has advocated closely combining the talks on strategic arms limitation (SALT II) and the negotiations on mutual troop reductions in central Europe (MBFR). The examination of the SALT II treaty concluded by the Carter administration by the new administration under President Reagan offers a good opportunity to combine closely the two arms control areas, Moellemann told DPA on Sunday. The deputy believes that such an arrangement is politically and materially acceptable provided a position of genuine balance of power is adopted for safeguarding peace. However, in his view this equilibrium would be strongly at risk if parity were established in the strategic arms area while Soviet superiority in the conventional sector continued and indeed increased. The United States ought to make its willingness to continue the SALT process depend on the Soviet willingness to conclude genuinely effective agreements as regards the troop reduction talks for central Europe. [Text] [LD211205 Hamburg DPA in German 1029 GMT 21 Dec 80]

CSO: 3103

DEFENSE MINISTER DEFINES NORWEGIAN NUCLEAR POLICY

LD191615 Oslo AFTENPOSTEN in Norwegian 6 Dec 80 p 12

[Unattributed report: "Norwegian No to Nuclear Arms"]

[Text] "Norwegian forces are not trained for nuclear arms in wartime. We do not have special stockpiles with room for nuclear arms in wartime. We have not made any preparations for the special communications network needed for the use of nuclear arms," Defense Minister Thorvald Stoltenberg declared during the foreign affairs debate in the Storting yesterday.

The defense minister pointed out that our defensive plans are for a conventional defense force. "In this way we contribute to raising the nuclear threshhold, and we will continue with this policy," Minister Stoltenberg stressed.

The defense minister reminded the Storting that Norwegian nuclear policy is based on the principle that nuclear arms will not be stockpiled or deployed in Norway.

"Unlike Norwegian base policy, no reservations have been made that the policy only applies as long as Norway is not the target of an attack or of the threat of attack. The actual content of Norwegian nuclear policy is determined by Norwegian practice since the Storting revolution in 1961. Thus no measures have been prepared, as have been sa far as Norwegian base policy is concerned, to enable Norway to receive or use nuclear arms in war or crisis. This is a fundamental difference, which seems to have been forgotten in the present debate," the defense minister said.

The minister stressed that the debate on defense and security should not lead to doomsday prophecies of an inexorable Armageddon. "We must never accept that we are approaching the abyss," the defense minister said, emphasizing that the human race seems doomed to carry the danger of nuclear arms further in its history.

"Our task will be to make this danger as small as possible."

On the Labor Party draft manifesto proposal for a "nuclear-free zone" in Scandinavia, Thorvald Stoltenberg said that this was intended as an attempt to follow new roads in the work for arms control and disarmament. "Nuclear-free zones must

be a part of a process containing many elements, which must be adapted to the varying types of weapons and geographical areas. Nuclear-free zones as a contribution to a negotiating process with a European perspective are an attempt to halt the arms race and reduce the nuclear arsenals in Europe. Such a zone must not be an expression of an illusion that Norway can be hidden away. If it were, it would mean an indirect acceptance of the possibility of a limited nuclear war. Nuclear war over us, and alongside us, without affecting us would be a dangerous notion," Defense Minister Stoltenberg said, adding that one demand must be that nuclear arms which could only be used against the zone must be removed.

CSO: 3108

LABOR PARTY TO STRESS ARMS CONTROL, DISARMAMENT

LD191053 Oslo ARBEIDERBLADET in Norwegian 3 Dec 80 p 6

[Unattributed Report: "Peace Work in Focus"]

[Excerpt] Peace policy--work for disarmament and arms control--will be given a dominant place in the Labor Party's political work in the next manifesto period. This was stressed by Labor Party Chairman Reiulf Steen when he briefed the National Executive meeting on the proposal for a new manifesto yesterday. The manifestor will eventually be adopted at the national conference in the spring.

"In the long run peace and security cannot be built on continuous rearmament. We must seek new ways for a new start on the reduction and limitation of the arms race. The superpowers have a special responsibility, but this must not be allowed to lead to a situation in which we ourselves remain passive. Our exposed position tells us that we should take an active part in work for peace. Today's arms race is irrational and we cannot allow unreason to go unchallenged," Steen said, stressing that the most pressing task now is to stop the nuclear arms race. Steen said that developments in Europe are especially serious and he attached special importance to Norwegian efforts to bring about a conference on disarmament in Europe soon, to include both conventional and nuclear arms.

The party chairman pointed to the proposed manifesto clause which says: "Norway will work for a nuclear-free zone in the Scandinavian area as part of the work toward nuclear-free zones in a broader European context."

"We are here assuming a clear commitment to closer involvement in contributing to halting the nuclear arms race and reducing nuclear arsenals in Europe," Steen stressed.

On Norwegian security policy he sadi: "We must have a strong conventional defense, which forms part of a committed cooperation with our allies. And let us be spared the empty war of words about 'firmness' and 'slipping' in our security policy. It is the Labor Party which has been the main architect of the security policy we have pursued for over 30 years, and which has been successful. We acknowledge this edifice and intend to build on it further," he said.

CSO: 3108

STOCKPILING PROPOSITION LEAVES QUESTIONS UNANSWERED

LD191015 Oslo AFTENPOSTEN in Norwegian 10 Dec 80 p 8

[Commentary by Olav Trygge Storvik: "Unclear Points About Contingency Stockpiling"]

[Text] The Storting proposition on the contingency stockpiling of U.S. equipment passed through the cabinet last Friday [5 December] and offers interesting reading--especially between the lines.

It gives no answer at all to one major question--how quickly could the U.S. force be transferred to Norway in a crisis situation? In the past it was a question of weeks before this force would be in the field in Norway, the proposition states, and the main argument for contingency stockpiling was that the force should be able to be flown in and be in the field in "threatened areas" within days. But how many days will this take, now that some of the equipment is to be stockpiled? The proposition does not answer this question.

It is possible to doubt whether the force will be able to come as quickly as the proposition tries to infer. It has been stated that the stockpiles will contain 24 heavy guns, 250 trucks, bridge-building equipment, ammunition, fuel and provisions. This is all. But this still leaves a lot of equipment which such a unit would usually carry with it. We can mention: a number of M-60 tanks, armored amphibious vehicles, 75 heavy and light helicopters, a not insignificant number of tents, various types of turbine, stoves and apparatus for warming diesel fuel, armored troop carriers for anti-tank weapons, bulldozers and engineering materials for building field landing strips--to mention only some.

The objection can also be raised that helicopters cannot be stockpiled because of maintenance problems, but the list of equipment which will not be stockpiled is still so comprehensive that it is questionable whether the brigade can be deployed as quickly as was originally intended. It will therefore be interesting to find out how much time the ministry now expects to pass before the brigade is in place once the warning has been given.

The proposition states that the United States "found occasion for military discussions" after the Norwegian Government had decided on Troendelag as the U.S. brigade's area of deployment. Behind this phrase there probably link U.S. worries for Northern Norway's exposed position, and a hint that an acceptable plan involving

contingency stockpiling for a Norwegian regiment in the north was reached after /joint/ [word italicized] discussions. The proposition is probably intentionally vague when the choice of Troendelag is justified with arguments of an "overall evaluation." This does not seem credible when such strong emphasis is placed on the stockpiles' "defensive character" and this is partly justified by reference to geographical location and in part to the stockpiles' composition. Here there is an indirect and unnecessary concession to public Soviet assertions concerning Norwegian security policy. Even if the stockpiles had been located in northern Norway, as was originally planned, they could not have been seen as an offensive threat by Soviet generals. There is a theoretical possibility that the brigade's aircraft (which will not be stockpiled in Norway) could be used for offensive operations against the Soviet Union. But why should they be when such missions could be carried out much better by other forces, such as submarines with cruise missiles or units from the U.S. Air Force?

The solution chosen will entail extra spending not Norwegian stockpiling in the north. The bill for this will probably amount to one billion Norwegian kroner, but interestingly enough the proposition is extremely vague on this point too. It ought to be possible to give further information on the coasts without detailing them down to the exact krone and oere. It may be the case that the ministry is trying to avoid these additional expenses partly by exploiting existing mobilization stockpiles or by implementing other administrative reallocations.

In the framework agreement which accompanies the proposition an extremely interesting political change has been made in the text itself. In the U.S. version which was distributed to the press when the agreement was announced, point 7 read: "In the event of the brigade's being deployed in other threatened areas it may draw on Norwegian provision stockpiles." Now this has been made more precise and read: "threatened areas in /Norway/ [word italicized]...." It seems here as if there has been a desire to make sure that Norwegian defense forces will not be drawn into operations outside Norwegian territory--perhaps after negotiations had been concluded?

CSO: 3108

PAPER HOPES FOR FOREIGN 'INTEREST' IN NUCLEAR-FREE ZONE IDEA

LD191123 Oslo ARBEIDERBLADET in Norwegian 6 Dec 80 p 4

[Editorial: Nuclear Paradox"]

[Text] "Nuclear arms cannot be used for anything else apart from hindering their own use. This is our age's greatest paradox--and the most dangerous."

Defense Minister Thorvald Stoltenberg concluded his speech in yesterday's Storting foreign affairs debate with these words. They are a striking description of the situation in which we find ourselves today. For no one could "win" a nuclear war. Rather the opposite, for such a war would mean annihilation for all of us.

The fact that these gloomy prospects came to dominate the foreign affairs debate was hardly unexpected. For the first time in almost 20 years the superpowers' lunatic nuclear arms race has become an urgent subject of debate in Norway. Even though most of us feel a boundless powerlessness in the face of the frightening strength buildup on both sides, it would be irresponsible for us to not ask: How can a little country like ours exert a favorable influence on developments?

Nor did the majority of speakers in the foreign affairs debate omit to put this question? The answers they gave were reasonably enough characterized by a good portion of sobriety. Like the other small nations in the world community Norway cannot unfortunately do so very much. But as several of the Storting members so rightly pointed out, our NATO membership gives us a good chance of making our voice heard within the Western Alliance.

Otherwise the majority of speakers naturally enough touched on the proposal from the Labor Party manifesto committee that we work for the establishment of a nuclear-free zone in the Scandinavian area. Even though the proposal as yet has not yet been given any detailed shape, it sounds as if the nonsocialist parties have an initially positive approach to the new idea or will at least wait and see.

Individual nonsocialist members, including the Conservative Party's Kaare Willoch, tried, however, to give the impression that the Labor Party has gotten itself into a dangerous foreign policy solo game with its proposal. We really cannot understand this criticism. Willoch cannot seriously think that the Labor Party manifesto committee should sound our nonsocialist views before putting its ideas on paper.

The other thing that can be said about the Labor Party's manifesto proposal is that it is an attempt to follow up the commitments Norway has made in the UN action program for disarmament.

Third, the manifesto committee has intentionally avoided sketching a detailed proposal, both to involve the other parties in its formulation, and not to preclude any current negotiation possibilities at the very start. Further it is also clear that the nuclear-free zone that is being discussed must be a part of a broader program of detente in a European context. And last, but no least, any future negotiations we have with the Soviet Union must take place in close contact with our NATO partners.

We hope and believe that this is a proposal which is open enough to be evaluated with interest by our Eastern superpower neighbor, at the same time as it can take account of the traditional all-party agreement on foreign policy in the Storting and the people as a whole.

Otherwise we feel that there is no reason to carp at the critical remarks made to the Labor Party and the government by the opposition in yesterday's foreign affairs debate. As we see it, there is still broad backing for the main outline of our foreign policy amongst the Storting's members. It goes without saying that it is a privilege to find oneself in such a situation for a government which has a strong need to create a profile in the foriegn policy context.

We hope that the government will be allowed to retain this privilege in the difficult time we are now entering. Faced with the lunacy of the nuclear age we cannot afford to stand divided.

CSO: 3108

FOREIGN MINISTER'S REPORT TO STORTING 'CAUTIOUS'

LD191003 Oslo AFTENPOSTEN in Norwegian 27 Nov 80 p 2

[Editorial: "Frydenlund's Day"]

[Text] When the Labor Party discusses foreign and security policy--and the party has done little else this fall--then Foreign Minister Knut Frydenlund is one of many names on a long list of speakers, and by no means the most important name. But twice a year the foreign minister is allowed to dominate the debate, when in the spring and the fall he delivers his foreign affairs report to the Storting. Yesterday he spoke of security and detente, of our relations with the EEC and the Soviet Union and our policy in the Middle East. This he did with a cautious political wisdom which bears witness to Frydenlund's more than 7 years' experience in his post, and with a noticeably greater analytical stringency which bears witness to the personnel change in the post of undersecretary last year. We believe that the report will make a contribution to a more sober debate in Norway, and we hope that it will also contribute to ensuring the foreign minister a relatively safe position on the Storting electoral list that the party is now in the process of drawing up. Frydenlund deserves it and Norway deserves it, for some of today's problems could have been smaller if the foreign minister had had greater clout in internal politics.

Frydenlund rightly stressed that the experience of the last few years shows that a military balance is the basis of and the starting point for detente and disarmament--fears that the current Soviet buildup would lead to changes in the balance of forces with the risk of political blackmail lay behind NATO's resolutions on spending increases in 1978 and on the new Western nuclear arms last year. The fears have today become a political factor he said--and once again he is right. We must hope that such fears, which are understandable and legitimate, do not result in pbulic opinion in the West letting itself be frightened by the dark shadow of power, but in a growing recognition in Moscow that today's Soviet military buildup has a drift and an extent which could also trigger off the opposite reaction in Western countries—and that serious negotiations on arms control and disarmament would therefore give the Soviet Union greater security and better political profits.

Norwegian disarmament activities and "peace policy"--have we ever pursued any other policy?--are given a central place in Frydenlund's approach. He will hold a seminar on the subject in January and now wants Norway to take part in the UN disarmament committee in Geneva. However, it was striking that he did not mention the

idea of an agreed nuclear-free zone in "the Scandinavian area," an idea which will be included in the labor party's election manifesto.

The foreign minister wants broad political support for a realistic Norwegian effort to achieve disarmament, but he is also right when he says that this will be difficult "if the largest part of then Norwegian people feel worry and uncertainty over the government's willingness to preserve our own country's security." The recent public opinion polls show that such worries have been created; the government has made it more difficult for Norway to make its effort for peace.

Frydenlund made the most interesting analyses of developments in Europe, where he thinks that continued approach between the two parts of the continent could lead to a new system of security and cooperation and to the virtual annulment of the division of Germany. He admits that all this can seem somewhat speculative, but continues to see detente as the only realistic alternative in our part of the world. While stressing that Norway is "still" dependent on close cooperation with the United States, he gave prior warning of expanded Norwegian contacts with the EEC in the new year--both economic and in the area of foreign policy.

Here Frydenlund will meet little or no political opposition today, for even though uncertainty and tension are great, there is a growing recognition that new movement has entered foreign policy--not least in Europe. Yesterday's report to the Storting both reported on and was a small part of this new movement.

CSO: 3108

NEW ENERGY POLICY 'WILL BE MAINTAINED'

LD 191051 Paris LE MONDE in French 12 Dec 80 p 41

[E.D. report on interview with Canadian Energy Minister Marc Lalonde in Paris: "The Government Does Not Intend To Go Back on the Principles of Its New Energy Policy, Mr Lalonde Tells Us"--date not given]

[Text] Mr Lalonde, who is energy minister in a country--Canada--which has a profusion of oil, gas, uranium and bituminous sand, has every reason to be happy. Net oil imports [note](Canada exports heavy [oil] products to the United States and imports crude oil from Venezuela and Saudi Arabia) should, according to forecasts, rise from 150,000 barrels per day in 1980 to 600,000 barrels per day in 1985 before falling again and reaching zero in 1990. The use of natural gas and energy savings will make it possible to "halve these import targets." In addition this favorable assessment does not take account of the considerable reserves in the Beaufort Sea or possible production off Newfoundland from 1985 to 1986.

Nonetheless the revised oil policy which increases the federal state's tax on profits made by companies and provinces is bringing Mr Lalonde opposition from all sides. The increasing gas prices and the revised export conditions for uranium worry him. In addition the international energy outlook does not strike him as free from "big black clouds."

The complaints from the main foreign oil companies do not worry him. "Every time a country has shown its intention to increase its independence toward the multinationals, they have complained." Mr Lalonde stressed that, when he put forward this policy which cuts the companies' share of profits from 45 to 33 percent, he had offered to buy their shares at a reasonable price. "However," he noted, "none of them rushed to sell. Even Imperial Oil--a subsidiary of Exxon--said it would adapt."

In addition several companies are negotiating with Canadian partners in order to profit from the fiscal advantages given to the "Canadianization" of the oil industry--one of the objectives of the reform.

The difficulties are, therefore, coming more from the small Canadian companies who think the fiscal charges are excessive compared with the United States and they could be tempted to invest in their big neighbor, and above all from the provinces or rather the main Province Alberta which produces 65 percent of the oil consumed in Canada.

Faced with the modification--in a direction more favorable to the federal state whose share was hitherto only 10 percent as against 45 percent for the provinces--in the sharing out of the oil cake, Alberta has announced its intention to gradually reduce its production by 180,000 barrels per day. "I am still hoping for a satisfactory arrangement for all sides," Mr Lalonde said, "on prices and on the distribution of profits moreover discussions have already taken place at senior official level. However the broad outlines of the program and the method of attaining the objectives will be maintained." Is the federal state not the guarantor of a better distribution of wealth within the country? [punctuation as published]

Gas Export Increases

The uranium export policy has not yet received final approval. However while Australia has just published its own conditions Mr Lalonde recognizes that it is a "simple adjustment to take account of competition.

It was also a concern for competition which has led Mr Lalonde over the past few months to abandon new price increases in gas sold to the United States. Canadian prices are, in principle, indexed on a basket of oil imported by the country. However, they have remained fixed at $4.47 per million British thermal units since February because the U.S. fuel market was very depressed. However "the National Energy Office" is planning a new formula and, Mr Lalonde added, "because of a consolidation in the residual oil market in the United States it is not impossible for there to be a further increase in the price of exported gas in the coming months."

Gas exports will, moreover, be increased: "We have gas coming out of our ears," the Canadian minister joked. Several agreements are now being negotiated with the Japanese. France has expressed interest in Arctic gas. Tenneco, however, which carried out the preliminary prospecting there, intends to exercise its rights in that region. However, it is not impossible that additional quantities might be exported and the state company Petro-Canada hopes to obtain permission to start the Arctic pilot program project in 1981.

Despite its energy wealth Canada is not absent from the dialog being established among consumer countries at International Energy Agency meetings and one such meetings and one such meeting explains Mr Lalonde's presence in Paris. However, Mr Lalonde says there is no question of sounding the alarm at present. Of course, it is important to be ready to act--within 3 days--if it is necessary, however defining objectives which will not be kept and imposing taxes on oil imports could do more harm than good.

CSO: 3100

BRIEFS

WORRY OVER COAL SUPPLIES--The increasing supply difficulties with coal are the reason that the Jutland-Fyn electrical cooperative, ELSAM, yesterday decided on a further building up of the concern's coal reserves. The new investments, which are estimated at 33 million kroner, will in the course of a few years bring the combined coal reserves to a year's consumption. Reserves are to be built up at four different power plants west of the Store Belt. These reserves will total 1.8 million tons. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 18 Dec 80 p 3]

CSO: 3108

STATISTICS ON ELECTRICITY GENERATION IN 1979

Duesseldorf ATOMWIRTSCHAFT-ATOMTECHNIK in German Nov 80 pp 564-567

[Article: "Nuclear Energy in the Electrical Economy of the FRG in 1979"]

[Text] According to the 1979 statistical report of the Office of the Electrical Economy in the Federal Ministry of Economics (BMWi), the total gross shortage power of the FRG power plants at the end of 1979 amounted to a total of 87,665 MW which was 2.5 percent more than at the end of the previous year[1]. Of this, 71,466 MW came from public power plants, 14,829 MW from industrial power plants and 1,370 MW from Federal Railroad power plants (Table 1). The fraction due to nuclear energy amounted to 9,307 MW, or 10.6 percent (Table 1 and Figure 1). The nuclear-energy portion of the power supply shortfall in the public electrical system amounted to 12.8 percent (Table 2).

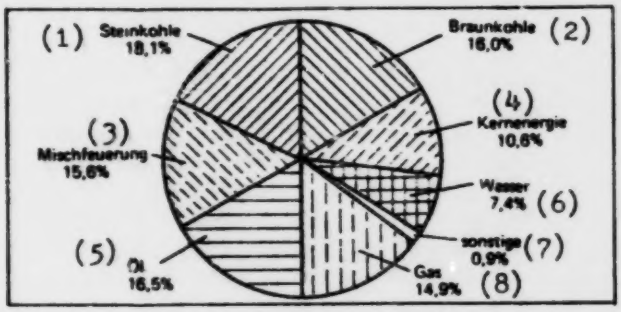


Figure 1: Energy carriers as a percent of total short-supply power of FRG power plants, 1979 (see Table 1) (Source BMWi)

Key:
1. Hard coal
2. Lignite
3. Mixed firing
4. Nuclear energy
5. Oil
6. Water
7. Other
8. Gas

[1] See "Nuclear Energy in the Electrical Economy of the FRG 1978"; ATOMWIRTSCHAFT 24, p 538 (November 1979)

Table 1: Gross shortage of power of all power plants in the FRG at the end of 1979 (in MW)

(1) Energieträger	(2) Öffentliche Kraftwerke	(3) Industriekraftwerke	(4) Bundesbahnkraftwerke	(5) Insgesamt	(6) Änderung 1978/1979 %
(7) Wasser:					
Laufwasser (8)	2 298	228	146	2 670	- 0.8
(9) Speicher - Pumpspeicher	3 616	—	193	3 809	± 0.0
(10) Summe Wasser	5 914	228	339	6 479	- 0.3
(11) Wärme:					
Kernenergie (12)	9 149	—	158	9 307	- 7.3
(13) Braunkohle	13 284	744	—	14 028	± 0.0
Steinkohle (14)	9 629	5 809	435	15 873	+ 3.5
(15) Steinkohlen-Mischfeuerung	11 277	2 178	223	13 648	+ 7.2
(16) Öl	11 435	3 035	—	14 470	- 0.3
(17) Gas	10 520	2 345	215	13 080	+ 1.0
Sonstige (18)	308	472	—	780	+ 4.7
(19) Summe Wärme	65 552	14 603	1 031	81 186	+ 2.8
(20) Insgesamt	71 466	14 829	1 370	87 665	+ 2.5
(21) Änderung 1978/79 (%)	-3.3	-0.7	-0.6	-2.5	

(22) (Quelle: BMWi)

Key:

1. Energy carrier
2. Public power plants
3. Industrial power plants
4. Federal Railroad power plants
5. Total
6. Change 1978/79 percent
7. Water
8. Running water
9. Reservoir-pump storage
10. Water total
11. Heat
12. Nuclear energy
13. Lignite
14. Hard coal
15. Hard coal-mixed firing
16. Oil
17. Gas
18. Other
19. Heat total
20. Total
21. Change 1978/79 percent
22. Source: BMWi

The total gross production in the FRG amounted to 372.18 THw in 1979. Of this, 298.54 TWh, or 80.2 percent, came from the public supply system while 67.32 TWh, or 18.1 percent, came from industrial facilities (Table 3 and Figure 2). The nuclear power plants generated 42.29 TWh, or 11.36 percent, whereof 41.60 TWh came from the public system in which the nuclear power plants provided 13.9 percent of the electrical supply. Nuclear energy also accounted for 10.9 percent of Federal Railroad electricity.

The total demand for electricity in the FRG in 1979 was 398.8 TWh which was 4.9 percent greater than in the previous year. Of this total, 372.2 TWh, or 96 percent, came from domestic production and 15.6 TWh, or 4.0 percent, was due to net imports (Table 4)

Table 2. Level and development of gross power plant power in the public electrical supply system of the FRG 1979-1985 (in MW)

	(1) Engpaßleistung Ende 1979	(2) Zugänge 1980	1981	1982	1983	1984	1985	(3) Zugänge insgesamt	Anteile an der Zubauleistung (4) %
(5) Kernenergie	9 149	—	1 300	3 634	2 928	2 747	366	9 948	61.6
(6) Steinkohle	20 456	79	747	1 173	1 225	760	720	4 704	29.1
(7) Erdgas[1]	10 520	654	92	—	—	—	—	746	4.6
(8) Heizöl[1]	11 435	206	130	—	—	—	—	396	2.4
(9) Wasserkraft	5 914	16	77	91	60	—	—	193	1.2
(10) Braunkohle	12 254	130	—	—	—	—	—	130	0.8
(11) Sonstige	306	—	—	72	29	—	—	42	0.3
(12) Insgesamt	71 [illegible]	1 145	2 296	3 400	4 242	3 507	1 147	16 156	100.0

(13) Anmerkung: Als Zugänge gelten die im Bau befindlichen Kraftwerke
[1] Einschl. Mischfeuerungsanlagen (Anteil anderer Energieträger rd. 11%)
[2] Bei den Zubauten auf Basis Heizöl und Erdgas handelt es sich fast ausschließlich um Gasturbinen bzw. kombinierte Gas-Dampfturbinen (Stand: März 1980)
(14) (Quelle: VDEW)

Key:

1. Shortage of power at end of 1979
2. New construction power
3. Total add-on
4. Percent of add-on
5. Nuclear energy
6. Hard coal[1]
7. Natural gas[2]
8. Heating oil[2]
9. Water power
10. Lignite
11. Other
12. Total
13. Note: Add-on includes all new construction underway
    1. Including mixed-fired installations (fraction allocated to other fuels about 11 percent)
    2. New construction related to heating oil and natural gas involves almost exclusively gas turbines or combined gas and steam turbines (Status: March 1980)
14. Source: VDEW

The development of power plant production from 1955 to the end of 1979 and the annual add-on production of power plant blocks in this time span are shown in Figures 3 and 4 taken from the VGB 1979/80 activity report. Figure 5 shows the development of block sizes in the FRG from 1953 to 1979 with fuel type indicated. The average utilization period of all power plants in 1979 was 4,235 h; lignite power plants with 6,630 h led. Nuclear power plants achieved 4,617 h (Table 5).

Table 3. Productio.. ˜ electricity and fuel consumption of all power plants in the FRG in 1978 and 1979

(5) Energieträger	(1) insgesamt			(2) öffentliche Kraftwerke			(3) Industriekraftwerke			(4) Bundesbahn		
	(6) Erzeugung	(7) Brennstoffaufwand		Erzeugung	Brennstoffaufwand		Erzeugung	Brennstoffaufwand		Erzeugung	Brennstoffaufwand	
	TWh	Mio. t Mrd. m³n	Mio. t SKE	TWh	Mio. t Mrd. m³n	Mio. t SKE	TWh	Mio. t Mrd. m³n	Mio. t SKE	TWh	Mio. t Mrd. m³n	Mio. t SKE
1978												
(8) Wasser	18.496	-	6.086	16.035	-	5.259	1.440	-	0.472	1.021	-	0.335
(9) Kernenergie	35.942	-	11.789	35.085	-	11.481	-	-	-	0.939	-	0.308
(10) Braunkohle[1]	89.289	114.407	31.956	85.388	110.227	30.864	3.901	4.180	1.092	-	-	-
(11) Steinkohle (SKE)	101.086	32.548	32.548	69.527	22.031	22.031	29.294	9.713	9.713	2.244	0.804	0.804
(12) sonstige feste Brennstoffe (SKE)	1.286	0.635	0.635	1.194	0.611	0.611	0.092	0.044	0.044	-	-	-
(13) Heizöl[2]	31.137	9.272	9.781	18.426	4.142	5.799	12.407	2.064	2.890	0.304	0.060	0.092
(14) Erdgas	64.217	17.246	18.798	54.603	14.955	16.301	9.765	1.981	2.159	1.149	0.310	0.338
(15) sonstige gasförmige Brennstoffe	9.055	2.410	2.626	2.286	0.582	0.634	5.713	1.613	1.976	0.056	0.015	0.016
(16) übrige Brennstoffe	2.643	-	1.195	1.265	-	0.415	2.378	-	0.780	-	-	-
(17) insgesamt	353.430	-	114.414	283.727	-	93.395	63.990	-	19.126	5.713	-	1.895
1979												
Wasser	18.502	-	6.087	16.123	-	5.304	1.334	-	0.439	1.045	-	0.344
Kernenergie	42.291	-	13.914	41.605	-	13.687	-	-	-	0.690	-	0.227
Braunkohle[1]	92.177	119.743	32.330	88.007	115.545	31.197	4.170	4.198	1.133	-	-	-
Steinkohle (SKE)	106.429	34.392	34.392	73.463	23.483	23.483	30.331	9.940	9.940	2.635	0.969	0.969
sonstige feste Brennstoffe (SKE)	1.435	0.639	0.639	1.339	0.605	0.605	0.097	0.034	0.034	-	-	-
Heizöl[2]	27.774	5.614	7.660	15.309	3.439	4.815	11.930	2.050	2.870	0.495	0.125	0.175
Erdgas	69.534	18.570	20.212	56.666	16.134	17.586	10.024	2.156	2.328	0.844	0.248	0.298
sonstige gasförmige Brennstoffe	10.089	3.226	3.526	2.706	0.687	0.967	6.766	2.165	2.338	0.617	0.184	0.221
übrige Brennstoffe	3.991	-	1.313	1.322	-	0.435	2.669	-	0.878	-	-	-
(17) insgesamt	372.183	-	120.273	298.536	-	98.379	67.321	-	19.960	6.326	-	2.234

(18) Anmerkungen:
m³ umgerechnet auf H_o = 8400 kcal/m³

1) darin enthalten in öffentl. Kraftwerken: in Industriekraftwerken:
1978 = 1.890 TWh aus tschechischer Hartbraunkohle: = 0.104 TWh aus tschechischer Hartbraunkohle; Verbrauch 0.035 Mio. t
Verbrauch 1.492 Mio. t
1979 = 1.828 TWh aus tschechischer Hartbraunkohle: = 0.083 TWh aus tschechischer Hartbraunkohle; Verbrauch 0.030 Mio. t
Verbrauch 1.426 Mio. t
2) Einschließlich Dieselöl

Key:

1. Total
2. Public power plants
3. Industrial power plants
4. Federal Railroad power plants
5. Energy carrier
6. Production
7. Fuel consumption
8. Water
9. Nuclear energy
10. Lignite[1]
11. Hard coal
12. Other solid fuel
13. Heating oil
14. Natural gas
15. Other gaseous fuels
16. Other fuels
17. Total
18. Remarks: m^3 converted to H_o = 8,400 kcal/m^3
    1. Including in public power plants: 1978, 1.890 TWh from Czechoslovakian hard lignite using 1.492 billion tons; similarly in 1979, 1.828 TWh using 1.426 billion tons. Corresponding figures for industrial power plants are: 1978, 0.104 TWh using 0.035 million tons; 1979, 0.083 TWh using 0.030 mil. tons.
    2. Including diesel oil

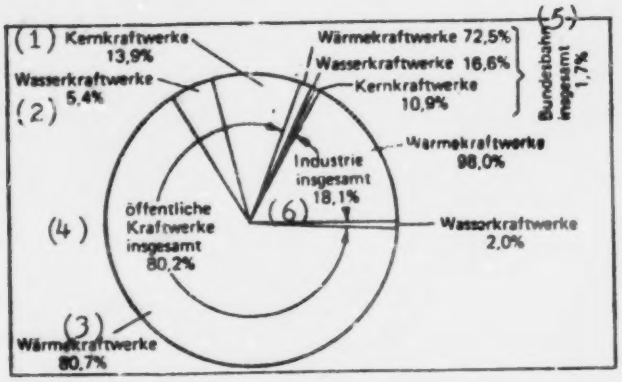


Figure 2: Percentage contribution of energy carriers to gross electricity production in the FRG in 1979 (see Table 3)
(Source: BMWi)

Key:

1. Nuclear power plants
2. Hydroelectric power plants
3. Thermal power plants
4. Public power plants, total
5. Federal Railroad power plants, total
6. Industrial power plants, total

Table 6 shows the development of electrical consumption, primary energy consumption and gross social product in the FRG from 1969 through 1979. Increases in 1979 over 1978 were as follows: gross electrical consumption, 4.6 percent; industrial electrical consumption, 5.0 percent; primary energy consumption, 4.9 percent and gross social product, 4.4 percent.

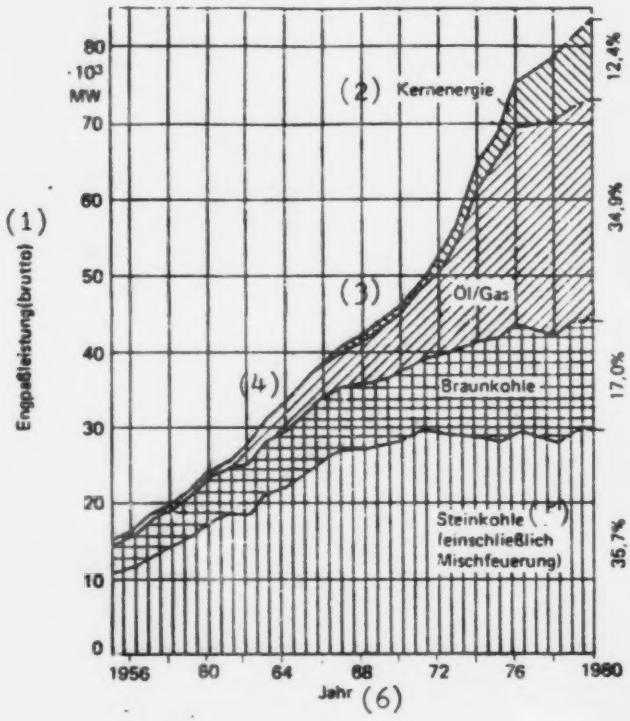


Figure 3: Installed gross shortage of production of the thermal power plants of the FRG 1956-1980 (at year end in each case), in MW

(Source: VGB after BMWi, III B 2 and Federal Office of Statistics)

Key:

1. Shortage of production, gross
2. Nuclear energy
3. Oil/gas
4. Lignite
5. Hard coal (including mixed firing)
6. Year

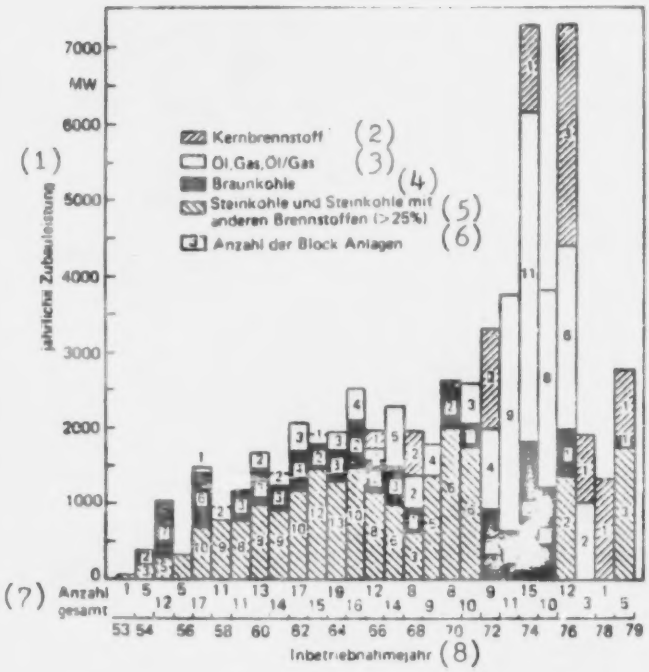


Figure 4: Power added to power plant blocks (over 50 MW) in the FRG from 1953 through 1979 by year and type of fuel (Source VGB)

Key:
1. Yearly added power
2. Nuclear fuel
3. Oil, gas, oil/gas
4. Lignite
5. Hard coal and hard coal with other fuels (greater than 25%)
6. Number of block installations
7. Total number
8. Year put into service

Table 4: Providing for the total demand for electricity in the FRG in 1979

	(1) Deckung TWh	(2) Anteil %	(3) Änderung 1978/1979 %
Erzeugung im Inland: (4)			
Öffentliche Kraftwerke (5)	298.6	77.0	+ 5.3
Industriekraftwerke (6)	67.3	17.4	+ 5.2
Bundesbahnkraftwerke (7)	6.3	1.6	+10.5
Summe (8)	372.2	96.0	+ 5.3
Einfuhr aus dem Ausland: (9)			
Schweiz (10)	7.2	1.9	+ 2.9
Österreich (11)	4.7	1.2	+ 9.3
Frankreich (12)	2.7	0.7	−34.1
Sonstige (13)	1.0	0.2	± 0.0
Summe (14)	15.6	4.0	− 4.9
Insgesamt (15)	387.8	100.0	+ 4.9

(Quelle: BMWi) (16)

Key:
1. Electrical energy provided
2. Fractional part in percent
3. Percent change 1978/79
4. Domestic production
5. Public power plants
6. Industrial power plants
7. Federal Railroad power plants
8. Subtotal
9. Imports
10. Switzerland
11. Austria
12. France
13. Other countries
14. Subtotal
15. Total
16. Source: BMWi

Table 5: Annual power plant utilization in the FRG from 1977 to 1979

	1977 h	1978 h	1979 h
Running water	5,859	5,900	5,880
Water total	2,618	2,713	2,731
Nuclear energy	5,515	4,658	4,617
Lignite[1]	6,356	6,432	6,630
Hard coal including mixed firing	3,766	4,056	4,180
Oil	1,328	1,416	1,129
Gas	4,398	4,771	5,068
All power plants	4,085	4,173	4,235

1. After 1975 includes hard lignite
2. Includes power plants burning waste materials

(Source: VGB)

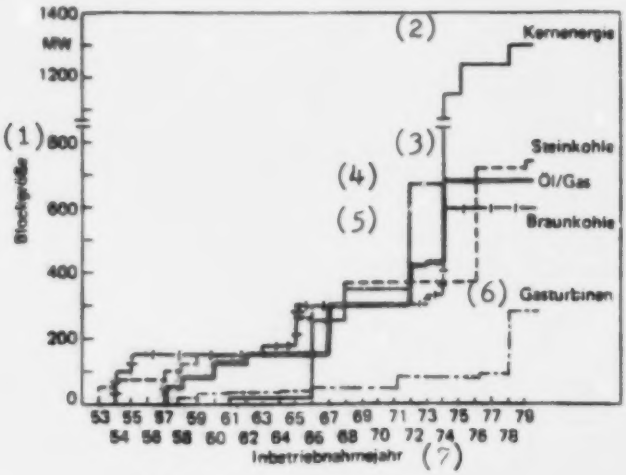


Figure 5: Development of block sizes in the FRG from 1953 through 1979 by fuel type (MW)

Key:
1. Block size
2. Nuclear energy
3. Hard coal
4. Oil/gas
5. Lignite
6. Gas turbines
7. Year put in operation

Table 6: Development of electrical supply, primary energy consumption and gross social product in the FRG from 1969 through 1979

Year	Gross social product[1]	Change %	Primary energy consumption	Change %	Gross electrical consumption	Change %	Industrial electrical consumption	Change %
1969	641.3	+7.9	315.0	+9.2	232.2	+10.4	124.7	+ 8.4
1970	679.0	+5.9	336.8	+6.9	250.0	+ 7.7	138.8	+11.3
1971	701.7	+3.3	339.4	+0.8	266.2	+ 6.5	137.2	+ 1.2
1972	727.3	+3.6	354.3	+4.4	286.7	+ 7.7	145.6	+ 6.1
1973	763.0	+4.9	378.5	+6.8	309.3	+ 7.9	158.4	+ 8.8
1974	765.7	+0.4	365.9	-3.3	317.6	+ 2.7	161.4	+ 1.9
1975	752.3	-1.8	347.7	-5.0	309.6	- 2.5	147.4	- 8.7
1976	792.0	+5.3	370.3	+6.5	334.7	+ 9.8	161.0	+ 9.2
1977	812.2[2)]	+2.6	370.6	+0.1	341.3	+ 2.0	163.4	+ 1.5
1978	840.8[2)]	+3.6	388.2	+4.8	356.5	+ 4.5	169.2	+ 3.6
1979	877.5[2)]	+4.4	408.1	+4.9	372.8	+ 4.6	177.7	+ 5.0

1) In 1970 prices
2) Preliminary figures

(Source: BMWi)

SUBSIDY CUT THREATENS DEMINEX OIL EXPLORATION

Hamburg DER SPIEGEL in German 1 Dec 80 pp 78-80

[Text] Bonn is cutting back subsidies to the German oil company Deminex. Is this a change of direction in energy policy?

German oil drillers had several strokes of bad luck this year: they had to break off several drillings and postpone them until next spring.

Technical breakdowns, nothing unusual in the industry, are proving very costly to the Deminex oil company. Because the drilling firm did not use up the DM 200 million subsidy that Bonn had approved, the minister for economics is trimming the budget for the coming year.

In 1981 Count Otto Lambsdorff intends to send only DM 130 million to Deminex of Essen, instead of the already promised DM 200 million. The men in Essen, who learned of the still confidential plans for curtailment, feel that Bonn has left them high and dry.

For in 1969 the government itself--when oil was flowing plentifully and gas was 60 pfennigs a liter--had urged several concerns, among them the Veba [United Electricity and Mining Corporation] subsidiary Scholven Chemicals and BASF subsidiary Wintershall to establish a German drilling company.

Encouraged by DM 1.2 billion from Bonn, Deminex has been exploring for new oil wells for 11 years.

Industry experts fear that Bonn's frugality could jeopardize long-term energy plans. Veba director Fritz Oschmann expressed his concern: "In oil policy it's not possible to turn the tap on and off as if it were a garden hose." Verba, the principal shareholder in Deminex with 54 percent, is particularly hard hit by the economy move.

Most of what Deminex technicians pump out of their oil claims around the world flows to the two Veba refineries in Gelsenkirchen. In the years ahead the plan is to process more and more oil there that is not supplied by the big multis, but by Deminex and Veba.

As early as fall 1981 the Essen firm would like to bring oil from two of its own fields on the Gulf of Suez and off the British coast. Production from another

newly discovered well there is planned for 1982. Deminex particularly wants to play a major role in the North Sea. Among the 200 companies which are trying to acquire a license for the oilfields on the Scottish shelf, Deminex is one of the applicants with excellent prospects.

The oil managers in Essen were hoping to be able to bid on drilling licenses for a larger area with their millions from Bonn and good contacts with an influential group of companies. Deminex's partners, principally British firms, had earlier been able to secure the richest drilling sites in the North Sea for themselves.

However, these ambitious plans are of little use since the politicians in Bonn turned stingy. For even the previously promised DM 200 million in annual subsidies would scarcely have sufficed to realize all their wishes.

For example, by the end of the 1980's Deminex wanted to increase oil production from its own wells from a current level of 2 million to more than 10 million tons annually. "For that," in Oschmann's opinion, "even DM 400 million is a bare minimum." Deminex's shareholders could not raise more than one-quarter of that sum from company profits.

The change of direction in Bonn came as a complete surprise to the oil experts. The government had been trying as best it could until now to help Deminex to succeed.

"Our economy," Lambsdorff was urging Germany's energy managers at the beginning of the year, "should ensure its access to foreign wells in plenty of time."

In August of last year Bonn had promised Deminex DM 1 billion in subsidies for the purchase of a U.S. oil company which owns large heavy oil fields in California. The Germans were unable to act only because another bidder had unlimited funds: the oil multi Royal Dutch-Shell purchased the Belridge company for DM 6.5 billion. Deminex had been able to offer only DM 3.5 billion.

The latest savings plans from Bonn finally managed to squeeze the Germans out of the international oil business. German oil experts are worried that if the minister for economics goes back on his word for a savings of DM 70 million, other energy projects might not be able to count on government assistance any more.

The industry is aware above of all of the danger to its plans to manufacture gasoline or gas from Ruhr coal on a large scale. Requests for assistance for 13 coal refinement projects have been in Bonn for some months.

The first to withdraw plans for a refinement project last week was the head of Veba, Rudolf von Bennigsen-Foerder: for him "the economic risks of these billion mark projects" were too great, "in the event that government subsidies are insufficient."

9581
CSO: 3103

SHELL STUDY ON MOTOR FUEL USE IN YEAR 2000

Bonn DIE WELT in German 24 Nov 80 p 13

[Article by Jan Brech: "More Cars Are Being Driven Less and Are Using Less Gasoline"]

[Text] Hamburg--VWD--Motor fuel consumption in the FRG will decline during the coming years, although the number of licensed vehicles will rise. According to calculations by the petroleum company, the number of vehicles in use will increase in spite of rising gasoline prices. The projected increase in cars will be from a current number of 23.2 million to between 13 and 22 percent. Simultaneously, motor fuel consumption on the German market will decline--in contrast to the European market, which will still experience a slight increase.

Even on a long-term basis, motor fuel supplies derived from petroleum will be adequate for private transportation. This will be the case even under the assumption that the share of petroleum as part of the total energy supply will decrease significantly during the next 20 years. By using other energy carriers in industry and private households, heavier crude oil components are increasingly available for the processing of lighter products such as gasoline and diesel fuel.

These are the findings of a study by the Shell group which has just been produced under the title, "Driving a Car Until the Year 2000." Nevertheless, Shell does not exclude short-term restrictions in the motor fuel sector. It is true, private transportation accounts for only 12 percent of the total amount of petroleum consumption in West Europe, a relatively small proportion; nevertheless, consumption in this sector will remain extremely "oil-intensive" for lack of available alternatives. Alternative motor fuels, such as liquid gas and alcohol, should only make a modest contribution to meeting the demand by private transportation.

On the other hand, because of the continuing improvements in engine efficiency and the more rational use of automobiles, the sale of gasoline and diesel fuel in Europe will no longer rise as fast as was the case during the 1970's. According to estimates by Shell, the annual rate of increase of between 1.2 and 1.9 percent will even be lower than the increase in automobiles in use, which will be between 1.5 and 2 percent. In the process the expansion in the sale of carburetor fuel will be less than in the sale of diesel fuel (plus 2.6 to 3.8 percent).

For the FRG Shell is predicting a development which will deviate from the European average. Accordingly, German motor fuel consumption in the year 2000 will be approximately 6 to 12 percent less than it is today in spite of the fact that the number of automobiles in use will have risen to between 26 and 28 million. Consumption will peak between 1985 and 1990. With respect to carburetor fuel for automobiles, Shell expects that consumption may possibly peak as early as 1981, at the latest, however, in 1984.

The decline in gasoline consumption ranging between 3.8 and 5.9 million tons (15 to 25 percent) by the year 2000, is accompanied, on the other hand, by an increase in the demand for diesel fuel of approximately 1 million tons.

The study indicates that a decisive factor for the decline in demand in Germany is the fact that it is not only experiencing an increasing saturation with regard to the number of automobiles in use, but there is also a continuing reduction in the annual mileage--it has decreased from 12,800 to 12,200 km--as well as lower fuel consumption by newer engines. The trend toward fuel-efficient cars will result in a reduction of consumption averaging approximately 14 percent from its current 10.5 liters to 9 liters per 100 km, provided that the proportion of diesel-operated automobiles will rise from its current level of 4 percent to 10 percent. A realization of the "car of the future" project, which is being subsidized by the Ministry for Research and aiming for a 30-percent reduction in consumption, could reduce the average consumption to as much as 7.5 liters per 100 km.

In addition to the above-mentioned reduction in annual mileage, Shell attributes the decline in motor fuel consumption despite the rising number of automobiles to changes in driving habits and lower fuel consumption by newer engines. Microelectronics is assuming a key position as efforts continue to permanently lower fuel consumption. In engine and automobile technology it is supposed to monitor, among other things, the operating performance of the engine, the steering system and the brakes. Shell expects that there will be an additional conservation effect, presumably before the year 2000. It will provide for factory-sealed permanent lubrication.

8991
CSO: 3103

OIL CONSUMPTION DOWN, SUPPLY SATISFACTORY

Bonn DIE WELT, WELT DER WIRTSCHAFT (Supplement) in German 16 Oct 80 p 13

[Article by Hans-J. Mahnke: "Oil Supply/Frg Government Paints Favorable Picture--Surplus in Supply Used To Build Up Stockpiles"]

> [Text] In the opinion of Federal Minister of Economics Otto Graf Lambsdorff, the FRG's oil supply remains "satisfactory" despite a cessation in deliveries from Iraq and Iran. The main reasons are massive stockpiles and decreasing consumption. According to estimates by the oil companies, the stoppage of deliveries for a period of approximately 4 months could be offset by merely reducing the extremely large stocks to their usual level, even internationally.

During the first 9 months of this year, imports as well as consumption in the FRG decreased by approximately 9 million tons or 9 percent, compared to the same period in 1979. At the same time, inventories were increased by an additional 4 million tons, according to the situation report which Lambsdorff submitted to the Cabinet yesterday. At the end of September these petroleum supplied amounted to about 41 million tons, which are sufficient for 131 days. There is an additional supply of heating oil of about 27 million tons in industry, trade, and private households. In late September approximately 74 percent of the storage capacity of the consumers of light heating oil was utilized. The report states that "all these figures clearly exceed the level of earlier years."

Compared to 1979, petroleum consumption decreased by about 8 percent during the first three quarters of 1979. The sale of light heating oil even declined by 11 percent. During the first 9 months the sale of motor fuel as well as the number of registered cars increased by 2 percent. A 4-percent decline was registered for diesel fuel, while the sale of heavy heating oil declined by 11 percent. This reflects not only savings, but also increased utilization of coal and natural gas.

Prices for light and heavy heating oil rose slightly early this month, while the filling stations' prices for fuel and diesel fuel continue to stagnate. By the end of September, the cessation of exports resulting from the war between Iran and Iraq had been reflected in higher quotations on the spot markets. In the meantime, however, these prices have again declined to some extent.

Besides the seasonally caused increase in the demand for light heating oil, the higher price level in Rotterdam is causing an increase in the average consumer prices by DM 3 to approximately DM 52 per 100 liters in the FRG (for a 4,000-liter lot, including petroleum tax, but excluding value-added tax). In early October prices for heavy heating oil were also raised by about DM 10 to DM 335 per ton ex refinery.

During the first 9 months, the most important oil suppliers of the FRG were Saudi Arabia with 24 percent, the North Sea (Great Britain and Norway) with 18 percent, Libya with 16 percent, and Nigeria with 11 percent. Iran's share was still at 7 percent and Iraq's at 3 percent. Iran's importance, however, has drastically declined during the course of this year.

Before the outbreak of the war, Iraq's oil output totaled approximately 3.5 million barrels a day and Iran's 1.3 million. Thus, these two countries produced about 8 percent of the worldwide oil production of approximately 60 million barrels a day. Taking the two countries' own requirements into account, the world supply has been 3.5 million barrels per day short since the outbreak of the war. Nevertheless, in Lambsdorff's opinion there are several reasons why the consequences cannot be compared to Iran's delivery stoppage in late 1978:

--This year oil demand has declined by 4 to 5 percent worldwide.

--Outside of OPEC, oil production, in Mexico and the North Sea, in particular, has risen by about 5 percent in 1980.

--In the consumer countries, the resulting glut was used to build up stockpiles.

The future development will not only depend on the duration of the conflict and its regional limitation, but also on the reaction of the other OPEC countries. When Saudi Arabia increases its daily production by 1 to 1.5 million barrels, as has been announced, and when other countries suspend their production cuts, a major part of the shortage would already be offset.

9544
CSO: 8120/0297-A

PHASING OUT OIL TAX SUBSIDIES TO FARMERS, AIRLINES PROPOSED

Bonn DIE WELT, WELT DER WIRTSCHAFT (Supplement) in German 23 Oct p 13

[Article by Hans J. Mahnke: "Will Subsidies for Farmers and Aviation Soon Be Abolished?"]

> [Text] Federal Minister of Finance Hans Matthoefer wants to propose to the new Federal Government that all subsidies lowering the cost of oil consumption be gradually abolished. This concerns a sum of just under DM 2 billion. This phasing out is seen to be rational also from the point of view of energy and fiscal policy, as even the representatives of the transport and agricultural ministries admit. There are doubts, however, whether it can be put across, quite apart from the predictable loud protests of those affected.

In the opinion of Matthoefer, the chances for the phasing out of subsidies are good only at the beginning of a parliamentary period.

A representative of [Minister of Agriculture Josef] Ertl's agency considers it unthinkable that hands might be laid on the "diesel fuel cost reduction" program for farmers--a program which, according to the subsidy report of the Federal government, constitutes the largest single position in this field, with a volume of DM 576 million. In the view of agriculture these outlays are not at all subsidies, but rather the restitution of an unjustifiable tax levy since farmers, after all, are not making use of public roads but instead are doing their driving on their fields and meadows.

The cabinet so far has only decided, at the beginning of June, that this aid should within the next 3 years be transformed into a reimbursement in place of the present advance payment. This will provide Matthoefer with a relief of DM 200 million for the 1981 budget, but by 1984 the amount will have a full impact on the books again because the oil tax is to be raised.

In the field of transport there are several largish positions. These include the subsidies of DM 281 million for the reduction of diesel fuel costs in public transport enterprises. The same amount goes to the FRG railroad system. The "Tax Immunity of Heavy Oils as Fuel for Ships" produces a tax loss of DM 445 million this year, and that for "Aviation Fuels" one of DM 350 million.

Minister of Transportation Kurt Gscheidle has so far strictly refused to accept the abolition of these tax immunities. It remains to be seen what attitude his probable successor, Hauff, will take on this issue. But Matthoefer is aware, in any case, of the rather limited realm of freedom for action in this respect. The tax immunity of frontier-crossing flights, for instance, rests on international agreements. However, in his opinion there is no longer a justification based on the level of development for favoring domestic air transport relative to road transport, which is burdened with the oil tax (the tax immunity of kerosene was justified in 1953 with the need to support air transport).

Transportation experts feel, however, that it is not only the competition with the automobile which needs to be considered, but also that with the railroad system. If the subsidies to air transport were abolished, the corresponding support payments to the Federal Railroad also should not remain a "sacred cow." However: if the railroad system is to get less, other transport subsidies also would have to be cut--for instance, those to public commuter transport systems. All of this would amount to a favoring of the automobile. But on the other hand all announcements indicate that political priority for the next few years is to go to the Federal Railroad and public commuter transport systems. The favorable treatment of sport and private aviation could be subject to dispute.

The abolition of the fuel tax immunity for domestic navigation is a matter which Matthoefer did not even consider in the latest subsidy report. Transport on the Rhine River is exempt from all taxation, and if river navigation on the other waterways were to be burdened with imposts, this would not only put German ships at a disadvantage--because ships of other states could reach almost all inland harbors with tax-free fuel--but would also threaten a relocation of traffic to the Rhine ports. Matthoefer would be certain of protests from the other German ports.

Even though they are 50 years old, justifications can even today be found for the "Tax Immunity of Petroleum Utilized in Test Runs of Export Motors"--since 1975 the export of motors has been promoted with the aid of DM 13 million annually--or for the "Tax Immunity of Petroleum Utilized in Oil Production To Maintain Continuity of Operations."

9108
CSO: 8120/0297-B

ESSO, HAMBURG, ASSESSES FRG ENERGY TRENDS

Bonn DIE WELT, WELT DER WIRTSCHAFT (Supplement) 29 Sep 80 p 13

[Article by Hans Baumann, Essen: "Only 20 Years From Now, Every Tenth Car Will Be a Diesel"]

> [Text] By the middle of the 1980's consumption of carburetor fuels in the FRG will exceed its high point and rapidly go down, although the number of private automobiles will rise further. So states Esso AG, Hamburg, in an energy forecast. By the year 2000, consumption of carburetor fuels will go down from the present 24 million tons a year to 19 million tons.

Esso gives the reasons for this development in three summary sentences:

1. The number of passenger cars is going to increase further over the long term, but only to a small degree, because the number of citizens able to drive is decreasing.

2. Specific consumption per private automobile is going down, primarily because of the gasoline-economizing vehicles which the automobile industry is introducing to the market.

3. The annual distance driven per private automobile will continue to decrease, because with rising gasoline prices cars are being used more economically and because the number of second cars in increasing. Distance driven per car is thus reduced.

In contrast to carburetor fuels, the consumption of diesel fuel is growing, until according to Esso's estimates it will level off between 1990 and 2000. The reason: the supply of diesel vehicles is growing disproportionately. In the year 2000 every tenth private automobile will be a diesel; today this type has a 4-percent share of the market.

No market reflects so clearly the energy-saving resolve of the population as that for light fuel oil. Between 1973, year of the first oil crisis, and last year, fuel oil consumption per dwelling unit in the FRG and in West Berlin went down by about 15 percent. This means a saving of 5 million tons of light fuel oil out of 49.9 million tons a year.

Inasmuch as not all the possibilities for saving are exhausted here, Esso sees a further decline in fuel oil consumption to 42 million tons in 1985, 39 million tons in 1990 and finally only 27 million tons by the turn of the century. In 1978, consumption of light fuel oil totaled 50.1 million tons.

Heavy fuel oil is strongly influenced by the FRG Government's policy of reducing dependence on oil. It lends itself particularly well to replacement by coal. According to Esso's estimates, the requirement for heavy fuel oil will fall from the present 22 million tons to only about 9 million tons by the year 2000. In the area of power stations it is being replaced by coal and nuclear energy. The rock and earth [moving] industry is rapidly converting from oil to coal.

Esso's conclusion from this development: Build new conversion plants to convert the no-longer-needed heavy products into light products (gasoline and petrochemical raw materials) for which there is a large demand.

Esso considers an increase of the natural gas share from 75 million tons of hard coal units (SKE) to 86 million tons of SKE between 1990 and 2000 to be "still not completely assured." Future natural gas imports are said to be subject to numerous uncertainties. The premises for assuring this quantity are said to be that:

--the agreed-on import contracts are fulfilled,

--additional import contracts can be entered into,

--the considerable capital expenditures for deep boring, natural gas liquefaction and revaporization plants and for construction of new pipelines are undertaken promptly.

Esso does not see great prospects for solar energy. In the year 2000 it will supply "something over 3 percent" of the primary energy consumption, but only a small share of it will be from collectors. The larger share will be obtained by way of heat pumps from the heat contained in the ambient air. Esso's estimate is as follows: In the year 2000, a total of 5 million heating systems will be equipped with heat pumps.

As for the installed nuclear energy capacity, Esso itself characterizes as "very optimistic" its estimate that this capacity will increase from 9,300 megawatts today to 23,000 megawatts in 1990 and 43,000 megawatts in 2000. The effect of citizen initiatives on licensing procedures still remains unpredictable. And: "The problem of reprocessing and final storage of atomic wastes appears to be unsolved up to now."

5586
CSO: 8120/0297-D

OIL INDUSTRY PROFITS SHOW SHARP DECLINE

Bonn DIE WELT, WELT DER WIRTSCHAFT (Supplement) in German 1 Sep 80 p 11

[Article by Hans Baumann: "Oil Companies Earnings Down to a Quarter Pfennig Per Liter"]

[Text] After the soaring rise of the past year, the German oil industry again began an economic dive. In the first half of 1980 it only managed to obtain a surplus before taxes of DM 3 per ton, which means 26 Pfennigs per liter across all products. Last year the surplus per ton of output still came to DM 16 on the average, or 1.4 pfennigs per liter. The reason for this development: reduced demand no longer permits prices to rise at the pace at which costs are rushing up and away.

These data stem from an investigation of the Energiewirtschaftliches Institut [Energy Economy Institute] of Cologne University, which for the second time has evaluated the enterprise figures supplied by the oil industry to the Federal Ministry of Economics. The team consisting of Profs Hans-Karl Schneider, D. Schmitt and H. J. Schuermann found that the rise in costs is to be attributed primarily to the increase in the price of crude. In the second quarter of 1980 this price had risen by Dm 100 over that at the end of 1979, to Dm 460 per ton.

Only the movement of the gasoline price has kept pace with this development. In comparison to the end of 1979 it rose from DM 572 per ton to DM 715 per ton in the second quarter of 1980. The Cologne researchers note, however, that the yields on this product had lagged markedly in 1979 relative to those on the other oil products. On the basis of the data submitted the Cologne institute finds that the oil industry had a loss before taxes of DM 5 per ton of product in the last quarter of 1979, a gain of DM 6 per ton in the first quarter of 1980 and a result that just broke even in the second quarter.

As in 1979, the results of the activity of individual enterprises varied considerably in the first quarter of 1980. The span is reported to reach from a loss of DM 36 per ton to a gain of DM 42 per ton. According to the researchers, the data submitted do not provide the material to explain this span. Their assumption is that the difference reflects differential access to low-cost crude. Therefore, someone who has contracts with Saudi Arabia, the lowest-priced oil supplier, or lifts crude from German soil, will have significantly better economic results. The Cologne economists stress, however, that a requirement to open internal enterprise data for the elucidation of the span of results would not be defensible since this would raise "grave problems of conpetition policy."

According to the published data the list prices for OPEC crude in June 1980 were 17 percent above those of the end of 1979 and 65 percent above the average oil price of last year. Crude of different origins shows price variations of more than $12 per barrel (159 liters). Differences in quality and transport costs would at most admit differences of $2-$3.

9108
CSO: 0297-F

ALTERNATIVE TO NUCLEAR ENERGY: STARVATION OF MILLIONS

Bonn DIE WELT, WELT DER WIRTSCHAFT (Supplement) in German 5 Sep 80 p 11

[Article by Hans Baumann, Munich: "World Energy Conference/Chairman Professor Klaus Knizia, Alternative to Nuclear Energy Is Starvation of Millions"]

> [Text] The World Energy Conference in Munich (8 to 14 September), which the Federal president and Federal chancellor of the FRG will be addressing, has not even begun, but the chairman of the German National Committee, Prof Klaus Knizia, is already giving a first summary: "The petroleum-producing countries cannot give us their oil any longer, unless the development of nuclear energy and breeder technology is emphasized worldwide. Therefore, the alternative to nuclear energy is starvation of millions."

In an interview with DIE WELT, Knizia, who has studied the seven volumes containing the papers to be presented in Munich which are already available, stated that petroleum will have to contribute to satisfying worldwide energy needs on the present scale for another 2 decades. According to Knizia, the OPEC countries can be expected to do this only if they can be sure that after depletion of the petroleum resources they will be able to meet their own extraordinarily high energy demand (seawater desalination, air conditioning, fertilizer production) from new sources.

For him, these new sources are nuclear energy and breeder technology. These should be developed worldwide, including the development countries, as fast as possible. Knizia states, "Without nuclear energy there will be no world coal market, because then coal will be used to generate electricity in the coal-producing countries."

The 600 million tons of coal out of the world coal market volume estimated for the year 2000 can only be attained, says Knizia, if coal production can be tripled within 2 decades. In addition, petroleum and gas would have to be replaced by nuclear energy in energy management.

According to Knizia, the basic figures of the Munich World Energy Conference hardly deviate from those figures which the Conservation Commission prepared for Istanbul 4 years ago. According to those figures, a world population of 6.5 billion in the year 2000 would have primary energy requirements of 24 billion tons of hard coal units (SKE). As in the year 2000 five-sixths of the population would live in developing countries, however, these countries alone would require 15 billion tons of SKE. This energy requirement would have to be seen as against a worldwide

petroleum market of about 3 billion tons of SKE in the year 2000, plus a possible coal market of a maximum of 600 million tons. This means that more than 10 billion tons of SKE would have to be produced by the developing countries themselves. "This will be impossible without nuclear energy," Knizia says.

According to Knizia, the Munich Conference will also show that many developing countries have recognized that nuclear energy is the way out of a devastating dilemma. India, China, Pakistan, Chile and Argentina are developing nuclear power plants, Knizia says. "A hungry Indian is ready to take a much higher risk than a satisfied European," he states. According to him, it is the task of the industrialized nations to provide technological assistance, to offer smaller nuclear energy units, and to introduce breeder technology with determination, because the developing countries are hardly in a position to close the nuclear energy cycle by themselves. Knizia states, "It is a humanitarian task to help the Third World in this area."

The Munich findings then will be as follows: Petroleum will be a dominating influence for another 20 years. Nuclear energy as an alternative must, however, be developed with impetus so that the Middle East will make its oil available at all. In addition, mechanisms would have to be developed which would guarantee the value of the OPEC countries' dollars.

Coal can only be made available instead of petroleum if replaced by nuclear energy in power plants. And the so-called alternative energies, i.e. sun, sind, tidal, geothermal and bio energies? "These will play such a minor role in the year 2000 that we cannot calculate them at this time."

9544
CSO: 8120/0297-G

PLANNED 5-YEAR AGREEMENT FOR BROWN COAL IMPORTS FROM GDR

Bonn DIE WELT, WELT DER WIRTSCHAFT in German, 9 Mar 80 pp 13

[Article by Hans-J Mahnke, Leipzig: "Prevailing Climate for Conclusion of Contracts Is Favorable"]

> [Text] East Berlin is very interested in expanding intra-German trade. GDR Minister of Foreign Trade Horst Soelle said so in his discussions with State Secretary Dieter von Wuerzen from the Federal Ministry of Economics, who characterized the prevailing climate as "not unfavorable." He went on to say that West German companies will predominate among the contractors of the large-scale projects included in the five-year plan beginning in January 1981 which are to be implemented with the help of Western companies.

West German exhibitors at the Leipzig Autumn Fair have gained the impression that the difficulties confronting the GDR during the transition from the old to the new plan period are greater than the planners anticipated and that this was also the reason for the delay in negotiating the contract. It is believed that the steep increases in the price of energy in the Eastern bloc have led to a reevaluation of the original intentions.

A 5-year skeleton contract on deliveries of brown coal to the FRG, mainly in briquette form, is about to be concluded. According to information supplied by von Wuerzen the GDR is expected to supply the FRG with 1.25 million tons of brown coal over the coming 5 years. This is 150,000 tons less than the volume supplied over the past 5 years.

But the new skeleton agreement includes an option for deliveries of an additional 250,000 tons. According to a Bonn delegation member both sides intend to call the option. Negotiations about deliveries of around 2 million tons of brown coal to West Berlin are still proceeding. This agreement supplements the medium-term energy contract concluded in Leipzig a year ago. This contract called for crude oil and hard coal deliveries by the FRG and reciprocal deliveries of petroleum products primarily to West Berlin.

Negotiations about FRG deliveries of machinery for the pulverization of brown coal worth between 10 and 20 million marks are almost completed. These are expected to be paid for with brown coal dust for use primarily in cement factories as a replacement for crude oil. Experts from the Ministry of Economics also view such consensual

contracts as an opportunity to expand intra-German trade. The reason: In contrast to the many barter transactions such agreements can at the same time be in keeping with the interests of West German customers.

There were fewer visitors at the FRG exhibits at this year's autumn fair compared with preceding years. But normal basic business transactions recorded a slight increase. Von Wuerzen also gained the impression from the discussions that the prevailing climate is favorable for the conclusion of contracts. The exhibitors expect that during the fair about average orders will be placed for capital goods in the amount of from 100 to 200 million marks.

In the opinion of Bonn's state secretary the exorbitant rates of increase in intra-German trade which occurred in the first 6 months of the year (plus around 34 percent) will not continue in coming months. For one thing, the increases were due to poor results last year and to increases in the cost of energy, for another the letup of the boom in the FRG should also play a mitigating role. But the cost increases of recent months also reflected the reality of the situation.

In the past 9 years the proportion of intra-German trade, which for the GDR represents foreign trade, dropped slightly from 59 to 56 percent of the overall exchange of goods with Western industrial countries. Of overall GDR indebtedness to the West of 14.5 billion marks the indebtedness to the FRG is 3.6 billion. Recently also the Japanese have increased their trade with the GDR.

8664
CSO: 8120/0297-H

LARGE INVESTMENT IN COAL TECHNOLOGY PLANNED

Benn DIE WELT in German 17 Nov 80 p 14

[Article by J. Schaufuss]

[Text] Paris--The French government is reactivating its coal policy. It is planning to provide until 1985 an annual amount of 200 million francs (DM 107.5 million) for the development of new coal technologies and 100 million francs for the improved utilization of national coal reserves. It will come from tax revenues and be in addition to the current subsidies of approximately 4 billion francs annually granted to the state enterprise of Charbonnages de France.

The goal of the additional aid is to accelerate the development work in the area of subterranean coal gasification and the mechanization of coal mining. France's remaining hard coal deposits are currently estimated at 5 billion tons, but geological and technical factors are reasons why only a small fraction is usable.

In addition the search for new deposits is to be intensified. The most recent jump in energy prices, which included prices for coal as well, opens up new prospects. On the other hand, most of the currently mined deposits are being exhausted faster and faster. Operating these mines is becoming more and more difficult and expensive.

Altogether, production costs in French hard coal mining--with wages accounting for 40 percent of the expenditures--have in recent years risen even faster than coal prices. In 1979, these costs reached an average of 370 francs per ton of mined hard coal selling at 254 francs. Even today, for instance, coal from the French basin is still approximately 60 percent more expensive than the cheapest imported coal.

As a consequence, the government feels that it is unavoidable that national coal production, which was reduced from 59 millions tons in 1958 to approximately 20 million tons in 1979, will be further curtailed. Nevertheless, in the meantime the targeted production goal for 1990--which was originally set at 10 million tons--has been raised to 12 million tons. It does not include possible increases in production resulting from the discovery of new deposits.

In particular, mines in the North and in Pas-de-Calais are not to be closed until some time between 1985 and 1990, instead of between 1983 and 1985, as was originally planned. In 1979, as much as 4.5 million tons of coal was still being mined in this area. In addition, for the time being mining in the Lorraine area (1979: 9.6 million tons) is to be continued unchanged until 1985, when it is scheduled to be reduced, but less than originally planned.

8991
CSO: 3103

EFFORTS TO PROMOTE SOLAR HEATING IN ROME DESCRIBED

Rome L'UNITA in Italian 4 Dec 80 p 16

[Article by "g.pa."]

[Text] Commune offers 20 percent subsidy to Romans who install solar collectors. Solar energy is increasingly less of an "alternative." Counting public and private buildings, 63 solar installations are already in operation in Rome. Initial costs are high, but operating expenses are nil. Government balks at legislation, boycotts proposals. Press conference at the Campidoglio.

Solar energy: while the government scurries for cover and emerges only to boycott initiative from other quarters (twice the Lazio region has passed laws that would provide incentives and assistance to citizens installing devices to use this alternative energy source, only to see its efforts shot down), the city [commune] of Rome has not surrendered. The latest initiative since the international convention at the beginning of the year (and the numerous experiments undertaken by ACEA) is a resolution that just might open a breach in the wall of suspicion. Any citizen who installs solar collection panels on the roof of his house or on that of his business premises will be eligible for a non-reimbursable subsidy of 20 percent of the cost of the installation. The resolution -- explained yesterday morning at a press conference by technology council advisor Piero Della Seta -- is undergoing final revision and will be forthcoming very shortly. The city will wait another 2 months, and if the government has not taken the initiative itself by then, the resolution will be submitted to the council for approval.

The council's decision is no shot in the dark: It is the result of an exhaustive survey taken in the city by a group of youngsters from the "285." The survey shows clearly that solar heating plants of one kind and another have spread very rapidly during the past 2 years, and that orders are coming in to purveyors of such devices at an increasing rate, mainly from homeowners, homebuilders, and owners of industrial plants.

The incentives offered by the commune should provide an additional push in the same direction.

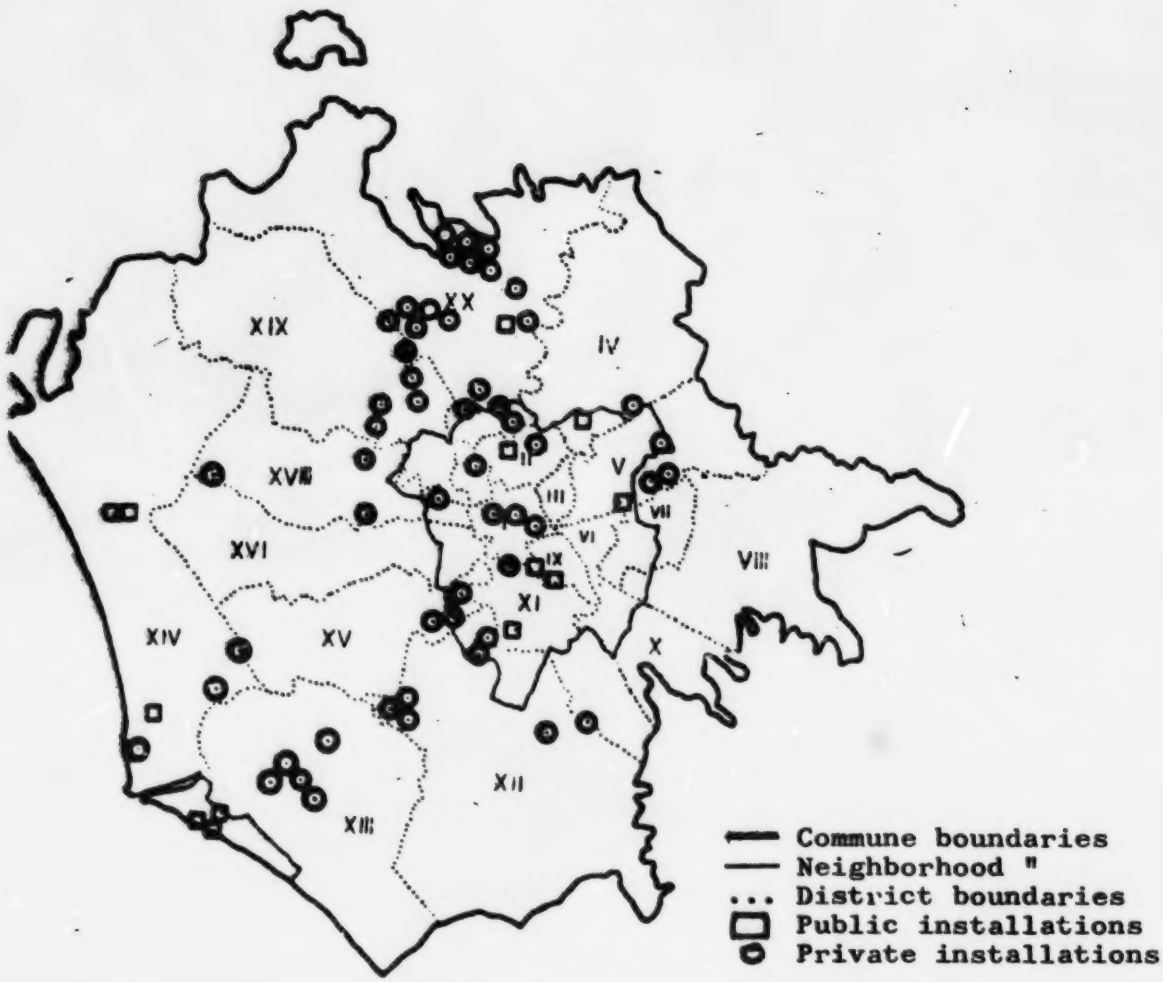
The resolution is flanked by yet another move patterned somewhat along the lines of the one made recently on the Capitoline in concert with Italgas to encourage the use of methane for heating water. The city's representatives will meet with ACEA and ENEL to draw up an agreement: a publicity campaign will be launched, and consideration will be given to the possibility that the national electric utility company will grant rebates to solar energy users.

Let's not get carried away, though -- as Piero Della Seta warned: heat from the sun's rays, at least for the immediate future, cannot solve all our energy problems; it must be viewed as merely an additional, ancillary source. This, however, does not affect the validity of all the efforts currently directed at its utilization. If our attempts to put the sun to work for us manage to produce even as little as 3 to 4 percent of our energy requirements, we shall have made an important difference because we shall have saved so much energy and so many billions of lire. Nor is that all: we shall also have made a contribution to the defense of our environment, because when we heat water or warm our houses this way we shall not be putting any polluting substances into the atmosphere. Among all potential energy sources, the sun is not only the cheapest: it is also the cleanest.

The key problem, though, the trigger that touched off the Campidoglio move in this sector, is something else again: the cost problem. Harnessing the sun's energy means more than just installing collection panels on your roof: it means changing all your radiators for another model, designed to heat the house even though the water flowing through them is never hotter than 40 or 45°C. This means that while moves to use solar energy even in the old downtown buildings (with proper respect for esthetic considerations, of course), they will meet with the greatest success in neighborhoods where new construction is still going on, and in new office and factory buildings. In this case (always assuming that the builders agree to install the systems and back them up with appropriate insulation and glazing standards), costs could be brought down far below the current estimates of 1.5 million lire per apartment.

Day after tomorrow, Saturday, at 1000 hours a new double-use plant (to heat water and warm dwelling units) will be started up in the Aniene Hills subdivision, in one of the big apartment complexes being built there as cooperatives. It is a very large installation, with 1,000 square meters of solar panels warming dozens of families. FATME's management has turned to a specialized company for the installation of a plant that will heat water for communal dining facilities.

And so we are emerging from the hypotheses, from what may sound like dreams or programs for the distant future, from the pilot experiments conducted by ACEA in a few public buildings and in three foundling homes (all of them highly successful) into reality, into the here and now.



In 1977, there were only five solar energy plants in Rome; in 1978 there were 6; by 1979 there were 19, and now there are 63: 14 on public buildings (governmental, quasi-governmental, or comunal), and 49 on private buildings. Hence, as the survey conducted by a team of youngsters from "285" shows, resort to this alternative source is spreading fast. Planning official intervention in the trend absolutely demands facts and figures: we need to know, for instance, how such plants are performing in various sectors and for various uses in industry, agriculture, and in housing. The commune has commissioned such a study, and is now ready to set up a "solar registry." This map shows where the various solar plants are operating in Rome as of November 1980. They include the comune and ACEA pilot plants, plus others set up -- mainly in the last 2 years -- by private parties: one such is the one started up a month ago on Via Francesco Negri in Testaccio on an old building with 50 or so apartments.

Rome is not an industrial city, but a tertiary city whose buildings are mainly houses and offices, which makes it a city that requires primarily low-temperature thermal energy. This means that in our town the potential for exploiting the sun's rays is tremendous; what counts here is that whoever has the authority make his assets available to private citizens, and encourage in every possible way every effort to do away with irrational energy waste.

We were reminded of this yesterday morning, too: when a building goes up, the building inspectors are concerned solely with the stability and safety of the structure. In a situation like this, with an energy shortage like the one that burdens our budget, isn't it time the inspection regulations were broadened to include construction materials, and their ability to protect the houses and those who live in them from the cold? Perhaps this would suffice, along with a campaign to encourage use of solar energy (and of other alternative sources -- mainly alternatives to oil) to save us billions and billions of lire and to make our air more breathable.

6182
CSO: 3104

INDUSTRIAL MINISTRY ISSUES NEW REGULATIONS ON OIL RESERVES

Rome RASSEGNA PETROLIFERA in Italian 31 Oct 80 pp 944-945

[Text] The following circular No 183/F of 1 October 1980, on the subject of "Petroleum-Products Obligatory Reserve Regulations--Periodic Communications and Modes of Storage."

With the adjustment of the national standards to EEC Council Directive No 68/414 of 20 December 1968, as amended by Directive No 72/425 of 19 December 1972, and with the determination of the new obligatory reserve levels that the governmental refining concerns are to maintain, it is opportune to review and update the provisions pertaining to the criteria to be followed as regards reporting of stocks and obligatory reserves of petroleum products.

In this regard, therefore, it is provided that all concerns that hold concessions for processing installations and/or for deposits of mineral oils must make the reports in question with reference to 0000 hours of day 1 of each month and transmit the reports themselves within and no later than 2 working days after the reference date.

Transmission of the reports must be done by multifrequency telephone connected with the Electronics Center of the Ministry of Industry, or telex or telegram.

The requirement remains for each concern to establish the obligatory reserves in such a way that permanent maintenance of them is ensured and the reserves themselves are securely ready for use and absolutely available in the interest of the country.

The following points are also specified:

1. In computation of reserves, one is to consider only the quantities of crude oil and finished, semifinished and semiprocessed products held in:

--the tanks of refineries and depots;
--the service tanks of oil pipelines;
--ships in port awaiting unloading, but only those cargoes for which the arriving-goods manifest (Customs model A/44) has already been presented to the Customs office, or in those in an anchorage that have begun actual unloading of crude or products;
--in ships in coasting between one installation and another, but only those quantities accompanied by bills of security.

2. In computation of reserves, one is not to consider the quantities of crude oil and finished, semifinished and semiprocessed products held in:

--oil tankers in international waters and in tankers in national waters for whose cargoes the aforesaid Customs formalities have not been carried out;
--in oil pipelines;
--in processing installations;
--in rail tank cars;
--in tank trucks;
--in service stations and retail distributors' establishments.

3. The finished products to be taken into account by the refining concerns in computation of reserves are:

--for the first category: aviation gasoline, automotive gasoline and gasoline-type jet fuel [carboturbo];
--for the second category: paraffin, paraffin jet fuel and gas-oil;
--for the third category: fuel oil.

4. Those semifinished products, stored in accordance with the modes indicated in point 1., that have clear physicochemical characteristics and are not intended for further processing but that need operations of coloring, additivization, denaturation, ethylation or mixing may be considered the same as the corresponding finished products, even if they cannot be recognized as finished products for Customs purposes.

5. Those semiprocessed products, stored in accordance with the modes indicated in point 1., that need further industrial treatment to be made suitable for consumption may be considered, within the limits indicated just above, the same as the corresponding products:

(a) for the 1st category, if they are intended to constitute aviation gasoline, automotive gasoline and gasoline-type jet fuel:

--all light distillates classified as gasoline for Customs purposes;
--virgin naphtha intended for production of gasoline;

(b) for the 2nd category, if they are intended to constitute gas-oils, paraffins and paraffin-type jet fuel:

--all types of kerosene;
--all types of gas-oil;

(c) for the 3rd category, all types of fuel oil and physically assimilable products.

6. The holder of a concession for a mineral-oils processing establishment assumes the responsibility to communicate to the competent Revenue Office periodically, on the 1st day of each month, the size of the stocks of products not yet verified but existing in the establishment at 0000 hours of the same day.

7. The reports of stocks of petroleum products must be compiled for the individual headings of products (GPL,gasolines, virgin naphta and DLP, paraffins, gas-oils, fuel oils, lubricating oils, bitumens and others), finished and semifinsihed/semiprocessed, existing at the installations on the inventory date.

8. The requirement remains for the refining concerns to communicate the quantity of reserves broken down into the three categories and listed along with the corresponding quantity of stocks.

Those stocks of products not intended to constitute the finished products specified in point 5., paragraphs (a), (b), (c), may not be included among the stocks to be listed.

Furthermore, for the purpose of taking into account the requirements that are determined for the petroleum concerns that own refineries, because of the seasonal variations of consumption of some products, in relation to the production of the refineries themselves, it may be permitted, subject to prior authorization by this Administration, to hold in reserve:

(a) vis-a-vis the quantities of products of the 1st category, in the months of May, August, September and October, products of the 2nd and 3rd categories within a total limit of 10 percent;

(b) vis-a-vis the quantities of products of the 2nd and 3rd categories, in the months of January, February, March and April, products of the 1st category within the limit of 10 percent;

(c) vis-a-vis the quantities of products of the 3rd category:

--products of the 1st category within the limit of 20 percent;
--bitumens, at par, within the limit of 10 percent, if such product is stored at processing installations and can, in case of necessity, be used after suitable mixing;

(d) vis-a-vis the requirements for the individual establishments, the quantities of crude oil exceeding the levels already fixed for products/crude substitution, on the basis of the respective average annual output of their own production of products of the three categories as related to the preceding year.

The reports both of stocks and of obligatory reserves may also be done by membership groups, but such reports must be drawn up analytically for each plant or establishment, so as to permit a comparison between reserve requirements and stock. In such case, the task of presenting the reports is assigned to the company responsible for the statistics on the group's activity, while the concessionary concerns' responsibility remains as regards the reserve requirements imposed.

The concessionary concerns' that belong to groups are also required to communicate to the Ministry of Industry, in a timely manner, the movement of their own obligatory reserves within the framework of the membership group.

In cases in which a concern holds reserves on behalf of third parties or at installations of third parties who do not belong to the company or to the reporting group, a prior communication of the beginning and ending dates of the storage must arrive at the Ministry of Industry at least 30 days before the beginning date of the storage itself, specifying the storage location.

As regards periodic reports, the attention of those companies with storage facilities for industrial use is called to the fact that they are henceforth required to transmit the reports themselves every month rather than every 3 months.

The orders issued with circulars No 91/F and 92/F of 31 August 1971 and No 115/F of 12 April 1973 and other orders conflicting with those issued in the present circulat are repealed, as of the date of the first report following the date of this circular.

This opportunity is taken to point out that with the commitments taken on by our country by its subscribing to the treaty establishing the International Energy Agency, the requirement arises to integrate the present obligatory reserves.

Up to now, in fact, the level of obligatory reserves has been fixed on the basis of the Community standards, with reference to the preceding year's consumption; on the basis of the IEA [International Energy Agency] standards, which apply likewise to our country, the level must also be related to net imports.

It has been noted that the different reference system adopted by the IEA has the result that the level of the Italian reserves, while adequate for the EEC standards, proves lower than what is established by the IEA standards.

It is therefore necessary for the level of the country's obligatory reserves to meet both of the standards in question.

It is therefore announced that this Administration, on the occasion of determination of the new reserve levels, will take into account the requirements deriving from the IEA standards for purposes of adjustment, which may be gradual, to the levels prescribed by them.

It wi'l be recalled that failure to observe the orders issued will entail application of the provisions set out in Articles 17 and 21 of RDL [Royal Decree-Law] 2-11-1933, No 1741, converted into law on 7 February 1934, as No 367.

11267
CSO: 3104

ISTANBUL ENERGY CONSERVATION BEGINS

Istanbul HURRIYET in Turkish 23 Nov 80 pp 1,13

[Text] Istanbul Governor Nevzat Ayaz and Municipal Chairman Gen Ismail Hakki Akansel called a press conference yesterday to launch an "energy conservation" campaign in Istanbul with the goal of reducing consumption of gasoline and electricity in particular.

Governor Ayaz and General Akansel, who spoke of the chaos that exists on the world oil market and of the inability of electricity production in Turkey to meet needs, presented figures and detailed information, noted that energy conservation is necessary, and said that they believe that Istanbul residents will voluntarily participate in the campaign for this reason. Governor Ayaz announced that brochures have been prepared detailing what can be done to save energy and will be distributed to the public within a short time.

Ayaz reported that the campaign was designed by experts in this field and by officials from the First Army and Istanbul Martial Law Administration Commandant, the Istanbul Municipal Chairman's Office, the TEK [Turkish Electric Power Enterprise Directorate General] First Region Directorate, the IETT [Istanbul Electric Power, Subway, and Tramway Administration] Directorate General, the Turkish Petroleum Office Directorate General, the Provincial Traffic Division Directorate, and the Istanbul Chambers of Industry and Trade. He predicted that conservation will not be as difficult as believed and said, "The problem is one of giving up, for the good of the people, various negative and unnecessary habits and customs." The Istanbul governor stated that an energy-conservation education program will be introduced in all primary and middle schools in Istanbul and requested that the public assist in the following ways:

[1.] By ensuring that glass surfaces and roofs are insulated so that heat does not escape. This will be mandatory for new housing.

[2.] By insulating the backs of radiators with materials such as asbestos polyurethane.

[3.] By not using appliances such as electric radiators and convectors or space heaters.

[4.] By replacing light bulbs with fluorescent lamps.

[5.] By lowering heat in rooms from 23 degrees to 20 degrees and, in the middle of the night, to 16 degrees. In this way, 100,000 tons of fuel oil can be saved.

The Istanbul governor announced that lighted business advertising signs cannot be lit after 2000 hours and that the martial law commandant, the governor's office, and the municipality will enforce this.

Istanbul Municipal Chairman General Akansel stated that a project to construct an alternate road between Taksim and Yenikapi is being drawn up and that work continues to eliminate traffic congestion. At the press conference, several sections of the energy-conservation brochure that will be distributed to the public were read. It was pointed out in the brochure that, if fourth gear is used instead of third gear when driving at 60 km per hour, 35 percent less fuel will be consumed for every 100 km driven; a vehicle that stands in neutral for 3 minutes wastes 5 liras' worth of fuel; gasoline worth 5 liras is burned for every 100 kilograms of weight in a vehicle for every 100 km driven; and close to 50 percent of wasted fuel comes from vehicles' making jackrabbit starts.

11673
CSO: 4907

EEC COMMISSION PROPOSES CODETERMINATION IN TRANSNATIONALS

Zurich NEUE ZUERCHER ZEITUNG in German 16/17 Nov 80 p 11-12

[Article by Zr.: "A New Codetermination Chapter in EC?"]

[Text] For some time EC organs have been considering a proposal by the Brussels Commission containing a guideline for "Informing and listening to workers in enterprises having a complex, particularly transnational structure." In essence the issue concerns the introduction of rights to information and consultation by employee representatives before important company decisions. To be affected are multinational and multiplant national firms. The aspired legal act can be classified as part of the transnational, mandatory codetermination codification. It will lead to differences when contrasted with related voluntary codices, particularly those of the OECD and the United Nations International Labor Organization (ILO). Furthermore, the guideline would create a discriminatory situation for multiple-structured enterprises, favoring single-operation companies. The effect is to be extraterritorial, because transnational companies with headquarters outside the EC territory will also be obligated to conform.

Motives

The primary reason given for the draft by the EC Commission is the fact that enterprises frequently established complex structures for their firms and subsidiaries within a respective country and beyond its borders, whereas most of the time workers were limited with regard to information and consultation opportunities to their own local company units. Nevertheless, when it comes to employment, such units could be grievously affected by high-level company decisions. Labor laws, as a rule, apply only on a territorial basis. Gaps are created which can only be closed through a unified legal framework for the European Community as a whole.

Among the indirect reasons that led to the commission initiative most probably are the extent of unemployment as well as differences in the willingness and ability of various countries to adapt to industrial structures. In addition, there is the priority which has been given in contemporary labor-union politics to the slogan of the "democratization of the economy." It reflects the opinion of the person largely responsible for the draft of the guideline: Dutch EC Commissioner and Vice-President Vredeling, a social democrat who will leave the Brussels Executive at the beginning of 1981.

Rights and Duties

From a technical point of view the proposed guideline implies a twofold application in two respects. First of all, it affects transnational companies and national enterprises with complex structures; in both cases regulations are practically identical. Subsequently it is divided into rights and duties concerned with information on one hand and consultation on the other hand ("informing" and "listening").

At any given time, "governing enterprises" are to be held responsible for giving detailed information to their subsidiaries at least semiannually about the entire concern, particularly personnel structures, economic and financial conditions and prospects, production and investment programs, proposed economy measures, planned changes in work methods and "all transactions and plans which could seriously affect the interests of workers." Subsidiaries who employ at least 100 workers must give this information immediately to worker representatives, who--representing the subsidiary--could also turn to the management of the governing enterprise. At the same time, company and business secrets must be kept. If this regulation is violated or if enterprises do not comply with the duties, sanctions will be imposed.

Decisions covered by the guidelines must be announced by the concern 40 days in advance. Worker representatives would be able to express their views within a period of at least 30 days. Their right to consultation refers particularly to complete or partial plant closings or relocations, to changes in factory goals and plant organization, as well as "the beginning and end of long-term cooperation with other enterprises." The reason for listening, as the case may be, is "agreement on measures planned for the workers."

Multinational companies whose decision centers are in third countries are to designate the "party" within the EC "responsible" for observing the duties of information and listening. In case this is not done, the respective subsidiary with the largest number of employees within the EC territory would be charged with these duties. The organs of worker representatives can be combined throughout the concern and should then be recognized by the member states. Other than that, rulings by representative modalities are subject to the laws of individual states.

Unduly Extensive Interpretation of Common Law?

This clause must be approached from the legal nature of the "guideline." According to Article 189 of the EEC Treaty, it represents a legal act which is "binding" for every (affected) member state "with regard to the targeted goal; nevertheless, the choice of ways and means" is left "to agencies within the states." There is disagreement about formally basing the commission proposal on Article 100 of the EEC Treaty, which deals with the harmonization of laws. The idea is "to approximate those legal and administrative regulations in member states which have a direct effect on the establishment or functioning of the Common Market." Corresponding guidelines were issued by the Council of Ministers at the suggestion of the commission after listening to the Economic and Social Committee as well as the EC Parliament. According to Article 100, unanimity is required. As a rule, there is a 2-year legal limit for adapting domestic laws and a subsequent 18-month transition period.

On the part of enterprises, the opinion can now be heard that the common law is interpreted unduly extensively, because the issue is not only one of adapting existing national regulations out one of creating a new kind of rules, the form of which cannot yet be found in any of the member states. The commission, on the other hand, considers its draft a development of existing common laws or proposed legal acts, particularly the guidelines concerning mandatory listening to workers during mass dismissals (1975) and plant relocations (1977), but also drafts concerning uniform shareholder rights (1972, guideline 5) and concern settlements (1979, guideline 7).

Employer Complaint and Labor Union Pressure

While the commission was working on its new proposal, it was seeking contact and consensus with social partners, particularly with the European Labor Union Federation and UNICE (European Community Industrial Union). The focal points of opinion were easily recognized and were even publicized in part.

UNICE, for instance, which as a matter of principle supported the demand for enterprise transparence, declared that the Commission neglected to provide proof for the necessity of such a ruling. Contrary to the Brussels theses, the OECD guidelines on multinational companies as well as the tripartite declaration of the ILO had stood the test concerning the same problem, and it had been recognized by the governments. The assertion that subsidiaries were lacking autonomy as against the leadership of the concern and that national worker representations were powerless because of it was also not documented. Furthermore, in the international context EC concerns were threatened with unilateral disadvantages.

The European Labor Union Federation "categorically condemned" the position of UNICE. It contained the "destructive line" of those who were only defending the interests of capital. The EC Commission must keep its word and promote its guideline proposal. Only the European Community can create a mandatory supranational law and it must fulfill this specific political task.

Political and Practical Prospects

Nevertheless, for the time being it is questionable whether the EC Council of Ministers will be able to come up with the required unanimous decision. It is expected that at the present time particularly the British will offer resistance. In the beginning, however, favorable comments are expected from consultative organs, the Economic and Social Committee (composed of social-partner delegates and self-employed representatives) and the EC Parliament, in spite of its so-called Center-Right majority.

Industrial circles, however, are expressing the opinion that the commission proposal would not really benefit the needs of those workers who are employed by the targeted enterprises; rather, they would serve the needs of the "new class of worker functionaries" who were more and more assuming key labor-union positions between employers and employees. They were doing it because they were craving international recognition, although frequently they were lacking clear legitimacy of representation. What is even more doubtful is the implementation of the order of secrecy for recipients of information, something for which the European countries (in contrast to the United States) are poorly equipped.

In the long run, the harmonization efforts which are in process are raising the fear that increasing labor-union interventionism with regard to the freedom of decisions by enterprises could lead to curtailments in the willingness to invest and the raising of already scarce risk capital. The labor unions themselves should realize the problems for employment policies created by such tendencies. There is a lot of talk about the trend toward a "long-term socialization of the market economy," and it is important to keep a watchful eye on it.

8991
CSO: 3103

WEST BANK MAYOR OUTLINES EXPECTED EUROPEAN INITIATIVE

Kuwait AL-QABAS in Arabic 11 Nov 80 p 21

[Article: "Dispatch from Amman: Ilyas Farij, Mayor of Bethlehem Tells AL-QABAS: 'Gaston Thorn Told West Bank Leaders That There Would Be a New European Initiative Before the End of the Year' "]

[Text] Mr Ilyas Farij, mayor of Bethlehem revealed for the first time the occupation authorities' intention to prevent the entry of the Joint Jordanian-Palestinian Committee's support funds to the municipalities and the national organizations of the West Bank. Any municipality or organization that wishes to bring in funds from abroad has to provide evidence of the source of the funds. Otherwise, the funds will be confiscated.

In an interview with AL-QABAS Mr Farij said, "This measure is part of a Zionist plan whose objective is to let our people starve and force them to emigrate from their land."

Mr Farij added, "As a result of this recent Zionist measure, most West Bank municipalities are now suffering from a major financial deficit. One of these municipalities in particular is that of Bethlehem. If this financial deficit is not remedied, the municipality of Bethlehem will have to suspend its services and discharge all its employees and workers in the next few weeks."

He said that the municipality was having a monthly deficit of 8,000 Jordanian dinars. This is in addition to the deteriorating economic condition that is due to the rise in the cost of living, the decline in the purchasing power of the currency in the occupied Arab lands and the increasing taxation of individuals and organizations.

Mr Farij mentioned that the funds that are available to the municipality are not more than 29,000 Jordanian dinars and that Arab aid in 1979 and 1980 did not exceed 52,000 dinars even though the municipality needs 100,000 dinars every year to perform its services in an acceptable manner.

He said that we needed to provide about 4 million Jordanian dinars to cover the expenses of Bethlehem's projects for housing, schools, paving roads and for other projects as well.

He emphasized that Arab aid should afford this matter the interest and care [that are required] because providing services and [building] a foundation for any project were important tasks that must be given priority.

The Leader of the British Liberal Party

Regarding his recent meeting with the leader of the British Liberal party Mr Farij said, "The idea that the leader of the British Liberal party has for a solution to the Palestinian problem does not differ from the ideas that Mr Gaston Thorn, Luxembourg's minister of foreign affairs, has for a just and permanent solution that is based on the Israeli withdrawal, the right to self-determination for the Arab people of Palestine and allowing the PLO to participate in the peace talks."

Mr Farij said that the leader of the British Liberal party was pleased with the results of his negotiations with Mr Yasir 'Arafat during his recent visit to Damascus.

Meeting with Luxembourg's Minister of Foreign Affairs

Regarding the meeting he had with Mr Gaston Thorn, Luxembourg's minister of foreign affairs and present chairman of the current session of the European Common Market, during Mr Thorn's recent visit to the occupied West Bank, Mr Farij said, "Mr Thorn assured Palestinian leaders on the West Bank and in the Gaza Strip about Europe's position vis a vis the question of achieving a just peace in the area--a peace that is based on the full Israeli withdrawal from occupied Arab land, on granting the Palestinian people the right to determine their own destiny and on allowing the PLO to participate in the peace talks as the legitimate and the only representative of the Arab people of Palestine."

Mr Farij said that Mr Thorn had informed the Palestinian leaders with whom he had met that Europe condemned the Israeli settler policy on the occupied Arab lands. Mr Thorn informed the Palestinian leaders about the European position on the Camp David accords which are considered an impractical step for achieving peace in the area. He also told them that the European community considered the law to annex Jerusalem to be illegal.

During his visit to the occupied West Bank, Mr Thorn extended an invitation to Mr Farij to visit Luxembourg. In addition to meeting with Mr Farij, Mr Thorn also met Messrs Rashad al-Shawa, Hilmi Hanun, Zafir al-Misri, Ibrahim al-Tawil, Anwar Nasibah, Hikmat al-Masri, 'Awni al-Saghir and Fayiz Abu Rahmah. All of them are important men of the West Bank.

New European Initiative

Mr Farij said that Mr Thorn had informed the representatives of the West Bank and the Gaza Strip that a new European initiative would be launched at a meeting before the end of this year to reevaluate the situation in accordance with the ideas that Mr Thorn had formulated during his recent tour of the area.

At the end of the interview Mr Farij called for more Arab support and aid to the municipalities and all the national organizations of the West Bank and the Gaza Strip so as to strengthen and encourage them to resist the policy of aggression.

8592
CSO: 4802

BENELUX COUNTRIES ATTEMPTING TO SOLVE STEEL CRISIS

Zurich NEUE ZUERCHER ZEITUNG in German 27 Nov 80 p 13

[Article by pmr: "Benelux Countries Under Sign of Steel Crisis"]

[Text] Brussels, 25 Nov--From 1980 until 1984, Luxembourg's steel plants of the Arbed Concern will receive state subsidies amounting to 7.25 billion Luxembourg francs. This compromise which was reached last weekend, ending a tug of war that had lasted for months and during the process of which Arbed even postponed again and again the traditional publication of its half-year results, finally abandoning it altogether. The concern openly admitted that it was afraid that the relatively favorable results of the first 6 months of 1980 might give the wrong impression to the public and dampen the generosity of its partners in the discussion during the tripartite conference. To be sure, the assistance recently promised by the Luxembourg government is only half the amount of 13.5 billion Luxembourg francs requested by the steel concern last July. In view of a budget volume of 46 billion for 1980 and 51 billion Luxembourg francs for 1981, however, the steel subsidy will claim approximately 3 percent of all state expenditures over the next 5 years for the Grand Duchy numbering 360,000 inhabitants. Furthermore, the concern had already been granted assistance in March 1979. The amount was 3.2 billion Luxembourg francs, but only part of it has been disbursed. The details have not yet been worked out with regard to the distribution of the state funds for credit, interest reduction and social measures.

Arbed--You Too

By receiving state aid totaling 10.5 billion Luxembourg francs, the Arbed Concern has now joined a number of European steel foundries that have been trying for 6 years to overcome a persistent crisis at the expense of taxpayers. To date Luxembourg's steel managers have been among the most eager supporters of free competition without state intervention and in conjunction with their German and Dutch colleagues they had attacked the spreading of subsidies. Nevertheless, because of the tininess of their mother country they have apparently no other choice. In contrast to most of its European competitors, the concern has been doubling its investments since the beginning of the crisis, it built a supermodern blast furnace that processes one-third of the raw steel capacity and erected two cost-efficient continuous casting installations. With the takeover of the Saarhuetten Roechling-Burbach plant and the Neunkirchen Iron Works, the production talks with the Belgian "Triangle of Charleroi" and a two-thirds participation in the Flemish coastal steel

plant of Sidmar, the Luxembourg concern was guaranteeing for itself an influence on the investment decisions of its neighbors and, in addition, it was able to participate in the subsidy blessings of bigger state treasuries. Their calculations seemed to pay off. Last year, after 4 years in the red, the Luxembourgers were almost able to balance their accounts again. But the renewed intensification of the steel crisis which began in early summer of this year seems to affect also Arbed. It is still carrying a loss of 6.6 billion Luxembourg francs on its books and is unable to compete with state-subsidized competitors, all the more since Luxembourg's location is disadvantageous when compared to coastal steel plants, which face considerably lower transportation costs. Still, the Luxembourgers believe that for the time being they will be able to keep up with relatively modest state aid--compared to international levels--and the brown iron ore which the concern owns in Lorraine.

Shadow Over Dutch-German 'Marriage'

In the Benelux Association, Arbed's recourse to the state treasury is in good company. Almost 2 weeks ago the Dutch Hoogovens Works in IJmuiden were able to secure state aid for the first time since the beginning of the state crisis. A subordinate loan of 350 million Dutch gulden will strengthen its risk capital. It is a fact that the coastal steel works of Hoogovens was still able to operate at a modest profit during the last 2 years, but the Estel Concern, which came into being in 1972 through the merger with the Dortmund Hoesch Works, has been deep in the red for 5 years. The Dortmund steel works, just like the Saar foundries which have been combined with Arbed, do not exactly belong to the most outstanding plants in the German steel industry. Being some distance from the Rhine, Dortmund faces higher transportation costs than other German competitors. The German-Dutch marriage of companies had been based on the concept of combining the cost-effective steel production in IJmuiden with the Dortmund steel processing facilities, since these were located near consumers. The steel crisis of 1975, which began 2 years after the fusion, brought a quick stop to a specialization of both concerns, which could only have been accomplished without complications if total production had shown a gradual increase. Plans for the production of new blast furnaces in IJmuiden were postponed indefinitely years ago. Cautious deliberations in Dortmund to cut almost in half annual raw steel capacities from 7.2 million to 4 million tons by not replacing three outdated Siemens-Martin furnaces, which are to be torn down, are naturally meeting with strong resistance from workers and local authorities.

Like the Luxembourgers, Dortmunders are also fighting tenaciously for their position in the steel industry. The construction of a modern oxigen steelwork with an annual capacity of 2 million tons replacing the Siemens-Martin furnace, which has a capacity of almost 3 million tons, would cost DM 550 million and limit the loss of jobs to 4,200. Without an investment in a replacement, at least 8,000 steelworkers would lose their jobs. Rohwedder, a former state secretary in Bonn's Ministry of Economics and currently chairman of the board of directors at Hoesch, had already raised DM 240 million in aid from the Federal Government and the Land for the Oxigen Steelworks.

Following the latest developments on the steel market, however, Estel-Concern managers are shrinking from the investment, which had been the result of socio-political considerations rather than economic ones. For some time it was felt that

it had only been postponed, similar to the project of a heated assembly line in IJmuiden; nevertheless, since Dortmund's rolling mills could be supplied much more reasonably with raw steel from the Krupp foundries on the Rhine or even from IJmuiden, experts have little doubt that the Hoesch board of directors will resist even massive pressure from unions and not give in. Estel's chairman of the board insisted that even if the state would finance 100 percent of the project, he would not be persuaded to make investments that are economically unsound.

Fewer Scruples in Belgium

The steel bosses in Belgium don't know such scruples. For years they have fully depended on the state treasury not only for the financing of their investments--although they have been small in scope--but also their current deficits. Since the summer break, the Ministry of Economic Affairs has been forced at almost monthly intervals to grant state guarantees for emergency credit to bridge the most urgent dates of payment to the utmost. A few days ago, the Luettich Cockerill Works had no ready answer to persistent rumors of bankruptcy other than pointing to the fact that the Belgian government had obligated itself to plug all the holes.

Actually, the only people who are still in favor of maintaining the hopelessly outdated industry in the areas of Luettich and Charleroi are 40,000 employees who would be on the street if the foundries were to close their doors. Since coal production has been discontinued, the Luettich and Charleroi locations can hardly be justified any longer because of the cost factor. Belgian steel plants missed the opprtune moment for specializing in a few high-grade kinds of steel; the Belgian government is practically standing all alone when it comes to financing the investment program--adopted much too late--which is to pump 44 billion Belgian francs into the industry within 5 years. The way things look according to the most recent developments, the government will also have to assume full guarantee for that half of the investment sum which was originally intended for major stockholders. The Belgian taxpayer will even be liable for the full amount of a temporary loan of almost 5 billion Belgian francs which was granted at the beginning of this week by a bank consortium managed by the American Morgan Guaranty Trust Company. Recently Minister of Economic Affairs Claes figured that the actual burden placed on the budget because of aid to steel companies is reaching a total of 33 billion Belgian francs. This sum does not include loans by the state-run Industrial Credit Association, which is said to have reached 100 billion francs in the meantime and the repayment of which is justifiably in doubt, as well as state guarantees for loans by private banks. The only hope for the competitors of Belgian steel enterprises is that some day Brussels' minister of finance will lose the courage to grant new guarantees. In view of the growing deficits in the steel industry, proceeding in "geometric progression," that day may no longer be far away.

8991
CSO: 3103

ROUNDTABLE DISCUSSION ON POLITICAL FUTURE OF FLANDERS

Brussels KNACK in Dutch 12 Nov 80 pp 151-158

[Text] In the somewhat Cartesian logic of our series of debates, we have landed at the point of the constitutional reform. The four preceding conferences have assumed that we have to do with a Flemish people within the Belgian framework, with a need of its own for ideological and political organization. That must come about without having specific economic or social instruments, it is true, for they seem to be very scarce.

Debate five is aimed at the roots of the seemingly endless constitutional process that takes us far back into the 1960's. Why does the Flemish citizen really need a new state framework, and what made him feel the need of it? Do the constitutional changes of 1970 and 1980 offer a reasonable answer to that need? What frustrations are to blame for the fact that communities that are living within Belgium have set to work breaking up the unitary state?

Around these questions a panel of politicians and experts assembled: Robert Houben, cabinet minister and former party chairman (CVP [Social Christian Party]); the prime minister's office chief, Jean-Luc Dehaene (CVP); former chairman Hugo Schiltz (VU [People's Union]); notary Paul Daels, chairman of the VVB [Flemish Popular Movement]; and the law professors Robert Senelle (RUG [National University of Ghent]), Senator Jan De Meyer (KU [Royal University] of Louvain), Senator Marcel Storme (RUG), and Assistant Leo Neels (KU of Louvain). Storme and De Meyer belonged to the dissident wing within the CVP that caused the Martens II cabinet to fall at the time of the senate debate over the constitutional reform with the Brussels arrangement included.

The editors were represented by Marc Reynebeau, Johan Struye, Hubert van Humbeeck, and Frans Verleyen. [Their questions and remarks are indicated below with "[KNACK]."--Translator]

[KNACK] How secure is the Flemish political future, after the series of constitutional reforms? Why were those reforms necessary?

Houben: It must be stated in advance that we do not know very well what the population really think about it. All this is specialists' work, more or less, and we have never, for example, seriously explored the possibility of a referendum. In spite of our ignorance of the popular will, however, we see that the Belgian state has become a very wobbly thing. Its two big communities are fatally growing further apart. I shall say why presently. But in spite of the evident evolution toward splitting off, our responsible authorities have neglected to look at the situation objectively and realistically. The reshaping of Belgium has taken place thus far without any general concept that indicates precisely where we are really headed. My great concern is that the continuing lack of a sound, solid constitution will in the long run affect the welfare of the population. And that is the only standard of all political action.

During the process of fission we have always tried little by little to meet the so-called new requirements that arose. But they never turned out to be sufficient. In the 1930's Flemish university education came in. After that the administration was reformed. In the 1960's the language census was abolished and the language boundary was established. In 1964 came the round-table agreement among the three traditional parties, in which only the Liberals rejected the Brussels solution. After 1968 the Walloons were almost traumatically removed from Louvain and the constitution revised. It was all of no avail; sociologically, psychologically, and economically the Belgian framework continued to produce discord.

The explanation for this, of course, is historical. Some 60 years ago the Flemings began to declaim against the French-speaking bourgeoisie in their midst. I myself was a part of an environment that spoke Dutch at home and French outside. Outside the street signs in Flanders were bilingual, so was the station personnel, so was secondary education... but the university was unilingual--French. Universal suffrage was to make that sociologically untenable in the long run, in conjunction with the rise of a rich Flemish establishment. The Walloons never understood that. In their eyes the Flemish rise was based on fanaticism, nationalism, and a narrow-minded attitude toward the great French culture.

This evolution has led to a confrontation between two inferiority complexes. On the Flemish side it was cultural. The Walloons suffered under their numerical inferiority, which has been especially sharply realized since the Sauvy report and manifested itself in such questions as adjustment of parliamentary seats. Upon this was grafted the feeling in Wallonia of economic decay, as formulated in the great socialist bill of 1947 in which the reshaping of the country was demanded: a confederation of two member states, with a federal district of Brussels. Even then--and people like Leburton signed the bill--the view prevailed in Wallonia that *le pouvoir central* could no longer turn back the local economic decline.

In that confrontation Belgium grew apart. A different concept of socialism in North and South. A CVP majority in Flanders that was more laborite than the Christian Democrats in Wallonia. The amnesty question and the question of the monarchy. The break across all national parties. I myself resigned on 22 November 1972 as the last unitary chairman of the Belgian Christian Democratic Party.

And in the recent European elections Belgium presented itself as a double state. All growing has been growing apart, even to the point of breaking the national parties in two, a thing that is not found in any federal country at this moment.

Thus we must pose the question radically whether we need Belgium and what we want to do with it. The population must be given this choice clearly. Either two self-governing states that still form a union, or a completely viable Belgian state. What we have set up now is *not* viable and is not even finished. It is not viable because the decree of the communities can change the national law, while the national law cannot change the decree. Moreover, the decree can go beyond the member-state councils to deepen the implicit powers of the member governments. Such a thing cannot last. And then we do not even know yet what is to be done with Brussels, with the bicameral system, or with the provinces. It is the first time that a government has to be put together in the new federal context, and there is already a dispute over its legality. That sort of uncertainties are worse than all the rest. A state is not a sacred thing; it can be abolished. But the choice cannot be avoided.

Everything To Do Over Again?

[KNACK] Then in your view a totally new constitutional revision is needed and the previous one is really no such thing.

Houben: It can only be a stage.

Senelle: It makes no sense to reverse our course completely once again, after 10 years of revision. Let us make the best of what we have; that is worth trying. The loss of political authority is bad enough in itself. The member governments have only to show that they are stronger, more effective, and more pragmatic than the present national governments. Otherwise we shall have a serious catastrophe. The question is only to what extent the revalorization of authority is possible through the member governments.

Houben: It is impossible.

De Meyer: This system will never work. We must indeed choose between two extremes. Either we shall have to evolve full steam ahead toward two separate states, or turn around completely toward unitary power.

Neels: We are coming out of a system that grew up over the years in which cultural difficulties were viewed as language difficulties. We have a language legislation left over from that, such as exists in a great many countries and in principle can work. But around 1960 that system broke down. Language-law reform was let loose. That led to the study group of 28 and to the revision of 1970 which was to result in new political institutions. The regions were invented, but at that time that device was intended for the administrations. It was not until the 1970's that the regional concept was given economic content as well. This gave rise to all sorts of juridical and technical complications. The revision of 1970 was not such a good base for economic regionalism, and had to be enlarged by incomplete juridical and political agreements. Therein lay the whole difficulty in the matter of applying the revision of 1970.

Senelle: To this day we still do not know very well where salvation really lies outside of the Belgian state, although I do not mean by this to deny that a tremendous mistake was made in 1830...

Storme: Come, come, come.

Senelle: But we are making a Napoleonic, centralized unit into a regional (not a federal) state. That is a very rare operation. Usually it is the other way round: from separateness the movement is toward unity. In spite of our difficult task we have never known in advance how much power the central state really would or should give up to its components. Because of that we have always had to run the rapids by sudden jolts.

Daels: I am not in agreement with Leo Neels's sketch of the evolution. It is not so that we first worked with a language-law reformism and then switched to a new process of state political changes. As soon as the bilingualism of Belgium was recognized, the Belgian state became dual. The abolition of the language census rang in a separate Flemish structure. The political economy came into existence then embryonically.

Neels: I meant that the linguistic dualism (and for the sake of convenience I am disregarding Brussels and the east cantons here) was made to serve for all sorts of social and economic pluralisms.

Dehaene: Neels is indeed saying something important. But I do not find him altogether in contradiction with Notary Daels. The language laws of the 1960's did indeed give a great qualitative leap toward new decision-making structures. The language factor carried through into the political institutions surrounding the cultural policy and education. Think of the splitting of National Education. The first autonomies were indeed brought about with regard to the linguistic-cultural difference. But after 1970 the same thing was done, this time primarily under Walloon pressure, for the socioeconomic sector. What I find particularly nice is that in 1980 Flanders has made the two fields into one general political subject by amalgamating its regional and community councils. And that may still happen on the Walloon side; it is built in. I find that an extremely important stage in the evolution; the problem we are discussing here can be solved by that.

Storme: I fear the Belgian citizen is not very much aware of all these constitutional evolutions and institutions.

[KNACK] But he did handle Schiltz's People's Union very roughly when he did not agree with something...

Storme: Yes, but that was on the basis of analyses that had not been thought through. What I mean is that while the inhabitant of Belgium does know that his state is in the process of reform, he knows, too, that his civil code remains intact. The jurists themselves, in their advisory opinions, have little interest in the constitutional changes.

De Meyer: In the third-year group in Louvain I have only three students that are interested in a thorough study of present-day constitutional law.

Storme: That confirms my observations. It must have to do with the lack of that overall plan. Our constitutional revisions always take place under powerful extraparliamentary pressure. Those of 1891-1893 concerning universal suffrage. And in our own century, since 1954 we have had constituent parliaments almost without an interruption. It was desired to adapt the constitution to the internationalization and Europeanization of the political institutions. In 1960 there was the new Walloon consciousness after the big strikes. Between 1961 and 1965 there was no constituent parliament, but we used the time for big conferences aimed at reforms. Then in 1970 everything flowed together into the first important provisional revision with a somewhat broader vision. Then under pressure from the legislator himself, toward 1980 a number of additional provisional revisions had to be signed and sealed. Brussels had to be fitted in, one way or another, into a broad commonalty union, and that, of course, does not succeed. Brussels is not a region; it is a typical urban, capital district such as we find in many other countries.

Even in the knowledge that all of that constitutional work has concealed a lot of fundamental socioeconomic problems, I should say: let it all rest for a while. The institutions will make a way for themselves with the intelligence of their own legality. Let us in the meantime go in search of a great definitive consensus.

Schiltz: I have been concerned with those things professionally for 25 years. I have learned that the Flemings have always longed for a state that functions well and neatly as a reasonable framework for human life. We have never yet found that state, either for health care or for distributing the wealth. Do not look for too many qualitative jumps or differences in that. Of course, I know that the Belgian is not alert to his constitution. He cannot feel it or handle it, but he knows that we have been frittering away energy and money on it for 15 years. So that of all the countries in West Europe we are now least well fortified against the crisis.

It has been said here that in Belgium a very rare centrifugal federalist effort is going on. That is correct. But why is that so? Because the Belgian state realized and recognized its nationality conflict much too late. There are a few other peculiarities to add to that. In the past the Flemish nation was confronted with a group of French-speakers who had not and have not yet discovered their own nationality. The Walloons and the people of Brussels do not coincide with each other as a state. That is one of the big reasons why the discussion has run such a difficult and chaotic course. With the difficulty on the Flemish side itself on top of that. The Flemings have always estimated their nationality too modestly. Until the 1960's the Flemish Movement, including the big unions included, was *not* directed toward federalism or self-government. The federal option was really rejected...

Daels: I do not agree with that.

Schiltz: Notary, you will not deny that the funds were not liberal for the federal idea. The Flemish Movement was still too sloppy and hazy. For that reason the reform of 1970 came too early. At that time the Flemings were not yet ready, they were too ashamed of the choice they had made on events for a long time, when the question of the king came up, in the school fight, during the leftist strikes. They always camouflaged their real longing for autonomy, strangely enough, by

side issues and roundabout maneuvers. They did not simply demand: the constitution must recognize our existence as a nation. They did not come out for that.

Senelle: That was a question of unawareness, not camouflage.

Schiltz: Secondly, the Flemings did not know what to do about their desire to be a nation, because they were held back by two brakes: first by Brussels, and second by their internal linguistic homogeneity. In the face of those two realities they had no real negotiating policy. Within the framework of the concrete Belgian state they thus had to shrink from such a strongly desired and tenable solution. Until the Flemings themselves find the answer, hard as it may be, to those two questions, Belgium and the French-speaking "other side" are perfectly right with their delaying tactics, with presenting a halfway state reform and shoving the difficult points aside.

Daels: Once more I am not in agreement. I see the movement toward political independence growing more definite in Flanders than in Wallonia, in contrast to what, for example, Prof Storme suggested. And I repeat that since the boycott of the language census, the Louvain question, and the adjustment of the [parliamentary] seats, the development of two peoples can be seen in Belgium, and this can run politically and juridically only on our own institutions. Community of language, culture, and people is the basis for political order all over the world. The state reform is not to be gotten out of the minds of the people, because people have a need of a healthy community of their own. That is why people are fighting all over the world for self-rule. That is why I always have my bible at hand, the universal declaration on the Rights of Man. It recognizes the right of self-determination of nations. Belgium can extend that right via federalism.

The Majority

Dehaene: I accept the proposition that our people are not so clearly demanding that state reform. But in terms of activity and technical necessity they were inevitably for the national policy and control. I have no need of a referendum to know that the reforms were needed, for we are indeed growing apart.

Moreover, I believe that the fact of the reforms is valuable in itself, partly as a psychological outlet. The cultural council showed that, among other things. Then it is not so disastrous if the quality is not perfect the first time. Thus I am convinced that the Walloons will within the next 5 years come to the realization that the reform did not give what they had hoped for from it. The psychological expectation of the structures is so great that it could not be satisfied even by an ideal structure. But meanwhile there is a mortgage to be paid off. If there are subsequent phases needed, why not?

Meanwhile, my most immediate concern is this: that the regional governments and councils become politically stabler and more durable than the national center. That may offer complications, and therefore we must urgently work in the direction of chronologically parallel legislature and governments at the national level.

De Meyer: But don't you see, the way in which the Belgian state must now work offers little hope that it can last much longer. But historians would have to analyze for me why and how this state is being broken up by the Dutch-speakers,

i.e. by its own majority. Majority from 1830 to the present, although I prefer to skip over the period when the right to vote had to be bought, so that the majority did not express itself politically. But the French leading bourgeoisie has since become Flemish, sometimes even to the extreme. Flanders has always had the majority, and is now destroying its own position of power. I find that inexplicable.

Schiltz: That is indeed so. But the explanation lies in the fact that the Flemish majority has never known how to make use of its dominance. Whereas elsewhere in Europe minority peoples have not accepted from their central state what the Flemings allowed to be dealt out to them.

Daels: They had a leadership and an élite.

Schiltz: So had we! Clergy, acedemics, respectable bourgeoisie...

De Meyer: Are we just rubbish? Why in God's name have we not succeeded since 1919 in making our majority position count?

Schiltz: We are not rubbish, but we have been brought up ever since the 16th century to accept formal authority. When that training had faded out, the chance of offering an outlet for a possible majority consciousness was eliminated. But intrinsically that organized separatism. That goes without saying; after the Van Cauwelaert position on the political use of the majority, it would never have been possible to make a lockout constitution. It is a constitution that in fact gives the French-speaking partner a veto right and thus makes the normal life of the other partner impossible.

De Meyer: Schiltz is very right. But in 1970 the Flemish majority was abandoned --by whom? By the Flemish majority! Why?

[KNACK] Because Gaston Eyskens and Leo Tindemans wanted to maintain their cabinet that way.

Schiltz: It was a latent mentality, even in the dominant CVP. Until up in the 1950's we had national governments with more French-speaking ministers than Flemings.

Dehaene: I am not such a firm believer in the majority philosophy. *If* you want to hold the country together, assuming that that is the basic idea, then a majority simply cannot play a part. A national system, and that is what the Flemish politicians have opted for so far, tolerates no self-evident exercise of the right of the majority. That is the way democracy is put together.

De Meyers: There is still another thing. When, around 1960, the situation for the Flemings in the Belgian state had been more or less normalized, there were a number of perhaps useless irritations directed at the Walloons: the language census, de Voer, the Louvain question. Some things happened then that brought the concept Belgium in question and for which in 1970, to repair the damage done, a high price had to be paid, so that Flanders got into a real blind alley.

Neels: I find the numerical Flemish majority very relative. Within Flanders itself it has never been homogeneous. It is crisscrossed with ideological, social,

and economic rifts that have paralized it and rendered it useless as a commonalty majority. I also doubt whether Flanders was "normalized" economically around 1960. On that point Flanders meant no more than a minority power.

Those are merely interjected remarks. What seems to me more basic is the difficulty that the Belgian federalism that is emerging is not of the cooperative type. There can never be such a thing with two. It always grows into a revanchist federalism of winners and losers with regard to many central decisions. The fact that for the time being we are working with an asymmetrical model (one member-state authority in Flanders, two in Wallonia) attests to the fact that the necessary conditions for bringing about federalism have not yet been met. Perhaps André Cools is making a bad mistake in his attempt to solve Wallonia's economic problems with a Walloon state organization. That might be called deceiving the people. Especially as the Walloon ambitions *preventively* silenced the Flemish political majority to be able to do later what has been done.

Schiltz: Paralyzed, indeed. No national government can be formed in Brussels now without a majority in the Walloon Cultural council. There is the real block.

Dehaene: That will only last a short time, until the member-state governments no longer have any trouble from the national government.

Neels: Distrust has been built into the political structures in every way. This foretells their soon becoming unusable. I even doubt whether a respite will be possible. People are so tired of it, so tired of the Belgian tangle, that there may be no time left for the indispensable overall plan to mature.

Civil Rights

Storme: But it is not all going so disconnectedly. I feel that we have dealt very effectively with what was called unconstitutional in January 1980.

Neels: That may be, but with all that only an unreal autonomy has been achieved. The decree can be used only in very fragmented fields: education, oh yes, but without everything that is important in it, and so really without education; health care--but perhaps even the nurses' training comes under the central National Education. Possibly we are heading for the same emptiness as the cultural council, which, to be sure, was able to issue a few big decrees (such as that concerning the BRT [Belgian Radio and Television--Dutch Service] and the libraries), but then found that its agenda was actually exhausted.

Daels: I do not share Dehaene's and Storme's optimism. If the new institutions fall below expectations, they also fall below the needs. On the other hand, to me the growing apart of Belgium means at the same time the healthy growth of our own community. We must therefore go ahead with revisions.

Dehaene: No objection, if only you find two-thirds majorities and double commonalty majorities.

Schiltz: But when are we as a people going to solve the problems that other states have long since solved? The technological revolution, the chips will have washed everything away before we get so far. With a German-French board of directors and with Strassbourg in power without our people's being prepared for it.

Senelle: I should like to make two marginal notes. The form of our state, in my opinion, does not influence the big technical and economic developments. And the other is that we are forgetting that the birth of the Flemish Council destroys the old, historically evolved provincialism in Flanders. That, for good or ill, is a great revolution.

De Meyer: If only we had reallotted the power to the provinces. Then to the people it would not have been such an abstract game. That is why I keep hammering away at my choice theory: Let the people decide whether Belgium is to be scrapped or not. If so, then a big, brand-new constitutional plan. Not this bungling piece of work.

Dehaene: The ideal constitution does not exist.

Storme: The 1831 constitution was a magnificent work.

Schiltz: But the people had just as little to say about it then.

De Meyer: It can be taken over tomorrow without more ado by Paul Daels's Flemish state.

[KNACK] While we are in all this uncertainty, the question arises of how intolerable the Belgian state is for the Flemings. Can you not make up a catalog of rights (economic, cultural, social, political...) that cannot be enjoyed by Flemings in the present situation? In other words, this is a question of the Flemish frustration, of whether or not specific civil rights are lacking.

De Meyer: We have all the rights except one that is of capital importance. Because of the negative growth of our political system, the Belgian citizen can no longer decide the form of his state. Even parliament can hardly do that any longer. Elections have become a fiction against the background of the evils of party rule.

Schiltz: I do not find elections so fictitious... I have felt them.

De Meyer: On the basis of an atmosphere, not of insight.

Schiltz: What are our civil rights? That a party such as the VU may exist. That we can carry on this conversation without police interference or the threat of it. The citizen can do a hell of a lot here if he really wants to.

A privileged country, beyond all doubt. That is why I am cautious about making autonomy absolute. Belgian mediocrity has brought many civil liberties with it as a by-product. But the Flemings have always enjoyed their civil rights in principle, like religious freedom in the constitution of the Soviet Union. The everyday reality was somewhat different, however: the state is an instrument that can be used by what we call the ruling class. That class is not always social; it can also be ecclesiastical or cultural. The Flemish majority was not a part of it, and therefore never knew very well how to deal with the power of the state. That is why the change was needed. In that connection I do not want to complain too much about the loss of the majority mechanism. In a unitary state it does lead to the danger that Flemings will do the same thing to the Walloons that they themselves had to put up with earlier, and that cannot and must

not be the intention. For we should then quickly find ourselves under Strasbourg and other European controls. We cannot force our Flemish *modus* on those who have no need of it. The constitutional reform is simply necessary to respect the sociological fact "people" as a real fact and to organize the new relationship between the Belgian peoples neatly.

[KNACK] The popular wisdom still often takes its hat off to the state, with its trains and postmen and pensions and good jobs. Even in Flanders a job with the state is one of the desirable commodities.

Schiltz: That is the mark of a dependent people, of *clientes*. For the rest, you put your finger on the sore spot with your question: Flemings cannot say offhand what Belgium hinders them in today, and that is quite different from the situation 25 years ago. In Belgium today it is *advantageous* to be a Fleming. And intelligent French-speakers have noticed that. They are coming over to our side bag and baggage.

Neels: Well, yes, that must be said. But in spite of all difficulties the system does work. While everything is in crisis, a peculiar Belgian attitude provides for a sort of executive that keeps the trains running and the postal exchange system working. Jurists may do a lot of complaining, but the shop stays open and business goes on, even on the basis of defective legislation.

It is really a shame that that juridical basis is not better established. On 24 May 1977 Egmont presented for the first time a political long-term plan, a projection. With juridical anomalies such as the inscription right, I know, but since then the perspective has steadily narrowed. Egmont comprised a solution for everything, albeit in three waves of which the last was to reach only the parliament, but now pending questions are simply put off to the future.

Civil rights? They are broad and ample. There is not room enough for a 2 percent decision on the salaries of state employees, and all of a sudden the whole democratic system is upside down. Such susceptibility of the powers to influence is quite defensible. Then where is the rub? Probably in the incomprehensibility of political language. The people are interested in the constitution and all that, but they have lost their bearings. That is a very considerable, although perhaps unintentional, encroachment on civil rights.

Dehaene: There was just as little understanding of how the unitary state worked before.

Neels: But the political alienation, the absent citizen remain.

Storme: And yet one feels that the modern citizen is gradually coming to understand his juridical situation more clearly.

Neels: What are people interested in? Not the Council of State or the question of the legal composition of the government. Their problem is: What kind of Flanders will we get? Will our check be bigger? Will the trains run on time? The communities would have to show that they do it better than the Belgian state. And that will not happen, for they are not sufficiently qualified for that. The new institutions will not be able to prove themselves. They are based entirely on a linguistic and cultural inspiration. The rest was hastily thrown on board.

That will lead to disillusion among the population. Juridically, separate management remains impossible. Nor are the economic and ideological oppositions solved.

Chips

Dehaene: Opacity prevails everywhere in the complex modern world. An organized society with a structure of the federal type is still more complex. Democracy itself is a complicated thing. The simplest form of state is a dictatorship, especially for the dictator himself. But to me the criticism of complexity seems too easy. Democratic federalism is difficult by definition. Anybody that claims not to know that is either no federalist or else no democrat.

During the vacation I read a book on the technology of tomorrow. The author mentioned Belgium by name as an example of a country that, in the prospect of *la troisième vague*, is spontaneously seeking decentralization of the decision-making power. Great. The chips, the microprocessor, lowers on its own, by virtue of its own technology, the levels at which measuring and decision-making are done. For that reason I do not believe that the constitutional reform is as bad as the professors assert from the heights of their studies. In 1830 the constitution-giver started from a virgin zero. We, unlike the Germans in 1945, are starting from an already complicated whole with all necessary compromises with it. Naturally you do not get ideal texts that way (which, for that matter, are written under pressure as they always are everywhere), but the system can work in practice. A new real juridical constitutional tradition will develop. Meanwhile, it is unnecessary to wait either for the ideal text or for Godot.

Senelle: Indeed, I do not find the political obscurity so great. In this free country, with fewer police and less repression than elsewhere, the citizen also has the feeling that he is informed via television. I think that the so-called direct democracy in the Swiss cantons, with continual but incomprehensible referendum questions that are voted on in massive party discipline, is less democratic than the system in countries like ours. That popular feeling is not what we lack. It must be accepted that the juridical theory of democracy has at all times belonged to the happy few, the people that have an interest in it. Even my students at Ghent must continue to study it. The citizen's frustration is not due to a shortage of knowledge, nor yet to an excess of Belgian authority, but to the loss of that political authority with its interminable constitutional procedures. But I find the new institutions operable.

Daels: No, not until the political world is willing to proceed on the basis of the genuine reality, which is that of the national community. I do not accept the opposition between people and state. The people comes first, according to my U.N. Charter. It cannot produce and pay its way if it has no state institutions that belong to it. And that right is recognized by the United Nations and was signed by Belgium along with the rest.

Storme: I believe there is another thing to be noted about our civil rights, and especially under the influence of the bureaucracy. All of these rights do exist on paper, but to exercise them the citizen must often have great patience, circumspection, and good relations. Politicians rarely stand in line to get up to the window and rarely have to make an appeal to the oh, so important judiciary power to get the petty nuisances of everyday life straightened out. Apart from

and outside of legislation, which regulates the broad outlines for great majorities, the judge is perhaps the foremost protector of legal security. This extends in fact to the treatment, in Brussels, of the Flemish public in the matter of language. I arrived 5 minutes late for this debate because my driver could not understand the address I gave him to get here. Such a thing would be impossible in a well-ordered country. That sort of cases will gradually increase in the future; just think of the famous Vandeplas case. That involves a Limburg wage-earner who received a discharge notice in a disputed language form. He went through the whole procedure, all the way from the labor hearing to the labor court, the court of appeals, and finally referral to the senate. The senate was to decide which took precedence, the national law or the decree in question. A year and a half later the file on that case is still gathering dust there. I said, "Gentlemen, this is a test case. If nothing is done about this case, it means the bankruptcy of the whole system you are busy establishing."

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PULINCKX INTERVIEWED ON INDUSTRIAL PROBLEMS, REMEDIES

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/Interview with Raymond Pulinckx, deputy director of the VBO /Federation of Belgian Enterprises/ by unknown correspondent: "Shall One Suffer Hunger, for a Little Bit Less"; date and place of interview not given/

> /Text/ When the social partners come together soon for the National Labor Conference, which must answer the question about the logic of the existence of the present government, Raymond Pulinckx, VBO deputy director will appear there once again as the solidest pillar of Belgian society. He has been running things since the period when the VBO was still the Federation of Belgian industries and Cool-Major stood up against Spaak-Lefevre. He now has observed in the Martens IV program, as the only bright spot compared with Martens III, the 5 percent tax free provision for enterprises, but as for the rest, the intentions announced are very limited and very modest for all the recovery which the business world wants. Besides maintaining indexing lock, stock and barrel, the enterprises are carrying on their shoulders an additional burden of more than 7 billion francs for social security. For Raymond Pulinckx recovery only seems possible via the method of a bit of moderate development or all achievements and conservation are going to go downhill.

/Question/ The restraint which the government now recommends to us as a general way of life will for the present only tangibly amount to wage restraint for the benefit of your 39 industrial sectors. The working population thereby gets the uncomfortable impression that it only delivers, because the other incomes are immune to a great extent. Would it not have been a better strategy if restraint was a generally established policy?

/Answer/ I naturally cannot speak for the middle class citizens and the free professions, only for the enterprises. In the period 1975-1978 the profitability of our industry was zero, compared with 5 to 14 elsewhere. If you then, for example, point out gas, electricity and petroleum, we immediately confirm that there have still been great differences, and that some enterprises fortunately have done rather well. But if we take into account the return which capital, either loaned or private funds, normally would get, because finally all costs must be covered, then profitability was definitely not too high in those sectors, but it was just too low elsewhere.

/Question/ There was a time when Belgian capitalism showed industrial inventiveness, but that seems long ago. With things such as the pocket calculator, the world economy has a new structure in which we no longer participate. Our industrial leadership which was just as well informed as its competitors, and which, moreover, was not burdened by taxes or high labor costs, has not produced any Belgian transistors, no top medical equipment, no quartz watches in the last 30 years. You industrialists lagged behind with an obsolete production apparatus, which lacks all advanced technology. Is that then not a justified social charge against the industrial apparatus which now declares itself in distress: why have you not done your job better? Then we as a working population did not need to be laid off.

/Answer/ The fact is precisely that our industrial structure has not adjusted enough to the changes in the international situation, but you can also not assume that we have done nothing. The Belgian export package is definitely no longer the same as 10 or 15 years ago. The share of steel and textiles has dropped, compared, for example, with chemical and processed products. Moreover, you still have enterprises which are doing well, even in the conventional sectors. We should not only produce more useful things. I also often hear the complaint that we cannot buy. Still we are the first exporter per capita, whatever that yet means. Only it is clear all that is no longer enough, because we must export at a loss in some sectors. In addition, we have no domestic market of any importance. Whoever must compete with his prices on the world market, can let a few things drop on it, if he, for example. only must export 15 percent of production and sell the rest domestically. We cannot do that, on the contrary: we must sell 50, 60, 70 and even more percent of our production abroad to achieve normal series production. As regards our production costs, we do not gain a single advantage. We pay just as much for our energy and raw materials as others, for we must import them all. We keep Belgian rates of interest high to attract capital, which also gives our own industrialists no advantage. In negotiations with the government and trade unions, I never use my own VBO statistics in principle, I get them from an unsuspected source. So I learn this from the U.S. Department of Labor that the labor cost of a unit of product is indexed at 64 in Great Britain, 73 in France, 81 in the Netherlands, 93 in Italy, 100 in Germany, but 102 in Belgium.

/Question/ But then you get the highest productivity in the world for that.

/Answer/ You can measure the development of productivity, from which we know that it has risen more in Belgium than elsewhere, but an absolute figure cannot be given. Industrial productivity per employee is a heterogeneous fact. You can, for example, assume that so many man hours go into so many tons of steel, but you can never compile such a figure for total industrial production. For example, the more enterprises which now disappear in Belgium, the greater our productivity becomes, as follows. If I as a businessman achieve a production of 100 with 100 workers, but cannot do more because my costs are too high, and I produce after rationalization 10 percent less with 80 workers, my productivity has increased by 10 percent. Another businessman who increases his production 20 percent, but his work force only 10 percent, also gets a 10 percent increase in productivity. Still there is an obvious difference in the result. Or let us state it otherwise. If there are only two active companies in a given sector, one of which has a productivity of 150 and the other 100, that sector records a productivity index of 125. But if the man with the 100 can no longer keep up and disappears from the market, the entire sector suddenly advances from 125 to 150 in its productivity. So you see you can hide unfavorable results with favorable figures.

/Question/ However, meanwhile we are producing more in Belgium than in the peak year of 1974, but with 200,000 fewer workers, since there are now 350,000 registered unemployed. That is more than the entire population of Ghent before the merger, which was pushed out of the industrial process. If you consider the enterprises' production costs in the light of that sort of unfavorable result, you must also take in account a statement from a report of the International Monetary Fund which has obtained very little publicity in Belgium: that management costs have also risen faster in Belgium than elsewhere. As every commercial judge knows, two out of three of our bankruptcies are due to mismanagement. Can you offer any reasonable self-criticism for that?

/Answer/ Is it so unreasonable that we only ask that our enterprises simply operate under the same conditions as in other countries? We do not ask that our labor cost should be set lower than elsewhere. We ask for no privilege. We who must export so much, only ask that you should take in account the amount of our invoice on the world market.

/Question/ Your enterprises unilaterally ask for room for maneuver, which society always has not denied. Is it possible to guarantee an equivalent: so many jobs in exchange for so much percent of restraint?

/Answer/ Unfortunately the employers cannot guarantee anything like that. We cannot do that in Belgium, France, Germany or anywhere else. We only ask that we should be allowed to work more or less under the same circumstances as our competitors. All our productivity does not alter the fact that we must export, without any privilege on the world market. I admit that we will have great difficulties, if such an important item as labor cost is so much higher than elsewhere. The only guarantee which I actually can give is the warning that it only can be worse, so that even more jobs are lost.

/Question/ Belgian industry can take credit for the fact that in the last 50 years it has produced a well trained, prosperous population with high purchasing power. In exchange for that the Belgian state maintains legislation to support business, which with 150 billion francs per budget is the world record in the field. If you thereby attain a spectacular productivity, can you still insist that a small correction of 2 percent on labor cost compared with your main German competitor, fatally undermines your position. Do you not overemphasize the wage cost factor?

/Answer/ This also means that we are still 2 percent higher than the strongest in the industry in the whole world. If we as a small country could only get along with the same cost level as the very best, still without their large domestic market and other advantages, we would be ahead 2 percent.

/Question/ How can the Federal Republic flourish on 100, while we go to pieces with 102? Two percent is an index adjustment. If we, for example, reduce that by Christmas as a first installment for our industry, are we then out of the woods?

/Answer/ It involves our need to approach more closely our competitors' lower costs. You may, moreover, not only make a comparison with Germany, with whom we still are in an unfavorable position, but with the average of the other countries.

/Question/ At the same time in that comparison, let us consider the unemployment figure, which even after all statistical corrections is a record for us. Do you not fear now that you have asked for wage restraint in vain for more than 5 years, that the unfavorable performance of Belgian industry is a factor in a certain distrust for entrepreneurs?

/Answer/ In comparisons, you must also compare the different regulations. Part of the Belgian unemployment is a product of the regulation on the subject. Measured by German or Dutch standards, we have not 350,000 but only 180,000 unemployed and according to the Italian method not even 60,000 more. Indeed, it must not be concluded from international comparison that our unemployment is higher than elsewhere.

/Question/ The problem is perhaps less a question of a large number, than that the elimination of the worker has proceeded faster with us than elsewhere.

/Answer/ If you say that our industry does not create any more jobs, you must immediately amplify that. Industry is not creating any more jobs in industry, but through productivity and wages it is helping to create jobs elsewhere. The elimination has proceeded faster in industry, but, on an overall basis, we have not discharged any more people than elsewhere. However, we have a larger number of supported unemployed because, only in our case, a family member can be unemployed and supported all his or her life, even if the family income is high.

/Question/ Still the newspapers are full of the hardhearted behavior of suspension committees.

/Answer/ But those suspended are back a half a year later or they have been recycled from unemployment to health insurance. That does not exist in any other country. Theoretically, after completing your studies, you can enjoy a lifetime of benefits without ever having worked, only in Belgium.

/Question/ Does this not provide for a tranquil community, which has shifted the responsibility for those who can no longer take care of themselves, without cost to industry, to the nation as a whole.

/Answer/ I would welcome that with all my heart, if I could afford it. If there would not be any hole in the budget, I would be the first to propose an increase in the children's allowance. But you have that yawning deficit there. However, must we pay out money to the working population, and thereby demotivate them even more, by paying benefits which do not exist elsewhere?

/Question/ The unemployed Belgian is penalized in his purchasing power, but not essentially. He can still pay for his rent, fuel oil and food. There still remains a share of the expenses which businesses get back in the net amount. Moreover, you cannot distinguish between an unemployed worker and an employed one in the metro. For a country with alarming crisis figures, we are experiencing a striking social tranquility. No Italian terror, no drunken vagrants, no raids from hungry districts on the villas. Our society is preserving its balance. Do you not appreciate the form of general insurance which the social security budget represents, as a ransom for the mistakes of your industrial structure?

/Answer/ Therefore the VBO has made no proposals for reduction respecting heads of families and unattached persons. We are convinced that everyone must receive their minimum income anyway. But,

unfortunately, we no longer have the funds to continue financing the majority of family members in that sense. You can describe the choice as follows: Do we continue to reduce the purchasing power of the active workers and absorb the enterprises' funds for that purpose? It is not a problem of reducing the amount of social effort, but of transferring and fairer expenditure. What is income for the worker is expense for the employer. If we now are always selling less and less because we are too expensive, our total income will drop catastrophically. If we request restraint, it is precisely to try to maintain and even improve that total income.

Devaluation

/Question/ You do not emphasize the wage factor so strongly because the purchasing power which you create in the population is spent on Japanese gadgets. Belgian industry is hardly able to make a bicycle which attracts the public. A Walloon socialist travels around the world as Minister of foreign trade to sell an unsuitable production package, will your competitors loot the "new" consumer market?

/Answer/ As regards products, we still export more than we import. It is the oil bill which makes the difference. In 1975 we had to purchase 65 billion francs worth of petroleum, now that amounts to 235 billion. Oil has become so expensive that our surplus in the balance of trade is no longer big enough, in 1980 we will have an overall deficit of 160 billion. Previously services were also a plus on the balance of payments, but that has now also become negative. Instead of enjoying interest on foreign investments in Belgium, we must now pay about 40 billion on loans we have contracted abroad, to cover our consumption expenses.

/Question/ Are you now urging devaluation?

/Answer/ You have entrepreneurs whose costs are expressed in Belgian francs, but who sell in dollars, who naturally would welcome devaluation. Still may I say in the name of my enterprises and my sectors that we do not favor devaluation.

/Question/ Whoever in Belgium allows an index adjustment or a thirteenth or fourteenth month, experiences a concrete, although extralegal reduction of income. That has been recently incorporated in a number of agreements after social negotiations. Do you urge that in general?

/Answer/ In the case of the shipbuilders, the wage freeze was part of an overall plan, where society for the rest had provided billions. Everyone had to contribute, the workers have done their part. In another case in the financial sector, the wage freeze was coupled with a guarantee of the maintenance of employment. The employees have given up something there, to get something. Unfortunately,

I will not be able to negotiate this on the national level. In such specific cases, you can explain to the workers what is involved, what they are buying for it, but our exporters depend too much on foreign factors.

/Question/ Can you guarantee that the wage restraint which will give the enterprises more elbow room, will not be used by the entrepreneurs, for example, for investments in depth, as a result of which more useful workers will be eliminated?

/Answer/ My guarantee is that the deterioration of the condition is only arrested, as the gap is closed between the costs of Belgian entrepreneurs and those of their competition.

/Question/ As the spokesmen for the entrepreneurs, you speak with authority about public affairs, from devaluation to the amount of social benefits. Your social prestige is a result of your real social function. We have such a high number of unemployed, because the labor market in the generation before us had to absorb the sudden influx of women's labor. But with your denial of "the family member living in" you reject in fact that civilizing idea. Our society is built on the cornerstone of free enterprise, but it appears to no longer be able to cope with the emancipation of our women. Would you dare to tell your daughter that there are no more prospects for her than some needlework?

/Answer/ In August of this year 6.3 percent of Belgian male workers were unemployed, but 17.4 percent of Belgian women workers. You do not have that proportion in any country in the world, at the most twice the number of women unemployed: 2.4 men compared with 4.8 women in Germany; 4.6 compared with 8.5 in France; 6.3 compared with 10.3 in Italy and 4.6 compared with 6.4 in the Netherlands, and so forth. What does that mean? That does not mean at all that we have created fewer jobs for women in Belgium than elsewhere, that is merely the result of our liberal regulations. There is nothing in the VBO's proposals against working women, which is not the case in the Netherlands. There a married woman does not get any further benefit after 6 months, if her husband has another income.

/Question/ You have been in politics long enough to know that the social answer of the parties involved becomes civil divorce. This seems like destruction of Christian civilization because the Arabs are raising the price of fuel oil. Does the West, with its 2000 year standard of social values collapse, because camphor has become too expensive in China?

/Answer/ Are the enterprises destroying the society then in all the other countries which now confront us? Why should we give it up? We are doing as well as in other countries, but we have to deal with

an additional problem. Let us then in God's name at least try to create the same living conditions for our enterprises. We have at least created just as many jobs for women, as any neighboring country. We have even done somewhat more. We have not only provided jobs, but also replacement incomes for family members living in. It is not my fault that only 5 percent of women workers are heads of families. As employers we can cope no doubt with something different, but rather too much is demanded up there. We are in favor of retaining all that was accomplished and acquired in the golden sixties, but we can only do that if our costs are not increased.

/Question/ In the sixties a teacher earned 12,000 francs, he rarely had a Volkswagen or central heating, no dishwasher and no vacation in the sun. Were the golden sixties not a social myth?

/Answer/ People probably never had it so good as in the recent years before 1975 and the enterprises brought that about. Do not forget that the oil producing countries now have a surplus of 110 billion dollars which previously did not exist. That is a burden on the developing countries and the industrial countries and a relative impoverishment for all who must import their energy.

8490
CSO: 8114/0303

GOVERNMENT RESTRUCTURES INCOME, UNEMPLOYMENT PAY POLICIES

Zurich NEUE ZUERCHER ZEITUNG in German 28 Nov 80 p 14

[Article by pmr: "Moderation of Belgian Austerity Plan"]

[Text] Brussels, 26 Nov--On Wednesday the Belgian government presented its final plan for income moderation and for the revival of the economy. During the 1-week "National Labor Conference" with social partners, the original government program was considerably weakened in favor of the lower income group. The 2-year restriction on wage increases, limiting raises in Belgium to a customary adjustment reflecting the price index, now applies only to gross income in excess of 35,000 Belgian francs per month. Wages below this limit may continue to be raised in accordance with collective bargaining agreements even if they exceed the rate of inflation. Negotiated increases for wages over 35,000 Belgian francs, however, will be suspended for 2 years. These income groups will even have to make real income sacrifices, because in the future they will have to make social insurance contributions. The limit for assessing contributions will be raised from the current amount of 35,000 Belgian francs to 65,000 Belgian francs in 1981 and to 80,000 Belgian francs in 1982.

Nevertheless, enterprises will not be able to dispose freely of the savings achieved through lowered wages. Under pressure from unions, the government decided to establish an investment fund. Under union supervision, each enterprise must invest the saved money itself by placing it in job-creating projects or it must be diverted to the fund. Civil servants who earn 40,000 Belgian francs or more must pay a "solidarity tax," progressively graduated from 0.9 to 2.7 percent. The biannual adjustment of their pay reflecting years of service, however, is preserved. Nevertheless, there are plans to reduce Christmas or vacation pay. For self-employed professionals an absolute freeze of the present income level is desired for the first year and raises limited to the price index for the second year. A reduction in the workweek to 38 hours, which is already enjoyed by more than one-third of the Belgian work force, is to be introduced everywhere by the end of 1982.

Austerity measures for unemployment insurance were also considerably moderated; they had been vigorously attacked, particularly by women's organizations. Unemployed people who have no dependents will not be terminated after 2 years from receiving benefits, as was originally planned, but they will receive reduced monthly payments of approximately 3,000 Belgian francs. In the future unemployment compensation, which in the past had no limitation with respect to time nor made any distinction between heads of household and dependents, will comprise three categories: Heads of household, single people and dependents. Following a period of 2 years and 3

months for each year in the labor force, during which each unemployed person will receive 60 percent of his final gross pay--the maximum, however, is 21,684 Belgian francs per month, all three categories will reduce benefits to a minimum; heads of households will receive 16,767 Belgian francs, single people 11,976 Belgian francs and dependents 9,581 Belgian francs per month. Only handicapped workers and older unemployed people are to be exempt from this regulation. According to calculations by Minister of Labor De Wulf, approximately 40,000 unemployed people will receive reduced benefits beginning 1 January because of this new measure, which is supposed to save 1.5 billion Belgian francs.

During the next few weeks the austerity plan, which contains a great number of measures to put social insurance on a sound basis and encourage private investments, will be presented at special meetings of unions and employer associations for a vote.

8991
CSO: 3103

PARIS PAPER INTERVIEWS RENE LEVESQUE

LD221439 Paris LE MATIN in French 15 Dec 80 p 12

[Interview with Quebec Prime Minister Rene Levesque by Christian Favre in Montreal: "Free Quebec Is Not Dead"--date not given]

[Text] LE MATIN: In the space of 1 month Pierre Elliott Trudeau and Rene Levesque will have been received at the Elysee. However, in view of the current constitutional debate, it is in London that you would expect to meet these two warring brothers.

Rene Levesque: Mr Trudeau's present forcible attempt to unilaterally repatriate the constitution is beginning to show signs of running out of steam. If that were not the case we could see him go to London to tell the British in person what fate Ottawa is preparing for Quebec. Fortunately we have not reached that stage yet and I am taking the opportunity to fulfill the Franco-Quebec pledges which make provision for alternate visits by the leaders of the two governments.

LE MATIN: Is it not embarrassing for you to visit Paris just a few months after your defeat in the Quebec referendum?

Rene Levesque: Not at all. Quebec still exists and it is my job to represent it. It is true that the political line which I uphold has suffered a setback which, moreover, I propose to analyze with my French hosts. However the idea put forward by my party nonetheless received 45 percent of the votes: that is highly respectable and I am sure that several French political parties would be very happy to be able to rely on such a percentage.

LE MATIN: Do Franco-Quebec relations go beyond the politicians in office in the two countries?

Rene Levesque: With any doubt. Quebec is the only extension of French culture in North America. In recent years three parties have alternated in power in Quebec and all three have maintained excellent relations with Paris. At the beginning, on the French side, General de Gaulle's personality was very dominant; since then contacts and friendships have been diversified and expanded both at the level of government authorities and at the level of Socialist and Communist Party representatives for instance.

LE MATIN: Do you expect Paris to exert unofficial pressure on London on your behalf over the Canadian constitution?

Rene Levesque: Let's say, in more general terms, that anybody who sympathizes with the Quebec cause is free to tell the British authorities that, in acceding to Trudeau's demands, they are likely to lose Quebec's friendship for a long time. Ottawa's plans for Quebec are infamous--a real blow below the belt since the intention is to withdraw powers from the national assembly and transfer them to federal bodies, even as regards linguistic matters. Foreign powers have a right to realize the long-term danger of the Trudeau plan and to unofficially express their concern to the British leaders with whom they have good contacts....

LE MATIN: Many Europeans think that the Quebec sovereignty movement died with the referendum.

Rene Levesque: It is difficult to predict the future, especially in politics, but I am confident. If 50 percent of French-speaking Quebec citizens succeeded in resisting the vast propaganda machine used by Ottawa during the referendum, there is reason to be optimistic. I do not say success is just around the corner but I am sure that history is on our side.

LE MATIN: How do you view your future?

Rene Levesque: Contrary to what many people think, the Parti Quebecois has not yet lost the next election. I am in the field every day and if the inevitable tensions shaking the parties of change on the left do not damage us, victory is within our reach. As far as I am concerned I have spent 20 years at the heart of this "cursed thing" called politics...after elections my work will go on whatever the result, at least for a time; after that we will see. I have always kept some nostalgia for my first profession--journalism.

CSO: 3100

CYPRIOT, HUNGARIAN FARMERS ISSUE JOINT STATEMENT

NC210928 Nicosia KHARAVYI in Greek 21 Dec 80 p 1

[Excerpts] A two-man delegation of the Cypriot Farmers Union (EKA), composed of Secretary General Khambis Mikhailidhis and Central Organizing Secretary Yiannis Triandafillidhis, visited Hungary from 15 to 17 December 1980 at the invitation of the National Council of Agricultural Cooperative Societies (TOT).

The delegation held meetings with TOT General Secretary Dr Bela Czimbalmos as well as with Deputy General Secretaries Dr Bela Nyiri and Mihaly Lehoczki.

According to a joint communique, "during the talks, the two sides briefed each other on the situation in the agricultural cooperative movement of Hungary, the situation in the Cypriot farmers movement and on developments in the Cypriot problem. They also discussed the various forms of cooperation between the two organizations.

"The EKA delegation conveyed the Cypriot farmers' and people's thanks for the help and support that the Hungarian agricultural cooperative movement has been rendering for many years to the Cypriot people's struggle for a unitary and independent state.

"The EKA delegation expressed its appreciation for the results of the Hungarian agricultural cooperative movement and wished the agricultural cooperatives and the fraternal organization of cooperatives even greater successes."

"Summing up the results of the visit, the two organizations reached agreement on their assessment of the international situation and on the continuation of their cooperation.

"The TOT reaffirmed its support for the Cypriot people's constant struggle to safeguard the unity and independence of their country. It supports the peaceful settlement of the Cypriot problem through negotiations and agrees that an end to every foreign interference in the Cypriot state's internal affairs as well as the removal of the foreign military forces from Cypriot territory are prerequisites in ensuring a permanent and lasting solution.

"The TOT will continue, through its own means, to help the Cypriot people in their struggle for peace and their struggle for their country's independence and progress.

"The two sides agreed to continue their cooperation and, in the near future, they will discuss the various forms of this cooperation."

CSO: 4908

BRIEFS

PLENUM DISCUSSES NATIONAL DEVELOPMENTS--According to an AKEL statement, the Party Central Committee and Central Control Committee convened in a plenary session today which discussed a political bureau document concerning developments in the Cyprus issue, problems in the domestic front and AKEL's position. In his opening speech, AKEL Secretary General Papaioannou noted that the recess in the intercommunal talks must be used for a full assessment and preparations for a truly substantive dialogue upon the reopening of the tasks on the basis of the four guidelines of the Makarios-Denktas agreement, the 10 points of the Kiprianou-Denktas agreement and the UN resolutions. He added: With the established common points as a starting point, every attempt must be made to expand the talks and attain progress. The AKEL secretary general also stood in favor of understanding of and cooperation with the Turkish Cypriots. He also supported the expansion of the National Council in order to include representatives from the other parties that have been formed and supported the council's continued existence and strengthening. In conclusion, he said that AKEL will contest the coming elections independently and with a complete slate with the aim of being elected as the first party in the House of Representatives. [Text] [NC231901 Nicosia Domestic Service in Greek 1730 GMT 23 Dec 80]

CSO: 4908

NAVY'S NEW MINESWEEPER CALLED REVOLUTIONARY IN CONCEPT

LD191723 Paris LE FIGARO in French 8 Dec 80 p 5

[Report by Pierre Darcourt: "New Minesweeper For the Navy"]

[Excerpt] At the beginning of 1977 a new "C.M. Tripartite" minesweeper prototype developed in cooperation with the Belgian and Dutch navies was laid down at Lorien Shipyard. Since then mass production has been started. The concept of these vessels was revolutionary. They are light (500 tons) and their equipment is very modern. Their hull and superstructure are made of a resin-bonded glass material (CVR), a material very resistant to sea corrosion and practically rot-proof.

The joints of the plates and compartments have been strengthened with glass fiber pegs. As a result of this new technology, superior to that involving the use of timber, the vessel forms a nonmagnetic mass which enables it to unfailingly detect the position of any mine without interfering with its magnetic field (as is the case of ships with metal hulls). As a result of the use of resin-bonded glass material, the life span of ships will be extended and they will remain in service beyond the year 2000.

Coast Guard

In view of the need for moise suppression [discretion acoustique] and maneuverability when mine hunting, such a ship must be able to keep to a specific position and remain immobile. It is therefore equipped with two independent propulsion systems: two "passive" rudders operated by an electric auxiliary propeller and two active gas turbine (turbomeca) operated rudders, plus a "main" stem propulsion which propels the ship.

The engine room is completely soundproof. The DUBM 21 hull sonar can simultaneously detect both ground and moored mines (deeply submerged and connected to a float by a steel wire). Furthermore, the new chaser is equipped with two "self-propelled fish" [PAP], a kind of mini-submarine carrying a television camera. Once they identify a ground mine, the PAP can neutralize it by either releasing a blasting charge or cutting its rope with explosive cutters.

Finally, the ship is to be equipped astern with installations for six mine-clearance divers (each containing two rubber dinghies and storage chambers for diving equipment).

Most control and coordination operations (visual watch, telecommunications, sonar consoles and steering) are automatic. This is not the case aboard older ships.

The minesweepers' "leap forward" has occurred in the past 10 years. As far as France is concerned, it has been connected with the installation of the Ile Longue strategic submarine base. The channel connecting this base with the sea has to be kept "clear" all the time.

CSO: 3100

U.S. 'SPY PLANES' ALLEGEDLY STATIONED IN COUNTRY

NC191827 Athens RIZOSPASTIS in Greek 19 Dec 80 p 10

[Text] PA-3 and LT-51 spy planes are stationed at the U.S. base in Ellinikon and are used for spy missions over the Middle and Near East, and particularly over the Persian Gulf.

According to reports, these planes--they arrived at Ellinikon 2 years ago--also participated in the abortive Tabas Desert attempt to free the "hostages."

It has been learned that these flights are not recorded by Greek air traffic controllers or by the electronic communications at the control tower at Ellinikon Eastern Airport. At least two planes carry out similar flights every day.

Arab diplomats in Athens have repeatedly made representations to the foreign ministry in connection with the U.S. spy flight over their countries that take off from Ellinikon. According to the same reports, the foreign ministry officials have simply stated they are "completely unaware of this."

These flights will be continued even after the agreement on the bases is signed. During the Greek-U.S. talks, the United States secured the Greek Government's consent that Ellinikon base--as well as some other important bases--be left outside the framework of the general agreement and be the subject of a "special arrangement." In addition, the appointment of joint Greek commanders for these bases can't even be considered.

In addition to Ellinikon, which is described by Pentagon staff plans as a "confidential area," the bases at Kriti and the "missile range areas" will also be included in the category of bases that will come under a "special arrangement."

The mission of all these bases is to serve the goals of the so-called joint allied strategy. For this purpose they have been modernized and reorganized on the basis of new Pentagon-introduced patterns.

Authoritative reports say that a special military adviser will soon be posted at the U.S. Embassy in Athens to deal exclusively with issues connected with the military bases in Greece. He will be the one competent to negotiate matters connected with the bases with Greek authorities, and he will be the Pentagon's direct representative.

He will not come under the U.S. ambassador but will receive instructions solely from the Pentagon's overseas bases service, which is manned by "specialists" who are aware of the "sensitive areas" and of the "nature" of the problems in every country-ally of the United States.

CSO: 4908

U.S.-ISRAELI INVOLVEMENT IN GREECE REPORTED

AT211730 Athens KIRIAKATIKI ELEVTHEROTIPIA in Greek 21 Dec 80 pp 1, 6

[Report by KIRIAKATIKI ELEVTHEROTIPIA editor Sp Karatzaferis: "An International Destabilization Network Is Attacking Us--The U.S. and Israel 'Feed' Us With Information"]

[Text] Appropriate Greek services classify the two Athens fires which destroyed the "Minion" and "Katranzos" shops within the framework of a destabilization plot. They do not, however, have any facts--not even indications, as they say--as to the source from which this attempt originates.

It is argued that there are only estimations and various conflicting reports which lead to different conclusions. Not all officials of the special services are agreed on these conclusions.

At the various repeated conferences being held at the Ministry of Public Order, at YPEA, the National Security Service, and the General Security Forces headquarters, appropriate staff officers all agree on one thing:

--It must now be considered certain that the unidentified brain directing this destabilization will now attempt a political assassination.

This is the reason why it was resolved to intensify security measures for various personalities and former police and army officers who, according to the opinion of the security authorities, could become targets.

The government--and at least certain staff officers of the security and intelligence services--are particularly concerned over the indirect involvement--through the method of supplying information--of the Americans and the Israelis in plans to destabilize the country.

Specifically: Early last November the U.S. Embassy here informed a Greek military service through the U.S. military attache that:

1--U.S. services have information that "leftists who are directed from overseas" will attempt a series of terrorist acts aimed at political destabilization.

2--Their first terrorist act would be attempted during the Polytechnic anniversary. Special guarding of the U.S. Embassy was requested.

Nearly at the very same time our embassy in West Europe [as published] reported to the "center" that "an Israeli source" fed them [as published] the information that "terrorism will now be transferred to Athens."

It is peculiar that the U.S.-Israeli "information" coincides with the following developments:

1--The refusal of the Greek Government to accept a U.S. request to "basically" assist Greek secret services which, according to the Americans, "are limping due to lack of sufficient information."

A Penetration Attempt

After our reintegration within NATO the Americans requested the re-appointment of "U.S. liaisons for direct cooperation" within special Greek services as was the practice up to 1974. The Greek side refused.

2--With the bloody incidents during the Polytechnic march and the operation of "provocators" as stressed by the country's political leadership and the outbreak of public order Minister Davakis that the police lost their heads.

3--With a peculiar report in a morning newspaper that the leftists are directed from...the Soviet Union.

4--The refusal of the Greek side to accept U.S. demands on the bases and the Greek-Soviet agreement on the neorion [ship-repair yard] of Syros.

These "coincidences"--as well as other reports--have forced certain of the security staff officers to lose their certainty that "the various terrorist activities are due to the leftists" and they add that "it is quite likely that leftist organizations are being 'topped up' from foreign centers without the knowledge of their own members."

Changes Within the Police

Immediately after the bloody events of the Polytechnic march the government immediately resolved--as "ELEVTHEROTIPIA" had revealed--to make changes in the command of the police force for two reasons:

a--the lack of sufficient information, and,
b--for lack of absolute control over members of the police force.

It was resolved to implement these changes during January 1981 so that the various intelligence services may not be disturbed during this critical period. After the fires at the two shops, however, it was resolved to implement these changes in the coming week. According to available reports Police Chief Lemonis, Athens Police Director Laos and Security Chief Raftopoulos will be replaced.

At the same time an effort will be made to speed up the filling of the position of chief of the YPEA which has remained vacant since the resignation of General Kritikos. Important changes will also be implemented in staff positions both in the YPEA and at KYP, the Central Intelligence Service. [signed] Sp Karatzaferis.

CSO: 4908

COUNTERPROPOSAL ON BASES TO BE SUBMITTED 23 DECEMBER

AT231530 Athens I KATHIMERINI in Greek 23 Dec 80 p 1

[Text] St Roussos, acting secretary general of the Greek Foreign Ministry, will today present to U.S. Embassy Counselor Milton Konver the Greek counter-proposal on the Greek-U.S. agreement on operation of U.S. bases in our country. The decision to present the counter-proposal was taken after a meeting under Foreign Minister K. Mitsotakis yesterday.

This counter-proposal primarily deals with the main agreement in principle and with certain supplements to it, specifically with defense cooperation (the defense supplement), with the principles for operation of the bases and with the bounds and responsibilities for Greek commanders on the bases, with the legal status of the bases and with Greek-U.S. cooperation in the war industry sector.

Presentation of the so-called "geographic supplements" will remain pending. These basically deal with details on the operation of the bases which are still under consideration by the Greek side.

These supplements, which according to certain estimates will be presented by early February, are five in number and deal with an equal number of bases, specifically with Ellinikon, Nea Makri, Iraklion, Souda and the stations for Defense Communications Systems (D.C.S.) situated on the summits of Greek mountains.

The fundamental phase of negotiations will commence with submission of these "geographic supplements."

It is, in any case, noted that the important points on Greek-U.S. defense cooperation will be incorporated in the letters to be exchanged between the two governments which are in essence known as secret protocols.

These letters will comprise the last and final phase of Greek-U.S. negotiations, preceding the signing of the agreement.

The War Industry

It is recalled that in preparing the Greek counter-proposal the committee of representatives from the Foreign Ministry and the armed forces took into consideration: a) a relevant memorandum prepared by the National Defense General Staff; b) the initialled agreement of 1977 and c) the U.S.-Turkish agreement for defense and economic cooperation.

In reference to the industrial agreement the Greek side seeks a treatment equal to that given to Turkey under the U.S.-Turkish agreement. Turkey managed to get permission to sell products of the U.S.-Turkish war industry--in which Turkish economic contribution is at the minimum--freely and without requiring prior U.S. consent.

Under the provisions of the draft industrial agreement it is hoped to expand the Greek war industry with U.S. participation (smaller than that of Greece) which will, at a first stage, produce military armaments and will later develop into a full war production.

A three-member U.S. delegation of experts will arrive in Greece for the negotiations between Greece and the United States. In all probability this delegation will be led by Brigadier General Donald Majors who has a vital DIA position. General Majors was the basic negotiator both for the U.S. agreement with Turkey as well as for the initialled Greek-U.S. agreement.

CSO: 4908

GOVERNMENT ANNOUNCES 3-YEAR PROGRAM TO CUT INFLATION

Stockholm NORDISK KONTAKT in Danish 19 Nov 80 pp 979-982

> [Text] Prime Minister Gunnar Thoroddsen (SJ [Independence Party]) delivered his program speech in Allting on 23 October. He said among other things that his government, which is based on a coalition composed of the Progressive Party, the People's Alliance and four representatives from the Independence Party, will try to reduce inflation substantially during the next 3 years--by the end of 1982. To accomplish this all the inhabitants of the country must assume obligations and burdens.

The prime minister's program speech was broadcast as were the major speeches by the opposition, as reported elsewhere in this issue of NORDISK KONTAKT.

Gunnar Thoroddsen began his speech by recapitulating the background for the formation of the government. Then he said:

This was the situation, broadly speaking, when the government took office:

The inflation rate was 61 percent from the beginning to the end of 1979. Thus the government took over an inflation rate of roughly 60 percent.

The country's most important export branch, the frozen fish industry, was very shaky, due partly to sales problems on the American market. The government has implemented several measures to compensate the frozen fish industry, especially via an adaptation of the exchange rate of the krone, for the increased costs and loss of income that has occurred since the government was formed. Thus the status of the industry has not deteriorated during these 8 months. But in addition to the problems that have arisen and have been solved since this February there are the problems in the frozen food industry that were created in the period from October 1979 to February 1980. Their costs in this country rose 15-20 percent at that time. At the same time fish prices in the United States held steady and to meet this cost increase there was a decline in the rate of the krone amounting to only 5 percent.

When the government changed hands all the wage agreements had expired on the general labor market as well as with public civil servants.

The present government's cooperation agreement contains detailed references to the problems confronting it, the government's objectives and the methods it intends to use. As usual in such coalition agreements this is a broad outline, leaving the details to be filled in later.

The introduction to the coalition agreement states:

"The major task of the government is to strengthen the Icelandic economy and business life which is also one of the most important conditions for national independence. At the same time the government will emphasize the advancement of cultural activities, increased social services and equalization of living standards."

Economy -- Curbing Inflation

The main emphasis of the government's economic policy is stated like this:

"The government will fight inflation by control measures covering prices, the exchange rate of the krone, currency matters, investments and state finances.

"The government will work to curb inflation so that in 1982 it will be about the same as it is for Iceland's most important trade partners."

Here a 3-year plan for fighting inflation is envisioned so that by the end of 1982 it will have been substantially reduced.

Before proceeding two main principles should be mentioned that should always be taken into account.

One is that the fight against inflation is not based on a single economic factor.

There are many major economic factors that must be worked with in this context. Only if a total view is adopted and all these major factors can be controlled is there any hope of getting results. These major factors are state finances, currency matters, i.e. borrowing and lending, prices, the exchange rate of the krone, investments and wages.

The other major principle is balance. Balance is necessary in all areas of society so that everything functions well. There must be balance in state finances between income and outlay. We must have balance in currency policy, a balance between borrowing and lending. We must have balance in employment so there is a reasonable correspondence between supply and demand in the labor force to avoid unemployment as well as overexpansion on the labor market. Balance must be sought in foreign trade, the trade balance.

In the government's cooperation agreement finance policy is stated like this:

1. Much more attention will be paid to the national economy and emphasis will be placed on balance in state finances.

2. The treasury will be operated with a payments surplus.

3. The budget division of the Finance Ministry will be enabled to a larger extent than before to deal with efficiency and rationalization in state works and in the institutions and operations of the treasury in consultation with employees.

This goal is based on many viewpoints. State authorities have an obligation to handle the citizens' tax money wisely and to utilize it as well as possible. In the fight against inflation it is absolutely necessary to operate the state treasury without a deficit and preferably with a surplus. The state treasury has operated with a deficit in 6 years out of the last decade. This has meant borrowing from the Seddel Bank, currency printing and rising inflation. The government decided to insure balance in treasury income and outlay this year. It has managed to achieve this balance.

This is an important point in the fight against inflation.

Good economy in the treasury is also necessary to make a reduction of the treasury debt and interest burden, which will amount to almost 20 billion kroner next year, possible. Consequently paying off some of the treasury debt is a vital factor in the efforts to reduce its expenses.

This course will be continued next year with the proposed national budget being presented to the Allting now. I stress that it is not enough to adopt a budget with a payments surplus; we must insure in practice that a balance will be achieved along with a certain amount of payments surplus.

Gunnar Thoroddsen then went into the various political issues in more detail. With regard to tax issues he said among other things that they are working on arranging taxes on annual income within 2 years. The new building levy will be eliminated at the end of the year. A complete revision of the new tax law, to eliminate various problems, is underway.

With regard to currency policy he said among other things that bank lending had been much too extensive and that this could not be explained in line with business borrowing needs. This had improved following the government steps taken in September.

Insuring Value Delayed

Thoroddsen also said the insuring the value of savings capital and borrowing and lending capital should by law have been accomplished by the end of 1980. He said the government was of the opinion that the adjustment period here should be extended by a half or whole year. The government had prevented interest hikes according to the law in question on both 1 March and 1 September and it was inadvisable to impose further interest burdens on export industries without a bigger krone devaluation than had been implemented so far.

In connection with the payment means reform at the end of the year the prime minister said the government was considering a number of economic steps for the same time period. A thorough revision had been started of the widespread automatization that has occurred either according to laws and agreements or according to decree in connection with prices, interest rates, wages, loans and other things of vital importance to economic developments. This automatization and the successive increases played a large part in the inflation. With regard to these issues the organizations concerned would be consulted.

Work was being done on a new index base which should go into effect around the beginning of the year, the prime minister said.

In the section of his speech dealing with energy matters it was clear that the government is stressing measures to replace energy imports with domestic sources of energy.

It also emerged from the program speech that the government is working on a fishing policy and that Allting would be presented with a bill concerning agricultural policy. Work is also being done on several improvements in the industrial sector with the support of the authorities and industry's service institutions. Finally the prime minister discussed various measures in the social sector and in communications.

Big Problems

At the conclusion of his program speech Prime Minister Gunnar Thoroddsen said:

The Icelandic people are facing big and complex problems. Inflation is the biggest stumbling block. To a large extent this is our own Icelandic product. In order to deal with these serious difficulties everyone must assume obligations and burdens.

But on the other hand we must not concentrate exclusively on the problems and the dark side of things. We can be glad that while most of our neighbors are suffering from the curse of unemployment it has been possible in this country to guarantee enough employment and avoid unemployment. But this happiness could prove to be transitory unless we keep our feet on the ground.

With mutual effort, calm and determination the people of Iceland will overcome their difficulties and setbacks as they have before and bring their ship safely into port.

6578
CSO: 3106

UNIONS, MANAGEMENT ACCEPT NEW WAGE AGREEMENT

Stockholm NORDISK KONTAKT in Danish 19 Nov 80 pp 978, 979

[Text] The government is promising a mutual pension system for everyone in 1982, 3 months of childbirth leave for parents, old age pensions for seamen after 25 years of work.

A new central agreement was reached on the general labor market on 27 October, averting the major strike threatened by LO [Icelandic Federation of Trade Unions] for 31 October. The agreement is based on a proposal from the state's arbitration committee. It runs until 1 November 1981 and is regarded as meaning an average wage increase of 10 percent, with the biggest raises for those in the lowest income groups. Along with the signing of the agreement the government announced social measures to be adopted in connection with it--in 12 points. The most important promise in the statement is to introduce a mutual pension system for everyone no later than 1982 which will guarantee everyone the same pension rights no matter which employers they have worked for.

In the major agreement between LO and the Employers' Federation, also endorsed by the wage negotiation committee for cooperative organizations, the wage rates have been greatly simplified and wage steps have been reduced from several hundred to 25. The wage spread from the lowest to the highest step is from 324,000 to 555,000 kroner a month. The average wage increase is estimated to be 10 percent but the largest increases occur at the lowest wage levels. As before the agreement provides for cancellation of the wage posts in case of devaluation.

Social Package

In connection with the major agreement the government issued a statement on social measures, a so-called "social package." This contained various new arrangements in a number of areas. The most important points were:

The government will work to pass legislation granting childbirth leave for all parents starting 1 January 1981.

The childbirth leave period being considered is 3 months and the payment would be 440,000--under wage conditions as of 1 September of this year.

It will be forbidden to fire a pregnant woman or a woman on childbirth leave.

For health reasons the mother would have the right to take her childbirth leave more than 1 month before the birth is expected to take place and she would be entitled to payments as in the above in addition to the 3 months of regular leave.

Adoptive and foster parents will have the right to 2 months' leave if they take in a child younger than 5.

Anyone who is a seaman by profession and has had this as his major source of employment for at least 25 years will be entitled to an old-age pension at the age of 60, if he meets the other conditions in the relevant paragraph. An increased pension due to postponed retirement would then be calculated on the 60-year age limit.

The preparation of a uniform pension system for everyone in the country will be hurried up and it will be implemented by 1981 at the latest. The major goal of this revision will be to have the pension system insure everyone on the labor market the same pension rights no matter which employers they work for.

The old-age pension law will be changed as much as necessary in connection with agreement between the parties on payment rules.

The government intends to appropriate 1.1 billion kroner in the national budget for 1981 for the construction of daycare centers. The size of the appropriation was determined with the idea of not imposing this on the state subsidy in this sector.

In cooperation with local communities the government will work on a plan to construct daycare centers in the next few years with the objective of meeting the need for children's daycare centers within the next 10 years.

The government will initiate legislation in this session on unemployment insurance which would mean among other things an expansion of insurance rights, extension of the insured period, changes in unemployment registration and an increase in insurance payments.

The government will study the possibility of increasing the interest on vacation money in addition to the general interest increase to reduce the discrepancy between interest rates on vacation money and on loans. In this connection a committee will be set up with representatives of Iceland's union organizations on the national level to negotiate with the Seddel Bank on better interest terms for the Postal Payment Office and to examine the most appropriate arrangement for saving and collecting vacation money. The committee is to deliver its report by 1 March 1981.

The Finance Ministry will permit changes needed in pension fund rules so they can lend capital for the construction of retirement homes and other similar social institutions.

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PCI BUFALINI'S EDITORIAL ON INTERNATIONAL SITUATION

Rome RINASCITA in Italian 12 Nov 80 pp 1, 47

[Editorial by Paolo Bufalini: "Reagan and Europe"]

[Text] In a recent address to the PCI Central Committee, I spoke of Reagan's day of victory and Carter's defeat as "dies nigro signando lapillo" (a day to mark with a black stone), thereby exposing myself to reproofs from several journals for showing excessive pessimism and overdramatizing the event. I had not, in fact, intended to portray Reagan in a demoniacal image; we know too little about him to predict his future course with any degree of accuracy. In fact, I had said, "I do not rule out the possibility that he might do well or, at any rate, less badly than Carter, who has certainly made a number of mistakes."

As president, Reagan could improve upon the less-than-reassuring promises he made during the electoral campaign. But the core of our preoccupation lies--and must be looked for--in the mood displayed by the American voting public, hence in the significance of the vote. Similarly, we must take into account the exultant response to Reagan's election from various dictators like Pinochet, Videla and Garcia, as well as the conservative forces in every country. Indeed, the American vote brought into the open certain connotations and contradictions; presumably a good many voters wanted to express their justifiable dissatisfaction with Carter and register their demand for "assurances"--which they thought they saw in Reagan's moderate propaganda during the conclusive phase of the campaign--but without endorsing a strongly rightist domestic political program or extremism in international affairs.

We are alarmed primarily, however, by the circumstances in which Reagan was swept into office--not because his success was unforeseeable but because of the unexpected enthusiasm his victory aroused. We must see it as the latest in a series of developments--negative from our point of view--that includes Thatcher's victory in England, the shift to the right in Sweden, Spain and Portugal (and partly, at least, in Finland), and the overthrow of the Turkish government. In Europe the list of adverse events also includes the critical split in the French left and the disarray in the Italian left. If we add to these setbacks the ever more explosive vicissitudes in the Middle East (where along with Israel's latest annexation moves, American penetration is growing) and other important developments such as the upset in Somalia, which has given the United States

permission to install military bases on its territory, then we will arrive at an accurate, disturbing view of current [world] trends.

Without attempting to evaluate Reagan's personality or his politics, whatever they may be, we see that the American vote logically confirms this trend and appears destined to affect coming political developments in Europe and the very future of the world.

Nonetheless, the battle for detente, peace and the revival of democracy is by no means over. There are forces that still oppose every retrogressive trend and draw food for thought, hence for action, from their reverses. But a widespread, efficient reaction can only be set in motion effectively if the prevailing negative factors are singled out and analyzed with vigor and honesty.

We all remember the efficiency of the rousing campaigns against the atomic peril in the 1950s. Certainly they did not take second place to the failure of the Cold War, to the resumption of the dialogue between East and West, or to the promotion of real detente, however tortured. To the contrary, today we must consider what factors have impeded a similar mobilization of the world's conscience and strengths against the nuclear threat. Several days ago, even Forlani defined the present situation as "close to the brink of the aybss," and I think he was right. This should induce all those who are aware of the danger to reflect on it and take up the defense of peace.

Still, the question remains: what are the reasons for these difficulties? Over the past few years, the advancement of detente has been arrested; indeed, we have seen it overturned, as evidenced by the perverse recourse to the arms race and the exacerbation of tensions and conflicts in important, often vital, areas of the world--and that in the midst of a cricis in "bipolarism," perhaps still only at the beginning, i.e., in that special formula which has maintained the world's equilibrium for the last several decades. Certainly the word "bipolarism" is fraught with unsavory connotations because it has become synonomous with a world divided into spheres of influence, with no exceptions allowed, not even for the so-called "gray" zones. In this context, the negative view of "bipolarism" would seem justified, even though we must acknowledge that the formula, an outgrowth of World War II, has saved mankind from the gravest of dangers. For some time now, however, this system has no longer been sufficient; an obvious symptom of its critical malaise is the fact that conflicts and tensions today appear to evade--and sometimes do evade--any control by the two superpowers. These contrasts originate in deeply rooted causes and, in view of the weakening foundations of international equilibrium, they can lead to disastrous consequences. In broad synthesis, this is the framework within which we must insert the outcome of the American elections.

Clearly, we are not sorry to see the end of Carter's politics; vacillating between foolish ambition and timidity, it has been precarious. But we cannot ignore the seriousness of his failed policies--at first touted as a formidable challenge in a new guise, defined in terms of democracy and innovation--to the titanic problems of a world in flux. A failure which has opened the way to reaction and a clamorous swing to the right.

Economic and social factors loomed large in the defeat of the Democratic Party. But no less responsible--and I meant to stress this point--was the way Carter conducted his nation's foreign policy. For example, the electorate could not fail to see the president's inconsistency when in the presidential campaign he supported rearmament and the need to block SALT II, thus explicitly upholding Reagan's opposition to the treaty from the outset. Carter thus reversed his own original postulate, which had ruled out a continuing arms race as a guarantee of peace.

Carter's second grave error was his handling of the Middle East question which, unresolved for years, became not only a hotbed of dissension infecting the entire area from Suez to the Indian Ocean but also a direct contribution to the poisoning of international relations. His policies, which brought forth no positive results and hurt him twice over (he even alienated the sympathy of the Jewish lobbies), proved the futility of his hope to solve the Middle East problem without the USSR, the Palestinians or the Arab countries concerned, in a "monopolar" rather than "bipolar" vision of global equilibrium. Third error: from the beginning of his tenure in office, the manner in which he handled the issue of human rights--or rather, political rights (certain "human" rights, like the right to employment, to education, health, etc., are surely better guaranteed in the socialist nations than in many global areas dominated by capitalism and imperialism). Undoubtedly, the issue of political freedom in the socialist states is extremely important (as shown by the current disturbances in Poland, which arise from contradictions and profound, but not contingent, motives); to Italian communists it is one of the central problems. But Carter made it a prejudicial condition for detente instead of taking detente as a necessary point of departure for affirming and expanding political rights everywhere in the world. This line, immediately revealing its subversive nature, therefore hostility to the USSR and the socialist states, became a gross obstacle to detente. Then Carter saw American relations with the People's Republic of China not so much as a contribution to detente in recognition of China's need and right to evolve along modern lines and to fulfill its mission on the global scale, but as a trump card to play in the anti-Soviet movement, in the context of NATO rearmament and in ringing the USSR with missile bases.

Thus, Carter struck the final blow to "bipolarism," not in its deteriorated aspects but rather in what was left of its validity, where [good] relations between the two superpowers and a common search for mutual harmony remain the essential priority in safeguarding the peace.

Yet, this indispensable condition is not enough. The world has undergone profound changes. Dozens of populations impatient to assert their existence are pressing claims for territory of their own. The gap between developed and underdeveloped countries is widening. Imperialism still seeks to go on exploiting its subject countries, albeit discarding its old methods for new ones, by obstructing every effort to improve its relationships with them. The conservatives who still resist their demands for freedom and better trade agreements are unaware that today some 100 states have no wish to align with one side or the other but only to be the autonomous arbiters of their evolution and independence.

Coming after the October socialist and Chinese revolutions, this is the major new development of our century. The "new internationalism" is a matter of prime importance not only for the United States but also for the USSR and the socialist

countries. Indeed, the American public's retreat into conservatism was, to some extent, influenced by the often seemingly contradictory policies pursued by the USSR and its socialist allies: on the one hand proposals they have formulated --and are formulating--and initiatives in behalf of disarmament and peace by coherently implementing the strategy of peaceful coexistence; on the other, [aggressive] ventures seen as furthering a policy of power. No one can say that the USSR has exploited the countries it has liberated from centuries of oppression; to the contrary, if anything, the Soviets have infused them with the energy and extended the resources they needed to ensure their freedom. All the same, the USSR has embarked on seriously untoward exploits (most recently the invasion of Afghanistan) that mirror imperialistic policies of force.

Under these circumstances, so ominous that we cannot rule out extremely dangerous consequences, the mobilization of the world's total democratic forces against rearmament is imperative.

But the world must also understand that the problem of disarmament cannot be separated from the problem of international political relations or from the need for enduring, reciprocal trust. This requires all nations to observe the fundamental, unbreakable rules of international coexistence, such as respect for the independence and sovereignty of every people and every state, for the principles of noninterference, and for an end to the practice of exporting revolutions and counterrevolutions. This entails constructive international cooperation toward assuring the development of economically backward areas and guaranteeing justice and freedom for all peoples. It is high time for the nations to assume these responsibilities and for Europe to play an important--and in determined circumstances, a decisive--role in calling for an immediate resumption of the dialogue of detente. Within Europe, Italy must make its due effort to support established alliances by means of a full, responsible autonomy of proposals and intentions. At the same time, we must find opportunities to weld an alliance among Western Europe's forces of the left, not only to achieve wider collaboration with all democratic sectors in defense of peace but also to advance a comprehensive program to consolidate the [varying] political and ideological attitudes of the European labor movement. Such a program depends upon socialism's will to transcend every division and conflict over economic and social transformations and political freedoms. Involving communists, socialists, social democrats, Catholic and Christian elements that aspire to socialism, this rapprochement constitutes the axis, the animating factor of a broader convergence and entente among all those who look for renewal and social progress in democracy and peace.

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INTERVIEW WITH ADMIRAL TORRISI ON ARMED FORCES

Rome IL BORGHESE in Italian 3 Nov 80 pp 719-720

[Interview with Adm Giovanni Torrisi, chief of Defense Staff, by Carlo De Biase; date and place not given]

[Text] What is the state of health of our Armed Forces? What are their problems at the present time?

We asked this of the chief of Defense Staff, Adm Giovanni Torrisi. The admiral, who is a native of Catania, makes no distinction between services. In military circles, he is rightly regarded as the most able joint chief that the Army, Navy and Air Force have had. Sufficiently young not to be badly marked by the brutal memory of World War II, he was the first in the Navy to unify MARIPERS (personnel) and MARINEQUIP (equipment) to the satisfaction of the people and strengthening of the individual, of the man-seaman as such. He is a true manager of the Armed Forces, regarded in high military circles in Europe as the one most competent on matters inherent to the Mediterranean. He is perhaps our first chief of staff capable of understanding, interpreting and controlling the extraordinary new mechanisms of the modern Armed Forces. He courteously agreed to answer our questions.

[Question] If at the very moment at which we are talking you were to receive orders to proceed with mobilization of the FFAA [Armed Forces], would you believe that the military organization is capable of executing them? And, in your opinion, would the nation respond to the call to arms?

[Answer] The answer is categorically affirmative. If I had doubts on the fact that the FFAA were not ready to respond to that kind of call, I should not be here today as Defense chief of staff.

Concerning the use of all the forces of the nation, I should like, however, to point out that the increasing sophistication of the military instrument has made a change necessary in the concept of mobilization. Today it represents the second phase impetus, while real operational readiness is ensured by the units already on the line.

[Question] In your opinion, what are the most obvious shortcomings in the sector of armament regretted by our FFAA at present?

Rather than talk about obvious shortcomings, I should talk about a need for proceeding expeditiously in the process of renovation of means in accordance with the course already laid out by special laws. It is a question of accelerating some of these programs, especially in the sector of antiaircraft and antitank defense, in the sector of air radar detection and of patrol corvettes.

[Question] What requests (if there are any) will you make of the new government in your capacity as chief of Defense Staff?

[Answer] The Defense Staff is preparing a joint Armed Forces plan for uniform, balanced development of the military instrument in the long term. This 10-year plan will be submitted as soon as possible to the government authorities, in order to provide a frame of reference for the development prospects and the future requirements of the FFAA.

[Question] Admitting that the minister of Defense will approve them and the government will accept them, do you believe that an instrument, at least partially efficient, has been created?

[Answer] It would be a calamity, if this does not take place.

[Question] Would you please tell our readers, sincerely, how many more billions would be needed for a military budget capable of putting the FFAA on at least a minimum level of efficiency?

[Answer] The plans that we are preparing may answer this question also. But I should like to point out that the efficiency of the FFAA is not measured only in terms of budgets. It is true that the amount of money to be allocated to Defense, assuming that the country's situation is taken into account, must be commensurate with the need for developing and maintaining the defense instrument that the nation intends to adopt.

[Question] Do you not believe that, because a completely "specialized" Army is necessary in a possible conflict, especially with regard to types of sophisticated weapons, the present term of service is insufficient to train the soldier?

[Answer] I believe that the service term of 1 year represents a happy compromise, in the citizen-soldier binomial, between the requirement for general participation in military service and the need for achieving a sufficient degree of individual training.

[Question] How will you react, in your Defense Staff capacity, the highest and most responsible military post, if, as some deputies, including a former career military man, have proposed, the law on a futher reduction in compulsory military service passes?

[Answer] A compulsory military service of less than 12 months is not acceptable, both because of the high logistic and training costs that it would entail, and because of the practical impossibility for any significant operational employment of that personnel.

[Question] Do you not believe that a professional army is more suitable?

[Answer] Experiments conducted by other countries have not yielded encouraging results. In fact, the military profession does not always guarantee an adequate, consistent programable yield. Moreover, the qualitative aspect of compulsory military service, which makes it possible to draw young persons from a broader, more diversified social stratum, must not be underestimated.

[Question] The FFAA have a percentage of volunteers, or, as was said formerly, of "reenlistees." Do you believe that this share is sufficient for possible requirements?

[Answer] At present, volunteers represent 17 percent of the military personnel. The optimum percentage to aim at is on the order of 30 percent.

[Question] What is your point of view on women's military service?

[Answer] We already have many women without military rank who perform their work effectively in the various organizations of the FFAA. At present, there is a certain degree of expectation and interest by the world of women in women's employment in the military system and I believe that there is room for their full-fledged incorporation in many sectors of the FFAA.

[Question] Today, an alarming lack of calling for the military career is lamented. In your opinion, what are the real reasons, aside from economic reasons?

[Answer] The word alarming does not seem to me to be accurate. In the postwar period, there has, indeed, been an overall trend toward contraction of military vocations, but, at present, a turnabout is taking place, a rediscovery of certain ideal values. This phenomenon must be encouraged, however, by restoring to the military man his rightful position on the social scale.

[Question] Does it seem to you right and proper for the people, especially in the large cities, no longer to see the figure of the "soldier" on the streets, with the exception of carabinieri and draftees? Why has the 2 June military parade been eliminated? Would it not have been sufficient, for obvious reasons, to exclude motorized means from the parade and to have all the other troops march on foot? Is there hope that the very young generations will again see real soldiers at least once a year?

[Answer] I do not believe that any exclusion has been made. In this connection, I should like to mention to you the example of the swearing-in ceremonies of young recruits that are now held publicly in all the squares, giving evidence of that important moment of osmosis between civilian society and military society, and also demonstrating the widespread presence of the FFAA all over the country.

[Question] Mobility for the FFAA is a characteristic and an absolutely indispensable requirement, especially for officers and noncommissioned officers. At present, however, the housing problem hinders every necessary transfer. How do you intend to solve it?

[Answer] The housing problem is an essential fact for the military. We are trying to solve it by acting in two directions. The first, by means of a strengthening of the law already in effect by making it possible to build an adequate number of service quarters. The second, by enabling the military man to come to own his own home by means of sizable financial facilities.

[Question] In a speech in the Chamber [of Deputies], Nino Bixio maintained that the Army would become a "parasite," if it were transformed into a "convenient insurance company for all public disasters, calamities, fires, floods, earthquakes and so on." Do you not believe that Bixio was right, in general, in hoping that the "soldier should be only a soldier, that is to say a man trained to make war?" In our opinion, it is right for military men to rush in to assist in large national disasters, because they can be mobilized easily, but does it not seem to be excessive to mobilize the Navy and the Air Force to search, for example, for incautious individuals who go to sea without being trained to handle a craft?

[Answer] The collaboration of the FFAA in the good of the nation's collectivity in cases of public disasters is, in addition to its fulfilling a specific task sanctioned by the Law of Principle, a demonstration of solidarity that the military, who have an organization that is undoubtedly one of the most reactive ones of the state for first intervention operations, are called upon to develop, today as in the past, and I should not say to the detriment of the training and readiness of the personnel. Then the other state agencies set up for that purpose, adequately organized and trained, must intervene. I should like to conclude by stating that these activities, in addition to any publicity feature, have a profound significance and cause the FFAA to be felt constantly close to the people without whose consensus and trust any military instrument loses credibility.

10,042
CSO: 3104

EEC PRICING AFFECTING ANIMAL HUSBANDRY INDUSTRY

Rome L'UNITA in Italian 3 Dec 80 p 9

[Article by Pier Giorgio Betti: "Our Animal Husbandry Needs Help, the EEC Is Punishing It"]

[Text] The protest of breeders is gaining momentum: after many denunciations and appeals which remained substantially unheard, a national demonstration is being prepared in Rome (which was to be held on 5 December but was postponed because of the earthquake) instigated by Coldiretti [Farm Owners Association], Confcoltivatori [General Confederation of Italian Farmers], Confagricoltura [General Confederation of Italian Agriculture], associations of producers and cooperative centers to demand that immediate measures be taken.

"Things are going from bad to worse; we cannot go on this way," say the representatives of the breeders. They are speaking of losses of tens or hundreds of thousands of lire for every head of cattle put on the market, of many cattle barns forced to close, and of an impressive number of cows slaughtered during the past year. The figures are difficult to verify. However, it is certain that serious errors in the implementation of our agricultural policy are coming to light at an alarming degree.

The situation of our animal husbandry reminds us of the dog which bites its tail. With regard to consumption, ours is a country of shortages within a market--that of the EEC--which produces surpluses; we must import milk from France, the FRG and the Netherlands, and if our cattle barns attempt to increase their production, they are severely penalized by EEC mechanisms. It seems that this is about to recur with a still more drastic application of joint responsibility duties and even with the surcharge on milk production. Although for the Bavarian breeder, who produces at considerably lower costs and enjoys substantial financial support, a 2.5-percent increase represents nothing more than a modest reduction in profit, for the farmer and firm of the Po and Apennine valleys it can mean the coup de grace administered to the cattle barn's balance sheet. And when a barn closes, there is no longer any production of calves and therefore of meat.

Our imports of beef--on the hoof and slaughtered--amount to almost 50 percent of our consumption. We also have to buy horse meat from abroad, being among the largest consumers of that product, and we often spend as much as 70 billion lire in one year. The gap between production costs, which in 1979-1980 increased by at

least 20 percent, and prices charged for that production "revised" by 12 to 13 percent is tending to widen with the result that we are importing more while part of our production ends up in the stockpiles of the AIME [State-Owned Agency for Participation in the Agricultural Market].

This shows the illusive quality of the hope, entertained for so many years by our representatives in Brussels, of resolving the problems of animal husbandry by juggling prices, trying to obtain some additional crumb. The price policy could and can be useful only if, along with that policy, provisions are made and structures created which will enable the animal husbandry sector to produce more at lower costs.

Is this possible? How? Nothing new needs to be invented, since for years there have been proposals, even plans, which would make it possible to reduce the imbalance between Italy and other major EEC countries. What is necessary is to recover at least part of uncultivated or badly cultivated land and use it for stockbreeding, program the development of this sector with emphasis on association-type arrangement and the role of regions and public authorities, provide incentives for research and breed selectivity and promote closer collaboration between agriculture and sectors which work in conjunction with agriculture.

We need a serious policy of agricultural credit: how can there be investments in cattle breeding if the liabilities eat up a quarter of the little which can be gained? And we need a "line of subsidies" which will not leave the producer alone to face up to the difficulties; in the FRG the health services connected with cattle breeding are the responsibility of the state; in France the government gave breeders strong support to help them confront the damage caused by the oestrogenic calf scandal. And at home, what is being done?

Many of these things were included in the four-page law, which might have meant a big step forward if its potentialities had been fully utilized. That is where it must begin, in addition to taking hasty measures and extraordinary positions with regard to this sector. Lastly, action must be taken on the feed level so that our animal husbandry can also possess a development plan. And we are beginning to have genuine hope that the "Italian specialty"--especially now, after the terrible earthquake--will be properly recognized by specific EEC provisions, options and interventions so that community solidarity will be more than just a slogan.

8568
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COMMISSION STRESSES IMBALANCE IN SWISS, SOVIET TRADE

Zurich NEUE ZUERCHER ZEITUNG in German 16/17 Nov 80 p 11

[Article by H.K.: "Unequal Needs in Trade Between Switzerland and USSR"]

[Text] Mowcow, 14 Nov--The Swiss-Soviet Mixed Commission concluded its seventh regular session with the signing of the minutes. The purpose was to take stock of the work that had been done to date in various sectors and a general exchange of opinions concerning the prospects for bilateral trade. Since Wednesday, the Swiss delegation, which was led by Max Hediger, president of the business pool Switzerland-USSR, had conducted talks with the State Committee for Science and Technology, in the Ministry of Foreign Trade and with the Gosplan state planning authority. For the weekend an excursion has been planned to the Georgian capital of Tiflis. Benedikt von Tscharner, and new Bundesrat delegate for trade agreements, represented the Federal authorities for the first time; among the Soviet discussion participants were, among others, Gvishiani, vice president of the state committee, and Manjoulu, deputy minister of foreign trade.

According to an assessment by TASS, scientific-technical contacts between Switzerland and the Soviet Union in the areas of machine construction, machine-tool manufacture and electronics, as well as the production of watches and instruments has of late developed successfully. A Soviet press announcement is also calling attention to a fruitful cooperation in the chemical industry and in agriculture without, however, giving any details. These assessments are based on a 28-percent increase in Swiss exports to the USSR during the first 9 months of this year compared to the same period last year, reaching 384 million francs, and a 60-percent increase in imports, amounting to 1.26 billion francs. These and other figures were discussed during the sessions and it was determined that the criteria on which these statistics are based are incongruous. Petroleum and distillates (primarily heating oil) alone make up 85 percent of the imports from the Soviet Union to Switzerland, but the quantity listed on the Swiss side contains all shipments that originate in the Soviet Union which includes also those that are acquired from third-party suppliers.

In 1979 Soviet petroleum shipments came to 670 million francs, and during the current year they have already reached 1.066 billion francs. This growth is primarily a consequence of price increases; only a small change in volume has been registered. The needs in Swiss-Soviet trade are and will probably remain poorly balanced. In general Swiss firms still prefer to sell goods, whereas the Soviets are interested in acquiring technology and know-how. In 1979, for instance, a total of 128 Swiss

watches were shipped to the giant Soviet empire--a ridiculous number when compared to the quantity before and immediately after the war. The Swiss delegation also recommended other consumer goods to the Soviet hosts.

Otherwise the visiting delegation called attention to the fact that Swiss enterprises were interested in continuity and stability of shipments to the Soviet Union. They found fault with the insufficient legal protection for industrial products--the fact that patent rights expire after approximately 5 years was called inadequate--and, for instance, with the lack of protection for newly compounded compositions of agrochemical products.

8991
CSO: 3103

TAX SYSTEM TO BE REDEFINED, RESTRUCTURED

Call Made to Close Tax Loopholes

Istanbul CUMHURIYET in Turkish 26 Oct 80 pp 1,7

[Article by Fusun Ozbilgen]

[Text] Ankara (CUMHURIYET BUREAU) -- Comments by the experts as the new tax laws enter the agenda indicate that preventing tax evasion will provide adequate resources for lightening the tax burden on wage earners and keeping the minimum wage tax-free.

The annual total of taxes not paid in sectors other than wage earners is figured at around 100 billion liras. The prevention of tax evasion to this extent will be able to provide the almost 100 billion said to be needed in order to keep the minimum wage tax-free and lighten the tax burden on wage earners.

While some officials, during preparation of the tax laws, contend that the tax burden on wage earners cannot be lifted all at once, that this would be inflationary and that the budget does not have adequate resources, they do not give the necessary weight to taking new and effective measures to prevent tax evasion. Yet it seems that the prevention of tax evasion alone could resolve this problem without either having a budget deficit or creating inflationary effects.

Tax Evasion

According to a Finance Ministry study of tax evasion in past years, a large majority comprising 83 percent of independent professionals excluding wage earners such as big merchants, industrialists, big farmers, doctors and lawyers who pay taxes on declared income reported their annual incomes as of 1976 at a figure lower than 4,600 liras. Of the 630,400 taxpayers surveyed, 599,337 paid only 4,642 liras per year to the state. As a result of extensive tax evasion by declaration taxpayers, extensive unfair taxation has arisen between wage earners and those who pay taxes by declaration.

Causes of Tax Losses

Finance experts consider the following to be among the important factors in tax evasion:

--Orderly record-keeping has not been established in industrial and commercial life. The failure to keep records at any stage in the production-consumption chain leads to a chain of tax losses. Our present tax system creates collusion between the writer and the recipient of the invoice. This must be changed.

--There is practically no tax oversight at all. Perhaps 3 percent of income tax returns are audited annually. Moreover, it may take 6 years to get the final results of these audits. The system of proof contained in tax law destroys the efficacy of the auditors. For this reason, the tax evader is soon encouraged.

--The autocontrol system is not well established and existing mechanisms do not work.

--Agricultural earnings are not able to be taxed effectively and productively. Because of laws which allow the taxpayer to take advantage of the lump-sum expenditure method in agriculture, effective agricultural taxation has been impossible.

--Tax administration is designed more on the basis of internal procedures than on externally-oriented efforts which prevents reduction of tax evasion.

--Moreover, penalties and fines in the tax laws lose their impact over time and tax litigation is ponderous, allowing a great deal of room for tax evasion.

--The tax laws lack the flexibility required by the instability and inflationary tendencies of the economic structure.

Expenditure-Control Tax System Called For

Istanbul MILLIYET in Turkish 26 Oct 80 p 5

[Article by Mesut Erez]

[Text] Almost everybody agrees that new tax laws are needed to supplement the 24 January economic stabilization measures.

Professional organizations and those interested in the topic should be of assistance to the efforts in this regard by making their views known.

First Problem:

The first problem confronting the writers of the draft law is how they will meet the recurring budget deficits, how they will find funds to cover public expenses and how to make up the burden created by exempting the minimum wage from taxation.

The first thing it ought to be known is impossible is to provide quickly through tax laws the resources needed to cover both exemption of the minimum wage and public spending without recourse to deficit financing.

In this case, graduated implementation of the minimum wage exemption, spreading it over a reasonable time, would seem to be the best way.

Industrial Sector and Taxes

The choice was made to industrialize in Turkey years ago in conjunction with "planned development." Turkey was to accomplish its economic development through industrialization.

In recent years our industry has encountered such big problems and has fallen on such hard times that it has become possible to ask and debate the question: "Is Turkey giving up the industrialization preference?"

The 24 (or 25) January measures were tied so tightly to liberal economic rules that that it has become impossible for small and medium industries in particular to survive, and the tendency for small industires to be bought out by large ones has been much strengthened.

Certain measures may be considered in writing the tax laws which would bring relief even if the funding problem of our industry is not completely resolved:

"Balance sheet values must be re-evaluated. The necessary changes could be made in the provisional 11th article of the Tax Procedure Law. Value increases to be set in this way should not be taxed. However, these increases could be used in capital augmentation and, if shares are withdrawn and sold for this purpose, consideration could be given to taxing those values.

"This measure would ease the relationships of the industrial establishments with the banking system.

"Mortgage rates could be raised a few notches temporarily for a few years. This could be expected to give positive results from the standpoint of autofinancing.

"Raising mortgage rates would provide funds for profit-making establishments; non-profit branches of industry need special regulations to allow them to pay their taxes and Social Security debts in installments.

"In past years, many industrial establishments have been unable to produce sufficiently or to sell what they produced for reasons beyond their own control. This is a result of the diseases from which our economy is suffering such as inflation, devaluation and the foreign exchange squeeze which the entrepreneur catches through no fault of his own. Taking off from this point, it is possible to defend as justified regulations of the law to provide for industry's postponement for several years of tax debts and insurance debts.

"The directive on interest on credit and deposits by nature aggravates industry's credit problem. It seems that interest rates this high cannot help but create cost inflation."

It is impossible to oppose the freeing of interest limits within the recent slate of economic measures based more than necessary on liberal economic rules. However, it is clear that in industry where these measures have made credit very expensive they have aggravated solution of the resource problem.

In this situation, the first remedy which comes to mind is to lift or lower the expenditure tax which is applied through banking procedures.

Taxation of Agricultural Sector

Whenever there is a question of new taxes, it is always claimed that agriculture is not adequately taxed. It is advanced that agriculture's share of GNP is 25 percent and that the tax revenues from this income is measured in a tiny percentage.

There are even those who claim that the agricultural sector should be taxed in the lump sum according to its potential.

Yet this burden has no tax reserve in the agricultural sector. According to a survey conducted in the 1960's, there are around 3.5 million farming families or agricultural operations in Turkey. Of these operations, 2.128 million have 50 donums [1 donum = 940 m^2] of land. Meanwhile, the number of operations with 100 donums is about 2.7 million [as published]. This means that land suitable for agriculture in Turkey is divided into small operations.

Approximately 60 percent of our population lives in rural areas and shares one-fourth of national income, while 40 percent of the population lives in the cities and shares approximately two-thirds of our national income. These figures alone are sufficient to show that agricultural income is divided into very small segments and that there is no very large tax reserve in agriculture.

A population tied to the soil is an element of stability in a nation. It is necessary to act with great care in taxing the agricultural sector.

Consideration could be given to collecting a low tax at the time when agricultural products are sold to specific establishments (tobacco to the Monopoly, beets to the sugar plant, cereal grains to the [Soil Products] Office, tea, cotton, nuts and such to the relevant organization or unions).

Taxes on Expenditures

The ability to pay taxes is revealed by spending, by the purchase of goods and services. A system may be developed which would tax normal expenditures at a low rate and luxury expenditures at a higher rate.

If expenditures were the guideline, such a tax law would generate large revenues and would ease our way into the value added tax.

Tax losses in Turkey have been blamed on the lack of record-keeping. Compulsory record-keeping must be expanded, consecutively numbered receipts should be printed and distributed by the Finance Ministry and use of these receipts should be compulsory.

Further Discussion of New Tax System

Istanbul MILLIYET in Turkish 24 Oct 80 p 7

[Text] Ankara, Special -- Of annual income earned from housing rentals, 25,000 liras of the portion up to 100,000 liras will be tax-free. All of housing rentals above 100,000 liras, however, will be subject to income taxes and the 25,000-lira exemption will not apply. In addition, income earned at all establishments used for commercial and similar purposes will be subject to income taxes, with no exceptions.

The Finance Ministry has given final form to the draft amending the Income, Corproation and Tax Procedure Laws. Following one more round of discussion in the Council of Ministers in a few days, the draft will be sent on to the National Security Council.

The income tax brackets envisaged are 40 percent taxes on income up to 1 million liras, 45 percent on 1 million to 2 million, 50 percent on 2 million to 4 million, 60 percent on 4 million to 6 million, 75 percent on 6 million to 10 million and 80 percent on 10 million and above.

These tax brackets reportedly will be given final form in the Council of Ministers as it was learned that the tax brackets are not yet final. However, it was stated that the base will be 40 percent.

Amending the Tax Procedure Law to speed the work of the tax appraisal commissions ensures that tax communiques are enforced.

Corporation Tax

The Corporation Tax Law has been amended to allow unincorporated investment funds and investment partners to be considered capital companies for income tax purposes. This envisages taxation of a lot of individuals or establishments dealing in the money markets under the name of "brokers." Moreover, regulations have been introduced with large scale exemptions from corporation taxes for exporting firms.

The Public Accounting Law is amended to make the tax system flexible and to allow for annual adjustment of the tax brackets as circumstances demand. The rationale prepared on this topic contains the following:

"A chief criticism of our tax system is that the system cannot follow developments in economic life, price increases in particular. The heavy inflation our nation has encountered in recent years makes it necessary to introduce more flexibility into our tax system. The relevant article of the Public Accounting Law is being revised for this purpose. According to this revision, 'the taxes, duties, fees, shares, wages and fines and the categories, values, equivalents, wages, proceeds, earnings, income and income brackets and the exemption and deduction figures which appear as fixed in the tax, duty and fee laws' will be reset every year so as to keep pace with price increases. The coefficients for this purpose will be set, using the Trade Ministry 'wholesale price index' as a basis, and these coefficients will be shown in the budget laws. All numbers in the computation of coefficients will be taken as basic; in other words, fractions for a given year will be ignored.

The Council of Ministers will multiply the figures indicated by the highest of these coefficients to ensure removal of the effects of price increases. Thus, on the one hand, unfair taxation owing to inflation will prevented and, on the other, fixed taxes will be prevented from losing all meaning. This practice will apply, not to general budget revenues alone, but also to municipal and special administration revenues in which fixed taxes are very important.

"While, with this method, the principle of social justice in taxation will be upheld, provision will also be made for meeting public spending with sound resources by regulating depreciated institutions according to current circumstances."

The Finance Ministry also is reportedly continuing intensive work on the draft of the Expenditure Tax, the Fees Law, the Notary Public Fees and the Title-Deed and Cadastre Fees Laws and the Municipal Revenues Law.

8349
CSO: 4907

MARTIAL LAW COURTS TO TRY ARTICLE 142 CASES

Istanbul CUMHURIYET in Turkish 24 Nov 80 pp 1,7

[Text] Ankara--The Military Supreme Court of Appeal Fourth Department, ruling that crimes covered by Article 142 of the Turkish Penal Code are "the roots for the creation of an anarchic environment and widespread terrorist activities," reached a decision that the martial law military courts are responsible for hearing cases regarding these crimes.

Basing its decision on amended Article 13B to the end of the article and Article 15-4 of Martial Law Administration Law No 1402, the Military Supreme Court of Appeal Fourth Department asserted that it is necessary for the martial law courts to try cases for crimes whose implicit general and common goal is related to any type of crime that is handled by the martial law courts and that martial law commandants will not be able to decide that the courts have no jurisdiction or authority over cases whose dossiers are sent to them. The Fourth Department made its decision on the basis of the amendments to the martial law administration law that were approved on 19 September 1980 and thereby ruled that cases coming under Article 142 of the Turkish Penal Code will be heard by martial law courts.

The Fourth Department's decision was reached as a result of developments in the case related to suspect Ibrahim Eski, who was arrested while writing slogans.

Deciding that it did not have the authority to hear the case because the crime Eski, who was being tried under Article 142/1, was accused of committing "had no relation with widespread terrorist activities," the Ankara Martial Law Court petitioned the Commandant Military Court of Appeal.

'Goal Is To Establish Communist Regime'

In the communique regarding the case, the Military Court of Appeal attorney general said, "The goal of extreme leftist organizations is to establish a communist form of government in Turkey, and they do not hesitate to engage in any sort of activity towards this end. All of these activities are directed toward a single, ultimate end, and they are tied together within

a general and joint purpose." The attorney general asked that the decision that the military courts have no jurisdiction be overturned.

Fourth Department's Decision

The decision reached by the Military Supreme Court of Appeal Fourth Department stated:

"Pursuant to Case and Decision No 1980/120-195 dated 16 June 1980 and to various court decisions, following the investigation of the disagreement, it was ruled that it is appropriate for military courts to hear cases regarding crimes that are related by implied general or common ends with crimes handled by the martial law military courts that were committed for political and ideological purposes and that were the reason for the declaration of martial law. It has been decided that, because the crime of engaging in propaganda of the quality that harms the nation's unity for the purpose of weakening and destroying nationalistic feelings constitutes the foundation for the creation of an anarchic environment and widespread terrorist activities directed toward the elimination of basic rights and freedoms, the implicit general and common end of this crime is related to crimes handled by the martial law military courts that were the reason for the declaration of martial law.

"Article 13 of Law No 1402 and Article 13B, which was amended along with Law No 2301, state that cases regarding the commission of crimes whose general and common goals are connected with any crime whatsoever handled by the martial law military courts will be heard in the martial law military courts even if the crimes are committed in regions outside the jurisdiction of the martial law administration. The laws did not deem it necessary to cite a statute of limitations for these crimes.

"In the case in which a local court had issued a decision regarding an incident prior to enactiment of Law No 2301, the court's decision as to lack of jurisdiction was not considered an application in violation of the last paragraph of Article 13 and Article 15/4 of Law No 1402, which were amended with Law No 2301.

"It was ruled, for the reasons noted, that the actions of the suspect, which come under Article 142/1 of the Turkish Penal Code, are the foundation for the creation of an anarchic environment and widespread terrorist activities. Because it is the function of the martial law military courts to hear these cases and because the reasons for appeal by the Ankara Martial Law Commandant, which established the courts, were deemed admissible and acceptable, it was unanimously decided on 7 October 1980 to overturn, in accordance with Law No 353 and appropriate to the communique, the "lack of jurisdiction" Decision No 1979/131-140 dated 23 March 1979 reached by the Ankara Martial Law Commandant Court No 1 and to send the case dossier to the Ankara Martial Law Commandant military court."

11673
CSO: 4907

WAYS TO ALLEVIATE UNEMPLOYMENT EXAMINED

Istanbul MILLIYET in Turkish 25 Nov 80 p 5

[Article by Prof Dr Ahmet Beyarslan, AITIA (Ankara Academy of Economy and Commercial Science) Faculty of Economics dean]

[Text] When we speak of stability, we must not only think of price stability. Unemployment is also an aspect of imbalance. It rocks not only economic stability, but social stability as well. In order to eliminate social instability, it is necessary to ensure social justice. And the first step that must be taken in order to ensure social justice is to eliminate unemployment. Following this, wage hikes must be considered. As for the series of social security rights, insurance is obtained after beginning to work at a specific place of business. From this standpoint, governments were made responsible for ensuring "full employment" through Article 41 of the 1961 constitution, and this was attached to development plans through Article 129.

When accepting the interim constitution following 12 September, the National Security Council spoke of these principles as it took its place and even made it known that it expects the government to whom it turns over the administration to remain attached to these rules. In fact, in a speech made the same day which carried the meaning of a contract to the nation in a sense, General Evren, as National Security Council chairman, stated that, after necessary changes are made, "social justice will be achieved, and the administration of the nation will be turned over to a freedom-loving government that gives importance to the peace, security, and well-being of individuals and the community and that relies on secular and social rules."

Method Unchanged

We cannot talk about citizens' making a decent living, social justice, or a method based on social and legal rules without finding jobs for the unemployed. Newspapers dated 6 October reported, "The number of persons who have lost hope in finding employment has climbed to 1,260,000." According to State Planning Organization reports, the total number of excess persons in the labor force within the country is approximately 2,224,000. The

blame for this does not fall on the current administration. It is necessary to place the blame on past administrations. Setting aside the commands of statutes of the constitution, the goal of development plans was not to achieve full employment, but to achieve a specific rate of increase in national income. The method that was used was even unable to achieve a beneficial distribution of resources, which was requisite. Let me look at the subject in order to shed a little light on the future.

The four development plans drafted to date have employed identical methods. They have all strived only to achieve specific figures. On a grand scale, the methods chosen sought to obtain domestic and foreign resources to make the investments necessary for a 7-percent growth rate. The monetary and credit policy, which attempted to favor fixed capital, encouraged capital-intensive investments and, thereby, aggravated the unemployment problem. Looking at the issue from an economic viewpoint, directing investments toward capital-intensive projects had two side effects. This first created foreign dependency and then, as a result of that, gradually increased the foreign debt.

At the level of sectors, figures were set in comparative tables. An estimate of what was desired in regard to growth rate was made for each sector, and, parallel to this, the amounts needed for investments in each sector in order to raise production were given. Priority could not be given to increasing employment, for this would upset the figures. While stocks of some goods began to swell, other goods began to become scarce. (In fact, following the First 5-Year Plan, full employment was discarded as a goal. Labor-force projections were only made on the basis of growth estimates for the sectors.) Looking at the subject carefully, it can be seen that it was impossible to distribute resources well, that an effort was being made to give the public the goods it wanted.[1] The economic result of our devising plans to meet our desires rather than in accordance with our resources has been the abnormal price increases that have been seen in recent years.[2]

As a matter of fact, the stability policy that is being implemented at present is part of the group of obligations included in the letter of intent we submitted to the IMF Council of Directors at the beginning of summer. All of the measures that have been and will be taken are directed toward reducing domestic demand and encouraging foreign demand. The observations are accurate, but economists now believe that controlling demand alone and without achieving structural changes will be unable to prevent inflation. Supply and demand are like the two blades of a pair of scissors. You cannot expect to cut anything with only one of them.

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1 I have named this "consumer democracy."

2 The most extreme example of this is the Fourth 5-Year Plan.

Furthermore, in order to achieve the desired results from price mechanisms alone, a nation must possess modern technology and be rich from the standpoint of capital. If it does not and is not, rising prices will reduce domestic demand, reduce production, and increase unemployment. Devaluation of the currency will only benefit foreigners' real income transfers. It is overly optimistic to expect an increase in foreign sales of industrial goods just because the value of the Turkish lira is lowered. Will we be able to sell black-and-white televisions to Common Market countries, which changed over to color television 20 years ago, or automobiles to our southern neighbors? To expect private enterprise to establish power plants where there are none because electricity prices have risen would also be overly optimistic. In an underdeveloped country, only the state has sufficient strength to overcome financial crises. From this standpoint, if the stabilization program comes to mean to expect the marketing mechanism to redistribute resources in 4 or 5 years, then this would mean a return backwards to the time prior to the development plans.

What Must Be Done?

In order to solve the problem, a new approach must be taken at the planning and application level.

1. The planning method must be changed. There must be a transition from planning to achieve specific figures to planning to produce specific effects. With the latter method, various solutions could be obtained. In addition to openly acknowledging employment as a goal, overcoming shortages in areas such as foreign trade and energy could be established as side efects that are desired. In a study I made in 1975, for example, it was demonstrated that if, between 1967 and 1972, sectors such as agriculture, animal husbandry, and the tobacco, foodstuffs, and leather industries had been prevented from shifting to capital-intensive technology, job opportunities for 1.7 million persons could have been created. The fact that full employment was not maintained as a goal is tied to the reasoning that this would require the encouragement of labor-intensive sectors and would reduce the growth rate as well. The same study revealed that this prediction was incorrect. The development rate would have risen from 7 percent to 10 percent.

2. If what we spoke of previously is not to remain words on paper, a completely new approach at the level of implementation is required. The incentive portion of projects should be handled by the Ministry of Industry. Credit decisions for the public sector would be made by the State Investment Bank and for the private sector, by the Industrial Development Bank. If there are, within these three organizations, no staffs at the level of specialists that possess a consciousness of and excitement for development, projects appropriate to the plans cannot be accomplished. Each of the plans that are laid cannot move forward without being written proof of failure.

11673
CSO: 4907

CAUTIOUS APPROACH OVER AID PROGRAM TO UGANDA

LD181235 London THE DAILY TELEGRAPH in English 18 Dec 80 p 4

[Dispatch by A.J. Mcilroy: "Britain Cautious Over Aid For Uganda"]

[Excerpt] Kampala--Britain is taking a cautious approach over aid to Uganda as doubts persist about the validity of the elections that returned Dr Milton Obote to power.

The aid programme for the underdeveloped countries is under discussion from 1 January.

I understand that until then there is to be no relief from Britain apart from the Land Rovers and some small assistance given to help with the election process.

Uganda could be on course for another period of civil strife. Mr Paulo Muwanga, newly-appointed minister of defence and vice-president, has stepped up a campaign which can only be interpreted as an effort to suppress freedom of expression.

Mr Muwanga was chairman of the military commission that handed over power to Dr Obote on Monday and he has already ordered equivalent of the special branch in Uganda to question and list all African journalists considered to be biased against the ruling Uganda People's Congress.

They are making sudden visits to all offices and homes of journalists known to have written for or co-operated with "the foreign press."

And they are doing the same in the case of journalists and individuals writing for journals supporting the main opposition democratic party which has demanded new elections.

In one Kampala newspaper office a prominent Uganda journalist personally known to me managed to turn his back on watching staff to whisper "I cannot recognize you, I cannot talk about THE DAILY TELEGRAPH. These people are coming three times this week questioning me."

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END

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DENKTAS CALLS FOR RECOGNITION OF TERRITORIAL INTEGRITY

Nicosia BOZKURT in Turkish 16 Nov 80 pp 1,4

[Text] Gecitkale (TURKISH AGENCY CYPRUS) -- A ceremony was held yesterday in memory of the war dead from Gecitkale [Kofinou], Bogazici [Agios Theodoros] and Lefkara.

President Rauf Denktas and Prime Minister Mustafa Cagatay attended the ceremony, which was held in Gecitkale.

The ceremony began with the placing of wreaths at the Ataturk statue, followed by a moment of silent respect and the raising of the flag accompanied by the "Istiklal Marsi" [national anthem].

Poems were read following speeches on the meaning and importance of the day. The memorial ceremony closed with a prayer for the souls of the martyred. An exhibit was also opened.

Denktas' Speech

Speaking at the Gecitkale ceremony, Turkish Federated State of Cyprus President R. Denktas said that henceforth the Turkish Cypriot community would live in one place in its own region and that the future agreement would provide for this.

President Denktas pointed out in his speech that the Turkish Cypriot young people and children must be aware of the horrors of the past in order that they not be repeated and said, "However, it must not be a knowledge instilling hate and vengeance. The Turkish Cypriot community has not acted with hate and vengeance in Cyprus."

Pointing out that the Turkish Cypriot community had defended their rights as civilized men in Cyprus and had defied death, struggling for equality and to live in their homeland free and without fear, Denktas said that God had confounded the enemy and the Motherland had saved the Cypriot Turk.

President R. Denktas continued as follows:

"Now, if we were to look at Gecitkale and at the lessons we were to learn from Gecitkale, we would see that Gecitkale was besieged, because it was cut off from other Turkish villages. So we will live in one place in our own region from now on so as not to be isolated. The future agreement will command this, will ensure us this ."

Greek Cypriot Propaganda

President Denktas remarked on the Greek Cypriot television propaganda to get Turkish refugees to go back to their former homes in the south and said:

"That is, with a handful of grass like a butcher enticing the flock into the slaughterhouse, they think this Turkish community, which they have done everything they could to crush and annihilate for 11 years, will see these pictures and go running back to them. I repeat to you all: An agreement was made on the exchange of populations to ensure liberation. On that day, the Turkish community made the decision to live in one place and has come to one place. We are resolved to live free and without fear in one place."

Cypriot Independence

Pointing out that the next agreement would ensure this, Denktas said:

"The Greek Cypriot will never again progress towards enosis as he tried to do by cutting off the Turkish road and pressuring the Turks by instilling fear in people isolated from one another, because the Turkish community in the north, as a single body, will block him and will continue to ensure the independence of Cyprus."

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WAR OF WORDS ERUPTS IN ASSEMBLY

Nicosia HALKIN SESI in Turkish 18 Nov 80 pp 1,2

[Article by Erten Kasimoglu]

[Text] Strong arguments broke out yesterday afternoon between Prime Minister Mustafa Cagatay and NUP [National Unity Party] Nicosia Deputy Raif Denktas in the Federated General Assembly which met at 1500.

CLP [Communal Liberation Party] General Chairman Alpay Durduran pointed out, as the Courts Revision Bill was being discussed and voted upon article by article, that the bill was unconstitutional and, if it were passed, would involve the Supreme Court in politics. He said that if this were to be done for the purpose of exposing CYPFRUVEX [Cypriot Vegetable and Fruit Processing and Exporting Corporation]'s abuses, the judges who would sit on the commission would be constantly criticized and stressed, from this standpoint, the need for the Assembly to be very careful in this regard.

"The one answerable for the abuses and improprieties at CYPFRUVEX is the government," Durduran said. He was followed on the floor by NUP Nicosia Deputy Raif Denktas, who burst out shouting, "If bills as inept as this come to the General Assembly, Alpay Durduran speaks equally plainly and truthfully as an opposition leader."

Saying, "This is enough," Raif Denktas continued: "There have been great abuses, improprieties and scandals at CYPFRUVEX. This is obvious. What else did we expect? Or did we think we could get away with saying 'We set up the Commission and 'We left it up to the judges'? We cannot get away with it."

When Semsi Kazim interrupted his loud, agitated tirade with a warning, Raif Denktas said, "The time has come to tell the truth. If we go ahead with this, it will not be just the heads of the NUP, but of the entire community that will roll. But we can no longer even delude ourselves, much less the community."

Saying, "I have never seen such an inept administration," Raif Denktas added that if it emerged that the formation of such a commission was unconstitutional in the resettlement, land distribution and equal property law, it still could not give any meaning to the desire to go in this direction. Raif Denktas then said:

"All of this corruption is the responsibility of the NUP. We cannot escape the responsibility. There is corruption at CYPFRUVEX. If we intend to expose the corruption at CYPFRUVEX, we cannot put the responsibility for it on the judges. We

are solely responsible. The government is directly responsible here. The government ought to get to the bottom of this mess and if other matters come out in the process, let them come."

Departure

Raif Denktas quickly left the General Assembly hall after his speech, got into his car and sped off towards Ataturk Square.

Prime Minister's Speech

Prime Minister Mustafa Cagatay, taking the podium to reply to Raif Denktas, began his remarks by saying, "I have had the opportunity to hear once more one of Mr Raif Denktas' unbearable and disgraceful speeches to the Assembly."

Stating that Raif Denktas was hard put even to do his own job, Cagatay said, "A national deputy ought to know what is going on within his own party so that such a speech from the podium would have meaning."

Accusing Raif Denktas of cheap politics, Prime Minister Cagatay continued as follows:

"For a national deputy to make a speech without knowing where he stands points up the difficulties a government has.

"It has now become imperative at this stage to find out the facts about CYPFRUVEX. As for the question of responsibility, it will certainly be answered...

"There may be a question of losses at an institution, but it is important to discover the reasons for these losses and to dwell on these reasons. But if Raif Denktas comes out and talks about it right from the beginning, that is cheap politics... It is impossible to think that he can make points by delivering such an inept speech without understanding his duty. I know this well because he is a national deputy from my party."

Cagatay also said in his statement that he had gone to London at the behest of the Audit Department about CYPFRUVEX.

Note: We will publish extensive reports tomorrow on the speeches made at yesterday's General Assembly meeting of the Federated Assembly.

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TURK-SEN AGAIN BLASTS GOVERNMENT ON PRICES

Nicosia BOZKURT in Turkish 18 Nov 80 pp 1,4

[Text] Nicosia -- TURK-SEN [Turkish Cypriot Federation of Labor Unions] published a bulletin yesterday, criticizing the government for its latest price increases.

Stating that together with these increases, bus fares which closely and directly affect workers had also gone up and that multiple reflections of the increase in oil prices would make themselves felt more every day, the TURK-SEN bulletin also said, "The new price increases which most affect the low and fixed income groups have increased the measure of consternation and discontent." The following views appeared, in summary, in the TURK-SEN bulletin:

"The government may have no choice in certain decisions. But governing is the art of creating possibility even where there is no choice and of not oppressing, or allowing to be oppressed, the citizens with the decisions it makes. However, our government does not so much bear the responsibility of governing as of making up for its own carelessness to those who work and the low and fixed income groups.

"TURK-SEN has reacted against and warned against the government's back-to-back price hike decisions and has even made constructive and positive proposals for reducing the effect of the increases on the working sector and avoiding social crisis and explosions. Unfortunately, it is not possible to say that the government has paid attention to the warnings and proposals, because now even the cost-of-living allotment is the rationale for a new increase.

"TURK-SEN is warning the government once again. The government's attitude is cause for an anarchic and social explosion. The government is bound to find and take radical, lasting measures to ensure stability. It must be known that a government which shelves all proposals and goes its own way will be doomed in the public estimation."

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DURDURAN ANNOUNCES CLP PLATFORM

Nicosia BOZKURT in Turkish 19 Nov 80 pp 1,4

[Report on statements made by CLP General Chairman Alpay Durduran at dinner for the press on 18 Nov 80]

[Text] Nicosia (TURKISH AGENCY CYPRUS) -- CLP [Communal Liberation Party] General Chairman Alpay Durduran has announced that if they come to power they will not harass any public employee because of his political leanings but that they will expect impartial service to the state from every public employee. He said that they would eliminate political positions and limit undersecretaries to 10. Durduran contended that the present administration had engaged in partisanship against CLP public employees and gave examples from certain incidents in the cooperatives.

Political Policy

Alpay Durduran said on behalf of the party that they did not expect positive results at this stage from the intercommunal talks on the Cyprus problem.

Alpay Durduran, general chairman of the major opposition party, stated that in order for the intercommunal talks to achieve concrete results, it was necessary for the Turkish community to gain influence at home and abroad and that their demands would be accepted by the other side only if the Turkish community were strong.

Stressing that he did not believe the Greek Cypriot community would be able to get the Turkish community to accept their demands with the proposals submitted, Durduran said, "To be hopeful about bilateral talks today depends on a lot of outside factors."

In answer to a question, Durduran pointed out that certain foreign factors were involved in the Cyprus problem today but he did not believe they were sufficient to resolve the problem and noted that a solution to the Cyprus problem by this means would be short-termed and inadequate.

CLP General Chairman Alpay Durduran, General Secretary Ismail Bozkurt and CLP Nicosia National Deputy Ekrem Ural, hosting a dinner last night in honor of members of the press, also answered questions on a variety of other problems.

Economic Policy

Pointing out that if the major opposition CLP came to power in 1981, they would base their economic policy on four major pillars, Alpay Durduran listed them as follows: "Improving the Public Economic Enterprises, revising the cooperatives to make them more influential, establishing Public Companies and giving importance to the state sector."

Stating that if they came to power, they would establish a Central Bank, eliminate the Turkish lira procedures and print Turkish Federated State of Cyprus currency if necessary, Durduran noted in answer to a question that printing currency and being a state were two separate things, that it was not necessary to be an independent state to print money.

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PRIME MINISTER OUTLINES FARM POLICY AFTER EEC ACCESSION

Athens ATHENS NEWS in English 11 Dec 80 p 2

[Text] All exploitable land belonging to the state will be distributed to landless farmers and stockbreeders, Prime Minister Rallis announced yesterday, during a speech at the opening of the 27th annual convention of the Federation of Greece's Farm Cooperatives.

In his speech, Mr Rallis stressed the importance the government accords farm cooperatives, and its resolve to encourage their activities and development. He said, however, that cooperatives must realize their activities must develop in conditions of competition with private enterprise, and urged them to develop their own organs, comparable to those used by private enterprise.

EEC Entry

Greece's imminent entry into the European Economic Community, the Prime Minister said, finds Greek agriculture in a phase of intense efforts and institutional, structural, and procedural rearrangements that, the government hopes, will enable farmers to profit from accession more than anyone else.

With accession, he continued, Greek farm products will move freely in one of the world's largest markets, while the farmers' income will be protected by Community intervention, mechanisms of price support, concentration of surplus produce and subsidies for exports to third countries. At the same time, large sums will be drawn from the Community budget for modernization of Greek agriculture, with increased productivity the main target.

The Common Agricultural Policy (CAP), combined with measures planned by the government, will guarantee sale of Greek farm products at satisfactory prices and will promote production of goods for which Greece is in an advantageous position, like off-season fruits, vegetables and cotton.

Major Benefits

One should not expect spectacular results during the first year in the EEC, Mr Rallis continued. Major benefits will become gradually evident during the second and third years. But, he added, Greek agriculture is rising to the European challenge and maximizing the benefits is the responsibility of both government and farmers.

The Prime Minister then underlined basic goals of the government's agricultural policy. These goals include: Completion as soon as possible of reorganization of transporting and marketing of farm products to abolish intermediaries and cut prices. To this end, the government plans to invest four billion drachmas to construct refrigerators, slaughterhouses and olive oil tanks.

--Facing structural problems of Greek agriculture to reduce production costs and raise farmers' real income. Distributing state-owned land to landless farmers will be the major element in this effort. Mr Rallis added there will be requirements that the land to be distributed be exploited collectively through cooperatives. To this purpose a bill dealing with incentives for collective exploitation and a ban on splitting farm land in to little parcels will soon be introduced in Parliament.

--Financing irrigation and land-improvement works to increase productivity.

--Implementing the program for problem areas the government has already drafted. Mr Rallis said the program defines areas considered as problems, adding they comprise all mountainous areas and most islands, totalling 70% of Greek territory. He said the program will require an investment of 4 billion drachmas for 1981 alone. EEC will participate by 25%. For the next five years, a total spending of 70 billion is anticipated, with the Community supplying roughly 40%.

Incentives

--Establishing incentives (low interest housing loans) for young farm couples to stay in rural Greece and apply themselves to agriculture.

--Giving farmers and cooperatives the opportunity to participate in the administration of the Agricultural Bank of Greece (ATE). To this end, Mr Rallis said, ATE will issue personal, non-transferable stocks. In the beginning, the majority of those stocks will go to the government and the rest fo farmers' organizations. Gradually, as the farmers gain the necessary experience, their participation in ATE's capital will increase.

All this, the Prime Minister concluded, shows the government is according agriculture particular importance, in view of the country's accession to the EEC. "As you will have realised, we have undertaken a gigantic effort for agricultural reorganization and development," he declared.

CSO: 4920

PASOK PARTY CHAIRMAN BLASTS GOVERNMENT OVER EEC RIFT

Athens ATHENS NEWS in English 11 Dec 80 p 4

[Text] "The Greek delegation's clash with EEC officials over prices and subsidies for key Greek agricultural products reveals both the incompetence with which the Government negotiated our country's entry into the EEC, and its thoughtless haste to achieve accession at any expense and without taking into consideration effects accession would have to our national economy," Panhellenic Socialist Movement (PASOK) president Andreas Papandreou said yesterday.

Mr Papandreou said the government, having finally realized the disastrous effects participation in the EEC under those terms would have for Greek agriculture, is now essentially trying to renegotiate accession terms. This, however, he said, is rejected by the EEC partners, who base their rejection on unacceptable terms the government has had to accept in order to achieve accession.

The main opposition leader remarked that Prime Minister Rallis "naturally glossed over the Brussels dispute during his speech yesterday to the Federation of Greek Agricultural Cooperatives (PASEGES)". He also charged Mr Rallis with attempting to appropriate, in his speech, parts of PASOK's agricultural program.

"But it is in vain. Implementation of a truly pro-farmer policy takes more than pre-election demagoguery. It takes both faith in such a policy and mechanisms controlled by the farmers themselves," Papandreou said.

The Greek farmer knows, from bitter experience, that "pre-election promises mean nothing when coming from a government bent on serving interests of a domestic and foreign economic oligarchy."

"For this reason, our country's farmers are resolved to fight for revitalizing the Greek countryside, and materialising the great change within the framework of the agricultural policy of PASOK a party serving and expressing the long term interests not of the oligarchy but of working people in the field and the factory," Papandreou concluded.

CSO: 4920

FIVE CAR FIRMS TO BUILD PLANTS

Athens ATHENS NEWS in English 4 Dec 80 p 4

[Text] Five cars manufacturers from the United States, West Europe and Japan have signed contracts worth a total 40 million dollars to set up assembly plants in Greece, Alternate Minister of Coordination Ioannis Paleokrassas said Thursday.

He told a press conference the biggest project was that of Alfa Romeo of Italy, which is to set up a plant in the industrial area of Patras, western Peloponnese, at a cost of 25 million dollars. [as published]

The plant will be ready in 1983 and will assemble 10,000 passenger cars and 4,000 trucks a year, he said.

General Motors will invest 915,000 dollars in a plant near Lamia, central Greece, to assemble a four door car.

About 4,500 vehicles will be built there when the factory opens in 1982 and output will increase to 6,000 in the plant's second year, he said.

Three Japanese companies, Datsun, Mazda and Carion, are also to set up plant, assembling about 2,000 passenger cars, light trucks, tractors, jeeps and vans a year at factories to be sited in Ioannina, western Greece, Volos, central Greece, and outside Athens, he said.

Mr Paleokrassas said that in all cases the vehicle engines would be imported and most of the cars were for the Greek market although some would be exported to the Middle East.

He said the government was negotiating three other contracts with car manufacturers for assembly plants but gave no further details.

CSO: 4920

FOREIGN BANKS CONTRIBUTE TO ECONOMIC DEVELOPMENT

Athens BUSINESS & FINANCE in English 29 Nov 80 pp 10, 11, 32

[Text of speech by A. Mandika, general manager of the French Bank BIAO, at the Second Congress of Economic Development on 20 Nov 80]

[Text] UNFORTUNATELY, the presence of foreign banks in Greece has become something of a political issue, as the subject has been discussed in Parliament. In my statement today, I shall limit myself to the economic sector. The subject will be divided into two parts — the contribution of the banks up to the present day, and what their contribution will be tomorrow, with Greece's entry to the Common Market.

Looking back to the post World War II period, we find that American Express was the first bank to be established in Greece. This bank began operations here as a travel office, (as in other countries) and later offered banking services.

The first foreign bank to establish in Greece opened in 1963/64 (i.e. 7 years ago), the National City Bank (now Citibank). One of the conditions which the Currency Committee set up for its establishment in Greece was, among others, the financing of projects in Greece to the amount of US$5 million for a period of 5 years or over for each project. This bank was already known to Greece for its contribution to the economy in the form of various large loans (PPC, Bank of Greece, government, etc.).

For a period of 3-4 years this was the only foreign bank operating in Greece.

In the period from 1967 to 1973 we note that a number of foreign banks, mainly American banks, received approval for the establishment of branches in Greece. These were the Chase Manhattan Bank, the Bank of America, followed by Continental Illinois, First National Bank of Chicago, Algemene Bank Nederland, Bank of Nova Scotia, BIAO, Bank Saderat Iran.

Later, British banks also decided to open in Greece and we have Grindlays, National Westminster, Barclays, Williams & Glyn's and finally an Arab bank the Arab Bank and two French banks, Paribas and the Societe Generale.

Thus today we have:

— Six American banks: American Express, Citibank, Chase Manhattan, Bank of America, Continental, First National Bank of Chicago.

— Four British banks: Grindlays, Barclays, National Westminster, Williams & Glyn's.

— Three French banks: BIAO (soon CCF), PARIBAS, Societe Generale.

— One Dutch bank: Algemene Bank Nederland.

— One Canadian bank: Bank of Nova Scotia.

— One Arab bank: Arab Bank

— One Iranian bank: Saderat Iran

making seventeen foreign banks in total.

This number is fairly high when we compare it to the ten to eleven Greek commercial banks.

Comparison, however, stops here, because if we go back to the volume of business of the foreign banks (deposits, grants) this is no more than one-eighth or twelve percent of the total of the Greek commercial banks. That is, in a total of 580 billion drachma deposits about 60 billion drs. (total banking system drs. 800 billion).

I am mentioning this because foreign banks have often been accused of taking a large part of bank business from the Greek banks. Figures, however, indicate the opposite.

Foreign banks have also been accused of not accepting small amounts of deposits and of not approving small grants. However, this is not a just accusation. The reason why they obtained approval to establish in Greece is to help the Greek economy, and not to collect deposits from the suburbs and municipalities of Athens. This would interfere with the operations of Greek banks.

In fact, the Currency Committee restricted the establishment of foreign banks in Athens, Piraeus and Thessaloniki. This is the answer to the accusations against foreign banks. It is time, however, to study the contribution of foreign banks to the economic life and development of the country.

At first let us consider one basic prerequisite for their establishment. That is, the requirement to invest long term loans, in agricultural projects, in government organisations, in private enterprises, etc.

The amount of this obligatory investment originally amounted to US$5 million and later increased to US$10 million at each branch. As we have 17 banks with 40 sub-branches, that means that compulsory investments during the period of their operations in Greece have amounted to $300-400 million.

The monthly statements of foreign banks in Greece show that the above amount is not even one quarter of the foreign exchange which these banks have imported at various times into Greece in order to help the Greek economy.

Today this amounts to over $1,500 million excluding over $800 million imported to finance shipping.

Besides the above sums we must also account for the millions of dollars of the direct participation of central and foreign banks in consortiums of loans, to the Bank of Greece and PPC, Greek National Railways (OSE), Olympic Airways (OA), etc., a participation which is attributed mainly to the existence in Greece of banks which closely follow the economy as well as the needs of the country.

Of course, such import of capital carries with it profits which are partly repatriated. But what is the basic purpose of a bank? Is it not to accept deposits and to lend with the relative difference or profit? Of course, some of the foreign banks establish in the country for reasons of prestige only. With Greece's accession to the EC, the role of foreign banks becomes more serious and their assistance to the economy more intensive.

Greece's first obligation in the economic sector is the establishment of a free foreign exchange market. The relevant law was passed on November 7. Following the Currency Committee decision, 12th November was set as the starting date for the operation of the free market.

For the foreign banks, this is not new, as for the last 30 years the system has been applied in Europe and the USA.

The Greek banks however, have, since 1954, been accustomed to buying and selling foreign exchange at prices previously set by the Bank of Greece. (This covered the over sales and the over-buying of the banks). These prices were announced, and took the

responsibility for the relative foreign exchange risk (while commercial banks had profits).

This, therefore, is something new that most of the young employees have not experienced. Thus they have a lot to learn from foreign banks and those who have transactions with them. They can benefit, and so also can the Greek economy.

One other subject which has been disputed, is the establishment in Greece of multi-national companies and their contribution, or lack of it, to the Greek economy.

It is uncertain if the foreign banks established before the establishment of the large foreign companies, or if they came in to help the already established foreign companies. If foreign companies came in because they knew the foreign banks were here to help them, is not absolutely determined.

I am not listing the foreign industries which were established in Greece on the basis of financing (mainly in foreign exchange) by foreign banks but there are over 50 and the financed foreign and Greek companies are estimated at 500.

On the other hand, with our accession to the EC, other foreign European banks will be established in Greece, thus competition among foreign banks will become more intensive to the benefit of those dealing with them (the only prerequisite being that the bank is well known (bona fide) and its directors of good morals, and experienced in banking). Another fact, not widely known to the public, is that foreign banks have contributed largely to the targets for which the beneficial laws 2687/53, 4171/1961 as well as Currency Committee decisions 85 and 93 of 1945 were issued. Finally, when we speak of the great number of foreign banks operating in Greece (totalling 17) we must not forget that 64 foreign banks were in Beirut before the Civil War.

If, therefore, we want Athens to replace Beirut as a centre for the Eurodollars of the Middle East this can take place only with the exsitence here of foreign banks which deal in those Eurodollars.

To conclude I would like to say a few words concerning the representatives of foreign banks and banks which establish in Athens for operations outside the Greek state (offshore banks of Law 89). The influence of the former on the Greek economy is considerable.

The most important and the oldest are the Banca Commerciale Italiana (there are no Italian banks in Greece), the Bayerishe Vereignbank (German), there is no German bank, the Hambros Bank (English), the Manufacturers Hannover Trust (American), the Bankers Trust (American), the Rothschild and the CCF (French). With Law 89 we have the Citybank (American) and the Banque des Exchanges Internationaux (French), and the Trade Development Bank.

With Greece's accession to the EC and the internationalisation of the drachma the number of these banks with interests in the Middle East will increase, as Greece offers the most suitable base (telecommunications, transportation facilities, foreign language speaking personnel, etc.).

To all the above mentioned we could add that there will be over 3,000 employees, and the admittance of new banking methods which Greece will need, with its accession to the EC.

CSO: 4920

MANUFACTURERS VOICE CONCERN OVER UNIVERSITY DEGREES

Athens HELLENEWS EXPRESS in English 4 Dec 80 p 5

[Text] The Northern Greece Manufacturers Association has issued a sinister warning on the effects upon the Greek economy of the present state of higher education in the country. It says: "For the last ten years, the rot has set in among the country's higher educational institutions. There is commonly acknowledged unwillingness on the part of students to attend their studies and to take advantage of whatever opportunities the country's educational system can afford them to improve their knowledge. It is equally well known that their sole objective is to lay hands on some kind or other of a degree on the strength of which to seek an appointment to some post in the private or the public sector. In the eyes of the students, award of such degrees should be made with the minimum effort on their part and, where possible, without their attendance at lectures (now common practice), without study and, naturally, without examinations. In fact it would seem that all that now remains is for degrees to be awarded by mail. Such a situation would not differ all that much from what is happening at present where interested parties only appear for procedural matters before their university authorities, without any regard for the substance or real meaning of their degrees. This "modus operandi" is aided and abetted to a large extent by the State itself which engages and settles into comfortable niches in the public service many of these graduates without due regard to the essence of their studies. This is in sharp contrast to the private sector which engages staff only after careful scrutiny of what each candidate really knows. This, of course, accounts for much of the sharp difference in public and private sector productivity. In view of a situation in which a higher educational system "produces" holders of degrees lacking in any real knowledge, industry will reluctantly be obliged to resort to the sad alternative of recruiting its qualified staff requirements only from graduates of foreign universities, carefully avoiding to engage semi-qualified and low-yield personnel."

CSO: 4920

LAMA INTERVIEWED ON LABOR UNION RENOVATION

Milan PANORAMA in Italian 24 Nov 80 pp 220-228

[Interview with CGIL Secretary Luciano Lama by Massimo Riva--date and place not given: "If Craxi and Berlinguer Would Stop Fighting"]

[Text] Luciano Lama did not climb the mountain. But after the 35 dramatic days of the Fiat affair he prepared a decalog to begin the revitalization and renewal of the Italian trade unions. Here, in brief, are the 10 points:

First, Lama does not intend to abandon either his position or the battle.

Second, anyone who unloads all blame on the trade unions for what does not function is myopic and suicidal: There is a worldwide crisis of industrial systems which is much more insidious in Italy because it is not seen in traumatic events, but through progressive downhill slippage.

Third, the trade union was not defeated at the Fiat because it blocked dismissals and because it prevented Agnelli from letting it be believed that the firm had only employment problems.

Fourth, the trade union will force Fiat executives to throw light upon and discuss all the errors that led to the plant's crisis.

Fifth, the trade union is ready to negotiate with Confindustria on the problem of worker mobility, but only if the employers solemnly commit themselves to guarantee it going in as well as coming out.

Sixth, the 40,000 persons in the Turin parade are the offspring of a sliding wage scale and collective contracts that leveled out the wage tables: Professionalism and responsibility should be rewarded.

Seventh, in order to achieve these objectives too, there should be a resumption and revitalization of the EUR [trade union] line which directed the trade union movement onto the path of government enlightenment concerning the national crisis.

Eighth, in order to usefully resubmit this line, it is indispensable that the clash between Craxi and Berlinguer cease, because the political division to the left has favored the aims of leapfrogging and has provoked the paralysis of the trade union.

Ninth, better relations must be found between the summit and the rank and file of the movement, but the Italian trade union will not go backward to follow the path of Poland, transforming itself into an institution which is the servant of power.

Tenth, the key structures will remain the plant councils and the assemblies which so far have guaranteed an internal democracy superior to that of any other political and social organization.

Here is how CGIL [Italian General Confederation of Labor] Secretary Luciano Lama explains the new strategy.

Question: Usually, defeated generals give up command of the troops; after the Fiat affair there is talk of changes at the summit of the trade union. Does such a problem exist for Luciano Lama in the administration of CGIL?

Answer: I don't think that problem exists and certainly, I have no intention of proposing it. First of all, there is a question of method: In a democratic and articulated trade union movement, such as the Italian, there is little room to personalize successes or failures. What counts is a common effort to analyze errors and shortcomings: And it is what we are all doing at the summit and among the rank and file. Then there is a personal question: I have been a trade union leader from the time I began my political life, and I do not plan to give up the struggle except for reasons that surely will emerge, such as age. In the present state of affairs I will not give up.

Question: Do you also persist in considering the agreement reached at the Fiat a trade union success?

Answer: Concerning Fiat, we must consider the matter very carefully without being carried away by slogans. Under the circumstances in which the battle was fought and agreement reached, that accord must be judged positively: We prevented thousands of workers from being expelled from the plant.

Quesiton: Very well, but the problem exists of the conditions under which the trade union acted at Turin. The Fiat attack put you on the defensive and you never recovered from it, giving the impression that the trade union lacked initiative on a central matter such as the crisis of the largest Italian industry. After years of struggle based only on requests, you were paralyzed when the adversary switched roles. Was this inevitable?

Answer: It was not inevitable. Because in the strategic interest of the trade union it was necessary that we promote a line of reconversion and reconstruction, of recovery of efficiency and productivity in the plant. These elements, after all, already were in the platform of claims that the FLM [Federation of Metal Workers] had presented before the summer months to obtain susbstantial guarantees of employment. But all this was lost when the plant posed the problem of its crisis exclusively on the terrain of dismissals.

Question: What is not understood is precisely why these aims were lost along the way. After all, it was the PCI which was the first to open the Fiat question and in very dramatic terms. But then all this awareness of the problem disappeared and the trade union remained to fight against dismissals without proposing any alternative. Why did this happen?

Answer: Part of the blame belongs to Fiat, because it glossed over other factors of its own crisis in order to force everyone to talk in terms of dismissals. But a large measure of blame also falls on the trade unions because the proposals contained in the FLM platform were not, evidently, the fruit of a deep understanding of the crisis. Fiat engaged in provocation, but the workers did not believe in the difficulties of the company. After all, I believe there is still widespread skepticism about the real dimensions of the great crisis that assails the entire industrialized world. For this reason, the trade union movement, particularly in Turin, let itself be bottled up in a battle that was exclusively defensive.

Question: Let us try to go into the Fiat crisis. Many people say that the Turin plant has problems that go well beyond those of excess personnel. There are financial, and above all production difficulties: The Fiat models do not sell because they were superseded by the competition. If that is true, your agreement does not amount to much. The most dramatic chapter must still be told. What do you plan to do after this first lesson?

Answer: I also am convinced that Fiat's prime problem is to produce automobiles that can meet the competition in the marketplace in terms of price, but above all in quality. In this sense, our agreement is simply a dam. But it is a dam that cannot stand against any amount of water. To rescue Fiat employment the plant must know how to develop a new financial, productive, technological and sales strategy. We all must know one thing: There cannot be a before and after situation among the problems of reconstruction and protection of employment. Otherwise we are condemned to be bottled up in a discussion on dismissals.

Question: One thing is certain: Thousands of billions of lire are needed to put Fiat back on the track. Its competitors, in fact, are committing fabulous amounts of money to investment to move forward. Since there is talk of extensive government aid, there are those who put forth the hypothesis that the Fiat may go into receivership. What do you think?

Answer: I think that neither the trade union nor the country is interested in such a hypothesis. I do not even consider it desirable that the Fiat go into receivership...

Question: Would you perhaps prefer agreements, perhaps even involving stock transactions, with foreign producers?

Answer: This can be one of the many roads. I believe that the necessary capital can be sought in various places. As a trade union movement we do not like the idea of a resort to massive state aid which would take the company very close to the hypothesis of receivership. But there is a prior condition to the question of money. Even a large mass of money would be useless if inertia and lack of initiative of Fiat administrators in regard to the matters of productive renewal were to persist. Without such productive renewal, thousands of billions of lire would not be enough.

Quesiton: Does this mean that you do not trust the Agnelli administration?

Answer: I have many doubts on this point. Fiat had periods of great splendor even compared with the most effective competitors. But I have not seen that technical-productive primacy in recent years and there is the impression of falling back on

a very flat plant administration. In brief, one that is resting on its laurels. But this cannot last long and we will pose these questions before employment is affected.

Question: I am not discussing Fiat's errors, but even the trade union did its part, by imposing burdens and restrictions. To cite current events, almost all the world's large automobile plants are trying to overcome the difficult market conditions even by taking a path--that of dismissals--that the trade union agreement with Fiat instead has precluded. Isn't there some contradiction in your house?

Answer: But we have not excluded personnel reduction; rather we have explicitly taken it into consideration through the path of mobility from job to job: A thing that is very possible if the Turin labor market is considered. The implementation of this mobility depends on Fiat, on the general policy of Italian industrialists and on the initiative of public authorities. It is merely a question of determining whether the bosses who, like Confindustria, ask for mobility at termination are also then disposed to guarantee it also initially in terms of individual enterprises. Otherwise everything would turn out to be an intolerable joke.

Quesiton: Did the 40,000 participants in the famous Turin parade frighten you?

Answer: I was not frightened. They made us think about the risks of a split among the workers. Those 40,000 were not invented either by Mephistopheles or by lawyer Agnelli. Rather, they are the products of the leveling out of wages and regulations caused partially by the sliding wage scale and partially by the most recent collective labor contracts...

Question: Therefore the time has come to turn the page and find a new line for trade union action. What do you plan to do in this regard?

Answer: Certainly it is not a case of inventing anything new. With the EUR line, the trade union had already chosen the paths to restore the values of professionalism, of proficiency, of productive careers. We had already said that the subject of investments, above all in the south, was to have priority over wages...

Question: But then things went along as before. And many in the trade union bragged about having defeated both the EUR line and its leader, Luciana Lama. Is that not so?

Answer: Yes, I am supposed to be the EUR defeat. But now everyone recognizes that that strategy has no alternatives. Either the trade union takes the road that rewards future well-being against the waste of the present, or everything will deteriorate and the nation will collapse. The road indicated by EUR is the one we must resume and for which I intend to remain here and fight.

Question: Let us try a specific case: The sliding wage scale. You say that wages were excessively leveled by the unified point: Am I to understand that you are now disposed to discuss the question of the sliding wage scale?

Answer: This indexing system has to be changed, there is no doubt about that. But be careful: The trade union recognizes the weaknesses of the sliding wage scale, however, it is willing to reshape it only on condition that the new accord will be

included in a strategy of revitalization and recovery in which Confindustria as well as the government would play their part. Instead, the industrialists ask only for freedom of maneuver and the ministers make vague and general plans. No, on these premises, little progress will be made. Those who move the levers of investment should tell us specifically what they want to do and we will make our contribution. We give no one a blank check.

Question: I understand; it is questionable when the sliding wage scale will be discussed. But hasn't the famous EUR line also remained unimplemented because of your lack of determination and courage?

Answer: No, that first trade union battle over administration of the crisis presupposed a broad solidarity among government political forces. Instead, the EUR line matured when the policy of national unity in the country was declining. This led to an exasperated climate of competition, at times for ulterior motives, among the parties. The leapfrogging games, the gymkhanas to displace the adversary began. Anyone who advanced thoughtful and reasonable proposals was easily outstripped by those who used irrationality and demagogy.

Question: But if that is how you think, how can you come forth again with the EUR line now, when the conflict between the two major leftist parties has reached heights of harshness unheard of in the past? If Craxi and Berlinguer continue to quarrel, how can a new EUR line be passed by the trade unions?

Answer: Certainly the conflicts between communists and socialists can be fatal for the country, and it surely is for the trade union movement both in terms of unity and capacity for action. Despite the natural differences between the two parties this clash has no reason for being...

Question: But according to Lama, what should Berlinguer and Craxi do?

Answer: I don't teach anyone his job. I merely say that the left must work unitedly for the good of all. In the meantime, I would begin by putting aside personal campaigns. Let no one nourish the hope of ousting Berlinguer and let no one else do the same against Craxi. In short, it is time to end the mental reservations. The EUR line was not and could not be a strategy subordinated to political needs: That's what some tried to make it appear concerning the question of the participation of communists in government. Those who thought these things do not know the trade union movement. The Italian workers are willing--this is the meaning of the EUR line--to make sacrifices in connection with a general and profound change of the national society and economy. It is clear that those sacrifices in that change are operable only on condition that an extraordinary political harmony be reached on objectives. In this sense, and only in this sense, there is a tie between the trade union strategy and the communist question.

Question: Just a minute. But the EUR line did not achieve a consensus even of all the communists, not to speak of large fringes of the trade union world. Is it not perhaps true that you were criticized both in the PCI as well as in the CGIL?

Answer: I will ignore questions concerning my person. Regarding the communists, a truth known to all should be recalled. In the 30 years of the policy of national unity the PCI leaders were attacked on all sides as the moderates, as the firemen,

who were ready to sacrifice only to support the entrance of their own party into government. This left profound resentments and today makes it more difficult to rekindle the movement for a future of change. Among us, there are those who are thinking about revenge: You attacked us, very well, now that you need our support we will make you pay for it dearly.

Question: But can politics be played with resentments?

Answer: Certainly not. It can't be done either with sentiments or resentments. For this reason I say that the parties of the left, the PSI [Italian Socialist Party] and the PCI particularly, must rediscover their own unity of action. Are there many resistances? That does not matter: The initiative of the trade union movement must push beyond these obstacles.

Question: I agree, but aside from an appeal for harmony between Berlinguer and Craxi, what does the trade union plan to do to overcome these splits?

Answer: I am not in the habit of making general appeals. I believe that the power of events will impose a change. Regarding the trade union we will place concrete proposals before the parties of the left and the entire nation: On these we have begun rank-and-file consultation, which never happened before, which will conclude in January. Then we will begin with action initiatives and there we will have a measure of who really wants national renewal and who does not. But I am an optimist. Already the first signals that come from the recent Central Committee meeting of the PCI say that the idea of the unity of the left is progressing. It will progress still more.

Question: But resistance, you said, is not lacking. There are those who propose that the trade union abandon the road of conflict and take a position as a true institution within the system. In brief, there are those who want you to take a position beside the present government or other similar governments in a kind of joint administration. Perhaps this is precisely for the purpose of having the concensus of the trade union instead of that of the PCI. What do you say about this possibility?

Answer: I say that the trade union is not an animal to be captured. Regarding the institution, let us be clear: For some time we have been an integral and essential part of Italian society. If, instead, institution means that we must become an instrument of consensus, then we simply do not understand each other. How can it be that precisely those who applaud trade union freedom in Poland would like us to take a backward step along the Polish road to transform ourselves into a convenient and docile apparatus? Go on, let's not make jokes.

Question: But, after the Fiat affair, your degree of representativeness seems to have decreased. The trade union of the councils is being accused on the matter of internal democracy. Resort to the referendum and to the secret vote in the plant is proposed. Doesn't this malaise bother you?

Answer: But from what pulpits do these lessons in democracy come? Whenever have these people who want to teach us the democracy of the referendum resorted to it in their own house? There is no organization in Italy that would submit its leaders and its decisions to controls of the kind and number practiced by the trade union.

Where has there ever been as much discussion as there has been in plant meetings? And who has ever had the courage that we had to face up to all the contentation, even that of minority and violent fringes? Let's be serious. Certainly a vote can be taken at one time by secret ballot and another by a show of hands. Just as referendums can be taken, but on questions that offer a clear choice between a yes and a no. However, please, don't try to come and give lessons in democracy to the trade union of the assemblies and the plant councils. These remain the essential instruments of our democracy and of that of the entire nation.

Question: We have spoken of external obstacles or interferance. But problems exist within the trade union: If the EUR line is not passed, this is also due to the resistance of many workers against the possibility of sacrifices for a better future. It seems to me that nothing has changed today, rather the corporative resistances increase everywhere: Why does this happen and how do you plan to overcome it in the future?

Answer: Internal resistance has existed. To some extent because it is difficult to adopt the logic of certain sacrifices, above all when the governments do not instill confidence concerning basic changes that must be made. But, above all, because many workers find it difficult to understand the seriousness and depth of the Italian and world crisis. The situation is like that in 1929, but with the difference that there is not now, as then, a traumatic event that shakes the consciousness. The worst harm is that we are slowly and inexorably sliding downhill. Day by day we are becoming less secure and poorer. However, it is happening so slowly that few are aware of it. And this is true not only among the workers: Even among the employers or among our government leaders, there are few who are aware of the seriousness of the times.

Question: Yet there are those who say that the gross national product increases, wealth is not lacking, the stock market is running wild. Even some cabinet ministers are not pessimistic...

Answer: All those are ephemeral signals. What counts is that all the main businesses upon which our future as an industrial nation can be based are in a state of serious crisis. I see that stable employment is falling, that inflation is cutting into wages, that Italian products are seen less and less on foreign markets. The rest are fairy tales. My commitment today is to fight in two main directions. The first is to make the workers fully aware of the seriousness of this crisis. The second is to make the trade union a great force for change and reversal from the nation's downhill course. And in order to achieve this I will fight for agreements among the parties of the left. Divided we can only compete in blaming each other for responsibility of the defeat. United we can save the country: Those who do not want to do this will assume all blame for general disaster. I say this in the interests of millions of workers and not in function of the fortunes of this or that party. The French lesson, that of the pernicious rupture between the socialists and the communists, should be a warning to all progressive forces.

6034
CSO: 3104

CISL SECRETARY DISCUSSES MEMBERSHIP FIGURES

Rome QUOTIDIANO AUSI in Italian 24 Nov 80 pp 4-5

[Article: "Is It True That Trade Unionism Is Losing Members? Nino Pagani (CISL) Gives An Answer"]

[Text] Ausi, 21 Nov 80--Nino Pagani, CISL [Italian Confederation of Labor Unions] secretary in charge of membership enrollment, made some statements in which he depicted the status of trade unionism, in particular that of the CISL, following the discussion opened by Rinaldo Scheda, (CGIL) [Italian General Confederation of Labor], who declared that 1980 would end with his confederation showing a 90,000 membership decrease in employed workers (currently: 4.5 million membership cards).

As is known, the UIL [Italian Union of Labor], has reviewed its status and reports a slight decrease of 7,000 members, which it hopes to reabsorb by the end of the year (the UIL at present has 1.2 million membership cards).

For its part, the CISL anticipates that it will reach its enrollment goal of 3 million members (partial data up to now indicate an increase of 70,000 members, but the closing of the enrollment, with definitive adjustments, is scheduled for 31 December).

In the interview Pagani acknowledged that Italian trade unionism could find itself in trouble if it is not able to recover an image that is deeply rooted in the values of independence from parties, from owners of enterprises, and from institutions. The CISL director frankly argues with Scheda on this point. There are also reasons for worry regarding the capability of responding to the considerable changes in progress in the social fabric (the crisis in big firms and the increase in failures, risks, and underemployment): areas in which confederal trade unionism traditionally is weak. Pagani argues that the crisis also fosters divisiveness among workers: it shatters solidarity, proposes individualistic cultural patterns, objectively favors the whistles of the neocorporative system and of autonomous trade unionism.

Then, in setting forth enrollment data, Pagani specified that there will be a generalized increase in all regions, with considerable peaks in Rome and in other significant sectors of the center-south (Naples, Frosinone, Caserta, Pescara, Bari, Foggia, Catanzaro, Siracusa). In the industrial sector there are local deviations

at present in the area of chemicals (Milan) and in the building trade (Imperia, Nuoro, and Rome), counterbalanced by increases in other localities. There is a decrease in the textile industry because of the drastic reorganization of personnel in the sector. The following are stable categories: mechanical, polygraphic, alimentary (these latter indicate good increases).

In the "land" sector: 20,000 additional members in the Federcoltivatori [Farmers Federation], but a decrease in agricultural workers (perhaps 10,000).

As for public employment: fine all along the line: an additional 11,000 in local organizations, +12,000 postal, telegraph, and telephone employees, slight increases in state employees in the school and hospital sections.

The service sector shows increases in the maritime, port, railway, and civil aviation fields. There are several hundred additional members in the streetcar section. There are 7,000 more in the business sector, +1,500 in the banking sector, slight increases in the insurance field and in the theater sector. An additional 30,000 pensioners.

8255
CSO: 3104

PLAN FOR SMALL, MEDIUM INDUSTRY IN SOUTH PRESENTED

Naples IL MATTINO in Italian 15 Nov 80 p 4

[Article by Emanuele Imperiale: "Areas Equipped for Small Industries"]

[Text] The "plan for a qualified establishment of small- and medium-sized enterprises" presented yesterday at the Institute for the Economic Development of Southern Italy [ISVEIMER] by the Southern Financial Institute [FIME] and by [INSUD] is not part of the usual southern liturgy destined to remain in the realm of dreams. It is a very modern and concrete work hypothesis that probably is difficult to apply to such enormously different realities which are today the various "leopard-spot" areas of the South. The director of FIME, Olivetti, indicated the objectives of the proposal, that aims toward promoting qualified locations for establishment. A "Central Management and Technology Section" is hypothesized, with a well-equipped industrial area that should be run by a company "responsible for the return on its own investments." This managing company should be a mediator for entrepreneurs for solving problems related to the establishment and start-up of small- and mid-sized enterprises. It should furnish even the most qualified with all the necessary services.

What is offered industry is an environment--and this is the only criticism to be made of the proposal--which is perhaps very difficult to create in an area as disunited as Naples. Perhaps it is more readily adaptable to flexible models such as the installations in the Adriatic ridge and some areas of homogeneous industrial development such as the Solofra area.

The success of the initiative, as Olivetti himself confirmed, is tied to certain pre-existing causes: the collaboration of local and regional groups, the co-involvement of currently existing scientific resources and capacities, active participation by large companies and a commitment to enlarge horizons while at the same time keeping a close watch on nonmanufacturing sectors, such as the agricultural and food industry.

Giorgio Ruffolo, the European Deputy of the Italian Socialist Party [PSI] and the President of FIME, pointedly noted the following: "To do this it is advisable to maximize political responsibility in as much as regards the programs and directives of the financial companies which operate in the South, and at the same time, leaving ample margin for managerial and professional responsibility in industrial management."

Only with this vision can one lay the groundwork for the proposal, which as Gianni Zandano, president of INSUD, said, "can be characterized as a well-organized installation capable of accommodating the enterprises but also of enriching them with services at accessible costs, which the individual small companies would have difficulty doing if they had to rely exclusively on their own forces."

How are the local enterpreneurs reacting? Mr Carola, president of the Industrial Union of Naples, recalls that there already exists a plan to establish rural industries companies in three places: at the mouth of the Sarno, at Nola and in the Giugliano area. Di Donato, the deputy mayor of Naples, said that a concrete experience was what the commune did with the shoe manufacturers and tanners, who had united so as "not to die." For them an area of productive installation, which had been found by the administration, was identified.

Nicola Capria, minister for the south, intervened at the close of the proceedings to emphasize, among other things, that "the government is convinced of the need to assure the continuity of the South's system of extraordinary intervention, even though the new law should be profoundly updated."

Capria described the lines along which he intends to move on this issue. IL MATTINO had already revealed what these lines would be a few days ago when the minister spoke to the members of the Interparliamentary Committee for the South.) The socialist minister confirmed the necessity for an open dialogue on southern policy together with all the democratic forces without dictation by the majority. He believed such a dialogue will not be easy because the position of the largest party in opposition is clear, as was reaffirmed in the last few days by Macaluso of the PCI, "The Development Fund for the South must be dissolved."

Regarding the policy of incentives, Capria remained cautious. "It is necessary," he said, "that they be automatic, transparent and swift." In any case, they are to be kept alive in order to make up for that differential which still penalizes the southern economy.

9729
CSO: 3104

OLIVE GROWERS OF PUGLIA CRITICIZE EEC

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 7 Nov 80 p 9

[Text] At the conference of the National Union of Olive Growers held in Bari concern was expressed regarding the policy of the EEC in a statement outlining guidelines for the safeguarding and development of the sector. It said the EEC "in its actions has favored the seed oil sector and denied the necessary support for olive oil because of budget difficulties and strenuous opposition from the countries of Northern Europe." During the course of the conference, the Council of Ministers of the community, the European Parliament and the EEC Commission were asked to "pay closer attention to the executive treaty's economic and social objectives which cannot be compromised because of budget difficulties," and to remember that the olive growers' sector represents over a million and a half workers. The President of the Council was asked to support with greater diligence the olive growing sector vis-a-vis the community. The Minister of Agriculture was asked to defend the prized quality of olive oil by modifying as soon as possible the inadequate law governing classification of oil and to provide for --in implementation of the 984--a decisive role for associations of producers in creating marketing structures. Finally, it was urged that the regions, particularly Puglia, pay greater attention to a program whereby the management of the producers associations and the cooperatives belonging to them would intervene--in accordance with the demands of the professional agricultural organizations.

Meanwhile, in Bari, at the Provincial Federation of Commerce, oil merchants from Puglia met. Dr Forcella, president of the Oil Federation, informed those present of the decisions adopted by the EEC regarding the intervention prices set for the oil campaign, which began 1 November.

These guaranteed prices begin at 2,345.38 lire per kilo for the Extra, first grade oil, as compared to last year's 2,150.56 lire, an increase of 194.82 lire, or about 9 percent.

The intervention of Fino oil was fixed at 2,225.39 lire compared to 2,069.58 last year.

The intervention price on Lampante, third grade oil was fixed at 1,996.85 lire as opposed to a previous 1,840 lire. To these prices will be added the usual monthly increase set at 16.44 lire, valid from 1 January to 31 July 1980.

Consumption aid was set at 485.144 lire per litre before withholding for management expenses, which are 1.3 percent. Regarding this new measure introduced by the EEC to permit further support for the olive oil industry, by reducing the selling price to equal that of consumption aid, Dr Forcella said the EEC has officially communicated, through the consulting committee, that special investigations and studies (with graphs) reveal the complete success of this new measure.

9729
CSO: 3104

PCE REESTABLISHES RELATIONS WITH CHINESE COMMUNIST PARTY

Madrid MUNDO OBRERO in Spanish 14-20 Nov 80 p 37

[Text] Peking (from our special correspondent)--The visit to Peking by a delegation from the PCE [Spanish Communist Party] is unquestionably an important event from the standpoint of the leadership of the Communist Party of China. The top-ranking Chinese officials (Hua Guofeng, Deng Xiaoping and Hu Yaobang) who received Santiago Carrillo and the Spanish delegation, and with whom the bilateral meetings were held, underscore this point. Certain formal, protocolar aspects, such as the fact that the delegation was lodged in the same place as the Spanish monarchs during their visit to this city, attest to it. After being greeted upon its arrival by the secretary general of the Communist Party of China, Hu Yaobang, the delegation was received in an atmosphere of extraordinary cordiality by Hua Guofeng, who stated that this was the first time that he saw Santiago Carrillo, but that he had nevertheless been familiar with him politically for a long time, as he was with the positions of the Spanish Communist Party.

Hua Guofeng was accompanied by other Chinese Communist Party leaders, some of whom had participated in the "long march," and remembered an old song about the defense of Madrid.

Santiago Carrillo also mentioned the period when, "to the Spanish Communists, the personages of Mao Tse-tung and Chou En-lai, as well as the war action against the Japanese, were a cause for encouragement and admiration." Thus, both officials emphasized that this visit and the present talks were in the nature of a reencounter, and a restoration of an old friendship which had been interrupted.

Hua Guofeng talked about the various periods in the history of Chinese Communism: its period of identification with the Soviet Union, which used to be regarded as an "older brother," and the subsequent efforts to find its originality, with complete independence and freedom. "The Chinese Communist Party is 59 years old, and the Spanish Communist Party is 60. We are now mature enought to think with our own brains." Santiago Carrillo, for his part, also discussed this period, wherein there were no normal relations between the two parties; although he pointed out that, "in 1971, the only Communist Party in contact with China was the Spanish Communist Party, although that did not continue subsequently."

In brief, from the tone of the general statement made this morning in the speeches by the Chinese and the Spaniards, one may infer that it is the intention of everyone to reestablish a relationship of friendship and cooperation, in the spirit of deeming

as essential the principles of each party's independence, non-interference, mutual respect and nonacceptance of the concept of a guiding party or a single model for the Communist movement.

The general political context in which this visit occurred was the current concern in Peking about the international situation and the problems of peace and the negation of the validity of the theory of "limited sovereignty" declared by the Soviets; and, insofar as domestic issues are concerned, about the changes that have occurred in the Chinese party and government since the death of the great historical leaders of Chinese Communism and the political liquidation of the "cultural revolution." In this connection, the imminent initiation of the trial of the "gang of four" is an irrefutably timely event.

Both Spaniards and Chinese cite this formal resumption of relations that will occur on the basis of political agreement and respect for the potential areas of disagreement, or those wherein there are nuances and opposing views. As Carrillo stated: "If there are differences, experience and time will tell who was right; and we shall both be happy to acknowledge it. What is serious for a party is not making mistakes, but rather failing to admit them, and allowing them to be considered successes."

In the evening, the secretary general of the Chinese Communist Party, Hu Yaobang, tendered an official dinner for the Spanish delegation and, in a toast, mentioned "the Chinese Communists' admiration for the principled position of the PCE in insisting upon independence and self-determination, and its spirit of not fearing to explore new paths." According to Hu Yaobang, "The reestablishment of relations is in the interests of the Communist movement and world peace."

Santiago Carrillo declared: "The Western news media, sociologists and political experts question the meaning of your search, and at times are bewildered by the changes that are occurring in China. We revolutionary Marxists, on the other hand, follow your debates with as much interest as understanding. No one in the ranks of advanced, progressive mankind could view with indifference, much less hostility, the Chinese people's effort to occupy the leading position that belongs to them in the present-day world." He ended his toast by saying: "The struggle for peace, which entails opposition to imperialist and expansionist tendencies, and to the attempts to intervene through military force in the affairs of other peoples and states, and respect for the independence and self-government of each and every nation on earth, is a cause in which we are convinced that Chinese and Spanish Communists are united today."

In fact, although the bilateral talks have not yet begun, there is every indication that they will surely conclude with the resumption of relations in an atmosphere of restored cooperation and friendship.

2909
CSO: 3110

PREVIEW OF KEY ISSUES FOR 10TH PCE CONGRESS (15-18 JULY 1981)

Madrid MUNDO OBRERO in Spanish 7-13 Nov 80 pp 4, 12

[Excerpts] The PCE's [Spanish Communist Party] Executive Committee has submitted to the Central Committee the proposal for convoking the 10th PCE Congress from 15 to 18 July of next year.

We believe that this is a reasonable period of time for a committee (the membership of which we shall decide upon later) to prepare the planks. We think that it should have for its work an interval extending from its appointment now until 31 January, after which the text that has been prepared will be examined, discussed and approved by the Central Committee, so that the party organizations may have the months of March, April, May, June and part of July to study and discuss it, as well as to prepare the amendments to be submitted to the congress. We believe that we are expressing the desire of the entire party in asserting that the precongress debate and the activity of the congress will be completely democratic, and that, during the course of it, all the opinions existing in our ranks will have a chance to be compared with one another.

A Completely Democratic Precongress Debate

In the end, it will be the majority of delegates who, with their votes, settle the debates and decide on the policy that the party as a whole will carry out until the following congress.

We think that the congress should respond to the problems which the working class and the working strata of the country as a whole, have at present and will have in the immediate future: the crisis, unemployment, the situation in agriculture, and in small and medium-sized business, and the need for reorganization in many business firms and branches of production; and that, at the same time, it should deal with the problems of building the state of autonomies, and the cultural problems, and, of course, discuss issues such as the adaptation of the party structure to the needs of the times, ways of injecting it into the social fabric, and its relationship with the mass movements that we might term traditional, and with the new mass movements, etc.

But, at the same time, the 10th Congress must also offer a clear prospect of the struggle for sociopolitical democracy, and the struggle for a socialist solution; a prospect which clearly establishes the signs of the PCE's identity among the Spanish political parties as a whole.

The 10th Congress will have to make a critical and self-critical analysis of the policy of the party and its leadership organs during this period, drawing conclusions from our own experience and, in general, from all the experience of the transitional period.

In our opinion, the congress must be a reaffirmation of the gains made by the PCE in its capacity and its complete independence for devising its strategy. It must be a congress of renewal and continuity, simultaneously, inspired by political criteria. And obviously the congress will elect the PCE's new leadership organs with complete sovereignty.

We think that, for the party's information during the period of preparation for the congress, some pamphlets should be published, not so much as materials for discussion but as materials for information, to facilitate the discussion of the planks. For example, it might be feasible to publish, under the title "10th Congress of PCE," a pamphlet on the activity of the Communist Parliamentary Group. Also, it might be helpful to have a pamphlet on the activity of the communists in the municipalities and chambers of deputies; another with a compilation of the main political resolutions of the central organs between the 9th and 10th Congresses; and another on the international relations maintained by the party during that period.

Plank Committee

Santiago Carrillo, Carlos Alonso Zaldivar, Julian Ariza, Manuel Azcarate, Pilar Brabo, Marcelino Camacho, Enrique Curiel, Anselmo Hoyos, Simon Sanchez Montero, Jose Sandoval, Nicolas Sartorius, Julio Segura, Jordi Sole Tura and Ramon Tamames.

This list was approved, with 83 votes in favor, nine opposed and 13 abstentions.

Periods Proposed for the Convening of the 10th Congress

Preparation of the draft planks: until 31 January

Discussion and approval by the Central Committee: until the end of February

Discussion in the organizations: March, April, May, June and until 15 July

Convening of the 10th Congress: 15-18 July 1981.

2909
CSO: 3110

GREATER ECONOMIC GROWTH SEEN AS ONLY SOLUTION TO CHALLENGES OF 1980'S

Madrid ABC in Spanish 23 Nov 80 pp 42-43

[Article by Damian Hernandez Lopez]

[Text] The historical analysis of the current situation, as well as the study of the scenarios, has served to indicate intolerable situations, both real and potential, that we shall term problems. These situations have dynamics of their own, but they are also closely interconnected. The identification of these problems has been achieved through a scientifically structured dialog with representatives of the pertinent ministries and specialized committees consisting of representatives from the private sector. The structuring of the problems previously identified has been achieved through the use of the ISM (interpretative structural moderation) methodology, derived from the systems analysis.

Problems of the 1980's

Three categories of problems were identified: those produced by the previous model of growth, those produced by the international environment and those stemming from the future model of growth.

The problems produced by the previous model of growth are: P-1: technological dependence, insufficient capacity for innovation. P-2: flawed financial structures, excessive intensity in borrowed capital. P-3: lack of competitive development in the external sector. P-4: excessive dependence for energy. P-5: industrial structure concentrated on nondifferentiated products. P-6: inadequate and noncompetitive entrepreneurial dimensions. P-7: conflicts and violence. P-8: disparity in income.

The problems produced by the international environment are: P-9: Inflexibility of the productive structure with respect to the changes in the international division of labor. P-10: insufficient internal resources in a situation marked by shortages and high prices of raw materials and energy. P-11: inability to control the internal monetary system in a context of international monetary disorder. P-12: inability of the governments to development microeconomic policies for supply.

The problems stemming from the future model of growth are: P-13: inability of the system to produce full employment. P-14: slow growth.

Scaled Structure of the Problems

The scaled structure of the problems shown on the chart evokes two main comments: In the first place, the readers of ABC might have read, in the issue of 31 October 1980 (page 42), the view of Dr Otto Vogel to the effect that, "in an economic policy for the 1980's, the quality of the conditions for the supply should be promoted as a top priority (at least under the conditions wherein the Federal Republic of Germany is operating)." The report entitled "Spain During the 1980's" had reached the same conclusion, placing at the top level of the problems of the decade the governments' inability to develop microeconomic policies for supply (P-12). It is, moreover, symptomatic that international agencies such as the IMF [International Monetary Fund], GATT [General Agreement on Tariffs and Trade] and OECD [Organization for Economic Cooperation and Development] are now becoming inclined toward these ideas.

Secondly, we can clearly discern the vicious circle typifying the present situation in Spain of "slow growth-unemployment-conflict" (P-14, P-13, P-7) which, as may be observed in scenario A (that of continuism), may persist as a scenario of what is intolerable if major changes do not occur in other parts of the system.

Objectives

With the problems defined as "intolerable situations," the action aimed at successfully correcting those intolerable situations appears in the form of natural objectives of the socioeconomic policy.

When the chart is examined in the opposite direction of the problems, four levels appear, arranged as:

Final objectives: A social objective, the more equitable distribution of income; and two economic objectives, development of the external sector and reduction of dependence for energy (maneuvering room).

Objectives for improvement of the behavior of the economy.

More deepseated objectives involving restructuring of the productive systems.

Instrumental policies.

Supply policy, backed by the observation that decisions on the part of business owners are essential for increasing the capacity for innovation, improving the financial structures of the business firms, developing new sources of energy and basic resources, diversifying the productive apparatus with new differentiated products and making the mergers and concentrations required by modern technology, lending the Spanish productive system the flexibility and dynamism demanded by the future international division of labor and the acceptance of the great challenges: entry into the Common Market and autonomous development.

Supply policy, therefore, means the creation of a favorable context for business owners' decisionmaking (reform of the financial system, of the law on corporations, of the regulations governing competition, of the labor legislation, of the tax

system, of social security and of the regulations concerning social responsibility), and the establishment of a more flexible administrative methodology, conforming to the Common Market, which will avoid the excessive continuation of bureaucratic red tape.

Supply policy also means backing for the creation, expansion, diversification, clearing up of finances and reconversion of business firms, through measures aimed at reducing risks and insecurity, as well as measures involving specific intervention which, based on the guiding principle of rationalizing public spending, demands an explicit consideration of the options for concrete plans, the list of which transcends the purpose of this article.

Finally, supply policy means a long-term plan for an advanced industrial society which, precisely because it is long-term, is all the more urgently needed.

Strategies and Conclusions

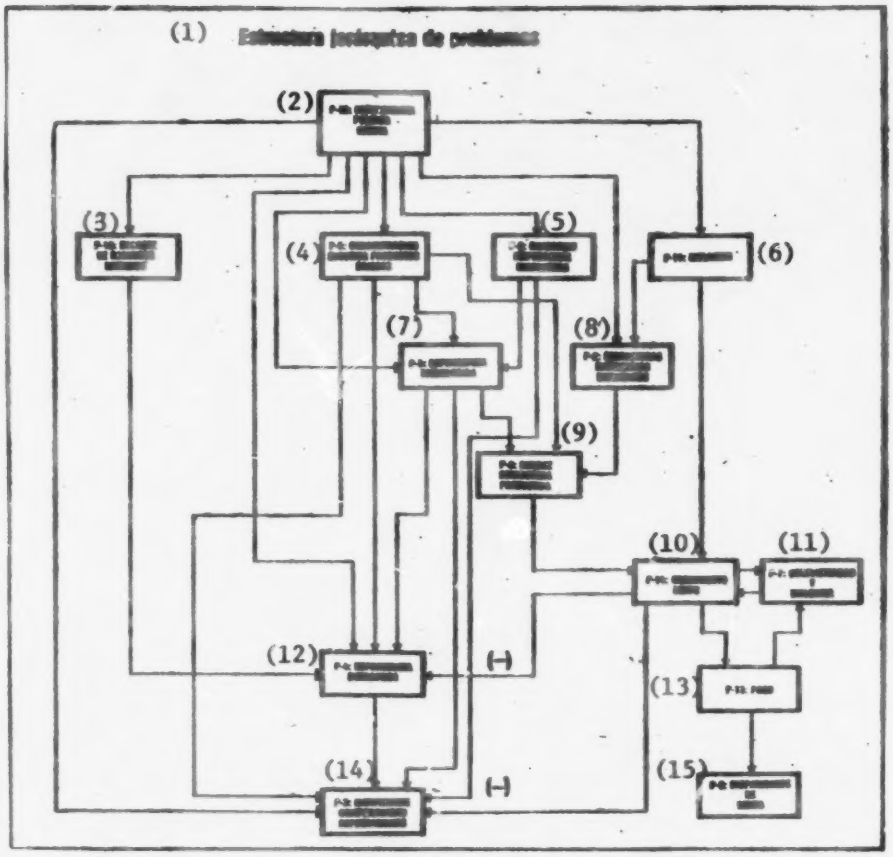
The entire study "Spain During the 1980's" concludes that there is a need for greater economic growth as the only change required for converting, with guarantees, the great challenges of the period (Common Market, autonomous development, Latin America and the Mediterranean) into constructive plans for the historical dynamics of the Spanish people.

Under the present circumstances, marked by insecurity in the international environment (North-South dialog, European institutionalization, energy rupture) and vulnerability of the Spanish economy, only an agreement among all the agents of the economy, backed by intelligent leadership by the public administration, can acquire for the Spanish economy the internal consistency needed to put the country on the path of moderate growth.

Dialog, negotiation, accord and plans are the essential elements for laying the groundwork for a growth which, allowing for the immediate restructuring of the Spanish economy, will hasten the construction of tomorrow's society.

Key:

1. Structure of Objectives
2. Final Economic Objectives
3. Reduce energy dependence
4. Develop exports
5. Final Social Objective
6. More equitable distribution of income
7. Economic behavior
8. Faster, more balanced and less troubled economic growth
9. Increase flexibility of productive system
10. Insure greater monetary stability
11. Productive Structure
12. Reduce technological dependence
13. Clear up financial structures
14. Increase differentiated products
15. Adjust size of business firms
16. Intensify use of internal resources
17. Policy for Priority Action
18. Microeconomic supply policy, which will act on the productive structure and maneuvering room
19. Recovery of maneuvering room



Key:

1. Scaled Structure of Problems
2. Inadequate supply policy
3. Shortage of internal resources
4. Excessive concentration of basic products
5. Inadequate business firm size
6. Inflation
7. Technological dependence
8. Flawed financial structures
9. Inflexible productive structure
10. Slow growth
11. Conflicts and violence
12. Energy dependence
13. Unemployment
14. Insufficient exporting competitiveness
15. Disparity of income

2909
CSO: 3110

FORMER MINISTER DISCUSSES AEGEAN ISSUE

Ankara YANKI in Turkish 8-9 Nov 80 p 8

[Interview with former Foreign and Defense Minister Hasan Esat Isik; date and place not given]

[Text] Former Foreign and Defense Minister Hasan Esat Isik replied to questions put to him by YANKI:

YANKI: How and when was the Turkish-Greek equilibrium in the Aegean established?

Isik: Neighborly relations between Turkey and Greece began, as did many other similar relationships, with disputes and quarrels. Greece's desire to secede from the Ottoman Empire and form an independent state did not hurt Turkey, however the real problem showed itself on the subject of the dimensions of the new state. This problem, which led to a great deal of dispute, was solved in a positive manner by a treaty concluded after the Turkish War of Independence. Following the War of Independence, the Turkish nation and Ataturk stressed friendship with Greece rather than the rights of the victor. The treaty, too, was of a kind that would create friendship rather than according rights to a victorious state, and an equilibrium was brought about.

YANKI: What are the bases for this equilibrium?

Isik: The fundamental basis is the sharing of the Aegean in a just manner between the two states. A solution has been found for every problem. For example, even though Western Thrace, including Thessaloniki, had a Turkish majority, it was relinquished to Greece in view of considerations of Greece's national security. The Dodecanese Islands in the Aegean were left to Greece in actual circumstances which were neither reasonable nor just. Greece, which had emerged from World War II in a tattered state, saw the attachment of the Greeks resident on the islands to the motherland as a good means to raise her spirits. Turkey did not hesitate in performing this generous act as well. Although the matter at hand is the status of the Greek islands as Turkey's "guests," Greece takes this status to be a right, and has been seized by the ambition for sovereignty over the waters between Greece and the islands. One could more accurately term this an "ambition to become an archipelago-state."

YANKI: Did the fact of the entry of the two states into NATO at the same time affect this ambition?

Isik: Following its entry into NATO, Greece made use of NATO as a step towards achieving this ambition. While Turkey did not attach much importance to the Turkish-Greek balance in the Aegean after joining NATO, directing its full attention to the joint defense of NATO, Greece pursued the exact opposite course. Using joint defense as a means, she sought to tie down her sovereignty over the Aegean to Turkey's disadvantage. These two opposite policies disturbed the Turkish-Greek equilibrium. I feel that henceforth it will not be possible for two states to coexist within NATO with this contradiction. When Turkey and Greece joined NATO, there was a military balance between them, especially in matters which could affect movements in the Aegean. Greece wishes to preserve this balance which now has changed to her favor. There is nothing reasonable about this. The real equilibrium that ought to be preserved should be either one that is arrived at by keeping in mind the military problems and geographic makeup of both Turkey and Greece, or else the equilibrium that was in effect the day that both Turkey and Greece entered NATO.

YANKI: What kinds of effects has this change in the balance had on relations?

Isik: Greece by now does not intend to permit recognition of any Turkish rights or responsibilities in the Aegean outside of Turkey's own territorial waters. The air control center on Limnos has greatly expanded its area of control. While international law sets territorial airspace at six miles it now can claim a limit of 10 miles.

YANKI: What is your view on this often mentioned "7-10" balance?

Isik: In order to preserve the balance which she has altered to her favor, Greece has put forward the view that "there should be a balance between Turkey and Greece at a ration of 7 to 10." At the same time she tells the allies, "when giving aid to Turkey and Greece, don't disturb the balance." Yet, military power cannot be measured solely by the yardstick of the aid that is given. Military power created internally also has to be evaluated. Greece is using a large proportion of the funds she raises from her own resources to strengthen her position in the Aegean. Turkey, on the other hand, distributes these with an eye on all of its borders. If our allies were to observe the 7-10 ration in future aid, Greece would continually strengthen her forces in the Aegean by using her own national resources, and one day the balance would be disturbed even more in favor of Greece.

YANKI: In that case, how can the balance be preserved?

Isik: This balance should be based on the aid received from our joint allies plus the totality of what we realize from our national resources. Greece has increased her strength relative to Turkey both in the air and on the sea. It is also clear that she has no intention of abiding by even a 7-10 balance.

YANKI: How do you evaluate the question of Greece's return to NATO while the question of Turkey's command responsibilities in the Aegean remains unresolved?

Isik: As long as Greece holds fast to the idea of sovereignty in the Aegean instead of joint defense, harmonious cooperation within NATO, Turkey cannot say "yes" to these questions. In order for the two countries to cooperate smoothly

within NATO Turkish and Greek control responsibilities and rights must be divided in a manner more suited to the positions of these two nations.

YANKI: To what extent was this brought about by the latest agreement?

Isik: It is to be much regretted that this appears to be less than satisfactory for Turkey. As a matter of fact Greece, by this agreement, removed one or two of the sources of irritation she had felt under the former regime, while the removal of sources of irritation felt by Turkey was left for the future, even left up to Greece's good will. Mr Rallis, stating in a meeting that, "This agreement does not change much of anything as compared to the period prior to 1974; the only alteration is to be the establishment of a military command at Larissa," thereby saw himself entitled to defend the pre-1974 state of affairs. Greece was also able to have an objectionable clause inserted into the agreement: this clause states that, "Greece can regard as valid the rights accorded to her in prior NATO documents." This, too, means that Greece can demand the continuation of the status quo, and can say that, "Turkey's responsibilities on the sea cannot extend beyond its territorial waters."

YANKI: In that case, is it true that Greece has not given up any of her claims?

Isik: That is so, and while Izmir at present constitutes a single command for NATO, now we've accepted the establishment of a Larissa command as well. This is also a development in the direction of Greece's efforts to diminish Turkish rights in the Aegean. Moreover we cannot discern any change in the tendency of other NATO states to look after Greece rather than Turkey, in fact we see their inclination to continue this tendency. This, too, is very ominous for the future. Finally, this puts Turkey, who cannot give up its rights in the Aegean, in a tense position. Therefore I cannot term this an agreement that will be able to assure the effectiveness of NATO, and bring about an easing of frictions between Turkey and Greece. The agreement only assured Greece's membership in the military wing of NATO. Nevertheless, as long as an accord is not brought about, this has no value from a military standpoint.

YANKI: In that case, why is this membership seen as important?

Isik: From a political standpoint... This, too, is not a political outcome from the standpoint of the Aegean issue, but from the standpoint of NATO. It is a political step which will facilitate Greece's relations with the West.

YANKI: What will be the state of affairs from now on?

Isik: From now on Turkey will face difficulties in its relations with NATO and the West, while Greece will to a great extent ease the difficulties she faces.

YANKI: In these circumstances what should Turkey's posture be from now on?

Isik: Henceforth in discussions with NATO we must decisively insist on an arrangement which would show that our rights extend beyond our territorial waters. In this, too, if no one shows concern, this can push Turkey into more difficult struggles in the future.

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CSO: 4907

FOREIGN MINISTERS COMMENT ON AIRSPACE TALKS

Istanbul MILLIYET in Turkish 15 Dec 80 p 7

[Excerpt] Answering MILLIYET's questions following the bilateral talks, Greek Foreign Minister Mitsotakis said, "Some concrete developments will emerge concerning Aegean airspace, not months from now but within a few weeks." Turkish Foreign Minister Turkmen, however, was more reserved in his appraisal and said, "This meeting cannot be called a turning point, only a positive step."

While answering questions, Mitsotakis said the following about the current stage of developments between the two countries, "In my opinion there are a great many ideas and opportunities available to us this time for the righting of relations and the ensuring of a new departure." Mitsotakis stated that priority is being given to the most easily resolvable problems and, therefore, the Aegean airspace issue is being addressed. He responded to the question, "When will there be a concrete result," by saying, "We will see concrete developments not in months but in a few weeks. Be a little patient."

In answering another reporter's question as to whether Greek "gestures" are linked to that country's full membership in the Common Market slated to become effective prior to 1 January 1981 or thereabout, Mitsotakis answered, "We have no aim or intension of injecting our problems with Turkey into the Common Market. Speculation to that effect has no truth in it."

Turkish Foreign Minister Turkmen, in responding to MILLIYET's question, "Would you characterize this meeting as a turning point in bilateral relations," answered, "I regard it only as a positive step." Turkmen answered our question as to whether there has been any progress on the continental shelf issue by saying, "This time we focused on the airspace issue. The secretaries general have continued work on the continental shelf issue in Athens. However, their work had little or no impact on these talks."

The foreign minister responded to the question of whether the continental shelf issue has been tabled while airspace is given priority by stating, "The continental shelf issue has not been tabled. We believe it useful to resolve as soon as possible those issues where speedy results are possible."

Turkmen stressed that "these talks and the recent decisions taken should not be viewed as deceptive" and that "concrete results would be disclosed in the coming weeks."

The problems between Turkey and Greece that await solution concerning Aegean airspace are, in order of importance:

1. The 3-thousand-square-mile control zone around Lemnos. Turkey states that this was established unilaterally and must be abrogated.

2. Since there is no procedure for the mutual issuance of NOTAM's, Turkish aircraft are being interdicted and Turkish maneuvers in international airspace are hampered. It is asked that a procedure be established for NOTAM's and that Greece continue FIR service in accordance with international regulations, not as an exhibition of sovereignity over the Aegean.

3. Greece has two permanent [military] training areas over the Aegean. It is desired that these areas not be given a permanent status.

4. The air corridor designated "W-15" which extends through the Greek Islands in the Aegean is hampering Turkish aircraft passage into airspace over this sea. Turkey wants a regulation that will ensure its aircraft passage through this corridor or the corridor to be abolished completely.

By means of the above measures Greece has closed to Turkey 65 percent of Aegean international airspace. Ankara expects the lifting of these measures and, most importantly, the limiting of Greek island airspace in the Aegean to 6 miles, not 10 as Athens has asserted.

CSO: 4907

NEW AGREEMENT WITH IRAQ SOUGHT ON PIPELINE

Istanbul MILLIYET in Turkish 15 Dec 80 p 6

[Text] It is expected in the coming months that Iraq will boost the amount of oil provided Turkey via the [Kirkuk-Dortyol] pipeline and that payments being made to Turkey for oil transited through the pipeline will be reworked in conformance with present conditions. These matters were discussed during official talks with Iraqi Minister of Industry and Minerals Tahir Tawfik. It was learned that the Iraqi Government will inform Turkey in the coming days of its decision on this matter. The Turkish Government is placing great emphasis on these two issues. Moreover, this problem was communicated [personally] by Head of State Kenan Evren to the Iraqi Government for the first time.

Turkey will start receiving 1 million tons of oil a month as of this September in accordance with the pipeline agreement. Although the pipeline agreement provides for Turkey's receipt of this amount of oil prior to this date, it has been impossible to implement this article of the agreement because of the $300 million oil debt which was accrued by this country particularly during the National Front period and which could not be paid. Turkey now wants to revive this article of the agreement and consequently show that it has been paying off its debts.

According to gathered information, Iraqi oil is the most viable for Turkey. First, Iraqi oil comes cheaper because there are no shipping costs. Secondly, oil provided by that country can be refined more easily in our facilities. Turkey paid $51 million in transport costs in the first 10 months of this year for oil from other countries.

The matter being emphasized is the increase in transit fees that Turkey receives from the pipeline. This fee is still 38.9 cents per barrel and has not increased since the pipeline's construction. In fact, the Iraqi Government up to now has been intransigent with regard to this figure, which must be boosted in accordance with the agreement, and has continually raised objections [to a hike]. Head of State Evren stated in talks with Iraqi Minister Tawfik that Turkey has put priority emphasis on this problem. If agreement is reached on this issue, the fee increase will be 2 years retroactive. It is reported that the fee could rise to around $1.20 per barrel in the future. A definite decision in this regard is expected form the Iraqis. At present Turkey obtains an average $60 to $70 million a year in foreign exchange from the pipeline.

CSO: 4907

ECONOMIC OUTLOOK FOR 1981 PROJECTED

Istanbul CUMHURIYET in Turkish 18 Dec 80 p 5

[Text] Information on "general economic indicators" reported by the State Planning Organization [SPO] reveal that Turkey in 1981 will have a foreign trade deficit of $5.5 billion and a balance of payments deficit of $3.4 billion.

Figures for the foreign trade section of the 1981 economic program have been finalized. According to these figures Turkey is slated in the coming year for $9 billion in imports in comparison to $3.5 billion in exports. It has been planned that the disparity between imports and exports--known as the foreign trade deficit--will be $5.5 billion.

The balance of payments deficit--regarded as the general indicator of foreign trade performance--is calculated at $3.45 billion in the SPO's 1981 program. According to the 1981 program Turkey expects to receive $2.4 billion in worker foreign exchange over the next two years. The revenue expected from tourism is $250 million. One of the most interesting program estimates is the figure for foreign aid to be used for imports next year, known as "program credit." In this area the SPO bases its hypothesis on a foreign aid package of $2.5 billion for next year. Besides the program credit for imports, $900 million is expected from project credit in 1981. Private foreign capital expected to flow into Turkey is $180 million.

By comparison Turkey will pay $680 million on foreign loan principal in 1981. Moreover, Turkey will pay $820 million in interest on foreign loans. Consequently, principal and interest payments on foreign loans will total $1.5 billion for 1981. When $70 million in service payments on project credit is added to this, the amount rises to $1.57 billion that must be paid on foreign loans in 1981.

Thus a curious picture emerges with regard to foreign aid. Although Turkey expects a total $3.4 billion in program and project credit in 1981, it will have to pay in the same year $1.57 billion in principal and interest on foreign loans that have been accumulated over the years.

CSO: 4907

CHANGES IN COMMERCE LAW PROPOSED

Istanbul CUMHURIYET in Turkish 3 Nov 80 p 4

[Analysis of investors' reform demands by CUMHURIYET Economic Service]

[Text] Istanbul, 3 November--CUMHURIYET Economic Service--There have been calls for needed changes in the commerce law that would put small and medium scale investors in an "effective" position in the control and direction of publicly held companies.

In a statement issued in the name of investors, it was stated that the section of the Turkish Commercial Code dealing with joint stock companies contains statutes which are the cause for a "lack of confidence." It was stressed that members of the board of directors along with administrators and personnel employed by the company at "good" wages engaged in "whitewashing" at general meetings of stockholders, and that this amounted to a "whitewash" of their own performance. Also, some members of the board take away the authority of representing the stockholders by the method of "collecting proxies," thereby assuring themselves the opportunity of being reelected as directors. The statement continued as follows on the subject of controllers:

Under the law controllers, who are in a position to oversee the activities of members of the board of directors as well, are in one respect put into their posts by the votes they obtain from members of the board of directors. In such a situation the probability that they will be able to carry out their responsibilities in an effective manner is weakened. Therefore it is necessary that the following articles be added to the Turkish Commercial Code:

In joint stock companies having more than twenty shareholders, the election of the board of directors must be completed prior to the elections for the post of controller.

Newly elected members of the board of directors and members who continue in office, as well as shareholders who work for a remuneration or have been so employed within the past year are excluded from voting in their own capacity or as proxies in the elections for the office of controller or in the vote on the discharge of the statement of business activities.

Provided changes along these lines are made in the law, it was stated that "confidence" in publicly held companies would increase even more. The statement also

demanded that individuals not connected with the profession be barred from acquiring shares in specialty firms, stating, in summary, the following views:

The chances for success of companies founded by individuals of the same profession or occupied in the same field, and directed and controlled with the professional expertise of those individuals, are far superior to those of companies in which individuals of various professions and fields participate only with their capital.

However, since under the law individuals in other fields of endeavor cannot be barred from becoming shareholders in companies founded by individuals from the same profession, these sorts of firms swiftly pass into the hands of large capital groups which are not from that profession.

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CSO: 4907

REPORT REVIEWS NATO AID TO TURKEY

Istanbul MILLIYET in Turkish 18 Nov 80 p 6

[Article by M. Ali Birand]

[Text] Brussels -- The 172-member North Atlantic Assembly composed of parliamentarians from the 15 NATO nations heard, at its 26th annual congress, a 26-page report on internal developments in Turkey in which it was stated that "foreign aid to Turkey would be regulated according to the attitude of the new administration."

The document, number PC/SR(80)13 which was distriubted only to members of the political committee, included also for the first time in NATO Assembly efforts regarding Turkey, sections dealing with separatism.

A draft resolution on Turkey was also submitted to a vote at the congress. Turkey has made official demarches in the capitals of the 15 nations to have changes made in this draft and report, which are milder than the 1967 resolution on Greece previously, but harsh when viewed in the framework of the NATO Assembly attitude to date.

However, the political committee office heard the objections to certain sections of the report by Turkish Assembly members Irfan Ozaydinli and Erdogan Adali and removed these sections from the report. When the political committee office accepts changes in a resolution, a final decision by the political committee is necessary for removing those matters from the report. The political committee is expected to approve this decision.

The report was prepared by Mrs Mona Rokke, reporter of the Southern Flank Subcommittee, which is headed by former Dutch Foreign Minister Van der Stoel, who with committee officials had made contacts in Ankara regarding the report.

The previously announced goals of the 12 September action were explained in the report. The report also mentions the number of prisoners and points out that the 52 death sentences ruled to date by military administrators are expected to be carried out.

The report stresses that the West is taking a bilateral approach to aid to Turkey and continues as follows: "Previous promises of aid to Turkey will be fulfilled. However, the democratic institutions must be restored soon... The attitudes of

nations desiring to continue aid to Turkey are under review according to internal developments in the nation." In the words of one official, aid to Turkey will depend on the attitude of the military administration in the months ahead.

After explaining that the nation was on the brink of civil war prior to 12 September, the report gives a general view and maintains that anarchy was influenced by the international situation and Turkey's geostrategic position. The section explaining political devisions and the failure of parliament says, "This deep difference of opinion was apparent when the committee was in Turkey in June, 1980... The RPP leader was insisting on forming a unity government, expecting support from certain national deputies from the Justice Party."

After 12 September

After stating that Chairman Van der Stoel and Mrs Rokke had gone to Turkey and investigated 12-14 October, the report draws the following conclusions in summary:

--In conversation with anyone a general atmosphere of optimism and peace of mind was observed. There is a visible pleasure in having been freed from the pressure of anarchy.

--Despite the significant decline in the number of deaths, both official and non-official authorities agree that the struggle with anarchy will take some time yet.

--It is generally believed that the military intervened, not for personal ambition, but from a sincere desire to put democracy back on track and that they will do so. As to the question of when democracy will be restored, however, no definite date can be set. Attention is drawn to the great difficulty involved and it is pointed out that, in view of developments which may occur, the military may be in power for quite some time yet despite all their good intentions.

--The constituent assembly will prepare a new constitution, but it is doubtful whether a positive outcome will be achieved if politicians are not included in this body.

--The military cannot give a schedule because of the heavy program they have. What is plainly understood is that the military are thinking of a period between 10 months and 2 years.

--What the chairman and reporter of this committee could not fully ascertain is whether the military administration wants long-term social reforms or to resolve a few basic, short-term problems. It is clear that the approach of rectifying the social and economic structure from the bottom up will keep the interim government in office longer.

Conclusion

Developments in Turkey depend on how the Turkish military administrators and interim government will take up the problem of anarchy and the economic problems, how long it will take to prepare the new constitution and when democracy will be restored. This is extremely important to the allies who are watching carefully and with concern the years of aid to Turkey. If the months ahead go by without specific steps toward restoring democracy, this will be cause for concern.

TURKISH-GERMAN MILITARY AID AGREEMENT SIGNED

Istanbul TERCUMAN in Turkish 18 Nov 80 p 9

[Text] Ankara (MEDITERRANEAN NEWS AGENCY) -- A special military aid agreement was signed in Ankara in connection with 600 million marks in equipment aid to be made to Turkey by West Germany.

At the signing ceremony, a toast was drunk in champagne to the furtherance of cooperation between the two nations by National Defense Minister Haluk Bayulken and German Ambassador Dirk Oncken who signed the agreement.

Signing on behalf of Turkey, National Defense Minister Bayulken said, "We will have need of foreign aid a while longer until Turkey is freed of the present economic squeeze and becomes self-sufficient. The understanding shown in this regard and the aid supplied will be welcomed with appreciation." Expressing thanks for the aid given by our friend and ally West Germany for carrying out the obligations of the Turkish Armed Forces in the southeast flank of NATO, Bayulken said, "It is my hope that this agreement being signed will contribute to the strengthening of defense in our region and to the continuation of peace."

'This Is Cooperation'

Ankara Ambassador Oncken, signing the agreement on behalf of the West German government, said, "This is not aid; this is cooperation. I consider this Germany's special contribution to the Year of Ataturk which will begin in a few months. During this very month, 43 years ago, he pointed out that the army was the guarantee of the nation's unity and security. At that time, it was called the Turkish Army." Ambassador Oncken, calling to mind that cooperation between West Germany and Turkey served to strengthen the alliance to which the two nations are party, stressed the benefits of furthering this cooperation and said, "The unity and reliability of the alliance are the guarantee of peace with honor. Without honor, there is no peace."

Contents of Agreement

According to a statement released by the Foreign Ministry Directorate General of Information, the special military agreement which Bayulken and Oncken signed yesterday envisaging 600 million marks (approximately 27 billion Turkish liras) in grant aid will provide the Ground Forces Command modern Leopard tanks, Milan antitank weapons systems and modernization of existing M-48 tanks. The aid to be given under the agreement will be realized between 1981 and 1984. The Foreign Ministry release said, "The agreement signed today comprises another example of the relations of friendship and alliance which have long existed between the Republic of Turkey and the Federal Republic of Germany."

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DRAMATIC DROP IN TERRORISM AFTER COUP NOTED

Istanbul TERCUMAN in Turkish 17 Nov 80 p 9

[Report on 16 Nov 80 TV interview with Major General Hayri Undul, deputy chief of Martial Law Military Services Coordination]

[Text] Ankara (MEDITERRANEAN NEWS AGENCY) -- Deputy Chief of Martial Law Military Services Coordination Maj Gen Hayri Undul, interviewed on the subject of anarchy and terrorism by Ercan San from the Turkish Radio and TV News Center, gave information on the progress registered in the fight against anarchy and terrorism and the measures being taken.

In a statement made on the program "Olaylarin Icinden" last night, Maj Gen Hayri Undul pointed out that the authority of the state was making an impact, that an atmosphere of peace had been brought to the country and that the future of the state was being put on firm foundations with an impartial administration.

Noting that 5,251 persons had died in the terrorism of the past 2 years and that 14,152 had been injured and disabled, Maj Gen Hayri Undul, deputy chief of Martial Law Military Services Coordination revealed that an 80 percent decline had been seen in incidents of terrorism since the 12 September action.

Major General Undul said the following:

Before 12 September

"Before 12 September, anarchy had spread throughout the entire country. State organizations were divided into camps, state authority had been weakened, the young people and even families were divided. Our schools had ceased to be places of learning, our traditions had been forgotten, the love and respect of adults for children and of children for adults had been lost. The constitutional institutions had been silenced, and our people who live under the same flag, share the same goals and speak the same language had been set against one another. This climate of anarchy, fed by violence and terrorism, had initiated a period of brother against brother; the seeds of discord had been sown, launching mass slaughters among those who had lived side by side for years, who believed in the same Allah, who prayed in the same congregation.

"As if this were not enough, weapons were drawn against members of the security forces, judges, doctors and even students and teachers who had no crime other than serving the nation, martyring thousands. Anguish was added to anguish for the sorrowing mothers, fathers and children, other anthems were sung in this country in place of the national anthem, other flags were flown in place of the Turkish flag."

Explaining that before the 12 September action, the broad public masses had been worried, deprived of security and without hope for the future, that a halt had been brought to all this by the 12 September action and peace had been brought to the country, Maj Gen Hayri Undul continued as follows:

After 12 September

"What is seen today is that state authority is taking effect, an atmosphere of peace has been brought to the country, killings have stopped, wounds are healing and the future of the state is being set on firm foundations with the impartial administration. While these efforts continue, the nation is no longer in turmoil. New tears are not being brought to mothers' eyes, life has returned to normal and faith in the future has increased. Our schools are operating again under the Turkish flag, which flies everywhere. The 45 million are looking with faith to the future as one spirit, one being."

Terrorism Dropped 80 Percent

Martial Law Military Services Coordination Deputy Chief Maj Gen Hayri Undul pointed out that the number of incidents in the 19 provinces under martial law up to 12 September had been 3,586, whereas after that date a significant decline had been observed in incidents throughout the entire country and said:

"A satisfying reduction and steady decline in the number of incidents as well as deaths has been observed since 12 September. There has been an 80 percent decline in the number of armed attacks and clashes since 12 September. In contrast to these declines, there has been an increase in incidents of throwing explosives, hanging posters and destributing bulletins. This shows that the terrorists are gradually losing their strength and are turning to simple, isolated acts to assert their existence. In incidents related to terrorism and anarchy, there is a decline satisfying to Turkey in general."

Stating that the security forces had the support of the Turkish nation in the dedicated struggle against anarchy and terrorism and that this support lay at the root of their success, Major General Undul noted that terrorism was not a goal, but a means to a goal, and that the climate of mounting anarchy in Turkey had had outside sources. He said:

"The situation which came about in Turkey in the preparation of the climate they wanted through destruction of the courts, destroying the climate of safety and the outbreak of political, economic and social conflicts shows that this had outside sources.

"The era of submitting to the threats of a few people has now come to a close. The nation knows its own strength and no longer indulges empty threats and pressures. There have been frequent occurrences lately of the creators of such incidents being turned over to justice by the people themselves.

"The quality which exalts and gives life to the state which springs from the determination of the Turkish nation has made it decisive and has left the terrorists, who are not considered its own, to their fate.

"As the goal is clear and the method is clear, what should be done in this regard is to believe in and trust the state in the measures it takes against destructive activities, to stand by the state and warn against propaganda of any sort. To know well the unchanged goals of the foreign forces and the methods they use and to preserve our ways and customs is to protect [oneself] from becoming a tool, knowingly or unknowingly, of evil forces. And the only way to do this is to rally round the principles of Ataturk."

8394
CSO: 4907

BIOGRAPHY OF, INTERVIEW WITH MINISTER OF EDUCATION

Ankara YANKI in Turkish 10-16 Nov 80 pp 12-14

[Interview with Hasan Saglam, Minister of National Education by YANKI magazine]

[Text] Minister on the Cover

"I cannot separate myself spiritually and mentally from our Armed Forces. I am here today because our Armed Forces gave me the job. Whatever our Armed Forces may have in mind when this job is over, that is where I see myself also." So said Hasan Saglam, who occupies the post of minister of national education, a man who puts his interviewer at ease.

New Minister of Education Hasan Saglam, the child of a family engaged in trade, was born in Seferhisar District of Izmir Province in 1923. Attending primary school in this district, Saglam attended two years of middle school in Izmir's Karatas Middle School and the third year at Konya Military Middle School. He then attended Bursa Military Lycee and Polatli Artillery School, after which he began working as an artillery officer. He entered the Academy as a captain and was graduated as a staff officer in 1955. He also took courses at Robert College.

The new Minister Saglam is a great sports fan, especially of soccer. He always played "outside left" on the teams of the units with which he served. He never misses a match if he can help it and is a Besiktas fan.

While education branch director at NATO Headquarters in Izmir in 1960, for 2 years Saglam commanded U.S., Greek and Italian officers who were older and of higher rank than himself. Originator of the Press and Public Relations Branch of the Office of the Chief of the General Staff, Saglam went to Cyprus in 1963 where he was chief of staff of the Tripartite Force (Turkey, Greece, Cyprus). When the incidents began, he was removed from this position and made head of the Turkish forces on Cyprus. Saglam was in the Kokkina bombardment which he remembers saying, "While our units were forming on the field from training, our convoy composed of five vehicles headed for Nicosia. The Greek and Greek Cypriot forces were in complete panic. Their radios revealed they were terrified. This incident to me was the measure of how much the 650-man Turkish force was feared."

After serving as London Military Attache, he was brought to the position of chief of the General Staff Office of Planning and Operations which he held from 1971 to 1974. In 1975, he made corps commander as lieutenant general. He retired as a lieutenant general from the position of General Staff Operations chief which he held from 1977 to 1979.

While in this position, he had the opportunity to work closely, first of all, with Head of State Evren and the other members of the National Security Council. General Tahsin Sahinkaya was a class mate at the Konya Military School and General Celasun at the Academy. Saglam, an accomplished and persuasive speaker, headed the military delegation in the Turkish group which went to Geneva after the 1974 Cyprus Peace Operation.

Saglam, who says he developed his love of reading while posted in London, says, "I had the opportunity to do a lot of reading. I came home with suitcases full of books." Works of strategic importance -compose the majority of Saglam's library. Saglam, whose language is as pure as possible, placed great stress on education while he was on the general staff. One former commander told YANKI: "His work on the general staff has a lot to do with his being brought to this position." Saglam points out that he has a special interest in economics and says, "I even clip and save articles published in the newspapers," adding: "What defines the social structure of a nation is economics and education. I consider both of them very important."

The minister of national education believes that we will overcome the economic crisis only with a conservative economy and says that he had felt no interest in the political parties after his retirement and is not a supporter of any party. "My place of work after I retired was the libraries," he said. He believes that he has no place in politics and says he will remove himself when his job in the Armed Forces' administration of the nation is over.

Minister Saglam says that he was unable to be as concerned as he should have been with his children because of his job but that he did not neglect them either. "Their mother made a great contribution to the education of my daughter, who is now a master chemical engineer, and my son, who is a master construction engineer," he says. Saglam has two grandchildren from his daughter, who is now just rearing children. His son-in-law is Doctor Yarbay. His son is studying abroad on a scholarship won while an assistant at Bogazici University and will soon be returning home.

Just when he was preparing to settle in Istanbul to save the cost of house rental in Ankara, Saglam finds himself at the head of National Education. He has succeeded in a short time in making this ministry, which even reporters used to be afraid to enter, into a modern-looking institution where his administrative authority is felt practically at the door.

National Education Minister Hasan Saglam answers YANKI's questions:

Question: Would you summarize briefly your understanding of the Ataturkist educational system?

Answer: The Ataturkist principles of education were included in various statements by our distinguished head of state and in the government program. Our part now is to introduce throughout our educational system the reforms and principles which originate in the view of Ataturkist nationalism together with the teaching and instruction of national education and to put them in practice in every area.

Question: Could you expand a little?

Answer: We all know what the Ataturkist reforms and principles are. So now we are trying to formulate a basic national education policy in light of these principles. The principles on which we will build the policy will be short, medium and long term. After we have settled on them, we will debate them in a national education council and then submit them to the legislative body and try to have them enacted into law. After that, we will put all of our problems in their place within the framework of this policy and we will resolve each of our problems on this basis.

Question: If you don't mind, would you explain these principles? What are they?

Answer: They are ways to improve and develop the entire national educational system, such as the number of students to have in the schools, plans and programs for the education of the students, construction of schools at all levels, the economic and social situations and training of the teachers. These require the taking up and revising from the top of all efforts at the basic, middle and higher education levels.

Question: What are you doing to bring about this broad a policy? When will you be able to complete it?

Answer: We are at the very beginning. I cannot say that we have done a lot up to the moment. I can say nothing definite as to when it will be finished, because realization depends, in a way, on economic strength. Building schools, training teachers and providing all the ways and means depend on the economy. But I certainly think that we will be able to take up insofar as possible many problems during our tenure in office.

Question: Are you taking care of this change with ministry personnel alone? Are you getting assistance from other organizations?

Answer: In addition to our ministry employees, we are getting extensive help from our Armed Forces. As you know, our Armed Forces are quite advanced in this regard. Our ministry experts and the experts from our Armed Forces are discussing the matter and working out problems under very close coordination and cooperation. Moreover, we are also making use of the systems in other countries.

Question: There is an impression of a big left-right rift in your ministry. Do you share this?

Answer: I find the discussion of this excessive. The troubles of the past are well known. The very recent past. We are putting the past aside. Now we are starting to look to the future with a new understanding, spirit and mentality.

Question: How will you save the ministry from politicization? What have you done so far?

Answer: We are definitely determined to get politics, and ideological ideas on that scale, out of national education.

Question: What are you planning in order to keep education from returning to the old ways after the military administration leaves?

Answer: The principles I listed above and the policy which we will form within the framework of these principles will be enacted into law. They will be articles of the charter. We will put the national education organization firmly on track. I think it will not be so easy in the future to attempt important changes which go beyond these.

Question: Do you share the view that the "exchange" system which has long been used in eastern Anatolia is a very objectionable arrangement engrained in our educational system? If so, how will you eliminate the consequences of it?

Answer: The objections to which you refer were eliminated this year. A directive which went into effect on 22 August 1980 divided Turkey into four regions and a person may be assigned to the place of his choice after at least 3 years in one of these regions. This practice, which is similar to the appointment procedure in the Turkish Armed Forces, will ensure, with a few alterations, that a teacher serves in every region of the country. Unsound appointments were made before because they had no principle, no basis. Indeed, the ministry was completely buried in personnel services. Important legal planning has not been made in the organization charter since 1933. We will bind the duties, authorities and responsibilities for the new organization to a rule and principle.

Question: Will you alter the organization charter?

Answer: Yes, we are reviewing the organization charter. We are enabling it to answer our present needs. For example, we are introducing a deputy undersecretary to look after personnel procedures alone. This unit will take care of all appointment, transfer and qualification matters, leaving the office of the ministry to perform its basic function.

Question: Employees have been treated unfairly as the result of the partisan appointments, about which the head of state and yourself as well have complained. Will you rectify this injustice? Will you implement the Council of State decisions?

Answer: We will implement the Council of State's final decisions. However, we are studying the injunctions which were issued in haste and the implementation of which would create problems. But we respect the law. We will rectify these injustices within the framework of the law without causing anyone to suffer injustice.

Question: There were efforts during the previous administration to have religious courses taught in Arabic in the schools. They were to be carried out during this period...

Answer: We set up 26 commissions at the ministry. These commissions are studying individually all ministry affairs. Our basis is Ataturkist nationalism. We will plan the work to be done in accordance with this. I do not think there will be or we will feel a need for such a subject.

Question: As you have set up 26 commissions, are you reorganizing all over again?

Answer: We are not tearing down and rebuilding the ministry from scratch, but I may say that there is no topic which has not been taken up since I took the job. We are taking up even the tiniest details of every matter in the commissions and reorganizing and rearranging with an eye to developing technology and modern thought.

Question: Some teachers have been unable to get appointments because of excess numbers. What will their status be?

Answer: There is a large excess of teachers in the schools of certain provinces. Some of them work full time while others lecture 2 to 5 hours per week and still receive their salaries and benefits. This causes discontent. There are also those we have been unable to give appointments because of the excess. I think we will be able to rectify this excess by introducing several teachers at once, if necessary, into one class.

8349
CSO: 4907

STATISTICS GIVEN ON PROVINCIAL POPULATION

Istanbul TERCUMAN in Turkish 17 Nov 80 pp 1,12

[Article by Ilkay Somel: "Hakkari: Fastest Growing Province in Turkey"]

[Text] Ankara (MEDITERRANEAN NEWS AGENCY) -- The most rapidly growing population in Turkey in the past 5 years is seen in Hakkari. According to unofficial results of the 1980 population census, the rate of population increase in Hakkari is 68.97 percent for the 5-year period. Gumushane, meanwhile, is the province where a population decrease was most seen in the past 5 years. According to the unofficial census results, a population decrease of 10.92 percent was determined in the Gumushane population between 1975 and 1980.

According to interim results of the 1980 census by the State Statistical Institute which was reached by telegram, Hakkari heads the list of population growth in Turkey. Hakkari's population in the 1975 census was 126,036 and rose to 177,936 in the 1980 census, an increase of 68.97 percent. Hakkari was followed as to rate of population increase by Istanbul with 44.22 percent, Kocaeli with 42.88 percent, Ankara with 42.44 percent, Bursa with 37.91 percent, Diyarbakir with 33.70 percent and Bitlis with 32.33 percent.

Provinces with Declining Population

According to the unofficial results of the 1980 census, five provinces registered declining population, led by Gumushane Province. Gumushane's population was 293,673 in the 1975 census, declining to 278,063 in the 1980 census, a drop of 10.92 percent. The other four provinces with declining population are: Tunceli, 164,591 in 1975 declining by 9.14 percent to 157,236 in 1980; Cankiri, 265,468 in 1975 declining by 5.35 percent to 258,467 in 1980; Kars , 707,398 in 1975 declining by 1.76 percent to 701,196 in 1980; Artvin, 228,026 in 1975 declining by .11 percent to 227,906 in 1980.

No Change

The one district in Turkey whose population did not change between 1975 and 1980 was Suhut District in Afyon. According to the final results of the 1975 census, the population of Suhut was 8,154. According to the results received by telegram of the 1980 census, the population Suhut District was 8,154. Thus, Suhut is the only district in Turkey whose population did not change.

On the other hand, the district with the greatest population decrease in 5 years is Siverek District in Urfa. According to the 1975 census, Siverek's population was 40,990, while it was 30,000 in the 1980 census. Thus, although the figures are not yet final, Siverek District of Urfa appears to be the district whose population decreased most in the past 5 years.

Greater than 14.5-Fold Increase in Semdinli

The district which broke the record for Turkish population growth in 5 years is Semdinli District in Hakkari, where harsh winter conditions are the rule and travel is impossible for a large part of the year. Semdinli's population in the 1975 census was 1,433, and in the 1980 census came out at 19,677.

In contrast, according to the unofficial 1980 census results, the population in Adana's Yumurtalik District increased by only 4 people. Yumurtalik's population in 1975 was 2,442 and in 1980 was 2,446.

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END

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1980 Report of the Italian Ministry of State Participations

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WEST EUROPE REPORT

No. 1682

1980 REPORT OF THE ITALIAN MINISTRY OF STATE PARTICIPATIONS

Investments

Rome RELAZIONE PROGRAMMATICA in Italian Vol I, 1980 pp 7-10

[Text] Chapter I. Analysis of Investments of State Participations during the Period of 1971-1978

1. General Analysis

The rather sluggish management situation which in some sectors is rather serious regarding the state participation enterprises, characterized by the unsatisfactory development of investments, which may be conspicuous in terms of monetary values but which are accompanied by growing areas of loss, as well as by the constant expansion of indebtedness and the subsequent increase in the financial burdens, when it comes to formulating long-term programs for the system, leads to a rather prejudicial critical evaluation of the development of the state participations, particularly between 1971 and 1978, giving us an overall picture from which emerge correct references regarding the time at which the situation revealed regrettable deterioration, along with the multiple causes of this decline.

All of this, by the way, must be pointed out in the full complexity of the aspects involved in the light of the current situation which determines the long-term programs. These programs as a matter of fact must correct some of the effects of the process of deterioration of the system and must help remove its causes so that the public entrepreneurial system will resume its function--long carried out in the fifties and sixties and in the beginning of the following decade--as a factor of economic growth and so that it may help promote a more stable and socially more valid development.

A comparative analysis of the investments of private outfits and those of companies with state participation will help us understand past developments.

For this comparison we decided to refer to the survey conducted on a sample of 865 Italian companies by Mediobanca [Medium-Term Loan Bank], on the basis of which the attached table (Table 1) was worked out.

Under the heading of public companies we showed for the most part the state participations.

A look at the above-mentioned table will show us that the investments of the public companies reveal a more sustained trend than those of the private enterprises until 1973.

Their index as a matter of fact is a little less than double, having risen from 100 to 192.9 between 1968 and 1973, compared to a considerably more restrained development (except for the year 1969) of investments by private outfits, featuring a development which reached its high point in 1971 with an index of 140.2 (177.3 for the state participations) which dropped abruptly to 120 and 108, respectively, in 1972 and 1973. During those 2 years we therefore record a heavy drop in the private investments by large enterprises; this drop had been reached earlier in 1971 by medium-sized enterprises.

The heavily rising trend of investments by state participations which--if we consider them as a whole, rather than the sample taken here, which also includes some outfits with majority public stockholders but not included among the state participations--rises to an index of 193.3 and 198.2 within the 2 years mentioned above (thus once again confirming the substantial validity of the sample itself), partly makes up for the lesser expansion rate of the private enterprises and thus performing an anticyclic function, although in a more contained fashion than in the past.

The positive development can be explained with the achievement, between 1968 and 1973, of important initiatives (the establishment of Alfa Sud, the metallurgical plants for aluminum, as well as for lead and zinc in Sardinia, the chemical center at Ottana, the start of the doubling of the output capacity of the Taranto Steel Mill, etc.), whose state of progress led to a constant increase in investments to the point where they reached their greatest concentration in 1973, along with the completion of most of the work on the initiatives mentioned.

Starting in 1974 we record a continuous drop in the level of investments by public enterprises, with a heavy decline of the index which dropped to 163.2 in 1974. The total investments of the state participations as a matter of fact (calculated in terms of 1968 lire) declined from 1,762.7 billions in 1973 to 1,446.1 in 1974, in other words, a drop of 316.6 billions (or 20 percent) which is the highest recorded during the remaining years of the period of time we are examining here. Looking again at 1974, on the other hand, we find that the big private enterprises achieved an appreciable resumption of investments whose progress nevertheless during the following years is not substantially different from that of the public enterprises. Once again we underscore the basic agreement between the statistics for the investments of the public enterprises in the sample and the statistics regarding all of the investments of the state participations for the 3-year period of 1975-1977 where we have the following figures: 157.2, 151.1, and 136.5.

In summary we must record a definite drop in investments by the big enterprises, both public and private; for the former, this happened starting in 1974 and for the latter, it happened starting in 1975. Only in the case of the medium-sized and small-sized enterprises did investments progress more satisfactorily.

Several factors are involved in an explanation of this disparate development. Above all, we have here the greater rigidity to which the big enterprises are subjected, the public ones in particular. The private enterprises, especially the medium-sized

and small-sized ones, were able to make adjustments in the organizational structures and employment levels, adjusting them to the operational reality which was emerging. To contain the effects of the Worker Statute which, in their judgment, constituted obstacles, the small enterprises stepped up their investments which were aimed at reducing the labor employment coefficient. Productivity thus in the case of those enterprises reached high growth rates which, in the case of many of them, permitted an increase in exports. The subsequent growth, albeit in a discontinuous fashion due to the ups and downs of the business cycle, in terms of profits, enabled small private enterprises to finance their investments with in-house funds. The high interest rates which--because of inflation, loss of competitiveness by the Italian economy and the tendencies induced also by the political developments in terms of capital export--monetary policy sanctioned and during various phases even induced, continued to obstruct the development of investments in many enterprises, particularly the big and medium ones.

Regarding especially the development of investments by state participations, it reflects the slowdown in the start-up of new initiatives, following the completion of those undertaken by the end of the sixties, which had required a major technical organizational, and above all financial effort. Their completion should have been followed by a period of economic normalcy which would permit the optimum utilization of the new capacities, as well as the planning of new actions and the start of those that had been programmed. The impact, in the midst of a critical economic situation, negatively influenced the investment programs and the company policy of the state participations whose operational dimensions demanded tremendous investments--also on the simple inertial level not only to maintain the efficiency of the existing plants but to complete the initiatives which were in progress. At the same time, the current crisis heavily eroded the in-house financing capacity, while there were certain delays often in just one year in the supply of the money that was supposed to increase the allocation funds already approved by law although their inadequacy had been demonstrated under altered conditions. The request for new increases, made since 1974 and periodically repeated, was several times postponed by the well-known political vicissitudes which led to the interruption of the Seventh Legislature and which was accommodated only by Law 675 of 12 August 1977. The funds allocated--once again--turned out to be considerably less than the requirements springing from the need for coping with investments that can no longer be postponed and carrying out the necessary recapitalizations which is why the financial balances of the enterprises reach preoccupying intensity, so much so as to have a heavy effect on the profits shown by the enterprises.

Table 1. Major Investments at Constant Prices (Enterprises from Mediobanca Sample) (Figures at 1968 Prices)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
865 società: 1.											
5 miliardi di lire	1.844	2.033	2.532	2.896	2.750	2.703	2.590	2.315	2.153	2.068	1.990
6 numeri indici	100	110,2	137,3	157,0	149,1	146,6	140,4	125,5	116,7	112,1	107,9
7 variazione %	—	+ 10,2	+ 24,5	+ 14,4	— 5,0	— 1,7	— 4,2	— 10,6	— 7,0	— 3,9	— 3,8
Imprese pubbliche: 2.											
5 miliardi di lire	838	924	1.184	1.486	1.542	1.616	1.368	1.229	1.194	1.101	1.076
6 numeri indici	100	110,2	141,3	177,3	184,1	192,9	163,2	146,8	142,4	131,4	128,4
7 variazione %	—	+ 10,3	+ 28,1	+ 25,5	+ 3,8	+ 4,8	— 15,3	— 10,2	— 2,8	— 7,8	— 2,3
Imprese private: 3.											
5 miliardi di lire	1.006	1.109	1.348	1.410	1.208	1.087	1.221	1.085	959	966	914
6 numeri indici	100	110,2	134,0	140,2	120,0	108,0	121,4	107,9	95,3	96,04	90,89
7 variazione %	—	+ 10,2	+ 21,6	+ 4,6	— 14,3	— 10,0	+ 12,4	— 11,2	— 11,6	+ 0,7	— 5,3
Società di medie dimensioni 4.											
5 miliardi di lire	23	26	32	28	29	35	38	23	27	26	28
6 numeri indici	100	113,0	139,1	121,7	126,1	152,2	165,2	100,0	117,4	113,0	121,7
7 variazione %	—	+ 13,0	+ 23,1	— 12,5	+ 3,6	+ 20,7	+ 8,6	— 39,5	+ 17,4	— 3,7	+ 7,7

Key: 1--865 companies; 2--Public enterprises; 3--Private enterprises; 4--Medium-sized companies; 5--Billions of lire; 6--Indexes; 7--Percentage variation.

Investment Program

Rome RELAZIONE PROGRAMMATICA in Italian Vol 1, 1980 pp 16-66

[Text] Chapter II. Programs for the 1979-1983 Five-Year Period

1. Investment Estimates

1.1. Past developments, which help explain the crisis situations that arose in the system of state participations and the reduced capacity of that system to pursue the goals which it is supposed to attain, demand that the priority objective of the programs of the state participations--which, by the way, must be coherent with the objectives of Law 675 on industrial conversion and the 3-year plan--deal with the recovery of balanced business management in which there would be a progressive elimination of loss areas and that the level of indebtedness be returned to within limits that are compatible with correct management. It is a good idea to underscore here the fact that this is the fundamental condition for restoring adequate motivations for the system's management as such, which remains one of the key points in its legitimate status as a formula of public intervention in the economy.

The investment program was spelled out, as we said earlier, in the light of the standards and directions contained in Law 675 on industrial conversion and in particular the guidelines emerging from the 1979-1981 3-year program, a program which assigned specific investment objectives to the state participations, at the same time giving indications regarding the financial support from the state so that those objectives may obtained.

The method pursued in the above-mentioned three-year plan--whose validity can only be confirmed was to place this part of production activities and services which in many ways was relevant--within the context of overall compatibility on the national level so as to make sure that the state participations systems would have balanced interaction with the general economic-financial establishment.

Obviously, considering the time that has passed since the 3-year plan was drafted, provision has been made--in correlation with the process of program implementation by the management entities as such--for the updating of all of the data characterizing the system's operations.

As we noted earlier, the programs of the state participations are above all aimed at the recovery of the levels of economical operation through prevalent actions in terms of conversion and reorganization which almost exclusively relate to manufacturing activities. In telecommunications which, as we shall see, absorb most of the pertinent investment quota, the initiatives contained in the program involve the expansion and constant technological modernization of the network, whereas in the energy sources sector--particularly the hydrocarbons sector--actions will be tailored to the requirement of guaranteeing a regular supply for the country. Apart from an ever more incisive policy of direct relations between the crude producer and consumer countries, which would make the onerous middleman action of the big international companies less burdensome, initiatives toward that end cannot be restricted within the framework of predetermined schemes but must be wide open to any occasion for action which would make it possible to attain the objective of a safe supply--an objective which is in turn decisive for the growth of the Italian economy.

1.2. During the 1979-1983 5-year period, the state participations will invest, in terms of current lire, according to what was indicated by way of estimation in the programs drawn up for the period under study, 37,625 billions (tables 4, 5, 6, 7). It is a good idea to emphasize here that we decided to make reference to current lire for reasons of homogeneity with the 3-year program which precisely adopts this criterion of monetary measure. At the same time we see that the figure for the investments of this five-year period results from the sum of sector investments with a differentiated time span and volume because, as we know, the programs of the IRI [Industrial Reconstruction Institute] mostly involve a 4-year projection and in some cases even less. It follows from this that the investments which are going to be made will in reality exceed the above amounts which nevertheless looks quite respectable right now.

For the sake of providing complete information, we must note that the investments, for the 5-year period considered here expressed in constant lire (end of 1978, start of 1979), will amount to an overall total of 29,400 billions (4,600 foreign) as against almost 16,150 for the IRI, 11,500 for the ENI [National Hydrocarbons Agency], and 1,700 for the EFIM [Manufacturing Industry Holding and Financial Company] (Table 8).

The overall total of 37,625 billion in current lire pertains to national territory to the extent of 32,384 billions and foreign countries to the extent of 5,241; almost 12,000 billions will be reserved for South (Table 15).

Concerning the distribution of investments among entities, we note that the IRI will invest, in Italy, about 21,200 billions, including 7,000 in the South, while the ENI will invest 8,700 (3,240 in the South) and the EFIM, 2,530 (1,750 in the South).

Regarding the makeup of investments, they are equally subdivided among the manufacturing industries and the services while, for the South, the investment quota in the manufacturing industry goes up to 60 percent. This is due to the heavy rate of investments in telecommunications (35.5 percent of the total) which represent more than 70 percent of the investments in all of the service sectors. If, from this angle, we consider the fact that investments abroad almost totally involve initiatives in the field of hydrocarbons, there appears an evident tendency toward a strong recovery of investments in the manufacturing industry, something which is considered indispensable for the resumption of the role of the state participations as a moving force.

1.3. Among the sectors in manufacturing activities, the energy sources sector will get the relatively most conspicuous share of investments with 6,770 billion lire on national territory alone and 2,450 billion lire will be invested in the South.

The sector's strategic importance is evident only if we look at the close correlation between economic growth and energy consumption. The per-capita consumption in Italy (the lowest in the EEC and among the industrialized countries) expresses the continued existence of economic imbalances between the southern and north-central areas and confirms the need for a stepped-up commitment to eliminate them.

In Italy, individual energy consumption, according to the latest date, amounts to 2.4 tons of petroleum equivalent (TEP), as against 3.7 for the EEC average, 3.9 for the United Kingdom, 3.5 for France, 4.2 for the FRG, 5.5 for Holland, and 8.4 for the

United States. The policy of moving closer to the most developed countries of the EEC hence entails a medium-term tendency toward an increase in the per-capita consumption which could be contained by orienting ourselves toward a new model characterized by a development of social consumption that would be more intensive than the growth of private consumption.

To enable the country to cope with the consequences of the new energy crisis it is furthermore necessary to try to eliminate waste to hold nonessential consumption down. Italy therefore faces difficult and complex problems in order to make sure that the flow of energy supplies will be regular.

This above all means that we must consider some of the peculiar aspects of the Italian situation in the energy sector, a situation which is certainly among the most serious, if we keep in mind that, in Italy, the coverage of total energy consumption from domestic consumption sources--amounting to 19 percent--is the lowest in the EEC.

The lack of appreciable national energy resources--if we exclude methane (discovered, by the way, relatively recently, and in still rather modest quantities, when compared to those found in other European countries) and the water power source--has caused us to give definite preference to the use of crude which, due to the convenience of the price and its wide availability until the beginning of the seventies, enabled Italy to surmount its traditional status of inferiority in the energy field.

This is why our dependence on imported petroleum--whose share out of the coverage of our total needs of energy comes to 68 percent--is higher than in almost any other country of the Community.

The percentage as a matter of fact drops to less than 60 percent for France, about 50 percent for Germany, and to even lower levels for the United Kingdom and Holland.

In this state of affairs it is evident that, while trying to step up the process of diversification of sources, the inevitable increase in energy consumption will bring about an increase in crude imports.

The latest decisions made in Paris (26 September 1979) assign to Italy an import quota of 124 million tons of crude for 1985. That might enable us to achieve a sufficient development of the national income, especially if all of the measures necessary for efficient energy use are adequately developed.

In the meantime, we need a growing operational commitment to assure the regular flow of supplies, to be achieved through various efforts on the international energy scene, through growing diversification of sources which would progressively reduce Italy's dependence on petroleum imports.

Naturally, within the framework of assured supplies, we find confirmation of the importance of stepping up mining prospecting for hydrocarbons on national territory which is producing results of some interest. We have as a matter of fact recently had a report according to which the deposited spotted by the AGIP [National Italian Oil Company] in the area of Conove, in the Modena, 1 million tons of petroleum per year will be extracted, starting in 1981. At the same time, it has been announced that the reserves of the Malossa deposit amount to 40 million tons of crude and 50 billion cubic meters of natural gas.

Although it must be kept in mind that it is highly unlikely that prospecting in Italy and on its continental shelf could substantially modify the country's situation in the energy field, this nevertheless can help increase or prevent a decline in the contribution of domestic production of energy sources to the country's total consumption.

In this context we come to the revival of mining prospecting for hydrocarbons on national territory and particularly in the South where there are promising indications above all in Sicily and off the coast of the Ionian Sea.

On the other hand, in the Ionian Sea and in the Sicilian Channel, we have already had discoveries of natural gas and petroleum which are worthwhile from the commercial angle and whose development is being promoted.

In northern Italy, mining activities will involve the geological topics of the deep strata of the Po Valley, where exploratory results look encouraging. Abroad, the sum allocated to it will be taken up almost entirely (5,140 billion) by energy sources and that only confirms the growing commitment of the ENI to the effort aimed at guaranteeing the country the most regular possible and the most diversified possible flow of energy supplies through coordinated efforts in the mining and commercial areas. The fields currently covered by concessions will be joined by others, off the coast of Mauritania, Ivory Coast, Morocco, Labrador, and Nigeria; in the meantime, prospecting will be developed in Yemen and in Oman.

Initiatives are furthermore underway to work out new operational cooperation agreements and regarding the long-term supply of crude with the countries of the Middle and Far East.

Within the context of a well-organized and dynamic energy supply policy--aimed at increasing the diversification of sources--we have a project which is now in the start-up phase and which involves the importing, over a period of 25 years, of 12 billion cubic meters of natural gas per year from Algeria.

To the completion of the methane pipeline now under construction, we can add new projects involving the importing of gas from North Africa so as to increase the contribution from that energy source to the nation's energy balance and to make sure that Italy will play a role as a supply channel for some European countries.

We might recall here that the contacts established by the ENI with producer countries, in an effort to intensify cooperation relationships designed to increase the flow of crude into Italy from channels which offer greater guarantees of reliability and convenience, confirm the excellent timing with which IRI is responding to the difficult vicissitudes of the energy situation as well as the role played by the agency in promoting the structural conditions (energy availability) for the country's economic growth.

In the context of initiatives designed to overcome the energy crisis, ENI furthermore is planning to contribute to the maximum possible development of alternate energy sources in order to reduce the share of petroleum products out of the country's energy balance structure.

The ENI has therefore planned its own direct participation in mineral and commercial initiatives in the coal area, including the production of mixtures of coal-oil fuel. In particular, one major effort will involve the exploitation of the mines of Sulcis. The utilization of geothermal resources as well as projects in the field of all renewable sources are of major interest. In view of the interest and the operational presence which, regarding the topic of coal and alternate sources, as expressed also by other management agencies, especially the IRI, there is now underway an effort to develop the identification of all possible forms and methods of establishment and collaboration for the purpose of increasing the efficiency of the various undertakings while respecting the autonomy and specific missions and vocations of the entities themselves.

For the 1979-1981 3-year period, which precisely covers the 3-year plan, investments in the energy sources sector on national territory, according to estimates, amount to 3,600 billions, including 850 during the first year of that period of time and 1,270 and 1,500, respectively, during the second and third years. The development here indicates a progressive increase in investments which, by the way, will be quite in line with the development curve of an industrial program and particularly in the hydrocarbons industry, as soon as the program concentrates on new initiatives. We find a similar development for the investments of the ENI abroad which, likewise during the 3-year period, will amount to about 3,000 billions, with 830 billions in 1979 and about 1,000 billions during each of the following 2 years.

1.4. During the 5-year period, investments in the steel industry, metallurgy, and related activities will be in second place in terms of amounts among the investments of the manufacturing industries. They come to 5,000 billions, of which about 2,450--or 50 percent--will go to the South; 3,250 billions (1,800 during the 1979-1981-year period) pertain to the steel industry alone and out of that amount 1,500 will be spent in the South; more than 900 (600 in the South) will go for aluminum metallurgy and 690 will go to the former EGAM [Agency for the Management of Mineral and Metallurgical Concerns] mining and metallurgical sector which, because of the initiatives in the South, will absorb 315 billions.

In spite of some symptoms of improvement in the demand which emerged in recent months in countries of the Western area, we have confirmation of prospects in the steel industry which persuaded the EC and the individual member countries--the biggest steel producers--to step in with ad hoc support measures to promote the necessary reorganizations which--even after the relief has taken effect--will entail major personnel absorptions, estimated by the EEC Commission at something like 80,000 employees. We therefore have here the recurrence of a situation which, if we want to tackle it, necessitates actions such as the one which was carried out at the time in meeting the crisis in the coal industry.

On the financial level, the support measures are specifically expressed by massive capital contributions, particularly from the French and Belgian governments, aimed at considerably (down to a level of close to 5 percent) reducing the financial burdens on the billing volume of the enterprises.

Within this structural crisis, the production establishment of the Italian steel industry in its two specific fields of specialization--the field of steel plate headed essentially by the Finsider [Iron and Steel Finance Corporation] Group and the field of long products where private initiative predominates, with the exception

of the department of special steels--on the one hand seems to be fully utilizing the characteristics of operational elasticity of the smaller enterprises and on the other hand seems to be exploiting the advantages accruing to the big enterprises with public participation from the very dimensions of the complete cyclic process and the location along the coast, in a plant setup situation which is technologically valid in overall terms. It follows from this that the process of Italian steel reorganization within the overall social context is less traumatic than for the other European countries and involves a relatively minor reduction in the permanent personnel force.

From the economic viewpoint, moreover, the crisis[1] had a special effect on the Finsider Group which was caught in the delicate phase of completing conspicious programs for the development of its own production capacities especially in the South (here it suffices to recall the doubling of the output of the Taranto steel center to 10 million tons) and the start-up of major reorganization programs, both of them being financed essentially through recourse to the market.

The crisis furthermore accentuated or brought out some relevant problems pertaining to the production and organizational setup both of certain departments and of individual production units of large and medium size.

The results of this situation here have been getting progressively worse, with the consequence of a serious deterioration of the group's financial situation which had already been characterized by accentuated undercapitalization due to the almost zero contribution of risk capital to the financing of expansion and rationalization programs.

At the end of 1978, the steel sector's asset and financial structure (including the companies of the former EGAM managed by Finsider) therefore looked seriously out of balance: the overall indebtedness came to 96.1 percent of the invested capital, with a subsequent financial burden on the billing volume amounting to 15 percent.

Under the market conditions described, it is however necessary to complete the efforts aimed at the recovery of productivity levels which will make it possible to increase the margins of competitiveness, continuing with the effort of modernizing obsolete or inadequate plants and reorganizing some production lines. In particular we are starting the process of reorganizing the Bagnoli Center, an indispensable condition for the recovery of the sector, and the completion of the Cornigliano Center. We must also try to work toward a better raw material supply policy and the timely acquisition of new technologies.

The return to economic cooperation also implies the rationalization of the special steels sector where investments above all--in compliance with Law 279--are aimed at the restoration of the plants of the former EGAM outfits. In summary, the programs of the latter, under study by the CIPI [Interministerial Committee for Industrial Policy Coordination], provide for the following:

At COGNE, the concentration of qualitatively higher production of special steels, with particular development of inoxidable, tool, and fast steels, all the way to superalloys. This concentration will be made possible by the elimination of the integral cycle and the subsquent reorganization and boost of the electrical steel plant, with the introduction of two new furnaces and plants for treatment outside the

furnace and under a vacuum. The installation of the plants provided for Tecnocogne at Aosta assumes an essential role in the reorganization of the outfit. As a matter of fact, this solution offers undoubted advantages in terms of plant cost and management expenses deriving from direct functional and organizational integration with Cogne. The latter furthermore represents the natural completion of the efforts made by the latter in the more highly valued and involved production areas--which demand the kind of production organization, professional skill levels and research and control instruments which already exist at Aosta--and allows greater production flexibility at the center.

In order however to ensure the development of employment in the zone of Avellino--in line with what is indicated in this respect in the national steel industry plan--a project is now being worked out for mechanical processing and finishing of parts for tractors and other parts derived from bars and special section steel.

At Breda Siderurgica, the concentration of production and processing of steels for bearings and those for structural steel in the medium-high qualitative range. The principal plant projects involve the closing of one Marin furnace and certain action in the rolling mill, in the finishing sections and cold-working departments as well as in the heat treatment sections. In the cement industry which is tied in with the steel industry, plans call for the investment of 35 billions in the rationalization projects which, during the 3-year term, will entail an expenditures of 29 billions, including 11 during the first year, 10 during the second and 8 during the third.

A program of sector revival has been worked out for the mining-metallurgical sector in accordance with the provisions of law 279 currently being revised by the CIPE [Interministerial Committee for Economic Planning].

The program--whose implementation, according to estimates, should be completed in 1984--features the outlines of a modern production structure which, supplied from domestic and foreign sources of the traditional type, and from alternate sources, combines and optimizes, in a single cycle, basic activities and down-line processing, moving toward special metallurgy and finishing up with an effort aimed at diversification and innovation.

In this context, mining activities on national territory will be rationalized and stepped up. For this purpose it is indispensable for mining activities to be part of a more organized effort which would extend to the international level. Lead and zinc metallurgy in turn will be based on new plants with advanced technology whose construction is planned in Iglesiante.

Considering particularly the investments for the 1979-1981 three-year period, we find that, during that period of time, the major shares planned will be concentrated on the sectors of the steel industry, metallurgy, and related activities without 2,9400 billions, including 665 in 1979, 984 in 1980, and 126 in 1981. It must be emphasized that the planned actions should make it possible to achieve major results toward the equalization of company balance sheets which should be achieved during the immediately following years.

Looking at the aluminum sector, plans on the international level, call for a resumption of consumption which should on the average increase 5 percent per year, partly

making up for the heavy decline recorded after the 1973 energy crisis. The production capacity increase will be definitely lower with 3 percent per year. The gap between these developments will positively influence the prices on metals, pushing them up. The situation could point to a more accentuated pension in the demand-supply relationship toward the last years of the five-year plan. As far as Italy is concerned, the EFIM is already in a position to assure coverage of 60 percent of the relative requirements, while the residual quota can be taken care of with output coming from initiatives that will be undertaken in countries rich in raw materials and energy resources.

The Italian situation in this sector however remains critical due to the absence of a solution to the problem of electric energy costs which makes the Italian products noncompetitive with the foreign products where processing has the advantage of prices benefiting from the electric energy used in that particular sector.

If not resolved, this problem can bring to naught the effort to rationalize the plants on which the programs worked out by the EFIM are primarily concentrated.

1.5. In the machine-building industry, programs for the 1979-1983 5-year period, call for an overall investment of about 1,970 billions, including 850 for the south. Compared to the IRI, the investments come to 1,167 billions (50 percent in the South).

In the sector examined here, the automotive department involving state participation--in spite of the fact that the market is ready for high-grade production--continues to be in an extremely difficult situation which does not give it an opportunity for that in-house generation of resources--something which the competing builders are still capable of accomplishing to a great extent--so as to renew the line of models and to maintain production efficiency. In this situation--which during the 1978-1979 2-year term still reveals some hints of improvement also as a result of the various initiatives undertaken to restore more adequate operational conditions--the well-known problems of personnel management exerted considerable influence especially for Alfa Sud; those problems for a long time heavily engaged the capacity of the management sector. Beyond these internal factors, which are expressed by overall productivity shortfalls with levels definitely below those of the competition, one decisive problem involves the dimensioning of the regrouping effort and its positioning on the market with respect to the competitive situation which is currently taking shape.

Indeed, on the international level, the auto industry--in the presence of a modestly growing anticipated demand over the next several years, aimed mostly at replacing the existing pool--finds itself facing significant problems of production rationalization also in the wake of the energy crisis. The guidelines adopted by the American and Japanese companies, in terms of innovation, standardization of products and their components, as well as cost reduction, turn out to be quite significant in this respect. The effort made in recent years by the Japanese industry to penetrate foreign markets is particularly relevant here.

The European industry finds itself facing this "challenge" from a position of weakness; in this connection we must keep in mind that, in the United States, three companies alone (one of which is in serious financial trouble) produce about 10 million vehicles and the two principal companies are present in Europe with their own

establishments and an output of 2.5 million vehicles per year; the Japanese, for their part, already today export about 700,000 vehicles to the European market and recently together with the English industry, which is in chronic difficulty, have launched cooperation agreements. In this context, the Italian producers certainly are not in an easy situation. The Alfa Romeo Group carefully examined the various problems complexes in this area; in order to tackle those of an international nature, the efforts launched are primarily aimed at guaranteeing the necessary promptness and flexibility of adaptation of production to the development of the demand, as well as support for the company image. To face the problem of the limited dimensions of the grouping, there has been a profound effort to rethink the directions and objectives so as to spell out the strategy lines for the eighties.

Already today however it appears that the problem of the limited dimensions of the Alfa Group must be tackled with a view of cooperation with other companies, in line with the actions already instituted by the principal car makers on the international level and with a view toward the internationalization of the production structures.

In the thermoelectric-nuclear department, investments above all involve the establishments at Sampierdarena, Campi, and Sestri, where the dimensions of the plants will be increased and where the technologies will be considerably improved; this also includes, especially with reference to the big transformer department, the centers at Milan and Naples which will be reorganized, as well as the Pomezia center which is being converted.

The prospects of the national thermoelectic-mechanical and nuclear industry (within which the Ansaldo AM Group plays a major role: more than 50 percent in terms of machinery, 85 percent in terms of nuclear engineering, 60 percent for the electrical portion of transportation) turn out to be negatively influenced by the continuing uncertainties regarding the specific launching of the national energy plan. Indeed, an adequate and strong demand on the domestic market constitutes the necessary premise for supporting penetration on foreign markets, especially regarding the nuclear sector, where domestic orders (particularly for heavy-water reactors) constitute the indispensable reference for exports. The drafting of an organic plan in the conventional field also assumes great importance, where the group is preparing technologies for the coal-fired power plants.

This situation is all the more influenced in the light of the small dimensions of the domestic industry as compared to the powerful position of foreign competitors such as General Electric, Siemens, Hitachi, and Westinghouse.

The above-described situation of the Italian industry emphasizes the demand for a precise domestic reference frame, a premise which is necessary to sustain the massive commitment which the structures will have to face in order to achieve a more powerful and constant presence abroad and production diversification.

In the aerospace field, which for quite some time has been credited with a role in terms of getting the economic system's development moving, presents a competitive picture which, on the international level, is characterized, along the lines of development, by recurrent phases of surplus production capacity. In this situation, the development of the national industry--which, especially regarding Aeritalia, has found major support through the recent cooperation agreement with Boeing for the

construction of the 767--should orient itself toward the maintenance of that planning and operational flexibility which is made necessary by the cyclic development which is so typical of that industry and the attainment of a balanced mix of production lines (military, civilian, and space).

From that viewpoint, the effort which Aeritalia and Augusta in particular are making requires a government reference frame in terms of support for exports and financing which--in line with what is already being done in other countries--would be expressed by an organic undertaking including the specific problems of the sector, problems which, considering the high costs of research and planning of new models, must be faced from a viewpoint of international cooperation.

In the other departments of the machine-building industry, investments of some consistency involve the diesel industry and industrial machinery as such, above all through rationalization programs.

The EFIM will considerably develop its own activities in the machine-building field, investing 650 billions there, equivalent to about one-third of the total investments in the sector.

Among major programs we have the helicopter department calling for an expansion--especially in the South--of existing establishments, as well as the construction, again in the South, of plants for the production of spare parts and the reorganization of the old SACA of Brindisi.

Plant modernization and technological improvement initiatives are contemplated within the EFIM programs in the railroad rolling stock department.

This department is characterized on the international markets, by a very strong demand which opens up promising prospects also for the Italian industry which, on the domestic market, is heavily influenced by the insufficiency of the programs put out by the state railways which, by the way, continue to award orders according to criteria which are not always in keeping with the requirements assuring continuity of work at the technologically most qualified companies.

This inadequacy is all the more serious if we consider the absolute need for boosting mass transportation in Italy through a serious plans which would also provide broad opportunities for the industry of this sector whose plant and technological capabilities have reached considerable levels.

The enterprises of the EFIM recently achieved major successes on foreign markets through the acquisition of big orders also in the United States.

Other investments involve the department of defense equipment and systems which presents interesting growth prospects and where plants intended for new and collateral production efforts will be shifted to the South, such as the production of high-speed communications channels; the departments involved in the production of petroleum equipment and machinery and industrial plants will have their production units boosted and modernized.

In the machine-building sector, the ENI will invest 143 billions both to expand the plants that produce machinery and equipment for the hydrocarbons industry and for the restoration of the textile machinery companies of the former EGAM.

During the 1979-1981 3-year term, plans called for the investment, in the machine-building industry, of more than 1,000 billions with 300 in 1979, 330 in 1980, and 381 in 1981.

1.6. The electronics sector all over the world appears to be in a stage of strong and continuous expansion, with real annual increase rates which, during the decade of the seventies, averaged around 15 percent.

The long-term estimates point to the continuation of the current favorable expansion with growths of around 7 percent for telecommunications, 15-20 percent for information (25 percent for software activities), 10 percent for industrial electronics, 15 percent for the components industry, and a high rate for military electronics although it cannot be specifically indicated.

On the electronic production market, which has been growing rapidly, the competitive position of the Italian industry is substantially rather weak, as indicated by the nation's balance in the exchange of electronic products which looks negative because of conspicuous imports and growing figures.

We must however emphasize the fact that a major role by the Italian electronics industry and, within it, the IRI Group cannot be contemplated realistically without strong support of a continuing and programmed character by the state. The action which is involved here must be aimed at offering the Italian enterprises the same type of support which the biggest competitors are getting from their governments in an effort to guarantee their own enterprises an adequate capacity for innovation which must include production processes, technologies, and products.

This in particular involves research and development products and here we are quite familiar with the gap which exists in fact between Italian government aid to Italian companies and what the foreign governments are giving their companies. This is all the more serious since we are witnessing here a continuous rise in research expenditures, in proportion to the company billing volumes, during a phase, such as the present one, when important innovations are maturing, innovations which demand a major technical commitment and highly-skilled personnel.

During the next 5-year period, the IRI Group plans to invest 400 billions with major emphasis on the department of instruments for telecommunications, with respect to which the programs called for the growing development of systems based on electronic technology; concerning instrumentation and automation, the companies operating in this department will continue their own activities in the area of big civilian and military systems; regarding the latter, there is however the problem of an increase in orders from the government.

In information science, finally, big information systems are going to be developed above all for use by the government.

The electronics industry--which, in spite of the difficulties mentioned in some departments, represents a fundamental sector in the expansion of the production base and in the technological improvement of the Italian industrial machinery--during the 1979-1981 3-year period will get investments amounting 216 billions, including 72 in 1979, 74 in 1980, and 70 in 1981.

1.7. In the shipyards, the long recession in maritime transportation, springing from the petroleum crisis, has for the past 4 years to a very serious degree been reflected on the charter market--because of the surplus of demand over supply of shipping space, estimated on the order of 100 million tsl, much in excess of the wrecking figure (25 million tsl as of the end of 1978) due to the reduced use of ships (cargo and speed)--and this weighed rather heavily on the situation and prospects for work in shipbuilding worldwide.

This brought about a drastic drop in orders for new ships which progressively dropped from 25 million tsl in 1974 to only 8.5 million tsl in 1978, with a subsequent grave erosion of the work load in the world's shipyards[2] which dwindled to only 25 million tsl as of the end of 1978, the lowest level reached over the past 14 years, enough for a little more than one year of work at the world's shipyards. In the shipyard sector this brought about bitter competition on the international level regarding prices--imposed by the shipyards of the Far East and particularly those of Japan which by itself accounts for almost half of the world's output capacity in this sector--which turned out to be as much as 40-50 percent below the cost of shipbuilding at European shipyards.

In the market situation described here and considering the fact that, for a restoration of the situation here, the most important international shipyard organizations figure they will need at least another 5-6 years[3], the various shipbuilding countries throughout the world oriented themselves increasingly toward policies aimed at holding their own capacities down through layoffs or by closing production centers; this is accompanied, in the principal European countries, by a definite boost in the already efficient systems of aid and support for their own shipyards since everyone realizes the impossibility of coping with the competition from the Eastern countries on the industrial level.

In Italy likewise the situation cannot be sustained further if there is no adequate public support, as provided for in the government plan for this sector which will have to be reconsidered and approved by parliament. We must keep in mind that, in view of the current volume of orders, there will be worrisome hiatuses in the work already during the last months of 1979.

During the 1979-1981 3-year period, investments of about 130 billions are anticipated for the shipbuilding industry, broken down almost equally over those 3 years and apportioned in relation to the completion of some reorganization programs (Ancona and Palermo shipyards).

1.8. In the chemical industry--another serious and preoccupying crisis point--more than 930 billions including 440 for the South, have been planned for this 5-year term.

The crisis in this sector is particularly concentrated in basic petrochemistry where the biggest national chemical enterprises are operating for the most part. The difficulties in this department spring from a series of factors. Indeed, along with the continuous rise in raw material prices we have the difficulties encountered in achieving adequate returns from the sale of products which are negatively influenced by a surplus supply due to the excess production capacity installed in Europe, as well as the growing competition from newly established industries in developing countries and in ares where large volumes of raw materials are available.

The situation is most serious for the synthetic fiber production branch where problems of extreme complexity have been piling up over the past several years. Here we have above all the problem of costs since synthetic fibers are influenced by the increase in prices in raw materials used by petrochemistry, with the consequence that they suffer a continuous erosion of their competitiveness as against natural fibers and especially cotton fibers.

Another problem springs from the shift, toward geographic areas outside of Europe, of the industrial consumption of fibers due to the transfer of major textile processing plants from Europe to the developing countries; these countries now have significant fiber production capacities of their own and in any case are again within the economic sphere of influence of Japan or the United States; unable to meet their needs with the fibers produced locally, they must supply themselves from the two above-mentioned countries.

What we have said so far is precisely confirmed by the worldwide resumption of natural fiber consumptions that has taken place over the past 3 years as well as the constant decline of the share of Western European production out of worldwide production of synthetic fibers (33 percent in 1970 and 24 percent in 1977).

In Italy, these phenomena are joined by others: an industrial structure in this department which is fragmentary and subdivided among many plants, often smaller in size than those that would be economically efficient, whose closing has been postponed for quite some time; a surplus production capacity, resulting from the programs drawn up prior to the crisis in the petrochemical industry; competition among national enterprises which have failed to manage a position of preeminence and specialization on the European level for any kind of fiber.

All of this explains the economic and financial situation in which the principal Italian fiber-producing industries are finding themselves and this casts light upon the difficulties that are going to have to be faced in order to restore the production plants which today are on the brink of collapse.

Looking at petrochemistry in general, we must observe that the establishments of the big Italian enterprises are disadvantaged by their peripheral location with respect to the industrial and commercial areas of Central Europe, an industrial structure organized in the form of integrated centers whose management reveals little elasticity, a down-line plant dimension which often is less than the European average, as well as an undifferentiated and therefore rather little remunerative mass production.

The financial difficulties deriving from a modest level of in-house financing are no less.

The restoration of the petrochemical sector above all demands a recovery of economical operations and management through a coordinated effort by the enterprises which must concentrate manpower and financial resources on the respective main points in technology and on the market.

In longer-range terms, the big enterprises are going to have to diversify more in the sectors of high-grade and secondary chemistry whose high added value and technological content can increase the enterprise's profitability and at the same time enable the sector successfully to face competition from the emerging chemical areas.

During the 3-year period of 1979-1981, they will therefore be very important for the recovery effort whose broad operational outlines are now being developed at length and are being checked out in relation to the evolution of the situation in this sector.

For this 3-year period, programs have been outlined for 680 billions, 168 for 1979, 307 for 1980, and 188 for 1981.

1.9. About 90 billion lire will be invested during this 5-year term in the textile industry, including 25 in the South.

The sector, in Italy likewise, is getting to feel the consequences of heavy competition from imported products coming from developing countries whose textile industries have the advantage of very low labor costs, as well as a large volume of available raw materials; in particular, fibers, among which natural fibers have regained a strong competitive position, have lately caused a serious crisis in the synthetic fiber department, not only in Italy. The difficult situation of the textile industry by the way is a generalized phenomenon throughout the European area, with the sole exception of high-grade wool production items.

As far as Lanerossi is concerned, it is characterized by widespread operational losses which were influenced not only by the previously mentioned factor of abnormal competition due to the presence, on the market, of the industries of the countries of the Third World, but also by numerous other factors such as the excessive rise in financial burdens; the presence, in their production structure, of "dry branches," acquired through salvage operations which were clearly uneconomical; an insufficient productivity level. The plan drawn up by the company therefore calls for an intensive production and commercial rationalization effort which would hold costs down, as well as the introduction of new technologies and a redimensioning, albeit a limited one, which would involve some production units, without however having any essential effect on the employment levels. During 1979-1981 3-year period, investments will amount to 57 billions, including 21 during each of the first 2 years and 15 during 1981.

1.10. In the agricultural and food sector, programs for the period of 1971-1983 call for a rise in investments amounting to about 390 billions, including 210 in the southern regions. This big amount, broken down in almost equal shares, among IRI and EFIM, will be earmarked for reorganizations and conversions, as well as a boost in commercial activities and the connected freezer industry as well as the start of new initiatives which would more closely link agricultural production efforts to the food industry in terms of conservation and processing.

As we know, an interministerial commission--within the context of the process of state participations reorganization--has drafted proposals addressed to parliament for the purpose of merging the present activities in the two above-mentioned management units.

It is hoped that this proposal will be examined so as to permit its specific implementation in forms which will make it possible to increase the commitment which state participations must make toward a development of the agricultural and food industry which would improve the prospects of Italy's agriculture.

1.11. In miscellaneous manufacturing, the anticipated investments amount to 601 billions, mostly (527 billions) earmarked for the South.

The EFIM participates in the investments with more than 500 billions which cover a vast range of medium and sometimes small initiatives that are of great interest to the development of the South, on whose territory these initiatives have been getting quite widespread. In particular we might mention here those in the glass industry which involve a vast technological renewal in the field of forestation and in the production of pulp for paper.

Between 1979 and 1981, it is expected that these activities will require about 340 billions in investments, with 125 in 1979, more than 100 in 1980, and 110 in 1981.

1.12. In telecommunications we concentrate, as we observed earlier, the relatively major portion of our investments with 11,500 billions, amounting to 55 percent of the total investments of the IRI and a little less than 36 percent of the total investments of the state participations during the 5-year term.

This is the sector with the highest capital intensity whose investments exceed 2,000 billion per year. The programs are extremely demanding and involve a constant expansion of the network to meet the demand by new users; this includes the improvement of service through the improvement and expansion of facilities with reference to satellite communications as well as the switch to the electronic techniques which will involve major innovations.

The regularity of the development of programs depends on the regularity of the flow of investments which must be helped along by a balanced relationship with the other sources of financial requirements coverage, including in-house financing which, because of the rapid rise in costs, has gradually been shrinking to entirely inadequate levels.

While the basic objective of the concessionaire company for the next years is to achieve constant development in order to make user services ever more efficient, this must happen through sound management which involves not only the attainment of an acceptable profitability from investments but also the restoration of conditions of balance in terms of assets and finances.

It is therefore indispensable for rate schedule revisions on the one hand to permit congruous annual amortizations and the effort to make up past shortcomings, within a predetermined span of time, and, on the other hand, the remuneration of company capital through competitive yields, this being the indispensable premise for obtaining risk capital injections by resorting to the financial market.

It must be stressed that it is furthermore necessary to promote a recapitalization plan aimed at restoring a more balanced asset situation for the company, in relation to its own plant development.

In the absence of adequate solutions on these fundamental points, it will be inevitable to redimension the qualitative improvement and service expansion programs.

During the 3-year period, investments--according to estimates--will amount to more than 6,450 billions, broken down into almost equal parts in each of the three fiscal years.

2.9. In the radio and television sector, plans call for conspicuous investments of 480 billions, including 144 in the South. But the investments must be considered within the context of a phase of further in-depth development. Expansions and renewals of plants, as well as the start of the third television network, with characteristics definitely different from the others, are provided for in the programs. Between 1979 and 1981, 308 billions will be invested, with a maximum of 113 billions in 1981 and 90 and 105 billions, respectively, representing the investments earmarked for 1979 and 1980.

1.13. Maritime transportation[4] has for a long time been characterized by a crisis which, in spite of some recently recorded recovery examples, does not yet seem to be nearing an end, along with phenomena of rising competition which are particularly severe in those areas where the outfitters are not getting the benefit of forms of closer cooperation[5].

For mass transportation in particular we register a substantial stagnation of traffic which has brought about a surplus capacity although in 1978 we did have a decline due to a slowdown in deliveries of new ships and stepped-up wrecking.

As for the line transportation sector, the situation is rendered difficult also by the larger size of the ships, belonging essentially to the countries of the CEMA area which, operating outside existing agreements between outfitters and pursuing policies of charter price cutting, are winning growing shares of the market.

Another important thing here is the maritime policy of the emerging countries which tend exclusively toward cargo vessels, flag reservations, and bilateral accords.

In this context--which is obviously more punishing for those outfitters who are already burdened by particular structural troubles--we are completing the program for the reorganizations of the services of the Finmare [Shipping Finance Corporation] Group.

This program has involved tremendous investments for the purchase, by the company, of a large number of new ships, partly intended for providing connections with the islands (on the basis of 20-year subsidies) and partly intended for line cargo transports under a temporary system of contributions and subsidies (whose maturity [expiration] will begin at the end of 1979) as well as a bulk system (without any government support).

The completion of this program calls for further investments amounting to 482 billion lire (including 316 in 1979, 158 in 1980, and 8 in 1981-1982) to a great extent involving units to be used for connections with the islands.

As far as line cargo services are concerned, the Ministry of the Merchant Marine is currently examining the situations and prospects of the operating companies, for the purpose of identifying the measures necessary to permit the obtainment of a balanced management for those lines which are still running in the red, since the end of current government aid is approaching; this must be viewed in a vaster framework which is open to collaboration with national private shipbuilding outfits.

1.14. After getting through the difficult period following the abnormal rise in the cost of petroleum from the end of 1973 on, a phase began for air transportation starting in 1976 which was once again characterized by high demand growth rates.

This favorable situation however is destined to suffer the effects of the energy crisis which took shape during 1979 not only because of the significant increases in carrier operating costs but also due to the slowdown in the traffic expansion which is expected to follow that.

It is however widely believed that the dynamics of transportation demand will undergo temporary decline in order, in medium-range terms, to return to the levels that had been anticipated.

As far as the competition situation is concerned, the risks which emerged in relation to the policy of "deregulation" by the United States government, are undergoing a redimensioning process while, for traffic within Europe, there remains the prospect--although not on short notice--of foreseeably significant effects which can derive from the application, to the sector, of the Treaty of Rome, with the subsequent liberalization of the current bilateral relations situation.

In this context, Alitalia--also burdened by specific problems whose methods and times of solution are still uncertain, such as the evolution of labor union relations, the absence of national planning for the sector, the absence of an airport system and the absence of flight assistance in Italy--has launched the implementation of the plan for boosting and developing its own fleet through an investment program which by 1983 will amount to 1,482 billion lire. This program will include the purchase of Airbus units and a further expansion of the number of B-727 aircraft for short and medium-range runs as well as the development of the B-747 fleet for long-range operations.

2.12. In the infrastructure and construction areas, investments, figured at about 1,850 billions, involve the completion and improvement of some superhighways, as well as the accomplishment of new projects now under study for which however a new law is required. The construction projects again confirm the availability of widespread employment of the high technical potential of the finance company of the IRI currently used in Italy below its capacity level. Abroad, this made possible noteworthy successes.

It must be emphasized that the above-mentioned amount includes the initiatives of Mededil for the completion of the traffic control center of Naples.

During the 3-year period, investments will rise from 165 to 214 and 361 billions for a total of 740 billions.

1.15. Finally, looking at miscellaneous services which, among other things, include the tourist industry, an investment of 402 billions, including 308 in the South, is called for here. It is significant that the IFIM alone here participates with 258 billions, including 256 in the South, mostly absorbed by the tourist initiatives.

During the first 3 years we are going to spend 186 billions, broken down as follows: 42 in 1979, 61 in 1980, and 83 in 1981.

2. Program Estimates in Relation to the Three-Year Plan

In planning their actions, the state participations used the indications in the 3-year plan as point of reference.

It is therefore a good idea to make a comparative analysis of the progress of investments planned by the entities for the 1979-1981 3-year term, last year, and the updating they were subjected to at the beginning of 1971, an updating which necessarily took into account the elements which have in the meantime modified the estimates drawn up during the preceding year. We must remember here that the figures compared are expressed in current lire.

2.1. In overall annual investments in the state participations relative to the 3-year period of 1979-1981, compared to the estimates formulated in 1978 (Table 9), we register a concentration during the first 2 years and a resumption in the third year. For 1979, they dropped from 5,731 to 5,153 billions, a decline of 10 percent, in other words; for 1980, they dropped from 6,357 to 6,337 (down 0.3 percent); for 1981 they instead go up from 6,775 to 6,979 billions (up 3 percent).

This positive development continues during the following 2 years, bringing the amount of investments close to 7,000 billions during the last fiscal year of the 5-year term.

The differences encountered between the estimates of the preceding year and those of the latest updating are the result of desparate shifts deriving from the program revisions undertaken by the individual entities in 1979.

2.2. In 1978, the IRI had earmarked investments of 4,100 billions for 1979; on the basis of the latest updating, they dropped 3,668, in other words, a decline of 10.5 percent. We also have a decline for 1980 from 4,400 to 4,000 billions (down 9 percent) and for 1981 from 4,900 down to 4,310 billions (down 12 percent). The down shifts are particularly due to the following:

(a) A different classification of research costs (not included in investments);

(b) The cutback in Alfa Romeo investments pertaining to the renewal of models, pending completion of studies in progress;

(c) The redimensioning of programs for the steel industry which turned out to be opportune in relation to the development of the market and the priorities which the problem of correcting company imbalances is assuming.

It is however significant that the investments, although thus reduced, do express a growing trend, for the entire 5-year period reaching the total amount of about 21,200 billions, including a little less than 7,000 in the South alone, where investments, with the only exception of 1983, are characterized by annual increases which are much more marked than they are on a national scale.

The investment rates reserved for the South (Table 8), to the exclusion of investments in sectors that cannot be located and that instead include those which are handled ex lege [outside the law] or on the basis of regulations issued by the Public Administration (respectively, in telecommunications and in the superhighway sector) are going to rise from 31.4 percent in 1979 to 33.7 percent, 37.6 percent, and 41.3 percent during the following 3 years, in order to drop again to 36.3 percent during the last year of the 5-year period, so that the overall investments, in the southern regions, account 36.5 percent of the total throughout national territory.

It must be observed that these percentages have little significance since the investments include some items (in telecommunications and highways) whose location, in contrast to those of the manufacturing sectors, can hardly be influenced by the business management decisions made by the IRI. If we exclude--as may be correct for various regions--the investments in the above-mentioned sectors, then the percentage of investments reserved for the South rises to higher levels (more than 50 percent).

But there remains the timely consideration to the effect that, in the current situation, whose uncertainties and difficulties discourage the start of new initiatives, investments are mostly intended for the improvement of existing facilities which to a great extent are located in the North.

On a more general plane, there is another reason which explains the unsatisfactory development of investments in the South. The process of industrialization of the South cannot be entrusted only to the major units which the state participation system (if we exclude the EFIM) can directly promote and manage but rather the small and medium enterprises whose founding and development the system itself can facilitate.

This consideration implies that the effort which the state participations should make and will make for the South cannot be measured only by the unit of investments paid directly in those regions but also and primarily by the qualitative (structural) characteristics of the actions which that system will launch.

2.3. The investments of the ENI for the 1979-1981 3-year period, following the latest updating, turn out to be considerably increased compared to those provided for in the programs drafted in 1978. Thus, investments for 1979, between the program drafting of last year and those of this year, will rise from 1,199 to 1,211 billions (up 1 percent), those for the year 1980 will rise from 1,402 to 1,833 billions (up 30.7 percent), and those for 1981 will go up from 1,315 to 1,974 billions (up 50.1 percent).

During the last two fiscal years of the 5-year period, we have values which are almost stationary around a figure of 1,800 billions and that brings the total amount of ENI investments for the entire 5-year period to a figure 8,676 billions, including 3,236 in the South.

The positive progress of ENI investments is to a great extent due to the sector destination of the investments themselves, absorbed to an absolutely preponderant degree by initiatives in the sector of energy sources. This involves initiatives which cover a broad range of departments, some of which are very dynamic. The ENI will have to operate here with growing intensity and with differentiated actions in order to hold the consequences of the energy crisis upon the Italian economy down as much as possible.

The percentages of ENI investments in the South in activities whose location can be influenced and, hence, to the exclusion of those which cannot be located or tied to certain areas by virtue of the operational logic of the energy departments, during the years of the 5-year period will fluctuate between 49 and 54 percent, with a high of almost 60 percent in 1983.

The average for the 5-year period will be 50.6 percent.

2.4. The EFIM investments for the 3-year term, compared to the 1978 estimates, show a rather noticeable decline in 1979, with a drop from 432 billions down to 274 billions (down 36.6 percent). This development is explained above all by the pause for reflection in the aluminum sector where it is expected that the decisions already adopted in the matter of electric power rates will be implemented and where the sector plan will be set up so as to get the reorganization program started concretely. This decline is also found in 1980 but it is quite a bit smaller because here we have a drop from 555 billions down 501 billions (down 9.7 percent). In 1981 on the other hand we have a definite recovery over the earlier estimates; here we have a rise of 24.1 percent from 560 to 695 billions. During the last 2 years of the 5-year period, we once again go down compared to the peak in 1981, reaching, respectively, 550 and 507 billions.

It must be noted however that the investments for those 2 years are certainly destined to go up due to the effect of the successive updatings. Between 1979 and 1983, the EFIM however will carry out a total investment effort of 2,527 billions, including 1,752 in the South, accounting for 69.4 percent of the total.

The shares reserved by the EFIM to the southern regions are noticeably high which by the way is within the agency's tradition; they fluctuate around 68 percent, with a maximum of 74.8 percent in 1981.

With reference to the high percentages, it must be underscored that the EFIM operates mostly in the South, participating in its industrialization with extremely differentiated initiatives for each sector of operation involving medium and sometimes small dimensions where it is much easier, even during times of crisis, to promote new undertakings.

3. Distribution of Investments by Type of Undertaking

In Table 16, the investments for the 5-year period, on national territory, are subdivided into three major action groupings above all for the purpose of identifying which share of those investments will be earmarked for the attainment of the goals contemplated in Law 675 on industrial conversion.

We can see first of all that the distribution involves a little more than 27,000 billions against an overall investment of more than 32,100 billions, limited to national territory. The difference is due particularly to the energy sources and applies to all of the ENI funding.

By virtue of their characteristics, which differentiate them clearly from those of any other sectors, the undertakings in this sector for the most part do not lend themselves to being subdivided in a precise manner among the three major groupings mentioned above and they can be inserted simultaneously either among the expansions or among the new initiatives.

Investments in telecommunications (more than 11,400 billions) carry preponderant weight in the group of investments for expansions and modernization which account for 70 percent of the total; these telecommunications investments are properly placed in this grouping by virtue of their characteristics. Here however we also

find the major portion (1,770 billions) of investments in the steel industry, in line with the need for upgrading its competitiveness. Among the reorganization and conversion investments--which, together, account for 14.5 percent of the total--those pertaining to the steel industry are in first place in terms of size (1,200 billions). This is explained by the massive effort aimed at completely reorganizing the Bagnoli center. The new initiatives (accounting for 15.5 percent of the total investments) call for the participation of the steel industry with a modest share (286 billions) which can be explained by the previously mentioned surplus capacity situation.

In aluminum metallurgy, 910 billions will be allocated for conversion and reorganization projects. This in particular involves undertakings concerning the plants which EFIM acquired at the time from Montedison. Investments in the former EGAM Mining and Metallurgical Sector instead are concentrated on new initiatives with 505 billions; however, the expenditure is significant (148 billions) also the modernization program.

In machine-building, out of about 2,000 billions in investments, more than 1,500 will be reserved for expansion and modernization projects, covered essentially by IRI and EFIM because of their respective activities in the sector. Looking at the new initiatives, IRI and EFIM plan to invest, respectively, 130 and 166 billion lire.

In electronics, the spending of almost 400 billions includes more than 200 for expansion and modernization and 180 for conversion; only 11 billions deal with new initiatives. As we recall, the major commitment here involves the SGS-Ates establishment in Catania whose production facilities are to be partly converted.

Regarding shipbuilding, the situation in this sector permits only entirely marginal new investments (docks) while it requires a considerable boost in rationalization and modernization to increase its competitive capabilities. Investments as a matter of fact will be concentrated on these two types of undertakings.

We briefly touched on energy sources. We must however emphasize that the sum of almost 1,600 billions for initiatives already spelled out in terms of their operational aspects are subdivided into almost equal shares among modernization and conversion projects (470 and 440 billions), while the biggest portion (680 billions) involves new initiatives. The exact opposite is the case in the chemical industry where only 50 billions have been reserved for these new initiatives; 625 billions have been set aside for expansion and modernization and 258 billions will be used for the remaining group.

For the textile industry, the major commitment (20 billions out of 28) concerns reorganization and conversion and this correctly reflects the situation in the sector which, in the recent past, has been the subject of a vast and intensive plant renewal effort without however achieving the results hoped for on the management level.

In the food industry, the IRI is concentrating its efforts above all on expansion and modernization (132 billions) and the EFIM is concentrating on new initiatives (170 billions). We must add that the IRI expects to spend 50 billions also on conversion and reorganization projects.

Looking at miscellaneous manufacturing activities, we must particularly single out the investments by EFIM (162 billions for conversion and reorganization, as well as 341 billions for new initiatives) which involve very important sectors, such as the glass industry and forestation.

Regarding services, other than telecommunications, which we covered earlier, we have a rather hefty amount of 1,480 billions in the air transportation sector, along with expansion and modernization projects, tailored to the features of the sector itself, where investments involve essentially the renewal of the fleet of aircraft.

In maritime transportation on the other hand the entire amount is taken up by reorganization and conversion programs in accordance with the law on the restoration of this sector.

Radio and television are planning to invest 220 billions for undertakings in the first group and 260 for the new initiatives. In the sector of highways, infrastructure facilities, and other construction projects, the distribution is similar as to type of undertakings, respectively, with 630 and 1,200 billions.

Finally, looking at miscellaneous services, 74 billions will go for expansion and modernization and 260 will be spent on new initiatives among which we must mention those in the tourist field programmed by EFIM.

4. Programs for the South

4.1. In Italy, the factors of economic difficulties on the international level have been added on top of the structural factors involved in the weakness of the Italian economy; among these stands out in particular the lasting existence of imbalances between the North and South, in spite of the massive almost 30-year effort of public direct and indirect intervention for the purpose of eliminating them.

An effect of attenuation was achieved also thanks to the significant commitment on the part of state participations but the need remains for the intensification and upgrading of this entire undertaking.

Employment and development of the South by the way are the combined objectives which the 3-year program assigns to the entire complex of actions to be undertaken within the program itself. These two objectives are interconnected--especially if we take a look at the 3-year plan--"by virtue of joint budgets but also due to the coordination between the two policies." In other words, employment policy for the South within the scope of a coordinated national employment policy which would favor the South, placement of initiatives with high labor intensity, different from what has been done mostly in the past--and that was a substantially obligatory choice. Along with the process of industrialization and partly in support of it, "we need a preliminary promotion and technical support effort; we face the need for coming up with a broad and differentiated range of services involving research, information, training, sales, all of which are indispensable to an economy capable of generating self-propelling forces." This obviously means that we must give the South the services and structures which will increase modern external economies, making them a part of the new context of conveniences and necessities arising on the international markets with a view to a more incisive and workable European policy.

In coordination with the management agencies, the ministry is now in the process, on this foundation, to identify the institutional and operational instruments--also with reference to past experience--which would be capable of coming up with better responses to the compelling needs of the South, especially regarding the areas where we still encounter serious development difficulties; in this connection we recall the project of the Mixed Promotion Company which we talk about in the chapter on objectives.

4.2. The major initiatives by the state participations in the South were implemented above all in the steel industry and the chemical industry and then in the auto and metallurgical industries. The choice of base sectors with a high capital intensity was necessitated by the need for creating--through the concentration of massive investments--nuclei of development spread and thus to attack the toughest hard-core areas of the social-economic depression. Although this policy did not produce all of the desired results, it was--with respect to the type of underdevelopment that had to be faced and the geographic location of the areas involved--correct both in terms of the way it was stated and in terms of its ultimate objectives. On the other hand, it did have the merit of having spotted extremely modern technological resources in the South which, in some departments, placed it on the level of the industrially most advanced countries. The dimension of the plants, aimed at the greater and more efficient exploitation of the economies of scale, furthermore correctly responded to the tendencies prevailing in the steel industry and the basic chemical industry.

The basic sectors where the process of industrialization was most intensive in the South, on the national and international level--especially in the steel industry--were those that were most heavily hit by the crisis. In the auto manufacturing department, special situations of conflict and subsequent difficult conditions connected with the organization of productions did not make it possible to attain the anticipated productivity levels which are indispensable for guaranteeing an adequate margin of economical operation in the initiatives of Alfasud [as published].

It follows from this that the action of the state participations in the South is above all designed to restore greater utilization of recently constructed plants and the reconstruction of the others--this is true above all in the case of Bagnoli--so as to gain or regain the competitiveness which is the basic requirement for the survival of the plants themselves and for the structural strengthening of the southern economy.

It seems however that we can say that the period of major initiatives in the basic sectors with high capital intensity is in its declining phase and that, in the future, also in line with the indications and guidelines of the 3-year program, preference will have to be given to initiatives in which the labor content will be prevalent. In this connection we emphasize that new initiatives of this type were planned especially by EFIM and that--although there is a continued search for new action possibilities--they could have been more numerous already in the context of the current programs, if the conditioning factors, deriving from the continuation of a situation of uncertainty, especially with reference to the evolutive tendencies of the market, did not exist.

Overcoming these conditioning factors and the current difficulties will enable the state participations to increase their share of investments reserved for the South

to move closer to the quotas provided for by Law 853, according to a tendency which on the other hand has always been pursued.

In this respect we must furthermore stress once again that, in order correctly to evaluate the commitment of the state participations in the South, in calculating the investment share set aside for it, we should not include--apart from investments which cannot be specifically placed in terms of site--those which are made in telecommunications in response to the provisions of the law as well as in the highway sector, deriving from regulations issued by the public administration.

Where this criterion is adopted, the share of the southern reserve out of the total national investments of the public entrepreneurial system would exceed 50 percent.

4.2.1. In the energy sources sector, the South has been made the object of renewed interest in the field of prospecting for liquid and gaseous hydrocarbons both underground, especially in Sicily, and offshore, where mining activities will further develop in the Ionian Sea and the Sicilian Channel. To evaluate the commitment for hydrocarbon prospecting in the South it suffices to consider that, out of a total of a little more than 1,000 billions invested in Italy during the 5-year term in activities that could be placed in the sector--hence, to the exclusion of those on the continental shelf--about 480 or more than 48 percent of the total are earmarked for the South.

Spending on national territory for the construction of the methane pipeline, through which we will import natural gas from Algeria, with a share of 59 percent (1,220 billions) will involve the southern regions which will assume exceptional importance also within the context of the strategy which ENI is putting together in order to implement new and major projects involving the importing of natural gas from North Africa.

The new availability of an energy source with high technological value and noteworthy economic convenience should constitute an important occasion for the economic development of the South which all Italian industry should be called upon to participate in.

In the field of coal prospecting and processing, the entire amount earmarked for the 5-year period concerns the South while considerable shares of investments will be channeled to nuclear processing and manufacturing. Overall, looking at energy sources, the state participations during the 5-year period will invest about 2,440 billions in the southern areas (see Table 5), including more than 1,500 during the 1979-1981 3-year term (Table 12).

This last sum is broken down as follows over the several years of this period of time: 352 in 1979; 581 in 1980; and 587 in 1981.

4.2.2. In the mining and metallurgical sector, prospecting for nonferrous metals will above all be rationalized and stepped up in Sardinia according to a program calling for operational prospecting for new mineral-containing areas, the modernization and development of existing mining units which can be exploited economically. It must be said that this rationalization effort--designed to restore economic management procedures--can lead to the cancellation of concessions which reveal no prospects of favorable development. This in any case would not cause a drop in employment levels.

In the metallurgical department, looking at zinc, the old plants will be replaced by a new establishment whose construction is planned at Porto Vesme; for lead, there is a need to put up a new production unit, again at Porto Vesme, equipped with a foundry division which should replace the obsolete one at S. Gavino. The primary zinc output capacity will remain unchanged since this involves the creation of a substitute capacity while an appreciable increase will be achieved in the case of lead, also considering the anticipated favorable development of the demand.

As far as aluminum is concerned, the expansion of the department in the South is based on its greater down-line integration and on the development of secondary processing and finished products. In other words, we are trying to complete the entire production cycle in this sector, which will have its epicenter in the South through a more articulated and balanced relationship between the various phases.

We must also recall the frequently stressed need for a substantial revision in electric power rates for the supply of energy to this department where electricity is a technological component in processing. During the 5-year period, 923 billions will be invested in the mining-metallurgical sector, including 640 during the 1979-1981 3-year term. These last figures will be broken down as follows: 49 in 1979; 213 in 1980; and 378 in 1981.

4.2.3. In the steel industry, the major undertaking involves the reorganization of Bagnoli, which is extensively discussed in the IRI enclosures. The plan was drafted and is designed to contain and eliminate the most serious loss area in the entire sector and the IRI itself, guaranteeing employment in a particularly serious and delicate social-economic context. The center's reorganization which--considering the factors deriving from the urban nucleus--involved complex solutions relating to the plant and to production organization, confirms the fact that the decisions by the state participations--although under extremely difficult business management conditions--are intended to reconcile management choices and the social interests of the community.

Modernization and adaptation of plant facilities are also planned for the Deriver establishment at Torre Annunziata and its efficiency is likewise to be increased.

We all know what happened to the project for the fifth steel center and after that, Finsider has so far worked out two action projects (zinc-coating line and plant making bars for minting), which will be a part of the initiatives which the state participations have so far identified for the Region of Calabria.

During the 5-year period, the southern steel industry will absorb more than 1,500 billions in investments, including 746 during the first 3 years, during which they will raise from 140 billions in 1979 to 230 in 1980 and 376 in 1981. The strong progressive increase is in proportion to the progress of work on the reorganization of Bagnoli.

4.2.4. In the machine-building sector, the IRI programs for the South--like those that involve all national territory--were drawn up in general outline because the complexity and diversity of the situations of the various departments necessitates further analysis and in-depth study for most of them. On the other hand, the energy crisis, which has become acute again last spring, introduced a further serious element of uncertainty since one cannot help but note the possible

repercusions which it might have on some production programs, such as those in the electromechanical and automotive industries. The programs therefore will have to be developed in depth also because of this new aspect in order to arrive at the definition of programs capable of positively modifying the operations of businesses which are seriously out of balance. The restoration of their balance is a fundamental thing for the resumption--on a level of operational and management stability --of the process of industrialization in manufacturing activities down the line from those of the basic sectors which are concentrated above all in the machine-building industry.

The IRI programs in the sector under examination for the most part involve rationalization and production reorganization undertakings through plant adaptations which would promote better utilization of manpower and the attainment, especially in Alfasud, of higher production levels which are indispensable to provide the necessary margins of competitiveness for an automotive production effort with a high qualitative level. For Alfasud there is also the requirement for a review of models--for the moment not contemplated in the programs but a subject carefully examined--which cannot come about without considering the deterioration in the energy situation. There are three new initiatives in the machine-building department which will employ 540 persons full-time; they are to be placed in Calabria within the context of undertakings so identified since it was found that it is impossible to put up the fifth steel center.

In the aeronautical department, plans call for a heavy increase in the capacity of the Casoria and Foggia establishments following the signing of the agreements with Boeing.

Regarding the helicopter industry, EFIM programs during the 5-year period call for the placement, in the South, of four new initiatives, as well expansions in operating plants. The new initiatives in particular involve the following: FOMB (Benevento Machine-Building Foundry) and IAM (Southern Aeronautical Industry), whose operations are scheduled to start soon; they also include the construction of an establishment where composite materials will be produced and a research center in the Brindisi area. This means that 1,250 new jobs will be created in this department.

Concerning the electromechanical industry, specifically, the big transformer branch, plans call for the reorganization of the Pomezia Center of Italtrafo.

In the department of ground mass transportation equipment and systems, the investments earmarked by EFIM (34 billions for the South alone) are intended for the modernization of the operating establishments, including the one of Omeca in Calabria, those of Sofer and Avis, in the Naples area, and the one of Ferrosud in Basilicata. These expansions will make it possible to increase the number of jobs by 180.

In the defense equipment and systems sector, EFIM programs specifically express the tendency toward shifting new initiatives to the South, among which we might recall the Assiemaggio Missile Center--a unit which is characterized by its high technological level--to be built in southern Lazio. The OTO-TRASM establishments, whose operations began some time ago, is another major initiative being implemented in the South where 900 new job openings will be created in this department.

Looking at machine-building activities at ENI, limited investments exclusively concern modernization and reorganization.

During the 5-year period, plans call for the investment of 850 billions in the entire machine-building industry with state participation in the South, including more than 450 between 1979 and 1981, broken down as follows: 134 in 1979, 148 in 1980, and 171 in 1981.

4.2.5. The most characteristic of programs in electronics concerning the South is represented by the reorganization and partly conversion of the SGS-Ates establishment in Catania.

The project is intended to hire, for the components industry, the workers of the establishment who in 1975, following the crisis in this department, were assigned --in order to protect employment levels--to electronics for telecommunications where today, in turn, there are no prospects for development and where the situation is characterized by a surplus capacity. For these reasons, the establishments at Aquila, Santa Maria Capua Vetere, and Palermo are now having a difficult time full of uncertainty so that a consolidation program is indicated here.

The Selenia Plant at Giuliano (Campania), which operates in the electronic components department, on the other hand will be boosted. A similar program has been drawn up for Italdata at Avellino which, when operating at full capacity, should employ 400 persons.

During the 5-year term, investments for electronics located in the South will amount to 160 billions, including 31 during the first 3 years.

4.2.6. Regarding the shipbuilding industry, considering the serious crisis in this sector, programs for the South concern primarily reorganization--which, by the way, is already underway--of the Palermo shipyards.

The anticipated investments amount to 23 billions, including 17 between 1979 and 1981.

4.2.7. The chemical industry sector in recent years has seen a further deterioration of the critical situation it is in and the most serious point here is to be found in the fiber department. The South is involved here with the establishment of Pisticci and Fibre del Tirso, located in two areas (Lucania and Sardinia) which are particularly depressed in social-economic terms and where employment alternatives are difficult to find. The two plants, which, by the way, are extremely modern, will necessarily have to be reorganized and converted so as to regain a production role in keeping with the tendencies and the demand of the markets. For the time being, the pertinent projects have not yet been spelled out since they have to be checked out against sector programs drafted for the chemical industry by the appropriate government agency and the specific plan for the redimensioning of the fiber department as a whole.

In the South, during the 5-year period, the chemical industry is supposed to get 437 billions, including 357 during the first 3 years, broken down as follows: 124 billions in 1979, 144 in 1980, and 89 in 1981.

The textile industry and clothing sector is another trouble spot. Plants located in the South like those in other parts of the country, reflect this situation and therefore the programs drawn up here call for every effort to be made toward the rationalization of their production structure as well as the introduction, into the production processes, of new technologies and the improvement of work organization and methods.

The restoration of the southern plants, in the context of the more general rearrangement of establishments in this sector constituting Lanerossi (ENI) is the basic requirement for the possibility of keeping a production structure going in this sector which would have sufficient efficiency. The inevitable redimensioning here will entail a loss of about 1,400 jobs.

During the 1979-1983 5-year period, 25 billions will be invested in the South in the textile and clothing industry, including 13 during the first 3 years, broken down as follows: 5 in 1979, 5 in 1980, and 3 in 1981.

4.2.9. In the agriculture and food sector, as we noted earlier, the proposal drafted by a ministry committee--on which parliament will have to adopt final directives--calling for the combination, in a single financing outfit, with headquarters in the South, of the activities of the state participations in the sector could permit the maximum rationalization of these operations, with particular advantage to southern agriculture, which is why it is necessary to provide adequate product sales structures and hence facilities for product processing and conservation which, for the purpose of better sales management, will also have to be standardized.

In this context, the state participations are about to constitute a valid reference point of development and promotion.

Among the initiatives planned here, the vast process of reorganizing Cirio is particularly significant. The idea behind this operation is to revive the role of the company (in the food conservation sector it is the biggest in the South) in the Italian food industry and in relations which necessarily will have to develop between it and agriculture, if we want to place agriculture with a more articulated and complete operational flow, turning it into an aspect of industrial activity. In this connection, the SME Agricultural Food Center, which is supposed to be placed in Campania, assumed significant importance. The program drafted by EFIM is worth looking at because of the innovative approach as compared to the traditional orientations and will be developed along lines of compatibility with the current operations of SME; particular emphasis is going to be placed on the development of water-farming as well as initiatives capable of having a positive effect on agriculture and livestock activities through timely production integrations (in the canning, keys, wine-growing, and other industries.

Finally, plans call for the variation of a research center in new sources of protein in the South. The initiatives of the EFIM, regarding the portion involving the South, will involve 130 billions in investments, creating more than 2,000 jobs. In the food industry, the investments earmarked for the southern reasons, overall during the 5-year period alone, will amount to 2.10 billions, including 143 between 1979 and 1981.

4.2.10. In the group of miscellaneous manufacturing industries, we have many small and medium enterprises operating along a vast sector front and mostly making up the EFIM.

This also includes the glass industry, regarding which plans call for the commissioning of the second "float" plant as well as the implementation of initiatives which should facilitate the absorption of labor units that became surplus as a result of the reorganization carried out in recent years in the SIV establishment in Abruzzo which, as we know, is one of the biggest and most modern glass industry centers in Europe. In the group we are now examining it would be necessary to create 4,000 new jobs. Here it is also possible to resume initiative in the area of forestation where we expect to create 4,200 jobs, mostly in Calabria.

Investments in miscellaneous manufacturing industries, pertaining to 1971-1983, amount to 530 billion lire and, during the first 3-year terms, a little less than 290 billions, which 100 billions, in 1979, 90 in 1980 and 100 in 1981.

4.2.11. In the telecommunications sector, programs are not differentiated regarding objectives from those set up for the national network. One major commitment consists in the introduction, in the South likewise, of more advanced technologies and in coping with the utility demand, giving preference to the demand which is mostly connected with the South's economic growth. Industrial expansion, stepping up commercial activities, and the spread of tourist activities involve the availability of a highly efficient telephone service. At the same time, social reasons necessitate a further capillarization of the network so that even the thinly populated centers and localities would also be connected.

The dimension of southern investments provided for this sector during the 5-year period--amounting to 3,400 billions--gives us an idea of the scope of this planned effort which, during the first 3-year term, comes to more than 1,900 billions in terms of investments, with 616 in 1979, 627 in 1980, and 675 in 1981.

4.2.12. In radio and televison, the expansion of facilities as well as the installation of new transmission equipment and the adaptation of the services and installations will entail an expenditure of 144 billions in investments, of which 27, 31, and 34 will be distributed over the first 3 years, for a total amount of 92 billions during that period of time.

4.2.13. In the superhighway sector, plans call for the completion of some highway sections; in the construction sector, the biggest job involves the completion, by Mededil, of the control center in Naples; investments provided for both of these departments amount to 926 billions, including more than 300 during the first 3-year term.

4.2.14. In the miscellaneous services group, the by far most important sector is tourism, where the initiatives involve the entire South. Some land has already been purchased in various localities in the South (Calabria, Puglia, Basilicata) for the construction of new tourist centers; in some cases the completion of these facilities depends on local regulatory plans and in others it depends on permits and authorizations. After these obstacles have been removed, it will be possible to put in 30,000 beds with 3,000 new jobs [with a new occupation of 3,000 units].

More than 300 billions will be invested in the South in miscellaneous services, including more than one-third during the first 3-year term, with investments of 10, 34, and 64 billions respectively for 1979, 1980, and 1981.

4.3. The programs prepared for the South which, with the exception of EFIM, mostly involve conversions, reorganizations, and rationalizations, are not aimed so much at heavy increases in manpower but rather at the substantial maintenance of existing occupational [employment] levels. This objective alone is not easy to achieve especially in the textile and chemical industries where we are going to have job losses which may be compensated for by substitute initiatives in other sectors. The programs however cannot be considered from that viewpoint alone, that is to say, from the viewpoint of the number of increases in jobs which to be sure is considered to be most important in the South; they are going to be evaluated in the light of the prospects which the reorganization of the industrial structure in the South can open up for economic recovery and for a more balanced development of the South; in that industrial structure, plants put up as a result of public business initiative prevail. The problem still is to consolidate and develop conditions which will make the southern economy a self-help propelling country. The programs of the state participations--which are contemplated in medium-range terms rather than in immediate prospects--are a part of this overall design.

Regarding direct employment by state participation in the South, we expect that the figure will go up from about 189,000 workers as of the end of 1978 to more than 210,000 workers in December 1983, in other words, an increase of about 21,000 workers (up 11 percent). The greatest contribution is made by EFIM which, with an employment figure rising from 1,800 to 35,570, provides a rather appreciable increase of 17,570 jobs.

IRI employment will go up by 3,000, rising from 144,000 to 147,000, while the very small increase in ENI will involve additional hiring of a little more than 260 persons, in other words, and increase from 28,300 to 28,570.

Table 4. Investments of Management Agencies in 1979-1983 5-Year Period (Billions of Lire at Current Prices)

(1) ENTI	(2) Italia	(3) Estero	Totale	(4) Percentuale
I.R.I.	21.181	105	21.286	56,6
E.N.I.	8.676	5.136	13.812	36,7
E.F.I.M.	2.527	—	2.527	6,7
Totale	32.384	5.241	37.625	100,-
%	86,1	13,9	100,-	

Key: 1--Agencies; 2--Italy; 3--Foreign; 4--Percentage

Table 5. Summary of Investments by Companies with State Participation during the 1979-1983 5-Year Period by Agencies and Sectors (Billions of Lire at Current Prices)

SETTORI (1)	I.R.I.		E.N.I.		E.F.I.M.		TOTALE QUINQUENNIO (2)	
	Total	(3) Sud	Total	(3) Sud	Total	(3) Sud	Total	(3) Sud
(4) *Manifatturiere:*								
(5) Siderurgia	3.248	1.510					3.248	1.510
(6) Metallurgia					909	608	909	608
(7) Minerario-Metallurgico			686	315			686	315
Cement	35	20					35	20
(8) Meccanica	1.167	570	143	12	657	266	1.967	848
(9) Elettronica	394	158					394	158
(10) Costruzioni e riparazioni navali	160	23					160	23
(11) Fonti Energetiche	16	16	6.758	2.426			6.774	2.442
(12) Chimica			933	437			933	437
(13) Tessile			89	25			89	25
(14) Alimentare	189	80			198	130	387	210
(15) Manifatturiere Diverse	97	35			504	492	601	527
(16) TOTALE MANIFATTURIERE	5.306	2.412	8.609	3.215	2.268	1.496	16.183	7.123
(17) *Servizi:*								
(18) Telecomunicazioni	11.510	3.408					11.510	3.408
Radiotelevision	480	144					480	144
(19) Trasporti marittimi	482	n.l.					482	n.l.
(20) Trasporti aerei	1.482	n.l.	—	—	—	—	1.482	n.l.
(21) Autostrade, infrastrutture, costruz.	1.845	926	—	—	—	—	1.845	926
(22) Servizi diversi	76	31	68	21	258	256	402	308
(23) TOTALE SERVIZI	15.875	4.509	68	21	258	256	16.201	4.786
(24) TOTALE GENERALE	21.181	6.921	8.677	3.236	2.526	1.752	32.384	11.909

Key: 1--Sectors; 2--Total for 5-year period; 3--South; 4--Manufacturing; 5--Steel industry; 6--Metallurgy; 7--Mining-metallurgical; 8--Machine-building; 9--Electronics; 10--Shipbuilding and repairs; 11--Energy sources; 12--Chemical; 13--Textiles; 14--Food; 15--Miscellaneous manufacturing; 16--Total, manufacturing; 17--Services; 18--Telecommunications; 19--Maritime transportation; 20--Air transport; 21--Highways, infrastructure, construction; 22--Miscellaneous services; 23--Total services; 24--Grand total.

Table 6. Summary of Investments by Companies with State Participation, 1979-1983 5-Year Period, Percentage Makeup, Italy and South

SETTORI (1)	I.R.I.		E.N.I.		E.F.I.M.		TOTALE QUINQUENNIO (2)	
	Total	Sud (3)	Total	Sud (3)	Total	Sud (3)	Total	Sud (3)
(4) *Manifatturiere:*								
(5) Siderurgia	15,5	21,8	—	—	—	—	10,-	12,7
(6) Metallurgia	—	—	—	—	36,-	34,7	2,8	5,1
(7) Minerario-Metallurgico	—	—	7,9	9,7	—	—	2,1	2,6
Cement	0,2	0,3	—	—	—	—	0,1	0,2
(8) Meccanica	5,6	8,2	1,6	0,4	26,-	15,2	6,1	7,1
(9) Elettronica	1,9	2,3	—	—	—	—	1,2	1,3
(10) Costruzioni e Riparazioni Navali	0,8	0,3	—	—	—	—	0,5	0,2
(11) Fonti energetiche	0,1	0,2	77,9	75,-	—	—	20,9	20,5
(12) Chimica	—	—	10,8	13,5	—	—	2,9	3,7
(13) Tessile	—	—	1,-	0,7	—	—	0,3	0,2
(14) Alimentare	0,9	1,2	—	—	7,8	7,4	1,2	1,8
(15) Manifatturiere diverse	0,4	0,5	—	—	20,-	28,1	1,9	4,4
TOTALE MANIFATTURIERE (16)	25,4	34,8	99,2	99,3	89,8	85,4	50,-	59,8
Servizi: (17)								
(18) Telecomunicazioni	55,0	49,3	—	—	—	—	35,-	28,6
Radiotelevision	2,3	2,1	—	—	—	—	1,5	1,2
(19) Trasporti Marittimi	2,3	n.l.	—	—	—	—	1,5	n.l.
(20) Trasporti Aerei	5,8	n.l.	—	—	—	—	4,6	n.l.
(21) Autostrade, infrastrutture, costruz.	8,8	13,4	—	—	—	—	5,7	7,8
(22) Servizi diversi	0,4	0,4	0,8	0,7	10,2	14,6	1,2	2,6
(23) TOTALE SERVIZI	74,6	65,2	0,8	0,7	10,2	14,6	50,-	40,2
(24) TOTALE GENERALE	100	100	100	100	100	100	100	100

Key: [For items 1-24, please see key, Table 5, above]

Table 7. Summary of Investments by Companies with State Participation during 1979-1983 5-Year Period by Agencies and Sectors, Percentage Ratio, South/Italy (Billions of Lire at Current Prices)

(1) SETTORI	I.R.I.	E.N.I	E.F.I.M.	TOTAL
(4) Manifatturiere:				
(5) Siderurgia	47.4	—	—	47,4
(6) Metallurgia	—	—	66.7	66,7
(7) Minerario-Metallurgico	—	50,1	—	50,1
Cement	57,1	—	—	57,1
(8) Meccanica	48.8	8.4	40.5	43,1
(9) Elettronica	40,1	—	—	40,1
(10) Costruzioni e riparazioni navali	14.4	—	—	14.4
(11) Fonti energetiche	100,-	51,9	—	52,-
(12) Chimica	—	55.-	—	55.-
(13) Tessile	—	28.4	—	28,4
(14) Alimentare	45.2	—	65,6	54,3
(15) Manifatturiere diverse	36,1	—	97.6	87,7
(16) TOTALE MANIFATTURIERE	46.1	50,8	66,-	51,5
Servizi: (17)				
(18) Telecomunicazioni	29,7	—	—	29,7
Radiotelevision	30.-	—	—	30,-
(19) Trasporti marittimi	NL	—	—	NL
(20) Trasporti aerei	NL	—	—	NL
(21) Autostrade, infrastrutture e costruz.	52,9	—	—	52,9
(22) Servizi diversi	40.8	30,9	99.2	76,6
(23) TOTALE SERVIZI	32.7	30,9	99,2	33,9
(24) TOTALE GENERALE	36.4	50,6	69,4	42,6

Key: [For items 1-24, please see key, Table 5, above]

Table 8, Investments by Companies with State Participation by Agencies and Pertinent Sectors, 1980-1982 3-Year Period, 1979-1983 5-Year Period (Constant Prices)

SETTORI (1)	I.R.I.		E.N.I.		E.F.I.M.		TOTALE			
	80-81-82	1979/83	80-81-82	1979/83	80-81-82	1979/83	80-81-82	%	1979/83	%
(4) *Manifatturiere:*										
(5) Siderurgia	1.544	2.478	—	—	—	—	1.544	9,9	2.478	10,0
(6) Metallurgia	—		—	—	539	627	539	3,4	627	2,5
(7) Minerario-Metallurgico	—	—	418	559	—	—	418	2,7	559	2,3
TOTALE	1.544	2.478	418	559	539	627	2.501	16,0	3.664	14,8
Cement	18	28	—		—		18	0,1	28	0,1
(8) Meccanica	518	845	86	123	263	448	867	5,6	1.416	5,7
(9) Elettronica	185	316	—	—		—	185	1,2	316	1,3
(10) Costruzioni e riparazioni navali	80	128	—		—	—	80	0,5	128	0,5
(11) Fonti energetiche			3.506	5.414			4.506	22,5	5.414	21,8
(12) Chimica	—	—	532	796		—	532	3,4	796	3,2
(13) Tessile	—		44	75	—	—	4	0,3	75	0,3
(14) Alimentare	81	143			97	139	178	1,1	282	1,1
(15) Manifatturiere diverse	45	76			194	349	239	1,5	425	1,7
(16) TOTALE MANIFATTURIERE	2.471	4.014	4.586	6.967	1.093	1.563	8.150	52,2	12.544	50,5
Servizi: (17)										
(18) Telecomunicazioni	5.233	8.819	—		—		5.233	33,5	8.819	35,6
Radiotelevision	240	372	—		—	—	240	1,5	372	1,5
(19) Trasporti marittimi	147	366	—	—	—		147	1,0	366	1,5
(20) Trasporti aerei	824	1.064	—				824	5,3	1.064	4,3
(21) Autostrade infrastrutture costruz.	825	1.341	—				825	5,3	1.341	5,4
(22) Servizi diversi	43	66	30	61	110	164	183	1,2	291	1,2
(23) TOTALE SERVIZI	7.312	12.028	30	61	110	164	7.452	47,8	12.253	49,5
(24) TOTALE GENERALE ITALIA	9.783	16.042	4.616	7.028	1.203	1.727	15.602	100	24.797	100

Key; [For items 1-24, please see key, Table 5, above; note: Foreign investments not shown in the table come to a total of about 4,600 billion lire.

Table 9. Investments by Management Agencies Considered under the 1978-1981 3-Year Plan (in Billions of Lire at Constant Prices)

	PREVISIONI 1978 (1)			AGGIORNAMENTO 1979 (2)			(3) VARIAZIONI (4) miliardi di lire			(5) in percentuale		
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981
I.R.I.	4.100	4.400	4.900	3.668	4.003	4.310	— 432	— 397	— 590	— 10,5	— 9,0	— 12,0
E.N.I.	1.199	1.402	1.315	1.211	1.833	1.974	+ 12	+ 431	+ 659	+ 1,0	+ 30,7	+ 50,1
E.F.I.M.	432	555	560	274	501	695	— 158	— 54	+ 135	— 36,6	— 9,7	+ 24,1
TOTAL	5.731	6.357	6.775	5.153	6.337	6.979	— 578	— 20	+ 204	— 10,1	— 0,3	+ 3,0

Key: 1--1978 estimates; 2--1979 updating; 3--Changes; 4--Billions of lire; 5--Percentages.

Table 10. Investments by State Participations in Italy in 1979-1980-1981 (Billions of Lire at Current Prices)

(1) SETTORI	1979	1980	1981	TOTAL
(4) *Manifatturiere:*				
(5) Siderurgia	519	581	693	1.793
(25) Alluminio	40	222	374	636
(7) Minerario-Metallurgico	106	181	219	506
TOTAL	665	984	1.286	2.935
Cement	11	10	8	29
(8) Meccanica	300	330	381	1.011
(9) Elettronica	72	74	70	216
(10) Costruzioni e riparazioni navali	41	46	40	127
(11) Fonti energetiche	855	1.275	1.511	3.641
(12) Chimica	186	307	188	681
(13) Tessile	21	21	15	57
(14) Alimentare	75	85	100	260
(15) Manifatturiere diverse	125	102	112	339
(16) TOTALE MANIFATTURIERE	2.351	3.234	3.711	9.296
Servizi: (17)				
(18) Telecomunicazioni	2.060	2.120	2.278	6.458
Radiotelevision	90	105	113	308
(19) Trasporti marittimi	316	158	4	478
(20) Trasporti aerei	128	445	432	1.005
(21) Autostrade-infrastrutture-costruzioni	165	214	361	740
(22) Servizi diversi	42	61	83	186
(23) TOTALE SERVIZI	2.801	3.103	3.271	9.175
(26) TOTALE GENERALE IN ITALIA	5.152	6.337	6.982	18.471
(27) INVESTIMENTI ALL'ESTERO	834	1.082	1.069	2.985
TOTALE INVESTIMENTI	5.986	7.419	8.051	21.456

[Key to Table 10] Key: [For items 1-23, please see key, table 5, above; 25--Aluminum; 26--Grand total in Italy; 27--Investments abroad; 28--Total investments.

Table 11. Investments by State Participations in Italy in 1979-1980-1981 (Percentage Makeup)

(1) SETTORI	1979	1980	1981	TOTAL
(4) *Manifatturiere:*				
(5) Siderurgia	10,1	9,2	9,9	9,7
(25) Alluminio	0.8	3,5	5,4	3,5
(7) Minerario-Metallurgico	2,0	2,8	3,1	2,7
TOTAL	12,9	15.5	18,4	15,9
Cement	0,2	0,2	0,1	0,1
(8) Meccanica	5,8	5,2	5,5	5,5
(9) Elettronica	1,4	1,2	1,0	1,2
(10) Costruzioni e riparazioni navali	0,8	0,7	0,6	0,7
(11) Fonti energetiche	16,6	20,1	21,6	19,7
(12) Chimica	3,6	4,8	2,7	3,7
(13) Tessile	0,4	0,3	0,2	0,3
(14) Alimentare	1,5	1,4	1,4	1,4
(15) Manifatturiere diverse	2,4	1,6	1,6	1,8
(16) TOTALE MANIFATTURIERE	45,6	51,0	53,1	50,3
Servizi: (17)				
(18) Telecomunicazioni	40,0	33,5	32,6	35,0
(19) Radiotelevision	1,8	1,7	1.6	1,7
(20) Trasporti marittimi	6.1	2,5	0,1	2,6
(21) Trasporti aerei	2,5	7,0	6,2	5,4
(22) Autostrade-infrastrutture-costruzioni	3,2	3,4	5,2	4,0
Servizi diversi	0,8	0,9	1,2	1,0
(23) TOTALE SERVIZI	54,4	49,0	46,9	49,7
(26) TOTALE GENERALE IN ITALIA	86,1	85,4	86,7	86,1
(27) INVESTIMENTI ALL'ESTERO	13,9	14,6	13,3	13,9
(28) TOTALE INVESTIMENTI	100,0	100,0	100,0	100,0

Key: [Please see key, Table 10, above]

Table 12. Investments by State Participations in South in 1979-1980-1981 (Billions of Lire at Current Prices)

SETTORI (1)	1979	1980	1981	TOTAL
(4) *Manifatturiere:*				
(5) Siderurgia	142	228	376	746
(25) Alluminio	11	146	280	437
(7) Minerario-Metallurgico	38	67	98	203
TOTAL	191	441	754	1.386
Cement	6	5	5	16
(8) Meccanica	134	148	171	453
(9) Elettronica	26	29	26	81
(10) Costruzioni e riparazioni navali	8	6	3	17
(11) Fonti energetiche	352	581	587	1.530
(12) Chimica	124	144	89	357
(13) Tessile	5	5	3	13
(14) Alimentare	34	51	58	143
(15) Manifatturiere diverse	101	87	99	287
(16) TOTALE MANIFATTURIERE	981	1.497	1.795	4.273
Servizi: (17)				
(18) Telecomunicazioni	616	627	675	1.918
Radiotelevision	27	31	34	92
(19) Trasporti marittimi	n.l.	n.l.	n.l.	n.l.
(20) Trasporti aerei	n.l.	n.l.	n.l.	n.l.
(21) Autostrade, infrastrutture e costruzioni	56	82	165	303
(22) Servizi diversi	17	39	68	124
(23) TOTALE SERVIZI	716	779	942	2.437
(26) TOTALE GENERALE IN ITALIA	1.697	2.276	2.737	6.710

Key: [Please see key, Table 10, above]

Table 13. Investments by State Participations in South in 1979-1980-1981
(Percentage Makeup)

(1) SETTORI	1979	1980	1981	TOTAL
(4) *Manifatturiere:*				
(5) Siderurgia	8,4	10,0	13,7	11,2
(6) Alluminio	0,7	6,4	10,2	6,5
(7) Minerario-Metallurgico	3,2	3,0	3,6	3,0
TOTAL	11,3	19,4	27,5	20,7
Cement	0,3	0,2	0,2	0,2
(8) Meccanica	7,9	6,5	6,3	6,8
(9) Elettronica	1,5	1,3	1,0	1,2
(10) Costruzioni e riparazioni navali	0,5	0,3	0,1	0,3
(11) Fonti energetiche	20,7	25,5	21,4	22,6
(12) Chimica	7,3	6,3	3,3	5,3
(13) Tessile	0,3	0,2	0,1	0,2
(14) Alimentare	2,0	2,3	2,1	2,1
(15) Manifatturiere diverse	6,0	3,8	3,6	4,3
(16) TOTALE MANIFATTURIERE	57,8	65,8	65,6	63,7
Servizi: (17)				
(18) Telecomunicazioni	36,3	27,5	24,7	28,6
Radiotelevision	1,6	1,4	1,2	1,4
(19) Trasporti marittimi	n.l.	n.l.	n.l.	n.l.
(20) Trasporti aerei	n.l.	n.l.	n.l.	n.l.
(21) Autostrade, infrastrutture costruzioni	3,3	3,6	6,0	4,5
(22) Servizi diversi	1,0	1,7	2,5	1,8
(23) TOTALE SERVIZI	42,2	34,2	34,4	36,3
(26) TOTALE GENERALE IN ITALIA	100,0	100,0	100,0	100,0

Key: [Please see key, Table 10, above]

Table 14, Investments by State Participations in South in 1979-1980-1981
(Percentage Ratio South/Italy)

(1) SETTORI	1979	1980	1981	TOTAL
(4) *Manifatturiere:*				
(5) Siderurgia	27,4	39,2	54,3	41,6
(25) Alluminio	27,5	65,8	74,9	68,7
(7) Minerario-Metallurgico	35,8	37,5	44,7	40,1
TOTAL	28,7	45,1	59,7	47,7
Cement	54,5	50,0	62,5	55,2
(8) Meccanica	44,7	44,8	44,9	44,8
(9) Elettronica	36,1	39,2	37,2	37,5
(10) Costruzioni o riparazioni navali	19,5	13,1	7,5	13,4
(11) Fonti energetiche	49,6	57,9	56,7	55,5
(12) Chimica	66,7	57,6	56,0	60,0
(13) Tessile	23,8	23,8	20,0	22,8
(14) Alimentare	45,3	60,0	58,0	55,0
(15) Manifatturiere diverse	80,8	85,3	88,4	84,7
(16) TOTALE MANIFATTURIERE	44,5	51,6	56,4	51,6
Servizi: (17)				
(18) Telecomunicazioni	29,9	29,6	29,7	29,8
Radiotelevision	30,0	29,5	30,1	29,9
(19) Trasporti marittimi	n.l.	n.l.	n.l.	n.l.
(20) Trasporti aerei	n.l.	n.l.	n.l.	n.l.
Autostrade, infrastrutture costruzioni	36,6	40,0	50,2	44,1
(21) Servizi diversi	40,5	63,9	81,9	66,7
(22) (23) TOTALE SERVIZI	30,6	31,3	33,7	32,0
(26) TOTALE GENERALE IN ITALIA	37,3	42,2	45,8	42,2

Key: [Please see key, Table 10, above]

Table 15. Investments Programmed by Agencies for the South for the 1979-1983 5-Year Period (in Billions of Lire at Current Prices)

	1979	1980	1981	1982	1983	Total	(1) Variations % 1979	1980	1981	1982	1983
I.R.I.	999	1.137	1.437	1.742	1.606	6.921	+ 33,5	+ 13,8	+ 26,4	+ 21,2	- 7,8
E.N.I.	525	801	780	663	647	3.236	+ 22,4	+ 52,6	- 2,6	- 15,0	- 2,4
E.F.I.M.	174	340	520	370	348	1.752	+ 8,8	+ 95,0	+ 53,0	- 19,2	- 5,9
Total	1.698	2.278	2.737	2.775	2.601	11.909	+ 27,0	+ 34,2	+ 20,1	+ 1,4	- 6,3
Raffronto percentuale Mezzogiorno - Italia (2)											
I.R.I.	31,4	33,7	37,6	41,3	36,3	36,4					
E.N.I.	49,3	53,4	54,-	51,-	59,6	50,6					
E.F.I.M.	63,5	67,9	74,8	67,3	68,6	69,3					
Total	37,6	42,4	45,9	45,7	43,2	42,6					

Key: 1--Percentage change; 2--Percentage comparison, South--Italy

Table 15/A. Long-Term Series of Investments by State Participations during 1969-1978 10-Year Term
(Billions of Lire)

(1) SETTORI	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
(2) Siderurgia, metallurgia e attività connesse	162,0	286,4	535,4	643,5	624,3	507,9	566,7	535,9	460,0	525,2
Cement	5,3	16,6	25,4	23,5	21,3	12,5	12,3	6,1	10,5	8,6
(3) Meccanica ed elettronica	101,8	165,0	254,1	222,4	181,9	197,8	196,5	269,9	290,1	243,9
(4) (di cui elettronica)				(43,0)	(49,9)	(62,7)	(62,8)	(80,1)	(100,2)	(44,6)
(5) Cantieri navali	10,7	8,6	8,9	16,9	38,5	50,0	53,3	49,6	36,3	25,5
(6) Idrocarburi	163,5	214,7	204,0	221,2	245,7	378,2	444,8	612,4	481,6	551,4
(7) Petrolchimica e altre produzioni chimiche	42,0	122,4	124,2	134,5	161,5	208,3	236,3	168,0	203,4	193,5
(8) Tessile	6,3	7,6	10,0	13,0	14,0	26,6	25,7	21,1	24,1	15,8
(9) Telefoni	207,9	234,1	331,7	477,1	659,8	766,2	985,5	1.210,5	1.469,2	1.590,6
Radiotelevision	12,0	8,4	4,9	6,2	6,0	8,0	8,5	9,4	20,6	52,1
(10) Trasporti marittimi	17,9	8,7	11,3	9,4	19,5	56,3	129,9	196,2	305,6	325,5
(11) Trasporti aerei	85,3	59,4	57,1	31,5	69,9	58,2	48,4	73,0	18,9	60,6
(12) Autostrade (a)	83,1	137,4	147,2	193,6	264,7	247,9	268,2	212,9	249,8	181,5
(13) Terme	3,0	3,4	2,3	3,1	3,0	3,0	3,5	4,0	—	—
(14) Cinema	1,4	0,2	2,1	0,1	0,6	1,9	2,4	2,1	—	—
(15) Attività varie (b)	28,6	52,3	62,2	84,1	91,1	131,2	103,4	108,5	123,8	130,4
(16) TOTALE NAZIONALE (c)	930,8	1.325,2	1.780,8	2.080,1	2.401,8	2.654,0	3.085,4	3.479,6	3.693,9	3.904,6
Investimenti esteri (17)	115,2	108,0	142,2	211,7	346,2	244,0	253,1	339,3	406,8	412,4
(18) TOTALE GENERALE (c)	1.046,0	1.433,2	1.923,0	2.291,8	2.748,0	2.898,0	3.338,5	3.818,9	4.100,7	4.317,0

Key: 1--Sectors; 2--Steel industry, metallurgy and related activities; 3--Machine-building and electronics; 4--Including electronics; 5--Shipyards; 6--Hydrocarbons; 7--Petrochemistry and other chemical production activities; 8--Textile; 9--Telephone; 10--Maritime transportation; 11--Air transport; 12--Highways (a); 13--Thermal baths [spas]; 14--Motion picture; 15--Miscellaneous activities (b); 16--National total (c); 17--Foreign investments; 18--Grand total (c); (a) Mostly from ANAS [National Road Board] contributions; since 1970 the sector has included highways, other infrastructure facilities, and construction projects

[Continued next page]

[Continuation of key to Table 15/A on preceding page] [structures]; (b) Miscellaneous activities include food industry, miscellaneous and manufacturing industries and services and, starting in 1977, spas and motion pictures; (c) The differences as compared to the figures published in the Program Reports of the past several years are mainly due a change in the number of companies considered as well as a reclassification of some items and a more precise way of matching up and crediting investments.

Table 16. Summary of Investments by Destination during 1979-1983 5-Year Term (Billions of Lire, Constant Prices)

(1) SETTORI	(29) Ampliamento e ammodernamento				(30) Ristrutturazione e riconversione			
	I.R.I.	E.N.I.	E.F.I.M.	Total	I.R.I.	E.N.I.	E.F.I.M.	Total
(4) *Manifatturiere:*								
(5) Siderurgia	1.769	—	—	1.769	1.193	—	—	1.193
(6) Metallurgia	—	—	—	—	—	—	909	909
(7) Minerario-Metallurgico	—	148	—	148	—	32	—	32
Total	1.769	148	—	1.917	1.193	32	909	2.134
Cement	35	—	—	35	—	—	—	—
(8) Meccanica	990	69	492	1.551	48	64	—	112
(9) Elettronica	203	—	—	203	180	—	—	180
(10) Costruzioni riparazioni navali	77	—	—	77	77	—	—	77
(11) Fonti energetiche	16	451	—	467	—	440	—	440
(12) Chimica	—	625	—	625	—	258	—	258
(13) Tessile	—	8	—	8	—	20	—	20
(14) Alimentare	132	—	26	158	50	—	—	50
(15) Diverse manifatturiere	63	—	2	65	22	—	162	184
(16) Totale manifatturiere	3.285	1.301	520	5.106	1.570	814	1.071	3.455
Servizi: (17)								
(18) Telecomunicazioni	11.427	—	—	11.427	—	—	—	—
Radiotelevision	220	—	—	220	—	—	—	—
(19) Trasporti marittimi	—	—	—	—	482	—	—	482
(20) Trasporti aerei	1.482	—	—	1.482	—	—	—	—
(21) Autostrade infrast. costruz.	630	—	—	630	—	—	—	—
(22) Servizi diversi	70	—	4	74	—	—	—	—
(23) Totale servizi	13.829	—	4	13.833	482	—	—	482
(26) Totale generale Italia	17.114	1.301	524	18.939	2.052	814	1.071	3.937
%	63,2	4,8	2,0	70,0	7,5	3,0	4,0	14,5

Key: [For items 1-26, please keys, Table 5 and 10, above]; 29--Expansion and modernization; 30--Reorganization and conversions; 31--New initiatives; 32--Makeup.

Table 16. [Continued]

(31) Nuove iniziative				Total				(32) Composizione			
I.R.I.	E.N.I.	E.F.I.M.	Total	I.R.I.	E.N.I.	E.F.I.M.	Total	I.R.I.	E.N.I.	E.F.I.M.	Total
286	—	—	286	3.248	—	—	3.248	12,0	—	—	12,0
—	—	—	—	—	—	909	909	—	—	3,3	3,3
—	505	—	505	—	685	—	—	—	2,5	—	2,5
268	505	—	791	3.248	685	909	4.842	12,0	2,5	3,3	17,8
—	—	—	—	35	—	—	35	0,1	—	—	0,1
129	10	166	305	1.167	143	658	1.968	4,3	0,5	2,5	7,3
11	—	—	11	394	—	—	394	1,5	—	—	1,5
6	—	—	6	160	—	—	160	0,6	—	—	0,6
—	680	—	680	16	1.571	—	1.587	0,1	5,8	—	5,9
—	50	—	933	—	933	—	933	—	3,5	—	3,5
—	—	—	—	—	28	—	28	—	0,1	—	0,1
7	—	171	178	189	—	197	386	0,7	—	0,7	1,4
12	—	341	353	97	—	505	602	0,3	—	1,9	2,2
451	1.245	678	2.374	5.306	3.360	2.269	10.935	19,6	12,4	8,4	40,4
83	—	—	83	11.510	—	—	11.510	42,4	—	—	42,4
260	—	—	260	480	—	—	480	1,7	—	—	1,7
—	—	—	—	482	—	—	482	1,8	—	—	1,8
—	—	—	—	1.482	—	—	1.482	5,4	—	—	5,4
1.215	—	—	1.215	1.845	—	—	1.845	7,0	—	—	7,0
6	—	254	260	76	—	258	350	0,4	—	0,9	1,3
1.564	—	254	1.818	15.875	—	258	16.133	58,7	—	0,9	59,6
2.015	1.245	932	4.192	21.181	3.360	2.527	27.068	78,3	12,4	9,3	100,0
7,4	4,6	3,5	15,5	78,3	12,4	9,3	100,0	—	—	—	—

Table 16/A. Billing Volume of State Participation Companies in 1977 and 1978 (Billions of Lire)

(1) SETTORI	1977 Lire miliardi	1977 Variazioni % 1976/77	1978 Lire miliardi	1978 Variazioni % 1977/78	(4) Composizione % 1977	(4) Composizione % 1978
	(2)	(3)	(2)	(3)		
(5) *Fatturato delle aziende operanti in Italia:*						
(6) Siderurgia e attività connesse	4.448,5	+ 13,8	4.999,9	+ 12,4	16,8	16,7
(7) Altre produzioni metallurgiche e attività connesse	403,4	— 90,0	807,6	+ 100,2	1,5	2,7
Cement	99,8	+ 24,1	118,4	+ 18,6	0,4	0,4
(8) MECCANICA - TOTAL	3.989,0	+ 22,1	4.810,9	+ 21,1	15,0	16,1
(9) - automotoristica	937,3	+ 19,1	1.194,8	+ 27,5	3,5	4,0
(10) termomeccanica elettromeccanica nucleare	558,1	— 6,8	699,1	+ 25,3	2,1	2,3
(11) aerospaziale	384,9	+ 3,4	496,0	+ 28,8	1,5	1,6
(12) materiale mobile ferroviario	120,2	+ 69,0	152,5	+ 26,9	0,5	0,5
(13) macchinari per l'industria	703,1	+ 53,5	943,2	+ 34,2	2,6	3,2
(14) elettronica	647,3	+ 63,1	682,4	+ 5,4	2,4	2,3
(15) grandi motori navali	—	—	—	—	—	—
(16) altre lavorazioni	638,1	+ 9,2	662,9	+ 3,9	2,4	2,2
(17) CANTIERI NAVALI - TOTAL	884,1	+ 27,0	978,0	+ 10,6	3,3	3,3
(18) costruzioni	732,9	+ 21,8	849,5	+ 15,9	2,7	2,9
(19) riparazioni varie	151,2	+ 60,5	128,5	— 15,0	0,6	0,4
(20) Fonti di energia e attività connesse	8.381,9	+ 59,5	8.799,3	+ 5,9	31,6	29,4
(21) Chimica	872,3	+ 6,2	1.028,8	+ 17,9	3,3	3,4
(22) Tessile	288,9	+ 32,1	295,2	+ 2,2	1,1	1,0
(23) Alimentare	1.004,7	— 4,0	1.096,3	+ 9,1	3,8	3,7
(24) Manifatturiere varie	664,5	+ 16,1	731,1	+ 10,0	2,5	2,4
(25) FATTURATO MANIFATTURIERE	21.037,1	+ 26,5	23.685,5	+ 12,6	79,3	79,1

Key: 1--Sectors; 2--Billions of lire; 3--Percentage changes; 4--Percentage makeup; 5--Billing volume of companies operating in Italy; 6--Steel industry and related activities; 7--Other metallurgical production activities and related activities; 8--Machine-building, total; 9--Automotive; 10--Thermomechanical, electromechanical, nuclear; 11--Aerospace; 12--Railroad rolling stock; 13--Machinery for industry; 14--Electronics; 15--Big ship engines; 16--Other processing activities; 17--Shipyards, total; 18--Shipbuilding; 19--Miscellaneous repairs; 20--Energy sources and related activities; 21--Chemistry; 22--Textile;

[Table 16/A, Continued]

(1) SETTORI	1977 Lire miliardi (2)	1977 Variazioni % 1976/77 (3)	1978 Lire miliardi (2)	1978 Variazioni % 1977/78 (3)	Composizione % (4) 1977	Composizione % (4) 1978
(26)						
Telecomunicazioni	2.174,7	+ 30,2	2.393,5	+ 10,1	8,2	8,0
(27) di cui comunicazioni extraurbane	1.008,4	+ 44,0	1.351,0	+ 34,0	3,8	4,5
Radiotelevisione (28)	391,5	+ 25,2	458,3	+ 17,1	1,5	1,5
– di cui sovrapprezzi TV (29)	223,9	+ 57,0	256,1	+ 14,4	0,8	0,9
Trasporti marittimi (30)	426,3	+ 33,7	452,0	+ 6,0	1,6	1,5
– passeggeri (31)	62,0	— 17,4	55,8	— 10,0	0,2	0,2
– merci e varie (32)	364,3	+ 55,8	396,2	+ 8,8	1,4	1,3
Trasporti aerei (33)	920,1	+ 30,4	1.016,6	+ 10,5	3,5	3,4
– passeggeri (31)	701,5	+ 40,7	781,1	+ 11,3	2,7	2,6
– merci e varie (32)	218,6	+ 5,6	235,5	+ 7,7	0,8	0,8
Autostrade, infrastrutture e costruzioni (34)	850,9	+ 23,7	1.046,8	+ 23,0	3,2	3,5
– autostrade ed altre infrastrutture (35)	344,2	+ 30,0	444,0	+ 29,0	1,3	1,5
– costruzioni (36)	506,7	+ 19,0	602,8	+ 19,0	1,9	2,0
Terme (37)	42,3	+ 10,7	49,0	+ 15,8	0,2	0,2
Cinema (38)	5,0	+ 16,0	6,3	+ 26,0	—	—
Aziende varie di servizi (39)	670,7	+ 91,0	855,9	+ 27,9	2,5	2,8
(40) FATTURATO SERVIZI	5.481,5	+ 34,4	6.278,4	+ 14,5	20,7	20,9
(41) FATTURATO TOTALE	26.518,6	+ 28,0	29.963,9	+ 13,0	100,0	100,0
Interscambi (42)	2.024,7	—	1.978,9	— 2,3	—	—
(43) FATTURATO NETTO ITALIA	24.493,9	—	27.985,0	+ 14,3	92,7	91,1
(44) FATTURATO AZIENDE OPERANTI ALL'ESTERO	1.926,7	+ 5,2	2.719,8	+ 14,2	7,3	8,9
(45) FATTURATO COMPLESSIVO	26.420,6	+ 17,2	30.704,8	+ 16,2	100,0	100,0

23--Food; 24--Miscellaneous manufacturing; 25--Manufacturing billing volume; 26--Telecommunications; 27--Including communications outside cities; 28--Radio and television; 29--Including TV overestimates [as published]; 30--Maritime transportation; 31--Passengers; 32--Cargo and miscellaneous; 33--Air transport; 34--Highways, infrastructure facilities and construction; 35--Highways and other infrastructure facilities; 36--Construction; 37--Spas; 38--Motion picture; 39--Miscellaneous service companies; 40--Services billing volume; 41--Total billing volume; 42--Exhanges; 43--Net billing volume in Italy; 44--Billing volume of companies operating abroad; 45--Overall billing volume.

Table 16/B. Billing Volume of Companies Operating Abroad during 1974-1978 5-Year Term (Billions of Lire)

(1) SETTORI	1974	1975	1976	1977	1978	Variazione % Lire/miliardi	1977-78 %
(3)						(2)	
a) *Fatturato aziende operanti all'estero:*							
(4)- Idrocarburi	1.339,1	1.657,0	1.952,0	1.836,2	2.580,7	+ 744,5	40,5
(5)- Meccanica	7,9	8,6	12,8	13,3	17,5	+ 4,2	31,6
(6)- Chimica	—	—	—	3,9	5,9	+ 2,0	51,3
(7)- Tessile	—	—	—	0,4	1,8	+ 1,4	350,0
(8)- Alimentari	11,3	6,2	7,1	4,7	6,0	+ 1,3	27,7
(9)- Diversi manifatturieri	0,2	—	—	68,2	113,9	+ 45,7	67,0
TOTAL	1.358,5	1.671,8	1.972,8	1.926,7	2.725,8	+ 799,1	41,5
(10) b) *Fatturato di aziende collegate italiane*	48,5	102,1	134,6	(a)	(a)	—	—
(11) FATTURATO NETTO CONSOLIDATO (a—b)	1.310,0	1.569,7	1.838,2	1.926,7	2.725,8	+ 799,1	41,5
(12) Esportazione aziende nazionali a partecipazione statale	2.127,7	3.212,1	4.021,6	5.212,2	6.189,0	+ 976,8	18,7
(13) FATTURATO NETTO COMPLESSIVO NEL MERCATO ESTERO (a—b)	3.437,7	4.781,8	5.859,8	7.138,9	8.914,8	+ 1.775,9	24,9

Key: 1--Sectors; 2--Percentage variation, billions of lire; 3--(a) Billing volume of companies operating abroad; 4--Hydrocarbons; 5--Machine-building; 6--Chemical; 7--Textile; 8--Food; 9--Miscellaneous manufacturing; 10--(b) Billing volume of connected Italian companies; 11--Net consolidated billing volume (a-b); 12--Exports of national companies with state participation; 13--Overall net billing volume on foreign market (a+b); (a) As of 1977, the billing volume shows the net figure for exchange [trade] (billing volume between companies within the area of the management agency to which they belong).

Table 16/C. Foreign Billing Volume of Entities and Companies with State Participation during the 1974-1978 5-Year Term (Billions of Lire)

(1) ENTI	1974	1975	1976	1977	1978	Variazione % Lire/miliardi (2)	1977-78 %
(3) Aziende nazionali:							
I.R.I.	1.187,0	2.137,3	2.477,1	2.849,6	3.492,8	+ 643,2	22,6
E.N.I.	580,7	656,6	931,9	1.862,0	1.972,8	+ 110,8	6,0
E.F.I.M.	232,0	272,2	410,7	500,6	723,4	+ 222,8	44,5
E.G.A.M.	128,0	146,0	202,0	—	—	—	—
TOTALE	2.127,7	3.212,1	4.021,6	5.212,2	6.189,0	+ 976,8	18,7
(4) Aziende estere:							
E.N.I.	1.347,0	1.665,6	1.965,7	1.922,0	2.719,8	+ 797,8	41,5
E.F.I.M.	11,5	6,2	7,1	4,7	6,0	+ 1,3	27,7
TOTALE	1.358,5	1.571,8	1.972,8	1.926,7	2.725,8	+ 799,1	41,5
(5) TOTALE COMPLESSIVO	3.486,2	4.883,9	5.994,4	7.138,9	8.914,8	+ 1.755,9	25,0

Key: 1--Agencies; 2--Percentage change, billions of lire; 3--National companies; 4--Foreign companies; 5--Overall total.

Table 16/D. Billing Volume for Exports--Companies Operating in Italy (Billions of Lire)

(1) SETTORI	1977	1978	(2) Composizione % 1977	(2) Composizione % 1978	(3) Variazioni 1977/78 Lire/miliardi (4)	(3) Variazioni 1977/78 %
(5) Produzione siderurgica e metallurgica	1.346,1	1.671,6	25,9	27,0	+ 325,5	24,2
Cement	7,4	17,1	0,1	0,3	+ 9,7	131,1
(6) TOTALE MECCANICA	1.650,3	2.128,2	31,7	34,4	+ 477,9	29,0
(7)- automotoristica	476,2	535,5	9,2	(8,7	+ 59,3	(12,5
(8)- termoelettronucleare	95,0	151,3	1,8	(2,4	+ 56,3	(59,3
(9)- aerospaziale	251,6	357,5	4,8	(5,8	+ 105,9	(42,1
(10)- materiali mobili ferroviari	1,2	2,8	—	—	+ 1,6	(133,3
(11)- macchinari per l'industria	512,3	729,0	9,8	(11,8	+ 216,7	(42,3
(12)- elettronica	138,0	142,0	2,7	(2,3	+ 4,0	(2,9
(13)- varie	176,0	210,1	3,4	(3,4	+ 34,1	(19,4
Cantieri navali (14)	250,6	366,2	4,8	5,9	+ 115,6	46,1
(15)- costruzioni	166,5	317,8	3,2	(5,1	+ 151,3	(90,9
(16)- riparazioni e varie	84,1	48,4	1,6	(0,8	— 35,7	(42,4
Idrocarburi (17)	1.440,9	1.301,9	27,7	21,0	— 139,0	9,6
Chimica (18)	286,9	393,5	5,5	6,4	+ 106,6	37,1
Tessile (19)	30,4	39,3	0,6	0,6	+ 8,9	29,3
Alimentari (20)	75,5	99,8	1,4	1,6	+ 24,3	32,2
Varie e manifatturiere (21)	119,1	160,6	2,3	2,6	+ 41,5	34,9
(22) TOTALE MANIFATTURIERE	5.207,2	6.178,2	100,0	99,8	+ 971,0	18,6
Telefoni (23)	—	—	—	—	—	—
Cinema (24)	—	—	—	—	—	—
Aziende varie di servizio (25)	5,0	10,8	—	0,2	+ 5,8	116,0
(26) TOTALE SERVIZI	5,0	10,8	—	0,2	+ 5,8	116,0
(27) TOTALE ESPORTAZIONI	5.212,2	6.189,0	100,0	100,0	+ 976,8	18,7

Key: 1--Sectors; 2--Percentage makeup; 3--1977-1978 changes; 4--Billions of lire; 5--Steel and metallurgical output; 6--Total machine-building; 7--Automotive; 8--Thermoelectric-nuclear; 9--Aerospace; 10--Railroad rolling stock; 11--Machinery for industry; 12--Electronics; 13--Miscellaneous; 14--Shipyards; 15--Construction; 16--Repairs and miscellaneous; 17--Hydrocarbons; 18--Chemistry; 19--Textile; 20--Food; 21--Miscellaneous and manufacturing; 22--Total manufacturing; 23--Telephone; 24--Motion picture; 25--Miscellaneous service outfits; 26--Total services; 27--Total exports.

Table 16/E. Long-Term Series of Investments by State Participations in South During 1969-1978 10-Year Term (Billions of Lire)

(1) SETTORI	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
(2) Siderurgia, metallurgia e attività connesse	87,8	186,4	408,6	542,1	471,4	302,4	318,9	267,5	177,8	123,8
Cement	2,7	12,7	21,4	22,9	20,7	11,5	11,2	4,8	4,7	5,9
(3) Meccanica ed elettronica	50,3	87,9	136,8	116,0	81,0	76,8	78,4	89,5	111,7	79,1
(4) (di cui elettronica)				(20,1)	(24,5)	(33,8)	(32,7)	(36,5)	(40,1)	(14,6)
(5) Cantieri navali	4,1	2,5	2,3	3,1	3,0	13,5	19,5	18,5	7,3	2,5
(6) Idrocarburi	47,7	44,7	42,0	30,2	25,4	61,3	72,7	88,9	101,4	164,9
(7) Petrolchimica e altre produzioni chimiche	29,0	102,8	91,2	105,5	137,3	165,5	169,7	116,3	135,6	136,5
(8) Tessile	2,6	3,0	4,0	9,0	5,0	10,3	13,5	9,8	5,0	3,6
(9) Telefoni	64,5	73,6	104,4	149,1	210,9	228,5	304,3	365,7	447,1	474,2
Radiotelevision	2,0	2,0	0,5	1,4	1,1	1,6	2,5	1,6	4,6	10,3
(10) Autostrade (a)	33,7	73,9	84,2	116,3	120,6	91,6	104,5	76,4	86,9	78,0
(11) Terme	0,6	0,3	0,6	0,3	0,3	1,2	0,3	0,6	—	—
(12) Varie (b)	13,1	20,8	35,7	43,0	48,6	58,1	49,3	44,0	56,5	56,9
TOTAL	338,1	610,6	931,7	1.138,9	1.125,0	1.022,3	1.144,8	1.083,6	1.138,6	1.135,7

(a) Compresi i contributi ANAS.
(b) Le attività varie comprendono alimentari, varie manifatturiere e di servizio e, dal 1977, le attività termali.

Key: 1--Sectors; 2--Steel industry, metallurgy and related activities; 3--Machine-building and electronics; 4--Including electronics; 5--Shipyards; 6--Hydrocarbons; 7--Petrochemistry and other chemical production; 8--Textile; 9--Telephone; 10--Highways (a); 11--Spas; 12--Miscellaneous (b); (a) Including ANAS contributions; (b) Miscellaneous activities include food industry, miscellaneous manufacturing and services, and, starting in 1977, spa [health resort] activities.

Table 16/F. Long-Term Series of Investments by State Participations in South During 1969-1978 10-Year Term (Percentage Makeup)

(1) SETTORI	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
(2) Siderurgia, metallurgia e attività connesse	25,97	30,53	43,85	47,58	41,89	29,58	27,9	24,7	15,6	10,9
Cement	0,80	2,08	2,30	2,01	1,84	1,12	1,0	0,5	0,4	0,5
(3) Meccanica ed elettronica	14,88	14,39	14,68	10,18	7,20	7,51	6,8	8,3	9,8	7,0
(5) Cantieri navali	1,21	0,41	0,25	0,27	0,27	1,33	1,7	1,7	0,7	0,2
(6) Idrocarburi	14,11	7,32	4,51	2,65	2,25	5,99	6,4	8,2	8,9	14,5
(7) Petrolchimica e altre produzioni chimiche	8,57	16,84	9,79	9,26	12,20	16,18	14,8	10,7	11,9	12,0
(8) Tessile	0,77	0,50	0,43	0,80	0,44	1,01	1,2	0,9	0,5	0,3
(9) Telefoni	19,08	12,05	11,21	13,10	18,74	22,35	26,6	33,7	39,3	41,8
Radiotelevision	0,59	0,32	0,05	0,12	0,10	0,16	0,2	0,1	0,4	0,9
(10) Autostrade (a)	9,97	12,10	9,04	10,23	10,72	8,96	9,1	7,1	7,6	6,9
(11) Terme	0,18	0,05	0,06	0,03	0,03	0,12	—	0,1	0,1	—
(12) Varie	3,87	3,41	3,83	3,77	4,32	5,68	4,3	4,0	4,8	5,0
TOTAL ...	100,00	100,00	100,00	100,00	100,00	100,00	100,0	100,0	100,0	100,0

Key: [Pleasee key, Table 16/E, above]; (a) Including ANAS contributions; from 1970 on, the sector included highways, miscellaneous infrastructures, and construction.

Table 16/G. Long-Term Series of Investments by State Participations in South During 1969-1978 10-Year Term (Percentages of Investments in Italy by State Participations)

(1) SETTORI	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
(2) Siderurgia, metallurgia e attività connesse	55,96	79,32	76,71	84,3	76,9	60,6	57,6	50,6	38,7	24,1
Cement	50,94	76,51	84,25	97,4	97,1	92,0	91,1	78,8	44,8	68,6
(3) Meccanica ed elettronica	49,41	53,27	53,84	52,15	45,10	38,0	40,0	33,3	37,8	32,4
(4) (di cui elettronica)				(46,74)	(52,12)	(51,1)	(52,3)	(45,6)	(40,0)	(32,7)
(5) Cantieri navali	38,32	29,07	25,84	18,3	7,7	27,0	36,6	37,3	20,1	9,8
(6) Idrocarburi (a)	38,19	27,75	27,13	19,5	13,7	19,7	21,3	25,0	26,8	37,5
(7) Petrolchimica e altre produzioni chimiche	69,05	83,99	73,41	78,4	85,0	79,7	71,8	69,2	66,7	70,5
(8) Tessile	41,27	39,47	40,00	69,0	35,7	38,5	52,5	46,4	20,7	22,8
(9) Telefoni	31,03	31,44	31,62	31,3	32,1	29,7	30,9	30,3	30,4	30,1
Radiotelevisione	16,67	23,81	10,20	22,6	18,3	28,0	29,4	17,0	22,3	22,1
(10) Autostrade (b)	40,55	54,06	57,73	61,9	46,4	39,2	40,0	37,4	37,6	46,0
(11) Terme	20,00	8,83	26,12	9,7	10,00	40,0	4,6	15,0	12,0	—
(12) Varie (c)	45,80	39,77	57,40	51,12	53,11	45,1	48,5	40,7	46,7	49,8
TOTAL	43,05	50,62	56,12	57,9	50,4	43,1	41,2	36,9	35,1	33,9

Key: [Please see key, Table 16/E, above]; (a) To make a comparison with the total investments in Italy, we deducted the investments that cannot be specifically located (fleet, mobile facilities, etc.); (b) Including ANAS contributions; (c) Miscellaneous activities include the following items: miscellaneous food manufacturing, miscellaneous services.

Plans, Objectives

Rome RELAZIONE PROGRAMMATICA in Italian Vol 1, 1980 p 103-114

[Text] Chapter VII. Objective Pursued by State Participations System

1. The formation of the state participations in their current structural setup took place at various times and in the presence of definitely differentiated problems: the establishment of the IRI was the result of the need for preserving the country's industrial structure which had been hard hit by the worldwide crisis at the beginning of the thirties while the constitution of the ENI was the result of a deliberate economic policy choice which was debated at great length and which was designed to take the exploitation of methane-containing resources away from private speculation; these sources had been discovered a short time earlier in the Po Valley; another purpose was, through public business undertakings, to bring about energy supply conditions different from those of the past.

With the establishment of the ENI and the simultaneous assertion of the IRI as an instrument for the propulsion and development of essential sectors in the Italian economy (this is particularly true of the steel industry), the state participations became a permanent fixture of the Italian economic system to which they imparted a turn of an institutional type. This was confirmed several years later with the creation of the Ministry of State Participations as a political factor in the assembly of the system which, on the management level, retains its full authority, something which by the way is quite in line with its nature as a grouping of enterprises designed to tackle competitors on the market.

Thus was created an effective and original instrument of public intervention in the economy which performed an irreplaceable role as a moving force for development and which represented one of the main points in the entire Italian production system.

The system of state participations indeed contributed to the Italian economy's quantitative and qualitative development through the following:

(a) The investment of tremendous sums in the effort to boost some strategic sectors, especially basic sectors (energy, chemical industry, steel industry) where the commitment of the private outfits had turned out to be inadequate or where development was obstructed by formations with structures that had a low level of competitive capability;

(b) The increase brought about in accumulation which permitted a speed-up in the industrialization process;

(c) The placement of major industrial initiatives in the South;

(d) A vaster presence of Italian products on foreign markets.

Over the past 10 years, the progress of the economy, not only in Italy, but also on a worldwide scale, has been characterized by a more accentuated cyclic character with ever more marked phases and more closely-spaced economic downturn. The

conferences were particularly serious for the state participations which had emerged from a long period of major efforts. Indeed, the rather jerky progress of the economy particularly struck the heavily capitalized sectors, causing serious losses, while the difficulties in the entire private production establishment likewise in the end, in some cases were shifted to the state participations. In spite of that, the state participations did continue during the seventies to maintain high levels in investments, substantially performing an anticyclic function, compensating--although only in part--the inadequacy of private investments during phases of depression.

2. Some Processes of System Downgrading

Some developments over these years weakened the state participations and reduced their capacity to act as a moving force for the entire production system.

The causes leading to the weakening of the system are many. In this connection it must be recalled that:

(1) The operations designed to salvage the enterprises inside or outside the system (the former EGAM), which the government considered necessary, had a noteworthy effect on the profitability of the state participations and on the capacity to increase the accumulation. Some of the operations mentioned here then extended the intervention of the system itself to sectors where the presence of public enterprise did not have and does not have any motivation except in the light of the requirement to safeguard employment levels where the inadequacies of the economic policy and social-political pressures had come to a burden on the individual enterprises;

(2) The shortcomings of economic policy and the obstacles placed in the way of labor mobility (in an attempt to defend employment, an attempt which proved to be illusory where long-range prospects are considered) presented the state participations from adapting their structures and their production roles to the new prospects and requirements of the Italian economy which continued to take shape at the beginning of the seventies. The consequence was that a persistent situation of heavy losses developed in many sectors;

(3) Some shortcomings emerged in relations between the system of state participations and the government. The impossibility of assembling a worthwhile economic plan--in which industrial policy had to constitute the main factor--until then had negative repercussions also on the government's ability to propose, to the state participations, coherent, sufficiently stable strategy outlines which would be in tune with the requirements of social-economic development. In this context of uncertainty, particularly full of negative consequences, we came to the policy of allocation [endowment] funds. The political situations caused in recent years made it difficult for the government to propose an increase in allocation funds and it was up to the parliament to approve that. Indeed, the increase in allocation funds --if granted adequately and without harmful delays--could have turned out to be a particularly effective instrument in supporting the growth--including the technological growth--of the state participations and orienting the growing system toward the objectives that are its own. Due to the shortcomings and delays in the

allocation fund policy, these possibilities were not realized. Under these conditions, the public enterprises were forced to resort to the credit system in order to finance their investments. That resulted in a further decline in the system's profitability and an accentuation of the effects which we will cover in point (5);

(4) Some events--particularly the profound changes that took place in international relations above all due to the modifications in the distribution of labor on a worldwide level and the oil crisis--caused an abrupt deterioration in the prospects of some sectors of the state participations, further aggravating the effects of the structural rigidity mentioned earlier;

(5) The persistent loss situations which, as a result of the above-mentioned events, arose in various sectors of the state participations, tend to get worse as a result of some cumulative processes. The frustrations arising in the management structures, the weakening of the incentive to reduce costs, which is fully at work when the market (or other systems of incentives and penalties) pushes the enterprises along--also toward confrontation--into seeking the most efficient structures, the consolidation of corporative interests--all of these helped amplify the effects which the above-mentioned phenomena had on the profitability of the enterprises. We must remember here that while, on the one hand, the lack of a serious plan certainly does not favor the action of the state participations, on the other hand, their weakening makes it more difficult to formulate those very same economic plans and this, as we said, in turn had negative effects on the system's efficiency as such.

3. Urgent Need for Reorganization

The consideration of the degenerative processes of the past several years and the effects which they had causes us to underscore the urgency of vast reorganization processes in the system of state participations. As a matter of fact, such processes are necessary also in vast private sectors or those which at least formally are private. Law No 675 was passed in 1977 precisely to facilitate these processes.

The contribution of the state participations to reorganization and industrial revival however assumes particular significance not only because of the social-economic importance of the sectors which are in crisis and which constitute the public entrepreneurial system, but also because that contribution must--above all in the South--be implemented in such ways as not to aggravate, in the immediate future, the problem of employment and so as to create, in the most immediate possible future, prospects for an increase in jobs more in line with the country's social and population requirements. This is why we cannot help but express our strongest concern over the delays with which Law 675 is being implemented as a consequence of the well-known political events that took place this last year: the effects of the regrettable delays are particularly serious because of the complex procedures provided for in that law. One consequence of these delays must be underscored: the failure to request increases in allocation funds had particularly negative repercussions in many sectors (steel industry, shipyards, certain textile enterprises) which are in conditions of liquidity that are entirely insufficient even when it comes to handling their own routine activities. Because the state participations can get moving toward the solution of the serious problem of reorganization and because they are thus able to pursue the objectives of the system itself, as the structural crisis of the Italian economy demands, it is necessary to adopt other economic

policy measures. Indeed, in addition to the prompt implementation of laws 675 and 787 and the effective implementation of Law 183, it is necessary to resolve the problem of labor mobility with a method which was already suggested in Law 675. It is therefore necessary to reconcile the needs of the workers with those of the enterprises which, in the long run, coincide with the real interests of all workers, both those who are already in the system and those who might get in only if the process of accumulation is stepped up and correctly guided. Another economic policy problem to be solved involves the support for and qualification of the demand in long-range terms; the solution of that problem could help the state participations in the adoption of valid strategies.

4. Problem of Labor Mobility

The problem of labor mobility comes up in the country's depressed and underdeveloped regions--especially in the South--in terms different from those in the developed regions. In the former, layoffs involve a steady increase in unemployment which is difficult to absorb; this must therefore be avoided by enterprises with state participation for social-political reasons. The reduction of employment in enterprises which have no prospects, not even in the long run, assuming an adequate recovery, must take place through the development of alternate activities which would permit the transfer of manpower from enterprises without prospects to enterprises which have sufficiently valid and secure prospects. In this form however likewise, mobility is possible if the labor union--making the workers fully aware of the fact that the interests of the entire working class can be guaranteed only by a development which turns out to be efficient in the long run--is in a position to facilitate an employment possibility which calls for the transfer of workers from a hopeless enterprise to another one with good growth prospects, even if the former were to be an enterprise with state participation while the latter is a private outfit.

In this connection we must not forget that, precisely because of the needs for reorganizing many enterprises with state participation in the South, the contribution of the private enterprises--to the extent that they can better utilize the entrepreneurial potential--is absolutely necessary for the solution of the employment problem. As we shall see, the system of state participations can facilitate the formation of new private enterprises and their efficient growth.

In the developed regions, labor mobility can instead by entrusted to the market which would be properly controlled and guided by the action of the regional agencies which take care of manpower retraining so as to transfer workers from terminated activities to others where there are valid and steady prospects. The state participations reorganization programs therefore to a great extent will depend on the creation of such agencies (already provided for in the law on industrial reorganization) and their effective operation. The broadest leeway which, through similar initiatives, becomes possible also for enterprises with state participation in the North, can make it possible to step up efforts aimed at normalizing and expanding the employment structures in the South.

5. Sustaining the Demand

Sustaining the demand is an effort which so far has been pursued essentially in relation to the requirements of the particular business situation as conceived

in a macroeconomic context. The problem as a matter of fact also comes up with reference to the needs and medium-term and long-term growth prospects. This applies not only to the attainment of economic and social objectives which call for changes in the structure of the demand (greater expansion of social services which will characterize a new development model necessary among other things to solve the serious energy problem) but also by the need--which indeed also springs from a mere macroeconomic approach--for a higher Italian economy growth rate, such as it is required to attain the two priority objectives of the South and of employment, particularly youth employment and generally, in order to correspond to the country's social and population needs.

The effects which the public demand can have in certain particularly critical sectors--such as electronics, the nuclear industry, and mass transportation--are very significant. Greater development of public demand for goods and services produced in those sectors is justified for various reasons. One of them deserves underscoring: the impossibility of redimensioning the activities of many enterprises of the state participations, especially if they are located in the South --but also the need, in any case, to achieve an xpansion of production in order to permit more efficient exploitation of plants and to assure more reliable prospects of employment--suggests the timeliness of allocating public funds not so much to making up losses but to the development of the demand for goods produced by those enterprises (means of transportation, for example), thanks to which it is possible to hold down and eliminate those losses. In particular, a major effort is necessary to boost and develop maritime transportation so as to attenuate the serious crisis which has struck the shipbuilding sector.

Particular industrial growth prospects are associated with the effective implementation and, if necessary, courageous revision of the 10-year housing construction program.

The system of state participations can contribute to the preparation of such a program with some of its own enterprises, such as Italstat, which are now managing to maintain the production levels necessary to guarantee a certain equilibrium thanks to the development of activities abroad which are unfolding in an ever more competitive and lively context that seriously determines methods and strategies.

The development of services--which, as we said before, will have to be characterized increasingly by the structure of the final demand during the years to come--can offer possibilities of growth for enterprises with state participation in sectors where their presence has more valid and stable motivations. The current technological developments and those which can be anticipated enable us to visualize interesting possibilities in these sectors: in particular, new services--including sophisticated ones--can be offered to telephone users.

With a view to these possibilities it is also necessary to tackle the problem of rate schedules in new terms. It makes no sense as a matter of fact for the state to subsidize consumption which is not socially necessary, at least to a greater extent than it subsidizes the other consumptions which families make by purchasing goods and services on the market. Through these services, where they are subsidized, we must adjust the rate schedules so as to enable the enterprises to carry out the necessary expansion processes with sufficiently restrained utilization of public funds which by the way are not enough for the development of other

socially more necessary activities (such as, for example, those involved in the development of the South and those for the rationalization of the Italian agriculture). For those goods and services (such as electrical energy and telephone), which we want to provide for families that do not have them, one could provide forms of subsidy to be so accounted through the taxpayer's income tax form (so long as the family income, which would naturally have to be reported in connection with the necessary reference to the separate filings of the other members of the family, does not exceed certain levels and so long as the expenses for services and goods which are supposed to be subsidized are adequately documented). Asserting the need for a new development model--which among other things is required to obtain a new and steady social consensus--this, quite logically, implies that, for certain services, the rate schedule obstacle, which today obstructs the development of social consumption, likewise be removed. Greater development of such consumption will facilitate serious planning of public demand for a variety of goods and services that would permit greater and more qualified development of state participations. We would thus be creating the conditions for definitely overcoming the serious crisis situation which, in some sectors, cannot be corrected without causing negative repercussions on the employment structure.

6. The Energy Problem

Problems connected with the availability of energy sources for Italy currently have absolute priority. It is not by chance that, among the sectors of state participations, the one relating to energy sources takes the biggest amount of investments in the manufacturing sectors.

All consumer countries are turning their attention to a policy of maximum diversification of sources and accelerated search for sources other than petroleum. It must moreover be kept in mind that the revitalization of the energy balance sheets of the consumer countries and the shift toward alternate sources, other than petroleum, will take place at a very slow rhythm because of the great stickiness and inertia of the existing models of supply and demand.

The study on the final uses of energy conducted by the ENI, for the first time in Italy, evidenced a vast area for the improvement of Italy's energy system; but in many cases, the transformation does not yet turn out to be economical and this considerably slows down any possible initiatives. In other cases, the substitution of the petroleum is possible, both from the technical and from the economic viewpoints, but it would take high investments which create complex financial problems. In other cases, finally, there are obstacles of a technological nature to be resolved.

From what we have said so far it follows that--while making a maximum effort toward a reduction of petroleum consumption--the demand for crude will continue to be the element that determines the nation's energy balance. The action of the ENI to contribute to the coverage of Italy's petroleum needs in the past has followed a double strategy and, properly boosted, will have to continue to follow such a strategy: on the one hand, by stepping up the development of prospecting in Italy and abroad, which is facilitated by the inclination of some producer countries to resume prospecting in their areas, where things have been stagnating for quite some time, and on the other hand by developing a supply policy which will seize the opportunities which have been created as a result of the assumption, by the producer countries, of full control over their mineral resources.

These developments are facilitated by the public enterprise character of the ENI which is able to take advantage of every possibility that arises--and which will always have to be able to do so--by offering a complex range of services extending from technical and financial as well as organizational assistance to mining prospecting and the exploitation of deposits already in production, all the way to the planning of plants for the down-line phases (refining, petrochemistry) and to personnel training and upgrading.

An important aspect in this function is that the ENI can have available the best technologies and know-how in tackling the complex topics of mining prospecting in increasingly difficult situations. This is also why its consolidated balance sheet must give it a degree of financial security which is indispensable in enabling it to face the risks and the cost of petroleum supply which keep growing at tremendous rates.

Along with petroleum supply it will be necessary to step up efforts in the natural gas field which is the first major line of diversification with concrete possibilities fo producing results in the near future.

Regarding the nation's energy policy, we must now resolutely move on to the phase of drafting the "operational blueprints" for the Energy Plan. It is in this phase --which must be pushed all the way to the preparation of complete feasibility plans--that one can concretely check out the real implementation times for the undertakings and identify and properly tackle the bottlenecks that might arise on the various levels of administrative procedures, financing, technology, and coordination of activities of the various entities.

It is first of all necessary in a specifically point-oriented manner and without duplication of effort to assign the nation's energy agencies the job of preparing these blueprints by certain deadlines, making sure that there will be close operational coordination for those operations which are combined and connected between them (supply and solution of transportation problems and infrastructure facilities for coal; planning and preparation of plants for utilization of coal, supply and processing of nuclear fuel; program for developing nuclear power plants, etc.).

It is for this purpose that a committee was established in the ministry with the participation of representatives from the agencies involved in the coal problem, another major line of diversification which is designed to identify and coordinate the individual operational lines. One cannot overlook the need--within the framework of the policy of diversification--for rapidly carrying out a national nuclear program in order to assure an important energy source which will be safer than any other from the strategic viewpoint and which furthermore is necessary so that Italy may stand up to the other industrialized countries on the economic level.

In the context of the problems indicated here, we finally come to the need for a review of the system for price determination.

7. Commitment of State Participations in Agricultural and Food Fields

Another sector where the commitment of state participations assumes particular social-economic significance is the agricultural and food field. It is a good

idea to recall here that the food industries can be classified in two sectors which have different features, just as we distinguish between pure chemistry and basic chemistry.

The former sector comprises industrial establishments which turn out sophisticated products, whose economic results depend on commercial strategies, on the capacity for product innovation as well as on the production technologies. The validity of the entrepreneurial initiative for these industries becomes the criterion for their permanent existence within the state participations.

The second sector comprises the agricultural and food industry establishments where the commitment of the state participations has further justification. The normal development of that industry can as a matter of fact contribute to the efficient growth of agriculture.

For some food products, we have changed or we are changing the convenience of separating the initial processing, necessary for sales or the industrial upgrading of the products themselves, from agricultural activities properly speaking. This brings up the need for identifying--also through suitable research and experimentation structures--new and broader possibilities of technical and commercial connection and integration between the food industry and agriculture which would permit a double advantage: increasing the added value of agricultural activity and eliminating some middlemen who prevent or harm the regularity of sufficiently powerful flows of products, necessary for the efficient development of some food industries.

The system of state participations must therefore above all move in that direction, toward a more valid development of the agricultural and food industry, with particular attention to the possibilities and requirements of the South.

8. Commitment of State Participations in Telecommunications

Significant innovations are anticipated in the telecommunications sector. The telephone will be the tool through which the families and the enterprises will be able to obtain a vast range of services made possible by the combined use of telephone and television.

The development of these services will significantly influence both the structure of consumption and the company technologies and organizations.

Profound innovations are underway in telecommunications technology as such, ranging from switching instruments in electronic engineering to the use of satellites. An enterprise with state participation must step up its commitment to speeding up these technological developments and creating conditions so that the public at large may avail itself of those developments.

An adequate and well-planned development of the public demand can promote the economically valid growth of industrial initiatives in Italy which would permit a reduction of dependence on the big multinational enterprises. To make sure that these developments will materialize we must however--as we had occasion to observe earlier--make sure that the problem of rate schedules will be solved with the help of procedures which will make the prospects for the enterprise less uncertain, which will make controls even more efficient for smooth service for the consumer and

which will reserve "subsidies" from the community for those who are justified in receiving them.

9. Commitment of State Participations to Materialization of Infrastructure and Housing Construction

The qualitative and quantitative characteristics of the civilian and social infrastructure demand calls for the availability of workers who will be able not only to plan the projects but also to complete the undertakings in all of their aspects while meeting deadlines and employing the most economical solutions.

In the system of state participations there are enterprises, such as those of the Italstat Group, which are fully able to meet these requirements. The operational dimensions of these enterprises, the high degree of functional integration, and the results achieved also abroad, demonstrate that they are liable to be further and more broadly used in order to respond to the demand for infrastructure projects in Italy within a context of cooperation with private outfits.

It is known that the demand for such projects--schools, hospitals, public offices--is very high, as is the demand for low-cost housing where there is a growing shortage.

The traditional ways with which public intervention has been carried out in these fields are not at all efficient because of the rather cumbersome procedural and administrative requirements which mean that the entire undertaking itself cannot respond to the need for the desired solutions.

By virtue of their nature as enterprises, the state participations are not subject to rigid red tape and are therefore able, with adequate action and in a time frame in keeping with the technical commitment, to tackle the problems we mentioned here. On the other hand, this is proved by the achievements in the highway sector. The important thing therefore is to transfer the positive experience in this field to the presently most troubled sectors of the civilian infrastructure and housing construction where massive action--taking into account the dimensions of the demand --would also be an effective anticyclic move.

Interesting programs are now underway. In this connection we recall the construction of post offices as well as housing units for the personnel of the Ministry of the Post Office and Telecommunications. Other programs are in the advanced planning phase or are now ready. Of particular interest here is the program which Italstat is perfecting in conjunction with private groups and with the Cooperative Movement, involving the construction, in a cooperative form, of houses to be sold at very low prices, in keeping with those fixed by the government's 10-year plan.

During the "pilot" phase of the project, 30,000 houses would have to be built in 5 years.

These are programs which, although conspicuous, do not absorb the broad operational capacities of the companies in the sector while the needs of the country demand their complete and most efficient utilization, also through the definition--as was done for the highways--of suitable legal instruments capable of regulating relations between the state and companies with state participation.

10. Maritime Services and Shipyard Activities

A major effort must be made to boost maritime transportation and this must be done through methods which would guarantee maximum economic efficiency.

In this sector--also because of the obstacles deriving from certain infrastructure facilities (in particular, the ports, whose development has been entirely inadequate in qualitative and quantitative terms)--technological development has been insufficient in promoting that development of the demands which other structures could have permitted with great advantage for a country such as Italy which is entirely facing out toward the sea.

With initiatives suitable for bringing about greater development in the domestic demand for ships with certain characteristics (a demand which is added on top of the drive to increase the foreign demand) and a greater upgrading of the Italian shipbuilding industry so as to enable it to produce such ships, we could facilitate the resolution of the serious crisis that has struck the shipbuilding industry, a crisis which is not just an Italian crisis, to be sure.

Forms of interconnection between the various operators, who in various ways are interested in these sectors, will be sought out to attain the above-mentioned objectives while a more massive effort will have to be made for the development of reserach.

11. Upgrading of Entrepreneurial Capacities

While some sectors of state participations--where justifications for the public presence are most valid--can be offered adequate development prospects--through a reconsideration of the statement, methods, and objectives of economic planning--growth in other sectors increasingly depends on the upgrading of management personnel capacities. Indeed, except for the energy sector, the phase of up-line technological innovation, which involved basic processes (particularly in electronics and in information science) and industrial raw materials, is running out while the phase of down-line innovations is assuming growing vigor and that involves the variety of possible applications and among other things it also offers interesting prospects for starting a new development model. As a matter of fact, as we had an opportunity to observe in dealing with telecommunications, the applications which make possible the development of new services are particularly significant--services for which new infrastructure facilities are required and which are connected with new forms of social consumption. While the big enterprise with state participation--in relation to these possible developments--is asked to make a major effort in the materialization of infrastructure facilities which become necessary and in the promotion of certain technological developments, broad possibilities are created for the development of personal entrepreneurship [individual businesses] which in many sectors are much better at visualizing and coming up with new products and new technologies.

But there are still various obstacles in Italy to the development of individual businesses: the low level of commercial and financial qualification of innovative products, the efficient infrastructures which only a big enterprise can remedy, the difficulty in getting those services which can be conveniently produced inside the enterprise when it reaches certain dimensions. The system of state participations

can help eliminate these obstacles. This is why plans have already been made for a company to operate in the region of the South which--assuming that adequate resources and public support measures are available--will have to perform a function of interconnection and development between three agencies with state participation, in collaboration with private enterprises, both in direct operational terms and through technical and commercial assistance, at home and abroad, for those entrepreneurial initiatives which can be expressed or settled in the region.

12. Development of Activities Abroad

The development of activities of enterprises with state participation abroad has been intensified in recent years.

New motives will have to be added to this development line. Interconnections between enterprises with state participation and production systems of other countries appear increasingly necessary:

(a) To improve the possibility of our system to contribute to the promotion of those developments of the world economy which are destined radically to modify the distribution of labor on an international level and the prospects of growth of the various countries;

(b) To hold down or counterbalance the economic power which, in certain sectors, is being assumed by the multinationals also in our system. There are some sectors, such as the chemical industry, for example, where the full implementation of the potential of a big enterprise is possible only if the enterprise manages to achieve a significant position in the world economy.

What happened in the nation's chemical sector is a matter of strong concern; here, bitter oligopolistic competition in certain departments, initially, and inadequate coordination and programming efforts--which called for early and efficient intervention by the government and the financing system--afterward made the consequences of the crisis which struck these sectors in recent years even worse.

Left to itself, Montedison had to try to get financing through concessions on some of which one cannot help but express confusion because of the negative aspects which they will have on the prospects of the enterprise asserting itself on the international level;

(c) To facilitate the problems of reorganization in some sectors; it is indeed the possibility of having broader commercial structures and using new technologies and know-how from producers in other countries which can improve the prospects of some enterprises that, by virtue of their past record and the development on the market, experience serious difficulties in regaining their own way to recovery and growth.

In some sectors (such as the chemical industry), prospects of development then to a great extent depend on the search for new connections with other big enterprises which will enable us better to utilize our strong points, also properly orienting our research activities.

13. Technological Development

The prospects of development of state participations and, by the way, those of any group operating in the production field, to a great extent depend on the capacity to achieve and implement innovations and that presupposes a strong and growing commitment to scientific research. In this field, the albeit significant effort, has not always been up to the requirements of surviving in competition and here an essential component is the originality and the high qualitative level of products. In this respect, the case of the fiber industry is very significant; it has been having serious trouble for many years. This department does not use its production capacity except to a limited percentage and it still running into serious difficulties when it comes to selling its output. In spite of that, Italy last year imported appreciable quantities of synthetic fibers. This apparently contradictory phenomenon partly can be explained through the innovation processes carried out during the phase of expansion of enterprises in other countries, skillfully exploited on the commercial level, where the demand for such products was particularly rigid during period of recession.

There is no doubt that the ministry and the management agencies must make more of a commitment toward the creation of the conditions (particularly the structures) for a more intensive and better development of research which would help toward a revitalized entrepreneurial effort that would produce those processes of innovation and continuous reorganization that are required for the uninterrupted and proper growth of productivity.

14. Institutional Conditions

To make sure that the process of state participation recovery and revival does indeed take place, we need early decisions on the financing of the programs of the entities and we must create the conditions necessary for their implementation and their early updating. An efficient state participation policy--like the more general development policy for the South and the policy for the expansion of productive employment also in the public services--is however systematically hindered by the essentially business-cycle-oriented statement of economic policy which is heavily influenced by processes of corporativization of the Italian economy, where public spending, designed to promote consolidated corporative interests, is rigid; the flexibility demanded by the stabilization policy must be supported by programs aimed at influencing the structures with delayed effects. The interests which will be promoted by the structural policies--whose implementation by the way is running into similar obstacles of an organizational and procedural nature--are not heavily union oriented and are furthermore aware of the various consequences of the several economic policy alternatives when they are the vehicles for the corporative interests mentioned.

It is therefore necessary for the government to review its structural policy, particularly, regarding a correct evaluation of the situation of state participations and their prospects. Only an effective statement and early implementation of recovery and revival programs for the state participations can prevent other situations from recurring, such as that of the EGAM enterprises. The Italian economy in reality cannot put up with any further downgrading of the system of state participations which, if restored and revived, could contribute to a more stable, a more qualified, and a socially more valid growth. The problem of allocation

funds must thus be tackled vigorously but also realistically in the full awareness that the "ostrich" policy does not solve problems but rather makes them worse.

To make sure that the process of the system's restoration and revival can be successful, we must seek to get together with the labor unions not only on local situations but also and initially on the role which the state participations can and must play.

The process of restoring the system must be accompanied by a process of reorganization. Studies--being carried out above all by the Chiarelli Committee-have already been prepared with valid indications that must be reconsidered in the light also of the most recent developments and the problems which come up. The ministry intends to step up the action launched in connection with the reorganization programs that will have to be carried out in such a way as not to harm but rather to promote the process of restoration and recovery and to improve its long-term prospects. It is perhaps a good idea to underscore some of the criteria which the gradual reorganization of the system must be guided by:

(a) Reconciling the demands for complementarity inside the system with those forms of competition which it is possible and opportune to implement;

(b) Boosting the activities of the state participations abroad also through agreements and various connections with enterprises in other countries;

(c) Using the potential of the state participations also to facilitate the rise and growing strength of small and medium entrepreneurs who, together, can make conspicuous contributions to the attainment of employment objectives.

It is necessary better to spell out relations between the ministry, the agencies, the finance companies, and the operating companies. In particular it is necessary to clarify the spheres of entrepreneurial autonomy and adequately to provide responsibility, on the various levels, for those who help determine the directions and results of the activities of the enteprises with state participation.

It is therefore necessary--also to guarantee a greater development of research and more efficient innovations--to re-evaluate the spirit of entrepreneurship of the management of enterprises with state participation, restoring to it the functions which are its own. In this respect, we cannot overlook the fact that it is necessary to come up with a more stable setup for the body that controls and issues directives to the public entrepreneurial system. The ministry on the other hand has discharged its functions with a certain discontinuity, on account of the entirely too frequent government and parliamentary crises which did not permit the drafting and coherent implementation, on the political responsibility level, of clear strategy outlines and which furthermore placed the enterprises in serious difficulties, preventing them from having adequate financial resources at the proper time. This means that the management function was often diverted from its major entrepreneurial responsibilities, also in view of the commitment which many managers had to concentrate on the search for financing sources or, in another area, in dealing with labor union leadership groups.

If we managed to restore, in the state participation enterprises, a less troublesome financial situation and more stable industrial relations, we will be creating more balanced management conditions in whose framework we can assign to innovation

the role which it must play, if we want successfully to tackle the growing competition on the domestic and foreign markets.

The criteria on the basis of which the managers in the state participations are chosen and promoted must be such as to prevent the formation--particularly on the enterprise level--of closed managerial structures with negative repercusions on the efficiency of management activities and on the intensity of innovative activity. The structures must be open to any positive experience and must be capable of renewing themselves.

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12 January 1981

WEST EUROPE REPORT

No. 1683

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SWAELEN INTERVIEWED ON HANDLING OF NATIONAL DEFENSE, NATO PROBLEMS

Brussels DE STANDAARD in Dutch 12 Nov 80 p 2

[Report on interview with Defense Minister Frank Swaelen, former air force reserve commander and Social Christian Party (CVP) parliamentary expert on education, and graduate of the Harvard International Seminar, by G. Des.: "Swaelen, the Political Management at National Defense"]

> [Text] Frank Swaelen, the new defense minister, has yet to get used to his office, to the Pentagon decor his predecessor Vanden Boeynants had installed several years ago in the restored hotel on the corner of Lambermont Laan and Kunstlaan. To an equally great extent, he still has to get used to his new dossiers. In the course of the past week, the general staffs came across the floor, concerned and bringing many urgent priorities. This week the labor unions are following them, bringing their packages of demands.

After the short Poswick intermezzo, the armed forces, on their part, have yet to get used to the new minister. And recover from their surprise. How did the education specialist Swaelen wind up in national defense?

"Indeed, I am the education specialist for the CVP," Frank Swaelen says. "There is a story attached to that. In the turbulent school battle period around 1958 I was with the parents' association in Guimardstraat. After that I went to the school pact commission as national secretary of the CVP-PSC [Flemish and Walloon Social Christian Parties]."

"But," the new minister--former reserve commander in the air force--adds, "for 12 years I have been handling defense problems like SALT in the Chamber Commission for Foreign Affairs. The party gave me the responsibility for the big military problems of recent years, such as the purchase of the F-16 and the rocket issue. Finally, in the European socialist party I am the Belgian delegate to the committee on peace and security.

Swaelen's interest in international and security problems flowered, as in Tindemans' case and for that matter at Tindemans' recommendation, at the Harvard International Seminar, where he studied with Kissinger, "a superior intellect." (Later Swaelen sent Martens, in turn, to that seminar.)

"Outside observers were, perhaps, surprised after all," Swaelen admits, "but Tindemans and Martens knew my curriculum [vitae]. Furthermore, a minister of national defense is a member of the government and now also of the political core cabinet. He does not deal exclusively with defense, but with all of the important political problems."

None of Swaelen's famous predecessors, Spinoy, P.W. Seghers or Vanden Boeynants, was recognized as an army specialist when he assumed his post. What it comes down to is political management, the work in the cabinet and the parliamentary delegation. And Swaelen has the impression that the minister of national defense is fortunate in that he can count on very good and effective support from his administration, that is, from the military staffs.

That political management will suit Swaelen. He is not a vote getter, but a party man. As a recent doctoral graduate in law, he quickly found his feet in the CVP youth, and as Tindemans' successor he was the national secretary of the CVP-PSC for 10 years. He earned his spurs in the Tweekerkenstraat.

Pinned Down

The new minister of national defense is not letting himself be pinned down to policy statements yet. He still feels it is too early for that. He does indicate a few general attitudes, as in his answer to the question whether the army is not lacking in motivation and whether the soldiers feel that they are adequately defended politically.

Swaelen: The minister must defend the personnel of National Defense at any rate, and make it clear to the nation that it must be possible to carry on an open discussion about the army without preconceptions and without complexes. At the same time, the social discussion in the army must be continued.

The minister was informed that Belgium does not enjoy a very good reputation in NATO. "This week I am taking part in the NATO Nuclear Planning Group, and they will let me know for sure then. If in fact we do not have a good reputation, we will have to work on that. The governing declaration is clear on that point: Belgium is a proper and loyal NATO partner." And the atomic missiles? "The governmental decision of 19 September remains the gospel."

Swaelen further announced that the establishment of the joint parliamentary army commission is a number one priority. It is already in being. The first task of this commission is to provide a definitive decision with regard to the extra oil calculation [an addition to the defense budget supposed to compensate for the increased cost of oil], which is currently impounded in a provisional fund in the prime minister's keeping. When pressed, the minister states that the commission can also doubtless address itself to the problem of the universal service obligation. (Only one-third of the annual contingent enters the service, and none of the women.)

The minister admits it, "The women soldiers do indeed present a problem. With the women, the military organization is running into the laws and conventions concerning equal treatment and special protection all at once. We are going to have to look to see how countries with experience in the matter solve that. Belgium did not invent the woman soldier."

Minister Swaelen of National Defense took "leave" as mayor of Hove, where he would have had to celebrate his 10th year in office on 1 January. The work at National Defense is already more than a full-time job and then there is also the weighty political core cabinet. In recent years political work has set a devilish pace. Sadly enough, Swaelen concludes, fulfilling the political mandate in a community which can still be governed can no longer be fitted in.

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PROS, CONS FOR USE OF COAL, NUCLEAR FUELS AS ALTERNATIVES

Milan ENERGIA NUCLEARE in Italian Jun-Jul 80 pp 241-265

[Article by E. Lorenzini and B. Dalledonne, of the Institute of Technical-Thermotechnical Reactor Physics, Faculty of Engineering, University of Bologna: "Nuclear Energy and Coal: Comparison between Two Energy Sources Alternative to Oil"]

[Text] Abstract--Nuclear Energy and Coal: a Comparison between Two Energy Sources Alternative to Oil. In this paper a comparison is made between two energy sources which can be a real alternative to oil, if it is desired to keep industrial development at a rate steady enough to ensure reasonable well-being to larger and larger population strata. The pros and cons of the nuclear and coal choice, respectively, are considered, and the conclusion is that at present the only possible policy for Italy is one aiming at symbiosis between nuclear and coal energy.

Introduction

After the oil crisis of 1973, intense debate was initiated throughout the world on the energy future, and especially on the question of what primary source to choose as an alternative to oil. Italy, which belongs to the elite of the most highly industrialized countries, has obviously not been spared this dilemma. In the present article, the potential contributions to coverage of Italy's needs offered by two primary sources that are quite promising for both the medium and long term--nuclear energy and coal--are examined and compared in their most important aspects, technical, economic and strategic.

This examination is based on the assumption that world demand for oil will exceed supply by the year 2000. This hypothesis is grounded not only in the industrialized countries' persisting tendency to increase consumption (albeit at an annual rate of increase--2 to 3 percent--that is far lower than the rate of the precrisis years--6 percent), but also in the growing use of this source by the developing countries. The same hypothesis holds true, on a smaller scale, for natural gas as well.

After an initial period in which nuclear development was favored to an excessive degree, the Western world has gone in the direction of diversification of energy sources, so as not to repeat the historical error of playing favorites with a single source. In what follows, we shall refer to the forecasts in the report of the WAES (Workshop on Alternative Energy Strategies [1], an international working group led

by C.L. Wilson and set up in 1977 on the initiative of MIT for the purpose of studying the complex and overall problems of energy and indicate the possible solutions, on the well-founded hypothesis dthat the world is soon going to face a serious and general energy crisis). The WAES, after identifying the variables that determine energy supply and demand in the various countries and geographical areas of the world, furnishes its forecasts within the framework of various plausible futures, called "scenarios." Among these, two in particular seem closest to the Italian reality of today and of the coming years (up to 2000). Their characteristics are summarized in Table 1.

After these introductory remarks, let us examine the oil-alternative sources considered in the present article, limiting ourselves to the most important aspects.

Nuclear Energy

At present, nuclear power plants are used almost exclusively for production of electrical energy, which is a clean form of energy, easy to use and transport, and one for which, in certain cases, there is no substitute. It is advisable to recall here that one of the possible medium-to-long-term energy strategies calls for massive adoption of electricity for end uses--that is, the so-called "all-electric" solution (the electricity not being obtained from oil, which is being exhausted), as opposed to the present "all-oil" solution. It is obvious enough that the incentives to use and production of electrical energy could be translated into massive contributions to the development of production from nuclear fission, first, and eventually from nuclear fusion, later. As for the effects on the economies of the industrialed countries if such an energy policy were adopted, we shall devote better attention to them later in this article.

Reasons for Opposition to Nuclear Energy

In recent times, the nuclear alternative has been running into increasingly stronger opposition from public opinion. The reasons underlying the rejection of this energy source are the following:

(a) recourse to nuclear power increases the country's dependence on the Western world, and the United States in particular, which are suppliers of fuel and technologies;

(b) recourse to nuclear power means centering the production of electrical energy in large plants which, because of sabotage, terrorist outrages, etc, would have to be rigorously superintended and protected, as would also all the nerve points of the immediately surrounding territory. This would mean having to strengthen beyond measure the forces assigned to such duties. One can also hypothesize the concentration of such plants in a limited number of very large energy-production centers, which could lead to concentration of a country's real economic and political power in few hands;

(c) it is unacceptable to develop industrially a technology that is still not well-understood and controlled, especially as regards the operating safety of the plants and management of radioactive wastes (which remain active for centuries, and in some cases, for millenia);

Table 1--Scenarios Closest to the Italian Reality

Determinant Variables	Possible Values	Designation of scenarios and values assumed for the various determinant variables			
		C	C1	D	D7
Annual rate of increase of GNP (%)	{4.5-2.5* {3.5-2.4**	4.5	3.5	2.5	2.4
Assumed increase in price of crude oil (1975 $/bbl)	{Constant at 11.50 {Rises to 17.25	Rises to 17.25		Remains constant at 11.50	
Preferred source to take place of crude oil	{Coal { or {Nuclear	--	Coal	--	Coal
Political response	{Intervention { or {Nonintervention	Intervention		Nonintervention	

Notes:
--Scenario C is assumed up to 1985 and leads to scenario C1 in the period 1985-2000.
--Scenario D is assumed up to 1985 and leads to scenario D7 in the period 1985-2000.
* Hypothesis valid for the period 1976-1985.
** Hypothesis valid for the period 1985-2000.

Table 2--Hypotheses about Italian Energy Dependence up to 2000 (%) [1]

	1985		2000	
	C	D	C1	D7
Dependence of foreign sources, including nuclear energy	84.1	83.4	87.7	84.6
Dependence on oil	63.0	65.2	51.9	53.3
Incidence of natural gas	15.8	13.1	14.2	14.6
Penetration of nuclear energy	7.2	7.7	13.9	12.8
Incidence of renewable sources	7.0	7.0	8.9	10.6

(d) nuclear energy is the worst creature generated by science, because it takes the form of a physical entity, such as radiation, which is not perceptible by the sense organs, kills silently, alters man's genetic patrimony and threatens the balance of nature with the radioactive wastes arising from it;

(e) finally, nuclear energy is not necessary because energy needs can be covered by other natural sources, already widely available, such as solar, wind, geothermal, tidal and biomass energy as well as the various fossil fuels such as coal, oil sands and shale, etc.

Examination of the Reasons for Opposition to Nuclear Power on the Basis of Quantitative Data

We shall now consider these accusations, moving from the level of general and emotional assertions to the concrete level of quantitative data.

Energy Dependence and Italian Policy

Table 2 summarizes Italian energy dependence to the year 2000 and constitutes the best basis for responding to the charge in point (a).

To have a term of comparison, we present in Table 3 the provisional data for the Italian energy balance-sheet for 1979.

Table 3--Italian Energy Balance-Sheet in 1979 (Provisional Data)

	10^6 tons of oil-equivalent	%
Coal	11.2	7.6
Natural gas	22.8	15.5
Crude oil	102.0	69.4
Hydro-geothermal	10.4	7.1
Nuclear	0.6	0.4
Total	147.0	100.0

The data of Table 2 therefore hypothesize for 1985-2000 Italian dependence on foreign sources on the order of 80-85 percent, including the contributions of nuclear energy. Nevertheless, the figures should be read more attentively. Let us see, in fact, what the WAES hypotheses are for nuclear capacity installed in Italy in the period indicated and let us also evaluate what the major role of oil would be in case of failure to develop nuclear power (see Table 4). Indeed, if we exclude the contributions of the nuclear alternative, we will have to import larger quantities of fossil fuels, since really significant development of solar systems for electric-power production is unthinkable. Every LWR [Light-Water Reactor] nuclear power plant of 1,000 MWe permits a savings of 1.5 Mtep [thousands of tons of oil-equivalent] per year; if instead of 20,000-30,000 MWe nuclear installed in 2000 there was available only 10,000 MWe nuclear (according to the forecasts of the National Energy Program of 1975-77), the increased demand for oil would be 15-30 Mtep/year, so that not only would there be no decrease in our dependence on foreign sources but the degree of uncertainty in energy supplies, inevitably subject to very unstable international political situations, would be aggravated.

Table 4--Allocation of Resources in Production of Electrical Energy in 1985 and in 2000 (GWe at the Winter Peak) (Source: WAES)

	1985		2000	
	C	D	C1	D7
Capacity required at the winter peak	56.0	42.7	93.5	58.3
Capacity installed at winter peak in 1977	35.6	35.6	35.6	35.6
Additional operating capacity required	20.4	7.1	57.9	22.7
Hydroelectric	1.7	1.7	12.2	12.2
Geothermalelectric	0.7	0.3	12.2	12.2
Modulation and pumping	4.2	2.6	11.2	7.0
Natural gas	--	--	2.8	1.7
Coal	--	--	18.0	8.0
Solid urban wastes	--	--	0.7	0.4
Oil	--	--	16.6	7.0
Nuclear	10.0	10.0	30.0	20.0

Note: We have not given values for the contributions of natural gas, coal, oil and solid urban wastes in 1985, since the WAES report furnishes only general forecasts for thermoelectric capacity installed independently of the primary sources.

Before concluding the response to the antinuclear charge contained in point (a), it is surely advisable to stress that the capacities attributed to nuclear energy in the preceding projections are far too optimistic for the short term. In Italy today, installed nuclear capacity is still limited to 1,400 MWe (power plants of Latina, Trino, Garigliano and Caorso), while construction of the 2,000-MWe Montalto di Castro plant has been suspended by the intervention of the local authorities. In conclusion, the figure of 10,000 MWe nuclear installed is doubtlessly unrealistic at least for 1985. Finally, in order to avoid greater political dependence on the United States as supplier of nuclear fuel, it would be possible to launch a large-scale purchase program that would give our country sufficient autonomy to get through any periods of international tension and protect it from the risk of having to submit to a fundamental instrument of pressure.

It should be kept in mind that because of the greater "energy concentration" of uranium, nuclear fuel, in contrast to all other fuels, can be easily stored in areas of moderate extension. Moreover, there are uranium resources in Italy too, still waiting to be adequately exploited. In the Novazza deposit, the confirmed resources in 1975, at extraction costs of less than $30 per pound of oxide (1975), total more than 1,500 tons of U_3O_8, while in upper Lazio there are low-concentration resources (200-500 ppm): by 2000, with the progress of the prospecting programs, we may be able to count on at least 3,000 t of U_3O_8.

Finally, if it is true that in order to promote rapid nuclear growth in our country we must continue dependent on proven American technology in the sector of ligt-water reactors (LWR), it is also true that Italy is acquiring more and more knowledge, within the national and European frameworks, in the sector of HWR heavy-water reactors (of the CANDU or CIRENE type) and the FBR [Fast Breeder Reactor] fast

reactors (Superphenix and PEC). Therefore the time is not so distant when we will be able to count on an entirely European, if not entirely Italian, technology.

Table 5--Land Use for Electric-Power Generation Plants
(Cource: CNEN [National Nuclear Energy Commission])

Type of Plant	Surface Area (km^2)
Fossil fuel	2 (also coal-type and with adjoining areas)
Nuclear	5 (reserved areas also)
Geothermal	10
Thermoelectric solar	80
Photovoltaic solar	120

Note: The figures given express the surface area necessary to ensure production of $6.57 \cdot 10^9$ kWh/year--that is, the product of operation of a 1,000-MWe power plant at a load factor of 0.75. For the solar plants, the datum of mean sunlight at ground level in the Naples zone (2,700 kcal/m^2 per day) has been assumed, as well as 18-20 percent efficiency for the thermoelectric systems and 12-13 percent efficiency for the photovoltaic systems, and a 100-percent load factor (no shutdowns, not even for maintenance).

Concentrated Production of Energy

The response to point (b) is almost self-evident, if we examine the present economic and energy structure of the industrialized countries. Production of energy today, both in the sectors of effective electric-power generation and in the sectors of production of technologies capable of exploiting the various primary sources, is inevitably concentrated. This concentration is due to the lines of development historically followed by industrial progress. A possibility of deconcentration is available with the gradual penetration of solar energy, which is characterized by territorial dilution not only of the points of consumption but also those of production. Nevertheless, while some considerable success of the solar alternative in the areas of domestic heating and production of hot water can be foreseen, it is out of the question to have production of electrical energy from solar energy, competitive with the energy provided by other sources, fossil or nuclear, available in the short to medium term. To demonstrate this, it is sufficient just to make some very simple calculations of the surface areas needed to heat and electrify entire apartment houses, or worse, industrial buildings. And all this without mentioning energy balance-sheets, and especially economic ones. Furthermore, it may be advisable to recall that it would also be difficult for solar power plants to replace the big electric power plants. The data given in Table 5 should be considered.

On the basis of the data given, we can easily calculate the land area needed for a solar contribution to national electric-power generation comparable to that made by hydroelectric sources. If we assume for hydroelectric power production an optimistic estimate of $50 \cdot 10^9$ kWh/year, we obtain a land-area need of 600 km^2 with solar thermoelectric systems and 900 km^2 for the photovoltaic systems--that is, respectively, 1.6 and 2.4 times the surface area of Lago di Garda.

Nuclear Safety

Thus we arrive at point (c) and the problems of safety and the damage caused by nuclear technology to the environment and to human health. As soon as safety is mentioned, one's mind runs to the Harrisburg incident, which was an extraordinary occasion for the imposition of a nuclear moratorium in various countries. Yet we know that the conclusions of the Kemeny Commission, while stressing the inefficiency of the human factor and of the various bodies assigned to operate and control nuclear energy in the United States, confirmed, on the other hand, the reliability of the safety systems. There were too many operator errors and too many monitoring and maintenance deficiencies, with the consequent disastrous effects on the automatic systems. From the debate on the Three Mile Island incident there emerged the excessive pronuclear mental predisposition of many of those responsible for operation and control, but it should be stressed that, even if it is recognized that there are analogous mentalities in Italy, the ENEL [National Electric Power Agency]. which is the only operator of nuclear power plants, cannot be put on the same level as the American private electric-power industries. Indeed, because of its very characteristics as a national public concern, the ENEL certainly does not subordinate the safety of the citizens-users to the logic of economic profit, as Metropolitan Edison, the operator of TMI, and probably many other American utilities might have done. Yet despite the unfortunate chain of incidents and malfunctions of the Harrisburg reactor and the numerous complications caused by the American standards, which are certainly complex but also, in a good many cases, less strict than the analogous Italian standards (consider, for example, the differences in the procedures for granting construction and operating licenses), the maximum damage to the population was 70 millirems per person, thanks to the excellent behavior of the containment structures, which held back about 10 million Ci of radioactive iodine as compared with 13-17 Ci released into the atmosphere. And since several antinuclear exponents have declared, presumably in bad faith, that the Harrisburg incident will cut down dozens of victims among the population, it is opportune to recall the conclusions of the Kemeny Commission, according to which the number of additional deaths from tumors owing to the incident will not be appreciable vis-a-vis the number of those who will die from tumors of various origins. In fact, in relation to the 325,000 persons who are statistically destined to die of tumor in Harrisburg County, the additional deaths caused by the TMI incident may be 5 to 10. To be consistent, then, we should inveigh not only against the nuclear industry but especially against any other form of pollution of the environment caused by human actvities, beginning with the chemical industry. If the figures given above seem surprising, there are other figures that confirm them (see Table 6).

It is almost superfluous to stress the enormous disparity between the number of deaths to be charged to the nuclear industry and the number for all the other causes listed.

For further comparison among the average risks of deaths, Table 7 summarizes some results contained in the well-known Rasmussen Report (United States).

Notwithstanding these figures, airplane and automobile trips are something that the general public would not give up and are a part of everyday reality, while it seems that it could do without nuclear power plants, which are mysterious and apparently threatening. During the course of the TMI incident, this aspect of the nuclear question was indeed brought out: fear (in some cases even terror) of radiation

caused severe mental stress [illegible] the population concerned. Therefore, the greatest effect of the incident was not that due to the nuclear system in itself but rather to the disinformation of the population and the still uncertain and often contradictory measures taken by the experts and the authorities.

Table 6--Estimates of Deaths from Radiation Tumors and Other Causes in the United States

Causes of tumors	Cumulative number of deaths from tumors to 2000	Annual average of deaths from tumors
Radiation from:		
--natural background	200,000	6,700
--X-rays in medicine	100,000	3,300
--fallout from nuclear explosions	7,000	230
--airplane travel	7,000	230
--nuclear industry	90	3
Total from radiation	314,090	10,463
Other causes	11,686,000	389,500

Table 7--Average Risk of Death from Various Causes

Type of incident	Total number of victims per year in the United States	Individual probability per year
Motor vehicles	55,791	1/4,000
Falls	17,827	1/10,000
Fires and high-temperature substances	7,451	1/25,000
Drowning	6,181	1/30,000
Firearms	2,309	1/100,000
Airplane travel	1,778	1/100,000
Falling objects	1,271	1/160,000
Electric shock	1,148	1/160,000
Lightning	160	$1/2 \cdot 10^6$
Tornadoes	91	$1/2.5 \cdot 10^6$
Hurricanes	93	$1/2.5 \cdot 10^6$
Nuclear-reactor incidents (100 reactors)	--	$1/5 \cdot 10^9$

Let us not forget that at Seveso the effects of the incident were far more serious than mental stress and that the evacuations were ordered and carried out in a state of necessity and certainly not on account of errors of evaluation or excessive precaution. And yet, it being clear and universally acknowledged that we could not do without the chemical industry, even with all its risks, no one (or very few) has seriously challenged the existence of that industrial sector. Nor, after Vajont, were the hydroelectric programs, which today are indeed considered with favor among the alternatives to nuclear programs, challenged.

There is certainly a growing interested in the problems of safety on the part of the nuclear industry: in the last 10 years, a considerable part of the escalation of the

costs of nuclear power-plant installation can be attributed to the rising safety requirements. In the United States, two PWR [Pressurized-Water Reactor] power plants, completed in 1971 and 1976, respectively, cost $150 and $500 per kWe. The growing interest in safety is evidenced by the quantitative increase in some construction materials: concrete has gone from 0.067 to 0.112 m^3/kWe and steel from 13.6 to 26.4 kg/kWe [2]. After the Harrisburg incident we can expect a further increase in the investments, even though the nuclear system as a whole has passed the difficult test well: in fact, the prime causes of the incident were, on the one hand, control erros and carelessness by the operators, and on the other hand, the malfunctioning of the pilot valve of the pressurizer circuit, PORV, which, blocked open, caused a small but deadly LOCA. On the basis of the Kemeny Commission's conclusions [3], repeated also at the recent Venice National Conference on Nuclear Safety [4], the main lesson to be drawn from TMI is the necessity of paying more attention to the small incidents that have greater probability of occurring rather than to the big incidents that are quite improbable. Meanwhile, there has been a considerable slowdown in the carrying-out of the nuclear plans of many countries, Italy among them, but in the United States, President Carter, although he validated the nuclear moratorium recommended by the Kemeny Commission, which he himself had instituted to investigate the causes of the TMI incident, augured a resumption of American nuclear development as soon as the Commission's most urgent recommendations have been put into effect [5]. The moratorium has therefore been a useful occasion for checking and correcting the present safety criteria and not the prelude to complete abandonment of nuclear plans.

Radiation

The problem of possible incidents is certainly a very serious one, but other more or less well-justified fears are being waved in the face of public opinion by the anti-nuclear people: in particular, the damage to the environment and to human health during normal operation of nuclear electric-power plants and those deriving from management of radioactive wastes.

We can define as radioactive waste all those wastes--solid, liquid and gaseous--deriving from any nuclear activity. Radioactive emissions of highly variable magnitude can occur throughout the fuel cycle. In the phases of mining and refining of uranium ore, in addition to causing possible geological disorders (which are characteristic of all mining activity, for that matter), 99 percent of the starting ore that contains ^{230}Th ($t_{1/2}$=77,000 years) and ^{225}Ra ($t_{1/2}$=3.8 days) is eliminated. From ^{226}Ra is produced ^{226}Rn ($t_{1/2}$=3.8 days), which, diffusing through the residues from refining, can pollute the atmosphere. With residue-covering layers, the emission rate is reduced by 100 times, but it remains 2-4 times higher than the natural background. And water consumption in these phases of the cycle is considerable also: half a million cubic meters per year is the annual supply of a 1,000-MWe LWR power plant.

The rest of the cycle, to the loading of the nuclear fuel into the reactor, is characterized by negligible losses of material and by environmental impact of no importance.

The energy-generation phase produces solid, liquid and aeriform wastes. As regards aeriform radioactive wastes, for example, a ton of fuel discharged from a LWR reactor (burnup=33,000 MWd/t and cooling time=90 days) contains 380 Ci of ^{131}I. At

present, dispersal of the gaseous effluents (during operation of the power plant and during the reprocessing phases) is slowed down, to permit decay of the radionuclides of shortest half-life, while the use of tall chimneys and close attention to local weather conditions permit control of the dispersal and dilution in the atmosphere of the "fumes," which the present safety standards permit to be discharged into the environment (see Table 8) [2 (p 31), 13].

Table 8--Annual Atmospheric Contamination and Dilution Volumes for a 1,000-MWe PWR Power Plant (USA Standard)

Radioactive Effluent	Quantity discharged (mCi)	Standard of reference (pCi/m^3)	Dilution volume (10^9 m^3)
^{85}Kr and ^{133}Xe	$16 \cdot 10^6$	$3 \cdot 10^5$	54
^{131}I inhaled	150	100	1.5
^{131}I ingested	150	0.14	$1.1 \cdot 10^3$

Considerable problems are posed (and will be made greater in future by the advent of the FBR reactors) by tritium, which is assimilable by biological systems in the form of tritiated water. A tritium nucleus is produced every 10^4 fissions in LWR reactors, while the quantity produced in the FBR's is 2-3 times greater. However, "dry" methods for fuel-processing, to free the fission products without use of water, are under study: 99 percent of the tritium could be isolated in this way and packaged as radioactive waste. The liquid wastes--reprocessing water, discharges or losses from the reactor circuits--are differentiated as high-activity and low-activity wastes. In the latter case, discharge is done into the environment, in accordance with the norms established for the maximum concentrations admissible in water, while in the former case, the wastes are reduced to oxides and anhydrous salts, which are then handled as solid wastes.

A 1,000-MWe LWR reactor produces about 30 tons of spent fuel per year, which, after discharge and the cooling provided for, undergoes processes to separate the components into high, medium and low activity. The notorious "slags" are wastes that are active for centuries or millenia and are reduced to volumes equal to about 1/10 of the initial ones, so as to make the management phase less onerous. A 1,000-MWe LWR reactor therefore produces 2-3 m^3 of such slags per year. If nuclear capacity of 60,000 MWe were installed in Italy in 2000, the annual production would be 120 m^3 per year.

Italy does not run any reprocessing plant or slag cementery today, but it is obvious that the problem should be considered from a European and worldwide viewpoint. The choice of the fuel cycle has an influence on this problem: as of 1977, the United States adopted the "open" cycle--that is, without the recycling that permits recovery of U and Pu--while the EEC has gone in the direction of recycling, or "closed" cycle, which allows better exploitation of the fuel and represents the fundamental presupposition for advantageous adoption of the fast reactors. Since the extreme solutions for elimination of the slags (sending them to the sun on rockets or changing them, by nuclear processes, into radionuclides with short half-lives) are unfeasible today for technical and safety reasons (the security of the transport rockets, for example), the only solution is to manage them in storage areas for the purpose. The solid wastes, after reduction of their volume, are set in vitreous or bi-

tuminous materials or in cement to reduce environmental pollution and attack by natural agents. In Europe, consideration is being given to the idea of using as cemeteries geologically stable deposits such as salt mines, while the United States seems to be leaning toward using in future a Pacific island (Palmyra) or the ocean trenches. It should also be stressed that the American choice of adopting the "open" cycle is to be considered in relation to President Carter's concerns about possible proliferation of nuclear weapons [6]. Nevertheless, nothing prevents one from supposing that several countries may officially renounce recycling for military purposes while secretly developing installations for those very purposes. Moreover, a doubt exists that the United States may have tried to delay plans for development of the technology of the fast reactors by Western Europe, which today is considerably more advanced in this sector than the United States [7].

At a Fork in the Road

The opponents accuse the nuclear industry of mortgaging the safety and health of future generations, since the threat of environmental pollution by the slags is destined to last even for thousands of years. It is difficult to reply to this accusation briefly, but it is useful to keep it in mind that the next 50 years, with the imminent energy crisis, appear decisive for present human civilization in several regards: renouncing nuclear energy can mean underdevelopment, economic recession, unemployment, social and political instability, and perhaps a serious stoppage in the industrial development that has been under way for 2 centuries, with unforeseeable consequences for us and for our descendants. Today as never before, man finds himself at a fork in the road, with the certainty that whichever road is chosen, his future will be anything but serene. The problem is therefore posed in the following terms: which choice offers the greatest advantages and the least disadvantages? And the answer has to be sought on the world level. It would in fact be of very little help to the future generations for Italy and a few other countries to renounce nuclear development if the same decision were not taken by all the other countries of the earth. Indeed, the consequences of such a decision would fall disastrously precisely on those few that had taken it.

Another negative aspect of thermoelectric power plants, both conventional and nuclear, is the thermal pollution caused by emission into the environment of the residual heat from the fluids used in production of electrical energy. Nevertheless, the present water-type nuclear power plants (LWR's), with thermal efficiency of 33-36 percent, produce thermal pollution greater than that of the conventional oil- and coal-fired plants (whose efficiency is around 40 percent), and therefore present considerable site-location problems: generally speaking, a water source--river, lake or sea--is needed that has a flow of 50-60 m^3 per second per 1,000 MWe in the condenser circuit. Today, though, one can consider building heat-recovery installations (of the "cogeneration" type, that is) that would be desirable from the energy-savings point of view also. But the fast-reactor power plants have a thermal efficiency of 40 percent; the same is true of the High-Temperature Gas Reactor (HTGR) plants with steam cycle, while those with a gas-turbine cycle reach an efficiency as high as 47 percent and more. These systems, therefore, are not at all disadvantageous as compared with the conventional systems.

As regards the fuel cycle, we refer to an American estimate [8] of the savings that could be realized with the adoption of fast reactors (FBR's) or of advanced converters (ACR - Advanced Converter Reactor) and the related recycling of fuel. The fast reactors exploit up to 70-80 percent of the energy content of nuclear fuel (while

with the thermal reactors one gets only 1 percent or a little more) and make it possible to use the resources of fertile material (^{238}U and ^{232}Th) in the conversion processes for production of fissile material, so that the total availability of nuclear fuels can be increased 50-70 times. Let us construct an example, taking as the basis of reference a system of 100 LWR plants of 1,000 MWe each. With a "once through" cycle (open cycle), the annual U_3O_8 needs for such plants is 15,000 tons (but for the first charge, 44,000-46,000 tons are needed). By means of recycling, 160 LWR's can be fueled with the same quantity of fuel, while with a symbiosis of LWR's, ACR's (RC [conversion ratio] = 0.9) and FBR's (RC = 1.4), the basic 100 LWR's, 30 additional LWR's, 30 FBR's, and a good 300 ACR's can be fueled: a total of 460 reactors. Let us take a more cautious estimate of a total of only 300 reactors. In conclusion, 15,000 tons of U_3O_8 per year can fuel 100 GWe without recycling, 160 GWe with recycling, and 300 GWe with an LWR/ACR/FBR symbiosis, such as lies in the European prospects. The name "energy factories" given to the ACR's (HWR's [Heavy-Water Reactors] or HTGR's) and the name "fuel factories" given to the FBR's are therefore justified. Let us keep it in mind that while the conventional thermoelectric power plants produce $0.2 \cdot 10^{-3}$ MWd(e) per kg of oil, the LWR's produce about 3-4 MWd(e) per kg (U + Th), the HWR's about 4 MWd(e) per kg (U + Th), and finally, the FBR's produce the quantity of 300 MWd(e) per kg (U + Th). The importance of the alternative offered by the nuclear option appears obvious from these figures. In addition to this, as has already been said, Europe has a strong advantage over the United States in development of fast-reactor technology, notwithstanding all the accusations of Europe acquiescence in the superiority of American industry.

Nevertheless, it should not be forgotten that the fast reactors pose new problems in relation to safety and environmental protection: for example, a ton of spent fuel, discharged from an FBR with burn-up of 33,000 MWd per ton and cooled for 30 days, contains 139,000 Ci of ^{131}I, so that the efficiency of the decontamination systems, in case of emission into the atmosphere, must be increased by a factor of 10^6 (see Table 8). Complete solution of such problems is therefore a presupposition to large-scale adoption of fast reactors.

The doubt has also been raised, in some quarters, that for rapid development of nuclear energy, the total energy expenditure could be greater than the final energy product. This doubt too seems now to have been eliminated. Indeed, according to recent estimates, the time necessary for a power plant to "restore" the energy spent in its construction and for operating is 1 to 2.5 years [7].

The Nuclear Reality in the EEC

Let us now see what the present situation of nuclear development in the EEC is (see Table 9).

Table 9--Nuclear Capacity Installed in the EEC in 1978 and WAES Forecasts for 1985 and 2000 (GWe) [1] (meaning of symbols C, D, C1 and D7 as in Table 1)

	1978	1985		2000	
		C	D	C1	D7
France	6.9	45	35	90	70
FRG	8.1	33	21	50	50
Italy	1.4	10.6	10.6	30	20
Great Britain	7.9	15	14	33	39
Total for Europe	34.0	147.5	106.9	297.2	265.7

For 1985, all the countries show considerable lags except for France, which is successfully completing the PWR plan launched in 1974. In Italy there is dispute over the choice of systems and the siting of the power plants, the option of developing fast reactors (the PEC [expansion unknown] program) is being contested, the construction work on the 2,000-MWe Montalto di Castro power plant has been blocked by the local authorities on the basis of law 393/1975, and finally, there is talk of a nuclear moratorium and a referendum. The French, though, have for some time been aware of the seriousness of the threat of a lack of oil supplies. In 1973 France was in conditions similar to ours, since it depended on foreign sources for 77 percent of its energy consumption. Not having considerable coal resources, and not being able to develop hydroelectric production any further, the French concentrated on nuclear energy. With the PWR program, their dependence on foreign sources will already be reduced by 60 percent in 1985, despite a 30-percent increase in consumption as compared with 1973. From the current 2 percent, nuclear energy will leap to 20 percent of total energy consumed in 1985, and oil imports will drop below the 1973 figures.

Table 10--Per-Capita Consumption of Electrical Energy in Several EEC Countries in 1978 and Rates of Increase over 1977

	Per-Capita Consumption (kWh per year)	1978 Increase over 1977 (%)
Italy	2,940	4.1
FRG	5,400	4.2
France	4,150	6.6
Great Britain	4,800	2.0
Belgium	4,600	4.9

Table 11--Italian Electric-Power Balance-Sheets for the Period 1979-81

	1979	1980	1981
Energy available in network (10^9 kWh)	177.6	187.4	200.1
Production (10^9 kWh)	184.4	195.8	210.2
Increase over preceding year (% of electric-power consumption)	+5.9	+5.5	+6.8

Italy, though, is falling into a disturbing situation of lagging behind the other European countries in the sector of nuclear production of electric power, but fortunately (!), for now, per-capita consumption of electrical energy is below the European average (see Table 10). In Table 9 we saw that the WAES forcasts of nuclear production in Italy were established in 1975, on the hypothesis of strong economic growth, at the figure of 10,000 MWe installed in 1985. Forecasts of the last 2 years, originating with the CNEN and ENEL and reflecting the expectations of the National Energy Plan (PEN) of 1975-77, proved more cautious, dropping to figures of 5.4-7.4 GWe nuclear in 1985. But this implies the building of the Monatalto di Castro power plant and one of the two plants (2,000 MWe each) planned for Piedmont or Lombardy. As is well-known, though, the question of the "sites" is still wide open, while the construction work at Montalto is shut down. Thus, all the forecasts and

programming of installed capacity with the various primary-energy sources are upset. For the overall electric-power balance-sheets for Italy in 1979-81, see Table 11.

In the ENEL plans worked out to the end of 1977 [9], a nuclear-power input of 6,438 MWe by 1985 was forecast, which, added to the operational power at the winter peak of 1977 (1,400 MWe nuclear), gave a total of 7,838 MWe nuclear, as against total demand of about 60,000 MWe (excluding the quantities deducted for obsolete plant and the deductions for reserve requirements--800 and 15,000 MWe, respectively). According to more recent ENEL forecasts, all of the above figures should be reduced to the values given in Table 12.

Table 12--ENEL Forecasts of Installed Power (MWe) [10]

	1980	1985	1990
Power available	33,000	48,900	50,700
Reserves	5,600	7,100	7,200
Demand for power	31,400	43,500	60,200

Table 13--Coal and Lignite Reserves and Resources (10^9 tec [tons-equivalent of coal]). Source: World Energy Conference, Istanbul, 1977

	Reserves		Resources	
	Coal	Lignite	Coal	Lignite
The Americas	127	71	1,311	1,409
Asia	219	30	5,494	887
Australia	18	9	214	49
Europe	95	34	536	54
Africa	34	--	173	--
Total	493	144	7,728	2,399

Even though it is not expressly stated, it must be supposed that the forecasts for 1985-90 take account of the nuclear contributions, as confirmed by the CIPE [Interministerial Committee for Economic Planning] to the extent forecast by the PEN of 1977 (December 1979). Even in such case, though, the cumulative lag (which continues to increase), added to the average time for construction of a 1,000-MWe LWR power plant (7 years, not including the site-location phase), leads one to foresee an energy future for the 1985-90 period that does not look rosy. In 1985 we may have available only the 2,000 MWe of Montalto di Castro, the 38 MWe of the CIRENE prototype (from 1982), and the 400-MWe contribution from Superphenix (1983), which is located in France. Under these conditions, the maximum unfulfillable demand (the difference between the power demanded and the maximum power available in peak periods) is forecast to be 1,700 MWe in 1985 and 16,700 MWe in 1990. Thus the forecast, expressed by the president of ENEL, of a "gap" of 100 billion kWh in 1990 does not seem too pessimistic. As we shall see below, recourse to coal, though it is to be desired, cannot by itself remedy so precarious a situation, and it is therefore necessary to carry out, on an accelerated schedule, the nuclear-installation programs as well.

To conclude this chapter, it remains only to refute the antinuclear lobby's accusation (e), according to which it is needless because other sources, renewable or fossile, can substitute for it. This accusation does not hold up either: indeed--as we have already seen, for that matter--no realistic estimate can attribute to the renewable sources (solar, geothermal, wind, power, tidal power, etc) a proportion of more than 10-15 percent in coverage of the national needs in the year 2000. In this regard, see Table 2, in which, from 1985 to 2000, a renewable-sources contribution of 7-10 percent is hypothesized, as against a nuclear contribution in the amount of 7-13 percent in the same period. Furthermore, it is simplistic to think that a "diversion" of investments from the nuclear sector to renewable sources could make possible a "doubling" of the contribution from the latter. As regards the "coal" alternative, though, it is examined in greater detail in the following chapter. Finally, operating costs relative to the two approaches, nuclear and coal, will be compared.

Coal

One strategic reason in favor of recourse to coal is, certainly, the different geographical (and political) distribution of the coal-producing countries as compared with the oil-exporting countries. As regards oil, nearly 75 percent of reserves and resources, as is known, is concentrated in the OPEC countries, so that the prices of this raw material, and indeed the regularity of supplies, are highly subject to the unsteadiness of the domestic and international political situation of the production areas, while there is consistent availability of coal in the industrialized countries (see Table 13), including those of the EEC.

The total resources of coal and lignite come to about 10 trillion tec and can cover more than 1,000 times the world's annual primary-energy needs as determined for 1976 (9 billion tec). But if we refer to reserves only (total of 640 billion tec), we go from a factor of 1,000 to a factor of 70. These simplistic evaluations do not, to be sure, take account of the current real market for coal, but they suffice to reassure us of the great availability of this energy source.

World and Italian Consumption of Coal

World production of coal and lignite in 1975 was 2.6 billion tec, of which only $0.2 \cdot 10^9$ tec was exported, and for the year 2000 it is forecast that the figures will be $5.6 \cdot 10^9$ produced, with $0.5 \cdot 10^9$ tec exported. Exports therefore represent (and will represent) only 8 percent of world production. The reasons for this are to be sought both in the use of fossile fuels in the producing countries themselves, for the purpose of reducing dependence on oil as much as possible, and in the difficulties of transport (lack of infrasturcture) and of utilization (pollution) that impede exportation. From 1955 to today, total world energy consumption has increased 2.5 times, while consumption of solid fuels has increased by only about 2 percent. In Italy, total consumption rose from 32 Mtep in 1955 to 147 Mtep in 1979 (provisional data), with coal's contribution being 8 Mtep in 1955 and 11.2 Mtep in 1979. Total Italian consumption has therefore quintupled since 1955, while consumption of coal has increased by 40 percent, but the absolute figures reveal that its overall incidence on national needs has decreased from the 25 percent of 1955 to 7.6 percent in 1979.

In the period 1955-1974, coal's contribution worldwide has gone, on the average, from 52 percent to 30 percent, and that of oil has gone from 32 percent to 46 per-

cent. Within the framework of the most highly industrialized countries, though, the position of coal proves considerably different. Indeed, while coal consumption in the United States and Japan has continued to grow in the period indicated, even though at a far lower rate than that of oil, a gradual drop in demand and a far more accentuated adaptation to convenient and easy consumption of oil have occurred in the EEC (see Table 14).

Table 14--Contributions of Oil and Coal to Coverage of Energy Needs [11]

		1955		1970		1974	
	Source	Mtep	%	Mtep	%	Mtep	%
	coal	1,275	52	1,690	33	1,780	30
World	oil	776	32	2,273	44	2,742	46
	total energy	2,448	100	5,148	100	6,000	100
	coal	283	30	330	21	352	20
United States	oil	416	44	695	43	785	44
	total energy	946	100	1,607	100	1,771	100
	coal	400	70	309	28	259	21
EEC	oil	117	20	626	57	699	58
	total energy	572	100	1,095	100	1,212	100
	coal	32	56	62	22	57	17
Japan	oil	10	18	199	71	261	76
	total energy	57	100	281	100	344	100
	coal	8	25	9	8	10	7
Italy	oil	12	38	87	74	100	74
	total energy	32	100	118	100	136	100

It is pointless to accuse our governing authorities today of lack of farsightedness, for having favored oil to the detriment of diversification of primary sources. None of the industrialized countries avoided being fooled by the mirage of oil, when its cost was low and dropping. In any case, after 1973 the Western world decided to revive the sources alternative to oil.

Forecasts of Energy Needs

As regards the EEC, see Table 15, which summarizes the forecasts of the EEC's energy needs in 1985, as worked out in 1974 following the Yom Kippur crisis, and also the more recent forecasts (1979) [10, 11]. The "independence"-oriented impetus with which the 1974 forecasts were worked out is obvious, while according to the latest forecasts, the contribution of nuclear energy has been halved in absolute terms and the position of oil has been assumed at the more realistic limit of about 50 percent. As for coal, the forecasts have not changed substantially: the objective remains essentially to slow down the decline of this source, rather than to really revive it. The reasons for this situation are to be found in the increase in the price of oil, which from 1974 to 1978 was less than feared, while as is known, in 1979 there was a sudden jump up to $24 per barrel. In addition, there has been a considerable lag in implementation of European nuclear plans, which, moreover, could never have realistically provided the contribution hypothesized in 1974, equivalent to about 200 GWe nuclear installed in Europe.

The Italian situation is shown in detail in Table 16.

Table 16

Italian Energy Needs in 1985. Source: PEN, Ministry of Industry, 1975

	1980 (minimum hypothesis)		1985 (minimum hypothesis)	
	Mtep	%	Mtep	%
Solid fuels	15.1	8.6	15.1	6.8
Natural gas	33.2	19.0	41.1	18.8
Oil	112.9	64.8	122.5	55.7
Renewable sources	11.6	6.5	12.1	5.5
Nuclear	2.0	1.1	29.0	13.2
Total	174.0	100	219.8	100

Italian Energy Balance-Sheets for 1978-79 and Forecasts for 1980 (Mtep) [prepared in 1979]

	1978	1979	1980
Coal	10.4	11.2	11.8
Natural gas	22.5	22.8	23.1
Oil	99.5	102.0	105.1
Renewable sources	11.0	10.4	10.8
Nuclear	1.0	0.6	1.4
Total	144.4	147.0	152.2

The forecasts for 1985 bring out a tendency similar to the general European one: considerable nuclear development and a moderate increase in the contribution of coal are hypothesized. But the figures for most recent consumption and the latest forecasts show a considerable reshaping of expectations. The more considerable decreases in 1980 consumption vis-a-vis the 1975 forecasts concern mainly nuclear energy and coal (note that total consumption is very restrained also). Now, though, one perceives an enhancement of the prospects for reviving coal. But where can this revival occur? In other words, what are the most available industrial and energy sectors?

The Balance-Sheet for Coal

In the last 20 years, the biggest demand for coal in Italy has come from the transformation sectors (that is, from cokeries and gasworks) and from the electric-power plants. In 1977, out of total consumption of 13 Mtec, 96 percent was still going to that sector, and in absolute figures, about 10 Mtec was taken by cokeries and gasworks. In short, coal did not disappear entirely from the energy balance-sheets of countries such as Italy that were poor in national resources only because there was no substitute for its role as a "raw material" in the iron and steel industry. If total consumption of coal in Italy has remained at almost the same level from 1955 to today, the cause is to be sought in the fact that even with the development of the steel industry, coal had now been rejected by the other industrial sectors and

from domestic consumption, which for heating purposes has turned to the increasingly convenient petroleum derivatives. Today, though, the absorption capacity of the iron and steel industry is saturated, and any eventual revival of coal must be sought in other sectors. Coal's best prospects are offered by thermal production of electric power. In 1977, consumption of coal and lignite in electric power plants was 2.5 Mtec; in 1978, coal alone contributed $2 \cdot 10^6$ tons and the provisional figures for 1979 indicate consumption of $3.2 \cdot 10^6$ tons, while the forecasts for 1980 come to $4 \cdot 10^6$ tons. Table 17 summarizes the principal characteristics of a coal-fired power plant of 1,000 MWe.

Table 17--Characteristics of a 1,000-MWe Coal-Fired Thermoelectric Power Plant

Load factor	0.75
Electrical-energy production	$6.57 \cdot 10^9$ kWhe/year
Fuel requirements	2.02 Mtec/year
Thermal efficiency of plant	40 percent
Heating power of fuel (mineral coal)	7,000 kcal/kg

In 1974, usable coal-fired thermoelectric capacity in Italy was 7,802 MWe, but only 3-4 percent of the electrical energy produced in Italy came from the burning of solid fuels. From that time began the gradual changeover of several plants from fuel oil to coal. At the end of 1978, ENEL's gross power converted to coal was 2,360 MWe, which rose to 3,840 MWe at the end of 1979, while in the period 1979-81 it is hoped to add another 2,960 MWe, for a total of 6,800 MWe at the end of 1981. On the basis of the data of Table 17, there would be an annual requirement of 12-13 million tons, but taking into account the ratio of mixed operation to full power achievable, effective consumption would be in the neighborhood of the 6 million tons estimated by ENEL. Therefore, installed coal-fired capacity is one thing, but actual use of solid fuel is another.

Meanwhile, in order to deal with the lag in development of nuclear power plants, the procedures for getting new solid-fuel installations built, based on 640-MWe sets ($2 \cdot 320$ MWe), have been initiated. The CIPE, in its resolution of 1 January 1980, approved the startup of the procedures for installation of three coal-fired power plants of 640 MWe each, at Gioia Tauro, Taranto and Bastida Pancarana, in addition to two new 640-MWe sets to be located in the Po Valley.

National and Foreign Coal Supplies

The opposition to the nuclear option has therefore favored the revival of coal, which should result in the availability of 10,000-18,000 MWe installed in 2000, corresponding to annual requirements of 20-30 million tons of coal. Where can this coal come from? National resources are relatively modest. The confirmed reserves in the Sulcis mines are equivalent to 150 Mtec, and total resources are 400 Mtec. Nevertheless, the Sulcis mines were closed in 1972, and an attempt is being made to reopen them today with considerable modernization of plant. Annual production could vary, in the coming years, from 2 to 4 million tons per year, sufficient to fuel 1 to 2 1,000-MWe power plants, but at such a production rate, the deposits would be exhausted in 50-70 years. One must also keep in mind the rather poor quality of the Sulcis lignite, which has a heating power of barely 4,400 kcal/kg and sulfur content

of 6 percent, as against the 1 percent permitted by the Italian standards for fuel uses. At present, lignite is produced in Italy from the mines of Santa Barbara (in the province of Arezzo) and of Pietrafitta (Perugia), for a total of about 2 million tons per year, taken entirely by ENEL's nearby thermoelectric power plants. As regards supplies from abroad, AGIP [National Italian Oil Company] (on behalf of the ENI [National Hydrocarbons Agency]) counts on being able to furnish $4\text{-}5 \cdot 10^6$ tons per year in the time frame of the next 5-10 years, both on medium- to long-term supply contracts, with participation in the mining phase, and by promotion of joint ventures. In this regard, AGIP has already undertaken initiatives in various countries: the United States, Australia, Colombia, Indonesia.

In conclusion, the coal alternative too is synonymous with foreign dependence. Moreover, there are particular problems with transport of coal. To achieve an effective revival of coal, a considerable financial and technological effort on the part of the exporter and of the consumer is necessary, to provide adequate production and receiving infrastructures.

Problems Connected with Transport of Coal

The principal producers of coal today are the United States, the USSR, Poland, South Africa, Australia, Canada and Indonesia, while the major importers are the EEC and Japan. Because of the geographical location of the suppliers, coal must travel a considerable distance before arriving at consumption sites in Italy. After extraction, the mineral is usually sent to ports of embarcation by rail. It is useful to keep in mind that to transport $2 \cdot 10^6$ tons of coal, roughly equal to the annual needs for a 1,000-MWe power plant, 57,000 rail cars with the average capacity of the Italian cars are necessary. An alternative is river transport, where it is possible. On the other hand, the use of "slurry pipelines"--that is, the so-called "coalducts" --which carry a mixture of coal (50 percent) and water or oil, is still at the experimental level. At present, there are only two such pipelines in the United States, 174 km and 440 km in length. The slurry travels in pipes of 40-50 cm diameter, at a speed of about 2 meters per second. If the end-use site--for example, a thermoelectric power plant--is at the end of the pipeline, the mixture is dried to a water content of 15 percent and then burned in boilers. But if the use site is remote from the pipeline terminus, a further shunting of the coal is necessary--to rail, for example.

One large-scale approach to coal transport has been proposed in recent times: the hypothesis of massive development of slurry pipelines in Europe. In such case, it would not be necessary for Italy to develop the infrastructures of many ports to receive the big coal ships, because the coal imported into the EEC would be unloaded in big Atlantic or North Sea ports (in France, Belgium, The Netherlands) and would be sent to Italy from them in the pipelines. In any case, it is obvious that such a solution does not eliminate the economic burdens, because considerable investments are necessary for the pipelines also.

There has also been talk of a pipelines between Poland and Italy, but the proposal has been set aside for the time being--among other reasons, because of the enormous technical difficulties connected with the fact that the pipeline would have to cover a distance of more than 2,000 km.

Let us return to the problems that arise at the ports of embarcation. As is already the case with the oil tankers, ocean transport of coal has tended toward the big

ships, which cannot be received in all ports. In Italy, the port of Taranto is being adapted to receive coal ships of more than 100,000 tons, and there had also been talk of building a similar port facility at Gioia Tauro; but in this latter case, the motives for the proposal were more political than economic, being aimed at compensating the zone's population for the development prospects that fell through when the iron-and-steel center was not built when promised. The tendency toward gigantism and specialization in ocean transport of coal is confirmed by another fact: from 1960 to today, within the coal-carrying fleet, the ratio of specialized ships to other ships occasionally used for this task has gone from 1:10 to 10:1.

Once it has arrived in the consumer country, the coal has to be forwarded to the consumption site. But the best solution is to provide for consumption near the unloading port, for production of electrical energy, which is easier to transfer. If this is not possible, rail, river transport, or coastal transport in smaller ships is used. One advantage in the trade relations between producers and consumers is the industrial structure of a large number of the producers (belonging to already industrialized countries), which gives good hope of rapid adaptation of the infrastructures. The incidence of the various factors in the cost of the coal imported into the EEC from third countries is summarized in Table 18.

Table 18--Incidence of the Various Factors in the Cost of the Coal Imported into the EEC

Extraction	30 percent
Transport to coast	25 percent
Ocean transport	40 percent
Unloading	5 percent

Table 19--Comparison between Emissions from Two 1,000-MWe Thermoelectric Power Plants, One Coal-Fired and One Fuel Oil-Fired

Effluent	Coal (tons per year)	Fuel Oil (tons per year)
CO_2	$6 \cdot 10^6$	$4.4 \cdot 10^6$
SO_2 (*)	31,600	21,000
SO_2 (**)	--	80,000
CO	2,500	2,200
NO	18,300	8,000
Dusts (***)	2,400	130

(*) Sulfur content 1.2 percent.
(**) ATZ fuel oil with sulfur content = 3.5 percent.
(***) Efficiency of pickups = 98 percent.

In 1978, the coal imported into the EEC cost $30-40 per ton as against $65 per ton for European coal. In effect, one obstacle to a big revival of coal in Europe is the antiquated state of the old continent's coal industry. Big investments are needed today for modernization of the mining techologies; the gradual exhaustion of the open-face mines (which cause very serious injury to the land, devastating it by

the square kilometer and requiring huge sums of money to restore it) makes it necessary to develop the exploitation of the deep mines. With this comes a worsening of the "geological ratio," expressed by the number of cubic meters of debris removed per ton of coal obtained: it goes from 0.5 m^3/ton for the open-face mines to 2 to 6 m^3/ton for the deep mines.

Table 20--Orders of Magnitude of Radiation Doses from Various Sources (General Indication)

	Annual Dose in millirems
--population near the Montalto di Castro power plant	
individual maximum to critical group	9
average	< 1
--population within 80 km of the TMI power plant (dose received during specific period following the incident)	
individual maximum	70
average	~ 1
--occupational dose for air transport (due to altitude) in United States	160
--from natural gas used in homes	
average for United States	2
tracheobronchial potential (from radon at 20 pCi per liter)	54
--from radium and thorium from the fumes from a 1,000-MWe coal-fired electric power plant (with the average fuel supply forecast for 1985 in the United States, and excluding doses not calculated from radon and polonium)	
individual maximum (to bones)	380
average (to bones)	70
--same situation with fuel suuply in form of Polish or South African coal (available in Italy)	
individual maximum (to bones)	11
average (to bones)	0.14-2
--from inhalation of the radon contained in coal ashes, if used, in proportion of 20 percent by weight, as a substitute for sand in concrete housing construction (assuming one change of air per hour)	
individual maximum (to longs)	64,000
average (to lungs)	13,000
--same situation for Polish or South African coal ash	
individual maximum (to lungs)	10,600
average (to lungs)	2,200*

* Calculated by ENEL on the basis of the U content (0.0015 percent) in the ashes in question.

In the biggest FRG coal industry, RuhrKohle AG, the number of persons employed in mining has decreased by 33 percent in the last 10 years, but production has dropped 20 percent. The EEC is trying to encourage consumption of European coal by means of incentives, such as a contribution of more than 10 UCE (European Units of Account) (1 UCE ≈ $1.3) per ton of coal extracted, but this is not enough to cover the considerable price difference between European coal and imported coal.

Pollution and Radiation from Coal

The revival of coal does not encounter obstacles in Europe only. In the United States, the attempts by the Department of Energy (DOE) to induce the American industrialists to make a massive changeover to coal are running up against serious obstacles in the antipollution laws of the Environmental Protection Agency (EPA)--laws which, moreover, seem destined to become harsher in future. The tax incentives and financing facilities for changeover to coal have not produced good results either. Sales of coal-burners in the U.S. market have fallen headlong from 21.9 percent of the total market for fossil fuel-burners in 1977 to 9.4 percent in 1978. And little interest has been raised by the advent of a new type of boiler that considerably reduces pollution (the fluidized-bed boiler) [12].

Pollution is the most negative aspect of the use of coal. Damage to the environment starts with the phase of extraction and purification of the mineral: during drying, there are emissions of 15 tons of dust per 1,000 tons of coal. But the biggest problems occur during combustion, because of the presence of sulfur, which oxidizes to form SO_2, and from the emission of CO_2 and nitrogen oxides. The SO_2 fixes to the particulate emitted and can cause serious injury to the respiratory apparatus. CO_2 could in future magnify the "hothouse" effect--that is, form a stratum in suspension in the atmosphere, permeable to solar radiation but not to the infrared radiation coming from the earth's surface, causing a rise in the temperature of the environment. Coal produces, per unit of energy generated, quantities of CO_2 that are 24 percent higher than those for fuel oil and 76 percent higher than for natural gas. Finally, the nitrogen oxides (NO) alter the cycle of the ozone, which in a concentration of more than 0.02 ppm in the atmosphere causes damage to DNA that is 4,000 times greater than that caused by natural-background radiation of 100 mrem per year.

Table 19 presents a comparison of the emissions from two 1,000-MWe thermoelectric power plants (load factor 0.75), one coal-fired and one fuel oil-fired. Moreover, coal always contains ^{226}Ra and ^{228}Ra, deriving from the decay of U and Th, which are always present in trace levels. The total emission of a 1,000-MWe power plant includes annual emission activity of 2 Ci, reducible to 0.03 Ci/year by means of electrostatic filters. In this regard, the data presented in Table 20, relative to the radiation doses from various sources [4] (these are simply orders of magnitude), are significant.

As regards SO_2, the rate of production permitted in the United States is 15.6 kg per ton of fuel, while the effective rate of production is 40 kg/ton (coal with 2.5 percent sulfur and 10 percent ash); from this derives the necessity of SO_2-abatement systems with efficiencies higher than 60 percent. To make a comparison between the atmospheric contamination due to operation of a coal-fired power plant and that due to a PWR plant, see, respectively, Table 21 and Table 8 [2].

This comparison shows clearly the enormous dilution volume necessary for SO_2, as against the volumes that are 3 to 6 orders of magnitude smaller for the radioactive emissions of a nuclear power plant. This datum should be given careful consideration when one thinks about installing electric-power plants on Italian territory, where, in the more highly industrialized regions of the north, there is high population density and pollution levels that are already notable. If, for reasons of safety and the health of the population, nuclear power plants may not be crowded close to one another, then with all the more reasons must coal-fired plants be territorially "diluted" so as to limit atmospheric contamination and its consequent perils to public health.

Table 21--Atmospheric Contamination and Dilution Volumes for a 1,000-MWe Coal-Fired Power Plant (Coal with 3.5-Percent Sulfur and 15-Percent Ash)

Effluent	Quantity discharged per year	U.S. Standard of reference	Dilution volumes (10^9 m^3)
SO_2	$140 \cdot 10^6$ kg	8 $\mu g/m^3$	$1.8 \cdot 10^6$
Solid particulate	$4.5 \cdot 10^6$ kg	75 $\mu g/m^3$	$6 \cdot 10^6$
^{226}Ra	17.2 mCi	2 pCi/m^3	8.6
^{228}Ra	10.8 mCi	1 pCi/m^3	10.8

Effective Risks to Population Deriving from Coal-Fired or Nuclear Power Plants

Let us now see what are the effective risks to the population connected with the operation of a nuclear power plant or a coal-fired plant. It is difficult to find an unequivocal answer to this question in the specialized literature, because the results of the analyses vary considerably with the different possible approaches. A very interesting model is given by L.B. Lave and E. Seskin [13], who started from analysis of a large number of statistical data for 117 U.S. cities and have constructed doses-effect curves that furnish the mortality rate in function of various parameters. In 1 year, the additional deaths per million persons exposed that would occur in the two cases are as follows:

--coal-fired power plants (3.5-percent sulfur, 15-percent ash): 327 deaths;

--PWR nuclear power plant: 0.0038 deaths.

Therefore, the risk presented by a coal-fired power plant is 100,000 times greater than for a nuclear power plant. If the power plant burned coal with sulfur content of 1.5 percent and had an SO_2-abatement installation with 75-percent efficiency, the risk factor connected with coal would still be three orders of magnitude higher than nuclear plants.

If, on the other hand, one considered in an overall manner the problem of the risks to the population and to the operating personnel during the entire nuclear-fuel and coal cycles, the following conclusions would be reached [2]:

(a) in the case of coal, the greater risks are to the pupulation;

(b) in the case of nuclear energy, the greater risks are to the operating personnel.

Comparison of Installation Costs of Coal-Fired and Nuclear Electric-Power Plants

We now go on to comparison of the costs of the two alternatives, coal and nuclear energy.

Let us begin by examining the installation costs expressed, as is customary, in costs per kWe. For nuclear power, we have many different data available. The PEN of 1975 contained the datum of ~$600/kWe, but the most recent estimates vary between $850 and $1,000/kWe (see also [7], which, updated, give values of $1,000-1,200/kWe. In the U.S. market, oil-fired and gas-fired power plants operative after 1980 are costing $400-500/kWe (1978), while coal-fired plants are approaching the figures for

nuclear power plants ($1,000/kWe). For coal, the increases from the figure of $150 per kWe in the middle of the 1960's are explained both by inflation and by the investment costs necessary for desulfuration treatment of the fumes (20-30 percent of the total plant cost). The same problem of safety and environmental protection has affected the nuclear sector, as we have already indicated, producing increases in the cost per kWe.

In any case, both English and American studies [14, 15] agree on a 10- to 20-percent advantage in favor of coal.

Comparison of kWh Production Costs

Let us take a capital cost (in 1979 money) of $1,200/kWe for an LWR power plant and $1,000/kWe for a coal-fired plant, with desulfuration installation (1,000-MWe size), and assuming that entry into service occurs in the mid-1980's. The incidence of capital cost on the kWh cost is $0.0235/kWh for nuclear power and $0.0196/kWh for coal, assuming an annual amortization rate of 12 percent and a load factor of 70 percent, and also including in the estimates the costs of dismantling the plants at the end of their lifetimes (costs heavier for nuclear power).

The incidence of fuel cost on the cost per kWh in the United States is 4 to 10 mills per kWh for coal and 7 mills/kWh for uranium. In the EEC, the cost of coal probably affects the kWh cost in the amount of 10 mills/kWh (the uncertainty is connected with the cost of European coal, which is 30-percent higher than the cost of imported coal). Nuclear fuel (with "open" cycle) accounts for 30 percent of the total cost of the cycle: if the cost of U_3O_8 were to go up 100 percent, the incidence on the cost of the electrical energy produced would be barely 10 percent.

The operating costs--that is, the costs for the functioning of the power plant excluding the fuel costs--affect the overall cost of energy-generation in the amount of 10 percent for coal and 15 percent for nuclear power. In conclusion, it is anticipated in the EEC that in 1985 a kWh will cost 32-46 mills if produced from coal and 32-35 mills if produced with an LWR power plant. At the end of 1978, the following values were estimated in Italy:

--2,000-MWe nuclear power plants (load factor 0.6): 16.8 lire/kWh;

--2,000-MWe coal-fired power plants (load factor 0.6): 21.5 lire/kWh;

--2,000-MWe oil-fired power plants (load factor 0.6): 30 lire/kWh.

After the considerable fossile-fuel price increases occurring in 1979, the latest estimates (rough, but not far from the truth) [5] furnish the following figures:

--nuclear power plants: 20 lire/kWh
--coal-fired power plants: 25 lire/kWh
--oil-fired power plants: 50 lire/kWh.

For further confirmation of the disparity of the orders of magnitude of the costs of the various sources, let us recall that according to American sources [8], the costs per kWh in the United States in 1978 were:

--nuclear power plants: $0.015/kWh
--coal-fired power plants: $0.023/kWh
--oil-fired power plants: $0.04/kWh

Gasification and Liquefaction cf Coal

In conclusion, the revival of solid-state coal for electric-power generation is doubtlessly achievable in the short term in many countries, but if carried out on a large scale would produce serious problems of development of the infrastructures necessary and serious pollution problems. In order to solve such problems without ruling out use of the world coal and lignite resources available and without modifying the present technical and economic structure of the industrialized world too much, it has been proposed to use the techniques of gasification and liquefaction of coal.

The idea of converting solid fuels into liquids and gases, with considerable advantages of transport and protection of the environment, is certainly no novelty. The first process for liquefaction of coal by hydrogenation was patented by Bergius in Germany in 1913. We are obviously not referring to production of cokery gas and lighting gas by distillation of coal, and of water gas, air gas and mixed gas by means of gasogenes--processes that were already known much earlier.

Bergius' innovation is based on the discovery that under certain conditions of temperature and pressure, it is possible to "enrich" the molecules of coal with hydrogen, making them more similar to those of crude oil and the petroleum derivatives. The fact is that the hydrogen content, by weight percentage, for various solid fossile fuels and petroleum derivatives can be evaluated as follows:

--gasoline	15 percent
--diesel oil	13 percent
--lignite	6 percent
--fossile coal	5.5 percent

The Bergius process, derived from studies on the thermal and catalytic cracking of petroleum, "breaks" the molecules of coal by heating at high temperatures and pressures (200 atmospheres and 500° C) and modifies their structure, adding hydrogen, in the presence of catalyzers, and eliminating sulfur and other impurities. In 1923--likewise in Germany--the Fishcer-Tropsch process was developed (which, together with the Bergius method, underlies all subsequent processes, including the most recent ones), followed quickly by hundreds of new processes patented in France, Italy, the United States and Japan. The Bergius process is based on the action of compressed hydrogen on heated coals and lignites, pulverized and fluidized with the addition of organic liquids, in the presence of catalyzers, while the Fischer-Tropsch process is based on the action of superheated steam (at atmospheric pressure and at about 190° C) on red-hot coal, with formation of CO and H_2 (water gas), which react with one another, in the presence of a catalyzer, to yield hydrocarbons with low boiling point. With change of the characteristics of the charge and the thermodynamic variables, the end product has a composition that is variable within a vast range of possibilities. One can preferentially obtain a liquid distillate (methanol or gasoline) or a gas (methane). To have a more exact idea of the end product, consider the following composition, by percentage of weight:

--gasoline	62 percent
--diesel oil	26 percent
--paraffin	2 percent
--gas	10 percent

In 1974, at the height of the energy crisis, there was a revival of serious thought about the liquefaction and gasification processes, by which 30 million tons of gasoline were produced in Germany in 1944 and which were abandoned in the postwar period with the increased availability of natural crude at low and dropping cost. According to Linden [16], there were in the entire world, in the mid-1970's, a maximum of perhaps only 200 experts with the technical knowledge needed for exploitation of such processes.

The thermodynamics of these processes is strongly influenced by the characteristics of the charges--that is, by the hydrogen-carbon (H/C) ratio. In order to reduce the task of hydrogenation to the minimum, it is advisable for the H/C ratio to be high (low-grade anthracite), but the German processes are based on anthracite and coke (low H/C). The reaction necessary for producing methane, for example, is:

$$\text{coal} + \text{water} \rightarrow CH_4 + CO_2 \ .$$

Water is used as the hydrogen source. In reality, the process occurs in successive phases [17]:

$$\text{Phase 1} \quad \begin{cases} \text{coal} + \text{steam} \rightarrow CO + H_2 & \text{(I)} \\ \text{coal} + \text{oxygen} \rightarrow CO_2 & \text{(II)} \end{cases}$$

$$\text{Phase 2} \quad CO + H_2O \rightarrow CO_2 + H_2$$

$$\text{Phase 3} \quad CO + 3H_2) \rightarrow CH_4 + H_2O$$

In phase 1, in gasogenes connected with the plant, water gas (3,000 kcal/m^3) is produced--that is, a mixture of hydrogen, CO and CO_2. Reaction (II) expresses the combustion of the coal, when C and O are present in precise stechiometric quantities, and serves to produce the neat necessary for (I). Phase 2 serves to produce, in addition to CO_2, other hydrogen, which is removed before phase 3. In this last phase, methane is produced in the presence of the catalyzer.

Table 22--Temperature and Pressure Specifications Desirable in Reference to the H/C Ratio in Order to Obtain Best Direct Production of Methane

If the H/C ratio is:	T desirable is:	and p desirable is:
high	low	low
low	high	unimportant

To avoid dilution of the end product with the nitrogen of the air, phase 1 must occur with oxygen. The effects of temperature and pressure can be summarized as indicated in Table 22.

Since, on the other hand, the harmful reaction

$$C + H_2O \rightleftarrows H_2 + CO$$

is inhibited by high pressure, most of the processes (especially the German ones, with starting material that has a low H/C ratio) occur at high pressures.

In the United States since 1974, many modifications of the German processes described above have been under study, because the American coals, which are bituminous and sub-bituminous, are unsuitable as charges for the German processes. In many countries, investment priority has been given to gasification over liquefaction for technical reasons (it is easier to do) and economic reasons (it is less expensive). In any case, it is anticipated that gasification will be feasible on an industrial scale within the 1980's, while the advent of liquefaction is expected by the end of the century.

In the United States, there has been a growing shortage of natural gas since 1971, and conversion of coal into methane is therefore more than ever justified. Moreover, the economic distance for an energy carrier, which can be defined as the maximum distance to which a certain "form" of energy can be transported with economic expediency, is 3,000 km for gas--a value that is particularly adequate for distribution to to the consumption centers of the United States. The gasification plants would be installed near the mines of the central-Western states, and from there, the gas would be distributed by gas pipeline to the consumers (in a mixture with natural gas).

The choice of gasification would be all the more justified for Great Britain and the FRG. Nevertheless, the Germans are interested mainly in the traditional national liquefaction processes, which proved their worth in World War II, while the English seem to be leaning toward production of liquid distillates, to go along with the North Sea crude. These strategic choices are of no little importance for Italy too. Our country experienced its economic and industrial "boom" when when large-scale availability of oil occurred--that is, of a liquid energy vector that has an economic transport distance of more than 3,000 km. If solid fossile fuels are converted into liquid synthetics in future, it will be as if the present availability of crude were prolonged, and the possibilities for Italy's remaining among the elite of the most highly industrialized countries will be confirmed.

Possible Directions of Energy Policy and Research for Italy

Italy is too poor in natural resources to think about developing an entire national process for conversion of coal ($850-900 million, in 1975 dollars, for a gasification plant of the U.S. WESCO type, with production of $7 \cdot 10^6$ m^3 of gas per day), and also because large stocks, durable over time, cannot be built up (as is possible, in contrast, with uranium). Nevertheless, Italy can get into the mainstream of use of coal at the water-gas level, not concentrating on production of methane but rather seeking to develop a more economical plant for conversion of gas into methanol (liquid, with heating power of 5,000 kcal/kg). As Biondi [18] points out, the most suitable coal resources of the out-of-the-way and underdeveloped producers could become accessible to Italy in this way. Methanol, as it happens, has a heating power about half that of crude; therefore, to have the same quantity of energy it is necessary to transport double the weight of it as for oil, with a consequent doubling of the transport costs. Nevertheless, the incidence of transport on the total cost of crude is 9-10 percent, and for methanol would therefore be 18-20 percent: an acceptable sacrifice if only to avoid underdevelopment, especially if, in exchange for methanol, we handed over the conversion technologies. According to American estimates [19], production of methanol by nuclear-electrolytic processes (electrolysis, with electricity of nuclear origin, produces hydrogen and oxygen for the gasification process) or nuclear-thermal processes (HTGR) produces conversion efficiencies

higher than those of the conventional processes (heat and oxygen produced at the cost of the burning of coal). On the average, the efficiency of the conversion processes already implemented or anticipated is 60-70 percent. For greater clarity, see Table 23.

Table 23--Yields of SCF (Synthetic Carbonaceous Fuels) from Carbon-Base Materials

Starting Materials	Heating Power (kcal/kg)	Methanol yield (bbl/ton)		Gasoline yield (bbl/ton)
		Conventional process	Nuclear process	Nuclear process
Lignite	4,000	4.7-5.5	7.0-9.4	3.4-4.5
Sub-bituminous coal	7,400	8.9	13.3	6.4
Solid urban wastes	2,500	2.2-3.2	3.2-4.9	1.5-7.7
Agricultural products (biomasses)	4,500	3.6-5.1	5.2-7.7	2.5-3.7

N.B. - The methanol and gasoline yields are expressed in barrels of product per ton of starting material.

Examination also of the operating costs and plant-production costs (see [19]) con- advantage of the nuclear processes, for which the use of nuclear reactors for production of heat (HTGR) or electricity (HTGR and LWR) in the nonpeak periods of electric-power demand is supposed. For plants that handle 4,000 tons of coal per day, it is estimated that 54,000 barrels of methanol per day can be obtained with the nuclear processes and 36,000 barrels per day by the conventional processes. Starting with methanol (CH_3OH), gasoline--$(CH_2)n$--can be obtained by the reaction:

$$nCH_3OH \rightarrow (CH_2)_n + nH_2O$$

Synthetic gasoline obtained from coal by nuclear processes would be competitive in 1985 with traditional gasoline from crude at costs of $20 (1975) per barrel, while synthetic gasoline from conventional processes could compete only with gasoline from crude at $29 (1975) per barrel. This can be an opportunity for symbiosis between nuclear energy and coal, exploitable by industrialized countries with coal resources (United States, FRG, Great Britain) or by countries poor in coal but producers of technologies (France, Japan and Italy).

Conclusions

From the preceding examination of the positive and negative aspects of the two major alternatives (or better, the only real alternatives) to oil in Italy, we can draw the following conclusions. Without neglecting development of the renewable resources such as solar energy (for domestic heating, production of hot water for sanitary purposes), geothermal, hydroelectric and wind energy (for production of electrical energy), it is necessary to ensure investment priority for the two alternative sources that give greatest guarantees of reliability and availability in the medium-short to medium term: nuclear energy and coal.

In the sector of electric-power generation, from an eminently technical point of view, nuclear energy presents lower risks than coal as regards the safety of public health and environmental protection, even if use of fossile fuels is often preferred by the population for psychological reasons, due mainly to misinformation.

Unfortunately, though, an objective choice cannot be made between the two primary sources if it is desired to avoid delays in development of the electric-power capacity to be installed for the next decade. In other words, since the nuclear power plants anticipated by the PEN of 1975/77 will not be available by 1985, if we do not want to expose ourselves to the risk of uncertain revivals in construction of electric-power plants between 1985 and 1990 (and also in relation to the objective production capacity of the national electromechanical industry, which is now committed to and "sustained" by exportation), we must bear the greater risks of coal, so as to ward off the threat of underdevelopment.

It is, however, a fundamental objective to avoid, in relations with foreign countries, the historical error committed in the past of making ourselves energy-dependent on a single source, which has put us at the mercy of uncontrollable international situations. The installation and operating costs of coal-fired power plants are comparable to those of nuclear power plants, but the construction times for coal-fired plants are 2-3 years shorter than the times needed for nuclear plants; therefore, in order to guarantee continuity of the development programs, it will be necessary to provide ahead of time for construction of several new power plants burning solid fuels, but while reserving the greatest efforts, between 1985 and 2000, to the nuclear alternative. Indeed, to ensure an annual rate of GNP increase that makes it possible to remain one of the more highly industrialized countries (about 3 percent per year after 1985), it is not possible to prescind from the contribution of nuclear energy for the electrical needs anticipated for the year 2000.

If we suppose that a coal-fired 15,000-18,000 MWe will be installed at the end of the century, we must be able to ensure importation of about 30 million tons per year (not counting the quantities for the iron-and-steel industry, which today are 9-10 million tons). Meeting these requirements (which, among other things, already appear enormous) means tackling very considerable problems of financing for adaptation of the receiving infrastructures--that is, diverting capital which, among other things, would be better employed if earmarked for development of solar energy or nuclear fusion.

We may not permit ourselves to renounce the responsible programming of our future as an industrialized country on the even of the 21st century. We must therefore resolve as quickly as possible the question of the sites for the nuclear power plants and the excessively prolonged doubts about the choice of system. Choosing the PWR's, the BWR's or the HWR's makes little difference: the important thing is not to fall back into a nuclear stagnation such as occurred in the 1970's. Moreover, there are real possibilities today for development of a European system in the fast-reactor sector and we may not renounce them, so as not to be forced to expect from coal or other sources, as the year 2000 approaches, bigger contributions than they can give us.

In conclusion, one can only confirm the necessity of pursuing a policy of diversification of energy sources--a policy which, while recognizing the great potential contributions from renewable sources such as solar energy, especially for domestic

uses (and applied research in this direction should therefore be given strong incentives), gives priority to investment in the sector of electric-power production both from coal and from nuclear energy. Indeed, at the beginning of a decade that sees the country lagging in implementation of nuclear plans, it is no longer possible to make a choice between the two sources; rather, it is necessary at this point to adopt a policy of symbiosis between nuclear energy and coal, which is the most realistic policy on the domestic and external political levels and is the only one capable of filling the energy "gaps" foreseeable in the medium term.

It is certain that the difficult problem of finding energy sources that are really adequate to the needs, along with other problems that are no less important, such as that of pollution, can be solved in the medium/long term only with vigorous scientific researh and with a vision of lifestyles that are more oriented toward saving in all fields, not only that of energy.

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11267
CSO: 3104

HENDAYE ETA INCIDENT REVIVES FRENCH-SPANISH FRICTION

Spanish Police Release Terrorists

Madrid EL PAIS in Spanish 25 Nov 80 pp 1, 13

[Article by Fermin Goni: "Spanish Police Release Suspects in Hendaye Attack"]

[Excerpts] The three men who escaped from the deputy police commissioner, serving as commissioner at that time, had been arrested by the civil guard on the frontier and turned over to the police station for crossing the French zone at high speed in a car with false French license plates, failing to halt as ordered and destroying a barrier. This occurred minutes after a terrorist attack was perpetrated in the bar of the Hendaye hotel in Hendaye, which was attributed last night to the so-called Delta Command of the Spanish Basque Battalion (BVE), and only a few days after the Spanish minister of foreign affairs paid a visit to Paris to ask for greater co-operation from France in the struggle against terrorism in the Basque territory.

The dismissal of the deputy commissioner was due to the release of the presumed perpetrators of the attack after they were identified (there is a possibility that they produced some official documentation) and failing to heed the protests of the French gendarmes at the frontier. In connection with this dismissal, official sources at the Ministry of Interior told EL PAIS yesterday that they could not supply his name nor those of the three fugitives, stating that they did not know the identities of the latter, although moments earlier they had said that the deputy commissioner who was dismissed had identified them.

The attack on the Hendaye hotel, located on Liberty Square in the heart of that French city, occurred at 18 45 hours on Sunday. Two persons got out of a Renault car and opened fire with a machinegun on all those present in the establishment, killing French citizens Jean Pierre Haramendy, 68, and Jose Camio, 52, who were playing cards. During the attack former political refugees Manuel Sein Echevarria, alias "Imanol," Juan Jose Inciarte, Leon Irazoqui, Roger Garrigues, Louis Bertani, Jean Mogabure, Michel Imaz, Jean-Louis Hubert, Emile Muley and Pedro Tortosa were wounded.

As a result of the attack, the French police established control points on various highways in the zone and warned the frontier posts to tighten up check measures. However, at about 19 30 hours, a green Renault 18 with false license plates from the department of Landes, with three occupants, reached the Santiago bridge. The vehicle accelerated suddenly as it approached the gendarmes' post, striking one of

the barriers located on the Spanish side. The three individuals, who the French police believe might have been responsible for the attack in Hendaye, emerged from the vehicle with their hands up, with the weapons of the civil guardsmen trained on them. After the arrest was recorded, they were turned over to the national police, under the responsibility of the temporary commissioner. A quarter of an hour later they were released and left the frontier zone in the Renault 18.

When the French police learned that those presumably responsible for the attack had been released, the prefect of police in Bayonne telephoned the Spanish consul there, who assured him he was unaware of these events, although he did say he would get in touch with the civil governor of Guipuzcoa. The latter, having heard the report of what happened at the Hendaye hotel from the consul, gave assurance that an investigation of the matter would be initiated immediately. That investigation resulted in the dismissal yesterday of the temporary police commissioner in Irun, who was responsible for the release of the three occupants of the Renault 18 with false French license plates, who, according to the Spanish police, had definite French accents.

The Delta Command of the Basque Spanish Battalion, for its part, telephoned the EFE news agency in Bilbao to claim credit for the attack perpetrated in the Hendaye hotel, stating that the BVE will launch a campaign against Basque refugees in France, Belgium and other European countries.

Yesterday afternoon, there was no knowledge at the Spanish Ministry of Foreign Affairs or the French embassy in Madrid of any official protest by France to Spain in connection with the escape of those presumably responsible for the attack. These authorities would only confirm that the prefect of the Hendaye zone had made a protest to the Spanish consul about the failure of the Spanish police to capture the three individuals who crossed the French frontier, evading any check and destroying a barrier.

Spain Offers Different Version

Madrid EL PAIS in Spanish 28 Nov 1980 pp 1, 11

[Excerpts] French Minister of Foreign Affairs Jean Francois Poncet asked the Spanish ambassador in Paris, Miguel Solano, for identification of those responsible for the attack in Hendaye, in the course of a talk between the two at the French Foreign Ministry on the Quai d'Orsay. While a statement from the Santa Cruz Palace, describing the talk as "cordial and friendly," said that Spain was asked to assist in clarifying the events, a spokesman for the Quai d'Orsay said that during the meeting between Poncet and Solano, the "extreme gravity" of the event was noted by France. The possibility that France may ask that the fugitives be extradited has not been excluded.

Spanish diplomatic sources released a report yesterday to the effect that the three occupants of the automobile which crossed the frontier were members of a group of infiltrators (moles) in the ranks of the ETA [Basque Fatherland and Liberty Group] while in the employ of the intelligence services of the Spanish police, and that they fled the bar of the Hendaye, where they were at the time of the attack, when they heard the first shots. These same sources reported that those responsible for the machinegunning were apparantly members of the ETA who knew that one of the

liaison personnel was present on the premises at the time. "French Minister of Foreign Affairs Jean Francois Poncet, through the Spanish ambassador to France, Miguel Solano, has called the attention of the authorities in Madrid to the extreme gravity of the events which occurred on the 23d of this month in Hendaye."

The same source indicated that throughout the talks, the French minister had made it clear to the Spanish ambassador that "France hopes for all of the cooperation needed to identify the attackers who opened fire in the bar of the Hendaye." As Minister of Interior Christian Bonnet noted yesterday, France could ask for the accused to be extradited in accordance with the convention existing between the two countries. Bonnet also stated to the National Assembly that "France cannot tolerate behavior (by the Spanish authorities) which resembles complicity."

At the conclusion of his interview with Poncet, Ambassador Solano said that the statements by the Quai d'Orsay spokesman were "along the lines of the talk we had."

With regard to the subject of the talks, and more specifically the explanations given by Solano, who had been summoned by Poncet, the French Foreign Ministry "believes that it is the Spanish who should deal with the matter." Solano regretted that he "could say nothing," although he explained that "it is impossible to know if total satisfaction was given, but in any case here are his statements about the results of the talk." The source who talked to EL PAIS about the question of French satisfaction with the interview commented: "The only thing which can be said is that French-Spanish relations do not depend solely on the Basque issue."

Spanish Version

"We will inform the French that we have reports that the three persons who crossed the Hendaye frontier last Sunday after the attack at the Hendaye hotel were not the assassins," sources at the Office of Diplomatic Information in Madrid had said a few hours before the talk between the French Minister of Foreign Affairs and the Spanish ambassador in Paris, Miguel Solano.

Again according to the report provided by these sources, the Spanish intelligence services succeeded in infiltrating several "moles" into the ranks of the ETA in the south of France two or three months ago. This infiltration was believed to have decisive influence in breaking up four functional commands of the ETA, which the Spanish police reported in full detail last week. This put the Basque terrorist organization on the track of one of the liaison personnel used by the Spanish intelligence services.

Sunday afternoon, these sources added, the three individuals who later crossed the French frontier illegally were inside the Hendaye hotel when the machine gunning occurred, the perpetrator apparently being a member of an ETA command who knew that one of the liaison personnel was on the premises at that time.

These sources explained that the Spanish government had not published a statement containing this report of the facts for "discretionary reasons," although they admitted that the three individuals in question had "blown the cover" necessary for any kind of work in connection with the ETA.

'LE MONDE' Blames Suarez

Madrid EL PAIS in Spanish 25 Nov 80 p 13

[Article by Feliciano Fidalgo]

[Excerpts] Paris--Paris and Madrid "have never been so far apart," the weekly LE POINT, a liberal periodical, asserted in sensational fashion in a lengthy report analyzing French and Spanish relations in connection with the recent visit paid to Paris by Jose Pedro Perez-Llorca, the Spanish minister of foreign affairs. This same source said that during this trip, the French authorities made it known that they did not desire a visit to Paris by Minister of Interior Juan Jose Roson. The independent evening daily LE MONDE, for its part, in its lead editorial, referred specifically to Prime Minister Adolfo Suarez as "mainly responsible for the poisonous Spanish atmosphere."

Posters advertising the weekly periodical LE POINT, which have been visible since last Sunday in kiosks and advertising billboards in the French capital, show the headline carried on the front page of the periodical reading "The Trouble Between Madrid and Paris." Within the paper, a two-page report begins by noting that "obviously, the Pyrenees continue to stand between Spain and France" as a result of the different views of the two countries on the Basque problem.

It can be inferred from the report that the sources providing information about the visit by Perez-Llorca and the Spanish-French Basque dispute in general were the offices of Prime Minister Raymond Barre and the minister of foreign affairs, Jean Francois Poncet, who talked with the Spanish minister.

"Never have the relations between the two countries been so poisoned since the death of Franco," LE POINT said, before going on to analyze the reasons for this clash between Paris and Madrid.

Extradition

Just as France agreed to the extradition of the German attorney for the Baader-Meinhof Group, Klaus Croissant, and Italian citizens Francesco Piperno and Marco Affatigato, the Spanish authorities, this source said, would like France "to turn over to them, very secretly, because speedy action is necessary, the 130 Basques who are constantly changing their identities." The French authorities are said to believe they are already doing everything possible in the realm of police cooperation and that the most convenient thing for the Spanish government would in fact be "to blame French ill will for the continuation or resurgence of the attacks." It is felt that France should act in such a way as to avoid any threat to "the French enterprises, firms or banks which have already suffered from ETA reprisals in Spain." Also, France is awaiting an election. Raymond Barre, specifically, LE POINT say, has not forgotten the "insulting, and above all vulgar" treatment he received in Madrid during his most recent visit to Spain.

In the course of yesterday, EL PAIS interviewed political parties and the most important agencies of the written press. In all cases it was agreed that "the Basque problem is Spanish" and that France cannot go any further in the realm of police cooperation. In fact, everything LE POINT and the other agencies representing

the French media said includes nothing new. The French, from the point of view of their own interests, have always viewed the Basque issue in a certain fashion and their attitude has not changed.

For its part, the daily LE MONDE, which often reflects the basis of French foreign policy in its editorials, concluded its lead editorial column, discussing the demonstration by the extreme right wing on Oriente Square, and the present situation in Spain in general, as follows: "Spain is not on the brink of civil war. The person mainly responsible for the present poisonous atmosphere, in which the demonstration on Sunday takes on disturbing resonance, is, paradoxically, the man who, along with the king, has contributed the most to democratization--Adolfo Suarez. It is not healthy for the same man who achieved the dismantling of the dictatorship, but who has failed in dealing with terrorism and the economic situation, to continue to head a government."

5157
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YOUNG SOCIALISTS ELECT NEW PARTY BUREAU

Brussels KNACK in Dutch 19 Nov 80 pp 49-50

[Interview with new Young Socialists (JS) officers Martine Deneckere, chairman, and Carlos Polenus, political secretary, by Marc Reynebeau: "Young Socialists: for the Workingman's Rights"]

> [Text] At the congress of the Young Socialists (JS) of the beginning of this month a new bureau was elected that was striking for its youth, even for a youth movement. We had a talk about the problem of a political youth organization with Chairman Martine Deneckere and Political Secretary Carlos Polenus.

[Question] The average age of the new bureau of the members of the new JS bureau [sic] is now about 27 and the chairman is a woman. Is that an accident?

Martine Deneckere: It is by no means accidental. The fact that we are younger is a result of the departure of a generation which had control of the JS since 1970, a generation which took part in May '68. A woman as chairman is the result of a policy which the JS has been following for a few years now of being active in the relationship between feminism and socialism. That is not solely a theoretical matter, rather it is our intention to apply the principles in our own ranks.

[Question] There was a time when people did not have a very clear idea of where the JS ended and where the SP [(Flemish branch of the) Belgian Socialist Party] itself began. Did that have any influence on the effectiveness of the JS?

Deneckere: That did indeed produced difficulties. In the party they had the intention to attract young people [to the JS] and to push them through into the party immediately, while as a youth movement we have a different function in the party, in the form of a sort of opposition movement, against everything that is not completely in line with socialist ideology.

[Question] How then do you evaluate the rejuvenation and renovation which has been seen in the SP?

Deneckere: Naturally we take a positive stand with respect to the renovation movement, because before, for years and years, little or nothing happened in the

party. However, we see that there are limits in the renovation movement, both internally within the party and as far as the general party line is concerned. Internally we see that the biggest power structure and opponent of renovation continues to be the federations.

[Question] But it is a democratic principle that the federations have a lot of power and that the party summit does not just dictate everything?

Deneckere: Yes, but we have found that in our party the federations are really further to the right than the party, and work against the party summit. Karel Van Miert, too, has the greatest difficulties with the federations, where the older generations or their creatures are still in office. As far as the general party line is concerned, then, we still see that the party continues to be as quick as before to be inclined to enter the government, without there being any question of any essential socialist positions in the governing program.

[Question] At the most recent JS congress more attention was requested for the problems of the workers' classes. Has that not been happening all along?

Deneckere: Earlier that happened more in a personal manner. The search for contact with the left side of the labor movement as such, however, has never been appreciated as a necessity.

[Question] Where then are the specific differences from the earlier generation of the JS?

Deneckere: Our generation grew up in a different society from that of '68, which lived in a critical period of spiritual drift. My generation has become conscious of the economic crisis, which causes the emphasis of today to be different. For us, the emphasis is on the social and economic problems.

Carlos Polenus: I think that there is also a sociological difference. The generation of youths who were made critical by 1968 brought more intellectual criticism on capitalism. Now you see that the new generation has different criticisms: youth unemployment, the senseless defense budget in a period when people are obviously getting ready for the hunt for unemployed women. That does not prevent this new generation from fitting into the line that has come up since '70 and is now quite full-grown.

[Question] Still you are very much involved in the problems that have been posed by the SP even on the governmental level, such as the nuclear missiles, foreign policy and the defense budget.

Consciousness

Polenus: It is no accident that the problems arise with a renovated basis in the SP. However, they are attacking the superstructure problems to avoid the social and economic ones. Those are certainly sharp topics for discussion, but they must not form an alibi. As the JS we have stated clearly that there must be selfdetermination in all of the segments of society, not only the economic but also the social, cultural and political segments. That also means that we must develop a strategy with respect to the other domains of society. For example, all the basic power groups in the fields of environment, health care and so on are embryos of counterforces outside of the parliamentary party system. They are enormously vital

because within the traditional party channels a great number of these problems are not being defined politically. As the JS we have an important task there: we can try to take inventory of these movements and to redefine them into a political framework, the socialist framework. These action groups are involved with parts of the problem, they run the risk of becoming parts of the problem. We can define these partial problems within a whole, in a socialist vision of society. A second contribution is to try to bring about a political expression of them in the SP, and throughout Flanders, where progressive positions are scarcely ever expressed politically, sometimes on the local level to be sure, but not structurally on the level of macro politics. That is not the politics of big slogans but rather the concretization of new fields of political power.

[Question] A certain disenchantment with past actions could be seen from your congress. Is that so?

Deneckere: That disenchantment is not directed so much towards ourselves. Externally, with respect to the other political youth groups, we find that we have not been covered as much by the media. That has to do with several factors, but primarily with the fact that in the past few years the JS has been in a transition period. All of the tenors [leading voices] since 1970 were adopted into the party in 1975-76 without ensuring successors. Frustrations are directed primarily towards other political youth groups, which have taken part in a reverse evolution.

[Question] But I can see a contradiction. On the one hand you say, we do not appear in the media enough, we have to do something about that, and that thing is: we certainly do not want to appear in the media so much.

Deneckere: It is not our intention to appear in public by pushing forward people, through image building the way the PVV [Party of Liberty and Progress] or the CVP [(Flemish) Social Christian Party] youth groups do. Further, an Eric Van Rompuy is the representative of a branch within the CVP that wants to use and misuse its youth group to put forward ideas that are known to derive from the party lobby but which dares not say that. We feel that a youth group must be autonomous. We do want to appear in public, but bearing our own colors.

[Question] It seems to me that your attempt to make connections with the progressive Christians is a remarkable accent in your strategy.

Deneckere: When you go to work at the foundation, with all kinds of actions, you find that there are quite a few youths from the Christian column whom you do not see reflected on the political level. The CVP and PVV youth groups act as though the represented the ideas of the youth. We say that that is not true at all, because we have found that the youth think entirely differently. On the political level the youth movement is totally lacking. That, then, is our frustration. When we try to bring about a progressive movement among the youth in Flanders, we stand practically alone. That is why we have made an appeal to the Christian column, which was primarily an appeal for dialogue, to find out how we as a youth movement can change anything.

[Question] Is this then a revival of the progressive front formation of 10 years ago, which then wielded topics like the pluralistic school, while you are placing the emphasis on social and economic topics?

Deneckere: It is important to make sure that we are involved with social and economic topics, because our interests are in the needs of the youth of Flanders. A second factor is that we see that the Christian Labor Youth is very active on that level. Thus there is a possibility for dialogue. We also noticed that there were a number of ideas in the KAJ [Christian Labor Youth] manifesto that fit in well with ours, such as the choice of grass-roots socialism and selfdetermination.

Polenus: There too there have been ideological revolutions. The traditional selfdetermination positions of the ACV [Federation of Christian Trade Unions] have been more of a limited form of shared control, and now there is a clear tendency toward true selfdetermination. We cannot deny that. This is now a case of consciousness raising. If they permit a Van Rompuy to speak in their name, that is their business. We want to bring them to face their political responsibilities. In that consciousness-raising process, we must retain an opening for dialogue.

[Question] Will you have more success that the proponents of the formation of a progressive front of so many years ago?

Polenus: The problem, naturally, is our acculturated society. We have found that the selfinvolvedness of the youth has become much more flexible. They no longer think in the close columnar packages. But the acculturation and its stabilizing function remains a serious limiting force, also because the new topics we want to introduce cannot simply be housed in one column or another; they are denied.

[Question] If you want to aline yourselves so much with action groups and progressive Christians, that means then that you as the JS do not have sufficient powers of attraction to recruit spontaneously interested youths.

Deneckere: I do not believe that you can put it that one-sidedly. What you always have to remember is that we are the youth movement of a party, for to many of today's youths a party is a threshold. Quite a few young people are opposed to political parties as such, for them that is six of one and half a dozen of the other, they do not provide a solution for the young people's problems. As the JS we are automatically associated with the SP. It is much easier for youths to join an action group than to enter a political youth movement.

6940
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LIBYANS TRAINED IN USE OF BELGIAN WEAPONS

Brussels DE STANDAARD in Dutch 12 Nov 80 p 1

[Report signed A.K.: "Vanvelthoven: Nothomb Does Not Answer, Libyans Learn To Use Belgian Weapons in Lommel"]

> [Text] Lommel—In a rather deserted field in the community of Lommel, 15 Libyans are being trained in the use of weapons. The theoretical and practical training is being carried out under the supervision of the munitions factory PRB (Belgian United Powder Factories) from neighboring Balen. All of this was made known at a press conference Tuesday by socialist Chamber Member Louis Vanvelthoven of Lommel. "Because Minister Nothomb has not responded to a letter from me about this issue, I wanted to make it public on Armistice Day," Vanvelthoven said.

The delegation of 15 Libyans has been in our country since the end of August. They are staying in a hotel in Lommel. According to documents in the possession of the chamber member, the Libyans, who are all between 20 and 30 years of age, are employed as "employee" or "official."

Along with theoretical training in the use of weapons, practical exercises are being carried out on a field which, according to Vanvelthoven, is the property of the community of Lommel. These exercises, which took place between Monday, 20 October and Friday, 31 October, were recorded on video. Rumor has it that the Libyans will stay in our country until 20 November. The training is being given by two Belgians, one of whom is a retired soldier.

Tuesday morning the Libyans played a game of soccer with a local Lommel team. A photographer who took a few pictures did not prove to be very welcome. He was chased from the field and threatened with a hammer.

Letter

In a letter dated 30 October 1980, Vanvelthoven brought Minister Nothomb up to date on this training and put a number of questions.

"There is reason to be concerned about what results this training of persons foreign to our country and to NATO can have on an international level," says Vanvelthoven.

Vanvelthoven wants to know what relationship exists between the training in Lommel and the government-sanctioned arms shipments to Libya. "These arms shipments are in full swing," Vanvelthoven knows. Friday, 31 October, Monday, 3 November and Tuesday, 4 November trainloads of grenades [the term is used to include explosive shells as well as hand grenades] and mines were sent out from the munitions factory for transshipment to Libya/Tripoli via Zeebrugge.

Terrorism

In the above letter to Nothomb, the chamber member also asks "whether the minister considers it responsible to sell Belgian weapons and to provide the relevant training to the subjects of a state which has already been censured in the past as the provider of weapons and munitions to international terrorism?"

Today, Wednesday, Vanvelthoven is holding an interpellation [putting questions in parliament] with respect to the above-mentioned arms shipments and training.

6940
CSO: 3105

'AKTUELT' CITES DEFENSE MINISTER ON INDEX-LINKED SPENDING

LD291425 Copenhagen AKTUELT in Danish 23 Dec 80 p 10

[HR report: "Defense Budget Up 14 Percent"]

[Text] The Liberals', Conservatives' and center Democrats' call for a 3-percent increase in the Danish defense budget seems simply absurd. A report by Defense Minister Poul Soegaard makes it clear that actual defense spending in 1980 totaled 8,745 million kroner, or 1.11 billion more than in 1979, an increase of 14.5 percent.

It is against this backdrop that discussions are under way as to whether Denmark should expand its defense budget by 3 percent--at a time of spending cuts.

Defense Minister Poul Soegaard published these figures in a report to the Folketing defense committee.

Replying to a question from AKTUELT asking if Denmark's actual position was not such that U.S. and NATO criticism and that of Danish nonsocialists is completely meaningless, Poul Soegaard said:

"I do not want to say anything about the other NATO nations' defense spending trends, but we must be allowed to point out that of all the NATO nations we are the one with the best record as far as price and wage adjustments are concerned.

"We have complete guarantees that our defense budget is given full index-linked compensation."

The defense minister's figures are especially surprising in the light of the domestic debate on defense spending. In 1980 the defense budget was 1.5 billion kroner more expensive than the figure fixed in the national budget bill. This corresponds to an increase of 19.4 percent. But the actual increase is stated as the above-mentioned 14.5 percent.

The increase is principally due to higher fuel prices combined with price increases for the F-16 aircraft and the Lynx helicopters for the navy's fisheries inspection department. The falling value of the kroner has an effect on these acquisitions, which are paid for in dollars. But for defense running costs the trend means an increase of 18 percent in wage and price rises, and cost of living index adjustments to running costs amount to no less than 29 percent.

The planned NATO call for defense spending increases aims at an expansion of the defense forces. But in a comparison of the individual NATO nations' budgets the effectiveness of index linking will enter the picture. For Denmark index linking is 100 percent effective.

CSO: 3106

WORKERS DISCONTENTED WITH TRADE UNION LEADERSHIP

Hamburg DER SPIEGEL in German 8 Dec 80 pp 53-55

[Text] In almost all individual unions there is unrest at the officials' level directed against the leadership. The coming wage agreements, in which not much can be gained, will probably increase their irritation.

His face motionless, Heinz Kluncker listened to the reprimand. At the last union conference several delegates had accused the 220-pound head of the Public Service, Transport and Communications Union (OETV) of heinous behavior: Kluncker, said those on the podium to the 647 workers' representatives, had only "halfheartedly" pushed the wage demands of the OETV. Other delegates harangued their boss and the union leadership because they supposedly would decide much too autocratically about wage demands. Disappointment about too little input from members could be felt when "our chairman fills the television screen."

The head of IG Chemicals, Karl Hauenschild, fared even worse than Kluncker in the meeting with his cadre of officials.

Representatives of the left wing of the union accused the suave union leader at the last IG Chemicals congress of "flirting" with the employers and "courting" their favor. The leader of the internal union opposition characterized IG Chemicals under Hauenschild as "the red branch of the Salvation Army."

Hauenschild's opponents had a good one-third of the delegates behind them. The chairman received only 69 percent of the votes in the board elections--a serious defeat for union elections, in which 90 percent majorities are customary.

The top men of the largest union, IG Steel, felt the members' dissatisfaction at their last congress. "I agree with many colleagues," said one delegate, "that the militant potential has been used only in part and the actual available strength has been used poorly."

Whenever delegates and board members of employees organizations in the FRG met in recent months--they were mostly bitter hours for the leaders.

Instead of demonstrating solidarity against the class enemy, the leadership generally had to let itself be denounced by the rank and file.

Sometimes they were blamed for not being militant enough, other times the modest wage demands were criticized, and almost always one could hear that the line between the workers in the factory shops and the chairmen in the air-conditioned central offices was disrupted.

Unlike earlier years, the union leaders cannot weaken criticism of their ability by pointing to political successes. Quite the opposite: After the parliamentary elections the top officials can see their influence on the government led by Helmut Schmidt disappearing:

--In the fighting about codetermination for coal and steel workers the Liberals won the upper hand; in 6 years, by the terms of the coalition's resolutions, codetermination would cease in firms like Mannesmann;

--In the haggling about changes in the law, reforms demanded by the unions, such as a ban on loan work or the legal establishment of the 40-hour week, failed completely;

--In the debate on economic politics the unions have so far been unable to push through their demand for costly employment programs.

The union leaders would understandably like to terminate this run of failures at the coming round of wage talks. Their chances of being able to show off sizeable wage percentages to the membership at the beginning of next year are slim: the government and economic experts are supporting the employers in the inevitable demand that the unions should take account of the seriousness of the economic situation through modest wage formulas. The preparations for battle being made in the steel industry show how grimly the struggle for wage increases will probably be fought.

According to the perceptions of the Steel Industry Employers' Association, this time not even the expected price increases are to indicate the lower limit of a conceivable wage agreement. The steel employers want to be guided only by the predicted increase in productivity, and it would not be above 2.5 percent.

The employers' representatives are presenting their actions as being totally in the interests of the community: Only through a wage figure which would orient itself to the increased output per work hour could the rate of inflation be decreased. According to Steel Industry Employers' executive Dieter Kirchner, "the employees profit from that as well."

According to Kirchner's thesis, the increase in prices could be held down to 2.5 percent through moderate wage agreements. This would bring stable real wages and would safeguard jobs.

Union leaders consider the new wage formula "socially irresponsible, economically senseless and dangerous in terms of employment" (IG Metall). With wage increases of no more than 2.5 to 3 percent, according to IG Metall's wage expert Hans Janssen, the employees would have to "accept substantial losses in income."

If the union leaders agreed to the productivity formula proposed by Steel Industry, they would be making at least a unilateral concession: They would be giving up wage percentages, without being certain that the employers would also impose some restraint on themselves concerning prices.

Such constraint appears unacceptable to steel workers' union leader Eugen Loderer and his colleagues. So, in the coming week the board of IG Metall will appeal to the employers to return to "a wage policy of reason"--in other words: to add something to it.

It will not be much in any case, most companies lack the money in a time of high interest rates and enormous competitive pressure. "Wage policies," says steel union man Janssen, annoyed, "are in a deep crisis. Hardly anything can budge them."

9581
CSO: 3103

BRIEFS

RESETTLERS FROM COMMUNIST STATES--Munich, 2 Jan (DPA)--According to figures published by the Bavarian Ministry of Social Affairs, the number of resettlers who arrived in the Federal Republic in 1980 totaled 51,618. This was 6 percent fewer than in 1979. Of the total for 1980, 26,236 came from Poland: 15,767 from Romania (an increase of 9,000 over the previous year); 6,880 from the USSR; 1,737 from Czechoslovakia; 597 from Hungary; and 295 from Yugoslavia. [LD030251 Hamburg DPA in German 1409 GMT 2 Jan 81]

CSO: 3103

PAPER VIEWS NORDIC NUCLEAR-FREE ZONE PROPOSALS

LD021241 Helsinki HUFVUDSTADSBLADET in Swedish 21 Dec 80 p 2

[Editorial: "A Proposal To Consider"]

[Text] For what reasons has the question of nuclear-free zones, after many years of being more or less archive material or a hobby for diplomatic specialists, suddenly once again become a topic which in the Nordic countries have at least begun to involve influential opinion-makers and is considered of great importance in wide circles?

The causes and effects are not difficult to chart. The general background is, of course, the growing international tension, which for the first time for more than 15 years has brought the question of war and peace to a head. The changed U.S. doctrine on nuclear war, which Carter officially made public earlier this year, and the debate on the Euromissiles can also have made a contribution to the need to once again to think about the "unthinkable." In the allied Western European countries there is also an undercurrent of concern, because people in many camps doubt the nuclear umbrella's effectiveness and wonder whether the presence on European territory of nuclear arms does not on the contrary increase the danger of war breaking out.

As far as the specifically Nordic debate is concerned it is easy to see that it has its departure point in Norway. In Norway it is a natural result of the intense soulsearching which has accompanied the decision to stockpile U.S. arms in Troendelag and which has led to such remarkable contributions as former minister Jens Evensen's statement in favor of a reappraisal of the plans for a Nordic nuclear-free zone and Defense Minister Thorvald Stoltenberg's extremely interesting distinctions in the Storting defense debate at the beginning of December between Norwegian base policy and Norwegian nuclear policy. When, in addition, the ruling labor party's recent congress included in the party's manifesto for the period 1982-1985 work toward a nuclear-free zone in the "Nordic area" the impression grows stronger that even though nothing revolutionary is about to happen in Norwegian security policy, there is, nevertheless, greater preparedness to reappraise and redefine than for a very long time.

It is, of course, possible to reduce the Labor Party's stance to a purely tactical maneuver, intended to plaster over the cracks in the party facade before the coming election. It is also possible to see the statement as a

gesture, intended to a certain extent to balance the approval given to arms stockpiling. But even if the stance on a nuclear-free zone is given a tactical interpretation, the fact still remains that the party considers that there is sufficient public opinion with an ear for such an idea. Bearing in mind the significance that public opinion possesses in the Scandinavian countries, on matters of foreign policy too, they should not be trivialized.

However, the stance which at the moment affects Finland most strongly comes from Sweden and has an unofficial and personal stamp. It is to be found in two articles in DAGENS NYHETER where Alva Myrdal proposes a nuclear-free zone limited to Finland and Sweden. Even if it is assumed that Myrdal is here speaking on her own behalf, her personal authority and the logic and outstanding experience which characterized both articles give us reason to listen attentively.

Myrdal considers that both the Kekkonen plan and Oesten Unden's somewhat earlier idea for a nuclear-free "club" in Europe have been undeservedly ignored by successive Swedish governments. They have both "been set aside" instead of being accepted as contributions to a debate with a positive aim. Two things are once again making the idea of a nuclear-free zone topical again, according to Myrdal. On the one hand the protest movement in Western Europe--which she perhaps overestimates--and on the other the increased possibilities of winning so-called negative guarantees from the nuclear powers for the states which want to form nuclear-free zones. The negative guarantees, or as Myrdal prefers to call them, the guarantees for nuclear protection, mean that the nuclear powers commit themselves to not using nuclear arms against the states within the zone. If such guarantees are not given, there is a radical reduction in the motivation for nuclear-free zones. Alva Myrdal considers, primarily with regard to the 1978 UN disarmament session, that the chances of getting the nuclear powers to follow such a line are considerably greater than they were in the past.

When she raises the crucial practical question of the demarcation of the zones, she warns against making too grandiose plans--plans that are too ambitious "collapse at the first little difficulty." This is not only true for plans which include large parts of Europe, but also for the Kekkonen plan in its original form, for example. As soon as states belonging to an alliance are drawn into the establishment of a zone, all sorts of difficult considerations and decisions arise. A first opening could thus be made if only Sweden and Finland comprised a zone and attempted to win a "nuclear protection guarantee" from the nuclear powers.

It should be stressed that Alva Myrdal does not have any illusions about what a nuclear protection guarantee would mean in the event of a large-scale war. When all hell is let loose, guarantees can also be pushed aside. However, she sees the protection of two neutral states in Scandinavia as a measure with symbolic significance, which could gradually spread to other parts of Europe. One could also express her opinion thus: that the formation of a zone is chiefly a measure for detente in peacetime, and only secondarily a guarantee of security during a war. The same view undoubtedly inspired the Unden and Kekkonen plans.

There is much that is attractive in Myrdal's arguments, seen through Finnish eyes too. The arrangement she proposes would probably further strengthen the two states' security and their neutral position. The idea of Sweden and Finland as a buffer zone between the NATO and the Warsaw Pact and advantageous to both would be further reinforced. It is also probable that such a breakthrough would in the long run influence public opinion in Norway especially, and perhaps in Denmark, too.

Both the 1978 revised Kekkonen plan and Alva Myrdal's articles strongly underline the fact that the superpowers' collaboration is necessary before a nuclear-free zone in Scandinavia could be set up. It is uncertain how the two superpowers and their allies would react to a proposed zone limited to Sweden and Finland. It is obvious that such a proposal does not have the same advantages for the Soviet Union as one which also embraced Norway. And from the U.S. point of view a nuclear-free zone by the northern Baltic is a matter, at most, of secondary interest.

Alva Myrdal's demarche is, however, a proposal from a single citizen, directed at public opinion in our countries as much as it is at their governments. For this reason it is important that it is given full treatment here in Finland too. Our view is that our country would do well to look closely at and give careful consideration to her argument.

CSO: 3109

TECHNICAL DIFFICULTIES DELAY NEW FIGHTER PLANE

LD241125 Paris LE MONDE in French 21-22 Dec 80 p 9

[Unattributed report: "The Mirage 2000 Program 1 Year Late"]

[Text] "The first production-line Mirage 2000 is to fly in 2 years (...) and a squadron of the 2d Fighter Group at Dijon will be operational during the first half of 1984. This is a 1-year delay in relation to what had been envisaged initially, when work began on the planning. General Guy Fleury, air force chief of staff, expressed himself in those terms in an interview to the bi-monthly AVIATION MAGAZINE INTERNATIONAL, which questioned him in its edition No 792 on the delay in the French Air Force's Mirage 2000 program.

After the flight of the first production-line Mirage 2000, produced by Dassault-Breguet, tests are to continue at the Mont-de-Marsan Military Aerial Test Center in 1983 before the delivery of operational models to the Dijon base during the first 6 months of 1984.

The air force chief of staff explained that an order of about 40 combat aircraft annually is indispensable for keeping to the objective enshrined in the present program law of 450 operational combat aircraft in line.

"To order 40 aircraft this year despite everything, we were led to allow for extra Mirage F-1s. But this 1-year time lag does not threaten the operational value of the entire air force. It simply means that a group will be changed 1 year later than planned at the very outset of the program's launch."

In his interview to AVIATION MAGAZINE INTERNATIONAL, General Fleury did not formally specify the causes of the Mirage 2000's delay. It is known, nevertheless, that this delay is principally due to the difficulties encountered by the private Thomson-CSF group in perfecting the aircraft's new radar in its air defense version, and to the fact that it probably overestimated its ability to devise an equally advanced technology for that type of radar in time.

[Text of this interview appeared in Paris AVIATION MAGAZINE INTERNATIONAL of 15-31 Dec 80 pp 20-23]

CSO: 3100

ERRATUM: This article is republished from JPRS 77093, 2 January 1981, No 1677 of this series, pp 84-91 to correct its placement.

COUNTRY SECTION FRANCE

BARRE DEFENSE POLICY SPEECH OF 11 SEPTEMBER 1980

Paris DEFENSE NATIONALE in French Nov 80 pp 9-19

[Speech by Prime Minister Raymond Barre at the opening of the 33rd national session of the Institute for High National Defense Studies, Paris, 11 September 1980]

[Text] This is the fourth time that I have had the honor of presiding at the opening session of a term at the Institute for High National Defense Studies; and it is always a renewed pleasure for me to be in this institute whose renown, along with that of the assembly, is unquestioned.

I take this opportunity to do homage to your staff for the quality of the programs that they carry out and for the dedication with which they animate your studies. I should particularly like to express my complete confidence in Admiral de Castelbajac who has just been designated director of the institute. My presence today is again evidence of the interest that the government attaches to the institute.

In the press conference that the president of the republic held this past 20 June, he stated that "defense problems are among the most complex that arise in the present world."

Your stay at the institute, ladies and gentlemen of the assembly, will make it possible for you to perceive the diversity of their aspects, and to be more aware of their implications. Then, with complete knowledge, you will be able to participate in the effort to obtain the information that is necessary to enable all of our fellow countrymen to understand the true nature, the needs, and the importance of defense in the modern world.

Coming from various sectors, you have the privilege of being able to approach the problems that you will study with a pluridisciplinary approach. From a comparison of your points of view and of your discussions may come a certain number of ideas that will cause our defense concepts to improve.

Now, when you are about to begin your studies, I should like to specify the status of France's security problems and to analyze the two aspects of our defense policy: the prevention of violence through capability, taking into account the variety of situations and the development of techniques and research, and the maintenance of our freedom of action.

1 - France's Security Problems (headings have been supplied by the editorial staff of the magazine).

The world, as you know, is in full evolution. In all spheres--economic, political, strategic--new balances are being sought in an atmosphere of uncertainty, disorder, and sometimes confrontation.

With respect to defense problems, one can illustrate the uncertain and unstable nature of the situations with which we are confronted with three observations.

In the first place, international life is dominated by the relative strengths of the superpowers: those of the United States and of the USSR. Any change in the relative superiority of one or the other of the protagonists alters these realtionships and puts them on another level. These fluctuations are expressed unceasingly by a progression or a regression of influence of one of the powers concerned in this or that part of the world, with inevitable political repercussions for the countries of the area concerned. For several years an acceleration of this process has been manifest. The Soviet government has known how, or was able, during the course of recent years to extricate offensive possibilities from the policy of coexistence instead of restricting itself, as in a less recent past, to an effort at defensive readjustment to the realities of the moment.

In the second place, for lack of a consensus on the part of the great powers concerning the determination of world order, political violence, blocked by the precarious balance between the USSR and the United States, manifests itself in the form of marginal and limited wars, armed intervention, guerrilla warfare, and acts of terrorism in increasing number.

Finally, these manifestations are the visible signs of hidden tension caused by demographic imbalances, unequal distribution of wealth among nations, the degradation by man of his native environment, the curbing of development owing to the huge rise in the price of energy. Those are the real challenges of our times.

Although our country still presents the image of an islet of peace--and I will add even of relative prosperity--in a world that is in the throes of all kinds of difficulties, international instability and uncertainties explain some of the apprehensions of the French people and their renewed interest in defense matters.

France in fact is directly affected by the confrontations, crises, and conflicts that take place in the world: first of all in Europe, where we have vital interests and where a close solidarity and a community of interests bind us to our own neighbors; overseas, where we have some departments and territories and where there are friendly countries with which we have so many ties; everywhere, in short, on land and sea, where freedom of trade and of transit are necessary to the economic life of our country.

Furthermore, because of its past and traditions, France has the duty to contribute to the lessening of tension and to the peaceful settlement of conflicts throughout

the world. From geography and from history it derives a mission to restore to Europe the political influence that the crises and the wars of the first half of this century have caused to dwindle.

That is why the idea of defense with respect to France could not be considered from a restrictive point of view: it must be considered in its entirety, because it concerns not only the protection of our land and our interests, but also our commitment to the ideals and the values of our civilization, to peace and the balance of power in the European continent.

II - Prevention of Violence

Among the dangers that could confront our country, there are some that threaten the integrity of the territory, national sovereignty, and our free choice of destiny. These are the things that we must with all priority forestall and avert.

In order to prepare against a variety of possible types of aggression, from diplomatic or economic pressure to possible nuclear bombing, and from having experienced the traditional action of mechanized units, France 20 years ago chose an original defense policy that was adapted to its ambitions, in accordance with its capabilities, applicable to the strategic situation that was appropriate to it.

That policy aims to dissuade any eventual aggressor from engaging in an attack against our vital interests in Europe through the certitude that its action would involve in return, the certain destruction of a considerable part of its cities and of its economy; the damage would exceed by far the benefit that the aggressor could hope for from its action.

That eventual response, to be credible, cannot be of an "all or nothing" nature, because its restrictive and prohibitive consequence cannot be fully and immediately exercized in all circumstances. An aggressor might doubt our willingness to accept the sacrifices for our country that the recourse to nuclear weapons implies and might be tempted to test the reality and the scope of our determination. Likewise, it might consider a nuclear strike decision as unlikely in the case of a minor engagement, on the fringes of our zone of interest, and in that hypothesis might try to proceed by successive nibblings. Finally, other events are conceivable, not very compatible with the threat of the use of strategic nuclear weapons.

To respond to these eventualities, France has conventional forces--land, sea, and air; their engagement, combined if need be with that of tactical nuclear forces, would make it possible either to victoriously oppose an attempt at a minor aggression, or to not leave any doubt concerning the reality of our determination, or again to respond to the need of any situation that might arise in Europe or in the Mediterranean.

The objective of this defense policy is to avoid war by stopping the course of violence in its beginnings. The diversity, complementary aspect, and versatility of our military apparatus must make it possible for the chief of state to bear down on the willingness of opposing leaders throughout the development of a crisis, whether the latter in the beginning is of the type of armed confrontation which either would directly affect us first or would affect only our neighbors and allies before reaching us.

This strategic concept is now giving rise to an intellectual debate in our country that is worthy of interest. In order to appreciate the relative value of the current theses, I should like to bring out some essential points that are too often lost from sight in the discussions.

First of all, in spite of everything that may have been said, or written, on the split in our ways of thinking that has resulted from the nuclear reality, all of its implications have not yet been clearly perceived. Many minds, including the best, continue to reason in old terms about new things, a customary psychological tendency in the case of an epistomological break. In the ferment of strategic thinking, the concept of the use of a nuclear discharge involves some unrealistic viewpoints. It is thus that, in a crisis situation in which we might be engaged, it appears inconceivable that a more or less lasting "tactical nuclear exchange" would not gradually come closer to our national territory.

On the other hand, the United States and the USSR have accepted the idea of a nuclear conflict of a certain duration, possibly limited in nature. These two great powers state, each in a speech made for the sake of the other, that they are ready to admit the possibility of a nuclear war carried out with strategic weapons and pursued up to victory. The Americans believe they can control the conflict and contain it at the level of forces; the Soviets for their part consider it unavoidable to proceed to the utmost. These theses perhaps have a certain rationality. But I note that, beyond the first exchanges that are envisioned, these strategies remain, in the last resort, based on the prevention of violence through the certainty of an assured mutual destruction. Through the use of strategic weapons combined with tactical weapons, the Americans, through dissuasion mean "to prevent the eruption of small wars in vital areas,"* while maintaining an anti-cities capability of response that is sufficient to prevent a conflict from degenerating and to forestall complete destruction to both sides. There is no anti-forces strategy--strategy of war--which in the highest degree is not an anti-cities strategy--strategy of dissuasion.

For our country, there is no problem of a choice between an anti-forces strategy and an anti-cities strategy. The area of possible conflicts would be located at the immediate approaches to our country, and the risk of seeing a confrontation

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* Editor's note: Statement of Harold Brown, United States secretary of defense, in the interview he granted to Thierry de Scitivaux, TF1 journalist, broadcast on 2 July in "U.S.A. Documents" of the Information and Cultural Relations Services of the United States Embassy in Paris. The passage referred to here is as follows: "In this way, the existence of strategic weapons, combined with the use of tactical nuclear weapons, serves to forestall small wars from erupting in vital areas through dissuasion. But one must pay the price of this dissuasion and this is the price: if a small war begins, there is a possibility that it will degenerate and bring about complete devastation to both sides."

degenerate and affect the national territory is highly improbable. Well, there will never be much hesitation on this point. Any atomic action on French soil is strategically significant because of its relatively small area and because of the density of its population. It would automatically entail an anti-cities nuclear response.

Besides, even if it wanted to, France, a medium-size nation with limited resources, cannot expect to aspire to equality with the two great nuclear powers. The only path that is open to us is that of the present strategy; its theoretical bases after all appear more certain. The framework for its use is not set and remains sufficiently flexible to respond rationally to all of the needs of our security and the diversity of marginal situations.

The dialectics of the relationship between the Russians and the Americans also show why we intend to continue to remain in control of the decision to engage our forces: we intend to avoid being drawn, in spite of ourselves, into a conflict when our vital interests would not be threatened. I remind you that we in Europe are directly affected by the security of our immediate neighbors; we consequently would not be able to remain indifferent to any action affecting their freedom.

My concluding remark concerns the nuclear weapon with a greater radiation capacity. An atomic weapon first of all, it calls for restrictions of use and significant action at the strategic level. As such, it would naturally take its place in our show of dissuasion by substituting itself in certain cases for the present tactical nuclear weapon, because it is more versatile and more credible with respect to use in no matter which theater. On the other hand we cannot let our security rest on it alone, by taking refuge behind some "China wall" and have it prevent any entry. Throughout history, people have paid dearly for the error of entrusting their safety to a rigid and too easily delimited system, not realizing that the essence of strategy is to counter the willingness of the opponent by having available at all times during the evolution of a crisis the means of appropriate action.

I have dwelt on the risks that our security incurs in Europe because they are of a deadly nature. Our country cannot allow any dilemma in their regard. In 1980, France reached a dissuasion capability that made it possible to forestall a major aggression. This capability will continue in the future. In a difficult economic and social period, the government has authorized an exceptional financial amount for defense. Thus the 1980 budgetary fiscal period credits for this department have increased 17.9 percent, while a ceiling has been placed on the other ministries. The portion of resources thus appropriated from the national revenue is considerable. It cannot continue to increase in an unlimited fashion, under pain of compromising economic development, the equilibrium of internal structures, and the stability of the country.

That imperative necessity influences our types of strategic action, just as it influences the choice of weapons systems, the structures of forces, and the effectiveness of our armament industries. As prime minister, charged with carrying out the choices and budgetary arbitrages, I have always, in accordance with the instructions of the president of the republic, seen to it that our defense has available the financial means necessary for its effectiveness, But, in the difficult economic times that we are experiencing, we accept some considerable sacrifices in other spheres of our national life in behalf of defense. That is why everything must be done to seek the best use of the credits appropriated for our forces,

whether for training, modernization, or development; for research; and for the manufacture of weapons.

III - Freedom of Action

Defense does not consist only of protecting us against violence. Its purpose is to also give France complete freedom of action. This concern is at the basis of our foreign actions and of our domestic endeavors to strengthen the country.

Abroad, our steadfast policy of course is to ensure the respect of the legitimate interests of our nationals and to maintain the free access of our trade to sources of supplies that are indispensable to the economy. But, to limit our ambition to that would be to detract from our time honored tradition. France intends to contribute to the establishment of peace throughout the world, just as it intends to reduce the inequalities of development by means of dialog and cooperation. To the extent of its resources, it is willing, through its initiatives to be a factor everywhere for order and progress.

The action in this domain is first of all diplomatic, economic, and cultural but, if circumstances require it, it will rely on the presence, and if need be, the engagement, of military means. Thus in several recent circumstances, and at the request of the governments concerned, France did not hesitate to resist attempts at the destabilization of the African continent. Likewise we were the first to give humanitarian assistance to the inhabitants of countries that were struck by calamities, disease, or famine.

France cannot conduct its defesne strategy and act abroad if its domestic security is not assured. In particular, the implementation of dissuasion is inconsistent with the disorganization of a country and with serious troubles implicating the cohesion of a country.

To realize the conditions that make it possible for our strategic action to act without impediments is the objective of our economic defense and of our civil defense.

France has had the privilege of benefitting for 20 years from a global defense concept and organization. The 7 January 1959 ordinance is based on the principle that defense is not solely military, but extends to all spheres that pertain to the action and responsibilities of the country. It stresses the need for dispositions that make it possible to meet varied situations and at increasingly serious levels of crisis. But the 1959 decrees for the application of the ordinance do not take into account our policy of dissuasion that was determined later. The government, at the request of the president of the republic, has undertaken to make the texts of the ordinance become consistent with our strategic means of action.

Its first preoccupation responds to a concern for coherence. The old texts on civil defense took into account serious and imminent situations that justified survival measures. This view of things corresponds in fact to a defeat of dissuasion. Our

Our present dispositions on the contrary favor measures that can contribute to the success of our strategic action.

Under the direction of the secretary general for national defense, work is in progress in the various ministerial departments to update the texts by adding a new dimension to the existing dispositions. The sought after aim is to have available an entire set of precautionary preventive measures and measures for action, in order to be able to meet increasingly serious crisis situations.

After the texts, arrangements were made to give more cohesion and effectiveness to the defense organization of the various ministerial departments. Therefore, under the direct jurisdiction of each minister concerned have been placed high-level defense officials, charged with seeing to it that the defense concerns are effectively taken into account by the officials who have this responsibility, and that they are translated into suitable dispositions. Simultaneously, at the departmental level, the role of the departments of defense and of the prefectures has been specified and broadened.

There remains economic defense. It is still based on old ideas of organization and of mobilization of the nation in time of war that are no longer suitable for new realities. The definition of a new concept and the realization of appropriate specific dispositions are imperative. This is the purpose of the studies in process, based on the lessons drawn from recent national and international crises.

Our second concern is to ensure the continuity of governmental action and of the functioning of the major services of the country.

The dichotomy between protection plans and defense plans is no longer appropriate. The maintenance of continuity of governmental action, indispensable for the control of crises, is the priority objective. It is thus necessary that in all circumstances the security and the free exercise of the functions of authority and of communications be assured and, foremost among them of course, those that condition the utilization of the forces and the continuance of essential governmental activities.

These conditions will be facilitated by the fact that those responsible for the preparation of the possible implementation of defense measures in time of crisis are henceforth the same ones who in normal times are responsible for the daily functioning of the country. The transference of responsibility from public order to military authority are reduced to exceptional cases, the principle being that the two authorities--civil and military--remain responsible for their specific missions by supplying mutual cooperation to each other.

The protection of populations, one of the components of civil defense, poses a problem. This subject deservedly preoccupies the French people; it will be the subject of your studies. You will have to clearly draw the consequences of three essential specific facts:

- The idea of passive defense if no longer valid; the protection of populations against the direct consequences of a nuclear strike is impossible, and respites

after a warning are extremely reduced;

- A policy for extensive construction of bomb proof shelters would involve enormous costs;

- For a relatively small country with a great population density like France, the real protection against bombs lies in the power of dissuasion.

The real debate then is the choice between passive protection or the strengthening of our dissuasion. We cannot do both. This does not exclude, of course, a study of preventive dispositions and the implementation of realistic and realizable measures.

Conclusion

In the unstable world in which we live, France will have more of a capability of providing against foreign dangers and of guarding against any form of violence in proportion to the assurance of its national cohesion and its economic and cultural dynamism.

It is the government's constant desire to realize this condition that is necessary and preliminary to any defense. It is in this direction that its efforts are proceeding, in order to develop our economy, to patiently reorganize our structures--agricultural, industrial, and commercial--to create good and lasting jobs, to ensure social progress, and to reduce inequalities among the French people.

It is the direction that its actions are taking to promote demographic recovery, to prepare the young for future tasks, to stir the spirit of initiative and of responsibility within the entire social structure.

Every population has experienced challenges and ordeals in its history. The people who surmount them emerge stronger; those who give up or surrender no longer count in the world scheme. France up to now has always been able to find the necessary will and resources to meet them and to survive. I, who for 4 years have had the responsibility of carrying out a governmental function in difficult national and international circumstances, should like to say once more that we have nothing to fear regarding either the future of France or the capability of the French people to serve France.

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CSO: 3100

GOVERNMENT REPORT ON INDUSTRIAL POLICY DESCRIBED

Naples IL MATTINO in Italian 19 Oct 80 p 4

[Article by Emmanuele Imperiali: "New South, New Incentives"]

> [Text] A special dossier awaits new Treasury Minister Andreatta. Patchwork development requires different instruments in each zone. More money for employment, less for capital. More money for research.

Naples--About 30 bound pages will be waiting on the desk of the new treasury minister, Nino Andreatta, tomorrow. Its brief title does not hide an ambitious project: "Industrial Policy. Reason and Criteria for the Reform of Present Instruments."

A large part of the document is devoted to the South. The document itself indicates the lines of industrial policy and was drawn up by a task force that Andreatta himself formed when he took over as minister without portfolio of the Cossiga government (composed of Giuliano Amato, Enrico Filippi, Franco Momigliano, Fabrizio Onida, Pippo Ranci, Carlo Scognamiglio, G. Rey and G. Graziosi).

Andreatta's economic experts hold a widely-shared opinion: the South is no longer a homogeneous region entirely separate from the rest of the country; the differences within the South are such as to justify its being called a "leopard-spot zone." Economic stimuli will thus have to take this variegated aspect into account. The document says it is possible therefore to scale stimuli by excluding the more developed areas.

It is also desirable to enlarge initial investment incentives by favoring circulating capital with special attention to improving the productive, organizational, and managerial capacity of businesses already in place.

Finally, an infrastructure policy is recommended; it would gradually abandon large projects--such as ports and freeways--and give priority to more articulated infrastructure systems (building access roads, light transportation, telex, and data banks).

This context explains one of the cardinal proposals of Andreatta's economists: to introduce the "employment contribution," perhaps on a 5-year basis as a percentage of the labor cost per member in order to avoid disincentives to hiring specialized personnel. It is emphasized that this contribution would be automatic and not optional, unlike most incentive policies so far adopted.

Contrasts will emerge, however, with the removal of present incentives: the contribution to capital accounts and easier credit. In the past, the contribution to capital accounts has favored high-intensity capital investment, especially Southern steel mills and petrochemical plants, the famous "cathedrals in the desert." Many think that this kind of incentive has now had its day, although the debate on the matter is still open. It is a different story with easier middle-term credit. It is to be restructured, on the one hand by giving banks the total amount of the project to be financed, or nearly, and on the other hand by giving usable aid without having to resort to indebtedness.

Public administration, for its part, perhaps through a new structure for promoting industry in the South, could acquire the capacity for making prompt and thorough surveys of businessmen's needs.

For medium-small businesses, Andreatta's "team" proposes, in synthesis, to make employment contributions by making it optional in lieu of the capital fund contribution, facilitated plant leasing, and public participation in capital formation. For large businesses, however, the options of plant leasing and capital assistance would be excluded, but the rule of capital account contributions would remain. Finally, in the case of initiatives for which easy credit is now provided, an annual allocation would be made; it would be tied to the initial investment but would not be formalized under predetermined indebtedness procedures. In this way, businessmen could decide to apply to an Italian credit institution, a foreign one, or even find financing in the marketplace.

The system of fiscal incentives for the South, according to Andreatta's "pool" study, should be modified gradually. As for income produced by new installations, the plan is to make a total exemption for ILOR [expansion unknown] and a partial exemption for IRPEG [Income Tax on Legal Persons]; but as concerns reinvestment in the South, ILOR incentives may go as high as 100 percent for new building and expansion. Finally, an incentive is provided for in the form of IRPEG or IRPEF [tax on family income] deductions for 70 percent of funds reinvested in new projects in the South. It is also opportune to extend incentives to private parties and promote services connected with production, especially banks and clearing houses, data banks, and energy distribution networks.

Allocations to business research are rather modest in both the North and South at present. They are barely 0.5 percent of the gross domestic product, well below the EEC average. It is therefore necessary to transform the disorganized system of supports in a planning context that will simplify procedures, especially for small and medium businesses, refinance the IMI [Italian Credit Institute] Fund, and promote new public and private research centers.

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PROBLEMS OF AGRICULTURE IN SOUTH DISCUSSED

Rome IL POPOLO in Italian 26 Oct 80 p 5

[Article by Giuseppe Zurlo: "The Reality and the Needs of Agriculture in the South"]

[Text] The formation of the Forlani government provides an occasion for turning attention to southern agricultural policy and urge a particular, constructive use of national and EEC agricultural policy.

Considered as a whole, southern agriculture has made undeniable technical, productive, and socio-economic progress in recent years, but it is still weak compared to the agriculture of other EEC countries. There is a lack of basic infrastructures (hydrogeological systems, roads, electrification, etc.). The business structure is defective, as it is made up largely of small or very small businesses, and the fragmentation and proliferation of businesses and properties has reached substantial proportions.

Despite the rural and farm exodus of the last 20 years, the agricultural population is higher percentagewise than the national and EEC average.

Southern agricultural production accounts for about 80 percent of fruit, vegetables, table grapes, wine, olive oil, seed grain, and industrial crops. Except for seed grain and olive oil, these crops receive less EEC support than continental produce (beef, milk and cheese products, cereals, sugar, etc.).

Disparity

This disparity in protection has contributed to increasing the divergence between northern and southern European agriculture.

Wine market supports, for example, proved insufficient this year because EEC wine production was abundant, and consumption showed regressive tendencies while the phenomenon of adulteration persisted.

Thus the wine market remains worrisome because there is considerable backlog and the imminent harvest looks good. To this can be added the down market in table grapes, a dramatic sign of which was the recent Barletti case.

The South's production of beef, milk and cheese products has remained stationary, however, and it is completely insufficient to meet Southern needs.

The South buys largely from other Italian regions and foreign countries. Our imports of meat and dairy products help worsen the balance of our food budget, although it is true that the South's contribution to the exportation of wine, fruit, and vegetables, which are the only active part of the food budget, is quite substantial.

Other aspects of weakness in Southern agriculture are the aging of the farm population and the decreasing proportion of young people going into agriculture, not to mention the delay in completing the irrigation programs that have been started.

To all this can be added the persisting imbalance between agriculture and industry.

Despite the installation of large steel, chemical, petrochemical and mechanical industrial complexes, the industrial fabric is still insufficient to insure a high rate of employment. Nor has tourism undergone a development adequate to the natural, scenic resources that the South has to offer.

Therefore, agriculture is destined to remain for some time to come the sector that carries the Southern economy, although it can be foreseen that the process of industrialization may recover and develop in a timely manner.

The lines of agricultural development in the South, however, must proceed toward a balanced expansion of typical products and a qualitative and quantitative increase in our livestock husbandry.

The deficit in the commercial agricultural food budget can be reduced by increasing the rate at which we supply our own food where we now have a deficit, i.e. in particular zootechnical and dairy products, which would make it possible to reduce imports.

This does not mean we wish to follow an anachronistic and autarchical plan, especially since we cannot delude ourselves that we can attain self-sufficiency in food.

We cannot, however, fail to intensify our agricultural export capacity, which would make it possible to reduce the negative balance of payments in food.

Of course, this increase in production will be possible if producers can be assured of prices that will cover their rising production costs.

A Deadline

It is also necessary to equip and develop cooperative and associative structures, especially by correcting imbalances now existing between sectors and territories.

Export businesses must also be reorganized and rationalized, and market research must be extended in order to determine the needs and prospects of foreign consumption.

These, then, are the main lines of the situation and requirements of Southern agriculture in the period preceding the entry of Greece, Spain, and Portugal into the European Economic Community.

Their entry creates a series of institutional, financial, and economic problems in the EEC, but especially for Italy. It should be noted that these countries have crops similar to ours, being typically Mediterranean. Their production costs are lower than ours, especially because of lower wages. It is therefore predictable that the competition will be even keener when Greek, Spanish, and Portuguese agricultural products circulate freely in the EEC, in addition to products imported under favorable conditions from other Mediterranean countries.

The South's agricultural situation and the enlargement of the EEC thus make necessary new and vigorous EEC, national, and regional action to protect agricultural incomes and to renew our agriculture's production and market structures.

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WIEGEL DISCUSSES REORGANIZATION, DECENTRALIZATION OF PROVINCES

Decentralization on Back Burner

Rotterdam NRC HANDELSBLAD in Dutch 25 Nov 80 p 2

[Report by editorial staff: "Decentralization of Government Tasks Remains on Back Burner."]

> [Text] The Hague, 25 Nov--The transfer of government responsibilities to provinces and municipalities will remain on a back burner for the time being. The fact is that the minister of internal affairs will not get many more powers to prepare and carry out this matter than he has now.

The extreme powers which were advocated through a motion of the PvdA in the Second Chamber to enable the minister of internal affairs to exert pressure on his colleagues to turn over certain tasks to the lower government bodies will not come about. His colleagues must indeed consult with him at an early stage on policy plans in that respect, but that does not commit them to anything.

This is clear from the long-expected decentralization option of Minister Wiegel which was sent to the First and Second Chambers today together with, amongst others, the memorandum of reply and a note of amendments to the bill on administrative reorganization. With this very detailed note Wiegel plans to give a triple start toward a decentralization policy which has been urged for considerable time already by municipalities and provinces but also in the Second Chamber. In all, it still remains a very drawn out matter.

Stocktaking

The note contains a summary of decisions made by and still expected to be made by the government in the realm of centralization and decentralization, as well as stocktaking of areas of government policy in which the possibilities of suggestions for decentralization can be considered further. A number of these areas should yield clearly defined possibilities for decentralization very shortly.

In carrying out its decentralization policy, the government expects to be able to make "substantial" progress, amongst others in areas such as conservation and recreation, traffic and transportation, the regional-economic policy and housing (urban renewal). Ministries with ample possibilities to transfer responsibilities

but which are very reticent about it, are, amongst others, those of Social Welfare, Education, and Science and Technology.

Welfare

According to Wiegel it should be possible to arrive at decentralization through conscious interventions in a number of social factors which have contributed to centralization. In that context he refers to the welfare sector where more and more social wants are left up to provinces and municipalities by the government. But centralizing factors can be eliminated also in the government by putting up barriers against centralization and by strengthening provinces and municipalities, entrusting them with more tasks and creating conditions for a democratic and effective . . . . . .[illegible word]

The government wants to regulate the turning over of government tasks as much as possible through broad outline legislation, in the sense of the skeletal law on specific welfare, in which other tasks can still be accommodated.

Golden Cords

The government further strives for improvement of the financial regulations for provinces and municipalities through a better providing of the funds in question and of the possibilities for levying taxes themselves, while also the so-called golden cords (coupling subsidies) must be severed. This does not mean, however, that the government will transfer more money to the provinces and municipalities than it has spent itself on the activities to be transferred.

The position of the regional government services will also be looked at for possible accommodation in the provincial and municipal context, in which personnel problems will likewise come up for discussion.

Support

A special commission from the council of ministers will support the decentralization measures with respect to municipalities and provinces. The minister of internal affairs must limit himself, however, to the taking of initiatives and to the handling of the coordination and the structural measures for the transfer of government tasks, on which he has to submit periodic reports.

Administrative Problems

Rotterdam NRC HANDELSBLAD in Dutch 25 Nov 80 p 2

[Report by editorial staff: "Powerful Provinces Axis of Administrative Polity."]

> [Text] The Hague, 25 Nov--Provinces with at least 300,000 to 350,000 inhabitants, with a cohesive package of tasks, a strengthened set of administrative-judicial instruments, a good financial arrangement and staff, must form the axis of our new administrative polity.

With it, one can administer in a democratic and effective manner without hampering the decentralization of government tasks. Thus one will prevent the province from becoming a "paper tiger" after the administrative reorganization.

This is clear from the memorandum of reply of Minister Wiegel (internal affairs) to the bill on administrative reorganization which went to the Second Chamber today together with the long expected note on decentralization. In it, Wiegel discusses in detail the criticism from the chamber. He also meets the Chamber halfway in various parts, as is clear from a note on amendments.

According to Wiegel the administrative problems require a renewed and alert government which brings the government to the people, attacks the problems at their roots and transfers responsibilities because it is necessary. He pleads again for a practical approach in phases, as he has done many times previously.

Although decentralization to the municipality deserves preference, the minister thinks that in coordinating municipal activities the province should still play a main role. It must draft provincial policy plans and coordinate and guide them further. Therefore the provinces will acquire the right to give guidelines and instructions on supra-municipal matters.

In addition there will be tasks which the government will transfer (regional socio-economic policy, welfare, upkeep of monuments, preservation and recreation, traffic and transport, etc.). All of this requires a new financial polity. The provinces will get the authority to levy real estate tax themselves. Moreover they will get funds for the pre-regions from the government contribution regulation, which must be eliminated in Wiegel's opinion. For indeed, there is no need for a fourth level of government; everyone agrees on that.

Wiegel still sticks to the idea that a few provinces must be divided up so that ultimately 17 new-style provinces will be created. Besides South Holland and Overijssel, the IJsselmeer polders, Gelderland, North Holland and North Brabant will also have to be split up. But the last word certainly has not yet been said on that.

The package of tasks which is "hovering" over the municipalities but which must remain municipal, will be adapted through the new law on communal regulations -- the bill is currently being polished at the ministry of internal affairs -- amongst other measures by tightening the administrative and financial ties between the municipalities participating in the bond of cooperation. Moreover there will be regulations with respect to clustering, integration, publicity and registration of the bonds of cooperation which must come about in every (current) province. From the joining together of various bonds of cooperation, new provinces could then come into being.

Wiegel still fully stands by the possibilities and problems linked to the transfer of government tasks. Wiegel is of the opinion that an end must come to the all-dominating power of the government. The fact that this is not simple is obvious from the decentralization note which bears traces of the "fight" in the cabinet about Wiegel's plans.

Wiegel further announces that he will come out with (legal) proposals in the area of the so-called complementary government. That means that the various levels of administration should be able to exert influence on each other's tasks and authorities by means of consultation and administrative agreements without a dominating role of one of the administrative levels.

According to the minister, retrenchment measures indeed played a "certain, but not decisive, role" in the drafting of his proposals. Thanks to a multi-directional choice and a phased approach without setting a fixed time, the introduction, for example, of the new Police law, for which a draft will be submitted still during this cabinet period, will not have to wait for the enactment of the law on reorganization of the domestic administration.

According to Wiegel, another argument for the gradual introduction of the administrative reforms is the fear of many administrators and civil servants for the changes coupled with them. "It is precisely this socio-psychological aspect which partly induces the cabinet to exercise more care than perhaps would be necessary seen from the legislative- and administrative point of view," says Wiegel.

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CONSENSUS ON WEST EUROPEAN ROLE IN WORLD POLITICS SEEN MISSING

Rotterdam NRC HANDELSBLAD in Dutch 6 Dec 80 p 7

[Article by Jan van Iersel, member of the Second Chamber for the CDA: "Dutch Consensus on European Political Role Missing"]

[Text] A striking change in ideas on the relationship with the United States is taking place in Western Europe. Roughly speaking two methods of thinking have been developed on this subject. The first, the English method, is characterized by a search for very close contact with the Americans; from within this close relationship, so to speak, England tries to protect its own interests through corrective action. The second and French method is characterized by creating some distance and a more independent position, and by trying to gain commensurate influence based on this position where domestic interests are concerned; however, the essential aspects of the security ties between the United States and Europe are kept in mind all along.

A good illustration is the way the English and French atomic arsenals are set up. The nature of its weapons systems and the attendant industrial cooperation are in England very closely connected with the American counterparts. France, on the other hand, has followed, within the range of its own possibilities, its own national policy. The way both nations think about NATO is an equally faithful reflection of their philosophies. We see the same difference reflected in the European Community. From the beginning France stressed the essential importance of the United States in discussions on Europe's future: is the United States the deciding factor or are we working towards independence? The actual discussion on scope and contents of the European-American relationship has, especially in France, been going on for many years, openly or latently. During periods when it really mattered France clearly chose the side of the United States. And it is doing so again right now.

There is more than just a difference of words between the above-mentioned philosophies; because the French are at least always keeping the option of an independent course open they are forced to think about that. Therefore, when they let a close relationship prevail, they have weighed the value of the pax Americana. I believe that one of the most important points of Dutch political irritation as regards France has always been the recurring option of independent action while we identify ourselves more with the role America plays, both politically and in matters of security. This policy is based on feelings of closeness towards the United States after the English model.

Distant Friend

There are of course numerous reasons why the Dutch chose this political position. The role of "most faithful ally" of the United States on the European continent was partially chosen to escape the feared dominance of an imagined Paris-Bonn axis. The faraway friend was politically used to protect and maintain our own position. This also suited our country's economic goals towards free and open world commerce, which the Americans had greatly promoted after the war.

This political point of departure also, of course, had consequences for the position as regards the EC. European cooperation was in the first place seen as something commercial to broaden commerce in a worldwide process, while the (real) foreign policy and national security were seen as part of the NATO framework and, even more so, as part of a strongly felt tie between our country and the United States. Consequently there was often a big difference in the way commercial politicians, on the one hand, and security and foreign experts on the other hand viewed the importance of the EC and Dutch-American relations.

I believe that this created the difference, yes, even the deplorable contrast between proponents of Europe and the Atlantic alliance in the Netherlands. The result has been that we never developed an all-round analysis of our situation with due and equal consideration to security and economic aspects; this contributed to our onesidedness.

In the meantime there has been some change. The growing strength of the West European economy and the relative decline of the American economy, and also the shift in the pattern of power relations in the world has created a growing divergence of interests between the United States and Western Europe. There are therefore also tensions. Technological progress in the development of weapons systems did not fail to exert its influence on the relationship between the United States and Western Europe as regards the Warsaw Pact. These developments are reflected in the attitude of the FRG which, on the one hand, fully maintains its ties with the United States, while, on the other hand, it is trying to make room for its special position as regards Eastern Europe. It develops this attitude in close cooperation with France.

Differences of Opinion

So emerges the complicated picture of Western Europe which, although it realizes that it is fully dependent on the security relationship with the Americans, is nevertheless trying to create its own position. Of late coordinating discussions on the highest level have therefore become very intensive. This is based on the thesis that a united West European voice will have the best results for Europeans in West-to-West relationships. Slowly but surely Europe is so arriving at what I called in the beginning the "French" method. For the time being it cannot be predicted how this process will further develop. A combined course of action presupposes combined points of departure and opinions.

On 7 November Van der Stoel argued in the NRC HANDELSBLAD for European coordination in dealing with Reagan and his defense policies. A few days ago Den Uyl adopted the same idea and was applauded during the Socialist International in Madrid. However, who applauded and why? Do other Europeans of his conviction share his

opinion of the new American regime, also voiced by Brinkhorst? Prevailing concepts of security are very divergent. French and English socialists cannot possibly be compared. Germans, Italians and Dutch also have different ideas, not to mention the differences of opinion on European security within the parties themselves. The opinions among Christian democrats are somewhat less divergent. But it remains difficult. Fortunately anti-NATO feelings are not noticeable. There is more structural cohesion in the discussions between the states; especially as a result of the German attitude a new pattern is emerging.

French-German cooperation is to a considerable degree based on a common analysis of the U.S. role in the world, which also affects relations with the western world. In spite of the U.S. military might everybody knows how its flag has been challenged of late. The English attitude has lately been shifting pronouncedly in the French-German direction. It is also characteristic that Norwegians and Swedes are trying to get in on "European" points of view. The prospect it leads to is a political (nonmilitary) two-column construction in Atlantic relations. This process has a certain built-in inevitability; I believe that it will appear beneficial for European interests as well as Atlantic cooperation. American voices mention the same ideas, be it under certain conditions.

Obstacles

Shall we succeed by taking this direction? There are still of course many obstacles ahead of us. The opinions of the European countries and the policies based on them are very divergent in nature and contents. There will definitely be no drastic reversals or departures. The national situations and traditions are too deeply rooted and the Atlantic ties are too much of a precondition for all nations concerned. The world situation is indeed dangerous enough. But we start off on the wrong foot by always telling one another what cannot be done. The sluggishness of the process is no argument against it.

This road is also not easy for the Netherlands. We played the role of very faithful ally, but to a certain degree also of corsair under the protection of the United States. If one argues for effective European coordination, of which I am all in favor, one implicitly agrees to a European confrontation of national strategic concepts.

Lack of national agreement certainly does not make our position very comfortable in a discussion on the conditions for European security and coordination of foreign policies to strengthen the European bargaining position.

But we must begin these discussions. In the interest of our own opinions we must seriously get to work without taboos to establish as much as possible one Dutch policy. Withdrawal from participation or childish fear of this "French" method, more or less forced on us, could only harm us. Now it puts our national position in the right perspective.

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MILITARY DRAFTS NEW PENAL, DISCIPLINARY CODES

The Hague LEGERCOURIER in Dutch No. 10, Nov 80 pp 10-11

[Report in the Army journal LEGERCOURIER: "Legislation for Alteration Proposed: Military Penal and Disciplinary Codes on the Way"]

> [Text] The government has proposed a package of legislation to alter the Military Justice and Discipline Code. The most important element contained in it is that a sharp distinction is made between the trying of criminal cases on the one hand and the maintenance of military discipline on the other. In the Military Penal Code, only those offenses are made punishable which form an infringement of the primary task of the armed forces. The new disciplinary code contains those actions which affect internal order and against which sanctions are imposed. Soldiers are yet to be heard from about the disciplinary code through centrally organized consultation.
>
> The proposed legislation has been approved by the National Council of Ministers and has been forwarded to the Council of State for recommendations.

Military Chambers at the Courts

Legislation has been proposed earlier which will require the alteration of the construction. It is a matter of definitions with respect to defense, exceptional circumstances and the administration of justice. Of those mentioned, the first two have recently been discussed in parliament. The last mentioned, which has to do with an amendment of the constitution with respect to the administration of justice, is also of interest to the administration of military justice. Specifically, the government's proposal rests on the assumption that in the new constitution the concept "the judicial force" [the bench, in a formal sense] applies to all judicial agencies which perform a lasting function in our legal system. However, only after the amendment will the military judge be a part of the bench de jure. The procedure consists of referring criminal actions against soldiers to military chambers at designated district courts and courts of justice.

To encact these (37) legislative proposals to amend the Constitution, a two-thirds majority of the votes rendered is required in both Chambers. That will be the new chambers, that is to say, the new Second Chamber after next year's elections and the new First Chamber after that chamber has been dissolved as prescribed in the provisions for discussing amendments to the constitution. The new chambers are then to deal with the relevant legislative proposals "in the second reading."

Reprimands, Fines and Penal Service

The legislative proposals offered by Secretary of State Van Eekelen of defense and Minister De Ruiter of justice are the result of a report presented to the Second Chamber in 1971 concerning a revision of the military disciplinary code. Some of the proposals concern the elimination of capital punishment from the entire body of law, and are not therefore a result of the report on military discipline.

The entire package contains a proposal for a Code of Military Discipline, a comprehensive revision of the Military Penal Code and a few other legal amendments.

A proposal to amend the military criminal legal procedure is also to be presented at a later date.

The most prominent alterations listed in the 1971 report were:

--a sharp division between the penal code and the disciplinary code;

--an accompanying distinction between the powers of the criminal judge and the disciplinary authority;

--elimination of lesser offenses from the military penal code, including willful disobedience to service orders;

--new formulation of the disciplinary code of conduct, in which restrictions of fundamental rights and freedoms are legally defined;

--a limitation of the effect of the disciplinary code;

--reform of the package of penalties (abolition of the discipline class and demotion, introduction of fines);

--improvement of the disciplinary legal procedure (right to representation, investigation, right to submit evidence);

--right of immediate appeal of military disciplinary penalties to the military judge.

In the meantime, the abolition of the penalties of assignment to the disciplinary classes and of demotion, and the introduction of fines have already been carried out separately.

In the memorandum in response to the report, it was stated that the disciplinary arrest penalties could be abolished if fines should meet expectations. On the basis of that position, a system of sanctions consisting of reprimands, fines and penal service was adopted in advance of the legislative proposals.

Even though fines have come to play an important role in discipline, it cannot yet be stated definitively that they adequately meet the expectations.

Only after the results of a central study and of the test which has been made of not awarding arrest penalties have been processed can a decision be made about the sanction package.

The cabinet members are of the opinion that parliamentary action on the comprehensive legal reform need not wait for that. The legislative proposals can be adjusted at a later stage by means of a letter of amendment.

Service Order

The primary goal of the legislative proposal, though, remains the sharp distinction between the trial of criminal acts, on the one hand, and the maintenance of the rules of conduct of military discipline on the other. This distinction is brought about in part by revision of the military penal code. In it, only those offenses are made criminal which form an infraction against the primary task of the armed forces. The most important example of that is the regulation about the service order. Noncompliance with that is made punishable on the basis of the military penal code only in the event that such noncompliance is or can be injurious to the operational readiness of a component of the armed forces, or the execution of an operation or an exercise. In this way it is specified as precisely as possible what offenses are punishable on the basis of the penal code. In the new disciplinary code actions are made subject to disciplinary punishment which are not punishable under the penal code because of their different nature (because they only involve internal order). All disciplinary offenses are summed up in the chapter "Conduct Regulations." They contain offenses against the secrecy act, disobedience to service orders, obstruction of the operation of the armed forces, offenses against service orders or service regulations, offenses against persons, official misconduct, offenses against order and abuses with respect to goods and services.

This system differs fundamentally from the present one. The current law on military discipline also mentions offenses as military disciplinary offenses which are criminal offenses which are in conflict with military discipline and order and are of such a petty nature as not to require that they be dealt with as criminal, the so-called improper disciplinary offenses. As a result of this, up until now a great number of criminal offenses have fallen within the domain of military discipline. In the proposed regulation, this possibility is left out. If an act falls under the description of a specification of the Military Penal Code or of another penal code (as for example the Penal Code), then disciplinary treatment is excluded. Even if the public ministry declines to prosecute the act, the disciplinary authority cannot initiate further action.

In this way, a clear dividing line is drawn between the military penal code and the conduct regulations of military discipline.

No More "Referral"

Naturally the new regulations also have an effect on legal procedure. Because of the distinction between the military penal code and the disciplinary code, the procedure of referral which still occurs now in military criminal proceedings will disappear.

[This procedure consists of the commander of the component of the armed forces in which the act has been committed deciding which offenses are to be prosecuted (the referral) and which offenses can be dealt with disciplinarily.] It is clear that referral does not fit in with the proposed format of the material law. In the new situation the public ministry has the sole power of decision as to the prosecution of criminal acts; the military authorities, on their part, decide independently on the treatment of disciplinary offenses.

The new disciplinary code has a limited jurisdiction, to wit:

--when a soldier is on duty or ought to be;

--when a soldier is on or in a military vehicle, building, area or other military site;

--other than those two situations, but only when the law expressly permits a broader jurisdiction (for example in questions of secrecy).

Besides the conduct regulations, the general specifications and the disciplinary penalties, the proposed law on military discipline also regulates the powers to try disciplinary offenses and an entirely new and expanded disciplinary legal procedure.

This last contains among other things specifications concerning the charge, the representative, the investigation, the rules of evidence and the verdict.

The charge is made in writing and can only be issued once for a single offense. Alteration of the charge can be done up until beginning of the investigation. Written advance notice of this must be given to the accused.

No charges are to be placed after 21 days after the commission of the offense, which provides for a form of obsolescence. The disciplinary procedure begins with the lodging of the charges, and ends with the verdict. The disciplinary procedure also ends if no verdict has been reached 21 days after the beginning of the procedure, or upon discharge from the military service. A disciplinary procedure can also be dismissed in the meantime.

The specifications with respect to the representative in the new disciplinary law are generally similar to those in the existing regulation.

The Investigation

The regulation on the investigation provides for the duty of the accused to appear and for the hearing of witnesses and experts. In general the investigation begins not sooner than 24 hours after the charges have been issued. The accused is not obliged to answer during the investigation. The investigation is not public.

The following are recognized as evidence: Findings by the commander himself, statements by the accused, witnesses and experts, and documents. The commander is to reach a decision on the first working day following the conclusion of the investigation at the latest, and is to put this decision, the verdict, in writing. The decision can lead either to the imposition of a disciplinary penalty or not, to acquittal, or to the decision that there is a question of a criminal act. In the last-mentioned case, the commander has no authority and he is obligated to place charges in the prescribed manner.

Appeal

The possibility which has existed up until now of lodging a complaint against either the disciplinary penalty or the grounds for punishment with the so-called punishment superior is abolished. Instead, within 5 days appeal can be made to the courts (it appears that court martial will be replaced by military chambers within the regular courts). The written appeal must be tendered to the commander.

6940
CSO: 3105

CONSERVATIVE PAPER WELCOMES QUESTIONING OF DEFENSE 'AMBITIONS'

LD311435 Stockholm SVENSKA DAGBLADET in Swedish 28 Dec 80 p 2

[Editorial: "Defense in Our Time"]

[Text] A few days before the Riksdag went home for its Christmas recess Gunar Bioerck undertook something which in parliamentary circles may have seemed almost indecent. He spoke about Sweden's defense, not as a budgetary factor or as an instrument of the National Labor Market Board, but as a living necessity for our people as a free nation in a darkening world.

He did not hesitate to refer to the greatest parliamentarian of our century, Winston Churchill, who practically alone in his own country saw World War II coming while his colleagues, who were considered more balanced and reliable, were devoting all their attention to the League of Nations hot-air chamber in Geneva, to disarmament conferences and as a final resort to summit meetings. Mr Bioerck was tactful enough not to mention what he must have been thinking about--the meeting between Chamberlain and Hitler in Munich--a meeting which was greeted as a breakthrough for detente by a choir of jubilation and which led within a year to the outbreak of World War II.

However, the speaker quoted with devastating irony the defense committee's words that "reductions in ambitions have been part of our military defense's activities for a long time now." And of the next imminent cutbacks the committee writes with a marvelous choice of words that they seem to be "the least harmful for the strength of the defense forces."

The military buildup in our area goes on unabated. South of the Baltic a bloody conflict with incalculable consequences could break out at any time. In the Middle East, the world's prime source of energy, an open war is raging. The Russians are still in Afghanistan....

Against this background, which is probably familiar to some of its members, the Swedish Riksdag is taking steps, in the words of the defense committee, to harm the Swedish defense forces' strength.

The key word in the context is reductions in ambitions.

What this actually means is pointed out clearly but discretely in the report for the latest financial year which has recently been presented by army chief Lt Gen Nils Skoeld.

Mr Skoeld sums up his evaluation as follows: "The year's results are acceptable." It is pleasing that the level of motivation among the conscripts has grown--"good spirits are clearly in evidence."

However, there is otherwise not much to be glad about. For the army chief stresses that the "acceptable" results are only acceptable in relation to "a goal with a number of limitations."

We have reached the bottom limit for the length of training, he claims. Recruitment of regimental officers is too low. The ability of regular officers to lead their troops has also deteriorated. It has not been possible to reinforce the conscripts' knowledge during basic training "so that it will definitely remain at an acceptable level after 4 years," that is, at the time of the first refresher course. The all-round character of training has been limited--needless to day, to the detriment of the troops' endurance. Joint exercises have not taken place to the extent desirable....

Mr Skoeld and his comrades have obviously done everything possible with their limited resources. That the results are--well, largely--acceptable in relation to what the politicians have contented themselves with is the responsibility and achievement of our military leaders.

But the more serious question remains: whether these ambitions are sufficient in an age and in a world which persists in looking the way it does.

Many people are asking themselves this question with concern, while the defense committee contentedly imagines itself to have found the least harmful alternative for our defense forces....

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END

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West Europe Report

No. 1684

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WEST EUROPE REPORT

No. 1684

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No Career for Conscientious Objectors

Amsterdam ELSEVIERS MAGAZINE in Dutch 1 Nov 80 pp 14-17

[Article by Frank Lafort]

[Text] Officers with conscientious objections in nuclear matters, says Minister of Defense De Geus, might as well forget a successful career in the army. Military men must be generally capable of being put into action. A reasoning which, according to De Geus, parliament does not question. Besides, "dissident" military men must accept the democratic rules of the game, determined by parliament. If they do not do that, then there is a real danger of the army becoming a political factor in the Dutch legal system.

"In the Dutch military forces, it is the majority which says they want to carry out the assignments imposed on them, as is required of them. All attention, especially of the media, is now concentrated on conscientious objectors. Up till now there have been only two professional military men, who have declared--if aggression is committed against our country and it is threatened with nuclear weapons--that we could no longer count on their support. One of them is Captain Stelling, while the other, a naval officer, wants to remain anonymous."

"What concerns me further is that parliament, during the discussion about conscientious objectors in our army, gave very little attention to the Law on Conscientious Objectors in Military Service. This legislation, which is unique in the world, has enough contact points to accommodate the conscientious objections of atomic pacifists," according to minister of defense, doctoral candidate P.B.R. de Geus.

At the Ministry of Defense, the minister rejects the reproaches which defense specialists of the PvdA [Labor Party], D'66 [Democrats

'66/ and CDA /Christian Democratic Appeal/ directed at him a few minutes previously in a public commission meeting. Doctoral candidate De Geus warded off still somewhat uncomfortably last week at the commission meeting the obnoxious criticisms and sarcastic remarks of parliamentary experts. It is clear that De Geus still must accustom himself to the "great political game," was the remark of the communist Wolff, who wearily complained during the meeting that the representatives did not go much further with the "innocuous answers" of the minister about conscientious objectors.

However, De Geus is not completely lacking any political experience as he himself has emphasized. Like his predecessor, Dr Scholten, De Geus was a member of the CHU /Christian Historical Union/ (meanwhile he joined the CDA), in which he was chairman of the defense committee for a time.

In 1970 he was elected as a member of the Maasluis Town Council, 3 years later De Geus was the chairman of the local CDA group. In 1977 he decided to switch from local to national politics, when he appeared on the CDA slate for the Second Chamber. However Doctoral Candidate De Geus was appointed in the same year as director general of economics and finance at defense, to be placed in charge of this department in the middle of 1980, after the appointment of Minister Scholten as vice president of the Council of State.

On taking office, he inherited a number of critical problems, of which "conscientious objectors" is one of the most difficult. The subdued emotional discussion in civilian society about whether or not to station new nuclear weapons in Dutch territory rages like a peat bog fire in the military forces, aroused by the position of only two military men.

After being in office hardly a month, De Geus issues a letter on 14 October to his commanders about the assignment and role of nuclear weapons in the army and problems of conscience. De Geus says the letter is intended to clarify matters, and, of course, regarding questions of commanders and the Defense Personnel Division. The letter must establish general principles.

The political leader says the cornerstone of defense policy is to promote stability in international relationships. "The government and the majority of the people's representatives assume therefore, that in the existing international situation nuclear weapons are essential to prevent war through deterrence. The deterrent effect of nuclear weapons is based on the unacceptable risk which an aggressor would run. The prevention of war rests on this. That is the paradox of nuclear weapons; by being willing to use them, they do not need to be used."

Moreover, the Netherlands itself does not have any nuclear weapons. Consequently Dutch military personnel only have contact with these weapons incidentally and mostly indirectly in peacetime, for example, in guarding American nuclear weapons.

In the original reasoning of De Geus, "the way of resignation on request is open" for the military personnel who cannot accept the ministerial point of view. Under pressure from the chamber, De Geus had to abandon this way and he will soon consult with military interest associations to jointly seek alternatives in the military forces for conscientious objectors. That certainly has consequences for the "dissidents" careers. De Geus: "An officer with objections, who wants to be a brigade commander, can never win such a position because he is not generally capable of being put into action. You must understand that well."

The minister says the military forces can never carry out their assignment with two kinds of people: "Namely with people who can be relied on completely and others who cannot be counted on under all circumstances." Therefore general capability of being put into action is the fundamental principle of organization and personnel policy in the military forces: "an inflexible point in my reasoning which the chamber majority has not questioned," according to De Geus, who calmed the alarmed NOV [Netherlands Officers Association] with his definite decision. The NOV Executive Committee recently warned the top political officers in defense about the increasing unrest among officers, especially about the often frequent polemics in the press about nuclear weapons problems, in which military men are "portrayed as potential war criminals."

Clearly dissatisfied with the minister's letter is the socialist, doctor of laws, K. de Vries, who says that "the tone of the letter is false." The PvdA defense specialist suggested last week that the majority of the Dutch people no longer support the deterrence scenario used by NATO. A reasoning which contrasts sharply with the attitude of the leading PvdA candidate, Den Uyl, who even threatened to quit, if his political comrades should decide to withdraw from NATO.

The internal disunity in the PvdA about the (atomic) security policy to be carried out is not an isolated case. The members are also divided in the christian democrats, the largest government group and in D'66. That division of minds was also clearly expressed last week in the military forces, where 30 persons, for the most part, professional officers, have set up a special "Military Forces Peace and Security Consultation." A vehicle, which according to the organizers is intended to discuss nuclear weapons problems in the military forces.

The unrest in the military forces has not appeared out of the thin air, without any further ado. At the end of '78, Lieutenant Colonel

Couzy in his farewell speech as chairman of the NVO criticized defense policy as contradictory. He points out that the government says, on one hand, that it wants to reduce the role of nuclear weapons and, on the other hand, to adopt a number of tactical weapons for nuclear use. A paradox which was mentioned earlier in the disarmament report of the Marijnen cabinet (1964). The ministers at that time emphasized that, as a result of the revolutionary weapons technological developments of the postwar years, increasing armament, intended to increase security, in fact is going to create more and more insecurity. Sixteen years later Minister De Geus writes to his commanders that the Van Agt government considers it alarming that the maintenance of peace and freedom especially "must be based on such destructive means. Consequently we cannot be resigned to the present condition of nuclear armament."

According to experts, we see here the tension which government and parliament have slowly created in the course of the years. While various cabinets emphasized clearly in all kinds of reports that we were on the wrong path with armament, is it strange that military men, as the eventual executors, develop problems of conscience? No says doctoral candidate H.J.M. Brentjens, teacher of social psychology and youth problems at the KMA [Royal Military Academy] in Breda: "Those who become pacifists in the midst of these bizarre explosives are not foolish, cowardly or unworldly. They see a serious, real problem."

The question is only to what extent, military officers especially have the freedom to publicly express a point of view on this fundamental question which differs from the government policy followed. The cabinet, according to Doctoral Candidate De Geus in his letter, "has been carrying out a security policy for years which is based on a parliamentary majority. Thus a policy developed democratically, even if nuclear weapons have a place in it, ought to be carried out faithfully." If "conscientious objectors" do not accept this democratic rule of the game, then a real danger exists of our army becoming a political factor in our legal system. Therefore Doctoral Candidate De Geus has expressly emphasized more than once in his circular letters the principle of the political neutrality of the armed forces which prevailed in various successive governments. This means in practice, according to the minister, that the military man, in the exercise of his basic rights, may not compromise loyalty "to the organization and the people who work in it."

The previous Minister of Defense Scholten, indicated in 1979 the dividing line of how far a military man may go. In answer to the questions of the GPV [Reformed Political Union] member of parliament, Verbrugh, about public statements of the KMA commandant at the time, Von Mayenfeldt, the former minister explicitly confirmed the right of the military to free expression of opinion. However, the smooth operation of the military forces must not be harmed by the exercise

of this right. This principle did not apply for Von Mayenfeldt because he was not directly responsible for the nuclear weapons policy section. Military men who are certainly directly responsible in 1980 and who have conscientious objections, will have to accept the consequences, in view of the democratic rules of the game.

De Geus Has Increased Unrest

Amsterdam ELSEVIERS MAGAZINE in Dutch 1 Nov 80 p 15

/Text/ L. van Anholt says "Minister of Defense De Geus definitely expressed a political point of view in his letter." Van Anholt is president of the independent professional organization, Our Interest, The Royal Association of Non-Commissioned Officers (8,000 members). The minister would have spared himself a lot of trouble, according to Van Anholt, if he had thoroughly consulted the military interest organizations involved before writing the letter: "For defense personnel policy is involved. Now the minister has definitely increased unrest in the army. Military men will keep their mouth shut in the future, if it is a question of nuclear armament. I know they are already doing it now. Besides, the choice which De Geus offers conscientious objectors, if not retirement from active service, offers no alternative. With that you create all kinds of martyrs and nobody needs that."

The president of Our Interest says that Doctoral Candidate De Geus should have given an indication in his letter of the moral and material support of "conscientious objectors" in the military: "It is a serious matter if one retires for the sake of one's peace of mind."

Regarding the minister's remark that "not being generally capable of being put into action" has results for the military man's career, Van Anholt says "that this problem only appears when the military man involved actually is considered for promotion. You cannot say in advance that someone is not being considered for promotion. Moreover, it is a question whether the discussion about conscientious objection, because of the use of nuclear weapons, is really reasonable. NATO's deterrence theory exists precisely to prevent war.

According to Van Anholt, the minister rightly declares that there is no place in the military forces for two types of personnel. "The dividing line between combatants and noncombatants is blurred depending on the military crisis situation. In World War II even the cook operated the antitank gun in case of necessity. Besides: formerly one armed the crew, now the armament is manned.

8490
CSO: 3105

LISBON INTERNATIONAL ALTERNATE ENERGY CONFERENCE

Overview of Conference Theme

Lisbon EXPRESSO REVISTA in Portuguese 15 Nov 80 pp 16R-17R

[Article by Vitor Dimas: "Decrease Dependency on Petroleum and Increase Alternate Energy Sources"]

[Text] The International Chamber of Commerce held an international conference in Lisbon last week [2-5 November] on the problems arising in the industrial area because of world supplies and management of energy resources. For 4 days in the Portuguese capital, 250 members of the congress from more than 30 countries discussed the most pressing questions having to do with the heavy energy dependence on petroleum noted in industrialized or developing countries or with the search for alternate means in conventional as well as new forms of usable energy.

The conclusions of the four days of work in the form of a number of recommendations to industrial sectors and appeals to governments and international organizations were presented at the closing session at which Portuguese Minister of Industry Alvaro Barreto spoke to explain the situation of our country within the context of the general topic of the conference: "Energy, a Challenge to Industry." The consensus is that all should redouble their efforts to insure a regular and stable supply of energy sources through policies which recognize the value of the world market as a regulating instrument for energy supply and demand, and in the search for energy and its best utilization under conditions of acceptable prices.

The role of governments in that context must be that of complementing and not supplanting the mechanisms of the market, insuring, in turn, rules which will effect a balance with respect to energy, economic and ecological objectives.

A more intensive and close cooperation among those mainly responsible for energy policies and between industrial sectors and governments, as well as the recognition that an improvement in the dialog among all affected parties could lead to the acceptance of the fact that energy is also necessary for the growth and development of the Third World, was established as being indispensable. Contributing with policies, actions and incentives needed for the solution of the problems of developing countries, those responsible will contribute to the attainment of objectives defined during the work of the congress: harmonious growth and social peace in the world.

An energy commission created in the International Chamber of Commerce during the conference and which will begin to function next year, is going to try to give continuity to the analysis of problems posed during the Lisbon meeting.

Energy and Economic Growth

One of the principal topics presented to those attending the conference was that of the relationships between energy growth and economic growth, presented by Professor Hendrik Houthakker of Harvard University. Dealing with the subject from the microeconomic point of view of the main energy sources and their incidence in the countries of the OECD, the U.S. professor said that petroleum imports from OPEC countries have shown declining tendencies although without great visible effects in the balancing of the balance of payments. However, the rise in prices registered in 1973 and 1979 during the so-called "petroleum crises" would have caused fewer upheavals "if all the importing countries had shown themselves willing to accept their part of the current deficits derived from them." As an obvious conclusion, Professor Houthakker emphasized: "All countries should consider not only their individual situation but also that of the world around us."

Substitute Energy

Another topic of great interest in the conference had to do with the so-called substitute energy sources and their possibilities and limitations. Presented by Professor Tor Ragnar Gertholm of Stockholm, the report deals with the estimates which point to the impossibility of the costs of hydrocarbons rising more than two to three percent per year up to 1990 and from three to four percent per year up to the year 2000. On the other hand, he cited the consensus existing among economists, according to which increases in the costs of energy cannot exceed three percent per year in the future and said that production of petroleum and natural gas will reach its peak around 1990 but will certainly not exceed 60 million barrels of petroleum per day, which points to a decline in the importance of hydrocarbons as the limited resource that they are despite the fact that they are now the spinal cord of the world supply system. Therefore, around the year 2020, hydrocarbons should represent only 15 percent of energy fuels, the other 85 percent being from other sources such as coal, nuclear power and new forms such as fusion, geothermal and solar energy.

After analyzing these alternate sources and the mechanisms required for them to replace traditional sources, Professor Tor Gherolm says that the perspective from which the problem is viewed should be an appeal to good sense because the decline in petroleum production due to the war between Iran and Iraq, together with the policy of voluntary production decreases undertaken by other countries, will cause a change in the forecasts of the 1978 World Energy Conference Commission and he points to a report on energy prospects upto the year 2020 which already recommended more intensive petroleum research and prospecting but also the search for new sources of supply.

Energy Savings

H.L. Schmid of Switzerland said that the possibilities and limitations of energy savings are determined by investments in the industrial sector but their main economic implication is at the government level in the sense that prices should reflect the real costs of energy. It is up to responsible officials to determine energy saving policy by methods which range from informing and educating the consumer, to actions to help the user "to help himself."

The long-term energy saving strategy in industrialized countries should have the reduction of the dependence on petroleum as a priority, says Dr Schmid. The effect of measures which tend to decrease demand is completely different than that of those which have the objective of promoting savings through the more rational use of energy. The former can have very serious negative effects on economic and social plans, while the others, rather than tending to strangle economic growth, consubstantiate the condition necessary for the economic and social development of all countries. "There will be no hope of resolving problems as long as countries devote themselves to fighting against the symptoms instead of fighting against the real causes of the problem," declared that Swiss expert at the Lisbon conference.

Portugal: Uranium Again

On the other hand, Minister of Industry Alvaro Barreto, speaking at the closing session of the conference, outlined the situation of Portugal in the field of energy. He said specifically that our known, usable resources are relatively small and that even coal reserves are poor in quantitative as well as qualitative terms. Our primary energy needs are only satisfied 13 percent by domestic resources (with a dependence of 83 percent on imported petroleum and 4 percent on imported coal). That dependence on foreign sources, which translated into a cost of one percent of our Gross Domestic Production in 1973, became 10 percent of the Gross Domestic Product today.

However, said Alvaro Barreto, Portugal has 10,000 tons of uranium ore and reserves which can multiply that amount from two to 10 times according to the results of a recent prospecting program. However, it was not possible up to now for various reasons to make the political decision, which becomes more and more urgent, on the use of nuclear power in Portugal.

Our per capita consumption of energy is only the equivalent of one ton of petroleum per year, a quantity at least three times smaller than the average in the partner countries of the EEC, which we would like to join. A foreseeable approximation to the aforementioned quantity by Portugal should only become possible around the end of the century, said Alvaro Barreto.

On the other hand, a long-range energy plan is about to be discussed by responsible officials with the main objective of insuring the supply of energy necessary for the economic and social development of the country under the best conditions of reliability, quality and price. Three basic points are going to be considered as priorities for that objective and Alvaro Barreto defined them:

reduce our dependence on foreign sources progressively, primarily petroleum imports; insure the reliability of foreign supplies, diversifying their sources and types; increase the use of exploitable national resources and implement the proper technology for the exploitation of those which have shown themselves to be promising.

In the area of consumption, the objective is to rationalize the use of all forms of energy in all its applications, making consumption more efficient, and as a result, reducing useless expenses and waste.

Industrial Energy Demand, Costs

Oporto O PRIMEIRO DE JANEIRO in Portuguese 4 Nov 80 p 7

[Text] Relationships between energy and economic growth and the possibilities of energy savings as a strategy are subjects being discussed at the International Chamber of Commerce Conference taking place in Lisbon.

The conference, held under the general topic of "Energy, a Challenge to Industry," began Sunday and will last until tomorrow.

The relationships between the growth of energy supplies and economic growth in the period which preceded and followed immediately after the 1973/1974 petroleum boycott is one of the great areas with which yesterday's session of the conference began.

The other areas of subjects to be discussed are government regulations on the price of energy and the measures which industrialists should discuss with their own governments in order to attenuate the pressures on growth caused by variations in energy supplies and by the increase in the prices of petroleum imports.

In the area of energy saving, the ways the market forces may bring about a more or less efficient use of energy, the most suitable energy measures for the industrial sector, and the implantation of joint government and industry energy saving programs will be discussed.

Marcel Boiteaux Presentation

Oporto O PRIMEIRO DE JANEIRO in Portuguese 3 Nov 80 p 9

[Text] "Traditional energy sources should be replaced quickly," declared Marcel Boiteux, president of Electricite de France, speaking at the opening session of the International Chamber of Commerce Conference on the subject "Energy, a Challenge to Industry."

Marcel Boiteux began by painting a pessimistic picture of the future of energy sources existing worldwide, emphasizing that in the year 2020 consumption will triple by comparison with that of today.

"Nuclear programs of western countries have been considerably reduced for some years already, and by the way things are going, this type of energy will only contribute a third of what was expected from it at the end of the century," declared Marcel Boiteux. He continued: "Coal is the only alternate source on which heavy bets can be made today. Experts foresee a tripling of its use in the next 20 years and a quintuplication of international commerce in solid fuels. Therefore, the effort to be made in infrastructures in mines, ports and means of transportation is greater. As far as consumers are concerned, the return to conversion to coal of their installations encounters serious difficulties. The truth is that with the exception of electric powerplants, coal consumption has declined continuously since 1973. Today, producers wait for coal consumers to guarantee them an outlet for their coal. On the other hand, consumers expect that supply guarantees be given. And nothing, or almost nothing, is being done."

In another part of his talk, Marcel Boiteux emphasized: "As far as petroleum is concerned, investors hesitate to place their capital in areas considered--with or without good reason--politically insecure. Eighty percent of the prospecting effort is put into play in only 15 percent of the energy resource, and proven reserves will increase from now on to more than the amounts extracted. The OPEC countries, in turn, announced their designs as being those strictly necessary for financing their economic development, whose rate must take into account the periods of sociocultural adaptation required for the population, which up to now has been spared the grandeur and bondage of opulence."

Further on he said: "Substitution was easier (mixed electric powerplants) [presumably coal and/or oil fueled] and in those where it was most economical (cement industry). For these sectors, substitution was long and difficult because it requires much space, means of maintenance and capital. Many experts believe that only the shift to electricity can resolve the problem, whether that electricity be produced by uranium or by coal."

He also pointed out that "after the era of petroleum abundance, which characterized a period of economic growth outstanding because of its rate or regularity, the moment arrived for humanity to choose a new type of energy. The transition will be difficult and require time and determination."

Boiteux Presentation: Further Details

Lisbon O DIA in Portuguese 3 Nov 80 p 27

[Text] "After an era of petroleum abundance, which characterized a period of economic growth outstanding because of its rate or regularity, the moment arrived for humanity to choose a new type of energy," declared the president of Electricite de France at the Hotel Ritz yesterday afternoon, speaking at the opening session of the International Chamber of Commerce annual conference.

Under the theme "Energy, a Challenge to Industry," the conference, which ends the day after tomorrow, has the final objective of making a study of a possible common position of world industry to be defined and proposed by a permanent commission, which will begin its work as of 10 December in Paris. This

commission will have the task of "effectively explaining" the point of view of the economic sectors to the governments and international organizations.

"What would be possible in a world of peace and solidarity in which all resources would be marshalled for the common good, is not possible in a divided and uncertain world," said the president of Electricite de France.

Marcel Boiteux, delegate to the World Energy Conference, said that "unless there is a world catastrophe," overall energy supplies in the entire world indicate they will more than triple by the year 2020, which is "a priori inconceivable," taking the present world political situation into account.

"Since it is a scarce resource of localized origins, petroleum lends itself to being used as an instrument of various policies for other than economic objectives," the chairman of the Portuguese delegation of the International Chamber of Commerce said shortly before.

Sergio Teixeira de Queiroz called attention to the fact that Portugal cannot remain aloof from the discussions on energy matters and to the role that private enterprise has "in the process of guiding society." He declared: "Our bill for petroleum will come close to $2 billion."

Alternates

Marcel Boiteux believes that even if overall energy consumption and supply were to be balanced, it would not resolve the crisis which threatens us and for that reason "traditional petroleum must be substituted for quickly."

The president of Electricite de France spoke of the degree of development of alternate energy sources, saying that coal is the one "on which heavy bets can be made today." However, the economic effort it implies is "very considerable," there being, on the other hand, the need to encourage its use by consumers once more.

Acknowledging, however, that some of the actions to be taken raise "obvious political problems," Marcel Boiteux said that one of the solutions to the crisis will be the resurgence of large-scale nuclear powerplant construction at the same time that there is control in each country of the unbridled increase in energy.

That French expert also advocated the application of a great research effort to other sources even if they are considered relatively modest since "the pressure of needs should not make us forget a more distant future."

Houthakker, Schmid Comment

Lisbon O DIA in Portuguese 4 Nov 80 p 28

[Excerpts] Government and industry have devoted enough attention up to now to saving energy, it was emphasized yesterday by the International Chamber of Commerce Conference taking place in Lisbon. Relationships between energy growth and economic growth, the possibilities of energy savings as a strategy, and alternate energy sources were the subjects discussed in the sessions of the conference on the theme "Energy, a Challenge to Industry."

In turn, Hendrik Houthakker, former member of the group of economic advisers to the U.S. President pointed out that prices played the main role in changing growth plans at the end of the decade of the 70's. Houthakker believes that the rise in prices of petroleum in 1973 and 1979 would have caused fewer upheavals if the importing countries had shown themselves more willing to accept their part in current deficits resulting from them. In his opinion, the rise in prices contributed to making energy sources available and to "making other sources competitive."

Speaking on the possibilities and limitations of energy savings as strategies, Hans Schmid of the Swiss Federal "Bureau" of Energy emphasized the need to establish a long-range policy instead of taking emergency measures. According to this specialist, strategy should be characterized by the rational use of energy through policies which encourage investments in economy measures, through the reduction in permanent consumption and through a joint effort by industry and the government to define long-range interests.

Gerholm Comments

Lisbon DIARIO DE NOTICIAS in Portuguese 4 Nov 80 p 3

[Text] "Coal and nuclear power are the only alternatives to petroleum and natural gas in the next 40 or 50 years," declared Swedish Professor Tor Ragnar Gerholm yesterday. A professor at the University of Stockholm, he spoke on the first day of work of the annual International Chamber of Commerce Conference taking place in Lisbon and to which the president of the republic sent a message.

Responsible for the preliminary report of the session devoted to alternate energy sources, in which Professor Veiga Simao also participated, the Swedish specialist outlined a general picture of the development of the consumption of various types of energy and he reached the conclusion that only coal and nuclear power are in a condition to be a substitute for traditional energy sources up to the year 2020. He also said: "Nuclear power is the only energy source which can be called upon to compensate for the gradual exhaustion of petroleum and natural gas," since, he said, coal will only be able to maintain the present 25 percent of the market.

According to him, hydrocarbons (among which are petroleum and gas), which now represent nearly 70 percent of the world energy market, should have their share reduced to less than 30 percent in the year 2020. Petroleum by itself will decrease from 50 percent to 15 percent in the next 40 years. Conversely, coal, nuclear power and new energy sources (geothermal, solar and fusion) should represent nearly 85 percent of the world's primary energy production in 2020.

All this poses, according to Professor Gerholm, two crucial questions: Will the increase in prices foreseen (two or three percent per year in real terms) enough to cause the evolution foreseen for petroleum and natural gas and to encourage a postponement in the use of substitutes for hydrocarbons? And if we do not manage to resolve the problem with coal and nuclear power, will we really be in a position to replace hydrocarbons with new supplies of geothermal, solar, or fusion energy?

Oppenheimer, Landsberg Comment

Oporto O PRIMEIRO DE JANEIRO in Portuguese 5 Nov 80 p 5

[Text] Today, the minister of industry and energy will close the International Chamber of Commerce Conference on the subject "Energy, a Challenge to Industry," which for 4 days has been taking place in a hotel in the capital with the participation of 250 scientists, economists and technicians from several countries.

Alvaro Barreto will speak after approval of the various conclusions and an appeal to governments and international organizations, it was learned, by PRIMEIRO DE JANEIRO from sources linked to the organization of the meeting. Before the minister speaks, the president of the International Chamber of Commerce, Reay Geddes, will say some words of farewell. Elsewhere, beginning January next year, a commission against maritime fraud will begin to function in London.

The financial implications of the energy problem were discussed in the conference on the basis of a report by Peter Oppenheimer, member of the Church of Christ of Oxford University. Oppenheimer examined the surpluses in current payments of the OPEC countries in a detailed paper, as well as the corresponding deficits and indebtedness of the petroleum importing countries.

In addition to being relevant, he emphasized that from 6 years ago to now the surplus accumulated in the balances of current accounts of the OPEC countries is estimated by the OECD at $340 billion. In 1974 that surplus was $60 billion. Twelve months later it declined. Between 1975 and 1977 it went down to nearly $30 billion and it almost disappeared in 1978, with a figure of $5 billion.

However, added Peter Oppenheimer, the great increases in prices in 1979 made it climb once more from $65 billion to $70 billion and from $100 billion to $120 billion in 1980. In terms of the relationship with the Gross National Product of the petroleum consumers, the cost this year is not much different than that of 1974.

The high price and scarcity of fossil energy in developed countries will affect various agricultural subsectors with varying degrees of severity, admitted English Professor W.F. Maunder, when he emphasized that in some areas the real cost of fuel will have to increase considerably. That is the reason that many agricultural sectors of the United Kingdom are preparing to make a conscious effort to save fuel. He notes that the use of fossil fuels in agriculture in developing countries is low and that in the developing world the scope of the problem requires that the supply of energy sources must be based on the needs of the agricultural community so as to overcome the problems of distribution and prevent a rural emigration en masse.

That was the opinion of W.F. Maunder, and it is in this same sense, although with respect to other sectors, that Jurgen Lange expresses his opinion. He is vice president of Harbridge House Europe of the FRG and he foresees the transportation sector as being dependent on petroleum until the end of the century, a fact which becomes more important because it is true that transportation is of particular importance in foreseeing overall costs of fuel. It is enough to note our explanatory example: Transportation alone consumes 33 percent of all energy used in the United States and the average is 25 percent in other countries of the OECD.

When markets do not function, the most important policy would be to allow energy prices to reflect all energy costs, which ideally would be marginal social costs, said Hans Landsberg, a highly placed official in Washington (expert of the Energy Policy Research Center).

Such a price policy when markets do not function does not spare the consumers. The adaptation of the latter to higher figures is hindered by officals who are experienced in the use of energy under systems which date from the time of cheap energy, that is, before 1973/74, and by some institutional agreements, according to Hans Landsberg.

To overcome the barrier of the aforementioned officals experienced in the use of energy under conditions which at present prices appear insufficient, ruinous in fact, requires substantial spending of capital and the conviction that energy prices will remain high and will rise. Whenever society, says the chemist from the U.S. institute, considers the consequences of high energy consumption, particularly significant imports from politically unstable areas, as a threat, there exist justifications for an intervention by the government to help and accelerate the process of adaptation. It involves two dangers: that of speeding up the rate of inflation, and the differential impact of higher prices on the various types of yields, regions, industrial sectors and others.

Portuguese President's Statement

Lisbon DIARIO DE NOTICIAS in Portuguese 11 Nov 80 p 3

[Text] The president of the republic sent a message to the participants in the annual International Chamber of Commerce Conference in which he says that "It will be a catastrophe for Portugal if it does not manage to insure reasonable economic growth rates because of an energy shortage."

Gen Ramalho Eanes said in the message read by the chief of his Civilian Household, Fernando Reino: "A new world balance can only be reached through the sharing with all countries of the results of research undertaken by the industrialized countries in the field of energy."

The International Chamber of Commerce Conference was described by Eanes as being "of great interest because of the contribution which may come from it for collaboration between governments and industries in the establishment of an international strategy on energy."

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SPECIAL SURVEY OF SOLAR ENERGY PUBLISHED

Athens BUSINESS & FINANCE in English 13 Dec 80 pp 4-8

[Text]

CONTINUOUS industrial development has immensely increased the world's energy needs. As oil prices have risen steadily since 1973, and the economies of many countries have been seriously threatened, technology has necessarily advanced in the "know-how" of exploitation of other energy forms, mainly to the inexhaustible energy resources such as solar and wind energy, geothermal energy, etc. It is estimated that since 1960, the industrially developed countries have increased their energy consumption by about 5% annually, and the developing countries even more.

Scientists claim that with full 100% exploitation of the existing deposits (present exploitation is at about 50%), and with the annual increase in energy consumption limited to 5%, these deposits will last until 2056.

– If we believe, that there will be no further increase in consumption levels then the deposits will last until the year 3000.

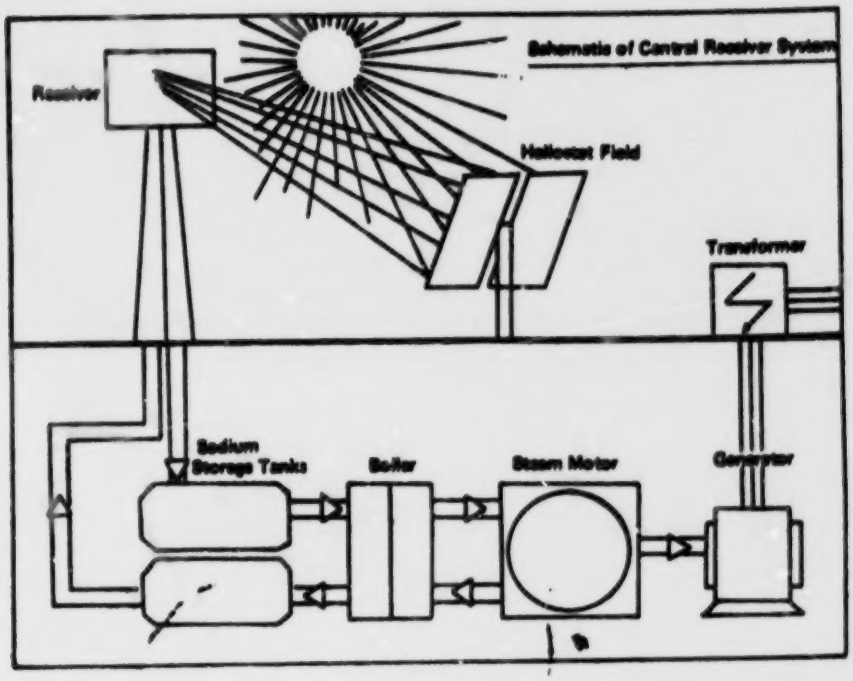
– If the earth's population increases at an annual rate of 2%, and energy consumption levels do not increase, then supplies will last until 2130.

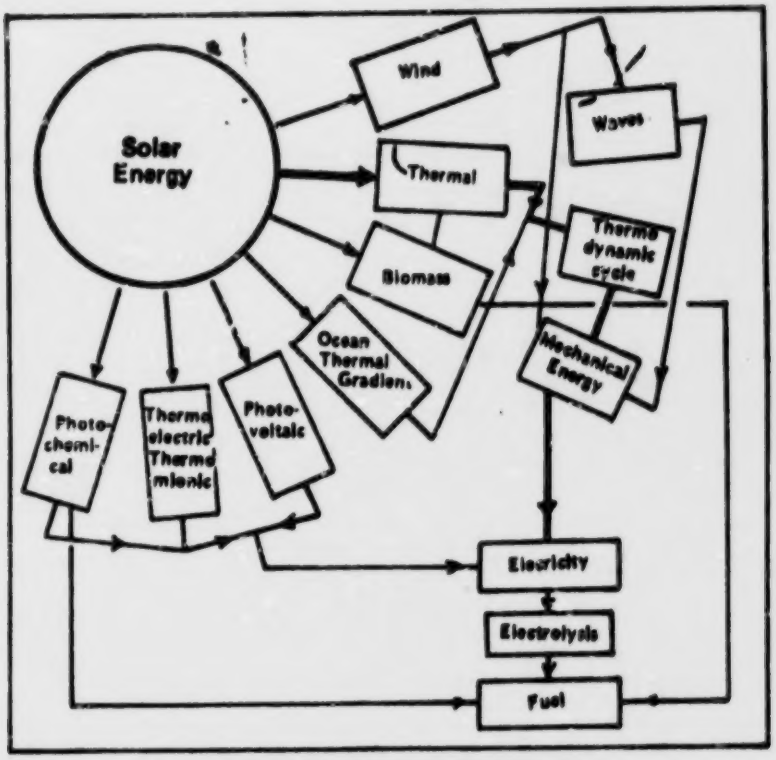
– If the earth's population increases at an annual rate of 2%, and we assume that the developing countries will, by 2025 be approaching the consumption levels of today of the industrial countries, then supplies will last until 2099.

So it is quite clear that even if oil prices had not reached the threatening levels that they have done today, the world would have been obliged in any case to search for alternative sources of energy.

Nuclear energy is one form of energy which is expected to be developed considerably in the future. But because of its inexhaustibility, solar energy would appear to be an ideal primary energy source, and therefore one of the long-term energy options. Solar radiation has sufficient thermodynamic qualities to produce heat, electricity, and synthetic fuels. The simple reason why it has not yet been substantially developed, is the fact that it does not encourage speculation, and does not support the dependence of the poor countries on the big ones.

Scientists claim that if the developed countries would only spend 1% of their budget for nuclear power on the development of solar energy , then the energy problem would have been solved. The sun gives the earth a vast amount of energy – 4,000 Q annually. Of this, 1,000 Q are reflected to the outer layers of the atmosphere, and the other 3,000 Q to the creation of the earth's climate. It is interesting to note that all the energy reserves on our planet contain an amount of energy equivalent to that which the earth receives from the sun in only 45 days.
(Q = the energy equivalent of 25,000 million tons of oil).





Principal ways of solar energy utilisation

Known deposits of fuel today

Coal = 200 Q
Oil shales = 25Q
Oil = 12Q
Natural gases = 12Q
Coal tar pitch = 7Q

The two main advantages for the exploitation of solar energy are:

- It has no cost
- It does not cause pollution.

However, there are some limitations:

- Not all places on the earth's surface receive the same amount of radiation, and for a given geographical place, the amount of radiation received changes, depending on the time of day and the season of the year. Also, it is influenced by various meteorological phenomena. Although the conversion of solar energy has already been demonstrated, the development of solar power systems suitable for everyday and commercial applications is still at an early stage.

SOLAR ENERGY WILL CONTRIBUTE 2% OF TOTAL ENERGY NEEDS BY 1985

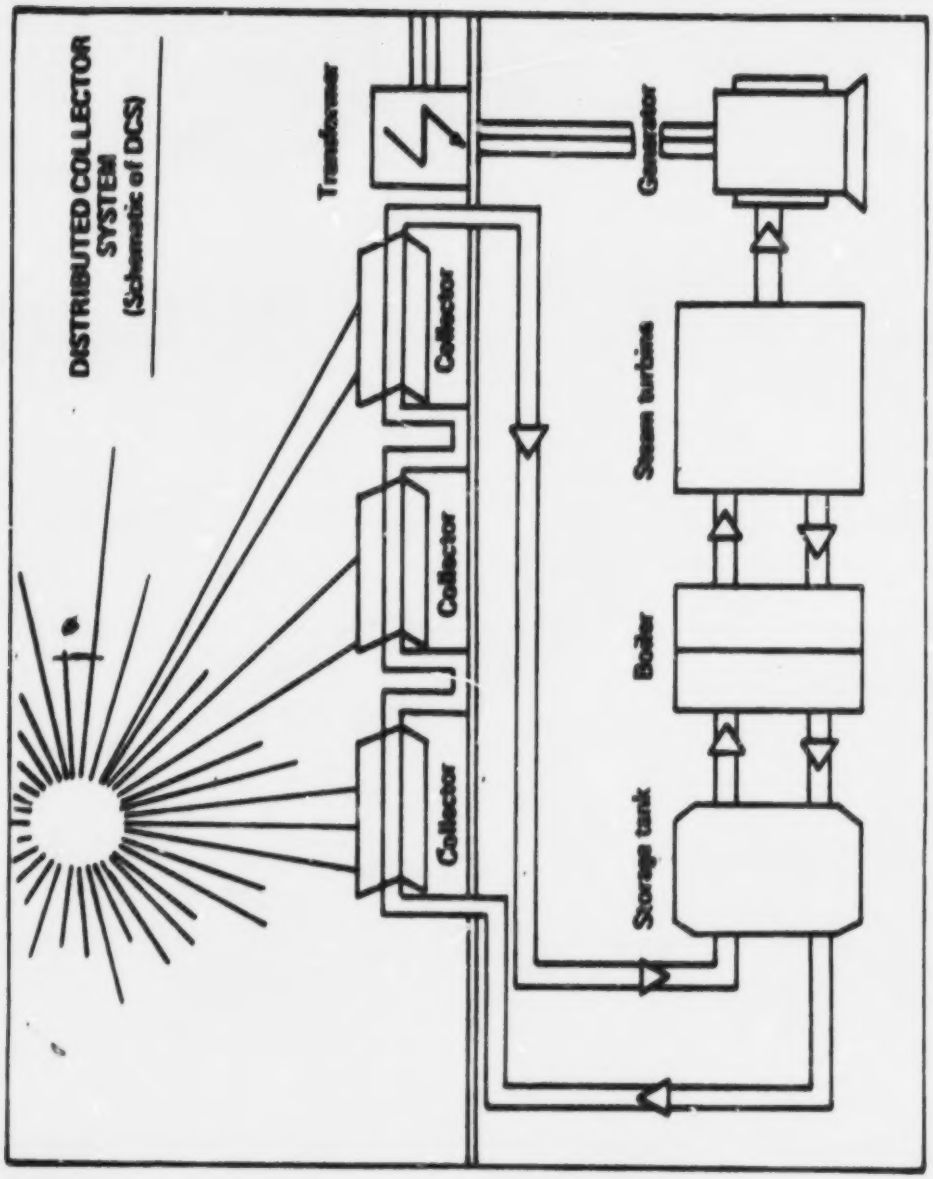
SOLAR energy is particularly well-suited to Greece for two reasons. First, it has about 3,000 hours of sunshine a year (compared to 1,200 in Central Europe) (see Table 2) and the population is quite scattered, particularly on the 134 Greek islands, which contain 3 million people. Solar generator plants are becoming cost-effective for isolated communities that do not have grid-applied electricity.

The amount of the sun's radiation which falls on a horizontal surface in the Athens area reaches 800 w/m^2, and on a vertical surface reaches 1,100 w/m^2. According to estimates 1m^2 of solar selectors in Greece is able to provide in a year a thermic energy equivalent to 800 kwh. It is possible to cover at least a part of Greece's total energy needs through the exploitation of solar energy.

It is expected that in five years time, solar energy will contribute 2% to total energy needs. That means that by 1985, Greece will use the equivalent of 242 million tons of oil, and solar energy will contribute the equivalent of 0.48 million tons. Until the present day, economically profitable exploitation of solar energy has been successful only in the sector of prolonging low temperature heat (less than 100°C) mainly for the heating of water for domestic use or in hotels. It is expected that the next step will be the use of solar energy for the heating and cooling of living space, a sector in which research has advanced internationally, and in which the main technological problems have been solved.

Today, despite the potential for solar energy in Greece, the commercial market is almost exclusively for solar water heaters. Throughout the country, about 40,000 water heating units have been installed. Although the number may not be very high, it still provides a contribution to the foreign exchange situation. Every solar water heater gives about 2,000 kwh annually. Estimating that 1 kwh costs at least 3 drachmas, that means an annual profit of 240 million drachmas. If in a decade, solar water heaters could be installed in 80% of the homes in Greece (about 1,200,000 houses) then 2,400,000,000 kwh would be saved, at a cost of 7,200,000,000 drachmas, or 170 million dollars annually. So it is quite clear that the expansion of the use of solar water heaters is a major step in the saving of energy.

For this reason, some government incentives have been undertaken. For example, the government grants income tax allowances on the installation of solar systems. Individuals may deduct 30,000 drachmas ($706) from their gross income, or 10% of their real taxable income, whichever is smaller. Banks have also been instructed to grant loans for domestic installations, at the commercial rate which now stands at 19%. The situation is even better for


DISTRIBUTED COLLECTOR SYSTEM
(Schematic of DCS)
Transformer
Collector
Collector
Collector
Generator
Steam turbine
Boiler
Storage tank

commercial users who are granted cheap commercial loans for 35% of the installation costs.

The future outlook

For the further exploitation of solar energy, many pioneering studies and initiatives have been undertaken by the National Energy Council, and various scientific agencies, in universities and research centres, etc. These studies cover a wide range of solar energy applications, such as heating and cooling, the production of electricity, greenhouses, etc. It can be said that Greece stands among the leading countries in Europe in the field of the application of solar energy. The majority of these studies and initiatives, which have been financed by the governments of the USA, West Germany, Italy and Greece, hold considerable interest not only for Greece but also for Europe and the rest of the world.

Largest housing scheme

The government is already involved in a housing scheme (incorporating both active and passive solar features) which is said to be the largest such scheme in the world. The venture, known as "Solar Village Three" is a workers' housing development in the Athens suburb of Lykovrissi, containing accomodation for 2,000 people in 312 two-bedroomed flats with a floor area of 80m^2, and 188 three-bedroomed flats of a floor area of 100m^2. The village will incorporate communal buildings and include a school, a library and information centre.

.The object is to combine solar systems with conventional heating equipment, and test energy devices to maximise the use of expensive oil. The designs, undertaken by Interatom of of Germany, and a Greek consortium known as Group G, incorporate passive features to boost direct solar gains by 35%. Electricity will be supplied through the use of diesel generators whose waste heat will be harnessed by heat pumps and solar absorbers to provide underfloor heating up to 75°C. All domestic hot water up to 45°C will be provided by solar collectors. It is estimated that each building will require up to 110m^2 of solar collectors, to cover 60% of the demand for hot water.

Initial study and design work has been completed at a cost of $2.8 million, 90% of which has been provided by the German government. Construction is scheduled to begin in 1981, and will take about 2 years. The total cost will be $50.6 million, of which $36.5 million will come from Greek sources, and the other $14.0 million from German funds.

Solar Villages One and Two

Greece has two other solar housing schemes – Solar Villages One and Two. SV Two is a small project in Aghios Nicolaos, Crete, to provide solar hot water and heating for 50 dwellings, but SV One is a more ambitious project.

It involves the regeneration of a whole district on the southern coast of Crete, using solar and other energy sources. The area, Francocastello, lies on a 84 km^2 plain, in the district of Sfakia, and includes nine communities of 804 inhabitants, whose occupations of subsistence farming, is hampered by water shortages. An agreement was signed in January 1977 between the Greek National Energy Council (NEC) and the US Energy Research and Development Agency (ERDA). Under the agreement, a detailed study was prepared by the Environmental Design Company of Greece.

It showed water at depths of 250m, and proposed various methods of development. Solar and other alternative forms of energy are incorporated in each proposal, such as photovoltaically-powered pumps to lift water for irrigation, solar thermocouples in greenhouses, solar water heating and heating in new homes, biojets to help generate electricity, and wind generators for power production are included in the schemes.

Power schemes

The production of electricity from the sun can be successful in two ways:

– through the immediate use of photovoltaic elements, and

– through the use of a thermal cycle.

The first concerns relatively small installations, and simple construction. The second requires bigger installations, and more complicated construction. The possibilities of energy storing with solar energy batteries can be foreseen in the first case, and with heating tanks in the second.

In Greece, solar power stations will be created with the financing of the EC funds and with the co-operation of West Germany and France, on the basis of photovoltaic conversion. The first power station, with a photovoltaic power of 50kw will be built in Aghia Pounelli, on the island of Crete. The plant will cover all the energy needs of the population of the village. The aim of the project is to demonstrate photovoltaics as an alternative that is available today for the generation of power for a remote and lonely community.

Today, those energy needs are covered only seasonally by means of 7 diesel generators of between 7 and 10 kva. Efforts to include the village on the island's electricity grid have been unsuccessful because the Public Power Corporation is not allowed to pass a 15 km cable through the Samaria Forest, an area which is a National Park of exceptional natural beauty.

The other project is a 100kw photovoltaic power generating unit for the island of Kythnos, to operate along the existing grid and wind energy systems, of 60kw nominal power. The aim is to prove the technical and economic feasibility of the parallell operations of these systems, and to optimise the quality and quantity of energy so generated.

Cost per installed watt

The EC has determined 14 European Units (ECU) per each installed watt. Although the price is considered high, scientists expect that it will soon be lowered. For the present, economic plans can be successful only where they are for small installations to be applied in the sector of telecommunications, radio, television, radio transmissions, the pumping of water, remote dwellings, and agriculture.

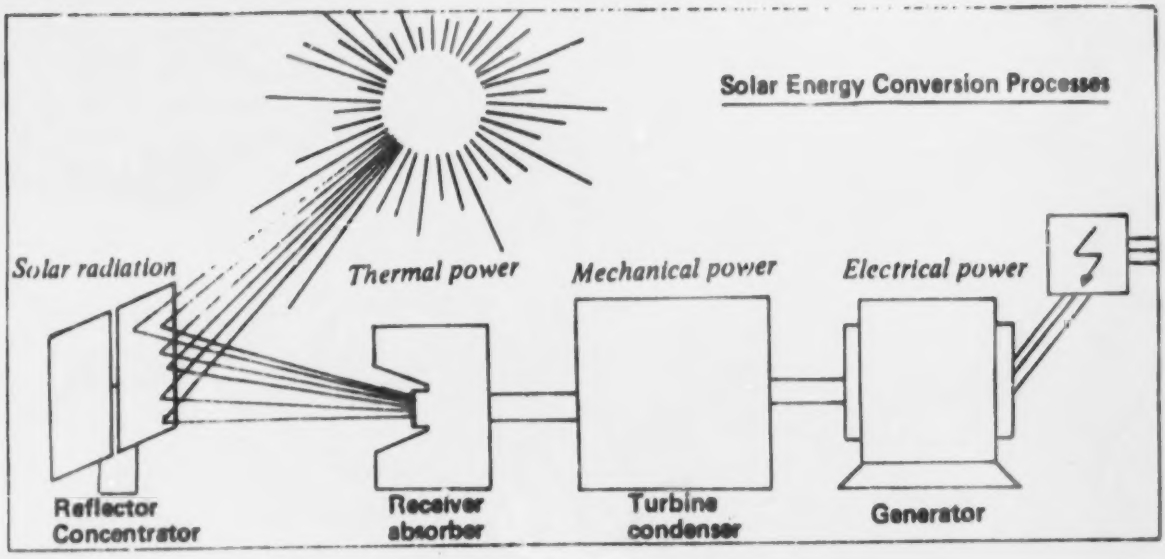


Table 2: Meteorological data taken at the National Observetory of Athens

Month	*Solar insolation** $Kcal/m^2$-day	*Mean ambient temperature* °C	*Wind*** m/sec	*Average daily hours of sunshine*	*Sunshine hours per month*	*Cloudiness tenths monthly*
January	1640	9.0	3.9	4.3	12.4	6.2
February	2400	9.5	4.1	5.5	138.2	6.0
March	3300	11.5	3.7	5.8	185.4	5.4
April	4560	15.2	3.2	8.0	233.3	4.7
May	5330	19.7	3.0	10.1	263.7	4.4
June	5880	24.1	3.1	11.5	307.3	2.9
July	5970	27.2	3.9	12.8	360.7	1.3
August	5360	27.0	3.8	11.9	345.5	1.3
September	4170	23.4	3.4	9.2	275.2	2.3
October	2910	19.0	3.1	7.0	209.6	4.3
November	1970	14.6	3.5	5.6	143.2	5.8
December	1480	11.0	3.6	4.4	116.9	6.2

* *Average daily solar radiation on horizontal surface*

** *Average monthly wind speed*

IEA-SSPS project in Almeira, Spain

Nine of the twenty member-countries of the IEA (International Energy Agency) are participating in the SSPS (Small Solar Power Systems) project in Almeira. The cost of the detailed design, construction, testing and two-year operation of the project is set at 79.5 million DM. The Greek National Energy Council of the Ministry of Coordination is participating in the project, and contributing 2.5% of the total cost.

The principal object of the SSPS project is therefore to examine in detail the possibilities of using solar radiation to generate electric power for possible application either in established grids or in communities whose geographical location renders the conventional electricity supply techniques difficult and costly.

CSO: 4920

SIMONET DENIES INVOLVEMENT IN WEAPONS DEAL

Brussels KNACK in Dutch 5 Nov 80 pp 18-19

[Text] Henri Simonet, ex-minister of foreign affairs, representative of the people, and mayor of Anderlecht, has a politically very turbulent time behind him. For since his socialist excellency moved to the government in the spring of 1977 with applause on all benches of the EC commission, a great deal has happened that has thoroughly dimmed the star of the then practically unapproachable minister of foreign affairs. His outspoken Atlantic policy, the intervention of Belgian troops in Shaba, and lastly his attitude on the rocket question quickly provided matter for conflict with the Flemish socialists, whose chairman his former cabinet colleague Karel van Miert had meanwhile become.

Not so long afterward Simonet, as leader of the Brussels PS [(French-speaking) Socialist Party], fell between two stools when André Cools suddenly and brazenly carried out the split between Walloon and Flemish socialists. Simonet definitely *did not* take Cools's side, but tried in vain with his *fédération* to steer between the waves; the PS in Brussels would remain open to Flemings and French-speakers, which was not the desire of either one. Moreover, last year Simonet fell out with his then minister of cooperation for development, Mark Eyskens, who reproached him with pursuing an "immoral" policy in connection with certain matters.

Later in this number [interview, pp 25-28], Simonet himself speaks out on some of these subjects. What is certain is that he quietly but surely fell overboard, and at the time of the formation of the Martens III government, with the Liberals, he made it known that he did not want to accept any ministerial portfolio. The impression was that, partly as a result of his conflict with chairman Cools, they did not care to offer him one, either.

Henri Simonet thus withdrew, presumably temporarily, to the city hall of Anderlecht, but did not disappear entirely from the news. For in the spring reports appeared in this paper and elsewhere that as minister of foreign affairs he had issued an export license for supply to Argentina of a pair of tanks Type BDX by the firm of Beherman-Demoen of Bornem, of which his wife was at that moment representative-director. That is now denied, and it is claimed that during the time that Mrs Simonet worked for Beherman-Demoen the firm got no lincenses from the Ministry of Foreign Affairs. In short, a matter whose exact context is unusually hard to recover unless a special investigation is ordered.

However that may be, the weekly POUR--already known for State Security's microfiches-B at the time of the Graindorge trial and the VMO [Flemish Militant

Movement] training camps in the Ardennes, when an Antwerp examining magistrate felt it advisable to honor the paper with a house search instead of having an investigation at the place indicated by POUR of whether training exercises were actually being conducted--pounced upon the case and came out with a dossier which was called the "Simonet connection" in the paper, and in which it attempted on the basis of a few telexes and other information to establish a link between the wife who buys the weapons and the husband who as minister makes it possible for the weapons to be exported. If this all fits together, POUR concluded, "the Simonet couple is the most successful on the market of sanctimoniousness and death."

In the first instance POUR got a right to answer arranged, and it was published with the necessary commentary, whereupon yet another article followed promptly upon the summons before the court of first instance. Henri Simonet claimed that POUR had made an error, that as a result he had suffered damage, and that said damage must be made good. Simonet estimated the damage that he had suffered as a result of the material published in POUR at 1 million francs, and also asked that the court's decision be published in 10 different daily newspapers. This last request alone was probably sufficient to wring little POUR's neck for good. The question may then be asked what Simonet really wants. Does he want to be compensated for the chiefly moral damage that he suffered as a result of the publication, or does he simply want to ruin the paper in question, although--and that is true, too--there is a good deal to object to in the way POUR treats its subjects.

6 Months in Jail

Just as all politicians or persons who occupy a public post would have done in his case, Simonet also instituted a *civil* suit against POUR. He did not as such enter a complaint, which would have had to be investigated by an examining magistrate, and would have had to be followed by a referral by the council chamber to the correctional court or the Court of Assizes. For let us not forget that Belgium still has a whole battery of laws that regulate the exercise of the constitutionally guaranteed freedom of the press, and that press offenses--like political offenses --must, under Article 98 of the constitution, be decided by a Court of Assizes. In other words, not only by professional magistrates, but also by 12 citizens chosen by lot. The decree of the Provisional Government by which this principle was established was one of the very first to be issued by independent Belgium. It was soon followed by another decree in which the exercise of the previously established freedom of the press was regulated. What that came down to was that the young Belgian state made it known that it could tolerate an ample measure of criticism and investigation, as long as the press did not indulge in excesses of slander, defamation, and insult. The decree of 1831 was later supplemented in 1847 and especially in 1852, when the freedom of the press, under heavy French pressure, was greatly restricted. It was also in that period that the most trials for press offenses were conducted before the Court of Assizes. Later, and partly because of that, few journalists have ever appeared before a Court of Assizes because of specific passages in their writings. The best known was certainly the aged Edouard Anseele, who was condemned in 1886 to 6 months in prison after a fiery harangue in VOORUIT in which he had insulted the king.

But even at that time it had long been usual for press offenses to be given another name and dealt with before the civil courts as ordinary damage suits. That

practice was even confirmed in 1863 by the Court of Appeals, which held that a possible action by the judiciary authorities against a publication could not stand in the way of a damage claim before a civil law court. In any case resort to the Court of Assizes in this sort of cases has not been favored by the rather lengthy formalities, the fact that a Court of Assizes has always been regarded as largely a political tribunal, and the further fact that it was soon found that most press cases before the Court of Assizes ended in an acquittal.

It can thus be said without much doubt that the decree of 1831 was actually usable not much longer than one short decade. After that it was chiefly used to humor the French emperor Napoleon III. But nevertheless, it still exists--together with the supplementary laws--and the chance still exists that at a certain juncture the authorities will dig it up out of the drawer. That has happened since World War II in two cases--POURQUOI PAS? and LA VOIX DU PEUPLE--twice a publication was seized, after which the case was later dropped. It has thus been decades since a real trial has been held before the Court of Assizes.

Besides, the question may be raised whether that is even desirable. Whether it makes sense to fight out a case like that of Simonet vs. POUR, for example, before a jury. Article 4 of the decree of 1831 does still say that slandering and insulting public officials or members of duly constituted bodies in function are offenses against the press laws. Recent jurisprudence, however, is moving under American influence in a different direction, namely that high officials and politicians from the nature of their functions--and because in the public service they handle public monies--must have a greater authority to collect than private individuals. An argument that was successfully used by the defense, for example, in the case of Lams, administrator general of BLOSO [expansion unknown], against DE MORGEN.

It appears to be an open discussion, but one that must be carried on sooner or later. Does it make sense to keep a law that is nearly 150 years old and has never been used on the books solely by way of a symbol or as a club behind the door to be used in case a paper should some day really get out of hand? Would it not be better to recast the whole question in a new text adapted to the times, so as to put an end to the prevailing ambiguity? That is not so important, since the press in Belgium has always stayed very well within the limits staked out for it, but it could also save the magistracy some surprises, as not long ago in Louvain. Two weeks ago the founders of the seized free Radio Scorpio appeared before the council chamber there and the deputy prosecutor asked as a matter of course that the case be referred to the correctional court. The defense lawyer, however, replied that inasmuch as radio and television are generally assumed to be press media, and Radio Scorpio gives a great deal of attention to news and interpretation in its programming, this case would in fact have to be dealt with in the Court of Assizes. Perhaps he was pleading a lost cause, but the deputy prosecutor promptly got 2 weeks' time to look for an appropriate answer.

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SIMONET INTERVIEWED ON FOREIGN POLICY, WORLD SITUATION

Brussels KNACK in Dutch 5 Nov 80 pp 25-28

[Interview with Henri Simonet by Frans Verleyen and Johan Struye]

[Text] After Henri Simonet began his political career 16 years ago in the office of Spinoy, the socialist minister of economic affairs, his star rose steadily for years and then he lost everything. Now that as mayor of the former socialist citadel of Anderlecht he can no longer form a majority without the CVP [(Flemish) Social Christian Party], and now that his Brussels delegation in parliament has lost two-thirds of its 300,000 votes in 10 years' time, he appears to be losing himself in a pathetic lawsuit against a cooperative of leftist newspapermen, as reported elsewhere in this number. The rocket affair was his political turning point. All of this is reminiscent of the fall of Spaak, who was also a great advocate of NATO.

[Question] What did you say in the debate over our foreign and military policy that results in your now, surprisingly, not being a minister any longer?

Henri Simonet: I said the following. That Belgium is a small country that must remain in NATO. That it is not sufficient for us to remain in NATO without discharging our obligations. That Belgium is following the path of a *de facto* neutralism, which I have called a *creeping* neutralism. That that path is very dangerous, not only for the small countries, but also for the alliance itself. That it is always possible to negotiate, of course, but that negotiating is useless when you have no negotiating position. That in an alliance all members of that alliance count, that in that group Belgium could have played a positive rôle, but that we are now feeding the neutralism of other small countries.

[Question] Is there not too little regional European self-interest figured into the terms of that alliance, and into its manner of making decisions? Is NATO not, as it works at present, in conflict with a number of European interests? Is NATO not blocking the path that the European Communities must follow toward cooperation with CEMA, by which West Europe vitally needs to organize a political and economic détente with East Europe? Was it so unreasonable, then, to strive for a harder European position with regard to the decision on the nuclear rockets?

Simonet: You are voicing a working hypothesis here that has currency in some circles, but that has not been officially adopted thus far by a single European government. That is, of course, the heart of the strategy and policy debate between the United States and the European countries. I do not at all deny that there is a problem. Nobody denies that the European countries, if merely on geographical grounds, have a position that differs from the American position. On the basis of the conditions of Europe's economic and political development, too, and our dependence on raw materials, the European countries can make an analysis of the geopolitical world situation and of their political chances of survival that differs from the American analysis. But the question posed in that connection is whether that difference in analysis must inevitably lead to opposite conclusions when it comes to determining the position the West must take with regard to the serious political, strategic, and economic challenges with which we are confronted. Must we, on the basis of those differing analyses, revise our relations with the United States? If we do so, that means that we ourselves must negotiate with the Soviet Union. Then we take our fate into our own hands, including the possible theaters of action that are not located in Europe but in which the development of conflicts may have fatal consequences for the equilibrium of the present system, for our democracy, that is, and for the autonomy of our decisions vis-à-vis the great powers. Is anybody seriously convinced that we can make good on so much ambition? Do you believe that the first of the three big European countries in the alliance has enough economic power and political weight to be able to establish a strategic deterrent to the opponent? Do you believe that the first of our European countries has the will to defend the interests of all Europe on the periphery of our continent? Do you believe that the second of our big countries is in a position to do that, apart from limited operations here and there? And even if I leave Italy out of consideration, do you think that the third big country on our continent still possesses the economic capacity and the political will to assume the responsibility for the interests of Europe, even when they must be defended outside of our own territory? I need not even pose the question whether the small countries are in a position to do that.

If you say yes, that is of course an option, but do not take it amiss if I say that I find it unrealistic. But if you answer negatively and still insist upon an alternative, that means to me that you are accepting a rule of progressive neutralization. To force that upon us is an old ambition of the Soviet Union's, because progressive neutralization comes down in fact to a breach in the alliance between the United States and Europe, and not only in the military but also in the political field. There you have the whole debate. But I do not believe that Europe remains viable in a situation in which it is cut off from the United States. The interests and the analysis of the Europeans and the Americans are not necessarily convergent, and I do see that potentially an opposition can grow up, but I am not of the opinion that such a rift cannot be patched up.

[Question] But does Europe want on the contrary not just not to cut loose from America, but to rivet itself still more securely to the United States? The criticism has been that with their proposal to install nuclear rockets the Americans are playing with the working hypothesis of localizing nuclear conflicts, in Belgium in part. Does this not lower the nuclear threshold?

Simonet: From the moment that you work with the doctrine of flexible response, everybody can obviously realize that that constitutes a part of an overall

strategy of restricting conflicts locally. For no reasonable person can want a conflict to be immediately generalized. If in the first phase the conflict is restricted to the European theater, that serves to provide time for the final negotiation by which the ultimate conflict may perhaps be avoided. But now some circles in Europe are saying to the Americans: if you try to limit conflicts, then we will no longer do anything for our defense. It appears that they are only now discovering a doctrine that is 17 years old. We urge restricting it initially as far as possible to a clash between conventional weapons, after which there may be a switch to tactical nuclear weapons. Only if all of that fails will the global and intercontinental dissuasion be resorted to. By the accident of geography, the first phases will naturally be played out in Europe.

[Question] But then what does Kissinger's warning of the "disengagement" of the Americans mean?

Simonet: The Americans have always insisted that the Europeans must provide a part of their own defense, that the reaction to a Russian attack must be carried out gradually, and that it is in everybody's interest that the reaction be as effective as possible at each of those stages. That means that the imbalance that has grown up at the intermediate stage in which tactical nuclear weapons may possibly be used must be corrected. Now it is precisely those Europeans who are unwilling to make the effort because in fact they want to go out of their way to avoid a political confrontation with the Russians that represent that as an American desire for *disengagement*. This is not correct, for the risk of an American disengagement does not present itself that way. It will arise only if the Americans become convinced that the Europeans are unwilling to bear their part of the collective burden for defense. For there can be no thought of a division of tasks in which the Americans would bear all of the burden by themselves and we would merely practice détente. The alliance would not survive that. The problem is that in Washington they think that they can observe that some Europeans want to continue to behave as if nothing had happened in the world, and leave the Americans with the greater part of the burden, now that the restoration of the European strategic balance for the intermediate phase has come up for discussion.

New Consensus

[Question] Has neutralism never tempted you?

Simonet: Never, because it would not seem politic to me for Europe to lose its freedom of decision in the world--and even internally. It is not attractive to me for Europe to stand alone against the Soviet Union.

[Question] Is there not a growing problem that Europe can be drawn into American initiatives in the world in which no European interests are involved, and that we are actually letting ourselves be dragged along in a geopolitical conflict for an American interest, when no political decision-making exists within the alliance, peculiar to Europe itself?

Simonet: The problem of decision-making is the problem of the working of the alliance, and has always existed. It has always been found difficult to form a political consensus within NATO. But once the Americans have their presidential election behind them, have overcome their traumas of Vietnam and Watergate, and

go ahead with their analysis of their relations with their allies, I believe a new consensus can be found concerning the necessary lines of force of a common doctrine for the West for the next few years. We did reach such a concensus once before with the Americans, and it worked well for 20 years. In view of the attitude of the small countries, I believe we are now headed for a sort of *directory*, in which the Americans will regulate matters in the future with the middle-sized countries. If the Americans can arrive at a realistic policy in which they take account of the evolution in their power relationship with the allies and of the bottomless instability of many countries of the Third World, which decidedly cannot be given an entirely military response, I consider it possible that the West will again be in a position to perfect a mechanism by which we can face our political and military challenges. For what interests would the Americans *alone* have that we *do not* share? Is it to our interest, for example, for hotbeds of instability to develop in the Third World, under which our interests would immediately suffer? The question that then arises, of course, is how the Americans react. I think it is possible for us to engage in discussions of that, and I also think that we shall be all the better able to enter into such discussions if the Europeans show that they are willing to assume a part of the cost of ensuring their interests. It is obvious that not enough thinking has been done in Europe about the fact that our dependence has become so great that a part of our lot is always at stake *outside of* Europe. Some in Europe are now trying to escape their part of the burden by pointing to the differing interests of the Americans, which they say are the consequence of the Americans' own political ambitions. But I think we in Europe would be wrong if we developed a policy under which we avoided every difficult choice in advance. The choices that must be made are the result of the instability of the Third World and of a certain Soviet expansionism.

[Question] But what is the nature of the Soviet threat?

Simonet: A threat emanates from the Soviet Union because it consciously has the desire to be a global great power. That is a great power that has enough bases to be able to intervene all over the world. That is why the Russians have built up their fleets so formidably.

[Question] Since Cuba...

Simonet: Every time the Russians do anything, a number of observers have an explanation for their political behavior ready, but every time the Americans start anything, they have to clear themselves of insinuations. That is a tendency in Europe that has contributed to poisoning the climate with the Americans. Since Cuba the Soviets have indeed developed a political system of penetration wherever circumstances permitted, in Africa, the Middle East, and elsewhere. The Soviet Union is striving for equality with the United States, but, unfortunately for them and for us, they obviously can make good on that only in the military field. For the rest the Soviet Union is hardly to be called a success, and the system of which it is the center is no success, either. The Soviet Union thus lives under a threat itself, of course, as may be seen from its behavior today in East Europe. I really believe that Moscow is doing everything it can not to have to intervene in Poland, but can stay out only as long as the present popular movement does not endanger the communist party's monopoly on the use of power. I hasten to say that it does not seem likely to go that far, because the Polish circles involved are acting extremely cautiously. But they are dancing on the

razor's edge. The other European countries, too, certainly do not want the Soviet Union to have to intervene. I wonder how West Europe would react if the drama in Poland should come to a head.

Alien Spirit

[Question] West Europe will perhaps not react.

Simonet: It is evident that West Europe would not react militarily, but it would surely be inevitable that the whole détente notion would be put on ice for a while. Side by side with the desire to act as a global world power on a par with the United States, another constant of Soviet policy is to keep its bastion intact. To that end the Soviet Union tries, like everybody else, of course, to make as many allies as possible. That means that every time Moscow sees an opportunity to kick up a row that will not degenerate into a hard conflict with the Americans it will jump at the chance. That leaves us with the risk of their appreciation, for they may make a mistake. For what may or may not degenerate into a conflict?

[Question] But what the Soviet Union has accomplished in Africa and elsewhere by way of expansionism fits into the notion of equilibrium, which is the very charter of all geostrategy. Why are the Russians denied the right to strive for equality?

Simonet: The Russians have every right, except to create a situation in and outside of Europe in which Belgium and other European countries would become dependent on the good will of the Soviet Union. For the rest, let them develop as best they can. Perhaps they might better direct their dynamism toward their own development, but that does not appear to be the option of their autocratic and bureaucratic exercise of power. As far as I am concerned the Russians may seek as many allies as they wish, and develop as much power in the world as ever they can, but must not in the process make Europe into a continent that depends on them for the development of its economy and of its political relations.

[Question] How must Europe increase its political weight in NATO?

Simonet: I fear we shall *not* increase our weight by dividing the European countries among themselves, as is now the case. Nor do I see how Belgium increases its weight as a small country by working itself into the margin. In politics you have to follow through to the end on your choice. I fear that one of the greatest reasons for the public crisis at present is that many politicians are not continuing to follow up their choices unambiguously. The Martens III cabinet's TNF [Theater Nuclear Forces] communiqué was a textbook example of ambiguity.

[Question] Is such a declaration of a waiting attitude so damaging?

Simonet: I cannot be convinced that making no decision is better in itself than actually coming to grips with a problem.

[Question] Are you not apprehensive about a speed-up in the arms race?

Simonet: Of all negotiations concerning reduction of armaments, only those negotiations are crowned with success that are conducted from a position of power on

both sides. NATO has not proposed to our states that they throw themselves into the arms race, but that we build up a basis for negotiation. Now I think that to the extent that Belgium waits, we are weakening the very basis of all negotiation. By encouraging similar attitudes in other countries, we are arousing an additional and unnecessary element of tension with the United States.

[Question] We have lived a long time in Europe with the feeling that everything was all right if only we were with the Americans. It appeared to be worth the trouble to enjoy American good will, for they were helping to produce European prosperity. That is all over now, and America is perceived economically as aggressive. Less advantage is seen in unconditionally subscribing to American views. Is the European groping for a new position within NATO not therefore less a product of anti-Americanism or pro-Sovietism than of a desire for self-preservation?

Simonet: I do not say that the Europeans are wrong in pursuing their own interest, I only say that they are wrong in seeking it against the Americans. For we shall not find it that way. We must reconcile our interest with our security, or nothing will be left of it. In my opinion, therefore, the position taken by some circles in Europe does not so much serve their own interests as undermine the basis of the cooperation without which Europe can no longer defend itself and continue to live independently.

[Question] Was your political family unable to accept you in the government again because these views of yours no longer coincide with its own?

Simonet: You will have to ask that family itself about that.

[Question] Are you now a dissident?

Simonet: I voted for my party's participation in the government, and for confidence in the new government. I seek no conflict with my party or with its leaders.

[Question] Is it reconcilable with your political convictions that you could become secretary general of NATO?

Simonet: Well-brought-up people should not talk about the secretariat general of NATO. But if the PS [(French-speaking) Socialist Party] should proclaim that Belgium must get out of NATO, it would naturally present a painful dilemma for a socialist that got the offer of a job with NATO. But the PS has never expressed such a view. Which does not alter the fact that an alien spirit is now moving through our political family. We dare not say that we want out of NATO, but we are behaving as if NATO were a hostile body.

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VBO'S PULINCKX ATTACKS INDUSTRY, LABOR PROBLEMS

Brussels KNACK in Dutch 12 Nov 80 pp 26-30

[Interview with Raymond Pulinckx, administrator of the VBO, by editors of KNACK: "Shall People Go Hungry for a Little Less?"; date and place of interview not given]

[Text] When the social partners meet in the near future at the National Labor Conference, which is to answer the question about whether there is a good reason for the existence of the current government, Raymond Pulinckx, the administrator delegate of the VBO [Federation of Belgian Enterprises], will once again be the most permanent pillar of the Belgian system. He already represented the organization at the time when the VBO was still the Federation of Belgian Industries [VBN], and when Cool-Major stood up to Spaak-Lefevre. The only bright spot he has noted in the program of the Martens IV administration, as compared to the Martens III cabinet, is the 5 percent tax free provision for enterprises, but for the rest the announced proposals are very limited and very modest for all the recovery the business world desires. In addition to the indexing -- lock, stock and barrel -- the enterprises are also being shouldered with an additional cost of more than 7 billion francs for social security. As far as Raymond Pulinckx is concerned, the only way toward recovery is via a little reasonable phasing out; otherwise, all gains and retentions will be put into question.

[Question] For the time being, the moderation which the government now presents to us as a general rule of life, will, in concrete terms, only come down to a wage moderation to the benefit of your 39 branches of industry. This gives the working people the unpleasant impression that they are the only ones whose income is being reduced, because the other incomes are highly immune. Wouldn't it have been a better strategy if the moderation had really been universally applied?

[Raymond Pulinckx] I cannot, of course, speak in the name of the small businessmen and the liberal professions, only for the enterprises. During the 1975-78 period, the return from our industry was /nill/ [in italics] as against 5 to 14 percent elsewhere. And when you look at gas, electricity and petroleum, then you notice immediately that there have been great differences, and that some enterprises have luckily managed pretty well. But if one takes into account the reward which capital -- whether borrowed or one's own means -- normally should earn, because all costs must after all be covered, then the return in those sectors has definitely not been too high, but rather too /low/ [in italics] elsewhere.

[Question] There was a time when Belgian capitalism produced industrial inventiveness, but that seems to have been a long time ago. With things such as the pocket calculator, the world economy is taking on a new shape, in which we no longer participate. During the last 30 years, our industrial management, which was as well informed as its competitors, and which was not hindered in this respect by taxation or by high labor costs, has not produced any Belgian transistors, any advanced medical equipment or any quartz watches. Your industrialists lag behind with an obsolete production apparatus from which all advanced technology is lacking. Isn't it a justified social response then toward the industrial apparatus which now declares itself to be in distress: why didn't you do a better job? Then we would not, as working people, need to level our incomes.

[Pulinckx] It is true that our industrial structure did not adjust sufficiently to the changes which occurred in the international context, but you cannot say that we did not do anything either. The Belgian export package is definitely no longer the same as 10 or 15 years ago. The share of steel and textiles has gone down as against, for example, chemical and manufactured products. Furthermore, there are also enterprises which do well, even in the traditional sectors. Not only are we supposed to no longer produce suitable things, I also often hear the reproach that we cannot sell. Yet, we still are the largest exporter per capita, which also means something. Only, that is no longer sufficient because in some sectors we already have to export at a loss. Moreover, we do not have a domestic market of any significance. Anyone who has to compete with his prices on the world market can allow himself to reduce them substantially if, for example, he only has to export 15 percent of his production and can sell the rest domestically. We cannot do that, on the contrary: we have to get rid of 50, 60, 70 and even more percent of our production abroad in order to reach a normal level of mass production. As far as our production costs are concerned then, we do not get a single advantage. We pay our energy and our raw materials as expensively as anyone else, because we have to import them in full. Belgian interest rates are kept high to attract capital, which does nothing to encourage our own industrialists either. In negotiations with the government and with the unions I never, on principle, use my own statistics from the VBO; I get them from unimpeachable sources. Thus, I have learned from the United States Department of Labor that the labor cost per product unit in Great Britain is indexed at 64, 73 in France, 81 in the Netherlands, 93 in Italy, 100 in the Federal Republic of Germany, and 102 in Belgium.

[Question] But for that, you get the highest productivity in the world.

[Pulinckx] The /evolution/ [in italics] of productivity can be measured -- as a result of which we know that it has increased more in Belgium than elsewhere -- but an absolute figure cannot be formulated. Industrial productivity per employed worker is a heterogeneous item. You could, for example, also determine that there are so many man hours in so many tons of steel, but such a figure cannot be determined for the overall industrial production. The more enterprises there are that disappear in Belgium, for example, the greater our productivity will be. As follows. If, as a manufacturer, I reach a production level of 100 with 100 workers, but I can no longer go on because my costs are too high, and after rationalization I produce 10 percent less with 80 workers, then my productivity has increased by 10 percent. Another manufacturer who increases his production by 20 percent, but the number of his workers only by 10 percent, also achieves a 10 percent raise in productivity. Yet, there is a clear difference in the results. Or, let us put it a different way. If, in a given sector, only two businesses are active, one of which

has a productivity of 150 and the other of 100, then the productivity index for that sector would be 125. But if the man with the 100 no longer can go on and disappears from the market, then the whole sector suddenly makes a leap from 125 to 150 in its productivity. So you see that favorable figures can hide unfavorable results.

[Question] Meanwhile, however, we produce more in Belgium now than we did in the top year of 1974, but with 200,000 individuals less, because there are now 350,000 registered unemployed. That is more than the whole population of Ghent prior to the merger, which has been ejected from the industrial process. If you consider the production costs of the enterprises in the light of that kind of unfavorable result, then you must also take into account a finding in a report from the International Monetary Fund, which was given remarkably low coverage in Belgium: the fact that management expenses have also risen more quickly in Belgium than elsewhere. When every tribunal of commerce judge knows that two out of three failures are due to mismanagement. Don't you have any reasonable self-criticism to set against this?

[Pulinckx] Does it seem so unreasonable then that we only ask that our enterprises simply be allowed to keep going under the same conditions as in other countries? We are not asking that our labor costs be set lower than elsewhere; we are not asking for any privileges. We, who have to export so much, only ask that you will take into account the size of our invoice on the world market.

[Question] Your enterprises are asking for unilateral space to maneuver, to which society has still not said no. Is it possible to guarantee a counter-performance: so many jobs in exchange for such a percentage in moderation?

[Pulinckx] Alas, the employers can /not/ [in italics] guarantee anything like that. This is not possible in Belgium, not in France, not in the Federal Republic of Germany and nowhere. We are only asking that we be allowed to work under the same conditions as our competition. All our productivity does not alter the fact that we have to export, without any privileges on the world market. You must admit that it makes matters very difficult for us when such an important item as labor costs are so much higher here than elsewhere. The only guarantee I can actually give is the warning that things can only get worse yet, with even more jobs being lost.

[Question] Belgian industry can stick a feather in its hat for having produced a well trained, prosperous and well-to-do population over the last half century. In exchange for this, the Belgian state maintains legislation to support businesses which, with 150 billion francs per budget, is a world record. If, on top of that, you also have spectacular productivity, then you surely cannot maintain that the small correction of 2 percent in labor costs in comparison with your main German competitor, fatally affects your position. Aren't you over-emphasizing the labor cost factor?

[Pulinckx] This also means that we are still 2 percent /higher/ [in italics] than the industrially strongest in the whole world. If we, as a small country, could only be accomodated with the same cost level as the very best, even without their large domestic market and their other advantages, then we would already be better off by 2 percent.

[Question] How is it possible for the Federal Republic to prosper at 100, while we are going to pieces at 102? Two percent equals a single index adjustment. If we were to drop the Christmas one, for example, as earnest money for our industry, would we be out of the fire then?

[Pulinckx] What is at stake here is that we should get closer to the lower costs of our competitors. In this respect, you should not only make the comparison with the Federal Republic of Germany -- as against which we are already in an unfavorable position anyhow --, but also with the average of the other countries.

[Question] Let us, in this comparison, also pay attention to the unemployment figure which, after all statistical corrections, also reaches a record here. Aren't you afraid that the fact that, for more than 5 years now, you have been asking in vain for wage moderation may be due to the fact that this unfavorable result of Belgian industry forms part of a certain distrust of manufacturers?

[Pulinckx] When you make comparisons, you also have to compare the various regulations. Part of Belgian unemployment is the product of related regulations. Measured by German or Dutch criteria, we should not have 350,000 but only 180,000 unemployed, and according to the Italian method, not even 60,000. An international comparison really does not warrant the conclusion that our unemployment is higher than elsewhere.

[Question] The problem may well be less a question of a high figure, than the fact that the expulsion of active workers has occurred at a more rapid pace here than elsewhere.

[Pulinckx] If you say that industry no longer creates jobs in our country, then you should immediately add something. Industry no longer creates jobs in industry, but through the productivity and the wages it helps create jobs elsewhere. The drop has been more rapid in industry, but globally speaking we have not dismissed any more people than elsewhere. However, we are stuck with a larger number of supported unemployed, because only in our country is it possible for a member of the household to remain unemployed and to receive support his whole life long, even if the family income is high.

[Question] Yet, the newspapers are full of the harsh behavior of the suspension commissions.

[Pulinckx] But half a year later, those who were suspended are back or else they have recycled themselves from unemployment to health insurance. This does not exist elsewhere. Theoretically, it is possible only in Belgium, without ever having worked, after completion of one's studies to receive benefits throughout one's whole life.

[Question] Doesn't it make for a peaceful society that the responsibility for those who can no longer keep up has been shifted to national solidarity, without costs to industry?

[Pulinckx] I would heartily applaud it if I could continue to afford it. If there were no hole in the budget, I would be the first to propose an increase in family allowances. But there is the gaping deficit. Should we, however, make the working people fork out, and thus /demotivate/ [in italics] them even more, in order to grant favors which do not exist elsewhere?

[Question] The unemployed Belgian is being penalized in terms of his purchasing power, but not totally. He can still just afford his rent, his fuel oil and his food. These remain partly expenditures which produce a net return to the enterprises, aren't they? Besides, you cannot differentiate an unemployed person from an active worker in the subway. For a country with staggering crisis figures, we are experiencing a striking social calm. No Italian terrorism, no drunken bums, no raids from starvation districts into the villas. Our society is maintaining its balance. Don't you appreciate the form of general insurance which the social security budget represents, as compensation for the failure of your industrial structure?

[Pulinckx] This is why the VBO did not formulate any proposals for retrenchment in terms of heads of family and singles. We are convinced that everyone should receive his minimal income in any case. But alas, we no longer have the means to continue to help finance the rank and file of the members of the household in this sense. You could put the choice as follows: do we continue, to this end, to skim off the purchasing power of the active workers and to swallow up the means of the enterprises? There is no question of reducing the volume of the social effort, but of shifting and of better spending. What is income for the worker is cost for the employer. If we continue to sell increasingly less because we are too expensive, then our global income will also go down. When we ask for moderation, then it is precisely to try to maintain that global income, and even to improve it.

Devaluation

[Question] Aren't you stressing the wage factor so much because the purchasing power which wou create in the population is being spent on Japanese gadgets? Belgian industry is barely able yet to produce a bicycle which appeals to the public. A Walloon socialist is traveling all around the world as minister of foreign trade, to sell a non-adjusted production package, while your competitors are robbing the "new" consumer market blind?

[Pulinckx] As far as products are concerned, we are still exporting more than we import. It is the oil bill which makes the difference. In 1975, we had to buy 65 billion francs worth of petroleum, now it has already risen to a 235 billion franc item. Oil has become so expensive that our surplus in the goods balance is no longer large enough; for the year 1980, we will suffer an overall deficit of 160 billion francs. In the past, services also represented a plus item on the balance of payments, but that has also already been turned negative. Instead of receiving interest on foreign investments in Belgium, we now have to pay on the order of 40 billion francs on loans which we have contracted abroad in order to cover our consumer expenditures.

[Question] Are you insisting on devaluation now?

[Pulinckx] There are manufacturers whose costs are expressed in Belgian francs, but who sell in dollars, who would obviously applaud a devaluation. And yet, I dare to say, in the name of all my enterprises and my sectors, that we are not in favor of devaluation.

[Question] Anyone in Belgium who waives an index adjustment, or a 13th or 14th month, experiences a concrete, albeit extra-legal income reduction. This has been stipulated recently in a number of agreements, following social negotiations. Do you generally insist on this?

[Pulinckx] In the case of the ship repairmen, the wage freeze was part of a global plan, for which the community had actually released billions of francs. Everybody had to produce; the workers took up their share. In another case in the financial sector, the wage freeze was coupled with the guarantee of job maintenance. The employees yielded something there in order to get something. Alas, I will not be able to negotiate this on a national level. In such specific cases, you can explain to the workers what it is about, what they will buy with it, but our exporters depend too much on foreign factors.

[Question] Can you guarantee that the wage moderation, which will give the enterprises more elbow room, will not be used by the manufacturers, for example, to make in depth investments, which would cause the rejection of even more workers?

[Pulinckx] My guarantee lies in the fact that a worsening of the situation can only be prevented by closing the gap between the costs of the Belgian manufacturers and those of his competitors.

[Question] As spokesman for the employers, you talk authoritatively about public policy, from devaluation to the size of social benefits. You social prestige is the result of your real social function. We are stuck with such a high figure for unemployment because the labor market in the generation after us had to cope with the sudden supply of female workers. But with your rejection of "member of the household," you actually reject this fact of civilization. Our society is built on the cornerstone of free enterprise, but the latter no longer seems to be able to cope with the emancipation of our women. Would you dare tell your daughter that she cannot expect anything more than some needle work?

[Pulinckx] In August of this year, 6.3 percent of the Belgian male workers were unemployed, but 17.4 percent of the Belgian female workers. In no other land of the world does this relationship exist; at most double the amount of female unemployed: 2.4 percent men as against 4.8 percent women in the Federal Republic of Germany, 4.6 percent as against 8.5 percent in France, 6.3 percent as against 10.3 percent in Italy, 4.6 percent as against 6.4 in the Netherlands, and so forth. What does that mean? This does not in the least mean that we have created fewer jobs for women in Belgium than elsewhere; it is merely the product of our mild regulations. The VBO proposals do not include anything against women who work, which is not the case in the Netherlands. There, a married woman cannot receive benefits for more than 6 months if her husband has another income.

[Question] You have been in politics long enough to know that the social response of those involved is civil divorce. This looks like a phasing out of Christian civilization, because the Arabs have increased the price of fuel oil. Does the West, with its 2000 year old social value scale, suddenly collapse because camphor in China has become too expensive?

[Pulinckx] Are the enterprises then phasing out society in all those other countries which are ahead of us now? Why should we give it up? We are doing just as well as elsewhere, but we are faced with an additional problem. Let us then, in God's name, at least try to create similar living conditions for our enterprises. We have created at least as many jobs for women as any of our neighboring countries. We have even done a little more. We have not only provided jobs, but also a replacement income for members of the household. It is not my fault that there are only

5 percent heads of household among the female workers. As employers we can undoubtedly handle what others can, but to go greatly beyond that is asking too much. We are in favor of retaining everything that was done and obtained during the golden years of the sixties, but we can only do this if our costs do not continue to go up.

[Question] In the sixties, a teacher earned 12,000 francs, he could barely afford a Volkswagen or central heating, he did not have a dishwasher and no vacation in the sun. Weren't the golden sixties a social myth?

[Pulinckx] The people may never have had it so good as during the last years prior to 1975, and that was after all accomplished by the enterprises. Do not forget that the oil producing countries now have a surplus of 110 billion dollars, which did not exist in the past. That is a burden on the developing countries and on the industrialized countries, and a relative impoverishment for all those who have to import their energy.

8463
CSO: 3105

DISGRUNTLED DEPUTIES SUBMIT MEMORANDUM

Dynamism Asked from Government

Nicosia BOZKURT in Turkish 15 Nov 80 p 1

[Text] Certain events within NUP [National Unity Party] had at first leaked into the Turkish press and later appeared in the local press. These events continue to rock public opinion with an intensity that goes beyond the scope of earlier events of this nature. Sometime ago a group lead by Famagusta Representative Dr Dervis Eroglu had presented the government with a memorandum. This memorandum had been worded in the form of a warning and had appeared in outline form within the Turkish press. The letter carried the signatures of Dervis Eroglu, Mehmet Bayram, Huseyin Curcioglu, Osman Civisilli, Mehmet Oxturk, and Orhan Bilgehan. The letter demanded that efforts be made for the resolution of problems in three specific areas. It requested that:

- Pressure be put upon Cypfruvex so that producers can be paid the sums that they have been so far denied.

- Cost of living increases be paid as soon as possible.

- The labors of producers and peasants be adequately evaluated, that base prices be determined in conformity with today's conditions and that such groups within society be protected.

We spoke to some of the Representatives who had signed the memorandum. Certain legitimate concerns surfaced as the result of these conversations. They can be stated as follows:

The government remains passive and silent towards the resolution of societal problems. The resolution of problems is being procrastinated. In consequence, the groups that are affected by the problems are pouring out into the streets and utter mayhem is being brought about. Is it absolutely necessary that such major societal upheavals take place before all possible measures are undertaken? Is it absolutely necessary for the government to indicate its willingness to act only when it is backed into into a corner? Why cannot problems be resolved in the beginning, before the people pour out into the streets and before they are seized by despair?

It is natural that the NUP Representatives from Famagusta were concerned about the upcoming general elections as they chose to deliver this memorandum. They are in a very difficult position that does not permit them to go to the people and to respond

to the cries of citrus growers, public servants, peasants and producers. During their visits, they are having difficulties in finding people who will even listen to them.

In fact, their absence from the Assembly yesterday was caused by their unwillingness to participate in the debate concerning Cypfruvex. According to what they themselves have said, participating in the debate would have forced them to support the opposition! The position to be adopted by the Famagusta group during today's joint session of the Federated Assembly is the topic of great curiosity. Dervis Eroglu has for a long time been known as the NUP's head in Famagusta and has served as a balancing influence within the party. As he has indicated to the local press, his resignation from NUP is out of the question and there are no current efforts towards any changes at the ministerial level.

In the meantine, some NUP Representatives from Famagusta are saying the following about their opinions concerning the warning strike: "The warning strike is justified. The government has indeed promised cost of living increases but has not specified an amount or a specific time frame for the fulfillment of this promise. In addition, very many problems remain unresolved. In these circumstances, a warning strike is a natural course of action."

The events are founded on the assumption that "this time the interests of the Turkish-Cypriot population are at stake." They have brought about yet another split within NUP. Undoubtedly, the events are also a prelude to intra-party processes by which power groups will be formed and accounts will be settled on the eve of the general elections in 1981.

Spokesman Describes Memorandum Aim

Nicosia BOZKURT in Turkish 20 Nov 80 pp 1, 4

[Text] Nicosia: Yesterday Dr Dervis Eroglu released a written statement on behalf of six NUP Representatives who had earlier presented the government with a memorandum. In the statement he claimed that individuals who were blinded by the ambition of assuming power were providing the perfect example of irresponsible opposition and forwarding ugly allegations. Eroglu's statement refuted these allegations on behalf of himself as well as his friends and read as follows:

"Our warning to the government over important issues has been labelled as 'the movement of the six' by public opinion during the last few days. It should be viewed as a necessary attribute of parlaimentary government and as a privilege granted to a minister by the democracy prevailing within the party. As in every other issue, there are those who are blinded by the ambition of assuming power, who give the perfect example of manipulative and irresponsible oppostion and who trample the rules of democracy to launch ugly allegations in our direction. We reject these allegations. Our fellow citizens with common sense have provided adequate judgment in the case of opposition parties, who cannot even bring themselves to allow us the exercise of our ministerial duties in matters that closely concern society. Our purpose was to bring about the implementation of satisfactory policy in the case of citrus and all other crops, to secure the payment of cost of living increases to workers in a manner compatible with today's conditions and to help the government in the prompt adoption of measures that concern other sectors of society. Resulting meetings with the Honorable Prime Minister have provided the assurance that the government will display

the appropriate sensitivity in its approach to these matters. While it is clear that the Honorable Head of State has nothing to do with this matter, it is highly significant that some individuals with ulterior motivations have sought to have him involved. I find it useful to repeat that our action had nothing to do with a power struggle or a regional pre-election ploy. In general, our purpose was to add an element of urgency to the resolution of problems that concern every sector of society. We disregard the verdict given by opposition parties who in conformity with their election plans seek to prevent a vigorous approach on the part of the government towards the resolution of the problems. We share the belief and the peace of mind of doing our duty by listening to the voice of the people and not being concerned with votes."

9491
CSO: 4907

DENKTAS AFFIRMS SOLIDARITY WITH PALESTINIANS

Nicosia BOZKURT in Turkish 30 Nov 80 p 1

[Text] Chief of State Rauf Denktas has announced both for himself and for the Moslem Cypriot Turkish population that he would always support the heroic Palestinian people in the struggle they are waging for justice and freedom including the right to form their own state. Denktas, in connection with international solidarity day, sent a telegram to the Palestinian people and the Chairman of the Executive Council of the Palestine Liberation Organization and the Commander in Chief of its armed forces Yaser Arafat. At the same time Prime Minister Mustafa Cagatay also sent a telegram of support to the Palestine Liberation Organization leader. Minister of Foreign Affairs, Defense and Tourism Kenan Atakol in a speech he delivered in connection with National Solidarity day also announced that the Cypriot Turkish people stood beside the Palestinian people in their righteous cause. Atakol, stating that the Palestinian people, like the Cypriot Turkish people, were struggling to take back the rights which had been taken from them, but that as yet they had not achieved the final results. Atakol noted that the fact that a number of countries in recent years had recognized the Palestinian Liberation Organization as the sole and lawful representative of the Palestinian people was a positive step but that this was not enough and he went on to speak as follows:

"It is our desire that the entire world, as soon as possible, should recognize the rights of the Palestinian people over their own soil, including the right to form a government. And in this connection I wish to reiterate that the Cypriot Turkish people stand beside the people of Palestine in their just cause and wish them all success."

Message from Ozgur

Chairman of the Republican Turkish Party Ozker Ozgur, in a message published yesterday, announced that the Palestinian people who had been engaged in a struggle to regain their own soil for years would certainly be restored to their lands. Ozgur said that those who had occupied Arab soil would one day be compelled to withdraw.

9353
CSO: 4907

INTEREST RATES ATTRACT TFSC CASH TO TURKEY

Nicosia BOZKURT in Turkish 4 Dec 80 pp 1, 6

[Text] GUN AYDIN newspaper in its "Ekonomi" supplement, which provides the most reliable economic reporting and analysis in Turkey, has announced that the high interest rates which are being implemented in Turkey have caused approximately 3 billion Turkish lira to be transferred to Turkey from the Turkish Federated State of Cyprus. According to the newspaper the high interest rates which have been in effect since 1 July 1980 have attracted deposits from depositors in the Turkish Federated State of Cyprus.

Furthermore the news story goes on to say:

"Due to the fact that the rate of interest for term deposits in Cyprus is still 7 percent and that for demand deposits only 3 or 4 percent, Cypriot depositors are withdrawing their money from banks in Cyprus to deposit it in Turkish banks and some businessmen have worked out procedures by which the goods they sell to Turkish tourists are paid for by deposits in Turkish banks."

A Big Economic Problem

As is known the shortage of liquidity which has arisen in our banks following the implementation in Turkey of a high interest rate policy has come to be one of our economy's most important problems. The shortage of liquidity and the resulting limitations upon the credit facilities of our banks have produced a crisis situation affecting our commercial life, investments and our construction sector. The efforts which the government has expended over recent months have as yet produced no results, and despite the fact that announcements have appeared to the effect that interests rates in the Turkish Federated State of Cyprus are to be raised to a level conforming to current economic conditions it would appear that no steps have been taken to bring this about. In a press conference, on his return from Turkey Prime Minister Mustafa Cagatay responded to a question regarding interest rates by saying that the issue would be included in a program which is being prepared to stabilize the economy. Meanwhile in recent days the sale in Turkey of 6-month term state bonds at an interest rate of 28 percent has brought about a renewed flow of money from the TFSC to Turkey. These days, as the interest year is approaching an end, the prospect that quite a few persons may withdraw their deposits which have completed their terms and transfer them to Turkey has greatly disquieted our bankers, as we have reported previously in a study based upon interviews with banking officials. Consequently it should be evident to all that if measures are to be taken in the matter of interest rates they should be taken before the end of the year.

9353
CSO: 4907

PAPER SUPPORTS HIGHER PAY FOR RECRUITS, CONSCRIPTS

LD071007 Copenhagen BERLINGSKE TIDENDE in Danish 30 Dec 80 p 6

[Editorial: More Conscripts"]

[Text] In the debate on a better use of the laws on conscription a distinction must be made between the defense forces' acute personnel shortage within the framework of the present defense agreement and the composition of the defense forces after the implementation of a new defense law.

At present fewer conscripts are drafted than provided for under the current regulations. Fewer enlisted volunteers than planned are also being recruited. This has an effect on the mobilization forces, which comprise conscripts, and reduces the standing forces, which today do not amount to the combat force which the current defense legislation requires.

Correcting these present faults will require a lot of money. The transfer of funds from the Labor Ministry's employment projects could be one way of doing this, even though it must be stressed that the primary goal is not to bring down unemployment, which is far too high, but to meet the defense forces' personnel requirements. However, it is difficult to see that the immediate drafting of a number of conscripts would be such an economic burden for society, since we must weight unemployment benefit on the one hand against soldiers' pay and the cost of having conscripts in the defense forces on the other.

A lasting and more radical reform will at any rate be needed when a new defense plan is being implemented. The present plan, adopted in 1973, assumed full employment on the labor market. This circumstance alone is good reason for a change. However, it is more important to recognize that the whole defense forces personnel structure is based on economic premises which are outdated--indeed, which were never fulfilled.

There is no alternative but to return to the system with modest daily payments, at least in the first few months of service, in line with the old system here in Denmark, which is still functioning in the other Nordic countries.

The goal of comparability between the civilian labor market and the defense forces, which is the objective of the present structure with regard to working hours, wages and so on, is impracticable and will be impossible to maintain in a new defense

plan. The gap between the defense forces' personnel requirements and the funds which we can expect the politicians to allot to defense is quite simply too great.

In order to set the necessary deliberations in motion we need nothing less than for the defense minister--perhaps with the support of the political parties which traditionally support defense legislation--to call on his colleagues to begin work immediately on concrete proposals for the reorganization of the defense forces' personnel structure, including the drafting of more conscripts and the training of more officers.

This would also be a realistic approach to solving the problem of allied land reinforcements. Our allies will have difficulty seeing the need to deploy significant army units in Denmark if we maintain a system with a very large underexploited reserve of conscripts.

CSO: 3106

KOHL REJECTS SPECULATION ON COALITION CHANGE

Duesseldorf HANDELSBLATT in German 9 Dec 80 p 3

[Text] Bonn, 8 Dec--On Monday CDU party chairman Helmut Kohl spoke out firmly against "foolish speculation" concerning changes in the coalition in the next 4 years. This speculation had been fed over the weekend by a report that Kohl would meet with SPD chairman Willy Brandt for discussions.

The CDU chairman, speaking to the "little congress" of the Union in Bonn, affirmed that the CDU and CSU had prepared themselves for a full term in opposition during the legislative session. Nothing was changed in view of the growing difficulties that faced the government alliance. The government would have to deal with its internal differences by itself.

In his status report the CDU chairman expressed the view that the Union was the only political force in the FRG capable of winning a majority by itself, without a coalition. It had a good chance of regaining political leadership it if approached solutions to the difficult problems confronting the FRG "with hard work, calmly and without excitement and haste, and with the unity it had demonstrated in recent months."

Kohl added that the foundation had to be laid now for success in the Land elections to be held beginning in 1982 and the parliamentary election of 1984. As "steward for our fellow citizens" the party had to be sensitive to the problems which cannot be solved with more money, more laws and more agencies alone. The Union's political statements and its platform would have to be communicated to the populace in comprehensible language.

The CDU chairman announced that the party would be concerned mainly with four topics in the coming year:

--with the interrelationship between economic and ecological development and policy affecting the economic and social situation and the family;

--with a critical examination of and self-scrutiny by educational policy;

--with an intensified resumption of the theme of European unification;

--with the pressing questions in the North-South problem area between industrial nations and developing countries.

In the status report Kohl criticized the undifferentiated use of the term "liberal policy," which the Union was supposed to follow. The CDU's basic program, which was the most modern that the Union had ever had, needed only to be transformed into practical policy. In this context Kohl spoke of the "chancellor's failure to provide spiritual leadership." The SPD, he said, was not solving its own crisis of direction.

CDU secretary general Heiner Geissler identified one of the Union's principal tasks to the "little congress" as winning the majority of young people back to the politics of the CDU. Geissler announced that the Union would in future openly discuss burning political issues in a dialogue between party, science and the public.

9581
CSO: 3103

FDP PARTY CONGRESS PRODUCES FEW CHANGES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Dec 80 p 12

[Article by Thomas Meyer: "Congress of Self-Portrayal"]

[Text] Munich, 7 Dec--As a political event the FDP congress in Munich was no more than average. Great, issue-related discussions were missing. Success in the elections on 5 October has benefited the party, but a great deal of strength was used to achieve this success. "This was a congress for catching our breath," said Minister of the Interior Baum.

Much time was wasted in discussing whether the party's "youth work" should be carried out in future by the Young Democrats, or whether the newly formed "Young Liberals" (Julis) should replace them. The struggle between the "evil left" and the "clever kids," as one delegate dubbed the young matadors, ended in a decision by the party to wait and see how the competition develops.

The party chairman and his coworkers demonstrated their loyalty to the coalition at the Munich congress. In public there was to be no doubt possible: the FDP wants to govern for another 4 years with the SPD. Everyone cooperated. Even Count Lambsdorff, whose statements on "openmindedness about the coalition" had caused some confusion, left no doubts about his loyalty to the coalition. For the foreseeable future it would be impossible to survive a shift to the CDU within the party, and such a shift would also deprive the FDP of most of its chances to define itself politically.

In its preoccupation with external signals like this, the party almost neglected to come to grips with its own situation. But in the neglect of fundamental debate one thing became clear: the FDP does not want any skirmishes on its wings at the moment. However, the gap between left and right has not been closed yet. That became evident in the board elections and the battles attending them, which were conducted more with spite than finesse. The principal casualty was the Land chairman from the Saar, de Klumpp, who lost his chairmanship because he had quarreled not only with the Young Democrats but with the entire camp of party leftwing liberals. Secretary General Verheugen also suffered severely from the results of his reelection. In his own estimation he had to do penance for a number of things. Many blamed him for the defeat of Josef Ertl. The delegates from Hesse took offense at his criticism of Karry's expansion of Frankfurt airport. Finally, a considerable number of his opponents showed him that his party, with its radical-liberal goals, is intolerable for the secretary general of the whole party. Verheugen needed only a few hours to adjust to his poor election results. But the party suffered permanent harm.

It was Verheugen who had shifted the emphasis at this party congress. With all its commitment to fringe groups, the FDP wants to break out of the minority party corner; it has determined to break into the electoral groups of the big parties. Verheugen said what would be needed most in order to achieve it: a credible workers' policy that appeals not only to executive workers but also includes the socially weaker groups. The concept of co-determination is acquiring new dimensions here, far beyond the current coal and steel dispute.

The delegates in Munich did not discuss this perspective. Perhaps it was still too soon. In the discussion about party platform proposals--which were mostly tabled--a powerful moderate front emerged, whose principal supporters are the Land delegations from North Rhine-Westfalia, Hesse and Baden-Wuerttemberg. Leftwing-liberal preferences dominated in the board elections. Still, the Julis' candidate, Otto, missed election to the parliamentary board by a hair's breadth, which astonished his own supporters.

Under the cloak of this externally uneventful party congress a great deal of discontent was stifled. With the acclamation of Genscher and the interminable "Juso-Juli" debates, those who felt themselves to be the "front-liners" scarcely had the opportunity to air their concerns. They had worked for years at the party grass-roots level and now had to look on as others garnered the laurels. One of them summed it up bitterly: "Once again it was nothing but the stars playing themselves for the media."

9581
CSO: 3103

PCF DISSIDENT ELLEINSTEIN ON POLAND, MARCHAIS, POLITICS

Hamburg DER SPIEGEL in German 8 Dec 80 pp 142-153

[Interview with French communist Jean Elleinstein about Poland and the consequences for the West: "'It Is a Matter of Life or Death for Moscow'"]

[Excerpts] For years, Jean Elleinstein was one of the strongest advocates of "Eurocommunism" among West European communist thinkers. The author of a critical "History of the USSR" and deputy head of the PCF research institute "Centre d'Etudes et de Recherches marxistes" in Paris, he shaped the PCF trend critical of Moscow and oriented toward democratization. When party chief Marchais set the PCF again on a Moscow course, the historian and ideologist Jean Elleinstein, 54, was sidetracked. No longer published by party publications, he issued his criticism of the party line in LE MONDE and finally in the FIGARO MAGAZINE, the forum of the new right. Nevertheless the PCF so far has not dared expel the rebel.

SPIEGEL: Something fundamentally new has now happened in Poland: a communist party has permitted free trade unions and the right to strike. Did you think that such a thing was possible?

Elleinstein: I said some years ago that contradictions have emerged in these systems, that a working class getting stronger all the time and millions of other working people are confronting the ruling class. We are facing a new form of workers movement. Inevitably this contradiction is emerging not only in Poland but in East Germany, in Czechoslovakia and in the Soviet Union.

SPIEGEL: Surely the example of Poland also drastically shows the deadend in which these regimes now find themselves: they cannot stay put without risking economic ruin. Nor can they change, however, without risking political disintegration. Where do you think this will lead to?

Elleinstein: I think it will lead to a general crisis of the system, and this is the reason why the Soviet Union was so worried about events in Poland from the start.

SPIEGEL: But what does this mean? Will the system come apart?

Elleinstein: One must realize that it is a question of a historical movement of great dimensions. It will not be completed in a year or two but will last many years. Parts of it could be noticed as early as 1968 in Czechoslovakia, but the Soviet Union covered them up--that is, it invaded Czechoslovakia in order to stifle this movement. And it succeeded in doing so, though only temporarily and partially. The ashes are smoldering on under the fire.

SPIEGEL: And why were the Soviets unable to stamp out the fire for good?

Elleinstein: Because the desire for change is revolutionary, in that it seeks to overturn the existing political system and to change its social bases; and because it is a question of depriving the new class again of its usurped power.

SPIEGEL: Do you mean to say that the crisis is basically a product of the backwardness of a system in which the working class is only now conquering the right to strike, which in capitalist countries it conquered as long ago as early this century?

Elleinstein: Precisely. In fact we even have here the clearest indication of the system's having failed. With the exception of Yugoslavia, this system was imposed by force on all countries of East Europe. With a single exception, the leaders of the Polish Communist Party were shot before the war (in the Soviet Union--Ed). In 1945 too, there were still very few communists in Poland. Soviet bayonets introduced this type of regime. That is the cardinal sin of the Soviet empire.

SPIEGEL: But it is therefore all the more amazing that the Soviets did not right away again march into Poland with their bayonets. Why this hesitation?

Elleinstein: There are many reasons for this, though this is not meant to imply that they will not invade in the end after all. But they face enormous difficulties. First, Poland is a country with more than 35 million inhabitants--no trivial thing. Secondly, the country bears a Western stamp. And, finally, the people are proud of their particular national character. Despite the fact that there was no Polish state for more than a century, these people managed to survive as a nation. All of these things are major obstacles in the way of a Soviet invasion.

I do not mean to imply that the Soviets would lack the military strength for such an invasion, but there certainly would be heavy fighting.

SPIEGEL: But does not the fact that the Russians have hesitated to invade also point to a certain evolution?

Elleinstein: I view this more pessimistically than you do. Such an evolution does exist, but it is proceeding very slowly and has not yet reached the top leaders of the Soviet Union. They have no understanding whatever of what is happening. They fill the breaches but are utterly unable to comprehend the root of the evil.

SPIEGEL: So you do not exclude the possibility of Soviet intervention by any means?

Elleinstein: Not in any way. I identified the problem clearly and precisely from the start, in my first article in LE MONDE of 23 August. The events in Poland are causing an intolerable breach in the system of the Soviet empire and of the Soviet regime at home. In my view, it is a matter of life or death for this system.

SPIEGEL: What is Moscow to do then if, with a view to the great risks, it seeks to avoid a military intervention but at the same time faces a fatal danger?

Elleinstein: Brezhnev is behaving a little like U.S. President Theodore Roosevelt in the early 20th century. He practiced what was called the "policy of the big stick," saying: I show my big stick in order not to have to use it. Accordingly, I would like to describe the attitude of the Soviets and Brezhnev now as the "policy of the big tank." Brezhnev is broad enough to have a tank behind him, and since the events in Czechoslovakia people have known that he can intervene.

In any case one must understand that the Poles fear the intervention, and they have good reason to do so. We people in the West are mere onlookers shouting, "Bravo, bravo, long live the Poles!" What aid are we rendering the Poles, and are we really in a position to defend Poland by force of arms?

SPIEGEL: Is it in fact justifiable to want to defend Poland by force of arms? Surely it is not the meaning of the Western military alliance to defend a country of the Eastern alliance against the predominance of that alliance.

Elleinstein: That is the division of the world that has existed since Yalta. In the case of a Soviet intervention in Poland, we in the West should summon the political courage to manifest our displeasure. Merely a suspension of economic relations would not solve the problem. Only the fear of a war could deter the Russians from an intervention in Poland.

SPIEGEL: Do you really not think that in fact the Russians can be sure that the West will refrain from any warlike threat?

Elleinstein: The Soviets have yet another fear. The Soviet people are very fond of the policy of detente, and the Soviet leaders are reluctant to offend those feelings. Despite the fact that there is no democracy in the Soviet Union, the Soviet leaders are in fact forced to pay regard to the feelings of their citizens. I think Brezhnev's "policy of the big tank" is offset a little by that, and therefore the Soviets are doing all they can to find solutions, to avoid direct intervention.

SPIEGEL: Seeing "antisocialist forces" at work in Poland, East Berlin and Prague have walled off their countries from Poland. In the past few weeks the tone has become dangerously shrill. Do you think the walling off is enough to protect the other East European states from being infected by the Polish disease?

Elleinstein: No, not at all.

SPIEGEL: Do you see signs of such an infection?

Elleinstein: Sure; for example, in Czechoslovakia. Husak had to rush to the coal-mining area of Ostrava because something had begun to stir there.

There are also signs in the GDR, discontent in plants--quite diffuse but present nevertheless. There exists a sort of wait-and-see attitude there, if you will. The people, particularly in Czechoslovakia, are saying to themselves: "All right, we struck the first blow in 1968, and then we were strangled; let us see what happens in Poland." The closing of the borders thus can only be a prophylactic measure intended to place a "cordon sanitaire" around Poland.

SPIEGEL: In your view, are the events in Poland also a result of the policy of detente and of the Helsinki agreements, which Moscow was so set on concluding? Now it is getting the bill.

Elleinstein: Yes; in fact I am convinced that the events in Poland would not have been possible without detente and the Helsinki agreements. I have read many critical analyses stating that the West should not have gone to Helsinki. On the contrary, the West--perhaps unwittingly, I don't know--relied on the basic contradiction in the Soviet system between the people and the ruling class, between the lack of political democracy and the will or desire for such democracy. You know what Lincoln said: that you cannot fool all of the people all the time...

SPIEGEL: Particularly not in the era of television, tourism and the exchange of ideas and goods.

What would you have done in Polish party head Stanislaw Kania's place? He really tried his hand at achieving an unusual political feat; while having to promise his workers in a credible manner that they would keep their new freedoms, he had to assure the Russians just as credibly that the workers would in fact not keep those freedoms?

Elleinstein: A political pragmatist, Kania tried to prevent this contradiction from exploding. He is pursing a policy of drawing back in order to be able to take a better jump. He draws back and draws back and draws back. But at a certain point his situation will become dramatic; either he will satisfy his workers completely, or he will be forced to employ the forces of repression.

SPIEGEL: At a moment when the Poles want to say goodby to Soviet communism, the French Communist Party is re-Stalinizing domestically, and externally approving the entire Soviet policy, including the invasion of Afghanistan. Why?

Elleinstein: There are various reasons. First of all, a domestic political one. The PCF was afraid of coming to power jointly with a Socialist Party which had done better than it in the elections.

SPIEGEL: In other words, the PCF had to re-Stalinize in order to regain lost ground?

Elleinstein: Yes; the PCF was afraid of following its logic to its conclusion because this logic no longer had anything in common with the traditional positions of communism. While it was not yet a question of a social democratic position, acknowledgment of pluralism and also political democracy were already included, and this means abandonment of the idea of dictatorship of the proletariat, independence vis-a-vis Moscow and finally democratic statutes within the PCF.

SPIEGEL: Was it really unrealistic to anticipate such a development?

Elleinstein: In any case the differences between Socialists and Communists would have diminished. Since the signing of the Joint Program of the leftwing parties in 1972, the two parties have disputed each other's right to the same territory.

From that time on the PCF preferred to withdraw into itself, to shut itself in a kind of fortress and to behave as if that fortress was being besieged. By relying again more strongly on the Soviet Union, the party is adopting a new image which again sets it off clearly from the Socialist Party. Thus the PCF is reestablishing its identity--albeit one corresponding to an archaic image of communism.

SPIEGEL: In concrete terms, how did this adaptation to Soviet policy take place? As time passed, quite a few intellectuals left the PCF, but none was able--or willing--to reveal the processes by which Moscow imposes its will on the PCF.

Elleinstein: First of all, there is an ideological process.

SPIEGEL: But how does it work? Surely Brezhnev does not constantly get Marchais on the telephone.

Elleinstein: No, I am sure that is not the way. Rather there exists an ideological identity. There is mutual understanding, there are meetings. PCF delegations come to Moscow, the Soviets come to Paris. Then the Soviet Embassy in Paris plays a part. Don't forget that Moscow's ambassador here is not just anybody. It is Mr Chervonenko, who is on the CPSU Central Committee and who was in Prague in 1968. Finally, there are many economic and financial contacts by enterprises under PCF control. All this causes the PCF to follow Soviet policy. It completed a turn to the East. I am sure you know the famous story: "Why is L'HUMANITE more expensive than PRAVDA? Because of the translation expense."

SPIEGEL: As far as you know, is there actually any discussion in the PCF Politburo--say, about the invasion in Afghanistan?

Elleinstein: There certainly were discussions, particularly in 1976/1977, before it was decided to break with the Socialists and again to support Moscow's policies. In the end the opponents of those policies capitulated.

SPIEGEL: The party line is again being determined by General Secretary Georges Marchais. What individual qualities actually make him the boss?

Elleinstein: First of all the fact that Marchais does very well on television. He presents his ideas with emphasis. Personally I have my doubts there, because he rather has the effect of a joker and is unlikely to gain many votes. But surrounded by the rather colorless functionaries, he is something like a colored bird. And he is very tough and full of energy, in a position to impose his will on others. And with such qualities one manages to prevail in a collective system.

SPIEGEL: The personality cult surrounding Marchais corresponds to the personality cult around Brezhnev in Moscow. Why is there no greater opposition to it in the PCF?

Elleinstein: First of all because the presidential system in France led to a personalization of political power in the first place. But there is opposition to the personality cult surrounding Marchais. Purges were conducted in many sections of the party, with people being expelled who had opposed the policies of Marchais.

SPIEGEL: All that apparently did not do the party any harm, however.

Elleinstein: In the last election the PCF lost a relatively important proportion of the vote, and that was no coincidence. Workers are leaving the PCF on tiptoe, and it cannot be ruled out by any means that the PCF will lose yet more votes in the next election.

SPIEGEL: Because of the policies of Marchais, you mean?

Elleinstein: Not only the policies of Marchais but those of the whole group of leaders have not adopted by any to the reality of today's world. Rather, the past has been introduced into this contemporary world.

SPIEGEL: How do you then explain the fact that around 20 percent continue to vote Communist?

Elleinstein: Because the Communists are still the heralds, the mouthpieces for the workers' demands. That affects the workers.

SPIEGEL: Presumably you thought for a long time that it was possible to reform the PCF, to turn it into a democratic organization. Do you still think so?

Elleinstein: To paraphrase de Gaulle, I reply to this: "I lost a battle but not the war." It is true that there is no hope for a change in the party leadership, this party leadership being incapable of taking a road of reform.

On the other hand, there are tens of thousands of Communist Party members whose attitude is utterly critical of the Soviet Union, who are perturbed by the events in Poland and who do not think that, as Marchais has said, the balance of communist countries is "positive on a global scale." These party members realize that they are being lied to.

SPIEGEL: Appartently you are of the same opinion, for you have stated publicly that you were in doubt whether people whould vote for Marchais in the presidential election in April. Why, in fact, do you think you have not yet been expelled, as Politburo member Roger Garaudy was in 1970?

Elleinstein: The party leadership preferred to institute "administrative proceedings" against me, stating that I had placed myself outside the party. That has the advantage--as far as it is concerned--that a political debate, which it fears, is being avoided.

For if the party leadership expelled me, it would be compelled to listen to me and thus to start a debate.

In 1970, when Garaudy was expelled, he stood alone; today there exists a very important critical movement in the PCF. I do not mean to say that there are a great many supporters of mine, but there are thousands of Communists who are at a loss and are now wondering.

SPIEGEL: So for months there has been the comedy of your challenging the party to expel you and the party challenging you to quit. Why do you not want to turn your back on this church which considers you a heretic?

Elleinstein: The PCF is not the property of the party leadership. The party leadership appropriated power in the party in about the same way as the ruling class appropriated power in the Soviet Union. To leave the party for that reason would mean to give Marchais and his friends a free rein.

In principle I do not have to subject myself to the will of Marchais. If criticizing the Soviet Union means placing oneself outside the party--well, then I have placed myself outside the party. But I have no intention whatever of giving Marchais a free rein.

SPIEGEL: Does one have to draw the conclusion from this that at the presidential election you will actually not vote for the PCF candidate called Georges Marchais?

Elleinstein: In my opinion not the party but the political orientation of the top party leadership must be dealt a defeat. It would be dishonest to conceal from the public the fact that I condemn the disastrous policy of the PCF. One can only wish that the voters too will clearly condemn the pro-soviet, demagogical and anti-socialist policy of the PCF.

SPIEGEL: Thank you for this interview, Mr Elleinstein.

8790
CSO: 3103

FINANCE MINISTER PRESENTS 1981 STATE BUDGET

Athens ATHENS NEWS in English 20 Dec 80 pp 5, 11

[Text]

DEFENDING his 1981 Budget against the criticism directed by the Opposition, Finance Minister Miltiades Evert said:

"We will not allow the Opposition to distort with economic obfuscation the existing reality in order to make political capital for itself. The Opposition is exercising its criticism by using vague terms, not allowing itself to be pinned down to actual facts or taking a responsible stand on on what they believe. The Greek people, however, have learned to differentiate between deeds and words and to honor those who actually accomplish things and who take responsibilities seriously."

Referring to the consequences of the global economic crisis, Minister Evert said that the pace by which the earnings are expected to rise, on a global scale, will be one per cent, while worldwide trade should show an increase of two per cent, as against six per cent for 1978-1979. As a second aspect of the crisis, the Minister mentioned the increasing world population and growing unemployment, presently at 6.2 per cent. He singled out unemployment in the EEC countries specifically, now estimated at 6,000,000, while in the United States it was 7,485,000, in Spain 1,037,000, in Portugal 343,000 and in neighboring Socialist Yugoslavia, 251,000.

Continuing the Minister referred to the world-wide deficit in the balance of payments, excepting from his figures the petroleum-producing countries. As an example he quoted the current balance payments of the four most economically powerful countries and said that Japan had had a surplus of 10.5 billion dollars balance whereas it now had a deficit of 14.4 billion dollars. West Germany, from 9.5 billion dollars deficit. France, from a surplus of 3 billion dollars now had a 9 billion deficit, and Italy's 6 billion dollars surplus had become a deficit of 6 billion dollars.

At this point, the Finance Minister asked the leader of the main Opposition PASOK Party as to how it was possible for the Greek economy not to suffer the consequences of the global crisis, when even economically strong countries were feeling the pinch?

There was no doubt, said the Minister, that the Opposition in its criticism of the government was choosing not to take into consideration the consequences of this global crisis on the Greek economy.

"Our economy for the past 5 years has been moving at a fast pace of economic development, under conditions of total employment, while there was an actual redistribution of earnings in favor of the lower income bracket," pointed out Mr. Evert. The actual National Income was increasing at a pace of 5.1 per cent he went on to say, while during the same period the countries of the Organization for Economic Cooperation and Development (OECD) were reporting an increase of 3.1 per cent and the EEC countries 2.5 per cent.

The average pace of growth of Greece's industrial production was 6.4 per cent as against that in the countries of the OECD which stood at 2.5 per cent and 1.7 per cent in the EEC. It should also be noted said the Minister, that gross investments were rising at more than double the rate of the OECD and EEC countries.

Specific figures showed clearly how the Opposition had purposely distorted the per cent reality.

UNEMPLOYMENT AND INFLATION

Finance Minister Evert went on to say that one of the characteristics of the Opposition speakers was that they dealt selectively with the economic facts and leveled criticism on them disproportionately. "Our eco

nomic facts are inter-related and one affects the other," he said. There might be inflation of 25 per cent, but unemployment does not exceed 2.5 per cent. It was surely preferable to have a rather high inflation and low unemployment figures than the opposite.

Minister Evert gave an example of the unemployment and inflation that exists in other countries and cited: Italy, inflation 21 per cent, unemployment 7 per cent; Spain, inflation 16 per cent, unemployment 9.2 per cent; Portugal, inflation 23 per cent, unemployment 8.2 per cent; Yugoslavia, inflation 30 per cent, unemployment 12.0 per cent.

The Minister said that he mentioned Yugoslavia in particular in order to show the Opposition how much a Socialist country has been affected by inflation. He went on further to say that the price rises in Yugoslavia from December 1979 to October 1980 were as follows: Bread increased by 29 per cent, beef by 108 per cent, lamb by 45 per cent, butter by 18 per cent, vegetables by 31 per cent, fruit in general by 52 per cent, pastes by 35 per cent, cheeses by 26 per cent, coffee by 49 per cent, garments by 22 per cent, shoes by 21 per cent, fuel and byproducts by 61 per cent, pharmaceuticals by 120 per cent, and furniture and electrical appliances by 27 per cent.

Continuing his speech on the Budget, the Minister referred to the deficit in the Public Treasury and categorically denied that the deficit had in any way contributed to the inflationary tendencies in the economy, for the simple reason that while on paper it stood at 103 billion drachmas — the same as in 1979 — in percentage of the Gross National Income it was only 5.1 per cent, i.e. smaller than in 1979, when it stood at 6.3 per cent.

The reasons given for the public deficit were:

1. — Improvements in the structure of the economy with public financing.

2. — Low-cost public services, and

3. — Subsidization of agricultural products. For instance Greece had subsidized fertilizers by 5.6 billion drachmas in 1980, in order to allow the Greek farmer to buy his fertilizers at 7,425 drs. per ton, as against 13,895 that this counterpart paid in England and 10,120 drs. per ton in Italy.

Finance Minister Evert went on to say that the percentage of public debt vis-a-vis the gross national income was among the lowest in the world. According to data at hand on September 30, 1980 the country's total public debt was analyzed as follows:

— domestic public debts: 147.3 billion drs.

— foreign public debts: 88.8 billion drs.

The outlook for December 31, 1980 was that the public debt would reach 466 billion drs., which would correspond to 26.15 per cent of the national gross income.

The domestic public debt of the country as a percentage of the gross national income in comparison with the countries of the Eastern Bloc runs as follows:

Greece, 5.1 per cent, Soviet Union 16.44 per cent, East Germany 10.58 per cent, Hungary 21.70 per cent, Rumania 18.34 per cent, Bulgaria 15.82 per cent, Czechoslovakia 5.61 per cent.

The government policy has allowed Greece to achieve in 1980 an increase in its National Income of 1.6 per cent, one of the most satisfactory among OECD member countries. In other countries the national income was to be reduced, such as in Britain by 3 per cent and in Denmark by 3 per cent too.

The same economic policy has helped limit inflation at the 1979 standards while in other countries it has increased. It has also contributed, to the restriction of the deficit in the current trade balance to the 1979 standards.

According to data of the International Monetary Fund the Greek currency has been devalued over the last five years against the U.S. dollar less than other currencies with an equal or comparable economic structure.

During the 1976-1979 period the Greek drachma was devalued against: the dollar by 14.7 per cent, the Spanish currency was devalued by 16.9 per cent, the Portuguese by 91.5 per cent, the Israeli by 298.1 per cent, the Yugoslav dinar by 9.3 per cent and the Italian lira by 27.5 per cent.

Greece is obliged to allow for international currency developments for the sake of the Greek farming products which are competing against comparable products being exported by those countries. But apart from those things, the increase in the value of the dollar (which is primarily due to the fixing of the annual interest rate at 20 per cent, together with a positive development in the U.S. Balance of Foreign Payments) has lead to a differentiation of the drachma dollar parity, though it does not necessitate the devaluation of the drachma in comparison with other currencies.

The moderate and conservative policy which Greece followed during the first six months of 1980 yielded the expected results, while in the second six month period a series of new measures were taken for the progressive stimulation of the economy, a phase due to be completed during the first three-month period of 1981.

Which is why in 1981 the rise in the GNP in stable rates will be around 3 per cent. Inflation is not expected to exceed 20 per cent for the following main reasons:

1. — During the second six months of the current year a small but steady curb in inflation has been observed;

2. — Certain prices such as those of cattle-feed products have been already readjusted during the current year

3 — Certain prices of basic services of public utility will not rise;

4.--In 1981 an increase in imported raw material prices is expected on an international scale to be limited. They have already begun showing a curb and it is well known that the imported raw materials have an effect over the living standard;

5.--The rise in oil prices despite the Iran-Iraq crisis is not expected to be considerable.

The policy of cleaning up the local market as proceeding according to plan and no further subsidization should be passed on to the consumer. Such a transfer to consumers of those subsidizations has caused a 6-unit increase in the consumer price index.

The rise of the price index by 25 percent during the last two years clearly does not reflect inflationary pressures on the economy.

G.N.P growth expected to derive mainly from a rise in industrial output which will be at about 3 per cent and will come from an improvement in domestic and foreign demand.

The following data show the achievements of New Democracy Party governments during the 1974-1979 period

Per capita income: $2.160 (1974), $4.197 (1979).

Cars per 1.000 residents: 40 (1974), 70 (1979)

TV sets per 1.000 residents: 106 (1974), 160 (1979)

Meat consumption per citizen: 57.8 kg (1974), 77 kg (1979)

These data reflect clear evidence of the improvement in the living standard of the Greek people, said the Minister.

SOCIAL POLICY OF THE BUDGET

Touching on the social implications of the 1981 State Budget, Mr. Evert suggested that progress had been demonstrated both in the resources and the expenses sectors.

In the social field the Budget's impact was expressed by income tax exemptions from total tax totaling 22 billion drs. These exemptions represent the 25 per cent of personal income tax. With these new measures a salaried father with a wife and two children will not pay any tax if his annual revenues do not exceed 365,000 drs.

It must be stressed that in 1974 the same tax payer would have started paying taxes from total revenues of 140.000 drs which in 1978 were raised to 225,450 drs.

It canbe argued that inflation has absorbed a considerable amount of this difference. But we should then mention that the tax payer with the same income in other countries would pay the following

England	9.35%
Germany	8.45%
Austria	14.64%
Ireland	9.80%
Italy	11.33%
Norway	13.15%
Finland	17.14%
Belgium	8.41%
Sweden	22.63%

But the social policy of the government through these measures has been extended to persons in need of social assistance, such as the crippled, the blind, and fathers having many children.

Considerable exemptions have been made for farmers so that only 5,000 farming families out of a total 800 thousand families will be obliged to submit annual taxation declarations.

It is also argued that the ratio between direct and indirect taxes is not the same as in the developed nations of the West. "At this point," said the Minister, "I would like to remind you that the ratio between direct and indirect taxes was in 1974, 29 per cent to 71 per cent, and in 1981 31.2 per cent to 68.8 per cent, whereas it would have been 34.8 per cent to 65.2 per cent if the recent tax exemptions, totaling 22 billion drs., had not been made."

TAX EVASION

The Minister of Finance then referred to the controversial issue of tax evasion which has been so much exploited by the Opposition parties who claim that it exceeds 100 billion drachmas.

Mr. Evert acknowledged that the problem existed and affected all segments of the population.

"But there is tax evasion all over the world," he said.

"Between that bare fact to claiming that tax evasion costs the country 100 billion drachmas annually there is a long distance."

"The Minister said that the chairman of PASOK was the first to have raised the question of large scale tax evasion by drawing up a series of calculations to show that tax evasion in Greece exceeded the 100 billion drs. But these calculations had ended up with wrong results, he said, because in Greece neither deposits nor agricultural incomes was taxed. Nor was there any government intention to tax these two income resources. If these two resources were taxed in Greece and the same high taxation rates that exist nowadays in the West were implemented here, naturally and surely the additional incomes would reach 100 billion drachmas. But then both the Greek people and their economy would have been strangled.

The Minister of Finance then spoke of the social policy as provided by the 1981 State Budget and recalled that expenses for education rose by 24 per cent compared with an increase of total expenses of only 16 per cent.

He also mentioned that during the last five years 16,595 new class-rooms had been constructed, as many as had been built throughout the whole of the 150 years of the free national life of the country.

Mr. Evert also spoke of the 23.7 per cent rise in Defense spending. Concluding his speech to Parliament Mr. Miltiades Evert described the 1981 State Budget as a developing one for the following reasons:

1. — It exercises an increasing influence over the real national product;

2. — It offers the incentive for a considerable effort toward economic development.

But the budget is also anti-inflationary, because:

a) The expenses of the regular State Budget are rising, compared with 1980, by 12.6 per cent, that is to say at a percentage lower than the inflation rate; and

b) the financing of all expenses is from healthy resources.

CSO: 4920

BALANCE OF PAYMENTS FIGURES PUBLISHED

Athens BUSINESS & FINANCE in English 13 Oct 80 p 2

[Text]

A high oil bill pushes up total imports despite continuing stagnation of private sector imports

THE January-October balance of payments figures show a steady improvement over the previous month's (see B&F No. 113) largely due to continuing stagnating imports. Invisible receipts remained healthy but the October exports showed a small decline. Total imports rose by 7.5% to $8,926 million. Virtually all the increase came again from the 36.5% increase of state imports, most of which is oil. Oil imports accounted for $2,394 million compared with $1,714 million a year ago. Oil exports at $195 million have declined from the $316 million in 1979. Imports of the private sector remained at the 1979 levels. This was due to the considerable slowdown of economic activity, the voluntary restraint of certain categories of imports applied successfully by the importers' associations, and the lack of any speculative stockpiling this year. These voluntary restraints were terminated last month in view of the forthcoming Greek accession to the EC. State imports accounted for 29% of the total compared with 23% a year ago.

Invisibles remain strong but exports show signs of slackening

A slackening of exports in October slowed down their growth over 1979 to 9.3%. Exports reached $3,463 million and cover 38.8% of imports. The trade deficit rose by 6.9% to $5,643 million. 71% of the trade deficit was covered by the healthy net invisibles. In fact, invisible receipts grew by 11.8% to $5,269 million.

Receipts from shipping rose by 21.3% to $1,482 million, manifesting the importance and dynamism of the Greek shipping sector. Despite a drop in tourist arrivals by around 10%, largely due to the substantial decline of American tourists travelling abroad, receipts from tourism rose by 12% to $1,596 million, quite a satisfactory performance. Emigrant and worker remittances recovered further in October but over the ten month period they fell by 5.6% to $922 million. Their decline reflects the lower number of Greeks working abroad and the lower net inflows of their deposits in foreign exchange with their banks in Greece. Of the invisible payments which rose by 11.8% to $1,249 million, the most important items were the interest and dividend payments, and the payments for tourism and education.

Current account deficit drops further below the 1979 levels – amortization increases as well as official borrowing

The slowing down of growth of the trade deficit and the strength of invisible receipts resulted in a further drop of the current account deficit over the previous month. The January-October 1980 current account deficit dropped below last year's level of $1,443 million. Adding the higher amortization payments of $405 million the financing requirements exceeded $1.8 billion. These were met by the $1,155 million strong private capital inflows, and a higher official borrowing ($815 million). Official reserves in gold and convertible currencies stood at $1,060 million by the end of October, covering slightly more than one month's imports. Nevertheless, gold reserves at about $170 million are still calculated at SDR35 per ounce, only a fraction of its market price.

Greece: Balance of Payments **(Millions of dollars)**

JANUARY-OCTOBER (Preliminary)

	1979	1980	%
1. Imports	8,302	8,926	7.5
a. Private	6,412	6,347	-1.0
b. State	1,890	2,579	36.5
2. Exports	3,168	3,463	9.3
3. Trade deficit	-5,134	-5,463	6.4
4. Net invisibles	3,596	4,020	11.8
a. Receipts	4,713	5,269	11.8
Tourism	1,424	1,596	12.0
Shipping remittances	1,222	1,482	21.3
Emigrant and worker remittances	976	922	-5.6
b. Payments	-1,117	-1,249	11.8
5. Current account deficit	-1,538	-1,443	-6.1
6. Capital inflow (net)	1,017	1,565	53.9
a. Private capital inflow	1,125	1,155	26.7
b. Official borrowing (State, Bank of Greece, public enterprises, supplier credits, SDR's)	257	815	217.1
c. Amortization	-365	-405	11.0
(public)	(-312)	(-340)	9.0
(private)	(-53)	(-65)	22.6
7. Errors and omissions	607	-79	
8. Net position from external operations	86	43	
9. Official assets in gold and convertible currencies	1,136	1,060	
10. Outstanding foreign supplier credits	1,410	1,671	

CSO: 4920

D'66 SEEN IN ROLE OF LOYAL OPPOSITION PARTY

Between Left, Right

Amsterdam ELSEVIERS MAGAZINE in Dutch 1 Nov 80 pp 50-52

[Analysis by F.A. Hoogendijk: "D'66: Balancing between Left and Right"]

> [Text] During the general debate in parliament, Parliamentary Group Leader Jan Terlouw of D'66 [Democrats '66] made a plea for accelerated elections. In his opinion the cabinet is powerless as a result of its narrow range of support and the failing of Specifications '81. But D'66 simultaneously proves that it is not carrying out opposition just for the sake of opposition and thereby it distinguishes itself clearly from the PvdA [Labor Party]. The Democrats, for example, support the cabinet in order to achieve wage moderation. Thereby they increase the range of support for the government coalition. Thus this shows the reasonableness of the Democrats. And it is this reasonable opposition which undoubtedly makes D'66 so popular. But where do these votes come from? From the left or the right? With the aid of the NIPO [Netherlands Institute for Public Opinion] we shall try to give an answer to this which is as detailed as possible.

Until now D'66 has participated in four chamber elections. The vote percentages were, successively, 4.5 percent (1967), 5.8 percent (1971), 4.3 percent (1972) and 5.4 percent (1977). With an average of just 5 percent it thus seemed to be typically a party for 1 out of every 20 Netherlanders for a period of 10 years.

Just like the Liberal Democrats of before the war, who obtained a minimum of 4.6 percent and a maximum of 6.2 percent for the Second Chamber from 1918 through 1937, and who merged into the Labor Party after the liberation (although Mr Oud and his people left it later). We don't know how the Liberal Democrats fared between elections at that time. We do know that about D'66, thanks to the weekly NIPO poll in which people are asked: "What political party would you vote for if the elections were being held today?" After the elections of 1972, D'66 first dropped to unheard-of lows. But then Jan Terlouw came and 1977 nevertheless brought a few more chamber seats than 1972. The last few years, however, the D'66 voting percentages in the polls have risen to almost improbable heights. Almost equal to the NIPO numbers for the VVD [People's Party for Freedom and Democracy]. The "In the Red Rooster"

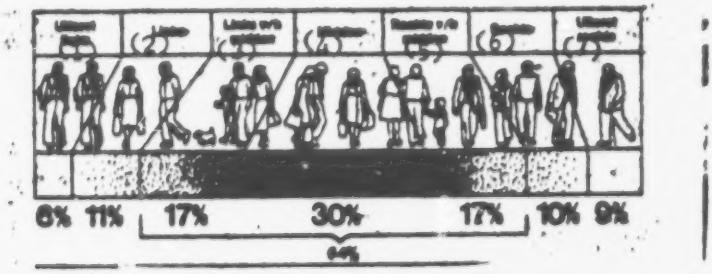
[political broadcast] of the VARA [Workers Radio Amateurs Association] has announced it very regularly and local elections have continually confirmed the picture.

Why is that?

Because Jan Terlouw's D'66, close to the political center for the voters, appears to be much more attractive than the D'66 at the time of Van Mierlo, who let himself be embraced much too friendlily by Den Uyl [Labor Party]. In and around that center between the left and the right many Netherlanders choose their political home. Thus many votes are housed there. That was the case before the elections of 1977 (see the articles in ELSEVIER of April and May that year). And that is still the case now that next May's elections are approaching.

Every week, through always new national random samples, NIPO interviewers ask as a rule 1000 to 1100 eligible voters to place themselves in one of the seven boxes from left to right. The large majority is able to do so and does. In the table below we have reflected the manner in which 24,975 polled Netherlanders positioned themselves along the left/right scale from January through June.

Self-ranking along the political left/right scale (100 percent = 24,975 interviewees).



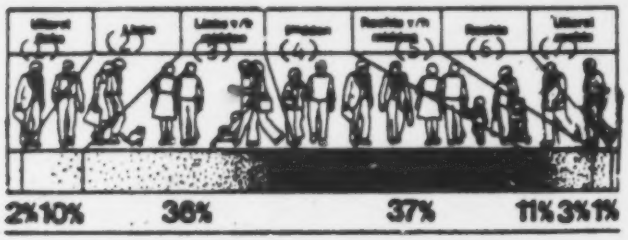
Key: 1. Extreme left
2. Left
3. Left of center
4. Center
5. Right of center
6. Right
7. Extreme right

There are about 10 million eligible voters. Thus about 3 million "live" in the political center and almost 3½ million on its sides. Those nearly 6½ million around the center supply 96 of the 150 chamber seats. Thus there are a lot more pickings there than from the extreme left (good for 9 seats more or less) or the extreme right (13 or 14). In that central part of the political marketplace D'66 has booked great successes for a considerable time already.

Of the aforementioned 24,975 Netherlanders polled from January through June, 21,262 stated which party they would vote for "if the elections were being held today" (an "increase" of 85 percent) and of those, nearly 3,000 (almost 14 percent)

stated that D'66 was their choice now. In the next table we see where the Democrats get their voters.

D'66 votes per box of the political left/right scale (100 percent = 2,883)



Key: [see first table]

Now what would this mean if these had been real elections?

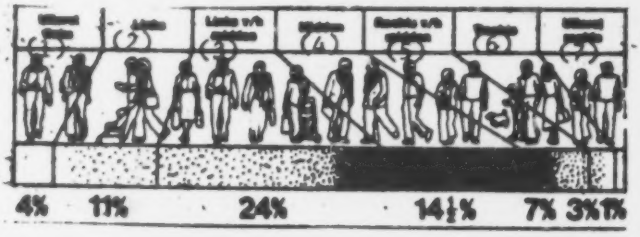
Of the approximately 10 million voters, about 85 percent would have cast their vote and of those about 1,150,000 would have gone to Terlouw's party. That total is the result of the following positioning (NIPO poll January/June 1980):

	23,000	from the extreme left
	115,000	from the left
966,000	414,000	from left of center
around	426,000	from the center
the center	126,000	from right of center
	35,000	from the right
	11,000	from the extreme right
	1,150,000	

Almost 1 million "poll-votes" would have gone to D'66 (in the first 6 months of 1980) from and around the political center: 84 percent of all D'66 votes.

But the weight would indeed be left of center. If we calculate the poll-votes as shares of the totals in each of the seven boxes between left and right, then it becomes clear that D'66 is most popular just left of center.

D'66 vote percentages in the separate left/right positions.



Key: [see first table]

For that matter, the D'66 percentage in the political center is second only to that just left of center. Percentagewise also, the area farther to the left doesn't yield much (The PvdA is firmly present there, as is also the PSP [Pacifist Socialist Party] and PPR [Political Party of Radicals], for that matter).

Half a year before the coming elections D'66 has come close to a center party with respect to its following. Compared to an identical poll of 2 years ago (when only 1,404 of the 28,465 interviewees chose D'66) the percentage of D'66 votes in the position just left of center has become 1 3/4 times as large and that just right of center even 3 times as large.

That adds up nicely, as we saw.

But it also contains risks. In and around the center, namely, people change their party preference more often and more easily than at the extremes of the political spectrum. Thus how D'66 is seen in the political center is of great significance for what will happen between today and the elections of May 1981. The strongly increased "poll-votes" already show that the image of D'66 has become much more attractive there. That was indeed very necessary. Namely, after the previous elections it had strongly declined. At that time, in 1977, NIPO tested it various times, amongst others by submitting the following question: "Do you still see a clear difference these days between D'66 and the Labor Party or practically no difference?"

Of all the interviewees, thus the entire public, more than half no longer saw any difference between D'66 and the PvdA.

In October 1977, of those who had earlier voted for D'66, 45 percent no longer even saw any difference.

The NIPO posed the same question once again last month. "No true difference between D'66 and Den Uyl's party" has declined to 44 percent of all those interviewed. 42 Percent of them do indeed notice a clear difference and that's where almost all the D'66 votes come from. Among those who notice practically no difference, only 3 percent vote for D'66 ("If the elections were being held today"). Of those who do notice a difference, 20 percent vote for D'66. This proves once again that a political party without a clear identity does not get votes. But that leaves something to be desired in the political center. The following table shows what is lacking.

Difference between D'66 and PvdA according to interviewees who rank themselves with:

Between D'66 and PvdA:	(1) [illegible] %	(2) [illegible] %	(3) [illegible] %	(4) [illegible] %	[illegible] %	(6) [illegible] %	(7) [illegible] %
clear difference	36	46	55	39	32	36	39
almost no difference	54	38	36	50	38	53	45
no opinion	8	7	9	11	12	11	15
	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Key: [see first table]

Half of those in the center see PvdA and D'66 more or less as six of one and half a dozen of the other.

The PvdA leaves no doubt as to its love for D'66. Under Van Mierlo at the time that love was mutual. What would happen if history were to be repeated?

In a different September poll NIPO attempted to test that by, as it were, putting the following words in Terlouw's mouth: /"that D'66 can be in a new government only if it becomes a Den Uyl cabinet with the PvdA again."/ [in italics]

1,367 Netherlanders (18 and older) were asked whether or not they agreed with that idea. The Netherlanders in the political center are rather divided over it. The idea of Den Uyl back together with D'66 gets large majorities only far to the left (where many PvdA voters lie).

A "yes" to socialist advances would cut off considerable further growth around the center.

It would not make much difference for the potential current votes, however. The "Only with Den Uyl" question was followed by: "Which party will you vote for if D'66 officially accepts this plan?" Then the reactions show a little loss for D'66 in the political center and to the right of it, but a little gain left of center.

Thus Jan Terlouw must balance and that's what he's doing. Between votes of the left (which then would largely come from the PvdA) or from the more central area.

Jan Terlouw does not want to put off rightist voters by embracing the PvdA too much. But he does opt for the socialists when it comes to governing. And he does that in the spirit of his following. For among the current D'66 following only 79 percent thought that "only with Den Uyl" was a good idea, as against 14 percent a bad idea (7 percent no opinion). But in the Red Rooster Terlouw said that he doesn't exclude a combination with CDA-VVD. He keeps all options open. Terlouw can do that because he is sure of being asked by one of the parties to participate in the next government. At least, if the current coalition doesn't obtain a majority in the Second Chamber.

The NIPO poll for Veronica-Info ([TV] broadcast 18 June this year) showed, for that matter, that D'66 voters are most interested in the D'66/PvdA/CDA combination. Nearly 4 out of every 10 D'66 voters also showed interest in a D'66/CDA/VVD combination. Thus D'66 in the government together with the two parties of the [current] Van Agt cabinet.

The flexibility of the D'66 voter, which appears inconsistent at first sight, is a normal phenomenom, however: most voters would like the party of their choice to be in the cabinet, although they find one combination of parties more attractive than another. The chairman of D'66, Zeevalking: "Point one is: D'66 wants to be in the government."

Whether Dutch voters tend to go left or right from their own spot on the left/right scale is something NIPO also determines every week.

Of the big group exactly in the center, 43 percent had the tendency during the first 6 months of the year to move to the right, as against 39 percent who would move to the left if they had to polarize (over 18 percent remained where they were and didn't budge).

It is typical for the center/left character of D'66, as the public has seen it until now, that the center people who tend to go to the left choose D'66 much more often than those inclined to the right. In this trichotomy (of the approximately 3 million voters in the center) one votes (if the elections were to take place on the day of the interview) as follows:

In the center tending toward the right:	16 percent votes D'66	(But CDA and VVD will get more votes there)
In the center without budging:	20 percent votes D'66	(Almost as many as the percentages for CDA and PvdA)
In the center tending toward the left:	26 percent votes D'66	(But the PvdA obtains about 1½ times as many here)

The tendency to move toward the right certainly has not decreased during the course of this year.

These tendencies can lead to a D'66 gain or loss more easily than for any other party, precisely because such a great part of its current poll votes come from the center and its immediate surrounding.

It is a relatively unstable balance which requires the art of tightrope walking.

Insert p 52

The D'66 Voters: Young, Above Average [income], Urban and Not Church Affiliated

The accumulation of about 28,000 interviews makes detailed analyses possible. Thus one can have a look at which Netherlanders and where in the country the percentage of D'66 votes is above or below the national average. This is rendered below in a quick summary, as follows:

+ + +	means more than 50 percent above the average		
+ +	25 to 50 percent above it	+	to 25 percent above average
0	hardly any difference		
-	to 25 percent below the average		
- -	25 to 50 percent below the average		
- - -	over 50 percent below the average		

[insert continued on following page]

Age	D'66 percentage
18, 19	+ + +
20/24	+ +
25/29	+ +
30/34	+ +
35/39	+ +
40/44	0
45/49	-
50/54	- -
55/59	- -
60/64	- -
over 65	- - -

Church Affiliation	D'66 percentage
Calvinist	- -
Roman Catholic	-
Reformed	-
Other Churches	-
No church	+ +

Municipalities	D'66 percentage
Over 400,000 inhabitants	+
100,000/400,000 "	+
50,000/100,000 "	+
20,000/50,000 "	0
10,000/20,000 "	- -
5,000/10,000 "	-
under 5,000 "	- -

Annual income* close to	D'66 percentage
11,300	- -
14,100	- -
17,658	- -
22,100	- -
26,750	+
34,400	+ +
43,100	+ +
55,800	+ +
67,300	+ +
84,100	+
105,100 (guilders)	+

Province	D'66 percentage
Groningen	-
Friesland	-
Drente	-
Overijssel	-
Gelderland	-
Utrecht	+
North Holland	+
South Holland	+
Zeeland	- -
North Brabant	-
Limburg	-

*Interviewees indicate on a given list to which amount their income comes closest.

Position in Next Cabinet

Amsterdam ELSEVIERS MAGAZINE in Dutch 1 Nov 80 pp 144-148

[Report by Dieudonnee ten Berge: "The Pink Center Party: 'Contribution of D'66 for the Eighties Still Vague'"; items in slatlines published in italics]

> [Text] On Friday and Saturday D'66 will hold a congress on nuclear armament. The NATO decision to station 572 new medium range nuclear arms in Europe divides the Democrats. A majority is against that NATO decision. But there is a good chance that D'66 will participate in the government in the next cabinet and then its hands cannot be bound too strongly. Thus now the trick is to take as point of departure a principle with which one can go in any direction. That is also wise relative to the voters, for divided parties lose elections. D'66, the pink center party, is managing on its way to the Second Chamber elections of next May.

"Experience has taught us that we always do a lot better in polls than in elections," Member of the Second Chamber Brinkhorst is heard saying regularly. "We now lie somewhere between 20 and 30 seats. If we get 15 or 16 of those, I'll be very happy." Other members of the parliamentary group also show a little reticende about the euphoria which every new election prognosis has shown until recently. "If we go over 18 or 19 seats, it won't be so pleasant any longer; then you will get the sort of competition problems which every big parliamentary group is faced with," says Ineke Lambers, one of the three female members of the chamber of D'66, generally called /the girls/. Whether D'66 has to wait until the elections to have the possibly sobering elections driven home is doubtful. Already now the decline in the polls is setting in. The popularity of D'66 seems to have passed the high point.

The campaign for the new elections is again being put together by professional advertisers. That is not unusual, for other political parties also have come to the realization that the people don't vote at all for the party platforms which have been produced so laboriously. They go for the packaging, the personalities. The face of D'66 is Terlouw. That is the strength and simultaneously the weakness of the party. The advantage of having such a vote-drawing leader is obvious. But because D'66 has not yet properly arrived at the building of its own foundations and structure, it means that the party is indeed very much at the mercy of the leading figure. D'66 will stand or fall with Terlouw.

He is called the ideal son-in-law. Neat, not too elegant, a well-groomed appearance and speech, highly educated, calm and controlled. It is not as much a matter of what he does or says, but the way in which he does it. He is so refined. What Terlouw says sounds reasonable. D'66 is not called the /reasonable alternative/ for nothing. That advertising slogan turned out to be a magnificent electoral find. "Real liberals, mild and tolerant, are welcome with us," the reasoning went and that struck a note. A considerable number of potential

VVD [People's Party for Freedom and Democracy] voters turned away from [VVD's] Wiegel in his vested suit, ultra-conservative in their eyes. "Those people are just liberals in their thinking, and would have no trouble at all with Vonhoff or Goertsema. They agree with us particularly in the socio-economic area. But Hans Wiegel simply happens to have that damaged image," one says in VVD circles. But the PvdA [Labor Party] also lost to D'66. The not so uplifting manner in which they played the power game after the 10-seat gain of the previous elections, the opportunism of many of their members of the chamber, and a new party chairman, Max van den Berg, who is called a "Rasputin-like" figure, caused great losses. And finally the labor pains of the CDA [Christian Democratic Appeal] also supplied new D'66 votes from those ranks.

The neat, pink center party of Terlouw offered everyone hope. And Jan Terlouw appears to be the incarnation of reasonableness, an image carefully cultivated by the party and by Terlouw himself. His fans say: "He carefully listens to everyone and lets every belief come into its own." His enemies say: "He does not make choices himself; he carefully determines where the majority lies and then places himself approximately on that line. He bends with the wind."

It looks as if Terlouw's glitter is slowly disappearing within D'66. Close collaborators find that he doesn't go into matters deeply enough. "He really knows very little about it," some say straightforwardly. "He is abroad too much. He is first in line for every free trip." Moreover, his so-called "startling vanity" is offensive to some people. "He is rancorous toward people who don't agree with him," says a close collaborator.

Where does D'66 actually stand in current politics? During the last general debate Terlouw explained neatly and without melodrama that the cabinet would do the country a tremendous service by leaving immediately. Subsequently it turned out that D'66 felt quite comfortable with the socio-economic policy as developed by CDA Parliamentary Group Chairman Lubbers which is also being taken over by the VVD and Van Agt with a few changes, supplements and nuances. When it came to voting at the end of the 4-day debate, however, D'66 appeared to be looking a different way. Terlouw did not want to help the cabinet get a comfortable majority, although he did agree with the government crew with respect to substance. He looks like a student who is caught cheating and is simply being laughed at by the left and the right when he tries to justify his behavior.

"We had to make a choice on politics or content; we chose politics," said financial specialist Engwirda after the debate. Be in favor of the policy, but vote against it. Long live reasonableness and political clarity. PvdA, CDA and VVD are listening to D'66's contribution to the parliamentary discussions with mounting resentment. The PvdA doesn't benefit by D'66 choosing the side of the socialists for political reasons, but in fact being more interested in a CDA policy. That doesn't look very promising for a new coalition. The CDA doesn't benefit either by D'66 outwardly supporting the same policy as the CDA, but in fact choosing the other side. And the VVD sadly notes that in many debates D'66 shakes the CDA loose from the government camp through compromise motions and brings it closer to the PvdA. The three parties agree that D'66 doesn't promote political clarity. But how can they say that aloud about a party which shortly might be needed so much by each? The VVD hopes for the support of D'66 for a second

Van Agt cabinet. The CDA and D'66 often are on the same line in practical politics and for the PvdA, D'66 could have the function of nibbling away votes from the CDA and the VVD, so that these parties won't obtain a majority.

The big parties call D'66 opportunistic. But because of opportunistic reasons, they nevertheless don't dare attack the party publicly. And in that climate D'66 thrives and Terlouw plays the little game of /"Who can do anything to me?"/. They are so little used to being attacked that a single little critical article in the press makes D'66 Vice Chairman Van Oorschot exclaim that Dutch journalists "are vultures, eager for any little fight." And Terlouw spent an important part of his speaking time in the general debate on defending himself against the criticism on D'66 by Prime Minister Van Agt in the latter's ELSEVIER interview of a few weeks ago. Without being able to refute anything of what the prime minister had said, for that matter. D'66 is spoiled, a little blase.

Van Mierlo's lesson has been learned, meanwhile. "No more declarations of love in the direction of the socialists," reads the motto. Also, the VVD isn't damned and rejected in advance. "We do not exclude any demoractic party," Terlouw keeps saying. In a recent interview with the HAAGSE POST he said: "In itself, a combination with the PvdA would not be bad for us. I think we would be constantly busy steering the PvdA toward a reasonable policy. There would be a lot of fighting in the Catshuis [government offices] and D'66 would continually be front page news." In other words: D'66 wants to pursue a different policy from that of the PvdA, and that leads to trouble.

"The combination of CDA with D'66 is not at all favorable for us, on the other hand," Terlouw says in the same interview. "It would be extremely difficult for us to portray ourselves in that. Then it would not be easy to show that the policy is different because D'66 is in the government, nor for the parliamentary group in the chamber either." In this Terlouw is thus saying that as to content he can get along quite well with the CDA. But further there are no choices, neither to the left nor the right. Within the party a great number of people reproach Terlouw for that. "He is avoiding actual choices at crucial moments, just like Den Uyl," it is said. "He thinks he can calmly discuss matters such as nuclear armament with a congress in a reasonable manner," says a surprised collaborator in the group. Brinkhorst could explain to him what the reasonableness of the following is like. Brinkhorst has been travelling through the country for several weeks, togehter with nuclear arms opponent Tommel, a representative from Drenthe. At the many D'66 meetings where he speaks he finds little reason and a lot of emotion. He was not given much hearing for his reasonable tale. Brinkhorst would very much like to become minister of foreign affairs in a subsequent cabinet and he is mortally afraid of getting an unworkable mandate from his party. In the area of nuclear arms D'66 has four trends: the first trend is in favor of modernizing NATO nuclear arms, but that trend hardly receives a bid. Then there is the Brinkhorst line: a decision to place the new missiles must be made only after negotiations with the Soviet Union. The third trend is the Tommel line: reject modernization and, if necessary, accept an inferior position in armament. That line received the majority last year. The fourth trend is the IKV [Inter-Church Peace Council] line: reject modernization and ward off all other nuclear tasks. A compromise is in the making, but the risk remains, for the final choice is being pushed forward.

There is a good chance that D'66 may have an important input in the policy of the eighties. What the contribution of the party will be is still unclear to everyone, including D'66 members themselves. Its following is a curious melting pot of the most divergent types. Partly those are reasonably thinking economists of the Engwirda sort. Partly they are environment freaks for whom every nuclear plant is a potential Hiroshima and who earn enough to buy their unsprayed food at the expensive healthfood store. In addition a very great number of intellectual idealists who believe profoundly that all people are just as reasonable as they are and that it is possible to talk with anyone. "What always strikes me at a D'66 congress is the great number of well-educated, but extremely naive, flower children," says a D'66 member of the chamber. "Friendly intellectuals who think they can change the world with verbal violence." That mixed following will partly determine the direction of the party. One knows what one is against: against the collectivist and too censorious approach of the PvdA, against the vague CDA and against the conservative VVD. What one is in favor of, is not clear yet. D'66 members say: "Our heart is on the left and our reason is on the right." Thus the politics of D'66 depend a little on the reaction of the people. Will feeling or reason dominate? In D'66 they don't yet know themselves. An interesting piece of information for the voter.

Terlouw, the Politician Who Enjoys the Most Confidence

The NIPO regularly asks the following question about leading politicians and other prominent figures: "Do you have a lot of confidence in him (her), a little confidence, or no confidence at all?

When the question is asked about Jan Terlouw, higher confidence percentages result than for any other party leader. Higher even than for Prime Minister Van Agt:

Poll	Much Confidence in Terlouw
	Percentage
March 1977	38
November 1977	38
September 1978	43
May 1980	42

In the last poll Terlouw scored 75 percent "much confidence" among (past) D'66 voters, 37 percent among CDA voters and 35 percent among the VVD following.

It is of some significance for the drawing power on (past) PvdA voters that Terlouw enjoys much confidence there with 51 percent, while Den Uyl gets only 10 percent more (61 percent) of the "much confidence" vote there.

From left to right it looks as follows:

Interviewees who rank themselves with:

	Extreme Left %	Left %	Left of Center %	Center %	Right of Center %	Right %	Extreme Right %
Much confidence in:							
Den Uyl	50	59	46	25	15	16	8
Terlouw	47	48	59	39	44	33	25

(Poll May 1980)

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CONGRESS TO DECIDE DEN YUL'S POSITION ON ELECTION LIST

Rotterdam NRC HANDELSBLAD in Dutch 29 Nov 80 p 7

[Report by J.M. Bik: "Den Uyl Must Pursue Election Struggle First in PvdA (Labor Party)"]

[Text] At the end of February 1981, the PvdA will hold its 3-day election congress. Then, after having heard the discussions in their branches and regions, the socialist congress attendees will decide the definite format of their election program. Then they will also decide whether Opposition Leader Den Uyl will act as primary candidate in the May 1982 [sic] elections for the Second Chamber. The congress attendees do that on occasion, in particular with respect to the stipulation of the Peace and Security chapter of their program, to which Den Uyl since last summer has publicly tied the decision, decisive for him, that the Netherlands must remain a member of NATO and should retain one or two nuclear tasks in it. That surprised many party associates, and in most cases, unpleasantly.

The fact that many members of the PvdA were taken by surprise is not surprising, however. Until now, Den Uyl has never set personal limitations of this nature during his long period as first man of the PvdA. But it is also true that in the past he regularly has had his party associates make such far-out statements on the subject of peace and security that the position he has taken now may be called remarkable.

In that respect, one might think back to the joint turning point congresses of the PvdA, PPR [Political Party of Radicals] and D'66 [Democrats '66] in 1972 when befriended D'66 members were allowed to redress the joint election platform on this point during a nocturnal closed deliberation. Or back to the PvdA congress on Peace and Security of 1975 which set the Dutch NATO membership at a term of a few years unless conditions were met, which still have not been met in part. Thus, in view of the history, one can certainly sympathize with the surprise of many a PvdA member over the behavior of the primary candidate, meanwhile appointed as such last September.

Long March

An enormous flow of amendments has come forth from the branches on the draft election platform. To the extent those proposals for amendments affect the chapter Peace and Security, the majority collide with the Den Uyl line, partly because they want to make the Netherlands free of nuclear arms in accordance with the slogan of the IKV [Inter-Church Peace Council], partly also because they aim at ending the Dutch NATO membership.

Precise conclusions with respect to the chances of Den Uyl cannot yet be tied to those amendments, for no one really knows whether they are representative of (all) the branches. But it is certain--and everyone agrees--that Den Uyl will have a very difficult time presently, for it is of course even less true that the amendments submitted would not say anything about the mood in the branches. It is also certain that many party associates--wrongly--do not really want to believe that Den Uyl is really serious about his threat or, respectively, theytake into account that "Mr Fix-It Joop [Den Uyl]" at the proper time no doubt will once again conjure up a passable compromise. That impression is mistaken, and partly because of that the prospective candidate has started the long march through the PvdA to change the mood as much as possible to his advantage between now and February 1981.

Backwards

Where Den Uyl can do so, he explains his position in speeches, wherever possible through the media, last week for example through the VARA [Workers Radio Amateurs Association] radio program ZI, the news program of the TROS [Television-Radio Broadcasting Corporation] television and the NOS [Netherlands Broadcasting Foundation] television program "The Hague Today."

Those who heard Den Uyl defend himself a week ago in the radio program of the "related" [to the PvdA] VARA with much patience against--reported freely--the proposition that he (with his standpoint) really wouldn't do, could understand how difficult this long march is going to be. Briefly, Den Uyl's defense is that the Netherlands can and must retain an influence on the (nuclear) arms control process through maintaining a minimum number of nuclear arms tasks. And furthermore that in that manner one can prevent the FRG from feeling uncovered in the rear, for then Chancellor Schmidt, otherwise praised for his contribution to arms control endeavors, might possibly react "backwards."

One certainly can find fault with that reasoning of Den Uyl. The draft election program of the PvdA is taking into account a retrenchment of the currently estimated financial means for the conventional Dutch contribution to NATO, about which the current minister of defense writes that in fact they are already insufficient to meet long-term agreements which have been made.

Further, the program, and also Den Uyl, wants to reduce--if necessary unilaterally--the number of Dutch nuclear tasks from the current six to one or two in the coming government period. And moreover the draft program says a categorical "no" to the modernizing of medium range nuclear arms in Western Europe, on which NATO decided in December 1979.

The latter, however, is interesting for more than one reason. Over a year ago the PvdA was still pleading for a so-called moratorium with respect to the modernization of nuclear arms, that is to say its effort was aimed at inducing the Soviet Union--in exchange for NATO's abandoning of modernization--to entirely or partly abandon further production and placing of comparable arms, which Moscow rapidly and rather firmly modified. Last December, in the Chamber debate on the NATO decision which affects the PvdA, amongst others, it was purported that there

was "at present" no longer a reason for such modernization. A few months later one wondered again which international development had led to the fact that in the draft program of the PvdA modernization was completely rejected while the Soviet Union still proved to be willing to start arms control discussions, in spite of (or thanks to?) the NATO decision.

The second reason which makes this shift in the PvdA position so interesting is that precisely Chancellor Schmidt is the man who has very much urged NATO's nuclear arms modernization, partly because he is of the opinion that only in a situation of a certain balance between East and West can the arms control debate be seriously started.

And precisely this Schmidt, who is praised so highly also by Dutch parties which deviate more or less from this line, such as the PvdA, D'66 and CDA [Christian Democratic Appeal], had asked the Netherlands amongst other things to participate in the nuclear arms modernization from the standpoint of political solidarity.

It is not a question here of whether the Netherlands will shortly find itself forced to curtail the defense budget, and neither is it a question of whether the existing number of nuclear arms tasks in NATO could be decreased, and it is even less a question of whether the Netherlands will be allowed or will have to try to get the chosen number of 572 new NATO nuclear arms reduced. What is at stake here is that Den Uyl's reasoning, in all the difficulties he already evokes in his own party, probably is not sound enough to prevent the result feared by him.

Concessions

Indeed it is extremely doubtful that the Federal Republic would still see its small western neighbor as a serious NATO discussion partner if simultaneously the latter considerably curtails its conventional contribution in the coming years, rejects modernization of nuclear arms and unilaterally sheds four or five nuclear arms tasks. The same will be true for other, bigger NATO partners, who are the most important factors in the arms control deliberation.

In this respect Den Uyl has taken a rather paradoxical position: what is too much for many of his party associates could possibly be too little for, amongst others, Schmidt. However that may be, this side of the matter -- namely that Den Uyl, and with him almost the entire PvdA executive, in fact also has made extreme concessions to his party associates -- is hardly being discussed within the biggest opposition party. Indeed these concessions, at least until now, hardly seem to have a "bartering function" within the PvdA.

The latter happens to be precisely what Den Uyl would like. Of course, at the end of February he would wish that his congress would want to follow him for the content of his standpoint and not, grinding their teeth, in spite of his standpoint. As matters look now, it appears as if the latter will, however, be the maximum result he may hope for. Such a Pyrrhic victory would mean, however, that the PvdA aligns itself outside of NATO with respect to nuclear arms (and still other things), but its primary candidate and the largest part of its Second Chamber group align themselves within the NATO council as a concession. Then what can the PvdA politicians, should they acquire government responsibility shortly, do within NATO with that type of content in a mandate which itself already poses problems?

Small Candle

There is one other possibility, which for that matter is being mentioned only in fearful whispers within the administration and the Second Chamber group of the PvdA due to its "unimaginableness." That is that before and during the party congress it may turn out that the critical tide can no longer be turned, so that Den Uyl will have to disappear from the political stage as a result of his first public authoritative utterance.

The unthinkable thought, the thought unthinkable? Then the PvdA would have literally beheaded itself a little over 2 months before the election day. Expressed in stronger terms, whereas great majorities of the chamber group and the party executive agree with the primary candidate (and have indicated so), one would have to search for a believable successor of Den Uyl with a little candle.

The discussion within the PvdA on nuclear arms and security, which in many respects has something in common with a growing national dislike of "scary things" (whether they serve deterrence or modern technology), is gnawing on the energy needed for the election campaign and is equally hindering the organizational preparation for the elections. Numerous extremely important questions threaten to disappear temporarily behind this discussion; the PvdA suffers under the nuclear arms question in that sense also.

An example: even last spring the PvdA, and not it alone, was enthusiastic about maintaining the purchasing power of modal incomes. Half a year later the defense line coincides with the purchasing power of the minimum wages. How will it be in 3 or 4 months' time when new macro-economic setbacks lead to even tighter problems of choice with respect to incomes, returns, work opportunity, the levelling policy and the coupling of welfare minimums to the minimum wage? However that may be, one can defend the position that the election campaign can only really start for the PvdA on 1 March, namely only when an end has come to the incertainty of whether Den Uyl will be the primary candidate and on what conditions. Before that time a great part of the exhausting campaign will more than usually take place in private circles.

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CSO: 3105

USSR SHOULD RESPECT 'EQUAL RIGHT' TO SECURITY

LD071159 Oslo AFTENPOSTEN in Norwegian 24 Dec 80 p 2

[Editorial: "Frydenlund in Moscow"]

[Text] Knut Frydenlund has put behind him the first Norwegian foreign ministerial visit to our Soviet neighbor since 1966, after a period during which Norway's relations with Moscow have been difficult and at the very time when tension between East and West is greater than for many years. The visit has been useful, both as a link in the chain of contacts which should take place across the lines of the political game in Europe, and particularly as a part of the underdeveloped dialog at a high political level between Norwegian and Soviet leaders. Technological, economic and political developments mean that the points of contact between our two countires continue to increase, not least in the north, and will require mutual respect and willingness to cooperate if they are not also to develop into points of friction. Frydenlund rightly pointed out, in his speech to Foreign Minister Andrey Gromyko, that there is "broad support among the Norwegian people for maintaining and building further on good-neighborly relations with the Soviet Union."

But the departure point for such expansion must always be not only Norway's NATO membership, which Frydenlund has stressed a number of times during his stay in Moscow, but also Soviet recognition of Norway's right as an independent state to guarantee its own security, alone and in collaboration with its allies. In ceremonial speeches and communiques the Russians are more than willing to allow Norway such a right, but as soon as practical security measures come into the picture, Norwegian authorities are subjected to severe Soviet criticism which once again burdens relations between our two countries. We have seen this so many times in the past in connection with so many different issues, ever since Norway joined NATO in 1949, that we have often been able to ask whether the Soviet Union is really able and willing to accept a small neighbor's equal right to guarantee its own security. The most recent instance has concerned the contingency stockpiling of U.S. military equipment, and here Frydenlund was subjected to sharp criticism on three occasions in a single day in Moscow: We must expect similar new objections to be raised whenever the Russians are displeased about something. We ought to note that during Frydenlund's visit the Russian leaders in no way gave credit for the Norwegian decision to site the contingency stockpiles in Trondelag and not in northern Norway; unilateral concessions and considerations are accepted in Moscow as if this were something self-evident. It again confirms that the foundation for a fruitful and realistic Norwegian

policy toward the Soviet Union must be laid in Norway itself, through a government demonstration of firmness and clarity in the implementation of a well thoughtout security policy, solidly based on the strong will to defend Norway to be found in Norwegian public opinion.

If the Russians respect Norway's right as an independent state to guarantee its own security, and the government succeeds in pursuing a relatively correct line in its security and foreign policies, then all the conditions will be fulfilled for mutually beneficial cooperation between Norway and the Soviet Union on a number of practical questions. Both Norway and the Soviet Union expressed in Moscow a desire for expanded cooperation, and we believe and hope that Frydenlund's visit will have made a positive contribution to bringing such cooperation a step closer. But only time and the Russians' future policy will tell whether further polemics or increased contact will characterize relations between our two countries in the years to come.

CSO: 3108

BRIEFS

COMMUNIST PARTY SUPPORTS REARMAMENT--The Norwegian Workers' CP (Marxist-Leninist) [AKP (M-L] has called for more ground-to-air defenses and armored defense vehicles, stronger coastal defenses and a standing force in southern Norway. The Marxist-Leninists dissociate themselves from notions of Norwegian disarmament. "It is absolutely necessary for a little nation like Norway to develop a strong and independent national invasion defense capability," says a statement from the AKP (M-L) national conference held in Oslo last weekend. The national conference dissociated itself from the plans for the contingency stockpiling of U.S. military equipment in Norway and said that the threat from the Soviet Union must instead be met by strengthening the defense forces' capacity to fight against an invasion. [Question] Is it not a problem for the AKP (M-L) that the party is on an obvious collesion course with the vast majority of the Norwegian people, who think that Norwegian NATO membership ensures Norway's security, party Chairman Paal Steigan? [Answer] I fully realize that people have that view. But this is simply due to the fact that there has been no realistic alternative to NATO membership. [Question] And is there now? [Answer] The alternative is a Norway that has rearmed. I agree with people who consider the Soviet Union the greatest threat to world peace. However, I do not want Norway to be a pawn in the United States' global game. [Excerpt] [LD061009 Oslo AFTENPOSTEN in Norwegian 30 Dec 80 p 12]

CSO: 3108

SPS CONFERENCE PROPOSES REFERENDUM ON ARMAMENT

Zurich NEUE ZUERCHER ZEITUNG in German 2 Dec 80 p 11

[Article by gfh: "Two People's Initiatives and a Dream of a Newspaper"]

[Text] This year's party congress of the Social Democratic Party of Switzerland (SPS), which took place on Saturday and Sunday in Geneva's ultramodern conference center, was conducted with more discipline than was the case at previous noisier meetings, although the list of subjects under discussion was just as lengthy, and the overall tone of the negotiations was less emotional, although the troublesomeness of the left as compared to the voting population was at least the same. Emphasis during the 17 hours of negotiations was primarily on the launching of new initiatives--the referendum on armament and possibly an "initiative for obtaining finances"--, the "internal mobilization" of the SPS which is suffering from loss of members, the restoration of the party's finances, and Roman Brodmann's display of fireworks on media policy, which led to the renunciation of the SPS's planned deliberation of the media policy concept, and instead revived old dreams of a "great leftist newspaper" in Switzerland.

More Money for Political Education

In the presence of numerous guests from Switzerland and from abroad--among them Federal Council members Pierre Aubert and Willi Ritschard, and PLO representative Daoud Barakat, who was greeted with great applause--the approximately 700 delegates first addressed themselves to the topic of "internal party mobilization."

Stefan Portmann (Solothurn), president of the committee for the party's internal educational work, based the necessity for internal educational work on the contemporary jargon of leftist pedagogy. He said that it is necessary because "making the workforce apolitical is a major goal of bourgeois social policy." The educational goal of the traditional workers' education, which had been under the motto of "knowledge is power," is no longer sought; instead it is an "autonomous and self-administered education," which apparently is no longer to be "alienated" through (learning) achievements. Plans for 1982 under the new concept include, among other things, increased education for women and the furthering of youth. The necessary means for that are secured by a change of statute which prescribes that in future at least one-tenth of the party's finances are to be used for political education. The delegates voted 406 to 5 in favor of this statutory change, which would release approximately 100,000 francs for educational purposes immediately.

Initiative To Obtain Finances as Means of Pressure

Party president Helmut Hubacher took action for the first time in dealing with suggestions for launching new peoples' initiatives--which are always numerous at SPS conferences. He explained the party chairman's proposal that the congress should order the party leadership to launch only one, at most two initiatives, and merely set the order of priorities. Highest priority--and this was totally undisputed--was given to the introduction of a referendum on armament credits, as had been demanded by last year's conference in Bern under leftwing leadership. Second, it is to be made possible for the party leadership (and with it the SP fraction in the confederate councils), to launch a "people's initiative in the area of finance with partial appropriation" in favor of public transit, which should contain the following elements: heavy traffic tax, highway stickers and tunnel fees, as well as an expanded appropriation of part of the gasoline tariff surcharge. According to Hubacher, obtaining new state finances is important because "rightist liberalism" pursues a policy which leads to an empty treasury and will not allow Finance Minister Ritschard to be successful. For that reason, he stated, a "goal-directed financial initiative" is even more important at this time than the also desired improvements in social insurance.

Following this, numerous section representatives spoke in favor of launching initiatives in the areas of the "second column" and of health insurance, but also for tunnel fees, party financing and "improved personal protection." Party president Hubacher also denounced the "second pillar" which is being shaped in parliament, and stated that in the council's version it would cause "a national deception rather than a national pension." But in spite of this, he stated, one must not forestall the conclusion of the parliamentary debates. A possible result could be collaboration with the federation of trade unions, which will presumably launch a social political initiative at a somewhat later date.

Radical Rhetoric in Social Policy

Basic criticism of the unusual procedure of delegating the launching of initiatives to the party leadership was heard primarily from the president of the Young Socialists, Anreas Gross from Zurich: "We will not be told by the party leadership for what cause we ought to go into the streets and collect signatures!" According to Gross, the party congress itself must decide which initiatives the party wishes to launch. But this opposition lost 336 to 162. As consolation, as it were, the party leadership had a strongly worded resolution regarding the "second column" distributed and passed, in which the bourgeois parties, among others, are accused of having broken promises made in 1972. The "bourgeoisie" is accused of having no sense of responsibility to the state or to the people.

First, however, the launching of the initiative to introduce the referendum on armament had been decided almost unanimously--even federal councilmember Aubert raised his pink voting card. Thus, the SPS's initiative priority list for the coming fiscal year reads as follows:

1. The introduction of the referendum on armament will certainly be started.

2. The "initiative for obtaining finances" will presumably be launched by the party leadership.

3. In case it should appear "unalterable" to the party leadership, it can launch an initiative on the "second column or health insurance--or at least threaten to do so.

Support of the"Mitenand" Initiative and of the Civil Service Initiative

The party leadership was less successful in its guarded recommendations in support of current initiatives. Still in agreement with the party leadership, the delegates approved the support of the people's initiative "for a real civil service" which had been launched in 1979. They went further in their support of the "Mitenand" initiative, obligating the SPS with a vote of 252 to 160 to join the initiative committee and to participate actively in the campaign. The congress also supported a petition which is to grant all foreigners living in Switzerland for at least 5 years the right to vote in local elections. Support of an RML apprentice workshop initiative and of a termination initiative of the Christian labor unions was rejected, however, in spite of the insistence of two sections from Geneva. We cannot "write blank checks left and right," declared councilwoman Lilian Uchtenhagen from Zurich.

Choice of Business Leadership

After the statutory and undisputed re-election of party president Helmut Hubacher, the choice of the SPS business leadership turned into a somewhat hateful exchange, provoked by the Jusos with a leaflet: Finally chosen for 4 soon to be vacated seats were national councilwoman Yvette Jaggi from Lausanne, Anna Ratti from Casacca, Marcel Schneider from Langnau and Roger Biedermann from Schaffhausen. The Jean-Ziegler assistant Andreas Frutiger, as Juso candidate, and Prof George Peters from Lausanne lost--overall, rather a defeat for the all too aggressive left wing.

9328
CSO: 3103

SIRMEN ASSESS STATEMENTS OF GREEK PRIME MINISTER

Istanbul CUMHURIYET in Turkish 28 Dec 80 p 3

[Editorial by Ali Sirmen]

[Text] The statements that Greek Prime Minister Yeoryios Rallis made to Milliyet are interesting; they are filled with points as contradictory as they are interesting.

Yeoryios Rallis' statements contain positive points from the standpoint of Turkish-Greek relations. Chief among these is his assertion that it would be ridiculous to pursue the Megalo Idea at this juncture. It is encouraging that this country's prime minister has stated that groups pursuing the Megalo Idea in Greece are small and foolish organizations.

Similarly, Mr Rallis' statement that he definitely believes in cooperation between Turkey and Greece is hopeful. And in fact the Greek Prime Minister's assertion that the Ataturk-Venizelos rapprochement was an act of reason and not sentiment and his regarding this past development as a sign of the necessity for cooperation between the two countries are the products of a rational as well as a positive and constructive approach to events.

We see that Greek Prime Minister Rallis believes in the usefulness of a summit conference. He said that when required he is ready to meet with the Turkish prime minister. "However, a number of individuals in the Greek government say that such a meeting must be well prepared and concrete results must be produced so as not to disappoint the peoples of both nations who pin their hopes on it."

One must endorse this approach as a realistic one.

It is impossible not to agree with Mr Rallis' conclusion that the biggest problem between Turkey and Greece is mutual distrust.

From this point on certain contradictions arise in the logic of Mr Rallis' statements which have been internally consistent up to here and which should be greeted positively by Turkish opinion. In fact, with regard to disarmament of Greek islands in the Aegean, Mr Rallis never gave a candid and satisfactory answer, asserting that even to discuss the matter would be objectionable.

Yet we are all aware that international agreements demand all manner of weaponry be removed from the Greek islands in the Aegean.

At a time when, in our opinion, Turkey is acquiesing in the wrong way to points which Greece made conditional for its return to NATO's military wing and when Turkey is making major and altruistic gestures of good will, it should be expected that Athens would favor positive developments on the Aegean islands issue.

Reticence on this matter turns the problem of mutual distrust into a question of: which came first, the chicken or the egg?

If Greece expects an end to distrust as the prerequisite for returning the Aegean islands to the status envisioned by international agreements, it should know that the Turkish public also desires a solution to the islands problem as a positive step in overcoming this distrust. If a first step is required to remove distrust, then the ball is in Greece's corner. For Turkey, right or wrong, took an important step on the matter of returning Athens to the military wing.

On another matter, the Greek parliament's efforts against the Turks of western Thrace aimed at limiting their rights and freedoms and, more, the return of Ataturk posters and Turkish flags sent to Turkish children in western Thrace--both occurring as Rallis' statements go to press--appear to be actions contradictory to the prime minister's words.

Sending Ataturk posters to Turks in western Thrace is not intended to arouse chauvinist feelings among these people.

Ataturk's conception of nationalism is devoid of chauvinism and racism. Besides, Ataturk--along with Venizelos--is one of the two great architects of Turkish-Greek rapprochement.

Despite all of these contradictions, we who sincerely wish to transform the Aegean into a sea of tranquility and cooperation for the peoples of both shores are prepared to view the positive tack of Greek Prime Minister Rallis' statements as the first glimmer of a step forward.

CSO: 4907

MEMBERS OF ILLEGAL KURDISH GROUP ARRESTED

Istanbul DUNYA in Turkish 10 Dec 80 pp 1, 5

[Text] Teams of the Ankara Police Department Political Branch have uncovered activities in Ankara conducted by an illegal group called the Turkish Kurdistan Socialist Party. The teams carried out a series of operations resulting in the arrest of 33 persons.

Ankara province leaders of this group, who were apparently conducting activities with "divisionist and separatist" aims, and militants of cells affiliated with them were also arrested.

As the result of investigations it became apparent that this illegal group--established with the name the Turkish Kurdish Socialist Party and reportedly having a Marxist-Leninist oriented platform--previously disguised itself with the name the Iraqi Kurdistan Socialist Party. It appears that attorney Kemal Burkay, who was convicted on charges of divisionism by the Diyarbakir Martial Law Military Court in 1972, founded the group and serves as its leader. According to gathered information it has been determined that Burkay fled to East Germany after the 12 September coup.

Police seized the charter used by this group--which is known to have conducted joint operations with Freedom Road and the Revolutionary Peoples Culture Association--documents regarding its program, leaflets announcing its establishment, 73 thousand lira in cash, and a check for 175 thousand lira.

In addition, 16,877 books, magazines, newspapers, placards, and leaflets reflecting their divisionist and separatist views and destined for transport to Konya's Yunak district were removed from the place where group members had kept them hidden while in Ankara.

The occupations of the 33, who, for custody purposes, were turned over to legal authorities of the Ankara Martial Law Command along with the documents prepared on them, are: 9 independent professionals, 7 workers, 7 students, 6 civil servants, 1 teacher, and 3 unemployed.

CSO: 4907

NEW SEVERANCE PAY LAW EXAMINED

Istanbul CUMHURIYET in Turkish 10 Dec 80 p 5

[Editorial by Sukran Ketenci]

[Text] Without even 2 months having gone by since the passage of the severance pay law, the topics of discussion during the first scientific meeting on the new provisions have made it evident that the severance pay problem with regard to employer-employee relations is a priority matter and that the solution to such problems will be sought in new legal arrangements.

It has been pointed out that severance pay, which reportedly will take the place of unemployment insurance for short-term employment and retirement bonuses for long-term employment, can never sustain these distorted functions especially after its restructuring. It is evident that even some employers defend the need to establish unemployment insurance as soon as possible.

But the sides support antithetical positions as to whether the right to severance pay facilitates the dismissal of employees. While employers state that the burden of severance pay has an impact on employee dismissal, unionists have stressed that it presents no obstacle to the employers arbitrarily dismissing an employee.

In addressing the new problems brought about by the new severance pay law, the consensus reached for varied reasons was: "Loopholes have been left that are in need of legal resolution. It is defective from the standpoint of legal procedure. As with all laws, implementation has created new problems and new legal arrangements will be required to resolve these new problems."

Minister of Labor Prof Turan Esener has disclosed that the new fund law will clarify "the right to severance pay for resignation." Prof Kenan Tuncomag and other scholars and jurists, who made an evaluation as to the legality of the new provisions, asserted that the law has a mandatory rule: payments cannot be made either for resignation or in other like cases--no matter the description--and employers who do pay will be subject criminal penalties. It is stressed that backward provisions of the law which invalidate labor contracts debilitate the principle of protecting rights already gained.

Some employers have said that the phenomenon called "social flare up" must be monitored and that they are seeking ways of paying severance according to Article 16--since it is illegal at this time to dismiss a worker in line with

Article 13--to workers who want to quit. Some of them defend the necessity of the new legal provisions using a completely opposite tact. They have proposed the abrogation of such provisions in the law as "(a worker) cannot remain less than 30 days."

On the one hand there is an inclination to seek solutions to the problems brought on by the new law in the fund bill or in new legal arrangements while, on the other hand, lawsuits hack away at the right to severance pay.... Moreover, a new ruling has been added to those stating that weekday and holiday wages will not be taken into account for severance pay purposes and that limited military service in related work fields will not be covered by severance pay. In ruling number 1278 of statute 980/1075, certificated periods also will not be taken into account for severance pay purposes.

It is apparent that this is a unique development in the 14-year history of the independent labor movement. But the severance pay right--whose function has been distorted by installing it in the place of numerous worker rights--will be debated for quite a long time and most probably will in the end work to the disadvantage of all workers.

I wonder if those who have opened their eyes to the development of a severance pay right are the ones attempting to find shelter in it? But when will they put on the agenda the innumerable and vastly important worker rights that have never existed in Turkish labor law? We should state right now that this problem was directed at the unionist and the worker long before the employer and the legislator. There must first of all be a realization that insurance for job insecurity and unemployment are more important than severance pay and that severance pay cannot take the place of these prerogatives.

END

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MADRID CSCE'S PROSPECTS SEEN AS GLOOMY

Madrid May 'Fail' as Belgrade Did

Paris ETUDES in French Nov 80 pp 437-447

[Article by Louis-P. Peronne: "Madrid: Razor-Edge Dialog"]

[Text] Representatives of the signatories of the Final Act, the document produced by the Helsinki Conference on Security and Cooperation in Europe (CSCE), began preparatory talks in Madrid on 9 September 1980 for the second Final Act review conference. Reports from those talks indicate history may repeat itself.

Even though the only matters at issue are the conference's procedural rules, the Western powers, flanked by several neutral and nonalined nations, have already clashed with the "bloc" led by the Soviets. Each side is endeavoring to establish an agenda and ruler of procedure calculated to make its own task easier. Each side, gauging the other side's profoundly divergent position, is fearful that the conference may "fail." Each is, therefore, taking steps to lay the blame for any such failure on the other. Thus a new diplomatic duel is underway. And when it ends, no doubt in a wave of frustration and bitterness, people here and there will be all the more surprised because, basing themselves on the experience of the first review conference in Belgrade in 1977-1978, the signatories had thoroughly prepared for this second conference in multiple prior consultations, either bilateral or within various blocs, alliances, or groups of countries.

If, once again, the word failure or semifailure should eventually have to be applied to this conference, this would probably be because of failure to have correctly and carefully evaluated the results of the 1975 Helsinki and 1977-78 Belgrade conferences. It would more definitely be attributable to the mistake of having been satisfied in advance with the little it was felt the conference would be able to produce, given the context which precedes it and in which it will be held.

At Helsinki, the Western nations accepted the Soviet empire's borders as established in Eastern Europe between 1945 and 1947 by the manipulation of communist parties operating under the protective cover of the Red Army. In so doing, the West had given the Soviets great cause for satisfaction, because the USSR had thereby achieved goals it has relentlessly pursued for 20 years and more. This "recognition" was enough to prompt Moscow to proclaim that the cold war was over and that the time had come to devote all energies to "military detente" now that "political detente" was an established fact.

Nevertheless, the West was not so naive as to believe that Europe and the world had definitely settled into an era of peace and harmony.

Consequently, in exchange for recognition of Eastern Europe's frontiers, the Western nations had requested and obtained the USSR's acknowledgement that security in Europe depended upon respect for a certain number of principles in mutual relations between states having signed the Final Act, and even in relations with all other states.

Respect for sovereignty, integrity and nonintervention, respect for human rights and the fundamental freedoms, "including freedom of thought, conscience, religion or belief" (Principle No 7) termed "an essential factor for peace," and what is more, "the right of the individual to know his rights, and his duty to act accordingly in this field": such were the key words, or to be more exact, the essential words of the compromise reached at time when nobody had any idea that courageous men and women were going to form Final Act watch groups or committees. As a matter of fact, the Helsinki document had provided a legal and international basis to the struggle for freedom being waged by those persons whom East European regimes strangely label as dissidents.

Other provisions of that same document reflected a concern all signatories professed to share, namely the "indivisibility" of detente. In fact, Principle No 8 reads that "all peoples always have the right to determine, when and as they so desire, their internal and external political status without outside interference." Further on, the signatories affirmed they "intended to be inspired by the principles contained in the present declaration in their relations with all other states."

Hence detente was no longer that wonderful condition achieved once and for all, but a fragile creation in a constant state of flux. Yet to enable the process to become increasingly viable and benefit one and all through multiple and increasingly fruitful cooperation, the climate of confidence had to be prolonged. That "entente" from which, in General De Gaulle's famous three-phase scenario, "detente" and then "cooperation" proceeded, must not be jeopardized by violation of the Helsinki Charter.

The Final Act was such a skillful, delicate, and subtle balance between advantages and concessions that its formulation took 3 years. Yet it actually constituted a whole, and the Soviet Union, no more than any other signatory, was not blind to this fact. True to its logic and ambitions, the USSR did not delay, however, in proclaiming that the ideological struggle was "outside the scope of detente," that the Third World was another question altogether, and that Europe's security could be strengthened only by tackling the problems of another kind of detente, namely "military detente."

Did this mean that the West had simply been duped in Helsinki? The West marked time with a magnificent but ineffective document, and the USSR forged ahead, confining and exiting some of its citizens, intervening in the territory of other countries. But the frequently denounced naiveness of the Western delegates was not that great. Admittedly the frontiers had been recognized, the division of Europe officially accepted. But whoever seriously thought of challenging that division? In exchange for acceptance of a "fait accompli," the West had not only obtained acceptance of that "code of conduct" which is the framework of all security in Europe and elsewhere, but what is more, the West had obtained the means of periodically and contradictorily

verifying strict compliance with the obligations the signatories had assumed jointly. The 35 signatory powers had, in fact, agreed to meet periodically for a thorough exchange of views "on implementation of the provisions of the Final Act and execution of the tasks defined by the conference" (of Helsinki), "as well as on the promotion of better mutual relations" between signatory nations, "enhancement of security, development of cooperation in Europe and development of the process of detente in the future."

The Belgrade conference was convened pursuant to this joint decision, and so is the Madrid conference scheduled to open on 11 November 1980.

Reappraisal of the "Failure" of the Belgrade Conference

While recalling these provisions of the Final Act is necessary to any understanding of the discussions about to take place in Madrid, an appraisal of the results of the first review conference, the one in Belgrade, is just as necessary. Is the confusion which has been fostered, knowingly or not, about the results of the first review conference on implementation of the Helsinki Accords, liable to weigh heavily upon the current preparatory talks that began on 9 September 1980? Everything inclines us to fear this will happen, particularly when we recall that in Belgrade the tensions and vicissitudes which a characterized the discussions had eventually obfuscated the real causes of the difficulties encountered.

True to both the letter and spirit of the Fianl Act, Western powers and neutral countries--Austria, Sweden, Switzerland, etc.--had exercised their right to denounce violations of the principles all signatories had accepted 2 years earlier in Helsinki. In several East-European countries--USSR, Czechoslovakia, GDR, and Romania--these years had been filled with the harassment, followed by executions, of dissidents, and especially of the organizers and members of the Helsinki watch groups. These years had also been marked by an appreciable improvement in the "humanitarian field" --family reunions across East-West borders, marriage between citizens of different countries--notably in Hungary, in Poland, and to a less significant extent, in Romania.

During their full-scale review, Western delegates, acting "without complacency or aggressiveness," drew up a list of all the good and bad actions. Preoccupied with trying to prove that detente was still alive--which was the best way of relatively minimizing the infractions of which they were guilty--the Soviet Union and the East European countries listened to the Western delegates more often than not without grumbling. Their delegates evoked the principle of noninterference merely from time to time, whenever, in their opinion, it was being violated by certain Western delegates.

Was this enough to permit the conference to move on and seek to promote better mutual relations, in other words, examine proposals of cooperation; and if yes, in what fields? The answers given to this twofold question, and the manner in which they were given, actually dictated the conference's subsequent deliberations and their outcome, as well as the image they projected outside the conference.

For the Western powers, the essential point would have been obtaining an official acknowledgement of infractions by those countries deemed guilty of such. Instead of an admission of guilt, something impossible to obtain from such a powerful country as the USSR, a renewal of specific pledges coupled with concrete criteria, would have ultimately been acceptable. Once such pledges had been given, a number of proposals could have eventually been accepted, on condition that as a whole they reflected a balance between the different parts of the Final Act.

For the Soviets, the slightest admission of guilt was out of the question, even if discreetly and adroitly formulated. And if certain proposals were accepted, they would have to be free of any pejorative connotation. The Soviets repeatedly asserted that detente could gain ground only through such measures as nonrecourse to nuclear weapons or official renunciation of the neutron bomb.

The two viewpoints were so widely divergent, that it would no doubt have been wise to acknowledge the fact. This was not done. The increasingly acrimonious debates went on for several months. Even though Western delegates had said all they considered fair to say about the threats to detente, the U. S. delegate, under pressure from certain American lobbies and prompted by his own personal fantasies, incessantly reverted to the "full-scale review," and thereby succeeded in progressively alienating some of his country's friends who were vexed by the incoherence of his remarks. The length and repetitiveness of his attacks were a windfall for the Soviets because it gave them a wonderful opportunity to divert attention from the real issue, at least partially.

Lastly, in the view of Western nations, what was called the "failure" of Belgrade had been concerned with secondary matters. Yet this failure issued a warning. By inordinately prolonging the debate on new proposals, Western delegates had weakened the importance of these proposals in the eyes of their public opinion which thus felt frustrated. Probably still more serious was the fact that they had revealed profound dissension within their ranks. And they had "discouraged" some neutral and nonaligned countries, even though the latter had agreed with their analyses and misgivings. To give but, one example, the West had failed to realize that the Belgrade conference could but reflect a situation, that it was only a sort of camera and that its pictures, unless faked, could depict only reality. It was impossible to conceal clouds and make a blue sky out of a sky that was not blue!

Belgrade would have been a real failure if each delegation had returned home satisfied with a small package of new economic, social, and cultural proposals, plus an anodyne final communique! This communique tried to make us believe that detente was still continuing and remained viable, whereas subsequent events were to prove the exact opposite: trials of the dissidents, boat peoples, coups in Kabul and Yemen, invasions of Cambodia and Afghanistan, and so forth from Belgrade to Madrid without interruption. And without hope?

Towards Another "Failure"

To prevent history from repeating itself in Madrid, delegates must definitely look simultaneously at the conference's objective and return to the source document. The spirit and letter of the Helsinki Final Act should be used as a reference to dispel all illusions and clearly establish what is possible and the means to achieve it.

The lessons of Belgrade are quite clear, and yet the most persistent illusion has steadily continued to grow. Numerous "diplomatic" meetings have bolstered the idea that a good agenda and new methods of work could produce substantial results this time. Official statements may have had this effect on the preparations for Madrid. But on the eve of the opening of the conference, we are forced to admit and proclaim that the combined conditions of a useful conference still do not exist. The picture is even gloomier than on the eve of the Belgrade meeting because the attacks on detente have steadily increased in gravity and number since Belgrade.

In gravity: convictions, expulsions of "dissidents" relentlessly pursued at an Olympic tempo, particularly in the USSR, with utter contempt for pledges and commitments.

In number: efforts to eradicate "dissidence" by every possible means, plus the occupation of Afghanistan by Soviet troops and the attempt to subject that country's people to a government brought into the country by the Red Army. In Afghanistan, the Red Army is employing all the modern means of destruction, except nuclear weapons, in bombing villages, deporting populations, destroying vegetation, etc. The Red Army has the complete arsenal required to the perfect aggressor. The USSR's violations of the Final Act have been so numerous and so grave that any hope that it could be beseeched and persuaded to make some gestures has finally crumbled. Could a gesture or vague promise made at the right moment recreate the illusion? We must beware of this and reiterate that respect for the rights of "dissidents" and total withdrawal of Soviet occupation forces would be the only way to restore that indispensable climate of confidence which is the cornerstone of detente.

Because it does not believe in miracles, the French Government had first considered requesting that the conference be postponed. This rather logical approach entailed the danger of halting a process that has not lost all of its value. In addition, those nations who proposed to emphasize, within a special framework, the still necessary conditions of detente, would be deprived of a forum. This approach also allowed others to escape a dreaded full-scale review and at the same time offered them the opportunity to shift the blame for "failure" onto the shoulders of those who would have refused to come to Madrid.

The idea of a postponement having been abandoned, the Madrid conference is, therefore, about to open. What will be done there? Although the course to follow is clear, there is no assurance that it will be followed. There is even the fearful possibility that by refusing to face reality and by forgetting the lessons of Belgrade, several countries, full of good intentions but devoid of imagination, may well end up following the course the Soviet's want them to take.

Two objectives will govern the Soviet delegation's attitude. The first is to have the atmosphere and possible decisions of the conference give the impression that detente is still viable. The second objective is to prevent the accusations leveled at the USSR from being "recorded" in any document, even by way of some veiled allusion.

To achieve its first objective, the USSR will probably take a conciliatory attitude toward certain proposals in the social, economic, scientific, and even humanitarian fields. To achieve its second objective, the USSR could, if necessary, exercise its veto power. While these two tactics are hardly reconcilable, the Soviet delegation--luckily for it!--does have a way of eluding the contradiction. It can rely on delegations from neutral and nonaligned nations, indeed even perhaps from some Western powers who, confounding form and substance, and to avoid "breaking" the camera, would countenance abandoning the spirit of Helsinki, a spirit based on balance and concessions, in favor of sectorial progress.

For the West, the objective is obvious. Responsibilities for the situation must be frankly stated and detente must be corrected, not by the subterfuge of paltry pledges but by a change in behavior, a change duly and regularly verified "without

aggressiveness or complacency." Madrid must be the occasion on which to try once again to make the Soviet Union understand that detente is not a one-sided, process, that it has its rules, and that it would be dangerous to refuse to act accordingly. For this reason, the proposals the West might make ought to cover all fields and be so worded as to permit appraisal of the violations of principles, noncompliance with which has jeopardized relations between states. Ambiguity is the snag that must be avoided. The lesson of Belgrade is quite clear: too many proposals result in lengthy debates that divert the attention of public opinion from the essential issues to petty questions. If no proposal were to be adopted after long months of discussion, everyone would scoff, as was the case in 1978. If certain relatively trivial recommendations were to be adopted, everyone would say, and rightly so, that the mountain had labored and brought forth a mouse.

The French Government is no doubt aware of this danger and for that reason is preparing to submit really new proposals that, while in keeping with the spirit of Helsinki, would start to get the conference back on track. The idea would be to no longer be content with formal gestures and empty phrases, but to take a decisive step forward toward disarmament. The Final Act already calls for "confidence-building" measures. Their noncompulsory character and other limitations have minimized their scope and impact. By recommending that these measures be made compulsory and the scope of their applicability be decisively expanded, the French Government proposes to feel out the intentions of each and every participant.

This French initiative actually creates multiple problems. There are arguments in favor of opening a dialog on this subject in Madrid. The Final Act contains an explicit reference to it, and the Belgrade communique includes the commitment to discuss security questions at the Madrid conference. Finally, as indicated by the Yugoslav delegations's last-minute efforts to "save" the Belgrade conference, the neutral and nonaligned nations attach great value to it. Success in this area could, therefore, help enhance the importance of the "aftereffects" of the Conference on Security and Cooperation in Europe. All of this probably explains why France reportedly plans to go beyond confidence-building measures and speak about disarmament in Madrid.

Yet while France has its own plan, the Warsaw Pact likewise has its own ideas, and the overwhelming odds are that it will be able to stir up a great deal of controversy over them both during and after Madrid.

There are, of course, other risks. The most serious risk is that adoption of "military detente" as a course of action may contribute to shifting the post-Helsinki center of gravity and relegating such prime concerns as human rights and the rights of peoples to secondary rank. At worst, there is even the danger of "eviscerating" meetings like those in Belgrade and Madrid, in favor of a specialized conference or body that would no longer deal with anything but the problems of disarmament in Europe, without anyone being able to guarantee that it will do better than similar bodies in Geneva or Vienna!

There is also a second risk, namely that in the immediate future the Soviets might use this new approach as an additional means of bolstering their campaign against the deployment of Pershing missiles in 1983 as approved by NATO in late 1979 to counterbalance the deployment of Soviet SS-20 missiles. Any agreement--undoubtedly procedural--such as the formation of an ad hoc group of experts, will be exploited to show

that the Pershings are unneccessary and also to strengthen groups already reluctant to support the Pershing deployment, particularly those groups in the Netherlands and Belgium.

The third risk: if, as the French will request, the Madrid conference does confine its discussion to only those forces deployed in Europe, will this not mean accepting a localization of detente, whereas the West has continuously insisted that detente is global in character? There is no apparent answer to this contradiction!

Limiting the discussion to conventional forces, even though the East European countries want to include nuclear weapons and this view is shared by many neutral and nonaligned nations, is an additional element of risk, the fourth, which the Madrid conference would put into concrete form by creating a study group without having first established definite guidelines for its work.

It is obvious, therefore, that any decision, even one of a procedural nature, must of necessity have concomitant guarantees of real progress toward disarmament. And the way of meeting this requirement is actually to obtain approval of a policy of compulsory prior notification of maneuvers and control of troop movements, and lastly, to have the area in which all new confidence-building measures are applicable extended beyond the limits set in Helsinki, i.e. "in an area within 250 kilometers from its frontier facing or sharing with any other European participating state." If this area were made to extend from Gibraltar to the Urals, then the Madrid conference would have succeeded, as suggested in the Final Act, in "complementing detente in Europe by taking effective measures there which by their scope and nature would constitute steps toward disarmament."

We have not reached that point and undoubtedly will have to wait until the first few weeks of the Madrid meeting before making official proposals on such a delicate matter. To prevent the almost inevitable ups-and-downs of a gathering of delegates from 35 nations from further obscuring an already somber situation, should not serious thought be given to establishing a procedure that, in any case, preserves what is essential, in other words, the factual assessment of the situation. And do to this, would not the simplest way be to limit the time allowed for the "full-scale review"? Throughout this review process, which takes several weeks, should not an effort be made to enlighten public opinion which, when the full-scale review is over, would be officially informed of the conclusions drawn therefrom by the French Government. It is then, and only then, that Paris would determine whether it is advisable to make new proposals. There is no doubt that the net results of the full-scale review will be dismal and that opinion on what follow-up actions can be taken will be pessimistic. But in acting in this fashion, we shall remain free either to support this or that proposal or to accept responsibility for it, with due respect for the balances.

Furthermore, if necessary, and without waiting any longer, we could seek to put an end to any unnecessary prolongation of the discussions that, as in Belgrade, would ultimately and inevitably obscure the results obtained in the beginning.

Does history repeat itself or not? It teaches. And the lessons of Helsinki and Belgrade must be learned before the Madrid conference.

Soviet Response to Western Criticism

Paris LE MONDE in French 8 Nov 80 p 7

[Article by Daniel Vernet: "Soviet Press Takes the Offensive"]

[Text] The Soviet press is stepping up its criticism of the attitude of Western countries--except France--on the eve of the Madrid conference that is scheduled to begin, on 11 November, reviewing compliance with the 1975 Helsinki accords. Moscow is accusing Western nations of seeking "political confrontation" with the socialist countries, of wanting to place the latter in the position of defendants charged with violations of human rights, and of rejecting their constructive proposals calculated to create "a climate of cooperation," in short, of trying to transform the Madrid meeting into a "political corrida." The news agency TASS noted that "the American delegation's main tactic consists in preparing provocations to be employed against the USSR and other socialist states."

The Soviets had expressed similar fears before the 1977 Belgrade conference, and to such a point that observers had been led to wonder whether the USSR was not actually seeking an adjournment. The same question arises anew on the eve of the Madrid conference, especially since after having initially appraised the Belgrade conference as positive, the Soviet press is now referring to the "negative atmosphere" which allegedly characterized that meeting.

Nevertheless, even though the Soviets do have some reservations, they seemingly do not want to take the initiative of a break that would eliminate a forum so symbolic of the detente of the 1970's. The weekly NEW TIMES warned: "The socialist countries are in favor of continuing the Pan-European process...,but if anyone expects to transform the Pan-European conferences into an instrument of antisocialist policy and a cold war weapon, then this may have a serious effect on the Pan-European process initiated in Helsinki."

Hence the threat is a latent one. But inasmuch as the decision has been made made to hold the Madrid conference, it must take place. At their October meeting in the Polish capital, Warsaw Pact foreign ministers even approved a Romanian proposal to hold another meeting of this type in Bucharest in a few years. The communique of this foreign ministers' meeting explained: "At a time when the international situation is complicated, the Madrid conference becomes increasingly important" and must "confirm detente as the major trend in the European situation." The USSR and its allies claim that for the conference to succeed, it must devote most of its deliberations to the prospects of detente, particularly in the military field. "Of course, those delegations desiring to have an exchange of views on the implementation of the Final Act will have every opportunity to do so," TASS explained as if this were a major concession, "but without thereby preventing the Helsinki process from making progress."

Grist to the USSR's Mill

From the very beginning, the socialist bloc, for quite undertandable reasons, has wanted to give preferential treatment to the Final Act's first two "baskets" at the expense of the third basket. Baskets 1 and 2 cover questions relating to strengthening security and peace in Europe, and to economic and commercial cooperation. Basket 3 has to do with cooperation in humanitarian and related fields, including information and human contacts. According to this socialist view, the first two baskets must be

the subject of actions common to all 35 signatory states, whereas the third basket is each government's own concern.

On the first point, the socialist countries propose that the Madrid conference examine "the military aspects of security in Europe and concrete measures" (to strengthen it) "and that it approve the convening of a conference on military detente and disarmament in Europe, and specifically establish the time, place, and agenda of that conference. "In their view, this is "the most pressing task." Poland has suggested that this conference be held in Warsaw.

This proposal, first made by the consultative committee of the Warsaw Pact heads of government in May 1979, revives an idea initially launched by the President of the French Republic. Yet Giscard d'Estaing's proposed conference on disarmament in Europe differs appreciably from the USSR's proposals. The USSR seems to be more interested in "confidence-building measures" than in real disarmament. It wants to include all weapons, even nuclear, in the negotiations, whereas in the French president's opinion the principal danger threatening Europe stems from the build-up of conventional forces. Lastly, the USSR does not want any of the measures that could be approved to apply also to the non-European part of its territory.

The USSR is also reiterating its proposal for a Pan-European energy conference. And within the provisions of Basket 3, it urges delegates at the Madrid conference to "resolutely" declare their opposition to use of the mass media "to increase international tension and accelerate the arms race." The USSR also urges delegates to adopt a "moral code for international jounalism" so as to eliminate attacks against East-West detente.

The USSR has prepared a two-stage response to criticism of its human rights violations. In the first stage, it strongly denounces conditions prevailing in capitalist countries. In this campaign of denunciation, everything is grist to the USSR's mill. It denounces the "new" American nuclear strategy, the Olympic Games boycott which it contends is contrary to the spirit of Helsinki, the publication of an anti-Soviet history textbook in France, as well as the existence of a psychiatric prison in Great Britain or [Justice Minister] Alain Peyrefitte's "security and freedom" plan which represents "an attack against workers rights."

In the second stage of the USSR's response, its representatives assert that human rights are "solidly protected by the Soviet Constitution and laws." The USSR even wants to turn the recent trials of dissidents to its advantage. Some defendants having acknowledged their "errors," the USSR will endeavor to show that the trials were fair. Defendants who were convicted knew they were guilty, while those who "repented" were shown clemency. Nevertheless, the Soviets have so few illusions about the strength of their case that they would certainly rather not have to defend it.

8041
CSO: 3100

REPORT INDICATES NATURAL GAS DEVELOPMENT COSTS HIGHER

Copenhagen BERLINGSKE TIDENDE in Danish 25 Nov 80 p 3

[Article by Johannes Bundgard]

[Text] The natural gas project will give Denmark a tremendous deficit. At best the deficit in terms of 1977 prices would be 13 billion kroner in the year 2000. At worst it could be 34.7 billion kroner and the most likely figure is 29.1 billion. This enormous price would be paid for a less assured supply than in the case of oil.

This is the conclusion of three reports from B&W-Damp, Inc.'s planning division on the most extensive and detailed calculations ever made on the "profitability of the natural gas network for Denmark."

Neutral Calculations

The extensive computer calculations were made by the firm's energy planning division as part of the concern's long-range planning in the energy sector. They were not meant as a defense of or attack on the natural gas project. The intention was, as the introduction says, "to present a number of calculation results which in our opinion should be included as part of the basis for decisions made by the government and Folketing."

The intention was never fulfilled. The reports were designated internal working material and never reached Folketing. The big computer models used for the calculations still exist, however, and could be used if the growing demand in Folketing for a new evaluation is carried out.

The results of the 1978 calculations were shocking in comparison with the results others had come up with. The Trade Ministry thought that in 1995 society would have received earnings of 10.2 billion kroner in 1975 prices. The oil industry's Joint Committee calculated a deficit of 3 billion kroner for the same period at the same prices. The Finance Ministry later estimated the proceeds to society in the year 2000 at 7.7 billion kroner in 1977 prices.

Prices Incorrect

Calculations with the help of the computer model on the same terms used by the Finance Ministry in its so-called investment report gave the same results with great precision, demonstrating the reliability of the model. Then they added the conditions that have changed in the meantime and those not included at all in the government calculations. All led to a poorer end result.

Gas and oil prices were set too high in the first calculations. Real interest rates were higher than originally postulated. The limists set on the natural gas project by the VS [Liberal-Social Democratic] government resulted in a substantial deterioration. In addition the government had failed to take into account household expenses in a transition to gas operation. Ordinary loss of gas in the pipeline was not included and finally the government had set the so-called lower fuel value for gas 9-10 percent too high. That alone brought the calculation results down 2.4 billion kroner.

Finally different calculations were made of gas price increases in excess of price increases for other forms of energy. The government did not count on this even though demand for gas in Europe might rise so rapidly that prices would be affected by the price of liquefied natural gas.

Guaranteed Supply

Since the aim of the apparently loss-producing project was to create guaranteed energy supplies it should provoke objective interest that the reports estimated that the certainty of gas supplies would be much lower than the certainty of oil supplies.

Against this background an independent report estimated the profitability of a project based simply on bringing the gas ashore, distributing it to the southern Jutland region and exporting the rest to the European gas network.

The result is a surplus of a good billion and internal interest on the project at 17 to 20 percent. All depending on price fluctuations. Against this stands the fact that the government has calculated internal interest on the gas project at 6 percent, a figure which according to the model calculations must be reduced to a loss-producing 1 percent.

6578
CSO: 3106

GAS TURBINE POWER PLANT NEARING COMPLETION

Paris L'USINE NOUVELLE in French 27 Nov 80 p 99

[Article: "Gas Turbines: A Second Youth Thanks to Coal"]

[Text] By putting two gas turbines into operation very shortly in Brittany to deal with the electrical shortage in this region, the French Electric Company will complete its knowledge of this technology, which could, with the gasification of coal and the combined cycle, bring about a solution of the peak period problem in 1990.

In the next few weeks, Brittany will finally have the means to deal with an unforeseen rise in the demand for electricity. The installation of two gas turbines, decided upon by the public authorities after the big blackout of 19 December 1978, is practically finished, and the first trials are about to begin.

Built on the site of the 70 MW heavy-water atomic energy plant of Brennilis in Finistere, these two Alsthom-Atlantique turbines, 85 MW each, cannot make the claim of solving Brittany's electrical shortage, but they will allow the peak periods to be handled.

Brittany, let us remember, must rely on the Loire for nearly 94 percent of its electricity. The means of production installed in the four Breton departments only covered 6.4 percent of the needs in 1979, and they will only represent 16 percent of the needs in 1985. Even if the two atomic series at Plogoff are built, only 62 percent of Brittany's needs will be satisfied. So these two turbines, to which will be added two others of the same power which will be put into service at the end of 1981, on the Dirinon site near Landernau, can only, obviously, make up the difference.

Reliable Machine, Reasonable Investment, But More Expensive kWh

However that may be, this is an installation on which the return is certain; it could even be brought to play a considerable role around 1990 in handling the peak periods.

A gas turbine is essentially a machine which uses the expansion energy of a high-temperature combustion gas to produce electricity. It consumes principally distilled heavy fuel, domestic fuel or natural gas (this last is a preferred fuel, for it

permits a great operating flexibility). According to the specialists, a gas turbine is a reliable machine which permits the adjustment, under good conditions, of the production facility according to changes in the demand for electricity. Also, the investment is reasonable: in the economic conditions of 1 January 1980, the investment corresponding to the installation of this pair of turbines was estimated at 2000 francs per kilowatt (the cost is 3600 francs for an atomic plant).

In return, a gas turbine produces an expensive kilowatt-hour. Taking into account the small power of the unit, an average use of 500 hours per year, and an amortization of the installation calculated over 20 years, the cost of a kilowatt-hour produced at Brennilis will be on the order of 70 centimes, of which approximately 20 centimes represents the fuel (the price of a nuclear kilowatt-hour is 13 centimes).

In fact, such a machine devours 24 tons of fuel an hour, or 32,500 cubic meters of gas! As to the output, it is inferior to that of steam turbines. For Alsthom-Atlantique, the only French builder of gas turbines in this range of power, which has had solid experience since 1956 with a long series of 25 MW and at least thirty 85 MW turbines, current technical changes could erase many disadvantages mentioned previously.

The needs of a part of the clientele wishing to have at its disposal ever more powerful and better-performing machines has led Alsthom-Atlantique to add two new turbines to its present range. The first is a new, more powerful version of the Brennilis turbine; it will produce 107 MW, with a 32 percent output (the first two will be installed in Ireland); the second will have the volume of the 25 MW model, but will produce 38 to 40 MW. The prototype is being built at Belfort.

9508
CSO: 3100

GEOTHERMAL WELL WOULD SAVE 4,500 TONS OF OIL YEARLY

Paris LE MATIN in French 25 Nov 80 p 14

[Article by Gerard Mejean: "Geothermal Energy: First Drilling Will Not Cost Over 280,000 Francs"]

[Text] The city of Valence hopes to heat 8,000 lodgings by using its aquiferous reserves. To "see" if this can be done, it need only risk a modest sum.

By way of Melun, Creil, Mont-de-Marsan, and Lodeve, where it has become a reality, and of Strasbourg, Bordeaux, La Courneuve, and Orly, where drillings are under way or completed, geothermal heating is slowly making headway. Today, it is Valence (Drome)'s turn to gamble on geothermal energy. It is a gamble on which the city administration need put up only 280,000 francs, to "see," of the 14 million francs the first drilling will cost. If the results are positive, the municipality will be able to heat 5,500 lodgings and some administrative offices from its underground reservoir of water at over 100° C, thus saving over 4,500 tons of equivalent-oil yearly.

Studies carried out jointly, since 1974, by the BRGM [Bureau of Geological and Mining Exploration] and the Geophysics Company, have shown very promising results. A reflection survey begun in 1979 at the Geothermal Energy Committee's request has revealed the existence of aquiferous reservoir being sought at between 3,000 and 3,600 meters deep. As a result, the water temperature will vary between 100°C and 115°C. The first test drillings will begin in a few days. They will be conducted by the Elf-Aquitaine Company and will cost 14 million francs, to be covered by the Geothermal Energy Committee (6.8 million francs), the European Community (1.1 million francs), the Rhone-Alpes region (1.1 million francs), the Department (1.1 million), Elf-Aquitaine (2.7 million) and the Valence municipality, which will contribute only 280,000 francs.

If the initial results, which will be known in 3 months, are negative, the city will have lost only a minor amount of money. If they are positive, it will have won its wager. It will then reimburse Elf-Aquitaine's investment and a part of the Geothermal Energy Committee's grant, and the second phase of the project will start, that is, a second drilling and installation of the necessary pipeline. The entire operation will require an investment totaling over 40 million francs. A

very detailed economic study has identified a listing of future users of Valence's thermal network: 17 potential clients (government services) representing 4,000 equivalent-lodgings were identified, in addition to the 5,500 lodgings of the ZUP [Zone Designated for Immediate Urban Development] and the Polygone district.

The initial connections to the network will serve the latter lodgings and 2,500 of the equivalent-lodgings. The first heat will be made available during the 1981-1982 winter season. It is estimated that the use of geothermal energy will result in a savings of 4,500 tons of equivalent-oil yearly.

For the first time in France, the city administration will retain control of the operation and will decide the selling price of heat to its clients.

"This is an interesting and delicate operation," comments Roger Leron, first assistant to the mayor of Valence, "--interesting because it can give Valence true energy self-sufficiency, and delicate because of the number of participants, and the government's prior conditions and refusal to exceed the estimated cost, a moderate one for this type of undertaking, notwithstanding our project's uniqueness and difficulty of achievement."

9399
CSO: 3100

STORMS PREVENT RECOVERY OF TRAPPED OIL FROM SHIPWRECK

Paris LE MONDE in French 21 Nov 80 p 36

[Article by Marc Ambroise-Rendu: "The Government Decided to Continue Tanio's Oil Recovery Operation"]

[Text] Will Brittany ever be freed from the 8,000 metric tons of oil which have been trapped, sine last 7 March, in the Tanio's wreck laying off Finistere by 91 meters depth? Once more, on Friday 14 November, a storm has knocked over the system setup to attempt to pump out the oil. The tanker "Port-Joinville" broke its lines and it was forced to return to Brest.

This failure, which follows a number of similar ones, has forced the Sea Interministerial Committee headed by Aymar Achille-Fould to reconsider the justification for going on "at any cost" with an operation which certainly did start badly. Gilbert Delauze, director of COMEX [Maritime Appraisal Company] the firm commissioned to recover Tanio's oil, has been summoned on Tuesday, 18 November, to Paris.

After 3 months of work, results are not exactly encouraging. Only 400 metric tons of fuel have been pumped out, and already the expenses are in excess of 80 millions French francs. It is true, as the COMEX director argued, that there has been a succession of bad breaks.

His firm does not lack technical references. It has successfully recovered the 10,000 metric tons of oil from the "Boehlen," an East-German tanker which went down off Brest, in January 1976. Therefore, it was quite natural for the authorities to request that its technicians handle Tanio's wreck. COMEX offered the system which had been so successful then: to warm up the oil so that it would be fluid enough to be pumped out. In the Boehlen's case, oil was burned as it was recovered. For Tanio's wreck, it was decided to salvage the recovered oil. This was to be loaded into a "lighter-tanker" - "Port-Joinville" - which was itself anchored to an articulated column of 120 meters long, 5 meters wide, with its base resting on the ocean floor.

The French Navy, entrusted by the government with the surveillance of this operation, signed an agreement with COMEX. As indicated by our Brest correspondent, Jean de Rosiere, this firm contracted to empty the shipwreck before the first of September 1980 for a sum of 50 million French francs. Every day of delay was to be penalized, except for those produced by bad weather interferences or because of unforeseeable technical difficulties. By the end of September, COMEX divers--some 25 men operating in relay--opened in the shipwrecked hull 4 holes to which flexible hoses were attached, to serve in circulating the hot water/oil mix toward the sea surface. Fourteen other holes were to have been made to get access to the various ship compartments.

In order to make up for lost time, it was decided to simultaneously pump and cut holes. Unfortunately, the tip of Brittany peninsula was to be hit by storms much more early in the season than usual. So that COMEX was only able to pump out three hundred metric tons of oil, between October 4 and 6.

243 Millions Are Available

Sine then, a chain of technical difficulties and spells of bad weather has practically blocked the rescue efforts. Twice the lines which moor the "Port-Joinville" to the articulated column have been broken; the flexible hoses too have been damaged. Repairs of these damages had to be done either in Brest or Roscoff harbors. Finally, everything was ready last week to start pumping again. The hot water system had been activated, the pipes verified. A 5,700 hp tugboat, "Alexandre," had been called-in to assist in maintaining the "Port-Joinville" tanker on station over the wreck. Another storm has completely reduced these preparations to nought.

Should one persist? if it is remembered that good weather will probably not return before spring. COMEX director has indicated that more "flexible" lines will be installed, together with pipes of a smaller diameter. The Sea Interministerial Committee has given its agreement to the continuation of the operation(1).

It is true that, following the Brussels Agreement of 1971, it is the International Compensation Fund which is supporting the cleaning operation. The maximum amount by the Agreement is of 54 million of U.S. dollars (equal to 243 million French francs). So, there is still a wide margin before this amount is reached.

It is also true that local authorities and French elected officials are afraid of an eventual interruption of the cleaning operation and, who knows, another black tide. On 4 December the parliamentary members of the Sea Committee are due to visit the "battle scene." Finally, the results from the technical investigations into the shipwreck circumstances, requested by the Transports minister, are expected shortly. The Tanio's affair is only starting to develop now.

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(1) On 19 November a dozen of elected members of the administrative committee for the coordination and surveillance commission of the coastal communes guided by Jean-Yves Simon, head of the committee, a county councillor, (PS) went to Roscoff, where COMEX has a base, to proceed with their own inquiry. This--as they observed with regrets--because their "requests for information directed to Messrs Achille-Fould and Barre had, to this day, not received any answer."

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FINANCE MINISTER SAND DISCUSSES OIL DEVELOPMENT POLICY

Copenhagen BERLINGSKE AFTEN in Danish 7 Nov 80 pp 1, 5

[Article by Kirsten Mikkelsen]

[Text] Stavanger and Oslo--International oil companies are standing in line to get a chance to drill for oil and gas on the Norwegian continental shelf in spite of high taxes and state involvement and control. Norwegian Finance Minister Ulf Sand told our correspondents in reference to the Danish oil policy: "We couldn't live with that in Norway."

If Norway did not have oil and gas there would be a lot of Norwegian unemployment today. Therefore the Norwegian man in the street's dream of driving a Norwegian Volvo and hiring a Danish chauffeur will never become a reality. But with the amounts of oil and gas already found in the Norwegian shelf and new finds indicating gigantic reserves reality is good enough.

The oil and gas in Norway belong to society. National guidance and control, state involvement, modern concession policies, moderate development tempo, Norwegianization of activities, public spirit and national freedom of action are words heard over and over again in energy circles and among people from the ruling Labor Party as well as from the biggest opposition party, the Conservative Party.

Norwegians seem to have stopped calculating in millions of kroner, everything is counted in billions. They juggle with future revenues so large that Danes usually hear of such amounts only in connection with obtaining foreign loans and with the national budget.

Our reporters have talked with politicians, economists and industrial people in Stavanger, the center of the Norwegian oil industry, and in Oslo where strategy is planned and the oil billions are controlled.

No matter who you talk to, everyone knows the current price of a barrel (159 liters) of Arabian Light, the Saudi Arabian oil that sets the price for the entire international oil market, currently $36 a barrel. And everyone knows the North Sea oil is of the highest quality.

The Greeks, for example, have just been in Norway to beg the Norwegians to sell them low-sulfur oil--in reference to preserving the Acropolis which is being worn away by high-sulfur oil pollution.

The finance minister, the oil and energy minister, the deputy minister of industrial affairs, the director of the National Bank, the director of the Norwegian Industrial Association and people in the oil industry all get a faraway look in their eyes at a mention of Danish oil extraction and concession policies.

Undersecretary Trygve Tamburstuen, deputy minister of industrial affairs: "We have planned an oil policy that is diametrically opposed to the Danish one. We have obtained the highest level of competence from the international oil companies but on our terms. Over here we look with amazement at the way matters have been approached in Denmark.

After tax rules were tightened up--as approved by Storting this spring--Finance Minister Ulf Sand has at his disposal 85 percent of the oil and gas revenues from the Norwegian shelf. In 1981 this will mean 29 billion kroner going right into the state treasury. Of conditions in Denmark he said with a laugh: "I don't know much about that but as far as I can see we couldn't live with it in Norway." England has a similar taxation of oil revenue. "They got that under the Labour government. But look at Thatcher and see if she changed it."

Unanimity on State Involvement

In Denmark a succession of Social Democratic regimes is responsible for Danish concession policy and the monopoly over oil and gas extraction from Danish subterranean areas held by DUC, the Danish Underground Consortium, today. In the North Sea, however, 70 percent of the monopoly is held by the three multinational companies, Shell, Chevron and Texaco. Only the 30 percent owned by the owner of the concession, A. P. Moller, is in Danish hands.

Last Monday the Nordic energy ministers met in Helsinki where Poul Nielson also talked to his Norwegian colleague, Arvid Johanson, who is new in the post of oil and energy minister. Arvid Johanson told this paper that he did not give his Danish colleague good advice but that "some things here might be of interest to Poul Nielson."

The state oil company, Statoil, which in principle but not in practice corresponds to DONG, Danish Oil and Natural Gas, Inc., entered into 50 percent of all the activity in the North Sea 8 years ago. The decision on state participation in oil activity was unanimous--to date the only thing concerning oil production on which there has been 100 percent agreement by the six parties in Storting.

Since then there has been political disagreement on the extent of Statoil's involvement in exploration, extraction, transport, refinement and marketing. The Conservative Party is afraid that Statoil is developing so much power in the Norwegian society that it is becoming a state within the state.

Statoil has 1100 employees in Stavanger, 10 of them foreigners. When Norway became an oil nation many Norwegians returned home to join in. Some of them had 15, 20 or 25 years of experience in the oil industry in other lands.

Taxes at 85 Percent

"Statoil is part of things from the first study to the time the drops flow out," Finance Minister Ulf Sand told us. "We see the international companies with their foreign expertise as a necessity for us. Nationalization has never been seriously considered. We follow developments on the price front closely. If there is a sharp rise in oil prices the present tax system would be inadequate and we would have to tighten it up more."

This spring Storting tightened the tax screws from 70 to 85 percent without opposition from the nonsocialist parties. The oil companies protested loudly. For a while the government feared that the tax increase might result in the big oil companies losing interest in the marginal fields but the fears proved to be unfounded. Even with 85 percent in taxes and fees it pays the big oil companies to extract oil and gas from the smallest Norwegian fields.

In Norway expropriation has never been considered as it has in Denmark. The wild competition among the big oil companies is regarded as an advantage for Norwegian society. And things are happening in the North Sea. The traffic is so hectic that 800,000 people are flown by helicopter between the oil fields and the mainland each year.

Lining Up for Concessions

Oil companies stand in line for consideration when concessions are being granted on the Norwegian shelf. The seven oil sisters and eight half-sisters are already drilling. In the fifth round of concessions last year 27 companies applied, this year almost a hundred companies--some more serious than others--are ready to leap at a concession. They know the terms:

The company getting the concession pays for all the costs of the exploration stage. In spite of its 50 percent share Statoil does not spend a single krone on exploration. Not until oil has been found and extraction begins does Statoil start helping out with the expenses.

A concession contains requirements for following a work program, for example a 6-year program with five holes being drilled the first year. Otherwise the field has to be handed back. At the same time the company pays a big area tax. Areas are divided into fields of 500 square kilometers each. For purposes of comparison the Danish sea and land area consists of 142,000 square kilometers.

The Norwegian state receives a payment, royalty, on the oil, from 8 to 16 percent depending on the amount. Royalty is paid in the form of crude oil at the moment. The royalty on gas is 12.5 percent.

The year after A. P. Moller received its monopoly on Danish underground exploration in 1962 the first Norwegian exploration permits were granted. The first

extraction permits followed in 1965. Then a barrel of oil cost $1.80. Since then a special tax of 25 percent was introduced and it has now been raised to 35 percent. The stockholder company tax is 50 percent. Royalties are deductible. Investments connected with oil extraction can be written off over 6 years. (In Denmark the royalty is 8.5 percent, the company tax 40 percent.)

The companies looking for oil on the Norwegian shelf must turn over all study results to the state Oil Directorate, giving it a picture of what the shelf contains. To assist the Oil Directorate in its supervision there is a law in Norway saying that "all relevant material must be accessible."

About 10 percent of the Norwegian shelf is being surveyed today.

Expensive Holes

Roughly 10 billion kroner a year has been invested in the last 5 years in exploration and extraction of oil. The state's investment share as of 1 January 1980 has been 7.1 billion kroner. From 20 to 25 holes are drilled a year south of the 62d parallel where almost all the activity occurs. Each exploratory hole costs between 30 and 100 million kroner paid for by the oil companies. The world's most expensive hole was drilled off Tromso in North Norway and has "given fine indications that oil might be present here," as Sigurd Heiberg, deputy director of the Oil Directorate, put it.

One of the biggest and richest finds ever made at sea is the Statfjord field northwest of Bergen. Here the oil is lying in sandstone. Today they can get 50-60 percent of the precious drops out of the field but it is expected that new production methods will produce an even higher percentage.

The Danish oil finds have been made in chalk where 80-85 percent of the oil remains. The Norwegian Oil Directorate is very interested in the Danish chalk deposits because they also have similar areas. The Oil Directorate gets in touch regularly with the Energy Council in Copenhagen concerning these chalk deposits but DUC has no obligation to tell the Danish state about results of its tests, so the Danish authorities have a less clear picture of the Danish shelf than the Norwegians do.

"We have had concession owners give up several times after drilling a number of dry holes, but either we have told them to continue or someone else has stepped in and drilled nearby and a little deeper--and found oil, even way down beneath chalk deposits," said Sigurd Heiberg.

Seek--and you will find, that is the attitude of the Oil Directorate and the main office of Statoil in Stavanger. All power to fantasy, they say also in Statoil where information chief and geologist Arne K. Lervik stresses that many Norwegian oil finds are due solely to the imagination of various oil companies. No one can know if oil is there before drilling. It took 3 or 4 years and 20-30 unsuccessful drillings at the Statfjord field before oil was found. Now it is called the Gold Field.

Norwegian Hydro is also drilling for oil. The state owns 51.33 percent of the business and the rest is spread out among 60,000 stockholders. Information chief Odd S. Gullberg told us that Norwegian Hydro is also part of the oil explorations on the British shelf, in Sicily, in the Middle East, in the United States and in the Canadian Arctic. It is not unlikely that they will take part in the Danish part of the North Sea if the concession is changed.

"It would be surprising if the border line for oil and gas ran along the border lines of the Norwegian and British parts of the shelf. There is no reason to assume that the shelf in the Danish part of the ocean would look any different than it does in the Norwegian and British parts," said Odd S. Gullberg.

Starting in 1975 Statoil became partial owner of all new blocks. The oil from this is shipped to Norway but production is just now starting to get underway. Last year Norway had to import 7.6 million tons of oil, half of it from Saudi Arabia, Iran, Oman, Nigeria and the Soviet Union. The other--finer--half came from England, crude oil extracted from the Norwegian continental shelf but brought ashore in England.

Neither oil nor gasoline is cheaper in Norway than here.

Pleasant Problems

So much oil and gas has been found in addition to the fields that are being exploited that it is "quite incredible." One of the latest finds, a gas field off Bergen, could with further drilling turn out to be one of the world's biggest gas fields, bigger than the Groningen field in Holland. It contains 1200 billion cubic meters of gas--maybe much more. In comparison the Danish gas reserves are estimated at 100 billion cubic meters.

There is oil underneath the gas in the new field. That is a problem. If they can get the oil out the gas production will have to wait. They are not concerned with finding more right now. On the contrary the Energy Ministry has to ask the companies to hold back a little. "It's a pleasant problem," said Egil Helle, information director in the Oil and Energy Ministry. "We must set priorities in the years ahead. If we agree to expanding the Gold Block we must ask others to wait."

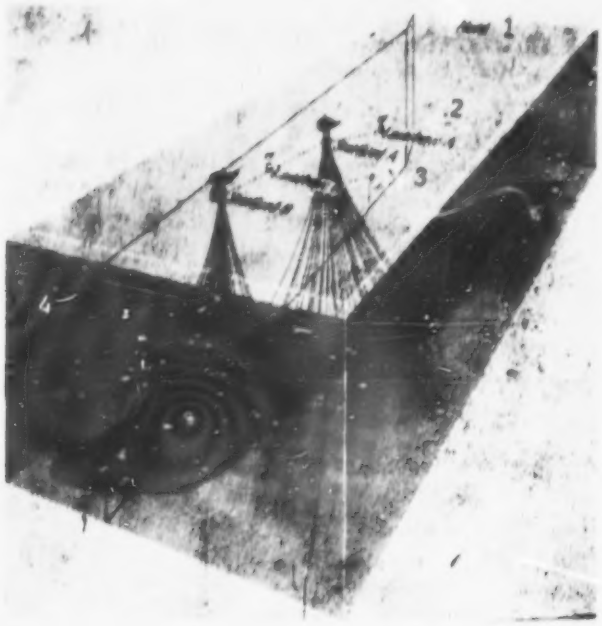
"We're trying to stick to a moderate extraction tempo." Oil and Energy Minister Arvid Johanson told this paper that a top limit of 90 million tons of oil and gas extraction a year has been set. "We must take into account our limitations with respect to equipment and manpower." The figure of 90 million tons is about 10 times Norway's annual consumption.

Last November production started at Statfjord A, the biggest production platform in the world. Statfjord is under construction at the shipyard in Stavanger. Statfjord C will follow later. By 1982 Statfjord A will be in full production, capable of delivering 15 million tons of oil a year (equal to the oil

consumed in Denmark). B and C will come in addition to that. Oil revenues from the Statfjord field alone in the 35 years of production there are expected to be 1200-1500 billion good Norwegian kroner at 1980 rates. The Norwegian krone is worth 20 percent more than the Danish krone.

No Need for Oil Pipelines

The Statfjord platforms required investments of 7.5, 10 and 12.3 billion kroner respectively. Measuring devices show how much oil goes through the oil line at the loading buoy that goes from the field to the ship--like gasoline at a gas station. Due to the possibility of producing enough supplies for 4 days they have achieved 95 percent regularity at Statfjord A with the loading buoy. Production has not stopped a single day because of bad weather or the like.



Cross section of the world's biggest ocean oil field, the Statfjord field with an average depth of 2440 meters. Starting in 1982 both Statfjord A and Statfjord B will be in production. The field lies partly on the British and partly on the Norwegian shelf and is owned by Statoil/Mobil group on the Norwegian side and by Conoco/Gulf/BNOC on the British side. There is cooperation on construction and production.

Key:

1. North
2. Loading buoy A
3. Loading buoy B
4. British shelf
5. Norwegian shelf

Mobil Oil obtained a 10-year concession to the Statfjord field back in 1974. In 1984 Statoil can choose to become operator of the field if it has the capacity to do so. "It's always an advantage to be the operator, then you know with 100 percent accuracy what is going on at the field," said Arne K. Lervik of Statoil.

Sixty percent of oil deliveries to Statfjord A were made by Norwegians. The figure could be 80 percent for Statfjord B. The production platform is being built at the shipyard in Stavanger which has led to intense wage pressures in the region.

Gas Burned

Until Statfjord A really gets going enough gas is burned off daily to supply a third of Norway's energy needs. In the starting-up phase of Statfjord B from 6 to 8 million cubic meters of gas will be burned off each day. Later on the gas will be pumped back into the ground for future use but by 1985 it must be gone in order not to damage the reservoirs.

There has been talk of a gas pipeline to the European continent via Denmark and Statoil and DONG have met regularly about this but after Philips made it clear to the Norwegian government that 5 billion cubic meters of gas a year starting in 1985 and 10 billion cubic meters starting in 1990 could be received in the pipelines going from the Norwegian Ekkofisk field to Emden in Holland, that seems to be the solution.

"An Emden line could also provide gas supplies for Denmark, this is always a possibility," said Oil and Energy Minister Arvid Johanson. "We have a special feeling for the Nordic lands, that is why we have initiated energy cooperation and we are prepared to cooperate on finding a solution that will satisfy Denmark too. We already cooperate on electricity supplies. Denmark would have an opportunity for contracts and deliveries via an Emden pipeline too."

Arvid Johanson added that Statoil still has very little oil for sale but there will be more in the future. "So it is natural to think of Sweden and Denmark."

At a meeting under the auspices of the Nordic Council in Sundvalen, Norway on 19 September Arne Olen, economic adviser in the Finance Ministry, told our reporter, Hans J. Poulsen: "We must be careful to set energy prices so that the countries we sell energy to won't waste it. Norway gives economic aid to underdeveloped countries but it is not going to do this by selling cheap oil to richer neighbors."

In Denmark there is talk of possible oil and gas reserves corresponding to 300 million tons of oil.

Norway's demonstrated oil reserves are around 1700 million tons--not including the enormous finds made in the last few weeks.

The Oil Directorate estimates that the resources in the Norwegian part of the North Sea amount to 4-5 billion tons of oil or gas in amounts equivalent to a ton of oil.

Pleasant problems, as Egil Helle of the Energy Ministry says.

The Norwegian proposal on Danish-Norwegian industrial cooperation in a third country in return for Norwegian oil and guaranteed supplies for Denmark will be described in more detail in these columns next week. We will also examine the poor competitiveness of Norwegian industry and the Norwegian fears of a Kuwait economy.

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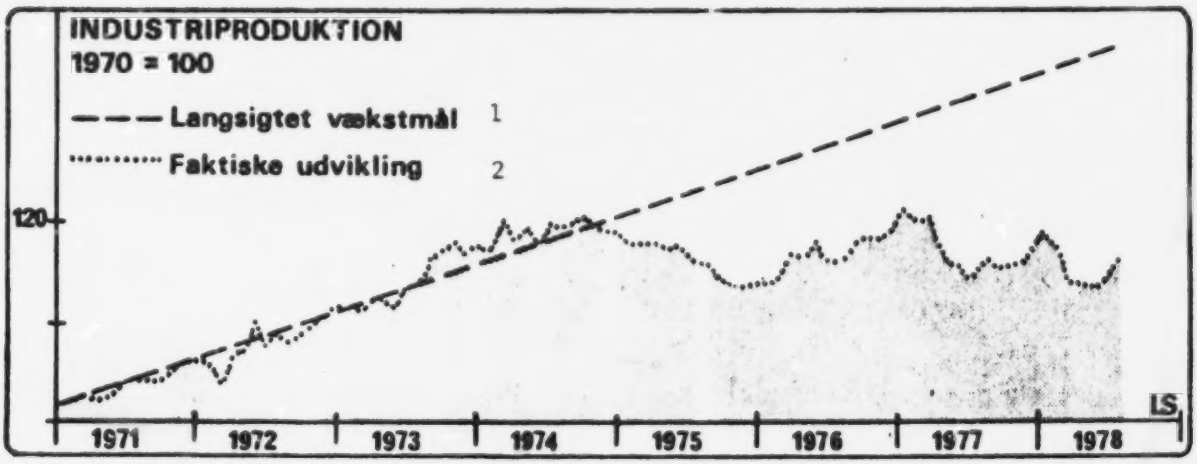
POLITICIANS, ECONOMISTS CITE ALARM AT OIL OVERDEPENDENCY

Copenhagen BERLINGSKE AFTEN in Danish 14 Nov 80 p 8

[Article by Kirsten Mikkelsen]

[Text] Oslo--Norwegian politicians and economists complain that they have a hard time making people understand that in spite of the billions in revenue from North Sea oil there isn't more money available for hospitals, schools and other public investments. They fear a Kuwait economy based solely on oil money. Therefore the national debt must now be repaid and industrial competitiveness must be restored. A Danish-Norwegian industrial cooperation in a third country could help here. The Norwegian deputy minister of industry told our correspondents about his ideas on guaranteed energy supplies in return for Danish know-how.



Industrial Production

Key: 1. Long-range growth goal 2. Actual development

The oil is like a present from your uncle in America, as it says on one of the Chance cards in Monopoly. How do we handle this gift? Egil Bakke, director of the Norwegian Industrial Association, supplies his own answer to the question: "Poorly. The oil finds have tempted us onto the wrong paths."

He thinks the government and Storting have run wild. That Norwegians are living over their means. The oil money is being pumped out into a rapidly increasing public consumption and subsidies which protect business that can't survive the competition. The result is that from 1970 to 1977 competitiveness declined 35 percent and the level of industrial production is lower today than it was in 1974. Norwegian products have become too expensive.

The oil revenues have helped offset the effects of the shipyard crisis and the shipping crisis but aside from the oil industry the Norwegian economy is in poor shape. Even including the oil revenues there will not be the growth in the Norwegian economy in the years ahead that they had in the 1960's without oil.

Egil Bakke thinks it would be a good solution if the oil money disappeared directly into the vaults of the Norwegian Bank for lending out abroad later on. But he is well aware that this wish is Utopian.

Thanks to the oil revenues Norway will have a 10 billion kroner surplus in the 1981 national budget and will approach balance in its foreign economy. Taxes and fees from the oil and natural gas from the North Sea provide 28.7 billion kroner, or almost 30 percent of all taxes paid. Without the oil money there would have been an 18 billion kroner deficit.

This year the oil sector will account for roughly 15 percent of the gross national product (of more than 250 billion kroner). This share can be expected to double in the years leading up to 2000. This could help to increase the price and cost pressures already being felt in the Norwegian economy.

Fear of a Kuwait Economy

National Bank director Hermod Skanland, head of the Norwegian Bank, would also like to see more of the oil billions placed in the capable hands of the bank. However the oil money has been earmarked for spending up to the end of 1985 when in accordance with good old shopkeeper morality the country will have repaid all the short-term loans which stem primarily from investments in the North Sea and account for almost half of the total private and public foreign debt of 100 billion kroner.

In the second half of the 1980's Norway will not only be practically free of debt, the country will also be able to lend money to lands that were less fortunate when they drew a Chance card and instead of oil got exorbitant energy prices.

"In the future we will have the money in our hands before we use it. We must learn to economize with our funds," Hermod Skanland told us. "We must make people understand that there isn't more money for hospitals, schools and other

public investments which require a broad expansion of the number of public employees. We must be restrained when it comes to wage developments in order to improve our competitiveness abroad."

There can be no question of reducing taxes and there is no money for increasing private consumption, the director of the Norwegian Bank emphasized. "On the contrary the national budget must be tightened up substantially, we cannot continue with an expansive budget like the one approved for 1981. We could have big problems maintaining full employment. All the oil being found now will not produce revenue before 1990, after all.

"If Norway didn't have oil the living standard would be around 10 percent lower than it is today. Without the oil industry which employs 34,000 people and without the oil revenues which are channeled into hard-pressed businesses Norway would have massive unemployment. Today there is full employment."

The fear of a Kuwait economy based solely on oil money is great in Norway. Last year the Norwegian Bank wrote a strict letter to the Finance Ministry, informing the ministry that a budget like the one the minister had presented for 1980 could not be repeated. "But then the industrialized nations with their hoarding policies insured another price hike on oil by the OPEC lands. And we followed suit," said Hermod Skanland. "That took care of our economy in 1980."

Explosion of Expectations

Finance Minister Ulf Sand from the Labor Party agreed with the National Bank director that the explosion of expectations that occurred after the first big oil and gas discovery in Norway cannot be met. "We will not be handing out enormous growth possibilities, we will be presiding over the status quo," he told our reporters after having presented Storting with an expansive national budget for 1981. Private disposable income will decline a half percentage point while public spending will rise sharply.

The budget maintains a high level of activity but it is burdened by big price increases and escalating costs. In 1980 growth in wages was expected to be 11 or 12 percent, with consumer prices increasing 13 percent.

The tax burden is 52.5 percent but due to the progressive rate 10 Norwegians had to pay more than 100 percent of their income in taxes last year. Prominent foreigners in the oil industry are demanding net wages because of the harsh tax system. These high wages have a contagious effect on the wage demands of Norwegians.

From 1974 to 1977 prices in Norway rose 40 percent faster than they did in the average industrial nation and Norway has lost market shares both at home and abroad. In the last half of the 1970's Norwegian industry as a whole had no productivity growth and net capital in industry was reduced by a third in the 1970's. Total industrial yields were cut in half from 1974 to 1978.

In just 3 years, from 1974 to 1977, private consumption rose 20 percent, as did public consumption. After a wage and price freeze lasting a year and a half, ending in March, private consumption stagnated but public consumption continued to rise. Some 15 percent of the lost competitiveness in the traditional economy was regained in the last 3 years but some of the dynamism in industry is gone.

Price of Energy for Denmark

Norway did not have a strategy or market economy functioning in the last half of the 1970's. They are trying to make up for that with plans for renewed industrialization which will be presented to Storting after the first of the year.

Deputy Industrial Affairs Minister Trygve Tamburstuen said in a talk with BERLINGSKE AFTEN that the government wants to give industry a framework of terms so that it can strengthen its position. The cost level, wage developments and production developments are the weak areas. Currency policy and the entire tax situation will also come into the picture.

Norwegian industries can obtain cheap loans at 8.5 percent--compared with normal bank interest rates of 12-15 percent. Until now most of the new capital has been used for entirely traditional purposes.

In an effort to act more untraditionally and create a more internationalized industry an attempt is being made to link energy and industry. "We have oil and capital. We would like to become involved in a third country with Danish industry which is bigger and better and more internationally-oriented. But that of course depends on whether the Danes--from our viewpoint--place enough emphasis on guaranteed energy supplies which we can offer in return," said Trygve Tamburstuen.

It has never been the idea that Denmark would export jobs to Norway in return for long-range contracts on oil and gas, as the Danes have perceived things.

Cooperation in return for energy, as the Norwegians would like, has been introduced with Swedish and French industries and in connection with research projects in West Germany. The West German government has made 100 million D-marks available for joint projects. This in return created a basis for letting a German oil company in on activity in two parts of the Norwegian shelf. Oil has been found in one of them.

When Healthy Minds Think Sick Thoughts

People in Danish industrial circles are not enthusiastic about the idea of linking industrial cooperation and guaranteed energy supplies. The director of the Norwegian Industrial Association, Egil Bakke, also rejected the idea. "Such mercantile bilateral support can easily be both ineffective and elaborate. I have no faith in that kind of desk model. I have more faith in the free international system of trade. The solution lies in our own finance policy.

"Now we must use the oil revenues to take care of the harm that has been done as a result of the way in which we have used the oil revenues in the past. When

discussing state subsidies becomes more important than normal business economic matters, healthy minds start thinking sick thoughts."

There will be big structural changes in Norwegian industry in the years to come. Since 1974 industrial employment has declined by 20,000 jobs while public employees have increased by 60,000. This--along with hefty wage increases in oil-based industries--has exerted wage pressures on industry. If this development continues, by the year 2000 Norway will have twice as many public employees as it has today when the figure is close to 300,000.

Norway has 1.6 million workers. The idea is that future excess labor needs will be met by workers from other Nordic lands and not by guest workers, a practice they have now stopped, or by women who from a Danish point of view make up a large labor reserve. Only 27 percent of all Norwegian women work full-time. If women with part-time jobs all the way down to 1 hour a day are included the figure rises to 54 percent.

Fears of a Ruling Class

Egil Bakke quoted Danish Professor Jorgen Dich's ideas on public employees as the ruling class. Like many other Norwegians Bakke is afraid of the probable development in the number of public employees. He thinks it could be beneficial to reduce public consumption and totally eliminate many transfer payments.

Some 60 percent of the Norwegian budget consists of transfer payments: subsidies for food, housing, children, the elderly, students, the theater, fishermen, farmers, etc., etc. "Once an appropriation item gets into the budget you can't get it out again," sighed Bakke who also felt Norwegians should come to terms with the principle of getting something for nothing.

The dynamic director of the Norwegian Industrial Association often attracts attention with his viewpoints. Many are surprised when he tells them he is a member in good standing of the Norwegian Social Democrats. Incidentally he believes a hard political course is necessary with reference to the 400,000 industrial workers he is fighting for, workers he feels close to. Much closer than he feels to the bureaucrats hired by the state, he stressed.

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OIL DIRECTORATE OFFICIAL DISCUSSES NORTH SEA OUTLOOK

Copenhagen BERLINGSKE TIDENDE in Danish 11 Nov 80 p 3 Part II

[Article by Bo Draebel]

[Text] Stavanger--The Norwegian fairy tale will just go on unfolding, according to Farouk Al-kassim, deputy director of the Norwegian Oil Directorate.

Norway is on the threshold of becoming a big oil nation. Recently such big new finds have been made in the North Sea that the test drilling alone showed reserves that could give a production of 90 million tons a year for 25 years.

"We estimate there will be reserves enough to produce that much for 50 years when everything has been explored but there is undoubtedly enough for 100 years since we have not counted any reserves that might exist north of the 62d parallel," said Farouk Al-kassim, deputy director of the Norwegian Oil Directorate which has its headquarters in Stavanger.

Farouk Al-kassim is used to having foreigners who are shown into his office rub their eyes, for what is an Arab doing in the Norwegian Oil Directorate?

Norwegian Wife

"The reason why I am sitting here is a tragedy with a happy ending," said the 44-year-old Farouk Al-kassim in fluent Norwegian. "I was educated as an oil biologist at London University and come from Basra--incidentally, Norway's future oil production will be about a third of that in my homeland, Iraq, and that is no small amount. In 1957 I married a Norwegian girl. We lived in Iraq for 12 years. Our youngest son suffered from cerebral paresis. Doctors advised us to go to another country where something could be done to treat him. Naturally we chose Norway. I wasn't thinking about oil at all. I came to save my son and I happened to come in 1958 when Norway made its first oil discovery. One day I went into the Industrial Ministry which handled oil at that time and offered my help and never got away again. My son is well now and I feel I have a mission in the service of the state. That is the story of my life. A fantastic coincidence of circumstances."

Farouk Al-kassim -- his son's illness brought him to Norway where they happened to need experts in the oil branch.

New Finds

In the so-called fourth round of oil area concessions in the region that has given Norwegians such bright future prospects the Oil Directorate assigned to drilling companies eight blocks of ocean floor, each 20 x 25 km. Test holes have been drilled in seven.

In Block 34/4 oil was found in the Triassic layer, the oldest layer in which oil has been found so far. They have drilled 100 holes in the block which is assigned to Norwegian companies and goes under the name of the "Gold Block." The wells contain just as much oil as Ekofisk but the finds consist of many fragments and extraction is expected to be complex. In 35/3 gas has been found in commercial quantities, Block 30/8 looks promising and 35/8 is a happy surprise because it was regarded as uncertain. Petroleum was found there. It is too early to say whether gas or oil will be produced. These blocks have already become part of the "national oil highway," as the Norwegians put it.

Expectations for Block 30/6, called the "Silver Block," were high in advance. So far gas has been found in amounts up to 30 billion cubic meters and there may be more. Oil and gas have been found in Block 31/4 but it is not yet known in what quantities.

"I should use superlatives in talking about Block 31/2," said Farouk Al-kassim, running over to his oil map with flashing eyes. "There it is," he points. "There is the pearl itself. Here they have found 40 billion cubic meters of gas and there is a 10-15 meter oil zone beneath the gas.

"When all the structures in the fourth round have been explored we expect there will be reserves of between 2600 and 3100 million tons of oil units. And Norway's position is that the gas should not be burned off. Both oil and gas will be brought up. This requires a strategy that will be ready early in the new year. The gas will be sold. The question is how and in what form. There is so much there that we can't use it all ourselves."

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AS SWEDISH ECONOMY FALTERS, FINNS RETURN TO HOMELAND

Stockholm DAGENS NYHETER in Swedish 17 Dec 80 p 14

[Article by Tor Hognas, DAGENS NYHETER's correspondent in Helsinki: "Emigration Constantly Troublesome for Finland"]

> [Text] What effect will this have on emigration? That question should be asked by every decision maker in Finland before he decides an issue, according to an emigration report which the Committee for Emigration Matters delivered on Tuesday to Minister of Labor Arvo Aalto.

The committee regards emigration as a very serious question for Finland and recommends a number of measures. At the Ministry of Labor a special unit for migration questions should be established, and a permanent emigrant delegation appointed.

Over 500,000 have emigrated from Finland since the second world war; most of them, or 450,000 to Sweden.

Those returning during the same period amount to about 235,000, so that the net emigration is about 280,000 people. That is six percent of Finland's population.

At the beginning of 1979 there were 193,000 Finns living in Sweden. But 400,000 people in Sweden are of Finnish origin, plus 200,000 in the United States, 60,000 in Canada, and 16,000 in Australia.

Return Migration Can Increase

Return migration has been brisk during the 1970's when over 180,000 Finns returned from Sweden. The net emigration is lower than last year, but the number of emigrants is still larger than the number returning to Finland.

"We can clearly assume that return migration from Sweden increases as we are successful in handling our employment situation well," said Riksdag member Ole Norrback from Osterbotten.

Norrback said that the change in the structure of the Swedish economy hits just the areas in which Finnish emigrants are employed.

Ole Norrback is a member of the Committee for Emigration Matters. He said that the Swedish-speaking numbers among the emigrants are twice as large as their proportion in the country's population would suggest.

The report indicates that emigration is a threat to the development of the Finland-Swedish population. The problem concerns all of Finnish society.

For the country on the receiving end the movement of emigrants is economically profitable, said the report which is the largest nation-wide of its kind. The receiving country gets young trained manpower. The immigrants usually get the less qualified, dirty and heavy labor which the country's own manpower does not want to handle.

9287
CSO: 3109

GERMAN-SPEAKING MINORITY WANTS REGIONAL AUTONOMY

Brussels L'EVENEMENT in French 11 Oct 80 pp 12-14, 27

[Article by Paul Francy: "German-Speaking Belgians Express Their Views"]

[Text] The Walloon Regional Council was "legally born" on 1 October. It is scheduled to meet officially for the first time on 15 October. The council is composed exclusively of members of parliament. Inasmuch as the German-language communes are attached to the Walloon region, three German-speaking Belgians are ex-officio members of this council. These three are Senator Daulne (Socialist Party), Representative Schyns (Christian Socialist Party), and Representative Everts (Liberal Party). They will most likely attend the 15 October meeting because they have already acknowledged, by their parliamentary votes, that their constituencies belong to the Walloon region. Will they issue a statement at the first council meeting? Only the future will tell.

The Council of the German Cultural Community (Rat der Deutschen Kulturgemeinschaft) is an altogether different matter. Its members are elected directly by universal suffrage. The three "traditional" political parties are represented on the council, plus a fourth party which has never had a candidate in parliamentary elections, namely the Party of the German-Language Belgians (Partei der Deutsensprachigen Belgier). We asked members of the four parties represented in the "Rat" to give us their views.

Rolf Lennertz, 27, belongs to the CSP (Christlich-Soziale Partei), in other works, the German-language PSC [Christian Social Party]. He told us: "We German-speaking Belgians were not among those who wanted regionalization. Our situation seemed quite clear. The region's own particular arrondissement could have been created and solutions satisfactory to all in every respect could have been found. The moment a sort of "federalization" began taking shape, it became evident that our region could not be kept apart. We do not belong to the Flemish community. We do not belong to the Walloon community. What then should be done? Given the fact that our population and territory are small, our problem is a very specific one. We are not asking that the very same solutions adopted for the other communities be applied to us. We know this would not be reasonable. On the other hand, what is definitely necessary is an imaginative effort to find appropriate solutions that will take into account our distinctiveness. We do not have sufficient intellectuals, officials, and politicians capable of performing the same tasks as in the other two communities. If, for example, a government department is established for our cultural affairs, it should be small but effective. It should also be able to obtain the basic cooperation of the other two communities.

"The Belgian state wanted our minority. Consequently it must assume responsibility for us. Its solidarity is essential to us. We number some 65,000 persons. We, therefore, cost the state more per capita than a community of 3 million persons. Our BRF--Belgisches Rundfunk-und Fernsehcentrum [Belgian Radio and Television Center]--is a much greater financial burden than the BRT [Belgian Radio and Television Flemish service] and the RTBF [Belgian Radio and Television, French service]. The BRF takes up one-third of our cultural budget. But this is no reason to deprive us of a specific source of information. We have a radio broadcasting studio. We do not want a television studio that would cost a huge amount of money. There is no need for such. German is the mother tongue of the people in nine Belgian communes. Hence these people turn, and rightly so, to the remarkable programs offered by Germany's four television channels.

"A Belgian German-language TV station in Eupen? As things now stand, such a facility is inconceivable. It would be unrealistic, and we are sensible people. The big stumbling block is our political authority. At the present time, our situation is not bright. Our Council of the German Cultural Community (RDK) was formed back in 1973. It is strictly an advisory body. I am attached to the prime minister's staff in a section called 'Eastern Cantons'. Brussels takes no action whatsoever on most of the resolutions submitted by our council.

"Unlike our council, the Flemish Cultural Council and the French Cultural Council are empowered to issue decrees that have the force of law. As for us, we can do nothing. We have to put up with antiquated laws that even no longer have any import in Flanders and Wallonia. Only the national Parliament can intervene in our behalf, but it does not exercise its authority. Since 1973, it has not been culturally interested in us. Ever since the regionalization laws emanating from successive Martens' governments became effective, we have been waiting for regional institutions scheduled to become effective in October. The present laws call for us to be part of the Walloon region. The Walloon Regional Council has jurisdiction over our territory. And governments continue to fall before our aspirations can be satisfied. We are in danger of finding ourselves in a relatively much wider "institutional gap" than Brussels, with the difference that our problem is not as troublesome because we ask for nothing from either the Flemings or the Walloons. Yet this does not prevent our people from feeling frustrated and wondering about our cultural council that has annual operating costs of some 20 million francs while possessing almost no authority."

Albert Gehlen, 40, is, in fact, president of the Council of the German Cultural Community. He confirmed for us the shortcomings and malaise mentioned by Lennertz. He told us: "They attached us to the Walloon region without first seeking our views, thereby reviving the issue of the very essence of our identity. No one here feels he is a Walloon. Nor does anyone feel Flemish. They all consider themselves German-speaking Belgians.

If the Walloon region was solely a political and administrative entity--and nothing else, I stress this point!--then we would strictly concur, though I would perfer to be "associated with" the region than to be "integrated into" it. A significant incident: the burgomasters of the Walloon region recently held a conference in Mouscron, but none of the German-speaking burgomasters attended although they had all been invited. They were not caught in the trap of Mouscron, that "symbolic city" of a Walloon region extending from Mouscron to Malmedy.

"It is dangerous for us to let ourselves become more and more involved in the disputes between Flemings and Walloons, disputes that are none of our business. Their confrontation is of very little interest to us. We appeal for a minimum of tact. We demand real cultural autonomy. We demand that measures be taken so that our population may be harmoniously integrated into the Belgium of tomorrow. Since the Versailles Treaty of 1919, we have had no guaranteed representation in Parliament. It is by mere chance that we have one or two representatives, one or two senators, or none at all.

"Our administrative structure is just as inexistent as our judicial structure. Nevertheless, I would be remiss were I not to underscore the progress made during the past 10 years. The flowering of our language, educational system, and public information services, and the increased aid to our press are some aspects of this progress. Yet these are undoubtedly not enough to prevent German-speaking Belgians from feeling they are hostages for a community policy in which they do not wish to be involved.

"In response to some questions that are frequently asked--and rightly so--about the constitutional provisions relative to community matters, I should like to emphasize the fact that the famous Article 59B states that there is a Council of the German Cultural Community and that its composition, functions, and powers are prescribed by law. Its members were chosen by direct election in 1974, contrary to the members of the cultural councils of the other communities who are representatives and senators. Our council is thus eminently more representative of the will of the people than the other councils. Its democratic base is clearly apparent. Its primary role as the spokesman of our community cannot be denied. And yet all we can do is make recommendations, whereas Article 59C clearly states that there are three communities and four regions (including Brussels) in Belgium. But let us not be megalomaniacs. Let us continue to be logical, effective, and realistic. Let us demand only what our numerically small population can take upon itself. Let us not proceed to ask for a third linguistic group in Parliament, in which case passage of special legislation would require a two-thirds majority, and a simple majority in each linguistic group, I am optimistic. More than ever, however, we must be vigilant."

Bruno Fagnoul, 44, is spokesman for the PFF (Partei fur Freiheit und Fortschrett), in other words, the Liberal Party which has kept its old name of Party of Liberty and Progress. Fagnoul is entirely of the same opinion as his colleagues.

"Three communities--including ours--are recognized. But our autonomy is altogether relative. We cannot promulgate decrees that have the force of law as the Flemings and Walloons do. We do not have our own executive. The law integrates us into the Walloon region, whereas we are a separate and full-fledged--not Walloon!--community recognized by the Constitution. Yet we do have commonsense. We are simply asking that our council have the power to promulgate decrees "a la carte," in other words, on matters to be defined through studies conducted jointly by the University of Louvain and the University of Liege. In a region like ours, we can quite properly legislate on such matters as hunting and fishing. But how could we possibly do this in matters relating to the economic expansion of industry? We are too few in number and would not be strong enough. This is also a matter with national implications. A solution--but not the only one--is to give us representation in Parliament, proportional representation, of course, but guaranteed representation."

Ludwig Rompen, 41, is head of the SPB group in the cultural council. The SPB (Sozialistische Partei Belgiens) is the German-language Socialist Party. Rompen has the very same aspirations as his colleagues. He outlined his views as follows: "For 10 years, Belgium has been regionalizing in all-out fashion. From the bottom of our hearts, we were opposed to this reform. Everything considered, I believe we are, after all, the only "good Belgians" in this whole affair. Yet the direction of history being what it is, we are inevitably forced to follow it. Our fear is that we may be overlooked and quickly become a fifth wheel. After the Treaty of Vienna in 1815, inhabitants of Malmedy and its surrounding areas were referred to as 'Walloon Prussians." That was utterly offensive. But it is just as offensive to refer to us today as 'Walloon Germans.' We want a response to our aspirations before Christmas. All it takes is changing one article of the Constitution and passing two bills. And let them do it quickly. We socialists are not afraid of the isolation that would transform us into a sort of ghetto. Our complete bilingualism would enable us to escape such bondage."

Before telling you how the fifth person we interviewed answered our questions, an historical digression is essential. In 1919, the Treaty of Versailles annexed the Eastern Cantons to Belgium. Many German-speaking residents of that region felt deeply humiliated by this action. They refrained from any political activity. Proof of this can be seen in the fact that the leaders of our current political action are very young. There is no denying that after that famous year of 1919, there was an obvious desire to return to Germany. But starting in 1933 when Hitler assumed power, a large part of the general public became upset. People began to consider themselves more and more as Belgians. Then there was 10 May 1940. Belgium was occupied with the exception of the Eastern Cantons that were called "redeemed" at the time. They were purely and simply annexed to the Third Reich. They well and truly became German. What could the young people have done? Flee? But where could they flee to, inasmuch as the Nazis were present everywhere in Europe? Desert? That meant facing a firing squad. They were, therefore, forced to don the Wermacht uniform. Up until 1943, the Belgian Government in London never had a word or gesture of concern or encouragement for them, whereas the Free French, in London also, acted much more intelligently by immediately addressing themselves to the Alsatians whom Hitler had likewise annexed.

After the liberation, Belgian courts savagely and rigorously tried some residents of Eupen or Saint-Vith--who were merely forcibly conscripted soldiers--in the same way as they dealt with some residents of Liege, Charleroi, or Ghent who, unlike the former, could be considered traitors. After all, how could someone be blamed for behaving as a German citizen--which he actually was--from 1940 onward, whereas the same person would have been congratulated for behaving as a Belgian citizen from 1919 onward? This attitude profoundly disappointed German-speaking Belgians.

Lorenz Paasch, 33, spoke to us in the name of the PDB (Partei der Deutschsprachigen Belgier), i.e. the Party of the German-Speaking Belgians. At the very outset, he insisted on refuting the frequently made accusation that he is a VMO [Flemish Militant Order]--style extremist who even wants the Eastern Cantons to be returned to Germany.

"That is false as false can be," he said. "I have already been insulted by being called Boche. I can only treat such insults with the contempt they deserve. Having said this, my demands--which are obviously my party's demands--are more far-reaching than those of my cultural council colleagues. You have just seen the route signs on

which localities in our area appear in both languages: Amel and Ambleve, Kelmis and La Calamine, Sankt-Vith and Saint-Vith, etc. The French designations have been obliterated with black paint. I would never do this and I disapprove of this type of vandalism. Yet I can fully explain it. It is a reaction of weariness and discouragement. We demand reasonable but broad autonomy. We in no way consider ourselves Germans, but, alas, we do have less and less feeling of being Belgians.

Whether we like it or not, our culture is Germanic. And we are proud of it. We want to fully assume that culture. Culture, and not language, is what produces unity. By believing the contrary, Hitler was badly mistaken. It is not because they speak German that the Austrians, the Germanic Swiss, the citizens of the Principality of Liechtenstein or those of the Eastern Cantons identify sentimentally with the Germans. Their cultures have undeniable affinities. That is why they claim kinship with a similar frame of mind, while at the same time denying a nationality, not to say a nationalism. We want to live our identity within our own population. Our cultural council must be empowered to promulgate decrees having the force of law. Its jurisdiction must be broadened. Let me give you an everyday example, namely the emergency telephone number, 900 in our area. Why are we administratively attached to a relatively distant fire station when an agreement is highly possible with the Aachen fire and rescue services that are closer and thus can respond more rapidly? When it is a question of saving human lives, what does it matter? And why couldn't our university students--whose mother tongue is German--attend universities in Trier or Bonn? Sending them to educational institutions close to their homes does not constitute any repudiation of the quality of the Belgian educational system.

"There is one final thing that I mistrust. I refer to our complete bilingualism. Some of our people want to make this an asset--it is truly an asset to a certain extent--whereas it is actually a danger. It is by referring specifically to this bilingualism that the government justifies its sending us officials--customs officers in particular--who do not know a word of German and make no effort whatever to learn our language. It is also on this basis that the documents distributed in our post offices are in French."

Heinrich Toussaint is the editor of the GRENZ ECHO, Belgium's only German-language newspaper. Although it was founded in 1927, it has existed as a printing firm since 1764. We chose Toussaint as our last special witness, a serene and unbiased observer.

"Things will definitely have to straighten out some day," he said. "Some 60 years of coexistence have made us good and true Belgians. You will not find anybody here who says he wants us to be returned to Germany. Better still, you will find nobody who even thinks of it."

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CSO: 3100

COUNTRY POSTS FIRST FAVORABLE TRADE BALANCE SINCE 1975

Copenhagen BERLINGSKE TIDENDE in Danish 28 Nov 80 p 15

[Article by Frank Dahlgaard]

[Text] The deep depression has caused imports to decline and the exchange deficit to disappear temporarily.

It sounds like a bad joke but it's true. Denmark has a surplus in its balance of payments.

There is a perfectly natural explanation for why politicians and economists are not celebrating this historic event and that explanation is called depression. It is no trick to push product imports down by having economic activity come to a halt here at home and that is exactly what has happened. Industrial, construction and agricultural enterprises have cut production due to poor sales. This means less need for raw materials and less need for workers. The first means lower product imports from abroad, the second means more unemployment.

Another reason why the surplus in the balance of payments for October has not received more attention is that the surplus is only a temporary one. The sharp decline in product imports is due largely to the fact that businesses are now depleting their product inventories. When supplies have been reduced the import of raw materials will rise again and then the exchange surplus will vanish like dew in the morning sun.

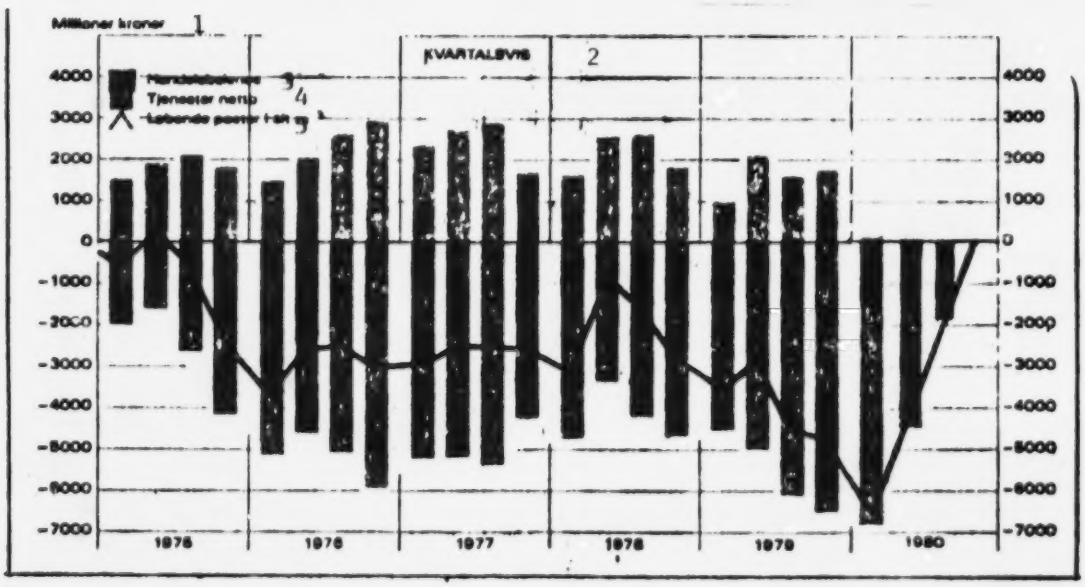
Surplus and Deficit

BERLINGSKE TIDENDE here reproduces a graph showing developments in some major items in our balance of foreign payments quarterly since 1975.

The dark columns going downward show the quarterly deficits of the trade balance, i.e. the deficit in product trade with other countries (surplus imports). As indicated we have had a permanent deficit in foreign trade for the entire period shown. Luckily Denmark has traditionally had an exchange surplus in the other payments balance items (the gray columns going up) and this surplus has meant that the deficit in the total foreign balance of payments has been lower than the deficit in product trade.

The other items which taken as a whole show a surplus include currency expenditures and income in connection with shipping, tourism, our EC membership, ground and air transportation, patent rights, insurance activities, etc. In addition comes interest to and from other countries which has turned into a big net deficit item for Denmark. Aid to developing countries also weighs down the expenditure side of the exchange balance sheet.

If the surplus in these items is deducted from the deficit in the product trade balance we get the total payments balance deficit indicated on the graph by a black line. As it shows Denmark last had a small exchange surplus in the total payments balance in the second quarter of 1975, in the middle of the deep economic depression which came in the wake of the first oil crisis: to achieve that tiny surplus Denmark had to go through an unemployment increase from around 20,000 in the spring of 1974 to around 120,000 in the spring of 1975.



Payments Balance 1975-1980

This is how Denmark's foreign payments deficit has developed quarterly since 1975. Source: Quarterly surveys from the National Bank.

Key:
1. Kroner in millions
2. Quarterly
3. Trade balance
4. Net services
5. Current items as a whole

History Repeats Itself

Now history has repeated itself after the second oil crisis: in the first quarter of 1980 we had the biggest payments balance deficit in history, namely 6.4 billion kroner. In the second quarter the deficit declined to 4.3 billion kroner and in the third quarter the deficit was all the way down to 1.8 billion kroner.

We do not know about the fourth quarter yet but the preliminary figures for product trade came out Tuesday for the month of October and they showed a an import surplus of only 440 million kroner. It is on the basis of this figure that the economists are estimating that we had a small surplus in October for the total balance of payments since we have a surplus for the other balance of payments items, cf. the above. For the fourth quarter as a whole there will probably be a modest deficit, based on these preliminary figures and estimates, and we might even have achieved a balance, as shown in the graph.

Just as in 1975 the sharp improvement in the balance of payments has been achieved as the result of a deep economic depression. The violent change in the economy with falling production and a sharply rising unemployment curve is the reason for the equally sudden change in the balance of payments situation.

All politicians and economists have been surprised by the rapidity and abruptness in developments. Until a few weeks ago they were talking about a total 1980 deficit in the balance of payments of close to 20 billion kroner (compared with 15.5 billion kroner in 1979). It now looks as if the 1980 deficit will not exceed 14 billion kroner.

Unfortunately it looks as if history, the events after the first oil crisis, will repeat itself completely: just as the balance of payments equilibrium in the middle of 1975 was followed by a sharp rise in the deficit in 1976, 1981 almost certainly will bring a renewed growth in the deficit. That will be due to the resumption of raw materials importation after the present inventory adjustment as well as to the steadily growing interest expenses caused by our rising foreign debt.

6578
CSO: 3106

HIGH INTEREST RATES PUT DANISH FARMERS AT DISADVANTAGE IN EC

Copenhagen BERLINGSKE TIDENDE in Danish 25 Nov 80 p 11

[Article by Klaus Justesen]

[Text] Brussels--There are big differences between Danish farmers and their colleagues in the eight EC lands. The reasons for the differences are a number of unfortunate coinciding factors.

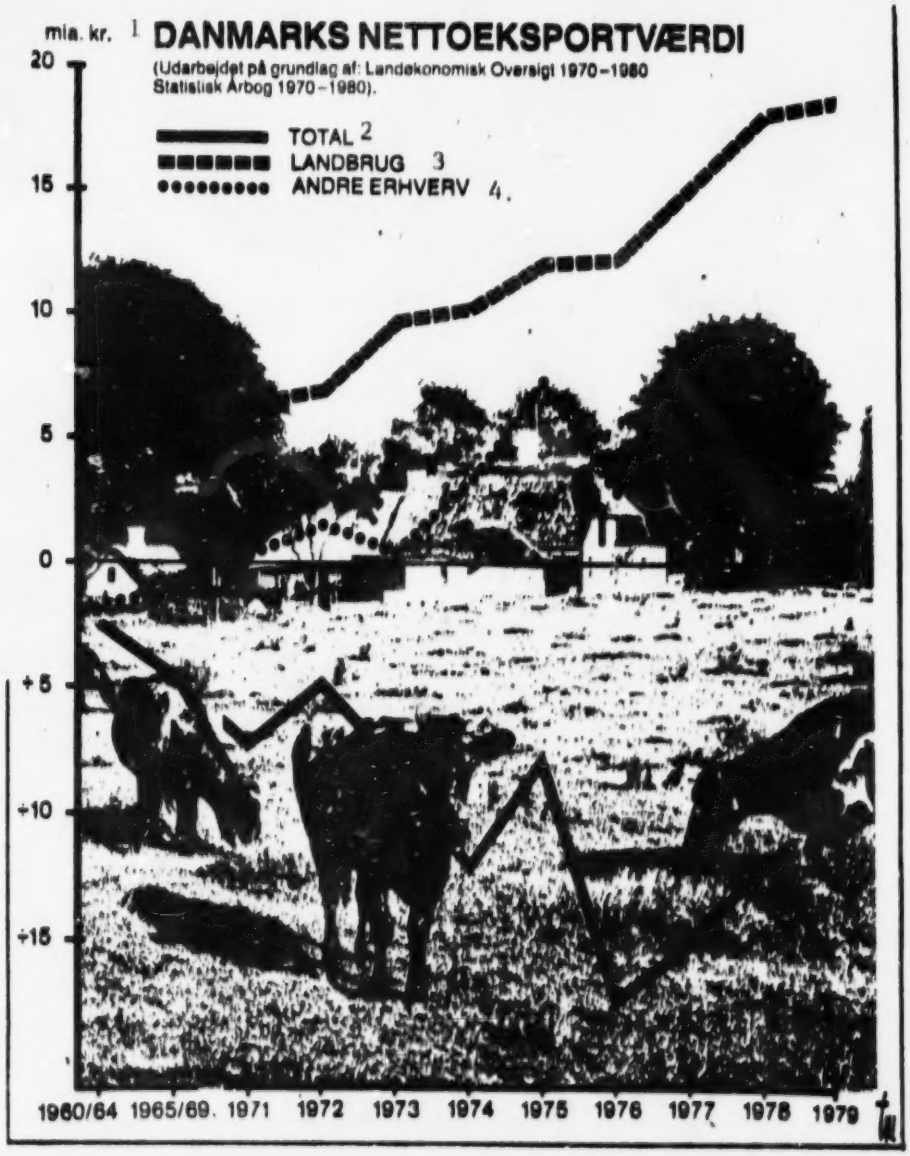
Agricultural Developments 1979/80 in Percentages

	FRG	France	Great Britain	Denmark	EC
Production growth	1.5	4.5	2.0	- 1.0	2.5
Interest level	8.9	13.5	14.3	18.4	---
Interest costs of total production	6.0	7.7	9.9	21.0	---
Real income development	-10.0	-10.0	-12.0	-60.0	-10.0

European farmers have without exception been hard hit by the economic crisis but the comparisons made by BERLINGSKE TIDENDE on the basis of official statistics make it clear that Danish farmers are in the gravest situation. In the last 2 years farmers in the nine EC lands have noted a real wage decline of around 17 percent. For Danish farmers the decline in those 2 years was over 75 percent.

The big difference between Danish farmers and their colleagues in the other eight EC lands appears to result from a number of unfortunate coinciding factors. In all countries cost increases have risen considerably more than prices but Danish agriculture has also been hit by production declines and skyrocketing interest expenses.

While total agricultural production in EC lands will rise around 2.5 percent this year it declined 1 percent in Denmark. That is the result of a poor harvest and lower milk production. The biggest gain was in France, 4.5 percent,



Denmark's Net Export Value (prepared on the basis of "National Economic Review 1970-1980," "Statistics Yearbooks, 1970-1980"

Key:
1. Billions of kroner
2. Total
3. Agriculture
4. Other branches

It is usually said that in the last 10 years industrial exports have far surpassed agricultural exports in importance. But that is only partially correct. If one looks instead at net export value (exports minus the imports needed to make the product) agriculture is still Denmark's most important export industry. A large part of agricultural exports is made up of animal products.

but the other EC countries can also note a gain. On the income side Danish farmers have had the biggest price increases due to the devaluations. But they are also in top place in direct production costs.

Biggest Difference

By far the biggest difference is a very different interest burden. Danish farmers are affected by the highest interest level in EC with rates over 18 percent. In West Germany the interest rates are half that and even France and Great Britain are 4 to 5 percent lower. In addition Danish farmers are working with much more foreign capital than their colleagues. Thus they have to pay the higher interest rates on more money.

This year the total interest payments for Danish agriculture reached 6.8 billion kroner. This must be viewed in relation to a total production of 32.3 billion kroner. Thus interest accounts for 21 percent of total gross income. In West Germany the interest ratio is down around 6 percent and even Great Britain only reaches half of the high Danish level.

EC Report

According to the EC commission's official report national subsidies and support arrangements also play a decisive role. This is most important in Holland and Belgium while the seven other EC lands are less generous. But the commission had to give figures for these national subsidies which in principle conflict with EC agreements.

On the tax side the Danish farmers are often worse off. No other country has a special tax like the Danish one of 250 million kroner. In Ireland farmers pay no taxes at all and there are substantial relief provisions in the British system. And the other EC countries have no capital gains tax or assets taxes.

Seventeen Percent

European agricultural organizations have just determined the average income decline in recent years, 17 percent. This corresponds to the EC commission's results. Therefore the farmers are asking for price hikes of 15.3 percent. But increases that large are regarded as unlikely and in any case they would not improve the situation of Danish farmers in comparison with their European colleagues.

6578
CSO: 3106

BRIEFS

COMMANDER ON DEFENSE BUDGET--The chief of the defense staff, Lieutenant General G. K. Kristensen, is ready to bet that military spending will start going up in 1982 and afterward. He said this yesterday at a press conference with foreign correspondents in Copenhagen. The lieutenant general based his statement on remarks in that direction from Social Democratic members of the Folketing Defense Committee Knud Damgaard and Preben Steen Nielsen and what he called certain "openings" in Defense Minister Poul Sogaard's plan for the future structure of the armed forces. "If we are going to have a defense compromise, which is something we want very much, then in our judgment it would be impossible to get a very broad compromise based on a zero solution. We also believe that the public sympathies will have an impact. So I do not think we will end up with a zero solution. We will get a better defense system than we could get with a zero solution. I would be willing to bet on that." G. K. Kristensen repeated that the government's proposal for a zero solution up to 1989 would lead to a reduction of about 30 percent in peacetime forces and that the military leadership had been forced to give Jutland priority since that is where reinforcements would arrive if needed. This would mean cutting the forces on Sjaelland in half. He added though that even with a zero solution the quality of the armed forces would be improved even if numerical strength is cut. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 80 p 6] 6578

JORGENSEN REFUSES FARMERS RELIEF--The government and farm leaders have not set up another meeting. The prime minister feels it is enough to have meetings every 6 months. If we give agriculture operating credits worth 7 billion kroner at 10 percent interest the other branches hit by the crisis would make similar demands. The treasury couldn't handle it. That is a popular rendition of how the government is justifying its rejection of farm demands for cheap operating credits. The refusal came at a meeting yesterday between the prime minister and top farm leaders. After the meeting Anker Jorgensen said the government had promised agriculture to improve practically "all existing provisions." Prior to that the government had given the branch interest subsidies worth 250 million kroner a year via the debt elimination provision and interest support for building investment. The government offered at the meeting yesterday to raise this interest support by another 200 million kroner but that is the farthest the government can go. [Excerpt] [Copenhagen BERLINGSKE TIDENDE in Danish 25 Nov 80 p 11] 6578

CSO: 3106

REPORT LOOKS AT WORLD CRISES' IMPACT ON COUNTRY

Helsinki HUFVUDSTADSBLADET in Swedish 4 Dec 80 p 15

[Article by Bo Finne: "Finland Needs Its Own Strategy for Success"]

> [Excerpts] "We are not Japanese, and we do not want to be Swedes. But there are reasons why we should learn from them both." This statement is taken from a report on the requirements for Finland's success, which the Commercial and Industrial Committee presented during its so-called EVA [Academy of Economic Sciences] day on Wednesday. EVA has drawn up a "strategy for survival" for the nation, but emphasizes that what is really needed is more than just survival to succeed in this situation of global crises and harder international competition.

"It is necessary to survive, but survival is not sufficient as a goal for national strategy. We need a strategy for success," says the EVA report. It was worked out from discussions with a number of different branch experts and is based on material which EVA received from them. Managing Director Max Jakobson of EVA is responsible for the stylistic format.

EVA has made it a practice to issue a report every autumn since its formation in 1976. The purpose is to arouse discussion on questions which are considered important to Finnish society and development of the community. Discussion began on Wednesday. After introductory statements by Chairman Mika Tilvc[illegible] of EVA and Managing Director Jakobson a representative panel presented its viewpoints.

It Depends On Us

To summarize the report and the debate one can generally say that the outlook for the world is not particularly bright, either in the short or the long range. And Finland is an inseparable part of the world from which we can not isolate ourselves. But the situation is not hopeless, if we can believe the report.

"Even if our possibilities of influencing the international framework within which we operate are small or insignificant, we can to a decisive degree influence our own position within this framework. We are not predestined in advance to the OECD average. It will depend on our own actions, how we manage to conduct ourselves

through the crises which threaten the 1980's. It also depends on us whether we will remain among the successful nations."

Chairman Mika Tiivola said in his opening statement that Finland has the power to manage within its own resources, documented during recent years.

"Using the GNP as a measure we have during the three years 1978-80 reached a rate of growth of about 15 percent, while the growth rate of the OECD countries during the same period averaged 8-9 percent. At the same time as inflation has grown 27 percent in Finland, in the OECD countries consumer prices have increased on the average even more. Thus the rate of growth of production as seen internationally has been powerful in Finland, and the price level, despite continued increases, is more stable in comparison with many other countries."

According to Tiivola progress during the past years can be seen as a result of a better atmosphere of understanding which has been created between different parts of society.

"Now we should learn from the positive experience which we have and not acquire a false sense of security about our own cleverness," said Tiivola and pointed out a number of economic realities which should be noted.

"Price increases in oil have created a new basis for distribution of income. The results of work carried our in Finland can no longer be distributed only among Finns, without an increasing amount of these results going to the oil producing countries. The 'cake' which is to be divided at home will grow smaller, despite the growth of our GNP."

The Question of Soviet Oil

Energy and raw materials questions plus Finland's dependence on oil are also given much attention in the EVA report.

"The key question for Finland's energy supply is how to estimate the amount of oil from the Soviet Union during the 1980's. On the international markets different opinions exist about future Soviet oil production. We do not have sufficient information for an estimate. On the basis of our experience we can however state that it is not only in Finland's but also in the Soviet Union's politico-economic interest to continue within the forseeable future trade between Finland and the Soviet Union at the level which Finland's present oil imports make possible," says the report.

In the following panel discussion Professor Pentti Kouri made a contribution which raised a question about the above assumption. Based on the Soviet Union's new economic 5-year plan Kouri concluded that the Soviet Union in 1985 will be without export oil if production continues at the present level while their own consumption increases at the same rate as now.

Security Disregarded

EVA also expects disruptions in the global access to oil and an uncertain price situation. Developments in the economic situation of the western economies will

therefore be difficult to anticipate and erratic. In order to counter this development EVA recommends alternative sources for oil such as Norway, and transoceanic sources for coal instead of depending on Poland as the sole source. For both oil and other so-called strategic raw materials Finland should place more emphasis on storage.

It is the increasing uncertainty in the world which according to EVA should make us pay more attention to the country's security questions. "We need a strategy to survive, and a significant portion of that strategy is to maintain a modern defense capability so that we can continue in a convincing way to demonstrate our ability to secure our country's integrity with our own forces." In that connection EVA repeats a previous recommendation from Chairman Tiivola about the need for a "national security council." Also the future of agriculture, which previously mainly was dealt with as a matter of income distribution, should be examined as a part of national security policy, according to the report.

Baptism of Fire for the Social Contract

Minister of Commerce and Industry Ulf Sundqvist found it useful to attempt a new estimate of the world and our position in it. He maintained that the future is just as uncertain as the report indicates. However he did not agree that the ideologists in society should die out and that we instead should be on the way to a "peoples' republic." EVA depicts that as a character sketch of the "third republic" in which we now live. "Peoples' republic means to me that, for example, our prevailing collective bargaining system should be ready for scrapping, and I am definitely opposed to that. It will be interesting to see if the spirit of the social contract can really be mobilized. The baptism of fire will come in several months when collective bargaining is renewed," said Minister Sundqvist.

Gloomy Future

Editor Eero Silvasti thought that EVA did a good job of clarifying and explaining the situation in the world today, and Finland's role in it, but that a portion of the conclusion is lacking.

"It appears that EVA in spite of everything believes that the dangers which threaten the world are not going to affect us."

Silvasti saw it as a fallacious illusion to believe in an unchanged situation and recommended a new report on Finland's possibilities to become "essentially self-sufficient."

In a longer, prepared insertion Professor Kouri described a global view, both long and short range. He painted a gloomy future, with population increases in the world which cannot be controlled, and energy problems which can not be solved in this century "unless something unforseen happens." And Kouri expects the next oil crisis to happen at the latest when the industrial countries' upward economic trends begin in 2 or 3 years.

The crisis preparedness which EVA recommends in its report has been translated by Kouri into money. According to him, at least 7 billion marks would be needed to obtain sufficient readiness storage.

9287
CSO: 3109

GUICHARD INTERVIEWED ON NATION'S POLITICS, PREPAREDNESS

Paris LE MATIN in French 25 Nov 80 p 4

[Interview with Olivier Guichard, president of the MIE, by Parcal Krop and Jean-Marie de Morant: "Defense: Guichard Wishes To Develop the Spirit of Resistance," held on 25 November 1980; place not given]

[Text] The Movement for the Independence of Europe (MIE), which includes personalities from the government majority (UDF and RPR), established in 1969 to "promote the idea of an independent Europe, solidly established on its national foundations," yesterday held in Paris a conference on the "will to defense." Olivier Guichard, former minister and president of the MIE, today explains to LE MATIN the role which, according to him, France should play in the building of Europe. He recalls that General De Gaulle, as early as 1962, had proposed for Europe a breakwater of power constituted by France and the Federal Republic of Germany. In the interview Oliiver Guichard also asks himself about the ways to prepare the French people for resistance or subversion in case of conflict. Finally, the loyal friend of De Gaulle considers that Valery Giscard d'Estaing is following the major poliitcal directions defined by the general.

[LE MATIN] Raymond Barre explained Sunday in LE SOIR of Brussels that France, by increasing this year the defense budget by 18 percent completely satisfied its undertaking to its allies in the Atlantic alliance. Do you share this view?

[Oliiver Guichard] We agreed with our allies in 1978 to increase the military budgets by more than 3 percent per year in constant francs. With an increase of 18 percent, even taking into account monetary drift, we are very largely above that undertaking. With the United States and Canada, we are the only ones to have made a real effort. I have just returned from the United States, where I was struck by the attention devoted by the Americans at this time to the military efforts in Europe. I also noted the very firm will of republican party circles to provide the United States with strong military power. What one can say is that France is with the United States in this effort, but that she is doing it under the poliitcal conditions which we all know, that is, outside of NATO.

[Question] In your view does nuclear deterence remain credible in France, where the majority of people would prefer, if one accepts a recent poll, foreign occupation rather than the use of nuclear weapons?

[Answer] It is necessary to understand that the essential attribute of deterence is anticipation. If one takes into account all the elements of defense, it is also

a problem of the morale of the master of deterence--that is, of the president of France. This is a matter which one does not speak of very often but which seems essential to me. In a word, deterence is a weapon maneuvered by one man, a kind of war with a single combatant. Under De Gaulle, it was the general. After the career military officer that he was, it was a matter of calling on reservists or others called to the colors, which, you will agree, is not the same thing in terms of morale.

However, I must make clear that, if one wishes to arouse the spirit of the public for national defense, which amounts to deterence, one must not isolate the latter in terms of the feelings of the French people. Above all there is the great question of knowing if one can prepare a people like ours for resistance or for subversion. One can ask oneself the question whether the present system of military service is the best means of preparing people for resistance or subversion. That is not clear.

[Question] Regarding Europe, you wrote recently that the Atlantic alliance should be the alliance of an America and a Europe which each have a world role to play. Don't you think that the very special situation of the Federal Republic of Germany, narrowly subordinated for its defense to the United States, constitutes a serious handicap for Europe?

[Answer] I would not call that a handicap. Rather, it is the major problem of European defense. On this subject I would recall the toast of General De Gaulle at the time of his visit to Germany in September, 1962. General De Gaulle stated at that time to his German opposite number, "We are both of us threatened by the dominating ambition of the Soviets," which he later termed an "obsolete" ideology. Today that has a contemporary look because a certain number of people pretend to have a better understanding of Soviet hegemony, as if the people of my generation had not discovered it in 1939, once and for all.

At the time, De Gaulle added that the undertaking between Europe and the United States presupposed a breakwater of power in Europe and that this breakwater could only be a common policy adopted by France and Germany. The Franco-German policy of the general consisted in presenting the problem to the Germans. The problem is still so presented.

[Question] As I understand you, you do not raise the problems of defense as do the supporters of Giscard d'Estaing. Now, some of the latter consider that, if the president is reelected, you would be a very good prime minister for the second term of office.

[Answer] Oh, well...

[Question] You were saying?

[Answer] Look, we were engaged in reviewing the political prospects at all levels. I have noted that Maurice Couve de Murville stated last week that the president was following the major political lines of the general.

[Question] You agree with him?

[Answer] Since last July I have held to a position on presidential matters. This position was reaffirmed a month ago in a document signed by some 30 deputies and which will soon be made public. We said that Michel Debre is an honorable, loyal and friendly man and that his views correspond to the concept which we have regarding the institutions. But I still do not see why we should have a definitive position all at once, when we do not know yet who all the candidates will be.

5170
CSO: 3100

LABOR PARTY NATIONAL COMMITTEE TACKLES PERSONALITY FEUDS

Oslo AFTENPOSTEN in Norwegian 2 Dec 80 p 3

[Article by Kjell Harberg]

[Text] Hamar, 1 Dec--The national committee of the Labor Party is calling for an end to the divisive personality conflicts that have ravaged the party full force since Tor Aspergren's violent "blow out" almost a year ago. And they want to stop moves from all sides that distract attention from daily political activities. These are the clear conclusions that can be drawn from yesterday's debate on the situation in a ruling party now being presented with bleak Gallup poll figures once a week.

The criticism of the critics which was expressed by the national committee applied not only to the sectors of the Labor press which called for Steen's resignation a short time ago. According to Ivar Leveraas several members of the national committee "answered" those editors and no one supported them. But the national committee went all the way back to Tor Aspengren's harsh attack which many people in the party feel opened the way for subsequent personality criticism every time the party comes to a political head and the debate also indicated dissatisfaction with the behavior of opponents to stockpiling. They too have acted in such a way during the debate as to harm the party, at least that was the opinion among national committee members.

This issue should now be a dead letter, it is felt. Reiulf Steen put it like this after the conclusion of the meeting in Hamar: "The party debate on stockpiling is over. I base this statement on declarations from both sides in the debate we have had. Now these questions must be transferred to a much broader debate in connection with the discussion of our program."

But what about the personality discussion? Will it be forbidden to criticize party leaders?

"I know of no body in the Labor Party that could issue such a ban. I doubt this would have been any help anyway," Steen replied.

But it is quite clear that the national committee delegates are now calling for an end to the personality disputes. The party should unite around the present

leadership prior to the party's national congress in the spring and this unity was demanded with such force in the national committee debate that joking references were made afterward to the formation of a "chain gang" to defend the party leaders both in Youngstorvet and in the government building.

Do the party leaders themselves feel they have the complete confidence of the national committee?

"Yes," said Reiulf Steen. "I feel that very strongly."

The party chairman stressed that the desire to end the form of debate that has been a party nightmare recently is not an effort to restrict leeway in the ruling party. "In the national committee debate a sharp line was drawn between the continued exchange of opinions on the issues and other types of statements of which we have had examples recently," said Steen.

A proposal from the Hordaland Labor Party lay like a threat over the national committee in the opening hours but as the day wore on this threat evaporated too. The Hordaland Labor Party wanted to set up an election committee to work specifically on the leadership issue in the party in the period before the national congress. This met with a poor reception by the national committee. The proposal was regarded as a wide-open door for continuing the personality feud in front of the general public.

What is to form the basis for unifying a divided ruling party? To some extent the debate now was also a self-critical discussion. Ivar Leveraas opened the meeting which was closed to the press but the party secretary gave a brief report to the many outside press people who turned up. His point was that the whole discussion of the party leadership had hurt the party and had weakened the leaders' opportunities to lead and to initiate the work which according to Leveraas would result in an election victory next September.

But he also brought up political issues--the effects of economic austerity in the health sector, changes in the housing policy where the answers given by the government and the party have not been good enough, tax reform and the spring income statement.

The party leaders now expect to emerge with a more unified party. "But," Steen pointed out, "if unity is to be a kind of recipe for the Labor Party it must have something to unite around. We have received so many signals in connection with proposals for a new program of principle and working program that I can safely say that this is the political task on which we can unite."

6578
CSO: 3108

SVEIN-ERIK ODDEN SEEN AS NEW SOCIALIST-LEFT CHIEF

Oslo ARBEIDERBLADET in Norwegian 15 Sep 80 p 6

[Text] Speculation about who will succeed Berge Furre as chairman of the Socialist Left (SV) Party is in full swing. No candidate stands out as a clear favorite, and for the time being it is an open question who will be the new party leader.

One name that stands out is Svein-Erik Odden, former information chief of the school superintendent of Oslo and presently education supervisor in Royken. He is not widely known, but on the other hand he stands high within the party. At present Odden is a member of the Royken executive committee and was chairman of the elections committee at the last national meeting of SV. In case Odden himself is willing to assume the chairman's post, everything indicates that he will be able to muster support from the entire party.

ARBEIDERBLADET is being told that there is little possibility of any of the old party hacks coming up as a candidate for the chairmanship. Parliamentary leader Hanna Kvanmo has said clearly that she will not put up her name. The party's other parliamentary candidate, Stein Ornhoi, like Kvanmo expressed the affirmative to a new term in parliament. But he will not be inclined to any come-back as chairman. Ornhoi was party leader during the unification procedure. Neither Finn Gustavsen nor Reidar T. Larsen is at present in the party leadership.

However, some others of the party's former parliamentary representatives can be mentioned. One of these who has wide support is Arent Henriksen from Sor-Trondelage, previous member of the Defense Committee, and with high status in SV-circles.

If one looks at the party's Labor Committee, one of the deputy leaders, Hilde Bojer, stands out. Also Rune Slagstad and Torbjorn Dahl have their adherents. But no one of the three is the typical crown prince of the party. Therefore, it is equally possible that a person outside the present leadership will be chosen as chairman.

SV needs to strengthen its position with organized labor. Precisely for this reason people with a background in the trade union movement might be involved in the chairmanship problem. Bjorgulv Froyn would normally be the most prominent name here. Today he is deputy to the parliament from Oslo. But Froyn has been out of politics for some time, and it is hardly likely for him to rise all the way to the top of SV at this time around.

9655
CSO: 8139/0212

NORDLI APPOINTS THREE NEW CABINET MINISTERS

Oslo ARBEIDERBLADET in Norwegian 3 Oct 80 p 8

[Text] Arvid Johanson becomes the new Oil and Energy Minister, Oddvar Berrefjord the new Justice Minister and Harriet Andreassen the new Municipal and Labor Minister. According to what the ARBEIDERBLADET has learned, these are the three new cabinet ministers of the Nordli government. This was made evident after a 4 hour meeting of the Labor Party's top leadership last evening.

Arvid Johanson is today the Deputy Chairman of the Parliamentary Group of the Labor Party. He is also chairman of the Foreign Affairs Committee of the Parliament and is considered one of our most experienced parliamentarians. Earlier he was chairman of the Industrial Committee and he should be looked upon as a very skillful successor to Bjartmar Gjerde. The appointment of Johanson therefore is not surprising in this political milieu.

More surprising is the fact that Prime Minister Odvar Nordli has chosen Berrefjord as Andreas Cappelen's successor. Berrefjord, who today is Telemark District Governor, was Justice Minister in Bratteli's first government from March 1971 to October 1972. He has broad political experience in a number of jobs in the Labor Party, both national and local. Berrefjord himself as of late yesterday evening had not confirmed that he would be joining the government.

The LO (Norwegian Federation of Labor) has strengthened its position in the government by the appointment of Secretary Harriet Andreassen. She was elected LO secretary in 1977. She was previously secretary of the Norwegian Working Man's Alliance and was deputy to the Central Administration of the Labor Party. One of her most important jobs in the new department will be the management of the housing policy. Trade union matters also will be under her jurisdiction as will other national problems which require a cabinet minister of broad experience.

Neither Berrefjord nor Andreassen has taken part in the speculation during the last 24 hours as to who their possible successors might be after their departures.

Prime Minister Nordli originally had planned to undertake changes later in the month of October. After several cabinet ministers publicly announced their retirements, this hasty operation became necessary in order to cut off long and destructive speculation over who might be in position to take over. Therefore the new intrigue was concocted in a 4-hour meeting yesterday afternoon and evening. Present at the meeting which was held in the Prime Minister's Office were Odvar Nordli, Reiulf

Steen, Gro Harlem Brundtland, Ivar Leveraas, Trygve Bratteli and Tor Halvorsen. The meeting broke up about 2000 hours, but actually activity continued after that hour in order to set the last bricks into place.

Yesterday there was speculation that the Planning Minister Per Kleppe also might be stepping down. He is currently a candidate for the position of Secretary General of EFTA in Geneva when it becomes vacant next fall. One must however presume now that his place will not be vacant until after the elections. According to what ARBEIDERBLADET understands it has become definitely clear that there will be no more talk of further changes in the makeup of the government before the elections next September.

Through yesterday the possibility of changes in the government beyond the three positions which became vacant with the departure of Cappelen, Valie and Gjerde was rumored. At the same time it became quite clear that they wished to gamble on a "minimum solution"--thus an alternative which did not aim at anything other than replacing the three who departed without additional shifts.

After what now has happened the Labor Party thus will enter the election campaign with the personnel at the helm which will result after a Cabinet meeting at the Palace tomorrow. Speculation in different quarters about anything else after this will be categorically denied.

The central committee of the Labor Party will meet before noon today, precisely at 0830 hours. After that the parliamentary group of the Labor Party will convene to accept the new names submitted. A preliminary Cabinet meeting is set for 1000 hours and the new list then will be submitted to the King at 1100 hours at a Cabinet meeting at the Palace. After this Prime Minister Nordli will present the entire list to the public.

As it is clear now that Johanson will enter the government, it is considered natural that Gro Harlem Brundtland will become the new deputy leader of the parliamentary group of the Labor Party. Thereby it is also clear that Trygve Bratteli will continue as parliamentary leader. It is not clear who will be the chairman of the Foreign Affairs Committee succeeding Johanson. Harlem Brundtland might also be a suitable candidate for this position.

9655
CSO: 8139/0214

NORDLI DEFENDS STOCKPILING PLAN AT LABOR PARTY EXECUTIVE MEETING

Oslo AFTENPOSTEN in Norwegian 2 Dec 80 p 3

[Article by Kjell Harberg]

[Text] Hamar, 1 Dec--"This is not a move to step up our armaments. It is a move to preserve the credibility of our defense." Prime Minister Odvar Nordli explained once more the purpose of stockpiling after having received the overwhelming support of the national committee of the Labor Party yesterday. The national committee vote was 30 for and 6 against the agreement between Norway and the United States on storing allied defense materiel.

After all the suspicions that have been cast recently Nordli found it necessary to say in his speech in Hamar last night: "We have and will continue to have in the future a credible defensive capability covering our own region, our own freedom and sovereignty. Our weapons will never be directed against anyone who is not invading our own country.

"Those who cast doubts on that do so against their better judgment or in order to sow unfounded misconfidence in the nation's responsible authorities," Nordli said.

In the national committee meeting yesterday the issue of stockpiling was wound up relatively quickly without making any big waves. It is true that the most fervent opponents of stockpiling tried to register their standpoint again. But the whole thing was over within an hour and a half after Defense Minister Thorvald Stoltenberg delivered a report on this agreement.

And the defense minister himself was satisfied with the outcome of the national committee meeting. It was quite clear before the meeting that six people would vote against the government on this issue.

"It was 12 to 3 in the central committee and 30 to 6 here--we will not have any problems living with that," Stoltenberg commented shortly after the voting in the national committee's closed meeting.

The six who were opposed were the three central committee members, Thorbjorn Jagland, Turid Dankertsen and Ingrid Eide, who were joined by Tove Ness from Buskerud, Bjorg Hermansen from Rogaland and Liv Andersen from Aust-Agder.

In his speech last night Prime Minister Nordli placed great emphasis on Norway's involvement in halting the world arms race and starting up the detente process between East and West again. But, Nordli underlined, we must clean up our own house first. "We must see to it that we have a defense that the rest of the world will take seriously. A weak defense creates uncertainty and uneasiness."

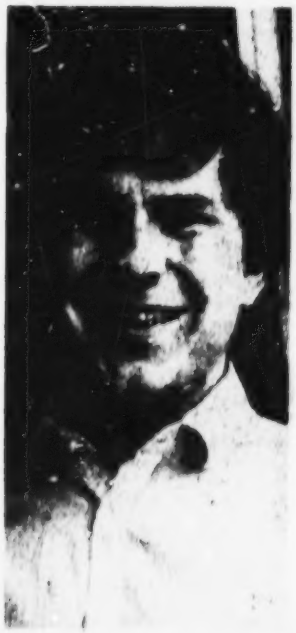
Norway's involvement, as has already been proposed in the Labor Party's new working program, will concentrate on nuclear-free zones in the Nordic region, among other things. Nordli commented on this point: "We are here assuming a clear obligation to strengthen our involvement to contribute to halting the nuclear arms race and to reducing the nuclear arsenals in Europe."

6578
CSO: 3108

YOUNG CONSERVATIVES MAKE BIG MEMBERSHIP GAIN

Oslo AFTENPOSTEN in Norwegian 1 Dec 80 p 3

[Text]



Sveinung Lunde, Young Conservatives chairman, is happy about the big increase in membership.

"So far the Young Conservatives have signed up over 3600 new members," the chairman of the Young Conservatives, Sveinung Lunde, told AFTENPOSTEN.

"Even though the semester is not yet over we can say that we have never signed up so many new people in one semester. In the spring the figure was a little over 1000. Consequently we can count on having 5000 new members in the Young Conservatives by the end of the year."

In cooperation with the mother party the Young Conservatives launched a nationwide membership drive this fall. "It is especially good before an important election year for the party to have a big and strong organization. We Young Conservatives are therefore looking forward to being able to benefit from the 5000 new coworkers in the election campaign next year," said the chairman of the Young Conservatives.

The Young Conservatives, presently Norway's biggest political youth orgnization will conduct a human rights action from 8 to 10 December on the subject of the situation in Argentina.

6578
CSO: 3108

NORTHERN NAVAL COMMANDER: MAKE TROMSO SUBMARINE BASE

Oslo AFTENPOSTEN in Norwegian 1 Dec 80 p 11

[Article by Knut Falchenberg]

[Text] Ramsund--"All the new submarines we are planning to have built for the navy should be permanently stationed at Olavsvern near Tromso. That is something I strongly support," said the commander of naval forces in North Norway, Rear Admiral Reidar Berg, to AFTENPOSTEN. He said the officer situation is improving and within the next few years the submarines and torpedo boats now in storage can be put into full service again. Today the navy's 15 aging Kobben submarines are permanently stationed at Haakonsvern, Bergen, even though part of this fleet is assigned at any given time to North Norwegian waters.

Rear Admiral Berg pointed out that the introduction of the job environment law in the armed forces would make it more difficult to operate submarines off North Norway, far from the home base in southern Norway. If they were permanently stationed in the north the crew could obtain housing in that part of the country and more easily spend their free time at home with their families.

Reidar Berg said the acquisition of 10 new submarines would be satisfactory from a military point of view. Submarines are a formidable and effective weapons system, well-suited to the waters up off North Norway. One weakness is that they move relatively slowly. Therefore it is important that submarines are in the right place in time. New submarines should be permanently based in the north.

In recent years the minelayers, "Vidar" and "Vale" have had their permanent home port at Ramsund naval station where the navy's landing ships are also based. A year and a half ago a squadron of torpedo boats was also based in North Norway at Olavsvern near Tromso. This permanent stationing in the north has been a good thing, Berg said. He had just led the annual regional chiefs' meeting at Ramsund naval station. Among other things the meeting dealt with the navy's preparedness in the north.

Berg told AFTENPOSTEN he was not worried about any deterioration in the officer situation. On the contrary they are now seeing a tangible improvement now that

the naval school is starting to turn out larger classes. It may be a little harder to meet the need for technically-trained naval officers who are trained by the Naval Corps at Horten.

"All in all I would say that naval defense does not have the same manpower problems as the army and air force. Resignations from the navy are partly a myth. In reality we have never lost more naval officers through the years than we had predicted in our planning. The problem has not primarily been people leaving but that for a while not enough new people signed up. This year the situation is better and next year and the year after things will be even brighter," Berg said.

The improvement will lead to a small number of submarines and torpedo boats now in storage being able to leave their buoys, Reidar Berg told AFTENPOSTEN.

6578
CSO: 3108

BRIEFS

UNION ON UNLOADING MATERIEL--The Wharf and Dockworkers in Trondheim refuse to unload military equipment for stockpiling in Trondelag. In a statement from the Wharf and Dockworkers Union comrades in other Norwegian ports are asked to do the same. Executive director Lauritz Sumstad of the Trondheim Wharf and Dockworkers Union said that the workers did not really intend to start a real blockade. Sumstad said it was his understanding that the workers would not oppose soldiers unloading the ships. But the workers themselves would not touch weapons or other equipment belonging to the American stockpiles. [Text] [Oslo AFTENPOSTEN in Norwegian 1 Dec 80 p 4] 6578

CSO: 3108

EANES ON REVOLUTIONARY COUNCIL POWERS, CONSTITUTIONAL REVISION

Paris LE MONDE in French 13 Dec 80 pp 1, 7

[Interview with Gen Antonio dos Santos Ramalho Eanes, president of Portugal, in Lisbon, date not given, by Jose Rebelo]

> [Text] Gen Soares Carneiro, an unsuccessful government candidate in the presidential election on 7 December, has decided to abandon all political activity and return to the army. Mario Soares, for his part, who decided to take up his functions as secretary general of the PS [Socialist Party], stated on 11 December that the victory of General Eanes is a "guarantee of the continuation of the democratic regime." In an interview granted our correspondent in Lisbon, General Eanes expressed the belief that in the future agreement between himself and the government will be easier. He assessed the activities of the Council of the Revolution as positive, and does not expect it to disappear immediately. He believes, finally, that there is no risk of dictatorship in Portugal.

"In 1980, as in 1976," General Eanes said,"I submitted a very precise political program representing my commitment to Portuguese citizens to the electorate. This is the justification of my triumphs. The new element this year was in my opinion the disappearance of the marginal proposals of the right and left wings, which gave the voters a clearer choice."

[Question] But you were elected in competition with the right-wing candidate?

[Answer] There will be no change in the way in which I view the exercise of the presidential function. Moreover, the defeat of my opponent should facilitate the adoption of a more realistic political strategy. The conditions for dealing with the problems facing Portuguese society have improved.

[Question] Do you favor the establishment of a center bloc encompassing all those who seek democratic socialism?

[Answer] This is a possibility which the democratic regime should not reject, but the president of the republic alone cannot effect it. Everything will depend on the political parties. I believe that my most important task involves establishing the conditions enabling the parties to find their stability and balance, so that they can play their true role.

[Question] Some regard coexistence between the Democratic Alliance [AD] and yourself, a president elected by a different majority, as impossible.

[Answer] There is no incompatibility between me and the AD government. I believe it would be better to speak of agreement, for the government and the president have the same legitimacy, that derived from the popular will. Such agreement will in the future be easier to achieve, since the electoral reasons which often underlay the dramatization of problems have ceased to exist.

[Question] What aspects of the present constitution merit revision?

[Answer] The proposed revision of the constitution is the sole responsibility of the deputies. But I should specify that certain aspects of the revision enjoy a broad consensus in the political parties: the defense of the semipresidential system, with all that implies, particularly where the election of the president of the republic by direct and universal balloting is concerned, elimination of the Council of the Revolution, and affirmation of the rights and functions of private enterprise. These are rights and functions which have already been fully assumed and respected.

[Question] Should the activities of the Council of the Revolution be limited now?

[Answer] The elimination of the council planned as of February 1976 will become effective when the law revising the constitution is promulgated. It is thus impossible for these activities to cease immediately. But it is also obvious that its functions will be exercised during this short period of time in such a way as to avoid contributing to political upset. The Council of the Revolution could have been harmful to democracy if it had used its doubtless important authority without showing evidence of contemplation and without taking the will of Portuguese citizens into account. It has not done so. The council has been able to accept its democratic responsibilities. Thus we are in a position to give a strictly and clearly positive evaluation of its activities.

[Question] With the disappearance of the Council of the Revolution, won't the risk of a military coup d'etat increase?

[Answer] When democracy is functioning fully, and the last elections are an example of it, there is never any risk of a military coup d'etat. In a democratic and European country such as Portugal is, the risk of dictatorship can be excluded.

5157
CSO: 3100

GOVERNMENT, OPPOSITION LEADERS SEEN AS LACKING INITIATIVES

Stockholm SVENSKA DAGBLADET in Swedish 7 Dec 80 p 2

[Commentary by Axel Waldemarson: "Symptoms of Political Fatigue"]

> [Text] "All the parties will certainly now beat their breasts and with emotional voices announce that wakefulness and spirit abound within their parties. Apathy has its own inertia. It is naturally so. Within leading circles there are no raging critics against our parliamentary conduct..."
>
> Torgny Segerstedt, 14 Jan 26

There is an evident streak of weariness in Swedish politics, which is easily explained. It has been a long time since the government and the opposition parties and party organizations have put a more troublesome year behind them.

Tired politicians easily make unpremeditated statements. The decision-making process is in danger of going awry. The government's final botching of the NCB [extension unknown] affair was more of an exhibition of physical and psychical strength than a rational procedure.

Even the question of under which flag the trapped ships should sail out from Shatt-al-Arab took time. The two parties rejected all the flags of the nations of the world. Even the UN flag was not acceptable.

Why not the Red Cross flag? wondered Palme. That was accepted.

Olof Palme can rightly feel proud of his work as a mediator in the war between Iran and Iraq. One gets the strong impression that he is happy with his perhaps impossible assignment. It was also naturally impossible to say no to Secretary General Curt Waldheim's request.

But it is not only in government offices that a difficult political year takes its toll. It is also true in the opposition. A number of those questioned in a poll by the newspaper of ABF [Workers' Educational Association] could not exactly remember how the opposition's alternative to the increased moms [value added tax] came about.

Likewise it is true that the opposition does not function well if its leaders stay abroad for extended periods. In the Riksdag there is lacking above all a constructive debate between the government and the opposition. When one occasionally visits the Riksdag these days one is more apt to hear nonsense.

It is not difficult to cite examples: Member S asks Cabinet Minister A what the government hopes to do in order to ensure employment in a community where the main industry is threatened with closure. Cabinet Minister A refers to MBL [Industrial Democracy Act] negotiations which will be conducted, preparatory measures and recommendations when the analyses are completed. But this answer does not satisy Member S. Then the cabinet minister gets unpleasant and asks what the opposition suggests. Member S then says that we will speak of that later when we are finished with our deliberations!

The minister of industry entered the conflict about the NCB because the social democrats were supporting his proposed recommendation and not the conservatives'. The liberals saw a possibility to show that it is the "center which governs" by closing with the center (the Liberal Party's Riksdag group was reported to be divided in three parts on the question).

When the social democrats did not directly reject bankruptcy, the political house of cards built up by the center fell apart. Now the government must unite. That is what happens when poor political strategy is placed ahead of basic community and business economic facts.

How did the social democrats' proposal for a temporary import fee and rejection of increased moms come about? The poll by FONSTRET, the ABF newspaper, is interesting. As a starting point, the newspaper describes the following situation:

"They say in our parliamentary group that there is a crisis in the land. The red evening paper (which recently acquired a chief editor from the secretariat of the Riksdag group) says that there is ferment in the nation. In Stockholm the movement arranges a demonstration. Against Falldin, against moms, against belt-tightening policies. At the most a couple of thousand demonstrators show up. They are members of the Riksdag, solicitors, county delegates, elected representatives of local governing bodies, social democratic youth, members of women's clubs, and others who are linked to the movement, who march around with printed posters."

And as to the poll on how the alternative to the government proposal which provoked the organized public demonstration took place:

Riksdag member Lars-Ingvar Sorenson from Gothenburg said, "I do not know how the decision was made..."

Party leader Soren Mannheimer--who in the name of justice renders an account of interesting main points--said, "I do not know how the handling of this matter was managed..."

Sven Hulterstrom, deputy member of the executive committee, remembers that he met Ingvar Carlsson on 11 August in Stockholm. He said, "Ingvar then did not have many members to consult with. Many on the committee secretariat were on vacation and the work on the foundation of the government debate was difficult."

Ulf Larsson of the research department answered the question of which party authority decided the action. "I do not know," he said.

Kjell-Olof Feldt and Leif Andersson, head of the secretariat, know, however. Feldt remembers that "we were six men who met on Gotland." Andersson understands party rules. He said, "The entire leadership of the party and the committees of the Riksdag were involved."

Today one may ask whether the question of responsibility is so important. The import fees have not consistently been advanced by the social democrats as an alternative. And there is no motion about lowering moms on the table at the Riksdag.

Riksdag politicians are involved in a slow process of erosion. Sometimes the chamber appears to be something of a village meeting. What happens outside the parish boundaries does not seem to exist when employment, and therewith the member's own voting support at home,falters.

One can naturally understand this attitude. In the big city the politician is protected by the anonymity of numbers. At home on Main Street he is known by one and all.

Certainly it is dangerous that the vision of many appears to end at Sweden's borders. The other evening there was a foreign policy debate in the Riksdag over approval of a motion by the Committee on Foreign Affairs.

A handful of members listened to the exchange of words. Is Swedish foreign policy merely a debate between Carl Lidbom (Social Democratic Party) and Bo Siegbahn (Conservative Party) about the Middle East?

Or does it consist of our foreign minister being in Africa, and before the Riksdag has heard about it he has promised 50 million in assistance?

In order to repair the error from last spring, the Riksdag has once again (for the third time) taken a position on the defense appropriation for the five budget years beginning with 1980/81, and with a single vote majority approved the government's higher figure.

Minister of Defense Eric Kronmark (Conservative Party) tried to get a small national defense and security debate going in the Riksdag. It did not work. Former Minister of Defense Eric Holmqvist (Social Democratic Party) was satisfied with the main estimates.

Soon the Riksdag will complete a year which was marked by Afghanistan in the beginning and by Poland at the end--with the war between Iraq and Iran in between. The discussion of which developing countries will get help from us can heat up quite briskly. The Riksdag is more economical when it comes to outlays for our defense and national security. And it seems to be impossible for the Riksdag to debate the much closer and more important questions of what is happening in Europe, our situation in our part of the world, and our standing in the part called Scandinavia.

9287
CSO: 3109

PALME INCREASINGLY SEEKS ROLE ON INTERNATIONAL STAGE

Copenhagen BERLINGSKE TIDENDE in Danish 28 Nov 80 pp 1, 2 Part II

[Article by Tom Hoyem]

[Text] Olof Palme, who just returned to Sweden from his mission as official United Nations peace negotiator between Iran and Iraq, has been working on an extremely difficult job. Perhaps it is not just difficult but insoluble.

But it was no accident that UN Secretary General Waldheim appointed the former Swedish prime minister to the job. He has very special qualifications. Few politicians are as familiar with developing nations and surrounded by as much sympathy there as Palme and Sweden still has the reputation of being a neutral and progressive nation.

A few years ago Olof Palme was cheered as a hero in Cuba. Many liberation movements around the world can thank him for moral and economic support. And he is evidently remembered for his involvement against the United States in the Vietnam movements. This made his relations with the United States difficult but this has since been straightened out.

Palme has been interested in international problems all his life. In practice he was just as much foreign minister as he was prime minister. He is ardently involved in working with his personal friends, Willy Brandt, Bruno Kreisky and Filip Gonzales, in the Socialist Internationale and as a parallel to the Brandt commission on North/South problems he is the initiator and leader of the disarmament commission.

When one has attended Swedish Social Democratic congresses one knows that the party's international evenings are a high point and that many of the future leaders of the Third World view Palme as their model.

A special circumstance which should not be underestimated is that Olof Palme has a network of personal contacts created during his active student years when many from the Third World studied at Swedish universities, people who lead their own countries today. And they have preserved their friendship with Palme.

One also has the impression that Palme is really in his element when he is with a group of international journalists, for example, shifting easily back and forth in four or five languages, his questions and answers showing deep familiarity with each native land.

Iraq and especially Iran have prominent people who were educated in Sweden. Palme made an attempt to get the hostages in Tehran freed. It didn't work out but it did lead to contacts. There is no doubt that when Waldheim chose Palme at very short notice to act as mediator he could count on advance approval in both Iran and Iraq.

But personal qualities and international image are one thing. Whether the task can be solved at all is another and reactions in Sweden are yet another.

Iran's president has said publicly that mediation efforts are a "waste of time." He wants Iraq's President Saddam Hussein accused before an international court. Iran will not end the war before all Iraqi soldiers have been driven out of western and southwestern Iran. Olof Palme is in the difficult situation of having to act resolutely while at the same time talking in the sedate language of diplomacy instead of giving snappy answers. And he did say after meeting with the leaders of the two warring lands that "one should not expect rapid results." But "both sides met me with great openness and warmness and both are aware of the great damage done by the war and the risk it poses to world peace and would like it to end as soon as possible." Now Olof Palme has presented a preliminary report to the UN secretary general. Now the work continues, consisting mainly of "learning, listening and clarifying both points of view."

The Swedish mass media don't really know how to treat Palme's big new task. For one thing they are naturally proud and see the broader perspectives. Therefore they are often willing to use journalistic efforts and column space on the topic. But at the same time they understand that the job has to be done with discretion and they use a lightly ironic touch in order not to seem too arrogant.

And the rumors are flying again on Palme's candidacy for various international positions. Even though Palme has strongly denied these rumors and has told Waldheim that his work as party leader does not leave him unlimited time. The latest is that deep in Social Democratic circles they are saying that of course Palme is the leader of the party but that he might be better as foreign minister in a future government. They would like to find a prime minister candidate who is more popular, less polemic and more concerned with cooperation "toward the center." Former Internal Affairs Minister Hans Gustafsson has been strongly promoted as the new Per Albin Hansson and he has not denied these ideas with sufficient force. However he did have to make a public apology, stressing that the party has one and only one leader for the foreseeable future and that leader is called Olof Palme.

6578
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VOTERS SEEN RELUCTANTLY TURNING TO SDP AS COALITION FAILS

Stockholm DAGENS NYHETER in Swedish 13 Dec 80 p 10

[Commentary by Sven Svensson: "Complaints, Unhappiness, and the Provisional Opposition"]

> [Text] All the applicable election barometers show high figures for the social democrats, almost as in the olden days. That can not be because of policies. It is mostly a matter of the phenomenon of dissatisfaction. The social democratic opposition policies are at least as provisional as the government policies. That does not say much.

When the government during the extra Riksdag session last summer recommended increasing the moms [value-added tax] to draw in purchasing power, the social democrats recommended import fees or import deposits. Previously such a proposal would have caused increased dementia, especially when foreign governments resort to such trade restrictions. This time it was a question of avoiding all responsibility for increasing moms, not caring a fig for policy. So we had a statement of no confidence against the government, not because the social democratic leadership wanted it, but because the social democratic workers did not understand better.

Workers Now Know Better

So that is how that happened. Now the social democratic workers know better. Tax reform for 1981 is marked by an eternal row between the government and the opposition. The social democrats want to demolish tying taxes to the cost of living index, the bourgeois government does not. Everything is like a theological seminary. One should believe that there is a chasm dividing the government's and the opposition's tax proposals, that the country's destiny depends on which side wins. But it is not like that. The difference is actually surmountable if one is within normal income brackets.

For a wage earner with a taxable income of 50,000 kronor the social democrats offer an extra tax reduction more than the government of 412 kronor per year, and with a taxable income of 80,000 kronor the difference is 596 kronor. The difference is not actually great in a political question which seems to go to life or death, both

in the Riksdag and in the wage negotiations. It is first at the point of taxable income of 200,000 kronor where there are major changes. Then the government offers 3,250 kronor more than the opposition.

Simplest Just to Agree

The villa tax is another example in the confusing world of the politicians. Here the social democratic opposition seeks to remain in the lee of the bourgeois government. It is simplest to just agree with the government's proposal, so that the bourgeois coalition alone will bear all the displeasure of the voters. A government report on the villa tax can of course be requested for appearance sake.

NCB is another instructive example in the political jungle. If the government had recommended that NCB should continue in bankruptcy, the opposition would have said no, and screamed to high heaven, "Not responsible!"

Flew the Flag Just Right

When the government did not want to continue NCB in bankruptcy the opposition flew the flag just right with bankruptcy. It should have been the opposite.

Next year the parliamentary defense committee will recommend the termination of 15 regiments. That will be a very unpopular decision for the areas affected. To terminate a regiment is worse than to close a shipyard, NCB, or a mine. A regiment is a more certain source of tax money for local politicians than heavy industry.

In the next election nothing can prevent social democratic politicians from fighting for the regiments in their home districts. The fight over this is inescapable, no matter how much more important defense questions are than party battles.

Complaints and Unhappiness

Conclusion: Move up the defense decisions beyond the 1982 election, otherwise there will only be complaints and unhappiness.

It is only a part of the political language when the opposition says it is ready to shoulder the responsibilities of government. Also Palme. The truth is something else. The social democrats do not now want to take over the government and be forced to carry out the same destructive policies as the bourgeois coalition.

Instead the social democrats want to use the time until the 1982 election for internal organization and to build up their own political platform around the employee funds, a new tax system, and a new crisis policy, which will be worked out by a study group under Ingvar Carlsson's leadership.

Until the 1982 election the SPO (Swedish Provisional Opposition) will take the least possible responsibility and with the greatest possible protraction exploit dissatisfaction within the bourgeois groups, primarily among Center Party and Liberal Party voters.

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END

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WEST EUROPE REPORT

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OIL REFINERY IN INDONESIA: COLOSSAL SPANISH PROJECT

Madrid ACTUALIDAD ECONOMICA in Spanish 4 Dec 80 pp 85, 87

[Article by Juan Astorqui]

[Text] The Spanish consortium has dashed the hopes of its "sister," Shell, which has suspended work on expanding its Singapore refinery. The Dutch multinational, in a show of pride, has halted the work, claiming that there are defects in construction materials, according to THE ASIAN WORLD STREET JOURNAL. The sources consulted by this magazine assert, however, "that Shell's business, or at least a major portion of it, is seriously compromised in the area of Indonesia. The Dumai refinery, which is slated to have a refining capacity of 93,000 barrels a day and will begin operations in 1984, will cover 60 percent of kerosene consumption and will save the Indonesian Government some $3.2 billion." A very substantial part of this amount still goes into the coffers of Shell, which buys crude oil in Indonesia and returns it to the producing country in refined form.

Refinery Impossible?

Dependence on other countries for refined petroleum products has been the most important concern of Suharto's government. Since 1975, the Indonesian Government has tried every means to attain independence from the large companies and to provide its national oil enterprise, Petramina, with a network of refineries capable of meeting internal demand for a product which is vital for Indonesians: kerosene. In this country (which has 13,000 islands, rendering the stringing of electrical wires impossible), kerosene for domestic use (lighting and cooking) is distinguished by spelling it with a "q" instead of a "k."

During the last 3 years the construction of the necessary refineries has appeared to be an almost impossible task. Indonesia has a foreign debt topping $11 billion, and financing channels through organizations such as the IMF and the World Bank are closed to it. Nevertheless, the government turned to private international refinery construction firms to request financing. The bidding attracted 18 consortia, and initially the proposal of one of the German groups won. But that agreement was terminated, and it was then that Centunion, which has already built two cement factories in Indonesia and is working on a third, got into the action.

Meanwhile, Shell, which figured it would be impossible for Indonesia to have its own refinery, began expanding Pulau Bukom, its Singapore refinery.

Centunion consulted with Tecnicas Reunidas, and the two reached an agreement. They presented their plan in detail to complete the one drawn up by the American firm UOP [expansion unknown], which had been contracted to design the basic engineering of the project. That plan was approved. Then the two companies got to work searching for the $1 billion necessary to finance the entire project.

Financing

Gabriel Conde, trade director of Tecnicas Reunidas, explained to ACTUALIDAD ECONOMICA that "the battle to obtain the $1 billion has been difficult and arduous, although in all candor, the Spanish administration--specifically, the Ministry of Trade and above all Juan Antonio Garcia Diez--has supported us all the way. Thanks to its intervention, we have been able to bring to fruition a project that, in terms of industrial plants, is the most important one ever carried out by Spanish firms outside our country."

Among the entities participating in the financing of the project is the Banco Exterior de Espana (BEE), with $300 million in export credits. Conde explains: "The majority of the $300 million from the Banco Exterior de Espana will have to be used to purchase goods and services produced in Spain."

The terms imposed by the BEE on the credit are normal for this type of operation: 8.5 percent interest, 13 years amortization and a 3-year waiting period.

In addition to the BEE, the Kreditanstalt-Vereinbank of Austria is participating in the financing, with 150 million pesetas obtained through the Voest Alpine, a firm which operates in Austria as an exporter of a certain type of material necessary for the refinery. It is operating in a partnership with Tecnicas Reunidas.

Approximately $60 million will be provided by third countries that have yet to be named. Their selection will depend on the sales offers for some of the equipment needed in the project that is not manufactured in Spain. On Tecnicas Reunidas' list are firms from almost all European countries, with the exception of England, which has broken off relations with Indonesia. An additional $220 million is in the form of commercial credit granted by a syndicate of banks headed by the American Bank Corporation. The rest of the $1 billion comes from Petramina's own funds.

The King Too

Once the detailed plan has been approved by the Ministry of Trade and Cooperatives of Indonesia, it still must be signed. The contract for construction, supervision and supplies is still being negotiated. On Saturday 29 November a delegation from Tecnicas Reunidas and Centunion, led by Conde and Javier Meana, director of Centunion, traveled to Jakarta to finalize the details and sign the contract with Minister of Trade Radius Prawiro. According to Conde and Meana, "the contract will definitely be signed. Prawiro supports Spanish participation; he has visited us several times, and despite the Dutch and German influence in the region, we are certain that nothing will interfere with the operation."

But just in case the support for the Spanish consortium was not enough, on his recent trip to the Orient the King spoke with Suharto about the Dumai refinery,

among other things. According to sources at Tecnicas Reunidas and Centunion, "the King's intervention served to clinch the signing of the contract. At first, it didn't seem that there was any impediment anyway, but after Suharto's commitment to the King, we are going to Jakarta with the certainty that the negotiations will be easy and quick. . . We will sign."

The Dumai refinery, which will begin operations sometime in 1984, will have, as mentioned earlier, a refining capacity of 93,000 barrels per day. This will cover 60 percent of Indonesia's consumption. The project has 10 processing units and a unit devoted to hydrocracking, which Spanish experts consider the most important.

The Consortium

Tecnicas Reunidas and Centunion (Espanola de Coordinacion Tecnica y Financiera, S. A.) are two of the largest firms in Spain. Tecnicas Reunidas, headquartered in Madrid, deals with the design and supervision of industrial plants. It has assets of 200 million pesetas, and is carrying out projects for Petronor, Industrias Quimicas Asociadas, Union Carbide and several others, in addition to the project in Indonesia. In 1979 its earnings amounted to 1.433 billion pesetas, and its payroll totaled 750 people. The president is Jose Llado y Fernandez-Urrutia, who is now Spain's ambassador to the United States and is on special leave for that purpose.

Centunion ranks 388 among Spanish firms, ninth in the Miscellaneous Activities sector. In ACTUALIDAD ECONOMICA's annual ranking of export companies it holds 66th place, with total exports in 1979 of $2.083 billion. In the last fiscal year it earned 4.315 million pesetas. It employs 273 persons, which means its per-worker earnings are more than 15 million pesetas. Net profits in the same fiscal year were 15.3 million pesetas; the cashflow was 10 million pesetas.

8926
CSO: 3110

BRIEFS

OIL IMPORTS RISING--The total amount of crude oil delivered to Spanish refinery terminals for the domestic market is 43,094,168 tons for the period of January to October of this year, sources told Europa Press. Saudi Arabia continues to be Spain's principal supplier of the crude. Between January and October, Saudi Arabia supplied Spanish refineries with nearly 13 million tons, which accounts for 29.7 percent of the total amount delivered. The second largest supplier is Iraq, from which 6,120,343 tons of crude, or 14.2 percent of the total, were imported. Next is Mexico, with 8.4 percent; Libya, with 8.2 percent, and Iran, with 6.8 percent of the total. Of the crude oil refined in Spain, 1,286,538 tons were produced for the domestic market, which means 2.9 percent of the total amount of crude oil delivered to the refineries between January and October 1980. Imports are expected to reach 51.1 million tons by 1981. [Text] [Madrid EL PAIS in Spanish 11 Dec 80 p 57] 8926

CSO: 3110

GOVERNMENT RETRENCHMENT PLAN TO LABOR, EMPLOYER'S UNIONS

Brussels KNACK in Dutch 26 Nov 80 pp 26-30

[Report on the 16th National Labor Conference (NAK) in the Egmont Palace, 15-22 Nov 80: "The Great Moderation Has Now Really Begun"]

> [Text] For 1 week the government has dug itself in with social partners for various expanded meetings in the Egmont Palace. Monday evening the great moderation plan was made public, and it will still require a lot of work in the headquarters of the social organizations in the coming days. The plan is not take-it-or-leave-it, but the government really does not want any more negotiations, but rather suggestions. Moderation and paying up at the same time, really, and no one will be able to predict the results of that. Still, the employers know that the billions being discussed will come to settle their debts, and the labor unions are out-classed on almost all fronts. A reducing diet of 1 week.

The National Labor Conference (NAK) has a long history. In 1936 the representative of the labor unions, employers, and the government met for the first time in such a conclave, and this is the 16th time. The goal of this round was already contained in the Marens IV cabinet's governing declaration. There was to be a large-scale discussion to call on the people and the country for moderation, moderation of income--the form was not yet clear to the government upon its arrival--was to have been discussed with everyone because that was the only way to drag the country out of the economic quagmire. There had not been a National Labor Conference since 1972, and thus none had yet been held except to talk about the distribution of economic growth. Then, in 1972, to be sure, there was already increasing inflation and even a growing army of the unemployed, but the bridging pension, the industrial governmental initiative and broader information to the industrial council were still typical luxury agreements, in a year in which the annual national wage negotiations still always ran smoothly.

Since then there has not been much left to divide. As long as the economic activity and productivity were growing, it was easy to reach agreement. When the growth fell off, productivity could only be jacked up by laying off workers. Where earlier solidarity with those least involved had meant calling for increases for all wages and benefit payments, now the workers had to swallow the idea that solidarity implied being moderate and a little belt tightening. The issue

in the social reality of today is work, and there is none of that to spread around, either. From the time that this NAK was announced, everyone began to take a firm stance: the first NAK in which the talk was to be about paying up.

As is the case with many major issues of interest to everyone, the parliament is not taking any part at all in the NAK. The labor union parliament members are more-or-less easy to identify in the CVP [Social Christian Party] and the SP [Belgian Socialist Party]. The are permitted to keep busy with labor laws, with the juridical organization of social affairs, but the labor federations have clearly prevented the transfer of even the most limited portion of their negotiating power to the parliament. For their part, the employers charge that they cannot find one member of parliament who is ready to defend their positions in public. So now parliament is certainly not getting between the two of them in the great national three-party discussion, but in the background the lobbying for the employers' positions still remains active. While the labor conference was in session, letters from chamber members and senators were received at the Flemish Economic Association [VEV] in Antwerp which agreed largely with the VEV with respect to the employers' position as to moderation and the like. On 13 October the VEV had written the politcians a letter seeking understanding for the rotten industrial climate. If we can believe the VEV, quite a few members of parliament have written back to Antwerp to rank themselves behind the Antwerp employers' Jeremiad, always with the stipulation: we parliamentarians do not have the actual power.

Three-way discussion, between the labor unions and the employers with the government in attendance, has not really been invented since the crisis. There have always been tripartite agreements, at least since the first NAK in 1936. Generally, especially during the rapid sequence of labor conferences of the postwar years, the government sat in to put its official seal on the biggest agreements, in wage agreements, social security and the whole organization of the negotiation economy. This time the government threatens to assume the responsibility, as it is termed, or to force a plan upon two discussion partners who have not reached agreement. There has not been any national interprofessional wage agreement since 1975, and this year there was no chance for negotiations. Neither the labor unions nor the employers were taking the chance of leaving an opening for the other, for the stakes in the social relationship are becoming increasingly delicate. More and more, the issue is work, it is job security, and at the same time wages and benefits are being nibbled at.

How can an agreement be reached on employment? The entire discussion framework, experience, and the tradition of negotiations for the past 35 years has had to do with the signing of wage increases, of financial adjustments. Now that one worker in two, according to the public opinion polls, has either had to deal with unemployment directly or has felt threatened in his job indirectly, so that now everyone's greatest concern is his job, the discussion continues to follow the old paths. Work as a topic is still so unhandy that the social partners seem to be able to think up no other ideas than to talk about wages, be that in the form of wage moderation.

Work has nothing tangible about which to negotiate. Work is not handy as a concept for negotiations, because there is no direct connection between the demand and the result. If the labor unions were to agree today to something to do with employment as a promise, they cannot take it to their union membership tomorrow. No. The work will not be available in the most favorable case until months later. Furthermore, the connection between demand and result is completely lacking at the company and sector level. On that level on the average people only feel the runoff, and only on the macroeconomic level can employment be exchanged for paying in or moderation. Therefore it all goes wrong at that point, for collective labor agreements have been being reached more and more--since 1975--at the sector level in recent times, and frequently even at the company level.

Raymond Pulinckx of the VBO recently stated for this paper that it is impossible for him to make any definite guarantees. He cannot guarantee that work will follow from moderation. Labor unions now want precisely those guarantees: first, that not only the easily known incomes--wages--be reduced, but also the other incomes, the fiscally and administratively less readily grasped incomes of the free professions, for example, and secondly, that the moderation in fact serve some purpose: for a healthier industry, which can then invest in jobs again. The labor unions have real problems here with their rank and file, which frequently do not even want to hear about moderation, or else demand work guarantees most forcefully. But Raymond Pulinckx has difficulties there with his VBO, too, which includes as members very diverse sectors, as burdensome shareholders in the little firm of the VBO, which has to carry out its intended purpose--defending the employers' interests--almost despite the parties that fund it. What the public sees on the television screen, that Pulinckx is a great buddy of Debunne, is not far from the truth. He talks in clearer terms with the red labor union leader than with his own board of directors.

At this round of labor talks, the third partner, the government, has shown the greatest muscle. If the social partners are not able to reach an agreement, they will simply have to listen to what has been agreed to around the table at the cabinet council. The government was also the most in need of an agreement. A large part of the governing declaration is devoted to improving the social and economic situation, and the prime minister designate's negotiations were devoted to these topics more than has been the case in the past. The reason for this political team's existence was at stake, and Wilfried Martens could only see his future assured if he were able to stay out of conflict with the social partners. Furthermore, moderation is also very important to the government as an employer and as the payer of pensions. Topping off the high pensions and restricting civil servants' salaries directly affects the treasury's wage service.

Why is it now so necessary that we be moderate? It is becoming more and more clear that the country is living beyond its means. By that it is meant that we continually import more than we export, and that in this way riches are being taken away from our country to foreign countries, at a higher rate than we can long afford. Moreover, in past years the wage earners have been able to shift the burden of inflation, imports and taxes, through the means of index coupling [cost-of-living adjustments] to the industries, which have gradually come to earn too little to still be able to make investments, and which have not been able to sell enough of their products abroad. At the same time the government has gotten into financial difficulties, and that has caused the interest rate to increase so much that not only can business no longer make investments, but no one is building a house any more.

In other words, industry says, the industrial climate must be improved. In specifics, that comes down to the following scheme: a wage moderation reduces the companies' costs so that productivity increases, which is good for the international competitive position, to the extent that employment opportunity increases and the governmental finances improve. Cost reductions also improve the competitive position abroad, increase exports, and the balance of payments is improved.

It is not just industry that says that, but also the National Bank, quite a few professors of economics and research services of banks. Herman Van Rompuy, head of the CEPESS, the research service of the CVP [Social Christian Party (Flemish)] and the PSC [Social Christian Party (Walloon)], at a meeting of Christian employers in Limburg recently, also had calculations dealing with that. In 1980 the companies will have lost 60 billion [Belgian] francs. Moderate wages to the bare cost-of-living adjustment, and the CAOs [Collective Labor Agreements] already concluded will produce a net of 6 billion for industry, and the fiscal measures of Martens III and Martens IV, less the new taxes contained in the, would be good for another 11 billion. That is far from too much, according to Van Rompuy, who held that previous coalition agreements worked out well for the families, and that it is now finally industry's turn to finish in the money.

If you talk things through at the VBO, then even there the utility of moderation as an instrument to solve the crisis is doubted. "It is not certain that moderation will have good results, but if we do not follow the other countries, we will lose even more employment," is the argument. Or, as Mark Eyskens, the finance minister, expounded, it this past Sunday in the television debate: a wage is an income, but it is also a cost; the buying power of that income is not bad and is not fundamentally affected, but according to Eyskens, we now have to transfer the emphasis to the cost aspect of the wages, so that industry can operate under better circumstances.

A too simplistic line of reasoning slips all too handily into discussions of wage moderation. The VBO really is right if it is held that wage moderation in itself does not guarantee anything. It is clearly not true that because the wage increases of the years from 1973 to 1978 caused jobs to be lost, a wage moderation now will create jobs of itself, as though it were two interconnected reservoirs. There are also economists who have thought the matter through a bit further, and whose opinions are to be respected, such as the Political Economy and Labor group at Leuven. There are three major points because of which wage moderation cannot work to solve unemployment. First, there are a number of sectors, such as steel and ready-to-wear clothing, which absolutely cannot have enough of a measure of this kind to be able to compete with the low-wage countries. Secondly, our neighboring countries and most important trading partners are cutting back equally sharply. If we cut back by 2 percent, our competitive position will not be improved to an equally great extent, because our competitors are also backing down. And thirdly, an enormous technological revolution is currently under way, in which investments in industry in the rich countries almost exclusively mean rationalization, and represent investment in labor less than ever.

It can be seen from this that moderation can be sensible if it leads to investment means which offer high-wuality and lasting employment. Thus, labor unions could become involved internationally against deflationary moderation proposals. And in their own countries, they could ask, within the margins of what is possible

with government finances and with industry's competitive position, that the money which is made available to industry through moderation, with the requisite controls, imprimis: be kept within the country, and secundis: be used there for the adjustment of production to domestic needs and requirements, for a selective export policy, for the distribution of available labor, for restoration of a healthy capital market, and for industrial innovations.

The Egmont Palace, which has ever played host to famous and infamous meetings, was as good as a bunker from Monday to Monday. Only with the proper pass was it possible to get past the heavily armed and overwhelmingly present National Gendarmerie. A solemnity like unto a high mass, as someone said, which was very well closed off to the outside world. Journalists scarcely had anything to write about, and had Premier Martens' press advisor Lou De Clercq at the daily briefing in Wetstraat as almost their only source of information. If in the mean time anything further did leak out, it was guaranteed to be from a "friendly" ministerial source.

A spokesman for the employers said Monday evening, "The government did not negotiate. They had everyone put forth his position at last Monday's plenary session, and had those positions further defined in the study groups." By the beginning of the weekend, the government knew precisely what it was up to. For 2 weekend days, the cabinet departments involved, and primarily the department of labor and employment, worked at full speed to delineate and consider text after text and proposal after proposal until agreement would be found in practically permanent cabinet council concerning what was to be presented to the social partners as a proposal for interprofessional agreement. Monday afternoon at 1300 the final version was finished, and the government was to present it at 1500 to the plenary session of the National Labor Conference. Employers hoped almost in silence that it would be left with the short governmental communications, but union leaders wanted to go on to negotiation at once. Jef Houthuys, ACV [Confederation of Christian Trade Unions] chairman, who stood clear as a "jef d'etat" on his own evidence, to begin at the meeting, told the members of the press that it would not do to wait until 2 days later, or the next week, to negotiate: if the government wanted to continue to enjoy the confidence of parliament, there would have to be more talk the same day. That meant a late night right away, and Vice Premier Spitaels would just have to take over as leader if Prime Minister Martens had to go from one palace to another for the gala in honor of the Queen of England.

Since then it has been learned what proposals for moderation the government presented. Anyone earning more than 35,000 [Belgian] francs gross must give up his CAO rights [the wage increase previously negotiated] and would only receive a cost-of-living adjustment. Anyone earning less can retain his rights and can receive 1 percent more than the cost-of-living adjustment next year. The 38-hour work week will be sought for everyone. But also, everyone will have to pay more for his social security, and furthermore the wage limit will be increased to 65,000 francs. The long-term unemployed--anyone who has been unemployed for more than 2 years, plus 3 months for each year he or she has worked--will receive less support. A head of family will then receive 70 percent of the minimum monthly wage, or nearly 17,000 francs, a single individual will receive 12,000 francs, and a co-resident will still receive 9,5000 francs. In this way, the great dissatisfaction among women with the exclusion of non-heads of family from the support regulations is countered at least in part. Public mandatories must give up

5 percent--which, according to some sources, would work out technically so that a member of parliament earn more--and the 20 percent the notaries have received each of the past years from Minister Van Elslande will be revised. Civil servants must also pay up. There will be a soliarity contribution from which incomes under 40,000 francs are excluded, and those for higher incomes run from 0.9 percent up to 2.7 percent.

There was further discussion of the major outlines Monday evening. Tuesday the national committee of the ABVV [Belgian General Federation of Labor] met, and later in the week the ACV [Confederation of Christian Trade Unions] and the VBO and the other discussion partners also meet. The ABVV will hold its congress on 2 December, the date on which the prime minister expects all the answers, and last in the series the VBO will also hold a special board-of-directors' tactical meeting on that day.

The government's bill after the proposals remains very unclear. Even the cabinet members probably did not know at the latest meeting what the impact of the so frequently and so heavily altered proposals would be in the end. The billions the government hopes to collect--five from Employment and Labor, two from pensions and eight from social security--will give rise to reduced incomes, and thus less tax money, and also to reduced consumption, and thus stagnating BTW [Added Value Tax] receipts. Clearly the political value of the round of moderations was greater than the financial consequences.

The employers do hear the cash registers ringing. Along with the advantages mentioned in the most recent two cabinet declarations--between them good for 11 billion [Belgian francs]--the BVO thought that Monday's moderation would be good for 20 to 24 billion francs. But according to labor union people, it appears to be an endless task to freeze or to suspend CAOs. The legislator cannot simply intervene in agreements that have been reached between employers and labor, and the members of the cabinet are proving that they do not know the practical social course of events, one lab or union leader said.

The labor unions do not have much to expect from the moderation. Chairman Andre Vandenbroucke of the general headquarters of the ABVV referred recently in LINKS to the examples of Great Britain and the Netherlands, where moderation plans have not proved at all to be so creative of work. The ACV stresses that moderation is best, and valuable, if results are seen in employment.

The labor unions have not yet learned how to negotiate with work as the stakes. Is today's shortage of work a dramatic necessity? Probably not, but the phenomenon is very complicated, to complex for 35-year-old negotiation structures. Work is not a traditional topic of negotiation, and furthermore it is thankless for the reasons mentioned. Earlier, solidarity meant demanding increases for everyone, now it must be explained that solidarity means moderation. The labor union does not have any clearcut argument about the creation of work, or employment, or the distribution of working hours. The labor union does not even have a considered response to the simple, but, as cited above, false, scheme with which the employers have won such important results from the struggle. Simple schemes do succeed from time to time in the complicated reality.

6940
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CDU PLANS PARTY STRATEGY FOR 1980-1984

Strategy Paper Excerpts

Hamburg DER SPIEGEL in German 22 Dec 80 p 82-83

[Article: "A Party To Touch"]

[Text] The expanded CDU presidium held a closed meeting in Boppard to discuss a strategy paper on "the political agenda of the CDU for 1980-1984." This "working draft" is to be reviewed by an editorial commission and to be adopted as an actual agenda at the upcoming CDU party congress in Mannheim in early March. Here are some excerpts of the Boppard draft:

Over the past several years, the CDU has made its basic tenets and policy goals known-- particularly in its basic program and its election platform. These policies are capable of attracting a majority among the voters. If the CDU bases the contest for electoral majorities on them, it will gain the kind of momentum which neither the media, nor the voters can escape. The CDU can achieve this by:

1. adopting a value-oriented policy founded on its basic program;

2. being sensitive to new issues and proving its willingness to discuss them tolerantly and openly and

3. pointing to the political failures of the coalition partners SPD and FDP-- particularly in safeguarding our national existence both domestically and externally.

The outcome of the election proves that the SPD was unable to become the most potent political force in the FRG in spite of its generally favorable starting position including that of the incumbent chancellor. Structurally, the SPD is a political party whose upper limit lies at about 40 percent of the electorate. Conversely, the CDU/CSU, operating under eminently unfavorable conditions, did

maintain its position as the most powerful political grouping and has thereby proven that it is capable of attaining a majority under more favorable conditions. Quite possibly, it may now have more regular voters than ever before.

A change in party alignments (such as the creation of a fourth party) is not considered desirable by the CDU and the CSU. An FDP shift to a different coalition arrangement cannot be counted on. Instead, CDU and CSU should devote all their energy and imagination to attaining the kind of broad majority necessary to take over the reins of government in Germany. This is conceivable because:

1. there is a general and constant trend away from liberal-socialist philosophy throughout the Western world;

2. Due to generally more favorable economic conditions and certain fiscal prearrangements (deficit spending) this trend did not begin to affect the FRG any sooner than this. But now stringent and unpopular measures can no longer be avoided. The end of the Schmidt era is synonymous with the liberal-socialist era.

3. Between 1980 and 1984 the CDU/CSU will be in a position to mobilize strong reserves (as compared to 1976-80) particularly if it manages to avoid the mistakes of the 1976-80 period. If the CDU/CSU as a whole turns to questions of substance and leaves personnel matters aside; if it does not forfeit the solid base of its trustworthiness by engaging in personality disputes; if it looks upon every Land election as a factor contributing to the next Bundestag election and if it makes full use of all its resources, then it will take over the government in 1984 because in structural terms the CDU/CSU is capable of attaining an absolute majority.

To achieve this goal, the CDU/CSU must agree on a number of basic strategy decisions at the start of the new legislative session which it intends to pursue in the Bundestag, the Bundesrat and as an opposition party.

It will be the strategic aim of the CDU/CSU to outline just where the responsibilities lie: the government must answer for the unpopular measures and the public must attribute them to it.

Strategy in the Bundesrat calls for preventing the CDU/CSU majority there from relieving the FDP of its corrective function in government in the sense that the FDP does not vote for policies in the cabinet or in the Bundestag against its better judgment in hopes of having the CDU/CSU Bundesrat majority push through a sensible and more moderate set of measures for the success of which the FDP can then claim credit.

The CDU/CSU-run Laender must coordinate their position in the Bundesrat and make the public aware of it in a plausible fashion. This is the only way for the CDU/CSU to present a non-contradictory image the public can understand.

Thereby and in other ways, the CDU must launch a concerted debate within the party which conveys the impression to the public that the CDU may not have ready answers to all questions but that it is sensitive and sympathetic to the real problems of people; that it does not think stereotypes and talk cliches but is able to debate intelligently, even with people who think and act differently. The emotional threshold which keeps people from going over to the CDU can be lowered by adopting a political style marked by tolerance, respect for others, sensitivity and a readiness for dialogue.

A political party is judged not only by what it says but also by what it does-- not only in big-time politics but also in the everyday concerns of average people. The CDU must therefore make the moral aspects of its policies and its concern with everyday matters clear over and over again. Some examples for this would be to adopt or assume sponsorship for old people, invalids, families with many children or children of foreigners.

The consequence would be a party to be experienced and to be touched which offers entirely new opportunities of participation to people who have relatively little interest in politics in the strict sense of the word.

The political program of the CDU will therefore have to aim for two goals at once over the next 4 years:

The CDU will have to deepen and expand its competence in substantive matters, that is to say move on to new issues.

By pursuing value-oriented policies, the CDU will have to succeed in winning over young people more than heretofore.

The CDU will have to give priority to the interests of the future as opposed to the wishes of the present.

In addition to its alliance policy, the CDU must continue to develop its own Ostpolitik on the basis of existing treaties and constitutional norms and attempt to tie more than heretofore the north-south component of international relations to the east-west component. The structure of international relations can no longer be adequately defined by the bipolar (east-west) pattern of the sixties.

The contrast between north and south, resulting from an unequal distribution of the riches of the earth, has intensified. The north-south and the east-west areas of tension cannot be viewed separately from each other.

There is another reason why this interrelation between the north-south and the east-west problem will become a foreign policy issue within the next few years. The morally sensitive population groups (young people, students, Evangelical and Catholic academies) are more concerned about the north-south than the east-west issue. Based on a morally rigorous outlook, they tend to judge policies by their results and the results in this case they feel are largely negative.

A political party which /in their eyes/ identifies (exclusively) with the east-west problem and whose foreign policy appears blind to the north-south theme cannot hope to convince them-- even as concerns the east-west issue.

Interview with Bluem

Hamburg DER SPIEGEL in German 22 Dec 80 pp83-84

/Interview with CDU Presidium Member Norbert Bluem: "The FDP Must First Be Afraid"/

/Text/ SPIEGEL: At its meeting in Kreuth, Mr Bluem, the CSU maintained that the election was not lost by Strauss but by a lack of confidence in a CDU/CSU victory. Do you agree ?

Bluem: Victory has many fathers; defeat is more of an orphan. I still say we lost, all of us together. The game is over. The ball is no longer in play. There is no more tackling.

SPIEGEL: Strauss still does. He does not feel that the "softer issues" like foreign workers' or family assistance and opportunities for youth that the CDU wants to push are really priority issues; he still holds to his "hard" line on Ostpolitik and on the German policy.

Bluem: Arriving at a consensus between East and West is a difficult business. To be sentimental about this, is to take your life in your hands. But as for misery in the world, that is something that simply must touch our hearts. If compassion for the poor is considered "soft," then I am in favor of being soft worldwide.

SPIEGEL: The results of the closed-door meetings of the CDU and CSU in Boppard and Kreuth seem to indicate that the old controversy within the Union on how best to meet the challenge of the socialist-liberal coalition has flared up anew. Whose side are you on this time ?

Bluem: I do not change sides at the drop of a hat. We are not a a reconnaisance squad that has gotten lost. I do not consider the fact that there is a debate in our party about the problems of the average citizen a defect; it is a sign that "things are moving." People's parties, after all, are not meant to be simple associations dedicated to brainless, unquestioned conformity.

SPIEGEL: Do you agree with the Strauss view that the CDU/CSU in its present alignment cannot beat the SPD/FDP coalition ?

Bluem: No.

SPIEGEL: You are chairman of the CDU social committee and as such the CDU/CSU expert on social policy. Do you share the hopes of the government for an economic upturn later this year which will get some of the unemployed off the streets ?

Bluem: We have been hearing about these upturns over and over again. Every few months the situation improves, on paper. In reality, we have now had a million unemployed for 6 years.

SPIEGEL: What do you recommend as a member of the CDU's left wing ?

Bluem: There is no patent remedy. But what we do need is a dependable economic policy that does not constantly vacillate between spending and collecting; a fiscal policy which gives the small and medium-sized businesses a hand instead of grabbing them by the throat.

SPIEGEL: Those are nice premises...

Bluem: ...which can be turned into actions, if one takes the appropriate consequences. One such consequence would be the improvement of professional education, particularly for adults. Another consequence would be more flexible working hours. Why would someone who wants to work part-time have to work full-time ? The alternative between full-time work and no work at all is just plain unimaginative.

SPIEGEL: What should the government do in practice to come up with a different set of regulations on work schedules ?

Bluem: The main burden rests with industry and labor. But the legislators must do their part by making social legislation more flexible. There is a need for more imagination: life rhythms and work rhythms must be brought into line with each other to a greater extent. The transition from the work mode to "retirement" could operate more smoothly.

SPIEGEL: But first a lot more money will have to be spent.

Bluem: Spending money for full employment is preferable to spending money for unemployment. Full employment is cheaper and more humane.

SPIEGEL: Do you agree with FDP economics minister Count Lambsdorff that a greater distinction will henceforth have to be made between shirkers and those willing to work ?

Bluem: It is not so much a question of shirking and abuse among the unemployed-- that happens in all social groups and not only in the area of social policy. Tax evasion for example costs the government a great deal of money. We are for fighting abuse wherever we find it and no matter who is guilty of it.

SPIEGEL: Is the minister right then ?

Bluem: Anyone who reduces the unemployment problem to shirking and absenteeism does a grave injustice to the hundreds of thousands of unemployed who would like nothing better than to work again and who are in fact ashamed of being unemployed. If they not only lose their job but public respect as well, they become totally isolated.

SPIEGEL: Those are lofty words...

Bluem: Not lofty at all; it is a simple question of arithmetic. In Saarbruecken, there are 7.7 percent unemployed; in Stuttgart the figure is 1.7 percent; in Emden, it is 8.6 percent and in Goeppingen, it is 1.4 percent. The difference is not attributable to the fact that there are more shirkers in Saarbruecken and in Emden. To describe unemployment as an individual problem is to minimize it and that leads to putting it on the back burner.

SPIEGEL: What can you do about that ?

Bluem: I have no intention of letting up the pressure on Helmut Schmidt. When you start reducing unemployment to a question of shirking work, you touch on moral issues which is something that Schmidt himself says the father confessors are responsible for and not he. As for us, we must learn to look upon unemployment as a problem for the future and to treat it as a political issue. The government is just looking for an alibi for its failures.

SPIEGEL: Some of your party associates think quite differently. They tend to agree with Count Lambsdorff and call him courageous.

Bluem: I cannot but be amazed myself. It takes a good deal of courage for Lambsdorff to make it appear that he has nothing to do with the coalition at all. But the fact remains that he did not join it yesterday. And here he is complaining about problems which have arisen during his tenure as economics minister. To disavow one's own record like this, really takes courage.

SPIEGEL: Many CDU/CSU politicians feel that the government has no other job at present than to promote growth; in which case employment opportunities would more or less take care of themselves.

Bluem: My view has always been that in a social economy the economy is not simply left to its own devices. That is the point on which I differ with the liberal economists of the Neanderthal school which hold him to be the winner who wields the biggest club. The CDU has never subscribed to this particular economic philosophy and will not do so in the future.

SPIEGEL: The metal workers union accuses the government coalition of having worked out a "social plan" to let the coal and steel codetermination agreements lapse. Is there a CDU/CSU majority to be had which would guarantee the retention of these agreements for more than 6 years ?

Bluem: One of the most important differences between the government and the opposition, I think, is that we have not changed our tune since 5 October. I have certainly not heard anyone come out with a different statement up until today. Prior to the election, our candidate for chancellor proposed that the coal and steel codetermination agreements could be constitutionally guaranteed without the need to resort to special settlements as in the case of the Mannesmann law. To get such a provision enacted, would require large majorities just as changes in the electoral law do. There are some issues that simply cannot be decided along strict party lines.

SPIEGEL: If you could in fact come up with a majority, the present coalition would fall apart because it would have to join in voting with different majorities on different issues.

Bluem: That is Wehner's problem and not mine.

SPIEGEL: Getting back to your problems then: What does the CDU hope to achieve with its "soft" issues as put forward at Boppard ? Will you banking on the voters' sentiments from here on in ?

Bluem: There is a great yearning for life in readily surveyable dimensions and an equally great disgust at being manhandled by super-size organizations. Preference for small groups and communities might well be the political model that could make sense to young people, too. Our young people cannot rid themselves of the suspicion that the established politicians simply want to get them under their thumb even when they talk like social humanists. Youth policy does not mean that some CDU granddaddy puts on a T-shirt, but that we really grab hold of the existential problems of the future.

SPIEGEL: Nonetheless, a CDU government would be faced by empty coffers, too. How would you go about distributing the available funds so that those who really need help would get something ?

Bluem: According to the three R's of political life, the likelihood of those needing help paying for it themselves increases in direct proportion to the size of the recipient population. Any state that pays out subsidies is bound to turn into a gift shop dedicated to its own benefit.

SPIEGEL: Your party chairman has said the CDU must reconcile itself to 4 more years in the opposition. Is there a chance to break up the coalition just the same ?

Bluem: The more what an opposition wants is perceived as right, the sooner it will be able to take over the government. I do not think the FDP will move unless and until it becomes afraid that things might work just as well without it. The FDP is quite convinced of the fact that it is a party that was made to govern. It will not be able to limber up until it recognizes that the people no longer support the program the FDP and the SPD labeled social-liberal once upon a time.

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METHODS FOR SMUGGLING GDR SPIES INTO FRG

Hamburg DER SPIEGEL in German 22 Dec 80 pp86-88

/Article: "Hot Trail"/

/Text/ The GDR intelligence service is using increasingly sophisticated means for smuggling agents into the FRG; the most successful being the doubleganger method.

When Harald Scherer* from Kassel visited relatives in Dresden in the mid-seventies, he met and fell in love with a young student there. Soon the two made plans to get married. But when they decided they did not want to live in the GDR but in the FRG their troubles started.

Scherer was told that his fiancee would not be permitted to leave and that the two had a joint future only if they remained in the GDR. A friendly official --who really was an officer of the MfS-- offered to help by getting Scherer an interesting job with good opportunities for advancement. So as not to lose his fiancee, Scherer accepted and offered to move to Dresden immediately.

But the MfS man said no. First, he would have to prove his reliability. He would have to name several persons who would vouch for him. Then, one would see.

6 months later, when he visited Dresden again, Scherer was told by the GDR authorities that only one small formality stood in the way of his moving. Prior to quitting the FRG for good, he would have to change his police registration as provided for by law from Kassel to Frankfurt/Main and after another 10 weeks to Saarbruecken. Harald Scherer did as he was asked. His notice of departure from Frankfurt in hand, he arrived at his fiancee's house in Dresden.

*Name and dates have been changed

Only a few days later, Harald Scherer went back to the FRG-- but it was a different Scherer this time: an agent of the main administration of MfS in East Berlin had assumed the identity of the real Harald Scherer. When he got to Saarbruecken, the Stasi man presented the departure certificate from Frankfurt and was thus duly registered in his new domicile.

This is a typical example of how East Berlin's intelligence chief Markus Johannes (Mischa) Wolf smuggles his agents into the FRG. In the meantime, the Cologne BfV has painstakingly reconstructed this particular variation of the sophisticated doubleganger gambit. "It took us a while to fit all the pieces into the puzzle," said BfV president Richard Meier, adding with a touch of admiration: "It is a very good ploy."

It was luck and investigative work as well as computer assistance and much systematic work on individual cases that helped the Cologne organization to find out what the other side was up to. And it took a great mass of detailed information for them to crack the system used by the MfS to smuggle its agents into the West. Again and again they were impressed by how imaginatively and skillfully the Stasi people go about their work and how they manage to turn the anomalous two Germanies situation to good advantage.

For years the Cologne agency has been worrying about increasingly sophisticated camouflage techniques being used by GDR agents. That does not mean that Mischa Wolf has given up on tried-and-true methods, but merely that he has constantly added new ones. In this way, he was able often enough to confound his pursuers.

The classical method still is to smuggle in professionals who operate as control officers in the FRG or who slowly and methodically work their way up to sensitive positions. ("Intelligence services have a tremendous amount of patience," as one BfV expert puts it.) Another MfS method is to hire on GDR citizens willing to leave the country.

Wolf's men keep on working on the doubleganger schemes with a great deal of imagination. There are well-trained agents living in the FRG who use the names of GDR citizens who have long since returned home. There are Germans coming in from third countries like Canada or Australia who lead the lives of persons no longer living. The East German agents make systematic use of the fact that police registry files are not too well kept which makes their statements that much more difficult to check.

But over the past few years the BfV has been able to crack several cases of assumed identity.

In February 1979, they nabbed Ingrid Garbe, a foreign-language secretary at the FRG mission to NATO in Brussels. Her lover, who had assumed the identity of one Christoph Willer, put them on her trail.

Willy Erwin Hoefs, too, had merely assumed a false identity; he put the authorities on a hot trail as well. In March 1979, the police arrested Ursula Hoefs, a secretary in the organization department of CDU headquarters in Bonn. Willy Erwin, her husband, was a Stasi agent who had assumed a false identity.

When two more secretaries disappeared shortly thereafter --Inge Goliath who had worked for CDU foreign policy expert Werner Marx and Christel Broszey who was Kurt Biedenkopf's chief secretary-- the BfV soon discovered that the fugitives Wolfgang Goliath and Broszey's friend, Konrad Kipping, had both come over from the GDR as doublegangers.

Kipping had been living in the FRG under the name of Heinrich Hoffmann for some time. In 1972, he obtained a new identity. In June of that year, the real Konrad Kipping moved from Landsberg to Einbeck in Lower Saxony and registered with the police there. Then, he returned to his parents in the GDR. Only a few days later, Hoffmann, having assumed Kipping's identity, appeared in Einbeck. "It is this quick-change artistry that does it," a BfV spokesman says.

These "sluicings" (as the BfV jargon has it) are engineered very carefully. Quite often, an East-West romance is used to start the operation off. A variety of pretexts is used to delay the move to the GDR; the reason being that the potential immigrant's background must first be checked out. The doubleganger must familiarize himself with the life of the original so as to be able to slip into the latter's "legend," as the saying goes.

The Peter Dietrich case did not start out as a romance but otherwise proceeded according to the approved plan. Dietrich, a young man who had trouble making friends, lived with his father in Mannheim. When his father died, he felt quite lonely and wanted to return to Magdeburg to his mother.

Dietrich's mother contacted the GDR authorities and was told to have her son come to Magdeburg for an interview. At the interview, an MfS officer told Dietrich that his request was being looked into with favor but that he would have to be patient until the authorities had had time to find out whether he had a clean record.

8 months later approval for the move was granted-- with the well-known proviso. Dietrich was told that it was in his own interest to change his official place of residence from Mannheim to Hannover prior to entering the GDR.

The reason given was that it was not really certain whether he would like it in the GDR. Perhaps he might change his mind. And, if he changed his place of residence to Magdeburg to start with, he would become involved in complicated and unpleasant proceedings at the Giessen reception center should he return to the FRG as a refugee.

Hugo Merseburg, who wanted to go east for romantic reasons, did not get to go to the GDR directly but had to make a detour by way of Austria. The pretext in his case was that it would look like enticement, if he went to the GDR straightaway. Merseburg's employers might even press suit against the GDR under such circumstances.

It may seem naive but hardly a one of these people gets suspicious of these dubious GDR statements and their credulity makes the work of FRG counter intelligence that much more difficult.

When the registration at the new, short-term place of residence -- just a furnished room as a rule-- is canceled, the trail ends.

Except for the woman who let the room to him, hardly anyone in Frankfurt knew newly-arrived Harald Scherer who spent a mere 10 weeks in the city and nobody ever saw him in Saarbruecken, the place he was supposed to have moved to from there.

The fake Harald Scherer was able to settle in with impunity and in Hannover, not a soul knew anything about the real Peter Dietrich.

"This doubleganger gambit gives you double security," a counter intelligence expert told us. "As one individual leaves his old environment, his existing relationships are broken off and this lets the new individual take over his identity without danger."

The risk of discovery is reduced as the donors of the legend who have been lured to the GDR are methodically isolated.

In their initial interviews, the Stasi agents try to make the move look the more attractive by promising all sorts of things like well-paying jobs and comfortable apartments-- at least by GDR standards. Those who rise to the bait recognize much too late that they have made an irrevocable decision by agreeing to the move. So as not to endanger the agents they have smuggled into the FRG, the GDR sees to it that there is no contact with the FRG. The immigrants are quarantined in a manner of speaking.

The daily life of those who have moved is carefully watched; their mail is checked; they are forbidden to travel and can under no circumstances return. "They are in for life," says BfV chief Meier.

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BRIEFS

INDIAN OCEAN FORCE--France will deploy a naval antimine group in the Indian Ocean made up of the mine hunter ships "Cantho" and "Vinh-Long;" three minesweepers, the "Verseau," "Capella" and "Capricorne;" and a support ship, the "Loire." They will be based at Djibouti. This group will be added to the French flotilla now stationed in the Indian Ocean and made up of seven major vessels including the frigate "Suffren," the avisoescort vessel "Amiral-Charner," and the fuel supply ship "Isere." [Text] [Paris DEFENSE INTERARMEES in French Dec 80 p 6]

CSO: 3100

POLITICAL-ECONOMIC FACTORS AFFECTING EEC ENTRY

Florence POLITICA INTERNAZIONALE in Italian Aug, Sep 80 pp 87-93

[Article by Anna Foca: "Candidates for EEC: Greece; a Controversial Choice"]

> [Text] This article on Greece, which will be the tenth member of the EEC beginning on 1 January, continues the review of EEC candidates (for Portugal see issue No 7). For Greece, membership is a real "choice of sides." The polarization between the government and the leftist opposition. The consequences for a backward economy. Insertion into a more advanced political context. The possibilities of a different weight in the Mediterranean sector.

Greece will become the tenth member of the European Community on 1 January 1981. The membership treaty was signed at Athens on 28 May 1979 and was ratified by the Greek Parliament on 28 June of the same year after a 4-day debate which took place in the absence of two major opposition parties, the Pasok (socialist) and the KKE (communist).

This conclusion, which is also symbolic of the Greek political climate in recent years, was the fruit of a slow and laborious process which began 20 years ago when Greece presented its request to become an associate member of the EEC. From November 1962, when that application was formerly accepted, until the "freezing" of relations during the military dictatorship, the process of gradual adaptation provided for in the agreement followed its course in a fairly regular way despite certain difficulties that arose at that time--and which later were to influence the progress of negotiations and condition the final treaty--above all in the agricultural field.

With the restoration of democratic freedoms in 1974, the process of association was reactivated. In the meantime, the Greek government, guided by Constantine Karamanlis, decided to speed things up--among other things in order to defend itself from a possible repetition of the military "coup"--and on 12 June 1975 asked the EEC to accept Greece as a full member even before the expiration of the 22-year period of transition which provided for definitive membership in 1984.

Initial doubts about the wisdom of that application for earlier membership were expressed by various parties, for example by the European trade unions, in

addition to most of the Greek left, which from the first moment was very hostile toward the proposal. In any case, as months passed, political considerations--deriving above all from the desire to guarantee the consolidation of the new-born democracy--prevailed over fears many felt about the danger of excessive stress on the Greek economy caused by this acceleration in the process of membership. Fears were placated, even of those within the community framework who opposed the admission of a tenth, southern, member with a diminished economic potential. Thus, after a fairly bitter political battle conducted by the Greek government without the support of almost all the opposition, the application was accepted and negotiations were opened in July 1976.

The negotiations were anything but easy. They were clouded over by the preoccupation generally provoked among the northern members of the EEC by the awareness of other southern members who are on the waiting list. Greece's insistence on concession of a definitive 5-year transition period, for example, was at first received in total silence by the community. Later, and until an advanced phase of the negotiations, continuous references were made to adjustments of this period of transition without ever specifying details. Despite the difficulties, considerable progress was made fairly early with the stipulation of a first agreement regarding the customs union and free circulation of industrial products. This agreement established that Greece will gradually abolish all customs duties on industrial goods while quantitative restrictions on imports will be immediately abolished after membership, even though Greece has asked for and obtained exceptions regarding certain industrial goods such as chemical fertilizers and petroleum products.

This first phase of negotiations was followed by a period of stalemate, largely due to the intensification of pressure exercised by various groups of interests, and mainly by those representing the farmers of the Nine [nations], following presentation of Portugal's request for admission and, later, of Spain's. The negotiations were revived at the beginning of 1978, when the main questions regarding the customs unions were settled and talks began on liberalization of movement of capital, immediately followed by detailed discussions on trade relations of the EEC and on products of the European Coal and Steel Community. The log jam was really broken at the end of 1978 when the question of agriculutre was seriously dealt with and a compromise reached (21 December 1978).

The principle of an overall 5-year transition period was accepted despite reservations by the community which in the end obtained three exceptions regarding peaches and fresh and processed tomatoes, which will not immediately receive full treatment by the community; and the Greek labor force, which will not benefit from full freedom of movement until after 7 years from the date of membership. This result has great significance for the EEC, which thus established a precedent in the form of exceptions to the overall period of transition which also can be utilized for future negotiations with other nations.

The other delicate subject, regarding Greece's contributions to the community budget, was resolved with the adoption of a principle that Greece will not immediately become a net contributor. Even though Greece pays to the community budget the full amount of customs duties and agricultural taxes, it will reach its full value added tax [IVA] total in graduated yearly quotas. At the same time each year of the 5-year transition period will see an increment of community funds

received by Greece. The Greek government maintains that the net benefits from which Greece will benefit with this sytem total 85 million units of account in 1981 and that this will rise to 220 [million] in 1982, 330 in 1983, 399 in 1984 and 500 at the end of the transition period.

During the final session of negotiations it was also agreed that the entire sum of family allowances will be ensured for Greek immigrants 3 years after membership and that all the regions of Greece, except Athens (where 40 percent of the country's total population, 50 percent of private investments, 40 percent of the industrial labor force and 60 percent of foreign trade is concentrated), will be entitled to receive aid from the regional fund. Greece has furthermore reaffirmed its intention to become a member of the EMS [European Monetary System], reserving its decision on the timing of this membership, which decision is to be made during the period of transition. Details such as fluctuating margins and the relative weight of the drachma, will not be discussed immediately.

In concludion, on 1 January 1981 Greece will become a member of Europe; but it will be 1 January 1986 before it can be definitively said whether the process was successful or not. It is a process which in addition to being one of economic membership, also represents an ideological and cultural choice.

The Road of the West

Membership of Greece in EEC marks in effect a crucial point in the history of the most ancient of European nations. After thousands of years in which it served the function of a bridge between the East and the West, Greece is ready to make the decisive step which it refused to take in the 5th century during the Turkish threat: That of definitive membership in the West. Fear of a new threat to democratic freedoms, of isolation on international markets, of the perpetuation of a situation of low industrialization, has pushed the heirs of Byzantium no longer--as was once proposed to their forebears--to join the Roman church but, this time, to enter the European Parliament, to eliminate all customs barriers and to introduce foreign capital with full rights.

In a certain sense this road was obligatory and Greece has trodden it since the end of the disastrous Civil War of 1945-1950. Membership in the EEC was the natural outcome of all the policy conducted by the moderate Greek right, winner of the civil war and the inescapable result of the capitalistic growth of the nation. With membership, detachment from the precapitalistic and preindustrial "orient" becomes definitive; the conditions of a capitalism on the way to becoming "advanced" are consolidated and expanded. The Greek economy thus becomes a part of the great capitalist area of the West and the left sees itself forced definitively to abandon hope of drastic and revolutionary changes of a Third World kind.

As was predictable, such a situation in recent years has provoked a lively debate among Greek political forces which are also spokesmen for social forces. A debate tied to ancient cultural fears, to questions of national identity and to the frustrations of a small nation with strong traditions and a weak economy, often assumes accents of all-out defense or emotional attack.

The Voice of the Government

From the time when Constantine Karamanlis, prime minister from 1974 to 1980, and current president of the republic, fixed Greek membership in the EEC as the priority objective of his political activity, it is evident that he has always sought to present the agreement reached as an exceptional achievement by himself and his party, the New Democracy. In the introductory report to the last congress of his party in May 1979 he said, "The New Democracy has tried and has succeeded in achieving Greek organizational membership in the community because it believes in the idea of a united Europe and wants to contribute to its realization; but also because it believes that within the area of the community, our country, even while it maintains its own national characteristics, will accelerate the economic and cultural growth of the community itself; in the meantime it will safeguard its own democratic institutions and will strengthen its own national independence.

It should be emphasized that even on this occasion Karamanlis, as always, emphasized the political benefits that will accrue to Greece with membership, putting economic benefits in second place. However, the fact that Greek membership in a community of nations with solid democratic traditions, strong and progressive worker's movements and liberal institutions, will certainly strengthen democracy in Greece but is not sufficient to safeguard it, is also known to Karamanlis. In effect, the ex-head of New Democracy has often said that the protection of democracy in a nation depends above all on the organization of its own political and social forces and its resistance to internal and external attempts at destabilization. Even the foreign minister at the time of the negotiations, and present head of New Democracy and Prime Minister Georges Rallis, in his statement to the same congress (a statement dedicated above all to the economic advantages of membership) admitted that "...our parity participation in EEC is no panacea for the solution of all the problems we face as a state and as a people."

PASOK's Position

PASOK (Panhellenic Socialist Movement), the second Greek party, holds positions diametrically opposed to the EEC and membership. Andreas Papandreau, president of the party, said in his introductory report at one of the meetings of the PASOK Parliamentary Group on 9 May 1979 after the Luxembourg Agreement was signed. That "Membership of Greece in EEC will result in an immediate and decisive injury to our national independence. It will mean an unconditional surrender to the Brussels Directorate...European Community rules will override Greek law...for the New Democracy leader the absolute satellization of Greece within the framework of the private circle of Western monopolies constitutes the new great idea of the nation. Our proud youth has been asked to sacrifice to this new great idea its own ideals for a free and independent Greece. For a Greece that belongs to Greeks...it is sufficient for now to emphasize that our membership will make our independent development impossible and national planning almost impossible; that our country will become the arena for conflict between multinational monopolies; that our industry and our handicrafts will receive a decisive blow; that the farmlands will be deserted and the farm population of our country will be reduced, trampling one another in our urban centers or in the cities of the West in search of work; that the structure of our national development will become radically distorted..."

Despite all, however, it cannot be said that the PASOK president preaches Greek isolationism: "Just as PASOK opposes our country's membership in the Common Market, so it opposes our isolationism. The point is not whether to participate in a world economic structure but whether to participate in it as poor relations or as an independent economic entity." Along this line Andreas Papandreu had proposed not the creation of another community (Mediterranean, Balkan, etc), but a special relationship with the EEC on the model of Norway without, however, indulging in a deep analysis of details and without explaining how to wrest more favorable conditions than the present ones from the EEC.

Even the positive political significance of membership is denied by the Greek socialist leader: "In our area of the world," Papandreu said in his report to the third conference of progressive organizations and of socialist parties of the Mediterranean held at Athens in May 1979, "The mechanism of integration is that of the EEC. The famous north-south dialog, within the European area, as it has been developed, has become itself a process of integration of the south within the structures of the north, but always within the framework of a regime of regional dependence... For this reason the objective of pushing the Mediterranean nations into membership in the EEC is above all political: That of avoiding their socialist transformation."

These statements, which came immediately before the ratification of the treaty by the Greek Parliament (PASOK and the Greek Communist Party refused to participate in the discussion which preceded the vote and also refused to vote), are sufficiently good illustrations of the theses of the Greek socialist. Meanwhile. Papandreu declared that in case of a victory of his party in the coming elections (spring or autumn 1981) he will promote a popular referendum on whether or not Greece will remain in the European Community.

However, this possibility now seems rather utopian. In order to call a popular referendum in Greece it is necessary to have the consensus of the president of the republic who formally "announces" it (Article 44, Section 2 of the Constitution), and since Constantine Karamanlis has been president of the republic since last May, it is very unlikely that a referendum of this kind will be seriously requested by Papandreou should he become head of the government, since one of his chief preoccupations could not fail to be that of maintaining good relations with the president. On the other hand, PASOK has formally declared that it will take part in the EEC organizations where participation by Greek parties is provided for. In such case, it is evident that it could not limit itself to general statements against EEC. It will be obliged to take part in discussions, to assume positions, to coordinate its policies with other like forces, whether they be Greek or foreign.

Debate in the Other Parties

The KKE (Greek Communist Party) too, despite the fact that it has often said that it will continue to fight against EEC membership, accepts participation in the community institutions "with a position of struggle for the interests of the workers and of propaganda for our government's need to cut itself loose from the EEC" (interview with Secretary General Ch. Florakis with the party organ RIZOSPASTIS, on 13 May 1979).

Furthermore, the KKE, which opposes the referendum, accepts as a solution Papandreou's proposal for a special relationship with the EEC and asks for a "coordination of action" with PASOK, which, however, in view of the elections is very cautious in its relationship with the communists.

The EDIK (United Democratic Center)--or rather what remains of the splintered great party of the center--has taken a position in favor of membership even though its leader I. Zigdis refused to vote. At the time of the ratification of the treaty he took a very polemical position against Karamanlis.

Instead, the EEC argument is very dear to the president of KODISO (Party of Democratic Socialism also derived from the ex-center), I. Pesmazoglu. In 1960-1961 he was one of the protagonists of membership and today he is the president of the mixed EEC-Greece Commission. Presmazoglu is one of the most enthusiastic supporters of membership but he is not without criticism as is demonstrated in one of his characteristic statements regarding it: "The New Democracy has adopted the role of spokesman of the idea of European unity. However it makes no distinction between the Europe of the forces of oligarchy and the Europe of the workers. Europe's international prestige and political power are tied to social progress, to dialectical development, that is, to the socialist transformation of European society. Only this development can establish the bases for the political unity of Europe and of the independence of European peoples from the consequences of international development."

The position of KKEES (Greek Communist Party "of the Interior") is positive regarding EEC and close to that of the PCI on a workers' Europe. But even on this subject, as on many others, following the elections of 1977 and its sensational defeat in favor of the other "orthodox" and "pro-soviet" communist party, the "Eurocommunist" Party of Greece tries to soften its tones and to concentrate on criticism of the government. The position on the treaty, as expressed by Party Secretary B. Dracopoulos, is that it contains a "series of unjust and counter-productive conditions for the country" while the government takes no decisive step for the real preparation of the country, with the achievement of a series of substantial structural reforms in basic sectors..." According to the KKEES these reforms should include modernization of laws on cooperation and above all on agriculture, decentralization and democratization of public administration, modernization of the educational system and of laws on labor and the trade unions, expansion of local powers. In substance, the KKEES maintains, (...the negative position regarding membership leads to the passivity of the masses and is sterile. What is required is the active mobilization of the workers for the defense of their interests within the framework of the situation created by membership." In effect, as a consequence of these positions, L. Kyrkos, the party's only deputy, voted in favor of membership and against the second vote which dealt with the text of the overall treaty.

Finally, EDA (United Democratic Left), which includes communist cadres who did not join either one of the communist parties and some independent personalities, remains firm in its programmatic declaration of 1975: "It is a fact that for 15 years the association of Greece with the EEC has established special relationships and situations in the country's economic life. The situations require the adoption of the structural measures necessary to deal with the consequences of our in inescapable membership. Our membership in the EEC can, if handled well, help

the development of our economy because Europe is not only the Europe of big capital and the monopolies, but also the Europe of the workers, of a strong trade union movement and of the progressive political movements." As a consequence, the president and representative of the party in Parliament voted in favor of membership.

Risks and Advantages of Membership

Among so many conflicting views and opinions which have been crisscrossing continually since 1974 in the form of political resolutions, declarations, economic or sociological studies, statistical data which serve to prove everything or the opposite of everything, it is difficult today to have a clear idea of the possible consequences that membership will have domestically. Here we will try to single out, by way of examples, some of the problems created by membership.

The Problem of Reforms

According even to the government, the domestic situation of Greek public institutions is still at a precapitalist level; the bureaucracy is antiquated; corruption, on the lower and middle levels (a bank note in hand or inside an envelope to get a quick satisfactory performance of a service that is due in any case) is the order of the day; the level of personnel (recruited almost exclusively through patronage) is generally much lower than corresponding personnel in the Nine nations. Furthermore, the tax system--which is very centralized--is based on direct taxation; the educational system is still schlerotic, with the problem of the university unresolved (closed quotas in the Greek universities and authorization to export currency for tens of thousands of youths each year who gain admission to foreign universities sometimes by paying very high fees). Transportation and telecommunications are insufficient and in Athens and Salonika there exists an urban chaos which is also reproduced in the smallest cities of the provinces. The system of social security is splintered and inefficient; the trade unions are still controlled by the state and the cooperative movement is weak and itself subjected to control by the state administration. Now it is hoped that Greece's membership in the EEC will serve as a stimulus for changes in this situation.

The Deficit in the Balance of Payments

It is probable that this Achilles heel of the Greek economy will be protected by community contributions and by European private investment, but it is not sure that the balance of trade deficit will be corrected due to the liberalization of imports of European industrial products and the probably large flight of Greek capital toward the markets of European capitals. On the other hand, while the strengthening of agricultural income with the stabilization of higher farm prices will be positive, the influence this will have on the increase in wages could act as a brake on industrial development.

The flow of investments--in the industrial and tourist sectors--and probably improvement in the conditions of farm owners could lead to a gradual disappearance of emigration due also to the very low rate of increase in the Greek population. This could cause increased immigration of workers from the Third World, which

has already begun, changing the composition of the Greek working class and introducing another unpredictable factor.

In any case, what already emerges today from the debate on negotiations for membership and from the efforts to make legislation adequate to the structures of the state on European levels, is a worsening of the contradictions and the class positions expressed through different degrees by the opposition parties of the left and the government party with its various groups; it is very likely that this situation will worsen further during the transition period.

The institutional picture within whose framework these contradictions gradually develop could become more or less favorable to the working forces or to capital according to the extent to which Greek legislative measures will be inspired by the institutional gains made by West European workers. At this moment, the political and social picture of the community is more advanced than that in Greece. It is therefore obvious that Greek progressive social and political sources, through their insertion into a totality of political and social forces involved in pursuing more advanced political objectives will be favored in carrying forward the struggle for similar aims.

However, the debate carried on in recent years by the Greek left and by New Democracy forces for "renewal" and "progress" is far from being concluded. Now it is a question of determining to what extent the monopolistic forces on the one hand and those of the workers on the other can exploit the contradictions of the post-membership period in their favor in order to say that the views of this or that Greek party were right.

As far as the Nine nations are concerned, there has been considerable discussion among "those assigned to procedure" concerning the implications of broadening the area of the community to include the nations of the Mediterranean Basin.

Even though Greece has achieved very rapid expansion in recent years, it is at a stage of development that is considerably inferior to that of the community. Its economy is characterized by an agricultural sector whose weight is still great, both in production and employment (for the moment it still absorbs 28.8 percent of total employment against the community average of 8.7 percent). On the other hand, the industrial sector (which employs 28 percent of the population against 42 percent by the community) is composed mainly of small plants with very low production which operate in already fragile economic sectors of the municipalities, and furthermore are concentrated in only two areas of the country (Athens, Salonika), a phenomenon which involves serious depopulation of large parts of the nation.

It is therefore evident that expansion of the community area to a nation of such weak development cannot act as a stimulus for the internal growth of the Nine. Furthermore, it has already been emphasized that increased community productive capacity in agricultural areas such as wine, olive oil, fresh and processed fruits, would imply the need to restructure and reconvert and this could affect employment in the sector.

The membership of Greece has marked the beginning of considerable worsening of the degree of community disparity that already exists between the north and the

south, or rather between the "center" and the "periphery." Addition of another "poor" nation to the Nine will increase the weight of unbalanced peripheral areas in which the agricultural sector is preponderant (however with low productivity) and where the employment problems are most serious, and land, social and economic imbalances are most profound.

Why, therefore, have the parliaments of the Nine nations ratified the treaty of Greek membership? Beyond the well-known political reasons of safeguarding democracy, it has been said repeatedly that membership of new Mediterranean nations could be an important opportunity for renewal of the present process of integration. The increase of "poor" members located in the south of the continent could change the balances and shift the bearing axis of the present Europe from the center-north regions toward policies formulated by a new majority which would tend to impose a different view of community development. From this perspective, it is to be hoped that admission of Greece to the community would stimulate a process of cooperation of Mediterranean nations involved in the EEC (of the associated nations, of those that are candidates for membership and those who are already members) to study and implement a new strategy of development.

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PLAN FOR DEVELOPMENT OF MOLISE REGION ANALYZED

Naples NORD E SUD in Italian Jul-Sep 80 pp 57-73

[Article by Pier Luigi Amoroso: "The Molise Development Plan--Methodological Approach and Implementation Problems"]

> [Text] The recent development plan for the Region of Molise points to a positive revival of interest in the planning method. The purpose of this article is to underscore the credibility of the points listed in the plan in question and at the same time to outline the methodological and practical problems which it poses beyond the limits of a strictly regional effort.

1. The regional planning situation has recently been enhanced by a new development plan involving the Region of Molise. This event is of some importance which can be correctly gauged not only because it shows us that, at least on the regional level, there is a tendency now to implement the planning method, but also because the revival of interest in planning this time springs from a southern region, that is to say, an agency which, operating in a depressed area, can lend particular emphasis to the planning method.

In spite of the disappointing results generally achieved as a result of planning experiments conducted so far in Italy--the experience of planning as such in effect remains a mandatory way not only in terms of criteria used in implementing efficient and coherent decisions regarding public policies and efforts, but also to maximize the positive effort of public spending and of course also to tackle the existing territorial imbalances.

In a situation such as the current one--which, on the national level, is characterized by an economic dualism which once again confronts us with the problem of the development of the South and, within the South itself, a tendency to reproduce a territorial imbalance between the more advantaged zones, generally located along the coastline and on the valley bottoms, and less advantaged zones, generally situated in the interior--trusting our state only to the so-called free forces of the market would in fact signify that we cannot counter the natural tendency of the agglomerative factors to promote the concentration of production activities in the more advantaged areas, with the obvious consequence of an increase in the existing imbalances.

The requirement for implementing the planning method nevertheless cannot in itself be sufficient to lend credibility and importance to a development plan. Although

such a plan may in any case be a pleasing indication of commitment, on the part of the managing class, especially if it involves a depressed area, such as Molise, in tackling the existing problems--and even though the presence of a planning document generally stimulates an always desirable debate promoting the cultural growth that can derive from that--it is true that, in the light of past negative experiences, it would no longer make any sense to have, nor would there be any effective value in having, a planning document which would simply repeat the errors of the past.

The Molise development plan from this angle presents interesting points of departure which give it the kind of importance that goes beyond the restricted limitations of an event or an effort which is only of regional relevance.

2. The disappointing results of planning experiments conducted in Italy during the sixties were thoroughly analyzed in the extensive literature available on this subject; it would therefore be superfluous and a waste of time to bring up again certain considerations which are now already a part of our current knowledge on planning. We may be content here with underscoring only that which appears to have been the fundamental limitation in that experience, that is, the lack of in-depth development of the operational aspect of planning and the scant consideration given to the existence--now more than ever before--of a plurality of operating subjects and of the complexity of their ways of behavior.

Well, the most interesting and the most characteristic aspect of the Molise development plan consists precisely in the well-organized and smoothly operational character deriving from the program structure adopted which is based on the close relationship between the objectives to be attained and projects suitable in implementing them and on the identification of the agencies and organizations responsible for the projects themselves.

The methodological approach of the Molise plan as a matter of fact is based on various phases which are conceptually and logically distinct and which involve a gradual in-depth development of the action to be carried out.

From the formulation of the general ultimate purposes we go on to the identification of the specific development objectives and their interrelationship with the problems encountered, also for the purpose of determining the field of action of the various subjects to whom the plan's implementation is entrusted.

The second phase consists in drafting the action policies considered suitable for the attainment of the objectives and their organization in a program structure. "This organization," as the plan explains, "permits the grouping of activities by objectives aimed at their attainment so as to allow a comparison in terms of costs and output among alternate means. The program structure furthermore, going down the line in a vertical direction, evidences the conditions on the various levels implicit in the decisions (and in particular the relationship between the final programs and the intermediate programs), while the horizontal analysis permits a first distribution of resources among competing programs."

The third phase involves the selection of projects. During this phase there develops a close relationship between objectives, expressed in an even more generic manner to permit immediate operational capability as well as projects, conceived as a complex of undertakings and/or efforts, necessary for their attainment.

The projects thus can be of varying nature, depending upon whether they are of decisive importance in the attainment of the objective ("key projects") or whether they can be repeated out in the field with suitable adaptations ("pilot projects") or whether they are aimed at stimulating private initiative ("promotional projects") or, finally, whether they are aimed at a better and more profound knowledge of some aspects of reality, so as to permit a more efficient management of program activity ("fact-finding or instrumental projects").

The special relevance of that phase derives precisely from the relationship which, in this fashion, arises between objectives and projects; this as a matter of fact is the most characteristic aspect of the plan: to each specific identified objective there are tied the determination, not only of the policies to be pursued, but also the works projects and the undertakings to be carried out in order to attain the objectives themselves. In this way we can get the plan to operate smoothly.

Once the projects have been selected, we go on to the last phase, the phase of specifically spelling out the projects themselves, so as to combine them with all of the indications necessary for their practical implementation and their insertion into the multiannual budget of the region.

These indications must for every project involve the following: the determination of objectives to be attained; the placement and setup in terms of time; the identification of interconnections existing with other projects, both those of the region and those of the other operators, and any possible conditions deriving from that; the specific indication of costs and the identification of the financial channels through which these costs are to be covered; the identification of subjects to whom we must assign responsibility for project implementation, working out the specific definition of the procedures to be followed and the controls and checkups to be conducted; the evaluation of the effects on employment, on the restoration of the territorial balance, on the broadening of the production base, on the development of investments, etc.

The program structure scheme, which specifically springs from this approach, is shown in a summary fashion in the tables given below and extracted from the plan.

3. Another fundamental and characteristic aspect of the Molise development plan is the important role being assigned to the financial planning system which is coherently inserted into the programming policy as such, of which it becomes an implementation tool.

The budget and accounting system is no longer viewed as a simple accounting control instrument but takes on the significance of an operational synthesis for the plan. The program budget also enables us to check on the suitability of undertakings provided for the attainment of the predetermined objectives and the degree of implementation of such actions; we thus have a possibility of exercising continuous control over plan implementation, which enables us to make those adjustments which are advisable in the light of reality.

This different conception of the function of the budget springs from and is made possible by the regional accounting reforms (Law 335/76, implemented in Molise through LR [Regional Law] 44/77), which was followed by a government law (Law 468/78); with the help of those laws it became possible, within a broader span of

time, to arrange the revenue and expenditure estimates (multiannual budget), to get greater budget maneuverability, to identify the actual spending through the cash balance [budget] and to achieve greater homogeneity in the structure of the budget.

As has been explicitly stated in Law 335, the multiannual budget takes, as reference terms, the indications in the regional development program and therefore represents the point of interconnection between the program and the budget. LR 44 repeats and strengthens this feature of the multiannual budget since it represents "the financial projection of the regional development program" and is so set up as to constitute a real program document.

The easy handling of the budget is also important here and that springs from the system used in connection with spending laws since in this case we avoid influencing the budget through rigid spending procedures, in other words, we do not deprive the development program as such of its true meaning.

Similarly important is the introduction of the cash balance [budget], through which we can achieve the actual handling of the regional spending flow, as well as the functional classification of spending which must be "suitable in representing--through programmed objectives--the plans and projects for action by the region, in correlation with the multiannual budget statement" (Article 14, LR 44/77).

4. In drafting the Molise development plan we therefore made full use of the possibilities offered by the new legislation on the regional budget and accounting system and we kept in mind the most significant indications regarding a planning effort broken down by objectives and by projects, such as they emerged from the debate during the early seventies, when the failure of the planning attempt, launched during the second half of the sixties, became clear.

In tieing in with these indications, redrafting them, and developing them in depth in the most appropriate ways, we however avoided arriving at those extreme conclusions --inherent in a certain operating style in recent times--regarding the planning concept which tend to deny any validity to the overall planning blueprint in order to concentrate full attention on sector planning.

The timeliness of an in-depth development of Italian society's main problems, with detailed sector plans, the general requirement for smooth operational implementation of program indications, accompanied by the now widely prevailing conviction as to the scant or entirely absent significance of general program proposals relating to the macroeconomy--all of this must not cause us to forget the usefullness of program indications to be taken as a general reference frame.

Without wishing to give such indications the kind of significance which--especially after repeated disappointments, they certainly cannot have, we nevertheless cannot afford to underestimate the need--in a serious planning effort--for having an overall framework involving the regional economy, which would be oriented both toward the present and toward the future, so as to build a coherent complex of objectives, actions, and undertakings.

On the other hand, the primary function of a regional plan--according to a broader concept more responsive to the institutional blueprint of a federal government made

up of autonomous levels of government--must be to represent a direction and a link for the public operator, both regional and federal, and the local entities, as well as a point of reference for the private operator. This as a matter of fact is another outstanding characteristic of the Molise development plan.

Such a methodological plan approach nevertheless entails a series of problems which we must briefly touch on.

The problems above all concern relationships with national planning and with sector and district planning.

5. Without dwelling excessively on these arguments--which we can define as being quite conventional since they have always attracted the attention of scholars--we can certainly say that, as far as the relationship with the national planning effort is concerned, the [regional] plan logically presupposes a general reference frame on a national level into which its own indications must be coherently inserted. Obviously, the region must be able actively to participate in the decisions to be made by the federal government, including those relating to the government budget, together with all of the others based on a regular and special status, as provided for in Article 11, Dpr [Presidential Decree] 616.

Stated in these extremely simplified terms, the problem appears correctly outlined. As a matter of fact, even the most stubborn regionalists cannot fail to take note of the need for tieing regional planning in with indications that are valid on the national level, not only because the regions are once and for all part of a single economic system, but also because that system, as we said before, is of the dualistic type, and we therefore face the need of overcoming the imbalance existing through the implementation of a policy which also calls for behavior requirements that are valid for all public operators. Without that, for example, the system of incentives, designed to promote initiatives that are to be placed in the South, would come to naught.

From the economic angle, a certain limitation on regional autonomy can be justified in the light of the need for guaranteeing coherent ways of action that will not be in conflict with the general objective which of course is to develop the South.

It is therefore in the interest of all promoters of the South that this national framework should continue to exist and that it set itself the priority objective of deliminating the imbalances in the North and South, with the proper consequences in terms of the regional distribution of financial resources.

On the other hand, while the regional plans must represent reference points for all of the public and private operators who are at work in the regional territory, coordinating and finalizing the various actions--according to the concept used for the Molise plan--one cannot then refrain from fitting those plans into program indications which are valid on the national level. If we were not to proceed to this tie-in, we would be heading toward the implementation of a highly inefficient planning system which would be entirely without coordination, featuring a national programming effort without the proper in-depth development and tie-up in the particular territory, deriving from regional plans, and with regional plans limited to undertakings by the region as an entity itself.

While the arguments we have made so far seem difficult to challenge from the viewpoint of basic principles, the difficulties do spring up the moment we come to the practical implementation of this approach.

We must first of all recall the long-lasting absence--at the very moment this very article is being written--of a national plan and that makes it difficult to identify specific program points. (By the time this article is published, we will probably know what the points are in the program documents which the budget minister is drafting. It will then be possible at least partly to fill the void in terms of directions and proposals which weighs ever more heavily on the life of the national community as a whole.) The absence of the plan on the other hand is only the external manifestation of an uncertainty which, in recent times, has characterized the entire national political framework. In such a situation it appears difficult to identify precise, broad-range policy outlines.

The Molise plan furthermore came out during a period of transition between administrations--a transition from one majority to another--with obvious consequences in terms of policy directions. To that we must add that we are now on the eve of the deadline provided for the special action in the South and that probably entails not so much an interruption but rather a profound modification of the ways and forms through which the undertaking is being developed right now, as much as we can tell from the current debate.

If we then look at the international situation, we again detect widespread uncertainty, both from the political viewpoint, looking at the crisis in relationships between the two superpowers, and from the economic viewpoint, involving the rise in prices on some raw materials, widespread, runaway inflation, rising unemployment rates, and money troubles.

Apart from these elements of uncertainty--which make it difficult to identify program directions to whom one may refer regarding the regional plans--it is the very type of relationship so far implemented between the federal government and the regions which in general terms is still unsatisfactory, as we can tell from the conclusions of the recent fact-finding survey promoted by the Parliamentary Committee for Regional Matters.

We do as a matter of fact know the shortcomings which on this occasion likewise were underscored by the regions relative to the operations of the Interregional Committee. This also includes the many burdens on regional finances, both in terms of certainty in the flow of incoming revenues and in terms of autonomy on the expenditure side, with the obvious negative repercussions on their planning capacities; it furthermore includes the distortions caused by the sector programs which--not being part of an overall design nor always keeping in mind the various realities existing in the various regions--often caused negative reflections in terms of the objectives of restoring the territorial balance and also for the purpose of achieving better utilization of public spending.

Apart from these shortcomings and remedies identified in the final report of the parliamentary survey, the fundamental point to be stressed here--in order to get a correct and satisfactory relationship between the federal government and the region --remains the matter of the application of the basic principles asserted in Article 11, Dpr. 616. So far, as a matter of fact, only Article 34, Law 468/78, relating to

the participation of the regions in the formation of the multiannual federal government budget, has led to the practical implementation of the directions contained in Article 11; but certainly that cannot be enough to bring about the kind of coordination--provided for in Article 11--between the actions of the federal government and those of the regions, through the planning method. We need as a matter of fact a law on procedures for national planning which, according to a statement the then Budget Minister Andreatta before the Parliamentary Committee, should lead to a revision and rationalization of the existing standards. This general law on procedures for planning should in particular spell out the organizational and functional aspects leading up to the institutionalized confrontation [comparison] between the federal government and the regions and should furthermore identify the ways and means for permitting an explanation of parliament's policy-making and supervisory power, the participation of the regions in the drafting of community policies, program coordination by the commissioner of government of the peripheral federal government administrations operating on the regional level.

6. The requirement for correctly and rationally putting the subregional planking effort together--in order to permit the active and effective participation of the local population groups in the decisions to be made and to permit an in-depth development of regional planning, based on the requirements dictated by the real situation existing on the spot--has obviously been broadly taken into account in the Molise plan. The region as a matter of fact quite some time ago passed a law calling for the institution of local levels of government, considering that level necessary in order to be able to launch subregional planning and to overcome the obstacles deriving from the low population figures in the Molise community. The law however was not implemented pending a resolution, on the national level, of the fundamental issues regarding the type of reform of local government to be put through.

To this very day, decisions have not yet been made on that score although the situation has been developing quite notably in the sense that--compared to the period when the regional law was passed--there exist many proposals for a reform of the local entities (all of the principal political groupings submitted their proposals) which were combined by the restricted committee constituted within the First Commission of the Senate. We therefore now have available voluminous material in order, on a solid foundation, to tackle the complex problems of reforming local government and to get a sufficiently clear look also on the observations and proposals drafted by the regions, by the representative organizations of the local entities (above all the ANCI [National Association of Italian Municipalities], UPI [Union of Italian Provinces], and UNCEM) as well as scholars, and they can constitute the outlines along which the reform can progress. In spite of the great importance of this point, this however is not the place for going into any great detail on many aspects of the reform.

To stick strictly to the topic of our article here, we will only present some brief considerations here. The first one, entirely positive, involves the general acceptance, by the political parties, through their proposals, for the need of the local entities to adopt planning as an action method and to have them tie their budget and accounting system in with that method.

The combined text, correctly following these indications and making reference to the basic principles contained in Law 335 Plan 76, as a matter of fact, for the local entities likewise, introduces the principle of multiannual budgeting and furthermore

points to the need for budgets being broken down by programs and by projects. Although these basic principles could be spelled out better and could be strengthened, we nevertheless can see the important repercussions that can spring from the adoption of such a budgeting and accounting system for the purpose of a more precise and harmonious link between the local entities and the planning efforts of the regions.

But the combined text does not seem to address itself sufficiently correctly to the relationship between regional planning and the practical undertakings launched by the local entities, in particular, the communities. Compatibility and coherence of the actions of the communities in line with the region's program indications (indications in which the communities themselves must obviously also participate) are left to operational control procedures, not to supervisory procedures based on law and that raises many doubts on the real possibility of combining the various public efforts in the territory within a single program design.

While, in extremely simplified terms, this happens to be the situation we face on the national level regarding the topic of relations between the region and the local entities from the program angle, we must, on the regional level, consider the specific nature of the situation we are dealing with. Here again, without dwelling at length on this point, we can recall only the objective difficulty experienced by the local entities in keeping up with and implementing the program planning method, in terms of active participation in the decisions to be made and in terms of coherent activities of their own, because of the shortcomings existing in the technical-administrative structures and in the management class itself. These are shortcomings which derive from the insufficient population dimension generally presented by such entities in Molise and by the decline in the number of individuals who are most skilled, such as it happened during recent years as a result of emigration, although the effort made during those years by the region undoubtedly promoted a general awareness of the problems to be faced and of the ways of resolving them within the context of a planning policy. To provide an ever more significant content for and to permit a serious statement and implementation of the program planning method on the subregional level, it appears therefore necessary to launch a careful effort which, in addition to promoting an ever greater sensitivity on the complex of planing problems, would identify and put together instruments that would support the activities of the entities. All of this should be done certainly not with the more or less old objective of hegemonizing such entities and surreptitiously arriving at a degree of control over their authority but rather with the sole intent of permitting and seeking their growth on the political and technical-administrative levels.

Regarding more strictly speaking the point under discussion, the decision to be made substantially boils down to a decision between the establishment of a regional research institute, in which one should also associate the local entities, or a suitable boost for the planning office, in order also to make it possible carefully to keep track of subregional planning activities.

These are solutions which present advantages and disadvantages. We can as a matter of fact say that, in the first case, we would have a greater possibility of concretely expressing subregional planning activities, at the same time giving greater technical support to the local entities; in the second, on the other hand, we would have a greater possibility of promoting the participation of the entire regional technical-administrative structure in planning activities, thus avoiding delicate problems springing from relationships and risks of duplication in the analyses between the regional planning office and the research institute.

The current orientation, which constitutes an innovation as compared to earlier positions, is to work toward the strengthening of the planning office since it seemed that the more important thing here is to fill the need for rooting planning activities within the region. It obviously remains for us to spell out and implement a strong and fruitful relationship between regional planning and subregional planning. Indications on this point should be contained in the law on procedures regarding planning and it is furthermore possible to identify and implement initiatives in support of the actions of the local entities, such as the initiative relative to the creation of a "project park" for works projects to be put up.

7. Regarding sector planning, we refer to the region's planning and the relationship which must exist between that kind of planning and the general planning effort.

There are no problems to be solved from the methodological angle and it is obvious that the sector plans are going to be viewed as a specific definition of the regional plans--with the well-known smooth operational setup--and as such they must coherently fit in with the indications contained in general planning.

Problems may arise at the moment of practical implementation, considering the natural tendency--generally to be detected in all regions--to reserve, for the individual community boards, ever more exclusive authority over the subject matter assigned to them, with a resultant weakening of the board's collegial functions.

If such a tendency were to prevail, the repercussions on planning activities could turn out to be particularly harmful, since we might easily arrive at a point of more or less accentuated confusion in regional initiatives on this particular matter. The opposite risk--deriving from the excessive concentration of planning activities--is that we might not have a convinced consensus--on the part of the administrators and the bureaucratic structure directly involved--in the program indications.

It is therefore necessary to pay much attention to a correct statement of the entire problem complex taken up here--which will also go beyond the relationship between general planning and sector planning--seeking to blend the various requirements involved here: the timeliness of reserving, within the scope of the board's group responsibility, a personal political responsibility of the competent advisor or board member in relation to the points listed in the sector plan; the need for active participation by the technical-administrative structures of the community board in the activities under the plan; but also the unavoidable requirement for unity in technical and political directions within the overall planning activities of the region.

Basically, the priority requirement of the regions--for the full attainment of their role within the context of a federal government made up of autonomous levels of government--remains to find a functional unit, not only toward the outside, in relations with the federal government, on the one hand, and the local entities, on the other hand, but also an internal one, involved in the complex and diversified activities they are called upon to perform.

This brings us back to the urgent need for spelling out the procedures to be followed through the passage of a suitable regional law.

8. The biggest problems which the regional development plan raises--in order to arrive at its satisfactory implementation and hence, more generally, to achieve a more complete application of the planning method--nevertheless involve the requirement, on the one hand, for having a continuous and timely flow of data and reports so as to promote a better knowledge of the real situation such as it is and, on the other hand, for being able to count on a regional organization which will function efficiently and productively.

The need for profound knowledge obviously goes hand in hand with the programming effort itself and it is the fundamental prerequisite for that effort so that the proper specific decisions may be made and so that action may be taken.

The plan indicates some instruments to be provided in order to improve the possibilities of providing knowledge and information for the region. These are indications which have already reached an advanced stage of theoretical-planning maturity; some of them are already being acted upon.

The instruments indicated here are as follows:

(a) The regional technical map, understood here as the systematic visualization of all basic data having territorial significance for the purpose of the region's development. The regional soil map (scale 1:100,000) has already been worked out; it will then be necessary to prepare a topographic map (scale 1:5,000) as a basis for the drafting of community urban development instruments, as well as the initial topical maps (scale 1:25,000) as support in the drafting of senal agricultural plans.

(b) A labor market study; to implement the employment policy, which must be carried out by the region, it is a fundamental requirement to have a suitable information system providing data on the qualitative features of the labor market; this is a requirement which has already been noted by other regions;

(c) The production unit registration, designed to put together an information system on the structural characteristics of the region's productive economic apparatus;

(d) An observation project on urban development procedures, drawn up by the region in collaboration with IASM;

(e) The environmental and food information search center project; the overall economic situation of the country as a whole and the South in particular persuades us to consider the degree of internal resources development and the level of waste reduction, which each region will manage to achieve, as being decisive in the development of the Southern region; the Molise region has grasped the need for a research and experimentation center but also an environmental and food training center, drafting a program in this connection in coordination with FORMEZ [Fund for the South] and with the collaboration of the FAST [Federation of Scientific and Technical Associations].

Once all of these instruments are available, planning activities can be carried out on more reliable foundations and therefore can yield better results. It is therefore important to put these instruments together; but it appears to be even more important to arrive at a more thorough and timely knowledge regarding the ways, the time frame, and the distribution of regional spending throughout the territory.

The close correlation between the implementation of economic planning and financial planning--which, as we said before, is the most important and the most fruitful aspect in terms of achieving positive results from the current planning phase on its various levels--already demands an ever more precise knowledge of the money flow; in particular this involves past spending as far as the regions are concerned. In this way as a matter of fact we can measure the degree of plan implementation and the effects produced on the territory.

The objective of getting the territorial setup going involve a careful study of public spending in general and regional spending in particular. The territorial imbalance, for example, can certainly be controlled effectively through special and additional action--such as, for example, action deriving from the special projects on the inland areas--but from the concept angle and also from the viewpoint of specific results to be achieved, it is evident that all public spending must be coherent with or at least should not clash with the objective of restoring territorial balance. In every case we must obviously first of all take into consideration the effectiveness of spending as such.

Regarding the requirement for the functional effectiveness of the entity as such, we must underscore the importance of meeting these requirements through plan implementation. We can thus say that, for many reasons, the success of the current planning experiment is to a great extent tied to the degree of functional efficiency which the region will be able to achieve as an entity.

The regional plan, it is true, is addressed to all public and private operators; however, it is evident that the actions of the region, as the entity politically responsible for the plan, are of special importance in the implementation of this plan.

Special attention to this problem therefore is essential in order to render credible the current planning experiment; the rather satisfactory results, which were obtained with regard to the phenomenon of payable surpluses [carry-over] must not cause us to underestimate the importance of the problem itself. On the other hand, it is not entirely without significance that the plan devotes an entire paragraph to the reorganization of the offices.

The regional board has taken note of the need for tackling this problem, launching a study which should lead to the drafting of a law on planning procedures--a law which we mentioned earlier and which represents a suitable move toward the implementation of a new organizational model--and the identification of the tasks and the functional set up of the regional planning office.

We must also recall that a first important reorganization move involving the entity can spring from the regulation spelling out internal operating procedures within the regional board, as recently published in BOLLETTINO UFFICIALE, which in the last paragraph of Article 6 says: "The steps taken by the top-level administration must at an early stage obtain the opinions of the competent authorities of the territorial programming and planning services, legislative and legal affairs, as well as the budget and management control."

9. The considerations expressed here so far were designed to underscore, albeit in a rather succinct fashion, on the one hand, the credibility of the indications in

the regional plan, deriving from the commitment with which the operational aspect was tackled and, on the other hand, the methodological and practical problems which plan implementation poses.

Mentioning these various aspects of the plan may turn out to be useful in better understanding the significance of the plan, avoiding attitudes which in one way or another would not be specifically goal-oriented. Not even the positive results which we have achieved in recent times in the progress of the regional economy should make us forget the many problems which remain for us to tackle and hence the need for implementing a coherent planning policy.

The effort to slow down the serious phenomenon of emigration, as demonstrated by the absolute population increase; the improved sector structure in terms of employment; the increase in the domestic output at an average annual rate higher than recorded by the South and by Italy; the positive progress of investments which advanced at rates that are likewise higher than those for the South and Italy--all of these are extremely comforting indications pointing to a positive evolution of the Molise economy which started during the early seventies and which made it possible to regain some of the lost ground.

Molise however remains a depressed area with an economy that is heavily dependent on the outside world (more than 20 percent of the demand must be met through imports of goods and services) and with a need for launching a self-propelling development mechanism. Nor must we forget the difficulties encountered in the current situation of the national economy and the changes in progress on the international level which entail modifications and adaptations that are not always easy to put through. The ever more massive introduction, into work processes, of micr processes will for example create big problems to be resolved especially regarding the anticipated reduction in jobs.

The Molise development plan therefore must be correctly viewed in the context of this entire problem complex, without any prejudicial skepticism which would fail to take into account that which has been done and which would fail to look at the characteristic of operational suitability of the plan--without any expectations of miracles which are definitely not to be looked forward to in the light of past disappointments.

Molise Region Program Structure Outline--General Objectives

A. Expansion of production base, creation of new job demand for achievement of more substantial balance on the labor market.

B. Greater endowment of social fixed assets.

C. Greater endowment of infrastructure facilities intended primarily for production use.

D. Elimination of territorial imbalances

Specific Objectives	Action	Undertakings		
		Central		
		Regular	Special	Regional
Production Sectors				
Agriculture Increase in output in qualitative and quantitative terms. Achievement of maximum employment levels compatible with income levels comparable to those in other sectors. Better utilization of territory and increase in productivity by sectors.	Boosting of some sectors where the demand on the national level is particularly sustained and where domestic production is insufficient (animal husbandry, wood pulp and high-grade wine-growing). Recovery of uncultivated land. Expansion of irregated areas and soil improvement efforts. Combination of strictly productive activities with sale of	Agricultural plan	Special projects for stepped-up meat production (8) Special projects for forest cultivation for production purposes (24) Special projects for irregation development (23) Special projects for intersector water power team (29) Completion projects Special projects for inland zone	Integrated livestock projects Integrated irregation project Integrated project for forest cultivation in inland areas Project for "organic undertakings in support of agricultural cooperatives" Program for job training, development, and updating Loans and contributions for expansion and modernization of agricultural establishments

	(cont'd) products and their processing, especially through the cooperative movement and the associations			
Industry Definition of most suitable site locations for putting up a balanced model of territorial organization. Election of sectors of manufacturing industry with highest labor intensity	Research and promotion of new and more dynamic production sectors. Consolidation and strengthening of existing production fabric. Boosting and stimulation of small and medium industry.	Industrial conversion and reorganization plans. Program for investments by state participation. Coordination of economic policy undertaking	Contributions and incentives CASMEZ [Southern Fund] CASMEZ industrial infrastructure program Regional industrial port at the mouth of the Biferno	Infrastructure program for establishment of small artesan groups and small industrial enterprises. Minor population center infrastructure project. "Leasing-loan" promotion. Establishment of "regional finance company"
Crafts Support and boosting of crafts sector	Organic program for promotion of development and of associations in the crafts			Program of vocational training, updating. Infrastructure program for establishment of small crafts communities and small industrial enterprises
Commerce Improvement of production efficiency of commercial units	Actions in technical training and assistance sector Dissemination of association movement Rationalization of loan system			Projects for improvement of commercial enterprises

Tourism Improvement of natural resources to expand tourist demand	Incentives for the sector, pushing the development of mass tourism and agriculture	Completion projects	Agricultural and tourism projects Infrastructure facilities for the sector

Specific Objectives	Actions	Undertakings		
		Central		Regional
		Regular	Special	
Facilities for Group Use				
Prevention and Health Assistance Reorganization of service designed to provide general benefits, equal treatment, respect for dignity and liberty of human individual, total coverage	Health information Coordination of activities of health agencies and creation of local social and health service units as control and coordination agencies for social and health action Personal Training	Interregional livestock disease prevention institute	Completion projects for outpatient facilities Completion projects for child shelters Completion projects for hospital facilities	Basic health and social service projects District health and social service projects ULSS health and social service projects Health services on multinational or regional network basis
Education, culture, and cultural assets Reorganization of service so that it can handle all educational and cultural functions, general coverage for everybody, upgrading of all existing cultural assets	Right to study and to extend school attendance Link between schools and employment policy and vocational training planning Coordination of activities of cultural and training and promotion--	Basic educational and cultural services projects School and cultural district educational and cultural services project Multinational or regional network educational and cultural services projects	Completion projects for basic schools and mandatory school centers Completion projects for libraries Completion projects for school centers for secondary education and for museums	Basic educational and cultural services projects Intermediate educational and cultural services projects (multipurpose centers for cultural services and continuing education) School and cultural districts educational and cultural services projects

	(Cont'd) in place of the current school districts--of the school and cultural districts as control and coordination agencies to implement educational and cultural activities in a united fashion Coordination of reservation and improvement activities involving cultural assets	(Cont'd) Completion projects for archeological parks and monuments	(Cont'd) Multinational or regional networks educational and cultural services projects
Sports and Natural Assets Reorganization of service so that it can handle the following: All sports services and facilities connected with natural assets, general coverage for all sports activities and environmental utilization, upgrading of natural assets	Promotion of sports and environmental utilization Coordination of activities of sports organizations and entities for environmental protection as well as promotion of local units to meet athletic needs and for environmental activities as agencies for the control	Completion projects for basic sports facilities	Basic sports and environmental services projects (small sports facilities) Intermediate sports and environmental services projects Multinational or regional networks sports and environmental services projects (territorial parks or nature preserves)

	(Cont'd) and organization of sports activities and environmental promotion		
Housing Meeting social demand expressed by low-income social categories (both past and future) Elimination of deteriorating housing Strengthening existing residential facilities in areas considered to be of priority concern in terms of restoring the territorial balance	Determination of requirements on the level of the subregional areas or identification of methods necessary to eliminate them (new construction or renewal) Drafting derectives for communities to guarantee--within the context of existing urban development instruments--the identification of areas earmarked for undertakings (involving new construction or renewal) as well as the necessary urban development projects	10-year subsidized and loan-based housing contruction plan (Law 457/1978)	Constitutions to capital account for loan-based and contract-based housing construction initiatives.

Transportation	Adaptation of existing transportation supply to future additional command especially in areas targeted for balance restoration undertakings Specialization --on basis of type and quantity--of demand anticipated in each subregional area regarding the roles of highway and railroad transportation	Creation of new or improvement of existing highway links which will support the future secondary development lines or which will link the latter to areas currently excluded from the main highway network Utilization of railroad lines for the creation of a rapid link between Campobasso and Rome and for commuter service	Bus plan General Railroad program and future multi-annual plan Emergency program and expansion of highway networks (ANAS [National Road Board])	Programs for minor road construction

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DISPUTE WITHIN RANKS OF SPANISH COMMUNIST PARTY

Madrid DIARIO 16 in Spanish 28 Nov 80 p 9

[Article by Justino Sinova]

[Excerpt] Madrid--Ramon Tamames, a PCE [Spanish Communist Party] deputy, disagrees with Santiago Carrillo, its secretary general and number one man, on the party's organization and objectives.

Although Tamames tried to protect the figure of Santiago Carrillo by explaining that the problem of the party and of all parties in general is not a problem of the secretary general, he gave evidence of obvious disagreements and on one occasion used the word.

"Political parties have retained an antiquated structure, and the PCE specifically needs to create a joint secretariat," said the Communist deputy, who acknowledged that such a joint secretariat could have a "coordinator," a "first among equals."

His proposal is based on the fact that no single person is capable of attending to a General Secretariat given the complexities and complications of political parties today.

Therefore, "either the PCE alters its organization," Tamames asserted, "or it will become antiquated. But this is not a problem involving Carrillo. With its inertia the PSOE [Spanish Socialist Workers Party] is also becoming antiquated."

Tamames, who now devotes most of his time to his first term as mayor of Madrid, has specifically proposed abolishing the current secretariat and creating a joint secretariat of 8 or 10 members, foremost among whom would be a coordinator and a council of the secretaries general of the Communist parties of the nationalities and regions. He also suggests the creation of an honorary Central Committee.

"Santiago Carrillo is obviously against my proposals," Tamames stated, specifying later on: "Santiago and I disagree on the party's political future. Santiago could put himself in the forefront of the Communist Party's transformation, but I think that he feels the process has to take longer.

"With a lengthy process," he went on to say, "we could be left with a small party. There is a lot of ferment, a lot of desire for change in the PCE, and we have to do it. Otherwise, in a few years we'll be like the Belgian Communist Party, which has four legislators and doesn't matter a jot.

"And with the transformation," said Tamames, who spoke volubly, "the overwhelming majority of those who have left the party would return, and those who are on the verge of leaving would not. The next congress could be the congress of returns. And, as I have said on other occasions, even Fernando Claudin might come back."

Tamames concluded by saying that "Santiago Carrillo has not been able or has not wanted to undertake a major transformation in the party." And he then went even further: "Santiago has not attached enough importance to the party's loss of members and, above all, the trend, which is very worrisome."

Tamames guesses that there are currently 130,000 members of the PCE and the PSUC [Unified Socialist Party of Catalonia]. Some time ago there were more than 200,000.

Ramon Tamames, who is considered one of the Communists with the brightest future, explained that he is not resigned "to being in a party on the way down, which could turn it into a clique. This is not the reason I have spent my entire life in a party."

"If that is the case, isn't the PSOE your destiny?" asked one of his colleagues.

"Communism is true socialism," he replied. "Moreover, the PSOE is looking too much to its right wing and thinking that there can be a Social Democratic administration of capitalism."

"Why aren't you a member of the PSOE?" someone else present insisted.

"I am not a member of the PSOE because for historical reasons I am part of the PCE. When I joined the PCE, I did not have the chance to join the PSOE because it did not exist. And the option of the PSOE does not interest me now. The future could be a transformation of the PSOE and the PCE into a coordinated leftwing alternative."

"Is there a chance of your leaving the PCE," asked a third.

"Leaving the party is not one of my working hypotheses. I am in this party to stay and to try and have it change. There is no 'operation jump ship.'"

Ramon Tamames was also asked about Nicolas Sartorius, the number two man in Workers Commissions, who will be replacing Marcelino Camacho in the Congress of Deputies and curtailing his efforts on behalf of the union to devote more time to the party.

Tamames had only praise for Sartorius, whom some see as Carrillo's "successor." "Nicolas and I have been friends for many years," said Tamames. "His wife and mine are also good friends. He has a good brain, a good head and will do a good job in Parliament."

The Millions Are Gone

The Communist deputy also had the following to say, among other things, about these issues:

--"MUNDO OBRERO closed down when the 200 million pesetas raised over 4 years ran out."

--"The PCE has a very conservative economic administration."

--"The Soviets are standing very firm against the PCE. They know that they cannot interfere."

--"When the Soviets invited us to a congress on relations with Socialist parties, we did not go. We know more about that than they do. Let them legalize the Socialist Party in the USSR."

--"No one knows what goes on in Moncloa Palace. Why don't you newsmen put together some sort of gadget and find out?"

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NO PROGRESS DESCRIBES SUAREZ' VISIT TO BASQUE PROVINCES

Just Protocol

Madrid EL PAIS in Spanish 10 Dec 80 p 1

[Article by Javier Angulo and Tonia Etxarri]

[Excerpt] Vitoria--Adolfo Suarez was received in Vitoria, the first stop on his tour of the Basque Country, amid a climate that was marked almost exclusively by protocol on the part of the Basque Government and by protests and challenges from the ranks of the PNV [Basque Nationalist Party]. While 108 PNV city governments in Vizcaya and Guipuzcoa halted activities "because of the complete inefficacy of this visit, which is taking place without positive results as far as the development of home rule is concerned, in connection with the specific aspect of the economic agreements," negotiations concerning the issue of an autonomous police force, which had been suspended since last Sunday, were resumed in Ajuria-Enea on a personal initiative by Adolfo Suarez.

The prime minister arrived at around 1015 hours on an Air Force Mystere at Foronda-Vitoria Airport, where the flags of the Basque Country and Alava were waving next to the Spanish flag. He was greeted at the foot of the plane, amid an intense cold, by the president of the Basque Government, Carlos Garaikoetxea, government delegate Marcelino Oreja and the commanders of the Sixth Military Region and the Air Region. The "lendakari's" handshake meeting with Adolfo Suarez could tersely be described as ceremonial.

After listening to the national anthem at a podium, Adolfo Suarez reviewed an Air Force squadron and then greeted the civilian governors of Vizcaya, Guipuzcoa and Alava; the president of the Basque Parliament, Juan Jose Pujana; the four Basque Government advisers who were present; Luis Maria Retolaza, from Interior; Ramon Lavallen, from Culture; Carmelo Renovales, from Justice, and Javier Cano, from the Secretariat of the Presidency; the mayor of Vitoria and the Executive Board of the UCD [Democratic Center Union] in the Basque Country. The presidents of the provincial delegations were not present, as they were all in Madrid taking part in the negotiations for the economic agreements.

"My trip to the Basque Country," Suarez said before leaving the airport, "must be seen as part of my normal contacts as government prime minister with the various regions and nationalities of the Spanish state," Referring to his trip, Carlos Garaikoetxea said laconically: "I hope that this is a historic event, for the better, of course."

The police contingent around the airport, which turned out to be of moderate size, became a veritable show of force (with Civil Guard helicopters and combined forces) all along the route that the presidential party took to the residence of President Garaikoetxea, the Ajuria-Enea Palace. A placard signed by EGI [Basque Youth Force]-EAJ, the PNV's youth branch, could be seen on a palace transom; it read: "Suarez, the Statute." Another sign with the same initials could be seen along the highway from Bilbao to Vitoria, with the words: "Suarez, you are not welcome."

The absence of any sort of symbolic display or man-in-the-street curiosity along the route corroborated the prior impression that Adolfo Suarez' visit to the Basque Country has, for the moment, not prompted any particular enthusiasm among the people.

Basque National Party Protest

Madrid EL PAIS in Spanish 10 Dec 80 p 13

[Article by Javier Angulo and Tonia Etxarri]

[Text] In contrast to the show of protocol by the Basque Government, the Basque Nationalist Party shut down most of the city halls in Vizcaya and Guipuzcoa "to protest the complete inefficacy of this visit, which is taking place without positive results as far as the development of home rule is concerned, in connection with the specific aspect of the economic agreements." The shutdown was ordered in decrees signed by the mayors in question, without a prior summoning of plenary council sessions. This prompted a harsh reaction from the Socialist Party of the Basque Country (PSE), which in a communique released late that afternoon assailed the "irresponsibility of the leaders of the majority party, who are seemingly determined to find the occasion to throw in the towel," thus confirming their "inclination to abandon institutions when things do not go their way."

We should add to this that late that night PNV members began putting up scores of posters that read: "Suarez, comply with the Statute" and "Suarez, keep your word."

Tense Moments

Adolfo Suarez and Carlos Garaikoetxea, who rode together in the former's car, arrived at the Ajuria-Enea Palace at about 1100 hours. To Suarez' obvious surprise, Garaikoetxea invited him to listen, on the front stairs, to the anthem "Eusko Abendaren" or "Gora ta Gora," which although considered the PNV's, was officially played during the short term of the first president of the Basque Government, Jose Antonio de Aguirre. The Basque Government had asked unsuccessfully to have this anthem played at the airport, not at the Eusko Gudariak, as unofficial sources claimed. The strain of the moment could be seen on the faces of the prime minister and Carlos Garaikoetxea himself. The "lendakari" explained to Suarez that this was the only anthem of the previous Basque Government.

Once in the palace, Adolfo Suarez and Carlos Garaikoetxea spoke privately for three-quarters of an hour and then joined the meeting that Rodolfo Martin Villa, Marcelino Oreja, Alberto Aza and Rosa Maria Posada had started around 1115 hours with five advisers of the Basque Government.

Autonomous Police and Economic Agreements

The main issue of this initial contact was how negotiations were developing in connection with the autonomous police force, negotiations that had been "suspended without agreement" since Sunday evening. From what EL PAIS was able to learn, it was Suarez himself who advocated an end to the stalemate and proposed that talks be resumed by taking advantage of the presence of Martin Villa and the director of State Security, Francisco Laina, at a working session that could begin early in the afternoon.

The issue of the economic pacts, which the corresponding joint commission continued negotiating yesterday in Madrid, was not taken up in depth at the meeting attended by Adolfo Suarez and Carlos Garaikoetxea, which spokesmen from both sides agreed was held in an atmosphere of "courtesy, cooperation and good intentions."

This working meeting did, however, address the issue of the economic crisis, basically as it applies to the Basque Country. In this regard, the spokesman of the Basque Government told the media that agreements had been reached on "prescriptions for establishing quick and diverse assistance for the economy." In addition, as the Secretariat of State for Information confirmed, the two sides proposed that the second vice president of the government, Rafael Calvo Sotelo, travel soon to the Basque Country to establish contacts with economic sectors in the Basque provinces.

In the afternoon, while Martin Villa and Federal Government representatives negotiated the issue of the autonomous police with Basque advisers, Adolfo Suarez was meeting at the residence of the government's delegate to the Basque Country with the delegate, the civilian governors of the Basque Country and the heads of the state security forces.

Later at the same residence he held simultaneous meetings with the boards of directors of the employers associations of Alava (SEA), Guipuzcoa (ADEGUI) and Vizcaya (General Confederation of Businessmen); the latter is headed up by industrialist Luis Olarra. Before this the prime minister had met jointly with the presidents of the Chambers of Commerce of the Basque Country.

At the close of the meeting with the General Confederation of Vizcaya Businessmen, Olarra told newsmen that general topics connected with Vizcaya's economic problems had been touched upon. "The economic situation is very serious," Olarra said, "and social problems make the situation still more serious." He reported that at the meeting they had broached all of Vizcaya's economic problems, but without examining any of them in depth. He said that they are waiting for the announced visit of the economic vice president, Calvo Sotelo, to deal with the problems in greater detail.

As to the economic prospects of Vizcaya Province, Luis Olarra commented that "no one can talk about good prospects when discussing Vizcaya's economic problems. Possible solutions are for the long term, inasmuch as the problems are very serious."

After dinner at Ajuria-Enea Palace, given in the government president's honor by the "lendakari," the prime minister met with the UCD Executive Board of Alava at a working session that began after 2315 hours.

What Press Says

Madrid EL PAIS in Spanish 10 Dec 80 pp 2, 10

[Text] Suarez' Trip

Based on the notion that courtesy does not necessarily rule out bravery, we extend a most respectful welcome to President Suarez as he arrives today in the Basque Country. We are glad that the occupant of Moncloa has decided to set foot on Basque soil as part of his periodic travels through the various regions of Spain. What we do not know (and we want to say this before anything else) is whether Suarez has come here because of internal emergencies in his own party or in line with his government responsibilities, to deal suitably with the extremely serious problems facing this country. Whether his visit is merely ceremonial or whether it marks the definite beginning of elucidating understandings, fruitful dialog and permanent solutions to the lengthy and complex dispute stemming from the Autonomy Statute, depends largely on this executive duality, which we are pointing out independently of any legalistic interpretation.

This to us is the key to Suarez' visit to the Basque Country, and there is no better time than this to bring it up. If the Statute was the great hope, the balm that was to heal longstanding wounds, the text that was to legitimize government powers, the fact is that after an endless year of negotiations, of going to and returning from Madrid empty-handed, the Statute has traumatized our people's most sensible and moderate demands. We can understand prudence, but we cannot understand mistrust, delays and the tremendous contradiction between promises and unaccomplished deeds. Something has gone wrong, and it is not our wish to judge intentions, or why issues such as the economic pact or the autonomous police force, which are so indispensable for the grievances and stabilization of this region, are still at a stalemate. Suffice it to say that this entire course of action could show that those who have taken extremist positions are in the right, not those of us who advocated dialog as the only democratic channel for understanding (...)

Bilbao, 9 December

A Not at All Easy Trip

(...) This first official trip by the chief executive to the Basque Country is not at all easy. The complex preparations, the exceptional security measures and the question mark surrounding its results are proof of this. In any case, the trip, albeit too late in coming, seems obligatory. Despite the difficulties that

are on everyone's mind, it made no sense for the government president not to pay an official visit to the land in which Spain's future has so much at stake. It is only fair to mention that that error is finally going to be corrected.

It stands to reason that a trip like this could not but trigger speculation. Is Suarez going to the Basque Country with empty hands? What will he be carrying under his arm? Since it is inconceivable that this is just a courtesy call and, furthermore, since the transfer commissions dealing with the autonomous police and the economic pacts have been holding intensive meetings in recent days, it seems quite likely that this trip will be more than just an occasion to exchange smiles and shake hands. It will unquestionably not be a cut-and-dried public relations operation, for the simple reason that under the current circumstances, which are complex and delicate, the government's best public relations move in the Basque Country would be to hammer out agreements satisfactory to both sides on transfers (...)

Barcelona, 9 December

The First Trip

We have repeatedly called on the government president to travel to the Basque Country. Above and beyond temporary difficulties and leaving aside debatable considerations of timing, we have pointed out that only a personal visit and a first-hand glimpse could foster a better understanding of the region's problems (...)

We therefore justly applaud President Suarez' visit to the Basque Country (...)

No surprises are expected from the trip. President Suarez does not have (perhaps he has never had, even though most Spaniards pretended he did) a magic wand to erase question marks and solve political or economic equations. But it would be unfair to deny that he has powers of observation and the necessary sensitivity to detect those aspects of issues and problems that systematically escape a person when he views them from a distance, seated at a desk, not in the presence of the conditions that create or sustain them.

All of this should not be attributed to the personal courage of the government president, of which he has no lack. We would like to think that in this instance responsibility has prevailed over courage (...)

Madrid, 10 December

ETA Takes Over Station

Madrid EL PAIS in Spanish 11 Dec 80 p 1

[Text] Adolfo Suarez' second day in the Basque Country, a day with a distinctly political bent, transpired in an atmosphere marked by less tension on the part of home rule authorities and by scaled down PNV protest. Late yesterday the Military Branch of ETA [Basque Fatherland and Liberty] jammed the second edition of the RTVE's [Spanish Radio and Television] newscast in the Guipuzcoa region to

read its own extensive communique on Suarez' visit. The TV picture was not interfered with, but as soon as the president appeared on the screen, the sound was cut off and the ETA communique went over the air.

Adolfo Suarez established contacts with all Basque parliamentary forces (except Herri Batasuna), major union federations, the regional board and the provincial boards of the UCD in the Basque Country. Even though his meeting with the Alava UCD ended early the next morning, Suarez, who had recovered somewhat from the loss of voice that has plagued him since his arrival in the Basque Country, received Juan Jose Pujana, the president of the Basque Parliament, at around 900 hours at Los Olivos, Marcelino Oreja's residence.

The main topics at the string of meetings (lasting about a half hour) that the president held with Basque parties that morning were the course of negotiations on the creation of the autonomous police force and on the economic pacts, as well as the economic crisis and the violence in the Basque Country today.

Adolfo Suarez discussed the political normalization of the Basque Country with Basque Left leaders Juan Maria Bandres and Mario Onaindia. "We told the president very clearly," the former stated, "that the difficult normalization of this region depends on many things, but particularly on the release of Basque political prisoners from jail."

Mario Onaindia pointed out that President Suarez, like many persons, including Garaikoetxea, was unaware of the content of a resolution regarding the political normalization of the Basque Country that was passed by the Basque Parliament last 18 July.

President Meets Everyone

Madrid EL PAIS in Spanish 11 Dec 80 p 13

[Text] All of the parties that came in contact with Adolfo Suarez yesterday in Vitoria were basically interested in hearing from Suarez about the status of the negotiations on the autonomous police and the economic agreements.

Txiki Benegas, secretary general of the PSOE [Spanish Socialist Workers Party] in the Basque Country, emphasized to Suarez yesterday that he thought the UCD has not employed good judgment in dealing with the Basque issue in recent years, and he reminded him how on more than one occasion in 1978 he had tried to convince him of the importance of settling the issues of the autonomous police and the economic agreements as soon as possible.

After their meetings with Suarez, all of the Basque parliamentary forces, except the Basque Left, harshly criticized the PNV's protest of Suarez' trip in the form of city hall shutdowns, calling it "blackmail."

Concern Over Economic Crisis

The various facets of the economic crisis and its specific impact on the Basque Country, where the unemployment rate is already three points above the national

average, have been of particular concern to President Suarez during his stay in the Basque Country, in the wake of his contacts on Tuesday with the Chambers of Commerce and the employers associations there. Suarez also discussed the issue of political parties and, to round out his overview, met yesterday afternoon and evening in Bilbao and San Sebastian with the CCOO [Workers Commissions], UGT [General Union of Workers] and ELA-STV [Basque Workers Solidarity], the biggest union federations in the Basque Country.

Tomas Tueros, secretary general of the CCOO in the Basque Country, asserted at the close of his meeting with Suarez, that the prime minister had agreed completely that it was necessary to bolster the presence of the two parties (unions and employer associations) "to consolidate democracy on the labor flank."

Having concluded his week-long political contacts in Vitoria, the government president moved on to Bilbao, where an impressive show of police force awaited him.

On Tuesday night, seven members of the Basque Communist Movement (EMK) had been arrested as they were putting up posters with a caricature of Suarez urinating on the tree of Guernica and with the caption: "Suarez, kampora" ("Suarez, get out") and "Suarez, comply with the Statute."

The morning papers reported that the PNV had called for a rally outside the palace of the Vizcaya Delegation, where it was scheduled to offer a luncheon in the president's honor. Although the same papers reported in their late news sections that the call had been revoked (which was perhaps the most revealing development of the day), the police had to resort to their clubs to disperse the small groups of people who had gathered there in any case to shout "Get out!" and whistle when Suarez left the palace.

In contrast to this general atmosphere in the streets of Bilbao, there are several indications that tensions had eased somewhat among the autonomous authorities, the PNV and the visitors from Madrid.

Suarez Sees Positive Results

Madrid EL PAIS in Spanish 12 Dec 80 p 13

[Article by Javier Angulo]

[Excerpt] San Sebastian--The announcement of the government's desire to resolve quickly the heated issues of an autonomous Basque police force and the economic pacts; the reaffirmation of unalterable stands on issues such as the ETA or amnesty; an interpretation of the Federal Government's presence in the autonomous community of the Basque Country; the possibility of a visit to the Basque Country by the king, and the temporizing tone with which he referred to relations with Basque institutions, were the highlights of the press conference that Adolfo Suarez held yesterday in San Sebastian shortly before returning to Madrid.

The somewhat more than 40-minute press conference was held at the Las Cumbres residence, which turned out to be quite chilly, perhaps because of the unaccustomed starting time, 900 hours, perhaps because the president did not often address in detail the issues that were brought up. Oddly enough, his most interesting statements came at the conclusion of the press conference.

"The purpose of my trip to the Basque Country," Adolfo Suarez began, "was not to reach major agreements in connection with the negotiations that are under way. This was not necessary, nor was it perhaps a good idea. My aim was to hold talks, to reconcile positions, on one of the trips that a government president normally takes to each and every one of Spain's regions. The negotiations are continuing, and I hope that there will soon be positive results on the issues of the autonomous police force and the economic agreements."

In the view of the president, if an agreement is not reached on these two points, both his government and the one headed by Carlos Garaikoetxea will have to clearly explain the reasons why. "I prefer to rule out this hypothesis, which would be dangerous and worrisome, as well as destabilizing for politics. I hope and I am firmly determined that agreements will be reached."

Economic Agreements

In referring specifically to the status of negotiations on the economic agreements, which are being held parallel to his visit to the Basque Country, Adolfo Suarez voiced his "profound desire" that they can get under way as soon as possible, under the Statute and the constitution. "My desire would be to be able to send the agreements law to the Cortes before year's end. In any case," he added, "it does not depend on me; it depends on the negotiating parties reaching an agreement."

He disclosed that the negotiations are hung up on setting the provisional amount of Basque autonomous community contributions for the general state functions that it does not perform and on an interpretation of the regulatory aspects of home rule. "The latest news that I have from the finance minister is that the gap is being narrowed on the contributions issue (it's just a matter of a few million pesetas) and that quite a bit of progress has been made on autonomy regulations in connection with income taxes and corporate taxes.

"A political decision on the reinstatement of the economic pacts is our obligation under the constitution, which recognizes it as a historic right. It is the technical demands and, specifically, tailoring the old agreement to today's demands, that make the negotiations long and hard.

"These are not bouyant economic times, and therefore anything that might entail treatment different from that of other regions could be regarded as negative," he said, referring to the misgivings that approval of the economic pacts might prompt in other regions of Spain, "but, I repeat, different treatment, because its language is different and it has historic institutions recognized by the constitution, which does not mean that all this is discriminatory."

Suarez said little about the negotiations on the autonomous police force. He confirmed that the snag was over traffic jurisdiction, asserting, however, that he was confident that "there will be a solution, which could soon be made public in the form of a government decision, because there are no serious disagreements on this issue."

The diplomatic conflict between the French and Spanish governments in the wake of the border incident on 23 November in Hendaya also came up at the press conference. Suarez rejected the French Government's view that the Spanish Government was complacent about the presence of far rightist elements in the French Basque Country. "No such complacency exists towards any kind of terrorism, no matter where it comes from, because terrorism is never justified."

He said he was in favor of intensifying relations and cooperation with France in the battle against terrorism. "It is not a question of bilateral relations; it is, rather, a question of expanding them to international cooperation, which ought to come about with the countries that signed the Helsinki Accord, so that the approach of condemnation gives way to active cooperation."

'I Will Not Negotiate With the ETA'

As to whether the government might consider negotiations with the ETA, the president was categorical: "I will not negotiate with the ETA. I repeat once again that that is not the path to follow. The pacification that the Spanish Government and the overwhelming majority of the Basque people want is going to be achieved, over the time required, through police, political and economic measures and, basically, by developing the Basque Statute.

"Without the slightest doubt we are going to eradicate ETA terrorism," he went on to say. "The ETA has no political justification, and that is why it is going to be eradicated." He was also categorical in expressing radical opposition to possible pardons for Basque prisoners. "There are no circumstances under which or reasons why we would consider pardons, not even as a working hypothesis."

The president gave a terse and cold answer when asked for his opinion of the PNV's protest, through the city halls, of his visit to the Basque Country. "I am not going to feel pressured to halt or speed up the development of the Statute. No pressures are going to step up the development of the Statute ahead of its logical schedule." Then, in a clearly temporizing tone, he mentioned the "cordiality and cooperation in negotiations" that he had detected in the Basque Government during his stay in the Basque region.

In assessing the critical situation in the iron and steel and shipbuilding sectors ("around which the Spanish economy has revolved"), the president indicated that the Basque Country has been the hardest hit because this is where these industries are mainly located. "The economic crisis in the Basque Country is aggravated by terrorism, which dampens economic activity and demoralizes businessmen. Thus, we need to take specific measures to create a climate of confidence among businessmen, to halt negative expectations. Political forces must help in this task."

In this connection, he announced that the second vice president of the government, Rafael Calvo Sotelo, and other economic ministers would be traveling to the Basque Country soon to deal face-to-face with the problems of the crisis-ridden sectors.

As to the presence of the Federal Government in the Basque Country, Adolfo Suarez said: "As part of the reorganization of our peripheral administration, it does not seem logical to maintain delegations that are devoid of content now that their areas of responsibility have been transferred. We have to see to it that the Federal Government's representation in the community is more functional in service to citizens." He then reaffirmed "the state's presence in the autonomous communities in enforcing the law while it is in effect."

When asked about the government's position on the controversial Lemoniz nuclear powerplant, Suarez recalled first that the National Energy Plan "has come out firmly" for nuclear power. He then went on to say: "Constitutionally, a decision on holding any sort of plebiscite on Lemoniz is up to the Federal Government."

'The King Wants To Come to The Basque Country'

After the conference was over, several dissatisfied reporters (just two questions for each three newsmen were planned) approached the president before his final get-together with Carlos Garaikoetxea. Responding to questions about a possible trip to the Basque Country by the king, Suarez said: "Of course I'm going to advise the king to come to the Basque Country, although he needs no such advice because he wants to come."

He also expressed his desire that once the stumbling blocks of the autonomous police and the economic agreements have been removed, "not so much aggressive concern be attached to the handling of other major issues of the Statute. I would like to see relations calm down as much as possible on the long road that is still ahead of us in this regard, since all parties want things to develop without pettiness."

Garaikoetxea Sees Limited Results

Madrid EL PAIS in Spanish 12 Dec 80 p 14

[Article by Javier Angulo]

[Text] Bilbao--Although he preferred to save his basic impressions of Adolfo Suarez' visit to the Basque Country for his meeting yesterday afternoon with his cabinet, Carlos Garaikoetxea indicated after bidding the government president farewell that his visit "was interesting and useful from the standpoint of our autonomy because it complemented the intensified negotiations on the issues of the economic pacts and the autonomous police forces, which are continuing and in which I honestly cannot hide that there have been difficulties and little progress."

Garaikoetxea stressed that Adolfo Suarez' trip "had been planned in a specific way, and then unrealistic expectations were created in connection with it. I would

also mention in all sincerity that the problems have not been resolved, because of their technical complexity I would add, especially in the case of the economic pacts. It was a little irrational to think that the two issues could be resolved in 48 hours."

With regard to the status of the economic pact negotiations in particular, Garaikoetxea pointed out that the problems are eminently technical, "to the extent that they will have an enormous influence on the ultimate political decisions." Referring then to the basic point of discussion, the setting of 1981 provisional Basque autonomous community contributions for the general state functions that it does not perform, he asserted that even though the two sides are closer on the bases for calculating the amount, there are still major differences on the amount itself.

In this connection, he reported that the negotiating sessions continued yesterday and would probably go on for the next few days. "There are a lot of things to be dealt with and a lot of obstacles to surmount."

Autonomous Police

As far as negotiations on the autonomous police force are concerned, Garaikoetxea indicated that there has been a pause "to study alternate formulas for the points separating us."

This statement was confirmed by the interior counselor of the Basque Government, Luis Maria Retolaza, who told EL PAIS that there had been very little progress in the negotiations on the autonomous police. "We're practically where we were last Sunday." He conceded that although intensive talks have been held in recent days, which facilitate an understanding of the respective positions as well as their clarification, "the fact is that we are hung up over the traffic issue, an area where we want exclusive jurisdiction."

He did not deny that the government's fears in this regard were based on the possible temporary impediments that could arise for state security forces in pursuing terrorists along roads. "Thus, it is a matter of coming up with a formula to clarify the concepts of traffic and the surveillance of roads. For the moment we have not come up with the phrasing for these nuances. I would like to think that this is more a problem of language than political motivations."

Luis Maria Retolaza told EL PAIS that within a year the Basque Government wants to have a force of some 200 policemen devoted exclusively to traffic matters, "which are clearly and simply the responsibility of the autonomous community." Within 6 months the Basque Government also wants to have an initial autonomous police contingent of some 500 men, "whom we want to outfit, to the extent possible and in accordance with our limited number of law and order responsibilities, which would be the true areas of responsibility for the autonomous police as provided for in the Statute."

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EQUATORIAL GUINEA HAS NOT TRANSFERRED OIL RIGHTS TO GABON

Madrid EL PAIS in Spanish 14 Dec 80 pp 1, 17

[Interview with the Spanish ambassador in Equatorial Guinea, Jose Luis Graullera, by Pablo Sebastian, in Malabo; date not given]

> [Text] Jose Luis Graullera, Spain's ambassador in Equatorial Guinea, asserts in this interview with EL PAIS in Malabo that he will leave his post early next year to head up from Madrid an operational unit for cooperation with Guinea, which could become a State Secretariat for Spanish Overseas Cooperation. The ambassador asserts that President Obiang never granted Gabon its oil rights and that over the next 6 months the Guinean president's personal Moroccan guard might be replaced by a contingent of Guinean policemen who are currently taking training courses in Spain.

Question: Mr Ambassador, it has been a year now since Spain has been offering cooperation to Equatorial Guinea. What are the most important results of this course of action?

Answer: The most significant development at this time is the fact that we have moved from assistance to genuine cooperation, which from now on will come directly under the Guinean administration. We can also assert that Spain has practiced a very unusual form of cooperation in Africa that is very different from what other countries, such as France, have practiced and are practicing, which is ongoing cooperation patronage from the mother country.

Question: Don't you think that Spain's approach, scrupulous and marked by complexes as it is, since the so-called freedom coup in August 1979, has not been viable in a country that has yet to be built up and that lacks an administration. Don't you think that this unusual approach is often responsible for Spain's disorganization and exclusion from key spheres of the Guinean process?

Answer: At no time has Spain remained outside the strategic issues of Guinean politics. It is the Guinean Government that does the deciding on important issues, while Spain takes part in the discussions as an adviser. Examples of strategic issues would be economic and monetary policy, where Equatorial Guinea has also benefited from the IMF plan backed by Spain; the energy and military issues, as well as other fields, such as legal guarantees, where major steps are soon going to be taken.

In this regard, I should point out that this country will soon move forward on the path of human and civil rights with the enforcement of these rights by Guinean and Spanish officials, the latter as supernumeraries who will become part of the Guinean administration. Aside from permitting progress towards a state of law, this will provide a whole series of judicial and legal guarantees to businessmen and cooperating partners for boosting investment and creating and developing sources of wealth.

Question: The energy sphere has recently been the object of a political controversy, in connection with the oil deposit in the waters on the border between Equatorial Guinea and Gabon. Libreville and Paris are said to have forced Macias and the President Obiang to sign over the oil deposit. What truth is there to this?

Answer: The oil issue is a clear-cut example of how unusual Spain's cooperation in this country is. Whereas in Gabon the French company Elf Aquitaine is the leaseholder and, therefore, controls production and knows the reserve levels, in Guinea it is the government that has complete control of the leasing and production of oil through the GEPSA [Equatorial Guinean Petroleum, S.A.] company, in which Hispanoil takes care of technical assistance. The problem is that the French want to deal directly with Hispanoil, not with GEPSA, which is not possible. In addition, we are not aware that Equatorial Guinea has signed anything over. We know that President Obiang brought up the issue of control over the waters during his visit to Paris, in a bid to resolve the dispute, but we have heard nothing about him signing anything in the French capital. However, he seems to have signed a document in Libreville, but it contains a clause that left ratification pending, something that Equatorial Guinea has not done and, therefore, it has not renounced its sovereignty over the disputed zone.

Question: It has been said that the oil deposit could be quite large, about 100 million tons of crude. In addition, there has been criticism of Vice President Florencio Maye Ela's serving as president of GEPSA, because some circles have accused him, as well as other members of his government, of corrupt business practices.

Answer: In the first place, I would state that the prospecting to assess the amount of oil in that area of Equatorial Guinea has not concluded. Other investigations are under way that could yield exact figures. But in any case, the fact is that while this amount of oil could be important to Equatorial Guinea, it could never be to Spain, because the figure that you mentioned would barely be enough to meet Spain's overall needs for 2 years.

As far as Vice President Maye Ela is concerned, I want to point out that I am deeply troubled that his good name has been questioned. I don't know where these false charges against him come from, because at the beginning he was also accused of being against cooperation with Spain. I must state that Maye Ela enjoys my complete trust. When the goal of Spanish cooperation was clearly explained to Maye, he supported it without misgivings. As to the corruption

issue, I have to point out that initially a number of Guinean ministers did not realize that they could not run private businesses while holding posts in the government, but they have assimilated this quickly. We also have to bear in mind that after the military coup this country experienced the most absolute hardship. I do not think that you can level charges of corruption at people who asked for help to buy a suit or to get food; this is very different from the corruption involved in getting sizable commissions for granting import licenses.

Question: The military is another strategic matter. Here our attention is called to the continued presence of some 100 Moroccan soldiers who guard the president and, therefore, have political influence in the country. Won't the Moroccan security force ever be replaced?

Answer: Spain has taken major cooperation initiatives in this regard, under the model treaty signed in Madrid, including military and security assistance. Military men are currently receiving training in Spain and in Equatorial Guinea in staff courses and billeting.
In short, we can say that there is a move towards a clear-cut separation of the army, which will have to return to its barracks and leave the streets under police control. The men are being taught to respect the military hierarchy and to separate the army from the police, which in this country will come under the civilian government. When its training is completed, within 6 months or so, the police will be able to go about protecting President Obiang, who in my opinion is aware of the need for an Equatorial Guinean personal guard.

Question: Lastly, Mr Ambassador, you have confirmed your desire to leave your post. There is talk that you will be replaced by diplomat Lorenzo Gonzalez and that you intend to continue coordinating activities from Madrid.

Answer: It is true that I asked first Marcelino Oreja and then Jose Pedro Perez-Llorca to have me replaced in early 1981. I think that we are on the verge of a new phase, the phase of cooperation proper, and that new men are needed. I have concluded initial aid efforts in the areas of foodstuffs, education and health care, and we ourselves have made mistakes, many of which resulted from the difficulties that we encountered here in starting up a new administration. It is true that we have had problems in hospitals, with food distribution and, above all, with fishing matters, but I think that we are now in a position to correct all of these shortcomings.

I don't know whom Minister Perez-Llorca is thinking about. I think that Lorenzo Gonzalez is quite familiar with the situation and, in my opinion, could be effective in this region, because what is needed here is a man who can make decisions without having to always consult others. Perhaps that's why I was chosen initially, not just because I am a friend of President Suarez. The government appointed me because it felt that I possessed the qualities needed to do the job. I have made decisions and taken on responsibilities often without consulting Madrid, something which used to be almost impossible in many cases, but I have never sidestepped the Foreign Ministry.

Now then, I don't want to throw in the towel with Equatorial Guinea either. Hence, it is quite possible that when I return I will head up an operational unit for cooperation with Guinea that will take over the functions that the Spanish administration now performs. An administrative unit that operates efficiently and yields positive results could lead to the creation of a state secretariat for Spanish overseas cooperation.

8743
CSO: 3110

SIRMEN EXAMINES NATO IMPACT ON PERSIAN GULF

Istanbul CUMHURIYET in Turkish 28 Nov 80 p 3

[Article by Ali Sirmen in the column "Today in the World": "An Important Resolution"]

[Text] During the North Atlantic Assembly's annual fall meeting, held last week in Burssels, a resolution of vital importance was being taken which is of great concern to Turkey.

This resolution is worded as follows:

"Displaying the necessary respect for NATO's borders, the North Atlantic Assembly states that it is in the joint interest of all the members of the alliance to have stability in the Gulf region ensured."

"It calls upon the member nations to agree on a military program and political strategy within the NATO region, to provide the flexibility required to enable certain member nations to effectively deal with operations in other areas where the NATO agreement cannot be implemented."

"It calls on them to formulate among the allies, a more effective crisis-solution system, bearing in mind that they will accept special duties for different areas of conflict."

As one can see, the resolution is aimed at extending NATO's influence to cover the Gulf nations, "together with respecting NATO's borders."

One remembers that the subject had previously caused long discussions between the U.S. and NATO's European members. The European members had not agreed to the call to intervene in the Persian Gulf, an area outside the alliance's borders of responsibility. Washington, though, was trying to get the other members to join in policing the region, which the U.S. had already been doing with the Seventh Fleet and its bases in the region. The problem was also taken up at the meeting of the Defense Planning Committee, held in Brussels last December. The U.S. restated its desire to have the other members contribute to initiatives in the Persian Gulf. In response to this, Turkey proposed a formula "to have countries which have the resources contribute" and the resolution arose based on Turkey's proposal.

The resolution which the Assembly drafted this time, however, is filled with points that closely concern the way in which NATO bases in Turkey are to be used. In taking measures concerning the Gulf nations, the wording "ensuring flexibility for the effectiveness of these measures" is seen as a formula to ensure that an American initiative directed at the Gulf will be able to make use of the bases in Turkey, which are restricted to NATO aims.

Also mentioned in the Assembly's resolution is the formulation of a more effective crisis-solving system. This wording brings to mind concepts of flexibility which can last until the member nations get directly involved in such an incident.

Turkey is at the head of the European states directly affected by the NATO Assembly's resolution, particularly from the standpoint of being a country neighboring the Gulf and having bases on its territory which could play the role of jumping-off points for military operations to be directed at this region. From this angle, it is natural that Turkey and Turkish public opinion display a great sensitivity toward the aforementioned resolution.

It is true that NATO Assembly resolutions are nothing more than advisory in nature. Nevertheless, the latest resolution was drafted within a process where Washington concentrated its pressures to ensure a development along this path.

It is impossible not to feel concerned over this situation.

There is no doubt that even the most fervent believers of the advantages of NATO and the greatest supporters of the North Atlantic Alliance in Turkey limit our NATO membership, using the National Pact as the boundary line. In other words, Turkey's NATO membership carries with it a meaning of membership in regional defense pacts which article 51 of the United Nations Conditions set forth and in which Turkey participates from the standpoint of the security of its own borders. And only within this context does our NATO membership agree with Ataturk's principle of "Peace in the Nation, Peace in the World." There is no room in this principle, which constitutes the basis of our foreign policy, for helping either the policing or the policeman of the Persian Gulf.

When this is the situation, the sensitivity Turkey has shown in this matter is easily understood. There are major advantages, from the standpoint of our national interests, in the continuation of this sensitivity and in being extremely vigilant in the face of future proposals that organizations which generate resolutions will re-introduce to the agenda.

It must not be forgotten that even the European countries far from the Persian Gulf exhibit great sensitivity in this regard. As one of the nations of the region, the necessity of Turkey displaying concern and sensitivity over and above that of the European countries is a natural requirement of wisdom, logic, national interests and the basic outline of our foreign policy.

9236
CSO: 4907

ECONOMIC, TECHNICAL ISSUES DISCUSSED WITH EEC

Istanbul CUMHURIYET in Turkish 30 Nov 80 pp 1,7

[Article by Sedat Ergin]

[Text] Although weight is being given to economic and technical matters in the talks being held in Ankara with the EEC delegation, chaired by Pierre Duchateau, chief of the Southern European Desk of the EEC's Foreign Relations General Directorate, political observers in the capital are drawing attention to the political importance the delegation's visit carries.

Foreign Ministry circles are defending the idea that the delegation's visit can be evaluated as a political signal that indicates the community's desire to have its relations with Turkey continue. While community officials note the same view, appraisals on the subject of Turkish-EEC relations though can be summarized as follows:

"The fact that Turkey was at a political dead-end was well known. For this reason no reaction to the army's intervention was exhibited and, in one sense, it has been considered a legitimate operation. In this context, the community has not gone the route of freezing relations. Both the EEC Council of Ministers and the military administration want to continue their relations. The tendency in the European Council and the European Parliament has also been in this direction. At present, relations continue in accordance with the decision made by the Council of Ministers. The Community wants to implement the Joint Council's resolutions of 30 June."

The European Parliament and Turkey

Nevertheless, community officials, while appraising the future progress of relations, do not conceal the fact that the development and expansion of relations will be proportionate to internal developments in Turkey and steps taken toward a return to democracy, and they report they have alerted Turkish officials to these matters.

A community official summarized the views toward Turkey as follows:

"We will negotiate the fourth financial protocol. But its implementation will be somewhat dependent on internal developments in Turkey. While the financial protocol is being put in its final form we will take the view of the European Parliament. The European Parliament will play a determining role in the Community's relations with Turkey. If negative developments occur in Turkey's internal policies, the

European Parliament can make the decision to reject, and a freezing of relations may result. For that reason the discussions in the European Parliament are very important. For the present our relations continue. The delegation's coming to Ankara is the clearest proof of this."

The Joint Council is Convening

Moreover, the visa matter along with the status of Turkish-EEC relations will be discussed at the Joint Council which will convene this week at the permanent representative level. Community officials report that the political situation in Turkey will be taken up at these talks.

9236
CSO: 4907

IMPACT OF TRANSITION ON LABOR EXPLORED

Istanbul CUMHURIYET in Turkish 30 Nov 80 p 5

[Article by Sukran Ketenci in the column "From the Worker's Universe": "The Transition Period"]

[Text] In the aftermath of the 12 September operation and the implementations of the ban on strikes and lock-outs, the suspension of union activities and the across-the-board 70 percent wage increase to allay excessive worker suffering during this period, a transition period law for labor relations has been put on the agenda.

Because the 70 percent wage increase for all work-sites which fall into the new agreement period, has, in practice, caused wage variations of up to 50 percent between workers and work-sites which do the same job, a transition period law was seen as the easiest way to solve the problem and, for this reason, efforts in this regard have been accelerated.

However, the draft of the law, about which contradictory reports have been coming out for weeks, is not meant solely for the completion of half-fulfilled agreements, as has also been noted in reports based on Turk-Is [Turkish Confederation of Labor] sources.

The transition period law, which will remain in effect until the new constitution and the new laws which are to re-shape labor relations come out, carries great importance since it will not only shape labor relations in this period but will also affect the relations and the laws of future periods.

Establishing a healthy relationship between the goal and the article of law in a field such as labor relations that experiences complex and continuous social changes, is a very difficult job. The fact that the lawmaker has determined his goal has many times not carried with it the accomplishment of this goal by means of the law he implements. For example, there are agreements for branches of industry in our laws which are presently in effect and have been for 17 years. Yet, in practice it has been possible to make work-site agreements under the name of branch of industry agreements, using the laws which outline agreements for branches of industry.

The lawmaker has determined his goal for the transition period: it has been deemed appropriate that during the transition period, a systematic wage increase be ensured in order to continue the ban on strikes and lock-outs, to limit union activities and to prevent excessive hardship for the worker. Within what sort of arrangement can these goals be achieved?

The first way is for the unions to operate freely from the standpoint of collective agreements until the coming of a strike phase. Even though it is not possible to consider unionizing and the collective agreement system, and the right to strike, separately, for the transition period a system could be considered in which strikes are banned but the organizing and negotiating activities of the unions would be allowed to continue. If the sides are unable to come to an understanding prior to the strike phase, intervention by a council and the accomplishment of a suitable agreement for both the work-site and the branch of industry by means of "extension" could be considered. But following the ban on union activities regarding DISK [Confederation of Revolutionary Worker Unions], Hak-Is [Turkish Moral Rights Worker's Trade Union] and MISK [Confederation of Nationalist Labor Unions] how will these unions be allowed to continue their authorized affairs? How can authorization be given to the other unions without these unions, whose activities have been suspended, being able to exercise their rights of organizing and authorized objection? The "Caretaker" law which has come out and declarations concerning implementation have eliminated, for the period during which these union's activities have been banned, the possibility of them functioning.

In the second method, authorized affairs will be frozen, the continuation of the authority of each union at a work-site where it previously held sway will be accepted and, in this framework, freedom for collective agreements for unions not included in the complete ban on activity will again be recognized up to the strike point. For those unions covered by the total ban though, agreements will be implemented by means of direct extension. Here too, as has been presented in certain newspaper reports, using the agreements of unions tied to Turk-Is as a measurement may come to mean, in one sense. The loss of impartiality and directing the worker to a previously chosen union.

In the third method, no union has a right to collective bargaining. Since the worker cannot use his union rights, wage increases made at the work-site will be considered to minimize the resulting economic damage. When the determinations are made, either previous agreements, price increases or similar work-site conditions can be used as examples. The result being a healthy way of gauging the soundness of the measurements taken and the councils formed. But there will be no discussion of union rights and the fact that such a period will be long-lasting will not be a hopeful indicator from the standpoint of the future of union rights and freedoms.

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END

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11 August 1981

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No. 1798

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FINANCE MINISTER ARNALDS: INCLUDE ICELAND IN 'ZONE'

Oslo NY TID in Norwegian 8 Jul 81 p 6

[Interview with Finance Minister Ragnar Arnalds by Torild Skard]

[Text] Reykjavik--"Iceland's socialists ask themselves why our country should be kept outside an atomic weapons-free zone. We are part of the Nordic region and our military position is on a par with Norway's. Should the small fishing countries in the Atlantic, the Faeroes, Greenland and Iceland, be sacrificed in the struggle against atomic weapons?

Surprised

"We were both surprised and annoyed when we heard this winter that Iceland was to be kept outside the demand for a Nordic atomic-free zone. It was as if we were being given up by those who share our views in the other Nordic lands."

The finance minister in the government of Iceland, Ragnar Arnalds, said this to NY TID. Arnalds is a representative of the socialist party and has opposed the Keflavik base for many years.

"Ever since World War II we have had a broad pacifist trend in Iceland," continued Arnalds, "and opposition to military cooperation with the United States and NATO has been more widespread here than in any other NATO country. The demand for an atomic-free zone has also had a stronger position in Iceland than in the other Nordic lands. Why should we be kept outside now?"

[Question] The Americans do have a base in Iceland.

[Answer] It is a misconception to think that the U.S. base in Iceland is different from the bases in Norway. The Keflavik base is just like the Norwegian bases. The only difference is the uniforms worn by the soldiers, Norwegian or American.

[Question] Could you explain that in more detail?

[Answer] The Keflavik base is not one of the heavily-equipped military bases. The opposition in Iceland managed to prevent that. The American bases in Greenland and Scotland are much more extensive. The military installations at Keflavik for the reception of airplanes, radar surveillance and locating submarines

are the same as those found at Norwegian bases, for example those in North Norway. And all the bases are part of the U.S. and NATO military network. Norway is as important an element in the U.S. and NATO military build-up and atomic strategy as Iceland. Therefore it is illogical to keep Iceland outside the demand for an atomic weapons-free zone.

Pressure on Iceland

[Question] But the Americans have a presence in Iceland which they do not [illegible] in Norway.

[Answer] Perhaps it is just more visible in Iceland. And don't forget that a Nordic atomic-free zone without Iceland could lead to increased pressure on Iceland to accept nuclear weapons. We have fought against the Keflavik base for 25 years. We have not succeeded in getting the Americans out but so far we have managed to prevent a large expansion of the base.

[Question] Why haven't the Americans left Iceland? As far back as 1956 the Icelandic Althing decided the Americans should go and the government had that in its program.

[Answer] Yes, that was the first government the People's Alliance took part in. They were in it with the Social Democrats and the Progressive Party, which in Iceland is a farmers' party. And there was agreement that the Americans should get out of this country when the government was formed in 1956. But the resolution was not put into effect, because Hungary and the Suez crisis led the Social Democrats to change their minds. In the second government in which the People's Alliance participated, from 1971 to 1974, the removal of the Keflavik base was also on the agenda but the conflict over fishing limits led to this matter's not being brought up before the government was disbanded. Now there simply isn't a majority in Alting behind getting rid of the Americans.

Objections

[Question] Don't people in the People's Alliance have objections to sitting in a government along with Social Democrats, farmers and even at times a Conservative or two?

[Answer] It isn't exactly a revolutionary government, Arnalds said with a smile. We're not engaged in overthrowing the capitalist system. But Iceland is not like the western capitalist societies either. All the big banks in this country belong to the state, the cooperative movement is strong in agriculture and to a large extent fishing is in the hands of the towns, the cooperatives and the state.

And bear in mind that there is a tradition of coalition governments in Iceland. In the last election in 1979 the People's Alliance received 20 percent of the vote. The conservative Independence Party received 35 percent, the Progressives 25 percent and the Social Democrats 18 percent. Thus a single party could not form a government on its own and both the union movement and the People's Alliance voters think we should use the power we have and take part in ruling the land.

Reforms

[Question] But what can you accomplish as a minority element of the government?

[Answer] In our experience we have been able to get reforms through in which we are interested, such as the removal of the value-added tax on food products, job environment improvements, increased benefits and increased construction of social housing. We also have a chance to prevent measures we are not interested in, such as the establishment of foreign industry and an extensive expansion of the Keflavik base.

The big problem in Iceland in recent years has been inflation and buying power. We have had inflation rates as high as 50-60 percent a year. The right wing in Icelandic politics, the conservatives and Social Democrats, want to solve this problem by lowering the standard of living. We socialists have long stressed uniting theory with practice and we are trying to show that inflation can be brought down while at the same time maintaining employment, expanding social services and still preserving the buying power of wages. That is our big challenge just now and we think we're succeeding. At present inflation is down to 40 percent and the treasury is in balance.

6578
CSO: 3108/173

STEEN DEFENDS POSITION ON NUCLEAR-FREE ZONE

Oslo ARBEIDERBLADET in Norwegian 15 Jul 81 p 6

[Interview with chairman of Storting Foreign Affairs Committee Reiulf Steen; name of interviewer, date and place not given]

[Text] False charges and casting suspicions on the personal level. That is the Conservative contribution to the security policy debate.

"Kare Willoch has disappointed me in this debate," said Reiulf Steen, chairman of the Storting Foreign Affairs Committee in an interview with ARBEIDERBLADET.

[Steen] A unanimous Foreign Affairs Committee in Storting backed the security policy principle of "balance at the lowest possible level of forces" in connection with the discussion of the Storting report on disarmament issues which was discussed in the spring of 1979. In the same committee recommendation and in the parliamentary debate there was broad agreement that Norway should become more strongly and actively involved in working for detente and disarmament.

When one hears Conservative politicians these days one gets the definite impression that all the words spoken 2 years ago have been forgotten. I am deeply disturbed by the strong elements of McCarthyism that have characterized the security policy debate in recent weeks. False charges and casting suspicions on the personal level are used as the basis for a debate on what is undoubtedly the most serious issue faced by our country and the entire international community.

Not since the infamous Senator Joseph McCarthy was unmasked before the very eyes of millions of American TV viewers in the fall of 1954 can I recall when his methods have been so diligently employed as we have seen exemplified in the Norwegian debate in recent weeks.

(In these words Reiulf Steen summed up his impression of the non-socialist attack on the Labor Party's security policy in recent weeks. Steen himself was chairman of the Labor Party committee that recommended a new working program in which the proposal of a nuclear-free zone in the Nordic region was first launched.)

[Question] The opposition maintains that the Labor Party has created more confusion in the security policy debate than clarification of where the party and the government stand. Any comments?

[Answer] So far Conservative politicians have done their best to create such confusion. I am frankly quite disappointed by Conservative parliamentary leader Kare Willoch whom I have great respect for as a result of working in Storting. I won't allow myself to be tempted to characterize the debate form he is employing on the nuclear-free zone issue but I will confine myself to expressing the hope that in the future he will discuss disarmament problems with greater responsibility and seriousness.

National Consensus

[Question] It has been said that the nuclear-free zone proposal is a threat to the national consensus on security policy.

[Answer] Some people define national consensus in a peculiar way. All arms escalation proposals are regarded as legitimate and in line with the requirements of the national consensus while all proposals connected with disarmament are viewed as suspect and detrimental to the national consensus.

It is vital that there be a national consensus on the major aspects of the nation's security policy. Such major aspects are rooted in the alliance policy. But within this framework it is quite necessary for us to have an active and involved debate on how we can promote disarmament and peace. For national consensus does not mean a passive acceptance of continued unchecked arms escalation or a ban on initiatives or activity on international issues. The rejection of such a debate would easily lead to national paralysis of action on security policy issues. That would not serve any interest, least of all national security, said Steen who called on the opposition to step forward and discuss the realities of the matter.

The major element in the Labor proposal has always been and will continue to be the following: we want treaty confirmation that the Nordic zone will be free of nuclear arms on the basis of international agreements and reciprocity. We have further stressed the point that this must be viewed in a wider European context and there we come to the heart of the matter. The urgent thing--and it is very urgent--is to prevent an escalation of nuclear armaments. The first task that suggests itself is to set up an agreement that would prevent the placing of so-called TNF weapons. This involves agreements obligating the Soviet Union to scale back its system of SS-20 missiles while at the same time the West pledges not to put Cruise and Pershing-2 missiles in place. A European disarmament conference that includes nuclear weapons must get going as soon as possible. Furthermore, efforts must be made to get the Vienna negotiations on force reductions in Central Europe going again.

In other words the most important part of the proposal for a nuclear-free zone is to provide impulses toward detente and disarmament talks. My hope is that we can help here to set off a chain reaction leading to detente and disarmament.

Brandt

(The chairman of the West German Social Democratic Party, Willy Brandt, recently concluded talks in Moscow with President Leonid Brezhnev on vital security policy issues. Today and tomorrow as president of the Socialist International he will be leading a meeting in Bonn at which disarmament and detente will again be at the top of the agenda. Steen said Brandt is the person playing the most important role in the work for detente today.)

[Steen] His initiative in Moscow clearly falls within the framework of the security policy Norway also endorses. He understands that we are now in the most serious situation since World War II. We are now seeing that Brandt, who has meant more to peace and detente in Europe in the postwar period than any other individual is again demonstrating more boldness and greater integrity than most other politicians. Let me also remind you that he is the one person who in the period since it became necessary has acted as the strongest bastion against the Soviet expansionist policy shown in the days of the Berlin crisis. One of the most important things we can do at the moment is to give him our wholehearted and active support. Brandt's activity is not a flight from reality but an imaginative and necessary policy based on reality.

Stimulus

[Question] Has more happened in the security policy debate since the Labor Party launched the nuclear-free zone proposal than you had anticipated in advance?

[Answer] I am encouraged by both international reaction and national involvement. The idea of a nuclear-free zone has won strong acceptance in several European countries and the Soviet Union has gone farther than in the past with regard to the principle of reciprocity. Our proposal has stimulated greater activity in the work for peace than I had hoped for in advance. Today there is greater awareness of this issue than there was just a few months ago. It is promising that so many have shown such strong involvement and such solidarity across traditional party lines. I am convinced that a big majority in all parties is more in sympathy with the Labor Party than with the Conservative leadership, Steen told ARBEIDERBLADET.

6578
CSO: 3108/173

LEADERS COMMENT ON POLL SHOWING 69 PERCENT IN FAVOR OF 'ZONES'

Oslo ARBEIDERBLADET in Norwegian 17 Jul 81 p 7

[Article by Thor Viksveen]

[Text] More than two-thirds of those asked in an opinion poll supported atomic-free zones in the Nordic region. The positive respondents amounted to 69 percent, the negative to 14. This is shown by a poll conducted by the Norwegian Opinion Institute for ARBEIDERBLADET. Six percent said it made no difference if we have such zones or not and 10 percent answered "don't know."

This is the first time such a question has been asked in an opinion poll. The comments gathered by ARBEIDERBLADET indicate that many people feel the support for the Labor Party proposal is surprisingly high.

It is of special interest that a majority in all parties backed the proposal. Even among Conservatives there was a majority--57 percent--supporting the zone proposal, despite the fact that the party leadership mobilized strongly against the idea. Some 23 percent of Conservative voters asked opposed such zones. The rest answered either "makes no difference" or "don't know." Among Labor voters, 75 percent said yes to atomic-free zones, 10 percent opposed them. In SV [Socialist-Left Party] there was total support--100 percent. A majority also supported the plan in the middle parties--86 percent of Liberal voters, 67 percent of Center voters and 61 percent of Christian People's Party voters.

The question asked was this: "A proposal has been made to make the Nordic region and parts of Europe into atomic-free zones. Are you for or against the establishment of such zones?"

There was an even distribution of the broad support for the zone idea by sex, age group, geographical location and income.

Steen

"It is very gratifying that the Labor Party's policy in this area has received such broad support in all parties. Perhaps one of the most interesting things is that twice as many Conservative voters approve the Labor plan as oppose it," said the chairman of the Storting Foreign Affairs Committee, Reiulf Steen, in a comment on the results.

"It is my hope that this poll will make the debate more factual than it has been in recent weeks," Steen said.

Willoch

Conservative parliamentary leader Kare Willoch made this comment to ARBEIDER-BLADET:

"The way the question is worded the results are quite natural. Nothing was asked here about the prerequisites and conditions for such an arrangement. And it is mainly that point which has been in dispute. The debate has concerned an unfortunate handling and the hint of a solo move by Norway that could create problems for NATO's mutual disarmament efforts. But there was no question about this in the current poll.

"And incidentally few people could wish Norway's policy toward the Soviet Union to be influenced by opinion polls. There is no other area in which efforts to win opinion poll points would be as dangerous as in this particular one," said Willoch.

Poll Results

A proposal has been made to make the Nordic region and parts of Europe into atomic-free zones. Are you for or against the establishment of such zones?

For	69 percent
Against	14 percent
Makes no difference	6 percent
Don't know	10 percent

6578
CSO: 3108/173

CONSTANTLY CHANGING ENERGY POLICY SEEN COSTLY

Paris LE FIGARO MAGAZINE in French 13 Jun 81 pp 84-86

[Text] A grand mess. Gas, oil, and nuclear energy. Contradictions, affirmations and denials. The French stand to pay dearly for their deliberate policy of fuzziness economically as in everything else.

"No to Plogoff! The nuclear program is off." France dreams its ecological dream. On awakening, simple facts (Lenin called them obstinate) will assert their demands again. A four compartment nuclear power station with 1,200 employees is the equivalent of the Lorraine coal mines with 2,400 miners. One less nuclear power station therefore means one more Lorraine to discover or import. It has to be found in coal, oil, or gas. What will it cost politically? What will it cost economically? What will be the cost from a social point of view?

The oil companies, incidentally, are long faced, the EDF [Electricite de France--French Electric Company] is anything but pleased, and the miners' unions are vociferous; the government is silent. We stand to pay dearly for this grand mess in energy.

"You will not be nationalized." Foreign oil companies established in France were reassured by that message from a Fiscal Department official, who is an administrator in the National Assembly, and from an engineer, who is a member of the joint producton committee ... of the EDF.

A strange message, conveyed at the request of the Mauroy government and passed on by a journalist friend, an expert in energy questions. It was an authentic message, confirmed this week in a telephone conversation--the first since May 10--of a strictly technical nature. For the government and the oil companies will only meet officially after the elections. "We wish you no harm ... We need you."

Some are resigning themselves to the inevitable. "We've known the Gaullist national oil policy, admittedly with the right of reply; then Giscard's nationalist oil policy with the right to listen; now, no doubt, we'll have the Socialist national oil policy with the right to keep quiet."

Nevertheless, everyone is surprised at the extreme confusion in which a new energy policy seems to be establishing itself. "You don't build a refinery, or close it,

or modify it the same way you'd change the carpet in an office. We're working on 10-year plans. Decisions made about nuclear energy concern us too."

If the oil companies are certain of anything, it is that "they" know nothing about it. "They" are discovering the facts. Heaven grant that "they" learn what is in the records.

The Socialist Party, however, does not lack expertise in the field of energy in general and of oil in particular. Each company has a "contract" in the Socialist Party. One, over many years, had obtained the advisory services of a minister in the Mauroy team; another had such an advisor, an engineer, a member of long standing in the system. Quiles, also an engineer, worked for Shell before devoting himself entirely to politics. And one minister has an influential brother-in-law in the management of one of the big national groups. There are still other ties, and other friendships.

"Channels for establishing contact are not lacking. Neither is competence in the energy field. But that this government would appoint over the Department of Energy a former arts student whose first statement is: 'I will be the minister of silence' leads me to quote Cocteau. He too said: 'Get behind the dream tree' but he added: 'One still must know which one to go to ...'"

The Voter Will Pay Too

After all, politics are of relatively little concern to the companies. General de Gaulle broke their back. And their arguments and rivalries prevent their even having homogeneous professional representation. Finally, their oprations are carried on under very varied conditions, and only their sale prices, dictated by the government, are identical.

This price is calculated according to a formula that no government has ever revealed or explained to the companies.

"Relations are simple; a secretary calls ours to tell us that the minister or head of motor fuels will meet with us on such and such a day at such and such a time. Too bad for other appointments; we go and take due note. With this new bunch, we haven't even been called yet to make their acquaintance!"

However, they know that a meeting will have to take place very soon. With regard to prices, first of all. As a matter of fact, a 10 cent rise in the dollar is the equivalent of a 30 Fr rise per metric ton of imported crude. Present oil prices were calculated on a 4.40 Fr exchange rate; since as of now it exceeds 5.60 Fr, the average price in France of imported crude, to the discomfiture of the oil companies, has therefore increased by about 360 Fr per metric ton in 6 months.

A rise in consumer prices is therefore unavoidable. It is expected at the Cabinet meeting which will take place between the two rounds of the parliamentary elections. Will that split the vote? The Socialists believe that they have sufficient popular backing to be able to raise the price of a litre of super by some 40 centimes without losing a vote!

On the other hand, the price hike causes the oil companies to lose customers; /the reduction in consumption this year will exceed at least five million metric tons/ [in italics], bringing the consumption of crude down to about 95 or 93 million metric tons.

"That will have consequences for employment, since we cannot continue to operate the refineries at excessively low levels without astronomical increases in manufacturing costs."

In Gargenville and Valenciennes, the two ELF refineries are threatened; this time there is no American to dismantle the plant and carry it off to his own country as there was last year in Brittany! The situation is the same in Hauconcourt, near Metz, where the Total and Esso refinery seems condemned; it was built when a fuel oil powered iron and steel industry was envisioned. Shell is beginning lay-offs by early retirements. BP, Mobil, and Esso have frozen all their expansion programs.

"True economising of energy begins with price hikes; persuasive or coercive talk only hides the unpleasantness of having to deny oneself. But the Socialist bungling over nuclear energy makes it clear that France will continue for a long time yet to import fuel oil; that changes all the plans of all the companies. For the time being, we know nothing, and undoubtedly 'they' don't either."

"They" are the government people. The companies' political analysts are interested in each of their positions. Chevenement, for example, once said that "the only good decision Giscard ever made" was that in favor of nuclear energy. As far as the analysts were concerned, he was condemning himself ipso facto to not being the minister of industry; Joxe, an opponent of the nuclear energy program, was appointed.

"A Leninist instead of a Maoist, so what! Furthermore, Joxe has said that oil is only one of the government's 25 priorities. Well, we'll soon see! However, you have to take heed; oil comprises an entire industrial chain, linked with the whole energy program; if the EDF foregoes its nuclear power stations, it will have to fall back on fuel oil. Now we were informed that by 1990 it wouldn't be using any more. That's not saying anything of the other industries which have equipped themselves for those stations which are to be built ..."

Ten thousand kilometers of pipe to be made for the nuclear power stations, and Vallourec knew both what to do and how to invest. The program also meant 200,000 permanent jobs for Framatome, Creusot-Loire, Alsthom, and all their suppliers and sub-contractors. Not to mention the work contracted out in the regions.

"And now, what does their energy program amount to?" As far as coal is concerned, even if we went all out to put French mining, whose costs are the highest in the world, on its feet again, we would still have to import Russian and American coal. So that means capital outflow, foreign dependence, and pollution and costs that we forget.

Oh, what a joke opposition to the nuclear program was under Giscard!

This grand mess with regard to energy includes gas as well. Algeria, which possesses one of the two largest deposits in the world, wants to sell its gas at a theoretical price equivalent to that of the oil produced thermal unit. The Americans refused and broke all purchase commitments. Gaz de France [French Gas Company], in the political situation, is waiting for orders.

Appeasement

No one would be surprised if the Mauroy government, once confirmed, were to accept the Algerian demands in the name of third worldism (if not of the Socialist International); it would be a sharp increase--nearly double--in the price of imported gas. Although the latter is theoretically secret in France, one knows that it too already justifies an increase in the price of gas for home cooking and heating. That is another decision that must be taken quickly by the Socialists, who are old friends of Algeria. But if the energy policy puts greater emphasis on gas, then the oil companies face a new problem of adaptation to the market!

"When it comes down to it, it's all the same to us. On condition that we know exactly what's expected of us. When the state imposed ELF on us and forced us to grant them significant chunks of the market, we could have pulled out, stood aside and demanded compensation. We didn't do it. Perhaps we were wrong," said a foreign oil man for whom France is a losing market, now in recession.

"We' always done our duty," said another, "and the French national market has never known a shortage. So we'll continue to play this difficult game. It's true that in London and Washington there are forces with which the new government must reckon. Surely it knows the limits to which it can go. So, let's not make a scene."

Don't make a scene. Don't trouble anymore. Appease ...

And after the elections?

9824
CSO: 3100/821

BRIEFS

EMPLOYMENT DECLINING--There is a steady decline in the number of employed people according to the Danish Bureau of Statistics. Until the first quarter employment rose steadily and the reason why unemployment also rose was that the number of those seeking jobs rose much more than employment availability. Throughout 1980 there was a constant decline in employment [as published]. In the first quarter of 1980 there were 1.8 million workers in all but in 1 year this figure fell to 1.736 million. The figures are seasonally adjusted and corrected to represent full-time employment. In the same period the number of public employees rose from 602,000 to 618,000. In industry employment fell from 390,000 to 348,000 and in the construction branch employment fell from 120,000 to 95,000. [Text] [Copenhagen INFORMATION in Danish 10 Jul 81 p 1] 6578

CSO: 3106/153

ECONOMIC

GOVERNMENT's NATIONALIZATION TACTICS VIEWED, RISKS DEBATED

Paris LE NOUVEL ECONOMISTE in French 13 Jul 81 pp 20-21

[Article by Sylvain Gouz: "The Socialist Method"]

[Text] Mr Pierre Mauroy dotted i's and crossed t's. From his long dissertative program presentation to the Chamber of Deputies, as from the message addressed by Mr Francois Mitterrand to the Senate of the National Assembly, it is unmistakably clear that the socialists, having now come into power, intend to implement their presidential candidate's platform without delay.

Not averse to waxing lyrical, Mr Mauroy plowed through 75 pages ranging from decentralization to employment, from occupational training to taxation, from industry to international relations. "The president's platform, it alone, but all of it." This is the central message. It echoes what Mr Mitterrand himself had in mind when he said that, to go beyond his precise undertakings, the people would again have to be consulted. In principle, this means in 5 years.

Concretely, this frame of mind translates into the bill on decentralization which has been submitted to the Council of State and will be examined by the next Council of Ministers before being submitted to the Chamber of Deputies. And the shortening of work hours. And the system of taxation, which Mr Mauroy fully intends to reform. "Neither improvisedly nor hastily." But the deputies will be called upon in the fall to vote on a new tax on wealth, a strengthened law against fraud, the reform of "certain anomalies" in the income tax law, and the placing of a ceiling on income tax relief in relation to dependents.

"Everything, but not immediately," commented a deputy of the new majority in the corridors of the Palais-Bourbon. True, Mr Mauroy was careful to temper his intended actions in terms of time. For example, with regard to workers rights, he emphasized the need to first respect the current legislation on works councils. And he assigned to Mr Michel Rocard, minister of the plan, the task of drawing up first a 2-year plan "to get us back to the starting line," and then another, a 5-year plan, to "change our lives and to change France."

He was also very careful to express an indispensable concern for strict economic balances and a call for effort, within the context of which he replied to Mr

Francois Ceyrac, president of the CNPF [National Council of French Employers]--though not by name--asserting that "France has not slackened her effort, but the French people want that effort redistributed."

But the prime minister did not, for all that, neglect to address himself directly to the employers, reassuring them at one and the same time as regards monetary stability, opening of the French economy toward foreign markets, future relief from certain social burdens, and incentives to investment and research.

Affirming that the freedom of industrial pricing is not being brought into question again, and that priority would be given to the "contractual process" in all domains, Mr Mauroy also put the ball into the employers' court announcing the creation of a "Permanent Council on Industrial Development," to be composed of heads of private and public enterprises--a kind of consultative body to Mr Pierre Dreyfus, minister of industry.

It was on the subject of nationalizations, however, that the prime minister's exposition clearly received the closest attention. The only element of surprise turns out to be the lack of any surprises in the light of Mr Francois Mitterrand's presidential campaign statements. Throughout his campaign and including during his face-to-face debate with his predecessor, Mr Valery Giscard d'Estaing, the current president of the republic constantly affirmed an unshakable faith in the need to nationalize 11 industrial groups (CGE [General Electrical Company], Saint-Gobain, Thomson-CSF, Rhone-Poulenc, PUK [Pechiney-Ugine-Kuhlmann Company], Sacilor, Usinor, CII-Honeywell-Bull, Roussel-UCLAF [expansion unknown], Dassault, CGCT [expansion unknown]--the former ITT France) as well as the nuclear segment of Creusot-Loire and the military activity of MATRA [Mechanics, Aviation, Traction and Missiles Company], and the banks and insurance companies. Mr Pierre Mauroy, who, conceptually at least, has unveiled his ambitions in this regard, will submit the plan for these nationalizations as a whole, to be voted on by Parliament this fall, possibly beginning with a special session being planned for the latter half of September.

But the prime minister, having firmly set his course, sought to clear away the mines from the terrain over which he must advance. Thus, commercial banks can keep out of the chopper their operations with non-nationalizable enterprises. Thus also, small banks can escape the enlargement of the public sector. The term "small banks," however, was not explicitly defined. The nationalization program also excludes, besides foreign banks, the Credit Agricole and the Credit Mutuel, as well as the SICOMI's [expansion unknown] and the stock brokerage firms. Above all, Mr Mauroy took great pains to indicate to our foreign partners that there is no intent whatever to injure their interests in nationalizable firms. This concerns ITT, Honeywell-Bull and Hoechst, majority shareholder in Roussel-UCLAF. The government will therefore undertake talks with these groups to learn their intentions, that is whether they wish to continue their participation with a public partner or withdraw. In the latter case the French state will be the buyer of their interests. Thus, the three firms involved will not be included in the nationalization laws to be submitted in the fall. Will these assurances, together with renewed guarantees of a "fair indemnization" to the shareholders of the firms concerned, suffice to defuse the nationalization bomb? The initial

response to this question--skin-deep but meaningful--will be provided by the currency exchange markets. After the unfavorable reaction generated by the entry of communist ministers into the government, Mr Jacques Delors will have to be vigilant. But the real responses will not be forthcoming until this fall, when the basic guidelines must be spelled out and the operative details defined concretely. For between now and then, the government will be limiting itself to assigning government representatives to each of the nationalizable firms to deal with "the transitional period."

"We are no longer in an environment of theological discussions on the subject," says Mr Jean Le Garrec, the secretary of state for extension of the public sector. This is a way of expressing his intent to bring pragmatism to bear on the management of his future empire. "Relations between the state and the managements of national enterprises will be based on the contractual mode, through the setting of industrial and social objectives, and of course through subsequent monitoring of progress toward these objectives."

This is a reassuring outlook which, in the minister's view, harks back to the "Renault model," but which does no address the fundamental question of the boundaries of the new public sector. "Can you imagine the uproar if we had actually codified everything!" exclaims Mr Le Garrec, for whom our industrial strategy must be the operative linkage with regard to subsidiaries and must be the basis for preserving them or returning them to the private sector. Thus, each of the nationalized industrial groups will be required to establish, in agreement with the state, a medium-term plan for the different segments of its activities and to thus define the exact contours involved.

This may define the public sector in terms of a variable geometry for a certain length of time and generate an uncertainty that could complicate the lives of subsidiaries whose fate is in doubt or disturb their subcontractors. But in Mr Le Garrec's view, this uncertainty is inevitable, unless--he says--we blur the distinction between nationalization and statism.

9399
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PATRONAT PROBLEMS CITED; COOPERATION DESIRED, DEMANDED

Paris LE MATIN in French 2 Jul 81 p 14

[Article by Gilles Martinet, National Secretary, PSF]

[Text] Following Francois Mitterrand's victory in the presidential election and the Socialist landslide in the parliamentary elections, will we witness a third economic "turn," in other words the birth of political opposition from management? Some are already worried: the corporation heads, they say, are "on strike with their pens," refusing to involve themselves in signing labor agreements, refusing to predict and to invest. The fact is that even if the Socialists today do have almost all the power in France, they cannot conduct their venture of changing France all alone. They are dependent on the good or ill will of those who, by their initiative, create the wealth without which a redistribution policy is not possible: the heads of enterprises. Gilles Martinet, national secretary of the PSF, explains below that the new government's problem is not to "reassure" management, but to speak to them distinctly and to explain to them clearly the new rules of the game which await them. And, says Martinet, these discussions which alone can reestablish confidence must not be held just with management organizations, but also directly with those who make the wheels of the French economy turn: private interests.

Since 10 May, and even more since 21 June, some corporation heads have been leaving their offices earlier than usual and taking long weekends. They have decided to "play hooky." Their reasoning is simple. "We are waiting to see what the government will do. For the moment, we are taking no initiatives. No projects to be launched. Only handling day-to-day business."

Other business men are more active but they are now only concerned with foreign investments. One might think that in their eyes the Socialist's electoral victory is tantamount to the revocation of the Edict of Nantes for the Protestants!

Others still, the smaller ones, are immersing themselves in the underground economy. Thus, we note more sales with no invoices and recourse to the black market. A small part of France is taking its cue from the Italians.

These reactions are not surprising. The Left's victory could not help but shock French management. A new power ratio has been created. It will take a little time before everyone can see the outcome.

Nationalizations

A little time, but, let us hope, not too long. For if this situation prolongs itself, it is not just the position of certain companies that will be threatened: the chances for recovery will be compromised. The government as well as private enterprise must be convinced of this.

It was necessary for the new powers to present themselves both as determined to maintain their commitments and as anxious to conduct the change in a realistic and reasonable manner. What we expect of them now is that they define a true economic strategy, and that they establish, based on this strategy, the schedule of structural reforms which they intend to bring about.

Private investors are aware that there will be nationalizations, and most of them are resigned to it. But they want to know as soon as possible their exact extent and the methods by which they will be achieved. This will probably be one of the most important points in the statement that Pierre Mauroy intends to make on 7 July before the National Assembly.

This will allow them to go beyond a debate which, for the Right as well as for the Left, often assumes a mythical character. What counts, in the first place, is to assemble the instruments of a policy which simple submission to the laws of the market place will not accomplish. Previous governments already had many of them at their disposal, but either they did no want to use them, or they used them in the worst possible manner. This is why France has only partially replied to the eight or ten large industrial challenges upon which its future depends. The first task, therefore, is to use all the existing instruments in a more determined and more coherent manner. The second is to reinforce the apparatus in several key areas. This i where the necessity of rapidly taking control of holdings such as Suez and Paribas, and of assuring ourselves positions of predominance in the large companies named by Francois Mitterrand during his campaign originates. These provinces will be all the easier to apply since in most cases we are dealing with a management patronat and not a propertied patronat.

But won't the psychological impact of these arrangements create in irreparable schism between the new power group and the world of private investors? The risk is there but it can be averted if the government shows all the significance that it attaches to the function of the investor, to the responsibilities that the function implies, and to the guarantees that it requires. Never forget that even when all the nationalizations have been achieved, more than 80 per cent of national production will still come from the private sector.

The employment battle will not be won by the public sector's forces alone. If we were to act this way, we would quickly find ourselves in a position similar to Napoleon's at Leipzig when, surrounded by his guard and his "Marie-Louises," whose zeal could not be questioned, he saw the rest of his troops disband and the Saxons defect to the enemy.

A New Social Democracy

It is useless and dangerous to give the impression of aiming at people at whom you do not intend to fire.

For, whether we like it or not, achievement of the goals defined by the president of the republic implies coexistence with private interests and not a split from them. Francois Mitterrand calls the former joint Program a Social Democratic text. This was true except that the Socialists have always said that its achievement would depend on the previous attainment of a certain number of positions of power to which the Social Democrats in the other countries did not attach the same importance as they.

Today, while these positions are in the process of being filled, things present themselves in a slightly different light than in the past, for social democracy's returns (a better distribution of resources due to the welfare state) were valid ones during a period of economic expansion. Now, we are experiencing a crisis which is not only capitalism's crisis, but also a crisis for all industrial nations--in the East as well as in the West--who have to confront the stakes of recent scientific and technological changes. The problems we must face are leading us to seek a "third way" or, to take a more precise expression from Jacques Delors, to define what will be in France, and then in Europe, "post-social democracy."

Three Stumbling Blocks

This new social democracy will be, by necessity, more austere and more stringent than the former one, but also more concerned with assuring the difficult passage from one model for development to another type of growth. It will also be more favorable to joint European policies and to the establishment of new relationships with the Third World. It is in the extent to which it brings out the positive aspects of such an orientation that the new social democracy will lead the private sector to cooperate with it. But we must not conceal the difficulties that it will encounter along the way.

We must still keep them well in mind.

1. The first of these difficulties results from the necessity of reducing inequalities. If total social funds cannot be increased, they must be redistributed, to the benefit of certain categories and, consequently, to the detriment of others. And if it is fair to plan to establish a tax on wealth, it must also be admitted that the income tax (which principally affects salaried workers) must be significantly increased. In France the income tax currently represents 13 per cent of financial or special resources, as compared to an average of 30 per cent in the other OECD countries. This clearly means that salaried workers and not just the "wealthy" will have to participate in the national solidarity effort, resulting in the danger of a counter-coalition between the "wealthy" and some of these workers.

2. A second difficulty is related to the behavior of some small and medium-sized business owners who have too much of a tendency to confuse the benefits of their companies with their personal gains. When bankers are surprised to see small

companies requesting large loans although their balance sheets are officially in the red, they often hear that the borrower has stocks and bonds, real estate, holdings and second homes as security. This is because France, in the words of the Plan's commissioner, Michel Albert, has "built a German economy within a Spanish social structure."

We too often prefer to increase our debits rather than to build investment reserves. Now it is these reserves that the economy needs to create new jobs.

The Awaited Discussion

3. The possibility of the granting of new rights to employees is at the root of a third problem.

Even more than nationalization, management, or at least most of management, fear an extension of the powers of worker's committees and the institution of the right of supensory veto on decisions concerning hiring, layoffs, and investments. Management wants to remain absolutely master of its own and will not tolerate being controlled. No doubt they know that the employees today are more concerned with jobs and reduction in working hours than in sharing in the management of enterprises. But they are afraid that the Parliament will pass laws tending towards this direction.

Statements made until now by Francois Mitterrand as well as by Pierre Mauroy, however, show that the new group in power attaches at least as much importance to dialogue and negotiations as to legislation. Worker's unions have understood this well, but the heads of management organizations pretend to be unaware of it. And this deafness may be prolonged as long as these leaders, who have become more functionaries than managers, do not see their constituents changing their attitudes.

This means that the government must not content itself with talking to management organizations. It must also directly address private enterprise.

Raymond Barre made the mistake of being supremely unaware of the "sociological majority" of the country. Socialists who represent this majority must not, in turn, give the impression that they have nothing positive to say to businessmen. Of course, they have already been told about measures which might be taken which favor small and medium-sized businesses: improved credit, lower social contributions, miscellaneous aid, etc.

But what is expected is not just a series of measures, but a discussion which does not dodge any of the difficulties and which clearly establishes the new rules of the game.

Returning to what some of its members call the "strike of the pen," management can incontestably aggravate a situation which is already very difficult. But what advantages do they hope to derive? None, on the economic level, since by acting this way they are compromising the futures of their own businesses. And, on the political level? It would take a large dose of imagination to think that a man like Francois Mitterrand, who has an absolutely majority in the Assembly for 5 years, is ready to give in before the first obstacles he encounters.

The Socialists have understood management's reactions perfectly. It is normal for them to rebel against the rush of the popular tide and to dream of reestablishing the old power ratio.

But, although the "sabotage" temptation exists, there is no "sabotage" hazard. It is not 1936.

The conditions under which the Leftist government is led to undertake its experiment are very different. More constraints, particularly international ones, but also more possibilities and a much better control of the problems which are to be faced. This is why the Socialists must feel strong enough to address private enterprise and request them to participate fully in the revival of the national economy.

9693
CSO: 3100/851

ARMS PRODUCTION, SALES HARD QUESTION TO RESOLVE

Paris LE NOUVEL ECONOMISTE in French 13 Jul 81 pp 24-29

[Article by Pierre Pean: "A Farewell to Arms?"]

> [Text] "Pacifists" vs. "independents," "idealists" vs. "realists:" the debate on French arms sales policy will be bitter. Prudence, however, will be necessary: the arms trade is a golden calf of the state and of several firms--it employs 500,000.

The socialists have inherited one of the largest arms productions in the world and managing it bothers them, all the more so because its profitability depends on the size of its foreign sales. They have discovered that they are cannon salesmen and they vehemently deny the label; armaments are dirtying their hands. By autumn, however, Pierre Mauroy will try to align war materiel export policy with the campaign promises of Francois Mitterrand.

Meanwhile, the prime minister has allowed the boat "Granville" to be delivered to Argentina. Patrol boats and missile launchers will soon sail for Iran and Libya, a sign of the solemn respect for contracts which Jacques Delors and Claude Cheysson have loudly proclaimed. This realism, however, has not been able to erase the memory of the assassinated socialist president, Allende--the French socialists will not approve machine guns for the Chilean militarists. The supreme government authority for arms exports placed an embargo on the containers of light arms and armored tanks destined for Chile.

Arguments

Defining the new arms policy will cause a discreet but tough battle between the military-industrial complex and the administration. It will also evoke contradictions, as was the case of nuclear power, between the groups that brought Mitterrand to power. The president's realization of the usefulness of striking power is quite recent, and cries of national independence have left many pacifists by the wayside. On the other hand, the Gaullists in particular point out the need to keep France in its third place as a world arms supplier (first place in relation to population). Everyone is readying his arguments.

The stakes in this debate are large. It directly involves 285,000 people, 130,000 in the public sector, and almost double that if subcontractors are included. Last year state and private producers had a sales figure of 65 billion francs, of which 40 percent was exported. This is about 5 percent of total French sales abroad. It is certainly not coincidental that our two major oil suppliers--Saudi Arabia and Iraq--are also our largest purchasers of arms systems, buying almost one quarter of the French production. Arms have reduced the outflow of currency due to the increase in the price of black gold. The employment of tens of thousands of Frenchmen, the economic health of entire regions (West, Southwest, Southeast), and the prosperity, balance and even the existence of firms such as Matra, SNIAS [National Industrial Aerospace Company], or Thomson, which are too dependent on the outside (Dassault depends on foreign trade for 60 percent of its business, while its American competitor has only 34 percent foreign trade) depends on the good will or political stability of Riyadh and Baghdad. This fragility has been increased by the rumors coming from Paris.

Company officials have been frightened and have begun to weigh all the socialist statements. They have been reassured by those of the prime minister, scared by those of the first secretary of the socialist party, Lionel Jospin, "Why sell rockets when we can sell entire factories?" he challenged on 10 June at France-Inter. The officials turned to Charles Hernu, minister of Defense, who reassured them but made no promises.

Robert Pontillon, senator from Hauts-de-Seine and head of mission for the prime minister, is without a doubt the most hospitable and comprehensive administration official. "One of the first files I picked up involved a firm with 20 billion francs worth of orders in the Middle East, which is 60 to 70 percent of its operations." Maybe this was Thomson, which Pontillon knows well since he is still a consultant there.

The socialist senator, located on the Rue de Varenne, discussed some of the elements of the government's approach to arms sales. "Our thoughts are mostly on a deontological level. Is France in a position to moralize the arms trade if it restructures its system?" Pontillon then emphasized the implication arms sales have on French economic interests in order to demonstrate the difficulty of the subject. "When civil and military powers become mixed, a relationship is established between the sale of civil materiel and France's agreement to deliver arms." There are coincidences, such as the telecommunications market obtained in South America after the sale of the Mirage. One certainty for the prime minister's head of mission: "We will continue to produce arms."

But will this calm assurance be heard at the Elysee? It is said that Pontillon no longer has the president's attention, and the subject is very annoying to Mitterrand. Since the hubbub surrounding the Bourget and Satory expositions the Elysee has been silent. The administration has established study groups and the industrialists are working on their documents. Aerospatiale is even devoting a seminar to the subject in Bordeaux. Everyone realizes that changes are inevitable within the French arms industry under the joint effect of a new arms sale policy and the nationalizations of Dassault, Thomson and Matra's armaments branch.

"It seems that the socialists, who are just discovering the files, want to study them seriously," a Matra official said. "They do not want to destroy the industrial networks." Another official who has seen Charles Hernu several times also thinks that "they do not want to rock the boat." But not everyone is so calm. At Satory some people were irritated and even mad at seeing themselves frustrated by takeover plans which they believe have been reserved primarily for armaments. They were also disturbed at the thought of converting to machine tool plants. Creusot-Loire, which has already undergone a 7-year embargo of Chile, refuses to imagine the worst. "We are maintaining contact with everyone," said one official who did not want to draw any dramatic conclusions from a report of a visit by Kuwaiti military officials.

At Thomson, there is a great deal of concern from the workers to the managing staff. "Defense systems have enabled Thomson-CSF, and even the entire company, to survive for the last 10 years," said one director. Defense activities account for about 15 percent of sales volume, but their economic weight is far greater. The size of the first installment payment (40 percent) helps the balance sheet. Profit margins have no comparison with those in the civil sector. "The cost price makes no sense. Only need does," the same official admitted.

The directors are trembling at the headquarters of the largest exporter. Contracts worth 8 billion francs are "on hold." The Saudis "do not have the time" to continue negotiations involving 3 billion francs; 2 billion francs with Iraq have been left hanging. There are two other sums outstanding with three Latin American countries and 1 billion with South Afrida. This period of uncertainty, however, has not prevented India from ordering 150 Mirage 2000's; Austria 25 Mirage 50's; Egypt 16 Mirage 5's and Cameroon 6 Alphajets.

Because of this success, the French government has taken calmly the apocalyptic predictions of the general armaments delegate, Jean Martre. Although Martre is under the orders of Charles Hernu, minister of Defense, he is acting as flagbearer for the military industrial complex which only yesterday was all powerful.

"If the new administration opts for any sizable modification in our foreign policy, our military production is liable to become three to four times more expensive. The problem then soon arises, as in Sweden, of deciding whether or not to save an industry that assures our national independence. If this is the end result of the government's new orientation in this field, then we will have to buy from the United States or the Soviet Union to meet our defense needs! We would then have to align ourselves with the one or the other."

The arguments of Michel Schmit, head of Matra International, for upholding an arms export policy are more subtle. "France's sales of defense materiel have brought it great technological credibility by placing it at the highest level," explained Jean-Luc Lagardere's colleague, and he cited some examples to support his statement. For example, France received the contract for data processing at the Zakum oil field in Abu Dhabi. People who know how to make missiles know even better how to process data, reasoned the Emirate officials who had already turned to Matra for their defense needs. Once again citing the "Mirages that changed France's image in South America," Matra's export head thinks that the socialists only want to limit the sale of "consummable weapons," arms with low added value

which gave a bad image. He cannot believe that they will reduce the sale of "sovereign materiel," which is tactical arms for France but strategic arms for the smaller countries. "Those who come to Matra to buy missiles are actually asking for missiles from France, which they consider a recourse outside the two largest powers," said Schmit . Arms are a diplomatic as well as industrial support.

Competitors

Although Jacques Mitterrand, president of SNIAS, has noted with hope the increase in civil needs in the helicopter market, he knows that his position as number one in this sector in Europe depends on his continued export of military equipment. Similarly, Aerospatiale's development of tactical engines depends on the possibility of exporting. "Before long, SNIAS will profit from its unique situation of producing both engines and helicopters by offering its military clients real helicopter-transported arms systems," he explained in the brochure introducing his firm to the visitors at the Le Bourget exhibition.

There is no doubt that the president of SNIAS will try to share his worries with his brother, and will explain to him that his Anglo-Saxon competitors are already delighted by the change in French policy. The general manager of a large American aviation firm explained during the Le Bourget exhibition in Paris, "It took us 4 years to get rid of Carter. We can only be delighted that you have Mitterrand for 7."

Pierre Mayer, inspector general of finances and author of a 1976 report on the arms export economy is openly provocative. "Will we accept fuel rationing and a lowered standard of living in the name of human rights?" The author of "A Broken World" does not believe an overall reduction in arms exports is possible. "More than ever it is a substitute for our structural weaknesses." He links this problem to our long-term energy balance. "Foreign sales of arms and nuclear power cannot be limited at the same time. How and with what will we buy the oil that we will need after 1990?"

Mayer also believes that exports play a fundamental role in limiting the cost of materiel for the French army. Because of exports, the AMX 30 has been the same price, in present day francs, for 12 years. The inspector general of finance espouses the same arguments as Matra and Thomson regarding technological benefits. Thanks to the export of defense systems, France is ranked second in the world in technical electronics. If the socialists impose limits, "then the Japanese will take our place." Mayer fears for the future. "Errors in the field of defense are not apparent. They are, however, irreversible. Lost time cannot be made up."

Faced with these worries, advice and apocalyptic descriptions which have "the health of the French economy resting on the role of arms salesmen," as the socialist party's number one man, Lionel Jospin, put it, the new leaders are staying calm. Claude Cheysson, minister of Foreign Relations, and Charles Hernu, minister of Military Forces, consult with one another to align their positions. They will try to harmonize the themes defined by Mitterrand, expecially "to limit arms sales and to stop balancing foreign trade on this basis," with social, political and economic realities. They will take into account the desire of

"countries who do not wish to be involved in bloc politics, on one side or the other," as Mauroy emphasized at the Press Club. In this way France could soften its position on selling arms to China.

Beyond just talking, some decisions have already been made which provide a clue to the orientation of the new policy and how it will harmonize with the demands of the trade balance, of industry and of employment. On 5 June, Hernu promised CFDT union members that the "Clairon" rocket would be totally manufactured by Saint-Etienne. Giscard d'Estaing's commitment to give part of the production to Manurhin, a branch of Matra, was thus not honored. This is important because it indicates a break in the policy of subcontracting which the national defense has been following for 10 years. The division of tasks between the public and private sector will surely be reexamined.

The 24 June nomination of general engineer Cauchie to manage international arms affairs, replacing Girard Hibon, is also extremely significant. The latter, who signed 112 billion francs of foreign orders in 4 years, was unceremoniously thanked. This appointment confirms Hernu's statements of 16 June at Satory during the Eighth Exposition of Ground Materiel. "Industrial cooperation with European countries is a solution the government and I approve of. It boosts the economy, and allows us to benefit from the better techniques of our partners. The policy of cooperation will be continued."

Cauchie is actually in favor of a European arms policy. In a colloquium of the WEU [West European Union] held in March 1977, he expressed "a profound desire to find new programs of cooperation to follow the successful generations which are coming to a close." He will undoubtedly uphold the "Independent European Program Group," whereby "we can find ourselves among Europeans, but outside of official structures, whether that be NATO or WEU." France should try to restart projects such as the Transall, Jaguar and Alphajet planes; Milan, Hot, Martel and Roland missiles; and the Gazelle, Puma and Lynx helicopters.

Secret

Hernu thinks that cooperation with Europeans is preferable to cooperation with Americans because it can be done on an egalitarian basis. The contract between General Electric and SNECMA [National Company for the Study and Construction of Airplane Motors] to build the CFM 56 motor with 10 tons of thrust, for example, shows that American technological contributions are negligible. The major core is sent to France in lead boxes, and SNECMA's [National Aircraft Engine Study and Manufacturing Company] engineers do not have access to its specifications.

The new minister, who has been interested in military problems for a quarter of a century, already had some ideas on ways of maintaining independence based on nuclear deterrence before he even opened the files on Boulevard Saint-Germain. He must now refine his analysis, define a policy, and prove the statements espoused by staff officers and industrialists who, from having worked together and from having transferred from the military to the private sector, have similar goals. Private companies are packed with general arms engineers.

Hernu and his specialists are not without resources to analyze the problems raised by an excessive militarization of the economy. The Institute for Supreme National Defense and the Center for Advanced Arms Studies have increased their studies on the subject.

The first counterargument is that defense autonomy is inseparable from an intensive export policy. Jean Martre, the general arms delegate, closed that discussion on 20 May. "Scientific and technological progress is such that France could have problems following the accelerated pace of the Americans and Soviets... What would be the cost of necessary materiel for the French Air Force if our exports were interrupted?"

Threshold

This analysis is based on the critical threshold concept. According to industrialists, large scale production, which implies exports, will result in reasonable prices of materiel for the national army. Socialist experts will explain to Hernu that this threshold concept does not apply equally to all arms (for example, warships). The important point is that industry be adapted to production volume. The military's budget cannot finance all the necessary studies. Exports should allow private industrialists to invest heavily in the arms field and allow the military to recover the costs of studies through exported materiel. However, this is generally not the case. State aid for exports is substantial and varied. The new minister of defense will wonder if they cannot be better used to support other products, and thus break the vicious circle of the arms industry. So far, exports have always entailed other exports. France's rate of progression is the highest in the world: 14.3 percent vs. 11.3 for the United States.

This process began in the late sixties when France found itself with an overdeveloped industrial plant at the end of a program of modernization of materiel. Exports absorbed part of this structural overcapacity of its plants compared to the needs of the French army. Bit by bit these foreign sales began to play a primary role. Client needs slowly determined the characteristics of military materiel. Orders for the French military were only the backup of such a policy. In 1977, French forces took only 5 percent of the helicopters and 20 percent of the missiles of SNIAS. The "Crotale" defense system was developed with South African and Arabian money; the Otomat with Iraqi and Libyan funds. The 155 millimeter rapid fire cannon was developed for the Saudis and Iraqis... So could the economy be demilitarized so easily? "It is not possible to tell Thomson to stop some production lines; it would result in tens of thousands of laid-off workers. But it could be encouraged to stop its extreme specialization," said a socialist party expert. Such a change would entail upheavals in thinking because arms specialization was often the easy way out for managers. Profit margins are large but are accepted because sales are often "obligatory," since they come under the framework of agreements between states. This is the case with our principal oil suppliers who not only are obliged, for financial reasons, to ease our deficit but in addition want to free themselves from the grasp of the Soviet Union in Iraq's case and of the United States in Saudi Arabia's case.

On 29 June, Jean-Luc Lagardere, president of Matra, admitted in front of his stockholders that the arms branch was the strongest sector of the company. Nationalizing this sector "would deprive the company of activities which, for at least 5 more years, must support the financial and technological branches."

The reconversion of the arms sector, if that is the final decision, can only be accomplished prudently and slowly. The "universal mission of France," as the Elysee's new tenant says, would not be well tolerated if it were accompanied by additional ranks of unemployed. Claude Cheysson's latest statement to the "Nouvel Observateur" reassured industrialists: "Arms exports are a necessity, both for our defense and for our industry. It would be crazy to deny it. But there are some reservations." In the long run, thought "must also be given to ideas that have been proposed regarding disarmament or certain types of armaments."

The CGT and CFDT labor unions do not see things in quite the same light as industrialists and ministers. The problems of the arms industry will be much easier to solve when the state can restructure its arsenals and nationalized firms (Dassault, Thomson, Matra-Armament, SNIAS) to its liking. Mauroy has already promised one certainty: competition will continue to energize this sector. The state clearly does not want a totally uncontrollable regrouping.

Another delicate subject for the minister of Defense is the role of certain semi-public marketing firms in paying commissions to intermediaries and in financing the decisions of the former majority. No one would understand if Hernu is content to change the names of the beneficiaries. This is a decidedly difficult legacy for the socialists, but which they can neither refuse nor squander.

Dependence on Foreign Markets

Percent of sales volume that is exported

Panhard	97
Societe Matra	70
Dassault	60
GIAT	45
SNIAS	32
Thomson-CSF	30

Michel Jobert: "Take into account countries that wish to escape from the grasp of the two blocs."

In the arms field, where France is equipped to produce and export, it is impossible to have a 180° change. For the short-term others more qualified than I have given and repeated their assurances. I might even say more than necessary.

On a worldwide scale, the two large world sellers, the United States (48 percent of the market) and the Soviet Union (27 percent) have, in the eyes of most buyers--often from the Third World--the serious disadvantage of imposing a political philosophy along with their arms. For obvious reasons of freedom, these buyers

have somewhat encouraged France to become an arms exporting country. This was case, for example, of two countries--Saudi Arabia and Iraq--who, by approaching France, were looking for a way out of the political control they found themselves under at one time. Not buying arms exclusively from countries interested in controlling them is evidently one way to fashion their independence.

These points must also be taken into consideration when redefining, if it becomes necessary, a new arms sales policy.

I would obviously prefer to live in a world where no one buys arms and no one sells them; or in a world where the arms race between superpowers, in the name of "balance of terror," itself causes the highest imbalance in our world.

9720
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TRADE RELATIONS WITH ARAB WORLD ANALYZED

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[Text]

The good relations between Greece and the Arab world were once more underlined at the opening session of the third Greek-Arab Trade Meeting 'AR-GREX 81', on June 17th, at the Zappeion Exhibitions Hall. Steady efforts undertaken by both sides, now and for many years, in various sectors of cooperation have created a solid background for further strengthening of the political, economic, commercial and cultural relations between the Greek people and the Arab world.

Closer examination of Greece's relations with the Arab world shows that in the period since the end of World War II, they have differed from those of the European Communities as a whole, and from those of individual EC member-states. Greece's traditional friendly relations with the Arab nations have not only been maintained but actually broadened during the difficult years when the Arab nations were emerging from their previous colonial status. There being no sad memories between Greece and Arab nations, no sour taste was left during and after this period. This important factor in the political background did much to help further development of Greece's relations with the Arab countries, in all directions.

Now that Greece has become the tenth member of the Community, new perspectives are opening for the continuance of the Arab-Greek cooperation.

It has often been said that Greece, geographically placed at the S.E extremity of Europe, is a natural transit route and springboard for Europe's trade with Asia and Africa, particularly for the Arab countries of the Middle East and of the North African seaboard.

This has acquired special significance since Greece's accession, as Greece is about to become the link between the European Community and the Arab countries, which are of vital importance to the world economy and politics.

Even more, now under its new status, Greece will be in a position to take an active part in shaping the Euro-Arab dialogue.

EUROPE AND THE ARAB WORLD

The relations between Western Europe and the Arab world are continually becoming closer and closer. Europe has immense potential in the sectors of technology, equipment and services, while the Arab world has an abundance of raw materials such as petrol, and human potential. The basic link in the economic relations between the Arab countries and the Community is oil.

It is true that Europe is dependent for over half its imports of oil from the Arab countries, and oil is for the Arab countries the necessary force for their economic development. In a thirty-year

Table 1:	1978	1979	1980 ten months only
Total Greek exports	123,727,300,000	144,238,700,000	170,553,552,000
Exports to Arab nations	24,480,200,000 (+19.78%)	30,480,200,000 (+21.17%)	35,506,000,000 (+20.81%)

Table 2: Exports of agricultural products to the Community (1977, in thousands EUA's)

Countries	Total of exports	Total of agricultural exports	Citrus fruit	Wine	Olive oil
Algeria	2,098,260	52,749	6,091	11,487	–
Morocco	833,012	355,271	96,519	6,918	13,571
Tunisia	559,393	115,168	5,981	7,540	66,463
Israel	983,052	358,525	135,445	649	–
Spain	4,919,638	1,477,416	395,271	164,859	43,047
Greece	1,514,000	440,000	10,000	8,300	9,300

period the oil deposits of the oil producing countries will have been drained, and so the industrialization of these countries is of great importance. At the same time while Europe has a surplus in agricultural products, over the next few years, the Arab world will face a growing problem in food supply, which decreases with the increasing population.

The Arab League today (this organisation includes all the independent Arab countries located between the Gulf and the Atlantic Ocean) is the first trade partner of the Community. Since 1972, the value of Community imports from the Arab countries has quadrupled. EC imports from the Arab countries (in relation to the others) – increased from 14% in 1972 to 22% in 1974 (during the oil crisis) and reached 19% in 1979. About 90% of these imports are of oil. From the statistics it appears that the two main European patrons of the Union are France and Italy. These two countries absorb more than half of the EC imports from the Arab world.

Between 1972 and 1979, the share of the League in the total exports of the Community doubled. In this period Algeria lost the position of the first patron of the Community and its position was taken by Saudi Arabia. Machinery, transportation means and other industrial products represent 80% of the total EC exports. The development of the relations between the European Community and the Arab countries has been encouraged by the 'Euro-Arab dialogue' which began in 1973. This Euro-Arab dialogue was born in the new situation which was created following the Arab-Israel conflict: the war of October 1973 and its consequences forced Europe to revise its relations with the Arab world.

In 1975, the Euro-Arab dialogue began at specialist level, in 1976 at ambassadorial level, and continued till 1979. It was interrupted by the departure of Egypt from the Arab League, and continued again on 12th and 13th November 1980 in Luxembourg.

But this time, the dialogue will continue not with the Community of Nine but with the Community of Ten. And on both sides it is expected that the accession of Greece to the EC will play a significant role in the dialogue between Europe and the Arab world.

GREECE AND THE ARAB WORLD

Greek-Arab relations are very old and today constitute a vital reality. They are based on mutual friendship and on a broad network of relations with all the Arab countries, which is implemented with about 120 protocols and agreements. These cover almost all the sectors of relations between the countries. Among these agreements 12 concern trade and 11 are agreements for economic and technical cooperation with an equal number of countries.

To quote a few examples of the various contacts which took place only this year and last year.

– The second meeting of the Committee of Ministers in Baghdad (12th-18th April 1980) which revealed the larger scope which existed for Greek-Iraqi commercial transactions, over and above the achievements of 1978 and 1979.

– An exchange of missions from Chambers of Commerce with Jordan in June 1980, which resulted in substantially increased trade.

– On 13th June 1980, a protocol for economic and technical cooperation was signed in Athens between Greece and Tunisia, following talks among the members of the Greek-Tunisian Joint Committee.

– On June 29th 1980, Arab businessmen from Syria, Jordan, Morocco, North Yemen, Pakistan and Saudi Arabia, visited the Patras Chamber of Commerce and Industry. Various deals were negotiated on the occasion.

– On the 11th September 1980, during fresh contact with senior Iraqi officials the Deputy Minister of Trade of Iraq, Mr Mahdi Al Hobeidi had talks with Greece's Minister of Trade, Mr S. Demas.

– Later, in September, 1980, the Joint Greek-Moroccan Committee of Ministers met in Athens to discuss expansion of mutual economic relations, and signed a protocol for commercial and technical cooperation.

– In October 1980, the second session of the Greek-Syrian Joint Committee of Ministers met in Damascus. The discussion included an important exchange of views on making the best and fullest possible use of the Greek-Syrian ferry link (Volos-Tartus).

Table 3: Greek imports from the Arab countries (million drs.)

Countries	1979
Egypt	13,137
Algeria	40
Emirates	12
Jordan	9
Iraq	8,573
Qatar	–
Kuwait	1,616
Lebanon	60
Libya	4,865
Marocco	324
Mauritania	–
Bahrain	4
Oman	1
Saudi Arabia	22,024
Somalia	18
Sudan	241
Syria	4,348
Tunisia	5,627
N.Yemen	–
S.Yemen	198
Total	61,097

– In November 1980, the Piraeus Chamber of Commerce and Industry sent a mission to Libya for further talks on various matters of mutual economic interest.

– In January 1981, the Athens Chamber of Commerce and Industry proposed the reciprocal formation of Greek-Moroccan Chambers.

– In February 1981, further talks were conducted in Libya by the Greek Alternate Minister of Coordination, Mr J. Paleokrassas, when the emphasis was upon engineering contracting projects being undertaken by Greek firms in Libya. The Libyan side confirmed its willingness to see the expansion of such undertakings by Greek firms. The meeting ended with the signature of a fresh protocol which covered numerous aspects of Greek-Libyan cooperation (e.g., a joint fishing venture, technical training for young Libyans in Greece, a ferry-boat service to Tripoli-Benghazi, sponge-fishing rights in Libyan waters, etc.)

Table 4: Greek exports to the Arab countries during the period 1975-80 (Value Mil. Drs)

	1975	1976	1977	1978	1979	1979 Jan - Oct	1980 Jan -Oct
Saudi-Arabia	917.2	4,151.6	4,898.4	7,500.0	7,924.5	6,157.7	9,572.1
Libya	4,256.0	4,778.2	4,598.7	4,180.0	6,201.2	4,513.6	5,148.6
Lebanon	1,079.2	805.9	1,221.3	1,483.8	2,858.3	1,603.8	2,079.8
Iraq	619.3	885.4	1,178.2	1,162.4	1,348.7	897.2	2,021.4
Kuwait	411.1	607.9	801.0	699.0	1,018.3	727.7	1,299.3
N.Yemen	4.4	109.1	296.2	303.0	851.9	667.6	787.2
S.Yemen	–	–	–	–	17.5	5.7	228.1
Emirates	106.8	492.2	534.9	756.2	598.6	429.9	383.4
Egypt	1,015.9	2,239.0	2,831.5	3,261.3	3,414.2	2,717.9	4,630.8
Syria	1,112.1	1,286.9	1,003.9	1,978.3	1,527.7	1,010.8	2,671.7
Algeria	757.3	608.5	513.8	1,513.0	2,112.6	1,628.7	2,093.9
Tunis	883.0	379.0	206.9	955.5	456.6	387.2	1,879.4
Jordan	231.9	772.8	658.8	943.3	1,296.6	1,003.3	1,479.5
Sudan	48.4	243.1	192.2	169.7	194.6	173.0	399.0
Qatar	28.3	113.2	152.5	292.8	319.2	240.1	393.2
Marocco	48.2	57.4	186.4	82.4	111.4	76.7	126.1
Bahrain	21.4	52.0	73.8	88.4	184.8	158.7	88.5

– On 29th February 1981, Iraq's Deputy Minister of Transport, Mr. Rashid Sahle al Ali, headed a mission to the first session of the Joint Greek-Iraqi Committee on International Transportation, held in Athens. A transportation agreement was signed.

– In April 1981, the President of the Republic Constantine Karamanlis, signed the Presidential Decree approving the Statutes and the function of the Greek-Arab Chamber whose founding had been promoted by the Arab League representative in Greece, Mr. Mohamed El Sayed.

Greece has also participated with national pavilions in four trade fairs, held in.

– Tripoli, Libya, 1-20March 1980
– Cairo, Egypt, in March 1980
– Damascus, Syria, 15th July - 15th August 1980 and
– Tripoli, Libya, 1-20 March 1981

All these contacts and activity built upon the present volume of Greek-Arab commercial transactions. Latest figures cover the period up to the end of October 1980, and show that Arab countries figured among Greece's ten leading export customers in 1980. They were Saudi Arabia in 5th place, Libya in 8th and Egypt in 9th.

It is significant to note that the market of the countries of the Arab

Saudi Arabia – trade with Greece.

Saudi Arabia is one of Greece's leading export customers, and currently ranks fifth. The development of the trade between Greece and Saudi Arabia in the period from 1975 to 1979 is shown in the following table:

	1975	1976	1977	1978	1979
IMPORTS	434,825	414,255	334,232	406,908	588,617
EXPORTS	27,796	112,539	131,677	201,023	211,795
TRADE BALANCE	-407,029	-301,716	-202,555	-205,885	-376,822

(figures in thousand $)

Despite the fact that Greek exports to Saudi Arabia have increased by 662% over the last five years, and that imports from Saudi have increased by only 30%, Greece retains a deficit in the balance of trade, because of the large oil imports. However, the increase in value of Greek exports to Saudi is a very significant one, and has been the result of the development of trade relations of both countries, and part of the more general efforts of Greece to strengthen its economic, commercial, and cultural relations with the arab world.

At this point it is interesting to note that Greece occupies the first position among the suppliers of Saudi Arabia of olives, is the second supplier of cement and mineral water, the fifth supplier of biscuits, and sixth supplier of corn flour and apple juice.

PRODUCTS	1978 value	1979 value	%
cement	88.0	89.0	42.02
wires	11.0	13.1	6.18
olives	7.9	7.8	3.68
refined oil	19.2	7.4	3.49
tomato paste	1.9	6.6	3.12
corn flour	1.2	5.8	2.74
biscuits	1.8	4.3	2.03
steel wire	0.9	4.0	1.89
fruit juices	2.6	4.0	1.89
pumps	3.1	3.8	1.79

(figure in million $)

world is the most important for Greek external trade after the EC market. Actually it represents a percentage of 22% of the total of Greek exports and imports.

Transportation also plays an important part in Greek-Arab relations. About 20% of all transportation of the Arab countries is carried in Greek ships, and road transportation agreements cover a wide field. For the last four years, the Volos-Tartus ferry service has served the needs of European road transportation to the Middle East countries. A railway ferry service will soon run parallel with this from Volos to Lattakia. Greece also offers Arab merchant shipping the largest and most modern shiprepair and shipbuilding facilities in the Eastern Mediterranean.

One more aspect of Greek-Arab cooperation covers development projects being carried out in Arab countries by Greek engineering contracting firms.

Greek construction firms, despite adverse conditions in many instances, are successfully carrying out a substantial share of infrastracture development projects in Arab countries. They have coped well with a wide variety of projects such as dams, roads, ports, airports, irrigation, water supply, bridges, housing, etc.

Cultural bonds with ten Arab nations, geographical proximity and excellent political relations have all combined to give Greek entrepreneurs a marked advantage when undertaking such projects.

GREEK COMMUNITY MEMBERSHIP AND THE ARAB WORLD

For most, if not for all the Arab countries, the presence of Greece in the Community constitutes an ideal means for the promotion of Arab interests. Nonetheless some Arab States have expressed some concern about the effects that the new expansion of the Community may have on their relations with the EC, particularly concerning their exports, as these countries also produce and export Mediterranean produce (olive oil, wine, tobacco, etc), as Greece does. Similar concern has also been express for the exports of industrial products of light industry. However, as far as Greece is concerned agricultural production is very low, and does not significantly influence the Community supply of these products, as can be seen from Table 2.

The EC has collectively signed four individual agreements withthe MASREC nations (Egypt, Lebanon, Syria, Jordan) and three more with the MAGREB nations (Morocco, Algeria, Tunisia). These, and the LOME Agreement with four Arab states (Sudan, Mauritania, Djibouti, Somalia), Greece will implement in stages in its capacity as a full EC member-state, while for the other nations, it will apply the Community policy towards them as Third countries.

The MASREC and MAGREB agreements lay down a privileged export status for most of their products as far as the EC is concerned, whose member-states undertake, unilaterally, not to alter it for the worse. As a quid pro quo from the purely commercial aspect, the seven MASREC and MAGREB nations ensure for the EC the most favoured nation status. Accordingly, the EC has granted import duty exemption for most manufactured goods and farm products from these countries. In the case of certain farm products, some import duty is retained, but this is reduced by as much as 80% of the duty payable on similar goods imported from Third countries.

By mid-March 1981, the EC had signed, on behalf of Greece, protocols for the application by Greece of the EC trading relations with the Arab countries, only with Egypt, Syria and Jordan. Their implementation is scaled over the transitional period allowed to Greece under the terms of the Treaty of Accession. Likewise, Greece is to abolish the blocked cash deposits with Greek importers of goods from these three countries. Abolition will take place in four stages, each of 25%, effective from 1st January 1981, 1982, 1983, and 1984 respectively.

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SYRIAN SHIP OWNER INTERVIEWED ON BOAT SERVICE

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[Interview with Riad Bassatne, member of the board and owner of the Crossmed Line; date and place not specified]

[Text]

B&F: The general impression is that you established in Greece in 1980, with two ferryboats on the Greece/Syria route. Is this in fact correct?

Bassatne: No, it is not, as we have been in Greece since 1968, with two ships – the "ATHENIAN GLORY", and the "ATHENIAN SPRIRIT". In fact we were attracted here by Law 89/67, and as the situation in Lebanon had worsened at that time, we decided to come to Greece. Here, we have security in our operations, communication facilities, (although we believe that there is still room for improvement), and minimal travelling time for flights in Europe and the Middle East, as well as the schedules of good aircompanies. Clearly, Greece offers us better operational conditions. Apart from this, Grrece is the link between Europe and the Middle East, and with Greek membership of the EC, working conditions will further improve. This is why we have decided to expand our business activities here in Greece.

B&F: What are your comments on the Volos-Syria line?

Bassatne: As you are probably aware, this line was started first by Mr. Petersen, and then by Mr. Soutos. However, the fact that we are the first real Arab shipping company leads us to believe that this line should be fully operated by Greek and Arab interests. To this effect, we met with Mr. Soutos and other Greek shipowners, so that the line be exploited only by nationals of Greece and the Arab countries, and not by Scandinavians and others. Unfortunately, the Greek shipowners gave us the impression that they were not really interested.

As this line involves high capital investment, and freight rates remain very low, we were expecting encouragement from both Greece and Syria, following the signing of the relevant bilateral agreement. However, nothing has been done since this agreement, and we are still waiting for some indication of good will from these coutnries. We have also found it very difficult to agree on a common policy on freight with our competitors. A pool system which we discussed with Mr. Soutos and Mr. Petersen did not eventually work out, because there seems to be an atmosphere of uncertainty as to the future of the line.

However, despite all this, we are still optimistic about the future of the line, and we are waiting for the right time. Although the line is less profitable than the other shipping portfolio of the group we consider any liner trade a long term investment. We also strongly believe that the Greek government has a direct responsibility for preventing other lines from flying the Greek flag, in the context of the mutual agreement between Syria and Greece.

B&F: Does the line need more ships?

Bassatne: At the present time, the ships we have are more than enough to meet the truckers' demand. The yearly demand ranges from 50 to 60 thousand trucks, so we do not anticiapte any additional purchases under the present circumstances. If the number of trucks were to increase suddenly, as seasonal demand that is, then we could always charter in additional RO-ROs.

B&F: Do your think that railway ferryboats could offer a better service?

Bassatne: Negotiations for the railway ferryboats do not seem to be advancing too fast, for several reasons. First, the governments of Greece and Syria show a great interest in the paperwork, but without much hope of getting the plans materialised in the near future. Secondly, the present different sizes of the Greek and Syrian railway lines means that adjustable wagons are needed, and thirdly, freight rates do not seem to differ substantially from other means of transportation and in addition, a railway ferryboat does not provide for a real door-to-door service. This is why we believe that this project will not be inaugurated in the near future, and may take as long as two or three years.

B&F: Does containerisation create any problems for you, and if so, how do you cope with them?

Bassatne: Container terminals have to be created at both ends of the line, and therefore there are no real threats from the RO-RO line for the time being. We meet the demand for the transportation of containers through the use of trailers and tugs. In this way, the container is initially loaded onto a trailer, and then when the trailer arrives at the port for loading or unloading, tug operations are used. This process enables us to arrange the full transportation of six containers per ship on a monthly basis, instead of two containers, which can be carried in the conventional way. This service, I might add, has proved to be more efficient.

B&F: Do you foresee any alternative solutions, in the use of other ports in the Middle East area?

Bassatne: As far as the alternative solution of using the port of Aqaba is concerned, whichever company eventually uses this seaway will not directly affect our operations. The only result would be of minor importance, as this route involves more days at sea, and the Suez Canal crossing, which results in almost double the amount in sea freight, as well as the delay of the trucks by 2 or 2½ days on their way from Volos to Baghdad. If we were to decide on an alternative, we would use the Port of Iskenderun, unless Iraq and Kuwait insist on using the Gulf of Aqaba.

B&F: From your records and your experience, what is the percentage of cargo destined for the Middle East countries?

Bassatne: Syria does not have much traffic in trucks, and its main imports are related to dry cargo and containers which leave the Mediterranean ports. Generally, it can be said that cargoes for the Middle East countries, through the trucking service are 55-60% to Iraq, 20% to Saudi Arabia, 10% to Kuwait, and 10-15% to the Emirates, Jordan and Syria. Syria uses this service for luxurious or fragile items imported, such as jewelry, watches, computers, radios, etc.

B&F: It has been suggested that Syria imposes high taxes on trucks. What is your opinion on this?

Bassatne: Taxes are justified, as trucks cause extensive damage to Syrian roads. Unfortunately, we are called on to pay an extra amount for $ 10 to $ 15 per linear metre for cargo expenses; this amount should be borne by the truckers. However, this situation was created by the company which first started the line, and as a result, the freight we collect is reduced accordingly.

B&F: Have you any other points you would like to raise?

Bassatne: Yes. I would like to emphasize what I said earlier, and once again make an appeal to the Greek government. Greece is able to play a decisive role in this line, and we hope that the Greek government will continue to maintain it. We appeal therefore to the government to act as stimulant and assist the shipowners to overcome their problems either by removing the difficulties they actually face, or by helping them.

CSO: 4600/98

BRIEFS

EUROPEAN INVESTMENT BANK LOANS--Greece has secured from the European Investment Bank two loans totalling 1.5 billion drachmas, the Athens News Agency (ANA) reports from Brussels. The loans are earmarked for road construction projects of productive nature, like the highway from Salonica to the Bulgarian border via Serres, as well as for agricultural projects, like the financing of small and medium-size agricultural business. The first of the two loans also aims at connecting the city of Serres with the main industrial centers of Northern Greece, thus reducing the inequality in development now existing between Serres and other areas. [Text] [Athens ATHENS NEWS in English 10 Jul 81 p 3]

CSO: 4600/88

REVIEW OF MIDDLE EAST EXPORT CLIENTS GIVEN

Istanbul DUNYA in Turkish 20 Jun 81 p 1

[Text] Ankara--Continuing efforts regarding the development of bilateral relations with Middle East and Arab nations and the increase in exports to these countries are seen to have had a favorable result. According to information that has been obtained, $448.7 million in exports were sent to these countries during the first four months of 1981 and this figure represents 71 percent of the $630.6 million in exports to these countries in all of last year.

The exports to Middle Eastern countries are 33.5 percent of the total of $1.3 billion in exports that Turkey has realized in the January-April period.

Furthermore, it is noted that exports to countries where bilateral trade committee relations have been intensified by both private and public sector officials, have shown a definite increase compared to previous years. While it was reported that $152.9 million in sales were made in the first four months of the year to Iraq, the country to which the most exports were sent, of all the Middle Eastern countries, was also noted that this figure is 13.5 percent more than the exports sent to that country in all of 1980. The exports realized in the four months represent the attainment of an increase in excess of two times the total in 1978.

In the four month period of 1981, $79.8 million in exports were made to Iran, which is at war with Iraq. This figure is equal to 94 percent of the $84.8 million in exports made to Iran in all of last year.

It has been determined that in the four months, $94.9 million in exports went to Libya, $33.9 million to Saudi Arabia, $30.9 million to Syria, and $10.4 to Egypt. In the same period, $25.2 million in exports were sent to Jordan, $10.3 million to Kuwait, and $7 million to Lebanon. Exports to Yemen totaled $1 million. No exports at all went to Dubai, Bahrain or Qatar during this period.

EXPORTS TO MIDDLE EAST COUNTRIES ($1,000)

Country	1978	1979	1980	1981 (4 months)
Yemen	386	34	126	1
Jordan	19,454	45,148	48,092	25,244
Saudi Arabia	17,504	19,718	43,567	33,934
Syria	58,513	54,875	102,924	30,867
Egypt	18,865	49,877	20,304	10,402
Lebanon	20,538	27,034	72,940	7
Libya	48,577	43,264	60,320	94,877
Kuwait	16,267	15,245	50,118	10,236
Israel	6,610	6,455	7,546	-
Iran	44,733	11,815	84,821	79,829
Iraq	69,466	113,395	134,787	152,944
Dubai	-	-	1,056	-
Bahrain	1,298	355	2,704	-
(Qatar Oman)				
Abu Dhabi	-	-	1,328	-
Total-Middle East	322,211	387,155	630,633	448,709
Total Exports	2,288,163	2,261,195	2,910,122	1,338,406
ME as % of Total	14.1%	17.1%	21.6%	33.5%

9236
CSO: 4654/72

PREBEN WILHJELM DISCUSSES EFFORTS TO REVIVE LEFT

Copenhagen BERLINGSKE TIDENDE in Danish 12 Jul 81 Pt II p 1

[Article by Jens Kistrup]

[Text] After one has talked to Preben Wilhjelm for an hour and a half one really belongs to the left wing. Are there any other alternatives?

He is not only an excellent debater--TV viewers know that from the 6 years the 46-year-old university graduate and former university instructor at the Niels Bohr Institute has been in Folketing. He won't remain there much longer, incidentally. Under VS [Left-Socialist Party] statutes he must step aside at the end of this election period.

But he is also an excellent teacher--wise enough and intellectual enough to admit many of the real and strategic errors committed by the left wing, especially in the 1970's. Well, a good deal of it--capital logic, Maoism, the cultivation of certain Third World countries--was partly due to fads.

And Preben Wilhjelm has only a half smile and a shrug of the shoulders for much of the left wing participation in the cultural debate. For example the Marxist wave in the field of literature at the universities:

"It was an often simplified trend corresponding to capital logic on the cultural level. It didn't make much impression on the left wing. Only about 2 percent of the population noticed it--a tiny enclave that was never very representative of the left wing as a whole.

"But all right, that was an obstacle, it was one of our mistakes. The jargon alone was a hindrance--it was so ingrown. But on the other hand I maintain that despite everything the left wing is happy to eradicate its faddish trends."

Fortunate Development

But there are other things--the protest movements, for example--which have been decisive for political awareness in the last 20 to 30 years. There has been a very fortunate development there, in Preben Wilhjelm's opinion.

It began with the antinuclear campaign, continued with the popular movement against EC and the protest against nuclear power plants. It may not have been very stimulating as far as visions go. It was defensive. It could easily turn into an anti-gospel:

"But the energy and environmental movements of recent years are not so simple and straightforward in their approach to problems. The women's movement is very complex. Viewpoints have become less black-and-white, more dialectical.

"People don't just speak up against something but also for something. I take this as a sign that we are starting to grow away from the era of stating problems in simplified terms."

This was part of his answer to the question I asked Preben Wilhjelm to begin with. Can the left wing's negative social model--which exclusively registers the mistakes and contradictions in the existing (class) society--avoid contributing to the confirmation and reinforcement of the crisis mood and the sense of permanent dissatisfaction here at home? And isn't it a simplified--in other words a too simple--social model that in every situation views capitalism--private and monopolistic--as an absolute evil?

To this Preben Wilhjelm replied that the primary element for the left wing--and for VS in particular--has never been a sense of being afflicted by private capitalism. There are other things of primary interest--social and cultural goals, energy and environmental issues, pollution and transportation policy.

But what we are seeing is that many of these goals cannot be realized--simply because of the fundamental economic control mechanisms, private capitalism and market mechanisms:

"Just take the Danish beech forests, for example. This is part of 'our' Denmark. But when our children grow up there won't be any beech forests. Why are they disappearing? Because beech forests can't 'pay for themselves.'

"In these environmental and resource questions we really have a lot in common with cultural radicals, with the people from Revolt from the Center. In that sense we don't feel particularly isolated. The difference between us and some of them is that we have realized that our common goals cannot be reconciled with the present economic control mechanisms."

No Monopolizing

One of the things I talked about with Preben Wilhjelm was a selfsufficiency and selfrighteousness, the incredible cocksureness that marked the left wing, especially in the 1970's. All of which in my view developed into a kind of trench warfare in which left wing people wouldn't even talk to people with different ideas.

Preben Wilhjelm didn't feel this problem had much relevance in his own case. He did not participate in the left wing's isolation, partly because his job in the

party consisted of externally-oriented work to a large extent. And when I said that there was a kind of monopolizing of the left wing on TV and radio he also turned it aside:

"In some peripheral areas perhaps, because the left wing was on the offensive--and taking creative initiatives. But there was anything but a left-wing monopoly when it came to the debate on the general development of society.

"If we had been allowed to participate there the simplified picture of the crisis would never have been able to take hold. In the political debate people have spoken of market conditions as if they were something stemming from divine will. That distorts the facts. The people have never had a chance to feel this is something we could change ourselves. We have seen the crisis depicted as if the solution is simply to export the problems to the rest of the world.

"In general I don't know if there is anything special about the isolationism of the left wing. We have participated in the debates on all important issues."

Model and Minority

So much for the Denmark of yesterday. But what about the Denmark of tomorrow?

The left wing has a model of present society. But what about a model of society in the future--apart from the fact that it should be socialistic and that it can only be changed through revolution?

This is what Villy Sorensen once said on this subject:

"One can't solve something before everything is solved. Isn't that the logical consequence of revolutionary ideology? First everything has to be changed, then one can make changes in everything."

Preben Wilhjelm conceded that it is an enormous propaganda weakness to shy away from giving concrete details of the future model of society:

"What we are saying is which conditions must be present to achieve a society in which people are less exploited, more free. What we are offering is not a model--but which development opportunities it should guarantee. The voice of the minority must be heard. There must be no dictatorship, whether majority or minority, society must continue to adjust to the needs of the people--that prevents our coming up with a final model.

"But we say a little more than that--for example that socialism is many things. It is not state capitalism we want--whether administered by communists or Social Democrats. We don't want capitalism to be replaced with a Big Brother system.

"We want it as decentralized as possible. The decisions should be made where the people are. So there is a very great danger in presenting an ideal model of future society--especially on account of the dogmatism it can lead to.

"How will the judicial system function? How will the individual economic units function? That is the danger of letting dogmatic bureaucrats decide and that is what we are warning against. That is what we are seeing in Poland, that the 'model' the party operates from is not being accepted by the people.

"For things are not static. There are no final solutions. It is always a question of a dialectical solution.

"We support democratic rights and freedoms. When you come right down to it none of the non-socialist politicians defend these rights the way we do. Who else besides VS was interested in Hans Hetler's legal safeguards when he was locked up?"

Decentralized Socialism

Preben Wilhjelm would not deny that the left wing is and has been subject to a crisis of confidence. It is up against a past, up against an identification with everything "socialism" has been construed as in the past.

It is this crisis of confidence Preben Wilhjelm would like to get the left wing out of:

"We protest against restrictions on public employment and expanded police powers. But what about all that if we ourselves come to power? There are also internal problems in VS. I think we have an obligation to guarantee at least the same democratic rights if we are in a majority ourselves.

"And this is connected with a strong commitment to a society in which there are no final solutions. That is why we should not have fixed models--the direction of society must be changed along the way."

As far as the future is concerned there are three possibilities, only one of which should be realized in Preben Wilhjelm's opinion:

"If we keep going with oldfashioned liberalism, the economic development of the entire world will be controlled before long by a handful of multinational concerns. Joint Social Democratic/communist state capitalism won't work either. For then a handful of superpower bureaucrats would be in control. In practice the increasingly centralized control would be the same in both cases--only the personalities would differ.

"And then there is the third possibility which we are forced to choose. You may call it the revolt from the center--I call it socialism, a very decentralized form of socialism.

"We must introduce different control mechanisms. What we need is a very decentralized economy in which all decisions are made as far out in the system as possible.

"That is the only realistic and democratic alternative to state capitalism--or the modern private capitalism which resembles it.

"We may as well stop arguing about the good features in the old system. For we cannot stop the development toward greater centralization unless we come to grips with the fundamental control mechanism--maximizing profits.

"And although it has been said of the left wing that it is not in touch with the people I still believe there is some form of popular fellowship in this goal."

6578
CSO: 3106/153

BRIEFS

EXPATRIATE VOTING--Greek immigrant workers living in other countries will be able to vote in Greek elections only if they come to Greece and are properly registered to vote, Interior Minister Stratos said Wednesday. He said the issue of vote for Greek expatriates is an administrative and not a legislative one. After the 1975 constitution went into effect, Stratos said, the Government studied the possibility of absentee voting, but found there are many difficulties in this respect. Armed Forces personnel and civil servants will vote in the district where they serve, the Minister said. The same system was followed in the 1977 elections. Greek Communist Party (KKE) parliamentary spokesman Nikos Kaloudis, meanwhile, criticized the government for allegedly failing to take any concrete steps to assure the participation of expatriates in the fall elections. More specifically, Mr. Kaloudis alleged the government did not pursue the matter, despite official assurances by at least the West German Government that a bilateral agreement like the one in effect between West Germany and Italy could be signed. According to the German-Italian agreement, Italians working in Germany are issued a ticket to their place of destination by merely producing their registration card. [Text] [Athens ATHENS NEWS in English 10 Jul 81 p 2]

CSO: 4600/90

PSOE TO FORMULATE COALITION STRATEGY AT UPCOMING CONGRESS

Madrid EL PAIS in Spanish 3 Jul 81 p 17

[Article by Joaquin Prieto: "The Policy on Alliances and the Economic Program Will Be the Leading Issues at the PSOE Congress"]

[Text] Judging from the documents which are starting to circulate among the socialist groups, the various sectors of the PSOE [Spanish Socialist Workers Party] have reduced their differences and are tending to converge on a program of concrete offers to the society, without the merely theoretical arguments of 1979. However, the revision of the economic program, the policy of alliances and the anticoup strategy will be the leading issues debated. Felipe Gonzalez will soon be returning to Madrid after his trip to Central America, and he will participate in the final negotiation of the precongress preparations.

On the subject of alliances with other parties, the various reports do not embark upon detailed studies of electoral prospects, but one notes a considerable influence of this perspective when it is time to propose the different solutions. The sectors which may consider themselves more closely associated with the majority movement uphold a flexible policy on alliances, that would make it possible to carry out the plan for a coalition between the socialists and the progressive sectors of the center.

The groups traditionally regarded as being more to the left favor the defense of the "leftist majority," if the latter is actually achieved; but they have softened their previous positions regarding a different type of coalition, if the latter should prove necessary for the "countercoup policy," which is their version of the term "consolidation of democracy" used by other movements.

The idea of linking the socialist program to the evolution of the various electoral contests is very much present in the report prepared by Joaquin Leguina and a group very closely associated with the PSOE executive body in Madrid. It proposes a group of reforms in the public sector of the economy, and economic planning, until there is a so-called "thorough cleanup in the entire public protection system" (an obvious reference to the democratization of the security forces). The group of changes undertaken in each phase will be contingent on their prior approval by the people in an electoral program described as a "contract-program of the party with its voters." And it adds: "A different consideration would entail the risk of leading the country to confrontation."

On this horizon of changes there appear topics such as "an economic system wherein the public enterprises are a means of injecting clear visibility, efficiency and competitiveness into the entire economy, and not the opposite;" and it is stated that this will "probably" require the conversion into public entities of "some great concentrations of economic power which, owing to the manner in which our industrialization has taken place, hold a clearly monopolistic or oligopolistic position." This economy to be constructed cannot be created "through any type of despoilment; but that does not imply that we identify the right to property with entitlement to total management of the business firms. There can and should be a distinction between the entitlement of capital and types of management."

A Socialist Left draft on the economic issue criticizes the Moncloa Pacts and the excessive moderation in the subsequent economic programs; and, in turn, cites alternatives in various areas, some of which are greatly influenced by the French Socialist Party program. Mentioned among them are the reduction in the work day to 40 hours per week, the practical banning of overtime and the nationalization of big banking and insurance. Another group in the same movement, Socialist Reflections, expresses this topic from the standpoint of a "nationalization of credit" and of key sectors of the economy.

With regard to public liberties, the Socialist Left has a very detailed report. It stresses the idea that the brief history of our democracy constitutes "a process of limitation of basic liberties and rights;" but, at the same time, it states that after 23 February it was impossible to propose further intensification of the liberties, but rather to expose the attacks and restrictions on those in existence. It also blames the hesitant reform of the Code of Military Justice for the fact that the Armed Forces must now assume "responsibilities which by no means concern them," such as the prosecution of the coup members for crimes against the security of the state, "the natural judges of which would be the common jurisdiction."

On Wednesday, Decisions of the Executive Committee

Furthermore, the Executive Committee will meet next Wednesday to decide on the proposals to be made to the federal committee on 11 July. It is the latter which must decide on the groundrules for the congress. The path that has been traversed since Tuesday of Holy Week, when Alfonso Guerra and Luis Gomez Llorente began to lay the groundwork for a possible internal "pacification" (in the same restaurant in which the minister of education reached agreement with two other socialist leaders on the LAU), has been long enough to have the executive committee forced to arbitrate between the positions of the majority sector and the petitions of the leftist movement.

2909
CSO: 3110/118

PSOE-NAVARRA OPPOSED TO INTEGRATION WITH BASQUE ENTITY

San Sebastian EGIN in Spanish 23 Jun 81 p 16

[Text] In addition to the bases for a Basque-Navarra Council, the content of which we reported in our Sunday issue, the Regional Council of the PSOE [Spanish Socialist Workers Party] Navarra Socialist Group gave approval, last Saturday, for a political report 26 pages long, giving the reasons that prompted the submission of the aforementioned alternative.

The text first offers an historical introduction, and then probes into the area of principles. It mentions "foralism [relating to statutes], nationalism and socialism," and then comments on the Navarra-Euskadi issue, devoting 10 pages to an explanation of the reasons for which integration is not fitting, and one page to a justification of its position opposing the isolationism upheld by the Navarra right wing.

The socialists devote a final section to their strategy, based on their policy of the past 3 years, which they consider proper and successful, and which they think should be maintained in the future.

Pamplona--In the section on principles, the report states: "Basque nationalism, like any nationalism, is still a doctrine at odds with socialism;" and that the same thing may be said of "that Navarra nationalism, a legacy of traditional foralism." However, it adds: "Socialism shares a common goal with foralism and nationalism: the need to bolster the autonomy of the peoples."

Commenting specifically on the Navarra-Euskadi problem, the report notes that integration "is a dogma of Basque nationalism, and as such, that dogma cannot be accepted from an essentially antidogmatic perspective, such as the socialist one. We socialists cannot uphold the integration of Navarra into Euskadi if we have not reached the conclusion that it is something necessary for the pursuit of our goals which are obviously not to make a reality of the plans of Sabino Arana, but rather to consolidate and intensify democracy and autonomy, to fulfill the interests of the working class and to strengthen our organizations."

'No Argument Favoring Integration Is Decisive'

In this connection, the socialists claim that none of the arguments usually put forth to advocate the integration of Navarra into Euskadi are decisive. With regard to the historical arguments, they say that there are no grounds for them, because

the terrotories on which the Basque people settled attained a certain amount of political unity only during the time of Sancho el Mayor. As for those of a technical nature, they consider them lacking in validity from both a scientific and a democratic standpoint, and claim that, "After the intensive migratory processes that have taken place during the past 100 years, it no longer makes sense to try to construct a political entity based on the notion of a race."

Nor do the socialists consider the arguments of a linguistic-cultural nature to be factors establishing a need to integrate Navarra into the Autonomous Basque Community, "because neither the Basque language nor the Basque culture have been the only ones existing in Navarra throughout history. And even if we admit that they may have been predominant at one time, they are not at present, nor is it foreseeable that they will be in the future." They add: "Moreover, it is indisputable that the fostering of the Basque language and culture in Navarra does not necessarily entail integration into Euskadi."

With respect to the arguments of an economic nature put forth for the integration, to the effect that Alava, Guipuzcoa and Vizcaya are the natural market for agricultural products from Navarra, the socialists maintain: "They cannot withstand the slightest technical analysis, because it is obvious that, out of mere economic rationality, the purchaser buys the products which prove to be cheapest, whatever their place of origin may be."

'It Is Not Fitting To Accept Reasons of State in the Navarra Issue'

Turning to arguments of a political type, the socialists begin by saying that the left has historically opposed integration, and that, if a different position was assumed during the final years of the post-Franco period and the early years of the transition, it was based, rather than on a thorough analysis of the matter, on solidarity with the Basque nationalism which emerged on the occasion of the common struggle against the Franco regime."

Furthermore, the socialists note that it is not acceptable to justify the integration of Navarra with the claim that it would contribute to the political normalization of Euskadi. The report comments: "From a state perspective, after the total amnesty of 1977 and the Statute of Autonomy of 1979, it is not fitting to accept any more 'reason of state' than strict compliance with the Constitution and the laws; which, obviously, includes the acceleration of the process of developing and applying the Statute of Autonomy, but not the annexation of Navarra."

The PSOE adds: "To promote the integration of Navarra into Euskadi with the argument that a 'reason of state' is involved, means ignoring that, to justify its own raison d'etre, Basque nationalism will always bring up some demand from the state; and, therefore, in the end, Navarra's integration would not solve anything because another reason of state would immediately arise."

Integration Would Cause an Increase in the Nationalist Vote

The PSOE also rejects, in its report, the argument that, if the integration took place, the predominance of forces such as UCD [Democratic Center Union], PSOE and UPN [Navarra Popular Unity] in Navarra would offset the weight of the nationalist

parties (PNV [Basque Nationalist Party], HB [Popular Unity] and EE [Basque Left]) elsewhere in Euskadi. The PSOE declares: "At best, that argument is merely the expression of wishful thinking, because one need not have much imagination to assume that, in the event that Navarra should become integrated, the nationalist forces which consider Navarra an unredeemed territory would engage in an effort for 'redemption' to which they would devote all the means at their disposal."

In this connection, the socialists recall the example of Avala, where a UCD and PSOE majority occurred in the 1977 elections, but where the tables have turned, and now the nationalists are in the majority.

The report also refutes the argument that the PSOE would improve its results wich integration, obtaining, on the one hand, greater electoral backing than it has in Navarra and, on the other, the presumable positive recovery of its Vascongadas electorate. On the first point, it claims that the PSOE's social base in Navarra "does not, for the most part, favor integration," and, with regard to the second, it notes that the PSE's electoral losses in Vascongadas occurred mainly between June 1977 and April 1979, a period wherein the PSOE came out in favor of integration; and the most variegated resolutions from the congress held in November 1979 did not entail further losses in the March 1980 elections to the Basque Parliament."

'It Would Be Dysfunctional for Navarra and for the Autonomous Basque Community'

Furthermore, the PSOE claims that, from the standpoint of the political goals that have been proposed over the short and medium term by the institutions of Navarra and the Autonomous Basque Community, the proposed integration would be dysfunctional, both for Navarra, "which would have to abandon the process of statutory reintegration that is currently underway," and for the Autonomous Basque Community, "which would have to begin a process to modify the Statute."

The PSOE gives a reminder, in this respect, that a series of phases would have to be completed for integration: a favorable decision from the Statutory Parliament by an absolute majority, a referendum in Navarra to ratify the Parliament's decision, a modification in the Statute of Autonomy of the Basque Country and a referendum in the four provinces to approve the modification of the Statute.

On another point in the report, the socialists assert, "Navarra has sufficient entitlement to attain an autonomy at least as extensive and intensive as that of the Autonomous Basque Community; and hence the integration is either merely symbolic (in which case it would not give Navarra any of the alleged economic and social benefits with which the advocates of integration are trying to gain supporters), or, if it is an actual integration, it would prove detrimental to the autonomy of Navarra."

The PSOE goes on to say: "To the reasons of all kinds that we have just cited, we must add the fact that the critical economic situation, the constant terrorist activity and the continued tension and confrontation with the state authorities, phenomena which typify the current status of the Autonomous Basque Community, make integration rather unappealing to the majority of Navarrans."

'No' to Absolute Separation

After this lengthy argumentation, the PSOE nevertheless states that there must also be a rejection of the absolute separation of Navarra from the Autonomous Basque Community because, in such an event, "that sector of the Navarran people which, for various reasons, favors integration, would feel cut off from that political plan, and would constantly question it," leading to a situation in Navarra that would be "filled with tension and uncertainty."

On the basis of all this, the report declares: "We socialists must offer an alternative consisting neither of integration nor separation; an alternative that will reduce the division and confrontation currently in existence, and that will make it possible for Navarra to become consolidated as a stable political community wherein the majority of Navarrans feel integrated."

The socialists create this alternative in the process of statutory reintegration and institutional reorganization currently in the phase of negotiation with the state, and in the subsequent establishment of bonds with the Autonomous Basque Community, which must be implemented under the aegis of the provisions of Article 22.2 of the Statute of Autonomy of the Basque Country, and the Seventh Basis of the Bases for Statutory Reintegration and Improvement of the Statutory System. In accordance with these regulations, the Statutory Community of Navarra and the Autonomous Basque Community must formalize an agreement on cooperation, which includes the creation of the aforementioned Basque-Navarra Council.

Del Burgo: 'The Third Way Is Merely Camouflaged Integration'

"The Socialist Party is attempting to provide a political response to a problem wherein there are no gray areas. Either Navarra becomes integrated into Euskadi or it remains outside of it; but there are no third ways, because, to date, the third way has been merely camouflaged integration."

This statement was made to the EFE agency by the head of the Navarran UCD, Jaime Ignacio del Burgo, in connection with the basic plan for the creation of a Basque-Navarran Council approved by the Navarran socialists last Saturday which, according to the socialists, would be a suitable expedient for the relations between Navarra and the Autonomous Basque Community.

Del Burgo added: "In my opinion, the Socialist plan is politically untimely, constitutionally dubious and contrary to the principle of full statutory autonomy.

"The untimeliness of the plan consists of the fact that a new factor for discussion is being introduced at this time when all our energies should be concentrated on carrying out the improvement in the statutory system.

"The dubious constitutionality would stem from the regulation banning the Federation of Autonomous Communities. Through that course of action, the Council of Catalonian Countries could be arrived at, when the Constitution has tried to preclude this type of proposal.

"It is contrary to the principle of autonomy, because it steals from the Navarran institutions the final word when it is time to establish agreements for the management and rendering of their own services, and sets up a supracommunitarian organ

wherein the president of Navarra would be outranked by a superior authority, something that cannot be accepted from a statutory perspective."

Del Burgo stressed that the Navarra UCD is of the opinion that agreements for cooperation should be established with the Basque Country, as well as with the other neighboring communities, such as Aragon and La Rioja, "but no intermediate authority should appear above Navarra and below the state."

In conclusion, he remarked: "The socialist plan is meant to be a wise solution to a problem wherein there can be no ambiguous proposals, particularly under the present circumstances, in which the most radical part of the Basque nationalist movement is pursuing independent goals for which the 'third way,' that is, the compromise method, would lend extraordinary encouragement." He concluded by saying: "For all these reasons, we reject the socialist plan."

2909
CSO: 3110/118

PRO-SOVIET LEADERS GAIN AT WORKERS COMMISSIONS CONGRESS

Barcelona LA VANGUARDIA in Spanish 23 Jun 81 p 31

[Text] The difference in positions between the CCOO [Workers Commissions] of Catalonia and those elsewhere in Spain became obvious at the Second Confederal Congress of CCOO, which completed its work on Sunday at the Palace of Congresses in Montjuic, after having reelected Marcelino Camacho as its secretary general, and after the "pro-Soviet" line candidates of this labor confederation had obtained 13 seats on the new executive committee.

As may be recalled, the Congress began last Thursday, with the reading of the current status report by Marcelino Camacho. The Catalonian delegation made a critical assessment of the signing of the National Agreement on Employment (ANE), although it accepted that agreement because it had been signed by the confederation's leadership. The difference in positions was also evident in the amendments submitted by the Catalonian delegation for the various reports. However, the congress plenary rejected virtually all of these amendments, some of which had been previously accepted by the work committees.

A result of this difference in positions was the fact that the Catalonian delegation abstained, or voted against the reports, in the final voting on the latter. Also clear were the differences that exist within the CCOO of Catalonia, because its "Eurocommunist" sector was alined with the confederation's official positions.

As may be recalled, the other major dispute arose as a result of the submission of an alternate list to the official one, to fill the 49 positions on the executive committee. In this regard, the Candidacy Committee made several attempts to negotiate the withdrawal of the alternate list, headed by members of the "pro-Soviet" persuasion. Nevertheless, the attempts of the committee, chaired by Nicolas Sartorius, eventually proved unsuccessful, and hence the submission of the alternate list was upheld.

The possibilities of this list increased when a statement in favor of it was made by the sectors associated with the Communist Movement and the Revolutionary Communist League.

The position of the latter two movements was due to the fact that, on the official list, their representatives ranked among the last, with little chance of becoming elected.

Finally, the alternate list won a total of 13 positions out of the 49 on the new executive committee, representing slightly over 25 percent.

In the matter of the composition of the official list, the members of the Catalonian delegation, who wanted more positions, also posed some problems. This discussion prompted the secretary general of the CONC [Catalonia National Workers Commission] Jose Luis Lopez Bulla, to submit a request to be withdrawn from the official list. The negotiations which took place in this regard resulted in the retention of Lopez Bulla on the list.

There was no problem involved in the reelection of Marcelino Camacho as secretary general, and the single candidate was elected by an overwhelming majority.

Finally, the congress expressed opposition to Spain's entry into NATO, and approval of entry into the EEC; and ratified the decision to have the CCOO join the ETUC [European Trade Union Confederation]. A resolution passed at the conclusion of the sessions stated, among other things: "We reiterate our constant desire to uphold the democratic process in our country, until it is made irreversible and consubstantial with our people. Therefore, the CCOO Confederation will continue to struggle untiringly against the dialectics established between the proponents of coups and terrorism who, despite their different firing positions, agree on the same target: to put an end to democracy, abrogating the constitution of liberties."

And, "the Second Congress of the CCOO Confederation is of the opinion that the defense and consolidation of the democratic process necessarily entails the defense and consolidation of the Spain of the autonomies, as a unified, pluralistic and solidary reflection of our people."

At the closing ceremony for the congress, the reelected secretary general of the CCOO, Marcelino Camacho, stated: "The defense of democracy is a vital element at the present time."

He also declared: "Unity of action with the UGT [General Union of Workers] is an essential element, because peace, liberty and bread are still being threatened in our country."

At another juncture he commented: "This is now the end of an important congress, at a very special time for the life of our country."

He also pointed out that, "Aside from the logical tensions at any congress, the CCOO is democratic and pluralistic, and I think that we must put an end to labels."

He concluded by saying: "Now that the congress has ended, we no longer have two lists for the executive commission; rather, we have one executive committee."

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UCD UNITY, TESTED BY DIVORCE BILL, WORRIES SOME LEADERS

Madrid YA in Spanish 24 Jun 81 p 12

[Text] Yesterday, the controversy and tension within the UCD [Democratic Center Union], revived after the break in internal discipline in Monday's vote on Article 87 of the Divorce Law, continued to hover over the halls of Congress, and also over Moncloa Palace. Leopoldo Calvo-Sotelo met separately with Rodriguez Sahagun, Oscar Alzaga and Pio Cabanillas to discuss this issue. In view of the importance that he attaches to it, the president delegated to his wife attendance at the ceremony to present a flag to the Colmenar Viejo FAMET (a function at which the queen officiated), and locked himself in his office to bring order to the party. Although the information released concerning these meetings with the Centrist leaders is minimal, it is clear that the main topic (not the only one) was that of Monday's vote, another one lost by UCD in Congress, whether because of the absence of deputies or because of the flight of votes to the left. According to sources close to the presidency of the government, the president was visibly annoyed by the lack of discipline of several deputies, as were Herrero de Minon and Rodriguez Sahagun.

However, it would not appear that the measures that may be adopted in this concrete instance will be immediate. The legislative term is about to end, and it is possible that everyone will agree to attend an in depth debate in an attempt to heal the old wounds, if possible. Moreover, it has also been impossible to learn exactly how many UCD deputies cast their votes for the left. According to parliamentary sources, 120 UCD deputies, three from the Catalonian Minority, three from the Democratic Coalition and two from the mixed group voted in favor of the so-called "hard clause." Out of the total number of Centrist deputies present, these data show about 34 UCD deputies voting with the left. On the other hand, socialist sources indicate that there were six or seven deserter deputies in their party as well, although almost all cast blank ballots. In any event, no given and surnames can be attached to these figures, even though they may be assumed, in view of the secrecy of the voting.

Rodriguez Sahagun: We Have Lost Only 11 Votes

Although Herrero de Minon declined to make any statements, after his meeting with Calvo-Sotelo, the president of the party, Agustin Rodriguez Sahagun, against whom there is a campaign under way to have him resign from his position, which might be occupied by Calvo-Sotelo himself, or someone delegated by the president, appeared "calmly concerned and awaiting a final evaluation, with the data that the group's spokesman, Miguel Herrero de Minon, agreed to send me. At the present time, those of us in the parliamentary group itself and the UCD executive committee will make the pertinent consideration and the analysis that is in order, through the competent organs."

Rodriguez Sahagun added that he was not concealing his concern over serious matters but, as in nearly all his intervention since he was elected in Palma, he was attempting to assuage the internal divisions in UCD: "It cannot be ignored that, owing to the support of the parliamentary group, the government has won over 1,100 votes, and, with yesterday's voting, has lost only 11. It is a fact that must be assessed. Despite everything, I shall make another appeal to the members of the group, calling on them to maintain the most absolute discipline and unity, in a responsible manner, both in voting and in their behavior and statements."

Nevertheless, certain deputies from the critical sector expressed the view yesterday that the lost votes had almost always occurred at critical times and that, furthermore, the lack of discipline had always come from the Social Democratic side in those instances.

Former President Suarez also held a long meeting yesterday in the Cortes with the minister of territorial administration, Rodolfo Martin Villa, a meeting which, from all indications, dealt with the internal crisis in the UCD. Suarez appeared to be quite worried.

Finally, it should be noted that the Centrist senators, especially those from the conservative sectors, seemed annoyed by Monday's vote in Congress. The UCD's parliamentary group in the Upper Chamber met yesterday with Martin Villa, to discuss various topics related to autonomous policy. Although some senators attempted to debate the divorce issue, the spokesman for the group postponed the topic.

Meeting of the Parliamentary Group Suspended

Although the meeting of the UCD parliamentary group, to be attended by President Calvo-Sotelo, had been set for today, it was decided to suspend it yesterday, despite the fact that Calvo-Sotelo had stated that he was willing to attend "if the group meets. There is no objection on my part, although it would appear that the reasons are different." Pin Arboledas, assistant to the head of the group, remarked that, "Under these circumstances, it would be better not to hold the meeting."

Although there has not been any official convocation of the party's executive committee for the time being either, sources close to UCD noted that this meeting might take place next Friday, or early next week. At this meeting, some deputies may request the convening of a special congress that would attempt to "center" the party's status and its ideology per se.

2909
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EMPLOYERS' ORGANIZATION ACTS TO EXPOSE SECRET CP INFLUENCE

Copenhagen INFORMATION in Danish 10 Jul 81 p 2

[Article by Flemming Roder]

[Text] Right-wing forces in Sweden are infiltrating left-wing parties to uncover communist infiltration.

Since the mid-1970's members of the Swedish CP have been working undercover in key Swedish industries, in the military and for the press--if one is to believe a newly-published Swedish book. According to it the Swedish CP has been behind the most sensational and largest wildcat strikes of the 1970's. It also charges that the Swedish CP controlled the most successful postwar united front in Sweden, DFFG, the United National Liberation Front Groups (e.g. the Vietnam movement). The book describes members of the Swedish CP as people who hide behind cover names and pseudonyms just the way they do in spy stories.

"Swedish CP Unmasked," subtitled "Secret Swedish CP Documents Tell of United Fronts and Strike Policies," claims to be a unique description of Sweden's biggest extremist party and that is a good label for the product. Reactions to the book have also been either very positive or very negative depending on whether they come from the extreme political right wing or from the left.

The Opinion publishing firm was responsible for publication of the book. The editor in charge is Johan Hjertqvist. Opinion is owned by the Timbro stockholder company which is owned by the Business Fund which is controlled by the Confederation of Swedish Employers. Editor Hjertqvist is also head of the employer group's "division for contacts with society," in other words the information section.

The book begins with the story of Erik: "In March 1979 a man arrived at a large metal industry in Enkoping. It is somewhat accidental that he came to this particular firm. It could just as well have been one of the approximately 15 other key industries selected by the Swedish CP as targets for its efforts--such as Volvo in Goteborg, Alfa Laval in Tumba or Saab in Trollhattan. Let us call him Erik..."

Erik is described as an average Swede who has become politically aware and is in all respects a willing tool for the policies of the Swedish CP leadership. He is

the prototype of the potential communist. He grew up in a middle-class home in Stockholm. His father was a high-ranking official, his mother a housewife. After passing his final examinations--"he was a member of one of the last classes to wear the undergraduate cap"--he served his obligatory time in the armed forces in Gotland, where he took part in spontaneous actions for better pay and working conditions. Later Erik went to university where he met a former soldier friend who had been a spokesman for the draftees in the Gotland company. Now it turned out that this soldier friend was a member of the Swedish CP, DFFG and the communist student organization, Clarte. Erik became a member too. But he never finished his studies. Student politics took too much of his time...and then there was the tenants' association, work for DFFG and for KFML (the Communist League of Marxist-Leninists), as the Swedish CP was known at that time. After working for these organizations for a few years he was asked by the Swedish CP leadership to go to a town where the local cadres needed reinforcement. Erik accepted for there was nothing to keep him in Stockholm since he had broken with his parents who had never been able to reconcile themselves to the fact that their son had become a demonstrator and a communist. A little bit further on in the book Erik has joined the leadership of the Swedish CP cell at ASEA [Swedish General Electric Corporation] in Vasteras and here the Swedish CP has become a power factor that is transforming the labor unions into fighting organizations. At this time Erik is given the job of going to Enkoping where the party cadre has become too weak due to splitting and waning political awareness. In the spring of 1979 Erik moves to Enkoping. He is now so important that they give him a cover name--"Olle." In party connections he must be referred to only by his cover name to prevent SAPO (the Swedish Security Police--the intelligence branch of the police force) from uncovering him.

Various Communists

The book also talks about the Swedish CP's organization, its area of activity and its working methods, about Swedish CP activity inside the Swedish armed forces, about security work and the secretiveness employed as a political tactic, about technical students' organizations and secret job and housing assignments and much much more. The whole thing is documented in an appendix by--allegedly--secret internal Swedish CP documents.

So much for "Swedish CP Unmasked" which is the second in Opinion's periodical series. Number one dealt with VPK (Left Party Communists) and came out in March 1978 under the title "The Myth of VPK's Independence" (from Moscow, Ed.). This book appeared right before the Swedish popular referendum on atomic power when VPK was part of the united front, the People's Campaign Against Atomic Power.

The Communist Party of Sweden (Swedish CP) is the second largest of the four established and declared communist parties in Sweden, that is parties using the word "communist" in the party name. In the last election the Swedish CP received 10,862 votes, which was 137 votes more than APK (Communist Workers' Party) received. The only communist party represented in the Swedish Riksdag is VPK (Left Party Communists) which received 305,000 votes in the election and 20 seats in parliament. Votes for KAF (Communist Workers' League) were not recorded.

In short and simplified but still justified form one might say that KAF represents the Trotskyites, the APK people broke away from VPK a few years ago and are characterized by their "loyal to Moscow" line. VPK represents "Eurocommunism" while the Swedish CP venerates "Chinese" communism. It can be mentioned as a curiosity that Swedish CP people are not well-regarded in the Swedish armed forces--because it is said there is a fear they want to wage war on the Russians....

Both VPK and the Swedish CP have reacted to Opinion's series on communist parties. At VPK headquarters in Stockholm it was denied that the documents used in the books could be described as secret. "They could have come to us and asked for the material and we would have turned it over. It is in the party's interest to have factual information distributed concerning our organization and our work," they said. A prominent Swedish CP figure criticized Opinion for having produced an agitation brochure instead of an informative report, stating that the tone of the new book is "conspiratorial."

Communists in the Press

But one hears mainly words of praise from an entirely different quarter. The chief of the police intelligence service (SAPO), Sven Ake Hjelmrot, praised the book in a newspaper commentary. "I know myself a good deal about what is going on," he states, but then goes on to indicate an omission in the book: "In addition to sending people into the big industrial firms, VPK also places sympathizers inside the mass media. It is the job of the intelligence service to uncover or prevent illegal actions or preparations for such actions. But when it concerns communist infiltration of the mass media one cannot avoid making observations," as the SAPO chief put it.

These statements from the nation's highest intelligence authority have aroused surprise and occasional irritation among Swedish journalists. Sven Ake Hjelmrot said further to Swedish Radio's news program on 28 June: "Many Swedish CP people in the mass media could be a threat in the long run. Crises and various phases could occur when there could be a risk involved in having the information apparatus function the wrong way. That isn't hard to imagine. But the risk is permanently there. It involves a danger that is just as great as the infiltration of job sites described in the book. How this is done and how it is systematically organized are things I should not discuss in detail," said SAPO's chief.

The book on the Swedish CP is obviously the result of right-wing infiltration of a party organization on the left wing. One can always discuss how effective the infiltration was and how good or how bad the results of these efforts have been. The intentions of the book's authors are quite clear: to show how a communist party infiltrates key industries, trade unions, the military, the press and other parts of the Swedish establishment. An important objective has also been to describe the "shady" methods used by the party. An effort has been made to depict how dedicated communists with the help of the naivite of the outside world and their own organizational talents have managed to multiply the party's influence through united fronts, strike support and political double-dealing. [Line missing] of the revelation of communist infiltration of SAPO itself, the Swedish intelligence police force that sees all, hears all.

6578
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POLL SHOWS LONG-RANGE TREND OF GROWING SUPPORT FOR NATO

Copenhagen BERLINGSKE TIDENDE in Danish 12 Jul 81 p 5

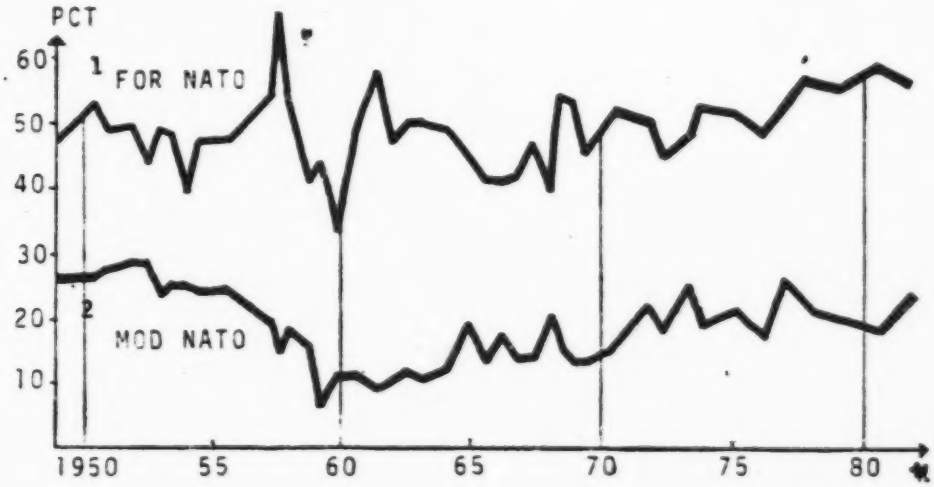
[Article by Asger Schultz, M.A., director of the Danish Gallup Institute]

[Text] Since the forming of the Atlantic Treaty Organization in 1949 the Gallup Institute has been following popular attitudes concerning Danish membership.

In these polls this question was put to a representative cross-section of the adult population:

"Are you for or against Danish participation in the Atlantic Treaty (NATO)?"

The institute conducted the most recent poll in June and it showed that more than half the population (55 percent) approved of Denmark's NATO membership while 22 percent opposed it.



NATO support rose sharply at the time of the 1968 invasion of Czechoslovakia.

Key: 1. For NATO 2. Against NATO

Experiences from many polls conducted over almost a generation have shown that attitudes toward Danish NATO membership are strongly influenced by different events of political importance but that such influences are short-lived in nature.

It is therefore of special interest to try and see if behind these short-term variations, which can be quite drastic, one can detect a more long-range trend in the popular attitude toward NATO.

For an illustration of this look at the preceding chart showing the percentage of supporters and opponents of Danish NATO membership.

The two curves show that we are quite obviously dealing with sharp short-term variations but there are also quite clear long-range variations.

The short-term variations are the most obvious and at the same time the easiest to explain. For example one can clearly see the shock caused by the first Russian Sputnik in October 1957, the Russian invasion of Hungary in 1956, the building of the Berlin Wall in 1961 and the invasion of Czechoslovakia in 1968.

Explaining the long-range variations is harder. But they are easier to see. Over a long-range perspective support for NATO membership has been constant from the time the treaty was signed until 1967-68, in other words almost the first 20 years.

After that there has been a not insignificant rising trend for the next 15 years from a level of about 49 percent (the level of support when we became a member) to one of approximately 57 percent.

To "explain" this rise with an increasing fear of Russian aggression in the population is to offer no explanation at all even though [illegible] high points of support for NATO membership did coincide with events that could induce fear of a threat from the East, a (Russian) space ship in outer space for the first time, the Berlin crisis, Hungary and Czechoslovakia.

With regard to opposition to our NATO membership the long-range trend is also clear. During the cold war opposition declined sharply up to around 1960 even though the cold war cannot be taken as the explanation for declining opposition.

After that opposition increased although it was weaker until around 1976-77, more or less coinciding with the U.S. war in Vietnam, even though we can't say that was the explanation either.

Since then opposition may have declined again but that is less certain because of the shorter period of time since the end of the Vietnam war.

As we said it is difficult to explain long-range shifts in people's attitudes on such a vital security policy problem and it could be that the shifts in the two curves should be explained independently from each other.

But under any circumstances it is interesting to note that such long-range shifts exist regardless of their explanation. And the result of these long-range shifts has been that attitudes toward Danish membership in NATO have shifted from support by almost half the population and opposition by approximately a quarter, in other words a ratio of roughly 2 to 1, to support by roughly 57-58 percent and opposition by around 20 percent, in other words a ratio between supporters and opponents of about 3 to 1.

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6578
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PAPER COMMENTS ON POLL INDICATING MORE SOLID NATO SUPPORT

Copenhagen BERLINGSKE TIDENDE in Danish 12 Jul 81 p 8

[Editorial]

[Text] The latest Gallup Institute opinion poll on Danish attitudes on NATO membership shows a further consolidation of majority support for the alliance. In periods of international tension there has always been a tendency to give NATO more support.

This time there may be more to it. The unusually long defense debate which is still going on has unfortunately failed to produce a new defense compromise. But the debate has undoubtedly given the people an understanding of security policy problems and the danger created by the constant Soviet military build-up.

Through the entire period of over 30 years since NATO was set up there has been a stabilization of popular support for membership in the Atlantic alliance. At no time has a change in Danish security policy been relevant.

This circumstance is also the reason why opponents of Danish security policy, instead of attacking NATO membership per se, have concentrated their campaigns against certain aspects of security policy, such as defense spending, plans for allied reinforcement and stockpiling materiel.

The broad support for NATO stands in contrast to the much greater uncertainty that can be noted in other voter polls on EC membership. In practice it is equally unlikely that Folketing would vote to leave either EC or NATO. But a surprisingly large number of voters are unsure of or directly hostile to EC membership.

An important part of the explanation for this is Denmark's current poor economic situation. Despite 8 years of membership it has never been fully understood that things would be even worse if Denmark were not a member of EC.

From the start expectations that EC could save us from our partially self-created problems have been too great and the disappointment has led to a critical attitude toward EC. But the preservation of peace in Europe led to popular confidence in NATO. These two things substantially explain the differences in voter views concerning our membership in the two institutions.

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FINNISH FOREIGN MINISTER INTERVIEWED

Athens BUSINESS & FINANCE in English 27 Jun 81 pp 7-8

[Interview with Matti Vayrynen, minister of foreign affairs; date and place not specified]

[Text]

B&F: **Are you expecting any changes to arise in Finnish foreign policy?**

Vayrynen: We have no change in our foreign policy. There is unanimous support among the parties for the present foreign policy line, and also the vast majority of our people are for this as well, so I am quite sure that our policy is going to continue as it is, and as it has been for decades now. Of course, there are always changes in the interests of every country, and I would say that this is true also for Finland. In the 1970s, the question of the relations between North and South has become one of the central topics, but of course it is not one of the central questions in our basic foreign policy line. That is going to remain the same, and I don't forsee any changes.

B&F: **I realise that although it maintains a low profile in international politics, Finland in fact plays a very important role as a country.**

Vayrynen: Of course, we are in a position which gives us good possibilities to influence international developments, and the main point here is, of course, our neutral position, and our policy of neutrality. We don't belong to any of the military alliances, we don't belong to the EC, we are a country outside alliances, and this gives the basis to our policy of neutrality. We are trying to stay outside the big power conflicts, and we are trying to maintain good relations with all countries. And this of course gives us a good possibility to be able to help to solve the international problems. Of course there are global problems where it is difficult for Finland to be of help, especially the super-power conflict, if it is present in a certain situation. This makes our position more difficult – we have to abstain, or take no standing in that kind of case. But in many cases our neutral position allows us to be of help to the international community.

B&F: **Something which is generally seen as an indication of the great political maturity of your country is the fact that your policy towards the Soviet Union has remained unchanged for the last two or three decades. What comments would you make on that?**

Vayrynen: I think our people have learned their lessons – that is to say, we have learned from our own history. We have been able to find out as a people that when we live as a neighbour of one of the super-powers, we have to maintain good relations with that country, and the basis of our relationship with the Soviet Union is of course the security policy. The Soviet Union is of course interested in its security on our borders, and the main thing is for the Soviet

Union to be able to rely on its security so that our area is not made available for an attack against it. That is actually the main contents of the treaty that we have with the Soviet Union – friendship, co-operation and mutual assistance. This treaty actually says that if the Soviet Union is attacked through our territory, then we will defend it and, if need be, we are going to receive help from the Soviet Union. This is the basis of our relationship with the Soviet Union, and when we solved this security policy problem, we were able to create a relationship of confidence and co-operation between our two countries, which is beneficial to both countries. Of course this treaty gives security to the Soviet Union from our border, but on the other hand it is also a treaty that is in accordance with our national interests. It corresponds to our security needs, and yet at the same time it is not an alliance. It is a very limited treaty for a certain kind of security problem, and the fact that we don't belong to any alliance, with the Soviet Union or any other country, enables us to maintain our policy of neutrality.

B&F: **It is amazing that despite the changes in government over the years, there has been no change in foreign policy.**

Vayrynen: This is of course because of the totally unanimous support of our people for our foreign policy. Immediately after the war it was naturally very difficult. The basic attitudes of our people were not very favourable towards the new policy line, but it was necessary, and our leaders at the time fought for this policy. Now we have gained the support of our people, and this support is based mainly on the good results of this policy. People have been able to see that it has been good for Finland, and the Finnish and that's why the confidence among our people has increased so much. Today I would say that there is no serious opposition to our official line. Of course there are individuals and one or two tiny parties, but all important parties are in favour of this policy.

B&F: **What are your thoughts on the future of the European Community?**

Vayrynen: Now of course it is enlarging, and that is one of the keys to the future. It is very difficult for me to say what kind of development the European Community is going to see in the future. What we hope for from our point of view, is that in the future also we will be able to maintain and develop further the free trade in the whole area of Western Europe. Countries like Finland that do not belong to the EC as members, have free trade agreements with the European Community, and it is important in our point of view that we will not be discriminated against in the future. Whatever the developments are within the EC, we hope that we are going to have equal status according to the principles of free trade. This is very important for us.

B&F: **Finnish attitude to the question of Cyprus. Did the abstention of Finland in the UN vote in the 34th session mean a change of policy?**

Vayrynen: There is no political change in our attitude. Finland has always favoured a peaceful settlement of the Cyprus problem. She has made a tangible contribution to this end by her participation in the UN peacekeeping operations on Cyprus from the beginning. At the United Nations we have given our support to the goals affirmed in relevant resolutions including the sovereignty independence, territorial integrity and non-alignement of the Republic of Cyprus as well as the demand of the immediate withdraw of all foreign armed forces from the Republic of Cyprus. As the best method of achieving these goals we have considered the intercommunal talks assisted by the Secretary General and his special representative. In the 34th regular session of the UN (1979) Finland abstained in the vote just because of this point. We had serious doubts whether a new instrument in the form of an ad hoc committee introduced in the resolution would prove helpful. In fact these ad hoc arrangements were not realised and the efforts of the Secretary General led to the reopening of the intercommunal talks last September. In the 35th general assembly of the UN last autumn all the parties concerned expressed their satisfaction with the positive evolution of the question of Cyprus. The handling of this item was then postponed until the 36th session (1981).

B&F: Greek membership in the EC and NATO. Comments from the Finnish point of view?

Vayrynen: Greece and Finland have chosen different solutions to their security problems, membership of an alliance and a policy of neutrality. To both of them stability and cooperation amongst all the European countries are important and they both make their contribution to this e.g. in the CSCE process.

The accession of Greece to the European Communities meant that the free trade agreements which Finland had concluded with the Communities became applicable also with regard to Greece. A considerable part of our mutual trade was liberalized already at the date of the accession. The necessary transitional arrangements were agreed upon in an additional protocol which will lead to full free trade by 1986. Finland, whose trade policy is based on an open economy, cannot but welcome this development.

The first half year of our new trade relationship has not, of course, provided us with enough concrete experience to predict the future development of our trade in detail. However, in principle the new relationship was opened fresh possibilities to increase and diversify our trade in both directions. The prerequisities for exports improve as the restrictions on imports are reduced. The task of the authorities is now firstly to make the new situation with its possibilities known to the exporters and importers of both countries and to see to it that the agreements work in an olderly way. The actual utilization of the new possibilities is mainly in the hands of the business' circles. Personally I am confident that our trade will develop positively in the future.

CSO: 4600/97

BRIEFS

UNIVERSITY IN THESSALY--Prime Minister Rallis yesterday met with a delegation consisting of the Mayors of towns of Thessaly and representatives of other Thessaly organizations, and discussed with them the foundation of a university in Thessaly. The delegation handed Mr Rallis a memorandum explaining the need for a university in Thessaly which, it was stressed, is the only district in Greece without an institution of higher education. In response the Prime Minister told his visitors the government has adopted the idea of a university in Thessaly, and the Ministry of Education has already prepared a draft bill providing for a university in the town of Velestino, hometown of Rigas Fereos, the educator, writer and revolutionary who played an instrumental role in the ideological preparation for the 1821 war of independence. The bill has not been introduced to Parliament yet because officials are debating whether the Velestino campus should operate as an independent institution or as a branch of the Athens and Salonica universities. The University of Thessaly is expected to start operation by October 1983, Rallis said. [Text] [Athens ATHENS NEWS in English 10 Jul 81 p 4]

CSO: 4600/89

HSYK TAKES ITS PLACE IN LEGAL MECHANISM

Istanbul CUMHURIYET in Turkish 2 Jun 81 pp 1, 7

[Text] Ankara (CUMHURIYET BUREAU)--The Supreme Council of Judges and Prosecutors [HSYK], composed of members chosen by the head of state to replace the abolished Supreme Council of Judges and Supreme Council of Prosecutors, held its first meeting yesterday under the chairmanship of Justice Minister Cevdet Mentes. The council's meeting under the justice minister had been criticized in legal circles. The Deputy Minister of Justice, Personnel Affairs Director General and alternate members appointed by the Head of State, also attended the meeting.

Mentes offered some response to the criticisms in his opening address. The minister said, in summary:

"Society wants justice realized in an impartial, speedy and appropriate manner. The ideal of the justice department is to realize this desire.

"The independent Turkish judges and prosecutors have the greatest task in the conduct of all judicial procedures, including litigation, rulings, administration and enforcement.

"As known, Law No 45 on the Supreme Council of Judges and the Supreme Council of Prosecutors has been rescinded and both councils have been combined in one.

"According to this Law No 45, the justice minister was the natural president of these councils and, according to article 18 of the Judges Law, the Deputy Minister and Personnel Affairs Director General also sat on the Supreme Council of Prosecutors, having first-class prosecutor status on a par with the Supreme Court of Appeals membership.

Independence Preserved

"The new law will eliminate the irregularities, complaints and drawbacks which plagued the councils for years, creating problems such as conflicting decisions on principle and appointment plans between the two councils and a freeze on judge and prosecutor grades, making practice difficult. The new law will preserve the independence and discretion of the judge as well as the honor and prestige of the judiciary.

(1) Moreover, the new law stipulates that the Deputy Minister and the Personnel Affairs Director General shall not participate in all council deliberations and, moreover, that the Complaints Review Board, composed (per Article 5) of a chairman and members chosen solely by the Head of State from among 3 times the candidates proposed by the Supreme Court of Appeals and Council of State general councils, has been conferred as a judicial duty upon 8 supreme judges (as provided in Article 12).

(2) There should be no doubt that implementation will be in conformity with the lofty principles that motivated this law.

"In my opinion, this basic provision constitutes the heart of judicial independence and judicial discretion.

"This is because you distinguished members of the council are a select group of people who have given your hearts, serving the profession for years, who have been in the ferment of the profession from the remotest corners of the country to the highest level of the judiciary and, through your excellence of service, have received the tribute of membership on the high courts.

"Certainly, you will preserve, above all, justice, the honor of the profession of judge and prosecutor, the high calling of service, the supremacy of equal administration of the law and the benevolence of your colleagues.

"I present these thoughts and feelings to you with respect, reiterating my best wishes for your success."

At the Tomb of Ataturk

The HSYK members went to pay tribute at the Tomb of Ataturk at 1600 hours yesterday.

The council members were received by Head of State Evren at 1800 hours. Receiving the council members, headed by Justice Minister Cevdet Mentes, Evren pointed out that he believed the HSYK members would be impartial and said, "The organization of this body has been the subject of criticism. However, in forming this council, we took inspiration from the constitutions of France and Germany. We did not touch the independence of the justice mechanism." Noting that most of the council members came from the Supreme Court of Appeals and the Council of State, Evren said, "I do not consider judges and prosecutors to be separate. The council which appoints prosecutors cannot be separate. Therefore, we have combined these councils." The head of state said in summary:

"Our colleagues who have just come form the Supreme Court of Appeals and the Council of State will perform their duties impartially. Most of them are judges. Three are members of the government. One from the government is the minister. In fact, the minister was the head of these councils before. Aside from him, there are the counselor and the internal affairs director general. Actually, these colleagues of ours are also my colleagues who come from the judiciary profession, have risen to the very top and hold supreme court membership. Their independence and impartiality can only be irrefutable. This is what has happened: Our colleague in one region was removed from duty by the Supreme Council of Prosecutors, but his colleague, a judge who had committed the same crime, was not removed. Conflicts of this sort will now be eliminated."

Suggesting that those who criticize the Supreme Council of Judges and Prosecutors should study the French and Federal German Constitutions, Evren pointed out that the Review Board was formed in the event of any objection concerning the council's procedures and said, "This council consists only of yourselves. Thus, there can be no doubt of the impartiality of the body that reviews an objection." Minister of Justice Cevdet Mentes then introduced the members of the council to Evren and said, "Mr Head of State, you may be confident that the council members will demonstrate sensitivity in the exercise of the law, of judiciary independence and judicial discretion."

The Council of Judges and Prosecutors consists of Minister of Justice Cevdet Mentes, chairman; Nusret Ozanalp (62) President of the Supreme Court of Appeals Seventh Legal Department; Yahya Saim Gokcedag (60), member of the Supreme Court of Appeals, Seventh Penal Department; H. Fazil Alp (61), member of the Council of State; Suleyman Turkoglu (56), Council of State Secretary General; Deputy Minister of Justice Sabahattin Okutan (33); Justice Ministry Personnel Affairs Director General [name omitted] (48); Ismet Ocakoglu (51), member of the Supreme Court of Appeals Ninth Legal Department; Omer Nusret Dogan (44), member of the Supreme Court of Appeals Sixth Legal Department; Fazil Azgur (53), member of the Council of State; Guven Dincer (47), member of the Council of State.

8349
CSO: 4654/ 28

CHANGES BEING MADE IN CIVIL CODE

Istanbul CUMHURIYET in Turkish 2 Jun 81 pp 1, 7

[Text] Ankara (CUMHURIYET BUREAU) -- The National Security Council [NSC] approved a bill on the formation of a commission to study the Turkish Civil Code.

According to the law approved, a commission composed of expert personnel will be formed by the Justice Ministry to study the Turkish Civil Code. A directive will be issued specifying the working order of the commission.

The rationale for the law envisaging revision of the Turkish Civil Code according to current needs expresses the need for "the civil code to be brought to a state consonant with the social structure and for revision and simplification of the language which has become incomprehensible in places for the new generations owing to erroneous interpretations of obsolete terms and phrases."

The NSC also approved a bill on placing at the disposal of the National Defense Ministry all weapons and explosives surrendered to military or civilian authorities.

Another bill approved by the NSC abolishes the "supreme advisory" positions formed in 1979 as directly subordinate to the minister in the Justice Ministry organization. The rationale of the law rescinding the regulation that a "supreme advisory" staff should be added to the Justice Ministry Capital and Provincial Organization staffs says:

"It is recalled that the purpose of the supreme advisory staffs at the time was to promote better implementation of the services under the purview of the Justice Ministry, but the fact revealed by a year and a half in practice and the past period is that this goal was not achieved."

The NSC also approved a bill revising eligibility of foreign officers for housing rental paid by the state and the rental rates which may be paid.

8349
CSO: 4654/28

STATE STATISTICAL ERRORS CREATE UPROAR

Istanbul MILLI GAZETE in Turkish 2 Jun 81 p 5

[Text] Ankara (ANKA) -- Claims that the State Statistical Institute [SSI] used "nonfactual" practices in preparation of census, national income, price and foreign trade data have taken on a new dimension with Institute experts entering the fray.

According to information obtained by an ANKA [Ankara Agency] correspondent, 10 of the 11 experts now at the SSI went to the Institute administration and said that certain corrections were made "knowingly and willingly" in the preparation of national income estimates. This claim by the experts was examined by the head of the SSI.

It was observed while the investigation was in progress that certain administrators attempted to create "pressure" on the SSI experts. Ayhan Mutlu, Emine Bulutay and Perihan Cevikce, qualified experts in research, were moved from their jobs and shifted to various statistics offices.

SSI Chief T. Nihat Guner, upon the experts' claim that certain nonfactual practices had been used in producing economic data, called for investigation in a letter dated 26 May 1981 and numbered 192-102. The letter, sent to the SSI deputy chief, Omer Guceloglu, was as follows:

"I have learned that certain employees applied as a group, first to Verification and Research Chief Ahmet Necip Unal and then to you, reporting orally that certain corrections had been made knowingly and willingly in the preparation of current estimates and that changes in GNP growth levels had emerged as a result.

"I request with importance that the employees who made the application be questioned individually in writing as regards their claims and that clarifying information, together with your view, be reported to the office of the chief as soon as possible."

It was learned that upon receipt of this letter from the chief, Deputy Chief Guceloglu requested information from the experts, including their reasons for applying as a group.

8349
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POPULATION EXPLOSION, FAMILY PLANNING DISCUSSED

Ankara ARAYIS in Turkish 6 Jun 81 pp 19, 20

[Text] "population explosion" continues to apply to our country. Our population--which was 13.6 million in the first census, taken in 1921--reached 45 million in the year 1980. If this keeps up, our population will reach 65 million in the year 2000. According to research studies that have been made, the population of Turkey will stabilize at 100 million in the year 2075, as the rate of population increase falls to zero.

Developments in other countries are also evident here at home. In the past 20 years, the death rate has declined from 17 to 10 per 1,000, whereas the birth rate has declined from 44 to 32 per 1,000. However, the birth rate has declined much more slowly than the death rate. This is why Turkey's population continues its rapid increase; in recent years the rate of increase has been 2.4 percent.

Today Turkey is the fifth largest country in Europe from the standpoint of population, but when we reach the year 2000, we will be the most populous country of Europe. Germany and Italy will have populations of 61 million, England and France will have 58 million, and as for Turkey, she will have a population of 65 million. What is more important, the population increase in our country will continue towards the 100 million mark while the populations of these countries show no further increase.

Problems Brought on by the Population Explosion

The population explosion and social change are accompanied by many economic, social and political problems.

In very poor countries, the problems of nutrition and hunger have become one of the most important topics of recent years, and their dimensions are increasing by degrees. Turkey is undoubtedly not in such a delimma, but the fact that development has stagnated in recent years and even begun to recede introduces certain dangers, and underscores the inevitability of continued postponement of development.

In modern societies, the desire for education is gradually spreading. When compounded by the pressure brought on by the population explosion, the educational resources of the State cannot meet this snowballing need and major bottlenecks appear in all areas of education. Hundreds of thousands of young people are denied

access to educational opportunities appropriate to their desires and capabilities. In this situation, the proportion of the country's income that is reserved for national education must increase at a much faster rate, and teaching facilities must be expanded not only in quantity but also in quality.

The population explosion does not just raise the demand for national educational services, it also increases pressure on all the public services that the state is obliged to provide in contemporary societies. Health services are among the foremost of these. Urbanization at a rate that outstrips population growth necessitates the extension of a large number of services by the State or municipality to the people. To all of these factors are added people's rising expectations from the State, a normal result of the process of social change and democratization.

Another of the most significant problems created by the population explosion is undoubtedly that of ensuring employment opportunities for the young population reaching employment age. Yet this is also quite impossible, because certain societies are gradually becoming consumer societies as a result of the economic policies they have followed, consciously or unconsciously, and this keeps the amount of money reserved for investments and public expenditures from increasing sufficiently.

Family Planning Unavoidable

The problems outlined above are undoubtedly matters that can be solved by a conscious and planned approach. But slowing down the population explosion also plays an imortant role in the solution of these problems. There are responsibilities that can be assumed by the State in this regard. How sad that sufficient importance was not attached to the subject of family planning in Turkey, and that population growth was in a sense left to its own natural inclination. Family planning got lost in the shuffle over the idea of a "Great Turkey."

Certainly no one can interfere in how many children people want to have. You can not interfere even if you want to. This is up to the people themselves.

But the State can enlighten people in these matters and it can offer help to those who want it. Actually, hundreds of thousands of Turkish women are waiting for the State to bring this service to them. Every year in our country, thousands of mothers who do not want any more children cripple themselves or their children, by resorting to very hazardous methods and placing their own lives in danger.

Today, these problems call for a new approach. Turkey has a large number of capable personnel. Thousands of midwives are spread across our villages. Through good organization and programming, and by reserving a very small portion of the State budget--now over a trillion [Turkish liras] -- for this work, successful results can be obtained in the matter of population planning.

However, even if very successful work is initiated in these matters, and the rate of population increase falls to some degree, nothing whatsoever will be able to prevent the population of Turkey from reaching 65 million in the years ahead. The underlying problem is whether we will reach 65 million in the year 2000, or 2005, or else 2010.

Like it or not, Turkey will very soon be the most crowded country in Europe. However, there are many advantages from the standpoint of Turkey's economic, social and political development in postponing this a few more years. Family planning, i.e. population planning, has to be viewed from this perspective.

Population of Turkey

1927	14 million
1950	21 "
1960	28 "
1970	36 "
1980	45 "
2000 (est.)	65 "
2075 (est.)	100 "

Source: State Population Statistics and World Bank Estimates

Population of Main European Countries (millions)

Countries	1980	2000
Fed. Rep. of Germany	61	61
Italy	57	61
England	56	58
France	54	58
TURKEY	45	65

Source: World Bank 1980 Report

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END

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BRANDT'S MOSCOW TRIP VIEWED INEFFECTIVE ON NATO ARMS TALKS

Frankfurt FRANKFURTER ALLGEMEINE in German 9 Jul 81 pp 1-2

[Article by C.G.: "Federal Government Sees No New Elements for Talks on Medium-Range Weapons"]

[Text] Bonn, 8 July--In the view of the Federal Government, the Moscow talks of SPD Chairman Brandt produced no real improvement with respect to future American-Soviet negotiations on the limitation of medium-range weapons in Europe. The FRG cabinet came to this conclusion on Wednesday following a 1 and 1/2-hour debate on the report which Brandt had presented about his trip to the chancellor and the FRG minister of foreign affairs. Accordingly, the Federal Government attaches little importance to the "new accent" which was mentioned by Brandt and Wischnewski, his traveling companion, with respect to Soviet views that had been transmitted to them. On crucial points--Brezhnev's proposal to freeze medium-range weapons and considerations of a "zero option" by totally abandoning counter-arming--the Federal Government repeated and affirmed its views that were in agreement with the Atlantic Alliance and which had been expressed earlier on several occasions. This clarification by the government is not a cabinet resolution. It is a summary of the cabinet discussion formulated by Chancellor Schmidt.

According to Becker, government spokesman, the debate among the ministers was "lively." The government spokesman did not say whether this "liveliness" was directed at Brandt's "new accents" or rather against the position of Schmidt and Genscher. Becker was cautious when he said that, after all, all the cabinet members had been witnesses of a summary by the chancellor and had raised no objections to the plan of passing on to the public the seven-part summary. During the cabinet meeting only casual mention was made of Brandt's recommendation to the Scandinavian countries to negotiate with the Soviet Union Moscow's proposal for a nuclear-weapon-free zone in the north. The Scandinavian countries received Brandt's recommendation with extremely mixed feelings, and it is expected to play a role in next week's session of the presidium of the Socialist Internationale, which will also be attended by Norway's Prime Minister Harlem Brundtland. The Federal Government refused to comment on this second attempt by Brandt to get involved in foreign policy efforts, the Socialist Internationale.

The cabinet, however, took up those aspects of Brandt's trip that directly concerned the FRG. The first point of Schmidt's summary of the cabinet discussion applauded the fact that Brandt's talks in Moscow took place at all. Emphatically

Schmidt stated that the fact that Brandt was able to explain "the policies of the Federal Government and of NATO" was a welcome thought. Schmidt's second point was that Brandt's Moscow talks were a part of the dialog between East and West, and because of the difficult international situation it had now taken on particular importance. It is an indication that "the political forces that are currently working in the FRG"--Schmidt was using the plural to point indirectly to the difference between the SPD and the government with respect to Brandt's initiative--were actively supporting the policy of securing peace.

Bonn Sees No New Element

In his third point Schmidt postponed a final evaluation to the future: The government is examining Bandt's report and will also include in the evaluation Moscow's announced explanations. On the last day of Brandt's Moscow visit, the Soviet Politburo asked several specialized ministries to clarify questions that had arisen during the talks with Brandt. The result is to be announced later. The "additions" seem to deal with those steps "that are desirable or mandatory before negotiations"--the government spokesman used this formulation to refer to the "series of talks" to be entered into by Washington and Moscow. Schmidt announced that the Western allies will be informed following the final evaluation of the results.

In his fourth point Schmidt said that it was not always meaningful for the government to comment on the details of its security policy. The position of the Federal Government was established in NATO's double resolution and continuous new explanations were not necessary. The chancellor was thus guarding himself against questions from the opposition concerning the government position on details of the Moscow talks as well as against initiatives from left-wing Social Democrats who want to add new accents to government policies. In his fifth point Schmidt called attention to the fact that the Federal Government, jointly with the United States and the other NATO partners within the special NATO Advisory Group, was participating in intensive preparations for the Geneva negotiations on medium-range weapons. It was in accordance with the resolutions adopted by the NATO foreign ministers during their May meeting in Rome. Schmidt welcomed Washington's and Moscow's willingness to resume negotiations this year without preconditions.

A List of Quotes

Schmidt named the most important points last. He offered a list of quotations to build a foundation for the government position on Brezhnev's proposal to freeze medium-range weapons. In February the Federal Government had replied to the moratorium proposal which had been presented by Brezhnev during the Moscow Party Congress by stating that the imbalance in Europe must not be made permanent on paper. The balance of power was indispensable for security, peace and detente. Schmidt had already said in February that Brezhnev's proposal was falling short of the Soviet offer of 1979, which contained a promise to reduce the number of SS-20 missiles stationed in the western part of the Soviet Union as long as the West was not installing any missiles. According to Schmidt's February formulation following the revised Moscow initiative, this offer of 1979--if it had been agreed upon--would already have "led to the acceptance of Soviet superiority." (At this was also referring to the Bundestag resolution of 26 May, which stated that negotiation results would be facilitated if the Soviet Union would stop the

construction of its S-20 missiles and remove those that had already been installed. A mere redeployment behind the Ural of Soviet longer-range missiles would not meet Western security demands.) Schmidt referred to his Bundestag speech on 1 February--before Genscher's trip to Moscow. At that time Schmidt had said that even a unilateral Soviet moratorium could not reduce the deep concern of the Federal Government. The effect would only be psychological, because the Soviet Union had already installed more than 200 launching sites for SS-20 missiles. Each missile had three independently guided nuclear heads. Schmidt's enumeration led to the conclusion that Brezhnev's new variation was not bringing about any changes. Brezhnev had told Brandt that a moratorium could go into effect without lengthy negotiations through bilateral statements of intent and it need not prohibit technical preparations for an installation of missiles in the future.

A "zero option"--a complete disabandonment of the installation of missiles--must affect the weapons systems on both sides, Schmidt said in his seventh point. "A realization of the zero option would presuppose that the Soviet Union removes its medium-range weapons." In this manner Schmidt made it clear that the Soviet Union could only reach its goal--the abandonment by the West of counterarming--if it were to give up its own lead. The realization by Moscow of this prerequisite would bring both sides closer to the goal of creating a balance on a lower level, Schmidt said. The imbalance which had induced the West to counterarm had exclusively been brought about by the Soviet Union. The discussion following Brandt's Moscow visit did not answer the question whether a "zero option"--advocated by Brandt--must in like manner be binding on both sides.

During the cabinet meeting Schmidt and Genscher called attention to French President Mitterrand, who had affirmed Bonn's position with his own support of the counter arming resolution. Mitterrand even went beyond the double resolution when he stated that in his opinion negotiations could only promise results on the basis of counterarming. Schmidt, on the other hand, the "creator of the double resolution," had always supported parallelism with respect to negotiations and counterarming.

Becker's general assessment was that none of the cabinet members had expressed the opinion that Brandt's talks would facilitate negotiations between Washington and Moscow.

8991
CSO: 3103/367

RHINELAND-PALATINATE SPD, RAU SUPPORT NATO DECISION

Bonn DIE WELT in German 29 Jun 81 p 4

[Article by G. Bading: "Rau Wants To Back Schmidt"]

[Text] Cologn --During the Land party congress of the North-Rhine-Westphalia's SPD, Minister President Johannes Rau referred to the "difficult political situation the Federal Government is experiencing, at times facing considerable adversity," and he pointed to the fact that the Social Democrats "had labored for 20 years" to come to power. At that time they only succeeded because they always put their own little quarrels aside rather than letting them become an object for dissension.

Heeding these words by their head of government, North-Rhine-Westfalia's SPD stood behind Chancellor Schmidt and their Land chairman, Minister President Johannes Rau, demonstrating their unity. During the party congress in Cologne of the largest SPD Land association there were only a few dissenting voices when a resolution was passed emphatically supporting and affirming the chancellor's peace and security policy and the NATO double resolution. Nevertheless, the delegates were concerned about the American position which--in their opinion--to date has been obscure.

Rau, who was reelected with 92 percent of the votes, called on his party--since it is the Land association with the largest membership--to make a contribution to the consolidation of the party throughout the FRG. Addressing the chancellor's critics he said: "The Social Democratic Party was and has always been the party of peace throghout the history of our people." One must not "cheer people and then desert them but stay with them until peace has been secured." The fact that the CDU is opposed to this central theme is unfortunate and to the detriment of the whole nation.

A long, controversial but objective discussion led to the adoption of a proposal on the NATO double resolution that contained many changes. It states that negotiations must take precedence, there should not be an "automatic" stationing of NATO medium-range missiles in Europe under any circumstances without the continuation of American-Soviet negotiations.

Following many hours of discussions, the delegates succeeded in having a paragraph added to the proposal presented by the Land association. It states: "The SPD and large segments of the population are concerned about the American position, which to date has been obscure." The question remains whether the United States is really willing to negotiate with the Soviet Union in the near future or whether "it" wants

to achieve a position of strength--possibly also by prior stationing of new weapons systems in Europe." North Rhine-Westphalia's Social Democrats are opposed to this position because "a position of superiority or inferiority does not make it easier but more difficult to conduct a policy of detente."

The party congress went along with Rau, who conducted lengthy preliminary negotiations with party groups about the leading proposal, insisting that a passage be included which specifically indicates support for the chancellor. The resolution contains the following statement: "The SPD supports Chancellor Helmut Schmidt in his effort for balance between the powers, for arms limitation and peaceful cooperation even with the neighbors in the East."

During the discussion the leading proposal was energetically defended, above all, by two ministers, Farthmann and Posser. Minister for Social Affairs Farthmann assured the few opponents of the resolution, particularly those with Juso connections, that the approval of the counterarming resolutions was "by no means" to be interpreted as granting "permanent unlimited powers to the United States."

Nevertheless, although Rau supported Schmidt and his policies energetically with respect to counterarming, he expressed cautious criticism of the Federal Government when it came to steel and social policies. It did not seem right that the Land of North Rhine-Westphalia was always fulfilling its obligations with respect to the steel industry, but no changes were taking place in Europe. The blame for the plight in the steel industry must be placed on the enterprises as well as their European bodies, the EC Commission and also the Federal Government. Rau's comment on the planned austerity measures was that they should not only affect the workers because they are already carrying a heavy burden.

8991
CSO: 3103/367

FDP'S BORM CRITICIZES GENSCHER, NATO DECISION

Frankfurt FRANKFURTER ALLGEMEINE in German 18 Jul 81 p 2

[Article by C.G.: "Borm: The Overall FDP Does Not Want A 'Missile Coalition'"]

[Text] Bonn, 17 July--FDP board member Borm has severely criticized FDP Chairman Genscher's foreign policy and attacked the United States and Western counterarming in strong terms. Said Borm last Friday in a Bonn interview with the Political and Parliamentary Press Service: "The FRG must not react to the American rearmament hysteria in an accepting and submissive manner." Washington's refusal to accept "legitimate Western European interests" would constitute a challenge to NATO. "The proposed nuclear rearmament on our soil and compliance with Reagan's arms race hysteria" are in conflict with social-liberal peace policy, he added. The overall FDP is not ready for a "missile coalition." If Genscher calls those in the FRG who have doubts about the United States' readiness to negotiate "spokesmen for a Moscow campaign," the FDP chairman is impugning their honor, Borm continued. He expressed praise for Brandt's trip to Moscow and considered as a confirmation of his own views Brandt's impression that the USSR is ready to facilitate the initiation of negotiations if the West were to reciprocate with a show of good will. However, he added, the West, "following the dictates of American interests, is not prepared to examine such proposals without prejudice and to reply with positive counterproposals of its own." Borm characterized the West's failure to "carefully examine" Brezhnev's proposal for a moratorium on medium-range missiles as a "neglectful omission." Said Borm: "Our foreign policy appears to be determined as much by blind faith in the United States as by an almost fanatical distrust of the Soviet Union."

9273
CSO: 3103/376

FORDE DEFENDS LABOR PARTY STANCE ON NUCLEAR ARMS ISSUES

Oslo AFTENPOSTEN in Norwegian 16 Jul 81 p 2

/Article by Minister of Church and Education Einar Forde: "Misunderstandings and Ill Will"/

/Text/ The interview with Kare Willoch in the 14 July AFTENPOSTEN on the Labor Party and our work on an area free of nuclear weapons in the Nordic countries is based on so many misunderstandings and so much ill will, and particularly in regard to what actually happened during my trip to Moscow, that I want to make an attempt at clarifying matters.

1. I never have stated that the Soviets' desire to discuss guarantees for the nonuse of nuclear weapons against targets in an area in the Nordic countries free of nuclear weapons was "something new." Willoch is correct in saying that such a guarantee has been discussed for a long time. It was also repeated in Brezhnev's interview in a Finnish newspaper which now has become so very well known. My point is that that element is interesting in our debate, and particularly against the background of the objections to the Labor Party's program the various spokesmen of the Conservative Party have come up with. Furthermore, I stated that it was interesting when, during the discussions in Moscow, I got more precise information regarding what Brezhnev calls "other initiatives," learning that such initiatives would be in the nature of indications that the Soviet Union might be willing to discuss a reduction in the number of nuclear weapons and the deployment of such weapons. My conversations in Moscow strengthened my conviction that the Soviets' various proposals on this subject include elements which are markedly tactical in nature, but in my opinion it would be irresponsible to reject the most recent signals from the Soviet side completely, as a tactical measure, and to refuse to investigate the genuineness of the signals.

2. It is also the Labor Party's opinion that this is a matter which must be seen in connection with solutions reached by joint negotiations between NATO and the Warsaw Pact on disarmament efforts. Neither during my visit to Moscow nor at any other time has any responsible official of the Labor Party stated that we desire bilateral or Nordic negotiations with the Soviet Union, but I assume that Willoch will agree that we Norwegians and citizens of the Nordic countries have an independent responsibility to gain an understanding of the matter and continue to work on it. Since Willoch felt it necessary to use the phrase "NATO opponent Forde" on another, earlier, occasion, casting suspicion on what I actually did in Moscow in that way, I should like once again to stress the fact that the Labor Party's deputy chairman naturally

takes his stand on a unanimous decision at the party's national congress on that point. I would also like to point out that I have emphasized the fact, on various occasions, that the existing conditions of equilibrium and alliance in the Nordic countries constitute a condition which must prevail if the item on our program regarding an area free of nuclear weapons in the Nordic countries is to be put into effect. On that point, I am less and less impressed by the level on which Willoch debates.

3. Willoch does not like the fact that contact was made in the Soviet Union, on a party basis, in regard to important questions of foreign policy. I would like to remind my readers here that an essential reason why we had a period of detente, on the whole, at one time in Europe, was that contacts of that sort existed between a West European Social Democratic Party and the CPSU. Where the Labor Party is concerned, we now are trying to prepare for a systematic program of work which will involve contacts on various levels with many countries and parties. It would be rather impractical if we did not make use of a contact in Moscow which was established many years ago, and abandoned our chances both to give and receive information in this situation. If I assess the seriousness of the situation correctly, it is necessary to talk with each other more now, and not less, across the boundary between the two blocs.

4. I must insist that, on this matter, the Conservative Party has displayed a surprising lack of imagination and initiative and that the party involved in the debate has been the element which held back in the work for detente and peace for such a long time. The most recent interview with Willoch does not give any indications of a changing of positions, but the party still constitutes the most important hindrance to the work for an area free of nuclear weapons in the Nordic countries. It is not obvious that that should be the Conservative Party's role. To illustrate what I mean, I will refer to pages 168-170 in John Lyng's memoirs, "Mellom Ost og Vest" /Between East and West/. At that point, he tells how Prime Minister Kosygin brought up the old idea of a Russian guarantee of Norwegian neutrality and integrity. In that regard, Lyng writes: "No responsible politician could dismiss such a subject regarding such a central problem." He also writes: "It is not a natural situation for Europe and the Atlantic area to be located in a field of permanent tension between two massive power blocs. And if one does not want to recognize such an unnatural situation as permanent and unchangeable, then one must ponder a bit as to how an end can be put to it." Lyng talks about much more radical proposals there than those we are now working on in the Labor Party. Is it so strange that we miss Lyng's flexibility and imagination if we are satisfied with reading the extremely dogmatic thoughts of Willoch and Langslet these days?

5. In the same number of AFTENPOSTEN, Major General Paul M. Strande had an article entitled "Forde Pulls the Wool Over Our Eyes." On that article, I only want to say that it is based on an interpretation of my views which hasn't even the slightest shred of a foundation in what I actually said. Furthermore, the article as a whole is a plea against the very thought of an area free of nuclear weapons in the Nordic countries which not only hits the item on the Labor Party's program, but also, to a large extent, the nonsocialist Common Market which Willoch cites.

In the light of a kind testimonial to the Minister of Church and Education's ability to know all about such questions, I can perhaps reply that General Strande's article is a strong piece of evidence which indicates that war is not the only thing which is too serious a matter to be left to General Strande.

9266
CSO: 3108/171

PAPER CRITICIZES STEEN ON HANDLING OF NUCLEAR ARMS ISSUES

Oslo AFTENPOSTEN in Norwegian 16 Jul 81 p 2

/Editorial: "Debate with Cold Shudders"/

/Text/ We are approaching the election, and one should begin to be aware that the temperature is rising and the language used in the debate is becoming pithier. One's own and one's party's splendid attitudes and deserts should be accentuated, while at the same time one must unceasingly tell the voters that the other parties are completely unacceptable and that their spokesmen cannot be trusted. That is almost the way things have to be. But even during election campaigns there should generally be a limit. The demand for general good manners should carry weight, and realization of that fact makes one try to conform. The Chairman of the Foreign Affairs Committee of the Storting, Reiulf Steen, appears to be having some difficulty in that respect. The fact that he is fully engaged emotionally in the security debate is straightforward enough, but less straightforward is the fact that he makes it seem that everyone who does not agree with his views is simply uttering falsehoods and casting suspicion in an unjustified manner. And as if that had not been enough, he said: "Not since the infamous Senator Joseph McCarthy was unveiled right before the eyes of millions of American TV viewers in the fall of 1954 can I remember that his methods have been employed as assiduously as we have seen them employed in certain cases in the Norwegian debate during the past few weeks."

We are publishing that statement of Steen's at the risk of being hauled into court for complicity in disseminating serious defamatory remarks, and we would like to add: Is it really Steen who talks about casting suspicion on individuals? Is it Steen who so outspokenly describes the failings of others? Is it Steen who is so audacious as to attribute the responsibility for "cold shudders" to the Conservative Party? And he does so without saying a word about where the cold shudders actually came from!

If we must talk about them, the cold shudders had their origin in the Eastern dictatorships. Steen is right when he talks about anxiety and fear in our part of the world. He is mistaken when he believes that that anxiety and that (justified) fear would disappear if we allowed ourselves to be tempted to act more or less independently and if NATO opponent Forde comes back from Moscow with assurances of recent vintage. Steen and his people do not have a monopoly on the desire for peace. People in all parties are seriously concerned about the tense situation throughout the world. What is involved is something more than an election campaign theme over which the various parties can fight word duels. What is involved is the fact that many people have begun to see, with anxiety, that the clarity which used to prevail in regard to this

question is surrounded by banks of fog now and that somebody seems to want to change the line for which there had been full support in the past. We should not accuse Steen of anything which would give him an opportunity to hang any new labels on those who do not agree with his views. What we are concerned about is the fact that the chairman of the Foreign Affairs Committee has caused a good many "ordinary" people to ask whether the Labor Party is on the point of changing course and whether the firmness and clarity which have been perceptible up until now, and which people liked to see, are about to come apart at the seams.

Of course we should have debates on security policy, too, but it is apparent that one can behave and express oneself in such a way that doubt is raised in regard to our affiliations. We belong to the Western defense alliance. Because of that fact, we have been able to preserve the necessary assurance and independence. Because of Western solidarity, we have peace in our part of the world. Naturally, we must negotiate with the Russians on disarmament, but we must do that together with our allies. One must fight against the urge to go it alone, for that results in uncertainty. One must take isolated assurances from the Kremlin with a grain of salt, and speeches in the Kremlin concluded with a toast should be met with abstemiousness.

So Steen is welcome to accuse us of "McCarthyism." What we want to stick to, and want to reiterate, is the fact that NATO is a unit and that negotiations with the Russians and sounding out the Russians are joint concerns.

9266
CSO: 3108/171

SWEDISH ELECTRIC RATES LOWEST IN EUROPE

Stockholm SVENSKA DAGBLADET in Swedish 27 Jun 81 p 16

[Report by Björn Anders Olson]

> [Text] Prices of electricity are rising more slowly in Sweden than in any other industrial country. Rates here are the lowest in Europe, and only three industrial countries in the world have lower prices for electricity.

This is brought out in a study done by the National Utility Service (NUS) in Great Britain for the period April 1980 to April 1981.

That Sweden and some other countries can maintain low electric rates is explained, according to the NUS, by good access to water power and a heavy reliance on nuclear power.

Belgium, on the other hand, depends on imported oil for its production of electricity. That country therefore has the highest electricity prices and the highest rate of price increase.

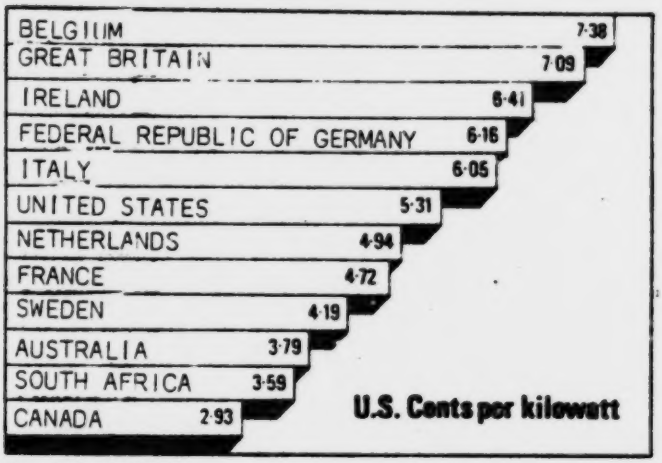
In its analysis of the Swedish electricity situation the NUS emphasizes water power and the reliance on nuclear power. During the period the part of the total electric power production accounted for by nuclear power increased from 22 to 27 percent. That also means a diminishing dependence on oil.

A run-through country by country gives the following picture of the electric power situation, all prices in American cents (1 cent = ca. 5 öre):

Belgium has the highest electricity price, 7.38 cents per kilowatt. During the period the electricity prices increased by 30.9 percent compared with an inflation of barely 10 percent. Oil accounts for 34 percent of electric power production.

France is well ahead. The price increase stopped at 6.8 percent and one kilowatt costs 4.72 cents, the second cheapest in Europe. Here, too, according to NUS the explanation is reliance on nuclear power.

Italy is still far down on the price list in Europe, 6.05 percent, but on the other hand shows the second highest rate of increase, 26 percent. During the preceding period the price increase was as high as 37 percent. The explanation lies



Source National Utility Service

Belgium has Europe's highest price for electricity and Sweden the fourth lowest price in the world, according to NUS's study. The prices are in American cents per kilowatt.

largely in the fact that the state subsidies are being abolished.

The Federal Republic of Germany noted a price increase on electricity of 15.8 percent, which is 3 times as high as the rate of inflation. One kilowatt costs 6.16 cents.

Great Britain noted a somewhat higher price increase than the FRG, 16.7 percent. Great Britain also has the second highest price for electricity, 7.09 cents. NUS believes there will be a continued fast rise in the price of electricity in Great Britain, well above the rate of inflation, and this will have repercussions on the already hard-pressed industry.

Of non-European countries, Canada, the United States, Australia, and South Africa were specially considered.

Canada has the lowest price for electricity, 2.93 cents, and a rate of increase of 8.5 percent; South Africa 3.59 cents, rate of increase 13.3 percent; Australia 3.79 cents, increase 16.8 percent. The United States differs strikingly; the price of electricity is 5.31 cents and the increase 22.1 percent, the third highest in the study, which is based on interviews with 750,000 consumers all over the world.

Sweden thus comes through quite well in an international comparison. The price of electricity is the fourth lowest, 4.19 cents per kilowatt, and the price increase by far the lowest, 4.4 percent, compared to an inflation nearly three times as high.

8815
CSO: 3109/217

REPORT SEES PROBLEMS WITH FOREST-WASTE ENERGY SUPPLY

Stockholm SVENSKA DAGBLADET in Swedish 24 Jun 81 p 9

[Article by Roland Berndt]

> [Text] In 1990 only 2 percent of the heating needs in the Stockholm district can be covered with forest waste and brushwood. For the use to become economically profitable requires importation of chips from other districts, the use of straw, and for the district to get energy forests on a large scale.

That is evident from the district government's study "Skogsenergi, tillgång och efterfrågan i Stockholms län" [Forest Energy: Supply and Demand in the Stockholm District]. The study shows that the use of wood as fuel reached a bottom level in the beginning of the 1970's, but that there has been an increase since the oil crisis of 1973. But the increase is small; 2 years ago the private heating in homes in the district corresponded to 5,000 m^3 of heating oil.

Of the forest waste that the district government expects can be used as fuel, three fourths will be used in three large-scale installations: the Drefviken power plant, in which Haninge and Tyresö cooperate; in the Norrtälje commune; and at the Hallsta paper mill.

Wood Cheaper

In most cases, according to the district government, it is cheaper to use wood of higher quality than to use forest waste.

"There is a competitive situation between use of wood as fuel and the wood products industry," says Jan Viira, planning director with the district government. "With today's techniques it is expensive to use forest waste as fuel."

The use of forest waste on a large scale can be made acceptable from the environmental point of view by smoke gas purification, in the district government's view, but burning it in densely built-up areas causes considerable environmental problems. The study therefore does not count on any increase in home heating with chips.

100 Full-Time Jobs

The very limited use of forest waste will probably provide full-time employment for 100 persons at most in 1990, most of them employed in heavily forested communes like Norrtälje.

"Now we will not do anything more toward the use of forest waste as fuel for a while," says Jan Viira. "We are waiting for new directives from the government. But we are including it within the framework of district planning."

8815
CSO: 3109/217

USE OF PEAT AS ENERGY SOURCE INCREASING RAPIDLY

Stockholm SVENSKA DAGBLADET in Swedish 23 Jun 81 p 8

[Report by Bosse Pettersson]

> [Text] The mining of peat for energy is getting under way now on a large scale in Sweden. In Skellefteå 10,000 tons of peat will be cut from the bogs in the area for use as fuel in the city's hot water heating plant this year.

Thus far companies, communes, and private persons have obtained permits to cut or to prospect for peat on about 70,000 hectares (173,000 acres) of ground.

That is an area about half the size of Öland (530 square miles).

After Skellefteå commune comes Assia, which will start peat cuttings in Arvidsjaur next year. Eventually they will yield 80,000 tons of peat to burn in the Lövholm plant in Piteå. In 1982 peat cutting will also begin in Färgelanda in Dalsland, which will supply the Åmål commune with peat.

Renewed Interest

Since peat disappeared as a fuel in Sweden nearly 15 years ago, peat has only been used as a soil-improving agent; about 300,000 tons is cut a year. But it does not do so well as fuel. When oil prices doubled after the crisis of 1974, peat became of interest once more. The government took the right to the peat (as a fuel) away from the landowners by a change in the minerals law in 1975. From then on it has been necessary to get a permit (concession) to cut peat. Peat was thus classed as an energy mineral of importance to society. But there was no rush for peat until oil prices rose further, in 1978 and 1979.

Today the government has issued nearly 30 permits for peat cutting. Some 25 are waiting for the go-ahead. Over 100 prospecting permits have been given out and some 80 are standing in line.

Most of the peat cuttings will be in Norrbotten and Västerbotten. However, a good deal of exploitation can also be expected in Småland. Gislaved's rubber factory and Södra Skogsägarna (Southern Forest Owners) are interested in cutting peat for their own plants.

The great majority of the peat cutters are companies and communes interested in supplying themselves. Umeå commune, e.g., which has 17 concessions, is planning to fire a combination power and heating plant with peat starting in 1985 and will need 250,000 tons a year. Assi will need a similar amount for the Karlsborg plant in Haparanda when it is completed in 1987.

For Sale Also

But there are also firms that hope for a free market for the sale of peat. Among these are Råsjö Torv in Hudiksvall and the construction firm ABV, which has applied for prospecting permits for over 20,000 hectares (ca. 50,000 acres) in Dalsland and northern Västergötland. The Crown Lands Board must also be counted here; its subsidiary Svenska Torv AB is planning to invest over 100 million kronor in peat for fuel in the next 5 years. Svenska Torv and Hasselfors' plant in Värke are the biggest producers of peat for fertilizer. They can easily go further and cut energy peat in the bogs they already have (Hasselfors is cutting peat at 8 to 10 places today) if it becomes profitable.

And peat does look to be profitable--to judge by the expansion plans. At least that is true with today's oil prices. Peat costs about 50 kronor per m^3. It takes about 12 to 14 times as much peat as oil to get the same amount of energy. It thus costs about 700 kronor to get the energy from peat that can be gotten from a m^3 of oil. Since heavy oil costs over 1,000 kronor per m^3, that looks like good business if you only look at the cost of the raw materials.

The disadvantage with peat is the high investment costs. In Skellefteå the new hot water heating plant for solid fuel cost 15 million kronor. An oil-fired boiler would have run 2 to 3 million kronor.

Transport Problem

Another disadvantage is the transport costs. It is usually considered unprofitable to ship peat more than 10 to 15 [Swedish] miles, and that puts a demand on the producer to find a market somewhere near the bog.

But that problem would disappear if the peat could be processed into pellets, briquettes, or the like. Further processing would also provide employment at the bogs when cutting is not going on. Peat can only be "harvested" in the summer, and then only in dry weather.

The production of peat for energy will remain very modest for the next few years. Next year perhaps 50,000 tons will be cut at most. The goal in the government's energy bill is for 10 terawatt hours to come from peat in 1990. That corresponds (roughly) to 4.5 million tons a year. To push the development, the government is making a contribution to peat firing. Assi, e.g., got 34 million kronor for the Lövholm plant, and Skellefteå commune got a good 8 million.

At the State Board of Industry (SIND) the politicians' goal is still regarded as very high. It would require 16,000 to 30,000 hectares to come into active production. Under present conditions there will be 4,000 hectares by 1985-1986, since it takes 3 to 4 years to get production going.

Besides the uncertainty of oil prices, there are also political threats to the advance of peat. From 1 July 1982 on it will be the district governments that issue

permits, both for study and for cutting. Today the government decides on cutting and SIND on study. SIND deals with applications concerning cutting.

Increased Bureaucracy

At SIND there is a fear that this will lead to slower processing and an unnecessary bureaucratization. What 3 or 4 persons take care of at SIND will be looked after by 1 or 2 persons in each and every one of the 24 district governments.

Instead, SIND would like to get to decide itself on permits for cutting as well. They also want to simplify the giving of concessions for peat cuttings that are less than 100 hectares.

Another threat is the ideas concerning commune monopoly on peat cutting that are cherished in the Center Party.

"That would put the cap on it," says Hans-Göran Jansson, office director at SIND. "Then we would not reach any energy goal. The firms are determined that there shall be no monopoly now."

A third and incalculable factor is environmentalist demands. Peat cutting involves great interference in the landscape, and Svenska Torv, e.g., has already been forced to drop a big project in the Växjö tract.

8815
CSO: 3109/217

FUEL, CIGARETTE PRICES INCREASE

New Prices

Nicosia O AGON in Greek 1 Jul 81 p 1

[Text] Following hikes for gasoline and petroleum products in general, now cigarettes are also increasing in price--besides the chain of increases which are expected in other products.

The increase in cigarette prices is expected to range between 10-15 mils per pack of 20 cigarettes.

As was stated to O AGON yesterday, already there is an agreement between the government and the companies on a new increase in the price of cigarettes, whose implementation was postponed until the announcement of the increases in the prices for petroleum products.

Cigarette prices increased a few months ago, but these increases are not considered sufficient to offset the increased costs incurred by the companies.

Fuels

Meanwhile:

Petroleum received the lion's share yesterday, increasing by 20 percent, as compared to the 9 percent which was imposed on gasoline.

Despite the new increase in petroleum-product prices which was announced yesterday by the Ministry of Commerce, the price of gasoline is still about two and a half times larger than that of petroleum.

According to the new prices which went into effect yesterday, the price of gasoline increased to 1,500 mils per gallon (1,370 mils was the previous price), and that of petroleum increased to 600 mils per gallon (the previous price was 500 mils).

The new prices are as follows:

Liquified gas, 1,500 mils/ten kilograms
Premium gasoline, 1,500 mils/gallon
Regular gasoline, 1,400 mils/gallon

Kerosene, 600 mils/gallon
Crude petroleum, 600 mils/gallon
Light mazut, 350 mils/gallon
Asphalt 80/100, 90,000 mils/metric ton
Asphalt 60/70, 91,000 mils/metric ton
Asphalt S 125, 103,000 mils/metric ton

Commerce, Industry Minister Comments

Nicosia O AGON in Greek 1 Jul 81 p 8

[Text] In his statement on television yesterday night in reference to the new increase in petroleum-product prices, Minister of Commerce and Industry Kittis stated that this increase is unavoidable.

Kittis said that from July of last year until May of the current year such increases came to 17 percent. Kittis admitted that the price of crude petroleum will decrease to $36.93 per barrel, as compared to what existed until yeaterday, which was $37.50 a barrel.

One primary reason for these increases is the appreciation of the dollar during the last 12 months, which comes to 18 percent.

"Consequently," he added, "it is obvious that the revision of prices was necessary. It should be noted that we are not the only country which has increased its prices. To mention only one example, Switzerland has imposed an increase recently also."

The fixing of the prices for the various petroleum products was another issue which seriously concerned the government. In order to have the most equitable possible apportionment, a special expert enjoying an international prestige was called in, who drew up the plan for apportioning this increase. In any case, this plan was submitted also to the Price Committee. The need to prepare this study is also the only reason for the delay in readjusting the prices.

Commotion

Commotion and desperation are prevalent among the farmers of the Kokkinokhoria region, following yesterday's new increases in petroleum-product prices.

The residents of the Kokkinokhoria area are protesting very vigorously because their region, which has been victimized by a chronic water-shortage problem, cannot bear an additional financial burden and is not able to suffer other financial damage either.

Leading figures in the Kokkinokhoria area have begun mobilization efforts and have planned a protest action, and th y are calling on the government to take the necessary measures to avoid the intolerable step of increasing fuel prices.

Among other actions taken, the people directly affected visited yesterday the DISY [Democratic Rally] deputy, Khr. Solomis, and expressed to him their indignation.

After meeting with the representative leaders of Kokkinokhoria, with whom he examined the serious problems of its water supply and of increases in petroleum-product prices, Solomis said that he will take part in meetings which will be held at Paralimni within the next few days.

The Farmers

The agricultural community is discouraged by the new increases in the petroleum prices, and the PEK [Pan Agrarian Union of Cyprus] has warned that yesterday's decision by the government will force the farmers to abandon their occupation.

An announcement by PEK says that the new increase has given rise to great discouragement in the agricultural community, where prices for petroleum products have been absorbing most of their incomes, making the occupation of farmer unprofitable.

Now, with the new increases the occupation of farmer-stockbreeder will be abandoned, says the PEK announcement, because the chain of increases in the various prices for raw materials, which contribute to the cost of production, will not allow people to continue working in this occupation.

The PEK has sent a telegram of protest to President Kyprianou, in which it stresses that it insists on a 20-percent subsidy for petroleum used for agricultural purposes.

Moreover, in another telegram to President Kyprianou, the EKA [Union of Cypriot Farmers] stresses that the increases are raising the production costs--something which will have repercussions on the marketing of the products on the international markets.

The EKA is asking for a subsidy to cover part of the price of petroleum for agricultural purposes, and for the nationalization of the refinery so as to do away with the profits of the companies, since this will help to reduce costs for such fuels.

Editorial Analysis

Nicosia O AGON in Greek 1 Jul 81 p 1

[Text] The behavior of the government on the issue of increasing the price of petroleum products differs very little from the behavior of an offender who, after committing a very serious offense and knowing that his arrest and conviction is certain, begins to prepare his defense immediately after the commission of the offense.

Thus the government as well--after announcing very early yesterday morning the new, unacceptable, unjustified, and undemocratic increase in prices for petroleum products, and knowing that there is no justification for this new levy and that it will face a popular outcry and expressions of indignation--preannounced at the same time its defense as well, saying that the minister of commerce and industry will apprear on television to examine the reasons which necessitated this new and undemocratic taxation!

Of course, excuses can be offered for even the greatest transgression. But the main point is not what the defense for it is. The main point is that an offense has been committed, and that painful consequences have arisen from the commission of it.

Consequently we do not doubt that the government can offer excuses and can give whatever reasons it wants in revealing the cause of this new blood-letting of the people which it has introduced.

But what are the facts of the case?

The facts are that yet another undemocratic levy has been imposed which will greatly distress the people, and especially the lower classes. The facts are that scarcely had the election-campaign period passed when the government felt that its hands were no longer tied, and it began once again its familiar tactics whose objective is to bleed white the people.

Thus, immediately after the elections, price increases for many items were announced, the abolition of the cost-of-living allowance--or rather its disassociation from petroleum products--was decreed, and now increases in petroleum-product prices are being announced, and God knows what next.

But what meaning does yesterday's increase in fuel prices have, aside from it being the imposition of a purely undemocratic taxation?

Throughout the world, the price of petroleum is experiencing a steep drop. Logically, our people ought to expect at the very least that prices for petroleum products would be maintained at their present levels. But instead of this the government is beginning to "fire up" prices and to burn the people.

At the same time, it comes to light that:

The new increase and the new tribulations of the people are due, among other things, to the short-sighted policy of the government.

It turns out that the government's insistence on procuring petroleum products from only one source, and specifically from Iraq alone, is detrimental to the interests of the country. Iraq is selling us petroleum dearly, at a price much higher than the oil sold in the international market, the result being that now the people are being called upon to pay for the damage caused by serious governmental blunders.

Unfortunately we cannot overlook the fact that this new and very onerous taxation comes only a few days after the proclamations of President Kyprianou at Astromeritis about the concern of the government for the people and workers, and his denials that the taking of undemocratic and anti-labor measures was imminent.

President Kyprianou spoke with the voice of Jacob. But a few hours later the government, with the hands of Isau, began to burn the people. Once again it applied the tactics of saying one thing to satisfy the people, and doing the exact opposite in decapitating the people!

We believe that the moment has come for the trade-union movement to prove that it is not lagging behind and is not simply a spectator to the government's actions, which are aimed at bleeding white the people financially. Because this new levy is not the end. It is the beginning. It will be the spark for a new and vicious circle of increases in prices and incomes. It will create new inflationary pressures. It will damage the meager financial resources of the middle and poorer classes. And finally the government, like another Pilate, will come to wash its hands of the matter, saying to us that economically we are doing well but that the people need to make even more sacrifices and practice more frugality!

The deceiving of the people thereby becomes more seductive, and the need for the people to defend themselves becomes imperative if they are to survive economically. And this self-defense against governmental indifference is now a duty and an obligation of the trade-union movement, which at last is being called upon to pass on from the stage of issuing formal protest announcements to more substantial and practical steps for dealing with the government's arbitrary acts.

12114
CSO: 4621/31

ENCOURAGING DROP IN INFLATION REPORTED

Athens I KATHIMERINI in Greek 12-13 Jul 81 pp 1, 3

/Article by N. Nikolaou: "Private Sector Being Encouraged"/

/Text/ The inflation rate is slackening and the appropriate government authorities are now optimistic more than ever that they will be able to drop it this year to a level below 20 percent. According to our information, the Ministry of Coordination appropriate service forecasts in a report submitted to Minister Ioan. Palaiokrassas that throughout 1981 inflation will be held at the 18.6 percent level. If this prediction comes true (a serious threat is ever present since the wholesale price index is moving at a 30 percent rate) then without doubt it will be the first time in 3 years that inflation fever will show signs of falling off. It is reminded that in 1979 the price index increased by 24.8 percent and in 1980 by 26.2 percent.

Most important of all, however, is that if the price rise rate shows a sagging tendency then the government economic policy will develop more freely and boldly since it will no longer be planned under the fear and threat of an inflationary downslide. Specifically, in the coming months the credit restrictions to the private sector of the economy should be slackened more so that industrial production and building activity can be revitalized through the channeling of abundant bank money. Also, the Public Investments Program should be accelerated (this program is helped this year by the EEC Regional Fund which granted 11 billion drachmas) as should the investments of public enterprises and organizations (Public Power Corporation /DEI/, Greek Tourist Organization /OTE/, Railways Organization of Greece, etc.) so as to employ as much manpower as possible thus avoiding a rise in unemployment which to this day is being held at tolerable levels (3.2 percent of the labor force) but which will increase if the economic recession continues as OECD also predicts.

Revitalization

Even though the election campaign now underway makes private initiative reluctant to undertake any activity, the government nonetheless is exerting, especially under its new deputy premier, Evang. Averof, intensive efforts which even in the event they fail to have immediate results will clearly improve the psychological climate. Already Averof has held continuous and frequent talks with representatives of the productive classes. To this moment, these contacts have proved fruitful since they strengthen the confidence of these classes in the government.

As some entrepreneur put it, "We do not, of course, expect Averof to solve all our problems especially during this preelection period. It will be enough, however, if he deals with them in a positive way as concerns the future and this will make us regain our confidence in the government's economic policy."

In any case, bank financing has increased considerably within the framework of encouraging the private sector of the economy. According to preliminary Bank of Greece data, from 1 January to 20 June 1980, the credits extended by commercial banks increased by 40,238 million drachmas compared to 12,596 million drachmas during the corresponding 1980 period. It is anticipated that this increase will be higher during the second half of the year.

The Dollar

Undoubtedly the rise in the price index in recent months would have been more subdued had it not been for the unreasonably spectacular rise of the price of the dollar against the drachma and other European currencies, a rise which resulted in tidal waves in the European market since the cost of all imported goods paid in dollars increased if computed in terms of a domestic currency. That this inflationary pressure is tremendous is evidenced by the fact that while in June 1980 the average value of the dollar was 43.320 drachmas, this June it reached 58.058 drachmas and has now exceeded 61.50 drachmas. Within a year, that is, the drachma was devalued by 25.4 percent vis a vis the dollar. This resulted in a corresponding price increase in drachmas of all imported items and paid in dollars such as are fuels, metals, chemicals and most raw materials.

But the inflationary effect of the dollar upvaluation does not end here. The public deficits are also increasing because of the greater cost for servicing the public debt. As is known, most, if not all, the loans by the state and public enterprises are made in dollars and for servicing these loans (interest and redemption service) the state pays more and more drachmas. For this year's interest and redemption installments alone the public budget will pay, due to the dollar upvaluation, 15 billion drachmas more than the budget provides. For the same reason, the fuel management account also will show a deficit. For these reasons Coordination Minister Io. Palaiokrassas has already directed all public enterprises (DEI, OTE, etc.) which are seeking loans abroad to contract such loans in other currencies (mark, yen, pound, etc.).

June Developments

As concerns the price index, the Statistical Service of Greece estimates its increase in June to be 1.8 percent compared to an increase of 2.6 percent in June 1980. Specifically, the 1.8 percent increase is formed partially by the following percentage increases because of the price increases for goods and services.

a. Rice, 0.01 (percent); veal-pork meat, 0.17; pork products [sausage, etc.], 0.02; vegetable fat, 0.01; condensed milk, 0.02; dairy products, 0.35; eggs, 0.01; fresh fruits and citrus fruits, 0.36; candies, 0.01; canned goods, 0.01; souvlakia, 0.05; salt, 0.01; coffeehouse beverages, 0.08; mineral water, 0.01; alcoholic beverages, 0.01; summer clothing, 0.80; summer footwear, 0.11; rents, 0.04; house

repairs, 0.01; summer movie theater tickets, 0.11; house equipment items, 0.04; automobiles, 0.02; and small increases on various items, 0.08. By contrast, the price of fresh vegetables dropped by 0.53 percent; frozen meats, 0.17.

Generally, the first half of 1981 showed an improvement since the price index increased by 11.2 percent compared to increases of 13.8 percent and 11.8 percent during the corresponding 1980 and 1979 periods. Progress, however, was limited and Greece still continues to have almost the highest inflation rate in Europe (among 24 OECD countries it comes third after Turkey and Iceland) since this June also inflation was running at a rate of 23.3 percent (on an annual basis). However, the authorities believe that this galloping inflation has reached its peak and is already slackening. They recall that in the same month last year the inflation rate had reached 27 percent. Thus, progress was marked, albeit at great cost (postponement in readjusting the price lists of public services).

The factors which can be cited as an explanation for the slackening of the inflation rate are:

a. The restriction of demand and the high inflation of previous years eroded the real incomes. The volume of retail sales the first 4 months dropped by 2.5 percent (however, in this case also, thanks to the 1981 overall income policy there is some progress since the drop in the same period last year was 3.9 percent).

b. The success of the price liberalization policy which put into motion the competition forces.

7520
CSO: 4621/36

TRADE RELATIONS WITH CEMA SAID TO BE WANING

Rome IL SETTIMANALE in Italian 9 Jun 81 pp 84-86

[Article by Giano Accame: "Now, Comrades, You Can Consume"]

[Text] With the profit system reintroduced, those who do not produce must now be satisfied with the minimum wage. Ognyan Doynov wanted to create the first East European "Confindustria" [Italian Manufacturers Association] to defend managers in their battles with the bureaucracy.

Sofia is all newly repainted, for the 12th Bulgarian Communist Party Congress, held in April, and for the celebrations of the 1300th yer of the Bulgarian state, which continue to attract delegations from all parts of the world. Shops are filled with merchandise and at Plovdiv there was recently held the first international fair for consumer goods ever held in Bulgaria--a clear sign for the domestic market and reflecting, moreover, the decisions of the congress.

The first phase, the so-called "socialist construction" phase having been concluded for some time and with the phase of "advanced socialist society" underway, Bulgaria is now in its own way beginning the consumer era. It begins on a consolidated politico-social base and precisely because of that it can experiment with more flexible economic models adaptable to basic principles of management operations.

In other words, it is a very interesting period in the developmental process of one of the least known Eastern European countries from the journalistic point of view, having attracted less attention for any unusual developments. It does not have Poland's social upheavals, Romania's flights in foreign policy, East Germany's records in efficiency, Hungary's first prize in developing new forms of trade, nor has it experienced Czechoslovakia's vicissitudes.

Nevertheless, under the surface of a bureaucratic routine this very faithful ally of the Soviet Union is changing. (Unlike other countries, the Bulgarian people have always been favorably disposed toward Russia, for historic reasons connected with struggles for freedom from Turkish domination).

It presents novel elements which it would be a mistake for businessmen and students of economic processes to underestimate.

The more so for Italian businessmen, who are in danger of losing ground in Bulgaria as well as in all Eastern European markets after having for years enjoyed the most pre-eminent positions. Last year we imported merchandise from CEMA to the value of 4,601 billions [lire] (with an increase of 42 percent with respect to 1979) and we exported barely 2,363 billion. It is a strange contradiction: the more our country goes to the left the less business is transacted with our partners in the so-called "socialist camp."

Nevertheless even these things do not just happen by chance. At the Plovdiv consumer goods fair the Italian representation was absolutely pitiful. I do not say this for the 5 or 6 Italian participants who were there and who in some cases aroused a well justified interest on the part of the public, but rather because of the lack of participation. A country like Libya, which has nothing to offer aside from petroleum, was represented with a splendid pavillion while our Institute for Foreign Trade which has for years made the general rule of absenting itself from bazaar-fairs, was not even to be seen there. In general terms, such a decision might even be a reasonable one and the Plovdiv fair had some errors in its basic plans: too long (10 days) and thus rather costly for the participants, who in fact could have gotten the same commercial results at the normal fall session of the fair, to which they will have to return.

Hence there are representation considerations which must be taken into account, the more so since the host country has a state-run economy only just beginning a five-year plan projecting a certain consumeristic relaxation in the quality of life and permitting the introduction of some business considerations.

The increased distribution to shops of a quantitatively and qualitatively improved supply of merchandise, already underway for several years and even downright routine in some ways, is moreover but one aspect of the "new economic approach and the new economic mechanism" being experimented with in Bulgaria. The joining of the two expressions (new economic approach and new economic mechanism) has already become a part of the ritualistic language of the party under Zhivkov's guidance, but above all there has been a gradual, effective change in conduct under the pressure of the new political and managerial generation, of the politburo's ideologist, Aleksandur Lilov, of the same politburo's young economic expert, Ognyan Doynov, of the foreign trade minister, Khristo Khristov, even the new president of the Bulgarian Chamber of Commerce, engineer Petur Rusev, (to mention someone with whom I was able to have a broad direct exchange of views) and the permanent secretary of the Bulgarian "Confindustria," Blagoy Ganev.

For example it is a surprise to meet Ganev, the permanent secretary of the Industrialists' Association, a young Harvard-style man who can in some ways be considered the Bulgarian model of Alfredo Solustri, general manager of Confindustria, and with whom Ganev has a cooperation agreement. Naturally the Bulgarian Industrialists Association can group together only public enterprises, since private ones do not exist. But it has no other partners in Eastern Europe to deal with, it being for the time being the only experiment of its kind. Perhaps if it shows it can function, others will copy it. The association, which has a luxurious headquarters in a residential section of Sofia (we had to search quite a while in a taxi to find it, since for the present it is not one of the well-known addresses in the capital), gives one the impression of being something like an empty box, awaiting the time to define and carry out its proper role.

In part it is to provide the association's president, Ognyan Doynov, a calling card, for meetings with Western business circles, that would be less obviously of the party than one coming from a member of the politburo of the BCP [Bulgarian Communist Party]. However, among the functions of the recently formed association is the revealing one set forth in Subparagraph 3 of Article 2 of its by-laws: "It defends the economic interests of its members and provides them assistance in overcoming bureaucratic difficulties in carrying out economic responsibilities." There are further statements in Article 4: "The Association defends the interests of its members vis-a-vis state bodies and other public organizations. The association assists in resolving disputes between its members and ministries and other state bodies, including disputes arising out of unfavorable economic developments resulting from decisions by the above-mentioned bodies." This shows the considerable importance which this association is beginning to assume as a management association confronting bureaucrats and also, potentially, politicians. In the last analysis it is something that is missing and that is needed in Italy, where state-participation enterprises have in Intersind [Italian Association of Management of State-participation Enterprises], an organization that represents them vis-a-vis the trade unions but which has never functioned as an instrument of defense of public management against errors and abuses of the government, as in the case of Gioia Tauro and similar ones. The need for freely associating enterprises into a common structure for aid and representation in Bulgaria comes from the "new economic approach and new economic mechanism" which attributes to plant-level management margins of initiative called for by the most dynamic and modern circles, but for which not all are prepared. Ganev says, "The creation of an organization such as ours was required by the fact that the new economic mechanism allows greater independence and initiative. Currently there are only a few obligatory guidelines and beyond that the plants are free to manage themselves. Thus there is the need for a coordinating center."

We note a couple of the examples Ganev provided us on the new economic mechanism: "First, the plants produced and sold to the central foreign trade organizations the amount intended for export, and with that their task was finished. Now the producer is also concerned with sales, and the export enterprises have only a middle-man role. The state has given many enterprises the right to sell abroad directly. Another aspect of the new mechanism concerns the way to determine wages. Previously they were fixed. Now wages are linked to the way sales go, and that allows for a higher wage if the work is productive and for less if the work is done badly. Naturally, without ever going below the minimum wage."

But with the minimum wage one is not rolling in wealth. Last April the CP expressed in concrete terms the following objectives: Raise the average annual wage to 2,500 leva in 1985, compared to 2,185 in 1980. The minimum monthly wage in 1985 should be around 120 leva. Minimum pensions should reach half the lowest wage." One leva is worth around 1000 lire: a little less at the commercial rate of exchange; a little more at the tourist rate. The calculation is quite simple. With the minimum wage life is not easy. And to enter into the consumer era both men and women must work hard to earn more (there is no unemployment). The congress theses in this area are very clear: "Ensure fulfillment of the plan principally by means of direct contractual relations between the economic organizations and through use of economic measures the state possesses, namely economic incentives

and economic sanctions. Every penny spent should bring a return. Increase the profit role in the whole of economic and social activities. Use profit as a criterion of efficiency in production and in economic activity, and make it the basis on which distribution of income is made. Take steps to halt production of unprofitable export items and gradually eliminate treasury subsidies for production intended for the domestic market. Organizations and collectives furnishing high quality labor, increasing the productivity of their labor, and realizing high profits should have the right to higher salaries. Avoid all egalitarianism in the distribution of wage funds within the economic organizations and labor brigades."

With these criteria, which are only partially new, productivity is stimulated. Stimulated to the extent that Todor Zhivkov, who has held power uninterruptedly for a quarter of a century, could boast of doubling national income within the last 10 years. He declared, "There are thus two Bulgarias now committed for the next decade." It is an eminently agricultural-industrial country, but its agriculture is well organized (it is the sixth wine producer in the world and has succeeded in selling wine even in Italy through the Standa [bargain priced Italian department store chain]. Bulgaria boasts the first nuclear power plant in the Balkans and in the division of labor within CEMA has secured an ambitious specialization--that of electronics production. It has also attained in that field a world position respected by all, thanks to the size of the market it is called on to supply. De Benedetti of Olivetti has also looked into the matter; he came to Bulgaria to explore the possibility of new arrangements.

It has already been said how things are going with our foreign trade. We started out very well but are getting worse. We are still in second place after Germany among Western countries, but with France following close behind us and having the advantage because it exports more and imports less. In 1978 we still had a favorable trade balance of 21 billion (70 in imports and 91 in exports); in 1979 we had a trade deficit of 62 billion (174 in imports and 112 in exports); last year the deficit rose to 76 billion (217 in imports and 140 in exports). It would be enough to turn around the situation and give Italy a favorable trade balance if the Italimpianti plan for a new steel center in Burgas came through. Its value reaches approximately 1.3 billion dollars, of which half a billion would be spent in the West for the purchase of equipment. But a line of credit is needed, otherwise the deal will be lost. Our credit policy has for some time been much more restrictive. The Socialist, Manca, at the Foreign Trade Ministry, has conveyed the impression of not caring much about East European markets, the same ones sought by the Germans, French, English, Swiss, and the Japanese.

One hardly demonstrates dedication to the West by letting them slip away with these opportunities, particularly at a time of decline in the intermediary Italian companies [for trade with Eastern Europe]. These were formerly controlled by the PCI [Italian Communist Party] and were turned over to the League of Cooperatives when the law on public financing of parties came into effect, but in fact because the intermediary companies had become less profitable since business was increasingly passing through direct channels between the companies.

9772
CSO: 3104/316

ECONOMIC PROSPECTS TO IMPROVE IN 1982

Amsterdam NRC HANDELSBLAD in Dutch 10 Jul 81 p 7

[Article by Cees Calje: Rejoicing Premature: Investing Comes First]

[Text] Minister Wiegel was right on target when he said yesterday that we should not become too optimistic now that the economic prospects are relatively favorable for the Netherlands. Mr Wiegel also let it be known that continued wage restrictions are urgently needed. Such a policy may be necessary but it is undoubtedly not enough: this nation must begin to invest.

As compared to other countries the Netherlands was badly hurt by the second oil crisis. During the past year and a half the percentagewise increase in unemployment was almost as bad here as the terrible example given by Great Britain. The national production increased last year at a slower rate than in the surrounding countries, but this is nothing to be amazed about when a worldwide depression diminishes chances of exporting products, wage restrictions affect consumption in a negative sense, and new investments remain inadequate.

With the exception of the Scandinavian countries wage restraints are worse in the Netherlands than anywhere else. According to the Organization for Economic Cooperation (OECD) real income will this year diminish by 3.5 percentage points. Although these restraints kept profits at a higher level than during the first oil crisis, investments stagnated again. Worse even: the preliminary figures for 1981 and the OESO prognostication indicates that the decline in investments is sharper than anywhere else, with the exception of England and Denmark.

Brighter

The picture for 1982 is somewhat brighter. After 2 declining years investments are expected to rise again, be it by barely two percentage points. The OECD expects a bigger increase in the volume of exported goods: 6 percentage points (the exportation of industrial products could even go up by 12 percentage points!). Taking everything into account the 1982 gross national product is expected to be 2.75 percentage points above its 1981 level, including corrections for price increases. The Central Planning Bureau projects that it will even amount to 3 percentage points.

Some politicians and economists will undoubtedly use these forecasts to claim victory: the policy of cutbacks in government expenditures and restraints on wages is really working! It is therefore good to remind ourselves that the first oil crisis was also followed by a period of vigorous recovery: after a decline in output of 1.0 percentage point in production, figures for 1976 went up by 5.3 percentage points. That is actually considerably more than 2.75 or 3.0 percentage points....

We should also keep in mind that wage restraints are by no means the only reason for the predicted increase in exports over 1982. The increased demand from oil-producing nations and, not to be forgotten, the robust increase in the exchange rate of the dollar are at least just as important. The expensive dollar makes European products a lot cheaper.

Surplus

According to the OECD next year will bring us a balance of payments with a surplus of 10 billion builders; the Planning Bureau apparently agrees with this forecast. This surplus is to increase the demand for guilders which will eliminate downward pressure on the guilder and allow the Bank of The Netherlands to lower its interest rate.

However, we should see to it that the surplus on the balance of payments does not lead to an increase in the guilder's rate of exchange. The stimulating effect on exports of wage restraints would then be cancelled out. Dutch products made relatively cheap by wage restraints would then become expensive again through an increase in the rate of exchange of the guilder.

Guilder

The chance of an upward pressure on the guilder is not imaginary: If the forecasts are right the surplus on the Dutch balance of payments will next year be 2.5 percent of the gross national product. Not one other Western industrial nation, including the oil nation Norway, has such favorable prospects.

Even expressed in dollars the surplus of the Dutch account (3.75 billion dollars) will exceed that of all other nations. Here we must keep in mind that this year the United States is still expecting a surplus of 4.5 billion dollars, but next year this will probably turn around to a shortage of 5.5 billion dollars because of the expensive dollar.

An upward revaluation of the guilder would of course be good for the inflation problem: import prices expressed in guilders would be lower. However, even without such upward revaluation the increase in the price of consumer goods will by the end of next year go down from its present 6.5 percent to 5 percent, according to the OECD. The conclusion appears clear: an upward revaluation of the guilder is not desirable. It makes it perhaps also possible to reduce the Dutch interest rates, even though American interest would stay up.

Investment

This lower interest rate can bring about the long awaited upswing in investments. However, government assistance is here definitely needed. The OECD notes correctly that in case of cutbacks government investments are often unjustly the first to be adversely affected, and the Netherlands is no exception to this rule.

In addition the government can take the necessary stimulating steps to encourage businessmen to invest, financially as well as organizationally. The industrial report of the Scientific Council for Government Policies (the Van Der Zwan Report) published last year shows how this can be done. It is a pity that the Van Agt government declared itself in favor of the report's goals--promotion of industry--but ignored the methods mentioned in the report because they would lead to undesirable government intervention.

10319
CSO: 3105/152

OZAL ASSESSES ECONOMIC POSSIBILITIES IN PERSIAN GULF

Istanbul HURRIYET in Turkish 15 Jun 81 p 15

[Article by Yavuz Gokmen]

[Text] Ankara (HURRIYET) -- Turgut Ozal reported on his tour of the Persian Gulf, which he calls the "Gulf [in English]," at a breakfast consisting of tea, cheese and bread. "We have entered the Gulf. We opened the door and took a step which will have a happy ending," and, "If it continues this way, we will all see that things will improve," he said. Stating that he had carried a letter from the head of state to the emir of Kuwait, Ozal said that the most important step was that Turkey, unable to date to receive credit from the banks, "would get medium-term bank credits" and added, "These credits will begin in 1.5 months."

Ozal said the following:

"Let me give you a brief run-down of our trip. I think it necessary in order to clarify one matter. Originally, we were only going to Kuwait. But when the invitation was extended from Bahrain, we left two days early and went to Bahrain, and from there, went on to Kuwait. We have no mission in Bahrain. It is a tiny island, with a population of 300,000 to 400,000. It is next door to the peninsula of Qatar. It produces very little oil, but meets its own needs and exports some. It has natural gas. It is developing rapidly. Many banks have opened. Here lie resources in excess of $40 billion. There is an aluminum industry and a ship repair industry. Turkish businessmen have never been here. Yet it brings in everything from outside.

"In Bahrain, we talked with the industry and finance ministers. They said that they want Turkish businessmen to make investments in Bahrain. They even told us they would allow a branch of a Turkish bank to open here. It is a very interesting place. The free zone of the Gulf."

In Kuwait

Minister of State and Deputy Prime Minister Ozal then expressed his views on Kuwait as follows: "We began our visits the day after our arrival in Kuwait. First we visited the emir of Kuwait, then the crown prince. We delivered the head of state's letter to the emir, talked with the crown prince and then met with the Kuwaiti minister of finance and planning. The next day we visited the Kuwaiti financial establishments, referred to as '3 K.' I think that it will soon become possible for us to obtain credits here.

"Then, after talking with the minister of defense, we visited the head of the Central Bank. Our embassy hosted a wonderful dinner in this connection which gave us the opportunity to talk with local bankers. It was very useful. After that we went to a party given by the president of the Chamber of Commerce, where we talked with Kuwaiti businessmen.

"The night before we left, we had one last, important meeting. This was with the Kuwaiti minister of finance and planning.

Kuwaiti Development

"I went to Kuwait in 1968 and again in 1975. When I first saw it, it looked like an Anatolian town. I didn't recognize it the second time. Now, I found it still further developed. In a few years, it will be indistinguishable from the most modern cities of the world, but I noticed an even more important development. Thirteen or 14 years ago, foreigners were running Kuwait in all respects. Now Kuwaitis are completely dominant in financial matters. They are on top of the problem. They have taken the helm. This is a very interesting and heartening development.

"They have made good use of the opportunities oil has brought them. In addition to producing 1.5 million barrels of oil per day, they also have the income of $100 billion in investments.

"Kuwait's importance becomes even more manifest here. Let me stress this. Kuwait is also the gate to these nations. Once there, it is possible to go on to the other nations as well. We accomplished this and the end result was good.

"Now, what did we gain, what will we be able to gain? Let us get to that.

"1. We reached agreement in principle on Turkish businessmen and Kuwaitis getting together on tourism and foodstuffs projects for the Gulf. Both governments will support these initiatives, ours will go there and Kuwaitis will come here soon.

"2. Kuwait has a 'Kuwait fund.' We have two projects which are benefitting from this fund at the moment. Of course, they are in low figures, but we reached agreement here. We will benefit on a somewhat larger scale from this provided we have the project.

"3. There is also a matter of short-term financing. I believe serious steps will be taken soon in this regard. This will also come from the Kuwait funds.

"4. The most important thing to which I wish to draw attention is 'medium-term financing.' This is separate from the Kuwait fund. To date we have been unable to obtain credit from the banks. I think that through an agreement concluded we will be able to obtain medium-term credits in 1.5 months."

Policy Must Be Made Firm

Turgut Ozal expressed his own thoughts on "the Arab nations and the Gulf" as follows:

"Kuwait will provide us facilities in meat exportation. Turkish meat is much liked there. Fresh fruits and vegetables go there steadily from here and these must be increased.

"Moreover, our policy toward the Arab nations must be made firmer. Of course, foreign policy is included in this. A year ago, we pushed up our exports to Islamic nations from 20 percent to 35 percent - 40 percent. This is a quite sizeable spurt and if we follow it up with a conscious policy, I believe this will increase even further."

8349
CSO: 4654/49

ASKIN OPTIMISTICALLY VIEWS ECONOMIC SCENE

Istanbul DUNYA in Turkish 15 Jun 81 p 1

[Text] Pointing out that Turkey had got control of inflation in the spring of 1981 and was gradually penetrating the foreign exchange squeeze, Dr Aydemir Askin said, "But these are not the only conditions necessary to launch a new, sound and balanced period of economic development. It is hard to say that the relative improvements in monetary matters have become healthy enough to allow confidence in production, investments and employment which are moving at a very slow pace."

Dr Aydemir Askin, economics advisor to the Aegean Chamber of Industry, spoke on "Domestic Economic Developments" at a meeting on "Turkey's Economic Status and Special Problems in the Spring of 1981," arranged by the Economic and Social Studies Conference. He said that Turkey had won two important battles in the war for economic liberation which it declared in 1981 with the 25 January decisions, but that it is continuing to fight in the knowledge that many more important battles remain before the war in won.

Stating that the price for stopping Turkey's slide into disaster at the general level had been very high for certain sectors, Dr Aydemir Askin said, "The housing sector withstood the crisis and economic slowdown best, having a growth rate of 4.2 percent in 1979, but this rate fell back to .8 percent in 1981. In short, the housing sector paid the highest bill for the economic stabilization measures. As for the industrial sector, it was most affected by the economic crisis of recent years and its growth rate fell below -6 percent, remaining at around -5 percent in 1980. The drop has slowed in manufacturing, mining and energy, but in the investment goods sector, which is a subsector of the manufacturing industry, the annual production increase which was 4.3 percent a year before fell way down in 1980 to below -9 percent. To put it another way, if I may, the investment goods industry paid the manufacturing industry's bill for the economic stabilization measures."

Stressing that Turkey's inventories had increased significantly in 1981, that public sector stocks had risen from around 48 billion liras at the end of 1979 to 103 billion liras at the end of 1980 and that stocks had tripled in the private sector, climbing from 16 billion liras to 48 billion liras, Dr Aydemir Askin summarized as follows the general outlook of the first 5 months of 1981 in light of these data:

"The first 5 months of 1981 were, in the general view, a period in which completion of the economic stabilization measures, based on monetary measures, picked up speed; in which the economic sectors, further clarified especially by the balance in monetary accumulations and changing structural trends in the economy, intensified their efforts to conform to conditions; when, in the words of a government authority, economic life began to respond to the changes and measures; in which domestic demand declined further in response to these positive developments; in which stocks of finished products began to become a serious problem; and a period dominated by the coalescence of a shortage of operating capital and the high cost of financing. In fact, according to the data, the first 5 months make the 40 percent inflation rate, the $3.5 billion export goal and balancing the 1.5 trillion -lira budget look like realistic and achievable goals."

8349
CSO: 4654/48

AUTOMOTIVE INDUSTRY SUFFERING GRAVE CRISIS

Istanbul MILLI GAZETE in Turkish 12 Jun 81 pp 7, 8

[Text] Izmir (TURKISH NEWS AGENCY) -- Izmir Chamber of Commerce and Aegean Chamber of Industry Assembly Member Sefa Selgecen announced that the crisis in the automotive industry had reached the limit. "Supply and demand is out of balance in this branch of industry. Goods are being moved at below official prices," he said.

Stressing the 30 percent drop in production in the Turkish automotive industry, Selgecen said, "However, every display window in this industry is full. That an industry whose production has dropped 30 percent can still supply the product on demand shows the seriousness of the crisis."

Selgecen recalled in an interview with a THA [TURKISH NEWS AGENCY] reporter that the crisis originated in the general economic slump and said that the high interest system placed into effect after the 24 January decisions had aggravated the crisis.

Indicating that bank interests, driven up by inflation to encourage the channeling of savings into investments, had condemned the market to unemployment to an extent, Sefa Selgecen added that the automotive industry could not be saved from the predicament it was in unless the slump in the construction sector was rectified first.

Status of OYAK-Renault

Bursa -- OYAK [Army Mutual Aid Association]-Renault, faced with a slump in auto sales, is reportedly trying to balance its factories' personnel according to production figures.

According to information obtained by a THA reporter from an officer of the OYAK-Renault Directorate General, the personnel overload at this factory, which employs 2,446 including 336 in civil service rank, is gradually worsening. Stating that the personnel level at the moment was consistent with 1979-1981 production levels, the officer stressed that domestic market conditions in 1981 had thrown employment levels out of balance. He spoke as follows:

"We, as OYAK-Renault, have a total of 2,541 employees in Istanbul, Ankara and Bursa. At the Bursa plant, we have 2,110 on wages and 336 salaried. We have kept our personnel on, hoping that the slump on the market would reverse and

production would rise again. Actually, our existing personnel were hired according to the high level of production in 1979. However, our production and home sales since early 1981 have been very low. Our factory has suspended operations twice. Even though we have a production capacity of 45,000 automobiles annually, we are trying to keep 1981 production at around 12,000. We will produce 900 automobiles this month, 300 for the home market and 600 for export."

Stating that the efforts needed to regulate the number of personnel according to production had been under way for some time, the OYAK-Renault official said, "We have to reduce the number of personnel to stay alive. We are in the position of having to prune the tree without killing the roots. But we will know in a few days what we have to do for sure."

The same official also said in answer to a question that they were going to the martial law commanders about personnel reductions.

8349
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MARITIME AGREEMENT WITH LIBYA CONCLUDED

Istanbul DUNYA in Turkish 13 Jun 81 p 1

[Text] The Shipping Company agreement was signed between Libya and Turkey yesterday.

The agreement on the compnay, to be a 50-50 partnership between the two countries with start-up capital of 40 million liras, was signed by authorities of the two nations' shipping companies. The joint company does not at present have its own ships but, as a maritime transport company, will be able to purchase ships as well as operate with rented ships and will carry passengers as well as cargo when necessary. It was pointed out that the joint company will aid in development of relations between the two nations.

Retired Rear Admiral Riza Akol, chairman of the executive board of Maritime Transport Directorate General who headed the Turkish delegation, made the following announcement about the shipping company to be formed between Libya and Turkey:

"This joint shipping company, established for the purpose of resolving the important commercial problem of maritime shipping between Turkey and Libya, will provide maritime shipping between the two countries for the first time.

"Our company, which will also ship to other countries later, will be a corporation and will have an executive board and a president. It will have free decision-making powers and will be able to buy and sell or rent ships."

Senusi Abdulrahim Azzuz, head of the five-man Libyan delegation, voiced his views on the newly formed company as follows:

"Efforts on the joint shipping company to be formed between the Republic of Turkey and Libya are progressing successfully. I believe this joint compnay will strengthen the ties between these two friendly countries. We need to conduct a lot of business with you. For this reason, the friendship between the two countries will deepen with the success of the company which will begin operation soon."

The agreement talks continued throughout the day. The company's officers will change next year, with the president and general directors to be selected from representatives of the two countries every 3 years. Attending the signing ceremonies on the Turkish side were Riza Akol, Deputy General Director for Technical Affairs Yilmaz Tabanli, Deputy General Director for Financial Affairs Sefik Atilgan and necessary personnel from the Directorate General; on the Libyan side were Senusi Abdulrahim Azzuz, Mustafa Nuri, Abu Aisha, Mr S. Meda and Mr Gariani.

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TEMPORARY IMPORTATION PROCEDURES SPEEDED

Istanbul DUNYA in Turkish 12 Jun 81 p 8

[Text] Customs and Monopolies Minister Recai Baturalp has sent a directive to each of the customs directors general calling for the necessary measures to be taken to alleviate the problems caused for industrial establishments at the customs administrations in connection with import terms of goods brought into the country under contract.

The directive contained a letter sent to the Customs Directorate General of the Customs and Monopolies Ministry by the State Planning Organization Undersecretariat of the Office of the Prime Minister and stressed the need for these matters to be borne in mind in future practices. The State Planning Organization's letter contained the following views:

"As known, the export encouragement certificates and related customs exemptions issued by our organization are based on the same two laws and decisions. The first is the temporary export encouragement certificate which is import-related and included customs exemptions in accordance with the 'temporary directive on import procedures' clause of articles 840 and 841 of the Customs Directive and article 118 of Customs Law No 1615.

"These certificates are sent directly to the Customs and Monopolies Ministry and the firm concerned by our organization. Articles made from the goods allowed temporary importation within the framework of principles stated on this certificate are exported later. Subsequent to confirmation that the temporary import and related export took place supplied by the customs administrations by property verification during import and export, the deposit received on customs duties and taxes is returned.

"Second is the foreign exchange allocation made according to Decision No 8/182 on export incentives and the customs exemption applied for specific goods and equipment according to article 33 of the same decision. The program is understood to be connected with this practice. The practice is to be carried out as follows according to the relevant decisions and communiques: One copy of export encouragement certificates, shown in writing to be persuant to Decision No 8/182 and an export contract, is sent by our organization to the company concerned and another copy is sent to the Commerce Ministry for attachment of a permit. If a customs exemption is to be allowed according to article 33 of Decision No 8/182 for goods or equipment, this is clearly stated on the certificate.

"Imports involving such a contract and customs exemption still have a deposit collected at the time of import up to the sum of customs duties and taxes to which exemptions apply as in the temporary procedure. However, it is not necessary that these imported goods be reprocessed for export as in temporary imports.

"One thing which probably led to misunderstanding in practice is the customs exemption in connection with 'accomplished exports' mentioned in the final paragraph of article 23 of TUD [expansion unknown] Communique No 80/2 which was published in the 3 April 1980 RESMI GAZETE. What is intended by 'accomplished exports' here is those on which the contract account is closed. On this type of importation, our organization is the authority as to whether customs exemptions apply and in what form."

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NEED FOR MARKET-ORIENTED TRANSPORTATION SYSTEM NOTED

Istanbul DUNYA in Turkish 12 Jun 81 p 8

[Text] Ankara (DUNYA) -- Transportation Ministry Deputy Undersecretary Orhan Buldac stressed the need to reduce shipping expenditures, which are in third place behind liquid fuel and fertilizer in foreign exchange outgo, and said that, in order to do this, it was necessary that freight stemming from our foreign trade be directed to Turkish bottoms and that Turkish maritime trade develop rapidly.

Deputy Undersecretary Buldac summarized as follows the measures which should be taken to increase and develop foreign exchange revenues from the international carriage sectors and the present status of these sectors:

"The first requirement for any society wanting to develop foreign trade is to develop an adequate, select and market-oriented transportation network. The largest factor affecting foreign exchange activities is foreign trade. And the most important element affecting that is the transportation service. In our foreign trade, 95 percent of the transportation service is maritime-oriented.

"The present maritime trade fleet has achieved its capacity goal, at 2,079,281 DWT. This capacity is 3 percent of the world commercial fleet. Only 28 percent of the total tonnage of Turkish foreign trade is being carried by this fleet. The remaining 72 percent is handled by foreign bottoms. Yet with our existing fleet capacity, it is possible to raise the 28 percent to 45 percent."

Buldac gave the following information on rail carriage:

"Measures were taken in 1977 such as speeding services and formalities at border stations, carrying a full train from the departure station to the destination, tariff measures with other railways (reductions), arranging loading lines and couplings at ports according to the type of goods and the purchase of forklifts, winches and tractors to allow quicker loading, unloading and transfer both at ports and border gates, and it is estimated that, as a result of these measures, rail carriage will bring in 5.5 billion liras in 1981, all in foreign exchange.

"In order for the rail share of transit carriage to increase to bring the railroads' contribution to the national economy to a significant level:

"--Technical and administrative efforts are continuing for placing multipurpose Ro-Ro ships on the route between Samsun Port and Constanta Port to carry freight from European countries to neighboring and Middle Eastern countries.

"--It may be possible to raise the present 10 million-ton capacity of the Turkish State Railways-operated ports to 18 million tons as the result of medium-term investments financed by the World Bank.

"--Personnel will be trained at home and abroad in order to make port services speedier and more efficient."

8349
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CONTRACT BID LAW TO RECEIVE THOROUGH OVERHAUL

Istanbul HURRIYET in Turkish 14 Jun 81 p 3

[Article by Saygi Ozturk]

[Text] Ankara (HURRIYET) -- The current Bid, Tender and Contract Law No 2490 is being revised from top to bottom. According to the draft State Contract Law, passed by the Council of Ministers and forwarded to the National Security Council [NSC], premiums will be awarded to the contractor who completes his job early. No reduced bid will be entertained once the contract decision has been made, contracts will be awarded on the basis of applicability to the public need rather than to the lowest bidder.

The draft amending Law No 2490, which is no longer responsive to present needs, will be on the NSC agenda on 3 July. The bill increases the powers of the administrations and their concomitant responsibility. Time-consuming formalities are eliminated. A procedural dossier for matters to be handled by contract will be made up to introduce order into contractural matters and discipline into procedures. In this way it will be made possible to prevent the liklihood of going into contracts unprepared, allow contract supervisors to keep closer tabs on contract affairs and facilitate oversight by inspection and control authorities.

Draft Innovations

According to article 13 of the draft contract law, contract supervisors will present tenders to contract commissions composed of contract administration members. Cost estimates will be made by the relevant administrators on a case-by-case basis, obtaining verification from municipalities, chambers of commerce, and stock exchange officers or experts if necessary. Contract specifications and supplements may be given out free of charge or applicants may be charged a pre-set fee.

Early Completion Premium

Article 86 of the draft has to do with the early completion premium. According to this article, in construction jobs deemed advantageous by the administrations to be completed ahead of the schedules stated in the specifications and contracts or in advance of extensions allowable by contract, an "early completion premium" may be given to contractors.

8349
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PROSPECTS ON NEXT PRESIDENTIAL ELECTIONS ANALYZED

Nicosia I SIMERINI in Greek 30 Jun 81 p 3

[Article by Al. Konstandinidis]

[Text] "Politics is the art of the possible."

As I wrote the other day, from the moment when the leadership of AKEL seemed to be satisfied to simply play second fiddle for the time being, supporting and shoring up at the same time each successive administration, the prospects for a change within the next few years became rather limited.

In my previous article I tried to show that what characterizes the policy of the AKEL leadership is a terrible political amorality which permits it one day to decisively withdraw its support for the Kyprianou government, and to work with it the next day without anything having happened in the meantime. What concerns the leadership of AKEL is surely not the future of the country, nor any principles, nor yet the impression created by its inconsistency, nor even the interests of the workers.

With this in mind, it is most likely that the "cooperation" of AKEL with the Kyprianou government will continue until the 1983 presidential elections. The AKEL leadership will continue to support the government of Kyprianou, obtaining thereby certain trade-offs which in my opinion are of secondary importance.

But what ought to occupy our attention as of now is the question of what will happen in the coming presidential elections, which ought to be held within about a year and a half, in February 1983.

It is now obvious that President Kyprianou has decided to run for the presidency for another 5-year term, and unfortunately--we should be realists--it seems that he could be successful. That is, if the leadership of AKEL agrees to support Kyprianou in the 1983 presidential elections, thus securing certain trade-offs, and if in the short period of time until then there are no significant changes, then Kyprianou will probably continue to be the president until almost the end of the decade (1988), if of course Cyprus still exists by then.

The fact that following the terrible blunders which he has made (a major conspiracy, a deadlock on the Cyprus question, poor management of the Famagusta affair, and many other things), Kyprianou has the potential to secure the

presidency for another 5-year period (and, who knows, perhaps also for a third term) is something which of course gives the measure of our political maturity, but which mostly reflects the Cyprus political scene.

As was apparent from the recent parliamentary elections, the leadership of AKEL can still control about 33 percent of the electorate. If we assume that by the time of the 1983 presidential elections--that is, within 20 months--it will have lost some 3 percent of its influence, it will still control 30 percent. And undoubtedly also those who voted for EDEK will finally vote for AKEL in the presidential elections if the contest is between Kyprianou and Kliridis the elder. This means 30 plus 6 or 36 percent (I subtract 2 percent from the 8 percent which EDEK received in the parliamnetary elections, in view of the defections which are being seen in this party). This means that of the 19 percent which Kyprianou obtained in the last elections, if he holds on to 15 percent then Kyprianou is sure of over 50 percent in the 1983 presidential elections.

On the other side, the data are as follows: The Democratic Rally [DISY] received about 32 percent of the votes in the last elections. If we suppose that with the most optimistic forecasts this percentage increases by 5 to 6 percent within the next 20 months which are left until the 1983 presidential elections, we have 37-38 percent. Between this figure and 51 percent we have another 13-14 percent. This represents a significant percentage which is outside the camp controlled by the various traditional establishments.

This means that only by the cooperation of DISY and AKEL or DISY and DIKO [Democratic Party] would it be possible for the DISY to be successful in the coming presidential elections, taking as a basis, of course, the present data.

But could something of this sort happen? Would DIKO agree to cooperate with DISY without setting as a condition the supporting of Kyprianou for another term? And how would something of this sort be accepted so as to have the support of AKEL, since of course this party is not interested in promoting its own president?

On the other hand, on what basis could there be cooperation between AKEL and DISY? What would make the leadership of AKEL accept such a cooperation?

If the leadership of AKEL really is interested, as it proclaims, in checking the course towards "double enosis," as it calls it, or in preventing a complete subjection to Turkey, I believe that it would not hesitate to discuss a possible cooperative effort with the DISY. Because no longer is there any doubt--and this has already been proclaimed by the AKEL leadership--that with Kyprianou as president there is no chance that the Cyprus question will escape from the impasse it is in, there is no possibility for any progress, and consequently it is certain that the outcome will be the stabilization (which already exists) and the legitimization (which is coming) of the status quo, or in other words of the present situation.

All these remarks constitute an effort to outline the present state of affairs, by taking as a basis the current data, which of course are not unchangeable. The views which I uphold here are not absolute, and of course they are purely

my personal opinions. Possibly these views will surprise some people. But I hope that more than this, they will cause a few people to reflect on and think about the prospects for the future. I pray also that my views will provoke some discussion, with the hope that in the course of this discussion other points of view as well which are different from my own will be expressed, and more accurate assessments will be formulated concerning the prospects which are taking shape before our eyes.

As always, these columns are open to all and to all points of view--even though our problem here is the fact that often, unfortunately, there are no views being expressed at all.

12114
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SUPPORT FOR WEIZSAECKER DIVIDED, HOUSING POLICY APPROVED

Frankfurt FRANKFURTER ALLGEMEINE in German 18 Jul 81 p 2

[Article by Hach: "Partial Support for Weizsaecker--The Berlin Government Program--Agreement on Housing Policy"]

[Text] Berlin, 17 July--After debating many hours until late Thursday night, the Berlin parliament approved the 10-point guidelines of the government program. The votes were 68 in favor and 61 against, with 3 delegates absent. Among those voting in favor of the CDU minority Senat were four Free Democrat delegates. In separate votes on each of the 10 points, the SPD parliamentary group approved point one which, among other things, provides for the following: the Senat recognizes that the allied protective forces' exercise of their rights and responsibilities and close adherence to the alliance continue to be the basic unaltered prerequisite for the existence of a free Berlin.

SPD Parliamentary Group Chairman Vogel, who as the first speaker had called the guidelines submitted by Governing Mayor von Weizsaecker "contradictory, equivocal and incomplete," declared at the same time that the SPD, in its opposition role, would not automatically vote against all of the Senat's political statements. This would primarily be true in matters concerning Berlin and Germany politics. Vogel promised approval also of cultural policies.

FDP Parliamentary Group Chairman Vetter--one of those who had facilitated the CDU minority Senat's rise to power and who would "tolerate" it for the time being--stated that if the majority of his fraction voted to approve the government program, it was doing so not only "as a matter of formality," but from a "sense of responsibility for the city." But this was not to be regarded as a blank check for the entire tenure of the legislature. FDP delegates Kunze and Fabig voted against the guidelines of the government program. Kunze is, in addition, the Land chairman of his party.

A proposal by the SPD fraction that "the Berlin line for solving housing policy problems be reestablished" was approved late at night by a large majority of all CDU, SPD and FDP delegates. The alternative list provided eight negative votes and one abstention. CDU Fraction Chairman Diepgen called attention to that part of the proposal which called for renouncing force, the encouragement of a dialogue among the participants and an expression of gratitude to the police force. Among

other things the proposal includes the following statement: "The Senat is requested to resume an intensified dialogue with the participants and to include those as well whose activities had been directed to call attention to grievances and neglect through extraordinary measures (e.g., peaceful occupation of unoccupied apartments) and whose goals are not destruction and the use of force, but rather to remedy shortages and abuses."

9273
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PASOK FOREIGN POLICY DECLARATION ANALYZED

Commitments, Contradictions

Athens I KATHIMERINI in Greek 12-13 Jul 81 pp 4, 15

/Article by Nikos Simos: "PASOK's Contradictions on Foreign Policy: Conflict Between Basic Principles and Positions"/

/Text/ The sparring between the government and PASOK on foreign policy confirmed the predictions that it would be this field the two parties would choose for their main campaign battle. The government front seems to have every reason for wanting to concentrate its fire in this field since it believes that any change in the country's foreign policy--on the basis of what Papandreou argues--directly and catalytically affects the country's future. As late as recently, the New Democracy Party submitted to Papandreou--by reason of the interview French President Mitterand gave to the weekly magazine "Stern"--two or three questions, the answers to which would put in doubt--in the event his answers did not depart from the positions PASOK thus far has enunciated--his effort to identify ideologically and policy-wise with the French socialists.

Without doubt, the seriousness of the election campaign period--since the decision to be reached by the electorate is decisive for the country's future--dictates the projection by all parties of crystal clear views to avoid confusing and disorienting the voter. From this standpoint, in its attacks against PASOK's foreign policy, ND maintains that the political maneuverability of this party's chairman goes quite often beyond the legitimate boundaries for necessary adjustments in various conditions, with the result that there is a conflict between PASOK's certain basic principles and positions.

On this point, political observers point out that it appears that Papandreou too has not attempted to deprive the government front of the right to advance such arguments. These observers add that while, for instance, the government by not signing the /bases/ agreement with the Americans (had it done so it could be charged that it did not gain the most) has actually deprived Papandreou of the possibility of a "preelection barrage," by contrast Papandreou has in recent months given the government--through certain, obvious shifts--the right to point out vital, serious and impressive "clashes between principles and positions" which obscure the overall framework of the movement's positions and which, in any case, do not allow for clear conclusions on a policy which "has to do with our country's fate abroad."

These remarks are made especially in conjunction with PASOK's longtime "written persistence" on views concerning foreign policy, a persistence which by itself raises doubts on every new PASOK position at least as concerns its generative causes.

The first impressive PASOK attempt to differentiate its position on a presently pending important issue of our foreign policy is the interesting interview Papandreou gave last April to the periodical "Greek Accent" published in English in New York. He said [in response to a question]:

> "PASOK takes a clear and strong stand against the presence of foreign bases."

Papandreou supported this PASOK position with a realistic view of the issue by recognizing that:

> "...it may not be possible to have the NATO and U.S. bases removed from Greece in short order. [PASOK] is willing, therefore, to accept the temporary presence of such bases on Greek territory..."

This new PASOK position on the American bases has prompted ND circles to point out the contradiction between the "clear and strong stand against the bases" and "the acceptance of the (albeit) temporary presence of such bases on Greek territory." But beyond this observation which is made in the framework of the preelection tug of war between the two rival parties many voters wonder not about this--we repeat--realistic new position Papandreou has taken but about what he so emphatically and argumentatively has supported in the not so distant past. On the same issue--the bases--the PASOK chairman said during the Third Conference of Progressive Organizations and Socialist Parties in the Mediterranean (15 May 1979):

> "...The Mediterranean is the theater of the most aggressive policy of American imperialism..."

This is a position which is particularly untoward and which, because of its serious assertions coupled with the critical time the area is facing, must rule out any form of cooperation with the American factor, especially if one takes into consideration an explanatory point Papandreou made in that same speech:

> "...The presence of bases and of an aggressive military force constitutes an integral part of an overall politico-military, economic and cultural intervention in the area, the aim being to gain absolute geo-political control and to exploit the area's productive sources. The bases place under condition the national existence and sovereignty of the countries hosting them."

New and Old Positions on NATO

A few months later, in October 1980, speaking in Patrai, Papandreou renewed his position that:

"...the precondition for an independent Greek foreign policy is the removal of the foreign bases from the country..."

The shift from this position to the tolerance "of a temporary presence of the bases in Greece" could well be interpreted by Papandreou's opponents as a tolerance of a servile foreign policy during the period the "temporary presence of the bases" lasted.

NATO

It seems that the realistic stand Papandreou has taken recently on the relations between Greece and the Atlantic Alliance is neutralized by a number of written and oral positions the leader of the major opposition has expressed--a fact which provides "weapons" and arguments to his political opponents who can raise the question of what, anyway, is that position which defines the specific foreign policy of his party on this issue. For instance: It is not easy for one to arrive at conclusions from a [PASOK] position which, on the one hand, warns that:

1. "...in defending its sovereign rights in the Aegean, Greece finds itself with no allies. This is the case since NATO does not include any provisions that guarantee the frontiers of its member-states from aggression from another member-state..." and

2. "...our [Greece's] participation in NATO comes into direct conflict with the pattern of deployment of the Greek forces in the event of a war with Turkey..."

On the other hand, participation in NATO is acceptable:

"...For some time to come Greece's defense posture will depend on an uninterrupted flow of pipeline aid from the Atlantic Alliance. A realistic and foreign policy for Greece must take into account the complex set of facts. A PASOK government will insure that the defense capability of the country (ed. note: adherence to NATO, that is) is maintained at the highest possible level as long as the Turkish or other threat remains active."

Moreover, PASOK's possibility of implementing this policy of "ensuring the defensive capability of the country" in the NATO framework appears to contradict recent (1980) positions supported by the strong left wing of the movement thus making difficult if not problematical the implementation of the policy mentioned above.

Therefore, the party's left wing has no more reason to adopt the recent position of the PASOK chairman that "for some time to come Greece's defensive posture will depend on an uninterrupted flow of pipeline aid from the Atlantic Alliance" than it has to accept the position Papandreou expressed during the Seventh Congress of the Party's Central Committee that:

"Full dependence of the country on the Atlantic [Alliance] centers of power will lead to the formation of one-dimensional and dependent foreign defensive policy"

nor [has the left wing reason to accept] the other position--terminologically similar to the above--Papandreou spoke about in Patrai and according to which:

"...The recent hardening of the government's stand against the pressures and blackmailings by NATO and the U.S. should not for a moment camouflage the constant and persistent goal of the Right: to complete the full defensive dependence of our country by rejoining [the military arm of] NATO and the consolidation of the American bases on our territory. For the Right the incorporation of our country in NATO's cold-war camp has become a way of life..."

Also, how could the party's left wing readjust more realistically--as Papandreou is attempting to do--its principles toward NATO when it continued to applaud positions like:

"...Our participation in NATO with the ensuing presence of many tens of bases in our country constitutes the most ruthless form of politico-military dependence on the U.S. in the framework of the Atlantic Alliance..."

Or a position like:

"...Devoted to the dogma that we belong to the West, ND is looking for encouragement for the country's full attachment to NATO and EEC; for the full dependence of our country on decision centers which not only aim at transforming Turkey into an impregnable fort..."

Other conclusions also support the ND arguments about certain contradictory Papandreou positions especially when such conclusions derive from the political area in which case the feeling lest such arguments against the major opposition party are biased is diminished. Three years ago, for instance, KKE-Interior could not avoid criticizing the interpellation PASOK made in the Chamber of Deputies regarding the minister of defense. [That interpellation asked] "why no effort is made to amend article 5 of the NATO Charter in a way that would protect Greece against any attack by a NATO member or non-member." KKE-Int. had said:

"This PASOK interpellation could as well have been made by government or other deputies who are interested in the good and efficient operation of NATO, since it aims at improving the provisions of the Atlantic Alliance [Charter]. It is logical, therefore, for one to ask how come a party like PASOK which so intransigently supports the position 'out of NATO' now asks that an article of NATO [Charter] be improved so that the Alliance may provide us with greater protection? Could it be that PASOK now considers as vain and unrealistic

the slogan 'Out of NATO' and the struggle to have Greece stay out of the NATO military wing?...

"We do not want to believe that we are facing a radical shift in PASOK's policy on NATO... For the moment, however, we can mention that PASOK is exerting many and various efforts to become a party acceptable by the bourgeois establishment. It has the support of the bourgeois press and its leader has declared that his party is acceptable to the army...

"Could it be that PASOK's interpellation aims at making more palpable its leader's conclusion that his party is acceptable to the army? This policy demands clarity."

PASOK and EEC

But even more recently PASOK again tried to "formalize" its confusing positions on EEC through the parliamentary actions of his Euro-deputies when they signed in Strasburg the text of the Socialist Group for Spain. The text described the EEC advantages and recommended that the procedure for Spain's admission into EEC be sped up since such membership would contribute to the safeguard of the country's democratic institution.

In the EEC case, however, one should not exclude the possibility of a serious misunderstanding given that--even though since October 1980 PASOK's position has changed (special agreement, escape clauses, participation in all EEC organs)--there is no amelioration between PASOK's new position on Spain's induction into EEC and the criticisms the movement expressed for 6 years about the Community. For otherwise, it would not recommend meaningful support for a friendly country /because/:

"It will be unconditionally surrendering to the Brussels Directorate since (its) admission /to EEC/ will constitute a direct and severe blow to its) national independence (9 May 79).

Nor could /Spain/ expect economic benefits since:

"...The various EEC funds and international financing organizations which are controlled by the American capital are agents of the imperialistic interventions together with the multinational companies."

'Ghost Program'

Athens I VRADYNI in Greek 11 Jul 81 p 5

/Article by Athens Deputy Khristos Fyssas/

/Text/ Those who expected A. Papandreou to elucidate during the last PASOK Central Committee Congress his ideological and political positions on vital domestic and

foreign policy issues must be disappointed once more. His famous "government program" enunciated about 3 years ago as a 4-year program, only to be limited later to a program of "the first 100 days," remained again secret from the people and from most of the party's cadres as well. This, however, does not at all mean that Papandreou's speech to the committee's members lacked importance for those who are wondering and seeking the truth in the chaos of generalities, confusion and challenged concepts which compose the text of the PASOK chairman's speech.

The first conclusion one derives from Papandreou's speech is that he dispelled any illusion about revising his party's extreme positions and choosing a more moderate policy. At the same time, he revealed that the information and indications on which the "well intentioned" or naive based their assessments on PASOK's "shift," are due to a party maneuver whose ultimate objective is the capture of power.

Said Papandreou straightforwardly, in part: "When we study our platform and our government program we find a fundamental distinction between PASOK's strategic targets and intermediate targets... Let us be ready to give battle fully informed about the distinction which is of vital importance to our strategic targets; about the vision of a movement and about the specific measures it will adopt in a relatively limited period of time within the framework of a specific historic opportunity."

The above excerpt clearly shows that PASOK does not modify nor does it intend to moderate any of its known ideological or political positions. On the contrary, it reaffirms its strategic targets which are summarized as follows:

a. The overthrow of the socio-economic system and the establishment of a new one based on purely Marxist foundations.

b. The elimination of the constitution presently in force and the limitation of the role played by the parties and parliament.

c. The establishment of a one-party state since all other political agents must "accept the constitutional framework which consolidates socialism and are indeed allies in the task of building socialism (And. Papandreou: "Transition to Socialism").

A. Papandreou has repeatedly supported these three "strategic" targets in his formal writings and has never renounced--or even revised--them.

It is evident that the above targets will be omitted from the "government program" PASOK will be making public. Instead, "intermediate" goals will be projected whose aim will be to appease and mislead the majority of the electorate. It will ask the voters to place their confidence in PASOK during the constitutionally fixed 4-year period, a fact which may increase the "temptation" to "try" a "change" which--as PASOK is skillfully trying to suggest--"is not tantamount to an overthrow [of the socio-economic system] nor does it imply unrestorable results" in the event such change fails. But here exactly lies the mortal political trap which may prove calamitous to our normal political life and to the country's future, since a vote for PASOK in no case provides the possibility of a "test" [for change]

nor does it include the "deadline" character of the 4-year period the constitution provides. In reality, the voter is asked to place [in PASOK] his trust irrevocably and permanently without conditions and without any right for revising his decision in the future.

Papandreou himself has given this meaning to the vote the Greek people will cast in the next elections. Speaking at the professionals' seminar his party organized and whose theme was "Transition to Socialism: the Dimensions of the Test for Change," Papandreou said verbatim: "Certainly we are not about to have socialism in 1 day and 1 night... But it is necessary for the socialist party when it assumes power to pass, 'to surpass,' some minimum limit of changes so as to bind from that point on the country's march toward socialism."

Therefore, the "test" temptation leads to a one-way street of no return. The "change" PASOK promises may not be accomplished in 1 night as Papandreou characteristically said.

The Greek people, however, having all the information and all the testimony of his hopeful mandators, should already know that this night will be the darkest and the longest in the nation's history.

7520
CSO: 4621/34

NEW DEMOCRACY PARTY CANDIDATES' PROCEDURE BEGINS

Athens I KATHIMERINI in Greek 12-13 Jul 81 pp 1, 3

/Text/ The New Democracy Party has begun the process of selecting its candidates for parliament. It has asked the nome committees to submit lists with names twice the number of seats in each election district but on the condition that the list include the present deputies of the party.

The ND Executive Council has sent a relevant circular to the nome committees which for the first time indeed are participating in the selection of candidates for parliament. The circular fixes 10 August as the deadline for submitting the lists. On the basis of this date and in view of the further procedures needed for the selection of candidates in accordance with the provisions of the party's constitution, it is not considered probable that the next elections can be held before the middle of October.

Selection

After the nome committees submit the lists of proposed candidates, the executive committee will undertake the task of the final selection--a phase during which a substantive and time consuming examination of the lists will be made since any dissension stated in the reports of the nome committees must be satisfactorily justified.

After the executive committee selects the qualified candidates, the final list will be submitted to the party's leader /Rallis/ who will give his final approval or will make any changes in accordance with the prerogatives granted him by the ND constitution.

For the First Time

The ND circular to the nome committee states: "According to article 17 of the constitution the party's First Congress in Khalkidiki approved, you have not only the right but the obligation as well to propose names of party candidates for the next parliamentary elections."

The circular states further that for the first time in the country's political history this right is exercised by the grass-roots and constitutes one of the most characteristic examples of our democratic organization; that it should be

institutionalized and should be a meaningful instrument in helping the leader of the party to select the final list of candidate deputies (with the recommendation of the party leadership that the lists should also contain women candidates). The circular recommends that the increase in the number of candidates should be taken into consideration and that the nome committees can propose candidates whose number can be as high as twice the number of the legally allowed number of candidates on the districts' ballots. The circular adds that the committee members dissenting have the right to give their reasons for dissension in a special memo to be attached to the report of the nome committee listing the proposed candidates. It also states that:

"The proposals [of candidates] must be in the form of nome committee minutes which should state that all its members were duly notified in time [about the meeting] as the Regional Organization Regulations provide; that the committee meeting had a quorum; who were absent, if any, if the decision was taken unanimously, who objected and against which candidacies.

"It is obvious," condludes the circular, "that the members of the local committees who are also members of the nome committees (president and secretary general) as well as the secretary general of the Youth Organization of the New Democracy Party should, in addition to their personal opinions, also state the opinions and recommendations made about the candidates by all other members of their local committee."

7520
CSO: 4621/39

HOW WEST GERMANS SEE PAPANDREOU

Athens I VRADYNI in Greek 11 Jul 81 pp 1, 12

/Text/ The recent trip of PASOK chairman Andr. Papandreou to West Germany as a guest not of the Bonn government but of the Socio-Democratic Party is described as very useful because as many political observers have found out, within only a few 24-hour periods he succeeded in saying one thing to a meeting of the movement's nome committees in Germany and another thing during his formal talks in Bonn. What he tried to say to the German officials--which, moreover, he repeated in an interview with the German Socio-Democratic Party weekly magazine--are so contradictory that even his friendly newspapers in Athens either completely ignored his statements or summarized them in such a way as to change their real content.

Marxist Movement

Thus, addressing the PASOK nome committees in West Germany, Papandreou appeased them by stating that the movement remains Marxist, loyal to the 3 September 1974 principles and its goals unchanged. He explained that to avoid terrorizing the Greek middle class and to reassure the armed forces he changes tactics while basically he remains loyal to the Marxist rendition of the Greek reality. He added that this deliberate change in tactics aims at gaining a majority /of the electorate/ and thus "bring to realization"--as he said--"socialism and change."

Moreover, in order to be more convincing, Papandreou reminded his audience that it was the middle strata of the urban population which overthrew Allende in Chile. And to pacify the domestic reactions, he repeated that the change in tactics is the only means by which to assume power.

In the same speech, Papandreou expressed the fear lest the participation of French communists in the socialist government of France prove politically detrimental to PASOK. "For this reason," he said, "we shall always say that we are not going to cooperate with KKE in order to dispel the fears of the voters."

Pro-Western, Pro-European

Political observers, however, were flabbergasted by Papandreou's amazing new maneuver. Only 48 hours after his above statements to his nome committees in W. Germany, Papandreou, addressing the German socio-democrats (through their weekly magazine "Vorwäts"), attempted to present himself as pro-European and pro-Western.

Responding to questions by a Greek correspondent of the magazine Papandreou did not speak about Marxism nor against the United States and NATO. Neither did he threaten to start "partisan warfare" against EEC. On the contrary, he supported the following:

a. EEC: We should sign a special agreement with the community--a type of contract for closer cooperation.

b. Europe: We are not anti-European. PASOK is not against Europe.

c. NATO: We shall not make hasty and imprudent decisions. We intend to move within the framework of the international reality and balance of powers. Basically, PASOK stands for withdrawal from NATO. But as government we must bear in mind that the arms of the Greek Armed Forces are supplied by NATO.

Political observers in Athens are stupefied and wonder who is fooling or trying to fool whom?

7520
CSO: 4621/38

POLL INDICATES STABLE SUPPORT FOR PARTIES

Oslo AFTENPOSTEN in Norwegian 18 Jul 81 p 5

/Article by Eivind G. Karlsen: "Labor Party's Hopes of Victory Are Dwindling"/

/Text/ Have the majority of the voters already decided to give the nonsocialist parties the chance they have longed for? In other words, to give the Labor Party government its walking papers? A tendency to move in that direction is persisting, and, practically speaking, the relative strengths of the principal political groups before the 14 September election seem to be unchanged. But there is no basis for coming to any definite conclusions where the struggle for the reins of government and a majority in the Storting is concerned. Nothing can be taken for granted, although the alternatives are clear.

The question today is: has the Labor Party reached "the summit" since the change in prime ministers in February? And has the so-called Gro wind subsided? A flattening out in the voter support for the governing party can be observed. It is more than a year since the party stood at as high a point as has been the case in recent months. But now there should have been further progress instead of stagnation if the party were to have hopes of retaining the reins of government. The Norwegian Labor Party has successfully mobilized reserves of votes in the past. Can it manage to do it again during the current final lap of the election campaign? Will it win or lose the (emotion-charged) debate on security policy and an area free of nuclear weapons? Those questions can just as easily be asked of Party Chairman and Prime Minister Gro Harlem Brundtland. But she, too, is at a loss for an answer to those questions. The prime minister certainly does not like that situation at all. So much the more, because of that situation, is she in danger of heading the shortest-lived government run exclusively by the Labor Party since the time of Chr. Hornsrud.

As the only parties with adherents amounting to 30 percent or more of the total number of voters, the Labor Party and the Conservative Party will get a chance this fall to confirm and strengthen their positions as what are obviously our strongest political parties. We can risk that prediction, anyhow. Gallup's political barometer for June indicates a movement of 0.5 of a percentage point for both of them--the Conservatives forward and the Labor Party back--but in both cases safely within the margin for error.

The relative strength of the principal groups appears to be very stable--as is also clearly apparent from the summary in the table. The Labor Party and the Socialist Party of the Left had the support of 42 percent of the voters according to the April/May opinion poll by NORGES MARKEDSDATA, and in June the two parties, together, had

1 percent fewer voters. The Conservative Party, the Christian People's Party and the Center Party, taken together, also have to record a slight loss of support, but it appears that they will continue to be able to capture more than 49 percent of the votes.

As election experts have expressed it, a miracle will be necessary if the Socialists are to rescue their majority in the Storting. However, those same experts have also stressed the fact that what happens in the election campaign itself may play a larger role now than in previous elections. Will that turn out to be the case in 1981? And they have also said that movements within the mass of voters can be sharper than in previous elections. What will happen during the remaining 8 or 10 weeks before this year's Storting election? Again, attempts to answer these questions naturally will only be guesswork. On the other hand, one can safely assert that we are going to have a heated election campaign, with security policy, employment, price increases, inflation and a declining Norwegian ability to compete; the government and the oil companies, the construction of housing and types of ownership, democracy in industrial enterprises and propietary rights, equality and questions concerned with philosophies of life, among other things, as some of the central subjects under consideration. Will the voters allow themselves to be influenced by them?

Everything else is eclipsed by the question as to which parties will gain a majority in the new Storting and consequently be entrusted with responsibility for the government. Here the choice will be between a continued minority government by the Labor Party (there is little likelihood that the Norwegian Labor Party will enter into political partnership with any other party just to gain cabinet positions) and a majority government by the Conservative Party, the Christian People's Party and the Center Party. In the latter case, Norway would have the first majority administration in 10 years.

In a comment on the Gallup Poll results, the Conservative Party's parliamentary leader, Kare Willoch, told the Conservative Party: "It is obvious that the Labor Party has already gotten back to the same problems which existed before the change in government. That development is scarcely due, primarily, to a single event, but rather to the long-term effects of the pursuing of a steady course on the part of the Conservative Party and uncertainty within the Labor Party. This tendency is an interesting one, and it is obviously favorable for the Conservative Party," he added.

Lars Korvald, of the Christian People's Party, remarks that the opinion poll confirms a political picture with a clear majority on the non-socialist side. "There is a good chance that the three nonsocialist parties, the Conservatives, the Christian People's Party and the Center Party, will form a government," Korvald says.

Secretary-General Svein Sundsbo of the Center Party also is relieved that the "Gro wave now has subsided." Seen as a whole, the picture is extremely bright because of the expectation that the nonsocialist parties will be able to take over the government after the election.

(1)

GALLUPS POLITISKE BAROMETER

	(2) Stortingsvalg sept. 1977	(3) Fylkestingsvalg sept. 1979	1980 feb.	1980 mars	1980 april	1980 mai	1980 juni	1980 aug.	1980 sept.	1980 okt.	1980 nov.	1980 des.	1981 jan.	1981 feb.	1981 mars	1981 april/mai	1981 juni
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
(4) RV	0,6	0,8	0,6	1,2	0,8	0,6	0,3	0,9	0,8	0,9	0,9	0,8	0,7	0,9	0,7	0,7	0,9
(5) Ap.	42,3	38,2	35,8	35,8	38,1	38,8	38,0	37,5	35,9	33,2	30,9	31,6	33,3	36,9	37,4	37,2	36,7
(6) NKP	0,4	—	0,4	0,4	0,4	0,2	0,1	0,3	0,4	0,4	0,5	0,5	0,5	0,3	0,4	0,2	0,5
(7) SV	4,2	4,4	3,7	4,7	4,7	4,1	3,9	4,8	4,6	5,7	6,7	6,7	6,0	5,2	5,0	4,8	4,3
	47,5	41,4	41,5	42,1	44,0	43,7	42,3	43,5	41,7	40,2	39,0	39,6	40,5	43,2	43,5	42,9	42,4
(8) Frp.	1,9	2,5	3,5	3,9	2,0	2,4	3,9	3,3	3,2	2,7	3,9	4,1	3,5	2,0	2,2	2,8	2,8
(9) DLF	1,4	1,2	0,8	1,3	0,8	0,6	1,1	0,9	0,6	0,4	0,9	0,7	0,8	0,7	0,9	0,8	0,9
(10) Høyre	24,8	29,7	30,4	28,7	30,3	29,4	28,4	27,1	29,0	31,1	31,[illegible]	[illegible],9	31,2	31,2	31,4	31,0	31,5
(11) Kr F	12,4	10,1	12,0	11,0	10,8	11,7	11,4	11,4	12,2	12,7	12,4	[illegible],5	11,2	11,0	10,0	11,1	10,8
(12) Sp.	8,6	8,6	7,2	7,5	7,1	7,2	7,7	8,3	8,1	6,8	6,8	6,9	6,8	6,6	7,0	7,2	6,8
(13) V	3,2	5,3	4,3	5,2	4,8	4,6	5,0	5,2	5,1	5,7	5,5	6,0	5,0	4,5	4,4	3,8	4,6
(14) Andre	0,2	0,6	0,3	0,1	0,3	0,3	0,2	0,3	0,2	0,4	0,3	0,3	1,0	0,8	0,6	0,4	0,2
(15) Sum	100,1	99,4	100,0	100,0	100,1	99,9	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100
(16) Svar om partipreferanse			1201	1087	1132	1117	1145	1163	1107	1124	1165	1086	1200	1045	1048	1066	1048
(17) Antall interv. ialt			1480	1322	1385	1418	1386	1420	1432	1454	1467	1377	1468	1335	1251	1310	1263

(18) Barometeret fremkommer ved at hvert parti er veiet mot stortingsvalget 1977. Beregnede statistiske feilgrenser kan være av en størrelsesorden på 3% for stemmeandeler nær 50%, ca. 2% for stemmeandeler på 10—20 % og nær 1% for lavere stemmeandeler.

(19) Intervjuarbeidet ble utført hovedsakelig i perioden 10.—30. juni 1981.

Oslo, 17. juli 1981
NORGES MARKEDSDATA A/S

Key: 1. Gallup's Political Barometer
2. September 1977 Storting election
3. September 1979 Fylkesting election
4. Radical Left
5. Labor Party
6. Norwegian Communist Party
7. Socialist Party of the Left
8. Progressive Party
9. DLF [expansion unknown]
10. Conservative Party
11. Christian People's Party
12. Center Party
13. Liberal Party
14. Others
15. Totals
16. Responses on party preference
17. Total number of interviews
18. The barometer results from comparing each party's votes with those it gained in the 1977 Storting election. The calculated statistical margins of error can be on the order of 3 percent for shares of the total vote near 50 percent approx. 2 percent for shares of from 10 to 20 percent and around 1 percent for lower shares of the total vote.
19. The work of interviewing was carried out primarily in the period from 10 to 30 June 1981

9266
CSO: 3108/171

DIVISION WITHIN PS DESCRIBED

Lisbon O JORNAL in Portuguese 3 Jul 81 p 3

> [Text] At the same time as the Standing Committee of the PS is intensifying the tone of its opposition to Balsemao--who, according to a communique published yesterday (Thursday), is said to be on the way to a "full capitulation to the CDS [Social Democratic Center Party]--the war within the parliamentary group continues with regard to the case of the statutes of the respective leadership. Some progress has been made toward an agreement, but there still are differences with regard to the way to elect the chairman of the parliamentary secretariat

Persons close to Mario Soares suggest that he made the greatest effort toward finding a consensus. On the other hand, they say that the majority of the parliamentary group is already divided, because alleged displacements of Vitor Constancio and Antonio Reis are being mentioned.

Constancio--they also say--is supposed to have found points of contact with Soares in a recent talk, while Antonio Reis is said to have shown his "splits" with the group of the former secretariat at the time of the first meeting to try to find a solution for the parliamentary group. In turn, the parliamentary majority points out that, in the group of persons close to Soares, a "greater opening up" by Almeida Santos is evident, with Jaime Gama functioning as a "hawk" and Jorge Campins--the "apparatus" man--is said to be on the chute for a "fall."

All these interpretations are, however, being contradicted by the protagonists, in word or deed. In the meeting of the PS parliamentary group late Tuesday and very early Wednesday, Vitor Constancio stated that he courageously is in solidarity with the parliamentary majority and he is even supposed to have gone so far as to say: "We are no youngsters!" in reply to the decision by the Parliamentary Committee to take the leadership of the parliamentary group into account. In the evening, by surprise (Carlos Lage had prior knowledge of the event only by chance) the Standing Committee, invoking that the secretariat of the group had made the places available, took upon itself "responsbility for direct guidance of the parliamentary group." This "takeover of authority" in the parliamentary benches was motivated by a telex message that reached the hands of the deputies in Parliament, but it had no practical concrete form. In spite of some hesitation, the former secretariat continued in the front row and succeeded in taking the initiative of calling the parliamentary group together for two meetings in which the decision of the Standing Committee was disputed and confidence in the present team was reaffirmed.

The communique of the Standing Committee, which deferred a decision on the matter to a forthcoming political committee meeting to be held on 11 July, probably aimed at gaining strength for a continuation of "negotiations." Meanwhile, on 7 July, there will be a special session of Parliament because of EPAC [expansion unknown] and the problem will be raised again (Soares will be absent from the country, at that time, on a mission of the Socialist International).

A source close to Soares appeared to be convinced that an agreement will be reached by then.

Almeida Santos and Antonio Reis Interested in Consensus

On both sides, Almeida Santos and Antonio Reis seem to be the ones most interested in arriving at a consensus. But, in connection with that, Jaime Gama denies that he has a position that can be interpreted as especially hard and circles in the Santarem District, close to Antonio Reis, told us that the rumors that have come up in the press on that deputy (who is said to have "passed over" to the pro-Soares faction) are "slanderous, ridiculous and fall in the usual line of a certain lamentable style of political intrigue." In this connection, they say that, in Santarem, Antonio Reis, with Jose Niza and Sacramento Marques, is "pounding"," for the congress of the respective federation, against a ticket headed by Cruz Marques and Jorge Lacao. Moreover, the same sources say that the "freeze existing between Mario Soares and Reis "has no remedy."

It all started in a meeting in the middle of June, in which Antonio Reis was a central figure. Almeida Santos and Eduardo Pereira (pro-Soares), A. Teixeira de Carvalho (labor left) and Antonio Reis and Joao Cravinho (who did not show up) represented the parliamentary factions in the meeting presided over by Antonio Macedo. A. Reis was to be the "spokesman" of the parliamentary majority, which, however, did not prepare the meeting. Reis had no mandate and (convinced that negotiation of a consensus solution would be favorable to Soares from one point of view and to the government from another point of view) agreed with a proposal for absolute parity in the leadership of the parliamentary group: 4-4, without a deciding vote cast by the presiding officer.

Reis was to be stripped of authority, subsequently, by part of the parliamentary majority, which would explore other solutions to which O JORNAL has made reference.

Although it is not possible to talk of "turnarounds" in personal terms, there is a division among the group of the former secretariat between those who support more moderate or more radical positions with regard to the "Soarists."

On Thursday 25 June, a meeting of the parliamentary group was held, which ended without a consensus. The ANOP news agency transmitted an account that attributed to Soares statements like "Either there will be consensus or there is war" and "Do they want me to go to the rank-and-file?". With the withdrawal of Soares--who left on a trip to the Azores on the next day--any possibility of solution was postponed. The next act was to be the "takeover of authority" by the Standing Committee.

Jaime Gama: "A Leadership Completely Made Up of Minority Is Not Operational"

O JORNAL tried to hear both parties involved concerning this attitude. The parliamentary majority, and specifically the chairman of the group, Salgado Zenha, excused themselves from making statements. We only obtained a short opinion from Aquilino Ribeiro Machado, a member of the secretariat of the group, who stated to us that "democratic rules must be followed for the election and in this transitory phase the secretariat must continue in its functions until a consensus is obtained."

In turn, Jaime Gama stated as follows to O JORNAL the reasons for the position taken by the Standing Committee: "It does not seem legitimate, in terms of democratic fairplay and much less does it appear to be operational, from the point of view of political coordination, for the leadership of the PS parliamentary group, to continue, after the Fourth Congress, to be made up completely of persons favoring the minority.

"It is reasonable for the majority to be represented on the leadership of the parliamentary group, in view of the responsibility for the work of the AR [Assembly of the Republic] and the need for its effective tie-in with the party's strategy. I regret that elections have not yet been held and that nothing definite has been accepted with regard to the proposal for an equal-basis ticket.

"The initiatives of the Standing Committee seek, not voluntary confrontation, but, rather, consensus around the idea of parity. Moreover, we shall be the first party in the world to have a prominent minority figure as parliamentary leader. Can there be an example of greater tolerance?

"I myself would view with favor for Vitor Constancio, Jorge Sampaio or others with the same point of view to be able to be on the consensus, equal-basis ticket for the new leadership of the parliamentary group and thus to make a definite contribution to the political offensive of the PS.

"It is essential for this matter to settled rapidly, because, with the present state of tension, the AD [Democratic Alliance] gains and the PS loses. The prolonging of a little war of vanity in the socialist parliamentary group is seriously harming the opposition and is facilitating the task for a government that does not deserve it."

In this phase, the difference between the two factions lies, primarily, with regard to the question of whether or not the chairman of the parliamentary group will be elected separately. The secretariat "has already dropped" the requirements on the deciding vote by the chairman and the date of the elections, without involving the matter of the Hondt method (by providing a single ticket).

At any rate, Zenha will assume the chairmanship. The vice chairmen will be, in the assumption of an eight-member leadership, Almeida Santos and Jaime Gama (the pro-Soares men) and Carlos Lage from the former secretariat. In the assumption of ten members, Joao Cravinho might be the other vice chairman, for the former secretariat.

Finally, on the political level, mention must be made of the denial of statements attributed to Mario Soares, in Coimbra, to the effect that the PS can come back into power before new elections. "Return of the socialists to power will occur only after the holding new elections," the PS press office repeated.

10,042
CSO: 3101/94

SOCIALIST YOUTH CONGRESS ADOPTS MORE DOCTRINAIRE STAND

Stockholm SVENSKA DAGBLADET in Swedish 26 Jun 81 p 2

[Report of Inverview with Jan Nygren by Mats Johansson]

[Text] "Excuse me a moment, I must ring up Metall [the Metal Workers' Union]. They will be after me about the funds, of course."

Jan Nygren, chairman of the SSU [Swedish Social Democratic Youth Association], elected in 1978 and reelected last week, interrupts our conversation and hurries to the telephone. Dan Andersson, Metall economist, has tried to get in touch with Nygren, who came out in the media and criticized Leif Blomberg, chairman of Metall, for unclear statements about individual membership.

The latter, of course, sounds like a retreat to SSU ears, for at SSU headquarters on the Gullmarsplan in Stockholm they are going full speed ahead in the other direction; at the congress held recently the young Social Democrats left mixed economy and functional socialism behind them. Sweden is to be totally politicized and the party and the union given decisive influence on the development of society. Doing away with the remnants of capitalism stands uppermost in the program, for that is regarded as solving many social problems.

"I had occasion to react against the whole discussion of individual shares. It is extremely important for the labor movement to decide now for the third time to push the funds question.

"It is beginning to be a question of confidence. If we continue to show hesitation about the basic principles, It is difficult to convince others of the excellence of the idea. We cannot start injecting new ideas at the eleventh hour," says Jan Nygren.

Dangerous Right Wind

We talk about the right wind. On Nygren's desk lies a copy of the book "En ny giv" [A New Deal], a neoliberal campaign document written by Gunnar Hökmark, chairman of the MUF [Conservative Youth Association]. The SSU chairman sees nothing positive in the right wind's message:

"No, but the labor movement must give some thought to how to make use of our people's creative power in different ways from those used today. A great many feel

"You get to have a sailboat even if you are a Social Democrat. An S [Social Democratic] boat can be as little or as big as you like, but not an object of speculation and discounting, a way of tucking away dirty money."--Jan Nygren, leisure time sailor

that the only way to alter their living conditions is through private enterprise," Nygren says with a slight shudder.

"There is a great deal involved in the whole tax-bracket debate. The tax system must not be felt as an imposition, an obstacle. The decision-making processes have become more involved and harder to grasp, in the big communes, in the big divisions of the union, in the concentrated economic life... and then we get trends toward privatization."

On Right Road

The SSU chairman takes home ownership as an example. He can see that ownership gives people a positive feeling, the chance to accomplish something by their own efforts.

"The labor movement missed this bit earlier, but now we are on the right road."

Nygren mentions critical analyses within the LO [Swedish Federation of Trade Unions] and KF [Consumers' Cooperative Union] as examples showing that the movement should have discovered the value of looking after its own involvement with the people. At the same time he sees the talk about "the new individualism" as a dangerous thing:

"It is merely a matter of 'I will take care of my own future.' But it is necessary to work together, e.g. in the housing field or in the school. Those who are not up to it or are unable must also get their part."

Jan Nygren would not be SSU chairman if he did not emphasize the collective's advantages, now that the movement is practicing self-criticism. He talks with fervor of how he has long discussed the question of collectively utilizing the individual's creative power, even after the SSU, in 1974, launched the campaign for renewal of the popular movements.

Wind To Be Concerned About

The right wind is to be taken seriously, Nygren thinks, even though it is beginning to decrease in strength.

"The right wind cannot be dismissed. We must keep on forcefully defending the solidarity policy and avoid being blown with the right wind into new, poorly functioning reforms."

Then is the Social Democratic crisis groups's work possibly a sign that the right wind has blown in even in the labor movement?

The Plant School (S)

Jan Nygren, 31, has made a career in the Eaglets, the SSU club, the club secretariat, and the LO secretariat. The power organization he heads has 70,000 members today and over 100 employees, the latter being double the number it had in the 1960's. The association has a turnover of 14 million kronor a year centrally and has 4.5 million kronor in the bank. The members' dues play a smaller and smaller part; the state and the labor movement put up half of the income, and commercial lotteries a third.

To the political problems that were revealed at the congress must be added organizational problems.

A report of the organization to the congress talks of how the study activity has stagnated and the formation of local circles has gone down; this is regarded as serious.

A "quite poor recruitment of members" results in a slight decrease in many clubs, according to the report. Concerning the school activity it is said that it has "definite shortcomings." On the other hand, the SSU points out that 15,000 new members had been recruited by the time of the congress.

An important conclusion, symptomatic of several of the youth organizations, is drawn by the report when it proposes a complete review of the state contribution "with the aim of greatly increasing the central support," and that "the special support to the political youth organizations should be discussed in all the county councils."

Unpleasant Questions

Jan Nygren slips around that question with round corners and a soft tongue, as he does around other controversial questions:

"The labor movement must pose unpleasant questions to itself, but I have been critical of the way of posing them. The questions in the debate were challenging. When we changed our energy policy we issued a whole study cycle. In the basic crisis questions, which affect our whole tradition, it was unfortunate to proceed as simply as was done."

Nygren says no to the concentration on cutbacks in the economy debate.

"The main question must still be how we shall avoid cutting down the public sector..."

Hard Years

He does not care for the idea of spending time in the opposition.

"No, it can never be useful to be without the possibility of exerting influence, especially for a special interest party like ours. We could have rethought some things. Perhaps we could have discussed more seriously the risk of being viewed

as a part of the establishment."

Now Nygren hopes that the Social Democratic Party has gotten rid of the stamp of bureaucracy, which he says is bothersome for a movement that has always said it was in opposition to the existing order.

The Red Thread

What are the most important questions for Social Democratic youth?

In the congress's resolutions an ideological red thread dominates, which forms the outlines of a socialist society built in part on the self-administration principle. The popular movements will radically change our everyday environments. The wage-earners will themselves, via planned economy, union, and funds, assume authority over, e.g., the firm. Not for nothing is it pointed out that Yugoslavia is an "exciting" model.

Among current problems Jan Nygren points to two, jobs and housing for youths. Big problems:

"This has to do with the actual experience of not being needed. It is devastating for young people to go into the job market and want to do something but not be allowed to. In the Stockholm area youths are forced today to live in a rented room of perhaps 10 square meters."

Getting to play a part, the SSU chairman believes, is important to the young. This is opposed by--see the new term of abuse--the forces of commercialism, which he says isolate youth from society.

Peace Above Everything

Old non-material questions such as the environment and peace also occupy the young guard of the Social Democratic Party.

"The whole peace debate is accelerating, and that is enormously positive."

Peacelover Nygren, whom I knew during the work with conscription questions in the 1970's as a friend of defense, is well adapted to this question now. He has no understanding of a sort of balance thinking--that the fight for disarmament should not be concentrated in the Western World.

"On the contrary, our contribution to the support for peace and disarmament will be greeted with gratitude."

Still--he sounds more balanced than the program he represents, does youth leader Nygren. That characteristic can carry him just as far as, e.g., his predecessors in the post, Ingvar Carlsson and Lars Engqvist.

Power Struggle

SSU chairmen generally become men in the state. Why should not the party-loyal Nygren, with a perfect background in the movement and splendid ideals like Wigforss and Sträng, become one?

Quite so, if he can manage to keep his left wing in check. The majority of the SSU congress was so lacking in respect as to reject the association leadership's candidate for association secretary and elect instead, after hard confrontation and intense squabbling, the leftist radical Bo Bernhardsson, an academic who spearheaded the winning self-administration line at the congress, which lacks any support among the traditional state socialists in the party and the union.

Bernhardsson has made good friends among the highest leadership of the association that Nygren will now attempt to control. Nygren's only comment on the election of Bernhardsson:

"No comment, as you understand."

Safest that way.

8815
CSO: 3109/216

PAPER COMMENTS ON POLL SHOWING GAINS FOR MODERATES, SDP

Stockholm SVENSKA DAGBLADET in Swedish 28 Jun 81 p 2

[Editorial: "A 'Norwegian' Sweden?"]

[Text] Today is Sunday 28 June. Today a new election would have been held if that had been the consequence of the three-party government's fall. In the leadership of the two parties that allowed themselves to be enticed into provoking the crisis, the Center Party and the Liberal Party, they are reported to be grateful today that it did not come to a new election. Today's SIFO figures, presented in a graph with an accompanying table, show quite adequate repercussions from the recklessness of that remarkable night.

They show that the changes among the voters during the convulsions of the government crisis have now become established. The position of the two parties of the center is markedly weak. The Liberal Party is less than one percentage point above the VPK [Left Party Communists]. If we count in the hoard of small communist parties besides the VPK, there are grounds for the assertion that there are more communists than Liberal Party adherents in Sweden.

In today's voter opinion poll there are two big parties and a long list of small parties, three of which have seats in the Riksdag. Two of these have the governing power in their hands--with one seventh of the voters behind them.

There is more and more reason to compare the party political development in Sweden with what has taken place in Norway. Certain similarities are obvious, but there are also significant differences.

The similarity consists in the great dominance of the Social Democratic and Conservative parties. The great difference lies in the relations between these parties.

While the Labor Party and the Conservative Party in Norway are roughly the same size (33.7 and 32.1 percent respectively), the Social Democrats in Sweden are approximately twice as strong as the Conservatives.

The Norwegian Labor Party is suffering from the aftereffects of a prolonged internal split even up in the party leadership. And it has the responsibility of government in a troubled time.

In Sweden the Social Democrats have a much more comfortable position. A little over a month ago they were the sole opposition to a government that was plagued both with problems imposed upon it from outside and problems it created itself. The Swedish Social Democrats made use of the situation for an all-embracing criticism and did not bother about consistency in the criticism. For example, they attacked the government both for extravagance and for too harsh economies.

The Social Democratic Party has also neglected to present a real alternative. The rehash of old proposals that is called "the crisis program" does not contradict this assertion.

This populism has yielded dividends.

The Swedish Social Democratic Party, however, is by no means invulnerable.

As in the 1979 election campaign, its abovementioned lack of a stable position in economic policy can be a serious handicap.

As in the 1976 and 1979 election campaigns, its maneuvers on the wage-earners' funds question can bring about its fall.

The Social Democrats have now made it clear that the economy is to be socialized through collective wage-earners' funds. Certain details of the technique have not yet been established, but that no longer seems to amount to camouflage of the aims of socialization.

In the 1982 election campaign there must be a showdown on the social system: socialist or liberal? That the Conservatives will be the chief opponents of socialism goes without saying. But the situation is not so Norwegian that the Conservatives will be enough to stop socialism.

The parties of the center still have a task to perform in Swedish politics. If they shirk it, they are lost. It is not because they have been too unrelenting toward the representatives of socialism that they are threatened today with an election disaster.

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POLL CONFIRMS TREND TOWARD TWO-PARTY POLARIZATION

Stockholm SVENSKA DAGBLADET in Swedish 28 Jun 81 p 2

[Commentary by Gunnar Andrén]

[Text] In at least one respect--no, two--the SIFO [Swedish Public Opinion Research Institute] poll for June, published today, is more interesting than usual.

First, SIFO succeeded in a very short time, the 10 days 1-10 June (which were really only 7, since the Easter holidays came then), in conducting no fewer than 1,752 home interviews, an unusually high number.

Second, the result is of special interest because--that this is a subjective judgment is freely admitted--it confirms the thesis often advanced in these columns that being in power as such gives no special party political advantages, a thing that certain leading party politicians seem to believe. Instead, it is the party's policy, consisting of both expressed will and capability, that is decisive for the distribution of party sympathies.

Conservatives Highest Since 1967

By 1-10 June the new center government had had time to settle in properly and--no less important--probably became established in the voters' consciousness. At the same time things were unusually busy in politics, with several big Riksdag debates reported in detail and commented upon in the press, radio, and TV.

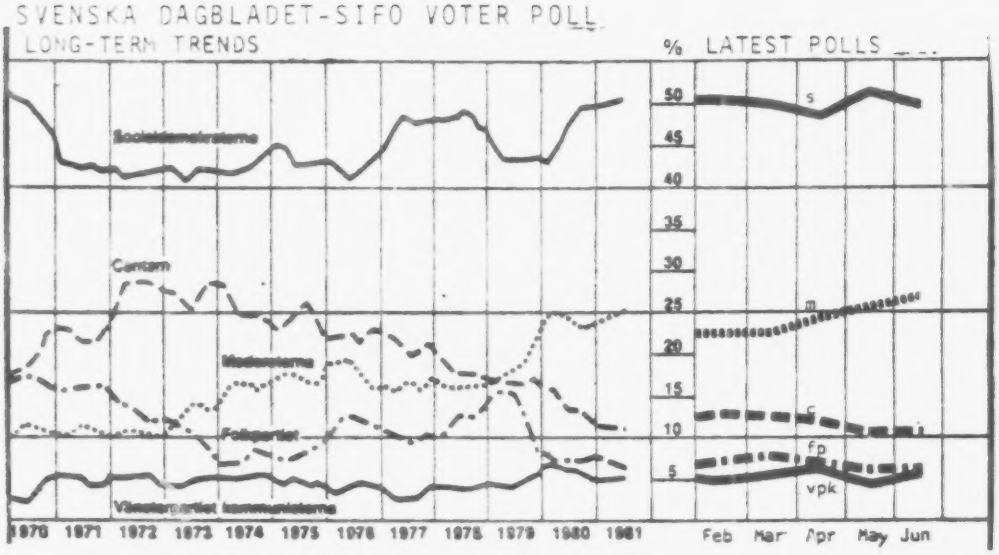
Thus after the fast changes of the government crisis in May the political news was not only extensive but also both varied and stable.

Against just this background it is interesting to note that the changes that arose in party sympathies during the days of the government crisis now appear to be permanent in nature--with rather a trend toward further intensification.

This manifests itself first of all in the Conservatives' new top figure, 26.5 percent for June (trend figure 25.3), both the highest figures ever, since the SIFO polls began month by month in 1967.

At the same time the parties of the center taken together amount to no more than 16.5 percent (trend figure 17.7), verging on the lowest mark for those parties since the change of governments in 1976.

SVENSKA DAGBLADET-SIFO VOTER POLL



——— s = Social Democrats

– – – c = Center Party

–·–·– fp = Liberal Party

····· m = Conservatives

——— vpk = Left Party Communists

[Right] Enlargement of last part of the graph. Figures from the table below and corresponding figures for earlier months.

Long-term trends are centered averages computed over 9 months. The trend level in May was
m = 25.3%, fp = 6.6%, c = 11.1%, s = 50.7%, vpk = 5.0%.

What Party Do You Think Is Best Today?

Qualified voters, 18-70 years old, with party sympathies	June 1981	April 1981	June 1980	June 1979	June 1978
Conservative Party	26.5	24.5	25	18	15
Liberal Party	6	7	7	15.5	11.5
Center Party	10.5	12	14.5	16	18.5
Social Democrats	50	48.5	46.5	43	48.5
Left Party Communists	5.5	6	5	5	4.5
Other Parties	1.5	2	2	2.5	2
Qualified voters with party sympathies	100	100	100	100	100
% of qualified voters who have no party or do not name one	7	6	5	2.5	3
Number of interviews	1752	2019	1003	997	1012

The last month's interviews were conducted 1-10 June.
The answers were given in the form of sealed ballots. In the election of September 1979 the Conservatives got 20.3 percent of the votes, the Center Party 18.1, the Liberal Party 10.6, the Social Democrats 43.2, and the Left Party Communists 5.6 percent. The voter poll figures, however, should be compared with each other, not with the election results; the oldest qualified voters are not interviewed, not all who have party sympathies vote, and the will to vote differs

from party to party. The figures are rounded off to the nearest 0.5 percent.

No attention should be paid to changes from trend levels established earlier (see above, below the graph) that are less than 2 percent for the Social Democrats and less than 1.5 percent for other parties. It should also be borne in mind that individual changes in a series do not necessarily indicate any new trend.

The Social Democrats and the Left Party Communists together remain stable at about 55-56 percent, at present making up 55.5 percent, and have fluctuated during the spring months from 54.5 percent at the lowest to 56.5 percent at the highest.

(As concerns the changes since May it should be noted that all of them, viewed statistically, fall within the famous margin of error, so that, e.g., no great attention should be paid to shifts of 1.5 percent between Mr Palme's (S) and Mr Werner's (VPK) parties.)

Away From the Center

After the government crisis, on the occasion of the publication of the May SIFO poll (24 May) I allowed myself to point out that it was a "dangerous life in the center."

It should also be pointed out that there is an ambiguity there that is reinforced by the double meaning--and for that reason it should be reformulated as "the center's dangerous life."

One should also bear in mind in that connection the disheartening--not to say insignificant— support that the voters show for Thörbjorn Fälldin in general and Ola Ullsten in particular.

But also because the parties of the center themselves, through their actions, are living dangerously, since they obviously have not even been able to convince more than a minority of their own sympathizers of the excellent thinking behind the tax agreement with the Social Democrats and the dissolution of the three-party government. And--most especially--because a not inconsiderable part of their sympathizers feel they are living a dangerous life for that very reason, more concretely manifested in not inconsiderable additional voter losses.

Certainly the center won the governing power--but it lost voters.

A special study by SIFO of the voter flows--in short, how the voters have shifted --shows two unambiguous things in a comparison of the first and second quarters of 1981:

1. The Liberal Party and the Center Party have won not a single Social Democratic sympathizer by the tax agreement with the Social Democrats; if anything, the contrary is true.

(In this connection it may be noted that SIFO has now computed the party-changers as compared to the 1979 election at about 17 percent. As of 1 January 1981 the corresponding figure was about 14 percent. To this may be added that among the

first-time voters the Social Democrats are especially strong, about 50 percent, the Conservatives and the Left Party Communists have a bigger percentage than their voter group on the average, while the Center Party's figures and most especially the Liberal Party's are extremely discouraging, a thing that was also indicated by the May survey by the SCB [Central Bureau of Statistics].)

2. Especially the Liberal Party but also the Center Party (statistically a little uncertain) lost voters to the Conservatives during the spring of 1981. The loss is on the order of 2.5 to 3.0 percent of the electorate, and that represents big groups of voters for parties that have only 6 to 11 percent support altogether.

But nobody can reasonably come forward and assert that these SIFO figures concerning voter shifts are surprising!

Vacillating Will To Vote

Before I conclude by giving a picture of some different partial results that can be read from SIFO's special studies, let me take up the expressed (un)willingness of the voters to vote.

This is very important for the outcome of the election; it is a matter of convincing those who are of two minds that they think "their" party is "good enough" to go to the polls and actually vote for it.

According to SIFO the will to vote is decidedly lower for the two parties of the center than for the Conservatives, Social Democrats, and VPK. For the last three quarters (fourth quarter of 1980 and first and second quarters of 1981), the inclination to vote among party sympathizers (in rounded-off percentages of those who said that they have a "best" party) looked like this:

	4th 1980	1st 1981	2nd 1981
Conservative Party	87	85	88
Center Party	76	79	75
Liberal Party	83	83	78
Social Democratic Party	89	89	91
Left Party Communists	93	89	91

The small but nevertheless definite rises in the opinion polls that the Center Party and the Liberal Party were able to score during the winter half of 1980-1981 are clearly reversed here--as if their voters were "protesting" against what has happened since.

The Social Democrats and the Left Party Communists are thus very high in this respect, while the Conservatives--after the drop in the polls of January-March 1981 --are approaching the 90 percent level the party usually has.

That the Conservative figure was rather low for a long time is not hard to explain, as far as that goes; it is closely connected with the circumstance that since the 1979 election the party has acquired many sympathizers who think it is the "best party" but who--like all party-changers--doubt whether the party is good enough to go to the polls and actually give the party their votes.

Salaried People Shifting

Now in conclusion a number of interesting, scattered jottings about voter shifts:

1. The number of voters that are unsure of their party sympathies continues to be very large, 7 percent of the whole electorate, in other words as large as the Liberal Party. There are probably significant gains to be made here, especially for the non-socialist parties.

2. Of those who stayed away from the polls in 1979 the Social Democrats have now succeeded in convincing more of their superiority than the three abovementioned parties together. From the nonvoters of 1979 the Social Democrats are quite alone in having a significant increase, of the order of magnitude of 2 percent of all qualified voters, which is a lot.

3. The Conservatives, the Center Party, and the Liberal Party have lost decidedly more voters to the Social Democrats who are under 40 than over 40 years old. The mobility among voters over 40 is lower, as usual, than among younger voters.

4. The parties of the center continue to lose salaried voters, both to the Conservatives and to the Social Democrats. The number of Conservative sympathizers among members of the TCO [Central Organization of Salaried Employees] is now approaching 30 percent, and the number of Social Democratic sympathizers 45 percent. While the proportion of center sympathizers among salaried people, members of SACO [Swedish Confederation of Professional Associations] included, is less than 20 percent. It is best to be cautious about giving more exact figures, here, however, as the sampling, especially on the SACO side, is rather limited.

5. The Social Democrats' position among members of the LO [Swedish Federation of Trade Unions] is strong. Over 70 percent, something like 72 percent, of all LO members feel that the Social Democrats are the best party.

The next biggest "workers'" party is still the Center Party, with 9 percent, but the drop is marked. In third place come the Conservatives, with 7 percent of all LO members as sympathizers. The VPK's best group, as usual, is the academic organization SACO/SR [SR = National Federation of Government Employees].

Perhaps still more interesting on the LO side is that among more highly trained industrial workers, not precisely low-paid, both the Social Democrats and the Conservatives have strengthened their position, while the Center Party and also the VPK have lost support.

Even though the advance is marginal, one of the extremely few positive trends for the Liberal Party is also to be found here, and may be reasonably added here in conclusion for the gratification of certain people.

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ARMS INDUSTRY DIRECTOR INTERVIEWED

Athens BUSINESS & FINANCE in English 27 Jun 81 pp 13-15

[Interview with Dimitrios Kokkinos, managing director of the Greek arms industry; date and place not specified]

[Text]

B&F: When was EBO established?

Kokkinos: EBO was established on 4th August 1977, with the initial target of the implementation of the agreement between the Greek state and the German firm Henkel and Koch. This agreement provided for the production in Greece of the German infantry rifle, under licensing and technical assistance from Henkel and Koch. On September 9th that year, the Greek State and Henkel and Koch signed the agreement, and the EBO undertook to carry out the contract.

B&F: When did production actually start?

Kokkinos: Towards the end of 1978, EBO put out its first gun. I would like to point out that bulldozers started construction of the installations in May 1978, and the first gun was produced in Aigion in November that year. It was agreed that at the end of 1981, we would have completed the full production of the rifle in Greece, because there was a programme to be completed in stages, there was to be one third Greek production, and two thirds imported, then two thirds Greek production, and finally the entire production in Greece. This was to have been completed in 1981. In fact we were ahead of schedule by a whole year, and by the end of 1979, the gun was entirely Greek made.

B&F: Having accomplished your initial target so well, what were your subsequent plans?

Kokkinos: Both I and Mr Droulias, the President of the Industry never intended that the role of the company would end with the production of the infantry rifle. He strengthened the efforts towards the manufacture of other guns. So we also began production of the GB A4, and the light machine gun HAKA. These we made with imported technical assistance. However, I think we took a significant step forwards when we made the non-retreat 90 mm shot gun with only the designs imported from abroad. This was just a step away from what we went on to next – a mortar both designed and made ourselves. Thus you can see the technolo[illegible] progress and development of the co[illegible]pany. Today we manufacture many other products too.

B&F: How would you account for the good progress made?

Kokkinos: I believe we have been so successful because we did not simply stop at the first target. We continued to seek out and to find higher and more interesting targets, and it is with this idea of continual improvement in mind that we have developed at Aigion factory, in the hope that in a few years it will cover the whole spectrum of arms, within, of course, the framework of the needs of the Greek Army.

B&F: **What the EBOs ranking as compared to other arms industries?**

Kokkinos: As you know, the company is 70% State-owned, and 30% is held by ETBA. Its targets have been reached ahead of time, because we believe that it is important to set each day new, higher targets. We believe we have the power of further development, and from the point of view of production and assembly, we have our own Research Department, staffed by excellent scientists. Their work is to develop armaments and systems required by the Greek Army HQ. We have a list of international associates which amounts to the "Who's Who" of international arms manufacturing. It is hard for a company to compare itself to others, as not all companies make all their activities known. However, I do not believe that we fall short of generally international standards.

B&F: **To what do you attribute your success?**

Kokkinos: I think that the achievements of EBO today can be put down to three main factors. First of all, to the life that it was given at the very beginning by its President: the direction he gave for its development in both design and production. Secondly it is due to the enthusiasm of its executives, who have been willing to work for so many hours both day and night for their own and the company's progress. Thirdly, and in opinion this is the most significant, the company is 100% Greek, and the structure of its management is absolutely Greek. There are no foreign technicians, there are no foreign decision, akers in the company, and the valuable knowledge that we have imported from abroad and have used, was only of a transitional and consultative nature. The management of the company is entirely Greek, and this fact gives the company the opportunity to be homogenous, and gives the executives the communicative ability which are the basic criteria for the success of any company. I should also say that the support of the Defence Ministry helped us immensely, and also the fact that we have kept the company young. Our employees are young, dynamic and creative (the average age is 31) and they are people who want to create something better than that which they found.

B&F: **What are you producing at the moment?**

Kokkinos: At present, among others, we are producing the infantry gun, various arms for paratroopers, the KAPA machine gun, bases for the weapons, and various other structures. We make the non-retreating 90 mm gun, and also production of the higher calibre guns; our development programme in fact is almost endless. Concerning the activities at Aigion, we have directed our efforts towards the production of complete systems for the production of machine tools, because we believe that we should cover also the non-military sector. We are a technologically advanced company, and both the qualifications of the personnel and the equipment allow the company to be flexible in its production. The cycle we follow is, of course, research, development, testing, production, trade. We are always careful to ensure that what is being researched today is what will be on sale in five years time, so that the continuous growth of the company is ensured. This is as much a tra lition at EBO as it is in other companies. EBO is a competitive and exporting company, in both the Third World and in Our prices are competitive, and it is with great pleasure that I can tell you that we are also competitive in the EC. I am more than optimistic about the future.

1980 was a particularly productive year for the Greek Arms Industry SA. Production more than doubled, and was of a value of 903 million drachmas. Gross profits were three times as high, and totalled 245,480,432 drachmas, compared to 75,471,247 dracmas in 1979. Net profits reached 53 million drachmas compared to 928,560 in 1979. Industrial activity also developed at a higher rate and in only two years, investment depreciated 20%.

Production by unit increased 100%, compared to 1979, and today, EBO is dealing in six branches of arms production at the Aigion plant (from light infantry guns to machine guns and fire arms systems), and following the recent grant from the government, at the Lavrion installations, it also has three branches for the production of ammunition (propellants, explosives, etc.), which indicates the extent of the company's activities today.

The substructure that EBO created, and is still building on, is of major importance for the development of the defence industry in Greece, and naturally also for the conveyance, transportation, and assimilation of high technology from abroad. This was emphasised by the Chairman of the Board of Directors of EBO, Mr K. Droulias at the general meeting of shareholders held on June 11th this year.

The company's investment programme for the next five years is expected to show an increase of the productive efficiency at a rate of 100% per year. The prerequisites for the materialisation of the 1982 programme have already been completed by the gradual increase of the share capital. The securing of capital for the establishment of new productive units in the Aigion complex, as well as for the further development of the units at Lavrion is also planned.

The Greek Arms Industry was founded in 1977 within the framework of the application of Law 43/75, which provides for the establishment of a modern arms factory in Greece. The State holds 70% of EBO SA, and ETBA (The Hellenic Industrial Development Bank) holds 30%. The company's activities contribute directly to the saving of foreign exchange, and to a certain extent to the country's self-sufficiency in defence equipment of modern specifications. The company's exports are also continually expanding, with the uninterrupted expansion of production, which is based on private economic criteria of efficiency and productivity.

CSO: 4600/100

DEFENSE SUPPLY OFFICE'S COMPUTER SYSTEM 'A FIASCO'

Stockholm SVENSKA DAGBLADET in Swedish 26 Jun 81 p 6

[Report by Sune Olofson]

> [Text] The Defense Supply Office's computer activity is characterized by great deficiencies, repeated delays, and dizzying costs. During the 1970's just the operation and development of the 46 ADB [automatic data processing] systems that are in operation cost 350 million kronor.

"Economically the supply office's computer system is a fiasco," audit director Bo Holmström tells SVENSKA DAGBLADET.

For a whole year he and another official from the National Accounting Office inspected the supply office's ADB system.

The costs of the supply office's (FMV's) ADB work amount today to 60 million kronor a year. That is a third of the Ministry of Defense's total costs for computer work.

But FMV has not coped with the development, operation, and direction of the computer work. The National Accounting Office is critical on a number of points:

- Poor reliability in the planning.
- Time and resources are underestimated.
- Competent management is lacking.
- The quality control of the system is poor.
- Delays of up to 10 years.
- There is no overall evaluation of the ADB work.

Great personnel, machine, and economic resources were placed at the disposal of the ADB outfit during the 1970's, but so far the result and the advances have been small.

One ADB system is called TOR. It has the function of keeping track of the armed forces' combined needs, such as weapons, ammunition, vehicles, etc. TOR will record 15 million bits.

TOR was worked out and planned at the beginning of the 1970's.

Nine Failures

Today, about 10 years later, it is still not in operation. The original budget for the whole TOR project ran to 2.44 million kronor. Today TOR has probably cost about 35 million kronor. On nine different occasions FMV expected to have TOR in operation, but failed.

Another system is called DIDAS NY FLYG. In 1975 the project was estimated to cost 3.6 million kronor. Today it has swallowed up 25 million. During 4 years the project has had 2 planned completion dates.

It is just the same with the project FREJ. In 1972 the planned cost was 500,000 kronor. Up to and including fiscal year 1981-1982 it has cost 12 million kronor. Nine completion dates during the 10-year period.

The years go by and the projects swallow up millions.

FMV, like so many other firms and institutions, has offered up a great deal of time and money on the altar of computer development. Many of the systems, after long planning time and a number of replannings, have not yet led to the cost reductions and personnel reductions intended.

Expensive Consultants

FMV has been compelled to buy knowledge from expensive consultants. During the last 5 years consultants' fees alone have amounted to 60 million kronor.

"FMV's own resources for system development and maintenance are now fast approaching a critical level," the National Accounting Office writes in its report, and considers that the dependence on consultants is still "extremely great."

"Today FMV should, after such a long period of system development, have acquired its own experience and personnel instead of hiring expensive consultants," says audit director Bo Holmström.

Reorganization

Partly as a direct result of the National Accounting Office's report, FMV is now carrying out a sweeping reorganization of the computer work. The office will see to it that the management and direction are strengthened. It is to be hoped that costs will be reduced and systems will begin to get into operation.

In the future the commander in chief, through the defense staff, will supervise computer development more closely. To assist in the work he has appointed the National Accounting Office's examiner of FMV's ADB work, Bo Holmström.

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END

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West Europe Report

No. 1800

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THEODOLI'S ANNUAL REPORT TO PETROLEUM UNION ASSEMBLY

Rome RASSEGNA PETROLIFERA in Italian 12, 19 Jun 81

[Report by Giovanni Theodoli, president of the Petroleum Union, to its annual Assembly on 10 Jun 81: "The Balance-Sheet for a Year"]

[12 Jun 81, pp 495-498]

[Excerpts] The annual Assembly of the Petroleum Union was held in the auditorium of CONFINDUSTRIA [General Confederation of Italian Industry] on Wednesday 10 June. The president, Dr Giovanni Theodoli, in his speech--of which we present the complete text, together with the first part of the report, relating to the international framework--presented proposals and suggestions for enabling the sector to overcome the most serious crisis it has ever fallen into.

President Theodoli's Speech

The Petroleum Union's press document, which has already been distributed to you, draws an exhaustive picture of the events of major importance that marked the past year in the petroleum sector, both on the international level and on the national one, which in turn is directly influenced by external factors.

In it you will also find mention of the actions that have been taken by our Union and of the results achieved. We shall therefore consider this information as having been presented.

My purpose in presenting to the Assembly and to the outside world my message as president of the Petroleum Union--a purpose which is also a duty--is to review the objectives which the private petroleum industry is pursuing in seeking to carry out properly its role as an important contributor to the supplying of products essential for carrying on industrial processes, for meeting the demand for industrial services and uses, for meeting the demand for private services and uses.

We cannot say, of course, that with the changing of the years, the objectives have changed; rather, they always have a common base: affirming in this as in other fields of activity the validity of private enterprise as an instrument capable of achieving the country's economic and social end purposes; making known the conditions necessary for it to be in a position to develop its own contribution effectively; removing the difficulties and obstacles that are unfortunately encountered.

Member Firms of the UP [Petroleum Union]

AMOCO	FIAT LUBRIFICANTI	MONCISA PETROLI
AQUILA	FINA ITALIANA	RONDINE
BITUMOIL	GARRONE	SARAS
BRITTANICA PETROLI	GULF ITALIANA	SARPOM
CARMAGNANI	ICIP	SHELL ITALIA
CHEVRON OIL ITALIANA	ICROMA	SPI
CLASA PETROLI	IPLOM	STANIC INDUSTRIA PETROLIFERA
ERG	ISAB	TEXACO
ESSO ITALIANA	LA PETROLIFERA ITALO-RUMENA	TOTAL
FA PETROLI	LOMBARDA PETROLI	VISCOLUBE ITALIANA
FEDERAL	MOBIL OIL ITALIANA	

What varies is only the experiences and preoccupations connected with the mutable facts of the current situation--a situation that for several years has taken on critical dimensions.

Looking back over our shoulders, we see, indeed, that for one reason or another, the conditions of our sector have been regularly characterized in recent years by extraordinary events:

--either by the effect of the decisions of the producer countries that have given the crude-oil quotations an accelerated rate of increase, quite a bit higher than the rate of inflation prevailing in the consumer countries;

--or because of supply difficulties connected with the Iranian internal crisis and the subsequent Iran-Iraq conflict--not to overlook, at the origin of the big turnaround, the Yom Kippur war and the events that followed from it.

Today, with a sudden reversal of the market conditions, we have gone from a crisis of shortage to a crisis of abundance, with supply that well exceeds demand.

The principal contributor to this situation, as is shown in the press report, is the drop in overall demand for oil that got gradually steeper during 1980 and the first months of 1981, and that felt, in the context, the influence of two factors: expensive oil, and the widespread slowdown in the heart rate of the world economy.

In our country, the latest available data relating to the first 4 months of 1981 show, in comparison with the same period of last year: a 2.9-percent decrease in total domestic consumption (from 37.1 to 36.0 million tons) and a 4.2-percent drop in refining (31.6 as against 33 million tons processed during the period in question).

To return to the world scene, the accumulated stocks in the Western area the moments of feared shortage [as published] have reached levels that exceed the normal reserves by 10 percent, tying up very large amounts of capital.

Their tendency to grow also contributes to holding down demand.

What are the meanings of this reversal of outlook, the characteristics of which seem radically atypical when contrasted with what normally occurs when the supply of a product considerably exceeds the demand for it?

It should be kept in mind:

--that the flow of crude oil is regulated by the official prices established by the producer countries--prices that only now are beginning to feel market fluctuations. The reductions recently preannounced will, if implemented, make only a minimal contribution to containment of the higher supply costs that are already burdening the operators;

--that the spot market, on which the supply competition has the most direct effect, involves only a marginal fraction of consumption;

--that while the outlooks for a downward-oriented oil market are growing stronger, the importers--Italian and European--are actually anticipating considerable increases in the cost of this raw material from the effect of the appreciation of the dollar vis-a-vis the lira and the other European currencies.

From 31 December 1980 to date--thus within the compass of only 5 months--we have gone from 930 lire to the dollar to 1,188 lire, an increase just a little below 28 percent. And for us, the dollar means oil, as it means other raw materials too.

In this situation there is a growth of the concerns, the unease, the burdens that have an effect especially on the refining industry and even more on those firms tied to contracts for supply of crude at higher costs, because they do not find in the official prices or in the general market conditions the possibility of making up the losses from the higher costs and therefore nourishing their own production cycle.

At the limit today, the importation of petroleum products at "spot" prices predominates over the importation of crude oil.

For every ton of crude oil processed, about 92 percent of the cost is for the raw material. All the operations of storage, refining, distribution, and the capital expenditures, those for operating and the financial costs connected with it, constitute only 8 percent. Therefore, a mere 100-lire increase in the lira/dollar exchange rate not compensated for in the prices--and from January to date, the rate has increased by 258 lire--is enough to put entirely on the firms the burden of all the costs sustained for transforming the oil into gasoline, gas-oil and other products and putting them into distribution.

It is obvious that under these conditions, merely the delay in reestablishing account parity has a disruptive effect.

Several significant measures for closing down or reducing the activity of refineries in the European area are already giving the phenomenon a concrete dimension.

This complex of reasons and the persistence of dangerous tensions in the Middle East area are not helping to attenuate, despite the excess of supply, the climate of uncertainty that is now the dominant characteristic of the oil market, or to make the outlooks for the future more promising.

The recent OPEC conference in Geneva confirmed the difficulty those producer countries are having in agreeing on a common policy and the risk of a middle approach prevailing between the opposing tendencies by which the seller's interest would prevail.

While it is indeed significant that for the first time since 1978 the OPEC decisions did not approve increases, and there is a considerable role for the producer countries that purpose to reestablish unity in a market characterized by a scattering of prices, the gaps among which are not justified by differences of quality of distance from the consumption areas, the temporary stability of the quotations for crude at site of origin as measured in dollars and, in the context, the appreciation of that currency in terms of its rate of exchange with the other European currencies means for us an increase in costs, and for the producers of crude, an increase in the rates of exchange.

It will also be necessary to determine the extent, amplitude and effects that the proposals to limit production will have on the market conditions.

The addition of this set of factors to the traditional difficulties and to the growing burden, in foreign-exchange terms, of the oil-energy supply validates the directions that have now been taken in the strategy of the industrially developed consumer countries and that are being pursued more vigorously all the time.

For several years now, but with growing involvement and considerable effect, they have been having an influence on:

--the saving and more rational use of energy, and of petroleum products in particular, in the various sectors of use;

--the replacement, where possible, of oil by other energy sources that cost less, as alternatives or supplements, and that can in future ensure the coverage of the major needs;

--the concentration of the use of oil in the sectors of higher added value.

We are the first to be convinced of this necessity, considering that diversification of sources and more limited utilization of oil can not only guarantee better in future those larger quantities of energy that will be necessary to the process of growth of the world economy, considering also the lag of the developing countries, but would also have the positive effect of contributing to normalization of a market that is extremely sensitive to the pressures of demand and limited in its overall availability outlooks vis-a-vis the potential increase in energy needs.

Even if for us Italians, looking into the future and wanting to believe the government forecasts, oil, which today accounts for 67 percent of the fulfillment of our energy needs, will still constitute the principal source in 1990, at around 50 percent.

In the matter of energy-saving and of resources alternative to oil, I will mention the Petroleum Union's initiative in establishing, in the years 1979-80, a Press Award, an award that will be renewed this year, with the management of it entrusted to the Center for Journalistic Documentation.

By this initiative, our Union intended, and intends still, to contribute, by soliciting the collaboration of Italian journalists, to the formation, in public opinion, of better knowledge of the energy problems, so that people can knowledgeably participate, by their behavior, in development of the great reservoir of resources that saving constitutes.

Dificulties, uncertainties, the situation's heavy effects on production and on the possibility of keeping going, with lire, a production cycle that pays for its raw material in dollars; these are the distinctive characteristics of the circumstances in which the national oil sector functions today.

Price policy is indubitably the keystone of any program for development, restructuring and reconversion of an industrial sector, even if it cannot be considered an independent factor in itself.

We shall return to this topic. But what we must assert as a priority requirement is the implementation of a coordinated organic policy on energy.

It is necessary to put the sector's problems into the framework of an overall vision that establishes a coherent relationship among the various levels of intervention, giving the entrepreneur a sure point of reference and thereby the possibility of programming in turn, with certainty, the choices on the financial, technical and production levels within which he can orient his own activities.

It is this point of view that must encompass the various problems of importation and production, of reserves, of taxation system, of distribution, of the technical characteristics of the products, and at bottom, of a domestic-prices arrangement capable of preventing situations of speculative type, but at the same time of ensuring an adequate rate of return for industry. This is what we mean by an organic and coordinated policy--a policy that necessarily presupposes, at the bottom, knowledge of how, in time, the supply of petroleum products--that is, the "Italy" barrel--must adapt to the changed composition of demand, of the fallout from this adaptation process on the productive structures, of the commitments following from it.

We are fully in agreement with the Hon Pandolfi and the Hon La Malfa when they declare that "it is necessary to break the spiral of measures taken from one day to the next" and that, unfortunately, ours is "a makeshift economic policy." We therefore consider it essential to give, as quickly as possible, not only form but also substance to the latest Energy Plan, which was preannounced more than a year ago.

We are sorry to have to note, in this regard also, the high cost that political instability makes the country pay.

We hope that the government is in a position to present, in official and definitive form, a document that is eagerly awaited and that in its general outlines has been judged positively.

We do not know its final text yet, after the finishing touches and additions made to it by Minister Pandolfi. But we know that on the whole, the 1981 Energy Plan has a more organic form than the preceding ones, and is clear in its objectives even if they are tied to a series of suppositions that it will not be easy to make reality.

We find in this Plan also the concept of plurality of operators and recognition of the role of private industry. We would like this role not to be expressed in purely verbal terms, as unfortunately often happens, but that it be confirmed by appropriaate initiatives and behavior.

As regards our sector, we note in the chapter relative to subjects operating in the national market the absence of indications as to the contribution of the independent

private firms--firms that rightly claim an active presence in the national petroleum structure.

We have no basic objections to the broad outlines of the Energy Plan. What concerns us most is that we do not see the objectives translated into concrete projects, the fear that in this field too, the trillions of lire allocated on paper might largely go to increase the already large store of passive surpluses. Furthermore, experience leads us to stress the advisability of better coordination among the national government, the regions and the communes from the instrumental point of view.

Regarding the Plan's forecasts of the chronological evolution of total energy demand and the variation of the degree of participation by the various sources, we point out that they depend on such a complex of unknowns as to merit constant monitoring and updating at frequent intervals.

On the other hand, the pathway is not only correct but obligatory if we want to keep the Italian economy competitive with those of the other countries of the Western area.

It is therefore necessary for the various problems connected with concrete achievement of the Plan's objectives to be tackled with the commitment and political will that they require.

Speaking of oil, the present composition, in terms of product yield, of a barrel of crude refined in our country, as presented in the Press Report, reflects the particular characteristics of national demand and the necessity of taking account of the massive needs of the thermoelectric power plants that burn fuel oil.

We may assume that the difference between Italy's 47 percent and France's 29 percent average fuel-oil yield describes indirectly our lag behind that country in the installations we have for production of thermonuclear energy.

To project into the future, the national petroleum industry is ready to take on a program of restructuring and of plant investment, of "upgrading."

In order to proceed, as I have already suggested, it is necessary to know in time, and with the necessary certainty,whether, when and how the process of substitution of fuel oil in the electric-power and industrial fields will occur, and how the government action aimed at containing energy consumption will develop.

But let it be said parenthetically that we do not consider that this last-named action encompasses the recent provision introducing an obligatory profitless deposit equal to 30 percent of the value of the merchandise imported, even including petroleum products, including semifinished products, which for some production units constitute raw material.

Requirements of this kind, when they hit exchange relations that are closely related to a domestic demand that has to be met, have the sole effect of constituting a burden on the operator, and indirectly, on the entire system of selling prices.

Not to mention the incoherence of having extended the requirement for this unproductive deposit also to the raw material coal. This amounts to saying that at the same

that the state declares it wants to facilitate the replacement of oil by that energy source, where possible, it is actually instituting a tax comparable to a protective imposition, one that will only have the effect of making the operation more difficult.

To conclude this discussion of the evolution of Italy's oil barrel, we can state that it will tend, in time, to go toward the values corresponding to the European average, with an increase in the yields of light and medium-weight distillates and therefore in added value, favoring the products that in the present state of affairs either cannot or cannot easily be replaced by other energy sources.

It is hardly necessary to stress the fact that this process of adaptation will require massive investments, and that these in turn require prospects of industry profitability and therefore adequate self-financing margins.

Another problem that should be defined in an organic manner and in coordinated terms, and that takes on critical dimensions for our sector, is that raised by the obligatory reserve stocks.

The disappearance of production units that used to make a sizable contribution to the reserves, and the increase of the reserve quantity established last February from 90 to 100 days--that is, to a higher level than is the case in the European Community--puts burdens of great magnitude on the backs of a smaller number of operators. There is talk of additional immobilized funds on the order of 1.5 trillion lire, without taking into account the strategic reserve required of the ENI [National Hydrocarbons Agency].

We have brought this matter to the attention of the Ministry of Industry, stressing the necessity for the definition of this problem to take into account, in order to avoid unjust and excessive sacrifices for some firms, of the changed supply conditions and to ensure, in any case, coverage of the burdens inherent in the immobilization of capital.

The creation of an autonomous organism, under public control, that would be responsible for the maintenance and management of the total amount of obligatory reserves exceeding the existing reserves in the refineries and depots for operational requirements--an organism such as has already been implemented in other European countries--would meet the purpose better, overcoming in this way also the hazards connected with lags and defects in price discipline and the difficulties improperly called logistic encountered by the firms in building storage installations, owing to the search for new spaces and the obtaining of the various permits, licenses and concessions necessary for the purpose.

In the course of my speech I have occasionally referred to the fundamental importance of price policy in order to achieve the conditions that are the essential premise for the presence in our market of a number of private operators and to implement a program of development or restructuring.

We have spoken of this on several occasions in past Assemblies, and I believe that the terms of this problem are by now well-known to all.

The coexistence of a price discipline articulated partly with the system of permits and administrative control exercised directly by the CIP [Interministerial Price Com-

mittee] and partly according to the principles of oversight can be accepted only as a transitory phase of a settling-in process that would have as its ending-point the extension of the price-oversight regime to the entire range of products.

This approach has been confirmed in explicit and formaldecisions taken by the CIPE [Interministerial Committee for Economic Planning] and declarations by the various governmental personages who have succeeded one another as minister of industry since 1978.

We are also reassured in this regard by the recent specific statement by Minister Pandolfi to the Industry Committee of the Chamber of Deputies.

If this settling-in process has not yet been carried out, the reason is largely the concern about the possible consequences of generalized adoption of the oversight regime in a market until very recently characterized by uncertainties regarding coverage of the domestic needs.

Now that the world oil situation is showing excess supply over demand today, every reason for further postponement has been disappearing along with that concern, which had already been disputed by us.

It is therefore necessary to proceed in such a direction, restoring to the oil firms, by extension of the oversight system, that minimum of elasticity for adaptation to market evolution that is essential if it is desired to restore trust and impetus to the operators.

An oversight system in the field of petroleum-product prices, on the basis of the principles in force, means harmonization of the national domestic prices with the average existing conditions in the other principal countries of the European Common Market.

It does not, therefore, mean freedom to operate at one's discretion, but is only a way to keep the adaptation process, entrusted to the CIP today, from suffering the delays and hazards that always occur when a provision, even if it is purely and simply for recording of objective factors, is translated into a political act, as well as a narrower alignment, even if it is always done after the fact.

The recent experience that evidences divergent trends in the exchange ratios between the lira and the dollar as against the relative stability of the exchange rates among European currencies and a development of the European earnings that do not reflect, except perhaps partly and with serious delays, the effective variations in the costs of crude confirm also the necessity of implementing the norm--expressly provided for but not yet applied--that requires monthly verification of the cost of imported crude, for subsequent recovery from the selling prices of the products: a norm that can be harmonically correlated with the European point of reference, with the same margins of variation that can already be deduced from the method in force.

A mere delay in putting it into application can have very serious consequences for a category of industry which, in our country, as brought out by PETROLEUM INTELLIGENCE WEEKLY, issue of 1 June, is forced to sustain losses amounting to about $4.66 per barrel.

I am sorry to have to note that the situation gets worse every day and action that would make it possible to have to halt the flow of supplies [as published] becomes more urgent.

We would like in substance, and once and for all, to avoid a situation in which, when because of objective circumstances--whether they be the trend of European prices or the dollar cost of crude or the cost of the dollar in lire--revision of the selling prices of petroleum products is justified, one has to make use of the traditional stresses and exhausting procedures and the consequences of delays often connected with the vicissitudes of the country's politics have to be suffered.

We would like not to have to go to the courts to safeguard the legitimate interests of the firms, even though, unfortunately, some firms have been forced to do so for reasons judged valid in the most recent pronouncements of the Council of State, of the TAR [expansion unknown] and of the Magistracy itself.

In closing my brief statement, and for all the reasons that I think I have sufficiently reviewed, having stressed the advisability of a stable organism's being set up in the energy sector that would assume the function of coordination for effective fulfillment of the objectives of the Plan, and that also a representation of the private petroleum industry be called on to belong to this organism, so as to be able not only to execute or discuss the provisions once they are adopted but also to contribute usefully in the phase of formation of the ideas and approaches, and not in an occasional manner [as published].

At the beginning of my speech I referred to the useful dialogue that we have been able to establish with the present minister of industry on various topics that most directly concern our industrial sector. In substance, the possibility of tackling the sector's problems in "political terms" has so far been linked to relations with specific men in the government. We would like not to have to trust to chance and good luck for the future either; we would like the discussion about the policies for the sector to find a stable site, away from the vicissitudes of the alternation of government personages and approaches.

In this way it will also be easier for us--along with the public agencies operating in the sector, to whom we feel bound by common objectives and interests as well as by relations of mutual friendship and esteem at the management level--to express better our availability for constructive collaboration in order to respond adequately to the country's expectations and to the development of a fundamental field of activity.

[19 Jun 81, pp 520-528]

[Excerpts] In conclusion of what we reported in the preceding issu of RASSEGNA PETROLIFERA, we publish the second part of the report, dealing with the problems of a national character.

National Framework

1. General Outlines

The rebalancing of oil demand and supply laboriously achieved in the last part of 1979, thanks both to the extraordinary measures taken by the government to ensure additional availablility of finished products and the commitment and sacrifice of oper-

ators and consumers, was gradually consolidated during the first part of 1980, calming the fears of an impending shortage that had been felt during almost all of 1979.

For our country too, indeed, 1980 was characterized by a situation of satisfactory availability, capable of ensuring coverage of demand and the restoration of good levels of reserves. Contributing to this situation were, in the first place, the international-framework factors already cited, such as abundant availability of oil, contraction of demand in most of the industrialized countries, and the downward trend of the international quotations for products, which permitted greater recourse to importation.

On the domestic level there were, in addition to these factors, the reduction of national oil consumption and the introduction of the new Method for price determination, at least in the first part of the year, until some serious difficulties in application were manifested which, as is more fully described in the appropriate section, made it impossible to ensure a sufficient level of profitability to all the operators, placing insupportable burdens on several important production complexes.

2. Energy Demand

While 1980, from the point of view of the general trend of productive activity, was characterized by continuance of the expansive phase of 1979 (although the trend decelerated during the year), there was a 1.6-percent contraction in energy demand as against 1979. Contraction of the demand for oil contributed in an essential way to this result: the contraction was 3.2 percent, while there was a significant increase (1.2 million tons: up 11 percent) in the use of solid fuels, especially by way of greater consumption of them by the electric power plants and the cement-plant sector.

The contribution of natural gas and of primary electrical energy remained substantially at the levels of the preceding year. It should be pointed out, though, that despite such shifts, Italy's lag behind the other Western countries in the process of substituting alternative sources for oil remains considerable, this lag being due also to the persistent difficulty of making precise choices and implementing them, once they are specified, with the necessary concrete action and timeliness.

The contraction of energy demand in a year of economic expansion (GDP [Gross Domestic Product] up 4.0 percent) is significant and confirms the trend toward containment of energy consumption in our country too. From 1973 to 1980, in fact, along with an average GDP increase of 2.8 percent per year there was an energy-demand increase of only 0.9 percent, with the rate of elasticity running at a rate lower than unity, which tends to bring our country quite a bit closer to the situation of the most advanced economies of the industrialized area.

In particular, even though the production crisis in certain industrial sectors that are heavy consumers of energy (steel and petrochemicals) some modifications in the operating structure of those sectors are not unrelated to the containment of energy demand, one cannot help but note the fact that in our country too, an effective reduction of unit consumption is in progress in our country too, in both the civil and industrial sectors. This is the result of increased sensitivity to the need to eliminate waste and increase energy efficiency, a sensitivity which is heightened by the rising cost of energy. On the other hand, maximum commitment in this direction is vital and urgent if one does not want to be left out of the process, triggered by the oil crisis, of redistribution of labor and wealth at the world level.

3. Oil Demand

Despite the contraction in 1980, total oil demand, at nearly 100 million tons, continues to represent an extremely high proportion (67 percent) of total Italian energy needs, leaving unchanged the breadth of the problems connected with the security and continuity of supplies.

Oil demand has also shown, vis-a-vis 1979, highly diversified shifts for the different products and channels of use.

(a) Products for Automotive Use

--Gasoline

In 1980 the rate of demand for gasoline, after 2 years of sustained increase, was only slightly higher than the preceding year (up 1.3 percent), even though there was a sizable expansion of the automotive fleet from the one year to the next.

In effect, after a phase of appreciable recovery from the low level reached in 1977, it is estimated for 1980 that the average amount of driving by the Italian motorist dropped slightly, down to the level of 9,800 km per year, distinctly lower than the European average.

The reasons for the falling demand trend are to be found essentially in the significant increase in price (due essentially to the tax component)--an increase that was distinctly higher than inflation. There was thus confirmation of the fact that demand reacts to considerable price variations in short time-periods and of the consequent advisability of favoring more frequent adjustments of moderate extent.

Years	Price of Super Gasoline (lire per liter) (weighted annual average)		Demand for Gasoline (1,000's of tons)	
1977	500		10,400	
1978	500	--	11,090	+ 6.6 percent
1979	530	+ 6.0 percent	11,960	+ 7.8 percent
1980	715	+ 34.9 percent	12,120	+ 1.3 percent

In this regard, it should be noted that the price of gasolines in constant money was in 1980, on the average, lower than than of 1976.

--Gas-Oil

During the year, the demand for gas-oil for automotive use followed a decreasing dynamic, in line with the deceleration registered by production activity.

For the year total, the variation from 1979 (+ 2.5 percent) seems in any case too modest in comparison with the growth of productive and commercial activity (industrial production up 5.6 percent), so as to justify the hypothesis that the strong demand of the preceding year (+ 20 percent) comprised, to a certain extent, product quantities withdrawn from that sector but actually used in the heating sector because of 1979's shortage of gas-oil for that use.

(b) Products for Heating

The sales of all three principal petroleum fuels for heating registered a considerable drop in 1980 vis-a-vis 1979:

kerosene	- 29.0 percent
gas-oil	- 6.5 percent
fuel oil	- 17.6 percent

These contractions of demand--which in the case of gas-oil does not entirely reflect the effective trend because of what was noted above with regard to gas-oil for automotive use--are certainly the result of the consumer's response to the considerable price increases for fuels and to the efforts made for a policy of saving in consumption, even though one should not underestimate the contribution made by the favorable climatic conditions and the administrative measures, in effect in the first part of the year, for limiting the hours of use of the installations.

(c) Products for Industry (Fuel Oil)

The industrial sector's demand for fuel oil registered a drop of 3.4 percent as compared with 1979, in parallel with a production-activity increase of 5.6 percent.

As mentioned above, this result expresses the effects of the efforts made, especially by heavy industry, to rationalize the energy processes, as well as of the first substitutions of coal for fuel oil in the cement plants. But it is also the consequence of the abovementioned crisis that hit several energy-intensive industrial sectors such as steel and chemicals, and of the tendency of those sectors to import directly from abroad semifinished products which it takes the greatest intensity of energy consumption to produce.

This phenomenon, which in other aspects is a burden on the trade balance, is explained mainly by reasons of economic convenience, because of the lower cost of the labor and energy components in the countries that produce such manufactures, and as regards the petrochemical sector, also by the unfavorable profitability prospects for the products not usable in the sectors manufacturing processes. In future, though, this tendency seems destined to take on a structural character, as the consequence of a greater role demanded by the raw-material producer countries in the initial phases of the trasnformation processes, because of their desire to develop local industrialization.

The thermoelectric sector's demand for fuel oil increased by 6.3 percent in 1980 as a result of the higher demand for electrical energy (which, though, rose in 1980 at a rate lower than the gross-product growth rate), about 56 percent of the production of which was accounted for by the petroleum fuels.

It should be emphasized that a considerable proportion of the fuel oil consumed by the thermoelectric sector was supplied by imports, which were nearly double those of 1979.

4. The Oil Balance-Sheet

The characteristics of the 1980 oil balance-sheet can be summarized as follows:

--a strong contraction of processing by the refineries, along with the doubling of finished-product imports over 1979;

--a reduction of all categories of use, especially in exportation and bunkerage;

--an increase in the level of reserves of finished products in the refineries circuit and the primary distribution system.

--The Processing by the Refineries

In 1980 the Italian refineries processed 96.6 million tons of raw material (9.14 million tons of crude and 5.2 million of semifinished products from abroad), which represents a contraction of 14 percent from 1979, and just 56 percent of the capacity of the primary distillation plants was used. In addition to the inactivity of some operators, mainly independent ones, the reasons for this contraction are to be found in:

(a) the net decrease in processing of crude for foreign customers--a decrease which, as is shown in greater detail below, had its origin in the contraction of world demand, the increased competition from other countries, and the braking action represented by administrative-bureaucratic creation of certain conditions;

(b) the difficulties experienced by the independent operators in access to crude, especially in the second half of the year, because of the selling-price levels of products in the domestic market and also in the international market vis-a-vis the prices of the raw material available;

(c) the preferability, for a good part of the year, of buying semifinished products in the international market rather than buying and processing certain types of crude --which explains, among other things, the doubling of the imports of finished products.

While the first two causes cited are troubles that it is hoped will be overcome, the reduction of supply will have to represent an increasingly accentuated characteristic for the future too, so that all opportunities that will be offered by the anticipated availability of semifinished materials and products (also those coming from the producer countries) to be utilized in optimal integration with crude should be seized.

Italy - Sources of Crude*

(millions of tons)

	1979	1980
Middle East	73.1	52.2
Africa	30.2	27.0
USSR	5.4	5.5
Latin America	1.2	3.0
Other sources	0.6	0.9
Totals	110.5	88.6

* Including imports on behalf of foreign customers

5. The Oil Bill

The sharp increase in the CIF cost, in lire per ton, of the crude imported for the domestic market (73-percent higher than in 1979) and the reduction in exportation and

bunkering (also as a result of the contraction of processing for foreign customers) caused in 1980 a notable deterioration of the Italian oil bill, which closed with a negative balance of 17.6 trillion lire, almost double that of 1979, and had a decisive effect on the deterioration of our accounts with foreign countries.

The Italian Trade Balance for Oil
(billions of lire)

	Outlay	Income	Balance
1979			
Purchase of crude	12,202	--	- 12,202
Imports/exports of products	1,561	3,882	+ 2,322
	13,763	3,882	- 9,881
1980			
Purchase of crude	17,315	--	- 17,315
Imports/exports of products	3,938	3,680	- 258
	21,253	3,680	- 17,573

6. Market Proportions

The participation by the various categories of operators in coverage of the market underwent a further modification in 1980, albeit a less accentuated one than in 1979.

In particular, the tendency to strengthening of the role of the public-group firms continued, now reaching 40 percent, to which there corresponded a further considerable contraction of the independent operators, while the multinationals substantially matched the contribution they made in 1979.

Furthermore, the considerable increase in imports of finished products is evidenced by the important role taken on in 1980 by the independent importers, among whom the direct users, ENEL in particular, are taking a bigger place.

Market Proportions, in Sales of Products to the Domestic Market

	1978	1979	1980	1st Qtr 1981
Public enterprises	32.0	37.5	39.5	40.0
Private enterprises:				
-multinationals	38.0	37.5	37.5	37.0
-independent nationals	27.0	22.0	17.0	13.0
-importers	3.0	3.0	6.0	10.0
	100.0	100.0	100.0	100.00

Regarding the growth of the public sector, it should be noted that there was once again an indirect influence on it from the penalizing price policy, the effects of which hit the independent operators first of all (because of their lower capacity for resistance), but also the overall economy of the country, because of the higher cost of access to crude for the public operator as compared with the cost encountered, on the average, by the firms of the private sector.

It should also be noted that the bigger position taken on by the public firms constitutes an element that could in substance enfeeble the pluralistic posture of the oil market, inasmuch as the behavior of such firms seems so far to be inspired by the principles of economic and market logic [as published].

7. Price Policy

The first year of application of the Method for determination of petroleum-product prices, formally approved by CIP order No 8 of 19 March 1980, closed with a substantially negative balance.

The positive judgment of the new system by the operators, both as an instrument capable of making possible a balancing of the firms' economic accounts and as an expression of the government's desire to put into operation a more realistic and flexible oil-price policy, has not been confirmed by events; and this is because of the methodological limitations built into the system, but especially because of the persistent tendency to disregard the precise deadlines provided for by the system and to apply the existing provisions in a restrictive and penalizing manner. In other terms, the objectives which the new Method explicitly set itself to achieve, and in particular, the commitment to assure the national operators of conditions of parity with the European average, have not come about, and the old system of approximation, of discretionality, of decisions always made seriously late, that have for years poisoned the atmosphere of the relations between the operators and the authorities and that have so far led several international groups to abandon the Italian market and others to reduce their degree of participation in it, has come back to life. Yet the conditions for a decisive change of approach had matured: at the end of 1979, the inadequacy of the old Method (based on historical costs) to meet the double requirement of regular supplying of the country and of the maintenance of a well-articulated and sound petroleum industry within the changed framework of the oil market as a result of the Iranian revolution had led the government to recognize the necessity of ensuring to the Italian firms conditions of compensation consistent with the dynamic of the costs and with the markets of the other consumer countries. The abovementioned CIP order No 8/1980 affirms, in its preamble, that petroleum-product price policy must, among other things, "contribute to guaranteeing the normality of the country's oil supplies in the short term as well as in the medium term through achievement and maintenance of a situation of equilibrium between the conditions acknowledged to our country's operators and those that can be found in the principal European countries," and "maintain a plurality of operators so as to seek a higher degree of security and economy in the supplies and distribution of petroleum products."

The CIPE decision of 28 December 1979 that dictated the basic principles of the new methodology specified, in turn, that "the new criteria for the fixing of the prices of petroleum products in our country must refer to the level and to the dynamic both of the national costs of importation of the raw material and of the average ex-refinery revenues effective in the principal European countries, with the specific characteristics of our market taken into account." Nor was the process of review of the system for determination of petroleum prices to be considered closed in that way, inasmuch as the government's manifest objective at the time of approval of the Method, and as subsequently reaffirmed also in the draft of the new National Energy Plan, is the gradual extension of the oversight system to the products still administered by the CIP, starting with gas-oil and the other medium-weight distillates.

Such approaches and, especially, the promised prospect of extension of the oversight system underlay a greater faith in the outlooks for the sector shown by the private

oil firms and especially the multinationals. In the course of 1980 this faith was expressed, among other ways, in the decision by several important groups to reenter the Italian market or expand their presence in it, or in the resumption of investment programs for productive upgrading of the industry both on the level of greater energy economy in production processes and on the level of production adaptation to the objective of flexibility of supply and the obtaining of maximum value from the raw material.

But as mentioned above, these expectations have been frustrated. What has in fact occurred is:

--the systematic delay, averaging 30 days beyond the deadlines fixed by the Method, in the CIP's adjustment of the prices;

--the adoption, for the purposes of comparison between the Italian situation and the average European situation, of criteria that do not take into account the differing structures of the yields and markets and of the resultant impossibility for the Italian operator of achieving, even at parity of prices, the same revenues as the European operator;

--the margins of tolerance (4 percent provided for by the same Method for determination of the domestic prices of the European reference points, which in times of rising costs and prices have constituted a further factor of delay, not compensable by moments [as published] characterized by opposite tendency; they have made entirely theoretical the principle of alignment with European revenues. In fact, in the period 1 January 1980 to 31 March 1981 the revenues of the Italian oil industry proved, on the average, lower than the European revenues by about 14 lire per kg for gasolines and 9 lire per kg for gas-oil, with total lower recovery of about 400 billion lire for the price-administered products.

Except for an initial partial identification in December 1979, application of the clause on revision of prices in function of the variations in the cost of crude has also been lacking. This clause was put into the Method both to make possible a balancing between Italian and European revenues in periods of accentuated dynamics of crude prices and by the presumed logic that coverage of the costs of raw-material supply constitutes the essential condition for guaranteeing the regularity of the country's supplies. This despite the fact that the price increases at the place of origin and the deterioration of the lira-dollar exchange rate produced, in the final months of 1980 and the first part of 1981, big increases in the costs of importation of crude, increases that made the costs-to-revenues ratio a very difficult one for all the firms and especially for those--the majority--that are forced to obtain their supplies of crude at higher prices.

In an attempt to explain the failure to apply the aforesaid provision, there has been talk of presumed uncertainties of interpretation that do not appear to be consistent with either the letter or the spirit of the order, which has led a great many firms to have recourse, in this regard, to the organs of administrative justice.

Uncertainties as to mode of interpretation of the norms have also been cited in an attempt to explain the failure to apply another provision of the Method that provides for the possibility of taking into consideration list prices of the products subject to oversight, and principally the list prices of heavy fuel oil, which are higher than the European average, if the operators requesting this document higher overall costs; but none of the requests presented by the firms was taken under consideration by the Administration.

Whatever the legal importance of such uncertainties may be, it should be noted in any case that they are always resolved to the detriment of the operators, suggesting, more than an episodic haphazardness, a tendency to apply petroleum-price policy constantly in a taxing and penalizing manner.

A more recent example is the failure to adhere to the 31 March 1981 deadline, the date on which, by the terms of the Method, the CIP was supposed to have carried out a realignment of Italian revenues with the European average and an adjustment of the distribution and financial costs. The government's decision to postpone this provision while waiting for the definition of anti-inflationary measures represents--in addition to being without justification on the level of economic logic (inasmuch as about 95 percent of oil costs are tied to factors outside the economy)--the patent omission of a dutybound act, inasmuch as it follows from commitments legally taken on with the introduction of the Method.

This decision is all the more serious and disturbing because it was taken in the knowledge that just the widening gap between the dollar and the lira was entailing average raw-material cost increases of more than 13 percent vis-a-vis the cost recognized in the prices in force--a value that subsequently went up further in parallel with the further progressive deterioration of the lira in relation to the dollar--the currency in which, as is known, the contracts for purchase of crude are made. Such episodes result in loss of credibility and trust of the Administration with the operators, on the supposition that they are not the result of deliberate decisions, that would have the sole effect of further reducing the space held in the petroleum sector by private industry and of compromising the pluralistic character of the market, the adoption of instruments that would make it possible to overcome the rigidities connected with a price maneuvering that requires, first, complex bureaucratic-administrative verifications, and secondly, collegial decisions by the government, is set as a necessity on which there can be no further procrastination [as published].

In other words, the problem is not so much one of method as of timeliness and concreteness in the application of it.

This could be done, without substantial modification of the criteria on which it is based and of the objectives of the discipline in force, by a gradual transition to the oversight system for the products still price-administered, in accordance with the approaches already expressed by the government in its turn, maintaining, as the upper limit of the price subject to oversight, the average of the European revenues, with a formula that would permit recovery of eventual major increases in the cost of crude and with the improvements suggested by experience. Oversight does not mean absence of controls on the part of the authorities and therefore the possibility of speculative phenomena to the injury of the consumer, because underlying oversight is the principle that "silence equals assent" by the Public Administration.

In this regard it should also be pointed out that the proposals advanced by the Petroleum Union and by the public industry, based on the experience so far digested with the oversight of fuel oil and of other products mainly for industrial use, envision a system that in comparison with the one in force has the sole big advantage of making more timely those very variations that the Method already provides for today.

The oversight system, worked out on the basis of the requirements of the consumer, the other cateogries of operators and the Public administration as well as those of the sector, would prove suitable for:

(a) preventing eventual phenomena of market disorder in the final-distribution phase, in which thousands of small operators (wholesalers and managers) are involved;

(b) maintaining the present structure based on single national prices for the fuels sold through the street stations (gasolines, gas-oils, gpl [expansion unknown] and articulated by province as regards the products for heating;

(c) keeping the structures of the CIP and of the CPP's [expansion unknown] from being weighted down with new burdens and responsibilities.

8. The Problems of Refining

(a) Processing for Foreign Customers

In 1980, processing of crude for foreign customers showed a strongly negative trend, going from the 19.5 million tons of 1979 to 11.8 million tons--a decrease of 40 percent.

The concerns about the consequences induced by such a situation, one that threatens to transform the crisis from a situational one into a structural one, with heavy repercussions for the firms operating in this sector and with obvious effects on the country's economy, which has until now always been able to count on a sure contribution from such activities in the form of foreign-exchange revenue and on other benefits of no small importance, therefore prove to be well-founded.

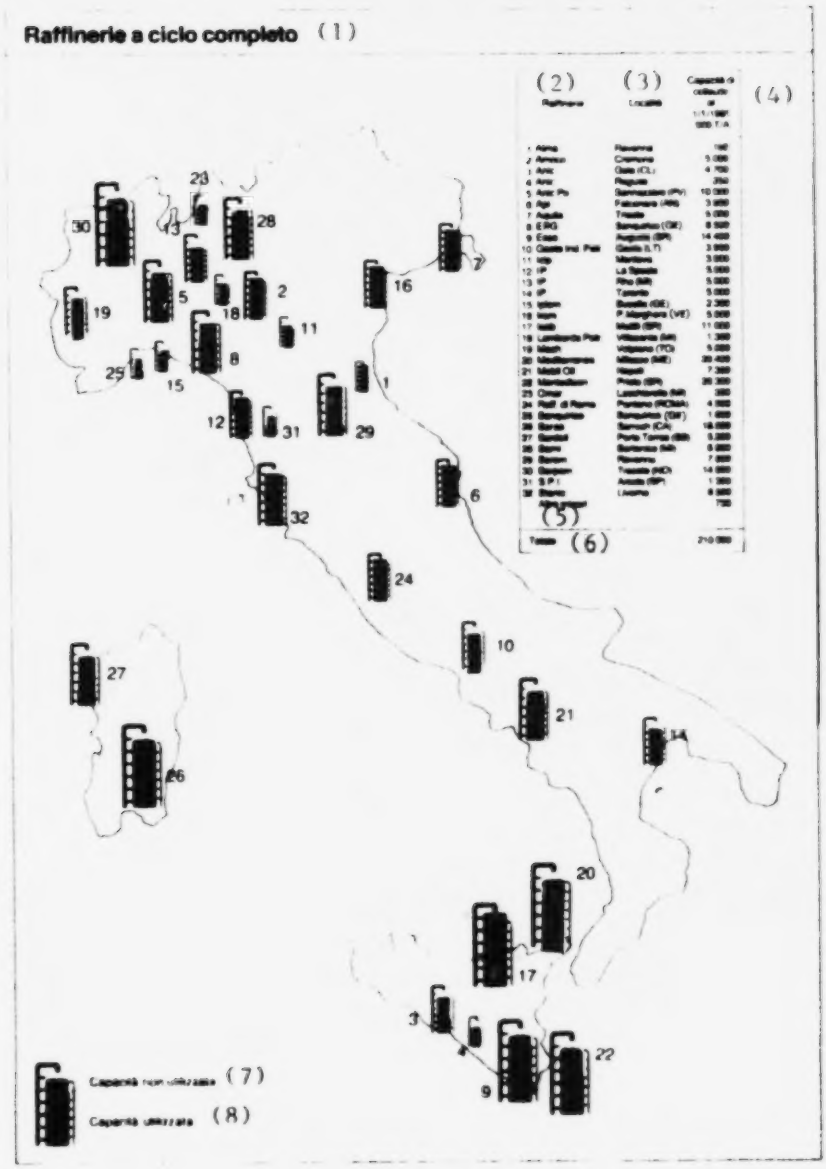
In this regard, particular consideration should be given to the contribution made by such processing to maintenance of the refining installations, which for some time have been characterized by a downward tendency, and to the risk that a further reduction of orders by foreign customers might accentuate this phenomenon--not to overlook the effect that the growing competitiveness of similar foreign industry in recent years has had in this regard.

In this situation it appears indispensable for the competent authorities to adopt adequate strategies capable of protecting the sector and avoiding the destruction of work possibilities, sizable investments and entrepreneurial capacities.

For this purpose, there should in the first place be a correction of those policy approaches that so far have created obstacles to processing for foreign customers. In particular, they necessitate clear and committing measures that would create the conditions for development free of impediments of various kinds (not least, those of a bureaucratic-administrative character that make the issuance of the necessary ministerial authorizations difficult), so that the national operators are not placed in conditions of competitive inferiority vis-a-vis other countries, and for so long as there continues to be an abundance of refining capacity in all the important geographical areas.

(b) The Obligatory Reserves

The sharp reduction of the refineries' activity and the concomitant growth of the contribution of finished-product imports to coverage of domestic needs in recent years brought to the forefront, at the beginning of 1981, the problem of the obligatory oil reserves, as a result of the approval by the Parliament of Law No 22 of 10 February 1981, which provided for increasing the aforesaid reservies to 100 days' consumption, as well as the setting-up of a strategic reserve, financed by the state.



Key:

1. Complete-Cycle Refineries
2. Refineries
3. Localities
4. Certified capacity as of 1 January 1981 (1,000's of tons per year
5. Other minor refineries
6. Total
7. Capacity not used
8. Capacity used

Moreover, the law has not confronted the burdensome economic consequences of the new provisions on the operators, or the more general problem of a revision of the criterion for distribution of the reserves, a criterion so far stipulated in such a way as to burden essentially the refining firms.

It is estimated that if the present criteria were to continue in force, the refineries operating today would within a year have to increase the obligatory reserves overall by 4.5 to 5 million tons--an increase of about 30 percent.

The magnitude of such an increase obviously poses enormous problems, difficult to solve, of an economic and financial nature, of a logistical nature, of times. This makes more urgent the necessity to effect a substantial modification of the system in force, by a more equitable and therefore more appreciable involvement of the importers, as a condition for not jeopardizing the firms' very ability to function on the production and distribution levels, and therefore their capacity to continue to supply the market regularly.

To this end, the solution that in prospect appears most suitable for giving the matter a clear and stable framework is the creation of an agency under public control, analogous to the organisms already operating in other European countries (such as the FRG, Switzerland, Denmark, etc), to which would be assigned the maintenance and management of the total of reserves that exceeds the proportion that the refining and distribution system would continue to maintain in line with its operational requirements. Nor would such a solution entail additional costs for collectivities, inasmuch as it could be financed by use of the component recognized by the CIP, in the final selling prices of the petroleum products, as corresponding to the reserve burdens, with the timeliness necessary to guarantee recovery of the burden actually sustained.

However, the inevitably long times needed for such a solution necessitate actions capable of making an immediate response to the present problems. In this regard, action aimed at achieving a more equitable distribution of the reserves burden among the various categories of operators, in relation to their contribution to coverage of domestic demand, on the basis of which the reserves are proportioned, is deemed especially necessary.

In this framework, attention should be given in the first place to the importers, who, especially in the category of self-consumers, have taken on an important role and who today have a very modest share in the reserves obligation.

This extension is easily achievable on the normative level by making use of the instruments offered by the petroleum law of 1933 itself, RDL [Royal Decree Law] No 1741; or alternatively, by setting up an equalization fund for the purpose that would redistribute, among the entities actually obliged to hold reserves, the equivalent of the reserve burden recognized in the final selling prices of the petroleum products.

(c) Upgrading the Quality of the Refining System

The prospects of substantial stability in domestic oil demand in the future, the expected availability in the coming years of a proportion of finished products being supplied by producer countries, and the competition of other countries in the acquisition of processing work for foreign customers give good grounds for foreseeing that in the future, the average volume of primary processing work is destined to stabilize if not drop in relation to recent years. On the other hand, with the startup of the programs for greater use of coal and nuclear fuel, the country's future oil demand will be composed of an ever larger proportion of light products (gasolines) and medium distillates (gas-oils).

Refining Capacities	1979	1980
Percentage for public entities	21	21
Percentage for multinational companies	28	28
Percentage for national firms, independents, petrochemical firms	51	51
	100	100
Raw Material Processed (millions of tons)	118.4	97.4
--amount of this on behalf of foreign customers	20.4	13.3
Utilization of Refining Capacity		
Percentage for public entities	83	80
Percentage for multinational companies	66	66
Percentage for national firms, independents, petrochemical firms	57	40
Percentage for entire sector	66	56

It is therefore indispensable that in the Italian refining sector, as is also contemplated by the draft of the new National Energy Plan, the reconversion processes be urgently implemented that, in accordance with criteria of efficiency and productivity, will reduced the primary-distillation capacity and increase the conversion capacity.

A significant proportion of the sizable investments started, especially in the last year--other than those relating to the ever more rigid environmental restrictions and to containment of consumption--have indeed been aimed in that direction; but they do not seem sufficient to close the qualitative gap existing today between the Italian refining system and that of the other principal European countries, which results in economic penalization because of less value obtained from the raw material, and therefore less power of access to the raw material itself.

A disincentive in this regard consists in the structural incapacity so far demonstrated by the Italian price system to enable the firms to generate the self-financing margins needed for implementation of substantial investment programs.

9. The Problems of Distribution of Fuels

The necessity of more rational organization of the entire production cycle--a necessity imposed by the changes in the international oil picture--has meant for the distribution sector a different shape for the concept of "market presence." To the old criterion of "active economic presence," [as published] having as a corollary the startup of processes for rationalization and restructuring of the distribution network, which, moreover, entail huge investments.

But in this last regard there has been a lack of the indispensable action by the government, both in providing the instruments and on the level of action by the regions, despite the clear directions pointed out both in the National Energy Plan of 1977 and in the DPCM [expansion unknown] 8 July 1977.

This inertia has indeed entailed the necessity of a postponement of the deadlines provided for by the aforesaid DPCM so as to permit at least a reinforcement of the approaches indicated in it.

The programmed closure and the related indemnification mechanism provided for the owners of plants with output of less than 100,000 liters in 1976, which represent the first concrete action, has also encountered such difficulties in its legislative journey that the order for it has not yet been approved by the government.

But elaboration of the regional plans, which are intended to contain the legislative and operational instruments for taking action in the distribution network, is proceeding expeditiously, thanks also to the carrying-out of the census of the network.

Regions such as Lombardia, Veneto, the Marche and Sicily and the provinces of Trento and Bolzano have already completed their plans are a good way along in preparation of them.

In this area, the Union has called attention to the essential lines of approach that the plans should contain--specifically:

--implementation of the first phase of restructuring indicated by the new National Energy Plan and taking the form of the closing-down of the plants with 1976 output of less than 100,000 liters, and resiting of the plants located in the historic centers in accordance with what is established by the urban-planning instruments for inderogable reasons of viability;

--liberalization of the operations in the remaining plants, by giving concrete incentives to concentration, in the form of special concessions of an economic-administrative nature.

The same uniformity of behavior should be adopted for discipline of the plants' operating hours, which at this time are extremely diversified throughout the national territory.

Lively arguments have arisen on the specifics of this subject, both because the existing norms are not easy to interpret clearly and because there is difficulty in reconciling the managers' request for a midweek closing of the plants with the interests of the user and the operational exigencies of the firms. The recent judgment by the TAR of Lazio confirming the obligation to follow the central directives in force has in this regard made a contribution to clarification in terms of competencies and scopes of management of the administrative functions delegated.

10. The Outlooks for the Future

In the coming years, an increase in the price of oil in real terms is considered an inevitable phenomenon destined to affect heavily the development of the economies of the industrialized countries. Energy efficiency will therefore become an important parameter of differentiation of relative international competitiveness.

The replacement of oil with other energy sources, principally coal and nuclear, and the increase in the quantity of product obtainable from a unit of energy will constitute primary objectives of the energy policies of the industrialized countries.

--The National Energy Plan

These approaches are strongly present in the draft of the new National Energy Plan worked out by the Ministry of Industry in 1980 and now on the point of being officially finalized.

Estimate of Fuel-Distribution Stations as of 31 December 1980

	Number of existing stations (a)	Number of stations with 1976 output of less than 100 m^3 (b)	Percentage ratio of b to a
Piemonte	3,774	400	10.6
Valle Aosta	117	3	2.6
Liguria	1,068	60	5.6
Lombardia	6,324	957	15.1
Trentino Alto Adige	692	45	6.5
Veneto	3,256	380	11.7
Friuli Venezia Giulia	931	140	15.0
Emilia Romagna	3,906	675	17.3
Toscana	2,771	220	7.9
Marche	1,546	402	26.0
Umbria	805	166	20.6
Lazio	3,400	235	6.9
Abruzzi	881	60	6.8
Molise	162	5	3.1
Campania	2,681	131	4.9
Puglia	1,930	193	10.0
Basilicata	277	17	6.1
Calabria	927	47	5.1
Sicily	2,435	180	7.4
Sardinia	719	30	4.2
Totals for Italy	38,602	4,346	11.3

The main approaches on which the document is based are fundamentally:

(a) recourse to other sources (coal and nuclear) to limit the use of oil to the best quality of applications;

(b) restructuring of the refining sector (so as to increase its conversion capacity) in order to increase the yields of the products (fuels, raw materials for the petrochemical industry, lubricants, etc) for which replacement by other sources is not envisionable today;

(c) measures to achieve an incisive energy-savings policy especially in the sectors (heating and small industry) that still offer a big potential for saving on consumption;

(d) ensuring the maintenance of a plurality of operators in the market as a basic condition for increasing the security and economy of supplies;

(e) a price system which through a "supervised liberalization" is to provide for automatic adjustment of domestic prices to international prices, and therefore, as in the other European countries, the "valorization of crude, with delays and uncertainties."

Along with such approaches, that indubitably are to be judged positively, it should be pointed out critically that the following do not appear entirely consistent with the principle of maintaining the plurality of operators:

(a) the absence of any political indication relative to the role of the independent firms;

(b) the assignment to the ENI of the task of supply 50 percent of ENEL's expected need for coal--a measure that constitutes an element of uncertainty to the extent that it entails a revision of the programs of private operators (for some time committed to development of mines in various geographical areas of the world).

11. Energy-Saving

Even though the level of per-capita energy consumption in Italy is one of the lowest among the industrialized countries, the prospects of growing cost of energy sources, and of oil in particular, make indispensable a serious energy-savings policy that will make it possible to achieve more considerable results than those so far reached. Until now, in fact, the major saving has been obtained through the users' spontaneous reaction to the increases in the price of energy.

In addition to the results achieved in the sector of private consumption, there should be cited in particular the initiatives taken in certain industrial sectors, starting with the oil-refining sector, in which optimizations of the energy processes have been realized, with fuel economies that have repaid the cost of the investments for them in short times.

More could have been achieved with adequate legislative action that has so far been lacking. The facts are that:

--the measure regarding the hour blocks for heating, adopted on the occasion of the oil crisis of 1979, was approved, with limited force, only in the 1979-1980 season, and only at the end of the 1980-1981 season was it introduced in a definitive way;

--the measure for containment of energy consumption, the development of renewable sources and the operation of the electric-power plants using fuels other than the hydrocarbons, after approval by the Senate, is still under examination by the Industry Committee of the Chamber of Deputies;

--the "energy project," which, within the framework of Law 675 for industrial reconversion, provides for a complex of incentives for rationalization and development of alternative sources in industry, has been shelved for some time, and one does not know whether or when it may be revived.

In any case, it is to be hoped that approval of the National Energy Plan, which rightly devotes considerable space to energy-saving policy, will coincide with a revival of concrete initiatives in this field; inertia would indeed result in a further loss of competitiveness by the Italian economic system vis-a-vis those of the other industrialized countries.

12. Specific Problems

(a) Taxation

Tax Yield

The tax incidence on petroleu products continued to increase, in the course of 1980 also, with a progression that confirms the position of absolute preeminence of this category among all the indirect taxes.

According to preliminary evaluations, the total yield just from the fabrication tax on mineral oils and GPL [expansion unknown] was about 6.8 trillion lire, as against about 6 trillion in 1979.

This result confirms the now consolidated governmental propensity to give priority to use of tax maneuvers on the most commonly consumed petroleum products to cope with financial commitments connected with budget necessities, neglecting, among other things, the need for equalization among the various products.

Tax Burdens on Gasoline

Among the various products, the one on which the effect of such a policy as fallen once again proved to be gasoline, whose taxation level has now reached a value not found in any other European country.

With DL [Decree-Law] No 827 of 11 December 1980, which provided for an increase in the fabrication tax, the total tax burden on gasolines reached at year's end the maximum level of 550.19 lire per liter, which corresponds to 64.7 percent of the selling price of the product. This level subsequently dropped to 527.19 lire per liter with the partial defiscalization measure of mid-January 1981, and then went back up to 530.24 lire per liter as a result of the IVA [Value-Added Tax] established by CIP order No 11 of 27 February 1981.

The present incidence is 534.82 lire per leter--59.4 percent of the consumer price.

Taxation of Petroleum Products

Such high tax rates are an obvious stimulus to evasion by dishonest operators, as is evidenced by several episodes that came to light during 1980. There is therefore an increasingly urgent necessity to modify for that purpose also the arrangement that presently governs the taxation on mineral oils. It is still tied today to a basic set of norms that appears anachronistic and outmoded, going back to 1939 and never effectively adjusted to the real industrial and commercial necessities.

Simplifying and adjusting the taxation arrangement is important, for reducing the illicit area to the minimum and avoiding unnecessary control burdens and restrictions on industry. This will also be advantageous to the image of a sector on which the effects of episodic events have a negative impact--events that are episodic but also important by virtue of the magnitude of the figures involved and which, by confusion of terms, lack of information or captious obfuscation lead even that vast majority of operators who act with maximum correctness in adherence to the law to make wrong judgments.

Over time, the Administration has in fact had recourse to partial adjustments due to situational impulses and especially to requests by the operator categories involved, but without ever tackling a structural overhaul.

By following the "buffer"-interval policy rather than a policy of radical transformation of the system, measures have also been adopted in recent times that limit the firms' operational capacity and that have indiscriminately penalized the industry, but without increasing the degree of fiscal security.

This does not seem to be the most productive way to ensure respect for regularity of operations: in the field of taxation, the policy to be pursued for the most useful outcomes is always that which is based on a coordinated precautionary approach--a result that can be achieved only by renouncing complex and outdated schemes and superstructures.

In this context, the government's recent initiative to study a possible revision of the entire system of petroleum-product taxation, for which the Union too has been called on to offer its contribution of experience and collaboration, should be judged favorably.

It is to be hoped that the occasion will make it possible to achieve solutions that will temper the Administration's expectations for an adequate oversight of the taxation requirements and those of the operators, to be able to count on procedures and institutions that would not create superfluous burdens and obstacles.

There is an equally lively hope that the implementation of reform will come within the framework of the process of Community harmonization, to which a Commission report to the Council of the EEC also devoted considerable attention recently, dealing with the outlooks for convergence of the taxation systems in the Community.

The Commission itself has urged at least the unification of the structures in terms of consumer taxation. This is an invitation which it is hoped our country will accept, thereby achieving, for the national industry, operating conditions analogous to those in effect in the other countries of the Community.

Special Concessions for Foreign Tourists

In the framework of the preliminary studies carried out, by ministerial efforts, for overall reform of the mineral-oil taxation system, the idea of concentrating taxation on automotive gasolines only, with concomitant elimination of the special tax concessions in effect for motor fuels, seems a positive one.

From this angle, the initiative for renewal of the reduced-tax gasoline coupons in favor of foreign tourists has caused perplexity.

The arguments presented in support of the reintroduction of that measure are based largely on the negative forecasts made in the hotel sector, showing a general drop in foreigners' reservations for the coming summer season.

The trend toward exhuming the abovementioned special-concession system, recently suspended after attentive consideration and evaluation of the implications that it entailed--which went from the establishment of an actual black market in the aforesaid coupons to a marked stimulation of abuses or forms of tax evasion of notable scope--has aroused negative reactions on the part of the Union and the station-managers' associations.

It has been pointed out by us that if it is so desired, other methods can be usefully employed to encourage foreign tourism--including, for drivers, free or reduced-price use of the toll highways--and that tourists from abroad should be offered new standards of quality in reception, together with rational utilization of the considerable resources in our country with regard to services, improvement of transportation, better use of particularly well-equipped tourist areas, etc.

(b) Transport

In 1980 there was a significant change in the climate of conflict and tension that had characterized the petroleum-product transport sector throughout 1979.

After a complex and difficult controversy with the professional carriers' associations, the definition of a methodology of rate calculation for transport of petroleum and chemical products, with regulation also of the criteria for application of them, was reached in May 1980, with the coordination and mediation of CONFINDUSTRIA and ratification by the Ministry of Transport.

This methodology responded positively in the first year of its application, even though considerable aggravations of an economic and administrative character hit the sector by the effect of the price-alignment mechanisms provided for in them.

The fact that this methodology has already been extended positively to other merchandise sectors confirms the position supported by CONFINDUSTRIA itself on several occasions that a satisfactory and durable regulation of tariffs is achievable through solutions identified by the parties involved and ratified by the competent administration.

(c) Technical Norms

In the field of technical norms of direct interest to the secotr, appreciable results were achieved during 1980. In particular, the relations of collaboration maintained with the National Association for Combustion Control (ANCC) made it possible to make a substantial contribution to prearrangement of the regulatory controls related to discharge of dangerous fluids into the atmosphere from the safety valves of pressure vessels. This technical standard has filled in a regulatory gap in the prevention sector, even if, for the future, there are unknowns and uncertainties because of the abolition of the ANCC itself and of the ENPI [National Agency for the Prevention of Accidents], as provided for by the Health Law.

The delay in implementation of the Health Reform and the elements of confusion still existing with regard to the operational capacity of the replacement organs provided for by the same Reform present the risk, in fact, of jeopardizing the solution of the delicate problems connected with the preventive monitoring of the safety of the installations, problems so far tackled by simple postponements.

For such reasons, the Union, together with the other categories of industrialists concerned and with CONFINDUSTRIA, has worked actively to keep the patrimony of experience and knowledge acquired by the ANCC over a long period of time from being dispersed.

(d) Problems of the Environment

In the sector of safeguarding of the environment, significant progress has been achieved toward realization of the provisions for safeguarding waters from pollution, with the issuance of a series of provisions relative to special financial concessions, study and predisposition of the regional plans, the implementation of which takes on a fundamental role for restoration of the health of bodies of water.

This is true even though difficulties of a technical nature remain, which the Union, jointly with the other industrial categories, is working to solve, with the coordination of CONFINDUSTRIA.

As regards pollution of the atmosphere, the work in the Higher Institute of Health for definition of air-quality standards has been developed further, and a table with the limits for the most significant kinds of pollution has already been presented to the Ministry of Health. It is now necessary to go on to study of the feasibility criteria, so as to program with the gradual pace necessary the measures and action aimed at improvement of the quality of the atmosphere.

It will be possible for the Regions to play an important role in this field, on the supposition of actions based on scientific rigor that take particular account of the country's energy needs and compatibilities.

Still on the subject of prevention of atmospheric pollution, it should be noted that the attention devoted today to energy-saving and to correct exploitation of energy resources has made it possible to resolve in acceptable terms the problems connected with the reception of the EEC directive that establishes reduction of the lead in gasolines.

As the result of a detailed analysis carried out by CUNA [expansion unknown] on the energy implications connected with that order, it has been possible to contain the impact that reduction of lead to 0.4 gram per liter would have had on the production of gasolines, and there has been specified a positive solution that tempers the above-cited objective with the exigencies of the automotive and oil industries, concomitantly bringing the octane level of super gasoline to a value equal to 97 ROn, in line with the average European value.

In the prospect of the further steps to be taken in this important sector, it should be said in general terms that solution of the problems deriving from protection of the environment cannot help but take into account both the technical times required for the adaptations in question and the profitability conditions necessary to the firms for financing the investments involved.

11267
CSO: 11267

SOVIET TRADE DELEGATION EXPECTED IN SEPTEMBER

Nicosia THE CYPRUS WEEKLY in English 17-23 Jul 81 p 3

[Text]

A delegation of top-ranking trade experts from the Soviet Union is due in Cyprus next September to further study the possibility of joint Cypro-Soviet industrial ventures for export, Soviet Trade representative Mr. Grant Grigorian told a press conference in Nicosia this week.

The Cypriot Minister of Commerce and Industry, Mr. Constantinos Kittis, has already discussed this during his recent visit to Moscow, where he had a number of meetings with state trade committees, Mr. Grigorian said.

Record

Throughout the past 20 years, trade and financial relations between Cyprus and the USSR have been based on bi-lateral agreements, the latest of which was signed in 1977 and is still in force.

During 1980 trade exchanges showed an increase of 24.3 percent, reaching the record figure of 61.5 million dollars (41.2 million dollars imported into the island and 20.3 million dollars exported to the USSR). The Soviet Union, Mr. Grigorian said, imported from Cyprus goods which are difficult to dispose of on the international market such as zivania, raisins and wool. Other exports to the USSR include footwear and clothing, consumer goods and wine.

This year, the Soviets will import 6,200 tons of zivania 15,000 tons of ordinary wine and four million bottles of Muscat sweet wine.

According to a five-year agreement signed last April the Hellenic Chemical Industries will also export 35,000 tons of ammonia to the USSR.

Another agreement provided for the supply of 50,000 tons of Soviet crude oil to Cyprus, while at the same time the possibility of increasing the exports of Soviet oil to the island was discussed by Mr. Kittis in Moscow, and will be discussed further when the Soviet delegation arrives in Autumn, Mr. Grigorian said.

CSO: 4600/112

EMPLOYERS OPPOSE NATIONALIZATION

Nicosia CYPRUS MAIL in English 17 Jul 81 p 1

[Text]

THE Cyprus Employers' Federation have deplored the recent outcry by Akel and the Left-wing Peo trade unions for nationalisations.

«Far from leading to raising the standard of living, nationalisation will only mean reduction of the standard», the Federation said.

A statement from the Federation referred to the recent speech of Akel leader Mr Papaioannou who called for nationalisations in general and for the nationalisation of the oil importations, refining and marketing in particular.

The Federation points out that the Peo trade unions agreed with the remarks of the Minister of Commerce that the recent petrol price increases were justified in view of the higher price of crude and the rise in the dollar exchange parity.

«Since the increases were justified, why then is there such an emphatic demand about nationalisation?» the Federation asks.

Further the Federation disproves the allegations about any benefit from nationalisation either in the form of lower purchase price for crude or lower costs and lower profits since the government partakes in the purchase, controls costs and profits.

The Federation believes that the present system of government purchasing a considerable part of the required crude and the rest being provided by the companies is best especially in times of emergencies.

The Federation warns that the outcry about nationalisations and greater State intervention far from helping will cause harm if it acts as disincentive for investments which alone can guarantee progress and development and thereby rise in the standard of living.

CSO: 4600/112

SWEDISH TOURIST ARRIVALS

Nicosia THE CYPRUS WEEKLY in English 17-23 Jul 81 p 28

[Text]

There has been a tremendous increase in the number of Swedish visitors to the island this year, a Cyprus Tourism Organisation official said this week.

Arrivals from Sweden — mostly by chartered aircraft —during the first six months reached 28,000 an unprecedented 134% increase over the figure (12,000) for the same period last year.

Sweden now holds the second place in the list of countries providing tourists to the island. The UK remains the biggest tourist market for Cyprus — some 50,000 holidaymakers arrived from Britain in the first half of this year. They represent 28% of the total, as against 16% for Sweden.

Lebanon, Greece and West Germany take third place, with about 13,000 tourists each (or 8% of the total).

Smaller numbers of visitors came from Austria, Switzerland, Finland, the United States and Saudi Arabia.

The CTO official said Cyprus had 171,000 visitors during the January-June period, as against 139,000 in the same period last year, an increase of 22.5%.

'If the present trend continues, the tourist traffic will have exceeded our target of a 15% increase this year' he told the Cyprus Weekly.

'Our hotels are already fully booked for the summer months, and there is every indication that the tourist boom will continue for the rest of the year.

Figures for the first 12 days of July already show a 30% increase over the corresponding period last year, he added.

CSO: 4600/112

INCREASE IN APRIL EXPORTS REPORTED

Nicosia THE CYPRUS WEEKLY in English 17-23 July 81 p 8

[Text]

Imports were down and exports shot up considerably in April, according to the monthly report issued by the government statistcs Department.

Imports amounted to £33 m., down 14.7%, while exports rose to £20.4 m., up 31.7%.

As a result, the trade deficit narrowed from £23.3 m. in April 1980 to £12.6 m. in April this year.

Major export earners were potatoes (£4.8 m. as against £2.2 m. in April 1980), clothing (£2.8 m.), footwear (£1.2m.), citrus fruit, alcoholic beverages, and packing containers of paper and asbestos.

During the month, the main market for the island's exports were the EEC countries and particularly the United Kingdom, which provided 48% of total export earnings.

The Arab countries occupied second place in importance, taking Cyprus products worth £7.2m. or 40.6% of the total.

Domestic exports to the Eastern Trade Area accounted for £876,000 or 4.9% of the total.

Imports from the same area stood at £1.4 m. while imports from Arab countries were negligible as there were no shipments of oil during April.

Imports from the EEC countries come to 56.2% of the total and reached £18.5 m.

The report says the drop in petroleum imports in April was due to the fact that the island's needs were covered by the high importations of such products in March.

The main import items were consumer goods (£.7 m.), transport equipment (nearly £3 m.) and capital goods (£2.8 m).

The figures for the four-month period January to April were: Imports £156.1 m. (£145.7 m.), exports £64.8 m. (£54.3 m.) leaving a trade deficit of £91.3 m. about the same as last year.

Asbestos Exports

Cyprus exported nearly 160,400 tons of minerals last year, valued at £7.7 million, as against 230,500 tons worth £8.2 m. in 1979.

Mineral exports represented 4.1% of domestic exports while five years ago they accounted for over 10% of total exports.

The annual report issued by Senior Mines Officer Mr Glafkos Kronides says the most important mining products shipped abroad last

year were asbestos, cupreous concentrates, iron pyrites and chrome concentrates.

Important

Asbestos is now by far the most important mineral export. The report says that 30,686 metric tons were shipped to over 16 countries, with the largest quantities going to the UK, Greece, Thailand, Spain, Ireland, Italy and Belgium. The value of asbestos exports reached £4.6 m.

The volume of iron pyrites dropped to 88,000 tons (valued at £1.1 m.) about half the amount shipped abroad in 1977.

And there were only 812 tons of cupreous concentrates (valued at £112,600) as against more than 30,000 tons in 1977, showing the almost complete depletion of copper mines.

One item that is on the increase is bentonite -- nearly 23,000 tons were exported last year as against 3,333 tons in 1977.

No new mining leases were issued during the year, but there were 112 quarry licences. At the close of the year, there were 16 mining leases and 278 quarry licences in force. There were also 59 prospecting permits.

The production of building materials was stepped up, and among other things, quarry operations produced 100,000 tons of building stone, 14,000 tons of lime, 17,800 tons of gypsum, 4.2 m. tons of sand and aggregate, and 66,200 tons of marble.

CSO: 4600/111

SWITCH FROM MILS TO CENTS PLANNED

Nicosia THE CYPRUS WEEKLY in English 17-23 Jul 81 pp 1-28

[Text]

The currency of Cyprus is to be changed in the next year or two, with the present mils system being replaced by cents.

A Central Bank official told the Cyprus Weekly the switch should be completed by 1983 when the new coins are expected to be put into circulation.

The main departure from the present system will be the fact that the Cyprus pound will be divided into 100 cents instead of 1,000 mils as at present.

Smallest

There will be coins for one-half cent, one cent, two cents, five cents, 10 and 50 cents. "Later we will have a £1 coin as well", he said.

In fact the new 5 mils coin due to be put in circulation next month is the same size and shape as the future half-cent coin, which will be the smallest unit in the future system.

Monetary circles are still sceptical about the choice of cents. They say perhaps a better idea would have been to bring back the more familiar name of "groshia" (piastres), since many people in Cyprus still refer to the 5 mil copper coin as "grossi" or piastre.

The copper coin will be gradually phased out. About five million of the new coins (made of aluminium alloy) will be arriving in Cyprus soon from Canada, where they were minted, and will be put in circulation immediately.

The new coins are much smaller, lighter, and less expensive that the copper-made ones.

A Central Bank official said: "The five mil coins cost 15 mils to produce, three times their nominal value. The new coins will cost approximately the same as the value shown on them".

Design

The new coin is almost the same size as the existing 25 mil coin. But it is 12-sided and has a plain edge. It has a diameter of 20 millimetres and weighs 1.25 grams.

The designs on it are similar to those on the present copper coin —the ancient ship on the reverse side and the emblem of the Cyprus Republic on the obverse with the word "Cyprus" in Greek, Turkish and English and the year of issue (1981).

The existing 5-mil coins will continue to be legal tender and remain in circulation until further notice.

CSO: 4600/111

PSF MODERATES TO TAKE CHARGE OF NATIONALIZATIONS

Paris L'USINE NOUVELLE in French 2 Jul 81 pp 33-34

[Article by Alain Pauche: "Nationalizations: Entrusted to the Moderates"]

[Text] The present philosophy of the government regarding nationalizations is "not right away and not at any price." However, the new government will soon have to disclose its industrial plan if it wants to encourage company officers to increase economic activity.

By creating a Secretariat for the Extension of the Public Sector, the president of the republic and the prime minister have set the nationalization clock back to zero...A clock which had been picking up speed since Pierre Joxe, minister of Industry in the former administration, entrusted Jacques Piette with a study project on 2 June.

Jean Le Garrec, 52, longstanding colleague of Pierre Mauroy and a former manager at IBM, has the task of assuring, in his own words, "the necessary initiative and coordination for studying and proposing nationalizations."

Pierre Mauroy is pursuing two goals: 1) to put a stop to the whims of the supporters of immediate nationalizations (Pierre Joxe was among them, but it appears that this pressure group is diminishing, while the "reformists" Delors, Rocard, and Dreyfus are gaining strength); 2) to put an end to the rumors on the number and types of industrial firms slated to be nationalized. Jean Le Garrec must work closely with the prime minister, as well as with the ministries of Economy (Delors), Industry (Dreyfus), Planning (Rocard), and the "technicians" such as Georges Lemoine, secretary of state for National Defense, appointed to evaluate the impact of nationalizing Dassault and the armaments branch of Matra.

These two goals, which seem within the reach of the prime minister, will nonetheless be difficult to achieve. The nomination of Jean Le Garrec puts an end to Jacques Piette's project and its administrative work will now be taken up by the secretariat of state, but it does not reconcile all the socialist trends and party delegates represented in the government. The general policy speech with Pierre Mauroy will give at the beginning of next week should detail the administration' intentions. He will recall that, as stated in the 23 June text of agreement between the PS and PC, nationalization will involve 11 companies (actually 12, since Usinor and Sacilor were counted as one!) and "only 11," as well as the banks and insurance.

The eleven are: Dassault, Matra Armaments, Thomson, CGE [General Electricity Company], ITT France, SGPM [Saint Gobain Pont a Moussel], CII-HB [CII-Honeywell Bull], PUK [Pechiney-Ugine-Kuhlmann], Rhone-Poulenc, Roussel-Uclaf, Usinor and Sacilor.

Hopefully the prime minister, who henceforth has the upper hand on nationalizations, can dust off and define the terms of the "presidential candidate's contract" on the matter. But will the administration be able to remain in the vagueness that Jean Garrec's task force could jealously prolong until the debate on the first nationalization plans opens in Parliament this fall? Can he gloss over the debate on the nationalizations of Paribas and Suez (although bank activities are targeted, holdings including industrial participation won't be)?

The government in fact has no other way out than to make public very soon its project for industry if it wants to bolster the economy and encourage industrialists to invest. Without forgetting that the goals of industrial policy (recapturing the domestic market, technological independence, sector by sector policies), raise a dual problem within the framework of the extension of the public industrial sector: that of reorganizing sectors in order to reestablish a network system--baptismal name given by the socialists to German and Japanese style vertical integration--as well as that of determining the relationship between public firms and the state.

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CSO: 3100/838

NATIONALIZATION COMPENSATION SEEN PRESENTING PROBLEMS

Paris LE MATIN in French 8 Jul 81 p 4

[Article by D. Pg.: "Indemnities: Between Robbing the Stockholders and Aggravating the Budget Deficit"]

> [Text] Seventy billion francs is the amount of stock in banks and firms which will be nationalized in the next 7 years. To avoid having to reimburse such a sum, socialist experts are studying ways to avoid cheating the stockholders, and at the same time not burden the public budget.

"The principles of indemnification of stockholders will evidently uphold the Constitution, which calls for a just and prior compensation."

This was candidate Francois Mitterrand's viewpoint during the presidential election campaign. Now that it is time to put his proposals into action, however, the new administration has not taken any precise measures which will avoid cheating the owners of nationalized firms.

At most, reference can be made to the debate on indemnification procedures foreseen by the Common Program, which pitted the Communist Party against the Socialist Party during the summer of 1977. At the time, the communists particularly proposed to give stockholders 20 year depreciable bonds equal to the overall amount of the average value of stock of the firms in question over the last three years. What would the cost to the state be for such a transaction? The equivalent, each year, of 1 percent of the budget. Leftist radicals were not opposed to such a solution.

On the other hand, the socialists thought this was a costly and "anti-economic" solution.

Two other methods were then advanced. The first consisted of transforming state claims on certain nationalizable firms into capital participation. In several cases this would result in a net nationalization--with a large majority of public capital--without spending a penny.

This was the route taken by Raymond Barre's administration at the time of the government takeover of the steel industry in 1978. It could still be applied today to arms or Dassault-Breguet.

The second method foreseen by the socialists is that of "participatory bonds". It would result in replacing the stock of nationalized firms' owners with securities which would entitle the bearer to a fixed remuneration complemented by a sharing in the firms' profits, but without the right to vote. The advantage of this method would be to avoid the cost of reimbursement and assure stockholders that nationalized firms, like other companies, are supposed to be profitable.

During the election campaign, the Communist Party and the Socialist Party did not take an official position on indemnification. To the short sentence in the Communist Party's 131 proposals: "Indemnification should be reserved for small stockholders", the socialist party's 110 goals responded with silence. The two parties probably did not want to take up again a complex debate which was one of the factors in the left's September 1977 split.

However, socialist experts have nonetheless been thinking about this problem, and at the present time a plan seems to be emerging which would avoid cheating the owners of nationalizable firms. In the banks, stock would be exchanged for guaranteed dividend certificates. The profits of this sector would easily allow the use of dividends and would exempt the state from payment. For industrial firms, stock would be exchanged for a variable income certificate, indexed to prior dividends and prices. Within this framework different methods would be applied to each firm according to its individual characteristics. In all, the cost of indemnification to the state--the certificates would not be depreciable --would not exceed its dividends in its new position as owner.

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CSO: 3100/837

NATIONALIZATION BUT ONE ASPECT OF INDUSTRIAL POLICY

Paris LE MATIN in French 8 Jul 81 p 4

[Article by G. S.: "Nationalization But One Aspect of Industrial Policy"]

> [Text] The administration will be obliged to define a reorganization "philosophy".
>
> Nationalization cannot in any case take the place of an industrial policy; it is only one way of better implementing this policy. So, along with the nationalization process, the government will have to define a philosophy which will form the basis for the organization of the companies that come under state control.

The industrial policy that is dearest to the Socialist Party is the so-called network policy. Instead of considering different sectors and branches separate from one another, they are considered within a larger whole, including more specialized and less specialized companies. So it seems strange to offer solutions for the paper industry without taking into account the problems in wood pulp production and in forest management. Similarly, a machine tool plan cannot be formulated without considering the users of this equipment.

The nationalization of 11 industrial companies will necessarily involve a restructuring of 3 branches: arms, electronics and chemical products.

In the electronics field, the colloquium "Socialism and Industry" last October suggested that military electronics be given to Thomson-CSF; telecommunications and telematics to CIT-Alcatel (controlled by CGE [General Electricity Company]); large and medium scale data processing to CII-Honeywell Bull; space and rockets to Matra. However, the socialist experts even then realized that it would be "more difficult, either to appoint leaders for certain disputed specialities (for example, office automation or data bases and systems), or to find a company that would volunteer to take on the difficult areas (integrated circuits, medical electronics, appliances)". Since last October it seems that Thomson's household items, which it had been said would be excluded from nationalization, are once again included, because, since the development of telematics, the production of television tubes has become a strategic activity. On the other hand, the making of a single telephone pole is being reconsidered. It might be better, especially

as regards exports, to maintain two technological networks for telephone operations: CIT-Alcatel and Thomson-CSF.

In the chemical field, the nationalization of Rhone-Poulenc, Pechiney-Ugine-Kuhlmann and Roussel-Uclaf will considerably reinforce the public sector now composed of the petroleum companies CDF-Chemical and EMC. In the pharmaceutical field the plan for grouping together Sanofi, Roussel-Uclaf and the specialized division of Rhone-Poulenc is losing ground to the plan which aims to give each firm an autonomy similar to that of Renault's. In addition, plastics of low added value could be given to the petroleum companies and plastics of high added value to the petroleums (again) and to Rhone-Poulenc, while phytosanitation, as well as inks and colorings, would be given to CDF-Chemical. However, these are still just rough plans.

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CSO: 3100/837

TOTAL-CFP PURCHASE OF U.S. COAL COMPANY PROJECTED

Paris LE MATIN in French 8 Jul 81 p 40

[Article by Henri Lauret: "Coal: France Will Buy an Enormous American Deposit"]

[Text] Total is planning to take over Harbert's mining operations--600 million tons for $300 million.

The French Petroleum Company (Total-CFP) will be able to get its hands on 600 million tons of coal deposits! The French petroleum group is planning to buy the mines and equipment of the American Firm Harbert (Birmingham, Alabama). It is rumored in government circles that the deal will cost $300 million (1.7 billion francs). Although it is not on the same financial scale as the Elf-Texagulf transaction (14 billion francs), the CFP-Harbert project is no less gigantic. But how can it be financed in today's economic climate?

The CFP's draft agreement involves the purchase of the operations and coal fields of the Harbert Corporation. In circles close to the minister of Industry, it is estimated that the Birmingham (Alabama) firm's reserves are about 600 million tons, three quarters of which can be openmined in Kentucky. Current production is about 7 million tons per year, mostly for American use. Within the next 10 years, the CFP plans to increase extraction by 10 million tons per year. Thus, an approximately equal amount could be exported through the port of Savannah, Georgia.

This deal, which will cost Total $300 million (1.7 billion francs) is advantageous for more than one reason. First of all, it shows the willingness of the French oil company (34 percent of whose capital is held by the state) to look, like ELF-Aquitaine, for ways of stabilizing its cash flow in the United States, a country rich in resources and politically stable. Last year, Total bought Vickers Petroleum for $345 million. In addition, the company is developing its coal procurement strategy, which itself is part of a restructuration of the coal problem on a national level.

This foreign policy, which is related to the import problem, is not a priority contrary to the government's concept of an increase in domestic production, which reached almost 23 million tons in 1980. Last year South Africa furnished us with

with over 9 million tons from a total import of 32.8 MT. This is quite a bit from a country which, to put it mildly, does not exactly fit onto the list of favored trading partners of the socialists in power. West Germany provided us with 8 MT, but it will probably eventually reorient its policy to limit exports in order to favor domestic consumption. Poland is still confronted with production problems... among others. Last year Poland sold us 3.4 MT.

The reorientation of our procurement structure is strategically a definite priority now that there is to be an unprecedented use of coal. The French Coal Company should also soon be firming up similar plans in the United States. In circles close to the minister of the Economy, the Harbert project is considered an "excellent deal" from a financial viewpoint, despite the high price of the dollar. Specialists point out, among other things, that the price of coal should increase 30 to 40 percent in the near future.

The financing, however, has not been worked out. Despite the profits which were recorded in 1979-80, the CFP is currently losing a good deal of money in oil refining. More importantly, Jacques Delors; staff, although favorably inclined toward the transaction, has only given a preliminary agreement to a decision which flouts the sacrosanct principles of credit restraint.

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CSO: 3100/840

ARMAMENTS SALES TO CONTINUE UNDER NEW OFFICIAL

Paris LE MONDE in French 25 Jun 81 p 30

[Article by Jacques Isnard: "General Engineer Cauchie Replaces Gerard Hibon at the Head of International Arms Affairs"]

[Text] General Engineer First Class Marc Cauchie was appointed by the Cabinet on Wednesday 24 June to be director of international affairs to the general arms delegation, replacing Gerard Hibon who had held this position since April 1977. Within the Defense Ministry the director of international affairs deals with arms exports and military cooperation.

Marc Cauchie, 57, a graduate of Polytechnic School, was deputy director of international affairs from 1971 to 1979 before being appointed to direct the armaments section of the French delegation to the North Atlantic council. In 1977 during a colloquium of the Western European Union (WEU), he stated, "It is absolutely essential that the present capacity of European arms industries be maintained by sales outside Europe, including sales to the United States."

A Change in Policy, a Change in Officials

Argentina will receive from France its latest anti-submarine coastal fighting ship. Iran is waiting to receive, as soon as its financial dispute is settled, the three rapid patrol boats whose delivery was suspended. Libya hopes to obtain the first of ten missile launching boats that it ordered from France before Francois Mitterrand's election to the presidency.

Arms contracts concluded during Valery Giscard d'Estaing's presidency and stopped by Raymond Barre's government so that current orders could be filled are slowly beginning to be carried out once again in accordance with the commitment made by the prine minister, Pierre Mauroy, to honor France's trade agreements at the international level.

Sought after by the Italians, Israelis and West Germans, the Republic of South Africa nevertheless remains under French embargo. The Iraqis, Egyptians and Saudis are once again calling Paris' attention to the necessity of improving after-sales service of already sold French material.

However, certain foreign countries are convinced that discussions now underway with French industrialists will lead nowhere. Argentina and Chili, for example, were looking into the possibility of devising, on-site and under French license, infantry combat vehicles capable of being modified into armored anti-urban guerrilla tanks. In Chili's case it involves replacing as many as 700 tanks; Switzerland and West Germany have also made them offers. In Argentina's case there was the prospect of a tank market in competition with Austrian proposals.

The discovery of these deals in the files left by the former administration was precisely what prompted the new French political leaders to interrupt negotiations and, by placing partial or provisional embargos, to take the initiative of defining an arms sales policy more in line with long-term diplomatic policies.

This concern explains why Claude Cheysson, minister for Foreign Affairs, and the minister of Defense, Charles Hernu, have decided to meet periodically to align their positions.

Concurrently, high level officials who until now were responsible for French foreign trade in the armaments field are preparing to vacate their positions. With a change in policy, there is a change in officials.

The departure of Gerard Hibon, director of international affairs for the general arms delegation, is probably the most interesting to examine. For four years this diplomat, who negotiated in the name of the French government and who was appointed by Yvon Bourges, then minister of Defense, concluded each year contracts representing work for about 100,000 people and, with the help of 80 administrators, engineers and officers placed under him, signed 112 billion francs' worth of foreign orders for export since 1977.

Hibon's colleagues knew that his days at the general arms delegation were numbered. They remarked that their boss had not been received by Hernu for a month and that, for example, he did not participate in the 13 June talks in Paris between the French minister of Defense and his Saudi counterpart, Prince Sultan Abdel Aziz, with whom Hibon had concluded a naval contract for 14,400 million francs in October 1980.

After deciding to send the director of international affairs back to his original ministry (Quai d'Orsay), the cabinet chose a successor who should more accurately reflect the preferences expressed by Hernu at the recent Ground Weapons Exposition at Satory, where he favored an increased European cooperation by France in military affairs.

First priority, therefore, goes to cooperation rather than exports, but without letting the one replace the other, even if industrial cooperation is limited to European countries, such as the United Kingdom or West Germany, which are experiencing severe economic difficulties. This will be one of the themes of discussion at the next European summit at the end of the month in Bonn.

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CSO: 3100/842

EFFECTS OF GENERAL DYNAMICS-AIRBUS ALLIANCE INDICATED

Paris LE MATIN in French 30 Jub 81 p 36

[Article by Jean-Gabriel Fredet]

[Text] An American aeronautics builder in the consortium charged with launching the Airbus A 320, "little brother" to the Airbus A 300 and A 310? It is becoming more and more likely. According to certain reports, General Dynamics, one of the top U. S. aircraft builders, is on the verge of assuming a major share (18 percent) in the program of the future short-medium-range airliner that is to enlarge the Airbus family.

The probable reason behind this surprising association: the development cost of the little Airbus, which is conservatively estimated to be at least Fr 6 billion. This represents a vast outlay of funds for France, Germany, England and Spain, the principal partners in the aeronautical consortium at present.

With the participation of General Dynamics to this extent, the project becomes financially credible. The total sales attained last year by the American aircraft builder came to $21 billion, more than Fr 100 billion! It is reasonable to suppose from this that the builder of the F 16--the fighter plane that in 1977 won out over the Dassault company's Mirage F 1 for the "contract of the century"--is fully capable of carrying out its undertakings. Doing so in this case, General Dynamics, which is also a builder of American nuclear submarines, would be making a spectacular comeback in the civil aeronautics market--a market increasingly dominated, on the other side of the Atlantic, by the giant Boeing since Lockheed's virtual withdrawal from the medium-range airliner market and McDonnell Douglas's misfortunes with its DC 10.

For the Europeans, a General Dynamics underpinning is of twofold interest. Firstly, an American participation of this nature would be such as to enhance the little Airbus's prospects in the U.S. marketplace. Until now, in fact, and except for the precedent set by Eastern Airlines, the airlines on the other side of the Atlantic have preferred to buy American. And Boeing has had very little trouble locking up the market of the North American continent. The second advantage is the luring effect it would have. Faced as she is by the reluctance of certain airlines that are indispensable to the launching of a new plane (the head of Lufthansa has made no secret of his misgivings in regard to the A 320 project) and by budgetary problems on the part of the German and British governments, the American "card" should enable France to again rally her partners.

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CSO: 3100/849

TEXT OF NATIONAL ACCORD ON EMPLOYMENT

Madrid GACETA SINDICAL in Spanish Jun 81 pp 45-50

[Text] I. Job Commitment

I.1. The government will, by virtue of this agreement, establish an economic policy to make effective its commitment to maintain the same overall wage-earning population as of the end of 1982 as is currently employed at the time of the signing of this agreement.

This commitment presumes the creation of an estimated 350,000 new job opportunities for the purpose of compensating for the possible drop in employment during this period.

II. Wage Increases in 1982

II.1. Wage Growth Range

The CEOE [Spanish Confederation of Employers Organizations] and the trade union confederations signing this agreement have determined that the wage increases to be implemented in the collective agreements to be negotiated during 1982 will be established between a minimum of 9 percent and a maximum of 11 percent, in accordance with the conditions to be specified below.

II.2. Conditions of Implementation

1. For the negotiations within the wage range specified in II.1 in the contracts effective for more than a year, agreement will be reached. For the other contracts affected by this agreement, factors such as the economic situation of the enterprise, jobs created, the collective contracts in effect, and also the application of the overall agreement on productivity and absenteeism set forth in the Interconfederal Agreement Framework will be taken into account.

2. The established percentage will be applied proportionally, with exceptional situations being referred for analysis to the parity committee or bodies which may be established pursuant to this agreement.

For this purpose, such increases will be applied to all categories which have been used for compensatory purposes in the wage models (wage volumes, wage tables, real wages, etc) in the various collective contracting units affected by this agreement. The amendments to which the parties freely agree will constitute exceptions on this point.

The provisions of the preceding paragraph will not apply to commissions on sales or any other employee compensation of a similar nature linked to calculation elements which vary.

3. The wage increase percentages established in paragraph II.1 will not be required or necessarily applied to those enterprises which can objectively and concretely prove situations of deficit or loss maintained throughout the 1980 and 1981 fiscal periods. Furthermore, the figures drafted for 1982 will be taken into account.

In these cases, the establishment of the wage increase will depend on the party. In assessing this situation, such circumstances as the inadequate level of production and sales will be taken into account and the figures provided by an audit of the enterprise, its balance sheets and earning statements.

In the event of disagreement on the interpretation of such data, reference can be made to auditors' reports, bearing in mind the circumstances and dimensions of the enterprise.

As a function of the unity of contracting in which they are involved, the enterprises claiming such circumstances must submit accurate documentation to the workers' representatives (balance sheets, earnings statements, and, if pertinent, auditors' reports) to justify differentiated wage treatment.

In this connection, in enterprises with fewer than 25 workers, and as a function of the economic costs this entails, the documents specified in the provisions of the preceding paragraphs or factual proof of a loss situation can be substituted for the auditors' reports.

The legal representatives of the workers are obliged to observe and maintain the greatest secrecy with regard to the data received and to which they have had access as a result of the provisions of the preceding paragraphs, and must therefore observe professional confidence with regard to all of this information.

II.3. Wage Revision Clause

In the event that the consumer price index established by the INEM [National Employment Institute] shows an increase of more than 6.09 percent as of 30 June 1982 over 31 December 1981, a wage revision will be carried out as soon as this circumstance is officially established in the amount above the indicated figure, with the excess computed at double in order to foresee the development of the IPC over a 12-month period as a whole (January-December 1982) with that same IPC, minus two points, as a maximum. This increase will be paid effective 1 January 1982, and for the purpose, the wages or tables used to carry out the increases agreed upon for 1982 will be taken as a reference.

This provision will be incorporated in all the contracts signed in 1982 or those which, although they will be in effect in 1982, still lack agreed wage conditions.

II.4. Compensation for Employees and Nonlabor Personnel Working for the State, the Autonomous and Social Security Bodies, Active or Retired

a. The rate of revision for basic and supplementary compensation for employees under the 1982 general state budget and the rate of revision for the compensation of

future, interim personnel and those hired on contracts under the administrative legal system under the general state budget for 1982 will be 8 percent plus 1 point based on productivity and standardization.

Distribution on the basis of this latter concept will be carried out after timely consultation and negotiation with the trade union organizations represented in the administration.

b. The rate of increase for pensions for retired personnel under the general state budget for 1982 will be 9 percent.

II.5. Wage Revision for State Public Service Enterprises

The rate of wage increase for state public service enterprises whose prices for rendering service or rates are fixed at a level below cost by the administration will be the same as those set forth in the general state budgets for the employees and nonlabor personnel employed by the administration, i.e. 9 percent. Furthermore, the wage revision provisions set forth in paragraph II.3 will be applicable.

II.6. Social Security Pensions

The rate of increase for pensions under the social security system will be 10 percent, it being understood that this is the percentage of increase on a standard 1981 base, in other words without taking the number of pensions into account.

The criteria for the distribution of this overall increase will be that used for the increase approved for 1981.

II.7. Minimum Wage

The interoccupational minimum wage will be revised in January of 1982, on the basis of the provisions of Article 27 of the Workers Statutes, and disregarding the provisions of paragraph II.1 of this agreement.

The minimum interoccupational wage for 1981 will be revised, effective 1 April.

II.8. Wage Criteria for Enterprises in Reconversion

The enterprises covered by reconversion plans already negotiated or which are negotiated and become effective during 1982 and include wage agreements for that year will be covered by the provisions for the wage revisions for 1982 or the provisions in the plans mentioned.

III. Unemployment Compensation

III.1. Supplementary Subsidy

Without prejudice to the rights which workers to which Article 25 of the Basic Employment Law may be entitled, in the course of the provisions of that law and the Unemployment Compensation Regulations approved by Royal Decree No 920/1981 on 24 April, the government undertakes to recognize and bring up to date the supplementary payments to all workers entitled thereto who have duly submitted the required formal documentation, within a period of two months.

For the purposes of the payment of the supplementary subsidy referred to in Article 25 of the Basic Employment Law, "family responsibilities" will be taken to mean responsibility for at least one family member on the part of the recipient, under the terms established in Article 20.5 of the regulation referred to.

This subsidy will have the maximum duration for which Article 26 of the Basic Employment Law Provides.

III.2. Special Aid Measures for the Unemployed

A. On an exceptional basis, a fund of 15 billion pesetas will be allocated for special and urgent payments in the realm of aid to the unemployed, financed 40 percent by government contributions and 60 percent by enterprise quota payments.

The special fund will have tripartite administration by a council to be designated by the INEM and which will be made up to the extent of one-third each by representatives of the CCOO and UGT, the CEOE and the government. The president of the council will be appointed by the minister of labor, with the right to cast the deciding vote. The council will draft its own operational regulations and the procedures to be followed. Because of its exceptional nature, this fund will cease to exist as of 31 December 1982.

B. Independent of the preceding and as a result of this agreement and on an exceptional basis, those workers who have exhausted the unemployment compensation regulated by Article 173.1.a of the amended text of the General Social Security Law, approved by Decree No 2075/1974 on 30 May, and meeting the requirements for workers to which Article 20.a of the Unemployment Compensation Regulations, will be entitled to the unemployment subsidy for which paragraph 1.a of Article 19 of said regulations provides to the extent set forth in section III.1. To this end, the requirements of item 2 in paragraph a of the Article 20 cited will be regarded as met by those who are registered as unemployed as of the time of the signing of this agreement. On an exceptional basis, this subsidy will be granted to those who do not meet this requirement but do meet all of the preceding ones, having established that they are out of work and have been seeking same at an employment office. The labor authorities will decide on each case separately on the basis of a report from the provincial commission of the INEM. Appeals against the decisions of these authorities will be settled on the basis of a report from the executive commission of the INEM.

Those workers who meet the requirements mentioned and who have exhausted compensation prior to the entry of the Basic Employment Law into effect will have further to meet the requirement of being registered as being unemployed for at least three months prior to the signing of this agreement.

III.3 Unemployment Insurance for Permanent Rural Workers

The signing parties agree on the need for the immediate promulgation of adequate norming to regulate the unemployment insurance system for permanent rural workers.

III.4. Community Employment and Aid for the Rural Unemployed

A. The signing parties to this agreement have studied the problems of various sorts posed by the current community employment system, and believe that reform of it and its eventual replacement by a more general and effective system for protecting unemployed farm workers are necessary.

The parties have also reached agreement on the essential need for prior clarification of any group to which the new system is to be applied, through the drafting of a farm worker census and a detailed and in-depth study of all the circumstances of all kinds which may affect the establishment and operation of the new system.

B. The government will raise the volume of funds allocated for community employment in 1981 to 20 billion, with a view to meeting the needs of the zones most affected by farm unemployment, particularly Andalucia and Extremadura.

C. It is believed that reform of the current community employment system is necessary on the basis of common criteria for the reform. The government undertakes to negotiate the modification of the system within the Interministerial Commission with a view to the execution of the unemployed farm worker census established by decree of the Council of Ministers dated 8 May 1981.

D. In any casy, if agreement on the reform of the system has not been reached by 1 January 1982, the government will allocate the same quantities as provided for 1981 and described in paragraph B for 1982, in constant pesetas.

III.5. Medical-Pharmaceutical Allocations for Unemployed Persons Who Have Exhausted Unemployment Compensation

The necessary instructions will be issued within a period of one month to the INEM to clarify the provisions of the Unemployment Compensation Regulations, making it clear that the provisions of Article 36.2 thereof are applicable to all workers covered by Article 23, as beneficiaries of supplemental medical-pharmaceutical unemployment allocations.

III.6. Combating Fraud in the Collection of Unemployment Insurance

With a view to guaranteeing sufficient economic coverage to provide for the payment of unemployment allocations and subsidies, the signing parties agree on the need to wage a campaign against the various forms of fraud in the collection of unemployment insurance, making the steps necessary for its control more flexible. To this end, the INEM will develop and fully implement the criteria for action approved for the purpose by the general council of the institute. That council will oversee and assess the specific results of the control measures periodically, and must propose corrective measures.

III.7. Supervision and Revision of Unemployment Insurance

The general council of the INEM will analyze the development of the unemployment level quarterly, studying all the factors affecting said development. In the light of this knowledge, the changes in quotas necessary to guarantee the financing of unemployment insurance will be approved if necessary.

III.8. Adequate Job Offers

For the purposes of suspension of unemployment compensation payments (Article 22 of the Basic Employment Law), a proper occupational placement will be deemed rejected when:

a. a single job offer within the worker's own occupational category has been rejected, or

b. when a maximum of two offers within the occupational group as defined by the general council of the INEM have been rejected.

For the purposes of cancellation of said payments (Article 23 of the Basic Employment Law), proper occupational placement will be deemed rejected when:

a. a job offer within the worker's own occupational category is rejected for a second time, or

b. a third offer within the occupational group referred to is rejected.

Job offers when the wage offered is less than the amount of the unemployment compensation which would be paid at any given time will not be counted.

If the definitions of occupational groups to be established by the general council of the INEM has not been carried out, their place will be taken by the social security payment categories existing at present.

A worker can appeal a resolution canceling his unemployment compensation to the labor authorities, after a hearing by the provincial executive commission of the INEM.

IV. Employment Development Measures

IV.1. Job Development by Certain Categories

In view of the especially serious nature of the unemployment problem in certain worker categories, the parties signing this agreement have agreed on the desirability of encouraging the hiring of them. To this end, bonuses in amounts equivalent to 90 percent of the social security quota will be offered for the hiring of unemployed workers with family responsibilities who have exhausted basic unemployment compensation, for contracts with a minimum duration of one year.

A sum of 14 billion pesetas will be allocated to finance these subsidies. This fund will be defrayed in the proportions established by the Basic Employment Law for the coverage of allocations by the government and enterprises.

IV.2. Youth Employment

The timely provisions on contracts for practical and training work having been promulgated, the CEOE undertakes to sign an agreement for collaboration with the National Employment Institute for the creation of new job posts for practical or training work oriented basically and fundamentally for young people who have never been employed. The cost of these contracts to the INEM will be covered by the enterprises, through the allocation to these programs of 0.1 point out of the occupational training quota.

IV.3 Special System of Pensions Included in Contracts

The parties signing the agreement have studied the possible effects on employment of establishing a system allowing retirement with 100 percent of pension rights for workers reaching 64 years of age, with the enterprises simultaneously hiring young workers or recipients of unemployment insurance in numbers equal to the planned pensions agreed upon in contracts of the same nature as those replaced.

Within a period of two months, the government will draft norms establishing the regulations for a system which by means of collective contracts or agreements between the enterprises and the workers will allow the substitutions to which the preceding paragraph refers.

IV.4. Payment for Extra Hours

The parties signing this agreement believe that a reduction in overtime is a proper means of creating jobs and have agreed on the desirability of increasing the costs thereof by means of a 10-point surcharge on social security quotas for overtime, such that this volume will fall 50 percent on the businessman and 50 percent on the worker.

Extra hours required because of acts of God and structural reasons set forth in the contract will not be subject to this increase. In this connection, the enterprise and the committee or representatives of the personnel, when suitable, will report jointly to the labor authorities every month.

With a view to clarifying the concept of structural overtime, this will be taken to mean overtime necessary because of peak production periods, unexpected absences, shift changes of a structural nature resulting from the nature of the work involved, or maintenance, in all cases, whenever substitution by means of temporary contract or part time work as provided by law is not possible.

Also in connection with the desire to stimulate the creation of jobs through a reduction in overtime, the parties have agreed on the importance of strict observance of Article 35 of the workers statutes. Failure to observe the provisions of this article will be regarded as a serious violation for the purposes of the provisions of Article 57 of the statutes.

IV.5. Multiple Employment

The parties signing this agreement believe it desirable to eliminate multiple employment, both in the public and private sector, regarding measures pertaining to the government departments as especially necessary, because of their exemplary nature, such as to check on the observance of schedules and effective attendance at work, so as to avoid the inclusion of two or more jobs on the same schedule, all of this within the complex of reform, austerity and rationalization measures for the government departments. It is believed that it is necessary to apply the sanctions for which the legislation in effect provides with maximum rigor, for workers not registered with social security at a given enterprise, because they are so registered at another.

To contribute to the goal of controlling multiple employment, strict fulfillment of the requirement that trade union representatives be shown social security payments

lists, as required by Article 64.1.5 of the workers statutes, is regarded as essential. Failure to meet this obligation will be regarded as a serious violation for the purposes of penalization by ;the labor authorities.

IV.6. State Contribution to the Financing of Social Security in 1982

In order to encourage employment it is necessary to reduce the share of enterprise labor costs represented by the social security payments. Therefore, the government undertakes to increase its contribution to the social security budget for 1982, raising it to 350 billion pesetas.

With this contribution and the necessary control of the 1982 expenditures budget, an intial reduction of 1 point in the existing rate of social security payments will be made effective 1 January 1982.

The parties undertake to analyze and to recommend, within a period of four months, new measures to be implemented to regularize the quota payment periods and improve quota collections. The positive results of better collection should be applied to a further reduction in the payment rate.

The quota bases will be increased on the basis of the wage criteria established in this agreement.

V. Social Security

V.1. Social Security Pension Quotas and Regulatory Base

The parties signing this agreement agree on the need to combat social security fraud, in particular nonpayment of quotas and certain irregularities currently found in the establishment of the regulatory base for pensions. Therefore, they regard the approval of suitable norms for the correction of these situations as urgent.

Without prejudice to the provisions of Law No 40/80 with regard to nonpayment of quotas, an executory collection system will be established based on presumptive estimates for enterprises which fail to declare.

As to pensions, the increases effected in the last two years in the regulatory base for retirement pensions as a consequence of wage increases in excess of the interannual increase resulting from the applicable costs, or failing that, the average increase for the pertinent sector, will be eliminated, with the exception, in all cases (and for the purposes of calculating the regulatory pension base) of the wage increases resulting from seniority, regulatory increases, and any other circumstance the reality and legality of which can be verified.

V.2. Tripartite Commission

The parties agree on the need for greater participation by the trade union and business organizations in the control of social security management. To this end, they will agree within a period of two months on amendments to the norms in effect in this regard.

Also, they have agreed on the need to undertake a joint study of the present social security system, with a view to its improvement and rationalization. For this

purpose, the administration, within a period of no more than six months, will draft a proposal which will be submitted to a commission made up of the parties signing this agreement which will, prior to 31 January 1982, formulate in writing proposals which can jointly be carried out.

The proposals and the conclusions of the commission, as well as the positions with which each party disagrees, will be submitted to the government within the period previously mentioned and will be taken into account by the government in the legislative proposals it may draft in this connection.

The commission will be headed by an individual of recognized prestige and authority in the field, appointed by the government, after having heard the recommendations of the parties signing this agreement.

VI. Trade Union Consolidation

VI.1. Trade Union Quotas

The trade union organizations signing this agreement require that collective contracts, both for the government department sector and private enterprises with more than 250 workers, include provisions for the collection of trade union quotas. As a result, at the request of the workers affiliated with these trade unions or organizations, the enterprises will deduct the pertinent trade union quota amounts from the monthly workers payroll. Every worker wanting this done will submit a request in writing to the enterprise management, clearly asking that the deduction be made, and stating the trade union organization to which he belongs, the amount of the quota, as well as the number of the current account or savings fund to which the corresponding quantity should be transferred. Enterprises will effect said deductions, except when instructed to the contrary, over periods of one year.

The enterprise management will provide the trade union representation at the enterprise, if any, with copies of the transfer documents.

VI.2. INEM Regulations and Institutional Participation

a. The administration will within a period of a month publish draft regulations for the INEM, drafted and approved by its general council. Also, within a period of two months, it will undertake to implement and regularize the participation of representative trade union and employers' organizations in those institutes and bodies in which there are already legal provisions for their participation, once the recommendations of the parties represented have been received.

b. The government undertakes to insure, within a period of three months, the effective representation of the most representative employers' and trade union organizations in control of the management of the National Social Security Institute, National Employment Institute, Institute of Mediation, Arbitration and Conciliation, Social Institute for Leisure Time, and Labor, Safety and Hygiene Institute.

Effective representation in the Higher Price Council will also be insured, and the request of any of the signatories for participation in other bodies having to do with trade union or labor relations and social security will be considered.

c. By agreement of the parties, a suitable body, with the signatories participating, will be established within a period of three months to supervise the functioning of the Wage Guarantee Fund.

VI.3. Aid in Training

Agreements between the representative employers' and trade union organizations and the Social Studies Institute, Health and Social Security Studies Institute and the Cooperative Training Institute will be signed whereby the former will provide training courses and study sessions. These agreements will set forth the content of the training courses, study sessions, and teaching participation of the members of said organizations.

Fifty percent of the budgets of those institutes for courses will be set aside and maintained during the first quarter of each year for this purpose, and will be distributed in accordance with the plans provided by the signatory organizations. For this purpose, and in accordance with the plans provided by the signatory employers' and trade union organizations, each will be provided with permanent premises for these activities prior to 1 January 1982.

VI.4. Social Institute for Free Time

The general council of the Social Institute for Free Time will establish the criteria on the basis of which the trade union organizations will have specific facilities and priority for the use of premises for their members. In particular, the signatory trade union organizations will be provided, for their use under general economic conditions, with up to 50 percent of the residential vacation allocations administered by the institute, with agreement being reached on the areas and annual seasons during which these will be assigned.

VII. Other Agreements

VII.1. Regulation of Employment

The parties and the government deem it desirable to make the following statements with regard to the regulation of employment:

a. The legislation in effect establishes a procedure to be followed, which must be strictly adhered to in order to offer workers and enterprises full objective guarantees, reservation of places, and broad information, and to insure issuance of the opinions required by the legal norms in timely fashion.

b. The Ministry of Labor, Health and Social Security will see to and insure the provisions of the preceding paragraph, making decisions on the proceedings for the regulation of employment now in progress, and settling the issues within the established time periods on the basis of objective criteria.

VII.2. Development of the Workers Statutes

Apart from the job opportunities which may be created, or maintained, thanks to the implementation of the measures of a general economic and budget policy nature by the government and the policy of the enterprises based on the resources for investment which may be liberated by this agreement, the signatories agree on the important

effect on employment the development of the various forms of contracting for which the Workers Statutes provide may have. To this end, the government will immediately promulgate the corresponding norms, after consultation with the trade union and employers' organizations signing this agreement.

VIII. Commission to Follow Up and Control the Agreement

The signatories have decided to establish a commission to follow up and control the agreement in order to check on, supervise and interpret its implementation.

The commission to follow up and control the agreement will meet with the minister of labor, health and social security or the minister of economy and commerce, or an individual with delegated authority, presiding, and it will include three representatives of the administration, three representatives of the Spanish Confederation of Employers Organizations, three representatives of the Trade Union Confederation of Workers Commissions, and three representatives of the General Union of Workers.

The commission will meet bimonthly and, on the basis of the information received on the implementation of the measures in this agreement, it will make the necessary recommendations for its implementation.

Agreements will be adopted by unanimous vote. The organizations represented on the commission as well as the representatives of the administration can have the minutes include a record of any special votes they see fit. At the first session held to establish the commission, the regulations governing its functioning will be drafted.

Within the commission to follow up and control the agreement, the parties will establish a special commission entrusted with obtaining information from the administration with a view to checking on the implementation of the large public investment quotas most directly related to the creation of job opportunities.

Final Provision

These agreements will remain in effect until 31 December 1982. Prior to that date, the signatories will make a study of their possible revision and extension.

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MIXED ECONOMIC TRENDS FORECAST BY OECD

Madrid EL PAIS in Spanish 10 Jul 81 p 47

[Article by Alberto Valverde: "OECD Says No Decisive Reactivation of Spanish Economy Before 1982"]

[Excerpt] The expected and hoped for recovery of the Spanish economy will not occur until the year 1982 has begun, and it will depend to a great extent on the expectations of economic and trade growth in the rest of the Western countries, according to the estimates for the next 18 months contained in the semiannual report PREVISIONES ECONOMICAS, released yesterday by the Organization for Economic Cooperation and Development (OECD).

The report, which predicts that Spanish economic activity will remain "weak" during this year, despite the moderately expansionist policies adopted by the government on the budget front, makes a substantial alteration in its estimates released six months ago, expressing the certainty that the projected recovery of the Western economy is lagging and will not occur until the middle or the end of 1982.

Where Spain is concerned, the report is categorical in noting that "despite the moderately expansionist policy in the manipulation of demand, activity can be expected to be weak in 1981. But if the expansionist policy is maintained, recovery resulting from exports may occur in 1982, in view of the improvement in the competitive capacity linked with the deterioration in trade terms and a relaunching of the export market as the world economy recovers."

The OECD experts view the fact that Spain has reduced its level of inflation--despite the increase seen in import prices--as positive, and they believe that this was made possible by a slightly restrictive monetary policy. However, the effects on demand, thanks to a budget policy which was initially neutral in 1980, but was clearly expansionist in the 1981 fiscal period (when an increase of 30 percent in public investments is expected) suggests that there will be a slight recovery, although this would be inadequate without the support of the hoped-for boom in exports.

Thus it cannot be expected that the hoped-for recovery will absorb the increase in unemployment, and it is improbable that the heavy 1980 foreign deficit will be contained. Quite the contrary (to the point of reaching 6.5 billion dollars in 1981), and it is also uncertain whether inflationary tensions will be definitively alleviated.

Global Prediction

With regard to the estimates for the entire area of 24 OECD countries, the report is definitely pessimistic, since there is even a lag of six months or more in the recovery which it had predicted for the end of 1981 in its most recent analysis last December. However, the OECD notes that there will be major differences among the member countries in economic results, the basic reason being the exchange rate among the various currencies and the contradictory monetary policies being pursued in the different countries.

Therefore the increase in the gross national product in the main European economies will be negative (-1 percent) in 1981, although it will leap to about 1.5 percent on the positive side in 1982. The predictions for Japan are much more positive, since the growth may come to about 3.5 percent this year and may even be accelerated next year. Any estimate for the United States is regarded as very risky by the OECD, although it does indicate that the growth will be very modest this year, reaching a level of about 2 to 2.5 percent in 1982.

On the unemployment front, the OECD technicians are frankly pessimistic, believing that the unemployment level will increase by a half a point over the current 7 percent of the labor force in the 24 countries. In absolute terms, this will mean that today's 24 million unemployed will become 26 million in the second half of next year. As to unemployment among young people, it will reach 20 percent in some European countries.

Inflation, on the contrary, is the only front on which the OECD believes there will be an improvement. The weakening of prices for oil and other raw materials, along with a more moderate expectation for wage increases, will lead the 10 percent general inflationary rate in the area to drop to 8.5 percent by the end of 1982. However, the technical staff of this organization warns that the differences among the various countries will be great, and that the rate will vary from the 3.5 percent which the FRG may report in the second half of this year to 15 percent for Italy.

With regard to trade balances, the report says that the current account deficits should be lower in 1981 than those reported in 1980, but this decrease will not exceed $30 billion, leading to a figure by the end of the year of about $70 billion.

The improvement in the foreign positions of the member countries is, however, being held back by the exchange fluctuations, a direct result of the strengthening of the dollar. The accelerating decline of the European currencies caused by the rise for U.S. foreign currency is causing the export position of the OPEC countries which sell crude oil to improve as compared to Europe, despite the drop in oil prices.

Recommendations on Economic Policy

For the first time in several years, the OECD suggests that the governments of the member countries make a "change in focus," not to day direction, in their economic policies. This change, which was the subject of ardent discussion at the last annual ministerial meeting of the OECD held last June, is based on a policy which should "balance the use of a wide range of tools, taking into account the interdependence among the member countries and the need to find a balance between the activities which address temporary and structural problems and supply and demand policies in the short and long range."

This carefully thought out and structurally balanced statement comes at a timely moment in the tremendous and unresolved polemics which developed among the member nations during that meeting in connection with the need to modify the strongly restrictive monetary policy urged by Washington (thesis of France and the Mediterranean countries) and the opposition of the United States, Great Britain, and up to a point, the FRG, to this change.

Finally, and as the report reveals, the OECD recommendations on economic policy are a mixture of the two positions, but with the variation that a change can be seen in their orientation, especially with regard to the fact that the secretariat of the organization itself stood firm in its prior report on the need to initiate clear employment incentive policies.

In this regard, the OECD indicates that the "suitable mixture of economic measures" will depend in part on the situation in these countries, always bearing in mind that the increased pressure involving monetary, budget or fiscal tools will depend on the inflationary tension and the domestic demand situation. In any case, the measures adopted will in all cases tend to promote investment rather than to inhibit it, particularly all of those in the budget sector.

In the final analysis, the measures must seek to promote investment above all, with a view to improving the general development of the economy, to create new jobs, and to improve such strategic sectors as energy, etc.

OECD Predictions for 1981 and 1982

	Gross National Product (%)		Inflation (%)		Unemployment (%)		Current Account Balance in Millions of Dollars	
	1981	1982	1981	1982	1981	1982	1981	19821982
Total for OECD	1.25	2	10	8.5	7	7.5	-63,000	-67,000
United States	2.5	1	8.5	8	7.2(2)	--	4,000	- 6,000
FRG	-1	1.5	5.5	4	3.7(2)	--	-17,000	- 5,000
Japan	3.25	4.5	5.5	4.75	2.1(2)	--	--	- 1,000
Spain	2	3	14.5	12	12.3(1)	--	- 6,500	- (3)

1. Data for the last quarter of 1980.
2. Data for the first quarter of 1981.
3. The OECD believes that there may be a reduction in the 1981 deficit.

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WORKERS COMMISSIONS ORGAN ASSESSES EMPLOYMENT ACCORD

Madrid GACETA SINDICAL in Spanish Jun 81 p 5

[Text] The mandate of the executive commission is coming to an end currently with the fulfillment of one of the main goals we proposed at the first congress of the confederation. At that time we launched the idea of a plan for solidarity against unemployment as the strategic axis of our trade union policy, such that employment would come to be the focus of our concern, with the others being functions thereof. After a sustained two-year effort, involving false starts which we rejected, we have now achieved a national agreement on employment which, obviously, is not our solidarity plan, but does indeed fall within this strategy, containing some of its elements and providing the first step along a path we must cover phase by phase.

The outgoing executive commission, which has directed these most important negotiations, regards the results achieved, in view of the overall nature of the agreement and the circumstances surrounding it, as highly positive.

Obviously, in order to judge the virtues or evils of an agreement various aspects must be taken into account:

--the balance of real forces of all sorts between capital and labor;

--the situation in the country; and

--what our main goals are and which goals are secondary.

In brief we can say that the balance of forces is not favorable to the trade unions; the situation in Spain is very serious; and our main goal is to combat unemployment and protect the unemployed.

The agreement, in addition to the specific content to which we have just referred, has in our view achieved six very important goals. We will summarize them in this document:

1. It situates employment at the real and practical center of trade union activities.

2. It establishes a basis for unity between those who work and those who do not, which is a key problem in the workers movement.

3. It takes a step toward the consolidation of democracy and deals a blow to the "coup" mentality, which finds a medium in the economic and social chaos generated by unemployment.

4. It brings the AMI period to an end, which has led to a state of trade union weakening.

5. It establishes a positive climate of unity of action between the CCOO [Workers Commission] and the UGT [General Union of Workers] in the negotiation and implementation of the agreement.

6. It establishes the foundations to allow collective negotiation to be undertaken during 1982 on the basis of unity of action, with a joint CCOO-UGT platform, rather than as in 1981, with each union on its own.

All of these questions must be borne in mind in order to make a judgment on the agreement. Bypassing its specific content, we will not expand on the subject because it has been made avaialable to the congress participants and they are familiar with it. (This text was distributed at the Second Confederal Congress.)

We propose three goals:

--To create the conditions so that jobs can be created and a government commitment obtained in this connection. It promises to create 350,000 jobs, in other words to prevent unemployment from increasing in 1982. What guarantees of fulfillment are there? The verdict in the next general elections in the event of nonfulfillment, the supervisory and control commission, as well as the specific commission for investments, and unity of action among the trade unions.

--Coverage for the unemployed. Elimination of the Basic Employment Law. Extension of the nine months of subsidies to all the unemployed with family responsibilities; larger sums than in 1981, with guarantees for community employees; insurance for prominent rural workers; medical-pharmaceutical cards for all the unemployed; and a special fund of 15 million for construction, hotel and other categories without coverage.

--Development and strengthening of the trade unions. Return of 116 premises to the CCOO and the UGT; economically viable sums for 1982, 1983 and 1984; and substantial impetus for trade union formation.

Obviously, this demanded a willingness on the part of those living on wages and salaries to make a sacrifice. This sacrifice has served to save three major groups. First, the pensioners on the lowest levels, who are the majority; second, those dependent on the SMI [interoccupational minimum wage]; third, the unemployment; and fourth, those with no capacity for collective negotiations.

Obviously the other workers are willing to make a sacrifice which may range from two to five points below the IPC [consumer price index].

Balancing the advantages and the disadvantages of this agreement, we are convinced that it is positive for Spain as a whole, for the workers and for democracy.

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GROWING CONCERN EXPRESSED OVER MARINE CAPABILITIES

Priority Urged For Maritime Industry

Istanbul DUNYA in Turkish 24 Jun 81 p 9

[Text] The Chairman of the Board of Directors for the Erdem Business Group, Irfan Erdem, stating that the approaching date of 1 July is a day for great celebration, thanks to the Coastal Navigation (Kabotaj) Law Number 815 which grants priority to the Turkish flag, pointed out in the OFFICIAL GAZETTE that Law Number 815 concerning Maritime Transport and the conduct of industry and trade in ports and territorial waters, has created countless means for the development of Turkish coastal shipping. He added, however, that because the necessary importance had not been directed toward shipping by the nation, the shipbuilding industry is lagging significantly and he noted that when a comparison is made with the world shipbuilding industry the reasons for the lag are apparent.

Irfan Erdem stated the following:

"Along with the increase in import-export movements among the world's nations, the world commercial fleet is expanding also. But technical and political reasons are, to a great degree, affecting the speed at which the world commercial fleet expands. Causes such as developments in shipbuilding technology, improvements at ports, changes in other transportation systems, techniques like the search for new energy resources on the high seas, the opening or closing of channels, fluctuations in freight charges, and oil prices are altering the development of the world commercial fleet. As a matter of fact, while the total tonnage of the world commercial fleet, composed of 15,702 ships in 1965, was 185 million deadweight tons then, the total tonnage had risen to 285.7 million deadweight tons in 1970, when there were 18,887 ships. By 1980 these increases had reached 36,274 ships and 692.18 million deadweight tons. Yet the Turkish maritime commercial fleet, which was comprised of 671,681 gross tons in 1965, was able to reach only 696,824 gross tons by 1970 and, after having passed 1 million gross tons as of 1976, reached 1.5 million gross tons by 1980.

"In the 10 year period, 1959 to 1969, world tonnage showed a 73.2 percent increase, while that of the Turkish maritime commercial fleet saw a reduction exceeding 11 percent.

"As of 1977, the Turkish commercial fleet was ranked 34th in the world with 1.3 million gross tons. Additionally, our fleet is made up of ships ranging in age as follows: 42 percent younger than 10 years, 31 percent between 10 and 25 years old, 27 percent older than 25 years. If we consider the economic lifespan of the ships to be 20 years, then 32 percent of our fleet has completed its economic lifespan. In other words, the Turkish maritime commercial fleet is in need of rejuvination.

"The world maritime commercial fleet is comprised of 39.8 percent tankers, 25.1 percent bulk cargo ships, 24.1 percent general cargo and other transport ships. The Turkish maritime commercial fleet, on the other hand, is made up of 25.3 percent tankers, 6.9 percent bulk cargo ships and 68.9 percent general cargo and other transport ships. In addition, the Turkish fleet has many low-tonnage ships.

"The fact that transport in Turkey is directed toward the highways, with regard to the sub-sectors, reflects a wastefulness unparalleled in the world. In fact, of all the goods transported in Turkey, 73.9 percent are sent overland on highways, 25.8 percent by railroad and only 0.3 percent are shipped by sea. Worldwide, 73.1 percent of goods are transported by sea, 18.3 percent by railroad and a mere 8.6 percent on roads. This table is yet another example of how the national wealth, spent on oil, is being squandered.

"It can clearly be seen from this that the transport of passengers and goods in our nation is based on the highways, the complete opposite of the situation in other countries. In our country, surrounded on three sides by the sea, maritime transport, despite the fact that it is nearly 5 times cheaper, is being neglected and road transport, which is the most expensive means and is based in large part on foreign exchange, is being encouraged. So much so that by the Dock Dues Law Number 827, the maritime economy, already left quite emaciated, is rendered even more exhausted. Yet, while the state industries are assured of easy means of profit, the law does not ask that they be overseen by strict rules, when, in reality they have raised the state's loss of foreign exchange significantly.

"How strange it is that the Dock Dues Law Number 827 should be in effect now. We hope that the 12 September administration will eliminate this and similar laws for the good of the country and put together new ones according to the requirements of the day.

"As stated above, the favorable contributions of ships involved in international transport to their nation's balance of payments is a known fact. Consequently, tough competition in international maritime transport is dominant. In order to be active in this field, a strong fleet is considered a requirement. Our country does not have a fleet sufficient to handle our import-export transport.

"While foreign commercial transport rose to 22 million tons in 1980, of this, 15 million tons were carried on ships with foreign flags. Freight cost expenditures, which moved to second after oil, reached $700 million. Ships flying the Turkish flag carried only a 7 million ton portion."

Irfan Erdem, who noted that this result had been made known in the form of an official announcement on television a few days ago, drew attention to the fact that the countries which have significant heavy industry and in which the shipbuilding industry contributes to the development of iron-steel, motors and a great many other peripheral industries, are the industrialized nations. He commented as follows:

"World construction capacity has today reached 60 million deadweight tons. But since there are not enough orders, only 25 percent of this capacity could be used in 1979. Because the shipbuilding industry is a labor-intensive industry, the tendency toward countries that have lower wages for workers has increased in recent years.

"This opportunity is not being taken advantage of in our country. In spite of the fact that worker's wages are low, the costs of ship construction are going up. Since our shipbuilding technology has not seen the necessary development, more man-hours than necessary are being used.

"As the result, our technology lags behind even those nations which have concentrated efforts on shipbuilding within just the last 5 to 10 years, in spite of the fact that we have been in shipbuilding for more than five centuries. The most important reason for this is that sea transport and, consequently, the shipbuilding industry, have been neglected by the nation and state and, for various reasons, a policy of ship importing has been made attractive.

"The lack of development in both the Turkish maritime commercial fleet and the shipbuilding industry are rooted in the fact that a sound National policy for sea transport has not been determined and therefore not implemented.

"Turkey has spent many long years deprived of a unified, official department to protect its maritime resources. The most important of these, the Turkish Maritime Trade Department, has not been established.

"The development of sea transport suitable to the nation's economic policy will begin when we stand up for our maritime resources. In this regard, encouragement for ship construction should continue. When the primary and peripheral machinery and certain electronic equipment for shipbuilding are obtained from abroad, this means a 30 to 40 percent foreign dependence. Cooperation with and development of our industry in this field must be supported."

Depressed State of Coastal Transportation Eyed

Istanbul 8. GUN in Turkish 28 Jun 81 pp 11-13

[Text] Every hour of the day in Istanbul, at the Karakoy pier, in Sirkeci and Kadikoy, there is an ongoing activity: "Hey, the boat is pulling away, come on let's catch it." "Does the boat stop at Haydarpasa, bud?" "What? The trip has been cancelled?" "We're done for ...."

Yes, the veteran ferries carry a great crowd of people to and from work each day. Most people choose the ferries for trips between the cities along the shore, and set out on them for both sea travel in the summer and relaxation.

Our country is one of the old nations that set sail on the seas and hoisted its flag in foreign ports. One notes in the records that the maritime transport of passengers and goods in our country began approximately 150 years ago. Turkey today is trying to continue its state-run maritime transport system in its own territorial waters and in foreign ports in accordance with both 20th century technology and the tenets of operations and tourism. The establishment responsible for the transport of passengers and goods on the seas is the Maritime Bank. The Maritime Bank, which is a general directorate linked to the Ministry of Communications and Transportation, runs two operations within the structure of passenger transport. One of these is the Maritime Lines, the other is the City Lines Operation.

Maritime Lines Operation

The Maritime Lines Operation of the Maritime Bank operates passenger transport through trips arranged to ports within our country's territorial waters and international ports. Trips originating in Istanbul, where the General Directorate and Operations Directorate are located, run as far as Hopa in the Black Sea and Iskenderun in the Mediterranean Sea. Additionally, there are north-south Mediterranean routes as well as tourist trips to foreign ports in international waters.

The routes of the Maritime Bank's Maritime Lines Operation extend to Spain in the western Mediterranean and to Haifa in the southeast Mediterranean, in an effort to keep alive and display the strength of Turkish maritime lines, using two red anchor emblems set diagonally on a white base on the smokestack.

The Maritime Bank's Maritime Lines Operation today has 12 passenger ships and 5 ferryboats. These passenger ships and ferryboats, which have a capacity of 56,203 gross tons, prove their worth on the seas carrying passengers on set timetables. The total gross tonnage of the passenger ships is 39,803, and 16,400 for the ferryboats. The passenger capacity of the Maritime Lines' ships is 10,453. This capacity is broken up as follows: 6,360 for the passenger ships, 4,173 for the ferryboats. The Maritime Lines' ferryboats make trips on these routes; Istanbul, Bandirma, Istanbul-Izmir, Venice, Ancona and Mersin-Cyprus. The Maritime Lines Operation has seen a great development in recent years in vehicle as well as passenger transport. Those who want to go to the southern provinces, particularly during the summer months, prefer to take the ferry from Istanbul to Izmir and from there continue either by road or ship.

An Old Fleet

The ships that the Maritime Lines Operation has are of the old type passenger ship class. Ships built in 1953 are still in service. The Maritime Lines newest ship was built in 1977 but the number of these is rather small. The make-up of this fleet is the reverse of the saying widely used in maritime

circles "new ship, old captain". The rising loading and unloading expenses at ports, escalating fuel prices and the daily rise in personnel and other expenditures has kept the Maritime Lines from being a profitable operation. But up until now the loss has been made up by the state from the treasury. Today, however, as in all Public Economic Enterprises, a rational operation aimed at eliminating loss and a working tempo based on making a profit are being implemented within the Maritime Lines' structure. The Maritime Bank, which closes its budget each year with a loss, will cease to be a burden on the state's back and will become a money-making establishment for the state.

The Maritime Lines has some obsolete ships too. The technical staff has disposed of these ships, which are now useless and so old as to be unserviceable, one by one ... since 1959 till now 20 ships have been discarded and sold. These are the names of the veteran ships, well-known by past generations: "Istanbul", "Adana", "Ordu", "Giresun", "Trabzon", "Etrusk", "Kardes", "Sus", "Marakaz", "Uludag", "Bandirma", "Samsun", "Iskenderun", "Ankara", "Aksu", "Erzurum", "Gunevsu", "Tari", "Tarsus" ....

Leasing Ships Earns Foreign Exchange

The Maritime Lines Operation has also started to develop a method to make money by leasing ships to foreign countries. The ship "Izmir" has been leased to the Romanians for three seasons. The "Akdeniz" will make tourist excusions and trips to Cyprus under an agreement with tourism companies. The directors hope that the practice of leasing ships, in particular, will bring a good profit and earn foreign exchange ....

There is no shortage of captains for the Maritime Lines, but it is having difficulty finding crew members. According to information that has been provided, the majority of Turkish seamen are not working on Turkish ships because of the high wages paid by ship-owners working on foreign-flag carriers or by foreign countries.

A seaman in Turkey can make 25,000 lira at the most while the same seaman can get $2,000 (180,000 lira) abroad. The captains serving in this organization are graduates of the Advanced Maritime School. To rise to the rank of first captain and its attendant duties requires patience. It is not common for a man to become a captain before 25 years. The age of retirement for captains on the Maritime Lines is 65. The age limit is kept high so that experienced captains can work and they do not easily accept retirement. The fame of Turkish passenger ships, painted white as a symbol of cleanliness, still enjoys all its vigor in certain European countries. For example, it is known that one of every five households in England has a photograph of the "Ankara". Those who travelled on the "Ankara" took a photo of this ship to save the spirit of the memories they made there. The "Love Boat" of years gone by, the "Ankara", is now a wall decoration ....

City Lines Operation

The Maritime Bank's second important operation for passenger transport is the City Lines. It conducts passenger transport with small ships between the two shores of the Bosphorus, from Eminonu to Yalova, Cinarcik and Adalar, between the shores of the Golden Horn, in the Gulf of Izmir, and between Konak and Karsiyaka in Izmir. These nearby ships carry people to work and students to school. Separate from these, the City Lines Operation runs car ferries between Kabatas-Uskudar, Sirkeci-Haram, Kartal-Yalova, Darica-Yalova, Eceabat-Canakkale, Gelibolu-Canakkale, as well as operating passenger and vehicle transport. Before the Bosphorus Bridge was built there was a great shortage of ferry trips between Kabatas-Uskudar and Sirkeci-Harem. We all lived through the recent past when lines of vehicles stretched to who knows where.

Ferries Leave Like 'Dolmuses'

The most important and interesting of the City Lines Operation's routes are those trips in operation between Karakoy-Kadikoy, Eminonu-Kadikoy, and Karakoy-Haydarpasa. Ferry service every 10 minutes, like a dolmus [taxi or boat which only starts when it is filled up with passengers] is provided between Karakoy and Kadikoy, in particular. This service, run in the morning and evening hours, is more spread out during non-working hours. The 1979 balance sheet for the City Lines' service in the Straits, Marmara, Gulf of Izmir and the Golden Horn, looks like this: 120,000 trips and 125 million passengers. It is reported that while the daily average of trips was 700, the number of passengers carried was set at 350,000. Included in the information provided was the news that 50 percent of the 700 trips were made by ships departing from the Karakoy, Sirkeci and Eminonu piers. City lines ships, which have gradually increased their capacities and expanded their dimensions, usually maneuver very close to one another at the port at the mouth of the Golden Horn, and this confirms that the captains have become master acrobats in their jobs as well. The ships, alongside of each other, sometimes create a surface uniting the Karakoy and Eminonu piers. The coming and going of the ships to the piers in such a small area amazes even those who ride those ships to work each morning ....

Capacity of City Lines Ships

The ferries of the Maritime Bank's City Lines come from a few different classes. There are 17 garden class ferries, 4 old-make ferries, 18 Adem Yavuz-type ferries, 3 village-type ferries and 12 numbered ferries. In addition, there are also 2 flat-bottom boats in service in the Golden Horn.

Ferries that have a number on the smokestack and on the side of the captain's bridge are the oldest and most veteran of the city lines' ships, having served for almost a century. These ferries, which run on coal, symbolize an era of history.

The average age of the City Lines' ships, of which there are 56 in the fleet, is 28.8. Nine ships are nearly a century old, seven are between 40 and 60 years. Other than those ships with their numbers on the smokestack, all ships are now

using diesel fuel. A large portion of these ships were put together through the labor of Turkish engineers and workers at the Golden Horn shipyard. The passenger capacity of the City Lines' ferries is 74,216 in summer, and 60,914 in winter. The City Lines is one of the operations which make the most money, yet because of increased costs it still is not making a profit. The profitability will be monitored from this year forward. The City Lines Operation was dealt a blow with regard to earnings, following the inauguration of the Bosphorus Bridge, but in succeeding years the balance has reasserted itself.

Skillful captains serve in the City Lines Operation. Most of them come up through the ranks. A youngster who enters the company as a quayside hand continues his service as a deck boatswain, steers at the captain's side and learns the job and the profession. Then he takes the examination at the Advanced Maritime School, becomes a captain on the short runs and the shore routes, then puts on the captain's uniform and sets up in the bridge and runs the ship. These captains thoroughly know every spit along the Straits and Marmara.

Nightmare of City Lines Ferries

The biggest nightmares for the City Lines Ferries are the "dolmus" motorboats that run along the mouth of the port and operate on Istanbul's Anatolian shore, and the fishing boats that stop unconcerned in the middle of the water .... A miracle has to happen to prevent a calamity. The collision of the ferry "Ulev" with the motorboat "Senol" resulted in a great loss of life and this bitter accident is still in memory. Another unforgettable calamity was the sinking of the ferry "Uskudar" in the Gulf of Izmir when 400 people died .... These are two catastrophes which occurred within 100 years. But every day accidents by the hundreds are avoided between the City Lines' ferries and these rowboats and motorboats. Fog, violent storms and blizzards are the worst enemies of the City Lines' ferries.

The unrivaled dominance of the City Lines ferries before the start of land transport and municipal bus service, still maintains its importance today. A person cannot easily forget the cry from the crewmen, "Watch your feet", when they throw down the boarding platform for the passengers, as these veteran ships approach the pier, and then, the great skill with which the crew ties the thick ropes to the bollards and the squeaking sound that comes when the rope stretches with the ferry .... These are the well-worn ferries that leave one with a passion for the sea, the peace of a relaxed journey, and a fresh and lively feeling borne of friendship and comradeship.

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FINANCE MINISTER ANALYZES NEW DEMOCRACY PARTY PLATFORM

Athens AKROPOLIS in Greek 12 Jul 81 p 7

/Interview with Finance Minister Miltiadis Evert by AKROPOLIS Economic Editor, Dim. Levendakos/

/Text/ The ND platform for the next 4 years provides opportunities for education, work, housing, higher compensation for all working people and pensions for the retired in a healthier and cleaner environment. These goals of the new economic and social development program which was prepared and approved in a most democratic procedure are analyzed by Finance Minister Milt. Evert in an exclusive interview he gave to our financial editor, Dim. Levendakos. The text of the interview is as follows:

QUESTION: The ND platform positions were discussed during the extraordinary congress. What is the overall framework of the economic policy ND will follow?

ANSWER: The free enterprise principle is the foundation of our platform. We believe that no perfect economic systems exist. Of the existing systems the best is that of mixed economy. The state exercises strategic control over the economy but it wants a dynamic private sector which can develop freely but without exploitation of the social whole.

We do not consider the accelerated economic development as a goal by itself but as a means for the social welfare of the Greek people. When we plan our economic program we have as our guideline the kind of society we and our children want to live in. We feel that a feeling of social well-being should exist in the future we are building. Not a single able Greek should be without employment and income. Not a single outcast. Not a single person without pension, medicinal and hospital relief. Not a single one without the possibility of acquiring a house. All people with homes and jobs in an environment where they can enjoy life. The possibility should exist for all people to acquire full and continuous education and culture which develop free and conscientious citizens.

No political democracy can exist without economic and social democracy. This is the kind of society we are building and on this basis we determine our economic policy. We believe and we are implementing a gradual and systematic reformation of the present society with radical changes within a peaceful framework and with democratic procedures.

Fewer Hours of Work

QUESTION: The ND Congress discussed specific platform positions for the next 4 years. Can you pinpoint the basic goals of this program?

ANSWER: Before mentioning these goals I would like to make clear that the program's timetable is not limited to the next 4 years but, for the realization of certain objectives, it covers a greater time period. To put it more plainly, while the platform fixes the level of economic and social development the Greek citizen must reach in the next 10 years, it proposes at the same time specific special measures for the implementation of partial goals in 2 to 9 years. Some examples of specific goals are:

In the next 2 years the work hours of the working people will be reduced by 2 hours per week. It is anticipated that during the same period 2,800 new beds will be added to provincial hospitals. In the area of education, it is expected that 16,000 new classrooms will be built in the next 4 years. It is also anticipated that at the end of the decade 13 percent less oil will be used for the production of electrical energy.

As you see, our program, in contrast to those of other parties, is devoid of verbalisms. It contains only specific goals.

No Air-Tight Compartments

QUESTION: Is there a specific reason for extending the measures beyond the 4-year period?

ANSWER: The program must be both realistic and specific. Since it includes many goals, it is logical that their attainment should be accomplished gradually while certain goals should be achieved by implementing measures at different times. As you know, no air-tight compartments exist in economy. Progress in one sector depends on that in other sectors. On the other hand, the long-term goals are not limited to the 4-year period. We are not only interested in how to govern in the next 4 years--we are always thinking of the remote future.

QUESTION: Is the platform general or does it include specific measures by sector?

ANSWER: We have proved by our actions that we do not believe in theoretical concoctions but try to give specific solutions to the country's serious issues within the limits of the Greek economy and having always as our guideline the interests of the people. We are trying, moreover, to find solutions without dogmatisms and prejudices which oftentimes overestimate the inconsequential and underestimate the momentous issues. On the other hand, the platform includes specific measures particularly for the sectors of welfare, health, social insurance and education as well as for the other sectors--such as industry and agriculture--which in their totality affect the citizens' level of prosperity.

Comprehensible Platform

QUESTION: In other words, each sector is analyzed separately.

ANSWER: The platform consists of 23 chapters each one of which deals with a specific activity. Each chapter states what the ND governments have achieved thus far and what we specifically intend to achieve in the next years.

Even though platforms are not evaluated by the number of their pages but mainly by their content and quality, I must tell you that our platform consists of 240 typed pages. Each chapter constitutes an outline [of reports by sector] and includes extensive studies on specific issues. For example, the platform chapter on regional developments is only about 10 pages but is based on a separate, more detailed report of 256 pages. The same is true for other sectors.

We attempted to treat the platform in as popular a style as possible because for its success the people must understand it since it is the people who will materialize it. For this reason, [the platform] must be written in as simple language as possible.

QUESTION: The press reported the names of economists who helped in writing the platform. Who finally authored it?

ANSWER: The ministers contributed to the platform. They provided data on what has been achieved thus far in their respective ministries and submitted proposals, solutions and suggestions about the future. All proposals were scrutinized by a specially appointed committee with members from the party's branch organizations. Subsequently a final review was made before adopting the best proposals. The committee includes many professors and economists among whom are Drakos and Sarandidis and its conclusions are realistic and within the margins of the Greek economy.

The party's congress debated the [committee's] recommendations on each platform topic and approved it together with some proposals submitted during the sessions of the congress. The platform text was then referred to the party's executive committee for final polishing.

Democratic Procedures

QUESTION: Such procedure is rather new for a Greek political party. What are its advantages?

ANSWER: The procedures followed were most democratic and I must point out that for the first time in Greece a party goes to the Greek people before elections with a comprehensive program by sectors with specific measures and specific times for adopting them.

Thus we are ushering in a new period in the political annals of the country, away from the ideological, sterile contentions, slogans and bickerings used by certain opposition parties.

ND proposes a program. But its implementation rests with the whole Greek people. It is for this reason that it was prepared and approved in a democratic way. For ND, governments of the present and future are governments by the consent of all people.

QUESTION: The platform's objective goals appear different compared to those of previous governments.

ANSWER: Our basic goal is the fastest possible economic development of the country with special emphasis on regional economic development and quality of life. In this respect there is an important difference with the past: Until now the strategy for economic development aimed at an accelerated increase of the national income and placing the quality of life on a secondary level. However, now that we have reached the capability of satisfying our basic needs, it is necessary that we sacrifice part of the increase in the income in order to improve the quality of life of the Greek people.

All Industries Away From Residential Areas

QUESTION: Would you like to cite a specific example?

ANSWER: The /platform's/ chapter on environment provides for moving certain industries which pollute the atmosphere away from residential areas. It also provides large outlays for improving the quality of fuels and establishing a center for biological cleaning of wastes.

Money earmarked for the above goals cannot be used in other productive sectors where it is certain that they would create greater increase in the national income. We believe that improving the quality of life is a matter of top priority. Besides, when it comes to "quality of life" no amount is too large while an increase in the national income does not always mean better quality of life.

QUESTION: You spoke about regional development. What do you think of it in the next few years?

ANSWER: After 1955, the economic development was based on the comparative advantages of the relatively advanced areas of Athens and Salonica. This was bound to happen because the large industrial units can operate more efficiently in areas where a proper infrastructure exists and because they are nearer to consumption and the skilled labor force.

Development of Provinces

The provinces did not have infrastructure and for developing it was necessary to spend exceedingly large amounts of money which the country could not provide during the first stages of its development. The operation of the industrial units allowed the state to find resources for developing proper infrastructures in provincial centers and it is hoped that as the level of incomes increases the state will be in a position in the next few years to earmark more resources toward this goal--something which is needed not only for socio-economic reasons but for national reasons as well. The reconstruction of the country could not have been done in a different way even if we had to do it over again. In the future, we aim at providing important incentives for regional development while the adoption of counter-incentives such as prohibiting the installation of industrial units in Attiki will discourage further concentration of economic activity as well as concentration of the population in large urban centers.

At the same time, we aim at an important market for the various regions by strengthening the agricultural sector. Specifically, the total Farm Insurance Organization outlays for pensions and allowances in 1980 reached 23 billion drachmas compared to 5 billion drachmas in 1974 or they more than quadrupled. At the same time, the total 1980 subsidies and income supports for the agricultural sector reached about 65 billion drachmas compared to 18 billion drachmas in 1974. These beneficial measures for the farmers were supplemented by the high price supports and the tax considerations policy the government extended to farm products and by the housing loans granted to farmers on very favorable terms.

Income Redistribution

QUESTION: A large percentage of the population represents wage and salary earners. What whould they expect from the next ND government?

ANSWER: The main goal is to redistribute the [national] income among the wage and salary earners and especially the small-medium income classes. It should be said that in this sector our achievements are significant. It suffices to mention only that the minimum daily wage for men quadrupled during the 1974-81 period. During the same period the average monthly compensation for blue and white-collar workers in industry was tripled while the increases in pensions were also significant; the Social Insurance Foundation, Greek Craftsmen's and Tradesmen's Insurance Fund and Seamen's Retirement Fund pensions were increased by seven and a half times.

We shall follow this policy in the future also. Two more important goals of our policy are the reduction in inflation and maintenance of the high percentage of employment of our labor force. As concerns this last goal we have thus far been successful.

In most cases these two goals are in conflict. The energy crisis caused many countries to put more emphasis on the reduction of inflation and on employment. We did exactly the opposite and succeeded in having a much smaller percentage of unemployment than other European countries but we were forced to accept higher inflation. The recent disorders in Great Britain whose government opted for the first choice reaffirm the wisdom of our choice. In the next 2 years our objective will be to lower inflation to the average level of inflation in the community countries and to increase employment by 200,000 new jobs. Finally, a basic objective of our platform is the best apportionment of the productive factors in their interchanging uses in Greece.

New Classrooms

QUESTION: You have stressed the realistic character of the ND platform. But is it realistic to say that 16,000 new classrooms will be built in the next 4 years?

ANSWER: Of course, it is since, moreover, during the past 6 years we added 14,200 classrooms and in 1981 we will build 3,000 more. In other words, more classrooms were built during the past 7 years than in the period from the independence of Greece until 1974.

At this point I would like to point out why we pay great attention to education. We believe that it is the most productive investment. All dynamic and successful economies of the world relied and still rely on an educated labor force. The cost of education is not a luxury. It is a national need.

QUESTION: I noticed that a special chapter [of the platform] deals with women.

ANSWER: Of course, because we have achieved a lot in this sector during the past 7 years and much more is being planned. Specifically, the minimum wages are now the same for men and women. The right of family allowance was extended to working women also. Self-sufficient pensions were instituted for farming women, etc.

Our target for the next 4 years is the establishment of equality among both sexes in the economic, cultural and social sectors, the equal treatment of women from a legal standpoint in all manifestations of life and, generally, the equal opportunity for advancement for both men and women.

Cost of Living Readjustment

QUESTION: A hot issue that concerns all working people and on which the opposition is harping is the cost of living adjustment for working people and pensioners. How do you cope with this problem?

ANSWER: Our objective is to increase the real income of all working people in accordance with the productivity increase rate and the real national income. To achieve this objective, the government will enter into negotiations with the working people in an effort to find a common system which will ensure the purchasing power of wages and salaries.

At this point I must say that I am astonished by the fact that the opposition continues to project as its target the cost of living indexing of salaries and pensions. If we had followed such a policy from 1975 to 1980 the salaries and wages of the working people would be much smaller than what they are now because during this period the real (after inflation) monthly compensation of employees increased by an average annual rate of about 4 percent and the real weekly wages of workers by about 7 percent. An example: The minimum daily wage is 600 drachmas. If the automatic cost of living adjustment was followed from 1975 on, the same daily wage would now be 495 drachmas.

The workers and employees would be losing the real increases to their incomes if we implemented the model of cost of living indexing the opposition proposes. By contrast, our income policy made these real increases in salaries and wages greater than the corresponding increases in all EEC countries, while the increases achieved by pensioners are still more impressive.

PASOK Distributes Poverty

QUESTION: This interview concerns, of course, the ND platform. But would you like to refer to the corresponding PASOK platform?

ANSWER: The more I read it, the less I understand it. It combines paucity of ideas and ignorance of facts. The political and economic programs should not be collections of denunciations and wishes but plans of clear strategy and goals. I wonder if it is advisable to have ND undergo the expense of printing and distributing PASOK's platform in order for the Greek people to understand the difference between the PASOK words and the ND deeds. One concludes that PASOK has devised its own arithmetic. It adds the least to extremely few, multiplies the problems and distributes poverty.

7520
CSO: 4621/40

PCI MESSAGE TO CCP ON ITS 60TH ANNIVERSARY

PM210745 Rome L'UNITA in Italian 1 Jul 81 p 11

[Unattributed report: "PCI Message on CCP's 60th Anniversary"]

[Text] Rome--Today, 1 July, is the 60th anniversary of the CCP. On this occasion the PCI has sent the CCP the following message:

Dear comrades, the Italian Communists are pleased to send you their most heartfelt congratulations on the 60th anniversary of your party's foundation.

The founding of the CCP constituted a major event in the revolutionary movement and in the Chinese people's life. During the past 60 years the CCP has managed to guide the Chinese people along an obstacle-ridden and difficult path to the victory of the revolution, the founding of the PRC and major gains along the path of socialist building in the world's most heavily populated country. This has constituted a major event in the development of the revolutionary process, the cause of human liberation and emancipation and the advance of socialism throughout the world.

On this significant occasion, the PCI Central Committee wishes to express to the CCP Central Committee and the Chinese people good wishes for further gains in the task of modernization and socialist building and hope that the PRC will contribute to safeguarding world peace and to establishing relations of friendship and cooperation among all the world's states and peoples.

We are convinced that the resumption and development of relations between our parties can be positively directed toward the success of this cause.

CSO: 3104/335

VAN DER STEE ON TIES WITH NETHERLANDS ANTILLES

Amsterdam ELSEVIERS WEEKBLAD in Dutch 27 Jun 81 p 15

[Report by Willy Steyling: "Querulous Van der Stee: 'Let's Get It Over With, Otherwise They'll Have to Figure It Out for Themselves.'"]

> [Text] The Netherlands Antilles are approaching a few warm summer months. Not only due to the temperature outside, but also inside many brows will be perspiring. No matter how long it has been put off, finally the second Round Table Conference will be held in St. Maarten, from 7 through 12 September. And that is going to need considerable preparation. Afterward the Netherlands Antilles will step onto the long, tortuous path to independence. Contrary to last February, now it is the Netherlands which wants clarity from the Antilles.

Minister of Finance Fons van der Stee, who is simultaneously minister for Netherlands Antilles Affairs, is of the opinion -- in spite of his passion for this overseas territory -- that the "discussing" should now be finished. No more discussing back and forth, no additional reports by yet additional commissions. To get down to brass tacks is what he wants. The Netherlands Antillean himself doesn't (yet) get very excited about it all. Budget deficits are made up by the Netherlands; for every little problem the Netherlands sends over an advisor. Unemployment in the Netherlands Antilles? That is solved by taking on more civil servants, even if the costs of the government apparatus are running amok. Meanwhile -- partly because of political developments elsewhere in the Caribbean area-- an "anti-macamba" mood (macamba means white person) has nevertheless arisen. That feeds the striving for independence of an elite group of politicians, although this phenomenom is limited -- for the time being. The remainder of the population indeed looks with some concern at a future without the Dutch "patronage" and therefore isn't running hard. Neither do the civil servants and other politicians who have to consider their following.

No wonder that Van der Stee is becoming querulous. "Now it has to be finished. Now we must know where we stand. Otherwise they can figure it out for themselves. The Windwards will simply remain with the Netherlands, which indeed they prefer to do, along with Bonaire. Then Curaçao and Aruba will have to figure out what they want to do themselves."

The approaching independence will be a tough struggle and Van der Stee is thoroughly aware of that. The Netherlands Antilles need time. "One cannot possibly let them go at this moment; they lack trained executives, know-how, a good infrastructure, good organization in general. It is a small-scale community in which group interests play an important role. They first have to outgrow that."

Finite

He clarifies: "Development aid is a finite matter by definition. We cannot simply spend 170 to 180 million guilders every year when no development whatsoever is noticeable in a social and economic respect. We give aid on the basis of solidarity within the realm, but we must prevent Dutch taxes from disappearing into a bottomless pit. Therefore I want to get away from project aid and go toward program aid, and judge that the way the International Monetary Fund does it, in a type of 'Gesamtpolitik' [whole policy]. One shouldn't give people things which later they cannot pay themselves."

The "IMF-tactics" to be followed means: tough conditions, no more money, no excessive activity in the budget. Van der Stee adds to that: "The Netherlands Antilles are truly not the poorest of the poor. In 1978 the income per capita was higher than that in Portugal or Ireland." In addition it is important to him that a country form a stable unity; that is the crucial point.

"It is not whether a country becomes politically independent; the Antilles don't want to become independent from our country. But there is no way back, not for the Netherlands either." A transition period of a year is being anticipated (for the time being) toward a situation whose shape is still being discussed.

It is certain that, afterwards, the Netherlands Antilles must function independently, also in the economy. "On that occasion we will have to negotiate later relations in the area of development cooperation."

Aruba has oil on its coast, and that can yield money. Money it prefers to keep itself rather than share with the other islands. Thus political leader Croes says that Aruba wants to think over between now and 1986 whether it will stay in the union. For should the oil yield too little, then one could still creep back into the Dutch mother lap. Van der Stee: "I asked him what kind of stories those were. His argument is that the majority of the Aruban population wants that, but I don't accept that."

It is clear the matter is not completed. "I want to reach definitive conclusions," says Van der Stee. "And I don't have any sanctions if it isn't successful. Even if we will indeed suffer consequences."

Van der Stee taps on closed doors. "Let me put it this way: we'll align our [illegible] differently. The number of people who want us to withdraw are also becoming fewer. I have explained the situation extremely clearly to Caseres (minister plenipotentiary of the Antilles in the Netherlands -ed.) and Croes. Tough discussions have been held. Things cannot go on like this. The entire economic and social development of the Netherlands Antilles is being frustrated by it.

The tough attitude of the Netherlands has not escaped the attention of the surrounding countries. "It is no secret when I say that both the former and the current regime in Venezuela is afraid of Cuban infiltration. They make sure they express their concern on that to us," says Van der Stee.

After independence the Antilles want the Netherlands to continue to take care of defense. "It is very simple: we carry our responsibility as long as they belong to the realm, and no longer. Independence and that guarantee don't get along, for then we implicitly declare ourselves in agreement with the regime there. And that has nothing to do with us. I predict a schedule for completion of 1 to 2 years," says the minister.

Shell

Once more a responsibility was assigned to the Netherlands. In 1980 a conflict arose between Shell and Curaçao about the COT [Curacao Oil Terminal] tax, an "environment levy" which was meant only as a compensation for the tax relief which had been promised to Shell for new installations before the Martina regime. Shell wants back the 90 million guilders it paid meanwhile. Curaçao thought the Netherlands should talk with Shell; if a refund had to be made, a deficit would arise which would have to be covered by The Hague anyway.

"The Netherlands will not pay those 90 million. I disassociate myself completely from that. Levying taxes is their own responsibility. Even though we guarantee the reliability of the government, we cannot see to it that it happens according to Dutch standards," says Minister Van der Stee.

The tax treaty with the Netherlands plays an important role for the future. The offshore sector puts a not inconsequential amount of 100 million in the drawer. Van der Stee has been unhappy for a long time already about the flight of billions [of guilders] overseas.

"There are indeed problems in the tax area. Too many Dutch individuals and enterprises have their profits and incomes deposited in the Netherlands Antilles, to the detriment of the Dutch treasury. We are in the process of erecting a dam against that."

One way in which the Antilles would be able to have more control over their own finances, would be through the foundation of the Antillean Development Bank which has to stimulate industry. This has been under discussion for a long time, but nothing has materialized yet. Van der Stee: "It is very important for that [bank] to come into being soon. What Wagner wants for the Netherlands, we have been wanting for the Antilles for many years, but no headway is being made. It is a pity, for many unemployed could have had a job if that had been approached more energetically by our fellow subjects of the realm.

KLM

Also the conflict between the Antillean Airlines [ALM] and the KLM on the monopoly of the Netherlanders on the Amsterdam-Willemstad route ended up on the table

in The Hague. The KLM rates are too high to actually promote tourism to the Netherlands Antilles and the KLM won't allow foreign carriers on the route, including charters. Its connections with VIASA, the Venezuelan airlines, support KLM in that effort. The landing rights in Caracas are an important weapon in the struggle against competitors. The KLM denies that the route is profitable.

Van der Stee: "The KLM has a position of monopoly, and I have the impression that the rates are indeed very high. I am also convinced that that route does yield profit. My primary concern however is not the KLM, but promotion of tourism to the Netherlands Antilles. The Antillean Airlines ask for our support, but the Dutch government is of the opinion that the Antillean government and ALM first have to outline what they want. ALM will never become a strong competitor of the KLM if it wants to develop into a mid-atlantic carrier. If the ALM continues on that route, it must be done on a commercial basis, just like any other 'public utility' and not with money from development funds."

"I am however prepared to come up with 30 million guilders for stimulation subsidies for airplane seats, the training of hotel personnel and the building of middle class hotels. One should wonder, however, whether that future flow of tourists is fated a long life with the increasing energy costs."

For the time being the Antilleans have plenty of debts to pay off. They are for 570 million guilders in the red with respect to the Netherlands. "It is good that the Netherlands will gradually remit those debts. The amounts must be used for the development of the Netherlands Antilles. In 1980 40 million has been returned in interest and redemption, and that money has been used as a redemption of their debt to the Central Bank of the Antilles, for the sake of the reconstruction of their economy," says Van der Stee.

Reservoir

The already almost legendary "reservoir," a financial Pandora's box which is often opened in the Netherlands Antilles, but whose contents no one knows -- read: wants to know -- is drying up considerably. The minister: "Until 1978/79 a lot of money intended for the Netherlands Antilles was not used. The long-term estimates for 1978 through 1981 have been increased by it. Misunderstandings have arisen through it. Moneys which I have committed have been partly spent, partly not spent. But the commitments were made, even if the money has not been paid. And that is true for tens of millions."

If Van der Stee continues to be minister -- as he hopes -- the portfolio of Antillean affairs will remain in his hands. Should he not be part of the next cabinet, he wants to have completed the work toward the Netherlands Antilles' independence. Then the matter can be handed over to a successor a year from now, but the question is to whom, that is to say, to which particular minister. The combination with Finance met with considerable criticism because it was too close to the money tap.

Van der Stee gives an ironic summary. "Foreign Affairs? No, for the Netherlands Antilles are not foreign. Domestic Affairs? No, for they are autonomous.

CRM [Ministry of Culture, Recreation and Social Work]? No, they are not welfare recipients. But a few ministries are attractive: Justice, Transport and Waterways or Agriculture. If I stay, I keep it, but that is still up in the air. The formation is a lottery. The Antilles themselves would like their own secretary of state, but I have always been against that. The portfolio is not of an adequate level for the Antilleans.

8700
CSO: 3105

'UNIONS INHERITANCE' SEEN AS MAJOR ISSUE NEEDING RESOLUTION

Madrid EL SOCIALISTA in Spanish 17-23 Jun 81 pp 16, 17

> [Text] Representatives of the government, the UGT [General Union of Workers] and Workers Commissions [CCOO] met on Monday, 8 June, at the Ministry of Economy, 162 Paseo de la Castellana, where the trilateral agreement on employment and wages was signed 3 days earlier in the presence of the employers' organization, the CEOE [Spanish Confederation of Business Organizations]. With this extremely important issue resolved, majority trade unions and the government prepared to settle another: the return of union property and strengthening trade unions as fundamental pillars of the democratic system.

The result of the 8 June meeting and previous bilateral contacts was a very brief document by which the return of trade union property accumulated during the long years of dictatorship was formally begun. In this document, which is still pending signature, the government pledges to turn over to trade unions and employers' organizations a large number of premises comprising this property and to include in the General State Budget significant items for trade union funding. Such funds are provided toward future payment of the unions' inheritance. The UGT and CCOO will in turn freeze their claims on union property for the next 3 years.

2.400 Billion Pesetas

The total amount which the government will pay to the unions is 2.400 billion pesetas, distributed at the rate of 800 million pesetas annually through the 1982, 1983 and 1984 budgets. Distribution criteria have not yet been established, although it is planned that each of the two majority trade unions will receive more than 300 million pesetas annually. The rest of the subsidies will probably go to other representative unions such as the ELA-STV [Basque Traditional Catholic Labor Union-Solidarity of Basque Workers], accounting for more than 15 percent representation in the Basque Provinces, and the Galician nationalist trade union, INGA [expansion unknown].

On the day that the agreement is publicly signed--in about 1 week--the government will submit a detailed list of the available real estate, which will become available to trade unions and employers' organizations within a maximum period of 2 months (by early September). The number of buildings to be included in this list is between 150 and 160, according to union sources, and not more than 120, according to other sources.

Employers Angered

The agreement reached between the government and trade unions concerning union property has angered the CEOE, upset the ultrarightist newspaper EL ALCAZAR and surprised another newspaper which, paradoxically, was not at all surprised when the government granted the church a subsidy of 7.600 billion pesetas, a figure which was published in a recent economic report.

When CEOE leaders learned of the agreement's existence, they lashed out with denunciatory statements, complained about not having been included in the negotiations, began to protest to the government through various channels and threatened to revise the employment agreement which they had signed several days earlier. But the outcome will apparently not be disastrous: according to observers, the 2.400 billion pesetas approved by the unions cannot jeopardize the agreement on employment, which is much more important and far-reaching.

The anger of employers also seems to be basically intended to cause a stir, but it lacks real substance. In trade union circles, it is believed that the CEOE was certainly aware of the imminence of this agreement. According to union sources, the negotiations were never secret and the existence of such contacts came to light on one occasion during the tripartite talks on employment. The CEOE also has no convincing argument for acting so shocked, since it has also concluded certain bilateral agreements with the government. The result of these agreements is apparently certain government commitments, whose literal content is unknown, concerning fiscal policy and social security.

A Secret Agreement!

One of the things which seems to bother the CEOE most was the supposedly secret nature of the agreements. Official spokesmen for the government and the unions have denied that these negotiations were secret. It seems certain that at some point during the negotiations, the government stated the advisability of maintaining a certain amount of discretion in this regard. In principle, the unions shared this concern for discretion to prevent these talks from being associated with the trilateral agreements on employment, which were coming to an end. The final wording of the agreement was suspended for the same purpose until the trilateral agreement was signed. The signing of the new agreement, which will be publicly formalized in a few days, was also postponed.

End of Dropper Philosophy

A long period in the history of the transition will end with the signing of this agreement: what could be called the "dropper philosophy." The expression, which unfortunately became popular, was first used by a high-ranking source of the Suarez administration during a private meeting: "There will be no problems with the trade unions," he said. "We will control them by returning their property to them with a dropper." But time has passed, democracy has fortunately survived and the chance successes (the droppers, the sources, Suarez himself ...) are part of history. The dropper philosophy has simply been replaced by the philosophy of democracy.

The Spanish government leaders have apparently realized that trade unions are neither targets to be destroyed nor, of course, to be controlled. On the contrary: democratic

philosophy requires the government to support all of the system's basic institutions, especially workers' organizations. A strong democracy--it is now said--needs strong trade unions. The protagonists in the agreement on union property point out that in all European countries the government subsidizes the unions in one way or another.

The agreement reached by the unions and the Spanish Government is not only in accord with this philosophy of strengthening democracy, but also with the legitimate and historical claim of wealth accumulated through the contributions of workers during Francoism. The trade union and government sources consulted agree that this agreement is the first really important step toward returning the wealth accumulated. Although the 100-odd buildings and the 2.400 billion pesetas are only a small part, an advance on the total wealth to be returned, the fact that the matter has finally been discussed openly and effectively appears to be one of the most important events of the current democratic period.

11915
CSO: 3110/124

OFFICER FINDS LEFT'S IDEAS ON DETERRENCE ILL-CONCEIVED

Paris LE MONDE in French 14 Jul 81 p 2

/Article by "Velite," (the pseudonym of a high-ranking officer on active duty, according to an editor's note)--passages enclosed in slantlines printed in italics/

> /Text/ On 14 July this year, the French Army for the first time in many years will file past a socialist president of the republic. What kind of defense might he establish? A high-ranking army officer, writing under the pseudonym of Velite, criticizes the very notion of "democratic deterrence," while Jean Paucot, a PS member, believes it supplements the development of the strategic nuclear force. General de Boisfleury, for his part, insists on safeguarding the unity of the forces.

The left is in power, the new era has begun, and the little world of the military, suddenly torn from its trusting reliance on doctrines which until recently were official policy, is anxious about the future. Several ghastly specters loom: soldiers' committees, 6-month tours of active service, the elimination of the /foreign?/ legion, unions in barracks, etc. All the same, during its years in the political wilderness, the left aired its views on defense problems, and its most renowned experts are now in the government. The options are clear, and, recently, the new defense minister reaffirmed that /"deterrence would be both nuclear and democratic"/ echoing earlier writings and statements.

Nuclear deterrence is widely understood. After the early problems with the "bomb" it won an astonishing consensus which is now virtually complete except for the ecologists, the PSU /Unified Socialist Party/ and the trotskyites. Some have even gone so far as to call for 15 missile-launching nuclear submarines, without reflecting too much on the fact that we are already having trouble building, arming, navigating, and protecting the environs of those which already exist. Nuclear strategy is thus regarded with respect by the left, and in accordance with this view the president chose the commander of the strategic air forces to be his special chief of staff, and the minister of defense, an admiral, to head his military cabinet.

Democratic deterrence is an old leftist idea. One thinks back to the volunteers of the Year II [of the French Revolution], to the soldiers of 1870, at Jaures, in the Resistance, in Vietnam, etc. Not all soldiers are necessarily hostile to this idea. One could imagine a multitude of Alpine infantry soldiers without skis and parachutists without parachutes in perfect solidarity with the leftist thinkers. Rustic, thrifty, ever up one hill and down the next, ready to settle with machine-guns and bazookas their scores against the /"fierce soldiers"/ who would have the audacity to /"come up and devour our daughters and our friends."/ [Italicized words in this line are quoted from La Marseillaise, the French national anthem.] As was the case during the Algerian War, there would once again be numerous regiments and divisions, and, thus, commands for all the generals and colonels. In a general way, it would facilitate a curbing of unemployment without having to pay the wages needed for white-collar work, while at the same time improving and rehabilitating military service to its former position. In the presence of such an inspiring picture, it would be sacrilege to ask whether these units of citizen-soldiers would really fill modern armored armed divisions supported by abundant air power with all that much dread. One may deplore the fact, but beards and long hair are not enough by themselves to give the marchers of the nation, the barricaders of the Sorbonne, or the dancers of the Bastille the courage of Afghan mountain fighters [historic references to past actions in Paris].

But one must also speak about numbers. The military budget is not extensible, and it would be surprising to see it increased. So, if one adds the expenses of equipping the strategic nuclear forces and feeding and paying the human forces (for the issue is always raised of linking pay to the SMIC), there will not be much left for the external intervention forces (it is true that the legion will be eliminated...) and especially for the armored machanized battle corps, supported by tactical nuclear weapons including eventually enhanced radiation weapons. Naturally, we will keep several squadrons of tanks in order to parade on 14 July, as symbolic as the horsemen of the Republican Guard. But we will make haste to throw into the dustbin of history all the hardware of war, now laden with electronics, expensive to purchase and maintain, and voracious consumers of fuel.

The arms industries, so it is said, are perhaps to be converted into factories to make spinning-wheels and windmills for the Third World, and the drilling fields into pasture for sheep. The catastrophic abandonment of the Larzac, the hesitations about nuclear testing, and the dismantling to Bourget over Missiles and bombs are as yet only cautious first steps toward the interment of our armored divisions.

Let us abandon romantic dreams before it is too late, and return to realities. As the minister says, /"defense is not only national, it is global."/ But this basic truth also applies to its military component, which is even less able to sustain itself than the other component. A great power, protective of its independence, should be able to respond to aggression in ways adapted to the resources of its adversary. A powerful mechanized armored force, nuclear-equipped, should be able to show the country's resolve without having to resort immediately to nuclear paroxysm. And it, as is often reiterated, France must still play a role alongside its allies, it is only with nuclear-conventional forces that it will be able to do so, and not with "Francs-missiles"* or battalions of partisans.

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*The strategic missiles on the Plateau d'Albion, analogous to the Euro-missiles.

IMPORTANCE OF ENCOURAGING MILITARY UNITY EMPHASIZED

Paris LE MONDE in French 14 Jul 81 p 2

/Article by General Bernard de Boisfleury (Ret.) an army corps general (in the reserves) and former inspector of operational territorial defense (DOT)--passages enclosed in slantlines printed in italics/

/Excerpts/ In the conclusion of an article that had great impact, published by REVUE DE LA DEFENSE NATIONALE in December 1967 under the title "Directed Defense or All-Sided Defense," General Ailleret* maintained that the only solution compatible with the interests of our country and worthy of it was /"to create, with its own resources, a defense system that is not directed against anyone, but worldwide and all-sided, of the maximum power permitted by its national resources..."/ This position, given expression with the approval of General De Gaulle, remains valuable and logical. The ultimate rationale being: deterrence and freedom of action both depend on determination, about which there must be no doubt, and on the means available, about which there is room for constructive differences of opinion.

While the financial commitment for national defense seems to me to be set presently at the highest level compatible with the economic and social health of the country, which is also an essential aspect of its independence and security, it is less clear whether what is being done is being coordinated well.

It is not only because of tradition that the armed forces are divided into three separate forces, the army, the navy, and the air force; and the police forces, along uniquely French lines. Doubtless tradition is often a pretext that allows everyone to protect his autonomy. The era when there were three different ministries, then three secretaries of state, is not completely forgotten. Thus one can observe the tendency within each branch to diversify its elements, so that the navy and the air force both have ground forces of some considerable size, the army has an air capability, and the police are not only on the ground but on the seas and in the air. This development merits inquiry, given the fact that it translates into specialized equipment, infrastructure, and operations programs.

*General Charles Ailleret was chief of staff of the French forces from July 1962 to March 1968, when he died in an airplane accident on Reunion.

Evidently, the environment in which the forces are called to operate justifies their special features. Beyond this criterion, we enter the domain of the deployment and use of a package of forces, through coordination of its complementary components. The uniqueness of each force is thus legitimate, from the perspective of rigorous adaptation of organization, equipment, education of personnel, and training for battle conditions. What is needed is in all cases to reach the maximum degree of operational efficiency, without which the units ordered here and there into battle where they are numerically inferior, and where initial success is critical, will have no chance.

In sum, the uniqueness of the forces is the fundamental prerequisite for their effectiveness. All the same the parochialism shown by each branch is another matter.

Competition or Dialogue

The integration of military structures into a single whole began following World War II, thus more than 35 years ago. It has been achieved gradually and rather slowly, and was faced with many hurdles to overcome. Virtually complete in the domains of armaments, general administration, and regulation, it remains incomplete with respect to the forces and their supports (except for the creation of joint services: health and fuel). It must be emphasized that during this 35-year period, the respective branches have certainly gone through some transformations and had their difficult moments, in the course of which urgent crises had to be faced and structural reform delayed.

For nearly 20 years now, the various branches have been engaged in a process of recomposition, the first phase of which, carried out between 1962 and 1968, involved adapting military working and living conditions to the European context. It was then that the nuclear imperative, which first impacted on the air force, took on its full significance.

The second phase was to consist in following this to all its logical conclusions, particularly by centralizing management functions to achieve greater precision in programming, in the face of increasingly difficult technical and financial problems. One has to admit that this objective has not yet been attained. The general organization of the forces remains characterized by its lack of unity in the field of command and direction of military policy. Thus, situations have been allowed to persist which are all the more difficult to redress because they have become so solidly established. It is unnecessary to cite examples: they are rather obvious and well-known, in research ad development of materiel, in infrastructure, even in administration.

The administrative process of planning-programming-budgeting-monitoring forms an integral whole, one which it is dangerous to sever. It is indispensable for ensuring firm leadership and trick continuity between the definition of objectives and the assessing of result. In that connection, the articulation of the command structure wherein the general staff of each branch is autonomous might be perceived as an advantage from the point of view of each branch. From a general point of view, however, it is an incontestable weakness, as competition most often prevails over dialogue. How could it be otherwise, since those are the rules of the game?

Centralization of the command function is, consequently, the first prerequisite of effectiveness, including the ability of the minister to exercise authority over the forces. There is room for an overall military general staff, within which would operate not only officers of the three service branches and the police, but also engineers, administrators, supervisors. As for the service general staffs, subordinated to the former, a large role of continued importance would remain direct management of the forces, bringing them to a condition of battle readiness, and contact in the field.

It is not paradoxical to maintain that centralization of the military administration, that is, both reducing the numbers of administrative personnel and reducing the number of loci of decisions, is the first step toward a decentralization of operational and territorial command, the necessity for which seems obvious. To decentralize is to delegate execution, and one must first know who is delegating what. This observation applies particularly to the domain of territorial organization in France, which must be endowed with the unity and strength necessary to radiate throughout the nation. It shows itself first of all to be the superposition of the geographic entities belonging to each branch, and each depending on a separate general staff.

It must also be able to respond to defense demands in the broadest sense of the term; in this respect, it should always be of a combined nature.

By contrast, the organization in place in the overseas departments and territories has neatly synthesized these two demands and achieved a balanced combined-forces mode. This, in my opinion, is the direction we should pursue here at home, it being understood that military organization will have to take into account regional development as a whole.

Up to now, it is a fact that the parochialism of each branch has maintained a sort of status quo, and it could be regretted that the necessary changes have not been accepted voluntarily. Is it not true that any reform subject to the veto of those to whom it would apply is doomed to fail? Ultimately, the evidence will be so overwhelming as to make change necessary, and it would seem desirable to prepare people for this.

9516
CSO: 3100/856

BRIEFS

AIR FORCE APPOINTMENTS--Appointed members of the Air Force Board for the year 1981 are: Air Force Gen Philippe Archambeaud; Air Force Lieut Gen Paul Huguet; Air Force Lieut Gen Jean-Charles Grenet; and Air Force Lieut Gen Bernard Capillon. Promoted to Air Force Lieutenant General, with effect from 1 June, Air Force Maj Gen Jean Rajau. [Text] [Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 May 81 p 13] 9238

NEW CORVETTE ASSIGNED--The "Dupleix," the second of six programed 3,850-ton ships, joined the Mediterranean squadron yesterday. The "Dupleix" is identical to the "Georges-Leygues," which was placed in service 2 years ago. It is 139 meters long and is manned by a crew of 15 officers, 95 petty officers and 110 enlisted men. This corvette is designed for antisubmarine warfare, and is armed with sea-sea missiles, a Crotale antiaircraft system, and 10 torpedoes. It can carry two Lynx helicopters, which are its antisubmarine warfare auxiliaries. [Text] [Paris LE MATIN in French 30 Jun 81 p 4] 9238

CSO: 3100/949

RETIREMENT LAW SPARKS DEBATE

Nicosia CYPRUS MAIL in English 12 Jul 81 p 3

[Text] The legislation passed this week by the House of Representatives for the early retirement of public servants, teachers and policemen provides a new chapter of conflict between pro-government and opposition papers.

The controversial point concerns the provision which allows the government to require a public servant to retire prematurely without giving him the reason for the call.

The provision was hotly contested in the House with the government Democratic Party of President Kyprianou and the communist Akel party voting for it and the Right-wing Rally party of Glafcos Clerides and the socialist Edek party of Dr Lyssarides against.

SIMERINI, the Rally party yesterday attacked again the measure and so did the Right-wing independent AGON which notes that the government has already powers for dismissal and therefore it would be difficult to understand the reason for the additional powers if no use is to be made of them at one stage or another.

The AGON editorial says the passage of the measure by the House amounts to the mythical release of the winds by Aeolos, the ruler of the winds, and if the argument is right that the government will not abuse this right there can be no guarantee that this or some other government will not do so in the future.

The paper's commentator "Paratiritis" also chooses the subject for comment and says that it is a javelin that would be an irresistible weapon in the hands of the rulers against the public servants and those who supported it had supported an undemocratic cause.

SIMERINI finds strange that the Public Servants Union had, according to the parliamentary spokesman of the Democratic Party, collaborated with the government in the drafting of the legislation.

ALITHEIA, the official organ of the communist Akel party which supported the legislation in the House, defends the right of the Ministers to terminate the services prematurely and finds surprising the Rally opposition to the measure.

It is obvious that the Council of Ministers will make only sparing use of the powers in exceptional circumstances and if there is case of excess the House could act, if necessary, it says.

ELEFTHEROTYPIA, the Democratic Party paper, says the measure opens the way for vacancies for new graduates and therefore the Rally opposition means barring opportunities for new generation of graduates.

The delay in the start of the work of the Investigatory Committee for the Missing Persons is again in the fore with the official Greek Cypriot side avoiding direct comment as to the actaul causes.

CSO: 4600/108 END

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14 August 1981

West Europe Report

No. 1801

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14 August 1981

WEST EUROPE REPORT

No. 1801

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MARXIST-DOMINATED PARTY WARNED ON USSR NORDIC ZONE DEMARCHE

Reykjavik MORGUNBLADID in Icelandic 5 Jul 81 p 16

[Editorial: "Isolation Underscored"]

[Text] "Personally, I think there is a great discrepancy between Brezhnev's words and actions. He says he is ready to promise that the Soviet Union will not use nuclear weapons against the Scandinavian countries; nevertheless, there are missiles on the Kola Peninsula that are aimed at them. It would be better if he removed them...The government of the Soviet Union must be more specific in its proposals so that I can understand what it is saying. This was the answer given by Joseph Luns, the secretary of NATO, when MORGUNBLADID asked for his opinion of the comments by Leonid Brezhnev, the president of the Soviet Union, in a Finnish periodical about a nuclear-free zone in northern Europe. Luns said that his comments were much too vague for him to offer an opinion. The same viewpoint was expressed by Benedikt Grondal, Geir Hallgrimsson and Olafur Johannesson when MORGUNBLADID asked for their opinions.

Benedikt Grondal said: "I think his comments are very vague and that it would be hard for me to figure out what they mean at this moment." Grondal pointed out that it was impossible to ignore that the Soviet Union is engaged in many activities on the Kola Peninsula around Murmansk and that the Scandinavian countries were, in fact, free of nuclear weapons. Geir Hallgrimsson said that there were no nuclear weapons in the Scandinavian countries and that it would stand to reason "to demand that the Soviet Union prove its determination by decreasing the number of nuclear weapons in its territory, such as on the Kola Peninsula, around the Baltic Sea and in other areas." Furthermore, Hallgrimsson said that the Soviet Union should halt "the activities that are jeopardizing world peace in particular, and I am referring to their threat against Poland and the invasion of Afghanistan." Olafur Johannesson said that Joseph Luns was not exaggerating when he said that Brezhnev's proposals were vague. Johannesson added, furthermore: "We do not have any nuclear weapons and we do not have any plans to acquire them. We consider a unilateral declaration by a small group like the Scandinavian countries to be of little use if it is not part of an agreement about mutual reductions of nuclear weapons."

As these quotes clearly show, the spokesmen for the three democratic parties share a similar attitude towards the comments by Brezhnev. On the other hand,

a different response was forthcoming from Svavar Gestsson, the head of the People's Alliance, when MORGUNBLADID asked for his opinion of Brezhnev's message. "I find his comments interesting," he said, adding: "I think we should test whether his words are to be taken seriously." Furthermore, he said: "Opinions vary as to whether the Scandinavian countries are free of nuclear weapons or not..." The head of the People's Alliance thinks that Brezhnev's comments are "a response to the allusions about these issues that have come to the fore in the Scandinavian countries and in Western Europe."

In his speech, delivered during discussions on the foreign minister's report in the Althing in May, Benedikt Grondal said the following: "It is clear that the undercurrent of the new propaganda offensive by the People's Alliance is to support the Soviet Union and to condemn the free world." Svavar Gestsson's response to the vague comments by Brezhnev underscores the People's Alliance's isolation on foreign affairs and defense issues. The spokesmen of the People's Alliance have worked hard to make Iceland look suspicious when nuclear weapons are discussed. Svavar Gestsson indicates the same about the rest of the Scandinavian countries. These false and dangerous premises are then used as the basis for their arguments, at the same time as the "peace chatter" by the Kremlin is accepted as the truth and our people are not being warned of its enormous nuclear arsenal and policy of domination. Once again, it has been proven that the communists do not have in mind what would be best for the security and independence of Iceland.

8743
CSO: 3111/46

BRIEFS

LABOR YOUTH CHAIRMAN ON 'ZONE' --"The reactions last week of larger NATO countries do not on the whole give a reason for the Labor Party to change its plans for a nuclear weapons-free zone in the Nordic countries," said the AUF [Labor Youth] chairman Egil Knutsen when the election camp of the Labor Youth was opened at Utoya on Sunday. Knutsen claimed that it is inconceivable that the Labor Party would allow its politics to be directed by what he characterized as the deeply reactionary governments of the United States and Great Britain, which have turned down nuclear weapons-free zones in the work for detente and disarmament. The AUF chairman said that the Labor Party may reevaluate its entire support to the 1979 NATO modernization plan unless there would be real negotiations between the United States and the Soviet Union regarding the locating of new nuclear weapons. In his speech Egil Knutsen emphasized that increased support from voters for the Labor Party would to a large extent be derived from the Conservative Party. But he warned the Labor Party against moving closer to the Conservative Party in order to accomplish that. [Text] [Oslo AFTENPOSTEN in Norwegian 20 Jul 81 p 4] 9662

CSO: 3108/172

SWITCH TO COAL SAVING MONEY FOR POWER FIRMS

Copenhagen INFORMATION in Danish 1 Jul 81 p 12

[Text] Elkraft, the association of electric power companies east of Store Belt, saved at least 1.5 billion kroner in foreign exchange in 1980 with the increased conversion to coal firing as compared to the costs if the entire electric power production had been based on oil.

That is stated in the Elkraft annual report just published.

Whereas a few years ago the percentage of oil in the power plant fuel was about 85 percent, in 1980 the percentage of coal was exactly 85 percent. The year before, in 1979, the percentage of coal was 68 percent. The total fuel consumption by Elkraft in 1980 corresponded to about 15 percent of Denmark's gross energy consumption, so that the high percentage of coal contributed considerably to reducing the country's great dependence on oil, according to the report.

The relatively favorable influence on the balance of payments is due to the fact that the world market price of coal is still considerably lower than the price of oil, even though both oil and coal prices rose by ca. 30 percent during the reporting year.

The price of coal and the freight rates have risen and will continue to rise because of the declining value of the krone in relation to the dollar and the pound and because of unstable supplies from Poland and Australia combined with greater demand for coal. To increase the reliability of supplies, the Elkraft companies have entered into new long-term agreements with suppliers in the United States, Canada, and Australia.

No New Plants

Consumption of electricity dropped in 1980 by 0.2 percent as compared to a rise of 4.2 percent from 1978 to 1979. The drop is due more to the economic decline and taxes on electricity than to a voluntary effort to economize, according to Elkraft.

The power association still expects to get a new unit, Amagervaerk 3, with a capacity of 480 megawatts and a heat output of 650 megajoules, in operation toward the end of the 1980's, plus a new power and heating unit at the H.C. Ørsted plant. But beyond that there will be no electricity need for expansions, the report says, before 1990.

With special reference to Amagerværk 3, Mayor Jørgen Gotfredsen, chairman of Elkraft, says that the decision to postpone putting it into operation from 1985 to 1988 is only tentative. Until the fall of 1981 the possibility of putting it into operation earlier is being kept open.

In this connection Elkraft is waiting for the findings of a committee in the Ministry of Energy on the heating demand in the Copenhagen area. But Jørgen Gotfredsen sets it as a condition for an earlier start of Amagerværk 3 that advance investments for that purpose shall be put into the remote heating side exclusively.

8815
CSO: 3106/148

BRIEFS

1981 ENERGY CONSUMPTION FORECAST--Even though foreign exchange spending for energy imports is rising steeply, we are steadily saving a great deal on energy consumption. That is shown by a forecast for 1981 by the Ministry of Energy. According to the forecast the consumption of oil products will drop by ca. 12 percent, while the foreign exchange spending will amount to between 26.1 and 27.4 billion kroner; i.e., a rise of a good 26 percent. The forecast is based on the first quarter of the year, during which the energy consumption was ca. 9 percent less than in the same period last year. Comparison of the sale of oil products in the same periods shows a drop of ca. 16 percent, distributed among automobile gasoline (10 percent), heating oil (19 percent), auto diesel oil (10 percent), and fuel oil (16 percent). [Text] [Copenhagen INFORMATION in Danish 4-5 Jul 81 p 12] 8815

SYNTHETIC AUTOMOBILE FUEL TESTING--Six months' experimentation with adding 4 percent alcohol to gasoline has been so far successful that the experiment is being expanded to include the addition of 15 percent alcohol. The experiment embraces 70 cars, and is being carried out in collaboration between the Ministry of Energy and Norsk Hydro. When the new experiment is completed, the Ministry of Energy will take a position on whether methanol-gasoline can be marketed here in Denmark. [Text] [Copenhagen INFORMATION in Danish 3 Jul 81 p 12] 8815

GASOLINE CONSUMPTION DROPS--The marked drop in road traffic which manifested itself seriously in the summer of 1979 is continuing. A report from the Road Directorate shows that traffic is still 7 percent less than in 1978. At the same time the consumption of gasoline has dropped by 15 percent, and that means that the motorists are driving more economically. The speed limits are also important in the reduced gasoline consumption. [Text] [Copenhagen INFORMATION in Danish 3 Jul 81 p 12] 8815

CSO: 3106/148

INDUSTRIES RETURNING TO BURNING OF COAL

Paris L'USINE NOUVELLE in French Jul 81 pp 44-49

/Article by Dominique-Marie Benasteau: "Users Talk About Coal-Burning Furnaces"/

> /Text/ At 8 centimes per thermie[1] versus 11 for oil, coal is generating renewed interest. Whether grate furnace or fluidized bed furnace, the available techniques are varied, and research is continuing. The possibility to also use waste materials may contribute to making some installations financially attractive.

Why are French businessmen visiting Great Britain so interested in the furnace rooms of the plants they visit? To see what 5 years ago, and even less, would have made them smile indulgently: coal burning furnaces. Because in France, to speak about a return to coal is one thing and to implement it quite another. French businessmen who are not always aware of the available techniques, are uncertain about the conditions surrounding the use of these materials, worried about the handling of the coal itself, need the advice of users such as themselves in addition to that of manufacturers. This is why they are looking toward Great Britain, a country where one furnace out of 6 is operating with coal, which does not prevent manufacturers from forecasting a rush of orders as soon as the subsidies program is fully in place. To these users who have been converted for some time must be added a few Frenchmen who have already converted.

Thus at Dombasle Solvay, who had abandoned an Ignifluid furnace for a gas furnace has placed it back in operation. But there are also all those who had converted coal furnaces to oil. The difference in price between the two fuels is not in favor of coal. A few transformations such as the Rhone-Poulenc plant of Mantes are sufficient to reverse the situation. But it is not really a return to a past era, since coal handling conditions are no longer manual, and modifications sometimes call upon very modern techniques. Thus at Bournville (Wales), Cadbury has succeeded in going from fuel to a fluidized bed (Technological Energy Equipment). For those who have neither an old coal furnace laying in some corner, or any other equipment that may be transformed, the purchase of new equipment is the only salvation. Some signs of wear in the existing equipment may serve to precipitate the decision. At Hayward Tyler (Yorkshore), the wearing-out of the old 1906 furnace has provided the opportunity to

[1]Thermie: Heat energy required to heat 1 ton of water from 14.5°c to 15.5°c.

go to the advanced fluidized bed technique developed by Stone Platt Fluidfire. The same thing happened at the Thorn Spennymoor (Durham) plant: they have selected a conventional grate furnace from Parkinson Cowan, who just celebrated their 50th birthday.

A peculiarity of these furnaces is that they will accept 20 percent waste materials mixed with the coal. Thorn is thus planning on saving 1,250 tons of coal a year and therefore to depreciate their investment faster. On the other hand, the parallel burning of waste materials could be one of the best features of the return of coal burning. At Thermalite, still in Great Britain, Parkinson-Cowan equipment has reduced the weekly operating costs from 7.2 million francs to 5.2 million francs as compared to the previously used oil furnace. English Rose, in Warwick, claims to have saved 50 million francs last year, using sawdust and wood debris in a similar furnace.

Another manufacturer, Robey, has gone still further: the grate furnaces they are putting on the market can use coal and waste pellets in equal amounts. On the subject of drying in France, the coal-wastes association has already found some applications. The Association of Clover Dryers explains that in this area the move to coal burning is the logical consequence of the efforts to save energy. The fuel consumption per kilogram of pellets has been lowered from 280 grams to 115 grams. The object of the move to coal is to reduce fuel expenses still further. Prodeva has returned to a grate furnace because of the ever increasing cost of oil.

In another company (Vincent), the use of waste materials is an integral part of their return to coal program. The fluidized bed technique developed by Energy Equipment is used here again. Four more companies will convert back to coal, either fully or partially, during the year.

Individual cases differ so much that it is difficult to evaluate the cost of this energy source. There is no basis for comparison for instance between the re-activation of transformation of an existing installation and experimentation using new techniques. People at Vincent are well aware of it: the coal burning equipment for drying operations cost 2.5 million francs to purchase, but start-up adjustments have cost an additional 1.5 million francs; and in addition, the waste preparation installation, including the feed belt, grinder, etc., cost around 3 million francs. This is obviously a heavy bottom-line, but it does not detract from the interest of the experiment.

Excess Costs: They Are Dependent Upon Individual Plant Situations

The fact is that depending upon techniques and manufacturers, the cost of a coal furnace may be 2, 3, 4, or even 5 times that of an oil furnace. But this excess cost is not the same for all users. The French National Coal Company, which has experience in establishing comparisons, considers that costs are dependent upon the situation prevailing at a given plant: whether there already is coal at the site, whether the furnace will be used year round or seasonally, as a single or multiple unit. Size is also an important factor, as is the firing technique. The most usual is obviously the grate furnace, which is well adapted to the smaller units. Its main advantage is simplicity: coal is carried to a continuously-rotating grate located inside the furnace. The process is controlled by regulating the air intake,

fed from below. On the other hand, the power available through the use of this technique is limited: the coal must be given time to burn. In the case of productions of the order of 100 t/h the technique of projecting grates is applicable, but requires appropriate coal grain size. Fine and medium size grain coal is required, the fine coal burns while in suspension, the other on the grate. Installations of this type are operating in France, in the power range of 70 to 170 t/h.

French development of the fluidized bed technique took place in the 1950's and 1960's. The technique is the Ignifluid process, for which Fives-Cail-Babcock only received a few orders. On the other hand, this technique was fairly successful on the export market. It is a bit different from other fluidized bed techniques and is characterized by a high temperature (around 1,200°C). It consists of a fluidized bed of coal which produces an ash agglomerate during burning. This is disposed of in the form of cinders, which is different from other processes sometimes called dry ash processes. In the latter case, the fluidized bed is not coal, but minerals such as coal ash, sand (Stone Platt), or alumina (NEI Thomson Cochran). According to advocates of this solution, the stability of the bed is better because it is independent from the coal feed. The operation of furnaces of this type is also possible using other energy sources, for instance gas or oil.

Differences also exist in the ease of extracting ash and foreign matter (this should be considered in relation with the type of fuel to be used) and in the location of the heat removal tubes. For instance, the technique developed by the National Coal Board is well adapted either to the production of hot air for industrial or agricultural drying, or to the use of vertical or horizontal furnaces. The largest ones, of the water tube type, can produce up to 30 MW. We find the same tendency to increased power capability at Fives-Cail-Babcock, which received an order for a 150 t/h model in 1980 for a Paris heating company. As far as the powdered coal technique is concerned, it seems that the tendency is in the other direction. Up to now, furnaces of this type were reserved for very high power outputs, such as in electrical power plants (the preparation of the coal requires expensive crushing installations, and the handling of this powdered fuel presents safety problems). Since it is necessary to render it inert, the idea has been suggested to use oil instead of some other fuel. An important research effort is currently underway, but a stable oil-coal mixture is not about to be available to users. Advocates of this type of fuel see it as an answer to the coal supply problem, since it would be possible to use the oil distribution network. Opponents complain that this process still uses oil, and of course this technique is not applicable to the partial use of waste materials which can be used exclusively in grate and fluidized bed furnaces.

At the national level, the general increase in industrial coal consumption seems assured without problems thanks to EDF (French National Electricity Company) which is deeply involved in the nuclear area: within the next decade, the consumption of thermal plants should decrease from 28 million tons per year to 14 million tons. All the more coal which will become available to industry! This does not mean that there are no "location" problems, particularly in the beginning. The French National Coal Company recognizes that whereas the Lorraine, North, and Le Havre regions are traditionally well prepared, the same is not true of the South-West, Bordeaux, Nantes, and Fos regions which are only beginning. Businessmen interested in coal should therefore, before carrying their projects too far, check with one of the agencies of the National Coal Company. In Lille, Paris, Nancy, Lyon, or Ales, they will find

people with whom they can discuss coal supplies, whether domestic or imported, and who will advise them on regulations on the subject. In some areas, the maximum allowable levels of dust rejected in the atmosphere make electrostatic filters mandatory and their cost must be considered in planning the project. In any case, any project using coal must be submitted to the Department of the Environment.

But Public Works also offers the possibility for subsidies. Besides special provisions for lend-lease programs and special interest rate loans, some premiums are available to businessmen who wish to convert to coal. The excess cost is covered up to 20 to 25 percent, with a 250 franc ceiling for each displaced tep. A maximum of 400 to 2,000 francs per tep has been established for the excess cost. Not everyone seems to appreciate this rate, and those who have risked the coal adventure are far from having all reaped the benefits. This has not slowed them down, even among the smallest, for whom the risk seems the highest. It is however possible that additional measures are necessary for the established goal to be reached (to multiply coal consumption by 5 within 10 years, by raising industrial usage from 3 million tons to about 16 million tons in 1990). This does not seem impossible today, considering the high rate of evolution of the equipment. Their control accuracy and flexibility of use does not have to be demonstrated: a furnace installed in South Africa by Allied Boilers is subjected to steam variations of from 30 tons to 2.5 tons, with a very small pressure variation. In the case of conventional grate furnaces, B.E. Boilers contends that double-burner technology is the means to obtain excellent operational flexibility and high efficiency under any load. As far as the coal handling problem is concerned, it is now just about forgotten, thanks to straight line or broken line feed belts such as the one at Aswell-Scott, or the dense phase pneumatic system installed at Macawber. All these improvements bring up a new requirement for these modern furnaces: a warning system to provide an indication of total burning interruption, or a process stoppage, since furnace rooms are now unattended as a result of automatic control.

6445
CSO: 3100/826

MEXICO TO COOPERATE ON OIL PRICES

Oslo AFTENPOSTEN in Norwegian 20 Jul 81 p 4

[Text] "Norway and Mexico are going to cooperate in order to stabilize and increase oil prices. To begin with the cooperation will involve the exchange of information and experience regarding prices and oil market conditions," says Oil and Energy Minister Arvid Johanson to AFTENPOSTEN. He points to the fact that Mexico now has succeeded in increasing the oil prices by 2 dollars which may ease the pressure on the Norwegian prices of crude oil.

"Norway and Mexico are today the largest exporters of oil outside the OPEC and they share the interest in keeping the oil prices at a stable level," says Johanson. He refers to the fact that a prominent official from the Mexican Department for Oil and Energy is coming to Oslo in the fall in order to discuss the planning of the oil price cooperation.

"Is this cooperation intended to be some kind of a small scale OPEC?"

"No, such a characterization is not correct. The cooperation will remain at an informal level. My discussions in Mexico took place at a time when the director of the federal oil company Pemex had just been fired. The background of that is that the oil prices had decreased by 4 dollars. That is also part of the reason why oil prices became the central matter in the discussion with, among others, the Mexican Energy Minister," says Arvid Johanson.

After the visit in Mexico, Oil and Energy Minister Arvid Johanson went to the United States in order to give the American energy minister some information about Norwegian oil politics. This meeting was anticipated with some tension after the Americans sent a letter on 17 June last year to the Ministry of Foreign Affairs of Norway wherein they criticized the pricing of Norwegian gas from the Statfjord field. The Americans have also criticized the Norwegian expansion speed with regard to gas.

Oil and Energy Minister Arvid Johanson says to AFTENPOSTEN that during the meeting there was no criticism expressed against the Norwegian prices of the Statfjord oil. "I am under the impression that the Americans understand our opinion that there should be some correlation between prices for oil and for gas," says Arvid Johanson. He states further that the Americans look favorably at the Storting resolution regarding the expansion of Statfjord gas and its transportation to the shore.

9662
CSO: 3108/172

TRADE RESULTS FOR APRIL 1981 REPORTED

Nicosia CYPRUS MAIL in English 15 Jul 81 pp 1, 3

[Text] The trade deficit in April this year was down by almost half compared with the same month of last year.

This was to a large extent due to a steep decrease of the import of petroleum products because of sufficient stocks from previous months, and a considerable increase of exports.

Thus total imports in April 1981 amounted to £33m (1980 £38.7m) and total exports £20.3m. (1980 £15.4 m) revealing a deficit of £12.6m as against a deficit of £23.7 in April 1980 which in percentage means a decrease of 45.6 per cent.

Taken together the first four months from January to April 1981 had a total import record of £156m (£145m. in the four months of last year) and total exports £64.7m (£54.3 in 1980) which means that the country managed to maintain the trade gap at £91 million for the four months this year without any increase compared to last year.

The figures are given in the Import and Export Statistics of the Ministry of Finance Statistics and Research Department and are accompanied by the following analysis of developments.

Imports

The changes in the structure of imports were:

Intermediate inputs accounted for C£17,571,000 or 53.2% of the total imports in April, 1981 as against C£21,310,000 or 41.6% in March, 1981 and C£14,007,000 or 36.2% in April 1980.

Consumer goods imported during the month under review accounted for C£7,058,000 or 21.4% compared to C£8,221,000 or 16.1% in March, 1981 and C£7,765,000 or 20.0% in April, 1980.

Imports of transport equipment totalled C£2,944,000 or 8.9% in April, 1981 as against C£2,267,000 or 4.4% in March, 1981 and C£3,348,000 or 8.6% in April last year.

Capital goods declined further in April, 1981 and amounted to C£2,870,000 or 8.7% of the total, as against C£3,115,000 or 6.1% in March, 1981 and C£4,640,000 or 12.0% in April, 1980.

Imports of fuels and lubricants registered a steep decrease in April, 1981 and totalled C£2,592,000 or 7.8% of the total compared to C£16,259,000 or 31.8% in March, 1981 and C£8,995,000 or 23.2% in April, 1980. The steep decrease in the imports of petroleum products during the month under review, was due to the fact that the island's needs were covered by the increased imports of such products in March, 1981.

Imports from the EEC countries formed 56.2% of the total and reached C£18,574,000 compared to C£22,564,000 or 44.1% in March, 1981 and C£18,922,000 or 48.8% in April, 1980. Imported goods from the Eastern Trading Area amounted to C£1,433,000 or 4.3% as against C£3,239,000 or 6.3% in March, 1981 and C£2,966,000 or 7.7% in April, 1980. The total amount of imports into Cyprus from the Arab countries in April, 1980 was negligible, as no imports of crude oil were made during the month under review. All other countries supplied Cyprus with goods valued at C£12,866,000 or 38.9% of the total in April, 1981, as compared with C£12,900,000 or 25.2% in March, 1981 and C£9,452,000 or 24.4% in April last year.

Exports

The changes in the structure of exports were:

Exports of industrial products of manufacturing origin reached C£8,033,000 or 46.2% in April, 1981 as compared with C£8,010,000 or 58.4% in March, 1981 and C£6,873,000 or 53.8% in April, 1980.

Raw agricultural products exported rose to C£6,968,000 or 40.1% in April, 1981 compared to C£3,354,000 or 24.4% in March, 1981 and C£3,712,000 or 29.0% in April last year. Potatoes was the major agricultural commodity exported accounting for C£4,813,000 as compared with C£1,002,000 in March, 1981 and C£2,265,000 in April, 1980.

Exports of industrial products of agricultural origin amounted to C£1,575,000 or 9.1% as against C£1,356,000 or 9.9% in March, 1981 and C£1,489,000 or 11.6% in April, 1980.

Major export earners were potatoes with C£4,813,000 clothing with C£2,836,000, footwear with C£1,264,000, citrus fruit with C£1,149,000 alcoholic beverages with C£806,000, packing containers of paper with C£687,000 and asbestor with C£583,000.

The main market for Cyprus exxports has in April, 1981, been the EEC countries, and particularly the United Kingdom, who provided C£8,573,000 or 48% of export earnings during the month under review, as against C£5,161,000 or 35.7% in March, 1981 and C£5,443,000 or 40.3% in April, 1980.

The Arab countries occupied the second place in importance and absorbed Cyprus products valued at C£7,253,000 or 40.6% of the total as compared with C£6,324,000 or 43.8% in March, 1981 and C£5,868,000 or 43.5% in April, 1980. Domestic exports to the Eastern trading area accounted for C£876,000 or 4.9% in April, 1981 as

against C£1,130,000 or 7.8% in March 1981 and C£841,000 or 6.2% in April, 1980. All other countries purchased the rest of the domestic exports for April, 1981 which totalled C£612,000 as compared with C£1,057,000 in March, 1981 and C£608,000 in April, 1980.

CSO: 4600/110

AGRICULTURE MINISTER COMMENTS ON FARMERS' PLIGHT

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jul 81 pt III p 3

[Article by Jens Trudso]

[Text] "Unfortunately, it comes as no surprise that DLR, Denmark's Agricultural Credit Fund, has suffered great losses in connection with forced liquidations in agriculture," said the minister of agriculture Bjorn Westh, commenting on reports in BERLINGSKE TRADE yesterday that DLR has lost between 250 and 300 million kroner through forced liquidations of farm property.

"DLR primarily extends loans to agriculture and is thus the first to feel the economic effects of farmers going out of business," the minister advanced.

Minister of Agriculture Bjorn Westh stated he had known for some time that DLR wanted to expand its capital base in order to be able to comply with the legal requirement that private capital and reserves constitute 10 percent of the total liability.

The minister told BERLINGSKE that, as a DLR proctor, he cannot take action.

"DLR's leadership and management are 100 percent stable and, as a proctor, the Ministry of Agriculture will await the result of its efforts to expand the capital base," said Bjorn Westh.

The minister pointed out that DLR presently fulfills the necessary requirements for capital and reserves.

Part of the loss sustained by DLR in connection with forced liquidations of farm property was due to the fact that these properties were vacated at the time of the auction.

In response to that the minister said:

"For all parties concerned--including the farmer whose property is being liquidated--it would be advantageous if the property could be taken over while in operation as a farm."

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CSO: 3106/150

MORE FARMERS FORCED INTO LIQUIDATION

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jul 81 pt III p 3

[Text] The crisis in agriculture is clearly documented in Danish Statistics' tabulation of forced liquidations in the second quarter 1981: some 454 farmers were forced into liquidation in that period.

During the same quarter in 1980, some 97 forced liquidations were reported. In the first quarter of this year, we had 319 forced liquidations of farm property.

Danish Statistics' figures cover the number of liquidations publicized in STATSTIDENDE. Some requests were withdrawn, but this was not reported.

Of the 454 forced farm property liquidations in the second quarter 1981, some 386 were in Jutland.

In its report Danish Statistics also documents the rising number of small property liquidations. Some 2,115 single-family home owners and 267 apartment owners were forced into liquidation.

The corresponding figures for the same quarter last year were 703 and 152.

The number of residential and business property liquidations declined from 192 in the first quarter to 113 in the second quarter this year.

Danish Statistics has also investigated the number of bankruptcies in the second quarter of 1981. A total of 636 businesses filed bankruptcy, compared to 630 in the first quarter this year.

Some 15 of the reported 636 bankruptcies were in agriculture, 89 in manufacture, 154 in building and construction, 156 in commerce, 25 in the restaurant and hotel business, 29 in the automative branch, 137 in other business activities and 27 in the category "other."

The total number of forced settlements registered by Danish Statistics in the second quarter of 1981 was 79, compared to 75 in the first quarter.

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BRIEFS

BUDGET MEASURES POSTPONED--The government and the compromise parties have postponed a good deal of the May compromise. What is involved is a combination of a number of employers' contributions to, e.g., ATP [general supplementary pension], disability pensions, the Wage-Earners' Guarantee Fund, unemployment, and separation pay. The combination was to have come into force the first of the year, but has now been postponed to 1 January 1983. The background includes a meeting between P. Schade-Poulsen, administrative director of the Danish Employers' Association [DA], and Svend Auken, minister of labor. The employers emphasized that they could not accept a combination which would merge the contributions together into an indistinguishable employer tax along the lines of the Swedish system. In addition the DA wanted the rule that the first employee does not count in determining the contributions to remain in force, because it keeps about 20,000 small businesses out of the system. The government complied with this demand under pressure from the Center-Democrats, but the arrangement can now hardly be put through before 1983. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 9 Jul 81 p 1, Lisbeth Knudsen and Kermit Nørlund] 8815

POLAND'S LOANS RESCHEDULED--As part of the relief initiated by western countries with respect to economically distressed Poland, Denmark has signed an interim agreement to extend the 500 million kroner Danish-Polish credit agreement until 1 January 1982. A very important reason for Poland's present economic problems is the fast-growing foreign debt, now amounting to more than 200 billion kroner. The agreement, which was signed on Denmark's behalf by ambassador Per Frellesvig in Warsaw, involves concessions concerning a previous agreement dated May 1980. Poland will now be able to purchase important goods from Denmark until the middle of next year. Denmark has also granted Poland a deferment of cash installment payments, while Poland, in turn, has promised Denmark increased exportation. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 14 Jul 81 p 1] 8952

CSO: 3106/150

POLICY PROBLEMS: NATIONALIZATION, FOREIGN TRADE, UNIONS, OTHER

Paris LE MONDE in French 3 Jul 81 pp 1, 25

/Interview by Francois Simon and Alain Vernholes with Francois Ceyrac, President of National Council of French Employers; date and place not given/

/Text/ For the first time since Mr Mitterrand's election, Mr Francois Ceyrac, president of the National Council of French Employers /CNPF/, shares his thoughts on the political upheaval since 10 May, which he sees as a distant echo of the events of May 1968.

He began by admitting that the economic talk of the past few years had grown tiresome, undoubtedly because it was overly rational and dry. He then voiced concern that the French elections reflect an unwillingness to continue making an effort which has been accepted "for practically 23 years," saying that "any country that slows down in its efforts is in danger of being eliminated from the race."

Skeptical about the social democrats' chances for success in France, Ceyrac does not conceal his concern over some government projects, such as nationalization or an increase in labor unions' power in firms.

Vehemently denying the accusations made by Mr Edmond Maire, secretary general of CFDT /French Democratic Confederation of Labor/, and repeated by Mr Chereque, deputy secretary general of that organization, on Wednesday, 1 July, Ceyrac stated in response that "business executives are shocked to hear themselves accused of going on an investment and hiring strike. They are fighting." After mentioning his preference for contractual policy, the CNPF president said that nonetheless, as regards negotiations on the work week, management "would never agree to sign any contracts that were not balanced or that would weaken firms."

/Question/ How do you interpret the French people's vote in the presidential and legislative elections? What significance do you give to this vote? Do you feel more specifically that it is in opposition to the policy conducted by Mr Barre since 1978?

/Answer/ There is no simple answer to this type of question, but a whole series of partial explanations, such as the fact that a number of young people had just reached voting age, and that the last few governments' slogans and style had worn thin. But I think that the French people felt something more deeply, a fatigue caused by constantly pursuing a great effort over almost 23 years. I think that the 10 May election, plus the following ones, was a response to this fatigue of a people who

are not used to making a sustained effort, even though they are capable of great, albeit momentary and brief, efforts. A response to the fatigue of a people who are wondering if the struggle will ever end. I can recall having heard someone say, "Make an effort! This is all Barre ever says!," as though the expression had finally become something intolerable, representing a sort of aggression by those in power against the persons being addressed.

I have the impression that a certain style based on rationality and scientific progress (symbolized by the development of nuclear energy), and efforts to cope with international competition finally grew tiresome, because the French people had reached the saturation point. This is what the May and June elections expressed, in my opinion. Beyond ideology, there was this saturation phenomenon, to which Mitterrand responded, with his style which reminds one somewhat of a Savoyard vicar, who reflects a certain soothing romanticism, with his quiet and slow gait, the gait of someone walking along a country road. All of this seemed to the Frenchman as a sort of interlude in the peaceful woods along the road. There is no need to criticize this attitude. After all, 1981 is like a distant echo of the events of May 1968.

What is important is to know whether a country can safely allow itself a respite in the course of its affairs, at a time when the international climate is so dangerous and ruthless. I think our compatriots will rather quickly come back to this idea that effort should be regarded as something natural and constant, at a time when competition represents a true struggle for life. Those who slacken their efforts or become less wary today quite simply run the risk of being eliminated from the race. In our current world, it is apparent that nations which are incapable of making work and effort their primary concerns are in great jeopardy.

/Question/ Wasn't there in the minds of the French people who voted for Mitterrand and then for the Left something more permanent than a mere "interlude," something more like a search for their own style, a French development model not borrowed from any others, but an entirely original model?

/Answer/ I am not so sure that the French were aware of what they were doing, aside from the political militants, of course. But the huge tidal wave that has just occurred was created by deep and somewhat irrational feelings, sentimental feelings and aspirations for a more relaxed life-style.

If it is only an interlude, then nothing is lost. If it is a lasting change, if the French believe that they can, in a normal and permanent way, behave differently from the rest of the world, namely change the value system by making life's satisfactions their primary goal, then they could jeopardize their achievements and even their security.

Every nation must find its own way of coping within its own history and capacities. I in no way mean to imply that all those who are not of the same breed will disappear. But a French model which underestimates how tough and ruthless international competition is and which assumes it can go back to its role of defender of lofty ideals, such as human rights and a certain cultural model, and receive in return the respect, friendship and good will of others is totally unrealistic.

Mr. Carter, who had other means available to him than we do, did not succeed in his human rights policy. I think that if France wants to maintain its cultural standing, it should impose a sense of discipline and hard work within the management and economic organization of that sector, because this is what will shelter it from external aggression.

/Question/ The socialist party does not reject the idea of international competition, quite the contrary. But it believes that the country should reduce the role of foreign trade in the economy in order to make it less vulnerable. What do you think of this idea?

/Answer/ This is the idea that exports are nice but difficult, that by selling less abroad the French people will save themselves a lot of worries. Here we find the hope for a better life "for ourselves," at less effort. But we have to realize that this cutback in exports from 22 to 20 percent of the gross national product would bring down our standard of living considerably, since we would no longer be able to pay for essential goods coming from abroad, and would signal the renunciation of our place in the world. It's the old dream of being totally self-reliant. Unlike 1936, however, we no longer have either the customs protections or the colonial empire. We are forced to find a way with our own means.

A Victory for Social Democracy?

/Question/ You refer to dreams, an interlude, a romantic view of things. But isn't the French left really testing for the first time a social democratic system that favors concrete economic problems over theoretical or dogmatic views? In this sense, the French left will imprint its own style on social democracy as practiced by a number of our neighbors, specifically the Germans.

/Answer/ The German model is based on acceptance of market disciplines and international competition--and has been for the past 20 years. This acceptance is a fact for the bulk of the German people, including the labor unions. Germany is not divided between partisans of a market economy and partisans of a collective economy. These latter can barely be found in the FRG. There is a general agreement, a true consensus among socialists and liberals to defend a model of society which is actually pretty much the same for a man like Mr. Schmidt and for a leader of the CDU, a model which, in the economic arena, represents a market economy. The same is true in the United States, even if the shades of difference are a little stronger between Mr. Carter and Mr. Reagan. Neither the basic structures of the country nor the general consensus of the American people on a certain life-style are at stake.

In France, I am not so sure that what just happened in June is a victory for the social democrats. I am not so sure that all members of the government, as it stands today, would fully agree to the same view of society or the same conduct of foreign affairs. In my opinion, we cannot talk about social democracy in France without looking at certain realities which are still very strong, even if they will perhaps disappear one day.

The position taken by Mr. Bergeron, who claims to be a social democrat, is altogether clear from this standpoint.

/Question/ Although Mr. Bergeron insisted on the fact that he would negotiate with these same communist ministers he is challenging...

/Answer/ Bergeron will negotiate because he is not a revolutionary, because he will not resort to jungle tactics. But I think that Mr. Bergeron stated quite clearly that there were people he had no confidence in, people he basically distrusted.

/Question/ You therefore do not feel that the time is ripe to attempt and succeed in a social democratic experiment?

/Answer/ The future will tell. I do not think like a politician; I just observe (Ceyrac pauses and stresses the word "observe") the facts such as they are in my country. And I say to you that we shall see; it would certainly be a lesser evil.

/Question/ Nevertheless, the team now in power is made up of moderate and realistic people. The success or failure of the experiment now in progress also depends on you, on employers of all shapes and sizes and from all the sectors. Depending on whether you show confidence and invest or, on the contrary, do not show confidence and do not invest, you will have your share of responsibility in the success or failure of the current team. Am I clear?

/Answer/ You are perfectly clear and I strongly object to your statement. We are faced with a political situation resulting from the free choice of the French citizenry. A majority was elected, a government was formed, a government program is being set up. These are the facts. It is not up to us to judge them. We, like all citizens, must respect the laws of our country and government. The CNPF is neither in the majority nor in the opposition. It is independent of the government. It has always been and will continue to do so. We are the representatives and spokesmen of business, and not of a party or ideology.

Experts and Executives

/Question/ Public opinion does not give you this political independence. It's obvious that it attributes a certain leaning to you.

/Answer/ It is also obvious that business cannot operate any which way. I have never tried to walk on my head and in fact I couldn't do it. In the current international climate, businesses are forced to behave in a certain way. They obey the required operating rules. Government action can be favorable, damaging or deadly for them. We are responsible for saying how and under what conditions business can fulfill its mission to create wealth, ensure employment, and improve the standard of living.

We are both experts and executives. We are experts because we know how things happen in business, more so than others who talk about it without ever having experienced it. We are executives because we are responsible for all those who depend on business, from the workers in the firms to the customers, suppliers, shareholders, and I would even say the government, in the sense that we, as creators of wealth, are one of the main suppliers of budget resources.

Consequently, we are pulled in many different directions. We must take into account all these factors in our decisions, and work towards the goal of maintaining and furthering the firms we are responsible for. This is true for any employer, but also for management in general, for all the organizations which are members of the CNPF. When faced with situations created by political leaders, we have the right and duty to say what is favorable or unfavorable for business. We have the right and duty to warn political leaders of the consequences of their acts and decisions.

This is our position. The economic situation is unchanged, it was not altered by the 10 May election and the subsequent ones. If the conditions under which firms have to cope with a difficult world are to be modified, we will have to evaluate the impact on us and then report on whether it is good or bad.

We will do this openly and inoffensively, but we will defend business with unwavering resolution.

/Question/ You claim to be just as comfortable with the current government as you were with the previous one. However, the balance of power has changed and the dialogue will no longer be the same.

/Answer/ The dialogue would not be the same with a government that preached free enterprise and a government that defended another type of economic organization. But I don't know yet what the present government will do. From this standpoint, the problem of nationalization is obviously extremely important to us.

During the previous administration, we did not agree with the profits tax, the occupational tax or the defunct serisette.* If we had been asked at that time about the problem of nationalization, we would have had the same reaction as today. We would have said that it is an anti-economic, onerous and futile measure. Ours is a position of objectivity and not subordination vis-a-vis government.

/Question/ Before asking you what you think of the initial measures adopted by Mr. Mauroy's government, would you like to review briefly the current status of France and the economy, as Mr. Barre left it?

/Answer/ Mr. Bloch-Laine will speak on that.

/Question/ Yes, but can you give us your views?

/Answer/ If you go back to the years 1974-80, we have no reason not to be proud of what we did. The business sector succeeded in keeping France's position among the leading industrial nations by developing new technologies during that difficult period, among other things. As a result, we are one of the sectors with the most promising futures in the world today.

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*Adopted in December 1974 and abolished in November 1980, the "serisette" was a tax aimed at dissuading management from increasing wages too much. This tax, imposed to fight wage inflation, never worked. It was invented by Jean Serise, charge de mission in Mr. Giscard d'Estaing's office.

During that time, we maintained and even increased the Frenchman's purchasing power. Other countries did not do this. Finally, in the area of employment, which was of deep concern to us, we did no better and no worse than the neighboring countries.

Today the international situation is at least as difficult. The question is whether we will be able to do as well, better or worse by using different means.

/Question/ How do you judge the decisions made by Mr. Mauroy's first government?

/Answer/ Up to now, we have seen a number of circumstantial decisions made in a somewhat unrealistic atmosphere. All these measures do not have the same importance. Just the same, I see with regard to SMIC /Interoccupational minimum growth wage/ that the government itself realized that business could not tolerate the consequences. Thus it made arrangements for compensation.

It did the same with the monetary measures designed to offset the increase in interest rates. Overall, these are temporary measures which are necessary but not enough, as they do not make any profound changes.

Now we are getting to the other side of the mountain. It is on this new side that we will probably see the main lines of government policy in the years to come.

As all French people, we are aware of a certain number of projects. We have been consulted on lowering the retirement age to 60, on the problem of youth, on the problem of women. We have begun discussions on reducing the work week, at the request of the government. At the same time, thoughts on nationalization are developing in some quarters. We know that the problem of what is called the new social rights in companies is on the agenda. In short, we have before us a series of potential decisions on the basis of which France's new structures will be determined. It is when these decisions are made that we will be able to judge how business can survive and develop in light of international competition.

Reducing the Work Week

/Question/ But can't you already give us your position on certain problems that have been with us for some time, such as reducing the work week?

/Answer/ The problem is extremely simple. Management does not defend the work week for the pleasure of defending the work week. But this problem cannot be addressed without taking into account international competition. The question is whether it is possible to make new strides forward on this subject today and on what terms. Our position is that in order for any progress to be made in reducing the work week, this reduction must be offset by an increase in productivity. This is true no matter how it is done--by additional vacation time, reduction of the work day, or revision of the organization charts on an annual basis. Without increased productivity, production capacity would be reduced, costs and cost prices would increase and businesses' competitiveness would accordingly drop. The unavoidable result would be a decrease in the standard of living and employment.

They could pass a law. But we would never agree to sign any contracts that were not balanced or that would weaken firms. Every time we are consulted, we will say what we have to say because we are both experts and executives. Every time business is jeopardized we will speak up. We will attend consultations, we will hold discussions. We will try to present the true picture of French business in 1981. (Ceyrac pauses here, then goes on more slowly.) We have to say it as we see it. We must be careful not to confuse economics with politics.

/Question/ More fundamentally, do you see in all these projects for reduction of the work week or early retirement the beginning of a solution to reduce unemployment or do you think that these are not valid solutions to the employment problem?

/Answer/ It is my conviction that a reduction in the work week from 40 to 35 hours, staggered over several years, and a fifth week of vacation are not serious answers to the employment problem. In my opinion, you would be deceiving the French people if you were to lead them to believe that there would be more jobs if they were to work less. The 35-hour week has become an ideological symbol today and that's wrong. We would like to see this problem put differently, from the standpoint of improved working conditions for wage-earners and better use of plant and equipment by firms. We feel that it will be through increased productivity, made possible by organizing working time differently, that firms will be able to create jobs.

/Question/ Some parts of the plan showed, however, that a reduction of the work week could, in certain circumstances, improve employment.

/Answer/ In certain cases--the fifth team, for example--yes. But only on two essential conditions. First, that skilled labor could be found, which would be possible with training programs, and second, that production costs would not be increased. There are already firms that have been experimenting along these lines for years. These experiments are difficult and require reciprocal arrangements on the part of workers. I am thinking for example of the BSN /expansion unknown/ experiment. But it would be altogether different if a solution were imposed once and for all in the form of a general rule.

I am very afraid that general legal formulae do not actually become obligations without the real counterpart of improvement of productivity. Otherwise they would not only be an additional burden, but an obstacle, a restraint. The length of the work week is not only a cost problem, it is also a problem of organization of the firm, a structural problem. Labor unions today are following the 1936 line. In 1936, they went from 48 to 40 hours. Today, they want to go down to 35 hours. In 1936, they gave 2 weeks' leave. Then a third, next a fourth was added. Today they want to add a fifth.

Labor unions in fact seem prisoners to a direct tradition which dates back 44 years now and which totally disregards both the aspirations of working men and women and the new needs of business. It is an abstract, traditional and archaic concept of the organization of labor.

/Question/ If not less work and more vacation, what do you think working people's aspirations are then?

/Answer/ At the 1977 meetings of corporations, we presented several thousand social achievements of firms. We even made these examples public and gave the addresses of the firms concerned. Men's aspirations are not the same in Dunkirk and in Perpignan, in a factory employing predominantly women, in a factory in the country or in a factory in Gennevilliers or Lyon. They are not the same in factories producing consumer goods for rapidly changing markets as in factories producing heavy machinery for stable, slowly evolving markets. Therefore, I believe that in this area progress is moving in the direction of diversification, or in other words it is the companies themselves that must find solutions adapted to their own operating conditions and work. We are very far from this view with the demand for a 35-hour week.

/Question/ All your answers are heading in the same direction: the need for sectorization, on-the-spot negotiations--firm by firm and even practically case by case. You still have to find spokesmen in the field who are trained and used to this type of negotiations. Up to now, however, our experience is that these negotiations can usually take place only on national level. You would in fact find yourself faced with an entirely new situation, which leads me to the problem of your relations with labor unions. The latter find themselves in a reversed position of strength, since they have the support of government, as Mr. Krasucki mentioned the other day.

/Answer/ To hear Mr. Krasucki talk, there are no economic constraints with good government, and what was not possible on 10 May became possible on 11 May. I find this extraordinary. It shows a quite shocking failure to appreciate the current national and international economic situation. Labor union leaders would do well to take into account the economic realities. The world is not prepared to bear us gifts because of our political changes.

This having been said, we have not decided to give up this essential element for balancing a society, social dialogue. By this I mean the whole series of communications we should have with labor organizations (reciprocal information reports, negotiation and management reports--through UNEDIC /expansion unknown/, retirement funds, etc.), or this whole complex thing we call contractual life. We are very attached to it because nothing could replace it.

"It Is Serious to Obstruct the Decision-Making Process"

/Question/ In regard to expanding labor unions' power in firms, decisions could be made at national level.

/Answer/ If this would involve a system which would constrain or paralyze business, we would obviously oppose it, as it would pose a major obstacle to firms' efficiency.

At the present time, we are unaware of the actual substance of the government's intentions. But we would like to point out that it is at least as serious to obstruct the decision-making process, or firms' ability to adapt, as it is to increase their costs. Both operations would lead to the same result: inability to adapt, with a consequent loss of competitiveness and then disappearance.

/Question/ Do you think that employment controls are one of these paralyzing measures?

/Answer/ What do employment controls mean? I know that they exist in some countries which have a single labor union. I do not think though that this is a model for us. Moreover, this wouldn't represent progress for either individuals or firms. For whose benefit would you impose employment controls? I saw an unusual case the other day. A firm needed to hire an engineer to develop its research bureau. There was a highly specialized, qualified engineer. A labor union tried to trigger a strike by saying that it would not agree to hiring that engineer unless management agreed at the same time to hire five skilled workers!

I cited this example because I felt it was highly significant. If control over employment is that, or if evaluation of applicants is based on workers' ideas and on whether or not they belong to certain labor unions, then I tell you that this is very serious.

/Question/ You are also strong on ideas, so what do you have to suggest?

/Answer/ We have an overwhelming responsibility to cope with the crisis and stand up to competition. In order to do this, we have to succeed in convincing the government, labor unions and public opinion of just how difficult times are and how vulnerable our firms are.

Today, business executives are shocked to hear themselves accused of "going on an investment and hiring strike." The truth is quite the opposite. They are investing and hiring. They are fighting. But they still have to be able to sell, to have customers and orders! They still have to have the means to invest! For 5 years people have been telling us to invest more. This is the best proof that this is not a political but an economic decision.

We have an ambition for this country, to remain a great industrial and commercial power, so that we have the means to make our presence felt in the world. We are convinced that only a strong economy, strong companies can ensure France's independence and standard of living, and jobs for its people. This is why we are "on the side of business," why we feel they must be given the means to survive and develop.

History has also taught us that only economic prosperity allows for a true redistribution of income and real social progress.

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CSO: 3100/843

INDUCEMENTS FOR REPATRIATION OF SCIENTISTS PLANNED

Athens EPIKAIRA in Greek 2-8 Jul 81 p 20

[Text] Will the distinguished scientists of the diaspora return to Greece? In other words, will there be a way to attract them and, more importantly, to remain and work in the fatherland? For the first time there appears to be a solution to this, up to now, unsolved problem. "There is no question that the country needs them, only that up to the present we have not been able to create the proper framework, the scientific and material rewards, perhaps, for those who would make the decision to return," a government spokesman stated to "Epikaira."

The solution is now being sought through a special corporation, which will be formed and financed by the government and some of the larger banks (National, Commercial, ETVA [Hellenic Industrial Development Bank]). The Greek scientists who will return from abroad will become stockholders in the corporation in order to devote themselves to research and the transfer or promotion of advanced technology, which constitute their main occupation abroad.

The plan for the corporation was devised by the Scientific Research and Technology Service [YEET] and its promotion is now being handled by the supervisor of YEET, Minister Stavros Dimos. He has also negotiated the participation of the banks in the capital, which is estimated to reach 200 million drachmai.

Partners in Success

It is hoped that the participation of the researchers and other scientists in advanced technology, in the administration of the corporation, will moderate the bureaucratic and indigenous climate which, despite four years of urging (laws, funds, and independent services) has not brought forth any spectacular results up to now.

In addition, the proponents of the plan believe that, while there is a possibility of analogous influencing in the decision-making, it will also have an orientation towards a more realistic and productive objective.

The most significant motivation though will be the participation of the researchers in the resulting commercial benefits of their efforts. Up to now, there was no other possibility for material remuneration beyond that of a salary (with the known "ceiling" on earnings of the prime minister, etc.), which was not attractive to any Greek scientist of stature living abroad. In the future, the corporation will undertake the commercial valorization and exploitation of scientific attainments by the researchers (inventions, innovations,improvements, etc.), who will have a right to, and will permanently enjoy a substantial portion from these developments. In other words, in addition to their salary as permanent researchers, they will have a substantial share in the successful results of their research work.

In addition, the corporation will undertake to establish closer ties with the higher educational scientific institutions of the country and to provide the necessary up-to-date electronic and other scientific instruments to existing laboratories, or to create new laboratories. Up to now, many Greek scientists have not left the foreign countries where they work because they know that facilities do not exist here -- in other words, the equipment and the laboratories -- in order to continue their work.

Three Critical Areas

The most restless scientists believe that for the two decades, up to the year 2000, the efforts of the great research minds will concentrate on three areas: data banks, genetics, and renewable energy sources (geothermal, solar energy, etc.). Generally, the data banks will seek to collect, index, store, and use in physical time (in seconds), by electronic means, worldwide knowledge and up-to-date results of human intellectual efforts in all of the sciences, arts, and technologies, including the practical ones. The system of terminal receivers will permit the immediate utilization of the up-to-date attainments by mankind by all those who wish to continue, in the future and without further waste of time, their studies of known facts and atomic research of attainments which have already been achieved by others.

The area of genetics appears to be more imaginative. Here, scientists will attempt the modifications of cells [genetic engineering] in order to create new, surprising developments and possibilities. Beyond the somewhat known possibilities afforded by the splitting and the fusion of the atom, those promised by genetics are reported to be equally spectacular.

Functions and results, which up to know only the human body can achieve (i.e., the production of insulin) can be produced in the laboratory through genetics. Experimentation is still in progress to increase up to eighteen times the absorption of solar energy by the plantworld, a fact which can undermultiply (i.e., speed up) proportionately the development and production of the vegetable kingdom. Perhaps genetics will find a way out of the dilemma faced by mankind, which multiplies at a very rapid rate and will face the specter of starvation, should the production of food not increase proportionately.

Finally, the orientation towards the valorization of solar and geothermal energy is already known. In the future, the problem is to find the proper technology to harness these sources in great quantities for commercial use at a reasonable cost, something that has already begun to show hopeful signs.

9731
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NEED FOR LONG-TERM ECONOMIC POLICY SEEN

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 25 Jun 81 pp 7, 49

[Text] The Greek economy does not react as before to measures of short-term policy, a fact which leads many to maintain that the expected upturn of the economy, not only will be late in coming, but, if and when it does come into being, will be meager and anemic. In fact, the last government measures to lower interest rates and increase available credit for housing loans, while in the beginning had certain positive response and the market showed satisfaction, now all of this euphoria appears to be subsiding and the pessimistic voices, which affirm that the crisis is not about to end, again become numerous.

Perhaps the measures were insufficient, a fact which means that the Greek economy, in order to react and to begin an upward turn, requires stronger actions, which in any case should be taken within a framework of a planned, long-term therapeutic operation. This last has been emphasized by knowledgeable economic experts who affirm that the crisis which has hit our economy is so deep and extensive that, in order to overcome it, short-term regulations, which are effective only during normal conditions and when the coincidental changes are maintained within defined limits, are ineffective. The overcoming of the crisis will be difficult and tortuous and will require the strict application of a long-term program for stabilizing the economy. Within the framework of this program, short-term measures should be taken, but they should be parallel to the overall general directions and objectives.

To be sure, it should be noted that the measures fell through because of the upcoming elections and the uncertainty which their outcome creates, causing demand to be weak. And in fact, the empirical assessments of all the factors of public life converge on the fact that there is a more general unwillingness among consumers and savers to avoid making substantial purchases, preferring to maintain their liquidity in order to be able to meet any eventuality.

On the other hand, the government persists in its optimism that the upturn will begin to make itself evident during the early summer months and believes that the construction industry can, as the "locomotive," pull the "cars" of the Greek economy and get them out of the "tunnel" of the

recession in which they have been since the middle of 1979.

Already, governmental officials remark with great satisfaction that the common housing loans have begun to be granted at a fast rate, while the builders show great interest in taking the loans granted them by the latest decision of the Currency Committee (which, because of known bureaucratic delays, has not yet been relayed to the commercial banks, with the result that its timely effectiveness is weakened).

The government believes that the revitalization of the construction industry (which should already be evident from the flow of housing loans) will put back to work 21 branches of the industry and crafts (from iron to plastics) while, at the same time, it will put to work thousands of unemployed or underemployed persons and will thus begin to turn the economy of the country upwards. We must not forget that last year industrial production remained virtually at a standstill (only a 0.2 percent increase) and the national income showed one of the lowest increases of the last years (1.6 percent compared to 3.7 percent and 6.4 percent in 1975 and 1978) precisely due to the great turn in the construction industry.

Surely, resorting again to the construction industry to pull up the economy shows that minimal or limited improvements in its implementation have been made during all of these years. The foundations of the economy have remained substantially unchanged.

The Suspension of Investments

Given the organizational weaknesses of the economy, the government believes that it has no other alternatives, especially when the permanent sluggishness of industrial investments is now added to the uncertainty of the upcoming elections. But, as we have already covered in a previous article, certain industrial sectors, afraid that the outcome of the upcoming elections, could lead to government plans which would radically regulate the rules for operating a business enterprise, have temporarily postponed, until the outcome of the elections, the implementation of even limited maintenance investment programs in their factories.

However, government officials believe that the resumption of activity will create suitable grounds for the realization of investments in the other sectors of the economy in view of the fact that the demand for their products will be strengthened.

Will the economic activity actually be strengthened lastingly? Not all those engaged in this area share the optimism of the government. As a matter of fact, the Greek Civil Engineers Association in recent statements maintains that the recent steps (increased loans, granting of loans to the construction industry, etc.) taken by the government in order to stimulate an upturn in the construction industry, are doomed to failure because the crisis in this industry is a "crisis of demand" and is due basically to the decrease in available income of the lower middle class, who are the

principal customers of the housing industry. To this statement is added that "the decrease in demand is the result of the policy of austerity and the devaluation of savings due to inflation, in combination with the high increase of housing prices due to the uncontrollable rising prices of building materials during the last three years" (Could it be that the profits of the civil engineers as builders did not and do not now affect the maintaining of the high prices of homes? Or perhaps, because it does not concern profits of foreign monopolies, are they legitimate profits and should they not only not decrease, but on the contrary, increase from year to year?).

For this reason, the Association points out, any measure having as its objective the upturn of the building sector, in order to have any hope of success, should aim at strengthening demand.

The Building Industry Crisis

The steps taken from 1978 with the objective of curtailing building activities resulted in magnifying the building crisis at a rate of 51 percent from 1979 to 1981 (that is, activities fell at a corresponding rate) without the resulting positive decreases expected by the government because not only were there no positive decreases, but on the contrary, the building crisis was accompanied by: a) a decrease of productive investments and b) by the great inflation of the last two years.

Thus, the ultimate results were adverse; that is: a) a decrease in the overall investment of solid capital; b) the stagnation of the gross national product; c) a decrease in employment; and d) the curtailment of production of industrial building materials, etc.

On the other hand, the measures taken in 1980 to heat up the economy (repeal of the justification of undeclared capital, repeal of the transfer tax for the first home, etc.) did not bring forth any results and the crisis continued to worsen, a fact which, in combination with the approaching elections, has forced the government to announce the following new measures: a) an increase in housing loans; b) the lowering of interest rates; and c) the granting of loans to building enterprises.

The Civil Engineers Association considers these measures insufficient and proposes:

a) an immediate increase of housing loans to levels where they can cover 70-80 percent of the price of an apartment, the area of which is commensurate with the size of the family;

b) the control of the cost of building materials whose uncontrolled increase has, in the last years, driven the prices of residences sky-high.

In the long-run, both the revitalization of the building sector and the solution of the housing problem must go through the recognition by the government that the family residence is a social benefit, which creates

the obligation of the government to make it available to those who do not have the means of obtaining it.

The Interest Rates

However, it is not only the engineers who have [complained]. Businessmen also consider the measures to be of limited effectiveness and demand that they be tightened and, in general, that a new bold policy be implemented to reheat the economy. These positions, taken by the businessmen, were explained by the president of the Chamber of Commerce and Industry of Athens (EVEA), Mr. Laz. Efraimoglou, who at a press conference, demanded a further improvement in the interest rates and the integration of the liberalization of the economy.

In essence, the president of EVEA pointed out that: "The productive classes of the country have hailed with satisfaction the decision of the government to lower by two points the interest rates on loans of available capital, a decision which they consider to be a positive step in the right direction for reheating the economy. On the other hand, we do not believe to be true the news about certain negative reactions by commercial banks because of the fact that the lowering of the interest rates on loans entails a decrease in their income.

"We cannot accept that our commercial banks respond to matters so critical to the survival and expansion of our productive potential with such narrow parochial interests. The initial increase of the interest rates for loans was not meant to increase or decrease the profits of the banks, but to cool the economy by curbing the demand for credit by the private sector in order to turn back the inflationary pressures. As a matter of fact, the increase in interest rates for loans had an adverse effect on the banks because the security which the increase of their profits gave them, became the reason which blunted their efforts to further their productivity.

"As a result, the lowering of the interest rates for loans is a logical consequence of the new, fundamental objective of our economic policy, which is the reheating of our economy, the increase of production and investments, an objective which became possible to adopt after the successful lowering of the inflationary rate during the first months of 1981.

"Therefore, the interest rates for loans were lowered and soon should be lowered even more, a fact that our producers are awaiting with anticipation.

"The decision of the government to free the interest rates on term deposits, which are now negotiable between the depositor and the bank within the limits of 16-20 percent, was a correct one. We believe that the free negotiation of interest rates, has on the one hand, to be really free, while on the other hand, it should not be extended to the entire spectrum of interest rates.

rates.

"There is no doubt that competition -- not only in the banking sector -- is the only force which can ensure at a rapid rate economic development, increased production, and the expansion of rendered services with a parallel reduction in costs. The technical regulation, the instructions from above as to the terms for competition, creates conditions resulting in cost increases, fosters parasitism to the detriment of our general economic interests." (In this respect, it is to be noted that, while in fact the decision of the Currency Commission anticipates the free negotiation of interest rates for term deposits to be within the 16-20 percent limit, the Union of Commercial Banks, to the glory ... of interbank competition, has abolished free negotiation and has unilaterally set the limits for interest rates).

However, according to our information, the government is not about to proceed with a new lowering of interest rates for loans because it considers that business has already obtained sufficient relief through the lowering by two percentage points in the interest rates on loans for available capital, which took place on 16 June. On the other hand, it is believed that there are no margins for a new lowering of interest rates for deposits also (which is a prerequisite for the lowering of interest rates on loans) because it appears that private deposits have lost their impetus and the rate of their increase has already dropped. In fact, according to tentative projections, private deposits have shown in the last months the following changes (in millions of drachmai):

January	7.072
February	6.328
March	11.217
April	20.338
May	4.665

During the first decade of May, the increase was 2.180 million drachmai. With all that there were increased tax obligations during this period, it is evident that there is in fact a turn in the rising rate of deposits which is apparently due to the fact that the level of inflation remains high and steadily weakens the impetus towards saving.

The Liberalization

In regard to the matter of liberalization, Mr. Efraimoglou said, "Significant steps have been taken , which should be implemented, so that a climate of full competition can be re-established as soon as possible, only within the framework of which an economic development can be achieved at a fast rate."

Beyond the re-estabishment of conditions of full competition and the further lowering of interest rates on loans, Mr. Efraimoglou said that something bolder is needed to correspond to the needs of a developing economy.

And this boldness consists of the lifting of the restrictions of possession and transfer of foreign exchange as a means of the substantial improvement in the balancing of undeclared sources of income.

With the lifting of the restrictions on foreign exchange, this affords the possibility of:

Free possession and use of foreign exchange by Greeks and foreigners;

Free opening of bank accounts by Greeks and foreigners with interest comparable to that in force in international money markets.

"We reached this proposal," said Mr. Efraimoglou, "when we determined that our country, because of its position and the friendly ties with the countries of the Middle East and North Africa, can attract substantial Arab capital, whose importance in the international money market expands continuously. A great number of Greeks, from all social levels (businessmen, workers, university students, maritime workers, etc.) has or can, if it wants to, obtain foreign currency abroad. The importance of the repatriation of this capital is understandable."

The exhortations of the private sector for a bolder turn toward a development policy find favorable response among those elements of the government, which maintain that the sterile anti-inflationary policy must be at long last abandoned because it has thrown the economy into a protracted recession without even succeeding in bringing about results in the battle for holding down prices (in 1980 the cost of living increased by 24.9 percent as compared to 19 percent in 1979).

However, a turn towards a new economic policy is facilitated by corresponding upheavals and problems now developing within all international organizations. It is of interest that:

1. In the Joint Meeting of the Ministers of Economy and Labor of the "Ten," which took place on the 11th instant [June] in Luxembourg, the governments of all the countries of the EEC indicated that they have begun to stagger under the social side-effect of the hard, anti-inflationary policy put into effect years ago. While inflation does not show any signs of abating, unemployment has reached 9 million and already there is danger of its climbing to 12 million in 1982.

With the exception of England (where Thatcher's monetarism remains stiff-necked) and of West Germany, which hesitates, all the other governments are beginning to understand that the combined pressures of two crises, the economic and the social, can mortally shake the parliamentary democracies of Europe. For this reason, most governments demand that the entire economic policy of the Community be revised and, without abandoning the objective of checking inflation, throw more weight towards the endeavor of increasing employment and productivity.

2. Despite the wide differences in points of view which prevailed among the members of the OECD during the last ministerial conference, it became evident that the majority of governments believes that the policy of the severe currency-credit restrictions to check inflation are no longer sufficient to lead the economies of the industrial world out of the recession.

Mr. Willy Claes, vice prime minister of Belgium who presided at the concluding session of the two-day meeting, states that there is danger of falling into what he, as others, called, the "trap of small percentage development." Continuing, he said that the present forecast for the end of 1982 of 26 million unemployed in the countries of the OECD will constitute "a moral tragedy, economic ruin, and political danger."

3. In its last report, the International Regulatory Bank also emphasizes that the governments pay inordinate attention to restrictive measures for currency policy in the battle against inflation.

Continuation of Interest Rates

According to the Bank of Greece, indexes of interest rates announced by the Greek Bank Union are not valid for term deposits.

Two questions:

a) Why then have they been announced?

b) Will the free negotiation of interest rates materialize or will there be a de facto alignment?

If there is such an alignment, we remind those interested in Law 703/77 on Competition that as agreements are precisely forbidden so too are concerted practices.

9731
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ECONOMIC RELATIONS WITH BULGARIA DISCUSSED

Athens I VRADINI in Greek 11 Jul 81 p 13

[Text] Greek-Bulgarian economic talks began yesterday at noon at the Ministry of Northern Greece and the issue of a communique on their results is awaited today.

Participants on the Greek side were the ministers of agriculture, Mr. Kanellopoulos; of commerce, Mr. Kalatzakos; and of Northern Greece, Mr. Martis; deputy minister of coordination, Mr. Tzitzikostas; and related service representatives.

The participants on the Bulgarian side were Deputy Chairman of the Council of Ministers Lukanov, Minister of Foreign Trade Khristov, Deputy Minister of Agriculture Ispekov, the Bulgarian ambassador to Athens, Mr. Tontorov, and general directors of state organizations.

The head of the Greek representatives, agriculture minister, Mr. Kanellopoulos made the following statement:

"The government, and more particularly, the ministers present here are extremely happy to have the opportunity to hold interesting discussions with distinguished dignitaries of the political scene of Bulgaria and particularly with the deputy chairman of the Council of Ministers, Mr. Lukanov, with the minister of foreign trade, Mr. Khristov, and other distinguished members of the Bulgarian leadership.

Thanks to the efforts of the two leaders, Mr. Zhivkov of Bulgaria and Mr. Karamanlis of Greece, the two countries have re-established very friendly relations and are making systematic efforts for the development of not only trade, but of economic relations between them. Our government gives special significance to the friendship and cooperation with neighboring Bulgaria and I believe that the two countries can develop conditions for peace and cooperation in the Balkans."

The head of the Bulgarian representation, Mr. Lukanov, stated among other matters:

"The friendship which has been developed between the two countries remains at a very high level. The fact that members of the two governments meet regularly demonstrates the level reached by our relations.

"If today there is stability in the Balkans as compared to other areas of the world, it is, I believe, particularly due to the Greek-Bulgarian relations."

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LIBERAL MP BRIXTOFTE SCOLDS GRASSROOTS FOR LACK OF ACTIVISM

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jul 81 p 15

[Article by Peter Brixtofte, MP]

[Text] Dear Liberal Grassroot!

If I am writing to you it is because I think something is rotten in the state of Denmark. We have had Anker Jørgensen all too long, and unfortunately he can stay on until the next election--and that may be several years.

In the meantime the foundation of Denmark's prosperity is shrinking. Bankruptcies, forced auctions, closings, layoffs to an alarming extent are now everyday fare. Instead of a real economic policy we get employment projects, job-creating arrangements, and other artificial boondoggles.

The question is whether you and I are without blame in this development. Why do the others get a license to misrule the country? What have we done to change the course of events? Your explanation is probably that the VKR [Liberals, Conservatives, Radical Liberals; three-party coalition] was a disappointment and that the liberal parties have not since been able to get together with each other in a coalition. In other words, you think the liberal politicians are not good enough. Well, that is your explanation--and it is the easiest for you. I will not deny that you are right to some extent. But at the same time I must say that you yourself have the main responsibility.

Goethe once said that he alone deserves his life and liberty who fights for it every day. Do you live up to that? Do you have time for that? Or are you taken up with more important things--such as clipping the hedge, reading your newspaper, or watching TV?

Well, you think it makes no difference what you do. That the Liberal Party's candidates are so poor that you need not bother to support them.

But where were you when there was a nominating meeting the other afternoon? Oh, so you are not even a member of the party. Is it too expensive? Yes, the 70 kroner a year is too much--compared to what you give your union.

Or do you think politics is too dirty for such an idealistic and pure-hearted person as you? Then keep your life style pure and stay home on the sofa.

You said the same thing to your colleague Jensen, who asked the other day whether he could be a candidate for one of the liberal parties. You told him, "Jensen, if you do you will not be employed here any longer. We cannot afford to have a politician in the division." And you thought but did not say that it might be bad for the business, as it is after all the Social Democratic Party that governs here in Denmark.

Have you ever thought about why so few liberal members of the Folketing come back once they have lost an election? I can explain that for you. It is because they face the choice between establishing their and their family's finances and taking part in politics. Nearly all of them choose for the family's finances and future. Only a few have a chance to choose both. Because there are people like you sitting around and working against a broad recruiting of politicians for the liberal parties.

And at the same time that you are preventing some of your acquaintances from going into politics, you complain that there are too few politicians that know anything about business. How often I have heard you say that there is a shortage of businessmen at Christiansborg, and how often I have thought yes, but it is you who prevent businessmen from getting a chance to run for office. Because you are economically small-minded and because you are politically a sissy.

That is also why it is hard to take when you say that you lack courageous politicians. Where would they get courage from? Not from you, in any case.

The worst thing about it is that you are also trying to keep your children away from the influence. Why did you tell your daughter she should stay out of student council work? Why? Because she should pass her courses? Of course she should, but do you not realize that it is just as important to her and to society for her to do something with the student council work? There, to it is a little flock of active Reds that have put themselves in power.

And you did not bother to take part in the school board election, either. For you had no time for all the meetings; you were so busily occupied. A man in your position... What was it really that was more important than your own children's and the other children's future? All your indolence and impotence might be bearable if your and my opponents' grassroots took it the same way. Then it would be two dim-witted toads to fight it out. Have you not read about the Tvind concern? Have you not read that there are people who sacrifice a large part of their own wages or salaries to convert our society into a socialist "paradise" on earth? And do you not know that the Social Democratic Party has skilfully and effectively built up a real business with LO [the Danish Federation of Trade Unions], unions, housing companies, cost of living fund, the Labor Movement Land Bank, slum clearance corporations, in which they have lined up, for many thousands of years in the future, both the economy and personal recruitment behind the socialist idea?

Was it news to you that the others were so well organized? And so self-sacrificing? Does it not make you feel a little bit sheepish about your own lack of effort?

Think how far we could carry it if we were only half as enthusiastic, half as active, and half as self-sacrificing as the Tvind people! Anker Jørgensen & Co. would be blasted out of the arena. We would take over all of the school boards, student councils, union organizations, etc.

Would that not be something? Instead of just going around grumbling about the Reds that have put themselves in charge of everything, and that the whole thing will end up by becoming socialist. That is your own fault. You are too lazy and indifferent. And it is therefore not enough just to vote for a protest party, just because you think things are going the wrong way. In reality you are merely protesting against yourself.

Do you remember John F. Kennedy's saying that you should always ask not what your country can do for you, but what you can do for your country?

Do not let it be recorded some day that our generation of liberal-thinking people handed over ideals and future goals and resolution to our opponents. We can still succeed in reversing the trend.

8815
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EDITORIAL ON PASOK PARTY PLATFORM

Athens I KATHIMERINI in Greek 12-13 Jul 81 p 9

[Text] During an ancient heroic era, a corporal was teaching his men how a gun is built. "First," he told them, "you take a ... hole, then you pour steel around it and in this way you make the barrel of the gun!"

It may be impossible, for those who have heard this joke, not to have remembered it on the occasion of the "explanation" by Mr A. Papandreou on the foreign policy which he will follow, when the PASOK will be in power. He took a vacuum; he surrounded it with high-sounding words and thus announced what his foreign policy will be! Since then, the leader of the official opposition, refuses to answer the questions of the government, which ask elementary clarifications as to what precisely he will do with NATO and EEC, within the framework of his foreign policy.

Concerning NATO, the slyness of again having recourse to heavy-sounding words and phrases, which do not bind anyone to anything may, for a short while, give Mr. Papandreou a way out of a difficult position. With the EEC though, the situation does not allow either verbalizations or lack of clearness. The subject is directly, organically connected, as much to the national economy, in its totality, as to the income of millions of Greeks, both salaried and self-employed professionals. The PASOK, by preference, claims the vote of the underprivileged with the promise that it will improve their standard of living.

Long before Mr. Papandreou expressed his opposition to Greece's joining the European Community, he had agreed to its becoming an associate member. But this association ended in full membership. And for good reason. Because neither could the country be an associate member forever not could the benefits from the association be greater than those assured by full membership. The president of PASOK now maintains that full membership was unprofitable and that it is necessary, in one way or another, and sooner or later, to end the status of "full membership" in order to return to that of "associate member," provided it is acceptable to the other members.

Let us suppose that the PASOK were to win the majority in the forthcoming elections and were to form the government. Independently from which

process it would use to effect the separation of the country from "Europe," this after-election government would even so be obliged to follow closely and to resolve the current, every day problems of the exchanges between the Greek economy and the EEC. And these problems are not the insignificant quantity of the totality of exchanges between our country and foreign countries. These are special problems, proportionately greater, which carry a special weight, and they are overwhelmingly different from those represented by the commercial and economic exchanges with other countries. It was an inescapable consequence of twenty years of development under the regime of tariff disarmament imposed under the associate membership.

But the PASOK, as a party organization which should have become involved in different issues of national life in order to work out its "own" solutions, never undertook to resolve the problems faced by the Greek economy as related to the EEC by seeking regulations which would permit the increase of as many advantages as possible for us to draw upon from our association with the EEC. A position easily explained. When the official and immovable position of the party is "out of EEC," how can it be possible to justify the study of problems presented by the normal operation of our membership?

Some cadres of PASOK which had, in the past, been professionally involved in Brussels, have also been drafted to articulate arguments favoring our withdrawal from the EEC. The only known arguments of Mr Papandreou are: the danger of a decrease in the rural population and the threat of domination of the Greek economy by Euro-American multinationals. These are signs which reveal that the PASOK was not even interested in bringing to the attention of the Greek people the significance of certain negative situations, which could adversely affect several sectors of our national economy.

What then will the PASOK do, setting out with total ignorance of the manner in which the mechanism of exchanges with the European Community functions as its only preparation for the management of matters concerning the Greek economy in order to guide the daily transactions between them? To whom will it assign the responsibility when all that those who will take over the ministries of the economy are only permitted to know about the EEC is that we should not be a member of it? How will Mr. Papandreou proceed in the re-organization according to his plans of the rest of the economy whe he has not clarified its relations with the EEC? These relations, as the president of the PASOK knows fully well, do not derive their significance from the single fact that they constitute an internal right, but by the far more serious one that it is on these that a great part of the Greek production and our exports is based.

When it is already known by thosebeing trained by the corporal mentioned in the joke, that the functioning of a national economy is today inconceivable without a clearly defined network of foreign economic relations and ties, at this critical point, the "vacuum" in the method of Mr Papandreou for "building" a "socialist" economy must be substituted by something concrete and binding. Refusal to answer is not permitted! Mr Papandreou is not addressing the intellectually underprivileged.

9731
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BRUNDTLAND DISCUSSES LABOR PARTY CAMPAIGN THEMES

Oslo ARBEIDERBLADET in Norwegian 30 Jun 81 p 6

[Article by Jan Ove Ekeberg and Gunnar A. Johansen]

[Text] Prime Minister Gro Harlem Brundtland presented two main points of the election campaign--the oil policy and equality--when, at a press conference yesterday, she presented the party's plan for the fall buildup before the election on 14 September.

She characterizes the alternative for a Labor Party Government as something between a trade ministry and a "negotiation" ministry. To run an election campaign is the same as to clarify the alternatives for the voters, according to her.

"We have long ago chosen our themes for this election campaign. We have long ago made it clear to ourselves what the most important political matters are in this election campaign," said Prime Minister and party leader Gro Harlem Brundtland at the party's press conference yesterday.

The Labor Party has brought up five main points for the election campaign of this year. Those are "work for everybody," "detente, security and peace," "defense of the welfare society," "the oil policy of the whole nation," and "democracy and equality."

She brings up two out of these themes, oil politics and equality. In her opinion they make the Labor Party clearly different from the conservative parties.

"Within the conservative groups there is a lot of unclarity regarding oil politics. The extraction speed alone does not constitute Norwegian oil policy. The determining factor here is the management that shall secure a national oil policy for us. In case conservative groups have thought of cutting the wings of Statoil as a tool for the management of Norwegian oil politics we want to put ourselves strongly in a position of defense," said Brundtland. She reminds that it is a matter of billions of crowns. That a weakening of the Norwegian oil policy means less money in the national treasury. "We cannot afford to cut the wings off Statoil. Too much money is involved. The Labor Party wants to see this as a main part of this election campaign," she said.

Regarding equality politics she said it is obvious that the Labor Party is the only one that can be trusted after all.

"So far only the Labor Party has shown the necessary willingness to take actions that secure the equality between the sexes," said Gro Harlem Brundtland. She could not find large differences between a conservative government and a trade government or maybe rather a "negotiation" government.

There will in any case be a government that has to manage through negotiations between the conservatives and the two other parties. These negotiations can either take place within a possible government, or they can take place between a pure Conservative Party government and the two others of the Storting, said the Prime Minister and party leader.

When asked if the Labor Party may seek to cooperate with one of the center parties she said that the Labor Party will seek influence where it is possible. Even if the current situation does not require such a solution, one should not ignore the fact that such a situation might arise," she said.

9662
CSO: 3108/166

LABOR PARTY SECRETARY LEVERAAS AIRS CAMPAIGN EFFORT

Oslo ARBEIDERBLADET in Norwegian 30 Jun 81 p 6

[Article by Jan Ove Ekeberg and Gunnar A. Johansen]

[Text] This year the Labor Party opens its election campaign in one county at a time. On the whole a decentralized election campaign is set up, according to party secretary Ivar Leveraas. Prime Minister and party leader Gro Harlem Brundtland opens the election campaign in Oslo on 20 August. In most counties the Labor Party opens the election campaign on 21-23 August.

"In the election the Labor Party is focusing on ideas, not individuals, but it is clear that Gro Harlem Brundtland, as the leader of the party and as Prime Minister, will have a very central part," says Leveraas.

He says further that in the election the party has two main functions on which to concentrate, to secure the largest possible number of votes of those who "are sitting on the fence" and to regain as many votes as possible from the Conservative Party. The mathematical minimum of voters that the Labor Party needs in order to have clear majority in the Storting is above 41 percent.

"But I do not want to be responsible for that mathematical problem because then we would have to make it all come right in 19 counties and that I do not believe in," says Leveraas. He was not very willing to express any concrete goal in percent.

From the 3 weeks from the beginning of the election campaign 21 to 23 August and until the election day hectic activities are planned for the male and female delegates of the party. Despite his years of discretion Einar Gerhardsen is among those who have the hardest program. He has 18 meetings in 21 days.

The top leadership and well-known delegates shall cover a total of 15 counties during the 3 days of the start of the election campaign. As mentioned the Prime Minister opens the election campaign in Oslo on 20 August. On 21 August follow Oppland, Rogaland and Sogn and Fjordane, where Gerhardsen, Ronbek and Nordli respectively will open the election campaign. On 22 and 23 August the remaining counties will follow with a few exceptions. The last ones are More and Romsdal where the election campaign will not start until 5 September.

Besides the election campaign start procedures, several debates are listed in the program. The whole thing begins in Trondheim on 18 August with a delegate between the Prime Minister and Kare Willoch. Einar Forde and Tore Austad meet the day after in Bergen.

According to several people the very best part of the election campaign will be the party leader debate on television. It will take place on 26 August with Gro Harlem Brundtland representing the government and Einar Forde representing the Labor Party. After the start of the election campaign a new round of debate meetings follows. A meeting about ideology between the leader of the Conservative Party Jo Benkow and Einar Forde in Akershus on 27 August will be the highlight. On the same day oil and economy will be debated in Stavanger by Ulf Sand, Arvid Johanson, Rolf Presthus and Arne Skauge.

9662
CSO: 3108/166

SOCIALIST-LEFT'S KVANMO DISCUSSES ELECTION OUTLOOK

Oslo AFTENPOSTEN in Norwegian 15 Jul 81 p 3

[Interview by Terje Svabo]

[Excerpts] When AFTENPOSTEN visited the Socialist-Left Party's (SV's) parliamentary leader, she was concerned about the fate of SV election lists for Vestfold and Hedmark counties that had not yet been turned in. She was definitely of the opinion that this was due to lack of information on the part of the counties involved and that the lists, therefore, would have to be accepted. She would find any other decision by the authorities both irresponsible and undemocratic.

The conversation turned to the more serious struggle for mandates and the content of the election campaign itself. Hanna Kvanmo believes SV is actively engaged in the struggle for two Nordland mandates. Like most political observers in her home district, she considers her own mandate secured.

"On what issues will SV gain support in Nordland and in the country at large?"

"The struggle for peace and armament reductions will be the dominant issue. All other issues will be unimportant if we fail to initiate real negotiations with respect to armament reductions. Today's rearmament is insane."

"Do you expect to win voters on the issue of peace and armament reductions in this election campaign?"

"I have no idea, and the question is quite unimportant. The issue is so important that SV cannot be concerned as to whether it is to our short-term advantage in this hectic election campaign. On the other hand, it is sufficient to point to the involvement of youth in this issue; it shows that the nation is reacting. It is important to SV that the involvement of youth be guided in a positive direction and not into frustration. Not least because of youth, then, it is important to intensify the work for peace and armament reductions. The Peace March is a positive effort in this connection. It is typical that the Conservative forces, who in so many words say they support the reduction of armaments, react to this effort."

However, other issues will also leave their mark on the last phase of this election campaign which has now been initiated by Hanna Kvanmo. She herself points out that the employment issue will be central in her political message. She refers

to the growing unemployment situation, particularly in Northern Norway. Unemployment in that part of the country has long been on the level of Europe's. The SV parliamentary leader is especially calling for greater government involvement and control of industry in order to obtain full employment in Northern Norway.

8952
CSO: 3108/170

BRIEFS

BRUNDTLAND DISAPPOINTED WITH POLL--Labor Party chairman, Prime Minister Gro Harlem Brundtland is dissatisifed with the fact that the difference in support between the Conservative Party and her own party according to the June polls does not exceed more than 4.1 percent on the average. "We still need an increase in the support by several percent in order to win the election." She emphasizes that it could still be possible if the political involvement were larger than what is experienced this summer. Mrs. Harlem Brundtland also comments on the last poll by Norway's Market Data for NTB. The Gallup barometer which was made public in AFTENPOSTEN this morning showed among others 36.7 percent for the Labor Party and 31.5 percent for the Conservative Party. The Labor Party chairman considers it confirmed that the support of the Norwegian Labor Party has become stabilized at around 37 percent. "But with a foundation of 37 percent we continue to have the potential to reach the goal with skilled political reasoning," she states. The chief of the Norwegian Poll Institute, Bjorn Ballstadt, emphasizes for ARBEIDERBLADET today: "In my view it can be determined that the Labor Party has about 37 percent and the Conservative Party about 31 percent support. That means that the Labor Party would have to go forward by at least 6 percent in order to ensure a victory in the Storting election in the fall. We have never before seen such a success in such a short time," adds Balstad. The opinion poll is regarded as a new encouragement by the Conservative Party that now observed a 0.5 percent increase in support while the Labor Party lost equally much support. The Conservatives are also paying attention to the fact that Market Data's barometer is the fifth opinion poll in a row that shows a decrease in support for the Labor Party. According to NTB the next opinion poll from the Market and Media Institute will appear on 5 September, over a week before the Storting election. [Text] [Oslo AFTENPOSTEN in Norwegian 20 Jul 81 p 13] 9662

CSO: 3108/172

WARSAW PACT FLEET EXERCISES CAUSE 'STIR' IN DANISH MILITARY CIRCLES

Copenhagen BERLINGSKE TIDENDE in Danish 13 Jul 81 p 1

[Article by Mogens Auning]

[Text] Warsaw Pact fleet exercises, which have lasted about a week, indicate there is about to be a change in the "normal military picture" in the Baltic area.

Two strong fighting units and a supply unit, consisting of Soviet, Polish and East German warships, following exercises in the Baltic--near Rugen and Bornholm, among other places--and passing through the Great Belt, have now moved their training activities to the North Sea. Yesterday, the fleet was in the vicinity of Shetland.

As a rule, Soviet warships do not train in cooperation with Polish and East German warships outside the Baltic. That happened once before, in 1980, when a joint Warsaw Pact force passed through the Danish Straits and traveled down along the west coast of Jutland. After sailing around the British Isles, the ships returned to the Baltic.

The recent exercises have created quite a stir in Danish military circles. The responsibility of Polish and East German warhips is to defend their own countries' Baltic shores.

"Hence," said a military spokesman, "we should not ignore the possibility that the two joint Warsaw Pact fleet exercises indicate the pact nations have now moved what they consider the northernmost boundary in the Baltic, from the entrance into the Danish Straits to some point in the North Sea. If that is the case, we can now expect intensified Warsaw Pact exercises, not just south but also north of Danish territory."

The fleet engaged in the present exercises is under the command of a vice-admiral whose flag is aboard an East German destroyer. The first of these fighting units, consisting of a heavy destroyer and three completely modern fighter planes, all Russian, entered the North Sea last weekend. Since then, the unit has been operating off the Norwegian coastline. On Friday, a supply unit consisting of two Russian tankers, a Polish tugboat and an East German repairship passed through the Great Belt. Early Saturday morning the second unit went through. It is made up of two Russians, one Polish and one East German destroyer. The commanding admiral was aboard the East German destroyer.

The Danish navy escorted the units as they passed through Danish territory.

8952
CSO: 3106/150

BRIEFS

INFRARED-INVISIBLE CLOTH--Rhone Poulenc [manufacturers] have perfected for the French army a cloth that is not visible through infrared sighting scopes used to detect nighttime troop movements. Now being used or tested in other countries such as Scandinavia, Argentina and North Africa, this "Stabicott" cloth will be used by [French] ground forces, the air force and the national police to make combat fatigues, shirts and tents. In addition, belts, straps and suspenders, traditionally made of leather for the armed forces, will all be made of this new material which is a mixture of regular polyester and carbon-gray-colored Tergal polyester. Cotton gives the cloth better resistance to water-soluble and greasy stains, better protection against cold and humid weather and resistance against [fire-causing] sparks. The polyester makes it more resistant to tearing and abrasion so that it lasts 50 percent longer than an all cotton cloth and can be smoothed out, dried and ironed easily. It does not shrink much when washed and remains the same to the sense of touch. A business group called Stabicott Promotion, formed by four French weavers, will be responsible for sales. [Text] [Paris CHIMIE ACTUALITES in French 19 Jun 81 p 28]

CSO: 3100/890

ARMS FIRM ADDS MILITARY AIRCRAFT ENGINE PARTS PLANT

Oslo AFTENPOSTEN in Norwegian 17 Jul 81 p 5

[Article by Knut Falchenberg]

[Text] Kongsberg Vapenfabrikk took a giant step this month in establishing its own aircraft engine parts division. The new division chief Egil Armo expects annual sales of more than 225 million kroner. It was the F-16 project that gave the arms firm a foot inside the highly technological aircraft industry. Now it wants to strike while the iron is hot, hoping that government authorities will cooperate by providing guarantees against currency fluctuations.

"The division is so new that we have not yet had time to name it," Egil Armo told AFTENPOSTEN.

He does not enter the world market empty-handed. He is accompanied by 300 workers who have been directly involved with jet engine parts in the arms firm's defense division. It is expected that the number of workers will be expanded to 350. In addition, there will probably be 110 administrative employees so that the new division eventually will engage 450 persons.

Kongsberg Vapenfabrikk has invested 230 million kroner in machines, buildings and equipment in connection with the F-16 fighter plane deliveries. These will be the aircraft engine parts division's working tools.

And, from the very beginning, the division can plan on sales between 225 and 230 million kroner and is expected to maintain this level of sales in 1982 and 1983, thanks to already signed contracts. Most of the work is connected with the F-16 project, which for this plant will taper off in 1983 and 1984. "But we hope to get additional contracts," said Egil Armo. Kongsberg has already signed another contract for 30 million kroner with the engine manufacturer Pratt & Whitney in addition to the main contract for F-16 components.

Kongsberg also has contracts with the French engine manufacturer SNECMA [National Aircraft Engine Study and Manufacturing Company] in the amount of 40 million kroner so far.

The goal of the new division is to get several civilian contracts and, with this in mind, Armo will stress the development of a tailor-made marketing apparatus. He is also eyeing the international market for overhaul and maintenance of aircraft engine components.

Currency Risk

Kongsberg's administrative director Rolf Qvenild told AFTENPOSTEN that a Norwegian industry like this needs some form of cooperation on the part of government authorities so as to allow Norway to be competitive with other countries. That particularly concerns the need for currency guarantees to remove the risk connected with fluctuations.

Qvenild pointed out that Kongsberg has already met with difficulties a couple of times on the international aircraft market.

"We had to withdraw from a supply agreement with Airbus because the risk became too great when the contract was tied to dollars and rising American wages. The other countries involved in the Airbus cooperation have government guarantees against currency fluctuations, for example, and can thus more safely negotiate long-term contracts," said Qvenild. The Airbus contract concerned an automatic freight loading system.

He said the aircraft engine division had been established because the production had reached such a magnitude that it naturally had to be separated as an independent production unit. "And the new technology in the wake of the F-16s require a separate apparatus to expand the market. Furthermore, this division is characterized by the fact it does not develop its products, but only supplies products designed by others. Therefore, it must have its own organization, specifically adapted to three competitive factors: Price, quality and the ability to deliver. Such an organization works best on its own," said administrative director Rolf Qvenild.

8952
CSO: 3108/170

CIVIL DEFENSE OFFICIAL CITES SHORTCOMINGS

Zurich NEUE ZUERCHER ZEITUNG in German 9 Jul 81 p 19

[Article by Heinrich Stelzer, chief, Civil Defense Agency, Canton Zurich: "Will Full Development of Civil Defense Take Until the Year 2000?"]

> [Text] [Editorial disclaimer] We are publishing the following article without fully sharing the opinions represented therein. Our principal question is why 19 years after the civil defense law went into effect more progress has not been made, especially in the areas not involving concrete construction. Financial resources and their distribution to the various civil defense branches do not appear to be the only items at fault.

In its message to the Federal Councils concerning Civil Defense Concept 71, the Bundesrat gave the 1985-1990 period as the objective for completion of this important part of our national defense. By "completion," the Bundesrat surely meant not merely shelters for the population and protected facilities for the civil defense organizations, but civil defense as a whole, which by that time was to be fully functional. In view of the financial difficulties of the federation there have been changes in this timetable. The Bundesrat report on guidelines for governmental policy of the present legislative period states that completion is to be achieved toward the end of the 1990's. Interestingly enough, there has been no particular reaction to this. No one voiced any serious opposition when parliament as part of its austerity measures decided on a linear 10-percent reduction over the next 3 years for civil defense as well as on a change in the construction program law which cancels Federal contributions to private shelter construction. The latter measure can doubtless be justified. Builders consider increased cost of shelters negligible when considering them from the standpoint of total investment in new construction and conversion.

How Much Does Civil Defense Cost?

The Federal Civil Defense Agency budget is being reduced also, which benefits the Federal Treasury somewhat. This requires some explanation. Federal civil defense expenditures amount to approximately 1.3 percent of overall expenditures. The Federal Civil Defense Agency had an annual budget of slightly more than 200 million francs (today less than that!); this amounts to about 6 percent of the total Federal defense budget for 1980. Total 1980 Federal expenditures for national defense amounted to more than 3.3 billion francs or about 19 percent of the total budget; the budget proposal for social welfare was for 3.608 billion francs.

The 1980 Federal deficit was estimated at 2.072 billion francs. It must be added that the cantons and communities for their part contribute an additional 200 million francs for civil defense; it therefore costs the public about 400 million francs per year, compared with the total cost of the economy of more than 42 billion francs. When discussing civil defense costs at the Federal level, these relationships should be kept in mind.

What Is It All About?

Constitutionally and legally, Swiss civil defense is a part of national defense. In the context of security measures, it is, like the armed forces, primarily devoted to defensive needs. It is meant to provide conditions whereby in case of war as many of our citizens as possible can survive the effects of warfare. The majority of the population is to be safeguarded. Without this prerequisite, army operations would lose their justification; its task would merely be to defend a cemetary. Civil Defense Concept 71 provided the insight that preventive measures are more effective, humane and economical than are spectacular rescue operations after the fact. Prevention includes shelter for everyone and the preparation of appropriate measures to ensure that the population conducts itself correctly depending on the threat and existing dangers. Life literally depends upon proper conduct in many situations. It was oversimplification when in the early 1970's the Civil Defense Concept 71 was interpreted, by way of mottoes like "A shelter for every citizen" and "Preventive shelter living," to mean that at the appropriate time the entire Swiss people would disappear into shelters, and that would be that. Since then it has been realized that a more or less substantial part of the population will have to remain outside the shelters. War production and essential life-supporting services, the operation of technical infra-structures and certain public services must remain operative as long as possible, to a certain extent even when the armed forces are engaged in combat. This is even a partial determinant of the army's ability to do any fighting at all.

This insight produces the requirements for our civil defense to have the services of a fully operational alarm system; for the availability of a war emergency radio network and for the establishment of a fully functional chemical warfare protective system. Additionally, life inside and out of shelters, which must serve as emergency housing for protracted periods, is possible only if these shelters are minimally furnished and equipped with multitiered sleeping facilities.

What Is Our Present Status?

For the majority of our population we have today shelters, mostly modern ones, constructed in accordance with the regulations for private shelter construction (TWP-66). In the central part of the country there are many communities which have a 100-percent shelter capacity, and some have even more than that. Many small rural communities need to catch up however; they have first become liable for shelter modernization and for organizing civil defense since the issuance of Revision 77 of the Federal Civil Defense Law. All communities of more than 1,000 inhabitants (and even smaller ones in many of the cantons) have established civil defense organizations and equipped them with the required material. On the international scene, we are, along with a few of the Scandinavian countries, in first place by a big margin, as far as availability of shelters, protective facility construction,

material procured and especially laws requiring mandatory shelter construction, organization and civil defense service are concerned. None of our neighbors come even close in comparable facilities. All this is frequently talked about, and other countries praise and envy us for it. But we must ask one question: Is it working? Is our civil defense really ready for use?

Gaps and Deficiencies

It has for some time been common knowledge that the quality of training for civil defense still leaves a lot to be desired. The major deficiency lies with the cadres. Within a few years, it should be possible to establish better selection procedures and stricter criteria for admission to cadre training; also, improved training capability of instructor personnel and the cadres of civil defense organizations.

The situation is quite different where there is a lack of basic civil defense equipment. True, alarm instruction sheets are published in all telephone directories, and the alarm signals have been set forth in the new civil defense regulation. But most communities do not even have sirens--the Zurich canton has 37 out of a total of 171, and out of these 36 [sic], only six are completely functional by modern criteria. Local broadcasting facilities, which are described in Civil Defense Concept 71 as an essential aid to local command and which have since then been technically upgraded for the purpose of providing those in shelters with information and instructions--in other words, a high priority leadership aid--have not been procured, and their procurement is uncertain.

Equipping the population with protective masks was stopped at 1.4 million masks (in addition to 600,000 members of the armed forces and 400,000 civil defense draftees, who have masks). This initial procurement of protective masks has remained the only one and there are not expectations for additional procurement. However, no one can tell in advance who will be forced in any given situation to leave the shelter and expose himself to the effects of chemical warfare.

There are plans for furnishing the shelters with bunks, to be constructed from rafter planks. Instructions for this are contained in the civil defense manual and this construction is taught in civil defense courses ("nailing seminars"). The time requirement for furnishing all available shelters with bunks ranges from several days to several weeks, depending on the size of the community. It is quite uncertain whether the required lumber will be available when needed. It is even more questionable whether the Bundesrat will be able or willing to order furnishing the shelters about 1 month prior to a deterioration of the situation.

Overall, we must honestly recognize and admit that the Swiss civil defense, as opposed to the Swiss armed forces, is not operationally functional. If an emergency were to arise tomorrow, we would have to improvise and dabble in a manner which strikes terror in the hearts of those responsible and which should be a source of great worry for the population and the authorities. The concrete facilities which we have provided to date can in no way be considered functional.

International paeans of praise for Swiss civil defense are counterproductive, since they provide a welcome opportunity for too many people to believe that we are in excellent shape.

Balanced Measures

Happily, the Federal councilors appear to be prepared to reach more deeply into their pockets and to provide necessary funds for the armed forces despite the emptiness of the treasury. The most recent military budget bears witness to this fact. But it is to be hoped that this will not remain a one-time occurrence.

The Federal Civil Defense Agency has been allocated for materiel procurement (which in future will be paid for from Federal funds) 940 million francs for the period 1978-1999. About 200 million francs of this amount is devoted to procurements which have already been decided upon and some of which are already in the pipeline. Another 300 million francs is reserved for the 1990's for purposes of replacing materiel which was procured in the 1960's, also for replacement of survival rations which have a 10-year shelf life. This leaves only about 400 million francs which is still uncommitted for use during a period of 18 years (!). Assured credits for construction purposes have been severely curtailed also; construction can be undertaken only in stages, over a period of about 20 years!

These funds are totally insufficient for procuring a comprehensive alarm system and a local broadcast network, for filling the gap in chemical warfare protective equipment or even for furnishing the shelters. If there is no change in the current budget configuration, civil defense will not be fully developed in 1999 either.

We have not even mentioned the fact that about 3,000 communal authorities are the final judges on whether or not they will by then build the still lacking public shelters or the protective facilities for the civil defense organizations. Because civil defense is subject to the federalist principle with all its advantages, but also its disadvantages and uncertainties.

In contrast to an operational army which, while it must replenish and modernize its equipment, is still functional, we have a civil defense system which is neither operational nor functional. Anyone who denies this either knows better or lacks a true insight into the situation; in any case, he deceives the population.

No equilibrium exists between our security measures in case of war--which is the only contingency that matters--in the most important areas: armed forces, civil defense and war economy. The reason is that one of these branches, civil defense, is not ready for use and, if current conditions continue, it will not be ready for use within the foreseeable future.

The Crucial Question

Can we afford to let another 20 years pass until civil defense is as ready for action as the army? If someone could give us a guarantee to the effect that we will have no need of civil defense until the year 2000 we would have no worries. But no one can give us a guarantee of that kind.

As we have mentioned above, the financial budget allocated to civil defense is the primary factor in making it impossible to reach a stage of full development prior to the end of the millenium, and even then only if all 26 cantons and all of more than 3,000 communities contribute resources which are theirs according to law. And all resource gaps will not be closed even then.

The Federation is responsible for closing the gap in materiel procurement. But this could not be accomplished even in 20 years by applying regular financial procedures. Which raises the requirement for an extraordinary financial effort for civil defense during the next few years. What keeps us from undertaking an extraordinary military budget allocation for civil defense in the amount of several hundred million francs? We are doing as much for the armed forces, and rightly so.

How much credibility, motivation and persuasion can you expect from mayors and civil defense cadres in their lectures and exercises with civil defense draftees, when they must reply to searching questions about gaps, deficiencies and insufficiencies by talking about the year 2000?

So long as most of the civil service draftees had that status only on paper without undergoing training, we could pretend things with impunity. But every year there is an increase in the number of persons who are called up for compulsory service. That is the hour of truth. It brings up matters which call for more than mere meditation. The question arises whether we merely brag about civil defense, insofar as it consists of concrete, as an exercise in giving alibis, but whether in reality we consider it to be something inferior and in the final analysis whether we think that it is less important than, say, the army.

The author wishes it to be clearly understood that he is not calling for additional financial resources for civil defense at the expense of the army--rather, the need is for funds over and above army requirements.

When in 1961 civil defense was separated from the Military Department and placed under a civilian department, one of the reasons for this was the worry that under the aegis of the Military Department it might continue its financial wallflower existence. But today civil defense is still finding itself treated as a stepchild. It should be that object of serious attention on the part of responsible authorities and members of parliament. Otherwise it threatens to become increasingly sidelined. Was that what the government had intended in 1959 and 1962? Or has the potential threat evaporated since then?

9273
CSO: 3103/381

CAT DIAGNOSTIC SCANNER ACQUIRED

Nicosia CYPRUS MAIL in English 11 Jul 81 p 1

[Text] Cyprus's medical facilities leaped forward yesterday with the official opening, in Nicosia, of one of the world's most advanced pieces of diagnostic equipment.

The unit, which cost approximately £C250,000 is one of the latest examples of computerised axial tomography, a process whereby a patient can be minutely and precisely X-ray examined in a photographic simulation of the peeling of an onion's layers.

The arrival of the unit, coupled with Cyprus's relatively small population, put its availability to patients on a par with the USA, who hitherto led the world with a ratio of one CAT unit per half a million head of population.

Cyprus's CAT scanner, in Zenonos Kiteos Street, is owned by Computerised Diagnostic Co. Ltd. It has been installed with the technical assistance of the Hungarian body, Medicor.

It will be operated on a fee-paying basis, with patients being referred to it by their doctors. Scans will cost £100-110.

CDC's scanner is capable of examining the whole human body, as opposed to earlier models which were limited to scanning the brain.

The unit will be staffed by a technical assistant, a general practitioner and two radiographers.

The equipment can be used for plotting the exact positioning of almost all pathological phenomena whose presence can be detected by a change in the density of body tissue. This includes tumours, clots, absesses and carcinomas.

Apart from its accuracy, which is of enormous aid to subsequent surgery, its other major advantage is in the minimal harmful effect of the X-rays, made possible because of the machine's pin-point precision.

Dr Anna Chekikh, the unit's doctor, said: "This is certainly a great medical boon for Cyprus. Till now many patients who needed CAT diagnosis had to be sent to London or Athens".

And in a statement Computerised Diagnostic Co Ltd. said: "CDC is proud of being pioneers in the use of this diagnostic method in Cyprus and in this way to help raise the standards of medical practice on the island. It is an addition to medical diagnostic means which brings medicine up to date".

CSO: 4600/109

DRAFT OF LAW ON HIGHER EDUCATION ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 18 Jun 81 p 10

[Text] On 14 May, after a long and painful pregnancy which lasted six years, the bill for the organization and operation of the Higher Educational Institutions (AEI) was submitted to the Parliamentary Committee on Education. It appears that the government will seek its passage as soon as possible even though it contains many amendments. According to the statements made by the Minister of Education, Mr. Taliadouros, acceptable proposals will be made with the aim of improving the bill. Up to the time that these lines were written, the reactions of the opposition and the parties directly interested (professors, EDP [Scientific Teaching Staff], university students, etc.) have not yet been defined even though certain related statements have been made public. The main problem, which could apparently create insurmountable obstacles for the passage of the bill, is the partial weakening of the university sanctuary caused by certain clauses on the subject. For this reason, the government appears to be oriented towards the withdrawal of these provisions from the remainder of the bill so as not to create explosive situations, especially during the pre-electoral period.

The basic provisions of the bill, as it has been submitted by the minister of education, provides for the following:

It defines the meaning of university sanctuary and the areas covered by it. The agents of the government can enter the sanctuary areas after having been invited to do so or received permission by the Senate and, in urgent cases, by invitation of the rector, his legitimate deputy, or the dean of the college. They can also enter without permission "when they are about to apprehend the perpetrator caught in the act of any crime."

The vernacular will be used at the AEI [Institutions of Higher Education] without this restriction applying to literary works.

The Council of Higher Education (SAE) is created for the purpose of overseeing matters of higher education and research at the AEI [Institutions of Higher Education].

The academic year cannot have a duration of less than 26 weeks.

Students who have not passed the examinations for all the courses cannot take the final examinations.

It is permissible to carry over half of the course the following year, but it is not permissible to transfer courses already transferred over from the preceding year.

The faculty is divided into tenured and associate professors and deans. A doctorate is a necessary prerequisite for obtaining a faculty position. Within two years of the enactment of the bill, a provision will be passed in order to determine whether a member of the faculty may hold a second occupation or engage in other professional activities. The filling of faculty positions will be carried out via public announcement.

It provides for the employment of assistant professors and special scientists as well as visiting professors and lecturers.

The colleges will be organized into department and divisions which will constitute their basic educational and research units. The divisions will cover special scientific areas. The institution of the "chair" will be abolished.

The general assembly of the AEI [Institutions of Higher Education] as well as that of the College, of the department, and the division will be constituted of 55 percent of the tenured professors, 14 percent of the associate professors, 7 percent of the lecturers, 15 percent of the students, 5 percent of the assistants, 3 percent of the staff, and 1 percent of the members of special personnel. The representatives of the assistants, of the deans, and the special personnel are designated by their entire body (in other words, their associations are not recognized). The representatives of the students are designated by the student associations. The students are represented in the Senate by 15 percent of the student body. All representatives have the right to vote.

The term of the governing body of the university is three years.

Only the teaching staff may participate, as the situation requires, in the election of faculty members, in matters pertaining to official duties, and the awarding of doctoral degrees and fellowships. In matters regarding student concerns, the students participate with a representation of 50 percent of the student body.

The total loss of student status is automatic after the completion of double the normal required time to complete his studies; this time is increased by two years for those students who work. A break in the course of studies is permitted.

It is mandatory for employers to grant leave with full pay to working

students to take their examinations.

Postgraduate studies consist of two steps:

a) a postgraduate [master's] degree of three semesters;

b) a doctoral degree of six semesters.

Those who have an undergraduate degree average grade of at least seven and who know a minimum of one foreign language are admitted by examination to the first postgraduate step. (With regard to the bill and to postgraduate studies, "Oikonomikos" will cover them in greater detail in a future issue).

Transitional Provisions

Special transitional clauses of the bill provide the following:

a) Not to adversely affect the conditions pertaining to the duties of personnel which today works in AEI [Institutions of Higher Education]; and

b) Not to benefit anyone who may be promoted because of this law without the previous consent of the colleges.

In the event that the bill may become law at this time, the law will go into effect the following academic year.

For students currently enrolled, the provisions for the examinations will become effective the academic year after next.

Negative and Positive Points

The bill, independently of its shortcomings, omissions, and certain awkward clauses, can be considered as constituting a positive step towards improving our higher education, whose condition today, is to say the least, disappointing. But what is of fundamental importance, in order for this step to become a reality, is the granting of the necessary funds which, up to now, the government has doled out with an eyedropper.

With regard to the specific provisions of the bill, we would like briefly to point out the following:

The provisions for university sanctuary are, in our opinion, unwieldy because we believe that in their broadness, they go beyond the purpose of the legislators and it is possible that they may lead to high-handedness by the administrative organs. For this reason, their formulation should at least be carefully re-examined.

The participation of professors in the administration of the college is exceedingly high (55 percent) while the representation of the graduate sector is totally absent. (Technical trustees, Economic trustees, Law and Medical

associations, etc.)

The independence of the Council of Higher Education from the Ministry of Education is not reinforced, while its non-representative composition has a negative connotation. In our opinion, the election of the members of the faculty should not be limited to the teaching staff only in view of the fact that, in this manner, the tendencies for forming cliques, which characterize the teaching body of many higher education institutions, can be perpetuated.

The concern of the bill for working students is also limited. The payment of wages during the mandatory leave to take examinations should be made by the State and not the employer. And this because the imposition on the latter of such added expense will, in all probability, lead to the avoidance of hiring university students. To be sure, this entire problem should be met more effectively by the granting of scholarships whose level can be indexed according to the economic condition of each student.

In our opinion, the provision which sactions the total loss of university student identity after twice the regular period of studies has elapsed, is correct.

Finally, as an especially positive point in the bill, we should mention the abolition of the institution of the "chair" and the creation of the divisions as a basic educational unit.

9731
CSO: 4621/23

AUTHORITIES APPROVE ONLY FEW REQUESTS BY POLES FOR ASYLUM

Oslo AFTENPOSTEN in Norwegian 20 Jul 81 p 3

[Article by Egil Wettre-Johnsen]

[Text] Polish requests for asylum are granted only in exceptional bases by the Norwegian authorities. Most of the refugees are turned down because they do not meet the criteria for political refugees nor are they able to document that they were persecuted in their home country on other grounds.

Poor economic conditions are not accepted as a basis for granting asylum in Norway. The Norwegian authorities have not so far prepared any special measures to possibly meet an increased stream of Eastern European refugees.

Polish and Eastern European refugees are forming large groups in Austrian transit camps. The reason is the large number of Vietnamese refugees. The countries that have traditionally received refugees do not have the capacity to take on the Eastern Europeans. This also partly applies to Norway.

There is a certain anxiety in the Department of Justice that there would be an increase in the number of Poles who request asylum. Each year several thousand Polish tourists come to Norway. Chief Clerk Ragnar Askheim says that all requests for asylum are treated indivudually and confidentially. The department has noticed a small increase in the number of requests from Poles but the total number of requests to Norway is small. The department has not received any changes in the instructions from the political authorities, according to Askheim.

The development of the situation is followed at the National Office for Aliens. "In case the situation changes for the worse the office will consider bringing up the case with the Department of Justice and the police authorities," says office chief Thorolf Haukenes.

It is, however, emphasized that the number of refugees that Norway is capable of receiving is to the largest extent a matter of the budget. A larger increase in the budget funds must be handled by the Storting.

The information is received from the Department of Social Affairs that the government will probably take a stand on the proposed quotient of 25 refugees in difficulties from Austria in the Cabinet Council in the middle of August. A selection committee will be able to go to Austria immediately thereafter.

There are now about 10,000 Eastern European refugees, mainly Poles. About 200 refugees arrive each day. The problem that the Austrian authorities are facing is that there are more refugees than possibilities of placing them. The countries that traditionally receive refugees are less willing to do so because the Vietnamese refugees are already presenting large problems regarding capacity and assimilation.

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ARMS CONTROL, PRODUCTION, SALES TO THIRD WORLD REVIEWED

Rome RASSEGNA SINDACALE in Italian 7, 14, 28 May 81, 4 Jun 81

[Articles by Stefano Pietrantonio]

[7 May 81 pp 33-34]

> [Text] A top secret sector in which legal and illegal business is conducted. But who are our leading customers? This is a rational map of the purchasing countries, of the weapons systems and of the industries that subsidize the madness of the century.

There are 211 large, small and microscopic countries in the world. Italy conducts business with a fourth of the entire hemisphere and assists other countries to conduct business by means of the sale of manufacturing licenses for some especially efficient weapon systems to be subjected to special modifications. Not many governments buy licenses, but, even in the limited number, they have considerable weight in their respective action zones.

For example, Brazil has been building the Emb-326Gb [aircraft] since 1970 and one of its versions, the At-26 Xavante, produced by EMBRAER [Brazilian Aeronautics Company], thanks to AERMACCHI [Macchi Aeronautics Company], is being sold in countries that have special problems with guerrilla warfare, like El Salvador and Chile, but also in relatively calm countries like Panama, Mexico, Sudan and Togo. It is an especially light, maneuverable aircraft. Since 1976, South Korea has been building the FIAT-6614, a brother of the 6616, an armored car with considerable technical "capabilities." Libya is producing locally the Sf-260W Warrior of SIAI Marchetti, a light attack aircraft, with a 1977 license. Since 1974 Peru has been able to build the Lupo-type frigate of United Naval Shipyards. Finally, South Africa, against which we recall the United Nations branding prohibiting member countries from selling arms is still in force today, assembles Impala-2 aircraft, produced under license from Atlas working with the assistance of AERMACCHI, and Am-3C Bosbok whose maternity it known however (produced by Atlas) and no other. Some of these countries import, however, substantial amounts either of the same products or of similar means and export, as is true of South Africa, "their" means to other countries condemned internationally, like Rhodesia, which had, in 1978, and it is reasonable to believe that it still has, dozens of Impala-2. Nigeria also acquired some AM-3C Bosbok from Cape Town precisely between 1978 and 1979.

Therefore, it is clear that something is not working in the sales organization system in our country and it is likewise clear why a diligent policy is being demanded for the sector from several sides. The production system of some weapon systems, the ones most sought after, is also worked out by teamwork, The attentive eyes of some countries that design and produce death jewels with our technicians are on some weapons manufactured by us. Coproduction is of special interest to three European countries: France, the Federal Republic of Germany and Great Britain. Oto Melara of La Spezia built with France, from 1974 to 1976, the Otomat-2 and Otomat-2 Teseo antitank missile systems that Egypt, Peru, Venezuela and Taiwan liked in view of the orders placed. Oto Melara has been building, with the Federal Republic of Germany, the Leopard tank since 2973 (some parts are also manufactured by Lancia Automobiles). The Aim-7E and the Cobra-2000, whose maternity is unknown, have also been manufactured since 1974. The Tornado-ADV and Tornado-IDS projects, a futuristic fighter aircraft, built by the PANAVIA Company in which the Federal Republic of Germany is also present, unite us with Great Britain. In Italy, the companies involved should be AERITALIA and FIAT. Then there is the United States of America with which the leading companies in the aeronautical sector are involved: Agusta, AERITALIA and Breda Nardi. Agusta has been building the finest aircraft since 1967 will Bell, which are: AB-205, AB-206B-2, AB-206B-3, AB-206B-LR, AB-212, AB-212AS, AB-214A, CH-47C Chinook, S-61R and SH-3D, all various-sized helicopters. AERITALIA has been producing the F-104S fighter-bomber with permission dated 1968. FIAT has been manufacturing the Hughes-300C since 1976 and the Hughes-500MD since 1977.

The great majority of the countries buying our weapon systems belong to the Third World with the overwhelming predominance of the African continent. Next come the Americas, Europe and Asia. Of 52 countries being supplied with Italian weapons, three-fifths, and a bit more, have governments with a center-right political composition. At least about 10 of them have had the sad experience of a coup d'etat, and seven of them still have real dictatorships in power. The remaining two-fifths consist of countries whose governments are controlled by mixed coalitions or center-left groups, sultanates on the way to extinction, social and civilian systems openly friendly to the West. It should also be noted that there are many countries in which the majority of the population professes the Islamic religion. The aeronautics sector is the one whose sales are always increasing, followed by the machine-building sector, the electronics sector and the shipbuilding sector.

But what are the weapon systems, the buying countries and the industries subsidizing the madness of the century? The list that we furnish below [not included] may be able to give a picture of the situation, although, it should be pointed out, the more or less legal contacts cannot be seen by anyone. They are top secret material and, as such, are available only to the directly responsible government officials (the legal ones) and to express traffickers in the pay of some intrepid managers (illegal). Therefore, the "picture" is susceptible to changes, because some contracts are also made public (through the press and so on) during the year.

Agusta is present in the aeronautics sector with its approved aircraft, the Hirundo 109, AB-204, AB-205A. They are helicopters whose transportation capacity, flexibility in maneuvering and flight endurance cause them to be preferred over other machines on the market, because they are suitable for any flight and atmospheric condition. AERMACCHI exports training aircraft (MB-326) and tactical support aircraft like the MB-326K. Breda Nardi produces the NH-300 and NH-500D helicopters,

in addition to participating in building the Otomat missiles of Oto Melara. SIAI-Marchetti sells SF-260M training aircraft, SF-260W tactical support aircraft and transport aircraft, like the AM-3C. Therefore, there is a massive preference for light, fast-flying aircraft, reconnaissance and troop transportation helicopters, training aircraft. The fighter-bombers (F-104) of AERITALIA and reconnaissance aircraft of the same company also have buyers, Argentina for example. The machine-building sector, because of its technical characteristics, offers a more varied, almost 1000-uses, arsenal. We mention the Leopard tanks and the M-113 tracked vehicles for troop transportation of the Oto Melara Company, builder also of various missile systems like the Albatros (surface-to-air) and Otomat (antiship missile) already mentioned several times. Breda exports the Folgore and Sparviero antitank missiles. FIAT exports armored vehicles and SIMMEL explosives and ammunition.

The ones most sold are antitank and antiship missile systems, in addition to armored cars for troop transportation and for action on rough terrain. The electronics sector offers a rich range of highly sophisticated equipment. SELENIA produces radar systems for independence in navigation, for interception and jamming, for underwater exploration. MICROTECNICA offers systems for air, naval and land armaments. Contraves sells radar equipment for antiaircraft fire. All these instruments are very expensive and are also offered as optional for some air and naval weapon systems. Finally, the shipbuilding sector has the presence, or, rather, the omnipresence of United Naval Shipyards, of INTERMARINE, of ITALCANTIERI and of Riva. Their production offers the Audace destroyer, the Lupo and Maestrale-class frigates, the Sparviero missile-launching hydrofoils, fast motorboats, minesweepers. missile-launching motorboats, Sauro and Toti submarines, complete equipment for submarines and ships.

Italy's marketing trend in the war-equipment sector, therefore, has its eyes on the African and Middle East countries, almost all of them large oil producers or budding collaborators of Western policy. Liberal and NATO countries, like the Federal Republic of Germany and Spain, are side by side with countries in which the rules of the democratic game are regarded as stupid appendices of social activity. Democratic countries, with strong liberal traditions, are "fellow travelers" with fascist countries. Political "tribalism" cooperates with intelligent capitalism. One final detail: there is the worrisome presence of many countries that belong to the Nonaligned Movement. It is another sign of the political tension that has been in existence internationally for these last 10 years. Italy does business with all as a clever businessman.

[14 May 81 pp 37-38]

> [Text] Is it possible to implement diversification or reconversion from military to civilian status or both? This is discussed with some plant councils.

The production of weapons, regardless of how sophisticated they may or may not be, is therefore big business for our country also because demand is far in excess of the degree of expectation of the entire international market. But the "ethical" factor of the whole matter cannot remain disassociated from so flourishing a situation. In other words, whether it is right to prepare the world for death by taking away huge appropriations for socially useful and necessarily objective works in several parts of this tormented planet. There is no desire to make the parable

of the Good Samaritan, but only to point out, briefly, some problems that have been and still are the basis for the countless studies made by international specialists on the subject and for all those who have sought and are seeking to find an adequate "solution" to the problem, if it is possible to speak of a solution.

Mention is heard of words like "reconversion" or "diversification," used mostly by vehement pacifist circles, often twisted and used conveniently for the greatest variety of occasions. Without deceiving ourselves that we can settle the matter with this investigation, an attempt is made essentially to clarify to ourselves, but also to others, whether there are real margins for giving concrete shape to slogans like "for peace against war" or "for disarmament and for socialism." Above all it must be clarified what the two technical words--reconversion and diversification--mean. Reconversion refers to a process by which part of the military industrial production would be adapted definitely to a different production sector. Diversification brings about an expansion of the activities and the alternativity of military and civilian manufacturing in the sphere of the whole work of production untouched by reconversion. Therefore, it is clear that to speak of reconversion or of diversification implies a parallel study of the entire production capacity of a given country and of the actual degree of capability for receiving the product on the international market.

Therefore, the two main individuals in this production process, just as in others, are the employer and the worker. We already know what the manager's line on this problem is: if the market requires certain items, if these items succeed in being competitive and if, owing precisely to this competitiveness, it is possible to alleviate somewhat the state's balance of payments, constantly in deficit, why not intensify production of the product and, at the same time, make it keep up more and more with demand? Why talk about diversification or reconversion with the risk of losing thousands of jobs? These questions are legitimate for someone who is trying to make balances always come out right, but they cannot stem from a situation as dramatic as the situation, for example, of the Third and Fourth World.

We have tried to ask several plant councils their own opinion on the subject by providing a small test that was answered by all twelve of the councils concerned, chosen in the Brescia and La Spezia areas, the two provinces most involved in the investigation because of the amount of business. The questions, whose plan was worked out by consulting a test prepared by others 2 years ago but which seemed to us to be still fresh, concerned primarily the problem of the job, the worker component, the state of the equipment, the products manufactured or in processing phase, plus a series of various questions on the problem of reconversion (whether or not it is agreeable) and on the problem of our arms exports. The result was very positive, because beyond megaprograms, we succeeded in taking the pulse of some of the largest weapons plants.

Some data. The average age of the buildings housing these companies ranges around 15 years with remarkably modern production. The labor force employed, still in 12 plants, amounts to 4,500 percons and the turnover ranges around 25-30 billion [lire] a year (for example, 10 billion for Breda and 47 billion for Beretta). The products (data on projects were not furnished for obvious reasons) produced by these recent plants are, for the most part, rifles, pistols and heavy arms that see, alongside, the very modest work also of small artisans who have in their hands 5 percent of the production under subcontract (for example, the percentage of subcontracting

in Breda is precisely 5 percent). In general, the owners of these companies are not in a position, or do not even have a political desire, to talk about diversification and in the opinion of some plant councils the only solution for starting a process like that might be the establishment of cooperatives (idea of the Franchi plant). There is some amount of foreign coparticipation (good presence of Belgium, the United States, Germany, Sweden) and these same countries grant licenses for the manufacture of some of the finest weapons. All are guided by a single proprietor (private or the state) and furnish, in most cases, weapons both to our Army and to others like Iran, Brazil, France, New Zealand, European countries (the same ones that provide the licenses) and African countries.

It is very difficult for all to speak of reconversion. Some point out objective problems, money, while others answer with a curt no. The same negative answer is given to the question on whether you have taken part in initiatives for Third World countries, while the answer is positive when it is asked whether you know that the accuracy, quality and quantity of Italian weapons is noted in almost all more or less large-scale conflicts.

The following is the status of the situation: we repeat that certainly 12 plants out of a total of close to 200 companies involved in the sector are few, but the trend line of armament manufacturers is, without doubt, as has been indicated. For example, the Brescia area brings to light the difficulty of starting processes of differentiation of production for various reasons: the high costs, the objective difficulty of restructuring the product, the problem of labor mobility. In short, the point seems to be as follows: it might be achieved, but, first of all, there must be a serious, detailed study of the new market, of the possibilities for competition internationally and of the way in which the present skills can be used in the new manufacture of the product. On the other hand, the point of view of La Spezia is different. It does not follow the line of production reconversion, but, rather, it is trying to put in concrete form the line "of using the profits of the company derived from the production of weapons in investments in the South and in development of TERMOMECCANICA, in La Spezia, which produces instrumental goods" (reply by the Oto Melara plant council).

Therefore, discussion of this problem is not of one mind, although the desire of the labor union to concentrate it better is not lacking. But market risks made a clear, definite stand on the matter difficult. The important thing is for it to be discussed and for there to be a desire to think of something else. Not to shut down the arms market outright, but, rather to seek, at least, to make it more "civil."

The Oto Melara List

Orders taken: 1972 (114 billion lire), 1973 (33 billion), 1974 (68 billion), 1975 (181 billion), 1976 (122 billion), 1977 (140 billion), 1978 (172 billion), 1979 (200 billion), 1980 (300 billion).

Marketing trend: 1977 (Italy 63 percent, abroad 37 percent), 1978 (Italy 49 percent, abroad 51 percent), 1979 (Italy 43 percent, abroad 57 percnet), 1980 (Italy 25 percent, abroad 75 percent).

Labor force: 1977 (2,3±4), 1978 (2,404), 1979 (2,475), 1980 (2,505).

Offices: La Spezia, Turin, Rome.

Weapons: 76/62 compact gun, Otomat missiles, 155/14 self-propelled howitzer, FH-70 towed battery, OF-40 self-propelled, M-113 troop carrier, Leopard tank, FIAT-Oto Melara armored car hull, Palmavia self-propelled, M-60 armored car.

Shareholding composition: EFIM [Manufacturing Industry Holding and Financial Company] (74.2 percent), Breda Railway (EFIM) 25.8 percent).

[28 May 81 pp 30-31, 47]

[Text] Interview with Falco Accame [Italian Socialist Party Deputy]

How to sell four ships for the price of three to Libya. Or how to unload junk on Third World countries. All the market secrets that escape any control whatsoever.

Falco Accame, an Italian Socialist Party deputy, comes from the Navy in which he served as a senior officer. At present, in addition to having intensive activity as a member of Parliament, he is in charge of the Defense Section of that same party and has distinguished himself particularly for having submitted a bill (on 25 July 1979) on Rules for Control of War Material Exports in 14 articles, plus a proposed Code of Ethics, which, according to its intentions, would have forbidden retired military personnel from joining companies associated with the financial administration. Both "actions" had a lukewarm, if not downright cold, reception in the Chamber of Deputies. He is a technician, according to many the most expert and the most aggressive one, specializing, as is obvious, in the naval sector. We addressed some general policy questions to him on Italy's arms sales abroad. The following are his replies.

[Question] In your opinion, which weapon is most in demand today? What are its characteristics?

[Answer] The weapon most in demand that is capable of raising the technological trend is the Oto Melara 76 compact gun and the 127 gun, which was an American gun, modified later and adjusted by the La Spezia company for very rapid firing. Weapons flow like the current of a river and our river is flowing entirely toward the Third World, toward countries with a less advanced technology in comparison with ours. Undoubtedly it has been a valid operation from the technical point of view and we are successful in exporting this weapon to the United States and to countries with a more advanced technology. We are exporting to the Third World, I should not like to say junk, but equipment certainly not with a high degree of sophistication. Also because equipment with a high degree of sophistication is of no use to those countries, inasmuch as they have no way of maintaining it. Moreover, we are already in the Third World in a certain sense, because we are unable to maintain much sophisticated equipment that we have bought from the United States, so that a radar that, for example should detect a target of a certain size at a distance of 130 miles, detects at a distance of 30-40 miles after a few years, because the difficulty of maintaining this equipment, the technological level of the personnel and need for having original spare parts make it deteriorate greatly.

[Question] But does Parliament not control?

[Answer] Our sales are very broad, because we have no parliamentary control law. In the last legislature, I already submitted two bills, one socialist and the other signed by other members of Parliament (Codrignani, Milani, Spinelli, Fracanzani, Cicciomessere, editor's note), but we did not succeed in discussing it. Also, two weeks ago, in this legislature, the Foreign Affairs and Defense committees met. An attempt was made to discuss it, but the Christian democrats requested suspension, in order to submit a bill of their own and, in the meantime, they asked that this problem also be handled in the Industry Committee. Thus, the process is blocked. Just as happened in the other legislature, when Moro maintained to the Foreign Affairs Committee that the issue was not under the jurisdiction of Defense but rather of Foreign Affairs. It is obvious that the industrialists who are selling weapons do not want to have any control, because their success depends precisely on the lack of control. There is no competitive market, because it is a sale of a political nature. A country comes to us not because the product is better, but because it thinks that it might have difficulties in other countries. Therefore, it agrees to everything with its eyes closed with enormous profits and high commissions. We are well aware that the oil scandal originated with the sale of arms to Libya, especially by Oto Melara, by availing itself of the administrative organization of Colonel Minerba, who was chief of the administrative service of the secret services at that time. The secret services, which are familiar with all fields and, therefore, with the market, the buyer, in some way, had a major part in the game. So much so that permits are granted after examination by the Interministerial Committee, on which Defense is present with a staff officer and an officer from the secret services. This last-mentioned officer is the one who determines the sale. Therefore, there is a free hand, because Parliament cannot control this market. Meanwhile, however, with the triangulation system (selling to one country so that the weapon will reach another), neither the use nor the final user is known. Moreover, the same product is modified. For example, we sell a training aircraft that later becomes a small antiguerrilla fighter aircraft and the game is played.

We carry out controls only as a manner of speaking and all that gives our war industry a great potential. It is true, however, that little has been done also by the labor union and the plant councils. It is obvious that there is a job problem. However, to state that "all the workers are united in defending peace against war" ends by running later up against the employment problem. It is an issue also unsolved by the labor union. To speak, therefore, of reconversion under these conditions is still hypothetical. In fact, that implies entering a market not controlled by political laws, but, rather, by economic laws. It is necessary to be competitive and nothing else.

[Question] In addition to this Interministerial Committee, there is COCOM [(NATO) Coordinating Committee], in Paris, an agency that should control sales by Western countries to countries not belonging either to NATO or to the Western political hemisphere. Do you know anything about it?

[Answer] In our opinion, COCOM is of little use, because we do not sell beyond the curtain, aside from resorting to the so-called triangulation. Our relations with that agency are modest, because there is no direct traffic. We sell all that we want, for example, to Lebanon or to Syria and then the product goes wherever

it wants. In order to give another example, a shipment of 40,000 Beretta weapons was partly found in the hands of terrorists in Turkey, after having been sold to Romania. In fact, there is much of this traffic in Eastern countries. The COCOM should concern itself with permits to the East, but I believe that we succeed in getting around this obstacle very easily.

[Question] Are you aware of the fact that private parties succeed in selling plans for weapon systems to foreign countries as principals without the help of industries in the sector or of intrepid managers?

[Answer] There are several brokers and the largest one in Italy is the Tirrena firm, four steps away from the president's palace. Tirrena is a firm to which we have often resorted, especially for sales to South Africa, through Israel, of torpedoes, aircraft and other war equipment. In addition, there are other organizations engaged in selling, assuring that arms shipments can be placed without problems.

[Question] Nevertheless, Parliament should get official notification of stipulated contracts.

[Answer] Two kinds of controls would have to be made. One of them concerns orders with foreign countries, The other concerns domestic orders, that is to say sales and purchases by Defense. These purchases should be submitted to a committee that was appointed in the last legislature and that was reappointed a few weeks ago (I do not believe that it has met yet) presided over by Ariosto. But I have some doubts on the possibility of reviewing contracts, which often fill thousands of pages. Work has to be done in the technical field that one single deputy could never perform thoroughly without a great number of technicians and experts to analyze it. At any rate, I shall resort to this committee for examination of two or three contracts.

[Question] Which ones?

[Answer] For example, the contract pertaining to minesweepers built at Sarzana by the INTERMARINE Company. In order for these craft to go to sea, they have to pass through a channel crossed by a bridge whose demolition is being discussed because of that.

[Question] Why did this obstacle, which was known however, not appear in the contract?

[Answer] This is why: examination of these matters requires the constant presence of several technicians specializing in the various branches. This is on the domestic level. With regard to the international level, there must be a political kind of control, and I stressed that in my two bills. There is a war between Iran and Iraq? Parliament can decide not to sell weapons to either one. There is an embargo against a country? Parliament can decide not to sell weapons to that specific country. For example, the United Nations condemned our sales to South Africa, but Oto Melara guns reached South Africa.

All those ministries that are on the Interministerial Committee are concerned with the sale of weapons: the ministries of Interior, Foreign Affairs, Foreign Trade,

Industry, Defense and also Finance in a certain way, because, for example, we sold four corvettes to Libya in 1974 with a contract in Italian lire and we are selling the last two now to Libya at the same prices as then. This amounts to making Libya a gift of one corvette. The weapons industries are almost all under the Ministry of State Participations and to make the community lose money, the Treasury's money, does not seem to me to be the right policy. The fact that it has not been possible to discuss the bills, or at least one of them, demonstrates the strength of the military industrial complex, which, obviously, finds very strong support in a large number of deputies and parties. Scarcely is this problem mentioned when it is immediately blocked. And there is no support by labor unionism and, therefore, we do not even have this support, which could be, and is, very important.

[Question] What regulations apply to weapons sales?

[Answer] The process begins with a request made by a country through our military attaches, who make up the SIOS [Operational Intelligence and Situation Services] (the intelligence service of the the individual armed force), which is under SISMI [Intelligence Service for Military Security] (military intelligence service), which collects all the requests coming from abroad. These requests are evaluated to decide on the advisability of exporting to that country and the companies involved are notified. If, on the other hand, the request arrives directly at the companies by means of their agents in various countries, these companies request an export permit from the Ministry of Foreign Trade, who, in turn, forwards an informational memorandum to the ministries of Foreign Affairs, Defense, Interior and Industry. The committee gives clearance for the exportation and the Ministry of Foreign Trade can release the permit.

[Question] How much does a Leopard tank cost?

[Answer] About a billion and a half [lire]. At any rate, they are sold not subject to fixed prices like cigarettes. Quite differently.

[4 Jun 81 pp 35-36]

> [Text] Interview with General Nino Pasti, an Independent Left senator.
>
> Hunger in the world: a nuclear bomb. This is the most serious problem in the coming years. But there also is the armament race in which Italy plays a subaltern, ambiguous part.

Senator Nino Pasti, of the Independent Left, was deputy supreme allied commander in Europe and in NATO he was always concerned with problems pertaining to nuclear matters. An Air Force general (retired since 1969), he has been sitting on the benches of the Senate of the Republic for the last two legislatures. We asked him some questions concerning an investigation on Italian weapons trade abroad, because, undoubtedly, other matters concerning, for example, the political-military stability between the two blocs and international relations especially with Third World countries go side by side with trade factors for this kind of traffic.

[Question] Senator Pasti, you have been a NATO commander and, therefore, have military and political experience. What is your opinion on our arms traffic, especially with some Third World countries?

[Answer] I judge it severely. I am definitely against intensifying the sale of arms to the Third World, because they are countries that need civilian, not military assistance. The policy on whether or not to sell arms must not be an isolated factor. There must be a consistent foreign policy that can put us in a position of being able to assist those countries, but in civilian development. I was in Africa recently, in Togo and in Congo Brazzaville. They are two countries very open to collaboration with European countries and especially with Italy. I would not know if we are selling arms to those countries, but I believe that our presence in them must and can be of a political nature, in the best sense of the term, in order to help them develop those domestic production capabilities that can allow them to have self-sufficiency at every level. We must not stress important war-making factors. There is no doubt that conflicts exist, but we must work to solve them peacefully. For example, Togo is acting in the spirit of the Lome conventions, very significant in this regard. No armament selling must be part of this policy of a general nature in which all Europe must be incorporated. We are part of the European Community, which has an appreciable place in the sale of arms to the Third World. Our action must be directed, both in the Community and in NATO, toward making those Third World countries become active components in world development. Hunger in the world is a tragic problem. It is the most dangerous nuclear bomb that we have in our future (this does not mean that real nuclear bombs are not a serious problem) and, therefore, we must help those countries become self-sufficient. It seems to me that up to now we have operated in the diametrically opposite direction. We have sought to take raw materials from developing countries and then to sell them back to those same countries with a considerable price increase.

[Question] You show me that war conflicts are preceded by critically political conflicts. Do you not believe that Europe's danger at present is neutralization of the specific autonomy of the blocs to fall into the arms of the Reagan administration?

[Answer] I am seriously concerned about the new Reagan administration, also because I have followed rather closely the career of the new secretary of state. In 1969, Haig was a colonel with a quite normal, not especially brilliant, career. In 4 years, he had four promotions for political merit. He went from colonel to four-star general, the top grade in the American Army, the grade of full general. Then he resigned from the Armed Forces to become chief of staff of the White House personnel with Nixon. After the Watergate scandal, realizing that his position was becoming more and more difficult, he put his uniform back on and became supreme commander in Europe with a colonel's experience! He used this post of his for basically political purposes, all the more true because later he succeeded in taking his first step by becoming secretary of state. This ambition of his causes concern, because he had already hinted, when he left the military career, that he wanted to be a presidential candidate. He has always gambled on the fact of telling glaring lies concerning Soviet armament and the Soviet military danger, which does not exist. The Warsaw Pact is much weaker militarily than NATO or China. Three-fourths of Soviet territory are close to China, where approximately a billion Chinese are pressing against the borders with the USSR. And we know how much China is now drawing close to American military policy. Haig even said that clearly during the

debate in the Senate on his appointment. There is no doubt that it causes great concern. Europe should make its voice heard more, in order to temper somewhat these extremist thrusts by Reagan. We must carry out an action of containment that it seems that the Federal Republic of Germany and France are carrying out. Unfortunately, Italy is always absent. We have the reputation of being "first in the class" in Atlantic loyalty but also in subservience toward the Americans. This is a title that I do not like very much, because it jeopardizes the security of the world.

[Question] We manufacture arms also under American license. We are among the world leaders. In your opinion, can this mean the possibility that there are also secret agreements between us and the Pentagon?

[Answer] I am not in a position to give a specific reply. It is true that, at least in the past, it has been possible for the United States to use Italian production under license to supply countries that were excluded from American aid. Obviously, there were agreements, contacts, just as there was the opposite. The sale of Italian produced material that also used American products in any way was prohibited. I can mention one case: the sale of FIAT G-221 aircraft to Libya was forbidden, because they carried engines that came from the United States. Therefore, it is clear that these contacts do exist. But I do not feel like saying anything more on this point, concerning the responsibilities for these contacts. Italy, for example, has aircraft plants in association with Brazil. Brazil sells aircraft to South Africa, thus we do not appear directly but they still are Italian goods. Recently, I submitted an interrogation in the Senate, because I was told that there is production in association with Brazil by Italian companies for a new fighter aircraft (among other things, nothing is known of the design) and this makes me suspect that the association is serving as a cover for selling to third countries, so that Italy will not appear in the first person.

[Question] During your career in NATO, were you ever asked to act as an intermediary for arms sales?

[Answer] I was never asked and I shall also tell you why. I was concerned with construction of the F-204 in Europe and for that reason I often went to America to try to bring production to Europe and not the contrary. My guidelines were very clear from then on. I had a heated discussion with the Air Force staff over 12 additional aircraft that we bought, completely useless, in my opinion. Incidentally, this aircraft was built by Lockheed, a name that recalls many things! I was opposed, because we could do without them. Consequently, my position did not involve any kind of contacts.

[Question] We are exporting weapons to the Third World and to industrialized countries. Do you believe that Italy should achieve a gradual, programed reconversion?

[Answer] I am convinced of it. However, I should not like to anticipate things on which it is inevitably necessary to study methods, forms and times. I have not made these studies. I believe, however, that a first step is a gradual move within the armament industries themselves, in order to achieve a shift of production from military to civilian. There is much talk of labor mobility. In my opinion, it is an important factor provided, however, that there is a real possibility of other employment. If, in the future, we succeed in closing down an arms plant employing

a certain number of workers, but, at the same time, have another plant ready that can employ the same number, if not a higher percentage, of workers, then the matter could be solved. It is also necessary to go from military to civilian production, because, contrary to what the Constitution prescribes, the Italian Armed Forces are always more prepared for offensive, rather than defensive, actions. The Italian people do not want war, but within NATO, especially with Reagan, the thrust is more and more toward an offensive war and we are adjusting ourselves to these dangerous American requests. No one today is proposing to shut down arms plants like Oto Melara or the United Naval Shipyards without more ado. A gradual, programed reconversion would create new jobs. This must always be borne in mind. With regard to the Third World countries, we must do everything possible, so that they may develop and progress. A Chinese proverb states: "If you give a fish to someone who is hungry, he eats for a day. But if you show him how to fish, he will eat for the rest of his life."

[Question] Some of your colleagues have submitted dozens of interrogations on this problem that have almost never been answered by the government. Why is there no desire to talk about arms?

[Answer] Personally, I have made interrogations on the problem of a balance between NATO and the Warsaw Pact, amply documented with official United States documents. I have never received a reply!

[Question] What is the procedure to be followed by a private company for selling arms abroad? There is the committee.

[Answer] Yes, there is an Interministerial Committee that should examine requests for granting arms sales permits. I have the impression, I repeat an impression, that I cannot confirm with certainty, that it has never actually functioned in earnest. It has functioned only bureaucratically. It must be pointed out that there is an international circuit that can bypass these bureaucratic channels by having what Italy produces sold, for example, to Switzerland. Just as Switzerland is aided by Italy for its products, which are guns, antiaircraft guns and small- and medium-caliber weapons.

10,042
CSO: 3104/325

TERRORIST ASYLUM FEARED IN EXTRADITION POLICY

Paris LE FIGARO in French 21 Jul 81 p 1

[Editorial by Gerard Nirascou: "Incoherence"]

[Text] The refusal to extradite the Basque terrorists, strongly reiterated by Gaston Defferre -- a refusal that resulted in the cancellation of the minister of interior's trip to Madrid -- goes far beyond the mere dispute between France and Spain. It points up a definite incoherence of the French Government with respect to security and the fight against international terrorism.

Even if it is purposely exaggerated by some, there does exist a terrorist danger in West Europe, from both the extreme left and the extreme right. The Italian, German, Irish or Spanish examples are there to prove it and the intensification of attacks, even on the Pope, now provides a disturbing dimension. It is within this context that the socialist government agrees to tolerate on national soil the presence of organized groups -- in this case, the most relentless, determined Basque militants -- which use France as a base where they can rest and plan their actions beyond the Pyrenees. This has nothing to do with the right of asylum; it is an outright perversion of it.

The French position on the Basque terrorists could be understood if Spain were still under the Franco dictatorship. But under the leadership of King Juan Carlos, the country is now among the democracies of the Western world, even if the past still weighs heavy in certain areas. By granting asylum to men who can think of nothing other than destabilizing and overturning a legally established regime, the socialist government is assuming a heavy responsibility: that of playing into the hands of the most reactionary forces beyond the Pyrenees, forces that have never accepted the process of democratization and that manifested themselves in such a lamentable fashion only recently.

This attitude is all the more serious because it risks dealing a heavy blow to police cooperation between the European countries that in recent years made it possible to obtain positive results in the fight against terrorism, particularly in France, Italy and Germany. When Francois Mitterrand, Pierre Mauroy or Gaston Defferre assert that the right to asylum is sacred and that there can be no extradition for political motives, then the Italian or German governments might well wonder about what kind of welcome the members of the Red Brigades or the Red Armed Faction might receive in France. How are these terrorists less "political" than the Basques? Like them, they fight, kill and try to overturn democratic regimes. One cannot accept one form of terrorism and reject the others.

This ambiguous and illogical position can only encourage in France itself all those who dream of an unstable situation. The arrests made at the beginning of summer in extreme leftist circles in Nord and Paris show that this is no imaginary risk.

The situation is made even more sensitive by the malaise which police are now experiencing, malaise due to the announcement of an iminent purge, the systematic questioning of the hierarchy and a redefinition of tasks which appears to be mainly political.

In a field as essential as security, the French Government seems to be "floating" dangerously, caught between the mirage of another time and an increasingly restrictive reality. Unfortunately, the Basque problem is but one example.

11,464
CSO: 3100/874

TERRORISM FROM RIGHT GROWING STRONGER

Berlin DER TAGESSPIEGEL in German 26 Jun 81 p 3

[Text] Bonn, 25 June -- "Terrorist activities on the extreme right are clearly increasing." The security authorities' opinion has been reinforced in recent days, following the arrest of the leader of the banned "Hoffmann Military Sport Group," Karl-Heinz Hoffmann, his female companion Franziska Birkmann and other extreme rightwing poltical sympathizers. An investigating official said: "Rightwing terrorism is arming for some spectacular acts."

Lebanon has recently turned into a t naround station and refuge for German rightwing terrorists from various groups who have gone into hiding. German security authorities noted "unusual travel activity" to the civil war torn country. At the moment about 20 Hoffmann followers are staying in training camps in Lebanon, where they are being instructed in terrorist activities.

Although the PLO officially denies any support for German terrorists, it seems certain, according to Western secret service reports and the findings of German security bureaus, that at least radical PLO subgroups accept German rightwing extremists with open arms. It is said that these Palestinian groups attribute more striking power to the German rightwing extremists than to the leftwing extremists from the fringes of the "Red Army Fraction."

Udo Albrecht, a computer programmer from Dortmund, who is suspected of participating in a number of bank robberies, is said to have completed terrorist training in a camp in Lebanon, together with several of his political sympathizers. The former lawyer Manfred Roehder, whose "German Action Groups" perpetrated several murders and bomb attacks on homes for foreigners in the FRG, is said to have found a hiding place in Teheran when fleeing German police and to have made contact on this occasion with PLO representatives.

Last fall, Oedfried Hepp, founder of the "Black Forest Militant Unit," escaped to Lebanon with three of his followers. When he was supposed to make a rush with a PLO squad during an attack on the Christian quarter of Beirut, he suddenly lost his taste for serious wargames. Afterwards, the Palestinian organization, which considered itself cheated out of the Germans' restitution for the shelter they had received, imprisoned them temporarily. After his return from Lebanon Hepp was jailed on suspicion of belonging to a criminal organization. The federal prosecutor refused to comment on reports that Hepp is the chief witness in the proceedings against Hoffmann, the leader of the Sport Group.

Hoffmann had organized a lucrative business with Lebanon after the banning of his group in January of last year. His men took discarded trucks, originating in part from Bundeswehr fleets, to the PLO in Lebanon. According to secret service reports, Hoffmann tried to unite the followers of various neo-Nazi groups who had dropped out of sight in Lebanon in a new organization under his leadership. Shortly before his departure for Beirut, Hoffmann was arrested at Frankfurt airport on Tuesday of last week on suspicion of forming a terrorist organization.

An expert on constitutional protection explained the collaboration between leftwing PLO groups and German rightwing extremists: "The common basis is hatred of the Jews and Israel." The authorities are proceeding on the assumption that the Palestinians demand from their extreme rightwing guests from the FRG matching services in the form of attacks on Jewish and Israeli institutions and persons. Whether the murder of Jewish publisher Shlomo Levin and his lifetime female companion Frieda Poeschke is one of these reciprocal acts, is still unclear. A pair of eyeglasses was found at the scene of the crime which belonged to Karl-Heinz Hoffmann's arrested friend, Franziska Birkmann.

The 75 extreme rightwing organizations in the FRG registered a considerable influx of members last year. According to information of the Office for the Protection of the Constitution, their membership rose within 1 year by 2,500 to 19,800. Among them are 20 groups with about 1,300 members which are prepared to commit acts of violence. The hard terrorist core is said to comprise 150 to 300 persons. The development of the banned "Hoffmann Military Sport Group" is seen as giving particular cause for concern; its 600 members can scarcely be controlled by the authorities following the ban.

The tendency to conspirative behavior has also risen in other rightwing groups. Massive acquisitions of weapons have been observed for months. On 24 December last year the German rightwing extremist Frank Schubert, who was attempting to bring weapons from Switzerland into the FRG, shot and killed two Swiss frontier guards. Schubert had contacts with the Hoffmann group. During a search of Schloss Ermreuth near Forchheim, which served as the Hoffmann group's headquarters, police discovered an explosives store this week.

9581
CSO: 3103/364

FURTHER DECLINE IN ECONOMY, EMPLOYMENT FORESEEN BY KIEL

Frankfurt FRANKFURTER RUNDSCHAU in German 26 Jun 81 p 5

[Article by jk and rtr: "According to Kiel Institute Economic Recovery Still Elusive"

[Text] Frankfurt--The Institute for World Economy at the University of Kiel, which in the past has almost always been quite accurate in its predictions of economic developments, is expecting a continuing downward trend that will last into next year. In its semiannual publication a decline is predicted for 1981 that will amount to approximately 2 percent of the real gross national product. Because to date there has been no fundamental new orientation in the economic policy and because inflationary warnings may prove to be overstated, Kiel's researchers--in striking contrast to expectations entertained by Bonn and the Bundesbank--fear that a "drastic economic decline" will occur this summer. Based on this prediction, they feel that it is doubtful that next year will see an increase in the gross national product. In their opinion a stagnation will probably set in, keeping the gross national product at the reduced level of 1981.

If these predictions were to come true, drastic effects on the labor market would be unavoidable. Last but not least, because of an additional increase in the number of persons joining the labor force, unemployment will exceed the 1.5 million mark by the end of 1981. According to the Kiel investigation, next year's average would even reach 1.7 million unemployed persons. Currently 1.1 million men and women are without jobs.

In its analysis of the causes for this terrible prediction concerning the economic development, the institute is hurling accusations in all directions. Economic and wage policies did not react appropriately to worldwide economic challenges. Instead of increasing productivity stimulants, promoting risk taking and reducing investment restrictions, the economic policy prevented a suitable "adaptation of existing price relations to the market." The wage policy did not take into account a reduction in distribution possibilities as a result of price increases for imports which were out of proportion when compared to export prices. The institute warns that it will be at the expense of growth and employment for some time to come. Finally, even the Bundesbank does not escape criticism. Its monetary policy contributed to a decline in investments. Consequently, on the domestic front the economy will continue its downward slide.

With respect to the planned consolidation of state finances, Kiel researchers are pleading for a removal of subsidies and state transfer payments. Such efforts should not be taboo and be called "social dismantling," because they are necessary to achieve a medium-term growth in production, without which it would not be possible to secure the social net.

Munich--IFO President Karl Heinrich Oppenlaender is also of the opinion that recessive tendencies will keep the upper hand into next year. During the annual meeting of this institute, however, he figured that the expected gross national product for 1981 will show a decline of "only" 1 percent. Gloomy as well--although not quite as gloomy as Kiel's prediction--is his assessment of the development on the labor market. He figures that there will be 1.35 million unemployed persons by the end of the year.

Prospects for prices were not rosy either. The stubbornness of the devaluation of the German mark had led to a sharp increase in prices for imports, which should set the price climate for the entire year. In Oppenlaender's view, the rate of inflation will come down only slowly from a current 5.6 percent, relatively high for German circumstances, since no real relief is expected in labor costs per unit. As far as the balance of payments is concerned, it is not expected that last year's deficit of DM 29 billion can be reduced.

In view of this overall situation, Oppenlaender advocated an economic policy that will restore confidence in productivity. In this connection, the much-maligned monetary policy of the Bundesbank was inevitable, and in connection with the announced desire for a consolidation of financial policies it would regain territory that had been lost in the area of international credibility.

8991
CSO: 3103/361

BUDGET CONCERNS THREATEN LABOR UNION, SPD TIES

Bonn VORWAERTS in German 25 Jun 81 p 9

[Article by Peter Seideneck: "Old Love in Danger of Growing Cold"]

> [Text] Irritations are entering the tradition-rich relationship between Social Democracy and labor unions: The employees' Association fears that the costs of balancing the FRG budget may have to be borne by the little people.

The relationship between German Social Democrats and the labor unions is facing an extraordinary test. Signs are multiplying that the truce between the government and the unions will not hold much longer. The German Labor Union Federation is recalling its representative from the Austerity Commission of the Ministry for Labor (Bodenbender Commission) and is thus withholding union approval from the government's austerity efforts in social outlays.

The federal executive committee of the German Labor Union Federation is demanding a comprehensive state program to fight unemployment and an active state role in structural policies. Union displeasure is growing about retrogression in matters concerning codetermination. In the meantime there are worlds between Federal Government policies and labor union views. And finally: Nobody knows now how much pressure will be exerted by the rank and file on moderate labor union wage-rate policies if the rate of price increases is considerably higher by the end of the year than negotiated settlements that were agreed upon in spring of this year.

The differences between government policies and labor union concepts cannot permanently be blamed on the liberal faction and its negative effect on the public. It was clear from the very beginning that liberal ideas of a social state and economic policies would leave the relationship between the government and labor unions tarnished only under conditions of an economic boom that would stand up to close scrutiny. Increasingly, however, labor unions are asking themselves who is the majority party in the coalition and whether the Social Democratic segment of the Federal Government is primarily concerned with self-preservation rather than creative policies.

Riedl's Hammock

After all, labor unions are facing the basic question whether the Social Democratic approach of dealing with successive crises will be successful or not; the concern is that it should not be at the expense of the working population who are already bearing a heavy burden. The current debate, also initiated by the Social Democrats,

on the "abuse" of social services by workers is a remarkable feat of conservative-liberal elements within the FRG. Because, whoever gives in to the pressure produced by this argumentation creates the impression that the social net had become too tight and that breaking it up here and there would probably restore the necessary funds to the federal treasury.

Distributing the debt by blaming the workers will make the workers feel insecure and make the labor unions suspicious. After all, in spite of the realization that a solution must be found to the lingering budget problems: A reduction in social services would be a declaration of war against the labor unions and a further denial of the seriousness of Social Democratic reform policies. The present discussion about the alleged abuse of the social security system--without noticeable disagreement on the part of CDU social committees, austerity commissioners of the opposition are calling this system a "hammock" that is used by notorious protesters who like nothing better than putting it up in Mallorca (according to Riedl, Bundestag member and president of the TSV 1860 Munich, which has accumulated a mountain of debts that is so large that the deficit of the federal budget looks like the contents of a poorly filled collection plate)--is viewed by labor unions, probably with good reason, as a psychological preparation for considerable cuts in the social budget.

The effects on the relationship between the government and labor unions that are the result of this situation will become more and more unmanageable. And it will get worse: There will be a visible effect on the relationship with the Social Democratic Party.

Only After 'Clinentele?'

With justification and not to the detriment of the Unity Labor Union, Social Democracy can consider itself a natural partner of labor unions. But more and more the party of the government and the people developed a habit of looking at workers as an "electoral clientele." The result is a love growing cold. The Working Group for Worker Problems--at times it may appear to be a somewhat strange product of a party --which represents the good traditions of the democratic German labor movement better than any other group, has not assumed the role or provided the influence necessary for establishing a firm bond when it comes to the relationship between the party and the labor unions although the SPD has been in power. A look at the foundation of the party provides an adequate answer: Aside from a few strongholds, Social Democratic unionists are no longer able to exert an influence on the party through the Working Group for Worker Problems that might be lasting and in keeping with the program and origin of Social Democracy.

Furthermore, among the working youth, "negative report" is a term which for some time has been the prevailing expression on the agenda. The only hope left is that the party will refrain from joining in the embarrassing talk by some prominent personalities who think that they can "get a handle on" the problems that concern the youth by carrying on a sham dialog with handpicked youth functionaries. This approach will not meet with easy success among young workers.

A change in generation is becoming apparent in the labor unions, the effects of which could also be felt with respect to the relationship between the party and labor unions. Increasingly tendencies are spreading that aim at secretly introducing an alienation process between the two organizations. A few precursors of the Left who in reality are non-Social Democratic are using the expressions "autonomy" and "independence" to undermine the principles of the historically irreversible alliance between the Social Democracy and the Unity Labor Union.

Occasionally the party itself is providing protective ammunition against such efforts that are not always fruitless. It will have to consider a fundamental change of course in support of labor unions that is not dominated by daily affairs before the labor unions will turn away. Only then the Social Democratic Party can succeed in building the necessary bridge between the new youth movements and workers.

8991
CSO: 3103/361

FRG FOREIGN CONSTRUCTION COMPENSATES DOMESTIC LAG

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Jul 81 pp 60-61

> /Text/ The leading firms of the German construction industry earned more money than ever last year. 1981 is expected to be even more profitable. Foreign business once again turned out to be particularly rewarding.

Hermann Cobet was reluctant to talk. The finance director of Essen's Hochtief AG said he could not disclose profits for 1980. Cobet was much less coy in 1979. That time he quoted the profit per share as DM59 per DM50 share (according to the formula worked out by the German Federation for Financial Analysis and Investment Counseling (DVFA). When computing profits, the DVFA method tries to take into account extraordinary and nonrecurrent as well as disposition-related expenses and earnings in addition to the published annual profit, in order to describe the real situation of the respective firm.

Last year the Essen company raised its construction output by 21 percent to DM6.1 billion. Asked for the corresponding 1980 value of Hochtief Cobet pointed out that the DVFA formula was "disputed." The profit shown for his firm by this method would paint too rosy a picture and be liable to "give rise to many misunderstandings."

The Duesseldorf HANDELSBLATT estimates 1980 Hochtief profits as about DM100 per share. The Frankfurt BOERSEN-ZEITUNG simply takes the published annual profit of DM124 million--284 percent more than in the previous year--and therefrom computes a value of DM88.60 on the old capital stock (DM70 million). The profit calculated on the basis of the increased and fully dividend carrying capital is still a respectable DM52 per share. That is the best result published by the firm in its more than 100 years of operations.

Hochtief competitors also have good reason to be satisfied with 1980 profits. For the Frankfurt firm Philipp Holzmann AG 1980 yielded "the best result ever," to quote finance director Gerhard Keil. At an annual output of just under DM6.3 billion (plus 9 percent), his firm's annual profits were only DM40 million, but Keil was not willing to disclose the profit per share according to the DVFA cormula. As last year he referred to correlation problems with regard to buildings not yet invoiced. And again as last year he cited the example of Beton- und Monierbau AG (BuM): That construction giant, now collapsed, had sailed into bankruptcy after using the disputed method to show large profits.

Hochtief and Holzmann are not the only major firms of the German construction industry to earn so much money in 1980 that all their reserve with respect to the interpretation of the balance sheet is barely enough to veil their overflowing treasuries. At a construction output of DM2.2 billion the Munich Dyckerhoff and Widmann (Dywidag) construction corporation achieved an annual profit amounting to more than DM11 million and will make its stockholders happy with a dividend increased from DM6 to DM8 per share (plus DM4.50 tax credit). The stockholders of the Mannheim Bilfinger and Berger Bauaktiengesellschaft, though satisfied with their firm's earnings--DM2.4 billion construction output, DM16 million annual profit--objected strenuously to the proposed divident payout of only DM10 per DM50 share (plus DM5.62 tax credit).

These and other construction corporations with glittering 1980 earnings have one thing in common: They boast large foreign operations and earn most of their money abroad. Last year the German construction industry obtained foreign orders in the amount of more than DM10 billion, a third more than in 1979. In the first half of 1980 orders had come in quite slowly. However, contracts began to rain down when the rising dollar exchange rate improved the competitiveness of the Germans by comparison with other bidders, and when--in addition--the renewed rise in oil prices stimulated orders from the OPEC countries in particular.

Saudi Arabia is losing much of its importance for the Germans. Only a tenth of the DM5.3 billion orders booked in the first 5 months of this year from abroad were accounted for by the Arab kingdom. In 1980 its share still amounted to 40 percent, in 1978 to as much as 83 percent. This is due not only to the stiff competition of the Koreans and other low bidders but also--at least according to Holzmann chief Becker--to Saudi annoyance about the FRG's refusal to supply some weapons. Becker reports that "we note a reserve which was not present in former times." By now Iraq looks very likely to take over the role abandoned by the Saudis. At DM3.3 billion more than half the orders so far received in 1981 came from Baghdad. Not all German firms profit. Holzmann's Becker regrets that "we are not represented in Iraq." On the other hand its competitor Hochtief is fully involved. Early this year the Essen firm became the main contractor for the construction of the Mosul Dam in the Tigris valley and was also engaged to construct three hydroelectric power plants.

Bilfinger and Berger recorded one of the most interesting developments. In 1980 the firm received foreign orders in the amount of DM4.7 billion, surpassing the previous year's value by a full 230 percent. For many years Bilfinger concentrated on OPEC member Nigeria (which turned out to the nemesis of BuM). Nigeria accounts for almost 50 percent of Bilfinger's order stock--which exceeded DM5 billion at the beginning of the year. Next is Libya.

None of this prevents the firm from increasing its operations in another field of action of the German construction industry: The United States. By now Bilfinger has raised to 75 percent its investment in the formerly 50 percent owned Fru-Con Corporation of St. Louis. Holzmann already reports first successes in its efforts to get Central and South American business for its U.S.subsidiary J.A. Jones Construction Company (acquired 2 years ago), the largest U.S.company actually executing constructons. Albeit in partnership, it obtained a $25 billion order from the Dominican Republic.

The leaders of the German construction industry are turning toward foreign customers even more than in the past. Though domestic order stocks guarantee adequate business in 1981, in Holzmann chief Becker's words 1982 is expected to be a "depression as profound as the Grand Canyon." Holzmann is actually disinclined to involve itself in the increased struggle for the steadily scarcer domestic orders. Foreign business permits it to turn down orders which seem unlikely to yield the expected 6-8 percent rate of price increases. However, Holzmann does not plan to retire from domestic business altogether. Holzmann board chairman Wilfried Krabbe says: "We need domestic business to further develop our know how and for training purposes." And in order profitably to invest its liquid resources Holzmann has acquired a minority holding in competitor Dywidag.

11698
CSO: 3103/386

FEDERAL REGIONAL COMPROMISE REACHED ON COLLEGE FUNDING

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Jul 81 pp 14-15

/Text/ The dispute between the Federal Government and the Laender regarding the funding of college construction has been settled--but only apparently. More conflicts involving billions are already programmed.

Rhineland-Palatinate Minister President Bernhard Vogel (CDU) was not particularly enthusiastic about the success scored by the federal Laender: "The Laender approved the compromise with a heavy heart," he said after the latest Bundesrat meeting. Vogel's displeasure is quite comprehensible.

In fact this year both the Federal Government and the Laender should be satisfied as regards college construction. The Federal Government finished the 1981 budget, and the Laender will get DM880 million (instead of the planned DM680 million) as the Federal Government's 50 percent share in college construction.

However, the mere fact that--despite the Federal Government's concessions--Bavaria insists on pursuing its constitutional court action indicates the Laender's apprehensions about future difficulties. The Bavarian constitutional court action aims to finally settle the question whether the Federal Government has the power to compel the Laender to cut spending on college construction. The disputes of the past days are no more than a foretaste of the misfortunes university chancellors will have to confront in future years: Cuts running into the billions.

Searching for possible savings Federal Finance Minister Hans Matthoefer discovered indications of serious mistakes in the estimates of the educational planners. The minister's long-range goal is to cut annual spending on college construction from the recent average of DM2 billion to DM1.5 billion. Absolute priority is to be given to student places and measures likely to increase employment.

After having been wheedled along for years by the somewhat tricky figures of the educationalists, the Laender ministers also have begun to review university planning, especially in view of their equally unfortunate financial situation. Rhineland-Palatinate State Minister Johann Wilhelm Gaddum said in the Bundesrat: "Evidently former plans were unduly ambitious."

In January last the science council sounded a warning note: When the next college planning outline was discussed it was noted that only DM603 million had been

earmarked for new student admissions of the DM2.9 billion appropriated for construction projects in 1981. DM962 million are to be allocated to university hospitals--without any real effect on student intake--, the remainder will mainly go toward the infrastructure (cafeterias, libraries, sports fields) and (DM138 million) toward the replacement of research buildings.

The same development is even more noticeable when we consider the total volume of the current outline plan: The science council estimated DM22.9 billion as the financial needs of the coming years within the scope of the "community task university construction." Only DM5 billion are to provide new student places.

At last week's conference in the Berlin Reichstag building the science council confessed that "the expansion of capacities has been in the foreground of public interest. This has resulted in the widespread belief that the community task is primarily targeted to the expansion of capacities." The experts themselves did a good deal to contribute to this "widespread belief" by their erroneous forecasts. Last week they admitted: "This estimate does not agree with the actual investment procedure."

The Federal Government and the Laender are therefore confronted with the fact that, to meet the target of 850,000 student places (130,000 more than now), almost as much will have to be spent in the coming years than in the past 10 years: From 1970 to 1980 the Federal Government and the Laender have contributed DM26.5 billion to the expansion of the universities, raising the incidence of student places from 470,000 to 720,000.

Though the Laender consider the outline planning to represent an obligation, the Federal Government's 1981 financial report states: "The statements of the medium-term financial outline cannot be assumed to be a promise of funding for the...requirement introduced; they are rather a plausibility estimate for the realizability of the total educational plan." To this must be added the imponderables which make all planning appear a game with numbers without any solid basis.

In 1978 and 1979, for example, there was such a thing as a "building asset evaluation" at the universities. The aim: To discover the correct space relating to student places. To take an example: Public sports fields had been considered "main use area" when calculating student places. In the opinion of the college planners, though, this provides a wrong image of the actual number of student places. The result of recomputation: Though in both years DM1.9 billion respectively were allocated to the expansion of the universities, actual student places declined from 737,000 (1978) to 717,000 (1979). As, however, the Laender claimed to have created 30,000-40,000 new student places by way of expansion, 50,000-60,000 student places disappeared from the statistics.

Hamburg economics professor Wilhelm Strobel has long suspected that something is badly amiss as regards the student figures. In WIRTSCHAFTSWOCHE (44/1980) he proposed that "card index ghosts, doubled-faced images and wastage" seemed to have resulted in statistics showing 150,000 more students than actually existed. At the time Strobel was violently assailed by the universities--much concerned about their assets.

In any case overcrowding in institutes of higher education seems far less prevalent than often claimed. The Rhineland-Palatinate Land Audit Office, for instance, noted in early 1981 that "for many students the duration of university studies is inordinately long." It cites the example of Mainz: 22 percent of students changed their major after the fourth semester. Among a total of 21,773 students (1979/1980) 4,995 were in the 15th or higher semester (77 in their 36th-55th semester!). "Moreover," the auditors continued, "many students were registered, who were already practicing a profession." It is well know that older students rarely turn up at lectures: They prefer the rocking chair at home to their seat in the auditorium.

According to Dieter Swatek, competent section chief in the Federal Ministry for Education, nearly all past forecasts regarding future college entrants, "the basis for capacity planning as well as college construction planning"--were quite badly out. Land education ministers, in particularly, seem often to have mistaken the wish to boast ultra modern hospitals and magnificent buildings for genuine expectations of a vast student influx.

As late as 1974 the estimates for 1980 missed the target by 50 percent: Instead of the expected 174,000 freshmen the universities admitted only 126,000.

11698
CSO: 3103/386

MINISTER JOBERT CALLS FOR 'REFORM OF MONETARY SYSTEM'

Paris LE NOUVEL ECONOMISTE in French 20 Jul 81 pp 28-29

[Interview with Michel Jobert, minister of foreign trade, date and place not given]

[Text] [Question] Mr Minister, what is your analysis of France's foreign trade situation? The latest statistics have not been overwhelmingly favorable.

[Answer] Durable, long-term actions make up the foreign trade of a country. Statistical results express the effects of a policy or behaviour, or of endemic weaknesses. By paying attention to these results, we can sound the alarm and denounce the wolves at our doors. And we can also recommend measures that are likely to turn the situation around. But we must know who the wolves are. Statistics show that the real danger is not from so-called unofficial exports from developing countries, even if they do affect certain products. What is really disconcerting is seeing that France, a highly industrialized country, is threatened in its chosen field: trade with the six other highly industrialized countries who will be meeting in Ottawa. My worry is our trade deficit with Germany, the United States, and Japan.

[Question] The deficit with these three countries is often explained by pointing to the various trade barriers that they have established which block French products.

[Answer] Even if this is partially true, recrimination would not be a satisfactory answer. Before examining the situation our trade partners have put us in or analyzing their methods of defending or attacking, we must first make a lucid effort to analyze the reasons for our own insufficiency. On our part, a certain indolence will have to end. It would only persist if we resolutely implemented protectionist measures. This is obviously not what the government wants to do. Consequently, we must confront the real problems, the first of which is our deficit with Germany, our nearest, most open market, having a system which is one of the most similar to our own. It is true that monetary conditions today favor the German industrialists and do not favor us. This is an additional reason for showing more stubbornness and inventiveness in making the industrialists aware of the necessity of being more alert as soon as they are less competitive.

[Question] Have we not gotten off to an even worse start in our trade with the Japanese?

[Answer] We actually never even got started with Japan. Gaining access to a Japanese market, which is really quite difficult, was not among the French industrialists' priorities. However, it will become one of our priorities because Japan has shaken their complacency. If we make the effort to be interested in Japan, then we have

every reason both to admonish and propose. The visit of the Japanese prime minister, Zenko Suzuki, resulted in the creation of a commission of Franco-Japanese specialists, which is designed to make plans and proposals. Following Mr Suzuki's example, this joint study should take place in the framework of trade improvements and not trade restrictions. Why not?

[Question] France's problems are occurring within the context of a general slowdown in world trade. How do you think this crisis can be solved?

[Answer] Monetary disorder is the main cause of the economic disorder. The current debate on American interest rates is secondary compared to the real problem: a durable, tenacious inflation resulting from the creation of an international currency which was not pegged to work on income. It would be disappointing at Ottawa if the Europeans are satisfied with complaining about American interest rates, because in fact the world can no longer live with an unrestrained mass of floating capital amounting to $1,000 billion. The international monetary system must now be reformed and a co-responsibility among nations must be established. This implies a revision of the operational rules of the International Monetary Fund--the nations which now hold all the power must share this with other countries, whether financially strong or not.

[Question] Couldn't the monetary system be improved before reforming the IMF?

[Answer] The seven largest monetary powers in the world, which are--is this coincidental?--the seven major industrial powers, must agree to the gradual reabsorption of this floating mass of "counterfeit money." The United States is powerful enough to refuse. It thus falls upon the six other countries meeting in Ottawa--although Japan seems hardly favorable--to take measures to stop the proliferation of floating capital. Currency belongs to the world of symbols. Even if, in the beginning, we just nibbled away $50 billion of this unclaimed mass, it would cause a shock. There have been eight major monetary conferences in the last 7 years! Not once did the major nations dare to shoulder their real responsibilities. Even if the final communique from Ottawa just alluded to this, it would be a big step forward.

9720
CSO: 3100/861

ECONOMIC COUNCIL: EIGHT PROPOSALS FOR FRANCE

Paris LE MATIN in French 4-5 Jul 81 p 5

[Text] In his report to the Assembly, Jacques Meraud emphasized a concerted European resurgence.

How can the French economy be pulled out of the doldrums? At the lowest point in the crisis, and at the moment that the government's experts recognize that growth will not exceed .5 percent this year, the report that will be made next week by the Economic and Social Council contains some interesting proposals.

Representing the section on general economic problems and trade prospects, Jacques Meraud first suggests attenuating the shock which the brutal rise in interest rates inflicts on the treasuries of business enterprises. In this regard, he proposes activating, as soon as possible, the process leading to the discarding of the rule allowing a one-month lag in value-added tax matters. This measure is obviously not in step with the number one priority of the moment: unemployment. From this point of view, the Council emphasizes that the reduction and management of work time can be regarded neither as something to be feared nor as a panacea. There is only one thing to worry about: avoid a rise in production costs which would bring about an excessive rise in French selling prices and, as a result, a lessening of competitiveness which would in time rebound to the detriment of employment and the standard of living of the workers themselves. The Council therefore recommends, concurrently with the reduction of working time, a better utilization of plant and equipment. This calls for step by step solutions, contracturally worked out according to the division and the business involved.

In this connection, part-time work is considered a good way to rectify the errors of too general or uniform a reduction of working time.

At the moment that the idea of two million unemployed in the fall is unfortunately gaining some credibility, the reduction of work time appears to be only a partial solution. What is required, writes Jacques Meraud in his draft report, is to fan the flames of growth. However, it is imperative that this invigorated expansion not run into "bottlenecks."

One such bottleneck comes from the imbalance of supply and demand in employment. The Council therefore suggests linking unemployment compensation and training activities as much as possible. But it also advocates greater geographic mobility, which

should be encouraged by "easy payment terms for housing." The report likewise contains recommendations intended to "clear away the obstacles to hiring which may result from legislation," as well as the examination of possible ways to transfer certain social costs.

The fourth proposal is to support interior demand by a larger and acknowledged budget deficit. This is, incidentally, what the public authorities want. But be careful! Granted that a deficit, financed by monetary methods, may be advisable in a recession period, it must stay within certain limits. And it "must stop being covered by monetary means as soon as a true business recovery gets underway."

Increasing the buying power of the lowest wages (in the context of "controlling price and profit trends") and stimulating investment (by strongly encouraging savings and selective support measures) are remedies which are too "standard" to waste any time on. It would be much better to insist on the idea of a "concerted" European resurgence, with the emphasis on an organized reaction against excessive competition... or the discreet protectionism of certain countries and on seeking an agreement to recycle "petrodollars" with the United States. In the context of the interest rate war that we have been experiencing for the last 6 months, and in view of the aggressiveness of the Japanese for whom the Western countries have been footing the bill for 2 years, this last suggestion is one of the most interesting.

9816
CSO: 3100/841

EEC ACCESSION, STATUS OF BANKS DISCUSSED

Athens EPIKAIRA in Greek 9-15 Jul 81 p 19

/Article by Ap. Strongylis: "The Lifting of Barriers in Inter-Banking Competition"/

/Text/ In a statement it filed with EEC, the government said that the Agricultural Bank of Greece /ATE/ and the National Land Bank /EKTE/ will maintain their present status until 1982. Therefore, these two banks will not be subject to the EEC 780/77 directive which lifts all barriers in inter-banking competition thus allowing no bank to have special privileges. In other words, all banks should grant agricultural and housing credits and not just a few such as ATE and EKTE.

The coordination minister explained that the government's intention is a) to extend "the right to grant agricultural and housing loans" to all banks, and b) to expand ATE's activities to more sectors. However, since the plan to reform ATE with the participation of cooperatives is still under study as is also the extension of granting housing credits, the government asked that the aforementioned two banks be exempted from the EEC directive.

The opposition parties (PASOK, Party of Democratic Socialism, etc.) and the trade union of bank employees had asked for such statement to be filed with EEC (something Greece had the right to do until 30 June) so that the Greek banking system could have fuller protection. According to EEC regulations Greece had the right to ask by 30 June (unilaterally) a 12-year government control over the establishment of /foreign/ banks or bank branches in Greece "in order" (as I. Pesmazoglou said in a statement) "to safeguard the Greek character of the banking system and the period, the necessary period, for transition."

Besides the request for exemption of ATE and EKTE from the EEC directive, a provision was made (at the time of accession) for a 5 to 8-year transitional adjustment of five credit institutions: ETVA, Savings and Loan Fund, Mortgage Bank, Greek Exports Corp. and the Post Office Savings Bank.

These exceptions, however, are not considered satisfactory and in a public statement, major opposition leader Papandreou asked the government to make use of the EEC 780/77 directive and to announce in Brussels the implementation of exceptions in the establishment of foreign banks /in Greece/ thus extending government control /over them/. This was not done.

"Open Door" Policy

In the opinion of the minister of coordination, the threat of invasion by foreign banks--which directive 780/77 is ostensibly facilitating--is groundless and the fuss around it unnecessary because no Greek bank is threatened by foreign banks. For years now, the government has followed the "open door" policy as concerns the establishment of foreign banks and considers their presence advantageous because they place at the disposal of the economy abundant financing resources and strengthen competition. One could counter such views with the following:

1. The "open door" policy must have its limits. The presence of foreign banks is one thing, but it is another thing to turn down the possibility of continuing (for as long as the EEC regulations allow) the government controls as other strong and big countries still do.

2. The foreign banks in Greece do not bring "abundant capital (on the contrary, sometimes they do not bring even the anticipated capital). They undertake only selective transactions and allow the Greek banks the time consuming services while refusing to accept Greek depositors with limited possibilities.

3. Their branches increase disproportionately (compared to big countries) and are already controlling a percentage of deposits (and of credits, therefore) 0 times greater than in other countries such as in France.

Pesmazoglou observes that "the modernization of banking methods and the improvement of banking services should and must be achieved in our country. The solution, however, is not in the uncontrolled foreign competition but in the reorganization of the banking institutions with the participation of the bank employees within a reasonable transitional period."

To be frank, however, it is not permissible to safeguard interests by "national control" at the expense of clients of Greek banks. Correctly has the Currency Committee ruled recently that for special time deposits the interest rates should be agreed upon freely between the banks and the depositors provided such rates are no lower than 16 percent and no greater than 20 percent. The Union of Greek Banks, however, has issued a statement informing the public about the extant interest rates for special time deposits. Thus:

a. For a deposit of 500,000 drachmas the depositor will receive 80,000 drachmas annually (16 percent interest rate).

b. For a deposit of 1 million drachmas he will receive 80,000 drachmas for the first 500,000 drachmas and 85,000 drachmas more for the remaining 50,000 drachmas.

c. For a deposit of 3 million drachmas he will receive 80,000 for the first 500,000 drachmas, 85,000 for the other 500,000 drachmas and 380,000 for the remainder 2 million drachmas (19 percent on the 2 million).

d. For a deposit greater than 3 million drachmas the interest rate (for amounts over 3 million) is 20 percent /in addition to 80,000+85,000+380,000 drachmas/.

In other words, the interests to be paid depend on an agreement between the banks within the 16-20 percent framework instead of free negotiations between bank and client. Our banks should not complain if the foreign banks offer a more favorable interest rate (always within the 16-20 percent framework) in order to win them over. Protection does not mean /bank/ "trust formation."

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CSO: 4621/45

WORK ON ATHENS SUBWAY EXTENSION BEGINS

Athens I VRADYNI in Greek 9 Jul 81 p 6

/Text/ The Athens Metro /subway/ project was inaugurated this morning as work started on the construction of three pilot tunnels for the Sepolia-Daphne B line (high priority). The excavations began simultaneously at three points: the Zappeion area, the intersection of Vas. Olgas and Vas. Amalias Streets near Fix /plant/ at the Strogonov and Kallirois Streets and at Sepolia at the Pancurgia and Avlonos Streets. Already the Metro authorities in cooperation with the Athens Traffic Bureau and SEKNA /expansion unknown/ have taken all steps to reduce to the minimum the traffic inconveniences and difficulties which inevitably will arise during the excavations for the tunnels. Thus:

a. The excavations will be done only on weekends when traffic is light.

b. No traffic lanes will be closed but the drivers will be advised by traffic police and by radio of detour streets for their convenience. The media will inform the public continuously as long as the work on the project lasts.

c. The traffic signs and lights are being relocated at the three points.

d. Special signs are being put up for alternate pedestrian walkways.

These traffic arrangements are made mainly in the Zappeion area where the daily traffic is heaviest (90,000 cars).

/Minister/ Panagiotopoulos

On the occasion of the project's inauguration, a press conference was held at the Athens-Piraeus Electric Railways /ISAP/ headquarters. Present were Communications Minister G. Panagiotopoulos, Metro Director N. Damas, ISAP Administrative Council K. Gounaris and representatives of the Athens Traffic Division. Speaking on the project's importance Panagiotopoulos pointed out that the construction of the pilot tunnels will provide information about the Athens subsoil and constitutes the first step toward Metro's completion. He also said that:

a. The Metro Service has received from a French consortium the feasibility study for line B and soon will receive the one for the Aegaleo-Geraka line A.

b. Within 1982 the public utilities' network will be relocated wherever necessary along line B thus facilitating construction. Also certain expropriations will be made.

c. Construction of (civil engineering) projects for line B will start in 1983 and are expected to be completed by the end of 1985 when the line will have its trial runs.

Time Delays

The minister pointed out that the project is immense and despite the difficulties encountered during the process of finalizing the plans the announced timetable is maintained with small delays. With regard to these delays on which a section of the press commented widely, Damas pointed out that there was a delay of about 25 months which, however, proved profitable since it led to the qualitative as well as to the financial aspect of the project by about 2 billion drachmas. Specifically, the feasibility study for line B was assigned to the French experts on 23 August 1977 with a 24-month deadline for its delivery and finalization. But the decision to extend the line by about 10 kilometers (from 18 to 28) taken in the meantime at a meeting chaired by the then Premier Karamanlis created new time consuming delays. Also much time was lost in the efforts to find an alternate solution to certain construction problems as well as for the comprehensive examination of the whole feasibility study which caused a delay of 26 months. It should be pointed out, moreover, that all this work was done while the Metro Service was not sufficiently manned and had inherent difficulties.

Line B

When it starts operating early in 1986 the line will accommodate about 20,000 passengers at peak hours. Along its length will be 12 stations at distances of 594 to 1,032 meters apart. The stations will be at these points: Sepolia, Attiki (with connection to ISAP), Larisa, Deligianni, Omonoia (with connection to ISAP), Akadimia, Syndagma (connection with line A), Olympeion, N. Kosmos, Analatos, Agios Ioannis, Dafni. The stations will be attractive. A fashionable shopping center is planned at the Syndagma station and an upper level for the Akadimia station with boutiques, etc.

Line B will be served by 16 trains each with 6 cars. The trains will be arriving at the stations every 3 mintues. The length of each car will be 17.3 meters, the width 2.6 and the height 2.47 meters. Each will have 32 to 40 seats and standing space for 130 to 132 persons and for 182 to 185 persons at full capacity. The cars will have 4 doors on each side and the speed of the train will be about 30 kilometers per hour. The tunnels will be horseshoe shapped or frame-arched. They will have a double rail line and will be 5.4 meters high.

The total length of the line including the underground sections will be 10,119 meters. The line for passenger use will be 8,689 meters long. It should be noted that 68 percent of the line will be underground and the rest above ground (corresponding cost 81 percent). It is expected that the total cost of line B (in 1980 prices) will be 24.1 billion drachmas while the whole Metro project will cost about 52 billion drachmas.

French Experts

Referring to reports that the French experts are "leaving displeased," Damas said that the French assumed only the feasibility study and not the construction of the project which was assumed by the Metro Service itself. The Metro Service is responsible for assigning the construction of sections of the project to Greek companies which have expertise in this type of work (this category includes the works of civil engineering which represent 55 percent of the total cost). Foreign experts will be asked to assist in the construction of the remaining Metro work. Through this procedure the country saves foreign exchange, gains experience, there is greater added value, etc.

Already 20 of the largest study-preparing firms in the world have submitted detailed data. Among them are the French Consortium and the firms SGTE and SOGELERG. At this time the Metro Service is busy trying to select the strategy for the construction of the project if, that is, the construction of Metro should be assigned to many contractors or to one contractor taking into consideration the advantages and disadvantages each solution presents.

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CSO: 4621/47

'I KATHIMERINI' ANALYZES STATE OF ECONOMY

Athens I KATHIMERINI in Greek 19-20 Jul 81 p 9

/Text/ The effort to reactivate the Greek economy conflicts with the fear that this may intensify again the inflationary pressures. This fear about undesirable consequences does not derive from the possibility that the purchasing power of the wide public will improve to such a degree that it will cause a disequilibrium between supply and demand, leading to higher prices. It derives from the fact that the public sector of the economy with its excessive deficits does not have much room to finance the economy with the liquidity needed for the successful reactivation /of the economy/. In this manner, the realization of the plan from improving economic activity remains without result because the sums devoted to this purpose are very limited.

Construction is one illustration. This traditional "locomotive" of the Greek economic activity, with its cumulative effect on many other sectors, has stopped "moving." The continuing slowdown in housing construction (except for the construction of "unauthorized" bungalows in summer resorts, which continues without respite) was a natural consequence of the distance between the median income of those who need housing and the sum usually needed for the purchase of an average apartment. The savings allowed by this median income are entirely insufficient. If the policy to encourage construction cannot cover the deficit between the available savings and the price of housing, the construction of apartments is unthinkable since they will not find buyers! But the sums approved by the monetary authorities to cover this gap were small. Understandably the construction slump continues.

But if the substantial increase of credits in the construction sector is considered so dangerous how can the goal of "reactivation" be achieved? Especially when--and this is not inspired by any ulterior motives or spirit of opposition--businessmen refuse to make use even of interest-free funds promised by the recent law on investment incentives because they are at a loss as to what is profitable and what is not under the current economic and political conditions. And what is the practical real meaning of a slowdown in the inflation rate when this is not accompanied by a rise in the country's productive activity?

It is obvious that the economy is "at an impasse." Its release /from this condition/, whatever the point of departure for the solution of the problem, requires removal or at least relaxation of domestic obstacles. The most

important of these obstacles is precisely the voluminous deficit in the public sector of the economy.

It is necessary to make at this point a clarification. The deficit in the management of the public sector (state budget, public investments, operation of public enterprises, etc.) is different from the volume of the public sector as a percentage of the total national product. In the same way the proportional expansion of public consumption and the ability to cover this consumption with healthy revenues is a development with different consequences.

Between 1961 and 1980, available data from the Bank of International Settlements reveal that public consumption in various countries--with the exception of the United States--increased by 40 percent (West Germany) to 100 percent (Sweden). The expenditures reached the point of representing from 13.9 percent of the domestic product to 20.3 percent in West Germany, and from 15.9 percent to 29.7 in Sweden. In most cases, the deficit increased side by side with the rise in public consumption (which includes social programs). The only exception was Switzerland where the surplus was increased. However, nowhere, except in the case of Italy where the related percentage was 7.9 percent in 1980, did the deficit reach unacceptable levels in relation to the national product--that is, at levels which transform the management of the public sector into the main source of inflationary developments.

In Greece the deficit from public consumption [public expenditures] is estimated to reach this year 180 billion drachmas, i.e., approximately 10 percent of the domestic product. This is the highest percentage among virtually all European countries. Its restraining effect on any effort to further increase the money supply to finance economic activity is obvious. But this means an obstacle to any effort to reactivate domestic production.

It is self-evident that any policy of "renewal" must begin from this point. That is, from a reduction of the deficit between expenditures and revenues of the public sector in the exercise of its administrative, investment and social mission. Unless this is accomplished we must forget any hopes to end the economic recession with other means, traditional or "modern." And, more important, that we will be able to close the escape routes for those colossal sums which leave no positive trace to the benefit of the economy.

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CSO: 4621/51

DRAFT LAW TO SAVE FAILING INDUSTRIES

Athens TO VIMA in Greek 18 Jul 81 p 1

/Text/ A cover report accompanying the text of a draft law the Ministry of Commerce has prepared reveals that many large enterprises (corporations) are in danger of losing their charter of incorporation because in essence they show very large liabilities and that companies listed in the Stock Exchange are also in danger of being crossed off /the Exchange Board/ since they are unable to increase their capital to at least 50 million drachmas as law 876/79 requires.

The draft law will make it possible for the enterprises in danger of losing their charter to ask for an appraisal of their true assets in order to establish their (net) status in the event their capital, less their outstanding liabilities, has dropped to less than one tenth of their capital.

Exactly because law 2190/20 on incorporations provides for the recall of the charter of a company whose capital (less liabilities) drops to less than one tenth of its capital, the Ministry of Commerce is seeking to amend, through the draft law it prepared, the relevant provision of law 2190 in order to save "a great number of viable enterprises" from losing their charters of incorporation.

The draft law provides also for the opportunity to corporations which have already lost their charters for the aforementioned reason to request a repeal of the relevant decisions and a reappraisal of their real assets.

Finally, the draft law extends to 30 June 1982 the deadline for the companies listed in the Stock Exchange to increase their capital to at least 50 million drachmas. Under law 876/79 now in force such companies must increase their capital to at least 50 million dollars by 12 March 1981.

According to the cover report attached to the draft law which provides for the extension of the deadline, a number of companies listed in the Stock Market were unable to increase their capital "because of the present economic circumstances" and are now facing the danger of being crossed off the list--an action which "would be at the expense of the stockholders and would create an insecure climate in the capital market."

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CSO: 4621/51

ECONOMIST CILLOV DRAWS ATTENTION TO ECONOMY'S PROBLEMS

Istanbul TERCUMAN in Turkish 24 Jun 81 p 11

[Article by Dr Haluk Cillov: "Advantages and Disadvantages in the Economy"]

[Text] Although the principle of economic stabilization measures was introduced in January 1980, it is known that successful implementation came only after 12 September.

Controlling inflation, realizing the expected spurt in exports, reining in excessive wages, introducing a responsible agricultural products policy, all of these came about after that date. It may also be saud that the most important source of inflation was dried up by ensuring increased budget revenues with the changes made in the tax laws.

All of these are matters of which the distinguished prime minister spoke with justifiable pride at his last press conference. We do not hesitate to say that the general outlook of the economy at present inspires confidence.

However, we think it well also to point out that certain drawbacks persist which may lead to important disadvantages.

1. The SEE's [State Economic Enterprises] still do not have a sound structure. True, we know it is not easy to eliminate suddenly this hump on the back of the economy. However, the recent Monopoly price hikes made it clear that these enterprises are not free of the tradition of operating at high cost in the goods and services they produce.

True, it was announced that a "housing fund" would be set up with the revenues which these increases bring to the Treasury. It had been said several years ago that the same sort of increase on Monopoly goods would be the source for efforts to create an "earthquake fund." As we do not know the outcome of this fund, we are afraid that the additional 237 billion liras which the Treasury will get from the recent increases will again be used to close the budget deficit.

In short, certain of the SEE's have to be put on a level of operation under productive management principles and stop being a surplus "manpower depot." Even though we understand that it is riskier to cover SEE losses through deficit financing, we would still like it to be known that the citizen does not welcome being subjected to such high price hikes and having resources poured steadily into the public sector at a time when he has become more or less accustomed to price stability.

We think it well [to say] from this standpoint that the authorities should act very carefully in this regard and that the state, with its revenues growing, should also exert some effort to cut spending.

2. Although the public enterprises always cover their losses by raising prices, it cannot be said that the private sector has this same convenience. In fact, it may come to mind that these establishments ought to sacrifice some of the high profits to which they are accustomed. And this is happening in the order of open competition which has been introduced. However, it is said that some enterprises have heavy personnel expenses today and are having to pay salaries to people for whom they have no work.

Unemployment is certainly not a desirable state of affairs. And there is wisdom in taking measures to prevent it. In fact, it must not be forgotten that paying workers who have no work to do at the enterprises both raises costs and creates bad morale among those who do work. From this standpoint, thought must be given to the regulation of labor discipline according to specific criteria and current conditions.

3. It is a fact that our exports are increasing. But as we said before, this is an artificial development realized with great difficulty. Not only have existing export formalities not been adequately cut back, but new, totally unnecessary ones are being added (such as expressing export values in Turkish liras when foreign exchange rates are changing every day!).

Furthermore, it should be known that "export mobilization" calls for participation of the public establishments also. In fact, the efforts of the esteemed minister of trade in this direction cannot be denied. But this is not enough. The state establishments have always been used to adding a surcharge to the products they sell at home, and it would be desired that they get used to a little foreign competition themselves.

In short, it is true that the Turkish economy is improving. However, the pride and confidence which this duly inspires should not crowd out the need to pay attention to certain facts and get to work on them. Indeed, this is all one could ask.

8349
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FINANCIER ESTIMATES HIGH INTEREST RATES TO CONTINUE

Istanbul MILLIYET in Turkish 26 Jun 81 p 11

[Comments by Omer Goren, director of a new financial service company]

[Text] ECONOMIC SERVICE--With the "interest war" between banks and brokers and among brokers themselves in full swing, Omer Goren, director general of "Borsas Stocks and Bonds, Brokerage and Financial Investments Corporation," said, "The interest war shows that the demand for money continues and that finding money is still an important problem for all sectors." Omer Goren expressed his views on the "interest war" as follows:

Cause of Interest War

"The Turkish economy has not yet caught up with full capacity and full employment. In my opinion, all that has been done is to put a brake on inflation by repressive monetary and tax policy. To prevent inflation by restricting the money which the market desperately needs or changing its direction and by this policy alone will not reduce the demand for money, but on the contrary cause it to rise. This, however, expresses the need for savings. Indeed, this situation in the economy brings serious premiums to savers and this is where rising interest rates make a contribution to the people.

Anyone who obtains credit has to figure carefully the cost mix within net assets or capital.

The average cost of credit is as important to the person who obtains credit as how much money he has. Therefore, it is impossible for industrialists to conduct business with bank or broker credits alone. But the industrialist demands bank or broker credits in addition to the other cheap domestic and foreign credits which the state provides along with his own net capital. And this brings down the average cost of the credit which we offer and a large portion of which we pass on to the saver."

How Long Will This Interest Level Last?

Omer Goren was asked, "How much longer can the present level of interest be maintained?" He replied, "Inflation cannot be fought with monetary and tax policy alone, and these interest rates will continue until policies to increase production begin to operate," expressing his views as follows:

"Inflation cannot be fought with monetary and tax policy alone, and these interest rates will continue until policies to increase production begin to operate. Inflation is not the economy's only problem. Inflation was the primary problem of the 1970's. The 1980's are pregnant with production and employment problems. Less developed economies which need growth cannot be overly protected from inflation. Monetary and tax policies applied in this area progress along a known course to depress production and employment, and eventually inflation rises again, this time because of inadequate production. This fact, combined with unemployment, will make the solution even more costly."

What Kind of Insurance for Investors

In response to the question: "How can the investments of savings holders be safeguarded?" Borsas Director General Omer Goren gave the following answer:

"The trend to invest money or use savings will gradually require social awareness.

"In my opinion, the best security is for the society to become aware of the value of money and saving.

"The best security for the saver is still himself and his ability to choose.

"Everyone in the country now has to be knowledgeable to make the best choices.

"And this is the best security for the saver anywhere in the world."

In connection with the growing controversy among brokers lately, Omer Goren said, "Competition between brokers is an essential result of the capitalist regime; it is natural and even good. Any event which shows that competition is alive in this system strengthens the system. Brokers are the heartline of this system. They should be able to work well and in balance."

Omer Goren gave the following information on Borsas, which he heads:

"Borsas is a model in its own sector. Borsas has kept its investment options open in order to serve the saver most broadly. Bonds, certificates of deposit, common portfolio shares and money bonds are its major investment groups. There are 12 options in bond investment varying between 35 percent and 53 percent depending on the terms and payment periods (monthly, 3 months, 6 months). Yield rates on certificates of deposit are as follows:

"Paid at maturity:

"6 months, 45 percent (annual net); 12 months, 50 percent (annual net); 24 months, 55 percent (annual net)

"Paid monthly:

"6 months, 42 percent (annual net); 12 months, 43.5 percent (annual net); 24 months, 50 percent (annual net)

"Original class 2 common portfolio shares give Borsas the option of an investment which earns an annual gross rate of 67.2 percent (50.4 percent net) paid monthly and even more at maturity. Also, a new system of non-term bond investment improves earnings and convenience for the saver with money bonds which earn a net annual yield of 36.5 percent."

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CONTINUED UNEMPLOYMENT FORECAST FOR NEXT 3-4 YEARS

Istanbul TERCUMAN in Turkish 20 Jun 81 p 9

[Text] ANKARA BUREAU--Despite steadily rising unemployment in Turkey, the employment problem will reportedly be with us for some time to come and we will have to "brave the difficulties" under these conditions.

According to information provided by SPO [State Planning Organization] authorities, the artificial demand created on the market in recent years has dropped somewhat as a result of the economic stabilization measures. Noting that employment could be opened up only by increased demand and stepped-up investment, the authorities felt that "the slump would continue for the moment in order to avoid sending inflation up and printing excessive amounts of money."

The SPO authorities said that the money squeeze in Turkey was caused by inadequate development of the capital market and that "in this situation, foreign capital is an essential resource for Turkey. But it is necessary to evaluate the conditions here carefully."

As for attracting foreign capital to Turkey to break the recession, the authorities said:

"Foreign capital will come to Turkey for two reasons: one is to use the domestic market and the other is to be able to export to foreign markets.

"The most important point here, however, is that foreign capital demands stability from Turkey. By stability, we mean both political and economic stability.

"The most important point here, however, is that foreign capital demands stability from Turkey. By stability, we mean both political and economic stability.

"For economic stability, it is necessary to avoid artificial money supplies and artificial printing of money, unnecessary money supplies. In this case, the growth rate will be held at around 3 percent, price and wage increases will be restrained, the excessive dipping into Central Bank funds will be avoided.

"One result of this stabilization policy will be that Turkey will have an employment problem for some time yet and, in order to end up with a healthy situation and resolve the problem at the roots, will have to bear up under it for 3 or 4 more years."

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EXPORTS SEEN AS SOLUTION TO UNEMPLOYMENT

Istanbul TERCUMAN in Turkish 22 Jun 81 p 9

[Article by Nursun Alev]

[Text] Ankara--Industry and Technology Minister Sahap Kocatopcu, in a statement to TERCUMAN, evaluated the present status of the Turkish economy and explained the measures which have to be taken.

Kocatopcu stressed that the employment problem had begun to present a threat in recent years and said, "We have to reduce the burden created by an annual population growth in excess of 1 million." Kocatopcu said the following on this topic:

"Population growth must be taken up as an important problem in Turkey. All of our savings and even foreign capital have a hard job providing us investment capital. We have to reduce the burden created by an annual population growth in excess of 1 million. From that standpoint, population planning becomes just as important as investment policy. I would like to underscore that."

New Development Strategy

Kocatopcu noted that the "employment problem could be resolved by selecting branches of industry to produce export-quality goods at low cost, using a labor intensive principle" and said, "In the months ahead, our government will be taking up a new development strategy to deal with the employment problem."

Kocatopcu said that in order to solve the problem it was necessary to move ahead with large investments in infrastructure services which use large number of workers such as dams, highways and village electrification.

What Can Be Done With 24 January Decisions

The industry and technology minister commented on the rather significant success achieved in Turkey with the 24 January decisions and said, "Citizens realized that we had to prevent waste and start saving. Inflation was recognized as a controllable danger in the country and we learned to regulate the rate of inflation. We also decided that we had to turn to exportation because of the belt-tightening policy. These are important steps."

Kocatopcu pointed out that our exports had registered tremendous development in the last quarter and said, "The greatest spurt here came in industry. Numbers talk. What had been impossible began to be possible. We said, 'What do we have that we can export?' and it turned out that we had a lot."

Problems of Expensive Money Difficulties Despite Successes

Kocatopcu pointed out that there were now certain difficulties despite the successful results achieved and continued as follows:

"The measures produced a backlash in two areas. First is the restricted money supply and the slowdown in investments as no money was left for that purpose, and second is unemployment."

Problems of Expensive Money

As to the squeeze on our industrialists vis-a-vis high credit interest, Kocatopcu said:

"It is impossible to correct the high cost of money officially. Nothing can be done through this kind of pressure; it will be balanced through supply and demand. Interest rates have to fall as demand declines. Otherwise, if the large holdings accumulated by the banks are not invested, the banks will be hurting themselves."

Preferred Stocks

Kocatopcu said that "preferred stocks" should be created to eliminate the shortage of funds in industry and expressed the following views:

"There is too much attention being paid today to the banks, brokerages and even state bonds, while interest in the stock market is practically nil. Yet where interest in the stock market is high, that nation has a flourishing economy. We will develop this, but first the Turkish Trade Law has to be amended. Then it will be possible to issue preferred stocks with a guaranteed dividend of 20 percent to 25 percent, but industry will be able to increase net assets as the stockholder will not be influential in the general organization."

Status of SEE's

Kocatopcu said that the "SEE's [State Economic Enterprises] have to make minor adjustments on their own initiative to adapt to the market." "First we will implement a specific program for the SEE's. We have chosen the Turkish Petroleum Corporation as the pilot SEE. We will evaluate the results obtained in the pilot program here and adapt it to the other SEE's," he said.

EEC and Great Voyage

The industry and technology minister summed up as follows the private sector's desire for full EEC membership:

"I fully share the private sector's courageous and challenging views. In the long run, the great majority of Turkish industry will benefit from it, even finding greater development opportunities.

"It is impossible for us to turn back from this great voyage by worrying that a few companies will be endangered. This is where Turkey's future lies."

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PAPANDREOU INTERVIEW WITH 'I SIMERINI' ANALYZED

Nicosia I SIMERINI in Greek 26 Jun 81 p 3

[Interview with PASOK president Andreas Papandreou by I SIMERINI: "Mr Andreas Papandreou, Distances, Circumstances, Comparison of Forces and His Concern for Us"; date of interview not given]

> [Text] From the interview which PASOK president Andreas Papandreou granted to I SIMERINI, it appears that Cyprus should not expect many things from a possible change in government in Greece after the approaching parliamentary elections. It appears from this interview that Papandreou too is not facing the Cyprus situation with the seriousness required now that he finds himself in the opposition, and naturally there is nothing to guarantee us that the situation will change in case Papandreou will be the new prime minister of Greece.

The most typical answer of Mr Papandreou is, I think, what he replies to the following question of I SIMERINI:

"If Turkey attempts a new military attack in Cyprus and you are in power, will the distance between Greece and Cyprus continue to be as great as it has been in the past?"

Well Papandreou's answer to this question is not as explicit as it should have been but is essentially an evasion.

"As far as geography is concerned," Mr Papandreou relates in his answer, "it is true that the distance between Greece and Cyprus is greater than the distance between Turkey and Cyprus."

That the distance between Greece and Cyprus is greater than the distance between Turkey and Cyprus is indeed a fact which would be difficult to dispute. Since 1964 Mr Papandreou had certainly indicated this position in reference to Cyprus' distance from Greece and Turkey. When Turkish airplanes were bombing Cyprus in August 1964, Mr Papandreou, a minister at the time, kept maintaining that owing to distance Greece could not offer us any help.

"...It was technically impossible. Cyprus was far away from the Greek air bases and our airplanes would not have had more than a two-minute flight over Cyprus.

So we would have simply provoked Turkey into taking further action without our offering substantial assistance to the Cypriot land forces." (A. Papandreou, "Democracy at Gunpoint," p 136.)

Since August 1964 the distance between Cyprus and Greece has not diminished, and it will remain the same even after the parliamentary elections which Mr Papandreou hopes to win in order to take power as the new prime minister of Greece.

In his same answer to I SIMERINI's question, Mr Papandreou mentions the following as well:

"We will have to make it clear to Turkey that just as there is no question of our accepting what has been done, so there is no question of our remaining indifferent if Turkey uses its military forces again in order to extend its occupation on Cypriot soil. It is our position that we are obligated to protect the freedom and independence of Cyprus and to stand by our Greek brethren. /The manner in which we will express this, that we will not remain indifferent, will have to be determined according to the circumstances of that moment:/ [in boldface] the comparison of forces...." (The italics are mine.)

Thus in the case of a new Turkish military advance, "there is no question of our remaining indifferent, Mr Papandreou tells us, and "there is no question of our accepting a fait accompli."

The problem, however, is how to hinder the creation of a fait accompli, how to avert a new Turkish military advance. Because from the moment that this takes place, then the fact that Mr Papandreou will not remain indifferent does not help us much.

However what clearly allows Mr Papandreou's effort at /evasion/ [boldface] to be evident is what he says about the way in which he will manifest for us that "we will not remain indifferent." The way, he tells us, "will depend on the circumstances of that moment." And if the distance continues to be great and the circumstances unpropitious, then Mr Papandreou will convey to us that he is standing by to help.

The manner with which he will express his concern for us will also depend on the "comparison of forces." And if Mr Papandreou judges that the comparison of forces does not favor us, then...what may happen! Our evil destiny is at fault, as Varnalis wrote.

So it is obvious that Mr Papandreou is preparing his alibis starting now: the distance, the comparison of forces, the prevailing circumstances. He forgets that we create circumstances, that how forces compare depends on our own efforts and that even distances do not always remain the same....

The only concrete thing that Mr Papandreou told us is that whatever happens to us we should not be anxious because "we will not remain indifferent." Mr Papandreou will not remain indifferent; he will always be thinking about us whether he is in piny Kastri or in the seat of power.

11587
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WEST BERLIN PARLIAMENT DEBATES BUILDING OCCUPATION BY YOUTHS

West Berlin DER TAGESSPIEGEL in German 26 Jun 81 p 1

[Article: "New Parliament Debated Building Occupations--Weizsaecker Defends Senat Policy Against Opposition Charges"]

> [Excerpt] Remaining an object of dispute between the CDU minority Senat and the opposition is the interpretation of the "Berlin policy" toward occupiers of buildings. In the first debate by the new Chamber of Deputies on the subject of clearing occupied buildings, the CDU and SPD each accused the other of a "labeling dodge" between word and deed.
>
> The Senat stressed in a debate called for by the SPD that, in accordance with the guidelines, occupied buildings would continue to be cleared once the conditions had been fulfilled. SPD spokesmen countered by charging the Senat with applying the criteria only in a formal manner and with disregarding the crucial substantive aim of the guidelines developed by the previous socialist/liberal Senat, that aim being integration and a settlement of the situation.

SPD and FDP spokesmen appealed forcefully to the CDU Senat to continue the usufruct agreements for the occupied buildings entered into by the previous socialist/liberal coalition, since only this would assure a peaceful settlement. Neither Senat nor CDU representatives would comment specifically on this issue in the parliamentary debate. Governing Mayor von Weizsaecker spoke only in general terms about usufruct policies that were planned. In contrast, yesterday in an interview in the Berlin CDU organ BERLINER RUNDSCHAU, CDU parliamentary group leader Diepgen ruled out usufruct agreements for occupied buildings with those occupying them.

Weizsaecker reemphasized during the debate that the Senat, for reasons of "accountability," would do what it had said it would. He did not want to pursue a policy of confrontation, said Weizsaecker, but once conditions such as the formal legal suit and the usufruct plan had been fulfilled, eviction measures would be instituted. He said that he, too, was concerned about integration, but that this applied to all Berlin's citizens as a whole. He noted that there was presently "dissension in the city" that had to be eliminated.

Both Weizsaecker and Interior Senator Lummer reiterated the Senat's willingness to talk with all those with an interest in the matter. Lummer said there had been

"absolutely no change" in the "quality of searches and evictions." And both practices had existed before, under the Vogel/Brunner Senat. The new Senat was to that extent "basically" continuing the principal features of the policy developed earlier. "We're going by what we were told," said the interior senator, who is responsible for the police.

If the "Berlin policy" is now to be interpreted "totally differently," said CDU building expert Simon, "we neither can nor want to go along." Though the preceding Senat had always listed the same criteria, it had not applied them.

The debate was brought on by the eviction on Monday of the occupiers of a building at 45 Mittenwalder Strasse in Kreuzberg; the owner had filed suit months ago, and requirements for the immediate start of renovation had been met. Major streetfighting had resulted from this eviction operation and another at a building in Zehlendorf.

Vogel's Charges

SPD Parliamentary Group Chairman and former governing mayor Vogel charged the Senat with having cleared the building on Mittenwalder Strasse even though there had been no legal obligation to do so. The Senat had thus accepted the fact that it would again come to the "wrong solidarity" between the violent militant element and the young squatters who were acting out of morally understandable protest. Vogel said the Senat had "needlessly" chosen a course that could lead to further confrontation. His Senat's "Berlin policy," Vogel pointed out, had not been "a checklist"of criteria; it had been an attempt "to make a peaceful transition" from building occupations to legally regulated conditions.

In the hard-fought but objectively and calmly conducted debate, Kreuzberg SPD Deputy Momper noted that the Berlin policy had "never been a formal principle, but an extremely substantive one." According to Momper, the aim of the guidelines was to gain some "leeway for political solutions," so as to be able to deal with the protests of the young people in discussions with them. In the interest of all parties, it had been a matter of restoring a "just peace for the long term" and of persuading the youthful protesters that the thing to do was to observe the laws of the state. By contrast, said Momper, the eviction actions of recent days were cause for deep concern.

Brunner's Appeal to the Senat

Speaking for the FDP, former mayor Brunner made an urgent appeal to the Senat to keep the dialogue going with the squatters. He said we must "not" withdraw "into the casemate of formal law." For the sake of social peace, the talks must not be permitted to break down.

AL Charges Lummer with Organized Attacks

AL [Alternative List party] Deputy Rabatsch charged that Interior Senator Lummer was responsible for organized attacks on fleeing demonstrators. He said the dominant mood among the police was a "special intensity of criminal energy," and that with this policy the Senat was heading toward a "conscious confrontation." Lummer was described as not the senator who could reconcile the differing interests. FDP Deputy

Kunze, as well as Vogel, asked the CDU how it stood on the usufruct agreements covering occupied buildings. No response was forthcoming.

Commenting further, Lummer and Simon pointed out that it was the SPD, not the CDU, that was to blame for the root of the whole problem — the housing policy mess. Lummer stressed that the new Senat had inherited the fact of 10,000 empty apartments from its predecessors; a solution to the housing problem was therefore ultimately crucial to the issue of building occupations.

All Parliamentary Groups Oppose 'Luxury Renovation'

In the course of further debate, all parliamentary groups rejected the "luxury renovation" planned for the building on Mittenwalder Strasse. Building Senator Rastemborski remarked that he thought the decision to furnish public funds for this was "wrong." Support for restoration to the conditions of a new building would have "unacceptable consequences" for the public treasury. He said that in the future he would pursue a "moderate modernization policy" acceptable to the public. In this specific case, however, it was no longer possible to effect a change because the previous Senat had already legally approved an order for the renovation project. According to Rastemborski, revocation of this approval would result in a claim for damages amounting to between DM 500,000 and DM 1 million and years of litigation during which the building would be unavailable for use.

Rent: DM 4.95 — Rental Costs: DM 21.88

As the building senator said, the probable future rent will be DM 4.95 per square meter, still below public housing rates. The tenants have thus far been paying DM 2.50 per square meter. Rental costs will run around DM 21.88, which will then be subsidized down to the level of the rent to be charged. This was the Alternative List party's reason for charging the Senat with the "unrestrained protection of private profit interests."

AL Deputy Rabatsch said that the "criminal speculation" with housing space was being supported at taxpayer expense, that the "machinations of speculators" were certain of support from the CDU Senat.

SPD Deputy Momper remarked that these eviction actions do not serve home ownership, but only those with opportunities for tax write-offs by virtue of their high incomes.

AL Calls for Amnesty

For formal and substantive reasons, the three other parliamentary groups in the Chamber of Deputies have rejected an amnesty law put forward by the Alternative List party; the law would grant amnesty to those arrested in connection with building occupations and demonstrations.

In the first reading of the bill yesterday, spokesmen from the CDU, SPD and FDP agreed that the Land legislature had no jurisdiction over this type of amnesty. This was solely within the purview of the Bundestag. Referring to a constitutional opinion on minorities, the AL rejected this view, saying that the Berlin legislature

was well within its rights to decide this. The bill was referred to committee for further study.

Speaking in defense of the bill, AL deputy Kantemir said that the squatters had merely made use of their constitutional right to shelter, since low-cost housing had been systematically destroyed. The demonstrators had not used force blindly in the so-called demonstrations. Moreover, force was a "means of expression," not an end in itself. The law had been interpreted to the disadvantage of the weak. No court would send to prison those responsible for the generally acknowledged abuses in the housing sector, said Frau Kantmir.

Vogel and Scholz Agree

SPD parliamentary group leader Vogel, joined by Justice Senator Scholz, noted that legal arguments concerning the amnesty question would not suffice, that the whole issue was much more of a problem of social policy. To be sure, said Vogel, amnesty would "not be prudent" under present circumstances. Rather, greater use should be made of existing legal options such as dismissing cases or issuing suspended sentences.

AL Demanded Adjournment of Session

Police confrontations with demonstrators to keep them out of the restricted area around the Schoeneberg City Hall caused a brief procedural debate in the plenary session. The noise had penetrated the assembly hall. AL Deputy Rabatsch demanded that the session be adjourned "because the events in the street fill us with concern." Rabatsch talked about a "demonstrative show of force by the police" and called on the governing mayor and the interior senator "to intervene immediately to calm the situation." The motion for adjournment was unanimously rejected by the CDU, SPD and FDP.

CDU Deputy Landowsky called on the AL to respect law and order, saying that the AL had refused Parliament President Rebsch's request to keep the demonstration out of the restricted area. SPD opposition leader Vogel turned down Landowsky's appeals to the other parliamentary groups for solidarity, saying the SPD did not see the need. He rejected the idea of a debate on superficial AL reports regarding the confrontations with the police; he expected a full report from the Senat at the next regular session. FDP parliamentary group leader Vetter also rejected the motion, arguing that the members of the parliament could not let themselves be influenced in their work.

7458
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FDP RELIES LESS ON SCHMIDT, EQUIVOCATES ON NATO DECISION

Hamburg DER SPIEGEL in German 6 Jul 81 pp 83-84

[Text] The FDP is examining itself: In future the party leadership would like to place less reliance on the personality of Chancellor Schmidt and more on his party.

For months the FDP chairman, Hans-Dietrich Genscher, has made the Social Democrats uneasy with allusions to a possible end to the coalition--because the SPD is no longer capable of governing. For the present, Genscher is refraining from threats of this nature.

Warned by his friends in the party, the head of the liberals has recognized that a coalition with the Union cannot be pushed through at the moment. Genscher's new insight: "There is no conservative wave in the country." Until now the FDP chairman thought he would have to be prepared for the leap over to the CDU/CSU. For everywhere he observed with consternation the decline of the SPD:

The chancellor's authority in the SPD was shrinking visibly; the more than 30-year long rule of the socialists in Berlin came to an end, in Hessen prime minister Holger Boerner was in danger of losing the support of the rank and file for his policies. Above all, resistance in the SPD was spreading against increased defense spending, the kernel of government policy.

The FDP leader already saw the end of the social-liberal era approaching and kept his distance. Prudently he put the blame for the possible collapse on his partner -- in his eyes the morality of survival, in order to save his party from being sucked down.

His friends were able to get across to him only with great effort what damage, in their opinion, he was weaking by doing that. He thought he was protecting the liberals from harm, but he was jeopardizing the credibility of the FDP, about which it had otherwise been so particular.

The sermons had an effect. If Genscher had formerly often defended Helmut Schmidt against his own party with the argument that the coalition could only remain intact if the authority of the chancellor remained unchallenged, he is now going over to the side of the Social Democrats, who are keeping their distance from their chancellor.

Driven until now by the concern of not missing the right moment for a new coalition with the Union, the FDP leader is gradually reflecting whether there might not be sufficient support to replace the chancellor with a new one--from the ranks of the SPD.

It is already noticeable how the liberals are extolling the merits of Willy Brandt, in whom they formerly cited weak leadership, a lack of involvement, a certain unworldliness, even a little unreliability in national affairs, particularly concerning the NATO resolutions.

Recently they have been insisting that only the axis between Brandt and Genscher can preserve the coalition, once the relationship between the fraction leaders Herbert Wehner and Wolfgang Mischnick withered.

Genscher found the compromise on codetermination with the SPD leader in the final phase of negotiations on the coalition, and in May he formulated the Bundestag resolution on defense policy with him.

The liberals have already allocated the decisive part in the budget discussions in the fall to Brandt as well. One FDP chairman joked: "We just have to watch out that Schmidt doesn't get upset."

Genscher's change of heart has not come about by accident. Rather, the FDP leader recognized that the decline of SPD rule in the Laender will not continue inexorably, as he had first feared.

Genscher is also slowly realizing that he not only underestimated the attractive force of the peace movement for the Social Democrats and the Free Democrats, but also the fact of how little the liberals are prepared to cut themselves loose from the Social Democrats.

In Berlin, for example, the rank and file rebelled against their party leader's order to tolerate a CDU Senat for an unspecified period. The party congress at the end of May showed clearly that many Liberals are not lagging behind the Social Democrats in their skepticism about increased defense spending.

In the fraction session before last Genscher was again treated to a lesson in political philosophy. When Hildegard Hamm-Bruecher described the mood at the church congress in Hamburg as "a mixture of Poona and Khomeyni," fraction members on the right and the left showed their indignation at this evaluation.

Minister of Economics Otto Count Lambsdorff described his childrens' impressions and found the matter "extremely serious." Bundestag delegate Helga Schuchardt was upset about the "inconceivable ignorance" of her colleague.

Several Free Democrats constantly remind the chairman as well how difficult the situation will be for him if the United States is not ready soon to enter serious negotiations.

Increased defense spending, warns Frau Schuchardt, has always been sold to the liberals with the argument that only in this way would Russia be prepared to hold discussions on disarmament. "I can only warn the curious," says Frau Schuchardt, "if the Americans continue in this way, then our party will capsize."

The minister of foreign affairs has communicated this warning to his U.S. counterpart. If the FDP does not go along, he implied to Alexander Haig, the dual resolution could not be carried.

Although Genscher himself continues to defend the NATO line with unshaken conviction, he clearly sees the danger that the parties can defeat the NATO resolution. For doubts are growing even in the FDP leadership.

The peace movement is causing secretary general Guenter Verheugen, as he admits, "sleepless nights." He is worried that the question that concerns many people most deeply at the moment is simply being thrust aside by those in the government.

While Genscher has always questioned the ability of the SPD to govern, Verheugen sees the problem reversed. "Are the chancellor and his coalition still capable of governing?" he asks. The reason: "Helmut Schmidt certainly represents the preponderant majority of the populace, but not the majority in the ruling parties," is his analysis and he concludes: A highly dangerous slalom, a degree of justification is lacking."

Genscher had repeatedly castigated the SPD for its apparently insatiable yearning to return to the role of opposition party. Now his secretary general admits he would feel more comfortable in that position.

He is depressed that typical FDP topics like peace, constitutional statehood, the environment, development policies are left principally to the extraparliamentary opposition. Verheugen says: "I wish the FDP were the party articulating these concerns."

Like Verheugen, FDP Minister of the Interior Gerhard Baum doubts whether "both avenues are possible: for his party in the long term, "sitting in the government and acting as the opposition."

Leading liberals fear that Schmidt could reassure himself about supporting the NATO defense increase with the conviction that the majority of the population is more afraid of the Russians than of American rockets.

In this context some members are issuing a warning reminder of the fate of CDU chancellor Ludwig Erhard, who had to resign in 1966, just 1 year after he won the election. Verheugen comments acidly: "One person has already come to grief as a populist chancellor."

Just how far the chancellor has really estranged himself from his party, only the budget deliberations set for the fall will show. The liberals plan to help the SPD against Schmidt on this occasion.

In the spirit of self-examination they concede that during the negotiations about the coalition at the end of last year they succumbed to the temptation to ally themselves with the chancellor against the SPD. The consequence: Genscher took the blame intended for Schmidt, because the Social Democrats had pushed through too little of their social program.

Concerning the planned cuts in the budget, the reductions in social services are a point of contention between the FDP and the SPD. But there is no longer any talk that the coalition could founder on this reef.

Many liberals and social democrats share the concern that the social budget is to be drastically trimmed, but the defense budget is to receive a tremendous increase. According to Helga Schuchardt: "That cannot be negotiated with us."

That decisively weakens the position of Helmut Schmidt. If he accommodated to the resistance from his own ranks, trusting in his coalition partner, he is now losing one of his last sources of support, since the FDP is also keeping its distance.

The end of the Schmidt era? The liberals would prefer Schmidt to stay. However, they are demanding that he would have to settle his relationship with his own party by making some concessions to opponents within his own party.

At the moment, the period after Schmidt has little to attract the Free Democrats, since the candidate who is keeping himself in readiness for the succession, Hans-Jochen Vogel, "does not score particularly high marks for personal appeal in the FDP" (Verheugen).

Genscher is still bitter at the former Bonn minister of justice for how "stubbornly" he resisted rescinding some of the antiterrorist laws during the coalition discussions. He also holds him responsible for the dilemma of the Berlin FDP, because Vogel--contrary to the agreement--did not give the CDU Senat a "fair chance" (Genscher) and abandoned the FDP, which wanted to make common cause with the Berlin socialists.

In spite of everything, the entire FDP leadership has come to the realization that a switch over to the Union is impossible. Minister of the Interior Baum's judgment: "With them neither internal nor social peace can be preserved."

9581
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'ALTERNATIVE' SPOKESMEN VIEW PROGRAM, VIOLENCE

Hamburg DER SPIEGEL in German 27 Jul 81 pp 50-56

[Interview with Alternative List [AL] press spokesman Mathias Claus and AL Deputies Michael Wendt and Klaus-Jeurgen Schmidt by Axel Jeschke and Wolfgang Malanowski of DER SPIEGEL: "'We Will Not Leave Them in Peace.'"]

[Text] SPIEGEL: Your so-called "Sunday walk" through the Grunewald in Berlin, in which thousands demonstrated against 21 named real estate owners and agents, caused an unequivocal and unanimous reaction--"incitement," "terrorism against individuals," "psychoterrorism," "pillory," "pogrom."

AL: We think the reaction to the "Sunday walk" was out of proportion and, in that respect, surprising. Even comparisons with fascism were made. Surely we are anything but facists. And events do not justify the other analogies and imputations either.

Some 6,000 people staged a demonstration which on the whole was peaceful. It was intended to make clear the contrast between Berlin-Kreuzberg and miserable housing on the one hand and Berlin-Grunewald and fancy mansions on the other. The term "terrorism against individuals" therefore is a pure invention.

SPIEGEL: There is no question but that you excercised pressure on individuals with your demonstration. Precisely that was the new feature of the event, the new idea. And now you are surprised at the reaction, and also perturbed by its ex post facto?

AL: Certainly as far as the reaction is concerned.

SPIEGEL: Not as regards you own idea?

AL: As far as the reaction is concerned because (perhaps we are a bit too naive) it became quite clear that the attempt is now being made to place squatting in the proximity of terrorism and to criminalize it.

SPIEGEL: Patently you spread fear and terror among the 21 persons named in the demonstration leaflets and among their families.

AL: Fear and terror--that is an exaggeration. If those persons really were afraid, they could rely on the police. If you talk about fear and terror, you have to contrast it with what the residential construction companies and speculators have done to tenants. Here in Berlin we are familiar with the special method of tranferring old tenants.

No one gets excited about demonstrations in Kreuzberg, Neukoelln or Wedding when they proceed peacefully. But when there is a demonstration in the Grunewald, inhabited by other strata, there is a hue and cry as if there were mob rule. Just consider what happened: 23 windows were broken, and 20 of those belonged to the South African Consulate.

SPIEGEL: We are talking about 21 citizens having been pilloried for the first time.

AL: We concede the fact that these demonstrations were of a different quality. But none of that has anything to do with terrorism against individuals. It might perhaps be debatable whether it is a type of modern pillory. We wanted to point up the fact that these 21 persons living in the Grunewald exercise an influence on living conditions in the Kiez, in Kreuzberg, that those persons from their homey home environment in the Grunewald are exercising powerful disruptive influence. The idea was to contrast housing conditions on one side and the other in a very concrete way.

SPIEGEL: Did you enjoy this kind of demonstration? And are things to continue this way?

AL: We will discuss the experience we gathered through this demonstration and will also talk about other, new forms of action. We will make it crystal clear to the speculators and owners of buildings who are dealing in the most ignominious manner with the asset of residential space in Berlin that we will not leave them in peace, in whatever form.

SPIEGEL: We know that you do not give a hoot about the whole party establishment which after all, here in Berlin represents 90 percent of the electorate. But what do you say about the utterances of Pastor Heinrich Albertz, who fully understands "the impotent rage of young people against the idiocy of the official housing policy and against certain measures of government" but exhorts nevertheless: "Demonstrate freely and peacefully, but not with psychoterrorism against individuals."

AL: If a man like Albertz assesses the Grunewald demonstration that way, it means something different to us, of course, than if the Springer press bursts into tears. But Pastor Albertz certainly did not ask that the demonstration be canceled. He opposed psychoterrorism, and that is something we do not want either.

We did not want anymore of those real estate agents to put up barricades and perhaps even do some injury to himself. But we must try to establish in the future the connection between untoward social situations and the sins of individuals exploiting untoward political situations and making enormous profits from them.

SPIEGEL: In a letter to the leader of the AL deputies, Peter Finger, the leader of the SPD deputies in Berlin, Hans-Jochen Vogel, expressing "serious concern," draws a line between "phychological terrorism against individuals" and a "demonstration to take a stand on specific questions." On the one hand it is a question of your inveigling masses of people against certain citizens--in this case, speculators--and on the other hand it is a question of a demonstration for changing a situation legalizing speculation. Which do you want: a guerrilla war a la Grunewald or a form of democratic demonstration?

AL: Inherent in that question, of course, is an assessment of the Grunewald demonstration which we cannot support. We do not want any guerrilla warfare directed against individuals. We want to make things public and point out the disgraceful housing policy and residential housing speculation. And that we will also do in the future.

SPIEGEL: So far demonstrations have been directed against the government, against the legislator, against the political parties legalizing speculation. Now you are demonstrating against speculators strongly taking advantage of the legally created elbowroom--no more than that.

AL: In order to reveal the political scandal, one also has to point up the amount of money that can be made through speculation. And there it is not always enough merely to add columns of figures. If one wants to call a spade a spade, one has to name names sometimes.

SPIEGEL: In the Grunewald, as you say, only 23 windows were broken. Now if that does not have the effect you hope for, will we then see rocks thrown at speculators?

AL: Never if we have anything to say about it.

SPIEGEL: Your fellow Deputy Martin Jaenicke says, "I hate violence in any form." AL Deputy Rita Kantemir says, "Rocks can be arguments." Which actually holds true? What is the AL stand on violence?

AL: There does not exist the kind of contradiction which you apparently see between the statement by Jaenicke and that by Rita Kantemir. Rita Kantemir made her remark "Rocks can be arguments" in the context of justifying the amnesty law we submitted in the Chamber of Deputies.

She opposed the criminalization of young people who have thrown rocks at one time or another. She said rocks can be arguments, and that has become indisputable, because rocks had to be thrown in order that the miserable state of housing might be taken seriously at long last. In that respect, the unrest at the Kudamm and in the inner city have had some effect.

We did not invent violence; we found that it existed. We proceed from the premise that there in fact are conditions that are based on force. The fact that there exists a legitimate right to resist this was formulated in our program, which says that those affected must themselves decide about the form their resistance is to take.

SPIEGEL: The aim, the success, justifies the means? Until the positive aim does away with itself in that means are used which really are to be fought against?

AL: The question of violence must always be discussed from a concrete aspect. If Jaenicke says he hates violence, it is certainly true of the basic attitude of the majority of the population and also of the majority of AL members. But even if one hates violence, one must accept the fact that there exist violent conditions in society.

There are varying forms of resistance, on the other hand. In this city we have experienced very peaceful forms of resistance for more than 15 years--petitions, requests directed to indivudual politicians to change things for once. All that has led nowhere.

SPIEGEL: Do you mean to dismiss the fact that in the Federal Republic it is only the state that may legally use force? And as for the question of resistance, the statement of the SPD Press Service on the occasion of the anniversary of 20 July 1944 applies exactly: "Whoever juggles and bandies about such ideas devaluates resistance." And: "Whoever criticizes decisions of the state or the municipalities, whoever criticizes omissions and untoward states of affairs, is entitled to freedom of speech and entitled to demonstrate within the law and to press for changes; he is not entitled to offer resistance."

AL: Of course we too realize that the term "resistance" has powerful historical connotations, and we do not want any false analogies. If we talk about the right to resistance, we feel we are entitled to do so when laid-down law turns into social and political injustice, in line with the motto "When law turns into injustice, it is one's duty to offer resistance." If you assume, however, that we are bent on using force, you are mistaken.

We would have liked nothing better if, for example, the Senat or the Chamber of Deputies during the past session had said in response to our relevant requests: Okay, there will be no vacating of buildings until mid-September--a kind of "armistice." But evidently the Senat is not interested.

The leader of the CDU deputies, Eberhard Diepgen, told us in no uncertain terms that there would be no utilization contracts with the owners of buildings. However, a political solution of the squatters question will be possible only if there can be negotiations--negotiations conducted in such a way as to include the whole squatters movement. That movement rightly fears nothing worse than allowing itself to be split into good and bad squatters.

SPIEGEL: Therefore some groups negotiated with the former SPD senator for construction in secret in order to make it impossible for the news of reasonable agreement in an individual case to start spreading among other groups of squatters.

AL: That was the case in the initial phase, and in part talks also took place more openly. But it will be impossible to negotiate in such a way as to offer negotiated solutions for individual buildings in order thus to put other buildings under pressure. Such a concept will not work out.

SPIEGEL: Can you imagine serious talks between the whole squatters movement and the Berlin CDU Senat taking place?

AL: Of course the very fact that Mr von Weizsaecker appointed Mr Lummer senator for internal affairs was a signal that the Senat does not want any negotiations but confrontation.

SPIEGEL: You in turn tie the readiness of the squatters for negotiations to advance concessions by the other side which cannot be attained--amnesty, for instance.

AL: It looks that way.

SPIEGEL: In other words, you too persist in a position which blocks any overtures for negotiations a priori.

AL: Surely two persons wanting to negotiate with each other must first outline the framework of negotiations.

SPIEGEL: Does it fit into your framework, for example, that Neue Heimat has offered to conclude utilization contracts with the squatters at 40 and 42 Knobelsdorffstrasse in Charlottenburg, or do you reject this proposal because it might split the scene?

AL: It is certainly possible to use such partial offers for negotiating about the total question. It is certainly impossible (we too are realists to that extent) to negotiate with Neue Heimat about buildings owned by Gewobag. But it is also clear that one cannot negotiate about a couple of Neue Heimat buildings with a view to leaving all other buildings out in the cold. The squatters movement lives off its solidarity, and it cannot abandon it for the sake of a couple of buildings.

SPIEGEL: It will never be offered all of them at one time. Would you or would you not reject an individual offer out of hand?

AL: We would not. But partial solutions must be such as to constitute stages in attaining the overall goal--utilization of all occupied housing. In that case there is no objection whatever to such partial agreements.

SPIEGEL: But in fact there are various kinds of squatters. After all, searches have unearthed not only trowels and mortar but also caltrops and radio equipment. In other words, there are differences between one building and another.

AL: Certainly there are varying situations on the squatters scene. But let us make this, albeit limping, comparison. In some enterprises, strikebreakers are prevented in a fairly thorough manner from entering the plant, while in others a strike is rather lax. Nevertheless no one expects the trade unions to effect a settlement in the one case and to go ahead and leave the others in the lurch.

SPIEGEL: Do not the squatters include some people or other whom you too would like to rid of in order to be able to place the desired solidarity on a solid foundation?

AL: While we do not know all the 164 buildings where there are squatters at the moment, we would like to say that there are no criminals among the squatters. As the Social Democrats and the Christian Democrats know full well, there are a number of buildings where the AL is not popular either. There are squatters there who have no use for paying any attention at all to parliamentary rules.

SPIEGEL: If parliamentary discussion, opposition and peaceful demonstrations are not crowned with success, do you think the use of force will become legitimate sooner or later?

AL: What is bound to happen in that case, to be sure, is that force will be used. Whether is will be legitimate will have to be discussed concretely in each case. In our opinion, occupying a construction site to prevent a nuclear power plant is a legitimate and just use of force, and so is squatting.

SPIEGEL: Is the AL going to decide in each case whether the use of force is legitimate and then make itself the forerunner of an allegedly legitimate use of force?

AL: No, no.

SPIEGEL: Or will you lend your support whenever you think it is politically opportune to do so?

AL: Neither the one nor the other.

SPIEGEL: Do you intend to prevent the use of force?

AL: We want inexpensive housing for everyone and no street battles.

SPIEGEL: But you do not exclude them either?

AL: We are not the leaders of the squatters movement. We consider ourselves part of that resistance but are neither the spokesman nor the patron of that movement. When we say that social situations will lead to violence, it does not mean that we consider it a good thing. All it means is that it is a logical development. When we tell Mr Lummer that there will be a hot summer if he comes up not with a political but with a police solution, it does not mean that we are in favor of a hot summer.

SPIEGEL: So you do not dissociate yourselves from the use of force--in any case, have not done so. This creates the impression that the AL parliamentarians are making common cause with persons using force. You come up with the conclusion that violence is to be expected and then carefully stand back as soon as it occurs.

AL: When the legislator drives citizens into intolerable situations, we indeed have no right to dissociate ourselves from them. What arguments can we use for dissociating ourselves from squatters throwing rocks when we have previously reached the conclusion that violence is an inescapable consequence? There still remains for us the opportunity to discuss with those using force the question as to whether we personally consider it right or wrong.

SPIEGEL: And one day you yourselves will decide that it is necessary to use force?

AL: That we have not discussed as yet.

SPIEGEL: We need not talk about the mess the housing policy is in in this city, about how ruthlessly citizens who are socially weak have been pushed around, about how shamelessly speculators have enriched themselves, about the questionable nature of laws that aid and abet this. About all that we certainly are pretty much in agreement--as one can read in DER SPIEGEL. The question we address to you now (one that AL Deputy Manfred Rabatsch has already posed to a more far-reaching extent) is whether "in fact it makes sense, and how much political sense it makes, in certain situations to resort to violence--by throwing rocks, for example."

AL: It was politically necessary, for instance, for rocks to fly at the Kudamm in December. Even the Swiss Committee for Youth Questions from Zurich invited by Lummer when he was speaker of parliament said so in its report.

When we came into parliament in connection with squatting, hopes for political changes were aroused--and immediately dashed. So it is no wonder that the squatters then say to us: You see, force is the only way.

SPIEGEL: What you consider necessary surely need not make political sense. Or do you equate one with the other?

AL: By no means. But at the Kudamm on 12 December they [the rocks] were necessary and made political sense--which does not mean that this will be so in every case. When rocks harm the movement they no longer make political sense.

SPIEGEL: How about the looting and arson on the Kudamm? Was it necessary, and did it make political sense?

AL: That question you have to put not to us but to the looters.

SPIEGEL: We are asking for your assessment.

AL: We do not think that looting makes any sense.

SPIEGEL: You have particularly close ties with the base. Are AL deputies being put under any pressure?

AL: Of course we are dependent on our base and on what happens extraparliamentarily. But we consciously aim at this dependence and consider it entirely normal. We are in parliament not only as an independently acting group which places itself in relation to other groups. We will also use our parliamentary function to lend emphasis to ideas of the base. And when we find out that one building or another is to be vacated, some of us will move in there, as Professor Gollwitzer and others have already done.

SPIEGEL: You regard yourselves primarily as an extraparliamentary opposition, but at the same time--in the Chamber of Deputies--you are a parliamentary opposition. This dual strategy perforce causes your attitude in parliament to be assessed antiparliamentarily by some and parliamentarily by others.

AL: From outside nobody has complained so far. Nor are we a blind tool of the base, however. We are politically active components of this movement and accountable primarily to the Alternative List with its 2,200 members, to the citizens' initiatives and the squatters councils. On the other hand, we do not consider it to be our political role to implement like political robots any nonsense or madness with which people might come to us (which has not happened as yet). One must not interpret extraparliamentary work and the imperative mandate [imperatives Mandat] as meaning that before we make a verbal contribution we must take every single sentence somewhere and ask, "May we?"

SPIEGEL: Inside and in front of Schoeneberg City Hall of 25 June, the AL gave a graphic illustration of its dual strategy. While the deputies were debating inside, thousands of people gathered outside for a demonstration cosponsored by the AL. Precisely because of this demonstration, the AL deputies asked that the session be adjourned. Surely this means that parliament should bow to the street?

AL: We did not trigger anything outside.

SPIEGEL: You were cosponsors of the demonstration.

AL: We were the cosponsors of a demonstration of 12,000 people which ended at Winterfeldtplatz. Thereafter several hundreds of people tried to get close to City Hall. As we must unfortunately repeat, we are not patrons of the movement.

That day the Chamber of Deputies debated the amnesty for squatters we had demanded. And with this demonstration we wanted to lend emphasis to our demand for amnesty. We wanted to make it clear that there, in parliament, not just nine deputies were in favor of the amnesty but that thousands outside shared their demand. The fact that the other parties have never yet hit on that idea is their problem. We did not think one could be expected to conduct a debate while there were confrontations right in front of the entrance only a few hundred meters away.

SPIEGEL: It will be possible for you time and again to set this extraparliamentary automation in motion. When a parliamentary session is scheduled to take place, you organize a demonstration. When the demonstrators have shown up, you make that the very reason for adjourning the debate.

AL: No. We favored an adjournment of the session because we thought it was necessary for the senators to form an impression of what was going on outside the building and, if possible, to intervene as peacemakers. CDU deputies were standing at the window staring out into the street anyway. We wanted the adjournment not because there were demonstrators outside but because there had been clashes.

SPIEGEL: To repeat our question: Is this to become the AL method?

AL: You presuppose a method that does not exist that way. Let us tell you what we had planned--we great wirepullers. One of us was to go to the concluding demonstration at Winterfeldtplatz and make a speech, but in the event it did not come to that. What we will do in the future, however--and you can go ahead and call it a method--is something that has been practiced for a long time: in the case of especially important parliamentary debates we will try to establish the connection between parliamentary and extraparliamentary work.

SPIEGEL: Do you consider the work in parliament a necessary evil or are you of the opinion that parliamentary democracy continues to be the least of evils?

AL: We do not consider our presence in parliament a necessary evil; we think it is very useful.

SPIEGEL: Do you intend to work for the improvement of parliamentary work, or would you prefer to place the parliament as such in question?

AL: We will do constructive work in parliament and make proposals which we mean seriously and which we are not making for the sake of propoganda, for example. If the others go in for that, in whatever form, there is certain to be an improvement in the work of parliament. If however, for example, 70 percent of the deputies of the big parties virtually do not do anything but sit around as voting cattle and in the course of the entire legistative period are allowed to interrupt with a question, if that--which surely has nothing to do with representing the people--we will also place the parliament in question.

SPIEGEL: You do not have a particular preference for parliamentary democracy?

AL: Parliamentary democracy certainly is better than no democracy at all. But it is no secret at all that we do not exactly regard parliamentary democracy as the most desirable, the nicest, the finest thing imaginable.

SPIEGEL: What is finer?

AL: What definitely is finer is for those affected to participate more directly in decisionmaking.

SPIEGEL: Thank you for this interview.

8790
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ENVIRONMENTAL POLICY VERSUS ENERGY, ECONOMIC GROWTH

Paris LE MONDE in French 23 Jul 81 pp 1, 8

[Interview by Marc Ambroise-Rendu with Michel Crepeau, minister of environment]

> [Text] The minister of environment will not have an easy job. The recovery of the economy, in other words industrial activities, construction and large projects could well increase the number of "attacks" against the quality of life, Michel Crepeau (MRG) [Radical Left Movement], after the break-up of Michel d'Ornano's "super-ministry," has only modest resources, technology, and financing at his disposal, with which to limit the damage.
>
> So he is also counting on his personal political influence and his imagination to get people everywhere to be concerned about the quality of life. As he says in the interview he gave us, he will exploit every political opportunity: decentralization, nationalizations, European recovery, and changes in education. The minister knows that his support must come above all from public opinion: this explains his intention to make all cases public, to reform the conduct of public hearings, and to enlist the participation of citizen's groups.

[Question] The minister of environment is reduced to two modest functions--the protection of nature and prevention of pollution--involving less than 500 employees and a few dozen more at the regional level. Whatever you may hope to achieve, how can you succeed with so little resources?

[Answer] One does not necessarily measure the effectiveness of a department by the number of its employees. What counts is the political determination. Now no one can doubt that the will to change expressed by the president of the republic, the prime minister, and the government as a whole reflects a broader realization of the importance of the quality of life. Having said that, I am fully aware that the ministry of environment is largely subject to decisions made elsewhere. But, on the other hand--and this is my opportunity--to the extent that I am not strictly confined in one domain, I can intervene everywhere. I will not fail to do so.

[Question] We seem to have turned back the clock a decade, to the time when Robert Poujade established this ministry. This former secretary general of the UNR [Union for the New Republic] had the ear of the president of the republic, and his ministry was directly linked to Matignon. So he had political muscle...Will you enjoy the same support from the Socialist Party [PS], the prime minister, and the Elysee?

[Answer] The priorities of the left are not the same as those of the right. Its approach to environmental problems is d-fferent. Carrying out an environmental policy is more than laying a few kilometers of pipe. First of all, it involves changing people's attitudes, at all levels, and getting acceptance for the idea that growth is not only quantitative, but also qualitative. When he gave me this ministry, Francois Mitterrand did not disguise the fact that he had chosen me because many things remain to be invented and created in this field.

Even if I recognize that some useful actions were taken by my predecessors, I am not there to follow in their footsteps. In this field, as in the others, it is a question of managing change.

[Question] In 1974, Giscard d'Estaing, as a candidate, took up the environmental question with a 17-part program. So the path was already laid out for his successive ministers. This time, none of the candidates spoke at length on these subjects. In the absence of a presidential program, what policy are you going to pursue?

[Answer] I beg to differ! Francois Mitterrand wants a Magna Carta of the environment. My role is going to be to determine its substance, after the necessary consultations, and above all to make it a reality. The changes in this area will draw support from a number of levers of change.

/First pillar/: we must exploit decentralization to the maximum. Already, a large portion of environmental activity is being carried out by local communities, municipalities, departments, and regions: this will be even more true now. The environment cannot be managed out of Paris.

This new division of power should not only affect the state's relations to the local communities, but also the relations of the public authorities to associations and individuals. The time is ripe. If it was necessary for a long time to show Jacobin determination to force the local communities to take the environment into account, things have now changed a great deal. Today, the voters are holding mayors to account for environmental degradation. This trend must be accelerated.

However, my concept is not that of a state that would simply be a spectator. The state on these issues must make use of its powers: nationalizations, planning, and the budget, without of course forgetting the legislative apparatus.

This is the /second pillar/ of my policy, though I always prefer persuasion over force.

The nationalizations should be exploited to get environmental necessities taken into account. In that connection, the new nationalizations should be different from the nationalizations of the past. Since 1945, the nationalized companies have not made the environment one of their major concerns. This must change. This is why I have asked that environmentalists be represented on the boards of directors of the nationalized companies and the big public transport companies. The state, henceforth, should set the example.

It is of course true that the plan must include several major environmental options: I am thinking, for example, of the problem of water and the improvement of the big rivers, without neglecting research programs that may be very profitable in the medium term.

/Third pillar/: I hope to exploit the new European policy called for by the president of the republic. The environment should be one of the main features of this new thrust. Among the objectives of the Treaty of Rome, there was not only the creation of a free trade zone--which has been accomplished--but also the standardization of regulations. The struggle against pollution is a part of this. If one wants to convince the industrialists to depollute, we must standardize the regulations at the European level. The France of the old Regime too often held back building Europe on environmental matters. We must also change that, at least with respect to serious pollution problems. On the same order of ideas, you know that the common agricultural policy is going to be reconsidered. In order to assess the assistance agriculture will get, we must take into account the role family cultivation plays in protecting nature.

Education and Information

My /"fourth orientation"/ will consist in convincing my colleagues in education and information that the environment should figure prominently in their programs. When you start with youth and public opinion, you can change people's behavior considerably. So I am not the minister of little birds, as some are saying condescendingly. I am responsible for nature, for the air and the water. Now man does not live without nature, without air, or without water. I am in charge of sectors which are totally vital for the present and for the future. In 20 years, everyone will have forgotten the 1981 tax on moneylending. But they will be concerned with the condition of the rivers and the seaboard. The trees planted today, like our children, will come of age in the year 2000.

[Question] Your predecessors were criticized for not having budged the nuclear program an inch, despite the chance that some particular generating plant or other could harm the environment. Do you believe that you will be more influential than they were, at least with respect to choosing sites?

[Answer] Notwithstanding the mission of my ministry, I do not want to shoulder responsibility for things over which I have no authority. I do not have the lead in energy policy, industrial policy, or housing policy. This does not mean that I am not interested. Neither am I the president of an association of dissenters. But I should be present at meetings of interministerial committees to question those who are making the decisions and to attract their attention to instances where their actions will impact on the environment.

In the time of the first Mauroy government, for example, I asked questions of Plogoff and Larzac. The response came from the only people who could give it: the president of the republic and the prime minister. We know that, and I say it without malice. I am a loyal ally, a discreet minister, but I am not a fawning courtier, nor a prefect. I am a politician and I insist on being treated as one, and I intend to act like one.

[Question] The policy of the president, like that of his government, is one to stimulate growth. This is to take place through increased industrial activity and major projects. Impact studies and public hearings are there to make them compatible with the environment. How can these procedures be made effective?

[Answer] To my way of thinking it is necessary to take positive steps to end the sacro-sanct policy of administrative secrecy. The bureaucracy and even some elected officials are convinced that making documents public only invites trouble. The publication in newspapers of legal announcements that no one reads, the posting in city hall of illegible documents, evidence the contempt in which the public is still held. I am personally persuaded to the contrary. Therefore, every case-file in my ministry will be available to journalists and to the public. I believe we must also change the procedures in the public hearings, which seem presently designed to keep the public uninformed. We must have ways to really inform people, conduct public hearings [better], and above all change the vocabulary. A zone marked "N.A." [expansion unknown] on a zoning map means nothing to the general public. Jargon is one of the ways technocrats have of keeping their power.

I am counting a great deal on the people, first of all those who are members of citizen's groups. We are fortunate that citizens get together on their own and spend a part of their time examining public affairs. Let us take advantage of this! If we "fuel the fire," and help them to think more clearly, the work done by the civil servants and elected officials will also improve. Assuredly, it is in the last analysis up to the elected officials to make the decisions. But the more they do so under the eye of the citizens, the better for the environment.

[Question] The ecologists have not to date succeeded in demonstrating that an ecological policy is also an economical policy, and that the appropriations for protection and conservation of the environment are productive in the longer term. Do you believe that this essential point can be demonstrated? How?

[Answer] A committee led by Mr Toulemon is responsible for examining the problem of environmental costs. I have full confidence in him. However, not all human values are "quantifiable." The costs of poor urbanization--alcoholism, delinquency, depression--can if necessary be assessed in that way. But on the other hand, people only live once. Happiness, enjoyment of life, is not calculable, but I think they are essential. This alone, therefore, justifies many investments.

"Happiness" is not a thing, it is felt. We must get away from a society that is preoccupied with cost-accounting everything. In this ministry, I cannot be satisfied with wielding a slide rule. Having said that, there are necessary investments the profitability of which can be assessed. For example, recycled paper is presently more costly than paper manufactured from trees, because we lack de-inking plants in France. In order to derive profit from the ecological investment in the recovery of old paper, we would have to have the public authorities come in and assist in establishing regional de-inking plants, and oblige the bureaucracies to send their old papers to it, and to utilize recycled paper. One would in this way create a substantial market.

Another market in which it would be good to invest: technology to combat pollution and environmentally harmful elements. A whole sector of the economy linked to the environment could create hard currency earnings, wealth, and jobs.

I think that a systematic program of planting green areas should be launched. In this field I have a plan that I believe is innovative and should help us sensitize the public.

But the main thing for me is still water policy. A leftist government should have a big water policy. That at least is something perfectly measurable, quantifiable, and profitable.

A large public water service remains to be created around the ministry of environment, water reservoir agencies, and local communities, and this is what I am going to work on first.

Experiments in Self-Administration

[Question] A pro-environment policy cannot be carried out without massive support from the public and citizen's groups. The latter had an interlocutor: the ministry of environment and quality of life. Now we have three or four different departments. Even if, as the PS proposes, citizen's groups are given new facilities (social position, time loans, [credits d'heures], locations, tax breaks, etc.), does it not look like their activists will lose the bureaucratic guerilla war?

[Answer] The minister of leisure time concerns himself with questions of the status of citizen's groups. But I consider myself a special interlocutor for groups protecting nature and the environment. I certainly also intend to be the spokesman, within the government, of those of their demands which seem justified to me, and I will count on them not only for analysis but also to formulate proposals. I would also like--without trying to get them back--to entrust them with managerial tasks. The Seaboard Academy, for example, does not know what to do with some land it has bought for which the local communities do not want to take responsibility. Would it not be possible for some associations to study possible improvements? Here there is room for experiments in self-administration. The environment is an especially good field for innovation, and that is what makes this ministry so exciting."

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PASOK CENTRAL COMMITTEE CONGRESS CONVENES

Central Committee Resolutions

Athens EXORMISI in Greek 28 Jun 81 pp 2-3

/Text/ The Eighth Congress of the PASOK Central Committee unanimously approved the resolution on the movement's electoral strategy and tactics. The resolution's full text follows:

1. With steadfastness, self-confidence and optimism we enter as a nation and as a people the homestretch toward the election. We are at the crossroads of the most critical political and social developments that will decisively affect our survival, course and prospects.

The popular forces daily expand, organize and free themselves from political delays and ideological prejudices rooted in the past. They forge their unity and cohesion through common multifaceted struggles in the factories, neighborhoods, farms, villages and in the schools. The toiling people, the exploited and underprivileged Greeks understand and focus on the causes of the many-sided impasses through yesterday's series of experiences and tribulations and their current aftereffects.

They leave behind, definitely and irrevocably, the false dilemmas and mechanisms which alienate their political will. They rediscover their "lost" social identity. They align and bring together their political prospects and their class interest with the most genuinely authentic political and partisan expression. They question in one way or other, in a continuing conflict, the policy of dependence, autocracy, terrorism and austerity of the Right.

2. The will, the demand, the action of the popular masses mature and get stronger. They have become an escalating social avalanche which pushes forward, irrevocably and unquestionably, everyone's slogan-choice: "The Right must leave power."

It is a common belief and wish that the old familiar and miserable page of the Right has been turned over. The forces of hope, creation, toil and progress are called upon to take the initiative, to assume the heavy responsibility and to turn a new page for our nation and our people; to chart a new life; to bring better days, without alienation, without exploitation. For the first time in several decades one can see and touch the possibility of the permanent removal of the

Right from power and the prospect for the radical change. No doubt the present phase is dominated and sealed by an unprecedented historic-democratic challenge, without room for historic subterfuge or political retreat.

Our people, faced with the magnitude of national, social, cultural and moral crisis, steadily formulate their demand to their main spokesman, PASOK, to put an end to the autocracy of the Right and at the same time to open the way for an independent, democratic and socialist Greece. PASOK has accepted this historic challenge of the popular movement tied with it in a contract of honor, consistency and struggle. People and PASOK, in a dialectic unity and dynamic, unhesitatingly question and claim with "logic and vision" the power from the Right.

3. The moment which undoubtedly will mark the realignment of the political forces and will ratify the beginning of real change is identified with the election of the fall of 1981. Its results will not be casual but will constitute a safe and genuine recording of chronic political developments and changes in the consciousness and the reorientation of the Greek people. This is because the 1981 election as an event condenses the content and the intention of political and social struggle of the previous period.

The coming bout contains the elements of a "here and now" total rejection by the popular masses of the choices of the governing class, thus opening a new and unprecedented phase.

This is a novel phase in which the popular movement with its democratic, anti-imperialist and socialist dynamic, will pace stable processes of reversal and radical change in a complex system, a system which has been founded through the many years of the Right's rule.

The fall '81 election will push the Right into the dustbin of history. This date will remain a shining milestone in the struggle, the suffering, the sacrifices of our people--of many generations--for national independence, popular sovereignty, social justice and liberation. This date will be the meeting of our people with history when the vision and the hope for a better life and a secure tomorrow will come alive and will take flesh.

Electoral Strategy

1. PASOK has declared that it will repeat the choice of autonomous entry into the election--a choice proven correct in 1974 and in 1977. The 1981 election is not a routine affair, a recurring ceremonial event, because this time subjective and objective conditions are favorable and place on the agenda without reservations the question of radical change.

In this election milestone the immediate and primary objective is that the people will come to power by choosing PASOK as the number one party with its own self-sustained government.

PASOK's independent entry and self-sustained government to implement and realize our program without concessions and adulteration and without untimely jumps constitute the main goal of our electoral strategy. This main goal is not cut off

from PASOK's wider political strategy which does not start and does not end with static prescriptions, calcified dogmas and mechanistic copying of experiments in other countries. On the contrary, it emanates from the dialectic analysis of the political and social contradictions in the Greek and international area, as well as the growth, course and struggle of the popular movement for a radical change; and from the creative and educational utilization of the historical experience on a national and international scale.

The independent entry and claim of power is tied to the deliberate and conscious rejection of any prearrangement--narrow or broad--at the summit or political cooperation in a front. This is because the prefabricated schemes and summit agreements alter, through compromises and negotiations, the nature of the objectives and the pace of change; block and "distort" the dynamic change in the absence of a fresh and reliable registration of the popular will and mandate; include the seed of a split at the summit, most of the time causing distrust, disappointment and the apathy of the popular masses.

PASOK with its political line of National-Popular Unity /ELE/, with its governmental program and with its struggles in and out of the Chamber of Deputies, pushes forward through the democratic road the Greek socialism with freedoms secure and with a "human face". The National-Popular Unity as defined at the Second Session of the PASOK Central Committee does not include any element of "popular front" logic. It is not a call for political-partisan unions at the "top" nor is it going to become a summit contract. On the contrary, ELE is an autonomous strategy for the coalescence of social forces, designed for the prospect of a confrontation and conflict with the Right and the system of dependence.

ELE is not an opportunistic strategy, not a seasonal protest, nor conservative or a marginal increase of our partisan share. On the contrary, the National-Popular Unity is a strategy of power which formulates the necessary social terms and political conditions for forming an autonomous solution in the context of a new historic and social coalition of power.

With ELE PASOK addresses itself to the overwhelming majority of Greeks and calls on them to overcome their "party-bossism" ties, their emotional connections and the deliberately cultivated psychoses, and to join together in a pan-popular, patriotic movement for national independence, territorial integrity and democratic and socialist transformation.

This, however, does not mean on the part of PASOK a tendency of nihilism, totalitarian substitution and underestimation of the other political and social forces which exist within the democratic opposition. For this reason, side by side, it promotes, through the open democratic activity with all the forces of the democratic-opposition and anti-Right sector, a unifying mass framework of cooperation and initiatives in the mass areas which will incorporate now and later the dynamic of the electoral percentage of the forthcoming democratic victory.

Of course it is clear and given that this unifying framework of cooperation and action in the mass areas does not mean that we shall mortgage the image, the theses, the program and the organizational identify of each party. It does not mean

unity at the top with preelection capitulations and trade-offs. On the contrary, it means a recognition of a fighting coalescence and joint marching of existing political entities and camps around common goals, after each of them, having entered the electoral contest independently, registers as an electoral percentage and correlation with a specific political and social range.

Through the new electoral verdict new political and partisan alignments will emerge which in turn will project and ensure, depending on the circumstances each time, new fields and new forms of mass cooperation, with the people as the exclusive and objective judge.

The unifying framework of cooperation and action, with structures and persons in the mass areas, is an open policy which must broaden, deepen, and enrich the river-bed of the radical-popular movement of change; verify daily not in words but with deeds in the social areas both the respect of the autonomy and the shading of each form or major entity of the popular movement, as well as the insistence and loyalty in the common struggle; keep the road free and the method of democratic communication and understanding, as well as critical confrontation of all today's social currents and political parties.

It is generally agreed that during the past 7 years we have seen clearly on the horizon of our country a continuing, inescapable conflict and struggle of two radically different strategies which express diametrically opposed national orientation and conflicting political and social interests without any possibility for adulteration or compromise.

In this context of uncompromising strategies the popular visions, the struggles and the conflicts have a national, political and ideological dynamic which takes objectively the form of an overpowering bi-polar confrontation between the forces of change and the forces of conservatism. This political confrontation is not manufactured and is not kept going by some unseen forces. On the contrary, it reflects the existing and developing social polarization. It is an unquestioned truth and daily experience that the strategy of the ruling class has as its major spokesman the party of New Democracy, and that the strategy of the popular forces for promoting and realizing the "change" has PASOK as its basic pole of reference and major lever.

For this reason generally but also in escalating the electoral battle the criticism and confrontation to be carried out by PASOK will have the New Democracy and the Right as its main and only target throughout its course.

PASOK, correctly evaluating the historical moment, has no intention of opening a front of conflict with other parties of the democratic opposition during the pre-election phase. Under today's conditions a struggle on many fronts will serve and may even save the Right.

Electoral Tactic

This does not mean of course that PASOK will lower the flag of its ideological-political identity or that it will condone any counterfeiting of its profile, any distortion or undermining of its positions and choices by the other parties.

PASOK, all the time becoming the target of polemics for the purpose of vote-mongering (or for the justification of some partisan "chauvinistic" goal, or for the survival of partisan structures or persons), will have no choice but to defend its profile, its choices, and its tactics.

PASOK, without turning away from its single-front struggle against the Right, will not leave with criticism, approbation or answer those who may attempt to distort the course of change or those who in isolation and stubbornness think or dream about pressures, negotiations and alliances.

The struggle for the consolidation and expansion of the democratic institutions, for the establishment of a truly free political activity, for democratization and pluralism of the mass media is not an abstract question. It is not an illusion nor a narrow view, since it is decidedly tied to the very conditions of political and social struggle and the realistic prospects of a radical change.

The struggle for the defense and active support of the constitution, the republic and freedom as well as for the further expansion of the institutionalized popular conquests does not undermine and does not bury, not even temporarily let alone permanently, the promise and demand for socialism. On the contrary, it makes the course and the strategy for the transition to socialism morestable and more reliable, without retrogression, adventures and setbacks.

PASOK, on its own initiative and positive planning, must give a real content to the relationship between democracy and change; the relationship between democracy and chance which condenses within itself the efforts and the struggle for the organic unification and escalation of the intermediate incisions and reforms in the economic sector, the independence, the institutions and the state machinery, as well as of their unbreakable tie-in with the goal of socialist transformation.

For this reason, PASOK has and will continue to contribute intensively in the future, in its own way and with its own policy and tactics, to the immediate consolidation and by projection to the safeguarding and the extension of the democratic institutions.

For this reason, PASOK has contributed consistently to the consolidation of the mild climate and will try to preserve it during the pre-election phase as well. For PASOK mild climate means that the political confrontation and contest will develop without personal feuds, slander, and insults; without personalized attacks, without the use of sinister means, or blind and sterile antagonisms.

The acceptance and respect for the mild climate as a necessary framework for a democratic dialogue, national understanding and social struggle does not mean that the opposition will be weak, giving a certificate of forgiveness or a green light to the choices, the activities and the governmental leadership of the Right. PASOK considers it to be its duty and obligation to defend energetically and decisively the economic, social and political interests and rights of the Greek people; to protect, by all means, our country's integrity and independence.

For PASOK the mild climate does not mean political disarmament, movements at the top and behind-the-scenes capitulations either inside or outside the Chamber of Deputies. For PASOK the mild climate does not mean a lowering of the flag of challenge, confrontation and struggle for its declared principles, ideals and its vision of social liberation.

A Conscious Unifying Course

The forthcoming rise of PASOK and the assumption of governmental responsibilities unquestionably signifies the beginning of a conscious unifying course to consolidate the power of the popular forces. At the same time this cataclysmic event ends the oppositional yesterday and inaugurates the governmental present.

Precisely the road to change and the very qualitative change in the political and social nature of power and the identity of the power holder which will be ratified by the forthcoming election should be dealt with seriously by the mass movement at all levels and in all social areas.

The fact of the coming change objectively formulates new parameters in the direction of the mass movement. It can no longer be developed and reproduced only through partial struggles without grasping the meaning of the time and by not participating beyond any small skirmishes in the central struggle to remove the Right.

The mass movement today, both before and after the election, must independently and without any constraint redefine its identity, adjust its strategy and renew its goals and its forms of struggle according to the dynamic, the momentum and also the limitations of the radical change. The mass movement today, without nailing down the immediacy of the challenging character /of the struggle/ must project comprehensively its political and social dynamic to conquer by right its privileged, sensitive and irreplaceable place in the construction of change. Today, at this stage of the Right's swan song, the mass movement in every confrontation, in every form of struggle, must not cut up and fragment the unity and cohesion of the mass area. It must not be cut off, it must not lose the cohesion, coverage, and solidarity of the torrential anti-Right current whose registration and tendency is not simply and merely electoral but also political and social.

The starting of a mass struggle from any social area without a worked-out tactic, without a possibility of victor[illegible] imposition of negotiational terms causes confusion and breakup. A strug[illegible] which is devoid a priori of any chance and leads to a predetermined impasse, in spite of the emotionally moving and heroic stand of its vanguard and the initial fighting response of the rank and file operates, in a later phase, destructively for the area itself and negatively with regard to its ties with the popular forces.

For this reason, in order not to have the New Democracy emerge as the arbiter of the popular struggles and in order not to use their mistakes to regain some wider consent, it is necessary each time to promote mature goals and objectives with forms of struggle and mobilization plans which will assure not only the preparedness and fighting ability of the specific mass area; not only the successful outcome of the mobilizations; but also its relationship to the rest of the popular movement renourishing and not suspending the current of the total condemnation and radical rejection of the Right.

The logic "the Struggle for the sake of Struggle" and the passing into untimely and unproductive escalations to prove that "consistency" is the logic of a vicious circle and a metaphysical logic characterized by the inability to grasp and understand the historical phase, and by petty politics and narrow partisan tendency for domestic consumption.

Of course, the rejection of this logic and practice in no way implies that everything will be subordinated to the election climate and that everything will be related to the post-election outcome. At the same time it does not mean that the mass movement will be disarmed but instead it signifies a struggle which will rally and expand the popular forces--a struggle whose launching and course will rely not only on the disposition and the dynamic of the masses but also on the wider popular approval and solidarity.

This is because we believe that the political will of the popular masses is not created out of nothing or from sterile propaganda and isolated action of an unconnected initiative nor from the reassuring technocratic proof. Both the political turnabout and the democratic consciousness and socialist will are founded through immediate, understandable and accessible goals, where they draw experiences and focus on needs and ideals, and understand fully the country's dependence and subjection, the workers' exploitation, repression and alienation.

Today, more than ever, the overwhelming majority of the Greek people wish and call for a specific plan for change. They expect through PASOK to create the necessary and adequate conditions for the solution of their problems and the satisfaction of their interests. They expect through PASOK to see a new program for escaping from the current crisis, a new program of substantial changes incorporated into a prospect of integrity and independence for our country, economic improvement and relief for the low income strata, and the democratic and socialist transformation of our society. PASOK has the obligation to convince the people that its goals and strategy are feasible and applicable; to rally the people to the mass struggle for the support and realization of its program. This is because no goal in our program can be implemented unless the people accept it as their own and unless the people themselves participate actively in the conquest of these goals.

It must also be conveyed to the entire people that PASOK's program is not the product of some technocratic choices made by some experts detached from the developments and [the people's] concerns.

Active Participation of the Citizen

On the contrary, [the PASOK platform] is the essence of the formation of our society, on the one hand from the PASOK analysis of the multi-sided crisis which afflicts our country and the ways for overcoming it, and on the other hand the experiences of the popular movement. In this sense our platform is not a ready-made prescription which will solve in a "mass" way all the current problems. It contains measures, frameworks for action and directions which must be supported by the working people and the low-income groups, enriched by their experiences and strengthened by their daily struggle and total participation. It is a matter of principle for PASOK that in its program the citizen is not merely an object,

an impersonal, impotent, passive unit, but its subject which acts, controls, gives life and defends its goals.

Our platform clearly defines the immediate and intermediate goals which are tied to the strategic goals, so that, prior to any negation or abstract propaganda, a precise possibility is sketched for the organic relationship of the partial goals and the elevation of the popular struggles. Such an escalation of goals and such a development of the mass struggle will increase the political and social spectrum of the forces of change through consciousness and knowledge and not with a one-sided logic of concessions and grants--both in terms of breadth and depth.

The existence of intermediate goals following one another in short-term and middle-term actions and positions relect the need for transforming the general statement to a specific national, political, economic, and social action. The group of intermediate goals will seal PASOK's governmental opening moves, giving a clear picture and answer to our vision and strategic goals through its specific accomplishments, how it will be cured, and when it will be implemented.

It is certain that the "what," "how" and "when" of our immediate and intermediate choices, i.e., the content, the way, the timing, and their sequence and pace, will make reality the national independence, popular sovereignty and socialist transformation.

It is clear and obvious that the intermediate choices do not constitute a self-contained and sufficient goal, neither are they a goal in themselves for PASOK. They constitute a transitional-intermeidate situation (between the governmental start of a socialist movement and its ultimate goals).

Such a transitional-intermediate situation is initially the appropriate and necessary means for the restructuring and unification of the present and in being anti-imperialist, anti-monopoly and anti-capitalist classes and strata with the sanctioning of democratic and open methods for mass activity.

Thus it is self-evident that the intermediate goals as integral parts of a comprehensive strategy acquire with their organic connection, continuity, consistency, acceleration and force. At every moment and on every occasion they will create positive new developing correlations of forces through continuing, successive confrontations--ripe incisions and ruptures in the political, social, economic, cultural and ideological field.

There are some who either for reasons of principle or petty politics regard the necessity for such a transitional course with suspicion, rejection and dogmatism in the name of an abstract-metaphysical purity and of unsettled dogmas. Such people do nothing else in essence but deny the very possibility, the feasibility and the immediacy of a strategy and a process for the transition to the radical change. The platform turns us away from two sloganeering views summarized in the "Here and Now" and the "All or Nothing," which if they were to be adopted would lead to two probable outcomes: either a breakup and decomposition of the broad social-political spectrum of exploited and underprivileged Greeks who make the indispensable popular base for a democratic and socialist strategy or PASOK will

be bogged down in inertia, delay, unending introspection and successive crises, thinking of the essence of politics as an intellectual exercise on paper with formalized excerpts of classical texts without the life-giving breath of daily testing, intervention and action.

PASOK has repeatedly stated that it does not have magicians and miracle workers, that the cause of radical change is not carried out overnight. It is widely understood and accepted that between what we inherit today from the Right and that which we will build tomorrow lies a distance in time. This transitional stage requires time and many steps. These in turn require steps and leaps which are steady and interconnected, unchangeable and cumulative, which each time must not only secure but also expand the agreement, the participation and the action of the popular forces. Organization is a precondition for the consolidation and development of PASOK and a guarantee for a victorious outcome of the popular movement's struggle.

Already the Fifth Congress of the Central Committee has analyzed in detail and has strongly emphasized the need for the political and ideological structuring of an organization of power--an organization of power which with its autonomous intervention and action (both in the center and in the mass movements) will compose and unify the political and social interests of the popular masses and will transform their primary visions and theses into a socialist ideology with a realizable strategy.

In the present historical phase the role of the organization both before the election and after the election is decisive and irreplaceable:

a. Before the election because it will become the channel for information, propaganda, mobilization and confrontation for the crucial electoral contest.

b. After the election because it will have to become through its participation in all social areas, the pole of coalescence and cohesion of the autonomous mass movements incorporating their dynamism into the strategy of the radical change.

The protracted electoral battle requires that PASOK's organized forces [will have] the most conscientious [militant] participation--and their most dedicated activation. At the same time, however, it must be understood that the electoral battle is not merely a narrow partisan cause with our cadres and members as the only participants. On the contrary it is a historic milestone which directly [captures] the emotions and the interest of the overwhelming majority of the Greek people.

PASOK's political goal for a "Here and Now Change" and self-powered government (cabinet) is not a narrow partisan choice but a popular mandate, and it will not be conquered if the struggle is carried out in a spirit of factionalism, partisan self-sufficiency and partisan eclecticism.

PASOK has repeatedly stated that the party must not and cannot replace or push aside the dynamic of the popular masses. This is because PASOK strongly believes that the historic subject of change is not the party but the popular forces. The quintessence of this principle is summarized in the slogan "PASOK in the Government; the People in Power."

Our party's organization is not divorced from the social forces it expresses. It is not a goal in itself but a means for change and the building of a different society. For this reason, PASOK's organization must wage today the electoral battle and tomorrow the militant consolidation of its victory, not in the name of the people but together and through the people. For this reason, we must reach and embrace without introspection, without hesitation, every friend, every follower, every Greek citizen who responds to PASOK's all-people clarion call, in the context of the National-Popular Unity. The organization is not a fortress of the "initiated" but a rampart of political struggle and a center of thinking and conscience open to the people. With those who daily struggle, toil and create we are united forever through their social identity and origin even though we may be temporarily separated by their political or partisan preferences.

For this reason we must open our doors, our thoughts and our hearts to all the detached followers of the Right, the progressive democrats and leftists in the towns and in the countryside, all the exploited and underprivileged Greeks, all those patriots who believe in real "Change Here and Now" and who wish to join in the fight and unite their forces with PASOK.

In this chapter the platform speaks of PASOK's electoral goal which is a self-sustained cabinet with as large a percentage of votes as possible as a guarantee for the realization of the plan for change, and then analyzes the detailed choices and activities which are regarded necessary for the realization of this goal.

"Our tactic," the platform states, "includes central initiatives and interventions by the chairman, a specific plan both at the center and at the periphery for the deployment, briefing and activity of the organization, the cadres and the deputies of the local organizations and central organizations and of our environment. The PASOK tactics must be consistent. They must have a steady course, a unified structure, unified style and unified expression. But beyond the overall homogeneity our tactic must have adaptability and flexibility in order to represent the popular masses authentically and through the detailed steps in time and place."

The platform then goes into the general directives of the electoral tactic.

Informing the Organization

To enable the organization to come up to the requirements of our time it is necessary to assure through mass processes its most wide and substantial briefing. All the members of the movement must know the contents of our program and our electoral strategy and tactics.

To realize this goal, the following is planned:

a. At the beginning of July a meeting between the chairman and the executive bureau and the nome committees and the local committees of the movement with an analysis of the resolutions of the Eighth Congress of the Central Committee.

b. During July, the third round of regional organizational conferences with a single objective of analyzing the platform, the electoral tactic and the specific plan for the preelectoral activity of the nome committees.

c. Central conferences between cadres and members of the movement in the various areas--syndicalism, peasantry, youth, small business, local self-government--in order to analyze the platform and the electoral tactic.

d. Timely dispatch in abundant qualities of printed material from the movement headquarters.

In addition to the political activities and the political decisions which must be made during the electoral campaign by the corresponding organs of the movement it is often necessary--in order to meet our electoral goals--to operate outside our organizational structure. This purely electoral work, which has tremendous significance on the effectiveness of our struggle, will be undertaken by the electoral struggle committees which have been established at the center and are being planned for each nome.

The central electoral struggles committees under the supervision and coordination of the executive bureau [will be responsible] for the overall preparation and conduct of the electoral battle.

The committees will have to:

1. Prepare the in-house informational material and send it to the nome committees by the end of July. This material includes:

a. The PASOK platform--the declaration of governmental policy;

b. Questions and answers on basic questions which concern the people;

c. Speeches and interviews of the chairman of the movement;

d. The local problems of each nome and the sequence and solutions we propose;

e. PASOK's parliamentary activity in each nome or on its related problems;

f. Drafts of speeches for cadres of the movement;

g. Evaluation and subjects for article writing by cadres of the ovement.

2. Prepare the movement's propaganda material, more specifically:

Posters: These include photographs of the chairman, posters on specific subjects or general themes such as peace, women, children, farmers, high cost of living, pollution-environment, etc.

Informative Pamphlets: These are small, popularized leaflets relating to our positions on various subjects. They are accompanied by photographic material and slogans [on topics] such as the various agricultural products--women, children and others.

Video Cassettes: These are short films on various subjects which refer either to PASOK's 8 years of existence or to timely subjects such as the high cost of living, the European Community, agricultural products, etc.

Slogans: The various slogans which must be adjusted to our electoral tactic and which will be used throughout the electoral campaign.

Instructions on the Elections: These instructions will cover the method of operation of the election bureaus, the work of the electoral representatives, etc.

3. Nome Committees for the Electoral Struggle. In every nome a Nome Electoral Struggle Committee /NEEA/ will be organized with responsibilities similar to those of the Central Electoral Struggle Committee /KEEA/.

These committees must have the ability to broaden /their appeal/ because only in this way will we be able to reach the voters of the Right and other groups who are concerned and would see PASOK as their probable choice.

The electoral struggle committee in each nome will be composed of the nome committee members and other cadres and friends of the movement who have the necessary social status and popular base to play an essential role in our electoral activity.

The NEEA will be appointed by the executive bureau following proposals by the Nome Committee /NE/ in conjunction with the committees on mobilization and organization. These proposals will come by 10 July at the latest.

The electoral committees, in addition to the technical questions concerning the election (e.g., finding representatives for the electoral centers, overseeing the election, the functioning of the electoral centers, helping voters who need more information, etc.) must be at the forefront of the work to strengthen the pre-election activities to be planned, and must be activated to bring as many voters as possible to PASOK.

Nome Committees

The NE's have the political responsibility for the conduct of election and will be activated for the best possible performance of the organization during the electoral struggle. They must start right now:

1. Following the Athens meeting of the nome committees with the chairman and the executive bureau, they must call together broad plenums of members or conferences of the Local Organizations /TO/ and explain /to them/ the resolutions of the Eighth Congress of the Central Committee and especially our tactics during the preelectoral battle.

2. Convene a joint meeting with the nome's deputies to formulate a program for visits by movement teams to all villages to brief the people on the PASOK program.

3. In conjunction with the central electoral struggle committee they will prepare major gatherings with central cadres of the movement as speakers.

4. In conjunction with the youth committee they will move to plan regional "Youth Festivals." This year the youth festivals will be incorporated in the overall electoral work of the movement and will have to be organized in the best possible

way both in terms of presence (quality) as well as in terms of participation (quantity) in order to play a catalytic role in the propaganda and informational work of the movement. For this reason the youth festivals is a matter for all /party/ organs, not of the youth alone.

5. The nome committees in cooperation with the NEEA will move to organize:

A. Gatherings in coffeeshops or other places on special questions concerning the nomes, e.g., agricultural, small business, women, youth, etc.

B. Planned gatherings in houses in the presence of candidates or other cadres of the movement to discuss various subjects.

C. Visits to places of work, factories, farms, etc.

D. Organizing gatherings to show films (video cassettes) in conjunction with the organizational media committee (the showing will be accompanied by speeches).

National-Local: It is well known that the residents of provinces who happen to live in Athens or other cities play a significant role during the electoral struggle. It is not only their return /to their home towns/ and their participation in the election which is important but their overall activity from now until the election, an activity which must be planned and put into effect now. The organizational committee in conjunction with the national-local and the corresponding nome committees will prepare an action program.

Overseas Greeks: The activation of emigrants is also an important factor in our electoral battle. Although the New Democracy government stubbornly refuses to grant the right to vote to emigrants, many overseas Greeks will return to Greece to take part in the election. The committee on overseas Greeks must plan right now the activation of the emigrants in the countries where they live and prepare a reception system so that when they come to Greece they will be able to start immediately to work in the corresponding nomes.

PASOK Chairman's Speech

Athens EXORMISI in Greek 28 Jun 81 p 3

The sessions of the Eighth PASOK Central Committee Congress opened with a political report by the movement's chairman, Andreas Papandreou. The full text of the report is as follows:

"I would like to point out that this congress of the central committee is indeed historic. Our people and their political leaders consider it decisively important. There will be one more central committee session before the elections to draw up the list of the party's parliamentary candidates and to review the results of the tactics followed up to that time.

"There is daily talk about the elections. When will they take place? Indeed, the 'connoisseurs,' and I mean the newspaper editors, think that they will take place

on 20 or 27 September. Recently I had the opportunity to meet with the president of the republic and I told him that for a long time now we in PASOK have insisted that the elections should be held as soon as possible, should be held much earlier than the time they will take place and that holding them in September would castrate popular presence and participation. We hope that the date to be chosen will be convenient for participation by the whole electorate.

"Let me say a few words about our platform. Personally I am satisfied and proud of the job done and at the results. I do not believe that any other Greek party has made such efforts and has used so many people as our party has. I do not believe that there has been presented in Greece a program of governmental policy as comprehensive as ours. Without doubt it contains imperfections. Many of them, however, are due to the fact that we are not the governing party; we do not, that is, have at our disposal that information which is indispensable for the formulation, one might say, of an absolutely authoritative, detailed program. This will be done when--and we say 'when' with certainty--PASOK will be the ruling party of the country. We spent at least 1½ years to draft this platform with the participation of many PASOK cadres, members of the central committee and executive office, deputies, myself personally, a considerable number of civil servants with extensive administrative experience, professors of higher institutions of learning in our country, and Greek experts who reside abroad and work for large international organizations or teach in universities. Throughout this process, the coordinating activity of the committee on analysis and planning played a decisive role.

"As you may know, a statement on PASOK's governmental policy or government planning will be issued and we sincerely hope that it will reach every corner of the land. Its text which will include the platform's main points will be submitted for your judgement. Changes will be made which the central committee will propose and approve.

"There will be brochures, of course, which will describe the most important aspects of the PASOK government program: education, health, social insurance, national defense, administration, etc.

"There will also be--and we speak about the future, not about anything already done--what is known as the '100 days program.' Already much has been accomplished--important meetings, planning sessions, conferences havetaken place with an objective at formulating the first major measure of the PASOK government. Of course, high on the priority list we have the economic policy and the economic measures which will signal that a socialist movement is now ruling the country.

France's Experience

"Valuable at this point is the experience we gain from Mitterand's government in France. I must tell you that we have set up a work group which each week prepares for me and the executive office an outline of the measures the French government is taking, of the difficulties it encounters and of the maneuvers it devises to overcome difficult situations.

"It appears, indeed, that until now both the planning and the measures of the French government are excellent. Within a month since it took over it succeeded

in maintaining the franc's value and in developing a climate of normalcy, a trust in the French people as well as in the Europeans that this government will be independent and strong and that it will be able to realize the goals of its platform.

"When we peruse our platform or our government policy it is important to distinguish between PASOK's strategic goals and its intermediary ones. This is exactly the point where our opponents--on both sides--find grounds to say that PASOK is a reformist party, that it does not aim at great endeavors, at institutional changes. This, I hope, is a matter we can clear up completely during our sessions today and tomorrow in order to be properly prepared to give battle on the distinction between final strategic goals, the drama of a movement and the specific measures it will adopt in a relatively short time in the context of a specific historic opportunity.

"The difference as concerns reformism is this: in reformism the socio-democracy brings about marginal system improvements aiming at its preservation. This is the basic criterion: to preserve the system with those changes which will render it more viable.

"For us, whose aim is the great change, who understand and believe in it, the PASOK government in its march toward this change must take into consideration the following dimensions:

"First, our resolution that no shallow measure whatever can have the broad consent of the popular masses. Without the people's participation, the people's support, basic, radical measures, institutional measure are condemned to failure.

"The second dimension which especially concerns foreign policy is the correlation of forces. For every step taken in each phase of the defense and foreign policy it will be necessary to have the ground so systematically prepared as to make this correlation of forces favorable to us, to the PASOK government.

We know--and this will be said again and again today and tomorrow--that for PASOK the platform is a guiding framework whose implementation and realization demands the people's active participation. Without question, we need the support and participation of the popular movement's organizations and especially of the local self-government and the syndicalist organizations of the working people. This we must have if we want PASOK's program to advance smoothly, without obstacles. This, moreover, is one of the reasons that we must--albeit during this period which is clearly preelectoral--work hard among the popular movements.

Landmark: The Elections

Indeed the coming elections are a landmark for Greece, a landmark in the modern history of our fatherland. Everyone, the people and we, see it that way as does the Right which every day is declaring that a PASOK victory will shake the foundations of the status quo.

"What the rise of PASOK will affect will be explained during today's and tomorrow's sessions. However, one thing is certain: behind this anxiety and fear, the Right is rallying or is trying to rally its forces while simultaneously other sides are

criticizing PASOK with insinuations about compromises and a policy of [government] rotation instead of radical change. I refer, of course, to KKE, to its daily, continuous, direct and indirect criticism of PASOK. We are not disturbed by such criticism, but we think that it is wrong for any supporter of the popular movement to open a front in the area of the forces of change at this critical moment when these forces are encountering the reactionary and conservative forces.

"We are not about to provide such an opportunity whatever the criticism against us. We shall present our positions to the people and we shall emphasize that PASOK does not need any kind of guarantors for the realization of its program. The real guarantee today is PASOK's battle-worthy organization and the faith and decisiveness of our people who at this moment have decided to end the autocracy of the Right.

"Our basic goal, the people's goal throughout this period, is one: the Right must be put out of power. We believe that in this framework of the struggle PASOK will win, not merely as the first party but also as the party of a substantial absolute majority in the next Chamber of Deputies. We have the proof--you have certainly [illustrations] from your districts--but we recently had two encounters with the people, one in Kileler, the other in Evros, in Komotini, in Xanthi, and we will have another with the people of Lakonia next Saturday, a week from today.

"We are sure that this encounter will make crystal clear to everyone and in every direction that there are 'no fortresses of the Right' able to withstand the torrent of the popular movement and the faith and the struggle for change.

"Beyond this, of course, we have the almost daily polls from all sides, if not every day, at least every week or every fortnight which confirm that we are the first party ahead of the second party which is New Democracy.

"But of course we did not come here to congratulate each other and rest on our laurels. It is clear that this is the moment of mobilization for all of us with all our intellectual and biological powers. We will need to work very hard. Our duty is to promote the greatest mobilization of the people. Deputies, members of the central committee, members of committees [of the movement] have the obligation to organize Greece in a way that the PASOK positions will enter, will go into every home.

"But in this job, in this task of informing, of the march of the people, we must never forget that what PASOK has achieved was achieved within the framework of National Popular Unity. In other words, within the context of a strategic decision made by the central committee, [a decision] of critical and historic significance. I do not need to tell you what is the meaning of National Popular Unity. But it certainly means one simple thing: that someone in Lakonia, who voted for the Right all his life in spite of the fact that he is an underprivileged, poor farmer or an artisan, such a man belongs to PASOK.

"Labels should not scare us. Indeed, we must at this moment become the people's movement, the vanguard of the people's movement, in the broadest meaning of this term. I believe that this task will be assisted very much by the correct choices in each nome, by the nome committees for the electoral struggle.

"There is one major question posed by both friends and opponents: Does PASOK have the cadres to carry out its governmental program? This or that person is alright, but who in the end will govern us? This is a question we encounter all the time. It is the only one left for them because all others have been given up. I would like to say something about this. I begin with our parliamentary group. For 7 years now they have waged a struggle within the Chamber of Deputies against the policies of the Right; I believe that compared to any past Chamber of Deputies this one is impressive. Our deputies were distinguished in the context of confrontation and proved that they can ably wage the fight against the Right. This does not mean, of course, that we have been able to develop to a truly satisfactory level the deputy of a socialist movement. This requires that we have reached our goal, that we have approached the model. It requires that we have cadres that place the interest of the popular movement above their own personal interest and this, of course, applies to all our cadres.

PASOK's Historic Role

"If we wish to prove worthy of our mission we must go on with the effort to acquire a consciousness, to become one with the role thrust on us by the historical circumstances; a role which places us at the vanguard of the popular movement and gives us the opportunity to become tomorrow the founders of the great change in our country. The moment is so important that at least those of us who have worked for years in the context of PASOK must do our very best--to show what it means to be a cadre of a socialist movement which is about to undertake soon the responsibility of leading our country.

"PASOK is a new movement 7 years old. Of course, many of us have a political life, a political presence and political struggles which go way back. We have in our midst mature cadres who have been present in many past battles, in many battles of our generation. But to a large extent--and this is as it should be--it includes young people who work with devotion for the realization of the popular movement's goals in the context of the present confrontation and battle.

"The result, of course, is that we do not have much administrative experience. This is something which we not only accept but even emphasize. Many of our cadres are not familiar with the state machinery. How could they be? Since the Right and its people have governed this country in effect for many decades the PASOK cadres were not given the opportunity to acquire such experience. But we are going to have the opportunity. The good thing is that if we lack experience, at the same time we lack something else: the corrupted conscience and the habit of horse-trading.

"If we are going to need a little time to learn the secrets of administration, we will be able, nevertheless, to offer something terribly important to our national conscience: men who do not stoop to horse-trading, who have a fighting conscience, faith in our goals, faith in and respect for our people. At this moment when the highest levels of administration and in the government itself there is great moral decay; at this moment the greatest contribution to the people by a movement is to pass the administration of the country into the hands of men who respect and serve the people and their interests. For this reason I have no serious worries.

"Moreover, in the ranks of our movement we have many capable, experienced public officials, professional men and artists not only from Greece but also from the Hellenism of the diaspora (the overseas Greeks). I would like to close this subject by saying that I consider it a great accomplishment that in so few years we were able to meet the popular demand and develop a movement composed of able, battle-worthy and uncorrupted men.

Worldwide Recognition

"I would like to move to another important subject. During the past 7 years we achieved something truly unprecedented in the area of [Greek] politics. We have been recognized as one of the most important movements on the world stage. I have no doubt about it, and there is no arrogance in saying that.

"You all know now the trips and the contacts we had in the past. But let me add other invitations at the highest level which we will not be able to accept prior to the election--from China, Algeria and Cuba.

"a. During the past 7 years we have developed ties and relations with progressive socialist and national-liberation political forces. PASOK has prestige among the nonaligned. It has prestige in the Arab world. It has prestige in the Balkans where our contacts are always at the highest level.

"b. I would like to add something else. On our initiative, the cooperation of the five parties of southern Europe was developed. In essence, it started last summer in Kerkyra. Since then we have had a meeting in Lisbon, one in Italy and one in Paris. The next is scheduled for August 8 and 9 in Rhodes. According to statements by my colleagues in the other parties, this cooperation has decisive importance for the socialist movement in the European area. And in spite of the fact that the French socialist party until tomorrow will be preoccupied with the electoral battle, nevertheless we were able to make contact and agree on a date for the meeting in Rhodes acceptable to us and all the others and to the new first secretary of the party, M. Jospin. We have also contributed decisively to the creation of a Mediterranean movement [PSOM] which has its own dynamic.

"c. You know our contacts, our relations with the [i.e., governing] socialism. I think I must repeat it now that only Poland has remained so far outside the round of official contacts PASOK has had with the governing parties in the eastern camp. In Western Europe our contacts have gone beyond the socialist, social democratic and progressive parties and we now have contacts with the governments of those countries--on matters which concern the two countries.

"The next case is the visit to West Germany where I will meet Chancellor Schmidt. The major subject of our meeting is the East-West relations, detente and the limitation of armaments. I will come back to this subject.

"Truly you must remember that from the beginning of its existence PASOK centered its attention on foreign policy. I believe today that we were able to prove that with the vision of a strategy with correct goals we worked to set up ramparts with strong foundations on which PASOK will be able to build an independent Greece

with its own foreign and defense policy. Indeed we have been able to develop a truly multi-dimensional foreign policy. In my opinion this is a great achievement. Through our contacts, our connections, our work at the all-European, Mediterranean and Balkan level, PASOK moves forward the great and crucial cause of peace, detente and the limitations of armaments. And let us not be too hopeful about disarmament.

"I would like to say a few words on this problem, on this danger we face today not as a country but as Europe. on an international scale, as a result of the cold war. Undoubtedly the sources of this new cold war, of this return to confrontation, is the deep economic crisis of capitalism, which has very significant ramifications also in the countries of 'in being' socialism, in the eastern camp. This economic crisis has a worldwide character, has suspended the movement toward detente and peace and has indeed paved the way for a return to the cold war which, we believed, had been put in storage since 1963.

"We face great dangers indeed, real dangers, and I would like to identify the sources of these dangers today. It is not enough to say that there is a cold war, a confrontation between the U.S. and the Soviet Union. The question is: what is the source of those existing dangers? I say 'existing' for the first time.

"First of all, we have the effort of the United States to gain nuclear superiority over the Soviet Union. The question of who is ahead of the other cannot be easily answered because it is a complex question when one takes into account both the nuclear and conventional armaments. One thing is certain. The Americans have created the impression--it has become a conviction among their people--that the Soviet Union has a superiority today and not only in the European area. The goal is not merely to balance the forces, which is the only guarantee to avoid a conflagration, but to reach a status of American superiority over the Soviet Union. This aspect of President Reagan's policy is the most serious and most dangerous.

"Second, on the European level we have the major question of the SS-20, the Euro-strategic missiles possessed by the Soviet Union, which missiles can hit all the capitals and installations in Western Europe. Supposedly as a response to this presence of the SS-20, the issue of the Pershing-2 and the Cruise missiles was raised by the West--by the United States with the support of the European countries, but as of now not all of them.

"I would like to make this observation. While it appears perfectly logical that since the Soviet Union adds one missile SS-20 every week, Europe should also move forward with the development of Euro-strategic weapons, i.e., weapons that can hit not only the capital but also towns and installations in the western Soviet Union--there is another point: The Soviet Union does not care very much whether Moscow is hit from New York or from a town in Western Europe.

Suspending the Balance

"The presence of Pershing-2 missiles in particular means the suspension of the balance, the balance which has been achieved so far at the level of intercontinental nuclear weapons incorporated in Salt I and Salt II. This Salt I and II balance is overturned by the presence of missiles in Western Europe which will replace

the intercontinental missiles from the United States. Therefore, this is a crucial question for the Soviet Union, and what the Western Europeans must understand is precisely that this is a tremendous provocation for the Soviet Union, a provocation with unforeseeable consequences.

"But beyond these two specific questions, the armaments program of the United States and the installation of the Pershing-2 and Cruise missiles in Europe, there are also two theories which for the first time are being presented and even taking root especially in the United States.

"First, there is the theory of limited nuclear war, of nuclear war controlled by the two superpowers. How can this be? In the old days, the nuclear weapons were somewhat simple. They were not particularly accurate and the aim of those old generation weapons was to hit population centers resulting in a general holocaust. This prospect of a general holocaust without a victor solved the problem. The nuclear weapons were actually useless. The nuclear peace was assured. Today we have weapons so accurate that based on the information they receive from the orbiting satellites which are unbelievably detailed--I don't know if you are aware that one can see the licence plate of a car in a city--they can hit the nuclear installations of the other side. We can limit ourselves to the targeting and hitting of nuclear warheads, the nuclear installations without hurting the major population centers.

"What is madness is now becoming something believeable, a point of view, a policy, the policy of the feasible nuclear war. But there is another aspect of this thing of limited nuclear war: With the installation of Pershing-2 and Cruise missiles in Western Europe and the retention of the SS-20 in the Soviet Union, many American writers and columnists have begun to hint that in a clash of the two superpowers it is perhaps possible to limit the nuclear war only on the European continent. Because, they say, it will not be in the interest of the Soviet Union to get us /the Americans/ involved. Western Europe with the Pershing and Cruise will have already been hit. Possibly the nuclear war will not reach us. This is a stupid theory, because when the nuclear war gets started it will not be stopped easily, at least according to the opinion of those who are still sane. In any event, these idiotic theories are very dangerous because they may be translated into a concrete policy. I would like to add a few more words about the economic and social effects these armaments will have.

"The leaders of the eastern camp feel that the continuation, the faster pace of armaments will hurt deeply if not fatally their economic progress, the expansion of their social gains, if you wish, the moderation which now inspires the countries of the eastern camp, developments, liberalization with the good meaning of this word, with the meaning of active participation of the working people, as in Poland.

"All these depend in the end on the rise of the people's standard of living. For the Soviet Union, for the countries of the eastern bloc, the increasing cost of armaments for new weapons and systems means a real holdback or even reduction of the actual level with an impact on the rate of social development and progress, including the domestic political climate. The question of Poland, which this may not be the right moment to discuss, is not unrelated to those observations.

"But with regard to the United States, at this moment when there is tremendous unemployment and in view of the new president's policies, the increase of arms expenditures--which is expected to be dizzying during the next 2 years--will contribute to the higher rate of increase of the national product and of course a reduction in unemployment. We say all this because I believe that PASOK must, in spite of the size of our country, play a role and I believe every country in Europe [must do, too]. Even the small countries can play a decisive role in this great struggle to avert this armaments race and to return to a climate of detente and humanism.

Optimistic Messages

"I cannot close [my report] without of course mentioning the joyous event, the victory of the socialists in France. There are also positive expectations in the Netherlands, in Belgium and in Sweden, and of course in our case not only positive but most positive [expectations] which will complete the picture of a new current which will come with the PASOK victory in the fall of 1981.

"I would like to make an observation on these political currents. The economic crisis I mentioned previously, and on which I have spoken many times in the Chamber of Deputies and elsewhere, this economic crisis in its first phase led to a turn to the Right: Scandinavia, Britain, everywhere.

"A turn to the Right because when the 'pie' stops growing, then the social programs developed in the context of the welfare state as it is called--of the social contract--the class struggle reappears in its real form. This is because in my opinion the policy of the Right--the case of Mrs. Thatcher in Britain is typical--is a policy of one-sided austerity and 'monetarism' and has failed without providing any solutions. It has failed not only domestically in Britain, West Germany and France, but internationally. Because this struggle for a 'pie' which does not grow but shrinks becomes more bitter--among the classes if you wish--in each country. And we have right away a clash, a confrontation between rich and poor on an international scale, in the metropolis and in the peripheral areas of the world.

"These impasses facing today's world capitalism cannot be overcome in the context of a conservative classical policy such as the one employed by the government of the Right.

"Of all those who tried to deal with the problem--economists, various committees--I remind you of the Brandt Report--here in Greece Ang. Angelopoulos has written a book on this climate; what they propose is a keynesian policy, a policy to increase demand to mobilize the productive capacity of their economies in the context of an international economic policy for the transfer of surpluses, in the form of loans--if you wish--to the developing countries, that is, the countries of the periphery. But the solution mathematically exists in an economic model. And if you wish it is a solution. But it is [a solution] which denies the very essence of capitalism, that is, to save capitalism with such gestures which in effect undermine its very system or contradict its goals which of course center on the increase of surpluses and its concentration in the big centers. Therefore,

the governments of the Right face a great impasse, [an impasse facing] the bourgeois governments throughout the world. The basic features are stagnation, tremendous deficits in the balance of payments and unemployment.

"I sincerely believe that we have passed from the peak of the turn to the Right. Already the experiments of the Right have failed. We are indeed at the opening stages, we are in a process, I would say, in a significant turn to the Left, to overcome the contradictions of capitalism--not to beautify it. This also explains the changing positions of certain parties.

"Significant on this score is the changing character of the Labor Party in Britain. And I think that those who think that because a few conservative cadres left the party it will not be able to win a great victory when the time comes are in for a big surprise.

"I said all this to conclude that--with the exception of the cold war atmosphere--the prospects for the Left, the international prospects for PASOK in Greece, are positive. And for this reason I am sure that we will be able to overcome all problems with the support of the very significant factors we mentioned earlier.

"It is up to you to wage correctly the battle and to win. And to have a PASOK government, thus making the change a reality."

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PCI'S BUFALINI ON NEW FRENCH GOVERNMENT

Rome RINASCITA in Italian 3 Jul 81 p 3

[Article by Paolo Bufalini]

[Text] The American reaction to the entry of communist ministers into the French government, Mitterrand's firm reply, and the positions--differing substantially from that of the United States--expressed by important European member countries of the Atlantic Pact have made it clear, even to those who have strived to portray the election of a socialist president as a normal alternation, that what has taken place in France is an event that is bound to have consequences reaching far beyond that country's borders: foremost in Europe, but for the entire international situation as well. It is a new test (and a new aspect) of a strict bipolarism and of those theories on the homogeneity of areas--Reagan and Haig spoke of this very recently--which, were they to pass this test, would dim all prospects of doing away with the system of contrapositioned blocs and all hopes of a real detente.

We will return to this theme, with a careful analysis, at a later date. At the present time, I would like to limit my comments to the fact that the entry of the communists into the government of a major country that is a part of the Atlantic Alliance is based on a unitary political document, a document, that is, which, starting from diverse positions--positions which during the prior period and in the course of the electoral and presidential campaign were widely diverse in many respects--actualizes an agreement on highly important matters of policy: I refer in particular to those matters concerning foreign policy, Afghanistan, the missile balance in Europe, the Middle East, and Poland.

I think those who tend to forget this fact, referring to the overall situation as a surrender by the PCF [French Communist Party] to the socialist platform, are making a mistake. There is no doubt that on certain not unimportant issues the PCF has occupied positions different not only from those of the PS [(French) Socialist Party] but also from our own. The PCF, however, has moved along a basic line that has made possible the attainment of a unitary accord based on common and realistic positions: that of the struggle against the arms race and that of the affirmation of the principle--which the PCF has confirmed with regard to Poland--that every people must itself resolve its own problems and decide its own future.

I wish to emphasize this fact not because of a desire to defend the French communists from this or that criticism, but rather to underscore points of substance and of method that are important also to Italy, to us Italian communists and, above all, to the cause of peace and international detente. Of course, I do not think the outcome of the situation in France can automatically be transferred to Italy, but it will certainly make it more and more difficult to continue denying participation by the PCI [Italian Communist Party] in our national government for ideological and foreign policy reasons, considering that the PCI has for years maintained unitary positions identical with those now agreed to by the French socialists and communists, and that the PCI is in the governments of so many major cities, provinces and regions. In any case, it will be difficult henceforth not to take into account those points of substance and of method.

The substance: Through her proven loyalty to alliances and her confirmed intent to neither break nor change the balances between the opposing blocs, France gives clear, substantiating evidence of the existence of her own foreign policy, totally independently defined. The method: The seeking, without ideological preconceptions and based on the nation's real problems, of points of consensus among political parties with diverse histories and diverse identities.

But the real innovation is certainly not solely in foreign policy; it is also and foremost the fact that the parties that are the voice of the working classes and that prefigure the socialist transformation of society into democracy have captured, on the basis of a clear platform of transformation (which differs in many respects from that of other European social democracies), the control of France's policy-making from the forces of the right and center that are the voice of capitalism. The magnitude of this event, if it is consolidated--and we not only hope but believe it will be--is destined to be what I do not hesitate to define as historic, in that, it will have initiated the practical demonstration that it is possible in Western Europe to start and carry out democratically a process of transformation of society toward socialism, fully respecting all individual and collective freedoms and political, cultural, economic and social pluralism--fully respecting, in sum, those fundamental values and concepts that have constituted the main axis of our (but not only our) party's endeavors and political struggle under Togliatti's leadership and following his death, that have been redefined in recent years under the name of Eurocommunism, and that in recent days we have restated together with the communist leadership in Spain in a joint document. We are for these reasons also aware that for the working class and for the leftist and progressive forces in France a difficult period has begun--a period of struggle and political maneuverings of the most involved kind.

A fact of this magnitude, as well as the processes and conditions that made it possible, warrants serious consideration instead of a rekindling of polemics that Mitterrand and Marchais have wisely put aside. There is no gainsaying the fact that the victory was won thanks to the PS's enormous lead right from the first round of the presidential election. But anyone who contraposes the absolute majority of seats won by the socialists to the communist seats only pretends to forget that, both for the election of Mitterrand in the second round and for the winning of the absolute majority, the solid concurrence of communist votes

(almost 5 million votes for election of the president) was determinant. Together with the PS's lead, in which we sincerely rejoiced immediately, the unity between socialists and communists was therefore decisive.

There is another point that should not be forgotten for an accurate political assessment: The consensus given by the voters to the PS was given to a party that has never advocated (or agreed to advocate), not even for the purpose of capturing a segment of the moderate vote, the exclusion of communist participation in the government. The consensus, that is, was given to socialists who had neither accepted nor submitted to any "preamble," and who had not sought any prior American permission for communist participation in the government. Thus, the "change" was implemented.

Lastly, I do not believe that Mitterrand brought the communists into the government only to "pay off a debt," but rather as the logical and consistent outcome of his choice of the alternative of a unitary approach.

No one is seeking hasty identification with Mitterrand, because, aside from any other considerations, each country has its own peculiar history and because the same alternative is not being advocated--and has not been advocated by us communists--as an objective in Italy under the same terms as in Paris. But if one wishes to discuss objectively and dispassionately what has occurred in France, the facts we have pointed out herein cannot be ignored. On the contrary, they must be one's starting point.

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PCI'S LEDDA ON SALT, TNF, EAST-WEST RELATIONS

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[Article by Romano Ledda under column heading "Issues of the Day": "Every Delay Speeds Up Arms Race"]

[Text] In the interview granted by comrade Craxi to L'ESPRESSO of 5 July, he expresses certain objections to a democratic alternative based on unity between the PSI [Italian Socialist Party] and the PCI[Italian Communist Party] that warrant sober comment. I shall limit my comments to an issue of international scope--a rather grave one--which encompasses many of the prospects of the Italian and European left, and on which it would be useful to initiate a debate devoid of ideological prejudices, renewed polemics, and also of any insidious or explicit attempts at exploitation for internal aims.

If I have understood that interview correctly, there emerges a central thesis on the part of the PSI secretary from which various conclusions are drawn and which it is desirable to restate here in its entirety: "As to the international problems," he says, "there is a basic approach on which the socialists and communists are in agreement: everything must be negotiated. But we differ in our assessment of the issues involved. We socialists believe that the USSR is pursuing a policy based on the principle of expansionism. We therefore feel that when it comes time to negotiate, Italy should definitely place herself on the Western side. Neither Europe nor the United States can negotiate alone with the USSR. Therefore, when I say 'on the Western side' I mean that we must act to ensure that the Western front remains united and solidary, taking into account the diverse nature, the independence and the autonomy of each of the countries and the need to resolve misunderstandings and conflicting views among them."

We recognize that we communists--but not only we: large segments of European social democracy, American scholars and political leaders, etc. as well--have a less simplified and simplistic (at one time the term would have been Manichaestic) view of the current, grave international crisis, its causes, and due responsibiities--including Soviet ones--for the coming about of the current extremely dangerous world situation. It is of immediate importance therefore--from the standpoint of developing the positive initiative the left is being called upon to promote to render the world more effectively governable and to impart to it a more equitable, peaceful and democratic attitude--to take a step forward toward deciphering the nature of the crisis.

There is also, however, an immediacy to certain questions and answers that cannot be further delayed. And it is here that certain concrete questions must be put to comrade Craxi. A united and solidary Western front, he says. Very well. But along what line, with what aims, and with what prospects? To use his own term, with "what values"?

Let us take the tormenting question of theater missiles in Europe. We refer of course to all such missiles: SS20, Pershing and Cruise. It is an issue--as we are all aware--of extreme importance and gravity. Awareness of the escalation involved led the winter 1979 NATO Council to take a twofold decision, in which the term "negotiation" figures prominently. Now, let us consider the sequence of certain events. In January of this year, American Defense Secretary Weinberger, in the face of pressing demands by the allies, announced that the United States would require 6 months to study the dossiers and begin negotiations. In May of the same year, the NATO Council in Rome was assured by Haig that negotiations would begin in the fall ("The Alliance received favorably the intent of the United States to begin negotiations with the Soviet Union on the control of Theater Nuclear Forces, within the SALT framework, by the end of this year," said the final communique). Thus, first it was June, then September-December. But then on 22 June, testifying before the U.S. Senate Foreign Relations Committee, Eugene G. Rostow--new head of the Arms Control and Disarmament Agency, in other words, the official who is to head the subject negotiations--stated that: 1) At least 9 months will be required (that is, to the spring of 1982) prior to sitting down at the negotiating table; 2)The administration had not yet reached any conclusion regarding SALT 2, except the conviction that it is full of errors and must not be ratified, meaning that no one yet knows on what or how the negotiations are to be conducted; and 3) There can be no arms control policy unless there is a return "to the containment policy pursued during the period the Truman presidency and the American withdrawal from Vietnam" (I cite textually from the official documents reported by the DAILY WIRELESS FILE). In short: The negotiations on Euromissiles--and this was immediately confirmed by Haig in his arrogant televised interview of 29 June--must be pushed back to next spring because of their linkage to SALT, and since the latter is still lost in the fog, the prospects for the start of negotiations are, to say the least, dimming fearfully, if not altogether vanishing.

I do not believe comrade Craxi favors a united and solidary Western front along this line, which is undermining even the labored and limited bases on which SALT 1 and 2 were built and is giving way to a period, of a greater or lesser length that no one knows, of totally unbridled speed-up of the arms race. On the other hand, not even in the United States does such unity exist. Although the Reagan drive continues to chalk up the domestic successes with which we are familiar, more than a single voice is beginning to be raised in criticism. They are not only the voices of traditional American doves like McGeorge Bundy or Kennedy but also others (James Reston, Robert Legvold, Dimitri Simes, Republical Senator Percy, Former Secretary of State Vance); they are the voices of magazines like FOREIGN POLICY and FOREIGN AFFAIRS, and of newspapers like the NEW YORK TIMES, CHRISTIAN SCIENCE MONITOR and the WALL STREET JOURNAL. These voices are beginning to express concern, to question whether or not the administration really wants negotiations, whether "linkage" is not likely to be more a destabilizing

factor than a deterrent, whether containment may not be a "constraining provocation against the Russian bear." Whatever may be our opinion of the actions ensuing from Soviet foreign policy, says Vance, "if we do not take this opportunity to reopen serious talks, we could find ourselves in a position where time has run out on us," because the Soviet Union itself is beginning to wonder "whether or not the possibility truly exists of resuming valid negotiations with the United States."

And this is what is more and more inexorably occurring. It has been commented on many occasions--and the experience of relations between the two superpowers has amply demonstrated--that the system of action-and-reaction, the spiral of challenges and mutual lectures are nonproductive. Methods of this kind do not lead to preventive results; instead they contribute to a hardening of positions. Every delay of negotiations therefore actually buttresses the wall of mutual distrust, suspicions and fears instead of rendering them more open to reason, thus intensifying the danger. This is what emerges from the most recent Soviet speeches, from the caution and the strictness of its political and diplomatic moves, from the return of the old encirclement syndrome with all the implications this brings to bear on the points of crisis that this same syndrome has opened (Afghanistan) or that have exploded in USSR's own ambit (Poland). The risk involved, in sum, is that of a rigid contrapositioning based on the pure logic of power and of its set rules and requirements, which include the restoring of two immovable camps held together--this time unlike some decades ago--purely and solely by by bonds of military security.

This dangerous predicament is fully understood by Europe's major political forces, including the bulk of its social democracy and its socialist parties, which fear, to a greater or lesser extent--the European socialist universe is quite variegated, indeed, much more so than it desires to appear--they have signed a blank proxy, and which make no secret of the current gap between those whose position is to reject negotiations entirely or at best to postpone them indeterminately (that is, until certain irreversible situations have been resolved), and those whose position--knowing what they want and how to go about achieving it--is based squarely on the desire to negotiate. How can any other interpretation be placed upon the visit to Moscow just concluded by as prestigious a social democratic leader as Olof Palme and that of the visit taking place at this very moment by Willy Brandt, president of Socialist International? The new Mitterrand diplomacy toward all of a number of Soviet political actions (Poland, Afghanistan, SS20) is all but soft; however, it is precisely because of this that Claude Cheysson in his most recent interview given to TIME (29 June) urges the United States to negotiate and asks the United States whether or not it still believes in detente. The Belgian socialists have postponed all decisions with respect to the deployment of missiles, and the Dutch socialists (and with them the Dutch Christian democrats and progressive liberals) have just in the last few hours decided to make all decisions in the matter contingent upon the start and development of negotiations. The British laborites are actually demanding a unilateral atomic disarmament. The German SPD [Social Democratic Party], after having vigorously supported the new Reagan orthodoxy, has softened its positions for reasons having to do with the uncertainties of its coalition with the liberals, but is at this point suffering

lacerations and fractures such as it has not known heretofore and is, on the other hand, facing a real mass movement throughout the country--a movement which, in widely varying forms and frequently with the most dissimilar objectives, is imparting throughout Europe a new awareness (and why not?), a new and healthy "fear" of the new missiles, whichever they may be.

There is yet another aspect to be considered a force of the left. Chancellor Schmidt has many times stated he is staking his political fortunes (which are clearly not personal) on negotiations. The American response to date has shown disregard for this fact. In drawing a conclusion from this, one incurs little or no risk of error, borne out as it is by the inter-Atlantic controversy on the economic and social terrain and by the American rebukes over the composition of the French government. A system of hardened contraposition between East and West, the restoration of impermeable camps, the resumption of an ironclad system of blocs, requires today--more than was necessary in years past--a homogeneity of economic choices, of models, of leadership groups (in the East as well as the West). During the first Cold War the social democratic and socialist forces were able to coexist within that system by virtue of a widespread and common economic growth and hence by way of a similarity of statal and social experiments. But today? Is it not a fact that with a West in which each one follows his own game plan, and in which the growth of one of its parts demands the impoverishment of its other weaker parts, and that today, with the articulation of conflicting or divergent responses to the crisis (Mitterrand's, Thatcher's, Reagan's), a homogeneity, no matter how relative, aims toward the exclusion of all forces of the left, no matter how unassuming they may be, in favor of moderate, neoliberal, or other such forces on the domestic scene, and of anti-detente forces on the international scene, the sole unifying glue being the military factor?

In effect, paraphrasing the Honorable Spadolini, the Atlantic has become wider and the very idea of a West has undergone changes of a magnitude that are not negligible, to the extent of putting to question again--and insofar as it concerns us we have done so from a lay standpoint--the notion of "camp." Without wishing, however, to go that far, it must nevertheless be admitted that as of recently it is becoming increasingly difficult to perceive with any degree of sharpness a commonality of objectives or an identity of interests between Europe as a whole, with particular emphasis on those of its left, and the United States, with particular emphasis on those of the Reagan administration. Pointing out this fact does not necessarily mean advocating ruptures or the upsetting of alliances, but rather recognizing that there can legitimately be sharp differences of viewpoints, that these differences can be not marginal but rather substantive, and that such differences can be unresolvable even though they must coexist, or must involve a struggle to impose positions that are held to be right.

To return to the concrete, the atomic warheads circulating in Europe number around 20,000, in the East and and West, and guarantee mutual security beyond all reasonable limits. Every additional missile--SS20, Cruise, Pershing--not only appears threateningly superfluous but also transforms Europe militarily into the outpost of a war falsely expected to be limited, and opens the way to a new and perverse

phase of rearmament that, because of its technological sophistication, will vastly complicate the means of monitoring and verification involved in any agreement on the limitation of nuclear weapons.

At this point, what can be done? We are less interested at this time in establishing who is responsible for the current state of negotiations, although a certain minimum of analytic objectivity would not hurt. Wherever such responsibilities may rest, however, the question is: "Why not pull out of this stall, break away from an immobilism that is increasingly fraught with dangers, shatter the rules of the game between the two superpowers and impose new rules?" In other words, institute an intensive and continual political initiative at all levels--government and masses, diplomatic and grass-roots, proposals and compromises-- to compel the negotiation of military balances at lowest possible forces levels. It must be done with great realpolitik, of course, knowing well how to exploit all the objective facts in the matter, which are many and highly complex. But above all, there must be a firm policy-level intent and the conviction that Europe in general, and its left in particular, fully exercising the range of their autonomous expressions, are not irrelevant from the standpoint of influencing more powerful countries and the general course of the present world situation. (They will be irrelevant only if they fail to grasp the magnitude of the stakes involved, if they show themselves irresolute on a crucial issue, or worse, if they give up their basic principles to gain a little benevolence, which at best can be but illusory).

Could this be a divisive issue in the Italian and European left? It seems to me it should not be. And since the K factor continues to be a successful journalistic contrivance, which Mitterrand has however succeeded in rendering obscure, the issue remains entirely open to the outcome of a serious dialogue on the subject.

9399
CSO: 3104/324

PAPER VIEWS GOVERNMENT FORMATION PROCESS

PM100945 Amsterdam DE VOLKSKRANT in Dutch 4 Aug 81 p 3

[Editorial: "Final Report"]

[Text] The mediators in the government formation talks disappeared from the stage with striking speed on Monday [3 August]. This was probably a question of tactics--the parties are unable to make new policy demands. This could give the impression that things are now going well with the Great Coalition (the Labor Party [PVDA], the Democrats '66 and the Christian Democratic Appeal [CDA]) and that there is agreement on its program.

This impression--given verbal support by Van Agt as well as by the mediators--is illusory. Den Uyl quite rightly spoke of a "time bomb" under the government formation negotiations, now that Van Agt (in conflict with the mediators' conclusions) has reserved the right to reopen negotiations on policy in the social and economic fields. Here the differences between the CDA and the PVDA are particularly sharp. The important question is whether the return of mediators Lubbers and De Koning to the CDA parliamentary group will be enough to defuse this Christian Democrat time bomb.

The mediators have given few objective reasons for their ardent faith in the swift formation of a second Van Agt cabinet, this time with different partners. Their optimism smacks greatly of their personal wishes which have colored their ideas. This makes their final report a fairly precarious balancing act.

In itself, their view of their mission and the way they have carried it out in the last 2 months deserve much praise. The CDA mediators in particular have found a solution to the tension between their prominent political role in the CDA and their temporary mission, without sacrificing the latter to the former. In the last few weeks they have even dared confrontation with the majority of their own parliamentary party.

But an important part of the task of mediators is as reliable a final report as possible. This has still not wholly been realized and the mediators run the not inconsiderable risk that the events of the coming weeks will amount to a retrospective judgement in the quality of their work. Such things happen when the tactics of the game push durability aside.

Van Agt is obviously keeping open his option to continue into the second phase of the government formation talks his tactics of not giving way, but also of not striking out, with the undermining effect this has on the position of the other parties. This has paid off in the paragraph on defense, in which the still present PVDA reservation over the question of nuclear arms in the Netherlands has been toned down and only the objective of more money for the defense forces comes clearly to the fore.

In this way the Labor Party has been outmaneuvered in a section of the policy program about which no further negotiations will be held. Perhaps this is not enough to split the Great Coalition, but in the next round of talks which will cover the field of social and economic policy the CDA will once again demand some concessions. It is becoming ever clearer that the PVDA will continue to set no limits and thus sometimes give retrospective justification to Van Agt's tactics.

A miserable process.

CSO: 3105/158

EDITORIAL VIEWS CAUSES, EFFECTS OF YOUTH RIOTS

Zurich NEUE ZUERCHER ZEITUNG in German 19-20 Jul 81 p 15

[Editorial by K.M.: "Paving Stones as Substitutes for Thinking?"]

[Text] For the last 15 months we in Zurich and other Swiss and European cities have come face to face with the "movement," with its mass meetings, demonstrations and "actions"; with its flyers, magazine and, lately, brochures; with their AJZ [Autonomous Youth Center], their protests and their festivals, with their bags of paint, barricades and paving stones; with their squatters, their riots and their broken glass. After this fairly long period of time, the question arises ever more strongly as to what it is all about--the difficult question about the spiritual, intellectual and political substance of this "movement." Our intention here is not to make a list of accomplishments made during this period and what material and private property was destroyed. Rather, we want to determine whether the objectives, if any, of this protest movement have manifested themselves, whether the means employed are likely to help in attaining these objectives and whether it can be discussed in rational terms.

There has been no shortage during the past year of well intentioned and other attempts at explanations which unequivocally pointed to the significance of intuitive irrationality as the cornerstone of the "movement" and which explained it as a reaction to the rationalization, organization and bureaucratization of our lives in a modern industrial society. It was a wave of indistinct feelings in a revival of fantasy and "creativity," under the influence of music and occasionally drugs, in a search for more affection and warmth, in experiencing pleasure and hostility, in the desire for immediate gratification of every wish, for absolute self-realization; but also in an explosion of uncontrollable, anarchic feelings, in senseless violence and brutal destruction.

This intuitive withdrawal and alientation has always remained basically dominant and has by far overshadowed the nucleus of the "movement" whenever specific demands (e.g., for an autonomous youth center; for "less concrete"; for more inexpensive housing and more living space and for facilitating the creation of an alternative culture) had temporarily, and often interchangeably, surfaced and managed to mobilize large masses of sympathizers. We have on this page several times previously covered the fact that this emotional entity, largely uncontrolled by intellect, has its precedents in similar movements in Italy and its parallels in Germany, where the "rules of the game" are broken also and where attempts are made to throw a monkeywrench into the functioning of state and society.

However, a movement which seeks to make changes in society and in the state and which therefore is also a political force must rely on communication and articulation, even though it is based on intuition. It cannot forever repeat the primal scream of protest; it cannot remain restricted to "intuition, arrogance, contempt and laughter" without the danger of running aground in incomprehensive and alienation. Even in a recently published self portrait of the "movement" in the book "The Powerful in Fear of Autonomy," Juerg Meier (an elected member of the Boldern council), having written about "striking down everything that now exists" and having criticized the Left as "the fig leaf of a long obsolete democracy," comes to the conclusion that the "movement" could no longer operate entirely out of its "gut feelings" (the psychologists must have loved this!), but that it must gradually grow beyond the world of the emotions: "Tomorrow the 'movement'--and ourselves--will need to use its head."

However, the formulation of objectives by this active sympathizer, which he is belatedly attempting, is not at all original and sadly lacking in political substance. Meier proposes a "hard and resourceful political struggle, which would reduce this state to cucumber salad. The definition of cucumber salad: jolting the foundations of these conditions; redistribution of wealth; redistribution of power--in other words: autonomy." This publication and others suspect increasingly that while the "movement" has created for itself a well structured and deformed image of the enemy on which it has loosened big waves of emotion, it has thus far been unable to design a vision of a "more human" industrial society, let alone specifics of its "cucumber salad"--all it has produced to date are some monolithic slogans. From the societal-political standpoint, the movement has bogged down in negativism and defensiveness. To date, it has flunked its constructive intellectual tasks--paving stones just are no substitute for creative thinking.

This lack of a future-directed thoughtful contribution to the solution to the problems of our times is all the more regrettable and worrisome since these problems are undeniably great. All it takes to conjure up the worldwide problems of a human race living beyond its means is to think about "Global 2000," the U.S. Government's comprehensive perspective study published this spring in German translation. It comes to the conclusion that "the world in the Year 2000 will be still more overpopulated, dirtier, ecologically still less stable and more subject to disturbance."

But our country too has its problems in dealing with the contradictions of our times. There is justified resistance against further regimentation and bureaucratization by the state, but we put no restraints on our demands; there is anger against the continuing spread of concrete in our country; against continuing road construction; against nuclear power plants--but the number of automobiles keeps on climbing; electric power consumption increases; the need for housing is going up; we want to work less, some of us as little as possible--but at the same time, demands are made for increases in take-home pay; we object to further measures in making the workplace more efficient--but we still want to enjoy the fruits of growth, which must in addition be produced against severe international competition.

As if these contradictions were not sufficient, the "movement" has added a few of its own: while it is screaming for autonomy (to include independence of the law), it wants to enjoy this autonomy on the back of the solvent state; it demands more

feeling, affection and love, but has by its actions triggered a wave of dislike, hate and hostility the like of which has not been seen in our country for a long time. And with its call for absolute self-realization and autonomy it has taken the axe to the solidarity of the entire population, which cannot exist as a fraternity under a common activist experience but which must include everybody to be a true community of people.

But the great problems of our times will not be solved by retreating to the ghetto of alternative Robinson Crusoe islands nor by the self-glorifying encapsulation of "autonomous" groups or strata. Nor is the nurturing of fringe groups, however necessary, a substitute for all of the following:

--that all of us jointly, as a community linked by fate, engage in the search for acceptable solutions to the gradual realization of an industrial economy within an ecological balance;

--that we once again realize that everything has its price and that in making important decisions affecting our future we should be ready to pay this price;

--that to make these decisions, we need a dialogue--and not hostility or violence--to arrive at a consensus or at least at an acceptable compromise, and that the path of the future cannot be found without pondering, without thinking, without imagination;

--that we must become more modest in everything--in our demands, in our expectations, in our belief in the feasibility of things;

--that everyone's absolute self-realization threatens to lead to everyone's self-isolation and that every genuine community of men presupposes a measure of renunciation, consideration and restraint;

--finally, that there are no quick and easy solutions to our problems, only searching, tentative approaches and preliminary decisions--but that, in view of the urgency, our search for constructive solutions should be intensified.

9273
CSO: 3103/375

SAMI KOHEN ON GREEK ELECTIONS, PAPANDREOU CANDIDACY

Istanbul MILLIYET in Turkish 25 Jun 81 pp 2, 12

[Article by Sami Kohen in the column "Window on the World": "Last Chance"]

[Text] The success won by the left in the French elections cannot be affect the political future of democratic nations in Europe.

One of these nations is Greece.

There would seem to be plenty of time before October when general elections will be held in Greece. But at present, Andreas Papandreou's Socialist Party (PASOK) appears to have broad support and to be growing stronger. It is not for nothing that Mitterrand's victory in France is being exploited as an example by Papandreou and other socialist politicians in Greece.

It is natural for the Greeks, confronted by such problems as high inflation and unemployment, to pin their hopes on a change of administration, pricking up their ears at a party and its strong leader which promise a new and different direction at home and aborad.

However, there are quite a few differences between Papandreou and Mitterrand, between the Greek left and French socialism. And the approach to foreign policy heads the list.

French Socialists see France as within the Western community and want their ties with the Western alliance to take on new strength. PASOK, however, favors weakening Greece's ties with the West. Papandreou is opposed to Greece's EEC membership and even its NATO obligations. To see it as he does, the rightist administrations in Athens have sold Greece to the West.

Doubtless, Turkey has long headed Papandreou's list of foreign policy goals. For the PASOK leader, hostility against Turkey is not so much a political tactic as virtual idee fixe, a belief and a basic attitude.

It is hard to say at present how the Greek elections will come out. But, if as public polls show, Papandreou should win a majority or at least emerge as the strongest party, certainly many things will change in Greece. Perhaps in the seat of power, Papandreou will feel the need to give a more realistic direction to his

Western policy. However, whether he would show the same common sense and realism in his attitude toward Turkey is something we cannot know, or, more precisely, have our doubts about.

Acting on the hypothesis that it would become more difficult to resolve the problems between Turkey and Greece if Papandreou cam to power, the need if felt more clearly to work harder on this in the few months ahead.

It is an encouraging development that Foreign Minister Turkmen, while passing through Atens two days ago, had "a friendly discussion" with his Greek counterpart Mitsotakis, with whom he has built a good dialogue.

Turkey certainly has a sincere desire to obtain some concrete results by election time with the present administration in Athens, which frequently expresses its desire to resolve existing conflicts by negotiation. Surely it knows that it may become more difficult after that date.

However, if there is a chance today to find solutions to the problems, it will be possible only through a joint effort to take advantage of it. Frankly, the Greeks (and other foreigners) have to give up thinking along the lines: "Whatever can be done will be done by the elections. So Turkey must reach immediate agreement with today's friendly government before Papandreou comes to power." It is to Athens' benefit as much as Ankara's to eliminate the disagreements and build friendship and cooperation. The present administration in Athens will stay or go, but as it is always in Greece's interest to get on well with Turkey, the present Greek government should not step up its efforts to find solutions to the problems by putting the burden on time.

In other words, Athens will gain nothing by raising the cry that Papandreou may come to power to pressure Turkey and showing no flexibility on its own account.

8349
CSO: 4654/60

'MILLIYET,' 'TERCUMAN' WRITERS EXAMINE U.S.-TURKISH RELATIONS

Ali Birand Commentary

Istanbul MILLIYET in Turkish 12 Jun 81 p 9

[Article by M. Ali Birand in the column "They and We": "What Will U.S. Congress Do Now"]

[Text] Israel's bombing of the nuclear reactor in Iraq made us think of two things:

First: What will the American Congress think?

Turkey was severely punished by Congress for using American weapons in Cyprus in 1974. The rationale was that U.S. arms "could be used for national defense" only.

During the same time, Israel was able to attack left and right with the same American arms. It was able to bomb Palestinian camps (even civilians). It was able to launch the schemes which brought Lebanon to its present situation. But the friends of Israel in the same U.S. Congress said, "Use of American arms cannot be punished for those who are defending themselves."

Now there is the Iraqi incident.

Even the International Atomic Energy Commission, heavily influenced by the United States, announced officially that the nuclear reactor in Iraq was not at the stage to build atomic bombs. The French government (the nation which built the reactor) gave guarantees in this regard.

What does Israel's attack have to do with national defense?

Will the Congress again choose to ignore this act, which amounts to interstate terrorism?

Will Israel be allowed to attack another nation on the rationale that it considers itself justified or, indeed, as a pre-election ploy?

If the American Congress remains silent this time and allows Israel to go unpunished, it will both go against the interests of its own nation and never again have the right to pass judgment on other nations.

More important, if the strong Jewish minority in the U.S. Congress and in America is able to get the administration to do what it wants, those who doubt Washington's leadership, or at least those who do not like the administration providing this leadership, will be even more justified. And the feeling of "confidence in the United States," which is beginning to return in certain circles, will be jeopardized again, at least among many nations in the region where we are. And severely so.

Besides being a nation which is preventing peace in the region with its attitude, Israel is also upsetting the policies which America has planned to implement in the same region.

The latest incident will force many Arab nations to think twice, or even three times, about the swift intervention force, the formation of which is being attempted on the rationale of protecting the oil region. They will be even more worried about this American initiative, which they are not overly thrilled about anyway.

Will the moderate Arab nations, which consider Israel more of a threat than the Soviets in their region--where the United States is planning to put bases on their soil--be able to consider opening their arms now to an America so enthralled by Israel (with not even a voice raised in Congress)? Even if they entertained some idea of guaranteeing their own positions, no Arab leader could easily give his approval now.

Except probably Sadat.

And his situation is steadily worsening. But there is nothing he can do but carry his intimacy with the United States to the ultimate point. He has become the slave of a policy which he once described as "realism" and has to pursue this policy at the cost of ever more alienation from the other Arab nations. As long as Israel pursues its present approach, Sadat will be pushed into ever more dangerous waters. This is a policy which he devised himself but which has got out of his control. Sadat's fall, in any case, will be one of America's greatest losses.

The inability to rein in Israel may also indirectly affect Turkey in the future. Unable to find facilities for the rapid deployment force in the area, America will naturally have to turn to its allies whether it wants to or not. And one of these may inevitably be Turkey...especially if the Reagan administration keeps its present pessimistic eye on Moscow.

How much of a role would Turkey be given in the rapid deployment force? We directed this question to Robert Komer, who attended the SHAPEX Conference in Belgium last month. Not only very well acquainted with Turkey but also considered the "father" of the rapid deployment force, Komer is a person who has served at the highest levels of the Defense Department in Washington until 6 months ago. He explained that some in Washington favor using Turkey and others, conversely, favor not giving Turkey a role. He explained as follows how the planners in Washington "are looking at Turkey," that is, Turkey's present position (from Washington's standpoint):

"Turkey has become very important from the standpoint of protection of the Persian Gulf, because, contrary to what many people suggest, the Soviet route to the Persian Gulf is not Afghanistan, but Azerbaijan, that is, via Iran. Afghanistan is a step

on the way to India. Turkey would be able to block the Russians' descent through Azerbaijan, however. And because of its position to cut off this route, it is more important than Pakistan. So in view of these data, the Air Force which would bear the heaviest burden of the rapid deployment force in Washington, if they just spread out the map and look at it, quite justifiably from the strategic standpoint, want to use the bases in Turkey (infrastructure).

"However, let's also take a look at the political facts. The view that I have advocated all along is that Turkey should not be asked to do anything beyond what it can do politically, that it should not be put in a difficult position. Turkey should not be asked for a gesture which would increase the Soviet threat or create a direct Soviet reaction."

Conversely, the Reagan administration today looks at everything in terms of the Soviet threat and adjusts it policy accordingly. Therefore, would it not try to press Turkey into service which it sees as the most effective block to the Soviet threat? Would its organs not participate also?

To Komer, the answer to this question seems optimistic for the moment: "The State Department also shares this view of mine. No one at the Pentagon is insisting except the Air Force. Haig clearly favors not pressuring Turkey or forcing it into a politically risky initiative."

According to Komer, confidence in Turkish-U.S. relations and a change in Turkey's policy vis-a-vis the rapid deployment force, for instance, can come about only with Ankara's gaining economic strength and a feeling of confidence in itself. "Then, it would be easy for Turkey to support such a force," he says.

Civaoglu Commentary

Istanbul TERCUMAN in Turkish 21 Jun 81 p 3

[Article by Guneri Civaoglu in the column "Report": "A Day with American Experts"; passages enclosed in slantlines printed in boldface]

[Text] We took an all-day cruise with a group of American experts, one of whom was former U.S. Ambassador to Ankara Komer, /once famous for having his car burned at the Middle East Technical University/. And then we talked for hours that night. There were two of us journalists and a pretty good number of businessmen.

What we saw in this group was pretty different from what we are used to. Just as the Reagan administration's foreign policy is different.

This group is, quite simply, trying to erase the image of the /"ugly American."/ This group is more intelligent and has more common sense, realizing that it takes two to be friends.

And let me say this, too. It is able to give much sharper answers. Let us present in light of the conversations we had throughout a day and a night an evaluation of the contacts during days of conferences in Ankara and then in Istanbul.

I asked one of the international political experts, who is quite close to the White House, the following question:

"Will you place an arms embargo on Israel?"

He was not at all surprised. Neither did he ask, "Why?" Because this question has been asked before.

He gave the following answer:

"I know what you are trying to say. You used arms that we gave you in the Cyprus operation in violation of the terms of the agreement. And the U.S. administration of that time placed an arms embargo against Turkey. Now, since Israel bombed the nuclear reactor in Iraq using aircraft which it had obtained from the United States for other purposes, you are saying we should place an embargo on Israel, too.

"In my opinion, the United States made a mistake in placing Turkey under embargo after the Cyprus operation. It should not repeat the same mistake now."

A pointed answer. He admitted it was a mistake, too.

"Okay, but how will you make up for the mistake committed against Turkey?"

We argued answers to this question with various persons from the same group. That is the kind of approach they are taking.

The United States is aware of Turkey's arms deficit. On the one hand, there is a question of providing aid outside the program and, on the other, of directing investments into a joint arms industry in Turkey.

This inclination was made clear to our businessmen also. Every large Western nation in the world has an arms industry run by the private sector or with private sector involvement.

"Why shouldn't private U.S. establishments give the Turkish private sector a hand in this regard?" it is asked.

Certainly, it has been our policy, indeed our obsession, for quite a long time to form a joint arms industry by bringing in the state organizations, agencies and even the university. All along, we got a /"No"/ in reply.

So it appears that there are important changes in U.S. policy and that certain progress has been made in this regard. The speech by Minister of Defense Haluk Bayulken published on our front page today also confirms this.

And what about extra-program aid?

It is possible...

But what is happening is that Turkey must first show further friendship for the United States. Did Britain and France not send warships to the Indian Ocean when tension began building in the Persian Gulf?

The Gulf, or Middle East, oil region is the United States' biggest headache. The conversations made it clear in a roundabout way that some gesture is expected from Turkey that might contribute to their taking a stance to relieve that headache.

/That gesture is not being spelled out./

Nothing concrete is being said.

But one can read between the lines the message that some gesture would go a long way toward winning over congress for additional aid.

It is quite clear that the United States could form the rapid deployment force itself, and use it itself if necessary, but the writing on the wall says /this is a collective stance, not just by the United States alone, but with the support of its allies/.

It is worth noting that while West European nations, especially Germany are reducing aid to Turkey, relations with the United States are beginning to intensify.

8349
CSO: 4654/60

BARLAS OF 'MILLIYET' CONTRASTS TURKISH, IRANIAN REVOLUTIONS

Istanbul MILLIYET in Turkish 25 Jun 81 p 1

[Article by Mehmet Barlas in the column "Today": "Revolution, But..."]

[Text] For us Turks, no regime will do but the republic. So let us search our memory. Was there a time when we liked the shah of Iran? Did we not look with disdain on his oil billions and the pomp of royalty?

In 1979, our heartfelt desire was for the success of the "Iranian Revolution," rising out of such chaos. As a result, our eastern neighbor Iran became a republic after 2,500 years. Now, administration of the state would be in the hands of the people, not dynasties or individuals.

Today, almost 2 1/2 years later, it is unfortunate that Iran is in a worse situation than before. A handful of mullahs, claiming to act on behalf of "Islam" has dragged the country into instability and outlawry.

It is true that every revolution must have an enemy.

Republican revolutions tighten ranks against "monarchy," proletarian revolutions against "exploitation," and independence movements against "imperialism." In revolutions of the past, all forces mobilized against this common enemy.

But what makes revolutions successful is not just the existence of an enemy, but of a goal also. The goal must involve the public welfare, humanitarianism and progress. It should aim to take the society forward toward some point for the movement to be called a "revolution."

Here we must perforce speak of our revolution, that is, the "Republic of Turkey."

I came across an article signed by Sir Valentine Chirol which was published in the OBSERVER newspaper in Britain in 1927.

Sir Chirol says in summary:

"The action which began among Muslims in India during the Mustafa Kemal movement and spread to support Anatolia frightened us British. We were afraid that Mustafa Kemal, the protector of the institution of the caliphate, would infect

the Indians and threaten the British Empire. The belief that the Islamic religion constituted the basis for an Asian revolution against the Western world threw us into anxiety. Now, it is 1927. In the intervening years, Mustafa Kemal, who threatened us with Islam, first ended the caliphate then introduced the Civil Code, eliminating the rule of the holy law. Yet, if Mustafa Kemal had wanted to, he could easily have proclaimed himself caliph."

We all know the answer to this article published in 1927:

Because the first goal of the "Anatolian Revolution" was "independence" and the final goal was "modern civilization," Mustafa Kemal first used the caliphate against the British. After that, he chose the route of saving Turkish society from religious fanaticism.

What our friends in Iran seem to lack is true revolutionaries. At the moment, what Iran is experiencing is reaction, not revolution. If they are looking for a real example, they have a Republic of Turkey right next door.

8349
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ISRAELI RAID AGAINST IRAQ, IRANIAN SITUATION EXAMINED

Istanbul MILLIYET in Turkish 18 Jun 81 p 2

[Article by Sami Kohen in the column "Window on the World": "Hot Summer"]

[Text] Two recent events again threaten to upset the delicate balance of power in the Middle East. One is the "shock waves" from the Israeli bombing of Iraq's nuclear reactor. This incident is not just fanning the flames of tension and discontent in the region again, but is also leading to new confrontations.

The second is the jockeying for positions in Iran. The danger that the political dispute in Tehran, which at this stage seems to be completely internal, would turn into civil war in the future casts a shadow on present stability in the region.

So it looks as though the Middle East is in for a "hot summer."

Let us summarize as follows the effects so far of Israel's latest attack on Iraq:

--The incident, as predicted, left the United States, at most, in a difficult position. The Reagan administration had been working up to an approach to the Arab nations for some time. And one of these nations was Iraq. Washington was trying to establish a dialogue of quiet diplomacy with Baghdad.

The Israeli attack gave the coup de grace to these efforts. The Iraqis consider the United States as responsible as Israel since it supports Israel and gave it the weapons.

--U.S. relations with the entire Arab world, not just Iraq, are entering a critical period following this incident. In recent months, the United States had been warning such nations as Saudi Arabia, Jordan and the Arab Emirates of the Soviet threat to the Persian Gulf and was trying to bring them into close political and military cooperation. The slightly exaggerated theme of "danger in the Gulf" was getting through to certain of the Arab leaders and bringing them closer to Washington. Yet, after the latest incident, even these leaders seem to believe that the basic threat for their own countries comes more from Israel than the Soviets. In other words, Washington's Gulf policy now faces new difficulties.

--The Israeli attack, as expected, just unified the ranks of the Arab nations. Even those like Syria which have no love for Iraq and even look upon it with hostility now support Baghdad. It is a known fact that friendships and alliances

in the Arab world are quickly broken. The present "honeymoon" with the Iraqis may be short-lived also, but for today there is a new Arab tightening of ranks against the outside.

--The incident has created differences of opinion within the West also. Washington's point of view is different from Paris' or even London's and Bonn's. The U.S. attitude at the United Nations and Reagan's latest speech make this clear.

--Doubtless all these faits accomplis play directly into the hands of Moscow. The Soviets had been content just to denounce these developments and watch. But now it is impossible for the Kremlin leaders not to be happy about a wind blowing against the United States. Soviet diplomacy will probably lose no time in taking advantage of this hot wind.

The troublesome aspect of developments in Iran is that this is not a simple power struggle. There is danger of the struggle between the ruling mullahs and President Bani-Sadr getting completely out of hand and dragging Iran into chaos or even civil war.

Those who have been watching where the Iranian revolution has been going for the past 2 years will doubtless be concerned about its deteriorating in this fashion. The revolution was, first of all, against the despotism of the shah's regime. The Iranian people applauded and embraced Ayatollah Khomeyni for this reason. Today another despotic administration has been installed under other names and attributes. Those who came to power with the revolution from Bazargan to Entezam have been dismissed, demoted or punished. Why? Because they did not bow to the mullahs' new despotism, they were not in the same ranks with those who are distorting the revolution.

The same thing is happening today to Bani-Sadr. For those who hold the nation's reins in their hands, the president is a traitor who does not share their fanaticism. The mullahs are now trying to direct the wrath of their devoted fanatics against Bani-Sadr.

What a strange way to run a state!

And what a strange revolution....

Those who have brought on the degeneration of the revolution bear the responsibility for the Iranian people's virtually being in search of a shah today against the growing seriousness of increasing political pressures and economic and social problems.

The power struggle between a few people is not essentially what will determine Iran's political future. In other words, even if the mullahs push Bani-Sadr out completely or even kill him, this struggle will not end. On the contrary, it will heat up. And it will get so hot that it could easily cause civil war in Iran.

Such an atmosphere will bring various internal ideological and political forces into the struggle to fill the void. And doubtless there will also be those on the outside who like to fish in troubled waters.

This is where the danger lies for the region.

8349
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POEPPEL VIEWS TORNADO COST OVERRUNS, DEFENSE CONSEQUENCES

Bonn DIE WELT in German 1 Jul 81 p 4

[Article by Ruediger Moniac: "Combat Ammunition Reserves Used for Troop Training for Lack of Funds"]

[Text] At yesterday's hearings on the Tornado affair, Inspector of the Army Poeppel complained to the parliamentary investigative committee about the shortage of spare parts for the Bundeswehr motor-vehicle pool and the increasing difficulty encountered in maintaining weapons due to lack of funds in the military budget. Poeppel declared that the funds available in this year's budget are "by far not sufficient" for the proper maintenance of military equipment.

The general foresees a growing "tidal wave" of no longer road worthy motor vehicles in military units whose "magnitude will lend the problem a considerable dimension." In addition, "a noticeable shortage" of spare parts has developed toward the end of the year. According to Poeppel the dangerous development will become exacerbated further next year because the 1982 budget is likely to contain "even less money" for material maintenance. This state of affairs causes the inspector general special concern because of its impact on draftees. "They will think that the Bundeswehr is not overly concerned" whether its vehicles are road-worthy or not.

In the general's view lack of money will soon also lead to a shortage of ammunition. Because of insufficient funds allocated for training purposes "it could become necessary next year to draw on ammunition reserves kept for a defense emergency."

He is further concerned about the poor accommodations for troops. When "tolerable accommodations" become unavailable Poeppel fears that the willingness of the soldiers to extend their enlistment and become professional soldiers will decrease. In this context the inspector of the army also found it regrettable "that the unusual willingness to extend military service" noticeable in servicemen in the last 2 years cannot be exploited because of the inadequate Bundeswehr budget. Therefore, all services are being hindered from recruiting new volunteers "so we can face lean years in good shape."

Poeppel disagreed with the inspector of the air force remarking that at the military budget hearings in the spring he had an opportunity to speak about the "implications" of the threat created by the Warsaw Pact which gave also the inspectors of the air force and the navy the opportunity to voice their opinion. General Obleser declared before the committee that the March budget hearings were "not the place" for analyzing this threat.

EFFECT OF TORNADO COST OVERRUNS ON DEFENSE BUDGET

Frankfurt FRANKFURTER ALLGEMEINE in German 2 Jul 81 p 4

[Article by C.G.: "Interim Report of the Tornado Committee"]

[Text] C.G. Bonn, 1 July--After 17 meetings held in Bonn by the Tornado Investigative Committee, 11 hearings of witnesses and 15 interfractional caucuses Committee Chairman CDU Deputy Marx and his Social Democratic deputy Horn rendered on Wednesday an interim report on the work of this parliamentary investigative panel. Marx restated that the committee was forced to examine the question how the "Tornado case" could have arisen and developed. The preliminary result--as yet inconclusive--has brought to light mistakes in planning committed at many levels. True, when presenting their departmental recommendations to their superiors, members of the Federal Ministry of Defense issued warnings on financing problems. But these warnings were not properly understood. Marx talked about a lack of receptivity to warnings until in the end the decision was left to the ministry's budget manager. The inquiry has brought to light the rottenness of the climate prevailing at the Federal Ministry of Defense. Many officials involved refrained from pursuing the subject; others did not possess the courage to approach Minister Apel directly with their concerns and findings.

Marx declared that the committee reached no consensus on the second question which the committee was to resolve i.e., what Apel knew about the cost overruns of the Tornado fighter aircraft. Certain is only that the letter dated 1 July 1979 addressed to Apel by the inspector general of the Bundeswehr through the intermediary of the state secretary at the Ministry of Defense has never reached the minister. The letter listed all existing pitfalls but the ministry's leadership chose to seep the Tornado problem under the rug. Marx said that the shortness of time remaining before the election campaign and the elections proper played a contributory role here. "The unpleasantness was to be pushed aside." The ministry's leadership was unclear on the quest on of the legality of industry's claims. The officials responsible did not become aware of the obvious legality of claims unitl in November 1980.

"Everybody knows that the defense budget is inadequate," said Marx. The question arises whether the Federal Republic should measure the adequacy of its defense expenditures by the magnitude of the threat from the Warsaw Pact or adjust defense expenditures to fit the budget. Government policy attaches too little importance to defense. This is due to the Federal Government's hope that the agreements reached with the East and the policy of detente will reduce the importance of

defense needs. Marx called the repercussions of the Tornado cost overruns for research and development as well as the civilian industry severe. Beyond that many weapons systems will be delayed or scratched on account of the Tornado. In addition, the resulting need for economies will extend to ammunition, fuel and living quarters. The investigative committee made an effort to protect individual soldiers including for example the quality of their accommodations from repercussions of the necessary measures for economy. Marx said that questions by NATO headquarters concerning the retraction of German promises made have become unanswerable. Marx talked about an uneasiness in view of Bonn's defense policy and defense planning. "The people in responsible positions must show greater interest and dedication." Marx announced that the investigative committee "may" complete its work in September. Deputy Inspector General Heinz, Armaments Planner Eberhard, Inspector of the Air Force Obleser and primarily Defense Minister Apel remain to be heard. Then the Bundestag can discuss the committee's final report by the end of October or at the beginning of November.

SPD Deputy Horn thanked CDU politician Marx for his "objective and fair" leadership of the investigative panel. According to Horn the interim report revealed that until mid-November 1980 Apel "Knew neither about the exact amount nor about the legality of the industry's increased claims." Rather, the information Apel possessed concerned long-range planning. In January and February 1980 potential "funding deficiencies" of Tornado costs came to light. After various deductions these overruns amounted to only 180 million marks and their size was "not large enough to tell a minister about." In July 1980 a claim revealed for the first time that knowledge about a 600 million mark overrun was withheld. Up to July 1980 nobody had any knowledge of it. Apel was informed in November. While Horn absolved Apel of any personal responsibility in the matter he found "shortcomings in the Defense Ministry's handling of the Tornado program." The investigation revealed clearly that it was impossible to modernize all services simultaneously. The committee's work also revealed the necessity of keeping the Bundestag informed at an early stage about the financial feasibility of defense projects. "The responsible officials in the Defense Ministry should inform their superiors about problems at an early stage and when need be insist on seeing the minister." The SPD advocated strengthening the hand of the inspector general in matters of overall planning in the interest of better coordination of planning by individual services. Horn gave the assurance of complete combat readiness of the Bundeswehr. The complaints raised by Inspector of the Air Force Obleser about the repercussions of the fuel shortage were disproved by Apel, the inspector general and the inspectors of the army and the navy. The defense potential of the Federal Republic has not diminished.

FDP Committee Reporter Jung complained that now the work of the investigative committee will drag on even longer. "At least no difficulties were encountered in concluding the hearing of witnesses before the summer recess." These consequences of the Tornado cost overruns have to be expected: While the appropriation by the parliament of additional 265 million mark to the 1981 budget may temporarily right the wobbly Tornado this measure represents no solution to difficulties which will occur in the medium and long term. The Bundeswehr has arrived at a crossroads by having its combat potential reduced by for example the loss of the Roland anti-aircraft rocket for the air force.

8664
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MOTORIZED FRG GLIDERS USED BY SYRIA AGAINST ISRAEL

Hamburg DER SPIEGEL in German 6 Jul 81 pp 48, 49, 51

[Text] Motorized gliders are being employed in the guerilla war against Israel. The devices are being built in the FRG.

From Mount Hermon in Syria they glide down onto Israeli territory in the direction of Haifa. Or they float in from southern Lebanon.

Sometimes only 30, sometimes 100 meters above the desert sand or coastal paths, they operate unnoticed below military and civilian radar: Palestinian guerilla fighters with handheld rockets and incendiary bombs. Their targets: refineries and munitions dumps, kibbutzes and transport vehicles.

The attackers are belted unprotected in airy reclining seats with four-point harnesses; behind them is a small engine with a plastic fuel tank; above them 15 square meters of wing; under them a parachute and a tubular framework with three rubber wheels; in front of them a tiny instrument panel.

These primitive looking devices are called "Firebird M 1," and they are taking off in increasing numbers, principally in Middle Eastern countries--not simple sports gliders any more, not yet small airplanes: motorized hang gliders, dwarves in a promising species in air transportation, i.e., "ultralight motorized gliders" (airman's jargon).

The future of the "Firebirds" has already made a strong start, in the Middle East with military components, in South Africa or New Zealand with civilian components, in the FRG with a test program under a contract from the Ministry of Transportation --and, far more important, internally with tests and modifications for the Bundeswehr.

For the "Firebird" is Made in Germany. The inventors, designers and manufacturers are located in the small community of Seeg in the Allgaeu, near Nesselwang.

There, on the Hitzlerieder Strasse, technician Fritz Schweiger and industrial salesman Eberhard Jehle have been running a flourishing glider export trade along with a kite-glider flying school and an accessory business for 6 years.

Their company, "Firebird Products," at first only a small competitor in the sporting goods industry, has become in the last year a startup partner for customers from all over the world, who have highly diverse motives.

"We stumbled into a gap in the market," is the happy reaction of Jehle, who is already having to think about expansion, new production facilities and capital investors.

Schweiger and Jehle made each other's acquaintance in the army; they did their military service and training in a highly qualified crack company at the Bundeswehr sports academy in Sonthofen. Afterwards, they stayed together in civilian life; both of them are active ski racers and state-certified ski teachers. They have taken their private pilot's license (PLL) and glider flying teacher's certificate.

In the beginning boom of glider flying, they first bought the aluminum poles and canvas at home and abroad. Assembly was carried out in Schweiger's home community of Seeg, but since then they have added their own factory to make wings. Four motorless glider models ("hang gliders") were laid down, among them a training glider for beginners and the high-performance "Firebird" gliders C 11 and C 12 for advanced and experienced winch pilots.

Through competitions and respectable long-distance flights, the glider pilots from Seeg soon acquired a good reputation internationally. In 1979 there were six Syrians among the foreigners who were being trained as glider pilots in the Allgaeu--the beginning of a sports and trade link with unsuspected technical and political consequences.

The Syrians, who rapidly became enthusiastic fliers and were cash-down purchasers, invited Schweiger and Jehle to Syria to train their countrymen on the spot on the German machines. Practice was held on Mount Hermon with "ideal thermals" (Jehle), and a son of Syrian President Assad became one of the most accomplished glider pilots.

After this, monied clientele contacted them one after the other, for example, from the oil states of Bahrein and Kuwait and also, a short time ago, from Iraq. The Syrians were the first to modify the fabric gliders from the Allgaeu for special purposes: They added small engines and thus made the pilots largely independent of high-altitude runways and wind conditions. The gliders were controlled in the same way as before, with the body hanging in the frame.

"We rejected that as too risky," says glider expert Jehle, "the wings are too flexible, the tension is too light, that makes for problems in trimming and banking." But the Syrian variation inspired the young friends to build the "Firebird M 1"--the "M" stands for motorized.

Using their own technician and engineer, the fabric was reshaped over 10 spars into a rigid wing--with a wingspan of 10 meters. A 28-horsepower, 3-cylinder radial was bought from the Koenig Company in Berlin, weighing only 28 kg with the exhaust system and which runs extremely quietly at a maximum speed of 3,600 rpm.

Including the noise of the rigid wooden propeller, the sound level reaches only 65 dBA. (The interior noise level of high-price sedans is between 70 and 80 dBA*). There are three methods of control: the same way as in a motorless glider, by transfering weight across the transverse axis, then through two manually controlled elevators and finally by altering engine power output.

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* Decibel A = measure of noise level; an increase of 10 dBA means a doubling of the subjectively experienced volume.

The new "Firebird" model, developed and tested in 1980, with the first series laid down at the beginning of 1981, was an immediate winner. Besides various other foreign orders, 50 went to Syria right away. The shipments, in wooden containers, are each accompanied by a training pilot from Seeg, who also directs assembly in the country of destination. The next delivery to Arab states is to be 100 "M 1s."

At a price of only DM 12,000, including V.A.T., Firebird Products delivers a flying machine whose universality of use satisfies almost every wish and which could mark the way to the Everyman-Aircraft:

--With a fuel consumption of only 6.5 liters, the motorized glider can remain in the air for 3 hours and reach a speed of 80 km/hour; ideal cruising speed is 60 km/hour.

--The takeoff strip only has to be 25 to 30 meters long; only 2 or 3 meters are required for landing with the 3-wheel undercarriage, on a highrise building or tennis court, meadow or footpath.

--The whole craft weighs only 60 kg and is packed into a 3.8-meter long bag designed for the car roof; the engine is stowed in the trunk. Complete assembly takes 25 minutes at most.

--A "Firebird" pilot can carry up to 60 kg of cargo, for example weapons or herbicide, rescue equipment or spare parts, radio equipment and searchlights.

Not long ago, on a photograph from Israel, Jehle was unwillingly forced to acknowledge what else the allround gliders from the Allgaeu are capable of: In northern Galilee the Israelis had forced a motorized glider to make an emergency landing; the Palestinian pilot allegedly planned to attack a Jewish school and take children as hostages. Jehle was startled: "That really could be our Firebird M 1," he said.

When subsequently a second guerilla fighter was shot down over the sea, this one planning to set an Israeli refinery on fire with a handheld rocket from his suspected German glider, Jehle still said that he could "not imagine that our sports equipment has suddenly become a primitive weapon of war, and against Israel at that."

Schweiger and Jehle, who fly each "Firebird" before delivery, cannot follow the path finally taken by their products. Their business partner in Syria, who also arranges for buyers in other Eastern countries, always resolutely maintains there are no Palestinians among the "sportsmen" to whom sales are made.

As a precaution, Jehle is protecting himself against any suspicion that, unintentionally, but also without hindrance or checks, he is delivering potential war material to crisis areas: "If someone uses a Mercedes for a bank robbery, Daimler-Benz cannot be described as an accomplice or helper."

In actuality, the two Bundeswehr veterans are naturally aware of the military use of their inexpensive firebird, it is no accident that they have been quietly cooperating with the Bundeswehr test facility E 61 in Manching, Bavaria, as well as with the Office for Defense Technology and Acquisitions.

The Bundeswehr sees in the use of the "Firebird" interesting opportunities for their remote observers, the Information Service for espionage purposes. Jehle describes

possible actions in more detail: "Land at night, pack the equipment and bury it, complete the mission in hours or days, dig it up, assemble it and take off." An additional advantage: "A paratrooper can't get back again--we could."

It comes as no surprise that "military inquiries from all over the world" are coming into Seeg, for coastal patrols and for observation of illegal immigrant boats, but also for concrete civilian employment of the quiet "Firebird 1": from doctors in South Africa, from owners of extensive property in New Zealand and South America who would like to have cattle and pastures inspected from the air. But the gliders could also be far better suited to rapid water surveillance than expensive and extremely noisy helicopters.

The things look like the flying machines of Otto Lilienthal or the Wright brothers, but as far as material and aerodynamics are concerned, they are in the forefront of modern technology. What motorized gliders can achieve was demonstrated, for example, on Easter Monday last year by Marco Broggi from the Tessin. With a hang glider--a "Daedalus" with a 15-horsepower engine--he flew across the St Gotthard pass in 135 minutes, from Altdorf in Switzerland to Leventina in northern Italy.

The Ministry of Transportation has so far taken only a casual interest in the refinement and expansion of the "ultralights," which, with the other manufacturers' types, are permitted to take off officially from German soil only as part of a test program and from six airfields. A ceiling of 150 meters from ground level must not be exceeded, because otherwise regular air traffic could be hampered. A few other airfields tolerate the motorized gliders because they are already accepted as part of flying of the future.

But the glider manufacturers of Seeg and at least 150 other "illegal flyers" (Jehle) are already taking off and landing behind their own homes or on a mountain in the Alps; in their low-level flights they keep meticulously accurate watch for military control zones on special maps; between the Allgaeu and the hang glider test site in Malmsheim near Stuttgart alone, 10 restricted areas have to be flown around.

The 2-year test program ends on 31 October this year, the running of which the Ministry in Bonn had handed over to the "German Hang Glider Association" (Headquarters in Tegernsee, 2,200 members with a glider or private pilot's license). Only then do representatives of the Ministry of Transportation, the Office of Air Travel and the interior ministries of the Laender want to make any decision about registration and conditions.

So far "Firebird," "Greyhound," and "Daedalus"--the most popular types in this new category--are not yet required to be mechanically certified and registered, no thorough model check takes place at the Office of Air Travel. In Switzerland, the "flying mopeds" are banned, motorized hang gliders there are stopped and confiscated. The pilots, who incidentally include record setter Broggi, are prosecuted.

But the progress of "Firebird" and similar types now seems to be unstoppable, even if, as Jehle fears, an expensive technical check by the Air Office were to drive the price per unit up to DM 20,000. It is certain that a simplified pilot's license will be required, the B-certificate for gliding and theoretical PLL knowledge are already conditions.

In Seeg and elsewhere preparations are under way for rapid improvement and expansion. At one company on Lake Constance, experiments are being conducted on a glider weighing only 35 kg, with a 6 kg electric motor. In Seeg, a two-seater "Firebird" and the plastic model of a cabin-like plastic fairing for the seat and the engine are already set up.

Some thought is also being given to all-weather operation: The rubber wheels of the "M 1" are soon to be interchangeable with floats for takeoff and landing on water and also with skis. All the aluminum parts like the bracing spars are already being replaced with tubing of carbon fiber, because, according to Jehle, "this material doesn't respond to radar at all."

9581
CSO: 3103/364

'AVRIANI' DAILY CHARGED WITH EXPLOITING VENDORS

Athens AKROPOLIS in Greek 21 Jul 81 p 3

/Text/ At a press conference yesterday noon at the King Palace Hotel, the administration of the Federation of Greek Newspaper Vendors /OEE/ accused the daily AVRIANI of taking an ethically and financially unacceptable stand, as it characterized it, against the newspaper vendors.

Protesting vehemently, OEE President Dim. Panousopoulos told the representatives of the press, in the presence of spokesmen for the Union of Athens Daily Newspapers and the Union of Press Technicians, of the way AVRIANI's publisher exploits the newspaper's vendors by presenting the 5-drachma price per copy presumably as his contribution to the reading public while in fact this low price is the result of AVRIANI's paying only 1 drachma instead of the regular compensation of 3 drachmas /per copy/.

Panousopoulos said that it is not possible for this incredible situation to continue at the expense of the vendors who work hard in all weather condition and in accordance with their inviolable principle to offer their services for the circulation of all newspapers without exception and in a fair, equal and objective way. He accused AVRIANI of avoiding for 3½ months now to negotiate with the vendors the matter of compensation and of publishing inaccurate and misleading information about the dispute thus creating an unprecedented deadlock.

OEE denounced the challenge AVRIANI published (11 June 1981) forcing the vendors to increase its circulation to 60,000 copies (in order for them to receive 30 percent of the price) and to 80,000 (in order to get 40 percent of the price /per copy/)!

During the press conference OEE representatives distributed to newsmen photocopies of the slanderous, as they characterized them, articles AVRIANI published as well as copies of a memo by the OEE administration which the newspaper refused to publish.

The OEE memo referred to the background of its efforts to find a solution just as it did in the case of RIZOSPASTIS which decreased its price per copy (from 15 to 12 drachmas) but promptly met the difference in the compensation of vendors without harming their interests.

Finally OEE warned AVRIANI that it is determined to continue the struggle, even to declare a strike in order to protect the interests of its members.

Proposals

On the occasion of the press conference the OEE administration referred to the problem of newspaper circulation and pointed out the dangerously low circulation of newspaper and periodicals in Greece compared to that in other European countries.

OEE proposed a Pan-Hellenic campaign for an in-depth enlightenment of the public through the implementation of a comprehensive program of human and public relations between the press and the citizenry.

7520
CSO: 4621/52

PRIVATE TEACHERS OPPOSE FOREIGN SCHOOLS

Athens ELEVTHEROTYPIA in Greek 21 Jul 81 p 8

/Text/ The Federation of Greek Private School Teachers /OIELE/ radically disagrees with the opinion of the State Legal Council /KSK/ on the question of establishing in Greece foreign schools by natural or legal entities from the EEC area. It considers as unconstitutional and detrimental the granting of the right to foreigners to establish schools for the following reasons:

a. The Rome Agreement does not hold the Greek state under obligation to accept the establishment of schools by foreigners because it exempts from the provisions concerning the establishment of enterprises /by foreigners/ the operations connected "even incidentally with the exercise of public authority." According to article 16, paragraph 2, of the Greek Constitution, education constitutes a basic mission of the state. It, therefore, falls within the operations connected directly, not even incidentally, with the exercise of state authority.

b. The same article of the constitution states that the objective of education is such that it bars foreign agents from establishing or even seeking the establishment of foreign schools even if article 52 of the Rome Agreement is implemented albeit superficially.

c. Article 28, paragraph 1, of the constitution provides that "the implementation of international agreements is always carried out under the condition of mutuality." However, in the case of establishing foreign schools mutuality can exist only in the spirit of the agreement.

For other reasons, too, but mainly because the Greek language is today spoken only--or almost only--by Greeks, the establishment of general education Greek schools in other EEC countries for children of their citizens is not feasible. This fact is not about to change just as, for instance, the quality of Greek farm or industrial products will change. In addition, it would be unrealistic for Greece to establish schools for the children of foreign citizens when the Greek children in Germany and those of Greek minorities in foreign countries are in danger of being de-Hellenized.

d. The fact that in Greece the right to establish schools is given to Greek citizens does not mean that their functioning is not controlled by the state. The state maintains control of their operation and grants proprietorship only incidentally but never grants to private initiative the exercise of authority.

e. OIELE considers as unconstitutional the existence of private education schools because it is contrary to the term "free education" and anti-democratic because it creates inequality of opportunities. It believes, moreover, that state education should be restructured, developed and enriched to such an extent as to cover all educational needs both from the viewpoint of educating a person and from the viewpoint of preparing him for professional work.

f. Finally, OIELE emphasizes that, "even though it believes that cultural exchanges with EEC and other countries are useful, it nonetheless believes that the establishment of foreign schools in Greece is culturally detrimental because it leads to intellectual submission which opens the way to economic and political dependence." OIELE is asking the government not to accept the NSK opinion and not to seek--hastily on the eve of elections, moreover--implementation of a measure which from all points of view is preposterous and destructive.

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SOCIOECONOMIC CHANGES BETWEEN NORTH, SOUTH 1977-79

Rome POLITICA ED ECONOMIA in Italian Jun 81 pp 33-40

[Article by Vaifra Palanca: "CESPE: Some Research on National Imbalances"]

[Text] Current scientific and journalistic debate on national [economic] imbalances provide cause for optimism and concern about the Italian economy. On the one hand there are early signs of a local entrepreneurship in the South, and on the other hand there are reports of the first symptoms of crises in small and medium businesses[1]. The aim of this study is to contribute to the debate by analyzing changes that took place over the past 3 years (1977-1979) in the socioeconomic structure of the provinces, with special attention to the peculiarities of the productive structure and to the corresponding standard of living. For this purpose an analysis was made of the statistical series on consumption of electrical energy--along the lines of the work by G. Lizzeri[2]--and on the use of telephone services. These were adopted as measures of economic development.

This study is divided into two parts: The first consists of an analysis of the consumption of electrical energy and the spread of telephone service in relation to the industrial structure of the provinces, with particular attention to the presence of productive micro-units and to the role they play in economic development. The aim of the second part is to determine the standard of living in relation to the productive structure, and to other characteristics of the provinces such as urban concentration, through the same indicators.

Consumption of Electrical Energy

The analysis of the productive structure of the provinces is limited to the industrial sector since this is now the activity that determines economic progress.

Used as the indicator of the productive structure was the consumption of electrical energy in industry since this input into the productive process represents different values in relation to the type of production, the technological level, the work schedule.

In Italy overall consumption for industrial use in 1979 was 98,745,388,000 kilowatt hours, equal to 63.11 percent of total consumption. The provincial portion of these data emphasizes the characteristics of the economic structure of each area, and particularly the locality of businesses which are distinguished according to productive sector. It should be noted that in the provinces of Rome, Palermo,

Reggio Calabria, Benevento, Viterbo, Imperia, Lecce and Trapani, which are characterized by an intersectoral integration of the local economy, the amount of electrical energy consumption by industry is lower than the national average. It is higher than the national average in the provinces that have a consolidated industrial sector consisting of metal working and mechanical industries and/or means of transportation; or by provinces in which industry--particularly the chemical, petrochemical and steel industries--are an important but not decisive part of the local economy. Provinces that fall into the first group are Milan, Turin, Varese, Como, Bergamo and Brescia. Provinces in both the north and the south are contained in the second group: Mantua, Trento, Bolzano, Udine, Belluno, Venezia, Ravenna; the center: Massa Carra, Leghorn, Terni, Frosinone; and the south: Taranto, Brindisi, Matera, Caltanissetta, Syracuse.

The clear distinction between these two groups of provinces appears also when an attempt is made to determine whether higher electrical energy consumption means also higher contribution to the growth of the local economy in terms of new jobs or higher value-added production. In the first group of provinces there is a relationship between the consumption of energy and workers in the sector equal to or lower than the national average, together with a low relationship between energy consumption and value-added production. It seems therefore that high energy consumption corresponds to a positive contribution to the creation of wealth. Compared with a national average of 11.91 percent in the former relationship, and 1.60 percent (Table 1) in the latter, the data relative to the provinces in question are respectively: Turin, 11.30 and 1.29; Milan, 8.93 and 1.20; Varese, 11.95 and 1.28; Como, 9.76 and 1.24; Vicenza, 8.70 and 1.25; they are higher in the provinces of Bergamo and Brescia: 17.74 and 1.46 and 28.02 and 1.67, probably because of the steel industry.

In the second group of provinces both relationships are higher than the national average, showing a low contribution to the local economy of the use of electrical energy in the industrial sector. As examples, we report only the data regarding some provinces: Mantua, 25.70 and 2.11 percent; Trento, 22.54 and 1.83; Venice, 37.75 and 2.40; Leghorn, 47.73 and 2.08; Brindisi, 27.79 and 2.97; Matera, 19.87 and 1.79; Caltanisetta, 59.68 and 3.04 and Syracuse, 64.56 and 3.29.

The negative, or at least not positive, influence on the local economy of these situations is clearer if it is considered that the provinces of southern Italy belonging to this group, that cannot count upon economic resources and industrial, agricultural, or tertiary complementary industries, have levels of per capita income which is among the lowest of the Italian provinces.

Taking all these provinces together, it is not possible to delineate a compact area of the inflation. They simply represent the nerve centers of the Italian chemical and petrochemical industry independently of where they are located.

Telephone Service

If it is possible to generally trace the Italian industrial structure with particular reference to sectoral characteristics by studying the national distribution of electrical energy consumption, interesting information, complementing the former data, on the economic activity of these areas can be inferred from the

series of statistics regarding telephone hookups. Separation by type of service involves a heading under which can be classified all the hookups referring to productive units of any kind: industrial, business and agricultural. These data are very general considering the differences, from an economic point of view, between productive activities, but they are very interesting considered as indicators of a general economic vitality. The telephone is not a necessary input in the productive process, such as electrical energy, but rather a collateral service, an extra convenience that improves and facilitates work.

In 1979, the main telephone hookups in the production sector totaled 2,291,873 nationally. The highest share, equal to 37.43 percent was in the northwest, followed by 24.03 percent in the northeast, by 20.01 percent in the center and by 12.16 and 6.37 percent respectively in the south and the islands. Comparing these data with those relative to the national separation of electrical energy consumption in industry, considerable differences are noted in the distribution of the quotas in each area, justified by the fact that the number of telephone hookups and electrical energy have an opposite relationship with the productive structure or an identical development model. In fact, it turns out that in the northwest there is a concentration of 37.43 percent of telephone hookups against 39.61 percent of energy consumption; in the northeast and, in a clearly more important manner in the center, there is instead, respectively, 24.03 and 20.01 percent against 22.08 and 13.26 percent. In the south there is again a reproduction of a situation of a higher share of energy consumption compared with the number of telephone hookups. This is perfectly compatible with the industrial structure of each province, as is partially shown by the data reported earlier and by other empirical research. By way of example, there is a greater concentration of telephone hookups in areas with an industrial structure based on small and medium business which, on the other hand, in general have a kind of production that uses little electrical energy, and vice versa in other areas.

This is seen also in Chart 1, which lists all the provinces showing telephone hookups relative to productive activity and the level of total value-added. The central and eastern Italian provinces are located in the upper part (in relationship to the bisector) and have a higher number of telephone hookups compared with level of income in addition to the minor provinces of the industrial triangle.

Provinces with a regional capital appear to be isolated compared with the others. This is probably because this involves the presence in the area of an urban center that acts as a point of reference for the surrounding cities and towns, and therefore has a higher concentration of business, and often also directly productive, activity.

Partially exemplifying the distribution of the provinces in the preceding chart are the data, including telephone service for producers at a reduced rate, exclusively referring to artisans and farmers who own and occupy the land. Use by the latter totals on the average barely 20 percent of reduced-rate hookups and therefore we will call them handicrafts service.

The handicrafts enterprise is the most widespread legal form taken in the initial phases of local industry in relation to business enterprise. The fundamental characteristic is the broad diffusion in sectors such as textiles, shoes, the

electronics industry (assembly phase), which do not require large capital investment, high technology and large amounts of electrical energy. However it is to be emphasized that despite the dimensions such enterprises can be fairly large from the production point of view.

Telephone hookups for handicrafts industries represent 30.45 percent (Table 2) of all hookups in the national manufacturing sector; there are notable differences between the data if they are related to geographical areas: The northwest represents the highest concentration (40.73 percent), followed by the northeast (32.91 percent), the center (24.84 percent) and the south (18.20 percent). Figures for the south and the islands are identical.

If we descend to the provincial level of analysis, we note that all the areas with a high consumption of electrical energy in industry, whether located in the north or the south, have a low rate of handicrafts telephone hookups except for the provinces of Bergamo, Brescia, Vicenza, Udine, Ravenna and, to a minor degree, Como. The latter are part of a territorial continuum which, through the Po Plain, extends from Cuneo to Rovigo, including the provinces of Ferrara, Forli, Modena, Parma, Piacenza and Reggio Emilia. There is a high use of handicrafts telephone service in the province of Ascoli Piceno (49.35) and Macerata (51.39) and in some Tuscan provinces such as Grosseto (44.13), Arezzo (43.06), Pistoia (47.23) and Pisa (39.03), roughly matching the entire area of the underground economy.

From central Italy onward, there was noted almost in decreasing order only low figures compared with the national average except for the province of Teramo (37.99), Viterbo (35.63) and Rieti (32.69). In those cases the figures are slightly higher than the national average. Evidence of the existence of local enterprise in the south is very recent.

However, if we observe the rates of variation both of electrical energy consumption in industry, as well as this specific category of telephone service in the period 1977 to 1979, we note evidence which partially confirms the optimism regarding certain areas of the southern economy.

Dynamics of Production From 1977 to 1979

We are making the assumption that in the short term the productive structure of Italian provinces is constant and we consider rates of variation of consumption of electrical energy by industry as an expression of the dynamics of productive activity and more generally of economic conditions.

On the national level, from 1977 to 1979, the increment of electrical energy consumption by industry was equal to 6.95 percent. This was attributable to a greater degree in the center (11.33 percent) and in a decreasing order, in the northwest (9.01), in the northeast (7.81) and in the south (7.05). The contribution of the islands is negative (minus 0.95 percent). Analyzing the data thus gathered does not seem to warrant conclusions different from those that have by now become commonplaces regarding progress of the Italian economy: All too clear are the advantages of the center and the north compared with the south. However, if we make a more detailed analysis of the rates of variation by province within each area, we can detect different dynamics in relation to the socioeconomic

characteristics of each. These data, too, show a distinction between provinces with an industrial structure with high energy consumption and those with an industrial structure with low energy consumption. The former show rates of variation above 10 percent (6.95 percent being the national average) for the provinces of Cuneo, Bergamo, Brescia and Mantua in the northwest; Belluno, Rovigo and Udine in the northeast; Massa Carrara, Leghorn and Frosinone in the center. No southern province appears.

More numerous, in general, are the provinces of the second group with high rates of variation in the consumption of energy (more than 10 percent). In particular, there are the provinces of Vercelli, Sondrio and Cremona (northwest); Vicenza, Treviso, Pordenone, Padua, Parma, Modena, Forli and, slightly below the average, Reggio Emilia and Bologna (northeast); Pisa, Pesaro, Ancona, Macerata, Ascoli Piceno, Viterbo and Latina (center). In this case there are numerous southern and island provinces: Teramo, Chieti, Isernia, Caserta, Benevento, Avellino, Salerno, Foggia, Lecce, Trapani, Catania and Oristano. Generally considering these provinces within each geographical area, there is noted a broad area of potential development, of economic vitality from which are excluded the provinces with high energy consumption and low value-added. According to these data, it appears that in recent years a positive contribution to economic growth was made by the provinces of the northeast, the center and the south, having a production structure consisting of small and medium industries. A fact that emerges sharply is that in the south there was no direct contribution to the development of the provinces which were the headquarters of large chemical and steel industries. The provinces of Brindisi, Potenza and Matera to which are added Rieti and Gorizia, have actually registered negative rates of variation of industrial energy consumption. This was a sign of the inflation that led to a redimensioning, and in some cases to the cessation, of production with consequent resort to the aid fund, and to increased unemployment. This situation is reported with alarm even this year by some notes on the economic cycle issued by the Chambers of Commerce. Meanwhile, judgments expressed on progress of production in the province of Rieti, where there was also an increase of productive units, was reported. The same phenomenon was seen by E. Pontarollo in the province of Avellino and to a minor degree at Cosenza.

Data complementing those so far presented are drawn from rates of variation regarding the number of handicrafts units. Increments that are higher than the national average (20.74 percent) are noted almost generally in the provinces of the northeast, the center and in some provinces of the northwest. Particularly noted are the provinces of the Veneto: Treviso, Verona, Venice and Vicenza, all the provinces of the Friuli, except for Trieste, the provinces of Emilia-Romagna, excluding Bologna; Arezzo, Grosseto, Leghorn, Pistoia and Siena in Tuscany; the provinces of the Marches, Perugia and all the Lazio provinces. Thus we have a perfect delineation of the "Third Italy" area.

Among the southern provinces variations are noted that are higher than the national average in the provinces of Matera, Taranto, Lecce, Foggia, Bari, Sassari, Oristano, in addition to the provinces of the Molise and all of Abruzzo.

Probably these are the signs of an economy that is not entirely in a state of crisis. Rather, if to these data are added the sociological sketch of the new southern entrepreneur described by Pontarollo (ex-emigrants, ex-farmers, ex-skilled workers who decide to start a small manufacturing business), it could be

believed that signs of a recovery in the south are not entirely fictitious. Perhaps it is too optimistic to think of a self-propulsive growth of the local economy but it might not be entirely unrealistic to think in terms of an induced entrepreneurship that should be supported and given incentives. For example it can be noted that among the provinces which in the south have achieved high rates of variation in handicrafts telephone use, the Province of Matera has registered at the same time a rate of growth in per capita income that was notably higher than national average in the 1970's thanks to those enterprises which today are in a state of crisis, but which perhaps contributed to breaking a socioeconomic balance that was achieved at a subsistence level. Summing up, we can say that in the south, as in the rest of Italy, a crisis exists in the areas whose industrial structure consists of sectors that are in crisis independently of their location, while embryonic development is seen in local microactivity.

National Diversification and the Dynamics of the Standard of Living

For the purposes of analysis, there was a purposeful separation of the economic-production from the economic-social aspect of national diversification. In reality we are speaking of complex situations in which the two aspects are fused and they influence each other, producing in each province--but also on more separate levels --a specific model of balance.

Comparing the analysis of indicators of production with that of indicators of the standard of living, it is difficult to single out a general interrelated model, aside from the peculiarities of each zone, which could in some cases be of an economic character, in others social, in others political, etc. For this reason, in the analysis of data gathered as indicators of the standard of living, we must refer continually to other aspects of the socioeconomic reality relating to it what emerges from statistical data. Standard of living indicators were drawn from domestic electrical consumption and the spread of the telephone to homes, on the supposition that a higher standard of living is accompanied by a higher level of electrical energy consumption and a greater number of telephone hookups.

In 1979 in Italy electrical consumption for domestic use was equal to 23.39 percent of the total consumption of energy: In the northwest that amount was barely 18.61 percent; in the northeast 19.81 percent; in the south 27.62 percent; and 32.10 percent in the center. The same scale is obtained if we consider the average consumption of electrical energy for home use, by the number of users, therefore excluding all consumption gathered under the preceding heading concerning illumination, stairways, water pumps, elevators, central heating plants, which could result in a greater weight attributed to the national separation of consumption in those areas in which the rate of urbanization and demographic concentration is higher. In the northwest, consumption was 1,550 kilowatt hours per user (equal to 0.92 percent of the national average); in the northeast 1,669, (0.99); in the south, 1,618 (0.96); and 2,033 (1.24) in the center. These values do not at all conform to what could have been expected, with a minimum knowledge of the average income level in the provinces. Evidently, in addition to income, other factors of a structural and social character join in determining average user consumption. One of those which contributes to altering national diversification of consumption of energy for home use is the presence of a second home in resort areas, which is included in the calculation of average consumption.

This problem gave us a group of provinces—including Trieste, Genoa, Savona, Rieti and Sondrio—with very low consumption compared with high income levels. In order to circumvent this difficulty we preferred to report in Chart 2 the provinces according to an immediate identification of the relative position of each, placing the level of 1978 per capita value-added on the abscissa and the level of energy consumption per inhabitant on the ordinate. The grid of average values divides the chart into quadrants.

A correlation can be seen immediately between income level and energy consumption. However, groups of provinces are seen in which it seems there is a different relationship between income and energy consumption, probably mediated by other factors. A careful consideration of the provinces situated in the same area, far from the correlation line suggests two hypotheses: In one case, work at home, in the other, the climate, as factors determining an alteration of energy consumption for domestic use.

The first hypothesis refers to the provinces in quadrant 2, with high energy consumption and high income. That area includes the provinces of Pisa, Florence, Leghorn, Pistoia; close by is Grosseto, that is provinces in which empirical research has shown the presence of a strong diffusion of work in the home. In these cases, electrical energy consumption attributable to domestic use is a symptom on the one hand of a higher standard of living, but on the other of a deterioration of the quality of life if those quarters contain both home appliances and manufacturing machinery.

It is difficult to explain only on the basis of income also the high energy consumption in the province of Aosta which could more directly be tied to high production of electrical energy and therefore to a greater availability for consumption.

The province of Rome was purposely neglected since, despite the presence of business tied to the clothing sector, therefore possible sources of work at home, it is believed that a situation exists which is closer to that in the provinces in quadrant 1: Naples, Cagliari, Sassari, Syracuse, with a lower income level than the national average and a higher level of electrical energy consumption per inhabitant. In these cases it can be hypothesized that there is an alteration of domestic consumption of energy attributable to the antiquity of the historical centers which generally are marked by a lack of equipment for heating favoring use of electric stoves.

The presence of southern provinces in quadrant 4 is notable. There low income is accompanied by low energy consumption, and this probably corresponds to a low standard of living.

Once a relationship has been established between the positions of the provinces according to these variables, there is a confirmation of the national diversification of the "domestic comfort" in relation to diversification of income; it seems however that more favorable conditions are noted in the provinces of Tuscany, Emilia, and in the small provinces of Lombardy and the Piedmont.

This picture is completed by the analysis of telephone hookups per province. In Italy in 1979 there were 9,175,741 main hookups for homes, corresponding to the

number of service contracts, equal to 21 telephones per 100 inhabitants. In this case too the national analysis shows an unequal distribution of the phenomenon. Considering the relationship between the number of telephones and the number of families (Table 2) it is noted that in Italy 50.42 percent of families have a telephone: 60.68 percent of the families in the center; 57.11 percent in the north; 44.09 percent in the northeast; 44.59 percent in the islands; and 40.25 percent in the south.

Among the socioeconomic characteristics linked to this type of distribution the simplest to be noted is the distribution of income level. Chart 3 shows a relationship between the number of telephones per family and the value-added figure per inhabitant. However, there are many cases in which in addition to income this phenomenon is affected by other variables among which the most frequent seems to be the rate of urbanization.

However, the hypothesis remains confirmed that in the provinces with higher income there is a higher standard of living; in fact we find a higher number of telephones used in the province of Tuscany, of Emilia, and among those with incomes lower than the average in the provinces of Naples and Palermo, followed by Catania, Pescara, Syracuse and Trapani.

A curious fact, but perhaps more importantly tied to "domestic comfort" is the presence of extra telephones in homes. In Italy there are 21 per every 100 principal telephone connections; in the province of Mantua, the figure is about 65 and in a decreasing order from 32 to 27 at Sondrio, Grosseto, Cuneo, Asti and Pisa. In the south the provinces of Aquila, Chieti, Pescara, Teramo, Isernia, and Agrigento have from 32 to 27 additional telephones.

In any case, it appears that some changes have taken place over the past 3 years also in reference to consumer goods. From 1977 to 1979 the average energy consumption per user increased from 11.73 percent (Table 1) to the national level: The highest rates of variation were found in the south (12.74 percent) and in the islands (18.76 percent), slightly lower in the center (11.64 percent) and in the north (with 9.96 percent). The provinces most involved, with an increment that is twice the national average, are in decreasing order: The Sardinian provinces, Caltanissetta, Ragusa, Chieti and Viterbo; these are followed immediately by the provinces of Perugia (23.39), Rovigo (22.72), Ravenna (23.10), Isernia (22.64), Agrigento (22.15) and Enna (21.96). Almost all are southern provinces. Signs of faster growth in the southern provinces are also seen in the rates of variation for telephone service per home. There are very high increments in the provinces of Nuoro, Oristano, Agrigento, Lecce, Avellino, Isernia, L'Aquila, Teramo, and Chieti, with rates of variation around 25 percent compared with the national average of 13.62 percent. Notable in the rest of Italy are the provinces of Frosinone, Viterbo, Rieti and Latina in Lazio; then Caserta, Macerata, Arezzo and some provinces in Friuli and the Veneto.

Such high variations in the southern provinces are certainly justified by the low satisfaction of demand now made possible however by adequate economic development. A comparison of variations in the statistical data referring to the productive structure demonstrates that in some provinces, particularly in those of the islands, of Calabria, of Basilicata, Brindisi, Taranto, Bari and Naples, the

variation in the standard of living, compared with the average, are positive and higher than the variation referred to the corresponding productive structure. This is a particularly positive index of the trend in the standard of living, the more so if we consider that the index of telephone users is referred to a consumption level that is above the mere subsistence level, that which could be present in any situation.

It seems possible to say, therefore, that the process of raising the southern socioeconomic structure to a higher standard of living does not directly follow the tempo and intensity of the productive structure, since the role played by the degree of exposure of each province to the flows of information from outside, that is, in this case from higher consumption models, is not secondary.

To render the differences in variation (1977-1979) of the productive structure and standard of living visibly understandable, we have reproduced them in Chart 4 in relation to a sample of provinces with different characteristics. The first histogram consists of variations (a) of energy consumption by industry and (b) of handicrafts telephone service; the second by variations (c) in the consumption of energy per user and (d) number of telephones per home. The sample consists of provinces having: (1) high levels of income and low rates of development from 1970 to 1978; (2) high levels of income and high rates of development; (3) low levels of income and high rates of development; (4) low levels of income and low rates of development. To be noted in the first group is a growth of all indicators contained in the average; in the second a higher variation both of the indicators of economic activity as well as the productive structure; in the third higher rates of increment of the productive structure correspond to higher rates of variation in the standard of living and, finally, in the fourth group there is noted a higher dynamic of the standard of living than in economic activity.

Table 1. Relationship Between Energy Consumption and Manufacturing Value-Added (1979). Percentage Variation of Energy Consumption per User (1977-1979)

Provinces	Amount of energy used by industry in relation to manufacturing value-added (1978)	Percentage variation of electrical energy consumption per user (1977-1979)
Alessandria	1,57	11,09
Asti	1,10	13,25
Cuneo	1,68	11,12
Novara	1,41	6,29
Torino	1,29	8,01
Vercelli	1,54	10,23
Aosta	2,23	6,36
Bergamo	1,46	9,46
Brescia	1,67	3,85
Como	1,24	4,87
Cremona	1,54	14,63
Mantova	2,14	13,70
Milano	1,20	5,79
Pavia	1,55	10,29
Sondrio	1,49	6,70
Varese	1,28	6,36
Genova	1,69	8,99
Imperia	0,88	9,12
La Spezia	1,42	8,63
Savona	2,18	12,20
Bolzano	2,10	9,57
Trento	1,83	12,83
Belluno	2,12	11,76
Padova	1,40	14,29
Rovigo	1,97	22,72
Treviso	1,25	16,51
Venezia	2,40	10,91
Verona	1,49	9,62
Vicenza	1,25	9,73
Gorizia	1,44	8,74
Pordenone	1,17	15,53
Trieste	1,94	3,40
Udine	1,73	22,53
Bologna	1,23	10,65
Ferrara	2,01	12,43

Provinces	Energy used by industry related to manufacturing value-added (1978)	Percentage variation of electrical energy consumption per user (1977-1979)
Ancona	1,44	14,72
Ascoli Piceno	1,67	20,18
Macerata	1,28	17,87
Pesaro-Urbino	1,08	19,88
Perugia	0,70	23,39
Terni	2,17	12,36
Frosinone	1,82	19,77
Latina	1,29	6,10
Rieti	1,14	17,52
Roma	1,13	9,65
Viterbo	1,08	27,39
Chieti	1,57	29,26
L'Aquila	1,55	16,74
Pescara	2,27	19,18
Teramo	1,67	17,31
Campobasso	1,89	19,59
Isernia	1,09	22,64
Avellino	1,42	16,42
Benevento	1,32	19,35
Caserta	1,99	10,49
Napoli	1,42	5,73
Salerno	1,41	13,02
Bari	1,25	12,83
Brindisi	2,97	15,95
Foggia	1,77	17,93
Lecce	0,80	22,10
Taranto	1,91	9,23
Matera	1,76	19,07
Potenza	1,06	17,63
Catanzaro	3,13	17,42
Cosenza	1,30	19,55
Reggio Calabria	1,18	12,14

[Table continued on following page]

Forlì	1,13	12,47	Agrigento	1,82	22,15
Modena	1,31	9,17	Caltanissetta	3,07	24,37
Parma	1,19	7,48	Catania	0,93	18,49
Piacenza	1,14	10,47	Enna	1,77	21,96
Ravenna	2,45	23,10	Messina	1,62	15,04
Reggio Emilia	1,26	12,49	Palermo	0,99	12,81
			Ragusa	2,85	24,71
Arezzo	1,07	14,68	Siracusa	3,29	11,41
Firenze	1,22	4,43	Trapani	0,96	6,89
Grosseto	1,92	13,29			
Livorno	2,08	12,97	Cagliari	2,37	27,70
Lucca	1,45	9,89	Nuoro	3,02	26,27
Massa-Carrara	1,79	11,98	Sassari	2,13	18,89
Pisa	1,25	23,29	Oristano	0,66	31,06
Pistoia	1,04	7,38			
Siena	1,09	7,31	ITALIA	1,60	11,73

Source: Expansion of ENEL Data

Table 2. Telephone Subscriptions in Production and in Homes (1979)

Provinces	Percentage use of handicrafts telephone subscriptions compared with subscriptions in manufacturing (1979)	Percentage home telephones per 100 families	Percentage variation of home telephone subscriptions (1977-1979)	Provinces	Percentage use of handicrafts telephone subscriptions compared with subscriptions in manufacturing (1979)	Percentage home telephones per 100 families	Percentage variation of home telephone subscriptions (1977-1979)
Alessandria	49,25	46,85	15,67	Ancona	32,39	50,42	17,66
Asti	62,30	40,67	17,14	Ascoli Piceno	49,35	32,18	20,82
Cuneo	57,75	32,76	23,69	Macerata	51,39	36,00	22,70
Novara	41,06	42,43	17,74	Pesaro-Urbino	39,84	35,39	20,37
Torino	29,85	64,28	8,52				
Vercelli	48,01	46,57	18,03	Perugia	37,13	41,23	21,03
				Terni	33,20	51,73	19,23
Aosta	29,39	53,67	18,24				
				Frosinone	17,08	38,45	33,60
Bergamo	40,49	42,48	20,88	Latina	18,71	46,40	22,14
Brescia	43,09	32,72	16,86	Rieti	32,69	48,22	27,89
Como	39,02	52,86	20,35	Roma	7,89	78,71	5,11
Cremona	48,63	35,58	16,35	Viterbo	35,63	41,56	30,76
Mantova	55,91	29,21	22,19				
Milano	18,47	70,07	9,68				

*[Table continued on following page]

Pavia	46,14	45,60	17,72
Sondrio	41,99	38,87	23,97
Varese	39.32	55,04	20,18
Genova	21,49	77,40	4,68
Imperia	32,48	62,90	15,84
La Spezia	25.48	54,64	15,24
Savona	24,31	66,41	13,91
Bolzano	28,97	38,53	12,28
Trento	37,45	43,67	20,35
Belluno	35,53	38,50	18,10
Padova	40,26	39,32	16,17
Rovigo	47,29	23,56	23,19
Treviso	47,46	34,64	23,43
Venezia	29.55	49,76	10,85
Verona	47,79	39,61	17,67
Vicenza	44,91	37,58	21,61
Gorizia	30,66	48,41	20,22
Pordenone	44,27	30,80	35,32
Trieste	17,64	72,81	3,01
Udine	39,48	31,71	23,01
Bologna	31,14	65,76	7,64
Ferrara	47,84	37,59	19,15
Forlì	39,12	46,05	18,03
Modena	46,45	44,77	18,73
Parma	47,02	42,93	11,41
Piacenza	48.93	40,67	19,55
Ravenna	49,35	49,06	15,45
Reggio Emilia	52,38	36,31	17,85
Arezzo	43,06	50,21	25,46
Firenze	30,32	71,80	9,31
Grosseto	44,13	53,52	18,73
Livorno	22,81	70,44	11,77
Lucca	30,58	52,27	20,79
Massa-Carrara	26,01	40,37	20,90
Pisa	29,03	51,73	23,18
Pistoia	47,23	51,11	20,73
Siena	31,37	56,40	16,66
Chieti	27,74	33,33	24,53
L'Aquila	18,10	39,43	25,36
Pescara	21,86	49,01	19,48
Teramo	37,99	33,75	28,54
Campobasso	21,25	29,80	23,86
Isernia	17,98	27,51	33,29
Avellino	16,77	24,00	24,66
Benevento	21,98	32,15	22,27
Caserta	21,01	33,56	26,60
Napoli	13,94	61,76	10,22
Salerno	21,65	36,90	21,35
Bari	14,18	42,24	15,59
Brindisi	20,06	31,04	19,03
Foggia	18,29	35,19	17,16
Lecce	27,32	33,00	23,36
Taranto	15,22	38,93	12,88
Matera	28,24	36,40	17,42
Potenza	18,84	28,76	21,41
Catanzaro	15,55	30,38	21,26
Cosenza	17,34	28,35	21,07
Reggio C.	15,98	35,13	19,53
Agrigento	24,95	36,32	26,44
Caltanissetta	19,43	38,26	21,79
Catania	17,31	50,21	10,54
Enna	20,99	33,93	15,83
Messina	20,23	42,19	11,59
Palermo	12,67	54,48	10,41
Ragusa	23,30	44,85	18,50
Siracusa	16,90	47,62	13,89
Trapani	22,01	45,41	20,06
Cagliari	17,95	40,07	15,17
Nuoro	30,74	31,64	28.46
Sassari	14,69	24,90	17,86
Oristano	22,04	44,24	35,10
ITALIA	30,45	50,42	13,62

Source: Expansion of SIP [Italian Telephone Co.] Data.

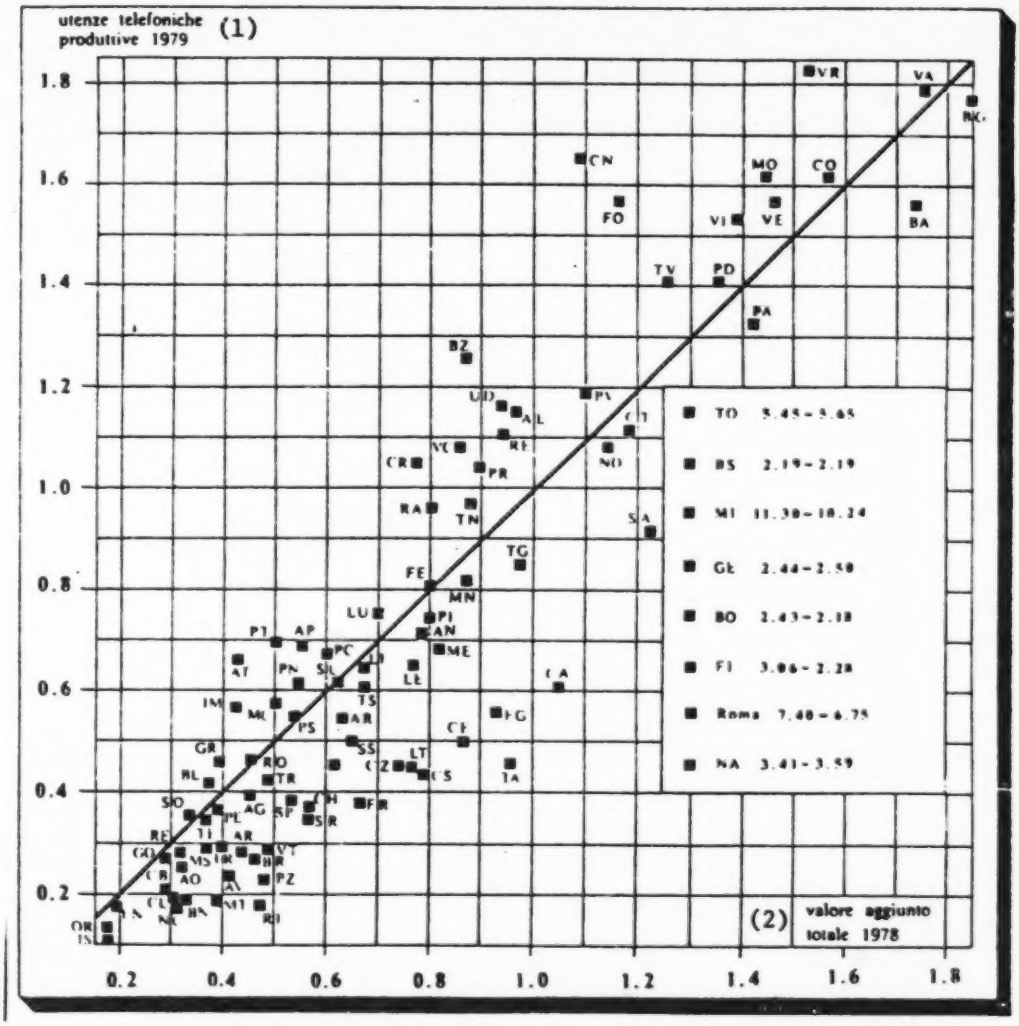

Chart 1. Number of Telephone Subscribers in Production Sectors and Total Amount of Value-Added

Key:

1. Telephone subscriptions in production 1979
2. Total value-added 1978

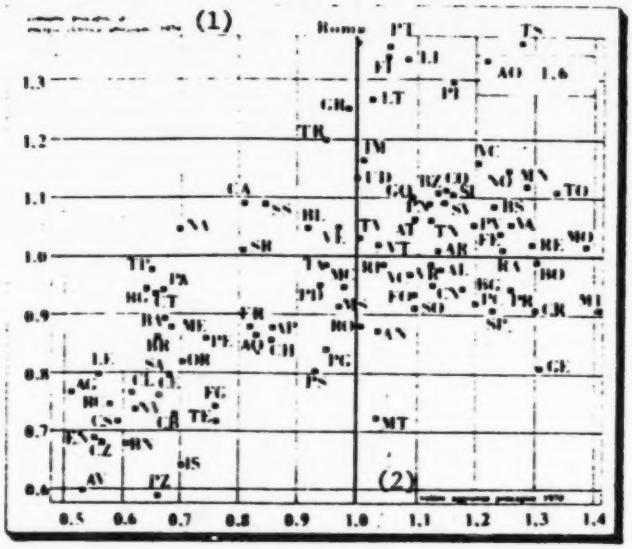

Chart 2. Per Capita Energy Consumption per Home and per Capita Value-Added

Key:

1. Per capita consumption of electrical energy in homes 1979
2. Per capita value-added 1978

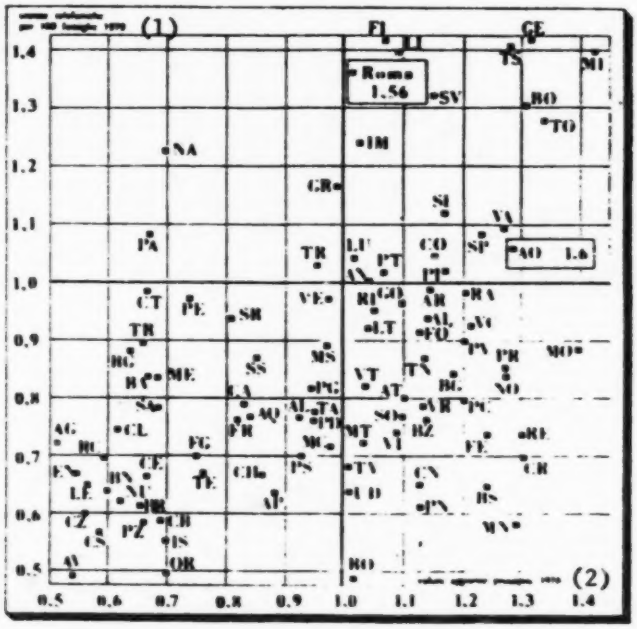

Chart 3. Home Telephone Subscriptions and Value-Added

Key:

1. Telephones per 100 families 1979
2. Per capita value-added 1978

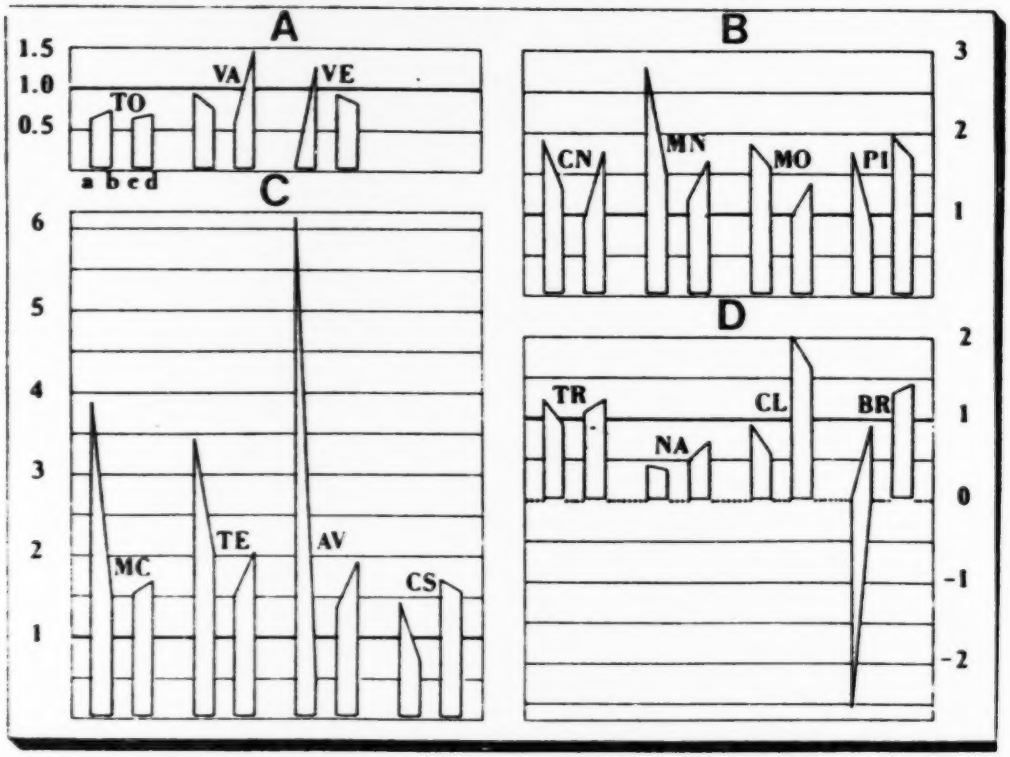

Chart 4. Business Activity and Standard of Living (1977-1979)

Key to the Two-Letter Abbreviations Used in the Four Charts:

AG--Agrigento
AL--Alessandria
AN--Ancona
AO--Aosta
AP--Ascoli Piceno
AQ--Aquila
AR--Arezzo
AT--Asti
AV--Avellino
BA--Bari
BG--Bergamo
BL--Belluno
BN--Benevento
BO--Bologna
BR--Brindisi
BS--Brescia
BZ--Bolzano
CA--Cagliari
CB--Campobasso
CE--Caserta
CH--Chieti
CL--Caltanissetta
CN--Cuneo
CO--Como
CR--Cremona
CS--Cosenza
CT--Catania
CZ--Catanzaro
EN--Enna
FE--Ferrara
FG--Foggia
FI--Florence
FO--Forli
FR--Frosinone
GE--Genoa
GO--Gorizia
GR--Grosseto
IM--Imperia
IS--Isernia
LE--Lecce
LI--Leghorn
LT--Latina
LU--Lucca
MC--Macerata
ME--Messina
MI--Milan
MN--Mantua
MO--Modena
MS--Massa Carrara
MT--Matera
NA--Naples
NU--Nuoro
OR--Oristano
PA--Palermo
PC--Piacenza
PD--Padua
PE--Pescara
PG--Perugia
PI--Pisa
PR--Parma

PS--Pesaro
PT--Pistoia
PV--Pavia
PZ--Potenza
RA--Ravenna
RC--Reggio Calabria
RE--Reggio Emilia
RG--Ragusa
RI--Rieti
RO--Rovigo
SA--Salerno
SI--Siena
SO--Sondrio
SP--La Spezia
SR--Syracuse
SS--Sassari
SV--Savona
TA--Taranto
TE--Teramo
TN--Trento
TO--Turin
TP--Trapani
TR--Terni
TS--Trieste
TV--Treviso
UD--Udine
VA--Varese
VC--Vercelli
VE--Venice
VI--Vicenza
VR--Verona
VT--Viterbo

FOOTNOTES

1. S. Casillo, "The South: There's No Independent Future for the Southern Areas," RINASCITA, 1 May 1981.

   --M. Valentini, "Novacca Speaks: South of the True Brambillas," IL MONDO, 1 May 1981.

   --Italian Union of the Chambers of Commerce, Industry, Handicrafts and Agriculture, Records of the Conference on "Southern Society and Local Entrepreneurs," particularly the report by E. Pontarolla, "New Industrialization of the South: Suggestions for an Interpretive Model," Rome, 2 April 1981.

   --Various Authors, "Abruzzo: The Adriatic Recipe," in MONDO ECONOMICO, 19, 24 May 1981.

2. G. Lizzeri, "Picture of the South Against the Light," Naples, 22 June 1979, and E. Co., "ENEL [National Electric Power Agency] Data Show Industry in Decline," IL SOLE 24 ORE, No 82, 10 March 1981.

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No. 1804

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24 August 1981

WEST EUROPE REPORT

No. 1804

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BRIEFS

COMMENTARY SUGGESTS PERSHINGS FOR ASIA--The United States also has a "Pacific Front." The Europeans forget only too often that the United States borders on two oceans: the Atlantic and the Pacific oceans. What matters to the great ally in security-policy respect is not just the strategic opposite coast of Europe but being strong on the Asian opposite coast as well. This is why considerations of the Pentagon are legitimate which involve the question whether Pershing-2 missiles and cruise missiles should not be set up in Asian bridgeheads as well. The warheads would have to be nuclear. Since Japan plays a role in U.S. strategy which is comparable to that of Norway--free from nuclear weapons--two zones offer themselves: South Korea and Taiwan. Out of regard for Beijing a deployment of U.S. nuclear weapons in Taiwan will hardly be possible. But why not in Korea? The Pershing weapons system and the cruise missiles would cover the strategic base of Cam Ranh in South Vietnam which is being used by the Soviets. Reaching beyond China they would at the same time threaten SS-20 positions in Russia as deterrence weapons. By such planning the Soviet missile weapon would be dispersed. Besides, it would be forced to change positions all the time. [Text] [DW111217 Frankfurt FRANKFURTER ALLGEMEINE in German 8 Aug 81 p 8

CSO: 3103/402

SPECIALIST PAUCOT ON PS, IDEAL DEFENSE STRATEGY

Paris ARMEE NOUVELLE in French 1st Quarter 1981 pp 4-7

[Article by Jean Paucot: "'For a Military Policy of Socialist France'"]

[Text] The Socialist Party established its line on defense matters officially and formally at the time of a national convention.

Jean Paucot recalls it and also expresses himself as an experienced specialist.

The present-day world is living in the fear of a destabilization capable of giving rise to a worldwide conflict whose consequences for the belligerent nations or the victims no one can evaluate. World military expenditures have almost quadrupled in constant money since 1950. Their distribution has been modified considerably since that time. Thus, the European NATO countries, whose military expenditures represented around 30 times the expenditures of the Middle East in 1950, are only double today. Instead of contributing to the development of the Third World, the funds released by the increase in the price of oil have been invested mostly in arms bought from arms exporting nations. The foreign trade balance tried in this way to find its lost equilibrium. Thus, weapons with the best performance, with exception of nuclear weapons, have been subjected to trade. Nevertheless, transfers of technology have probably enabled a large number of countries to manufacture nuclear weapons. This, however, is different from a complete system needed by a deterrence force.

An inordinate accumulation of means of destruction causes a derangement of the economic and monetary systems and unbalances the political and social systems, the poorest of which are always the first victims.

A new period described as "post detente," characterized by a relative setback of the arms control policy and acceleration of the armament race, seems to follow the detente phase in East/West relations. Vigilance is absolutely necessary, because responsibilities do not lie in one single camp and France's interest is not to contribute to an intensification of the antagonism of the blocs facing each other.

Destabilization also finds its sources in the development of various forms of political terrorism, at times conducted by the governments themselves by suppressing the most elementary forms of human rights.

Finally, mention must be made of manipulation of public opinion by using the mass media, especially television, reducing the problems to minor but spectacular aspects. The recent events in Poland and the presentation made of them are significant in this regard.

In view of the situation of the world today, France must ensure its security. The military policy is an essential aspect of it, without neglecting, because of that, every possible diplomatic initiative for peace and disarmament.

For a country like France, a medium-sized power, located in Western Europe and already equipped with a nuclear arsenal, the military policy must comprise two distinct aspects:

1. A strategic nuclear system, based on a doctrine of defensive deterrence called "of the weak to the strong," which aims at persuading a possible aggressor that the risk that he would take would be greater than the gain expected. This strategy covers only France and is not applicable to every form of aggression. It is, above all, a political weapon whose frustration would be to be compelled to use it or to capitulate.

2. It is advisable to have a different military system that will not leave France without means in the face of scenarios of possible threats. The doctrines adopted must, first of all, not cause credibility in strategic deterrence to be lost. The system is only a military tool in the service of foreign policy.

With regard to Europe, France's security cannot retain solely the assumption of a traditional or nuclear direct aggression or a combination of both in the central theater. The question to be asked is what France's military policy should be in the southern sector of the Alliance, perceived as weak and unadjusted to the new Soviet capabilities of air and naval projection that should, nevertheless, not be excessively overestimated. Latent disputes between Greece and Turkey, both members of the Alliance, the still possible revival of ethnic antagonisms in Yugoslavia, make the southern flank a sensitive area in which France is involved with nuclearized air and naval means whose use and whose vulnerability may be questioned at present.

The Mediterranean is also the hinge between the "East/West" and the "North/South." In the peripheral zones, sources of our strategic supplies, are American interests joined to European interests and are European interests complementary or competitive? The answer to these questions is essential for establishing our military policy and for adjusting the corresponding force systems.

A Nuclear Deterrence Strategy

War has always been governed by one single law, the law of the relationship between the advantage anticipated and the risk incurred.

A country seeking peace in an overarmed world is compelled to maintain a high response capability potential, in order to discourage the possible aggressor regardless of who he may be and although he may be much more powerful militarily.

Strategic nuclear deterrence enables France to ensure its security, developing, at the same time, a dynamic policy with regard to disarmament, detente and friendship between peoples.

Nevertheless, the arsenal used must retain its strictly defensive nature; that is to say, limiting itself to the means needed for retaining a higher degree of risk than the advantage that military control of the country might produce.

It is not a question of seeking to turn France into a "minisuperpower," but, rather, of retaining the indispensable free choices.

In order to ensure security by means of deterrence, it is necessary to maintain the nation's material and political credibility.

By way of theoretical example, it would be possible to take into account the fact that the satisfactory degree of deterrence would correspond to the destruction of 10 cities of over 500,000 inhabitants, in order to arrive at an evaluation of the requisite needs, taking into account the attrition coefficients decided on.

Material credibility is based on two principal factors: invulnerability of our means of reply and their capability of breaking through the defenses of the most dangerous possible aggressor.

During the next presidential 7-year term, decisions will have to be made that will commit France beyond the year 2000. The first question that will be asked is to know whether several strategic systems will have to be maintained or whether an effort is to be made only on the submarine component.

With regard to submarines, preservation of invulnerability does not find expression in "all or nothing," but, rather, in a permanent dialectic of technological progress between submarine detection on the one hand and the performance of missile-launching submarine on the other. Moreover, detection probability and simultaneous destruction of submarines decreases exponentially in relation to the number of ships.

The decision concerning the new mobile missile system (SX) raises some serious security problems. Would these missiles move about without warheads and, in that case, what would be their effectiveness in case of a surprise attack, or with warheads and what would be the price of security measures? Do we not risk moving toward a militarization of the territory?

Is it possible to envisage retaining the silos on the Albion Plateau, all of which would require a 20-megaton salvo to destroy them, according to the experts, in order to make them a test of enemy intentions? What is the cost of security? So many questions to ask and to settle.

The political credibility of a deterrence system in the field of decision is not as simple as the present president of France is trying to make the French people believe by giving the image of a man capable of deciding coldly on the death of millions of persons.

Although it is true that, at the end of the crisis, there would be one single man who would have to make a decision in terms of "yes or no" at a given moment, or

more exactly although it is true that a possible aggressor must think that this man would be capable of making that kind of decision, on the other hand lower level decisions must be made within the framework of real democracy. The people's consensus is expressed far in advance but it is indispensable to the credibility of deterrence.

Ten to 15 years usually elapse between the creation of a weapons system and time when it is operational. The military policy is a serious choice. It is dangerous to want to provide "a little of everything," that is to say not to make a choice. It is dangerous, in the name of so-called military secrecy, to refuse to let the French people participate in a sincere democratic discussion for preparing this policy in the present-day world.

Of course, this kind of system does not meet every assumption of armed conflicts, but only that conflict jeopardizing the country's survival as a nation. The doctrinal concept provides for utilization of the tactical nuclear weapon as a significant indication of our desire to put strategic reprisals in operation, if an end is not put to the aggression. This is a reservation that is deliberately left vague with regard to the duration and points of application, but it should not turn into participation in the battle. That is the reason for the major ambiguity of the enhanced radiation weapon, the so-called neutron bomb, because it risks involving us in a strategy that would no longer be dominated by the political authority. We would then enter another area of the subject of strategy: the area of deterrence conceived as an equilibrium of forces and war conceived as the continuation of policy by other means.

It is also necessary to reflect on the policy to be conducted with regard to surveillance (satellite or AWACS) for handling crises.

In summary, the major advantage of strategic nuclear deterrence is that, owing to its strictly defensive nature, it threatens no one and, at the same time, to makes the territory a sanctuary. It is necessary to refrain from drifting from the basic concept in the name of perfectionism.

Like all the other European countries, regardless of whether they belong to the Atlantic Alliance, the Warsaw Pact or lay claim to nonalignment, France defines itself by its geography, the history of its people, its economic interests and its ideological and political orientations. These factors, some of which are constant or evolve over the long term, are the restraints of its foreign policy. France cannot change either its position on the planet or its natural resources. Its situation gives it a certain detachment from the East/West dividing line in Europe, while its opening on the Mediterranean provides it with a special inclination, both geographic and historical, to develop relations with the African Third World countries.

Emergence of the two superpowers has favored the regrouping of countries into two antagonistic blocs that become a stake in their confrontation.

Europe finds that it is the area of maximum accumulation of means of destruction, both possible point of departure and arrival goal of the weapons of the apocalypse. The European countries, dominated by the big powers, become the stake of the confrontation.

With regard to the West, the USSR represents a military risk for the following reasons:

1. It has accumulated a considerable military arsenal, both nuclear and traditional, with regard to Europe, conferring on it a superiority in case of a surprise attack on military objectives.

2. The geostrategic situation favors the USSR in comparison with Western Europe. In fact, it is possible to question the reliability of the reinforcement plans of the United States with regard to Europe in case of a crisis without warning.

3. The size of the stake freezes considerable forces on both sides and it has undoubtedly made it possible to maintain the status quo, but no one can judge beforehand the consequences of a destabilization.

The people of the West are closer to American ideology than to the ideology of the Soviet model, but, in this field, nothing is ever definitely taken for granted, either for human rights or for freedom.

Continuation in the Alliance is necessary insofar as it is a subject implying the common attachment of the allies to the people's right to decide freely on their destiny, to a rejection of military aggression and to loyalty to the spirit of the United Nations charter. On the other hand, it cannot be the acceptance of any hegemony whatsoever. The military system may represent an appropriate response to certain assumptions, but it is not possible to stake France's entire security on the proper functioning of an alliance in case of a serious crisis. In the nuclear age, solidarity finds its limitations in the judgement of each one on his major interests.

That is a fact already established several times since the end of World War II. It suffices to recall Suez and the Algerian conflict.

Since 1957, date of the appearance of Soviet intercontinental ballistic missiles, the territory of the United States is no longer protected from direct blows by an adversary and it is obvious that the Americans cannot risk the existence of the United States to save Europe.

The new established fact is the point of departure for a new American strategy that will take 10 years to become official within NATO and that is based on the double concept of graduated reply and forward strategy. Since then, Europe has become a possible battlefield whose domination is reserved to the two great powers. The European nations have become the object of their confrontation. Of course, there is a dream of a Europe that would take up its own defense in hand independently, but this dream never finds expression in the realities of international politics. In the nuclear age, military defense implies unity of decision whose objective conditions have not been achieved. When Thatcher asked Carter for Trident I submarine missiles in 1979, she renewed for 20 years the spirit of Nassau, which is a political choice that is understandable after all, but that rejects the idea of an independent European nuclear defense. In speculating thoroughly on the policy of integration of military forces in Europe within NATO, the FRG is moving in the same direction, although it is a question, on the other hand, of expanding its maneuvering margin for an "Ostpolitik" independent of the United States.

With regard to the Dutch, unconditional advocates of supranationality, they are violently against any idea of independent European defense out of fear of a hegemony of the "big" powers in Western Europe.

If, in spite of all realitites, we assumed the problem solved, would not the appearance of a third superpower exuding its hegemony be still more dangerous to the peace of the world, if only owing to the multiplication of the aleatory phenomena of three-way games? While the French model would no longer function.

After all, continuation in the Alliance is necessary, in order to respond to certain situations that France intends to appraise, but it does not rule out a national deterrence of its own. France cannot commit itself, and does not want to commit itself in a process leading to a limitation, or even a suppression, of its freedom of evaluation and of action to the benefit of organizations that are not identified with the people's organizations.

The Socialist Party favors the European construction provided the French are not under the control of certain privileged possessors of large means for whom militarization is a instrument for strengthening their power.

The organization must stem from our policy. Military means must make it possible to express our solidarity with the allies without jeopardizing our freedom of decision at any time. Giving priority to the air component seems to be of a nature to ensure a significant contribution to the allies without a commitment outside the borders in irreversible situations.

The land component would be reserved primarily for a concept of the people's defense of the national territory.

Alliance and Deterrence: France and the Defense of Europe

France, outside Europe, has some essential economic needs, some specific responsibilities, resulting from a historical heritage, and political interests affecting its military policy.

First of all, France exercises its sovereignty over the overseas departments and territories, which, because of their geographic position, the degree of development of their population, all have the appearance of the remains of an empire. No one dreams, at present, of covering all these territories with nuclear protection, but there are no threats, either, justifying recourse to nuclear weapons. The threats are primarily of an internal nature, although certain reports note for the French Antilles a responsibility by Cuba acting, of course, for the Soviets to destabilize that territory. The danger, obviously, is not to let ourselves be caught in the trap of another Algeria affair. It is impossible to decide on everything from Paris by having illusions on identification fictions. Those territories must benefit from a broad administrative autonomy, in order to give their inhabitants the possibility of deciding on their future when the time comes. That kind of policy must be carried out at different rates, depending on the territory, without ruling out assistance agreements including military assistance agreements. Security, especially the struggle against terrorism, must be handled locally by relying on the concept of the people's defense, while continuing, at the same time, aid to development.

With regard to relations with the Third World, the government conducts a policy limited to two aspects: obtention of oil from the Middle East for weapons and sophisticated technologies and maintenance in French-speaking Africa of a policy of privileged personal relationships that leads us to support regimes without a futre to the detriment of dynamic forces, reducing cooperation to its military aspect. Should the Ministry of Cooperation, the unconscious bastion of an archaic colonialism, probably not be eliminated?

With regard to military protection of the shipping routes for strategic raw materials by large ships of the Navy, it may be wondered whether a myth is not involved. In fact, one of two things: when we are at war gainst a great power and it is not realistic to think, in the age of nuclear attack submarines, of protecting only the lines around the African continent, or else minor events are involved and the solutions are political. The recent statements by Saudi Arabia, threatening to shut down its wells in case it would no longer be capable of ensuring security, show well the political dimension of the problem. One or two additional aircraft carriers would not solve these problems.

France's military policy outside Europe must not be reduced to its trade and neocolonial dimensions. By basing itself on the principles already expressed and applied clearly under all circumstances, France might regain the confidence of a large part of the Third World, in order to give a real political dimension to our relations with it. Of course, France cannot let itself be smothered by a breakoff of its essential needs for strategic raw materials, but rather it should think of its needs in the form of contracts with a significant outlay for aid to development, not ruling out military cooperation, moreover.

France must also assume its responsibilities in the areas of economic interest exclusive of the 200,000 sailors. A police action for struggling against pollution and plunder of the oceans, but also organization and conservation of resources. On this basis, the problem of the overseas territories is fundamental, especially in the Pacific, because the area of responsibility amounts to 7,688,000 square kilometers for the Pacific compared with 340,000 square kilometers for the metropolis. The military means should be oriented consequently.

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CSO: 3100/868

CLASSICAL WAR OR NUCLEAR; CITIZEN SOLDIER OR COLLABORATOR

Paris ESPRIT in French Apr 81 pp 25-41

[Interview with Gerard Chaliand and Claude Lefort by Paul Thibaud, editor of ESPRIT, Oliver Mongin, sub-editor of ESPRIT, and J. Minces, date and place not given]

Mr Chaliand is described by Basil Davidson in WEST AFRICA, London, as a "left-leaning journalist." He was a correspondent for LE MONDE in Third World crisis centers for almost 10 years and is the author of numerous books, including "Mythes Revolutionnaires du Tiers Monde" in 1976 (translated as "Revolution in the Third World," 1977, The Viking Press). He was one of the founders of the French review PARTISANS. He has been a visiting professor at Harvard and UCLA and has taught at other major U.S. universities.

Claude Lefort is a journalist, was part of the group which ran the magazine SOCIALISME OU BARBARIE, and is the author of a new book "L'Invention Democratique ou les Limites de la Domination Totalitaire."]

[Excerpts] Thibaud: Gerard Chaliand and Claude Lefort, we would like to discuss with you the new interest that is being shown in France, and especially on the left, in military problems. It is evidenced by several publications, especially the series directed by Gerard Chalian, "Strategies," from Berger-Levrault, which includes books on topics of current interest and classics such as "The Discourse on the First Decade of Titus Livius" by Machiavelli, with a preface by Claude Lefort.

Furthermore, in a more general way, a certain amount of questioning of the credibility of the American nuclear umbrella, on the possibilities, or lack thereof, of Westerners' supporting Afghanistan militarily, or of deterring possible intervention by the USSR in Poland, have forced the people of the left to consider the strategic problem in extremely new terms.

The Possible War, the End of Ideologies

Lefort: The people have been faced for some time with the problem of East-West relations, and more particularly, with the relationship of the two imperialisms, American and Soviet; the feeling of danger disengages them somewhat from the ideological controversy.

Even if many continue to deny the more or less offensive character of Soviet policy, it must be stated clearly that the massive fact is there: the invasion of Afghani-

stan, and with it the threat to the resources of West Europe, to which is added the prospect of suppression by force in Poland. Everyone again feels the possibility of war, and not being protagonists, people are provoked to observation, analysis, reflection. One wonders what would happen if the Russians were to advance one more pawn in the Middle East, what would be the reactions of the Americans and the Europeans; one builds up hypotheses, one calculates (or believes one is calculating) the respective forces. One takes an interest in the number of rockets, of bombers, of atomic submarines. And indeed, one must also, in the face of the Polish crisis, pose some new questions about Soviet imperialism--questions that had been suppressed, despite the events of 1956 and 1968, the memory of Hungary and Czechoslovakia.

Chaliand: I believe that this is closely connected with a number of historically recent facts. On a good many subjects, collective memories are short. Budapest 1956, for example--it does not mean much to some under 30. For an entire period, the fact is that it was the United States that (with its allies) opposed the national liberation movements, whose ally, on the contrary, was almost always the Soviet Union. This enabled the ideological schemes to function in one way or another. But once the Sino-Soviet conflict appeared more as a rivalry between states than between ideological lines, and China found itself on the side of the United States in the Angolan conflict, or the ally of Pakistan, once the Vietnamese communists, having triumphed, started playing a hegemonic role in the Indochinese sphere because for them, the geopolitical adversary is China, and once the USSR drops Somalia for Ethiopia or intervenes militarily in Afghanistan, ideology--except for a few willfully blind persons--no longer explains anything. The interests of states are flagrant, and the strategic explanation appears to be the operative one in the eyes of more and more people all the time.

The Atom against Democracy?

Thibaud: Might one not refine somewhat some of the things you have said by adding that there was indeed a strategic thinking in Europe and especially in France in the 1950's-1960's, but one that was quite curious since it neutralized in thought what it was talking about? This is the thinking of deterrence, it is the great Gaullist invention. One does not know whether this speculation corresponded to any military validity, since it has not been put to the test of events, but it has played an important role in policy. The bright idea that in the matter of the atom it is sufficient to have a force proportionate to what one wants to defend and not comparable to that of the enemy has made it possible to build a way of talking about security and peace on the basis of the atom; the word "sanctuarization," invented to designate our country's position, even has an idyllic connotation. It represented a very French manner, a reassuring one, of thinking a bit, indeed, but not too much, about the atomic situation. The other manner of thinking about it was the word "detente," and the two words went extremely well together. It was with regard to the more or less distant southern peripheries, or else in the imaginary pure revolutionary, that the reflections on war took on the aspect not of a way of conjuring the danger but of calculating the possible.

But all this does not work anymore, and I think that the new thing is that people are thinking strategy in Europe and for Europe. The possibility of a use of weapons, or of a military pressure, an atomic blackmail that could be decisive, appeared on our continent for the first time in 30 years. Several questions then arise--for example, "defense and democracy." Democracy and war have got along quite well together: mobi-

lizing millions of peasants and sending them to the frontiers without their rebelling --only the democracies, and the French democracy in particular, could do that, and it is unprecedented in the history of humanity. Now one has the feeling that in a second phase, democracy is becoming the enemy of the military, and the relationship it has with the atom in particular is an extremely difficult one. This has been said several times in ESPRIT, particularly by Manuel de Dieguez[1]: there is a conflict of principle between the strategy of deterrence and democracy, one cannot consider democratically the destruction of the entire people, a national holocaust. Now is it nuclear deterrence, or the atom, that is ruled out by the democratic ethic? Is it nuclear deterrence as imagination, something like a big sacrifice (killing all the French to preserve France), that is antidemocratic, or is it the use of nuclear weapons? This, it seems to me, is one of the many questions that are raised.

Minces: General Mery's propositions go farther. With the neutron bombs, it is a matter of acceptance of the destruction of a population in order to preserve property.

Chaliand: The nuclear problem in West Europe is a lame one insofar as there is no political Europe. But the problem of defense can be posed coherently only if there is a political will. Europe has some common points of view on a number of problems, but no common plan--if not the defense of a status quo--and for strategies of energy and trade strategies [as published]. Nuclear defense would make complete sense in West Europe only with a common political will and a common defense. We are far from that. The term "sanctuarization" is indeed ridiculous, but it is not the principle of Gaullist policy that can be condemned, it is its limits.

As for nuclear weapons, I would like to add that because of the obsession in the West with the nuclear shield, a good many situations have been changed in the world by means of conventional weapons--if not, in the last analysis, by guerrilla action. All in all, strategic thinking about nuclear weaponry remains quite summary. Lucien Poirier[2] has drawn up a very complete balance-sheet of it. Apart from "second-strike capacity," there has not been much innovation on the conceptual level; there is a lack of tools.

Thibaud: Regarding "defense and democracy"--I would like us to get back to that subject--it has been maintained that a society that sacralizes individual interest is literally indefensible, in both senses of the word: that is, if it is faithful to its principles, it will not be able to defend itself, and if it defends itself, it will be unfaithful to its principles.

Lefort: To say that democracy would be unfaithful to its principles if it defended itself seems to me completely mad. True, one no longer knows very well what is meant by democracy; it is an incredibly ambiguous type of society that embodies some contrary exigencies and experiences. But what does one mean when one says that democracy is indefensible?

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1. Cf Manuel de Dieguez, "Nuclear Deterrence," November 1977, "Critique of Deterrence," June 1979, "The Deterrer Deterred," November-December 1980. Cf also Patrick Bernier and Bernard Cohen, "Giscard, France and Its Armed Forces," ESPRIT, May 1980.

2. Lucien Poirier, "Des Strategies Nucleaires" [Nuclear Strategies], Hachette, Paris, 1978.

Thibaud: Democracy being essentially a kind of rupture of the consensus developing its antimilitarisms, its echoings of everyone's "as for myself," it ends in a dissolution of the collective will. And if it wants to reestablish a collective will, it will be led to deny itself.

Lefort: One can take two examples that are very far-removed from one another: on the one hand, the example of France, and on the other, the example of the United States. First of all, the United States: it is a fact that one may doubt the Americans' will to fight. Resistance to conscription is a massive phenomenon, and one has the clear impression that American youth--taking all classes together--do not want to know anything. There is no doubt that in this situation of ill-success, the tragedy of the Americans' engagement in the Vietnam war is a decisive phenomenon, it is something that literally broke the incentive of a will that would imply fighting in a foreign theater. And on the other hand, if one looks at France one sees another phenomenon that appears quite clear to me. France is a country a large part of whose population is of an ideology either communist or collaborative with the communists--a fact that makes absolutely illusory, in the present, a capacity for reflection and mobilization, not a material but rather a psychological capacity, in the face of a danger that cannot be ignored: the danger of Soviet expansionism.

It seems to me that, observing these two places like this, one runs the risk of arriving at the same conclusion about them. But one can relativize this conclusion, for when you say, on the basis of this judgemnt, "democracy is indefensible," it does not mean that it is indefensible in itself, it means that there is specifically today more and more powerlessness to give sense to democracy, to give a representation of democracy to the people who live in democracy. I do not see how any of this is impossible, but if one takes the experience of the Vietnam war as an example, one sees very clearly that it is not connected with the essence of democracy; that American imperialism got involved in the history of Vietnam is a political phenomenon, one that is both a considerable fault and something that is not thought of in terms of fault only, but that is thought about in terms of the dynamic of the interests that cominate in the United States. It is not the essence of democracy that is involved there. And to return to the case of France, certainly there is a part of the population, roughly 20 percent, that sympathizes--less today than yesterday--on very different grounds, grounds that may also be archaic ones, conservative in many respects, or else on ground typically of social struggle, and this, on the other hand, is kept going because no political response is made to a whole series of democratic demands. It is because there is not enough democracy in France in a certain way that there is this kind of pure blackage that tends to be preserved. I believe it is this that should be stressed, it is not the essence of democracy that finds itself placed in jeopardy because of the fact that there is dissolution of energies today in the face of a possible aggressor; but this brings us back to a reading or to a critique of the policies that have been conducted here and there.

Thibaud: As regards atomic weaponry and democracy, doesn't it seem to you that there is a specific problem here? The French strategy, as it is "told to children," is: "Someone is threatening to blow everything up," and the others are backing out. To the extent that one believes this, it is something monstrous, because all the people --including the little children--find themselves the hostage of the king, who plays his game alone; in wartime, the people are always hostage to the ruling power, but in this case it is being carried to an unacceptable limit.

Lefort: For my part, I feel incapable of taking a stand on the legitimacy or absurdity of having atomic weaponry. What is certain is that everything that has been done and all that has been said goes in the direction of a sharp separation between what would be a weapon and a situation of absolute conflict, and on the other hand, the real situation of the people. Eveyone imagines himself reduced to impotence. In this sense, the way in which atomic weaponry is treated is a way of totally disarming any will of initiative in advance. On the other hand, I was struck, on a trip to Norway, by the reaction of my interlocutors to the eventuality of a Soviet invasion. They declared: "If the Russians come here, we will all grab our rifles." I had the image of a people who, no matter what the risks, defend their territory foot by foot.

Chaliand: The Finnish did so in the past.

Lefort: The Norwegians have no atomic weapons and, like us, they live under the threat of an apocalyptic war, but, it seems to me, this does not prevent them from thinking: "The Russians may perhaps annihilate us, but they will have to take us one by one." Here is something that makes what is tragically absent here seem possible.

Chaliand: Quite so. Our universe is "morose," without purpose. One has the feeling, in this society of ours, that nostalgia is the central thing. The golden age--that was yesterday.

Lefort: We may never concentrate analysis solely on the sensibility of a people or solely on the action of its government. It is a double error to believe that a people is fashioned by its governors or, inversely, that the latter are in the image of the people. The fact remains all the same that the governors, or more generally, the political elites (what is called the "political class," from a significant fear of talking about elites), have a formidable responsibility. Now one is struck by their deficiencies, by their powerlessness to get people to recognize what the totalitarian state is. To be sure, the political leader in France is anything but an educator. So that there is no call for surprise over the results of the poll by ACTUEL, in January--a poll which, not by chance, received so little comment from the press: 63 percent of the French are ready to collaborate with the Russians, in the hour of danger. And let us note that they respond from the comfort of their easy-chairs, while they still feel secure. What would be the case if the Soviet tanks were at the border? I note also that the Giscardian sympathizers show about the same percentages as those with Communist sympathies, which all the same is quite amusing!

Chaliand: That depends on who...

Lefort: Now one cannot avoid relating this spirit of capitulation to, on the one hand, Giscard's policy, the official policy of France for years, and on the other hand to that of the Socialists (I do not even mention the Communist Party, since it is an entirely special case, with its interests, its aspirations placing it in a thoroughly mainfest way on the side of the USSR). Are Socialists and Giscardians trying to develop a democratic awareness, which is also a civic awareness, with all that that implies of energy, of will for defense, of sensitivity to the other's threat? Not at all, and that is what seems remarkable to me. And why this monstrous failing? For Giscard, politics is the art of the maneuver, in the service of his personal prestige and on the basis of the interests that can support it. He plays his part on the international scene, as on the French political scene, with the same kind of brio, the same ruses, the same art, in order to appear to be above conflicts

(think of his exploits in India). As for the Socialists, they are prisoners of their electoralist alliances with the PCF, the domestic political game conditions their idea of the world's affairs.

The Military and the Political

Thibaud: But as for myself, I am sensitive, as you are, to a dialectic of the military and the political, to certain contradictions also that operate between a strategic situation and a political situation. Poland is a very striking example. The past 6 months are inconceiveable for those who view the world through strategists' glasses. This should not have taken place, we were told repeatedly in the French press, though now it is said a little less. This does not mean that all of a sudden the military aspect, the Russian tanks, no longer exist. But they are not capable of everything. Fortunately.

As regards West Europe, the contradictions between the military and the political seem to me to be of a somewhat analogous nature, because the question of European defense, a question that obviously is still posed, is the question of a certain unity. It is obvious that the possession of atomic weapons by certain countries of Europe is a factor against a common defense, for the good reason that it creates excessive dissymmetries between France and England on the one hand, and on the other, the other countries of Europe. If it is desired that a defense be common to the countries of Europe, that defense cannot be an atomic one, because it has to put the principal countries on a footing of equality. One cannot ask the West Germans to be the footsoldiers of the French; that would be ridiculous. If one considered this contradiction in its reality, one could envision a real strategy. One mythifies atomic weaponry and one deplores the fact of not having a European defense, and this, to my mind, is a contradiction in terms. Then why do we always have these two lines of thinking: one that neglects the military and the other that isolates it?

Chaliand: When you said that for the strategist, a phenomenon such as Poland was unthinkable, this implies, in short, that the strategists are classified as realists. Personally, I think that in politics--and it is here that strategic thinking, in the broad sense, meets with politics--if one wants to accomplish something serious, one can only be realistic: one has to be realistic /and/ visionary.

When the Vietnamese began to offer resistance to the Americans, they started out beaten, in the eyes of the world. But they held on. On the level of strict realism, the Afghans' resistance is an apparent absurdity, but that does not keep them from resisting, just as the Finns resisted during World War II. As for the Poles, it is similar. Courage, determination, the fact of being determined together in an effort and of being tenacious in it--these are things that count, things that one no longer hears about today because they were old themes, rather characteristic of the right, at least in our context. If one wants to change things, one has to grit one's teeth and fight. One must not be obnubilated by the nuclear. This shield, for the time being, has served only as a scarecrow: all the concrete affairs of the world have taken place outside the sphere of nuclear power. So one should not erect a psychological barrier in people's heads. The Poles are right to do what they are doing, because in the last analysis it is often sufficient just to try.

Lefort: The same as with the Afghans: the Afghan rebels should be wiped off the map, except that there they are, and they are going to stay there for a good time to come.

Thibaud: What you say poses a problem about the particular nature of atomic weaponry. One perceives that the peoples that have been historically creative since the end of the World War are those whose position has not been in ignorance of atomic weaponry but outside its domain of action. There is something disturbing in this. From the Vietnamese to the Poles, and with the Afghans among them, they are the ones that have achieved decolonization and have changed the face of the world.

Something should be said about the atomic imaginary world as a sterilizer. The atomic imaginary world is the imaginary world of passivity. How, then, can one take cognizance of the existence of this thing without going into this dialectic of passivity which in science fiction, in journalism, is a passivity in two forms: either the refusal to envision any defense in the face of the atom, or the passivity of relying on the one who can push the red button, or rather is presumed not to do so while having it believed that he could?

Lefort: Here too there is a very clear pattern: from the moment one believes one possesses the absolute weapon, one's energies are disarmed; any idea of resistance seems vain.

Thibaud: Yes, but how, then, is one to take cognizance of the atom, which does indeed threaten the existence of humanity as such? Could one imagine that atomic weaponry would disappear as something inoperative? No.

Lefort: A little while ago, Gerard Chaliand used the term civism; it is a term that one almost longs to put in quotation marks because one know very well that almost anything that one states as a term of unity also covers a fiction and serves the purposes of the dominant forces, etc. The fact remains that that is the real question. You say: "Could an antiatomic strategy be found?" And you reply: "Civism." The reply is theoretically correct. But you cannot separate civism from people's adherence to institutions, the political, social, economic conditions of which are lacking in France.

Minces: But doesn't this notion of civism disappear as soon as you say to a population: "Count on us, we have the nuclear weapon"? Isn't this a contradiction?

Lefort: Yes, but that has to be balanced by something else: it is also because the governments know well that they cannot establish the conditions of a true civism, that there is no question of their starting out on new pathways; it is for this reason that they rely on purely military, nuclear strategies--this is the case in the United States as in France. Thus Reagan, in working out a conservative program, cannot permit himself to rely on the civism of American youth. He wants to restore the strength of the United States, but he says nothing about conscription. He is content to increase the proportion of investments in weaponry.

Minces: Nevertheless, if Reagan had been in power at the time of the hostages, wouldn't he have played on American civism? I believe that things are not so dissimilar as suggested.

Chaliand: Two very brief remarks. One is that atomic weaponry is effectively thought of in function of the professional armed forces and not of the "draftee masses." The second is that in the matter of civism, France is in a relatively poor position by comparison with the other liberal democracies. The other day I was reading

a book called "Qui A Peur du Tiers-Monde?" [Who Is Afraid of the Third World?][3] in which the authors ask: "How is it that in Switzerland the people manage to beat the Nestle company while this is not managed in France?" The reason is that in Switzerland there are citizens, while in France there are a great many administered persons and few citizens. Citizens who want to tackle the whole of their problems are not numerous in France; it is easier to leave duties and responsibilities to the state, though detesting it and deceiving it as much as one can, while at the same time tearfully imploring it to solve the problems.

Mongin: Myself, I agree entirely that the bomb creates passivity, but doesn't our liberalism also create this passivity? And isn't it consubstantially linked to the bomb? Doesn't a society that preserves its individuals, that fears the forms of the social bond, find its justification in the bomb, with everyone feeling protected in his nest, without having to move? The problem of liberalism is that it does not make a political culture, it does not create political bonds. One sees this clearly now, with the Giscardism that consists in cultivating everyone's individualism. But my question is: can liberalism avoid talking about the defensive aspect, talking about the falling back that produces, after the event, this mad alternative of detente or cold war? Can one imagine liberalism practicing an active detente, to use Paul Thibaud's expression?

Thibaud: It is true that there is no vision of the action to be carried out in Europe, which is our territory; the action to be carried out to support the Poles is not envisioned at all. Even liberalism, when it is most coherent and most vigilant, thinks only about its defense, it scarcely imagines itself as something that can extend itself.

Chaliand: Yes, because "destabilization" is feared--it is one of those terms that one has heard very often for a long time, as if the history of the world were not made of successive destabilizations and restabilizations: destabilization is a very normal thing.

I find Churchill's 1940 speech very courageous--"I promise you only tears and blood" --but it was wartime, of course. I think that more political courage is necessary, more lucidity, and that people have to stop being distracted with toys. The citizen is mocked, and the citizen mocks the state. I am for the breaking of this type of relationship insofar as possible, but let us not forget that myths are more satisfying than realities.

Lefort: As for myself, I have a very hard time replying, for I always have a very hard time imagining that someone can speak against what he is, against his essence. So as regards the Socialist Party, I see it, under its Marxist veneer, as linked too closely to the bureaucratic classes in France, and too blind to the nature of the PCF and to the history of totalitarianism to have confidence in it.

Thibaud: Can't one also say that people's relationships to their society are quite perverted because this society is purposeless, without a vision of the world, of its stakes, and of the possible actions it could take? Myself, I tend to believe that one could go from international awareness to a desire to change social relationships

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3 J.Y. Carfatan and C. Condamines, "Qui A Peur du Tiers-Monde?", Seuil, 1980.

on the domestic scene, to believe that among the factors for possible unblocking of the political situation in France there is a new growth of international awareness, both North-South and East-West. The relationship with the environment is not strictly a reflection, an exteriorization of the being of societies. The international sphere is perhaps more mobile and more stimulating at present than are the domestic questions. One could imagine a politician departing the world to teach the French about their society again, but not the reverse.

Lefort: Before we finish, I would like to say one more word about the problem of realism, which has been abandoned too quickly. Realism can never be defined in a relationship of simple observation of a real thing in itself. The representation that an actor has of himself, that he has of the other, hence the relationship to the representation, are constituents of the dynamic of the relationship of forces. It is therefore necessary to take into account the function of initiative, the function of risk. Gerard Chaliand has spoken of courage, of determination in resistance; but one should also acknolwedge the capacity to decipher a situation by acting, by taking initiatives. Machiavelli, for whom "virtu" is essential, did not at all (contrary to what has been said) proceed to an objectivization of the relationships of forces. He has made us sensitive to what is beyond all calculation, to the value of an action that is capable both of changing a situation and of revealing its components.

I come back to this theme because we have to reflect on the risk that the Polish workers have taken. This risk was not, properly speaking, a calculated one because there was no subject behind it, etc, but it evidenced a political sense of the situation. and action made it visible. No one knew beforehand exactly what the state of the Polish Communist Party was or what authority the Russians had. Thus, one could believe that the Russians were in a position not to tolerate concessions to the workers. And in fact, it was action that decoded the situation, it revealed a relationship in which the actors had to define themselves. Thenceforth nothing could keep the Polish Communist Party from being unveiled in its weakness, its incoherence, its corruption. Nothing could ensure that the Russians would hesitate, that they would take at least the first blows. This element of indetermination is very foreign to the ordinary vision of strategy. An increasingly close calculation of the probabilities of exchanges of bombs does not take into account a population's capacity or incapacity for acting in a situation of conflict.

Chaliand: All this is a question of capacity to take risks, to measure the field of the possible.

Thibaud: Insofar as atomic strategy--as you have said--is in the sphere of both the imaginary and the calculated, because the actual never occurs, all the atomic talking tends to introduce an enormous passivity in the political imagination, and it is generally thwarted by the facts. Here we run up against a problem of criticism of atomism, of nuclearism, which is certainly something to be done. And when Stanley Hoffman said that for certain Americans, megatons, like Popeye's spinach, are an illusion of panacea, a way of not posing political problems, I think he was right. Not to forget the atom but nevertheless to go beyond this refinement of passivity that weighs on most people of the West is an intellectual, moral, civic task for us. I believe that Reaganism is massively similar to Popeyeism, and one risks perceiving that it too is a passivity. And in many places where people think there is resistance to the Soviets, there is the risk of finding the contrary.

Chaliand: To get back to nuclear weaponry, it is there essentially so that it will not be used, and therefore one must not react as if it were there to be used. Therein lies the origin of the psychosis, almost everything that has happened since the bomb has existed has happened outside the bomb; it remains symbolic for the moment. That is why one may not take it into account; neither the Poles nor the Afghans are taking their stand in relation to the bomb. It is not their problem, they are taking action.

Minces: No, the fact is that in general, the bomb is used as an inter-great-power strategy, and the small powers scoff at it. In fact, this deterrence is the United States vs the Soviet Union, or the opposite. So long as wars are fought by intermediaries, the bomb will be repudiated.

Chaliand: This must not be an alibi in order to remain passive.

Thibaud: The bomb, apparently, at least it is so believed, has a far more considerable importance in the field that concerns us, principally Europe. Where does it really stand? This is the most concrete problem that we have. I would tend to believe that the revival of political activity in Europe depends largely on a deatomization of mentalities. West Europe has every interest in preparing for a conventional war for which it has the means, rather than rely on atomic security.

Lefort: What does a Soviet conquest mean? It means precisely that they are going to send their men onto the ground; it is not the atomic bomb that will settle the conquest.

Chaliand: Three things are necessary: to have prepared for this eventuality from the psychological point of view; to have the determination to resist and the cohesion necessary for the resistance to be effective. In reality, though, the conflicts for the moment are more subtle, more indirect, but require equal determination and capacities for rapid adaptation.

Lefort: Any analysis limited to evaluation of the forces and the military potential of the actors in conflict is incomplete and sterilizing. What we have to say for our part is that the degree of strength of the Soviet Union depends on the representation of it that one makes for oneself and the will to resistance that it excites; but the most widespread image has the effect of destroying all hope. It is important to change this image. It is important to explain that despite its formidable armament, the Soviet state does not at all have the adherence of its populations, that it is torn by contradictions, that its bureaucracy is undermined by corruption, that it no longer has an ideology capable of cementing society and galvanizing it in a war, that the hatred it has sown in East Europe weaken it. It is important to bring out the failure of its economy. And finally, it is important to dispel the illusion that the totalitarian boa could swallow and digest West Europe without difficulty. In short, it is not enough to try to reawaken the democratic spirit, to get people to understand the totalitarian system; it is necessary to fight the belief in the invincibility of a state that has only its weapons going for it. For one cannot call on anyone to defend the cause of his rights if one cuts off this cause from the notion of its strength, of its chances.

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CSO: 3100/855

BRIEFS

OIL EXPLORATION--Ankara, 4 Aug (A.A.)--The firm "COMAG Continental" will be prospecting for oil in Siirt Province. A 3-year exploration license has been issued to the foreign corporation by the petroleum department. [Text] [Ankara Anatolia in English 1510 GMT 4 Aug 81 TA]

CSO: 4600/126

INDUSTRIALIST LAUDS BUNDESBANK, CRITICIZES BONN INACTION

Hamburg DER SPIEGEL in German 20 Jul 81 pp 42-44

[Interview with Otto Wolff von Amerongen, president of the Federation of Chambers of German Industry and Commerce: "'Bundesbank Plays Referee'"]

[Text] SPIEGEL: Company managers, labor unionists and private citizens are complaining about the high interest rates. During the Ottawa summit, the high-interest policy of the United States--which Europeans consider the cause of all their evils--is playing a major role. Must interest rates be lowered in order that everything can again improve?

Wolff: Whoever says that, acts as if falling interest rates by themselves would present a panacea for reviving the world economy and our industry. On the contrary, it is my opinion that we should guard against overemphasizing interests as a cost factor.

SPIEGEL: Critics of the American high-interest policy, above all, French President Francois Mitterrand and German Chancellor Helmut Schmidt, fear that the world economy will gradually slide deeper and deeper into a recession. In their opinion it is too high a price to pay for stability.

Wolff: Three years ago all of us, particularly Herr Chancellor, were insulting the Americans because they were doing nothing against the No 1 danger, inflation. Now they are doing something against inflation and again they cannot please anybody.

SPIEGEL: The reproach against the United States is that Washington is showing too little concern for the interests and troubles of other industrial nations.

Wolff: Why do Americans have such high interest rates? Why is the dollar now in such good shape? The United States has finally introduced a rigorous austerity program to provide a broad basis of support for the note-issuing bank in its struggle for the stability of the dollar. For many years the note-issuing bank had been ignored by its government; it is still the case in our country.

SPIEGEL: Do you feel that Bonn could be of more help to the Frankfurt Bundesbank?

Wolff: The Federal Government as well as the Laender and municipalities should have straightened out their totally stripped budgets a long time ago instead of

emptying the horn of plenty across the country and, as a consequence, raise income expectations continuously. I get the impression that the Deutsche Bundesbank is the only referee, the guard in the game against inflation, a game in which the goalkeeper has already been defeated.

SPIEGEL: You do not think much of Bonn's promise to balance the budget?

Wolff: It is much too late. Already before the Bundestag election the minister of finance promised to balance the budget, but afterwards it was a totally different matter. It certainly would have been better if the chancellor had traveled to Ottawa with a balanced budget instead of balancing it after Ottawa.

SPIEGEL: The German Institute for Economic Research has expressed fear that the high interest rates and budget cuts will increase the number of unemployed people to 1.4 million before the end of this year and that it will continue to climb next year as well. Is the figure not already high enough?

Wolff: Naturally, it is not a pleasant situation. But we must stick with it; otherwise it could some day be much worse. I hope very much that those individuals--from institutes, labor unions and also a few members of the Federal Government--who are already clamoring for programs to stimulate the economy will not be able to prevail.

SPIEGEL: Did you not forget to include in your list many of your colleagues in the business world, abobe all, the construction industry?

Wolff: They are, after all, exceptions. I am convinced that the majority of my colleagues does not even object a great deal to the high interest rates. Enterpreneurs have recognized the overall economic necessities much better than other interest groups.

SPIEGEL: One more time: Many managers and by no means only those who are suffering under the burden of high interests are groaning because they are deeply in debt, companies like the AEG or the Kloeckner Works. Do you not think that your view is a rather isolated one?

Wolff: When thinking of my own company, naturally, I would like nothing better than an immediate decline in interest rates. During the past year the Otto-Wolff Group itself has experienced a 100-percent increase in its interest burden. Nevertheless, we will eventually have to give up the naive idea that the low interest rates of the 1970's will return.

SPIEGEL: High interest rates as a natural law?

Wolff: We are moving into a period with a tendency toward limited capital. And when capital is limited interests are high. On a worldwide basis larger investments are anticipated. They will require enormous amounts of capital and, consequently, the market itself is driving up interests rates. Remember, for instance, the huge investments in alternative energies to replace oil or the complicated and costly process of winning oil from oil sands and oil shale.

SPIEGEL: If this prognosis is accurate, and there certainly are factors that support this supposition, difficult times will be ahead for medium-size companies with low capital-stock reserves.

Wolff: Unfortunately it is true that most of the companies that are faltering during the present phase of high interest rates are of medium size. Nevertheless, they are primarily those firms that are already in trouble with respect to their capital base. It has always been that way. After all, interest rates are not the only reason why these enterprises go bankrupt. It is a combination of all expenses; labor costs have risen disproportionately....

SPIEGEL: ...we have been waiting all along for the complaint about the high wages.

Wolff: I would like to impress on all those who are responsible for wage-scale policies, which also includes employers who--as the chancellor roguishly remarked--are cosigning the agreements, that we all have to lower our expectations. For the same reason, I think it is inappropriate at this time to contemplate tax relief for the economy or depreciation assistance as an investment incentive; apparently a few colleagues of mine are advocating these measures.

SPIEGEL: If interest rates do indeed remain at a lofty level on a permanent basis, a considerable amount of reshuffling will ensue as well. Homeowners are already being forced to sell their houses because they can no longer make the interest payments on their mortgages.

Wolff: Percentagewise, the Germans will certainly have to rearrange their personal budgets, for instance, allow less money for trips abroad and more for the apartment or the car. How much we will have to cut back will in the end depend on the development of the world economy. But: If in the future the economy will no longer be able to deliver, we will have no choice but to cut back on entitlements that have become dear to us.

8991
CSO: 3103/380

BUNDESBANK DEFENDS POLICY AGAINST LABOR CRITICS

Frankfurt FRANKFURTER ALLGEMEINE in German 18 Jul 81 p 9

[Text] In response to the claim by the DGB that the Bundesbank's plan has failed in all points because the trend toward devaluation of the mark is unbroken, equalization of the balance of payments for long-term capital imports has been unsuccessful, the rate of price increases has not diminished and the situation in the labor market has gotten dramatically worse, the Bundesbank says that the most recent developmental trends in these areas were obviously overlooked. (Alois Pfeiffer, member of the DGB executive committee, sharply criticized in the DGB news service the Bundesbank's policy and demanded a change of course in monetary policy.) According to the Bundesbank, the favorable rate of exchange for the mark in respect to all other currencies has not gotten any worse since the end of May. In May and presumably also in June, in long-term capital transactions with foreign countries the net imports necessary to even out the balance of payments were present in contrast to net capital exports up to that time. Moreover, the position of the FRG's balance of payments improved in these months in view of the fact that the deficit in the performance balance sheet was substantially lower than in the preceding months. Seasonally adjusted, the deficit in the performance balance sheet in April and May was on the average DM 1.3 billion in contrast to the 2.6 billion average for February and March and far above the DM 3 billion average for December 1980 and January 1981.

12124
CSO: 3103/377

MATTHOEFER FAVORS INVESTMENT OVER CONSUMERISM

Hamburg DER SPIEGEL in German 20 Jul 81 pp 27-30

[Interview with FRG Minister of Finance Hans Matthoefer on Bonn's 1982 budget and efforts to balance it: "'Abandon Consumerism, Encourage Investments'"]

[Text] SPIEGEL: Herr Matthoefer, last week you explained to the chancellor your list of cuts for the 1982 budget. Will you be able to save the necessary DM 15 billion?

Matthoefer: I think that the expression "list" is too simple a term for what we must accomplish. I would prefer to call it a concept. Naturally, cuts will not only affect expenditures and tax advantages--we also want to establish positive accents, particularly with respect to the employment situation to reduce our balance-of-payments deficit and promote the structural change of the economy.

SPIEGEL: What do your calculations look like right now?

Matthoefer: The federal budget will probably have to exceed DM 240 billion, and we are trying to reduce the amount that will have to be borrowed to a figure that will be below the 1980 net loan.

SPIEGEL: That would amount to DM 27.1 billion. Only a few weeks ago you claimed that you would be able to manage with a debt of DM 26 billion and that the total budget would rise no higher than DM 240 billion.

Matthoefer: I merely stated in an interview that this year's budget came to DM 231 billion and that it would probably be DM 240 billion in 1982. The interpretation that it was the upper limit was later added to it. What I meant, however--and the full text makes this absolutely clear--was that it is a lower limit. The amount of the net loan is definitely to be lower than it was in 1981.

SPIEGEL: What is the upper limit now?

Matthoefer: I am not giving an upper limit at this time. But it will probably be in the neighborhood of slightly more than DM 240 billion.

SPIEGEL: You have already abandoned the goal of limiting new debts in 1982 to DM 26 billion, a figure that had been calculated in the medium-term financial plan?

Matthoefer: At this stage I would rather not commit myself to a definite figure that goes into the billions; but, remember, we have to deal with many uncertainties.

SPIEGEL: We get the impression that, compared to your colleagues Lambsdorff and Genscher, your reaction is much less dramatic when looking at the budget situation of the Federal Government. Is the reason the fact that you are counting on Bundesbank profits somewhere between DM 8 and 10 billion?

Matthoefer: No, I certainly will not include in my calculations DM 8 billion in Bundesbank profits because--as a prudent manager--I have to use the absolute minimum of what can be expected in legal profits from the Bundesbank. If the Bundesbank should eventually yield more, the difference would be used to reduce the amount of the net loan.

SPIEGEL: In other words, in 1982 you are including in the budget DM 5 billion, and if profits should go higher it will be used to reduce new debts?

Matthoefer: I will insert a figure when the final moment comes to put together the budget. It will be approximately 1 Spetember. I will then have to make the final decisions; it will be at least another 6 weeks and by that time we will know a little bit better what the size of the Bundesbank profit will be by the end of the year. I will then insert the bare minimum of what can be expected.

SPIEGEL: If you are not using the billions in Bundesbank profits regularly when they become available to consolidate the 1982 budget, are you not taking your work too lightly? It reduces the pressure to cap expenditures--and next year you will again face the same or even a worse financial problem.

Matthoefer: That is not so. The profits, in part, are the result of high American interest rates, because the Bundesbank supported the dollar in the past and bought U.S. Government securities. Furthermore, the high level of German domestic interest rates is a contributing factor. Although the federal budget is a victim too, the Bundesbank profits from it. If a normalization were to set in, a part of the Bundesbank profits would disappear but also a part of the additional federal budget expenditures or revenue losses. Getting used to these billions is out of the question.

SPIEGEL: This year you will have to borrow at least DM 6 billion more than you indicated on your December budget proposal. One has to include DM 3.5 billion that were transferred from Old Age Insurance to Unemployment Insurance. Next year there will again be a terrible shortage. Tell me, what are you doing wrong?

Matthoefer: You could formulate the question quite differently and say: You are the minister of finance of a country that has the second-lowest rate of price increases in the world--Japan has the lowest rate but its budget deficit is three times as high as ours. You are the minister of finance of a country which, proportionately, has approximately 1 million fewer unemployed people than Italy, France, Canada, the United States, Belgium, not to mention Great Britain. You are the minister of finance of a country with an efficient, competitive economy, a stable currency of which many forecasters--who are to be taken seriously--are saying that it will increase substantially in value during the next 18 months. The question would follow whether, comparatively speaking, we have not managed quite well to date to weather the crisis.

SPIEGEL: I beg your pardon, Herr Matthoefer, this is not an election campaign. You are having enormous difficulties because of large new debts this year and at least next year as well. In June 1980, during a budget committee meeting, you were still quite cheerful when you rejected the idea that the development in interest rates presented a risk to the budget and you relied on your good instinct. Now, however, you will have to pay DM 4 billion more in interests than was planned.

Matthoefer: I was wrong. But, as far as my mistake is concerned I am in good company. I am not saying that all my predictions are always accurate.

SPIEGEL: Essentially, you contributed the high domestic interest rates to the American high-interest-rate policy. On the other hand, the Bundesbank, the Council of Experts and many others maintain that you yourself are partially to blame for the expensive money, because the Federal Government, on account of its enormous need for loans, is driving up interest rates and squeezing our private investors.

Matthoefer: This question has been debated for a long time. If someone were to say that the Federal Government drove up the interest rates, I can simply point to the fact that our of DM 27.1 billion in net loans DM 20 billion were borrowed abroad. Consequently, the entire net burden on the domestic credit market caused by the Federal Government amounted to slightly more than DM 7 billion. If, as a comparison, one looks at a time when the Federal Government borrowed approximately DM 26 billion on the domestic market--it was in 1978--and the interest rates were lower by 6 percent, one can see that the cause and effect relationship that has been cited in this situation is on shaky ground.

SPIEGEL: On shaky ground or nonexistent?

Mattoefer: I do not want to say that it does not influence the situation at all. If you borrow DM 7 billion less, it will have a certain effect on the interest rate. Nevertheless, it is not quantifiable and cannot be compared to the possibilities that are available, for instance, to the Bundesbank with respect to regulating the interest rate.

SPIEGEL: You think it is a good thing, the fact that you borrowed money abroad. But it also has its pitfalls. After all, interests and payments that flow out of the country must be produced domestically; they are a burden on the budget and they adversely affect the balance of payments, they increase interest rates.

Matthoefer: The statements are certainly accurate. Nevertheless, as is the case with all economic problems, there are two sides to every situation. On one hand, it is right to make loans abroad in an organized manner to compensate for the capital outflow.

SPIEGEL: But on the other hand....

Matthoefer: On the other hand, imported capital and interest burdens mean that productive investments will have to reproduce the resources that have been spent in the process. Higher oil bills mean a drop in consumption.

SPIEGEL: But you cannot be satisfied with choosing between two evils.

Matthoefer: I did not say that either. I said that borrowing abroad has advantages as well as disadvantages. To keep the disadvantages within limits, we must reduce the balance-of-payments deficit as quickly as possible. But we cannot do that arbitrarily, for instance, by reducing spending by German tourists. We must export more and consume less oil.

SPIEGEL: But you need money to do that. Because during the last few years the Federal government has accumulated such a large debt, there is no money at the present time to use public funds for the promotion of energy-saving investments.

Matthoefer: To begin with, we vigorously tackled the issue of subsidies and tax rates favoring oil consumption. Already in the past we supported energy-saving investments, we are doing it right now and we will continue the practice. Incidentally, my concept does not only provide for cuts, but it also creates new room for a targeted regrouping of public expenditures: to abandon consumerism and encourage those investments that support the economy and stimulate growth.

SPIEGEL: Are you planning a new edition of the program of investing in the future?

Matthoefer: No. It does not necessarily follow that every public investment is to support the structural change in the economy. Moreover, we must try to use a broad spectrum of instruments to stimulate in the right manner. Among them--in addition to the question of conditions for a tax framework--are allowances for long-distance heating, for new energy technologies, for innovations--particularly for the continued development of electronics--direct and indirect support of technological developments. We will certainly try to make sure that our prepared budget contains visible components dealing with structural and employment policies.

SPIEGEL: Does that mean, for instance, that the German Federal Railways can count on investment injections for the construction of new routes, for container transfer points or for piggyback traffic?

Matthoefer: Since last year an agreement has been in existence with the minister for transport, according to which the German Federal Railways must be protected from sinking deeper and deeper into the red by providing investments in areas that will be profitable in the future. Also for the sake of energy, we must work for an infrastructure in transportation which will be as rational as possible on all levels--including Laender and local communities.

SPIEGEL: Minister of Defense Apel has already increased his request for funds by DM 3 billion. Will the Social Democrats cut social expenditures to be able to meet existing obligations for the purchase of weapons?

Matthoefer: I really cannot comment at this particular time on the size of individual budgets; but I want to point out that to date the development has certainly been different. The share of social expenditures as a proportion of the total federal budget has been rising steadily, and the share of defense outlays declined during the 1970's. What will happen in the future will have to be decided during the next few weeks.

SPIEGEL: Would a change in orientation favoring defense at the expense of social causes receive the necessary political support?

Matthoefer: There will be no law and no budget without the support of the SPD and FDP fraction. It is the way in which our democracy is organized.

SPIEGEL: Lately, on several occasions, Heinz Oskar Vetter, chairman of the German Labor Union Federation, demanded a concept that would provide more emphasis on social issues. He demanded extensive protection for the income of the masses and for social services. The FDP, on the other hand, feels that the masses, the little people, are providing the biggest potential for saving money.

Matthoefer: We will try to introduce a balanced proposal, particularly with respect to cuts in services. Nevertheless, a big problem is the fact that the large majority of private households are not among the top earners, but it would be wrong to put a burden on business, because the economy needs more investments. It is the only way to secure jobs and create new ones, which is exactly what the German Labor Union Federation is demanding so emphatically.

SPIEGEL: In some segments of the SPD the resistance against the chancellor's policies is increasing. The reproach can be heard that crisis management alone is no longer adequate. The critics are demanding a concept that will make it possible to get along with a lower growth rate.

Matthoefer: I do not believe that this criticism is directed at the chancellor.

SPIEGEL: But it is criticism of policies that are personified in the chancellor

Matthoefer: Well, I really do not want to discuss with SPIEGEL representatives who thinks which policy is personified by the chancellor. But I am certainly willing to say that for years I have been of the opinion that we need a new qualitative concept of growth. In principle and on a long-term basis, I am therefore in favor of a reduction in work time, because the reduction in work time is an expression of qualitative growth.

SPIEGEL: But your chancellor and, above all, the FDP, your coalition partner, do not look upon this measure as an appropriate means to reduce unemployment.

Matthoefer: Consider for a moment how boring and, at times, unhealthy factory work still is in this country. Especially for assembly-line and shift workers a reduction in work time can certainly mean an improvement in the quality of their lives.

SPIEGEL: The medium-term financial plans of the Federal Government contain little evidence of promoting qualitative growth. To be sure, in view of the soft economy quantitative growth expectations had to be cut back somewhat; nevertheless, the social-liberals are indefatigably counting on an average real growth of between 2 and 2 and 1/2 percent.

Matthoefer: From a historical viewpoint 2 percent would already be an enormous accomplishment.

SPIEGEL: True. Past policies, however, were reflecting altogether different figures.

Matthoefer: The fact has to be accepted that the time of high growth rates is over--everywhere in the world. After all, a real increase of 2 percent still means that the gross national product will double within a 36-year period. Indeed, the more important question may still be how such growth affects mankind from the qualitative viewpoint.

SPIEGEL: How does this new moderation affect the social system? Unemployment insurance, health insurance--everything depends on growth rates.

Matthoefer: We will have to examine all areas of public programs--including social insurances--to determine whether they will meet the needs of the future. I do not believe that we can continue to reply on growth rates that will equal those of the 1960's and 1970's. But even for technical and demographic reasons we will have to examine thoroughly whether there can be an optimal guarantee of health, old-age insurance and social protection from unemployment based on the existing systems.

SPIEGEL: It is therefore even more surprising that Minister for Labor Ehrenberg guaranteed even before the Bundestag election, during the SPD party congress in Essen, that when the 1984 pension reform goes into effect, widowers and widows who had paid into the system would receive their pensions. Survivors are to be assured of at least 70 percent of their joint pension claim. According to Ehrenberg it had been tabulated and considered financially sound.

Matthoefer: On this point I disagreed with him already during the party congress in Essen. You can look it up in the minutes. I said: Until we receive the results of several investigations, until we knew how things are going to develop, all these promises will have to be placed on a financial hold.

SPIEGEL: What is your personal opinion today when it comes to financing Ehrenberg's pension plans?

Matthoefer: It depends entirely on what else is being done. We will have to deliberate this issue carefully, and we must think of it in larger contexts. It is not only a matter of financing a program but also a matter of future structures with respect to the number of year a person works during his life, the division of labor between man and woman, the working and the nonworking population. Nobody can predict the result of this discussion.

SPIEGEL: In other words, all the concepts and plans that have been submitted to date are null and void?

Matthoefer: No, not null and void. It suggests the direction of intentions we--Social Democrats--are contemplating. We will try to be realistic and pragmatic in our effort to do what is possible. Whoever wants to do the impossible or whoever tries to lift too much at once will contract a hernia.

SPIEGEL: Thank you, Herr Matthoefer, for the interview.

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CSO: 3103/380

BRIEFS

TRADE WITH EAST--The Federal Republic's foreign trade with Poland has been strongly declining since the beginning of the year. The Federal Economics Ministry has now released a report according to which German exports decreased by 11.8 percent and Polish imports by 17.6 percent. In overall German trade with the East, exports during the first half of 1981 increased by 4.3 percent and imports by 0.7 percent. Deliveries from the People's Republic of China rose by 24.1 percent, German exports by 9.0 percent. [Text] [DW121333 Frankfurt FRANKFURTER ALLGEMEINE in German 12 Aug 81 p 9]

CSO: 3103/402

INDUSTRY COUNCIL WARNS OF LARGER FOREIGN TRADE DEFICIT

Oslo AFTENPOSTEN in Norwegian 30 Jun 81 p 25

/Article by Thomas Knutzen/

/Text/ In 1982 Norway will have a foreign trade deficit of 8 billion kroner. This is the bleak prediction of the Norwegian Industry Council. Because of price and cost trends, the Norwegian economy will not make full use of the improved economic situation abroad. Industry Council economists believe the competitive strength of Norwegian industry will drop by about 4 percent between 1980 and 1981, while prices will rise by 15 percent during the same period. From 1981 to 1982 the drop will be just as great, with price rises of 12 percent.

This trend makes it more difficult to maintain employment at a high level. The Norwegian Industry Council believes that registered unemployment will rise to 2 percent in 1982. "If we cannot solve the problems of inflation and high costs it will certainly be more difficult to maintain a high employment rate in the years to come," department director Egil Bakke said at a press conference yesterday at which he presented the Industry Council's evaluation of the economic situation.

According to Bakke the main problem in the Norwegian economy is still that the public budget puts too much pressure on the economy. In addition, the lower rate of increase in the public budget proposed in the government's long-term program is too expansive, according to Bakke. "With a 3 percent increase in consumption, the economic plan is still too expansive," Bakke said.

"This is the maximum that can be assumed on the production side. It will still create economic pressure," he said. While the government is counting on a 2.5 percent increase in the gross national product in 1982, the Industry Council is assuming that the increase will be only 1.5 percent.

New Problem

Bakke also sees a new problem, however. Profitability in Norwegian industry has become so low that a large portion of profits are going to pay interest. What would happen to an industry with an 85 percent debt, Bakke considered an open question. In that case, in his opinion, there would be a completely new situation unlike what we have previously known.

Egil Bakke did not wish to comment on the policies the nonsocialist parties would probably carry out if they were to win the election this fall. It is the task of the Industry Council to influence whatever government is in power at the time, he said, and continued: "Actually I am afraid that whatever the outcome it will take time to get the Norwegian economy back on its feet."

Egil Bakke and the Industry Council advocate reorganizing financial policies, establishing a balance in the public sector, and increasing competition at all levels of business.

The economic and political section of the Industry Council argue that the protection various businesses and professions have acquired should be dropped.

Industry Council economists are also worried because 80 percent of Norway's workers work in sheltered industries. "Previously, business and labor leaders in the export industry determined together what wage increases the company could bear. Now it is teachers and sociologists who decide," said Bakke with regard to this year's wage agreement, in which the public sector took the lead.

Norway's Industry Council estimates that industrial production in Norway will drop by about 1.5 percent from 1980 to 1981. For the following year an increase in production of 0.5 percent is expected. At the same time, the Industry Council expects a dramatic decrease in industrial investments next year. This year they are rising by 15 percent, but next year they will drop by 10 percent.

The Industry Council believes that Norway's foreign trade balance will improve next year, since exports are increasing more than imports. Nevertheless, with the deficit in the interest and benefit balance, which is largely interest and repayment of old debts as well as payments to international oil companies, the deficit will increase from 3 billion kroner this year to 8 billion kroner in 1982. Norwegian industry will continue to lose ground in the market.

According to Industry Council prognoses, the gross national product this year will be unchanged from last year, while next year we will have an increase of about 1.5 percent. Private consumption will rise 1 percent this year, while the estimate for next year is an increase of 2 percent.

The Industry Council is extremely critical of the increase in public consumption. It is continuing the high growth rate of the 1970's, Bakke pointed out. Industry Council predictions estimate that it will increase by 4.5 percent in 1981 and 3 percent in 1982.

As the Norwegian Industry Council was presenting its bleak predictions for Norwegian industry and the trade balance, Kreditkassen was presenting predictions based on a foreign trade surplus for Norway of 5 to 10 billion kroner this year.

9336
CSO: 3108/165

BRIEFS

JANUARY-MAY FOREIGN TRADE--From January to May 1981 imports totaled 35.549 billion kroner and excluding ships and oil platforms, etc., the figure was 34.042 billion kroner. From January to May 1980 the corresponding figures were 34.222 billion kroner and 33.542 billion kroner. From January to May 1981, exports totaled 41.720 billion kroner and without ships, crude oil, gas, and oil platforms, etc., the total was 20.172 billion kroner, compared to 38.799 billion kroner and 19.520 billion kroner last year. The Central Bureau of Statistics' foreign trade figures for May 1981 show imports of 7.256 billion kroner and exports of 8.160 billion kroner, compared to 6.840 billion kroner and 7.423 billion kroner in May 1980. Excluding ships, oil platforms, etc. and crude oil and gas in addition, in the case of exports, the import and export figures for May 1981 were 7.199 billion and 4.116 billion kroner, respectively. In May 1980 the corresponding figures were 6.521 billion kroner and 3.794 billion kroner. /Text/ /Oslo AFTENPOSTEN in Norwegian 3 Jul 81 p 18/ 9336

CSO: 3108/165

BRIEFS

LIBYAN CONTRACT--Ankara, 8 Aug (AA)--Two Turkish firms have won the bid for the construction of water purifying plants and sewer systems for the Libyan cities of Missrata and Tobruk. The firms, subsidiaries of Cukurova Holding, won the contracts in competition with bidders from Korea, Italy, Federal Germany, Yugoslavia and Greece. The two projects, to be completed in 4 years, will be constructed at an estimated cost of $300 million. The constructing firms will also undertake training of local staff and maintenance for the first year of operation. [Text] [Ankara Anatolia in English 1524 GMT 8 Aug 81 TA]

PUBLIC INVESTMENTS--A total of 667 billion Turkish liras of investments are envisaged for the public sector this year. According to a report published by the State Planning Organization, of the total investments, 335 billion will be effected by organizations with a general or additional budget and some 332 billion by the public economic enterprises. The biggest investment will be undertaken by the energy and metallurgy sector. Of the total investments to be realized by the public sector this year, 18 percent will be related to the fields of transportation and communication, 21 percent to the manufacturing sector and 13 percent to agricultural services. The conclusion of unfinished projects has been acknowledged as a general principle in the report. Some 36 percent of the amoutn allotted for 1981 investments will be used for this purpose. A total of 471 billion had been allocated to public investments during 1980. [Text] [Ankara Domestic Service in Turkish 1600 GMT 8 Aug 81 TA]

COTTON EXPORTS FROM BURSA--Mersin, 10 Aug (AA)--Over 68,000 tons of cotton was exported to EEC countries from the port of Mersin in the 1980-81 season, the local cotton exporters association announced. In Izmir, Turkish Airlines officials said they were assigning a Boeing 707 jet with a cargo capacity of 40 tons to exporters in the area. Individual exporters would be able to charter the cargo plane for any destination. [Text] [Ankara Anatolia in English 1350 GMT 10 Aug 81 TA]

EXPORT FIGURES--Commerce Minister Kemal Canturk has announced that exports during the first 6 months of this year have increased by 50 percent in comparison to the same period last year and have reached almost $2 billion. In a statement to the Turkish News Agency, Canturk said that this proved that efforts exerted to promote exports and to increase foreign exchange revenues produced positive results and big progress. [Text] [Ankara Domestic Service in Turkish 1000 GMT 1 Aug 81 TA]

IRON ORE PRODUCTION--Iron ore production in the Divrigi Iron Works in Sivas has reached a record level since the day the installations were set up. The iron ore produced during the first 7 months of this year reached 754,000 tons, 100 percent more than last year, the target until the end of the year 1.825 million tons. Meanwhile, work is also being carried out to increase the capacity of the installations which are now working at full capacity. After the increase in capacity, annual output will be 4.5 million tons. [Ankara Domestic Service in Turkish 1000 GMT 9 Aug 81 TA]

CSO: 4654/125

CORSICAN PEACE FROM DECENTRALIZATION, AMNESTIES

Paris LE MONDE in French 21, 22 Jul 81

[Article by Laurent Greilsamer: "Relaxation of Tension in Corsica"]

[21 Jul 81 pp 1, 8]

[Text] The presidential election and the subsequent legislative elections profoundly modified the climate prevailing in Corsica. After many years of tension, marked by a rising tide of bombings, the island has in fact regained what islanders call "civil peace." The Corsican National Liberation Front (FLNC) decided again recently to extend its truce. The announcement of the elimination of the State Security Court and broad amnesty have contributed to the appeasement.

The problems have now become political rather than "military." Discussions no longer deal with violence, but with the "special status" that Corsica will enjoy. Gaston Defferre, minister of state for interior and decentralization, is to go to the island on 1 August, accompanied by Bastien Leccia, representative for Corsican affairs.

I. Constructive Summer

Ajaccio—It is a no-holds-barred talk, an exchange of gossip, the latest news and rumors. In the car skirting the sea, the militant nationalist suddenly slows down. He speaks of the truce, of the halt in bombings for 3 months at the prompting of the Corsican National Liberation Front. He says: "With Giscard, you had your back against the wall. The Front would have hardened its positions. We came very close to the worst, very close." With conviction mingled with a note of irony, he adds: "Thanks, Mitterrand!"

Today, it is all Corsica that joins the militant in saying "Phew!" The "continentals" who live on the island and whose apartment doors opening onto landings had acquired the annoying habit of being blown up by charges of 50 grams of plastic explosive can now breathe easy. The Corsicans themselves, long anxious and on the alert, once again enjoy the charm of peaceful nights. The nationalists no longer fear the actions of members of the secret police. The secret agents — or those claimed to be such — no longer dread the blows of the nationalists. And, miraculously enough, commercial competition, personal rivalries and the rackets — now deprived of a political smokescreen — are rarely expressed by loaves of bread with bombs hidden inside.

The police are drawing up the balance sheets, comparing their figures. That is enough. In 3 months, only 15 attacks have been recorded. Except for the one on the Ajaccio airport, a murderous attack carried out at the time of Valery Giscard d'Estaing's visit on 16 April and now called "warped" by high officials, there has been nothing political. "People with explosives were trying to get rid of their leftovers," one police officer says half jokingly. It had nothing to do with the 462 attacks counted in 1980; nothing to do with the 156 attacks registered during the first 3 months of 1981 either. Yes, Corsica now breathes easy.

One of the most visible newspaper columns, along with marriages, births and deaths, has therefore nearly disappeared from the two regional dailies. One no longer reads with fear, eye alert, those repetitive little accounts, which on an island always end up involving a relative. One no longer discovers those bulletins in which such and such a Corsican bluntly explains that his apartment, although occupied by persons whose names sounded "continental," actually belongs to Corsicans that go way back....

Liberations

It will not be a "hot" summer. It may even be constructive. *"Incu a treva, pruvemu di cunstruisce l'avvene,"* the underground spokesman of the FLNC solemnly declared (With the truce, let us try to build the future). And with his words, his reflexes, every Corsican tries to get a fix on the present. For Nicolas Alfonsi, deputy from southern Corsica (MRG [Movement of Leftist Radicals]), "the people want public tranquillity above everything else," more than regional reform. Other elected officials do not hesitate to speak about the "new civil peace," as if a "war" had come to an end. How nice the truce is, especially since it was so often believed to be fragile and portending -- if Giscard d'Estaing were reelected -- an escalation of terrorist means compared with those previously resorted to. But it was Mitterrand who won!

His visit to the island during the presidential campaign on 3 April already coincided with the first announcement of the FLNC truce. Did he not promise to do away with the State Security Court and to grant broad amnesty for "political prisoners"? The surprise of his election was that the truce was renewed on 21 May, without any shilly-shallying, for the legislative elections. And since the "pink tornado" of the voting on 14 and 21 June, some 15 members of the Front have been freed by the State Security Court, without awaiting the vote on the amnesty law by Parliament.

The court's monitoring chamber, presided over by Pierre Aguiton, once so firm, has vanished. Militants such as Marcel Lorenzoni (UPC [Union of the Corsican People]), Gerard de Mari, accused of belonging to the FLNC, or Yves Stella, accused of being the leader and brain, have just come out of prison. Not a day goes by without the regional press publishing these releases on the front page.

On the island, from the extreme right to the extreme left, no one protests. One Corsican high official devoted to the old government explains: "Through a sense of appeasement, the Corsicans accept the liberation of the prisoners perfectly and welcome the elimination of the State Security Court." He adds: "It is the only way, in the short run, to get out of the spin which we were in."

And yet, a truce remains a truce: a provisional halt in hostilities. At a press conference on the night of 1 July, the FLNC spelled out its intentions. Its salute to Mitterrand's election ("The French people have unequivocally manifested their desire for change. The Front can only rejoice over the victories of the French people, their brother nation") is in fact a serious and precious indication. Even if it set no time limit for its truce, the attitude of the FLNC does allow one to anticipate several months of calm. According to reliable information, the underground organization has made the decision not to resort to violence for 6 months or even a year.

This new fact has not escaped the government. Did Gaston Defferre, minister of state for interior and decentralization, not respond in person on 3 July: "The method consisting of observing the truce since 3 April 1981 is a good method"? And did Defferre not go much further when he said: "The dialog that could be initiated and in which I would be willing to participate will necessarily be a very broad dialog with elected officials from the island, the representatives of the democratic organizations and all those who worked to find a solution to the Corsican problem. If it so wishes, the FLNC could have a place in it." As one might well guess, that last little phrase has intrigues more than one Corsican. Would it be a point marked up for the FLNC for its new good conduct? Is it an invitation to negotiate? Quasi recognition? That is the question. (See Contacts.)

Contacts

Ajaccio--A subtle game of "gestures" between the government of Pierre Mauroy and the Corsican National Liberation Front (FLNC), an underground separatist group, has been going on since the end of May. Regarding the government, one must note, successively, the announcement of its desire to do away with the State Security Court, the announcement of broad amnesty concerning "political prisoners" -- sentenced to less than 8 years in prison (beginning of June), then without any reference to the length of their sentence (end of June) — a certain number of releases before Parliament's vote on the amnesty law and the very "open" remarks of the minister of interior and decentralization. Concerning the amnesty bill, the communique from the Cabinet on 8 July even said that "it also marks the will of the government to call on those who, inspired by political motives, went outside the law, to participate, insofar as they are concerned, in the desire for change that is moving the country." For the FLNC, there was the spectacular, respected truce, which was renewed twice.

This subtle game of responses "between the shepherd and the shepherdess" is no accident. Indirectly, contacts have in fact taken place -- three in number, it would appear -- between FLNC officials and those close to the government. An extremely significant drop in the number of attacks in Corsica followed these "approaches" to a very complex and delicate dossier. It would appear that the government has tried to obtain the assurance of a "civil peace" on the island for a period of a year or more. This in order to be able to work effectively and implement reforms. The FLNC undoubtedly did not want to commit itself over such a long period, but it compromised. On both sides, this dialog through intermediaries has the value of a test.

Political Redefinition

In its own way, the national broadcasting, on 6 July on an FR 3 televised journal, of a second press conference of the FLNC (held for the needs of the cause) strengthened the impression that everything had definitely changed between Corsica and Paris. For the first time, in fact, the Front spoke and showed itself -- hooded -- on a suddenly "liberated" television network. To say the least, the event did not go unnoticed. Is it an illusion? According to some, this period, transitional by definition, will be short. A young moderate political leader states: "There is an extremist logic. I believe that violence will resume. I know those young people: They are very distrustful of the French Government. Only a few will try to fit into democratic life." For Antoine Sollacaro, lawyer and militant nationalist, the FLNC has more simply "demonstrated its maturity." And many other observers emphasize that the FLNC "has made itself credible."

The fact remains that this underground organization will face a delicate period. A political-military group, the FLNC had gradually been completely swallowed up in the fire and the fight against repression. The current situation imposes a political redefinition. While it is premature, for it, to reemerge in the form of a legal, independence party with the guarantee of total freedom of expression, it is nevertheless a question of it for some militants.

New Fragile Factor

Inversely, the breakdown of the truce before too long is a possibility. And yet, the FLNC would find itself considerably excluded because it would be deprived of the support, in the antirepression struggle, of the leftist forces now in power. Accepting the fact that the initiative of a resumption of the violent actions might come from members of the right and extreme right within the FLNC, the isolation of these nationalists would be the same.

This new factor is definitely still fragile. The appeasement and the truce are real, but the future is still very nebulous. The government is therefore determined to proceed very rapidly and to take advantage of the clearing. In these very columns, the president of the republic has reaffirmed that Corsica will have "a special status." A representative for Corsican affairs, Bastien Leccia (one of the most loyal companions of the president of the republic; he has been deputy to the mayor of Marseille since 1959), was named to advise Defferre at the beginning of July. The two men are to go to Ajaccio on 1 August. Finally, Leccia should meet with a number of island officials before the end of the month to discuss the future status of the island. Who could ask for more? At this rate, the government assuredly wants to fulfill expectations and take advantage of a healthy situation it greatly helped to create.

Who would refuse to try to give truth to the words attributed to Senator Francois Giacobbi (MRG): "We erase everything and do not begin again!"? Who can now allow himself to reject the dialog so generously offered by the government?

[22 Jul 81 p 8]

[Text] II. Island Seeks Special Status

> The elimination of the State Security Court and a broad amnesty law for "political prisoners": Nothing more was needed to relax tension in Corsica. As if in reply, the Corsican National Liberation Front, an underground separatist group, has decided to extend its suspension of attacks, the truce begun on 3 April 1981 (LE MONDE, 21 July).

Ajaccio--On the high official's desk, a package of 17 photocopies is neatly placed alongside the local newspapers. It would be an innocuous bundle if it did not bear the heading "National Assembly." A sign of the times, the text is that of the bill "concerning the special status for Corsica," presented in 1977 by 13 socialist deputies, including Gaston Defferre, now minister of state for interior and decentralization. Catching us looking at it, the high official smiles: "Well, what do you expect? We have to know what's going on!" If the text were sold in a bookstore, it would assuredly do well, for doubts are no longer permitted. The president of the republic guaranteed in his interview with LE MONDE: Corsica will have a "special status."

Events are moving fast. Those naturally inclined to count on long, slow discussions may well be surprised. On 8 July, speaking before 22 chairmen of economic and social committees, did Defferre not indicate that the implementation of the special status would happen more rapidly than that of the regional reform? This assurance has become so undebatable that all political forces are led to define themselves with respect to this offer from Paris. From the central question: "Should we denounce the violence of the underground members of the FLNC or be indignant over the repression?" the debate is now: "What status should we negotiate for Corsica and to what point must it be special?"

It is not a simple affair. For a member of the League of Human Rights, the mere prospect of this status is "a lamentable end for some, a necessary end for others, and for some groups, a basis of departure." Actually, the idea of special treatment of the Corsican question shocks no islander. What Corsican would in fact reject recognition of his difference, would refuse its being taken into consideration institutionally? "We want an original status; we are for originality," Nicolas Alfonsi, deputy from southern Corsica (MRG), states straight off. So what? Another Corsican, this one a moderate, explains his fears indirectly: "Today, one thing frightens the islanders: the expression 'special status.' 'Status' is quite all right, but 'special status'.... They think that this is the beginning of separation from the mother country. They should have said 'special provisions' or 'special measures'."

In carefully chosen words, this Corsican already takes up the issue of the "status that precedes independence or autonomy." At the time of his visit to Ajaccio on 16 April, Valery Giscard d'Estaing stated: "Let those who want special status not vote for me." He was reassuring the nervous ones. With Francois Mitterrand's coming to power, did Jean-Paul de Rocca-Serra, deputy from southern Corsica (RPR [Rally for the Republic]) and former president of the regional council, not predict the

questioning of the nature of the island's relations "with the mother country"? The current opposition therefore envisages the passage of a "special status" with circumspection and pessimism.

Even before setting foot on the island since his appointment, Bastien Leccia, adviser to Defferre on Corsican affairs, is considered to be a "Corsican from the outside, from the Diaspora." Many elected officials also fear that by reducing the role and the powers of the prefect, mere regionalization will lead to the "reign of the kinglets," turning the regional council into a general supercouncil giving way to bell-ringing.

End of Taboos

These fears do not obliterate all prospects. A man like the chairman of the economic and social committee, who supported the presidential campaign of Giscard d'Estaing, Emile Arrighi de Casanova, emphasizes that "recent political developments allow us to put certain problems to rest that seemed to be taboos, for the government feared they might awaken or support forces that would destroy national unity." Arrighi de Casanova recalls that under his authority in 1975, the committee approved Libert Bou's development charter for Corsica. And there was already a question of electing the regional council by universal suffrage based on proportional voting. One can be on the right without being a reactionary! And yet, the chairman of the economic and social committee is "being good." It is not a matter of accepting just any "special status." In his opinion, it is necessary to find a formula that would adapt "the new regionalization to the special case of insularity," and find it quickly, if possible, to avoid any chiaroscuro.

Arrighi de Casanova suggests that the future region of Corsica give top priority to the examination of a very thick and decisive dossier: transportation. This suggestion alone enables one to measure the gap between the concerns of the moderate elected officials and the nationalists. The former speak of "transportation," "territorial continuity," the "land question," while the latter demand recognition of "their national rights." And yet, these splits should not mask a real desire for an opening in the nationalist camp. The FLNC itself states: "If the French Government grants any status to our country, it is obvious that it will create a political situation that we shall have to take into consideration. But for us, that is not the final solution. We shall fight any solution of this type if it does not take the interest of our people into consideration." (LA CORSE - LE PROVENCAL, 3 July)

In short, the nationalists do not want to compromise on the question of bilingualism (teaching of Corsican in schools, the use of that language in public life), the "Corsicanization" of government jobs, or on the departure of the "forces of repression." They call for vigilance. At the same time, they admit they want to avoid the questioning of intentions: "We believe that the French left, which has generous ideas, can give Corsicans the right to self-determination," says one member of the Corsican Nationalist Committees (CNC). In fact, the nationalists on the whole are somewhat caught short by the victory of the left. For years, they mobilized to "fight repression," sometimes neglecting "internal criticism" and the effort to reflect. That handicap is now patent. The nationalists are aware of it.

UPC and "Specificity"

On the other hand, the Union of the Corsican People led by Dr Edmond Simeoni -- which enjoys the advantage of seniority in the struggle -- emerges from the "Giscardian ghetto" with new vigor. Still in the trough of the wave 6 months ago, the UPC now intends to engage in a movement of dialog and concertation, as an "extremely open" partner. Henceforth, it aspires to participate in all elections. Concerning the political change that has occurred in France, Dr Simeoni speaks of "something major, revolutionary."

"We have so much to do together," Mitterrand told all the French people on the evening of his election. The leader of the UPC agrees. He ticks them off: revision of the election lists to eliminate fraud, the fight against the cliques that make use of public money through major projects, the liberalization of information, the departure of the foreign legion, the dismantling of the Vazzio thermal power plant, and so on. For the immediate present, Dr Simeoni recognizes that the proposed "special status" has "the advantage of taking Corsican specificity into consideration." Nevertheless, the promoter of the idea of internal autonomy for Corsica notes that financially speaking, the proposal lacks autonomy, compared with Sardinia and Sicily? But is it not still necessary to discuss everything?

The socialists are the most convinced of this. Although they do not have any deputies on the island, they have gained a stature they were far from enjoying only a few years ago. For Jacques-Antoine Martini, who was a die-hard opponent of the State Security Court and an alternate for the socialist candidate in Ajaccio, it is time to work. "All those determined to participate in the democratic arena must be able to take part in discussions," he says. The idea of a "special status" is the brainchild of the socialists; it must become that of others (see "Proposal No 2,218").

Proposal No 2,218

In December 1977, the Communist Party introduced in the National Assembly a "bill concerning the establishment of a regional government." The Movement of Leftist Radicals (MRG) soon drew up a proposed "outline law concerning regional organization." For their part, in 1977 the socialist deputies submitted "a bill concerning special status for Corsica," then another in 1980, No 2,218. The following are some of the 33 articles contained in the Socialist Party's proposal:

Article 1. A new territorial community of the French Republic is hereby created, to be called the region of Corsica. It enjoys special status in keeping with Article 72 of the constitution.

The provisions of the Communal Administration Code and the legislative and regulatory provisions relating to communes and their groupings remain in force in the region of Corsica.

Article 2. The region of Corsica is freely administered within the framework of the laws of the republic.

The Regional Assembly of Corsica handles the region's affairs through its deliberations. It passes the budget and every year, approves the administrative accounts of the previous fiscal year.

The region of Corsica inherits the holdings and obligations of the previous regional public establishment.

It exercises:

1) the competencies previously falling upon the regional public establishment; and

2) the competencies previously falling upon the regional prefect, directors and regional department heads of government foreign departments, with the exclusion of those concerning justice, defense policy, foreign policy, customs policy, the monetary policy and the public treasury (...).

Article 16. The following are hereby legally instituted in the region of Corsica:

1) a regional employment agency; 2) a regional property agency; 3) a regional credit bank; 4) a general agricultural development company; 5) a regional industrial equipment, commercial and tourist company; and 6) a regional transport company (...).

Article 27. The teaching of the Corsican language as part of the schedule will be proposed for 3 hours a week for all pupils in preschools and elementary schools. Consequently, the study and teaching of the Corsican language and culture will be required in the training of teachers.

Article 28. The teaching of the Corsican language and culture will be proposed for all students in the two secondary cycles. The different examinations for graduation (general, technical or agricultural) will be drawn up accordingly.

Article 33. The Audiovisual Office has responsibility for the broadcasting of a regional radio and a regional television network.

In addition, he has the task of promoting and coordinating the use of other audiovisual techniques in the entire region.

In order to find a point of agreement, the MRG (three out of the four deputies from Corsica are leftist radicals: Jean Zucarelli, Jean-Paul Luisi and Nicolas Alfonsi. In 1978, the four deputies elected were under the RPR label), the PCF and the PS will have a great deal to discuss, for the communists were never the supporters of a "special status" for Corsica, even if nuances appear in the remarks made by Corsican communists and those on the "continent." Likewise, the leftist radicals prefer the term "regionalism" over any other. In short, each one has its own idea, which sometimes has more to do with words than the content of the future status. Each one will also have to round off the angles.

11,464
CSO: 3100/877

LABOR PARTY SECRETARY DISCUSSES CAMPAIGN STRATEGY

Oslo AFTENPOSTEN in Norwegian 30 Jun 81 p 4

/Article by Thorleif Andreasson/

/Text/ The Labor Party wants to use its resources during the election campaign to regain lost voters. "We are aiming at two main groups: those who voted for Labor Party in 1977, but who now have gone over to the Conservative Party and Labor Party voters who are "straddling the fence," party secretary Ivar Leveraas stressed at a press conference yesterday.

"The Labor Party must bring the Conservative Party down from the unpleasantly high level of voter support that party now enjoys," said Leveraas, who has mobilized 50,000 campaign workers for this task.

The Labor Party secretary stated that the goal was to win the election and to do this, according to Leveraas, the party has prepared for an election campaign dealing with major political issues and not with trivialities. "Based on Labor Party support indicated in the polls, we could not win an election if it were held today. However," the party secretary pointed out, "even though our goal is a majority in parliament we would also consider it a victory to remain in power.

Prime Minister Gro Harlem Brundtland announced that the Labor Party will present five major issues in the election campaign, namely democracy on the job, peace and security policy, oil for the good of all the people, defense of the welfare society, and full employment.

Concerning oil policy the prime minister stated that much more is involved than the rate at which oil is recovered. "We cannot afford to clip the wings of Statoil," Harlem Brundtland said, maintaining that only a Labor Party government could guarantee that Statoil will retain its strong position and that, in this way, the oil riches will be used for the good of all the people.

The prime minister's statements at the press conference were characterized by the following spirit: the Labor Party is best suited to govern the country. She did not believe that the policies of a nonsocialist government would be particularly successful. Among other things, the prime minister said that voters could look at Sweden and see the policies being carried out there and how difficult it is for the nonsocialist parties to cooperate in our neighboring country. She was asked in

this connection why a majority of Norwegian voters want a nonsocialist coalition government rather than a Labor Party government.

Prime Minister Gro Harlem Brundtland answered, "It is my honest opinion that people often are too optimistic and have too high expectations. They believe it will be better here. Perhaps Norwegians do not understand the problems in Sweden.

The prime minister also believed that the Conservative Party was incapable of forming a viable government. She characterized such a government as a caretaker government that must thrash about seeking support from issue to issue. She did not accept the assertion that the Labor Party government, a minority government, had done just that for 4 years.

Gro Harlem Brundtland was asked at the press conference whether the Labor Party would now be careful not to offend its "ally" the SV (Socialist-Left Party) during the campaign or whether that party would be ignored. The prime minister replied humorously, "I have not written one harsh word about SV in my speeches."

9336
CSO: 3108/165

LIBERAL PARTY CHAIRMAN PREFERS NONSOCIALIST COALITION

Oslo AFTENPOSTEN in Norwegian 30 Jun 81 p 4

/Article by Erling Koldaas/

/Text/ The Liberal Party would support a government including the Conservative Party, the Christian People's Party, and the Center Party over a Labor Party minority government. The party leader, Hans Hammond Rossback, would not state the Liberal Party's position on a pure Conservative Party government, however, and maintained that this question must remain unanswered until the results of this fall's parliamentary election are in.

The question was raised yesterday when the Liberal Party leadership presented its campaign strategy and Hans Hammong Rossback was very consistent on this point. "We cannot give the Conservative Party such a guarantee," he stressed.

Primarily, the Liberal Party wants a government including the Christian People's Party, the Center Party, and the Liberal Party after the fall election. Rossbach indicated that the Liberal Party, in a pivotal position, hopes to begin serious negotiations with the Christian People's Party and the Center Party for the purpose of forming a centrist government.

The Liberal Party will begin its election campaign in Kristiansund after the holidays on 12 August and the party is counting on two absolutely safe mandates and four more well within reach. The party is also hoping for dividends in Oppland and Vestfold and will fight for two mandates from Hordaland, More and Romsdal.

The party leader is considered a certain victor in More and Romsdal and the same is true of Mons Espelid's election to parliament from Hordaland. An active campaign in Sor-Trondelag will assure Odd Einar Dorum an additional 4 year term and it is believed that the Liberals stand a chance in Nord-Trondelag, Akershus, and Oslo.

The Liberal Party will stress six major areas during the election campaign around which it believes the debate should center:

"Health and social policy--the strong must help the weak."

"The housing shortage should be alleviated by constructing 41,000 residences. The Home Construction Bank should provide loans for all houses that meet certain

requirements as to size and standards and everyone now holding a Home Construction Bank loan must accept shorter mortgage periods."

"The economy must be made less dependent on oil. Jobs in industry must be retained as much as possible."

"Young people must be guaranteed education and jobs."

"The increase in energy consumption must be limited and stabilized by 1990."

"The nuclear arms buildup must be stopped. A strong defense must be based on conventional weapons."

On this point Rossbach stated that participation in the peace march to Paris must be seen as a positive step.

The party leadership admitted that it has had difficulty in the past marketing Liberal Party policies. "For this reason, it will be important during the campaign to dispel the myth of the Liberal Party as a "no" party, Hans Hammond Rossbach stressed.

9336
CSO: 3108/165

BRIEFS

MARTIAL LAW BANS TAPES, PAMPHLETS--Elazig, 14 Aug (A.A.)--The commander of the 8th Army Corps, who is also martial law commander for Elazig and five other eastern provinces, has banned the sale or circulation of the following tapes and pamphlets in his area: Tapes or cassettes playing marches and songs of the Islamic Revolution of Iran in Persian or Turkish, nine pamphlets and memoirs by Muslim Brotherhood leader Hassan al Berna. [Text] [TA141526 Ankara ANATOLIA in English 1455 GMT 14 Aug 81]

CSO: 4600/125

NAVAL SHIP CONSTRUCTION FACES COST PROBLEMS

Frankfurt FRANKFURTER ALLGEMEINE in German 18 Jul 81 p 8

[Article by Karl Feldmeyer: "The Unwanted Millions in the Defense Budget"]

[Text] The Ministry of Defense is used to problems, technical and financial. After the "Tornado" debacle one would hope that it has no further surprises in store for the public. But appearances are deceptive. Although at present it needs nothing more urgently than money, it does not want to have a three-digit million-mark sum that it perhaps is going to receive. All in all we are talking about DM 400 million. Yet if this amount were put into the defense budget, there would not only be no boost in defense funds; rather there is fear internally of exactly the opposite. Behind closed doors one can even hear the fear that here the issue is the intention of contributing to unilateral de facto disarmament in that the funds could be spent as part of the defense efforts--and they could be put forth as the 3-percent increase promised to NATO without in fact providing them.

At issue here is that sum which the big shipyard Bremer Vulkan clearly miscalculated when it concluded a contract as general contractor to build six frigates; today this appears to threaten the existence of the company. It does not cover its costs and causes the shipyard a deficit which it cannot finance. Some weeks ago it had been announced that additional costs amounting to DM 264 million had arisen for Bremer Vulkan because of the construction of the frigates, without the value-added tax and according to the December 1976 price level. In view of the monetary devaluation that has taken place since then, if one adjusts this amount upward then the deficit is now about DM 375 million. If the inflation rate expected by the time that the last of the six ships is delivered in 1984 is assumed to be 5 percent, then the amount that the shipyard is short is an even DM 450 million, including the value-added tax. Thus, the company would have miscalculated by an amount approximately DM 100 million higher than the agreed-upon price for each of the six frigates which it is to deliver.

That could well make no difference to the Ministry of Defense and the Federal Government because--at least that is what all studies to date by the responsible federal office for defense equipment and procurement show--the responsibility, and that also includes the obligation to pay, basically affects the seller. The contract provides for far more than 90 percent of the program's fixed costs as well as the first costs-standard prices with maximums so that the company bears the business risk for all costs which have arisen in excess this amount. But even if this situation were to stand up under legal review it would be relatively insignificant because additional costs in this amount, which are not restored, threaten, as is feared,

4,000 jobs. That would not only severely damage the economic life of the Land of Bremen; the Bundeswehr would also be a victim. It would have to conclude new contracts in order to get its frigates and that would be more costly than the old contract. The question, therefore, is not whether the deficit is covered by tax funds, but rather only by whom. As a matter of principle the Land of Bremen is just as responsible as the Federal Government is in this matter.

However, if the Federal Government should come up with the whole amount or at least a part of it, then a decision must be made in the cabinet into which of the individual budgets the funds are to be put.

The Ministry of Defense has already had relevant experiences. When in 1978 the Federal Cabinet decided not to have the six frigates built at one shipyard, as would have been economically reasonable, but rather obligated the general contractor to involve four other shipyards in construction in order in this way to offset the lack of orders, the intent was to impose the additional costs estimated at DM 160 million on the parent companies of the shipyards. But these successfully refused so that the additional costs were also financed with tax funds to the benefit of the shipyards. However, although the money was spent exclusively for the purposes of economic, structural and employment policy, it was taken from individual plan 14, that is, the defense budget.

Therefore, the procurement section of the navy, which was awarded more than DM 100 million, looked exceptionally well; this had an effect both in the internal dispute between the various armed forces and in the negotiations between the Ministry of Defense and the Ministry of Finance as soon as the issue was the scope of the next budget. For irrespective of the inappropriate use, the more than DM 100 million were used as proof of the fact that a substantial additional amount had been made available in the previous year for defense outlays, which now justifies reductions. The same is now being feared.

The chances that the defense budget will remain untouched by the solution of this problem are of course slim. Thus, internally probing and reflection have begun. Among other things, the result was that any help which came from the Federal Government would scarcely be realized in any manner other than via the Ministry of Defense and its budget. According to present regulations, the Ministry for Economics with its shipyard and shipping company assistance program would not even be in a position to solve the problem. On the one hand, the program will lapse this year, on the other hand its funds are already allocated, and in general this money may only be used for nonmilitary projects.

Thus, in order to help the Bremen shipyard and the Ministry of Defense, not only would the shipyard assistance program have to be extended and be given new funds. Rather, the Cabinet would also have to extend the criteria of its demands to the construction of warships. In addition, time is pressing. On 30 July, thus in 2 weeks, the Cabinet wants to set the parameters for the budget bill for 1982; its first reading is to follow at the beginning of September. Whether by then a way out can be found remains to be seen.

However, important for the internal assessment of the political objectives of a part of the coalition is the fact that the suspicion that when declaring the shipyard assistance funds as defense outlays it might be a question not only of an

expedient, but rather of the happily utilized opportunity to cut the funds actually made available for defense by means of the misappropriation of a part of individual plan 14. This suspicion can probably never be removed. But the fact that it exists says more than official documents do about the assessment of the situation and the motivation as they are encountered in parts of the Bundeswehr today.

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END

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BR DOCUMENTS ON INTERROGATIONS OF PECI, SANDRUCCI

Transcript of Roberto Peci Grilling

Rome AVANTI! in Italian 8 Jul 81 pp 5-6

[Text] The document the Red Brigades (BR) left for police to find is the transcript of the "interrogation" to which Roberto Peci was subjected while being held. The text -- 29 typewritten pages in question-and-answer format, like an authentic court record of police questioning of a suspect -- actually covers only the first portion of Roberto Peci's "interrogation" and concludes with a reconstruction of the events occurring right up to the period immediately following the Cararbinieri raid on the hideout on Via Fracchia, in Genoa, where four BR members, including two members of the general staff (strategic leadership) were killed.

The text covers substantially the same facts as Roberto Peci recalled them 2 days ago in his "statement number 2", and describes the personal contacts he had with his brother Patrizio (there are even detailed detailed descriptions of the phone calls Patrizio Peci made to family members to tell them he was fed up with hiding out), activity inside the ranks of the armed struggle, his contacts with the Carabinieri, and the start of his "cooperation" with them and with the police.

The interrogation begins with questions about the first rumors of "repentance" (turning state's evidence) on the part of Patrizio Peci:

[Question] When did all this begin? What was the first move in this business between you and Patrizio Peci?

[Answer] As I remember, it all began with that awful phone call in May 1979, when my brother called home at 0900 on Sunday morning and broke into tears over and over again, and made it plain to us all that he was in deep trouble.

[Question] Why did he cry?

[Answer] He didn't cry when he was talking to me. He cried when he was talking to Mother and said he was exhausted and under great stress from the way he was living and that he had been accused of things he hadn't done.

[Question] Did your mother tell him, even as early as that, to turn himself in?

Answer] That's not quite the way it was. She told him, "You chose the way you wanted to go yourself, but now think over the pros and cons, and if you don't feel like it, don't go on with that life any longer."

The interrogation then shifts to a scrutiny of the events leading up to Roberto's first arrest at the Ancona offices of the National Small and Medium Businessmen's Federation (CONFAPI). Roberto says that another "pentito" had used his name, and openly admits that he did take part in that action and then denied it because the Carabinieri had no hard evidence to link him with it.

Then comes an account of his first questioning by police, with a magistrate, two attorneys, and three Carabinieri present -- one of the latter a captain -- which led to a request for information about his brother. "They said: 'Look now: we know that your brother made several phone calls to your house and your sister's house; we know that he is going through a touch-and-go time right now, a turning-point in his life. Certainly your brother is no longer really lucid; he's not a man who can think straight any more, and you'll see -- sooner or later he's going to shoot it out with us and we'll get him. It's better to arrest him before that happens.'

"So then I said, 'Let me see what I can do.' They kept right on pushing. "You've got to bring your brother around; at least you have to talk to him and make him understand the situation.'"

According to Roberto, this pressure from the Carabinieri was enough to persuade him to go along, not only because doing so would help save his brother's life, but because going along was the only way he himself could ever hope to "see the outside of a prison again," as he quotes a repeated threat from his questioners.

The transcript then shifts to a description of the 10 days during which Roberto Peci was held in Fossombrone prison for the CONFAPI job. Roberto says he had suffered from bouts of depression that led him to threaten suicide, and that consequently he was given massive doses of tranquilizers: 3 ampoules a day of Talvin and Valium. While he was at Fossombrone, however, Roberto Peci had a chance to see members of his family, and he could listen to news broadcasts on the radio and watch the TV news reports.

On the 10th day of his imprisonment in Fossombrone the Carabinieri appeared on the scene again, this time to suggest that he help them take his brother -- something Roberto says he had begun to consider as a possibility.

Roberto Peci was immediately released from prison, and Patrizio was informed of that when he telephoned his sister. A few days later Roberto and Patrizio talked on the telephone, and agreed to meet in Turin.

[Question] How did you manage to recognize each other? Did he recognize you?

[Answer] You're trying to tell me I can't recognize my own brother?

Roberto then states that he went to the San Benedetto Carabinieri headquarters with his mother, his father, and his sister, Ida (No, my wife didn't come with us: it was a family matter and we were talking it over among ourselves") to negotiate for guarantees that Patrizio "would be taken alive."

The NCO on duty said that he did not have the authority to make such a promise, and disappeared for a couple of hours, after which he had Roberto talk to somebody who "said he was Dalla Chiesa, and then I remembered his voice from television, and he gave me his word as a general that nothing would happen to Patrizio, and then I told him about this appointment [in Turin]."

At this point his kidnapers ask Roberto:

[Question] On what possible grounds could a leftist believe that it is better for a communist to stay in jail rather than to be free?

[Answer] Because he was pulling a lot of cockamamie stuff. Even I understood by that time that he was on the skids."

Roberto Peci then goes on to describe his first talk with Dalla Chiesa and states that when he asked for guarantees that Patrizio's life would be spared the general replied: "I have never given a written guarantee to anybody in my life, and yet I have always kept my word my word is worth more than anything else, and even my enemies will tell you so."

Roberto's appointment with Patrizio was set for a date around 15 December 1979, but Roberto says that the Carabinieri forbade other members of the family to go along "because that would have screwed up the whole situation."

Roberto says that 3 days later a warrant officer informed him that Patrizio had been captured, then states that he had no further information, and so he telephoned Caselli.

[Question] Why did you telephone Caselli, of all people?

[Answer] Because almost a month had gone by, and besides I knew him from television, and I knew he was in Turin.

[Question] But what did Caselli know about it? This whole business was a Carabiniere plan; what did Caselli have to do with a fugitive named Patrizio Peci who was being sought by the D.A.'s office in Rome?

[Answer] I don't know. But anyway I told him that I wanted news of Patrizio Peci who had been arrested around Christmas time in Turin. I

said I wanted to know what prison he was being held in. [Caselli] was astounded. I felt he was sincere when he told me he didn't know anything about it. So I told him the whole story, even that I had talked to Dalla Chiesa and that I knew my brother had been arrested. He kept telling me that he didn't know anything about it, that he hadn't heard a thing. He told me that maybe I was mistaken, and that perhaps he was not the right judge to ask. Obviously he understood how things were right away, because every time we telephoned him after that he refused to talk to us.

Roberto then goes on to recount all his family's fruitless efforts to get word of Patrizio right up to the day of his official arraignment, which Roberto says he caught something about "on the morning TV news, I believe it was 3 days after they actually arrested him."

Patrizio explained to him later -- says Roberto -- "that they had released him after the first arrest..." Roberto also states that he knew from Caselli that Patrizio had picked a Genoa attorney by the name of Arnaldi as his counsel, but says that he told the lawyer nothing about the story behind the arrest, and claims he never told anyone else about that either.

This brings us to the account of Patrizio's first arrest, the one on 15 December, made by six or seven Carabinieri. According to Roberto, Patrizio tried to resist and reached for his pistol, but he was seized and taken into an apartment, where he was roughed up.

At around noon he said he was ready to talk, and that afternoon "he began to tell all, that is all the basic things about the Turin column, his role as column leader and his authority over the comrades he met."

[Question] And then they told him they were releasing him?

[Answer] Yes, they told him they were releasing him and that he was to go looking for as many people as he could, especially people who counted in the BR. Patrizio asked them, in case he should have to shoot somebody, what he should do so as not to get arrested. They answered: "Don't worry: we"re doing things that are a lot more important than a few shootouts. We are not interested in that." What they did, for all intents and purposes, Roberto insists, "was give him a free hand."

They freed Patrizio Peci that same evening, but not without a warning that "he would be closely followed and maybe he wouldn't even know it, and if he tried to escape he would be killed." So that was when he began his life as a Red Brigade member again, until around 10 or 12 February when, according to Roberto, "a Carabiniere stopped him on the street. He said they had to arrest him, because they had got word in Rome that he had been picked up, and otherwise there would be trouble."

[Question] When they arrested him the second time, had they agreed on the date ahead of time?

[Answer] Yes. One evening, he told them, he would be meeting Micaletto, and so that would be the best time to arrest him.

Patrizio Peci was taken to the [Carabiniere] barracks on Via Valfre in Turin, where he stayed for a week, during which time he was "threatened" in various ways, but was not interrogated. Then he was taken to Cuneo prison and put in solitary confinement.

Roberto's story then jumps to Patrizio's trial in Turin on charges of possessing a pistol: this was in fact the first time Patrizio asked to talk to Dalla Chiesa. The general went to Cuneo alone, and told him that in order to get the guarantees Patrizio wanted he would now need "a political story." Dalla Chiesa was running things (this is Roberto talking), but he had to hear what they had to say in Rome, then make the politicians understand that he had talked with Dalla Chiesa. He told him he needed something juicy. He needed something he could manage at the political level, to show that he had talked so as to be able to ask things in Parliament.

[Question] So as to understand that he was talking right then?

[Answer] Now that I think about it, I think that he said Via Fracchia at that very time.

[Question] Why was it so important to mention Via Fracchia?

[Answer] I don't know. That was some sort of proof, evidence that the Carabinieri could use.

After stating that the Via Fracchia action "was not done immediately, but there were some people to be put in place first, Roberto Peci goes on to say that his brother was getting "paid" 200,000 lire a month from Gen Dalla Chiesa, who "said that there was no problem about money because they printed it themselves."

[Question] How did they get it to him?

[Answer] They bought postal money orders made out to him and had them mailed from Milan by somebody called Enrico Rossi.

Roberto Peci then states that the Carabinieri showed his brother a lot of pictures, some of them of people from Rome, and that they were particularly interested in information about the lawyers, whom "they really wanted, maybe because they were sure that somehow they were involved. And so they really pushed my brother, hard, to tell them stuff about Spazzali and Arnaldi."

[Question] What does your brother think of Dalla Chiesa?

[Answer] He thinks he's an important man in antiterrorism because he has studied all that strategy. Somebody who thinks things through.

[Question] What does Patrizio have to say about Via Fracchia?

[Answer] That they didn't warn him that they were going to do that thing, he was convinced that they would have been taken alive. When he found out about it they told him they had to do it that way. He didn't believe them. He thought they had killed them on purpose.

[Question] Was their story true, that they couldn't identify some of the comrades killed on Via Fracchia?

[Answer] No, it's not true! They said that so as not to let on that there was somebody who was talking.

Finally, Roberto Peci gives his version of the attempt to involve the Digos woman in his brother's doings, which would have happened very fast, as soon as they realized that he had talked.

[Question] What did they promise him?

[Answer] Five million lire right away, and they they would help him escape as soon as he had finished giving them information.

[Question] Why didn't Patrizio accept that dazzling offer on the spot?

[Answer] Because he thought they would shoot him once he got out.

Roberto Peci insisted, at the end, that Patrizio had identified photographs of BR people in Naples while, during the D'Urso case, Sica asked him to identify the [recorded] voice of somebody who had called the ministry.

The final entry in this alleged interrogation of Peci has to do with Judge Caselli who, according to Peci, "is "one of the top backers" of the "repentant terrorist" strategy.

Grilling an Engineer: Renzo Sandrucci

Rome AVANTI! in Italian 14 Jul 81 pp 12-13

[Text] Included among the documents the Red Brigades have turned over to this newspaper is the "trial" of Renzo Sandrucci. The first portion of the document is the opening part of the "hearing transcript" to which the BR had already referred in a 2 July communique, and of the second part of that document which was left to be found on Sunday 12 July. From a note written by the terrorists at the heading of the document, one can deduce that the trial of the Alfa Romeo executive is over.

The document begins with a chapter headed "Introduction to his role as an engineer." Sandrucci is accused, as director for work organization, of being "responsible for heightening exploitation in the plant and for pushing through the decision about wage supplements." As an engineer, he is charged with "designing the way for the owner to get back all the

profits that had accumulated, primarily by cutting down labor costs."

Sandrucci responds:

"I should like this one thing about me to be recognized here, a fact that may help in a way to clear me, though only very slightly, of these charges: I am an engineer, trained as a technician, concerned with standards that exist, a man whose job is to organize work, a man who also has to follow the rules."

"Quite apart from that, we live in the plant and we are aware that we have problems, for instance, in applying saturation because the problem has not been solved at the bargaining table or because the agreement has already expired." He emphasizes the difficulties of putting agreements on job organization into practice, specifically because very often the engineers' decisions turn out to be outdated and are challenged by the workers. The executive refers to the job organization conference held in September 1979, where the engineers raised the issue: "Agreements are no longer enough, in that they call for a productivity level that is difficult to achieve."

This is the root of the BR's charges of constantly "seeking productivity first and last so as to get the utmost profit.. The biggest obstacle you face is the workers in the shops, to whom maximum profits mean greater exploitation, and who therefore continually challenge your figures."

Still on the productivity issue, the BR accuse management of "setting up a scientific study" of job organization. "...We understand that the attempt to make the workers work in different ways helps you use them more, helps you have a working class available according to the demands of the market, and makes it more mobile and elastic in its response to your technical and production requirements."

Sandrucci replies that the company also responded to the "requirement for doing the job another way. We therefore introduced this change (at the urging of the union as well) with the idea of job enrichment, broadening the various tasks, etc. We had to begin from a Taylorist (highly compartmentalized) situation, and we set out on a road toward a new structure for the job.

"We found ourselves facing some problems, too: the people involved were not invariably ready for this, for two reasons: one was their refusal to increase productivity, and the other was long-standing habit."

The BR argue: "You were forced by the workers' struggle to make some changes in job organization, trying to make use of what the workers' demands had expressed.

"You distorted the workers' demands....; the workers want to work better, but not to be exploited more. They instantly recognize productivity as exploitation."

To this argument, Sandrucci replies:

"One of the chances the company has for getting out of the crisis is for the product to be competitive. In this sense, the agreement that changes working and productivity conditions is consistent with this assumption."

The questioning goes on with an exchange between the BR and Sandrucci over the experiments conducted in the plant, on public financing, on the quality and quantity of investments on plant improvements, on dangerous, health-threatening processes, and on the impact of these moves on employment levels.

The terrorists then move on to question their prisoner about the earnings supplement fund and about mobility outside the company. Specifically, the BR insisted on knowing how the agreement on the earnings supplement fund was reached and how the 500 workers to be cut back to zero hours were selected. In his response, the Alfa Romeo executive went into some of the background of the company's various requests, recalling that at a certain point "the first numbers -- 3,000-3,500 -- workers to be cut back to zero hours came up. There was a first meeting in Milan on this request, and there was a heated debate over it because the union perceived the management request as a FIAT-style solution." The personnel manager then proposed other solutions, until agreement was reached with the union as to the standards to be used for putting workers on earnings supplement.

BR question: In that agreement there were already 285 workers laid off on zero hours? Did the union agree to that?

Sandrucci's answer: "Yes. It was made clear that there were not 285, but 300, because the Spyder assembly line had not been properly explained. With this understanding, we began the process of singling out those who would be suspended. The process was handled by the personnel office with the operations people, area by area, in a capillary fashion. The implementation phase came up with 500 to be suspended at zero hours because earlier we had overlooked the assembly and interior areas.'

"Then the union came up with objections. Why 285 before and now 500? Even in the remaining areas you could have put the 285 on rotational layoff."

To a BR question Sandrucci replied that there were indeed no technical reasons why earnings-supplement status could not have been assigned on a rotating basis, but there were questions of cost to the company.

The BR's reply to Sandrucci's explanation: "You're always giving us technical talk, and you take your savings out of the workers' hides. For the workers, CIG [earnings supplements] means something else, too: it means that the government is paying us with our own money. The fact is that this money turns out to be advances out of our future pensions, because the time you're on CIG doesn't count toward pension entitlement."

In response to subsequent questions from the terrorists, the executive stated that he did not know what criteria were used in the selection of workers to be placed on zero-hours status, inasmuch as that decision "is up to the personnel office."

"It is a matter of record," retorted the BR, "that there are a lot of old-timers among those 500 names, the ones you call absentees, but who turn out to be ill, and along with them are a lot of very militant workers.... It is impossible to deny that you chose a criterion somehow tied in with productivity, that you singled out the areas to be hardest hit (...), and then the personnel office did the rest (political selection) by picking out those workers who were troublemakers. You must admit that you do the figures, you work out the productivity rating codes, and thus pave the way for the personnel office to make the actual selec tion, and thereby you become an accomplice to these plans."

Sandrucci: You've got to understand that these are different functions, even though they may be complementary. The personnel office has to understand the numbers... The actual calculations take very little time.. That part is mathematical, and it is the basis on which you can make the decisions, which are then calibrated. The answers come out differently according to the particular type of requirement and the particular final goals.

BR.: "Now we are getting down to your role in this capitalist system. You pave the way for selection out, even though you pretend not to be aware of the consequences of what you do.

Sandrucci: The company lays down its economic objectives so that it can survive in this system. And so the management that runs everything has an objective to reach in order to stay within a specific budget.

BR: So you admit that you are not a neutral technician in the company. The calculations you prepare are designed to optimize the owners' profits.

At this point Sandrucci describes the procedures through which the company arrives at the formulation of its requirements and of the roles of the various executive offices.

BR: Let's begin with one hard fact: the working class is not in favor of CI [CIG] in every sense, but in any case you have to find a solution for the zero-hours CI.

Sandrucci: You have to approach th issue from the point of view of corporate costs, to see there are no technical considerations that get in its way.

BR. But those costs must not be dumped on the workers, and anyway the problem of the CI is still there: everything depends on the way the market behaves and on competition among sharks, and then you realize

that the fate of the workers, especially the ones on CI, depends on this clash between bosses and that hence there can be no certainty as to how long the CI will last, or how long the job itself will last, and hence as to the chances of getting laid off for good...

What happened at FIAT is a prime example: first they asked for CI and now they want to move to direct layoffs because the recession in the automobile industry is getting worse. Alfa [Romeo] is not exempt from this market. Massacesi has driven home the point over and over, as at Alfa Sud, after the workers' assemblies rejected the agreement: the only alternative to increasing productivity is mass layoffs. And then on top of the rise in productivity, they moved to CI. Not even the union knows what to do in this situation any more, because it had been betting on increased production with the 620 cars with manpower parity in September, talking about expansion and growth for Alfa. But management itself was the first to violate that agreement. What is going on right now proves that the capitalist marketplace has its own laws, that it is idle to think about regulating it, and that therefore it is risky to agree to heightened exploitation, to be available and ready to listen to the bosses' demands, which purposely serve to becloud the chances of getting through this recession. The upshot is more exploitation and, worst of all, a future that is anything but secure for the working class, because the layoffs are getting bigger. The only way the Massacesi "costs" problems can be dealt with is through the power relationships the class movement and the guerrilla forces are fielding now. This trial here is a first step toward building these power relationships, toward building a twofold power: we are building that second power, and standing up to the power of the bourgeoisie with the force and the power of the proletariat. The revolutionary mass organizations are the tools the revolutionary movement must provide for itself in order to build the proletarian government.

That concludes the first part of Renzo Sandrucci's "hearing." Attached to the "transcript" were copies of two letters -- already published -- written by the Alfa executive.

The first of these, dated 9 June 1981, is addressed to Alfa Romeo management, with copies to the Plant Council. It more or less sums up the contents of the "hearing" record given here, and concludes:

"At this point I believe that the problem (of the supplement fund) shifts from the technical level to the costs level, and to the more political one of industrial relations. And therefore I ask: is it possible that a resumption of labor negotiations might lead to a solution that, by moving toward a halt in zero-hours layoffs, might help find some answers to the questions that have been raised?

"The issues posed to me, however, have to do with decision-making powers so different and so much higher [than my own] that it seems clear ... that this trial is aimed not just at me, but also at the top levels of the Corporation, of Intersind (and that includes you) and even beyond... I understand that the silence may stem from a political decision as well, but I doubt that a more open debate could be anything but helpful in

moving the situation off dead center and toward a general lowering of tensions...".

In the second part of the "hearing transcript" (entitled "No stepup in exploitation must get through in any form," the BR go back to questioning the executive about the way jobs are set up in the plant, dwelling at length on the reorganization plan that came out of last spring's agreement with the union.

The "subtitle" reads: "The State Bourgeoisie Line on ways to get back to piling up profits, of which "technician" Renzo Sandrucci says his work is part and parcel."

The BR open with a reading of several statements from Alfa Romeo management and consultants at the job organization seminar held in 1979. Among such are statements from Massacesi, Innocenti, Sammarchi, and Montironi. The conclusion the BR draw from it is:

"Therefore it is necessary for you to push restructuring in the plant by tailoring plant technology to match the competition," but the "contents" of the workers' struggle "have pushed your backs to the wall, and have forced you to switch strategies; to do this you have surrounded yourselves with psychologists, sociologists, and all sorts of crocks who, working at your bidding, with their analyses of the working class, have suggested to you that the right tack to take is to seek "consensus" through some different pattern of exploitation."

Asked how the company had adapted to this new line, Sandrucci replies:

"Job organization had a little bit of experience to draw on, though not enough to be truly representative. I had my orders (as did other executives) to go out and look into area after area, one at a time, to see what could be done to get away from job fragmentation, even on an experimental basis... All these ideas were embodied in the Organizational Intervention Plan (PIO). The PIO is an overall summary of all proposals for changes in the organization of our production divisions. This whole body of suggestions was then sent on to the union."

To the next question (whether in order to meet foreign competition, especially from BMW, the company planned to boost plant worker productivity by 15 to 20 percent and that of contractor personnel by 8 or 9 percent) Sandrucci replied in the affirmative.

Next BR question: Out of this overall plan you extrapolated 35 sample projects which involved the entire plant, and offered them to the union.

Sandrucci: Yes. There were meetings with Intersind and we agreed with the union that the discussions should take place in the plant ... with the shop delegates, department by department.

BR retort: Of these 35 plans they looked over, the workers turned down the majority because the increased exploitation they would mean was apparent even then. Among other things, there was a take-it-or-nothing

rider: "Either you take all 35 of these plans or none of them!"

When the "prisoner" responded that "That rider was tacked on by Intersind," the terrorists asked what the union's position was. Sandrucci replied that in the final analysis there was substantial agreement on the corporate strategy, and added: "In the plant we found a situation of less support. Now the Alfa-Union issue boiled down to this: are these jobs real ones or not? If they are real, we must understand why these jobs are being taken away in the plant."

Here the BR deliver their analysis:

Because your offensive to get us to agree to exploitation and to get back those profit margins will have to reckon with the working-class struggle for a slower pace, for lighter work loads, and for egalitarianism. ... And even if the union gives you the green light, it will have to reckon with the working class. In fact, all you have to do is look at the mess at Alfa these days, where, in the face of the Massacesi attack, they don't know which way to turn."... "Then, on the matter of the allegedly different line on the part of the State Participation Ministry over the question of layoffs and productivity, we would remind you that in that period Sette (IRI) was saying that the state participation companies were not firing workers: all they had to do was agree to mobility and increased productivity."....

"Today the union, as it awakens to the reality of the crisis (with an integration fund at [Alfa] Sud now), is in a crisis itself because all its backing down has led nowhere, except perhaps to the prospect of pulling the working class farther and farther down."

From here the terrorists move on to a new chapter, this one headed: "Mobility, steady pace: tools for heightening exploitation," and ask:

"At Alfa they were working on the union-company platform, and Massacesi responded at the bargaining table with the same old PIO stuff, in different but very specific terms: boost the present pace to 620 cars per day with the same number of workers making up the production teams -- implement in-plant mobility processes -- restore balance between direct and contract workers. Let's begin with the steady pace. By now this is obviously designed to increase the work loads (...) yet just lately you have started using variable pace in some divisions. What was the objective?

Sandrucci: The objective was to be able to pace production to match the number of workers there at the time.

Moving on to deal with the issue of in-plant mobility, the BR state that "The foremen move the men around as they please, partly because there is a division agreement with the union on this score." Sandrucci agrees: "These are standard procedures, management agreements; every division has its own, and they are all different."

Again, a BR question: "In your view, what does worker mobility mean to the working class and to the company?

Sandrucci: For the workers, it's heavy, sometimes bad, and in other cases good. Of course it all depends on what sort of mobility you mean. For the company, mobility is often a necessity if it is to achieve positive results.

After taxing the executive with not living the same life as the workers, the BR argue that mobility "falls back on the workers' shoulders and gives rise to divisiveness and selfishness among the workers. Furthermore, management uses mobility...to transfer people wherever it pleases if they make trouble during periods of unrest."

Sandrucci's retort to that is: "Well, then, we'll simply have to find new criteria for mobility," and adds a few remarks about "professionalism."

[BR Question] When the workers organize your plans don't get accepted; this in fact is why you stipulate in the contract that mobility must become a standard practice; but what stand did the union take on that issue?

Answer: The union was for it because it saw mobility as a necessary thing in view of the fixed pace.

The BR voices doubts that the target of 620 cars per day can be achieved. Sandrucci answers:

"Everything depends on the market, but in any case the fixed pace is one thing and production is another. You can make the 620-car target for a week and then be shut down the following week. The fixed pace is merely a way to operate above and beyond the volume of production."

On the issue of productivity again.

BR: By increasing the work load on the individual you can meet the competition;" "for the same production you were getting before (550 cars per day) your calculations say there is a surplus of about 800 workers. What's going to happen to those workers?

Sandrucci: There is no notion of running the production groups at a fixed pace of 550; there is one to hold employment at the same level (620 per day). Obviously, if the 70 extra cars didn't sell, production would be cut back, either by CIG layoffs, or by attrition, or by cutting work-hours to the contract limit, or by procuring more assemblies and subassemblies from outside the plant.

Sandrucci then confirms that the company's aim with the production groups is to "get rid of down-time" and cover for "missing saturation."

In follow-up questioning -- still dealing with the production groups -- The BR challenges the claim that they upgrade job skills, arguing on the contrary that their sole purpose is more profitable exploitation of the workers.

Citing a string of examples, the BR strive to prove that "fleshing out [assembly-line] tasks is nothing more or less than a cover-up for what is really happening; (...) This proves once again that the plans management has in mind are anti-worker plans."

Another issue covered in the "hearing" was the matter of worker training, on which the BR ask Sandrucci whether or not, in the last analysis, it is the "bosses" who decide who will be upgraded after completion of the training course, and Sandrucci answers, "I believe so."

Following a detailed listing of all the issues dealt with in connection with job organization, investments, and automation, the terrorists come to the following conclusion:

"You have been forced to make improvements in the most dangerous plants by worker protests, but at the same time you are cutting jobs. (...) By shutting down plants you have eliminated the workers and with them the occasion for conflict.'

Dwelling a while on the issue of unhealthy workplaces, the BR charge that "for years and years the workers in the drop-forge plant have been calling for major improvements to counteract the health threats in the division," [yet] "you say that some technological investments can change working conditions..."

Sandrucci: The assembly line is a reality, and it will be no easy matter to scrap it. The main difficulties lie in the additional spaces that will be required and in the distribution of more complicated equipment. However, it is a road that should not be left untried.

Later on, the BR take up another issue: "The introduction of data processing, too, leads to a decline in employment in the white-collar area

Sandrucci: Moving to computers means that, in one sense, you get more efficiency, greater speed, and more accuracy. Besides, most companies now have turned to massive use of data processing, and therefore we have to adapt to it.

[BR] The bosses are spending billions (extorted from the working class) on restructuring plants...on keeping minute tabs on what goes on in the shops and on worker behavior. Furthermore, the use of computers leads to unemployment even where they are made: you need only look at the jobless rate in electronics.

As for white-collar jobs, the BR claim that at Alfa Romeo "turnover has been frozen for years," and "there is talk of some 800 redundant employees... Is that true?"

[Sandrucci] It doesn't look that way to me.

Finally, the BR state: Solving the problem of working conditions and of unhealthy work environments means /putting the working class at the center of every step that is taken/, because the real instrument for changing working conditions and measuring the harmfulness of the plant is the worker himself. (...)

"It is the way you set up the job that makes the plant unhealthy. The advances in science and technology offer tremendous possibilities for solving the workers' problems, but you certainly are not using them to that end. The working class has proposals of its own, and they are /to let everybody work, and work less/ and for different purposes, work to make a product that helps meet the needs of the people, not to fatten your profits!"

Sandrucci replies to this argument:

"Here we get back to the general topic of the economy, where my background is not very substantial." On the matter of the crisis besetting the capitalist world, the executive says: "So I really cannot say whether it is the fault of a lack of economic planning, or whether other systems, such as the socialist system, can provide a satisfactory solution."

At the conclusion of the lengthy "hearing transcript" the terrorist organization argues that "the general problem of working conditions can be solved only under socialism," meaning "by total organization of all production along different lines, chosen and managed by the working class and trained on their 'prisoner'."

"You do understand, of course, /that there is no future for people in your trade/."

Attached as an annex to the "transcript" is a copy of Sandrucci's letter -- dated 15 June 1981 -- and addressed like the first one to the Alfa Romeo management and to the Plant Council, headed: "Some thoughts on job structuring and productivity," After lengthy re-examination of the issues already dealt with in the "hearing," and posing a series of questions he has been thinking about, the Alfa Romeo executive ends his letter thus:

"I sincerely hope that the press will provide space and coverage for this debate on these grave issues, as it has done these past few days for my personal messages."

6182
CSO: 3104/332

BONN TO CONTINUE STEEL INDUSTRY SUBSIDY

Duesseldorf WIRTSCHAFTSWOCHE in German 26 Jun 81 pp 36-41

[Article: "If Necessary, Cut Back"]

[Text] The European steel community is not making any progress. The crisis has not abated; the subsidies have not been terminated. The relations among the enterprises are characterized by increasing incivility. There is no doubt that in the FRG, too, the politicians' time will come.

For nearly 9 months, the European steel industry has been focusing its attention on a crucial date: 30 June 1981. According to the original plans, this Tuesday was to mark the end of the production quota system imposed by the EC Commission on 350 enterprises in accordance with Article 58 of the European Coal and Steel Community Agreement.

Now this date is no more than a few days off, but hardly anything is going to change. For another year, the European agencies will remain in control over the most important sector of EC steel production--hot-rolled strip steel (hot-rolled wide strips, intermediate product for sheet metal). Thus 43 percent of the European steel production will remain subject to crisis-related control by Brussels' EC officials.

For the rest of the product assortment--ranging from railroad rails to wire--the steel bosses--putting forth painstaking efforts behind the scenes--worked out voluntary marketing arrangements. However, the EC supervisors will stay in control even in regard to these remaining items: these officials were installed in the fall of 1980 in order to insure observance by the enterprises of the production limits imposed by the crisis regulation.

A few weeks ago, no one would have predicted the present stalemate. In March and April, hardly a day went by without a German steel manager turning to the public with optimistic announcements concerning the imminent voluntary production curtailment (Eurofer II).

However, the dozen enterprises did not manage to get together. And there are no indications justifying the hope that in the foreseeable future the steel bosses will voluntarily curtail their production volumes. The talks that have been continuing since the end of February have shown all too clearly that in the steel

industry no one is prepared to practice self-denial and make sizable cuts in production volume. The Kloeckner Works AG are the best example. In the Eurofer negotiations, Kloeckner's board chairman, Herbert Gienow, demanded approximately 100,000 tons of hot-rolled steel strips per month in excess of what the competitors were willing to grant him. Essentially, the heated dispute over the "hot strips"--as this rolled steel product is called at the Federal Ministry for Economics--originates from an old conflict over capacities that frequently assumes grotesque forms.

According to EC Commissioner Etienne Davignon, the capacity of the big hot-rolling steel strip line in Bremen--which Kloeckner put in operation in 1974--totals 360,000 tons per month. But Kloeckner has for a long time been claiming that the installation can handle 460,000 tons. And Kawasaki technicians the EC authorities had called in from Japan declared--upon conducting a 3-day test--the installation made by Nippon Steel to have a capacity of as much as 485,000 tons per month.

However, from the Eurofer negotiations Gienow brought home only 170,000 tons--less than he had been allowed under Article 58. "This is carrying justice too far," comments Gienow on the quota he does not accept. But other steel managers are equally outspoken. Hoesch boss Detlev Karsten Rohwedder stated that he was not going to accept these requirements. Said the Dortmund steelmaker: "In contrast to Kloeckner, I do not have balanced results."

This statement still has a much too positive ring. For of all steel bosses, Rohwedder appears to have the greatest worries; and it is not the operational results that are the primary concern; rather, it is the cumulation of problems concerning location, labor, and concern structure.

Similarly, Salzgitter's board chairman, Ernst Pieper, instructed his Eurofer negotiator, Peter Adams, "to negotiate with the necessary intransigence." The reason is obvious. Said Pieper: "The quotas decide whether or not an enterprise will be viable in the coming years." With regard to structural steel (e.g. T-girders), Adams' counterargument resembled that used by Gienow in regard to hot-rolled steel strips: "We cannot tolerate other, obsolete steel strip lines dating from the past century being utilized to the disadvantage and at the expense of Salzgitter and its advanced universal steel girder line."

Since the end of 1980, almost all steel mills in the FRG have been incurring enormous losses--despite the fact that in previous years they zealously participated in the "Away From Large-Quantity Steel" movement.

The leading German producer, Thyssen AG, increasingly focused its efforts on the production of superior alloy steels. In 1974, the firm scored a great diversification coup: it acquired the then Rheinstahl AG, whose product assortment ranged from locomotives to mining technology. Thyssen's international statement of accounts for the 1979/80 fiscal year shows that of just under 152,000 employees only about one-third is engaged in the production of large-quantity steel; over 66,000 workers are employed in the capital goods and processing sectors, while superior alloy steel and trade/services each account for over 16,000 workers.

Through an industrial partnership (Budd), the Thyssen concern engaged in large-scale business activities in the United States. These efforts were not very

successful, however. Nevertheless, treasurer Klaus Kuhn easily buried the meager Budd results in the international statement of accounts. Due to considerable efficiency measures, a substantial share (DM 134 million) of the overall international profit (before taxes) realized in the past fiscal year (DM 490 million) was derived from the presently not very lucrative large-quantity steel operations.

Krupp has pinned its hopes above all on the lucrative superior alloy steel; the firm has expanded the turnover share of this product from 25 percent in 1975 to presently 50 percent. The Kloeckner Works were much slower in recognizing the new trend. It was only at the end of the 1970's that Gienow began to acquire machine building shares.

Among the FRG steel producers of note, the only one to voice fewer complaints about slack business is Willy Korf, whose crude steel output totals approximately 3 million tons. In 1980, his mini-steel mills in Germany and other countries showed respectable results. In addition, he does good business in building direct-reduction installations: such plants can dispense with blast furnaces.

For the big producers, on the other hand, things look bad. While Thyssen, the last steelmaker to pay dividends, will only say that the "slump is typical of the steel sector," the state-owned Salzgitter Concern is faced in the current fiscal year with losses amounting to DM 200 million. And Hoesch boss Rohwedder just now had to take the responsibility for two-thirds of Estel's gigantic 1980 losses (488 million guilders), without being able to say that things would improve in 1981. In the first 3 months, the German-Dutch concern was again DM 100 million in the red.

The neighbor in Bochum, Krupp-Stahl AG, is in the same position. The 4th quarter of 1980 was so bad (losses of DM 90 million) that it undid the positive result obtaining at the end of September (plus DM 45 million). The first months of 1981 did not look much better.

Wilhelm Scheider--formerly board chairman of Krupp-Stahl and presently chairman of Fried-Krupp-GmbH [GmbH: Company with limited liability] (the GmbH is the parent company of Krupp-Stahl AG)--recently had to draw on the fine points of the German language to end the dispute with the Persian member of his supervisory board in regard to imminent layoffs: "We have never spoken of a shutdown ["Stillegung"]; we merely considered inactivation ["Stillsetzung"]." Just the same, he continued: "The present situation does not prevent the executive board of Krupp-Stahl AG from undertaking layoffs." Scheider's formula--characterized by an all-European slant--for solving the steel crisis: "Exclusively consistent application of econopolitical measures."

Bad news is reported from the other European countries as well. In April of this year, Belgium's Hainaut-Sambre Steel Works were saved from bankruptcy only through the massive support granted by the Brussels Government. And for 1981, the presidents of Cockerill and Hainaut-Sambre, Julien Charlier and Albert Frère, have predicted new troubles. In a confidential letter to Economics Minister Willy Claes, they forecast for this year losses of up to 10 billion Belgian francs (DM 600 million).

To be sure, in the Eurofer negotiations, Frère and Charlier did not drive as hard a bargain as the Germans. If necessary, their losses are taken over by the state.

However, in the crisis atmosphere of the past few years, the friendly relations among the German steel bosses, who since time immemorial had been associated in steel cartels, have clearly been impaired.

All in all, the EC's excess capacity in the steel sector amounts to 40 million tons per year. This is the equivalent of the FRG's annual output. Under the heading: "Steel Market in Trouble," the Rheinisch Westfaelisches Institut fuer Wirtschaftsforschung (RWI) [Rhenish-Westphalian Institute for Economic Research] states: "At the beginning of the year, the situation in the international steel markets is characterized by a pronounced slump in demand, which intensifies the supply pressure present in numerous countries."

And presently there are no signs of imminent change. The OECD predicts that in 1981—following the 4-percent decline from 1979 to 1980—world output of crude steel will decline by 0.3 percent to 715.5 million tons. As regards the steel situation in the EC, the OECD takes an even dimmer view. According to the organization's estimates, the EC's output of crude steel will decline by 10 percent to 116 million tons. The crude steel output of the German steelmakers is likewise on the decline: from a high point of 53 million tons in the boom year of 1974, production dropped to 44 million tons in 1980; in 1981, output is expected to drop to 40 million tons.

To be sure, world steel consumption is still on the increase; but in the industrialized countries in particular, demand is stagnating. As to the reasons underlying this development, the RWI researchers point out that due to the high level of industrialization the demand for steel-intensive buildings and installations has been slowing down, while technical advances have reduced the amount of steel required per steel product. Consequently, the Essen researchers advocate trimming down the European production capacities, which—at an overall volume of 200 million tons—are decidedly too large.

According to a conservative RWI estimate, the capacity reduction should be as high as 20 million tons per year, but the RWI points out that "By 1983 the enterprises plan to curtail their output by no more than 3 million tons." Perhaps they are relying on the enfant terrible of the branch, the Baden-Baden steelmaker Korf, who predicts—the only steel producer to do so—a steel shortage in the coming years (see interview).

It is doubtful, however, whether European steel mills would benefit from a new steel boom. For by now the so-called threshold countries have firmly established themselves as steel producers. Although their output still is relatively low, their growth rates speak for themselves. Brazil, for example, last year increased its production by 10 percent. Venezuela even posted a 35-percent increase.

In the next few years, the installations of the Mexican Altos Hornos de Mexico Fundidora Monterrey and Sicartsa are to be expanded and modernized by means of investments totaling over $2.73 million. According to the state-owned Sidermex Holding Concern, another $6.55 billion will be invested in a new steel mill near Altamira, whose annual output is to exceed 6.6 million tons. Construction will begin in 1982.

South Korea, too, is attracting attention as a steelmaker. Already, the country is competing with Japan in Southeast Asia. With an overall capacity of 11.5 million tons, South Korea must still be considered a steel dwarf; however, production is likely to more than double within this decade. In regard to exports, a manager of the Pohan Iron and Steel Co., expressed himself in guarded, but unequivocal terms: "We are holding back. I feel that if we were really aggressive in the export sector, no steelmaker anywhere in the world would be able to compete with us in regard to prices."

In view of these market conditions, there is no doubt that the German steel sector soon will be looking to the politicians. Through their own efforts, the steel bosses will hardly be able to extricate themselves from the predicament: far too much have they been obstructing each other, poisoning the atmosphere.

Gienow gave the branch twofold cause for irritation. Firstly, along with the Italian Italsider, he made the first Eurofer system collapse. Secondly, there is good reason to assume that the unauthorized overproduction saved Gienow from great troubles. And since he uncompromisingly keeps pursuing his outsider's strategy, the steel producers, above all Thyssen boss Dieter Spethmann, are so angry at him that they are considering excluding Kloeckner from membership in the branch association, the Industrial Association of Iron and Steel Producers. A helpless rage, for the Kloeckner Works have suspended their membership since the summer of 1980, thus realizing membership fee savings of DM 4.5 million per year.

In one area, however, the German steel bosses are always in agreement; they are united whenever the objective is to obtain financial support. Since his predecessors failed--in 10 years of mismanagement--to forge three Dortmund plants into an efficient unit, Hoesch boss Rohwedder has been compelled to submit outrageously high demands to Bonn and Duesseldorf, in order to get his enterprise going again. Rohwedder figures he needs DM 2.4 billion to transform an inefficient plant into the "steel mill 1990"--the dream of Dortmund. Until then, however, at least 8,000 Hoesch workers will have to be fired. This means that Rohwedder will have to pay a minimum of DM 300 million in social contributions.

Mindful of the social-democratic electorate in the Ruhr region, the Federal Government and North Rhine-Westphalia will follow the pattern established for the Saar steel mills and offer credit guarantees good for billions so that Rohwedder will get from the banks the money he himself cannot earn.

Pithy statements are voiced in Bochum. In raising his demands for subsidies, the usually calm Krupp-Stahl boss Alfons Goedde becomes insistent. Since in foreign countries billions are invested in limping steel mills, "We can justly ask for the same treatment," Goedde states categorically.

And no one expects the state subsidies paid abroad to the lame ducks of the steel industry to be discontinued. Only Ian MacGregor, the head of British Steel, claims that beginning in 1982 he will again show a profit--after suffering losses of no less than £ 660 million (approximately DM 3.1 billion) in the past fiscal year and with an expected deficit of £ 320 million in 1981/82. Besides, British steel just received from the Exchequer £ 1.6 billion for the 1980/81 and 1981/82 fiscal years. And the British government is still cross with the EC Commission, since Brussels threatened to withhold £ 530 million of the subsidy, unless it was used for capacity cutbacks.

The Italian taxpayer, too, will have to keep answering for his country's steel industry. This year, the state-owned Italsider alone--which accounts for approximately 50 percent of Italy's steel output--will suffer losses in the amount of DM 2 billion. Moreover, a stabilization program will provide the state-owned steel mills with subsidies in the amount of DM 1.14 billion. The entire Italian steel industry, including the of late complaining Bresciani--the mini-steel mills in the Alps--receives a state subsidy of DM 340 for each ton of capacity curtailment.

In France, the situation has become even more complex on account of the election of the socialist Mitterand to the office of state president. At all events, it is assumed that the new government will be inclined toward resuming the subsidies for the French steel industry. Should the German Federal Government be prepared--in view of this situation abroad--to come around and--the empty coffers notwithstanding--grant financial support to the steel mills, one thing will not materialize: calm on the steel front. The demand for equal treatment will be raised again, because there are bound to be German steel managers who consider themselves at a disadvantage vis-a-vis their foreign competitors.

There is a chance that subsidies will be made available to the Germans as well. After all, there are precedents, even in the recent past: for the Max-Huette [Max Steel Works] in Bavaria's Oberpfalz [Upper Palatinate], Kloeckner received DM 70 million from the Federal Ministry for Research and Technology and from the Regional Development Fund of the State of Bavaria. Likewise, for its new metallurgical plant in the Georgsmarienhuette [Georgsmarien Steel Works], Kloeckner was granted a subsidy of DM 50 million.

Last month, the Federal Government raised by DM 210 million the guarantees for the Saar steel mills and recommended a subsidy of DM 170 million. Right away, Krupp-Stahl's head of operations, Otmar Guenther, opened up: "The Ruhr region is no less Germany than the Saar region or the Max-Huette." To encourage the politicians to come across with money, Krupp-Stahl boss Goedde combined his reorganization program--which originally was to result in the elimination of 5,000 jobs and which was jettisoned only on account of Iran's interest in Krupp--with the demand for state support: "If we are put on a par in regard to subsidies, the reorganization program will be shelved." In view of the states' empty coffers, however, such equal treatment must be considered a pious wish. It would cost the German Government DM 4 billion a year (see graph [not reproduced]).

It remains to be seen whether money alone can make the German steel industry happy. For so far the concerns have produced only modest results in their efforts to drop the sickly large-quantity steel sector. The attempts to gain a foothold in superior alloy steel production and in the processing and machine building sectors have not been successful everywhere. The DM 14 million of profit derived by the Thyssen Concern in the past fiscal year from its machine building subsidiary Thyssen Industrie (formerly Rheinstahl) show that the steel bosses have difficulty in finding alternatives to steel in diversification areas.

The position of the Hoesch Concern is even worse. In 1980, the Orenstein & Koppel AG, which with its excavators and building equipment had for years been yielding large profits for Hoesch (half-interest), suffered losses in the amount of DM 50 million. But Rohwedder wants to involve Hoesch still more closely and continue to invest in the machine building industry. According to Rohwedder, the excavator- and escalator-producing firm is to become more than a mere financial partnership; it is to be a "potential nucleus for an intensified commitment in the machine building industry."

INDUSTRIALIST VIEWS STEEL INDUSTRY, SUBSIDY

Duesseldorf WIRTSCHAFTSWOCHE in German 26 Jun 81 pp 42-43

[Interview with steel producer Willy Korf by Karl-Heinz Bueschemann, staff member of WIRTSCHAFTSWOCHE; date and place not specified: "Stop the Subsidies"]

[Text] [Question] Mr Korf, do you still feel good about being a steel producer?

[Answer] In Europe, you can no longer feel good about that. Especially when you have been running your enterprise in an optimal fashion for many years, when you have been reducing costs through technical progress and then have to face a situation where the market is completely destroyed by a number of steelmakers; mind you, not only through obsolete excess capacities, but because 70 percent of the European steel industry are either state-owned or subsidized by the state.

[Question] Are you suffering losses?

[Answer] In overall terms, the Korf-Stahl AG in 1980 realized a profit, even though steel production is now a losing business. But our steel losses are relative, that is to say they are lower per ton of output as compared to the other steelmakers.

[Question] Is the situation going to change in the foreseeable future? Do you still uphold the thesis that in 1983 there will be a great steel shortage?

[Answer] Now as before, I think that in the next few years--possibly as early as 1983--there will be great changes in the steel market, resulting from the colossal economic upswing expected in the United States. This will affect the entire Western World. Furthermore, according to the most conservative prognoses concerning the growth of the steel sector, e.g. the forecasts by the OECD and other institutions, world steel consumption during the 1980's will be increasing by 2.5 percent annually. This means that by 1990 global steel consumption will total 1 billion tons. Last year, consumption totaled approximately 720 million tons.

[Question] And the German and European steelmakers will get a piece of this?

[Answer] Insofar as they have modernized, the German and the European steel producers will benefit from this.

[Question] According to your estimate, Germany's steel capacity totals 50 million tons per year. Do we really need that much?

[Answer] I feel we should maintain these 50 million tons. After all, our own steel requirements are enormous. Moreover: In all of Europe, can anyone produce steel at lower cost? The sad thing is that in the other countries obsolete capacities are artificially kept alive, while in our country the steelmakers with their modern installations are fighting for survival.

[Question] But the Federal Republic, too, has desolate steel mills. Is not mismanagement one of the factors involved?

[Answer] Undoubtedly, a key factor is the inertia of the traditional steel industry, which has been too slow in making the necessary changes in regard to technology and location. The conventional steelmakers have been resisting technical progress for a long time. At first, none of them wanted to adopt the continuous-casting process or the direct-reduction process....

[Question] ...the process you use....

[Answer] ...something that has been passed over in silence. Also, we should have begun much sooner to consider producing steel for foreign markets in the country in question--e.g. in the United States--or transfering the production of semifinished goods to countries with inexpensive raw materials and/or energy. For this is now going to happen. But the course must be set while there still is time.

[Question] And is this happening--is the course being set?

[Answer] Here in Germany, such plans are nowhere in evidence. But probably this applies also to other European steel mills and the reason is obvious: no one has the funds needed for pursuing steel mill projects abroad.

[Question] Could the German steel industry really be helped by subsidies?

[Answer] Naturally, any amount of financial aid from the state would make the industry more competitive vis-a-vis the European competitors and thus improve the miserable profit situation. But I think it would be wrong to introduce here the subsidy mentality seen in the other countries. We are pressing for reduction of subsidies in the European Community.

[Question] You once said that reduction of subsidies in the EC can be attained only through political pressure. What kind of pressure do you have in mind?

[Answer] If I were the German Government, I would simply stop the payments to the EC treasury. As you know, we are its most important contributor. Arrangements among the EC countries to the effect that the subsidies will not be discontinued until 1985 are of no use to the German steel industry.

[Question] Still: Isn't it true that the subsidies in the neighboring countries are not likely to be discontinued before the end of this decade?

[Answer] If this is true, the private German steel industry will soon be extinct and many modern installations will have to be shut down, unless our government takes effective action against the subsidies.

[Question] Perhaps by means of compensatory tariffs?

[Answer] In my opinion, compensatory tariffs are foolish, for they are bound to provoke measures against the import of German industrial products to other EC countries, and this would be an additional burden for us.

[Question] What do you think of the solution advanced by Kloeckner, namely to coordinate the prices via joint sales agencies?

[Answer] In terms of free enterprise, this is regression; it eliminates the sales initiative and the marketing of the individual firms. Surely, it cannot be the aim of any enterprise to forgo the marketing of its products.

[Question] But if the Federal Government is to support the steel industry, why does the branch keep quarreling within its own ranks rather than confront the government in a united front?

[Answer] In the recent past, the main problem appears to have been the extremely complex Kloeckner case. And all the blame for the disaster was laid on this enterprise. This is not fair. Within the Eurofer system, there have been difficulties with other enterprises--e.g. Arbed and Cockerill--in regard to the establishment of quotas. Besides, the enterprises are very different. There is Thyssen--the biggest firm, which tends to engage in power politics. Then there is Salzgitter--a state-owned enterprise, which, as everyone knows, is safe from any kind of mishap. As far as Bonn is concerned: Obviously, the Ministry for Economics was surprised, when it was informed in January of the grave situation in the steel industry. As late as the fall of last year, the spokesmen of the Industrial Association of Iron and Steel Producers stated that there was no need for state support.

[Question] Mr Korf, do you think it is good policy to keep German steel mills alive through state subsidies?

[Answer] The question is in what form. Support should not be granted for bad technical solutions such as are proposed in some places. For then we would make the same mistake that we criticize in other EC countries. But don't forget that most of the German steel mills are modern and able--under normal conditions--to meet any competition in Europe. This includes most of the modern electric steel mills, all of which use the continuous-casting process; as single-purpose plants, they are especially efficient.

[Question] What will the steel mill of the future look like? Will it be big or small?

[Answer] I would say that in comparison with the traditional mammoth mills the trend is going toward smaller units--on account of the new technologies in the direct-reduction process and in electrometallurgy. The steel mill of the future will have a capacity of between 0.5 and 1.5 million tons per year.

8760
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MACHINE INDUSTRY INCREASES FOREIGN MARKET

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 8-9

[Article: "Warm Rain From Abroad"]

[Text] The branch is pessimistic. The German machine building industry takes a dim view of both present business conditions and business outlook. According to the latest business outlook poll conducted by Ifo [Institute for Economic Research], 30 percent of the machine builders regarded the present demand situation as "bad"; and 40 percent of the respondents stated they expected a business downturn in the coming months. No more than every 10th firm showed optimism in regard to the future. Only the export expectations voiced in the Ifo poll were in balance: optimists and pessimists each accounted for 20 percent. The remaining respondents expected no changes in the export trade.

However: The situation is better than the mood. No other branch of German industry shows such a big gap between official data and managerial assessment as does the machine building industry. The Ifo poll results are contradicted by the order production data obtained by the Federal Office for Statistics and evaluated by the Federal Bank:

--In the first 4 months of 1981, all previous production records were broken. During the period from November to April, the production level rose by over 10 percent.

--While the price increases remained moderate, the value of orders received within the last 6 months increased by one-third.

In view of this unexpected development, it is safe to assume that the prognosis made in the spring by the Association of German Machine and Installation Building Enterprises (VDMA)--to the effect that in 1981 production would decline by 4 percent--has now been invalidated by the flood of new orders. Above all, it was foreign demand that accounted for the high volume of orders received during the past few months.

By April, domestic sales had recovered from the slump, even though they did not rise as rapidly as the volume of foreign orders. As against April 1980, domestic orders in the machine building industry increased by an inflation-adjusted 15.6 percent. The (inflation-adjusted) increase in foreign orders was twice as great: 29.9 percent.

In interpreting the official production and order data, one must take into consideration two factors:

Firstly: In the opinion of many experts, this year's rearrangement of production statistics has resulted in an overly positive assessment of the production level.

Secondly: A number of large orders placed in April—apparently as a result of the devaluation of the Deutschmark--have made the demand situation of the FRG's largest branch of industry (annual turnover: DM 122 billion) look somewhat too favorable.

The warm rain from abroad has been hitting the branch unevenly. At present, construction machinery is in highest demand. In April, the volume of new orders increased by 218.5 percent, as compared to April 1980.

Orders of agricultural machinery and of machines for the food industry likewise have been showing a strong upward trend. On the other hand, foreign orders of machine tools, textile- and sewing-machines remain at a relatively low level. Metalworking machines are in least demand. In April, the volume of new orders received fell short by 11 percent of the level of the preceding year. This highly differentiated trend has been continuing for some time.

VDMA President Tyll Necker is confident that in 1981 the leading German export branch (foreign turnover in 1980: DM 63 billion) will be able to maintain the export surplus of DM 41 billion realized in the preceding year. As regards the domestic market, however, the association does not think there will be a great turnabout; it feels investments are lacking in what is frequently referred to as "robustness." However, the statistics concerning the age structure of the machine tools in use in German industry show that the need for investments is growing in the domestic market as well: 85 percent of the active machine units are older than 15 years.

Stock exchange observers take a positive view of the immediate prospects of the German machine building industry: the Commerzbank index shows that since the beginning of the year the machine industry shares have risen twice as high as the stock average.

8760
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OVERVIEW OF TRANSPORTATION INDUSTRY

Subsidized Railroad Consolidates Position

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 53-55

[First article of a special WIRTSCHAFTSWOCHE section on transportation]

> [Text] The FRG's transportation industry is marked by cost pressure, concentration and competition distorted by subsidies. Faced with these unfavorable conditions, the parties involved are pinning their hopes on cooperation. Supported by Bonn, the Federal Railway is consolidating its position.

The federal minister for transport, Volker Hauff, has no doubts: the FRG has at its disposal a "well-developed and extensive" network of transport routes that could be adapted--by means of a few modernization measures--to the requirements of the 1980's.

This statement by a politician reflects only one side of the medal. Money is at least equally important. And at present, money is scarce in Bonn. But this is no reason for Hauff to give up his objectives in the field of transportation policy, for they can be attained through "better utilization of what is available."

From the point of view of the government, this includes above all an "improved linkage" of the various transportation systems, which is to embrace "all carriers." The Federal Railway--which likewise is within Hauff's sphere of responsibility--is to "continue to play a key role," not least because it performs public functions imposed by law. In consequence of this, the deficit of the Federal Railway will be increasing this year--two price hikes notwithstanding--by 1 billion to DM 4.8 billion.

Aside from the railroad clients, the motor transport sector likewise is expected to give its mite. In the future, the president of the Federal Railway, Wolfgang Vaerst, wants to present a "more dynamic" image to Germany's forwarding agencies, in order to pull them out of what he feels is an excessive reliance on trucks. Through new financial incentives and overtures of peace, Vaerst hopes to obtain another 10 million tons of freight from the forwarding trade, which often calls itself "neutral in regard to means of transport": "If the forwarding trade makes greater use of us, we have no reason to advertise our services."

But precisely this is what the forwarding trade is increasingly critical of, for backed by the taxpayer and the capital market the railroad does not dodge any price war. Nevertheless, the vice president of the Federal Association of the Forwarding and Storage Trade (BSL), the Berlin forwarder Deodat von Eichstedt, proposed to Vaerst's superior, Hauff, to meet for "talks" on this subject, for in areas where the railroad is able to make price and service offers in line with real marked conditions, the BSL is quite willing to cooperate.

Thus the Kombiverkehr Deutsche Gesellschaft fuer kombinierten Gueterverkehr mbH & Co. [German Company for Combination Freight Transport With Limited Liability] originated from an initiative of the transportation industry. Under this system, Kombiverkehr buys from the railroad transport service in the form of complete trains and then sells these trains on its own account to the carriers. In 1978, no more than 178,500 shipments with a net weight of 2.5 million tons were shifted from road to rail transport by moving the truck freight containers to railroad cars; by 1979, the number of such shipments had increased to 239,000 with a total weight of 3.1 million tons, and by 1980, to 292,500 with a total weight of 4.6 million tons. The DM 1 billion Bonn wants to spend by 1985 on this part of piggyback transportation are a good investment; according to the plans, by 1985 18.5 million tons of freight will be taken off the highways within the piggyback network--i.e. the equivalent of 1.1 million truck trips.

Before the end of this year, another step in this direction will be taken, when the railroad puts in operation 200 new Talbot flatcars that can move entire trailer trucks--including both chassis and load. Then the piggyback transportation system can be used also by the smallest trucking firms, which so far have not been able to participate in combination transportation, since at the point of destination there had been no one to transfer the freight containers back to the trucks and to get the shipments to the customer.

However, considering the efficiency of integrated transportation systems, one should not lose sight of the volume relations in the FRG's transportation sector: of the 3,478 million tons of freight moved in 1980, 2,348 million tons were moved by short-haul motor transport, i.e. this freight was moved within a radius of 50 kilometers from the site of the carrier. As regards long-distance transportation, i.e. trips going beyond a radius of 50 kilometers, only 301 million tons were moved by motor transport; of this volume, 100 million tons were not accessible to the forwarding firms or to combination transportation, since they were moved by plant-owned vehicles.

In regard to long-distance freight transportation, the forwarding trade is forced to offer increasingly efficient transport linkages, since the costs are rapidly rising and because short-haul freight transportation is faced with increasing difficulties. In the view of the Federal Association of the German Long-Distance Transportation Industry (BDF), clogged roads in high-density population areas, restriction of the loading and unloading facilities, difficulties in regard to delivery and reception of the goods are problems for which no short-term solution is at hand. Consequently, in the short-haul transportation sector in particular, cost increases are likely, and if Bonn is agreeable, the prices can be expected to rise as well.

Confronted with price pressure on the part of the carriers, the forwarders will therefore demand more integrated transport linkages, but also development of freight distribution systems.

But this brings the motor transport sector up against considerable problems, for the enterprise structures are much too fragmented for such requirements; the enterprises, most of which are small, are lacking in financial capacity and they show little interest in investment or in inter-firm cooperation.

In response to this situation, a number of firms--especially those in need of specialized trucks--have resorted to transportation by plant-owned vehicles. At present, the market share of this type of transportation amounts to about 10 percent. Nevertheless, the growth rates have been declining in the last few years; according to the BDF, this indicates that transportation by plant-owned vehicles is not a matter of principle, but a consequence of a service gap on the part of the commercial long-distance forwarders.

High-capacity motor-transport firms have responded to this challenge. And it is these firms that the Federal Railway expects to supply additional contingents for combination transportation: by the year 2000, a piggyback volume of 23 million tons.

But this presupposes sizable investments. Under present market conditions, the price of a trailer truck with exchangeable freight containers exceeds by 40 percent that of a regular trailer truck, and on average two to three freight containers must be available per trailer truck. In the last 10 years, the number of vehicles equipped for combination transportation jobs has increased from approximately 3,000 to 34,000 trucks and trailers, for which approximately 40,000 exchangeable freight containers are available.

But it is the Federal Railway--more so than other carriers--that must invest. If it wants to gain control of and make profitable the combination transportation sector, it must see to it that not only the costs, but also the transportation schedules are acceptable to the forwarder. Already, the terminals in Hamburg, Stuttgart and Munich have reached the limits of their capacities, but due to numerous objections by adjoining firms they cannot be expanded. Moreover, the number of terminals should be increased. In a study on "alternative freight transportation systems," the Essen Krupp Research Institute arrived at the conclusion that between 50 and 60 freight transshipment centers would be needed in the FRG to optimize combination transportation.

But aside from transportation technology, the key problem is transportation-related information. In order to be able to make the appropriate arrangements in his enterprise and to derive operational advantages from the "alternative system," the recipient of a commodity shipment must know the exact time of arrival and availability.

According to a study by the Dornier System GmbH, psychological as well as legal and structural obstacles stand in the way of application of modern information and management techniques in the enterprises. The study shows that if such techniques were employed, the trucking trade could spare big cities such as Duesseldorf or Stuttgart the approximately 900 trucks that would become superfluous on account of

improved utilization of the remaining 5,000 trucks. In addition, it would be possible to save 1 million liters of fuel, to make available to the cities 120,000 square meters of parking space, i.e. space sufficient for 12,000 passenger cars, and to spare the population 120 tons of exhaust fumes.

However, in view of the deficits in the public and commercial coffers, this is unlikely to happen in the foreseeable future. Meanwhile the competition in the trucking business has become increasingly onerous to the small enterprises that due to the lack of cooperation partners are unable to participate in the Federal Railway's combination or piggyback transportation systems: all forwarders must bill their clients in accordance with the prescribed freight rates; they must not pass on to their customers, the carriers, the cost advantages resulting from combination transportation. This situation is bound to boost the investment capacity of the large-scale enterprises in the FRG.

Material Flow--Unemployed Capital

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 56-58

> [Text] Limited capital resources and high rates of interest on borrowed capital are forcing Germany's managers to search for methods of reducing capital investment. A possible solution: optimization of material management.

Tyll Necker has shocked German industry with a figure: in the estimate of the manager of the Bad Oldesloe Hako-Works GmbH and president of the Association of the German Machine and Installation Building Industry (VDMA), up to 50 percent of the balance-sheet total of FRG enterprises is tied up in material supplies. This capital inactivation between commodity entry and commodity outgo may amount to between 10 and 30 percent of the total production costs.

What the experts often erroneously call material flow is in many enterprises still characterized by long waiting and storage times. At a conference of the Stuttgart Fraunhofer Institute for Production Technology and Automation, Johannes Lienert, production planner of the Schweinfurt SKF Ball-Bearing Works GmbH, stated: "As a rule, waiting lines account for 80 to 90 percent of the throughput times." The strategy recommended by Lienert: reduction of the throughput times and systematic inventory control of raw materials and intermediate products.

In 1979, the VDMA found that in the member firms an average of 37 percent of the balance-sheet total were tied up in supplies; of these supplies, raw materials, auxiliary materials and fuel accounted for 31 percent, while unfinished goods accounted for 51 percent, and finished goods, for no more than 18 percent. The mere fact that finished and semifinished goods account for over 80 percent of the enterprise's supplies shows what savings can be effected by controlling and regulating the material flow. According to Tyll Necker, the fact that within the branch the stock turnover fluctuates between 5 and--as is the case in the automobile industry--20 times per year is attributable not to better planning, but to decisively superior organization.

In this respect, the automobile industry, which has to fend off the Japanese competition with its largely automated production installations and well-thought-out

processes, has gained a lead over other branches. Japanese enterprises control the material flow in such a degree that in production and assembly they can do without large material storage areas. Says SKF planner Lienert: "Anyone who saw in Japan the trucks crawl along the highways knows where Japan's supplies are." The subcontractors are instructed punctually--to the very minute--to deliver their parts to the predetermined point of destination and to comply even with short-term order changes. "In this regard, one must point out, however," says Gerd Cagol, partner in the Munich industrial consulting firm of Roland Berger and Partner GmbH, "that in Japan the subcontractors are closely tied to the clients; in regard to investment decisions, for example, they can fully rely on the purchase guarantee of the producer." However, individual subsystems of Japanese industry cannot simply be transferred to Germany. The manufacturers in the FRG are still far from optimal material management, especially since logistical aids are still underdeveloped. VDMA President Necker holds that in regard to the material and production processes the producers should place greater emphasis on the flow principle; he points out that aside from the linkage of production machines and the installation of automated buffers, this would call above all for electronic data processing and immediate cost calculation.

However, the highly integrated and cross-linked planning systems do not yet exist. In the last few years, the United States has by stages developed computer programs for production control; at the fourth stage--which has been introduced at the end of the 1960's--these programs integrate production programs into financial planning systems. This integration greatly influences cost accounting, which now not only provides information on past production, but also enables management to make projections regarding future performance, to plan and to influence costs.

As was demonstrated by the study of an automobile firm, which was carried out by the Stuttgart ITO Company for Industrial Technology and Organization mbH, the cost accounting figures concerning circulating stock in the production process frequently do not provide a sufficient basis for regulation and control. Consequently, the production departments of the enterprise--along with their production lines and intermediate supply centers--were integrated into control groups labeled in accordance with the respective type of production process--i.e. continuous or intermittent. Within the production control system, an organization unit for circulation control was established.

Undoubtedly, the greatest effect consisted in the heightening of awareness within the production apparatus, which was immediately reflected in the readiness to take stock-reducing measures. Finally, the newly established circulation targets were integrated by the purchasing department into its consumption-accounting system.

The fact that in spite of the approximately 10-percent increase in vehicle output the circulating stock in the production sector was reduced by 20 percent shows the importance of heightened awareness in regard to cost reduction. And this reduction was effected in spite of the fact that the control objects accounted for no more than 11 percent of the total circulating stock.

Small wonder that Tyll Necker urged his association members and German industry to adopt "as quickly as possible" highly integrated, but flexible material-flow and production systems. Necker advised the members to proceed by stages, i.e. in a way conducive to operational efficiency and to careful analysis of the overall problem;

backed by SKF's planning expert Lienert, he warned against giving in to the German tendency first to let the problems develop and then try to regain control of the situation through highly complex solutions. According to Lienert, "this is bound to result in a belly flop."

Tapping Reserves Through Logistics

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 60-62

[Interview with Hans P. Jansen, board chairman of Rhenania Gruppe, a Mannheim shipping and forwarding firm, by WIRTSCHAFTSWOCHE; date and place not specified]

[Text] [Question] In the discussion on transportation policy, logistics is rapidly becoming a buzzword and a panacea. Exactly what is logistics?

[Answer] Logistics is a goal-oriented management function that comprises the following aspects: planning, execution, and linkage of all instruments needed for an operation--with the object of producing the most favorable economic effect.

[Question] Concretely, what does this mean in practical operation?

[Answer] To give you an example: For transportation projects involving heavy loads, we may offer services--including all partial transports, transshipment from one carrier to another, customs clearance, insurance and collection--drawing in part on our own production facilities. But we may also take over--for one or several producers--the entire storage, commission sale and distribution of the products. The goods come to us directly from the production line, and we inform the producers of the stock fluctuations so that they can adjust their production process accordingly.

[Question] But most of the producers have their own capacities regarding storage, personnel and transportation...

[Answer] Not necessarily. Every manufacturer must constantly ask himself the question whether what he is doing is directly related to his economic objective and whether he should do it himself or buy it in the form of service.

[Question] The way you define it, the function of the forwarder implies a strong reciprocal link: you must make a specialized investment and in the process of collection you gain insight into the customer files and the financial situation of your clients.

[Answer] Admittedly, there arises a dependence on the supplier of logistical services; consequently, the manufacturer scrutinizes the firm he does business with--whether it is financially sound and efficient.

[Question] What do your clients get out of it?

[Answer] First of all, the savings in their own shipping departments, vehicle fleets, storage capacities, and so on. Another positive factor is the greater flexibility we offer, for in periods of peak activity, we can deploy our warehouse personnel much more flexibly than can the manufacturer. Moreover, consider the

notorious capital shortage in German enterprises: they need not strain their financial resources by investing in distribution. At a time of high interest rates and pronounced market fluctuations, quick and precise communication between production and distribution is enormously important; it is an integral part of effective logistical services.

[Question] Do you encounter problems with customers competing with each other?

[Answer] Today the big customers are no longer so touchy in regard to utilization of a shared infrastructure. The battle is won on the shelves of the retail trade; the bullets must not be wasted at the distribution stage.

[Question] And so it may happen that spare parts and--if there is sufficient space--mixed cargo or soup cubes travel cheek by jowl across the country?

[Answer] If it makes sense, why not? The point is that we as the logistics specialist can accomplish more and do so more economically than the enterprises with their inter-plant transportation. Even with our big customers, we have achieved only a small part of what would be attainable upon consistent application of logistical expertise.

[Question] In order to free the commodity flow from unnecessary costs and superfluous stock-keeping, don't you need a system of commodity-flow information allowing--on the stroke of time--adjustment of the material supplies on hand?

[Answer] We have installed such a system in one of our offices, and a few of our competitors likewise have such a system. But we have not progressed past the developmental stage. On the company level, there are a few interesting initiatives, but as yet there's nothing really convincing. As regards projects involving inter-firm cooperation, nothing is being done, and it is unlikely that much progress will be made in the next few years. There is no doubt that in operational and economic terms such a system could tap considerable rationalization reserves, especially if it is possible to integrate into such a system all logistical processes.

[Question] It appears that logistical services such as are offered by you can be financed and handled only by large-scale enterprises or by cooperation-oriented associations. Doesn't this mean that the many small and medium-size enterprises in the forwarding trade are doomed?

[Answer] I will tell you who is really in danger: the medium-size enterprises that are too small to bear their overheads and too big to be run as family enterprises. These enterprises are dependent on other factors such as location, clientele, etc. and they are increasingly in danger of being taken over or going bankrupt.

[Question] Wouldn't it be advantageous to these enterprises to cooperate with other firms or to expand their operations?

[Answer] That would be so, but it is not happening.

[Question] If your policy of offering logistical services succeeds, with the supplementary services--apart from the transportation job proper--becoming more and more important, how do you determine the prices?

[Answer] In offering my service packages, I must operate—wherever possible—on the basis of the rates prescribed by the law introduced in the 1930's for the protection of the railroad. If I had my way, I would abolish all rates and introduce free price calculation in the transportation markets.

[Question] Does genuine competition between the individual carriers exist at all?

[Answer] Yes, it exists, even if it is not always as free as we would like. I advocate a higher degree of liberalization.

[Question] Could the Federal Railway survive the liberalization?

[Answer] Certainly, one merely has to allow the Federal Railway to become a profitable enterprise.

[Question] Are the vaunted combination transportation systems and integrated transportation linkages a realistic step toward that goal?

[Answer] Yes, of course. To the extent that this is good economic policy, I and many others in our branch completely agree to the proposition that we should not rumble by truck from Hamburg to Munich. And we do refrain from doing that, whenever the Federal Railway is able with its services to offer an alternative. And we would use the railroad to an even greater extent, if it were worthwhile for us and our customers.

[Question] But can competition as such be a goal? Isn't the efficient serviceability of the structures equally important? And in spite of the regulated market and the subsidized railroad, isn't this efficient serviceability a fact?

[Answer] The efficient serviceability is declining. Protection of the railroad should not be abandoned; rather, it should be optimized. If this is not done, the Federal Railway will become a time fuse in the state budgets. The Federal Railway is entitled to some degree of protection; nevertheless, it should be run with optimal operational efficiency. Anything else would be economic nonsense. What is lacking in our transportation policy is a comprehensive concept outlining for the three transportation systems—rail, water, road—an economically sensible division of labor within the framework of a system of competition.

Lufthansa Wants More Cargo

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[Text] The strong interest shown by the Deutsche Lufthansa AG [Lufthansa German Airlines, Inc.] for the troubled Hamburg forwarding firm of Kuehne & Nagel alarmed the 116 German air freight forwarders for good reason: this month, the state-owned Lufthansa will try--in collaboration with Schenker & Co. GmbH, a subsidiary of the Federal Railway, and with the blessing of the Federal Ministry for Transport--to do without the Iata agents in transport transactions with England and to set up genuine door-to-door service. The air carriers used to restrict themselves to flying the freight prepared for them as mixed cargo or consignments by the forwarders. But this is no longer enough for them.

The air-freight companies are under increasing pressure. According to Bernhard Kalz, managing director of the Federal Association of the Forwarding and Storage Trade (BSL), they are buying bigger and bigger aircraft, offering greater and greater freight capacities that can hardly be filled, least of all in the European transport business.

However, Lufthansa has long been regarding its present and future excess capacities as symptomatic of its Iata agents' inability to produce the necessary freight volume. Consequently, the airline tried independently to deal with the freight-generating enterprises.

The first attempt was made 2 years ago through a contract-rate system designed to favor the exporter. The BSL intervened, however: Via the licensing agency, the Federal Ministry for Transport, it succeeded in revalidating the arrangement concerning mixed cargo, which Lufthansa had wanted to exclude. The objective was to collect directly from the customer.

But the exporters were slow in responding to the new system, and of the approximately 23,000 tons of freight moved on a contract basis, approximately 19,000 tons again were transported by the forwarders. According to the BSL, of the DM 913.5 million worth of Iata shipments, 98 percent were moved by the forwarding firms, among which Kuehne & Nagel (DM 109 million) is the leading air-freight shipper, with Schenker (DM 105 million) following in second place.

Meanwhile, the air-freight business and thus Lufthansa have been subjected to pressure by another party. Via Great Britain, an express-freight enterprise from Australia had reached the European market; identified by its yellow trucks and the name of IPEC, this enterprise is regarded as the yellow peril by the air-freight business: in Australia, Gordon Barton and several partners had established an express-freight system, which under the name of International Parcel Express Company had proved very profitable in the 25 years of its existence. In 1979, Barton brought the idea to Europe, where he has since been buying up forwarding firms; in Germany, for example, he bought the Emmerich Spetra Forwarding and Transport Co. GmbH.

Under the name of IPEC, Barton--following the Australian pattern--set up his express service, which presently operates--with 50 branch offices and a staff of 1,200--in the most important European countries; at fixed prices, the service offers 24- or 48-hour door-to-door service. With 70 long-distance trailer trucks and 200 short-haul trucks, IPEC transports, clears through the customs and distributes the goods. In 1980, its turnover totaled DM 120 million; in 1981, turnover is expected to reach DM 200 million.

Rainer Lenzer, IPEC's marketing manager, can readily identify the reasons underlying the success: Whereas IPEC carries out its jobs independently, an air-freight transaction is handled by many parties. The result: The air-freight consignment--while moving fast in the air--loses time on the ground. Whereas IPEC proffers 24-hour door-to-door service, Lufthansa takes 3 to 4 days.

The forwarders are fully aware of these disadvantages. Thus head forwarder Kalz calls for "speeding up the commodity transit through the customs and at the airports." Kalz fears, however, that even the current talks with the BSL will not

dissuade Lufthansa from its plan to assume control of door-to-door transport. Says Kalz: "We regret this, for we believe that this is not to Lufthansa's advantage."

But the course is clear. Joachim Vedder, head of Lufthansa's freight sales department, advised the forwarders and exporters of a new, fundamentally different distribution of functions. In his view, by the year 2000 all parties will try to obtain more control of the transport chain. Vedder predicts that the forwarders will establish their own airlines or become airline partners. The pioneer in this field is an American, Wayne M. Hoffman, who as chairman of the Californian forwarding firm of Tiger International is the pike in the fish-pond of the American forwarding trade.

For 2 years, Wayne Hoffman has been building his empire around Flying Tiger: By acquiring Seaboard World Airlines, he gained access to the European business, and Tiger has become the world's biggest air-freight forwarder. Taking advantage of the wave of liberalization and deregulation in the United States, Hoffman established new subsidiaries in the United States. Acquiring three trucking firms at the price of $125 million, Hoffman gained access to the surface-freight business and Tiger has since become the tenth-largest "trucker" in the United States.

From this foundation, Hoffman--aiming to develop a door-to-door transportation system--entered the combination transportation sector: ex-railroad man Hoffman had the Bi-Modal Corporation equipped--at a cost of $10 million--his trailer rigs with an additional axle adaptable to rail-transport. For rail-transport, the "road railer" simply retracts its road axles and extends the rail axles. Thus there emerge complete trains, which--drawn by a single locomotive--cover thousands of kilometers without any trucks.

Wayne's success above the clouds is evident from the bare figures: in spite of the presently difficult situation in the air-freight business--in which sector the enterprise in 1980 showed a turnover of $713 million, suffering losses--after marginal profits in the preceding year--of $9.6 million--Flying Tiger was able to increase its transport volume by 25 percent to 2.45 billion ton-kilometers, thus making good the deficit.

Lufthansa is still far from such dimensions. In 1980, the airline flew 1.5 million ton-kilometers. Nevertheless, Vedder predicts that--provided growth remains steady--by the year 2000 Lufthansa's freight volume will have increased from 0.4 million to 2.55 million tons.

In terms of present standards, this means that in the year 2000 the airline, which presently operates 2 Jumbo cargo planes, will be flying 16 planes of this type--provided Lufthansa succeeds by that time to solve the problems concerning door-to-door service.

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TECHNOLOGY HELD BACK BY RULING ON PRIVATE TV

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Jul 81 pp 18-20

[Article: "Cudgel Out of the Bag"]

[Text] The Karlsruhe verdict did not restore calm on the media front. Since the Ministry for Post and Telecommunications pushes for expansion of the cable TV networks, the technical foundations for private television broadcasting are improved as well.

At the government press conference, government spokesman Kurt Becker took a positive view of the Cabinet's discussion of media policy: "Very soon, things came to a good end."

"To a good end--perhaps," commented a Free Democratic Cabinet member; "The question is for whom." For in spite of the Chancellor's warnings against the dangers of an overly stimulating TV flood in private living rooms, there is no end to the technological advances.

And this is very much in the interest of Federal Economics Minister Otto Count Lambsdorff, who expects cable TV to create tens of thousands of new jobs. This is reflected in the statements of the FDP's secretary general, Guenter Verheugen, who accused not only the Union, but also the SPD, the FDP's coalition partner, of reducing--"under paltry pretext"--the media discussion to pseudoalternatives.

Consequently, Wilhelm Noebel, deputy chairman of the SPD's study group for problems concerning domestic policy, may have been mistaken last week, when he stated--in response to the ruling of the Karlsruhe Constitutional Court on Saarland's broadcasting law: "This verdict restores calm on the media front. The main points of the criticism leveled against the system established under public law have been nipped in the bud."

It is more than doubtful whether this is a correct reading of the Karlsruhe verdict's effect, for the FDP, the coalition partner, is singing a different tune. Verheugen stated: "Careful utilization of new technologies can serve sensibly to complement the present, indispensable broadcasting system."

The CDU/CSU criticism from the federal states sounds like a musical accompaniment produced by people who actually have superior information, but who--putting their faith in technological progress--want once again to confront the political opponent.

Said Baden-Wuerttemberg's minister president, Lothar Spaeth: The Federal Government should give up its strategy of refusal and "finally come forward from its negativist position."

However, the Federal Government need not come forward, for matters are progressing by themselves: the universal adoption of the video display terminal and of the glass fiber for integrated wide-band transmission had already been approved by the Federal Postal Service and the Postal Administrative Council.

The only new aspect is that the Postal Service intends--as the minister for post and telecommunications, Gscheidle, told the Cabinet--to proceed as planned and continue--in its capacity as network operator--to develop the cable pilot projects. And from the Federal Ministry for Post and Telecommunications, there came the satisfied comment: "Reading the Cabinet minutes, one learns that the Cabinet fully supports our position."

This means: For the time being, the media policy-related questions--i.e. who may use these new cables and what cable programs will be allowed to be broadcast to the private viewer--have been set apart from the technological problems. Ultimately, however, the situation resembles that of the superhighways: once they are built, everyone will use them.

Naturally, the Federal Chancellor's Office, too, is aware of this: until the last moment, Albrecht Mueller, head of the planning department, did his utmost to prevent this development. Thus Becker's comments on the media discussion in the Cabinet sounded like rear guard skirmishes: "The integrated wide-band glass fiber telecommunications network is not introduced for the purpose of expanding and improving the radio and TV network." Becker also denied that the SPD had made any concessions to the FDP in regard to cable TV. For the rest, he urged the states--which by virtue of their broadcasting sovereignty are in charge of the programming--"to try to maintain a uniform structure." In other words, the SPD minister presidents are to prevent the Union heads of state from promoting too vigorously the private cable projects and programs.

To be sure, commenting on satellite TV, Becker once more produced the big stick: "In view of the shortage of frequencies, the Federal Postal Service will not hesitate--in the event of utilization by satellite TV from neighboring countries--to use these frequencies for its own terrestrial installations," which statement gave rise to the question whether the Germans intended to set up jamming transmitters. But Becker, too, knows very well that nothing can be done in this respect. For any jamming--e.g. a jamming of Radio-Télévision-Luxembourg (RTL)--will also affect the adjoining frequencies of Austria and the FRG and would be identifiable as such--thus calling forth action pursuant to international law.

Moreover, concern is voiced also by the private industrial sector, which fears that on account of the Federal Postal Service's licensing procedure in accordance with Article 49a of the Telecommunications Regulations it may lose out on the profits to be expected in the cable TV business. At present, however, the order books are well filled, and in the long term, private industry is bound to reach an agreement with the Ministry for Post and Telecommunications, since--as is indicated by its present quandary in regard to telephone service--the ministry will not be able on its own resources to handle the introduction of cable TV.

In view of this development, Helmut Schmidt appears to have given up. Said Becker: "The Chancellor can freely comment on problems that arouse his concern in connection with an increased availability of television; however, in view of the jurisdictional limits imposed by the constitution, he is not in a position to take any action."

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INTERVIEW ON FRANCO-GERMAN ANTISHIP MISSILE PROGRAM

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 Jul 81 p 19

[Text] Questions for Mr Michel Allier, director of the tactical devices department Aerospatiale: "Whenever we can, we try, in a preferential manner, to conduct programs with our MBB partner."

AMI-The antiship supersonic missile program, ANS, has just been started by two manufacturers: Aerospatiale and MBB. Why drop the three-party ASSM (Antiship Supersonic Missle) program in which Great Britain, the FRG and France were associated, in favor of a bilateral program?

Michel Allier-Actually this Franco-German program depends on bases different from those which had been envisaged for the ASSM program. I shall point out that the latter was an official program, designed by the GIE ASEM, which we had created in response to a Memorandum of Understanding stipulating both the specifications for a missile planned for the NATO countries and, in other respects, the commitments of the government, and particularly the English, German and French governments regarding their financial support for this program. But it had to be admitted that in two of the countries at least, the necessary financing for the normal progress of the project was missing.

Faced with this situation, we therefore decided to put an end to the program of both the GIE and the ASEM.

[Question] What was, in fact, the motivating factor for starting up the ANS?

[Answer] Where Aerospatiale was concerned,we therefore thoroughly examined our position on the world market and our long-term prospects. The conclusion was that it was absolutely necessary for us, as the supplier of a certain number of navies, to be capable of offering them the product that they might be needing towards the end of the 1980's (broadly supersonic missiles, Mach 2 or more and capable of very high load factors, 10g). Besides, we likewise found out that, by means of the programs that we are currently developing for the French government, we has the necessary technologies for carrying our such a program.

Therefore we have decided, and have done so at a strictly industrial level, to begin the first phase of predevelopment of a system quite capable of responding to the specifications that had been given by the different navies in the NATO group.

[Question] The ASSM was dropped because fo a lack of financing. How does it happen that the ANS can be carried out solely on the basis of a bilateral agreement, and yet be equally ambitious?

[Answer] You know that when several countries participate in a program, work has to be found for everybody. And with this political constraint there are cases in which the best available experience is not used: sometimes new developments have to be done simply because it is a matter of an internaional project. And in the case at hand, it turns out that Aerospatiale and MBB each have all of the necessary techniques to develop this new program. Thus we are going to be able to reduce its development cost considerably, regardless of the fact that a program done under single supervisory arrangement in a company (I remind you that Aerospatiale will be responsible for the supervisory arrangement in the framework of this program) is cheaper.

[Question] In that case, why didn't Aerospatiale go into it by itself?

[Answer] The technical and economic considerations, which are extremely important, were in line with one of the strategic principles of our company, i.e. whenever possible we try to carry out, in a preferential manner, programs with our partner, MBB. Aerospatiale is, moreover, linked with that company in the range of activities in which it is involved. Now for years MBB has, with official German financial support, been involved in studies having to do with a statoreactor using boron fuel. A system which, beyond the kerosene statoreactor which we have earmarked for our first development phase, would provide the advantage of being able to reach a given range with a missile about 50 centimeters shorter. No small advantage, when it is a matter of airborne loads. So we had good reasons for choosing this cooperation. But this should not be viewed as a wish to put off the British.

[Question] Why have cooperation outside of the Euromissile framework?

[Answer] If this grouping made it possible to manage the commercial interests of Aerospatiale and MBB effectively, its structures always involve having joint decisions in time, which, of course, has some fall-out on the duration of development. The formula entailed is similar to that which was implemented for the "Alpha Jet" program: i.e. there was a single supervisory arrangement, the other partner being an associate with a full share and not simply a subcontractor.

[Question] What is the cost of the ANS program?

[Answer] The cost of developing the ASSM was in the neighborhood of 2.5 billion francs. That of the ANS ought to be around a billion francs.

[Question] Do you already have the exact objectives in market terms?

[Answer] We have, of course, done some marketing studies. And we think that the market which should remain open to us (especially the one which includes countries sufficiently close to France or sufficiently linked with it politically) is broad enough to justify this investment. This market should, in fact, be about the same as that of the "Exocet."

[Question] So the ANS was started up on the sole basis of the initiative of the manufacturers. Do you think that there will be a governmental financial bridge and particularly that of France?

[Answer] We plan on developing this new missile in 8 years. We, of course, hope that there will be a governmental financial bridge, but we are determined to go all the way without letting ourselves be stopped by delays to create agreements and official funding.

[Question] Traditionally the "tactical devices" division has greatly contributed to the balancing of the results of Aerospatiale. Will the programs under way insure the duration of this situation, and under what conditions?

In this area there are two types of conditions: those which are attached directly to our company's strategy, and those which depend on the market.

Where Aerospatiale is concerned, the leadership of the company is well aware that to have available a business for "tactical devices" which could contribute to the financial equilibrium of a company, the division which is developing this system must be allowed to reinvest a part of its profits in the development of new products. We are, furthermore, proceeding, at the division level, with surveys (in the fields of propulsion, structures using new materials, and the approach system) which should enable us to remain in the head squad on the worldwide level in this lookout station.

As for the market, I will say that to keep our place among the leaders of space companies, we have to keep a worldwide dimension. This is a constraint which the new government has understood perfectly. And I think it is quite possible to reconcile this need and a government's wish, which seems quite normal to me, to continue to exercise close control in the political area over our exports.

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GOVERNMENT SAID TO CONCEAL STATE ECONOMIC DATA

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 28, 9 Jul 81 pp 59-60

/Article by Pavlos Klavdianos: "Various Estimates Raise to Very High Levels the Current Year Deficit"/

/Text/ At this moment the progress in the implementation of the regular and the general state budget is unknown. Half the year is gone yet the government has not announced any information.

This fact--whose intention is evident and raises valid questions--makes difficult any specific estimate or prediction for 1981--for a year, that is, of greater interest than ever before because of economic conjuncture but also because it is an election year.

It appears, however, that it is exactly this fact that "is disturbing" the government which has virtually imposed an embargo on the flow of information to the public as well as to the appropriate services which follow and use such information.

Yet on the basis of the 1980 attainments--which too are not yet completed--and other data which compose the picture of economy at this moment, it is possible to express some opinions, which, however, are tragically pessimistic and indicative of the fiscal management for 1981.

On the basis of these knowns, then, it could be easily said--and many do say so--that the cash deficit of the regular budget could reach this year 60 or more than 70 billion drachmas. This means that, on the basis of the experience in previous years, for the first half of 1981 this deficit more than surpassed 30 billion drachmas.

According to the data in the report of the Bank of Greece governor for 1980, the cash deficit of the regular budget reached 22.5 billion drachmas in 1980 compared to a surplus of 6.2 billion drachmas in 1979. The picture would be clearer if we added these two figures because 1980 with the deficit of 22.5 billion drachmas actually started off with a positive transfer of 6.2 billion drachmas from 1979. The true /1980/ figure then would be /about/ 29 billion drachmas.

The negative development of the 1980 deficit is due to the low yield in certain tax areas and the additional costs. As the report specifically states on page

111 "the decline in secondary production [industry, electric power, etc.]; the decrease in private consumption and more particularly in the demand for automobiles and other heavy duty goods imported from abroad; and, finally, the slackening in general transactions have adversely affected the yield of indirect taxes. At the same time, the budget covered a deficit of 9,400 million dollars for the 1979 consumption goods account as well as additional costs caused by the increase in fuel prices and interest rates in the international market as well as by the increase in the price of foreign currencies."

These very causes are also present in the implementation of the 1981 budget. As a matter of fact, some factors such as the dollar price increase, the increase in international interest rates, the cost increases, et al, are this year more apparent. Such is the picture of this extremely unfavorable development.

Indirect Taxes

In this respect the overestimation of the regular budget revenues especially from indirect taxes is a very important culprit. According to the cover report attached to the 1981 budget, the indirect taxes are estimated at 280.7 billion drachmas--a figure which is totally unreal because of the inflation now plaguing the Greek economy and because, by all appearances, of tax evasions.

The 1980 revenues from indirect taxes appear also considerably reduced. According to the Bank of Greece report they will reach 221.5 billion drachmas. They were estimated at 227.3 billion while the 1980 budget cover report predicted 242 billion drachmas. There was, that is, an increase of 7.3 percent compared to 22.7 percent in 1979. These new facts for 1980 mean that the 1981 increase in revenues from indirect taxes must reach 29.9 percent (and not 23.5 percent as the cover report states) in order to achieve the target of 280.7 billion drachmas.

But for a year like 1981 which qualitatively does not differ at all from 1980 (inflation, tax evasion, etc.) we must consider as improbable the possibility of a 29.9 percent increase in indirect taxes compared to 7.3 percent in 1980. Some figure between 10-15 percent should be considered as a reasonable increase for 1981.

Tax Evasion

With regard to tax evasion and the available machinery for its arrest at a time of recession and drop in business, it is reasonable to expect its increase because a "recourse" to it will be the first step businessmen will take in order to compensate for their reduced profits.

As concerns the other important source of revenue, the direct taxes, the target of 127.5 billion the 1981 budget cover report predicts will also fall short. This target corresponds to an increase of 20 percent compared to 29.5 percent in the 1980 budget whose target also was not fully achieved. A total of 104.5 billion drachmas was collected against the 106.6 million the budget cover report predicted. To a large extent this year's lag is due to the new tax accommodations.

With regard to expenditures things until now appear more encouraging. Their inelasticity is pointed out in the budget cover report also and is becoming worse by the "elections" factor and by the policy of the "preelection handouts." It would not at all be unsound if some percentage units were estimated as a cost overrun in this sector.

Dollar Price Increase

Another cost category will surely be the one to result from the continuous upvaluation of the dollar. This factor was much milder in 1980. We mention, indicatively, that if the estimates for the 1981 budget were made on a parity of 46 drachmas per dollar the cost overrun will be exceedingly greater if, on the basis of the present givens, an average parity of at least 55 drachmas is considered. The dollar price increase as well as the increase in the international interest rates should cause a cost overrun in servicing the public debt of perhaps more than 10 billion drachmas. But a burden [on the budget] will also be caused by the purchase of oil (dollar upvaluation). Under the assumption that the fuel prices will not increase until the elections, one may assume that not only will the 8 billion drachmas not be saved as the budget predicts but on the contrary it is possible that this amount may cause a surcharge burden (unless, of course, the government unsoundly chooses to decrease the reserve funds).

In addition to the above, we should also mention the budget provision for an increase by 3 percent (1980: 1.6 percent) of the gross domestic product or 23 percent in current prices of the gross national income for 1981. Today, even most of the optimists do not exceed their predictions even by 1 percent and this constitutes an important element in the discussion concerning 1981 budget targets.

We think that what has been said thus far contradicts to a great extent the basic assumptions on which the predictions concerning the revenues of the regular budget were based (page 114)--tax yield, tax evasion, tax incomes, increase in the national income, etc.--as well as the expenditure targets. At that time such result could be hoped for. Today, however, such a thought is antiquated.

A partial refutation of our syllogisms would not of course cause us any disappointment since the weakness of their strict "percentaging" is not of our making and this naturally increases our right for errors. It is the government itself that keeps closely guarded the figures perhaps to avoid a revelation of its doings before the coming critical elections.

A 1981 deficit of 60 billion drachmas in the state budget which is predicted fiscally as balanced indicates among other things a major political problem. Actually it concerns a fiscal management for 1981 which in practice transposes expenditures to the 1982 management. This is but one more negative given for the present government this year.

In a similar way one can explain the [government] tactic of concealing other information which would reveal a different and unflattering picture of the real situation. This too is one of the unlimited recourses the Greek reality--the government in this case--takes to the reserves of its underdevelopment.

It is characteristic that with regard to the sector we are discussing--the fiscal--the data most recently published refer to September 1980. But, according to regulations, the General State Accounting Office should have published by now the May data on the monthly progress of the 1982 budget. /Why is this secret/ kept from the citizens and even the appropriate authorities? Nor is the final report for fiscal 1980 yet known. We were told that this report will be made available to us when the 1981 budget is submitted! Yet, the Bank of Greece has no difficulty in predicting that the 1980 budget will close balanced at 360 billion drachmas (not at 368 billion estimated by the budget cover report). This prediction is made despite the cash deficit of 22.5 million drachmas on 31 December 1980. Until then, that is, we must accept the theoretical possibility that these 22.5 billion drachmas will be balanced through the extension of the 1980 fiscal year into 1981. (As is known, the state budget cash results are different from the fiscal budget data the reason being that the first derive from the activity of the state accounts in the Central Bank during the calendar year. While the second include the extension into 1981 also. For the expenditures this extension ends on 30 April and for the receipts on 28 February. Also, we will have to accept the possibility--small theoretical possibility--that of the two successive budgets one will show a cash surplus of 6.2 billion drachmas and the other a cash deficit of 22.5 billion drachmas.

Bank of Greece Comprehensive Report

Beyond this, taking recourse in other related sources for relevant data would be extremely difficult. One step would be to follow the comprehensive report the Bank of Greece publishes at the end of each month and which includes the state's transactions. The relevant account--receipts and payments--which credits the temporary grants to the state for the implementation of the annual regular budget shows a normal flexibility each month and a debit balance--state borrowings, that is--around 2.3 billion drachmas and always less than the sum of 2.5 billion drachmas allowed by the Monetary Committee. Such procedure does not reveal anything excessive in the implementation of the budget. By contrast, the account "Financing the Procurement of Consumer Goods" which shows the bank's loans and credits to the state for the procurement of oil and other consumer goods as well as for collecting farm products, shows an excessive increase from month to month: January 1981: 115.4 billion drachmas; February 1981: 123.3 billion; March 1981: 135.8 billion; April 1981: 154.4 billion drachmas (April 1980: 63.8 billion)--an increase which cannot be justified only by the increased stockpiling of oil.

The credit expansion also may be considered as another source. But in this case too no data exist on the development of the critical volume in 1981. One wonders, moreover, why no response at all was given--unless we failed to notice it--to the disconcerting overrun of 100 billion drachmas beyond the allowed monetary expansion as NAVTERGATIKI has reported. To insist the reader get an idea of this volume, we mention that in 1980 the financing of the private sector and of the public enterprises and organizations (excluding the central administration) increased by 191.6 billion drachmas or 24.1 percent.

Even though the figure of 100 billion drachmas does not seem to be absolutely sound compared to the private sector at least, yet it is characteristic and--since it concerns the public sector--perhaps supports our conclusion about the large cash

deficits--which are covered by the Bank of Greece--occurring during the implementation of the 1981 budget. If such is the case, then the question arises: How is a deficit of over 60 billion drachmas met? Naturally it can't be done easily. Expenditures may be curtailed, taxes and special contributions may be imposed, but can a government have recourse to the Central Bank and invoke its issue privilege?

The question about people knowing always but especially now before the elections what actually takes place in the Greek economy is a matter exceedingly political.

7520
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BERLIN'S CDU SENAT BACKED BY FDP, CHALLENGED BY SPD

Bonn DIE WELT in German 17 Jul 81 p 4

/Report by Axel Schuetzsack, Berlin/

/Text/ In the course of yesterday's discussion by the Berlin Assembly of Richard von Weizsaecker's government declaration, Horst Vetter, chairman of the FDP fraction, stated that the majority of FDP fraction members would approve the policies of the new Senat. Hans-Jochen Vogel, chairman of the SPD fraction, explained that the party's rejection of the government motion did not signify a "basic no vote on all political statements and intentions of the Senat." The fraction of the Alternative List disapproved the entire government program and sharply attacked the CDU Senat.

Vetter justified the approval of the government declaration by a majority of the FDP fraction. He said that the fraction could have made possible the enactment of the government motion "simply by the members absence." He, however, had preferred "to make the political horsetrading quite obvious."

Vetter assured the Senat of his party's support with respect to financial and economic policies. The FDP also gave its complete assent to the government's aim of speeding up the improvement of housing conditions in older buildings by various maintenance measures.

In his critique of von Weizsaecker's government declaration Vogel questioned the Senat's credibility. In this connection he sharply attacked Interior Senator Heinrich Lummer. He described it as a "monstrous accusation" for Lummer to claim that the SPD did not clearly proclaim its allegiance to the constitutional state. If that accusation were not repudiated, relations between the Social Democratic fraction and the Senat would be subjected to "severe strains."

The SPD fraction chairman promised the Senat the support of the Social Democrats, provided the Senat would resolutely confront any use of violence. However, he warned the government not to have buildings cleared without prior careful evaluation if it did not have a legal obligation to do so.

As for the Social Democrats relations with the Alternative List (AL), Vogel stated that the SPD, "God knows," did not like everything said and done there. Nevertheless he considered it an opportunity for the protest potential of AL voters to have a voice in the assembly. The "process of AL parliamentarization" should therefore not be subjected to undue hardship.

AL deputy Micha Wendt called for "extraparliamentary resistance" to make sure that the CDU's government concept should fail.

WEST BERLIN ASSEMBLY VOTES ON CITY POLICIES

West Berlin DER TAGESSPIEGEL in German 17 Jul 81 pp 1, 7

/Text/ Yesterday's discussion in the assembly lasted until well into the night. The debate concerned the government declaration submitted by Governing Mayor von Weizsaecker on 2 July. In his capacity as SPD spokesman fraction chairman Vogel described the outlines of the CDU minority Senat as "contradictory, unclear and incomplete." At the same time Vogel expressed the opposition's readiness to rationally discuss important issues at any time. It was a matter of course that the SPD's aim was "to end the ruling minority's governmental responsibility at the next election."

The vote on the CDU Senat's 10-point statement, assumed to be the outlines of government policy, was still proceeding when this newspaper went to bed. The SPD had called for a vote on every item, only subsequently was there to be a vote on the program in its entirety.

Before that, in the course of the "topical hour," the assembly had conducted a lively debate on the topic "individual terror," as relating to the events at the Grunewald demonstration last Sunday. The spokesmen for the CDU, SPD and FDP urgently called upon the representatives of the AL /Alternative List/ to denounce these terror methods. The AL fraction spokesman, however, rejected the appeal.

As the first speaker Vogel called upon Weizsaecker to repudiate Lummer's "monstrous accusation" that the SPD did not explicitly profess allegiance to the democratic constitutional state. Such an accusation was incompatible with Weizsaecker's proclamation of a policy aimed at a broad basic consensus beyond party lines. Vogel reproached Weizsaecker with a lack of credibility due to the contradictory statements issued by the governing mayor before and after the elections as well as some decisions regarding personnel.

Vogel promised SPD approval of government policies "whenever this seems to us the proper thing to do," especially when the CDU Senat continued social-liberal policies.

According to Vogel approval will be given in particular to the Berlin and Germany policy formulated by Weizsaecker and first developed by the SPD and FDP. On the other hand the Social Democrats would watch to see "that Senat actions agree with his words."

Approval was also promised in matters cultural policy, especially the encouragement of free groups. On the issue of construction Vogel expressed his agreement with greater protection for tenants when rentals are converted to condominiums or coops, also with the principle that maintenance has priority over modernization and restoration, in other words over demolition and reconstruction. Also to be welcomed was the proposed integration of the inter-urban electric railway into the city traffic system and the reform of district administration with the aim of increasing district responsibilities. In doing this the organization of the urban housing construction societies would also have to be discussed. At the same time Vogel warned against plans "for setting up something like a single municipal unit."

The leader of the opposition branded as "totally contradictory" the government declaration about drastic spending cuts. How could one take this seriously if the intention to cut billions was juxtaposed with plans involving spending of exactly the same dimensions. The SPD recognized the necessity of cuts but would submit its own conception. It would resolutly object to any attempts at imposing greater burdens on broad strata while maintaining the privileges of some specific groups.

In Vogel's judgment the government declaration tended to be "niggardly, unclear and silent" on concrete issues. Weizsaecker, for example, had failed to answer the question how the CDU proposed to finance the 50,000 housing units planned through 1985--30,000 more than hitherto provided for. The same held true for the proposed education subsidy.

On behalf of the Social Democrats Vogel rejected the education subsidy for reasons of basic family policy. He also called upon the Senat to correct its "mistake" of maintaining rent control in older buildings through 1990 for existing tenants only and lifting it for new rent agreements from 1983 on.

Vogel rejected the principle involved in Weizsaecker's announcement that day care nurseries should no longer be free of charge. The Social Democrats would, though, be prepared to discuss the payment of a contribution by parents with higher incomes or those able to make other provisions.

On the topic of squatting Vogel accused the governing mayor of "badly and dangerously handling" the "Berlin line." The "rather stupid attempts to attribute to the Social Democrats a vacillating attitude on just this question were coming close to slander." The SPD admitted its share of the blame with regard to the causes of squatting, but the CDU's share was no less and had indeed increased since the CDU took over the government. Vogel challenged Weizsaecker's Senat to begin negotiations on "use concepts and trust models."

On the issue of the economy Vogel said that the CDU standpoint in matters Berlin promotion was questionable. Concessions should not be oriented to turnover alone, they should also take into account the total of wages paid by the respective firm.

Vogel sharply assailed the aliens policy proposed by Weizsaecker. The SPD politician described as hazardous the alternative--return home or integration including the acquisition of German citizenship. It was bound to arouse fears among the aliens and false expectations among the Germans. Here the seed was planted for a dangerous development.

Vogel was critical of Weizsaecker's philosophical principle--self-help as opposed to government intervention. Lacking here was the principle of solidarity. Vogel said that Weizsaecker's philosophy "separates and disintegrates." It throws everybody back upon himself and confronts the weaker members of society especially with the question of conscience: "Whether they are lazy, maladapted or simply not clever enough."

AL deputy Wendt predicted a rejection of the government declaration's outlines by his fraction and noted that the ideological base of government action had changed as the result of the CDU Senat "which had assumed power consequent on a truly historic act of voter betrayal by the FDP." While the SPD was compelled to consider its voters and their interests, the CDU did not need to do so. By asking for a sense of community Weizsaecker had called for "possible sacrifices by the individual," and these individuals were always the socially weakest. The proposed subsidies demonstrated that they would serve only the capital formation of the self-employed. Building owners would have maintenance work done because this would involve "higher profits." Squatters, on the other hand, do maintenance work because they live in those buildings." Wendt described as "particularly reactionary" the CDU aliens policy. The aim, he alleged, was a "German popular community."

The AL deputy is convinced that the proposed housing construction would be carried out entirely on the backs of the socially deprived. Social housing construction was tantamount to housing construction for increasing the wealth of the rich. The introduction of the "white circle" also was an example of the burdens imposed on the socially weak. Wendt further objected to the abolition of jobs by rationalization, something which would be encouraged by the principle of turnover tax preference within the scope of Berlin promotion.

Vetter Gives Reasons for Approval

FDP fraction chairman Vetter announced the approval of the majority of his fraction regarding the government outline program. In justification he mentioned "responsibility for the city" and agreement with many sections of the government declaration. However, this Senat had no firm parliamentary majority and would therefore not receive a "blank check" for the legislative term. The Senat's success and duration would depend also on that body's ability in its decisions to take into account "the principle of the broadest possible consensus within the assembly."

Vetter welcomed the readiness reflected in the government declaration to "call a spade a spade." This included the challenge to the citizens to perform and the Senat promise to cut spending. The FDP was also satisfied with the emphasis given the description of Berlin as "the acid test of any detente."

The Liberals 'Different Kind of Vision'

Still, the liberals did have a "different kind of vision" regarding various issues. In this context Vetter objected especially to the CDU's proposal to abolish rent controls for existing tenants in older buildings from 1983 on. He called "utopian" the Senat goal to provide no less than 50,000 housing units by 1985. On the other hand he agreed with the proposal to give priority to maintenance over modernization and restoration of older buildings. In the opinion of the FDP the abolition of free day care nurseries was "somewhat too harsh." Nor was the FDP able to agree with the CDU's rejection of municipal voting rights for aliens because the party has not yet finished discussios on that topic. Vetter called upon the Weizsaecker Senat to "courageously" break new ground. The much heralded new start should not be undertaken while wearing "a pair of patched shoes."

The FDP fraction chief indicated approval of the CDU's self-help principle but, at the same time, objected to the Christian Democrats "need for conservative harmony." He also proposed the appointment of an assembly committee of inquiry on the topic of youth protests. Still, this dialogue with youth should not signify the passive acceptance of violence. "Rock throwers are neither ready for a dialogue nor capable of conducting it."

Vetter dealt harshly with the Alternative List. He refused to debate with the party because he failed to see much if any comprehension for the parliamentary process. He described their parliamentary behavior as "rather confused.

Diepgen Calls for Unity

CDU fraction chairman Diepgen said the Weizsaecker government declaration had clearly shown that Berlin and its problems were approaching the limits of the tenable. "Unity of responsible and democratic forces" was urgently required to cope with the difficulties. A great deal of agreement would have to be achieved beyond party lines, social groups and age groups in order to produce satisfactory results with regard to the issue of Germany, rental and housing problems and the security of public order. In view of the problems confronting the city cooperation should not be a matter of temporary tactics.

Diepgen stated Weizsaecker had justifiably omitted in his government declaration to measure proportions of blame for past mistakes. Nevertheless responsibilities should not be fudged. In particular Diepgen criticized former Governing Mayor Vogel who seemed intent to make everybody forget who was responsible for the city's present situation. After almost 35 years of uninterrupted involvement in the government the Social Democrats had left behind a "troublesome heritage." Diepgen mentioned a DM2.4 billion gap in medium-term fiscal planning through 1984 and the guarantee scandal surrounding architect Dietrich Garski, which would cost the taxpayers almost DM100 million in the coming years. Unsuccessful modernization and restoration policies had resulted in more than 900 vacant and 160 squatter occupied residential buildings in the city, while 35 years after the war thousands of Berliners were still searching for appropriate accommodation. The new CDU Senat would be able only "step by step" to tackle and settle these problems, Diepgen thought.

Weizsaecker: Restoring Public Order

In the words of Governing Mayor von Weizsaecker the restoration of public order is "the first and foremost duty" of the new Senat. In his speech Weizsaecker appealed to all citizens, politicians and organizations to forget conflicts and assign priority to public order in the city. To the accompaniment of vocal objections by the SPD and the AL Weizsaecker accused opposition leader Vogel of not having served public order by his tactical maneuvers vis-a-vis the Alternative List. The governing mayor said he did not doubt Vogel's wish for public order, but the latter's signals to the AL had "damaged more than benefited" that order.

Vogel would have to submit to being asked whether he believed at one and the same time to be able to serve public order and openly cooperate with the AL which avowed its commitment to violence. Weizsaecker again asserted that, for the sake of credibility and to defend the citizens, he would confront violence wherever it occurred.

The "necessary measures as per the Berlin line" with regard to squatters would have to be carried out. At the same time Weizsaecker emphasized that he intended as quickly as possible to tackle the "intolerable social evil" of empty apartments by way of many and varied measures such as use contracts, temporary use and self-help in the matter of housing maintenance. It was his Senat's goal to contribute to a calmer atmosphere so that Berlin's image should no longer be marred by the disruption of public order.

'A Second Wall'

As regards Germany and Berlin policies the governing mayor underlined "Berlin's vital interest" in loyal cooperation between the Federal Government and the Berlin Senat. Weizsaecker again condemned as "an intolerable second wall" the increase in minimum money conversion decreed by the GDR. Replying to Vogel's objections to the Senat's alien policy, Weizsaecker retorted that he had "not the least intention" to decrease the numbers of aliens in the city by threats of expulsion. He definitely rejected coercion. The propositions submitted by him were to be understood as exclusively voluntary offers. In addition to safeguarding Berlin's future and restoring public order the governing mayor again mentioned as other key issues for his Senat the introduction of the self-help principle in conjunction with the assumption of joint responsibility by the citizens in place of a state run society. To do so it would be necessary to expand the scope of freedom and regain the old tradition of Berlin tolerance for those following a different drummer.

Kunze Justifies Rejection

As expected FDP deputy and party chairman Kunze announced the rejection of the government declaration outline by himself and his fraction colleague Fabig. Kunze justified his decision by citing the contradiction between liberal convictions and the government declaration which was characterized by conservative ideas and proposals for action.

As to the internal conflict within the FDP Kunze said the liberals would not give anyone the satisfaction of carrying on this conflict in the assembly plenum, although it was "by no means negligible" inside the FDP.

All FDP deputies were present with the exception of deputy Dittberner who had announced toleration for the government declaration but failed to attend yesterday's plenary meeting.

'Inherently Fascist'

In the course of a topical hour on the issue "individual terror," requested by the CDU fraction, the CDU, SPD and FDP fractions unanimously described as inherently fascist the demonstration held in Grunewald on Sunday last with the slogan "demonstrators visit speculators." They appealed to the Alternative List (one of the organizers of the demonstration) to become aware of its responsibility for peace in the city and to clearly distance itself from physical and psychological violence. The AL fraction, for its part, accused the CDU in particular of indulging in an "orgy of demagogy" and of having elected the AL to be the scapegoat in order to be able to carry out the "strategy of force." While appealing to each other for unity among all democrats in order to repel the attacks on the constitutional state, the CDU and SPD accused each other of a lack of credibility and implication in the escalation of violence.

Interior Senator Lummer emphasized that repression alone was not suitable for settling the basic problem. At the same time there had to be recognition that the government alone had a monopoly of legitimate force. Anything else was bound to result in chaos. Some people had been involved in the demonstration, who were "consciously" aiming at "destroying" the legal system of this government. Concerning the AL which had emphasized its intention to have the demonstration proceed peacefully, the Interior Senator said that a loudspeaker van had exhorted to violence in the course of the "Sunday walk." Lummer combined his appeal for the unity of the democratic parties with an offer to restrain his own pronouncements. Berlin's fundamental problems could not be settled by one party alone.

Rzepka: Excesses Planned in Advance

On behalf of the CDU fraction deputy Rzepka accused the AL by its call for this demonstration to have more or less "suggested the senselessness of nonviolent disputes." The excesses of some demonstrators were certainly foreseeable. The accusation of housing speculation was "totally unjustified" with regard to the overwhelming majority of those the demonstrators had addressed, said Rzepka. The SPD and its leader Vogel had terminated the consensus about the defense from dangers. Rzepka claimed that the SPD had thereby damaged this city. He added that earlier remarks by Vogel had lacked any feeling of responsibility toward the whole.

Schneider: Insinuations

SPD deputy Schneider accused the CDU of exploiting the situation to derive party political benefits. To slander democratic parties such as the SPD by insinuating that it did not fully support the constitutional state meant that the appeal for unity could not be taken seriously. As long as the AL refused to distance itself from the use of physical and psychological violence, it would have to bear some blame for the excesses. Discussions about the introduction of the new CS irritant gas, on the other hand, did not help along the slackening of tension ostensibly intended by the Senat.

Brunner: The Step of the Brown Columns

According to FDP deputy Brunner a continuation of the AL's present line would result in an escalation of violence without end. At Sunday's demonstration the "distant step of brown columns" had been audible. As a new approach to the liberation of the citizen from his fears Brunner proposed to put citizens and civil rights together under the protection of the penal code. This would resemble the situation in the United States where offenses against civil rights are punishable. The total of constitutionally protected citizens and civil rights of the individual should receive very special protection.

AL: The SPD Shares in the Blame

AL deputy Finger accused the CDU of consciously wishing for violence in order to be able to fan the anxieties of the citizens. The CDU knew only one approach to the settlement of social conflicts: "Hit them, hit them again and intimidate them." That was a "perverted application" of the government monopoly on force and therefore "class politics in the bad old sense." The SPD had to share the blame for all the CDU was now doing, because it had frivolously rejected the demand for amnesty.

AL deputy Selling confirmed that the demonstration had been a "meaningful event." The demonstration was not aimed against individuals, only against speculators as representatives of society.

Question Hour

At the beginning of the session Senators answered verbal questions in the course of the question hour.

Social Senator Fink's appeal to Berlin physicians to make themselves available for the provision of expert opinions with regard to claims for the issue of special passes for the severely handicapped has already shown some success. Fink reported that 15 physicians have declared their readiness to issue expert opinions for a fee. He estimated the cost at some DM500,000.

According to Justice Senator Scholz there is no chance of a direct instruction to the public prosecutors office for applying for the release from prison of Ilse Schwipper, held for the purpose of further investigations. He pointed out that this was the province of the court of appeal which, in a decision of June last, had not seen fit to cancel the arrest order. Scholz admitted that there was a danger of Ilse Schwipper's committing suicide. Appropriate precautions had therefore been taken. Frau Schwipper was given a life sentence for involvement in murder in the course of a trial of terrorists; however, the verdict has not yet received legal validity.

Interior Senator Lummer once again reaffirmed that he will not decide about the introduction of the new CS irritant gas by the Berlin Police before the conclusion of the conference of interior ministers in September/October next. Lummer emphasized that he would await the result of studies before coming to a decision. Incidentally he failed to see a "totally new quality" of police tactics in the possible introduction of the new irritant.

The next meeting of the assembly will take place on 24 September, after the summer recess.

11698

WEST BERLIN TO CONTINUE TOLERANT POLICY TOWARD SQUATTERS

West Berlin DER TAGESSPIEGEL in German 18 Jul 81 p 2

/Text/ As we reported in yesterday's late editions, the Berlin Assembly approved the outlines of the CDU Senat's policies Thursday night; the voting was 68 to 61. Later that night, in fact until 02.00 hours, the normal daily agenda was dealt with. As in the course of the 8-hour debate on the government declaration offered by Governing Mayor von Weizsaecker, the main discussion concerned the topic of squatting and the preservation of public order.

A broad majority of the assembly approved the SPD motion for reemphasizing the "Berlin line" vis-a-vis the squatters, developed by the former social-liberal Senat Vogel/Brunner, including efforts for use concepts. The SPD called for a voice vote, and CDU, SPD and FDP unanimously voted for the motion. Eight members of the AL /Alternative List/ fraction opposed, one abstained. On behalf of the SPD fraction former Senator Anke Brunn stressed that the "Berlin line" offered the beginning of the political settlement of a problem which had aroused youth protests. At the time it achieved a lessening of tensions, but this was now endangered by the new Senat. She was concerned that the protests would reignite.

CDU fraction chairman Diepgen welcomed the rejection of the use of violence expressed in the motion, the call for a "dialogue with those involved" and support for the police in carrying out its duties. Though it must be assumed that the SPD's motion was concerned with obtaining an "instrument for future conflicts," the CDU was able to agree because this was also the core of its own policy. The AL, by contrast, accused the SPD and especially its fraction leader Vogel of giving the Senat a free hand to clear occupied buildings in the course of the summer recess. Thereupon FDP fraction chairman Vetter accused the AL of seeking confrontation exclusively.

Sent to the appropriate committees was an AL motion calling for suspension of the removal of squatters until the end of September. By then the Senat should have drafted use concepts. The motion was actually tabled because the assembly has broken up for the summer recess and will not meet again until September. Vogel and Governing Mayor von Weizsaecker also intervened in the debate. Vogel challenged von Weizsaecker to promise--until the end of September--to allow the removal of squatters only when this was "legally mandated," not when merely "legally admissible." Weizsaecker replied that the Senat would do only that which is "legally mandated" either before or after September. He warned against "fiddling around with a motion late at night" with the possibly "odd result" that the Senat might profess a "very reasonable attitude" through the end of September but not after that time. Incidentally, nobody could relieve the executive from responsibility for its actions.

After the vote Vogel also noted his satisfaction with Weizsaecker's assurance that only that would be done which "was legally mandated." In a later statement Vogel explained that he understood Weizsaecker to mean that "the mere legal admissibility of removal will no longer be considered sufficient." "Hope for consolidation and de-escalation" was therefore more justified. He warned, though, that it was imperative "carefully" to handle this "beginning of the restoration of communal peace."

Referred to the Committees

After given them a first reading the assembly referred to the appropriate subcommittees two legislative amendments submitted by the FDP. The FDP proposes to amend the environmental control legislation so that not only directly affected citizens but associations also may go to court by way of class actions to challenge specific administrative actions. They also propose to amend the district administration legislation so as to reduce district council membership from seven to six and enable political coalitions to be established in the district councils.

Elected to the Broadcasting Council

CDU deputies Landowsky and Gabriele Wiechatzek were proposed by their fraction and elected to the broadcasting council, the AL deputies dissenting. This by-election during the current 2-year period of office of the broadcasting council was made necessary because Interior Senator Lummer and Senat Director Bock (both CDU) were compelled to resign after their appointment to the Senat.

11698
CSO: 3103/389

PCF: SUPPORT GOVERNMENT BUT UPHOLD IDEALS, GAIN INFLUENCE

Paris LE MATIN in French 11 Jun 81 pp 2-4

[Interview with Charles Fiterman, PCF Central Committee Secretary, by Didier Buffin, Guy Claisse and Jean-Francois Doumic; date and place not given]

[Excerpts] For the first time since the left's defeat in the 1978 parliamentary elections, a communist official has granted LE MATIN an interview. By ending this long silence with our newspaper, Charles Fiterman--secretary of the Central Committee, usually described as the number two man in the PCF--definitely wants to submit new evidence of his party's willingness to participate in the presidential majority's plan of government action.

The communist leader said that the joint declaration signed with the socialists constitutes a "political agreement." He believes that respect for each party's identity will not keep them from governing together.

This willingness of the PCF, again affirmed forcefully, to participate in the new government raises two questions. How? For how long? As one condition in particular, we know that Pierre Mauroy has said that the communists must pledge their long-term commitment. Charles Fiterman has replied that his party's choice is not "tactical" but "strategic," that it is not limited to "a few weeks." And to the question,"Are you ready to sign a legislative agreement?," i.e., a 5-year commitment, he replied: "Why not?" Moreover, as to the number of communist ministers, Charles Fiterman believes that his party should hold a government position in keeping with its voter representation. Finally, on the issue of government solidarity, he said that it is "necessary" among members of the same government.

The turn taken by the PCF since 26 April, which communist leaders equate with a continuation of the policy defined by the 22nd and 23rd congresses, is clearly based on a new fact: the predominance of the PS in the French left. This is a fact which Charles Fiterman took into account when he noted: "French men and women have made their choice."

LE MATIN: You have described the joint Communist Party-Socialist Party declaration as a political agreement, whereas Pierre Mauroy has spoken of an electoral agreement. Therefore, let's try to clear this up: is it really possible to speak of a political agreement when significant disagreements have been noted, concerning foreign policy in particular?

Charles Fiterman: I believe that it is a political agreement, because it stipulated not only withdrawal in the second round, something which is not insignificant, but also included taking positions of an obvious political content and a positive content. In fact, I think that in that declaration we, the Communist Party and the Socialist Party, stated that we were anxious to satisfy the country's hopes that arose from the presidential election. And we are doing so together. That is a political fact.

Subsequently, of course, we noted the existence of disagreements, which is not surprising. But at the same time, we also noted that our views converged on many other issues. Noting these convergent views in a joint text at the present time would be an important political act.

LE MATIN: Can existing disagreements be resolved quickly, in coming weeks? I am thinking in particular of issues such as Afghanistan, the SS 20 missiles .... Do you still believe in Soviet nonintervention in Poland?

Charles Fiterman: In reply to that question, we are following developments closely. The press has noted various reports and you can understand that before making any judgments, we want to have all the necessary information. Nevertheless, I want to recall two things: the first is that we still believe, as we have said, that it is up to the Poles and to them alone to settle their problems. This is a basic principle of our position and one which we do not intend to change.

The second thing is that we also still believe, without trying to meddle in Polish affairs, that Poland is faced with developmental problems which call for important reforms, changes and measures that concern not just one area but the economy, the administration of society and socialist democracy as well. There are needs that have developed in Poland and which must be satisfied. It is also on the basis of that belief that we welcome the process that began in Poland a year ago. These are judgments which we made as early as last year and we have no reason to change them.

LE MATIN: And what about Afghanistan and the SS 20 missiles?

Charles Fiterman: We have discussed them with our socialist comrades. It was an important part of the exchange of view which took place.

But before getting around to that, I would like to make one comment: we consider it good that the joint declaration has noted that we are different parties, each with its own originality and personality. This difference must first be viewed as a fact and then as a positive factor which is not an obstacle to cooperation. We think that it is entirely possible for both parties to hold different views on certain past events.

LE MATIN: That doesn't make it impossible to govern together?

Charles Fiterman: That doesn't make it impossible to govern together because it is not a question of reaching an ideological agreement between our two parties. It is a matter of reaching an exact agreement on the response which the French Government can and must make to the events, the way in which the government will deal with domestic and international issues. We believe that it is entirely possible

that, while holding or maintaining divergent views on certain issues, which you have mentioned--and we could also talk about nationalizations--we will seek and find a joint approach. I say approach because it is impossible to foresee every event in advance.

LE MATIN: We have the impression that it is less a question of divergent views than opposite positions and it is hard to see how a reconciliation would be possible ....

Charles Fiterman: Let's examine the issue of medium-range missiles. Roughly speaking, there is a divergence of opinion about determining whether or not there is a balance of forces in Europe. The question is: what can we do? In reading Francois Mitterrand's book "Ici et Maintenant" [Here and Now], I noted that he feels that the deployment of SS 20 rockets would cause an imbalance. But on the other hand, if Pershing and Cruise missiles are deployed, there will be an imbalance to the Soviet Union's disadvantage. That means that we are engaged in an endless race, the arms race.

What is the outcome of such a situation? Francois Mitterrand himself mentioned one solution, unconditional negotiation. In short: in negotiations which include all of the countries involved, everything is laid out on the table, all of the weapons involved, and the situation is examined. At the present time, there are no longer any secrets in that connection. We therefore should put everything on the table and try to come to an agreement concerning a joint assessment of the balance of power and strive to achieve it, not only with the goal of stopping the arms race, but in particular moving toward a balance at a lower level.

For we agree on the notion that there must be a balance. This is a factor in the stable organization of international relations. A process of disarmament is conceivable only with respect for the present balance of forces and each country's security. Consequently, even with those different factors, we think that it is entirely possible to work and make progress together.

LE MATIN: The PS-PSU-MRG [Leftist Radical Movement] agreement states: "Neither Pershing nor SS 20 missiles." Are you ready to endorse that formula?

Charles Fiterman: I am wary of formulas--they have sometimes cost us a lot in the past. I believe that it is necessary to negotiate and to find a joint approach and then deal with the problems responsibly and seriously. I'd like to add an important political factor which, for example, concerns the issue of nationalizations. We have endorsed ideas and solutions to get the country out of its crisis, because we considered them just and still consider them just. We waged a political fight, which is normal. Then French men and women made their choice. They voted. They made a decision. We are democrats and we included respect for such a choice in our strategic approach with our 22nd and 23rd congresses. That is an integral part of the democratic path to socialism, which we advocate. It is on that basis that we must act and that we must now work.

LE MATIN: By that, do you mean that the first-round results of the presidential election constitute a kind of repudiation of your positions?

Charles Fiterman: No. By that, I mean that we found ourselves faced with a vote, in both the first and second rounds, which expressed the will of the French today.

We have always said that in our fight, in our determination to advance toward French-style socialism, the rate of that progress, the length and the nature of the stages required, all of that must be determined by the French themselves and not arbitrarily. The situation has been created, a door has been opened for moving toward change. We have to move forward and we are ready to do so. With regard to nationalizations, we maintain our position. There are disagreements. Nevertheless, Francois Mitterrand has submitted proposals. They exist. Let's get down to work and then life will take care of the rest.

LE MATIN: Isn't the ratio of forces resulting from the election such that it is you who must adapt to socialist proposals, rather than them adapting to yours?

Charles Fiterman: I wouldn't say that. We are communists and we have a doctrine, principles and basic positions. We will stick to them. The socialists will stick to theirs. All of that is normal. And there is no reason to ask either to abandon their motivation, their reason for being. That would weaken and cripple the union, it would weaken popular support for the new government, in which each party must find its own way. Unity must be achieved through respect for diversity and pluralism. The real issue is finding out whether there are enough convergent views between us, socialists and communists, for us to be able to work together and to satisfy the country's expectations together.

We have made a serious analysis of the proposals submitted by Francois Mitterrand, both in the case of his 110 proposals of Creteil and during the presidential campaign. We have analyzed all of those proposals and the proposals which we have formulated. And we have noted more than 100 convergent views on such proposals, unequal in importance, but which concern both social and economic areas as well as the country's democratic process and foreign policy. These convergent views are in keeping with the policy proposed by Francois Mitterrand and none of them contradicts the positions which we ourselves have endorsed.

Thus there are possibilities for joint government action. It is true, however, that there are still disagreements. But we believe that our convergent views are important enough and have sufficient priority, considering peoples' expectations, for providing a basis for commiting ourselves and working together.

LE MATIN: But you would no doubt like a broader agreement?

Charles Fiterman: We were actually ready to conclude a government agreement immediately. We said so and I reiterate, we are ready to accept our responsibilities within the new majority of the union of the left and within the government. A government that includes the entire left. For us, that is a clear, settled issue. And naturally, we intend to enter the government in accordance with a joint approach, with respect for the solidarity that is necessary when we are together in the government, and to express, so that it may be taken into account, our own feelings, what makes us communists with our own ideas, concerns and approaches.

That is what the left needs in general. And not for everyone to automatically say the same thing all the time. This is also a firmly established idea in our case, and one that is based on experience, especially in a country like our own: it is not good for a single party to be in complete control, to alone comprise a majority

or a government. That has been tried. And that is not in keeping with French reality.

LE MATIN: That is what Chirac said ....

Charles Fiterman: But he didn't say that before! His position is purely tactical. But to get back to your question, that is our approach. It is a totally defined and totally clear approach that we will not alter. Nevertheless, we have held talks with the Socialist Party and the result of those discussions is the joint declaration, the agreement that has been made and which provides for another meeting following the parliamentary elections. I believe that that meeting can only be concerned with the government. And I think that the issue of communist ministers will then be resolved. I am entirely in accord with that prospect. Quite simply because it is necessary for all forces which have contributed to Francois Mitterrand's victory, and which will make victory possible in the parliamentary elections, to be included in the government. This is not only a democratic requirement, it is the best guarantee for effectiveness.

LE MATIN: The joint PS-PCF declaration speaks of a "well-knit, lasting majority." Does that mean that you have pledged to support the government regardless of what happens? Is this the beginning of a parliamentary agreement?

Charles Fiterman: When we went into the parliamentary elections together, we found ourselves together again, having noted the existence of many significant convergent views on the whole. I believe that we will reach a meeting of the minds to achieve the policy which the country expects and for which it voted. It is obvious that for us it is not a tactical, casual approach for a few weeks.

LE MATIN: Would you commit yourself for 5 years?

Charles Fiterman: Why not? We share the view that this majority and the government based on it will achieve the entire policy which has been proposed and which corresponds to what the country needs.

This is a strategic approach that is in keeping with our 22nd and 23rd congresses: to recommend reforms, changes and solutions, to fight under our banner to convince people and obtain their support. And on the basis of the workers' struggle and universal suffrage, to work for progress and for democratic advancement, in the sense of the reforms and changes needed. That is the democratic process which we recommend.

Thus we do not assume that we would be waiting for Francois Mitterrand from afar, absolutely not. Our strategy is not one of defeat. We are too aware of the fact that there are great hopes in this country, that there are expectations, and that to disappoint such hopes would be a serious blow to the left, to all forces of the people.

In my own case, I remember 1958, after 1956, when the left held a majority in the National Assembly. I'm not making an automatic comparison, since conditions are different, but the result was certainly disappointment and a setback. Consequently, everything must be done to satisfy the country's expectations. We want to assume

our proper place in making progress, to move ahead as far as possible. And we want to go as far as possible, to socialism, a "French-style" socialism.

LE MATIN: The socialists want guarantees. Are you ready to give them any?

Charles Fiterman: I don't see what could be involved. We have no proof to give except our policy, the one that was established by our congresses, and our actions. We campaigned in favor of our candidate in the first round, which was normal, since it is the right and duty of any political party to submit its own candidate and to support his ideas. Nevertheless, based on the results of the first round of voting, we took a clear position. We withdrew totally, unambiguously and unconditionally. There was a choice to make, either Giscard d'Estaing or Francois Mitterrand. We made the choice that we had to make. Since 10 May, we have clearly defined our position in the new situation and we support the change to be made, while willingly taking up our own place without any ambiguity. During negotiations, we reaffirmed that approach and are preparing for the parliamentary elections on that basis and in that spirit. Matters could not be clearer.

LE MATIN: Georges Marchais said at Parc des Princes that his presidential campaign had not been "without flaws" and that the party would learn "all the lessons of that experience." Are you going to organize an internal debate? Can we expect a special congress to be held before the regular congress scheduled for 1982?

Charles Fiterman: Internal debates take place all the time within the party. We talk things over together. And with a period of activity as intense and complex as the one which we have just gone through, which we are still going through, what could be more normal for communists to reflect on their actions and to discuss them. In my opinion, and without intending to make a premature decision, such reflection could not and will not challenge the policy and strategy defined by our 22nd and 23rd congresses. On the contrary, it should confirm them and create conditions not only for their continuation but for their implementation under new circumstances.

However, we must look back on that period to learn any lessons from it, of course, and to analyze, criticize and provide ourselves with the means necessary to advance. I would point out that the 23rd congress of 1979 made an anlysis of the preceding period and drew conclusions which we took into account in formulating our actions.

But there have since been several meetings of Central Committees and meetings of our National Council. We have adopted some measures and continued our analysis. We also held a Central Committee meeting, between the two rounds of voting, which made general assessments.

For the time being, we are not in a period in which we can devote all our time to such analysis, but that time will come in a normal way. There are bylaws and proceedings which must be realigned. They will be realigned.

LE MATIN: Then there won't be a special congress?

Charles Fiterman: That is something that we haven't even discussed.

11915
CSO: 3100/883

PS POLICIES DISSATISFY BRETONS; MORE ACTIVISM EXPECTED

Paris LE MONDE in French 24 Jul 81 p 16

[Article by Marie-Christine Robert]

[Text] Brest--Announcement of a broader amnesty than the one decided on by the first socialist administration was welcomed with relief in Brittany. But skepticism has succeeded the strong hope expressed by regionalist parties and movements following 10 May: the first statements, both by the President of the Republic and by the Prime Minister, and the decisions announced regarding regionalization and the Breton language, are felt to be more restrictive than the promises made by Socialist candidates. A resistance is perceptible within the parties and movements forming what they have agreed to call EMSAV.*

As opposed to the Corsicans, who present a strong political front to Paris, the reaction of the Breton autonomists to what they call "French Jacobinism" is more varied and diffuse. In addition to the Breton Democratic Union [UDB], an autonomous and socialist party which is well established and has elected officials, and the Brittany Liberation Front [FLB], a secret society which has been decimated by arrests and which leans in at least three directions, there are cultural organizations which claim to be autonomous and a multitude of very structured movements for the return of the Atlantic-Loire region to Brittany, for the defense of the Breton language, etc.

For one of the characteristics of the Breton movement is its divisiveness: the UDB, a young party (established in 1964), is linked to the "French" Left. It has their mode of thought and their methods. The FLB has few militants, but it cannot be overlooked in a political analysis because it corresponds to a "perpetual" and specific type of Breton reaction. Before the war, for example, the Gwern militants at Du (black and white are the colors of the Breton flag) used the same methods. The associations operate with no real link among them. The movements appear and disappear depending on their quarrels. The "deep-seated" friendship which unites these men whose diverse political pasts range from the Left to the former Breiz Atao (Brittany forever) who collaborated during the war, does not

*EMSAV: this term covers the group of movements and parties who have fought and who are fighting for Brittany's rights.

prevent the separations of various movements in Brittany from being added to the traditional national schisms of the political world which EMSAV could not escape.

Each of these movements was expecting the arrival of an adjudged "decentralizing" socialism to be a great event. The UDB, linked to the Socialist Party to the point of having profited from the Leftist union to get some of its militants elected to municipal councils, seems to have forgotten its claims of autonomy in favor of socialism alone. Those who sympathize with the political prisoners, assembled as a committee for amnesty, recall that the elected officials from Breton came to testify at the FLB trial and that the Socialist Party favored dissolution of the Cour de Surete. The cultural associations are reminded that Mr Le Pensec, minister of the sea, introduced a bill favoring regional languages.

In addition, it must be mentioned that the Socialist Party, in timely fashion, was linked through some of its members to "struggles" which are dear to the Bretons: Jean Peuziat, new deputy of Finistere, for example, was one of those who spearheaded the antinuclear effort at Plogoff. The Socialist assistant to the mayor of Brest has devoted his life to the defense of the Breton language. The autonomists were therefore ready to play the Socialist card: lists of demands sent to Paris by movements as dissimilar as the BDU and the BLF, for example, were similar in all respects: election of regional councils by universal suffrage, return of the Atlantic-Loire region to Brittany, elimination of prefects, recognition of the Breton culture, etc.

Disappointment was swift and great.

Although the proposal to eliminate the Cour de Surete was welcomed with enthusiasm, the vicissitudes of the amnesty legislation had the effect of a cold shower. The decision to delay revision of regional districting was disappointing, as were the first statements concerning decentralization.

Political Regrouping

The Socialist's rise to power and the "disappointments" of these past weeks are provoking, or will inevitably provoke, a series of regroupings which are taking form at present. Although the Breton movement seems determined to be diplomatic with Paris and to "await events," its members cannot avoid commenting, as a BDU militant remarked, that "the methods used by others showed what they were worth when the demands were not recognized." A toughening of regionalistic demands now seems probable.

The UDB is the first to be affected by this development: "For several years," acknowledges Mr Fanch Morvanou, head of the Brest federation, "we have given top priority to the struggle against the former administration's policy. We were linked to the French Left. If we want to survive, we must now develop and implement a doctrine of autonomy. But the administration's first statements and first decisions are far short of our demands."

The UDB demands "recognition of 'typical regions,' as in Italy, for example, control of regional affairs."

The sudden diplomacy of the FLB and its sympathizers is based on the phenomenon of political support (support of Breton elected officials during the trials, votes at municipal councils asking for amnesty, etc.) and, particularly, on this fact: "The Breton Socialists have always asserted that they understand us, even if they condemn our methods. Now they are in power; now it seems that they are not backed when they speak of regionalistic demands. We are not going to wait for them to come to an agreement in order to assert our positions." "One thing is certain," states Denis Riou, released from prison after 10 May, "we want to fight openly now, but this will not prevent us from seeking, indeed creating, a Breton party."

The regionalistic political layout only includes these two movements. Their size, by measure of the autonomist electorate (a little more than 2 percent at the last check) and the recognition of a special code for certain regions, will require political revisions and doctrinal changes.

But, can the members of the movement present a solid front to Paris? If the UDB is brought to modify its strategy; the former members of the FLB, autonomous and independent socialists, are ill at ease in a party whose methods and doctrine do not always suit them. All the more since the UDB's condemnations of them which they have not forgotten. Will the Breton Socialist Party which, although attached to its "mother group", has always developed a specific autonomist philosophy, be able to ally itself with the Breton movements when attempts at union with the UDB, during parliamentary elections, still have not been conclusive?

The decision to establish a specific code for Corsica has already toughened the tone of the Breton movements. How far will this resistance go?

9693
CSO: 3100/878

KKE-INTERIOR BIDS FOR MORE DEPUTIES

Athens ELEVTHEROTYPIA in Greek 21 Jul 81 p 13

/Text/ "A strong KKE-Int. in the new Chamber of Deputies is a guarantee for a steady course toward the change." This was the message of the party's central committee to the Left. The central committee met in the last few days and dealt with the political developments and the preparation of KKE-Int. for the election. The text of the message is as follows:

"1. The country is entering the homestretch toward the election. No citizen can ignore or underestimate the significance of this confrontation. The working people in the towns and in the villages have the opportunity with their struggle and finally by their vote to condemn the right-wing line and the Right which for years now has governed this land and to open the way toward change in the direction of socialism.

"2. The Right will wage its fight to the finish to stay in office, to protect the established interests. The turn to the Right, the effort to join forces with the extreme Right, the public handouts in the preelection months, the Atlantic /Alliance/ connections, the invocation of the Left specter--all these are being used actively to buy or to snare the vote of the simple people. The answer to this campaign is not PASOK's assurances that 'tomorrow we will be the government,' nor the call of the dogmatic KKE '17 percent--second distribution /of votes/,' since both of them lead to disorientation.

"The answer is: Relentless struggle to win for change the last vote of a working person who last time voted for the Right; a mobilization to bring our message for change, socialism with democracy and freedom to all the workers, all the working people in this country.

"3. The change desired by Greece cannot be served by a mere change in personalities or by a more honest and effective administration of the common affairs. The change needed by this country calls for a clash with the major foreign and local interests which hinder the takeoff of our national life. This means a radically different policy. A policy whereby the absolute national responsibility will replace the dependence on foreign policy; care for the interests of the place will replace the interests of the capital; the decisions by the few will be replaced by an open dialogue and the participation of the working people in the decision-making bodies where the individual initiative will operate within the framework of a general democratic planning based on the necessary expansion and

the radical reorganization of the public sector under the most active intervention of the working people.

"The basic goals and conditions for such a change should be: a) the democratization of the state and the institutions of the armed forces and the administration, the complete democratization of labor and especially of labor union legislation.

"b. The nationalization of certain monopolistic enterprises and the creation of state industries in crucial sectors to limit the operational field of monopolistic capital and to strengthen the possibilities of democratic planning guided not by the interests of the oligarchy but by the interests of all the people, the betterment of the quality of life and the substantial redistribution of the national income in favor of the working people.

Target: The Abolition of Bases

"c. The steady and clear connection of all immediate measures for strengthening the country's independence with the main target of the abolition of the /American/ bases and withdrawal from NATO. The defense of the principle of nonintervention in the internal affairs of other countries whatever the source of such intervention. And the autonomous position of our country on the international questions, on the problems of the struggle for peace, independent of the positions taken by the two rival military alliances.

"Our party attaches special significance to these goals because their realization depends on whether a new democratic government will deal victoriously with the power centers of the rightist state.

"The course of the change will depend on the outcome of this clash with the present machinery of controlling the economy and political life. This outcome cannot be victorious unless it is based on the enthusiasm, the constant mobilization of the people, and on corresponding social and political structures, and on all the political and social forces which thirst for change.

"4. The PASOK theory which rules out cooperation with other forces has in it the seeds of exceptionally harmful developments. The thesis against cooperation with other forces of the Left is a clear concession to the pressures from the Right and the existing power centers. The opposite course should have been followed: explaining the national and democratic need for cooperation and identifying to the people the conditions /for such cooperation/ so they could judge the attitude of each party. This practice was tried in France and produced results which were greeted as a turn in Europe's course.

"For KKE-Interior, the cooperation of the forces of change--a broad, fighting coalescence of social and political forces--is a precondition for the realization of the change. In the next election, the working people will affect with their votes the developments inside the communist movement /in Greece/.

"In the 1977 elections 10 percent of our people voted for the dogmatic KKE. In spite of its organizational and other possibilities of this party, the workers' movement was politically put into a corner unable to affect the political developments. The policy of obedience to foreign centers; the dogmatism; the stagnation

and immobility in theory; the trampling on intra-party democracy and on the party's democratic relations with the people; the rejection of the autonomy of workers' syndicalism and the other mass movements; the militarist practice and the narrow-minded fanaticism; the contempt toward the blood-conquered democratic liberties it considers bourgeois; and the refusal to accept socialism with democracy and freedom--/all these/ transform the communist movement to the extent it is affected by dogmatism, into a mere heresy in our national life.

A Creative Presence in the Chamber of Deputies

"In the election the workers, the working people, have the opportunity to strengthen KKE-Int., the current of the communist movement in our country, which fights for change and socialism through a democratic system, through a very broad fighting alliance of social and political forces. They have the opportunity to strengthen its presence in the Chamber of Deputies and among the people. The deputies of KKE-Int. with their creative presence will bring back to the Chamber of Deputies the voice of the working people, their own proposals, and will fight to strengthen change and to move in the direction of socialism.

"A vote for KKE-Int. is a vote against the rightist line, against the Right. A vote so that the change will be based first and above all on the mass popular movement. A vote for the widest coalescence of the forces of change for an open, honest dialogue among them and mutual control; it is a vote against dogmatism and the bureaucratic distortion of the communist movement in its ranks, for a new unity on the basis of the principles of renewal so that the workers' movement will be reassembled to become again the leading force in the struggle for change and socialism, a force, that is, capable of contributing to the coalescence of all the forces that march in this direction and above all of the communists and socialists.

"5. The KKE-Int. Central Committee calls on the pioneering workers, on the most enlightened forces of labor and the intelligentsia to take up in their hands the electoral campaign for the victory of the policies and the ticket of KKE-Interior.

"The central committee of KKE-Int. calls especially on the party organizations and on the Rigas /Youth Organizations/ to multiply their efforts to fight back effectively the bourgeois, speculative theory of the lost vote, to bring the KKE-Int. message for change, socialism, communist renewal, to every house in every village, in every town; and to organize steadfastly in this direction the action program for the 3 or 4 months remaining /until the election/, asking without hesitation for struggle and sacrifices from the members, the followers, the friends of KKE-Interior and from the people themselves.

"The central committee calls on all the forces of the communist renewal, the old resistance fighters, the political refugees, the EDA members, the Lambrakis followers, the unorganized communists and leftists to take part in the struggle for the victory of KKE-Int. They are entitled to have their views and their disagreements. But this rampart is theirs, too. The victory of KKE-Int. will signal a victory of all the forces of renewal and a move forward for their coalescence, for their cooperation in all fields.

"Up to this time, the party's mass activity and contact with the people in open and closed meetings shows that the policy of KKE-Int. finds response among the wider area of the Left.

"But we should not let ourselves become overconfident. The struggle up to the time of the election for democratic conditions and for the elections themselves will be difficult. The KKE-Interior Central Committee calls on all communists and leftists to wage this battle with the passion of true revolutionaries: winning by their pioneering actions and pioneering ideas, the soul and the brain of the working class and of the working people."

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KKE-EXTERIOR SEEKS 17 PERCENT OF VOTES

Athens RIZOSPASTIS in Greek 17 Jul 81 p 3

/Article by Giannis Kharatsidis: "The Uniqueness of 17% for Ousting New Democracy"/

/Text/ In his article in the afternoon newspaper "E" of 29 May 1981, PASOK Athens Deputy K. N. said that "the only precondition for change is the capture of power."

Naturally the capturing of government power is the first in a series of changes contested in all elections. What the people want in addition is a new progressive policy by a new progressive government--a policy which, at last, will restore our national independence by banishing the foreigners as suzerains and removing their bases; which will abolish the anti-democratic laws and discriminations now in force; will limit the excessive profits of the monopolies and will develop the economy to the benefit of the working people; will institute the /simple/ proportional system, etc. If /such policy/ does not aim at achieving these things then the people's enthusiasm will cease, the Right will shout at the top of its lungs that the promises given were false, that only the gravy but not the meal changed and that the only solution is its return to power again. The masses will feel that they were betrayed once more, that this time again they voted for a usual bourgeois party and that the known struggle for life and its problems will continue.

On the other hand, if a change is to come, such a change must not have as its only prerequisite the capture of government power, but should have many other prerequisites. First of all, it should be continually based on the massive, organized popular struggle because on the very day after the elections the new government, provided it is indeed new, will be facing an active, overt or covert, opponent: the alliance of those forces and strong mechanisms at whose expense the new and popular element of power will function.

If we look around us, at the opposite shores of the Adriatic and the Aegean, we will understand the reason. In the event the forces for change win, and to the extent such change is substantive, the foreigners and those domestic forces which are tightly connected with the economy, the budget, /the government/ machinery, etc., will rally more actively at the side of the anti-change forces. More actively because any evidence of sluggishness during the preelection period may be due to its anticipation for a defeat of the forces of change. In the post-election period, however, these /anti-change/ forces will reorganize and will act

opportunely for the [government of] change to fail so that the people may ask for the return of the Right just as happened in Chile, Jamaica, etc. There will always be eager "nation rescuers" to take over the reigns. Therefore, it will be necessary for all nonparliamentary parameters of democracy and change, for all the working people, for all democratic people, and all those who do not want the return of the Right to assist the new government [of change]. And as long as the people see that the change is indeed being realised there will be no difficulty for such help in coming. Therefore, the change's mainstay cannot be limited only to the government, its party, deputies and voters but should include all parties and organisations united around the continually implemented goals of change.

But under the extant extortionist law of the reinforced proportional [electoral system], is it easy to achieve an obsolute majority with only "a singular prerequisite" for change and therefore to achieve an independent government as the writer of the article wants?

For argument's sake, let us say that the goal is for a marginal majority of 151 [parliamentary] seats and that the same parties, ND and PASOK, will participate in the second distribution [of votes]. Also, that all other parties will receive, let us say, 27 percent of the votes and gain 27 seats in the first distribution thus leaving 273 seats for the two main parties. What percentage of votes should PASOK receive in order to gain 151 seats? A simple arithmetical calculation shows that 73 percent of the votes (100%-27%) will give 273 seats (300-27). What percentage of votes is needed to gain 151 seats? Multiplying 151 by 73 and dividing the product by 273 we find 40.5 percent. This is the percentage PASOK needs for a marginal majority under the preconditions we mentioned. ND will receive the remaining 32.5 percent. The difference between the two parties will be 8 percent in percentages and 29 in seats since ND will gain the remaining 122 seats. Therefore, the possible picture of the election results will be as follows:

	% of Votes	No. of Seats
First Party	40.5	151
Second Party	32.5	122
Other Parties	27.0	27
Total	100.0	300

But such result is not easily attainable. PASOK which in the 1977 elections received a large percentage of votes needs 16 percent more to increase its strength (the Left in France received about 10 percent in the 14 June 1981 elections because the percentages of its parties were already high in previous elections). Nor will other parties besides ND and PASOK receive 27 percent of the vote since, moreover, it appears that ND was allied with the National Array and the New Liberals (both of which received 400,000 votes in the 1977 elections). Therefore, it is not possible that the vote percentage the Right under Rallis will receive will drop to such an extent even though we all wish it.

In contrast: A small increase of the KKE and PASOK votes by 7 percent and 10 percent respectively (targets achieveable if the voters for change vote wisely) will result not simply in a marginal and shaky majority--a majority vulnerable to desertions to other parties--but a comfortable majority and a broader victory against the Right. Because with a 7 percent increase KKE will receive 17 percent of the votes and will thus gain the seats it is entitled to since it will participate in the second distribution.

On the other hand, PASOK with 35 percent (25 plus 10 percent) will receive all the seats proportionate to this percentage with the result that in no case will ND be able to receive a majority since all remaining seats [for distribution] will be fewer than the number if needs for such majority.

In the 1977 elections ND received 41.85 percent of the votes and gained 173 seats because KKE did not participate in the second distribution since it failed to receive 17 percent of the total votes. In the coming elections a percentage of 17 percent will have such a catalytic effect on ND that even if it receives 43 percent it will be unable to resume power. It will do so only if PASOK receives an unbelievably low percentage, say 30 percent. Let us assume that the small parties receive 10 percent of the votes and 10 seats. Since these parties will leave a remainder of votes from the first distribution which they cannot use but which will be distributed between the two large parties participating in the second distribution, then we shall have the following picture for the remaining 90 percent of the votes and the 90 seats:

For KKE: 290 [seats] divided by 90 [percent, 100-10=90] multiplied by 17 percent equals 54.74 seats.

For ND: 290 divided by 90 percent multiplied by 43 percent equals 138.60 seats.

For PASOK: 290 divided by 90 times 30 percent equals 96.66 seats.

The 10 percent votes and the 10 seats for the small parties bring the total percentage to 100 percent and the total seats to 300. Therefore, under the above assumption and despite receiving only 30 percent, PASOK will have, together with KKE, a majority of 151.40 seats.

In order to better prove the importance of the 17 percent in ousting the Right from power, let us assume that ND receives 5 percent fewer votes and that PASOK receives 5 percent more. Assuming also that the small parties and PASOK retain their 10 percent and 17 percent respectively, the emerging picture is as follows:

For KKE: 290 [seats] divided by 90 [percent] times 17 percent equals 54.74 seats.

For PASOK: 290 divided by 90 times 35 percent equals 112.70 seats.

For ND: 290 divided by 90 times 38 [43-5] percent equals 122.56 seats.

Therefore, together PASOK and KKE will have 167.45 seats thanks to the 17 percent. If we reverse the above percentages for ND and PASOK, then naturally the number of their seats will also be reversed. In other words, with 38 percent (Mitterand's Socialist Party in France received 37.51 percent of the votes in the presidential elections of 14 June 1981) PASOK will receive 122.56 seats and ND 112.70 seats. Therefore, together KKE and PASOK will have 177.30 seats (54.74 plus 122.56 equals 177.30 seats). This means that for the Right to be ousted and for the new government to have a broad, solid majority, the voters of all democratic parties should support the KKE ticket in the next elections.

The government which will be formed with such majority or which will rely on such majority provided it opens the door to change will undoubtedly find support also in the whole area of democratic opposition, whether great or small. Therefore, the key to ousting the Right and establishing change lies in KKE's getting 17 percent of the votes in order to participate in the second distribution. Every vote given to KKE will assure a majority and the formation of a viable democratic government of change. Seventeen percent for KKE means also that any new government will put out of use the extortionist fraudulence of the reinforced proportional and will institute the simple proportional system so that Greece may cease to be governed by contriving, ballot falsifying majorities.

By emerging from the elections considerably strengthened, KKE bars the Right from remaining in power. Since in the 1977 elections KKE had received in many districts nearly the number of votes needed for a seat, then each vote for KKE counts as double against the Right. To achieve the target of removing the Right from power it is necessary for KKE to receive that one vote also in order to reach the 17 percent of the total votes and such vote must be cast everywhere whether a nome has a chance of electing a deputy or not. In the coming elections and under the extant system no vote for KKE is wasted since the aim is to receive 17 percent throughout Greece as a necessary precondition for change.

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PASOK PLATFORM ON EDUCATION CRITICIZED

Athens I VRADYNI in Greek 20 Jul 81 pp 1, 14

[Text] Deep, leveling changes in education are formally projected by PASOK in the third part of its platform made public yesterday. By reading the platform section on education, one can deduce effortlessly and objectively that if PASOK comes to power, the entire educational system of our country will be torn to pieces.

This will be done in two ways: first, with the socialist transformation of education and second with the "revolutionary" changes in the educational system.

Socialist Change

The principle of socialist change in education is based on that part of the PASOK platform which states that "the basic educational options are directly related to the national, social, economic and cultural options of the government. They are in effect basic political options." Since PASOK's political, social and economic options are socialist-Marxist, its educational options will also be socialist-Marxist.

In another point in the platform we read: "Our primary goal is to change the values in the content and the direction of education and studies." On this point experienced cadres of the educational profession commented yesterday: Since the values are either liberal-democratic such as those prevailing today or totalitarian (fascist or socialist) PASOK clearly implies its adoption of totalitarian social-Marxist values.

Local Self-Government, Too!

On the basis of this change in values, PASOK will prepare the imposition of its control on the universities and the student affairs as it is clearly shown by the point of the platform which claims that "the universities are surrendered to partisanship." Another point in the platform states that "the control over the realization of the educational policy will be entrusted to a national council composed of representatives from local self-government, workers' organizations, social and political entities and of course entities representing the educators and students."

This clearly shows--the same circles said--the extent of the upheaval to be created by the politization of education because certainly a leftist mayor or community

president [i.e., village mayor] or the spokesman of the [strongly pro-Left] construction workers will want to impose views which will not be acceptable to the great majority of parents.

Brainwashing

In the context of the effort to socialize education, PASOK will try to teach Greek history not as it has been taught for decades. "The historical knowledge will be given broadly and objectively, without prohibitions, without setting up a dominant ideology." This means that the history of the National Liberation Front and National People's Liberation Army may be taught in school.

Work Battalions Manned by Students

One of the most dangerous points of the PASOK platform, as far as the student youth is concerned, is the one implying the creation of "work battalions" with students for obligatory labor in certain types of work.

This is what the platform states: "One basic innovation is the simultaneous introduction at all educational levels of special study programs combined with corresponding social programs [administered] by the government or by local self-government (e.g., preventive medicine, environment, land use and development, etc.)."

"At the higher level of education"--the platform goes on--"it will be attempted to have students participate actively in the implementation of methods for the solution [of such problems]."

This means that medical students will actively participate in giving injections to inhabitants of mountainous areas or that others may participate in the opening and construction of roads, bridges, etc., on the model of obligatory work by the students of the eastern [socialist] countries during the summer months in work battalions!

Abolishing Private Schools

The platform also identifies as one of its immediate goals the abolition of private schools but without saying anything on what will replace them or on the fate of their students since public education is unable to absorb them for many years because, for one thing, there are not enough buildings.

The platform also announces the abolition of entrance examinations to lyceums and universities, a fact which will lower the educational level and will have further destructive consequences on the educational system.

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PASOK FAVORS REPATRIATION OF POLITICAL REFUGEES

Athens EXORMISI in Greek 19 Jul 81 p 3

/Article by Gitsa Sisimou: "Drama of Political Refugees to End Soon"/

/Text/ "All men are born free and equal in terms of dignity and rights. For this reason there can be no discrimination based on the political, legal or international regime of a man's country of origin, whether it is a country or independent territory or subject to any restriction of its sovereignty."

Yet, this basic principle of the Universal Declaration of Human Rights has been torn to pieces in Greece, as a concept and understanding, by the governments of the Right since they have denied those rights to the thousands of Greek political refugees. Thus, while article 15 of the UN Charter states that no one can be arbitrarily deprived of his citizenship, we see in the country where democracy was born the rightist state denying to thousands of citizens the right to return to their homes. This of course is the price paid by the entire country since the time of the civil war--that harsh period when thousands of our compatriots in order to avoid suppression, persecution and execution were forced to seek refuge in the socialist countries. Yet, the hospitality and safe life offered /by these countries/ never led those political refugees to think of staying forever away from their motherland.

At the Chamber of Deputies

The question of the political refugees' repatriation has been repeatedly raised by all opposition parties in the Chamber of Deputies. They have submitted questions, interpellations and bills for the legal settlement of this issue. The clergy has accepted it. The mayors in their majority have asked for its solution. Professional and labor associations, mass organizations and movements have spoken in favor of repatriation. The Athens Bar Association, other legal associations, political personalities, military professional men, artists, intellectuals and many others favor repatriation. PASOK Deputy Dimitris Khondrokoukis, a retired general, told us in an interview, in part:

"The problem of the political refugees emerged after the end of the 1946-49 civil war. As in any conflict, in this too there was a victor and a vanquished. The defeated side left for the neighboring Balkan states and asked for political asylum. It is a fact that the neighboring countries received the refugees and gave them moral and material support. It is also true that the refugees and their

children followed a proper Greek attitude and retained the customs and the morals of our country, and for this reason they are praiseworthy. As chairman of the committee for the repatriation of refugees, I have visited several countries which are hosting refugees and I found out that all the refugees have a strong desire to return to their country. Since the change of government in 1974, approximately 25,000 have been repatriated, while 33,000 remain. In detail, the largest number (6,500) are in Czechoslovakia, approximately 5,500 in Taskent /USSR/ and 5,000 in Romania. It must be noted that there are many obstacles preventing repatriation. Each person must submit a separate application to the Foreign Ministry and the Ministry of Public Order which study each case separately. In this way, every police chief, every gendarme and the village National Defense Battalions /TEA/ give information on the applicant for repatriation. This situation perpetuates hatred among the people, since those individuals were on opposite sides during the civil war.

"Although I, too, being an officer, was on the opposite camp," Deputy Khondrokoukis went on, "I believe now that we must forget the hatred and passions of that period and that all political refugees must return to their country."

Tragic Cases...

"It is true that the government's policy in dealing with the repatriation problems is unacceptable because there are tragic cases where the repatriation of the child is approved but the parents are barred from coming back, resulting in many problems. But beyond that, we have the problem of pensions which has not been solved and which is pending as an issue between Greece and the socialist countries. As chairman of the committee, I visited Premier Rallis who assured me that all refugees 70 years old and over and all handicapped will return without any formal requirements. But although 5 months have gone by nothing has happened. Moreover, the premier promised to increase the 1,000-drachma lump sum given each repatriated refugee once, but this, too, has remained an empty promise. PASOK has a clear position on the repatriation of political refugees and struggles in and out of the Chamber of Deputies to speed up their repatriation. Moreover, PASOK has set up a special committee headed by central committee member Khristos Markopoulos which deals with the question of refugees."

In February the seven PASOK Euro-deputies and three of their colleagues in the socialist group of the Euro-parliament submitted a draft resolution to condemn Greece for violating human rights. It must be noted at this point that in the debate held in the Chamber of Deputies on 14 April 1981, PASOK accused the government of deliberately opposing the mass repatriation to make the refugees feel that they are in an inferior position.

As PASOK parliamentary spokesman Giannis Alevras said, "The question of the political refugees is a national issue and a question of national unity and for this reason it must be solved soon. It must be solved together with the question of the social insurance rights, regardless of its recognition by the host countries."

Alekos Papageorgiou, chairman of the Panhellenic Union of Repatriated Greek Political Refugees /EEPP/ also regards the position of the present government on the question of refugees bigoted and undemocratic. "Greece," he told us, "is the only country in Europe with a problem of political refugees and the only

country in the world that has kept the doors closed for 32 years. We call this a bigoted tactic because it leads unfortunately to the biological solution of the problem. The only proper solution in our view is to allow the free repatriation of all refugees. With regard to the problem of pensions which is certainly a serious problem, our position is that the pensions and the pension rights be transferred to those entitled in Greece. To do so, it is necessary to sign agreements between Greece and the /respective/ socialist countries. The initiative must be taken on this by the Greek government. Now, the problems being faced by the repatriated refugees are many. The most important are: their moral and material rehabilitation, i.e., employment, housing, medical-pharmaceutical care, recognition of professional diplomas (degrees), return of property, transfer of pension and social security rights through the signing of agreements with the socialist countries. The Greek government has not given much help for the solution of those problems; moreover, it deliberately obstructs their solution. The only 'help' given is the 1,000-drachma payment given once to each refugee. To get this, a refugee needs to have an affidavit issued by the police (security) saying: 'He took refuge in a foreign country in 1949 as a result of the guerrilla war...'"

If It Continues

To our question of how he sees now the question of repatriation today, Papageorgiou replied:

"From the change of government in 1974 until the end of 1980, 22,000 political refugees were repatriated while more than 30,000 still remain abroad. We believe that if the same policy is to continue, another 10 to 12 years will be needed /for their return/. By then, a large number of political refugees will no longer be alive. The major question of concern to the refugees is the question of pensions. The Greek government constantly raises obstacles on this. For example, when a Soviet delegation came to Greece to solve the problem through an agreement, the Greek side raised this point: The transferring of all rights of the 15,000 /Greeks/ who live there should include the approximately 400,000 Greeks from Pondos who have lived in the Soviet Union as Soviet citizens for hundreds of years."

Mitsos Papadimitris, attorney and chairman of the Central Committee for Greek Political Refugees /KEPPE/, referring to the system of investigating each case separately as well as to the more general obstacles raised by the government on the repatriation of political refugees, said:

"The government continues to apply the system of case by case investigation which was followed during the junta years. This is unjust and unconstitutional because the refugees who left after the civil war lost their citizenship with 144 decrees and 22,260 cases of recall of citizenship. This means that the irregular governments of the Right applied the Nazi system of guilt by association. They removed the citizenship as a group even from newly born children or from people who had died. We ask that these measures be abolished as unconstitutional since they are in conflict with the 1975 constitution. It is obvious that the government cannot get rid of the complex of bigotry which prevailed during the years of anomaly. The apparatus of New Democracy opposes /a solution/ and this is the main reason for the absence of a solution. They make promises but they don't do anything. A recent illustration: Minister Davakis who promised to find a solution in certain

cases but in the end failed to act. Another illustration of stronger opposition: Premier Rallis who stated recently in Stockholm that those who worked in security forces, in the army or attended spy schools in the socialist countries will not be allowed to return to Greece. This is unacceptable slander against the Greek refugees because none of them ever worked in a confidential service because as it is logical [to expect] such foreign [services] do not employ aliens. This is the absurd excuse chosen by G. Rallis to cover up his negative policy."

To a question regarding the problems facing the repatriated [refugees], Papadimitris replied: "For those who return there is no equal treatment. The civil service, the banks, the various agencies have their doors closed. For example, excellent scientists with many years' experience come back to their country and they work as porters just be make a living. With regard to their property, their farms, etc., they do not get them back because according to law 2356/53 they have been confiscated and in turn they have been given to others. As a matter of fact, there is a decision by the Council of State which has declared law 2356/53 unconstitutional; on the basis of this decision of the high court, a legislation favorable to the refugees should be applied.

"The children of refugees called to serve the country face problems, too. Instead of treating them like the other children of our people, they place them in a third category and send them to special units with the negative connotation that they belong to a second [sic] category of Greeks. A few years ago we obtained a decision signed by the then National Defense Deputy Minister Katsadimas who gave us the opportunity to buy off our military obligation. This was because the deputy minister agreed that when the [young refugees] come back here they are the main support for their families who have no income other than the 1,000-drachma lump sum. Unfortunately, even though the decision, issued in October 1978, was published in the 'Government Gazette' and therefore has the validity of law, it was revoked 1 month later by a secret circular issued by the General Staff. It is illegal to regard a circular of the General Staff as the valid rule instead of the decision of the minister which is actually valid. It is true that they have granted deferments until 13 December 1982, and we are trying to convince the government to give a logical solution to this problem.

"We believe that with a PASOK government this problem will be solved. Because as PASOK Chairman Andreas Papandreou and other leaders of the movement have repeatedly stated, these questions will be settled radically, decisively and quickly. We hope that this will be done because this is a problem which for 32 years has tortured not only the refugees but the entire Greek people. This is unprecedented in history.

"Thirty two years have passed since the end of the civil war and the Right denies citizenship to thousands of our compatriots. Beyond the crude violation of the elementary human rights, the Greek government, by acting illegally, violates: 1) the Rome Treaty of 1950, 2) article 1 of the Hague Convention on the right of citizenship and 3) article 27 of the constitution this government enacted!

"But beyond the violation of international conventions--conventions which are being respected by millions of people around the world--the Greek government ignores in a provocative manner the Panhellenic demand for the permanent solution of the

political refugee issue, with the result that their expatriation continues, and this is harsh mistreatment not only for them but also a source of anomaly and a sore point in the country's political life, and also the unequal treatment of Greek citizens, evident separation of the people into citizens of first and second-class.

"The political refugees, fighters of the National Resistance, carrying on the heroic traditions of our people, a precious part of the national body, blood from our blood, must come back freely, without conditions, without obstructions. This is a national issue, a popular command, a social necessity. Moreover, it is a decisive issue for strengthening political normalcy in this country."

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CSO: 4621/49

PREELECTORAL PROMISES, ACTIVITIES ANALYZED

Athens ANDI in Greek 17 Jul 81 pp 4-5

/Article by Antinor: "Goodbye to 'Mildness'"/

/Text/ Well, the "mild climate"--which differentiated the premier from Averof and other ND hard-corers--is dead and as a result "the dialogue between the government and the leader of the major opposition will henceforth be sharp" as the good pro-government press from AKROPOLIS and MESIMVRINI have already predicted.

This, moreover, was confirmed by Rallis himself when in an exclusive interview with AKROPOLIS he said: "In the coming elections the Greek people will be asked to choose between the bourgeois, multi-partisan democracy and a one-party, third-world oriented socialistic-Marxist state. Therefore, the Greek people who are devoted to a multi-partisan state, freedom and good living (the other solution is the mullahs of Iran and the regimes of peoples democracies...) will cast their vote not for PASOK or the two KKE's but for New Democracy which will thus score a crushing victory."

As concerns the slogan of "Change," it is not about to trap the electorate because the smart Greeks know that this time "they will not be choosing a party but a social regime." And if the social regime should happen to change, then change "will not last for a parliamentary 4-year period but forever..."

The Left and Dark Hell

But--some are wondering--what made the candid and gentlemanly Rallis resort to such low danger-mongering when even the children of Greece know that the change PASOK promises is a "well thought out" change without social shock waves since the recent PASOK "preparations" and "realignments" on some sensitive foreign policy issues--EEC, NATO, American bases--brought the major opposition party to positions which, however different from those of ND, can be acceptable even by the traditional followers of the party in power?

The answer to the question is not difficult. Only 3 weeks after the ND extraordinary congress, both Rallis and the party's staff cadres were in a position to assess that neither the congress "euphoria" nor the ascent of Averof to the office of the deputy premiership; nor the legalization of the dissidents or the elimination of the "odd and even" /registration numbers of cars in circulation/; nor the pre-electoral "pocket money" of 8 billion drachmas (distributed to the residents of about 4,400 mountainous settlements...) were able to avert the inevitability of

things--an inevitability which presages the fall of ND and specifies the rise of the forces of change... But exactly because the PASOK chairman is now able to use a common language with Helmut Schmidt and Filippe Conzales [of Spain]--by stating that he will not include communists in his government if his party comes to power--exactly because the new PASOK positions find appeal among yesterday's voters of the Right and are also "appreciated" by the Americans who assure that "if PASOK comes to power it would not, after all, be disaster" [exactly because of the above] the ND leadership felt that the rhetoric about "mild climate" should somehow be ended and a new phrase should be introduced similar to that left behind by the most distinguished public order ministers of the civil war: The Right personifies the nation and democracy while the Left--any Left--is the dark hell from which there is no return...

The "Ifs" of Finance Ministers

The abandonment of the "mild climate" led to a frantic search for new preelectoral measures: If by election time--Coordination Minister Palaiodrassas and Minister of Finance Evert thought--we succeed in promulgating some new money allowances or even some new tax relief... If we announce that the weekly work hours are reduced from 42 to 40 hours and that we are creating 50,000 new positions thus absorbing the young unemployed... If we persuade our undecided voters that curbing the price index last June (it increased by 1.8 percent compared to 2.6 last year) was not a result of economic coincidence and inflation which causes the prices to drop but a result of the "healthy ND policy..." If...then, Palaiodrassas and Evert insist, we may win the elections!

Along with such measures--which are "studied" by the economic "supervisor" Averof--the ND cadres again restored their contact with the National Array [EP] since the "true Greeks" also should, as Averof declared, take part in the elections united as "one man."

The new contacts and deliberations are to a large extent facilitated by the transfer of the EP leadership by St. Stefanopoulos to Sp. Theotokis and the "free hand" the new leader was given by deputies and party politicians "to handle future matters at will." But the "bequest" the departing leader has left states that "the government is obligated to account for its conduct to the sovereign people" who "will condemn it mercilessly for all its illegal and unholy actions." But who pays attention to outgoing leaders? The ND leadership, moreover, claims that out of the 6.82 percent (349,988 votes) EP received in the 1977 elections about 5 percent have already returned to the ND fold and that the Sp. Markezinis party in no case will exceed 1.0 to 1.5 percent... Therefore--claim the cadres of the party now in power--any consultations with EP simply aim at "processing" certain of its deputies and politicians who until now have "not returned to the ND fold."

How "Binding" Is the NATO Alliance?

While these developments are happening in the world of the Right, PASOK announced last Sunday the second part of its government program specifying the immediate measures the government of the movement will adopt "for broadening democracy." Among these measures are: the reestablishment of the simple proportional

/electoral/ system--which, however, PASOK sold out as a system for the coming elections; the voting by emigrants, seamen and students abroad; the elimination of the /preference/ X-mark (cross) and vote-hunting; the financing of parties; the control of election expenditures; the /status/ elevation of parliament and the democratization of the state which includes the right of information, the recognition of the national resistance, the unconditional return of the political refugees, the elimination of the "hate events," the abolition of government syndicalism, et al.

The PASOK program explains also its position as concerns the country's place in the international scene--positions particularly lauded by TO VIMA which wrote: "It is time for the various ND 'brains' to stop talking about 'Qaddafism,' etc." since the PASOK program recognized that "there may be such historic conditions which could compel our country to ally itself defensively with others" (read: NATO). Naturally, the program states that PASOK's strategic target is the withdrawal from NATO but such withdrawal--it is made clear and emphasized--falls within the framework of PASOK's overall strategic target which is the dissolution of the two cold-war blocs--NATO and the Warsaw Pact.

Another Perspective for Change

In contrast to PASOK's program declarations, the two KKE's give their own perspective for change. For KKE-/Exterior/, for instance, the imperative issue is for the Right to be thrown out and for it to participate in the second /electoral/ distribution since in this way it will be able to assume its share of responsibilities for change. On the other hand, it believes that the questions of removing the bases and nuclear arms, or getting NATO out, "cannot be postponed forever, must not be subject to new bargaining." On the contrary, the first serious step of a democratic government should be to sol the serious--and burning--problems since "change and foreign dependence are not compatible."

In the view of KKE-Interior, on the other hand, change cannot be achieved by undergrading the social role of the mass movements, by underestimating the serious difficulties a democratic government will face during its term in office or by revitalizing elements of the bourgeois policy. Similarly, change cannot be promoted by notions of hegemonism and over-centralization since, as things are, they hinder the cooperation of the forces of the Left. Therefore, there is a need to charter a new perspective toward which can contribute decisively the communists of renewal and all other forces of the renewing Left which, in order to play their historic role, should come out of the coming elections considerably strengthened.

In the meantime, the date for holding elections should not be delayed. Two are the probable dates: 18 and 25 October.

7520
CSO: 4621/42

DEFENSE MINISTER PLANS FOR BUDGET CUTS

Hamburg DER SPIEGEL in German 3 Aug 81 pp 24-25

[Text] Defense Minister Apel is not resisting cuts in his defense budget. He could retrench even more.

FDP defense expert Juergen Moellemann couldn't believe his ears. "That can't be true," he said in exasperation, when Foreign Affairs Minister Hans-Dietrich Genscher reported last Wednesday to the FDP parliamentary group on the budget negotiations of the coalition leaders.

But Genscher confirmed it: The defense minister would guarantee the readiness of the Bundeswehr [Federal Armed Forces] even if his budget increased by only 4.2 percent. Hans Apel, who this year is operating with DM 42 billion, will have to get by on DM 43.7 billion in 1982 instead of the planned DM 45.9 billion. Said Moellemann: "The height of improbability."

For the chief of the Hardthoehe had previously said over and over again that he needed at least DM 3.9 billion more if he was to meet all his obligations vis-a-vis NATO and the arms industry. Failing this, he could only pay penalties to the industry for nonfulfillment of contract and order signs saying "Temporarily Closed" for the gates of military posts.

The military, which has always spent freely, had revised its figures shortly before the coalition talks: The Military Command Council announced that the Bundeswehr could just make it with an additional DM 2.4 billion. But this was the "lowest margin"; otherwise it would have to curtail substantially its training and exercise operations.

Apel nevertheless said not a word last week when SPD Chairman Willy Brandt and Finance Minister Hans Matthoefer demanded in SPD meetings that the defense budget now be included in the cutbacks. He also kept his peace when SPD colleagues on the parliamentary group's security panel asked him about his plans for cuts. Apel's stereotypical response: "I'll go along with whatever the coalition decides."

Surprise was the reaction among coalition politicians and military leaders to the chancellor's assertion that the defense minister had described "in detail" how he intended to get by with half the extra amount (DM 1.7 billion). For no one except Schmidt has heard Apel state his case.

The defense minister has advanced only a few objections to the plans to economize. He continues to resist Matthoefer's proposal to accept volunteers only if they serve more than 2 years. The finance minister wants to use this means of saving the money paid from the first day of service to soldiers with 2-year enlistments (Bundeswehr jargon: "SaZ 2"). Apel's argument goes like this: 14 percent of those serving longer tours of duty were recruited from among the SaZ 2's and signed up for longer periods — specialists who operate and repair complicated gear.

Nor does Apel believe in drastic cuts in the fall maneuvers. Although sand-table games in place of large-scale exercises would save a great deal of money, they would cause additional problems with the Americans and NATO.

As America's ally Genscher conjectured in the cabinet meeting, it would be difficult enough as it is to confess to the Reagan government that now the Federal Republic, NATO's model child, would also no longer be able to achieve the joint goal of increasing defense expenditures by 3 percent annually in real terms.

Schmidt came up with a ready response. He said the Americans were ultimately responsible for the cutbacks: "After all, we're suffering from the high American interest rates."

To be sure, there are enough areas where the Bundeswehr could economize. Said SPD budget expert Rudi Walther: "The military's cost consciousness is underdeveloped, to say the least."

For example, defense ministers since 1972 have had under consideration detailed plans for turning 12 of the 36 army brigades into skeleton units: They would consist only of officers and noncommissioned officers who would keep the equipment and weapons operational and join with reservists for exercises on occasion. Only in the event of a critical situation would the units be brought up to strength within 3 days using reservists from the ready reserves.

Even Johann Adolf Graf von Kielmansegg, NATO's supreme commander in Central Europe from 1966 to 1968, considered this the "best and most efficient solution," because anything else would only require more money and more volunteers serving longer enlistments. Former inspector-general Ulrich de Maiziere proposed a similar plan 2 years ago: "The number of units having to be maintained at full strength is too large."

Yet, neither Schmidt nor Georg Leber nor Apel could bring himself to make a decision, probably for fear of resistance by the military. Inconceivable to military men is the idea of officers without soldiers constantly standing at attention, although Switzerland, Sweden and even Israel have had success with skeleton units.

Also necessary, according to defense budget critics, are deep cuts in the cumbersome military and administrative bureaucracies. "There is no clear delineation of authority," complains Apel. There is "empire-building, one right beside another"; the "structures aren't right." But nothing has been done about the situation.

When the Tornado fighter bomber's multipurpose weapon No 1 was demonstrated in strict secrecy at the Meppen gunnery range on 15 July, the guest list included more than

40 generals, presidents, directors, program supervisors and branch and division heads — who all have a say and who frequently get in each other's way.

The expensive wonder bird is being tested in three separate but similar programs: by industry, by the testing department of the Federal Office for Defense Technology and Procurement (BWB) and, finally, by the armed forces.

The BWB, responsible for developing, testing and procuring military materiel, employed 7,000 people 20 years ago; now it employs 19,800, including those in field offices. President Otto Greve conceded with chagrin that his men often do not have enough to do. Times of "a light work load" alternate with times of "absolute peak load."

The "Bundeswehr Office of Intelligence" created by Apel performs a dual function. In cooperation with the Federal Intelligence Service (BND), it collects in central facilities all important military information. Nevertheless, the command staffs of the armed forces, as well as the army, air force and navy, continue to maintain their own staff departments for "Military Intelligence."

The Defense Ministry alone (3,700 officers and government employees in 317 departments) produces more than 200,000 secret documents and 400,000 unclassified directives, reports and amended documents. Twenty-five inspectors holding the rank of general and colonel travel around interfering with regular troop operations.

The commander of an antiaircraft-missile battalion is checked out 300 times a year; he also has to write 500 reports. The pilot who climbs aboard a Starfighter ought to be familiar with 27 central service regulations (ZDV), 10 air force service regulations (LDV), 36 special directives and more than 100 commands and orders.

"It's a horrible case of hydrocephalus," groaned Apel recently, when forced to confess to SPD defense politicians that he had once again been uninformed — this time about the cost overruns on the six frigates that have been commissioned.

In the future they no longer intend to accept this excuse. In September, once the retrenchment decisions have been made, the defense minister is to be forced by the SPD and FDP into a show of strength against the rampant bureaucracy. Says the FDP's Moellemann: "The small stuff won't do anymore."

7458
CSO: 3103/395

CONSEQUENCES PROJECTED FOR MILITARY BUDGET CUTS

Frankfurt FRANKFURTER ALLGEMEINE in German 1 Aug 81 p 2

/Article by fy.: "Reduced Funds for the Bundeswehr for the First Time in 15 Years? — Cutbacks by the Cabinet/ Farewell to the Promise of 3 Percent"/

/Text/ Bonn, 31 July — The FRG defense budget is scheduled to increase, along with the overall federal budget, by 4.2 percent — to a total of DM 43,828,000,000. The cabinet's decision was unanimous. This not only makes it clear that the FRG Government is no longer attempting to keep its word on having FRG defense spending increase by 3 percent annually in real terms up to 1986; also conceivable for the first time in 15 years is a reduction in the funds actually to be placed at the disposal of the Bundeswehr /Federal Armed Forces/; after inflation, that is. This will happen if next year's rate of inflation should be more than 5 percent.

With a budget of DM 43,828,000,000, the defense minister will have at his disposal DM 1,766,000,000 more next year than this year. This is DM 1,221,000,000 less than the amount requested by the Defense Ministry — a request that, considering the alarming budget situation, had already been reduced to essentials.

The extra DM 1,766,000,000 — an amount far in excess of that which the finance minister had wanted to spend on defense — will be supplemented by an additional DM 300 million which Defense Minister Apel was able to funnel to his department as the result of an agreement with Labor Minister Ehrenberg. This extra amount came from a revision of an agreement that had been in effect since 1974. It provides that the Defense Ministry guarantee the pension entitlement of the Bundeswehr's 232,000 draftees by taking over payment of its draftees' contributions, taking as a contributory assessment base the statistically computed average wage of an employee in the Federal Republic — excluding from the average wage computation the earnings of apprentices or any other young people still undergoing training. The average income arrived at in this way — a figure used to compute the pension insurance contribution that has been paid to date — comes to DM 2,500 at present. But this amount is greater than the actual average income of draftees, only a small number of whom were fully established in occupations upon entering the Bundeswehr. In a closer approximation of actual conditions, agreement was reached to reduce the calculation base by 25 percent, to DM 1,900. The amount now to be paid to the pension insurance carriers out of the defense budget is a good DM 300 million less than the sum that heretofore had to be raised.

This reduction can thus be included in the defense budget, but it must of course be kept in mind that this sum has been allocated for specific purposes: It has been earmarked for maintenance of the Bundeswehr's building assets and infrastructure — mainly the renovation of old casernes. It is thus designed to support employment, mainly for smaller and medium-sized construction companies. The Bundeswehr will profit in the form of the renovation of run-down barracks.

Despite the total available sum of DM 1.7 billion plus the DM 300 million saved, the Bundeswehr will be in some distress next year. The most serious effects will be felt in the area of research, development and testing. Although the development work that remains to be done on the Tornado program will continue to be financed, any new development projects that are pending — preparation for the 1990's generation of weapons, for instance — will be impossible. The resulting danger is that the Federal Republic will lose its capability acquired over the past two decades of developing and manufacturing important weapons systems on its own, thus freeing itself of foreign imponderables. Rendered impossible by the lack of funds is development of the 1990's battle tank planned jointly with France. Also ruled out are a new German-French antitank helicopter capable of night fighting and a tactical combat aircraft for the 1990's.

Fuel and Ammunition Remain Dangerously Scarce

The lack of actually needed funds will have the least effect on the major procurement projects: As a result of the accumulation of funds under procurement categories — as was promised to parliament — work can be continued in 1982 on the major projects found on the so-called "Biehle list." Included are the Tornado, the Leopard II, the field howitzer 70, the antiaircraft tanks and the frigate 122, as well as all the other projects on the list compiled by CSU Deputy Biehle. Progress in procurement for large-scale projects cannot, however, be equated with realization of all the projects left over after cuts were made during closed defense sessions in March of this year. Following this week's cabinet deliberations, the word was that there would probably be further cuts in "peripheral" defense projects.

The situation looks far more critical in all other sectors of the military budget than for the very important procurement of the new generation of weapons. It is true that in the personnel sector a successful effort was mounted against having enlistees who signed up for 2 years with the Bundeswehr receive only service pay for the first 15 months — as draftees do. They are to continue to receive from their very first day the full salary paid to an extended-term enlistee. This is designed to sustain the financial incentive to serve longer. To be sure, this was possible only at the cost of a sharp reduction in the number of 2-year enlistees in the Bundeswehr. The finance minister's demand for revocation of salary payments to 2-year enlistees was fended off only on condition that the Bundeswehr reduce its number of 2-year soldiers to 38,000 over the next 2 years. That is precisely the figure set as a minimum by the Defense Structure Commission in its time. Right now, however, the Bundeswehr has 56,000 enlistees who have signed up for 2 years. It is using the 18,000-man excess not only to take the place of draftees but especially to make up for the shortage of soldiers with 3-year enlistments or more. As this excess "melts away" during the next 2 years, the result will be savings of about DM 150 million in 1982, but these savings will create additional personnel problems, chiefly with noncommissioned officers. Beginning 1 January 1982, the Bundeswehr

will no longer be paying the premiums on its draftees' building loan agreements; this action will save another DM 50 million.

Money will be just as tight everywhere else. The defense minister has at his disposal for 1982 only about two-thirds of the extra amount he requested for supplies. In the area of operations and fuels as well, there is not enough money to restore regular troop operations to the pre-1980 level. Nor can reduced fuel supplies be returned to normal in 1982. For the air force, this will probably mean having to stay with the sharply reduced flying time given to every pilot. This year it was already below the norm for the other NATO partners, who are financing anywhere from 180 to more than 200 hours in the air per pilot. But it is not only the army and the air force that will have to cut back; like this year, the navy will also have to forgo larger-scale activity next year.

And finally, it will also be impossible to add to the ammunition stockpile with the money that has been made available; the defense minister himself has called it a serious shortage. Even retention of supplies now on hand is questionable. Given the funds presently available, there is even a possibility that supplies will diminish. Which is to say that, considering the money that has been allocated, even replacement of the ammunition needed for exercises is now in jeopardy.

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SCENARIOS OF SOVIET THREAT TO NATO'S SOUTHERN FLANK

Rome AVANTI in Italian 10 Jul 81 p 11

[Article by Falco Accame: "Reasons for Territorial Defense"]

[Text] Recently, the strategic importance of the Mediterranean has increased significantly, above all due to our vital dependence on oil coming from the Persian Gulf and from North Africa. The situation has progressively deteriorated because of the continuing Arab-Israeli conflict, the Lebanese tragedy, friction between Syria and Iraq, between Egypt and Libya and the war between Iran and Iraq, which shows no sign of letting up. But the most proximate causes for anxiety are Libya's attempts to engender closer contacts with the USSR, on one hand, and our commitment, on the other, for the military defense of Malta. Therefore, the dangers originating from the south can no longer be ignored.

In 1951, when NATO reigned supreme in the Mediterranean, its main concern focused on the invasion of Eurpoe by the Red Army. Today on the other hand, the real danger lies in the possible interdiction of our oil routes brought about by a local conflict in the Mediterranean or possibly because of a more widespread Soviet design which aims at the takeover of the Persian Gulf.

The outlook is not encouraging. While Afghanistan has been irretrievably lost, and its takeover greatly facilitating operations directed against Iran, events are moving in accordance with the Soviet intent of depriving the West of Iranian oil. Therefore the Persian Gulf is becoming a source of concern, where differences between American and European policies have already developed. Western experts agree that a clash between the forces present today in the Persian Gulf would surely mean success for the USSR. The American plan to send 100,000 troops to Europe in a matter of days is still on the drawing board. Furthermore, the recent development of a rapid intervention force in Egypt turned out to be a veritable technical and strategic failure, though the national press minimized and underemphasized the fact.

The Soviet design of encirclement of the Persian Gulf from the West has begun to take place: the maneuver in fact, occurs along two axes: through Afghanistan from the East and through the "Red Belt" from the West, whose pivotal points are Libya and Aden: only Sudan is the missing link. In this context, the Libya-Chad connection can be understood.

Libya represents an instrument of a vast Soviet plan, with the aim of increased penetration of the Mediterranean. Sudan, where Libya has promoted and financed conterrevolutionary designs, engendering serious preoccupations, has come under aim. Along the border with Chad, subversive and sabotage operations or even perhaps an invasion could be brought about. Tomorrow, the Mediterranean, and Italy in particular, might come under their sights. It is well known that the USSR has sent aid to Libya and has transformed it into a veritable arsenal in which, with consistent help from us, an enormous quantity of tanks, missiles, radars, aircraft and sophisticated equipment (which the Libyans will never be able to use efficiently) has been stockpiled. It is thus evident that all this hardware will be driven by outside personnel, which can be flown into Libya in a matter of hours. No one in Italy appears to be aware of this grave situation. That Qadhafi may nourish dreams of imperialism should come as no surprise. His Soviet bosses may take advantage of his ambitions, for example by exploiting what has occurred in Chad and in the Sudan. One must realize there is a chain of bases in the area of Tobruk near the Egyptian and Tunisian borders, built by the Soviets, in addition of the ones built to the South, in the Sahara. With this kind of support network, it may be possible that Qadhafi may start thinking in terms of extending his influence in various directions, including that of Sicily.

At the present, the status quo in the Persian Gulf in maintained by the threat of nuclear weapons by the United States, in case such weapons are used by the Soviets or in case of an extension of the Afghan operation. But is such balance acceptable? And how long can it last? Obviously, it will become necessary to define a precise line of demarcation outlining vital Soviet interests as well as vital American and European ones, similar in form to that presently in Europe between NATO and the Warsaw Pact. No one can predict where this line will be drawn. Hopefully, it will be at a table and not on a battlefield that the two superpowers will do their armwrestling. The whole Mediterranean area could be forced to participate in this test of strength.

The time has arrived to articulate a principle: the defense of the Mediterranean does not consist solely of control of the seas, but above all in the defense of the coastal areas and of the hinterland.

With the loss of land areas, comes also the loss of the Mediterranean Sea. The concept of "regionalization of defense" originates from this need, namely a need for a more balanced distribution of forces on the national territory. This concept until now has been considered of no consequence by the General Staff (although they have now begun to talk about "diluting" the defense structure of the national territory). In the present strategic context, is it acceptable to concentrate almost all the Italian Army along the "Gorizia Gap?" We have just gone through two telling experiences on the efficacy of the defense of the peninsula: a Libyan aircraft overflew our territory and we became aware of it only due to the fact that its wreckage was found on the ground. Army units in the North, which are supposed to be "quality" units in a high state of readiness, liable to be called upon in a matter of hours, were days late in coming to the rescue in the area hit by earthquakes. Can we count on this type of defense for the peninsula and the islands? It forces one to imagine realistic scenarios that take into account the "international situation and the geo-strategic parameters linking it to Italy." Therefore: the reality of the matter is that the strategic situation has definitely been altered and the hostile threat has shifted from the Center-North to the Southern flank of NATO.

The "Gorizia Gap" concept was conceived under different circumstances, in another era, when the center-North harbored the real manace. Today one must become aware of the new situation and to have the courage to set aside outdated concepts and bring the doctrine of national defense in consonance with the new reality.

A correct appraisal of the threat entails the reevaluation of enemy military capabilities aimed at NATO's southern flank, where, in general terms, two major fundamental hypotheses are present.

First: a limited scale conflict with Libya, aided by the USSR, moving toward the acquistion of local objectives proportionate to the political interests at stake. This would involve rapid, short-term actions aimed at attaining a favorable initial position, to be later followed up by a period of political negotiation. The hypothesis takes on substance when one considers that Italy has recently signed a treaty with Malta in which Italy accorded Malta "military guarantees" of which little is certain and of which many questions are left unanswered. One can imagine in fact Malta requesting that action be taken in its defense in accordance with the clauses of the treaty in order to avoid possible pressures being applied by Libya. Our navy would probably encounter no difficulty in keeping the commitment given by our minister of foreign affairs and confront Libyan naval units. However, if Soviet naval vessels patrolling the Mediterranean were to come to the aid of the Libyan units we would become involved in a conflict in which we would be the agressors, with consequences that we do not even want to think about.

In the services' staff headquarters there are those who claim that the Soviets do not have a real amphibious capability; they can in fact count "only on 12,000 men from the five marine infantry regiments, of which only one is subordinate to the Black Sea Fleet." In particular, General Rambaldi recently stated: "To imagine what took place in the Ogaden desert could happen to Italy, when helicopter-borne troops were landed behind Somali defenses, is totally out of touch with reality. To then make reference to Afghanistan borders on the ridiculous." However, it is no mystery that throughout the peninsula and the islands there are areas suitable for airborne attacks by the seven Soviet air-transportable divisions which are readily available and deployable. (See for example the Wintex-Cimex 81 scenario-exercise that took place some months ago involving an airborne drop in the Puglie region--PANORAMA, 30 Mar 81). It is no mystery that in case of the temporary nonavailability of the U.S. Sixth Fleet, even partially as is presently the case, the USSR could attain air and naval local superiority needed for landing troops concentrated in Libya. It is no secret that the forces presently deployed throughout the peninsula and the islands are totally inadequate to meet a threat of this kind. Furthermore, there exists a worrisome lack of coordination between the Military Regions, Navy Secotrs and Air Regions, several times brought to the attention of the government, that caused a great deal of confusion during the joint operations in the center-south area hit by the earthquake.

Second: a more widespread conflict, brought about by the deterioration of the situation in the Persian Gulf would tend to degrade NATO's southern flank and result in our peninsula becoming a primary target. For an action of this kind, the USSR would have to acquire control of the Straits, making use of extremely rapid maneuvers. It is capable of carrying out operations of this sort in a successful manner, taking into account the proximity of the Black Sea bases, nearby Bulgarian territory,

vast air support capabilities and the use of navy helicopter cruisers. For operations of this kind, with Sicily as a target, the joint deployment of infantry, navy and airborne troops is standard Soviet doctrine and forms the premise for the strategic suprise, to be carried out by forces easily concentrated first in the Black Sea and then on our coasts.

(Referring again to Wintex 81, after 5 days of resistance, the use of atomic bombs would be called for on our territory in order to halt the invasion). So as not to have "our liberty and our survival dependent only and above all on a nuclear deterrent capability" it is now more than ever necessary to adopt a plan of territorial defense and regionalization of our defense, in order to shift the balance of our forces on national territory.

9209
CSO: 3104/328

PARAGRAPH ON DEFENSE IN REPORT BY INFORMATEURS

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 5 Aug 81 p 2

[Text] The Hague, August 4--Informateurs Ruud Lubbers and Jan de Koning (CDA) and Ed van Thijn (Labour), in their report to Queen Beatrix on their talks with the CDA, Labour and D'66 floor leaders, said in the defence paragraph (full text):

'As regards the conclusions on nuclear weapons and defence, the CDA floor leader proposed in his letter to remove the latest text for the programme from the conclusions.

This was a reason for us for further consideration. On the grounds of this we have decided that the following conclusions must be acceptable to all three parliamentary parties.

Conclusions on nuclear weapons and defence efforts (full text):

1. Within and outside the framework of the alliance the Netherlands will conduct an active policy aimed at security and arms control, and in particular at reducing the role of nuclear weapons.

2. To this end efforts will be made within the alliance to work for early negotiations with the Soviet Union on nuclear armament in Europe aimed at a mutual and substantial lowering of the armament level, in particular by reducing, if possible, abolishing, nuclear medium-range weapons; in addition a plea will be made for continuation of the SALT process.

3. The defence effort will continue to be aimed at carrying out the Dutch share in NATO's long-term defence programme.

4. As regards nuclear weapons, both the problem of medium-range weapons as that of a substantial reduction of the number of Dutch nuclear tasks, the cabinet will hold decision-making on the grounds of its own judgment. The parliamentary parties on which the cabinet is based will have a say in the decisions or the lack of decisions, also in the light of their programmes.

In the conclusion under 4 we have pointed out that although the CDA programme mentions the spring of 1981 as the time when the decision should be made, we have found that the CDA, in view of the starting date for the negotiations with the Soviet Union on this issue and in view of the necessity of careful consulta-

tions, no longer starts from this date. This view in respect of the CDA parliamentary party's decision is in line with the views of Labour and D'66, however much these parties start from a different approach on this issue, also in their programmes. Therefore no problems are to be expected on the date of December 1981 laid down in the CDA programme for the decision.

Moreover, we have purposely used the term co-deciding as regards the position of the parliamentary parties. This term has been included in the text of the programme to indicate that in their judgment the parliamentary parties will take account of their programmes as well as of the views and reasoning of their own cabinet. Since the parliamentary parties will ultimately be able to refer their own programmes, this will in any case remain a crisis-prone issue.

The cabinet view, whatever this will be, will indicate however, that a crisis on this issue should not be seen in advance as inevitable.

Finally, since the floor leaders consider a risk in this respect acceptable and since they are the first people responsible to judge this, the risk is acceptable and nothing prevents the formation of a coalition.

Thus the obstacles to proceed with the formation have been removed.' (end full text).

CSO: 3120/64

'BLACK BLOCK' TERRORISTS, SUPPLIES APPREHENDED IN FRANKFURT

Frankfurt FRANKFURTER ALLGEMEINE in German 29 Jul 81 p 3

[Article by fh.: "Several Alleged Red Army Faction Supporters Arrested"]

[Text] Frankfurt, 28 July--On Tuesday morning, at the request of FRG Attorney-General Rebmann, officials of Hesse's Land criminal police bureau, of the federal criminal police bureau and Hesse's police department searched a number of apartments in Frankfurt and the surrounding area of the city. The search measures were extensive and were directed at the members of the "Black Block" terrorist organization and took place as a result of judicial search orders. According to a spokesman for the FRG attorney general's office, "several persons" were arrested for whom warrants had been issued. In addition there were tentative arrests; evidence was secured.

According to the findings by the FRG attorney general's office, the terrorist group was formed in May 1980 under the name of "Black Block." Their goal was to support the "efforts" of the terrorist Red Army Faction. The investigating authorities are convinced that the criminal organization is responsible for the arson attack that destroyed two helicopters of the U.S. Army in Hesse's Buedingen in February of this year as well as two other arson fires; one was set in April in the Land court building in Darmstadt, the other in May in Offenbach, at the branch office of the Darmstadt attorney general's office.

According to the information released by the FRG attorney general's office, the search of the apartments of the suspected "Black Block" members on Tuesday yielded a large number of peices of evidence, among them instructions for the building of incendiary devices and the substances required for it. The officials confiscated weapons that had been stolen during a break-in, and in addition to other evidence they found a 350-page documentation on attacks that took place last spring during the hunger strike by Red Army Faction prisoners. Furthermore, while searching a hunting lodge near Hesse's Friedberg, they found DM 10,000. The FRG attorney general asked Hesse's Land criminal police bureau to investigate the "Black Block."

According to the findings of the investigating authorities in the Rhine/Main area, members of the "Black Block" are also responsible for the senseless destruction that occurred on the fringes of the German Labor Union Federation rally that was held in May 1980 in Frankfurt. It had been the first "public appearance" of the group. In addition, members of the "Black Block" were also said to have been involved in El Salvador demonstrations that took place at the beginning of this year in Frankfurt, in peripheral disturbances during a 17 June rally in 1980 and during the 100-year

anniversary of the Frankfurt opera house in 1980. They smashed the windows of banks and stores and left behind a trail of devastation. Damages were in the millions. In the meantime, investigating authorities have come to the conclusion that the "Black Block" is composed of several autonomous groups with anarchist goals.

The spokesman for the FRG attorney general's office pointed out that there was no connection between the searches that had been ordered by the attorney general and the clearing on Tuesday morning of an area in the Frankfurt section of Nied, which had been occupied since the beginning of April. When questioned, however, he confirmed that during the peaceful evacuation seven persons were tentatively arrested because according to the findings they were suspected of being members of the "Black Block." Two of them, however, were released during the course of the day. Immediately following the action, the FRG attorney general's office emphasized that this was not related to the murder of Hesse's Minister for Economics Karry and the "revolutionary cells" that are said to be responsible for it.

8991
CSO: 3103/391

COST EFFECTIVENESS OF NUCLEAR ENERGY VIEWED

Frnakfurt FRANKFURTER ALLGEMEINE in German 17 Jul 81 p 13

[Article: "Increasing Cost Lead for Atomic Electric Power. Energy Economics Institute: Environmental Costs Taken Into Account"]

[Text] K.B. Bonn, 16 July--The Federal Economics Ministry is seeing its opinion confirmed that nuclear energy has a considerable cost lead. This is proved by a new study by the Energy Economics Institute at the University of Cologne. In a first evaluation of the investigative results, the ministry points out that nuclear energy--not only for base load but also partly still for intermediate load--has an increasing cost advantage over the years in comparison with electric power from hard coal. The considerable construction cost increases for nuclear power plants which are occurring in the meantime are supposed to be more than made up for by the increasing fuel costs in the hard coal power plants. The ministry considers to be particularly important the Institute's observation that electric power production costs for nuclear energy, because of their smaller fuel-dependent cost component, have over the years of operation become no longer dependent on the price evolution of fossil energies--oil, natural gas and coal. The cost of the entire fuel cycle constitutes less than 30 percent of the electric power production costs of coal powered plants, on the other hand, amounts to more than two thirds. In this comparison both environmental costs and the costs of later dismantling of the nuclear power plants are considered.

The cost advantage of nuclear energy in comparison with imported coal is estimated for power plant base load (more than 5,000 operating hours) at more than 4 pfennigs per kilowatt-hour, in comparison with domestic coal, at about 8 pfennigs. This calculation is for power plants which are going to be in operation at the end of this decade. The Association of the German Hard Coal Mining Industry says in this connection that they do not contest that nuclear energy power is less costly for base load. Hard coal has an advantage for the intermediate load. By "escalating" fuel costs over a 20 year period of operation, while only taking into consideration investment costs for power stations at purchase cost, the more capital-intensive nuclear power industry is represented by the study to have a cost advantage greater than it really is.

5586
CSO: 3103/379

BROWN COAL REPLACING OIL AS ENERGY SOURCE

Frankfurt FRANKFURTER ALLGEMEINE in German 17 Jul 81 p 17

[Article: "Brown Coal Dust Replaces Fuel Oil. The Significance of Coal Refining Is Increasing Further for Rheinbraun"]

[Text] Rheinische Braunkohlenwerke AG [Rhine Brown Coal Works, Inc.], Cologne. This subiidiary of Rheinisch-Westfaelische Elektrizitaetswerke AG [Rhine-Westphalia Electric Utility, Inc.] (RWE), which supplies about 90 percent of the brown coal produced in the FRG, will invest more than DM 1 billion in 1981. This is clearly more than in the past 5 years, when approximately DM 700 million were expended on average, chiefly for maintaining production capacity. The 1980 figure was DM 777.8 million, of which 115.2 million were expended in the Hambach surface mine, DM 28.6 million in the coal refining operations, and DM 13 million for research and development.

As can be gathered from the latest business report, the investment expenditure in the 1980's will clearly increase further. One reason for this is that, after mining the coal from the seams near the surface, Rheinbraun will have to remove ever-thicker layers (overburden) with equipment of ever-increasing capacity. Another reason is that the company wants to become still more involved in the area of coal refining. Brown coal gasification on a large technological scale is to be accomplished in this decade. In Rheinbraun's view, liquefaction of brown coal will be developed in the 1990's to the point of being ready for commercial production. Even in the past year Rheinbraun produced 1.9 million metric tons of brown coal dust, thus replacing 1 million metric tons of heavy fuel oil in the cement and lime industry.

Finally, of last year's brown coal production of 117.4 million metric tons (up by 1.2 percent), Rheinbraun supplied about 84 percent to the brown coal power plants of RWE. Mainly because of the increase in prices for almost all products, sales increased by 17 percent to DM 2.26 billion. This, however, was offset by the 16 percent increase in operating costs. Here, personnel costs--up by 13 percent--and environmental protection measures demanded by governmental authorities (up by 60 percent) stand out in particular. Since, moreover, the result of the participation turned into a deficit of DM 7.2 million following a surplus of Dm 49.8 million because of the considerable losses of Union Rheinische Braunkohlen Kraftstoff AG [Union Rhine Brown Coal & Motor Fuel, Inc.], Wesseling, the net amount paid over to RWE remains unchanged at DM 52.8 million.

5586
CSO: 3103/379

EXPERT DISCUSSES GEOTHERMAL ENERGY RESOURCE POTENTIAL

Reykjavik MORGUNBLADID in Icelandic 1 Jul 81 p 10-11

[Text] Gudmundur Palmason's report "Geothermal Energy in Iceland, an Estimate of Potential Resources," revealed that only 1/1000 to 2/1000 of the exploitable geothermal energy is being utilized today and only 1 to 2 percent of its exploitable electricity; this is a rough estimate. Nevertheless, geothermal energy, which is Iceland's second main energy resource, meets one-third of the country's energy consumption needs today.

Palmason's report revealed that the Geothermal Energy Department of the Energy Institute has been working on a new estimate of the geothermal energy potential. The work is well under way, and a report on the estimate is expected later this year. In addition to Palmason, the following specialists are working on this estimate: Gunnar V. Johnsen, Karl Ragnars, Gisli Karel Halldorsson, Helgi Torfason and Kristjan Saemundsson.

Estimate Guidelines

Gudmundur Palmason described in detail how this estimate was done and what guidelines it was based on. Instead of listing all the points, the following excerpt will suffice:

"In recent years attempts have been made to gauge the energy potential of geothermal areas, especially in countries in which geothermal development has a long history, such as Italy and the United States.Methods and concepts that have been used in the mining and oil industries to gauge the quantity of valuable minerals in rock formations in various areas have been used as guidelines. It is necessary, however, to take into account that geothermal energy has special characteristics to which the methods of the mining industry must be adapted. The American P. Muffler, and the Italian R. Cataldi give a detailed account of the main methods for gauging the energy potential of geothermal areas in a recent article that has been used as a reference for an estimate of geothermal energy in Iceland. The most common method consists of estimating the energy level that is below the geothermal area, based on circumference and temperature, and then estimating how much of it can be brought to the surface by injecting water through drill holes. The geothermal areas are thus mainly considered expendable reserves. Based on these guidelines, the method is simple, but it has the drawback that it does not indicate the power of the areas, i.e., how

fast the energy can be harnessed from the area. The power depends mainly on the hydrological characteristics of the rock and can only be measured in each area via drilling and flow tests. The method does not really take into account the various costs of harnessing energy, although some of its guidelines include a cost aspect. Its main points resemble Gunnar Bodvarsson's method, which he used in his initial evaluation of Icelandic high temperature areas. Both measure the size of a given energy reserve.

"In this regard, the question arises whether thermal energy should be considered a finite energy resource which is diminished as it is being used, or as a permanent resource which is renewed as soon as energy is drawn from it. According to geological standards which are measured in 10,000 or 100,000 years, geothermal energy is a permanent though a finite resource. What makes development feasible in the geothermal areas, on the other hand, especially the high temperature areas, is that a large energy supply has accumulated at relatively shallow depths in the earth over a long time, and has been carried from below in the form of watercourses. This energy supply is a mine that becomes smaller as energy is taken away from it, if the development exceeds the natural loss of energy from the area in question to the surface. The life of the reserve must be measured according to its estimated size in proportion to the thermal energy that is removed and the thermal energy that comes into it from below."

New Thermal Energy

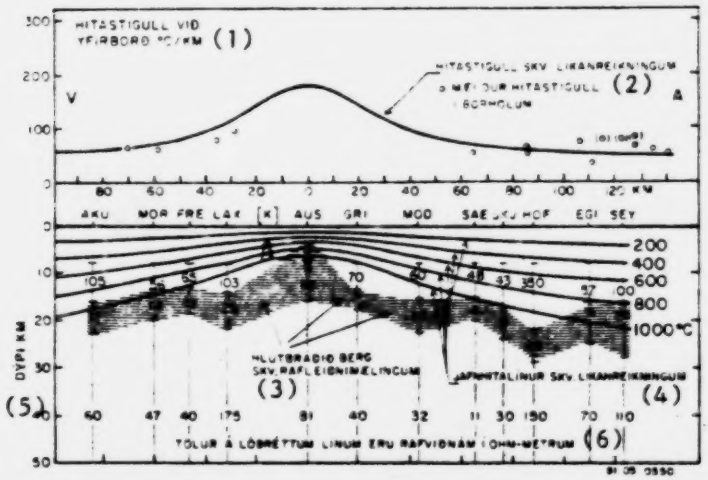
"Thermal energy for home heating now totals close to 1,200 MW/hr, which is maximum output. Thermal energy for other uses, including electricity, can be estimated at about 500 MW/hr. All in all the thermal energy in geothermal areas is about 1,700 MW/hr. Based on the guidelines for evaluating exploitable thermal energy over a 100 year period, this corresponds to about .14 percent of the additional thermal energy that is technically exploitable. Likewise, the present electricity output from geothermal plants, which is 25 MW/e, is estimated to be about 0.4 to 1.5 percent of the technically exploitable electricity potential of thermal energy. Assuming that the Krafla powerplant were working at maximum output, the figures would be 1.2 to 4 percent.

"From this it is clear that a very small part of our geothermal energy resources are being utilized, even though thermal energy accounts for about 1/3 of the nation's total energy consumption today."

Geothermal Energy: a Greater Resource Than Previously Estimated

Palmason's article disclosed that there are 19 proven high temperature areas. Moreover, all indications are that there are nine others, although there is more uncertainty about them. The biggest high temperature area is the Torfa glacier area, which is estimated to be 140 square kilometers. Next comes the Hengill area, followed by the Krafla and the Krisuvik areas. If accessibility is not taken into account, the Grims water area is third, but it lies under a glacier and is not considered exploitable.

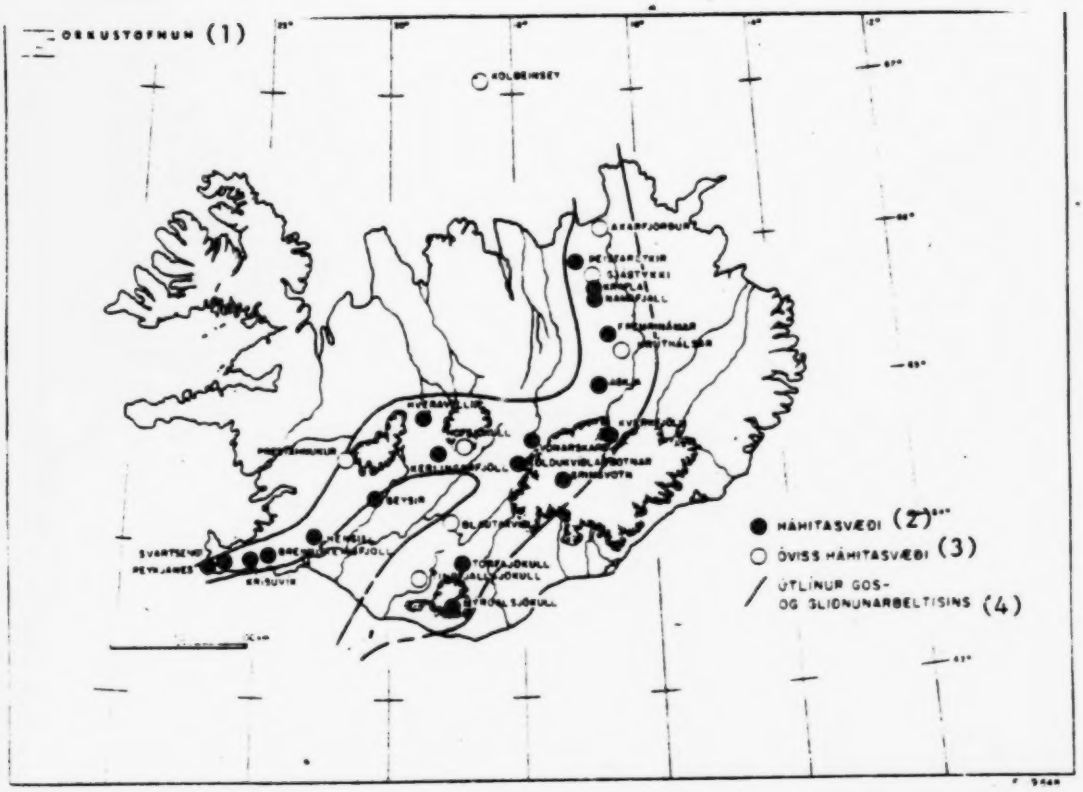
Palmason's conclusions indicated, among other things, that there is considerably more exploitable energy from geothermal heat than previously estimated. There are two main reasons for this. The first is that the energy reserve is now assumed to be accessible down to 3 kilometers instead of 2. The second concerns the size and number of high temperature areas, both of which have increased considerably over what was previously estimated. In addition to this, the new estimate covers the entire country, whereas the previous plans included only the high temperature areas.



The various temperatures of the rock formations in the northeast part of the country from Akureyri to Seydisfjordur, according to temperature gauges, electrical conductivity and design calculations (slightly modified). Abbreviations: Aku: Akureyri; Mor: Mork, Fnjoskadal; Fre: Fremstafell; Lax: Laxardalsheidi; K: Krafla; Aus: Austaribrekka; Gri: Grimstadir; Mod:Modrudalur; Sae:Saenutavatn; Skj: Skjoldolfsstad; Hof: Hof; Egi:Egilsstadir; Sey: Seydisfjordur.

Key:

1. Surface temperature, centigrade/km
2. Temperature according to design calculations; temperatures measured at drill holes
3. Partially melted rock according to electrical conductivity calculations
4. Even temperature lines according to design calculations
5. Depth in kilometers
6. Figures on vertical lines represent electrical resistance in ohm-meters



High Temperature Areas in the Country

Key:

1. Energy Institute
2. High temperature areas
3. Uncertain high temperature areas
4. Boundaries of the eruption and disintegration belt

8743
CSO: 3111/45

PROGRESS ON SETTING-UP OF NUCLEAR PLANT REPORTED

Istanbul DUNYA in Turkish 10 Jul 81 p 8

[Text] Site selection efforts for the nuclear energy power plant which the Turkish Electric Power Enterprise [TEK] is considering erecting at Sinop have been accelerated. To this end, seismic reading centers have been set up at 10 separate sites around Sinop, in the Akliman, Kurtkuyusu, Inceburun Feneri, Ertelek, Gerze, Turkeli, Boyabat, Alacam, and Gokceagac areas. It is intended that the reading centers gather information concerning earthquakes that will occur in these areas over a 6 to 8 month period...

The first requirement in site selection for building a nuclear energy power plant is that the construction site be outside the earthquake belt. In Turkey there are only two belts that fit this requirement. One of these is the region stretching from the south to Ankara and the second is the strip of coast between Sinop and Istanbul.

In the first region, Mersin-Akkuyu has been designated as the site where the First Nuclear Power Plant would be constructed. Efforts aimed at determining the site in Sinop for the second power plant, for which preliminary discussions were held with France and, before that, the Soviet Union, are under way. These efforts are being directed by Prof Dr Kazim Ergin, the director of the Earth Physics Institute of the College of Minerals at Istanbul Technical University who is also chairman of the university's Geophysics Chair. Joining Prof Ergin is a group composed of Prof Dr Nezihi Canitez, Master Geologist Ugur Guclu, Master Seismologist Zeki Uz, assistant Dr Cemil Gurbuz, and Electrical Engineer Huseyin Cansev. Meanwhile, in order to aid in site selection efforts, specialists from the Mining Research Institute are conducting studies in Sinop to produce geologic maps of the region.

The studies are being followed on site by Suphi Sahin, a deputy to the chairman of TEK's Nuclear Energy Office.

With regard to the First Nuclear Power Plant, to be set up at Akkuyu, an agreement has been arrived at with the Swedish Asea Atom Firm concerning credit for the construction of the energy power plant itself and the reactor unit. Nevertheless, the subject of financing for both construction work other than the reactor unit and fuel-enrichment procedures has not been resolved. As a result of the matter being put off for such a long time, all obligations concerning it were eliminated in November 1980.

9236
CSO: 4654/92

COMMENTARY HITS PLANS FOR DEVELOPING NUCLEAR ENERGY

Istanbul GUNAYDIN in Turkish 12 Jul 81 p 5

[Text] At the same time that oil is being called "the shirt of fire," Nuclear Power Plants, which operate with processed uranium, have begun to be presented as an alternative energy source. The French, Italian, and Swiss companies trying to sell nuclear power plants to Turkey and their domestic spokesmen have started to spread the notion in the press and at conferences and meetings that nuclear power plants "are essential to break the dependence on oil in Turkey." Those who were reluctant about providing credit for Turkey's important industrial and agricultural investments and the dams it plans to construct, waste no time in promising that "they will provide large amounts of credits" when the subject turns to construction of nuclear power plants.

Dependence on Uranium

Yet in saying that setting up nuclear power plants in Turkey, which has rich water resources, will free it from dependence on oil, one implies the danger of falling into a dependence on uranium. Remarks such as "there is uranium in Turkey and so we won't be dependent" are nothing more than tall stories, because it is necessary to process the uranium used in nuclear power plants and there are only a few nations that have a monopoly on this.

Turkey's move toward nuclear power plants at a time when the cost of such a plant is not at all less than the cost of constructing a dam that would generate the same amount of energy, cannot be characterized as other than "murdering resources." That is because a dam does not stop at producing electricity. It also increases output by irrigating parched ground.

9236
CSO: 4654/92

BRIEFS

UNUSED HYDROELECTRIC POTENTIAL--While oil imports swallow up all of Turkey's export income, 65 billion cubic meters of water flow unused in all parts of Turkey. The sighs expressed for the foreign currency that oil burned off, coincide and fade with the sound of 65 billion cubic meters of water which flow along without being used in any manner as an energy source. In other words, as the water flows, the Turk watches. It is being stated that if Turkey, which today can take advantage of only 10 percent of its 72 billion cubic meters of water resources, accelerated dam construction, this ratio could rise to 55 percent within 9 years and to 100 percent within 20 years. This would concurrently "lighten" the load of oil, which accounts for 48 percent of all energy consumption, and "increase the load" for hydroelectric energy, which accounts for a 7.5 percent share. Completion of the 6 dams now under construction will not by itself reverse the negative effects of the energy problem on the economy. By means of the irrigation which the Karakaya Dam will bring to the Harran plain, an increase in wheat production alone from today's 17 million ton level to nearly 30 million tons may be realized. [Text] [Istanbul GUNAYDIN in Turkish 12 Jul 81] 9236

CSO: 4654/92

TRADE DEFICIT WITH EEC REPORTED

Nicosia THE CYPRUS WEEKLY in English 7-13 Aug 81 p 8

[Text]

More than 50% of the island's trade deficit (£236.2 m) last year was incurred in trade with the EEC countries and amounted to £131.5 m., the official report "Analysis of Foreign Trade 1980" says.

Italy headed the list (£45.8 m. imports, £2.4 m. exports, leaving a trade deficit of £43.4 m.) followed by West Germany with an adverse trade balance of £27.2 m. and the U.K. (£26.5 m.)

Trade with the UK last year was: Exports £38.9 m., imports £65.4 m.).

Cyprus showed a surplus in her trade with the Arab countries amounting to £39 m. (exports £92.4 m. imports £53.4 m).

The report notes, however, that Iraq and Sudan contributed negatively to the island's trade balance because they supplied oil to Cyprus valued at £46.7 m.

Lebanon topped the list of Arab countries absorbing Cyprus exports (worth £18.6 m.) followed by Libya (£15.5.), Saudi Arabia (£14.4 m.) and Syria (£12.7 m.).

The trade gap with the Eastern Trade Area increased slightly last year and reached £20.6 m. compared with £17.9 m. in 1979.

In the group of "other countries," Japan topped the list with a negative trade deficit for Cyprus amounting to £29.7 m. It was followed by Greece (£25 m.) and the United States (£22.8 m.).

The report says all categories of imports showed increases, with fuels and lubricants heading the list. Their value reached £78.5 m., up 76.6% over the previous year.

Car imports reached £14.5 m. as against £9.6 m. in 1979.

Total civil imports stood at £424.3 m. while exports amounted to £188 m. Agricultural exports, mainly potatoes and citrus fruit, reached £41.3 m.

Manufactured articles, mainly clothing and footwear, registered a marked increase of over 27% and amounted to £46.2 m. as against £36.3 m. the previous year. They accounted for 51% of the total value of domestic exports.

The UK continued to occupy, as in previous year, the first place both in imports as well as in exports, with 15.4% and 20.7% of the total respectively.

CSO: 4600/132

COMPETITION HITS GRAPE EXPORTS, LOSSES EXPECTED

Nicosia CYPRUS MAIL in English 1 Aug 81 p 4

[Text] Limassol, July 31--Severe losses, estimated at many thousands of pounds, are feared by the Cyprus grape exporters on account of cut-throat competition among themselves in foreign markets, particularly the British market which is the main outlet for fresh grapes.

The competition follows the increased quantity of grapes agreed by Cyprus exporters for daily discharge at the London docks from steamers loaded by them jointly, but for separate account. The quantity was fixed at 500 tons as against 400 tons last year.

"This has proved catastrophic," said Mr Stamatis Mavropoulos, the leading fresh grapes exporter, who has been in the business for years, and has the largest share of the annual grape exports.

"The quantity should instead be reduced to 300 tons daily," he added, "in view of the recession in Britain, otherwise the quantity cannot be easily absorbed by the UK market. And this really happened," he continued, "with the arrival in Britain of the second shipment of 2,165 tons per m.s. "Satsuna."

The result was that the Cyprus exporters whose number was increased by newcomers, entered into keen competition among themselves in their frantic efforts to dispose of their grapes, offering the same product under eight different brand names, and cutting prices from 50p to 25p per lb."

Loss

"Already," Mr Mavropoulos said, "there is a loss of 25/- per tray from this steamer, at the current sale prices, and no improvement is anticipated with the two further shipments of 1918 tons per M.S. "Smara" and 222 tons per M.S. "Rosemary," now afloat.

"On the contrary," he added, "the situation will get worse, as almost the whole shipment aboard M.S. "Rosemary" will come under the increased import tariff of 22%, being in excess of the quantity of 7,000 tons, enjoying the reduced tariff rate (about 8%), which entered the UK by July 31st."

Mr Mavropoulos said that Cyprus grapes met with competition from Chile at the start of the season, but this did not last for long, and the first shipment of 1711 tons, per m.s. "Western Reefer" on July 13 from Limassol, was easily disposed of as were the small lots of air shipments.

Mr Mavropoulos dwelt on the importance of protecting the grape export business, "which is not an easy enterprise for everyone."

Safeguards

"We need professional safeguards," he said, "and I have placed this matter before the Minister of Commerce and Industry for consideration." "The number of grape exporters," he added, "is too high, and this will mean destruction of the trade, as the same product entering the market at the same time is offered for sale from various sources, fighting each other to secure the business."

Mr Mavropoulos acknowledged the advantage of joint shipments of grapes by Cyprus exporters to regulate supplies to the foreign markets--which sometimes might be overburdened by Cyprus grapes--but said this advantage is counterbalanced by the increased number of shippers in one and the same steamer, each striving to sell for his own account.

The total exports of grapes, mostly seedless "sultana" type, are expected to reach 14,000 tons, with a final shipment due early next month, of which 11,500 are for Britain and 2,500 for Scandinavia and Holland--550 tons to Finland (M.S. "Ariel"--and 1,800 tons to Holland and Sweden (M.S. "Vosges").

Prices paid to producers were 15 to 20% higher than last year's--reaching 10/- per oke for early season sultanas--and there was about the same increase in the labour costs (collection, packing, transport, loading etc.)

CSO: 4600/133

KIEL INSTITUTE FAULTS TRADE DEFICIT FOR WEAK CURRENCY

Bonn DIE WELT in German 16 Jul 81 p 7

/Report by Hans-J. Mahnke, Bonn/

/Text/ The cyclical changes in the D-mark:U.S.dollar exchange rate are determined --within a 2 months delay--by the development of the inflation differential between the FRG and the United States, the ups and downs of the American balance of payments. and the amount of the current account balance in both countries. A study by the Kiel Institute for World Economy shows that exchange rates have tended in the average of the period since July 1974 to react more violently to balance of payments than surpluses. Psychological reasons are said to be primarily responsible.

The institute therefore ascribes the main cause of the current D-mark weakness to the large deficit in German balance of payments. The deficit is said to have raised expectations of a D-mark devaluation. This was compounded by the fact that the United States current account is in balance, and interest rates there are extremely high. The notable advantage enjoyed by the FRG as regards stability was not able to balance any of this.

"Bundesbank interventions on the foreign exchange market are obviously not always successful and often affect the exchange rate in an undesirable direction," the study continues. When the Bundesbank supports the D-mark, the impression tends to arise on the foreign exchange market that the D-mark is even weaker than assumed. In the short run this may mean that D-mark investments are discarded in favor of U.S.dollar investments--to the extent of overcompensating the direct dollar sales by the Bundesbank.

Political events normally determine expectations on the foreign exchange market for a short time only.

11698
CSO: 3103/385

UNEASINESS OVER BUNDESBANK PROFITS

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Jul 81 pp 8-9

/Text/ The Bundesbank is about to record the largest profit in its history. However, uneasiness instead of general satisfaction prevails with regard to the unexpected monetary blessing.

If seems Germans no longer enjoy anything. This year the Frankfurter Bundesbank is likely to record DM10 billion profits. They arise mainly from the fact that, by way of money creation, the Bundesbank obtains interest bearing instruments without itself having to pay interest on central bank money. And yet it appears that nobody is really pleased with the billion blessing.

Some fear that the Bundesbank profits may obstruct the lowering of the rate of inflation, others that the urgently required reduction in public budget deficits may be further postponed consequent on the billions from Frankfurt.

The reason? A sizable chunk of the money belongs to the state. Article 27 of the Bundesbank law provides that the bank's net profits are distributed: 20 percent but no less than DM20 million must be paid into the statutory reserve until this reserve amounts to 5 percent of note circulation. Incidentally, the statutory reserve as of now is still DM2.5 billion short of this upper limit. Ten percent of the profit may be used for other reserves, DM30 million more are to be used to redeem equalization claims. The remainder is payable to the Federal Government.

Bonn can do without tax revenues to the extent of the Bundesbank profits paid over to the Federal Government. If the Bundesbank earns a surplus of DM10 billion this year and pays 70 percent to the Federal Government, this amounts to DM7 billions of relief--corresponding to 7-8 percent of the value added tax. At the same time we must remember that this is not just a book profit but a "genuinely" earned amount.

Moreover, in addition to the net interest received the Bundesbank will also record a profit from the appreciation of its foreign exchange reserves. As per the corporation law Bundesbank foreign exchange reserves are shown in the balance sheet in accordance with the lowest value principle. Should the U.S.dollar maintain its present level or thereabouts until the end of the year, the dollar flowing into Bundesbank accounts in 1981 will not be valued at the current and relatively low valuation of DM1.72 to the dollar but at the all-in buying rate which is well above this mark. Though, in contrast to a surplus arising from current business, this

higher valuation is initially a book profit only (actually it does not make all that great a difference in view of the large amount of dollars already held), it does not benefit from any special treatment as per the Bundesbank law, and some of it must therefore also be paid over to the Federal Government.

In principle payments of Bundesbank profits do not represent a danger to price stability as long as the total growth of the central bank money supply does not exceed the extent appropriate to stability, in other words proceeds along the same lines as the growth rate of the economy's production potential. On the other hand, when additional central bank money enters the circulation by the payment of Bundesbank profits to the Federal Government, and the latter uses it to finance spending, the scope for other types of money creation narrows (for instance in the area of open market, bank rate and minimum reserve policies).

Let us assume that next year the Bundesbank will aim for a similar growth in the central bank money supply as it did this year (roughly 5.5 percent); this would work out as a rise in the 1982 central bank money supply to some DM9 billion. Given payments to the Federal Government in the amount of DM 5.5-6 billion (and the current budget planning is based on such an amount), this would mean that the major part of the money supply expansion would take place by way of Bundesbank profit transfers. Up to now, on the other hand, the expansion of the central bank money supply has proceeded mainly by way of the acquisition of claims on foreign institutions or domestic banks.

Not that such a change would offer unsurmountable difficulties. It would be important, though, for the Bundesbank profits to be fed relatively steadily into the circulation in the course of the year. The necessary understanding between Finance Minister Hans Matthoefer and Bundesbank chief Karl Otto Poehl (both residents of Kronberg/Taunus) whould be quite easily achieved.

When the Bundesbank pays its profits earned to the Federal Government, it contributes to the reduction of the Bonn budget deficit. To the extent that the Federal Government obtains additional revenues thereby, it may forego either tax increases or spending cuts. On the other hand it may use this money to repay new indebtedness more rapidly than planned. It cannot, therefore be asserted that the Bundesbank profit transfer obstructs the consolidation of federal finances. If the profit transfer is used further to reduce new indebtedness, it will actually help consolidation.

It is impossible to forecast with any certainty in how far the Federal Government will be able in future to count on payments of Bundesbank profits. Uncertainty prevails especially with regard to the yields of the foreign exchange reserve held by the Bundesbank. Actually the foreign currency risk could be lessened if the Bundesbank were to more resolutely reduce its foreign currency holdings and, instead of dollar claims on the American Government, purchase debt instruments of its own government. This would lessen the fluctuations in Bundesbank profits caused by exchange rate movements, and the Federal Government could count on steady and more easily anticipated relief.

11698
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SOCIAL INSURANCE EXPENDITURES, STATISTICS PUBLISHED

Athens I KATHIMERINI in Greek 23 Jun 81 p 4

[Text] Social insurance expenditures will reach the sum of 181.8 billion drachmas this year, which raises the percentage of increase in this sector to 169.73 percent during the last 4 years.

This change is due to the increased commitment on the part of the State, to the number of people insured and pensioned by the insurance organizations, and to the institutional regulations which have been made during this period.

The above was stressed yesterday by the deputy minister of social services, Ger. Apostolatos, as he delivered over the 1981 social budget to the journalists.

Of the 296.2 billion drachmas which are provided for the sector of social protection for 1981, 181.8 billion will be spent by the insurance organizations under the jurisdiction of the Ministry of Social Services. This compares to 140.074 billion drachmas which had been disposed of in 1980 and 67.4 billion drachmas spent in 1977.

From a study of the tables on the social budget which are being published, it follows that the expenditure for social protection in 1981 is 2.5 times larger than that of 1977 and 31.5 times larger than the 1961 expenditure. Correspondingly, the expenditure of the insurance organizations for 1981 is 2.75 times greater than the 1977 expenditure and 38.2 times larger than the corresponding expenditure of 1961.

The chief regulations which have contributed to this increase, said Apostolatos, are the following:

-- The establishment of the 35-year period in the private sector

-- The founding of the large Salaried Employees Auxiliary Insurance Fund

-- The institution of the automatic adjustment of IKA [Social Insurance Foundation] pensions

-- The extending of IKA coverage throughout the country

-- The completion of extending medical and hospital protection to new and large groups of insured and pensioned persons

-- The bringing of the entire economically active population under insurance coverage

-- The significant improvement of minimum pensions

-- The upgrading, for insurance purposes, of older IKA pensioners by three insurance categories

-- The instituting of effective contributions and grants

-- The abolition of a number of irritating insurance provisions of an antisocial nature

-- The administrative and financial reforming of the large occupational funds

-- The tripling of farmers' pensions during the last 4 years

-- The granting of a separate pension to the farmer's spouse

-- Insurance against losses from floods and wind storms for the agricultural produce and livestock of our farmers

-- The merging of the small funds

-- Insurance coverage for the hundreds of thousands of Greek workers in third countries

-- The implementation of machine accounting at the insurance funds

-- The National Insurance Register

-- The simplification of pensioning procedures

-- The combined certification and collection of the revenues of the insurance organizations

-- Financial support for the large occupational funds

-- The carry-over of insurance from the public to the private sector.

Finally, these regulations also provide for:

a) Coverage in the Greek insurance system for all expatriate Greeks, and

b) The insuring of all the country's uninsured people of advanced age.

The social budget, with a preface by Minister Sp. Doxiadis and Deputy Ministers Ger. Apostolatos and Ath. Tsoukandas, shows the amounts which are being allocated for social protection and for insurance, health, and public relief for the Greek people by way of the special budgets of the Ministry of Social Services, the insurance organizations, the hospital institutions, the social welfare institutions, and so forth.

For the year 1981 the social budget shows revenues of 317.557 billion drachmas and expenditures of 296.207 billion drachmas, with a surplus of about 21 billion drachmas.

A percentage of 91.94 percent will be allocated for social insurance, 4.74 percent for health, 2.74 percent for relief, and a percentage of 0.58 percent will cover general expenses.

Pensions

The number of agencies under the jurisdiction of the Ministry of Social Services which are involved in social insurance coverage are: 33 for basic insurance, 61 for auxiliary insurance, 54 for sickness, 63 for relief, and 61 mutual-aid funds.

The number of people insured for basic pensioning is 3,494,782 people, for auxiliary pensions 966,251, for sickness 4,485,381, and for relief 490,922 people.

The total number of people receiving pensions from these agencies comes to 1,104,256 persons, with those receiving auxiliary-insurance pensions numbering 194,942 people.

Finally, 196,981 persons are State pensioners.

During the last 4 years, the percentages by which pensions increased have turned out to be double the increase which was seen in the cost of living, Apostolatos said.

More specifically concerning the IKA, the maximum pension shows an increase of 160 percent (16,958 drachmas - 44,117) and the minimum pension shows an increase of 137 percent (3,800 - 9,000). For the TEVE [Greek Craftsmen's and Tradesmen's Fund] the increase is 211 percent for the maximum pension (18,700 drachmas) and 190 percent for the minimum (6,000 drachmas). For the OGA [Farm Insurance Organization] the increase is 200 percent for both the maximum and minimum pension.

In this connection, Deputy Minister Apostolatos said that the cost-of-living index in the period 1977-1981 came to 94.8 percent, and that if the cost-of-living adjustment of pensions were put into effect--as was promised by Papandreou--with the present consumer price index, this 94.8 percent would be used as the basis, and consequently it would give a much lower percentage than the increases in pensions which have been given already.

It is stated that in the 1981 social budget 178.622 billion drachmas represents the sum for pension grants. Of this amount, 133.104 billion will be covered by social insurance agencies, 41.450 billion by the State, and 4.068 billion by the insurance services.

Provisions for sickness grants are 53.116 billion, for relief grants 16.893 billion, for unemployment benefits 5.693 billion, and for family allowances 5.835 billion.

In addition, a sum of 5.981 billion drachmas has been claculated for grants of lump-sum benefits by the social-insurance agencies which come under the Ministry of Social Services, as compared to 4.717 billion in 1980.

Finally, in responding to questions by journalists, Apostolatos said that the IKA budget for this year comes to 100 billion drachmas, and that the liabilities for this amount come to a percentage of only 2 percent per year.

He said further that studies are being done on establishing better controls on the reserves of the insurance agencies, which come to 108.299 billion drachmas.

12114
CSO: 4621/22

ROUNDTABLE ON REGIONAL ROLE IN AGRICULTURE POLICY

Rome AVANTI! in Italian 9 Jul 81 Supplement pp 4-5

[Text] The regions' role in agricultural policy in Italy has become a fact to be reckoned with. The time has come to design the instruments for their operations, while steering clear of the evil temptations of regionalist neo-centrism. This new relationship is a promising one that must be carefully tended.

Italy's agriculture is in deep trouble: and that certainly is nothing new. Each month, at least, news stories consequent upon that trouble burst upon us in ever more troublesome terms, covering the front pages of all the media: the laborious negotiations with the European Economic Community -- under fire from Italian farmers for pursuing what they term a policy of privilege toward Northern European farmers -- which set off imposing demonstrations by farmers and their organizations, big as well as small. Then came the public's "discovery" that the second biggest item in our balance of trade deficit is food: more than 6 trillion lire a year flow out of the country to pay for food products ranging all the way from grain to meat. And finally came the dizzying rise in farm prices, which have already climbed so far as to make fruits and vegetables, for instance, luxury items that weigh heavy indeed in the Italian family shopping basket.

What we need is a farm policy worthy of the name, people are saying on every side: one that can deal with and manage the restructuring so necessary in so vital a sector of the economy. More specifically, as Manlio Rossi Doria pointed out in a recent debate in Rome, what is missing among the governing classes in Italy is an awareness of the importance of a sector like this, almost always downgraded as one merely marginal to the Italian economy, whose crisis or actual extinction would not, after all, be such a dire threat to the nation's economy: "We can buy whatever farm products we need abroad out of the profits of our industrial products."

Then, at the beginning of the Seventies, a new source of initiative and political and administrative management appeared on the scene: the regions. The legislation that brought these governments into existence foresaw broad powers for them, precisely in the field of agriculture; so sweeping were those powers that the ministry was given as its almost

exclusive mission the assignment of coordinating and guiding the formulation of those policies.

It is now more than 10 years since the regions came into being, and we have sat down together at this roundtable to assess the regions' capacity to be the true protagonists of a new agricultural policy; the adequacy of the machinery at their disposal, and the soundness and efficacity of decentralization as it stands today. Not forgetting -- in fact raising it as the central issue -- the pattern of relationships between the regions and the farm organizations and the kind of participatory opportunities provided for all those interested in the formulation of an agricultural policy that takes regional specificities into account.

Taking part in this roundtable discussion is Bruno Ferraris, who since 1975 has been the Piedmont Region's councilman for agriculture. Senator Fabio Fabbri is serving his second term as undersecretary at the Agriculture Ministry. Lastly, we have the three top executives of the farmers' organizations: Giandomenico Serra, president of Confagricultura, the organization that traditionally represents agribusiness, but some small farmers as well. Arcangelo Lo Bianco is president of Coldiretti, the biggest of the farm organizations, directly sponsored by the Christian Democrat Party, although President Lo Bianco aims at making his tenure one of markedly less intimate ties with Piccoli's party. Giuseppe Avolio is president of Confcoltivatori, born a few years ago of the merger of all the historically left-leaning farm organizations.

We gave the floor first to Councilman Ferraris.

Ferraris: Whenever the regions take action in agriculture, they are affected by the EEC and by the national government: the regions have felt the impact of both. As for the national level, the first hard fact we encounter is the lack of planning, to the point where the intent of the "Quadrifoglio" [four-fold agricultural law] is not reflected in the food and agriculture plan, which has not yet even been sent to Parliament, nor yet in the region-by-region breakdown of production targets, as it should have been under PL 894. The same shortfall must be put into the record in the distribution and allocation of funds, which has fallen far short of remedying long-standing inequities. And then there is one last and perhaps the worst of all restrictions, which stems from Parliament which, even after the statutory institution of the regions, keeps turning out laws and petty statutes which totally ignore the existence of regional governments.

AVANTI!: What is your view of the regions' rapport with the government over the past several years?

Ferraris: Adequate, on the whole, even though there is still some gear-grinding on legislation, with the issuance of circulars which the ministers perhaps don't even bother to read, but which throw up daily roadblocks for the regions to clamber over. In spite of all this, I think the regions have moved vigorously, fulfilling their own programs, and

at the same time implementing Community directives, in line with the way we have implemented the "Quadrifoglio."

AVANTI: But are the regions actually managing to get anywhere with their efforts to be the locomotive force for a regional farm policy, or are they doomed to lose ground -- after all the high hopes of the Seventies -- and slide back into the role of peripheral outposts of the ministry?

Ferraris: The fact is that there are those who would like to see the regions turn into a shapeless appendage of the Agriculture Ministry. The facts, though, are there to show that this has not happened.

AVANTI: What sort of rapport does the Regional Council have with the farmers' organizations, with Confagricoltura, Coldiretti, and Confcoltivatori?

Ferraris: The rapport is a good one, with all three organizations (aside of course from some fairly noisy demonstrations mounted by Coldiretti...) and we have worked out agreements with them in relation both to our programs and to drafting of legislative proposals, for example the bill covering producers/growers' associations, drafted after seminars with the farmers' associations.

Lo Bianco: Coldiretti was among the most ardent supporters of regional autonomy, in line with our tradition of strengthening local governments. We believed in it because of the access for participation in regional policymaking this new instrument could open to farmers. Today, though, we have to voice a few complaints: from the early regionalist euphoria we have fallen into a sterile exchange of insults between the regions and the central government, which has had unfortunate consequences. And another thing: it seems to me that we have paid too much attention to managing what is there, and not enough to carving out a permanent place for the regions in the national and territorial planning processes. Again: the confrontation between economic sectors and between regions has somehow failed to lead to the drafting of development plans. The unseemly scramble for appropriations seemes to me a highly debatable approach, one in which regional councilmen have not displayed any command of the attitudes required for planning at the national level. And then there is the endless quarrel with the European Economic Community: as of right now we have twenty different regional policies, each of them beating its own regional drum to tout its products abroad. And then we have these same individual regions eager to take a direct hand in forming Community policy, at the risk of dissipating the unity of Italian policy within the EEC. This does not seem to me to be a good thing. To obviate this state of affairs the Agriculture Ministry has made it a practice to consult with regional councilmen on the eve of major EEC negotiations. The Interministerial Commission for Farm and Food Planning (CIPAA) was designed for this specific purpose, but it has turned out to be a dismal failure...

Ferraris: It is true that the government has consulted us recently. But that has not been going on long, though: before, Marcora used to consult us after the fact -- let's say he would inform us...

Fabbri: Actually, we have come down to the day of reckoning, because now we can look at the bottom lines of regional accomplishments at some remove from the excessively regionalistic or excessively federalist and anti-autonomist emotions of the early days. Our job is to see how to straighten out the faults of the central government, and those of the periphery as well. The ministry's job is to provide the link for planning and policy coordination. So the regions are wrong when they try to usurp functions which properly beong to the central government or when they set up agencies or structures of their own that used to be the province of the ministry. But if the regions, as Lo Bianco alleges, often give the impression of shattering the united front of Italian policy abroad, it is because the central government was negligent in taking the proper steps first: if the central government's agencies do not concern themselves with projecting an image of Italian products abroad, then clearly the regions are going to step into the breach, with whatever funds they can scrape together. Now is the time to get out of this winter of discontent and to replace it with a season of understanding. That means we shall have to lay hands on the shortcomings in the law: for one thing, the "Quadrifoglio" has got to be amended, because it simply doesn't work the way it is. The CIPAA, furthermore, merely institutionalizes the segregation of agriculture from the rest of the economy: we socialists have long been saying that this situation calls for urgent remedy. Elsewhere, there are areas in which the regions have yet to take the place they ought to have taken: the relations between production and market, the area of consumer education, that of restoring balance. They would rather, in other words, sit and sift through the resources that flow from the center instead of channeling them into the sectors to which they have assigned priority.

AVANTI: But are you satisfied with the current level of coordination and consultation among regions, farmers' organizations, and the Agriculture Ministry?

Fabbri: Maybe the councilmen are called in too often, but there is the argument that most of those meetings go unattended and decisions are not taken. In any event, the rapport between the regions and the ministry is vital and what we need to do is repair and reorder the current machinery that controls it.

Serra: I believe that farm policy in Italy has special features that make it more difficult to handle than in any other country, because there is not just one level of authority here--there are three: the Community level, the national level, and lastly the regional level, which is very important, since the laws made under delegated power have given almost exclusive authority to the regions. So if we are to achieve the goals we have set ourselves, each of these levels must impose limitations on itself so as to prevent persistent paralyzing conflict. Given this state of affairs, what cash-crop farmers are complaining about is the fact that in Italy -- and it is certainly not the regions that are to blame -- there has never yet been a consistent, coherent farm policy, thanks to layer upon layer of countless mini-policies. Similarly, we must reluctantly admit that the effort to fit a standard program with specific objectives into national farm policy has run up against its roadblock precisely in the implementation of the

approach that gave rise to the "Quadrifoglio," which was unquestionably a step in the right direction. Now, getting back to the subject of self-imposed limitations, I believe that now, more than 10 years after the regions were established, they have had adequate time for breaking in and shakedown cruising to be able to operate effectively without meddling in community policy, precisely to avoid the kind of continued adversary stance I was talking about just now. I also believe that there can be no farm policy in Italy in the absence of other policies: industrial processing, marketing of farm products, and export policy. For this same reason, farm policy cannot be purely regional: it is unthinkable that there should be feuds between regions over issues that must be centrally coordinated and settled. As for the regions' strictly "production-boosting" exercises, I must make one remark: they made the worst possible experiment when they provided unlimited incentives to certain kinds of cooperative patterns, not for development and advancement, but simply to consolidate the losses stemming from unsatisfactory economic management. In this sector again, we must respect certain forms of competition between enterprises of disparate dimensions -- without artificial intervention.

Fabbri: Just a few remarks: on the matter of planning through collaboration among regions, I must say that when the "Quadrifoglio" was first launched, there were those who criticized that approach and pushed instead for the idea of polycentric planning, as Giorgio Ruffolo calls it. On the basis of experience, we must conclude today that we should be moving along that road. Second remark: foreign trade and support for exports. The government before this one had drafted legislation that brought in the regions and the national consortia, including the development agencies, into a policy of support for food exports. Another remark: in the medium-term plan, the chapter on agriculture has yet to be written. In this sphere, input from the regions cannot be ignored.

Ferraris: You said, quite rightly, that the whole thing has yet to be written...

Fabbri: Lastly, I should like to call attention to the need for considering an extraordinary maneuver to mobilize all resources appropriated for agriculture and not yet committed, including Community resources. I am referring to the resources of the regions, of the Mezzogiorno Fund, and of the state ("Quadrifoglio and others): there are billions lying idle in those tills that could turn out to be decisive today, if we could manage to get from the appropriations stage to that of investment.

Avolio: I must congratulate Councilman Ferraris on his frankness and honesty in showing us all the bright and dark places in the regions' agricultural activities. A lot of people are wondering if the regional experiment is working in agriculture or whether what we have here is an instrument which, for better or for worse, is there and which must therefore be made to work so as to do the least harm. The lawmakers were thinking straight when they assigned important responsibilities in agricultural policy to the regions. Today, while we all see the need for some coordination in regional policies, we feel an equally urgent

need for the elaboration of measures and provisions that truly embody the diversity we see in the various regions of our country. There is hence no contradiction between the need for a regional agrarian policy and national coordination among those policies, wwhich for one thing could discourage the resurgence -- here and there -- of regional chauvinism. In short, what we need is a national farm policy that is regionally articulated, to respond to differing requirements; this is one way to give regional individuality a voice of its own, even at the community level.

As for the role of the regions, I have already mentioned the bright and dark patches that have marked their activities. But these bodies have had to operate in the teeth of two sources of uncertainty: uncertainty as to jurisdiction, and uncertainty as to implementation, by which I mean the means and the structures for achieving their goals. These are uncertainties, however, which I think are on the road to oblivion. We now have PL 382, which entrusted broad jurisdiction to the regions, and at the implementation level there is a lot more clarity now.

Lastly, I would caution the regions against the error of separating agriculture from the rest of the economy; if they fall into that trap, they will merely be perpetuating the ghetto status of agriculture as embodied with the establishment of the CIPAA. I was the only one -- at the national conference held at FAO headquarters in Rome -- to vote against this principle! We really must get behind this effort -- although I must emphasize that we are a lot closer to agreement than we ever were in the past -- involving the farmers' organizations, the regions, and the Agriculture Ministry.

Fabbri: I almost always agree with Avolio and I should like to underscore the importance of the regions' planning functions, of planning from the bottom up, as provided in article 11 of presidential decree 616, although the regions have not yet fully implemented it, too often falling prey to regional neocentralism, even when it comes to planning.

Serra: Before the regional councilman responds to that, I should like to hand him two little needles: I have my doubts that we shall get anywhere with decentralizing this or that function from the regional to a lower level without an adequate like move from the national level. In other words, it would be well to offset the risks of overly disparate decentralization from region to region, such as we have already seen in the case of Tuscany in relation to situations elsewhere. To do so would constitute a splintering of responsibility damaging to the execution of regional intervention. I should also like to point out that hitherto the regions have taken scant notice of a basic point: I am talking of the national aspect, or if you will experiments with chances for alternative sources of income -- particularly in the problem zones in the mountains and foothills -- or perhaps I should say additional sources, such as those that might be derived from an expansion of farm vacations and rural tourism.

Avolio: Serra gets a raise: it would be a good thing if the regions were to step up the process of delegating some of their prerogatives to

other governmental agencies, particularly in matters of management and not in merely creating more sources of farm policy. Then there is the starting line of planning: land use, its proper utilization, husbanding farmlands as the inalienable patrimony of the nation. There are farmlands, among the most fertile in the world, that have been diverted to other uses: and we piously deplore the state of our agriculture! And then there is the link between agriculture and industry, strengthened by the buildup in what is commonly known as agribusiness.

Lo Bianco: I believe that when we talk about regions, we ought to be somewhat rueful about our failure to perceive -- because we were always too busy with day-to-day business -- the regions' potential in relation to the state of the nation and the link between agriculture and the other sectors of the economy. At the regional level, we could have got a little more done than the centralist national capacity could do alone. What we have to avoid is the spread to the regional level as well of the government-intervention culture that has permeated the national level, beyond the bounds, that is, of any inter-sectoral logic and beyond the bounds of a healthy balance among the sectors of the economy. Then I should like to take up the problem of the structure of several regional agencies: let's take the agricultural development agencies. These were supposed to be the homefront managers of farm policy, as protagonists, but their internal makeup heavily penalizes the farm labor organizations. What do we expect them to become, like this? Maybe they ought to replace the people who used to be ministry inspectors, or its secular arms, or maybe a connecting link among the farm organizations?

Ferraris: I have been listening to your remarks and I think that a good deal of what you say might prove useful to those of our colleagues who read the transcript of this roundtable. Let's begin with the twenty regional policies: I agree with Avolio, but the problem is to get a national farm policy that is part of a consistent economic policy, except that there has never been one (and CIPAA did its share to see that there never would be one...). In the medium-term plan -- and I am glad Fabbri thinks so too -- there is no mention of agriculture. So it is obvious, then, that regional policies must be made to mesh with the national plan, because I, over in Piedmont, cannot simply copy what they're doing in Emilia... In my region I have to keep constantly tugging the sleeves of the rest of the council to remember that there is a link between agriculture and industry.

The same issue of restoring national balance comes up in every region in different ways, varying in breadth as well as in articulation. Once again, the problem is that there truly be a national policy, that the regions will have to articulate it in various ways and tailored to local realities. I agree that the problem is to avoid the centralism that has typefied the national level, so much so that when I was elected to the council in 1975 I immediately pushed a law through in which I vested all functions in the farm inspectors, and, to change something while I was waiting for the transfer of authority I set up commissions to decentralize and streamline the job. But now we need to get down to the genuine transfer of authority.

Management, though, must be kept separate from planning. In Piedmont we started with planning for the major sectors and then we began a process of local development planning, at the zone level: I hope that by October we can have the initial summary documents, and that we can use them to tie in with our management of public intervention.

I am still for PL 984, which was a step forward, even though we have to redefine some of its aspects and make it less rigid. Another issue is the matter of promotion, and of the charges various regional undertakings have evoked. The top level of promotion is the regional one, and there can be no argument about that, except for the fact that it must be tied in with nutrition information and education. Then there is large-scale national and international promotion: certainly such efforts detached from others in the regions are pitiable. But the problem is to coordinate the regional agencies with the national ones.

I should like, however, to dwell for a moment on the basic issue of land use, of protection for farmland as such. It is partly a cultural problem: even the most enlightened city planners have sometimes failed to give proper consideration to the conservation of land for farm use. And so we, as the Piedmont Region, have come up with a tool that seemed to us absolutely essential for this purpose: a soil map that would let everybody see what kind of utilization is appropriate.

I shall stop now, but in closing I want to raise an issue for you here today: I mean the crisis in state intervention, the freeze on investments due to the dwindling supply of farm credit, which is fast disappearing.

Avolio: I believe we are all agreed on that count, and that stems from scant attention to farm problems on the part of the politicians, and of the press as well. We, as Confcoltivatori, propose that agriculture be made the target of a flow of investments at least matching agriculture's contribution to the gross internal product.

Lo Bianco: We have written this into a bill in Coldiretti's caucus in Parliament, tailoring it to match the formulation unanimously approved by the National Council on Labor and the Economy (CNEL).

Serra: But the real reason why farm credit has dried up is that inflation has topped 20 percent: in a situation like this, any kind of investment in agriculture has become impossible, even for the best-run operation. Even so, until inflation is brought under control, we must lower the cost of credit before we embark on regional intervention: hence our request for an international loan with a guaranteed exchange rate which the government must provide, because this would let us get the cost of money down to 15 percent, and thus enable the regions to use their share of loan assistance eligibility in a less "stingy" fashion.

Without this, once there is no longer any such thing as self-financing, nor yet any investment when money costs 25 percent, we truly stand in peril of a recession of horrendous proportions in agriculture. Farmers bought less fertilizer this year, for instance: there isn't even money to finish out the year.

6182
CSO: 3104/333

POLL SHOWS MAJORITY RECOGNIZE NEED TO LOWER BUYING POWER

Oslo ARBEIDERBLADET in Norwegian 31 Jul 81 p 6

[Text] Some 62 percent of those asked said they are willing to reduce their own buying power a few percentage points if that will help to guarantee work for everyone. This was shown by an opinion poll carried out for ARBEIDERBLADET by the Norwegian Opinion Institute.

There were 25 percent who said they were not willing to accept such a reduction and 13 percent were not sure.

Willingness to reduce their own buying power to guarantee employment is greatest among supporters of the Christian People's Party with 68 percent expressing willingness to go along with such a reduction. According to the opinion poll a disinclination to accept a lower buying power seems most widespread among Conservative sympathizers--59 percent said they would go along with such a reduction while 31 percent said they would not.

Among Labor Party supporters 64 percent said they were willing to relinquish a few percentage points of their buying power while 22 percent said they were not.

Incidentally the opinion poll showed small geographic variations in responses. But there is a tendency for people living in the four northernmost counties to be more willing to reduce their buying power for the sake of employment while there is less willingness to do so in the Oslo/Akershus area.

The question asked in the poll went like this: "Are you willing to reduce your buying power (real income) a few percentage points if this would help guarantee work for everyone?" The poll was conducted in June.

LO [Norwegian Federation of Trade Unions] chairman Tor Halvorsen told the Labor Press Office that the opinion poll expressed attitudes corresponding to priorities set by LO. "We have always had work for everyone as our superordinate goal. The poll shows this priority has broad support among the people.

"In preparing our tariff demands we have made full employment considerations the most important goal, something the union movement will continue to do," Halvorsen said.

But at the same time he stressed that he saw no contradiction between guaranteeing employment and maintaining stable buying power. "The level of buying power affects domestic demand. A high level of demand in turn is a prerequisite for safeguarding Norwegian jobs. In other words there is a very fine balancing point here between the level of buying power and employment, something some critics of economic policy seem to forget," the LO chairman said.

Finance Minister Ulf Sand said the poll clearly indicates how strong the goal of full employment stands in this country with a clear majority expressing willingness to give up some of their own buying power to guarantee work for everyone. "My hope is that we can manage to keep employment up without reducing buying power. But if a conflict should arise here this corresponds to the position of the government that employment considerations must come first," said Sand.

6578
CSO: 3108/177

FINANCE MINISTER DISCUSSES EMPLOYMENT OUTLOOK

Oslo AFTENPOSTEN in Norwegian 1 Aug 81 p 30

[Text] "Norway is in a better position than any other country when it comes to unemployment, including youthful unemployment. No matter how one uses statistics or calculations no basis can be found for saying that on average we will have a higher unemployment rate than 2 percent, that is 35,000 people out of work, which is also suggested in the revised national budget," Finance Minister Ulf Sand said to AFTENPOSTEN.

The finance minister rejected the claims of Norwegian Bank director Hermod Skanland who stretched the estimate to between 2 and 2.5 percent and those of Conservative financial policy spokesman Rolf Presthus who says this is much too low and that by the end of the year the number of people out of work will approach 100,000. He also included the disabled, women and young people who do not appear in official statistics.

The finance minister said Presthus is shuffling his cards in an incredible way without being able to document any of his statements. No matter which statistics or definitions one uses with regard to unemployment it is impossible to reach figures anywhere near those cited by Presthus in the view of the finance minister. "Internationally speaking Norway is in a good position whether one looks at total unemployment or at youthful unemployment separately. Switzerland is at roughly the same level but that is due to the special circumstance that the Swiss have cut down on the number of foreign workers. Next after Norway with its 2 percent comes Japan with 2.2 percent. The other OECD lands have much higher rates.

"No statistics support the figures quoted by Presthus and there are no indications that unemployment will rise to 2.5 percent as director Skanland suggested," the finance minister said.

What about youthful unemployment?

"The revised national budget estimates an unemployment rate of 6.6 percent among young people, e.g. those between 15 and 24. Sweden is lower than we are with around 5 percent while countries like Denmark and England have over 11 percent. Here too we are doing well on an international level. Of course we must view seriously the fact that youthful unemployment is rising. The municipal affairs minister will meet with the labor market factions on this matter and discuss such things as better training conditions in firms," said Finance Minister Ulf Sand.

6578
CSO: 3108/177

BIOGRAPHIC SKETCH GIVEN ON TURGUT OZDES

Istanbul DUNYA in Turkish 19 Jun 81 p 9

[Article in the series: "Introducing Our Businessmen"]

[Text] Turgut Ozdes, born in Istanbul in 1937, is director general of TEKSKON, Textile and Garment Industry Incorporated, and a member of its Administration Assembly.

Ozdes attended primary, middle and high school at Galatasaray Lycee and was graduated from the Istanbul University Faculty of Economics in 1960. He and his wife, Ender, have one son, Taner (18), and a daughter, Ayse (14). Taner is in high school and his sister Ayse is in middle school. Ender, a high school graduate, is a housewife.

Before assuming his present job, Turgut Ozdes was sales and manufacturing coordinator, export director and sales director at Mensucat Central. Ozdes speaks French and English and has published articles in many newspapers and magazines.

Turgut Ozdes swam and played water sports at the Galatasaray Club and says that he now likes to use his spare time teaching these sports to youngsters. He also enjoys reading in his spare time.

Ozdes describes himself as "extremely serious and logical, softhearted and having tolerance for people's problems, but never undisciplined tolerance."

Fond of debate, Ozdes cannot help but offer opposing opinions, though greeting all with maturity.

He is not formal, but in personal relationships, responds appropriately to formal situations. He does whatever the situation calls for. When called upon, he is happy to be able to resolve a personnel problem.

Sometimes set in his ways, Ozdes still takes his share of the blame for errors. He can apologize when necessary and, admitting no display of anger, is amiable and easy-going.

As a legacy of the camaraderie at Galatasaray, he dearly loves to play jokes and does not mind when jokes are played on him, and his friends say that is is witty. He spends his money carefully, but those who provide him some service can be pleased by his largesse.

Ozdes watches his weight and says he has no problem when it comes to food. He usually goes to bed at 2300 hours and rises at 0700. He is a heavy sleeper, but says he can get by on 6 good hours of sleep.

Turgut Ozdes likes to spend time with his friends and is known at work as a natural leader and organizer. Everything has to be organized for him. Meticulous in speech, he explains everything carefully and even watches his listeners' expressions and repeats anything that may not have been understood. It is not hard for him to move from one subject to another, however.

Ozdes is extremely punctual, arriving at least 10 to 15 minutes early for appointments, and is impatient with lateness.

Ozdes appreciates silence and tries to avoid any noise other than music whenever possible. Because he travels frequently in his work, he prefers to fly as it is faster.

Pleading lack of free time, he has no hobbies, but enjoys playing cards as long as no gambling is involved. He likes all kinds of music.

Ozdes likes to read all kinds of books, especially on professional topics, but prefers detective novels for relaxation. In the newspapers, he turns first to the columns, editorials and investigative articles.

Turgut Ozdes smokes Samsun cigarettes and prefers whiskey and raki to drink. He takes a glass of whiskey when relaxing and prefers raki with meals. His favorite brand of raki is Tekirdag.

8349
CSO: 4654/71

URANIUM BEARING COAL SOLD TO ROMANIA

Istanbul HURRIYET in Turkish 20 Jun 81 pp 1, 15

[Text] Incirliova (Aydin), (HURRIYET NEWS AGENCY)--Romania's insistence on purchasing the low-quality coal from Yatagan District in Mugla aroused the suspicions of the regional directorate of the Turkish Coal Works, which is attached to the Ministry of Energy and Natural Resources. Nuclear Research Institute experts were sent to the area and discovered deposits of the world's highest quality uranium extending 1 meter in width and depth. Meanwhile, it was determined that for 4 years Romania has been producing significant amounts of uranium from the 1.2 million tons of coal it bought at $15 per ton. A report was submitted to the National Security Council.

The Romanian trade delegation which came to Turkey said that they wanted to buy the ungraded coal from Yatagan for use at various factories this year, as in past years. Turkish authorities, however, informed them that the entire field had been nationalized because the Yatagan thermal station, which is now under construction, was being built there, and for this reason, no coal could be sold from the area. The Turkish authorities suggested Soma coal, which is known to be of a higher quality, in order that the country might earn the foreign exchange.

Shortly after the talks between the Turkish and Romanian authorities concluded in this way, the Romanian government made another initiative, insisting on coal from Yatagan, and asked for an immediate reply.

Romania's insistent demand for the low-grade coal attracted the attention of the Energy and Natural Resources Ministry regional directorate. Suspicious authorities notified the ministry and sent two experts from the Aegean University's Nuclear Research Institute. The experts discovered, after long and exhausting tests, deposits of the world's highest quality uranium.

8349
CSO: 4654/71

PRICE HIKES SET FOR PETROLEUM PRODUCTS

Istanbul CUMHURIYET in Turkish 27 Jun 81 pp 1, 7

[Text] Ankara (CUMHURIYET BUREAU)--Prices of petroleum products have been revised, with increases of 4 liras per liter of regular gasoline, 5 liras for super-grade gasoline, 3 liras for kerosene and diesel fuel and 40 liras for a 12-kilogram cylinder of bottled gas.

According to the announcement made by the Ministry of Energy and Natural Resources, the price of regular gasoline rises from 60 liras to 64 liras, super-grade gasoline from 66 liras to 71 liras, and kerosene and diesel fuel from 42 liras to 45 liras.

The price of a regular, 12-kilogram cylinder of bottled gas goes up 6.9 percent from 580 liras to 620 liras, with picnic-size cylinders increased 5.5 percent [as published] from 105 liras to 115 liras.

Heating oil, which is 33.10 liras per liter, will cost 36 liras; no 5 fuel oil, which is 30.84 liras, will cost 33 liras; no 6 fuel oil, which is 27 liras, will cost 29 liras.

The new prices on petroleum products are applicable to Ankara; new prices for other provinces will depend on their distance from the refineries.

Authorities said that price hikes for petroleum products were caused by losses incurred recently in daily adjustments of exchange rates for the Turkish lira against the U.S dollar. The Turkish lira has taken a 6.6 percent loss of value against the U.S. dollar in the period between the last price hike on petroleum products on 21 May and today.

Petroleum products prices rose nearly 200 percent in the first 6 months of last year, as contrasted with 20 percent in the first 6 months of 1981.

When Energy and Natural Resources Ministry authorities announced the new price hike, they said that petroleum products had gone up because the exchange rate had risen from 104 liras to the dollar in May 1981 to 111 liras on 25 June. They also said that the previous decision to raise prices had resulted from the increasing value of the dollar against the Turkish lira.

The government halted the sale of all petroleum and petroleum products throughout the country to make the new price adjustment.

The Finance Ministry published a communique on the adjustment of petroleum products prices, according to which all businesses, their branches, agents and dealers and other retailers which have petroleum products on hand for sale or manufacturing purposes will report to their tax offices the amount, load and types of products they have in depots, stores, distributors or tanks or in transit. When the new prices on petroleum products are announced, taxpayers whose stocks have been reported may begin selling immediately at these prices.

According to the Finance Ministry communique, liquid fuel establishments and companies will deposit the difference between the old prices and the new prices on the amounts they have on hand in account no 640/2367 at the central branch of the Turkish Central Bank or account no 640/900 at the Yenisehir branch of the Turkish Agricultural Bank.

Old and New Prices on Petroleum Products

Product	Old [Turkish liras]	New [Turkish liras]	Percentage [of increase]
Super-grade gasoline	66.00	71.00	7.5
Regular gasoline	60.00	64.00	6.6
Kerosene	42.00	45.00	7.1
Diesel fuel	42.00	45.00	7.1
Heating oil	33.10	36.00	8.7
Fuel oil (no 5)	30.84	33.00	7
Fuel oil (no 6)	27.00	29.00	7.4
Bottled gas (12 kg)	580.00	620.00	6.9
Picnic bottled gas	105.00	115.00	9.5

8349
CSO: 4654/71

CONTRACT BIDS OPEN ON DAM, IRRIGATION PROJECTS

Istanbul DUNYA in Turkish 25 Jun 81 p 4

[Text] Ankara--Turkish contractors will build the Guldurcek Dam and auxiliary facilities, located in Cankiri Province and designed to control irrigation and flooding. The Office of Dams and Hydroelectric Stations of the State Hydraulic Affairs Directorate General [DSI] offered the contract by the "bid invitation" system. The DSI Office of Projects and Construction also opened bidding for irrigation construction at the Tercan Plain in Erzurum Province.

The general construction in connection with the Guldurcek Dam to be built by Turkish contractors reportedly consists of the major body of the dam, to be 70 m in height and 265 m in length, plus the related facilities. Also among the construction is a derivation tunnel, 322 m long with an interior capacity of 2.5 m, a discharge weir 322 m in length and with an interior capacity of 2.5 m and a 160-meter concrete-clad, lateral intake spillway.

Group "A" of those desiring the contract must present contractor's credentials of at least 750 million liras, a construction materials report, a financial report, a technical personnel report and contract conditions.

Application will be open until 2 July, and those approved for participation will be sent a bid form and asked to submit a bid.

Tercan Plain Irrigation

Meanwhile, the DSI Office of Projects and Construction opened bidding for irrigation of the Tercan Plain in Erzurum.

The contract, having an estimated cost of 660 million liras, will be awarded at the DSI Directorate General in Ankara on 26 June. Individuals or companies desiring the contract must apply for qualification certification by 18 June at the latest.

The Denizli Geothermal Station, the construction and installation of which is being handled by the Turkish Electric Power Enterprise [TEK] has assembly, testing and operation contracts coming up. The TEK has opened bidding on these jobs.

8349
CSO: 4654/71

ARCHBISHOP KHRYSOSTOMOS BLASTED AS 'IRRESPONSIBLE'

Nicosia THE CYPRUS WEEKLY in English 7-13 Aug 81 p 3

[Text]

Archbishop Chrysostomos' latest speech attacking the official line on the Cyprus question being followed by Athens and Nicosia has caused a storm in the Greek Cypriot Press, which sees it as an open clash between church and state.

Communist 'Haravghi' called the speech "irresponsible and provocative"; other newspapers described it as 'dangerous', and suggested that the Archbishop should confine himself to his religious duties and stop meddling in politics.

The Archbishop, speaking during a memorial service for the late President Makarios at Kykko Monastery, attacked the intercommunal talks. He said they were a "mockery" so long as they were conducted in the presence of the Turkish invasion forces.

Appeal

He demanded a "change of tactics in our struggle" and asked Greek Foreign Minister Constantine Mitsotakis, who was present in the church, to tell Athens that it should assume a "more active" role in order to help get the Turkish troops out of the island.

In an emotional and impassioned appeal, he told Mr Mitsotakis that Athens should not be frightened by the distance between Greece and Cyprus, and that it should help with "courageous deeds" in the liberation of the whole of the island.

He bluntly told the Greek Foreign Minister: "We demand that the Greek government place Cyprus as the priority issue in its foreign policy. We demand that Greece stop wondering who is going to drive the Turkish invaders out of Cyprus. Greece should realise that it is her own duty and responsibility to do this, both as a mother country and as a guarantor of the island's independence".

Greece, Turkey and Britain are the joint guarantors of Cyprus' independence under the 1960 treaty establishing the Republic.

The Archbishop started his sermon by complaining of a "complete lack of fighting spirit" and of "indifference and inactivity despite the tragedy of the situation".

He said statement about a "good climate" at the talks and of the coming Turkish proposals were creating "false euphoria", prevented action on the international level, and freed Turkey of any responsibility in the eyes of world opinion.

He called on everyone to realise the "deadly danger" resulting from the continued presence of the Turkish troops in the island, and said people should "wake up and get mobilised" and not become complacent with "valium tranquilisers".

"Otherwise "we or our children will one day be forcibly uprooted from this land of our forefathers and seek a home elsewhere".

Message

Asking that mainland Greeks should not just "look from afar" but help their Cypriot brothers struggling for salvation, the Archbishop turned to Mitsotakis and told him, "this is the message we beg you to take back to Athens".

The ancient church at Kykko Monastery was turned into a "public debating hall", in the words of a newspaper columnist, as President Kyprianou and then Mr Mitsotakis replied to the Archbishop's remarks. The three speeches, together with the whole service, were broadcast live on Cyprus radio.

President Kyprianou defended his government's policies, saying he was following the Makarios line, and asked everybody to contribute to strengthening the internal front through cooperation and a positive, not negative, attitude. He warned that the government would never allow a repetition of the conditions that existed before the 1974 coup. The intercommunal talks offered a correct procedure for an "honourable" settlement, he said.

Mr Kyprianou called on everybody to follow coming developments in a prudent way "without a tendency either towards demagogy or defeatism".

In his speech, Mr Mitsotakis assured the Archbishop and Greek Cypriots that Greece would continue to offer its "undivided and wholehearted support, without reservations or calculations".

Rebuke

"You can have faith in Greece, We shall never abandon you and we shall never fail to do our duty towards Cypriot Hellenism" he declared, amidst applause.

In what was seen as a slight rebuke for the Archbishop, Mr Mitsotakis pointed out that the handling of the Cyprus problem was decided by democratic means. He also stressed that "unity must not be an empty word", adding: "In order to fill the great gap left by Makarios, there must be true unity both in Cyprus and among Greeks everywhere".

Greek Cypriot newspapers generally interpreted the speeches as amounting to an "open public confrontation" between church and state. Independent 'Agon' took a stand against the Archbishop.

Haravghi said the Archbishop's "unacceptable" speech was an "insult to the patriotic forces fighting on the basis of the Makarios line", and claimed the Archbishop appeared ready to join those "seeking a Cyprus settlement through the intervention of the imperialists."

Opposition daily 'Simerini' said the Archbishop continued to "live in the clouds", apparently not realising that the ethnarchic role of the church was over.

"We respectfully suggest that His Beatitude should confine himself to his religious and spiritual duties", it added.

CSO: 4600/134

'NEW LEFT' FACES REORGANIZATION DIFFICULTIES

Frankfurt FRANKFURTER ALLGEMEINE in German 30 Jul 81 p 8

[Article by Dieter Wenz: "Difficulties of Old "New Left'"]

[Text] The end of the KPD, its self-dissolution in March 1980, also signified the end of a precarious chapter of the former so-called "New Left," the post-APO [extra-parliamentary opposition] Left. After 10 years there is nothing left for those groups in the FRG who were finally hoping to find true socialist salvation in a strict Leninist organization, following the disintegration of student groups that were operating in an individualistic-emancipationist manner. Everything is in ruins, material assets have turned to debts, ideology to disillusionment. Although a few communist groups exist still today, it is rather a sad situation: It is not so much defiant persistence but a lack of intellectual strength to proceed with an orderly self-dissolution.

The end of the KPD, which at its time was announced to the public with a big bang, is actually only a formal indication of the end of a sectarian communist-group orthodoxy in West Germany. It has been more or less "dead" for some time, when considering its overall political effect on the Left in the FRG; with respect to the "working masses," whom it presumptuously claims to represent, it has been dead since its inception: From the time when they were formed, communist groups have never really exerted a great deal of influence on the "proletariat" in West Germany. Does that imply that the demise of the communist groups has no significance, that the incident can simply be filed away? Certainly not. The KPD leaders who lost their troops have been trying for months to "form" new left-wing fragmentary groups (those following Bahro, the "Greens" and the "new social movements"). And they are not the only ones. We can gather this information from current left-wing discussion rounds or pertinent publications.

A statement that can be heard unusually often today is that the KPD collapsed because it came face to face with "very real questions." In essence, this is saying a great deal: First, the West German socialist Left outside the SPD has been hit and affected internally because of the failure of the communist movement and, second, thanks to its organizational differences there has been no noticeable "disintegration" to date, as was the case with the KPD--at least not to the outside.

As a consequence, there is less and less self-rightous talk by the extra-parliamentary left-wing scene, when it comes to lashing out at "communist group sectarianism." Rather, now there is more heretic mention of an "intellectual sickness" that has affected the entire Left.

Did it not miss all opportunities to join in the wooing for the alternatives, which had taken place in an emancipationist manner? Were they not taken by surprise when the "Greens," the antinuclear-power movement, women's groups, the coloreds, the squatters made their appearance in this country, and are they not quite helpless when it comes to the Human Rights Movement in East Europe?

For the first time attempts are under way to take stock, and with it comes the recognition that they have been totally oblivious of the "real conditions" in West Germany and "conditions" in general all over the world, the way things really are. Although on the whole there has been little discussion on the decline of the communist phenomena, in some locations it has become the subject of a somewhat hesitant but comprehensive interpretation. The key phrase is "reorganization process." It will be heard frequently in the near future.

Against the background of these current discussions, former KPD leaders appear more or less like people who have completed a long march through the Leninist wilderness, incredulous at what they see-instead of the promised green plains they are facing new deserts that are frighteningly similar to the old ones. Disillusionment set in quickly. An example is "Sectarian" Ziesemer, who has been enlightened only recently. Until fall 1979 he was a member of the Central Committee of the KPD Youth Association. Not long ago, during a discussion which had been arranged by the Berlin publishing house of Olle & Wolter, he said that he had noticed almost immediately "that...the different factions of the Left...do not display any difference in the way in which they approach certain problems."

Are there no changes on the socialist Left? It appears that their most ardent critics have indeed turned into today's unsuccessful orthodox members. Willi Jasper, cofounder of the KPD, onetime member of the Central Committee and of the KPD Politburo, talks about the "confused state" of that segment of the Left that is "on the outside," which had been the hope for the time following the fall of the KPD, the sudden collapse of the "comintern mentality." But he himself was amazed when he found out that "similar processes are going on." Right now, what is actually taking place on the Left is the following: They still believe that in principle every question can be solved by applying the old approach. In other words, criticism of capitalism, "which is...so traditionalistic and ineffective that (in the end) they will (certainly) be able to agree (again) on abstract socialist goals and ideas."

Karl Schloegel, member of the Central Command of the former Communist Student Federation, remarked that he was surprised that "in part" the extra-parliamentary Left was "dealing with problems in a manner that was based on reflexes, which (formerly)" had "already" been "labeled obsolete within the KPD." Current intellectual exchanges take place on a level "that employs competing 'Marxist interpretations.' The discussion does not zero in on the suitability of a theory to be applied to the topic, but it is merely an ideological exchange..as if nothing had happened during the last 10 years: wild gestues with ideological slogans." After all, nothing can be accomplished any more by borrowing from the traditional and with surrogates," Schloegel declared.

Ziesemer gets down to specifics and says that he sees no other choice: It is "no longer enough to stick to the old categories," unless one is willing to abandon that society which one criticizes constantly, vowing that it must be changed. The "reality of the FRG": Jasper is sounding a warning. In his opinion it is now no longer only

"a problem of the so-called Marxism-Leninism" "but of Marxism in all its philosophical, political and organizational variations," and this reality can no longer be explained by using "theoretical props." In Schloegel's opinion the Left must now learn to relate its thinking to specific issues and not stop at "axioms" and Marxist "classic authorities."

Anyway, how can this society--in its present shape--"be abolished," Ziesemer asks. "What aspects do we reject, what aspects do we--the Left--want to preserve?" According to Ziesemer, the recent discussion about the self-dissolution of the KPD yielded some "hereditary factors" that may be useful for the socialist Left, above all, "the complete review of East European experiences, the understanding of the significance... of the negative example of real socialism."

Nevertheless, the fallen former leaders of the "New Left" are not inclined to present an optimistic outlook. Schloegel talks about an "intellectual impoverishment" on the Left and he fears the continuation of the "refusal to question oneself and one's own thinking." In Jasper's opinion, "the questions that led to the dissolution of the KPD are questions that affect the entire Left," and in his view the only chance lies in a new beginning: "If the Left lost the truth, it should no longer pretend." Its situation is "much worse than many want to admit."

Anyway, what can be done? Ulf Wolter, publisher of more sophisticated left-wing publications knows what to do: "If we accept the fact that we (in the FRG) have reached a stage when a (pure) socialist practice is no longer the main issue...a clear left perspective becomes apparent, which is reformism." And as things stand, "in the FRG" reformism represents the "general perception. Ignoring this reality" inevitably leads to "failure."

8991
CSO: 3103/391

LE PORS: DECISIONS, SALARIES, UNIONS, DECENTRALIZATION

Pluralism, Government Salaries, Decentralization

Paris L'HUMANITE in French 27 Jul 81 p 3

[Interview with Anicet Le Pors, communist minister of civil service and administrative reform, by Jean-Luc Mano]

> [Text] One month after the communist ministers assumed their responsibilities, we interviewed one of them, Anicet Le Pors, the minister of civil service and administrative reform. For more than an hour we discussed with him his plans, his methods, and his ambitions for his ministry. The thread of the conversation sometimes carried us somewhat far afield from our original areas of concern. But his interview does shed more light on the activity of the second communist minister of civil service since the Liberation, at which time Maurice Thorez held the office.

[Question] The first thing I want to ask you is how you went about picking your staff.

[Answer] I set up my office along the lines suggested by my previous experience. I worked for 26 years in the civil service. During all of that time I was a trade union militant. The first name that came to mind was Rene Bidouze, for he was secretary general of the General Union of Public Employees (CGT), in other words he held a top-ranking position in the civil service union movement. As I was familiar with his professional caliber, his dedication, and his scrupulousness, he was the first person I thought of asking. Besides him, I called on people I knew well and whose qualities and competence I valued.

[Question] Another aspect is striking. On your staff there are several noncommunists. I want to ask you straight away if there is not some demagoguery in such an action.

[Answer] There is no demagoguery. I simply wanted to show my commitment to pluralism and, I will also say, somewhat to set an example.

I called on several noncommunists, such as Michel Mousel, whom I knew in 1968 at the ministry of finance. We lived through the events of May and June together, but it must be admitted in a somewhat antagonistic way. But he is someone I esteem and whose exceptional qualities I appreciate.

Indispensable Pluralism*

None of all this has anything to do with gimmickry. I think one must have a certain humility. No one person has a monopoly on interesting ideas and correct positions. Here, we have two staff meetings per week and we are working in a very collective spirit.

While I may in the last resort make the decisions, I have verified by experience that this practice of pluralism is indispensable. People with other than communist sensibilities make proposals and give out opinions, which are sometimes accepted and sometimes rejected. Similarly, we communists also express opinions which are also debated. All that is very stimulating.

Those who have a point of view different from my own help me a great deal by giving me their advice and by encouraging us to reconsider ideas we had looked on as definitive truths. Indeed, our own ideas are thrown into question by that way of life and invigorated by the collision with others. It is a factor that promotes efficiency. Certainly, each minister is the sole judge of what is good or bad for him. But on the basis of my experience, I personally consider it stimulating and beneficial for all leftist viewpoints to be represented in the ministerial offices of this coalition government. That there should be, for example, socialists in the offices of communist ministers and communists in the offices of socialist ministers. Diversity is an asset, if it remains coherent.

[Question] You speak of throwing into question. Does that mean that your ideas, your conceptions forged in the opposition are being modified or enriched by the exercise of power?

[Answer] That is a very important question. For me the answer is unequivocally: yes. Moreover, one must not limit that just to members of the cabinet. Other discussions take place with the bureaucracy, which has its customs, its ways of viewing things, often impregnated with the experience of decades. These acquired actions are often useful, they take account of certain realities of social life.

There is another interesting aspect, which is interministerial work. Let us take the example of the communication I made at the last meeting of the council of ministers. There were hours and hours of discussions with the representatives of a dozen ministries who argued with us, often sharply. On 15 July, I had sent a report to the prime minister. My paper was picked to pieces, but in the positive sense of the expression. It was enriched, corrected, and today the product is considerably improved.

So in coming to the ministry I have had a personal enrichment, an enrichment of ideas, and I also think an enrichment which can be of value to all the forces of the left.

[Question] That's all very good, but in the aggregate does all this not represent constraints? To speak plainly, are you able to act, or are you not, as some have contended, a hostage in the government?

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*Sub-heads added by the editors.

[Answer] Of course, this could be taken as a constraint. But primarily it is a question of disciplined collective work, of coping with the contradictions that exist in the most reasonable way possible, in other words of coming to a positive resolution of these contradictions and conflicts of ideas.

As for the other, it would be wrong to think of us, and in any case wrong to think of me as anybody's hostage. Naturally, there is room for debate on that question. But the communist ministers are full-fledged ministers. There is no problem in that regard. I think that all the communist ministers would say this: we are perfectly at ease. At the present stage, there are no problems of direction, notwithstanding conflicting ideas, adjustments, refinements, in short, the daily work of government. As far as I myself am concerned, I tell you again: I am perfectly at ease in the government.

Full-Scale Negotiations

[Question] Let us move on to your method of administration. And first of all your concept of dialogue. Have your meetings with the unions been fruitful?

[Answer] That would be for the unions to judge. I do not want to prejudge what they got from them. I have received the seven employee federations three times in three weeks. I did not sense any misgivings on their part--quite to the contrary--in dealing with a communist minister.

Everyone is in agreement, going beyond the differing positions, in considering that the facts should be decisive.

[Question] You speak of facts. Let us continue along this line. The employee unions were hardly satisfied by the wage measures taken by the first Mauroy government. Can you reassure them today?

[Answer] I want to have a relationship with the unions wherein each assumes his own responsibilities. Under the previous administration, the ministers did not take theirs. They created structures to /"talk"/ about the problems, a species of safety value for their demands. Inevitably that had an impact on the comportment of both sides.

As for myself, I intend to fully respect the autonomy of the union organizations. But I expect them to assume their own responsibilities in a positive fashion in the administration of affairs, in order to enhance even further than in the past their capability to propose a plan. We must distinguish between proposals and demands.

[Question] Let us return to wage problems.

[Answer] At the present stage, and while the budget is still under preparation, I can only repeat what I said at the last meeting of the council of ministers. The ministers under the former administration confined themselves basically to wage problems, and their meetings with the unions to negotiations of a very limited scope. I however intend to give full scope to negotiations, that is, to have them cover all of the major issues in the civil service.

On remuneration, I will act so as to maintain the mean purchasing power of employees, with significant improvement for the lowest-paid categories. We will proceed to increase as part of a restructuring of pay in the civil service. In accordance with the desires of the unions, we are going to attack the problem of the salary scale.

[Question] When will the decisions be taken?

[Answer] A commission (the Lasry commission) is working. It was to submit its report this fall. I have asked to have it by 15 August. Naturally this restructuring will take time. But I will discharge all my responsibilities and set forth the general guiding concepts in September.

Rejuvenating the Civil Service

[Question] Let us move to another subject. You said on taking up your duties that your ministry would play an active role in decentralization. What does that mean?

[Answer] It is inevitable that the decentralization of power, which is a democratic initiative, will run into the consequences of the past administration. The latter was marked by the burgeoning of state centralism, of bureaucracy,and by incessant attacks on the rights of employees and those affected by the bureaucracy.

I want to combat all these consequences and play an active role in the establishment of a new distribution of powers and of new modes of democratic expression both for employees and for those affected by the bureaucracy.

The changes in structure and jurisdiction entailed by the proposed decentralization have inevitable consequences on the way agents of the state exercise their functions. I personally am determined to embark on a vast program to rejuvenate the civil service, which cannot remain in the same state it was in in 1946, modified only in a limited (and negative) way in 1959. All provisions regarding the general status of the employees must be preserved and adapted to the new context, while respecting the principle of the uniqueness of the national civil service and also the democratic gains which the employees have obtained by their struggles. We must, finally, have a real local public service.

[Question] This will be my final question. At the time of the Liberation, the communist ministers put their names on great achievements. Setting your modesty aside, is it your ambition to make comparable achievements and, above all, do you think you have the resources to do it?

[Answer] I think above all that we have no choice. The communist ministers cannot be mediocre ministers. They are carrying an enormous political responsibility, especially since our communist predecessors made such important contributions. I am obliged to set my standards very high. I am not starting from scratch, but I do want to undertake the gigantic task of renovating the civil service and improving the material position and morale of state personnel in a step which, even in the civil service, should have the collective-management characteristic which is the essence of democratic progress.

Policies Toward Government Employees

Paris REVOLUTION in French 31 Jul-3 Aug 81 pp 8-9

[Press conference of Anicet Le Pors, communist minister of civil service and administrative reform; passages enclosed in slantlines printed in italics]

> [Text] The decentralization reform is at the center stage of events. We asked Anicet Le Pors, the civil service minister, for his opinion on the future status of government personnel.
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> As the minister responsible to the prime minister for the civil service and administrative reform, Le Pors presented to the council of ministers a communication concerning the immediate measures and directions of government in this field. During a press conference, he outlined his priorities for the summer.

[Question] You were a government employee for 26 years, then an elected senator, and now you have become a minister. So you have considerable experience in government service. How do you see your relations with the bureaucracy?

[Answer] The French bourgeoisie has always tried to reduce the status of the government employee to that of a /subject/ by denying him the rights of full /citizenship./

One of them said early in the 19th Century: /"The special position of government employees could and in fact should, in certain circumstances, forbid them from doing things which others are permitted to do."/ The author was Theophile Berlier, a count in the First Empire.

A century and a half later, another of its [the bourgeosie's] spokesmen gave this solemn assurance: /"The government employee is a man of silence. He works, he serves, he keeps quiet..."/ Everyone will have recognized in this forceful definition extracted from the book "Death of the Republican State" an especially eminent representative of the former majority, Mr Michel Debre.

Well, no! For me the new civil servant citizen has nothing to do with this humiliating position: he or she is a man or woman of conscience, competence, and a sense of responsibility, who today is called upon to devote all of his or her faculties to the service of the national interest, to the service of the democratic change our people have chosen. Therefore, I intend to discuss things with them, with their union organizations, for I consider them first of all to be responsible citizens. That means to grant them corresponding status. The /new citizenship/ which the government is offering to the French people cannot in fact exclude the civil servants.

I have, moreover, met with the seven organizations representing government employees three times in the course of the first three weeks that followed my nomination.

In the fall I will not impose on them the obligation of signing more or less formal /accords./ I respect their freedom of choice too much, their mission of defending the interests of the workers they represent. If there is an accord, so much the better; if not, everyone at his own level will carry out his duties. We have so many questions to discuss that it would not be surprising that on some particular points with

particular organizations there are unresolved disputes: we are in fact going to examine the question of remuneration (and the restructuring of the wage scale), job creation (which is linked to problems of reducing the work week and hours of operation in the various public services), the new rights of government employees (social, economic, and political rights), and the administrative reform which also involves the decentralization projects.

[Question] But are you yourself, the minister of civil service, concerned with a reform which eventually will affect the local communities: the regional, departmental, and local levels?

[Answer] It is quite obvious that it is appropriate for the minister of the civil service to play the primary role in terms of changing the statutory provisions related to the government's plans. This is also the view of the prime minister. The implementation of this reform can certainly not go far without the broadest possible negotiation with the labor organizations representing the public employees. In fact, to imagine that it could be otherwise would be directly in contradiction with the spirit presiding over this reform. This is why the government lays such stress on its commitment to provide this negotiation. This will be done both in the framework of regular bodies such as the High Council of the Civil Service, whose functions I intend to restore, and in the framework of structures to be created for the reform. No one will be moved before this is done. It is obvious that the reform will not be against the interests of the employees. To do it without their participation would simply empty it of meaning. So it will be done with them.

The rejuvenation of the national civil service must therefore have as a reference the general statute on government employees, which the time has now come to improve. It is going in tandem with a decentralizing initiative which will broaden the rights, protections, and freedoms of all, and the establishment of a statute modelled on the national civil service act, for the local communities.

I would like to conclude by underlining two aspects. In place of the former administration's methods--transmitting government orders rejecting or dismissing cases--in place of this /negative administration/ we will substitute study missions, advisory missions, and other constructive proposals. Second aspect: the bureaucracy is going to find itself placed much more directly than before under the oversight of the duly elected representatives of the people. This is an act of basic confidence in the democracy in which we are invited to participate, since it amounts ultimately to realizing that in many domains the relationship between the sovereign people and its administrative branch no longer has need of an executive power that is centralized to the greatest possible extent. Certainly, there can be no question of reducing the effectiveness of the civil service, or at the community level of permitting an increase in the ever-present risk of this distortion of public activity which is bureaucracy.

In reality, it is a question of a new concept of relations between the administrative branch and the elected officials, the representatives of social forces and in general the concomitants of decentralization.

But I do not want to set anything in concrete today, for, on the one hand debate is beginning soon in the National Assembly, and on the other hand I must meet with the trade union organizations once again when the legislature comes back into session, to discuss it with them.

9516
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PRODUCTIVE CLASSES REACT TO PASOK PROGRAM

Athens I KATHIMERINI in Greek 26 Jun 81 pp 1, 3

[Article by Th. P. Kassimi]

[Text] The statements by A. Papandreou which outline PASOK's program of government have given rise to strong reactions as well as pronounced uneasiness, especially among tradesmen and craftsmen with small to intermediate businesses, but in the commercial community more generally also. The prominence given to the taking of "policing" measures in connection with commerce has caused a particular sensation, at a time when tens of thousands of businessmen are up in arms. Their demand is that the policy of decontrolling the merket must be continued, their argument being that the ongoing price freeze has led the small and medium-sized businesses into an impasse. The threat of a "socialization" of broad sectors of business activity, without either the nature or the extent of this measure being clarified on the part of PASOK, has led to similar reactions.

Characteristic of the reaction by tradesmen and craftsmen with small and medium-sized businesses to the platform statements of A. Papandreou is the reference by the branches concerned to the fact that despite the mobilization of PASOK's party machinery to try to produce positive reactions from representatives of union organizations, this has had no results. The only statement approving of the "policing" measures proclaimed by A. Papandreou was that of the New Movement of Merchants. This is a small group which has tried repeatedly, without success, to get elected to the administration of the Commercial Chamber.

The General Confederation of Tradesmen and Craftsmen of Greece avoided taking any position, despite the soundings on this question which were made in its administration, while the members of many associations and federations have asked their administrative bodies to convene special assemblies in order to take decisions to deal with the dangers which are looming for the small and medium-sized businesses arising from the platform statements by the PASOK chairman.

Grocers throughout the country are showing more energetic activity; they have been bothered by the announcement that "there will be a price freeze on basic products of common consumption."

The Price Freeze

A characteristic view is that of a member of the administration of the Panhellenic Federation of Grocers, namely that "the freezing of prices leads to a lowering

of the quality of products, favors the black market, decreases the supply of products, and in the last analysis functions to the detriment of the consumer himself and the small retailer. With respect to those items whose prices have been decontrolled but with the profit margins being regulated at all times, the supply has increased and prices have been held down because of competition. On the other hand, wherever the freeze or price-fixings have continued, there the supplementary charge becomes operative and provisioning to retailers becomes concentrated in the hands of a few suppliers. In case of a new price freeze, the small grocers--even those who are members of cooperatives--will disappear and only the large food-marketing chains will be able to survive."

At the same time, the restaurateurs, pastry cooks, and coffee-house keepers have stated already that they will begin refusing to sell certain products, and at a later stage will close up their shops for good, if the prices of all those products which remain "frozen" are not decontrolled. The relevant statements by A. Papandreou on a new, more general freezing of prices has worried the above businessmen above all, since they are facing the threat of a definite destruction of their businesses. The only ones with chances of survival would be those who agree to lower the quality and decrease the quantity of products offered--to the detriment, of course, of the consumers.

The Craftsmen

For their part, the representatives of the craftsmen argue that with a new freeze on prices they will be ruined, because they will not be able to stand up against the unfair competition of the large and financially powerful businesses. These have the capacity to either effect large purchases of raw materials at lower prices or decrease their production, which is based on automation and not on manpower, as is the case with the cottage industries, or even to suffer a loss for a certain period of time--something which the small cottage industry or business cannot tolerate.

The "Socialization" of Trade

Another point in the "platform" statements by the PASOK chairman which has worried merchants is his intention to turn over to State agencies the "major (?) importing and exporting business."

The question which is dominant in the market is: What does A. Papandreou mean by the term "major" importing and exporting business? Thus, the butchers argue that if meat is included in this, such an action will result in a return to the old "disgraceful" status quo of the leveling of quality and the imposition of a "supplementary charge" in the course of its handling. Nowadays above all--when the professional butchers' organizations have begun to explore, with State support, the European meat markets and are preparing already to engage in collective importing, while already the number of meat importers and merchants has expanded significantly through the implementation of this new system--any taking over of this activity by a State agency will have negative consequences both on the butchers and on the consumers.

An analogous position is maintained also by grocers in cooperatives, as the question relates to foodstuffs. In particular, the members of the Panhellenic

Union of Grocery Companies, Cooperatives, and Associations of Greece have called repeatedly for the implementation of the relevant decision of the government on financing grocers in cooperatives for the purpose of the collective importing of foodstuffs and the securing of low prices for the consumer. Any take-over of such an activity by the State will have as its end results the creation in the market of oligopolistic situations--which will have a few controlling the market--the burdening of the consumers, the operating of a black market, and the ruining of the small grocers themselves.

Relevant to this is also the reaction of the exporters and members of cooperatives engaged in exports of fresh or processed agricultural products on a large scale.

Specifically, it is stressed that the "major" exporting trade has to do chiefly with fresh and processed agricultural products, a field in which both certain cooperatives and also a large number of private parties are successfully active.

Any take-over of this activity by a State agency will give rise to tremendous dangers, especially as to exports of fresh agricultural products, which exhibit unique conditions as concerns the fixing of their prices on foreign markets. Given the present situation and given the satisfactory level of information which is transmitted daily in connection with deliberations on and the channeling of products to foreign markets, in recent years the marketing of this produce at adequately high prices has been a success, through the cooperation of the State on the one hand and cooperatives and exporters on the other, and this has had a positive effect on farmers' incomes. On the other hand, the creation of a State agency to take over this activity will result in reduced markets and the obtaining of lower prices, to the detriment not only of the growers but also of the economy more generally.

The Pharmaceutical Industry

Finally, a more general uneasiness has arisen from the use of the term "socialization" of businesses, the objective supposedly being to camouflage preparations for a nationalization of the major importing and exporting trade, the insurance companies, which employ thousands of professionals, and the drug industry, which not only employs a large number of salaried and wage-earning personnel but also has had to its credit in recent years a large exporting activity to countries of the Middle East and the Arab world more generally.

More specifically, the nationalization of the pharmaceutical industries has worried especially a large number of the ill who fear that the result of this will be a reduction in the various types of drugs which are produced. In their opinion, these drugs cannot be replaced by others, both for substantive and for psychological reasons.

12114
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ANALYSIS OF REASONS FOR PCI ELECTION LOSSES IN BARI

Rome RINASCITA in Italian, 3, 10 Jul 81

[Article by Federico Rampini: "The Problems of a Divided Party"

[3 Jul 81, pp 9-10]

[Text] Conflicts going back to the 1970's surface between intellectuals and the old guard. Historical merits, misunderstanding, decline of the cadres that orginated in the laboring class. Renewal of the party requires drastic choices, even concerning the moral question and they cannot be painless. The division between the "orphans" of the broad understandings and the authors of a sectarian opposition has its origin in a lack of understanding of what the city of Bari has become today. The failure of the southern translation of the alternative line failed not only here but throughout Puglia. How can the party heal so deep a crisis?

Bari, July. To emphasize the undoubted abilities of the Bari socialists, to exaggerate the scope of changes that took place in the economic and social fabric of this city could lead to giving secondary importance to the principal cause of the communist collapse in the 21 June elections which is the state of the Puglia and Bari PCI. And to understand how the party arrived at the present situation it is necessary to review the history of the PCI in this region over the past 10 to 20 years under broad headings.

In the years 1950 to 1960, the presence of the PCI was based upon a rank and file of construction workers and laborers: a sort of "encampment" in a city that already at that time had a tertiary vocation--a bridge for trade with the east, the location of an important university. At that time an objectively "parisitic" component was growing within the PCI. An example was the VIP's [notabili] linked to the Chamber of Labor. By virtue of a monopoly of the labor court cases, and legal aid to pensioners and laborers, they developed a very substantial business turnover.

But in the 1960's a great cultural ferment began in the city within the university, within Catholic culture, around the publishing house of Laterza. In part, this was mediated by Moro, in part it attracted leftist groups, around a group of intellectuals such as Franco De Felice, Giuseppe Vacca, Leone De Castris, Mario Santostasi, and Biagio de Giovanni. The two largest operations promoted by this group at the

end of the 1960's were the creation of the university section and the development of the De Donato publishing house. At the same time many of these intellectuals became party officials. And the "old" party at first had the ability and the merit to absorb these new forces. To cite an example: It was the "old" Tommaso Sicolo, then regional secretary, who in 1969 proposed the admission of Giuseppe Vacca to the Central Committee. In those years the university section organized 400 cadres and it was the channel for admission of intellectuals from the Catholic world, from extraparliamentary groups, even from Pepublican [Party] youth to the PCI. On the divorce referendum, the entire university (Moro's university!) voted "no." Then came the elections of 1975 and 1976 and the great leap forward by the PCI.

What happened from then to now? According to Massimo D'Alema, of the regional secretariat: "Everything that happens today was spawned by the conflicts of that time between the intellectual component and the old leaders. At that time multiplicity enriched the party, now, it has killed it since it did not lead to a synthesis." According to Peppino Cotturri, University of Bari professor, a reverse selection of cadres was produced: Since the screening was left in the hands of the leaders with a labor background, they always selected the "very loyal" or the "inoffensive." Thus they paralyzed that alliance, which could have been possible, between the old nuclei of the communist electorate and the new social groups of intellectuals, professionals, white collar workers. A close relationship exists between the academic intellectuals and the white collar workers and the businessmen: The University of Bari is a great center for the local bourgeoisie, in addition to being (through its ability to invest) one of the motivating forces of urban growth. The serious consequences of the rupture in relationship between the PCI and the intellectuals also is testified to by Prof Aldo Romano, socialist, president of the CSATA, modern computer and research center, spearhead of a trained Bari tertiary group. Romano says, "Between 1960 and 1975 a new intellectuality had grown up within the PCI capable of engaging in dialogue with the scientific world to the point of hegemonizing it, capable of understanding the progressive value of productive and administrative efficiency. But these intellectuals did not become leaders. Many very highly trained and able communist researchers work with me at CSATA but they have almost no contact with the PCI."

On the other hand, the loss of credibility of the Bari PCI is also due--as already has been observed by all commentators--to the approach to the policy of "broad understandings," of its vertical and at the same time secondary application, which led the PCI to in fact become compromised with the Christian democratic power system.

The last explosion of injuries within the PCI took place after the assassination of Comrade Benedetto Petrone. How that assassination was interpreted became a litmus test of the image the communists had of Bari. According to Enrico Piccone, ex-group leader in city hall (leader of the soft opposition which risks becoming a scapegoat thus offering an alibi to avoid deeper study), that assassination was the fruit of the reaction of the most backward speculative forces tied to the DC right and hostile to any involvement with the PCI and government of the city. This was the source of the need to "rob" from the DC the alliances with the healthiest productive groups, to involve them in a prospect of program development of the city. According to Piccone, the "other component" of the PCI saw the assassination of Petrone as a reason to demonize the entire Bari bourgeoisie and the entire DC and

to base upon it a strategy of alliances with the outcasts, the youth, the precarious unemployed intellectuals, for the purpose of "laying siege" to the city, to "eliminate from it" all productive forces.

But this counteropposition indicates the weakening and degradation of the party's internal dialectic: The positions that clash are those of the hard and sectarian opposition and of the orphans of the broad understandings. As a consequence, the PCI has never proposed the alternative in a city in which the alternative was on the march, and in the end it was born out of the slogan "socialist mayor." And in truth, according to Angiuli, secretary of the Bari Federation: "The party of the sections from the beginning was against broad understandings, and as a consequence, at that time, the divisions between the rank and file, those elected and the party leaders were constant. The harsh and superficial way in which the shift of the alternative was presented contributed to diminishing credibility also because our concrete policy was marked by a note of submerged continuism."

Vittorio Tanzarella, ex-Christian democratic councillor, one of the "founding members" of the Moro center-left at Bari, therefore a Catholic who voted no in the divorce referendum of 1974, and elected on the PCI ballot of 1976, also was pitiless in his analysis. He was the only independent reelected this year (not to speak of the businessmen elected on the PCI ballot with a personalized campaign that cost hundreds of millions of lire...), thanks to his extraordinary commitment to the theme of juvenile delinquency. His comment was, "Here at Bari the party is profoundly divided at election time, but only in some cases divided concerning the name of the old group leader, who in reality loyally represented the old leadership group, its political line, a mentality that opposed any change." This is one of the first answers to questions about the communist electoral collapse. While the party was not able to make the slogan on the alternative locally credible, the PSI [Italian Socialist Party] and the PSDI [Italian Social Democratic Party] of Di Giesi were able at least to achieve credibility among Bari voters for a change of political groups.

The events of the preceding years therefore explain the bewildering progress of the Bari election campaign. When Provincial Secretary Angiuli understood that change was inevitable, and he removed Piccone from the head of the election list, he unleashed a fight against himself. The election campaign was transformed into so many opposing campaigns. This is habitual as far as other parties are concerned. Fortunately, it is not so for the PCI which appropriately is judged on the basis of different parameters. The results (in addition to the sharp change in size of the PCI): Of the ten councillors elected, four had not been selected by the federation, and the citizen secretary who was supposed to have been elected finished fortieth in order of preference. There are also those who maintain that the replacement of Piccone (a comrade with unquestioned administrative ability and with broad ties with the Bari manufacturing world) led the PCI to present a ballot with hands that were "cleaner" but empty...but above all, even bitterest adversaries of the old group leader insist on two points: First, that some among those who "fed" Piccone to the press as a scapegoat, sat beside him on the City Council and were participants in the political line followed there; secondly, that that line came from Rome, and Piccone did nothing but apply it diligently.

How can the Puglia and Bari PCI be rescued from so profound a crisis? According to Franco Cassano, University of Bari professor, that undertaking will be impossible "so long as it believed that the failure of the Puglia PCI to renew itself was due to the domination of leaders with a laboring background. It is necessary to pitilessly analyze the reclassification of the social picture of the laborers themselves in a system where control of the flow of public assistance is predominant. This would lead to a reclassification of the present leaders with a labor origin (whose glorious and richly instructive past no one wants to diminish) to a subalternate and corporative administration of the old basis of consensus, to a tangle of interests with Christian democratic power. For some of the present party leaders, the old Bolshevik language, scorn for the intellectuals (symbolic is the "failure" of the project for a Puglia Gramsci Institute) is used as a blind and an alibi to protect power positions and to cover over a profound process of corruption, including moral corruption."

Cotturri agrees with this: "Certainly, among the old leadership group and the innovators, there was a political clash concerning the interpretation of the national line: an understanding with the Catholic world as a mass movement, or an understanding with the DC at the summit. But even this reading of national policy by the old leaders was an instrument for defense of group interests, not the expression of the laboring class!"

On the other hand many are pessimistic about the possibilities of a reconstruction "from the rank and file" of the Puglia party. Cassano says, "The fact that it was possible to suspect that the PCI of Bari had 'sold out' the trial for Benedetto Petrone tells the true story about the distruct the sections feel toward the leaders. But unfortunately, the charge of 'change that the sections express is reduced merely to a desperate and angry lack of confidence in the leaders." In fact, as far as Tanzarella is concerned--toward whom the esteem of all the comrades flows--renewal must take place through three operations: "First to have the strength, from Rome, to fire those who in one way or another were involved in moral questions; second, to find replacements who would not be the pale figures who grew up in the shadows of the old leaders; third, to achieve a new understanding of the southern reality, therefore a new southern line: But in order to do this it is necessary to recover those intellectual forces who in one way or another were pushed aside by the Bari and Puglia party.

[10 Jul 81, pp 7, 8]

> [Text] Old and New Forms of a System of Power The surprising speed with which the PSI undermined the DC. Socialist leaders say the business class "wants to change its relationship with the state, which so far has been summed up in the binomial fund for the South plus welfare," a "more efficient" patronage through financial instruments. The south is no longer all welfare and depression.

Bari, July. I began this investigation with an aspect of the Bari debate concerning the party's role in the election results. I did it for various reasons. First of all, because it is the aspect that--even though tied to polemics on isolated

episodes of failure to keep away from affairs that have seen other parties profoundly involved--wound up by initially dominating and almost becoming an obstacle to a more serene examination of other components of the vote and also a more serene historical reconstruction (why the success of 1976?). Not to have spoken of it immediately would have given the impression that one wanted to "change the subject:" subjects that were just surfacing, tertiary considerations, etc. Not that these are lacking. Just as there is a Bari DC and PSI with their own peculiarities that should be studied. But to be different from the others, and the PCI is different from the others, means giving precedence to analyses to what affects us. Which, after all, is what all the Bari comrades are doing, even though with a striking vivacity and the dramatic content.

As has been observed, our party has two souls throughout the south: an ancient one anchored in traditions and to the great struggles (and the name of every city in Puglia evokes these glorious battles); and one that searches for a link with the new reality of development, at times paying a price to the new ideologisms. This is particularly true at Bari. But at the same time an important potential exists for a revival, for a real unity which could take place even on the basis of a more balanced judgment by both sides, of the period of the broad understandings.

I was told that my article contributed to dramatizing the debate. If that is so, I am sorry also because my intention was completely different. Perhaps wrongly, I had received the impression that certain things were to be shouted rather than to be said, affirmed rather than stated as questions, out of concern that things too often repeated over past months might have escaped attention. To have given space and importance in RINASCITA to this aspect of the debate seemed to me to facilitate the passage to an analysis of other aspects: The processes that over the past 5 years have changed the economic, social and political face of Bari.

The changes in the Bari economy, to tell the truth, should not be exaggerated. This city is and always has been tertiary. If anything, from 1976 to date there has been a completion of processes initiated earlier, or there have been changes of quality in sectors already present.

According to the Censis regarding Puglia publidhed by the Mnnistry of Labor in the "Report on Labor in 1980," taking the year 1970 as a base (index 100), the employed by sector in 1978 dropped to 97.4 in agriculture, rose to 111 in the energy sector, to 116 in industry, stagnated at 102 in construction (at one time a very active sector), rose to 116 in sales services and to 137 in non-sales services (public administration, obviously, is predominant in this). The labor market sees a system of professional training that swallows immense resources but produces little or nothing, high youth unemployment, above all intellectual, partially engaged in precarious and marginal labor. From 1979 to 1980, the rate of activity in Puglia (that is, the percentage of the labor force employed) rose by over 2 percent and the rate of unemployment dropped by 8.2 percent, showing that the labor market is anything but stagnant. But at the same time, the percentage of the labor force willing to work (which therefore enters the market for the first time) rose by 12 percent: There is therefore an unsatisfied labor demand that couses strong pressures on the Puglia economic system.

At Bari, while there seems to have been a failure of the hope for development tied to "emerging" industry, the role of a large traffic center was promoted, thanks also to the impetuous submerged development that affected some areas of the province: the Andria-Trani-Barletta axis and the Putignano-Alberobello axis. The Barletta-Trani area especially has become a real productive force of tertiary Bari.

ISFOL conducted research precisely on this area (see OSSERVATORIO SUL MERCATO DEL LAVORO, No 4, 1980). The results are indicative of changes not only in the economic situation but also in social stratification. The strong process of industrial decentralization begun in this area in the 1970's has led to a widespread change from dependent workers to small entrepreneurs. And this decentralization has clearly local, independent, roots that are not dependent on the north, to the point where they are independently present on foreign markets (for example in Libya) where direct contact with buyers are established.

Bari, therefore, has been energized by this placement of the organizational, financial and business brains of its province and of all of Puglia. But in order to explain the development of this city, according to Franco Botta, professor of labor economics and member of the Puglia Regional Planning Committee, the most important fact "is the progressive transfer of state authority to the region, therefore the power that Bari has to create service structures; this has given space to the new advanced tertiary: marketing, research. Botta adds that another important aspect is that of deficit residues that the regional administration deposits in banks: This has led to an impressive concentration of member banks and windows at Bari compared with the rest of the region, and to a bank competition to capture portions of the region's deposits; and it should be kept in mind that in the Puglia region budget, the share of deposits compared with employment is far higher than in the other regions."

Therefore, according to Franco Cassano, "The essential element to explain the vote is to be found in the processes of transformation and a new kind of tertiary activity tied to public aid. These processes create difficulties for the old worker-laborer leadership, and push aside social and ideological individuals who at one time occupied center stage." To illustrate the Bari business "explosion," Enrico Piccone cites a study he developed on traffic flow into and out of the city: "Some 50,000 automobiles enter Bari every day. If each carries two passengers, that totals 100,000 persons. Railways carry an equal number. We have calculated that this creates a volume of expenditure of 1 trillion lire per year, which gives rise to the growth of business, transportation, banks. Then there are the universities (which have spent 100 billion lire in recent years), the Chamber of Commerce, the Levant Fair. A non-reactionary power block was created around these centers. It consists of businessmen, bureaucrats, working class groups, persons who make a living from illegal activities in small underground, but modern, businesses." According to Franco Passero, president of the savings institution, and one of the PSI's key men, "These groups want to change their relationship with the state which until now was summed up in the binominal Fund for the South plus welfare. The Bari entrepreneurs are fed up: They want only the same conditions that the Milan entrepreneur has, and they will go it alone from there. The other parties have not understood this."

Now it is in all of this that the PSI has inserted itself in an unbiased fashion through the control of many channels for the flow of financial means. It is surprising how rapidly the PSI succeeded in divesting the Bari DC of a hegemony that had endured for 20 years. Unquestionably they played upon the Christian democratic ineptitude in governing the city and its profound corruption. It is sufficient to cite a case that is symbolic even though it is marginal: That of a Christian democrat who, after having established a building cooperative by attracting many partners, escaped abroad with the funds (there is talk of 10 billion lire). Regarding ineptitude, PSI Secretary De Lucia reports that "what at one time was the principal activity, building, has been paralyzed both by too-rigid development planning and by the self-serving inactivity of the communal administration which did nothing to develop new construction areas, rewarding the owners of real estate and possible construction sites who saw the value of their holdings increased by ten times in a few years. Under Mayor Farace, of the 7,000 applications made by construction cooperatives, only 300 could be acted on, with disastrous consequences on the housing crisis which here has some dramatic twists." It could be surprising that reports of this kind come from a party which has already fully administered the Bari power system together with the DC, but it is also proof of how the PSI is moving. Another aspect of the DC inability to govern is witnessed by Vittorio Tanzarella: the scandalous escape of the council from the problem of juvenile deliquency and deviation: such as San Paolo are desolate agglomerates of popular housing, without social centers, meeting places, cultural halls, sports fields; they are schools of delinquency abandoned in the suburbs. The communists have constantly urged the council to act on this plague which has assumed fearful proportions. A conference was even organized on this subject which aroused unexpected interest. But the council did nothing.

More in general, as has already been observed, the decline of the DC comes from the fact that Bari has always been a "toxically dependent" city in relation to Rome. With the center-left Moro had promoted large flows of resources to Bari and to Puglia (at Taranto and Brindisi through the State Participations Agency). Following Moro's death, Lattanzio repalced him in this role, however accentuating the elements of patronage and corruption while the PSI accentuated its control of the channels for the flow of money (Fund for the South, banks). Lattanzio's decline dragged the Bari DC along with it. A significant episode of this process 2 months ago was the ouster of the "great" Matarrese (member of an industrial dynasty closely tied to the DC) from the presidency of the Industrialists Union. Even though the amount of business he did was collossal, he was a personage who had pushed his greed to the point of systematically "inflating" contracts even for the smallest undertakings.

There are those who warn that the Bari DC should not "be buried too soon." One is Dell'Andro, leader of the "purest" Moro followers (whose members, despite the bitter loss of DC votes, achieved a notable success in elections. Dell'Andro says, "This demonstrates that a Moro spirit persists in the DC, rooted above all in the universities and among the youth, and that it is not at all true what certain newspapers have said, that the votes of the Moro supporters have shifted to the PSI." Dell'Andro is very severe in judging the policies conducted by the Lattanzio-Farace pair and says: "I would want to see everything changed in the way the DC administered Bari..." but then he adds, "However, in a direction that is diametrically opposed to what the socialists are preparing to do." Dell'Andro's remark implies a judgment regarding the socialist election success that accentuates the patronage aspect.

There has been and is much talk here in Bari about socialist patronage. Even those who benefit from it talk about it in order to stress the greater efficiency of a certain kind of socialist patronage compared with that of the DC. A big building contractor, involved in the "red tape" of the development plan, does not want to be quoted but this is how he synthesizes the PSI merits: "The socialists operate in a faster and more concrete way..." The socialist secret of success, according to many, is to be found in a happy combination between patronage, efficiency, and an unbiased approach which to some extent overtakes the old DC plan of "welfare." This is not a compliment, but the intention is that it be one.

For Franco Cassano to speak of patronage is getting off the track: "The socialists have two clear ideas about Bari's future: strengthening of its command functions, as an organizational pole for the region, and training of those involved in tertiary activities." According to Angiuli, the PSI "even in the absence of an ideal tension and a great initiative concerning housing and labor problems, succeeded in linking itself--partially and purposefully utilizing also the means of subgovernment--with the masses of youth."

The story of the socialist election campaign, and of the immediately preceding period, is a good illustration of the combination of the elements of success. On the other hand, the socialists already for some time had begun to establish themselves as a "shadow government," seizing crucial power centers from the DC: The Savings Fund (whose president already had been a member of the council for building and president of the gas company), the CSATA center for computer research. The Industrialists Union is already in a state of crisis as a DC appendage. The university and the Levant fair, according to forecasts by Massimo D'Alema, could suffer the same fate. And Gian Carlo Aresta, director of the De Donato [publishing company], recalls that the socialists replaced the DC as a bridge between Bari and Rome some time ago: "The FIME [Southern Investment Trust] directed by Ruffolo, channeled a large amount of money to Puglia; De Michelis, of the State Participations Agency, makes his influence felt on Brindisi and Taranto, not to speak of Formica, Lenoci, the social democrat Di Giesi through the postal service." Aresta concludes, "I have the impression however that the socialists do not have for Bari a model of development which could be an alternative to the model of the Moro followers; I would say, rather, that there has been a substitution of roles while the DC of Lattanzio and Farace played a miserable role in function of a very limited representation of the business class, that which in the 1950's was the basis for consensus in the Monarchist-MSI [Italian Social Movement] councils."

It is possible that the PSI does not have an original model for Bari's development. It is also probable however that it knows how to express within the old model new methods and new priorities in the unbiased use of the public machine. For example, what did the conquest of the Savings Fund Institute mean? First, an affirmation of prestige. Second, that compared with the DC, the power center which is the PSI goal is no longer so much the control of public contracts, but of the essential financial apparatus to oxygenize the potential of local industrial business and tertiary activities. It is interesting, in this sense, to hear the leaders of the professional political class which will provide the political plasma for the PSI. Here are some statements by Professor Romano, CSATA director, "It is shameful that a city like Bari, the southern focal point of the 'Adriatic model' of development,

a bridge to Greece and the Middle East, should have a microscopic, almost comical airport more so when almost everyone, from deputies to technicians to employees, use a plane to go to Rome or Milan. And it is scandalous that Bari still has not computerized its demographic services, thus perpetuating long waits in line, poor service, errors, the waste that now are unknown in Bologna or in Milan." And Passero, president of the Savings Fund, adds, "Bari is typically a southern city, garlanded with tasks that are a kind of alluvial stratification of all the tasks entrusted to the cities in the history of Italy. All the more so in a situation is which the city makes a per capita expenditure that is infinitely less than Rome or Milan. Under these circumstances, must the city administration continue to control an archaic and unprofitable slaughterhouse when very modern businesses exist here in Puglia that perform the same functions? Should it continue to administer a mild processing plant with a very heavy dificit when we could entrust that service to the Emilia cooperatives, run by much more efficient professionals? And the municipal gas plant must spend 40 to 50 billion lire per year to renew its plant. Where will we find that money? Let us turn the service over to AGIP [Italian General Petroleum Agency]: Or will this damage some of the sacred principles of the left?" Passero continues, "Public transportation: A financial shock is needed to make it adequate: the purchase of 300 buses. But money is needed to do this, and where will we find it? But must the public transportation system necessarily be entirely in the hands of the city? Why not admit private resources, so long as the terms are clearly specified? Freed of these burdens, then certainly the city could govern and plan."

But the PSI also has two souls: One tied to the business world, to those trained in tertiary activities, to the new middle class professionals, which aims toward an innovation of political technique, wants to turn public services over to private enterprise, trust itself to private enterprise; the other more tied to the masses and favoring a true change in leadership. The differences can be seen also in the orientation of the new council: center-left or alliance with the communists. In the end the choice will be influenced by Rome. But if it were up to him, Provincial Secretary De Lucia "would be pleased" to have the DC in the opposition, while Passero is more inclined toward a choice that would avoid a frontal clash with the DC, involving political balances at the provincial and regional levels.

I have emphasized, and in some cases, isolated, Bari peculiarities, but it is evident that some questions raised by the election results cannot be circumscribed by the results in Bari and other Puglia centers. Almost as alarming results were obtained in some cities of Campania and Sicily.

Therefore, according to Franco Botta, "The true problem is the party's southern policy. The attempt to understand that the south is no longer all welfare and depression was not pursued. How is it possible to resolve some difficulties that characterize southern small business? The crisis in the large industrial enterprises made it necessary to redefine the relationship between large and small business together. Instead we continued to defend the occupation of big business, and for the small--at least in the south--we did little. It was necessary also to understand how the changes in the international division of labor could open possibilities for new sectors in the south, rather than entrenching ourselves in a secondary defensive position of the traditional sectors."

On the other hand, the same analysis that was made about the new importance of the regional institution of the south makes it impossible to establish an economic plan for the south without having to deal with the state: that welfare state whose crisis has made no small contribution to damaging the political system founded on the DC which has governed the south with iron discipline for 30 years. For this reason, to see this problem only in social terms risks diminishing our own party to a corporative position even though it were to represent only "pieces" of society: And declining election returns at Bari and in other southern communities indicates what the consequences of this negative interpretation could be. While social and economic processes were taking place that slowly eroded an institutional system in the south, perhaps too much of a myth was made of the southern DC without understanding that, as a party, it was a giant with feet of clay. Cassano says, "And without understanding that the DC power system does not stop at the DC, and that there is the risk that the area's leftist forces were sucked into it."

Bari PCI Secretary's Letter to RINASCITA

Dear Editor:

The article that appeared in issue 27 [3 July 1981] of RINASCITA, which claims to analyze the causes of the PCI defeat at Bari had a profound and disconcerting effect on us.

Our organization is going through a difficult period, the election loss has shown the limits and shortcomings of the Bari party and together with that the serious inadequacies of its leaders. Aware of this, the entire party was preparing to deal with the situation in a spirit of sacrifice, to resume the political battle. The severe self-criticism to which we intend to expose ourselves has as its objective the search for political reasons for the election results in order to solve our problems. None of us has placed the defense of his own personal position before this; we wanted to deal with the debate by fully assuming our responsibilities and we have therefore decided to resign from the executive units of the federation in order to permit a free and rigorous discussion. The article in question, distorting the facts and reporting rumors, throws a shadow on the entire Communist Party which, above all, [words missing], constituted a point of reference of the battle for the rebirth of the democratic and class movement of the south. It substitutes the style of the weekly scandal sheet for the method of political analysis.

This is very serious for the Communist Party magazine which, above all in a very difficult moment, should have the task of making a contribution of analysis so that a PCI organization can solve its problems.

(signed) Bari PCI Secretariat

Luciano Barca Comments on Letter

Undoubtedly I made a mistake (since as editor I am responsible for the publication of the article in question) if instead of making a contribution to the debate we ended up by worsening it, as other reactions to the article prove. This pains me. However, I do not believe that it is correct to compare the RINASCITA style with that of a scandal sheet. The RINASCITA method, to which we intend to remain loyal,

is and intends to remain that of truth and rigorous political analysis even if this time the intervention in a debate that was still hot could have led the first part of the investigative report to attach an erroneous importance to an emotional climate.

But I absolutely do not wish to engage in polemics with comrades who are facing difficult tasks with a spirit of sacrifice and with a moral commitment which once more confirms that our party is different from the others, at Bari as elsewhere.

I know that the letter also expresses the pain of the comrades who felt they were unjustly involved in debates referred to by the article published and offended by certain formulations. I am personally honored to be not only a comrade, but also a friend of the Bari and Puglia communists for many years who gave their entire lives to the cause of the laborers and to the working class and who have in some cases spent years in jail for the battles they fought. I especially express my regrets to them, in agreement with Rampini because RINASCITA in its concern with capturing an aspect of the Bari debate, could have injured them and I desire--despite speculation and ulterior motives--to repeat this in public after having said so in private.

[10 Jul 81, p 2]

Letter of Correction by Tanzarella

Dear Editor:

The article by Federico Rampini on the Bari election entitled, "The Problem of a Divided Party (RINASCITA No 27, 3 Jul 81), carrying certain quoted phrases attributed to me, requires a double correction.

(1) I think it is very wrong that the journalist, without having asked my permission in advance, transformed a friendly and informal chat into an interview, and--worse--into a public statement of position in which he makes me assume--a thing that I never intended to do and do not intend to do--the role of "censor" of the party. Precisely because I am not a member, I have considered it necessary always to adopt a line of noninterference regarding the internal affairs of the party, even if in appropriate quarters (a council group or a citizen committee) I have never failed to clearly express my assessments of a party line and the way to achieve it, above all in regard to anything that had to do with city administration.

(2) I do not recognize myself either in form or in substance, in the statements attributed to me: (a) I did not say that "the old group leader loyally represented the old leadership group, its political line, a mentality that was hostile to any change." I did not make those statemtnts. (b) Regarding the closing phrase of the article I must state that I spoke of "power groups" and not of "moral questions" (even if--I must add in the interest of clarity--I consider it indispensable to adopt an attitude of absolute intransigence on this terrain if and when questions of that kind arise on any level). Also, I emphasize the present difficulties of creating a new leadership within the party (and not only of the need to rescue the intellectuals who "emigrated"), that would have solid roots in the city and an adequate understanding of the new processes that have matured in the southern reality.

I request that you publish the full text of the above, and I extend cordial greetings.

(signed) Vitorio Tanzarella, Esq.

6034
CSO: 3104/330

POLL SHOWS VOTERS PREFER VAN AGT AS PREMIER

[Text] The Hague, 30 June--Forty-one percent of the Dutch people want Van Agt again as premier. That is the result of a Nipo [Netherlands Institute of Public Opinion] poll of a random sample of 1,140 persons. The name Van Agt was spontaneously mentioned by those questioned while no names of possible candidates were listed. Den Uyl came in as second with 21 percent, followed by Terlouw with 11 percent, Wiegel cornered 3 percent of the vote.

Eighty one percent of the CDA [Christian Democratic Appeal] voters preferred Van Agt, 7 percent of the PvdA [Labor Party] voters did so, and 30 percent of the D'66 [Democrats 1966]. Fifty-nine percent of the VVD voters preferred Van Agt.

Three percent of the CDA voters want Terlouw as prime minister, one percent want Den Uyl, and nobody favors Wiegel. Fifty-seven percent of the PvdA followers want Den Uyl to be the new premier, 15 percent want Terlouw and nobody wants Wiegel.

Fifteen percent of the VVD voters prefer their own leader Wiegel, 2 percent prefer Terlouw, and nobody is in favor of Den Uyl.

CSO: 3105/147

SOCIALIST ORGAN LOOKS AT INFLUENCE OF PARTY YOUTH GROUP

Oslo ARBEIDERBLADET in Norwegian 22 Jul 81 p 4

[Editorial]

[Text] During these days the Labor Youth organization is gathering for its traditional summer camp session on Utoya. This is the last mobilization of the AUF [Labor Youth] people before a hectic election campaign begins.

Those taking part in this year's camp can rejoice over great activity in all branches of the organization. In recent years AUF has used most of its energy on building up an effective organization. This humdrum activity became necessary after the many difficult years in the late 1960's and early 1970's. There is still a lot left to do. It is not easy to carry out radical political work among young people in a time characterized by winds blowing from the right.

Even so, the tedious work in the AUF ranks has borne fruit. In the last 2 years over 100 new local groups have been formed. Today there are over 400 AUF groups spread across the entire country. Each county has its own district secretary and in the election campaign activity will be stepped up even further through separate youth secretaries in several parts of the country.

Like the Labor Party in general AUF's biggest job is to insure victory in the Storting election. Of the almost 3 million voters entitled to vote on 14 September, 122,000 are first-time voters. Unfortunately fewer and fewer of the youngest voters have been picking the Labor Party as an election alternative. In 1969 almost 50 percent of first-time voters chose the Labor Party. In the 1979 municipal elections the figure was 31 percent. At that crossroads the Conservatives had more support in this age group than the Labor Party, namely 34 percent.

There are many goals for AUF activity in this election campaign. One of them is to make sure that a majority of first-time voters regard the Labor Party as their major alternative.

In the period that has elapsed since the last Storting election a central social problem has emerged that is becoming increasingly urgent, namely the opportunity of young people to find a social and economic foothold. It has been a natural task for AUF to form a concrete policy in this area.

The so-called youth guarantee will be central for AUF in the campaign in this particular context. The Labor Party earlier made it part of its program that all young people under 20 should be given the prospect of having a job or getting some kind of training. In the last few years unemployment--both visible and concealed--has hit young people under 20 especially hard. Therefore the binding guarantee pledged by the Labor Party is an effective means of preventing unemployment. However this is an expensive reform in tight economic times. AUF is now demanding an early redemption of the youth guarantee. This involves around 120,000 young people. This has been further underlined by the start of a new school year with new reports daily on lack of space for large classes of young people. Even though the reform will cost money we like AUF must admit that failing to put this idea into practice will be even more costly for society in the long run. A large group of young people "on the loose" can be equated with increased drug abuse, increased criminality and big social problems.

The other central issue for AUF in this election campaign will be working for peace and disarmament. In the past the political opposition has tried to score points on the basis of differences of opinion on security policy issues in AUF and in the parent party. This time a united movement is putting security policy and arms limitation in focus. The program resolution on nuclear-free zones in Nordic regions has more than anything else in recent years united the labor movement in a mutual effort in the international area.

6578
CSO: 3108/177

POLL CONFIRMS STEADY GROWTH IN SUPPORT FOR NONSOCIALISTS

Oslo AFTENPOSTEN in Norwegian 1 Aug 81 p 3

[Text] So far in the election year of 1981 there has been great political stability in Norway. The Labor Party will have to make up for a big non-socialist head start if the party is to retain ruling power after the election. The three big non-socialist parties have a good chance of getting a majority on their own--without the help of the Liberals. This appears from calculations based on polls from the three institutes, the Market and Media Institute, the Norwegian Opinion Institute and Norwegian Market Data, added up for each month.

A calculation of representatives based on the average for the second quarter of 1981, i.e. the opinion polls of all three institutes for the months of April, May and June, shows that the Labor Party would lose nine seats, declining from 76 to 67, while SV [Socialist-Left Party] would go from two to three seats. The Conservatives would go from 41 to 53 seats, the Christian People's Party would be cut from 22 to 17 seats, the Center Party would retain its 12 seats and the Liberals would go from two to three seats. This means that the three big non-socialist parties would have a majority of 82 to 73. If we count the Liberals among the non-socialist parties there would be a hefty non-socialist majority of 15 (85-70).

The calculations are based on parties increasing or declining relatively equally in each county. Thus they are much more reliable with respect to the total number of seats for each party than they are for the distribution of seats by individual counties. With this reservation we can report that the Labor Party would lose two seats in Oslo and one each in the counties of Buskerud, Hedmark, Hordaland, Rogaland, South Trondelag, Telemark and Ostfold. SV would pick up one seat in South Trondelag while the Conservatives would get two new seats in Oslo and in Akershus plus one new seat in the counties of Buskerud, Hordaland, More, Nordland, Rogaland and South Trondelag, West Agder and Ostfold.

Changes in the joint list combinations create extra shifts for the middle parties. All calculations show that this time the Center Party will get special benefits from joint lists so that the party will be able to retain 12 seats even if it loses some ground in the election. The Christian People's Party is in the opposite situation. The new joint list combinations seem to mean that the party might lose seats both in Buskerud and in Vestfold even if the party maintains its position with the voters. But the joint list in Hedmark means that the party will probably have representation in this county for the first time.

The calculations show that the Center Party would lose seats in Akershus and West Agder but gain seats in Buskerud and Telemark. The Christian People's Party would win seats in Hedmark but would lose six seats in the counties of Akershus, Buskerud, Hordaland, More, Nordland and Vestfold.

The Liberals would lose their seat in South Trondelag because the joint list has been dissolved there but in compensation the figures show they would gain new seats in Hordaland and Vestfold.

Of course there are obvious uncertainties connected with such estimates of representation but this at least indicates the seats to keep an eye on during the election.

And the point of departure before the fall election is now clear. Now it is up to the many participants in the election campaign to influence the final results. To the extent that the chance of a good election result stimulates party workers in a campaign it seems obvious that the initial situation will encourage some and discourage others.

The table below shows the percentage of support for different parties in the last Storting election in 1977, in the county council election in 1979 and the average of all the opinion polls taken in the last five quarters.

Party	1977	1979	1980			1981	
			2d quart.	3d quart.	4th quart.	1st quart.	2d quart.
Labor	42.3	36.0	39.1	38.1	33.8	35.5	36.9
Conservatives	24.8	29.9	28.8	29.1	30.6	31.9	31.9
Christian People's Party	12.4	10.2	10.9	10.9	11.7	10.9	10.6
Center	8.6	8.6	7.2	7.4	7.3	6.5	7.2
Socialist-Left	4.2	4.4	4.6	4.9	5.7	5.8	4.8
Liberals	3.2	5.3	4.7	4.9	5.6	5.0	4.3
Progressives	1.9	2.5	2.5	2.5	2.9	2.2	2.4
Liberal People's Party	1.4	1.3	0.9	1.0	0.7	0.7	0.8
Labor + SV	46.5	40.4	43.7	43.0	39.5	41.3	41.7
Conservatives + Christian People's + Center	45.8	48.7	46.9	47.4	49.6	49.3	49.7
Liberals + SV	7.4	9.7	9.3	9.8	11.3	10.8	9.1

The Labor Party has probably had the biggest shifts. If we put together the three opinion polls for the individual months in the last half year the Labor Party has the following figures from January 1981 to June 1981: 33.5, 35.5, 37.4, 37.3, 37.5 and 35.8 percent. This shows that in the 2 months after the shift in prime ministers the party advanced 4 percent from 33.5 to 37.4 percent. But that was

the end of the gains. The next 2 months showed them standing still and then losing almost half the gains in June. The party's starting position is now weak. To stay in power the party must increase its support 7-8 percent before the election. The last time the party had comparable support in an election corresponding to the June opinion poll figures was in the 1973 Storting election. The Labor Party won 62 seats then with 35.3 percent of the votes, in other words 14 less than the party has in Storting now.

The Labor Party has not succeeded in regaining a lead of 7-8 percent in Storting elections. In the 1969 Storting election the election results were 46.5 percent while the average in the opinion polls in the second quarter that year was 44.6 percent. In 1973 the second quarter average was 39.3 percent with the election results down as far as 35.3 percent. In 1977 the average support for the Labor Party in the second quarter was 41.4 percent with the election results 0.9 percent higher, i.e. 42.3 percent. Therefore the starting position of the Labor Party is weak before the final spurt in this year's election campaign.

The Conservative Party has great stability and the Labor shifts in the first half of 1981 have had little influence on this party's support. The average Conservative figures for the first 6 months of 1981 are: 32.4, 31.6, 31.7, 32.3, 31.7 and 31.7 percent, in other words the difference between the best and the worst results was only 0.8 percent. An election result at this level would give the party between 50 and 55 seats compared with the 41 it has now.

The Christian People's Party showed similar evenness: 10.9, 10.9, 10.9, 10.4, 10.5 and 10.8 percent. Since it is known from experience that voters for this party are not reached as effectively in opinion polls as voters for other parties the poll figures for the first half year indicate that the Christian People's Party could end up with election results lower than those in the 1977 election when the party received 12.4 percent of the vote. But the party has a number of very exposed seats so a slight decline could have big consequences on the distribution of seats.

The Center Party has made some gains in the first half of 1981 with the figures for the 6 months being 6.4, 6.4, 6.7, 6.9, 7.1 and 7.6 percent. Thus the Center Party is approaching its 1977 election result of 8.6 percent and in that case the party will probably increase its number of seats, partly because of new joint lists and partly because the party was especially unlucky in the 1977 distribution of seats.

The Liberal Party has had some declines since the party reached its top score of 5.8 percent in November 1980. In 1981 the averages for the 6 months were 5.7, 5.0, 4.4, 4.4, 4.2 and 4.3 percent. Around the beginning of the year it looked as if the party could increase its Storting representation from 2 to 5-7 seats but the declines this year indicate the party will not increase its Storting group substantially.

The Socialist-Left Party declined somewhat in 1981. The figures for the 6 months are 6.3, 6.1, 5.0, 4.5, 4.7 and 5.2 percent. This suggests that the party might be able to add one or two seats to its 2-man Storting group. But the distribution of votes will determine this. Thus in 1965 the Socialist People's Party had only two seats with 6 percent of the votes.

The Progressive Party noted these figures in 1981: 2.5, 2.2, 2.0, 2.3, 2.4 and 2.4 percent, in other words it had great stability. The party must make some gains in order to be represented, of course, and the chances for this seem best in Hordaland.

The Liberal People's Party is stable with figures of 0.8, 0.5, 0.7, 0.8, 0.8 and 0.8 percent. When the party got one seat--in Hordaland--in the 1973 election the party had nationwide support of 3.4 percent, in other words many times the party's current support level.

6578
CSO: 3108/177

DIPLOMATIC RELATIONS WITH AFGHANISTAN REDUCED

Istanbul CUMHURIYET in Turkish 15 Jul 81 pp 1, 7

[Text] Ankara (CUMHURIYET Bureau) Turkey has decided to reduce the level of its diplomatic relations with Afghanistan. The Turkish government has decided that our ambassador in Afghanistan be recalled and that Turkey be represented at the charge d'affaires level in that country. The decision was made unilaterally. The ANKA [Ankara News Agency] agency reported, based on information provided by an official at the Afghanistan embassy in Ankara who asked that his name be withheld, that Afghanistan would not act similarly nor reduce the level of its relations with Turkey.

The decision by the Turkish government to reduce its relations with Afghanistan was characterized by western diplomatic circles in the capital as overdue.

Following the Soviet Union's occupation of Afghanistan, NATO member western nations have, within the past year, adopted a resolution to recall their ambassadors from Afghanistan's capital city, Kabul, and to cool or freeze their relations. In the wake of this resolution, a large number of NATO countries recalled their Kabul ambassadors and left a charge d'affaires to run their representations.

Turkey did not adopt this resolution at the start of the affair and the fact that it did not recall its ambassador became a subject of criticism at western missions in Ankara. Now after nearly a year has passed since then, Ankara is implementing the NATO resolution.

Accordingly, the Turkish ambassador, Ilhan Akay, who has completed his tour of service in Kabul, will return to Ankara but no new ambassador will be appointed in his stead. Rather, Altan Guven, who has been assigned to Kabul as minister-counselor, will serve as charge d'affaires.

It was reported that the Turkish government's decision was unilateral. Although Turkey has recalled its ambassador, Afghanistan's ambassador in Ankara, Abdurrezzak will remain at his post.

Afghan Embassy

The ANKA agency reported that an official at Afghanistan's Ankara embassy stated that they accepted "with respect" Turkey's decision to recall its Kabul ambassador and replace him with a charge d'affaires. According to ANKA's report, the Afghan diplomat said that "we will not follow the same path. We will not reduce the level of our diplomatic relations with Turkey.

9236
CSO: 4654/101

GENERAL PROPOSES USE OF RESERVES TO INCREASE MILITARY READINESS

Bonn DIE WELT in German 18/19 Jul 81 p 6

[Article by Ruediger Moniac: "A Way To Strengthen the Bundeswehr's Backbone—Reservists Can, Without Additional Cost, Increase Defense Readiness"]

[Text] In times of an increasing lack of funds, which is especially felt by the Bundeswehr, any proposals designed to eliminate deficiencies in national defense without additional cost are of particular interest. Colonel Eberhard Fuhr of the General Staff recommends that the potential of the reserves, largely unused these days, be used for that purpose.

At present, Fuhr is in command of the Heimatschutz [National Guard] Brigade 56 in Neuburg/Donau. Until last fall, he was an expert adviser on military national defense problems in Bonn's general staff of the armed forces. He sees deficiencies in many of the territorial defense tasks, in civil defense and in the security of essential facilities in the FRG which are necessary to provide for the public in times of crisis or war and for the maintenance of law and order.

In a lecture in Munich, Fuhr made an impressive case for his contention that the FRG is making relatively little use of its trained reserves for strengthening the national defense. While in Finland, for instance, 15 percent of ablebodied citizens are in the armed forces, 10 percent in Switzerland and 9 percent in Sweden, only 2 percent are so employed in the FRG. Even Austria, with 2.1 percent, is superior to Germany in this respect.

According to the colonel, almost 3 million reservists trained by the Bundeswehr have not been called up for additional duties with the armed forces. About one half of that number are not even on the defense rolls any more.

Fuhr recommended that these reservists be called up for defense duties. In view of the "political, conceptual, economic and financial restrictions which forbid beefing up the armed forces, at least for the intermediate term, with reservists who do not have specific duty assignments of their own," this could be accomplished in a cheaper and simpler manner.

Among the methods of accomplishing this, he cites "an enhanced mission of military familiarization of reservists outside the Bundeswehr." This exists even at present,

though to a much lesser extent than Fuhr has in mind. The Reserve Association is even now engaged in providing Bundeswehr training courses to its roughly 80,000 volunteer members in such subjects as handgun firing, marching, and self and buddy-system help. However, the colonel would go beyond that and would make the 1 million-man reserve force available for specific, well-defined national defense tasks. The colonel cited an example drawn form his familiarity with the Eastern Bavarian region to demonstrate how such a plan could be translated into reality. In cities and towns there is no protection available for such civilian facilities with military significance as transformer stations, bridges, or post offices containing telecommunications facilities. No manpower is available which would, in time of crisis or war, maintain essential communications, observe ABC defense or to repair damage as far as possible. Apart from this, cooperation between the military and civil authorities is insufficiently developed, since manpower is lacking for this also.

However, a typical district city has a Reserve Association post with 120 members, 90 of whom have no Bundeswehr assignment and are therefore "inactive."

According to the colonel's proposal, these 90 reservists could be formed into three platoons, the first to perform guard duty for the security of essential facilities, the second to act as an engineer platoon for repair work, and the third as a staff platoon for telecommunications, ABC defense and military-civil cooperation tasks.

The leaders of these three platoons (platoon and squad leaders) would be drawn from among the Reserve Association post membership. They would be reservists who showed sufficient motivation and who would be able to fulfill those duties in addition to their civilian occupation and without pay. The reservists would be personally responsible for conducting training in their platoons, based on applicable Bundeswehr regulations.

Says Colonel Fuhr: "I imagine that the reservists during their meetings would occupy themselves with the theory and practice of tasks entrusted to them, i.e., with training as security guards, engineer, communications and ABC defense specialists.

Similarly, the expert envisions the basic and continuing training of platoon and squad leaders. He would entrust the responsibility for a flawless functioning of the system to the socalled organizational manager, a position which already exists in the Reserve Associations of one out of every three Land districts. Among his tasks would be the mobilization and deployment of the platoons, which he would initiate in close liaison with the local defense district command and with the head management official of the Land district responsible for civil defense activities.

Nor should the materiel required for equipping the platoons (equipment, vehicles, engines) constitute more than a minimal drain on the defense budget. To bring this about, the colonel proposes that such materiel be drawn from the "mobilization materiel reserve" as well as from the "utilization of civilian resources," as provided in the regulations for emergency mobilization and defense. In other words, not only reserve personnel, but also reserve equipment and materiel would be activated.

This reserve mobilization would not constitute an enlargement of the army's regular active duty combat effectiveness. The way Colonel Fuhr puts it, the "militia" would merely perform "simple tasks." However, his concept would serve to enhance "total defense," i.e., the integration of and cooperation between military and civil defense. As long ago as 1973, the Defense Structure Commission had advocated the establishment of militia units, because "an individual in compulsory military service mobilized in the immediate vicinity of his home is much better motivated toward his duties in preventive defense readiness."

The Mobilization Plan

If the Bundeswehr, in concert with other NATO armed forces, had to mobilize during a political crisis so as to augment its deterrent effect, its manpower would more than double. In time of peace, 495,000 persons serve in the FRG armed forces. About 220,000 of these are draftees. A mobilization would add more than 700,000 reservists, thus making a theoretical total of 1.2 million persons in case of emergency.

This augmentation would occur in several phases. To begin with, about 30,000 men of the ready reserve would immediately join the active force. This could only be brought about by order of the Federal government and without a Bundestag declaration of emergency. Phase II of the mobilization provides for complementing support units in the army, air force and navy. This is followed by bringing national guard brigads and regiments, and finally the many rear guard units, up to strength. Their mission is to secure the operational area for the main allied forces and to ensure cooperation with civil authorities.

According to the mobilization plan, all socalled alarm and ready reservists are to be on active duty within 72 hours.

9273
CSO: 3103/393

CDU/CSU QUERIES MILITARY ON PROBLEMS

Frankfurt FRANKFURTER RUNDSCHAU in German 18 Jul 81 p 4

[Article: "Federal Government Asked To Give Information About Internal Conditions Within Bundeswehr"]

[Text] Bonn, 17 July--AP/REUTER--On Friday the CDU/CSU challenged the Federal Government to comment on the internal conditions within the Bundeswehr and on the state of soldiers within the armed forces. A large-scale inquiry, the topic of which--according to the Union--is to be debated in early fall by the Bundestag, is to induce the Federal Government to finally take concrete measures to improve the state of soldiers, to increase their motivation for the service, to alleviate the shortage of officers and noncommissioned officers and to reduce the excessive demand on the time of senior officers.

Peter Wuerzbach, spokesman for the defense policy of the Union, reasoned that structural defects had not been corrected in spite of many announcements and bureaucratic demands within the Bundeswehr had become more and more prolific. Commanders are spending 30 percent of their time on complying with bureaucratic regulations, although 5 percent of their time should be sufficient. Among soldiers complaints about unproductive activities are increasing; in other words, there are complaints about superfluous routines, particularly among compliant draftees.

Other problems to which the government is supposed to reply, according to Wuerzbach, are the question of personnel management, the stagnation in the utilization of certain ranks, as well as the entire operating and working atmosphere where human warmth, free conversation, trust and comradeship are frequently missing. The Union also wants concrete information on the development of the composition of personnel since 1979, arranged according to rank: officers, noncommissioned officers with and without portepee, units and draftees.

While explaining the large-scale inquiry, Wuerzbach also submitted a resolution proposal, according to which the government is to submit in the future annual reports on the latest state of efforts concerning arms control and disarmament as well as on the changes in the balance of military strength.

The FRG Ministry of Defense and the SPD reacted immediately, energetically rejecting the Union's accusations concerning internal conditions within the Bundeswehr. A ministry spokesman stated that although the answer to the large-scale inquiry is still outstanding, one thing can already be settled now: The accusations made by Deputy Wuerzbach are not true in their current form.

The spokesman pointed out that the results of the De-Maiziere Commission investigation on the readiness of the armed forces will be released in the fall; in addition, the effectiveness of the Center for Orientation and Indoctrination will be strengthened and the use of counselors will be increased. Furthermore, since 1980 there has been a significant increase in the number of applicants signing up for a term in the military. On 1 July military pay and severance pay was increased; for soldiers with many years of service there are bonuses.

8991
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GENERAL FAULTS MILITARY MORALE

Bonn DIE WELT in German 18, 19 Jul 81 p 1

[Article by Ruediger Moniac: "General Brandt Deplores Lack of Esprit De Corps--Reasons: Personnel Turnover, Specialization and Nightly Flight From the Barracks"]

[Text] Bonn - The chief of staff of the armed forces recently addressed his commanders with serious warnings about an increasing lack of comradeship among the soldiers. In INFORMATION FOR COMMANDERS 1/81, General Juergen Brandt stated that he had been observing this process of erosion particularly among the enlisted men. Following basic training, he wrote, the "symptoms of atrophy of comradeship are worrisome."

Among the reasons for this the general considers the frequent personnel turnover in the units. Specialization in the training and duties of the soldiers no longer permits a sense of cohesion and mutual confidence "in many places and to the extent desired." In addition, the nightly flight from the barracks after duty hours serves to restrict the soldiers' off-duty contacts which serve to promote comradeship, he said. The chief of staff warned particularly against negative effects of evolving "hierarchies" among the men: "Questionable 'initiation rites' have in some instances exceeded acceptable limits." The desirable esprit de corps among the troops is being impaired by "physical and psychological violence among them."

The general challenged the commanders to generate among supervisors in their commands incentives toward promoting esprit de corps. Their primary objective should be to instill mutual confidence among their soldiers. Says Brandt: "Comradeship between people of unequal rank is possible only when a superior has the confidence of his subordinates and vice versa."

The government's opposition in Bonn is also disturbed about conditions within the armed forces and therefore addressed a parliamentary question to the Federal government, consisting of a series of inquiries as to what measures are being taken by the Ministry of Defense to improve the situation. Peter-Kurt Wuerzbach, spokesman for the CDU/CSU parliamentary group for defense matters, stated in this connection that there is a vast difference between claims and reality despite Minister Hans Apel's many announcements to the effect that the human element and its working conditions in the armed forces must be given preferential attention.

In this context, the CDU politician called particular attention to the relationship between the draftees and their immediate superiors. Those especially, who

"primarily lead, educate and train the young soldiers during the first significant period of their service, have for years been faced with increasingly severe manpower and structural shortages in the armed forces." Wuerzbach spoke about the shortage of leaders in the units; about excessive demands being made within certain time frames; about the tendency toward theoretical rather than practical training; and criticized stagnation in assignments which leaves superiors too long in a job for which they have become overqualified.

This, he said, creates a "tendency to give up." Increasingly, instructor personnel are "quietly neglecting their service duties in favor of private interests outside the service." The management and work climate, he said, have become more impersonal due to an increase in bureaucracy, because an anonymous style of leadership which depends on checklists is taking hold, which goes hand in hand with a tendency toward pedantic flank protection.

9273
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IMPORTANCE OF ISLAMIC INVOLVEMENT STRESSED

Istanbul TERCUMAN in Turkish 14 Jul 81 p 11

[Interview with Prof Dr Huseyin Atay, dean of the School of Theology at Ankara University by TERCUMAN reporter Yasar Nuri Ozturk; date and place not specified]

[Text] Question: You know that the pretext for the outbreak against religious training and education is the "freedom of conscience" concept. What is your view on this matter?

Answer: Whenever the topic of dicussion turns to the teaching of religious subjects in the schools aimed at giving information and culture in equal measure to everyone as is the case with other subjects, the fact is that this is opposed by the concept of freedom of conscience. This method is very conducive to either secretly or unconsciously creating anti-religious feelings under the name of freedom of conscience. In fact, people like these go so far as to say that there is no need for religious knowledge whatsoever. Let me here touch on two points I consider important:

a. There has to be a distinction between conscience and knowledge. Knowing religion is one thing, believing those things you know and practicing what you believe is another thing since practicing without believing is not accepted by religion. Religious knowledge will explain and teach what religion is and is not. In the same way that a person who is not a Turk studies and learns Turkish history in school, so too, a non-Moslem can study and learn about Islam. People who experience an education like this respect one another's religion; they avoid hurting each other's religious feelings. If a person does not know about the religion of another, how can he respect that religion?

In our country the non-Moslem minority is only one percent of the general population. In a number of wards in certain settled regions like Izmir and Istanbul, claiming that Turks are the minority, opposition has developed against teaching religious subjects to students on an equal basis with other subjects. In our opinion this is not correct. At the Kumkapi secondary school in Istanbul where Jews, Greeks and Armenians are concentrated, there were no non-Turkish students in group A of the classes that I was in for three years. I recall that in group B there was one non-Turkish student and in the other groups two or three non-Turkish students.

They generally attend their own private schools. Acting as if they are the majority in our schools, exploiting the freedom of conscience problem and opposing the education of Turkish children in a normal and legitimate way, we believe, are subjects worthy of consideration from the standpoint of Turkishness before Islam. At this point I want to, as a debt of conscience, disclose the very difficult position of our youth. They, on the one hand, are the heirs to representatives of narrow and dull religious, scientific and ideological freedoms which are the remains of the 17th and 18th centuries in our country. On the other hand, they are also the heirs to the representatives of an anti-religious mentality passed to us from 19th century Europe. The heirs of these two mentalities are in a struggle with each other, secretly and in the open, to control the administration and politics in our country and, in fact, more importantly, training and education. The religious concepts of these two mentalities are at the same level. There is no dialogue between the two. One of them, being afraid of giving a small concession to religion, acknowledges freedom of ideas only to those who think as they do. It characterizes all ideas of atheism and anti-religion as progressive, considers them necessary and acknowledges then unlimited freedom. The other one opposes freedom of ideas and considers anyone who doesn't think as they do to be an atheist. They worry that if freedom of ideas is permitted, religion will be ruined. These two opposite poles, much as in physics the way two opposite poles negate each other, likewise reduce each other's strength to zero and prevent the country from progressing.

The general education and especially the religious education of our country is being thrown back and forth in contradictions between the wrong religious concepts of these two mentalities. In this situation, education and religious education cannot be appropriately resolved for our era and the realities of our country. What we want to establish is the need for aiming to teach pure, clean and truthful religion apart from these two mentalities which incorrectly understand religion, and far from superstition and ideological and philosophical enmity. The Moslem religion has for more than 1000 years formed the culture, history, and civilization of the Turkish nation, molded them together and fortified them. Turks protected their national unity and solidarity by accepting religion. To rip the Turkish nation from its own culture and civilization would be to leave her without history and civilization and make her like a rootless tree. It is undeniably clear that the anarchy which grieved our nation so, played an important, that is a leading, role in the disruption of education and training that was the basis of the destructive activities directed against the Turkish nation and state. Wasn't one of these disruptions and attitude of those who meticulously showed their opposition to religion and deprived the nation of any kind of indication that hinted at the existence of religion?

Question: As a result what are your proposals?

Answer: My proposals are these:

By making religious subjects electives, in violation of the Unified Instruction Law, the problem of religious training and education has been complicated and put into a dead-end situation. The government has tried to address and resolve the rightful and legitimate needs of the nation through an attitude contrary to the realities of the nation and scientific data. For this reason it has so far been unsuccessful.

In accordance with the Unified Instruction Law, religious subjects should be taught to everyone, from primary school to the end of high school, in equal measure within the structure of a graduated system, and unnecessary repetition should be avoided. Importance should be given to catechism instruction in initial training, but in the high schools religious principles, their goals and religious philosophies should be discussed. The ability to find the broad meaning of religion, religious tolerance and different ideologies and not necessarily consider these to be antagonistic must be taught.

Religious training should be planned for at three levels:

a. An education system for all youth that will, on an equal basis, grant them religious knowledge and culture. This will be realized through an education that will be administered from the first class of primary school to the last class of high school. Such an implementation, which would make Ataturk's holy spirit glad, has been expressed in the Unified Instruction Law. We understand that Ataturk wanted to prevent sectarian clashes by means of this.

b. In order that individuals can be trained to be imams so that the nation's daily and weekly religious services are provided, the imamhatip [religious training] schools should continue to serve in accordance with the aims with which they were established.

c. The number of schools of theology, opened to train religious scholars, specialists, and thinkers, should be increased. In order to accomplish this the High Islamic Institute existing today should be tied to their regional universities as colleges of theology thereby accelerating the opening of a theology college at each university. The incorporation of High Islamic Institute colleges into universities would be in accordance with the unified instructions, would increase the chances of making them a science and raise their status.

In our opinion, this sir, is the most important point. Religious training should be under the control of the state and government. As in every other case, we are in concert with the state on this matter and on its side. We believe that the unity of the state is tied to the union of the nation's thoughts and feelings. It is plain to see that leaving religious knowledge and culture, which have provided the nation's unity of spirit and conscience and are its most important element, in disarray has not been, nor can it be, of use to the nation.

Question: What do you mean by disarray?

Answer: Religious training not under state control. For example, there are many courses of the Koran that are not under the supervision of the [ministry of] religious affairs. These create ignorance and degenerate and exploit religion. Guardians who regard the religious education which their children receive from school as insufficient are, instead, applying for these courses. In order to prevent this we must free the guardians from feeling the need to do this.

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SCENARIOS OF SOVIET THREAT TO NATO'S SOUTHERN FLANK

Rome AVANTI in Italian 10 Jul 81 p 11

[Article by Falco Accame: "Reasons for Territorial Defense"]

[Text] Recently, the strategic importance of the Mediterranean has increased significantly, above all due to our vital dependence on oil coming from the Persian Gulf and from North Africa. The situation has progressively deteriorated because of the continuing Arab-Israeli conflict, the Lebanese tragedy, friction between Syria and Iraq, between Egypt and Libya and the war between Iran and Iraq, which shows no sign of letting up. But the most proximate causes for anxiety are Libya's attempts to engender closer contacts with the USSR, on one hand, and our commitment, on the other, for the military defense of Malta. Therefore, the dangers originating from the south can no longer be ignored.

In 1951, when NATO reigned supreme in the Mediterranean, its main concern focused on the invasion of Eurpoe by the Red Army. Today on the other hand, the real danger lies in the possible interdiction of our oil routes brought about by a local conflict in the Mediterranean or possibly because of a more widespread Soviet design which aims at the takeover of the Persian Gulf.

The outlook is not encouraging. While Afghanistan has been irretrievably lost, and its takeover greatly facilitating operations directed against Iran, events are moving in accordance with the Soviet intent of depriving the West of Iranian oil. Therefore the Persian Gulf is becoming a source of concern, where differences between American and European policies have already developed. Western experts agree that a clash between the forces present today in the Persian Gulf would surely mean success for the USSR. The American plan to send 100,000 troops to Europe in a matter of days is still on the drawing board. Furthermore, the recent development of a rapid intervention force in Egypt turned out to be a veritable technical and strategic failure, though the national press minimized and underemphasized the fact.

The Soviet design of encirclement of the Persian Gulf from the West has begun to take place: the maneuver in fact, occurs along two axes: through Afghanistan from the East and through the "Red Belt" from the West, whose pivotal points are Libya and Aden: only Sudan is the missing link. In this context, the Libya-Chad connection can be understood.

Libya represents an instrument of a vast Soviet plan, with the aim of increased penetration of the Mediterranean. Sudan, where Libya has promoted and financed conterrevolutionary designs, engendering serious preoccupations, has come under aim. Along the border with Chad, subversive and sabotage operations or even perhaps an invasion could be brought about. Tomorrow, the Mediterranean, and Italy in particular, might come under their sights. It is well known that the USSR has sent aid to Libya and has transformed it into a veritable arsenal in which, with consistent help from us, an enormous quantity of tanks, missiles, radars, aircraft and sophisticated equipment (which the Libyans will never be able to use efficiently) has been stockpiled. It is thus evident that all this hardware will be driven by outside personnel, which can be flown into Libya in a matter of hours. No one in Italy appears to be aware of this grave situation. That Qadhafi may nourish dreams of imperialism should come as no surprise. His Soviet bosses may take advantage of his ambitions, for example by exploiting what has occurred in Chad and in the Sudan. One must realize there is a chain of bases in the area of Tobruk near the Egyptian and Tunisian borders, built by the Soviets, in addition of the ones built to the South, in the Sahara. With this kind of support network, it may be possible that Qadhafi may start thinking in terms of extending his influence in various directions, including that of Sicily.

At the present, the status quo in the Persian Gulf in maintained by the threat of nuclear weapons by the United States, in case such weapons are used by the Soviets or in case of an extension of the Afghan operation. But is such balance acceptable? And how long can it last? Obviously, it will become necessary to define a precise line of demarcation outlining vital Soviet interests as well as vital American and European ones, similar in form to that presently in Europe between NATO and the Warsaw Pact. No one can predict where this line will be drawn. Hopefully, it will be at a table and not on a battlefield that the two superpowers will do their armwrestling. The whole Mediterranean area could be forced to participate in this test of strength.

The time has arrived to articulate a principle: the defense of the Mediterranean does not consist solely of control of the seas, but above all in the defense of the coastal areas and of the hinterland.

With the loss of land areas, comes also the loss of the Mediterranean Sea. The concept of "regionalization of defense" originates from this need, namely a need for a more balanced distribution of forces on the national territory. This concept until now has been considered of no consequence by the General Staff (although they have now begun to talk about "diluting" the defense structure of the national territory). In the present strategic context, is it acceptable to concentrate almost all the Italian Army along the "Gorizia Gap?" We have just gone through two telling experiences on the efficacy of the defense of the peninsula: a Libyan aircraft overflew our territory and we became aware of it only due to the fact that its wreckage was found on the ground. Army units in the North, which are supposed to be "quality" units in a high state of readiness, liable to be called upon in a matter of hours, were days late in coming to the rescue in the area hit by earthquakes. Can we count on this type of defense for the peninsula and the islands? It forces one to imagine realistic scenarios that take into account the "international situation and the geo-strategic parameters linking it to Italy." Therefore: the reality of the matter is that the strategic situation has definitely been altered and the hostile threat has shifted from the Center-North to the Southern flank of NATO.

The "Gorizia Gap" concept was conceived under different circumstances, in another era, when the center-North harbored the real manace. Today one must become aware of the new situation and to have the courage to set aside outdated concepts and bring the doctrine of national defense in consonance with the new reality.

A correct appraisal of the threat entails the reevaluation of enemy military capabilities aimed at NATO's southern flank, where, in general terms, two major fundamental hypotheses are present.

First: a limited scale conflict with Libya, aided by the USSR, moving toward the acquistion of local objectives proportionate to the political interests at stake. This would involve rapid, short-term actions aimed at attaining a favorable initial position, to be later followed up by a period of political negotiation. The hypothesis takes on substance when one considers that Italy has recently signed a treaty with Malta in which Italy accorded Malta "military guarantees" of which little is certain and of which many questions are left unanswered. One can imagine in fact Malta requesting that action be taken in its defense in accordance with the clauses of the treaty in order to avoid possible pressures being applied by Libya. Our navy would probably encounter no difficulty in keeping the commitment given by our minister of foreign affairs and confront Libyan naval units. However, if Soviet naval vessels patrolling the Mediterranean were to come to the aid of the Libyan units we would become involved in a conflict in which we would be the agressors, with consequences that we do not even want to think about.

In the services' staff headquarters there are those who claim that the Soviets do not have a real amphibious capability; they can in fact count "only on 12,000 men from the five marine infantry regiments, of which only one is subordinate to the Black Sea Fleet." In particular, General Rambaldi recently stated: "To imagine what took place in the Ogaden desert could happen to Italy, when helicopter-borne troops were landed behind Somali defenses, is totally out of touch with reality. To then make reference to Afghanistan borders on the ridiculous." However, it is no mystery that throughout the peninsula and the islands there are areas suitable for airborne attacks by the seven Soviet air-transportable divisions which are readily available and deployable. (See for example the Wintex-Cimex 81 scenario-exercise that took place some months ago involving an airborne drop in the Puglie region--PANORAMA, 30 Mar 81). It is no mystery that in case of the temporary nonavailability of the U.S. Sixth Fleet, even partially as is presently the case, the USSR could attain air and naval local superiority needed for landing troops concentrated in Libya. It is no secret that the forces presently deployed throughout the peninsula and the islands are totally inadequate to meet a threat of this kind. Furthermore, there exists a worrisome lack of coordination between the Military Regions, Navy Secotrs and Air Regions, several times brought to the attention of the government, that caused a great deal of confusion during the joint operations in the center-south area hit by the earthquake.

Second: a more widespread conflict, brought about by the deterioration of the situation in the Persian Gulf would tend to degrade NATO's southern flank and result in our peninsula becoming a primary target. For an action of this kind, the USSR would have to acquire control of the Straits, making use of extremely rapid maneuvers. It is capable of carrying out operations of this sort in a successful manner, taking into account the proximity of the Black Sea bases, nearby Bulgarian territory,

vast air support capabilities and the use of navy helicopter cruisers. For operations of this kind, with Sicily as a target, the joint deployment of infantry, navy and airborne troops is standard Soviet doctrine and forms the premise for the strategic suprise, to be carried out by forces easily concentrated first in the Black Sea and then on our coasts.

(Referring again to Wintex 81, after 5 days of resistance, the use of atomic bombs would be called for on our territory in order to halt the invasion). So as not to have "our liberty and our survival dependent only and above all on a nuclear deterrent capability" it is now more than ever necessary to adopt a plan of territorial defense and regionalization of our defense, in order to shift the balance of our forces on national territory.

9209
CSO: 3104/328

PARAGRAPH ON DEFENSE IN REPORT BY INFORMATEURS

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 5 Aug 81 p 2

[Text] The Hague, August 4--Informateurs Ruud Lubbers and Jan de Koning (CDA) and Ed van Thijn (Labour), in their report to Queen Beatrix on their talks with the CDA, Labour and D'66 floor leaders, said in the defence paragraph (full text):

'As regards the conclusions on nuclear weapons and defence, the CDA floor leader proposed in his letter to remove the latest text for the programme from the conclusions.

This was a reason for us for further consideration. On the grounds of this we have decided that the following conclusions must be acceptable to all three parliamentary parties.

Conclusions on nuclear weapons and defence efforts (full text):

1. Within and outside the framework of the alliance the Netherlands will conduct an active policy aimed at security and arms control, and in particular at reducing the role of nuclear weapons.

2. To this end efforts will be made within the alliance to work for early negotiations with the Soviet Union on nuclear armament in Europe aimed at a mutual and substantial lowering of the armament level, in particular by reducing, if possible, abolishing, nuclear medium-range weapons; in addition a plea will be made for continuation of the SALT process.

3. The defence effort will continue to be aimed at carrying out the Dutch share in NATO's long-term defence programme.

4. As regards nuclear weapons, both the problem of medium-range weapons as that of a substantial reduction of the number of Dutch nuclear tasks, the cabinet will hold decision-making on the grounds of its own judgment. The parliamentary parties on which the cabinet is based will have a say in the decisions or the lack of decisions, also in the light of their programmes.

In the conclusion under 4 we have pointed out that although the CDA programme mentions the spring of 1981 as the time when the decision should be made, we have found that the CDA, in view of the starting date for the negotiations with the Soviet Union on this issue and in view of the necessity of careful consulta-

tions, no longer starts from this date. This view in respect of the CDA parliamentary party's decision is in line with the views of Labour and D'66, however much these parties start from a different approach on this issue, also in their programmes. Therefore no problems are to be expected on the date of December 1981 laid down in the CDA programme for the decision.

Moreover, we have purposely used the term co-deciding as regards the position of the parliamentary parties. This term has been included in the text of the programme to indicate that in their judgment the parliamentary parties will take account of their programmes as well as of the views and reasoning of their own cabinet. Since the parliamentary parties will ultimately be able to refer their own programmes, this will in any case remain a crisis-prone issue.

The cabinet view, whatever this will be, will indicate however, that a crisis on this issue should not be seen in advance as inevitable.

Finally, since the floor leaders consider a risk in this respect acceptable and since they are the first people responsible to judge this, the risk is acceptable and nothing prevents the formation of a coalition.

Thus the obstacles to proceed with the formation have been removed.' (end full text).

CSO: 3120/64

'BLACK BLOCK' TERRORISTS, SUPPLIES APPREHENDED IN FRANKFURT

Frankfurt FRANKFURTER ALLGEMEINE in German 29 Jul 81 p 3

[Article by fh.: "Several Alleged Red Army Faction Supporters Arrested"]

[Text] Frankfurt, 28 July--On Tuesday morning, at the request of FRG Attorney-General Rebmann, officials of Hesse's Land criminal police bureau, of the federal criminal police bureau and Hesse's police department searched a number of apartments in Frankfurt and the surrounding area of the city. The search measures were extensive and were directed at the members of the "Black Block" terrorist organization and took place as a result of judicial search orders. According to a spokesman for the FRG attorney general's office, "several persons" were arrested for whom warrants had been issued. In addition there were tentative arrests; evidence was secured.

According to the findings by the FRG attorney general's office, the terrorist group was formed in May 1980 under the name of "Black Block." Their goal was to support the "efforts" of the terrorist Red Army Faction. The investigating authorities are convinced that the criminal organization is responsible for the arson attack that destroyed two helicopters of the U.S. Army in Hesse's Buedingen in February of this year as well as two other arson fires; one was set in April in the Land court building in Darmstadt, the other in May in Offenbach, at the branch office of the Darmstadt attorney general's office.

According to the information released by the FRG attorney general's office, the search of the apartments of the suspected "Black Block" members on Tuesday yielded a large number of peices of evidence, among them instructions for the building of incendiary devices and the substances required for it. The officials confiscated weapons that had been stolen during a break-in, and in addition to other evidence they found a 350-page documentation on attacks that took place last spring during the hunger strike by Red Army Faction prisoners. Furthermore, while searching a hunting lodge near Hesse's Friedberg, they found DM 10,000. The FRG attorney general asked Hesse's Land criminal police bureau to investigate the "Black Block."

According to the findings of the investigating authorities in the Rhine/Main area, members of the "Black Block" are also responsible for the senseless destruction that occurred on the fringes of the German Labor Union Federation rally that was held in May 1980 in Frankfurt. It had been the first "public appearance" of the group. In addition, members of the "Black Block" were also said to have been involved in El Salvador demonstrations that took place at the beginning of this year in Frankfurt, in peripheral disturbances during a 17 June rally in 1980 and during the 100-year

anniversary of the Frankfurt opera house in 1980. They smashed the windows of banks and stores and left behind a trail of devastation. Damages were in the millions. In the meantime, investigating authorities have come to the conclusion that the "Black Block" is composed of several autonomous groups with anarchist goals.

The spokesman for the FRG attorney general's office pointed out that there was no connection between the searches that had been ordered by the attorney general and the clearing on Tuesday morning of an area in the Frankfurt section of Nied, which had been occupied since the beginning of April. When questioned, however, he confirmed that during the peaceful evacuation seven persons were tentatively arrested because according to the findings they were suspected of being members of the "Black Block." Two of them, however, were released during the course of the day. Immediately following the action, the FRG attorney general's office emphasized that this was not related to the murder of Hesse's Minister for Economics Karry and the "revolutionary cells" that are said to be responsible for it.

8991
CSO: 3103/391

COST EFFECTIVENESS OF NUCLEAR ENERGY VIEWED

Frnakfurt FRANKFURTER ALLGEMEINE in German 17 Jul 81 p 13

[Article: "Increasing Cost Lead for Atomic Electric Power. Energy Economics Institute: Environmental Costs Taken Into Account"]

[Text] K.B. Bonn, 16 July--The Federal Economics Ministry is seeing its opinion confirmed that nuclear energy has a considerable cost lead. This is proved by a new study by the Energy Economics Institute at the University of Cologne. In a first evaluation of the investigative results, the ministry points out that nuclear energy--not only for base load but also partly still for intermediate load--has an increasing cost advantage over the years in comparison with electric power from hard coal. The considerable construction cost increases for nuclear power plants which are occurring in the meantime are supposed to be more than made up for by the increasing fuel costs in the hard coal power plants. The ministry considers to be particularly important the Institute's observation that electric power production costs for nuclear energy, because of their smaller fuel-dependent cost component, have over the years of operation become no longer dependent on the price evolution of fossil energies--oil, natural gas and coal. The cost of the entire fuel cycle constitutes less than 30 percent of the electric power production costs of coal powered plants, on the other hand, amounts to more than two thirds. In this comparison both environmental costs and the costs of later dismantling of the nuclear power plants are considered.

The cost advantage of nuclear energy in comparison with imported coal is estimated for power plant base load (more than 5,000 operating hours) at more than 4 pfennigs per kilowatt-hour, in comparison with domestic coal, at about 8 pfennigs. This calculation is for power plants which are going to be in operation at the end of this decade. The Association of the German Hard Coal Mining Industry says in this connection that they do not contest that nuclear energy power is less costly for base load. Hard coal has an advantage for the intermediate load. By "escalating" fuel costs over a 20 year period of operation, while only taking into consideration investment costs for power stations at purchase cost, the more capital-intensive nuclear power industry is represented by the study to have a cost advantage greater than it really is.

5586
CSO: 3103/379

BROWN COAL REPLACING OIL AS ENERGY SOURCE

Frankfurt FRANKFURTER ALLGEMEINE in German 17 Jul 81 p 17

[Article: "Brown Coal Dust Replaces Fuel Oil. The Significance of Coal Refining Is Increasing Further for Rheinbraun"]

[Text] Rheinische Braunkohlenwerke AG [Rhine Brown Coal Works, Inc.], Cologne. This subiidiary of Rheinisch-Westfaelische Elektrizitaetswerke AG [Rhine-Westphalia Electric Utility, Inc.] (RWE), which supplies about 90 percent of the brown coal produced in the FRG, will invest more than DM 1 billion in 1981. This is clearly more than in the past 5 years, when approximately DM 700 million were expended on average, chiefly for maintaining production capacity. The 1980 figure was DM 777.8 million, of which 115.2 million were expended in the Hambach surface mine, DM 28.6 million in the coal refining operations, and DM 13 million for research and development.

As can be gathered from the latest business report, the investment expenditure in the 1980's will clearly increase further. One reason for this is that, after mining the coal from the seams near the surface, Rheinbraun will have to remove ever-thicker layers (overburden) with equipment of ever-increasing capacity. Another reason is that the company wants to become still more involved in the area of coal refining. Brown coal gasification on a large technological scale is to be accomplished in this decade. In Rheinbraun's view, liquefaction of brown coal will be developed in the 1990's to the point of being ready for commercial production. Even in the past year Rheinbraun produced 1.9 million metric tons of brown coal dust, thus replacing 1 million metric tons of heavy fuel oil in the cement and lime industry.

Finally, of last year's brown coal production of 117.4 million metric tons (up by 1.2 percent), Rheinbraun supplied about 84 percent to the brown coal power plants of RWE. Mainly because of the increase in prices for almost all products, sales increased by 17 percent to DM 2.26 billion. This, however, was offset by the 16 percent increase in operating costs. Here, personnel costs--up by 13 percent--and environmental protection measures demanded by governmental authorities (up by 60 percent) stand out in particular. Since, moreover, the result of the participation turned into a deficit of DM 7.2 million following a surplus of Dm 49.8 million because of the considerable losses of Union Rheinische Braunkohlen Kraftstoff AG [Union Rhine Brown Coal & Motor Fuel, Inc.], Wesseling, the net amount paid over to RWE remains unchanged at DM 52.8 million.

5586
CSO: 3103/379

EXPERT DISCUSSES GEOTHERMAL ENERGY RESOURCE POTENTIAL

Reykjavik MORGUNBLADID in Icelandic 1 Jul 81 p 10-11

[Text] Gudmundur Palmason's report "Geothermal Energy in Iceland, an Estimate of Potential Resources," revealed that only 1/1000 to 2/1000 of the exploitable geothermal energy is being utilized today and only 1 to 2 percent of its exploitable electricity; this is a rough estimate. Nevertheless, geothermal energy, which is Iceland's second main energy resource, meets one-third of the country's energy consumption needs today.

Palmason's report revealed that the Geothermal Energy Department of the Energy Institute has been working on a new estimate of the geothermal energy potential. The work is well under way, and a report on the estimate is expected later this year. In addition to Palmason, the following specialists are working on this estimate: Gunnar V. Johnsen, Karl Ragnars, Gisli Karel Halldorsson, Helgi Torfason and Kristjan Saemundsson.

Estimate Guidelines

Gudmundur Palmason described in detail how this estimate was done and what guidelines it was based on. Instead of listing all the points, the following excerpt will suffice:

"In recent years attempts have been made to gauge the energy potential of geothermal areas, especially in countries in which geothermal development has a long history, such as Italy and the United States.Methods and concepts that have been used in the mining and oil industries to gauge the quantity of valuable minerals in rock formations in various areas have been used as guidelines. It is necessary, however, to take into account that geothermal energy has special characteristics to which the methods of the mining industry must be adapted. The American P. Muffler, and the Italian R. Cataldi give a detailed account of the main methods for gauging the energy potential of geothermal areas in a recent article that has been used as a reference for an estimate of geothermal energy in Iceland. The most common method consists of estimating the energy level that is below the geothermal area, based on circumference and temperature, and then estimating how much of it can be brought to the surface by injecting water through drill holes. The geothermal areas are thus mainly considered expendable reserves. Based on these guidelines, the method is simple, but it has the drawback that it does not indicate the power of the areas, i.e., how

fast the energy can be harnessed from the area. The power depends mainly on the hydrological characteristics of the rock and can only be measured in each area via drilling and flow tests. The method does not really take into account the various costs of harnessing energy, although some of its guidelines include a cost aspect. Its main points resemble Gunnar Bodvarsson's method, which he used in his initial evaluation of Icelandic high temperature areas. Both measure the size of a given energy reserve.

"In this regard, the question arises whether thermal energy should be considered a finite energy resource which is diminished as it is being used, or as a permanent resource which is renewed as soon as energy is drawn from it. According to geological standards which are measured in 10,000 or 100,000 years, geothermal energy is a permanent though a finite resource. What makes development feasible in the geothermal areas, on the other hand, especially the high temperature areas, is that a large energy supply has accumulated at relatively shallow depths in the earth over a long time, and has been carried from below in the form of watercourses. This energy supply is a mine that becomes smaller as energy is taken away from it, if the development exceeds the natural loss of energy from the area in question to the surface. The life of the reserve must be measured according to its estimated size in proportion to the thermal energy that is removed and the thermal energy that comes into it from below."

New Thermal Energy

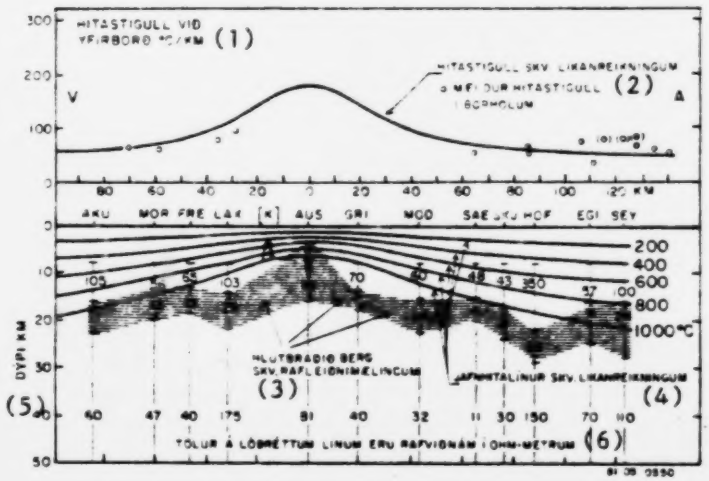
"Thermal energy for home heating now totals close to 1,200 MW/hr, which is maximum output. Thermal energy for other uses, including electricity, can be estimated at about 500 MW/hr. All in all the thermal energy in geothermal areas is about 1,700 MW/hr. Based on the guidelines for evaluating exploitable thermal energy over a 100 year period, this corresponds to about .14 percent of the additional thermal energy that is technically exploitable. Likewise, the present electricity output from geothermal plants, which is 25 MW/e, is estimated to be about 0.4 to 1.5 percent of the technically exploitable electricity potential of thermal energy. Assuming that the Krafla powerplant were working at maximum output, the figures would be 1.2 to 4 percent.

"From this it is clear that a very small part of our geothermal energy resources are being utilized, even though thermal energy accounts for about 1/3 of the nation's total energy consumption today."

Geothermal Energy: a Greater Resource Than Previously Estimated

Palmason's article disclosed that there are 19 proven high temperature areas. Moreover, all indications are that there are nine others, although there is more uncertainty about them. The biggest high temperature area is the Torfa glacier area, which is estimated to be 140 square kilometers. Next comes the Hengill area, followed by the Krafla and the Krisuvik areas. If accessibility is not taken into account, the Grims water area is third, but it lies under a glacier and is not considered exploitable.

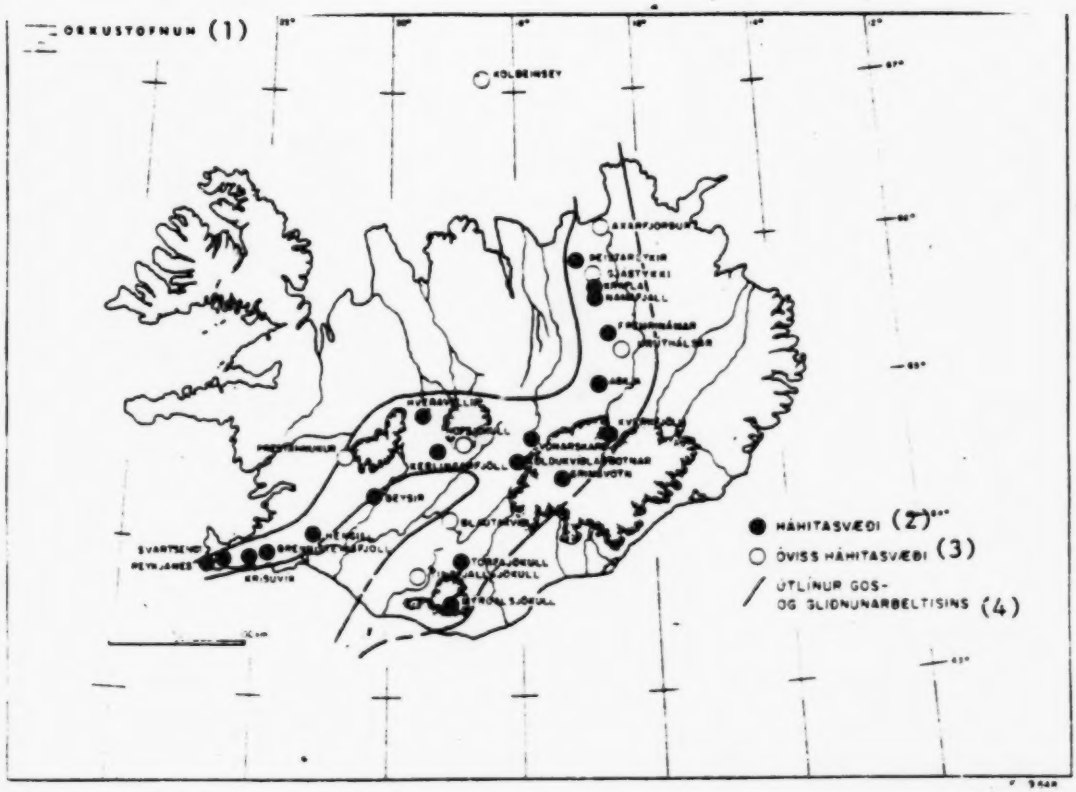
Palmason's conclusions indicated, among other things, that there is considerably more exploitable energy from geothermal heat than previously estimated. There are two main reasons for this. The first is that the energy reserve is now assumed to be accessible down to 3 kilometers instead of 2. The second concerns the size and number of high temperature areas, both of which have increased considerably over what was previously estimated. In addition to this, the new estimate covers the entire country, whereas the previous plans included only the high temperature areas.



The various temperatures of the rock formations in the northeast part of the country from Akureyri to Seydisfjordur, according to temperature gauges, electrical conductivity and design calculations (slightly modified). Abbreviations: Aku: Akureyri; Mor: Mork, Fnjoskadal; Fre: Fremstafell; Lax: Laxardalsheidi; K: Krafla; Aus: Austaribrekka; Gri: Grimstadir; Mod:Modrudalur; Sae:Saenutavatn; Skj: Skjoldolfsstad; Hof: Hof; Egi:Egilsstadir; Sey: Seydisfjordur.

Key:

1. Surface temperature, centigrade/km
2. Temperature according to design calculations; temperatures measured at drill holes
3. Partially melted rock according to electrical conductivity calculations
4. Even temperature lines according to design calculations
5. Depth in kilometers
6. Figures on vertical lines represent electrical resistance in ohm-meters



High Temperature Areas in the Country

Key:

1. Energy Institute
2. High temperature areas
3. Uncertain high temperature areas
4. Boundaries of the eruption and disintegration belt

8743
CSO: 3111/45

PROGRESS ON SETTING-UP OF NUCLEAR PLANT REPORTED

Istanbul DUNYA in Turkish 10 Jul 81 p 8

[Text] Site selection efforts for the nuclear energy power plant which the Turkish Electric Power Enterprise [TEK] is considering erecting at Sinop have been accelerated. To this end, seismic reading centers have been set up at 10 separate sites around Sinop, in the Akliman, Kurtkuyusu, Inceburun Feneri, Ertelek, Gerze, Turkeli, Boyabat, Alacam, and Gokceagac areas. It is intended that the reading centers gather information concerning earthquakes that will occur in these areas over a 6 to 8 month period...

The first requirement in site selection for building a nuclear energy power plant is that the construction site be outside the earthquake belt. In Turkey there are only two belts that fit this requirement. One of these is the region stretching from the south to Ankara and the second is the strip of coast between Sinop and Istanbul.

In the first region, Mersin-Akkuyu has been designated as the site where the First Nuclear Power Plant would be constructed. Efforts aimed at determining the site in Sinop for the second power plant, for which preliminary discussions were held with France and, before that, the Soviet Union, are under way. These efforts are being directed by Prof Dr Kazim Ergin, the director of the Earth Physics Institute of the College of Minerals at Istanbul Technical University who is also chairman of the university's Geophysics Chair. Joining Prof Ergin is a group composed of Prof Dr Nezihi Canitez, Master Geologist Ugur Guclu, Master Seismologist Zeki Uz, assistant Dr Cemil Gurbuz, and Electrical Engineer Huseyin Cansev. Meanwhile, in order to aid in site selection efforts, specialists from the Mining Research Institute are conducting studies in Sinop to produce geologic maps of the region.

The studies are being followed on site by Suphi Sahin, a deputy to the chairman of TEK's Nuclear Energy Office.

With regard to the First Nuclear Power Plant, to be set up at Akkuyu, an agreement has been arrived at with the Swedish Asea Atom Firm concerning credit for the construction of the energy power plant itself and the reactor unit. Nevertheless, the subject of financing for both construction work other than the reactor unit and fuel-enrichment procedures has not been resolved. As a result of the matter being put off for such a long time, all obligations concerning it were eliminated in November 1980.

9236
CSO: 4654/92

COMMENTARY HITS PLANS FOR DEVELOPING NUCLEAR ENERGY

Istanbul GUNAYDIN in Turkish 12 Jul 81 p 5

[Text] At the same time that oil is being called "the shirt of fire," Nuclear Power Plants, which operate with processed uranium, have begun to be presented as an alternative energy source. The French, Italian, and Swiss companies trying to sell nuclear power plants to Turkey and their domestic spokesmen have started to spread the notion in the press and at conferences and meetings that nuclear power plants "are essential to break the dependence on oil in Turkey." Those who were reluctant about providing credit for Turkey's important industrial and agricultural investments and the dams it plans to construct, waste no time in promising that "they will provide large amounts of credits" when the subject turns to construction of nuclear power plants.

Dependence on Uranium

Yet in saying that setting up nuclear power plants in Turkey, which has rich water resources, will free it from dependence on oil, one implies the danger of falling into a dependence on uranium. Remarks such as "there is uranium in Turkey and so we won't be dependent" are nothing more than tall stories, because it is necessary to process the uranium used in nuclear power plants and there are only a few nations that have a monopoly on this.

Turkey's move toward nuclear power plants at a time when the cost of such a plant is not at all less than the cost of constructing a dam that would generate the same amount of energy, cannot be characterized as other than "murdering resources." That is because a dam does not stop at producing electricity. It also increases output by irrigating parched ground.

9236
CSO: 4654/92

BRIEFS

UNUSED HYDROELECTRIC POTENTIAL--While oil imports swallow up all of Turkey's export income, 65 billion cubic meters of water flow unused in all parts of Turkey. The sighs expressed for the foreign currency that oil burned off, coincide and fade with the sound of 65 billion cubic meters of water which flow along without being used in any manner as an energy source. In other words, as the water flows, the Turk watches. It is being stated that if Turkey, which today can take advantage of only 10 percent of its 72 billion cubic meters of water resources, accelerated dam construction, this ratio could rise to 55 percent within 9 years and to 100 percent within 20 years. This would concurrently "lighten" the load of oil, which accounts for 48 percent of all energy consumption, and "increase the load" for hydroelectric energy, which accounts for a 7.5 percent share. Completion of the 6 dams now under construction will not by itself reverse the negative effects of the energy problem on the economy. By means of the irrigation which the Karakaya Dam will bring to the Harran plain, an increase in wheat production alone from today's 17 million ton level to nearly 30 million tons may be realized. [Text] [Istanbul GUNAYDIN in Turkish 12 Jul 81] 9236

CSO: 4654/92

TRADE DEFICIT WITH EEC REPORTED

Nicosia THE CYPRUS WEEKLY in English 7-13 Aug 81 p 8

[Text]

More than 50% of the island's trade deficit (£236.2 m) last year was incurred in trade with the EEC countries and amounted to £131.5 m., the official report "Analysis of Foreign Trade 1980" says.

Italy headed the list (£45.8 m. imports, £2.4 m. exports, leaving a trade deficit of £43.4 m.) followed by West Germany with an adverse trade balance of £27.2 m. and the U.K. (£26.5 m.)

Trade with the UK last year was: Exports £38.9 m., imports £65.4 m.).

Cyprus showed a surplus in her trade with the Arab countries amounting to £39 m. (exports £92.4 m. imports £53.4 m).

The report notes, however, that Iraq and Sudan contributed negatively to the island's trade balance because they supplied oil to Cyprus valued at £46.7 m.

Lebanon topped the list of Arab countries absorbing Cyprus exports (worth £18.6 m.) followed by Libya (£15.5.), Saudi Arabia (£14.4 m.) and Syria (£12.7 m.).

The trade gap with the Eastern Trade Area increased slightly last year and reached £20.6 m. compared with £17.9 m. in 1979.

In the group of "other countries," Japan topped the list with a negative trade deficit for Cyprus amounting to £29.7 m. It was followed by Greece (£25 m.) and the United States (£22.8 m.).

The report says all categories of imports showed increases, with fuels and lubricants heading the list. Their value reached £78.5 m., up 76.6% over the previous year.

Car imports reached £14.5 m. as against £9.6 m. in 1979.

Total civil imports stood at £424.3 m. while exports amounted to £188 m. Agricultural exports, mainly potatoes and citrus fruit, reached £41.3 m.

Manufactured articles, mainly clothing and footwear, registered a marked increase of over 27% and amounted to £46.2 m. as against £36.3 m. the previous year. They accounted for 51% of the total value of domestic exports.

The UK continued to occupy, as in previous year, the first place both in imports as well as in exports, with 15.4% and 20.7% of the total respectively.

CSO: 4600/132

COMPETITION HITS GRAPE EXPORTS, LOSSES EXPECTED

Nicosia CYPRUS MAIL in English 1 Aug 81 p 4

[Text] Limassol, July 31--Severe losses, estimated at many thousands of pounds, are feared by the Cyprus grape exporters on account of cut-throat competition among themselves in foreign markets, particularly the British market which is the main outlet for fresh grapes.

The competition follows the increased quantity of grapes agreed by Cyprus exporters for daily discharge at the London docks from steamers loaded by them jointly, but for separate account. The quantity was fixed at 500 tons as against 400 tons last year.

"This has proved catastrophic," said Mr Stamatis Mavropoulos, the leading fresh grapes exporter, who has been in the business for years, and has the largest share of the annual grape exports.

"The quantity should instead be reduced to 300 tons daily," he added, "in view of the recession in Britain, otherwise the quantity cannot be easily absorbed by the UK market. And this really happened," he continued, "with the arrival in Britain of the second shipment of 2,165 tons per m.s. "Satsuna."

The result was that the Cyprus exporters whose number was increased by newcomers, entered into keen competition among themselves in their frantic efforts to dispose of their grapes, offering the same product under eight different brand names, and cutting prices from 50p to 25p per lb."

Loss

"Already," Mr Mavropoulos said, "there is a loss of 25/- per tray from this steamer, at the current sale prices, and no improvement is anticipated with the two further shipments of 1918 tons per M.S. "Smara" and 222 tons per M.S. "Rosemary," now afloat.

"On the contrary," he added, "the situation will get worse, as almost the whole shipment aboard M.S. "Rosemary" will come under the increased import tariff of 22%, being in excess of the quantity of 7,000 tons, enjoying the reduced tariff rate (about 8%), which entered the UK by July 31st."

Mr Mavropoulos said that Cyprus grapes met with competition from Chile at the start of the season, but this did not last for long, and the first shipment of 1711 tons, per m.s. "Western Reefer" on July 13 from Limassol, was easily disposed of as were the small lots of air shipments.

Mr Mavropoulos dwelt on the importance of protecting the grape export business, "which is not an easy enterprise for everyone."

Safeguards

"We need professional safeguards," he said, "and I have placed this matter before the Minister of Commerce and Industry for consideration." "The number of grape exporters," he added, "is too high, and this will mean destruction of the trade, as the same product entering the market at the same time is offered for sale from various sources, fighting each other to secure the business."

Mr Mavropoulos acknowledged the advantage of joint shipments of grapes by Cyprus exporters to regulate supplies to the foreign markets--which sometimes might be overburdened by Cyprus grapes--but said this advantage is counterbalanced by the increased number of shippers in one and the same steamer, each striving to sell for his own account.

The total exports of grapes, mostly seedless "sultana" type, are expected to reach 14,000 tons, with a final shipment due early next month, of which 11,500 are for Britain and 2,500 for Scandinavia and Holland--550 tons to Finland (M.S. "Ariel"--and 1,800 tons to Holland and Sweden (M.S. "Vosges").

Prices paid to producers were 15 to 20% higher than last year's--reaching 10/- per oke for early season sultanas--and there was about the same increase in the labour costs (collection, packing, transport, loading etc.)

CSO: 4600/133

KIEL INSTITUTE FAULTS TRADE DEFICIT FOR WEAK CURRENCY

Bonn DIE WELT in German 16 Jul 81 p 7

/Report by Hans-J. Mahnke, Bonn/

/Text/ The cyclical changes in the D-mark:U.S.dollar exchange rate are determined --within a 2 months delay--by the development of the inflation differential between the FRG and the United States, the ups and downs of the American balance of payments. and the amount of the current account balance in both countries. A study by the Kiel Institute for World Economy shows that exchange rates have tended in the average of the period since July 1974 to react more violently to balance of payments than surpluses. Psychological reasons are said to be primarily responsible.

The institute therefore ascribes the main cause of the current D-mark weakness to the large deficit in German balance of payments. The deficit is said to have raised expectations of a D-mark devaluation. This was compounded by the fact that the United States current account is in balance, and interest rates there are extremely high. The notable advantage enjoyed by the FRG as regards stability was not able to balance any of this.

"Bundesbank interventions on the foreign exchange market are obviously not always successful and often affect the exchange rate in an undesirable direction," the study continues. When the Bundesbank supports the D-mark, the impression tends to arise on the foreign exchange market that the D-mark is even weaker than assumed. In the short run this may mean that D-mark investments are discarded in favor of U.S.dollar investments--to the extent of overcompensating the direct dollar sales by the Bundesbank.

Political events normally determine expectations on the foreign exchange market for a short time only.

11698
CSO: 3103/385

UNEASINESS OVER BUNDESBANK PROFITS

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Jul 81 pp 8-9

/Text/ The Bundesbank is about to record the largest profit in its history. However, uneasiness instead of general satisfaction prevails with regard to the unexpected monetary blessing.

If seems Germans no longer enjoy anything. This year the Frankfurter Bundesbank is likely to record DM10 billion profits. They arise mainly from the fact that, by way of money creation, the Bundesbank obtains interest bearing instruments without itself having to pay interest on central bank money. And yet it appears that nobody is really pleased with the billion blessing.

Some fear that the Bundesbank profits may obstruct the lowering of the rate of inflation, others that the urgently required reduction in public budget deficits may be further postponed consequent on the billions from Frankfurt.

The reason? A sizable chunk of the money belongs to the state. Article 27 of the Bundesbank law provides that the bank's net profits are distributed: 20 percent but no less than DM20 million must be paid into the statutory reserve until this reserve amounts to 5 percent of note circulation. Incidentally, the statutory reserve as of now is still DM2.5 billion short of this upper limit. Ten percent of the profit may be used for other reserves, DM30 million more are to be used to redeem equalization claims. The remainder is payable to the Federal Government.

Bonn can do without tax revenues to the extent of the Bundesbank profits paid over to the Federal Government. If the Bundesbank earns a surplus of DM10 billion this year and pays 70 percent to the Federal Government, this amounts to DM7 billions of relief--corresponding to 7-8 percent of the value added tax. At the same time we must remember that this is not just a book profit but a "genuinely" earned amount.

Moreover, in addition to the net interest received the Bundesbank will also record a profit from the appreciation of its foreign exchange reserves. As per the corporation law Bundesbank foreign exchange reserves are shown in the balance sheet in accordance with the lowest value principle. Should the U.S.dollar maintain its present level or thereabouts until the end of the year, the dollar flowing into Bundesbank accounts in 1981 will not be valued at the current and relatively low valuation of DM1.72 to the dollar but at the all-in buying rate which is well above this mark. Though, in contrast to a surplus arising from current business, this

higher valuation is initially a book profit only (actually it does not make all that great a difference in view of the large amount of dollars already held), it does not benefit from any special treatment as per the Bundesbank law, and some of it must therefore also be paid over to the Federal Government.

In principle payments of Bundesbank profits do not represent a danger to price stability as long as the total growth of the central bank money supply does not exceed the extent appropriate to stability, in other words proceeds along the same lines as the growth rate of the economy's production potential. On the other hand, when additional central bank money enters the circulation by the payment of Bundesbank profits to the Federal Government, and the latter uses it to finance spending, the scope for other types of money creation narrows (for instance in the area of open market, bank rate and minimum reserve policies).

Let us assume that next year the Bundesbank will aim for a similar growth in the central bank money supply as it did this year (roughly 5.5 percent); this would work out as a rise in the 1982 central bank money supply to some DM9 billion. Given payments to the Federal Government in the amount of DM 5.5-6 billion (and the current budget planning is based on such an amount), this would mean that the major part of the money supply expansion would take place by way of Bundesbank profit transfers. Up to now, on the other hand, the expansion of the central bank money supply has proceeded mainly by way of the acquisition of claims on foreign institutions or domestic banks.

Not that such a change would offer unsurmountable difficulties. It would be important, though, for the Bundesbank profits to be fed relatively steadily into the circulation in the course of the year. The necessary understanding between Finance Minister Hans Matthoefer and Bundesbank chief Karl Otto Poehl (both residents of Kronberg/Taunus) whould be quite easily achieved.

When the Bundesbank pays its profits earned to the Federal Government, it contributes to the reduction of the Bonn budget deficit. To the extent that the Federal Government obtains additional revenues thereby, it may forego either tax increases or spending cuts. On the other hand it may use this money to repay new indebtedness more rapidly than planned. It cannot, therefore be asserted that the Bundesbank profit transfer obstructs the consolidation of federal finances. If the profit transfer is used further to reduce new indebtedness, it will actually help consolidation.

It is impossible to forecast with any certainty in how far the Federal Government will be able in future to count on payments of Bundesbank profits. Uncertainty prevails especially with regard to the yields of the foreign exchange reserve held by the Bundesbank. Actually the foreign currency risk could be lessened if the Bundesbank were to more resolutely reduce its foreign currency holdings and, instead of dollar claims on the American Government, purchase debt instruments of its own government. This would lessen the fluctuations in Bundesbank profits caused by exchange rate movements, and the Federal Government could count on steady and more easily anticipated relief.

11698
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SOCIAL INSURANCE EXPENDITURES, STATISTICS PUBLISHED

Athens I KATHIMERINI in Greek 23 Jun 81 p 4

[Text] Social insurance expenditures will reach the sum of 181.8 billion drachmas this year, which raises the percentage of increase in this sector to 169.73 percent during the last 4 years.

This change is due to the increased commitment on the part of the State, to the number of people insured and pensioned by the insurance organizations, and to the institutional regulations which have been made during this period.

The above was stressed yesterday by the deputy minister of social services, Ger. Apostolatos, as he delivered over the 1981 social budget to the journalists.

Of the 296.2 billion drachmas which are provided for the sector of social protection for 1981, 181.8 billion will be spent by the insurance organizations under the jurisdiction of the Ministry of Social Services. This compares to 140.074 billion drachmas which had been disposed of in 1980 and 67.4 billion drachmas spent in 1977.

From a study of the tables on the social budget which are being published, it follows that the expenditure for social protection in 1981 is 2.5 times larger than that of 1977 and 31.5 times larger than the 1961 expenditure. Correspondingly, the expenditure of the insurance organizations for 1981 is 2.75 times greater than the 1977 expenditure and 38.2 times larger than the corresponding expenditure of 1961.

The chief regulations which have contributed to this increase, said Apostolatos, are the following:

-- The establishment of the 35-year period in the private sector

-- The founding of the large Salaried Employees Auxiliary Insurance Fund

-- The institution of the automatic adjustment of IKA [Social Insurance Foundation] pensions

-- The extending of IKA coverage throughout the country

-- The completion of extending medical and hospital protection to new and large groups of insured and pensioned persons

-- The bringing of the entire economically active population under insurance coverage

-- The significant improvement of minimum pensions

-- The upgrading, for insurance purposes, of older IKA pensioners by three insurance categories

-- The instituting of effective contributions and grants

-- The abolition of a number of irritating insurance provisions of an antisocial nature

-- The administrative and financial reforming of the large occupational funds

-- The tripling of farmers' pensions during the last 4 years

-- The granting of a separate pension to the farmer's spouse

-- Insurance against losses from floods and wind storms for the agricultural produce and livestock of our farmers

-- The merging of the small funds

-- Insurance coverage for the hundreds of thousands of Greek workers in third countries

-- The implementation of machine accounting at the insurance funds

-- The National Insurance Register

-- The simplification of pensioning procedures

-- The combined certification and collection of the revenues of the insurance organizations

-- Financial support for the large occupational funds

-- The carry-over of insurance from the public to the private sector.

Finally, these regulations also provide for:

a) Coverage in the Greek insurance system for all expatriate Greeks, and

b) The insuring of all the country's uninsured people of advanced age.

The social budget, with a preface by Minister Sp. Doxiadis and Deputy Ministers Ger. Apostolatos and Ath. Tsoukandas, shows the amounts which are being allocated for social protection and for insurance, health, and public relief for the Greek people by way of the special budgets of the Ministry of Social Services, the insurance organizations, the hospital institutions, the social welfare institutions, and so forth.

For the year 1981 the social budget shows revenues of 317.557 billion drachmas and expenditures of 296.207 billion drachmas, with a surplus of about 21 billion drachmas.

A percentage of 91.94 percent will be allocated for social insurance, 4.74 percent for health, 2.74 percent for relief, and a percentage of 0.58 percent will cover general expenses.

Pensions

The number of agencies under the jurisdiction of the Ministry of Social Services which are involved in social insurance coverage are: 33 for basic insurance, 61 for auxiliary insurance, 54 for sickness, 63 for relief, and 61 mutual-aid funds.

The number of people insured for basic pensioning is 3,494,782 people, for auxiliary pensions 966,251, for sickness 4,485,381, and for relief 490,922 people.

The total number of people receiving pensions from these agencies comes to 1,104,256 persons, with those receiving auxiliary-insurance pensions numbering 194,942 people.

Finally, 196,981 persons are State pensioners.

During the last 4 years, the percentages by which pensions increased have turned out to be double the increase which was seen in the cost of living, Apostolatos said.

More specifically concerning the IKA, the maximum pension shows an increase of 160 percent (16,958 drachmas - 44,117) and the minimum pension shows an increase of 137 percent (3,800 - 9,000). For the TEVE [Greek Craftsmen's and Tradesmen's Fund] the increase is 211 percent for the maximum pension (18,700 drachmas) and 190 percent for the minimum (6,000 drachmas). For the OGA [Farm Insurance Organization] the increase is 200 percent for both the maximum and minimum pension.

In this connection, Deputy Minister Apostolatos said that the cost-of-living index in the period 1977-1981 came to 94.8 percent, and that if the cost-of-living adjustment of pensions were put into effect--as was promised by Papandreou--with the present consumer price index, this 94.8 percent would be used as the basis, and consequently it would give a much lower percentage than the increases in pensions which have been given already.

It is stated that in the 1981 social budget 178.622 billion drachmas represents the sum for pension grants. Of this amount, 133.104 billion will be covered by social insurance agencies, 41.450 billion by the State, and 4.068 billion by the insurance services.

Provisions for sickness grants are 53.116 billion, for relief grants 16.893 billion, for unemployment benefits 5.693 billion, and for family allowances 5.835 billion.

In addition, a sum of 5.981 billion drachmas has been claculated for grants of lump-sum benefits by the social-insurance agencies which come under the Ministry of Social Services, as compared to 4.717 billion in 1980.

Finally, in responding to questions by journalists, Apostolatos said that the IKA budget for this year comes to 100 billion drachmas, and that the liabilities for this amount come to a percentage of only 2 percent per year.

He said further that studies are being done on establishing better controls on the reserves of the insurance agencies, which come to 108.299 billion drachmas.

12114
CSO: 4621/22

ROUNDTABLE ON REGIONAL ROLE IN AGRICULTURE POLICY

Rome AVANTI! in Italian 9 Jul 81 Supplement pp 4-5

[Text] The regions' role in agricultural policy in Italy has become a fact to be reckoned with. The time has come to design the instruments for their operations, while steering clear of the evil temptations of regionalist neo-centrism. This new relationship is a promising one that must be carefully tended.

Italy's agriculture is in deep trouble: and that certainly is nothing new. Each month, at least, news stories consequent upon that trouble burst upon us in ever more troublesome terms, covering the front pages of all the media: the laborious negotiations with the European Economic Community -- under fire from Italian farmers for pursuing what they term a policy of privilege toward Northern European farmers -- which set off imposing demonstrations by farmers and their organizations, big as well as small. Then came the public's "discovery" that the second biggest item in our balance of trade deficit is food: more than 6 trillion lire a year flow out of the country to pay for food products ranging all the way from grain to meat. And finally came the dizzying rise in farm prices, which have already climbed so far as to make fruits and vegetables, for instance, luxury items that weigh heavy indeed in the Italian family shopping basket.

What we need is a farm policy worthy of the name, people are saying on every side: one that can deal with and manage the restructuring so necessary in so vital a sector of the economy. More specifically, as Manlio Rossi Doria pointed out in a recent debate in Rome, what is missing among the governing classes in Italy is an awareness of the importance of a sector like this, almost always downgraded as one merely marginal to the Italian economy, whose crisis or actual extinction would not, after all, be such a dire threat to the nation's economy: "We can buy whatever farm products we need abroad out of the profits of our industrial products."

Then, at the beginning of the Seventies, a new source of initiative and political and administrative management appeared on the scene: the regions. The legislation that brought these governments into existence foresaw broad powers for them, precisely in the field of agriculture; so sweeping were those powers that the ministry was given as its almost

exclusive mission the assignment of coordinating and guiding the formulation of those policies.

It is now more than 10 years since the regions came into being, and we have sat down together at this roundtable to assess the regions' capacity to be the true protagonists of a new agricultural policy; the adequacy of the machinery at their disposal, and the soundness and efficacity of decentralization as it stands today. Not forgetting -- in fact raising it as the central issue -- the pattern of relationships between the regions and the farm organizations and the kind of participatory opportunities provided for all those interested in the formulation of an agricultural policy that takes regional specificities into account.

Taking part in this roundtable discussion is Bruno Ferraris, who since 1975 has been the Piedmont Region's councilman for agriculture. Senator Fabio Fabbri is serving his second term as undersecretary at the Agriculture Ministry. Lastly, we have the three top executives of the farmers' organizations: Giandomenico Serra, president of Confagricultura, the organization that traditionally represents agribusiness, but some small farmers as well. Arcangelo Lo Bianco is president of Coldiretti, the biggest of the farm organizations, directly sponsored by the Christian Democrat Party, although President Lo Bianco aims at making his tenure one of markedly less intimate ties with Piccoli's party. Giuseppe Avolio is president of Confcoltivatori, born a few years ago of the merger of all the historically left-leaning farm organizations.

We gave the floor first to Councilman Ferraris.

Ferraris: Whenever the regions take action in agriculture, they are affected by the EEC and by the national government: the regions have felt the impact of both. As for the national level, the first hard fact we encounter is the lack of planning, to the point where the intent of the "Quadrifoglio" [four-fold agricultural law] is not reflected in the food and agriculture plan, which has not yet even been sent to Parliament, nor yet in the region-by-region breakdown of production targets, as it should have been under PL 894. The same shortfall must be put into the record in the distribution and allocation of funds, which has fallen far short of remedying long-standing inequities. And then there is one last and perhaps the worst of all restrictions, which stems from Parliament which, even after the statutory institution of the regions, keeps turning out laws and petty statutes which totally ignore the existence of regional governments.

AVANTI!: What is your view of the regions' rapport with the government over the past several years?

Ferraris: Adequate, on the whole, even though there is still some gear-grinding on legislation, with the issuance of circulars which the ministers perhaps don't even bother to read, but which throw up daily roadblocks for the regions to clamber over. In spite of all this, I think the regions have moved vigorously, fulfilling their own programs, and

at the same time implementing Community directives, in line with the way we have implemented the "Quadrifoglio."

AVANTI: But are the regions actually managing to get anywhere with their efforts to be the locomotive force for a regional farm policy, or are they doomed to lose ground -- after all the high hopes of the Seventies -- and slide back into the role of peripheral outposts of the ministry?

Ferraris: The fact is that there are those who would like to see the regions turn into a shapeless appendage of the Agriculture Ministry. The facts, though, are there to show that this has not happened.

AVANTI: What sort of rapport does the Regional Council have with the farmers' organizations, with Confagricoltura, Coldiretti, and Confcoltivatori?

Ferraris: The rapport is a good one, with all three organizations (aside of course from some fairly noisy demonstrations mounted by Coldiretti...) and we have worked out agreements with them in relation both to our programs and to drafting of legislative proposals, for example the bill covering producers/growers' associations, drafted after seminars with the farmers' associations.

Lo Bianco: Coldiretti was among the most ardent supporters of regional autonomy, in line with our tradition of strengthening local governments. We believed in it because of the access for participation in regional policymaking this new instrument could open to farmers. Today, though, we have to voice a few complaints: from the early regionalist euphoria we have fallen into a sterile exchange of insults between the regions and the central government, which has had unfortunate consequences. And another thing: it seems to me that we have paid too much attention to managing what is there, and not enough to carving out a permanent place for the regions in the national and territorial planning processes. Again: the confrontation between economic sectors and between regions has somehow failed to lead to the drafting of development plans. The unseemly scramble for appropriations seemes to me a highly debatable approach, one in which regional councilmen have not displayed any command of the attitudes required for planning at the national level. And then there is the endless quarrel with the European Economic Community: as of right now we have twenty different regional policies, each of them beating its own regional drum to tout its products abroad. And then we have these same individual regions eager to take a direct hand in forming Community policy, at the risk of dissipating the unity of Italian policy within the EEC. This does not seem to me to be a good thing. To obviate this state of affairs the Agriculture Ministry has made it a practice to consult with regional councilmen on the eve of major EEC negotiations. The Interministerial Commission for Farm and Food Planning (CIPAA) was designed for this specific purpose, but it has turned out to be a dismal failure...

Ferraris: It is true that the government has consulted us recently. But that has not been going on long, though: before, Marcora used to consult us after the fact -- let's say he would inform us...

Fabbri: Actually, we have come down to the day of reckoning, because now we can look at the bottom lines of regional accomplishments at some remove from the excessively regionalistic or excessively federalist and anti-autonomist emotions of the early days. Our job is to see how to straighten out the faults of the central government, and those of the periphery as well. The ministry's job is to provide the link for planning and policy coordination. So the regions are wrong when they try to usurp functions which properly beong to the central government or when they set up agencies or structures of their own that used to be the province of the ministry. But if the regions, as Lo Bianco alleges, often give the impression of shattering the united front of Italian policy abroad, it is because the central government was negligent in taking the proper steps first: if the central government's agencies do not concern themselves with projecting an image of Italian products abroad, then clearly the regions are going to step into the breach, with whatever funds they can scrape together. Now is the time to get out of this winter of discontent and to replace it with a season of understanding. That means we shall have to lay hands on the shortcomings in the law: for one thing, the "Quadrifoglio" has got to be amended, because it simply doesn't work the way it is. The CIPAA, furthermore, merely institutionalizes the segregation of agriculture from the rest of the economy: we socialists have long been saying that this situation calls for urgent remedy. Elsewhere, there are areas in which the regions have yet to take the place they ought to have taken: the relations between production and market, the area of consumer education, that of restoring balance. They would rather, in other words, sit and sift through the resources that flow from the center instead of channeling them into the sectors to which they have assigned priority.

AVANTI: But are you satisfied with the current level of coordination and consultation among regions, farmers' organizations, and the Agriculture Ministry?

Fabbri: Maybe the councilmen are called in too often, but there is the argument that most of those meetings go unattended and decisions are not taken. In any event, the rapport between the regions and the ministry is vital and what we need to do is repair and reorder the current machinery that controls it.

Serra: I believe that farm policy in Italy has special features that make it more difficult to handle than in any other country, because there is not just one level of authority here--there are three: the Community level, the national level, and lastly the regional level, which is very important, since the laws made under delegated power have given almost exclusive authority to the regions. So if we are to achieve the goals we have set ourselves, each of these levels must impose limitations on itself so as to prevent persistent paralyzing conflict. Given this state of affairs, what cash-crop farmers are complaining about is the fact that in Italy -- and it is certainly not the regions that are to blame -- there has never yet been a consistent, coherent farm policy, thanks to layer upon layer of countless mini-policies. Similarly, we must reluctantly admit that the effort to fit a standard program with specific objectives into national farm policy has run up against its roadblock precisely in the implementation of the

approach that gave rise to the "Quadrifoglio," which was unquestionably a step in the right direction. Now, getting back to the subject of self-imposed limitations, I believe that now, more than 10 years after the regions were established, they have had adequate time for breaking in and shakedown cruising to be able to operate effectively without meddling in community policy, precisely to avoid the kind of continued adversary stance I was talking about just now. I also believe that there can be no farm policy in Italy in the absence of other policies: industrial processing, marketing of farm products, and export policy. For this same reason, farm policy cannot be purely regional: it is unthinkable that there should be feuds between regions over issues that must be centrally coordinated and settled. As for the regions' strictly "production-boosting" exercises, I must make one remark: they made the worst possible experiment when they provided unlimited incentives to certain kinds of cooperative patterns, not for development and advancement, but simply to consolidate the losses stemming from unsatisfactory economic management. In this sector again, we must respect certain forms of competition between enterprises of disparate dimensions -- without artificial intervention.

Fabbri: Just a few remarks: on the matter of planning through collaboration among regions, I must say that when the "Quadrifoglio" was first launched, there were those who criticized that approach and pushed instead for the idea of polycentric planning, as Giorgio Ruffolo calls it. On the basis of experience, we must conclude today that we should be moving along that road. Second remark: foreign trade and support for exports. The government before this one had drafted legislation that brought in the regions and the national consortia, including the development agencies, into a policy of support for food exports. Another remark: in the medium-term plan, the chapter on agriculture has yet to be written. In this sphere, input from the regions cannot be ignored.

Ferraris: You said, quite rightly, that the whole thing has yet to be written...

Fabbri: Lastly, I should like to call attention to the need for considering an extraordinary maneuver to mobilize all resources appropriated for agriculture and not yet committed, including Community resources. I am referring to the resources of the regions, of the Mezzogiorno Fund, and of the state ("Quadrifoglio and others): there are billions lying idle in those tills that could turn out to be decisive today, if we could manage to get from the appropriations stage to that of investment.

Avolio: I must congratulate Councilman Ferraris on his frankness and honesty in showing us all the bright and dark places in the regions' agricultural activities. A lot of people are wondering if the regional experiment is working in agriculture or whether what we have here is an instrument which, for better or for worse, is there and which must therefore be made to work so as to do the least harm. The lawmakers were thinking straight when they assigned important responsibilities in agricultural policy to the regions. Today, while we all see the need for some coordination in regional policies, we feel an equally urgent

need for the elaboration of measures and provisions that truly embody the diversity we see in the various regions of our country. There is hence no contradiction between the need for a regional agrarian policy and national coordination among those policies, wwhich for one thing could discourage the resurgence -- here and there -- of regional chauvinism. In short, what we need is a national farm policy that is regionally articulated, to respond to differing requirements; this is one way to give regional individuality a voice of its own, even at the community level.

As for the role of the regions, I have already mentioned the bright and dark patches that have marked their activities. But these bodies have had to operate in the teeth of two sources of uncertainty: uncertainty as to jurisdiction, and uncertainty as to implementation, by which I mean the means and the structures for achieving their goals. These are uncertainties, however, which I think are on the road to oblivion. We now have PL 382, which entrusted broad jurisdiction to the regions, and at the implementation level there is a lot more clarity now.

Lastly, I would caution the regions against the error of separating agriculture from the rest of the economy; if they fall into that trap, they will merely be perpetuating the ghetto status of agriculture as embodied with the establishment of the CIPAA. I was the only one -- at the national conference held at FAO headquarters in Rome -- to vote against this principle! We really must get behind this effort -- although I must emphasize that we are a lot closer to agreement than we ever were in the past -- involving the farmers' organizations, the regions, and the Agriculture Ministry.

Fabbri: I almost always agree with Avolio and I should like to underscore the importance of the regions' planning functions, of planning from the bottom up, as provided in article 11 of presidential decree 616, although the regions have not yet fully implemented it, too often falling prey to regional neocentralism, even when it comes to planning.

Serra: Before the regional councilman responds to that, I should like to hand him two little needles: I have my doubts that we shall get anywhere with decentralizing this or that function from the regional to a lower level without an adequate like move from the national level. In other words, it would be well to offset the risks of overly disparate decentralization from region to region, such as we have already seen in the case of Tuscany in relation to situations elsewhere. To do so would constitute a splintering of responsibility damaging to the execution of regional intervention. I should also like to point out that hitherto the regions have taken scant notice of a basic point: I am talking of the national aspect, or if you will experiments with chances for alternative sources of income -- particularly in the problem zones in the mountains and foothills -- or perhaps I should say additional sources, such as those that might be derived from an expansion of farm vacations and rural tourism.

Avolio: Serra gets a raise: it would be a good thing if the regions were to step up the process of delegating some of their prerogatives to

other governmental agencies, particularly in matters of management and not in merely creating more sources of farm policy. Then there is the starting line of planning: land use, its proper utilization, husbanding farmlands as the inalienable patrimony of the nation. There are farmlands, among the most fertile in the world, that have been diverted to other uses: and we piously deplore the state of our agriculture! And then there is the link between agriculture and industry, strengthened by the buildup in what is commonly known as agribusiness.

Lo Bianco: I believe that when we talk about regions, we ought to be somewhat rueful about our failure to perceive -- because we were always too busy with day-to-day business -- the regions' potential in relation to the state of the nation and the link between agriculture and the other sectors of the economy. At the regional level, we could have got a little more done than the centralist national capacity could do alone. What we have to avoid is the spread to the regional level as well of the government-intervention culture that has permeated the national level, beyond the bounds, that is, of any inter-sectoral logic and beyond the bounds of a healthy balance among the sectors of the economy. Then I should like to take up the problem of the structure of several regional agencies: let's take the agricultural development agencies. These were supposed to be the homefront managers of farm policy, as protagonists, but their internal makeup heavily penalizes the farm labor organizations. What do we expect them to become, like this? Maybe they ought to replace the people who used to be ministry inspectors, or its secular arms, or maybe a connecting link among the farm organizations?

Ferraris: I have been listening to your remarks and I think that a good deal of what you say might prove useful to those of our colleagues who read the transcript of this roundtable. Let's begin with the twenty regional policies: I agree with Avolio, but the problem is to get a national farm policy that is part of a consistent economic policy, except that there has never been one (and CIPAA did its share to see that there never would be one...). In the medium-term plan -- and I am glad Fabbri thinks so too -- there is no mention of agriculture. So it is obvious, then, that regional policies must be made to mesh with the national plan, because I, over in Piedmont, cannot simply copy what they're doing in Emilia... In my region I have to keep constantly tugging the sleeves of the rest of the council to remember that there is a link between agriculture and industry.

The same issue of restoring national balance comes up in every region in different ways, varying in breadth as well as in articulation. Once again, the problem is that there truly be a national policy, that the regions will have to articulate it in various ways and tailored to local realities. I agree that the problem is to avoid the centralism that has typefied the national level, so much so that when I was elected to the council in 1975 I immediately pushed a law through in which I vested all functions in the farm inspectors, and, to change something while I was waiting for the transfer of authority I set up commissions to decentralize and streamline the job. But now we need to get down to the genuine transfer of authority.

Management, though, must be kept separate from planning. In Piedmont we started with planning for the major sectors and then we began a process of local development planning, at the zone level: I hope that by October we can have the initial summary documents, and that we can use them to tie in with our management of public intervention.

I am still for PL 984, which was a step forward, even though we have to redefine some of its aspects and make it less rigid. Another issue is the matter of promotion, and of the charges various regional undertakings have evoked. The top level of promotion is the regional one, and there can be no argument about that, except for the fact that it must be tied in with nutrition information and education. Then there is large-scale national and international promotion: certainly such efforts detached from others in the regions are pitiable. But the problem is to coordinate the regional agencies with the national ones.

I should like, however, to dwell for a moment on the basic issue of land use, of protection for farmland as such. It is partly a cultural problem: even the most enlightened city planners have sometimes failed to give proper consideration to the conservation of land for farm use. And so we, as the Piedmont Region, have come up with a tool that seemed to us absolutely essential for this purpose: a soil map that would let everybody see what kind of utilization is appropriate.

I shall stop now, but in closing I want to raise an issue for you here today: I mean the crisis in state intervention, the freeze on investments due to the dwindling supply of farm credit, which is fast disappearing.

Avolio: I believe we are all agreed on that count, and that stems from scant attention to farm problems on the part of the politicians, and of the press as well. We, as Confcoltivatori, propose that agriculture be made the target of a flow of investments at least matching agriculture's contribution to the gross internal product.

Lo Bianco: We have written this into a bill in Coldiretti's caucus in Parliament, tailoring it to match the formulation unanimously approved by the National Council on Labor and the Economy (CNEL).

Serra: But the real reason why farm credit has dried up is that inflation has topped 20 percent: in a situation like this, any kind of investment in agriculture has become impossible, even for the best-run operation. Even so, until inflation is brought under control, we must lower the cost of credit before we embark on regional intervention: hence our request for an international loan with a guaranteed exchange rate which the government must provide, because this would let us get the cost of money down to 15 percent, and thus enable the regions to use their share of loan assistance eligibility in a less "stingy" fashion.

Without this, once there is no longer any such thing as self-financing, nor yet any investment when money costs 25 percent, we truly stand in peril of a recession of horrendous proportions in agriculture. Farmers bought less fertilizer this year, for instance: there isn't even money to finish out the year.

6182
CSO: 3104/333

POLL SHOWS MAJORITY RECOGNIZE NEED TO LOWER BUYING POWER

Oslo ARBEIDERBLADET in Norwegian 31 Jul 81 p 6

[Text] Some 62 percent of those asked said they are willing to reduce their own buying power a few percentage points if that will help to guarantee work for everyone. This was shown by an opinion poll carried out for ARBEIDERBLADET by the Norwegian Opinion Institute.

There were 25 percent who said they were not willing to accept such a reduction and 13 percent were not sure.

Willingness to reduce their own buying power to guarantee employment is greatest among supporters of the Christian People's Party with 68 percent expressing willingness to go along with such a reduction. According to the opinion poll a disinclination to accept a lower buying power seems most widespread among Conservative sympathizers--59 percent said they would go along with such a reduction while 31 percent said they would not.

Among Labor Party supporters 64 percent said they were willing to relinquish a few percentage points of their buying power while 22 percent said they were not.

Incidentally the opinion poll showed small geographic variations in responses. But there is a tendency for people living in the four northernmost counties to be more willing to reduce their buying power for the sake of employment while there is less willingness to do so in the Oslo/Akershus area.

The question asked in the poll went like this: "Are you willing to reduce your buying power (real income) a few percentage points if this would help guarantee work for everyone?" The poll was conducted in June.

LO [Norwegian Federation of Trade Unions] chairman Tor Halvorsen told the Labor Press Office that the opinion poll expressed attitudes corresponding to priorities set by LO. "We have always had work for everyone as our superordinate goal. The poll shows this priority has broad support among the people.

"In preparing our tariff demands we have made full employment considerations the most important goal, something the union movement will continue to do," Halvorsen said.

But at the same time he stressed that he saw no contradiction between guaranteeing employment and maintaining stable buying power. "The level of buying power affects domestic demand. A high level of demand in turn is a prerequisite for safeguarding Norwegian jobs. In other words there is a very fine balancing point here between the level of buying power and employment, something some critics of economic policy seem to forget," the LO chairman said.

Finance Minister Ulf Sand said the poll clearly indicates how strong the goal of full employment stands in this country with a clear majority expressing willingness to give up some of their own buying power to guarantee work for everyone. "My hope is that we can manage to keep employment up without reducing buying power. But if a conflict should arise here this corresponds to the position of the government that employment considerations must come first," said Sand.

6578
CSO: 3108/177

FINANCE MINISTER DISCUSSES EMPLOYMENT OUTLOOK

Oslo AFTENPOSTEN in Norwegian 1 Aug 81 p 30

[Text] "Norway is in a better position than any other country when it comes to unemployment, including youthful unemployment. No matter how one uses statistics or calculations no basis can be found for saying that on average we will have a higher unemployment rate than 2 percent, that is 35,000 people out of work, which is also suggested in the revised national budget," Finance Minister Ulf Sand said to AFTENPOSTEN.

The finance minister rejected the claims of Norwegian Bank director Hermod Skanland who stretched the estimate to between 2 and 2.5 percent and those of Conservative financial policy spokesman Rolf Presthus who says this is much too low and that by the end of the year the number of people out of work will approach 100,000. He also included the disabled, women and young people who do not appear in official statistics.

The finance minister said Presthus is shuffling his cards in an incredible way without being able to document any of his statements. No matter which statistics or definitions one uses with regard to unemployment it is impossible to reach figures anywhere near those cited by Presthus in the view of the finance minister. "Internationally speaking Norway is in a good position whether one looks at total unemployment or at youthful unemployment separately. Switzerland is at roughly the same level but that is due to the special circumstance that the Swiss have cut down on the number of foreign workers. Next after Norway with its 2 percent comes Japan with 2.2 percent. The other OECD lands have much higher rates.

"No statistics support the figures quoted by Presthus and there are no indications that unemployment will rise to 2.5 percent as director Skanland suggested," the finance minister said.

What about youthful unemployment?

"The revised national budget estimates an unemployment rate of 6.6 percent among young people, e.g. those between 15 and 24. Sweden is lower than we are with around 5 percent while countries like Denmark and England have over 11 percent. Here too we are doing well on an international level. Of course we must view seriously the fact that youthful unemployment is rising. The municipal affairs minister will meet with the labor market factions on this matter and discuss such things as better training conditions in firms," said Finance Minister Ulf Sand.

6578
CSO: 3108/177

BIOGRAPHIC SKETCH GIVEN ON TURGUT OZDES

Istanbul DUNYA in Turkish 19 Jun 81 p 9

[Article in the series: "Introducing Our Businessmen"]

[Text] Turgut Ozdes, born in Istanbul in 1937, is director general of TEKSKON, Textile and Garment Industry Incorporated, and a member of its Administration Assembly.

Ozdes attended primary, middle and high school at Galatasaray Lycee and was graduated from the Istanbul University Faculty of Economics in 1960. He and his wife, Ender, have one son, Taner (18), and a daughter, Ayse (14). Taner is in high school and his sister Ayse is in middle school. Ender, a high school graduate, is a housewife.

Before assuming his present job, Turgut Ozdes was sales and manufacturing coordinator, export director and sales director at Mensucat Central. Ozdes speaks French and English and has published articles in many newspapers and magazines.

Turgut Ozdes swam and played water sports at the Galatasaray Club and says that he now likes to use his spare time teaching these sports to youngsters. He also enjoys reading in his spare time.

Ozdes describes himself as "extremely serious and logical, softhearted and having tolerance for people's problems, but never undisciplined tolerance."

Fond of debate, Ozdes cannot help but offer opposing opinions, though greeting all with maturity.

He is not formal, but in personal relationships, responds appropriately to formal situations. He does whatever the situation calls for. When called upon, he is happy to be able to resolve a personnel problem.

Sometimes set in his ways, Ozdes still takes his share of the blame for errors. He can apologize when necessary and, admitting no display of anger, is amiable and easy-going.

As a legacy of the camaraderie at Galatasaray, he dearly loves to play jokes and does not mind when jokes are played on him, and his friends say that is is witty. He spends his money carefully, but those who provide him some service can be pleased by his largesse.

Ozdes watches his weight and says he has no problem when it comes to food. He usually goes to bed at 2300 hours and rises at 0700. He is a heavy sleeper, but says he can get by on 6 good hours of sleep.

Turgut Ozdes likes to spend time with his friends and is known at work as a natural leader and organizer. Everything has to be organized for him. Meticulous in speech, he explains everything carefully and even watches his listeners' expressions and repeats anything that may not have been understood. It is not hard for him to move from one subject to another, however.

Ozdes is extremely punctual, arriving at least 10 to 15 minutes early for appointments, and is impatient with lateness.

Ozdes appreciates silence and tries to avoid any noise other than music whenever possible. Because he travels frequently in his work, he prefers to fly as it is faster.

Pleading lack of free time, he has no hobbies, but enjoys playing cards as long as no gambling is involved. He likes all kinds of music.

Ozdes likes to read all kinds of books, especially on professional topics, but prefers detective novels for relaxation. In the newspapers, he turns first to the columns, editorials and investigative articles.

Turgut Ozdes smokes Samsun cigarettes and prefers whiskey and raki to drink. He takes a glass of whiskey when relaxing and prefers raki with meals. His favorite brand of raki is Tekirdag.

8349
CSO: 4654/71

URANIUM BEARING COAL SOLD TO ROMANIA

Istanbul HURRIYET in Turkish 20 Jun 81 pp 1, 15

[Text] Incirliova (Aydin), (HURRIYET NEWS AGENCY)--Romania's insistence on purchasing the low-quality coal from Yatagan District in Mugla aroused the suspicions of the regional directorate of the Turkish Coal Works, which is attached to the Ministry of Energy and Natural Resources. Nuclear Research Institute experts were sent to the area and discovered deposits of the world's highest quality uranium extending 1 meter in width and depth. Meanwhile, it was determined that for 4 years Romania has been producing significant amounts of uranium from the 1.2 million tons of coal it bought at $15 per ton. A report was submitted to the National Security Council.

The Romanian trade delegation which came to Turkey said that they wanted to buy the ungraded coal from Yatagan for use at various factories this year, as in past years. Turkish authorities, however, informed them that the entire field had been nationalized because the Yatagan thermal station, which is now under construction, was being built there, and for this reason, no coal could be sold from the area. The Turkish authorities suggested Soma coal, which is known to be of a higher quality, in order that the country might earn the foreign exchange.

Shortly after the talks between the Turkish and Romanian authorities concluded in this way, the Romanian government made another initiative, insisting on coal from Yatagan, and asked for an immediate reply.

Romania's insistent demand for the low-grade coal attracted the attention of the Energy and Natural Resources Ministry regional directorate. Suspicious authorities notified the ministry and sent two experts from the Aegean University's Nuclear Research Institute. The experts discovered, after long and exhausting tests, deposits of the world's highest quality uranium.

8349
CSO: 4654/71

PRICE HIKES SET FOR PETROLEUM PRODUCTS

Istanbul CUMHURIYET in Turkish 27 Jun 81 pp 1, 7

[Text] Ankara (CUMHURIYET BUREAU)--Prices of petroleum products have been revised, with increases of 4 liras per liter of regular gasoline, 5 liras for super-grade gasoline, 3 liras for kerosene and diesel fuel and 40 liras for a 12-kilogram cylinder of bottled gas.

According to the announcement made by the Ministry of Energy and Natural Resources, the price of regular gasoline rises from 60 liras to 64 liras, super-grade gasoline from 66 liras to 71 liras, and kerosene and diesel fuel from 42 liras to 45 liras.

The price of a regular, 12-kilogram cylinder of bottled gas goes up 6.9 percent from 580 liras to 620 liras, with picnic-size cylinders increased 5.5 percent [as published] from 105 liras to 115 liras.

Heating oil, which is 33.10 liras per liter, will cost 36 liras; no 5 fuel oil, which is 30.84 liras, will cost 33 liras; no 6 fuel oil, which is 27 liras, will cost 29 liras.

The new prices on petroleum products are applicable to Ankara; new prices for other provinces will depend on their distance from the refineries.

Authorities said that price hikes for petroleum products were caused by losses incurred recently in daily adjustments of exchange rates for the Turkish lira against the U.S dollar. The Turkish lira has taken a 6.6 percent loss of value against the U.S. dollar in the period between the last price hike on petroleum products on 21 May and today.

Petroleum products prices rose nearly 200 percent in the first 6 months of last year, as contrasted with 20 percent in the first 6 months of 1981.

When Energy and Natural Resources Ministry authorities announced the new price hike, they said that petroleum products had gone up because the exchange rate had risen from 104 liras to the dollar in May 1981 to 111 liras on 25 June. They also said that the previous decision to raise prices had resulted from the increasing value of the dollar against the Turkish lira.

The government halted the sale of all petroleum and petroleum products throughout the country to make the new price adjustment.

The Finance Ministry published a communique on the adjustment of petroleum products prices, according to which all businesses, their branches, agents and dealers and other retailers which have petroleum products on hand for sale or manufacturing purposes will report to their tax offices the amount, load and types of products they have in depots, stores, distributors or tanks or in transit. When the new prices on petroleum products are announced, taxpayers whose stocks have been reported may begin selling immediately at these prices.

According to the Finance Ministry communique, liquid fuel establishments and companies will deposit the difference between the old prices and the new prices on the amounts they have on hand in account no 640/2367 at the central branch of the Turkish Central Bank or account no 640/900 at the Yenisehir branch of the Turkish Agricultural Bank.

Old and New Prices on Petroleum Products

Product	Old	New	Percentage
	[Turkish liras]		[of increase]
Super-grade gasoline	66.00	71.00	7.5
Regular gasoline	60.00	64.00	6.6
Kerosene	42.00	45.00	7.1
Diesel fuel	42.00	45.00	7.1
Heating oil	33.10	36.00	8.7
Fuel oil (no 5)	30.84	33.00	7
Fuel oil (no 6)	27.00	29.00	7.4
Bottled gas (12 kg)	580.00	620.00	6.9
Picnic bottled gas	105.00	115.00	9.5

8349
CSO: 4654/71

CONTRACT BIDS OPEN ON DAM, IRRIGATION PROJECTS

Istanbul DUNYA in Turkish 25 Jun 81 p 4

[Text] Ankara--Turkish contractors will build the Guldurcek Dam and auxiliary facilities, located in Cankiri Province and designed to control irrigation and flooding. The Office of Dams and Hydroelectric Stations of the State Hydraulic Affairs Directorate General [DSI] offered the contract by the "bid invitation" system. The DSI Office of Projects and Construction also opened bidding for irrigation construction at the Tercan Plain in Erzurum Province.

The general construction in connection with the Guldurcek Dam to be built by Turkish contractors reportedly consists of the major body of the dam, to be 70 m in height and 265 m in length, plus the related facilities. Also among the construction is a derivation tunnel, 322 m long with an interior capacity of 2.5 m, a discharge weir 322 m in length and with an interior capacity of 2.5 m and a 160-meter concrete-clad, lateral intake spillway.

Group "A" of those desiring the contract must present contractor's credentials of at least 750 million liras, a construction materials report, a financial report, a technical personnel report and contract conditions.

Application will be open until 2 July, and those approved for participation will be sent a bid form and asked to submit a bid.

Tercan Plain Irrigation

Meanwhile, the DSI Office of Projects and Construction opened bidding for irrigation of the Tercan Plain in Erzurum.

The contract, having an estimated cost of 660 million liras, will be awarded at the DSI Directorate General in Ankara on 26 June. Individuals or companies desiring the contract must apply for qualification certification by 18 June at the latest.

The Denizli Geothermal Station, the construction and installation of which is being handled by the Turkish Electric Power Enterprise [TEK] has assembly, testing and operation contracts coming up. The TEK has opened bidding on these jobs.

8349
CSO: 4654/71

ARCHBISHOP KHRYSOSTOMOS BLASTED AS 'IRRESPONSIBLE'

Nicosia THE CYPRUS WEEKLY in English 7-13 Aug 81 p 3

[Text]

Archbishop Chrysostomos' latest speech attacking the official line on the Cyprus question being followed by Athens and Nicosia has caused a storm in the Greek Cypriot Press, which sees it as an open clash between church and state.

Communist 'Haravghi' called the speech "irresponsible and provocative"; other newspapers described it as 'dangerous', and suggested that the Archbishop should confine himself to his religious duties and stop meddling in politics.

The Archbishop, speaking during a memorial service for the late President Makarios at Kykko Monastery, attacked the intercommunal talks. He said they were a "mockery" so long as they were conducted in the presence of the Turkish invasion forces.

Appeal

He demanded a "change of tactics in our struggle" and asked Greek Foreign Minister Constantine Mitsotakis, who was present in the church, to tell Athens that it should assume a "more active" role in order to help get the Turkish troops out of the island.

In an emotional and impassioned appeal, he told Mr Mitsotakis that Athens should not be frightened by the distance between Greece and Cyprus, and that it should help with "courageous deeds" in the liberation of the whole of the island.

He bluntly told the Greek Foreign Minister: "We demand that the Greek government place Cyprus as the priority issue in its foreign policy. We demand that Greece stop wondering who is going to drive the Turkish invaders out of Cyprus. Greece should realise that it is her own duty and responsibility to do this, both as a mother country and as a guarantor of the island's independence".

Greece, Turkey and Britain are the joint guarantors of Cyprus' independence under the 1960 treaty establishing the Republic.

The Archbishop started his sermon by complaining of a "complete lack of fighting spirit" and of "indifference and inactivity despite the tragedy of the situation".

He said statement about a "good climate" at the talks and of the coming Turkish proposals were creating "false euphoria", prevented action on the international level, and freed Turkey of any responsibility in the eyes of world opinion.

He called on everyone to realise the "deadly danger" resulting from the continued presence of the Turkish troops in the island, and said people should "wake up and get mobilised" and not become complacent with "valium tranquilisers".

"Otherwise "we or our children will one day be forcibly uprooted from this land of our forefathers and seek a home elsewhere".

Message

Asking that mainland Greeks should not just "look from afar" but help their Cypriot brothers struggling for salvation, the Archbishop turned to Mitsotakis and told him, "this is the message we beg you to take back to Athens".

The ancient church at Kykko Monastery was turned into a "public debating hall", in the words of a newspaper columnist, as President Kyprianou and then Mr Mitsotakis replied to the Archbishop's remarks. The three speeches, together with the whole service, were broadcast live on Cyprus radio.

President Kyprianou defended his government's policies, saying he was following the Makarios line, and asked everybody to contribute to strengthening the internal front through cooperation and a positive, not negative, attitude. He warned that the government would never allow a repetition of the conditions that existed before the 1974 coup. The intercommunal talks offered a correct procedure for an "honourable" settlement, he said.

Mr Kyprianou called on eveybody to follow coming developments in a prudent way "without a tendency either towards demagogy or defeatism".

In his speech, Mr Mitsotakis assured the Archbishop and Greek Cypriots that Greece would continue to offer its "undivided and wholehearted support, without reservations or calculations".

Rebuke

"You can have faith in Greece. We shall never abandon you and we shall never fail to do our duty towards Cypriot Hellenism" he declared, amidst applause.

In what was seen as a slight rebuke for the Archbishop, Mr Mitsotakis pointed out that the handling of the Cyprus problem was decided by democratic means. He also stressed that "unity must not be an empty word", adding: "In order to fill the great gap left by Makarios, there must be true unity both in Cyprus and among Greeks everywhere".

Greek Cypriot newspapers generally interpreted the speeches as amounting to an "open public confrontation" between church and state. Independent 'Agon' took a stand against the Archbishop.

Haravghi said the Archbishop's "unacceptable" speech was an "insult to the patriotic forces fighting on the basis of the Makarios line", and claimed the Archbishop appeared ready to join those "seeking a Cyprus settlement through the intervention of the imperialists."

Opposition daily 'Simerini' said the Archbishop continued to "live in the clouds", apparently not realising that the ethnarchic role of the church was over.

"We respectfully suggest that His Beatitude should confine himself to his religious and spiritual duties", it added.

CSO: 4600/134

'NEW LEFT' FACES REORGANIZATION DIFFICULTIES

Frankfurt FRANKFURTER ALLGEMEINE in German 30 Jul 81 p 8

[Article by Dieter Wenz: "Difficulties of Old "New Left'"]

[Text] The end of the KPD, its self-dissolution in March 1980, also signified the end of a precarious chapter of the former so-called "New Left," the post-APO [extra-parliamentary opposition] Left. After 10 years there is nothing left for those groups in the FRG who were finally hoping to find true socialist salvation in a strict Leninist organization, following the disintegration of student groups that were operating in an individualistic-emancipationist manner. Everything is in ruins, material assets have turned to debts, ideology to disillusionment. Although a few communist groups exist still today, it is rather a sad situation: It is not so much defiant persistence but a lack of intellectual strength to proceed with an orderly self-dissolution.

The end of the KPD, which at its time was announced to the public with a big bang, is actually only a formal indication of the end of a sectarian communist-group orthodoxy in West Germany. It has been more or less "dead" for some time, when considering its overall political effect on the Left in the FRG; with respect to the "working masses," whom it presumptuously claims to represent, it has been dead since its inception: From the time when they were formed, communist groups have never really exerted a great deal of influence on the "proletariat" in West Germany. Does that imply that the demise of the communist groups has no significance, that the incident can simply be filed away? Certainly not. The KPD leaders who lost their troops have been trying for months to "form" new left-wing fragmentary groups (those following Bahro, the "Greens" and the "new social movements"). And they are not the only ones. We can gather this information from current left-wing discussion rounds or pertinent publications.

A statement that can be heard unusually often today is that the KPD collapsed because it came face to face with "very real questions." In essence, this is saying a great deal: First, the West German socialist Left outside the SPD has been hit and affected internally because of the failure of the communist movement and, second, thanks to its organizational differences there has been no noticeable "disintegration" to date, as was the case with the KPD--at least not to the outside.

As a consequence, there is less and less self-righteous talk by the extra-parliamentary left-wing scene, when it comes to lashing out at "communist group sectarianism." Rather, now there is more heretic mention of an "intellectual sickness" that has affected the entire Left.

Did it not miss all opportunities to join in the wooing for the alternatives, which had taken place in an emancipationist manner? Were they not taken by surprise when the "Greens," the antinuclear-power movement, women's groups, the coloreds, the squatters made their appearance in this country, and are they not quite helpless when it comes to the Human Rights Movement in East Europe?

For the first time attempts are under way to take stock, and with it comes the recognition that they have been totally oblivious of the "real conditions" in West Germany and "conditions" in general all over the world, the way things really are. Although on the whole there has been little discussion on the decline of the communist phenomena, in some locations it has become the subject of a somewhat hesitant but comprehensive interpretation. The key phrase is "reorganization process." It will be heard frequently in the near future.

Against the background of these current discussions, former KPD leaders appear more or less like people who have completed a long march through the Leninist wilderness, incredulous at what they see-instead of the promised green plains they are facing new deserts that are frighteningly similar to the old ones. Disillusionment set in quickly. An example is "Sectarian" Ziesemer, who has been enlightened only recently. Until fall 1979 he was a member of the Central Committee of the KPD Youth Association. Not long ago, during a discussion which had been arranged by the Berlin publishing house of Olle & Wolter, he said that he had noticed almost immediately "that...the different factions of the Left...do not display any difference in the way in which they approach certain problems."

Are there no changes on the socialist Left? It appears that their most ardent critics have indeed turned into today's unsuccessful orthodox members. Willi Jasper, cofounder of the KPD, onetime member of the Central Committee and of the KPD Politburo, talks about the "confused state" of that segment of the Left that is "on the outside," which had been the hope for the time following the fall of the KPD, the sudden collapse of the "comintern mentality." But he himself was amazed when he found out that "similar processes are going on." Right now, what is actually taking place on the Left is the following: They still believe that in principle every question can be solved by applying the old approach. In other words, criticism of capitalism, "which is...so traditionalistic and ineffective that (in the end) they will (certainly) be able to agree (again) on abstract socialist goals and ideas."

Karl Schloegel, member of the Central Command of the former Communist Student Federation, remarked that he was surprised that "in part" the extra-parliamentary Left was "dealing with problems in a manner that was based on reflexes, which (formerly)" had "already" been "labeled obsolete within the KPD." Current intellectual exchanges take place on a level "that employs competing 'Marxist interpretations.' The discussion does not zero in on the suitability of a theory to be applied to the topic, but it is merely an ideological exchange..as if nothing had happened during the last 10 years: wild gestues with ideological slogans." After all, nothing can be accomplished any more by borrowing from the traditional and with surrogates," Schloegel declared.

Ziesemer gets down to specifics and says that he sees no other choice: It is "no longer enough to stick to the old categories," unless one is willing to abandon that society which one criticizes constantly, vowing that it must be changed. The "reality of the FRG": Jasper is sounding a warning. In his opinion it is now no longer only

"a problem of the so-called Marxism-Leninism" "but of Marxism in all its philosophical, political and organizational variations," and this reality can no longer be explained by using "theoretical props." In Schloegel's opinion the Left must now learn to relate its thinking to specific issues and not stop at "axioms" and Marxist "classic authorities."

Anyway, how can this society--in its present shape--"be abolished," Ziesemer asks. "What aspects do we reject, what aspects do we--the Left--want to preserve?" According to Ziesemer, the recent discussion about the self-dissolution of the KPD yielded some "hereditary factors" that may be useful for the socialist Left, above all, "the complete review of East European experiences, the understanding of the significance... of the negative example of real socialism."

Nevertheless, the fallen former leaders of the "New Left" are not inclined to present an optimistic outlook. Schloegel talks about an "intellectual impoverishment" on the Left and he fears the continuation of the "refusal to question oneself and one's own thinking." In Jasper's opinion, "the questions that led to the dissolution of the KPD are questions that affect the entire Left," and in his view the only chance lies in a new beginning: "If the Left lost the truth, it should no longer pretend." Its situation is "much worse than many want to admit."

Anyway, what can be done? Ulf Wolter, publisher of more sophisticated left-wing publications knows what to do: "If we accept the fact that we (in the FRG) have reached a stage when a (pure) socialist practice is no longer the main issue...a clear left perspective becomes apparent, which is reformism." And as things stand, "in the FRG" reformism represents the "general perception. Ignoring this reality" inevitably leads to "failure."

8991
CSO: 3103/391

LE PORS: DECISIONS, SALARIES, UNIONS, DECENTRALIZATION

Pluralism, Government Salaries, Decentralization

Paris L'HUMANITE in French 27 Jul 81 p 3

[Interview with Anicet Le Pors, communist minister of civil service and administrative reform, by Jean-Luc Mano]

> [Text] One month after the communist ministers assumed their responsibilities, we interviewed one of them, Anicet Le Pors, the minister of civil service and administrative reform. For more than an hour we discussed with him his plans, his methods, and his ambitions for his ministry. The thread of the conversation sometimes carried us somewhat far afield from our original areas of concern. But his interview does shed more light on the activity of the second communist minister of civil service since the Liberation, at which time Maurice Thorez held the office.

[Question] The first thing I want to ask you is how you went about picking your staff.

[Answer] I set up my office along the lines suggested by my previous experience. I worked for 26 years in the civil service. During all of that time I was a trade union militant. The first name that came to mind was Rene Bidouze, for he was secretary general of the General Union of Public Employees (CGT), in other words he held a top-ranking position in the civil service union movement. As I was familiar with his professional caliber, his dedication, and his scrupulousness, he was the first person I thought of asking. Besides him, I called on people I knew well and whose qualities and competence I valued.

[Question] Another aspect is striking. On your staff there are several noncommunists. I want to ask you straight away if there is not some demagoguery in such an action.

[Answer] There is no demagoguery. I simply wanted to show my commitment to pluralism and, I will also say, somewhat to set an example.

I called on several noncommunists, such as Michel Mousel, whom I knew in 1968 at the ministry of finance. We lived through the events of May and June together, but it must be admitted in a somewhat antagonistic way. But he is someone I esteem and whose exceptional qualities I appreciate.

Indispensable Pluralism*

None of all this has anything to do with gimmickry. I think one must have a certain humility. No one person has a monopoly on interesting ideas and correct positions. Here, we have two staff meetings per week and we are working in a very collective spirit.

While I may in the last resort make the decisions, I have verified by experience that this practice of pluralism is indispensable. People with other than communist sensibilities make proposals and give out opinions, which are sometimes accepted and sometimes rejected. Similarly, we communists also express opinions which are also debated. All that is very stimulating.

Those who have a point of view different from my own help me a great deal by giving me their advice and by encouraging us to reconsider ideas we had looked on as definitive truths. Indeed, our own ideas are thrown into question by that way of life and invigorated by the collision with others. It is a factor that promotes efficiency. Certainly, each minister is the sole judge of what is good or bad for him. But on the basis of my experience, I personally consider it stimulating and beneficial for all leftist viewpoints to be represented in the ministerial offices of this coalition government. That there should be, for example, socialists in the offices of communist ministers and communists in the offices of socialist ministers. Diversity is an asset, if it remains coherent.

[Question] You speak of throwing into question. Does that mean that your ideas, your conceptions forged in the opposition are being modified or enriched by the exercise of power?

[Answer] That is a very important question. For me the answer is unequivocally: yes. Moreover, one must not limit that just to members of the cabinet. Other discussions take place with the bureaucracy, which has its customs, its ways of viewing things, often impregnated with the experience of decades. These acquired actions are often useful, they take account of certain realities of social life.

There is another interesting aspect, which is interministerial work. Let us take the example of the communication I made at the last meeting of the council of ministers. There were hours and hours of discussions with the representatives of a dozen ministries who argued with us, often sharply. On 15 July, I had sent a report to the prime minister. My paper was picked to pieces, but in the positive sense of the expression. It was enriched, corrected, and today the product is considerably improved.

So in coming to the ministry I have had a personal enrichment, an enrichment of ideas, and I also think an enrichment which can be of value to all the forces of the left.

[Question] That's all very good, but in the aggregate does all this not represent constraints? To speak plainly, are you able to act, or are you not, as some have contended, a hostage in the government?

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*Sub-heads added by the editors.

[Answer] Of course, this could be taken as a constraint. But primarily it is a question of disciplined collective work, of coping with the contradictions that exist in the most reasonable way possible, in other words of coming to a positive resolution of these contradictions and conflicts of ideas.

As for the other, it would be wrong to think of us, and in any case wrong to think of me as anybody's hostage. Naturally, there is room for debate on that question. But the communist ministers are full-fledged ministers. There is no problem in that regard. I think that all the communist ministers would say this: we are perfectly at ease. At the present stage, there are no problems of direction, notwithstanding conflicting ideas, adjustments, refinements, in short, the daily work of government. As far as I myself am concerned, I tell you again: I am perfectly at ease in the government.

Full-Scale Negotiations

[Question] Let us move on to your method of administration. And first of all your concept of dialogue. Have your meetings with the unions been fruitful?

[Answer] That would be for the unions to judge. I do not want to prejudge what they got from them. I have received the seven employee federations three times in three weeks. I did not sense any misgivings on their part--quite to the contrary--in dealing with a communist minister.

Everyone is in agreement, going beyond the differing positions, in considering that the facts should be decisive.

[Question] You speak of facts. Let us continue along this line. The employee unions were hardly satisfied by the wage measures taken by the first Mauroy government. Can you reassure them today?

[Answer] I want to have a relationship with the unions wherein each assumes his own responsibilities. Under the previous administration, the ministers did not take theirs. They created structures to /"talk"/ about the problems, a species of safety value for their demands. Inevitably that had an impact on the comportment of both sides.

As for myself, I intend to fully respect the autonomy of the union organizations. But I expect them to assume their own responsibilities in a positive fashion in the administration of affairs, in order to enhance even further than in the past their capability to propose a plan. We must distinguish between proposals and demands.

[Question] Let us return to wage problems.

[Answer] At the present stage, and while the budget is still under preparation, I can only repeat what I said at the last meeting of the council of ministers. The ministers under the former administration confined themselves basically to wage problems, and their meetings with the unions to negotiations of a very limited scope. I however intend to give full scope to negotiations, that is, to have them cover all of the major issues in the civil service.

On remuneration, I will act so as to maintain the mean purchasing power of employees, with significant improvement for the lowest-paid categories. We will proceed to increase as part of a restructuring of pay in the civil service. In accordance with the desires of the unions, we are going to attack the problem of the salary scale.

[Question] When will the decisions be taken?

[Answer] A commission (the Lasry commission) is working. It was to submit its report this fall. I have asked to have it by 15 August. Naturally this restructuring will take time. But I will discharge all my responsibilities and set forth the general guiding concepts in September.

Rejuvenating the Civil Service

[Question] Let us move to another subject. You said on taking up your duties that your ministry would play an active role in decentralization. What does that mean?

[Answer] It is inevitable that the decentralization of power, which is a democratic initiative, will run into the consequences of the past administration. The latter was marked by the burgeoning of state centralism, of bureaucracy,and by incessant attacks on the rights of employees and those affected by the bureaucracy.

I want to combat all these consequences and play an active role in the establishment of a new distribution of powers and of new modes of democratic expression both for employees and for those affected by the bureaucracy.

The changes in structure and jurisdiction entailed by the proposed decentralization have inevitable consequences on the way agents of the state exercise their functions. I personally am determined to embark on a vast program to rejuvenate the civil service, which cannot remain in the same state it was in in 1946, modified only in a limited (and negative) way in 1959. All provisions regarding the general status of the employees must be preserved and adapted to the new context, while respecting the principle of the uniqueness of the national civil service and also the democratic gains which the employees have obtained by their struggles. We must, finally, have a real local public service.

[Question] This will be my final question. At the time of the Liberation, the communist ministers put their names on great achievements. Setting your modesty aside, is it your ambition to make comparable achievements and, above all, do you think you have the resources to do it?

[Answer] I think above all that we have no choice. The communist ministers cannot be mediocre ministers. They are carrying an enormous political responsibility, especially since our communist predecessors made such important contributions. I am obliged to set my standards very high. I am not starting from scratch, but I do want to undertake the gigantic task of renovating the civil service and improving the material position and morale of state personnel in a step which, even in the civil service, should have the collective-management characteristic which is the essence of democratic progress.

Policies Toward Government Employees

Paris REVOLUTION in French 31 Jul-3 Aug 81 pp 8-9

[Press conference of Anicet Le Pors, communist minister of civil service and administrative reform; passages enclosed in slantlines printed in italics]

> [Text] The decentralization reform is at the center stage of events. We asked Anicet Le Pors, the civil service minister, for his opinion on the future status of government personnel.
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> As the minister responsible to the prime minister for the civil service and administrative reform, Le Pors presented to the council of ministers a communication concerning the immediate measures and directions of government in this field. During a press conference, he outlined his priorities for the summer.

[Question] You were a government employee for 26 years, then an elected senator, and now you have become a minister. So you have considerable experience in government service. How do you see your relations with the bureaucracy?

[Answer] The French bourgeoisie has always tried to reduce the status of the government employee to that of a /subject/ by denying him the rights of full /citizenship./

One of them said early in the 19th Century: /"The special position of government employees could and in fact should, in certain circumstances, forbid them from doing things which others are permitted to do."/ The author was Theophile Berlier, a count in the First Empire.

A century and a half later, another of its [the bourgeosie's] spokesmen gave this solemn assurance: /"The government employee is a man of silence. He works, he serves, he keeps quiet..."/ Everyone will have recognized in this forceful definition extracted from the book "Death of the Republican State" an especially eminent representative of the former majority, Mr Michel Debre.

Well, no! For me the new civil servant citizen has nothing to do with this humiliating position: he or she is a man or woman of conscience, competence, and a sense of responsibility, who today is called upon to devote all of his or her faculties to the service of the national interest, to the service of the democratic change our people have chosen. Therefore, I intend to discuss things with them, with their union organizations, for I consider them first of all to be responsible citizens. That means to grant them corresponding status. The /new citizenship/ which the government is offering to the French people cannot in fact exclude the civil servants.

I have, moreover, met with the seven organizations representing government employees three times in the course of the first three weeks that followed my nomination.

In the fall I will not impose on them the obligation of signing more or less formal /accords./ I respect their freedom of choice too much, their mission of defending the interests of the workers they represent. If there is an accord, so much the better; if not, everyone at his own level will carry out his duties. We have so many questions to discuss that it would not be surprising that on some particular points with

particular organizations there are unresolved disputes: we are in fact going to examine the question of remuneration (and the restructuring of the wage scale), job creation (which is linked to problems of reducing the work week and hours of operation in the various public services), the new rights of government employees (social, economic, and political rights), and the administrative reform which also involves the decentralization projects.

[Question] But are you yourself, the minister of civil service, concerned with a reform which eventually will affect the local communities: the regional, departmental, and local levels?

[Answer] It is quite obvious that it is appropriate for the minister of the civil service to play the primary role in terms of changing the statutory provisions related to the government's plans. This is also the view of the prime minister. The implementation of this reform can certainly not go far without the broadest possible negotiation with the labor organizations representing the public employees. In fact, to imagine that it could be otherwise would be directly in contradiction with the spirit presiding over this reform. This is why the government lays such stress on its commitment to provide this negotiation. This will be done both in the framework of regular bodies such as the High Council of the Civil Service, whose functions I intend to restore, and in the framework of structures to be created for the reform. No one will be moved before this is done. It is obvious that the reform will not be against the interests of the employees. To do it without their participation would simply empty it of meaning. So it will be done with them.

The rejuvenation of the national civil service must therefore have as a reference the general statute on government employees, which the time has now come to improve. It is going in tandem with a decentralizing initiative which will broaden the rights, protections, and freedoms of all, and the establishment of a statute modelled on the national civil service act, for the local communities.

I would like to conclude by underlining two aspects. In place of the former administration's methods--transmitting government orders rejecting or dismissing cases--in place of this /negative administration/ we will substitute study missions, advisory missions, and other constructive proposals. Second aspect: the bureaucracy is going to find itself placed much more directly than before under the oversight of the duly elected representatives of the people. This is an act of basic confidence in the democracy in which we are invited to participate, since it amounts ultimately to realizing that in many domains the relationship between the sovereign people and its administrative branch no longer has need of an executive power that is centralized to the greatest possible extent. Certainly, there can be no question of reducing the effectiveness of the civil service, or at the community level of permitting an increase in the ever-present risk of this distortion of public activity which is bureaucracy.

In reality, it is a question of a new concept of relations between the administrative branch and the elected officials, the representatives of social forces and in general the concomitants of decentralization.

But I do not want to set anything in concrete today, for, on the one hand debate is beginning soon in the National Assembly, and on the other hand I must meet with the trade union organizations once again when the legislature comes back into session, to discuss it with them.

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PRODUCTIVE CLASSES REACT TO PASOK PROGRAM

Athens I KATHIMERINI in Greek 26 Jun 81 pp 1, 3

[Article by Th. P. Kassimi]

[Text] The statements by A. Papandreou which outline PASOK's program of government have given rise to strong reactions as well as pronounced uneasiness, especially among tradesmen and craftsmen with small to intermediate businesses, but in the commercial community more generally also. The prominence given to the taking of "policing" measures in connection with commerce has caused a particular sensation, at a time when tens of thousands of businessmen are up in arms. Their demand is that the policy of decontrolling the merket must be continued, their argument being that the ongoing price freeze has led the small and medium-sized businesses into an impasse. The threat of a "socialization" of broad sectors of business activity, without either the nature or the extent of this measure being clarified on the part of PASOK, has led to similar reactions.

Characteristic of the reaction by tradesmen and craftsmen with small and medium-sized businesses to the platform statements of A. Papandreou is the reference by the branches concerned to the fact that despite the mobilization of PASOK's party machinery to try to produce positive reactions from representatives of union organizations, this has had no results. The only statement approving of the "policing" measures proclaimed by A. Papandreou was that of the New Movement of Merchants. This is a small group which has tried repeatedly, without success, to get elected to the administration of the Commercial Chamber.

The General Confederation of Tradesmen and Craftsmen of Greece avoided taking any position, despite the soundings on this question which were made in its administration, while the members of many associations and federations have asked their administrative bodies to convene special assemblies in order to take decisions to deal with the dangers which are looming for the small and medium-sized businesses arising from the platform statements by the PASOK chairman.

Grocers throughout the country are showing more energetic activity; they have been bothered by the announcement that "there will be a price freeze on basic products of common consumption."

The Price Freeze

A characteristic view is that of a member of the administration of the Panhellenic Federation of Grocers, namely that "the freezing of prices leads to a lowering

of the quality of products, favors the black market, decreases the supply of products, and in the last analysis functions to the detriment of the consumer himself and the small retailer. With respect to those items whose prices have been decontrolled but with the profit margins being regulated at all times, the supply has increased and prices have been held down because of competition. On the other hand, wherever the freeze or price-fixings have continued, there the supplementary charge becomes operative and provisioning to retailers becomes concentrated in the hands of a few suppliers. In case of a new price freeze, the small grocers--even those who are members of cooperatives--will disappear and only the large food-marketing chains will be able to survive."

At the same time, the restaurateurs, pastry cooks, and coffee-house keepers have stated already that they will begin refusing to sell certain products, and at a later stage will close up their shops for good, if the prices of all those products which remain "frozen" are not decontrolled. The relevant statements by A. Papandreou on a new, more general freezing of prices has worried the above businessmen above all, since they are facing the threat of a definite destruction of their businesses. The only ones with chances of survival would be those who agree to lower the quality and decrease the quantity of products offered--to the detriment, of course, of the consumers.

The Craftsmen

For their part, the representatives of the craftsmen argue that with a new freeze on prices they will be ruined, because they will not be able to stand up against the unfair competition of the large and financially powerful businesses. These have the capacity to either effect large purchases of raw materials at lower prices or decrease their production, which is based on automation and not on manpower, as is the case with the cottage industries, or even to suffer a loss for a certain period of time--something which the small cottage industry or business cannot tolerate.

The "Socialization" of Trade

Another point in the "platform" statements by the PASOK chairman which has worried merchants is his intention to turn over to State agencies the "major (?) importing and exporting business."

The question which is dominant in the market is: What does A. Papandreou mean by the term "major" importing and exporting business? Thus, the butchers argue that if meat is included in this, such an action will result in a return to the old "disgraceful" status quo of the leveling of quality and the imposition of a "supplementary charge" in the course of its handling. Nowadays above all--when the professional butchers' organizations have begun to explore, with State support, the European meat markets and are preparing already to engage in collective importing, while already the number of meat importers and merchants has expanded significantly through the implementation of this new system--any taking over of this activity by a State agency will have negative consequences both on the butchers and on the consumers.

An analogous position is maintained also by grocers in cooperatives, as the question relates to foodstuffs. In particular, the members of the Panhellenic

Union of Grocery Companies, Cooperatives, and Associations of Greece have called repeatedly for the implementation of the relevant decision of the government on financing grocers in cooperatives for the purpose of the collective importing of foodstuffs and the securing of low prices for the consumer. Any take-over of such an activity by the State will have as its end results the creation in the market of oligopolistic situations--which will have a few controlling the market--the burdening of the consumers, the operating of a black market, and the ruining of the small grocers themselves.

Relevant to this is also the reaction of the exporters and members of cooperatives engaged in exports of fresh or processed agricultural products on a large scale.

Specifically, it is stressed that the "major" exporting trade has to do chiefly with fresh and processed agricultural products, a field in which both certain cooperatives and also a large number of private parties are successfully active.

Any take-over of this activity by a State agency will give rise to tremendous dangers, especially as to exports of fresh agricultural products, which exhibit unique conditions as concerns the fixing of their prices on foreign markets. Given the present situation and given the satisfactory level of information which is transmitted daily in connection with deliberations on and the channeling of products to foreign markets, in recent years the marketing of this produce at adequately high prices has been a success, through the cooperation of the State on the one hand and cooperatives and exporters on the other, and this has had a positive effect on farmers' incomes. On the other hand, the creation of a State agency to take over this activity will result in reduced markets and the obtaining of lower prices, to the detriment not only of the growers but also of the economy more generally.

The Pharmaceutical Industry

Finally, a more general uneasiness has arisen from the use of the term "socialization" of businesses, the objective supposedly being to camouflage preparations for a nationalization of the major importing and exporting trade, the insurance companies, which employ thousands of professionals, and the drug industry, which not only employs a large number of salaried and wage-earning personnel but also has had to its credit in recent years a large exporting activity to countries of the Middle East and the Arab world more generally.

More specifically, the nationalization of the pharmaceutical industries has worried especially a large number of the ill who fear that the result of this will be a reduction in the various types of drugs which are produced. In their opinion, these drugs cannot be replaced by others, both for substantive and for psychological reasons.

12114
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ANALYSIS OF REASONS FOR PCI ELECTION LOSSES IN BARI

Rome RINASCITA in Italian, 3, 10 Jul 81

[Article by Federico Rampini: "The Problems of a Divided Party"

[3 Jul 81, pp 9-10]

[Text] Conflicts going back to the 1970's surface between intellectuals and the old guard. Historical merits, misunderstanding, decline of the cadres that orginated in the laboring class. Renewal of the party requires drastic choices, even concerning the moral question and they cannot be painless. The division between the "orphans" of the broad understandings and the authors of a sectarian opposition has its origin in a lack of understanding of what the city of Bari has become today. The failure of the southern translation of the alternative line failed not only here but throughout Puglia. How can the party heal so deep a crisis?

Bari, July. To emphasize the undoubted abilities of the Bari socialists, to exaggerate the scope of changes that took place in the economic and social fabric of this city could lead to giving secondary importance to the principal cause of the communist collapse in the 21 June elections which is the state of the Puglia and Bari PCI. And to understand how the party arrived at the present situation it is necessary to review the history of the PCI in this region over the past 10 to 20 years under broad headings.

In the years 1950 to 1960, the presence of the PCI was based upon a rank and file of construction workers and laborers: a sort of "encampment" in a city that already at that time had a tertiary vocation--a bridge for trade with the east, the location of an important university. At that time an objectively "parisitic" component was growing within the PCI. An example was the VIP's [notabili] linked to the Chamber of Labor. By virtue of a monopoly of the labor court cases, and legal aid to pensioners and laborers, they developed a very substantial business turnover.

But in the 1960's a great cultural ferment began in the city within the university, within Catholic culture, around the publishing house of Laterza. In part, this was mediated by Moro, in part it attracted leftist groups, around a group of intellectuals such as Franco De Felice, Giuseppe Vacca, Leone De Castris, Mario Santostasi, and Biagio de Giovanni. The two largest operations promoted by this group at the

end of the 1960's were the creation of the university section and the development of the De Donato publishing house. At the same time many of these intellectuals became party officials. And the "old" party at first had the ability and the merit to absorb these new forces. To cite an example: It was the "old" Tommaso Sicolo, then regional secretary, who in 1969 proposed the admission of Giuseppe Vacca to the Central Committee. In those years the university section organized 400 cadres and it was the channel for admission of intellectuals from the Catholic world, from extraparliamentary groups, even from Pepublican [Party] youth to the PCI. On the divorce referendum, the entire university (Moro's university!) voted "no." Then came the elections of 1975 and 1976 and the great leap forward by the PCI.

What happened from then to now? According to Massimo D'Alema, of the regional secretariat: "Everything that happens today was spawned by the conflicts of that time between the intellectual component and the old leaders. At that time multiplicity enriched the party, now, it has killed it since it did not lead to a synthesis." According to Peppino Cotturri, University of Bari professor, a reverse selection of cadres was produced: Since the screening was left in the hands of the leaders with a labor background, they always selected the "very loyal" or the "inoffensive." Thus they paralyzed that alliance, which could have been possible, between the old nuclei of the communist electorate and the new social groups of intellectuals, professionals, white collar workers. A close relationship exists between the academic intellectuals and the white collar workers and the businessmen: The University of Bari is a great center for the local bourgeoisie, in addition to being (through its ability to invest) one of the motivating forces of urban growth. The serious consequences of the rupture in relationship between the PCI and the intellectuals also is testified to by Prof Aldo Romano, socialist, president of the CSATA, modern computer and research center, spearhead of a trained Bari tertiary group. Romano says, "Between 1960 and 1975 a new intellectuality had grown up within the PCI capable of engaging in dialogue with the scientific world to the point of hegemonizing it, capable of understanding the progressive value of productive and administrative efficiency. But these intellectuals did not become leaders. Many very highly trained and able communist researchers work with me at CSATA but they have almost no contact with the PCI."

On the other hand, the loss of credibility of the Bari PCI is also due--as already has been observed by all commentators--to the approach to the policy of "broad understandings," of its vertical and at the same time secondary application, which led the PCI to in fact become compromised with the Christian democratic power system.

The last explosion of injuries within the PCI took place after the assassination of Comrade Benedetto Petrone. How that assassination was interpreted became a litmus test of the image the communists had of Bari. According to Enrico Piccone, ex-group leader in city hall (leader of the soft opposition which risks becoming a scapegoat thus offering an alibi to avoid deeper study), that assassination was the fruit of the reaction of the most backward speculative forces tied to the DC right and hostile to any involvement with the PCI and government of the city. This was the source of the need to "rob" from the DC the alliances with the healthiest productive groups, to involve them in a prospect of program development of the city. According to Piccone, the "other component" of the PCI saw the assassination of Petrone as a reason to demonize the entire Bari bourgeoisie and the entire DC and

to base upon it a strategy of alliances with the outcasts, the youth, the precarious unemployed intellectuals, for the purpose of "laying siege" to the city, to "eliminate from it" all productive forces.

But this counteropposition indicates the weakening and degradation of the party's internal dialectic: The positions that clash are those of the hard and sectarian opposition and of the orphans of the broad understandings. As a consequence, the PCI has never proposed the alternative in a city in which the alternative was on the march, and in the end it was born out of the slogan "socialist mayor." And in truth, according to Angiuli, secretary of the Bari Federation: "The party of the sections from the beginning was against broad understandings, and as a consequence, at that time, the divisions between the rank and file, those elected and the party leaders were constant. The harsh and superficial way in which the shift of the alternative was presented contributed to diminishing credibility also because our concrete policy was marked by a note of submerged continuism."

Vittorio Tanzarella, ex-Christian democratic councillor, one of the "founding members" of the Moro center-left at Bari, therefore a Catholic who voted no in the divorce referendum of 1974, and elected on the PCI ballot of 1976, also was pitiless in his analysis. He was the only independent reelected this year (not to speak of the businessmen elected on the PCI ballot with a personalized campaign that cost hundreds of millions of lire...), thanks to his extraordinary commitment to the theme of juvenile delinquency. His comment was, "Here at Bari the party is profoundly divided at election time, but only in some cases divided concerning the name of the old group leader, who in reality loyally represented the old leadership group, its political line, a mentality that opposed any change." This is one of the first answers to questions about the communist electoral collapse. While the party was not able to make the slogan on the alternative locally credible, the PSI [Italian Socialist Party] and the PSDI [Italian Social Democratic Party] of Di Giesi were able at least to achieve credibility among Bari voters for a change of political groups.

The events of the preceding years therefore explain the bewildering progress of the Bari election campaign. When Provincial Secretary Angiuli understood that change was inevitable, and he removed Piccone from the head of the election list, he unleashed a fight against himself. The election campaign was transformed into so many opposing campaigns. This is habitual as far as other parties are concerned. Fortunately, it is not so for the PCI which appropriately is judged on the basis of different parameters. The results (in addition to the sharp change in size of the PCI): Of the ten councillors elected, four had not been selected by the federation, and the citizen secretary who was supposed to have been elected finished fortieth in order of preference. There are also those who maintain that the replacement of Piccone (a comrade with unquestioned administrative ability and with broad ties with the Bari manufacturing world) led the PCI to present a ballot with hands that were "cleaner" but empty...but above all, even bitterest adversaries of the old group leader insist on two points: First, that some among those who "fed" Piccone to the press as a scapegoat, sat beside him on the City Council and were participants in the political line followed there; secondly, that that line came from Rome, and Piccone did nothing but apply it diligently.

How can the Puglia and Bari PCI be rescued from so profound a crisis? According to Franco Cassano, University of Bari professor, that undertaking will be impossible "so long as it believed that the failure of the Puglia PCI to renew itself was due to the domination of leaders with a laboring background. It is necessary to pitilessly analyze the reclassification of the social picture of the laborers themselves in a system where control of the flow of public assistance is predominant. This would lead to a reclassification of the present leaders with a labor origin (whose glorious and richly instructive past no one wants to diminish) to a subalternate and corporative administration of the old basis of consensus, to a tangle of interests with Christian democratic power. For some of the present party leaders, the old Bolshevik language, scorn for the intellectuals (symbolic is the "failure" of the project for a Puglia Gramsci Institute) is used as a blind and an alibi to protect power positions and to cover over a profound process of corruption, including moral corruption."

Cotturri agrees with this: "Certainly, among the old leadership group and the innovators, there was a political clash concerning the interpretation of the national line: an understanding with the Catholic world as a mass movement, or an understanding with the DC at the summit. But even this reading of national policy by the old leaders was an instrument for defense of group interests, not the expression of the laboring class!"

On the other hand many are pessimistic about the possibilities of a reconstruction "from the rank and file" of the Puglia party. Cassano says, "The fact that it was possible to suspect that the PCI of Bari had 'sold out' the trial for Benedetto Petrone tells the true story about the distruct the sections feel toward the leaders. But unfortunately, the charge of 'change that the sections express is reduced merely to a desperate and angry lack of confidence in the leaders." In fact, as far as Tanzarella is concerned--toward whom the esteem of all the comrades flows--renewal must take place through three operations: "First to have the strength, from Rome, to fire those who in one way or another were involved in moral questions; second, to find replacements who would not be the pale figures who grew up in the shadows of the old leaders; third, to achieve a new understanding of the southern reality, therefore a new southern line: But in order to do this it is necessary to recover those intellectual forces who in one way or another were pushed aside by the Bari and Puglia party.

[10 Jul 81, pp 7, 8]

> [Text] Old and New Forms of a System of Power The surprising speed with which the PSI undermined the DC. Socialist leaders say the business class "wants to change its relationship with the state, which so far has been summed up in the binomial fund for the South plus welfare," a "more efficient" patronage through financial instruments. The south is no longer all welfare and depression.

Bari, July. I began this investigation with an aspect of the Bari debate concerning the party's role in the election results. I did it for various reasons. First of all, because it is the aspect that--even though tied to polemics on isolated

episodes of failure to keep away from affairs that have seen other parties profoundly involved--wound up by initially dominating and almost becoming an obstacle to a more serene examination of other components of the vote and also a more serene historical reconstruction (why the success of 1976?). Not to have spoken of it immediately would have given the impression that one wanted to "change the subject:" subjects that were just surfacing, tertiary considerations, etc. Not that these are lacking. Just as there is a Bari DC and PSI with their own peculiarities that should be studied. But to be different from the others, and the PCI is different from the others, means giving precedence to analyses to what affects us. Which, after all, is what all the Bari comrades are doing, even though with a striking vivacity and the dramatic content.

As has been observed, our party has two souls throughout the south: an ancient one anchored in traditions and to the great struggles (and the name of every city in Puglia evokes these glorious battles); and one that searches for a link with the new reality of development, at times paying a price to the new ideologisms. This is particularly true at Bari. But at the same time an important potential exists for a revival, for a real unity which could take place even on the basis of a more balanced judgment by both sides, of the period of the broad understandings.

I was told that my article contributed to dramatizing the debate. If that is so, I am sorry also because my intention was completely different. Perhaps wrongly, I had received the impression that certain things were to be shouted rather than to be said, affirmed rather than stated as questions, out of concern that things too often repeated over past months might have escaped attention. To have given space and importance in RINASCITA to this aspect of the debate seemed to me to facilitate the passage to an analysis of other aspects: The processes that over the past 5 years have changed the economic, social and political face of Bari.

The changes in the Bari economy, to tell the truth, should not be exaggerated. This city is and always has been tertiary. If anything, from 1976 to date there has been a completion of processes initiated earlier, or there have been changes of quality in sectors already present.

According to the Censis regarding Puglia publidhed by the Mnnistry of Labor in the "Report on Labor in 1980," taking the year 1970 as a base (index 100), the employed by sector in 1978 dropped to 97.4 in agriculture, rose to 111 in the energy sector, to 116 in industry, stagnated at 102 in construction (at one time a very active sector), rose to 116 in sales services and to 137 in non-sales services (public administration, obviously, is predominant in this). The labor market sees a system of professional training that swallows immense resources but produces little or nothing, high youth unemployment, above all intellectual, partially engaged in precarious and marginal labor. From 1979 to 1980, the rate of activity in Puglia (that is, the percentage of the labor force employed) rose by over 2 percent and the rate of unemployment dropped by 8.2 percent, showing that the labor market is anything but stagnant. But at the same time, the percentage of the labor force willing to work (which therefore enters the market for the first time) rose by 12 percent: There is therefore an unsatisfied labor demand that couses strong pressures on the Puglia economic system.

At Bari, while there seems to have been a failure of the hope for development tied to "emerging" industry, the role of a large traffic center was promoted, thanks also to the impetuous submerged development that affected some areas of the province: the Andria-Trani-Barletta axis and the Putignano-Alberobello axis. The Barletta-Trani area especially has become a real productive force of tertiary Bari.

ISFOL conducted research precisely on this area (see OSSERVATORIO SUL MERCATO DEL LAVORO, No 4, 1980). The results are indicative of changes not only in the economic situation but also in social stratification. The strong process of industrial decentralization begun in this area in the 1970's has led to a widespread change from dependent workers to small entrepreneurs. And this decentralization has clearly local, independent, roots that are not dependent on the north, to the point where they are independently present on foreign markets (for example in Libya) where direct contact with buyers are established.

Bari, therefore, has been energized by this placement of the organizational, financial and business brains of its province and of all of Puglia. But in order to explain the development of this city, according to Franco Botta, professor of labor economics and member of the Puglia Regional Planning Committee, the most important fact "is the progressive transfer of state authority to the region, therefore the power that Bari has to create service structures; this has given space to the new advanced tertiary: marketing, research. Botta adds that another important aspect is that of deficit residues that the regional administration deposits in banks: This has led to an impressive concentration of member banks and windows at Bari compared with the rest of the region, and to a bank competition to capture portions of the region's deposits; and it should be kept in mind that in the Puglia region budget, the share of deposits compared with employment is far higher than in the other regions."

Therefore, according to Franco Cassano, "The essential element to explain the vote is to be found in the processes of transformation and a new kind of tertiary activity tied to public aid. These processes create difficulties for the old worker-laborer leadership, and push aside social and ideological individuals who at one time occupied center stage." To illustrate the Bari business "explosion," Enrico Piccone cites a study he developed on traffic flow into and out of the city: "Some 50,000 automobiles enter Bari every day. If each carries two passengers, that totals 100,000 persons. Railways carry an equal number. We have calculated that this creates a volume of expenditure of 1 trillion lire per year, which gives rise to the growth of business, transportation, banks. Then there are the universities (which have spent 100 billion lire in recent years), the Chamber of Commerce, the Levant Fair. A non-reactionary power block was created around these centers. It consists of businessmen, bureaucrats, working class groups, persons who make a living from illegal activities in small underground, but modern, businesses." According to Franco Passero, president of the savings institution, and one of the PSI's key men, "These groups want to change their relationship with the state which until now was summed up in the binominal Fund for the South plus welfare. The Bari entrepreneurs are fed up: They want only the same conditions that the Milan entrepreneur has, and they will go it alone from there. The other parties have not understood this."

Now it is in all of this that the PSI has inserted itself in an unbiased fashion through the control of many channels for the flow of financial means. It is surprising how rapidly the PSI succeeded in divesting the Bari DC of a hegemony that had endured for 20 years. Unquestionably they played upon the Christian democratic ineptitude in governing the city and its profound corruption. It is sufficient to cite a case that is symbolic even though it is marginal: That of a Christian democrat who, after having established a building cooperative by attracting many partners, escaped abroad with the funds (there is talk of 10 billion lire). Regarding ineptitude, PSI Secretary De Lucia reports that "what at one time was the principal activity, building, has been paralyzed both by too-rigid development planning and by the self-serving inactivity of the communal administration which did nothing to develop new construction areas, rewarding the owners of real estate and possible construction sites who saw the value of their holdings increased by ten times in a few years. Under Mayor Farace, of the 7,000 applications made by construction cooperatives, only 300 could be acted on, with disastrous consequences on the housing crisis which here has some dramatic twists." It could be surprising that reports of this kind come from a party which has already fully administered the Bari power system together with the DC, but it is also proof of how the PSI is moving. Another aspect of the DC inability to govern is witnessed by Vittorio Tanzarella: the scandalous escape of the council from the problem of juvenile deliquency and deviation: such as San Paolo are desolate agglomerates of popular housing, without social centers, meeting places, cultural halls, sports fields; they are schools of delinquency abandoned in the suburbs. The communists have constantly urged the council to act on this plague which has assumed fearful proportions. A conference was even organized on this subject which aroused unexpected interest. But the council did nothing.

More in general, as has already been observed, the decline of the DC comes from the fact that Bari has always been a "toxically dependent" city in relation to Rome. With the center-left Moro had promoted large flows of resources to Bari and to Puglia (at Taranto and Brindisi through the State Participations Agency). Following Moro's death, Lattanzio repalced him in this role, however accentuating the elements of patronage and corruption while the PSI accentuated its control of the channels for the flow of money (Fund for the South, banks). Lattanzio's decline dragged the Bari DC along with it. A significant episode of this process 2 months ago was the ouster of the "great" Matarrese (member of an industrial dynasty closely tied to the DC) from the presidency of the Industrialists Union. Even though the amount of business he did was collossal, he was a personage who had pushed his greed to the point of systematically "inflating" contracts even for the smallest undertakings.

There are those who warn that the Bari DC should not "be buried too soon." One is Dell'Andro, leader of the "purest" Moro followers (whose members, despite the bitter loss of DC votes, achieved a notable success in elections. Dell'Andro says, "This demonstrates that a Moro spirit persists in the DC, rooted above all in the universities and among the youth, and that it is not at all true what certain newspapers have said, that the votes of the Moro supporters have shifted to the PSI." Dell'Andro is very severe in judging the policies conducted by the Lattanzio-Farace pair and says: "I would want to see everything changed in the way the DC administered Bari..." but then he adds, "However, in a direction that is diametrically opposed to what the socialists are preparing to do." Dell'Andro's remark implies a judgment regarding the socialist election success that accentuates the patronage aspect.

There has been and is much talk here in Bari about socialist patronage. Even those who benefit from it talk about it in order to stress the greater efficiency of a certain kind of socialist patronage compared with that of the DC. A big building contractor, involved in the "red tape" of the development plan, does not want to be quoted but this is how he synthesizes the PSI merits: "The socialists operate in a faster and more concrete way..." The socialist secret of success, according to many, is to be found in a happy combination between patronage, efficiency, and an unbiased approach which to some extent overtakes the old DC plan of "welfare." This is not a compliment, but the intention is that it be one.

For Franco Cassano to speak of patronage is getting off the track: "The socialists have two clear ideas about Bari's future: strengthening of its command functions, as an organizational pole for the region, and training of those involved in tertiary activities." According to Angiuli, the PSI "even in the absence of an ideal tension and a great initiative concerning housing and labor problems, succeeded in linking itself--partially and purposefully utilizing also the means of subgovernment--with the masses of youth."

The story of the socialist election campaign, and of the immediately preceding period, is a good illustration of the combination of the elements of success. On the other hand, the socialists already for some time had begun to establish themselves as a "shadow government," seizing crucial power centers from the DC: The Savings Fund (whose president already had been a member of the council for building and president of the gas company), the CSATA center for computer research. The Industrialists Union is already in a state of crisis as a DC appendage. The university and the Levant fair, according to forecasts by Massimo D'Alema, could suffer the same fate. And Gian Carlo Aresta, director of the De Donato [publishing company], recalls that the socialists replaced the DC as a bridge between Bari and Rome some time ago: "The FIME [Southern Investment Trust] directed by Ruffolo, channeled a large amount of money to Puglia; De Michelis, of the State Participations Agency, makes his influence felt on Brindisi and Taranto, not to speak of Formica, Lenoci, the social democrat Di Giesi through the postal service." Aresta concludes, "I have the impression however that the socialists do not have for Bari a model of development which could be an alternative to the model of the Moro followers; I would say, rather, that there has been a substitution of roles while the DC of Lattanzio and Farace played a miserable role in function of a very limited representation of the business class, that which in the 1950's was the basis for consensus in the Monarchist-MSI [Italian Social Movement] councils."

It is possible that the PSI does not have an original model for Bari's development. It is also probable however that it knows how to express within the old model new methods and new priorities in the unbiased use of the public machine. For example, what did the conquest of the Savings Fund Institute mean? First, an affirmation of prestige. Second, that compared with the DC, the power center which is the PSI goal is no longer so much the control of public contracts, but of the essential financial apparatus to oxygenize the potential of local industrial business and tertiary activities. It is interesting, in this sense, to hear the leaders of the professional political class which will provide the political plasma for the PSI. Here are some statements by Professor Romano, CSATA director, "It is shameful that a city like Bari, the southern focal point of the 'Adriatic model' of development,

a bridge to Greece and the Middle East, should have a microscopic, almost comical airport more so when almost everyone, from deputies to technicians to employees, use a plane to go to Rome or Milan. And it is scandalous that Bari still has not computerized its demographic services, thus perpetuating long waits in line, poor service, errors, the waste that now are unknown in Bologna or in Milan." And Passero, president of the Savings Fund, adds, "Bari is typically a southern city, garlanded with tasks that are a kind of alluvial stratification of all the tasks entrusted to the cities in the history of Italy. All the more so in a situation is which the city makes a per capita expenditure that is infinitely less than Rome or Milan. Under these circumstances, must the city administration continue to control an archaic and unprofitable slaughterhouse when very modern businesses exist here in Puglia that perform the same functions? Should it continue to administer a mild processing plant with a very heavy dificit when we could entrust that service to the Emilia cooperatives, run by much more efficient professionals? And the municipal gas plant must spend 40 to 50 billion lire per year to renew its plant. Where will we find that money? Let us turn the service over to AGIP [Italian General Petroleum Agency]: Or will this damage some of the sacred principles of the left?" Passero continues, "Public transportation: A financial shock is needed to make it adequate: the purchase of 300 buses. But money is needed to do this, and where will we find it? But must the public transportation system necessarily be entirely in the hands of the city? Why not admit private resources, so long as the terms are clearly specified? Freed of these burdens, then certainly the city could govern and plan."

But the PSI also has two souls: One tied to the business world, to those trained in tertiary activities, to the new middle class professionals, which aims toward an innovation of political technique, wants to turn public services over to private enterprise, trust itself to private enterprise; the other more tied to the masses and favoring a true change in leadership. The differences can be seen also in the orientation of the new council: center-left or alliance with the communists. In the end the choice will be influenced by Rome. But if it were up to him, Provincial Secretary De Lucia "would be pleased" to have the DC in the opposition, while Passero is more inclined toward a choice that would avoid a frontal clash with the DC, involving political balances at the provincial and regional levels.

I have emphasized, and in some cases, isolated, Bari peculiarities, but it is evident that some questions raised by the election results cannot be circumscribed by the results in Bari and other Puglia centers. Almost as alarming results were obtained in some cities of Campania and Sicily.

Therefore, according to Franco Botta, "The true problem is the party's southern policy. The attempt to understand that the south is no longer all welfare and depression was not pursued. How is it possible to resolve some difficulties that characterize southern small business? The crisis in the large industrial enterprises made it necessary to redefine the relationship between large and small business together. Instead we continued to defend the occupation of big business, and for the small--at least in the south--we did little. It was necessary also to understand how the changes in the international division of labor could open possibilities for new sectors in the south, rather than entrenching ourselves in a secondary defensive position of the traditional sectors."

On the other hand, the same analysis that was made about the new importance of the regional institution of the south makes it impossible to establish an economic plan for the south without having to deal with the state: that welfare state whose crisis has made no small contribution to damaging the political system founded on the DC which has governed the south with iron discipline for 30 years. For this reason, to see this problem only in social terms risks diminishing our own party to a corporative position even though it were to represent only "pieces" of society: And declining election returns at Bari and in other southern communities indicates what the consequences of this negative interpretation could be. While social and economic processes were taking place that slowly eroded an institutional system in the south, perhaps too much of a myth was made of the southern DC without understanding that, as a party, it was a giant with feet of clay. Cassano says, "And without understanding that the DC power system does not stop at the DC, and that there is the risk that the area's leftist forces were sucked into it."

Bari PCI Secretary's Letter to RINASCITA

Dear Editor:

The article that appeared in issue 27 [3 July 1981] of RINASCITA, which claims to analyze the causes of the PCI defeat at Bari had a profound and disconcerting effect on us.

Our organization is going through a difficult period, the election loss has shown the limits and shortcomings of the Bari party and together with that the serious inadequacies of its leaders. Aware of this, the entire party was preparing to deal with the situation in a spirit of sacrifice, to resume the political battle. The severe self-criticism to which we intend to expose ourselves has as its objective the search for political reasons for the election results in order to solve our problems. None of us has placed the defense of his own personal position before this; we wanted to deal with the debate by fully assuming our responsibilities and we have therefore decided to resign from the executive units of the federation in order to permit a free and rigorous discussion. The article in question, distorting the facts and reporting rumors, throws a shadow on the entire Communist Party which, above all, [words missing], constituted a point of reference of the battle for the rebirth of the democratic and class movement of the south. It substitutes the style of the weekly scandal sheet for the method of political analysis.

This is very serious for the Communist Party magazine which, above all in a very difficult moment, should have the task of making a contribution of analysis so that a PCI organization can solve its problems.

(signed) Bari PCI Secretariat

Luciano Barca Comments on Letter

Undoubtedly I made a mistake (since as editor I am responsible for the publication of the article in question) if instead of making a contribution to the debate we ended up by worsening it, as other reactions to the article prove. This pains me. However, I do not believe that it is correct to compare the RINASCITA style with that of a scandal sheet. The RINASCITA method, to which we intend to remain loyal,

is and intends to remain that of truth and rigorous political analysis even if this time the intervention in a debate that was still hot could have led the first part of the investigative report to attach an erroneous importance to an emotional climate.

But I absolutely do not wish to engage in polemics with comrades who are facing difficult tasks with a spirit of sacrifice and with a moral commitment which once more confirms that our party is different from the others, at Bari as elsewhere.

I know that the letter also expresses the pain of the comrades who felt they were unjustly involved in debates referred to by the article published and offended by certain formulations. I am personally honored to be not only a comrade, but also a friend of the Bari and Puglia communists for many years who gave their entire lives to the cause of the laborers and to the working class and who have in some cases spent years in jail for the battles they fought. I especially express my regrets to them, in agreement with Rampini because RINASCITA in its concern with capturing an aspect of the Bari debate, could have injured them and I desire--despite speculation and ulterior motives--to repeat this in public after having said so in private.

[10 Jul 81, p 2]

Letter of Correction by Tanzarella

Dear Editor:

The article by Federico Rampini on the Bari election entitled, "The Problem of a Divided Party (RINASCITA No 27, 3 Jul 81), carrying certain quoted phrases attributed to me, requires a double correction.

(1) I think it is very wrong that the journalist, without having asked my permission in advance, transformed a friendly and informal chat into an interview, and--worse--into a public statement of position in which he makes me assume--a thing that I never intended to do and do not intend to do--the role of "censor" of the party. Precisely because I am not a member, I have considered it necessary always to adopt a line of noninterference regarding the internal affairs of the party, even if in appropriate quarters (a council group or a citizen committee) I have never failed to clearly express my assessments of a party line and the way to achieve it, above all in regard to anything that had to do with city administration.

(2) I do not recognize myself either in form or in substance, in the statements attributed to me : (a) I did not say that "the old group leader loyally represented the old leadership group, its political line, a mentality that was hostile to any change." I did not make those statemtnts. (b) Regarding the closing phrase of the article I must state that I spoke of "power groups" and not of "moral questions" (even if--I must add in the interest of clarity--I consider it indispensable to adopt an attitude of absolute intransigence on this terrain if and when questions of that kind arise on any level). Also, I emphasize the present difficulties of creating a new leadership within the party (and not only of the need to rescue the intellectuals who "emigrated"), that would have solid roots in the city and an adequate understanding of the new processes that have matured in the southern reality.

I request that you publish the full text of the above, and I extend cordial greetings.

(signed) Vitorio Tanzarella, Esq.

6034
CSO: 3104/330

POLL SHOWS VOTERS PREFER VAN AGT AS PREMIER

[Text] The Hague, 30 June--Forty-one percent of the Dutch people want Van Agt again as premier. That is the result of a Nipo [Netherlands Institute of Public Opinion] poll of a random sample of 1,140 persons. The name Van Agt was spontaneously mentioned by those questioned while no names of possible candidates were listed. Den Uyl came in as second with 21 percent, followed by Terlouw with 11 percent, Wiegel cornered 3 percent of the vote.

Eighty one percent of the CDA [Christian Democratic Appeal] voters preferred Van Agt, 7 percent of the PvdA [Labor Party] voters did so, and 30 percent of the D'66 [Democrats 1966]. Fifty-nine percent of the VVD voters preferred Van Agt.

Three percent of the CDA voters want Terlouw as prime minister, one percent want Den Uyl, and nobody favors Wiegel. Fifty-seven percent of the PvdA followers want Den Uyl to be the new premier, 15 percent want Terlouw and nobody wants Wiegel.

Fifteen percent of the VVD voters prefer their own leader Wiegel, 2 percent prefer Terlouw, and nobody is in favor of Den Uyl.

CSO: 3105/147

SOCIALIST ORGAN LOOKS AT INFLUENCE OF PARTY YOUTH GROUP

Oslo ARBEIDERBLADET in Norwegian 22 Jul 81 p 4

[Editorial]

[Text] During these days the Labor Youth organization is gathering for its traditional summer camp session on Utoya. This is the last mobilization of the AUF [Labor Youth] people before a hectic election campaign begins.

Those taking part in this year's camp can rejoice over great activity in all branches of the organization. In recent years AUF has used most of its energy on building up an effective organization. This humdrum activity became necessary after the many difficult years in the late 1960's and early 1970's. There is still a lot left to do. It is not easy to carry out radical political work among young people in a time characterized by winds blowing from the right.

Even so, the tedious work in the AUF ranks has borne fruit. In the last 2 years over 100 new local groups have been formed. Today there are over 400 AUF groups spread across the entire country. Each county has its own district secretary and in the election campaign activity will be stepped up even further through separate youth secretaries in several parts of the country.

Like the Labor Party in general AUF's biggest job is to insure victory in the Storting election. Of the almost 3 million voters entitled to vote on 14 September, 122,000 are first-time voters. Unfortunately fewer and fewer of the youngest voters have been picking the Labor Party as an election alternative. In 1969 almost 50 percent of first-time voters chose the Labor Party. In the 1979 municipal elections the figure was 31 percent. At that crossroads the Conservatives had more support in this age group than the Labor Party, namely 34 percent.

There are many goals for AUF activity in this election campaign. One of them is to make sure that a majority of first-time voters regard the Labor Party as their major alternative.

In the period that has elapsed since the last Storting election a central social problem has emerged that is becoming increasingly urgent, namely the opportunity of young people to find a social and economic foothold. It has been a natural task for AUF to form a concrete policy in this area.

The so-called youth guarantee will be central for AUF in the campaign in this particular context. The Labor Party earlier made it part of its program that all young people under 20 should be given the prospect of having a job or getting some kind of training. In the last few years unemployment--both visible and concealed--has hit young people under 20 especially hard. Therefore the binding guarantee pledged by the Labor Party is an effective means of preventing unemployment. However this is an expensive reform in tight economic times. AUF is now demanding an early redemption of the youth guarantee. This involves around 120,000 young people. This has been further underlined by the start of a new school year with new reports daily on lack of space for large classes of young people. Even though the reform will cost money we like AUF must admit that failing to put this idea into practice will be even more costly for society in the long run. A large group of young people "on the loose" can be equated with increased drug abuse, increased criminality and big social problems.

The other central issue for AUF in this election campaign will be working for peace and disarmament. In the past the political opposition has tried to score points on the basis of differences of opinion on security policy issues in AUF and in the parent party. This time a united movement is putting security policy and arms limitation in focus. The program resolution on nuclear-free zones in Nordic regions has more than anything else in recent years united the labor movement in a mutual effort in the international area.

6578
CSO: 3108/177

POLL CONFIRMS STEADY GROWTH IN SUPPORT FOR NONSOCIALISTS

Oslo AFTENPOSTEN in Norwegian 1 Aug 81 p 3

[Text] So far in the election year of 1981 there has been great political stability in Norway. The Labor Party will have to make up for a big non-socialist head start if the party is to retain ruling power after the election. The three big non-socialist parties have a good chance of getting a majority on their own--without the help of the Liberals. This appears from calculations based on polls from the three institutes, the Market and Media Institute, the Norwegian Opinion Institute and Norwegian Market Data, added up for each month.

A calculation of representatives based on the average for the second quarter of 1981, i.e. the opinion polls of all three institutes for the months of April, May and June, shows that the Labor Party would lose nine seats, declining from 76 to 67, while SV [Socialist-Left Party] would go from two to three seats. The Conservatives would go from 41 to 53 seats, the Christian People's Party would be cut from 22 to 17 seats, the Center Party would retain its 12 seats and the Liberals would go from two to three seats. This means that the three big non-socialist parties would have a majority of 82 to 73. If we count the Liberals among the non-socialist parties there would be a hefty non-socialist majority of 15 (85-70).

The calculations are based on parties increasing or declining relatively equally in each county. Thus they are much more reliable with respect to the total number of seats for each party than they are for the distribution of seats by individual counties. With this reservation we can report that the Labor Party would lose two seats in Oslo and one each in the counties of Buskerud, Hedmark, Hordaland, Rogaland, South Trondelag, Telemark and Ostfold. SV would pick up one seat in South Trondelag while the Conservatives would get two new seats in Oslo and in Akershus plus one new seat in the counties of Buskerud, Hordaland, More, Nordland, Rogaland and South Trondelag, West Agder and Ostfold.

Changes in the joint list combinations create extra shifts for the middle parties. All calculations show that this time the Center Party will get special benefits from joint lists so that the party will be able to retain 12 seats even if it loses some ground in the election. The Christian People's Party is in the opposite situation. The new joint list combinations seem to mean that the party might lose seats both in Buskerud and in Vestfold even if the party maintains its position with the voters. But the joint list in Hedmark means that the party will probably have representation in this county for the first time.

The calculations show that the Center Party would lose seats in Akershus and West Agder but gain seats in Buskerud and Telemark. The Christian People's Party would win seats in Hedmark but would lose six seats in the counties of Akershus, Buskerud, Hordaland, More, Nordland and Vestfold.

The Liberals would lose their seat in South Trondelag because the joint list has been dissolved there but in compensation the figures show they would gain new seats in Hordaland and Vestfold.

Of course there are obvious uncertainties connected with such estimates of representation but this at least indicates the seats to keep an eye on during the election.

And the point of departure before the fall election is now clear. Now it is up to the many participants in the election campaign to influence the final results. To the extent that the chance of a good election result stimulates party workers in a campaign it seems obvious that the initial situation will encourage some and discourage others.

The table below shows the percentage of support for different parties in the last Storting election in 1977, in the county council election in 1979 and the average of all the opinion polls taken in the last five quarters.

Party	1977	1979	1980			1981	
			2d quart.	3d quart.	4th quart.	1st quart.	2d quart.
Labor	42.3	36.0	39.1	38.1	33.8	35.5	36.9
Conservatives	24.8	29.9	28.8	29.1	30.6	31.9	31.9
Christian People's Party	12.4	10.2	10.9	10.9	11.7	10.9	10.6
Center	8.6	8.6	7.2	7.4	7.3	6.5	7.2
Socialist-Left	4.2	4.4	4.6	4.9	5.7	5.8	4.8
Liberals	3.2	5.3	4.7	4.9	5.6	5.0	4.3
Progressives	1.9	2.5	2.5	2.5	2.9	2.2	2.4
Liberal People's Party	1.4	1.3	0.9	1.0	0.7	0.7	0.8
Labor + SV	46.5	40.4	43.7	43.0	39.5	41.3	41.7
Conservatives + Christian People's + Center	45.8	48.7	46.9	47.4	49.6	49.3	49.7
Liberals + SV	7.4	9.7	9.3	9.8	11.3	10.8	9.1

The Labor Party has probably had the biggest shifts. If we put together the three opinion polls for the individual months in the last half year the Labor Party has the following figures from January 1981 to June 1981: 33.5, 35.5, 37.4, 37.3, 37.5 and 35.8 percent. This shows that in the 2 months after the shift in prime ministers the party advanced 4 percent from 33.5 to 37.4 percent. But that was

the end of the gains. The next 2 months showed them standing still and then losing almost half the gains in June. The party's starting position is now weak. To stay in power the party must increase its support 7-8 percent before the election. The last time the party had comparable support in an election corresponding to the June opinion poll figures was in the 1973 Storting election. The Labor Party won 62 seats then with 35.3 percent of the votes, in other words 14 less than the party has in Storting now.

The Labor Party has not succeeded in regaining a lead of 7-8 percent in Storting elections. In the 1969 Storting election the election results were 46.5 percent while the average in the opinion polls in the second quarter that year was 44.6 percent. In 1973 the second quarter average was 39.3 percent with the election results down as far as 35.3 percent. In 1977 the average support for the Labor Party in the second quarter was 41.4 percent with the election results 0.9 percent higher, i.e. 42.3 percent. Therefore the starting position of the Labor Party is weak before the final spurt in this year's election campaign.

The Conservative Party has great stability and the Labor shifts in the first half of 1981 have had little influence on this party's support. The average Conservative figures for the first 6 months of 1981 are: 32.4, 31.6, 31.7, 32.3, 31.7 and 31.7 percent, in other words the difference between the best and the worst results was only 0.8 percent. An election result at this level would give the party between 50 and 55 seats compared with the 41 it has now.

The Christian People's Party showed similar evenness: 10.9, 10.9, 10.9, 10.4, 10.5 and 10.8 percent. Since it is known from experience that voters for this party are not reached as effectively in opinion polls as voters for other parties the poll figures for the first half year indicate that the Christian People's Party could end up with election results lower than those in the 1977 election when the party received 12.4 percent of the vote. But the party has a number of very exposed seats so a slight decline could have big consequences on the distribution of seats.

The Center Party has made some gains in the first half of 1981 with the figures for the 6 months being 6.4, 6.4, 6.7, 6.9, 7.1 and 7.6 percent. Thus the Center Party is approaching its 1977 election result of 8.6 percent and in that case the party will probably increase its number of seats, partly because of new joint lists and partly because the party was especially unlucky in the 1977 distribution of seats.

The Liberal Party has had some declines since the party reached its top score of 5.8 percent in November 1980. In 1981 the averages for the 6 months were 5.7, 5.0, 4.4, 4.4, 4.2 and 4.3 percent. Around the beginning of the year it looked as if the party could increase its Storting representation from 2 to 5-7 seats but the declines this year indicate the party will not increase its Storting group substantially.

The Socialist-Left Party declined somewhat in 1981. The figures for the 6 months are 6.3, 6.1, 5.0, 4.5, 4.7 and 5.2 percent. This suggests that the party might be able to add one or two seats to its 2-man Storting group. But the distribution of votes will determine this. Thus in 1965 the Socialist People's Party had only two seats with 6 percent of the votes.

The Progressive Party noted these figures in 1981: 2.5, 2.2, 2.0, 2.3, 2.4 and 2.4 percent, in other words it had great stability. The party must make some gains in order to be represented, of course, and the chances for this seem best in Hordaland.

The Liberal People's Party is stable with figures of 0.8, 0.5, 0.7, 0.8, 0.8 and 0.8 percent. When the party got one seat--in Hordaland--in the 1973 election the party had nationwide support of 3.4 percent, in other words many times the party's current support level.

6578
CSO: 3108/177

DIPLOMATIC RELATIONS WITH AFGHANISTAN REDUCED

Istanbul CUMHURIYET in Turkish 15 Jul 81 pp 1, 7

[Text] Ankara (CUMHURIYET Bureau) Turkey has decided to reduce the level of its diplomatic relations with Afghanistan. The Turkish government has decided that our ambassador in Afghanistan be recalled and that Turkey be represented at the charge d'affaires level in that country. The decision was made unilaterally. The ANKA [Ankara News Agency] agency reported, based on information provided by an official at the Afghanistan embassy in Ankara who asked that his name be withheld, that Afghanistan would not act similarly nor reduce the level of its relations with Turkey.

The decision by the Turkish government to reduce its relations with Afghanistan was characterized by western diplomatic circles in the capital as overdue.

Following the Soviet Union's occupation of Afghanistan, NATO member western nations have, within the past year, adopted a resolution to recall their ambassadors from Afghanistan's capital city, Kabul, and to cool or freeze their relations. In the wake of this resolution, a large number of NATO countries recalled their Kabul ambassadors and left a charge d'affaires to run their representations.

Turkey did not adopt this resolution at the start of the affair and the fact that it did not recall its ambassador became a subject of criticism at western missions in Ankara. Now after nearly a year has passed since then, Ankara is implementing the NATO resolution.

Accordingly, the Turkish ambassador, Ilhan Akay, who has completed his tour of service in Kabul, will return to Ankara but no new ambassador will be appointed in his stead. Rather, Altan Guven, who has been assigned to Kabul as minister-counselor, will serve as charge d'affaires.

It was reported that the Turkish government's decision was unilateral. Although Turkey has recalled its ambassador, Afghanistan's ambassador in Ankara, Abdurrezzak will remain at his post.

Afghan Embassy

The ANKA agency reported that an official at Afghanistan's Ankara embassy stated that they accepted "with respect" Turkey's decision to recall its Kabul ambassador and replace him with a charge d'affaires. According to ANKA's report, the Afghan diplomat said that "we will not follow the same path. We will not reduce the level of our diplomatic relations with Turkey.

9236
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GENERAL PROPOSES USE OF RESERVES TO INCREASE MILITARY READINESS

Bonn DIE WELT in German 18/19 Jul 81 p 6

[Article by Ruediger Moniac: "A Way To Strengthen the Bundeswehr's Backbone--Reservists Can, Without Additional Cost, Increase Defense Readiness"]

[Text] In times of an increasing lack of funds, which is especially felt by the Bundeswehr, any proposals designed to eliminate deficiencies in national defense without additional cost are of particular interest. Colonel Eberhard Fuhr of the General Staff recommends that the potential of the reserves, largely unused these days, be used for that purpose.

At present, Fuhr is in command of the Heimatschutz [National Guard] Brigade 56 in Neuburg/Donau. Until last fall, he was an expert adviser on military national defense problems in Bonn's general staff of the armed forces. He sees deficiencies in many of the territorial defense tasks, in civil defense and in the security of essential facilities in the FRG which are necessary to provide for the public in times of crisis or war and for the maintenance of law and order.

In a lecture in Munich, Fuhr made an impressive case for his contention that the FRG is making relatively little use of its trained reserves for strengthening the national defense. While in Finland, for instance, 15 percent of ablebodied citizens are in the armed forces, 10 percent in Switzerland and 9 percent in Sweden, only 2 percent are so employed in the FRG. Even Austria, with 2.1 percent, is superior to Germany in this respect.

According to the colonel, almost 3 million reservists trained by the Bundeswehr have not been called up for additional duties with the armed forces. About one half of that number are not even on the defense rolls any more.

Fuhr recommended that these reservists be called up for defense duties. In view of the "political, conceptual, economic and financial restrictions which forbid beefing up the armed forces, at least for the intermediate term, with reservists who do not have specific duty assignments of their own," this could be accomplished in a cheaper and simpler manner.

Among the methods of accomplishing this, he cites "an enhanced mission of military familiarization of reservists outside the Bundeswehr." This exists even at present,

though to a much lesser extent than Fuhr has in mind. The Reserve Association is even now engaged in providing Bundeswehr training courses to its roughly 80,000 volunteer members in such subjects as handgun firing, marching, and self and buddy-system help. However, the colonel would go beyond that and would make the 1 million-man reserve force available for specific, well-defined national defense tasks. The colonel cited an example drawn form his familiarity with the Eastern Bavarian region to demonstrate how such a plan could be translated into reality. In cities and towns there is no protection available for such civilian facilities with military significance as transformer stations, bridges, or post offices containing telecommunications facilities. No manpower is available which would, in time of crisis or war, maintain essential communications, observe ABC defense or to repair damage as far as possible. Apart from this, cooperation between the military and civil authorities is insufficiently developed, since manpower is lacking for this also.

However, a typical district city has a Reserve Association post with 120 members, 90 of whom have no Bundeswehr assignment and are therefore "inactive."

According to the colonel's proposal, these 90 reservists could be formed into three platoons, the first to perform guard duty for the security of essential facilities, the second to act as an engineer platoon for repair work, and the third as a staff platoon for telecommunications, ABC defense and military-civil cooperation tasks.

The leaders of these three platoons (platoon and squad leaders) would be drawn from among the Reserve Association post membership. They would be reservists who showed sufficient motivation and who would be able to fulfill those duties in addition to their civilian occupation and without pay. The reservists would be personally responsible for conducting training in their platoons, based on applicable Bundeswehr regulations.

Says Colonel Fuhr: "I imagine that the reservists during their meetings would occupy themselves with the theory and practice of tasks entrusted to them, i.e., with training as security guards, engineer, communications and ABC defense specialists.

Similarly, the expert envisions the basic and continuing training of platoon and squad leaders. He would entrust the responsibility for a flawless functioning of the system to the socalled organizational manager, a position which already exists in the Reserve Associations of one out of every three Land districts. Among his tasks would be the mobilization and deployment of the platoons, which he would initiate in close liaison with the local defense district command and with the head management official of the Land district responsible for civil defense activities.

Nor should the materiel required for equipping the platoons (equipment, vehicles, engines) constitute more than a minimal drain on the defense budget. To bring this about, the colonel proposes that such materiel be drawn from the "mobilization materiel reserve" as well as from the "utilization of civilian resources," as provided in the regulations for emergency mobilization and defense. In other words, not only reserve personnel, but also reserve equipment and materiel would be activated.

This reserve mobilization would not constitute an enlargement of the army's regular active duty combat effectiveness. The way Colonel Fuhr puts it, the "militia" would merely perform "simple tasks." However, his concept would serve to enhance "total defense," i.e., the integration of and cooperation between military and civil defense. As long ago as 1973, the Defense Structure Commission had advocated the establishment of militia units, because "an individual in compulsory military service mobilized in the immediate vicinity of his home is much better motivated toward his duties in preventive defense readiness."

The Mobilization Plan

If the Bundeswehr, in concert with other NATO armed forces, had to mobilize during a political crisis so as to augment its deterrent effect, its manpower would more than double. In time of peace, 495,000 persons serve in the FRG armed forces. About 220,000 of these are draftees. A mobilization would add more than 700,000 reservists, thus making a theoretical total of 1.2 million persons in case of emergency.

This augmentation would occur in several phases. To begin with, about 30,000 men of the ready reserve would immediately join the active force. This could only be brought about by order of the Federal government and without a Bundestag declaration of emergency. Phase II of the mobilization provides for complementing support units in the army, air force and navy. This is followed by bringing national guard brigads and regiments, and finally the many rear guard units, up to strength. Their mission is to secure the operational area for the main allied forces and to ensure cooperation with civil authorities.

According to the mobilization plan, all socalled alarm and ready reservists are to be on active duty within 72 hours.

9273
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CDU/CSU QUERIES MILITARY ON PROBLEMS

Frankfurt FRANKFURTER RUNDSCHAU in German 18 Jul 81 p 4

[Article: "Federal Government Asked To Give Information About Internal Conditions Within Bundeswehr"]

[Text] Bonn, 17 July--AP/REUTER--On Friday the CDU/CSU challenged the Federal Government to comment on the internal conditions within the Bundeswehr and on the state of soldiers within the armed forces. A large-scale inquiry, the topic of which--according to the Union--is to be debated in early fall by the Bundestag, is to induce the Federal Government to finally take concrete measures to improve the state of soldiers, to increase their motivation for the service, to alleviate the shortage of officers and noncommissioned officers and to reduce the excessive demand on the time of senior officers.

Peter Wuerzbach, spokesman for the defense policy of the Union, reasoned that structural defects had not been corrected in spite of many announcements and bureaucratic demands within the Bundeswehr had become more and more prolific. Commanders are spending 30 percent of their time on complying with bureaucratic regulations, although 5 percent of their time should be sufficient. Among soldiers complaints about unproductive activities are increasing; in other words, there are complaints about superfluous routines, particularly among compliant draftees.

Other problems to which the government is supposed to reply, according to Wuerzbach, are the question of personnel management, the stagnation in the utilization of certain ranks, as well as the entire operating and working atmosphere where human warmth, free conversation, trust and comradeship are frequently missing. The Union also wants concrete information on the development of the composition of personnel since 1979, arranged according to rank: officers, noncommissioned officers with and without portepee, units and draftees.

While explaining the large-scale inquiry, Wuerzbach also submitted a resolution proposal, according to which the government is to submit in the future annual reports on the latest state of efforts concerning arms control and disarmament as well as on the changes in the balance of military strength.

The FRG Ministry of Defense and the SPD reacted immediately, energetically rejecting the Union's accusations concerning internal conditions within the Bundeswehr. A ministry spokesman stated that although the answer to the large-scale inquiry is still outstanding, one thing can already be settled now: The accusations made by Deputy Wuerzbach are not true in their current form.

The spokesman pointed out that the results of the De-Maiziere Commission investigation on the readiness of the armed forces will be released in the fall; in addition, the effectiveness of the Center for Orientation and Indoctrination will be strengthened and the use of counselors will be increased. Furthermore, since 1980 there has been a significant increase in the number of applicants signing up for a term in the military. On 1 July military pay and severance pay was increased; for soldiers with many years of service there are bonuses.

8991
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GENERAL FAULTS MILITARY MORALE

Bonn DIE WELT in German 18, 19 Jul 81 p 1

[Article by Ruediger Moniac: "General Brandt Deplores Lack of Esprit De Corps--Reasons: Personnel Turnover, Specialization and Nightly Flight From the Barracks"]

[Text] Bonn - The chief of staff of the armed forces recently addressed his commanders with serious warnings about an increasing lack of comradeship among the soldiers. In INFORMATION FOR COMMANDERS 1/81, General Juergen Brandt stated that he had been observing this process of erosion particularly among the enlisted men. Following basic training, he wrote, the "symptoms of atrophy of comradeship are worrisome."

Among the reasons for this the general considers the frequent personnel turnover in the units. Specialization in the training and duties of the soldiers no longer permits a sense of cohesion and mutual confidence "in many places and to the extent desired." In addition, the nightly flight from the barracks after duty hours serves to restrict the soldiers' off-duty contacts which serve to promote comradeship, he said. The chief of staff warned particularly against negative effects of evolving "hierarchies" among the men: "Questionable 'initiation rites' have in some instances exceeded acceptable limits." The desirable esprit de corps among the troops is being impaired by "physical and psychological violence among them."

The general challenged the commanders to generate among supervisors in their commands incentives toward promoting esprit de corps. Their primary objective should be to instill mutual confidence among their soldiers. Says Brandt: "Comradeship between people of unequal rank is possible only when a superior has the confidence of his subordinates and vice versa."

The government's opposition in Bonn is also disturbed about conditions within the armed forces and therefore addressed a parliamentary question to the Federal government, consisting of a series of inquiries as to what measures are being taken by the Ministry of Defense to improve the situation. Peter-Kurt Wuerzbach, spokesman for the CDU/CSU parliamentary group for defense matters, stated in this connection that there is a vast difference between claims and reality despite Minister Hans Apel's many announcements to the effect that the human element and its working conditions in the armed forces must be given preferential attention.

In this context, the CDU politician called particular attention to the relationship between the draftees and their immediate superiors. Those especially, who

"primarily lead, educate and train the young soldiers during the first significant period of their service, have for years been faced with increasingly severe manpower and structural shortages in the armed forces." Wuerzbach spoke about the shortage of leaders in the units; about excessive demands being made within certain time frames; about the tendency toward theoretical rather than practical training; and criticized stagnation in assignments which leaves superiors too long in a job for which they have become overqualified.

This, he said, creates a "tendency to give up." Increasingly, instructor personnel are "quietly neglecting their service duties in favor of private interests outside the service." The management and work climate, he said, have become more impersonal due to an increase in bureaucracy, because an anonymous style of leadership which depends on checklists is taking hold, which goes hand in hand with a tendency toward pedantic flank protection.

9273
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IMPORTANCE OF ISLAMIC INVOLVEMENT STRESSED

Istanbul TERCUMAN in Turkish 14 Jul 81 p 11

[Interview with Prof Dr Huseyin Atay, dean of the School of Theology at Ankara University by TERCUMAN reporter Yasar Nuri Ozturk; date and place not specified]

[Text] Question: You know that the pretext for the outbreak against religious training and education is the "freedom of conscience" concept. What is your view on this matter?

Answer: Whenever the topic of dicussion turns to the teaching of religious subjects in the schools aimed at giving information and culture in equal measure to everyone as is the case with other subjects, the fact is that this is opposed by the concept of freedom of conscience. This method is very conducive to either secretly or unconsciously creating anti-religious feelings under the name of freedom of conscience. In fact, people like these go so far as to say that there is no need for religious knowledge whatsoever. Let me here touch on two points I consider important:

a. There has to be a distinction between conscience and knowledge. Knowing religion is one thing, believing those things you know and practicing what you believe is another thing since practicing without believing is not accepted by religion. Religious knowledge will explain and teach what religion is and is not. In the same way that a person who is not a Turk studies and learns Turkish history in school, so too, a non-Moslem can study and learn about Islam. People who experience an education like this respect one another's religion; they avoid hurting each other's religious feelings. If a person does not know about the religion of another, how can he respect that religion?

In our country the non-Moslem minority is only one percent of the general population. In a number of wards in certain settled regions like Izmir and Istanbul, claiming that Turks are the minority, opposition has developed against teaching religious subjects to students on an equal basis with other subjects. In our opinion this is not correct. At the Kumkapi secondary school in Istanbul where Jews, Greeks and Armenians are concentrated, there were no non-Turkish students in group A of the classes that I was in for three years. I recall that in group B there was one non-Turkish student and in the other groups two or three non-Turkish students.

They generally attend their own private schools. Acting as if they are the majority in our schools, exploiting the freedom of conscience problem and opposing the education of Turkish children in a normal and legitimate way, we believe, are subjects worthy of consideration from the standpoint of Turkishness before Islam. At this point I want to, as a debt of conscience, disclose the very difficult position of our youth. They, on the one hand, are the heirs to representatives of narrow and dull religious, scientific and ideological freedoms which are the remains of the 17th and 18th centuries in our country. On the other hand, they are also the heirs to the representatives of an anti-religious mentality passed to us from 19th century Europe. The heirs of these two mentalities are in a struggle with each other, secretly and in the open, to control the administration and politics in our country and, in fact, more importantly, training and education. The religious concepts of these two mentalities are at the same level. There is no dialogue between the two. One of them, being afraid of giving a small concession to religion, acknowledges freedom of ideas only to those who think as they do. It characterizes all ideas of atheism and anti-religion as progressive, considers them necessary and acknowledges then unlimited freedom. The other one opposes freedom of ideas and considers anyone who doesn't think as they do to be an atheist. They worry that if freedom of ideas is permitted, religion will be ruined. These two opposite poles, much as in physics the way two opposite poles negate each other, likewise reduce each other's strength to zero and prevent the country from progressing.

The general education and especially the religious education of our country is being thrown back and forth in contradictions between the wrong religious concepts of these two mentalities. In this situation, education and religious education cannot be appropriately resolved for our era and the realities of our country. What we want to establish is the need for aiming to teach pure, clean and truthful religion apart from these two mentalities which incorrectly understand religion, and far from superstition and ideological and philosophical enmity. The Moslem religion has for more than 1000 years formed the culture, history, and civilization of the Turkish nation, molded them together and fortified them. Turks protected their national unity and solidarity by accepting religion. To rip the Turkish nation from its own culture and civilization would be to leave her without history and civilization and make her like a rootless tree. It is undeniably clear that the anarchy which grieved our nation so, played an important, that is a leading, role in the disruption of education and training that was the basis of the destructive activities directed against the Turkish nation and state. Wasn't one of these disruptions and attitude of those who meticulously showed their opposition to religion and deprived the nation of any kind of indication that hinted at the existence of religion?

Question: As a result what are your proposals?

Answer: My proposals are these:

By making religious subjects electives, in violation of the Unified Instruction Law, the problem of religious training and education has been complicated and put into a dead-end situation. The government has tried to address and resolve the rightful and legitimate needs of the nation through an attitude contrary to the realities of the nation and scientific data. For this reason it has so far been unsuccessful.

In accordance with the Unified Instruction Law, religious subjects should be taught to everyone, from primary school to the end of high school, in equal measure within the structure of a graduated system, and unnecessary repetition should be avoided. Importance should be given to catechism instruction in initial training, but in the high schools religious principles, their goals and religious philosophies should be discussed. The ability to find the broad meaning of religion, religious tolerance and different ideologies and not necessarily consider these to be antagonistic must be taught.

Religious training should be planned for at three levels:

a. An education system for all youth that will, on an equal basis, grant them religious knowledge and culture. This will be realized through an education that will be administered from the first class of primary school to the last class of high school. Such an implementation, which would make Ataturk's holy spirit glad, has been expressed in the Unified Instruction Law. We understand that Ataturk wanted to prevent sectarian clashes by means of this.

b. In order that individuals can be trained to be imams so that the nation's daily and weekly religious services are provided, the imamhatip [religious training] schools should continue to serve in accordance with the aims with which they were established.

c. The number of schools of theology, opened to train religious scholars, specialists, and thinkers, should be increased. In order to accomplish this the High Islamic Institute existing today should be tied to their regional universities as colleges of theology thereby accelerating the opening of a theology college at each university. The incorporation of High Islamic Institute colleges into universities would be in accordance with the unified instructions, would increase the chances of making them a science and raise their status.

In our opinion, this sir, is the most important point. Religious training should be under the control of the state and government. As in every other case, we are in concert with the state on this matter and on its side. We believe that the unity of the state is tied to the union of the nation's thoughts and feelings. It is plain to see that leaving religious knowledge and culture, which have provided the nation's unity of spirit and conscience and are its most important element, in disarray has not been, nor can it be, of use to the nation.

Question: What do you mean by disarray?

Answer: Religious training not under state control. For example, there are many courses of the Koran that are not under the supervision of the [ministry of] religious affairs. These create ignorance and degenerate and exploit religion. Guardians who regard the religious education which their children receive from school as insufficient are, instead, applying for these courses. In order to prevent this we must free the guardians from feeling the need to do this.

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LABOR UNION PLANS PEACE MOVEMENT ACTIVITY

Bonn DIE WELT in German 23 Jul 81 p 4

/Report by Guenther Bading, datelined Bonn/

/Text/ The German Labor Union Federation (DGB) intends not to leave the discussion on peace and disarmament to the political parties, the churches and the various followers of the communist controlled "Krefeld Appeal" only. Planned are a signature drive, a central demonstration featuring a speech by DGB chairman Heinz Oskar Vetter on the occasion of the "antiwar day" on 1 September--the anniversary of the outbreak of World War II--and many events to be organized by DGB Land districts and the various member unions. These activities are designed to direct into internal unionist channels the noticeable willingness of a majority of the 9 million union members to enter into a commitment to the peace movement.

By this program the DGB federal executive board reacted to the increasing criticism of its "inaction" from the various unions. DGB chairman Vetter made his attitude clear at the congress which adopted the new basic program in Duesseldorf last March: "Everybody calling for a reduction of the arms potential by one side only is dishonest and unrealistic. Those who give the nod to Pershing must also accept SS 20. We champion bilateral, balanced and supervised disarmament." Nevertheless many unionists--especially the younger ones--associated themselves with the Krefeld DKP appeal or the largely similar Bielefeld Appeal by left Social Democrats.

The trade union press repeatedly issued warnings against the Krefeld Appeal. The newspaper of the IG / industrial labor union/ Mining and Energy actually described it as a "tactical masterpiece of the DKP."

At its latest meeting the DGB federal executive board dealt with the demand for demarcation from the communist controlled sections of the so-called peace movement. The managing executive had initially decided that the DGB would participate in a march on Bonn planned for October by the Christian peace group "Action Sign of Atonement." This was intended to respond to the call for a peace march arising from some of the young unionists. However, when the full executive met to ratify the decisions of the managing executive, DGB head office had learned that representatives of other groups were collaborating in the organizing committee of the "sign of atonement" march, including Young Socialists, Liberals and also the DKP, DFU /German Peace Union/ and the DKP youth organization SDAJ /Socialist German Workers Youth/. The DGB thereupon promptly withdrew its promise.

This DGB attitude conforms to that of the leadership of most individual unions such as the IG Metal (2.8 million members), the larges of the 17 member unions. Deputy chairman Hans Mayr recently explained the IG Metal's attitude at an executive meeting in Frankfurt: IG Metal, he said, advocated disarmament--both in the East and the West.

CDU/CSU defense spokesman Wuerzbach welcomed the planned DGB peace appeal. He considered that it represented a rebuke to starry eyed idealists.

11698
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RAF LAWYER CROISSANT ON PLANS, TERRORIST ATTITUDES

Paris LE MONDE in French 30 May 81 p 24

[Interview with Klaus Croissant, former lawyer in the FRG for members of the Red Army Faction, by Patrice Barrat; date and place not specified]

[Text] Four Years After Extradition--Master Croissant Has Returned to France.

Master Klaus Croissant, former lawyer in the FRG for imprisoned members of the Red Army Faction, came back to France Wednesday 27 May. When he was sought in 1977 as an "accomplice of the Baader gang," France had extradited him, a decision which had given rise to a great number of protests. Released in December 1979, Master Croissant was eager to settle in France, but it was not until the middle of this May that he was able to obtain assurances from the French interior minister that he would not be turned back at the border.

In the interview you will read below which we print for your information, Master Croissant sets out his views on terrorism, especially in Germany. In particular, he asserts with regard to the charge which can be made that he justifies terrorism, "If to understand something is to justify it, then that is what it is."

Struggling Against the "European Repressive Area"

[Question] Have you been intending for a long time to come back to France?

[Answer] Yes. From the time I was released from Stammheim in November 1979 I thought that there was no reason for me to be some kind of outlaw.

[Question] But why did you insist on coming back?

[Answer] It is not standard practice in Western Europe for a citizen to become a semi-exile in a country which belongs to the Community. And then I was aware that the interior minister who opposed my coming into France was not the French people.

There was only an internal memorandum in the Interior Ministry but there never had been any administrative document which I would have been able to contest in court.

With the help of my lawyer, Master Jacques Verges, I had for several months been trying to overturn this stand by the French Government. I intended to come back to France and confront Mr Bonnet with his responsibilities, force him by my being in France to issue an expulsion decree against me which I would have dealt with. Then, because of the hunger strike of the political prisoners in the FRG, I delayed my departure. And on 19 May, seeing as Master Verges had announced my imminent return, Mr Bonnet made the statement that the purely unofficial measure for turning me away had been cancelled.

So, here I am.

[Question] Do you really want to live in France?

[Answer] I want to try to work in France because in view of the attacks on basic rights which have occurred during the last 10 years in the FRG and other countries in Western Europe, I believe that thorough studies are called for of the situation with regard to the rights of the defendant, the right of asylum, and the conditions of imprisonment in Community countries. I would like to work on these issues bearing in mind the idea of struggling for freedom.

[Question] If it was the setting up of a European judicial area which made your extradition possible, are not such occurrences still possible?

[Answer] Things must be done so that it is no longer possible. Governments which support that notion to which you refer are thinking more in terms of a European repressive area.

[Question] There was a time when your words and deeds were a matter for the public domain. However, since your release a year ago, there is a certain silence surrounding you. Why?

[Answer] I have never made a decision to be silent; besides, I am speaking up now. The fact remains that the Federal Republic of Germany has succeeded in destroying the lawyer I used to be.

[Question] By what means?

[Answer] By a 4-year professional ban, by taking away my license, and by slandering me via the West German mass media as has been seen during my stay in France.

[Question] By way of introduction to a book about your trial ("Process en Republique federale allemande [Trial in FRG]," Cahiers libres, 353, Maspero, 1979), a French lawyer, Jean-Jacques de Felice, writes: "Klaus Croissant has not given in." To what and why have you not given in?

[Answer] To give in in the face of torture? No, I have not given in because the duty of a lawyer is to maintain the physical, mental and intellectual integrity of the clients he is defending. In the FRG there existed and still exists a special system of isolated confinement. This isolation system was developed during the 1960's in the United States, going by the name of the CIA's Project Blue Bird. Its goal was to break down the individual, the individual who had rebelled and was in fundamental opposition to the state.

The Situation in Germany

[Question] Does "white torture" still exist in the FRG?

[Answer] On several occasions since 1977, even as recently as March 1981, Amnesty International has warned the FRG and its officials with regard to respect for international human rights conventions. These warnings focus on the ban on torture and inhuman treatment which have been inflicted on certain prisoners. These are methods (extreme isolation, lights on day and night) which do not leave outward marks--their effect is psychosomatic.

In May 1975 at the time of the trial of the Red Army Faction members the doctors expressed their unanimous opinion that the special imprisonment conditions had rendered Andreas Baader, Ulrike Meinhof, Gudrun Ensslin and Jan Carl Raspe unable to appear in court. But imprisonment by isolation continues. During the last few months, 50 political prisoners in 14 prisons in the FRG and in Switzerland have gone on hunger strike. Their main demand is to be put together in groups in order to insure their survival as living beings and as political beings.

[Question] How did you live in Germany?

[Answer] I was unemployed...searching for what is called a "new prospect." I was living in Stuttgart where I have friends and even a 3-year-old son. You see, I lead a "normal" life. People imagine many things about me, starting with my being the main character of "international terrorism" which the FRG's Federal Criminal Office has made me out to be thanks to the close cooperation of certain newspapers. Well, people should not delude themselves about those things.

I can even say that I must have some sympathy among the people in Stuttgart for there was not a single example of aggression, even verbal aggression, against me. Quite the contrary. I am free, but the professional bans ("Berufsverbote") in the FRG still live on.

[Question] What is the path which led you to defend the Red Army Faction members even though you had specialized in business and press law?

[Answer] You know that to start with I defended students who had risen up in 1968. For me, to defend them was a clearcut matter: what did broken windows at the Maison d'Amerique or knocked-down window displays of the Shah of Persia represent compared with the crimes of American imperialism in Vietnam? And then, later on, after the student movement had failed, there was no question for me but to defend those who had resorted to armed struggle. The armed movement could not just fall out of the sky from nowhere. The FRG's socio-economic structures are responsible for its birth.

[Question] Are you convinced that there was "collective suicide" of the Stammheim prisoners in 1977?

[Answer] Four years later all known facts contradict the official version. For me there is no doubt that my clients Andreas Baader, Gudrun Ensslin, and Jan Carl Raspe, who were considered to be the leaders of the movement, were murdered. Those who were still out free were killed, in a restaurant like Willy Peter Stoll, or like Elizabeth von Dyck when she came back to her apartment which was full of policemen. And those among the prisoners who had resisted all attempts to break them down were liquidated. I am not saying that Mr Schmidt himself gave the order to assassinate them but that the killers used "the most extreme measures" (expression used by Maihofer, minister of the interior at the time), and went "to the limits of what the law allows" (Helmut Schmidt), by physically eliminating them. And then if one examines the facts, just one example: two guards testified they had seen the gun in Jan Carl Raspe's very hand when they found him dead in his cell. Now medical experts know that the weapon is never found in the suicide's hand itself.

[Question] How do you distinguish state terrorism from militant terrorism?

[Answer] The word "terrorism" does not explain anything; it appeals to the citizen's fear. To put it simply, I make a distinction between "state brutality," as Jean Genet said, the goal of which is to protect the interests of the ruling class, and the "violence" of rebels, who have the idea of putting an end to the exploitation of man by man and who set their sights on a plan for a classless society. I can guarantee that each of my clients maintains that he or she is a Marxist, a fighting communist.

[Question] Was there a political plan behind their struggle?

[Answer] Of course; read what they have written ("Red Army Faction Prisoner Texts," Maspero, 1978). Sure, it is obvious that this plan is not put into effect from one day to the next. It is a very long fight for the person who undertakes it, and it can lead to his death.

[Question] Is the individual logic of terrorism to die?

[Answer] Each person who fights has the intention of fighting and living. For them, the ones I defended, to live is to fight. These are people who prefer a life of fighting, even if it has to be a short life, to a slave's life. Each person who carries out armed struggle relates intellectually to his own death. That does not mean that these are suicidal people or desperadoes.

[Question] Was the factor of sympathy in public opinion important for the spirit of Red Army Faction members?

[Answer] But of course. Each resistance movement wants to be firmly rooted in the masses or else it cannot succeed. The idea is to succeed, not to fail. The four Stammheim prisoners were convinced that a group of people could not make the revolution alone.

[Question] What do you think about non-violence?

[Answer] Non-violence is a stand which seems logical (I may add that I defended conscientious objectors right up to the end, until my professional ban), but I am afraid that it is sheer utopianism. I am convinced that the non-violent option can, in certain political and social circles, amount to complicity with the oppressors. Think of El Salvador.

[Question] Are you not afraid of confusing the lawyer and the individual or militant?

[Answer] No, I do not have that problem. There are legal criteria but there are also moral and political criteria. I am in harmony with what I have done as a lawyer and with the opinions I express. It would be ridiculous to consider what I am saying as justification for terrorism; if to understand something is to justify it, then that is what it is! The fact of having defended the clients I have defended is, for me, an obligation which does not stop at their death. I am going to defend them until...well, my whole life.

[Question] Certain "ex-terrorists" are expressing their regret publicly these days.

[Answer] That is a phenomenon which takes place in all movements of armed struggle in the world. There are always individuals who can no longer bear the pressure which such a conflict necessarily involves. I do not have great respect for those who denigrate the struggle of their former comrades. For me, people who are transformed into instruments of State propaganda, whether freely or not, do not deserve the solidarity of the left. They must be left in the state apparatus which is stomaching them. May it make a good meal of them!

9631
CSO: 3100/862

BACKGROUND OF THREAT TO KREISKY FROM PALESTINIAN GROUP

Hamburg DER SPIEGEL in German 27 Jul 81 pp 95-96

/Article: "Breathing Heavily"/

/Text/Palestinian "revolutionary committee of al-Assifa" issues murder threat. Eight members of terrorist group presumed to be in Vienna already. Its victim: Chancellor Kreisky.

Up-and-coming young Viennese journalist Renate Possarnig had her first big story while still working for the leftwing monthly, EXTRABLATT.

When Libyan chief of state Qaddafi refused to grant her an interview, Catholic Possarnig converted to Islam in Tripoli in 1978, raising official eyebrows but finally obtaining the interview she was after.

It started in a rather unusual fashion on a prayer rug behind a row of bookcases. "Qaddafi kissed me; he was breathing heavily," Possarnig related. The story was fun; everyone enjoyed it.

In May 1981, by this time working for the Austrian news magazine PROFIL, attractive Renate came up with her second big story, an interview in Damascus with three members of the Palestinian "revolutionary committee of al-Assifa," an offshoot of Arafat's PLO.

This time around, the story was not funny. No one was amused; many people took it seriously, since the terrorists were claiming credit for the spectacular assassination of Vienna city official Heinz Nittel and were referring to it as a "warning" for the Austrian chancellor.

"Kreisky must not interfere in our affairs," they were quoted as saying. "We will kill him, if he does not stop mediating between Israel and the PLO " The three, it must be understood, had since broken with the PLO.

The more time elapses since the publication of the interview, the greater is the significance attached to it by Austrian security officials. Interior minister Erwin Lanc says "there is reason to believe" that an Arab killer squad has already reached Vienna.

At first, the Austrians thought the al-Assifa group, small in number and eager for publicity, might be bluffing. Now, Lanc is worried that there may "be something to it" after all.

So far, there is no concrete evidence to prove that SPOe city councillor Nittel, a well-known supporter of Israel, was shot by Palestinians. The hottest trail now actually leads in the direction of the radical rightwing German military sports group Hoffmann. But there are a number of serious signs indicating that there is an acute threat to Kreisky.

Al-Assifa, numbering some 600 members at present, was founded in Baghdad in 1972 by a radical Palestinian named Abu Nidal, whose real name, according to Israeli sources, is Abd el-Rahim Ahmed and who was born in Jaffa near Tel Aviv in 1940.

Supported by Iraqi funds and Syrian supplies, Abu Nidal early embarked on a collision course against the relatively moderate Palestinian leader Arafat.

While Arafat appears ready to accept the help of obliging international statesmen in order to reach his goal by way of compromise and negotiation, Abu Nidal remains adamant.

And whoever accepts a Jewish state side-by-side with a Palestinian state is a traitor in his eyes; and so is anyone who works for peace in the Near East, like Arafat's friend Kreisky.

It is a proven fact that Abu Nidal is a man of few scruples. The assassins of both the London PLO delegate Said Hammami in 1978 and of the Brussels PLO representative Naim Khader in the spring of 1981 were al-Assifa commandos.

Over the past 3 months, the official publication of Abu Nidal's group, "Falastine al-Thaura," carried several strongly-worded attacks against the Austrian head of government accusing him of playing the "role of a mediator and pimp."

An article entitled "Kreisky is playing with fire" says "everyone is familiar with Kreisky's previous attempts to get the Zionists and Sadat together." Now the Austrian is trying "to build similar bridges between the Zionist enemy and Arafat." Austria may only be a very small country but it is supporting the "international conspiracy" aiming to bring Zionist plans to fruition.

Austrian protests and representations to the Syrian government on whose territory al-Assifa is operating have been unsuccessful thus far. Austrian ambassador Franz Parak has protested to the Syrian foreign ministry several times asking that the terrorists' activities be curbed, but to no avail.

Nothing has happened. The al-Assifa office in the heart of Damascus is still in operation and "Palastine al-Thaura" is still being run off at a printing plant belonging to the Syrian air force.

Nor did Kreisky himself fare any better. He wrote a personal letter to Hafiz el-Assad; but Syria's president did not react to his appeal for intervention.

What made those responsible for Kreisky's safety most nervous of all was an incident that took place on the night of 15 June. Around midnight, some neighbors of the chancellor's residence at 15, Armbrustergasse discovered a young man wearing jeans climbing a fire escape and surveying Kreisky's apartments from above.

When they called out to him, he made a daring leap to the ground and disappeared in the darkness. The police, called to the scene, found no trace of him.

As if to underscore the heightened danger, a confidential warning by Arafat reached Vienna several days later. In it, the PLO chief advised the Austrians of the presence of an al-Assifa assassination squad in Vienna. A similar report was received from the Austrian embassy in Damascus.

The fact is that three suspicious Palestinians did arrive in Vienna by air on 18 June, as minister Lanc told PROFIL a few days ago. Five more came in by rail later. "We do not know whether these five are still in Vienna," Lanc said.

Erwin ("Lord") Lanc is now faced with the task of throwing up a bullet-proof cordon around the chancellor overnight.

Lately, some 30 men have been guarding the chancellor day and night. They are camping on the ground floor of his residence; they are getting in the way of his secretary, Margit Schmid and are stepping on each other's toes. As long-time members of the anti-terrorist squad "Cobra," they are all excellent marksmen.

Still, Lanc knows that even the most stringent measures may be of no avail, if worse came to worst. The lot Kreisky's residence stands on, in the wine district of Grinzing, slopes upward toward the rear and the view into it thus is unobstructed.

What is more, Kreisky has a weakness for boxers who offer a friendly welcome to any intruder; he has no use for German shepherds that bite.

Thus, little Austria's big power policies are claiming their due. Kreisky's penchant for joining the ranks of the powerful has led to his having to accept as a permanent companion the ever-present fear for his own life.

BRIEFS

TPAO, SHELL TO EXPLORE FOR OIL--Ankara, (Anatolian News Agency)--The Turkish Petroleum Corporation [TPAO] and Shell Oil Company will reportedly conduct a joint oil exploration over a 46,721 hectare area within Adana province. Officials of the Petroleum Agency General Directorate announced that TPAO and the Shell Company will each be granted oil exploration licenses for the operations they will carry out. In addition, a foreign company named "Union Texas Turkey, Inc." has applied to the Petroleum Agency General Directorate for a total of 24 oil exploration licenses to be allotted among the following oil districts: 8 to Siirt, 8 to Van, and 8 to Diyarbakir. [Text] [Istanbul MILLI GAZETE in Turkish 6 Jul 81 p 1] 9743

TPAO CONTINUES OIL EXPLORATIONS--Turkish Petroleum Corporation [TPAO] oil exploration operations are presently being conducted in the "Dincer" area, following those in the "South Dincer" area. According to TPAO officials, it has been determined that there is oil also in the Dincer area, located 1 kilometer away from the South Dincer area. However, owing to the imperviousness of the soil, no exploratory drilling could be done. TPAO Assistant Director General, Sureyya Ekim, announced that research is continuing despite the inability to begin production because of unsuitable soil. Ms. Ekim pointed out that studies are in progress to find new methods for extracting the oil which is located in soil that is tightly packed between adjacent layers of soil and therefore impervious. Results of seismic and geologic tests have shown that the oil in this area is of the same quality as the oil in the South Dincer area. If the oil in the Dincer area is extractable, it is thought that as much oil can be produced as was produced in the South Dincer area. [Text] [Istanbul MILLI GAZETE in Turkish 9 Jul 81 p 5] 9743

CRUDE OIL IMPORTS--Ankara, (ANKARA NEWS AGENCY)--The quantity of imported crude oil is observed to be quite high in comparison to last year. The data concerning the distribution of imports carried out during the January-April period show that the quantity of crude oil purchased has increased 46.1 percent in comparison to last year, and that the amount of foreign exchange paid for these imports has risen by 117.1 percent. The quantity of crude oil imported over the four month period rose from 2,437 thousand tons to 3,560 thousand tons, and the amount of foreign exchange paid for the imported oil rose from $472.4 million to $1.25 billion. According to the data, during the January-April period 849,494 tons of petroleum products were imported and $231.7 million were paid out. Despite the decrease in the quantity of imported petroleum products, their value actually increased. Last year $213.8 million were paid out for 1.46 million tons of petroleum products. This year, the most important item among the petroleum

products is the 492,694 tons of fuel oil, which cost $106.5 million. The $1.275 billion total of foreign exchange paid out for crude oil and petroleum products amounts to 42.6 percent of the $2.9 billion of imports realized for the same period. Last year the ratio was 39.2 percent. A significant increase, in comparison to last year, is also noted in the quantity of imported industrial products. The $956.1 million total value of industrial products imported last year reached $1.49 billion this year. Among the industrial products, purchases of fertilizer rose from last year's 557,518 tons to this year's 585,663 tons, bringing with it an increase in the amount of foreign exchange paid from $93.5 million to $137.6 million. Foreign exchange paid for fertilizer registered a 47.2 percent increase. [Text] [Istanbul HURRIYET in Turkish 9 Jul 81 p 3] 9743

COAL SHORTAGE IN 1981--Istanbul--1981 coal production is expected to be around 3 million tons short of requirements. According to a study being made, 4,051 thousand tons of coal were produced in Turkey in 1979, but consumption during the same period amounted to 4,852 thousand tons, with the resulting gap being closed through purchases from abroad. Of this total consumption, 68 percent went to industry, 19 percent went to power plants, 6 percent went for heating, and 6 percent was used in transport. The study noted that 1981 production is expected to reach 4,356 thousand tons, but it emphasized that demand will increase to 7,339 thousand tons. It concludes that the approximately 3 million ton shortage will be alleviated through foreign purchases. [Text] [Istanbul DUNYA in Turkish 9 Jul 81 p 4] 9743

DOGANKENT-2 HYDROELECTRIC PLANT--Tirebolu, Giresun Province, (HURRIYET NEWS AGENCY)--Dogankent-2, Turkey's second subterranean hydroelectric power plant to become operational, (after the Samsun Hasan Ugurlu Ayancik hydroelectric plant), is reported to be producing 168 million kilowatt-hours of energy at the end of its first year of operation. State Hydraulic Works Director for the 7th. District, Zeki Demirci, noted that the Dogankent-2 hydroelectric plant, built over the Harsit stream in the Dogankent subdistrict of Tirebolu district, cost 742 million liras to complete. He continued as follows: Dogankent-2, which is Turkey's second operational subterranean hydroelectric plant, is fed water by means of control gates located over the Harsit stream and the Kavraz tributary. The water flows to the power plant through conduits that are 7,127 and 414 meters long. The power plant's force main is 2.5 meters in diameter and 2.8 meters in length. The power plant itself is 15 meters wide, 24 meters long, and 20 meters high. Annual saving realized from energy produced at the Dogankent-2 hydroelectric plant, based on the cost of energy produced at thermal power plants, amounts to 1.7 billion liras. Dogankent-2's contribution to the national economy, on the other hand, is 30 billion liras per annum. Work on the power plant began 7 years ago." [Text] [Istanbul HURRIYET in Turkish 12 Jul 81 p 9] 9743

CSO: 4654/90

STRAUSS FAVORS INVESTMENT OVER CONSUMPTION

Hamburg DIE ZEIT in German 24 Jul 81 p 10

/Article by Franz Josef Strauss: "The Republic Can Be Saved"/

/Text/ Everything the CDU and CSU predicted at the time of the 1980 Bundestag election campaign with regard to fateful developments and momentous decisions has been happening in 1981--only even faster and more disastrously. Government finances are shattered. The Federal Government lives off borrowing. Federal Chancellor Schmidt is compelled to raise new net borrowing this year to the unimaginable dimension of some DM35 billion. In 1982 the amount will achieve DM37-40 billion. It may well be that the money borrowed at the time will not even be enough to pay the interest on current debts.

The economic situation is somber. The Federal Government led by Helmut Schmidt has missed all four targets of a modern economy: Instead of full employment we have 1.3 million unemployed, instead of price stability inflation is running at above 5 percent, instead of a foreign trade balance we have the rapid decay of the current account, and instead of a growing gross national product an about 2 percent decline.

By their sloppy fiscal policies the liberal-socialist coalitions have shaken the financial bases of our state to their foundations. This proceeded simultaneously with a flood of promises--designed to catch the voters--and the cynical deceit of the citizens about the consequences of these policies.

The republic can be saved. But to make good the damage and put government finances in order cannot be a matter of miracle prescriptions with immediate effects. It must be a task for the next 10 years and should be begun at once. It is impossible to make the citizens aware of the problem without disclosing the causes of the budgetary decay and without the Federal Government replacing the hunt for scapegoats by autocriticism and the admission of its guilt. People are rarely converted to commonsense by their own appreciation, usually it takes the pressure of hard facts. That applies to Helmut Schmidt quite particularly.

Only a radical correction of policies can bring the necessary change:

-- A clear line must be drawn between that which is necessary and that which is desirable. At the same time the strictest criteria must be applied to the term "necessary."

-- Material planning and fiscal planning must once again agree.

-- Factor income, not transfers, decides the future of the social state. Consequently we must emphasize the growth of performance.

-- Better performance results in higher incomes, and that applies to the public agencies also. Work must not be vilified as a foretaste of hell, nor more leisure glorified as a foretaste of heaven.

-- Sociopolitical services must be based on rights earned and subject to the appreciation that every addition service given by the state in the past has resulted in atrophy of personal drive.

The capital sin of the Federal Government's earlier savings decisions has mainly consisted in the fact that these decisions affected investive measures, such as road construction, hospital construction, social housing and university construction, regional business promotion and improvement of the farming structure, but failed to make a beginning with the resolute restriction of the exaggerations of the social and educational state or the abuses in this field. I am proposing two basic principles:

1. There may be no sacred cows when it is a matter of reviewing expenditures. Otherwise we will be told "hands off" this and that sector, followed by an entire catalogue up to the point where nothing remains to be cut.

2. It is not the duty of the opposition to take this obligation off the shoulders of a government which has a respectable parliamentary majority. Majority spells responsibility, responsibility spells leadership, leadership spells decisionmaking. It is our duty to thoroughly scrutinize the ensuing government proposals, critically to appraise them and adopt an appropriate attitude. And, in case we should take over the government, we must know what we are going to do.

The "five wise men" have just confirmed that which the Union said long before the elections, and which has now become a cruel reality for every employee: Business has hit bottom, and no improvement is in sight. Obviously the experts do not believe that this Federal Government will be able to get a grip on the outstanding problems. They have therefore marked with an "f" for failure the financial and economic policies of the Federal Chancellor and his aides Lambsdorff and Matthoefer.

It will be imperative to remove all barriers to output and growth in our economy. Investments are vital. The investment backlog in the field of power plant construction, modern electronic mass media and housing construction--which arose for ideological reasons--must be promptly reduced.

Here I begin my indictment: I accuse the Federal Government because, at the time of the Brandt/Scheel socialist-liberal coalition, it wasted the heritage we were able to leave it, and because it continues to live off borrowing in the era Schmidt/Genscher. If it had kept open the scope of borrowing instead of bidding it up to the verage of national bankruptcy, we could now afford tax relief in favor of investment to stimulate output, because we would be able to balance temporary losses

of revenue by calling on our borrowing potential. In the present situation, however, tax revisions must be necessarily medium-term and very gradual.

Tax cuts are urgently necessary wherever the tax system acts as a disincentive and obstacle to performance. That applies in particular to the rate of wages and income taxes and taxes on unearned income which, in times of poor business, result in the destruction of assets, in other words in bankruptcies which this year will most likely exceed 10,000. In no case may there be increases in direct taxes, that is taxes on income and wealth.

I need hardly spell out that I would aim in the medium term to restore the balance between the yield of direct and indirect taxes. We succeeded in achieving such a balance until the end of the 1960's but lost that advantage in the course of the 1970's.

I repeat the most important fiscal principle for our current bungled situation: Spending cuts in investments are a mortal sin against the commandment of economic necessities. A Union-led Federal Government would shift the main emphasis of cuts to public consumption.

11698
CSO: 3103/399

HOUSING MARKET VALUES DECLINING

Hamburg DER SPIEGEL in German 3 Aug 81 pp 66-67

/Text/ Bad times for speculators: No more quick profits from real property.

The property in Hamburg's elegant Blankenese district appeared to be appraised appropriately at DM500 per square meter. The seller, putting a price of DM600,000 on the 1,300 square meters, boasting a stand of old trees, believed that she was not asking too much. The one-family home on the property, built in 1938, was to cost another DM150,000.

However, when the owner decided to sell, the appraisal was no longer appropriate. The entire property, offered last fall for DM750,000, was finally sold in May last --for DM585.000.

A hip-roofed bungalow in less exclusive Hamburg-Bergstedt (125 square meters living space, 900 square meters grounds) may be had for DM370,000 now; only 3 months ago the owner refused an offer of less than DM410,000.

These are not exceptions, nor are they restricted to Hamburg: All over the federal territory real property sellers are finding out that their houses and grounds are worth less than they had believed--sometimes worth less than a year ago.

"In the Rhineland," reports Bonn mortgage broker Norbert Schabel, "lots which would have brought excellent prices even last fall are now hard to get rid of."

In Munich Rudolf Henning, head of the realty department of Fries and Company, observes "a certain restraint by the public." Purchaser have "become more price conscious."

In Frankfurt realtor Guenther Benedickt notes that sellers are now "adjusting their asking prices."

No doubt: Real property is no longer recording the rise in value, which owners have for a long time taken for granted.

Earlier the few sellers were able to set their own prices because of the many potential buyers. Now their situation is less favorable. Richard Speich, general

secretary of the Study Group of German Real Property Exchanges, comments: "The sellers market is turning into a buyers market."

As far back as May 1979 the Federal Union of German Realtors considered that prices were unduly high. Nevertheless prices of new one-family homes and coop apartments in large cities rose by 20-30 percent in the following 12 months.

Some people built or bought at such high prices that no rise in value is to be expected for several years. Realty experts are quite convinced that it is no longer possible to make a quick profit in real property.

That is being felt especially by those federal citizen with high earnings, who are amassing tax saving property on the building sponsor system.

After all, that type of investment makes sense only once the purchaser--provided he is taxable at the top rate of some 50 percent--sells his property after a few years. Thanks to the way the tax is designed he does well when he gets rid of the apartment at cost price after a period of 2 years. It is doubtful, though, whether he will be able to achieve that now.

The first ones to make a good profit on the usually expensively constructed buildings are the contractors and management firms. According to Speich, initially "some hefty intermediate costs tend to be slapped on"--for example lots are bought from an interposed company and resold to the eventual owner at a 100-200 percent premium. The increase in value is therefore usually much lower than promised the potential owner. One Munich realtor is familiar with projects built on the building sponsor system, which were sold at such inflated prices that "the increase in value of the next 10 years has been used up."

Sometimes the growth in value may be less than zero even for conventionally financed real prperty. That became very noticeable to one among many such instances, a professional man who had acquired a 1½-room apartment close to the Hamburg main railway station for DM138,000 in 1978. Last spring he wished to sell the 40 square meter apartment for DM150,000--including the tax concessions enjoyed at the time of purchase, this would amount to a respectable profit.

However, he was not able to sell the apartment at the asking price. In order to save the buyer at least the DM5,000 brokerage fee, he decided to sell the apartment privately. Finally, late last month, he reduced the asking price to DM130,000--DM8,000 less than he had paid 3 years before.

High interest rates and stagnating if not actually declining real incomes are likely in the near future also to prevent any steep rise in real estate prices.

Dieter Bellinger, general secretary of the Association of Private Mortgage Banks, warns that those who build or buy at rates of upward of 11 percent must not expect their real property to make up for inflation-related losses in the next few years. In fact a loss in value is quite possible.

In many neighboring countries prices have already declined, for instance in Denmark and Britain. In Belgium lots and houses dropped by 20-30 percent, in Holland even by 45 percent.

According to the experts losses in value have so far occurred only in a few exceptional instances. Realtors consider it impossible that real prperty here would lose value to the same extent as in the neighboring countries. Frankfurt realty experts say "it never did get cheaper."

Still, most agree that the rise in value, hitherto taken for granted, will be somewhat less ample. According to Gerhard Feldmann of the Federal Union of German Realtors this is "a problem which will increasingly plague the realty market. Realtors will no longer be able to sell houses by emphasizing the potential for a growth in value."

11698
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JEUMONT-SCHNEIDER'S NEW PRODUCTION GOALS DETAILED

Paris L'USINE NOUVELLE in French 16 & 23 Jul 81 pp 39-41

[Interview with Christian Devin by Alain Pauche and Daniel Lacotte]

[Text] Christian Devin, who was just appointed president of Jeumont-Schneider (J-S), one of the jewels of the Schneider group, has in fact been directing J-S since 1974. (He succeeds Philippe Boulin, director-general of Creusot-Loire, who becomes vice-president of J-S to replace Christian Devin.) Fifty-seven years of age, with a doctorate in science, Christian Devin spent part of his career with Thomson up to 1968, when he joined J-S. In 1974 he was appointed director-general, then in 1978 vice-president and director-general.

Christian Devin is behind Jeumont-Schneider's recovery and its spread into electronics. You will recall that Baron Empain wanted to sell his company to the Americans in 1968. The government vetoed it at that time. CEM [Electromechanical Equipment Co.] and Merlin Gerin were approached without success. Then in 1973, a hard blow: Jeumont-Schneider was pushed out of the large turbo-alternator market by EDF [French Electric Company]. However, the fast developing nuclear program and the firm's weight in the market of large transformers enabled it to stay afloat.

In February 1974 it was "a fit of madness," to use the expression of J-S' competitors: Jeumont-Schneider launched into private telephone systems, with the latest technology, time-division. Today J-S has 750,000 installed telephone lines (+20 percent a year), and this year will probably become number one in France for low-range time-division switching systems (40-50 lines for small and medium-sized businesses).

The spectacular growth of J-S in telecommunications considerably changes the physiognomy of a company which just a few years ago was an electrical engineering firm. In this exclusive interview, the president and director-general of J-S explains his present and future options.

[Question] One of the main focal points of your industrial and commercial policy in the past few years has been diversification into electronics. Today electronics accounts for 42 percent of your business. How did you arrive at that point?

[Answer] One of my main concerns when I took office as director of Jeumont-Schneider in 1974 was to form a management team. And I think that probably the most important thing is to have a team that is self-confident, that knows what it is talking about and that is conscious of the goals of not only its leader but all the members. If

we have been successful, it is because of ideas, perseverance, and above all because we have a compatible team. Our recovery after deficit years came about then because we converted to nuclear technology and got into electronics and more specifically private telephony. But we did not have any cash flow problems and were able to finance our start.

We actually got into electronics through the natural development of certain branches. For instance, we have always done a lot of work in the sector of railway transport, where we manufacture inverters, current converters, current choppers, etc. In short, products with a substantial electronic component. So we acquired uncontestable know-how on the subject, since a current chopper which feeds a 6,000 or 8,000 HP locomotive has a logic curcuit which operates on the basis of microprocessors.

We decided to get into time-division switching systems in the same way. This new speciality took shape in 1971-72 when the SNCF [French National Railroads] asked us to develop a complex telephone signaling system. Since the other two groups in the private telephone systems market (CIT-Alcatel and Thomson) lacked vitality and originality in our opinion, we joined the battle. Today we are on a par with CIT-Alcatel in private electronic switching systems, with a notable share of exports.

[Question] What are your medium-term projects now?

[Answer] We have set up a 5-year plan which will increase the share of electronics to 58 percent of our business by 1986 (40 percent in 1980). Our main thrust will be in the area of telematics, computers and office systems. We will be investing between 140 and 180 million francs out of our own capital between now and 1986. We spend 420 million francs in this sector today and we are going to multiply this figure by 4 in 5 years. Our plan also envisages penetrating the North American and Far Eastern markets in telematics.

Moreover, we are going to develop the railroad branch by extending our field of competence to passenger transportation, among other things. We will also branch out into handling equipment for the shipment of merchandise. At the same time, we are going to advance the railway signaling equipment by introducing more electronic networks.

Finally, we want our net rate of return to approach 4 percent of our turnover in 5 years. That seems like a satisfactory ratio to me. For investment and research, I am targeting 10 percent and 5 percent turnover, respectively.

[Question] What are your priorities for this year?

[Answer] This year we are investing 110 million francs in studies and research, out of which 77 million francs will go to the development of new products. Not to mention, in addition to the 110 million francs, 132 million francs in fixed assets.

Our 1981-82 goals basically follow three lines: research in the railway sector; increased development of telecommunications and office systems; and research on hot shops [atelier chauds], simulation devices and control and safety systems for nuclear equipment, in addition to a program to develop technology and techniques for components for breeder reactors.

[Question] Your recent acquisition of Secre, a manufacturer of electronic equipment (with a turnover of 200 million francs and 800 employees), leads one to assume that you have great ambitions in the field of office systems. Have you decided to buy out other companies in this sector?

[Answer] Absolutely. We are pursuing it actively. Not for the pleasure of buying companies, but because we have a precise strategy in the field of office systems. In my view, the office systems industry is composed of four "bricks." We have the first three. First telecommunications and know-how in the area of networks, thanks to our mastery of the technology of low-range time-division switching systems, extensively installed in small and medium-sized businesses. Then, through our subsidiary Cerci, we have considerable advantages in the field of software, and more specifically in decentralized computer systems. Finally for the third brick, the purchase of Secre gives us undeniable competence in developing peripherals which are essential for the office systems of tomorrow (telecopiers and processing of texts].

So there remains the fourth brick! This is everything to do with typewriters--typewriters and rapid printers (150 characters a second). So we have to acquire this quickly. I am currently in contact with an American firm which designs absolutely revolutionary typewriters! Not machines to which a little electronics have been added! We should conclude our negotiations before the end of the year. The agreement will provide either for buying them out, or for acquiring shares or, initially, for buying a license. You know quite well that the dollar is expensive, and I don't have cash holdings in the United States, like other groups now investing on the other side of the Atlantic. I am convinced, however, that the stakes for the office systems business are at an international level. The French market alone will not suffice.

We will therefore need a U.S. subsidiary and a commercial network in Europe. I am prepared to invest 250 million francs to acquire this know-how we need in typewriters, to have a good international commercial network and to develop industrially the line of products required. In this context, we have a new project with Codis [Committee for the Development of Strategic Industries], and I have reason to hope that Jeumont-Schneider will control the French office systems sector, if one is developed.

As for the purchase of a commercial network, I know that this will not be easy. Hermes Precisa International (HPI), taken over by Olivetti, had first reached an agreement with us, which is why the Swiss firm was able to go and negotiate its purchase by the Italian group, on the basis of our proposals! It's too bad, because HPI was a good network for us. I then attempted unsuccessfully to negotiate with German firms.* One of them is in too dangerous a financial situation, and another is not willing to join a French group.

[Question] In the sector of private telephone systems, you have just concluded an agreement with the Italian company Telettra. What are the terms of this agreement?

[Answer] With Telettra (a $200 million turnover), we have signed an exclusive license to sell our equipment (time-division switching systems) in Italy and in three other countries--two in South America and also Spain, where Telettra has a

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*Editor's Note: The two firms are Olympia and Triumph Adler.

subsidiary. Moreover, at the end of a certain period and provided they have sold enough systems, Telettra could exchange the sales license for a manufacturing license. For us, this agreement provides a way of extending the market for our line of private telephone systems.

[Question] The 1980 results were particularly good. Are you satisfied with them?

[Answer] No. Fifty-two million francs in net profits out of 3.1 billion francs of business is not a satisfactory profit ratio, no more than consolidated net profits of 64.8 million francs for a 4.7 billion francs turnover for the Jeumont-Schneider group is up to our expectations. We will have to do better in coming years. But since I have been director of Jeumont-Schneider, there have been no large staff reductions, despite obvious difficulties in certain departments, which could have been resolved much more rapidly by drastic cutbacks in employees.

My philosophy has always been never to cut off dead branches. This procedure would make it possible to advance more rapidly, but it is not good for the overall dynamics of a group, and less traumatic solutions have to be found. Haven't you heard it repeated that the rich must pay for the poor?

Let's take the example of engines: there are five manufacturers in France. There should be three but no one has ever succeeded in reaching an understanding. However, we have just signed an agreement with Leroy-Somer to consolidate production of our engines. We will stop manufacturing the low range models in favor of Leroy-Somer, but we will continue to sell them under our brand name. On the other hand, we are manufacturing the low tension higher range models, that they will sell under their brand name. This type of industrial agreement should make it possible for us to increase profits.

It seems to me that the model for what should be done is found in the plan we adopted for power transformers, transport or distribution. This sort of consolidation of industries either within or outside our group is very satisfactory. The proper ratio for a group such as ours should range around 5 percent of turnover.

[Question] What advantages do you draw from belonging to the Empain-Schneider group?

[Answer] First there are the advantages related to information channels and especially to personal relationships you can form when you belong to a large group involved in a number of sectors. We have liaison committees, particuarly in areas where there is international involvement, which are really useful because they give us a chance to be associated in the large operations the group conducts abroad. As regards bidding to supply material to companies in the Empain-Schneider group, we are generally treated better, but that doesn't prevent our competitors from running off with the orders. Moreover, the business we do with companies in the group only accounts for 27 percent of our total activities (including of course the combined railway and nuclear operations with the Creusot-Loire group).

So there are close links and compatibility among the people working in our group. And beyond financial links, Empain-Schneider really owes its existence to its manpower.

9805
CSO: 3100/870

POSSIBLE METHODS, ECONOMIC RESULTS OF NATIONALIZATION DISCUSSED

Paris L'USINE NOUVELLE in French 16 and 23 Jul 81 pp 24-25

[Article by Alain Pauche: "What the Government is Going To Do"]

[Text] The government seems to be moving faster than foreseen in its nationalizations, with the first targets being banks and the arms industry. This line of action is reflected in its research policy and in its social objectives, which are causing concern among a good number of companies.

In the accompanying rhetoric, in the supporting ideology, in the upheavals and the transformations it creates, the project for nationalizing credit institutions (including investment banks) and twelve industrial groups, which was presented by the prime minister last week in his program statement, is a weighty event.

Weighty but not surprising, since the government is just keeping the promises made by Mitterrand as a candidate during the presidential campaign. Weighty because it changes the balance of power between the public and private industrial sectors, strengthens the role of the government and, as a result, introduces the new idea of "dual industry."

It is up to the major industrial groups, controlled by the government and fueled primarily by the government, to be the locomotives for technology, to keep the branches of industry busy, to give the country "control over the industrial centers which seem to command a dynamic investment and employment policy," according to the words of Pierre Mauroy. The rest of the companies--"given the fact that a large part of French industry will remain in the hands of private enterprise," will have the "major responsibility of creating wealth and exporting."

Although these words may shock some members of government, French industry finds itself cut in two, both in spirit and in actual fact. Moreover, the new rationale behind nationalization leads quite naturally in that direction. In this it is shaping what will be the industrial policy of the legislature (authorization given Elf and Rhône-Poulenc to invest in the United States is another indicator). For it is important to realize that nationalization is both a means of attaining industrial goals (e.g., to develop the electronic industry) and a way of satisfying political requirements (appropriation of arms industries). Then you musn't forget that the government approves and justifies a political and economic program to

nationalize the "major" groups (for the avowed reason that they are large) in order to have better control over entire branches of industry (construction, electronics, computers, arms, chemicals, steel) and to be in a position to reshape them.

From this perspective, the choices and methods for nationalizing the industrial sector appear paradoxically less important. However, when Pierre Mauroy announced the nationalization of parent companies and not of their subsidiaries, he put an end to the debate which begain in the Socialist Party in 1977, between those advocating direct and total intervention (holding companies and subsidiaries) and those definding nationalization of the parent companies alone.

Behind this apparently technical choice, there are two different concepts of the public sector at play. Having opted for the first one, which, in all deference to some ministers, is similar to the Italian model (in which IRI [Industrial Reconstruction Institute], through five holding companies, controls hundreds of companies), the government has decided to proceed "immediately" with the nationalization of the Dassault group and the Matra arms branch, which rely on government orders. The first bills, to be submitted to the deputies in October, involve--in addition to banks--these two groups, which have 15,000 and 2,500 employees, respectively. Usinor and Sacilor (34,000 and 25,000 employees) will follow, saved from bankruptcy by the government which has become the majority shareholder in the holding companies.

There are five companies forming the third group: CGE [General Electric Company], PUK [Pechiney Ugine Kuhlmann], Rhône-Poulenc, Saint-Gobain, and Thomson-Brandt--or a consolidation of 630,000 people and 180 billion. For example, by controlling the parent company CGE, the government, through its shares, will also control Alsthom-Atlantique, CGEE-[Levallois General Electric Co] Alsthom, Câbles de Lyon, Sepem-Sauter-Thermor, CIT-Alcatel, the group's main outfit for telecommunications and office systems, and the Société générale d'enterprise, which took over Sainrapt and Brice in 1980.

With Thomson, everything seems to become a little more complicated. Of course electric household applicances, television and engineering (Sodeteg) activities move into the public sector, but discussions between Europacolor and Vidéocolor, on the one hand, and AEG [General Electric Co] and RCA (Thomson's partners), on the other, will have to be held. Other negotiations will have to be opened with Zambia, a Thomson associate in a continuous copper casting operation, with Lucas, and with Philips, which provides technology to the Compagnie des lampes [Lighting Company]. Better still--if we can use the expression--legislators will have to decide on the nationalization of Thomson-CSF, which is 40 percent owned by the parent company, and which controls the electronics business for groups such as the military, that gives the group the financial leverage it needs.

These last three groups, CII-HB [International Computer Company--Honeywell Bull], ITT-France, and Roussel-Uclaf, with foreign shareholders holding a majority in the last two, are not part of the first "October train." The government is going to begin negotiations to find the ways and means of restructuring the capital in each of them.

As far as ITT is concerned, it is a delicate problem. First of all, ITT France does not exist. In France, II is twelve subsidiaries of ITT USA, Germany or Switzerland, to which we must add the CGCT [General Telephone Construction Co] (telephone systems, 7,500 employees), which in turn controls Pouyet and La Signalisation and which has 18 percent of the LCT [Central Telecommunications Laboratory] research laboratory. Since it is difficult to nationalize purely commercial subsidiaries, you have to sort them out. That is the first problem. Then, for the CGCT, neither Thomson nor CGE--the only possible choices--want it. They already have too many employees, even if they are attracted by the 16 percent of the PTT [Postal, Telecommunications and Broadcasting Service] that the CGCT would bring. A "forced take-over, piece by piece," would be delicate because of the presence of the Massy factory, which is hard to find a place for. So there remains the option of not nationalizing. They are thinking about this at the PTT, in spite of Pierre Mauroy's speech and the symbol of the American multinational in the eyes of the Elysee (ITT = Allende's Chile).

What is left is nationalization of the finance companies with industrial shares in the banking groups Paribas and Suez. Although they figure among the companies to be nationalized, the plan is to transfer them back to the private sector. The government will return to industry what Paribas and Suez "took" from industry.

So the 35 percent Paribas holds in Empain-Schneider (Creusot-Loire, Framatome, Jeumont, Merlin Gerin, etc.) and the shares it has in Poliet, La Chapelle-Darblay, OTH [Omnium Technique Holding (engineering company)] will be "returned to the private sector," according to procedures that Jean Le Garrec, state secretary in charge of extending the public sector, was not able to explain.

"There will be no unwarranted nationalization of our economy," asserted Pierre Mauroy in justifying Mitterrand's first proposal. But if the government intends to set up its development poles and priority sectors of industry, it is hard to see how it can help but "play Lego," according to the colorful formula of Jean Le Garrec.

9805
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BUSINESS LEADER'S VIEWS ON BANK NATIONALIZATION

Paris LE MATIN in French 6 Jul 81 p 11

[Interview with Lucien Pfeiffer by Francois-Henri de Virieu: "How to Nationalize the Banks Without Subjecting Them to Staff Control"]

[Text] The government has given itself the summer to reflect on the best way to carry out the nationalization program presented by Francois Mitterrand during his electoral campaign and about which all the ministers do not have the same point of view. The industrialists and bankers involved are taking advantage of this delay in order to try to make the responsible politicians understand the complexity of the problem, with the hope of convincing them that the program should be limited to nationalization measures which are truly useful. LE MATIN will report this essential debate. Today, we are questioning a business leader who favors nationalization measures, Lucien Pfeiffer, President-Director General of an important cooperative group of small and medium businesses, and who was one of the pioneers of lease-credit. Pfeiffer explains how to proceed, in his opinion, so that the nationalization of the banks is not transformed into their subjugation by the State.

LE MATIN.--In 1981 as in 1974, you appealed to voters to vote for Francois Mitterrand; you thereby approved the announced program of nationalization.

LUCIEN PFEIFFER.--The left knows that it will be judged first of all by its ability to give solid substance to a new right which has been emerging for some time, the right to work, to activity, to employment, assuring to each man and woman the standard and quality of living desired. To this end, the left must rapidly master the major tools of economic life in order to use them in support of this policy. Nationalization is one of the most rapid means it has for attaining that objective.

[Question] Do you really believe that nationalization of all the banks, for example, is indispensable, when the three banks already nationalized represent, by themselves, nearly 70 percent of the banking sector?

[Answer] The three banks termed nationalized are in reality State controlled. If it were a question of controlling the rest of the sector in the same way, it would in my opinion be catastrophic. For my part, I believe and I hope that it's a matter of finally moving forward to a true nationalization.

[Question] And that is?

[Answer] The capital of the three co-called nationalized banks has been transferred to the State. Ownership of the stock gives it total power, to the point that the government has for several years even abolished the holding of general assemblies, and that the administrators and the President-Director General may be appointed or dismissed by decree[1]. Let's point out in passing that the power-ownership connection which is the foundation of capitalism remains complete. It's simply a matter of state capitalism. In the formulas for the new nationalization measures which I know about, the bank's general assembly would be composed of representatives elected by three constituencies: the salaried workers, the credit users, and the public groups concerned. This assembly, which might have a hundred or so members, would elect the administrative council, which would also be organized in a tripartite fashion and which, in turn, would elect its president. The latter would have to be accepted by the government. The administrative council would periodically negotiate with the government its economic and social objectives within the framework of the Plan.

Believe me, the relationship among the government, the Bank of France, and the banks would no longer be the same with a council having its legitimacy conferred by universal suffrage.

[Question] And what would that change for the customers?

[Answer] The credit users and depositors having their representatives in the general assembly and on the administrative council would have an influence on decisions. They would be able to express their point of view vis-a-vis that of the workers and national, regional, and local public groups (which, let's not forget, are not the State or the government).

Since their representatives would also sit on the loan committees, where specific amounts of credit are determined, and on the finance committees, where the payment to each depositor is decided upon, there is every reason to believe that a head of small and medium businesses, for example, would no longer find it so easy to conceal an overdraft or reduce a discount ceiling on the eve of maturity. The true hold-ups which I have witnessed (sometimes without being able to prevent them) of liberal small and medium businesses will no longer be able to be carried out without the users' representatives having their say. The banking technostructure had too great a tendency to consider that the bank was at their service, at the service of their desire for power.

[Question] That's pretty much what goes on in mutual banks...

[Answer] As a matter of fact, that's just about what goes on in the area of mutual credit, agricultural credit, and, to a certain degree, in general credit institutions. But this approach requires a decentralization equivalent to that which exists in these organizations or in the Centers of Communist Initiative group. Nationalized banks will have to be regionalized into four or five national federations. That will also allow for maintaining the rivalry and competition which are indispensable for a society of free choice.

[Question] How do you view the indemnification of stockholders?

[Answer] Why indemnify anyone? The nationalization law can be restricted to withdrawing the voting right from the stock. That wouldn't bother the little stockholders who never do anything with that right, since they concede their votes without specifying a choice. On the other hand, that would take away power from the controlling lobbies which used the bank not for the collective body, but as a tool of domination to support their desire for power. And that's good. Taking away the voting right from the stocks is compensated for in all the countries of the world, either by a preferred dividend, or by a guaranteed dividend. Isn't this the same formula that, as early as 1978, Jacques Attali outlined in an interview in les Echos and which caused some sensation?

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[1] Since 1973, because of stock distributions to the employees, the semblance of a general assembly has been reconstituted and called a college. All the members of the college are designated by law or appointed by ministerial decree, with the exception of one or two representatives elected by the stockholders.

9816
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NATIONALIZATION OF BANKS CALLED 'REVOLUTION,' 'RISKY'

Paris LE POINT in French 13 Jul 81 pp 22-25

[Article by Michel Richard: "Banks: But Why Nationalize Credit?"]

> [Text] The guillotine has fallen on the banks: they are to be nationalized. Behind the panache of the symbol, a revolution. A revolution which sees itself as ambitious. It is though, for the time being, chancy.

"It's a world premiere," a little dumbfounded, but with a rare sense of jubilation, an official from the Elysee contemplates this historic moment in the summer of 1981 when France finishes what it began in 1936 and 1945: the nationalization of credit.

For this old idea that the Socialists have been carrying in their portfolio for more than 10 years, this idea which has been included as ritual fogma in all the major writings (General Program," "Socialist Project," "110 Proposals for France"), but thwarted heretofore by "the pressure of conservative forces," this idea has today come to fruition and has seen the light of day.

Therefore, Wednesday, when Pierre Mauroy announced, as predicted, that credit would be nationalized, it was largely a myth which had become fact. The words of the Prime Minister left the banks speechless (and almost stunned), and the French, probably for the most part, indifferent; but, in effect, those words have achieved for France a "world premiere."

Until that day, no industrialized country of the free world had ever nationalized the totality of its credit. Straight off, on this essential point, France has no bad marks; it has inaugurated a clean "model;" in 2 months she had done what a Social-Democratic Germany, the socialist governments of Austria and Sweden, and the Labor government of Great Britain have never endeavored to do.

Thus, the great majority of some 250 private banks, which collect 12.5 percent of the resources of the French financial system and distribute 16.1 percent of the credits (the percentages reach 21 percent and 25.4 percent if the public sector is excluded), these private banks find themselves resting in the bosom of the State. First to be picked are some superb blossoms in the French financial garden: Credit Commercial of France (CCF), Credit Industriel et Commercial (CIC), Credit du Nord, the Banque de Paris et des Pays Bas, Indosuez, Rothschild.

At first, however, the words of Pierre Mauroy, sometimes imprecise and elliptical, and lending themselves to many interpretations, appear rather moderate. It was already known that neither the foreign banks (or those under foreign control), nor the banks created under a special statute and of a mutualist or cooperative nature (Credit Agricole, Credit Mutuel, Banques Populaires) would be affected. But in excluding from the field of nationalization "the small independent banks which are often very useful to local or regional economic life," the prime minister seems to hold back. To the point of appearing to be in retreat from the words of Miterrand the candidate: "The banks, all the banks," he specifically said during the televised debate of 5 May with Valery Giscard d'Estaing.

Where does a "small" bank begin and where does it end? What exactly is an "independent" bank? No one knows. Surely this is not reason enough to change the physiognomy of things. For, of course, the weight of the aforementioned small independent banks is negligible. Question: and if, because they are left alone and remain private, these small banks become large? "Impossible," answer those at the Elysee Palace. "We will do what is necessary to avoid having that happen. We only have to establish an upper limit of deposits beyond which a bank would fall under the category of those eligible for nationalization." Another official adds, "Why would you like the government to take control of the small local banks? That would be frighteningly complex. As time passes they will gradually be absorbed into the ranks of large banks. Or they will disappear: what place can they hold in an environment which is entirely mutualist or nationalized? They would disappear as a result of their own efforts. Their future would be even more problematic." This is clear.

Much more important obviously are the questions relating to commercial banks and to their participation in industry. Two giants come to mind right away: The Compagnie Financiere de Suez and the Compagnie Financiere de Paris et des Pays Bas. These two are the owners of several banking institutions and of a long string of joint undertakings and subsidiaries. At year end 1980 Paribas held shares in about 600 corporations for a total sum of more than 6 billion francs.

Pierre Mauroy has announced two principles. One: the shares of these banks, other than those in the 11 groups deemed candidates for nationalization, will be "returned to the private sector." But who will buy them? Two: The international activities of these banks will be preserved. But beyond these principles there are a great many questions, and a great many technical problems! Beginning Thursday morning, the ministerial staff concerned with these matters will start to work: there will surely be more than enough for them to do from now until fall in refining the melody of the political theme song aired Wednesday by the prime minister.

The political facts of life are that questions exist, ambiguities remain, and the terms and conditions of shareholder's compensation, as well as the financial evaluation of the establishments concerned, are largely unascertained: a declaration of general policy is not yet a bill ready for a vote.

Pierre Mauroy's text on nationalizations, in its very generality, was an extremely laborious elaboration. "Not a single restrictive suggestion came from the companies involved," complained one of the participants in the feverish discussions which caused so much commotion last week. "In brief, a confused procedure." In truth, everything is taking place at the highest level--after internal and secret battles.

Arbitration is carried out by Francois Mitterrand. Difficult. Even Tuesday evening--the eve of J day--passage of the nationalization bill was still under discussion. And successvie rehashings pile up one on top of another...

Why? It is no secret to anyone that several tendencies coexist at the heart of the government, that Jacques Delors, for example, Minister of the Economy and Finance, defends more liberal positions, less extreme than many of his colleagues. At the end of Pierre Mauroy's speech, a well-informed observer said, "Today Jacques Delors lost. He wanted to nationalize credit starting at more limited boundaries, he wanted to limit the transfer of property. No one supported him."

Jacques Delors was perhaps unhappy--or isolated--when, Wednesday evening, he measured the extent of his disagreements with the government's document. The bankers themselves were acting strangely. Officially, of course, they were silent: no comment. But it was known that some of them, buoyed by the uncertainty of the situation, still hoped to slip through the net. One, by emphasizing his bank's mutualist character; the other, his foreign stockholders; others, by trying to appear small...

In truth, and curiously so, the bankers were, in recent days, incurable optimists. Most never believed the Left would be victorious. Worse yet: they never composed a scenario to deal with this victory. After 10 May they still hoped. "I shall attempt to convince the authorities," assured one of them. "Nationalization is not certain," Jean-Maxime Leveque, President of CCF, wrote to his stockholders--the only banker, however, to fight openly (and with many accompanying pages of publicity in the newspapers) against nationalization. "I don't believe it," said Pierre Moussa, CEO of Paribas, before a group of financial analysts.

Of late, still no declaration. They are burying themselves, they are in hiding, trying to make themselves small so as to be forgotten! The French Banker's Association is mute; choked and suffocated, it is true, by the diversity of its members--the three nationalized banks as much as the smaller private ones. Mute, the Private Bank Coordination Office, presided over moreover by the "boss" of the Banque Hervet which had such a strong voice in the legislative elections of 1978.

Today, as the guillotine falls, they are stunned. Their record, they thought, was good. Only no one asked them for it. And it bankers are now going to be consulted, it is not to talk about principles, but rather about the method of application.

However, this record which was not opened, this debate among bankers and public authorities which was not taken up, all of this must be brought up again. This touches on the main point. Why nationalize credit? Why, with such a policy, put us in the same camp as a handful of countries, either of Eastern Europe or underdeveloped ones such as Afghanistan, China, Cuba, the USSR, Vietnam, Libya, etc.?

"This is the first time I have seen that," confides a banker in the secrecy of his office. "A decision by the authorities which has only disadvantages and no advantages. They have sacrificed to a symbol. But a symbol is never as brilliant as when it is stupid. In the same way, authority shows itself best only when it is capricious."

The disadvantages? First, the operation of all this is not free: tens of billions are at stake. We will have to find them. The relationships between banks and businesses, even if we make the best of it, will be profoundly disturbed. All the more so since the private banks, already in the minority, will no longer be there to stimulate, to "titilate" the national banks.

"Moreover, why do all that," asks a banker "if it isn't to modify the behavior of banks? Will we have or not have full responsibility of choice in our dealings? We are told there will not be any bureaucratization, but we are also told that we will follow the guidelines of the Plan..."

Why then nationalize when the government already has so many means at its disposal? When credit has been distributed, parceled out, it will not be more abundant: it is the government which will set up the framework. It will not be less expensive: everything depends on the monetary policy followed by the government. Already 44 percent of the credits distributed to businesses are supported by the government. And the majority of medium and long term operations--the most "structuralizing" ones therefore--are obliged to pass through public organisms such as the National Credit Bank, the Land Bank, or the Deposit and Consignment Office. Moreover, it is true that the State controls 60 percent of the deposits and 48 percent of the credits of the registered banks, that the National Council on Credit has very extensive powers, and that interest rates depend almost completely on the Bank of France.

From a foreign or international point of view, the international traders do not lack for arguments either. Bank operations in 1980 added 10 billion francs to the French balance of payments. In the service category, banks are the primary producers of foreign currency. "But," say the international bankers, "the international financial community does not like state-run institutions."

Pierre Moussa said recently that several of Paribas' successful ventures resulted from the private character of his group. "The Empain-Schneider operation was possible because of that." What is true for negotiations with a family-held firm is also true with international industrialists and financiers. The Saudis would thus have it be known that, should nationalization occur, they would end their participation in joint industrial investments. "The loss of the aforementioned private character," concluded Pierre Moussa, "would not destroy Paribas. But is would not be reasonable to demand an effort on the part of taxpayers for what would result in the mutilation of a useful instrument, one already at the nation's service."

Then, why nationalize? The defense explains, "It would be impossible today to contemplate permitting anyone other than the government to coin money," said one of Mitterrand's aides. And the extending of credit is, in a certain sense, coining money. It is therefore normal that the government control this instrument totally." The goal: "To create a system which is both competitive and decentralized." "When a regional bank, backed by the government, opens a 20 million franc line of credit to a small or medium size business, we will see the "mammoths" (Credit Lyonnais, BNP, Societe Generale) begin to raise questions and to decentralize their structures."

And, this aide continues: "To say that no other industrialized country has nationalized its credit is a false argument, a fiction: the United States prohibits its

banks from operating on a nationwide basis. They are limited to one state. In the case of the Federal Republic of Germany, it requires the financial participation of the Laender in its banks."

The basic problem is as follows: should a bank cooperate in the development of industry or should it prosper by climbing over industry's back on its way up the ladder of success? The answer--in the form of grievances--is found, in part, in several sentences from a book entitled "The Monetary Imposture," written by the members of the Economic Committee of the Socialist Party: "Nationalization must be total, for without that it would not reach its goals," writes this group of authors. "The private banks have a decisive power. Their unwarrantable interference in industrial and commercial enterprises gives them power, sometimes marginal, but often unlimited. They are more dangerous now than they were 30 years ago. Their excessive influence proves that the banking and financial system must be controlled in its totality or we will run the risk of seeing it rise up again in new forms which will be just as harmful, and which will permit economic decisions vital to the community to be free from the standards of the general interest."

Whatever one might think, the case against the private banks has been heard, investigated, and sentence has been passed. Except for the practical modalities which are yet to be defined, and probably at the price of several changes in personnel, all that remains to be done today is to question the consequences of the nationalization of credit.

For individuals, there will probably be little or no change. In more or less attractive, but different, packages--a better share in the Variable Capital Investment Company (SICAV) here, a warm reception there--financial products sold by banks are the same. They will remain so.

For business concerns, the answer is infinitely more difficult. In truth, there are two: one is as alluring and enticing as the other is worrisome. On the one hand, there would be decentralized banks which would have a thorough knowledge of their customers and the financial means to satisfy them; banks gathering in the savings of an entire region and distributing those francs for regional economic development; banks working, in this respect, in the national interest, guided inferentially by the general outline of the Plan.

And then, contrary to this best of all banking worlds, the netherworld: with the rapid computerization of banks, say its supporters, a central system will be able to know everything. Which credits are accepted or refused? To whom and why? To settle everything, answer all questions. And, perhaps, to kill off a business which might not have the good fortune of pleasing the planners. In brief, it would be a decisive blow at economic freedom.

Impossible, of course, to settle everything once and for all. Impossible also to say whether the Parisian technocrats, having in their hands the entire apparatus of French credit, and even a little more, will be able to resist the temptation of rationalizing in the underground of the banking world: by concentration or specialization of the networks.

Everything, it is obvious, is to be learned, to be invented. That is the price of a "world premiere" which is, at the very least, adventurous.

The French Financial System

In chart form what will be nationalized. The private banks collect 12.5 percent of deposits, the sum of which, at the end of 1980, reached 1883.9 billion francs, and they distribute 16.1 percent of the total volume of credits granted, whose total reached 2107.5 billion. The private banks employ, at the minimum, 25 percent of all bank personnel (381,412 individuals) and contain 18 percent of the teller stations.

Categories	Deposits	Credits
Public and semi-public sector. (Savings Bank, Equipment Banks of local communities, Land Bank, National Bank, National Energy Bank, etc.)	38.4%	37 %
Nationalized Banks (Credit Lyonnais, BNP, Societe Generale)	22.6%	18.7%
Mutual and Cooperative Sector (Agricultural Bank, People's Banks, Mutual Bank)	24 %	17.7%
Private Banks	12.5%	16.1%
Financial Establishments	0.5%	5.5%
Private Banks controlled by Foreigners	2 %	4.1%
Diverse (special drawing rights)		0.9%

9803
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UNEMPLOYMENT FIGURES FOR NAPLES SHOW RISE

Rome POLITICA ED ECONOMIA in Italian Jul-Aug 81 pp 21-22

Article by Maria Liguori and Susi Veneziano: "Naples' 'New Jobless'"

[Text]

We can safely assume that completion of the job-wanted survey marks the end of the first major phase of job-placement in Naples. Now that registration is closed, the official ratings list run off, and checks completed as to the actual unemployed status of registrants, we can move on to an assessment of the real size of the job market and the availability of manpower for reconstruction in the areas stricken by the November earthquake.

The survey revealed a further worsening of the unemployment picture in Naples: the rolls now show 109,517 unemployed, as against the 97,138 carried on the regular jobless lists for June 1980. This means that we are actually showing, in the space of less than a year, a rise in unemployment of 12.5 percent. The deteriorating situation reflects primarily juvenile joblessness. Young people under 30 who are without jobs number 80,132 (74.1 percent of the total), whereas in June of 1980 there were 63,736 of them; the striking thing, though, is that young people under 20 seeking employment more than doubled over the same period: up from a little under 10,000 enrolled on the [PL]285 lists to take in 23,217 new enrollees. The overall increase in the numbers of unemployed would therefore appear to stem almost exclusively from the entry of these very young job-seekers into the market. Even so, the number of adult job-seekers is also very high: 15,405 between the ages of 30 and 40 signed up (14 percent of the total), as did 13,893 people over 40 (12.6 percent).

Almost all (98.2 percent) of Neapolitan job-seekers stated that they were ready to work on reconstruction jobs, which are almost exclusively to be found in housing construction. Not quite so prevalent, but still considerable, are people willing to work outside the district in which they registered for work (76.3 percent), particularly among the elder applicants (among registrants over 30 the percentage willing to move drops to 67.5 percent). It is highly likely, though, that the declared availability does not indicate for many of the unemployed (we are thinking here mainly of college and high-school graduates and women) any real intention to engage in that particular area of endeavor.

As for income levels, a good 34.4 percent of applicants declared no income at all; most of these are people in the more adult age brackets: among the very young (20 and under) those declaring no income number 17.9 percent, while among their elders (30 and over) the rate is 59.7 percent. Clearly this declaration of "no income" -- which conjures up visions of large numbers of families totally destitute -- hides unreported work and income, although in many cases that amounts to no more than bare subsistence.

The priority criteria that set the weighted point system and shaped the priority list base first claim to jobs on willingness to work on reconstruction, seniority on the employment rolls, ages between 14 and 29, the level of economic need, and the number of dependents; no reference made to job skills or professional or vocational status. This clearly scorns the intent, clearly expressed in the reform decree-law, to give that sort of worker priority over the others, thus leaving it up to the employer to pick and choose at will among the thousands of applicants for the skilled and experienced work force he needs.

Yet to be played on this count is the card of vocational training, the key issue in resumption of the debate over the quality of manpower available. This is an issue which is apparently of acute interest to local employers as well; they complain of the lack of skilled workers, and seem far more inclined to hire specific individuals for this kind of work than to take them as they come off the register.

A check into the genuineness of reported joblessness through crosschecking the placement lists with the rolls of the welfare agencies according to job categories has already "uncovered" 3,000 phony jobseekers, operators of commercial and trades businesses, who were immediately struck off the lists. The crosschecking is not yet complete, so this number will very probably increase. The mere fact of running the checks, though, restores only a portion of the credibility which the Labor Office ought to enjoy; full credibility for the new agency will have to come through absolutely open and above-board performance in the placement of real people in real jobs, which is certainly the most iffy phase of the whole control operation.

Now that the initial phase of head-counting is, to all intents and purposes, complete, we move into the more delicate phase of actual control of the market. Up to now manpower requests coming in have run around the tens of units, all calling for unskilled workers. The Foschi administration is still insisting that the promised jobs (2,500 by last 15 April, and 10,000 before the end of June) are there, despite the expired deadlines for finding them. Local businessmen have voiced harsh criticism and are pressing for a reduction in the Labor Ministry provision that pegs contract awards and loan assistance to hiring by the numbers of a manpower quota equal to 20 percent of the company's current employment levels.

One more roadblock -- and this one a crucial one -- is the machinery for placement of entry-level workers through competitive examinations. The numbers of job offers coming from the public sector is by no means negligible, and the demand continues -- despite reforms in the regulations governing the labor market -- to absorb a considerable share of the labor supply, and to do so wholly unfettered by rules and regulations (which means through cronyism, corruption, and inadequacy). Competitive examinations, advertisements of openings, and word of mouth are the job-search channels most often used by the weakest sectors of the labor market (young people, high-school graduates, and women) -- the very people who thus far have have been the least successful job-seekers in Naples, particularly when they use official channels. Furthermore, these are the people who will be least affected by the quake reconstruction program, and least likely to be hired for work in the housing industry. In other words, the hottest phases of the reform effort still lie ahead.

6182
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BOOM IN CIVIL WORKS PROJECTS ABROAD

Milan IL SETTIMANALE in Italian Nº 27 pp 42-46

[Article by Renato Tagliani]

[Text] The construction business is marking time at home, caught up like the rest of the economy in the spiral of political crises, inflation, and recession. Abroad, though, things are fortunately different.

Ours is a people with a vocation to building (ubable to fulfill that vocation on the grand scale here at home). Italians are also builders of walls and, as everybody knows, the tradition was begun under men like Julius Caesar, Trajan, Augustus, Hadrian, Titus, and several other respectable emperors. The ancient world was indebted to the Roman ants for thousands of kilometers of roads and aqueducts. In our day, the world looks to the descendants of those armies of Roman ants to build other highways, aqueducts, and dams, not to mention industrial plants, gas pipelines, airports, silos, and whole cities.

We are fine fellows and well thought-of, yet our earnings (and the consequent flow of hard currency back home) are steadily shrinking. Why? The main reason is that the cost of our product is climbing ever faster. The future? Hard to say. The world of imperial Rome was first beset and later swept away by the Vandals, the Ostrogoths, the Franks, the Allemani, and all the hungry waves that followed them. The siege that threatens us today, though, looms in the East, this time in the Far East: we are being harried and beaten by companies that can instantly mobilize hordes of workers with odd-shaped eyes who are not too demanding, and among them the ones who stand out for their success and their entrepreneurial derring-do are the outfits that fly the flag (our recurrent downfall in sports as well as in trade, and now, in industry) of South Korea.

Is the parallel between the ancient Roman Empire and the present-day world of Italian construction work in the world overdrawn? Not altogether, because ours has been and is (we hope will long be) an empire of toil, intelligence, money, prestige, and engineering advances. One single figure can speak volumes: since 1950 (reckoning in 1981 lire) estimates put our earnings worldwide at 50 to 60 trillion lire. The

National Building Construction Association (ANCE) has 16,000 companies on its rolls: that is 90 percent of all privately owned companies in the sector, and more than 100 of them are assiduously engaged in bringing home much sought-after dollars in exchange for technology, the love of a real challenge, and honest sweat. In addition to the 100 companies in the private sector there are others that are state-owned, and then there are the cooperatives -- an almost solely Italian entrepreneurial phenomenon. These three groups among them boast an annual volume of business abroad worthy of anybody's respect, even in times of inflation at flood-tide: for 1980, about 3,078 billion for ANCE members, 250 billion for the cooperatives, 350 billion for Italstat (the state-owned holding company for the sector belonging to IRI), not to mention in the latter figures the still fluctuating, nebulous 1.3-trillion-lire contract for building the Iranian port of Bandar Abbas.

Does that mean that everything is going swimmingly for our builders abroad? By no means. Inflation and recession have hit us hard, but whereas the French, Germans, Spanish, and even the Pakistanis managed to come up with swift and efficacious protectionist and support remedies we are still skidding about over the same old bureaucratic banana-peel. The tragedy our industry is unwilling staging is all too well known: four acts (and countless scenes) entitled "High Cost of Labor," "Steady Rise in Raw Materials Costs," "Excessive tax burdens," and "Lagging Modernization of Production Systems and Means." There is frequently a prologue devoted entirely to "Absenteeism." The export construction industry, which is what we are talking about, is blessedly immune to all these functional upsets. The physician-State could release it from hospital today --if the good doctor were supported by good intentions. The diagnostic chart reads: "high cost of labor; prohibitive cost of money; slow bureaucratic sedimentation rate."

Almost All Here

That is enough, however, to cause the industry to lose out on a lot of promising contract chances, and every once in a while we find ourselves overtaken by the South Koreans, the Philippinos, the Thais, and the Japanese. An ANCE chart showing annual volume of business abroad for the years from 1971 to 1977 displays a vertical curve: from a minimum of 70 billion to a maximum of 3,100 billion (remember the dollar exchange rate of around 600 lire). In 1980 the total is 3,078 billion (and let's try not to think about the exchange rate for the dollar right now). Even so, ANCE is not pessimistic: when it talks about the times we are going through right now, it talks of a "softening," rather than a recession. Incredible. Laudable and irreplaceable though it is as an Association providing genuine support to its members (support in the form of technical assistance, legal aid, newsletters and market surveys), ANCE in this case is slipping and sliding around in the sweet, sleepy, sticky optimism that is a long-standing tradition in Italy. It reports that the French (who lead all Europe in construction abroad) in 1979 did 27 billion francs worth of business but that in 1980 did only 30 billion, "which means that the increase was totally swallowed up by inflation." We Italians, therefore, as everybody knows, are not feeling the slightest discomfort from inflation and, meanwhile, in

1980 we lost 17 billion lire worth of business by comparison with 1979, and so we quite properly say with perfectly straight faces that we have no major recession here, but only a "breathing space." Franco Nobile, president and general manager of Cogefar (14,000 people on its payroll, and a trillion lire worth of contracts in hand, 70 percent of them orders from abroad) pointed out to me that French companies get government loans at special rates of 8,5 percent, or go to the market and get it at 19 percent. We, though, pay back our borrowed money plus at least 30 percent interest. Cogefar is one of the biggest of the private Italian builders, and bellwether of the Bastogi conglomerate. Among its proudest achievements in Europe are the Gran Sasso and Frejus tunnels. Overseas, Cogefar built the 1000-kilometer Transcameroon Railroad -- the longest in Central Africa -- slicing straight down from north to south almost the whole length of Cameroon.

Within the next few days Nobile will be telling his shareholders that their company shows a profit of some 5 to 6 billion lire, and asking them to start thinking about him as a man who has an inclination to take early retirement. He has five children, an itch to take a leisurely look at the world he has seen only on business trips, and a desire some day to retire from the stage with honors and without having to sit in any longer at the armchair merry-go-round at the summit of the Bastogi mother-house that used to be so staid and stodgy, but these days makes hot gossip every week.

Standing up just recently to a hopelessly sclerotic and slow-witted bureaucracy are two dynamic and very youthful newcomers to the ministerial scene: Enrico Manca and Gianni De Michelis, whose portfolios are Foreign Trade and State Participations, respectively. De Michelis has the effrontery to try to prune the public commitment: he has no patience with the intermingling and blending of public participation and public assistance. For his part, Manca for months now has been the tireless and tenacious traveling salesman for Italy's foreign trade and, among other feats, got Italstat out of an embarrassing bind by suggesting that its autonomous export credit section (SACE) would be well advised to grant (albeit a posteriori) insurance coverage for that much-talked-of contract for Bandar Abbas which the Condotte d'Acqua Company had gone after and got. So here we have, in Italstrade and Condotte d'Acqua, the two great construction corporations and rivals within Italstat, the former 99.99-percent state-owned (who in the world is holding that 0.01 percent? A roads repair man? A retired plasterer?), and the latter, Condotte, 51.78-percent state-owned. The latter was considered the star in the holding company's crown up until 1978 when it boasted 500 billion lire worth of business per year as against Italstrade's 256. The following year, though, Condotte lost a cool 100 billion while Italstrade gained 54 billion. However did that happen? For Condotte, 1979 was a year of heart palpitations: Reza Pahlevi jumped aboard a plane and carted the peackock throne off to Morocco. Khomeiny brought his little black book with him from Paris and cancelled Condotte.

It was a tragedy for the company and for us all. A scant 20 months after its triumphant announcement that it had won the monster contract,

the billion-dollar contract of the century, its president, Loris Corbi, had to swoop down to deep-south Iran to evacuate some 1,500 Italian workers there, and then load most of them onto small boatsbound across the Straits of Hormuz to the friendlier shores of the Arab Emirates. He left 70 volunteers on the construction site to keep an eye on more than 100 billion worth of equipment. Corbi immediately sent Khomeiny a bill for 400 billion worth of work completed, but got absolutely nowhere in negotiations for settlement. He wound up with some 40 billion lire in all, plus a restrictive review of the project and a formal assurance that there would be absolutely no talk of any review or updating of prices, nor yet of claims for damages. What in blazes are the Khomeiny types thinking of, anyway? They want the port, and they want Italian labor to build it; they don't want to get involved in international litigation (at the World Court in The Hague, for instance), but at the same time they don't want to pay Condotte. The upshot is that Corbi won't see a lira of his money, while Italstrade gets paid every penny it was owed. How come? As "Ma" Italstat explains it, Italstrade was paid in full because it had completed a delicate job for Iran, in the Torbat-Zahedan highway that runs along the border with Russia and Afghanistan and is hence of extreme strategic importance to the Iranians. That explanation carries conviction, once you find that another major Italian company working in Iran, Cogefar, was paid every penny owed it, like Italstrade. What did Cogefar do for the Iranians? What strategic installations vital to the defense of Iranian soil? Silos, that's what. Great big grain elevators.

The Condotte saga has stirred up the slumbering fires of rivalry inside Italstat, rousing the eternal feud between North and South -- or better, between Milan and Rome. Condotte (now a century old) is the typical offspring of the tiny papal state, that ventured out hungrily onto the virgin prairies opened up to pasture when Italy was unified. Italstrade is not quite so elderly (76). It was born and bred in Milan under a classic Lombard name: Puricelli Roads and Excavations. It has 1.1 billion lire worth of contracts in hand, and in 1980 did 320 billion lire worth of business, half of that abroad. It does not lust after risks. By contrast with the abrupt gallop-and-whoa style of its stepsister company, it maintains the slow and steady trot of a Percheron stallion. While Condotte spilled at the Khomeiny hurdle, Italstrade simply went round it, knocked at the teller's window, and got its money. At the family meeting at Italstat, ears were pulled and piggybanks broken open to deal with the situation, and a reliable steward (new general manager Postiglione) dispatched to take over Corbi's company. While all this was going on, Italstrade trotted on, calm and majestic as ever, while its president, Sergio De Amicis, got himself some backing at the top (without any laying on of hands) by raiding private industry (Cogefar) for a young manager with a brilliant track record: Nanni Fabris.

If, 3 years ago, the Bandar Abbas contract could be considered a world record, what can we find to say today about the contract for $1.634 billion (which will come to more than 200 trillion lire before it is

over) to build the Mosul dam across the Tigris River in Iraq? Especially since it was awarded to Italstrade as a joint venture (hence all but risk-free) with three German firms (Hochtief, Züblin, and Trapp) and two other Italian ones (Impregilo and Cogefar)?

To round out this inquiring look at the Italy that is building the world we had two interesting meetings: one with a prestigious privately owned company and the other with a major cooperative. The corporation is Vianini di Roma, a holding company whose shares are quoted on the Milan Exchange, with 5,000 on its payroll. Heading it is an engineer by the name of Sergio D'Alò, an elegantly turned-out gentleman with an air of the Quai d'Orsay about him who, although Roman-born, leans toward Central Europe in his managerial style.

QUESTION: How many Italian engineers does Vianini employ abroad?

D'Alò: Around 250 to 300. The ratio is about ten locals to one of ours.

QUESTION: All highly skilled?

D'Alò: It wouldn't work otherwise. We can send only a very limited number of our own people overseas because of the high cost to the company for each individual worker or engineer. This is the only way we can compete with the fierce competition on the international market -- the avalanche from Japan, from Greece, and from the Philippines. One Korean company, for instance, regularly cites a total labor cost figure that is about a fifth of what we Italians have to quote. One of our top men, a project manager, say, gets five times what his Korean colleague draws in salary alone. Our men also cost us money for social security, insurance and (in Italy and on the job site) for hospitalization, living quarters, and travel. Believe me, for a job of any size the cost of the Italian team, small though it may be, accounts by itself for 10 percent of the contract.

QUESTION: Give me an example of wage and salary levels.

D'Alò: A good mechanic, a shop foreman, say, gets around 25 million lire a year. Plus a month's paid leave with travel expenses to Italy. and of course he has weekends free, or he can put in some overtime at extra scale. Then we provide his food, furnish his rental housing and keep it clean, and for that we charge -- let's call it a policy price -- 60,000 lire a month, all-inclusive.

QUESTION: In other words, counting both cash earnings and fringes (food, housing, and travel expenses), a man can make a whole lot more on an overseas job than he could at home in Italy at the same job.

D'Alò: The ratio used to be two to one, and now it's three to one. And even so, we have trouble hiring Italian crews.

QUESTION: Does this mean that Italians don't care about money any more? That putting bread on the family table is no longer an incentive? Or do they feel they've got it made? That they're what the Romans call "fat cats"?

D'Alò: There may be a lot of different and rational explanations. True it is that people are no longer intrigued at the idea of seeing new places, of getting to know something beyond the four walls of the house, much less outside their home town. Another thing behind this attitude, though, is the persistent climate of inflation that destroys the value of savings and consequently reduces the old-fashioned pleasures of thrift. There was a time when most of our foremen were expatriate bachelors, but now it's the other way around. And the reason is simple: it's always the married men who readily sign on for jobs overseas, while the young unmarried men can't seem to find any incentive to deal with an alien, foreign culture; and it's a pity because (aside from the high pay and leaving out Saudi Arabia and certain areas in the middle of Africa where the climate and environment may be somewhat difficult) we work in places that are in many ways fascinating and delightful. Places like Syria, the Far East, or Venezuela.

QUESTION: How much business did Vianini do in 1980?

D'Alò: Around 180 billion, with about 80 billion of that from overseas jobs.

QUESTION: What about contracts in hand?

D'Alò: Satisfactory. Remarkable. We have no worries at all. In April we closed and signed a contract in Colombia for more than 250 billion.

QUESTION: We hear a lot of complaints to the effect that our bureaucracy does not provide adequate support to your entrepreneurial efforts abroad. SACE, for example, and the way it dragged its feet on granting insurance coverage and the necessary currency authorizations.

D'Alò: Our work in the world ought indeed to get more help, more assistance. We have to make sure that Italy's worldwide reputation is not based solely on spaghetti, songs, sunshine, poetry, and high fashion. We have a solid reputation as engineers and businessmen. Whatever we accomplish abroad (and we do it very well, among the best work done by the most renowned of the high-technology countries) gives a boost to all our trade, and opens up new markets. Just recently, we have seen passsage of the Ossola Act, designed to encourage exports. But we in the construction business, though, would have to be specially classified under this law: we do not export a finished product: what we export is technology and some equipment and structures for the job site. You mentioned SACE in connection with insurance coverage and permits for currency operations: our big problem is time. I understand the need for caution, and the need to examine, analyze, and make arrangements. But there must be equal understanding of our need as businessmen to move swiftly if we don't want to lose deals. Here's an example: we did some work in Thailand where, all by ourselves, we built colossal public works. Then we entered the bidding for a splendid job in Hong Kong. Well, under strict contract obligation, the time between the signing of the contract and the actual start of work amounted to precisely 15 days. Do you believe that an Italian bureaucratic agency can grant authorization for complex currency transfers, temporary export of equipment, hiring of workers, extension of credit, and all that in 10 days?

QUESTION: Just on the basis of annual volume of business, of the number and diversity of projects, and the number of contracts awarded, what sort of a sector rating system could be set up today?

D'Alò: The French out ahead, as we've already said; then we Italians, then the Germans -- although they finance their own projects -- and then the Spaniards (almost exclusively on the South American market).

QUESTION: What about the Americans?

D'Alò: The Americans were active on the market until 20 years ago. These days they are not competitive any more, and we no longer run into them as competitors.

QUESTION: Because of higher costs?

D'Alò: Because of markedly higher costs.

QUESTION: Probably (even though on a broader scale) for reasons similar to our own: the high impact of labor costs on bid estimates and, perhaps, a growing desire to stay at home.

D'Alò: Probably. That seems to be one inevitable consequence of civilization, of progress.

Comes now the C.M.C., the Ravella Masonry and Concrete Cooperative. It is the largest of the Italian building cooperatives, and the only one active on overseas markets. In 1980 it did a total of some 180 billion lire worth of business, 40 billion of it abroad, with 250 billion lire worth of contracts in hand. Its estimated profit: 40 percent. It has 1,700 members in Milan, Forlì, Rome, and Sicily as well as in Ravenna. Its managing director is surveying engineer Edgardo Ravaioli, who is the very model of your sunny, extroverted son of Romagna: he looks you straight in the eye, speaks with fervent conviction and without any worried mental windshields, and preaches his cooperative faith as if he were its banner.

QUESTION: When was the C.M.C. founded?

Ravaioli: In 1901, in a little restaurant, by 35 Ravenna builders. They were the nucleus that has been steadily growing ever since. By 1930 the Cooperative was involved in major reclamation and development projects in Italy, but the real start toward our standing now came in the Fifties and Sixties. It is a mutual aid cooperative, which means that the members -- all of them -- have to work and contribute. We have a business here that, little by little, we have not only expanded in size, but diversified as we went along. From houses and land reclamation we branched out into industrial construction, to roads, dams, and ports, and also into prefabs and related materials.

QUESTION: Are there advantages to the cooperative corporation by comparison with the limited liability or stockholder-owned corporation?

Ravaioli: There is obviously an evolution in values everywhere, and sometimes we see values turned upside down. Even so, the associative and active formula, when it has total participation by engineers and owners both in strategic decisions and in management control, is certainly advantageous and profitable.

QUESTION: How is the board of directors chosen?

Ravaioli: The board is elected by the assemblies, one vote to each member. Then the board chooses the management team. It is an organization built of pyramids. A thriving cooperative, operating in a world governed by the standard rules of the marketplace, must in any case make due allowance for the profit goal, but also for continuity in its work, for the quality of that work, and for the social goals of the undertaking.

QUESTION: How many cooperatives are there?

Ravaioli: About ten. A lot of them are joining us, We first ventured into the market abroad during the Sixties, but only 10 years later we were into it all the way, and committed to our strategy. Right now we are working in Algeria, Somalia, Tanzania, and Iran. What jobs? Grain elevators, sewer systems, roads, dams, mills.

QUESTION: The cost of labor has risen sharply, and we are feeling tough competition from a lot of foreign companies which are newcomers to the international market.

Ravaioli: Yes, South Koreans, Philippinos, Pakistanis, and Turks.

QUESTION: There is considerable difference of opinion among companies as to the quantitative distribution of work between Italy and foreign countries. Italstat, for example, confines itself these days to a maximum overseas quota of 30 to 40 percent. Cogefar is happy with its 60 or 70 percent. Vianini is standing pat on its 50-50 split. How do you feel about this?

Ravaioli: We tend to stick at around 30 percent. Besides, we feel that our participation abroad is always in the form of joint ventures with other companies, some of them private, some of them state-owned, and so of course our own risk is low anyway. Yes, as you pointed out, we always throw in with big companies: experts are made, not born: there is always something to be learned, step by step.

QUESTION: It has been said over and over that the cost of Italian labor is very high. C.M.C's 1,700 members have co-op consciences and duties, and at the same time they belong to unions whose policies are centered primarily on regular demands for increased wages. To which of these two voices does a C.M.C. member listen, in case of a needed revision in estimated costs and hence a possible shift in wages? The member is in the curious position of being his own employer.

Ravaioli: The primary purpose of a cooperative is to make sure there is work to go around, of course at union scale, at least. In times when the value of money is steadily being eroded, and when the ability of the pay envelope to buy the goods a family needs is declining, it is very hard to resist the voice of the union with its wage demands.

PHOTO CAPTIONS

1.	pp 42-43.	The Sidi Saad dam in Tunisia, during construction.
2.	p 44.	The Gokcekaya dam in Turke , nearing completion.
3.	p 46.	The hydroelectric installation at Inga, in Zaire.

6182
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CHANGES IN SOCIOLOGICAL PROFILE OF PSOE MEMBERS ANALYZED

Madrid EL SOCIALISTA in Spanish 8-14 Jul 81 pp 56-57

[Text] The PSOE [Spanish Socialist Workers Party] Summer School, which was held from 22 to 27 June, was devoted mainly to the party's various policies. With regard to union policy, before current union problems were looked into, a study was made of the sociological makeup of the working classes and of their organizations, the Socialist Party in particular. One of the study materials used was a text on the sociological profile of Socialist Party members, taken from the internal publication entitled "Special Responsible Political Document," put out by the Federal Secretariat of the PSOE Organization. We are here reproducing the chapter of the text that deals with the occupational pattern of the PSOE and a comparison with other European parties.

Without doubt, one of the most important aspects of the study on the sociological profile of Socialist Party members concerns their occupational pattern.

Our investigation disclosed that 65 percent of current members of the PSOE are gainfully employed, 8 percent are unemployed, 21 percent are retired and 6 percent are engaged in household work, studies and other non-gainfully employed pursuits.

The table below gives us an accurate idea of what specific jobs members of the Socialist Party hold or, in the case of retired and unemployed workers, held. Four main characteristics emerge from these data:

--There is a wide range of jobs among current members of the PSOE.

--The percentage of members who are non-wage earners is quite high (20).

--Although industrial and services workers make up the main core of the membership (36 percent), there are also a good many members with occupations typical of the "new middle class" (16 percent office workers and salesmen, 4 percent teachers and 4 percent professors.

--The proportion of farm workers in the PSOE is quite high today (18 percent of the total).

Table 1. Occupational Diversity in Spanish Socialism

	Total Adult Population 1980	PSOE Voters (1979 Post-Election Survey)	PSOE Voters (1979 Post-Congress Survey)	PSOE Members (Sociological Study of 1980 Participation	Delegates to 1979 Special Congress	Members of Federal Committee 1979
Nonworking	51.4	50.2	49.1	26	6.9	6.3
Manual workers in industry and services	15.4	24.3	24.0	29	7.2	8.3
Peasant farmers	9.1	6.1	5.4	11	1.4	1.0
Office workers, salesmen, professionals, etc	10.0	12.3	13.7	20	63.4	48.9
Self-employed and independents in industry and services	5.0	6.4	6.7	11	9.0	5.2
Businessmen, managers and executives	2.4	0.8	1.0	3	2.1	--
Others	6.6	--	--	--	9.9	30.3

The overall diversity of jobs among PSOE members provides a clear-cut answer to many of the controversies involved in current interpretations of the party's class character. In this regard, these data seem to unquestionably indicate that just as the class structure in Spanish society has gradually become more complex and diversified, the job pattern of PSOE members has also gradually become more wideranging and varied. We can therefore say that the current occupational profile of Socialist Party members is quite representative of wage-earning and non-wage-earning classes in Spain today (the only qualification here would perhaps be a slight overrepresentation of farm workers and a relatively minor presence of "new middle class" job sectors).

Members and Voters

We can also say that in general these data give us a more accurate image of the quite diversified Socialist membership today and enable us to properly qualify certain impressions that a number of sociological studies on PSOE cadres, on the one hand, and Socialist voters, on the other, could have created. Table 1 contains overall weighted data on both the working and nonworking population in terms of their involvement in the PSOE (from just voters to the highest-level political posts). The table shows that the status of Socialist Party members lies somewhere between that of Socialist voters and the overall job profile in Spain, on the one hand, and between the job pattern of PSOE political leaders (many more office workers, professionals, etc) and of the rest of the country, on the other. There is also a clear-cut trend towards lesser

involvement among the nonworking sector (mainly women and youngsters), which is already lower than the national average among voters; this drops sharply among members and to very low levels among political officials.

The greater presence of the "new middle class" in positions of political responsibility can be explained by their generally higher skill levels and probably by their greater access to information and extra free time for political activism. Together with the higher skill levels of members under age 35, this also explains the higher degree of these workers' involvement in tasks of political responsibility, as reflected in the results of our investigation. In fact, among the people polled who have held or are holding positions of responsibility in the PSOE, there are more non-wage-earners (23 percent compared to an average of 20 percent), and especially wage-earning professionals, office workers and other employed members of the "new middle class" (34 percent compared to an average of 25 percent), while the levels of involvement of manual workers are, on the whole, lower (42 percent compared to an average of 54 percent).

International Comparison

If we look at all these data on an international comparative basis, we find (see Table 2) that the occupational diversity of Socialists in Spain coincides to a great extent with what has happened in other European Socialist parties. The greater presence of self-employed workers in Spain can be explained by the greater weight that these job sectors carry in Spain's current social fabric. Likewise, the smaller role of the "new middle class" in the PSOE could be due both to the as yet lesser development of these job sectors in Spain (given the differing levels of industrialization) and to a more recent (and limited) policy of opening up to and attracting these job groups in Spain. We must also not overlook the influence of the differing levels of membership in the PSOE and other Socialist parties. The varying degrees of involvement among retired workers and the nonworking population are obviously due to factors that we have already analyzed.

Table 2. Comparison of Occupations Among Members of Several European Socialist Parties (percentages)

	Spain PSOE (1)	France PSF (2)	Italy PSI (3)	Germany SPD (4)	Austria SPO (5)
Manual workers	37	17	32	23	36
Office employees	17	39	13	25	13
Public officials	--	2	--	14	14
Farm owners	3	9	7	--	1
Self-employed and independent workers	11	10	10	5	3
Retired	21	17	8	19	16
No profession, household work and students	5	6	11	8	13
Others	3	--	8	--	2

Sources:
(1) "Estudio Sociologico de Participacion"; the data have been recalculated based on overall figures so that they would be comparable with those of the other countries.

(2) Patrick Harouin, "Les Characteristiques Sociologiques...", op. cit., p 232. The category "office workers" includes office employees and intermediate- and higher-level personnel.

(3) David Hine, "Social Democracy in Italy," in Pattersson and A.H. Thomas (eds), "Socialdemocratic Parties in Western Europe," Croom Helm, London, 1977, p 84. Note that the percentages do not add up to 100. In the "Almanacco Socialista 1980" (op. cit.) the figures cited for manual workers are 26.3 percent in the north, 26.1 percent in the central region and 19.4 percent in the south.

(4) Peter Glochowski and Hans Joachim Veen, "Nivellierungstendenzen in den Wahler," op. cit., p 328.

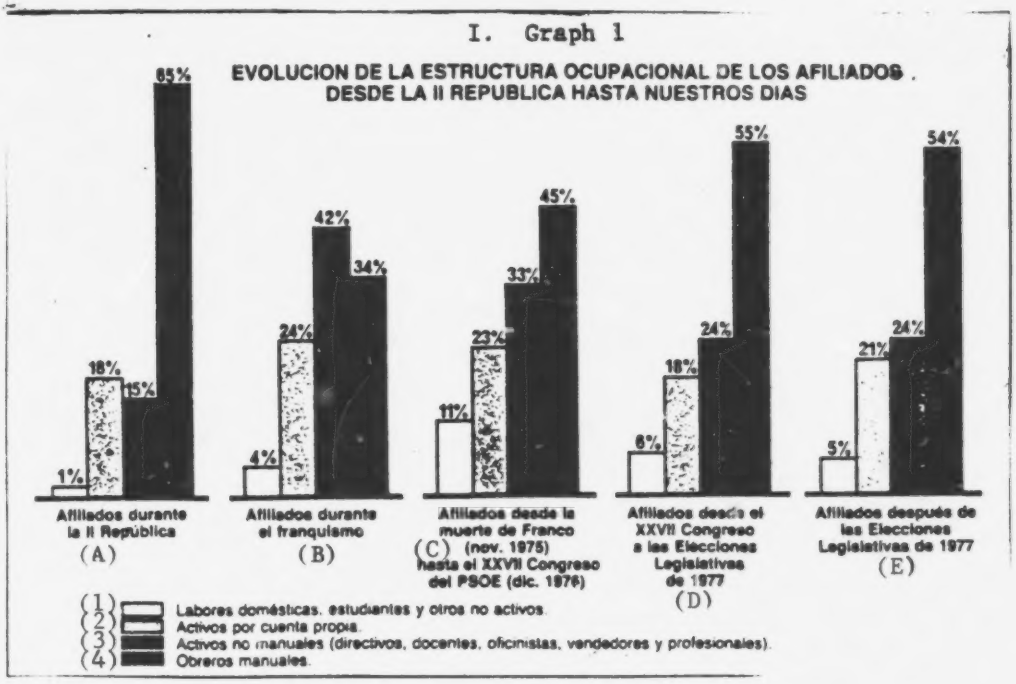
(5) Melanie A. Sully, "The Socialist Party in Austria," op. cit., p 232.

Historical Developments

The graph below illustrates the basic occupational profiles of the members of the PSOE who have joined at five decisive moments in Spain's recent history. As we can see, the occupations of the members who joined the PSOE during the Second Republic are quite consistent with the typical membership profile of a traditional Socialist party and with Spain's class structure in the 1930's, i.e., a large majority of manual workers and very few nonmanual workers. The profile of those who joined during the Franco era is quite different, however. The percentage of the self-employed is much higher, while the largest group consists precisely of nonmanual rather than manual workers. In analyzing the occupational profile of those who joined the party under Franco, we must not overlook, of course, the special characteristics of political activism during this period. Thus, it is not strange that the membership profile changed significantly during the crucial period from Franco's death to the 27th PSOE Congress, a period when the number of nonworking members increased appreciably; the percentage of non-wage earners held steady, and the previous membership trend in manual and nonmanual workers was reversed.

After the 27th Congress, as we can see on the graph, the profile changed yet again somewhat, as the number of nonworking members and, particularly, of nonmanual workers fell, while membership among manual workers continued to rise sharply, although not to the percentages during the Second Republic. Finally, it is significant that the characteristics of the members who joined after the 1977 elections are practically the same as during the previous period. This means, among other things, that this period represents a certain degree of continuity in this regard, in contrast to the membership trends that we have seen in other European Socialist parties.

It would certainly be interesting at some point to ascertain how much influence the new political guidelines explicitly set forth at the Special 1979 Congress have had on the occupational profile of new members. Nevertheless, until we have comparative data on what has occurred (and will occur) during the 1980's, current evidence seems to indicate that the policy of opening up to the new job groups has not yet had verifiable practical effects either in terms of membership or potential election backing.



Key:

I. Graph 1. Developments in the Occupational Profile of Members From the Second Republic to the Present
A. Membership during the Second Republic
B. Membership under Franco
C. Membership during the period from Franco's death (November 1975) to the 27th PSOE Congress (December 1976)
D. Membership from the 27th Congress to the 1977 legislative elections
E. Membership after the 1977 legislative elections
1. Housewives, students and other nonworkers
2. Self-employed workers
3. Nonmanual workers (executives, teachers, office workers, salesmen and professionals)
4. Manual workers

8743
CSO: 3110/129

SECRETARY GENERAL OF ANDALUSIAN SOCIALIST PARTY INTERVIEWED

London AL-DUSTUR in Arabic No 527 20 Jul 81 pp 32-33

[Interview with Alejandro Rojas Marcos, Secretary General of the Andalusian Socialist Party by 'Abd-al-Latif Yatim; in Madrid; date not specified: "Rojas Marcos, Secretary General of the Andalusian Socialist Party Tells AL-DUSTUR, 'We Are Asking for the Creation of Strong Ties Between Andalusia and the Arabs' "]

[Text] Alejandro Rojas Marcos, the secretary general of the Andalusian Socialist party heads the party's parliamentary group in the Spanish Parliament. He exemplifies the vigor of liberated youth. It is the custom of Alejandro Rojas Marcos to use the parliamentary platform to set forth the problems of Andalusia and the concerns of his people. But his struggle is not confined to the realization of achievements for his Andalusia, but goes beyond the borders of Spain where he raises the just questions of friends and oppressed nations. Much has been said about Alejandro. He has been called a turbaned Andalusian in the Spanish Parliament, a spokesman for the Arabs and occasionally the representative of the Third World in a European parliament.

But the Andalusian leader does not concern himself with these descriptions. His conduct is inspired by his conscience and by a sense of total harmony with himself.

After my meeting with him in Seville failed to take place, we had an appointment with him in Madrid where we conducted this interview with him.

[Question] Mr Alejandro, why the Andalusian Socialist Party? When was it established?

[Answer] Our party was established in 1965. It was organized and created to restore the Andalusian character to the Andalusian people and to interpret their struggle correctly. The Andalusian people have suffered for several centuries from the fact that their distinctive personality and their identity have been suppressed since they were colonized socially, politically and culturally. Our party was the first among all Andalusian parties throughout Andalusian history to ask the Spanish state, and to do

so with continuing urgency, for recognition of the special Andalusian character and for respect for that character within the Spanish state.

[Question] What does the Andalusian socialist leader think about the government of Calvo-Sotelo, which came after the Suarez government? What in your view are its negative and positive aspects?

[Answer] I said in my address to the Cortes--the Spanish Parliament--when Mr Sotelo presented his government to the parliament for a vote of confidence--and I spoke on behalf of our Andalusian parliamentary group--that the present government intended to go backwards. I did not agree with Mr Sotelo's contention that democracy was firmly established in the country. Our point of view was confirmed by what happened only one hour after the address. I am referring to the armed occupation of the parliament and the holding of all the members of parliament hostages by Col Tejero . I criticized the new government because in my opinion it represents a step backwards since it had already taken into consideration joining NATO and placing Spain in the orbit of one of the two superpowers: the United States. This is inconsistent with our national interests. I said in my address that we cannot combine our friendship with the Arab people and the Arab nation with [a move] to join NATO or to place Spain in the sphere of influence of U.S. policy. We are aware of the pressures that are being exerted on Spain to recognize Israel. To put it briefly, I believe that Calvo-Sotelo best represents the current crisis that Spain is experiencing--it is a crisis fraught with danger.

[Question] What do you think about Spain joining the Common Market?

[Answer] We agree with the Spanish government on the principle of joining the Common Market, but this does not mean that we would support joining the market at any price. We see Andalusia as a backward region compared to the rest of the Spanish regions. This is due to neglect and the capitalist economy. We are suffering from this policy which is prevalent in Spain, where developed regions exist at the expense of others. After we join the Common Market we would not in any way accept having Andalusia suffer from the existing policy of developing and evaluating regions at the expense of others. We know that development is fostered at the expense of backwardness, and we have doubts and concerns about Andalusia suffering, as the south of France is suffering, as a result of joining this market.

[Question] Where does your party stand on U.S. military bases in Spain? What would you think if the United States wanted to use the base for its own objectives in the Arab area?

[Answer] We are the only Spanish party in parliament that opposes the existence of U.S. military bases in Spain. I am saying the only one because neither the Labor Socialist party nor the Spanish Communist party opposes the existence of these bases. We are also opposed to extending the term for these bases. Naturally, if these bases are used by the United States for its objectives in the Arab area, we would oppose this and we would condemn an action of this kind just as we did condemn it in the past.

[Question] Have these bases been used in the past?

[Answer] Yes. They were used during the 1967 war for transporting military materials and spare parts.

[Question] To Israel?

[Answer] Yes, yes! They are of course ready for use at any moment to intervene in the Middle East.

[Question] Where do you stand on both the eastern and western camps?

[Answer] Our party is a party from the western world because Andalusia is part of that world. We are better than any other agency for forming a bridge between this western world and the Third World, especially with the Arab nation. We are fully aware of this role. When we call Latin America Spanish America because the Spanish people stayed in that continent for centuries, [we think we are entitled to that role since] we stayed with the Arab world many more centuries.

[Question] How do Andalusian socialists evaluate the Arab past in Andalusia?

[Answer] The Arab past in Andalusia is part of our history, and the Andalusian Socialist party has always called for uncovering this Andalusian Arab culture and giving it its due. We regard this past to be our common past with the Arab nation. We have a common culture, and we also have common interests, such as demilitarizing the Mediterranean area and keeping foreign military fleets away from it. We have called for and we are calling for the establishment of strong ties between Andalusia and the Arab nation. Through its occupation of Andalusia North Spain has many times tried to obliterate our past. Spanish history textbooks speak about regaining Andalusian land from the Arabs. We, however, consider this an occupation of Andalusia by North Spain, and we do not consider the matter to be a restoration of occupied land because we never believed that Andalusia was a colony of the Islamic world. This is because Andalusia at that time was a center for the Islamic world, and relations between the Arabs and Andalusia were not those of a colonialist and his colonies, but they were rather relations with the Andalusian people.

[Question] How would you evaluate relations between Andalusia and the Arab world and also between Spain and the Arab nation?

[Answer] It is of course quite well-known that Spain is a traditional friend of the Arabs. But Spain has been an impotent friend because it did not know what to do with this friendship, and it did not express it well. Our economic and commercial relations are not what they should be or what we would hope they would be. Political relations also fall short of what is desirable. At any rate, Spain was able to maintain its relations with the Arabs despite the differences in regimes. However, we have to make an effort to establish better relations, and we hope to further these

relations between Spain and the Arab nation. In my opinion the Spanish side has to liberate itself from its fear of Washington and turn towards furthering Hispanic-Arab relations. I believe that if Germany had the same historical ties with the Arabs, it would not have had Spain's fear and it would not have hesitated in establishing the best and the strongest of ties with the Arab world.

As far as Andalusian-Arab relations are concerned, it is our opinion that the Andalusian Socialist party is ready to form a bridge between the western world and the Arab world because we are the people who have absolutely the best awareness of the Arab problem in the West. This is due to the brotherhood that exists between us; it is due to the brotherhood that exists in our common history, in our common culture, in our geographical proximity and in the Mediterranean basin that ties us together.

[Question] How do you view Hispanic-Arab relations and the possibility of developing these relations between both sides?

[Answer] First, any foreign intervention in Spanish affairs by a superpower that would restrict or curb Hispanic-Arab relations must be prevented. Hispanic-Arab relations must be determined by Spanish interests themselves. This is what is most important. On the other hand these relations must not be affected by the fact that Spain is joining the Common Market.

Second, development of these Arab-Hispanic ties must be initiated in Andalusia itself. We in Andalusia must always affirm our common past with the Arab nation, and we must not be ashamed of it.

Third, trade with the Arab countries must be encouraged. This is very important.

[Question] Where do you stand on the establishment of diplomatic relations between Madrid and Tel Aviv?

[Answer] We oppose the establishment of such relations, and we oppose their establishment when they would damage our relations with the Arabs. Recognizing Israel would damage the rights of the Arabs themselves, especially since we are fully aware of the existing Arab question. In my opinion now that Germany, Britain, France and the other imperialist powers have established their inability to solve the Arab question, I do not believe that we will solve this question by recognizing Israel.

[Question] Where do you stand on the Palestinian Arab question?

[Answer] We are among the supporters of the Palestinian Arab question, and we support the just demands of the Palestinian people to regain their land and their homeland. We believe that the liberation organization is the legitimate representative of the Palestinian people, and we took part in the Arab People's Conference and in the Arab people's Palestinian question alongside the liberation organization.

[Question] What does the Andalusian Socialist party think of the Camp David accords which ignored the rights of the Palestinian people to establish their independent state on their land?

[Answer] We are opposed to these agreements because they were made behind the backs of the Arab people. Although Israel tried to win an Arab official over to its side, it failed to obtain the Arabs' support for these accords, and especially the support of the Palestinian people. We do not recognize the legality of these accords because they do not take into consideration the rights of the Palestinian people or the assent of the Arabs.

[Question] What does the socialist leader think of the Arab-European dialogue and Arab-western cooperation?

[Answer] The possibilities for cooperation between the Arab world and the west are numerous and abundant. These would come about through the west's recognition of Arabs' rights to defend their raw materials. It is ironical to see western circles express displeasure and protest whenever the Arabs increase their oil prices, but they don't make any noise or voice any protest when they themselves increase the price of medicines which are manufactured in the west and consumed by the Third World. I think it would be appropriate to launch awareness, educational and information campaigns between these two worlds that have an interest in [mutual] understanding and cooperation. In my opinion the Arab world needs something fundamental: unity. Without unity between its countries and its citizens it will not be able to do anything. Only with unity can the Arab world confront imperialism and its dangerous plans.

[Question] Why does your policy favor the Arabs? Why do you have reservations towards the west, not to mention keeping your distance from it?

[Answer] No. We consider ourselves part of the western world, and within that western world we constitute the bridge between the Arabs and the west. This is because the Arabs who remained 8 centuries in Andalusia left an Islamic culture of which we are all proud. I repeat, we are part of the west, and we want to serve humanity by playing the unique role which we can play. We do not reject the western world, but we do reject the methods that it usually employs with the Arabs--these worn-out imperialist methods. We are sensitive to these methods because of our relations with the Arab world; because we understand that world; because we are close to it and because we understand Arabic culture. On the other hand, there is something else that ties us to the Arab world: we are part of the developing countries. Hunger, poverty, unemployment and illiteracy can be found in Andalusia, and these diseases are not found in Germany or in Catalonia in North Spain.

[Question] Can we consider the Andalusian Socialist party a Spanish party characterized by a policy towards the Third World?

[Answer] The subject has been raised in Spanish circles many times, and a big issue was made over it. It is true that our party is the only party in

the Spanish parliament that understands and champions the issues of the Third World. I do not want to impair the rights of others because the communist party has its relations with the European Communist party and with the Soviet Communist party as well, despite interim obstacles. The Spanish Labor Socialist party also has relations with international socialism. This is perfectly clear, and I believe that we have the best understanding of Third World questions. We are not a Third World party because we are an Andalusian party in European Spain. However, there are some political forces in parliament who, in their failure to contend with us, claim that we are a Third World party.

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PROBLEMS CONNECTED WITH UPGRADING NUCLEAR CAPABILITIES

Bonn WEHRTECHNIK in German Aug 81 pp 15-16

/Article by Dr Walther Stuetzle, director, Ministry of Defense Planning Staff: "Arms Modernization — Why?"/

/Text/ A concern for the future of peace has for months marked the sometimes passionate public debate over arms modernization. Dr Walther Stuetzle, director of the Defense Ministry's Planning Staff, examines the uncertainties surrounding the arms modernization decision and demonstrates the necessity of the proposed moderate upgrading of weaponry designed to maintain a balance. Despite our government's appeal to the Soviet Union to discontinue the process of modernization and numerical expansion of medium-range atomic weapons that has been going on since 1976, the Soviet leaders have not halted this arms buildup. Even the Soviet Union must realize that its weapons buildup is causing us deep concern and forcing us to make decisions on countermeasures.

Basic Position

The aim of our policy is the preservation of freedom and peace. To us, freedom means respecting the dignity of a human being, safeguarding human rights and achieving justice and social progress for each individual citizen, free of the threat of external political pressure. The Basic Law insists on this. Communism and a constitutional democracy are mutually exclusive. Consequently, we must protect our social order while attempting to come to an agreement covered by treaty with our neighbors to the east.

The struggle for peace is being overshadowed by the question of whether mankind is still capable of containing the forces of destruction that are supposed to prevent another war. Concern for the future of peace has for months marked the sometimes passionate public debate. The catch phrase is "arms modernization" and the question is "Why?"

But a comprehensible answer can be found only by one who directs his gaze beyond the narrow SS-20 and Pershing II debate in search of the history behind it.

In 1967, the Atlantic Alliance made the two basic decisions on the alliance's overall political concept and defense strategy that have remained in effect up to the present: "Defense and détente" is the dual political concept developed in the Harmel Report, and "flexible response" is the strategy for defense. A credible defense has served since that time as a foundation for the policy of detente which bears the decisive stamp of the Federal Republic of Germany. And a credible defense since that time has meant having to be able to repulse any potential attack with comparable means. It also has the following meaning in concrete terms: Anyone who possesses medium-range weapons has to know that it is not in his interest to threaten the alliance with them, because it would be capable of responding with the same means.

Balance of Power and Medium-Range Problem

Three phases have characterized the balance of military power between East and West during the past 20 years. In the 1950's, the United States was able to offset the superiority of the Warsaw Pact states in conventional forces with marked superiority in atomic weapons. America's atomic superiority gave credibility to the threat of "massive retaliation" — a massive response to any attack on the Atlantic Alliance with atomic weapons.

The Soviet Union closed the nuclear weapons gap during the 1960's. The threat that America would respond with atomic weapons to any attack was no longer credible. The Atlantic Alliance agreed in 1967 on the new strategy of flexible response. Its basic element is a deterrent to war based on NATO's ability to react to attack using those weapons that would be used against it in such an event, so winning is not possible. This means that Warsaw Pact superiority in conventional forces is no longer offset by NATO superiority in atomic weapons. This conventional superiority must also be countered by NATO's own strong conventional defense capability. It is recognized that the FRG with its Bundeswehr [Federal Armed Forces] is making a substantial and effective contribution here.

The nuclear balance of power was characterized by one fact in particular during the 1960's: The Soviet Union had at its disposal about 60 medium-range atomic weapons capable of reaching targets in Western Europe but not in America. For its part, the United States enjoyed clear superiority in intercontinental missiles, which offset the Soviet Union's medium-range superiority.

The 1970's brought a decisive change in the case of these medium-range weapons. The Soviet Union achieved parity in intercontinental missiles. But at the same time the Soviet Union retained its superiority in medium-range weapons. It even began building a new generation of weapons: SS-20 missiles and Backfire bombers. The number of warheads available for use against the European part of NATO was thus drastically increased.

This superiority of the Soviet Union in the area of medium-range nuclear weapons is a significant problem. The reason is that these weapons are included neither in negotiations in Vienna, where the issue is the reduction of conventional forces in Central Europe (MBFR), nor in the American-Soviet negotiations on limiting strategic nuclear weapons systems (intercontinental missiles and bombers — SALT negotiations). Developing out of this "gray area" between SALT and MBFR was the problem of medium-range missiles.

The Goal: Safeguarding Peace

With its ostpolitik the FRG has been instrumental in safeguarding peace in Europe. At the heart of this policy is the renunciation of force, but this must also be expressed in the balance of military power between East and West. In other words, the renunciation of force and superiority in terms of military forces do not go together. Tremendously important in this regard are the efforts at limiting and reducing arms. But a policy of peace can be successful only if grounded in reality, and the reality is that the Soviet Union and the United States possess a large number of nuclear weapons of all types and that all attempts to get rid of these nuclear weapons have failed thus far. In March 1977, American President Jimmy Carter proposed to the Soviet Union that both sides reduce their intercontinental nuclear weapons to 1,800 systems each. The Soviet Union refused. A major opportunity to reduce nuclear weapons arsenals, to disarm, was thus foiled by the Soviet Union.

The safeguarding of peace consequently depends upon the fact that nuclear weapons present for any aggressor the danger of risking his own annihilation. This is deterrence. We Germans have to have a special interest in avoiding war. Only in this way can we succeed in lessening the still considerable grief remaining from the last war, above all the fateful division separating the two parts of Germany. In 1954, we voluntarily, definitively and unilaterally renounced atomic, biological and chemical weapons. This renunciation was further reinforced in 1969 by our signing of the treaty designed to prevent the proliferation of nuclear weapons. Since, however, protection against a nuclear-armed state like the Soviet Union is not possible without one's own nuclear weapons — but, on the other hand, we Germans did not want any — we placed ourselves entirely under the protective umbrella of the United States. Considering the risk to its own existence, America has always performed this protective function in a credible manner. Only in this way could the security of Berlin have been maintained, precisely during the especially difficult years of crisis from 1958 to 1962.

Preservation of this protective U.S. nuclear umbrella is also involved when it comes to arms modernization using medium-range nuclear weapons.

A function of our policy is to avoid renewed arms buildups and to reduce existing armaments. It is for this reason that Chancellor Helmut Schmidt and Foreign Affairs Minister Genscher in particular have taken every opportunity to make repeated urgent appeals to Soviet political leaders to halt the process of modernization and numerical expansion of medium-range atomic weapons that has been going on since 1976. In the event that this was not done, NATO would be forced to upgrade its arsenal. Despite all attempts and forceful statements, however, the Soviet leadership has not stopped this arms buildup, not even after its declared renunciation of efforts to gain military superiority — as stated in the German-Soviet declaration dating from May 1977. On the contrary: It has continued to arm while declaring that it will conduct no negotiations of any kind if NATO modernizes its arsenal. In other words, the Soviet Union intended to retain its superiority in medium-range atomic weapons. So in December 1979, NATO had no choice but to pass the two-part resolution: arms modernization coupled with the offer of arms control negotiations.

NATO would otherwise have exposed itself to the danger of losing military credibility and leaving itself open to political extortion.

The NATO decision has made three things quite clear:

NATO wants by all means to avoid a new arms buildup by virtue of its willingness to limit arms. It is for this reason that it has offered its weapons systems as points of negotiation even before they have been produced and positioned. There can be no better evidence that we want security at a lower level of armament, not a higher one;

The figure 572 shows that NATO is not seeking numerical parity with the Soviet Union. Otherwise it would have had to decide on not 572, but nearly 1,500 new warheads on a correspondingly large number of missiles. This is the number of warheads which, according to present information, the Soviet Union will have positioned on its SS-20 missiles once its program is concluded at the end of 1982. Moreover, it is retaining a substantial number of its old SS-4 and SS-5 weapons, even though its stated intention was to replace the SS-4's and SS-5's with SS-20's. So the fact is that the Soviet Union will have concluded a substantial expansion of its medium-range atomic potential before even a single new American medium-range nuclear weapon can be positioned in Europe starting at the end of 1983;

The opportunity still exists to influence arms modernization by way of the outcome of American-Soviet negotiations. At best, an appropriate negotiating result might even obviate the necessity for modernization. Considering its advance arms buildup, it is mainly up to the Soviet Union to determine whether this ideal goal can be achieved. No one can release it from this responsibility — not even propaganda to the contrary, no matter how clever it is.

Points of Orientation

The success or failure of the upcoming negotiations on medium-range nuclear weapons will depend essentially on the ability of the negotiating partners to comprehend each other's security interests. Just as we must not underestimate the Soviet Union's fear of encirclement or its memories of 22 June 1941, so must the Soviet Union understand that its uninterrupted arms buildup over the last decade, its obvious superiority in terms of conventional forces and medium-range nuclear weapons, as well as its use of weapons for the purpose of expansive political aims (Afghanistan), has caused us deep concern and forced us to make decisions on countermeasures (arms modernization). The real political problem is marked less by the existence of SS-20 missiles than by the persistent Soviet refusal or inability to understand and take seriously our concerns over security.

Why, prior to NATO's decision to modernize its nuclear arsenal, did the Soviets disavow any possibility of negotiation in the event the decision was made? Why did several months have to go by before the chancellor and his foreign minister succeeded in the summer of 1980 in convincing them of the necessity of negotiations?

Negotiations are better than an arms race — but arms modernization is better than inferiority coupled with the danger of susceptibility to political extortion. That would mean the end of the policy of peace.

The narrow SS-20 debate must again be placed in this broad context in the domestic policy debate. This will constitute a political leadership task of the highest order for the political parties. The Hamburg Church Congress should finally have made this clear to everyone. The main thing is to establish points of orientation: The two-part NATO resolution of December 1979 did not signal the start of a new age of nuclear weapons. Rather, the Soviets' advance arms buildup is forcing us to enter a new — admittedly very difficult — period in our efforts toward detente, arms limitation and arms reductions. There is no security for us without North America, our political partner, and without the United States, our nuclear protector. We are partners in an alliance of states with the same values, and we cannot start all over again from the postwar zero mark with our foreign and security policies. Germany completely gambled away its unrestrained freedom of action in the foreign policy sphere for a long time to come when it unleashed World War II. For us, neutralism does not even rate as highly as a concrete utopia.

A final note: Anyone who says "better red than dead" — possibly for very respectable reasons — cannot at the same time admire the measured courage of the Poles.

7458
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DATA PROCESSING IN FRG ARMED FORCES

Bonn WEHRTECHNIK in German Aug 81 pp 46-55

/Article by Ministerial Counselor Gert Martin, department head for data processing policy, Data Processing Group, FRG Ministry of Defense Organizational Staff: "Data Processing in the Bundeswehr"/

> /Text/ Data processing /EDP/ is an opportunity for our economy to activate its intelligence so as to be able to make economical use of resources that are becoming more scarce and thus more expensive. Up to a certain point, other resources can be substituted by way of better disposition in the operational sense -- or "command," as they say in the armed forces. The Bundeswehr /Federal Armed Forces/ has been taking advantage of this opportunity for a long time. Technical progress, increasing know-how and a declining cost-benefit ratio are opening up still more fields of application for data processing and offering opportunities for the intensification of the many techniques now being employed. The following discussion of EDP in the Bundeswehr was written by Ministerial Counselor Gert Martin, department head for data processing policy with the Data Processing Group of the FRG Ministry of Defense Organizational Staff.

The Bundeswehr is one of the largest data processors in Europe. It is difficult to determine the exact scope. From the personnel standpoint, it is apparent that many members of the Bundeswehr are performing EDP functions on the side; this practice is on the increase because, as a result of the integration of data processing into command, management and operations processes, the user is being given more and more opportunities to have EDP at his disposal either on the job or in his immediate vicinity. From the standpoint of machine capacities, it is no longer merely a question of those located at large computer centers. These centers plus the machines with more or less independent processing capabilities available to the user on the job or wherever he is located constitute the scope of data processing. This trend will intensify in line with the potential contained in mini- and microcomputers.

Noteworthy in this regard is that the quantitative and qualitative capability of the interaction among EDP hardware, software and telecommunications facilities has still not been adequately appreciated in terms of its effect on the scope of EDP. But much will depend on the productivity of the network in the future.

To avoid making the scope of this article too broad, data processing is defined here as not including office computers and word processors, minicomputers, process computers — insofar as they are integrated in the user's scientific-technical operations — and computers in weapons systems.

Organizational Principles

Data processing by the Bundeswehr was reorganized under the EDP blanket order dating from 1973. The system was organized on the basis of the following principles:

Consumer/supplier principle;

Relationship based on the dialogue principle; i.e., the consumer must convince the supplier of the need for his request, and the supplier must make the solution plausible to the consumer;

To organize as much expertise as possible for the request while keeping practicability in mind, study groups or ad hoc work groups are set up to do the preliminary phase work for larger-scale EDP projects;

During the development of large EDP projects and those particularly in need of coordination, a special EDP management body sees to it that lines of communication between consumer and supplier are assured without delay. This is designed to bring about early detection of weak spots in project development, and initiative on the part of managers designated by name is supposed to start corrective action through responsible channels.

Not yet established is the occasionally requested EDP management body for the utilization phase of EDP procedures;

Technical information systems are generally differentiated from command information systems. The former are designed essentially to support the general functions of the armed forces and the Bundeswehr's administrative branch, functions which can be grouped under structure, maintenance and further development of the Bundeswehr.

Command information systems mainly serve the tactical, operational and strategic command of units, divisions and weapons systems as well as alert and mobilization commands for these groups;

In the case of technical information systems, the supplier (central EDP sector) does the developing, planning, procuring and operating;

With command information systems, the supplier (defense sector) is responsible for development and procurement; the EDP systems are programmed and operated by the military consumer;

Special regulations permit supply functions to be transferred to the consumer within certain limits;

Computers in schools are procured by the central EDP sector and operated as a rule by the school;

Computers for scientific-technical defense tasks and those located at nonmilitary institutions with similar responsibilities are procured by the defense sector. The machines are operated by the testing departments or the institutions themselves;

In the case of supplies, the functions of planning, control and inspection are performed at the ministerial level. EDP organization, programming and testing are generally assigned to central offices; the machine work is done in computer centers at the local level or wherever the military user is located;

EDP project priorities are set by a Defense Ministry EDP subcommittee made up largely of consumers. A quantifying priority model exists for the technical information systems. Given an increasing scarcity of funds, this model will become more and more important to the distribution of capacities;

A central EDP facility is to be responsible for policy and coordination.

There are those who are demanding that this 8-year-old organizational scheme be brought up to date, since a number of new functions have emerged and EDP has undergone technological changes. Some of these ideas are bent on tightening up the system in terms of organization, while others seek to decentralize data processing in some way.

A new system does not recommend itself automatically because of the different possibilities for organizing all the different basic functions — such as data collection, transmission, storage, processing, the output and representation function, organizing and programming, alteration and maintenance and cross-section and policy tasks. Added to the economic considerations are the military exigencies that of course have to take precedence in an armed forces organization.

Conceptions

In 1975, a Defense Ministry panel subordinate to the armed forces command staff drafted the "Conception for Computer-Based Information Systems." The document establishes categories, sets overall guidelines and comments on the relationship between technical information systems and command information systems.

This paper calls for the first time for the development of "information draft plans." Strictly speaking, these draft plans come long before any coverage of EDP demand; it is obvious, however, that they constitute an important basis of orientation for consumers and suppliers. Like draft plans for personnel and materials, those for information are supposed to provide a rough structure for the important "information" command factor, so that the strengths and weaknesses of the existing information supply system may be recognized. It should thus be possible to design future information systems to be more functional.

The point of departure here is that the military command function for units on maneuvers and in action is to be represented within the framework of the military organization; all other functions of the Bundeswehr, together with its information needs and information flow, are to be represented nonorganizationally according to separate functions (personnel, supplies, for example).

The reason for choosing this unusual structure lies in the knowledge that information systems as a rule extend beyond the bounds of organizations and should not circumscribe the organization unnecessarily through their inherent inertia.

Information plans with different accents exist in the form of drafts and will serve as bases for decisions. The plan is to better coordinate them with one another and to continue work on them.

Another conception reviews the central EDP sector's present thoughts regarding the locations of its 20 computer centers. Besides the profitability aspects, strategic military considerations play a major role in this "Location Conception." Because of the personnel and infrastructure implications, it can be considered only as a basis for long-range prospects.

Joint Regulating Mechanisms

"EDP Implementing Regulations" to the blanket EDP order regulate the responsibilities and collaboration of parties to the development of EDP projects. They also specify the structure of the decision documents which conclude the individual phases of the development process or inaugurate the next phase. Organization 1 of the Defense Ministry's Organization Department is the supervisory body.

The so-called "EDP Guidelines" (Fig. 1 [not reproduced]) are related to these regulations (which are already in need of revision).

They regulate the technical aspects of this technically complicated subject. The EDP Guidelines are strictly functional and designed to be independent of structural/organizational changes. Only technical EDP criteria and those pertaining to methods and systems lead to modifications (in loose-leaf form). The EDP Policy Department's EDP 1 is the supervisory body.

Bundeswehr Complement of Data Processing Personnel

Disregarding the personnel who work in data processing but are classed under other main job categories from an organizational standpoint, the Bundeswehr has the following EDP billets at present: (Fig. 2 [not reproduced]) A few remarks with regard to the figures: The defense sector has hitherto almost exclusively employed private companies for its organizational and programming work in the field of military command systems. The central EDP sector does this only on a small scale. Budget cuts in both sectors will have the effect of reducing productivity, particularly in the defense sector. But the central EDP sector's ability to take on new tasks will also be reduced substantially, because each new EDP procedure requires a maintenance and alteration outlay of between 30 and 50 percent for its use. The basic types of computing are sufficient to determine the point at which nothing more can be done.

If new billets are not to be had, and if the potential for rationalization has been exhausted through new methods, the only alternative is to shift more of the functions to the user. There will then be a broader base of EDP training tasks, ultimately resulting in manpower for data processing work. The organizational and budget experts will have to move purposefully in this direction so that it will not happen independently, with the result that they will one day find themselves in another undesirable situation.

I should like to add a further note on the central EDP sector's data collection efforts. Six document scanners will increase the number of characters gathered by about 80 percent.

Bundeswehr Complement of Data Processing Machines

Fig. 3 [not reproduced] shows the Bundeswehr's computer inventory, modeled after the Diebold statistics classification system. "Process computers" are defined in such a way that they include all computers that the user has in operation in a technical or weapons-system environment. Since this means a great variety, and in some instances militarized computers, only the number of units is given. The so-called universal computers are grouped into value categories in accordance with the Diebold system. Only limited conclusions can be drawn as to the productivity of the computers listed under value categories, because an older computer with a meanwhile relatively small output is ranked in a high value class (the TR 440, for example), and modern, less expensive but productive computers (the 4341 or the 7.521, for example) have to be rated lower.

The chart [Fig. 4 — not reproduced] clearly shows how the productivity of the computers installed in the central EDP sector has developed in comparison with the sector's total capital investment. (In this regard, the author is well aware of the doubts about the MIPS scale — million instructions per second — as a measure of processing capacity).

Applications Within the Framework of Technical Information Systems

Task after task has been shifted to data processing since 1956. In the process there has been a complete change from the initially more secondary support function to an integrated work flow. This has sharply increased demands on availability and speed.

After the initial artificial isolation of the user resulting from stack processing in the distant computer center, the new long-distance data transmission capabilities and cost/benefit ratios provide the opportunity to make computer support operations available at the user's workplace. This trend is also obvious with technical information systems and has led to a number of modern EDP procedures. The decentralized arrangement of the Bundeswehr's computer centers accommodates this necessity.

In general, the central EDP sector's computer capacities are distributed over the following main application blocks (measured in computer hours for electronic computers):

Data Processing in Training

The emphasis on training is naturally very big in the armed forces. Both suppliers and consumers are trying very hard to halt the decline of knowledge that technical progress is causing and, what is more, to keep ahead of it in order to accumulate a pool of knowledge.

In addition to a number of training facilities that also use computers for computer-based EDP instruction, the Bundeswehr's academies and advanced schools are expanding their training courses.

The advanced schools have electronic computers and process computers for use in research and teaching. The Bundeswehr's advanced school in Munich is training information technicians that are urgently needed by the armed forces.

Despite all the Bundeswehr's own efforts, it can offer special courses either not at all or only once in a while. In these instances it takes advantage of industry's training offers. Unfortunately there is not enough budget money available for this.

A draft plan for training is being developed for data processing. It will structure the content of training and coordinate the different EDP occupational groups.

Conclusion

Machine data processing had been employed by the armed forces even before the war. Since 1956, the Bundeswehr has made increasing use of EDP. Its use has become a matter of course in the case of many tasks performed by the armed forces and the Bundeswehr administrative branch; without it, either it would no longer be possible to do the job or substantial cuts would have to be made. To that extent the armed forces are doing what industry has done.

This decision involves consequences: The fact that data processing has laws of its own must be taken into consideration by the user in his operations if profitability or effectiveness are not to be reduced unnecessarily, and data processing in the Bundeswehr must be able to keep pace with the uncommonly rapid technical progress in this field in terms of equipment, methods and personnel.

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WEST EUROPE REPORT

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PEACE MARCH INITIATORS UNDERLINE JORGENSEN'S DILEMMA

Stockholm SVENSKA DAGBLADET in Swedish 3 Aug 81 p 5

[Article by Leif Bergstrom]

[Text] Copenhagen--The peace movement emerged outside the established Danish parties. Now the demand for a nuclear-free zone in the North is being heard in party politics and it is cutting straight across the Social Democratic Party.

The European peace marchers who left Copenhagen are preparing for their entry into Paris on 6 August. From the point of view of publicity the march has been a success. It has attracted attention as it has progressed through Europe. Danish newspapers print reports from "marching correspondents" at regular intervals.

This has led to increased interest in movements such as Women for Peace and No to Nuclear Weapons, both co-arrangers of the march. Both describe themselves as grass-roots movements without elected leaders but they have coordinating committees and action committees.

Women for Peace

Janne Houman is one of the three founders of Women for Peace. Like the two other founders she works on the cultural staff of Danish Radio.

"It became increasingly clear to us that women around the world have the same thoughts and the same fears: 'Do our children have a future?'" The question is on the list of names which according to Houman includes half a million names all over Europe.

"One of the first ideas we had was to charter a boat and cross the Atlantic to hold a peace meeting at the United Nations with American women. It was an unconventional action. I think it is easier for women to do things like that, women are not as burdened with political traditions," Janne Houman said.

Threshold Lowered

She thinks the arms buildup means there is a determination to use these weapons in a war. She does not believe nuclear arms can be kept passive if there is a new war in Europe.

She agrees with those who say that arms reduction leads to a lowered resistance threshold for aggressors since the cost of an attack in terms of personnel and materiel is reduced.

"But there is no other way."

The interest in the new movements has also led to critical evaluation.

Four Conservative politicians recently sought permission for an alternative peace trip--by bus to Moscow. They wanted to hold a peace meeting on Red Square on 9 August. They were turned down by both the East German and Soviet embassies.

"We were 80 percent sure the answer would be no. But we took the Helsinki agreement as a starting point and according to that it should have been possible to go to the East and present a vital peace overture," said Viggo Fischer, one of the organizers.

Viggo Fischer is active in the Conservative Party. If he had placed one step higher on the ballot in the last election he would be a member of Folketing today.

Soviet Forces

"The peace debate has been onesidedly dominated by pro-Soviet forces such as the Cooperation Committee for Peace and Security, a subsection of the World Peace Council in Helsinki. This means the demands presented have been to the advantage of the Soviet Union.

"We wanted to offer a more realistic view of peace activity and reveal the true face of the Soviet Union," Viggo Fischer said. "We can't talk about a Nordic nuclear-free zone when we are surrounded by Russian nuclear weapons--the SS-20 missiles, the Golf submarines in the Baltic, the naval and missile bases on the Kola peninsula. East European ships with the capacity to bear nuclear weapons constantly pass Denmark on their way between the North Sea and the Baltic."

Viggo Fischer thinks the peace movements simply affect arms reduction in the West. JYLLANDS-POSTEN, one of the few newspapers published during the newspaper conflict this spring, tried in a series of articles to document ties between leaders of the peace movement and Soviet interests. Other observers divide the supporters of the movement into idealistic pacifists and those with clear political ties.

Janne Houman said that none of the founders of Women for Peace had been active in peace issues earlier. She said it is hard to get messages across the Iron Curtain but peace appeals have been sent to women in East Europe with whom contacts were made during the women's conference in Copenhagen last year.

"The Conservative candidates' 'Peace Bus 1981' to Moscow would have been an excellent action if it had been possible to carry it out. But it was unrealistic and I can only view it as a demonstration against our peace march," said Houman.

The Gallup Institute recently revealed in BERLINGSKE TIDENDE that Danish support for NATO has increased in the last 30 years. The curve shows a slight decline since 1980. But the decline involves only a few percentage points and no conclusions can be drawn on that basis concerning the possible influence of the peace movements. Instead Gallup is sticking to the long-range trend: in 1950 half the Danish people favored NATO membership and a quarter opposed it while today 57-58 percent favor membership and around 20 percent oppose it.

When Prime Minister Anker Jorgensen backed his Norwegian colleague, Gro Harlem Brundtland's wish for a Nordic nuclear-free zone at the Socialist International in Bonn, the only criticism came from non-socialist quarters. But concern has also been expressed by the Social Democratic right wing about Jorgensen's line reducing Denmark's credibility in NATO.

Jorgensen has long been squeezed between the two wings of the party. Jytte Hilden, who was elected to Folketing in 1979, quickly turned into one of the left's most outspoken advocates. Two years ago she was in the spotlight for expressing the demand for removing the United States from NATO. Now she is working for a nuclear-free zone and retention of the current defense appropriation in direct contrast to the NATO objective of a 3-percent increase.

"Before Anker Jorgensen said he didn't want to hear any more about a nuclear-free zone. A month later he seems to have changed his mind on the issue," said Niels Hass of No to Nuclear Weapons.

Denmark is not being considered as a missile base location. But according to Niels Hass one of the reasons for the resistance being expressed in the peace movement is the negotiations with NATO concerning the storage of war materiel in Denmark.

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PAPER SEES IRONY IN PEACE MARCH DURING USSR BALTIC EXERCISE

Stockholm SVENSKA DAGBLADET in Swedish 2 Aug 81 p 2

[Editorial]

[Text] More and more Soviet warships, led by the aircraft carrier "Kiev" have entered the Baltic in recent days. It is said that the Soviet Union is preparing for its biggest landing maneuvers ever in the "Sea of Peace."

At the same time as this buildup occurred one of this summer's many so-called nonpolitical peace marches crossed Gotland. Today the march ends with a peace party in Almedalen.

For those participants who out of idealism and the belief that they are fighting for world disarmament are operating on the assumption that this is a nonpolitical demonstration we recommend reading something from the poorly-distributed paper NORRSKENSFLAMMAN (APK [Workers' Communist Party]).

The paper reported the peace march to Trondelag last week in this way:

"For many young people the march has clarified the true meaning of U.S. foreign policy and has acted to offset U.S. propaganda in the non-socialist and commercial mass media.

"They have taken matters into their own hands and shown they are strong, united and numerous enough to act and defy the U.S. administration and NATO circles." No other threat to peace is mentioned.

In the same issue the paper printed a somewhat abbreviated version of an article in PRAVDA written by the deputy leader of the international section of the Soviet CP. He wrote that "the way to further increase possibilities in the struggle for peace, democracy and social progress is primarily to strengthen world socialism."

Influential forces on the Swedish Peace Committee and in VPK [Left Party Communists] interpret "nonpolitical" somewhat differently than most of the participants in the march.

For in our wildest fantasy we doubt many Gotland marchers really intend to strengthen world socialism to achieve peace. As happened in Hungary, Czechoslovakia and Afghanistan.

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OIL REMAINS CHIEF ENERGY SOURCE DESPITE CUTBACKS

Bonn DIE WELT in German 23 Jul 81 p 9

[Article by Heinz Heck, Bonn: "Study by the Institute of the German Economy/ Industry Cuts Back on Oil—Coal's Share in Consumption Increases: Oil Remains Economy's Chief Energy Source"]

[Text] German industry responded to the second oil price explosion, beginning in 1979, with sharp cutbacks in energy. As calculated by the Institute of the German Economy (IW) in Cologne, from 1977 to 1980, specific energy consumption (that is the consumption relative to 1,000 marks of real turnover) declined a good 10 percent from 123 to just under 111 kilograms of hard-coal units (SKE).

Even though the consumption structure shifted in favor of coal, oil with 29 percent was still the chief energy source for industry in 1980. Nevertheless, oil was the focus of industrial economy measures and not without success: While in 1977 the oil share for 1,000 marks of turnover was 41.5 kilos of SKE, in 1980 it was just 32.4. With that, specific oil consumption in this timespan even declined by 22 percent. In particular, it was reduced 48 percent in the iron and steel industry and about 40 percent in the brick and clay.

In view of this development, it is not surprising that industrial energy consumption has increased only very slowly in absolute numbers. The institute does concede that this is also, but not solely, due to the recession. Energy consumption in 1980 with 110.7 million tons of SKE was only 2 percent above the 108.4 million tons of 1977. In the process, processing industry turnover rose over four percent. Compared to 1979, 1980 consumption was even four percent lower.

For the period 1977 to 1980, the following picture of energy sources emerged: Coal consumption rose from 26.6 to 30.3 million tons of SKE, caused primarily by converting from oil to coal in the basic materials and producer goods industries. So far this has occurred without greater investment. "A further slowdown in oil consumption in industry from now on will require greater investment and hence cost time and money," the institute writes.

—Oil consumption declined from 36.6 to 32.4 million tons of SKE, due primarily to the savings again in the basic materials and producer goods industries. The chemical industry remained the largest oil user, however, at a high level (6.8 to 6.9 million tons of SKE). This industry uses oil not only as fuel, but also as raw material.

-- Gas consumption, however, rose from 27.6 to 28.9 million tons. Among the branches, the chemical industry was the largest gas consumer with 8.2 and 8.9 million tons of SKE.

-- Power consumption also rose, from 17.7 to 19.1 million tons of SKE. This small increase shows, according to the institute, that the substitution process in favor of electricity is going "considerably more slowly" than the change within fossil fuels.

According to a report by the Federal Ministry of Economics, the international and the federal republic's oil supply situation has "continually improved" since the start of the year. Despite the some 20-percent reduction in OPEC oil production since mid 1980, there is still "a slight surplus on the world market." The reasons for this are not just the increased oil production outside of OPEC, but "primarily the unexpected entent of the decline in demand as the consumer's reaction to the high oil prices and also in part as a consequence of reduced economic activity."

Consequently, spot market prices have gone down by up to 10 dollars a barrel since the year's end and with that are under the official selling prices of the producing countries for all crude oil grades traded on the world market.

According to preliminary figures, oil consumption in the federal republic in the first half of the year was 13 percent less than that in the corresponding period for last year. With that, oil's share in primary energy consumption has dropped further from 47.4 to 43.8 percent.

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ADVANTAGES OF DISTRICT HEATING DISCUSSED

Bonn DIE WELT in German 22 Jul 81 p 9

[Article by Hans Baumann, Essen: "District Heating/Study: No Cure-All: 'More Energy Could Be Saved with Less Money'"]

[Text] The Alliance for Economical and Ecologically Beneficial Energy Consumption (ASUE) in Frankfurt has come out with strong criticism of the political topic of district heating, heated up by those interested, that offers a solution to the problems of nuclear power and the price of oil like the philosophers' stone. In an analysis entitled "Identifying the Limits," it concludes that district heating can make a notable contribution to the future supply of energy. District heating, however, is no "cure-all." The current wave of enthusiasm has to yield to a more sober view.

As with a scalpel, the alliance picks apart the theses of district heating during which it obviously refers to the STEAG district heating model for the Ruhr District, which for the next 10 years plans a capital expenditure of 12 billion marks to develop a district heating system.

The main thesis for district heating, that power station efficiency could be raised to 80 percent with it, is answered by the analysis that this is attainable only by coupling power and heat. But this cannot be installed in existing power stations. Thus, new power stations would have to be built; these, however, would have a smaller power capacity. To supply the same amount of power as before, stations with 25-percent higher capacity would have to be built.

To raise efficiency quickly and save energy in the process, the heat pump that has an efficiency of 180 percent as a compression pump and of 120 percent as an absorption pump should be promoted.

The analysis says the mammoth project of the Ruhr District heating distribution system is "replacing the waste of energy by the waste of capital." With less money, more primary energy could be saved if the resources were used for heat pumps, insulation and improvement of heating systems instead of accelerated construction of district heating systems.

The weight of the claim that district heating creates new jobs diminishes toward zero in the analysis. District heating creates not only jobs; it wipes them out on the same scale, it is said, because district heating will put out of work the equipment manufacturer, the fitter, the heating manufacturer, the businessman and the chimney sweeper. If the resources were put into coal gasification instead of district heating, 24 times as many jobs as offered by the STEAG through district heating could be guaranteed in the German mining industry.

Also, the thesis that district heating saves foreign currency becomes very tenuous upon the discovery that the calculated 12 billion marks for the Ruhr would help save only 1.3 million tons of imported energy. Each ton of imported energy saved would require a sevenfold greater investment in district heating than in coal gasification.

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CSO: 3103/400

COAL GAS TO REPLACE NATURAL GAS IN INDUSTRY

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 31 Jul 81 p 2

[Text] The Hague, July 30--The government feels that in the long term coal gas should replace natural gas as much as possible in industrial areas, transport minister Daniel Tuijnman said here today after the weekly cabinet meeting.

Mr Tuijnman, who chaired the meeting in the absence of Prime Minister Dries van Agt and Deputy Premier Hans Wiegel, said that in addition to this, the use of coal in central heating systems should be promoted.

Economics Minister Gijs van Aardenne would call for an early inventory of coal projects which are feasible and desirable within the next few years, as well as of the specific circumstances and bottlenecks playing a role in these projects, Mr Tuijnman said.

Norms still had to be found for the maximum permitted level of sulfur dioxide emission from coal-gas plants, he added.

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DIFFICULTIES IN PENSION FUNDING DISCUSSED

Brussels KNACK in Dutch 1 Jul 81 pp 37-40

[Article by Frans Verleyen and Johan Struye]

[Text] The years of the period following the armistice of 1918 were wonderful years. More rapidly than expected, King Albert's administrations managed to put the kingdom back on its feet. By 1924, the level of the standard of living and of purchasing power had been restored to that of before the war; according to the statistics, growth continued in an upward line until the end of the decade. The people expressed their satisfaction by producing a baby boom in a mild and optimistic manner. We are now paying for that. These are the senior citizens who are now happily coming around for their pensions, and whose number is just a bit too large to make it possible for the minister of pensions' budget to make their declining years bearable. Various things in the Belgian structure are reaching a disappointing end.

And yet, they are being paid; period. The current PSC [Christian Social Party] Minister of Pensions Pierre Mainil, who is 56 years old himself, never opens his mouth to make any kind of statement without giving his audience, in the name of the whole system, the definite assurance that the agreement will continue to be honored. It is a question of public morality. However, this does not alter the fact that something must be urgently done about the system. Those who have turned 90 now will be all right. Alas, the same cannot be said for those who are about 40 years of age.

Naturally, one of the reasons for the sudden imbalance between receipts and payments in the pension systems is the overall greying of our population. Today, more than 263,000 Belgians have already passed their /80th/ [in italics] birthday. Paradoxically, there is no category which is equally well off and which is expanding as much. Last year there were only 257,192 of them -- 171,764 of them women as against only 85,428 men --, whereas there were only 203,125 in 1970. In 1981 this means that no fewer than one out of every eight retired individuals have thus nestled themselves into a certain longevity.

Now it is true that the ageing of society is a result of progress. Since the beginning of the century, the threshold of death has been moved up an average of 26 years. Those who have reached the age of 60 today will have the natural expectation of reaching the statistical age level of 75 years and 9 months if they are men, and if they are women the age level of 80 years and 3 months. As the mayor of Bruges, Frank Van Acker, the expert of the Flemish socialists in matters of social security, likes to say: death and pensions are the only areas in which women are not discriminated against. Not only do they live longer; according to all the laws, they can even do more.

What do the pensions represent? This year, they will amount to 350 billion francs, 150 billion of which are contributed directly by the treasury. The latter figure refers not only to the pensions of civil servants, of veterans and the like who are completely dependent on the state, or to the amounts for a guaranteed minimum subsistence level (the "life money"), but also to the subsidizing by the government of the structure of various funds and systems. The pension item represents not only the largest figure in the budget, by its very nature it keeps on growing.

Even if not a comma is changed in the existing laws and regulations, in 1982 an additional 30 billion francs will have to be spent. The first problem for the administration, of course, is where to find that money. This whole package goes to approximately 1.7 million pensioners. Or rather: to 2.2 million pensions. Because one of the paradoxes of the system is that even though the government knows precisely how many postal money orders go out, it only knows approximately how many people are spending them. Of course, a single individual may have several pension rights. Another flaw in the system is that three-quarters of these senior citizens, whose numbers are as many as the country's two largest cities put together, have to live on barely more than a shabby 16,000 francs per month.

Sixteen Year Old Widow

Based on an estimate of 1.7 million individuals receiving a pension, they thus form the majority among a total of 2.6 million benefit recipients within Belgian society. All together, the social benefit recipients represent no less than /40/ [in italics] percent of our population above 20 years of age. As a national community, we can take pride in so much daily applied solidarity, but we are in danger of collapsing under this pride. To round off the picture, one should know that we have 2.1 million salaried workers, a few more than half a million self-employed who pay full contributions for their social status, and approximately 900,000 members of the civil service.

Last year, the youngest benefit recipient, provided for until the end of his days, was a 19 year old /conscript/ [in italics], who had become completely disabled. This year he has been superseded in our concern by the youngest pensioner in the country, a /16 year old widow/ [in italics]. Excluding personal suffering, it can be figured that, within the existing regulations, if she can keep the child, which was born from her 3 month marriage, she will be secure until her 43rd year. From the age of 45 onwards, she will once again be eligible for full support within the framework of the survivors pension. If this girl is not interested in remarriage, to adopt a child would be one of the possibilities to bridge those 2 years.

As PSC senator from Mons-Soignies, Pierre Mainil has had a parliamentary mandate only since 1977, but he has been in politics much longer. He is from a lower middle class family in Casteau; his father was a house painter. In 1958, after a few years teaching at the State College for Social Studies in Mons, he went to work on the staff of Minister of Middle Classes Paul Vanden Boeynants and participated in the implementation of the obligatory weekly closing day. At the Ministry of Middle Classes he was deputy chief of staff to Albert Declercq, and chief of staff under Graaf d'Alcantara and under Charles Hanin. Meanwhile, he made it to administrator general of the State Institute for Social Security of the Self-Employed, whose astronomical deficit of 30 billion francs his liberal predecessor Herman De Croo was allowed to wipe out last year by decision of the Martens III administration, at the cost of the state. After having held the portfolio of

Walloon Affairs, Mainil is now exactly where he should be. Like Willy Claes, Roger De Wulf, Gaston Geens, Luc Dhoore and Freddy Willockx, he is one of those studious individuals who knows not only his own portfolio to perfection but also the figures of his colleagues' portfolios. As Wilfried Martens in his capacity of prime minister used to say, this is what makes members of the government.

Even though this may seem strange at first glance, it is true that Pierre Mainil has been involved with pensions since he was 18 years old. He graduated from the social science college with a paper on this subject. Looked at more closely, however, the pension system is a touchstone par excellence for all of the state's hardware. Indeed, each problem requires taking account of a half century in retrospect, plus a prognosis for an equally long time in the future. From these repercussions on the pension systems, a rather different state of affairs in society can be drawn up: the greater loss of jobs in large enterprises than in small ones; inflation, which has devoured the capitalization of funds and which can thus be considered to be the greatest enemy of all social security; but especially, the institutionalized inequality with regard to the deterioration and defenselessness of old age.

Belgium has had a minister of pensions only since the Tindemans I administration, with RW [Walloon Rally] member Moreau from Charleroi, who at that time was conducting exercises in state reform with Lode Claes in his free time. However, he had scarsely had time to study his first file when, during the first days of December 1976, his Walloon Rally was thrown out of the government. Later on, we had the Christian democrat Plasman from Nivelles, the Antwerp socialist Wijninckx, Herman De Croo and now Mainil. However, it appears to be in the books that henceforth there will be a Ministry of Pensions, and at the same time that it will be one of the most thankless jobs in the government. This may be why it has now so rightly been entrusted to this co-founder of CEPIC [Political Center of Christian Independents and Cadres], the right wing of the PSC.

Because if something is taken away from you or me, the most we can do is publish a protest in the newspaper. However, when the governor of the National Bank feels even slightly threatened with regard to his future pension -- which will be 12 times that of an average individual --, then such a person gets into his car and has his driver drop him off on the other side of the street, in order to drop in personally upon the misbehaving minister. Thus, in 1978, Wijninckx, who deserved recognition as politician of the year for having expressed a tentative principle of morality in politics, had to evict the country's elite one by one from his chambers: principals, high court magistrates, generals, and former ministers whose career had already come to an end in the days of Pholien.

As a matter of fact, before a single sentence had been put on paper, Pierre Mainil had already become the scapegoat for the large demonstration of the civil servant unions. However, half a year later those figures are in place. Mainil's staff has recently produced a document which provides a comparative and analytic description of the pension systems, including prognoses. Little ideology is involved, except for the repeated desire to achieve greater simplicity and greater equality. Everyone will know the figures and be informed; the minister will spend 2 weeks listening to all the social partners. In the first stage he will not even try to obtain any concessions from any of them; he will only note: /look, this is how it is/ [in italics]. If all of them then do not start thinking and making proposals together, then in the pragmatic order of things there will be little else left

to do but to reduce pension payments in the next few years by 10 or 15 or 20 percent, depending on the amount of money left over.

As far as some interest groups are concerned, Minister Mainil is already considered to be a dangerous man because he is aiming for the /harmonization/ [in italics] of the pension systems. This does not mean that he is thinking in terms of an equal amount for everyone past 60 or past 65 years of age, rather that an equal level of contributions made over an equal number of years would produce an equal percentage of the income during the active career years as pension. Pierre Mainil proceeds from the thought that a certain level of career should certainly establish certain pre-arranged pension rights. Depending on our pension, we can now for the most part be divided into three groups: self-employed, wage earners from the private sector and wage earners from the public sector. However, the vulnerable point of the whole structure is that the number, which is usually listed on your identity card if you are a wage earner, is not for everyone the only number he owns. Indeed, in many cases pensions can be cumulative.

The clearest case is that of the so-called early retirements in the civil service. This involves gendarmes, sergeants or lower level army officers who can start a new career in the private sector before their 50th birthday. Another delicate point involves the extra-legal contributions for additional pensions, which are paid here and there in enterprises and para-statal organizations, and on which no taxes are even levied. Another separate case are the funds for supplementary pensions, which have been established for many years in such institutions as the National Bank, the Savings Fund, the Municipal Credit, and even in the broadcasting companies, which have comfortable reserves: from 13 billion francs for the National Bank to 800 million for the RTBF [Belgian Broadcasting and Television System -- French Service] in 1980. In 1978, only 1.5 billion francs were paid out of this to about 4,000 beneficiaries. Elsewhere, the system is going to the dogs, but there they are still building up reserves.

When pensions are polemicized, public opinion is not always on the right wave length. For example, the whole leveling operation of the extravagantly high pensions in the civil service would only produce a savings of 300 million francs, which would not do the treasury much good from a macro-economic point of view. However, they are agreed within the government that, due to ethical considerations, the measure is unavoidable. Furthermore, it only touches about 1,000 people, even though pretty drastically for some. This year, the index rounds of 1 January and 1 April were not applied to these people; and as of New Year's day, they will no longer receive a single franc more than three-quarters of the highest possible wage for a ministerial secretary general, or about 125,000 francs, per month. The fact that this figure still lies very much higher than the level of hundreds of thousands of other people, who may have worked equally hard, does not alter the fact that a number of those fortunate ones will have to make it through 1982 on less than /half/ [in italics] their income. Nothing is so relative as social suffering. Some people have to save on an egg for their breakfast, others will now have to sell the small castle on which they can no longer pay the mortgage. In both cases, it embitters their declining years.

The weakest point in all the Belgian pensions is the system for the self-employed, who have been benefiting from such an allowance since 1956 only. A self-employed individual currently pays between 18,000 and 90,000 francs per quarter, depending on his operating income, but later on they only have a right to a lump sum of less

than 13,000 francs for a family, or 10,000 francs for a single man. This is actually /lower/ [in italics] than the legally guaranteed income for senior citizens which is granted following a check into the person's means of survival, but without any condition in terms of career or contribution. As a matter of fact, the system for the self-employed is a reflection of what has happened in our society. During the last 10 years, their active number went down from 570,000 to 490,000, or 80,000 fewer shopkeepers, painters, plumbers. Their number of pensioners, however, increased from 270,000 to 415,000. If there were still about two active self-employed individuals for every pensioner in 1970, at the present time one active person virtually has to help support his one pensioner himself. Logically speaking, either the pensions should be halved or the contributions doubled. As neither of these measures is conceivable, the system must be considered /bankrupt/ [in italics].

However, the bankruptcy of the pension system for the self-employed was quickly followed by the bankruptcy of the system for wage earners in private industry. The treasury wiped out the 30 billion franc deficit of the self-employed, but now the pensioned wage earners are also quickly faced with an 8.5 billion franc hole. This pit is the result not only of the crisis, which produces unemployed individuals who no longer pay any contributions, but also of the bad habits of administrations which, being faced in turn with a lack of money due to the crisis, through their program laws mess around with the amount of the contributions which the state should normally pay. As far as the seventies are concerned, in theory the state is thus indebted to the pension system for an equal amount of billions of francs.

Paradoxically however, there is more clarity in Belgium in the pension system provided by the private sector for its former workers than in the civil service one. Indeed, anyone who carries that number on his identity card is building up a pension right in industry. In the private sector, the compulsory system goes back to 1924-1926, and was restructured by the law of 1968. The area where obscurity begins in the realm of pensions, and where more than 200 different regulations exist, is the area of government pensions. The solidarity contribution, which is being imposed on the civil servants for the first time, will actually be the first contribution they have ever had to make themselves for their old age benefits. The principle which applied to them was that their pension was a deferred salary, a favor which the realm has granted them since 1848. Due to the fact that in the beginning of the 19th century, all countries in Europe had a great need for reliable civil servants, the authorities decided that this particularly useful and furthermore not very numerous occupational group should be rewarded for its /loyalty/ [in italics] to the general welfare with a guaranteed lifelong support. This is where the rule originated, which is still applied and which Pierre Mainil now also considers to be obsolete, that a civil servant /loses/ [in italics] all pension rights if he leaves his career prior to its completion to go into the private sector.

Before a minister of pensions ever existed, all government pensions were governed by the minister of finance. Because the latter, who was in charge of collecting the income of the realm, had other fish to fry, the arrangements concerning their pensions were usually handled by the civil servants themselves or by their highest hierarchies. This is what led to the endless variety. Among the more than 200 different systems within the civil service, there are some which were designed separately for a single group only. Hence, the pension system for an air force captain is different from that of an artillery captain, you name it. Not only does the BRT [Belgian Radio and Television -- Dutch Service], for example, have a separate statute, so does the one and only Theatre de la Monnaie.

In the private sector, the number of days per year which determines the right to a pension is known precisely, but that is not the case for a civil servant. Because state pensions are completely paid from the state budget, they have become a target as much as the financial management of the state itself. Alas, the prospects have become no less obscure here than in the other occupational groups. In 1960 there were 400,000 individuals in government service, now there are more than 850,000. However, the big push came immediately after the war, with the gigantic development of para-statal organizations. For 1985 we will have no less than a quarter more government pensioners, because all those careers from after the liberation are now nearing completion. On New Year's of 1979, there were approximately 100,000 pensioners who had to receive the full amount of the 46 billion francs they received from the state.

Happy Wild Growth

However, this did not even include the 68,000 survival pensions, the 65,000 beneficiaries of the guaranteed minimum, the more than 500,000 veterans and the like who also receive a monthly check for their service in both world wars, or the 40,000 retired civil servants of cities and municipalities. The happiest wild growth also exists in this area. There is not a single city whose final handshake with its policemen or whatever is the same as that of any other. Even such an obvious measure as the merger of local railroad lines with the main railroad produces a viper's nest of problems in the area of pension rights.

However, in spite of his problems, which are gradually growing beyond the administrative power of imagination, Minister Mainil has been able since October to introduce some flexibility leading to greater fairness. As of 1 July, a pensioned wage earner will be able to earn up to 170,102 francs per year without forfeiting his rights. He will naturally have to /declare/ [in italics] this extra income for tax purposes. As long as he does not go beyond double that amount, no more than one-third of his pension will be withheld. At the same time, as far as the scientists and artists among us are concerned, an absurd situation is being brought to an end. Up to now, a professor could not take out a patent, or a teacher not peacefully write a successful novel, without losing his pension. Insofar as they do not have a job or conduct any business, these senior citizens will henceforth be allowed without limitation to receive payment for their talents.

8463
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PAPER BACKS CALL BY UNION, PARTIES TO ACT ON ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 27 Jul 81 p 8

[Editorial: "Collapse of the May Compromise"]

[Text] It is gradually becoming clear that the economic-political May compromise is quite inadequate in relation to the country's economic problems. The compromise agreement will not have much effect on the intolerable development of state finances that is under way. And it can't change the unfortunate employment trend either by means of artificial so-called job-creating efforts or other steps and in reality it contains no assistance in checking the constant growth in public budgets which in the long-range perspective is choking private enterprise in this land. In this context it is no excuse for the inadequacy of the May compromise that it formally concerns agreements on economic policy in 1982, since the same development tendencies we see today can be expected to continue with even greater force next year.

LO [Danish Federation of Trade Unions] and the non-socialist parties are now warning the government against new tax and duty hikes that would only add to unemployment. There is good reason to back these warnings. This also applies to the tax adjustment, corresponding to an extra dividend for the state of 2 billion kroner on an annual basis, which was announced in the May compromise. It applies whether the adjustment is made through increasing the value-added tax, raising the taxes on special items or introducing new special-item taxes. Further tax or duty impositions are not the right course in the situation Denmark is in.

What LO vice chairman Knud Christensen said in SONDAGS-AKTUELT was correct, we must as much as possible try to produce ourselves out of the present difficulties. However it is disheartening when the vice chairman says in the same breath that monopoly legislation should be tightened up, presumably to check price hikes. To the extent such a tight price policy is effective one can expect a growing number of factory closings and slowdowns in the business sector with a corresponding rise in unemployment.

Now that the union movement apparently recognizes the failure of the economic policy and the May compromise, the big question is whether those people are capable of drawing the right conclusions from the realization. For it is not through reduced work weeks, earlier retirement, subsidies and coercie measures in

the business and consumer sectors that this development can be turned around in a lasting way.

This can happen only through creating better earning conditions and more optimism in the business sector. The union movement could make a big contribution to such a development.

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PRINOS OIL PRODUCTION, COSTS ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 29, 16 July 81 pp 3-4

[Article by G. Papanikolaou]

[Text] With the inauguration of the production of crude oil from the Prinos oil field, which took place recently with great fanfare (even though pumping has not yet begun on a regular basis because the company was not prepared for it ...), the next step, and one of the more substantial ones on the subject of Greek exploitation of hydrocarbons in the country, is the agreement between the government and "Anadokhos" (the consortium of companies to which the concession for the exploitation of the oil field has been given) for the formula which each time will fix the price per barrel of crude produced.

In other words, now we are beginning to talk about money. This, in addition to supplying 13 percent of our requirements for liquid fuels without having to seek it in foreign markets, is the most substantial part of the whole matter.

With this opportunity, it would be well to clear up an ambiguous point as to what kind of currency will be used to pay Anadokhos: drachmai or dollars?

According to article 21, paragraph 3 of the revised agreement of 1975 with Oceanic, "all sales of hydrocarbons within Greece by Anadokhos will be payable in drachmai." In fact, the preceding paragraph of the same article states that "all payments by the Greek government to Anadokhos will be made in U. S. dollars or, at the option of the Greek government, in any other currency acceptable to Anadokhos to a bank designated by it.

And if this paragraph is unclear with regard to the currency with which Anadokhos is to be paid, article 20, paragraph 6, goes on to explain that, after having covered the general cost for the production of petroleum in drachmai (which it will have received from the domestic sale of hydrocarbons), at that time the Bank of Greece is required to place at the disposal of Anadokhos the required amount in U.S. dollars, or other currencies convertible to U.S. dollars, in order for Anadokhos to transfer out of Greece

the equivalent of its surplus drachmai."

The payment will then be in dollars. The opposite would have been, to say the least, strange because what would Anadokhos do with drachmai?

Now, it would be well to see what each party, the government and Anadokhos, is entitled to.

What Each Party Is Entitled to

The press release of the Public Petroleum Corporation (DEP), which was circulated on the occasion of the inauguration, states, "The overall production which will last 15 years, is forecast by the consortium to be as follows:

"Petroleum: nine million tons

Natural Gas: 100 million cubic meters or 1.2 tons of equivalent petroleum

Sulfur: one million tons or 0.5 million tons of equivalent petroleum

"That is, 10.7 million tons total of equivalent petroleum." (Ed. note: or approximately 80 million barrels)

"The highest yearly production is projected to be:

Petroleum: 1.2 million tons

Natural Gas: 100 million cubic meters

Sulfur: 180 thousand tons

"This, on a value basis, is equivalent to 1.4 million tons of equivalent petroleum and amounts to approximately 13 per cent in relation to the requirements of Greece.

"According to the data and projections of Anadokhos, the total cost of exploration and development amounts to $500 million, without including the interest, while the production costs for 15 years is estimated to amount to $820 million at current prices.

"The net income is estimated to be 70 percent of the gross income from production." Thus, we have a total gross income of $2.8 billion during the exploitation of the oil field.

But then it seems strange, to say the least, regarding the manner in which Minister of Industry and Energy St. Manos refers (as he did in his speech at the inauguration of the Prinos facilities) to the government's income and asserts that "during the lifetime of the oil field, Greece will collect $2.3 billion without having contributed in any way to the expenditures for

the exploration and development of the oil fields." In other words, Mr. Manos simply subtracts $500 million, the total expenditures to date, from the total of the gross income which is $2.8 billion, and thus arrives at $2.3 billion collected by the government?

And what about the interest, the $820 million in production costs, the profit of Anadokhos? From where are they going to be withheld?

In order to make a more analytical estimate of the government's income, it suffices to look at what Anadokhos is entitled to and then look at what remains for the government.

According to article 14, paragraphs 2 and 5 of the agreement, Anadokhos is entitled to withhold a percentage of up to 70 percent of the total production of hydrocarbons of the Prinos exploited area for five years as a means of amortizing the total expenditures made (and referred to in article 14, paragraph 3) for the exploitation of the oil field.

Also, during the last year of exploitation, Anadokhos is entitled to withhold any amount of hydrocarbons necessary to finalize the amortization of its expenditures, as referred to in the Petroleum Cost Agreement.

From the remaining 30 percent (net production) during the period (five years) or until the full payment of the amortization of exploration and development expenditures ($500 million, not including interest), 65 percent belongs to the government and 35 percent to Anadokhos. That is, during that period, the government will collect 19.5 percent of the total production and Anadokhos 70 percent for amortization purposes and 10.5 percent as profit.

Let us assume then that production began at the end of June 1981. According to Table 1 we could have an average of the following growth in production:

TABLE 1: PRODUCTION GROWTH

	TONS	BARRELS
June 1981	500,000	3,650,000
1982	1,000,000	7,300,000
1983	1,000,000	7,300,000
1984	1,000,000	7,300,000
1985	1,000,000	7,300,000
1986	1,000,000	7,300,000
Total	5,500,000	40,150,000

That is, if by the end of 1986, 40 million barrels have been produced, in other words, approximately 50 percent of the hydrocarbons in the oil field (10,700,000 tons x 7.3 barrels = 78,000,000 barrels of equivalent petroleum), and if one estimates an average price per barrel of crude to be $36, then the total of the gross income will be $1,440 million. From this amount, though, there must be subtracted (before amortization costs) the 30 percent (according to the statement of DEP [Public Petroleum Corporation]) which covers production costs. That is, $1,400 million - $440 million = $1 billion. From this $1 billion, Anadokhos is entitled to $700 million. Knowing that today the total of expenditures which must be amortized is estimated to be $500 million and adding the interest to this amount up to 1986, then, we believe that we would not be too far off the mark in our calculations if we say that it would be possible to amortize the expenditures at about that time, and not in two and one-half years from the start of production as mentioned in the DEP [Public Petroleum Corporation] press release.

(Ed. note: In order for something like this to succeed, we must have during these two and one-half years a production whose 70 percent of value can approximately cover the $700 million, which would be the total of the expenditures to be amortized. That is, the yearly production must be doubled, a fact which appears impossible to accomplish)

At this juncture, we must point out that everything depends on the production whose highest level that can be reached would be 1.4 million tons of equivalent petroleum yearly, or 30,000 barrels per day.

Therefore, when the amortization has been completed, but in order for it to be completed, 50 percent of the oil field's hydrocarbons would have then been depleted, and if this be true (as we believe), then the oil field cannot continue to produce for 15 years, but for far less time, if in five years one-half of it will have been pumped out.

During the period of amortization (let us call it this), the government will be receiving 19.5 percent of the total production, i.e., $195 million.

After the amortization, the percentages for the distribution of the oil field's hydrocarbons will be 65 percent for the government and 35 percent for Anadokhos. That is, from the remaining $1,440 million which is the value of the remaining 50 percent of hydrocarbons in the oil field, the government will receive an additional $936 million. From this, though, there must be subtracted (at the same 65 percent rate) the remaining production costs, 50 percent of which was covered under the amortization ($430 million). If, according to the DEP [Public Petroleum Corporation] press release, the total production costs are estimated to be $820 million, then approximately $400 million more remain as production costs for which the government must cover 65 percent, that is, $260 million.

Overall the government will receive the following: income during the amortization period - $195 million; income after amortization - $936 million; minus production costs of $260 million equals a total of $871 million.

With more optimistic estimates perhaps the government could collect $1 billion, but it is difficult for us to see how the $2.3 billion, which the minister of energy maintains can be collected, could be met. How can one proceed to achieve more favorable balances at a time when a) the prices of petroleum appear to be falling and b) the cost of interest rates is growing higher?

Now that we answered the two questions (in which currency the petroleum produced will be paid and how much of this will go into the government coffers), it is now time to respond to the last question relative to the fixing of the price of the Prinos crude.

The Price of the Prinos Petroleum

It is a fact that when the agreement with Oceanic was revised in 1975, the primary concern of the Western governments and, naturally that of Greece, was how to ensure the unimpeded importation of crude oil by their countries. This was more evident when the same country had a small production and endeavored to ensure a priority in disposing of this domestic production.

The Greek government tried to ensure this and it did so through an agreement, which stipulated that the entire production of Prinos crude (including that to which Anadokhos was entitled) depended primarily on the decision of the government as to whether or not it was to be put at the disposal of third parties.

Perhaps, beyond the agreement, there may have been an obligation by the government to absorb the entire production of Prinos, a fact about which we cannot be certain, but one which spontaneously comes up as a result of the following question: Today, in view of the drop in petroleum prices on the international market where the prices of spot buying are even lower than those of government agreements, does the government have any reason to seek to purchasethe crude from Prinos (because it is a matter of purchase, and moreover, in dollars)?

Is it perhaps that the formula on which the price per barrel of Prinos crude is based each time is so advantageous?

According to certain sources, the price which the two parties began to negotiate, at the end of May (that is, the one which is obtained by using the agreed upon formula) was fluctuating between $36.5 and $37.5 per barrel; one is hardpressed to agree that such a price could be characterized as "advantageous."

A look at the international market of crude will persuade us. (Table 2).

As we can see from Table 2, with the exception of the unofficial prices of crude on the spot market and the official prices of the types of crude such as the Arabian, the Kuwaiti, the Nigerian, and that of other countries

which are subjected to pressures for further price reduction, prices are comparatively more advantageous than in the past and were recently mentioned as the basis for negotiations for the Prinos crude.

There was indeed a regression in the negotiations of the past weeks at the level of $35-$35 per barrel, but this took place under the generalized "breaking" of prices on an international level.

However, another factor which we should know is the manner in which the agreement establishes the fixing of the price of Prinos crude at the time of production.

According to article 17, paragraph 2, the Greek government and Anadokhos (the consortium of companies) agree that on the occasions when it is not possible to apply criteria for price-fixing, based on the sales of Prinos crude to third, independent buyers, then the price will be fixed in common, based on the sale price of similar products (crude, sulfur, etc.) "purchased on the international market from the countries of the Eastern Mediterranean, after having duly taken into consideration the difference in quality, specific gravity, transportation, duration of the purchase agreement," as well as the currency conversion prices.

In the Eastern Mediterranean different types of crude are on sale as shown in Table 3.

The A.P.I. [American Petroleum Industry] grade, however, as well as the sulfur content of every type of crude are not sufficient factors for establishing the relationship between the quality and price of Prinos crude and any one of the others, or a certain type of crude, which will be selected as the crude of reference.

For this reason, the following method has been chosen. We select a certain type of crude and knowing the yield percentage of by-products after refining (naphtha, diesel, furnace oil), as well as the prices of these products on the Rotterdam market, we find the price per ton (or per barrel) of this particular type of crude. For example, if our calculations are based on a simplified process of refining, then the ton of each type of crude offered for sale in the Eastern Mediterranean will give us the products, in percentages, as listed in Table 4.

Knowing now what the prices per ton of these products were on the Rotterdam market in June: naphtha, $300; diesel, $265; and furnace oil, $175, then, by multiplying the price by the percentage of each by-product yielded by each type of crude, we will arrive at what is indicated in Table 5.

The price per barrel we arrive at by this method, as compared to the official prices valid for each type of crude, will be that shown in Table 6.

According to the above, it then becomes evident that the official sale

prices of each type of crude differ on certain occasions and, in fact, to a significant degree, from the prices based on calculations on which by-products each crude produces when refined.

In this manner, one could claim that the price of Prinos crude should fluctuate between the official prices of the two types with which it can be compared, that is, the Sweida and the Kirkuk, which were priced at $36.3 and $37.5, respectively in June, and which prices have further dropped in the past weeks.

But, at this point we must stop and ask ourselves: Assuming that the official price per barrel of Prinos crude is today at these levels, why should we buy it when the better Arabian or Nigerian or other types of crude are offered on the spot market at prices of $5 to $6 less per barrel? Do we have an obligation [to buy Prinos crude]?

We could also ask: Why should the Kirkuk or the Sweida type be chosen as crudes of reference to be compared with that of Prinos? If, for example, the heavy Arabian were chosen, which is of the same A.P.I. [American Petroleum Institute] grade and higher sulfur content, and whose price was $31 and which produced, when refined, the same by-products, then the price of Prinos crude should be comparable ($30 per barrel).

On the other hand, we should not forget that in the eventuality that Anadokhos receives offers from third parties to purchase a quantity of crude, or even the entire production, then the government has the option to accept it on the same terms and buy the aforementioned quantity, after notifying Anadokhos within a fixed time limit.

Another element which could be a tempting factor for the purchase of Prinos crude by the government is perhaps the assurance of having available at least a small part (13 percent) of our yearly requirements of crude oil. In this case, the government must sign a three-year agreement for the purchase of a given percentage or the entire production of Prinos.

If the government does not proceed to buy crude today and if Anadokhos accepts offers which the government considers not to be to its advantage, then Anadokhos has the right to enter into an agreement for the sale of the entire production for a three-year period. After the first year of the first three-year period, the government could give notice as to whether or not it will buy the Prinos production during the second three-year period.

Based on these assumptions, it appears that the government prefers to have the assurance of three million tons for the next three-year period instead of trying to take advantage of the falling prices on the international market and today buy abroad the same quantity, and perhaps, better quality, of crude.

This way, however, if we calculate at today's prices, the difference between the value of the purchase of the three-year production of Prinos and

the value of the same quantity of crude on the international market, we will see that the government would lose between $788.4 and $700.8 million if it were to proceed with the purchase of the Prinos crude (assuming the price of Prinos crude to be $36 per barrel and the price of crude on the international market to be $32). These $88 million are today 5,280 million drachmai. The improvement of terms under the $36 for Prinos crude can amend one of the terms of equalization, but at the same time, the other variable changes (the international price) so that the final result remains just as onerous ...

That is not a negligible sum and an effort should be made to resolve the matter for the benefit of the country. It would be comforting indeed if, in addition to the other questions posed in this article, we could receive an explanation as to why we must purchase the Prinos crude and whether and in what manner an effort is being made to take advantage of the opportunities which are offered on the international market at this time (and perhaps until the end of 1981).

A measure already being carried out in Japan is the filling of all of its available tankers with crude in order to have them at its disposal when the need arises. Perhaps we could attempt something similar (on a smaller scale naturally).

TABLE 2: PRICES OF PETROLEUM AT THE END OF MAY

Country of Production	Grade A.P.I.	Sulfur Content	Purchase Price (in Dollars) Official	Spot
Nigerian	37	0.1	40.00	35.75
Libyan (Sarir)	36	0.2	40.40	33.00
Kuwait	31	2.5	35.50	31.00
Arabian (heavy)	27	2.8	31.00	31.00
Arabian (light)	34	1.7	32.00	33.50
Iraqi (Kirkuk)	36	2.0	37.50	33.25
Syrian (Sweida)	25	3.0	36.00	-
Greece (Prinos)	27-28	4.8		

(Ed. Note: A.P.I. [American Petroleum Institute]. The higner the A.P.I. grade, the higher the percentage of useful by-products from the refining of this type of crude. Recently, Nigeria announced a reduction of 20 percent in the selling price of its crude, which is not shown in this table; therefore, today, Nigerian crude would be offered on the official market at approximately $32 per barrel).

TABLE 3: TYPES OF CRUDE OF THE EASTERN MEDITERRANEAN

A.P.I.	Type of Crude	Official Selling Price per Barrel	Spot Purchase Price
36	Iraqi (Kirkuk)	37.50	33.25
25	Syrian (Sweida)	36.00	(Small quantity) (not offered)
34	Arabian (light)	32.00	32.50
36	Libyan (Sarir)	40.40	33.00
27-28	Prinos		

TABLE 4: BY-PRODUCTS DERIVED FROM A TON OF CRUDE (%)

Estimating 5 percent loss

	Percentage from Refining		
	Naphtha	Diesel	Furnace Oil
Sweida	20	20	55
Kirkuk	25	35	35
Libyan	25	40	30
Saudi Arabian	20	35	40
Prinos	20	30	45

TABLE 5: PRICES OF CRUDE BY-PRODUCTS (IN DOLLARS)

Type of Crude	Naphtha	Diesel	Furnace Oil	Total per Ton
Sweida	60	53.00	96.25	209.25
Kirkuk	75	92.75	61.25	229.00
Libyan	75	106.00	60.00	241.00
Arabian	60	92.75	70.00	222.75
Prinos	60	79.50	78.25	218.25

TABLE 6: ESTIMATED PRICE - BARREL OF CRUDE

Type of Crude	Prior Method of Product Pricing	Official Price	Difference
Sweida	28.66	36.30	7.37
Kirkuk	31.37	37.50	6.13
Sarir	33.01	40.40	7.39
Arabian	30.51	32.00	1.49
Prinos	29.90		

9731
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BALANCE OF PAYMENTS DEFICIT ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 29,16 July 81 pp 7-8

[Text] The balance of payments is attracting renewed attention among economic observers when the latest data indicate that there may be unpleasant developments in the immediate future. Actually, certain expert officials appear especially disturbed because any adverse trend in the size of the balance will create more generalized problems because this sector, due to its nature, cannot be faced with usual measures. As former minister of Coordination, Mr. P. Papaligouras aptly put it, "we can print as many drachmai in Kholargos as we wish. But where are we going to find the dollars and the marks [DM]?"

The problems created by the course of the balance of payments were again nurtured by the fact that the imports which, for about two years now under the influence of the recession, had fallen on an average to a monthly level in the area of 800-900 million dollars; in May they suddenly "jumped" to a level of 1,230 million dollars. It is a remarkable jump, which, even though it may be a pecular situation, may be all right (the truth is that in May there were fuel imports by exporting refineries for the high level of 128 million dollars -- which were, however, counterbalanced by corresponding exports in the amount of 128 million dollars -- and, in addition, 62 million dollars were set aside as payments for the greater part of this year's projected sugar imports). Therefore, the fact will not have any special significance in the future. If the May increase though constitutes the beginning of the revitalization of imports, then it is especially disturbing because with our given receipts from exports and undeclared sources large deficits will accrue in the balance which will be difficult to cover.

At the moment, nobody can precisely predict the developments in the balance. In any event, government officials are optimistic that there will not be any great problems because the economic activity will remain in a status quo position (the well-touted upturn is not yet visible) and, therefore, the factors which could have led to an increase in imports (importation of working capital for investments and larger imports of raw materials for a developing industrial production) play no role at this stage. After all, similarly the behavior of private consumption continues to sag. In fact,

if the price indicators of retail sales for the January-April period are adjusted to the inflationary increase, the data released day before yesterday by the Statistical Service indicate that the volume of sales fell during the first four months of this year by 2.5 percent as compared to the same period of 1980. On the other hand, from the analysis of the specific indicators, there appears a fall in the sales volume of food stuffs by 5.4 percent, of furniture and housewares by 0.5 percent, of the other items by 8.1 percent, and a rise only for clothing and footwear items by 17.6 percent. It is evident, therefore, that even if there were a significant turn towards foreign-made clothes (and there must actually be one; this fact must create problems for the domestic manufacturers, who should finally begin to think about the quality and price of their products), it is not sufficient, by itself to push imports upwards.

Inactive Bank Market

The forecasts of government officials were confirmed by estimates made by banking circles who confirm that today the banking market is completely inactive and they attribute this, among other factors, to the insecurity which prevails in view of the elections, as much among investors as among consumers, with the result that both the former and the latter avoid tying up their money in any way for a long period of time.

Logically, as a result, and for a time, at least until the elections (because afterwards, according to the measures which the new government will announce, there is a possibility of an improved psychological climate), the balance of payments should not worsen because of imports. But what could undoubtedly create problems for the balance is the stagnation in the undeclared income (mainly income from tourism) and the great rise in undeclared payments.

On the other hand, as regards the consequences of the pre-electoral period we are going through on economic activity, the banking circles to which we have already referred, confirm that there is total inaction, whose basic manifestations are, in their opinion, the following:

1. The great selling spree of securities in the stock market at a time when there is no demand, with the resulting collapse of prices even among the "blue chips" such as bank stock. And the selling is not confined to isolated individuals. Business enterprises are selling and even institutions, a fact which means that everybody, at this stage, prefers to have his money in liquid assets.

2. The lack of demand, which is observed, for long-term bank loans. For the first time banks offer loans and their clients reject them despite the fact that the interest is advantageous (18 percent) as it is lower than the inflationary rate (24 percent). The administrations of many commercial banks call the industrialists with whom they are connected and they suggest that they proceed speedily to make investments to modernize their business operations so that the latter will maintain their position in a

competitive market. They offer them all the necessary capital, but the industrialists politely decline the offer or, rather, they ask that they put it off for a few months.

3. The new incentives, despite their generosity (a return of up to 40 percent of the value of the investment) were unable to move serious businessmen. Of course, the impression that the government "is distributing money gratis" attracted to the Ministry of Coordination many "finaglers" who submitted numerous requests under the pertinent law (1116/81). The quality though of these investors is very low and it is indicative that when their turn comes to obtain a loan from a bank, nine out of ten are turned down.

4. Private deposits -- despite the latest drop of two percentage units in interest rates -- continue to increase out of all reason and this is an added proof that there is enough money, which, though it avoids being tied down in investments, prefers to lie idle in the banks while earning at the same time high returns.

According to preliminary data from the Bank of Greece, since the beginning of the year and up to 26 June, private deposits in commercial banks and Postal Savings increased by 79.727 million drachmai as compared to 23.950 million drachmai during the same period last year.

5. Purchases of real estate, automobiles, and durable consumer goods in general have also dropped.

The Program

As of last Sunday (5 July) there began to be published in series format, the campaign platform of the PASOK, which, according to comments by official spokesmen of the party itself, is the program that expresses the interests of all underprivileged Greeks.

In the critical matter of nationalization, the drafters of the platform clearly emphasize that the PASOK will proceed judiciously, in stages (in France, Mitterand stated that in September proceedings will begin to nationalize 11 large industrial conglomerates), but they forewarn that the party, under no circumstances, is about to depart from its stated objectives. Business circles paid special attention to this part of the PASOK platform.

The party platform emphasizes that, parallel to the immediate measures for the stabilization of the economy, legislative measures will be taken on which to base the change, and as a starting point, the nationalization of the loan and credit system is mentioned.

In substance, the following is mentioned: "The coming to grips with today's unacceptable situation, the overcoming of the crisis, demands a series of responsible measures and careful steps. This does not mean though that we

will divide our energies into two phases: first, that is, to confine ourselves to a better management of the crisis and later on to begin basic changes. Measures which lay the foundations for change not only do not oppose, but on the contrary, contribute decidedly to the solution of the crisis. They combine in a concerted effort and assist the direct measures so that the decline can be halted."

And at another point, the following is noticed regarding the same subject: "The pace of realizing our objectives will take into consideration the correlation of forces which takes place in every instance, the endurance of our economy and, above all, the consent and participation of the popular forces. Untimely jumps, forced choices which do not assure these premises, will lead to a disarray of the economy and the administration and they will bring about a regression of the popular movement. At the same time, though, this pace will be speedy and decisive so that the effort for a socialist transformation will not deteriorate.

Within the same framework, we categorically reject the logic of the leaders of the rearguard of the Right, which wishes to maintain the current system by making some 'marginal reforms' which do not affect the interests of the establishment and perpetuate the exploitation and the oppression of the people. The working class knows that isolated measures which aim at cosmetic changes to the system through alleged liberal or technocratic pretenses, in the end aim at deceiving the people because whenever something is given to them on the one hand, twice as much is taken away on the other, while at the same time, the legislative measures, the agents, and the organs of the ruling class remain untouched,"

The president of the PASOK, in his published interview with "VIMA," mentioned that nationalization is not confiscation and, therefore, the former owners of the business enterprises which will be nationalized will be fully compensated.

At this point, the observation is made regarding the fact that as the PASOK has promised to take immediate steps for increasing wages and pensions, it will require enormous sums in order to proceed simultaneously with the nationalization and, in order to obtain them, will be forced to resort to new taxation. The answer given to these questions by the campaign platform of the PASOK is the following:

"A determining factor in the pace and the realization of our objectives is the limit of the available sources of our economy. To be sure, these limits cannot be judged by the standards of the Right. The cost for the maintenance and continuation of the present system is enormous. Substantial sources are wasted to repair the damages and the symptoms of collapse of the system and not the reasons which create these results.

"For these reasons, the expenditures which will be directed towards the objectives of the new development will have a solid base and multiple

returns. An expenditure is measured more by its proper direction, its substantive content, and its social dimension and less by its amount."

Self-Managed Development

"And only the eradication of tax evasion, both legal and illegal, will allow us to proceed to the larger social needs and to the just distribution of income in favor of the working class."

Of special interest in the platform is the plank referring to the development strategy wherein the objective of the self-managed development is fully explained for the first time. There is written in the platform: "Our fundamental choice and objective is the self-directed -- self-centralized -- development and restructuring of our national territory ... The self-managed development has no relationship to the "autarchy" [self-sufficiency] and economic isolation. The charting of our course takes into consideration worldwide economic conditions and the necessity of participation on an equal basis in international economic activities and exchanges. One thing is relations on an equal basis and quite another is subserviance.

"Self-managed development means the release of the control of our economy by foreign centers and capital, the deliverance from exploitation."

The reference to the foreign centers primarily concerns the EEC as well as NATO because of the fact that in another part of the platform the criticism is made that: "The integration into the EEC transfers to foreign decison-making centers the national options for its economic and social development." Despite this though (in its general part, of course, which was made public while this article was being written), nowhere in the platform is the withdrawal from the EEC mentioned as an objective of the PASOK.

The Balance

The PASOK has promised that it will make public its program for the first 100 days it is in power, which will contain the already definite measures which it will adopt to govern the country. Nevertheless, while awaiting this publication, economic observers, in looking through the platform have found a first list of measures.

In fact, it is recorded in the nucleus of the platform:

"We will also enforce a plan of 'immediate action' in the economic sector, which will constitute primary measures for the stabilization of the economy and the redistribution of the national income, set as a foundation and projection for the self-managed development.

"The re-orientation of investments, the conversion of the public sector into a lever for development, the immediate nationalization of the credit and loan system, the resolute control of the large imports and foreign commerce will assist our policy during the first phase."

This part is noted with special interest by economic observers due to the fact that up to now the position of the PASOK was the nationalization of large export-import business.

In any event, it appears that resolute control is now proposed to safeguard the balance of payments, which will be subjected to strong pressures as a result of the developmental and social policy which the PASOK will enforce. The PASOK proposes to control imports directly (by restrictions?) and indirectly (through agents).

In fact, the following are mentioned in the political platform regarding this subject:

"The policy to fight inflation and for the upturn in the economy from the recession will be based mainly on the strengthening of purchases and production, through the reinforcing of the purchasing power of the popular classes. This policy strengthens those who basically consume domestic goods of primary necessity while at the same time contributes to the redistribution of income.

"With this redistribution, the irrational consumption of imported luxury items is also curbed in addition to stemming the outflow of foreign exchange with immediate positive drops in the balance of foreign payments.

"Beyond the necessary measures for imports, the radical steps to close the gap in the balance of foreign payments entails the strengthening and restructuring of high-yield investments, which will in turn create new jobs. The nationalization of strategic sectors of the economy, especially the first immediate measure of the nationalization of the credit system of the banks, frees and mobilizes the tremendous potential of private initiative, the lower-middle class, towards development, while at the same time constituting a commitment to the course set towards a Socialist Transformation."

9731
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GOVERNMENT WEIGHS ALUMINUM PLANT TAKEOVER

Helsinki HUFVUDSTADSBLADET in Swedish 23 Jul 81 p 9

[Article by Borgthor Kjaernested]

[Text] Reykjavik--The government of Iceland is weighing a gradual takeover of a majority in the Swiss subsidiary company, Isal, which manufactures aluminum in Iceland. The government also intends to start talks with the parent company, Alusuisse of Switzerland, about increasing energy prices and changing the tax status of the subsidiary in Iceland.

The reason for these steps is that Isal in cooperation with Alusuisse has been guilty of cheating on shipping documents and raw material prices according to an investigation recently concluded by the British auditing firm, Coopers and Lybrand, conducted at the request of Iceland's Industrial Minister Hjorleifur Guttormsson.

Inaccurate Import Prices

The fraud consisted of Alusuisse selling bauxite from its Australian subsidiary to Isal in Iceland at a price at least $25.5 million higher than the average market price.

This occurred in the years 1975-80 and meant quite simply that they altered the shipping documents presented to Icelandic authorities.

In this way the company in Iceland could decide for itself how much tax money it wanted to pay in Iceland according to Industrial Minister Guttormsson. In 1966 Iceland entered into an agreement with Alusuisse concerning the subsidiary in Iceland which is wholly owned by Alusuisse. The company was given an Icelandic director and cheap energy from a hydroelectric plant built especially for this purpose.

In December 1980 Industrial Minister Guttormsson charged that Isal in cooperation with its parent company Alusuisse had been cheating on the price of its raw materials.

At that time the allegations of the industrial minister were denied by Alusuisse after which the British accounting firm Coopers and Lybrand was asked to conduct an investigation into the prices placed on the firm's raw materials.

Now that the results of this investigation are in the government is asking for talks with Alusuisse while reserving all rights to take steps in the matter.

6578
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GOVERNMENT'S PRE-ELECTION ECONOMY PROGRAM ISSUED

Oslo AFTENPOSTEN in Norwegian 8 Aug 81 p 3

[Article by Kjell Harberg]

[Text] The Brundtland government's price policy has totally collapsed. In a final convulsion the government introduced a step which cabinet members had rejected as a viable expedient to the very last--a price freeze. A move that has naturally met with understanding on the part of many people--since the so-called price policy has utterly failed it is after all better to have a regulation that at least will prevent more large price hikes. And tax relief, a solution that as late as Thursday was being ridiculed on the editorial page of the party and government organ, ARBEIDERBLADET, will now replace the wage adjustment that would have been an automatic result of uncontrolled price increases. The government's real "pre-election gift" to the people of Norway is that most people will have less money to spend in 1981 than they had last year.

"Does the government plan to use price-restraining short-term measures?" As late as June this question was put to Consumer Affairs and Administration Minister Sissel Rønbeck. Her reply in OKONOMISK REVY was: "No. If we are to combat price hikes, short-term measures will not suffice. The authorities have no intention of introducing a price freeze or other general regulations."

At that time it had long been obvious that the government estimates on price increases were far below the realities consumers had to operate with.

Why?

Because the government failed to act.

Seldom has any government had the kind of starting point the present and former Labor governments had. For a year and a half there was wholehearted support for a price and wage freeze that would provide the basis for a policy that could effectively combat inflation. But the Labor Party didn't want to do it that way. Instead the spiral was released and it turned into a tornado when the government slipped the reins after the end of the price and wage freeze. We are seeing the results of that in 1981--record Norwegian price increases and fresh reductions in the real income of the Norwegian people.

Research director Odd Aukrust of the Central Statistics Bureau gave a brief but comprehensive characterization of the failure of the Nordli and Brundtland governments: "The reason why the previous price freeze did not have the desired results is that it was not followed up."

The government has pursued a straight inflation policy. A major argument for the line chosen by the Labor Party has been full employment considerations. But what is the result? The government and the ruling party, using paralysis of action as their "weapon," have chosen a course that is now jeopardizing jobs far more than we have seen at any time in the last decade. Inflation--in other words the government's inability to pursue a price policy--is the real threat to the goal of full employment.

A major theme in the Labor Party's election campaign, especially against the Conservatives, has been tax policy. Any suggestion of tax relief is met with scorn, steps in line with those now being advanced by the government have been rejected contemptuously. Tax relief in place of big wage increments has been characterized as mere "vulgar tax policy propaganda" and as an attack on "ordinary" people in this country. There has hardly ever been such a large admission of failure in Norwegian politics as the one made by Prime Minister Gro Harlem Brundtland, Finance Minister Ulf Sand and Consumer Affairs and Administration Minister Sissel Ronbeck in a brief period Thursday afternoon. The rest of the government's price and economic policies can be described as a total failure, with the opposition line being quite correct. For that is the real substance in the involved press releases with statements such as "price increases have been greater than the government previously estimated." The price increases have been greater because the government did not pursue a policy that could restrain them!

"The government initiative seems somewhat halfhearted, more influenced by the approaching election campaign than by determination to pursue a more effective fight to combat inflation and improve the competitiveness of our businesses," was the comment from Center chairman Johan J. Jakobsen. Yes we're getting close to the election. It will hardly be a happy one for the party the Brundtland government represents. For who will believe that the price freeze this time will result in the Labor Party's understanding the handwriting on the wall? No one!

Gunnar Berge, chairman of the Finance Committee and loyal spokesman for any government move--regardless of its content--naturally endorsed the new move enthusiastically this time as well. And he even looked a little into the future by putting it this way: "The price freeze must be viewed as something intended to last only for the rest of the year. During the fall budget debate it will be possible to make decisions that will help restrain price increases on a more long-term basis."

6578
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GOVERNMENT SEES PRICE CONTROL AS WAY TO SLOW INFLATION

Oslo AFTENPOSTEN in Norwegian 8 Aug 81 p 5

[Article by Bjorn H. Tretvoll]

[Text] Price freezes and price regulations are an emergency anchor the government has resorted to several times during the 1970's when price and cost developments have been greater than anticipated. In the short term these steps have restrained growth in the Consumer Price Index somewhat but it is hard to demonstrate any lasting effect in the form of lower price increase levels. The hefty price increases in this country since the last price freeze was lifted have made inflation a serious problem which requires much stronger steps than a 3-month price freeze.

An index adjustment in the fall, even with a relatively moderate compensation for price increases, would have created big problems for the Norwegian economy. In such a situation obtaining continued improvement in competitiveness and a tangible slowing of the rate of price hikes next year would have been almost impossible. This will be hard enough even now that the index adjustment has been canceled.

While the original forecasts were based on a price increase of 11-12 percent from 1980 to 1981 an increase of 13.5-14 percent is now anticipated even with a price freeze in the last quarter. Even if the price level in July can be maintained unchanged for the rest of the year the average price increase from 1980 to 1981 will still be 13 percent.

This time it is difficult to lay the blame for the high price increases on other countries. It is true that there are some imported goods, such as oil products, that contribute to higher price levels. But one of the most notable features of the economic development so far this year is that price increases on imported goods appear to be considerably lower than originally anticipated. Thus the bursting of price forecasts is due primarily to domestic factors.

An index adjustment of 4 percent would have made it difficult to get any improvement in our competitiveness this year. But the main problem with such an index adjustment would have been the almost record-high wage and price growth we would have carried over into 1982, the so-called "overhang." A Norwegian price and cost increase clearly out of step with developments in most other countries would have been very likely.

Against this background one can say it is a positive sign for the Norwegian economy that the government is now willing to pay 750 million kroner in the form of tax relief to get out of the index adjustment. However the question is why the government by its handling of the state settlement paved the way for an index adjustment being included in the spring income talks despite the strong opposition of the Norwegian Employers' Association. It may be easier for the government to agree with NAF [Norwegian Employers' Association] now than in the middle of contract talks. The economic situation has not changed drastically in the weeks that have gone by since the state settlement was concluded. Even then the prospects for prices and competitiveness both this year and in 1982 were relatively bleak.

Now the government is obviously placing great emphasis on avoiding an index adjustment and they have persuaded the Norwegian Federation of Trade Unions [LO] to go along with them. It looks as if LO will come out very well in this affair since sizable index adjustments would have been necessary for buying power to be as good as will now be the case. If the government had been a little stronger during the settlement itself they might have eliminated the index clause and perhaps arrived at a solution that would have been better for the Norwegian economy. At the same time they would have avoided having what was supposed to be adjustment talks for the second year of the contract, a so-called "mini-adjustment," extend over the better part of the year.

A major reason for the strong price rises is a too expansive finance policy. Even though the state will save something by avoiding the increased wage costs an index adjustment would have involved the proposed measures will weaken financial policy by several hundred million kroner.

The fact that the government now finds such a drastic measure as a price freeze necessary can only be interpreted as an admission that the economic development so far this year has not been very fortunate. This step comes despite repeated assurances from cabinet members during the year that no new price freeze was in the cards. By using price freezes as often as it has in recent years the government encourages businesses to drive their prices up as soon as the freeze is lifted to avoid being hit by another price freeze that could be right around the corner.

Whether or not the step succeeds in achieving the desired effect depends entirely on the policy pursued after the price freeze is lifted. According to government calculations we could have an improvement in competitiveness of around 1 percent from 1980 to 1981. This assumes that LO will lose in the Labor Court so that the ceiling on wage drift becomes effective. In addition it assumes that the exchange rate for the Norwegian kronen will decline 2 percent from 1980 to 1981.

Even if the elimination of the index adjustment reduces the "overhang" into 1982 a sharp price increase in the first months after the price freeze is lifted could create problems. A strict economic policy for 1982 could help to restrain price pressures. Even so an income settlement next year, which appears to be mandatory, will be difficult. Both price increases and the wage drift ceiling could lead to high wage demands next year.

Government people are warning of a stricter finance policy. We have heard similar statements before but it has proved difficult to carry out a tightening of state expenditures in practice. Unless next year's economic plan includes steps that attack inflation and cost increases more directly there is a danger that this year's attempt at a price freeze will be an isolated episode like similar measures in the past.

6578
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PAPER CRITICIZES GOVERNMENT ECONOMIC PACKAGE

Oslo AFTENPOSTEN in Norwegian 8 Aug 81 p 2

[Editorial]

[Text] The government is trying to present its latest "price package" as a natural consequence of the revised national budget and as a press release said as part of a unified policy to safeguard employment. This won't work. The new price freeze is in too sharp contrast with the signals and clear statements by cabinet members just a short time ago.

The "package" should be viewed rather as visible confirmation that the government has been quite ineffectual in utilizing the gains from earlier extraordinary steps. And there have certainly been quite a few of these steps in recent years. Seen in this context "slalom course" is not a bad description of the latest move so far.

The step is also an effective reminder that a parliamentary election is only a few weeks away. Initially a price freeze and tax relief should be salable items for most wage earners.

It's not just trifles the voters can suddenly expect to get if we are to believe ARBEIDERBLADET. Just listen--a halt to price and cost developments, reinforcement of our competitiveness, a break in the inflation spiral, preservation of trade freedom, jobs secured, etc., etc. Once in a while the editorial cartoonist sees things more clearly than the editorial writers. There was a good example yesterday. If water is coming out of the faucet too rapidly it is an extremely shortsighted step to stop it with a finger, as shown in the picture. It would certainly be better to use the whole hand and adjust the tap.

We have to keep in mind that this is a "package solution" in which the elements must be seen in context. However it cannot be denied that a price freeze is a drastic measure which means that the problems are being addressed from the wrong end (as shown in Finn Graff's excellent sketch [not included]). And the measure certainly does not become any less drastic if it is repeated almost once a year. It is a tool that jeopardizes firms and thus jobs as well. The series of rapid and surprising price freeze decisions also necessarily reinforces price pressures in the intervals between each freeze.

This week's decision and proposal are panic-stricken efforts to avert the index adjustment we would otherwise have this fall--because the government's price policy has failed. Against this background the necessary support from Storting should be available. But this raises even greater requirements than ever that the measure be followed up. The problems will pile up during the fall, not to mention what will happen when the freeze is lifted in January. If we have a change in government in a few weeks--and the arguments for that have not exactly been weakened in the last couple of days--the new government will not start off with a very good inheritance.

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FACTORS OUTSIDE COUNTRY LARGELY RESPONSIBLE FOR TRADE SURPLUS

Oslo AFTENPOSTEN in Norwegian 10 Aug 81 p 9

[Article by Bjorn H. Tretvoll]

[Text] Again we are seeing that the predictions for our foreign economy have not been borne out. While in the late 1970's our deficits were always larger than anticipated developments this year will be much better than originally predicted. Behind this favorable development we find mainly international factors over which Norwegian authorities have little control. The upswing in the exchange rate of the dollar and weaker international price increases have meant record surpluses for Norway.

Unless developments in the second half of the year are highly dramatic Norway will have its biggest foreign surplus to date. The figures published so far point in the direction of a total surplus of almost 9 billion kroner for the first 6 months of this year.

It is unlikely that the surplus will be that large in the second half. Seasonal variations seem to have more effect early in the year. Last year developments in the first months indicated a surplus of 11-12 billion kroner while the final result was 5 billion.

A major reason for the favorable development so far this year is that imports are rising much less than originally anticipated. The weak price development for our imported goods is having a special impact. While in April the Finance Ministry anticipated a price increase on our traditional imported goods of 8 percent from 1980 to 1981 the latest figures show that import prices went down 2.6 percent from the second quarter last year to the second quarter this year. Each percentage point of reduction in prices means a strengthening of the foreign balance sheet by almost a billion kroner.

Import volume shows stagnation, which was expected. This development must be explained primarily by low demand in this country. Oil imports have declined sharply and the importation of investment goods for industry has been sluggish.

But this weak import trend has not led to increased shares of the Norwegian market for Norwegian industries. Industrial production is still weak and in the first

half of this year was 2 percent lower than in the same period last year. For the third quarter most industrial leaders expect stagnation or decline according to the Central Statistics Bureau's market barometer. Domestic market firms were more pessimistic than those who sell primarily to foreign markets.

Import price developments also place the record high price increases in this country in an even more unfavorable light. Even though price developments on various imported goods stand out in the Consumer Price Index it is clear that most of the price increases in this country are due to domestic factors.

Favorable Export Development

Developments for our traditional exports also seem more favorable than anticipated. The estimate of a 2 percent decline in export volume will probably turn out to be too pessimistic. At the same time it looks as if export prices could rise somewhat more than anticipated.

The strong exchange surge in the American dollar has had a big impact on the oil sector. This has been offset somewhat by reductions in oil prices in terms of dollars. But so far the rise in the dollar has been clearly stronger than price reductions. The appreciation in the dollar will not affect natural gas exports this year. But the rate of the dollar is among the factors included in price formulas for gas so that a high rate for the dollar this year will lead to higher gas prices next year.

The exchange rate of the dollar is also having a favorable effect on shipping. With net freight revenues estimated at a good 12 billion kroner this year this is still a very important sector in our foreign balance sheet. The Norwegian Shipowners' Association estimated that the climb of the dollar would have a net effect of roughly 2 billion kroner for the branch this year. The high exchange rate also means increased income for Norwegian oil platforms, whose rates are primarily set in terms of the dollar.

Oil Company Profits

The Finance Ministry has estimated a sharp increase in the deficit in the interest and stabilization balance from 11.6 billion kroner in 1980 to 15.7 billion this year, mainly as a result of increased payments on yields from the oil companies in the North Sea to other countries. But in the first 5 months of the year this deficit has not gone higher than 5.4 billion kroner. A sizable element of uncertainty in these calculations is when in the year these payments are made. If they come mainly in the second half the deficit could approach the expected level.

The revised national budget anticipated a deficit of 2 billion in the operating budget. This figure emerges after subtracting a safety margin of 10 percent from anticipated oil revenues. Things could still happen in oil that would make this margin a good one to have. But if things proceed normally in the North Sea this estimate is a good 5 billion kroner too low.

The Credit Bank's economic secretariat recently anticipated a surplus of 12 billion kroner. We could easily go that high if nothing dramatic happens in the second half.

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MAJORITY FAVORS WAGE, PRICE CONTROLS

Oslo AFTENPOSTEN in Norwegian 8 Aug 81 p 3

[Text] Two-thirds of the people want a new wage and price freeze while a fifth are opposed.This appears from the weekly poll from Norwegian Market Data which conducted a survey on this topic in May. More supporters of a wage and price freeze are found among older people, people with low family incomes and those with a lower level of education.

The survey was conducted through personal interviews with a nationwide selection of roughly 1350 men and women above the age of 15.

Question: "As you know we had a wage and price freeze in this country from fall 1978 to January 1980. Are you for or against a new wage and price freeze?"

Among people under 30 we find that 55 percent of the respondents approved a new wage and price freeze, with 25 percent opposed. In the age group 30-59 the percentages were 65 for and 20 percent against. Among respondents over 60 as many as 72 percent approved and only 13 percent opposed another wage and price freeze.

There were also some differences according to political sympathies of those asked. The biggest majority for a new wage and price freeze came from Christian People's Party voters. The majorities were smallest among those voting for the Conservative and Socialist-Left parties.

Response	All	Men	Women
For	64%	65%	63%
Against	20	22	18
Don't know	16	13	19
Total	100%	100%	100%

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PURCHASING POWER DECLINES PREDICTED

Oslo AFTENPOSTEN in Norwegian 8 Aug 81 p 5

[Text] A decline in purchasing power for most groups from 1980 to 1981 now seems a likely result of the elimination of the fall index adjustment. Despite the tax measures the government has proposed only those at the lowest income levels will benefit from the low-income supplement along with people with high wages who will also see some improvement.

The table below shows the development in purchasing power for various income groups. The starting point is the income they had in 1980. An income rise of about 7500 kroner was assumed for all wage levels. This corresponds to 9.4 percent for the average level around 80,000 kroner. Price increases are expected to be 13.7 percent. The tax changes included in the 1981 national budget and the new tax relief measures have been taken into account.

1980 Income	Type of Family	Change
60,000 kroner	Individual	0.0
" "	Couple with 2 children	0.3
70,000 kroner	Individual	- 0.4
" "	Couple with 2 children	- 0.5
80,000 kroner	Individual	- 0.6
" "	Couple with 2 children	- 0.8
90,000 kroner	Individual	- 0.5
" "	Couple with 2 children	- 1.0
125,000 kroner	Individual	0.3
" "	Couple with 2 children	- 0.6
150,000 kroner	Individual	0.8
" "	Couple with 2 children	- 0.1
175,000 kroner	Individual	0.7
" "	Couple with 2 children	0.3

As the table shows only low and high wage groups will have increased purchasing power.

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MERT ASSESSES POST-ELECTION CLIMATE

Nicosia HALKIN SESI in Turkish 8 Jul 81 p 2

[Text] Much has been written and spoken about how the Cyprus problem has now become like a fruit ripe for picking, and how progress will be achieved during the new post-election round of talks which will begin today with the presentation by the two sides of their proposals at the conference table. The Greeks and the Greek Cypriots especially have repeatedly stated that they are awaiting territorial proposals from the Turkish side. They explained that sometimes we do not keep our word and that therefore they cannot trust us. Through unequivocal statements like these they have underscored that there exists an atmosphere of mistrust between the Greeks and Greek Cypriots on the one hand and the Turks on the other. By the same token, if one side mistrusts the other, and reasons in the manner of, "What will happen if we make a sacrifice and they do not reciprocate," then it becomes futile to expect any progress from the talks.

Thus we now stand at this juncture. We and the Greek Cypriots do not trust each other. Why should we hide the fact? An atmosphere of mutual distrust governs our every move. If you ask the Greek Cypriots, they say that the Turks are in control of too much territory and must give back a portion of it. If you ask the Turks, you realize that they are saying, "The Greek Cypriots want to take Varosha from us and, not being satisfied with that, they intend to force even more concessions." The Turks are claiming, "We are no longer just 18 percent of the population of Cyprus. We are now a growing community that will reach 20 or even 25 percent of the population. Furthermore, the amount of land registered in our name exceeds 33 percent of the territory." Well, we are not alone in this claim. Alekos Konstandinidis, editor of the newspaper SIMERINI, noting the publication of the recent electoral census of those living in the Turkish Cypriot sector, drew attention to this fact when he wrote, "While the increase in our Greek Cypriot population is gradually lessening, the number of Turks is undergoing a high rate of increase. The Turks no longer constitute 18 percent of the Island's population, but are now 20 or even 25 percent of the population."

This being the case, what is now to be done? Both sides must be made to abandon their intransigent positions. For example, it is imperative that the Greek Cypriots be persuaded to make some sacrifices, as painful as it is to them, in the matter of the practical measures, in order to make an initiative that satisfies the Turks. Regardless of how painful this may be to the Greek Cypriots, it is obvious that the territorial proposals and associated concessions which the Greek Cypriots expect from the Turks, all involving the return of territory which the Turks gained by

spilling their blood, will be at least as painful for the Turks, maybe even more so. We should not always think only of ourselves. This goes for the Greek Cypriots as well. If a conciliatory mood does not prevail, then compromise becomes impossible. Suppose that one side persists in totally intransigent behavior and always expects the other side to make concessions and sacrifices, and, consequently and naturally no progress occurs, and then suppose that that side takes advantage of the situation to say, "You see? The Turkish side is uncompromising. Its position is intransigent. It refuses to abide by the UN resolutions." What you have in such a case is a mockery of statesmanship and an intransigence that negates the very process of conciliation. Let our Greek Cypriot friends, when they ask the Western nations to influence, and even pressure, us, first look to their own behavior. For the important thing is that neither the meat nor the skewer should burn. Otherwise, if the meat burns, they will end up being stuck with the skewer.

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LIBERALS, CONSERVATIVES PLAN LONG-RANGE COOPERATION

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jul 81 Pt II p 4

[Article by Solveig Rodsgaard and Lisbeth Knudsen]

[Text] Can the Liberals and Conservatives work together? Yes, say party leaders who will now present joint legislation on the economy, taxes and employment policy.

The two big non-socialist parties in Denmark are arming themselves for a showdown with the Social Democratic "concern." This means a showdown with the powerful position of the Social Democrats in almost all sectors of society, in Folketing, in towns and counties, in organizations, the educational sector and cultural life.

The leaders of the Liberal and Conservative parties, Henning Christophersen and Poul Schluter, have outlined cooperative efforts, their parliamentary groups have managed to work together in certain concrete areas and Liberals and Conservatives already cooperate in many towns and counties. What remains for the two leaders is to obtain proof in a Folketing election that their voters also believe in cooperation.

In the months ahead the two parties will try to concentrate on three main topics: the economy, the tax system--especially in connection with business taxes--and an employment policy. We can expect the Liberals and Conservatives to present a number of joint proposals in these areas this fall when Folketing is assembled again.

"If non-socialist Denmark is not to be on the defensive and allow itself to be pushed further and further with its back to the wall until at last it is confronted with a pure socialist state, we must make the supporters of non-socialist Denmark understand that we have some fundamental values and that they are more worth fighting for than others," said Liberal chairman Henning Christophersen.

Other Possibility

BERLINGSKE TIDENDE has called its series on non-socialist Denmark "The Non-Socialist Challenge." And Henning Christophersen explained what he considers to be the biggest non-socialist challenge right now:

"The biggest challenge is to recreate a belief in personal freedom with private initiative as fundamental to our society. Not just as the economic basis but as the political, human basis. The fundamental values are personal freedom and private initiative. They have created our society both economically and morally and we need to restore confidence in these things. This calls for those of us in Folketing doing something to give more room to the individual, more freedom, less state guardianship.

"But this also requires that our voters be prepared to use these possibilities and to fight for them, so that every conceivable minority is not allowed to dominate the debate. This is extremely important. When you think of how many of us there are and then look at how we come out in the public debate compared to the amount of influence granted to VS [Left-Socialists], SF [Socialist People's Party] or others it is obvious we have not done very well."

Conservative group chairman Poul Schluter said: "If we are to succeed in getting non-socialist leadership of political developments the big non-socialist parties must have greater parliamentary strength. For this to have an impact the non-socialist parties must learn to inspire their voters to greater activity. Being leftist-oriented is often a life attitude, a way of life. This is very seldom the case for moderate people who are more analytical and inquiring. What has been missing for many years is a fixed pattern for non-socialist political activity that could convince us that it mattered to be loyal to a non-socialist policy. That is the reason why we are now placing so much emphasis on telling the people that there is a chance, that it is possible and that they must give us their support."

Both Poul Schluter and Henning Christophersen noted with satisfaction that it is among young people that political attitudes are shifting in favor of the non-socialist parties. The two party leaders conceded that the non-socialists were late getting off the mark with respect to leading so-called grass-roots movements and more established organizations and unions. Among grass-roots movements that can be counted on the plus side according to the two is the "hedgehog movement" that has involved many thousands in a debate on the defense of Denmark.

Non-Socialist or Liberal

It wasn't possible to get out of the two party leaders a clear definition of the word "non-socialist" and which parties could be described as non-socialist.

Henning Christophersen: "I have never really liked the word 'non-socialist,' I prefer the word 'liberal.' Schluter and I tried a few years back to introduce the concept of 'non-socialist/liberal.' I would rather talk about the liberal concept, the other was a compromise."

Poul Schluter: "You'll have to get used to it. It won't get you anywhere. The word 'non-socialist' is a good one and I think many people will acknowledge it."

Christophersen: "I don't think we should quibble over words. The main thing is that most Danes want equal opportunities with freedom for everyone."

But which are the non-socialist parties?

Christophersen: "I would rather talk about groups of voters than about parties. I would think most of those who now vote for the Radical Liberals, the Center-Democrats, the Christian People's Party and the Progressives could be called non-socialists. I am referring expressly to voter groups because their parties at times behave quite differently."

Baunsgaard Maneuver

In an interview with BERLINGSKE TIDENDE former Radical Liberal Prime Minister Hilmar Baunsgaard warned against forming a block against the Social Democrats. How do Liberals and Conservatives view that warning?

Schluter: "Hilmar Baunsgaard's thesis is a fundamental misunderstanding and an extremely dangerous one. This is a true Radical distortion maneuver. In Danish politics we have an overwhelmingly dominant Social Democracy. Social Democracy is in itself a block that is always ready for action. It is a big party but it is made up of many different political views, usually having a powerful determination to stick together anyway. It is also more than just the party. It is the alliance with the union movement, the alliance with the public housing societies, it is the Labor Job Council with its affiliated organization and then there are the more or less cultural phenomena such as ARTE [expansion unknown]. It is a large concern with many affiliates. No one thinks it is surprising that the Social Democrats form a block. We non-socialists have an unfortunate tendency to allow ourselves to be divided. Only when non-socialist Denmark is in real need, as it is now, can people see that we ought to try to gather our forces.

"The Liberals and Conservatives must work together to build something up--not as powerful as the big Social Democratic store--but something that can quickly turn the two parties into a political, popular and influential factor. If the Liberals and Conservatives together can acquire voter support roughly equal to that of the Social Democrats I am sure this will also influence the non-socialist parties currently placing their votes at the disposition of the Social Democrats."

Liberal-Conservative Cooperation the Only Hope

Has the top-level cooperation between Liberals and Conservatives taken hold in the lower organizational levels of the two parties?

Schluter: "If one goes out and talks to active members of Conservative voter associations--and this must be true of Liberal voter organizations too--one finds at times that they are much more aware of the fact that in many areas the two parties are appealing to the same voters. I have the impression that some of our party officials are not quite as enthuastic about adding Liberal and Conservative votes together as the voters are. But the more one comes in contact with voter groups that are not ordinarily involved in politics the more support one sees for the idea of having the Liberal and Conservative parties serve as the firm foundation for non-socialist Denmark."

Christophersen: "I have the same impression. Of course people who have been actively involved in political work feel especially identified with their party. But it is my impression that the feeling in our associations, especially in the last few years, has been that the Liberals and Conservatives must work together if there is to be any hope for a change."

A municipal election is coming up and the two party leaders recommend that co-operation between Liberals and Conservatives be established throughout the country even though there are certain places, such as Copenhagen County and Gentofte, where this has not been done. How is non-socialist cooperation to be expanded in the period ahead?

Christophersen: "It is very important to create voter confidence that Liberals and Conservatives can coordinate their policies and stick together in decisive political situations against the Social Democratic government. And we have actually done this ever since the compromise talks last year. The subsequent Folketing session was characterized by the joint presentation of many bills and we could very easily have made joint proposals in several more areas."

Schluter: "We feel it is important to become more systematic. I imagine we will present a number of joint plans this fall. This concerns such things as public spending, reducing tax pressures and a business and labor market policy. It is clear that if the government is still backed by its compromise parties we must realize that we are barred from exerting any influence. Then we will have to be in the opposition for the time being. We must then work to get some more seats by presenting a clear policy."

Still Two Parties

Will the cooperation become more forceful in the fall in order to make it more credible?

Christophersen: "Yes, my message on that is that the two parties are trying to concentrate the political debate in a few areas, the economy, taxes and business conditions. There will also be other areas where we can cooperate but these three are the most important. I would like to add that the Liberals and Conservatives already constitute a credible alternative. I don't think even the government doubts that."

Finance Minister Svend Jakobsen has proposed making the cooperation even stronger by joining the two parties.

Christophersen: "That kind of question turns up with incredible regularity but I think it would create more problems than it would solve."

Schluter: "I will not deny that I have always favored having the two parties join. I think the voters would understand this. I think it would be a tremendous advantage for non-socialist Denmark. But I yield to the fact that there are probably many Conservatives and many Liberals too who wouldn't like the idea."

At the moment the Gallup poll puts the Conservatives a little ahead of the Liberals. Does it have any significance for cooperation that the two parties are almost equal in size?

Schluter: "It is certainly a good basis in the initial stage of cooperation not to have one party playing big brother to the other."

But wouldn't it be easier to find a new prime minister candidate if one party was much bigger than the other?

Schluter: "Yes, but that is not the case."

No Cooperation with Progressives

The two party leaders would not commit themselves in advance to the parties on which a future non-socialist government would base its majority in Folketing. They would rather work with the government's current compromise partners, the Radical Liberals, Center-Democrats and Christian People's Party, than with the Progressives whom they feel could scare others away from accepting a Liberal-Conservative coalition government. Thus the Liberal and Conservative leaders rejected the wish for a cooperation agreement or government cooperation expressed by Progressive group chairman Uffe Thorndahl in an interview with BERLINGSKE TIDENDE.

Henning Christophersen: "It is a mistake to think that we are excluding anyone just because we won't reach an agreement with them. The Progressive Party could support proposals presented tc Folketing by a future Liberal-Conservative government but there is no talk of any cooperation agreement or government cooperation with the Progressive Party. If one analyzes what the Progressives do in parliament they use an amazing amount of time sharply criticizing the Liberals and the Conservatives while at the same time saying they would like to work with us. That is illogical and incoherent."

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FINANCE MINISTER JAKOBSEN OUTLINES FOREIGN POLICY STANDS

Copenhagen BERLINGSKE TIDENDE in Danish 27 Jul 81 p 7

[Text] The Social Democrats see no alternative to the previous major line in foreign and security policies. Continuing into the 1980's the party will remain active in the United Nations, it will cooperate and as far as possible coordinate its views with the Nordic lands and with EC countries to assure the greatest possible weight for Danish and Nordic viewpoints. This is true in general but it is particularly true in the efforts to maintain and expand the North-South dialogue with the aim of achieving concrete and tangible results in this decade.

This proclamation of the government party's views on Danish foreign and security policies came from Finance Minister Svend Jakobsen who made an exception in talking about something other than the state's and the citizens' money.

Svend Jakobsen was speaking at the Radical Liberals' summer meeting at Daubjerg Das in Jutland yesterday.

Defense and security policy will continue to be based on our NATO membership, the finance minister said. "However this does not mean, as one might get the impression from hearing statements by non-socialist politicians, that we should leave defense and security policy to the NATO generals. There is a great responsibility on the part of individual member lands' politicians to insure that NATO makes a maximum contribution to detente in the world. It was active and involved politicians who made sure that preparations for modernizing the European missile system were followed by negotiations between the United States and the Soviet Union on mutual limitations.

"It must not be said of the politicians of western Europe that they did not try to utilize every negotiation opportunity to expand and develop nuclear-free zones in order to limit the number of sensitive areas in the world. We in Denmark also have a responsibility. A responsibility we will live up to in respect for our NATO obligations.

"It is sad that the Liberals and the Conservatives are trying to make political hay by postulating a nonexistent uncertainty about the NATO line."

The finance minister stressed that every possibility to limit the arms race must be followed up. There is need for a global restructuring of priorities so that

a large share of the billions spent on research and production in the military sector can be shifted to research and development aimed at fighting disease and utilizing the resources in the developing nations.

"If we succeed in taking the first major steps toward such a shift in priorities the 1980's will in truth be a decade of development. Here is a global perspective that makes our domestic political conflicts fade away."

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FITERMAN: PROMOTE SOCIALIST PROGRESS; UPHOLD PCF POLICIES

Paris REVOLUTION in French 3-9 Jul 81 pp 13-14

[Interview with Minister of Transportation Charles Fiterman, by Dorothee Vion; date and place not given]

[Text] [Question] For the first time in 34 years, there are four communist ministers in France's government. This is seen as a major event, a turning point in French political life. Is it then so unusual?

[Answer] Not entirely, because there were communist ministers after the Liberation. It is not without interest to learn how things happened at the time.

Having said that much, it is true that the situation today is very different. The country is going through a deep crisis, a crisis of the very structures of the current system, a crisis whose solution requires major reforms. Another fact, this one strictly political: The Socialist Party has a dominant situation, strengthened by the nature of the institutions. All that obviously creates specific, complex conditions for the experience now beginning.

[Question] In a round table published in REVOLUTION following the legislative elections, we emphasized that the idea "of a social democratic experiment opening up in France" was not only limiting, but to be fought. The entry of four ministers into the government tends to confirm that evaluation. Within the framework of the situation that you describe, to what policy of change will the communist ministers contribute?

[Answer] We must be careful of the very French way we have of immediately placing a well-defined label on any phenomenon, any event that occurs. Do you mean a classic social democratic experiment, in the sense that it would be a question of managing the crisis by following, in the main, the same policy as previously? If we were convinced that that is what is at stake, that there is no other way, then we would not be in the government.

Naturally, we do not underestimate the difficulties, the handicaps linked with the unusual situation I just mentioned. We know very well -- and I have said so -- that bringing the country out of the crisis requires far-reaching reforms. We have not changed our opinion in that regard.

But universal suffrage settled the matter. The policy chosen by the majority of all French men and women is that of the new president of the republic, Francois Mitterrand.

The entire problem consisted of knowing whether, within that framework, we could find enough points of agreement and enough room enabling us to act in the right direction, in order to provide positive responses for the country. The agreement struck between the Socialist Party and the Communist Party and the proposals put to us for the government allowed us to answer that question in the affirmative.

To go a bit further, I would add that we are not unaware of what is said here and there: They are reportedly trying to integrate or even absorb the communists, further weaken their party. Whatever the case, what is decisive is that there exists in the country a hope, an expectation that can no longer be ignored if one wants to carry out any political undertaking, whatever it might be, a hope and an expectation that can be fulfilled only by taking effective measures that will bring about positive changes. This is essential on both sides.

Our attitude, the only attitude, I am convinced, that carries new potential for our fight consists of accepting the challenge, relying on the will for change, on the forces that we represent and that are not negligible, in order to work for the country's social and democratic advancement.

This attitude is completely in keeping with the line defined by our 22d and 23d congresses. While it is true that the current crisis calls for such a far-reaching transformation that it amounts to a transition to a democratic socialism of the type we want, we do not say that this change should come about suddenly, completely, through a single break. We do not have a catastrophic view of the crisis, a mechanical vision of its outcome, cut off from political conditions. Rather, we said quite the opposite to our congresses. We believe that our people will move by successive changes, "by a series of mass struggles" and choices expressed in universal suffrage, toward socialism, toward a real, overall solution for the crisis in the capitalist system.

That is where we are today. We are embarking upon an experiment that is the experiment of a socialist-led and dominated government, with communist ministers, a government entrusted by the country with the task of providing positive answers for the problems facing it.

That is the framework, the conditions, in which we shall fight and move forward. How far? The future will decide. As for us, we are and will always be ready to advance.

[Question] You have stated that "the communist ministers would not be the Communist Party's delegates in the government" and that you "would apply the constitution." You have also said: unfailing solidarity. What is the meaning of that "unfailing solidarity" compared with the affirmation of the original contribution of the communists to the government of our country?

[Answer] Are the communist mayors the Communist Party's delegates in the mayor's offices? No. They are communists, naturally, with positions of principle, ideas that motivate their action. But they were elected on a program, often together

with other forces. It is that program they apply, with initiative, exercising their complete personal responsibility and with respect for the rules of operation of the municipalities and the agreements made with their partners.

It is somewhat similar for the communist ministers, even if it is true that it is on another level and under specific conditions.

In short, I am a communist, careful not to contradict in any way the ideas and policy I follow, and it is as such that I exercise and shall continue to exercise my personal responsibilities within the framework of the institutions and policy chosen by the country on 10 May. That involves requirements of solidarity, it is clear.

This is naturally a complex action of a special nature, but it is action with all that presumes in the way of discussions, conviction, effort and initiative.

Having said that much, one also has to consider what the ministers can do and what it is up to the workers themselves to do. In my opinion, one does not go without the other.

[Question] That governmental responsibility is quite new. What will be its style?

[Answer] I would like to be inspired by what was done from that standpoint by the communist ministers at the time of the Liberation. Simplicity, strictness, concertation with everyone, frank and loyal cooperation with the government: Those are my principles of conduct.

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KRASUCKI: PROS, CONS OF PS POLICIES; CGT PLANS

Paris L'HUMANITE-DIMANCHE in French 17 Jul 81 p 3

[Interview with Henry Krasucki by Catherine Lenack, in Paris date not given]

[Text] Last week CGT's [General Confederation of Labor] national confederal committee met in Paris. The members of the confederal bureau, secretaries of federations, departmental and regional unions, and representatives of salaried employees and retired workers adopted unanimously (less three abstentions) the report presented by H. Krasucki analyzing the new situation and outlining the stand to be taken by the confederation in the coming months. Henri Krasucki, secretary of the CGT, answered the questions asked by "Humanite Dimanche" on the meaning of this program.

[Question] Why did the national confederal committee meet in June, when you have been planning a meeting in October for a long time?

[Answer] As you know, since 10 May events have been occurring at a rapid pace, to say the least. The political scenario has completely changed. We now know the main features of the government's action program and the first steps it will take. We have been in contact with it. And, we have a rather clear idea of management's position. We have thus been able to reflect on the current situation, make an initial evaluation of it, and determine our position, objectives and work for the coming period. The problems and circumstances are such that we decided to convene the most important body of the CGT that meets between congresses, the national confederal committee. The ordinary meeting scheduled for October will still be held. It will pursue the analysis and prepare the preliminary subjects for discussion at the 41st congress of our organization. But for now and the next few months, we had to determine the focal points of our analysis and establish our line of conduct.

[Question] What is the GCT's position vis-a-vis the government and more generally vis-a-vis the new political power of the left that it helped elect?

[Answer] To hear some people talk, we are both the ones lying in wait for the government at the edge of the woods, ready to get the jump on it at any cost, and the ones giving up our own demands to please the government and make ourselves its advocate, on the pretext that it has communist ministers.

Well, if people are going to believe this nonsense and try to make others believe it, there has to be a reason. We are quite simply the CGT. We are nothing other and we intend to remain just that. That is, the largest labor union organization in our country, fully independent and responsible, serving workers' interests and their concepts of democratic labor unionism of the classes and the masses.

We will keep our freedom of decision, initiative, expression and even of criticism in all circumstances, and we will accept that others do the same. The government has its program, we have ours. We are not tied to any political agreement. No one has asked us to do so. And, in any case, we wouldn't have accepted it. That is not the role of a labor union.

Anything for the good of workers and for real change will receive our support. We will criticize what we feel is insufficient or bad. That is democracy. Our role is to obtain maximum social and democratic progress at all times. It is also to make change go as far as possible. But, with all workers involved in the movement. So we will be trying to keep up with the current situation at all times.

With regard to government projects, we are now seeing positive measures: an increase in family allowances, the old age minimum, a beginning in the creation of jobs in the civil service. As for the proposed nationalizations, they are to the CGT's liking. They are part of our program. Even though we have a lot more scheduled. Let's begin then by these and do them well. Let's plan together and organize labor's participation in implementing these measures with the necessary credits, so that we can really bring about change. We have noted the projects on retirement and the government's desire to shorten the work week.

Relations have been established with the government, the ministers and their offices. It is of course unequal, but everything is moving in the right direction. At least for a beginning. However, we have also noticed unforunate shortcomings, for instance with regard to the SMIC [interoccupational minimum growth wage], low wages and retirement. Increases in these items will not be enough to substantially raise the income of the most poorly paid or to give a boost to the economy. The raises in public rates do not meet with our approval, either. These things should have been discussed with the labor unions. They have also been slow in settling the cases of workers affected by labor union repression.

On the other hand, we appreciate the way in which the Willot problem was handled and the solutions found for several important conflicts. What must be done now is to tackle the basic issues of nationalization and industrial policy. These are enormous issues. We have proposals. We would also like to participate in discussions on all the major reforms planned: decentralization, social security, health, information....

[Question] An important question has been raised by workers: is it possible today to improve their position substantially and to successfully bring about profound change?

[Answer] With all due regard for the difficulties involved, we would answer yes.

It is possible to move the country along the path of change and to actually effect change, in keeping with workers' interests. Not only is there nothing else to do, but it's possible. Although we are aware of all the difficulties involved and we would warn workers not to delude themselves that it will be easy.

Three factors lead us to this positive conclusion. First there is the fact that, even though we are not certain as to the means, the desire for change is so strong that everyone feels it. With people's expectations at this level, this forms a formidable social pressure impossible to purely and simply ignore.

Moreover, the government is induced to act on its commitments. Workers are stronger than before, and the employers must take this into account and fight their own arrogance. We are entering a period of movement, on an economic, social, political and ideological plane.

Every step forward of any importance and every reform will meet with the adversary's resistance and the means to overcome it will have to be found along the way.

So it is a period of active class struggle, and a much more critical struggle because the stakes behind it are concrete ones. Even though the forms of this struggle are different, the content is no less than that.

Finally, if we are really witnessing one of these great popular currents, no matter what illusions or confusion may accompany this movement, it can gain momentum very quickly in the heat of events, provided there are clear-thinking forces that act, speak loudly and clearly, and awaken people's minds. The CGT is a force like this and that is no small thing.

[Question] Will the CGT behave in this struggle as it did before?

[Answer] Current prospects are for a great burst of demands to be made. Everywhere labor union actions are producing very encouraging results. So it's not a question of having to wait and see: we will be taking the initiative, along with workers.

Things were impossible and they still are today. There is real hope, and it should lead to concrete results. We will not exclude any type of struggle, including strikes if necessary. This is normal in a democracy. Management shouldn't harbor any illusions.

But the CGT will adapt its attitude to the problems, the the attitude of its adversary, managment, to the nature of the obstacles, and to discussions with government. Among the forms the struggle could take, there is one that we are particularly fond of, and that is keeping workers informed and using democracy to resolve conflicts. This means access by labor unions to television and radio, and the possibility of being kept fully informed in their companies. Workers have the right to know what is said in relation to them and what goes on in negotiations, in order to form their own views and express them. For us, democracy is both the purpose and the means of change. It is a new presence in business. The CGT's objectives remain just what they were. What is changing is the situation. We no longer have to explain only what should be done, but we can now gradually incorporate our objectives into business. We will back anything that constitutes real progress. We must be specific and precise. We have a major task before us, but we are confident. Things are moving, we are learning faster.... No euphoria or gloating.... We have a reasonable hope and a strong will to succeed.

9805
CSO: 3100/884

BRIEFS

NEW POLITICAL PARTY--Reykjavik (FNB)--Icelandic women who are dissatisfied with the existing political parties have announced that they are forming a separate women's party for the municipal election next year in the town of Akureyri in northern Iceland. A total of 60 interested women held a meeting this week and formed working groups to review various social problems and then work out a program for the party. The new Icelandic women's party will cross political lines and only women will run from the party. The new party will actively discuss all issues concerning women in this country and this means that no issues will be irrelevant to the party according to a statement issued at the meeting. The new women's initiative from northern Iceland has drawn attention from the entire country and many women's groups have shown great interest in expanding the party. The idea behind possible future expan ion would be to enable the party to nominate candidates throughout the country in next year's municipal elections after which the party could participate in the next parliamentary election in Iceland. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 25 Jul 81 p 5] 6578

CSO: 3109/226

INTERIOR MINISTER ON THREAT OF TERRORISM

Brussels KNACK in Dutch 22 Jul 81 pp 79-81

[Interview with Juan-José Rosón, Spain's Minister of the Interior]

[Text] [Question] In no other West European country are so many politically motivated assaults made today as in Spain. How long can the young Spanish democracy maintain itself against these attacks?

Rosón: The phenomenon of terrorism in Spain has nothing to do with democracy. Terrorism arose here about 1965 and developed chiefly in connection with the most radical elements of the then opposition to the Franco régime. Since then attempts have been made to get rid of a lot of conditions under which terrorism can thrive, and and the political development has contributed in the meantime to the fact that terrorism now finds more support among the public than it did in the beginning. Nevertheless, we have had a few bad years, especially 1978, 1979, and 1980. At the moment terrorism in Spain is markedly selective, and it has taken a few swipes at democracy. I cannot really say that the present situation inclines one to optimism--but neither is it such as to put democracy seriously in danger.

[Question] In the month of May alone there were an attack by the mysterious leftist GRAPO [First of October Antifascist Revolutionary Group] on General de Suso, another by the Basque separatist organization ETA [Basque Fatherland and Liberty Group; a socialist separatist group] on the King's military adviser, General Valenzuela, and a hostage action in the central bank of Barcelona that according to the government was carried out by rightist extremists. Which of the three groups do you consider most dangerous for Spanish democracy?

Rosón: The ETA. It is true that the affair in the central bank of Barcelona has not yet been entirely cleared up, but it was certainly the work of a group of common-law criminals who wanted to give the appearance of a politically motivated action. The investigation seems to indicate that behind it all was an ordinary crime.

[Question] Do you not find it strange that ordinary criminals did not take along the money that was in the bank?

Rosón: That is all very difficult. I do not want to say anything binding here, for the investigation has not yet been completed and will go on for some time yet. But neither in Spain nor in other European countries is it so unusual to commit a crime and attempt to give it the appearance of a political offense. If the

government had wavered or given in to the demands of the hostage-takers, then they would very probably have been able to get away with the money without our finding out who they were.

[Question] But originally you said not only that those who attacked the bank were criminals, but also that they were anarchists.

Rosón: It is clear that they also had anarchist connections.

[Question] And does it seem normal to you for anarchists to demand specifically the release of a handful of extreme rightist putschists, namely Lieutenant Colonel Tejero and his henchmen, who stormed the Spanish parliament on 23 February?

Rosón: They might have demanded anything else for the same money, for they were only pretending a political aim of any kind. I do not believe it is true that they had any sympathy for even one of the four persons whose release they demanded. But we should not keep talking about this subject, because it has not yet been decided.

[Question] But let us stick to your supposition that the hostage-takers were really just ordinary criminals or perhaps anarchists who created the impression that they were rightist extremists and members of the Guardia Civil. If it is so easy to believe in Spain today that members of the Guardia Civil take part in such terrorist actions, that does show how good the relations of the extreme right must be in the police and military apparatus. If that were not the case, would such hypotheses be accepted offhand?

Rosón: The government must take all hypotheses into consideration. The hostage-takers had launched their first announcements really well. How could we simply push such hypotheses aside?

[Question] Perhaps the government could have done that more easily if men from the Guardia Civil, supported by the rightist extremists, had not attempted a coup d'état 3 months before.

Rosón: Possibly. Yes, I must say very plainly that the extreme right in Spain wants a coup d'état. But I cannot say here for certain that the extreme right has connections with the armed forces and the Guardia Civil.

[Question] Nevertheless, both in the Guardia Civil and in the armed forces the attempted coup was met with loud hurrahs, and Lieutenant Colonel Tejero can not only receive his sympathizers but give interviews in his cell.

Rosón: Tejero must answer to a military court, not a civilian one. If he were under civilian jurisdiction the government would very probably not have allowed either of those things. The only civilian who was held in connection with the affair of 23 February, Mr Garcia Carrés, has not given any interviews and has not received many visitors.

[Question] The leftist military people of the Military Democratic Union (UMD), who came under the military administration of justice in past years and whose only crime consisted in speaking out publicly for democracy, were all treated quite differently from Mr Tejero.

Rosón: To the best of my knowledge Tejero was given some freedom of movement at first, but after the government intervened a change came about in that respect.

The Spanish People Want No Retrogression

[Question] All 260 of the members of the Guardia Civil who stormed parliament with Tejero are at liberty again, and most of them have gone back to their posts as if nothing had happened.

Rosón: It cannot be said that they have returned to their posts as if nothing had happened. They are awaiting their trials, which will begin within a short time.

[Question] But they are again on active duty.

Rosón: They are again on active duty, but in different units and with specified duties. So they still have only a limited freedom of movement. As long as no trial had begun, the government could only order a suspension of 2 months, and it did so. From the moment that the trial takes place the government can take other measures. We are talking here about a military crime, with which only military justice can deal. The government's resources are exhausted. Unfortunately, the fact that there are so many accused in this case has the consequence that the trial is delayed.

[Question] Has the government not tried to get the military court to put on more speed?

Rosón: The government realizes that the political system comes into problems if no wise legal solution is found.

[Question] Although the right has thus almost succeeded in pulling off a coup d'état, in your eyes ETA is still more dangerous to democracy?

Rosón: From the point of view of terror, yes.

[Question] The ETA is working for the complete independence of the Basque country. To achieve that it is trying to provoke the Spanish state until it gives in. The extreme right, on the other hand, wants not only to provoke this democratic state, but to destroy it, in order to return to a dictatorial régime. Is that not really a far more serious matter?

Rosón: Indeed it is. But what you asked me was what *terrorism* seemed to me most dangerous. If we talk about political dangers, it must always be kept in mind that the extreme right wants to bring about a change in our political system, but that--as I said--is a political danger and has nothing to do with terrorism. The terrorists of the ETA want to achieve their ends by means of violent actions and over dead bodies. The extreme right has also committed terrorist acts, but it is not so radically based on terrorism as the ETA.

[Question] Now surely taking a whole parliament hostage, including the government, is a terrorist act.

Rosón: Of course, that is terrorism, too. But it is a kind of terrorism with a stronger political component and with less personal danger. Besides, nobody did anything to anybody.

[Question] It is still a fact that the putschists came at the members of parliament with machine guns.

Rosón: Yes, and of course from that point of view it is just as reprehensible an act as a terrorist act of violence. The only difference is that the one set kill and the others do not. But, and that is the dangerous thing, because this involved a serious attempt at a coup d'état, it must certainly be rubbed in on certain parts of the armed forces. The supposed connection between the extreme right and the armed forces plus Guardia Civil has not been completely proved, to be sure, but the Spanish secret services are working on it.

[Question] Can a democratic government allow itself the luxury of continuing to maintain security forces whose loyalty to the state has been brought so much in question? Is no clean-up possible?

Rosón: We are trying, in as sensible a way as possible, to carry out a clean-up, within the bounds of legality. The government must eliminate from the state security apparatus everybody that does not respect the constitution or does not keep to the rôle that the law imposes upon him. All persons whom the government knows to have been involved in political offenses must be brought before the courts. But the government cannot be made responsible for the decisions of the judiciary.

[Question] Many Spaniards believe that while Tejero's attempt at a coup d'état failed militarily, it was a success politically. Do you see it that way?

Rosón: I must say that Tejero's attempt at a coup d'état influenced the events that followed it in the field of internal politics. That is obvious and I will not deny it. The attempt at a coup d'état was a trauma that is still to be overcome. But although we are still feeling the effects of the coup, there is nothing that makes the government dependent in any way on the coup. The government has declared that it is independent, and it is governing from a position of independence.

[Question] It is governing practically without opposition. For since 23 February the domestic political opponents of the government hardly dare go into open opposition, for fear of provoking somebody. Even the press has become cautious.

Rosón: Haha, that would be nice. But as minister of interior I must say that it is not so. Some people, and even a few politicians, have not yet recovered from the putsch syndrome.

[Question] Does it not make you sad that at this moment laws are being enforced, for example the new antiterrorism law, that go further in certain points than the analogous laws of the Franco period? Thus the police can hold a suspect in jail for 10 days before they have to bring him before a magistrate. Under Franco the maximum was 72 hours.

Rosón: The antiterrorism act was passed by parliament in December 1980, and thus before Tejero's attempted coup d'état.

[Question] But since then the Act for the Defense of the Constitution has been passed, and it contains, for example, restrictions on the press.

Rosón: That law is for the precise purpose of preventing further attempts like Tejero's. In the worst case one paper or another that has written against the constitution and against the political system every day will have to change its policy line, because what this law comes down to is that in case of need the state can take steps against the paper in question.

[Question] Which in a country with a dictatorial past, of course, also means that such a law can be abused. Can you imagine that just as smoothly and seamlessly as Spain has changed in recent years from a dictatorship into a democracy, it can in the future slip again into an authoritarian régime?

Rosón: I reject that idea. We must not forget that the transition from one political system to another calls for a certain trial period, and that often--when one has started off too fast--it is necessary to put on the brakes, to reflect and to check on whether one is on the right track. To this moment we have kept the political line that was established on the basis of the constitution of 1978 as good as completely unchanged, I believe.

[Question] Nevertheless, there are indications that certain bad habits from the period of the dictatorship are coming back. For example, when last month in Almeria three young men were killed by the Guardia Civil because they were mistaken for ETA terrorists, the policy was to represent the affair as an accident. You, Mr Minister, accepted this version in public. Does the government not lose its credibility when it covers up such gross errors of the police?

Rosón: A democratic government can only pass on the information it has available. Anyway, the Almeria case must be cleared up in a court proceeding. The government has already declared that a mistake was involved in the Almeria incident. It has not said just what the mistake really was. For to do so it would have to be acquainted with the report of the court's medical officers, the testimony of the witnesses, and the statements of the members of the Guardia Civil involved. And neither here in Spain nor in any other western country has the government got the capacity for that. That can be done only if the executive and judicial powers are combined.

[Question] Not long ago the socialist opposition leader Felipe González said that he is not so much worried about the question of who will win the next elections as about whether they will take place at all. Do you share that concern?

Rosón: As long as I am minister of interior I must fight for the next elections to be held. The government is firmly resolved to see that they take place.

[Question] And do you think those who feel nostalgia for the bygone régime and tried to reverse the development by force will accept their failure, or will they try it once more?

Rosón: We must assimilate a minority that are hostile to the reforms, and we must do that from the position of a solid state. But we must also take it into consideration that change takes place in Spain at the tempo that is necessary to society. The Spanish people want no retrogression.

[Question] Then there will not be another 23 February?

Rosón: We are committed to making sure of that.

8815
CSO: 3105/159

UCD CONSERVATIVES DEFY PARTY RULE ON FACTIONALISM

Madrid EL PAIS in Spanish 24 Jul 81 p 1

[Article by S.G.: "The UCD's Conservative Wing Challenges the Party and Creates an Internal Faction"]

[Text] A group of 39 deputies of the UCD [Democratic Center Union]--most of them Christian democrats--originating from the former critical sector of the party, have sent a letter to the UCD's president, Agustin Rodriquez Sahagun, in which they announced their intention to establish an internal faction called "Moderate Platform" to carry out a program detailed in the letter. The signatories, who do not include members of the government party's liberal group, also stated specifically their support of Leopoldo Calvo Sotelo and his endeavors as head of government. Factions are expressly forbidden in the UCD.

The Moderate Platform will defend on a priority basis a series of program planks such as the defense of the family as an institution through various measures and how to make freedom of education effective through the financing of compulsory grades so they are free of charge and support the underprivileged at the other levels.

This faction similarly requests that the modernzation of the public administration be initiated without delay and that the mass media be increased, ultimately establishing a system of private radio-television broadcasting stations. They also declare their support for the policy of integration of the Western defense apparatus and of Europe's inclusion under terms compatible with the national dignity and interests.

The letter, released by EUROPA PRESS news agency, outlines the need for regenerating the UCD in order "to transform the government into a means at the service of society and to restore the ethical values of political activity." Its signers evidence their concern for the present political situation of the UCD and "for the artificial parliamentary majorities generated because of the flight of some UCD parliamentary centrist votes in favor of parties of the left in some of the latest sessions of the Congress of Deputies."

The UCD's conservatives also stressed the need to fulfill with strict loyalty the promises made by theUCD to its voters and noted some aspects, such as the building of an autonomous state, the policy of public order, the stimulation of savings and investment to fight unemployment, and limiting current public expenditures.

Finally, the Moderate Platform called on those who agree with the stated principles to develop them "in close collaboration with our voters," an initiative which "can and must be articulated with that of other UCD wings, and our joint endeavor will enable us to broach, with the confidence of one who knows what he is doing, the next general elections with a broad, coherent, and concrete offering worthy of the faith of Spaniards."

The letter was signed by important leaders of the former critical sector--among them Oscar Alzaga and Miguel Herrero, spokesman of the UCD group in the congress. Other signers were Emilio Attard, Fernando and Ramon Alvarez de Miranda, Juana Arce, Ricardo de la Cierva, Manuel Diaz Pines, Jose Antonio Escartin, Jesus Esperabe, Antonio Faura, Modesto Fraile, Luis de Grandes, Julen Guimon, Enrique de la Mata, Guillermo Medina, Jose Luis Meilan, Jose Manuel Otero, Jose Ramon Pin, Jose Luis Ruiz Navarro, Francisco Soler Valero, and Luis Vega, among others.

Reflection of the Internal Situation

In government party circles, it is thought that the formation of this faction reflects the critical internal situation of the UCD. Specifically, the signers include deputies whose position toward the party executive is now more difficult, and many of them have been completely swept away in the process of internal provincial elections.

In this respect, the challenge to the party implied by the formation of the faction would be a maneuver of realignment before the possibility that the UCD apparatus, once the parliamentary sessions are over, may move to a definitive offensive against the rest of the critical sector, except for the liberal groups better protected by the political plans of Leopoldo Calvo Sotelo.

The appearance of this faction coincides with the hardening, according to party sources, of the actions of the disciplinary committee against various UCD deputies. Even though the list of parliamentarians who have been accused before the disciplinary organ continues to be kept very quiet, many of them could be signers of the Moderate Platform's manifesto. At least Diaz Pines is one of those accused.

The same sources indicated that in the past few days accusations may have reached the disciplinary committee against two more deputies whose names would be added to those of the five mentioned at the outset. Similarly, it is possible that specific alleged errors committed in parliamentary circles might be presented, at the request of the party apparatus, before the disciplinary committee of the parliamentary group.

The topic has lately become more acute, to the point that rumors have spread of possible moves involving the joint group of the congress by some of those affected. The sources mentioned above indicated that there does not seem to be a resolve to expel those involved, even though the proceedings could indeed signify the end of their political career in the UCD.

The signers of the letter declared that the faction seeks to spread to all party levels and that what is involved in neither to fragment the parliamentary group nor to form any subgroup but rather to defend jointly some program positions.

The manifesto has now been sent for the endorsement of senators 22 of whom are already supposed to have signed it, so that the letter may be sent separately to Rodriquez Sahagun.

Similarly, these sources affirm that their support of Leopoldo Calvo Sotelo does not relate merely to his actions as head of government but also to his endeavors to build an electoral plank capable of winning the next election.

As for the absence of the liberal group, our sources of information indicated that the operation "has been discussed with the liberals but that a mutual determination has been made to the effect that positions should not be intermingled."

2662
CSO: 3110/127

GENERAL FERNANDEZ POSSE CRITICAL OF PRESENT NATIONAL SITUATION

Madrid EL PAIS in Spanish 26 Jul 81 p 13

[Article written from various news agency reports: "Lt Gen Fernandez Posse Asserts That Subversion Has Infiltrated All Social Institutions"]

> [Text] The traditional offering to the apostle John, presented in this case by the captain general of the 8th Military Region, became the occasion yesterday for a very harsh diagnosis of the situation of the Western world and very specially Spain. In the opinion of Lt Gen Fernandez Posse, who said that he was speaking in the name of the king, "We are in a state of total war" against subversion, which has infiltrated all our social institutions. He also made allusions to the appropriateness of consolidating democracy and supporting the king, and asked for respect for the representatives of the people although he added that "we also are entitled to their respect and to comportment on their part which is worthy of their high representative status."

Santiago--In his initial words Gen Fernandez Posse said: "You know, captain, that we are in a state of total war, a special war, subversive and dirty, but still war. The enemy is trying to destroy our spiritual and moral values, infiltrating all our social institutions, reaching the point of exhibiting and displaying the basest foibles and passions.

"The enemy who infiltrates the press, radio, television, the church, the schools, the university, the movies, art, and culture is a tenacious one. Using some of the mass media and pamphlets, he stimulates pornography, drugs, and the practice of abortion. He ridicules and attacks our Pope and the church. He strives to split the armed forces, attacking their honor, discipline and flag, the supreme symbol of the homeland which well-meaning individuals have vowed to defend. He tries to poison our soldiers, strives to propagate subversive ideas which confront parents and children in order to destroy the family, the basic unity of any civilized society and the pillar of its Christianity.

"When this enemy succeeds in creating what we could call a propitious climate, he moves on the develop more active measures such as attacking the sources of wealth and launches drives against nuclear power stations. He organizes strikes, disruptions and arson under any pretext. He backs wage demands even though these are impossible at times. He exalts terrorists and murderers. He supports their action with attacks, assassinations, and even with savage indiscriminate strikes against population centers.

"His purpose is to sow fear and terror, to impoverish economies, destroy citizens and nations morally and physically. The opportune time for him arrives when he sees that the people start to consolidate their various freedoms."

Following this diagnosis of the situation, Lt Gen Fernandez Posse said that our civilized world appears to be invaded by a wave of fear. The Europe of Western civilization "reminds us of ancient Rome and its subsequent disappearance. If there is no reaction, if a new Spain strong and united, is not built, the same thing will happen to it as to that civilization: It will be invaded by other materialistic systems and other cultures."

Gen Fernandez Posse does not understand how some Spaniards "belong to or sympathize with parties whose ideology is totalitarian or imperialist government, based on a single party and an enormous bureaucracy, and thus lacking in democratic freedoms." He said that the civil war was fought to avoid Spain's disintegration "since, as the philosopher said, in the face of such chaos the sword had to be more powerful than the pen." He also asked for sincere reflection on those events "so that the conditions would never come about which would otherwise drag us to tragedy."

"Franco, the Catalyst of This Spain"

"What happened subsequently is written, is history," Gen Fernandez Posse continued. "Neither can we disregard our former head of state, Generalissimo Franco, the catalyst of this Spain and our democratic monarchy. Like all chiefs of state, especially when that state was born as a result of such bloody internal convulsion, errors may have been committed as well as good things, but he belongs to history and it is the future generations who will judge his endeavors, generations with another, more impartial perspective. And he deserves appropriate respect from all for whom he guided the destinies of Spain, sacrificing his whole life to it, since it is up to great and noble nations to always remember those heroes who forged them.

"In this Spain, while we seek to do great things and achieve a stable democracy, which is what Spaniards wished, we have to support those individuals who are capable of helping our monarchy, our king, to maintain unity." He noted later that democracy "is the government of the people, is political pluralism, is freedom of expression, freedom of education, freedom of religion, freedom of owning the means of production, of trade, of competition--in sum, the three fundamental freedoms of the individual--freedom of being, freedom of knowing, and freedom of ownership.

"But democracy additionally demands, besides rights and freedoms, duties and obligations. And given the individualistic and somewhat anarchical character of the Spanish people, we often forget them or fail to take them into account. We all have the duty to defend Spain, its territorial integrity, and its counstitutional order--duties which the constitution very specially entrusts to its armed forces.

"We all have the duty to respect the representatives elected by the people but we also have the right to their respect and that their behavior in words and deeds may make them worthy of their highly representative quality. Let everyone listen to his adversary with the same attention and respect that they demand and wish. And let the Spanish people feel proud of those who represent them."

The final part of the offering, presented in the form of petitions to the Apostle John, covered issues such as the linkage between democracy and peace for Spain and all the peoples of the world, protection for the royal family, assistance to the Pope in solving the serious crisis experienced by the church, and special mention of the widows and orphans of those killed by terrorism.

Archbishop Suquia: "Unemployment Is Unforgiveable"

The archbishop of Santiago, Angel Suquia, who referred to the "three major problems" preoccupying Spanish society and the church, responded to the invocation. "Unemployment is increasing instead of dropping, and certainly among the youth it has psychological repercussions and unforgivable characteristics. An attempt has been made to put into motion the mechanism of autonomous [regional] governments in Spain, and it does not prove to be easy to take into account the necessary unity of some peoples with others. The sting of violence and terrorism continues on its implacable course before the indifference and passivity of those who have not personally suffered so far from this sad phenomenon.

"To ignore those who want to but cannot work, knowing that some people work and earn two salaries while others earn none, is a symptom of a society and a religion in open decay."

2662
CSO: 3110/127

PAPER SAYS DANISH GOVERNMENT IN 'VICIOUS CIRCLE'

Stockholm SVENSKA DAGBLADET in Swedish 3 Aug 81 p 2

[Editorial]

[Text] In May the Social Democratic minority government in Denmark headed by Anker Jorgensen reached an agreement with its small support parties on a socio-economic policy to be pursued in 1982, a policy required by the gravity of the situation.

Now at the end July the program has been played out before it had time to go into effect. It is estimated that the budget deficit for the first half of 1981 will be 5 billion Danish kroner higher than anticipated. This brings the deficit up to 29 billion kroner.

Unemployment figures are 40 percent higher than the figures the year before and it is estimated that 275,000 people will be out of work by fall. At the same time the government has so far had only one proposal for reducing the budget deficit, namely tax increases amounting to several billion kroner. But this operation would cost 10-12,000 jobs. For a Danish rule of thumb says that for each billion in increased taxes, 5-6000 jobs are lost. It doesn't matter what the measures are called--belt-tightening or adjustment to the general price situation. The effects are the same.

LO [Danish Federation of Trade Unions] chairman Thomas Nielsen therefore finds himself after a short truce on the warpath again in a clash with his party friend and Prime Minister Anker Jorgensen. In his opinion the government should prepare for another test of strength in the fall, present its own policy and if it is rejected take the consequences and call a new election.

According to Nielsen the policy pursued so far has failed entirely and has only led to more unemployment.

It is not just the LO chairman, the big non-socialist parties are also warning the government against a tax adjustment of roughly 2 billion kroner. Denmark cannot be taxed out of an increasingly deteriorating economic situation.

But Social Democratic Tax Minister Mogens Lykketoft defended the tax increases which he referred to as simply an adjustment of some taxes to general price increases.

LO vice chairman Knud Christensen, however, said that Denmark should try to produce its way out of the crisis.

And of course he is right.

At the same time LO is affected by the dualism that seems increasingly common in Social Democratic circles. Of course Denmark must produce its way out of the crisis. But at the same time--in order to soothe the left wing--a number of steps will be taken that will counteract the true objective.

Thus price surveillance will be stepped up and made more restrictive. But as the situation stands today in Denmark such a policy would have immediate consequences in the form of closed businesses and reduced employment--resulting in even higher unemployment.

Instead what is needed is to adjust wage developments to fit industrial competitiveness. Nor will it benefit a troubled construction sector if interest deductions are limited or cut out altogether. The vicious circle must be broken.

And finally, according to the Industrial Council, the idea of economic democracy--the Danish fund variation--should be removed from the current political debate.

Does anyone recognize the formula?

6578
CSO: 3109/229

'TERCUMAN"S KABAKLI SCORES ISRAELI 'PIRACY'

Istanbul TERCUMAN in Turkish 12 Jun 81 p 2

[Article by Ahmet Kabakli in the column "In the Light of Day": "Pirate State"]

[Text] Israel must have been called a "pirate state" many times. It is a pirate because:

It pays no heed to international law and the rights of neighbors.

It antagonizes and discomfits its neighbors by conducting sudden raids without bothering to announce its intentions or declare war.

It uses anarchist methods, not the methods of an established state, to destroy power plants beyond its soil, bomb shipyards, occupy airports and land and conduct kidnappings.

It pursues a policy of expansion by "conquest" and occupation which no state or the United Nations approves.

It uses the raids and occupations it conducts, exactly like the "armed propaganda unions" once prevalent here and found in Italy and Germany, to show that it "can do anything."

It does all this in the name of theocracy and racialism (Zionism), openly advocating imperialist and selfish brutality, acts of primitive piracy to turn world peace upside down.

That a former terrorist named Begin heads this pirate state is a separate misfortune. Perhaps he is the cause of the international anarchism conducted by Israel. The argument of this Jewish Hitler, who could say after blowing up the nuclear power plant in Iraq, "World reaction doesn't bother us," is based on two little reasons which enlightened Jews could never accept:

1) To stem the tide of discontent in Israel caused by an annual inflation rate approaching 138 percent with tales of heroism and 2) to become prime minister again in the imminent Israeli elections.

It is surprising that an enlightened, highly knowledgeable nation with a European structure like Israel would let itself be pulled into such piracy and arrogance, fanning the flames of world war, which can only destroy itself first.

For someone who more than anybody else in the world has a grievance against Hitlerism and Nazism to imitate them, steering the same course, is an historical aberration which is not just /surprising/ [in boldface], but /absurd/ [in boldface].

It is imperative that this state, thrown into complete piracy by its Begins, be prevented from setting fire to the world, deviating into ever greater adventures, if not by sanctions, then certainly by the methods applied to anarchists and pirates. It is necessary that Israel abandon Jerusalem, the occupied territories and all of its swaggering talk and withdraw to its borders.

Why can this not be done? Could it be because Israel is never punished for anything it does, while running headlong toward being the powder keg of the Middle East? As every anarchist is back up by some force, who is Israel's support?

As known, Israel has two pillars of support.

First is America. Or more precisely, the appointment of America by world Zionism, most of whose representatives are in America, to support and arm Israel and let it be the scourge of its neighbors.

The second is more tragic: The failure of the Arab world, whose goal is the destruction and conquest of Israel, ever to rally or sincerely get together.

Look at Iraq now: There are no "heroics" it has not performed against Iran and its own racial and religious groups. But we may as well forget about its responding valiantly to Israel's unjust attack.

In short, one fears that Begin's pirates, knowing that the Arab states which shout loudest against Israel can do nothing but "jawbone," will take advantage of the West's foolish silence to drive the knife home.

8349
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MAGAZINE EXAMINES PROGRESS TOWARD DEMOCRACY

London 8 DAYS in English 1 Aug 81 pp 22, 23

[Article by Andrew Borowiec]

[Text]

AFTER MONTHS of speculation, international pressure and evasive words, the generals ruling Turkey have made the first step towards restoring the country's democratic institutions. However, the step is mainly tentative and there is some question as to how democratic the first institution, the 'Consultative Assembly', will be.

The 160-member handpicked assembly of 'new blood and new faces' will convene on 23 October. With the ruling National Security Council (NSC) consisting of four generals and one admiral, it will form a constituent assembly to give Turkey a new constitution. The process is expected to take between six and eight months and is by no means the only step the generals intend to take in their task of creating a 'new democracy' in Turkey. The assembly will also prepare a new, dramatically different electoral law as well as a law governing the formation and functioning of political parties.

All three documents are expected to be submitted to a nationwide referendum, but it is not clear at this stage whether they will be presented as a package or as separate issues. Nor is it certain what shape Turkey's new constitution will take. There has been considerable speculation that it will be modelled on that of the French Fifth Republic, which invested massive powers in the presidency while reducing the role of the parliament.

'The generals are still experimenting,' said a well-connected western diplomat in Ankara. 'At this stage they are not even sure whether they want a one-chamber national assembly or a bicameral parliament. All we can say with some degree of certainty is that there will be a strong president and that the first assembly will be tame.'

Indeed, the decree announcing the formation of the assembly shows that the military rulers are taking no chances. All politicians and members of the last parliament are automatically excluded. A quarter — 40 — of the members of the consultative assembly will be named directly by the NSC. The others will be selected from Turkey's 67 provinces — and approved by the generals.

Applications for the posts opened on 15 July. The local authorities are allowed to submit three candidates for each seat allotted for the province for final selection by the Ankara junta. The man with a decisive voice in the matter is said to be General Haydar Saltik, often regarded as the brains behind the military power.

In addition to the 'new faces' unstained by Turkey's chaotic and bloody political life before the military takeover, politicians of the 'previous era' have been encouraged to apply. The term apparently covers the period before the one-year military rule of 1971-72.

All this does not indicate a speedy return to civilian rule. No one in Turkey wants hasty action, least of all the generals. The junta, headed by General Kenan Evren, feels strongly that if civilian power were restored without thorough 'housecleaning', the country would inevitably be plunged into chaos again.

Many western and Arab diplomats in Ankara agree. They feel that a sudden collapse of the present military rule would either lead to a leftwing cabinet or a regime dominated by Islamic zealots. The NSC denies that foreign pressures influenced its first move towards restoring parliamentary rule. This would be done, Evren said recently, 'not because the West wishes it but because it is a system that best suits Turkey and the wishes of the Turkish people.'

Significantly, there has been virtually no pressure for a return to democracy within Turkey itself, firstly because the expression of public opinion is not encouraged, and, secondly, because most Turks enjoy their new-found security, peace and signs of economic improvement.

Evren himself has been enigmatic about his own political future. He defends his role as the junta's head by saying: 'I just happened to be chief of staff at the time. Anybody else would have acted in the same way because it was the will of the nation.'

The question of a strong presidency has puzzled a number of observers. The Turkish military are not keen on strong politicians with sweeping powers — but neither are they in favour of a free-wheeling parliament. Thus, if a French-style presidency were to be created, the incumbent would most likely be a member of the inner sanctum, presumably a general strongly committed to Ataturk's reforms, which the armed forces have sworn to maintain.

Perhaps more difficult than the constitution itself will be electoral law. According to sources in Ankara, the problem has hardly been tackled. The generals would like to avoid political polarisation or the emergence of small parties which could easily swing the balance of power, as happened with Necmettin Erbakan's National Salvation Party. But so far they have given no hint of how they intend to proceed.

There is little doubt in Ankara that eventually the democratic institutions will be restored. Although in Turkey democracy has had little time to evolve and take root, at least the urabn population attaches considerable importance to the republican system and the concept of elections.

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END

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WEST EUROPE REPORT

No. 1809

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NEUTRON BOMB DECISION SAID TO JEOPARDIZE WESTERN COHESION

PM141459 Oslo AFTENPOSTEN in Norwegian 11 Aug 81 p 2

[Editorial: "The Neutron Bomb Again"]

[Text] President Ronald Reagan's decision immediately before the weekend to begin production of the neutron bomb in the United States underlines--and is intended to underline--that the Americans are now putting everything into military strength in their tug-of-war with the Soviet Union for political influence in the world. In general among responsible politicians in Western Europe there has recently been a large amount of understanding--larger than many of them have wanted to admit publically--that the United States as the leading Western power is meeting the Soviet Union's long-term rearmament with firmness and determination. However, a precondition for this understanding has been all the time that the United States is not seeking strength for its own sake, but as part of a well thought-out negotiating strategy toward Moscow--with fewer arms and a reduced military arms race as its objectives. There is still no indication of just such a strategy--and it certainly is not visible in the neutron bomb decision, which will consequently be met with skepticism: we do not know whether the decision will make the negotiations easier or merely contribute to a new turn in the arms spiral.

If the Americans are to transform their growing military strength into increased diplomatic influence, it is necessary first and foremost for them to maintain a fairly broad set of contacts with the Russians, but up to now we have hardly seen any movement in this direction--the United States does not even have an ambassador in place in Moscow. Since the points of contact today are so few, special importance must be attached to the round of U.S.-Soviet talks which will begin in November/December on the medium-range missiles in Europe. For these talks to succeed broad Western cohesion is needed, across national and party boundaries, and it is precisely this cohesion which Washington is jeopardizing by indulging in a new demonstration of strength at a time when a negotiating move could have given the greatest /net profit/ [words italicized] in combined political strength for the West.

Reagan has chosen, and it is of course his full right to do so, to point out that the United States alone bears the full responsibility for its national arms decisions, independent of political currents in Europe. However, there is every reason for reflection in the circumstance that the President has again preferred to listen to his defense secretary, Caspar Weinberger, whose ideas are obviously very close to those of Reagan, rather than to Secretary of State Alexander Haig, who understands

the West European mentality better. The greater the number of such choices made by the President, the bigger the question marks over Haig's political authority and future in Washington.

Here in Norway there will be the greatest agreement that the Western alliance should now put the major emphasis on this fall's missile negotiations, and all parties must now aim to avoid a situation which would lead to the deployment of the neutron bomb in Europe. But we must also be clear that it is as the counterbalance to the superior Soviet tank strength in Central Europe that the weapon has a military signifiance--because of high radiation effect and low explosive force. Our wishes that the neutron bomb should not be deployed in Europe should, however, have more than just one address, for France has already experimented with such technology and the French defense minister announced yesterday that the Soviet Union also has the capacity to build such weapons. The neutron bomb which caused a heated debate 3 or 4 years ago has no other place than on the agenda for the East-West negotiations to which we are looking forward with growing impatience.

CSO: 3108/178

ELECTRICITY DEMANDS, PRODUCTION SHORTFALLS EXAMINED

Ankara ARAYIS in Turkish 4 Jul 81 pp 23-24

[Article by Dr Mustafa Ozcan Ultanir: Will Electric Production Be Sufficient"]

> [Text] Electricity interruptions and cutbacks are still around. Although we had the customary slight increase in electricity production in the first 4 months of the year, it is not enough to meet demand.
>
> The cause of the electricity shortage in Turkey is the delay in building power stations. The 1-year delay in Afsin-Elbistan-A, one of the largest projects, caused a loss of 400 billion Turkish liras to the national economy.
>
> Delays in building the power plants are a source of external dependence, technologically and economically. To end the electricity squeeze, Turkey must become a nation which builds its electric power plants itself insofar as possible.

Developments in the 114 basic commodities tracked by the State Planning Organization have been released to the press. This year's electricity production is reportedly 5.8 percent higher than the first 4 months of last year, but there was also a 17.3 percent increase in electric energy purchased from the Soviet Union and a 2.7 percent increase in that purchased from Bulgaria.

As the delayed 1981 Program envisages an 8.8 percent increase in electricity production, it cannot be said that the first 4 months' increase was adequate. Moreover, this increase came from the higher water accumulation at the power stations with dams after the recent rainy months, not from putting new units into operation. Also, the April report from the Turkish Electric Power Enterprise [TEK] reveals that production was down in comparison with last year at all thermal power stations, including the coal-fired stations. Even in a climate where electricity demand in down owing to the economic slump, the increased production provided by the hydraulic stations is a temporary phenomenon. In short, no inroads have been made on the electricity squeeze.

It is true that ever since the electricity shortages intensified in 1973 and 1974, production has increased each year, even as the crunch has persisted. For this reason, the important thing is not just increased production alone, but that the in-

crease be sufficient to meet the need. It cannot be denied that the increase in production was less than the increase in demand. And this remains true for 1981. Electricity interruptions should still be expected in the second half of the year. In fact, cutbacks are still taking place today. For example, broadcast hours have even been cut back for television, which, even though it does not perform its function, is the only public medium of entertainment and culture and consumes less in total electricity consumption than the amount exported.

Aiming for economic development without falling captive to capitalism, the Fourth Five-Year Development Plan took down the Friedman model and dusted it off. Electricity production was envisaged at 44.6 billion kwh in 1983. The measures necessary for this purpose were taken in the revised programs in the 1978-1979 period. Achieving the plan goal was possible. Then the problems in power plant construction persisted into recent years. As stated also in the "Energy Report-1981," compiled by Energy and Natural Resources Ministry experts, electricity production is now projected at most at 35.9 billion kwh, but this estimate seems impossible, too.

Deficit From Delayed Power plants

The basic reason for the paucity of electric energy production in our country is the delays in building programmed power plants. Power plants put into the programs at the time of the Second and Third Five-Year Development Plans and scheduled for completion by 1980 were, first of all, Afsin-Elbistan-A, then the Tuncbilek-B, Soma-B, Cayirhan, Kangal, Yatagan and Yeni Catalagzi coal-fired thermal stations and the additional units of the Keban hydroelectric plant, Hasan Ugurlu, Suat Ugurlu, Dogankent-B and Kokluce hydroelectric plants. Total production capacity of these plants was 20.4 billion kwh, which was equal to total electricity production in 1977. If all of these stations had been completed, none of the electricity shortages in recent years would have occurred. Just as there would have been no interruptions or cutbacks, the electricity provided would have been at least 20 percent and at most 60 percent of demand, depending on the year.

The fact is, however, that electricity produced by the nation's power plants since 1973 has been consistently below demand, attempts were made to cover the electricity deficit by purchasing electricity abroad starting in 1975, and when this, too, proved inadequate, the system of scheduled interruptions of power and cutbacks was initiated. For example, with an electricity demand in excess of 26 billion kwh in 1980 and production at only 23 billion kwh, the gap still was not closed with the import of 1.435 billion kwh and the only recourse was scheduled interruptions or unreported cutbacks of 1.371 billion kwh.

Even though the growth rate of demand has been reduced by the economic slump, the deficit still will not be covered by the increased production in 1981 and the interruptions and cutbacks will still be around. This may be the picture for the years ahead as well. Table 1 gives details of the electricity deficits from the recent past and into the near future, based on production, demand and imports.

Unfinished PLants and Economic Losses

Failure to complete programmed power plants on schedule has become a habit in Turkey. A large part of the plants programmed during the Second and Third Five-Year Development Plan periods and scheduled for completion prior to 1980 still have not been

finished today. Even the projects completed were at least 3 years late. Indeed, delays of more than 5 years are more usual. Heading the important delayed projects are expansion of Keban and Afsin-Elbistan-A. Table 2 shows the power plant delays which put such a squeeze on the economy [Table not reproduced].

The waters of Keban Lake flow in vain at the Keban hydroelectric station, which has been operating at half power for years. The new Keban units were contracted in the 1978-1979 period, but construction and assembly work are still incomplete. As for the Afsin-Elbistan-A lignite-fired thermal station, which will produce 7.8 billion kwh of electricity annually, it was supposed to be completely finished in 1979, but now the scheduled completion in 1983 is even doubtful. Even though this project was revised in the 1978-1979 period, new delays occurred because of external dependence economically and technologically. Supposing the loss to the national economy of 1 unrealized kwh of electricity to be 50 Turkish liras under present conditions, each year that Afsin-Elbistan-A is delayed costs the national economy about 400 million Turkish liras.

The first cause underlying the delay is the problem of foreign money or credit. Most of the time, even signing a credit agreement does not mean that the foreign money problem is resolved. Also, obtaining credit from international credit institutions may require procedures which conflict with current laws. For instance, the World Bank was able to demand a say in regulating electricity rates and the preparation of the energy part of the Fourth Five-Year Development Plan in connection with the application for credit for Afsin-Elbistan. International financing institutions today are able to suggest the injection of as much private and foreign capital as they want into the electricity sector, in a way Friedman economists would find attractive. Yet the consistent way in the electricity sector is state management, and it is not state management that caused the delays at the power plants but foreign dependence economically which comes with and by foreign dependence technologically.

The electricity shortage will not be eliminated by turning off the switches and proposing the energy-saving measures peculiar to the wasteful capitalist countries. Planned consumption is necessary in Turkey, but it is also necessary for consumption to increase each year. Under the circumstances of the process of development, Turkey will be able to get out of the squeeze only by speeding up the building of its electric power plants and increasing its own production of electricity. Building even more power plants under the present circumstances of foreign dependence technologically means a requirement for even more foreign money. It is necessary to create circumstances which reduce the need for foreign money, or foreign economic dependence. This is why breaking the electricity crunch in Turkey depends on becoming a nation which builds its electric power plants itself insofar as possible.

A heavy electrical equipment industry should be established and put into operation in Turkey as soon as possible.

Needed for this purpose is an industrial complex to include such electrical equipment as water turbines, generators, high pressure steam boilers, high tension, high voltage transformers and breakers. The real crunch in our electricity sector is that even though preparations have been made and various resources provided for the establishment of this industry, which we may call an electrical and energy machinery industry, the founding stage has not even been completed.

Table 1: Deficit, Interruption, Cutback Growth

Year	Real Production	Demand	Deficit	Imports	Interruptions and Cutbacks
		(in millions of kilowatt hours)			
1973	12,415	12,615	190	--	190
1974	13,477	13,727	250	--	250
1975	15,335	15,806	471	96	375
1976	18,283	18,755	472	332	140
1977	20,565	21,694	1,129	192	637
1978	21,726	23,837	2,111	652	1,459
1979	22,522	24,952	2,440	1,094	1,346
1980	23,330	26,136	2,806	1,435	1,371
1981 P	25,458	29,200	3,712	1,865	1,607
1982 E	28,500	32,100	3,600	2,000	1,600
1983 E	32,000	36,000	4,000	2,000	2,000

(P) Program, (E) Estimate

8349
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ECONOMIC TRENDS, PROBLEMS IN BENELUX COUNTRIES

Zurich NEUE ZUERCHER ZEITUNG in German 8 Aug 81 p 15

[Article by pmr: "Benelux Development on Separate Ways"]

[Text] Brussels, August--The economic development in the Benelux countries is beginning to show differences. Whereas the Dutch are reaping the first results, particularly in foreign trade, of a foreign policy which in spite of many shortcomings is at least consistent, the Belgians are increasingly suffering from the consequences of a political fight over positions that has been paralyzing the country for years. The difference is intensified by the advantage which the Dutch enjoy on account of their natural gas deposits and the structural problems which Belgium has to contend with, above all, in the old industrial districts of the south.

Improved Foreign-Trade Balance in Netherlands

Lately the Netherlands has experienced a veritable inflation of reports by experts on the economic situation. In time for the beginning of coalition negotiations between Christian Democrats, Socialists and leftwing liberals, a commission consisting primarily of concern managers and under the leadership of G. A. Wagner, chairman of the board of directors of Royal Dutch/Shell, completed a report which more or less confirmed the econopolitical goals of the officiating Christian-liberal government; nevertheless, it issues bad grades when it comes to putting the goals into practice. As happened to most groups of experts in the past, the Wagner Commission is arguing in favor of an active strengthening and a renewal of industry by restraining labor costs and consumer spending in favor of investments. In addition to a general improvement in the investment climate it advocates a deliberate support of modern technologies. In the view of the experts, futuristic projects are to be financed by establishing semi-state funds to provide a share of the risk capital of enterprises. For the next 3 years a starting capital of 1 billion Dutch gulden is proposed. It could be raised through additional revenues from natural gas and the introduction of an investment wage. Many of these ideas were included in the program draft of the new center-left cabinet. Under the influence of the Labor Party, however, the protection of minimum wages and social income was emphasized. The Wagner Commission, on the other hand, made a strong pitch for reducing income levels.

Nevertheless, the government instrument which has been most successful to date--the centrally controlled wage policy--is being rejected by the Wagner Commission as well as by the labor unions and employer's associations. During the last 2 years the government regularly intervened in wage agreements and thus enforced a reduction in the average real income by 1 percent last year and an anticipated 3 percent for the current year. Real consumer spending was also reduced to the same extent, which significantly affected the foreign-trade balance for the first time during the first quarter of 1981. The import volume declined by 4.5 percent, whereas the export volume increased by 3 percent. In spite of worsening terms of trade by 2 percent, the improvement in the volume was sufficient to reverse the trade balance from a deficit of 0.7 billion gulden during the fourth quarter to a surplus of 1.5 billion Dutch gulden during the first quarter of 1981. Since the so-called invisible traffic improved as well, the Dutch balance of payments showed its first surplus since 1977. It amounted to 1.4 billion Dutch gulden (forth quarter deficit: 1.9 billion Dutch guilden).

Little Success With The Hague Budget

In its own house, the state budget, the cabinet's policy of moderation was less successful. According to calculations by the note-issuing bank, the deficit for all public expenditures had risen to 26 billion Dutch gulden during the 12-month period ending March. It corresponds to 9 percent of the national income; in 1980 it was 7.6 percent. The minister of finance hopes that the restrictive measures which were adopted in March, amounting to 2.5 billion Dutch gulden--among them an increase in social security contributions effective 1 July--will limit the deficit for the current year to 22 billion Dutch gulden or 7.25 percent of the national income.

There is much uncertainty about the short-term economic outlook. It is true, following a stabilization during the last quarter of 1980, industrial production is increasing slowly. In view of the shrinking domestic demand in the consumer-goods category as well as for capital goods, however, it is primarily supported by exports only. In spite of the gulden devaluation, averaging 7 percent against the currencies of major supplier countries, the rate of inflation during the first 5 months of this year has so far accelerated only imperceptibly. In June the annual rate of consumer price increases was 6.7 percent, only slightly above the average in 1980, which was 6.5 percent. Within the European Monetary System the gulden has in recent months maintained a strong position, which had a favorable impact on interest rate increases. They were relatively moderate in comparison to foreign countries. At the end of July, Dutch money market rates averaged 12.5 percent, which means they were only slightly above the German rates. Normally a difference of 1 to 2 percent is maintained. There are no silver linings on the horizon when it comes to the labor market. In recent months the number of unemployed people rose sharply. At the end of June it reached 360,000, 140,000 more than last year Relative to the number of wage and salary earners, it has risen from 5.2 to 8.5 percent during the last 12 months.

Half-Hearted Measures in Belgium

Considering the bungled situation Belgium, even economic forecasts have turned into heated arguments. At the end of June it almost brought down the government.

Socialists were hoping to escape very severe austerity measures by presenting an optimistic forecast for growth and tax revenues. According to official statements by the ministry of economic affairs, however, for the time being no turn is anticipated in the present economic lull. Although the Belgians established practically the same goals as the Dutch did, to date they have not succeeded in enforcing a real moderation in income. According to estimates by Prime Minister Eyskens, real wage increases for the current year will still amount to 3.6 percent and in 1982 they will be at least 1.5 percent. During the 12 months preceding April 1981, gross hourly wages in industry rose by 9.7 percent, while the rate of inflation was 7.4 percent. In July the increase in consumer prices accelerated to 7.8 percent, and because of automatic indexing the economy and the public sector were saddled with an additional jump in wages of 50 billion Belgian francs.

During the first 5 months of this year industrial production was approximately 4.8 percent below last year's level; in recent months, however, it seemed to stabilize. No stimulating impulses are to be expected from the slightly receding domestic demand or from exports, the volume of which decreased by 10.3 percent during the first quarter. To be sure, the import volume also declined by 11.2 percent. Nevertheless, considering the rise of 11 percent in import prices and only 4.1 percent in export income, the balance-of-trade deficit continued to swell from 64 to 89 billion Belgian francs. The number of unemployed persons rose to 397,000 in July compared to 310,000 during the same month last year. It corresponds to 9.6 (7.7) percent of the labor force.

Excessive Strain on Brussels Treasury

The most disquieting symptom of the Belgian plight is the hole in the state budget. Recently Prime Minister Eyskens was talking about a "nightmare." For the current year the government is prepared for a deficit for the entire public sector of approximately 500 billion Belgian francs of 14.5 percent of the gross national product. For next year expectations are that the deficit will be at least 12 percent of the gross national product, even if the government should be able to realize its boldest austerity measures. Instead of putting the finances in order, it appears that the hectic and half-hearted measures by rapidly changing cabinets are causing confusion for the treasuries submerged in numerous tax revisions. This year, for instance, income tax forms were mailed several months too late, because at the last moment the government scaled down tax splitting for married couples--it had just been passed in August--and as a consequence tax tables were scrapped.

A good example of the intricate detours of the Belgian economic policy--frequently they amount to self-deception--is the so-called Maribel project. Since the Christian-socialist cabinet could not openly agree on means to restrain wage increases, perhaps through a reform of indexing, the politicians reached for a trick. They lowered social security contributions by employers by 6.17 percent, which is to reduce annual business expenses for enterprises by 30 billion Belgian francs, and they filled the hole that was created with a motley array of tax increases on consumption. In addition to a general increase in the value-added tax from 16 to 17 percent, heavier taxes were levied on those products that, possibly, played no role or only a subordinate one in the basket of goods used for

the price index. In spite of this cosmetic application to the index, the price-wage spiral started up new again, and it is by no means certain whether the entire effort will in the end produce a reduction in cost for the economy. At the end of May, the Belgian employer's association left the Social Partner Conference, protesting these checkered measures.

Wage Restraint in Luxembourg

Among the Benelux countries, the Grand Duchy of Luxembourg experienced the most severe acceleration in inflation. In June the increase in the consumer price index reached an annual rate of 8.4 percent, compared to an average annual rate of 6.3 percent during the past year. A law passed on 1 July will be used by the government to reduce the influence of price rises on wages. In the future automatic wage increases that are triggered every time the price index rises by 2.5 percent will be reduced by 1.5 percent and they will also be postponed by 1 month each time. Furthermore, in the ailing steel industry a complete freeze of real wages until 1983 was agreed upon. Because of a significant decline in production in the dominant steel industry by approximately 24 percent, industrial production during the first half-year was about 13 percent below last year's level. Domestic consumption and investments stagnated. For the current year the statistical office predicts a real decline in the gross national product of approximately 2 percent.

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RISE IN CONSTRUCTION PRICES SLOWS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 7 Aug 81 p 9

[Article by K.B.: "Rise in Building Costs Slackens"]

[Text] Bonn, 6 August--According to a report by Joachim Degner, manager of the Association of Private Building and Loan Associations, the wave of price increases in housing construction has been broken. Degner calls attention to the fact that the rise in building costs has slowed even more than is reflected in the construction price index. According to the index, between February and May 1981 prices for housing increased by 2.9 percent; however, rebates were not taken into account. As had been the case in previous periods of economic stagnation, builders were granted discounts that could be negotiated, particularly with respect to basic construction costs.

While Degner does not see any signs of a recovery in rental-unit construction, he is predicting favorable conditions for condominiums. Between January and May the number of building permits for condominiums increased by 19.7 percent. In the other hand, construction of single homes decreased by 10.1 percent.

Nevertheless, in Degner's opinion single-home construction is demonstrating a remarkable strength in spite of high interest rates and the high cost of land. Private building and loan associations are appealing to municipalities to provide immediately more land for housing construction. Today communities are holding one of the keys to the building market and the economy by the way in which they earmark land for housing.

Concerning the burden caused by the high interest rate policy, Degner feels that the number is not significant of emergency sales of homes financed by building and loan associations. To be sure, there has been an increase in outstanding interest and mortgage payments, but it is a long way from there to compulsory auction sales. Building and loan associations offer assistance by extending building loan payments or providing loans for interest payments, but current interest rates apply. According to Degner, long-term financing by building and loan associations at favorable interest rates is today more than ever the cornerstone of single-home construction.

Degner also attributes the strength of single-home construction to the fact that the construction made by the builder himself--in addition to the financing--is more

extensive than has been assumed to date. The amount of the work that he does himself is increasing. A representative survey indicates that the average personal contribution to the building costs of the single home amounts to approximately 20 percent, in some cases even as much as 30 or 40 percent.

During the first half-year of 1980, the closing of building loan contracts declined by about 5.9 percent. In 1980, private building and loan associations saw an increase of approximately 5.1 percent, reaching a total in building loans of DM 74.8 billion. The reason given by the league is that the population has been irritated by the discussion and the resolutions concerning cuts in subsidies. The future attitude of savers at building and loan associations cannot yet be judged definitively. When criticism was voiced that waiting periods had become intolerably long, Degner replied that waiting periods at private building and loan associations had been increased by no more than 2 months during the last 1 1/2 years.

8991
CSO: 3103/404

ISTAT LABOR FORCE FIGURES OCTOBER 1980-JANUARY 1981

Rome CONQUISTE DEL LAVORO in Italian 11 May 81 p 5

[Text] The profile emerging from the most recent quarterly survey of the labor force, conducted by ISTAT [Central Statistics Institute] (January 1981), seems to confirm the negative projection of the 1980 employment appraisal. Or at least the shifting trend noted at the time of the October 1980 survey has apparently become more pronounced. But this observation seems to be further supported by the employment indicators for industrial establishments with at least 500 employees. However, it cannot be said that such developments are a direct result of measures taken by the government in establishing a restrictive policy (raising the cost of money, reducing public spending, restricting consumption), since such measures were taken after the phenomenon began. It may therefore be assumed that in the absence of measures to rectify strategies and procedures, further development during 1980 [as published] is destined to result in the ultimate worsening of the overall employment situation, particularly in the south.

Some general data, as well as comparisons with previous surveys, can be deduced from the table shown below. Further appraisals of a structural type will be provided at a later time.

As will be recalled (see previous articles on the subject), the overall picture at the close of 1980 was positive; based on the four surveys, the labor force grew by an average of 276,000 persons, all employed (196,000 of whom are employees). There was no increase in the number of persons seeking work. But in October 1980, in comparison to July 1980, there was already a drop of 160,000 persons (89,000 of whom were employees). As of January 1981, in comparison to October 1980, the overall employment level dropped by another 262,000 persons, equivalent to a decline of 1.2 percent. The percentage of reduction of employment in large-scale industry (1.77 percent) was slightly higher in recent months. All of this is probably less indicative of the future than the endurance capacity of small and medium-size industries, not to mention the tertiary sector, which has managed to offset such a decline over the last 2 years. The coming months will tell whether and to what extent the much feared recession has begun with the second half of 1980 and what further effects the most recent government measures have had on employment (if they should continue).

Assessed in annual terms (January 1980-January 1981), employment levels were quite stable. The number of employed persons rose by 382,000 overall, having dropped

by 13,000 in agriculture and risen by 79,000 in industry and by 316,000 in other sectors. For industry in particular, the increase was due to the construction sector, whereas the most notable increase in the tertiary sector, by about 228,000 persons, can be attributed to marketing, transportation, communications, credit and insurance operations. The number of persons seeking work was found to be 1.717 million, having risen by 14,000.

The number of unemployed persons in particular dropped by 26,000, whereas there was an increase in the number of persons seeking their first job (+36,000). Young people between 14 and 19 years old numbered 1.333 million, i.e., 77.6 percent of the entire group. Moreover, 40.5 percent of the latter held diplomas from secondary schools or colleges. With regard to structural factors, substantial stability with respect to the average figures for 1980 may be noted.

The rate of employment (ratio of labor force to entire population) averaged 39.8 percent (this figure includes 54.2 percent men and 26.1 percent women) without substantial variations with respect to the average figures recorded for 1980. The employment rate rose slightly in the central-northern part of the country (from 42.0 percent in mid-1980 to 42.2 percent), whereas it declined from 35.9 to 35.4 percent in the south.

The unemployment rate remained at the level of 7.7 percent (as in January 1980), with a slight increase over October 1980 (7.6 percent). Figures according to sex remained substantially unchanged.

With regard to the overall picture, however, it should be noted that in annual terms there was an increase of 318,000 employed persons in the central-northern part of the country (119,000 men and 199,000 women) and an increase of only 64,000 in the south (30,000 men and 34,000 women). This is the most negative aspect of the entire situation, which may well take on tragic features, especially in the area hit by the November earthquake. What is now happening daily in Naples should be a warning bell for everyone.

Comparison of Surveys, October 1980-January 1981

(figures in 000's)

	1980		1981	Variation, January 1981 in respect to	Variation, January 1981 in respect to
	January	October	Jan.	January 1980	October 1980
Labor Force	21,978	22,641	22,374	+396	-267
Employed Persons	20,275	20,919	20,657	+382	-262
--Employees	14,547	14,937	14,794	+247	

Agriculture	2,809	2,964	2,798	- 13	-168
--Employees	1,048	1,134	1,049	+ 1	- 85
Industry	7,656	7,767	7,735	+ 79	- 32
--Employees	6,512	6,558	6,557	+ 45	- 1
Other Sectors	9,810	10,188	10,126	+316	- 62
--Employees	6,987	7,245	7,188	+201	- 57
Job Seekers	1,703	1,722	1,717	+ 14	- 5
--Unemployed	248	200	222	- 26	+ 22
--Seeking First Job	903	938	939	+ 36	+ 1
--Others	552	584	556	+ 4	- 28
Young People Seeking Work	1,288	1,345	1,333	+ 45	- 12
--Ratio of Young People to Job Seekers	75.6	78.1	77.6	--	--
Unemployment Rate	7.7	7.6	7.7	--	--

Source: ISTAT, our compilation

11915
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ECONOMIC

ERRATUM: In JPRS 78848 of 27 August 1981 No 1806 of this series in article ROUNDTABLE ON REGIONAL ROLE IN AGRICULTURE POLICY two pages were reversed. The article is republished here in correct sequence.

ITALY

ERRATUM: ROUNDTABLE ON REGIONAL ROLE IN AGRICULTURE POLICY

Rome AVANTI! in Italian 9 Jul 81 Supplement pp 4-5

[Text] The regions' role in agricultural policy in Italy has become a fact to be reckoned with. The time has come to design the instruments for their operations, while steering clear of the evil temptations of regionalist neo-centrism. This new relationship is a promising one that must be carefully tended.

Italy's agriculture is in deep trouble: and that certainly is nothing new. Each month, at least, news stories consequent upon that trouble burst upon us in ever more troublesome terms, covering the front pages of all the media: the laborious negotiations with the European Economic Community -- under fire from Italian farmers for pursuing what they term a policy of privilege toward Northern European farmers -- which set off imposing demonstrations by farmers and their organizations, big as well as small. Then came the public's "discovery" that the second biggest item in our balance of trade deficit is food: more than 6 trillion lire a year flow out of the country to pay for food products ranging all the way from grain to meat. And finally came the dizzying rise in farm prices, which have already climbed so far as to make fruits and vegetables, for instance, luxury items that weigh heavy indeed in the Italian family shopping basket.

What we need is a farm policy worthy of the name, people are saying on every side: one that can deal with and manage the restructuring so necessary in so vital a sector of the economy. More specifically, as Manlio Rossi Doria pointed out in a recent debate in Rome, what is missing among the governing classes in Italy is an awareness of the importance of a sector like this, almost always downgraded as one merely marginal to the Italian economy, whose crisis or actual extinction would not, after all, be such a dire threat to the nation's economy: "We can buy whatever farm products we need abroad out of the profits of our industrial products."

Then, at the beginning of the Seventies, a new source of initiative and political and administrative management appeared on the scene: the regions. The legislation that brought these governments into existence foresaw broad powers for them, precisely in the field of agriculture; so sweeping were those powers that the ministry was given as its almost

exclusive mission the assignment of coordinating and guiding the formulation of those policies.

It is now more than 10 years since the regions came into being, and we have sat down together at this roundtable to assess the regions' capacity to be the true protagonists of a new agricultural policy; the adequacy of the machinery at their disposal, and the soundness and efficacity of decentralization as it stands today. Not forgetting -- in fact raising it as the central issue -- the pattern of relationships between the regions and the farm organizations and the kind of participatory opportunities provided for all those interested in the formulation of an agricultural policy that takes regional specificities into account.

Taking part in this roundtable discussion is Bruno Ferraris, who since 1975 has been the Piedmont Region's councilman for agriculture. Senator Fabio Fabbri is serving his second term as undersecretary at the Agriculture Ministry. Lastly, we have the three top executives of the farmers' organizations: Giandomenico Serra, president of Confagricultura, the organization that traditionally represents agribusiness, but some small farmers as well. Arcangelo Lo Bianco is president of Coldiretti, the biggest of the farm organizations, directly sponsored by the Christian Democrat Party, although President Lo Bianco aims at making his tenure one of markedly less intimate ties with Piccoli's party. Giuseppe Avolio is president of Confcoltivatori, born a few years ago of the merger of all the historically left-leaning farm organizations.

We gave the floor first to Councilman Ferraris.

Ferraris: Whenever the regions take action in agriculture, they are affected by the EEC and by the national government: the regions have felt the impact of both. As for the national level, the first hard fact we encounter is the lack of planning, to the point where the intent of the "Quadrifoglio" [four-fold agricultural law] is not reflected in the food and agriculture plan, which has not yet even been sent to Parliament, nor yet in the region-by-region breakdown of production targets, as it should have been under PL 894. The same shortfall must be put into the record in the distribution and allocation of funds, which has fallen far short of remedying long-standing inequities. And then there is one last and perhaps the worst of all restrictions, which stems from Parliament which, even after the statutory institution of the regions, keeps turning out laws and petty statutes which totally ignore the existence of regional governments.

AVANTI!: What is your view of the regions' rapport with the government over the past several years?

Ferraris: Adequate, on the whole, even though there is still some gear-grinding on legislation, with the issuance of circulars which the ministers perhaps don't even bother to read, but which throw up daily roadblocks for the regions to clamber over. In spite of all this, I think the regions have moved vigorously, fulfilling their own programs, and

at the same time implementing Community directives, in line with the way we have implemented the "Quadrifoglio."

AVANTI: But are the regions actually managing to get anywhere with their efforts to be the locomotive force for a regional farm policy, or are they doomed to lose ground -- after all the high hopes of the Seventies -- and slide back into the role of peripheral outposts of the ministry?

Ferraris: The fact is that there are those who would like to see the regions turn into a shapeless appendage of the Agriculture Ministry. The facts, though, are there to show that this has not happened.

AVANTI: What sort of rapport does the Regional Council have with the farmers' organizations, with Confagricoltura, Coldiretti, and Confcoltivatori?

Ferraris: The rapport is a good one, with all three organizations (aside of course from some fairly noisy demonstrations mounted by Coldiretti...) and we have worked out agreements with them in relation both to our programs and to drafting of legislative proposals, for example the bill covering producers/growers' associations, drafted after seminars with the farmers' associations.

Lo Bianco: Coldiretti was among the most ardent supporters of regional autonomy, in line with our tradition of strengthening local governments. We believed in it because of the access for participation in regional policymaking this new instrument could open to farmers. Today, though, we have to voice a few complaints: from the early regionalist euphoria we have fallen into a sterile exchange of insults between the regions and the central government, which has had unfortunate consequences. And another thing: it seems to me that we have paid too much attention to managing what is there, and not enough to carving out a permanent place for the regions in the national and territorial planning processes. Again: the confrontation between economic sectors and between regions has somehow failed to lead to the drafting of development plans. The unseemly scramble for appropriations seemes to me a highly debatable approach, one in which regional councilmen have not displayed any command of the attitudes required for planning at the national level. And then there is the endless quarrel with the European Economic Community: as of right now we have twenty different regional policies, each of them beating its own regional drum to tout its products abroad. And then we have these same individual regions eager to take a direct hand in forming Community policy, at the risk of dissipating the unity of Italian policy within the EEC. This does not seem to me to be a good thing. To obviate this state of affairs the Agriculture Ministry has made it a practice to consult with regional councilmen on the eve of major EEC negotiations. The Interministerial Commission for Farm and Food Planning (CIPAA) was designed for this specific purpose, but it has turned out to be a dismal failure...

Ferraris: It is true that the government has consulted us recently. But that has not been going on long, though: before, Marcora used to consult us after the fact -- let's say he would inform us...

Fabbri: Actually, we have come down to the day of reckoning, because now we can look at the bottom lines of regional accomplishments at some remove from the excessively regionalistic or excessively federalist and anti-autonomist emotions of the early days. Our job is to see how to straighten out the faults of the central government, and those of the periphery as well. The ministry's job is to provide the link for planning and policy coordination. So the regions are wrong when they try to usurp functions which properly beong to the central government or when they set up agencies or structures of their own that used to be the province of the ministry. But if the regions, as Lo Bianco alleges, often give the impression of shattering the united front of Italian policy abroad, it is because the central government was negligent in taking the proper steps first: if the central government's agencies do not concern themselves with projecting an image of Italian products abroad, then clearly the regions are going to step into the breach, with whatever funds they can scrape together. Now is the time to get out of this winter of discontent and to replace it with a season of understanding. That means we shall have to lay hands on the shortcomings in the law: for one thing, the "Quadrifoglio" has got to be amended, because it simply doesn't work the way it is. The CIPAA, furthermore, merely institutionalizes the segregation of agriculture from the rest of the economy: we socialists have long been saying that this situation calls for urgent remedy. Elsewhere, there are areas in which the regions have yet to take the place they ought to have taken: the relations between production and market, the area of consumer education, that of restoring balance. They would rather, in other words, sit and sift through the resources that flow from the center instead of channeling them into the sectors to which they have assigned priority.

AVANTI: But are you satisfied with the current level of coordination and consultation among regions, farmers' organizations, and the Agriculture Ministry?

Fabbri: Maybe the councilmen are called in too often, but there is the argument that most of those meetings go unattended and decisions are not taken. In any event, the rapport between the regions and the ministry is vital and what we need to do is repair and reorder the current machinery that controls it.

Serra: I believe that farm policy in Italy has special features that make it more difficult to handle than in any other country, because there is not just one level of authority here--there are three: the Community level, the national level, and lastly the regional level, which is very important, since the laws made under delegated power have given almost exclusive authority to the regions. So if we are to achieve the goals we have set ourselves, each of these levels must impose limitations on itself so as to prevent persistent paralyzing conflict. Given this state of affairs, what cash-crop farmers are complaining about is the fact that in Italy -- and it is certainly not the regions that are to blame -- there has never yet been a consistent, coherent farm policy, thanks to layer upon layer of countless mini-policies. Similarly, we must reluctantly admit that the effort to fit a standard program with specific objectives into national farm policy has run up against its roadblock precisely in the implementation of the

approach that gave rise to the "Quadrifoglio," which was unquestionably a step in the right direction. Now, getting back to the subject of self-imposed limitations, I believe that now, more than 10 years after the regions were established, they have had adequate time for breaking in and shakedown cruising to be able to operate effectively without meddling in Community policy, precisely to avoid the kind of continued adversary stance I was talking about just now. I also believe that there can be no farm policy in Italy in the absence of other policies: industrial processing, marketing of farm products, and export policy. For this same reason, farm policy cannot be purely regional: it is unthinkable that there should be feuds between regions over issues that must be centrally coordinated and settled. As for the regions' strictly "production-boosting" exercises, I must make one remark: they made the worst possible experiment when they provided unlimited incentives to certain kinds of cooperative patterns, not for development and advancement, but simply to consolidate the losses stemming from unsatisfactory economic management. In this sector again, we must respect certain forms of competition between enterprises of disparate dimensions -- without artificial intervention.

Fabbri: Just a few remarks: on the matter of planning through collaboration among regions, I must say that when the "Quadrifoglio" was first launched, there were those who criticized that approach and pushed instead for the idea of polycentric planning, as Giorgio Ruffolo calls it. On the basis of experience, we must conclude today that we should be moving along that road. Second remark: foreign trade and support for exports. The government before this one had drafted legislation that brought in the regions and the national consortia, including the development agencies, into a policy of support for food exports. Another remark: in the medium-term plan, the chapter on agriculture has yet to be written. In this sphere, input from the regions cannot be ignored.

Ferraris: You said, quite rightly, that the whole thing has yet to be written...

Fabbri: Lastly, I should like to call attention to the need for considering an extraordinary maneuver to mobilize all resources appropriated for agriculture and not yet committed, including Community resources. I am referring to the resources of the regions, of the Mezzogiorno Fund, and of the state ("Quadrifoglio and others): there are billions lying idle in those tills that could turn out to be decisive today, if we could manage to get from the appropriations stage to that of investment.

Avolio: I must congratulate Councilman Ferraris on his frankness and honesty in showing us all the bright and dark places in the regions' agricultural activities. A lot of people are wondering if the regional experiment is working in agriculture or whether what we have here is an instrument which, for better or for worse, is there and which must therefore be made to work so as to do the least harm. The lawmakers were thinking straight when they assigned important responsibilities in agricultural policy to the regions. Today, while we all see the need for some coordination in regional policies, we feel an equally urgent

need for the elaboration of measures and provisions that truly embody the diversity we see in the various regions of our country. There is hence no contradiction between the need for a regional agrarian policy and national coordination among those policies, wwhich for one thing could discourage the resurgence -- here and there -- of regional chauvinism. In short, what we need is a national farm policy that is regionally articulated, to respond to differing requirements; this is one way to give regional individuality a voice of its own, even at the community level.

As for the role of the regions, I have already mentioned the bright and dark patches that have marked their activities. But these bodies have had to operate in the teeth of two sources of uncertainty: uncertainty as to jurisdiction, and uncertainty as to implementation, by which I mean the means and the structures for achieving their goals. These are uncertainties, however, which I think are on the road to oblivion. We now have PL 382, which entrusted broad jurisdiction to the regions, and at the implementation level there is a lot more clarity now.

Lastly, I would caution the regions against the error of separating agriculture from the rest of the economy; if they fall into that trap, they will merely be perpetuating the ghetto status of agriculture as embodied with the establishment of the CIPAA. I was the only one -- at the national conference held at FAO headquarters in Rome -- to vote against this principle! We really must get behind this effort -- although I must emphasize that we are a lot closer to agreement than we ever were in the past -- involving the farmers' organizations, the regions, and the Agriculture Ministry.

Fabbri: I almost always agree with Avolio and I should like to underscore the importance of the regions' planning functions, of planning from the bottom up, as provided in article 11 of presidential decree 616, although the regions have not yet fully implemented it, too often falling prey to regional neocentralism, even when it comes to planning.

Serra: Before the regional councilman responds to that, I should like to hand him two little needles: I have my doubts that we shall get anywhere with decentralizing this or that function from the regional to a lower level without an adequate like move from the national level. In other words, it would be well to offset the risks of overly disparate decentralization from region to region, such as we have already seen in the case of Tuscany in relation to situations elsewhere. To do so would constitute a splintering of responsibility damaging to the execution of regional intervention. I should also like to point out that hitherto the regions have taken scant notice of a basic point: I am talking of the national aspect, or if you will experiments with chances for alternative sources of income -- particularly in the problem zones in the mountains and foothills -- or perhaps I should say additional sources, such as those that might be derived from an expansion of farm vacations and rural tourism.

Avolio: Serra gets a raise: it would be a good thing if the regions were to step up the process of delegating some of their prerogatives to

other governmental agencies, particularly in matters of management and not in merely creating more sources of farm policy. Then there is the starting line of planning: land use, its proper utilization, husbanding farmlands as the inalienable patrimony of the nation. There are farmlands, among the most fertile in the world, that have been diverted to other uses: and we piously deplore the state of our agriculture! And then there is the link between agriculture and industry, strengthened by the buildup in what is commonly known as agribusiness.

Lo Bianco: I believe that when we talk about regions, we ought to be somewhat rueful about our failure to perceive -- because we were always too busy with day-to-day business -- the regions' potential in relation to the state of the nation and the link between agriculture and the other sectors of the economy. At the regional level, we could have got a little more done than the centralist national capacity could do alone. What we have to avoid is the spread to the regional level as well of the government-intervention culture that has permeated the national level, beyond the bounds, that is, of any inter-sectoral logic and beyond the bounds of a healthy balance among the sectors of the economy. Then I should like to take up the problem of the structure of several regional agencies: let's take the agricultural development agencies. These were supposed to be the homefront managers of farm policy, as protagonists, but their internal makeup heavily penalizes the farm labor organizations. What do we expect them to become, like this? Maybe they ought to replace the people who used to be ministry inspectors, or its secular arms, or maybe a connecting link among the farm organizations?

Ferraris: I have been listening to your remarks and I think that a good deal of what you say might prove useful to those of our colleagues who read the transcript of this roundtable. Let's begin with the twenty regional policies: I agree with Avolio, but the problem is to get a national farm policy that is part of a consistent economic policy, except that there has never been one (and CIPAA did its share to see that there never would be one...). In the medium-term plan -- and I am glad Fabbri thinks so too -- there is no mention of agriculture. So it is obvious, then, that regional policies must be made to mesh with the national plan, because I, over in Piedmont, cannot simply copy what they're doing in Emilia... In my region I have to keep constantly tugging the sleeves of the rest of the council to remember that there is a link between agriculture and industry.

The same issue of restoring national balance comes up in every region in different ways, varying in breadth as well as in articulation. Once again, the problem is that there truly be a national policy, that the regions will have to articulate it in various ways and tailored to local realities. I agree that the problem is to avoid the centralism that has typefied the national level, so much so that when I was elected to the council in 1975 I immediately pushed a law through in which I vested all functions in the farm inspectors, and, to change something while I was waiting for the transfer of authority I set up commissions to decentralize and streamline the job. But now we need to get down to the genuine transfer of authority.

Management, though, must be kept separate from planning. In Piedmont we started with planning for the major sectors and then we began a process of local development planning, at the zone level: I hope that by October we can have the initial summary documents, and that we can use them to tie in with our management of public intervention.

I am still for PL 984, which was a step forward, even though we have to redefine some of its aspects and make it less rigid. Another issue is the matter of promotion, and of the charges various regional undertakings have evoked. The top level of promotion is the regional one, and there can be no argument about that, except for the fact that it must be tied in with nutrition information and education. Then there is large-scale national and international promotion: certainly such efforts detached from others in the regions are pitiable. But the problem is to coordinate the regional agencies with the national ones.

I should like, however, to dwell for a moment on the basic issue of land use, of protection for farmland as such. It is partly a cultural problem: even the most enlightened city planners have sometimes failed to give proper consideration to the conservation of land for farm use. And so we, as the Piedmont Region, have come up with a tool that seemed to us absolutely essential for this purpose: a soil map that would let everybody see what kind of utilization is appropriate.

I shall stop now, but in closing I want to raise an issue for you here today: I mean the crisis in state intervention, the freeze on investments due to the dwindling supply of farm credit, which is fast disappearing.

Avolio: I believe we are all agreed on that count, and that stems from scant attention to farm problems on the part of the politicians, and of the press as well. We, as Confcoltivatori, propose that agriculture be made the target of a flow of investments at least matching agriculture's contribution to the gross internal product.

Lo Bianco: We have written this into a bill in Coldiretti's caucus in Parliament, tailoring it to match the formulation unanimously approved by the National Council on Labor and the Economy (CNEL).

Serra: But the real reason why farm credit has dried up is that inflation has topped 20 percent: in a situation like this, any kind of investment in agriculture has become impossible, even for the best-run operation. Even so, until inflation is brought under control, we must lower the cost of credit before we embark on regional intervention: hence our request for an international loan with a guaranteed exchange rate which the government must provide, because this would let us get the cost of money down to 15 percent, and thus enable the regions to use their share of loan assistance eligibility in a less "stingy" fashion.

Without this, once there is no longer any such thing as self-financing, nor yet any investment when money costs 25 percent, we truly stand in peril of a recession of horrendous proportions in agriculture. Farmers bought less fertilizer this year, for instance: there isn't even money to finish out the year.

6182
CSO: 3104/333

TOKER STRESSES PROGRESSIVE ECONOMIC DECISIONS

Istanbul MILLIYET in Turkish 12 Jul 81 p 8

[Metin Toker column: "The Future Lies In the Soil"]

[Text] Is the inflation rate really down to about 40 percent in Turkey? I cannot really commit myself. In a country like Turkey which has thus far not been able to produce even a rough inventory of her economy, everyone can use figures to prove what they wish the way they wish it. Inflation at a rate of 40 percent is still a disaster. Considering that in this country it had exceeded 100 percent, the distance travelled is enormous. However it must not be forgotten that administrations with any common sense risk their political future in working towards a target of lowering this rate to below 25 percent, 15 percent or all the way to a single digit figure.

Despite this, a trend originating especially in the industrial sector appears to have initiated action to halt the move to stop inflation, to dilute it, to bring about steps in the opposite direction. These people are seeking and finding allies among adherents of the most unlikely political movement. Among these are those who marketed the name Friedmann when the "26 January measures" had barely been proposed and no results had yet been produced, those who tried to establish parallels with the dictatorships of South America, and those who engaged in obstruction in the parliament and campaigns aimed at public opinion to render these measures inoperable.

There is nothing surprising about this. Money has no smell; and as is the case about England, he whose job it is to make money has no permanent friend or foe; he has his own continuous interests. It must not be forgotten that this industrial sector obtained its highest profits in its history during the Ecevit period. Is it not characteristic of inflation to make the rich richer and the poor poorer? Now those who became wealthier in those times are complaining about hardships which stem fundamentally from that period, but do not wish to take [their] medicine.

The measures necessary to control inflation are evident: a monetary policy, wage and price control, a balanced budget. If these measures are perfunctorily implemented they would not make anyone too uneasy, but then they would not provide much benefit. If they were seriously and continuously enforced inflation would be driven up against the wall. However, this would hurt certain people and help

certain others to rise to the surface. The issue is to determine carefully who should be sacrificed and who should be protected. It is well known that every antiinflationary policy inevitably brings with it economic stagnation and consequently an increase in the number of unemployed. However, whether the previous economic bustle was healthy or artificial should be taken into consideration. The contribution of this factor to the country's future employment problem should be studied. If this is done the projection will not be promising.

Today's results obtained in the fight against inflation are secured almost solely through monetary policy. The assumption of power by a responsible administration on 12 September facilitated this and, as a matter of fact, made it possible. It is for this reason more than anything else that these people are striving to cripple this policy. The rising cost of credit causes wailing in the industrial sector which is in the habit of making easy profits with cheap money.

But then again I don't remember a single time this sector did not wail...From those circles invariably rose screams of: "We are done for, we have been ruined..." and hefty profits were pocketed throughout. Even before the 24 January measures, when Turgut Ozal was not yet even the undersecretary in the primeministery, I remember asking my dear friend Ali Koeman and Mr Nejat Eczacibas: "Who has sold two of his five houses and one of his two cars and invested the proceeds in his troubled business?"

I suppose they too would recall my question.

Obviously this was not stated as a remedy. What would the proceeds from three houses and one car contribute to huge industrial establishments? This is the reflection of a mentality. Those who made money tried to adapt the conditions to their own ends rather than to undertake new endeavors or adapt to the new conditions to make money. Admittedly they have so far succeeded in this. By subjugating governments, they made the masses pay for their shortsightedness and the sins of their prodigality. They continued the perverted industrialization of Turkey. They never considered lowering costs, never favored competition in the world markets and wasted the opportunities presented to them with an "opportunist" mentality. It is because of this that, having drawn a blank in the domestic market, they are now encountering so much difficulty in rerouting their unsold goods to the world markets. Why and how would an industry with such a stockpile on hand increase its output in the same field, without rerouting [this stockpile] even if credit were made cheaper? Anyway, is it not obvious that their true desire is that the customs barriers should again be erected under this or that name permitting a return to the good old days?

To criticize the businessman's desire for profit is something akin to censuring the creative urge of the artist. The mission of administrations in this area is to combine the profitable with the beneficial. In its present state, Turkish industry can contribute very little to the Turkish economy. Undoubtedly this industry with its warped foundation should not be killed off, but to encourage it again would be a betrayal of the country. The direction of the Turkish industry has to be changed, it has to be diverted to the Turkish soil. The canals should flow in this direction. The water flowing in other directions should be diverted in this direction through erection of dams. Presently our industry is having

difficulty in funneling the products of the sector in question into Europe with all its high technology and rationalization, its vast experience, its settled markets and expert personnel. This is what lies at the bottom of the friction between the EEC countries and America today. Among many other things Europe is impressing this message on America: "Increase your aid to the third world so that they can buy our industrial products, otherwise we are done for, we are ruined..." To what extent and how can our industry compete in the very same field with the European industry even if the fight against inflation--the basic economic and social problem of Turkey--is eased up? How many refrigerators, buses and trucks will be sold; who will buy them; how much foreign exchange will be obtained? Especially when this industry is partially dependent on imports and imports substitutions are very costly...

The future of the Turkish industry is in the Turkish soil. This should now be clearly understood. It is now an absolute must that the industry should be directed towards this goal and that our businessmen should be encouraged in that field and discouraged in the others. These are the times for thinking seriously and world trends require it. No one could compete with a Turkish meat industry in the Middle East, or Near East. An export-oriented food industry can pour billions of dollars into the Turkish treasury. Just raising the standards of the carcasses to comply with the Meat and Fish Combine's simple norms and then transforming livestock exports to meat exports, merely increasing wheat exports and then changing this into exports of flour will by themselves create, first an economic and then an industrial explosion. Our mines and minerals, our marble await a strong comeback of domestic and foreign capital. What can save us from "begging from foreigners," as much as the foreigner himself, is to produce in the areas in which we have the advantage, and there is large potential for employment there. Only by not providing opportunities for easy profit can today's industry be pushed toward the soil. Because just like nature and politics the business world dislikes a vacuum. If the other doors close, it will fill this vacuum and will appreciate the profits in this field even more. This will stop the migration from the countryside into the cities and will even reverse it.

It is then that the profitable and the beneficial will have been combined in the Turkish economy. As for closing the other door, or leaving it as it is and opening this new one, this will only materialize if it takes the form of a decisive state policy.

9834
CSO: 4654/98

UYSAL EYES PRIVATE SECTOR IN PUBLIC ECONOMY

Istanbul MILLIYET in Turkish 10 Jul 81 p 11

[Nilgun Uysal column: "Word Addition"]

[Text] After all, one does not subtract and add with figures only...you can easily add up events and phenomena and deduct things.

If you wish, let us attempt such an experiment in a field where most of the fighting is done with figures, the field of "money," and proceed using "words" to calculate with.

Recently a prominent and powerful Turkish businessman and industrialist said "money is now a shirt of fire, we would like to war one, but it is not available."

Reading a study by Dinc Tayanc in Cumhuriyet, the general manager of a banking company is quoted as saying:

"Our industry, which was in the habit of working with credit at such low interest rates as to be practically free, was shocked when it suddenly had to face the real value of money. I am sure that most of them were unaware of the real cost of money and did not even bother to calculate it. Suddenly they were forced to pay its actual value."

Let us now have a brief look at an assessment by Oztin Akgue appearing in the July issue of the periodical "Banking and Economic Commentary:"

"Despite all attempts to draw optimistic pictures, it is a fact that many companies are in very difficult straits, and that their financial structure is deteriorating. Over 200 enterprises granted credit by the Industrial Development Bank, displayed a fiscal structure of 75 percent debt and 25 percent capital at the end of 1978. The possibility exists that this ratio may further deteriorate. The fact that their fiscal structure is very weak, leads to a highly exaggerated reflection of the interest burden in the nominal accounts.

Now place all these tiny "squares of assessment" one after the other, and process the short feature film on "money" which we have just produced in the following news item which appeared in the press in recent weeks.

"An enterprise producing high quality steel is requesting financial support from the public sector. This corporation which recently increased its capital from two billion to four billion observed that the "public share" which was 30 percent previously, had dropped to 10 percent and was unable to make up the deficit. Finally it appealed to the government informing them that it was open to any proposal to make up the deficit in question, with any funds supplied by the public sector. It is now waiting.

In other words, the corporation in question is consenting to opt for a "state enterprise" formula, provided that it retains the controlling share.

At first glance the incident appears very significant at a time when a transfer of the state enterprises to the private sector is being discussed.

However, this is not at all surprising, considering that the problem emerged in a field of heavy industry, and that heavy industry can only survive with heavy public support and protection in all developed and underdeveloped countries.

What is more surprising is how an item such as "the transfer of the state enterprises to the private sector" can be placed on the current agenda at a time when "money is so scarce and when it is clear that the financial structure of private enterprise has attained an extremely delicate balance. What is more, certain private sector representatives whose opinions were asked still defend the above position with surprising vigor.

When you put the requests placed on the agenda and the data pertaining to prevailing conditions together, you find out that what is introduced in Turkey as "desirable" are still not put through the test of "feasibility." As for the thrust of the private sector's argument, it is that: "Since the private sector also manufactures cotton fabrics, why should the state enterprises be needed to manufacture in the same field? Rather than sharing the market, would it not be better to control it all by ourselves?

Surely it would be a nice thing, however...

"Today" is not "yesterday" where one could work with interest rates at rock bottom levels.

9834
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HIGH INTEREST PROMPTS MORE RATIONAL BUSINESS

Istanbul MILLIYET in Turkish 11 Jul 81 p 11

[Text] The current interest rate policy--if backed by the necessary guarantees--allegedly favors depositors and compels companies to function more rationally.

Ozcan Ozkan, general manager of MENTAS, Securities Inc., referred to the fact that interest rates, deregulated in mid 1980 as a result of the 24 January stability measures materialize at comparatively higher rates in the capital market sector and said the following about the interest rate race:

"While the banks fixed the interest rates based on an agreement between themselves, the money market enterprises did not adopt such an arrangement instead offering higher interest rates than the banks according to prevailing conditions. Today's current rates labeled as an "interest rate race" should in reality be regarded as paying the depositor the real value for his accumulated savings, cheaply exploited for years. If supported by the necessary guarantees, they represent a development in favor of the depositor. The depositor who was unable to protect his savings against the high inflation rate is today able to beat the inflation thanks to the prevailing rates. Consequently, when the cost of financing rose, the cost of borrowing rose proprtionately, however this development appeared as a factor prompting enterprises to more rational functioning. These businesses now feel the need to study the cost more meticulously when applying for outside financing."

Ozcan Ozkan pointed out that "the high interest rates, which appear to be necessitated by prevailing economic conditions, will return to normal levels following the economy's return to normal and the fall in the rate of inflation." He continued as follows: "As long as there is a demand for high-cost credit and bonds, the depositor will continue to benefit from this. In a way, whether the depositor's high revenues will be sustained will depend on the demand by the enterprises, for a high proportion of external financing. Therefore the whole question revolves on establishing for how long the aforementioned demand will continue. When domestic demand was curbed as a result of the 24 January measures, those enterprises with no inclination for becoming active in exports, were obliged to turn to foreign markets in order to survive. These developments give the impression that high cost outside financing will continue for some time to come."

Ozcan Ozkan said that when purchasing bonds, the depositors should carefully select the enterprise whose bonds they will buy, and study the solvency of the enterprise to guarantee their investment. He added: "This, however, is not sufficient either. Since these bonds or bank certificates have a maturity period, early withdrawal before maturity can only be affected through the intermediary capital market enterprises on whose solvency this transaction will depend. Therefore it is necessary to pay particular attention to the financial strength and experience of the intermediary enterprises when investing. Ozcan Ozkan went on to add that "disputes between bankers are common in every sector where competition is prevalent and that it will result in an improvement in service from the standpoint of the enterprises."

9834
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TURKISH WORKERS IN LIBYA WANT FINANCIAL INSTITUTION

Istanbul CUMHURIYET in Turkish 29 Jun 81 pp 1, 7

[Text] NEWS CENTER--All Turkish workers employed in Libya have one common desire: a Turkish bank in Libya or at least a Turkish-Libyan bank.

The minimum wage in Libya is 100 dinars (computed against the dollar rate in Libya, 1 dinar is approximately 330 liras, but according to the official rate in Turkey, 1 dinar is 160 liras). The wages our workers make usually vary between 100 and 300 dinars, depending on their skills (33,000-100,000 Turkish liras), depending on their skills, but there are many Turkish workers who make only 100 dinars.

Turkish laborers' complaints are practically identical. And they know that they can do nothing individually. They want the state to take action to get something done.

Libyan state firms usually employ workers at minimum wage (100 dinars/30,000 liras). After deduction of the 8-dinar tax called "dirayip" and living expenses, there is not enough left to make working outside Turkey worthwhile. These workers are the ones who complain most about their situation. Our workers employed by the large Turkish firms and Italina, French and German firms, especially skilled workers, are happy with the wages they receive.

Our workers also complain about not receiving their letters of recommendation, which they call "shorts," saying, "The company is supposed to give us short rights when we complete our 1-year contract, but some companies don't. The foreign companies usually do. We cannot change jobs unless we get it. If we insist, they fire us, and then they won't give us our depreciation. According to the contract, they are supposed to give us depreciation rights equalling 1 month's wages for each year."

Transfer Problem

The complaint heard most is about the problems they encounter when they try to send money to Turkey. This stems from three basic reasons: a) Certain companies fail to deposit taxes deducted from wages, or workers employed at low wages have no transfer rights because they are not given residency permits as a means of keeping them on the job, b) Lengthy bureaucratic procedures 1, 2 or even 3 months), [c)] Also, many companies again fail to show extra wages earned for various reasons in their records and this makes it impossible to transfer these earnings. This is upsetting for our citizens who want to send money home for savings or for the needs of their families back home.

Leaving and Illegal Workers

Workers who are fired or quit their jobs cannot return to Turkey immediately. Procedures take at least 20 to 30 days.

8349
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CHANGES MADE IN PUBLIC HOUSING BILL

Istanbul CUMHURIYET in Turkish 29 Jun 81 pp 1, 7

[Text] Ankara (ANKARA AGENCY)--The National Security Council [NSC] did not like the government's public housing bill and has drawn up a new one to replace it.

The proposal went to the council over the signature of Gendarmerie General Commander and NSC member General Sedat Celasun and discussion of it began in the NSC.

The NSC approved all but articles 5, 7, 9, 29 and 34 of the proposal, which contains 36 articles including the provisional ones. Article 5 on nationalization, article 7 on consolidation, division and similar procedures, article 9 on construction procedures, article 29 on oversight of the Public Housing Fund and article 34 on legal provisions which would not be applied were sent back to the specialized committee for rewriting.

The NSC is expected to discuss these five articles of the draft Public Housing Law in its meeting Wednesday and to approve the text.

The draft aims to enable "low and mid-income groups" to become homeowners in accordance with their ability to pay. The draft envisages establishment of a "Public Housing Fund" for the construction of public housing and provides for public housing to be built by state social security agencies and the private sector. In this context, according to the draft which contains provisions to prevent land speculation, the maximum size for public housing is 100 m^2 gross, and smaller housing in less populous areas will have long terms and low interest.

According to the draft drawn up by Gendarmerie General Commander and NSC member Gen Sedat Celasun, contracts will be awarded for the construction of public housing.

The draft law provides for the construction to be done by the contractor, public establishments, cooperative unions or social security agencies selected as the result of contracts awarded by the Reconstruction and Resettlement Ministry for the building of public housing.

According to the draft law, the land on which public housing will be built will be subdivided by the Reconstruction and Resettlement Ministry and infrastructure construction will be awarded to public establishments by protocols or to contractors by contract. In "priority" situations, infrastructure and superstructure will be awarded to the same organization. Contracts will offer an option as they will be

awarded "by accepting bids on the basis of unit price or price at delivery of the key." Multiple-unit housing will be contracted individually in lots of no less than 200 units. However, cooperatives, cooperative unions and social security agencies may subcontract or have the housing built by construction companies they establish themselves.

"Public Housing Fund"

The draft law envisages formation of a "Public Housing Fund" at the Turkish Real Estate Credit Bank for realization of the projected housing.

In accordance with the draft law, not less than 12 percent of the Public Housing Fund will be allocated for nationalization of land and lots, not less than 80 percent for all projected infrastructure and superstructure services related to the public housing projects and construction affairs, not more than 5 percent for construction companies to be established in connection with public housing construction and not more than 3 percent for research.

Encouragement Premium

The draft law provides, as to "service warranties," for the initial awarding of guaranteed advances and discounts and of an "early completion premium" for jobs completed ahead of schedule. The daily amount of these concessions will not exceed "1.5 times the daily amount of the late penalty, nor the total amount, 3 percent of the contract cost." Cooperatives, cooperative unions and social security agencies will pay the money themselves for the public housing-related projects in which they invest. Money to be given to these organizations from the fund will be designated by directive.

Housing Costs and Payment Conditions

"Approximate building costs" computed separately by size for the public housing for which contracts are awarded will be reported to the bank concerned. Those who wish to buy homes in these developments will apply to the bank with documents showing that they qualify as "rightful owners," stating the size of the unit, and will open a "building savings account." Citizens "who open building savings accounts" will deposit in their savings accounts within 3 years 20 percent of the "approximate building cost" for housing up to a gross 85 m^2 in residential districts with a population not exceeding 500,000, and 25 percent of the "approximate building cost" for housing between 85 m^2 and 100 m^2 gross. However, the amount deposited in the account in any year cannot be less than 25 percent of the amount to be deposited over the 3 years. These amounts, moreover, will increase by 2 percent in residential districts with population in excess of 500,000. Cooperatives, cooperative unions and social security agencies will have priority in payments made from the fund. Moreover, those who pay 75 percent of the "approximate building cost" within 2 years will benefit from the encouragement premium.

Freehold Transfer Impossible Before 10 Years

The draft law provides for rightful owners to sell their homes for cash or on installment. Sellers may not transfer ownership for 10 years. The public Housing Fund will cover 80 percent of the housing cost, with the amount to be financed over 20

years at not less than 5 percent interest. Interest on the "savings accounts" will be paid at a rate to be proposed by the Central Bank, approved by the Supreme Council on Public Housing and ratified by the Council of Ministers. Interest on houses between 75 m^2 and 85 m^2 will be 5 percent, 1 percent will be added for each 5 m^2 in excess of 85 m^2 and 1 year will be dropped from the payment terms. No credit at all will be given on houses larger than 100 m^2 gross.

Also, credit interest will be raised 2 percent for public housing projects in residential districts with more than 500,000 population and payment terms will be reduced 2 years.

The draft also provides for the formation of a Supreme Council on Public Housing to be headed by the prime minister or a deputy prime minister to be assigned and the members of which will be the ministers of national defense, internal affairs, finance, public works, agriculture and forestry, industry and technology, energy and natural resources, reconstruction and resettlement, village affairs and cooperatives and social security.

To benefit from public housing, one must be in the "low- and medium-" income groups according to criteria to be specially determined. Moreover, housing will apply only to oneself, spouse and resident children.

8349
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PRICE FIXING IN AGRARIAN SECTOR EYED

Ankara ARAYIS in Turkish 4 Jul 81 pp 25-26

[Text] Agriculture plays an important role in our economy from the standpoint of feeding ourselves, exports and providing the raw material for a large part of industry.

On the other hand, total investment spending on the agrarian sector in the development plans is not at a level to ensure the growth envisaged in agriculture.

In our country, 58 percent of the population is rural, while 38 percent of the rural population makes a living from agricultural production. However, those employed in this sector get only one-fifth as much of the national income as those employed outside agriculture.

The number of landless families living in rural areas is gradually increasing. In fact, landless families comprised 9 percent of all village families in 1963, a number which has risen to 25 percent today.

These are the reasons compelling our villagers to migrate to the cities.

These defects in the structure of agriculture, failure to organize the agriculture sector so as to provide adequate representation of the peasants, lagging technology, inadequate credit and high interest rates, inconvenient marketing conditions and dependence on the weather have long persisted as the principal stumbling blocks to obtaining high quality produce and high yields.

This situation leads to a per capita income for farmers which lags far behind the other sectors.

The failure to put an agricultural production plan based on scientific and technical data into effect in our country and structural irregularities in price policy lead to fluctuations in the amount and content of production from year to year.

It is still the farmer who is hurt worst by this situation which leads to occasional shortages or surpluses in particular produce.

State Support Needed

All of these are reasons why state support of the agricultural sector is necessary and obligatory.

Agricultural support is a means of achieving specific goals. And the basic goals of support should be to guide production, to raise and regularize farmer income, to increase export revenues, to meet the needs of domestic consumption and to introduce convenient marketing conditions.

In order that a support system might be implemented which would be valid from the standpoint of the producer, the consumer and exportation, it is necessary to take measures which have the effect of raising production, lowering costs, conserving resources and providing competitive strength.

For this purpose, inputs such as fertilizer, pesticides, machinery, seed and breeding stock must get to the farmers at suitable prices, in adequate amounts and on time.

Moreover, matters such as protection and development of production resources, teaching modern agricultural techniques to farmers and organizing farmers by way of cooperatives should be taken up and implemented with priority.

The timing of support price announcements is an important factor from the standpoint of pushing farmers toward the products needed. Failure to take alternative products into account in setting prices and to announce prices on time in 1976 and 1977 caused the reduction of sunflower crops and led to a bottleneck in vegetable oil production in our country.

Products which come under support must be selected on the basis of such criteria as importance in the diet, export potential, effect on income distribution and alternative products.

There are approximately 23 products under support today. It is impossible to say that they were all chosen wisely. It would be to the benefit of the producer, the consumer and the economy as a whole to reevaluate this policy realistically.

Criteria which should be borne in mind for setting prices should include such factors as price relationships, demand price, artificial price, links with foreign markets, variety, quality and cost.

Values paid for support products should reach the actual producer.

Producer and Investment

The Soil Products Office had a projected wheat purchase in 1980 of 4 million tons, but was able to buy only 1.6 million tons from the producers. Because of this, wheat which middlemen had bought from the farmers during the summer for a little over 10 liras soon rose to 20 liras, and the unfair earnings of between 20 billion and 30 billion liras went to others instead of to the farmers. In addition, bread prices rose, hurting the consumer as well.

However, with better organization, at least some of these billions of liras paid every year could be directed into profitable investments.

Prices of inputs which can raise production and yield such as fertilizer, pesticides, seed and agricultural equipment have gone up significantly since the beginning of 1980.

While use of these inputs was already very low in our country as compared to the advanced nations, now it is practically nonexistent.

Under these circumstances, our nation can be expected to come face to face with a production depression in all agricultural products in 1981.

Reducing spiraling input prices to a level where farmers can buy and getting these inputs to the farmers on time bear great importance for this reason.

In this way, reviving input use and ensuring the rapid spread of technology will raise yields and, therefore, farmers' incomes.

Finally, the national interests must be borne in mind as a whole. While evaluating existing opportunities for our products on foreign markets, the Turkish farmer-peasant, who works hard to produce under very difficult conditions here, must be given a fair shake in return for his labor.

8349
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FOREIGN MINISTER ON AFRICA TIES, COOPERATION

PM171529 Brussels LE SOIR in French 7 Aug 81 p 3

[Interview with Belgian Foreign Minister Charles-Ferdinand Nothomb by Etienne Ugeux: "Mr Nothomb Assesses our African Policy"--date and place not given]

[Text] Before the "vacation," Foreign Minister Charles-Ferdinand Nothomb assessed for us the state of our country's African policy.

Mr Nothomb recently visited Africa, going to the three countries and which have preferential relations with Belgium (Zaire, Burundi and Rwanda) and which share, he recalled, a bilateral cooperation which particularly takes the form of BF6 billion, of which two-thirds go to Zaire.

"By a fortunate coincidence," the minister added, "after my visit to Burundi and Rwanda, my trip ended in Zaire on the occasion of the first session of the Belgian-Zairian grand commission. The second session took place in the presence of Development Cooperation Minister Coens."

Mr Nothomb made two observations in both Burundi and Rwanda. First he was struck by the scale of regional cooperation with Uganda, Tanzania and Zaira. Second, he was full alerted to the consequences which the fall in the price of a raw material (in this case coffee) can have. This can counter all the effort Belgium might make in countries which are among the poorest in the world.

Mr Nothomb also stressed the need for Belgium to diversify its cooperation in Africa as a whole, both east and west, without forgetting southern Africa. He recalled that he had visited Nigeria and Senegal while the development cooperation minister visited Mozambique, Zimbabwe and Kenya. Mr Nothomb also had meetings with his counterparts from Mozamibque, Botswana, Ethiopia, the Ivory Coast, Congo and Angola. Mr Nothomb stressed that Belgium condemned South Africa's raids on this last country and that the government was supporting the action taken by the group of five in favor of Namibia's independence.

"I recall," he said, "that Mr Simonet, my predecessor, was the first 'Western' minister to visit Luanda after the installation of Dr Neto's government."

Mr. Nothomb also specified that there were 55,000 Belgians in Africa, including around 20,000 in Zaire, Rwanda and Burundi. The remainder are divided mainly among

13 other countries, with 1,700 in the Ivory Coast, 350 in Nigeria, 500 in Senegal, 320 in Cameroon, 300 in Gabon and so forth.

Trade with Africa, although relatively small, is important. It represents 4 percent of our exports and 5 percent of our imports.

Zairian National in Belgium

With regard to the state of relations with Zaire, Mr Nothomb said they are normal and stable although they sometimes require frank explanations, especially regarding the problems of free speech for Zairian nationals in Belgium.

In this connection at the beginning of July the Belgian Government clearly condemned statements by Zairian nationals "which, in some cases, might be interpreted as calls for violence and subversion and which hence constitute an abuse of the traditional hospitality Belgium offers to citizens of all countries."

Is there any need to recall, the minister stressed, that the government is determined to enfoce these laws?

"Since then interviews have appeared in the press. Their number and repetition characterizes them as systematic political action from which I, in my capacity as foreign minister, can only dissociate myself clearly. It goes without saying that the complete press freedom in our country in no way implies that the Belgian Government permits or approves of what is published.

"Moreover I do not wish to concern myself with Zairian domestic policy, and our government is pursuing its traditional policy with the various countries and governments by respecting the sovereignty and legality of the countries concerned and practicing noninterference."

CSO: 3100/914

LIBERALS' JEAN GOL ON POSSIBLE ELECTION, NEW COALITION

Brussels LA LIBRE BELGIQUE in French 5 Aug 81 p 3

[Interview with Jean Gol, president of the PRL [Party of Liberty and Reform], date and place not specified, by G. Dz.]

> [Text] The final president to express himself in our columns on the eve (?) of government's "final" budget decisions, Mr Jean Gol no longer has faith in the ability of the so-called Eyskens team. But we asked him--on the off chance....--about possible pre- and post-election prospects, and about a change in the government coalition which he does not see unless there is a new coalition bringing together the Liberals and the Social Christians.

[Question] The Eyskens government has launched its most recent budget outline. Do you think a solution is possible...one that respects the reality of the figures?

[Answer] No one thinks that the Eyskens government, in its winded condition and in the last few meters before it founders, could design the reforms indispensable for our public finances and our economy. Especially since there are no technical solutions to our budgetary problems. We need a new political vision. We need a fundamental change.

The state is intervening more and more, everywhere, and indiscriminately. It is strangling the economy and individual initiative. It is this abusive interventionism which is responsible both for a growing deficit and for an insidious change in the society. How could the present coalition, influenced by ideologues who continue to pursue the illusion that the crisis must be fought by growing state intervention, strip the fat off the state?

Moreover, the state is no longer being governed. It is colonized by pressure groups of every kind who, without assuming the responsiblity for it, drain off continually growing expenses to feed the bureaucracies that these pressure groups run and toward the clientele that they control.

How could that coalition, which is held together by the pressure groups that form its keystone, especially the labor unions, reduce their power and ignore their mandates?

The government parties cannot agree on how to reduce the deficit. Their views on the type of economies to be made are irreconciliable. Moreover, some of them do not want to make real economies, because they are afraid of the upcoming elections.

So, if they do the budget, they will reach a cunning agreement to play games with the figures and avoid any substantive cutting. They will probably also agree to levy new taxes. Give money to the taxpayer: that is the facile solution. It is also one step more toward disaster...

[Question] Every party in the majority has made budgetary proposals. The PRL, in the opposition, certainly has some suggestions to make, too...

[Answer] As we tirelessly reiterate, as the Central Economic Council has confirmed, we must move toward a systematic examination of expenditures. Each expenditure must be justified from a zero-base, determined if it would be justified were it occurring for the first time now in 1981, in the midst of crisis. Substantial savings could be realized.

We have a plan calling for more than 100 billion [Belgian Fr] in cuts. It would be impossible to detail it here. But, as an example, we must have the courage to reduce excessive administration as well as the 130 para-statal entities and the 430 committees renewed by the ministries. To apply the techniques of the private sector to Sabena and the railroads. To reduce costly and ineffective subsidies to poorly run industries. To realize substantial savings in the social security sector; not only to ferret out abuses but also to correct a situation which might be acceptable in an era of great prosperity but which has become ruinous when even essentials are having to be cut.

We must also have the courage to review, temporarily, the modalities of application of the index, while still contributing to the compensation of those with the lowest incomes, in order not to correspondingly aggravate their condition in the crisis.

But we must also lighten the burdens of industry, cut down on the constraints which weigh on them, and launch a bold plan to give jobs to young people (we propose to provide an industry which employs a youth over and above its existing payroll with the total unemployment allocation it would have had to pay on behalf of the youth). For only the economy's recovery can permanently reestablish budgetary balance.

[Question] One observation, though it may be bitter. The general public increasingly has doubts about the political class and its credibility...

[Answer] In fact, one hears this said often. It is a little too simple. In October 1980, the liberals unhesitatingly renounced their ministerial portfolios rather than be the accomplices to a policy that they knew was disastrous. The facts showed they were right. They saw clearly. Martens III (with liberal participation) reduced overall taxes by 20 billion. The two following governments, without the liberals, increased them 40 billion over the same period of time.

[Question] Will elections be obligatory in case there is a government crisis in the coming days or in September?

[Answer] We want a real change of policy. Which is only possible if the will to change has been given the legitimacy of popular support. It is similarly impossible to take serious steps which change implies with partners whose eye is fixed permanently on an upcoming election.

[Question] But a new majority could be put in place before the new elections normally scheduled for spring 1983...

[Answer] To go to the heart of the matter, we must have elections behind us!

[Question] With the risk that they will not change the majority?

[Answer] Only a Liberal win in the next elections could bring about a change of coalition, of government, and of policy. In fact, if the Socialists and the Christian Socialists are not severely beaten, they will renew their alliance dominated by the trade unions. The same policy will continue. Small parties promise other things. But, even if they win, they will never amount to much in the new parliament. They will not carry any weight on the question of the make-up of the government. The same PS-PSC [Flemish Socialist Party-Christian Social Party] coalition and the same policy dominated by the trade unions will continue. If one really wants change today, one will thus have to strengthen the liberals.

[Question] You talk a lot about change and a change in government coalition. But why do you turn more toward the Christian Socialists than toward the Socialists?

[Answer] To tell the truth, a real change in coalition assumes that the Christian Socialists are in the opposition, for they have been in every government for the last 23 years (the same players continue in power as were in the former French majority). However, to get a socialist-liberal alternative under way would require the Socialists to be more like the German social-democrats, to have a real desire to reform the finances of the state, not to do whatever the trade unions fancy, and to be willing to renovate the political system. In all of these areas, the socialists today appear to be arch-conservatives. So....

9516
CSO: 3100/899

CSU'S STRAUSS, MAIER SETTLE DISPUTE

Bonn DIE WELT in German 24 Jul 81 p 3

[Article by Peter Schmalz: "Compromise Achieved in Munich Cabinet"]

[Text] Munich--Even Loriot could hardly have sketched a better scene: Following several hours of critical talks tete-a-tete, Minister for Culture Hans Maier announced to the waiting journalists: "I did not apologize." A few minutes later CSU Spokesman Godel Rosenberg appeared, stating in the name of Party Chairman Franz Josef Strauss: "As far as he is concerned, the apology--such as it was--settled the matter."

The wide variety of possible interpretations of a conversation that has as few witnesses as possible was also reflected in yesterday's headlines of Munich's morning papers. Whereas the TZ reported that "the minister for culture is not retracting anything," the ABENDZEITUNG stated conclusively: "Maier gives in." Thus, the purpose of the meeting has been accomplished: At least for the time being, the conflict has been settled and each one of the two parties involved can present a version that seems to suit its own purpose.

The five-point communique that was subsequently circulated adheres to these rules of the game. It contains a statement by Maier in which he emphasizes that he "had had no intention of snubbing the minister president and party chairman and being disloyal to his own party." And does it not sound like an apology when Maier admits in his next sentence: "He would regret it very much if this impression had arisen somewhere?"

'Room for Both'

In addition: Maier, whose column in the MUENCHNER MERKUR had caused the controversy within the party leadership, pledged to stand "united with all members of the CSU against public attacks on the party chairman, regardless of where it originated."

While Maier told journalists that the CSU was "certainly" a large enough party "to provide room for both of us," it is well known that in recent days the political fate of Bavaria's minister for culture has been hanging in the balance.

When Maier's column appeared on Tuesday, Strauss summoned the CSU presidium to a secret session in the state chancellery. Maier's conduct was unanimously condemned. The minister himself did not find out about it till the cabinet session that followed. All government officials were asked to leave. A violent altercation ensued between the minister president and the minister for culture. None of the cabinet colleagues supported Maier. Strauss demanded an apology or his resignation. To be sure, Maier rejected both, although he later admitted that he had seriously considered to resign. Nevertheless: "Friends within the party and in the Landtag urged me very much to stay."

Education-Foreign Minister

It appears uncertain, however, how long he will remain in the cabinet circle. The minister's MERKUR column served only to precipitate the eruption of the conflict.

Strauss is pressing for an urgent reform on the college level, but the minister is blocking everything. Strauss is annoyed about the fact that the ministry brought discredit on the CSU with its rules concerning absenteeism in secondary schools and the tuition fees for loafing students. And he reacted more or less violently when he found out about the facts surrounding the general management of three Munich state theaters. Party friends are making fun of the minister who cannot put his house in order; yet, publicly he is still considered the best conservative education politician: "An outstanding education-foreign minister."

Maier is facing difficult times. Following the parliamentary summer break, the Bavarian education and instruction law will have to be discussed. If he wants to last until the Landtag election in the fall of 1982, Maier cannot afford another conflict with the party leadership.

8991
CSO: 3103/404

LAJOINIE: DEPUTY, PCF MEMBER ACTIVITY; TAXES, ARMS NEGOTIATIONS

Paris REVOLUTION in French 17-23 Jun 81 pp 6-7

[Interview with Andre Lajoinie, member of PCF Politburo and leader of PCF group in National Assembly, by D. Calderon; date and place not given]

[Text] [Question] The Communist Party has expressed its determination to play a full role in the renewal task ahead, a task that initially appears to be more difficult in Parliament because it has fewer deputies there.

[Answer] That is due, first of all, to the unfairness of the election law. It is also due -- and we do not conceal it -- to the fact that we won only 16.2 percent of the votes. Our Central Committee analyzed it and we said that this weakening would not help the conditions for change.

In Parliament, the disadvantage is all the greater because, as part of the majority, our tasks are now also much greater than in the past. We are the second-ranking group in the majority and our role is therefore considerable, even if the socialist group has the absolute majority. I would even say because it has the absolute majority. This parliamentary arithmetic does not correspond to the political arithmetic of the country. The situation is in fact marked by a double characteristic: The reduced number of the Communist Party's members of Parliament and votes in the country is a limiting factor for change. At the same time, this limitation, which helps the growth of the Socialist Party -- real, it is true, but out of proportion to its national percentage -- does not express the true disposition of forces in the country. That disposition is better reflected by the presence of communist ministers in the government. But while we can do a great deal, it is not only through that presence, for we are a great political force and as we said to our Central Committee, we are resolutely oriented toward the resurgence of our influence.

This will come about through the application of our correct strategy of democratic progress toward socialism for France and through the positive and constructive attitude with which we face the new situation, since it has been created.

[Question] How will that attitude be expressed in the Assembly? Is it not set in advance, through the very framework of the PS-PC agreement?

[Answer] Precisely. We want to apply the agreement concluded completely, seeing that the promises made are kept. This would be something completely new in French political life. With the reactionary attitude of management, one can see that

things do not move by themselves. The French people must fight and it would be a very great thing if, with the action of the Communist Party by their side, the commitments made were kept. Our action was decisive for the election of the new president, it was decisive for the election of a leftist majority and it will be decisive in seeing that the commitments for which the French people voted are kept.

[Question] Does that not relegate the Communist Party to a secondary role, that of ensuring the fulfillment of promises?

[Answer] In the current phase, I believe that the fulfillment of promises is in fact the essential question and it does not relegate us to a limited or limiting type of activity. First of all, it is essential that we wage the action needed so that this advance which was promised -- one that is insufficient, in our opinion, but it is the French people who made the choice and we respect it -- comes about. It has not yet. Second, we are for a democratic path to a type of socialism that is itself democratic, gained by stages, a series of limited advances, the very ones we must guarantee. They will constitute a base from which we may go further when the French people so decide: The 23d Congress is for that.

[Question] That contradicts the notion spread against us to the effect that we went into the government by abandoning our identity in order to rally to a policy that is not our own, as if we were strangers to the objectives and even limited prospects that led to the victory of the people's movement.

[Answer] They go back to the action we have waged for over 20 years. To refer only to the pledges just announced to the Assembly by Pierre Mauroy, it would be a grave mistake to think that we are there for nothing. Management, which is in a good position, makes no mistake about it. In the objectives of the government, we find the results of battles that the Communist Party has waged for years and years in a whole series of domains: the nationalizations, naturally, whose extent one can debate -- we would have them broader -- but we shall discuss in Parliament the terms of application so that they will not lead, as Pierre Mauroy said, to state control. Rather, they must have a democratic content by virtue of the role and responsibilities workers will have at all levels. One can take other examples: What Pierre Mauroy said about the country's energy supply is, in certain aspects, strongly influenced by what we have never ceased saying, aspects that are even in contradiction with a whole series of promises and statments casually made throughout the election campaign. It is clear for the nuclear program. Let us also take the case of immigration. We find in it today some positions that are our own, that we were the first to present despite charges of falsification and in the fact of insults. I could go on. No one can deny that our proposals mark governmental action and we shall continue in that direction, not only because there are communist ministers in the government, but because we are going to continue to wage action in the country.

And there are differences. On the nuclear balance in Europe, Pierre Mauroy, taking up the statements of the president of the republic, who went much further than what had previously been said, proposes the search for balance through a preliminary phase of increasing arms. Our position is well-known. It is expressed in the PS-PC agreement. We say that we must seek a balance through negotiations and through a reduction in arms.

[Question] But specifically, how are the communist deputies going to proceed?

[Answer] We shall have a double criteria for exercising our constitutional rights: the right to propose laws and amendments, but also the right to oversee and criticize. One must therefore speak of duties. First of all, we shall only propose that which is possible, that which can be accepted, that which is feasible. We shall not seek grandiose ends. Second, we shall make proposals that correspond to very important social needs. I repeat, we wish to be positive and constructive so that there will be changes, so that commitments will be kept, so that the contents of the PS-PC agreement are applied.

I would take the example of the increase in the government tax on fuel of 6 centimes per liter. That is not a trifle. It goes against the guidelines proclaimed by Francois Mitterrand himself, which are to boost consumption and fight inflation. The increase in this domestic tax actually boosts inflation because of the increase in the cost of a liter of gas and checks mass consumption and the workers' purchasing power, for we know how much of their budget goes for fuel for commuting. Consequently, the increase is contrary to the stimulation of consumption in order to create jobs. We propose that the receipts from the increase in this tax -- 900 million francs -- be collected in another manner: by sparing the consumer and by imposing a 1-percent tax on the turnover of foreign oil companies. Why? First of all, because they escape the tax. Everyone knows this. Great profits get out through the parent companies, which bill their subsidiaries for oil at a price far above the actual price. The subsidiaries can then declare ridiculously low profits in France and sometimes do not even pay taxes. This is clear when one compares with national companies, which cannot resort to this manipulation of figures and which therefore have to pay taxes. One therefore has but to decide that the tax collector will have the power to adjust the profit accounts of these companies as it does for the other companies, for merchants, within the framework of its routine auditing activities. Parliament has the power to do so. Second, the overall budget worsens this distorsion between between foreign and French oil companies because only the latter are affected by the creation of the additional tax.

[Question] In acting as a representative speaking on behalf of, in the place of, the voters, is the communist deputy not somewhat at odds with the self-management policy of his party?

[Answer] The electoral procedure consisting of relieving oneself of all responsibility by delegating powers to an elected official stems from a French tradition two Parliament centuries old. Particularly at the municipal level, the people vote and tell the elected officials: "Do your best; we shall draw up the accounts in 5 years." That is not our concept and we fight it vigorously. When they ask us in the enterprises or the living compounds to do such and such a thing, we say that we will, but we add: "It is also up to you to play, to act for change." It is a difficult thing not to use the "Elect me; I will do the rest." This only emphasizes the importance of the activity of communists everywhere in the enterprises and regions, in mass organizations, so that the people will reflect, draw up their proposals, act, participate, organize their lives and the affairs that concern them. The deputy can only be one element in this effort. We shall do eve everything possible so that he will not be a notable in the Third Republic, Fourth Republic or Fifth Republic style, for in that area, the republics all resemble one another.

11,464
CSO: 3100/892

COMMENTS ON 'NEW STYLE' IN DEFENSE POLICY

Paris DEFENSE NATIONALE in French Aug-Sep 81 pp 154-155

[Commentary by Gerard Vaillant: "New Style in Defense Policy: a Change with Continuity?"]

[Text] As a result of the Socialist Party's victory in this June's elections, [Prime Minister] Mauroy's government has a majority in the National Assembly, thereby giving it complete freedom of action to implement its defense policy views. Does this mean that change will prevail over continuity in defense policy? Or vice versa? The initial measures taken by the government offer no clews enabling us to answer this question with any certainty. At best, we would be inclined to say that for the moment we have change combined with continuity.

One of the new defense minister's first actions was to authorize draftees two free trips home to enable them to fulfill their obligations as citizens during the elections. I was going to say as "citizen soldiers," to use the title of a book published some time ago by Charles Hernu and in which he outlined his views on defense policy, views he has no intention of renouncing, as he clearly reminded reporters at this 10 June press conference.

Among the initial measures taken by the new defense minister, we shall first mention those by which he intends to settle old matters in dispute:

a. Reexamination of the Larzac [military reservation] case and halting the expansion of that training facility in order to move toward a negotiated solution, measures that were viewed more favorably by environmentalists than by the military who are concerned about the training of mechanized and armored units;

b. Revocation of punishments and participation in the drafting of the amnesty law, an understandable gesture of appeasement at the beginning of a new president's 7-year term;

c. Reversion to executive orders on wage scales in government arsenals. As a result, these wages will be pegged [indexed], as in the past, to those of metalworkers in the Paris area. Another measure that arsenal workers will likewise favorably welcome is the deferment of the decision to manufacture part of the new FAMAS automatic rifles in the Manurhin company's plants;

d. In more general fashion, officials in the Ministry of Defense point to "reestablishment" of the dialogue with military personnel as well as with the labor unions. In this connection, mention must be made of the defense minister's talks with the unions and the 24 June meeting of the High Council on Military Service. Although Charles Hernu is demonstrably willing to engage in such dialogue, he does not, however, seem prepared to yield to possible demagogic pressures that are likely to impair military command authority and armed forces discipline. During his participation in the 22 May 1981 televised discussion in connection with the showing of the motion picture on [General] Patton, he made it quite clear that he would not permit the formation of soldiers committees. On the other hand, he will ensure proper functioning of the already existing regimental commissions through which draftees have a role in the efficient operation of such activities directly affecting them as unit messes, service clubs, recreational facilities, etc.

Among those measures which marked the new defense minister's first actions, mention must also be made of the fact that at the 10 June cabinet meeting he obtained part of the 50,000 new civil service jobs created by the government, namely 1,000 additional gendarme positions, including 120 for women plus 10 social workers. He has also initiated various measures affecting the gendarmerie's organization and regulations: creation of a lieutenant general's position and an additional brigadier general's position, a future change in the uniform of gendarmerie general officers, and an easing of the basic regulations so as to authorize gendarmes 4 weeks of leave per year and 48 off-duty hours each week.

It was likewise upon the defense minister's recommendation that the 14th of July celebrations were decentralized and held in cities housing the headquarters of the six military regions, as well as in Marseille and Strasbourg. An equally symbolic gesture was the fact that a certain number of draftees and noncommissioned officers were invited to the reception given by the President of the Republic after the 14th of July parade.

Other measures under study include abolition of the armed forces permanent courts which, according to sources close to the defense minister, should be replaced by special civil jurisdictions under the Ministry of Justice and whose powers would be limited to strictly military offenses, while those other offenses currently tried by military courts will henceforth be the responsibility of common law jurisdictions.

Also noteworthy is the fact that while the President of the Republic did visit a Paris Air Show from which weapons had been banned, the prime minister, when speaking at the closing of that same show, did comment as follows about tactical missiles and weapon systems: "The success of our current programs commits us to continue our efforts in cooperation with other European countries, or in the absence of such cooperation, on a national level." He then added that "the French aerospace industry's primary objective should be to produce the equipment required to guarantee our country an independent defense." To all appearances, these remarks were widely approved. The same is no doubt true about Charles Hernu's remarks during the televised discussion mentioned above, remarks in which he said he favored construction of two additional missile-launching nuclear-powered submarines (SNLE's). Charles Hernu also visited the Satory exhibition [of modern army weapons and equipment] where he asserted: "Though we firmly support all possible world disarmament, that disarmament cannot be concomitant with lesser security for France, and the materiel we have been able to see in this exhibition can satisfy all the requirements of a modern army."

Hence, symbols of change do coexist for the moment with such signs of continuity as, for example, the visit to the Taverny [underground headquarters of the Strategic Air Force] by the President of the Republic accompanied by Charles Hernu.

The real decisions and choices are still to come. As explained in a previous article, preparation of the 1982 defense budget and, a fortiori, preparation of the military programming law scheduled to replace in 1983 the law passed in 1976 and expiring at the end of 1982, should clearly show what the defense policy will be during the new presidential 7-year term.

8041
CSO: 3100/901

NEW DEMOCRACY PARTY PLATFORM ANALYZED

Athens ELEVTHEROTYPIA in Greek 21 Jul 81 p 4

[Article by G. Massavetas: "The Eleven ND Promises..."]

[Text] The "platform" with the 11 points made public by the New Democracy could be treated as a...delightful document(!) if it were not an insult to the intelligence of the average Greek.

Let us see point by point the eleven "Grand Promises" of the New Democracy:

1. NATIONAL SOVEREIGNTY: The New Democracy is promising that "our national sovereignty and integrity will be preserved." But it says nothing about the "touchy subject," the American bases, NATO, and the limitations on our sovereignty imposed by the "Alliance." Not a word about the way of dealing with the Turkish threat, about the occupation of Cyprus, about the air corridor of Limnos, about the concessions of air space. It is as though it is addressing some...foreigners in their own country.

2. FREEDOM AND TRANQUILITY: ND promises "to develop and consolidate" social peace. Against this generalization the people remember how much ND succeeded in protecting social peace in the 7 years it has been in power. The people remember well what ND "achieved" in the case of Bolaris, the bomb throwing by junto-rightists, the murders and arsons of the department stores. One can understand how much these phenomena will be intensified now that the endemic romance between the Right and the junto-right is moving to a formal engagement "come what may."

3. FREE ECONOMY: ND promises a more strict application of the free economy dogma, meaning the deification of profiteering. And repenting for the nationalizations--read:party takeovers--now not only promises to stop them but goes even further: It preannounces to turn all public enterprises into private ones. The position it supports leaves no doubt: "The public enterprises must operate on private enterprise criteria," i.e., profit.

And in order to remove any doubt that the shares of the public enterprises will pass to private individuals, ND emphasizes that these shares must be made "attractive." To sweeten the pill it leaves the door open for the purchase of public enterprise stocks by those who work in them. But the working people, just as all small depositors, know where the shares will end even if they temporarily pass into their hands.

4. REORGANIZATION OF ADMINISTRATION: Now, after decades in power, when the people found what "a state of the Right" means, New Democracy promises "at the end of its life" to "modernize and reorganize the state administration." And it gives this promise at the very time its new vice premier [Averof] admits--through the "measures" he has announced--that all these years ND has used the public service mindlessly to dispense favors, intensifying its underproductivity and disorganization by uncontrolled appointments of "partisan hacks."

5. PROTECTION OF THE ENVIRONMENT: For decades with the provocative installation of industrial units in inhabited areas, with the nonexistence of a land use plan, with the absence of any city planning, with the blessings of land-grabbing, with the lack of punishment against those who pollute the environment, [New Democracy] has made Greece and especially Attiki a place in which it is difficult to find some room to breathe or to swim. Now it promises...miracles.

But the Greek citizen who will "sentence" the policies of New Democracy with his vote in the forthcoming elections knows that in this area New Democracy does not even have the excuse of a "previously honest life."

6. INCOME DISTRIBUTION: ND speaks on this as though all these years it had been in the...opposition and not in power. It calls for "a more just income distribution," but it finds no words to explain why until now it has done nothing but intensify income inequality by making the rich richer and the poor poorer.

7. EDUCATIONAL REFORMS: At last we are told who is to blame for the bad conditions in education: the students! They are to blame for the fact that thousands of young people see their dreams die before they begin because of the admission system to the Higher Education Schools [AEI]. The students and the...unrest in the AEI are to blame for the involuntary emigration of thousands of young Greeks who try to educate themselves in foreign schools--and for the tremendous expense of foreign exchange accompanying this phenomenon. The students and the parties "inciting" them are to blame for the lack of educational and professional personnel, facilities, laboratories, programs, student centers and teaching aids. That is where the problem lies and not in the schools which were former stables, classrooms with 40 students, the "educational centers" which cause hepatitis.

8. FULL EMPLOYMENT: New Democracy does not give specific data on the number of unemployed. And it dares to declare that it wants to be returned to office to "assure the preconditions and create the conditions to enable every citizen to find employment commensurate with his qualifications." This declaration comes from the camp whose government led to the harsh reality of tens of thousands of unemployed and especially of thousands of college graduates who remain "unemployed with a degree" or are forced to work as salesmen or in occupations which have no relation to their educational background.

9. WOMEN'S EQUALITY: That, too, is being promised by New Democracy--not in employment but in the social sector as a whole. As though the Greek women have no memory and do not remember which camp "smothered" all the positive measures proposed by the "Gazi Commission" for the modernization of family and civil law in the providions concerning women. As though the Greek woman does not know what "equal opportunities" for development are provided by the Rightist regime for

working women in the public sector and the state enterprises where many female officials have to resort to the Council of State to fight for a promotion they deserve.

10. Protection of the Week: The armies of minor workers, of pensioners who march by the thousands crying, "we are hungry," even the blind who are forced to demonstrate in the streets to make their existence known, can convince anyone about the ability of the Right to implement a policy for the protection of those it calls "the weak," that is, those with special needs.

11. Developing the Provinces: The Right remembered the provinces too late to do them any good. First it depopulated them through the emigration which it presented as a "blessing," then it ravaged them with its indifference; it pulled the people into the concrete cages of the capital because only here did they have any hope of getting a daily wage; now it discovered that the "best solution" against urbanization and its problems is the development of the provinces. In the meantime, however, the people of the countryside have discovered, have fully understood who is responsible for the conditions that prevail in the provinces.

One might assume that the "advertisement" of the ND "platform" is an "embarrassing provocation" from within, because it does nothing but bring to mind again all the things ND neglected to do in all those sectors covered by the platform. In the end, this text succeeds only in showing clearly to the people how necessary it is to have a change so that this country can see "better days."

7520
CSO: 4621/54

SWEDISH PAPER CITES NORWAY POLLSTER'S ELECTION FORECAST

PM211217 Stockholm SVENSKA DAGBLADET in Swedish 18 Aug 81 p 4

[Dispatch by Thomas Knutzen: "Norway: Conservative Victory Expected"]

[Text] Oslo--There will be a nonsocialist victory of 86 seats against 69. The three allied parties--the Conservatives, the Christian People's Party and the Center Party--will together win 82 seats and have a clear majority. This prediction of the Norwegian September election has been made by Norway's leading psephologist Henry Valen.

These seat predictions have been made on the basis of the three opinion polls conducted in June. Professor Velan himself believes that the outcome of the September election will not be far from the results of these opinion polls.

If things go as the June figures indicate the Labor Party will lose 11 seats and government power. The party would then have only 65 seats in the new Storting. The Socialist Left Party would increase from two to four seats but this would not bring the socialist parties any nearer a majority.

On the nonsocialist side the Conservative Party would increase by 12 seats to 53. If this is the case it will be the largest Storting representation the party will have had since the war. The Christian People's Party will lose 5 seats but retain 17, while the Center Party will probably retain its 12 seats. Thus the Conservative Party will be twice as big as the other two parties together.

The Liberal Party is expected to gain two seats, doubling its representation, but even with four seats the party would not have any great influence.

Even small changes in the number of votes cast for each party could lead to large changes in the distribution of seats. A high turnout could also be extremely important for seat distribution. The radio and television election campaign in Norway began yesterday with a duel between Prime Minister Gro Harlem Brundtland and Conservative Party parliamentary leader Kaare Willoch.

CSO: 3109/236

POLLS SHOW VOTER CONFIDENCE IN WILLOCH IS GROWING

Oslo AFTENPOSTEN in Norwegian 15 Aug 81 p 3

[Article by Eivind G. Karlsen]

[Text] A sharp loss of confidence on quite central political issues, that is what the Labor Party and the Harlem Brundtland government are running into in the initial spurt of the election campaign--a lack of confidence so great that it is unlikely it can be overcome by the Storting election on 14 September even with several drastic moves along the lines of the price freeze and tax relief measures. Apparently the majority of the voters lost faith in the Labor Party long ago. At any rate they have more confidence in a Willoch government than in the present one with respect to inflation and improvement of industrial competitiveness as well as Norwegian cooperation with our NATO partners.

This appears clearly from a survey made by the Norwegian Opinion Institute among more than 1000 voters in June, in other words long before the price freeze plan was announced and also before the Labor Party's initiative on Nordic nuclear-free zones was rejected out of hand by our major allies. Also before the U.S. decision to produce the neutron bomb was made. While it is unlikely that Norwegian voters will place decisive emphasis on foreign and security policy elements when this year's ballots are placed in their envelopes, defense, peace and security still have fundamental importance.

The question is still whether the prime minister and her people can really manage to break through the "wall" of years of accumulated distrust and lack of confidence--quite obvious in a number of sectors--when a defeatist attitude has taken root among many of their own. As far as we can judge this job will be too much to handle. But we cannot entirely rule out the possibility that the election wind could change somewhat in a socialist direction.

The figures from the NOI [Norwegian Opinion Institute] and AFTENPOSTEN survey in June provide little basis for such a belief. Our questions to the voters concerned checking inflation, preventing increased unemployment, cooperation with our NATO partners and improving our industrial competitiveness. Most of those asked said they had more confidence in a Willoch government than in a Harlem Brundtland government in all these vital areas with the exception of employment.

The nonsocialist government alternative--as you know Kare Willoch and the Conservatives are counting primarily on a majority government in conjunction with the Christian People's Party and the Center Party--could thus register a clear head-start in confidence. The Norwegian Opinion Institute asked first: "Would you have more confidence in a Willoch government or a Harlem Brundtland government when it comes to checking inflation?" The answers in percentages are shown below for the total group and divided up by political sympathy (those who answered "both," a very small number, were left out of this and subsequent tables):

Political sympathy	Harlem Brundtland	Willoch	Don't know
Total group	37	52	10
Labor	80	11	8
Conservative	2	93	5
Christian People's Party	12	77	11
Socialist-Left	70	13	12
Liberals	44	56	--
Center	21	62	17
Others	23	70	7

It can be mentioned that the Willoch alternative received 62 percent support among those asked in sparsely-populated areas and 63 percent in the Oslo-Akershus region, 57 percent support among women and 58 percent among men in the survey. And 11 percent of the Labor supporters had more confidence in the nonsocialists than in their own people on this issue.

But when it came to preventing a rise in unemployment half those asked had more confidence in the Labor government, 50 percent of both men and women--and 53 percent of those under 30. An exception in this category came in densely-populated areas where 55 percent went with Willoch.

Here are the main figures:

Political sympathy	Harlem Brundtland	Willoch	Don't know
Total group	50	39	10
Labor	86	5	8
Conservatives	17	77	5
Christian People's Party	31	57	10
Socialist-Left	77	5	13
Liberals	69	29	3
Center Party	33	51	16
Others	57	39	4

What about improving the competitiveness of Norwegian industry? Again a vote of confidence in a Willoch government, here in almost all categories asked with the exception of Labor and Socialist-Left sympathizers. However confidence in the

current government was modified even there, with 19 percent of Labor voters and 40 percent of Socialist-Left voters with Willoch. As you can see from the table:

Political sympathy	Harlem Brundtland	Willoch	Don't know
Total group	32	58	9
Labor	72	19	8
Conservatives	1	95	4
Christian People's Party	14	75	10
Socialist-Left	53	40	4
Liberals	29	68	3
Center Party	19	67	13
Others	11	83	6

Now there is a close connection between preventing increased unemployment and strengthening our competitiveness. The reason why the answers concerning confidence here differ and seem self-contradictory is undoubtedly that respondents evaluated the problems in isolation.

Maintaining employment will be a high goal under both government alternatives. As you know the Labor Party's motto this year is "Work for Everyone." But in the joint statement on the long-term program the Conservative, Christian People's and Center parties said in the section called "Secure and Good Jobs": "Guaranteeing work for everyone is the most important goal of economic policy."

They also said among other things: "Even with the oil reserves now in the North Sea it will be very hard to avoid unemployment if competitiveness continues to deteriorate. It is therefore extremely important to strengthen competitiveness in order to insure work for everyone."

The nonsocialist parties also point out that big nominal wage supplements undermine competitiveness after having said this:

"The sharp price increases have now become a serious social problem both because Norwegian competitiveness is weakened and because the decline of currency value has clearly harmful economic and social effects. Therefore fighting inflation has become a major task."

The Labor Party uses about the same wording when it talks about fighting inflation. However the voters seem to have lost faith in these words.

This must also be the case when it comes to cooperation with our NATO allies. Half of those asked said they had more faith in a Willoch government here, with greater levels of confidence in Willoch than in the Labor Party in all categories except for Labor and Socialist-Left supporters. As many as 13 percent of Labor voters also prefer the nonsocialist alternative.

Political sympathy	Harlem Brundtland	Willoch	Don't know
Total group	36	50	12
Labor	76	13	8
Conservatives	5	86	8
Christian People's Party	18	60	19
Socialist-Left	50	26	12
Liberals	42	51	5
Center Party	13	66	19
Others	14	76	11

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ABORTION ISSUE SEEN PREVENTING NONSOCIALIST COALITION

Oslo AFTENPOSTEN in Norwegian 22 Aug 81 p 3

[Article by Egil Sundar]

[Text] Voters expect a nonsocialist three-party government if the election next month results in a nonsocialist majority in Storting. There is no doubt about this at all--judging by an opinion poll taken by the Norwegian Opinion Institute for AFTENPOSTEN. And there is special reason to note that this view is shared by an overwhelming majority of Christian People's Party voters. The question of the government structure we get if there is a nonsocialist victory--a Conservative-Christian People's Party-Center coalition or a straight Conservative government--will be settled once and for all a short time after the election is over.

When the nonsocialist party leaders meet for their first trial talks in all secrecy the day after the election it will be more important than ever to clarify whether there can be a political basis for resolving the abortion issue. Before real government negotiations can get going this complicated problem must be cleared up. There is no sense in starting talks on a three-party coalition government if it turns out that irreconcilable stands on abortion would make it impossible to form such a government. And because of the time factor they will have to try and answer this key question in the first few days after the election. There is no question of extended abortion negotiations. Consequently it will not be possible to call an extraordinary national meeting of the Christian People's Party as party chairman Kare Kristiansen has planned. All parties seem reconciled to a procedure making it possible to get going on realistic government talks right after the election.

If contrary to expectations it proves impossible to arrive at a temporary solution of the abortion issue, e.g. a reunified procedure that is politically acceptable to all parties, the result will be that the Conservative Party would form a government on its own. However it is quite clear that the Conservatives, Christian People's Party and Center would all prefer a government of the three parties combined and mounting voter pressure will make it very difficult to get around such a solution. An opinion poll taken by the Norwegian Opinion Institute for AFTENPOSTEN among 987 people confirmed that most voters--and an overwhelming majority of voters for the three coalition parties--find it natural that the three nonsocialist parties would get together to form a government.

The Norwegian Opinion Institute asked the following question: "If the Conservative, Center and Christian People's parties together get a majority after the Storting election this fall do you think the three parties will form a coalition government or do you think we will have a straight Conservative government?"

Of those asked, 62 percent thought the three parties would form a coalition government while 31 percent thought we would have a straight Conservative government. Seven percent did not know what to answer.

Among Conservative supporters 69 percent expect a three-party government while 27 percent believe in a straight Conservative government. When it comes to the Christian People's Party as many as 71 percent think the three parties will form a government coalition with 23 percent anticipating a straight Conservative government. Among Center supporters the answers divided up with 75 percent believing in a three-party government and 15 percent in a Conservative government. For the Labor Party, Socialist-Left and Liberals the answers were 58-38, 56-40 and 54-34 respectively.

A majority of the voters--57 percent compared to 38--thought the three parties should announce well before the election what kind of government we will have if there is a nonsocialist majority. A minority of 38 percent said it was soon enough to negotiate after the election. This view was shared by 51 percent of Christian People's Party voters while 44 percent thought it would be natural to announce the party's position well in advance. The answers divided up about 50-50 among both Conservative and Center voters.

As we all know the three parties agree that they should try to form a coalition government if the election produces a nonsocialist majority. In that case the joint statement of the nonsocialist parties on the long-term program will be a binding declaration. Consequently the "broad solution" will depend on whether the Conservatives,Center and Christian People's Party can agree on a mutual platform on abortion.

Much suggests that the chances of this happening will increase steadily as we approach the time when the election is over and the nonsocialist parties--in the event of a nonsocialist victory--have to settle their political course for the next 4 years. Experience shows that it is very seldom that a party puts itself in such a position that it must deliberately relinquish political responsibility and influence. Especially the latter. When the three parties clearly indicated their desire to talk about forming a three-party government in the event of a nonsocialist victory this obviously indicated a realization that little could be gained by staying outside such a coalition. Recent opinion polls seem to confirm that this view is gaining ground even among the rank and file of the Christian People's Party. And all experience shows that the party would have a greater chance of making gains for its special issues as part of the government than if it stayed outside. But in politics one can never expect to get everything the way one wants. And in this respect all parties must stand equal, of course. The decisive factor is that participation in a coalition government on total reflection must be more beneficial than detrimental for all parties involved.

With regard to abortion in particular there is absolutely no doubt that the Christian People's Party would get a better abortion law through constructive government cooperation with the Conservative and Center parties than through demonstratively remaining outside just because it can't get things all its own way. Even so it is easy to see that in a matter like this there are limits to how far the Christian People's Party can go in the direction of compromises before this affects the party's identity and credibility. As the newspaper VART LAND said in an editorial last Wednesday: "A political party that wants to work in this world will always have to make some compromises. KRF [Christian People's Party] has made some on abortion as well as other issues. The most important thing in this context is where we draw the limits for compromise. All parties, regardless of their basic values, will confront limits to the compromises they can make without creating a crisis of confidence in relation to what the party used to stand for. It is where to draw this compromise limit on abortion that KRF has discussed."

Christian People's Party chairman and prime minister candidate Kare Kristiansen has kept on saying that it should be possible to find a solution that lies within the framework of the party's resolution at its national meeting. It won't be long after a nonsocialist victory becomes evident that we will find out if it is possible. With the usual wisdom one should be able to expect from nonsocialist party leaders in a portentous political period it would be extremely surprising if real talks could not be initiated on the formation of a nonsocialist majority government. Under any circumstances the approach to the problem will be different after 14 September than it was before the election.

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CARRILLO, FOLLOWERS ON PCE DISSENTERS

Harsh Criticism at Regional Conference

Madrid EL PAIS in Spanish 17 Jul 81 p 1

[Report on Simon Sanchez Montero's 16 July speech to the seventh Madrid provincial PCE conference, by Jaquina Prades]

[Text] The speech read yesterday by Simon Sanchez Montero at the opening of the seventh provincial conference of the Communist Party of Spain (PCE), in Madrid, did not at all satisfy the revisionist Eurocommunists who were strongly represented in this conference. It is true that Sanchez Montero assumed, in his report, a good part of the criticisms that were made of him, in due time, in the manifesto by the so-called revisionist Eurocommunists, but the strong criticisms against their authors and, especially, against the methods used by them, led to the assumption that the enormous tension surrounding this conference will continue to increase in the next few days.

A very significant fact that the Eurocommunists are still split and that both factions have their swords raised lies in one of the amendments approved yesterday in the conference to the effect that the members of the nominating committee could debate the names proposed there with the representatives of the delegations. The nominating committee is actually the one with the most far-reaching political importance in the whole conference, because its members will be responsible for nominating candidates both for the new provincial committee and for the delegation that will participate in the tenth congress.

It is a question of the only committee to which reporters are denied access. It consists exclusively of members of the Eurocommunist faction, although they are divided half and half between followers of Carrillo and revisionists. The revisionists, who tried, unsuccessfully, to have the nominating committee open to the press, did succeed, through the above-mentioned amendment, in obtaining greater flexibility in negotiation, because they will have freedom of movement for consulting with their respective delegations. This same detail was described by some Carrillo Eurocommunists as "the amendment sanctioning conspiracy in the corridors."

Simon Sanchez Montero's report points out, in its more conciliatory aspects with the revisionist faction, that mass movements are no longer party conveyor belts, but rather sectors ofcitizens united independently and voluntarily in defense of the topics directly affecting them and common to them: culture, sports, conservation of nature, the neighborhood movement, youth, women, homosexuals, and so on.

He also admitted that, up to now, direct communication between leadership and rank-and-file had not functioned and that it was necessary to rejuvenate the Central Committee. Next, Sanchez Montero asked himself the same question that was asked, in due time, of the present PCE leadership by the signers of the "Revisionist Manifesto": Why did mass movements emerge, develop and act vigorously under the worst conditions and why have they languished and fallen into a considerable lack of vitality in freedom? The communist leader's answer was a list of what he called "fundamental mistakes in our work." They included having allowed mass organizations to become mere extensions of the party, "imparting to them improper, detrimental politicalization, radicalism and narrowness"; or also the "false evaluation" that the example that the Workers Committees labor union would give to society would lead intellectuals to join that labor union organization, together with manual workers.

Nevertheless, in spite of the fact that Simon Sanchez Montero admitted that "this serious error meant that many of the most valuable intellectuals and professional men have been lost both to the labor union struggle and to the party," he again attacked what was meant by the first, basic grievance of communist intellectuals: their inclusion again in professional organizations, instead of working obligatorily in territorial groups, as has happened up to now. Without going so far as to make unfair, obsolete statements, like regarding intellectuals as "silver-tongued speakers," Sanchez Montero did not proceed with circumlocutions: "The solution to this problem depends, first of all, on a return to the just, Eurocommunist conception on mass movements, throwing away the burden of vanguard conceptions that have done, and are doing so much harm to the party."

After an extensive review of the PCE's labor union and municipal policy, Sanchez Montero reaffirmed the party's independence and its opposition to the two military blocs. The attacks on the revisionists began immediately after this. "There are comrades," he said, "who propose renovation of the party (which is, moreover, indispensable, and has not been opposed and is not being opposed by the party leadership, but rather to the contrary), with forms of work to achieve their objective that, although they did not desire it--and it is certain that the great majority did not want it--have placed the party in a definite organized trend, with the occurrence of regrettable spectacles in some districts and federations."

"Factions Would Break Up the PCE"

He went on to say that "the methods used by those who call themselves revisionists have nothing to do with Eurocommunism or with the necessary renovation of the party. There have been unorganized meetings, documents distributed with amendments to various groups, and the manifesto itself demanding a change in the leadership. All these facts are a violation of the statutes. Therefore," he concluded, "these attitudes are intolerable. They are the beginning of a split for the purpose of obtaining the largest number of posts on leadership bodies at every level."

The harsh criticism by Sanchez Montero of the revisionists did not end there. He went so far as to say that, if these factions are allowed in the PCE, the party may go to pieces and disappear as the Communist Party of Spain.

Followers Moderate Criticism

Madrid EL PAIS in Spanish 18 Jul 81 p 17

[Report on 17 July meeting of the seventh Madrid provincial conference of the PCE by Jaquina Prades]

[Text] The report read at the opening of the seventh provincial conference of the Communist Party of Spain (PCE), in Madrid, last Thursday, gave rise to so much uneasiness among the so-called revisionist Eurocommunists that the followers of Santiago Carrillo were obliged to eliminate from voting the section in which Simon Sanchez Montero attacked the revisionists so harshly.

This decision was adopted yesterday very hastily by the Carrillo Eurocommunists, in order to avoid the disturbance that approval of Simon Sanchez Montero's report by less than half of those attending the conference would have meant. In fact, the revisionist Eurocommunists were truly angry Thursday evening, after seeing themselves so directly flogged by Sanchez Montero: "organized faction," "intolerable methods," "faction aspiring to have posts of authority on every leadership body" and "instigators--voluntary or involuntary--of the destruction of the PCE," were some of his evaluations.

But concretely there was a paragraph in the report that filled them with amazement and indignation: "The road to hell," Simon Sanchez Montero said, "is paved with good intentions. And it is not a question of judging anyone's intentions--we do not go into that--but rather of avoiding our going to hell."

In that state of affairs, the revisionist Eurocommunists--who have a representation of 173 delegates in the conference of a total of 500--chose to abstain from the balloting that is scheduled for early this morning.

Their abstention was owing to two reasons, according to what some of their top-level spokesmen told EL PAIS. On the one hand, because they could not vote against--as the pro-Soviets will presumibly do-- because the points of view on national and international policy contained in the report "seem to us irreproachable and we share them completely," but neither could they vote in favor, in view of the personal allegations addressed against them by the communist leader and his refusal to recognize minority factions.

In this situation, the abstention of the revisionist Eurocommunists, plus the sum of the contrary votes by the approximately 80 pro-Soviets present in the conference, offered results unheard of in a communist party: the official report was going to be approved with less than half of the votes of the delegates to the provincial assembly.

Divided Voting in Two Phases

For this reason, last night, at closing time for this edition, the most likely assumption was that, actually, only the first part of the report, that is to say the policy part, would be voted on, and voting on the section concerning factions and opinion trends would be postponed until next Sunday. Consequently, the voting that

was scheduled for the early hours of today will change sign with this modification, except for unlikely last minute surprises, because both Santiago Carrillo's Eurocommunists and the revisionist Eurocommunists will vote "yes" on Simon Sanchez Montero's report. Nevertheless, part of the revisionist Eurocommunists might continue to abstain.

Meanwhile, the activity of yesterday's session, the second of the conference, was taken up, until after 2200 hours, the time when this article was written for the first edition of the newspaper, with the debate on Sanchez Montero's report by delegations (one for each Madrid federation), and with a presentation of the conclusions of those debates in a joint general assembly.

There were not many surprises on this point either, because those federations, with a majority of Santiago Carrillo Eurocommunist delegates, supported the report. The federations with a majority of pro-Soviet delegates rejected it, and those federations in which the dominant group was the group of the revisionist Eurocommunists presented their already familiar point of view: yes to the policy part of the report and no to the part referring to the minorities.

One of the aspects criticized in the report most stressed by the revisionists was also the fact that the 100 sheets read on Thursday by Simon Sanchez Montero were not really an activity report but rather a report of general statements in which, moreover--in their opinion--the present PCE leadership made a self-criticism, but without mentioning at any time the causes of all the mistakes that they admitted having made in the last few months.

Yesterday also, the inevitable rumors to the news media were not lacking in the corridors of the place where the Madrid conference is being held. Some members of the Carrillo sector continued to spread the point of view that the revisionists were going to make a pact with the pro-Soviets, while the signers of the manifesto stated that Santiago Carrillo's men had vetoed two their leaders: Alfredo Tejero and Gerardo Novales. This last note may possibly be true, because an important source in the Carrillo sector neither confirmed nor denied it.

Carrillo at Regional Conference

Madrid EL PAIS in Spanish 21 Jul 81 p 1

[Report on Santiago Carrillo's speech to the Sunday 19 July session of the seventh Madrid provincial PCE conference, by Jaquina Prades]

[Text] The secretary general of the Communist Party of Spain (PCE), Santiago Carrillo, made a speech last Sunday to the delegates to the Seventh Madrid Provincial Conference, in which he categorically discredited the revisionist Eurocommunists, after the blow delivered on him by them when they succeeded in legitimizing, first in committee and then in the full session, the factions organized within the party, although this was achieved on the basis of an agreement of interests with the pro-Soviets.

After an stormy session for the election of the new Madrid provincial committee, in the early morning hours of Sunday, in which every negotiation to integrate factions ended in failure and in the subsequent withdrawal of the revisionist

Eurocommunists from the election, Carrillo's speech was awaited with great expectation, because his words could achieve reconciliation between the two factions or anger them still more with a direct attack on the revisionists without concessions.

This second option was the one chosen by Carrillo. From the start, his speech was a constant, repeated discrediting of the revisionists whom he accused, without using these words, of being playboys: "They are never seen working for the party rank-and-file, except at congress time, in order to win members," were his words; of being authority monopolizers: "There are some who become desperate, if they have no post of authority," or of being professional conspirators: "They have adopted the dirtiest features of politics, chasing after pacts in the corridors and underhanded negotiations." All that to end up with a warning: "If things go on like that, this party may be destroyed," not without pointing out to them first that "the only way to put an end to factions will have to be administrative penalty," in spite of the fact that he made this last statement with reference to the PSUC [Unified Socialist Party of Catalonia] events.

But there was a still more important aspect in Carrillo's speech: "We have to determine what kind of party we want," he said. That was when he reaffirmed the class nature of the PCE, a working-class nature, and he indicated differences from social democracy, both internal (in his opinion, the revisionist Eurocommunists) and external (the PSOE [Spanish Socialist Workers Party]), of which he said: "It is a government party, but not a revolutionary party, a party of combat."

The first sound of warning in his speech was for revisionist Alfredo Tejero, who, in recent statements to the press, said that he preferred the Franco dictatorship to the dictatorships in the Eastern countries. "Statements like these are inadmissible to me, and I do not go beyond that," Carrillo said.

"The PCE Must Reflect One Single Class"

Next, he selected one of the topics supposedly used by the revisionists, the topic that the PCE should be a party reflecting present-day Spanish society, and he stated: "I wonder how far we can be a reflection of this society, which is capitalist." He added: "I believe that the PCE should reflect only one social class, of course the working class, in which those intellectuals who have as a common goal with the workers the transformation of society are included. If the PCE attempts to be a reflection of the capitalist society," he concluded, "that society will end by absorbing the PCE, and then necessarily another party like ours will emerge, but it will no longer be us."

Carrillo pointed out: "We cannot become a repetition of the parliamentary democracy in which we are immersed to the point of splitting into two or three parties. On the one hand, the pro-Soviets, and, on the other, the other extreme (he was referring to the revisionists), because the working mass is with neither of them. And those who might be with the revisionists, let us make no mistake, are only a simple mass of voters who will lean one way or the other, depending on the political situation of the moment."

Immediately after this, Carrillo made the harshest attacks on the revisionists. He made the middle-level officials--most of whom belong belong to this critical faction--

responsible for the mistakes that might have been made since the ninth congress. "And we have reached a situation in which if a post is not held in this party, a person is not satisfied," he stated, "but the best party officials, the ones who are on top, at present, do not want to go down, to the rank-and-file, except at congress time, in order to win members." He added: "There are now, in the PCE, organized factions, trends, groups--call them what you will--with a voting discipline, as we were able to observe here. And these things may end in physical attacks, as they did in Barcelona, whose factions, I fear, can only be eliminated by resorting to administrative penalty."

Carrillo concluded his speech by saying that he was not opposed to renovation. This gave rise to foot-stamping by part of those present, but he made it very clear that he will never help tear down the old guard of the party, "as I have been requested to do by more than one, because I believe that it is no dishonor to have fought against fascism and to have participated in the Civil War."

"A Shame"

The reactions of the revisionists were unanimous: "It was an intellectual shame, and it is very cynical for him to accuse us of political maneuvering, when they were the ones who attempted to make pacts with us for posts on the provincial committee, when we announced our withdrawal," Eduardo Mangada told EL PAIS. Luis Larroque and Jaime Sartorius agreed that Carrillo left them no other option than to leave the PCE, but they were not inclined to do so, while Alfredo Tejero announced that they were going to ask for removal of the present secretary general.

Apart from this, this tense conference elected the new provincial committee, made up exclusively of followers of Carrillo, because the revisionists withdrew. Adolfo Pinedo, a Carrillo candidate, was elected Madrid secretary general, and the 166 delegates who will go to the tenth congress were elected with the following correlation of forces: 49 revisionists, 21 pro-Soviets or hard-liners, and 96 Carrillo followers. It is deduced from this that the organized factions that will be nominated for Madrid have very little likelihood of coming out ahead.

Carrillo's Hardline Position

Madrid EL PAIS in Spanish 26 Jul 81 p 15

[Interview with the secretary general of the PCE, Santiago Carrillo, by Jaquina Prades, prior to the holding of the Tenth Party Congress]

> [Text] Santiago Carrillo, leader of the Communist Party of Spain (PCE), will come face to face, the day after tomorrow, with a congress in which his continuing as secretary general and the application of Eurocommunism that he has made in the last few years is going to be disputed by many, an unusual occurrence in a party in which practically every important decision has been adopted unanimously. The up to now charismatic secretary general of the Spanish communists knows that he is going to win in the congress, but he feels that many are not going to agree with the results. The warning to them is categorical: "Whoever does not respect the resolutions of the congress will be expelled."

Question: This year you are faced with quite a stormy congress.

Answer: Yes, it is true, but the opposition is not what concerns me most. In my opinion, there is something much worse, which is that, in view of how fragile Spanish democracy still is, the fact that our parties are giving an internal image of power struggle makes us run the risk that public opinion will believe that the party system does not work and, therefore, democracy does not work. Because, of course, it is not the same as when these things happen in Europe, where these things are accepted as something normal in the system, but here, in Spain, with the people accustomed to a single party for 40 years, that is not so clear. We have achieved a good equilibrium by basing political activity on four great state principles and two nationalist principles, and if we now return once more to a number of parties and small parties, we enter a destabilizaing dynamics. I believe that for a time, until democracy is consolidated, there should be more lion tails and fewer mouse heads.

Question: When you talk about that large number of parties, are you really thinking that the PCE may be broken up in this congress?

Answer: Well, that danger always exists. That is evident. All you have to do is take the example of Catalonia. As soon as a platform was created there, they ended in coming to blows. That dynamics always leads to splitting and, therefore, to a breakup.

Question: But have things reached that point of splitting, as you say, in the PCE?

Answer: I do not believe so. I do not believe that there is going to be a breakup, undertanding by this word the abandonment of one sector of the party. Now then, it is very possible that uncomfortable personal situations may come up after the congress that may give rise to situations of conflict.

Question: And might those conflicts be settled with expulsions?

Answer: Well, in Catalonia, the executive committee proposed the expulsion of nine persons for having attacked Deputy Sole Tura. These are necessary measures, and if there is something like that elsewhere, then it will also be necessary to take administrative steps.

"The Transition Has Generated Much Discontent"

Question: Do you believe that the tenth congress is also going to end in blows?

Answer: No, I do not believe that things will go so far. But if it should happen, then we would do the same as in Catalonia, and if there is discipline with regard to the decisions of the congress, there will be no administrative measures. Voting in favor of the factions is no break with discipline, but continuing to stress that issue, if the congress approves something else, changes the thing.

Question: Then, if the majority of the congress does not accept the existence of opinion groups, but then the minorities continue to demand them, would expulsions be brought about?

Answer: Of course. Those who do not respect the decisions of the congress cannot remain in the party.

Question: That opposition that has been unleashed around you seems to go along more with a generalized discontent than with a policy alternative different from the one that you maintain. Why are people discontent in the PCE?

Answer: The fact is that the political transition has left many dissatisfied. In fact, political contents are not questioned in the PCE. Not even the dogmatists have an alternative of their own, but in order for the discontent not to have occurred, our party would have to have had as many deputies [in Parliament] as the PSOE [Spanish Socialist Workers Party]. I understand the drama of some persons in our party during the transition. They, who sacrificed everything fighting against fascism are not in Parliament, while their own contempoary comrades, who spent their entire underground period without striking a blow, now turn out to be socialist deputies. In short, it is a situation that I regret very much, but the PCE is what it is and our progress is going to be slow, let there be no mistake.

Questoin: And are they waiting in the PSOE for those malcontents who have been unable to become deputies?

Answer: Ah, I do not know that. At any rate, I do not believe that they will go to any communist sector. Perhaps someone, individually.

Question: You said the other day that basically this struggle existing now in the PCE is of a sociological type.

Answer: Yes, because there is a faction that wants to represent one sector of society and it actually is the reflection of a specific social sector, the middle class. The people in that faction are probably communists, I do not deny it, but their political conceptions are affected by the social medium in which they live. You journalists have talked of the results of the voting in which the opinion groups were approved in the Madrid conference, but you have not realized that 20 percent of the delegates were missing from that same balloting.

Question: And where were they?

Answer: At home, sleeping. Because what do you think about debating for two nights and setting up that voting on Sunday at 0300 hours? If a worker has to be in the factory at 0700 hours, how is the poor fellow also going to hold out that night without any sleep? I do not go into whether or not the prolongation of the debates was by chance, but that is a true fact and I say it, because it may be indicative of that sociological representation about which I was talking to you earlier.

Question: There are professional people and revisionist Eurocommunists who complain that you used them during the municipal elections to see if in that way the votes of the middle classes were attracted and, since those votes went to the PSOE, now it seems that you have abandoned them, that they do not interest you.

Answer: No, not at all. That is not true. And the proof is that I did not participate at all in the composition of the election tickets. If those people who are complaining are from Madrid, for example, I might tell you right here that that

ticket was prepared exclusively by Tamames and was ratified by the Central Committee. Tamames put on it anyone he wished and they were never bothered in their work. Besides, if they believe that they no longer are of interest to the party, they are very wrong, among other things, because I have never thought that they should not run again in the next elections. If you do not believe me, look at the example of Eduardo Mangada (one of the revisionist Eurocommunists). When Tamames went away and left a vacancy on the city council, I was the one who intervened so that architect Mangada could occupy his place.

"Central Committee Veterans Are Going To Leave"

Question: You say that things are going to be renovated in this congress. What concretely is going to change?

Answer: First of all, in reducing the Central Committee to 61 persons, there is going to be a renovation of persons there. An opening is going to be made for the admission of young persons and it will, inevitably, entail the departure of some more veterans, although the matter is not necessarily one of ages. Besides, it is curious that people have the image of a gerontocratic PCE, because, with the exception of Simon and me, the rest of the party spokesmen are young persons: Sole Tura, Tamames when he was there, Perez Royo, Curiel, Nicolas Sartorius and others. But the system of working is also going to be changed. There are too many committees now and they are going to be reduced to four or five large areas, one of which will be devoted exclusively to organizing the work of groups.

Question: Poor running of the rank-and-file groups has been indicated both by you and by your opponents as the main error made in your party since the ninth congress. What repercussionms has it had?

Answer: The first consequence of this error was a loss of membership. There are many comrades who still have their 1978 membership card and not because they have left the party, but because no one in the groups has taken charge of renewals. It has also happened that the rank-and-file organizations were not very well informed of what was being done in the party at the top, because, in view of our country's cultural level, the best information is oral and, of course, because we have no televsion of our own, one of our comrades had to go to the groups to explain to the people the reason for some policy decision or other. And to discuss issues with the people so that they might have suggested issues, concerns. They have gone, it is true, but once a year perhaps and of course.... From now on, all this is going to change. There is going to be very much more interrelationship between the rank-and-file and the top-level organizations.

"I Do Not Command"

Question: And why did you not attempt to straighten this out earlier?

Answer: I became aware of it some time ago and I proposed, for example, that a thorough investigation be made to ascertain the real reasons for a loss of membership, but I do not command, in spite of what the newsmen believe, and although I insisted, they paid no attention to me.

Question: But, I do not know if people are going to believe that if you insist on something being done that you regard as fundamental in your party, no one pays any attention to you.

Answer: Well, it is true. I realize that you have trouble believing it, because you have the idea that I press a button here and everyone comes to attention. Well, no, that is not so. There are few of us here and besides we are overloaded with work. I may say one thing, but it is not done for some reason or other.

Revisionists With Stalinist Obsessions

Question: Does the present PCE still retain some Stalinist obsessions?

Answer: Well, yes, of course there still are obsessions, but what is to be noted in this case is that Stalinist traits are found not only among the dogmatists, but also among those who call themselves revisionists. There have been groups in Madrid in which voting has been 40 percent Eurocommunists and 51 percent revisionists, and, nevertheless, not one single Eurocommunist delegate was able to come to the conference. That is Stalinism.

Question: It creates the feeling that the PCE is going to accentuate its worker-class nature, perhaps in order to mark off electoral spaces.

Answer: No, that is a mistaken impression. In the Madrid conference, there were probably not even 30 percent worker delegates, although there are between 80 percent and 85 percent workers in our rank-and-file. For example, in the Madrid secretariat, a bakery worker (Simon Sanchez Montero) wnet out and a physical engineer came in (Adolfo Pinedo).

Question: Who really are the PCE voters?

Answer: The workers, part of the intellectuals and lower middle class.

Question: In the PSOE could they answer this question in the same way?

Answer: Yes, but with the difference that the PSOE has a fringe more to the right than I have. I believe that the PSOE can play a great part in the transformation of Spanish society, but, if a really strong Communist Party is not at its side, the PSOE will not make socialist changes.

10,042
CSO: 3110/126

POSITIVE GREEK RESPONSE TO TURKISH OVERTURES URGED

Istanbul MILLIYET in Turkish 14 Aug 81 p 9

[Editorial by M. Ali Birand: "What Athens Cannot Understand...."]

[Text] Developments within Turkey have so intensely preoccupied public opinion that Ankara's continual efforts from 1980 to the present to rectify its relations with Athens hav been ignored...or given inadequate attention.

Turkey, par' larly in this period of the new regime, has moved to abandon the approaches hat have been familiar up to now and, instead has started to reevaluate certain taboos.

A major segment of those running Turkey today share the following perspective on relations with Greece:

"We must definitely resolve our problems with Greece and get things on track."

Life in continual tension and disagreement is not beneficial to Turkey's long-term interests. Our interests lie in establishing a Turkish-Greek dialogue wherein good relations predominate.

The continental shelf issue could be resolved by bringing it before a tribunal after the conclusion of a bilateral agreement. Rough spots in the Aegean airspace problem must absolutely be removed. A solution must then be found for Cyprus.

Ankara, in the expressions of Turkey's present leaders, has shown Athens through two major goodwill gestures its change in attitude:

1) By unilateral decision in May 1980, Turkey lifted Notam 714 in the Aegean, without any preconditions. Moreover, it was canceled at a time when discussions on the foreign minister level were being held as to what type of reciprocity Greece might offer in return for the lifting of 714. The 714 line, declared immediately after the 1974 Cyprus action and regarded as a symbolic demonstration of the desire to divide the Aegean in two, was a demarcation that blocked (albeit at a set rate) air traffic to the Greek islands.

Athens initially greeted this Turkish decision with suspicion and for a while asked itself, "I wonder what's really behind it?"

2) Turkey in October 1981 endorsed Greece's return to the military wing of NATO. Moreover, by giving its approval to the Rogers Plan, about which there were uncertainties as to how it would work, Turkey made a decision that relieved both the Rallis government as well as our other NATO allies (and also us, indirectly).

When this decision was made, a significant portion of the taboos that had persisted for years was wiped away. World balance of power, Turkey's general interests, and several other factors played a part in the regime's decision.

After all this Ankara began to wait.

There were several reciprocal gestures that Athens could have made.

Months passed without anything and Turkey was left with its gestures.

This, then, is the primary reason for the feeling of disappointment in Ankara today.

What has Greece done in light of all this?

During the foreign ministers' meeting at Rome in May, Greece could not even come up with a few statements on the Aegean airspace question on which technical preparations had been made, although they could not be fully completed beforehand. When Mitsotakis said that he could not make a statement at this stage, the Turkish delegation was naturally taken aback.

Athens' response to these two Turkish initiatives has been limited to dispatching a minister of state to the Salonika ceremony commemorating the centennial of Ataturk's birth.

Despite this, for example, autumn NATO maneuvers in which Turkish and Greek forces will participate jointly for the first time in years cannot be conducted owing to Athens' insistence that Greek island airspace be recognized as 10 miles. The Rogers Plan still continues to insist that this airspace is 10 miles but that it must be delimited to 6 miles during exercises. Athens still demands that the preflight plans of Turkish aircraft be given the Athens FIR. Moreover, the problem of Turkish Notams being issued by the Athens FIR without alteration or delay still cannot be resolved. Command-control problems in the Aegean are still hanging fire.

Greece states that it is having difficulty in responding to Turkey's overtures because of "domestic politics."

This has become the stand assumed by the Rallis government so as not to broach issues that Papandreau can exploit prior to the election in October, nor give the air of reaching agreement especially with Turkey, and thus to prevent a loss of votes.

Moreover, there is a conviction in Greek circles that Turkey's is not sufficiently sincere in its gestures and overtures and that these decisions were prompted by international pressure.

Perhaps true, perhaps false.... But it is not an assessment that a party should proffer which genuinely desires to resolve its problems.

We are currently moving into more trying times.

Papandreau will without doubt boost his strength in the election. Consequently, the chance of the "normalization campaign in Turkish-Greek relations," which has been postponed until after the election, hanging fire for a prolonged period, rises or falls with the number of votes Papandreau gets.

If Athens, when the next elections were still far off, had been able to better interpret the signals for Ankara and if it had been able to impart true value judgments, certainly the first steps could have been taken by now.

If only it had been believed that the military government does not favor a hard line in relations with Greece but, on the contrary, avidly considers more change and harmony than did the civilian politicians, matters could have been greatly facilitated.

If Athens cannot help out Ankara in this period when value judgments are ebbing reappraised, then another page of "missed opportunity" will be added to history.

CSO: 4654/138

PRESS BEGINS RESPONSE TO CONSTITUENT ASSEMBLY LAW

Ozyoruk Eyes Feasibility of New Law

Istanbul TERCUMAN in Turkish 6 Jul 81 p 6

[Article by Mukbil Ozyoruk in the column "The decision is yours": "Designation of Members"; passages enclosed in slantlines printed in boldface]

[Text] The problem of how Consultative Assembly members "will be designated" is without doubt a most important point. And especially the reminders about how "the post-27 May Representatives Assembly members were elected...were designated by election" require a "response."

It will not do much good for today to go back 20 years and attempt a technical analysis of the provisions of Laws Nos 157 and 158, both of which are dated 13 December 1960. The present law for prospective Consultative Assembly members seeks the condition "Not to have been a member of any political party on 11 September 1980." "Membership" is a capacity gained and lost as prescribed by law according to the nature of the legal entity. The legal entity's records show who is a member and who is not. There is nothing to quibble over. However, for the members of the House of Representatives of 20 years ago, said to have "arrived by way of elections," /"there was a stipulation of such a nature"/ as to be impossible to verify with records, rolls or documents /"and impossible for a person to disprove should it be alleged that he came under the prohibition."/

That stipulation (that prohibition) was this: "Those who, by their activities, publications and behavior, have continued to support actions and policies in violation of the Constitution and human rights up to the time of the 27 May Revolution may not be elected members of the House of Representatives" (Law No 157, article 6 and Law No 158, article 18). /"Activities...Publication...Behavior"/ Let those who wish dwell on the length, breadth and depth of each of these terms and try to determine "what they mean." Indeed, if it is possible, after defining /"activities"/ and /"behavior"/ along with /"publications"/, to give an "objective" answer as to what manner, cause and conditions would be considered /or not considered/ within the scope of the aforementioned "ban," this method would in fact be an "intellectual and scholarly achievement" worth learning, albeit 20 years late.

As this condition (!) was sought for "those who would be elected" (!), doubtless the same condition was sought /"with fervor"/ (with priority and all the more so) for /"those who would elect" (!)/. /Was this "to come by election"?/ Is this what

/"election"/ used to mean? This /"ban"/ extended "to voting" and especially /"to the presumption of having voted"/ in the 1957 elections for the party to which the administration overthrown on 27 May belonged, and everyone without exception has long agreed what an enormous "handicap" this was in the drafting of the 1961 Constitution. There is no one who does not now admit this. In fact, if you examine one by one the some 300 persons who sat on the Representatives Assembly of the time, it may just be possible to find 10 or 12 people who were not members of the pre-27 May opposition who had a higher temperature than the most feverish party member (with their ledger entries or /"activities, publications and behavior"/).

Then would it have been possible at that time to hold an election which could in any way have been described as "real" by enforcing certain prohibitions which, though not "this harsh," could be considered "relatively objective"? Certainly not! /And as for today, it is still not possible, for many more reasons than existed at that time, very different reasons with grave and unprecedented consequences./ The result in 1961 was to turn to a kind of "appointment," but through the channel of certain professional organizations dominated by one large and one small party, on which the "Revolutionary Administrators" depended, and their members. That is, a simulated "election," (!) conducted by "specific preferred and supported political forums." /Today, this is not the case./ There is no /"election" (!)/ in which any one political party is preferred and depended upon, thus allowing it to impose its will on others, and the form of which, /though described as "exclusive," essentially consists, furthermore, of ambiguous, vague and dubious prohibitions or is, by any means, of a completely "appointed" nature./ There is "appointment" according to a 100-percent /objective/ standard without the "costume and make-up of election." There are no accusations or ambiguous provisions "dressed in legal garb" such as "Activities, Publications (implications in print) and even /Behavior/." When one speaks of "membership," it is a question of a straightforward, /clear-cut, legal relationship./

Those who are "party members" may be unhappy about this. They may criticize such a "prohibition" in the future, and there will also be those to answer these criticisms in those future debates. This is a different problem. But, in any case, I do not think any one in his right mind would ever be able to say, "General elections could very well have been held for the Consultative Assembly in 1981."

Prestige and Maturity

Istanbul TERCUMAN in Turkish 14 Jul 81 p 6

[Text] Let us go on, if we may, with the matter of applying for Consultative Assembly membership.

Another distinguished writer, our colleague Rauf Tamer [Tercuman correspondent], writing from a base of views similar to, and occasionally even the same as, the views we expressed yesterday, suggested that if our qualified citizens whose presence in this assembly is known to be advantageous or necessary do not apply themselves, /"they should be nominated by others."/

Striking at first glance.... But it is necessary to think about the extent to which this method could be used for ill. Have we forgotten that prior to 12 September, while a body like the Turkish Grand National Assembly, the highest "repository of

the national will," was deadlocked in an endless round of voting for as lofty a position and capacity as President of the Republic of Turkey, the highest which this Nation and this State can confer upon a Turkish citizen, votes were cast from outside of parliament for "all and sundry" just for something to do, for a joke?

Now, if the law were modified to allow a person to be nominated by others or if we were confronted by similar proposals--and it is not so farfetched--then would there not at least have to be a condition that citizens who did not want to run themselves but expected to be nominated should give "their consent"?

What is the difference between giving consent and running oneself? At best, a matter of "prestige." Wouldn't a person say, "So many people came to me--ten, a hundred, a thousand, ten thousand--and said, 'We really want you,' and I thought, 'Well, I can't let them down,' so I consented to have them nominate me'"? Does this not become, in the end, something akin to "party activity"? And then if the candidate nominated does not make it to the Consultative Assembly because, despite a "nomination" petition signed by hundreds and thousands, he is not approved and appointed (which is quite possible because the problem is not a question of numbers), what would he say? --"I did not want it anyway." Would he preserve a measure of "respect," of "prestige" in this way?

The desire to serve in the Consultative Assembly cannot be an act that would harm a person's innate respect and, even if an application is not approved, it is not something that would shatter a person's prestige. I do not think so today and will never think so. It is necessary to accept the fact that there are at least 16,000 people (and maybe 160,000) who could comfortably join those 160 and, when they did, would have undertaken a most worthy service to this country. Certainly, many will be "left out." This is neither a "final exam" nor an "aptitude test." There should be no question of "shame" for those who are not in the Consultative Assembly, nor should it even enter anyone's mind. Some were in the 1961 Representatives Assembly and some were not. How many dubious, obscure and totally "subjective" measures were taken, not even just for people "to try and fail," but /to keep out a whole mass of people with solid reputations/? Indeed, how many who were able to hurdle all those dubious, obscure, and subjective obstacles, whose /"authority was undisputed"/ were left out? Was this /"dishonor"/? Are we to say that those who were not in the assembly /were devoid/ of reputation, honor, knowledge, wisdom and ability?

No, sir! To think so is categorically wrong. One should think: "This task will be performed by 160 people among the myriad who are qualified and deserving, because such a task as that cannot be performed with 1,600 or 16,000 people."

One should seek to serve if asked and although it may not be possible to sit in the Consultative Assembly, one should not be offended and say, "Gee, how could a person like me not be accepted?" Is this particular way the only way to serve this country?

Kibar Examines Road Toward Democracy

Istanbul TERCUMAN in Turkish 9 Jul 81 p 6

[Article by Osman Kibar in the column "Kibar's Opinion": "First Steps Toward Democracy"]

[Text] One down. The first push on the road from a closed to an open regime was made last week. The [National Security] Council [NSC] announced a law which puts an

end to the constant chewing over of the Constituent Assembly mastic. Now those who have been waiting hopefully, who were prepared for nervana and for whom it will be a long time before they can enter the Assembly building by election will have their day. Now, in 2 or 3 months, rather than what is going to happen, how the constitution will be, which drawbacks will be eliminated, there will be the work and spectacle emanating from the 160 behind the doors.

Before saying anything about the new law, it is necessary to congratulate the NSC. Instead of an unnecessarily specious and ostentatious name which no one would believe in, the new assembly has been given an authentic name. Without stooping to deceit or pettiness, they found the exact name for a body which will be limited as to manner of formation, duties it will perform and powers. It makes it impossible for anyone to brag unnecessarily. Apologists will still find some pretext or other to blow hot air, but at least it will not be constituent air. At any rate, the Consultative Assembly has found its proper name. "Constituent Assembly" would have been a little off the mark.

One down, we said. In putting an end to all the unnecessary speculation, the NSC took a major step towards transition to an open regime, because all debates from now on will be set down in writing, being followed openly in the committee and other sessions of the Consultative Assembly. And this will be entering upon the process, the basis of an open regime. It means that we will be getting ready to start out on the straight road more or less 1 year after the 12 September Operation.

I sense a hint of the familiar policy of balance at play in the law just promulgated. To ensure that there is no discrimination among the parties and politicians for which more or less sympathy is felt, all who were party members on 11 September will be banned from the Consultative Assembly. One must not dwell overlong on this point, as I see no advantage in discussing the pros and cons of abiding by the terms of Communique No 52. However, I do not quite see how it will be determined whether a man was a registered member of any party. It is rather difficult to assess membership rolls according to current elections and parties' laws or to rely on their accuracy. Recalling the utter confusion in the records caused by the old cliquishness and sleight of hand, I do not know how this will be resolved. I suspect there will be more than a few who are not on any party rolls despite having been elected to parliament. How many do we know whose names are not on a party roll, but who have served the party frequently and well? In my opinion, it would have been better to have some other standard of exclusion for provincial representatives, since the NSC will have the final say on all decisions, and it would also preclude groundless denunciations and accusations in the future. Above all, I cannot imagine how the governors who have just taken office will make the selections from their provinces or what criteria they will use. It is impossible, of course, for a governor who has not even toured all of his districts yet to have very broad information on the people of the area.

The time has again come for a bureaucrats' "heyday," in the expression so favored by my colleague Rauf Tamer [writer for TERCUMAN], because 99 percent of them are not registered with any political party anyway, as they are always agents of the administrations. Their political color is "transparent." So they might as well have a turn. Even some who have run as a candidate for one party or another do not belong to any particular party. We shall see how these will be treated. The Interior Ministry has ordered governors to confiscate party membership rolls. I would also

recommend that they obtain the primary lists from two or three elections as well. Originally, it would have been possible to choose a better "consultant" if judgment could be based on the man, not what he belongs to. Since the final word and decision rests with the NSC, it would have been better not to rile people, and especially Ataturkists with good intentions--but the genuine ones, not the late comers. It happened once, let us not persist in it now.

We are now entering the stage of preparation for very serious matters. As we will lay the foundations for the order that will guide us tomorrow, we should be careful to avoid inconsistency. We must never fail to realize that future statutes and decisions may have significant consequences. There is no room for haste and confusion in the new decisions. Everything must be done with the proper appreciation of the experience, thoughts and perceptions of the Turkish people. The time has come to appreciate untried methods and the opinions and proposals of the people of experience, not interpretation of the law.

We should all get used to looking on the bright side of things. It is easy to find fault, but it certainly does no good.

8349
CSO: 4654/95

ILICAK REVIEWS OPINIONS ON CONSTITUENT ASSEMBLY

Istanbul TERCUMAN in Turkish 17 Jul 81 pp 1, 14

[Article by Nazli Ilicak entitled "An Assembly Without Politicians"]

[Text] These days, as the first steps toward the Advisory Assembly are being taken, we feel it's useful to touch on the subject of political activities one more time.

In the supplement on the Constituent Assembly which was published in TERCUMAN newspaper on Saturday, views were put forth on the subject of "the necessity of lifting the National Security Council's prohibition resolution number 52, during the discussion of the Constitution." After Professor Mumtaz Soysal stated that "I don't see anything abnormal or extraordinary about the Council choosing the members, since the name is the Advisory Assembly and its authority is quite limited" he quickly added that "the political parties and their members should be able to express their views on any subject that arises. The nation, which is the real master of sovereignty, must be able to speak the last word within the limits of these conditions. It is appropriate that the prohobitions that were implemented by resolution 52 be lifted so that the atmosphere for discussion is broadened."

Hifzi Oguz Bekata, a former RPP assembly member, shares Soysal's view on this subject, saying "the laws the Advisory Assembly enacts will be implemented by those who come after it. If the Constitution, the Election Law and the Parties Law are not opened for the public to discuss positively and constructively, they may be subject to change in the future even if they are ratified in a referendum. As Prof Soysal points out, it is essential so that all the laws which the Advisory Assembly prepares within this structure can take inspiration from the thoughts of the valu ie persons who cannot join in the discussion by making the issue one for discussion on the outside as well. This way the Advisory Assembly can judiciously implement its founding function.

Professor Orhan Aldikacti's views on this basic point are no different than the others: "One way or another a system of discussion will be arrived at which will include the political parties, because in the first sub-paragraph of article 22 of the law which outlines the structure of the Constituent Assembly, it is stated that the operations of the Advisory Assembly's general board shall be open. The principle of publicity is brought forth here. It is completely normal that there be discussion governed by free-flowing deliberations.... During the discussion of the Constitution, the Advisory Assembly member will sooner or later come under the limits of resolution number 52. If during these discussions something that a party

leader has said becomes an issue, it is an inevitable development that his response will be "I did this because of such and such." Without meticulously screening the entire country's political life it won't be possible to make a sound Constitution. For this reason it is essential that the means for discussion be opened."

On the other hand, Mukerrem Sarol, a former Democratic Party assembly member, has a different view than the other three speakers. "Is it possible to see clearly while those who yesterday put goals in their own nets argue the next day in the forums and clubs? Can these arguments be of use to the Constituent Assembly? Can these arguments allow those who run today's administration smooth sailing? One must take into consideration the fact that besides the ideas and intelligence he will bring, there is also the destruction that will be brought to the scene.

Mukerrem Sarol held the opinion that while he believes in the value of discussion, haste on this matter will weaken the government in power. In spite of this, Sarol was bitterly critical of shutting off the Advisory Assembly to party members. "It is a mistake to consider all citizens who were registered in a party to be partners in the errors and sins the party perpetrated and all the policies of that party."

Leaving the politicians on the outside of the Constitutional discussions has created dissatisfaction in various camps. Two constitutional professors having differing world views are in agreement concerning the necessity for a basis for discussion that will include the politicians.... The 1961 Constitution has been criticized because it gave weight only to the thoughts of one political party. If all the political parties and their members are excluded form the discussion, this Constitution will be more severely criticized.

This affair probably resembles a marriage arranged without the consent of the bride and groom. An unhappy couple at a shotgun wedding. The rings are bought, the house rented and the rooms furnished. There is no one who asks "Would you like to get married? Is this spouse the right one?"

If in time it becomes necessary to get a divorce are the young people or the parents responsible?

9236
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BIRAND EYES TURKISH ISSUES PENDING IN EUROPE

Istanbul MILLIYET in Turkish 17 Jul 81 p 9

[Article by M. Ali Birand in his column "They and Us" entitled "Turkish Dosiers Left Until September"]

[Text] Europe has started its vacation.

But it's not the type of vacation we are accustomed to.

When you think of a vacation what comes to mind; sunning yourself and once in a while taking a dip in the water, right?

For a great number of Europeans this is not the way they spend their vacation. There have only been about 19 warm, sunny days there since the beginning of May. All the rest have been rainy. At the end of June the weather became even worse and for a while, some 5 days, the temperature dropped to 12 degrees centigrade. The heaters were turned on.

What sort of a vacation atmosphere is this to cheer one up! Consequently, those who rush to get away (and who have some money, of course) head for the Mediterranean coast. The others though will start winter sports any time now.

Since the middle of July the coasts of Spain, France and Italy have begun to resemble the Kocamustafapasa buses. Two or three people are squeezed into one square meter of space on the sea shore. They wait in line for hours and eat a morsel of food for dinner. It's a vacation where one spends half the day in a traffic jam of cars backed-up for miles.

Yet, for the European the vacation is a very sacred thing.

By the thousands, by the hundreds of thousands, they are being readied to land on the sunny shores, like the invasion of Normandy.

The politicians are following the voters.

The parliaments of many nations have been shut down.

The international organizations have started their vacations too.

The Council of Europe held its last meetings three weeks ago and the European Parliament did so last week.

The Common Market Commission and Council will completely stop their operations in two weeks. The foreign ministries completed their last meetings at the beginning of the week. Even NATO (except for a small group of volunteers) has 3/4 of its staff on leave.

The IMF will close its gates in two weeks.

All files will be put in the cabinets.

This, of course, means those files concerning Turkey, as well....

In recent months quite a few organizations have noticeably decided to take up their relations with Turkey in the September-October time frame.

--The European Council will again discuss "its relations with Turkey" at its general session toward the end of September and according to Mr Stiener, who reported on Turkey to the Political Commission, it would be a "rather lively" discussion.

--At its September-October meetings the European Parliament (which is composed of 10 EEC nations) will reexamine the decisions made last April, and a new position toward Turkey will be determined. The issue of the $700 million 4th financial protocol will be discussed in parliament.

--The Common Market's Council of Ministers (the EEC's governmental wing) has officially announced that it "will reevaluate" its relations with Turkey as of September. A former session chairman, Dutch Foreign Minister Vander Klauw, stated that the EEC had decided not to change its position until the Fall but that developments would be reviewed at the point during the September-October period when the 4th financial protocol is to be implemented.

--The West's three international trade union confederations announced that they will take up the Turkish issue both independently and within the International Labor Organization, sometime in September.

--Although it does not have much of a political aspect to it, it has been announced that the meeting of the IMF's Executive Board, which must be held so that the IMF's new $113 million slice of credit (which should have been drawn at the end of July) can be freed, has been pushed back to September. Turkey is looking for ways to use the credits before maturity (as bridge credits) by discounting them at foreign banks, but even if a bank can be found which accepts the bridge credit formula this does not mean that the IMF is going to extend the credit. Without an agreement with Turkey and without this agreement passing through the Executive Board, the IMF will not give the green light. There is a strong possibility that this green light will be given in September (if there is an agreement).

Quite a few decisions have been left until the fall, as if in synchronization.

Some of these decisions spring from political reasons while some others result completely from technical difficulties. However, when they are all taken together it of course increases the possibility that they will affect one another.

For just about everyone, the most important and closely followed issues of the Fall will be how and with whom the Advisory Assembly will be formed, the political suits, and labor activities.

Prior to the vacation, meetings, communiques, and announcements concerning Turkey suddenly increased and again, in the same sequence, they have started to intensify, to mean the political suits, the Constituent Assembly, and labor activities.

Following the vacation, a yearly evaluation of Turkey will be made with new inputs and rested minds.

9236
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DEFENSE SETTLEMENT PARTIES DIFFER ON NATO FORCES

PM210925 Copenhagen BERLINGSKE TIDENDE in Danish 14 Aug 81 p 5

["CB" Report: "Defense Settlement Parties Disagree on NATO Reinforcements"]

[Text] Even on the first day after the formal signing of the defense settlement between the Social Democrats, Liberals, Conservatives, Center Democrats and the Christian People's Party it has become apparent that there are considerable differences in the parties' interpretation of the section of the settlement dealing with NATO reinforcements.

At the request of Social Democratic Folketing member Jytte Andersen, who yesterday expressed reservations over the settlement's NATO section, Social Democratic Folketing group chairman Knud Heinesen said yesterday on the Radiovisen program that the parties had only agreed to seek to clarify the conditions which will cover Denmark's receiving and supporting the reinforcements, proposed for the Danish area. "We are thus dealing with a clarification of the conditions and not with the adoption of a definite position on reinforcement policy, for which there is no foundation at the present time."

Liberal Party chairman and former Foreign Minister Henning Christophersen, however, said yesterday that reinforcement policy must be jointly determined: "It is important that the coming negotiations on reinforcements should now form part of Danish defense policy and should be held under the joint responsibility of the defense settlement parties."

According to Knud Heinesen the parties in the committee appointed to follow up the implementation of the defense settlement, once the conditions for reinforcements have been clarified, will decide whether these conditions can be accepted or not. The question of an expansion of reinforcement policy, including the question of whether depots of heavy materiel for these forces should be set up in Denmark, will be decided independently of the defense settlement when negotiations with Denmark's NATO partners have been concluded.

CSO: 3108/178

UPDATE OUTLINES ALAT RESPONSIBILITIES, TRAINING

Paris DEFENSE NATIONALE in French Aug-Sep 81 pp 156-157

[Article by Emmanuel Gepeyre: "Status Report on Arm, Light Aviation"]

[Text] Under the 1975-1980 army reogranization plan, certain changes were also made in ALAT's [Army Light Aviation] organization, changes stemming from a new organizational concept adopted in 1976.

ALAT has the requirement of meeting air mobility needs above the terrain of interest to the army by day and night use of the air space close to the ground. It must be prepared to do this in combat operations conducted in Europe as well as in external operations. ALAT has accordingly been so organized as to have:

a. In each army corps: a special command responsible for coordinating airmobile operations conducted jointly with other arms or services.

b. Combat helicopter regiments composed of different types of aircraft, the combined employment of which gives these units the capability of gathering information, attacking armor, and rapidly redeploying ground troops by helicopter.

c. Light helicopter regiments designed to support commanders in their exercise of command.

ALAT Missions

ALAT has essentially four missions: to fight, to inform, to transport, and to facilitate the exercise of command.

Its primary mission is to fight. To accomplish this mission, it has to oppose enemy tanks and armored vehicles by means of airmobile operations conducted on corps orders and in support of divisions. For this purpose, the army has 13 flights [escadrilles] of 10 antitank helicopters each. Some of these units are equipped with Alouette 3 helicopters armed with four SS-11 missiles having a 3,000-meter range. Others are assigned Gazelle 341 helicopters equipped with a telescopic sight capable of acquiring targets at a range of more than 5 kilometers and guiding HOT antitank missiles out to a range of 4,000 meters. Some other flights were equipped last year with Gazelle 342 helicopters that are fitted with the same sighting instruments as the Gazelle 341's but have increased power in tactical flight and a self-contained navigation system.

These antitank operations can be supplemented by transporting infantry unit Milan [antitank missile] crews to their firing positions, flying close to the ground with Puma tactical transport helicopters, each capable of carrying two Milan crews complete with launchers, associated equipment, and ammunition.

ALAT's information or intelligence mission is performed by light helicopter flights organic to the combat helicopter regiments. Each flight is capable, in 1 hour, of gathering information on the size, nature, and posture of an enemy threat over a 20-kilometer front. This capability is due in great part to the Gazelle helicopter's stabilized observation sight which enables the pilot to distinguish an armored vehicle at a range of 5 kilometers.

The transport mission is performed by tactical transport helicopter flights equipped with Puma-type helicopters. The Puma helicopters assigned to a corps can transport 1,000 soldiers 100 kilometers, without refueling.

The mission of facilitating the exercise of command is normally performed by light helicopters placed at the disposal of defense zone commanders, "large" unit [division and higher] commanders and their principal subordinates. It should also be noted that these commanders may direct their operations from a Puma helicopter specially configured as an airborne command post.

Instruction and Training in ALAT

Aircraft operation and maintenance necessitates mastering the skills of some 20 occupational specialties. These skills are acquired in 12 different military and civilian schools.

The army itself has five of these schools, including the ALAT Specialists School at Dax and the ALAT Advanced Training School at Luc-en-Provence.

ALAT specialists are also trained in French Air Force base schools, the National Civil Aviation School for Air Traffic Controllers, the National School of Meteorology, and the Combined Air Operations School.

The continuous training of ALAT specialists demands continuous adaptation to changing tactical methods and to aircraft and avionics technology. The goal of the recently developed new pilot training cycle is to integrate "operational instrument flight" into basic pilot training, and without increasing the length of the courses. Flying by instruments allows formations to maneuver in bad weather at altitudes compatible with tactical and flight safety. The installation of flight simulators now facilitates training pilots in the different formations.

Along with its 6,000 men, half of whom are Regular Army, its 700 aircraft, and its 170,000 hours of flying per year, ALAT now has an organization commensurate with its missions and the steadily higher performance characteristics of its aircraft, thereby giving it operational capabilities of the highest caliber. These capabilities are still limited, however, by poor visibility conditions, or by the effects of enemy weapons. For that reason, the army is making a major effort to enhance the employment capabilities of its helicopters at night and under other conditions of reduced visibility, while continuing to develop tactics and equipment designed to lessen their vulnerability.

8041
CSO; 3100/900

DESCRIPTION OF ARMY'S NEW ALL-TERRAIN VEHICLE

Paris DEFENSE NATIONALE in French Aug-Sep 81 pp 157-158

[Article by Emmanuel Gepeyre: "Citroen A 4X4 Light 'All-Roads' Vehicle"]

[Text] The army must replace its fleet of light substitute type transport vehicles by 1982 to cope with the attrition of the Mehari [Citroen 4X2 light transport] vehicles currently in service.

The approved replacement is the Citroen A 4X4 light "all-roads" vehicle. The Army Technical Section thoroughly tested this vehicle at Satory and in troop units for more than a year. These tests were conducted with 10 prototype vehicles that logged a total of 270,000 kilometers on tracks, various kinds of roads, and cross-country.

Vehicle Characteristics

The Citroen A 4X4 light vehicle consists of a platform forming the chassis frame, a body of corrugated iron mounted with bolts, and a power unit.

Its seating capacity is four: the driver and three passengers. Payload capacity is 400 kilograms.

Its fuel consumption is approximately 9 liters per 100 kilometers and it has a cruising range of more than 650 kilometers. The vehicle is powered by a 652-cubic centimeter gasoline engine.

Its main characteristics are: overall length: 3.63 meters; overall width: 1.55 meters; overall height: 1.68 meters; ground clearance when loaded: 0.20 meters; gross weight with payload: 1,248 kilograms; power: its air-cooled engine develops 34 horsepower at 5,250 rpm.

The drive train includes the front-wheel drive, a single-disk dry clutch, a transmission with four forward gears and a reverse gear, and a lockable differential on the rear axle.

The vehicle has rack and pinion steering, and disc brakes on all four wheels. Lastly, the vehicle is equipped with a 12/24 volt transformer for use with vehicle-mounted radios.

Tests

The Army Technical Section tested the 10 prototype vehicles for ruggedness, mechanical reliability, and to determine the Citroen VLTC's [all-roads light vehicle] operational capabilities and limitations. These tests included a total of 350 hours of gruelling cross-country trials representing 20 percent of the total mileage logged. These cross-country tests consisted of 150 hours in rocky terrain at Carpiane, 100 hours in miry terrain at Mourmelon, and 100 hours in sandy terrain at Biscarosse.

These technical tests, conducted under operational conditions, revealed the vehicle's basic good points, particularly its excellent suspension, mechanical capabilities, and general mobility. In addition, they permitted improvements and modifications to be made in the vehicle, changes that have sharply enhanced its ruggedness and reliability.

Other tests were conducted concurrently in troop units. These were of an accelerated aging type designed to evaluate the vehicle's degree of reliability, detect its technical deficiencies and defects under normal conditions of military use, determine any maintenance and repair problems, and define its operating capabilities and limits.

The test vehicles were driven some 250,000 kilometers, 2 percent of which was on tracks and cross-country. This extensive driving confirmed the excellence of the vehicle's economical and relatively austere design, its performance, and its roadability. The Citroen 4X4 VLTC remains a simple and economical vehicle with very good general mobility. When fully loaded, its capabilities are limited by its light design, low ground clearance, and the relatively low power of its engine.

Designed to succeed the Mehari, this vehicle must by no means be considered a combat vehicle. On the other hand, it will be thoroughly suitable for liaison and training tasks.

The army equipment plan calls for the delivery of 5,000 VLTC's, and these could start arriving in units as early as next year.

8041
CSO: 3100/900

NOTES ON CREATION OF NEW AIR FORCE SQUADRON

Paris AVIATION MAGAZINE INTERNATIONAL in French 1-14 Aug 81 p 11

[Article: "Air Force Forms New Squadron"]

[Text] General Fleury, the French Air Force chief of staff, attended the formal presentation of a new squadron, the 3/5th [3d Squadron, 5th Fighter Wing] Comtat-Venaissin squadron, held at Air Base 115 in Orange (home base of the 5th Fighter Wing) on 3 July. He was accompanied for the occasion by General Capillon, the CAFDA [Air Command, Air Defense Forces] commander, and General Bonnet, commander of the 4th Air Region. In his remarks made at this ceremony, General Fleury outlined the reasons that had prompted the decision to activate another squadron of Mirage F-1 two-seater fighters.

The primary objective of this decision is to help increase the size of the CAFDA forces, inasmuch as the number of aircraft assigned to the defense of French airspace and sea approaches is actually to be increased from 150 at the present time to 165 by mid-1982.

The chief of staff explained, in substance, that the assignment of Mirage F-1 B's also had a dual purpose: "to improve the operational performance of our aircrews and accelerate the final phase of conversion training on combat-type aircraft. For instance, the 16 months and 240 flying hours heretofore required for advanced pilot training will be reduced to 12 months and 190 hours."

It should also be noted that the Mirage F-1B's avionics and weapon systems--radar, air-to-air missiles, guns--are identical with those on the Mirage F-1C, thereby enabling pilots taking the 1,000-hour refresher course to acquire a better grasp of the aircraft's capabilities of performing its primary missions which are still essentially high-altitude interception and low-altitude interception over the sea.

8041
CSO: 3100/900

LAW EXPERTS OPPOSE CAPITAL PUNISHMENT

Athens AKROPOLIS in Greek 21 Jul 81 p 3

/Article by Khr. D. Kyritsis: "The Death Penalty Splits State and Criminologists"/

/Text/ Principles of humanitarianism are evoked by the resolution of the European Parliament favoring the abolition of the death penalty in all EEC member countries which have not abolished it. The resolution is subject to the approval of the European Commission before it can become binding for the member-states. The European Parliament has no final authority except in approving the community budget. It simply expresses a wish; it submits proposals to the commission. Should the commission adopt the proposal of the European Parliament, Greece, too, will have to abolish the death penalty (in essence it has already done so) which is provided for the following cases:

Penal Code

Article 138: Threat against the country's territorial integrity.

Article 134, paragraph 2: High treason.

Article 139, paragraph 2: Threat against the country's international peace.

Article 143: Military service with the enemy.

Article 144, paragraph 1: Support to the enemy's military forces.

Article 148, paragraph 2: Spying. This article has been suspended because Emergency Law 375/36 "On Spying" is in force.

Article 299, paragraph 1: Premeditated murder.

Article 317, paragraph 3: Duel.

Article 380, paragraph 2 and 3: Armed robbery.

In all cases except the first the court has the option to impose either the death penalty or a life sentence. Moreover, according to article 86 of the Penal Code, wherever the law provides for either the death penalty or a life sentence the former is imposed only when the type and execution of the crime as well as all other circumstances make the criminal act especially heinous or when the culprit

is a threat to public safety. Unless the conditions of article 86 exist, the death penalty cannot be imposed.

In addition to the Penal Code other special penal laws provide for the death penalty, such as:

Article 1 of Law 774/78: "On suppressing terrorism and protecting the democratic polity."

Article 1 of Law 1608/50: "On imposing heavier penalties on embezzlers of public funds."

Articles 1, 2, 3, 5, 6, 7, 8, 9, 10 of Emergency Law 375/36: "On Spying."

Eighteen Sentenced to Death

During the last 10 years 18 individuals have been sentenced to death [in Greece]. Of these, only one was executed, Vas. Lymberis, who in 1972 burned to death with his accomplice, Pavlos Angelopoulos, his wife, two children and mother-in-law. The other 17 death sentences were automatically reduced to life sentences according to article 116 of the Correctional Code (Emergency Law 125/67) which provides that:

"The death penalty is not executed if 3 years lapse from the time the sentence becomes final, at which time the sentence is automatically commuted to life imprisonment."

The 17 sentences were not executed in 3 years and were automatically changed into life. The persons sentenced to death during the last 10 years are:

Evr. Mavrogiannakis, armed robbery with homicide, Vas. Lymberis, multiple premeditated homicides with destruction of property by fire (executed in August 1972), Pavlos Angelopoulos, Lymberis' accomplice, G. Giannakos, armed robbery with homicide, Nik. Koemtzis, premeditated homicide, Ilias Soulis, premeditated homicide, Photios Khronopoulos, premeditated homicide, Evst. Maniatis, premeditated homicide, I. Dikaiakos, premeditated homicide, G. Tzoudas, premeditated homicide, Spyp. Katsavrias, premeditated homicide, Theod. Khristeas, armed robbery with homicide, Vas, Sarandopoulos, robbery with murder, Nik. Palioudakis, premeditated homicide, Khr. Makridakis, premeditated homicide, and G. Papadopoulos, Styl. Patakos and Nik. Makarezos, high treason and mutiny.

The government, in discussions held at various international meetings, has expressed opposition to the abolition of the death penalty. A spokesman of the Ministry of Justice stated in response to a question:

"This question must remain open until this critical period of violence, terrorism and crime which prevails internationally is over."

This official position notwithstanding, the common belief is that the death penalty must be abolished. Two professors of penal law at the Athens School of Law explain why:

Conditions

N. Androulakis: "Any penalty is justified only when it is necessary, that is, when the intended result cannot be achieved by other milder means. The necessity of the death penalty is particularly questionable. The milder penalty of life imprisonment is probably sufficient as a deterrent against premeditated homicide--this is the purpose of the death penalty. At least until now nobody has proved otherwise. But even if we were to suppose that the death penalty is necessary (for instance, to combat certain contemporary forms of criminality which are internationally on the rise such as the genuine, unjustifiable cases of individual terrorism), it does not fulfill the second condition a penalty must fulfill if it is to be justified and acceptable: to be just, i.e., to fit the damage done by the culprit and for which the penalty is imposed.

"Indeed, the death penalty (except maybe in the extreme case of high treason) is always out of proportion to the crime and therefore it is unjust. For example, one cannot compare the act of a mostly weak, miserable human being such as a murderer--an act of human weakness--with the legalized 'bureaucratic,' cold-blooded killing of the murderer by the state, nor can it be equated with the torture of waiting for the execution--something which, as a rule, breaks down even the strongest human beings. For this reason I believe today that the death penalty is unjustifiable. Anyway, the death penalty here in Greece has been abolished for all practical purposes and remains only on paper, with no effects visible by its absence!"

Out of Action

The second professor of penal law told us:

Khr. Dedes: "The death penalty may be abolished on common crimes because it has been verified that in the countries where it has been abolished, criminality did not increase. Anyway, here in Greece the death penalty applies to very few crimes. Consequently, it would be excessive to say that it exists since essentially it has been abolished and exists only on paper. It is known that the death penalty puts the culprit completely out of action, consequently one cannot speak about his rehabilitation which is the basic disadvantage of the death penalty. Of course, its complete abolition presupposes its replacement by another penalty. Penologists had thought about a 30-year imprisonment."

There are, however, opposing views such as that of penologist Epam. Zafeiropoulos, a member of the Athens Bar Association Administrative Council, who argues:

"The question must remain as it is now because there are people, beastly by nature, who do not obey any of the dictates of human behavior or any feeling except that of satisfying the beast within them, who have in themselves the primitive natural drive to satisfy only the need to externalize in a brutal act what obsesses them: the lack of feeling, conscience, love, kindness. The state must defend itself against such people. It must protect the other people, The death penalty becomes the state's legitimate defense.

Pro and Con

"Moreover, the life sentence does not scare the murderous criminal as much as the death penalty. For this reason I believe that the matter must remain as it is now.

"We are also going through a period of increased murders or other forms of crime so that we must have the fear, the threat of the law. Excessive leniency in crimes such as premeditated murder is harmful to society. On the other hand, however, the state must examine the crimes of those people who committed them in moments of weakness--out of love, passion, great anger, etc.

"The problem is admittedly difficult. Both theories, those advocating the abolition of the death penalty and those favoring its retention, have valid arguments that no one can ignore. They have pros and cons.

"The development of penal sanctions will show which theory is more prevalent..."

7520
CSO: 4621/48

SURINAMESE LEADER CRITICIZES POLICE, WARNS OF VIOLENCE

Rotterdam HET VRIJE VOLK in Dutch 7 Aug 81 p 2

[Text] COOS, the organization for the protection of the interests of Surinamese persons, expects in the near future a violent clash between blacks and the Rotterdam police. It does not exclude "the possibility that people will be injured or even killed."

Police brutality and provocation of resistance are mentioned as the cause of the threatened escalation of force. The police denies that it discriminates against blacks.

The Judiciary Complaint Committee and also the Central Development Organization of Surinamese (COOS) are receiving an increasing number of complaints from blacks of police provocation, especially by young policemen.

COOS finds that the leadership of the Rotterdam police should immediately warn these policemen.

It its monthly KOMPE COOS warns: "Immigrants are not going to tolerate forever that the police treats them like dirt, beats them up, and then simply releases them after a few hours of detention."

The Judiciary Complaint Committee (J.K.) confirms that there is a relatively large number of complaints from black immigrants. A J.K. spokesman says: "Moreover, we have the definite impression that Surinamese in particular are not coming to us with their complaints. They pent up their rage or go to their own organizations."

During the past month more than 30 complaints about police discrimination were registered by the Surinamese organization COOS. Especially on the Kruiskade the situation is deteriorating rapidly. The police there are now very busy fighting the heroin trade. COOS understands that but does not go along with dozens of needless arrests and searches.

Arthur Russell of COOS says: "More than half the immigrants on the Kruiskade have nothing to do with the heroin trade. The Kruiskade is also a meeting place for Surinamese who do not use marijuana or heroin."

In its monthly magazine COOS implores all Surinamese to treat the police with respect, avoid provocation, offer no resistance, and use no force. In return it expects the police to stop its discrimination.

A Rotterdam police spokesman absolutely denies that the police force discriminates. "We therefore see no reason to warn our men to act correctly. We also have a complaint procedure with all kinds of guarantees for those who file complaints. If one does not agree with the way a certain policeman behaves an official complaint can be filed. As long as that does not happen we deny the existence of discrimination."

COOS says: "Complaining is useless. It is always two policemen against the word of one black person. We are always at the short end. We hope that the leadership of the police will act on our complaint. That would eliminate a source of tension and also contribute to a better understanding between the Surinamese and the police."

10319
CSO: 3105/160

MEASURES ISSUED TO FURTHER STREAMLINE COURT PROCEDURE

Istanbul TERCUMAN in Turkish 17 Jul 81 p 14

[Text] Ankara (AKAJANS)--At yesterday's meeting of the National Security Council the draft of a law making changes in the Legal Trial Procedures Law and the Execution and Bankruptcy Law, and the draft of a law concerning charges in certain articles of the Public Accounting Law, were accepted.

The law which the Council accepted "concerns changes in certain articles of the Legal Trial Procedures Law, the addition of new articles to this law, and a change in an article of the Execution and Bankruptcy Law" and is aimed at speeding-up litigation while preventing the parties from prolonging suits unnecessarily. According to the text of the law, the judge can, without a hearing, issue a writ of nonjurisdiction either regarding the dosier or at any phase of the suit. Moreover, a jurisdictional objection may be claimed at any phase of the suit, but after a suit has been brought to trial in the Court of First Instance no objection can be made in superior court by claiming that the suit is in the jurisdiction of the Court of Peace. In accordance with the draft, which raises the value limit of the Courts of Peace from 5,000 to 25,000 lira, a decision to overturn regarding requests for challenging a judge which are not made on time, which cannot exhibit convincing evidence and which are clearly understood to have been made for the purpose of prolonging the suit, can be issued in combined basic criminal courts with the participation of the judge who has been challenged, and in single-judge courts by the challenged judge himself. In the event that the judge overturns the challenge request, it can only be appealed by a judgment granted against this decision. If the jurisdictional judge does not accept the challenge request from the standpoint of its method or its merits, each of the individuals who made the request will be fined from 1,000 to 10,000 lira. If more than one judge is challenged at the same time, the fine is a minimum of 10,000 lira per participant. In the event that the challenge request, which has been brought forth by the same party in the same suit, concerning the judge, is rejected, the fine to be paid will be double the previous fine. Meanwhile, in suits and proceedings which have no recourse to appeals on the basis of the provisions of law, the jurisdictional decisions concerning requests to challenge a judge will be final.

Related Suits Will Be Consolidated

According to the text of the law, related suits in the same or separate courts can be consolidated at any stage either upon a request or of their own accord. These consolidation or separation requests can be made with a petition or orally at a

hearing. The law, which provides that an agent who does not present an original or a duplicate of the power of attorney cannot initiate a suit or bring it to trial, prescribes that legal proceedings done with the aim of creating a right, having one overturned, transferred, changed, renewed, postponed, acknowledged or bankrupted, be backed by proof in the form of a bond in the event that the amount at the time the proceedings were accomplished or their value exceeded 5,000 lira.

In accordance with the law, which also brings various streamlining features to hearings held in the courts, the court can, after listening to the claims and defenses of the two parties at an oral trial session, announce the end of the trail, write the basis for the decision, sign it, and make the pronouncement. The law provides the means for recourse to appeal against final decisions given in the courts, with the stipulation that legal benefit be found for both the losing party and the prevailing party. In accordance with the law, final decisions concerning suits dealing with transportable goods and debts, the amount and/or value of which does not exceed 10,000 lira, cannot be appealed. In this connection, the law provides that the appeal period against decisions of the Court of Peace will be 8 days. Additionally, according to the law, a justice of the peace will be able to resolve disputes, the value of which can be determined and which are not in excess of 25,000 lira, by using the simple method, and he can grant time to the two parties so that they can present supporting evidence. By means of temporary articles added to the law, the application of the altered provisions to future procedures, after the law goes into effect, has been made legal.

9236
CSO: 4654/112

IZMIR VILLAGE APPEALS TO NSC IN LAND DISPUTE

Istanbul CUMHURIYET in Turkish 19 Jul 81 pp 1, 7

[Article by Kenan Mortan]

[Text] The village of Bademler in the Urla district, has appealed to the National Security Council [NSC] to take up its 2500 acre land dispute, characterized as one of Turkey's largest land suits. Archeologist Musa Baran, who appealed to the NSC on behalf of the village's people, explained the problem as follows:

"The fields, pastures and groves where we have lived and earned a living for 100 years and for which we have paid taxes on time in accordance with the law, are being registered as mountains, stones and forests in the treasury. We are losing goods and property. We are being victimized. We want a wrongful procedure prevented and our rights protected."

In information provided by village headman Huseyin Or, he reported that the village land was left unregistered following a land registry survey conducted in 1975, and that as the result of this the situation went into the court system. Or noted that up until now they had won a series of suits in the Urla Land Registry Court but in the event that they win this case, the forest administration will be the real winner. In the appeal made to the NSC, Dr Musa Baran listed the following evidence concerning the matter:

"1. According to the tax registry of the local government we have paid the taxes on this land in the time prescribed by the law. We are the true owners.

"2. We have expert witnesses who will bear out this fact.

"3. Most of the lands in question are referred to by the name of their owner.

"4. In these places, which the land registry officials who work for the treasury describe or see as mountains, rocky ground, brambles, or groves, our grandfathers labored hard and produced the marketable products of those times, and thus made a living. They raised us there."

Baran explained the wishes of the villagers in the final section of his petition as follows:

"While we were glad that the title and land registry officials came to our village, we are nevertheless losing our land and our homes. We want the situation to be investigated on site and this problem, which encompasses all Turkey, solved by the enactment of a new law, if necessary, thereby protecting the citizens's rights. We present this with our respects."

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END

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SOVIET BALTIC EXERCISE SEEN IN LIGHT OF 'ZONE,' PEACE PROPOSALS

Oslo AFTENPOSTEN in Norwegian 4 Aug 81 p 2

[Editorial: "In the Service of Peace"]

[Text] Peace is a "patient" word. It is used and misused on the most different occasions. These days it is once more being scrutinized. The participants in a demonstration demanding a Europe free of nuclear weapons "from Portugal to Poland" will enter the capital of France after a walk of several weeks along the roads of Western Europe, They have wandered afoot this long stretch in the service of peace. There is every reason to doubt, however, that this peregrination will alter the military situation in Europe. It must feel good to be an idealist at a time when human beings have produced weapons that can destroy our entire globe. But the danger these weapons represent also makes it necessary to use common sense and be realistic. The "Peace March" to Paris has been twisted in that it is aimed exclusively at ridding Western Europe of American nuclear weapons. Therefore it is not of the world of reality.

Nobody misuses the "peace" as industriously as do the regimes the participants in the "peace march" have left out of their slogans. The communist states along the Baltic have named this area the "Sea of Peace." While the well-meaning participants in the "Peace March" gather for the last demonstration in Paris, the Soviet Union is making preparations for the largest naval maneuver ever to have taken place in the "Sea of Peace." It is to be conducted in waters which must be included in a "Nordic nuclear-free zone" if this idea is to have meaning, but it is to be feared that the enthusiastic "peace marchers" will not give the power demonstration by the Soviet fleet the attention it demands. For example, do they not find it striking that the Soviet naval units in the "Sea of Peace" include an unusually large number of warships equipped with nuclear rockets?

The Soviet maneuver is planned as an amphibious operation. According to Western intelligence circles marine units are to be landed on the coast of Estonia. It may be by chance that the Soviet rulers carry out so grand a concentration of its navy, led by the aircraft carrier Kiev, at a time when tension in Poland is reaching a new high level. But even if the naval exercise in the "Sea of Peace" has no direct connection with conditions in Poland it will act as warning to the Poles. The Soviet leaders, worried over developments in Poland, show their power in a way that will make the people of Poland think about the worst that can happen: a Soviet military intervention. To the Poles, the Baltic is no longer a "Sea of Peace."

Working for peace is praiseworthy. Nobody wants war, but it is being revealed time and again that the supposedly most "peace-minded" regimes attempt to the utmost to exploit the peace idealists for their own purposes. And these regimes are not exactly noted for their efforts on behalf of peace. Of this we have been reminded these days in the "Sea of Peace."

11,256
CSO: 3108/176

'RED LANTERN' OPERATION REPORTEDLY SMASHES TKP

'HURRIYET' Report

Istanbul HURRIYET in Turkish 23 Jul 81 p 17

[Article by Oktay Ozeskici]

[Text] Ankara, (HURRIYET)--It has been revealed that the secret Turkish Communist Party [TKP], thought to have been eradicated following the operations carried out in 1951 and 1961, has instead become even stronger, making preparations aimed at overthrowing the regime and transmitting information obtained concerning social, political, economic and military matters by means of microfilm to iron curtain countries. Two thousand TKP members were apprehended in the "Red Lantern Operation," the biggest operation in recent years, carried out around the clock by the National Intelligence Organization [MIT] and the political police in order to expose the illegal TKP. According to information obtained, the TKP's domestic and foreign system of organization and its officials were uncovered. Meanwhile, it was indicated that TKP sympathizers were sent abroad in the guise of tourist groups, and educated in various subjects in "party schools" set up in iron curtain countries.

The "Red Lantern" operation, which began following the determination that a worker by the name of Hasan Yilmaz, working in the Gazi Fisek Factory in Kirikkale, was a member of the secret Communist Party, was pursued across the country and abroad. The preparations continued for about 6 months. It was perceived that persons belonging to the TKP, acting against Turkey's long-term national interests, microfilmed information which they obtained on social, political, economic and military matters and transmitted it to TKP central committee members living in iron curtain countries.

Thirty Person Classes

The interrogations revealed that TKP sympathizers were sent out of the country in the guise of tourists, with false documents procured abroad, and were then secretly skipped into iron curtain countries where they were given 6-month courses. According to information provided by Ferruh Ozbak, a TKP member who underwent this instruction, Communist Party sympathizers from all over the world were given courses taught by experts on "theory and technique, economics and political philosophy, Communist Party history and social psychology.

The interrogation of members apprehended during the "Red Lantern" operation, undertaken 20 years later [as published], revealed that in 1932, the TKP met under the banner of the "4th Congress;" later, however, as they were unable to achieve an absolute majority, the central committee members were determined by means of conferences which were given the name of "Plenumul." It was perceived that the following meetings were held: The 1977 Moscow and Konya Conference, the 1978 Plenumul meeting in Germany and the East German conference in 1980. The names and codenames of members of the central committee of the TKP, the majority of which reside abroad, were revealed as follows:

Ismail Hakki Bilen (Marat), Veysi Sarisozen (Zaro), Aydin Meric (Hasanerdal), Alp Otman (Kaya), Yasar Nabi Yagci (Kutlu), Aydan Bulutgil (Sapanci), Mustafa Demir (Yelkenci), Feridun Aksin (Sahin), Kemal Kervan (Kervan), Ali Durak, Mehmet Karacca (Dilda), Aybars Benturk, Metin Gur (Selim), Ulvi Oguz (Sarica), Birol Basoren (Diligil), Guray Tekinoz (Yigit), Cagatay Gurer (Kaynak), Cemal Kiral (Yildirim), Seref Yildiz (Akin), Metin Ozturkoglu, Senol Yildiz (Cazgir), Olmez, Erdal Talu (Kocak), Sitki Coskun (Donul), Dincer Taylan (Aktuna), Ahmet Saydam, Haluk Yurtsever (Demir), Nihat Akseymen (Yorukoglu), Isa.

Security officials indicated that of the central committee members, Ahmet Saydam had died and Haluk Yurtsever and Nihat Akseymen had been expelled from the party as a result of a disagreement.

Headed by Three Men

It was learned that the TKP was headed by a politburo made up of three members selected by the central committee.

According to evidence obtained by intelligence officers, the politburo, which serves as the TKP's council of ministers, is comprised of Ismail Hakki Bilen, secretary general; Veysi Sarisozen, secretary for agitation and propaganda; Aydin Meric, secretary for organization. It was determined that Alp Otman was later appointed as deputy to Aydin Meric.

External Organization

The TKP's regional officials in Holland-Belgium, Sweden, France, Czechoslovakia, West Germany and East Germany were also revealed. These were part of the TKP's large-scale organization intended to establish the regime which they desired.

It was revealed that Western Europe TKP official Mustafa Demir was the regional secretary for Holland, Belgium and Sweden; Feridun Aksin for France; Kemal Kervan for Czechoslovakia; Metin Gur for West Germany; and Ali Soylemezoglu for Hamburg, Duisburg, the Ruhr basin, Frankfurt and Dusseldorf.

Domestic (Turkey) Organization

It was indicated that Yasar Nabi Yagci and Aydan Bulutgil held overall responsibility for the TKP in Turkey. The TKP divided Turkey up into regions. The regional officials and their areas of responsibility are as follows:

Yasar Nabi Yagci (Trakya-Istanbul), Ulvi Oguz, Birol Basoren (Marmara region), Guray Tekinoz, Cagatay Gurel (Central Anatolia), Cemal Kiral (Aegean region), Seref Yildiz (Kurdistan), Metin Ozturkoglu (Cukurova), TKP member codenamed Olmez, real name unknown (Eastern Black Sea).

It was learned that among the top level officials in Turkey, Aysan Bulutgil was responsible for technical matters and relations with the military, youth, occupational organization and the organization of unions and women.

Two Thousand Persons

It was reported that over 2,000 persons were apprehended in the operation titled "Red Lantern" carried out tirelessly for months by the security forces with the aim of smashing the TKP.

Among those apprehended were central committee members Ulvi Oguz, Birol Basoren, Cagatay Gurel, Birol Diligil, Mehmet Aydin Bulutgil, Yusuf Isik and Nizamettin Gunes.

'MILLIYET' Report

Istanbul MILLIYET in Turkish 30 Jul 81 p 12

[Excerpt] [Passage omitted dealing with the handing-down of death sentences to three leftist terrorists in Izmir] MILLIYET News Center--Following a swift operation carried out across Turkey, teams belonging to the 1st Branch of the Ankara Security Directorate captured nearly 1,500 members of the Turkish Communist Party [TKP], among which were central committee and politburo members. Extensive information pertaining to the party's manner of operating, system of organization and membership was obtained through interrogation of the captured members. A large number of party members are being sought, including former deputies, union members and educators.

The apprehended TKP members include educators, doctors, journalists and union members.

Interrogation of the apprehended party members revealed that the TKP members were trained in the party school in Moscow. [Passage omitted dealing with Istanbul arrests of 18 rightwing terrorists and Mersin arrests of 35 Revolutionary Road members.]

'CUMMURIYET' Report

Istanbul CUMMURIYET in Turkish 31 Jul 81 pp 1, 7

[Text] Ankara (UBA)--Following operations carried out in Instanbul, Ankara, Immir, Adana, Mersin, Sivas, Bursa and Balikesir provinces, 1,400 persons belonging to the illegal Turkish Communist Party [TKP] were apprehended. Following interrogation by security forces, it was stated that party members had received training in Berlin and that TKP members had gone to East Berlin by air and by road. According to information obtained by security forces from the TKP members whom they had

apprehended, it is thought that the TKP has between 4,000-4,500 members. The TKP members are being questioned for violations of articles 141-142 of Turkish Republic Law. Meanwhile, it is reported that 15-20 TKP members will be tried on charges of transporting information belonging to the state abroad and spying.

According to information obtained by the UBA [expansion unknown] correspondent, the TKP is headed by a committee comprised of Ismail Bilen, Aydin Meric and Veysi Sariozen [correct spelling of this name is probably "Sarisozen"]. However, it is indicated that the party also has a 37 member politburo. It is indicated that some of the leaders serving on the TKP central committee and provincial committees have been apprehended and arrested.

'TERCUMAN' Report

Istanbul TERCUMAN in Turkish 7 Aug 81 pp 1, 14

[Text] Istanbul--The Turkish Communist Party [TKP] has been smashed in a big nationwide operation carried out by security forces from 12 September on; an operation which resulted in the capture of approximately 1,500 party members. This is the first time since the great TKP operation which went down in history as the "1951 Arrests" that the TKP has suffered such a setback. It has also been revealed that the TKP was used by the Soviet Union as a "fifth column" for spying and destructive activities in Turkey. Security forces smashed the Istanbul and Marmara regional organizations of the party, the headquarters of which is in East Berlin. A large number of TKP members, including Nizamettin Gunes, the brother of the former interior minister Hasan Gehmi Gunes, were detained. It was indicated that while Nizamettin Gunes was the mayor of Sakarya, he organized the Turkish Communist Party and was the secretary of the Sakarya provincial committee. The names of nine former deputies appeared in a dossier of TKP members found in his home. The publishing facility where "Atilim," the press organ of the central committee was printed was also located and a lightning raid carried out. For the first time, in this eighth and largest TKP operation in the Republic's history, the members of the central committee and politburo were identified by name. The majority of central committee members, including the secretary general of the DISK [Confederation of Revolutionary Trade Unions]-affiliated Maden-Is [Turkish Mine, Metal, Metal Works and Machine Industry Workers Union], Mehmet Karacan, were not seized as they had fled the country.

'Atilim' Magazine Was Being Published in Turkey

During the large 4-month-long operation carried out across Turkey, it was learned that the illegal magazine "Atilim," the press organ of the party's central committee, was printed in a farmhouse near Tekirdag. The "Atilim" magazines coming from East Berlin were duplicated with a printing press set up here and expertly camouflaged and then sent out to party members and certain given addresses. Security forces, who raided the operational printing facility, intensified their raids. As a result of information obtained, the TKP members, including persons who had infiltrated state offices, began to be captured one by one. Meanwhile, it was learned that the deputies to TKP secretary general Ismail Bilen--who heads the party and directs the central committee--were Veysi Sarisozen, the former chairman-general of the FKF (Federation of Thinkers Clubs), who fled from Turkey to East Berlin during

the 12 March period and Aydin Meric, who was press advisor for DISK during the years 1976-1978. It was determined that the TKP gave 20 million lira in cash to Bakiye Beria, who put himself forward as an independent candidate for the position of senator from Instanbul, in the latest elections and that this money was spent throughout the duration of the campaign.

Spying for the Eastern Bloc

It is understood that the TKP militants in Turkey worked as a "fifth column" in the political, military, economic and industrial fields. Very interesting data concerning Turkey were transmitted by means of microfilm to the Czechm Bulgarian, East German and above all the Soviet secret services. An example of this was found in the house of a party member. The headings for the taped and microfilmed information collected on the subject of lightbulb production in Turkey are as follows:

"How are lightbulbs manufactured in Turkey; what is their cost; what percentage of raw materials and what percentage of foreign raw materials are used in their manufacture; how are they exported?"

The Mysterious Yurukoglu's Real Name Was Nihat Akseymen

From the investigation it was learned that the real name of Rauf Yurukoglu was Nihat Akseymen. The latter, with the book titled: "Turkey, Imperialism's Weak Link," had caused confusion in the TKP and brought about division of the party into two major factions under the names of the England Branch (The Voice of the Worker), which he headed, and the German Branch (Forward Thrust), headed by Secretary General Ismail Bilen. Coming into conflict with Ismail Bilen because of the book which he wrote, expelled from the central committee, Nihat Akseymen used the codename "R. Yurukoglu." He wrote books and articles in "The Voice of the Worker" under this name. Akseymen was known within the central committee under the codename "Veli Dursun." The group led by Akseymen, who lives in London, has currently lost its influence in the TKP. Akseymen's group, which collaborated with the English Neo-Communist Party 3 yeras ago, is known as the spokesman for a new Marxist-Leninist school called Neo-Bolshevism.

Past TKP Operations

In 1919, the Turkish Communist Party was established by Mustafa Suphi, a former Mason who fled to Russia while a newspaperman and member of the Liberal Union, the political opponent of the Committee of Union and Progress and became a Bolshevik during the Russian Revolution. Following the setting-up of the Republic, it was headed by Sefik Husnu Degmer, a doctor of Jewish origin. Although broken up by the arrests of 1925 and 1927, the TKP continued to organize. TKP leaders, bringing about the creation of various "Democratic" cover organizations, as occurred prior to 12 September, were arrested in 1932, 1934 and 1938. The current general secretary, Ismail Bilen, fled before being arrested and spent many years in Russia. The party suffered its greatest setbacks first in 1947, and later with the "1951 Arrests," and showed no further signs of life until 1974, when Ismail Bilen became secretary general. The 1981 operation is described as the largest TKP operation in the history of the Republic.

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BACKGROUND, RECORD OF ARMENIAN TERRORIST ACTIONS

Zurich NEUE ZUERCHER ZEITUNG in German 25 Jul 81 pp 21-22

[Article by "jk.": "Unilateral Escalation of Violence--18 Attacks by Armenian Underground Organizations So Far"]

[Text] In the past 5 years Armenian underground organizations have perpetrated a total of 18 terrorist attacks in Switzerland and against Swiss consulates and offices of the Tourist Center and Swissair abroad. Following the attacks, the perpetrators made themselves known in each instance--through the aims they pursued and various ways in which they identified themselves. They called themselves "The New Armenian Resistance," on a number of occasions "Armenian Secret Army for the Liberation of Armenia" and lately--in blackmail against the Swiss authorities involving bombing attacks to free prisoners--"Organization 3 October" and "Organization 9 June." The publicity-seeking communiques originate almost always in Beirut, and not only the methods of Armenian terrorism but the ideas and vocabulary of its spokesmen lead one to the conclusion that there exist more than merely local contacts with one of the main centers of international terrorism.

Concentration on Swtizerland Without Regard to Casualties

The history of the Armenian attacks since 1976 is revealing. At first only installations of the Turkish state were attacked. Then Turkish representatives abroad also became the target of the attackers. The total of the attacks is estimated at 100 worldwide. Initially serving "only" as the stage of Armenian terrorism, Switzerland soon also became itself the target of the underground organizations. Here too in the beginning it was primarily a case of property damage, with mainly warnings and threats in mind but wounded and dead willynilly having to be involved. The series of the most recent attacks, however--on Sunday in Bern, on Monday at Zurich-Kloten, on Tuesday in Lausanne and on Wednesday in Geneva--are marked by outrageous brutality. The perpetrators were bound to know beforehand that they would hit only innocent people--the ex post facto regrets of the Armenian underground organization notwithstanding. The leap in the quite unilateral escalation of violence becomes evident if one draws a comparison with the attack of 4 February 1981. At that time the Swiss Consulate in Los Angeles was warned in an anonymous telephone call" "We do not want the bomb to explode, but our friend imprisoned in Geneva must be released."

Whether and to what extent the fact, well known throughout the world, that Switzerland so far has been confronting the open use of violence as a decidedly peaceful

country has contributed to the Armenian terrorists' greater speed and more ruthless methods is an open question which perhaps can be answered by a belated ex post facto analysis.

Armenians in Switzerland Dissociate Themselves

There are 2,000 to 3,000 Armenians living in Switzerland. They are second- and third-generation Armenians who are now Swiss citizens, but also citizens of other European countries and of the United States. To this day, in many instances Armenians hold Greek passports. The Armenian people originally were either killed or driven from their country, in spring 1894, in the massacre of Sassun and, from September to December 1895, in Constantinople (today's Istanbul) and another 10 provinces of the Ottoman Empire with large Armenian populations. Attempts to found a state of their own failed. Contrary to the original agreement in the Treaty of Sevres, the Turkish part of Armenia remained in Turkish hands, and the national "Armenian Republic" founded in Russia's Armenia on 28 May 1918 was converted by the Bolsheviks into the Armenian Socialist Soviet Republic on 29 November 1920. Armenians who had not perished in the massacres and during the war fled to Lebanon and, above all, to Greece. Their onward journey was made possible for them by the Nansen Passport.

The Armenians are one of the oldest Christian peoples. Their King Tiridates III, who introduced Christianity, became a Christian in 301. They are considered industrious, intelligent, definitely clever and extremely capable in business It is amazing that despite being dominated by other peoples--ranging from the Medes to the Romans and Arabs to the Russians and Turks--they managed to preserve a unity of language, culture and religion and that to this day, even though the idea of a state of their own has to be dismissed as an illusion, they regard themselves as a united people which is keeping alive the memory of the tens of thousands of victims of 1894 and 1895 and the estimated 1.4 million dead in the 1915 genocide.

The Armenians in Switzerland dissociate themselves from the terrorists' attacks. They do not take an open stand against them, however, but--doubtless out of fear of retaliation--limit themselves to communiques anonymously passed to press agencies. Their fear is justified. An American woman of Armenian extraction arrested in Geneva on 3 October 1980 was given a suspended sentence of 18 months' imprisonment and expulsion from the country for 15 years by the Geneva Penal Court on 12 January 1981 because, according to the indictment, she had forced an Armenian living in Geneva to contribute 10,000 francs to the Secret Armenian Underground Army for the Liberation of Armenia. The terrorists evidently are prepared to proceed rigorously against their own people. And they use every means to force the release of imprisoned terrorists and at the same time take revenge against Switzerland and especially its police--described as an "imperialist gang"--for having managed to trace some of the perpetrators.

Swiss Actions Supporting the Armenians

In 1895, shortly after the massacres of Sassun and the Turkish "punitive actions" against the Armenians, the Executive Federal Council was requested in a petition signed by 430,000 persons to cause the governments of the big European powers to intervene "to put an end to the slaughter in the East. In 1896 an Association of

Swiss Friends of Armenians was founded which built homes for Armenians in Greece and Lebanon, financing them and directing them with their own personnel. As recently as in 1979 about 1.9 million francs' worth of voluntary donations for Armenians were made. What is true of the Association of Swiss Friends of Armenians is probably equally true of all the Swiss people: they have not only extended sympathy and verbal support for the sufferings of the Armenian people but have also rendered concrete assistance--which, however does not count compared with the terrorists' need for publicity and desire for revenge.

[The following list of Armenian attacks since 1976 is included in the article:]

28 May 1976:	Devastation in the Turkish Consulate and a Turkish Bank in Zurich as a result of a bomb attack.
5 December11978:	Explosion of a bomb package in the Turkish Consulate in Geneva; extensive property damage.
22 August 1979:	Detonation of an explosive in the Turkish Consulate in Geneva; two Swiss injured.
6 February 1980:	Fire directed at the car of the Turkish ambassador in Bern wounds him.
18 February 1980:	Explosion in the Swissair offices in Rome.
3 October 1980:	Explosion of a homemade bomb in a hotel room in Geneva. A young Armenian woman involved is sent back to the United States in January 1981; a seriously wounded man, likewise an Armenian, is deported, after sentencing, to Beirut in February 1981.
8-9 October 1980:	A bomb damages the Swiss Embassy and the Swiss Tourist Office in Beirut.
12 October 1980:	Bomb explosion at the Swiss Tourist Office and Swissair in Paris; no great damage.
13 October 1980:	Attack against the same targets in London as those in Paris.
10 November 1980:	Attack against the same targets, this time in Rome.
27 January 1981:	Attacks against the Swiss Tourist Office and Swissair in Rome.
4 February 1981:	Thanks to an anonymous telephone call a bomb is discovered in time at the Swiss Consulate in Los Angeles.
9 June 1981:	An employee of the Turkish Consulate is killed by a Lebanese of Armenian extraction in Geneva. The perpetrator is arrested and since then has been under detention pending trial.
28 June 1981:	Attack by the "Organization 9 October" against Swissair in Tehran.

19 July 1981:	Explosion of a bomb at the Bundeshaus in Bern; minor property damage.
20 July 1981:	Bomb attack in the hall of Zurich-Kloten Airport; great property damage, five persons injured slightly.
21 July 1981:	Bomb explosion at Uniprix department store in Lausanne; 25 persons injured.
22 July 1981:	Two explosions at the Cornavin Railway Station in Geneva; five persons seriously injured.

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CLAES ON COAL POLICY, NECESSITY OF SUBSIDIES

Brussels LE SOIR in French 12 Aug 81 pp 1, 2

[Article by Guy Duplat]

[Text] For months the steel crisis has been dominating the news to the point of thoroughly eclipsing the problems of our collieries, which are at least as serious. The billions which continue to be invested in our mines are enough to make one dizzy. The prime minister, Mr Eyskens himself, just recently exclaimed that "the coal mines are costing as much as the steel-works, but they will not be viable or show a profit before the year 2000."

A note from Mr Claes, the minister of economic affairs, to the ministerial committee on economic and social coordination (CMCES) on 24 May makes this point.

What remains of our glorious coal-mines" The Walloon country, which produced 19 million tons of coal per year in 1950 has seen one after another of its mines shut down. Today all that remains in the southern part of the country is the small Roton mine which produces only 0.35 million tons of coal per year. And this last vestige of that glorious past is seeing its last days. According to Mr Claes, continued exploitation after 31 October 1983 would have no technological justification, and in terms of economic viability 31 October 1982 is the outside limit. In a little more than a year, the Walloon coal mines will therefore be a thing of the past!

In Campine, on the other hand--lucky Flanders!--coal exploitation should continue for quite a long time. Mining production there is 6 million tons per year, but proven and economically exploitable reserves are in excess of 600 million tons. While there may not be any physical problems in Campine for another 100 years, one must still question whether the pursuit of this mining activity is profitable.

For 30 years now, the state has in effect showered our coal-mines with billions: precisely 189 billion as of 1980.

This generous manna provided since 1950 has been divided equally between Flanders and Walloon, but that balance will not be maintained in the years to come, because of the death of the Walloon coal-mines.

In reality, Walloon, up to 1975, received more appropriations for its coal-mines than did Flanders.

The winds have very clearly changed. In 1980, the mines of Limbourg received close to 11 billion in subsidies, compared to only 1.1 billion for the last remaining Walloon mine.

These state funds, of course, must cover operating losses. To produce a ton of coal costs 3,700 Belgian francs, but it can only be sold for 1,900. The 1,800 in loss is underwritten by the state. And these losses are only likely to increase in the years to come!

Mr Claes's note even speaks of the possible loss of 2,500 Belgian francs per ton by 1985 and of 4,300 by 1990! Belgium's subsidization of its coal-mines exceeds the majority of its neighbors in scope.

In fact, Great Britain ("officially") scarcely supports its mines at all (100 Belgian francs per ton), while Germany provides close to 500 per ton, and France gives out 1,000 per ton. For those who yearn for the "good old days," we recall that in 1963 we only had to provide 200 million current [Belgian] francs in subsidies, or 10 current francs per ton!

Miners Are Finding Other Jobs

The explanation of the skyrocketing subsidies is of course the stagnation in the price of coal in recent years, which has not matched the increases in wages. In the last year, the world price of coal has climbed very strongly, but it seems out of the question for this to result in a boon for the Belgian coal-mines in the short-term.

Worker productivity has not been such as to improve the competitiveness of our mines. Yield has been stagnating for 15 years. In 1955 one Campine miner produced 3.17 tons per day, today it is less than 3 tons per day. The very configuration of the coal veins makes it impossible to hope for the high mining yields of Lorraine (4.4 tons per miner per day) or the German mines (4.1 tons of coal per miner per day). Not to mention, of course, the fantastic yields of the open-air mines in North and South America!

These poor yields are also in part the result of major social problems. There is considerable turnover in mining personnel. Out of 18,000 people working in the mines of Campine, close to 2,500 workers quit the mine each year; 55 percent of the miners of Campine are less than 30 years old. The problem stands out even more clearly when one notes that in 1970 only 7 percent of the workers had been on the job for less than 3 years. Today the percentage is 55. In large part this reflects the manpower situation, especially foreign workers who are very poorly qualified (50 percent of all miners are foreigners).

Mr Claes suggests a policy of personnel recruitment and training which could ameliorate that situation.

In Roton, the social problem is different. The workers are much older than in Campine, and will have to be retrained. Considering the many people close to

retirement (half the personnel), it will be necessary to "retread" close to 1,000 miners in Walloon when Roton closes. A problem which is not new if one recalls that there were still 46,500 miners in Walloon in 1965 and that therefore 45,000 people have already had to be "retreaded" over the last 15 years. But the current economic crisis will pose major reconversion problems for our last Walloon miners.

Coal in the Future

But mines are not the full story. Other sources of Belgian coal already exist or may emerge very soon!

--We note first of all several small deposits of coal that are suitable for open-air exploitation. The skyrocketing price of energy has made those operations profitable. At Jumet, for example, one should be able to get close to 0.2 million tons of coal in 2 years. Other operations are under study in Hainaut.

--There is also exploitation of the enormous quantities of coal left in "the golden age" in the spoil heaps. Presently we are getting 1.5 million tons of it per year, although one must admit that yields are rather mediocre. The recovery of coal from spoil heaps will be profitable when combustion of coal on a fluidized bed becomes operational.

--Above all, there will be subterranean coal gasification. Theoretically, it would make it possible to exploit--without searching for them--the enormous coal reserves that are hidden at great depths (more than 1,000 m) or in low-density deposits: these reserves are estimated at more than 20 billion tons! Which, in theory, would supply us energy for hundreds of years. Prospecting and research continues, but substantial gas production with this method is not expected to occur in the next few years.

So, shall we walk off from the last coal-mines? "No," says Mr Claes, with the support of the unions. And for at least four reasons. Energy sources are a strategic substance. Wherever possible we must provide for our own energy supplies. Also, the impact on our balance of payments of a cessation in coal production would be 14 billion Belgian francs. Social problems would also be dramatic. It would be necessary to retrain 20,000 unskilled workers.

Finally, the coal industry sustains other connected activities, and our "know-how" in coal could find numerous other outlets abroad (in exchange for long-term contracts coal importation). But Mr Claes notes that little has been done so far to exploit our mining know-how abroad.

In conclusion, Mr Claes, who will doubtless win Parliament's support on this point at the upcoming debates, proposes to continue production at the Campine mines. To compensate for the decline in domestic coal consumption and the limited demand for coke from the coal-mines, Mr Claes suggests continuing on with coal-fired electric generating plants, by installing before 1990 a new 600 mW coal-fired plant in Limbourg, Our black gold still has a future!

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OIL PRICE HIKES TO OUTPACE CONSERVATION SAVINGS

Duesseldorf HANDELSBLATT in German 21 Jul 81 p 4

[Article: "Oil Prices Impair Prosperity"]

[Text] Even if there are additional successes in energy conservation we cannot count on a reduction in oil import values, especially since energy prices in the future could well increase in a disproportionate manner. Relief for the FRG's balance of payments must thus be sought mainly through higher net exports. The Bundesbank reaches this conclusion in an analysis of the FRG's foreign trade energy balance sheet.

According to the Bundesbank up to 70 percent of the DM48-billion decline in our performance balance sheet, from a DM18 1/2-billion surplus in 1978 to a DM30-billion deficit in 1980, can be attributed to the higher energy bill. While it was possible to cope with the first oil crisis in 1973-1974, the consequences of the second round, increases from $13.5 per barrel at the end of 1978 to today's approximately $35 per barrel, have proven to be more lasting. This all the more when, after 1973-1974, a steady upward valuation of the mark compensated in part for the increased cost of oil, but after the second oil crisis a devaluation effect of the mark intensified the general price increases. From September 1980 to May 1981 the price of crude oil rose by 34 percent, the exchange rate for the dollar by almost 30 percent, so that starting in fall 1980 the increased cost of oil has to be almost exclusively attributed to the devaluation of the mark. The price of oil prepaid to the German border rose from about DM75 per barrel in 1973-1974 to DM625 in May 1981.

Thus, in 1980 the FRG had to pay DM64.6 billion for its net energy imports, that is, more than twice as much as in 1978 (DM31 billion) and eight times as much as in 1972 (DM8 billion). Including an oil import surplus vis-a-vis the GDR, the energy balance deficit is even DM0.7 billion higher. If, according to the Bundesbank estimates, because of the strong dollar, but also because of the rise in oil prices at the end of 1980, the energy bill continues to rise to about DM75 billion, then about 20 percent of German exports will be required to pay for the net energy imports; in contrast, in 1978 the FRG had to put aside only about one-tenth (11 percent) and in 1972 only 6 percent of its exports for the energy bill. Measured against the GNP, outlays for the net energy imports rose from 1 percent in 1972 to probably 5 percent this year.

In this connection the FRG plainly states that the increase in energy costs represents a substantial loss in prosperity for the German economy, especially since

if there is zero growth in the real GNP as in 1981 this will amount to a decrease in the distribution volume of goods. Even if the GNP starts to increase in the next few years, there will be less room for additional real consumption by private and public economies than without the renewed increase in energy costs because higher net exports and intensified investments for adjustment will be necessary.

In spite of commendable effects of conservation, the FRG with 1,950 kg consumption of petroleum per person per year--apart from the United States and the climatically disadvantaged Scandinavian countries--is one of the leaders among industrial nations, specifically ahead of France (1,890 kg), Italy (1,610 kg), Great Britain (1,310 kg) and Japan (1,860 kg).

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BONN PREPARES RATIONING PLANS FOR ALL ENERGY SOURCES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 30 Jul 81 p 2

[Text] In the event of crises in the energy supply the Federal Government is making preparations to ration not only heating oil and fuel, but also electricity and gas. There are discussions between the Federal Government and the Laender about drafts of decrees on allocating oil and gasoline. Appropriate plans for guaranteeing the gas and electricity supply have now been completed by the Ministry for Economics and have been passed on to the Land governments. This decree to guarantee the electricity supply and the decree to guarantee the gas supply, as a part of the laws to guarantee energy, are to be passed in the Cabinet in September and then be taken up in the Bundesrat. In the meantime, there has also been an investigation as to whether in addition the use of electric energy should be controlled. In particular the SPD had demanded this in the discussion in the coalition about measures to save energy. In this regard Minister for Economics Lambsdorff says he will "not pursue" such control "any further."

The goal of the decrees is to meet the vital needs for electricity and gas if petroleum and natural gas imports should be threatened or disrupted. This precaution is intended not only for a national energy crisis. The decrees are also to be applied in the event the German energy supply should be restricted because of the international commitments which the FRG has entered into in the crisis program of the energy agency in Paris. In the event of national or international disruptions in the energy supply the first move, on the basis of the decrees, is to an "official fuel management" effort to cope with bottle necks. Only if supply gaps could not be closed by such coordination can management of electricity and gas be ordered.

Regulation and rationing are to proceed according to specific priorities. Households will be the first to be affected. However, electric and gas are not to be shut off for any supply sector for longer than 4 hours at a time. The responsible authorities will be empowered by the decrees to implement all measures which make it possible for the supply companies to guarantee the essential demand for electricity and gas. Power generating plants beyond the public electric works are to be committed to provide exact data about the extent to which they can contribute to the general supply. The gas guarantee decree provides for regulating gas yield and gas consumption within geological and technical capabilities. Accordingly, it will be possible to direct supply companies to increase their gas production, to feed specific amounts from gas supplies and to keep on delivering gas in regions or to consumers who must be served on a preferential basis.

12124
CSO: 3103/392

AEG LOSSES RESULT IN MERGER WITH BOSCH

Paris LE MONDE in French 7 Aug 81 p 20

[Text] August is not a vacation month for the electronics industry. Negotiations on all sides continue and intensify. Alliances are formed and dissolved.

For example, the Thomson group confirms that it is renegotiating its agreement with Continental Telephone (LE MONDE of 1 August) while the French Government has just given itself two additional months to study the electronic mass media (radio, television) question. Over these 8 weeks it should be possible to make a correct decision about the accord between the Japanese firm JVC, the British Thorn-EMI, the German AEG-Telefunken, and Thomson, and also to determine whether there are not other solutions.

AEG Telefunken, Germany's second largest electrical and electronics firm, is in poor health. Losses pile on losses. DM 1 billion in 1979; 278 million in 1981... and 1981 may well set a new record. Already, in 1979, German banks had saved the firm at the last possible moment with a DM 1 billion loan. Most of its divisions are showing deficits. The firm is thus trying to divest itself of some of its activities. Apparently, there is no rush of takers, and only particular activities appear likely to attract capital or outside partners.

This is the case with telecommunications, where AEG has a strong position (25 percent of the German market), including its 41 percent ownership of Telefonbau und Normalzeit, and its long-distance and cable technologies. Two branches of activity which employ 6,000 people, and produce a turnover of DM 700 million, and of course, profits.

Bosch, the 20th largest German firm, with a turnover of DM 12 billion, particularly specializes in electronic equipment for automobiles and in components. Now the company would like to diversify, especially in telecommunications. Thus, negotiations have been launched between Bosch and AEG. The agreement being discussed would envisage the creation of a joint subsidiary. AEG would contribute its expertise in communications, and Bosch the cold cash.

9516
CSO: 3100/898

ECONOMIC INSTITUTE VIEWS BUNDESBANK PROFIT

Munich SUEDDEUTSCHE ZEITUNG in German 18/19 Jul 81 p 34

[Text] Hamburg—The billions of DM that the German Buddesbank is expected to make as a profit this year has moved into the center of financial policy discussions. From the standpoint of the Federal Government, which must reduce the national debt and keep expenditures within limits, it is often assumed that it must collect maximum surplus profits from the central bank for this purpose. Critics are fearful that this could kill incentives for saving.

The HWWA Economic Research Institute of Hamburg sees no reason for "getting upset" over the profit being made by the Bundesbank. In the most recent issue of its "Economic Service" the institute writes that it is incorrect to assume that the government is going to demand income from bank loan earnings that does not correspond to its actual earning power. In any case, the extraction of profits cannot be equated with "inflationary policy."

Most of the income is to be regarded as "transitional and dictated by circumstances." The DM 3 million of "normal" yearly earnings, which in the opinion of experts is to be regarded as the amount of revenue collected by the Federal Government, is "but small comfort" in view of the "inordinately large" consolidation needs of the state. The taking of profits will not even heat up inflation, says the institute, if the bank is careful to see that growth in the amount of money does not exceed the production capabilities of the national economy.

Will the Incentive for Saving Be Weakened?

"Hands off the Bundesbank Profits!" warns the Savers Protection Society, and the Bundesverband Deutscher Banken [Association of West Berman Banks] has fears that these billion-DM dividends of the Bundesbank could vitiate saving incentives on the part of politicians. With the need felt to cut the 1982 budget by about DM 15 billion, the influx of about DM 10 billion from Bundesbank earnings in 1981 could considerably undercut the need for budget reform in the German parliament. Hans Matthoefer, West German finance minister, allegedly stated that Bundesbank earnings were expected to be of this magnitude. He has since denied this.

In 1980 the Bundesbank achieved a profit for the year of DM 8.8 billion, sharply reduced by losses of DM 5.8 billion due to revaluation of the monetary reserve. After such reverses had been mobilized, the government as a stockholder realized a record-breaking revenue of just DM 2.3 billion. The sources of Bundesbank earnings are to be found in the profit obtained between the minimum reserves that are to be kept interest-free by the banks at the Bundesbank and the loans floated to the banks at the rate of 7.5 percent for the discounting of bills and 12 percent for the hypothecation of securities.

Foreign trading has been even more profitable thus far, especially the investment of dollar reserves in high-interest U.S. Government bonds. The record-breaking earnings occur here. The Bundesbank can also, for the time being, sell the U.S. dollar at a much higher price to support the mark than it could previously purchase marks to support the dollar.

The utilization of profits by the Bundesbank is regulated by law: 20 percent goes into legal reserve (until this reaches 5 percent of loans in circulation), after which 10 percent is put into other reserves and, finally, equalization claims from the currency reform must be purchased. "The balance is to be paid to the federal government." This balance will certainly amount to several billion in 1981, the ultimate limit of this being determined by the amount of further growth in interest. Opponents of a higher withdrawal of revenues from the Bundesbank are now demanding a higher retention of profits, either for expansion of capital or for reserves to meet unforeseeable developments, or by a change in the Bundesbank rules that would require greater allocation to reserves.

8664
CSO: 3103/390

ENERGY, ECONOMIC, WEATHER PROBLEMS PLAGUE BOAT INDUSTRY

Frnakfurt FRANKFURTER ALLGEMEINE in German 28 Jul 81 p 10

[Text] Hamburg, 27 July--After three summers of overly rainy weather the German boat manufacturers were hoping for a better season this year. A bit more sun, according to some optimists, could give a new impulse to the highly reduced demand for boats. Even if the weather is no unimportant factor in the present plight of the industry, there are other reasons for the stagnat sales in the market for recreational boats that has lasted for something over a year. The boat market, which is highly sensitive to competition and has enjoyed a boom in the general water sports industry for 8 years, has been affected by the feebler economic growth resulting from the increased cost of energy.

Boat purchasers are also getting tighter with their money and are limiting expenditures for their hobby. There are also some factors peculiar to this industry that inhibit the purchase of new boats, especially the larger sailboats and motor yachts. Another factor is the growing shortage of berth for boats, especially on inland waters; there is also a proliferation of tighter rules for the licensing of boats, occasioned both by environmental considerations and sluggish sales in the used boat market. The increase in oil prices has a particular effect on motor boats, since this, together with the abolishment of tax breaks on motor fuel purchased by recreational boat owners, has begun to create hardships for this sector of the market in the past year.

But it is not just the slow demand that causes difficulty for the German boatyards. They have been battling for years against a strong foreign competition that has taken over about 60 percent of the market by offering lower boat prices than that of the domestic manufacturers, to the great advantage, of course, of the boat purchaser. This situation has developed as a consequence of the mass production of boats, made possible for the first time by the use of plastics to replace the traditional and more expensive wood used to make the hull of the boat. When this cheaper mass production of boats was begun overseas and in other European countrie about 15 years ago, German boats manufacturers did not yet forsee what high levels this new development would reach.

Recreational boating, previously the exclusive hobby of well-to-do individualists, for whom the boat was a status symbol, became the sport of common people as a result of mass production. But manufacturers in Scandinavia, the Netherlands, England and the United States were aware of this development and took full advantage

of the opportunity offered by a steadily increasing market. At the moment, the mass-produced boats have already captured about two thirds of the market. The new price-conscious class of purchasers were suddenly uninterested in wood as material for boats or in the expensive German workmanship that goes with it. Thus many small family businesses lost their top standing on the market to these foreign mass producers of boats. The handful of German namufacturers who later got on to the new bandwagon or started up as new companies were at a disadvantage in coping with the foreign competition, which was already firmly established by then.

German boatbuilding, operating on the basis of single-unit production, with its total labor force of about 2,000 employees had no desire nor ability to join this bandwagon, and was later prevented from doing so, since it did not have the money needed to install money-intensive and personnel-intensive mass-production facilities. This was in stark contrast to their foreign competitors, who were at least partly backed by large corporations and therefore by enormous amounts of investment capital. The present structure of the German boat economy sheds some light on the conditions under which this competition operates. A good three-fourths of the approximately 200 Gemman boatbuilders, who in 1980 manufactured boats worth DM 194 million, as compared with boat importers worth DM 22 million, were mostly small family businesses. With their respective labor forces of no more than 5 employees they sought as best they could to "keep their heads above water" with their single-unit manufacturing, repairs and remodeling of boats. The foreign companies played practically no role here, since the small handcrafting businesses were export-oriented to a large extent. The really sharp competition was experienced by the handful of larger mass-producing business that employed as many as 100 people. These, of course, accounted for more than three-fourths of all German boat sales.

Although general interest in recreational boating is as strong as ever, judging by the experiences of the most recent boat fairs, the present growth of the economy and the problems peculiar to this industry do not in the short term speak well for any enduring upswing in the demand. Competition among the manufacturers would make things even more difficult. Nothing is expected to change in the economic structure of the German boat industry. The owners of a large number of small boatmaking establishments will cling to their handcrafting traditions. They see their position reinforced by the fact that despite their specialization in single-unit production of high-priced boats they have with few excpetions maintained their place in the market for more than a decade. And so they have every right to hope that their good fortune will continue in the future, although of course they will not make any huge profits. The same must be expected for internationally recognized manufacturers of racing shells and other specialties.

The large mass producers of boats will have difficulty maintaining their standing. The high cost of labor continues to be a serious handicap, since there are scarcely any more possibilities of rationalization in the boat manufacturing business. The glut on the boat market will also work to the disadvantage of this group so long as they are unable to engage in intensified joint advertising to make the boat customer aware of differences in the quality and safety of their higher-priced boats.

The serious predicament of the larger German boatmakers is illustrated by the fact that foreign manufacturers (such as the making of plastic components, camping caravans and the like) have been brought in in order to ensure a wider scope of

business. Alternatives favored by market conditions are in short demand. Meanwhile, Dehler Yachtbau, the leading manufacturer of sailboats, is the only one to offer his boats with optional equipment, thus seeking to be competitive in price with foreign suppliers. Through additional "trading up," involving the manufacture of larger and more expensive boats, including the mass-produced racing yachts, manufacturers are attempting to open new lines on the market. But the low morale of the industry is already so pervasive that such laudable efforts can draw only an indulgent smile. But without some basically new initiatives, the survival of these industrial boat makers will just be a question of time.

8664
CSO: 3103/390

BRIEFS

INDUSTRY SUBSIDY--Bonn, 28 July--In the course of current discussions in the Federal Government and the coalition with regard to extending aid to the steel industry, consideration is being given to providing the industry with about DM 500 million annually for several years. This money would be used, it is said, for modernization and restructuring, and would very possibly benefit the regions in which the steel industry has plants. The Task Force on Economic Policy of the Bundestag SPS fraction has called upon the Federal Government to support industry-wide rationalization and specialization agreements with fixed-deadline capital allocations, to expand steel research projects and to collaborate making communities and other areas where employment is below average, within the framework of the community project for "improvement of regional economic structure." The federal and land governments will need to stimulate the creation of new jobs through jointly financed investments and subsidies. National relief programs for steel workers based on the European agreement must be improved, regardless of whether the EEC participates in these programs or not. Such funds are to be used for financing the workmen's compensation premiums contributed by the steel companies. [Text] [Frankfurt FRANDKURTER ALLGEMEINE in German 29 Jul 81 p 11] 8664

CSO: 3103/390

FINANCE MINISTRY REPORT PREDICTS SLOWER GROWTH IN 1982

Helsinki UUSI SUOMI in Finnish 22 Jul 81 p 15

[Article: "Finance Ministry Predicts Demand and Production Will Decrease: Slower Growth"]

[Text] The growth rate of demand and total production is declining in Finland at a rate that is faster than expected: the national economy is clearly entering a period of slower growth.

It is predicted that this development will also continue into next year.

This was the evaluation of the most recent economic report by economic section of the Ministry of Finance.

According to the report the inflation rate has remained higher than in competitive countries.

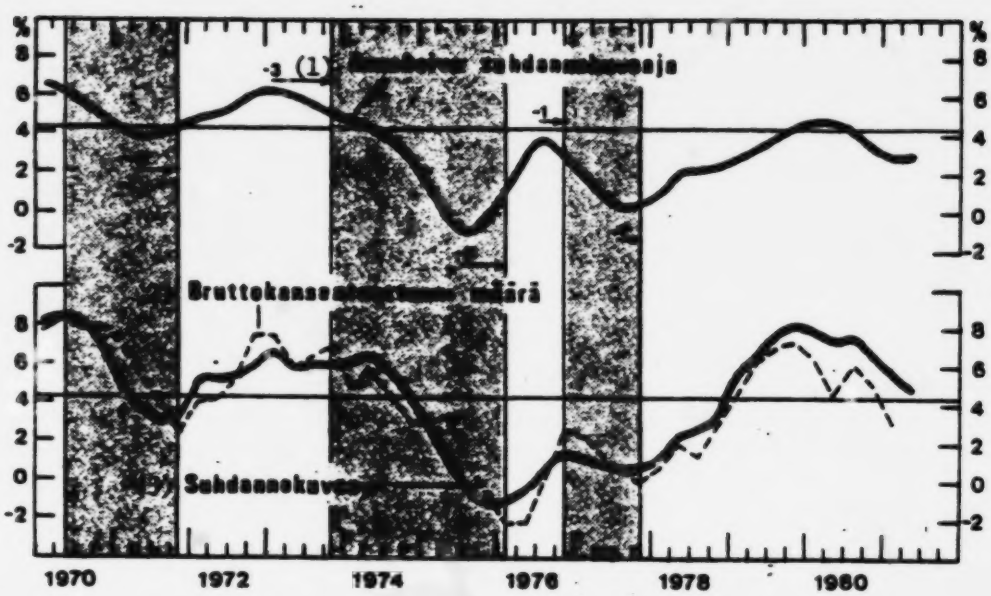
However, the increase in prices will slow down slightly in the near future. It is estimated that the consumer price index will increase approximately 10 percent from December of last year until December of this year while the corresponding increase the year before was 13.7 percent.

Recession to Break This Year

According to the report the most important problem of the near future will be how to simultaneously support employment and restrain inflation. The number of employed has continued to increase, but regular unemployment exclusive of seasonal fluctuations has begun to increase. Slowing down inflation is seen as the most important goal according to the report so that we can keep our international competitive ability at a reasonable level and the effects of the recession can be kept at a minimum. The report predicts that the recession will bottom out during the last quarter of this year.

Exports Declining

Exports to the West have begun to decrease and will not increase again this year. Also the growth in the amount of exports to the East is slowing down.



The recession, which began at the start of the year, became deeper according to the economic indicator (lower graph). The growth rate of the predictive economic indicator no longer slowed down.

Key:

(1) Predictive economic indicator
(2) Amount of gross national product
(3) Economic indicator

In the period from January through June the value of exports was 19 percent greater than in the previous year. Exports of products of the metal industry as well as foodstuffs and textiles developed in a rather satisfactory manner since the beginning of the year. On the other hand, the amount of lumber exports clearly decreased and the growth in exports of products of the paper industry slowed down.

It is not expected that lumber exports will decline too much more for the reason that reserves in the purchasing countries are small. As far as areas are concerned, the amount of exports to EFTA-countries and the EEC has decreased. On the other hand, exports to the Soviet Union and developing countries has increased.

Also growth in domestic demand is slowing down: investments are falling off as large industrial investment projects are completed and as the weak development in real household income, on the other hand, reduces growth in individual consumption.

Production Outlook Fluctuating

In the first third of this year production in the manufacturing industry increased 2.5 percent. However, total industrial production increased only 1.5 percent, since production in electricity, gas, and water decreased noticeably.

In the forest products industry the processing of wood products decreased perceptibly, but the processing of mass- and paper products continued to increase compared to the corresponding period in the previous year. Production in the metal industry increased about 4 percent: however, no growth took place in the basic metals industry. Production also increased favorably in the manufacture of clothing and glass as well as in the graphic arts industry. All in all, there will be considerable differences, primarily caused by export fluctuations, in the production prospects of industry in the near future.

The labor force and the number of employed have grown rather rapidly in the last couple years. From January through May they were more than 2 percent greater than a year ago. The increase in the supply of the labor force is primarily the result of the hidden unemployed seeking out the labor market, but also partly the result of an increase in people returning from Sweden, states the report.

Enterprises predict that the recession will be rather short as far as their expenditures are concerned. This is a result of the fact that the labor force has been transferred to a shorter work week rather than laid off.

Inflation Levelling Off

Inflation has not accelerated this year, states the report. From December of last year until June of this year consumer prices increased at approximately the same rate as at the latter part of last year or 6.5 percent. The most significant delayed price pressures have for the most part already been dispersed and absorbed in consumer prices, and domestic demand pressures seem to be rather insignificant. On the other hand, the increase in the value of the dollar has increased pressure on Finnish marrka-based foreign trade prices.

All in all, it is estimated that the consumer price index will increase approximately 10 percent this year. In spite of the deceleration in the increase in prices for the near future, inflation expectations continue to be great and inflation can easily accelerate again, emphasizes the report. In this situation a lightening of the general economic policy line would result in a weakening of competitive ability and as a result the employment picture.

Investments Must Be Supported

In economic policy all possible means should be used to slow down the inflation rate and reduce inflation expectations. At the same time selective means should be used to support employment and investments that will improve a realistic competitiveness.

According to the economic section of the Ministry of Finance the most important goal of the near future is avoid the price and cost spiral, which the cost-of-living index in the income agreement will in itself accelerate. This presupposes moderation on the part of the public sector as well as commerce and industry, states the report.

10576
CSO: 3107/122

EXPERIENCE FROM PAST SHEDS DOUBT ON SUCCESS OF PRICE FREEZE

Stockholm DAGENS NYHETER in Swedish 11 Aug 81 p 17

[Article by Olle Fahlen]

[Text] It is unlikely that last week's Norwegian price freeze will have any lasting effects on inflation.

Experience from the last price freeze is so depressing that it is amazing the government is trying this method again.

It was more like a textbook example of how hard it is to slow the rate of inflation with the help of price and wage freezes.

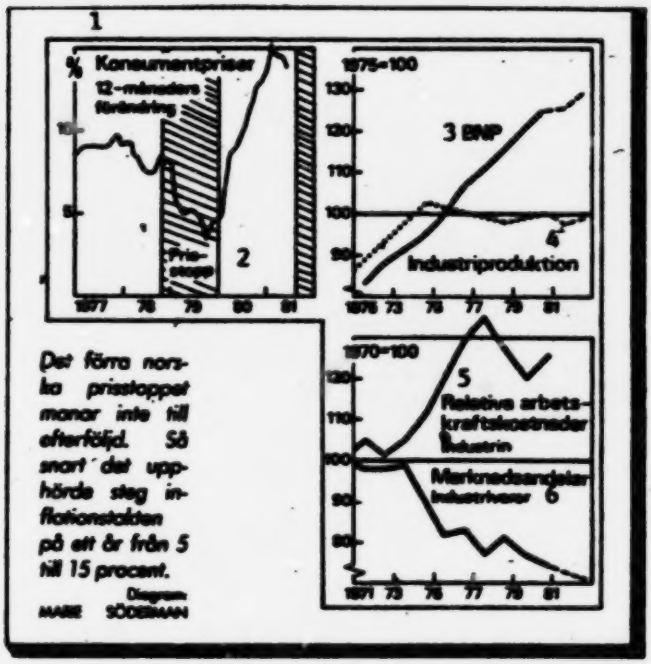
The last Norwegian price freeze was started in September 1978. At that time the inflation rate--measured over 12 months--was around 8 percent, about the same as the OECD average (see diagram). The short-term effect was substantial--when the price freeze was lifted at the end of 1979 the inflation rate was down to 4.7 percent. That was the lowest figure for any industrial nation.

Price Increases

But as soon as the freeze was lifted prices shot up. In the first 3 months they rose as much as 4.3 percent, almost as much as in the entire preceding year. The increases have continued and in the summer the inflation rate was just under 14 percent.

The new price freeze--which will last to the end of the year--will probably bring this figure down. The immediate reason is to forestall indexed upward adjustments of wages. But the risk is that the gains will be only shortlived.

Actually the North Sea oil is responsible for Norwegian inflation being so high. It has led the government to push up domestic demand--within the oil sector but also in the public sector and in private consumption--to create high growth and low unemployment. And the growth of Gross National Product in the period from 1971 to 1980 has varied only between 3.6 and 6.8 percent. Unemployment is only around 1 percent.



The last Norwegian price freeze was not followed up. As soon as it was lifted the inflation rate rose from 5 to 15 percent in 1 year.

Key:

1. Consumer prices, 12-month change
2. Price freeze
3. Gross National Product
4. Industrial production
5. Relative labor costs in industry
6. Market shares for industrial products

Manufacturing

This high demand, especially for labor, drove up prices and costs. That was not so bad for the oil and gas sector but it was destructive to the traditional manufacturing industries.

The volume of industrial production has been at a standstill ever since the mid-1970's (see diagram). At the same time total production in Norway (GNP) has risen 25 percent.

The reason for this stagnation in industry is the sharp increase in costs. Labor costs per unit produced in Norwegian industry rose 35 percent from 1970 to 1977 above the average for Norway's most important trade partners. Since then the gap has decreased somewhat but last year it was still 25 percent higher. And with the inflation this year there is a great risk it will increase again.

This deterioration in competitiveness has led to Norwegian industry losing between 25 and 30 percent of its foreign markets. Those figures are worse than the ones for Swedish exports.

When a new branch of industry is to be expanded traditional branches come in a bind, of course. Norwegian industry cannot retain its share of the economy forever if the oil and gas sector is to grow. Therefore it is natural that industrial production is growing more slowly than GNP.

Cost Increase

This kind of shift can also lead to such a big cost increase for industry that market shares are lost. But in Norway it has been competition from a swollen public sector that has led to these reverses.

This year Norwegian GNP growth is expected to be the lowest in 20 years--the forecasts lie between 0 and 1 percent. But this is not due to any domestic austerity. Investments, especially in the oil sector, are growing rapidly. But so is public consumption which will rise 4-5 percent.

The reason why growth is so low is that stockpiles and exports are declining while imports are rising. But this does not produce a reduction in the rate of inflation.

The present inflation rate may not be a very big problem for Norway as long as the North Sea resources provide big enough revenues to cover the needs of the national budget and the balance of trade. But it is leading to a hastened deindustrialization that in the long run could lead to both trade balance and employment problems.

6578
CSO: 3109/230

MILITARY'S EFFORTS WEIGHED, BROAD PUBLIC INPUT STRESSED

Istanbul TERCUMAN in Turkish 29 Jul 81 pp 1, 14

[Editorial by Nazli Ilicak: "A General Assessment..."]

[Text] Legal arrangements following 12 September have been carried out under strict secrecy. Members of the press have expended great effort to ferret out information on the Universities Law, the Associations Law, the Unions Law, and others. Naturally, it is for this reason that much of the news is flawed and erroneous. But one truly wishes that every issue might be roundly debated, without confronting "faits accomplis." For example, it would be beneficial to use television for this end.

But the principle of secrecy has been endorsed. Ministries are preparing bills. The secretary general of the National Security Council, however, may have other thoughts on this matter and the Ministry Bill may be altered in the Secretariat. Again the issue is taken up by the Security Council. Again certain articles are reviewed. We must remain spectators during all this.

A Consultative Assembly that debates openly will, by sharpening the issues, provide an opportunity for the broad masses to follow events closely and will take an important step on the road to democracy.

We should enumerate the positive points as well as the negative ones. All of us see the positive developments in Turkey and rejoice. In the period from January through June 1981, exports reached 1 billion 630 million dollars. This figure represents a significant 44.5 percent boost relative to the same period a year ago. In bulk terms this represents export growth of around 80 percent. It is estimated that the increase in wholesale prices will remain around 45 percent in 1981. The rate of inflation will thus be halved. (One must not forget that the highest jumps in wholesale prices during just the last 2 months was 2.2 and 6.4 percent). It is also reckoned that this year will be the last for plummets in the gross national product and that there will be a 3 to 4 percent growth rate.

Great strides have been made with respect to terrorism and anarchy. The State has established the sovereignty of the law and criminals have been bound over to independent courts. That many of the accused, including Erbakan and his associates, have been released while their trials continue unhindered is a staisfying development. If there is no legal objection, the extension of this practice to arrested unionists, members of other political parties and journalists will generate an air of relief.

Condition of the Workers

Workers are experiencing certain difficulties. Law Number 2422, which amended the Social Insurance Law, reduced the rate upon which retirement is calculated from 70 to 60 percent. While formerly, age not withstanding, everyone who worked 25 years and paid in premiums covering a 5-thousand-day period could retire at a 70 percent rate, now this rate has been dropped to 60 percent. Moreover, one point is deducted from this 60 percent rate for men under 55 and women under 50 years of age. In other words, a man who retires at 50 instead of 55 receives 60 percent of his salary. On the other hand, elements have been introduced that encourage late retirement. (The concept has been advanced whereby a point would be added every year to the retirement rate for men over 55 and women over 50; moreover, there is endorsement for adding one point to the 60 percent for every 240 days beyond the 5 thousand days).

Turkey has become a country of very young retirees. From this standpoint we find justified regulations that encourage late retirement. Again, those who desire it and who are content with a lower pension can retire at 50 (women) or 55 (men) or work 25 years and pay in a premium covering 5,000 days. But, besides this, there are certain rights being lost.

*One of these, as we noted above, is the decline in the pension rate from 70 to 60 percent.

*Another is that the years worked by those employed prior to age 18 are not included in the 25 years. (Only the premiums they paid are figured in). Thus, a person who works 25 years and thinks himself eligible for retirement suddenly is obligated to work several more years. (Efforts are underway to rectify this defect).

*While the wage upon which the pension is based used to be the average of the high-3 years during the last 5 years, it has become the average of the last 5 years. The worker thus takes a loss.

*We can list, excluding retirement, the rights lost to the worker: A limit of four bonuses...Present bonuses will be added to salaries but henceforth there will be no more than four bonuses. Furthermore,

--Leaves will be for 30 days.

--If a worker quits of his own volition, he cannot receive severance pay, even if stipulated in the collective bargaining agreement.

--The collective bargaining system shall be suspended.

It is estimated that workers whose collective bargaining agreements expire in 1980 and, especially, in 1981 will be hurt. For agreements that expire in 1979, an 80 percent pay hike was given the first year, a 50 percent hike the second. (This rate corresponds to 170 percent for 2 years). For agreements that expired in 1980, 70 percent was given the first year while 10 percent plus 3,000 lira has been given during the second year (1981).

The "10 percent plus 3,000" formula set for 1981 is very lose. This amount more or less means enough extra to buy "shoes for one or two children." When forging a collective bargaining agreement, it is wrong to figure in an abatement of around 20 percent that goes to taxes. The new tax regulations were intended to relieve the heavy tax burden on wage earners. If this rate is figured into wages, an injustice will once more have been perpetrated against wage earners.

Some union leaders in years past used workers as grist for their political ends. As the result of strikes, more workdays were lost in the first 9 months of 1980 than in all the previous 5 or 6 years. (There were 7 million 708 thousand workdays lost in these 9 months of 1980).

The cumulative problems prior to 12 September forced officials to take steps toward restricting rights in many areas. But as we said at the outset, insufficient debate if the issues due to "the principles of discretion and secrecy" prevents a mitigating of reactions in a way suitable to Turkish realities. Perhaps Turkey's legal system is being retooled, but many groups, unfortunately, remain observers, outside these efforts.

CSO: 4654/130

WALLON MINISTER ON REGIONALIZATION PROGRESS

Brussels LE SOIR in French 11 Aug 81 p 2

[Interview with Jean-Maurice Dehousse, minister of the Walloon region, by Jean Lienardy]

> [Text] "Wilfried Martens was very aware of the scope of the national reform which he proposed. Few are those who have realized fully everything that the Martens plans implied. And not only with respect to the position of the regional executives within or outside the government. I have not yet understood all the reasons for Martens' departure: I will only say that I got along well with him, and that on institutional matters our thoughts ran parallel. Yes, relily, we got along well, I regret that he had to resign, because the reform is not completed!"
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> One year after the vote on regionalization, the minister for the Walloon region, Jean-Maurice Dehousse, outlined for us the initial assessment of progress to date. Not the record of the specific actions carried out by the regional Walloon executive which he heads, but rather a look at a year of slow, and often cautious, evolution, of the regional concept.
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> Beginning with this sudden outburst: "In terms of consciousness, we in Walloon are 30 years late: there has long been a Flemish national consciousnes, while Walloon consciousness is still a potential; it is only beginning to assert itself." And also with a profession of faith: "I do not fear the future, I do not wait for it; I prepare for it."

[Question] The government has just gone off for vacation, after long budgetary deliberations. Few are those who do not predict "a brighter future" for Mr Eyskens once it returns in September. Some even go so far as to speak of elections. By the terms of the August 1980 law on institutional reform, these elections should be followed by the departure from the central government of the regional and community executives who are presently a part of it. How do you envisage that new situation?

[Answer] Without attempting to forecast whether or not there will be legislative elections in the near future, I would like to underline several factors. First of

all, it is obvious that the fact of belonging to two executives--one national and the other regional--confers added political weight. One can defend before the central government what has been decided in the regional executive. It is obvious that with the departure of the executives there is a loss of influence. But, and this is a second very important factor, there is also a gain in autonomy for the regions. Which means a certain weakening of governmental solidarity.

[Question] In what sense?

[Answer] Quite obviously because a Walloon minister will be able to directly question a Flemish national minister. As a regional minister I currently have much difficulty getting the floor in the national assembly, either in the House or the Senate. I have few responsibilities to these assemblies, since regional matters are the province of the Walloon Regional Council. But when one sees the confrontations between the northern and southern parts of the country in the very midst of the current government, one can easily imagine how it will be tomorrow once the executives have departed.

[Question] Were the risks fully appreciated when the law was passed?

[Answer] Martens realized all that! Martens was very aware of the scope of the national reform he proposed...But he ran into other problems. They led to his fall. For my part, I saw what could be extracted from the institutional reform; those who voted for it did not realize what it made possible. I was not in a hurry to exploit all those possibilities; I had the calm certainty that time was working for me, and for Walloon.

When the Executives Leave the Government

[Question] Let us come back to the question of the departure of the executives from the central government. What will happen?

[Answer] One might consider that there are three theories. First, there may be no "family" differences (I do not mean just party) in the make-up of the various executives: this is the present situation, in which the socialists and the Christian socialists find themselves together at the national level and also at the regional level.

Or again, there may be the same dominant group in the different executives, but with the regional executive having greater freedom to speak out. This solution is rather difficult to imagine in the present circumstances, where all the debates at the national level remain marked in spite of everything by the conflicts between communities, between north and south. Take for example the discussion about family allocations during the elaboration of the 1982 budget: one of the points at issue was the demographic status of families, which is quite different in Walloon and Flanders.

There is a third possibility: that of different majorities at the national and the regional level. Those who along with Martens wanted the reform also wanted, more or less deliberately, more or less keenly, to see this third scenario develop. This was in spite of all the conflicts to which it could lead, and which would focus public attention in the clearest possible way on all the effects of retionalization.

[Question] In a concrete and practical sense, has this third scenario already begun to take place?

[Answer] To a certain extent, yes. Thus, of the three of us on the Walloon regional executive: Guy Goeme and myself are socialists, and Melchoir Wathelet is a Christian socialist. The proposals made by our respective parties during budget debates are often in conflict, but we have continued to hold our regional executive meetings. At such times, it is no longer a question of being socialist or Christian socialist, but only of the Walloon region: this is our only business.

Why the Regional Council is Morose

[Question] Is this "unanimity" not only present at the regional council, and does it not entail that surliness in debate for which the Walloon assembly has been criticized?

[Answer] Yes, this is true in part. The atmosphere in a regional discussion is not at all the same as in a national debate. We do not have the north-south differences or confrontations in the Walloon regional council.

[Question] Not even contentions between the interests of the main cities: Liege, Namur, Charleroi, and Mons?

[Answer] The discussions are always dominated by the search for the common interest. This is so true that we reach agreement to modify proposed decrees much more easily than a national minister agrees to let a bill be amended by a deputy or a senator, even one of his own party. I think, however, that this "unanimity" will fade away somewhat as soon as the regional executive becomes fully accountable before an assembly that has named him itself. And which can vote no confidence in him.

No to a Region-Community Merger

[Question] Some are calling for the merger of the region with the French community, as has been done on the Flemish side. Why are you against this?

[Answer] The region is a sociological reality, which exists, which drives us, which motivates us. Personally, I do not know whether the idea of the communities represents something equally strong. In Flanders, the region and community are combined, they overlap, for many reasons: political, cultural, social, and economic, whether those reasons are real of invented, perhaps for the needs of the cause. I am against the idea of a merger of the Walloon region and the French community for two basic reasons, first because it would signify that we would definitevely be putting Brussels between parentheses. Secondly, because I believe that Belgium as a state still has a right to a chance. To merge the region and the community, like the Flemish, would amount to federalism for two. I only know two examples of such a federalism anywhere in the world: Cyprus and Lebanon. The predicament of those two countries should suffice to convince us that we should turn our efforts elsewhere.

The Dogs of Rik Boel

[Question] Do you think of yourself as a regionalist? A federalist?

[Answer] These are words. I think of myself above all as a Walloon. When one speaks of federalism one is speaking about balance between a central government and its components. One cannot ask someone who claims to be a federalist to destroy that balance, otherwise he is no longer a federalist. My position at the start, and I have not changed it, is a position of searching for balance. In that sense, I am and remain a federalist.

In Flanders, the employers (through the words of VEV [Flemish Economic Organization), the trade unions [Flemish General Federation of Christian Trade Unions], and the parties, to be sure, are in the process of letting themselves be won over to something which is not balance. If that were to come to fruition, I am convinced, there would be a very strong reaction in Walloon against the Flemish movement.

[Question] Is not such a reaction already on the scene, in the Fourons, for example?

[Answer] When the minister of the interior--Rik Boel at the time--spoke of the Flemish dogs who had bitten Walloons because they were acting in self-defense, he did nore for the Walloon sense of identity in the Fourons than a demonstration of 10,000 people! That aside, I maintain that the Fourons, like Comines or Flobecq, are special areas, where the Walloons must show that they really exist as a people. There can be no question of abandoning them.

Dehousse a "Little Chief"?

[Question] You are often criticized for allegedly wanting to make the Walloon regional executive your "thing." What is your answer?

[Answer] This is true, it is often said: Dehousse wants to play "little chief." I have assumed responsibilities in the Walloon region for 2 and 1/2 years now, and I have been through four different secretaries of state for regional economic affairs...It is not that I ran them out, but it was successive government crises: how can you maintain continuity of action in such conditions?

There is a personal factor at work, too: for many politicians, the meaning of a career is to climb up to the national government. For me, my ambition is to be in the regional government. I can always be criticized for preferring to be number one in Liege or Namur rather than number 10 in Brussels, it is easy, but I repeat: if I am asked to choose between a national and a regional mandate, I choose the second with no hesitation! And I have already made this choice at least once. Doubtless because I am convinced that the fate of Walloon and the Walloons must be decided in Liege, Namur, Charleroi, and Mons rather than in Brussels.

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ECONOMY ISSUES DOMINATE IN ELECTION CAMPAIGN

Stockholm DAGENS NYHETER in Swedish 17 Aug 81 p 12

[Article by Bjorn Lindahl]

[Text] Kongsvinger, 16 Aug--The election campaign is under way in Norway. The hall of People's House in Sorskogbygda was half filled long in advance. The rest of the crowd stood outside in the sunshine and waited. Early in the spring the district's most ardent Social Democrat, 73-year-old Alma Hoysveen, decided that Gro should come to Sorskogbygda. And so she did.

The Norwegian Labor Party has only 4 weeks in which to make close to 150,000 people change their minds. That is how large the difference between the two blocks is today. In percentages an average of the various opinion polls taken in the second quarter of 1981 showed that the Labor Party has 36.9 percent of the votes. Along with the Socialist-Left Party the figure is 41.7 percent. That gives the three non-socialist parties a comfortable lead, 49.7 percent. The lead has never been that great so close to an election.

But nothing is really certain. Voter groups are in a state of flux today in an entirely different way than they were just a few years ago and the Labor Party points out how drastically the election situation changed in the last 2 weeks before the French election.

The fight for the 155 seats in Storting which will be distributed after all the votes are counted on 14 September is also an uncertain matter. A slight decline for the Christian People's Party, for example, could cause them to lose many of their seats. They occupy the vulnerable last seat in 10 counties. And it is not just the Conservatives who are eagerly waiting in line for these seats.

Great Interest

Along the road to Sorskogbygda could be heard the notes from a band and right after that we could see red flags and colorful banners. The procession of people and musicians marched in led by Gro Harlem Brundtland. Ever since Gro Harlem Brundtland made her debut as a politician there has been enormous personal interest in her. It is a mystery that the same person can be exposed to such unrestrained flattery as that in the biography recently published by the Labor Press

publishing firm and to such crude comments as, "If she wakes up one morning with a wart on her nose the fairy tale will be over," from well-known writers. For she is never obscure, Gro Harlem Brundtland, even though at times her talks are more lecturing than moving in tone.

At least one professional group can be very thankful that she was elected prime minister and party chairman. That is the florists. For the minute she was elected the red rose popped up as the Labor Party's election symbol on all posters and at party meetings. More than a few red roses are being handed over in the first week of the campaign and there will be more.

Gro Harlem Brundtland introduced her speech with the five topics the party chose to stress during the campaign: jobs for everyone, detente and peace issues, defense of the welfare state, oil policy and equality.

Economic Policy

The government recently presented a proposal on a price freeze and tax relief to avoid having to tear up this year's contracts due to inflation and it is economic policy that is being most hotly debated in the initial stages of the campaign.

For the non-socialist parties the price freeze gave the final proof that the government's economic policy is one big mistake. According to Conservative parliamentary leader Kare Willoch the country is now heading for a number of crises.

"In a speech Tuesday Willoch said the Labor Party had provided the country with a serious new inflation problem that will break out at the beginning of 1982 when the price freeze is lifted. After that no one can promise a rapid transition to reduced inflation, according to Willoch," said Gro Harlem Brundtland. She told her audience to listen carefully to Willoch's dual language.

"Would the Conservatives have recommended new contract negotiations this fall? Does he think we are worse off than before the government's price policy steps? I'll ask Kare Willoch straight out if the Conservatives will oppose these steps when they come up for discussion in Storting."

In Gro Harlem Brundtland's challenge lies a concealed threat that if so LO [Norwegian Federation of Trade Unions] will strike until they're blue in the face. For it is not small demands LO would come with then--around 20 percent just for the last months of the year.

6578
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FINANCE MINISTER SAND DEFENDS GOVERNMENT ELECTION STAND

Oslo NORGES HANDELS OG SJOFARTSTIDENDE in Norwegian 12 Aug 81 p 5

[Interview with Finance Minister Ulf Sand; name of interviewer, date and place not given]

[Text] The finance minister dismisses nonsocialist criticism: "Nonsocialist politicians don't know which leg to stand on.

"The reactions to the government price move are characterized by the fact that nonsocialist politicians can't quite figure out which way to jump. All agree that something must be done. At the same time they criticize the move without dissociating themselves from it. Such confusion is a sign of weakness in a situation in which the economy requires clear stands and a determination to stick to one's guns," said Finance Minister Ulf Sand in a commentary on reactions to the government's price initiative.

[Question] Many people have criticized you on the grounds that the measures prove the Labor economic policy has failed and that they are characterized by a mood of panic.

[Answer] We must be free at all times to resort to the moves required by the situation in order to achieve the goals that have been set. I am thinking in particular of full employment. It is now clear that the international economic upturn will come later than we had anticipated. Our methods must be adapted to this. Unemployment is rising more than we had expected elsewhere in the world. Important countries like Great Britain and the United States are pursuing policies aimed primarily at prices--not employment. To maintain our competitiveness we must get a better grip on price and cost developments. But we are doing this in such a way that the price measures will not be at the expense of full employment; on the contrary they will support employment.

[Question] But doesn't a price freeze simply postpone price hikes, so that it acts more as a temporary check?

[Answer] These steps should be viewed as part of our regular economic plan. This is no isolated operation, you know. We are replacing our index adjustment with other measures, tax relief and a price freeze, that will have the effect of restraining prices. We have also said that this will be followed up by a tight economic policy both in the national budget and in credit plans for next year. If we had not done so we would have had a new price spiral later on. But if we had used the price freeze in isolation and not used other measures along with it the price freeze would probably not have functioned well.

[Question] The Employers' Association and the Industrial Federation say the price freeze can create problems for vulnerable branches which need higher prices.

[Answer] The price freeze must be viewed in connection with the other steps proposed. It is part of a package. A vital element is the elimination of the index adjustment. Everyone must give a little for this to happen. What business has to do is show restraint when it comes to prices and indicate willingness to accept the price freeze. This will benefit the business sector as a whole and it will shore up jobs. It can be shown with cold figures that this will benefit business and employment. The total effect of the measures will be an improvement of 1 percent in our competitiveness with other countries.

That is a continuation of the improvement in competitiveness that has occurred since 1977. We had a clear decline in competitiveness up to 1977 but since then we have had a total improvement of 15 percent in our competitiveness. I don't doubt for a minute that this is why we have managed to maintain employment as well as we have done and are continuing to do.

[Question] Will the total standard of living in this country decline?

[Answer] The total standard will remain at about the same level as before. At this point we are facing a conflict between the goal of maintaining full employment and the goal of maintaining disposable real income (buying power) for middle and upper income groups. We have chosen a minute decline in the standard of living for these groups in order to guarantee jobs for everyone. Low-income groups will see an improvement in their standard of living. For instance those receiving retirement benefits will come out considerably better than others. They received pension adjustments on 1 January and 1 May and will have one now in addition to an increase in the special deduction.

[Question] Can the state afford to give this tax relief?

[Answer] The question is, what alternative do we have. The direct loss of state revenue is estimated at 750 million kroner. In an index adjustment with an increment of 6 percent, for example, the state's own wage expenditures would have risen by 310 million kroner. We would have also been under pressure for supplemental appropriations in many areas. In other words the net effect is not that great. For counties and municipalities this means a strengthening of their economy amounting to half a billion kroner. In other words the total effect on public budgets is quite justifiable.

Seen as a whole the Norwegian economy will benefit from this and of course that is the most important thing. We must also bear in mind that if we had not managed to improve competitiveness we would have had to grant several subsidies to private business to maintain employment, said Finance Minister Ulf Sand.

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LABOR PARTY ORGAN ATTACKS NONSOCIALIST ECONOMY PLANK

Oslo ARBEIDERBLADET in Norwegian 10 Aug 81 p 4

[Editorial]

[Text] Prime Minister Gro Harlem Brundtland started the election campaign in the Kristiansand area this weekend. It was the first time the prime minister came face to face with the voters since the government announced the new economic measures Thursday, a price freeze and tax relief in place of an index adjustment.

Everywhere she went the prime minister met only people who reacted positively to the measures. This is in line with the reactions flowing in from the entire country. Most people feel this was a correct move on the part of the government. A newspaper in Alesund which has talked to people on the street about the economic measures summarized the impressions on the front page under the heading, "Hurrah for the Price Freeze!"

The union movement is not only very understanding but also very happy about what has happened. The steps will not only halt price increases but also help to maintain wage earners' buying power as well as making a major contribution to guaranteeing employment.

On a purely theoretical level certain people with a special sense for such things can certainly mobilize fundamental objections to the elimination of the index adjustment. But the vast majority quickly saw the advantages in what has been done. The plan presented by the government benefits wage earners more than an index adjustment would have done. And this is true both economically and socially. If we look at money alone an index adjustment would have to have a framework of close to 20 percent to match the tax relief that will be given at the end of the year.

Most people are also aware of the problems local authorities are struggling with in the economic sector. The economic package presented is an important savings in municipal and county budgets for the rest of the year. The tax relief moves will be taken as a whole out of the national budget and the cities and counties will avoid bills for the planned index adjustment in the fall.

It is the right of the opposition to oppose. Five weeks before an election is a hard time for a government to present anything of importance without hearing

criticism from the opposition. Of course this applies to the latest economic package too. Even so Willoch, Presthus, Jakobsen and Bondevik are having a hard time these days. They can't very well be wholehearted in opposing the move and present themselves as representatives of parties favoring price increases while the Labor Party is presenting a plan for a price freeze. They also have the problem that they have long been concerned by price increases and have tried to make political gains on this basis, but were unable to come up with concrete proposals to halt inflation as the government has now done. Their "government program," the joint position on the government's long-range program, is characterized as an inflation statement. It is not a program against inflation. The prime minister stressed this weekend that this is not just the evaluation of the Labor Party. In one of her speeches she pointed out that director Knut Getz Wold of the Bank of Norway, director Reinertsen of the Norwegian Bank Association and director Egil Bakke of the Industrial Federation have all said that the joint declaration gave no indication as to how the problems of inflation should be solved.

In this situation the nonsocialists are choosing to direct their main attack against the timing of the announcement of the economic moves. They talk as if this is a panic move in an election campaign and that the problems will be stored up so that the situation will be worse than ever when the price freeze is lifted in 1982. All this is pure nonsense. The new steps against inflation are part of the government's long-range strategy to halt inflation and guarantee employment. The restrictions in the revised national budget were part of the same strategy. It is already clear that the government intends to follow this up with an austere national budget for 1982. The latest economic steps will not make the situation worse after New Year's. On the contrary we will go into next year with a better economic starting point. If the nonsocialist parties don't understand that it is all the more important to gather round the present government and make sure it will be the one to continue the fight against inflation and for employment after 14 September as well.

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NONSOCIALIST VICTORY WILL LEAD TO FIGHT FOR CABINET SEATS

Oslo ARBEIDERBLADET in Norwegian 10 Aug 81 p 8

[Commentary by Thor Viksveen]

[Text] Today--5 weeks before Election Day--a fight over cabinet seats is raging among the nonsocialist parties. The Christian People's Party and the Center Party have now made it clear they will not accept the Conservatives getting a majority of the cabinet seats in a three-party coalition government if the Conservatives also get the prime minister post. The Conservative candidate for prime minister, Kare Willoch, has responded by saying cabinet seats should be divided up in accordance with the election results. Judging from current opinion polls it is extremely likely that the Conservatives alone will get greater support in the election than the two middle parties put together.

With these starting positions the two groups have placed themselves in a very difficult situation prior to possible government negotiations. Many people are surprised that at the beginning of the final spurt of the campaign the three parties have made a move that can only result in reducing the credibility of their capacity to work together. KRF [Christian People's Party] and SP [Center Party] now fear more than ever that they risk becoming "coalition hostages" to a strongly Conservative-dominated government while the Conservatives on their part are so sure of their own strength that they can act with cocksureness and arrogance. In the Conservative leadership the strategy is clear--if they don't get things their own way in a three-party government they intend to form a government on their own.

Center Party

The tone was set at the Center Party's central committee meeting last week. Both party chairman Johan Jakobsen and general secretary Svein Sundsbo said it would be unreasonable for any party in a three-party government to get a majority of cabinet seats for itself even if one party in the election was "much bigger" than the two others put together. Sundsbo later said to the main party organ, NATIONEN, that in principle it would be wrong for a single party to have a majority in a government whose goal was cooperation.

Christian People's Party chairman Kare Kristiansen has given full support to this viewpoint. He said to NATIONEN on Saturday: "I think a coalition government

made up of three parties should make compensations so that no single party has an absolute majority. I also view this matter as more important than many others related to cabinet composition, for example the prime minister question," said Kristiansen.

Kare Willoch on behalf of the Conservatives has already responded to the move of the middle parties: "I must maintain that the composition of a hypothetical coalition government should be in line with election results.... The prime minister post cannot in itself have any determining function when it comes to distribution of cabinet seats.... One cannot try to correct the voice of the people in government negotiations."

Prime Minister

Given what has now happened the middle parties have obviously changed their strategy in the fight for possible cabinet positions. Th two parties are conceding even before the election that the fight for the prime minister post is lost. Willoch will be the leader of a nonsocialist government. This fact is also admitted by the main organ of the Center Party, NATIONEN, which wrote Saturday: "If the election results correspond roughly to current opinion polls--thus making the Conservatives bigger than KRF and SP together--it is likely that the two middle parties will consider the prime minister question already settled in reality."

However this realization will not make future government negotiations any easier. Kare Kristiansen has already said that preventing the Conservatives from getting a majority on their own is more important than the prime minister issue. The Center leadership has also indicated strong fundamental doubts.

Even though the battle for head of the government is already known to be lost the parties will present candidates for the post. The Center Party has already indicated that Johan Jakobsen is their man. The question has not been settled in KRF but everything now points to Kare Kristiansen. Earlier speculations about Korvald's candidacy have now been refuted by Kristiansen himself. Speaking to DAGBLADET Saturday he didn't leave Korvald much chance and said: "After he withdrew from politics many people interpreted that as meaning he is not a candidate for the post of prime minister."

But although the middle parties are making their suggestions this is not what will be the central issue. Middle-party voters must be prepared for a Conservative prime minister in hope that this will prevent the same party from completely dominating a possible three-party coalition government.

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YOUNG SOCIALIST LEADER: YOUNG CONSERVATIVES LACK PROGRAM

Oslo ARBEIDERBLADET in Norwegian 8 Aug 81 p 5

[Article by Labor Youth League leader Egil Knudsen]

[Text] "Sissel Ronbeck should have stayed home to solve the price problems instead of studying youthful riots abroad. I have the feeling Ronbeck traveled to find arguments for stands that had already been determined."

This quote is taken from Jan P. Syse and introduces a whole series of disgruntled remarks from Conservative politicians about the active youth policy mapped out by the Labor Party. The attacks have been directed especially at Sissel Ronbeck who has been more active and involved in these matters than anyone. Her methods of working have often been unusual and quite different from the work style of other politicians.

Sissel Ronbeck deserves praise, not criticism, for this. If one is to meet youth groups outside the established society one must understand the background of the problems concerning them and it is no use proceeding in the customary political manner. The Young Conservatives also found it necessary to censure the cabinet minister for dressing in punk style on occasion. For Young Conservative politicians it is unheard of that a cabinet minister should meet young people without being dressed properly.

One might think that the Young Conservatives would have a more balanced view of youth problems than Syse. But look at what their chairman, Sveinung Lunde, announced from the organization's annual elite course (note the name of the program) in Reistad: "The youthful revolt of recent years is simply criminal and should be handled accordingly with regular jail terms and fines." Renewal is definitely not a word one can use in speaking of the Young Conservative elite.

Sissel Ronbeck has also been criticized because the youth problems in the countries visited are different from those we have here. And in many ways that is an accurate description. In a number of lands, especially in the Conservative Party-ruled Great Britain, the problems are much more extensive and serious in nature.

But the criticism of Conservative politicians on this point is both typical and revealing of the way in which Conservatives look at policy--they back into the future.

First when serious riots reach our own land will they be discovered by Lunde, Syse and others. But then it will be too late to a large extent to do anything effective about them.

Steps to prevent such problems are at the heart of the work done by the ministry. This calls for foresight. It also calls for an ability to gain experience even outside the borders of this country. Thus the criticism of the study trip can be taken quite calmly.

But there is good reason to point out the total lack of an alternative youth policy which characterizes the Conservative Party and its youth organization. And that does not apply simply to the type of youth problems referred to above. The reactions to the government's report on young people and to the work now being done to live up to the youth guarantee pledge point in the same direction.

Conservative Storting representative Georg Apenes was very dubious about issuing a report on young people at all (ARBEIDERBLADET, 27 June). He did not completely rule out the possibility that such a study was necessary but as he put it: "I think the cultivation of youth can sometimes go too far." Right now we are seeing massive Conservative protests concerning the government's effort to live up to the youth guarantee, the promise of jobs or training positions for all young people under 20 years of age. For a long time we have been hearing complaints from the Conservatives that the guarantee had not been fulfilled. Now that concrete proposals are being presented they are protesting these moves.

Personally I have not noted any alternative proposals from the Conservatives or their youth organization at this time concerning how to realize the government guarantee.

The Labor Youth League on the other hand issued a concrete action program for implementing the guarantee at its summer camp session in Utoya.

We are calling for a number of different steps, with major emphasis on funds to set up several continuing education classes, more resources for various youth employment programs and more apprenticeship openings. At the same time we are asking for a separate labor market course for young people between 16 and 19, while the age limit for such courses today is 19. We also proposed raising the number of students in second and third year classes in some continuing lines of education from 27, the current number, to 30, the number of students in the first year classes.

In general Labor Youth asked the government not to shy back from using hundreds of millions of kroner to carry out the youth guarantee, definitely the single most important issue for young people today.

It is these demands the government is now implementing. All indications are that it will use more than 100 million kroner to honor the commitment.

This is the biggest individual commitment ever made to guarantee jobs for young people. In a number of other countries where the party comrades of the Conservatives are in power young people can't even dream of such a youth guarantee.

But even so the Conservatives are complaining without coming up with a single alternative suggestion themselves. If the Conservative protests win out it will mean that several thousand young people will lose their chance to get a higher education. Young voters should bear this in mind in connection with the upcoming election.

The proposal concerning the number of students in a class has drawn the most fire. It is presented as a scandal of educational policy, something that will lead to impossible pedagogic conditions, just because the ministry is proposing to keep the same number of students in classes for all three years of school in the general and office lines. I am convinced that most people see nothing wrong with 30 instead of 27 pupils in a class if this will help make education possible for several thousand young people. Of course several teachers' organizations have also protested, which is quite natural for a special-interest organization. But the pedagogic problems are not so deep that teachers and others won't accept the change if they receive economic compensation for it.

The protests from the Norwegian Union of High School Students can be ignored. This organization is totally dominated by the Young Conservatives and there is no reason to expect that it would come up with anything during the campaign that would help the implementation of the government's youth policy. But this attitude is quite alarming for its lack of solidarity with the many young people who so far have not been accepted for higher education programs due to lack of space.

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BRUNDTLAND EXPLAINS STANDS ON OIL, ENVIRONMENT

Stockholm DAGENS NYHETER in Swedish 18 Aug 81 p 8

[Interview with Prime Minister Gro Harlem Brundtland by Bjorn Lindahl in Kongsvinger, Norway on 17 August 1981]

> [Text] Kongsvinger, 17 Aug--Never before in a Norwegian election has the contest been so clearly between two parties--the Norwegian Labor Party which has been in power for 8 years and the Conservative Party which has been gaining in strength throughout the 1970's and has now passed the Labor Party in some opinion polls.
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> DAGENS NYHETER met one of the main contenders, Prime Minister Gro Harlem Brundtland, between bouts in an intensive election campaign start.

[Question] Will there be any big differences in relations between Sweden and Norway if one party or another wins the election on 14 September?

[Answer] Actually the main thing is how the social development and economies of the two countries are affected by the governments in power. Since we have so much trade with each other the economies and mutual opportunities of the countries will be affected. That is the biggest impact a government shift would have.

It has never been the case that a Norwegian or Swedish government has allowed the political composition of the neighboring country to determine the chances for pursuing active cooperation. But we always find it more natural to talk with the Social Democrats.

[Question] If Norway had had to do without the oil would a socialist government have been able to avoid a budget deficit?

[Answer] I have thought a lot about this because it is being used in a very strange way in the political debate by Kare Willoch. He has taken the development Norway had before 1973 and carried it on from there. He then looked at actual development and claimed that Norway would have been more than 30 billion kroner richer if a proper economic policy had been followed.

But he is ignoring the fact that it would have been impossible for Norway to develop as before when the entire international economy was in flux. And even without the oil Norway has had a better development than most OECD lands, averaging 3 percent since 1975.

Criticism

[Question] You have also been criticized because this does not apply to industrial production which has stagnated since then or even declined.

[Answer] That has happened in all industrial countries. If people would stop talking as if it were possible for Norway to increase its production and outcompete France and Germany or Sweden and Finland and pull itself up by the bootstraps we would get a lot further. For we cannot sell the total industrial production of Europe without acquiring other markets that will grow in other parts of the world.

For us in Norway a real development in the economy is possible since we now have the oil as a resource. That makes it possible to expand our services and other sectors of the Norwegian economy. But we cannot also have rising industrial production and not have enough labor left over for the oil industry.

One should not stare blindly at industrial production and see it as a measure of how good the economy is. That we must then have good productivity, be efficient and thus become competitive in what we do is an entirely different matter.

Statoil

[Question] One of the express Conservative goals is to clip the wings of the state oil company, Statoil, which in a few years will become the biggest firm in Scandinavia. Comments?

[Answer] We figure that Exxon, Esso's parent company, is 80 times bigger than Statoil in terms of both sales and number of employees. That has taught me how preposterous all the tearful criticism of this "enormous" company really is. For unless Norway has a strong state company only a fraction of the size of the big international concerns--how then could we direct our oil policy and have any chance of matching the big companies?

We will not go along with any clipping of Statoil's wings.

Oil policy is also one of the areas where a non-socialist government would not only have the biggest problems but the most uncertainty as well, leading to decisions different from those we feel are correct, producing a big impact on Norway and from our point of view a great deal of harm. This could have consequences right into the next century.

There are some who claim that the Labor and Conservative oil policies are identical just because we agree on the tempo--90 million tons a year at most--but oil

policy is more than that, including such questions as how to run the activity and how to distribute the revenue. And here is one of the dividing lines between us and the Conservatives.

[Question] What issues are you stressing that might involve young people?

[Answer] There is no doubt that equality and environmental resource issues have been an important part of the debate in the 1970's. I think these two things will continue to be important to young people in the 1980's. Then there is the whole issue of security and detente and the global issues of how to distribute the prosperity.

[Question] How can the Labor Party regain the initiative on environmental issues after the decision to develop the Alta River--many young people must have lost confidence in you at that point?

[Answer] We had the initiative in environmental policy throughout the 1970's, as for example preserving Hardangervidda. And we succeeded even though there was great disagreement in the internal party debate. But we arrived at a decision to preserve Hardangervidda and this involved as much as 2 Twh (more than three times an Alta power plant). I see that as a real milepost.

Two years later we had a debate on Alta, mainly as a Lapp and minority issue rather than an environmental one. That is what has created the big concern. I am not sure that the Alta affair will weaken the Labor Party's niche in environmental policy in the final analysis.

Lapp Issue

But the Alta is a hard problem for all responsible parties in Norway. One must deal with the entire Lapp issue and the administration of resources in Finnmark as the serious matters they are while also finding ways leading to a solution that does not undermine the dignity and authority of state bodies.

I don't think one maintains respect for democratic bodies by being inflexible and concerned with prestige. I think one should be willing to be self-critical too. But it would be a mistake to believe that the best solution can be found in total capitulation to a line of action.

This is a hard balancing act and I will stress this and expand on it in the right way to the benefit of those who brought the matter up as well as the authorities. I can't say more but I think this is possible.

[Question] Finally, your comments on Inga Thorsson's appeal to Social Democratic women to be realistic on the question of nuclear-free zones?

[Answer] I have not heard her statement but I think a combination of involvement and realism is always good advice. The question is what one means by realism.

6578
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POLITICIANS REACT NEGATIVELY TO IMPORTANT MILITARY SPEECH

Guipuzcoa EGIN in Spanish 28 Jul 81 p 3

[Text] The very harsh speech read in Santiago last Saturday during the offering to the apostle by the captain general of La Coruna, Lt Gen Fernandez Posse, who participated in the ceremony as a representative of the king, has raised a small political storm; small, and late in particular, because the leading parties did not decide to meet for a discussion of the matter until yesterday. Some of them decided to issue public communiques, but almost none of the leaders risked making their own comments. EGIN nevertheless obtained some personal evaluations, which are included below together with the contents of the communiques.

Insofar as PSOE [Spanish Socialist Workers Party] is concerned, that party's official for defense affairs, Enrique Mugica Herzog, held a meeting yesterday in the press office. EGIN learned from Socialist sources that Lt Gen Fernandez Posse's statements shocked them considerably, but that, for the time being, they did not consider it proper to issue a public communique, and preferred to channel the matter through Parliament, most likely submitting a summons.

In connection with the aforementioned statements, the PCE [Spanish Communist Party] issued a communique in which it requests that the military not express their views on political matters.

The note reads as follows: "In our opinion, the only way the military have of engaging in politics, in view of their status as public officials and the special statute that they have as members of the militia, is to request withdrawal from the Army. In our view, no one who wears the uniform of the Spanish Armed Forces can start expressing opinions about the institutions, the political situation or the different options: in short, intervene actively in politics, much less do so when speaking in the capacity of the king's representative."

Carrillo, for his part, told HOJA DEL LUNES DE MADRID: "I think that the day when the military and we civilians think less about the Civil War and more about the one that we waged against Napoleon, in commenting on our military history, we shall have taken a great step."

The CCOO [Workers Commissions] confederated press office is of the opinion that "it is not a fitting time to 'fuel the fire,' because that would benefit the provocateurs;" but it considers "Lt Gen Fernandez Posse's statements inappropriate, both in their timing and in their form." As a labor union, it considers "the act of questioning the right of the union, recognized by the Constitution, when Lt Gen

Fernandez Posse commented that it was attempting to impoverish the economy, organizing strikes with any excuse, an inappropriate statement (it repeats); because the Armed Forces should not interfere in the union's endeavor."

Palmes: 'I Don't Think It Is a Generational Problem'

In Barcelona, we discussed Gen Fernandez Posse's speech with Marc Palmes, member of the secretariat of the Leftist Nationalist movement, and with Ernest Lluch, deputy of PSC [Christian Social Party]-PSOE. Marc Palmes told us: "So long as the high-ranking military positions in this country are held by people of that sort, talking about the consolidation of democracy will continue to be an irony." When asked whether he considered the tone of the speech unusual, Palmes added: "I have the impression that these are positions and opinions held by a substantial majority of the Armed Forces. The fact is that there are other high-ranking commanders with greater political circumspection." He continued: "I don't think it is a generational problem, and the proof of this is that there are views of this type among the intermediate cadres as well. It would unquestionably be a good thing for certain commanders to join the reserves, because this ideological line is more evident among the older ones. In any event, the causes lie in the system, which is imbued with fascism. I had actually been told that Gen Fernandez Posse had a reputation as a liberal."

Lluch: 'Out of Step With Reality'

In the view of the Socialist deputy, Ernest Lluch, the statements have two aspects: "one fatal", including the "references to an alleged state of war. These assertions are a crass stupidity; I think that President Pujol himself cited them in similar terms recently. The non-negative part of the speech is the one expressing obedience to the king and the Constitution." He continued: "Apart from these two aspects, the references to the excessive wage demands prove that the general has not read the standard accord, which has been implemented. As for strikes, there have been very few and, of course, far fewer than in 1975-76, for example. Hence, it seems obvious that his diagnosis is absolutely mistaken. More than the ideology that underlies it, what bothers me most is the fact of being out of step with reality reflected in the speech. The references to the universities as being focal points of subversion are significant. Those of us who have any contact with the universities know that there has not been a calmer term than this in the past 100 years." When asked whether these activities relate to generational causes or, on the contrary, are associated with more complex motives such as those represented by the fascist legacy, the Socialist member of Parliament declared: "I believe that the problem stems from a deep division between the military system and the civilian world, a division against which we must battle. On the other hand, believing that all the military commanders have such opinions also seems to me to be a sign of dissociation from reality."

We asked him: "So does the case of this speech seem unusual to you?" He replied: "Rather than unusual, this speech does not seem ordinary to me."

Castells: 'It Will Make the Reformists Blush'

The HB [Popular Unity] senator, Miguel Castells, is of the opinion that the captain general's speech "confirms the comment that we have been reiterating to the point

of boredom: that nothing has changed, that there has been no rupture and that Francoism is still alive among the high-ranking military and political echelons." Castells remarks: "As the captain general so aptly put it to the Santiago captain, Franco is the national hero who created the current regime; and, therefore, those elected must treat the institutions which Franco planned and prepared with utmost respect. The speech confirms that Juan Carlos is king by the grace of Franco."

Castells adds: "Actually, we have had constant speeches with the same essential content, but this one seems particularly interesting to us, because it impedes the activity of the reformist parties which are bent on trying to conceal the reality. I believe that the speech must have made the reformist groups blush. It will be impossible for them to silence the captain general as they have silenced others 'on the foot level.'"

Upon being asked whether he thought that the speech by the king's delegate contrasted with the official image that the government is trying to give, and whether the speech might be due to the "de facto powers," Castells replied: "It was remarked on one occasion that the government is an abductor of democracy and, on others, that the government itself has been abducted by those powers. The fact is that there are times when it is difficult to demarcate the area of the abductors from that of the abducted."

He then noted that Herri Batasuna [Popular Unity] attended Galician Fatherland Day at the invitation of the Bloc (UPG [Galician People's Union], ANPG [People's National Assembly of Galicia]) and PSG [Galician Socialist Party], whose convocation authority proved to be much greater than that of the other political groups of the Galician left. The HB delegation attended the various ceremonies and demonstrations, along with delegations from the PLO [Palestine Liberation Organization], PSAN [National Liberation Socialist Party of the Catalan Regions] and various Latin American liberation movements, as well as parties such as LCR [Revolutionary Communist League], MCG [Communist Movement of Galicia], Galiza Ceibe and others. The captain general's speech was not a topic of analysis during the brief activities that were held, at which there was no lack of police contingents.

Bandres: 'There Are Still People Who Believe That Franco Is Not Dead'

Juan Maria Bandres, a deputy representing Euskadiko Ezkerra [Basque Left], was also at Santiago de Compostela, where he came as a guest to participate in a rally of the Esquerra Galega [Galician Left]. When, during the course of the rally, the Basque deputy, clearly referring to the remarks of the captain general, Fernandez Posse, told the audience that, "despite the fact that some admirals believed him to be alive, Franco has been dead since a day in November 1975," the EE leader received one of the heaviest outbursts of applause from those in attendance.

Bandres also told this newspaper, in connection with the offering made by the king's special delegate to the apostle St James, "this type of act is anachronistic and very dangerous." The Basque deputy added: "Such comments are a recognition of the fact that there are still people who believe that Franco is not dead." According to Juan Maria Bandres, the account of situations made publicly by the captain general should prompt the government to intervene. Bandres said: "The government should exercise its disciplinary authority with these high-ranking officers who,

after all, are political, because they lead to confusion by their remarks, and they do not seem to be very respectful of the Constitution."

EMK [Basque Communist Movement] has also published a communique of condemnation, in which it states that, "Lt Gen Fernandez Posse's address on the occasion of the offering to the apostle St James is another gross coup-associated act carried out, strangely enough, 'in the king's name.'" According to this party, "Speeches such as that of Fernandez Posse create terror among those who hear or read them." In fact, a spokesman for this party told EGIN that the first part of the speech read by Lt Gen Fernandez Posse "is copied, and contains verbatim paragraphs from the book entitled 'Strategy" by the Argentine, Alberto Marini, a theoretician of dirty war and internal war, and the one who inspired the repressive policy of the military in that country."

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CALVO-SOTELO PIQUED BY GENERAL'S HARDLINE SPEECH

Bilbao EL CORREO ESPANOL-EL PUEBLOVASCO in Spanish 1 Aug 81 p 19

[Text] Madrid, 31 Jul (Colpisa)--The autonomous accords will lend order to the construction of the state of autonomies, They should not entail lags or changes in the statues already approved, but rather attempt to provide a more rational framework for the process, both for the autonomous communities and for the state that houses them. Only a strong state can accommodate autonomies which are also strong." With these comments the president of the government, Leopoldo Calvo-Sotelo, opened his final press conference before the official government vacations start.

The president of the government explained that the autonomous accords include political pacts establishing the general features that the new statutes must have, as well as a draft of the Law on Harmonization of the Autonomous Process, and pacts on the financing of the autonomous communities. He remarked: "These accords, initiated at the behest of the government and the majority opposition party, represent a decisive step."

The president of the government attached the same importance to the recent national accord on employment, claiming that both this accord and the one just reached on the autonomies "will bring calmness and order."

He added: "Two commitments that I assumed upon my inauguration as president of the government have been met thereby. The government has obtained the cooperation of other political, social and economic forces, and it is doing what it should be doing: governing in a democratic state. It is true that we are experiencing difficult times, but it is likewise a fact that we are solving the problems which have been posed; and this may be reflected in tranquillity and hope as we enter this summer break."

More Pacts With the Basque Country and Catalonia

The president of the government subsequently stated that he would have liked all the political parties that took part in the "autonomous summit" to have signed the pact, commenting: "I regret that PCE [Spanish Communist Party] was unable to continue. But the origin of these pacts was a dialog between the president of the government and the secretary general of PSOE [Spanish Socialist Workers Party], and this could be the key factor that insures the pact. Although I regret PCE's departure, I don't believe that this could interfere with the soundness of the pacts." In connection with the statutes of autonomy already established, the president of the government

stressed that the current pacts would not entail a delay in their progress, and gave assurance that he would hold more frequent talks with the representatives of the Basque and Catalonian governments.

Economic Situation

Next, the president of the government proceeded to discuss the concrete accords concluded at the Council of Ministers meeting held today. He emphasized that the cabinet had first studied the report on the autonomous pact. Among the Council's other decisions, Calvo-Sotelo underscored some on economic policy.

He said: "The evolution of the economic situation enables us to view it hopefully," and gave the following as an example: "Approval has been given for the granting of 13 billion to remedy the damage from the drought, supplementing other previous subsidies; an agreement has been reached on principle to restructure the textile sector, which affects 400,000 workers and 7,000 firms; and an agreement has also been made on urban development and housing, with cooperation between the central administration and the local administration."

Calvo-Sotelo added: "The data from the economic indicators are favorable: unemployment has been reduced, and it may be anticipated that it will continue to decline; prices have evolved remarkably, without an increase last month; exports have risen 40 percent in pesetas and 6 percent in dollars; the labor conflicts have been reduced 60 percent; and the stock exchange is holding firm with an index of 137."

The president concluded: "It is true that we are experiencing difficult times, but it is likewise a fact that we are solving the problems which have been posed. I an not an advocate of making assessments, and summertime does not warrant a rendering of accounts; but I believe that these two aforementioned accords can and should be offered as the most important aspect of our government endeavor."

He ended these remarks by stating: "I would also hope to have brought during these recent months the calmness, security and tranquillity that the government feels; in this respect, you have the floor."

Extreme Right

Answering a question relating to the recent arrests made of members of the extreme right, and their possible connection with the coup plot, the president said: "I believe that there is no connection between the coup groups and these recent arrests. The police suspect that those involved in the latter are persons responsible for a long list of attacks, including the attack on the newspaper EL PAIS; and I hope that the judges can consider the evidence supplied by the police to be good." With regard to the danger of a coup d'etat, the president added: "As president of the government, I am concerned and preoccupied by those matters which are possible and likely. I don't believe that the danger of a coup is likely, nor even possible. The objective conditions do not exist at present, and for this reason the government is not concerned."

Gaston Defferre

Mr Calvo-Sotelo also discussed the recent visit paid by the French interior minister, Gaston Defferre: "I cannot specify the police measures that have been adopted, but I can say that France will not allow its soil to become a base for terrorist action against a neighboring country, and concretely against Spain. The police measures have been examined by the Spanish and French interior ministers, and will be studied during the next few days by the justice ministers. I hope that their progress will make the French commitment a good one."

Captain General of Galicia

In response to a question, the president of the government also commented on the recent speech delivered by Lt Gen Fernandez Posse on the occasion of the offering made to the apostle, St James: "The offering to the apostle is a traditional act which needs an adjustment. I don't believe that this offering could take place within one year under the same circumstances. The text of Lt Gen Fernandez Posse was not known in advance either by the king or by the government."

When the government learned about it, it called Lt Gen Fernandez Posse and gave him the proper warning. He was shocked at the effect that his remarks had had, and gave assurance of his loyalty to the constitutional order. The Army is in its proper place and if the remarks made by Lt Gen Fernandez Posse on the occasion of the offering contained comments that may have suggested the contrary, his own subsequent explanation has left matters in their proper place.

There Will Be No Government Crisis

The president of the government also discussed the centrist party at the press conference, asserting: "The internal differences within UCD [Democratic Center Union] are probably no greater than in other parties. UCD is the government party and, as such, it is more vulnerable to criticism; but it also has more light and more record-keepers for the problems themselves. The government is backed by a strong parliamentary group, which continues to be strong; and it will continue with the latter. The government has received support from the party that has been unanimous up until now. Even when there have been some demonstrations within UCD, it has always guaranteed full support for the government; and I am satisfied with this support. Furthermore, I believe that it is my duty as a member of this party to obey the organs democratically elected by the Palma congress."

Upon being asked about a possible imminent government crisis, Mr Calvo-Sotelo replied: "On the whole, I am satisfied with the government, which is made up of capable people. I have no intention of making overall changes. But this does not mean that I am completely satisfied with its action, for there are areas in which we could progress further. But this can be done with the staff that I have. There is a government for a while."

Colza Oil

The topic of the oil adulteration also came up at the press conference, and concerning it the president of the government observed that it was, "a matter of serious

concern. When public health is at stake, it would be inhuman and unjust to show signs of satisfaction, regardless of how much has been done and is being done in this matter. It would appear that there is a possibility of identifying the toxic agent more accurately and, therefore, of deciding on the proper treatment. As I become apprised of the reports, I think that on 20 August I shall be ready to assign the area of inspection and approval to a single individual on a high administrative level. But this matter has caused me to be dissatisfied and worried."

EEC and NATO

He also commented at several junctures on foreign policy and, concretely, Spain's membership in EEC and NATO. On the first topic he remarked: "All negotiations have their difficulties, and Spain's entry into EEC as well. Spain wants to be in the European Community de jure, because it already is de facto. There is no problem of self-esteem on this point, and I hope that, after the next European summit meeting in November we shall embark on the home stretch of the negotiations." Regarding NATO, the president of the government said: "Discussions have been held with all the political forces on this subject. The government has not yet made the decision concerning the parliamentary debate, but possibly at the next Council meeting the government may establish its position on this matter. In the fall, there may be a major, thorough, parliamentary debate." On this issue, the president of the government also noted that the bilateral treaty with the U.S. might have a new perspective, in consideration of Spain's forthcoming entry into NATO.

Gibraltar

Commenting on the recent incident concerning Gibraltar, and the refusal of the king and queen of Spain to attend Prince Charles' wedding, he said: "The king's reaction received praise from much of the foreign press, including the British. I think that the advantage stemming from this matter's having been brought up in very clearcut terms is that the negotiations may find a new impetus."

The president of the government concluded the press conference by explaining the priority subjects that the government will have to deal with once the summer vacations end. The signing of the autonomous pacts marks the beginning of their implementation. "The national accord on employment also requires execution. Hence, the government will concern itself with the execution of these essential pacts, which are perhaps the most significant acts since I took over the presidency of the government. We shall also keep up the battle against inflation because, although great progress has been made, and the inflation index is currently 13 percent, the battle has not ended and we are also concerned about the public deficit. In the area of terrorism, we shall carry out the measures that have been adopted now. In short, the government will continue to carry out the program that was explained at the inauguration."

Mr Calvo-Sotelo announced that he would traval to Mallorca in mid-August to meet with the king, and that the next Council of Ministers meeting would take place on 20 August.

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RETIRING GENERAL OMITS MENTION OF KING IN FAREWELL

Madrid EL PAIS in Spanish 8 Aug 81 p 3

[Excerpts] With the publication yesterday, in the "Official Journal of the Army," of the royal decrees whereby, implementing the recent law creating the active reserves, Lt Gens Pedro Merry Gordon and Angel Campano Lopez were retired as captains general of military regions II (Seville) and VII (Valladolid), respectively, the rejuvenation of the top-ranking military echelons which was the purpose of that law has begun. In Seville, Merry Gordon bade farewell to the officers with emotional remarks, in a speech wherein the omission of any mention of the king was noted.

Campano, for his part, began yesterday in Zamora to take leave of his military region, a farewell which will continue next week in Salamanca and Oviedo, and end on 20 August in Valladolid, according to our acting correspondent, Rafael Gonzalez. The temporary replacement for Lt Gen Campano, Gen Vicente Llorca Llorca, the military governor of Asturias, assumed command of the military region yesterday, although the replacement ceremony was not held. Probably at the Council of Ministers meeting scheduled for 20 August, the government will appoint new captains general for Seville and Valladolid.

"For the last time, I think, long live Spain!" exclaimed Lt Gen Pedro Merry Gordon, at the conclusion of the address which he gave yesterday, visibly touched, to the officers of the Second Military Region, at the farewell ceremony as its captain general, according to a report from our correspondent in Seville, Jose Aguilar. As we know, Merry Gordon was retired from his position as a result of the implementation of the Active Reserves Law. Official sources close to the lieutenant general remarked after the ceremony that Merry Gordon meant that he was shouting "long live Spain!" for the last time "as a captain general."

After responding to the captain general's shout, the officers in attendance remained silent, waiting for a "long live the king!" which was not forthcoming. The omission of a reference to the chief of state was later commented on indignantly by some of the military present, while others attributed the fact to the emotion of the occasion. The strictly military function was held in the throne room of the Captaincy General, with no civilian authorities in attendance. Overlooking it was a portrait of the king and another of the former chief of state. Gen Manuel Saavedra (temporary captain general and one of the candidates for assuming the actual position after the Council of Ministers meeting on 20 August) delivered a farewell address to Merry Gordon who, he said, had accepted with a spirit of discipline the new sacrifice asked of him upon the implementation, for the first time, of the Active Reserves Law which is intended to rejuvenate the top ranks of the Armed Forces.

Pedro Merry opened his brief remarks as follows: "I shall say little, because it will suffice. Quevedo has already spoken, and it doesn't matter if they arrest me, they haven't arrested anyone for not speaking. This is enough for me to say." He then noted that, after 50 years of service, "You can imagine my state of mind: emotion after emotion, great emotion." He stressed the fact that he had been born in a barracks, and that he was a son, grandson, greatgrandson, etc., of military forebears.

In conclusion, the former captain general instructed his assistant to read the order whereby he was promoted to commander of the Army during his participation in the battles of the Blue Division on Russian territory, bringing the ceremony to an end with the aforementioned "long live Spain!"

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PRIME MINISTER DISCUSSES ISSUES IN GOTLAND SPEECH

Stockholm DAGENS NYHETER in Swedish 25 Jul 81 p 6

[Article by Kaa Eneberg]

[Text] Visby, Friday--Prime Minister Thorbjorn Falldin's debut in Almedalen turned literally into a general attack on Social Democratic ideas about employee funds. He said the funds were perhaps the most serious obstacle to the business community's willingness to invest, which is so important for restoring economic equilibrium.

Speaking to reporters assembled for a press conference, he justified his attack this way:

"It is certainly necessary to get some answers on a number of important points concerning the employee funds. It is important for the Social Democrats to shed light on their anxious emphasis and explain why they really want collective funds.

"Is it for ideological reasons that they have this anxious attitude?

Ownership

"If so, they must say it straight out, because it is certainly strange that they can allow ownership of cars, homes, and summer cottages but don't want to trust people with individual and personal ownership of a share in the economy--in production capital. Because that is precisely what helps to create the basis for the prosperity that provides cars, summer cottages, and so on.

"No, it seems that they do not want to trust the citizens with that. We in the Center Party naturally reject a fund socialism that eliminates private ownership. That is not the way that we want to encourage businessmen and the business community to make bold investments for the future." So said Falldin in Almedalen.

Center Party Stronghold

Falldin visited the open-air stage in Almedalen--the political summer stage--somewhat as a guest who required a lot of coaxing. For years the Center Party organization worked to bring the Center Party leader over here, but he always pleaded as an excuse the hay harvest and other pressing chores on his own farm in Ramvik. This year, however, he showed up, because after all, Gotland is the county where the Center Party has its greatest support, with just over 35 percent of the electorate. His

presence also guaranteed a big crowd at the park by the sea. Gotland has also advanced recently in the Center Party's hierarchy in that Torsten Gustavsson, a member of Parliament from Stenkyrka, was recently named minister of defense.

Thorbjorn Falldin said he did not know how the government intends to put together the 12 billion kronor that must be laid aside for the coming fiscal year. He said that the information reported in DAGENS NYHETER's Friday edition was only a list of possible measures worked out by officials in the ministries. The government has taken no stand on all the various alternatives being suggested, and they will not be reported on before the regular budget bill is submitted in January, he said. He gave assurances, however, that each ministry's budget will be closely scrutinized.

Tax Deductions

He also gave assurances, both in his speech and during the press conference, that "the ordinary homeowner" will not be harmed by the changes in deductions, which will best be worked out by a task force.

Questioned as to what he meant by "the ordinary homeowner," he answered by explaining that "price levels of between 500,000 and 600,000 kronor now seem to be normal in, for example, the Stockholm area." When asked whether that price group would get off scot-free, he did not give a direct answer.

He said: "It is not the tax reform that is the big threat to homeowners. Instead, it is the scare propaganda being spread by some circles that has led to the current uneasiness in the housing market."

Falldin asserted that together, the impending marginal tax reform and the reorganization of allowable deductions will give Sweden a fair tax policy which will "protect both the people's will to work and society's basic values concerning the distribution policy.

"The tax reform that the government will submit to Parliament in the spring of 1982 establishes a ceiling of 50 percent for most full-time employees." According to Falldin, the tax deduction reform is being designed so that "regardless of whether one earns 50,000 or 500,000 kronor, the so-called negative deductions will never be worth more than 50 percent."

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PAPER COMPARES FALLDIN'S STYLE FAVORABLY TO BOHMAN'S

Stockholm DAGENS NYHETER in Swedish 25 Jul 81 p 2

[Editorial by S.H.]

[Text] "What our country needs today is the will to cooperate, not confrontation for its own sake." With that statement in Almedalen, Thorbjorn Falldin drew attention to an important difference between the middle-of-the-road government and the Conservatives.

A broad solution is good if the solution itself is good--it is not enough for it to be broad. That was Gosta Bohman's attitude on Thursday toward arrangements between the two blocs.

It sounds bold and plausible. Who could be in favor of bad solutions? In reality, it is a gross simplification. By Bohman's line of reasoning, compromises would be well-nigh impossible. Political negotiations would degenerate into a situation where the party in question would lay its program on the table and invite all the others to adopt it. Every concession, of course, would make the solution worse than if the original policy were carried out. That is how Olof Palme operated in his worst hours.

As a matter of fact, other considerations must be taken into account--for example, the fact that a broad settlement makes it possible for a reform to endure even after the next election.

If a conceivable compromise has objectively good features, the possibilities for a broad agreement are another important plus. That was the situation in the tax issue. But the Conservatives seem to believe that Sweden's problems can and should be solved in a tough confrontation between two equally strong blocs--with the danger that unrest would appear in the labor market and that the policy would be regarded as wrong and unfair by half of the Swedish people. That is a risky line of action politically.

Thorbjorn Falldin argued yesterday for another way of working. He drew clear dividing lines with respect to both a conservative and a socialist policy--as one example, by his attack on the fund issue. It was really not a matter of "jumping on" anyone. But he emphasized the government's willingness to listen to others. Compromise has value in itself, a value that must be weighed when government bills and parliamentary decisions are being worked out.

Anyone who had expected the prime minister to provide detailed information about the content of the austerity plan was no doubt disappointed, but such expectations are unreasonable. The officials in the ministries must obviously work out the particulars before the government parties take a political stand.

That is no more remarkable than the fact that the Social Democratic emergency group queried its party members concerning both pensions and health insurance. Besides, the Social Democratic criticism is exceptionally inconsistent. On the one hand, they are attacking the proposed economy plans, and on the other they are saying that the government is still getting at "only" one-sixth of the budget deficit. If the Social Democrats want to reduce the budget deficit by more than the government by cutting back less than the government, they should immediately tell us how that is going to happen in practice.

What was lacking in Falldin's speech were signals about the political direction of the work being done to economize. What does it mean to protect the least privileged groups? Are starving people in the poor countries included? They should be. The promises to the underdeveloped countries that they will receive a percentage of the GNP in aid should not be given less weight than the promises to Gosta Bohman concerning defense budgets.

When 12 billion kronor are to be pruned from the budget, the bargaining must be based on political will and social commitment. Cutbacks should not become a prestige-laden battle between ministers thinking only of their own turfs.

In his speech, Thorbjorn Falldin adopted a considerably broader perspective than Gosta Bohman. Its starting point was people's uneasiness about peace and the environment. No matter how much Bohman claims to be defending the individual Swede, those are sentiments that he either cannot or will not understand. Acidification and the spread of poisons are a form of threat against the individual that does not fit into the Conservative Party's tax-centered analysis of society.

Here the middle-of-the-road government can make great contributions. Unfortunately, Falldin was not very specific when it came to the question of what to do. The sturdiest measures mentioned in his speech were examples of what the government has already done--in the field of employment, for example.

But energy is not best demonstrated through lists of government bills that have been submitted and government decisions that have already been made. Most important are specific and aggressive signals as to how the issues awaiting us in the 1980's are to be met. Such signals should be given by the government when it reconvenes before long.

This involves not just the economy. Environment, social rejection, the concentration of power, and equality between the sexes are also issues that affect our everyday lives--even though they are sometimes regarded as "less important." They also seem to be less important in Gosta Bohman's world of ideas. But fortunately, his world is not identical with reality.

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POLL SHOWS VOTERS THINK COMMUNISTS HAVE BEST SOLUTIONS

Stockholm DAGENS NYHETER in Swedish 27 Jul 81 p 3

[Article by Sven Svensson]

[Text] The Liberal Party clearly has the least support from its voters when it comes to the 25 most important social issues in the spring of 1981, while the Left Party-Communists [VPK] have the highest support. That is shown by a public opinion poll conducted by the Foundation for Public Opinion Analyses. Even so, the Liberal Party expects success in the 1982 elections.

About 2,000 voters took part in the poll, which consisted of a form with about 500 questions to be checked off.

A voter barometer is shown below, but the foundation wants to refine its voter barometers through further questions.

For a party to be able to maintain its positions, its voters must stand behind party policy on what are described as the most important social issues. A change of opinion concerning an issue occurs earlier than a change of party.

The Foundation for Public Opinion Analyses feels that for a party to be sure of support from its sympathizers, it should have the support of at least 60 percent of its own voters in two consecutive public opinion polls on as many as possible of the 25 most important social issues.

The result indicates that the VPK has the highest support among its own voters on the 25 most important social issues. On nine issues, the VPK achieves over 60 percent, and it tops out with 89 percent on the question of lower food prices.

The Social Democrats are also supported on nine issues, but with lower percentages than the VPK. The Conservatives have good voter support on seven issues, and the percentage of support is high. The Center Party wins approval on two issues, while the Liberal Party loses on all counts.

Left Party-Communists

Food prices: 89 percent; housing costs: 85; taxes: 82; economic leveling: 79; defense costs: 79; destruction of nature: 68; measures against tax offenses: 67; inflation: 62; and sexual equality: 62 percent.

Social Democrats

Pensions: 77 percent; wages: 74; unemployment: 73; taxes: 71; inflation: 70; marginal taxes: 70; economic leveling: 66; worker participation in company management: 65; and housing costs: 60 percent.

Conservatives

Marginal taxes: 82 percent; inflation: 81; employer payments for social benefits: 80; school discipline: 79; comprehensive school grades: 79; taxes: 78; and nuclear power: 62 percent.

Center Party

Nuclear power: 78 percent; and destruction of nature: 75 percent.

The Liberal Party's highest marks are: 57 percent on sexual equality and 56 percent on wages.

If we look at what are called the opinion leaders in the various parties, we find that the picture is different.

In the VPK, their highest support goes to the demand for higher housing allowances (100 percent), while 87 percent of those in the Center Party want to do away with nuclear power, 87 percent of those in the Conservative Party want lower marginal taxes, and 84 percent of the opinion leaders among the Social Democrats want savings funds, a demand that otherwise gets little support. In the case of the Liberal Party, the list is headed by the concern for families with children (60 percent).

The foundation also polled the voters of the various parties on how they foresee the outcome of the 1982 elections.

Liberal Party Optimism

The Social Democratic belief in an election victory is very strong: 91 percent of the party's voters felt in the spring of 1981 that their party would win, compared to 74 percent in 1980. No one expects fewer votes.

The Liberal Party's members also expect success in the elections. In 1981, 27 percent are expecting more votes, compared to 10 percent in 1980. At the same time, the number expecting fewer votes rose from 20 percent in 1980 to 27 percent in 1981.

The Center Party's members are pessimists. As of 1981, 26 percent expect more votes, compared to 33 percent in 1980, and 26 percent expect fewer votes, compared to 13 percent in 1980.

Two years after the 1979 election, 11 percent of the country's voters are thinking of changing parties in the next election, while 16 percent are undecided.

The voters who, according to the voter barometer, have already decided to change parties in the next election differ in several respects from the more stable voters.

My own party has the best ideas about: (in percentages)	Conservative Party			Liberal Party			Center Party			Social Democrats			VPK			All voters: very important
	79	80	81	79	80	81	79	80	81	79	80	81	79	80	81	1981
Measures against tax offenses	38	38	42	41	16	33	26	34	36	54	48	58	69	67	67	79
Inflation	86	83	81	58	17	37	46	39	46	63	67	70	54	63	62	65
Destruction of nature	27	26	29	33	16	23	62	69	75	38	40	44	55	66	68	69
School discipline		83	79		21	28		31	34		33	39		29	46	50
Marginal tax	79	86	82	58	38	33	40	33	47	57	60	70	55	51	59	34
Food prices		39	44		16	33		39	45		54	61		82	89	45
Temperance	31	32	42	36	25	43	21	38	44	24	38	42	20	38	41	55
Bureaucracy		58	66		28	26		37	41		37	39		37	55	57
Taxes		78	78		31	52		39	42		63	71		62	82	37
Sexual equality	26	30	35	60	44	57	27	32	33	51	54	54	41	60	62	34
Unemployment	49	49	52	48	29	46	39	41	45	68	70	73	55	68	59	73
Comprehensive school grades	69	78	79	35	17	31	29	32	32	37	38	40	32	35	53	27
Economic leveling	30	38	43	43	24	47	28	34	36	65	64	66	68	71	79	26
Wages	55	55	61	51	31	56	33	38	41	71	74	74	58	53	70	37
Nuclear power	48	62	62	39	29	42	79	71	78	50	63	55	35	59	69	28
Housing costs		48	46		28	40		32	39		60	60		69	85	22
Employee funds	53	56	68	30	24	36	22	26	32	58	68	58	32	42	49	15
Pensions		37	50		23	40		41	49		74	77		47	43	15
Worker participation	40	43	55	44	33	49	24	35	43	69	67	65	48	54	63	18
Defense costs		54	55		20	33		32	40		50	51		76	79	24
Employer social insurance charges	78	71	80	30	22	43	36	50	58	65	64	55	55	54	59	17
Added in 1981:																
Government spending			77			32			43			54			51	44
Higher education			64			39			30			51			44	26
Concern for families with children			42			50			46			73			75	28
Future energy supplies			56			42			78			57			65	67

For a party to be able to maintain its positions in coming elections, its sympathizers must stand behind the party policy on important social issues.

The Foundation for Public Opinion Analyses feels that for a party to be sure of voter support, it must have 60-percent support in two consecutive polls in order not to risk losing voters in the next election.

The VPK and the Social Democrats have that support on 9 of the 25 most important social issues, the Conservatives have it on 7, the Center Party on 2, and the Liberal Party on none.

The table shows, for example, that the number of Conservatives wanting measures against tax offenses has increased from 38 percent in 1979 and 1980 to 42 percent in 1981. Higher figures are reported for the other parties, with the VPK the highest at 67 percent. The highest figure for the Liberal Party concerns sexual equality. In 1979, 60 percent of the Liberal Party members felt that their party was handling that issue best, but the figure then fell to 44 percent in 1980, only to rise again to 57 percent this year.

New demands have arisen during 1981, among them a concern for families with children. The poll shows that 73 percent of the Social Democrats feel that their own party is handling that issue best, compared to 75 percent in the case of the VPK.

Party switchers have a very definite attitude toward social welfare. Almost two-thirds of the party switchers--61 percent--are demanding less social welfare, compared to an average of 29 percent for all voters.

Almost every second party switcher wants more days off from work (49 percent, compared to an average of 18 percent) and more school grades (48 percent, compared to an average of 32 percent for all voters). The demand for lower housing allowances (39 percent compared to 20 percent) is also important to those switching parties.

> Note: This is the third year in a row that the Foundation for Public Opinion Analyses has conducted its polls for the political parties as well as for private and cooperative firms and others.

11798
CSO: 3109/228

LIBERAL PARTY DISCOURAGED BY POLLS, CALLS EMERGENCY MEET

Stockholm SVENSKA DAGBLADET in Swedish 27 Jul 81 p 6

[Article by Hakan Bergstrom and Willy Silberstein]

[Text] On 30 and 31 August, the Liberal Party's leadership will hold a meeting in Stockholm. At that meeting, the parliamentary group and the party board will discuss the party's embarrassing situation now that the SIFO [Swedish Institute for Public Opinion Polls] figures are lower than ever.

For 2 days the Liberal Party will air internal discontent. There is divided opinion on which issues the party should concentrate on. Some forces want to continue pursuing traditional issues such as equality and the policy toward underdeveloped countries, while others want a greater concentration on economic policy.

Various forces within the party have long been trying to get a meeting such as this in which problems and internal discontent could be aired.

In the last two SIFO polls, the Liberal Party has gotten a record-low 6 percent. That is only 0.5 percent more than the VPK [Left Party-Communists] had in the most recent poll.

Lars Leijonberg, the party secretary, says: "The situation is clearly serious. We have not been able to beat back the fear propaganda from the Conservatives following last spring's tax agreement."

Critical Situation

Other leading Liberal Party members contacted by SVENSKA DAGBLADET also talk unanimously about great unrest. Is this an emergency meeting being called by the Liberal Party for August?

Minister of Education Jan-Erik Wikstrom said: "It is an emergency meeting insofar as the Liberal Party now finds itself in a critical situation. Our meeting will be one stage in recharging ourselves."

At the same time that the mood in the Liberal Party is tense, a wait-and-see attitude prevails. Liberal Party members are waiting to see which policy the new middle-of-the-road government will be able to carry out. There was not time to get it going before the summer lull. The picture will not clear up until fall.

The party leadership can count on criticism from around the country at its August meeting. It is known that many in both the parliamentary group and the county federations are dissatisfied with the "Stockholm clique" surrounding Ola Ullsten.

Poorly Informed

The criticism can be exemplified by this voice from Skane:

"Many people feel that the top leadership is poorly informed about the mood around the country. They also feel that the grassroots must have more influence." So says Henning Schale, the Liberal Party's district secretary for Malmohus County.

And it is no coincidence that the two new Liberal Party ministers following the cabinet shuffle--Karin Ahrland and Bjorn Molin--are from Malmo and Gothenburg respectively. Those are the chief centers of criticism against the party leadership.

No discussion concerning Ola Ullsten's position is to be expected during the deliberations. Changing party leaders 1 year before an election is never a wise move.

Ullsten's position is not threatened. And he himself wants to keep the job, even though it is known that he has sometimes felt that the job is terribly exhausting. On occasion he ha lso been very upset by the criticism that has appeared, chiefly in the ass media.

No Successor

Several Liberal Party members say, however, that Ola Ullsten's position is not threatened for the very simple reason that there is no natural successor. Ingemar Eliasson and Jan-Erik Wikstrom have been mentioned as possibilities, but they arouse no enthusiasm.

One Liberal Party member of Parliament says: "If there had been a good alternative, strong forces would certainly have been set in motion to bring about a change in leaders."

Enar Arlebrandt, a local politician in Storuman, Vasterbotten County, says: "Ola Ullsten does a good job, but I am one of those who feel that it would be better if he devoted more energy to the party and less to foreign policy."

Disagreements as to which issues the party should concentrate on are to be expected at the August meeting. The party leadership will try, for one thing, to establish firmly a new austerity package in which 12 billion kronor will be pruned from the budget.

Sven G. Andersson, member of Parliament and a master barber from Orebro, is one of the Liberal Party's older members of Parliament. He expresses himself in drastic fashion:

"We have concentrated on the wrong issues: underdeveloped countries, schools, and equality.... Probably no one is interested in equality issues except an occasional woman on her way up."

Sven G. Andersson prefers that the party concentrate strongly on issues concerned with economic policy and sociopolitical questions.

"The economic policy is important if we are going to survive at all. The Swedes can no longer sell products abroad on the strength of their blue eyes alone."

But there are other Liberal Party factions that want to be heard. Enar Arlebrandt, municipal commissioner in Storuman, Vasterbotten, is a member of the Liberal Party's party board. He says:

"For me, the temperance policy is the absolutely central issue. We must have restrictions. Registration of alcoholic beverage purchases would be a step in the right direction."

Lost Identity

Like many other Liberal Party members, Arlebrandt also says that the party compromised itself through two three-party governments and thus lost part of its own identity.

Strategist and party secretary Lars Leijonberg also says he has learned his lesson from the 1979 election:

"Now we know that being part of the government does not bring any benefits in itself. We must combine specific results in the government with efforts to convey a specific image of the Liberal Party."

An important--and sensitive--question is this: with whom is the Liberal Party to collaborate? There are those within the party who talk about a coalition with the Social Democrats. Others stand up for a nonsocialist government with the Conservatives if the nonsocialists win next year.

No to Conservatives

The Liberal Party's young members have long been trying to put a stop to cooperation between the Liberal Party and the Conservatives.

Peter Orn, chairman of the FPU [Liberal Youth Association], says: "Before next year's election it will be important for the party leadership to make it clear that the Liberal Party is not going to sit down again and govern together with the Conservatives."

Some leading Liberal Party members also feel some degree of confidence about the meeting in August. Under Secretary Bert Levin believes that unity will be achieved concerning the main issues:

"In my opinion, the meeting's main task will be to try to create the embryo of an election platform. I believe that we will achieve strong support on the main issues: the need for a socially oriented market economy and the need for social responsibility toward poor people and countries."

Missed Connection Between Policies and Ideas

Ola Ullsten told SVENSKA DAGBLADET: "Certainly I am disturbed at the low figures in the poll. But we are now going to turn that feeling into something constructive." Ullsten also made it clear that he likes his job and wants to continue leading the Liberal Party.

Just like Prime Minister Falldin, Ullsten explains that the danger of a loss of support always exists for parties that are in power during times of austerity.

"It is naturally comfortable for the Conservatives, who simply abandoned the job of bearing the burden of governing Sweden. But the country has to be governed, even if it costs something for us and the Center Party."

What has the Liberal Party done wrong, seeing that its SIFO figures are so low?

"We have certainly made mistakes. We no doubt failed to point out the connection between the policy we pursue and our ideas."

Wants To Listen

Concerning internal opposition to the party leadership, Ola Ullsten says that critical voices are always raised in a movement with life in it.

"We take criticism seriously, and we naturally want to listen. Perhaps we have been doing a poor job of it. But that is one reason why we have called a meeting for the end of August."

Naturally, the Liberal Party must concentrate on explaining to the voters why the coming austerity measures are necessary. Other issues that Ullsten wants to pursue are the need for a market economy, equality, and international solidarity.

"We must also establish guarantees against collective employee funds. The choice now is between socialism and liberal development."

Concerning his job as party leader, Ullsten says he likes it. One has to like the job to be able to do it.

"I cannot go around thinking of resigning. I have taken on a responsibility that must be carried out.

"It is no bed of roses, but I knew that before I took the job. It is a tough assignment that requires total commitment. I want to continue as party leader."

No Coalition With Social Democrats

Will the Liberal Party form a coalition with the Conservatives if there is a nonsocialist victory in the next election? The question is a sensitive one for Liberal Party members.

Ullsten expressed himself cautiously: if there is a nonsocialist majority, he wants to see a nonsocialist government.

"We were willing in 1979. Now it is up to the Conservatives to decide whether they will hop aboard or not. We have no reason to bring up the government issue again."

On the other hand, he clearly draws the line when it comes to the left. There is no chance of a coalition across the boundary between the Liberal Party and the Social Democrats. The differences between viewpoints on the economic policy are too great.

11798
CSO: 3109/228

PAPER COMMENTS ON CONTINUING DECLINE OF LIBERAL PARTY

Stockholm SVENSKA DAGBLADET in Swedish 28 Jul 81 p 2

[Editorial: "Party in Crisis"]

[Text] "We have concentrated on the wrong issues: underdeveloped countries, schools, and equality. Probably no one is interested in equality issues except an occasional woman on her way up."

Behind those words stands one of the Liberal Party's oldest and more prominent members of Parliament, master barber Sven G. Andersson of Orebro. They were part of his statement to SVENSKA DAGBLADET in connection with the article on the crisis in the Liberal Party that was published on Monday.

His statement is marked by bitterness. Andersson is certainly not as prejudiced against efforts toward equality as that statement would lead one to suppose. Rather, it is a question of an interesting outburst of temper at the thought that his party has lost its solid foundation, that ideology is adrift on the borders of socialism without a firm anchorage, and that the voters are therefore drifting away from the party at a rate that raises the question of whether the Liberal Party will be able to clear the 4-percent hurdle in September next year.

There is also a kernel of truth in what Andersson says. The Liberal Party's policy has been shaped by the once-young whom, if we remember correctly, Gunnar Helen described as the golden generation. And there was indeed a brilliance about it, but the brilliance that shined lacked roots in what can be called the Sweden of everyday toil. The young politicians, who perhaps more than anyone else talked about the problems of local democracy, themselves lacked--and now that they have gotten along in years, apparently still lack today--close contact with their own grassroots.

Among those once-young, there was a strong feeling for what could, by a somewhat gross simplification, be called inner politics--issues that generally seemed spectacular and were, above all, the fashion in Stockholm's inner political circles. The young people were driven by an urge to stand out as radicals. It was a matter of hurrying to get there before the Social Democrats, even at the cost of winding up further left than the latter. Whether or not their views were in accord with the ideological foundation which was Bertil Ohlin's and which carried the Liberal Party through the difficult ATP [general supplementary pension plan] crisis seemed to be of little significance.

What the Liberal Party has therefore wound up in--almost unavoidably--is a deep and serious ideological crisis. But it also involves a crisis of people, since the party's leadership so markedly personifies something of an ideological collapse. A party that stands for liberal values cannot stand out with impunity as the foremost advocate of prohibitionist ideas.

What is more telling than the suggestion that there must be compulsion (compulsory savings) to make the Swedish people stockholders? The broadminded heritage has been better preserved; even someone liberal enough to believe in people and reject compulsory measures does not doubt that there is a concern for people behind the prohibitions being touted.

It will be readily admitted that it is not always so easy to produce a synthesis between liberalism and broadmindedness and that even in the past there was a dualistic aspect to the Liberal Party's policy--historically conditioned and therefore understandable. But that is something quite different from emotionally disliking conservative policy so much that one simply turns one's back on something that over 1 million Swedes consider proper and to be so bewitched by radicalism that one places oneself so far to the left that party sympathizers can no longer follow.

Three features in particular of the Liberal Party's crisis are so very obvious that not even the leadership itself can readily fail to notice them. There is more talk about whom they can cooperate with than about which policy the party stands for. In a situation where the economy and business rightly find themselves in the center of political interest, the Liberal Party is our least production-minded party. While Gosta Bohman and Thorbjorn Falldin always use the party as their starting point and are careful about it, the Liberal Party seems more like an instrument on which its leaders can play their own tunes than a foundation on which one can build.

For a party in crisis, nothing is more serious than to deny that everything is not as it should be. In that respect, the Liberal Party has at least reached a place from where it can make a turn for the better, seeing that it is frankly acknowledging the situation of disaster.

But then the question must also be asked: is there any hope as long as each new generation (which at some point will take over) appears to have it as its chief goal to stand to the left of the Social Democrats wherever possible?

11798
CSO: 3109/228

OFFICIALS CALL FOR INCREASE IN FEDERAL BORDER POLICE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Jul 81 p 4

[Article by Claus Einar Langen: "Plans for a Ready Reserve for the BGS (Federal Border Police)"]

[Text] The formation of a reserve with a strength of approximately 3,000 is supposed to improve the striking power of the BGS, should there be a state of tension and defense. The command and combat section in the police department in the Ministry of the Interior, which is concerned with such planning, is of the opinion that in respect to any "escalation of duties" resulting from a state of tension and defense a reserve can "substantially increase" the combat strength of the national police force. Jentsch, deputy chairman of the CDU and CSU of the Bundestag's Interior Committee, welcomed these plans, but did say that a reserve must be for the purpose of strengthening the BGS and not--as the government might possibly intend--of compensating for a reduction in personnel.

In the Ministry of Finance personnel savings for the BGS are being considered which suggest reducing the overall strength to about 16,200 men in 1989. The authorized strength of the BGS in 1989 would then be reduced from today's approximately 22,500 men--in spite of an additional reserve of 3,000 men--to about 19,200. Yet strengthening the BGS for a state of tension and defense, for the moment only on paper, is now under consideration in respect to NATO's staff command post field exercises.

What does that phrase "escalation of duties" mean in the case of tension and defense? The national police force is expected to be involved, for example, in evacuating and sealing off areas, it is to direct movements of the population and support the armed forces in keeping military roads open. There could be additional security tasks, for example, the fight against armed terror and sabotage groups and use against armed rioting mobs.

To expand duties for a state of tension and defense (without the simultaneous increase in duties in the event of an internal state of emergency) the Ministry of the Interior considers an "active BGS reserve" of about 10,000 "defensible"; if this is correctly interpreted, it surely means that such a reserve for a state of tension and defense is viewed as "essential." The ministry, building on a resolution of the Interior Committee which was approved by the Bundestag concerning the state of civil defense, has now therefore been investigating whether in a state of tension and defense even those persons liable for military service and reservists can be called up to serve in the BGS.

There is the view that persons in those groups which are called up for military service should not be utilized in the BGS since they have not had any appropriate police training. In respect to the question about using "Bundeswehr reservists who appear to be suited for police enforcement service in the BGS" there is the opinion in the Ministry of the Interior that any obligation to serve in the national police force presupposes a change in the Federal Border Guard Act (Paragraph 49). Yet before "changing the law with those kinds of consequences" is considered, it must be learned whether the formation of a reserve does not need to be realized right now.

The intention is to put together a reserve for the BGS using former BGS police enforcement officers and former border policemen. In this connection reference is made, among other things, to Paragraph 52 of the Federal Border Guard Act: "Those liable for border police service who have served their basic border police service and former police enforcement officers in the BGS who have been obligated to render police enforcement service in the BGS are members of the border police reserve."

The responsible officials in the ministry of the Interior are of the opinion that there are limits on the possibility of "enlisting" former trained BGS members "to form a BGS reserve and thus to strengthen the BGS to a substantial degree." In the case of those with previous service we are talking about approximately 37,000 persons who can be called up by the district selective service boards up to age 32; with such an early termination of the call-up toward the end of the 1980's, it will scarcely be possible to obtain forces for a BGS reserve. Thus, it is being recommended that call-up be extended "at least" to age 45.

On the one hand, it would be possible to fall back on a part of those roughly 21,000 police enforcement officers who have been released since 1 January 1970, and, on the other hand, the approximately 10,100 former border policemen. A reserve could also be filled up by those officers who were trained prior to 1976 according to the old law, who still comprise up to about 30-40 percent of the personnel of the BGS and who for the most part will be discharged from BGS service by 1984. These numbers would be adequate to form a BGS reserve of about 10,000 men for a state of tension and defense, with the goal, according to the report, of giving something like formations and units the necessary combat strength and establishing new units and partial units. Calling up more than 3,000 reservists would nonetheless encounter "substantial difficulties" because in the opinion of the Ministry of the Interior there is, for example, a lack of necessary command and cadre personnel in the BGS.

Thus, the intention is "to incorporate as soon as possible into the civil emergency plan the presently realizable planning and formation of a BGS reserve with a strength of 3,000 men using existing personnel and material"; that is how it is stated in a memorandum requesting Minister of the Interior Baum (FDP) to approve the recommendation. Among other things, in a state of tension and defense there is a need to be assured that the authorized strength of formations and units of the BGS is guaranteed. This is where the opposition will presumably cut in. Delegate Jentsch--he advocates alternative service in the national police force--demands, for example, that that planned reserve of about 3,000 men be kept ready not only for a state of tension, but also for the BGS's current duties.

An interpellation prepared by the CDU/DSU fraction, which is going to be presented in the Bundestag during the summer recess, seeks to expose the "alarming condition" of the BGS, alarming in the opinion of the opposition. In a clarification included with the question it is stated that "for a long time" the BGS "had not been conforming" to the duties imposed on it by the constituion. In the event of a serious situation the BGS is not prepared.

12124
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NEW REGIONAL ADMINISTRATIVE SYSTEM PROPOSAL STUDIED

Istanbul HURRIYET in Turkish 29 Jul 81 p 17

[Text] Ankara (Hurriyet)--Plans call for providing Turkey with a new administrative system within the framework of activities designed to "reorganize public administration." Preparations, contained in the government program, which is to bring about the transition to a system of regional centers have been completed and a report has been prepared.

According to the "proposal," which is to bring about the transition from provincial administration to regional administration, Turkey is to be divided up into 18 administrative regions. The proposal, prepared following studies undertaken at the initiative of the Ministry of Reconstruction and Development and the State Planning Office, will be studied by the council of ministers. The transition from provincial administration to regional administration, proposes to lighten the load on the center (Ankara), to bring about the solution of a large number of important problems at the regional administration level and consequently to relieve the crowding in the state administration in Ankara.

The regional administrations, with their broad authority, will assume some of the powers of the ministries. This system will make the entire state more efficient, from the orderly distribution of investment to the proper executing of tasks.

According to the proposal, the expansion to an 18-region administration will take the following form:

1) The connected provinces of Adana (the center), Hatay and Mersin;

2) The connected provinces of Ankara (center), Cankiri and Corum;

3) The connected provinces of Antalya (center), Burdur and Isparta;

4) The connected provinces of Bursa (center), Balikesir, Bilecik and Canakkale;

5) The connected provinces of Diyarbakir (center), Bingol, Malatya, Tunceli;

6) [Text omits this number]

7) The connected provinces of Erzurum (center), Agri, Erzincan, Kars and Mus;

8) The connected provinces of Eskisehir (center), Afyon and Kutahya;

9) The connected provinces of Gaziantep (center), Adiyaman, Kahramanmaras and Urfa;

10) The connected provinces of Istanbul (center), Edirne, Kirklareli, Kocaeli, Sakarya and Tekirdag;

11) The connected provinces of Izmir (center), Aydin, Denizli, Manisa, Mugla and Usak;

12) The connected provinces of Kayseri (center), Nevsehir and Yozgat;

13) The connected provinces of Konya (center) and Nigde;

14) The connected provinces of Samsun (center), Amasya, Ordu and Sinop;

15) The connected provinces of Sivas (center) and Tokat;

16) The connected provinces of Trabzon (center), Artvin, Giresun, Sumushane and Rize;

17) The connected provinces of Van (center), Bitlis and Hakkari;

18) The connected provinces of Zonguldak (center), Bolu and Kastamonu.

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BRIEFS

DEMONSTRATIONS AGAINST TNF, NEUTRON BOMB--Rotterdam, August 17--About 2,000 people took part in a peaceful demonstration in the city centre here on Saturday in protest against North Atlantic Treaty Organisation (Nato) plans to deploy new nuclear missiles in western Europe, police said. The demonstration, organised by the Dutch 'Stop the neutron bomb' organisation and the Inter-Church Peace Council (IKV), also protested against the recent United States decision to produce and stockpile neutron warheads. The Netherlands is due to decide in December whether to accept 48 U.S. nuclear missiles as part of a batch of 572 cruise and Pershing-II missiles for western Europe under a 1979 Nato decision. The Dutch government earlier this year endorsed a parliamentary vote rejecting the neutron warhead and voiced objections to the U.S. decision at a Nato meeting in Brussels last Monday. Rotterdam Mayor Andre van der Louw launched a 'cruise against cruise' protest against cruise missiles and neutron warheads on Saturday. The mayor cast off the mooring ropes of five ships with about 100 demonstrators on board which will cruise for 10 days on Dutch inland waterways in a nuclear weapons protest campaign. [Text] [The Hague ANP NEWS BULLETIN in English 17 Aug 81 p 11

CSO: 3120/67

COST GAP TO INCREASE BETWEEN COAL, NUCLEAR ENERGY SOURCES

Bonn DIE WELT in German 13 Jul 81 p 9

[Article by Heinz Heck: "Power From Coal To Be Twice as Expensive as Nuclear Power by 1990?"]

[Text] The cost advantage of nuclear energy over power from hard coal is becoming larger and larger. This was demonstrated once again by an investigation of the Energy Economics Institute at the University of Cologne which was done on behalf of the Bonn economics ministry and which updated a study done in 1977/78. It is being published this week in ZEITSCHRIFT FUER ENERGIEWIRTSCHAFT.

Despite the "considerable increase in construction costs" which has occurred in the last 3 or 4 years, "above all for nuclear power plants, still the cost differential in favor of nuclear power generation has even enlarged," the study says in its summing up. For plants going into operation towards the end of the decade, the cost advantage of nuclear energy is now estimated at 4 pfennigs per kilowatt-hour (kWh) in the base-load range (that is, for power plants which operate around the clock), compared to the most favorable assumptions for hard-coal use (imported coal). If one does the calculations using German hard coal and with "relatively optimistic assumptions" about the future price developments, then a difference of as much as 8 pfennigs per kWh is obtained.

The "essential causes" of this are seen by the authors of the Cologne study to lie in the fact that in recent years the price for German as well as imported coal "has risen considerably" also, and that for the future one should expect further price increases, "whereas by far the largest part of the nuclear power-generation costs no longer rise further after the construction of the plant."

In the nuclear power plant, fuel costs are of secondary importance (because it is a capital-intensive power generation), so that changes in the price of uranium (which in recent years has even seen a price decline in real-value terms) play nowhere near the same role as that of the coal price (fuel-intensive generation in the coal-fired power plant).

This accounts for the fact that the drastic increase in hard-coal prices occurring since 1977 has alone raised power-generation costs by about 3.5 pfennigs/kWh. In the opinion of the authors, these figures show "the fundamental importance of changes in the hard-coal price to the costs of power generation in hard-coal power plants and the relationship of their costs to those of nuclear energy." An increase in the rate of growth of the hard-coal price from 5 to 6 percent per year would raise by itself the power-generation costs by 2.9 pfennigs/kWh.

Even more disquieting for the coal industry is the concluding remarks of the study: "If and only if it is possible to limit the rise in the hard-coal price, we can expect hard coal to be able to compete with nuclear energy--at least in the intermediate-load range."

Up to now it has been a part of the assured lore that nuclear energy has its cost advantage in the base-load region, whereas coal is more advantageous in the intermediate-load range. The study shows on the contrary that nuclear energy is the undisputed champion down to about 3,500 operating hours. Whereas from this point on, low-priced imported coal does show an advantage, for German hard coal the cost equality does not appear until below 3,000 operating hours. Thus even in its former domain, that of the intermediate load, coal has taken quite a beating.

Furthermore: If coal prices start to adapt themselves more to oil-price developments (assuming a 4-percent rise for domestic coal and 6 percent for imported coal annually up to 1990), then the cost differences will come to more than 16 pfennigs/kWh. With that, power from German hard coal would be almost twice as expensive as nuclear power.

The largest unit sizes built today were taken as a basis in each case for the cost comparison: Two hard-coal units of 675 megawatts (MW) each, and one 1,255-MW nuclear power plant. Subsidizing was not taken into account. On the other hand, all the costs of the nuclear fuel cycle (including financing costs)--from the uranium procurement to the final storage of radioactive wastes and the closure of the nuclear power plant--were included in the calculation. In the case of the hard-coal power plant, a 100-percent desulfurization of the flue-gas volume was assumed.

12114
CSO: 3103/382

APARTMENTS WITH SOLAR HEATING PLANNED

Athens I KATHIMERINI in Greek 1 Aug 81 p 7

/Text/ The Workers' Housing Organization /OEK/ will build at Lykovrysi of Attiki a model 435 solar energy-using unit settlement on the basis of a Greek-German agreement for cooperation, technology and research. The agreement was signed yesterday at the Labor Ministry by Minister without portfolio St. Dimas, Labor Minister K. Laskaris and German Ambassador Helmut Ziegrist (transliteration).

The objective of the model settlement is to save energy through proper designing of insulation systems and the use of solar energy for its needs. The project, unique in the world as far as size and implementation of energy-saving systems are concerned, will put Greece in the group of pioneers in energy-saving systems in general and solar applications in particular.

The importance of the project was emphasized by both Greek ministers and the German ambassador. Before signing the agreement Laskaris expressed the pleasure of the Greek government for the successful negotiations with the West German Ministry of Technology and Research and pointed out the special importance of the project which, he said, is a model of solar energy use application as well as of other modern methods in heat insulation. He particularly emphasized that this project assumes greater importance because it will accommodate the working people. He added that bids for the project will be asked in August and that work will start by the end of the year. The project is expected to be completed within 30 months.

The settlement will have a central market, an information center for inquiries on solar energy, a hall for various uses and a library, cafeteria and amusements parks in every neighborhood. In the meantime, studies are being completed for the construction of a kindergarten, a 6-grade public school, athletic facilities and a center for working girls.

The German ambassador also expressed his pleasure at the success of the efforts for such a project through the signing of the agreement. Dimas, on the other hand, thanked the German government for its cooperation and its technological and financial assistance. He said that the project will cost about 2 billion drachmas, 1.1 billion of which will be provided by OEK and the remaining 900 million by the German government (600 million) and the /Greek/ Ministry of Coordination (300 million drachmas). Dimas also said that the energy to be saved will reach 90 percent compared to present consumption.

7520
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FINANCE MINISTER ON BUDGET DEFICIT, FOREIGN DEBT

Brussels KNACK in Dutch 8 Jul 81 pp 16-20

[Report on interview with Finance Minister Robert Vandeputte by reporters Frans Verleyen and Johan Struye: "The Regent of the Monetary System -- Vandeputte Sees Great Deal of Shadow But Also Light"; date and place of interview not given]

[Text] We asked Professor Dr Robert Vandeputte, currently minister of finance of the kingdom, fewer questions concerning figures than concerning wider judgements about the regime. Indeed, few people have managed in a single lifespan of numerous careers to gather so much knowledge: president of the National Company for Credit to Industry for a quarter of a century, the Flanders' first governor of the National Bank for 4 years, professor emeritus at the University of Louvain, 73 years old and uncommonly alert. Since 1944, not a week has gone by when he did not, for official reasons, visit the room which 3 months ago unexpectedly became his own chamber. Which does not mean that this senior civil servant, who came from sturdy Antwerp bourgeois stock, did not have any business in the Department of Finance earlier on. But during the occupation years, Secretary General Flisnier remained in his own workroom in the back of Rue de la Loi, number 12.

Few ministers in the world will have taught their prime minister as a baby to ride horsie on their knee, as Robert Vandeputte did at the home of his boyhood friend Gaston Eyskens in Louvain. Five finance ministers of recent years were former students of the current office holder, who for 45 years was a professor in the Law School. Anyone who no longer thinks much of the state's finances, can still find some comfort in a talk with the minister. Here is the last of the invincible regents, who does not change his tack because of one bankruptcy more or less, a distracting unemployment figure or a parade of billions of francs. Nothing is so bad that it could not, in time, be righted. If we but want to, and not shrink back from hard solutions.

Hardware

The young Robert Vandeputte began his public career as secretary to Minister Gustaaf Sap, owner of DE STANDAARD. In 1944, he managed to save the title for the heirs of his late boss. He helped son-in-law Albert De Smaele publish the newspaper with a never ceasing flood of contributions. When Vandeputte became governor of the National Bank in the early seventies, he stopped making contributions for ethical reasons. But he had no sooner ceased to be governor in 1976, than he had to save the life of DE STANDAARD for the second time. And the professor stopped for a second time publishing his pieces in this newspaper, again for ethical reasons, only when

Prime Minister Mark Eyskens briefly asked him on 6 April last to join his administration as an extra-parliamentary member. After 40 years of marriage, Vandeputte did not even get the time to consult his wife beforehand. So, he immediately said yes, and after having been minister for 3 months he received us with quiet combativeness. As a surprised outsider.

Question: Have you, based on your lengthy experience, noticed any specific characteristics in the development of the country's policy, on the basis of which a moral judgement could be formulated? Are things going better or less well than you had expected?

Robert Vandeputte: Did I get confirmation of what I knew? /Yes/ [in italics]. It has become even more pronounced. There are characteristics which in reality go even further than what I thought I knew, specifically that there is little the governments can do anymore. With four parties it is difficult to reach unity. We lose a vast amount of time because the concerns of those gentlemen in the inner cabinet often run in different directions. I know that the need for popularity is inherent in democracy, but the first concern often seems to be what the voters will think of this or that measure, how they will react. What is popular, what isn't? This paralizes the democratic system. There is a lack of authority ...

Question: Are you experiencing the conflict between the technocrat and democracy?

Vandeputte: ... Even though I want to say in favor of the politicians that they are all hard workers, and realists. They have both feet on firm ground. They manage to separate major points out of a bundle with surprising speed. Even though all of them have a 100 percent political mentality, I admire their capacity to understand technical data. Even about the most complex fiscal problem you cannot fool them. But the electoral concerns are among the reasons for the wretched condition of the public finances. If it is a matter of spending money in order to look better in the eyes of the voters, then it is done. They do understand it when the minister of finance complains that this year's deficit will run up to 240 billion francs, but there is no reaction. That is disappointing.

Question: Don't they believe you or are they cynical?

Vandeputte: The problem lies in their priorities. The first priority is the voter. It seems to me as if they are simply hoping that those figures will turn out all right in the end, as they have been doing year in year out.

Question: And yet, gradually now a feeling of panic is growing ...

Vandeputte: That is precisely what I am trying to arouse. I consider it my duty to tell people the truth.

Question: Have you ever experienced a period like this before?

Vandeputte: No, the current situation is by far the worst since the liberation.

Question: The thirties perhaps?

Vandeputte: The public finance deficit was /not/ [in italics] like now. The deficit on current foreign payments was /not/ [in italics] like now. Unemployment was /indeed/ [in italics] very high. At that time, the characteristics of the crisis were the same in our country as elsewhere. But now, we are definitely /worse/ [in italics] off than the others. Unemployment, the budget, the current foreign debt. In those areas, we are now worse off than the remainder of the industrialized world. For the time being, the evolution of our inflation is the only favorable point left. But, when adding the needs of the municipalities and the para-statal organizations, the 500 billion franc deficit in our public finances is, broadly speaking, an /awful/ [in italics] figure. This year, one-fifth of the current expenditures of the state are /not/ [in italics] covered, except by loans.

Question: When will the hour of truth strike? According to the latest calculations of the CVP [Social Christian Party] research center, we will soon need more money than it will be possible to borrow.

Vandeputte: As a technician, I would like to note that the international market disposes of substantial capital, among others from the oil producing countries. This money flows through everywhere, to London and the United States, so that, at the international level, the banks are looking for clients. They are /searching/ [in italics] for debtors. This is what the Belgian state is living on at the moment. In the past, they have already accepted numerous borrowers from little and less developed countries. Brazil, for example, is very heavily indebted. So, when they hear that a country like Belgium, which 2 years ago did not yet have a foreign debt, also wants to borrow, then they will be attracted by that opportunity. Belgium would be a better debtor. True, we run the risk that this favorable reaction will not last as the pace of our indebtedness continues to build and we remain powerless with regard to our public finances. Alas, my people are busy the whole day long now with borrowing on the foreign market. They are doing this in a very capable and sound manner, taking into account the interests of the community, but this must come to an end some time. You have to be able to meet the interest and the due dates. The figures needed to reach a certain balance have to be shifted so much now that one must ask the question of how this can go on. In any case, this can only happen gradually. Recovery can no longer happen in one stroke; that is impossible.

Question: The people are wondering how it could have come so far. Where does all that money go? Even the prognoses appear to be somewhat worthless. The February and March figures have already been overtaken, both on the side of incomes and of expenditures. A budget is prepared with an expected deficit of 90 billion francs, which suddenly turns into 240 billion. What on earth is going on?

Vandeputte: The explanation is twofold. First of all, were those figures right?

Question: Hatry's figures from last summer?

Vandeputte: My first duty is to watch for this. The 1982 budget will be prepared /truthfully/ [in italics]. Because it isn't even worth preparing a budget, if it is falsified. The offices are working on this now. I want to publish the truth. If there is to be a substantial deficit, then everyone will see it. A second reason for the wild growth of the deficit is the fact that the recession may well have hit us more deeply than had been anticipated in the summer of last year. Indeed, the first period of 1980 had been a very good period.

Question: There is hope for you; a remarkable recovery is supposed to take place in 1982. A net growth of approximately 3 percent.

Vandeputte: Shht! It is true that some economists are anticipating some relief for next year. Let us make a few comments about this. First of all, their predictions are not the same for all countries, and we really do not belong to the countries for which their predictions are favorable. I am afraid that even under the best circumstances it will not produce anything more than a certain arrest of our decline. Well, if this continues, slowly and with a limited scope, then it may be possible that in preparing the budget we could expect the approximate maintenance of the situation as it is, with the expectation of a slight improvement.

Question: We are now 3 months away from the period of the Martens IV, III, II and I administrations. Did the change-over serve any purpose? Do you notice any technical or political change?

Vandeputte: Not much has changed because the country doesn't want to change. One can only produce change through /collective/ [in italics] retrenchment. This does not mean that you should not hit the high incomes more, because that is the normal way to do things, but you don't achieve anything if you don't hit the masses. The figures prove that you have to get it from the masses, otherwise you don't obtain any results. People don't understand this, or they apparently don't want to understand this.

Question: It is the masses who provide the receipts?

Vandeputte: All calculations bear out that you have to get a certain percentage from so many millions of the population in order to achieve any results. If you address yourself to a limited class, then that class will be hard hit, it is true, but you have nothing in your hands. And the way I see it, our people, represented by their structures as they are ...

Question: Do you make a distinction?

Vandeputte: I'm about to make my point. In their structures as they are, our people do not want to hear about the dismal situation we are in, and about the recovery measures we have to take. But I want to make a correction here, a very personal point of view. If we could go directly and massively to the small man, as I have known him for years, if we could go to the ordinary and balanced Fleming, and say: look, you will have to admit, because you are honest, that in recent years your standard of living has improved considerably, and together with you we are happy about that, but for now that cannot continue any longer, because you have to understand the business with the oil and all those other reasons, including because we have been liberal with all kinds of promises, then you have the feeling that this small man in the Flanders would /understand/ [in italics] this. To get matters back on an even keel, he would accept the fact that for a few months his income will have to be reduced by 7 or 10 percent, as long as we do our best and keep his effort in mind, and then make the effort to restore the balance through serious management. One of our tragedies lies in the fact that we cannot express this, that we cannot make that contact. Or am I being too idealistic?

Question: Would you like to say it like that in the parish halls?

Vandeputte: With pleasure; I think that would be great. I would like to go tell people things in all truthfulness, without the slightest lie, just as I feel it: /do we agree, are we going to do it together/ [in italics]?

Question: Your career has not been badly rewarded, you are undoubtedly one of the most prosperous citizens in this country. Don't you find it touching that you have to plead this case from such a serious sociological position?

Vandeputte: Indeed, I have had good salaries and I have a good pension.

Question: We have learned by chance that you are minister without pay, that you do not receive a salary here for this heavy work. Can we publish that?

Vandeputte: If you find that interesting, why not? It is the truth. You know that soon all pensions will be severely reduced, that all of us will be reduced to the pension of a secretary general. But that will not change my way of life. All my life I have worked so hard, and I am still doing so, that I have no time to use up money.

Question: Considering the ministerial salary that you have declined, the fact that your government pension is no longer indexed and in the new year will be reduced to 126,000 francs per month, you must have the largest income reduction in the country. But now everyone is going to feel it. The formula will be applied via Maribel. You noted a discrepancy between the citizens who might be more approachable with regard to the concerns of the state, and their structures with which you have to negotiate politically. You see this as a task of persuasion for the government. But don't those citizens already see technocratic mistakes being made with Maribel? By driving up fuel taxes, the state will definitely receive less because consumption is strongly discouraged.

Vandeputte: But precisely one of the major advantages we are aiming for here is to have people drive their car less. That is good for our balance with foreign countries. And we are obtaining results; every day less gasoline is being consumed. That was more than necessary. The 200 billion franc deficit in our current foreign debt is an awful amount that we have to borrow. Obviously, the situation would be thoroughly changed if we had no oil account, but upon reflection, even then we would still have an imbalance. However, what I regret primarily is the total lack of industrial initiatives.

Question: You once wrote that you loaned up to 2 billion francs per month for industrial establishments, when you were president of the NMKN [National Company for Credit to Industry]. What has become so different then in so few years? After all, a moderation has taken place in the facts of social life. Indeed, wages are still going up nominally, but in net terms they hardly do.

Vandeputte: Actually, they do -- but you are making an important distinction. Even in recent months, the real wage burden has gone up about 2 percent for the enterprises, but the worker himself as a matter of fact did not see any of it. That is the whole problem of extra-fiscal matters.

Question: And now, via Maribel, you are still going to nibble at the net purchasing power, which is after all demand producing.

Vandeputte: I am convinced that we will not be able to escape a retrenchment. This does not need to be painful, but gradual. The people will not need to do without those things which they need, with some comfort, but the standard of living of the whole population /must/ [in italics] and /will/ [in italics] be reduced. In order or in disorder. Once again, I have been compelled to admire the reaction of the Dutch. A few weeks prior to the elections, the government published a plan for gradual wage reductions. It did this because it was aware of the fact that the people accepted this, which was proven by the elections. Seen from Belgium, this seems like a dream. Our tragedy is that we cannot sell our people the truth. Either they think that it is impossible, or they don't want it.

Question: Did we once again stumble into a period of devaluation?

Vandeputte: There is pressure on the franc, but devaluation is another matter altogether.

Question: How do we, in our Italian situation, consistently manage to escape devaluation?

Vandeputte: Because we still have some ammunition left.

Question: Our gold?

Vandeputte: Actually, our gold has already been indirectly pawned by the amounts we have borrowed. But the fact is that we can still borrow and that, consequently, we are still able to resist. The National Bank is constantly selling francs backed by foreign currency, which it either has or borrows. As a matter of fact, that is something new. Possibilities for borrowing have become greater than they used to be, and consequently so have the means to defend a currency.

Question: How expensive is it for us to borrow now?

Vandeputte: Less in yens, more in dollars. It depends on the time and on the market you are on. We try to remain within the area of 13 to 14 percent. Our people are very choosy about what is being offered; they still have that margin.

Question: There are circles within Flemish industry which are not at all hesitant about a devaluation.

Vandeputte: However, I fully agree with the reasoning of the National Bank and of the political circles, of the current as well as of the previous administration, which are not asking for a devaluation. The very temporary broadening of our export possibilities would be quickly eliminated by the indexing of the wages.

Question: But if that indexing could be loosened?

Vandeputte: That would, of course, substantially alter the problem. However, there is a pronounced tendency in the world today /not/ [in italics] to devaluate, in contrast with the period before the war. At that time, there was virtually a competition to devaluate, to be able to export. Of course, little systematic indexing existed then.

Question: After so much deficit spending, it is not really right that we should still enjoy such a low level of inflation.

Vandeputte: To the degree that originally the deficit was being eliminated through loans from abroad, inflation remained limited. What the people gained was not consumed, but transferred to the state in the form of loans. The state consumed and what it spent was acquired. Another factor which contributes to our low rate of inflation is the fact that the monetary mass, which is paid so much attention in some big countries, increases so little in our country. That is, to a certain extent, a deflationary effect. Those things which can have an inflationary effect are our loans from abroad. In contrast with the Americans, the Germans and the British, who virtually base their whole policy on that item, the National Bank has never given very much importance to the monetary mass. Today, it looks as if, from a national point of view, it is being proven right.

Question: Next year, the non-compressible legally indexed expenditures of the state will amount to 880 billion francs. You are also already faced with more payments than the 200 to 300 billion francs left over for you to conduct politics with. Can this state continue to borrow with the enormous personnel costs for 864,000 people in the government service -- or 1 out of every 4 individuals among the active population -- which stereotypes your budget? Will this not lead to an emergency situation, similar to the one in the thirties, when the wages will have to be reduced?

Vandeputte: However, the most important item is not remunerations; even the increase is taking place relatively slowly. However, this does not eliminate the reasonableness of the question of whether the salaries of the civil servants should not be reduced in any case, as in the Netherlands. If we are going to require an effort by the whole population, then we will of course also require it from the civil servants, who are rather secure in comparison with the other occupational groups.

Question: Has the issue been raised at the political level?

Vandeputte: No. However, if we are looking for possibilities, then it cannot be excluded. They will of course protest, as all the population groups do. There is no group in the population which does not protest. But the ministers are powerless; they cannot work against the population.

Question: Couldn't the government be a little more careful? Because of the diesel questions, numerous small enterprises will now have to go to the dogs. From one day to the next, gasoline distribution at the frontiers slid into bankruptcy. Isn't this a useless policy?

Vandeputte: They are obviously the victims of the overall Maribel operation. Such an operation cannot be carried out without inevitably landing some blows. However, we have to see where our greatest advantages are, with the least disadvantages. The transportation sector has been ill for years; of course, it did not improve with this measure. But that does not mean that no weighing was taking place. I appeared at least six times before the government with my indirect taxes. Because what did we have to take into account? First of all, the index was not supposed to go up. Thirty billion francs had to be produced. Not a single measure was supposed to stimulate imports. Didn't the small man get hit more than the well-off one? Those four issues remained constantly in the mind of the offices. We worked all that out together with the index experts from the Ministry of Economic Affairs.

Question: In your experience, will Belgian democracy be able to sustain these problems much longer? With the sorrow of the steel question it was already said that the pitiful end of the political system was in sight.

Vandeputte: Therefore I am also pessimistic; the development causes concern. Democracy is functioning badly because there is no authority. A right to make decisions must exist within the collectivity.

Question: Did you ever experience a similar panic with regard to democracy in the past, in the thirties?

Vandeputte: That period was something else again though. What I lament now is the climate. People here take off all together on their vacations abroad, with foreign currency which we have to borrow piece by piece. But nobody cares anything about this at all.

Question: Do the Flemish people now have to be saddled with a debt of 200 or 300 billion francs for the coming generations, as a tax liability for the steel from Wallonia? Do you have a final historic judgement on this?

Vandeputte: The steel problem is a tragic one due to its size, due to the economic interests involved, including the Flanders, but primarily due to the uncertainty of the final result. To spend a great deal of money when you see a serious chance of making it through, that can be done. But to spend a great deal of money, and we /must/ [in italics/ do it, in uncertainty because for the time being we cannot do anything else or we would cause bankruptcy all over the country, that is sad. Naturally, the matter was once again politicized far too much. The declarations were going in another direction, but take a look at reality. An efficient management would be put into place, the public sector would show what it is capable of. Alas, this was not confirmed in the distributions and the appointments. They aimed for popularity, for the establishment of influences and the placement of people.

Question: What does the minister think of his crisis loan? Is this the big one?

Vandeputte: I have never assumed a figure of 100 billion francs. I only answered that 100 billion would be considered a /big/ [in italics] success. It turned out to be 78 billion francs: rounded off, 55 billion in the first part and 22 billion in the second. In the second part, the institutional investors have obviously not subscribed in the manner we had anticipated. Even the tax deductability did not excessively attract them. Perhaps they do not earn enough. A tax relief will improve your situation only if you are already making a profit. But the 55 billion francs in /new/ [in italics] money on the part of the people in the first part is simply a unique event in the financial history of this country. A real success. The element in the formula which seems to have most attracted savers is the exemption from inheritence taxes. One occasionally hears old people complain that their children no longer care about them, but here it appears that parents signed up in large numbers for something they could leave their children free of tax.

Question: Are we going to make it?

Vandeputte: I would put it differently, we /must/ [in italics] make it. But you know what is very valuable to me, is the desire to work of the Belgians, of the Walloons and of the Flemish. That is a large economic value.

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CSO: 3105/155

UNEMPLOYMENT, ECONOMIC DEVELOPMENTS ANALYZED

Nicosia I SIMERINI in Greek 12 Jul 81 p 5

/Article by Dr. A. Petasis: "Unemployment and Anticipated Developments"/

/Text/ Unemployment

The recent predictions about unemployment and price index levels are disturbing. They cause a degree of anguish about a possible drop in the standard of living of the working people especially those in the middle and low income classes. Despite all the reassuring official announcements, working people and employers have fears about our immediate economic future. The decision of certain enterprises to reduce their personnel or to put an end to new hirings is an obvious cause /for such fears/. Being aware of future difficulties, many working people have recently proposed relatively reasonable demands for renewing their contracts while the employers at every opportunity are explaining to their personnel the problems they anticipate facing.

It is a fact that, especially in certain sectors of the economy, unemployment is relatively low while in certain professions and trades there is a shortage of personnel such as accountants, computer programmers, cleaning women, etc. However, the indications for the future are not encouraging for the following reasons: The confidence of investors is to some degree shaken; the continued significant price increases and the chain increases in daily wages as well as other costs are shaking the confidence of certain businesses; inflation has negatively affected every home and its impact is now being felt by large enterprises also; the economic, psychological and social repercussions will be serious if in the near future we have /increased/ unemployment.

The most optimistic observers of developments see a period of recession while others speak about an impending crisis. Some time ago, the difference between recession and crisis was characterized as follows: "There is a recession when a neighbor loses his job. A crisis begins when he remains jobless."

Certain trade unionists are concerned because unemployment is increasing and it may be used as a tool against the interests of the working people. Others fear that the increasing unemployment could be used as a measure for fighting inflation. Such a method of course is socially unacceptable and its chance for success is small. Before the price index drops lightly there should be a disproportionately high degree of unemployment for a long period of time. A recent study made in

the United States claims that for inflation to drop from 11 percent to 9 percent the unemployment level should remain at 8 percent for 3 years. Undoubtedly, few agents of labor policy would like to use such an inhumanitarian measure in view of its relatively low effectiveness. Since many employers have already started a gradual reduction of their working force and are not replacing retired persons, many syndicalists asked this year that the employers increase the separation compensation to surplus personnel in the event of its release. In addition, the released persons will receive benefits from the state fund [for unemployed].

We do not think that the unemployment developments and especially that of surplus personnel will fare well under certain preconditions. For this reason it is imperative that measures be taken to control such a development in order to avoid a negative impact.

A glance around us will show that many European countries are today suffering from the scourge of unemployment and inflation. Without doubt we would not want to have such experiences since the impact would be relatively severe because of our limited resources. The European countries have reserves of great economic strength and a social foundation which is able to endure such kind of pressures. In England the reactions have reached such a peak that some time ago more than 50,000 persons held a march in protest of unemployment. The level of unemployment is the highest since the 1980 crisis. The number of unemployed is nearly 3 million. Since the countries with which we trade most are facing such problems, we should take protective measures immediately.

Economic Factors

In our case, the future [unemployment] development will depend on the behavior of certain economic factors. Our aim is not to analyze such factors since the specialists have already dealt with them in detail. We will simply mention them in order to put the question of unemployment in proper perspective.

1. EXPORTS. Unfortunately, certain sectors of our economy have started experiencing difficulties which have a serious impact on the level of employment. Particularly problematical are the exports of farm products. An example: The problem of exporting wine products continues and no long-term solution has been found yet. The Common Market restrictions have accentuated this problem. The repercussions to the vine growers and the wine industry are unfavorable and the continually increasing competition may worsen future developments. The European countries are intensifying their efforts to become more competitive in exports and at the same time to reduce their imports in view of their economic problems.

2. TOURISM. Much has been invested in the effort to attract tourists to our island. It can be said that our economy is more and more oriented toward tourism. The tourist facilities are increasing at a rate faster than the corresponding increase in the tourist wave. In the first 5 months of 1981 tourism increased by 22 percent with Swedish tourists leading the rate of increase. It is estimated that this year Cyprus may attract 400,000 tourists and the income in foreign exchange will exceed 90 million pounds. However, despite all encouraging givens our system has serious shortcomings. An example: About 30 percent of our tourists come from England which is in economic straits. Also, since our tourism is seasonal, it is natural to have a corresponding seasonal unemployment, while the recent revelation that no central agency for implementing tourist policy exists is very worrisome.

3. INFLATION. The price increase rate is significant--about 13 percent in 1980. The impact on our competitiveness is great. With the daily wages of the working people interconnected with the cost of living, each price index increase automatically increases the labor costs. This, however, is only one facet which is difficult to change. The working man depends on the above [cost of living wages] relation for some security for his threatened standard of living. It is reported that an effort is being made to partially break up this "price index-daily wage" relation. If this happens, it is certain that the labor peace will be shaken with dramatic economic and social consequences.

4. POLITICAL DEVELOPMENTS. On a long-term basis the most important factor in employment progress should be the developments in our political affairs and particularly the progress of the inter-Cypriot talks. The indications at present are not encouraging. No progress has been made despite the fact that a great number of meetings have taken place. As soon as the talks resumed, the index of the average confidence of foreign investors in our country increased from 36.6 to 36.8 (International Investor) as a slight positive reaction to the talks. A high index is proof of the confidence of foreign investors with the result that foreign borrowing becomes easier and under favorable terms. But the index is sensitive to political developments. An example: The most negative index changes were noted in countries which are experiencing turmoil and problems such as Iran, Iraq, Poland, Syria, Uganda, etc.

Unemployment Manifestation

In Cyprus, unemployment could be manifested soon in two forms:

1. In the lack of work for persons entering the labor market for the first time such as the graduates of universities and higher education schools, the graduates of secondary education schools and the young men who are released from the national Guard. We believe that all these classes may face problems in finding work. It is certain that the graduates in classicial studies will face serious obstacles. Many are underemployed during the daytime or are working at jobs unrelated to their professions. Those ex-national guardsmen who accept manual work will not meet the difficulties of those who will insist on finding office positions.

2. SURPLUS LABOR FORCE. If the economic condition of certain enterprises does not improve there may soon be surplus personnel. Events may force many companies to take the painful measure of releasing employees, a fact which will affect the overall unemployment percentage. The impact will be severe on the working persons as well as on the employers and the society in which we live. If in the end the predictions do come true and unemployment increases, we should be prepared to cope with this unpleasant phenomenon. It could be said, of course, that a country which effectively solved the unemployment problem right after the Turkish invasion should now be in a position to solve such relatively smaller problems. But the present conditions are different and the problem should be approached carefully. It is not right to ask the working people to make concessions once again as they did in 1974. It is certain that they will not accept such a request. Once George Bernard Shaw said that "we are becoming wiser not by the recollections of the past but by the responsibilities of the future." Unfortunately, however, it does without saying that a bad handling of the problem will have a negative impact on the morale of the rest of the personnel, as well as bad public relations and, in the last analysis, will act as a deterrent factor in the reactivation of the enterprise.

Thoughts on Future Managements

We believe that the following thoughts should be studied with an aim at avoiding massive layoffs. We make recommendations on the overall economic policy in order to supplement the inter-organisational measures which, moreover, is the main objective of this study.

1. OVERALL ECONOMIC POLICY. The exports sector must be strengthened with a special emphasis on our relations with the Common Market. It is imperative to continue the efforts for further market concessions despite the serious political obstacles which have already been announced to us. Also, as concerns our exports, it is not necessary to overemphasize the factors of quality and competitive prices and therefore our obligation as a condition for success. Our performance in 1980 when we exported merchandise valued at 172.3 million pounds can be improved. The increase in our exports was only 15.8 percent compared to 26 percent in 1979. At the same time, the imports of many products domestically produced can be reduced. Last year our imports reached 381.5 million pounds marking an increase of 18.8 percent. /Such reduction/ will not only increase the consumption of Cypriot products, it will also help employment and the balance of payments. A precondition for achieving this goal is to strengthen competition and protect the consumer from cheap products.

Priority must be given to reducing the level of inflation. The rate of investment activity and competition depend to a large extent on the "inflation" factor. We recommend the following measures:

a. An effective management on a selective basis in the sector of demand and particularly in the sector of consumption. Thus we shall be able to increase the level of savings and subsequently the level of investments. Measures should be intensified against tax evasion which causes, in part, the high trend toward consumption. By increasing their available personal income the tax dodgers increase /their buying power and/ demand--especially the demand of imported luxury products--thus increasing the export of foreign exchange.

b. The fiscal deficit which last year reached 36.5 million pounds must be reduced. As a first measure we recommend a more effective modernization of the state machine through better organization and development of systems and methods and by extension through greater efficiency. In addition, we recommend that the system of new hirings be temporarily revised. We are aware, of course, that it will be difficult to curtail the special expenditures because of social and political factors.

c. The efforts for an agreement on a price and income policy should be intensified. Since 1976 the increases in daily wages averaged 20 percent daily--they have doubled, that is, from 1976 to 1980. The profits also increased at a fast rate during the same period. We believe that the possible correlation between productivity and pay increases should be studied seriously.

It is a fact that due to the imported inflation, prices can drop only to a degree. The prices of imported raw materials and fuels are beyond our control but the fact that the experts do not foresee serious fluctuations in international fuel prices is encouraging. We should, however, devise effective measures to save

fuel and to use alternative fuel sources. In the tourist sector, it is necessary to maintain high standards of tourist services, cleanliness and esthetic presence. The future of our tourism depends on excellent services comparable to the best international standards. The "inflation" factor plays a primary role, of course, as concerns competition in this sector. An example: The Americans have said that they will avoid this year the traditional tourist countries of Portugal and Spain because of inflation.

2. INTER-ORGANIZATIONAL MEASURES. Increase in productivity is the best way of strengthening the competitiveness of an enterprise and at the same time provides opportunities for development and expansion. Last year's increase of 3 percent was not satisfactory. For increasing productivity it is important to exert all-out efforts for better programming, organization, communication and control. Most important of all, however, is to have all-around, well-trained personnel which should be provided with incentives, especially psychological incentives, so that it can perform with enthusiasm and devotion. In other words, each enterprise should review the managerial capabilities of its cadres and make proper changes if necessary. Such an action, however, depends on an effective system of evaluating the efficiency of such cadres based on the organization's overall results and on the proper handling of human relations.

a. The various enterprises should improve their training programs in order to increase efficiency and personnel usefulness.

b. Companies with surplus personnel should start finding gradually other proper work for such personnel. As an example, underemployed secretaries could, if properly trained, work in the electronic computer field. The unions should cooperate with the companies both in this matter and in the transfer of personnel in other areas for the sake of higher efficiency.

c. The managements and unions should study the institution of "quality circles" whereby groups of workers and employees meet and discuss questions of quality and production. Such close management-union cooperation is of course necessary in all sectors and they should particularly reexamine the effectiveness of the institution of "advisory committees." Under the present conditions, the coordinated operation of such committees will make it easier to pinpoint in time various human labor problems thus increasing the possibility for their solution. Also each enterprise should chart, in cooperation with the unions, a long-term labor policy--a policy which many organizations unfortunately lack. With such a policy our labor problems could be coped with more effectively. The present international developments show an increased participation of unions in company decisions and this point should be seriously considered when charting a modern [labor] policy.

d. A study should be made for overall expense cuts in all sectors of activities of an enterprise in order to avoid personnel layoffs. Sometimes the temptation to lay off people as a first measure is great. The finding of scapegoats is psychologically more appealing. If the problems in an enterprise continue to exist then terminating new hirings is permissible. Also, the measure of personnel leaves without pay could be used on an alternating basis.

e. But if layoffs are inescapable they should be made on the basis of acceptable and agreed upon criteria. No doubt, the unions will propose as a criterion the

balanced distribution of layoffs to all areas with surplus personnel so as to avoid burdening only one section of their members. They will, of course, ask for an explanation of the causes of the problem and will express doubts about the [ability of the] enterprise's management. They may even ask that a part of the administrative personnel be included in the layoffs. Thus, and as long as the procedure to be followed is fair, any possible [labor] disturbances may be avoided. But it is imperative that proper attention be given to the psychological side of layoffs. The working people should be properly prepared [for any eventuality] within the framework of public relations in order to lessen any morale problems. The psychological impact on laid off persons may be dramatic. In an appeal he made some time ago, Linford Reese, former president of the British Medical Association, asked that a study be made of the relationship between increased levels of unemployment and increased number of suicides or admittances to psychiatric hospitals. He observed that loss of a steady job is psychologically equivalent to the loss of a loved one and he added that the unemployed person, after experiencing various psychological stages, is possessed with an inferiority complex which seriously affects his psychological condition. Most vulnerable [to layoffs because of surplus personnel] are women between the ages of 20 and 24 and men in the 35-44 age bracket. Because this matter is very serious many American businesses have established special services (the Outplacement Services) for a more effective handling of the problem.

Another morally strong measure in cases of layoffs is the assistance provided for the self-employment of the dismissed. Let us consider an example. If the carpentry section of an enterprise is eliminated, its equipment can be purchased at reasonable terms by the section's personnel and an agreement can be reached providing that for a certain period the company's carpentry needs can be met by its former personnel. In addition the separation pay should be increased to make dismissals less painful and render reactivation easier.

Finally, we recommend that the following be adopted soon:

a. The professional position of the professional director of personnel should be strengthened in order that he may handle more effectively difficult human labor problems.

b. The administrative structure of various enterprises should be improved for better results. Group decision taking should replace the present autocratic system many countries use. The handling of difficult problems will thus become more efficient.

General Remarks

Our country has not faced the problem of massive unemployment even though in recent years we live under the ghost of a possible economic crisis which has not yet shown any signs of appearance. To definitely avoid such a crisis we must have prudent economic policy and planning and we must strengthen the internal and external foundation of our enterprises. Thus, their products and our services will become more competitive. The success of our economic policy will finally depend on our ability to overcome inflation and to increase our exports. At the same time, our enterprises should be reconstructed administratively and encourage

group decision taking. In this era of specialties and large capital it would be profitable to use the total intellectual capacity of an enterprise. Otherwise, it is natural for our competitors in developed countries to continue forging ahead since they are using more effective administrative systems than we are.

Also, the relations between management and working people should continue to be harmonious. But to overcome satisfactorily the problems which may have to be faced it is necessary that more concessions be made by both sides. The human relations sector must play a more and more important role than ever before. Inescapably, we shall be forced to rely more on the human side of an enterprise in solving our many problems.

7520
CSO: 4621/66

DEBT, BUDGET DEFICIT SEEN RAISING TAXES SHARPLY

Paris LE POINT in French 10 Aug 81 pp 20-21

[Article by Jean-Pierre Adine and Martine Leventer: "Budget 82: The Big Wager"]

> [Text] There will be a record deficit in the upcoming budget, which new loans and taxes should cover. But won't it affect prices? Jacques Delors and Laurent Fabius are preparing for some rough days ahead.

The 1982 budget, the first wide-reaching economic action by the new administration, is already strewn with pitfalls. Of course, neither its size, nor its means of implementation, nor even its major perspectives have been definitively decided, but certain evident truths are emerging, day after day, which do not make the experts' task any easier.

-- The so-called spendthrift ministers are naturally looking for a well-padded budget. Their claims are linked, as we say, to the "great hope of 10 May," which is encouraging them.

-- The fight against inflation--the number one budget priority--will not be free.

-- The dollar, scampering from one high to another, is expensive for France.

Aside from some exceptions made in the areas of arms, research, the arts, and energy savings (where much capital is invested), the other ministries have been asked to hold back. Where does that put us today? At public expenditures of about 800 billion francs--a 25 percent jump over the preceding budget. And, according to Laurent Fabius, budget minister, the deficit will be between 95 and 105 billion francs.

Symbols cannot be found everywhere, however, certainly not in the figures--they are often less important than is believed. However, we are still faced with the largest budget deficit France has had since the last war, in constant francs, of course. It surpasses by a good third what suddenly appeared from the Rue de Rivoli at the time of the Chirac/Fourcade revitalization in 1975. (See chart following page.)

But it would be naive to judge a budget on the amount of its deficit. Laurent Fabius considers it "reasonable" in that it is equivalent to only a little more than 2.6 percent of the national product. And it is true that most everywhere else the state accountants are playing with similar figures. Germany, it is often pointed out, is taking even more of a risk.

And so it is. But should we worry about the size of the liability or the speed with which it is happening? Things get worse so quickly, and no one seems to be keeping an eye on it. The 1981 budget? At the end of 1980, a 30 billion deficit was forecast by the preceding administration; 51 billion in April 1981, forecast again by the former majority. Laurent Fabius hints that it will perhaps be 70 billion by year's end. The limit of 100 billion for the 1982 budget proves that the gap is increasing. It can easily be imagined where a continuation of this might lead.

Even without looking ahead any further, one important question remains: where will the money be found to fill such an abyss?

The administration intends to begin borrowing on the domestic market, a solution already adopted for this year, "without great danger," says Jacques Delors, minister of economy and finance, "because of the economic stagnation which is not encouraging other borrowers to compete with the state."

Yes, but what will happen when, as it is hoped, the government wins its bet on the upswing of economic activity? A simple answer: taxes will replace borrowing. But didn't Laurent Fabius recently promise that fiscal pressure would not increase at all? Yes, he promised that, but it was a clever way to hide the preparation of new taxes. Left to itself, fiscal pressure tends to decrease from one year to the next. Maintaining it at a constant level implies that fiscal indices are raised, or that new taxes be created in the fertile imagination of experts.

"There will be new taxes," confirmed a colleague of the budget minister," and the tax on wealth is only one of the means which we have considered." Nevertheless, taxpayers should not panic too quickly: income tax tables will be adjusted to account for inflation, as done in the past. Finally and most importantly, it is hoped on the Rue de Rivoli that greater growth than in 1981 will ease the state's task as it anxiously looks for new receipts.

Even if the new team wins this round, a thorny question still remains: is the budget itself inflationary?

It can be shown--and not without valid reasons--that the very nature of state expenditures is more important in this respect than their amount. It should all the same be kept in mind that, in the present case, consumer demand will suddenly increase by over a quarter, in a country and at a time when everyone continues to be preoccupied by the rise in prices.

One of the most preoccupied is the administration. The proof? At the same time that he was working with Laurent Fabius on the budget, Jacques Delors took all necessary measures to avoid an excessive rise in prices. The battle will be difficult.

Consumer prices have risen "only" 6.5 percent during the first 6 months (more, however, than in Germany in a year!), which is .6 percent less than during the same period last year. This slight improvement is not grounds for congratulations. As the minister noted Thursday morning, it is only due to the fact that public sector rates were not raised. But their increase, spread over 4 months, is now going to make its effect fully felt. Because of this (and Jacques Delors has not hidden it), the third quarter will be difficult, and retail prices will undoubtedly rise 4 percent.

The Rue de Rivoli insists that a relative calm will then prevail (3 percent increase for the final 3 months), but more than one expert has labeled this optimistic, and many individuals from consumer organizations and unions have asked for a preventive measure: another price freeze.

"There is absolutely no question of going back on price deregulation," replied Jacques Delors. "I prefer a supple, diversified economy to an administrative one." The minister has therefore decided "to leave the companies to their fate" at least for several months. Without, however, adopting a laissez-faire policy, as his actions last week regarding a certain number of service industries testified.

A decree has given prefects the right to regulate the price of hotels and campgrounds (one and two star categories: "our goal is a social one") and the price of drinks in twenty or so tourist areas. The measure found its impetus in abuses noted during the vacation period. Since they were deregulated, prices of campgrounds and draught beer had increased over 200 percent in certain areas, and in 4 months, the price of black coffee in some places had increased 100 percent.

"We will not apply general sanctions: a 25 percent increase can be abusive, whereas in some cases a hike of 100 percent would not be," it was explained to Jacques Delors' cabinet. In order to better understand this type of problem several products and sectors are being watched (coffee, bread, red wine, fruits and vegetables, certain services, etc.). "We want to understand what is happening, and then make decisions," explained the minister. "You do the opposite only if you are in the middle of a hurricane, and that is not the case."

There has been one innovation: Jacques Delors is implementing this new policy hand in hand with Catherine Lalumiere, minister for consumer affairs. "Price deregulation is worthwhile. I wouldn't be the last to ask for sanctions if increases get out of hand," she confided to LE POINT. But we are not there yet, and the government is hoping that threat will be enough to keep merchants in line.

No matter--Jacques Delors' experiment with prices is turning out to be dangerous, and next year's budget will not make it any easier. He has made a risky bet by wanting to conquer both unemployment and inflation at the same time.

The Budget Deficit in France
(in billions of francs)

	In current francs	In constant francs 1980	% of GDP*
1975	37.81	60.11	2.63%
1976	17.17	24.9	1.21%
1977	19.46	26.01	1.03%
1978	38.19	47.74	1.78%
1979	38.90	43.96	1.59%
1980	23.79	23.79	0.09%
1981 (Forecast in July)	56.98	56.98	1.73%

*Gross Domestic Product

9720
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BALANCE OF PAYMENTS, STATISTICS PUBLISHED

Athens I KATHIMERINI in Greek 1 Aug 81 p 7

/Article by N. Nikolaou: "Balance of Payments Shows Stability"/

/Text/ The balance of payments is "under control," for the moment at least, and despite the delays in the invisible resources and the capital movement, its general outlook appears satisfactory. Problems, however, are beginning to appear in the area of foreign exchange reserves which have decreased sufficiently and have reached levels lower than those needed for a month's imports. (On 30 June, the foreign exchange reserves were 822 million dollars compared to 960 million representing the average monthly exchange payments for imports.)

The balance of payments stabilization depends mainly on the restriction of imports and the improvement of exports. Thus, the June imports, which in May had reached a peak (1,200 million dollars), dropped again to 895 million dollars.

In more detail, the balance of payments developments during the first 6-month periods of the past 3 years is as follows according to Bank of Greek preliminary data (figures in millions of dollars):

	1979	1980	1981
Imports	4,787	5,349	5,765
Exports	1,896	2,040	2,508
Trade Balance	-2,892	-3,309	-3,257
Invisible Resources	2,317	2,574	2,735
Invisible Payments	610	737	947
Invisibles Balance	1,707	1,837	1,788
Current Trade Balance	-1,185	-1,472	-1,469
Capital Movement (net)	677	1,106	555

The above table shows that:

1. It was the restriction of imports which finally prevented further increase in the balance of payments. During the first half of 1981 the imports increased by 7.8 percent compared to 11.7 percent in 1979. But even this increase is almost totally due to the imports of fuels. In fact, except for the fuels, the foreign

exchange payments for imports during the first 6 months of 1981 were 3,761 compared to 7,781 million dollars during the 1979 corresponding period or it dropped by 0.5 percent. Evidently this drop is due to the continuation of the economic recession (drop in industrial production slowdown in the construction sector, etc.) but also to the pressure exerted by the rise in the dollar value which renders more expensive the imported goods and in the end limits their import.

2. This year's exports increase at a rate faster than last year (22.9 compared to 7.6 percent) but it is not yet certain if the increase concerns the volume of exports or the time lag in payments. It is possible, that is, to be collecting now for exports made months ago.

3. There is a definite delay in the invisible resources which is more pronounced in the tourist sector (increase of 1.6 percent only compared to 20.5 percent).

The Ministry of Coordination yesterday issued the following announcement:

"During June 1981 the current trade balance was considered very satisfactory. Its deficit was limited to 158 million dollars compared to 224 million dollars in June 1980. This drop by 29.5 percent (corresponding increase of 41.8 percent in 1980) is mainly due to the favorable development of the trade balance whose deficit was reduced by 17.1 percent compared to a corresponding increase by 25.5 percent in 1980.

"The 9 percent drop in the foreign exchange payment for imports (without the fuels it would reach 14.5 percent) coupled with the 6.5 percent increase in the receipts from exports which covered 67 percent of the trade deficit (corresponding coverage in 1980 was 52 percent) contributed to the above favorable development of the trade balance.

"In contrast, the surplus in invisible resources--despite the stagnation in invisible payments--showed a decrease by 10.5 percent due to the drop in receipts for most categories of invisible resources, with the exception of tourism which showed an increase by 7.3 percent.

"The inflow of private capital also was reduced. However, it covered 69 percent of the current trade balance.

"The progress of the current trade balance during the first half of 1981 appears favorable also. The deficit of this balance was limited to 1,469 million dollars compared to 1,472 million dollars during the corresponding 1980 period (0.2 percent decrease compared to 24.2 percent increase during the first 1980 6-month period).

"The substantial increase in receipts from exports--which it should be noted would have shown a slight increase were it not for the fuels--kept the trade deficit at a level lower than that during the corresponding 1980 6-month period, while the surplus of the balance of invisibles dropped slightly, mainly as a result of the increase in invisible payments."

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CSO: 4621/80

FINANCIAL ASPECTS OF AUTONOMY AGREEMENTS LISTED

Barcelona LA VANGUARDIA in Spanish 5, 6 Aug 81

[5 Aug 81 p 8]

[Text] The documents that make up the autonomy pacts among the administration, the UCD [Democratic Center Union] and the PSOE [Spanish Socialists Workers Party] include 59 agreements on economic and financial matters, the texts of which are as follows:

1. The financing schedule contained in the LOFCA [autonomous community financing law(?)] is the basic model and is sufficient to work out all of the financing arrangements required by the autonomy process.

2. The autonomy process will be carried out while guaranteeing a dual equilibrium: on the one hand, the financial equilibrium of the CCAA [autonomous communities] and, on the other, the financial equilibrium of the central State administration. Therefore, when there are alternate solutions to a problem, the one that meets this dual requirement will be selected.

3. In order to maintain these financial equilibriums, the outlays required by the CCAA institutions (government bodies, legislative assemblies, etc) must gradually be covered with their own funds during the transition period.

4. The financial standards contained in the LOFCA are generally applicable to all the CCAA.

The agreements and pacts that apply exclusively to the Basque Country and Navarre involve only fiscal matters, not the other jurisdictions.

The specific arrangement for the Canaries, Ceuta and Melilla applies solely to tax matters.

5. The apportionment of jurisdictions should be viewed as a process of reassigning them, so that each public service is provided by the most economically suitable politicoadministrative level. Therefore, the services transferred to the CCAA can be managed both by them or by the local entity whose jurisdictional sphere is closest to the geographic area for which the cost of the service per inhabitant will be the lowest.

When appropriate, the politicoadministrative level that has jurisdiction will delegate the responsibility for providing the service.

6. The CCAA must observe the criterion of internalizing costs. Solidarity among the CCAA, which is guaranteed by the constitution, will therefore be achieved through the redistribution policy that is incumbent on the central State administration, as well as all other actions that might affect the unity of the Spanish market.

Distribution of Funds

7. The LOFCA system must fulfill a dual requirement during the transition period:

First, guarantee all CCAA and pre-autonomy entities (EP) sufficient funds to meet the costs involved in providing the same level of service as the State provided during the year prior to the transfer.

Second, distribute on a solidary basis among the various CCAA and EP the new services that are created and funded by new investments. This principle of solidarity applies both to the monies in the Interterritorial Equalization Fund and to the investments that the State makes under its jurisdictions.

8. The services transferred to the CCAA and EP, as well as the functions that the CCAA will eventually perform, should be identified in the transfer decrees or, when appropriate, in an express and specific regulation in this regard.

9. In any case, transfer decrees must be uniform in terms of their structure and technique of delimiting the transferred service. They should contain at least the following provisions:

--Reference to the constitutional and statutory provisions under which the transfer of services is being made, and indicating whether the transfer of services in the sphere in question has been exhausted or remains open after the decree.

--A specific identification of the services being transferred to the autonomous community, as well as of the specific functions and jurisdictions that it will exercise.

--Enumeration of the services and of the functions and jurisdictions related thereto that the central State administration will continue to reserve for itself.

--A specific listing of the functions that the central administration and the autonomous community will perform jointly, and the institutional form of cooperation between the two administrations.

--A listing of the human and material resources attached to the services being transferred.

--An assessment, using uniform methods, of the actual cost of the services and functions being transferred, with an indication of whether this is a provisional or definitive assessment, and in the latter case, determining the equivalent percentage of State budget revenue.

--Simultaneous provision, precluding current delays, of the budget appropriations available to the autonomous community in keeping with the assessments conducted, canceling the equivalent appropriations from the State budget and, therefore, abolishing the corresponding organizational units and personnel payrolls. In the case of the Basque Country, the appropriations canceled from the State budget should equal, at least, the sum derived from multiplying the allocation index defined below by the national appropriations corresponding to the transferred services.

10. In order for the administrations in question to properly prepare themselves, the transfers will become effective on only two dates a year, 1 January and 1 July.

Cost of Transferred Services

11. The actual cost of the transferred services will consist, for each service and autonomous community, of the sum of the corresponding direct and indirect costs and investment outlays defined below.

12. The actual cost of the services transferred to the CCAA will be determined analytically, service by service, and enumerating all of the cost elements for each autonomous community.

13. The direct cost of a service is made up of the sum of the personnel costs and operating expenses directly linked to the provision of the service. This cost will be calculated by figuring in the items under sections one and two of the current budget organization, both of the State's expenditures budget and, when appropriate, of the autonomous agency that provides the transferred service.

Vacancies not provided for in the budget and vacancies provided for in the budget but not actually filled during the 3 previous years will not be figured in as personnel costs. In the latter case, the budgeted positions will be dropped from State budgets.

14. Indirect costs are those personnel and goods and services acquisition outlays needed to perform the functions of supporting, running and coordinating (within the sphere of the autonomous community) the transferred service. These costs will also be calculated by adding up the items under sections one and two of the State expenditures budget or, when appropriate the budget of the autonomous agency.

It should be understood that part of the indirect costs are borne by the agencies of the peripheral State administration in the territory of the autonomous community, and the other part by the central State administration.

Indirect costs will never include the general tasks of coordination, management and support that the central State administration continues to perform nationwide in the sphere of its jurisdictions.

Indirect costs will include the outlays of the investment programming offices linked to the transferred services.

When entire units are not figured in in calculating indirect costs, the equivalent entire units will be estimated subsequently in order to quantify the elements to be transferred. This procedure will be followed in particular in the case of personnel costs.

Whenever services are transferred, the corresponding appropriations in the State budget will be canceled. Moreover, when these appropriations involve personnel expenditures, whether as a direct or indirect cost, the corresponding personnel will necessarily be transferred. In the case mentioned in the previous paragraph, the equivalent personnel will be transferred.

15. Both direct and indirect costs consist of those outlays that the State actually incurred during the fiscal year prior to the one in which the services were transferred.

16. When the CCAA assume the State's jurisdictions, in particular the ones involving subsidies, the State will provide them the funds needed to perform these tasks. Nevertheless, the amount of the subsidy itself will never be figured in as a cost of performing these tasks.

Investment Outlays

17. The investment outlays to be included in the actual cost of the transferred services consist of the maintenance, improvement and replacement expenditures that the State actually incurred during the fiscal year prior to the year of transfer, in connection with the transferred service.

The calculation of the investment outlays will include the items under maintenance and improvement of transferred services contained in sections two and six of the current State expenditures budget or, when appropriate, of the autonomous agency's budget.

Previous investment outlays for each service and autonomous community will be determined as follows:

First. The investment outlays previously calculated nationwide will be determined for each service.

Second. The investment outlays for this service will be the ones that are due each autonomous community as reflected by indicators of capital stock connected with the transferred service (for example, available seats in schools, hospital beds, kilometers of highways, etc).

Third. In the cases in which the above method is not feasible, investment outlays will be calculated in proportion to direct service expenditures.

The method of estimating investment outlays will, of course, depend on the nature of the service, but once the most appropriate method has been determined for each service, it will be the same for all the CCAA.

18. Both the determination of the cost of the transferred services and of their equivalent (the obligations assumed) under the pact or agreement will be uniform for all CCAA, and the Fiscal and Financial Policy Council must develop this common methodology in accordance with the provisions of the LOFCA.

19. When services that are taxed or that yield private revenues are transferred, whether they belong to the central or to the institutional administration, the net amount obtained from the taxes and revenues in the autonomous community will be subtracted from the assessment of the actual cost of the transferred service.

20. The percentage of revenue sharing will apply for the first time in the fiscal year following the one in which the autonomous community was established, except if it is established during the second half of the year, in which case the revenue sharing will take effect during the year after the following year.

For these purposes, a community will be considered established when its statute is published in the "Official State Gazette."

The applicable percentage of revenue sharing will be determined by adding up the percentages for each transferred service.

21. The percentage for each transferred service will represent the actual cost of the service within the autonomous community in question in relation to the revenue that the State has received under sections one and two of its budget, excluding the revenue from the taxes that are liable to transfer. When this calculation involves fiscal years prior to 1981, the denominator should also exclude the tax revenues that the Basque Country would have taken in if the pact had been in effect.

22. Both the cost of the service and the State revenues referred to in the previous paragraph will be the ones actually recorded during the year immediately prior to the one in which the service was transferred.

23. Until a definitive assessment is made of the transferred service, it will be financed by a transfer from the State of the corresponding budget allocation.

24. Taxes must not be transferred to an autonomous community unless the actual cost of the services transferred to it exceeds the revenues from these taxes. In any case, the transfer of taxes will always take effect as of 1 January of the year following the one in which the corresponding law was passed.

25. The scope and terms of the tax transfer will be the same for all CCAA. To this end, a law will be drafted specifying the overall scope and terms so that taxes can be transferred to each community in a single-article law.

This general law will be submitted to the Cortes before 1 December 1981.

26. Henceforth, the transferred taxes will reduce the revenue sharing percentage as of the fiscal year of the transfer. The reduction will be equal to the percentage of the revenues that the State received from the transferred taxes in the autonomous community during the year immediately prior to the transfer in relation to the revenues it actually earned that year under sections one and two of its budget, except for taxes liable to transfer.

27. When tax legislation is amended to secure revenue for financing obligations stemming from State jurisdictions, it can adjust the percentage of the autonomous communities' share in State revenues in accordance with the provisions of Article 13 of the LOFCA.

28. The work of the joint commissions will not be over until they have set the corresponding revenue sharing percentages based on final data.

29. Before the revenue sharing percentage referred to in Article 13 of the LOFCA can be applied, a law setting up a common system applicable to all CCAA must be passed.

Public Services

30. In relation to the budget appropriations for guaranteeing a minimal level of basic public services:

The government pledges to submit a bill before 30 June 1982.

The bill will specify what the basic public services are.

The bill must provide for some form of evaluating the performance of the autonomous communities to which these budget appropriations are earmarked.

The bill in question will also provide for another form of nonfinancial assistance to achieve the goals of standardizing basic public services.

Once a system of determining the average level of basic public services has been worked out, it will be in force for a period of 5 years.

Interterritorial Equalization Fund (FCI)

31. The administration will submit an Interterritorial Equalization Fund bill before 1 October 1981. To this end, the CPFF [Fiscal and Financial Policy Council] must immediately begin studying and evaluating the criteria for apportioning the fund, in accordance with the provisions of the LOFCA.

32. The aforementioned bill will specify the base for calculating the size of the fund. The base will consist of the actual public investments financed by the State or its autonomous agencies, excluding Defense Ministry investments.

Under current budget terminology, this corresponds to the sum of sections six of the State and its autonomous agencies and capital transfers to local bodies. Excluded from this total will be the outlays earmarked for the maintenance, improvement and replacement of public capital goods.

33. The law will specify the fixed percentage to be applied to the calculation base, indicating its temporary period of effectiveness.

34. In any case, the minimum size of the fund will be the sum of the "new" investments for the jurisdictions transferred to the autonomous communities.

35. The autonomous communities and pre-autonomy entities that receive monies from the FCI above the established minimum will draft, in conjunction with the central administration, a regional development program in accordance with the methodology of the European communities. These regional development programs must be set up within the framework of general economic policy.

The CCAA and pre-autonomy entities that are not obliged to draft a regional development program will draw up, in conjunction with the central State administration, a list of projects to be financed by the FCI and that complement the rest of the public investments that are going to be made within their territories.

36. The list of the projects to be financed by the FCI will be divided into two parts: on the one hand, the projects that the autonomous community, the pre-autonomy entity or local entities will be responsible for executing, and on the other, the projects that the State will be responsible for.

Nevertheless, the FCI law must permit the central State administration to execute the projects decided on by the community when the latter expressly so requests.

[6 Aug 81 p 7]

[Text] We continue listing today the economic and financial agreements relating to autonomy that the administration, the UCD and the PSOE signed on 31 July. In yesterday's edition, LA VANGUARDIA published the first 36 points, stopping, for space reasons, at the items involving the Interterritorial Equalization Fund. The following are the rest of the provisions:

37. The operating costs generated by the investments financed by the FCI in the jurisdictions of the autonomous communities will be covered by the communities' resources.

In special cases of investments made by a community in a service whose level does not meet the minimum guaranteed by Article 15 of the Organic Law of Autonomous Community Financing, when the State sets the amount of the appropriations for this community in its general budget, it will take into account the community's financial capacity to assume the outlays stemming from these investments.

38. The proceeds of the fund must be apportioned among all the autonomous communities and pre-autonomy entities, but in such a way that they are concentrated in the least developed territories.

39. The indicators for apportioning the fund's proceeds must be exclusively the ones specified in the LOFCA. Once the corresponding indicator or indicators are obtained, the populations of the autonomous communities or the pre-autonomy entities should be kept in mind, because even if they are at the same level of development, they have different needs.

40. The FCI bill must extend the obligation of rendering accounts to the Cortes, under the terms of Paragraph 4 of Article 16 of the LOFCA, to the State itself because it is responsible for implementing some of the investments included in the fund.

41. If the proceeds of the FCI are earmarked for purposes other than the ones provided for, the same sanctions will apply, regardless of the administration that so acts.

42. The unused appropriations for investment projects financed by FCI allocations to a community can be incorporated on a one-time basis into the community's appropriations for the following fiscal year. If such surpluses persist in successive fiscal year, they will be returned to the general fund.

43. The 1982 State budget act will include an FCI appropriation with the following characteristics:

The fund will contain 180 billion pesetas.

It will include a specific proposal for the regional apportionment of the fund in accordance with the provisions of the FCI bill.

47. The administration must submit a statistical program, to be drawn up by the National Statistics Institute, listing the tasks to be performed, setting the priorities in this regard and the deadlines for achieving them, and providing the necessary budget allocations. The program must be submitted before 1 January 1982.

48. Given the nature of the services, the operational scope of the National Statistics Institite extends throughout the nation through its own territorial network, which does not preclude the cooperation arrangements that must exist with the CCAA.

49. Before 1 January 1982 the Finance Ministry must also submit a regional accounting program for the public administrations that is in keeping with the SEC [European Integrated Economic Accounting System] methodology for regional accounting.

50. The liabilities assumed by the autonomous community of the Basque Country will be quantified by taking equal components evaluated with the same standards and criteria as those followed for the autonomous communities financed under the LOFCA system, although the costs thus determined will be for the entire State instead of the community.

51. The budget appropriations to guarantee a minimum level of basic public services will be considered a liability not assumed by the autonomous community of the Basque Country, in accordance with Article 15 of the LOFCA and Article 158.1 of the constitution.

Allocation Index

52. The 1982/1986 Quota Law must incorporate the adjustments for the regional allocation of the tax agreement receipts, thus complying with Article 51.2 of the Economic Pact with the Basque Country. Until the necessary statistical information and the adjustment formula considered most appropriate are available, the adjustment will be done provisionally according to the same allocation criterion set forth in the economic pact for compensations under Article 52.1, inasmuch as both have the same goal of adjusting on a regional basis the revenues that can be allocated to the State and to the autonomous community.

53. With regard to the quota for the 1982/1986 5-year period, the allocation index referred to in Article 53.1 of the Economic Pact will be the GDP (gross domestic product) of the Basque Country in market prices as a percentage of the nationwide GDP.

54. The income figure to be used in determining the allocation index will initially and provisionally be the one for the last year in which accurate economic data are available. Once these data for the fiscal year in question are known, the definitive amount of the allocation will be determined as provided for in Article 55.2 of the pact.

55. The regional accounting methodology of the European Communities will be used in the future in estimating regional income.

56. The economic logic underlying the determination of the quota should be applicable as well to Navarre, whose economic contributions to the State ought to be updated.

57. The administration will draft an economic organization bill to circumscribe the jurisdictions of the State and the CCAA in economic and financial matters and to guarantee the unity of the market throughout the nation.

58. The role of the Fiscal and Financial Policy Council as a fiscal and financial coordinating body must be bolstered, thus preventing the proliferation of coordinating institutions.

59. The bylaws of the Fiscal and Financial Policy Council must guarantee:

The active presence of government ministers and of autonomous community advisers on the council by preventing positions from being delegated to officials from the respective government administrations.

The creation of task forces made up of central State administration and autonomous community officials appointed to perform the preparatory tasks and studies entrusted to them.

A system of adopting resolutions in which the number of the government's votes is equivalent to the total number of representatives from the autonomous communities. (EFE)

8743
CSO: 3110/136

FINANCING SEEN AS INDUSTRIALISTS MAJOR PROBLEM

Istanbul CUMHURIYET in Turkish 30 Jun 81 p 5

[Text] ECONOMIC SERVICE--Construction and Credit Bank Deputy Director General Tuncay Artun said that the 24 January decisions were "deficient, inadequate and lack any chance of being applied properly." "The 24 January decisions are Turkey's escape hatch and to say that they will take 3 to 4 years is the same as saying that it will be 3 to 4 years before exports reach the desired level. But as long as exports grow with these measures, imports will grow also," he said.

Tuncay Artun spoke on the "Turkey '81 and Financing Problems in Industry" panel at the Kirazliyayla meetings arranged jointly by Istanbul University's Faculty of Economics Banking Institute and Alumni Association, with the help of Bursa University Rector Prof Dr Nihat Balkir. Artun pointed out that the 1 July banking [conference] began realizing "inapplicable method" indexing and said: "In fact, the capacity-use rate in industry is extremely low. Excepting the chemical industry, it is not even 50 percent, but only between 10 percent and 30 percent."

Stressing that the issue is not so much the problem of financing industry as "which industry will be financed," Artun said, "Financing costs head the list of basic problems."

The Construction and Credit Bank deputy director general said:

"Important changes occurred in the industrial structure in Turkey starting in the 1960's. In addition to the industrialists owning banks, brokerages, banks and brokerages or more than one bank, medium and small industrialists who were dependent or could not even find credit emerged along with large industrialists without banks. This phenomenon, which was quite natural within the general lines of the system, stretched to dimensions which could not be prevented with any monopoly law that might have been passed.

"It was not supposed to happen, but from the beginning of the 1980's, even industrialists having banks and brokerages began to have a financing problem. The big devaluation made in January last year was very different from earlier devaluations made in Turkey, as it was made in the first half of the year when the money supply was tight. As a result, 19 billion liras in bonds were put on the market in 1980. If the devaluation had come in the second half of the year when money was freer, this kind of borrowing would not have been necessary. I can say that as long as there is no further devaluation of the same type, bond offerings will never again reach the dimensions of 1980. However, as a result of this occurrence, there are going to be some extremely interesting developments in Turkey's economic structure beginning in February 1982. These developments will be the result of the decisions made on 24 January 1980 which are still being applied."

TRIVALVE SEE REFORM PACKAGE ANALYZED

Istanbul MILLIYET in Turkish 8 Jul 81 p 2

[Article by Prof Dr Ozer Ertuna, faculty member of Bogazici University]

[Text] It is certain that more productive operation of the State Economic Enterprises [SEE] will make major contributions to the economy. It is also correct to say that one of the fundamental reasons which fanned the inflationary spiral, was the government's efforts to cover the damage and deficits resulting from the unproductive operation and wrong pricing policies of the SEE's by printing money, in particular. For these reasons it can be agreed that SEE's reorganization constitutes one of the subjects on the agenda awaiting an urgent solution.

But a thorough discussion is necessary to determine what is and what is not the solution.

In order for the reorganization to be successful, a determination must first be made as to "what the aim is" of reorganization, and this should be made clear. The aim may be to change the nature of the activity in state economic operations and to reorganize the ownership relationships of these operations. Or the aim may be to make a profit, to obtain sources for investment, to ease the employment problem, to reduce dependence on foreign sources for certain goods, to prevent monopolization and other economic goals like these. Choosing the goal requires a political decision. If an economic goal is chosen it will require that SEE operate with progressive management techniques. In this article we will discuss the necessary measures which should be taken for SEE to operate with progressive management techniques.

Three Reforms at the Same Time

Three reforms will have to be implemented at the same time and then continued to ensure that SEE operates more productively through the use of progressive management techniques:

1. The movement of establishments to an organizational set-up which increases their authority and responsibility in economic decisions.

2. The implementation of training programs to prepare the upper echelon managers of the establishments for the new management system.

3. The creation of an informational system that will ensure that the managers of the establishments make rational decisions.

Organizational Set-up: It is important that in the SEE reorganization the distribution of authority and responsibility be effectively ensured. After determining targets for the establishments which are "reachable" for those units to adopt but which require effort, the establishments must be made responsible for reaching these targets and should be given the authority to set up any sort of system to do it.

This principle of management, known as "Management by Objectives," is not just for economic units these days. It is being accepted as the most modern method in the management of all activities. In this type of management a thorough distribution and sharing of authority and responsibility in decisions made in the framework of the operation and the institution is required along with a consolidation of targets. The best vehicle for achieving this is a new "reward," the "profit sharing" system. Such a system will free SEE from political influences and is directed at generating productive results in the short term.

Training of upper echelon managers: Organizational systems are things that have been tried from time to time but remain mostly on paper. The one that yields results requires that upper echelon managers adopt the new method and gain the talents which this type of management calls for. This, however, puts the problem of training upper echelon managers up for discussion. Special training techniques have been developed for this type of training. These techniques and the institutions that have them should be taken advantage of. The situation exists such that universities and a number of the institutes connected to universities will be able to help in this type of training. Additionally, when the Gebze Institute of Applied Management, which has been in the works for ten years, is completed, it will help in this matter.

An Information System for Management:

In order that prudent decisions can be made in operational management, there is the need for the appropriate and reliable information these decisions require. This information must be the type that generally reflects the latest trends and progressive thinking. Operations can only be directed with fresh information. The dubious and sometimes long delayed information being used is produced for various establishments such as the General Directorates of the SEE's, the Ministry of Finance, and the Supreme Control Council. In order to obtain an improvement in management, an information system aimed at meeting the information requirements of management must be developed and reliable and timely data must be produced for the managers through this system.

Would It Be Profitable To Turn Things Over To The Private Sector?

Unless the three reforms I have discussed briefly above are implemented simultaneously and then continued, one should not expect that the SEE's will operate productively.

In connection with SEE's reorganization, the transfer of these establishments to the private sector is considered from time to time, and this same view is being put forth today as well. Whether or not such a set-up will serve the goal of "productivity" must be seriously discusses.

Hoping that turning over the SEE's to the private sector will increase productivity is the product of an error Turkey has made many times. In Turkey, the "market-place mechanism" system is being mixed with the "private enterprise" system. The success or lack thereof by one can be laid to the other. For a while, those who saw that private enterprise could not secure an industrialization based on opposition to foreign competition, which could make sales to foreign markets, prevent unemployment and favorably effect the distribution of income, mistakenly intervened in the market-place mechanism instead of looking for the blame in private enterprise. When one sees that the economic measures taken recently with regard to sparking the market-place mechanism have been successful, this success is again wrongly attributed to private enterprise. As the result of incorrect management, private enterprise today does not have a strong competitive or financial structure. Serious efforts are necessary for private enterprise to be able to reach an accommodation with the new economic conditions which require a more rational operation. Under these conditions it is wrong to expect that private enterprise will solve SEE's problems. There are solutions much more in accord with economic and social targets within the framework of the market economy. Adoption of the measures discussed above will be sufficiently effective to accomplish the desired result.

9236
CSO: 4654/107

SEE REPORT ENVISIONS RESTRUCTURING

Istanbul HURRIYET in Turkish 19 Jul 81 pp 1, 13

[Text] Ankara (HURRIYET) Intense efforts are continuing aimed at freeing the State Economic Enterprises [SEE] from their damaging organizational structure and tuning the Turkish economy's motor.

The "SEE Report" which was prepared by several ministries and which was researched by a commission, headed by Deputy Prime Minister Zeyyat Baykara, set up with the aim of reorgani ing the SEE's, is being examined in both the Council of Ministers and in the National Security Council's Specialized Commissions.

According to the "SEE Report," in the Council of Ministers three alternatives are being discussed to bring the SEE's up to par.

The first of these alternatives is to put a portion of the SEE's, which have a special status, into a holding company. According to this alternative, a pilot project has been begun in the Turkish Petroleum Corporation which is contained within the structure of the Ministry of Energy and Natural Resources. In accordance with this pilot project, the members of the Turkish Petroleum Executive Council will be relieved of duty. In their places will be appointed the general director, his deputies and the office chiefs of Turkish Petroleum. The departmental offices within Turkish Petroleum will each be made a company and these companies will have separate executive boards. The deputy office chiefs and the branch directors will become the members of the company's executive board. The companies will operate each as a part of the Executive Holding Board.

The pilot project in Turkish Petroleum will be followed by ones in the Maritime Bank, the Petro-Chemical General Directorate, the Petroleum Office, the Sugar Works General Directorate, the Turkish Iron-Steel Works, and Paper Works.

To Be Opened To The Public

According to the second alternative, the profitable SEE's will become establishments open to the public. These establishments will likely be Sumerbank, Fertilizer Works, Meat and Fish Association, Cement Industry, Tourism Bank, and Turkish Dairy Industry. In these establishments to be opened to the public, shareholders will be assured of their part in management and in making decisions. Additionally, the financing squeeze will be eased. These establishments will make larger investments.

According to the third alternative, a number of the SEE's would be consolidated under one roof. Those establishments which are in trouble and which will not become profitable in a short time, in particular, will be brought under a large holding roof. The establishments slated to go under this large holding roof will include the State Railroads, PTT, Turkish Airlines, Soil Products, Machine and Chemistry Industry Establishment, and Turkish Coal Works.

No Other Solution

According to the "SEE Report" being examined in the Council of Ministers and the National Security Council's Specialized Commissions, there is no alternative to price increases and worker layoffs while the SEE's are being reorganized and the report stresses the need for serious measures to be taken. The report says that the price increases made at SEE's have not yet produced the intended result. There is no alternative solution other than making the SEE's profitable establishments since the fact is that the layoffs will increase unemployment because of the large volume of SEE employees. Those presently working at the SEE's will continue in their jobs but there will be no new hiring. The financing shortfalls will be eased by going public and the SEE's will become serious and hard working establishments.

The Basic Premise

The basic premise of the efforts begun in 1981 to reorganize the SEE's was to put all the SEE's into sectorized holding companies. Accordingly, the SEE's were going to be consolidated in sectorized holding companies in the following manner:

Manufacturers and Industry Holding: The Machine and Chemical Industry Establishment, Sumerbank, Turkish Cement Works, Turkish Iron-Steel Works, Turkish Paper Works, Turkish Aircraft Industry.

Mineral Holding: Etibank, Turkish Electric Power Enterprise, Petro-Chemical Corporation, Petroleum Office, Turkish Petroleum, Coal Works, Black Sea Copper.

Agriculture Holding: Turkish Nitrogen Industry Corporation, Meat and Fish Association, Soil Products, Dairy Industry Association, Sugar Works, Angora Wool Works, Turkish Fodder Industry Corporation, Agricultural Equipment Association, Tea Producers Organization.

Transportation and Communications Holding: Maritime Transport, Maritime Bank, PTT, State Railroads, Air Lines.

Financial Holding: State Equipment Office, Tourism Bank, State Investment Bank, Retirement Fund, Social Security Organization, Real Estate Credit Bank, Peoples Bank, Agricultural Bank, Anatolian Bank, Provincial Bank.

Establishment such as Tumosan [Turkish Motor Industry and Trade Corporation], Temsan [Turkish Electro-mechanical Industry Corporation], Teksan [Textile Industry and Trade Corporation] and Gerkonsan [State-run Steel Manufacturing Company] were also to be put into an investment holding company.

Acting on this basic premise, the decision was made to reorganize the SEE's through pilot projects rather than a mass approach.

9236
CSO: 4654/107

NEW TRADE PROTOCOL CONCLUDED WITH IRAQ

Istanbul MILLIYET in Turkish 14 Aug 81 p 11

[Text] Head of State General Kenan Evren received Iraqi Deputy Prime Minister Taha Yasin Ramadan at the Cankaya Mansion. During his reception speech Evren said, "Two neighboring nations are inwardly at ease only to the degree they enjoy good relations with one another."

Prime Minister Pulend Ulusu also attended the reception held at 0900.

Head of State Evren said in a short speech. "The agreement covering Turkish-Iraqi economic cooperation that started some time ago has been framed in a manner conducive to the interests of both countries. I take great pleasure in this. It is to the benefit of both countries. It is to their advantage. The further development and improvement of relations is our sole desire."

Iraqi Deputy Prime Minister Ramadan tendered Iraqi President Saddam Hussein's greetings to Head of State Evren. Ramadan stated that his country is very happy about the new economic cooperation agreement and said, "Turkey's stability and external security are of immediate interest to Iraq."

The parties in the new protocol signed between Turkey and Iraq agreed to extend and broaden the scope of the 3-year commercial trade regime concluded during the last commission meeting. The 5-year commercial protocol, concluded with stipulations to be "indicated," will run from 1981-85. It envisions the export from Turkey to Iraq of the following goods and items:

Meat and livestock, dried fruits, fresh vegetables, textiles and textile products in increased variety and amount, olives and olive oil, 5 tons of cigarettes in the first year, cotton and synthetic fiber, refrigerators, steel and iron pipes and manufactured items, hide goods, furniture, machines and equipment, 20 thousand tons of barley from the previous period given to go-ahead for delivery, and 75 thousand tons of wheat remaining from a consignment Turkey previously contracted to Iraq.

Furthermore, the last commercial agreement shows that our cement exports, estimated around 200-300 thousand tons, exceeded 1.5 million tons. The current export regime, therefore, includes a minimum amount of 1.6 or 1.7 million tons of concrete.

It has been agreed, on Iraqi request, that Iraq's largest commercial bank open a branch in Turkey to facilitate the process of commercial payment.

Turkish Iraqi tourism problems will be addressed during another meeting of the joint Tourism Commission this autumn.

CSO: 4645/140

ARAB BANKS PROVIDE EXPORT PREFINANCING LOAN

London 8-DAYS in English 15 Aug 81 p 7

[Text] A GROUP OF Arab banks, including several of the major international banking houses, has picked up one of two major trade financing loans recently syndicated by Turkey. The loan, worth $100m, is in the form of export prefinancing. The fact that the Turkish Central Bank went to Arab banks is unusual, for Turkey has traditionally worked with western banks.

The loan was led and managed by the Tripoli-based Libyan Arab Bank, which also put up funds. In addition funds came from the Arab Bank for Investment and Foreign Trade of Abu Dhabi, Bank Intercontinental of Paris, Arab Banking Corporation in Bahrain, Arab Libyan Tunisian Bank of Beirut, Arab Turkish Bank in Istanbul, Arab International Bank of Cairo, Banco Arabe Espanol in Madrid, Kuwait Foreign Trade Contracting Investment Company and UBAF of Paris.

Repayment to the banks will be made by Socata Leaf Tobacco of New York, which will receive 40,000 tonnes of tobacco in monthly shipments from Tekel, the Turkish state monopoly. Interest will be at 1 per cent above the London Interbank Offered Rate (Libor), and repayment will be made in one year.

According to Yavuz Canevi, deputy governor of the Central Bank, this was the first case of an export prefinancing loan in Turkey. He noted that the spread at 1 per cent was less than the 1.75 per cent Turkey has been paying on other loans. Canevi added that private banks are being urged to raise pre-export financing on the international market.

The second loan is a $200m three-month bridging facility extended by Citibank, Morgan Guaranty and Union Banque Suisse. It is in place of two IMF tranches, one originally due in June but now due in September, and the other scheduled for October.

CSO: 4600/155

CENTRAL BANK HEAD ASSESSES WORKER REMITTANCES

Istanbul HURRIYET in Turkish 29 Jun 81 pp 1, 15

[Text] Turkish Central Bank President Osman Siklar said in a special statement to HURRIYET, "Worker remittances were 1.642 billion marks in the first 5 months of the year."

"Worker remittances have never grown this much in 1 year. Despite the multiple exchange rate, they are sending their remittances to Turkey because they feel secure. Our workers are saying, 'There is a capable administration in Turkey,' and will be coming home in record numbers this year," he said.

Stating that, as a result of this trust, worker remittances would reach $3 billion by the end of the year, the Central Bank head continued as follows:

"As opposed to worker remittances of $586 million in the first 5 months of 1980, they were $740 million in the first 5 months of this year. However, since 90 percent to 95 percent of our worker remittances are in German marks, it is necessary to take into account the exchange rate difference between the dollar and the mark when expressing the amount in marks. Converting these dollars into marks, we see that the DM 996 million received in the first 5 months of last year rose by 65 percent to DM 1.642 billion in the first 5 months of this year."

Stating that our workers abroad would be coming to Turkey in large numbers this summer and would be bringing large amounts of foreign exchange with them, Siklar said:

"I think that our worker citizens who will be coming home on leave in July, August and September will be exchanging money in record amounts. And there is a strong possibility in view of last year's $2.1 billion in remittances, that worker remittances will be $3 billion by the end of the year this year."

Following the transfer of foreign exchange to Turkey by Turkish workers in Germany and Switzerland, efforts are to begin soon for our workers in France, Belgium, the Netherlands and Austria, as well as Libya and Saudi Arabia, to be able to transfer their savings also. Siklar said the following on this topic:

"The Central Bank is now cooperating with the Dresner Bank in Germany to allow Turkish workers who have money in German banks to transfer it to Turkey, and preliminary discussions have been held with a Swiss bank on implementation of a similar system in Switzerland. Agreement in principle has been reached.

After the detailed discussions, it will be possible for worker foreign exchange held in this nation's banks to be transferred home.

"After that, efforts will begin to develop the same system with European nations such as France, Belgium, the Netherlands and Austria and such Arab nations as Libya and Saudi Arabia."

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CSO: 4654/79

KOCATOPCU STRESSES IMPORTANCE OF SMALL INDUSTRY

Istanbul DUNYA in Turkish 29 Jun 81 p 1

[Text] The Kocaeli National Industrial Fair opened with ceremonies yesterday, with some 652 companies from around the country participating.

Participation in this year's Kocaeli National Industrial Fair, which will last for a month from 28 June to 28 July, is the highest ever. Especially heavily represented at the fair this year are the cable industry, the home electric appliance industry and the automotive industry. Also holding more booths this year than before are the metal and soil-based industry, the wood industry, and the machinery industry.

Kocatopcu: "Small Industry Neglected for Large Industry"

In a special statement to DUNYA to mark the opening of the Kocaeli National Industrial Fair, Industry and Technology Minister Sahap Kocatopcu pointed out that small and medium-sized industry had been neglected for large industry and, because of that, was in its present difficulties. He said:

"Small industry and organized industrial areas have great importance today. While per capita employment in small industry represents an investment of 600,000 to 700,000 liras, this starts at 5 million liras in big industry. Moreover, small industrial complexes constitute the first step toward industrialization of less developed areas. The centralization of small industry also makes for urban convenience.

"Small and medium industry has lagged behind big industry in the past 5 or 6 years. This upset the balance. Since big industry was established without concern for high capacities and exports, idle capacity has begun to occur lately.

"Meanwhile, big industry has a great abundance of unfinished projects. We are among the nations with the world's highest rate of unfinished projects. Completion of these projects would require 7 trillion [liras]. Moreover, since the credits given for projects cannot be returned, this has a negative effect on small industry."

Touching on the controversy over "inflation or employment" which has begun in Turkey, Kocatopcu said that the prevention of inflation should, after all, take precedence, that the employment problem should not be considered just a nine-to-five problem, that the roots of it lay in population growth and that it was necessary to take definite measures to prevent population growth. He continued as follows:

"When I was in Belgium in 1973, its population was 9 million; Turkey's was 19 million [as published]. Now, while Belgium's population has remained the same, Turkey's has risen to 45 million. We cannot even keep the distance, much less win the race, against nations with a stable population.

"Population is a long-term matter. Still, we cannot put off taking medium-term measures. We especially have to give priority to labor-intensive industry. For example, the Sinop Glass Industry was established with a 600,000 to 700,000-lira investment per capita. This factory now employs 600 workers and produces for export. We still have to look at industrialization from the labor-intensive standpoint."

Stressing that localized industrialization is not right from the social standpoint but that we must not fail to bear in mind the conditions of fierce competition in the world, Kocatopcu explained as follows the reasons for the Kocaeli area's having become Turkey's industrial center:

"Big industry is a whole composed of small parts. This is why, when big industry goes in, it also attracts small and medium industry."

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NEED FOR UNEMPLOYMENT INSURANCE RAISED

Istanbul CUMHURIYET in Turkish 30 Jun 81 p 5

[Article by Yalcin Dogan in the column "Comment:" "One Requirement: Unemployment Insurance"]

[Text] On the one hand, speeches are being made and articles published in certain quarters saying, "Business is humming," while on the other hand an automobile factory is laying off 677 workers because "their amount of production is too low." On the one hand, speaches are being made saying, "We have left 2 months of hard times behind," and while certain quarters, wondering what they are supposed to do and how, are trying to get a handle on the ideas going around about "labor-intensive state investments," production of basic commodities is declining. Seasonal employment reduces worker use to the lowest level.

What happened at the automobile factory demonstrates, in fact, the point reached by the "growth myth" created in Turkey over the past 10 years. In addition to this, it stresses another point where the 24 January decisions come in. It shows the concrete result of the phenomenon long described as "random industrialization." It shows what is wrong with this industrialization. Remember, there are three separate companies in Turkey producing three separate makes of automobiles. If you combine the production capacity of all three of them, you get only 100,000 automobiles per year. Never mind one, even with all three together, you still have a capacity far below the "productivity principle" in the automotive industry.

What the technical experts say is that a prior condition for productivity and profitablility in the automotive industry is to build an automobile plant from the very beginning with a capacity of at least "a few hundred thousand." That is, a single factory ought to be able to produce at least 300,000 or 400,000 automobiles per year. Only in this way can costs be kept down and foreign competition made possible. The problem was further complicated by the lack of any relationship between amounts produced and economic productivity and the obvious result of allowing anyone who came along to build "another automobile factory." For years the experts had clamored for "a single make of automobile" and did not want permits given for new factories. They were accused of being "hostile to private property" and were ignored. How interesting. The ones who conducted this sort of accusatory campaign in the past are not even embarrassed to use the same logic now.

So factories were built with low production, high costs and quality that could not compete abroad. Parallel to these factories, highway construction was stepped up, and another basic mistake was made in transportation policy. Now, while those automobiles cannot compete abroad because of inadequate quality and capacity and cannot be sold at home because of insufficient demand, the cars still on the market look as though they will be "front yard ornaments" because of the high price of gasoline. And then, the mistake in transportation policy will also be sitting there for all to see. You know, mistakes in Turkey are never recognized until we choke on them. And one of the difficulties ahead is going to be in transportation.

As unemployment, which was already widespread, is taking its place at the top of the agenda because of the "production depression," it is the state's duty to find a solution to it. To say, "business is humming," lay off employed people and stand by watching is not consistent with the duties of state. A point which even those who have supported the 24 January decisions from the outset are now slowly admitting is that unemployment is growing. There is only one solution:

Unemployment insurance.

Models are freely available in other nations as to how unemployment insurance should be implemented, and all the European countries from Germany to Sweden have expertise in unemployment insurance. All the basic conditions for a graduated unemployment insurance system exist in our country right now. Efforts ought to begin immediately for unemployment insurance which would apply to the seasonally unemployed and those who have been unable to find a job to start with as well as to those left jobless by the "production depression." If reducing production is a kind of "insurance" for a factory when demand drops and it cannot sell its goods, then unemployment insurance for those left jobless is a way of "helping them over the rough spots."

Furthermore, there is another, totally different aspect of the matter. The link between terrorism and unemployed masses. A fact which has now been in the public domain for some time is that the mass which chooses and uses terrorism as an end in itself is composed, for the most part, of the unemployed. In a democratic environment, avoiding terrorism is the same as avoiding unemployment. As work is being done at present on an "environment which can never again create 12 September conditions," one way to root out terrorism is to eliminate the link between terrorism and unemployment. Therefore, unemployment insurance gains importance from this standpoint also.

It is because of this that evaluations made from various approaches all converge at the same gate: To proceed with unemployment insurance as soon as possible...To begin applying unemployment insurance.

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PRESIDENT RELIES ON COMMUNIST SUPPORT

Nicosia I SIMERINI in Greek 26 Jul 81 pp 1, 5

[Article by Sofronis Sofroniou: "The President's Captivity"]

[Text] I am in a position to reveal that the political abduction and captivity of President Kyprianou by Cypriot communists has been accomplished as a result of the conspiracy of certain brains. This captivity is becoming continually harder and more oppressive but Kyprianou does not seem to mind. It is in fact reported that he derives some delight from the situation he finds himself in not so much because he enjoys the role of a martyr but because he hopes that his present hardship will have a "happy ending"--the extension of his presidency by 5 more years.

Also, it does not seem to disturb Kyprianou if the new [5-year] term to which he aspires continues under conditions of a harsher captivity. The important thing to him is the title and not the reality it represents. He does not seem to be annoyed or problematized by the fact that he is and will remain a president in name only. In essence he will be a proxy or a vicar to the presidential office for the Cypriot extreme Left. It seems that President Kyprianou puts his personal interest or, better, his personal ambition above all general considerations and above the interest of the whole. It is evident, I think, that his recent spasmodic actions rather than his spasmodic but permanent inaction have only one motivation and one goal: to gain the tolerance or pleasure of the far Left in order to increase his chances to remain in power.

The recent scandalous firings of Directors General P. Kazamias and A. Adamidis and also the more scandalous suspension of teacher I. Koutsakos fall easily within this politico-personal framework. It is also characteristic that Kyprianou shows no zeal at all in laying off persons who are harming Cyprus but rather has shown immense, excessive and biased enthusiasm in laying off persons who presumably harm his person.

But in my opinion what is particularly reprehensible and dishonest in this whole affair is the fact that he fired persons whose political position is reported totally against the extreme Left and he knew therefore that his action would meet with the approval and pleasure of the Cypriot communists who, as all communists do, practice strange political and moral principles.

I do not know if the persons released are responsible for other political infractions in which case they should be tried for these and only these wrongs together with

all others accused in the past. They should not be singled out because a certain party with sinister motives so desires and they should not be punished for infractions they committed only recently according to gossip. Such condemnations by the authorities are injuring the validity of the laws thus reducing the faith of the citizens in them.

It is not a question of whether the two directors general performed their duties well or not since this has no connection at all with the case of their arbitrary dismissal. Measures were used which are insulting the justice sentiment of many Cypriot citizens. And the only ones supporting President Kyprianou in his new policy are the AKEL communists who adhere to the most unacceptable political principle that "the end justifies the means" and the equally repulsive principle that human freedom, dignity and justice can easily be sacrificed to the Moloch of a certain political theory.

Among other things, the recent layoffs tend to replace justice with rumors, gossip, whisperings, defamations, vilifications and the accusation that someone, somewhere, sometime spoke indecently about the venerable person of the president. The humiliation suffered by the presidency by such encouragement of defamation and indignity for the sake of Kyprianou's dignity is much greater than any rumored insult to his personal reputation.

Also, the coincidence of two directors general talking at the same time but in different places against the president seems to me very suspicious. It is a coincidence which tends to prove that the president was looking for an excuse to fire them for reasons unrelated to their presumable infractions.

The unethical and unconstitutional firings (in which I include the infuriating suspension of Koutsakos, a man who at least had some opinion of his own--something unique in Cypris) also show another facet of the new presidential mentality. President Kyprianou promised or rather threatened that he would govern with vigor. It seems, however, that Kyprianou is now confusing vigor with dagger because in the case of the released persons he did not act as a dignified person but instead stabbed the two unprotected civil servants in the back without giving them a chance to defend themselves. For this reason but also because it satisfied and amused the leftists of Cyprus whose hostage is Kyprianou, the firings are a shameful affair. It is apparent--and the recent dismissals made it more so--that President Kyprianou is doing nothing anymore without first considering and calculating the AKEL reaction.

Thus, we have a weak president without punch and without true courage. A president who confuses the hasty, vindictive and AKEL-pleasing decisions with determination and vigor; who decided to play the role of an eagle but who bears the feathers and beak of a sparrow.

These truculent dismissals and the president's new captivity by AKEL will increase the political polarization in our country. More than ever it is now clear that President Kyprianou's only concern is the destruction of the opposition from the Right, his own short-term benefit and the long-term benefit of the extreme Left.

We have a president who thinks only of the next presidential elections and cannot see further than the end of his nose for political survival; a president who carefully lays down the carpet on which the communists will walk triumphantly in

order to assume power in Cyprus; a president who thinks he practices a nonaligned policy while he is continually aligning his policy with that of the Soviet strategy; a president who raises the danger of our country becoming again (mainly because of its small size) a field for superpower competition; a president who does not hesitate to become a servant of and a toy in the hands of the communists without considering the fate of so many fellow travelers; a president who alienates Cyprus from the West without receiving anything in exchange from the East; a president who plays with fire in the Eastern Mediterranean.

If the purpose and criterion of a scientific analysis is the formulation of certain predictions, I can predict with a great degree of accuracy that President Kyprianou is not about to undertake now or at least until 1983 anything disagreeable to the communists here and abroad. He may believe or he may have persuaded himself to believe that by acting this way he carries out a dynamic policy or a policy of prudent maneuvering. But his ability to come out on top from such maneuvering is seriously doubted. His opinion, on the other hand, is in conflict with Cypriot reality, a hard and difficult reality. Undoubtedly such opinion is not unrelated to his pathological persistence and his immense desire to remain at the presidential mansion for one more 5-year term, nor is it unrelated to the fact that if he left the presidential mansion he would have nothing important to do.

But while President Kyprianou inspires no suspicion at the top, the Cypriot communists exploit effectively and inexorably the presumably calm Cypriot waters for the transformation of the country's social system. The president who does not seem to have any deeper ideological problem at all (if he had he would surely have said something about it) is apparently not concerned if at the end of his term Cyprus undergoes a complete ideological and social transformation aligned with the values of Stalin's Marxism.

Under the present Cypriot givens, this transformation must be considered certain because behind the ideological truce or ideological levity of the president and many other opportunistic Cypriot political parties, the communists are conducting a methodical and uninterrupted ideological war against all Western principles and values.

It should be noted that while most of the Cypriot leaders remain aloof ideologically, in other countries even the leftist political leaders like Willy Brandt or Francois Mitterand have clear and positive views about the Soviet type of dictatorship, about the violations of human rights in the East and West, about Afghanistan, etc. Kyprianou keeps an absolute silence on these serious matters. He does so for local political expediencies or because he is under the illusion that his silence could influence Soviet foreign policy. It is apparent that Kyprianou does not know how the Soviet Union thinks and acts.

But, besides the possible overall long-term impact of the Kyprianou presidency, his policy is also myopic from the point of view of a short-term impact, because he should know that it is not enough to count on AKEL's support only. Because if he continues to ignore all other Cypriots, to scorn and insult the sentiments of the great part of the Cypriot people--as he did in his recent dismissals--he will bring about a serious political polarization and an extremely grave opposition to his presidency.

I am convinced that to rule effectively a president does not need simply an arithmetical support in the House of Representatives or elsewhere. The opposition in a country should not be measured in figures only but also on the basis of the degree of its vehemence and intensity. In other words, if a president has 98 or even 95 percent of the people's support and if the rest of the people are deadly opposed to him (as was almost the case with Makarios), then such president cannot [sic] rule a country normally and democratically. What, that is, is important is not only how great the opposition is but also how good is its quality or better still how strong its intensity is.

I have the clear impression that the recent Kyprianou actions as well as his and his party's preelection and post-election positions are increasing dangerously the degree of the opposition's intensity against his presidency. The political temperature in Cyprus is rising dangerously. This augurs manifold dangers which the president and his small party do not seem to understand or do not take into consideration. For a country in Cyprus' location the situation is particularly alarming.

In criticising the submission of President Kyprianou to the wishes, commands and plans of the Cypriots [communists] and, by extension, of the foreign communists I would like to point out that in my opinion the government should follow a liberal and anti-imperialistic policy on all--I repeat all--international problems for reasons of moral obligation and for reasons of practical benefits. Besides, a liberal international policy is not nor should it be presented as a monopoly of the Eastern bloc. But I also believe that the liberalism and nonaligned position of the Cypriot foreign policy should not degenerate into an anti-American or anti-Soviet attitude and harangue. Our size and location do not allow such a stand. We should, in other words, stress in a responsible way our true devotion to freedom in all countries and all social levels rather than our negative snetiments against America and Russia. We should not allow, moreover, the wickedness of a large part of the West to push us into the tyranny of the East just as President Kyprianou and his party seem to be doing so unsuspectingly and so heedlessly.

Therefore, the present submission of the president to AKEL and his voluntary abduction and captivity is strategically and tactically wrong and dangerous. President Kyprianou is today sowing winds but in the end the country will harvest storms and the innocent and politically immature Cypriot people will again pay for everything.

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PASOK DEPUTY INTERVIEWED ON CYPRUS POLICY

Nicosia TA NEA in Greek 26 Jul 81 p 3

/Interview with PASOK Deputy Stelios Papathemelis by TA NEA: "PASOK To Initiate New Course for the Cyprus Question"/

/Text/ "There is no visible indication that Turkey may change its tactics concerning the Cypriot question because it is not pressured by the side--the United States, that is--which can exert such pressure, while the conditions under which the dialogue has been going on until now have in essence changed the problem from an international to a domestic one," said PASOK Deputy Stelios Papathemelis during an interview with TA NEA. He added that "no prospects at all can be expected by the ongoing talks."

Papathemelis who is in Cyprus as a member of a bipartisan mission--which participated in the events on the occasion of the anniversary of the coup and the /Turkish/ invasion--said also that PASOK has charted a specific action program concerning the Cyprus question which is part of the party's platform and which PASOK will implement when it comes to power.

In response to a question, the Greek deputy pointed out that the close ties between PASOK and the Socialist Party-United Democratic Union of the Center /EDEK/ will be strengthened still further in view of the new responsibilities PASOK is about to assume as government. /The full text of the interview is as follows:/

Greek Absence Noticeable

QUESTION: Can the conditions under which the dialogue is conducted today bring about a solution to the Cyprus problem? How can a fruitful dialogue be achieved?

ANSWER: The deadlock thus far is an indicator of future developments. The conditions under which the dialogue was conducted until now have in essence changed the problem from an international to an internal one. There is no tangible indication that Turkey will change its tactics with regard to the problem because it is not pressured by the side--the United States, that is--which can exert such pressure.

Behind Turkey there is always the American presence. Turkey plays a role of sub-imperialism. Its diplomacy is spread in the United States and various international organisations because of the noticeable Greek absence. Therefore, the way this dialogue is carried on, I do not see any prospects at all. No effective

dialogue can exist without a different Greek foreign policy, an assertive and aggressive policy against the United States.

The Dogma

QUESTION: What do you think of the dogma "Cyprus decides and Greece provides?"

ANSWER: Theoretically, this dogma is sound. But in practice it is an alibi used until now by the Greek governments which invented it in order to blame their mistakes on the Cypriot government.

PASOK Will Help

QUESTION: How can a PASOK government actively help the struggle of the Cypriot people?

ANSWER: PASOK brings the good news that it is determined to implement a foreign policy different from the one the governments of the Right have applied all these years. These governments of the Right imposed the close dependence of Greeks on the American factor and their decisions were always taken in the asphyxiating framework dictated by their obligation not to displease the United States.

Servants of Americans

As a result of this position, neither the foreign policy of Greece nor its internal one were formulated independently and freely and were, therefore, unable to protect effectively the Greek interests. Turkey, on the other hand, by continually blackmailing the United States was rewarded at the expense of Greek and Cypriot interests.

A New Course

With PASOK in power a new course will be charted in all sectors of political activity, the sovereign role of the American factor will be terminated and every Greek possibility will be fully utilized. Greece has indeed at its disposal important weapons for exercising pressure--the "omogeneia" (the Greeks) in the United States, the negotiations for our national claims and our strategic and geographic role.

The Cyprus File

QUESTION: All the parties and the government of Cyprus want the file concerning the betrayal of Cyprus to be made public. It is said, however, that for such an action approval by the Greek government is necessary. Shall we expect such action when PASOK assumes power?

ANSWER: As in the past, today also PASOK with the declaration of its governmental program is committed to lifting immediately the deferment in making the file of betrayal public. We believe that the opinion of the files will throw light on dark aspects of this tragedy, will reveal the role of persons and nations which, while guilty, are today circulating amongst us perhaps even claiming national distinction of merit. At long last, Hellenism everywhere is entitled to know the truth, the true history.

PASOK and Cyprus Question

QUESTION: Has PASOK prepared a specific program of action concerning the Cyprus question which it will implement when it assumes power?

ANSWER: Of course it has. It is a whole chapter in the governmental program, of the "proposal of power," that is, PASOK has addressed to the Greek people in view of the forthcoming elections. This program has already been published and in a few days will be available to all complete in a volume.

"The Right Will Be Retired"

QUESTION: How do you see the coming elections?

ANSWER: We are already convinced that the Greek people have decided to retire irrevocably the Right. The signs from all over the land lead to a remarkable PASOK victory.

Large masses who for years voted the Right front have now shifted. The demand for change is widespread and no crafty plans the Right knows and has used are about the change the result.

PASOK-EDEK Ties

QUESTION: What are the ties between PASOK and EDEK?

ANSWER: As is known, PASOK and EDEK have close and fraternal ties which will be strengthened still further in view of the new responsibilities we are about to shoulder as government.

Message of Living Hope to Cyprus

Finally, in a message to the people of Cyprus, Papathemelis stated: "I am deeply touched being in Cyprus these days. I know that words are worthless but by intuition and political esteem I am entitled to pass on to the Greek Cypriots a message of living hope that if they maintain the unity of their internal front firm and their struggling spirit high, then the anticipated change in Greece will have a rapid impact on their own future. United all, for an independent, free, unitary and sovereign Cyprus."

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CSO: 4621/81

LACK OF POLITICAL DECISIONS FAVORS TURKISH SIDE

Nicosia I SIMERINI in Greek 12 Jul 81 p 16

/Text/ In a speech two nights ago on the prospects concerning Famagusta during the present phase of the Cyprus problem, Konstandinos Lordos, a Democratic Rally /Party/ deputy and president of the Famagusta Refugee Movement /KPE/, said that "in no way should the agreed upon priority for Famagusta be abandoned" and pointed out that as long as our side continues to remain without political decisions all efforts for progress on the Cyprus question are doomed to failure. Lordos spoke during a banquet KPE gave at the "Avenita" (of Famagusta) in Limassol and which was attended by 400 members and KPE friends.

In his speech, Lordos gave the background of the Cyprus problem since 1974 and underlined that "lack of goals and political decisions on the part of the Cypriot side has created a whole series of lost opportunities." Referring to the western plan he said that it is evident it was not drafted accidentally by the countries which proposed it and that the Turkish side was at that time under pressure to accept it.

Lordos then referred to President Kyprianou's contention that if again we reach an impasse it will be because of the Turkish intransigence. He pointed out that this intransigence constitutes an integral and well-planned part of the Turkish policy on the Cyprus question--a policy aiming at perpetuating the present de facto situation and at legalizing the invasion results. He then suggested that the Greek side should avoid such intransigencies as it has in the past since this is exactly the role the Turkish side wants it to play. On the contrary, in order to save its vital interests, the Cypriot side should counterpropose firm and sound positions for a solution of the Cyprus question based on an independent, sovereign and federated state with full guarantees of human rights. To formulate such positions "it is necessary to take a number of important decisions which the government," Lordos said, "has avoided taking for years now with the result that the Cyprus question is retrogressing. It is for this reason that many are today wondering if the government shoutings about Turkish intransigence aim at covering the weakness of our side."

Lordos referred to the new turn the inter-communal talks are taking toward a total solution and the Famagusta status and pointed out that in no way should the agreed priority on Famagusta be abandoned. He added that the UN secretary general appears ready now to play a more active role in helping the talks.

But all foreign efforts for progress are doomed to failure as long as our side continues to lack the necessary political decisions, the absence of which strengthens the Turkish side's handling /of the issue/.

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CSO: 4621/65

CHEYSSON'S DISCUSSIONS WITH ALGERIA REVIEWED

PM211215 Paris LE MONDE in French 11 Aug 81 p 4

[Dispatch by Francoise Chipaux: "Visit to Algiers Brought Shining Demonstration of Friendship"]

[Text] Algiers--Mr Cheysson's visit to Algiers undoubtedly marks a new departure in Franco-Algerian relations. Although these relations had already improved markedly after [former French Foreign Minister] Francois-Poncet's two visits to Algiers and Algerian Foreign Minister Benyahia's visit to France, the predominant feeling after the external relations minister's short visit is that a new climate hencesorth characgerizes relations between the two countries. In each of his speeches Mr Cheysson was anxious to stress that they had "the same lines and very similar political views."

Moreover this new departure will be very quickly illustrated by a meeting between the Algerian and French presidents which is due to take place in November. Mr Mitterrand has agreed to visit Algiers while issuing an invitation to President Bendjedid in turn, which would then be the first visit to France by an Algerian head of state. According to protocol it should be Mr Bendjedid who visits Paris to return Mr Giscard d'Estaing's visit to Algeria. However, the Algerian president himself will choose the location of the meeting--a mark of consideration of which the Algerians are certainly conscious.

Another sign of this new atmosphere was the exceptional warmth of the 3 and 1/2-hour meeting which Mr Cheysson had with President Bendjedid. The two men were able to discuss bilateral and international problems in detail. "There is no other neighbor with whom we have so few disagreements," Mr Cheysson stressed.

Three bilateral issues were discussed. With regard to emigration, Mr Cheysson recalled that although France could not accept any more imigrant workers at present, every effort would be made to improve the lot of those who "have contributed to France's economic growth and therefore have a sacred right to remain there and work there if they wish." "France," the minister continued, "has a sacred debt to them and we will not allow irresponsible elements to discriminate against them in any way. That will not happen again."

Right to Vote for Immigrants in Municipal Elections?

Mr Cheysson emphasized the efforts being made to improve the lot of the 800,000 Algerian workers in France, such as teaching Arabic to the children, the right to form associations, regularizing the illegal immigrants and, finally, immigrants' right to take part in local life. In this connection the minister stated that a bill could be submitted to Parliament shortly under which immigrants who have been living in France for a long time will have the right to vote in local elections. The Algerians say they are "completely satisfied" with the measures being taken for their migrants and are convinced that their problems will henceforth be examined with the utmost good will.

With regard to the dispute between Gaz de France and [Algeria's] National Company for the transport and marketing of hudrocrabons over the price of gas--which the Algerians want to link to the oil price--the two sides agreed to pursue the discussion at the political level. "We must go beyond the arguments of the technical experts and find solutions which respect Algerian policy and satisfy France," Mr Cheysson said, and he asserted that the ground should be cleared for an agreement before the Franco-Algerian summit meeting.

The third point in the bilateral discussions, which was apparently raised by the Algerians, was the question of handing back to Algeria the archives moved when independence was granted and which are kept in Aix.en-Provence. On this question Mr Cheysson said that very rapid progress could be made which, according to the French delegation, means that an agreement could be reached on the section of the archives which are not political in nature.

However, the main part of the conversation between Mr Bendjedid and Mr Cheysson related to international questions on which, as the external relations minister stressed, socialist France and Algeria have "remarkably similar analyses and motivation." Indeed there seems to be complete agreement on the North-South dialogue, Africa and the analysis of the situation in Central America--from where the French minister has just returned--and the Algerians seemed very satisfied with the rapprochement in viewpoints "which makes possible a more open and direct dialogue than in the past."

"We Understand the Palestinians' Fight"

Attention was mainly concentrated on two international questions: the West Sahara--a subject on which France "is much more guarded than Algeria because it is not part of the region," Mr Cheysson said--and the Near East, on which the French minister spoke of "slight" differences between Algiers and Paris.

On the Sahara question Mr Cheysson implicitly confirmed the role played by France in securing King Hassan II's acceptance of a referendum. Indeed the external relations minister hinted that a Moroccan refusal "would have caused a very serious dispute between Morocco and France." He reaffirmed his full support for the Nairobi resolution on "a self-determination referendum," a term opposed by Rabat, while stating that France would be prepared to contribute to a settlement of the conflict "if all sides requested it to do so." Therefore the French position seems to have every chance of being better understood in Algiers than in Rabat.

On the Near East, on the other hand, there seems to be more than just slight differences of opinion between Paris and Algiers. Mr Cheysson repeated: "France has friends on both sides, which it intends to keep, and this," he said, "may enable us to play a role in the future." Although Paris and Algiers agree on the need for an all-embracing settlement on the problem, "France," Mr Cheysson said, "recognizes that any progress is a good thing and, in this sense, Camp David was progress." However, emphasizing the common destiny which unites the Mediterranean peoples, the French minister called on Arabs, Israelis and Europeans to agree on sending "the superpowers to play elsewhere."

Mr Cheysson recalled the need for a state structure for the Palestinians "whose fight we socialists understand and respect."

He condemned "the intolerable nature of the occupation of some territories by force" and the unilateral modification of Jerusalem's status. But "the Palestinian people's right goes hand in hand with respect for the state of Israel," the minister concluded, but his words, widely broadcast on Algerian television, are likely to be interpreted differently in Israel.

The French statements on the Near East apparently did not entirely convince the Algerian leaders, who are awaiting with interest the discussions which Mr Cheysson will have in Jordan, Syria and Lebanon before the end of this month.

Finally the external relations minister made a point of thanking Algeria for the "friendly gesture" of its ambassador to Tehran who openly visited the French ambassador while a hostile demonstration was being staged outside the embassy. Mr Cheysson said he appreciated that gesture--an additional symbol of the new spirit of Franco-Algerian relations.

In addition to the statements the most important aspect of this trip is Paris' striking demonstration of friendship toward Algiers. As Mr Cheysson said many times: There is a considerable store of friendship between France and Algeria and nothing further should be allowed to cloud Franco-Algerian relations. Speaking of a "surge of strong emotion" between socialist France and Algeria, Mr Cheysson felt able to say that the creation of a new socialist majority in France could mark the end of the Algerian war" in people's minds." [apparent line drop] Now seems to be Paris preferential interlocutor in North Africa. In the "scale of affection," to cite a ministerial expression, it is clear that Rabat is in a lower position although the Algerians, whom past decisions have rendered cautious, are waiting until the hopes aroused by the visit take concrete shape before judging the extent of the change.

CSO: 3100/922

NEW AFRICAN POLICY PERMITS LITTLE ROOM TO MANEUVER

PM211433 Paris LE MONDE in French 19 Aug 81 p 3

[Report by Jean-Claude Pomonti: "Paris Has Very Little Room to Maneuver for Its New African Policy"]

[Text] Jean-Pierre Cot, minister-delegate for cooperation and development, who returned to Paris Sunday, 16 August, after a visit to Cameroon, Ghana and Senegal, is going back to the black continent Thursday for a 3-day official visit to Nigeria. These visits, and the recent African tour by Guy Penne and Regis Debray, two Elysee advisers, stress the importance Paris attaches to sub-Saharan Africa.

"The aim is to decolonialize our relations with Africa, which had been gradually recolonialized. There are similar intentions behind our development strategy and that of the Africans, which is close to it. But it is not easy to move from rhetoric to politics," Jean-Pierre Cot said in particular Monday after his return to Paris. While remaining attached to the principles which they upheld during the election campaign, the Socialists, after 3 months of everyday experience of black Africa, seem to be making a more accurate assessment of a continent whose development has given trouble to all French Governments since World War II. But changing course and redefining relations between Paris and its former sub-Saharan possessions is a difficult and prolonged affair.

The first observation to be made is that Mr Mitterrand has the "African bug," just as much as his predecessor, whom the Socialists criticized for his "unscrupulous" and "reactionary" view of cooperation and for his "blunders." There is, therefore, no question of withdrawing into France. The Elysee proved that at the start of the 7-year term by taking care to restore trustful relations with heads of state received in Paris or to whom members of the French Government and presidential advisers paid visits.

Starting from new bases, the French Socialists persuaded their African partners that they will not "drop" them. Paris even advocates the "strengthening" of "preferential relations" and, to cite another statement by the minister-delegate for cooperation and development, does not intend to dash "the hope raised by the accession of a socialist government in France."

The second observation to be made is that an effort has been made to deal with urgent matters first so as to avert crisis which are a constant possibility,

especially insoluble situations, such as the one in Chad. Paris no longer wants to supply "Praetorian guards," like the one still protecting the Central African president, but has decided to maintain the "Barracuda" contingent in Central Africa--by taking steps to ensure that this military presence is less obvious--and has used the good officers of Gabon President Bongo, a personal friend of Mr Dacko, to persuade the latter to adopt a more flexible attitude toward his adversaries (authorization of two opposition political parties and the lifting of martial law).

Dialogue has been reopened with the Chadian authorities under the cover of the OAU resolutions. Elysee adviser Guy Penne met with President Goukouni Oueddei in Libreville while Ambassador Camprehon went to Ndjamena to study the conditions for a resumption of French aid.

Hissein Habre, who probably still enjoys support in Ciaro and Khartoum, can hope for nothing from a French Government which, moreover, has never given him the slightest encouragement.

Removing Apprehensions

Aside from this, the Socialists have spent most of their time removing apprehensions, whether justified or not. Contracts will be honored. The open approach to English- and Portuguese-speaking states will be continued. Participation in negotiations on the Namibian conflict will be maintained. The Senegalese military intervention in Gambia received the Elysee's support. President Mobuto does not enjoy the Socialists' favors, chiefly because of his methods of government, and the task of hosting the next Franco-African summit has been withdrawn from him (it is scheduled to be held in Paris at the beginning of November). Nonetheless Mr Penne is to visit the Zairian head of state and, more importantly, the French have temporarily decided to leave at Kinshasa's disposal the 80 or so officers and junior officers who lead the 31st Zairian paratroop brigade--a crack unit in an army otherwise regarded as one of the most mediocre in the region.

Dealing with urgent matters first does not constitute the outline of a new policy. Africa is not simply suffering from "recolonization," as the Socialists assert. After 20 years of independence it is suffering from other ills. It is possible to dream of a stabilized Central African Republic with a political regime peacefully running a rather healthier economy--unfortunately experience has shown that the legacy of the former "junior officers" in the colonial forces who seized power and promoted themselves to the rank of marshal--emperor--by virtue of their machineguns alone has left young states which are inadequately administered, exhausted and unstable. Uganda is out of control and the Central African Republic would be doomed to an identical fate if Paris was not paying its civil servants or if it withdrew troops which guarantee the safety of the expatriates and aid workers without whom the country would probably be in a state of anarchy or would fall into the hands of a powerful Libyan, Cuban or Soviet "protector."

Chad, where Mr Mitterrand's predecessors met with so much disappointment, remains a fearful trap. Colonel al-Qadhdhafi, future host of the OAU summit of which he will assume the annual chairmanship in July 1982, is at present doing his best to allay the fears of his African colleagues but he is not withdrawing his troops from Chad. In these conditions a positive reply to the Ndjamena authorities'

requests that Paris should take charge of equipping and training a new Chadian Army would be a major risk in view of the doubtful benefits which the job could be expected to produce. Mr Cot seems to have felt that, since he stated Monday that it would be "extremely difficult to envisage military cooperation between France and Chad after all that has happened." In addition the Chadians want their army to be trained in neighboring Cameroon, but it is difficult to imagine that President Ahidjo would offer hospitality to their forces, thus becoming caught up in a conflict in which he has always prudently avoided involvement.

The French Socialists seem to have become aware of the double dimension of the African problem. On the one hand, aside from a few rare exceptions, young states are doomed to adapt to the rough and ready compromises of colonial balkanization and to an environment ruined by ecological damage, the upheavals of urbanization, poor administration, the population explosion, the fall in food production and in some cases even the impossibility of exploiting mineral wealth. On the other hand the vital support of non-African powers and former mother countries is not free from dangers of interference or the transfer of decisionmaking centers.

When a new team comes to power it naturally judges that the previous team failed because its intentions and methods were bad. "In cooperation," Mr Cot said, "the problem is not the legal framework but the content." It remains to be seen whether it is possible, with the very best intentions, to reconcile an extension of cooperation with the feeling, whether justified or not, that the third world needs to move away from the great powers.

Africa's prophets, like Nkrumah, its moral authorities, like President Nyerere of Tanzania and its orators--President Sekou Toure of Guinea--have all ruined their respective countries in their own ways. Despite the initial enthusiasm which stemmed from gaining independence, Pan-Africanism has still not found the means of realizing its ambition. Owing to its inadequate administration and centuries of bondage, black Africa is still the continent of elementary politics because it does not always succeed in integrating the vast upheavals taking place. This failure of grand designs contrasts with the relative success of men who have chosen the policy of gradual progress like President Houphouet-Boigny in the Ivory Coast or, formerly, Jomo Kenyatta in Kenya.

The mistakes of French policy in Chad and the scandalous support given for so long to Marshal Bokassa, the bloodthirsty clown of Bangui, must not hide the obstacles which would necessarily face the start of a "developing strategy." Before leaving Dakar last weekend Mr Cot had cautiously stated that "France does not have the means of guaranteeing high and significant public aid for the whole of Africa" and that it must "concentrate its efforts on its traditional friends" while "aiming to be a dynamic and driving force on the European side in the framework of European-African cooperation." Indeed this seems to be a reasonable framework for intervention.

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PASOK ECONOMIC POLICY ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 30, 23 Jul 81 p 15

/Article by Petros Lynardos-Rylmon/

/Text/ One of the most interesting aspects of PASOK's "Declaration of Governmental Policy" is the effort to work out measures and processes which will combine the overall strategy with the solution of the immediate economic and social problems. On the other hand, another significant point derived from the text of the declaration is that the socialist orientation which characterized this party from the beginning has not been abandoned and that regardless of any views on the quality or the viability of PASOK's special policies it is possible to discuss them in this strategic and ideological framework.

It is not just an accident that around this unity of short-term and long-term goals, the "unity of steps, changes and goals"--to quote the declaration--the basic thinking on the economic and political level are evolved and most difficulties appear. Not only because in today's special conditions an economic program with structural goals is not an easy matter, but also because such an orientation is associated with problems of choosing the agencies and the directions which will express the social priorities required by a socialist transformation.

Inflation and Recession

The PASOK Declaration includes the following theses on the crucial question of dealing with inflation, economic recession and the lowering of the standard of living: "The policy of dealing with inflation and of extricating the economy from the recession will be based primarily on the strengthening of commerce and production through the expansion of the purchasing power of the low income classes. The policy supports those who basically consume staple domestic products, while at the same time it contributes to the redistribution of income. Through this redistribution also, the senseless consumption of imported luxury products and the outflow of foreign exchange slows down with immediate positive effects on the balance of payments. A radical policy against the deficit in the balance of payments, in addition to the necessary measures on the imports, requires the strengthening and restructuring of high yield investments which in turn create new employment."

In this extremely important excerpt--which should have been spelled out in greater detail--we find some of the most substantial positions on the problems a PASOK government will face.

First of all, we must underline the specific position that the purchasing power of the lower income classes will be strengthened. Moreover, this measure is associated with an increase in production and with the problem of the balance of of payments. These are two connections which require a more detailed analysis.

The view that the strengthening of domestic consumption may lead to an overall rise in production because those who consume domestic staples will be strengthened is in danger of turning into an oversimplification because it starts from the premise that the recession is directly related to the slowdown in domestic demand. But when after 1974 the wages and salaries were considerably increased compared to the previous years and so the consumption was strengthened, the domestic industrial production did not register but a brief rise. Instead it came to the current recession through an inflation of profits which could not but lead to a reduction of the purchasing power. In other words, we did not have a slowdown in production because of reduced demand but an inflationary reaction to the increased cost of production resulting from an improvement of wages and salaries, when the production structure did not register a significant change because of the stagnation of investments.

Another simplification is the thesis that the consumption of the low income groups is associated with domestic production and that, consequently, an increase in demand for its products will have favorable effects on the balance of payments because it will lead to a redistribution of incomes which will restrain the "senseless consumption of imported luxury items." The experience of the last few years shows, instead, that an increase of peoples' incomes /at the lower brackets/ which is not accompanied by a restructuring of production capable of absorbing not only the increased production costs but also the increase in consumption needs, led to an expansion of the deficit in the balance of payments since the problem of dependence on imports is not limited to an increase in the consumption of luxury items. In a series of consumption branches, with those of durables being the most characteristic, the dependence on imports is due to the structural needs of the marketplace for the purchase of capital and intermediate goods from abroad and also to the considerable quantities of imports which are offered in sufficient quantities and /in acceptable/ quality by the domestic market.

Therefore, if an increase of the purchasing power of the lower income groups and the simultaneous strengthening of production is considered necessary, /such a policy/ will require additional steps and directions of economic policy both in the sector of investment and in the sector of foreign trade which are mentioned only briefly in the above excerpt from the PASOK Declaration.

One can foresee that an increase in domestic demand will give some push to certain domestic branches. But in an overall sense, it will be necessary to take investment initiatives which will begin to free the production structure from the burden of private profits and from dependence on imports. The Greek economy indeed has the resources--human, material and monetary--needed for an investment program for the immediate creation of units which will assure an increasing and satisfactory

/production/ to meet a significant portion of the popular consumption needs; and which, compared to the present production structure, will be characterized by increased productivity and a limited dependence on the import of intermediate products primarily but also of capital equipment. But the main problem for the implementation of such an orientation does not come from the area of resources or the necessary technology. What is necessary is to clarify the continuing uncertainty concerning the agencies which will be able to undertake this task. To wait for private entrepreneurs to undertake such investment activities following a strengthening of demand and thereby a strengthening of production is a sheer self-delusion if the recent and current experience is taken into account. But if, as PASOK declares, it is necessary to "socialize" the basic sectors of the economy, the major gap of such a program concerns the specific content of investment initiatives based on social criteria.

The excerpt quoted above contains a brief sentence "for the necessary measures concerning imports" with regard to the deficit in the balance of payments and in conjunction with the "strengthening and restructuring of high yield investments." It is necessary at this point to examine specifically what measures should be adopted on imports but also the overall orientation of which they will be a part. Because in the event some protection of domestic production is carried out in expectation of some domestically initiated developmental process, it may turn out to be a factor in retaining the current production structure and consequently of the low standard of living of the lower classes. On the other hand, some protection, combined with the decisive investment initiatives we mentioned, may become a determining factor for the improvement both of productivity and a higher standard of living.

Socialization

"The socialization of the strategic sectors of our economy," the PASOK Declaration goes on, "and especially the first immediate measure of the socialization of the credit system, of the banks, will free and mobilize the tremendous forces of private initiative, the small to medium /businessmen/, in the direction of development, while at the same time, it becomes a binding step in the march toward the 'Socialist Transformation.' The development of the cooperative form of organization transforms the productive relationships...while at the same time it lowers the cost of production and eliminates the middlemen, thus contributing to the relief of the consumer."

With regard to this delicate and difficult question of the small to middle /businessmen/, the /PASOK/ prescription is extremely brief and leaves many unanswered questions. It must be underlined, however, that PASOK's orientation with regard to the small to middle-sized enterprises--both farming and non-farming--leans increasingly toward a strategy of cooperatives which constitutes a very interesting response to the question of increasing the productivity of those sectors and of raising the standard of living in general. In his interview with /the newspaper/ VIMA (26 April 1981) Andreas Papandreou referred to favorable measures for collective purchases of raw materials, credits and sales. However, this is a strategy which is set side by side with the liberation and mobilization "of the tremendous forces of private initiative, the small to medium /businessmen/" which leads in the opposite direction. Just as in the case of strengthening

production through the strengthening of demand, the charting of a socialist orientation coexists with theses which show confidence in clearly capitalistic processes and, indeed, primitively capitalistic in this case.

The existence of an extensive sector of the small to medium-sized enterprises, some of which are far from being productive, and in the case when they are not necessarily oriented toward the kind of productive activities which are socially desirable, it is difficult to consider them as a blessing for the socialist transformation. It is also difficult to imagine a decisive improvement in the living conditions of Greek society if we perpetrate those features which during the last 30-year development period were a significant factor of the wasteful use of resources, continuation of dependence and the keeping of wages at low levels.

It is not easy to foresee to what extent PASOK will clarify these problems of its economic policy. What is rather certain is that the prospects of socialist transformation will face serious obstacles unless the social practice and the critical thinking succeed in giving more concrete answers to those questions which in essence affect not merely a party's platform but the very future of a society.

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CSO: 4621/69

PASOK PLATFORM, KKE POSITIONS ANALYZED

Athens TO VIMA in Greek 26 Jul 81 p 9

/Article by Spyros Linardatos/

/Text/ The heating up of the political and ideological conflict, as the day of the election comes closer, does not involve the two major parties only (see 19 July article in VIMA), but is also evident within the ranks of the opposition itself. PASOK in the resolution passed by the Eighth Congress of its Central Committee declared that:

> "It has no intention during the election campaign of opening a confrontation with other parties of the democratic opposition. Under current conditions, a many-fronted struggle is serving and even offering a life-line to the Right."

PASOK, in the same resolution, declares that even in its political contest with the Right it intends to contribute to maintaining the mild political climate during the preelection phase. This means that:

> "The political contest and confrontation may and should be carried out without personalized insults, without using any devious means or blind and sterile fanaticism."

The governmental declaration made public by PASOK is a significant political event, not only because it clarifies the views of the larger opposition party on crucial national, economic and social issues but also because--although many points need to be made specific (the program of the first hundred days is being expected soon)--it contributes to crystalizing PASOK's profile which is relatively new on the country's political stage. Although other sides have not yet offered a systematic criticism of the /PASOK/ platform, already some of its theses, declarations and goals have caused reactions in other opposition parties. To begin with /PASOK's/ thesis for going it alone in the forthcoming election is opposed not only by the two Communist Parties /KKE/ but also by the Democratic Center Union /EDIK/.

More specifically, the response to PASOK's declared line on "national popular unity" and coalescence of all anti-Right forces naturally causes the reaction of the other opposition parties and especially of the two KKE's. KKE, with the slogan that real change cannot be achieved without its contribution, and with its goal

/KKE/ to participate in the second distribution of votes (an impossibility in the general view, even in the opinion of its leadership) has launched a real contest with PASOK in an effort to win over voters of the broader Left. In reality, however, the main obstacle to this /KKE/ goal is not only the trend toward PASOK, not only the notion of the "wasted vote" which affects even members of the traditional Left in most electoral districts, but also the very political line of the "orthodox" communist leadership. Questions of principle but also of political realism, i.e., the understanding of the problems that may be created should KKE align itself with the Soviet Union on all international questions (Afghanistan, Poland, Greek-Turkish disputes) as well as its anti-democratic intraparty regime and its bigotry against all other shades of the Left (such as the recent wild attacks not only against the Greek "revisionists" but even against the French Socialist Party) turns away from KKE thousands of communists and leftists who would like to see the unity of the communist movement in our country and cooperate with KKE.

One of the basic arguments /invoked/ by KKE on the necessity of receiving stronger popular support "as a guarantee for the Change" is the claim that it represents the working class. KKE-Interior has adopted, on its part, the same argument in its opposition to PASOK's tactic for the coalescence of all anti-Right forces under its banner. In a recent speech at Kalogreza, KKE-Int. parliamentary spokesmen L. Kyrkos said in part:

> "PASOK wants to bring about this unification under its banner in order to impose on the working class the hegemony of other forces."

One may say that the claim that one party has a monopoly as the spokesman of the working class is obsolete ("in Greece you are what you declare you are" but this does not mean that you really are what you say you are especially in politics). There are numerous political and theoretical communist documents--Soviet, French, Italian, etc.--which admit that the socialist parties, too, represent the working class. PASOK itself does not merely claim to be the vanguard of the working class in the struggle for "the democratic way to socialism with secure freedoms and a human face" (resolution of the Eighth Congress). It declares that it is the party of the "nonprivileged Greeks."

One may express his disagreement--political or theoretical--with PASOK's theses on charting the course toward change. Of course, KKE and KKE-Int. are free to make every effort to emerge stronger in the coming election. It is also their right to believe that an electoral and governmental coalition of the forces seeking socialism is necessary. But it is also PASOK's right to believe that an electoral cooperation with the communist parties is not the best tactic and does not correspond to the Greek conditions and the international circumstances at this point.

Is it not true that the "existing power centers" constitute important factors that must be taken into account by a party, especially when it is about to come to power, in charting its course? Is this a reason for launching accusations against it that it does not want the change but only a change of persons (KKE) or that it makes concessions to the Right (KKE-Int.)? Does a party, especially a "renewal" party /i.e., KKE-Int./ contribute in this way to cultivating the

future of the "national and democratic cooperation" especially when PASOK has long since abandoned its unjust attacks ("a tail of the Right," etc.) against other parties of the Left?

Argument Concerning 1964

Another argument used by KKE but also by KKE-Int. against the PASOK /electoral/ tactic is related to the precedent of 1964:

"Those old enough remember," Khar. Florakis said while speaking on 8 July to a Greek Communist Youth /KNE/ gathering, "that in the past the Right lost its parliamentary majority but the country saw no change." In his speech in Volos on 13 July, he repeated: "This is why KKE regards the view 'Let us get the Right out of power and then we will see what next' harmful and a trap for the people. The Right was put out in 1964 but nothing happened."

First of all, it is inaccurate to say that "nothing happened." A lot happened (maybe not as much as could have) on the way to restoring a modern parliamentary democracy and tearing down the one-party state, for a more Greek-oriented and more progressive education, a more Greek-oriented foreign policy, a more pro-people economic policy and other. If the two KKE's now imply that the 1963-65 interval was so short because the Center Party did not agree to cooperate with the Left "from above" (the unity at the base was already a fact) and that George Papandreou continued the "two-front" fight, they oversimplify matters and commit a glaring error. The Center Union government was overthrown so soon because, thanks to the errors of the Left as well, the Greek and foreign para-centers of power, visible and hidden, were too strong in Greece, because the Center itself committee errors and because /the Center government/ had in itself the seeds of its own dissolution. A cooperation "from above" between George Papandreou then and the Left would only have sped up his downfall.

In its governmental declaration PASOK has noted certain significant steps toward a more specific definition of its policy in certain crucial sectors, such as the national questions for example. /PASOK/ presents a more European orientation and in some of its pronouncements comes close to those of the Euro-communist parties or of our KKE-Int. and EDA (before they tried, especially the first one, to turn to "the Left" and outflank KKE). One such illustration is the placing of PASOK's goal for the withdrawal from NATO in the context of "a basic strategic orientation" for the "dissolution of the two cold-war blocs." Moreover, it repeats its thesis on a transitional stage of "insulating" the question of the American bases. /PASOK/ gets the more acute criticism on these points by KKE and now also by KKE-Int. (see speech by K. Filinis, I AVGI, 23 July).

In his speech in Volos, Khar. Florakis, defining in advance and indirectly the criticism KKE is planning to level against PASOK in the event this party comes to power, said in part:

"A change in Greece means above all beating down the 'Americanocracy'(...) The goals for throwing out the bases and the nuclear weapons and for taking Greece out of NATO Cannot be postponed forever, and they must not be subject to new horse-trading(...) A democratic government must solve these major problems. This will be the first serious act in the national renewal of Greece..."

At this moment, western countries, such as France which is much stronger than Greece, and eastern countries, such as Poland, in order to assure a course uninterrupted as much as possible by foreign reactions toward social and economic changes, are trying to disentangle their domestic developments from the feud of the two camps. President Mitterand who rejected with national pride and dignity the American complaints about the participation of communists in the French government, hastened to assure Washington that France remains a faithful ally of the United States. The French communist leaders themselves signed the agreement of the two parties, which provides:

"...France's international activity--in the context of respect for its alliances--for peace and gradual disarmament leading to the simultaneous dissolution of the two camps, assuring the balance of power in Europe and in the world..."

/The communist leaders/ also signed the declarations on Afghanistan, Poland, EEC, etc. Moreover, the same policy of respect for the alliances of their countries and the balance /between the two camps/ has long been adopted for the same reason by the other European communist parties, led by the major one, the Italian party. However, our orthodox KKE, followed now in this by the KKE-Int., insists that the question of change in Greece must be entangled in the feud of the camps which means that it must be relegated to the Greek calends or rather the cold war morgue of expectations. Is not this /thesis/ a self-exclusion of KKE especially from any possible participation in a governmental majority even when such conditions emerge, even regardless of any intention of PASOK or of any other party?

Certainly in Greece there exists special sensitivity and many complaints against NATO which are mentioned also in the PASOK declaration of governmental policy (role in the dictatorship and in the Cyprus coup of certain leading factors in the alliance, current attitude toward the threats from Ankara, etc.). But is this a reason for us to subject every socio-political change in Greece to the solution of those problems which, as both Communist Parties admit, are so difficult to solve?

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PASOK GAINING ELECTORAL SUPPORT

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 28, 9 Jul 81 p 71

/Text/ While the tone becomes more acute and the political acrimonies between the two major parties more heated and as the election day approaches, the strength of support in the electorate for New Democracy and PASOK does not seem to have changed, according to the assessments of foreign observers. PASOK is expected to gain first place but the possibilities also increase that it will not be able to form a self-sustaining government /with its own majority in parliament/.

According to the more recent--early June--U.S. report on the Greek election, the assessment of the appropriate U.S. circles is that Andreas Papandreou will be able to get more than 40 percent /of the vote/, reaching 42 percent. This will amount to an increase of more than 15 percent compared to the 1977 election.

On the other hand, the same reports see shrinking of New Democracy to 34-35 percent and an increase of the Communist Party /electoral/ support to 14 percent.

The report allocates as follows the remaining percentages. Markezinis (classified in the report as Extreme Right), 4 percent, and a fluctuation of from 0.5 to 2 percent in the Center camp and KODISO, EDIK and KKE-Int.

Two basic comments in the report note, with regard to the two major parties, that a) the PASOK electoral percentage will not be formed by PASOK followers but also by a "protest vote" to the policies of New Democracy. b) An essential element in generating a negative current toward the government camp, at the last moment, were certain actions or measures which lately hurt a family's budget (electricity rates, tax collections).

The new U.S. projections, which lately are being formulated monthly and are based on data gathered by the American Embassy in Athens, show within the last 12 months a significant change in the "factors" which affect the Greek elections in comparison to the American Consulting Agency BERI (Business Environment Risk Index) on Greece of a year ago. The study had been published by O OIKONOMIKOS TAKHYDROMOS. /Editor's note: The studies were made by the agency for banks with multinational activities and evaluated the risks possibly facing specific investments of large sums in certain countries./

According to the BERI report, the "opposition party will increase its seats /in parliament/ from the present 93 to 115." In more detail, the BERI projections

for the coming election are: New Democracy, 140 seats, PASOK, 115, KKE, 20, the Extreme Right (under any form), 5 seats. The remaining 20 seats, with the reservation of not giving precise distribution (in any event, it does not give them to either PASOK or ND), the report leaves to centrist political formations, to independents and "others."

The BERI report contains an interesting observation which will affect the result of the coming election regardless of which forecast will eventually prove correct. The observation is that "the move of K. Karamanlis to the presidency of the republic was a tactical error on his part because it favored PASOK."

Foreign Policy

The leaders of the two parties have limited to foreign issues the intense to acute confrontation between ND and PASOK, which has taken a strongly electoral character since less than 100 days remain before the election. This is something the O OIKONOMIKOS TAKYDROMOS predicted in somewhat innocent times when it also identified the reasons which led both parties to concentrate on this area [of foreign policy].

"PASOK"--we had noted--"has an advantage in its fight against the government, in the quality of the possibilities the government itself with its errors and tactics offers to Papandreou. On the other hand, the economic problem--which has replaced the traditional ideological 'credo' in the thinking of many voters and which certainly will become a decisive factor in the coming election--is so critical today in our country that even though it gives Papandreou splendid material to conduct his opposition, it also causes understandable worries for Papandreou especially as he sees the possibility of coming to power getting better... The people with regard to the current economic condition, whose effects they feel in their wallets, want to be sure that the antidote will be effective. But this may entail restrictions on specific measures, which Papandreou realistically may want to avoid at this stage at least with the current economic uncertainty. On the basis of this reasoning, PASOK appears to prefer a clash on foreign policy questions..." We added then: "The government, too, appears to prefer the clash on the foreign policy questions..."

Indeed, the government, in statements by the premier, placed the foreign policy questions at the very center of the forthcoming electoral confrontation because "PASOK foreign policies change the entire complex of life for the Greeks."

Affirmation?

But Papandreou, too, places his feud with the government continuously in the foreign sector, to the point of demanding a debate in the Chamber of Deputies. Papandreou raised--and at every opportunity he continues to raise--a series of questions concerning relations with the U.S., NATO, Turkey. Speaking on the latter, Papandreou said: "I am asking the premier: Did he reduce the terminal area of Limnos, yes or no? Did he abolish the artillery range in the Aegean, yes or no? Did he reduce the side of air corridors in the Aegean to facilitate the Turkish Air Force, yes or no? Did he offer new air corridors to the Turkish Air Force? What steps did the government take when recently during a NATO exercise in the

Aegean the role of the Greek Air Force from Limnos was not recognized? Is it true or not that with the Rodgers Agreement and especially with the projected establishment of the Larisa headquarters the limits of the Athens FIR no longer coincide with the limits of the Greek operational control over the Aegean air space?

The reply to these questions exists...in the Christmas issue of O OIKONOMIKOS TAKHYDROMOS where we stated that the Turkish proposals which were accepted by the Greek side (at the meeting the Greek and Turkish foreign ministers had at the time in Brussels) included:

a. The limiting of the extent of the Limnos terminal region because it "intrudes" into the international air space and hinders the activities of the Turkish Air Force.

b. The abolition of air corridor W14 which runs north-south because it passes through large sections between Mytilini, Agios Evstratios, Limnos, etc., and hinders military exercises by Turkey.

c. The abolition of the artillery range in Andros.

The first case is a serious gesture on the Greek side in the context of the effort to improve further the relations between the two countries. Our country agrees not to exercise its sovereign right to have airports any place it wishes with the approval of ICAO at that.

The Turkish proposals and their acceptance in principle indirectly reaffirm several months later, the reports about the signing in Ankara of a "Memorandum" concerning Greece's return to NATO's military wing. Turkey had accepted the transfer of the solution of certain problems which hindered our return to a higher level. Our country agreed that a "formula" had to be found which would allow "all possible flexibility" for our return to the military wing of NATO. It is possible that the acceptance of certain Turkish proposals concerning the air space may allow retroactively such a "flexibility."

7520
CSO: 4621/60

MARIO SOARES INTERVIEWED ON RELATIONS WITH PASOK

Athens TA NEA in Greek 30 Jul 81 p 7

/Interview with Portuguese Socialist Party Leader Mario Soares by TA NEA Correspondent Spyros Vergos/

/Text/ Lisbon. Mario Soares, leader of the Socialist Party of Portugal, is coming to Greece once again for a meeting in Rhodes with the leaders of the socialist parties in southern Europe--France, Spain, Portugal, Italy and Greece. They will exchange views on the problems facing their countries and will discuss the strategy each follows for winning power.

Besides France where the socialists won a triumphant victory in the last elections, the socialist parties of Greece, Spain and Portugal are very near that goal while Italian socialist leader Betin Craci is considered a sure premier of his country.

In an exclusive interview he gave to TA NEA in Lisbon, Mario Soares describes the hopes of the socialist leaders for a socialist Europe and emphasizes his belief that PASOK will win the elections in Greece, an event which will substantially help the development of the European socialist forces /the text of the interview is as follows/:

QUESTION: What is the importance of your meeting in Rhodes with the southern European socialist party leaders?

ANSWER: The socialist parties of southern Europe began holding joint conferences 4 years ago. As an example, Portugal, Spain and Greece have many common problems even though geographically distant. One of these problems concerns our relations with EEC. All three countries have lived under dictatorial regimes and have restored democracy through complicated procedures. For this reason the socialist parties of southern Europe must cooperate by helping each other in order to stabilize democracy in these countries.

QUESTION: What is the importance of this meeting now after Mitterand's and his socialist party's victory in France?

ANSWER: The victory of the socialists in France plays an especially important role in the overall political developments in Europe and is of major importance to southern European countries in particular. The political developments in France have always influenced the countries of southern Europe since the time of

the French revolution and for this reason I believe that Mitterand's victory will play a historic role and will help the socialist parties in these countries.

I am certain that it will help PASOK considerably to win the elections in Greece.

PASOK's Victory

QUESTION: What will a PASOK victory in the coming elections mean exactly for European socialists?

ANSWER: I think it will help the socialists of the south and the social-democrats of the north in their effort to come to power in their respective countries. The difficult economic conditions in Europe have shown that the policy of conservative parties has failed. The socialists are the only hope for Europe to come out of its social and political impasse.

If PASOK wins the Greek elections, and I hope it does, its victory will play an important role because the public opinion polls in Spain and Portugal show that their socialist parties are on the rise and are claiming the power. In Sweden, on the other hand, Olaf Palme is considered an almost certain victor in the next elections.

QUESTION: What can we say is the result of PASOK's cooperation with the socialist parties of southern Europe?

ANSWER: Exchange of views is a basic factor. Moreover, we appreciate the views of Andreas Papandreou who, at the Rhodes meeting, will analyze his policy for us and his views on the political developments in Greece and the special problems your country faces. Papandreou is a capable political leader of great political experience.

QUESTION: How do you see the political developments in Europe following the socialists' victory [in France] especially as concerns the attitude of the European countries toward the U.S. and the Soviet Union?

ANSWER: I believe that Europe is a balancing factor between the two superpowers and the democratic socialists are the only ones capable of defending freedom in the whole continent.

Europe will play an important role in maintaining this balance between the two superpowers. This can be done only with the socialists [in power] because the conservative European governments follow a policy which is absolutely identified with the American interests.

QUESTION: It is said that your political strategy for winning power in Portugal is based on a future cooperation with the social-democratic party of your country which is now participating in the government along with the parties of the Right.

ANSWER: They don't say this to praise me but to accuse me. What I have said is that the socialist party of Portugal should try to earn an autonomous majority.

The present government is incapable of governing and cannot fulfill the promises it gave to the people. The present premier is not able to control his own party and we see this everyday. I believe that after the elections, a majority should emerge for ruling the country and the only thing I can say is that the socialist party of Portugal should be the core of such a majority.

QUESTION: It is reported that your ambition is to become president of your country.

ANSWER: My only political ambition since I returned to my country in 1974 is to see democracy consolidated in the country so as to exclude any possibilities for a new dictatorship.

If at some moment I feel that for the stabilization of the democratic institutions in my country I should become a candidate for the presidency and if my party agrees, then this is a matter that could be considered.

QUESTION: In France, Mitterand cooperates with the communists. Are there any prospects in Portugal for a similar cooperation?

ANSWER: No, because the Communist Party of Portugal wants to assume absolute power. In 1975 there was a popular movement against the communist aspirations and the people openly mistrust the Communist Party. If we cooperate with the communists, it is certain that we will lose half of our voters. The French and Portuguese realities are different.

7520
CSO: 4621/74

PAPER SEES CONTROVERSY IN NEW FORMATEUR APPOINTMENT

PM271007 Amsterdam DE VOKSKRANT in Dutch 22 Aug 81 p 3

[Editorial: "Discomfiture"]

[Text] Advisers to the head of state are usually extremely serious people, but was not an undertone of mischievous amusement shown when they--whoever they are--suggested De Gaay Fortman Senior as the new informateur? He is definitely the man who in the last week has shown his dissatsifaction with the course of events in the Christian Democratic Appeal [CDA], not only on television but also in the threatening letter to his party chairman [Prime Minister Van Agt].

He has definitely made no secret of the fact that he would like to see the formation of the Grand Coalition and has roundly chastised the CDA parliamentary party for its hesitation and indecisiveness in the affair. He is a man who generally adopts positions with the greatest independence of party hierarchies and the connected social constraints. The Christian Democrats have by no means forgotten how he entered the 1973 Den Uyl [Labor Party] cabinet.

In practical terms the mission with which this informateur has been entrusted is merely to investigate whether the Grand Coalition, with extra parliamentary variants if necessary, is still a possibility. Minority cabinets are out of the question. There is nothing for him in Staphorst [reference unknown]--a limitation not contained in the CDA advice to the head of state. The CDA demand that the informateur "should not give any indication that he supports a particular coalition" could hardly have been more decisively rejected than it was through the choice of this informateur.

So it is extremely understandable that this appointment is seen by many in the Hague as a slap in some CDA faces, primarily CDA Parliamentary Leader Van Agt's. He has not been given an informateur who will easily lend himself to enthusiastic games and maneuvers to increase the pressure on the Labor Party and Democrats '66, and especially on the 12 consistent supporters of a Grand Coalition in the CDA parliamentary party. In the phase of the government formation which has now begun Van Agt has little chance of causing the Grand Coalition to fail in such a way that the blame can be pushed onto the progressives and the CDA can carry on in government with the people's party for freedom and democracy, possibly in some form of reconstructed cabinet, which politically would be extremely questionable.

The head of state's choice will probably be defended constitutionally by a later prime minister (perhaps Van Agt), perhaps also on the grounds of secret advice. However, it is an obviously political choice, and all the more pregnant because of the role the informateur has recently played.

In the present situation any choice would have some sort of political dimension. But, because for the last 10 years there have been no more attempts to allow the parliament to appoint (in)formateurs, the politicians have themselves made it necessary for the head of state sometimes to take political decisions, which immediately become the subject of public discussion.

The choice could have been more cautious, so that it might not have been so readily deduced that it was meant to discomfit or even condemn an extremely prominent politician. For our political system and the actual functioning of ministerial responsibility it is important that the political role of our head of state remains minimal. This speaks against tough choices which seem like a punishment, no matter how deserved such a punishment is.

CSO: 3105/167

COLUMNIST: ULTIMATE FALL OF BALSEMAO, DISINTEGRATION OF AD

Lisbon O JORNAL in Portuguese 7-13 Aug 81 p 2

[Article by Jose Carlos de Vasconcelos: "Balsemao: From Victory to Victory Until Final Defeat"]

[Text] What is happening to AD [Democratic Alliance] and being reflected in the government is a mere natural, logical result of five fundamental types of causes:

a. The resounding defeat in the presidential elections of the candidate on whom it staked everything;

b. The people's dissatisfaction, brought on by a worsening in living conditions after the electoralist policy of 1980 (which also contributed to this worsening), in sharp contrast to the demagogic promises made to the Portuguese people;

c. The physical death of Sa Carneiro after his potential political death, which dated back to that irreparable mistake of selecting Soares Carneiro as the AD candidate for the presidential elections, compounding and following that other dreadful mistake of turning Ramalho Eanes into (his) public enemy number one;

d. The lack of a clearcut, concrete, political plan, aptly demonstrated by the repeated affirmation of pseudo-objectives which were nothing but cliches devoid of essence and which of course said nothing to the individual, such as the one concerning "the liberation of the civilian society."

e. The irreconcilable differences or contradictions within a coalition united in the defense of certain class or group interests, but necessarily at odds starting at a certain time because there are within it persons ranging from a few moderate Social Democrats to many members of the radical right and even the extreme right, all gathered under the shade of that same AD. Not to mention the blue pepper of the nice, sometimes ecological Monarchists in PPM [Popular Monarchist Party], nor the hollowness of some would-be intellectuals and leaders of a "new old right" (and here it may be called a "new AD"), who had in Soares Carneiro's candidacy the most perfect example of the wisdom of their political institutions and the brilliance of their mental lucubrations.

All of this goes to show that it would be very unfair to accuse Balsemao of being to blame for what is happening in PSD [Social Democratic Party] and AD. If Sa Carneiro were alive, there would be one of two occurrences: a. either he would have changed completely in his line and direction (which cannot be precluded),

and in that respect he would now be less of a "Sa Carneirist" than Balsemao himself is; or, b. in any event the so-called "crisis" in PSD and AD would be substantially the same, although perhaps with different features, and even more serious for the country.

What is fair to say is that, during the past few weeks, Pinto Balsemao has clearly shown what was already known: that his capacity as a ruler is greatly curtailed, that he has little skill as a politician and that his strength and vision as leader of a coalition are nil.

Rather than cite the many instances which illustrate what we are saying (and we have taken note of some of them here, specifically in editorials), let us concentrate only on the last point. In order to assert himself, it was essential for Balsemao to create his own image and his own space within the party and AD. Now this did not happen and, theoretically opposing the "hard-liners" who seek to appear as privileged heirs of Sa Carneiro, Balsemao has made the fundamental mistake of doing so in their camp, and on most occasions yielding to their side (note the incredible example of the dismissals of Ferreira do Amaral and Luis Fontoura), and has even ended up doing what they would do under identical circumstances if they were in the government. And he has even chosen certain advisers from that camp, such as Pulido Valente.

Moreover, this is not just happening now, but dates back far into the past: last December, when I wrote an article here entitled "Checking Balsemao" and pointed out the significance, on the one hand, of the force used by Freitas do Amaral to keep Proenca de Carvalho as head of RTP [Portuguese Radio-Television System] and, on the other, of the intolerable surrender by the prime minister in this first, fundamental confrontation, which was to have very serious consequences for him in the future. I think that time has proven that I was correct in that text, which also offered much to discuss and evoked some attacks from members of the AD's most extremist sectors.

However, the fact is that Balsemao's foes within PSD and AD do not constitute a viable alternative to him, even from the standpoint of PSD and AD; because, overall, they are no better than he: either because of their lack of political balance (and at times it even appears to be mental), or because of their lack of consistency or experience, or because of their aggressiveness and ambition, etc. Furthermore, where Balsemao is concerned, there is the certainty that he is a liberal, democratic and civilized person.

In fact, if I judge correctly the only real alternative to Balsemao within PSD, with the greatest political and governing capacity and skill, it might be the one who, at the time of the selection of Sa Carneiro's replacement, was cited here as a "reserve of the party" and of AD: Mota Amaral.

However, the leader of PSD must also be the leader of AD, and there is within the latter someone who could never accept Mota Amaral, perhaps because he considers him the only one able to oppose his medium-term plans if he becomes leader of this or another coalition, and makes his party the greatest within such a coalition. In other words, he could never be accepted by Freitas do Amaral and those who back him in CDS, and those who, even though they are aware of this, also back him,

Freitas do Amaral, within PSD, believing that they could be a hard alternative to Balsemao when, in fact, if that alternative existed, it would actually be headed by the leader of CDS.

This is because, after the physical death of Sa Carneiro, it is obvious that Freitas do Amaral only ostensibly agreed not to be number one in the coalition. In fact, although he must claim and will always claim and even insist on the contrary, he is counting on the erosion of PSD, and cannot agree in the future to have a correlation of forces in AD maintained in accordance with the 1976 election results. As is moreover natural and logical, Freitas do Amaral thinks that this correlation has changed. And in a forthcoming election, he will want to gage those forces; because, in 1985, he will want to be the candidate for the presidency of the republic, his essential goal.

This can explain much of what has already happened and will happen. This, in itself, would suffice to warrant our considering it very difficult for AD to last until 1984; and it suffices to warrant our considering it impossible for AD to maintain itself, as it is today, in the legislative elections of that year, unless there is what we would regard as virtually a miracle.

There is much more to add. At the moment, partially as a logical corollary to what we are saying, and considering also what it means to be in power in our country, and the fact that the congress of the party which elected him was held only 6 months ago, I must say that I differ from the opinion of those who think that Balsemao is already finished as president of PSD and as prime minister. That opinion may have led some to the side opposite him, and may have led others to stop their comments until they see how things turn out.

Furthermore, if he does so intentionally, Balsemao now has his most intelligent political move in making statements that would prompt his internal adversaries or enemies to leap ahead of time. We entitled the editorial published here "What Kind of Autumn for Balsemao?" because we thought that this was the time when, if he maintained a certain line and certain mistakes, as in fact he has, his position might be jeopardized. And that was the time: By falling into the trap of delaying a few months, those who wanted him to step down converted a hypothetical success into a certain defeat.

I am hereby making a prediction that is perhaps risky, and all the more so because I am writing outside of Lisbon, before even learning the position of CDS and what Freitas do Amaral is going to say on RTP, before the PSD National Council meeting, etc. But, if I am not mistaken, this is what will happen: Balsemao, in time, is doomed; and AD and its government are doomed. But, for the time being, he will win. To paraphrase a comment by a friend of mine, I would say: Balsemao will go gaily from victory to victory, until final defeat.

After Balsemao, AD might still possibly form another government; but that would surely be the last. For that very reason, it would be in its interest to put up with Balsemao: the longer his fall is postponed, the longer the last AD government can be extended.

Also associated with all this are the positions already assumed and to be assumed by the president of the republic, and whether or not there is a possibility of a real alternative (which differs from alternation) to the AD government, important topics remaining for the next occasion.

2909

CSO: 3101/99

ONLY 14 PERCENT PREFER BALSEMAO AS PRIME MINISTER

Lisbon TEMPO in Portuguese 6 Aug 81 pp 25-27

[Text] Francisco Pinto Balsemao ranks in third place, with 13.8 percent, among the individuals selected for prime minister by those queried in this second part of the "Tempo/Antropos" poll that we are publishing today, supplementing the one that we included in our edition last week. The one with the most votes, 22.0 percent, is Mario Soares, followed next by Freitas do Amaral, with 15.8 percent. Alvaro Cunhal, the fourth most voted for, ranks quite far apart from the third place occupant (Pinto Balsemao), with 6 percent. They are followed by: Salgado Zenha (4.6 percent), Cavaco Silva (3.00 percent), Vital Moreira (2.8 percent) and Lucas Pires (1.2 percent).

As is indicated in the note on methodology included at the end, the results of this second part of the poll confirm the tendency already shown in the first part: a slight shift to the left among the electorate, clearly favoring FRS [Socialist Republican Front] (+ 7.6 percent) and, simultaneously and to an equal overall extent, disfavoring AD [Democratic Alliance] (- 3.6 percent) and APU [United People's Alliance] (- 4 percent). FRS and, in particular, PS [Socialist Party], since the erosion caused by the exercise of power affecting AD and the Socialist victory in France, are really the political forces which currently most impress large sectors of the electorate. In contrast, AD (regarding which favorable shifts have been evident since it came to power) appears to have become greatly depleted from the exercise of power at present, something that may cause some voters who had previously voted for it not to disclose that fact now.

Be that as it may, the majority of those polled consider the present government to be "a government to endure." This image is reflected by 44.8 percent of the total responses obtained. Next, with 23.4 percent, are those who think that "it will not last until 1984;" while 7.6 percent think that the government "is about to fall."

As for the qualities ascribed to Prime Minister Pinto Balsemao, the ones mentioned most are a democratic nature, sympathy and competence. These are followed by decision-making ability, a favorable position toward the workers, security and, finally, leadership ability. However, while the total number of those interviewed who mention a democratic nature as a quality was 22.6 percent. 17.6 percent remark that the prime minister does not have any qualities.

Insofar as shortcomings are concerned, the first one cited for Pinto Balsemao is an unfavorable position toward the workers (14.6 percent), followed by insecurity (10

percent) and indecision (9 percent). On the other hand, it should be noted that 17.4 percent of those polled are of the opinion that Francisco Balsemao has no shortcomings.

Technical Chart

Universe: All the voters residing on the continent.

Sample: 500 interviews.

Questionnaire: The topics of the questionnaire were prepared by the staff of the weekly publication TEMPO, and ANTROPOS made only a few changes, mainly of a technical nature.

Interviews: Direct, personal, through a structured questionnaire, at the residences of those interviewed.

Selection: Random, using the "random route" method and the "Kish" method for selection of the household; selection of the individual by quotas, according to sex and age.

Sampling points: 37 parishes selected at random, after a prior stratification by district and habitat. A selection criterion was introduced taking into account the results of the last election for the Assembly of the Republic, so as to guarantee that the sample would include, in each district, parishes whose previous electoral conduct did not differ much from the average results of the respective district.

Field work: 11 and 12 July 1981.

Maximum margin of error of total: $\pm$ 5 percent in an interval of confidence of 9 percent.

Institute responsible for the research: ANTROPOS (Association of Sociological and Anthropological Studies, Ltd).

The basic commentary on the results was made by ANTROPOS.

Question 1. What are the leading qualities shown by Dr Pinto Balsemao in his performance as prime minister?

Table 1 shows that the quality mentioned most often (by 22.6 percent of the total number interviewed) was a democratic nature, followed by sympathy (18.6 percent), competence (16.0 percent), the capacity for dialog (10.4 percent), decision-making ability (6.0 percent), a favorable position toward the workers (4.2 percent), security (3.8 percent) and, finally, leadership ability, with 3.2 percent.

It is also noteworthy that 17.6 percent of those interviewed stated that the present prime minister has no qualities. In this category, the highest percentage (52.5 percent) is related to the APU electorate, and the smallest (5.3 percent) to AD.

Generally speaking, the percentages associated with qualities are higher among the AD electorate, dropping from the latter to the FRS electorate and, from that to the APU electorate. There are, however, slight changes among these movements, when one

notes, for example, that the percentage of the FRS electorate who regard the prime minister as "sympathetic" (24.1 percent) is higher than that found in this category among the AD electorate (21.5 percent). It is also noteworthy that, in the area of leadership ability, the percentage associated with the APU electorate (3.4 percent) exceeds that among the FRS electorate (0.6 percent) and is slightly lower than that associated with the AD electorate (4.2 percent).

It should also be mentioned that, apart from the AD electorate, the highest percentages (FRS: 24.1 percent; APU: 6.8 percent) pertained to sympathy. Among the AD electorate the democratic nature is the quality that ranks in first place (34.7 percent) and rates second among both the FRS electorate (19.6 percent) and the APU electorate (5.1 percent).

Question 2. What are the main shortcomings shown by Dr Pinto Balsemao in his performance as prime minister?

Table 2 discloses that the shortcoming ranking first (14.6 percent) is the unfavorable position toward the workers. It is followed by: insecurity (10.0 percent); indecision (9.0 percent); inability to exercise leadership (7.0 percent); incompetence (6.2 percent); authoritarianism (3.8 percent); lack of capacity for dialog (3.6 percent); and, finally, unpleasantness (3.0 percent).

The absence of shortcomings relates to a rather higher percentage (17.4 percent) than that attributed to any shortcoming. As is natural, the highest percentage in this category (31.6 percent) is associated with the AD electorate.

As one would expect, we find here, in general, the opposite of what was shown in Table 1 regarding the electorates of the three leading political forces; in other words, the lowest percentages are those associated with the AD electorate, followed by those for the FRS electorate and, lastly, those for the APU electorate. However, once again there are exceptions to the rule, since the highest percentage relating to indecision (11.1 percent) is from the AD electorate, followed by that of FRS (9.5 percent) and APU (5.1 percent). There is also some shifting with regard to insecurity since the percentage from the FRS electorate (11.4 percent) is higher than that from AD (10.0 percent) and APU (8.5 percent).

It is also noteworthy that, whereas among the APU and FRS electorates, the highest percentages (42.4 and 19.6 percent, respectively) relate to an unfavorable position toward the workers, among the AD electorate the highest percentage (11.1 percent) relates to indecision.

Table 3, through the correlation between the qualities and shortcomings attributed to Prime Minister Dr Pinto Balsemao, provides us with some facets of the overall image of this politician. The highest numbers relate to sympathy (6.20), a democratic nature (5.95), and the capacity for dialog (2.89); while the lowest are associated with the position toward the workers (0.29), security (0.38) and leadership ability (0.46).

Tables 3.1 and 3.2, in turn, afford us a ranking of the categories wherein the qualities predominate over the shortcomings or the shortcomings predominate over the

qualities. In fact, insofar as the predominance of the qualities is concerned, first place goes to sympathy, followed by a democratic nature, capacity for dialog and competence; whereas, insofar as the predominance of shortcomings is concerned, the most negative position relates to the attitude toward the workers, followed by security, leadership ability and decision-making ability.

As for the absence of shortcomings, if we combine the value of C (0.99) mentioned in Table 3 with the shift in the sample favoring FRS, a constant in Table 6, which will be analyzed later, we must conclude that the references to absence of shortcomings and qualities are virtually canceled.

To summarize, and in view of the constant elements in Tables 1, 2, 3, 3.1 and 3.2, it seems possible to conclude that, in the present prime minister's image, the predominating facets in the positive area are sympathy, a democratic nature, a capacity for dialog and competence; whereas, in the negative area, the predominant facets are those associated with an unfavorable position toward the workers, insecurity, lack of leadership ability and lack of decision-making ability.

Question 3. State which of the following phrases expresses your opinion about the duration of the government headed by Dr Pinto Balsemao.

As may be observed in Table 4, the highest percentage (44.8 percent) pertains to those of the opinion that the current government "is a government to endure," followed by those who think that it "will not last until 1984" (23.4 percent); and, finally, those who think that the government "is about to fall" (7.6 percent).

Among the electorates of the three leading political forces, it was found, on the one hand, that the only majority percentage (65.3 percent) relates to the portion of the AD electorate which considers the present government a government to endure; and, on the other, that the same type of opinion is also the most representative, although not a majority one (36.7 percent), among the FRS electorate.

Among the APU electorate, the highest percentage is associated with those who think that the present government will not last until 1984 (40.7 percent), a percentage which is, moreover, the highest of those recorded with the same type of opinion.

Finally, it is also among the APU electorate that there was the highest percentage (27.1 percent) associated with the conviction that the government is about to fall.

However, it appears possible to conclude that the predominant opinion among those interviewed, especially among the AD and FRS electorates, is that the government headed by Dr Pinto Balsemao is a government to endure.

Question 4. If it were possible to elect a prime minister, which of the following politicians would you choose?

In view of the constant references to crises or the presence of factions within the four leading political forces, this question was intended to test, jointly, the potential of the leaders and of another personage representing a different faction or lower age group. Although those interviewed were confronted with eight constant names on the questionnaire, they could, if they so desired, indicate any other personage, as some moreover did.

As may be noted on Table 5, Mario Soares is prominent in first place, with 22.0 percent, although it should not be forgotten that he must have benefited considerably from the shift in the sample in favor of FRS. He is followed by Freitas do Amaral (15.8 percent), Pinto Balsemao (13.8 percent), Alvaro Cunhal (6.0 percent), Salgado Zenha (4.6 percent), Cavaco e Silva (3.0 percent), Vital Moreira (2.8 percent) and Lucas Pires (1.2 percent).

Within each party force, the greatest discrepancy between the leader and another persongage occurs in PS, with 17.4 percent (the difference between Mario Soares' 22.0 percent and Salgado Zenha's 4.6 percent). Next is CDS [Social Democratic Center Party], with 14.6 percent (the difference between Freitas do Amaral's 15.8 percent and Lucas Pires' 1.2 percent); followed by PSD [Social Democratic Party], with 10.8 percent (the difference between Pinto Balsemao's 13.8 percent and Cavaco e Silva's 3.0 percent); and PCP [Portuguese Communist Party], with 3.2 percent (the difference between Alvaro Cunhal's 6.0 percent and Vital Moreira's 2.8 percent).

Among the electorates of the three leading political forces, some noteworthy phenomena arose. For example, Alvaro Cunhal is the only politician mentioned only by the electorate of the force to which he belongs; whereas his fellow party member, Vital Moreira, succeeded in being mentioned, albeit with small percentages, by the electorates of FRS (1.3 percent) and AD (0.5 percent).

On the other hand, Mario Soares is the only politician mentioned by the majority (54.5 percent) of the political force with which he is affiliated. In fact, Alvaro Cunhal did not exceed 40.6 percent in APU; and the AD electorate, although more inclined toward Freitas do Amaral (34.2 percent), essentially wavered between the latter and Pinto Balsemao (27.9 percent).

Noteworthy among the APU electorate are the mentions of Mario Soares (10.2 percent) and Pinto Balsemao and Salgado Zenha, both with 3.4 percent. Among the AD electorate in turn, the third personage mentioned was Mario Soares (6.3 percent), followed by Cavaco e Silva (5.8 percent), Lucas Pires (2.1 percent), Salgado Zenha (1.0 percent) and Vital Moreira (0.5 percent). Finally, among the FRS electorate, appearing after Mario Soares were Salgado Zenha (8.7 percent), Pinto Balsemao (5.1 percent), Freitas do Amaral (3.2 percent), Cavaco e Silva (1.9 percent), Vital Moreira (1.3 percent) and Lucas Pires (0.6 percent).

As for the individuals not mentioned in the questionnaire who were indicated most by those interviewed, only Maria de Lourdes Pintasilgo (with 2.4 percent) attained a percentage worthy of mention, ranking her between Vital Moreira and Lucas Pires.

In view of the data analyzed previously, it appears possible to conclude, in the first place, that the three personages with the greatest acceptance among the public as possible prime ministers are the leaders of PS, CDS and PSD, with the latter, furthermore, holding that office; and, secondly, that none of those leaders finds his position threatened in the respective party force by any personage with a significant impact on public opinion.

Note on Methodology

Table 6 reveals that the sample, despite the precision with which it was selected (see Technical Chart), is slightly shifted toward the left, clearly favoring FRS

(+ 7.6 percent) and disfavoring, simultaneously and to the same overall extent, AD (- 3.6 percent) and APU (- 4 percent).

Although shifts of this type are normal, it is the first time that the method now adopted has lead to an overestimation of FRS which (as an intermediate force) is the one which normally attains figures closer to the latest manifestation of the electorate's desires. The shift discovered now may be attributed to a certain amount of "following" sometimes shown by the voters interviewed, a phenomenon that prompts them to identify with the political force which has attained greater prominence at a particular time, although they did not vote for it. FRS and, in particular, PS (after the erosion caused by the exercise of power affecting AD and the Socialist victory in France), are really the political forces which currently most impress large sectors of the electorate. In contrast, AD (regarding which favorable shifts have often been evident since it came to power) appears to have become greatly depleted from the exercise of power at present, something that may cause some voters who had previously voted for it not to disclose that fact now.

Finally, insofar as APU is concerned, the shift now disclosed (although great) is less than that normally seen regarding this political force, a fact which, on the one hand, could mean a greater reluctance among the Communist electorate to disclose its vote; but, on the other hand, might attest to a slight shift to the left on the part of the sample.

In any event, we should mention again the fact that the combination of the negative shifts affecting AD and APU is exactly equal to the positive shift benefiting FRS, a coincidence which could aid in understanding the extent to which the sample benefits FRS.

The aforementioned shift in the sample has caused a preference for a matching with the vote in the elections to the Assembly of the Republic on 5 October 1980 over other variables customarily used more for this purpose (sex, age, region, etc.) in analyzing the replies to each question. Therefore, on each table (in addition to the total results) one can observe the reaction to that question from the electorate of the different political forces or movements.

At times other tables are prepared, mainly for the purpose of providing the readers with a better framework for the data that have now been procured.

(Continuação da pág. 25) (1)

QUADRO 1 – PRINCIPAIS QUALIDADES REVELADAS PELO DR. PINTO BALSEMÃO NA SUA ACTUAÇÃO COMO 1.º MINISTRO / CRUZAMENTO COM VOTO NAS ELEIÇÕES PARA A ASSEMBLEIA DA REPÚBLICA

(3) QUALIDADES	(2) VOTO EM 5 DE OUTUBRO 1980 (Assembleia da República)									(9)	(10) VALOR GLOBAL
	AD	FRS	APU	UDP	(4) Outro Dir.	(5) Outro Esq.	(6) Não se lembra	(7) Não votou	Votou Br. ou Polo	N/Resp. pergunta	– TOTAL –
	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	% (b)
(11) CAPACIDADE DE DECISÃO	9,4	3,8	–	–	–	–	–	7,5	5,9	8,7	6,0
(12) SEGURANÇA	5,7	2,5	1,7	–	–	–	–	5,0	5,9	–	3,8
(13) DEMOCRATA	34,7	19,6	5,1	–	–	–	16,6	12,5	17,6	13,0	22,6
(14) COMPETENTE	27,8	11,4	3,4	–	–	–	8,3	10,0	5,9	4,3	16,0
(15) CAPACIDADE DE CHEFIA	4,2	0,6	3,4	–	–	–	–	10,0	5,9	–	3,2
(16) SIMPÁTICO	21,5	24,1	6,8	–	–	–	16,6	12,5	–	13,0	18,6
(17) FAVORÁVEL AOS TRABALHADORES	7,9	3,8	–	–	–	–	–	–	–	–	4,2
(18) CAPACIDADE DE DIÁLOGO	14,7	9,5	3,4	–	–	–	–	15,0	–	4,3	10,4
(19) OUTRAS	1,6	3,1	–	–	–	–	–	2,5	–	–	1,8
(20) NÃO TEM QUALIDADES	5,3	20,9	52,5	–	–	100,0	–	15,0	29,4	8,7	17,6
(21) Não sabe	21,1	29,1	25,4	–	–	–	58,3	32,5	41,1	43,4	27,6
(22) Não responde	2,1	1,3	3,4	–	–	–	8,3	7,5	–	13,0	3,0

(23) a) *Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1980.*

(24) b) *Do total da amostra (500).*

(25) *NOTA: Como cada entrevistado podia referenciar mais do que uma qualidade, o total das respostas é globalmente superior à amostra (500) e parcialmente superior à dos que afirmaram ter votado em determinada força ou tendência política, razão por que o somatório das percentagens é superior a 100.*

Key:

1. Table 1. Main Qualities Shown by Dr Pinto Balsemao in His Performance as Prime Minister/Matched With Vote in the Elections for the Assembly of the Republic
2. Vote on 5 October 1980 (Assembly of the Republic)
3. Qualities
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Overall figure: total
11. Decision-making ability
12. Security
13. Democratic
14. Competent
15. Leadership ability
16. Sympathetic
17. Favorable toward the workers
18. Capacity for dialog
19. Others
20. Has no qualities
21. Does not know
22. No answer
23. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
24. b) Of the total sample (500)
25. Note: Since each person interviewed could mention more than one quality, the total number of replies is higher overall than the sample (500) and partially higher than that of the persons who claimed that they had voted for a certain political force or movement, which is why the sum of the percentages exceeds 100.

(1)

QUADRO 2 – PRINCIPAIS DEFEITOS REVELADOS PELO DR. PINTO BALSEMÃO NA SUA ACTUAÇÃO COMO 1.º MINISTRO / CRUZAMENTO COM VOTO NAS ELEIÇÕES PARA A ASSEMBLEIA DA REPÚBLICA

(2) DEFEITOS	(3) VOTE EM 5 DE OUTUBRO 1980 (Assembleia da República)									(8) (9)	(10) VALOR GLOBAL
	AD	FRS	APU	UDP	(4) Outro Dir.	(5) Outro Esq.	(6) Não se lembra	(7) Não votou	Votou Br. ou Nulo	N/Responde	- TOTAL -
	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	% (b)
(11) INDECISO	11,1	9,5	5,1	-	-	-	-	7,5	17,6	4,3	9,0
(12) INSEGURO	10,0	11,4	2,5	-	-	-	-	15,0	5,9	4,3	10,0
(13) AUTORITÁRIO	3,2	4,4	10,2	-	-	-	-	-	-	-	3,8
(14) INCOMPETENTE	1,6	5,7	18,6	-	-	100,0	8,3	12,5	-	4,3	6,2
(15) INCAPAZ DE EXERCER A CHEFIA	3,2	6,3	18,6	-	-	100,0	-	7,5	11,8	8,6	7,0
(16) ANTIPÁTICO	1,6	5,1	3,4	-	-	-	-	5,0	-	-	3,0
(17) DESFAVORÁVEL AOS TRABALHADORES	1,6	19,6	42,4	-	-	100,0	8,3	15,0	11,8	8,6	14,6
(18) INCAPACIDADE DE DIÁLOGO	0,5	4,4	1[illegible],9	-	-	100,0	-	-	5,9	4,3	3,6
(19) Outros	3,7	3,2	1,7	-	-	-	-	-	-	4,3	2,8
(20) NÃO TEM DEFEITOS	31,6	9,5	3,4	-	-	-	-	15,0	11,8	8,6	17,4
(21) Não sabe	34,7	35,4	22,0	-	-	-	66,7	35,0	52,9	47,8	35,4
(22) Não responde	2,1	3,8	3,4	-	-	-	8,3	7,5	-	17,4	4,0

(23) a) *Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1980.*

(24) b) *Do total da amostra (500).*

(25) *NOTA: Como cada entrevistado podia referenciar mais do que um defeito, o total das respostas é globalmente superior à amostra (500) e parcialmente superior à dos que afirmaram ter votado em determinada força ou tendência política, razão por que o somatório das percentagens é superior a 100.*

Key:

1. Table 2. Main Shortcomings Shown by Dr Pinto Balsemao in His Performance as Prime Minister/Matched With Vote in the Elections for the Assembly of the Republic
2. Shortcomings
3. Vote on 5 October 1980 (Assembly of the Republic)
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Overall figure: total
11. Indecisive
12. Insecure
13. Authoritarian
14. Incompetent
15. Unable to exercise leadership
16. Unpleasant
17. Unfavorable to the workers
18. Lack of capacity for dialog
19. Others
20. Has no shortcomings
21. Does not know
22. No answer
23. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
24. b) Of the total sample (500)
25. Note: Since each person interviewed could mention more than one shortcoming, the total number of replies is higher overall than the sample (500) and partially higher than that of the persons who claimed that they had voted for a certain political force or movement, which is why the sum of the percentages exceeds 100.

(1) QUADRO IMAGEM GLOBAL DO 1º MINISTRO DR. PINTO BALSEMAO - Correlaçao entre as Qualidades e os Defeitos que lhe são atribuidos

(2) DOMÍNIOS	(3) C = % QUALIDADES (Q.1) / % DEFEITOS (Q.2)
(4) CAPACIDADE DE DECISÃO	0,67
(5) SEGURANÇA	0,38
(6) DEMOCRATICIDADE	5,95
(7) COMPETÊNCIA	2,58
(8) CAPACIDADE DE CHEFIA	0,46
(9) SIMPATIA	6,20
(10) POSIÇÃO FAVORÁVEL/DESFAVORÁVEL PERANTE OS TRABALHAD.	0,29
(11) CAPACIDADE DE DIÁLOGO	2,89
(12) AUSÊNCIA DE DEFEITOS (*)	0,99

(13) (*) Neste caso C = Não tem defeitos (Quadro 2) / Não tem qualidades (Quadro 1)

Key:

1. Table 3. Overall Image of Prime Minister Dr Pinto Balsemao - Correlation between the qualities and shortcomings attributed to him
2. Areas
3. C = % qualities (Q.1) / % shortcomings (Q.2)
4. Decision-making ability
5. Security
6. Democratic nature
7. Competence
8. Leadership ability
9. Sympathy
10. Favorable/unfavorable position toward the workers
11. Capacity for dialog
12. Absence of shortcomings
13. a) In this case, C = has no shortcomings (Table 2) / has no qualities (Table 1)

(1) QUADRO 3.1 – DOMÍNIOS ONDE AS QUALIDADES PREDOMINAM SOBRE OS DEFEITOS

(2) POSIÇÃO	(3) DOMÍNIOS	(4) VALORES DE C 1 (a) (Por ordem decrescente)
1	(5) SIMPATIA	6,20
2	(6) DEMOCRATICIDADE	5,95
3	(7) CAPACIDADE DE DIÁLOGO	2,89
4	(8) COMPETÊNCIA	2,58

(9) (a) $C = \frac{\%\ \text{QUALIDADES (Quadro 1)}}{\%\ \text{DEFEITOS (Quadro 2)}}$

(1) QUADRO 3.2 – DOMÍNIOS ONDE OS DEFEITOS PREDOMINAM SOBRE AS QUALIDADES

(2) POSIÇÃO	(3) DOMÍNIOS	(4) VALORES DE C 1 (a) (Por ordem crescente)
1	(5) POSIÇÃO PERANTE OS TRABALHADORES	0,29
2	(6) SEGURANÇA	0,38
3	(7) CAPACIDADE DE CHEFIA	0,46
4	(8) CAPACIDADE DE DECISÃO	0,67

(9) (a) $C = \frac{\%\ \text{QUALIDADES (Quadro 1)}}{\%\ \text{DEFEITOS (Quadro 2)}}$

Key:

1. Table 3.1. Areas in Which the Qualities Predominate Over the Shortcomings
2. Position
3. Areas
4. Values of C 1 (in descending order)
5. Sympathy
6. Democratic nature
7. Capacity for dialog
8. Competence
9. a) $C = \frac{\%\ \text{qualities (Table 1)}}{\%\ \text{shortcomings (Table 2)}}$

Key:

1. Table 3.2. Areas in Which the Shortcomings Predominate Over the Qualities
2. Position
3. Areas
4. Values of C 1 (in descending order)
5. Position toward the workers
6. Security
7. Leadership ability
8. Decision-making ability
9. a) $C = \frac{\%\ \text{qualities (Table 1)}}{\%\ \text{shortcomings (Table 2)}}$

(1) **QUADRO 4 – OPINIAO ACERCA DO GOVERNO CHEFIADO PELO DR. PINTO BALSEMÃO / CRUZAMENTO COM VOTO NAS ELEIÇOES PARA A ASSEMBLEIA DA REPÚBLICA**

(2) TIPO DE OPINIÃO	(3) VOTO EM 5 DE OUTUBRO 1980 (Assembleia da República)								(8)	(9)	(10)
	AD	FRS	APU	UDP	(4) Outro Dir.	(5) Outro Esq.	(6) Não se lembra	(7) Não votou	Votou Br. ou nulo	N/Responde	- TOTAL -
	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	% (b)
(11) UM GOVERNO PARA DURAR	65,3	36,7	16,9	-	-	-	25,0	47,5	41,2	13,1	44,8
(12) NÃO SE MANTER ATÉ 1984	15,8	29,1	40,7	-	-	-	16,7	15,0	23,5	21,7	23,4
(13) ESTÁ PARA CAIR	1,1	10,8	27,1	-	-	100,0	-	5,0	-	-	7,6
(14) Não sabe	16,3	22,8	15,3	-	-	-	58,3	30,0	35,3	39,1	22,0
(15) Não responde	1,5	0,6	-	-	-	-	-	2,5	-	26,1	2,2
(16) TOTAL	100,0	100,0	100,0	-	-	100,0	100,0	100,0	100,0	100,0	100,0

(17) a) *Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1980.*
(18) b) *Do total da amostra (500).*

Key:

1. Table 4. Opinion of the Government Headed by Dr Pinto Balsemao/Matched With Vote in the Elections for the Assembly of the Republic
2. Type of opinion
3. Vote on 5 October 1980 (Assembly of the Republic)
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Total
11. A government to endure
12. Will not last until 1984
13. Is about to fall
14. Does not know
15. No answer
16. Total
17. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
18. b) Of the total sample (500)

(1)

QUADRO 5.– SE FOSSE POSSÍVEL ELEGER UM 1.º MINISTRO, QUE POLÍTICO E QUE ESCOLHERIA / / CRUZAMENTO COM VOTO NAS ELEIÇÕES PARA A ASSEMBLEIA DA REPÚBLICA

(2) POLÍTICOS	(3) VOTO EM 5 DE OUTUBRO 1980 (Assembleia da República)										(10) - TOTAL -
	AD	FRS	APU	UDP	(4) Outra Dir.	(5) Outra Esq.	(6) Não se lembra	(7) Não votou	(8) Votou Br. ou Nulo	(9) N/Responde	
	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	%(a)	% (b)
LUCAS PIRES	2,1	0,6	-	-	-	-	-	2,5	-	-	1,2
PINTO BALSEMÃO	27,9	5,1	3,4	-	-	-	8,3	7,5	-	8,7	13,8
VITAL MOREIRA	0,5	1,3	16,9	-	-	-	-	-	5,9	-	2,8
ÁLVARO CUNHAL	-	-	40,6	-	-	-	8,3	10,0	5,9	-	6,0
SALGADO ZENHA	1,0	8,7	3,4	-	-	-	8,3	5,0	-	8,7	4,6
FREITAS DO AMARAL	34,2	3,2	-	-	-	-	16,7	7,5	17,6	4,3	15,8
CAVACO E SILVA	5,8	1,9	-	-	-	-	-	2,5	-	-	3,0
MÁRIO SOARES	6,3	54,5	10,2	-	-	-	-	10,0	11,8	-	22,0
(11) Outro	3,2	7,6	11,	-	-	-	-	5,0	-	4,3	5,6(c)
(12) Não sabe	16,9	17,1	13,6	-	-	-	58,4	42,5	47,1	30,5	21,2
(13) Não responde	2,1	-	-	-	-	100,0	-	7,5	11,7	43,5	4,0
(14) TOTAL	100,0	100,0	100,0	-	-	100,0	100,0	100,0	100,0	100,0	100,0

(15) a) *Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1980.*

(16) b) *Do total da amostra (500).*

c) *Maria de Lourdes Pintasilgo – 2,4%; Vasco Gonçalves, Nobre da Costa – cada um deles com 0,4%; Ângelo Correia, Medeiros Ferreira, Eurico de Melo, Mota Amaral,*

17) *Morais Leitão, Vasco da Gama Fernandes, Mota Pinto, Octávio Pato, Rui Gomes, Basílio Horta e Sousa Franco – cada um deles com 0,2%.*

Key:

1. Table 5. If It Were Possible to Elect a Prime Minister, Which Politician Would You Choose?/Matched With Vote in the Elections for the Assembly of the Republic
2. Politicians
3. Vote on 5 October 1980 (Assembly of the Republic)
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Total
11. Other
12. Does not know
13. No answer
14. Total
15. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
16. b) Of the total sample (500)
17. Maria de Lourdes Pintasilgo-2.4%; Vasco Goncalves, Nobre da Costa-each with 0.4%; Angelo Correia, Medeiros Ferreira, Eurico de Melo, Mota Amaral, Morais Leitao, Vasco da Gama Fernandes, Mota Pinto, Octavio Pato, Rui Gomes, Basilio Horta and Sousa Franco-each with 0.2%.

(1) QUADRO 6 DESVIO DA AMOSTRA EM RELAÇAO AOS RESULTADOS ELEITORAIS DE 5 DE OUTUBRO DE 1981 (ELEIÇOES PARA A ASSEMBLEIA DA REPUBLICA

(2) COLIGAÇÕES ou PARTIDOS	(3) VOTO ELEIÇÕES A.R.(5.10.80) (a)	(4) AMOSTRA SONDAGEM DE JULHO 1981	(5) DESVIO
AD	44,9	41,3	- 3,6
PRS	26,7	34,3	+ 7,6
APU	16,6	12,6	- 4,0
UDP	1,4		
(6) Outros de Direita	0,5	0,2 (b)	- 3,4 (b)
(7) Outros de Esquerda	3,7		
(8) Não se lembra	-	2,6	+ 2,6
(9) Não votou (Abstenção)	16,1	8,0	- 8,1
(10) Votou branco ou Nulo	2,3	3,7	+ 1,4
(11) Não responde	-	5,0	+ 5,0

(12) a) *Dados globais publicados pela Comissão Nacional de Eleições em 30.11.1980. Não estão consideradas as percentagens alcançadas por PSD e CDS nas Regiões dos Açores e da Madeira.*

(13) *b) No questionário não se distinguia qualquer força política para além das três principais.*

Key:

1. Table 6. Shift in the Sample in Comparison With the Election Results of 5 October 1980 (Elections for the Assembly of the Republic)
2. Coalitions or parties
3. Vote in elections for Assembly of the Republic (5 October 1980)
4. Sample poll of July 1981
5. Shift
6. Other right
7. Other left
8. Does not remember
9. Did not vote (abstention)
10. Voted blank or invalidly
11. No answer
12. a) Overall data published by the National Election Commission on 30 November 1980. The percentages received by PSD and CDS in the Regions of the Azores and Madeira are not considered.
13. In the questionnaire, no political force other than the three leading ones was given special mention.

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CSO: 3101/99

COLUMNIST DOUBTS AD'S COMMITMENT TO DEMOCRATIC PRINCIPLES

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Aug 81 p 2

[Article by Raul Rego: "The Right and the Evil Gnawing It"]

[Text] The Portuguese right has been in power for 48 years. It governed as a dictatorship, trampling on public liberties and the most fundamental individual rights. It eroded the Portuguese community with the wars in India, Angola, Mozambique and Guinea, and with the disaster at Sao Joao Baptista de Ajuda, as if it were the owner of the country and all its inhabitants, as well as of the common patrimony.

The Portuguese right governed without answering to anyone. It does not know to govern any other way. In order to govern with democracy, one must have a democratic mentality; and the fact is that the Portuguese right has never had a democratic mentality, and has always been overtly opposed to any free regime.

The Portuguese right is in power again, since the interim elections, first with Sa Carneiro, and later with Pinto Balsemao. We are not saying that Sa Carneiro or Pinto Balsemao is not a democrat; but both are merely the front for the right which yearns for the inquisition and Miguel, and far more for that "organic democracy" wherein the authentic sovereign organs of the state were known as political police, censorship and plenary courts.

We are well aware that both Sa Carneiro and Pinto Balsemao are liberals, and on a particular occasion tried to force an opening in the monolithism which has been imposed on us and which has led to disaster. But in the Portuguese democracy, although all the parties call themselves democratic, one Social Democrat and another Christian Democrat, it must be realized that all the non-democrats of 10 years ago joined those right wing parties. Regardless of the good will that Sa Carneiro and Pinto Balsemao might have had, the government does not consist of them alone, nor of the true democrats on the right, who are not numerous. The name does not matter; what counts in a person is the mentality which molds him, and his ability to live with the other citizens without regarding himself as their master, nor imposing himself on them through any process.

The Portuguese right does not know how to govern democratically because it does not appreciate democracy. It is not capable of governing democratically, as has been proven since Sa Carneiro rose to power. It is the right itself which says so.

We have a Constitution, voted on in the Constituent Assembly, article by article, by the left and the right. In the overall vote, only CDS [Social Democratic Center Party] did not approve it; moreover, the articles that it is fighting most today were approved. But could a political alliance which proposes to govern the country, runs democratically in the elections and, in its programs, offers as an essential point in its government the transformation of the Constitution, be really democratic? The right won the elections, it has the legitimacy to govern, and it should govern so long as it does not state openly that it is incapable of governing. The people must learn from the mouth of the right that it is incapable of governing democratically.

With the legitimacy to govern, the Portuguese right has already attempted to bypass the Constitution. It has attempted non-democracy. Now it should be noted that the Portuguese people gave the right legitimacy to govern, but denied it the power to change the Constitution. They did not give it the two thirds of the deputies necessary for this, nor did they elect as president of the republic the candidate whom it offered and with whom it intended to do everything that it desired to return to the past; from the unconstitutional plebiscite to put an end to the regime to the security measures, again jeopardizing the essential liberties of the individual.

The people gave the right legitimacy to govern. The right has governed, and all of us observe that it does not understand, and is not capable of governing with democracy. Why doesn't it understand? It is as clear as water: On the right there are some democrats, and there are many more who are not democrats, and who do not even want democracy. They understand the club, war, the silence of the others, and even the fire set at Sao Joao Baptista de Ajuda. They do not know how to talk with an adversary, much less an enemy. They know how to impose their law and, if they are unable to do so successfully, they know how to jail the recalcitrant, or set them afire. It is clear that, between the conservative democrats on the right and the totalitarians who voted advantageously for the right wing parties, even though they may claim to be democrats, there is no more possibility of an understanding than there is between a socialist and another totalitarian. What was the alliance which overthrew the first PS [Socialist Party] government?

A democrat is not one who claims to be such, but rather one who understands the rights of our neighbors as well as our own rights. One who attacks the Constitution because he won the legislative elections is not a democrat. Is it not the prime obligation of a democratic government to set an example of respect for the fundamental instrument of democracy? It is also the duty of any democratic government to have respect for the other organs of sovereignty: the president of the republic, the Council of the Revolution and the Assembly of the Republic. It is from the understanding among all of them that the balanced operation of the democratic institutions results. When one of the organs of sovereignty, whether it be the president of the republic, the government, the magistracy, the Council of the Revolution or the Assembly of the Republic, absorbs the powers of the others, it imposes itself on them and weakens them; we do not have democracy, we have totalitarianism. It is one imposing upon others, not giving them freedom of opinion or intervention, whether it be a person, a party or an institution.

Pinto Balsemao's problem in this AD [Democratic Alliance] crisis is not with the democrats; it is with those who do not understand democracy, and who were not

even on his side in the National Assembly during the 1970's. Of the so-called liberal deputies, how many are still in AD? Mota Amaral and Pinto Balsemao. Magalhes Mota has already left, and Miller Guerra is a Socialist. Sa Carneiro died. So, of the democrats that Balsemao had in the totalitarian National Assembly, Pinto Balsemao still has one companion; that is not very many. But it is certainly not sufficient for governing democratically, and with a genuine democratic mentality.

The contradictions which have resulted from the internal battles, and the effort of those doing everything to return to the past, as if the people had given them a mandate as dictators instead of democratic rulers, have shown the country the internal conflicts in an unnatural alliance, the catchall, in which there appear to us the old-style liberal, the one to whom all democracy is summarized in freedom of speech and little else (and that often cleverly manipulated through economic power), the democrat on the opposition for years, including some of resistance, the newly arrived democrat and the totalitarian still not convinced that he has lost the game forever. There are democrats in the three parties of the government alliance, but it seems to us that the most democratic party, in totum, is that of the Popular Monarchists, who are more concerned about the poetry of the meadows and streams than about the moldiness and moths of titles, the mantles and crowns. Isn't that a fact?

The Portuguese people voted for the Democratic Alliance. The election was democratic, and the government cannot be denied the legitimacy that it has to hold power. Furthermore, it has not only the right, but also the obligation to govern. In two consecutive elections the majority was from the right, the right which is governing. If that were not so, the right could justifiably complain that the legitimacy of its power was being taken away from it. We are well aware that there is the expedient of new elections and the president of the republic can dissolve the Assembly of the Republic. He should not do so, nor could democratic parties desire it, because that would contribute henceforth to the discrediting of the democratic system. It would be cooperating with the right, the reactionaries, the enemies of the parliamentary system, giving the people the impression that stability is impossible under democracy. Within a period of slightly over 1 year we have had four elections. This has made the people weary, spread distrust among them and created a propitious atmosphere for the propaganda of the so-called strong regimes, the very ones which do not govern either with the people or according to the will of the people, but only for the interests of one class or a few powerful individuals.

Is this a difficult political situation for Portugal? Without question. It has resulted from the lack of maturity in our democratic system. For that very reason, we cannot cooperate with those who want to destroy that same system. There are some in the Assembly of the Republic itself who are acting in that way. A letter from Prof Henrique de Barros published a few days ago warned us against this grave danger. The indiscriminate attacks on the deputies are the defense of a regime without parliament, or at least with an assembly obedient to the wishes of the master. The boring repetition of elections would have the same effect on the people.

The true democrat is such before being a Socialist, Social Democrat, Christian Democrat or Communist. The bond that must unite us all is democracy, and for this we must primarily defend the democratic governing system, the democratic state.

We realize that the right wing governments could represent a threat to democracy, but not so long as they have to implement the Constitution. And they cannot disregard it (as was the plan of the right, by combining the legislative and presidential elections) so long as the other organs of sovereignty do not renege on their obligations. In a democracy, the majority governs, although it cannot impose itself. Upholding the results of the elections only when they suit us, on the left or right, is not being a democrat; it is engaging in totalitarianism.

Will the right be able to govern for the 3 years remaining to it along the path that it has taken, and with those traveling to the brink? It does not seem possible to us. But it is the government alliance which must say so, so that the people may know whom they trusted and should not have trusted.

For weeks, things have been going very badly, with each one pulling in his own direction. We think that the alliance of the Portuguese right, rather than consisting of three political parties, is made up of masses of politicians and voters with different mental and civic molds. There are democrats in all the parties, but there are non-democrats and others who are overtly totalitarian in all of them. The alliance will have to clarify the situation within each party before it clarifies the government's position. The democrats within each of the parties have something to say.

So long as this clarification is not given, obviously the heavy entity comprising the alliance of the right will continue to stretch until it is ragged. As a politician of the First Republic remarked on one occasion: "Don't touch it; it will reveal itself!"

2909
CSO: 3101/99

SOVIETS ALLEGED TO EMPHASIZE IMPORTANCE OF AZORES TO NATO

Ponta Delgada CORREIO DOS ACORES in Portuguese 22 Jul 81 p 1

[Text] The negotiations recently rumored regarding increased utilization of the base at Lajes by the United States of America have been the target of frequent attention in Moscow.

As our newspaper has been able to ascertain, Soviet Union information agencies have been heavily attacking the strategic position of the Azores and especially the base at Lajes.

According to the Moscow correspondent of a Portuguese newspaper, two major newspapers in the Soviet capital published basic articles on Portugal's role in the North Atlantic Treaty, with emphasis on use of the Lajes base.

SOVETSKAYA ROSSIYA, the organ of the Council of Ministers of the Russian Federation, recalls that the Lajes base "several times already served as a stop-over for American troops and war materiel for some of the hot spots on the planet."

It was from that base--the influencial Soviet journal emphasizes--that the United States supplied weapons to Israel during the 1973 Israeli-Arab conflict.

The Lajes base--continues SOVETSKAYA ROSSIYA--today is of very special importance as a refueling station for aircraft supporting the American Rapid Deployment Forces and the Reagan administration has earmarked more than $51 million for its expansion and modernization, in other words, more than 10 percent of the total allocated in the American military budget to similar works projects at bases in the Atlantic, Pactific, and Indian Ocean.

United States Already Proposed $60 Million to Portugal

The newspaper DO ESTRANGEIRO, organ of the Union of Journalists of the USSR, added that "the United States is profoundly interested in renewing the base lease contract which is due to expire in 1983, in which connection the Reagan administration has already proposed to Portugal a loan of $60 million on advantageous terms, intended for the purchase of military equipment, $20 million for economic development purposes, and $2.2 million for Portuguese military training in the United States."

The articles in these two newspapers also mention the interest of the United States in the creation of a base at Porto Santo, a topic which, according to the TASS [Telegraph Agency of the Soviet Union] in Lisbon, has been the subject of secret negotiations between foreign policy officials of both countries; according to the IZVESTIYA correspondent, this idea has already met with official approval by the regional government of Madeira.

5058
CSO: 3101/98

FOREIGN MINISTRY OFFICIAL ON RELATIONS WITH BRITAIN, UNITED STATES, FRANCE

Barcelona LA VANGUARDIA in Spanish 28 Jul 81 p 10

[Interview with Foreign Affairs Secretary of State Carlos Robles Piquer by Mary Merida; date and place not specified]

[Text] Foreign Affairs Secretary of State Mr Carlos Robles Piquer said the following about the political and diplomatic problem that arose when his majesty the king declined to attend the wedding of the Prince of Wales because the couple's honeymoon trip was to begin in Gibraltar and that was regarded by both the Spanish and British press as an unfortunate incident attributable as much to the poor timing and lack of tact of the Foreign Office as to the weak persuasiveness of the Spanish Foreign Affairs Ministry: "No, I don't think that's the case. As soon as we found out that the heirs to the British throne were going to visit Gibraltar, we reacted swiftly and hastened to express our displeasure over the decision and to inform those responsible for it of the poor reception that it was going to get in our country. It seems, however, that they had already made a number of commitments, even to the people of Gibraltar themselves, to have Prince Charles and his wife Diana stop off there, commitments that they claimed they could not rescind. Therefore, I don't think that we were ineffective or unpersuasive."

[Question] What is your assessment of this contretemps?

[Answer] The incident speaks for itself. I see it as an obvious mistake by the British, and I don't know why they didn't realize that a visit by the heir to the throne to Gibraltar would cause tremendous displeasure in Spain and trigger an immediate and patriotic reaction, first of all from the king, Juan Carlos, whose fine gesture in placing the reason of State before any other was fully shared by the administration and by our politicians, who regard Britain's action as a real snub to our country, especially when we take into account that the personal relations between the two royal families are excellent.

[Question] What do you think the outcome of this incident might be? Don't you think that we have missed the chance to establish closer contacts and relations at the highest level at this delicate and difficult moment?

[Answer] There is not the slightest doubt that the Spanish Government wants to maintain good relations with England, but obviously these things always leave a bad taste in one's mouth. Nevertheless, except for this specific incident, relations so far with them have been cordial and commendable, and I would like to think that however regrettable this incident might have been, there is no reason for it to be an obstacle to keeping up everything that could advance our national interests.

[Question] But since they are the ones who feel snubbed, even though they have not properly gauged Spain's feelings about the Gibraltar problem, don't you think that their relations with us could cool significantly?

[Answer] I couldn't answer that; that would be up to the British Government itself. I sincerely believe, however, that they don't want to turn this incident into an obstacle to good relations between our countries either.

[Question] On a diplomatic level, how have the British justified their stand?

[Answer] As a private, not a State trip. But that is not reason enough, because the presence of the British crown in the last colony in Europe arouses our natural anticolonialist sentiments.

Foreign Policy

[Question] It seems, Mr Robles Piquer, that things have not been going too well for us lately overseas. We have problems with France because of its refusal to comply with the extraditions that the Spanish Government has requested; then there is the slow pace of and hurdles to our entry into the EEC, and now this incident with England. What is really going on with our foreign policy? Is its strategy missing the mark?

[Answer] Look, we Spaniards have a tragic sense of life, and when some problem or difficulty arises, we think right away that things are going poorly. Foreign policy is very complicated, and now we have a circumstantial incident with England and an in-depth problem with France, but I do not at all think that any of these problems, which are, of course, very bothersome, represents a defeat for Spain's foreign policy. Far from it. I think that our policy is doing fine and that there are no insoluble problems. We are trying to see to it that our efforts overseas are increasingly effective, have more of an impact and yield better results.

[Question] How does the specific issue of the extraditions from France stand?

[Answer] I think that we have expressed ourselves with the utmost clarity and forcefulness on this matter. That we are in the right has even been demonstrated by the French courts themselves, because they have backed Spain's request. We hope that this matter is eventually resolved in the proper manner. For our part, we are doing everything we can to this end.

[Question] And what about the provocative approach that French farmers are taking with our freight carriers?

[Answer] This is an economic problem of rivalry between producers, and I see it as a lack of supervision and, of course, control, on the part of the French authorities. But this matter has nothing to do with the extraditions issue.

Negotiations with the United States

[Question] How are negotiations coming along with the United States for the renewal of our treaties with them, since you are the head of this delegation?

[Answer] I am, in fact, handling this matter directly, in accordance with the government's instructions, and therefore, as is to be expected, I am concerned about how they are developing and how they will turn out. For the moment there is no reason to be worried. Spain's pact with the United States expires, as you know, this 21 September, and what we have to find out now is whether or not these agreements will be renewed. What doubt can there be that relations with a first-line power like the United States are very important to Spain. I am optimistic and I think that we can hammer out a new treaty with them, but for the time being we are only in the negotiation process. What we need to know now is whether we will hammer out that pact or not.

[Question] Do you also feel optimistic about the negotiations for our entry into the EEC?

[Answer] Interests are at stake here, and every country is defending its own interests. In times of crisis interests take precedence over enthusiasm. But just because the negotiations are slow is no reason to become alarmed and lose hope. In this sense too I think that our foreign policy is turning out to be effective. The fact of the matter is that it takes a lot to be a full member of Western Europe, and this requires a great deal of patience, flexibility, tenacity and even toughness. But I think that that is how we are proceeding. Furthermore, we have to remember that it took the British 11 years to sign the community membership agreement and the Greeks, 5 years, while we have been negotiating for only a little more than 2 years. So, there is no reason to get discouraged.

Changes in the Embassies

[Question] Mr Robles Piquer, what political significance is there to the appointment of seven new ambassadors at the latest Council of Ministers? Is this an attempt to pursue a new policy line in our foreign strategy?

[Answer] The appointment of eight ambassadors and two directors general is an unquestionably political action that reflects the will of the administration and, in particular, of its foreign affairs minister. In this instance, Mr Perez Llorca's absence on official trips from two successive councils has brought about an unusual concentration of appointments. In the end, such replacements are normal in public life and serve to inject new ideas and new blood in posts that are unquestionably delicate and that need periodic turnover.

8743
CSO: 3110/136

PSOE'S GONZALEZ WARNS UCD AGAINST CAMPAIGN OF INNUENDOES

Madrid EL PAIS in Spanish 15 Aug 81 p 11

[Article by Joaquina Prades]

[Text] Felipe Gonzalez, the secretary general of the PSOE [Spanish Socialist Workers Party], yesterday sent a letter to Prime Minister Leopoldo Calvo Sotelo expressing his opinion of the internal UCD [Democratic Center Union] newsletter that alleged that the PSOE and the CPSU had signed pacts in December 1977 whereby, among other things, the Socialists pledged to oppose Spain's membership in NATO in exchange for "specific support from the Soviet Union for the PSOE so that it could come to power in Spain as soon as possible."

Felipe Gonzalez was so indignant over the UCD newsletter that yesterday at a press conference in Madrid he did not hesitate to brand its authors "deliberate liars" and warned that his party has already begun a legal inquiry into the criminal liabilities that could stem from its publication, adding that if the administration continues this course of conduct, "the consensus will be seriously threatened."

The conflict between the UCD and PSOE over these alleged pacts arose 3 days ago when the people in charge of internal UCD information decided to insert in a newsletter for party members and leaders a news item from the magazine CARTA DEL ESTE, which has a very limited circulation and is financed (Gonzalez underscored at the press conference) by "the U.S. services that also subsidize Radio Liberty and other similar propaganda media." Felipe Gonzalez is angry because this item was published in issue one of CARTA DEL ESTE, 16 February 1978, and, in his judgment, is totally untrue.

In point of fact, the magazine's front page contains a news item with a Moscow dateline and no signature ("private correspondence" are the only words that appear), in connection with the secret pacts. According to the aforementioned pamphlet, the pacts were allegedly signed in December 1975 during Felipe Gonzalez's visit to the Soviet Union, and the individual who wrote up the news item cites as sources of information "rumors that have been persistently going around in the Soviet capital, specifically among the small colony of Spaniards." The fact that the UCD reprinted such a questionable (in the PSOE's judgment) news item and, above all, its timing in doing so roused the indignation of the PSOE secretary general, who interrupted his

summer vacation expressly to voice his view that what is involved are "insults, slander and libel by a group of liars."

This group of liars, "whoever they are, and the PSOE will ascertain the identity of everyone involved in this ploy, is already "totally discredited" in the eyes of Felipe Gonzalez, who added categorically: "These individuals do not exist politically as far as I am concerned. Therefore, I will never take part in any talk, pact or negotiation in which they are involved."

Felipe Gonzalez expressed particular surprise over how the incident developed: "The first time that these pacts were mentioned was during a seminar on Spain and NATO," he said. "On that occasion," he continued, "a certain frivolous UCD figure mentioned them. That was last 11 July, when the entire process of autonomy negotiations with the government was under way. I told Calvo Sotelo at the time that we would break off relations immediately if the administration allowed such lies in its party." Felipe Gonzalez went on to say that the campaign ceased immediately. Nevertheless, just a few days after the signing of the UCD-PSOE agreements on autonomy, the item was published in the UCD newsletter.

"I don't know whether they're starting to break off relations between us and them to begin a dirty war. I know a lot of things about the UCD that I have so far not made public, nor do I plan to do so, because that's not my political style. What I really don't understand is how the government, if it really thinks that we have compromised Spain's sovereignty by entering into agreements with the USSR, has dared to sign the autonomy pacts. I, of course, would be incapable of sitting down at the same table with individuals with ethical standards like that. But that's what they've done. Couldn't it be," Gonzalez asked, "that the government knows that all of this is a lie? And in that case, why did they publish it?"

The answer is clear to the Socialist leader: it coincides with the PSOE's announcement that it was starting a campaign against Spain's membership in NATO and calling for a public debate and a referendum. "There's the key to their lies," he said, "because this has made them very nervous." He went on to say, however, that two other factors have prompted the government party's course of action: "The UCD couldn't stand it if we held our congress in October amid complete calm, and they are trying to sow confusion in our midst." The other factor is of greater political consequence: "They can't accept that the latest polls and surveys show popular support for the PSOE way up. And they can't accept that it is because of our political competence and responsibility, and that's why they have to launch virulent campaigns."

Gonzalez went on to say: "The most reprehensible thing in my view is that they have chosen to engage in libel precisely at a time when the Far Right is launching another virulent campaign against political parties and democracy. And right when the trial proceedings of the 23-F are being leaked out, which is when we should show public opinion that we are more united than ever, it turns out that people from the UCD's own congressional group are playing into the hands of the Far Right coup-advocates."

Therefore, in his opinion, "the government must cut short this low-class confrontation, which is basically and seriously jeopardizing the stability of our democracy," inasmuch as the continuation of the consensus reached by Spain's two major congressional parties in the wake of Tejero's unsuccessful coup "will be seriously threatened if the government does not decide to put a permanent end to these dirty political methods."

He also termed "absolutely untrue" the reports recently transmitted by "a leading centrist figure" to EUROPA PRESS about other PSOE pacts, this time with the UCD, involving the establishment of private television networks in our country.

8743
CSO: 3110/136

GENERAL STRESSES MUTUAL MODERATION, RESPECT

Barcelona LA VANGUARDIA in Spanish 5 Aug 81 p 10

[Text] Las Palmas, Canary Islands, 4 Aug--In his speech at the swearing in of the military governor of Las Palmas, Gen Ricardo Rivas Nadal, the captain general of the Canary Islands, Lt Gen Jesus Gonzalez del Yerro, today stressed the unity that currently exists between the Armed Forces and society.

As an example of this unity, "which is alive and extends throughout Spain," Lieutenant General del Yerro cited the Armed Forces Days held this year in Barcelona and last year in Valencia and the homages to the flag offered in the Canaries in recent months.

"This people," the captain general of the Canaries added, "in whom the national sovereignty resides and from whom the powers of the State emanate, according to Article 1 of our constitution, joins its Armed Forces whenever the occasion presents itself because the Armed Forces preserve the values of our common homeland and represent its unity above and beyond the various political choices."

Lt Gen Gonzalez del Yerro went on to say that "amid the tumult in today's world and in our country too, it would seem elementarily prudent to preserve existing values, above and beyond one's own convictions, until other new values emerge that can serve as effective guidelines for human existence."

After pointing out that every society needs a guiding principle, a common ideal to channel and integrate all of the individual efforts of its components, the captain general of the Canary Islands quoted the words recently spoken by his majesty the king at the General Military Academy of Zaragoza: "It is a shame that men, groups or movements often fail to unite, above and beyond peripheral matters, around fundamental ideas and principles that could be the basis for an accord that would be to the country's advantage."

The captain general of the Canaries referred once again to the unity that exists between the Armed Forces and society, which, in his judgment, obviously reflects its trust in the Armed Forces.

He said that the multitudes that have rendered homage to the Armed Forces throughout Spain "feel united with them and trust them, their conduct, their actions both now and in the future. This clear-cut trust contrasts with campaigns that we can only regret."

He concluded his speech by saying that "perhaps now is the time to recall that the same philosophy of reform that has characterized the transition and our respect for the dignity of the individual oblige us to reject the actions and campaigns aimed at discrediting recent periods and figures in our history which, as far as the military is concerned, are part of our glorious military tradition. Respect for both is and will be the foundation for indispensable harmony to prevail, so that we can work shoulder to shoulder to make our homeland great."

The new military governor of the province of Las Palmas, Maj Gen Ricardo Rivas Nadal, had previously made remarks in which he recalled that he had formerly been connected with this province's garrison through prior posts.

"In this troubled era in which we live, I think that the solution to problems lies in work, work and more work with immense faith. And for those of us in the military, this translates into strict observance of our ordinances."

He concluded his remarks by stating that the permanent standard for military conduct can be defined in a single word, "loyalty." "Remain always in service to Spain and to its king with unity, loyalty and discipline."

The ceremony was attended by leading civilian authorities and the chairman of the Canary Islands Board, Fernando Bergasa. (EFE)

8743
CSO: 3110/136

AGENCIES COOPERATE TO CREATE EMERGENCY RADIO WARNING

Copenhagen INFORMATION in Danish 31 Jul 81 p 5

> [Text] The Civil Defense, the police, the Environmental Agency and Danish Radio are setting up a catastrophe alarm system.

The Civil Defense Agency, the police, Danish Radio and the Environmental Agency have cooperated in setting up an alarm system for the Danish public "in case of extensive catastrophes or crisis situations."

The alarm will be given by having alarm sirens in urban areas give three 12-second blasts with 12-second pauses between each blast.

This signal is to alert people to go indoors and listen to Danish Radio on the FM band where more detailed information and instructions will be given on Programs 1, 2 and 3. During TV broadcasting hours information will also be given on TV.

The new alarm system is part of preparations to deal with an accident at the Barseback nuclear power plant on the Oresund.

The alarm can also be used when military forces or the Civil Defense want to alarm personnel in "extraordinary situations."

There are Civil Defense sirens in all large towns where they are tested each Wednesday at noon.

In rural areas the public can be given the alarm via police cars equipped with loudspeakers.

Instructions on the new alarm signal will be printed in telephone books, street guides, etc.

"Therefore if in the future you hear a siren signal consisting of three blasts lasting 12 seconds apiece with a pause of 12 seconds between blasts--repeated after 1 minute--you should go indoors immediately and listen to the radio where more detailed information and instructions will be provided," an announcement from the Civil Defense Agency reads.

Extreme Accidents

As part of the preparations against a nuclear power accident at the Barseback plant the new alarm signal will be used "if the protective measure of going indoors is to be put into effect following an extreme accident accompanied by dispersal of large quantities of radioactive material," the announcement says.

The news and current events section of Danish Radio has advertised a hournalistic post with permanent work hours in the period 2100-0600 hours to man the new alarm setup.

6578
CSO: 3106/159

ENGINEER CITES SIREN SHORTAGE IN CIVIL DEFENSE SYSTEM

Copenhagen BERLINGSKE TIDENDE in Danish 8 Aug 81 p 7

[Article by Kirsten Sorrig]

[Text] There are only 670 sirens in Denmark although at least 10,000 are needed to warn the people of the entire country in the event of war or catastrophe.

Many of the 670 are old and so "wheezy" that their condition can hardly be called acceptable.

"I think the condition of the sirens is beneath contempt. They are outdated and get worse and worse for each day that passes," said engineer Hans Schmidt of Scandinavian Audiotechnology. At the request of the Civil Defense Agency the firm calculated how many sirens are needed to give Denmark a nationwide warning system.

"At least 10,000 sirens are needed to make all the public feel secure. They must be louder than the present ones and of course they must be able to operate during a power outage," said Hans Schmidt.

The administrative head of the Civil Defense Agency, Lauritz Hvidt, confirmed the figures and told BERLINGSKE TIDENDE:

"But we also have more than 1600 mobile sirens at our disposal which could be used in an emergency and police cars with loudspeakers can also give the alarm."

But it can take up to a full day to start the gasoline-powered mobile sirens and police cars with loudspeakers operate very slowly.

"Both the mobile sirens, mainly used in wartime, and the police loudspeaker cars which are used in peacetime are beneath contempt," said parish priest Poul B. Nielsen, section chief of Civil Defense. "The sirens must first be taken out of their hiding places and besides they are of very poor quality. Whenever there is enough money for a new warning system they will be eliminated altogether. Loudspeaker vans can be used with reasonably good results in very densely-populated areas but they are no good for helping people in the suburbs and small towns when they need help the most," he said.

6578
CSO: 3106/159

COMMENTATOR DEFENDS MILITARY BUDGET CUTS

DW251033 Munich SUEDDEUTSCHE ZEITUNG in German 25 Aug 81 p 4

[Commentary signed Sza.: "Awkward Maneuver Situation"]

[Text] When a year ago Belgium had to cancel on short notice the participation of its troops stationed in the FRG in NATO's fall maneuvers, it suddenly assumed the role of bad boy in the Atlantic Alliance. In this country, too, there were voices from the government and all kinds of parties, charging the small kingdom with violating its duties, while simultaneously praising--not without some arrogance--the exemplary behavior of the Germans.

Nobody even dreamed at that time that the Bundeswehr could so quickly get in to a similarly awkward situation. At that time Jimmy Carter was still ruling in Washington, and the exchange rate of the dollar was an issue discussed, if at all, by currency experts. The situation changed the day it became clear that Ronald Reagan would enter the White House. Since then the rise of the dollar has increasingly become more of a burden for the German military budget because low altitude flying, for example, was shifted to the United States and Canada after loud complaints by the local public about noise. This export of noise must be paid for in dollars.

The benefit of large-scale maneuvers has been disputed for a long time. Army Inspector Hans Poeppel--and he ought to know--shares the reservations. The Warsaw Pact has its leadership staffs, which have to do the main work in large-scale maneuvers, perform the exercises with small contingents of "demonstration troops." The complicated thing about today's maneuver situation of the Bundeswehr is that cuts in large-scale maneuvers do not serve the desired intensification of infantry training at the familiar training field, and the cuts must be made to help offset losses created by the exchange rate of the dollar. In order to forestall harsh words from Caspar Weinberger, Bonn must hurry to explain the situation to Washington.

CSO: 3103/416

BRIEFS

GDR PREMILITARY TRAINING CONDEMNED--Obligatory, systematic military lecturing was introduced 3 years ago at general education schools in the GDR, although the penetration of the entire education system of the GDR with "socialist military education" goes back much farther. It was, therefore, hardly a surprise when the East Berlin People's Education Ministry instructed the extended secondary schools to increase the quality of premilitary training and hold compulsory 12-day summer camps during summer vacations to pass along "ability and skill for the career of a motorized rifleman in the National People's Army." It was no accident either that this was issued at the World Church Council meeting in Dresden a few days prior to the beginning of the school year. Churches had protested strongly but in vain in 1978 against military instruction to 15 and 16-year olds. It was not "first aid" or "catastrophe prevention" training, as it was said before. The issues were: "military professions," "discipline" and even "heroism," as could be gathered from the instruction book appearing soon thereafter. What the extended secondary schools of the GDR are intending to do should be discussed at the numerous "peace weeks" taking place at present in FRG schools. [Text] [Commentary signed No.: "Pre-Military"] [DW271407 Frankfurt FRANKFURTER ALLGEMEINE in German 27 Aug 81 p 10]

CSO: 3103/416

SVALBARD SEEN BECOMING GREATER INTERNATIONAL ISSUE

Polar Affairs Ministry Urged

Oslo AFTENPOSTEN in Norwegian 4 Aug 81 p 4

[Article by Aashild Sorheim Erlandsen, "The Arctic Probably Conceals Enormous Oil Deposits"]

> [Text] Svalbard, 3 August. "Svalbard and the northern reaches of the oceans will probably develop into one of the most important questions in international economics and politics during the next decade," says institute leader Willy Ostreng of the Fridtjof Nansen Foundation at Polhogda in Oslo to AFTENPOSTEN. "There are probably enormous amounts of oil in the Arctic," he continued, "and Norway should have an Arctic research policy to prevent us from being taken by surprise. I believe that during the 1990's we shall establish a separate Polar Affairs ministry. We should already have had a state secretary for polar matters, and the polar section in the Ministry of Justice should have been directly subordinate to the premier."

Ostreng is among those who will present papers at the conference on arctic technology, arranged by the Trondheim University. The conference will begin in Svalbard Tuesday.

"Despite the fact that Svalbard is part of the Kingdom of Norway, just like Hedemark and Gudbrandsdalen, industry people in Svalbard must have knowledge of foreign policy and security questions. This is necessary in consideration of relations between Norway and the Soviet Union, and in addition it is necessary for carrying on rational economic activities. Trifles easily become foreign policy in Svalbard," says Ostreng.

Ostreng refers to the fact that Svalbard was called "an immediate foreign policy concern" in the government's long range program for 1978-1981. "It is very interesting that an indisputable part of the Kingdom of Norway is called a foreign policy matter," Ostreng points out.

In Ostreng's opinion, the Soviet Union wishes to safeguard three interests in particular in Svalbard: economic, scientific, and security policy interests.

The political interest is clearly most important. In it the Soviet Union has a purpose in its presence: to make sure that nothing develops in the archipelago that might threaten Soviet security interests in the North.

What, then, is there about the Soviet Union's three purposes in Svalbard that makes it necessary for industry to be informed? The matter of the Soviet wives, for example, illustrates this, says Ostreng. Here, a trifling thing such as whether the Russians stationed at the Longyearbyen Airport were to be allowed to bring in their families became a foreign policy issue. The same applied to the Caltex case, in which the Soviet oil company Arktikugol had to be granted the same right as Caltex to obtain oil concessions on the basis alone of using aerial photos as proof of discovery. The Industry Ministry had to finally acknowledge that it was no longer a matter of geology but of politics, says Ostreng.

"Many researchers ask why they have to worry about politics when they are here solely to take soil samples, for example."

"The day they are working in the field and Soviet helicopters land and ask them what they are doing they must know why they [the researchers] have come and how they are to respond. Some scientists have seen the Russians keenly interested in keeping up with research activities of other nations. The Russians have always been better equipped than the Norwegians with helicopters and other means of transport."

"When activities as important as conferences of this kind are under way it is ridiculous that we have to depend upon a Dutch ship, as is the case now. Such efforts should have the support of Norwegian authorities," says Ostreng.

"We should have an Arctic research policy that attempts to reduce harm to the ecology. We are faced with a new era, not only in Svalbard but in the Arctic generally. There are probably enormous amounts of oil in the Arctic. We know that oil pollution is a greater problem in the Arctic because bacteriological decomposition acts more slowly there than in southern climes. We now have a unique historical chance of getting ahead of the problem by being prepared, instead of 'putting out fires' as we have thus far."

"Awareness of Svalbard is lacking when so prominent a scientist as Professor Olaf I. Ronning, who took the initiative for the conference, must use most of his working time for training people for knowledgeable treatment of Svalbard, while botany, his real profession, is neglected," says Willy Ostreng.

"We must not force serious scientists to spend their spare time in the interval between other research tasks to carry out less important projects dealing with pollution problems. This was the case with the oil pollution project in Svalbard and the waste decomposition project, both of which had their application for funds rejected. Only the Soviet Union demonstrates a genuine Arctic awareness."

"Even though we now have the polar section of the Justice Ministry as a coordinating organ, I believe the polar administration will be expanded in the 1980's and 1990's. We need long range planning, people who are paid to think ahead. In my opinion the polar section should be directly subordinate to the premier, in the

first place to indicate that polar areas have political importance superior to that of other ministries, and also because in that way some confrontations between ministries could have been avoided. I believe that during the 1990's a separate polar ministry will be established, and we should already have had a state secretary for such matters," says Ostreng.

"Svalbard and the northern ocean areas will, in the course of the next decade, probably develop into one of the most important spheres in international economics and politics. There is hardly an ocean area more frequented by warships, and it is an area from which Soviet nuclear submarines can reach North America, Western Europe, and China with their missiles. The Barents Sea forms a boundary between Norway and the Soviet Union, thereby being a border between the East and the West as well. The problem is that though it is a border sea, it has proved impossible to resolve a single one of the border problems. To us, preservation of tranquility in the area is of overriding importance, and this requires settlement of the remaining border problems, says Ostreng.

International Interest in Oil Search

Oslo AFTENPOSTEN in Norwegian 7 Aug 81 p 32

[Article by Aashild Sorheim Erlandsen: "We May Lose Control of Developments"]

[Text] Svalbard, 6 August. Chances of controlling developments if oil or gas is discovered on the continental shelf near Svalbard are very slight, in the opinion of Professor Olaf I. Ronning. "In general, it must be said that nations which wish to start drilling for oil in the Barents Sea are free to do so. This is known to all industrialized countries today, and interest in the areas around Svalbard is therefore increasing," asserted Professor Ronning in his speech "Svalbard in Year 2000" at the conference on Arctic Technology, being arranged by the Trondheim University.

"The three Soviet drilling vessels, intended for work in Arctic regions, one of which is, so to speak, in the process of being delivered by Finland, may become the factor that starts a development we shall be unable to control and can only go along with. I also believe that the big European countries such as France and West Germany will do the same. The likelihood that it is the Barents Sea the Russians have in mind with respect to these vessels is very great," Ronning went on to say.

It should surprise no one if exploration for oil in the northern Barents Sea begins within a few years with drilling from ships, thinks Ronning. Ronning has been chairman of the SINTEF [Society for Industrial and Technical Research] committee, which has prepared a program for technical and ecological research in the Arctic.

SINTEF and Trondheim University are much involved in the guesses and speculations made about future developments in Svalbard. In his lecture, Professor Ronning sketched four conceivable lines of development:

The first of these involves no particular development in addition to present activities.

The second line presupposes a steady development of coal production, for example by initiating production at Svea, where one million tons of coal have been indicated. This would involve building better housing and roads and increased tourism.

The third conceivable line of development involves increased international oil and gas exploration or test drilling. Several bases are established and there will be more of what Ronning calls "on the spot activity" for the purpose of acquiring expertise, local knowledge and experience in connection with traffic across the Arctic Ocean.

The fourth conceivable possibility reckons with exploitable discoveries of oil and gas. This will involve organization, planning and landing [of gas or oil], and bases, establishment and planning of a transport system.

In Ronning's opinion, a road from Longyearbyen to Svea is so great a need that the demand cannot be resisted. He also indicated the possibility of bases in Agardh Bay, Varbukta, or Berzelius Valley and Ny Alesund to serve the traffic across the Arctic Ocean.

"Such development cannot take place without problems, of course. Without being a prophet one could say that a gas pipeline through Spitsbergen National Park would be controversial, because, among other things, there are many concessions in the area. And by controversial issue I mean both political and international ones." Ronning stressed that such sketches of developments must, if they are to become reality, include technical solutions, and that both management and administrative responsibilities will be involved.

As concerns the technology, Eiliv Sodahl, assistant director of SINTEF, asserted in his speech that it will probably be a matter exclusively of technology already known. This question will probably be a subject of debate later during the conference. As concerns management responsibility, this is a matter of control, safety, health, prevention of oil spills, protection of the environment and cultural remnants.

The administrative responsibility involves personnel with technical, juridical, and political knowledge of Svalbard and the Arctic, police, an apparatus for approval of plans, development of laws and regulations, the infrastructure, etc, said Professor Ronning.

Ronning expected the area of collisions to be nature reserves and national parks, regard for the State's wishes concerning the development, as well as the anticipated international milieu.

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10 September 1981

WEST EUROPE REPORT

No. 1812

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CGIL'S MARIANETTI DISCUSSFS MILAN MEETING ON TERRORISM

Rome RASSEGNA SINDACALE in Italian 23 Jul 81 pp 3-4

[Article by Angelo Galantini: "Infiltration and Insinuation: Terrorism and the Union, a Conversation with Agostino Marianetti"]

> [Text] Why so many polemics after the declarations of Enzo Mattina? We asked Agostino Marianetti, who had just returned from the Milan convention on terrorism.

The "bomb" exploded a week ago. Enzo Mattina, secretary of the UIL [Italian Union of Labor], says that reading the last documents of the BR [Red Brigades] has convinced him that "Sandrucci's accuser is a union militant, a full-time delegate." He adds that "in the argumentation and language of the investigators it is easy to find echoes of the reasoning and expressions of leftist and union culture."

The issue has been on the front page of the newspapers for days now. Meanwhile, a convention on terrorism, which had been scheduled for some time, was being held in Milan. Many of the most authoritative union leaders have their own opinions, from Lama to Carniti, from Marini to Marianetti. There has been no little criticism, and it is accompanied by a substantial consensus. The dispute is growing sharper, particularly on the left, as will happen. Now the UIL secretary has intervened: he has announced that he will ask the CGIL [Italian General Confederation of Labor] and the CISL [Italian Confederation of Labor Unions] to hold an urgent meeting at the secretariat and then at the directorate levels and then to publish a "dossier" supporting the opinions expressed by Mattina.

In this conversation with Agostino Marianetti, who has just returned from the Milan convention, we shall try to focus on some of the many themes that were discussed.

More than one person has told Mattina, "If you know something concrete, you should go tell the judge." But in Milan, Pedroni said in his account that the BR analysis of the Alfa union agreement of 4 March "basically resulted in the suspicion that the authors of these documents are people who have worked for some time in the union leadership structure." Also at the convention, Pizzinato said, among other things, that the terrorists are in the factories: Falck, Alfa Romeo, Breda, Ercole Marelli, Italtel and Policlinico, not as couriers or sympathizers but as organized groups. Nowhere have I read that someone has asked Pedroni and Pizzinato to go running to the judiciary if they know something; and I find it more than fair that no one has done so. Marianetti, what do you think? Is this a detective story that will be solved if there is "proof," or is there something else involved?

The CGIL assistant general secretary said he did not "possess either the information to confirm or to refute Mattina's statement made to terrorism investigator Sandrucci." He continued, "Of course I think that what Mattina has said so forcefully, although somewhat crudely, is not a concern that can be faced with the same yardstick applied to crime. Infiltration is a real issue, and it would be hypocritical and dangerous to draw a veil of silence over it. Some terrorist analyses of specific situations, especially the progress of negotiations, are impressive in the knowledge they reveal of the issues that arise. Sometimes they reveal information that neither the union nor the factory possesses; and here, then, infiltration involves even the most rarefied levels of business management."

But if this is the way things are and they only show that the union is not an idyllic island lost in some distant sea, why is there so much argument? Admitting that in a body made up of more than 8 million workers there may be some cells that have been attacked by the cancer of terrorism, maybe someone thinks that the union is less decisive on the side of democracy because it asks itself how to confront this issue more incisively.

Marianetti emphasizes that "raising the infiltration issue today is an extremely useful duty for dialogue within the union. But not only in the union: no one can think this issue belongs to us more than to the rest of society. Why so many arguments? I think the answer is this: whenever anyone makes a critical or autocritical statement about terrorism, the infernal machine is set in motion to make counteraccusations of conniving and responsibility. And this immediately derails the argument, miring it in polemics, invective and worse. It is a tremendous challenge: unless people show mutual good faith and commitment, we will not get out of this rut. Criticism and self-criticism are sacrosanct; they involve everyone without exception though not all in the same way. As long as we are hurling accusations at each other, we are only playing a game of avoidance."

Marianetti continued, "Do you want an example? I am convinced that it has been a mistake on our part not to combat firmly enough a kind of subculture that has spread within the union, a subculture of extremist, black-or-white slogans, for which all the good is always on one side, one of rough-hewn analyses and, yes, a lot of trivia. Of this, I repeat, I am most convinced. What then? If you say this, you are immediately pounced upon by someone who has jumped to the conclusion that the union is conniving with terrorism or is objectively responsible for it. This is the infernal machine of accusations. Once the questions are put that way, it becomes clear that it is extremely difficult to carry out a thorough discussion of the problems we have before us. I can answer calmly and say that because I am more certain of this than of anything else: that no one in the union has ever planned subversion. But we are making so little headway because everybody is crawling into his shell. I really think that the obstacle to be overcome is moral blackmail. Either we clear the discussion of this floating mine or we dig in our heels and thereby do subversion a big favor."

I then asked Marianetti what he thinks of the new BR strategy, which has set its sights on the factories, and especially terrorism's attempt to take over some of the objectives that have been those of the union movement.

The CGIL assistant general secretary agreed that this shift had taken place but thought it was a matter of tactics and not strategy. "The Milan meeting was very clear on this point: if the BR have stopped acting like crazies and have now taken up some of our themes, it is nonetheless quite true that that fact changes neither their nature nor their objectives, and it is still subversive. As far as we are concerned, it is obvious that the union must insist on its proposals and initiatives, knowing that the only standard that counts and matters is their compatibility with democracy and what the country can realistically expect and provide. On the red flag with the five-pointed star is written 'Everybody work, everybody work less.' But the issue of reducing the work week is a real one in France and in Europe, and it is at the center of political and union debate; Mitterrand even brought it up at the Ottawa summit. Should we give it up because the BR are taking it over and distorting it? Absolutely not. The only thing we ought to do is be consistent. I mean that if we asked for a 28-hour work week now, we would undoubtedly give important ammunition to the terrorist campaign, because such a request would be radically out of step with the country's economic possibilities."

In Milan, you again put forth the idea of the delegates' signing an oath of loyalty to the constitution. What does this initiative mean?

Marianetti answered that "this was discussed greatly and at length in preparing the meeting. We think the declaration may be useful not only to reaffirm its principles and message but also because it can become an instrument of verification, an occasion for enlightenment, which could throw some light on a dark area. We cannot forget the ambiguous positions that have been taken, such as 'neither with the BR nor with the state,' which were marginal ones, of course, but they were present nonetheless. For this reason I do not see the declaration as something superfluous."

What else can be done in the factories?

"I think," Marianetti said, "there is a need for more intense, concrete collaboration between the state and business. State organizations involved in the fight against subversion should find the union to be an important partner; I do not think it is absolutely indispensable to expose oneself personally in order to achieve this. We have the factory councils, and it is proper that this action be taken through them as collective agencies. As for business, it is not a matter of their being harder or softer in negotiating, more antagonistic or protagonistic: we cannot abdicate our duties. That is not the question: we have to convince ourselves that the issue raised by terrorism is of paramount importance. Then it is very obvious that we should take care that the repression of violent people not be used as a weapon against the unions. But it is quite obvious that this is in no way equivalent to opposing initiatives that are seriously and unequivocally aimed at expelling violent or, worse, subversive elements. More generally speaking, let me return to an idea that I have expressed several times: democratic discipline must be restored to the union organization; I mean the formal rules of democracy, that democracy that has been for too long disparaged as bourgeois. We ought not to make room for people who cry 'sell-out' or 'traitor' at those whose only fault is to conceive of it differently. That is not legitimate criticism; and putting up with such attitudes is a sign not of respect for freedom but of permissiveness. Nowhere can there be an area of freedom where that is possible."

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ALLEGATIONS OF BR INFILTRATION AMONG UNIONISTS

Petrolchimico Official's Remarks

Rome AVANTI in Italian 8 Jul 81 p 4

[Interview by Piero V. Scorti: "An Official: Yes, There Are BR Sympathizers in the Factory"]

[Text] The assassination of Gori was conceived outside the factory, the murder of Paliercio inside.

Venice--Mestre, Piazza Ferretto, 10 a.m., the day after the corpse of the engineer Taliercio, director of Petrolchimico, was found assassinated by the Red Brigades. In the piazza I mingle with workers. There are tens and tens of thousands of persons, perhaps 100,000, waiting for their union leaders, Lama, Benevenuto, Carniti. The heat is torrid, the mood edgy. I talk with various workers and clerks, some from Venice, others from the nearby industrial zones, many from places farther away, Lombardy, for example. Everyone is talking about what happened yesterday: the BR ("Assassins," "They'll pay for it") and Taliercio ("A fine man," "but why him?").

Someone claps me on the shoulder. I turn and face a young man with the air of an intellectual, of someone accustomed to moving casually around the management offices of a big corporation. He says, "Look, I am one of the men in the trenches. I'm an official of Petrolchimico. If you like, we can have a little chat, but on one condition: you must not use my name in your interview."

Yes, I understand. In the trenches, as you say, out of fear... "Sure, but not only out of fear." He tells me his full name and explains his management job at Petrolchimico: he is an important company official, an insider who knows what goes on in the plant. He continues: "It's not only a question of fear but also--and mainly--of a company rule. The organization has decided to avoid taking any stand in this affair, and we are sticking to it."

I agree to his condition. It is a journalist's right to report the news the way events happen and for what they're worth. He is bound to respect the privacy and anonymity of anyone who asks for such a safeguard to protect his security or any other personal matter. The name of my interlocutor, therefore, and his post at Petrolchimico will remain in my notebook unquoted. Politically he calls himself a socialist. Soon we are using the intimate second person "tu" ("We can understand each other better and speak more openly").

Fine, I say. What has been the reaction in the trenches and out of them to this nth BR crime? "I think it would be better," he replies, "to go back to the beginning of last year when the terrorists killed Sergio Gori, another Petrolchimico official. At the time, our reaction was more one of surprise than dismay." You mean?--"I mean," he goes on, "that in a way, it was to be expected. Without knowing why, there was a sense of helpless resignation, a feeling that Marghera, too, must pay a kind of tribute to terrorism. So the shock of Gori's assassination was passed over and the fact itself exorcised in a relatively short time."

And then? "Now we come to September 1980, when another Petrolchimico official was seized, beaten, and photographed by the BR. This made us open our eyes. It led us to believe that the terrorists had devised some kind of precise plan against Petrolchimico, against the plant--a target without a fixed time schedule, as it was with Fiat and Alfa Romero."

Now we come to the kidnapping and murder of Sig. Taliercio, director of Petrolchimico. "To be sure," my interlocutor continues, "the Taliercio affair has reinforced our theory--with an added criminal intent: we have the impression that the homicide was delayed for 46 or 47 days."

Did your organization make any effort to get your man freed? Don't forget that, at least according to what the public has been told, the BR never asked for anything in return for Taliercio's life. What do you think about this?

"The organization," the young official replies, "made more than one attempt to bring the terrorists out into the open. Tell us what you have in mind, we said, let us know, let's negotiate. For our part, we certainly made ourselves initially available."

Initially available with concrete actions? "Certainly. For example, the talks begun with the Factory Council on efficient production (a meeting was slated for yesterday, Monday--editor) and on the question of employment was a clear signal of our availability in the light of what the BR was saying in their communiques. In other words, we tried every means of finding a possible way out."

Let's talk a little about you men "in the trenches," of top company directors and their role, of the crisis of identity, if such a thing exists. "Right. Today in the factory," he says, "the top men were deeply worried, perhaps a little excessively afraid. Before this Taliercio affair, the role of the director was debated in a meeting at the Meneghetti Center of Studies. What came forth was the figure of a man in crisis, deeply in crisis, mostly because he is obliged to implement strategic decisions which other people execute. In fact, the director's crisis, at least here at Petrolchimico, derives from fear and anxiety on one side, on the other, the crisis of identity of his role and the difficulties of recognizing himself in the strategic options, the flight from responsibility. Then, there is a distinct difference, both in the factory and in the public mind, between what a director should be and what he really is."

At this point our conversation turns to the demonstration in the piazza. I say: certainly these things are understandable. In your shoes I should think these people would all grapple with the same problems. But for example, all these people demonstrating against terrorism--"Just a moment," he interrupts. "If you go to Petrolchimico today you will find it deserted. But how many here in the piazza are actually from Petrolchimico? What I'm saying is that even crimes as serious and dramatic as

the kidnapping and murder of Talierico become something like a habit with people. And habit is inevitably a sort of participation in a minor way. In these past few hours I have seen an expression on people's faces that says: Certainly, killing him was too much, but after all, it happens to a lot of people. Let's not forget that after Talierico was kidnapped, many of the buses sent to transport the workers to the demonstration [in his behalf] were empty, as the BR was pleased to point out in one of their communiques." In a situation like that, what do you think is the real problem? "In my opinion, the real problem is to revitalize the category of leaders." In other words, to move on from an issue limited to labor to [a broader] one including culture and industrial relations."

I go on. Your Petrolchimico has lost 2 men, Gori and Talierico, on the terrorist front--two episodes equally tragic but altogether different. From your observations, what differences do you see between the two cases, apart form what everyone already knows about them?

The young man answers: "There is at least one fundamental difference. The assassination of Gori was surely plotted outside the plant. Here you must take into account one factor: three Petrolchimico workers lost their lives when a gas bomb exploded. Gori spoke about this in a television interview that was so badly edited when it went on the air that he came on the screen as somewhat despicalbe. Or that was the impression you got. At the time, the BR in the Veneto were run by people like Guagliardo and Nadia Punti. After the three workers died, they decided that the time had come to strike at Petrolchimico, and their victim was ready and waiting for them: Gori."

And the Talierico murder? "In that case," the man explains, "we think it was an idea that matured--how shall I put it?--locally. An anomally of style in the BR communiques confirmed our theory. I mean, while some communiques seemed to have been written by someone with a certain degree of culture, others, like leaflet number 4, were more crude; what is more, they even referred in detail to things that had occurred in the plant. Again, number 4 leaflet quoted integrally several passages from a communique issued by the Petrolchimico Workers Committee, formerly the Workers Committee. In short, among other evidences, leaflet 4 showed unmistakably that the BR had gained a solid foothold within the factory. And let's not forget that some of the committee members are being accused by the unions of acting like 'water boys.'"

This is a tricky subject we're discussing, BR sympathizers within the company. You can probably cite a few names. If you did, how many times would you hit the nail on the head? "Eight times out of 10," he replies.

But this BR infiltration could not have happened by chance. "Certainly not," he says. "Not only the infiltration but also a kind of apathy, a kind of inurement to such things stem from the attitude of the PCI, which has been standing at the window now for some time." Would you please explain that more clearly? "Let us say that because of certain political ploys, union vigilance has failed. We must admit, however, that the PCI is now trying to make up..."

A moment ago you were talking about Petrochimico as a target of terrorism. What do you think are the reasons for this?

Reply: "For one thing, Montedison's new strategy of aiming for more elasticity and a greater penetration of the market--an industrial vision of its problem (no longer

seen as an object of charity); for another, a greater effort by some unions and political parties to bring questions of productivity and efficiency before the workers so that they will discuss them. And then locally, the PCI's disengagement, beginning with the labor troubles of September 1980. All these things could sway the thinking of terrorist groups, which see armed revolution as the end of the capitalist society."

UIL Mattina's Articles

Rome AVANTI in Italian 17, 22 Jul 81

[Articles by Enzo Mattina]

[17 Jul 81, pp 1, 13]

[Text] Unions Ponder BR Documents

The interrogation of the engineer Sandrucci, apart from the humanitariam aspects it revealed when it was published, gives us ample food for serious study because it can help us to formulate an identikit of terrorists--at any rate, of those who kidnapped the director of Alfa Romeo--and arrive at a more accurate analysis of terroristic activities in places of work.

Examining the language of the questioners and observing how well they know the inside facts of corporation life, which they clearly show in their arguments, we can deduce that they have been, and still are, intimately familiar with union activities.

Without timidity or hesitation, we must acknowledge that terrorism not only exists in the factories but also in related areas, among delegates, activitists and union functionaries, whether they are in active service or not.

I realize that this statement exposes all unionists, myself included, to the danger of ending up in the prisoner's dock. But it is a risk we must take if we no longer want to go on talking about terrorists as if they were mysterious, elusive demons who belong to a remote world, estranged from ours.

To these initial deductions drawn from an examination of the Sandrucci interrogation, we can add a few others, the better to understand the terrorist phenomenon.

In the interrogators' arguments and turns of phrases, we readily detect a similarity with the postulates and stylistic expressions typical of leftist culture and unionism.

But did we of the left and the union world not emphasize the superiority of "mass democracy" over representative, so-called bourgeois democracy?

At one period at least did we not decry science and technology as essentially inimical to the workers' movement? And didn't our rank and file dramatize the use of CIG as a method of protection that the unions wanted? And isn't the productivity-exploitation, efficiency-dismissal equation the patrimony of unionism and the left?

Whether we like it or not, in the transcript of the Sandrucci interrogation, we find remnants of our past thinking, of a die-hard ideology dating back not to the distant past but to more recent times, on occasion to today. We even find attacks on the unions' inclination toward class integration, which will surely be defeated by class opposition, perhaps armed.

Obviously, terrorism does not derive mechanically from the verbal affinity between the left's cultural heritage and the clandestine groups' style of expressing themselves. Nevertheless, this affinity persists, as my colleague Gianni De Micheli has made clear--perhaps brutally, but not without reason--and it cannot be ignored or shrugged off an innocuous.

Apart from police remedial action, the mass struggle against terrorism must focus on a definitive, even formal, end to the wrongful, but real, effinity between the armed party's philosophy and the philosophy of the left.

By that I do not mean that the left and unionism must sugarcoat their analyses, proposals, and passwords to prevent anyone from exploiting them and going to extremes. The processes of economic and technological transformations must pass, by necessity, from one purely antagonistic attitude--leading back to a blind will to dominate capital and its multiple services--to a dominating role striving to know, control, and condition every event affecting places of work and society in its totality.

Thus, unionism and the workers' movement seek to take over more power and greater responsibilities, apart from ownership of production means and trade.

It cannot be said that this prospect is altogether beyond the experience of Italina unionism; the agreements reached with Alfa Romeo, Zanussi, Fiat, and many other organizations are moving in this direction. All the same, there is widespread fear that this direction will be extended, and its philosophy rendered more explicit (although it is certainly not extreme) and that the whole initiative of the conflict will be recast along these lines.

To be sure, such cultural and strategic changes effected by the left and the unions cannot by themselves overcome terrorism; to the contrary, in the last analysis, they could provide fertile terrain for the most intransigent extremism, even to the extent of armed clashes, if reformism fails to inspire credibility and provide due assurances.

The problem is purely political. It invests the government parties, which must guarantee morality above everything else, and then prove that they can recognize the will for change, satisfy the demand for the end of material poverty and political ineptitude, manage the nation's affairs with efficiency, assure the protection of public and collective interests against private, special, and corporative interests. The problem also invests the opposition parties, which must know how to manage their actions, confront problems for what they are, and propose modern solutions without renunciations or concessions, but also without closing their minds to what lies beyond their preconceived notions. If such a mentality succeeds in winning a few votes, it also disseminates disorientation and confusion, as happens when an appraisal of the nation's economic situation varies according to the different positions taken by the different political parties.

In conclusion, I think I can say that the terrorism existing in the factories and work world, apart from the disciples it recruits, arises from the conflict between an exasperated ideology and the unreliable reformism still practised in Italy today.

Perhaps setting aside the one and valorizing the other in its noblest content, we can hope to overcome an evil that has plagued our society for too many years and threatens the very stability of our democracy by legitimizing the demand for a strong, repressive state in the minds of the majority.

[22 Jul 81, pp 1, 4]

[Text] The Political Conspiracy of Silence on the BR Is as Dangerous as the Penal Conspiracy

It was in the nature of things that after my attempt to isolate an area of possible terrorist hideouts somewhat smaller than the territory occupied by 56 million Italians or by 30 thousand Alfa Romeo workers and union cadres, someone should come forth and ask me to name suspicious and definitely guilty persons. It was likewise inevitable that, wishing to offer a few cues to help uncover the origin of a phenomenon which could gravely compromise Italy's civil life, no sooner had I published a generic analysis than I would be exposed to a firing line in the form of crude, gratuitous accusations.

At this point, it makes no sense to follow up the controversy; what counts is to continue talking, to study the question in depth, and to translate into social terms the scraps of information as they emerge, making it possible to diagnose an obsecure evil. Is it obscure because of its intrinsic traits, because some authorities are reluctant to examine it thoroughly, or because others are indifferent to it? Whatever the explanation, the end result makes it all the more incurable.

This I do not want, nor does the great majority of workers and Italians in general. Therefore, rereading the BR's interrogation of Sandrucci, I wish to state clearly that it suggests no names of likely culprits, but gives me--as it gave the comrades of FLM in Milan and the Lombardy CGIL secretary Pizzinato--a few hints on the person who masks himself under the guise of a BR public accuser.

He is someone who talks unionese, who knows how the March agreement on the introduction of production groups was arrived at, and knows exactly what its content and goals are.

Given these facts, it is absurd to expect someone to come forth to say that the mysterious warder and accuser could be one of many Alfa workers, and confirm my contention that the language and inside knowledge are the mark of someone who has engaged in union activities, and still does. Such a confession would be difficult to make; yet we can feel assured in knowing that a certain kind of language and inside information are the patrimony of Alfa Romeo's dependents. There is no doubt that the evidences given by the unidentified accuser's reasoning and his knowledge of what the unionists and delegates discussed at the Milan meeting on terrorism are very tenuous. Yet, there is something more than a suggestion that terrorism exists in the factories, and the evidences point out a direction to the authorities charged with investigating terrorism and combatting it. The unions, and with them, the left, must not be content with this small contribution to the war on terrorism.

Instead, they must understand how and why a phenomenon demoralizing their organizations could have come into being; only if they understand its origin can they arm themselves to wipe it out.

This is the most difficult and contriversial part of the investigation because it can easily be obstructed by every kind of hindering device.

In any event, we cannot escape the danger if we want to avoid the risk of retrenching into a sort of political conspiracy of silence no less perilous and reprehensible than the penal conspiracy of silence.

It is my conviction that terrorism grows out of the impact that comes with excessive ideology and insufficient reformism, characteristic of the politicians who have wielded the power in Italy since fascism, who have arrogantly persisted in concealing revenues and disseminating clientelism.

IL POPOLO and other publications and commentators are mistaking fireflies for lanterns when they pretend to read into my attitude a sort of rediscovery of values in government that the union movement has always fought--and with good reason--while undeniably bringing advances to the nation through their democratic struggles.

Here it should be added that unsatisfactory reformism is also a consequence of the delays and contradictions with which the left, especially the PCI, has revalued it after years of sufficiency and downright hostility, with the result that even the most tentative efforts at reform have been nipped in the bud.

As for the excesses of ideology: rather than list them at length, we can say without fear of rebuttal that whole generations of union and political militants have been trained to believe that the victories won by labor in most of the European nations (the vituperated social democracies) in the socioeconomic sphere and in power represented political and cultural concessions, while in Italy the smallest union gain was considered another step toward socialism. Blending these superficial ideological ingredients with a handful of integralism, we can truthfully say that this has produced what some consider the unions' present strategy--a web of aims and responsibilities--to be: class collaboration, to be strenuously opposed.

The Alfa terrorists are not people who have appropriated the language of others, nor can they be compared with their Neapolitan brethren, who have supported elementary social objectives, such as housing and wages. Instead, they are reproposing old theories which maintain that "the general problem concerning working conditions can only be resolved by socialism."

The phrase between quotation marks, repeated verbatim from the Sandrucci interrogation, helps us to understand how, as a consequence of an extremist interpretation, some individual or marginal group has arrived at the conclusion that union negotiations, specifically in the Alfa Romeo and other similar situations, can be viewed as a deviation from socialist goals. At this point intervenes the deviation, according to which revolutionary arms and "organisms of the masses are the instruments which the revolutionary movement must take on to build the power of the proletariat."

The deviation is surely arbitrary, yet insofar as it stems from the degeneration of part of the leftist culture, it poses the problem of a revised language, of analysis, and of a feeling ever more rooted in the workers' attitude: that the primacy in the democratic struggle for change, even in a sticky situation like Italy's, tends to discount every innovative element.

I do not believe that this statement throws a shadow of suspicion on the vicissitudes of the last decade or means to confine unionism to a renunciatory waiting. In reality, it seeks to unburden its efforts, especially today's and tomorrow's, of extremism, stuffed with badly prepared and badly digested ideological sauces, which we have brought to light and condemned on many occasions.

Undeniably, rigorous reform and an attentuation of ideology will not alone solve the problem of violence and terrorism, but the fact remains that they cannot prevent them from spreading.

A commitment in this respect is vital to the unions and to the left. Fundamentally, the conservatives and reactionaries, who still exist in Italy, are prepared to combat terrorism by their own means, based on curbing freedom and democracy, to the damage of everyone, first of all, the workers.

Yesterday, like today, every time these palliatives crop up, even slightly, I detect profound fears because I see them in terms of authoritarianism.

In this logic, I maintain that we have arrived at a stage where no effort to understand and oppose terrorism should be rejected. Only irresponsibility and bad faith can make us believe that those, like me, who want to contribute however we can to this tremendously difficult mission can do so through the exhilaration of a little publicity.

Mattina Interview

Milan IL GIORNO NUOVO in Italian 19 Jul 81 p 4

[Interview with Enzo Mattina by Filippo Pepe, "Mattina Insists on BR Infiltration in the Factories; 'Those Terrible Words of Taliercio'"]

> [Text] At Taliercio's funeral, his widow told union leaders, "You invented the slogan 'Montedison is equivalent to death'"--Sandrucci's interrogator is being sought among 400-500 union members.

Rome, 18 July--[Question] Several days ago, De Michelis accused the PCI and the unions of playing a double game with the BR in the factories. You, Mattina, wrote in the socialist daily AVANTI that the BR have not only infiltrated the ranks of the workers but even of the union leaders. So you agree with De Michelis?

[Answer] I believe De Michelis meant to say that certain union extremists, certain excesses of ideology, can instill in some people--and it does--the notion that extremist action can be legitimate. Therefore, yes, I do share his view. A reading of the Sandrucci interrogation will show someone who eloquently exemplifies this theory. In fact, in that interrogation we find an analysis typical of unionism, brought to its ultimate consequence and exploited by the BR as motivation for their actions.

[Question] And the communist party promptly attacked you on this score. Pecchioli, PCI shadow minister of the interior, said that he agrees with your diagnosis but not with the remedy you suggest. In fact, he has warned you to "watch out what you say and how you behave." And UNITA, in its political retort, recalls your tolerance of the autonomists.

[Answer] I have never been tolerant of the autonomists. I have other convictions. I maintain that no one can call every protest made against the unions a crime. Since UNITA cited precise episodes, those that occurred in 1977, I must frankly admit that in 1977, I was worried for fear that the autonomists might be drawn to the most arrogant nucleus, which in time turned out to be the armed party, and wanted to avoid this. The way to do it was to talk with many young people who, at a time of distrust and crisis in their rapports with the unions, might find their only response in violence and armed warfare. At the time, I did not share the PCI's position, and I still do not. Today the communists agree with me when I say that the BR have moved into the factories. What is more, the communists angrily claim that they said the same thing first.

[Question] Amendola said and wrote it 2 years ago, and everyone, including the unions, answered that he was all wrong.

[Answer] I have never contested him. The factory is part of our society; if the BR are present in our society, then you will find them in the plants, too. What is new today--and the communists should ponder this more--is that the Sandrucci interrogation gives us a chance to understand better where the nucleus of the armed party is localized in the factories. It is no longer an abstract presence. In the Sandrucci interrogation we see that not all Alfa's 30,000 workers are suspect, therefore we must look for the guilty ones among those who are, or have been, engaged in union activities. One should not generalize, but we must investigate some 400-500 persons. Where the communists disagree--

[Question] In your remedy, that is.

[Answer] Not only in my remedy but also in my effort to understand the origin of this phenomenon and to circumvent both possible types of "omerta," the conspiracy of silence. The first type is the classical one: a person has seen someone commit a crime, but he does not report it. The second is a political conspiracy of silence.

[Question] What do you mean by a political conspiracy of silence?

[Answer] Because someone is afraid of being forced somehow to take responsibility for his own actions, he fails to disclose a given misdeed. I am sure that in Italy both social and political groups are hiding skeletons in the closet. If we want to root out a phenomenon like terrorism, silence is an obstacle. We must have the courage to open all the closets; if we find skeletons there, we must pull them out--all of them.

[Question] You speak about conspiracies of silence. Yet CISL secretary Carniti has attacked you, saying that if you have possible evidence, you should turn it over to the magistracy.

[Answer] I know Carniti well, and I respect him, therefore I will not make any derogatory statement about him. Apparently Carniti has not read what I wrote. I only analyzed a document in order to understand a phenomenon. Whoever interrogated Sandrucci is not some clandestine person, he is a man who mingles with us in our ambiance.

[Question] Aren't you afraid of the BR's reaction to your attacks, Mattina?

[Answer] According to some of my friends and colleagues, it seems that I wrote the AVANTI article only for the sake of getting myself newspaper publicity. Perhaps their brains have been affected by the sun. When someone takes a step of this kind, he knows what risks he is running. I mean, this sort of publicity is extremely dangerous. I took that step all the same because I felt it was my duty as a citizen. What really frightens me is not the BR but the attitude of self importance so many unionists assume when they talk about this problem. They are always available for big mass demonstrations, but they cannot spare a moment to think about what Talericio's wife told Benvenuto, Lama, and Carniti at her husband's funeral. She said, "I know that you were not the assassins or the instigators of his murder, but it was you unionists who spread slogans like 'Montedison is the equivalent of death.' Therefore my husband, the director of Montedison, was an instrument of death. I still hear those terrible words in my mind. You have given me no peace."

Reply To Mattina

Rome L'UNITA in Italian 18 Jul 81 p 1

[Editorial: "A Few Questions for Enzo Mattina"]

[Text] The past several years have seen a number of disputes with Enzo Mattina, socialist secretary of UIL, concerning what attitude should be taken on terrorism and its legal and semilegal ramifications. We firmly disagree with his analysis of the phenomenon and the way he is promoting it. We were not convinced by some of his "cultural openings" and his excessive tolerance of the "autonomists" and their fellow travelers. What worried us was his inference that, while the PCI appeared to shift its position to the left, it was in fact exploiting subversion politically--a dangerous ploy against democratic unity and a red herring for part of the workers' movement.

Now we see that Mattina has changed his tune and denounced the infiltration of terrorism in the factories and the unions themselves. This cheers us, and allows us to state a few quiet observations. First, we do not understand the clamor raised in some sectors of the press over someone's declaration that a few union activists have teamed up with the terrorists. Nothing could be more likely. But why should it be surprising? One only need examine the vital statistics not of unknown terrorists but of those in prison to know that no social class can be immune. Their ranks include offspring of the high, middle, and low bourgeoisie, intellectuals, and semiliterates, scions of Christian Democratic families, sons of Marxists, Catholics, and atheists. Still, it is a striking fact that while workers do indeed figure among them, they represent only a minority.

Why, then, put so much store in Mattina? He cannot have broadcast his startling announcement only to air his feeble supposition that terrorism is functioning within

a social sector that numbers 7 or 8 million persons. This leads us to believe that he wanted to say something more precise. And since we believe that we should pay heed to what the UIL national secretary has to say, automatically the question comes to mind: do you know something? Do you have suspicions based on fact? If so, then you should not stop at writing newspaper articles. Go ahead and make your denunciation. Carry self criticism to its logical conclusion and do as we do, as the unionist friends of Guido Rossa do.

Also dubious is Mattina's contention that the unions must take up a different strategic stand (switching from "pure antagonism" to "protagonism") to stem the peril of a continuing dialogue between terrorism and the left. What does he mean exactly? He must be clearer on this point, too. What is the current union line that the terrorists can exploit or, worse yet, that feeds terrorism? Tell us. Is it the demagogic slogan "if you work less, everybody works"? Is it that the unions should queue up behind all the corporative aggressions, even the most savage? Reject the social pact? or the fight against job dismissals and unemployment benefits, which constitute its antechamber mechanism? If you are unclear, the consequences will be evident: making room for the most disgraceful mystifications, with the class struggle as the antechamber of terrorism. Mattina should read today's issue of IL POPOLO.

Fortunately, in his argument, Mattina wisely reasons that by renouncing their proper job, the unions could open up new terrain for a subversive manipulation of social tensions. Right. Then the unions should lead the war on injustice, immorality, and the class structures propped up by the dominating rich. Build a wall against the subversive front, educate, mobilize, set an example. But never turn your back on the workers' needs or ignore their views, respect democratically their orientations, guarantee that you are with them, but not risking anything on their skins. Then if there is a terrorist delegate somewhere, he will be able to inflict only limited harm and, in the end, he will be crushed in one way or another.

CGIL Marianetti's Interview

Milan IL GIORNO in Italian 18 Jul 81 p 6

[Interview with Agostino Marianetti, CGIL functionary, by Achille Lega: "No Free Zone for the Terrorists"]

> [Text] In Milan yesterday, a first analysis in the Unitarian Federation--"The debate must not degenerate into an exchange of accusations"--"The subculture of easy slogans has not been adequately countered"--"We must collaborate with the state and corporations against subversion"

Milan, 18 July--A debate has broken out on the terrorists' infiltration into the unions. Enzo Mattina, UIL confederal secretary and ex-secretary of the metal workers' union, cast the first stone. He wrote in AVANTI that after examining the transcript of the so-called Sandrucci interrogation, he came to the conclusion that the accuser of Renzo Sandrucci, director of Alfa Romeo kidnapped by the BR, is a "union militant, a delegate, a full-time cadre, an operator who attends meetings, who cooperates in preparing analyses and proposals, takes part in conventions and negotiations"--a statement certain to provoke a good deal of lively discussion. This occurred yesterday--demonstrating the strong vitality of the unions--at the meeting during which

the CGIL-CISL-UIL national and Lombard federations, the FLM, and the FULE courageously confronted the burning question of terrorism in the factories.

Present at the meeting, held in the big hall on Via Corridoni, jammed with militants, union leaders, and workers were Agostino Marianetti, of the CGIL, Franco Marini, of CISL, and Walter Galbusera, of UIL. We put a few questions on the "Mattina stone" to Marianetti, CGIL deputy secretary general.

[Question] Marianetti, what effect have Mattina's statements had?

[Answer] Infiltration is a current problem the unions are facing. Its hard to escape the impression that some of the terrorists' analyses on specific situations, especially on on-going negotiations, are based only on figments of the imagination rather than factual information.

[Question] What can you tell me about it?

[Answer] For example, you find information which is sometimes not even revealed to the unions. This means that the infiltration penetrates into the most restricted areas of corporation management. Just as some information they have concerns the unions.

[Question] What about Mattina's specific declaration on Sandrucci's accuser?

[Answer] I have nothing to confirm his comments on that terrorist inquisitor. Or to deny Mattina's interpretation of them.

[Question] What do you think about statements of this kind?

[Answer] I believe that raising the question of infiltration is an obligation that usefully serves the debate in the unions and outside them. This question has been amply discussed at the meeting. Of course, we must go beyond hashing over errors and accusing each other of connivance and responsibility for terrorism.

[Question] These things can happen, and they do.

[Answer] Yes, but exchanges of accusations become a degeneration when they result in a self-critical reflection on these errors, whoever may be the protagonist of the reflection. Exchanging barbs is useful only to the traitors.

[Question] How can this danger be overcome?

[Answer] I might say that it has been a mistake to take no action against this kind of subculture in general and within the unions--a subculture of manicheism, slogans, banal language. If I should say this, however, I could not expect you to answer that the unions are guilty of connivance or of promoting terrorism. In no way have the unions aimed to cultivate subversion. I repeat, we must eliminate moral blackmail from the discussion.

[Question] People are saying that the terrorists are trying to take over strictly union affairs.

[Answer] Terrorism is not only taking over such things as unemployment benefits and mobility but also other matters and developments of different origins. Like the BR slogan, "If everyone works, everyone works less," which is not paleomarxism or paleoleninism; indeed, the same idea is under serious consideration in other countries like France and Germany, I mean the idea of reducing work hours. For the unions, the problem is not to renounce objectives because the terrorists attempt to promote them, even in a distorted way. The important thing is that these objectives should not be incompatible with democracy and with what the national collective can expect.

[Question] What should be done in the factories, then?

[Answer] Values must be restored to democratic discipline in the unions to avoid a permissiveness that passes itself off as criticism and smacks too easily of "selling out" or "betrayal." There can be no free zones.

[Question] In particular for the infiltrators?

[Answer] We must collaborate with the state organs studying the legal aspects, but we must not contest these organs if our members are involved. This can be done through the union organisms, avoiding unnecessary personal exposures.

[Question] And the corporations?

[Answer] They, too, should collaborate. It would be a serious thing to oppose the expulsion of violent, subversive, and BR element But it would also be a serious matter not to oppose the practice of repression.

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REPORT ON ENERGY PROBLEMS OF CEMENT INDUSTRY

Rome L'INDUSTRIA ITALIANA DEL CEMENTO NEL 1980 in Italian 25 Jun 81 pp 49-53

[Report to the assembly of the Italian Technical and Economic Cement Association (AITEC) given on 25 June 1981 in Rome: "Italian Cement Industry in 1980"]

[Excerpts] Energy Problems

Over the course of 1980, too, our sector has had to deal with some very considerable energy problems, such as the extremely swift rise in the cost of petroleum products, sundry programs calling for utilization of coal, higher electric power rates, and the more pervasive problem of interruptions in supplies of methane and in availability of energy from all sources.

Fuel Oil--As we have seen, some 65 percent of domestic cement production in 1980 came from kilns fired with heavy-grade oil.

That is still a very high rate of consumption if we bear in mind the need to cut back on imports of petroleum and consequently on our use of petroleum derivatives, but even so it is lower than in years past. Furthermore, it is certain that we shall be seeing a further marked decline during the Eighties as we gradually replace petroleum-derived fuels with coal, which is more readily available and cheaper, albeit a little bit more complicated to use.

Meanwhile, though, the cement industry cannot do without that liquid fuel, even though the never-ending price hikes severely skew our production costs, as pointed out elsewhere in this report. And while we are on the subject of costs, we must not overlook the surcharge on cement manufacturers stemming from the constraint of maintaining an obligatory level of fuel as reserve.

Coal--In its chapter on industrial fuel consumption, the old edition of the National Energy Plan gave coal a primary role. In fact, the cement industry came right after thermo-electric powerplants as principal consumers of coal during the eighties. We believe that such a role has been maintained in the new edition of the plan currently being completed by the appropriate offices of the [Ministry of] Public Administration.

As we mentioned in last year's report, our sector has been perhaps the first to study the conversion of its own plants following the "oil war." When, in 1977, the minister of industry asked it to evaluate the possibility of utilizing such a fuel, the cement sector presented a program that is considered quite interesting because of the

projections contained therein. In fact, a savings of almost 2 million tons of heavy fuel oil was forecast for 1985.

For that reason, the energy sources general management of that same ministry, in the true spirit of collaboration, tried to help the cement industry to overcome the administrative difficulties and the technical obstacles that confronted the sought-after plant conversion. During 1980, it intervened many times, under the recommendation of producers, to help achieve a solution to existing problems (which we will address shortly), and it became enthusiastically interested in determining positive directions in other appropriate matters concerning external and internal logistics (expansion of ports, creation of large coastal warehouses, rail transportation for coal, etc).

Nevertheless, difficulties and obstacles remain, even though for some of these some settlement has been achieved. It is disappointing, however, to have to admit to the slowness of certain procedures, the indifference of certain circles and the scant sense of responsibility of others who permit detrimental delays, unproductive work and unjustified efforts.

In particular, we are referring here to problems other than the "citizens' price" of cement and easier financing (which we considered amply even in last year's report), viz:

--building permits for plant conversions
--public authorization for the use of coal
--collaboration of the CRIA (Region Atmospheric Pollution Committees)
--transport of coal dust
--sulphur content of coal

The solutions that we have proposed for such problems are as follows:

1. The conversion of coal of plants currently fed by fuel oil must not be subject to the granting of a building license by community authorities. Despite the fact that a clarification may be issued in this respect, i.e., that the conversion of current plants must be in accordance with the technological adaptations set forth in the letter of the Minister of Public Works No 1918 of 16 November 1977, it is necessary, to avoid current obstructionisms, that a clarification to that effect be inserted in the amendment of Law No 10 (the "Bucalossi" law) of 26 January 1977, currently under study in the Ministry of Public Works.

2. Public authorization for the use of coal as set forth in Article 13 of Law No 615 of 13 July 1966 on atmospheric pollution must be made a reasonable act and the demands of industry must have rapid recourse via silent consent to introduce, currently or in the future, regulations on the use of fuels.

3. The collaboration of the CRIA's with the cement producers for the rapid conversion of their plants must be solicited by the proper powerplant health authorities in light of the fact that the use of coal does not produce atmospheric and environmental pollution as numerous scientific and technical studies attest to and prove.

4. The issuance of a regulation for the transport of coal dust by the proper minister must be accelerated to render it possible to supply fuel to those cement plants without adequate conversion facilities, and also because transporting it is not

dangerous. Dust products in current use such as farina, sawdust, cacao and sugar have a potential for "danger" considerably higher than coal dust.

5. The sulfur content of coal does not present a problem in the production of cement. Note that the sulfur combines during the production process with the firing material, transforming it into sulfates which remain incorporated in the clinker. Therefore, there are no polluting emittants of anhydrous sulfur into the atmosphere. For this reason, existing legislation, which sets the content of sulfur in coal at 1 percent while sulfur in fuel oil is permissible up to 4 percent (Article 13 of the law of 6/15/66), must be modified, raising that content level at least 3 percent in order to make possible the use of coal of different origins.

We reiterate that if current difficulties can be tackled and if the above-mentioned obstacles can be removed, the cement industry will provide a strong contribution to the reduction of petroleum consumption.

In fact, according to studies that we have conducted at the end of the year, the dynamics of coal consumption by our sector will have the following distribution:

1981	1,520,000 tons by 31 cement plants
1982	3,600,000 tons by 53 cement plants
1983	3,800,000 tons by 53 cement plants
1984	4,000,000 tons by 61 cement plants
1985	4,200,000 tons by 63 cement plants

with a consequent savings of oil of about 2,500,000 tons of heavy fuel oil in 1985 by 63 rotary kiln cement plants (not to mention the eight vertical kiln factories, which always use solid fuel) thus representing about 79 percent of all of the complete cycle production units of the industry.

Forecasts for use of coal in the cement industry in 1981 and 1985, subdivided by regions, support the following prospectus: (in thousands of tons)

Region	1981	1985
Piemonte	280	420
Liguria	-	25
Lombardia	530	900
Veneto	270	450
Trentino Alto Adige	-	30
Friuli Venezia Giulia	-	80
Emilia Romagna	100	280
Toscana	80	150
Marche	-	80
Umbria	70	200
Lazio	-	330
Abruzzo	30	100
Molise	-	30
Campania	-	210
Puglia	50	190
Basilicata	-	70
Calabria	-	155
Sicilia	90	300
Sardegna	20	200
Total	1,520	4,200

Such a geographic distribution is interesting because of the individual characteristics of the ports of entry for coal (coal comes almost wholly transported by sea) which must be expanded, of the storage areas in the port of entry which must be build, of the functional layout of rail and street transport which is already under study by the proper authorities of the Ministry of Transport and of initiation of service which will require specially equipped cars and the authorization to construct connecting track to those factories that still lack rail facilities.

As for the investments requisite for conversion to coal, we must first of all draw a distinction between plants built prior to 1970 and those built later.

For plants built prior to 1970, most of them already equipped to burn coal, overhaul, redesign, improvements, and in some cases replacement of equipment constitute an investment, particularly if we bear in mind the cost of meeting economic and environmental requirements, ranging anywhere from 1,000 to 3,000 lire per ton of production capacity, according to the state and type of installation, the size of the kilns, and the availability of space for stockpiling coal.

As for cement plants starting production after 1970 and designed to use only liquid or gaseous fuels (fuel oil and natural gas), the shift to coal requires installation of new equipment--always provided, of course, that there is room enough--for the entire process (railroad sidings where feasible, receiving, unloading, storage, recovery, inplant transport, milling, siloing, and metering). The investment required in these cases will run anywhere from 8,000 to 10,000 lire per ton of capacity, according to the number of design of kilns and to the operating capacity of the plant.

Generally speaking, over the next 5 years the investments we shall be called upon to make will certainly exceed 200 billion lire. And since, as we have already seen, cement-makers are not in the enviable position of being able to act as their own financiers, nor yet to qualify for special low-interest loans, they will have to go to the market for loans and pay the prevailing exorbitant interest rates. Will this be possible? Just in the nick of time the National Energy Plan calls for incentives to industry to convert to coal; but when will we see the money? This whole issue of credit facilitation for converting plants to coal is another one calling for swift settlement.

Methane--Use of natural gas (methane) by the cement industry, as indicated elsewhere in this report, was moderate in 1980 by comparison with other years, but even so it accounted for around a fifth of all cement production. Methane consumption might have been far higher if the cement plants which do use it could have been assured of supplies during the winter months; unfortunately, as we know, the utility stops distribution during the winter in order to meet general requirements, mainly domestic household needs.

In this connection, we must remember that, beginning next year, supplies from Algeria will make more gas available. With that in mind, the National Energy Plan must stipulate very precisely exactly how much of an impact this fuel will have in the area of industry, especially for purposes of porper corporate planning.

Still another major aspect is the matter of the selling price of natural gas which, as we all know, is pegged for the sector to the price of heavy distillate at a ratio of 0.91. That ratio, although it allows for some of gas's advantages over other

fuels, is certainly in excess of its thermal yeild, and therefore it should be revised downward to a more economically reasonable level. The same applies to some other contract clauses and standards imposed by the supplying utility from its position of strength.

Electric Power--The availability of electric power for industrial use, particularly during the winter months, has given rise to considerable concern in our sector which, as we all know, is a heavy user of energy!

For these and similar reasons the cement producers gladly welcomed some of the steps taken by the National Electric Power Agency (ENEL) with an eye to putting some sort of order into energy consumption; in fact the cement producers worked together with other industries to get them through.

The idea there was to implement the single rate for light and power and the off-peak differential rate structure, as well as to get approval for the rules under which the latter would be applicable. Again, in the area of service subject to suspension, following the introduction of the off-peak differential rates, we worked with ENEL to arrive at a mutually satisfactory rate agreement.

Initiatives of this kind, whose purpose was to achieve fuel economies, provide incentives for off-peak use, and ease the impact of the restrictive measures called for under the Institute's "security plan," have yet to solve the problem of the existing anomalies in the rate structures, which penalize industry's use of electricity in favor of household uses and encourage waste and abuse thereby. As a consequence, we have asked that rates charged industrial users be tied to actual [power] production costs, and that the utilities abandon their present approach, which places extraneous burdens on industry.

Alternative Fuels--The cement industry continued throughout 1980 its experiments with utilization of non-conventional fuels, and in some instances actually used such fuels. We are referring, of course, to wastes and to industrial residues (portions of urban wastes, used petroleum products, industrial sludges, flue scales, organic wastes, olive husk, discarded tires, textile industry byproducts, etc.), all of which retain some calorific potential, albeit limited.

These, however, are very limited quantities; furthermore, the cost of equipment required for their utilization is often greater than any feasible energy savings.

6182
CSO: 8128/1653

ANTICIPATED PARTICIPATION IN USSR NATURAL GAS DEAL

Amsterdam ELSEVIERS MAGAZINE in Dutch 1 Aug 81 pp 57-59

/Article by Marius van Rijn: "Soviet Gas for Western Europe"/

> /Excerpts/ Moscow and Bonn have signed an arrangement last week, which can be called not mistakenly "the agreement of the century." Fourteen FRG banks, led by the Deutsche Bank have granted a credit of 4 billion guilders to the Russians for the construction of a gas pipeline, 5,500 kilometers long. Even Netherlands' business can walk away with huge orders in the construction of the pipeline between Siberia and Western Europe. Politically--especially in the United States--the agreement does not make such a good impression: in times of crisis or war the Russians can turn the gas cock off. But now that the financial side of the huge project is settled, it appears that by the end of the eighties Western Europe is going to be warmed with gas from the freezing Siberian cold.

Now that the financing of the project is settled, the rush is beginning for the eventual orders. But since the money is of German origin, the chance appears great that the huge orders will go to FRG businesses. The steel giant, Mannesmann, appears especially at the moment to have a good position in the market for the delivery of the unlimited amounts of pipe.

That company, moreover, is able to finance itself part of the delivery costs, about which negotiations are already being carried on with the Russians. Besides, Mannesmann has great experience in the delivery of pipe to the Russians. For that matter, they were not always so positive. Egon Overbeck, the chairman of the board of directors, said a few weeks ago that his company, it is true, is very interested in the Russian order, but that deliveries in the past have not been profitable. Nevertheless, he hopes to achieve a profitable operation in Siberia, through yearly price negotiations.

There Is Enough Natural Gas in Russia

Recent estimates declare that 40 percent of all the available natural gas is under Soviet soil, that is 14 times as much as the Netherlands, which still is well endowed with this valuable energy source. But the big problem was laying the pipeline and especially its financing. At the beginning of this year, FRG and French bank consortia still hesitated, because the interest proposed by the Russians for the huge loans were far under the European rate of interest. At that time Dutch bankers saw a good opportunity to exploit. Their secret: interest insurance, which was possible with the support of the Netherlands Credit Insurance Company.

The Netherlands' government was also ready to provide coverage. In March 1981, a then still optimistic H. H. Foppe of the Amro Bank declared to ELSEVIER that the Netherlands could handle the credit offers to the Russians, in spite of the explosive increase of interest in France and the FRG: "We are a step further on the point of financing than the Germans and the French. We have obtained a promise of rent insurance from the Netherlands Credit Insurance Company which gives the banks involved risk coverage for interest difference, which could possibly be disadvantageous to us, between the so-called basic interest where the credit agreement starts and the existing market interest in due time."

It is all complicated financial terminology, but the problems are mainly caused by the fact that the Russians have held out for the interest of about 7.5 percent, which is low in Western eyes. As it now appears, the FRG banks could cope with that risk. The original discussions about this gigantic natural gas project began one and one-half years ago. In all that time the Russians still had fixed no price for the natural gas they were to deliver, with which they had to pay off loans in the West.

On the other hand, the fact is that most of the fiercely competing western delivery companies still have not made any binding offers to the Russians. It is a complicated and for the insiders fascinating poker game, with one of the largest orders the Soviet Union has ever made abroad at stake.

Contractors

The contractors have also formed consortia, imitating the banks--the task is much too large for an individual enterprise. In the Netherlands, the consortium is led by the affiliate of Bos-Kalis-Nacap, a company with extensive experience in the field of laying gas pipelines. In addition there are taking part in it: HBG /Holland Concrete Group/, IHC Holland and ten smaller technical companies, which are not all directly involved in the construction

of the pipeline, but also with the delivery of a large variety of equipment--such as the 41 compressor stations which must be included in the pipeline and all kinds of electronic measuring devices. Shell's top executive, Wagner, and other leading figures from Netherlands' industry paid a visit to Moscow at the end of 1980 to explain what the Netherlands could do in that field.

There was then talk of a "complete package," which could put the whole project in Netherlands' hands. Philips, Estel, VMF [United Machine Works], Rijn-Schelde-Verolme, Holec--and what have you, practically all the leading companies of Netherlands' industry, submitted a construction bid to Moscow. Now that German financing is completed, however we must wait and see whether the Netherlands' initiative will still bear fruit. The pipes themselves will almost certainly go to Mannesmann in Dusseldorf, but in the field of accessory structures and equipment, there are certainly great opportunities for Netherlands' industry.

The Russians are playing their poker game with great cunning. They have the greatest trump card: the keenly desired natural gas. The West may have the necessary money and the technical know-how, but the mutual competition is so great that Moscow can quietly wait and select the most attractive bid. German, American French, Dutch, Belgian and Japanese businessmen have almost knocked down the door in Moscow to offer their services. Many and long negotiations will still have to be conducted, before it will be decided exactly how the rich booty will be divided among the greedy western businessmen.

8490
CSO: 3105/163

BRIEFS

DOMESTIC PETROLEUM PRODUCTION INCREASE--Ankara, (ANKA)--Domestic crude petroleum production has reportedly begun a rapid increase, beginning in the month of May. It is indicated that the entry into production of new fields discovered by the Turkish Petroleum Corporation is a factor in this production increase. Due to the aging of wells which have been exploited for years, domestic crude petroleum production had been decreasing continuously since the first months of 1980. Domestic crude petroleum production, which attained 2.83 tons in 1979, fell to 2.32 million tons in 1980. During the January-April period of 1981, production amounted to 665 thousand tons, decreasing by 13.2 percent by comparison with 1980. In May 1981, however, domestic crude petroleum production reached 284 thousand tons. This figure is 38.5 percent greater than the May 1980 figure of 205 thousand tons. Thus, the production for January-May comes close to the 1980 production level for the same period. Officials estimate that "Due to the new wells, production will exceed 1980 levels by the end of the year and will approach 1979 levels." Foreign purchases of crude petroleum are increasing. Foreign purchases, which amounted to 7.19 million tons in 1979, rose to 11.16 million tons in 1980. And in the period January-May of 1981, foreign purchases rose to 4.4 million tons from 3.31 million tons in 1980. [Text] [Istanbul MILLIYET in Turkish 28 Jul 81 p 11]

GOLCUK NATURAL GAS DISCOVERY--Golcuk, (A.A.)--Natural Gas has been discovered in Golcuk, part of Kocaeli [province]. According to information obtained, an explosion occurred while an individual by the name of Huseyin Coskun, living in Golcuk's Kavakli quarter, was digging a well in the garden of his house. Noting that an odor had spread around the area following the explosion, Huseyin Coskun and well digger Kemal Sevinc immediately informed the district governor's office of the situation. Kocaeli Governor Hikmet Gulsen together with Ipras Refinery officials Abdulkadir Baser and Atilla Onen, came to the site the night before last. Following an examination which they performed, they stated that the gas issuing from the well was methane. The officials indicated that they could not say anything definite at that moment concerning the status of the well but that following the studies which were to be carried out they would be able to provide information concerning reserves. [Text] [Istanbul HURRIYET in Turkish 17 Aug 81 p 3]

CSO: 4654/141

PUBLIC SPENDING 'MUST BE CUT'

Nicosia THE CYPRUS WEEKLY in English 14-27 Aug 81 p 8

/Text/

The Cyprus Chamber of Commerce and Industry has made an urgent call to the government to curtail public spending and take steps to reduce budgetary deficits.

In a report covering economic developments in the first three months of this year, the Chamber said the energy crisis, the international recession and the failure of the public sector to curtail expenditure and budgetary deficit and its reliance on borrowing, were having adverse effects on the Cyprus economy.

Competitiveness

"Continuation of these adverse developments is expected to have a negative effect for the remainder of the current year on the stability and evolution of the economy", the Chamber warned.

It said "inflationary increases" in wages and salaries had led to "a considerable reduction in the competitiveness of Cyprus products both at home and abroad".

"All these lead us to the conclusion that we should not expect a growth rate in constant prices of over 3½ per cent while the unemployment ratio is expected to exceed three per cent of the economically active population by the end of 1981".

The report stressed the need to find a commonly agreed formula on prices and incomes "so that the increase in real wages and salaries should not exceed the rate of increase of national productivity".

Industrial exports

Giving an outline of developments in the first quarter of this year, the Chamber said there had been a fall in the production of cement, bricks and mosaics.

It said demand for cement had slackened because there were not sufficient orders from overseas, while consumption at home has diminished because of reduced activity in the building industry.

Production of clothing and footwear items and paper and

chemical products remained at the same level, reflecting a satisfactory demand from overseas.

Industrial exports went up from £22.7 m. to £26.4 m. but the Chamber said the 16.4% increase was mainly due to higher prices and did not mean more exports in volume.

In fact exports in volume of food, drinks, furniture, leather goods and transport equimpent had decreased.

Balance of payments

There had been a worsening in the terms of trade due mainly to higher prices for petroleum imports, the report said.

The balance of payments deficit in the first three months of this year reached £20.1 million compared with £25.5 m. in the same period last year, while the island's exchange reserves at the end of March stood at £141 m. as against £157 m. at the end of 1980.

The inflation rate was 11.7% compared with 13.5% for the whole of 1980.

CSO: 4600/156

UPSURGE IN TOURIST ARRIVALS REPORTED

Nicosia CYPRUS MAIL in English 13 Aug 81 p 1

/Text/

TOURIST arrivals to Cyprus till the end of July have increased by 40,000 to a record total of 228,500 during the first seven months of the year, raising hopes that the total for the year may well exceed the 400,000 mark.

The figures for the seven months show, despite a poor start in the early months, an increase of 21.5% over the period last year and must be a source of pride for the island considering that most countries, including Greece, are showing a drop in figure because of the general recession.

Last year's total arrivals reached 353,375 and if the same rate of increase continues the final count could be well over 400,000.

Lead

The UK continued to maintain the lead with 68,611 visitors out of a total of 228,500 which is 30 per cent of total but the rate of growth at 11.6 per cent is lower than average and lower than that of last year.

The biggest increase in numbers is in the case of Sweden which with a total of 34,869 for the seven months claims second place (after UK) and shows an increase of 134 per cent over the figures of last year.

Lebanese arrivals which for a time showed a tendency to drop are again rising and the figure from that country in the seven months was 18,000 or just under 8 per cent of total and an increase of 60.8 per cent compared with last year.

Greece is the only country from where arrivals have been dropping during the year. During the seven months of this year the total was 17,471 as against 19,566 of last year, a drop of 10.7 per cent which gives Greece 7.6 per cent of total and fourth place as a supplier for Cyprus after the UK, Sweden and Lebanon.

The travel trade explain that the drop of visitors from Greece must be attributed to changes in the exchange rate which make it uneconomical for the Greek visitors to do shopping in Cyprus as they used to.

Arabs

West Germany with a total of 16,469 visitors till end of July occupies fifth place with an increase of just under 16 per cent compared with the same period last year.

Swiss visitors number 5,382, representing an increase of 35 per cent over last year and the Austrians with 5,364 arrivals showed an increase of 28.4 per cent.

Visitors from the Arab countries and the Gulf number 24,461 representing 12 per cent of the total and when Lebanon is added with 18,000 arrivals the total percentage of Arabs reached just under 20 per cent.

CSO: 4600/156

FINANCE MINISTER PROPOSES REMISSION FOR TAX EVADERS

Rome L'ESPRESSO in Italian 9 Aug 81 pp 104-105

[Article by Tullio Fazzolari and Luisa Lanzara: "Come Back, Dear Evader"]

> [Text] The minister wants to offer tax evaders another chance. They can straighten themselves out with a declaration, without paying fines or interest and can avoid handcuffs. It is a golden opportunity for someone who has evaded taxes.

Rome--"It is the last chance that we are offering tax evaders." That is how the minister of Finance, Rino Formica, who replaced Franco Reviglio a short time ago, is announcing his latest project to his cabinet colleagues and to his must trusted associates: a new tax remission. In short, a cancellation of the past, by means of which evaders can set things straight with the revenue authorities. In fact, a cure-all for those who have not paid all they owed the Treasury in recent years and, in this way, avoid incurring heavy penalties: fines, payment of interest and, when there are any one day, handcuffs for tax evaders.

They were anxiously awaiting it. The last remission granted by the Italian Republic dates back, in fact, to 1973. And, still today, tax evaders recall those days as an old athlete cries over his lost successes. It was a memorable debacle for the revenue authorities. Almost no one paid what he had evaded. The mechanism of the remission was based on complicated mechanisms and this contributed to giving tax evaders a strong hand. The offices of the revenue authorities were congested for 5 years between their declarations, checking and controversies. And, among other things, there was no longer even so much time for digging out new evaders or new fraud against the Treasury committed by the same persons.

In short, 1973 was a dark year for the revenue authorities. And a golden year for tax evaders. Now they can hope to revive past laurels. And to win another battle, thanks to the remission.

But exactly of what does the remission prepared by Formica consist? And when could it be implemented? Because of the new property tax, the minister preferred to begin to study the problem on his own account and has done things with every precaution. In order not to run into mishaps, he has brought the prime minister, Giovanni Spadolini, up to date. There is a final chapter in a memorandum sent to the prime minister's office, "to Dear Professor Giovanni Spadolini," in which the main lines of tax policy are set forth. It is headed: "A Procedure of Interest to All Taxpayers: Tax 'Remission'." Here is what it says:

"Another remission," Formica maintains, "might be a useful instrument for: 1. Reducing litigation appreciably, releasing energy of the finance offices; 2. Increasing yield immediately, by means of straightening out suits in progress and still hidden evasions; 3. Increasing future revenue, resulting from the emergence of 'hidden' economy groups, by means of putting the tax position of companies and individuals in order." In short, Formica is frightened by the number of petitions lying in the offices of the tax authorities. "As of the end of 1980, in the tax commissions alone, petitions to be acted on amounted to 1,629,165, while in the offices of finance superintendents, an additional 960,000 suits lay pending as of the same date." Therefore, the minister wants to encourage taxpayers to straighten themselves out with a remission.

Reviglio had also thought of something similar at the time when imprisonment for evaders was proposed. But it was not pushed so far. Taxpayers could clear past records by declaring what they have evaded between 1975 and 1980. Thus, they avoided imprisonment, but not fines or the payment of interest at the rate of 8 percent.

All this is not enough for Formica, according to whom Reviglio's bill served especially for ensuring a nontraumatic introduction of new tax penalty rules." On the other hand, in the opinion of the new Finance minister, "in order to improve effectiveness also with regard to revenue and in order to increase the propensity of taxpayers to avail themselves of remission, a threshold might be established exceptionally within which a taxpayer's corrections would be made final, without subsequent checking by the tax offices." And he adds: "Other modifications than can be proposed may concern abolition of interest on the tax installments due. It might also be discussed whether: 1. To extend application of the rules to taxes other than income and value-added taxes, possibly with some exclusion pertaining to especially serious violations; 2. To consider the possibility of achieving, under certain conditions and in specific cases, also remedy of possible currency iolations connected or not connected with the foregoing point."

In short, every facility to repentant tax evaders returning to the flock. Anyone who did not pay taxes, evades the value-added tax, falsified company statements declaring fewer profits than was true, between 1975 and 1980, has an opportunity to come out unharmed. As of May 1982, he will owe a first "true" declaration for the current year. And later, perhaps during 1982 itself, make a complete declaration from 1975 on.

The tax office will thus end by being swept under another avalanche of petitions and will risk paralysis. But they maintin, in the Finance Ministry, that it will not be as it was in 1973. With the new remission, they say, the offices will merely have to add up the two declarations, the regular one and the total one, without all the old 1973 litigation. And thus, they add, the tax authorities will recover several billion lire, definitely 5 or 6 trillion.

And what about checks? Who ensures that the new total declarations will be so truthful? The sole guarantee can come from the new penalty rules. For now, however, the only inspection instrument is examinations by lot. This is somewhat little for resting easy and for preventing the new remission from being another cure-all for tax evaders.

And not only evaders, There also are some persons who have paid their taxes for whom it will certainly not be comforting to see that with the remission evaders have had a loophole raised to the nth power. Another remission may be encouragement for evaders to continue in the future, "because," as they also agree in the Ministry of Finance, "it may create an expectation of further remissions in the future."

Therefore, Formica's plan is being evaluated prudently by the government and by the other political forces. What sense is made by a remission that "cleans up" evaders without making them pay one single lira in fines? "There certainly is a danger," the secretary of the Liberal Party, Valerio Zanone, says. "The danger of making all those who have paid their taxes in the past feel naive. At any rate, the remision, like the property tax, is not included in the agreements signed by the parties when this government was launched. And, before acting on it, it must be discussed thoroughly." Christian Democrat Mario Usellini is more possibilist: "Formica's proposal takes into account the excessive number of petitions that are paralyzing Finance offices. In principle, it is an expunction that should be thoroughly evaluated and examined, in order to prevent "clever" persons, that is to say those who have evaded taxes, from being granted privileges. But the remission is technically necessary. In other words, "yes, but cautiously," provided instruments indispensable for for the revenue authorities, like tax commissions, are reorganized. Otherwise, any reform is destined to fail." A social democrat, Carlo Vizzini, says that he disagrees with Formica "only on the possibility of introducing the tax on sources of income from real estate" and, therefore, he looks with favor on remission. On the other hand, a communist, Giuseppe D'Alema, says that "it is possible to talk of remission only once the law going under the name of "handcuffs for tax evaders" is launched and only after a reform of litigation has been made. If we want to give a remission, that is to say to begin by turning over a clear leaf, appropriate conditions are needed. Otherwise, there will be such a mass of petitions that will lead us to chaos. Therefore, remission cannot be free. It must be preceded by strict rules that can finally bring those who are guilty of specific offenses before a judge. In other words, the "preliminary issue" of remission is elimination of the preliminary tax issue and a reform of litigation."

Basically, this is what Formica is requesting. More of a politician than Reviglio, he will bring about passage of the remission and will achieve personal success. But the real winners will still be the tax evaders.

10,042
CSO: 3104/348

DC PARLIAMENTARY LEADER ON PUBLIC SPENDING

Rome IL BORGHESE in Italian 26 Jul 81 pp 827-829

[Interview with Piero Bassetti, chairman of the Committee for Analyzing Public Spending, a joint committee of Christian Democrat deputies in the Chamber and experts, and deputy head of the Economic Bureau of the Christian Democratic Party, by Nicola Patruno]

[Text] Concerning cuts to be made in public spending, Prime Minister Spadolini is encountering very stubborn resistance by the ministers concerned, independently of their political party leanings. It is a demonstration of how much the "policy of the axe" is characterized by episodic interventions, which, in addition to proving to be harmful in some cases, might be resubmitted, raised, in a short while.

It cannot be denied that public spending has taken on dimensions capable of putting the very existence of the state in doubt, but it is likewise undeniable that the problem is being dealt with in depth, and not superficially, as the government is about to do, on the other hand. In fact, the government's program plans to make purely sectoral cuts that might turn out to be ephemeral, instead of analyzing the public sector's criteria of efficiency and productivity, in order not to risk cutting where public spending is productive, on the other hand.

The Christian Democrat group in the Chamber has set up a joint committee of deputies and experts, called "Committee for Analyzing Public Spending," under the chairmanship of Deputy Piero Bassetti, for the purpose of analyzing the phenomenon, in order to contend with it. We have turned to him for an interview on the subject, which has become especially heated the last few days.

Piero Bassetti is, at present, deputy head of the Economic Bureau of the Christian Democratic Party. During the 1960's, he was budget and programing adviser to the Commune of Milan and chairman of the Lombardy Economic Programing Committee. From 1970 to 1974, finally, he served as president of the Lombard Region.

Question: Every political party is stressing the need for holding back public spending. However, only the DC [Christian Democratic Party] group in the Chamber has set up a committee for "the critical analysis of expanded public spending," thus showing concretely that it wants to tackle the problem on the basis of facts. How do you explain the lack of similar moves by other groups?

Answer: The problem of public spending and of its containment concerns every country in the world and not only countries with an advanced capitalism. With regard to Italy, the issue has been raised more that once in the past and in various places, within and outside the Christian Democratic Party, within and outside its parliamentary groups. The DC group, obviously, also because of the commitments and responsibilities that it has within Parliament, has felt the need for tackling public spending in accordance with a more detailed analysis and checking. This, then, is not the first initiative. The initiative of that group of deputies, called "of the 28," which initiated a battle, last year, against the budgets of State Participation, will be recalled also. You mention a lack of similar move in other groups. We do not know how other parties operate, but, at any rate, the other parliamentary forces will sooner or later have to face up to the results, the data and the proposals to which our work will lead. It is true, however, that this is further confirmation of the awareness that the Christian Democratic Party has concerning not only political formulas but also the concrete problems that our country must tackle.

Question: At present, what is the relationship between public spending and productivity? Can you indicate it with a comparison with what happens in private businesses or in other countries?

Answer: I can supply you with some interesting data. Spending in the public sector, in the 1960-1980 period, increased from 32 percent to 46.7 percent of the gross domestic product, with a 45.9-percent increase in real terms, ascribable entirely to current apending (transfers, interest and pay). At any rate, the increase in public spending was not accompanied by a development of productivity, which continued, rather, to decrease in many sectors, especially with regard to the quality of the services offered. With regard to a comparison with what happens in private businesses, it is impossible to make one, in my opinion, although it can be stated that the increase in the public sector has occurred beyond reasonable estimates of the cost-benefit type. Concerning other countries, it can be said that, in spite of the fact that there is a structural crisis trend in public finances, Italy, in the 1970's, was constantly in first place among the industrialized countries in extent of deficit, that is to say in volume of spending. Then there is another detail: in Italy, spending for public investments shows one of the lowest levels with regard to the GNP. On the other hand, there is a very high incidence of current transfers. Therefore, the composition of spending is such that it offers little stimulation to an increase in economic activity.

Question: One of the greatest problems on which the committee has already expressed its opinion, is the problem of "duplication of functions." In practice, the "social" state has established a series of structures, in order to ensure the citizens of specific "services." These "services," however, are lacking. Result: the citizen, who has been paying taxes for a long time to have "services," then has to spend more money to solve specific problems (health, school, security, and so on) privately. Is that true? Can you give us some examples?

Answer: There is no doubt that, in our country, there is a real duplication of functions in some sectors of the services that should be guaranteed by the expansion of public spending. The existence of two health services, of two schools, of two kinds of transportation, are some of the consequences of an already mentioned low productivity of public spending. We can give some examples: the high cost of professional education burdening some enterprises is the result of the inefficiency and waste characteristic of the education policy in our country (high incidence of current spending and consequently little presence of investments in advanced education technologies, with negative repercussions on the training of the intellectual labor force). Another example, that you too have already mentioned, in which we see macroscopic waste, is the example of spending on health, one of the most dynamic categories of public spending. Application of actual budget ties has been given up in the hospital sector, resulting in an uncontrolled rise in spending. Then without having this go along with the real health needs of the citizens.

Question: Still in connection with the "services" that the "social" state is paid for but does not provide, is it true that this phenomenon is also observed in other countries, as a result of the spread of "welfare" concepts that, later, serve only to feed the bureaucracy involved in welfarism?

Answer: The problem of the evolution of public intervention in the social field is common to a large part of the capitalist countries with a mature economy. The low rate of development characteristic of those economies in the 1970's makes state action difficult. The state should provide care to an increasing proportion of the population that does not find employment in the industrial sector. Precisely the fact that the welfare phenomenon concerns every country, especially the industrialized countries, as you see in the controversial discussions in progress in the United States after Reagan's decisions, show that speaking of public spending does not mean performing only an act of budget cutting. It is a question, instead, of performing a political operation in the selection of certain spending items left in the place of others, taking concrete historical situations into account, which, for example, in our country have involved vast areas in the South. The welfare policy often seemed to be the most immediate answer to social incentives in the more backward areas of the country that were not mitigated even by emigration or by sizable investments made. Now, this helps us to realize that the discussion of public spending is not of the accounting type, but is rather eminently political and that it concerns all the forces, both majority and opposition.

Question: You know that retired persons in Italy are poorly paid, It is also true, however, that there are millions of "counterfeit" disability pensions, handed out for patronage reasons. Do you believe that it is possible to review the lists of pension recipients, in order to take the allowance away from those who are not entitled to it? Or do you think that the Marxist concept according to which "you do not turn back" should prevail also in this field?

Answer: I also answered on the problem of pensions implicitly a short time ago. When we touch that spot, in fact, we touch directly with our hand the sense of the evolution of our country's history. Pensions in Italy are making us see clearly what our history has been. Undoubtedly, we must make a definite cut that will eliminate phenomena of corruption, like the phenomena of "counterfeit" indemnities, by which, in some places in the South, half the citizens are pensioned and the others also, perhaps for disability. We must realize, however, that in a country

that is coming near to having over 10 million retired persons, that is to say a fifth of the population, the problem must be tackled with new criteria. You cannot talk indiscriminately against pensions. The most obvious waste must be eliminated, but it must also be realized that, as our society grows older, the matter of pensions must be tackled in a more organized manner. Moreover, data confirm the need for putting this field in order. Expenditure for pensions granted by the government came close to 40 trillion lire in 1980, a figure amounting to 12 percent of the national income. In spite of that, as I have already said, it must be believed that the considerable increase in expenditure for pensions is not accompanied by a redistribution action to protect the lowest incomes. The serious distribution inadequacies of the pension system are known. This is indicated, as already mentioned, by the high number of disability pensions, especially in the Center-South regions.

Question: What sectors have come to the committee's attention because of the greatest amount of waste?

Answer: We have already mentioned spending for pensions. Next comes health expenditure, which approached 20 trillion lire in 1980. It is, therefore, a question of 5.84 percent of the national income (nevertheless, it must be borne in mind that statistics underestimate spending in the health area). Strong waste factors are concealed here, that is to say expenditures in excess of the real needs for health protection or actually spending that may prove to be counterproductive (for example, drug abuse). Finally, there is spending for education. In spite of the fact that the degree of spending attained in Italy places us among the industrialized countries that allocate larger funds to that sector, dissatisfaction over the qualitative levels attained is widespread. There is, then, a need for reorganizing and reducing all the current transfers. Moreover, these are the spending categories on which the new government's attention has been focused properly.

Question: There is much talk of "moralization" and of "moral issue." Do you believe that the inefficiency of the public services, for which the state demands lots of taxes from the citizens, should or should not be included in the "moral issue"? In other words, if the state is the first to set a bad example by cheating the citizens to whom it promises things that it cannot maintain later although it had received in advance payment for the service itself, how is it possible to "moralize"?

Answer: I would not say that inefficiency of itself implies "moral issue." When, however, a political, entrepreneurial, and especially mental and cultural system tends to base its own survival on inefficiency, it is clear, then, that the moral problem comes up. When it does not come up, later, precisely in markedly scandalous cases. It is obvious that first of all the citizen has to recover trust. This recovery must also come, thanks to a better functioning by the state. A state that functions, in fact, means primarily limitations on possibilities for scandal, for illegal behavior conflicting with the people's interest and feeling.

Question: The citizen has the impression that the communes, the regions and Parliament are concerned primarily with issuing laws through which surreptitious financing of political activity is ensured. Laws for easy credit, laws for tax exemptions, and so on. Organizations that, perhaps in the form of a cooperative, but actually are party offshoots, enjoy their benefits. How much truth is there in this impression?

Answer: It cannot be denied that, in the last few years, Parliament has not exercised effective supervisory action over the dynamics of spending, increasing its growth in some cases. The matter of local finances is completely different. With the tax reform it was decided to centralize tax revenue. At the same time, there was a move toward decentralization of spending decisions. State sector transfers to local bodies, consequently, increased from 10 trillion lire in 1976 to almost 40 trillion in 1980. In spite of that, what was necessary was not done, because the amount and effectiveness of spending by local bodies were subject to the constraint of specific responsibilities for the administrators called upon to spend money collected with state taxes. Instead, when local government spends, it must then be held responsible for taxing the citizens who vote for it. It is necessary to move in this direction urgently. Undoubtedly, there is a whole series of allocations (easy credit, for example) that result in support of inefficient sectors of economic activity. But this enables us to clarify the limitations of our committee. In this specific case, the problem is not cutting spending, but rather the formulation of a consistent sector policy.

Question: The social democrats have announced the intention of promoting, with an appropriate law, an investigation of the financing and spending of every political party and associated economic, financial and recreational organizations, and also on their membership. What do you think of that?

Answer: I am in agreement with any serious proposal put forth in that connection. Moreover, a similar proposal was also submitted by me in Parliament. I have proposed several times, and not yesterday but as far back as 1975, within my party a different management of budgets, of expenditure and, therefore, I cannot fail to be in agreement with every initiative tending to throw light on this important, critical aspect of political party activity, in order to improve their presence and image among the citizens.

10,042
CSO: 3104/348

NATIONAL DEBT, BALANCE OF PAYMENTS DEFICIT DESCRIBED

Madrid ABC in Spanish 8 Aug 81 p 20

[Text] Madrid--Spain's long-term foreign debt stood at $22.101 billion at the close of the first quarter of 1981, according to the latest official data. Of this amount, $12.605 billion consists of the outstanding foreign debt of the private sector, while the remaining $9.495 billion make up the public sector debt.

As we know, over the last few years Spain's foreign borrowing capacity has doubled, especially in the private sector, which has moved onto capital markets with much greater intensity.

The following is a breakdown by sectors of Spain's long-term foreign debt at the close of the first quarter of 1981, according to the latest statistics:

--Public sector: State, $1.584 billion; Spanish National Railroads, $1.193 billion; INI [National Institute of Industry] enterprises, $4.460 billion; other public agencies, $1.674 billion.

--Private sector: State-guaranteed, $1.334 billion; without State guarantee, $11.271 billion.

As far as the lenders of the debt are concerned, of the $22.101 billion that the foreign debt stands at, $15.590 has been loaned by the foreign private sector (financial institutions in particular); $4.147 billion through agent banks, and the remaining $2.364 billion by the foreign public sector.

Within this latter category, the international public agencies that Spain has the most debts with are the Eximbank ($866 million), the International Monetary Fund ($233 million) and the World Bank ($215 million).

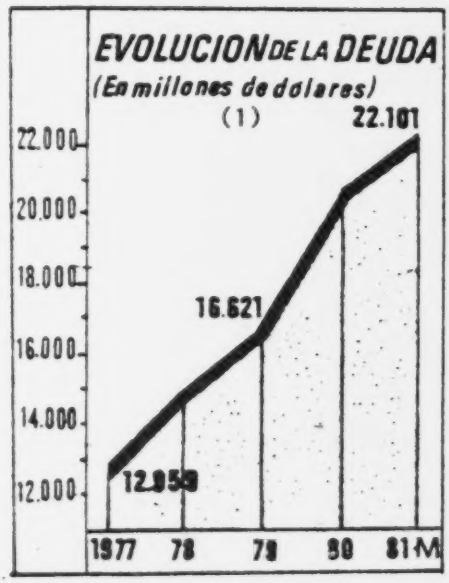
Payments Deficit. Meanwhile, the current account of Spain's balance of payments at the end of April showed a deficit of $3.491 billion, according to cashbook statistics of the Bank of Spain. This is up 86.3 percent from the $1.901 billion that the deficit stood at at the same time in 1980.

The Bank of Spain adds, however, that if we subtract from this $1.59 billion increase the corrected figure for merchandise exports, which has already been referred to on previous occasions, the rise shrinks to $934 million, and thus the deficit would be $2.835 billion.

In any case, the data also show that the surplus in the transfers balance dropped to $554.7 million from the $588.6 million during the January to April period last year.

Where the decline shows most clearly, however, is in the invisible trade balance, which posted a surplus of just $788.8 million, compared to a surplus of $1.137 billion over the first 4 months of 1980.

The drop in this category is due mainly to the increased deficit in the items listed as "investment income" and "other services," inasmuch as the category "tourism and travel" shows a slight rise, from $1.335 billion in January-April 1980 to $1.341 billion this year.



Key:
1. Foreign debt, in millions of dollars

8743
CSO: 3110/137

INCREASED INVESTMENT SEEN AS POSITIVE ECONOMIC FACTOR

Madrid ABC in Spanish 8 Aug 81 p 21

[Text] Madrid--"The latest estimates of investment seem to bolster the hope that the dismal investment period from 1975 to 1979 is definitely a thing of the past," says a report on investment published by the studies service of the Hispano-American Bank.

The reversal of the trend took place in 1980, when after 5 years of continual decline, the investment growth rate turned positive, albeit just slightly. The trend is consolidating in 1981, and there is reason to hope that it will intensify in 1982.

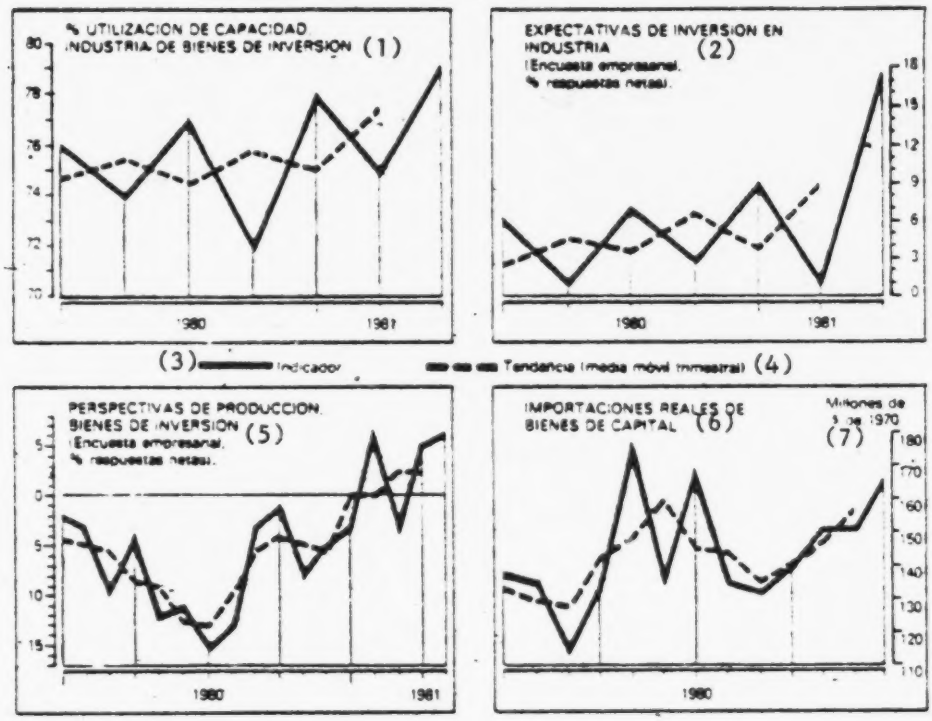
Among the findings of the latest business opinion polls conducted by the Ministry of Industry and Energy, we should underscore the promising results of the survey on investment expectations in industry for the second half of 1981. The percentage of affirmative responses was very encouraging, much more so than in previous months. In fact, it has been 4 years since such promising prospects were recorded.

With regard to the companies in the capital goods sector, we should note that they are currently achieving higher percentages of production capacity use than a year ago and that the trend here is expected to post an appreciable upswing, hitting levels not reached since 1976.

As far as the construction sector is concerned, there will be no real growth in investment in 1981, which is already a major accomplishment after last year's 4.5 percent decline. This sector is recovering slowly, and it is unlikely that the results of the 3-year housing program will begin to show up before 1982.

The same will hold for investment in industry, which will be smaller in 1981 than in 1982 because the legal incentives for reconversion are more favorable starting next year.

Another important factor for the bigger boost in 1982 is the startup of the recently drafted 1982-1984 3-year public investment program, which calls for total investments of around 2.4 trillion pesetas over this period, 825 billion during the next fiscal year.



Key:

1. Utilization of capacity by capital goods industry (in percent)
2. Industrial investment expectations (business poll, percentage of net responses)
3. Indicator
4. Trend (quarterly moving average)
5. Capital goods production prospects (business poll, percentage of net responses)
6. Actual imports of capital goods
7. Millions of 1970 dollars

These figures, which highlight the investment efforts that the State will be exerting over the next few years, do not reflect the total extent of public investment, because on the one hand, there are several projects being financed outside the budget, and on the other, they do not include the investments of a series of autonomous agencies that are not being financed through State transfers. The effectiveness of State and autonomous agency investment plans will depend on the extent to which they help the private sector or have a positive impact on energy conservation, thus aiding our balance of payments.

The recovery of private investment will thus be supported and stimulated by the actions of the public sector. In any case, the private sector already has specific plans to invest around 1.5 trillion pesetas in 1981-1982 in its main spheres of activity, as part of the overall upswing in investment.

Lastly, we should keep in mind that the current strength of the dollar and the prevailing high interest rates both in the United States and on world markets are unquestionably factors adversely affecting investment in Spain.

8743
CSO: 3110/137

KOCATOPCU ASSESSES PRIVATE SECTOR POTENTIAL, ROLE

Istanbul DUNYA in Turkish 22 Jun 81 p 1

[Text] Industry and Technology Minister Sahap Kocatopcu said that the private sector would prove itself in a few years and that there would be a question of turning over certain parts of the SEE [State Economic Enterprise's] to the private sector.

Speaking as guest of honor at graduation ceremonies for students of the Specialized Business Program of the Business Institute of the Istanbul University's Faculty of Business, Industry and Technology Minister Sahap Kocatopcu discussed management's place in Turkey's economic development and the points which require attention. Stressing that certain teachers of management majors could not resolve their conflicts, Kocatopcu said, "Some of them advocate the private sector and others, the SEE's. Yet the private sector and the SEE's should not be considered separate." He continued as follows:

"The problem originated in the idea of commerce from Ottoman times that it takes no skill. Ataturk encouraged Turks to engage in commerce. When they were unsuccessful, he set up Sumer Bank and Eti Bank to be turned over to the private sector when it was able to prove itself. Unlucky as to management, however, these organizations were subject to political pressures, bringing them to their present state."

Then noting that successful private sector managers had formed a structure of their own in which they had flourished for the past 20 years and that management was a very important, very difficult job today, Kocatopcu pointed out that managers today have to keep their balance in very changeable circumstances. He said:

"A manager today must put national interests above personal and group interests, and must be able to give the public inexpensive, high-quality goods. While answering the demands for profit of the business owners, who always want higher profits, he must also know how to protect the interests of the pyramid that culminates in the worker. If he swings too far either way, the balance is lost, and lost balance creates the labor discontent that culminates in anarchy."

Sahap Kocatopcu said that managers must plow profits back into the business, thus providing jobs for the jobless, and that this manager also had to contribute to social and cultural development within the framework of the factory. He said that however successful a manager in providing low-cost, high-quality services, his

greatest service would be in keeping inflation away. In addition to the fact that business provides ample taxes to its most natural ally, the state, Kocatopcu also stressed that the people who take on the tasks of mobilizing for special government tasks such as exportation choose the hardest job in Turkey.

Concluding his speech with some good news for Turkey, which needs professional managers, Kocatopcu said that the Advanced Management Institute at Gebzs, founded with the aid of the Ford Foundation but unable to be completed for years for various reasons, would soon open as the Marmara Research Institute. "Construction of this institute is about to be finished. We are about to get the 60 million liras we need. We will open the Advanced Management Institute for service through state and private-sector cooperation," he said.

The ceremony, at which 141 students received diplomas, was opened by a speech by Prof Dr Kemal Tosun, director of the Business Economics Institute, who said, "Our age is an age of management and we badly need an educational system to answer the needs of this age." He said:

"Even developed nations have a shortage of trained managers. The major reason for this is the dizzying development of economic and social conditions. The way to get on top of events is to be strong in the training of competent managers. Turkey has become a nation today where all kinds of social, economic and political problems are converging."

Meanwhile, graduation ceremonies were held day before yesterday at the Istanbul University Faculty of Economics.

Opening the ceremonies held at the Istanbul University Central Building, Faculty Dean Prof Dr Nusret Ekin described economists as "each a doctor of society who diagnoses and cures society's ills."

8349
CSO: 4654/69

MINISTER ANNOUNCES MEASURES TO PROMOTE TOURISM

Istanbul TERCUMAN in Turkish 19 Jun 81 pp 1, 14

[Article by Nursun Alev]

[Text] Ankara--Tourism and Information Minister Ilhan Evliyaoglu said, "Tourism will be the most profitable, the most productive sector in 5 years. For this reason, I am inviting local and foreign investors to the tourism sector."

In an interview with a TERCUMAN reporter, Evliyaoglu said that "tourism in Turkey had not flourished up till now because it has been closed to foreign capital and there have been no encouragement measures" and that "countless measures have been taken for the development of tourism and the results will be seen within 5 years."

Encouragement Measures

Evliyaoglu said the following about encouragement measures:

"The same encouragement measures applied to exports will apply to tourism. Investments in Turkey may be up to 100-percent foreign capital, nonsecured commercial loans will be used for touristic investments in Turkey and foreign tourist entrepreneurs will be able to get 99-year leases on land in Turkey.

"Every sort of bureaucratic obstacle to foreign capital will be eliminated. Such requests will be handled quickly and directly by the Foreign Capital Office in the Prime Ministry and the Ministry of Tourism.

"Our local investors will be given credit for up to 20 years and at very low interest through the Tourism Bank. Earnings from tourist investments will have a 20-percent to 30-percent exemption from income and corporation taxes. All of these possibilities are creating an attractive climate for tourism investments."

Noting that 1981 was a transition period for tourism, Evliyaoglu said, "As a result of a serious effort and development of our budget resources in the next few years, we will make tourism the most productive, most profitable sector, contributing significantly to our economy."

New Efforts

Evliyaoglu pointed out that "yacht tourism is being developed and a 400-million-lira investment is planned to make Istanbul into a convention city in the next few years, with the state to provide infrastructure and extensive incentives to the private sector for the rest."

Evliyaoglu gave the following information on new endeavors:

"Tourism will be concentrated in specific regions, on our southern and Aegean coastlines, instead of throughout Turkey. We are placing special importance on Antalya in this connection. We have accelerated the Southern Antalya project and will have accommodations for 25,000 here within 5 years. Our 1981 budget allocates 1.23 billion liras for this work.

"The Dalaman Airport is in the finishing stages. When the airport becomes operative at full capacity in a few years, Koycegiz, Mugla and Dalaman will become very important."

Retirement Fund Hotels

Noting that foreign capital has begun to show interest in tourism and is offering many proposals, Evliyaoglu added, "The Hilton, Sheraton, Etap Hotels chain is bidding to run the Retirement Fund hotels also and this will be settled in a few days. Also, the Tourism Bank and Turkish Airways are planning to cooperate in charter trips next year."

21st in Tourist Spending

Meanwhile, the MEDITERRANEAN NEWS AGENCY reported that Turkey's standing in international tourist spending is 21st among 24 European nations, with $95 million.

A study by the World Tourism Organization revealed that West Germany is first, with $17 billion, followed by Britain with $4.497 billion and that the Greek sector of Cyprus, Malta and Iceland are below Turkey.

International tourism reportedly reached 285 million worldwide in 1980, 208 million being in Europe, and Europe was the principal buyer's market of international tourism.

Authorities said that the growth of national tourism caused by the energy crisis which began in 1974 had limited mid-length trips, but that the flood of tourists to Mediterranean nations beginning between 1967-1971 was still continuing.

8349
CSO: 4654/57

GOVERNMENT REPORTEDLY TO SEEK EARLY EEC MEMBERSHIP

Istanbul TERCUMAN in Turkish 19 Jun 81 p 9

[Article by Nur Batur]

[Text] Ankara--Turkey has entered a new stage in its relations with the Common Market as a result of the "decision to apply for full membership after democracy is restored," which it took in an effort to prevent the ups and downs in its relations with the EEC and which was reported officially to the community on 5 June.

Internal preparations for full membership were reportedly stepped up to give credence to this decision which was made in March following the briefing of the National Security Council [NSC] and it was decided to form an EEC coordination council under the Prime Ministry.

The council, to consist of representatives of the Ministries of Foreign Affairs, Commerce, Industry and Agriculture, the State Planning Organization and others, is expected to begin its endeavors next month.

Meanwhile, the decision to "initiate full membership and internal endeavors," adopted to remove uncertainties in Turkish-EEC relations, is described by sources close to the EEC as itself vague.

Sources close to the EEC point out that Turkey has adopted resolutions along these lines before and say:

"It is necessary to wait and see what Turkey's relations with the EEC will be. It is impossible to say to what degree this resolution adopted by the NSC will be applied after Turkey returns to democracy. Taking all this into account, Turkish-EEC relations are still uncertain."

The same sources note that Turkey plays an important role within the NATO alliance and that it is the desire of the EEC nations that it also take its place within the Western economic system, but point out that Turkey's economy is not yet ready for full membership and that Turkey would suffer from early membership.

Diplomatic observers, however, say that the EEC is delaying Turkey's full membership as long as possible because of the oil crisis and unemployment of recent years.

The EEC official pointed out in regard to Turkey's membership that the community was growing every day, that after Greece, Spain and Portugal would be joining in a few years and that "Turkey's membership would present certain problems, especially in agricultural products." "The community cannot swim in a sea of oranges," he said.

Turkish authorities respond to these anxieties expressed by sources close to the EEC by saying, "The community is expanding toward the Mediterranean, and Turkey cannot be left out of these developments, politically and economically."

Reactions to Turkish Membership

Reactions to full Turkish EEC membership are expected from Italy, Greece, France and Britain in particular.

It is said that these nations may react to Turkey's emergence as intercommunity competition in agricultural products against Italy, France and Greece and in textiles against Britain. It is noted, however, that Turkey's full membership will be accepted despite all these reactions.

Authorities say, "The EEC has already accepted Turkey's membership by signing the Ankara Agreement and joint protocol with Turkey. It is impossible for the EEC to go back on this by saying that the conditions have changed. Turkey will still seek within the community ways to eliminate economic differences."

The authorities pointed out that Turkey had reported to the partnership council held on 5 June that it would carry out its responsibilities to the community and that a 10-percent discount would be applied to Common Market products as of 1982.

8349
CSO: 4654/57

BODY ESTABLISHED TO OVERSEE STATE ECONOMIC ENTERPRISES

Istanbul MILLIYET in Turkish 20 Jun 81 p 3

[Article by Nilgun Tarkan]

[Text] Ankara--The government has decided that oversight of the SEE [State Economic Enterprise's] by the Prime Ministry is necessary and has drawn up a bill for this purpose. According to the bill, a "Supreme Oversight Council" will be formed, its chairman and members to be selected by the Council of Ministers. The council will have economic, financial, administrative and technical oversight and supervision of the SEE's. An "urgent situation" report will be submitted to the Prime Ministry by the Supreme Oversight Council concerning executive board members and other top-level administrators whose decisions are found to be causing losses to the SEE's and the Prime Ministry will undertake the necessary procedures.

Organization

The draft states that the Supreme Oversight Council will be a corporate body attached to the Prime Ministry and notes that the organs of the council will consist of a chairman, members' council, expert consultants and experts. The "members' council," comprised of the chairman and 16 members, is the highest supervisory and decision-making organ of the council; qualifications for the chairman and members are stated as follows:

"To have a higher education, to have experience at a high level of administration or technical management in economic, financial or technical fields, to have 15 years' service in the SEE's or other state establishments or have at least 3 years' experience as an expert consultant to the council."

To be an expert consultant, it is considered necessary to have worked as an expert for the Supreme Oversight Council for at least 3 years. According to the bill, the chairman will be appointed by the Council of Ministers upon the prime minister's proposal. Members will be appointed by the Council of Ministers also, from among the expert consultants or from outside the council upon the prime minister's proposal.

The chairman and members of the Supreme Oversight Council will be paid at the top civil service salary rate and supplemental indicator.

The powers and duties of the Supreme Oversight Council as set forth in the bill are as follows:

"To have economic, financial, administrative and technical supervision and oversight of the SEE's.

"To examine the establishments, organizations, institutions and partnerships subject to oversight as to whether they are operating in compliance with the goals and principles set forth in the relevant laws and statutes, with regulations to which they are subject, with long-term development plans and programs and with management principles, as to budget compliance with facts, procedures with budgets and cost, balance sheet and final accounts with the period of activity; on this basis, to prepare annual oversight reports with comparative and rationale statements; thus to set forth the views which will form the basis for approval or rejection or general discussion by the legislative organ of the balance and final accounts and of the balance sheets prepared by the council.

"To report to the Prime Ministry by means of an urgent situation report situations in important matters in which investigation is deemed necessary.

"To make proposals to the Prime Ministry by means of the 'urgent situation' report concerning executive board members and other top-level administrators whose decisions are found to be detrimental to the organization."

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CSO: 4654/57

HIGH INTEREST RATES SEEN AS BANE OF ECONOMY

Istanbul DUNYA in Turkish 18 Jun 81 p 5

[Article by Dinc Tayanc]

[Text] While the controversy swirls on the capital market about interest rates, some brokerages are raising rates and others, along with the banks, are making moves toward lowering rates. Advocates of the need to reduce interest rates usually start out with the view that inflation has been "braked" or "halted" and stress that "continued high interest rates will go against development of the economy."

Sezgin Bayraktar's View

Sezgin Bayraktar, director general of Eczacibasi Investment Holding Company, expressed his views in this regard, saying, "Brakes have obviously been put on inflation. It is widely held that interest rates should be reduced in parallel with this. I believe that raising interest rates in the present climate would go against economic development. Moreover, it is impossible to understand how those who themselves were advocating the need to reduce interest rates 3 weeks to a month ago should now seem to want to get involved in an interest war after so short an interval."

Stating that most important among the various reasons offered for "freeing," or in other words "raising," interest rates was to "protect savers against inflation and provide them real income earnings," Sezgin Bayraktar said, "After the brakes on inflation begin to take hold, it is natural to expect interest rates to come down, too. In fact, we have heard that certain banks are trying to do this."

What Does Industry Say

Meanwhile, industrial circles, stressing that credit costs are already too high, say, "Starting another interest war now will further increase these costs, perhaps completely wiping out certain sectors which are already at a standstill, and will make the expected and desired revival of investments impossible."

Stressing that the last increase to 58 percent in "net" interest brought the "gross" sum to around 77 percent, industrialists say, "It is beside the point to debate what percentage of resources formed at this cost can be converted to credit or which industrialists can bear up under this burden."

As known, interest rates paid on savings by the banks at the moment are 50 percent "gross" and 37.5 percent "net." Industrialists, however, especially those without a bank or brokerage, complain that the impact of these rates on credit has been to raise credit interest to 80 percent.

Despite the pervasiveness of the controversy, widespread opinion, especially in banking circles, is that lower interest rates will be impossible right away or even in the near future.

8349
CSO: 4654/69

NEGATIVE IMPACT OF SSK LAW CHANGES EXAMINED

Istanbul CUMHURIYET in Turkish 25 Jun 81 p 5

[Article by Sukran Ketenci in the column "Worker's World": "SSK Law Is Changing"]

[Text] Reports on the changes to be made for the twenty-first time in the SSK [Social Security Organization] Law No 506 have once more brought the controversy over this matter before the public, like it or not.

Social Security Minister and TURK-IS [Turkish Confederation of Labor] General Secretary Sadik Side announced that amendments to the law had made it into a patchwork which no one except those with a great deal of expertise could understand and that efforts were under way to completely revise it. In addition to these long-term efforts, however, a bill was drafted to amend certain articles to eliminate the discontent created in the labor sector by the changes made by Law No 2422 which amended Law No 506. The "emergency bill," which would be the twenty-first amendment to the law, had reportedly gone to the Supreme Council for Legal Planning in the Office of the Prime Minister.

Speaking of Law No 2422, the subject of harsh reactions which caused a demand for the removal of certain persons on the TURK-IS Executive Board, TURK-IS President Ibrahim Denizcier had brought a hiatus in the controversy when he announced that "Side promised us that it would be revised in June." Newspapers were publishing reports on the nature of the revision bill, and Side had later made a statement.

Newspaper reports on the bill said that changes would be made in the inadequate provisions concerning payment of employer premiums, one of the major causes of SSK losses. The bill called for a 10-percent fine for the first month if premiums were not paid on time and a fine at the interest rate which state banks applied to 1-year credit accounts for subsequent months. Mr Side had not mentioned an amendment to play a more effective role in collecting the billions that the employers have not paid to the SSK. Was the idea of emergency measures in this regard abandoned? There seems to be nothing on the agenda at present about effective use of SSK funds, much less the collection of the employer debts which could save the SSK from bankruptcy.

It was announced that work performed prior to age 18 would be assessed by means of the premium account. Work performed prior to age 18 will not be added to the year figure, thus preventing retirement at age 43. However, again Side did not mention anything in his announcement about "what earned rights as related to the past will

be." Yet according to reports on the earlier bill and widespread opinion in TURK-IS circles, "earned rights" of work performed prior to age 18 prior to 1 April 1981--that is, to Law No 2422--were still expected to count towards retirement.

The minister of Social Security announced that the retirement rate would again be raised to 70 percent of wages. However, the number of days for which the premium would have to be paid for the 70-percent rate had been raised from 5,000 to 7,400. In view of the new premium conditions, can we say that workers have in fact won the right to retire at 70 percent? How many workers would you say there are in Turkey, which still has more than 3 million workers according to the statistics, who have had a chance to work steadily and deposit SSK premiums for 7,400 days? Let us quote part of a speech made at the last SSK conference by the Istanbul railroad workers' union president, Zafer Boyar, on this point:

"In my branch of labor, the railroads, people cannot even get temporary jobs after age 35 or 40. As if piecework and seasonal work in the construction sector, which has always created job opportunities in the country, lasted 360 days.... Or even as if the premium for every day worked in private-sector small businesses were deposited in full...."

Then the Turkish factor has to do with a worker's days-worked premium to be deposited with the SSK. If the bill is passed in this form, the only beneficiaries of the 70-percent pension will be employees of certain incorporated State Economic Enterprises and private-sector workplaces which have job security. Aside from assessing the real labor of the job, the proposal ought to base the 70 percent on the labor year, taking into account the Turkish factor, unemployment, job security, seasonal construction and piecework. It may be proposed that increases in the number of premium days paid should count toward extra points above 70 percent. Otherwise, it can have no meaning other than a special right from which the large majority of our workers cannot benefit.

8349
CSO: 4654/69

NUMBER 3 COMMISSION REPORT SURVEYED

Istanbul CUMHURIYET in Turkish 22 Jun 81 p 5

[Text] Ankara (ANKARA AGENCY)--The "Number 3 Commission," formed to define TURK-IS [Turkish Confederation of Labor's] "views and proposals" on the changes to be made in Laws Nos 274 and 275 on unions and collective labor agreements, compiled a report and submitted it to the executive board. The report, which is to be discussed in a special meeting of the TURK-IS Executive Board on 24 June, proposes that collective labor agreements, currently concluded every 2 years, be concluded once every three years at the national level.

The report by the Number 3 Commission, headed by Orhan Ercelik, notes the need to preserve verbatim the workplaces not currently allowed to strike and "to allow no opportunity to expand them," and calls for solution of disagreements which arise at these workplaces by the Supreme Arbitration Council. The report advocates revision of the Supreme Arbitration Council to enable union oversight to be conducted by means of existing laws. It is noted that the oversight problem may be resolved by "writing the unions' three checks into law." The report also contends that the wages of workers who went on strike in the past period should be paid by the employers in cases where "rights violations" are confirmed.

The report contends that collective agreements should be concluded at the national level instead of having "labor division collective labor agreements" and says that the parties to collective bargaining should be "the labor and management organization representing the most members." It is proposed that the chambers of commerce and industry negotiate on behalf of employers not represented in the confederation of employers. It is pointed out that strikes may be regional or general. The report calls for designation of the authoritativeunion in the workplaces to be made by a commission composed of two inspectors from the Regional Labor Directorate and a lawyer for each of the sides. It proposes inclusion in the "statement of purpose" of provisions on the punishment of the perpetrators in the event of impropriety and the cancellation of collective labor agreements based on such.

As to the distinction between workers and civil servants, the TURK-IS Number 3 Commission's report contends that those employed "at places where the service absolutely requires public authority" should be designated civil servants and all others, workers.

8349
CSO: 4654/69

BRIEFS

VENIZELOS' 'LIBERAL PARTY' BLASTED--In a communique yesterday entitled "the demise of valor," EDIK comments on the reestablishment of the Liberal Party by Deputy Nikitas Venizelos. "EDIK deplores this regrettable deviation. It especially deplores the political "demise of valor that has arisen within its ranks," the communique declares. I. Zigdi's EDIK earlier relates that: "Nikitas Venizelos for some months had been the victim of a plot for a so-called Center "unification." Since that unification failed to materialize he announced that he was creating a liberal party to visibly strengthen the endeavor to fragment the Center.... The inconsistency of his position is so obvious that it needs no comment. Still, here is Nikitas Venizelos, heir to such a great reputation, associating with numerous betrayers of Venizelism, i.e., with 1965 renegades, parties to dictatorship, innovators and exponents of unlawful interests that he had personally denounced in Parliament. He will now come forth as "the leader" of a party bearing the misleading name of "Liberal Party" to cash in on the nostalgia of some romantics for a great past...EDIK." [Text] [Athens ELEVTHEROTYPIA in Greek 13 Aug 81 p 1]

CSO: 4621/84

DESCRIPTION OF NEW PCI FACTIONS

Rome IL SETTIMANALE in Italian 21 Jul 81 pp 9-10

[Article by Paolo Nasso: "Has Harlequin Entered Communist Headquarters?"]

[Text] For the first time ever the party press has leaked a relatively variegated panorama of the conflicting positions within the PCI: The center, the right, the half left, the extreme left. Here is the communist geography in relation to the crisis of the Berlinguer line.

If the ghost of Mitterrand disturbs the dreams of Marchais (whose stature has changed but who at least is in government) for Enrico Berlinguer, following the disastrous election returns of 21 June, the leviathan to be exorcized is once more called Bettino Craxi. And over everything there is the threatening shadow (it is believed to be the first time in the postwar history of the PCI) of an extraordinary congress that is earlier than scheduled.

The apparent abandonment of the strategy of the historical compromise, the formulation--which is ambiguous and confused as far as the rank and file is concerned--of alternative political proposals, have done nothing but favor the balanced reformism of the socialists. The prospect is of being overtaken, a role, that of a tiny Marchais, which in the future (which might not be too far off) could possibly touch Berlinguer or his successor to the Secretariat of the PCI. Problem number one: How to continue to control the Left: By "inflating" the reformist flight toward the PSI [Italian Socialist Party] and to become enlightened, decentralizers of democracy and also a little social democratic, without renouncing Leninism?

There are those who give assurances that it is in these terms that the coming events (and particularly the internal ones) of the Italian communists should be observed. A step backward is needed to understand. The strategic picture that emerged from the last national congress in 1979 was a broad disappointment of the expectations both of the rank and file and of the middle-level leadership of the party: An old politial-programatic platform, a "tired" reproposal of the historical compromise. Someone spoke of sclerosis of the leaders who followed Berlinguer; steps had to be taken to counteract the growing criticisms from the rank and file that rose toward the summit.

The later changes in the PCI political line burst forth in the "second Salerno shift." On 27 November 1980, the communist leadership suddenly abandoned the line of compromise and "national solidarity" (thus reversing the conclusions of the congress), and once again launching as an alternative to the DC a "government of honest men," whose "everyman" flavor, exploiting the emotional wave born out of the earthquake in the south, was designed to cover its political fragility. Bruno Visentini, president of the PRI [Italian Republican Party] arrived on the scene at the end of the year to give Berlinguer a hand with his proposal for a "government of experts": In the PCI it was hoped that the democratic alternative proposed by the secretariat would finally become more specific, would be reconciled with other sectors of the political scene, and finally produce a platform. Two proposals are better than one, above all if the alternative is that of Craxi's "grand reform."

But at the end of January the definition of the phantom "democratic alternative" suffered another standstill. This time Berlinguer's difficulties came from the party's executive: "There is no alternative if we do not resume the dialogue with the PSI," said Giorgio Napolitano and Pietro Ingrao, who for the occasion maneuvered the pincer movement against the secretariat. Franco Rodano, Berlinguer's nemesis, arose: "No agreement with the socialists: In fact they are the enemy to be beaten." Thus, for fear of finding himself for the first time in a minority in the leadership (or facing a fairly strong opposition), Berlinguer arrived at a compromise. He reviewed his positions concerning the socialists to the point that he personally attended the PSI Congress at Palermo in April.

The democratic alternative thus seems to take shape as a reproposal of a new preferential relationship with the PSI: With this interpretation, the majority of the rank and file awaits the results of the Central Committee which is to meet at the beginning of July. But the report by Alessandro Natta, number two man in the PCI, very loyal to Berlinguer, once more brings everything into question: "Craxi is ambiguous; to favor the lay position does not mean being progressive; the democratic alternative is not an alternative of the left." Spokesman for the Secretariat Natta, in a later statement, will moderate the polemical tones regarding the socialists, but once more will disappoint the expectations of those who wanted a definitve clarification of the party line. Not only that: Berlinguer's appeal "to the most open, democratic and popular forces of the DC to fight against the line of the preamble" had appeared as a shameful reversal of direction toward Zaccagnini and Andreotti, that is, once more toward the historical compromise.

Spokesman for this state of uneasiness within the PCI was the right led by Giorgio Napolitano, who asked (also for obvious reasons that did not emerge officially) for an earlier scheduling of the congress deadline to next year while, according to the stature, the meeting was supposed to take place in 1983. The neo-Amendola followers were convinced that a reshuffling of the party's political and ideological cards would lead to necessary clarification of the political line, perhaps definitively sanctioning the opening toward the PSI that the Napolitano, group hoped for. Berlinguer's reaction: "Party tradition does not permit taking that possibility into consideration: And furthermore, it is the executive which, day by day, corrects and modifies the party line." The closed position of the secretariat, however, was not sufficient to stem the tide of ill feeling existing today in the PCI. So much so that the party press itself, which is is usually anchored in the official reports, this time leaked a panorama of different opinions, which often conflicted with those of the leaders.

Therefore, it is important at this point to understand the redistribution of the internal geography of the PCI in view of the prospect of a loosening of the rigid cordon sanitaire around democratic centralism.

The Neo-Amendola Right

Considering the technocratic and economist-dominated wing of the party, [this group] has acquired considerable power in recent years. Alongside Napolitano, the outstanding names are those of the economists Napoleone Colajanni and Claudio Napoleoni, of Senator Paolo Bufalini (who maintains excellent relations with the Vatican) and, even though in a less important position, in relationship with the secretariat, of Gerardo Chiaromonte and Emanuele Macaluso. The neo-Amendola right favors closer relations with the PSI. On the economic plane, it proposes a compromise with capitalism in which communism becomes reconciled with a market economy. For this reason it is favored by large sectors of public and private industry, by Agnelli and Visentini, and the powerful lobby of Enrico Cuccia.

The Berlinguer Center

This is the "Doroteo" group of the PCI. The more representative men are Alessandro Natta, Ugo Pecchioli, Edorado Perna (senate group leader), and Ferdinando di Giulio. The latter maintains contacts with the DC left and particularly with the Andreotti group. Very loyal to Berlinguer are the two major representatives of the party press: Luciano Barca, editor of RINASCITA and Alfredo Reichlin, of L'UNITA. Also a Berlinguer follower is Achille Occhetto, who at first was a follower of Pietro Ingrao. Architect of the political line of the entire group is Franco Rodano, ideologist and Berlinguer's gray eminence, inventor of the historical compromise, one of the bitterest adversaries of the leftist alternative and socialist reformist.

The Left, or the Ingrao Group

Even though he controls very few votes within the Central Committee, Ingrao's position within the PCI is like Morois was in the DC. In recent months he suffered a certain hemorrhage of power and of men in favor of other groups, but within the PCI, when Ingrao is mentioned, no one dares comment. Through the CESPE [Political and Economic Research Center (of the PCI)], Ingrao proposes a change of the system through institutions, a process by which the party and its hegemony should take a position of leadership.

Pro-Soviets

This is a small group, but it is compact and very powerful in economic terms since it monopolizes all the party's financial channels through Gianni Cervetti, ex-head of the organization. The group is headed by Armando Cossutta, the always vigilant and attentive "eye" of the Kremlin in Communist Party headquarters, ready for the most rigid defense of pro-sovietism and democratic centralism.

Some "free agents" can be added to these four groups even though they are of considerable prestige such as for example Giancarlo Pajetta. Pajetta has always mediated between the Amendola right and the secretariat. Recently he supported Napolitano's proposal to schedule an earlier congress. He maintained that on the wave of the socialist success in France, a PCI initiative could aim at presenting Berlinguer in the guise of Mitterrand, that is, as the new man of the Italian Left, stealing this role from Craxi.

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CSO: 3104/340

PSDI'S LONGO EXPRESSES PESSIMISM ON NEW GOVERNMENT

Rome L'ESPRESSO in Italian 9 Aug 81 p 12

[Interview with Pietro Longo, secretary of the Italian Social Democratic Party, by Guido Quaranta, time and place not given]

[Text] Pietro Longo is pessimistic on the future of the government. The following are the reasons:

Rome--"I am opposed to traumatic solutions, but I doubt that the Spadolini Government will last through the natural term of the eighth legislature. I have, rather, the impression that it is not capable of lasting long." Pietro Longo, secretary of the PSDI [Italian Social Democratic Party], is rather cautious on the country's political prospects. In his opinion, a "difficult autumn" is approaching.

Question: New early elections in sight?

Answer: I do not prophesy on times. But this danger exists and it stems from the dissatisfaction spreading in the major parties of the majority. The DC [Christian Democratic Party], estranged from the prime minister's headquarters and now irremediably exhausted, does not accept the fact that the socialists are taking over leadership of the government and, any time now, it may unload its internal crisis on the government. The PSI thinks that it has to play its cards and it is aiming at assuming a heavier role, the role of the country's guide.

Question: What about you?

Answer: It must be made very clear that we do not intend to submit passively to the initiatives of others. We shall remain in the government only if it will do something concrete. We are not interested in filling a few posts, in order to survive.

Question: Nevertheless, Spadolini is regarded as another Giolitti.

Answer: His capability to govern must still be demonstrated. For the present, he has shown himself to be an eloquent man and, when one talks with him, he always gives the impression that he is writing a memoir diary, as Alcuin, the learned biographer of Charlemagne, did. Moreover, it is no simple task to be prime minister

supported by a small, nondetermining party and a coalition that sometimes displays different concerns and interests.

Question: Is there any decision made by your allies that does not satisfy you?

Answer: The plan to levy a property tax on dwellings, proposed a few days ago by Socialist Minister Formica. It is not included in the programatic agreements and it is a mistake. Investments in building must be facilitated, not penalized. Then, the sliding of the revision of fair rent makes sense only from the point of view of a policy of serious containment of inflation in which all the citizens participate, including labor unions. Otherwise, it is unacceptable. But the social democratic ministers, not "my" ministers, as L'UNITA chides me for calling them, will keep watch.

Question: Tell me, Longo, do you not feel that Craxi's PSI is putting your party in the shade?

Answer: Nonsense. The reformist choice made by the socialists in their last congress confirms that we were and are right in indicating in democratic socialism the only prospect for the workers. I am pleased that comrade Signorile, or rather Minister Signorile, once on leftist positions, has also reached this conclusion. Sometimes even Berlinguer draws close to our ideas.

Question: That is to say?

Answer: In his recent interview granted to REPUBBLICA, speaking of Poland, he admitted that the single party conception was wrong and, groping in a search for a third course for Italy, he took note of the successful achievements reported by European social democratic parties.

Question: Berlinguer says, however, that they are something serious, but not the PSDI.

Answer: I challenge him to tell it to me to my face, in front of a television camera, if Zavoli allows it. I shall show that we are just as serious. Also why, differently from the communists, who have gone from the idea of Popular Front to national solidarity and from repudiation of the Atlantic Alliance to its acceptance, and then vice versa, we are a little more consistent. Choose the day and time for a confrontation. We are available.

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CSO: 3104/348

PSDI'S LONGO ON PRESENT, FUTURE POLITICAL SITUATION

Rome IL SETTIMANALE in Italian 7 Jul 81 pp 12-15

[Interview with PSDI Secretary Pietro Longo by Andrea Ronchi: "I Was Liquidated? You'll Find Out..."]

> [Text] Following 21 June election victory, PSDI secretary promises, "My political reaction will be very tough. The vote has demonstrated that it does not pay to use scandal as a weapon." In this interview Longo also speaks about the Spadolini government, of the DC defeat, of judicial power. And, naturally, of Masonry.

He is smiling, relaxed. But he is also aggressive and has a great desire to counterattack. He was the Great Defendant during the election campaign; the fixed target of polemics, attacks, of insinuations. People referred to "the party of Tanassi and of Longo." The former was involved in the Lockheed scandal, the second was on the lists of Licio Gelli, a trademark of infamy.

Pietro Longo, who is yet to mark his 46th birthday, secretary of the PSDI [Italian Social Democratic Party] since October 1978, has come through the storm unscathed. The election returns proved him right. IL SETTIMANALE interviewed him in order to get a preview of the future, a diagnosis of the present, and some reflections on the recent past.

Question: What is changing, or what could change with the Spadolini government?

Longo: Spadolini has always stressed economic and planning subjects. We would like to see whether this government will engage in a specific dialogue on these subjects with all forces of production.

Question: Certainly that is important, but I would like your political view...

Longo: The most important message we can give the country is this: After 35 years we have finally achieved a situation of alternation in government leadership.

Question: Doesn't the barely-restrained communist enthusiasm smell a bit?

Longo: I am convinced that that enthusiasm was mainly pre-electoral. I mean: The PCI wanted, and had to demonstrate, the defeat of the DC [Italian Christian Democratic Party]. But in the next few weeks, when there will be a discussion of economic and social problems, probably the communist attitude will change.

Question: Don't you see a family relationship between Spadolini and Visentini, between this government and the "honest" (please be sure to put that in quotes) government proposed by the PRI [Italian Republican Party] president?

Longo: I don't think so. The position of Spadolini has been very firm. From the beginning he moved in the five-party direction, and the platform agreed upon with the coalition parties is very clear.

Question: Let's discuss the election, as is proper. Hon Longo, why did you win?

Longo: I believe there are many reasons. First of all, because an important part of the Italian public has understood how provocatory and false were the attacks against me and my party. In the second place, I believe that the voters understood that it was necessary at this time to defend the rights of the human individual and individual liberties. Naturally those same persons want those guilty of eventual crimes or of illegal administrative acts to be punished. But they are decisively against mass criminalization. In the third place, I believe that the PSDI political line was rewarded.

Question: Who lost in the elections?

Longo: Some aspects of the returns certainly were contradictory. However, it seems to me that it can be said that we are faced by an objective crisis of the DC, which held its own in Sicily, but dropped sharply in the large cities where the voting was more liberal, not linked to friendship and patronage. Then there is a very heavy loss by the Communist Party throughout the south. But the PCI held its own in the large cities where it played the role of a leading, or hegemonic, force of the leftist alliance. And this poses serious problems for social democrats as well as socialists. I believe that from now on we must move with greater vigor toward an agreement, on the local level, between socialists and lay democracy, creating a situation in which this kind of accord would develop a capacity for leadership.

Question: Moderate public opinion criticized you, even in the recent past, of having conducted the election campaign under the sign of anticommunism and of having later developed linkages with the PCI. In your statements recently it seems there is a commitment to reverse this tendency. Is that true? Do you promise not to do it any longer?

Longo: I want to be very clear on this point. We will do as much as possible to make the local political picture the most harmonious possible with the national government. Regarding the past, in 1976 we chose a line of local independence, also for the purpose of overcoming certain difficulties that had developed in relations with the DC in the regions and in the cities. Above all, we believed that creating alternative situations might be a positive move.

Question: I repeat: What about today?

Longo: Above all we are making an effort to reaffirm and consolidate the understanding with the socialists and the lay forces. Naturally, everything also depends on choices made by others, and above all the socialists.

Question: As soon as the election returns were in, you said with a tone of defiance: They wanted my head, now I will ask for the head of Petroselli. Was that a promise? A threat? Or merely an offhand remark?

Longo: A political assessment. We will pose the problem of the candidacy of a noncommunist mayor for the city of Rome.

Question: Will you engage in an all-out battle?

Longo: We will fight with great determination.

Question: I hope with the needed consistency. Excuse me: That is not a lack of confidence. But there is a tradition of inconsistency among the socialist forces. I ask myself whether Mitterrand's decision to bring four communist ministers aboard does not pose the problem of an "S factor." How much confidence can one have in socialist promises?

Longo: One moment: The French situation is very different. Mitterrand will head the French government for 7 years. Furthermore, it seems to me that the French Socialist Party has imposed conditions on the PCF [French Communist Party] that will destroy it politically...

Question: This also was the presumption of the DC headed by Aldo Moro...

Longo: But the power relationships were very different. Having the absolute majority, the French Socialist Party has demanded Marchais' capitulation. And I ask myself what the French communists will tell their voters, now that they have reversed their position on Afghanistan, on Euromissiles...

Question: Be careful, Hon Longo, the PCI has adopted these positions. This means that if Craxi were to go to Palazzo Chigi...

Longo: You would have to ask Craxi. I can tell you what I think. My idea is that in Italy conditions are different from those in France. The power relationships are what they are: A government of the left in Italy would inevitably be run by the PCI. Our objective must be that of a close alliance among the lay and socialist forces that would favor their electoral growth, and the simultaneous redimensioning of the PCI.

Question: You said that the Christian democrats lost. But did the DC or "this" DC lose?

Longo: One thing is sure: This DC lost. It is difficult to say whether another DC would have lost more or less, or even would have won. This one lost.

Question: In your opinion what was the reason?

Longo: Well, there are many reasons. The party is weakened, and it did not know how to renew itself. It demonstrated an excessive weakness in political leadership. And then, even in this affair of the Masons, it made ambiguous choices.

Question: In what sense?

Longo: At a time when it no longer had the support of the Church, it demonstrated that it was a profoundly confessional party. What other explanation can there be for the incompatibility between party membership and membership in the Masonic organization? For a lay party, which (very insistently) the DC has maintained it was, there should be no limitations of this kind...

Question: Then let's talk about Masonry and about P2. What have these elections demonstrated?

Longo: That use of scandal does not pay. Because the people are more mature than is believed, and because they are tired of being told about a scandal on the eve of every election. Last year the PCI based its election campaign on the Donat Dattin-Cossiga case, this year on the P2. This means that the PCI cannot make serious political formulations.

Question: Leonardo Sciascia has said that this republic is governed by judges. You were following the developments of the P2 investigation: You saw that already a battle between the Rome, Milan and Brescia prosecutors had broken out. Is this an oligarchic government, or is it (in a more banal sense) a battle among aspirants to the captaincy of the ship?

Longo: I would say that there are some groups (fortunately small) of judges who are strongly influenced by the parties. Therefore, there is a problem of the independence of the courts. And there is also, which is being increasingly noticed, the problem of the responsibility of judges: Something must be done in this regard, at least in order to insure the functioning of the disciplinary mechanisms already set forth. Specifically regarding the conflict that has developed around the P2 affair, the court of Cassation will render its judgment. It seems to me that the Rome prosecutor's office moved with determination to establish the penal responsibilities of Gelli and some of his friends.

Question: The Rome Prosecutor's Office has advanced the theory of a crime involving fraud perpetrated by the P2 leaders. Do you, Hon Longo, feel yourself more defrauded by the judges who did not respect the requirement of secrecy during the investigation, by the parliamentary committee or by anyone else?

Longo: As secretary of a party, I feel that I was damaged above all by the political polemics. This can even seem to be taken for granted, but political adversaries behaved toward me in a way that was indecent, and they were immitated by a certain section of the press that was increasingly subservient to the PCI. My political reaction will be very tough.

Question: I return to the offhand phrase by Sciascia. Ten years ago it was said that the trade unionists ran Italy; today it is the turn of the courts. Whose turn will it be tomorrow?

Longo: Look, my impression is that the courts will wield considerable power for a long time. However, I do not believe that the military harbor power aspirations or plans: Fortunately a military leadership class has been consolidated in Italy that is at the full service of the democratic state: And this was shown by the behavior of the generals who were on the P2 list.

Question: But will democracy be able to defend itself?

Longo: That is another problem. The system in general has deteriorated. I agree with you that the institutions are weak and fragile, and that corrective steps must be taken.

Question: With what instruments?

Longo: Bettino Craxi proposes institutional reform. It seems to me that this is worthy of consideration. Specifically, it is necessary to change the election system, to accelerate parliamentary procedure, better organize the executive, rectify the role of the courts. Paradoxically, today, an assistant attorney general or a local police chief has more power than the prime minister.

Question: Do you believe the Italian problem will be solved by resorting simply to recipes involving constitutional engineering or isn't something else required?

Longo: For example?

Question: I don't know. It is up to you to tell me: You are the politican, I am a newspaperman.

Longo: Institutional reform in my judgment is already "something else" compared with the present system.

Question: That is low provocation, sir. If your name were not already on that list, would you today (as did Franco De Cataldo) be put on the P2 list?

Longo: Well let us say that certainly I would apply for membership in the Masons. I cannot refer to Lodge P2 because that is already dissolved, but certainly in the Masons.

Question: You often repeated in recent weeks that a witch hunt exists. Thus, we are in the depths of the Middle Ages. During the Dark Ages, in the darkest period of these 3 decades, who turned out the lights?

Longo: It seems to me obvious that it was the Communist Party.

Question: Only the Communist Party?

Longo: Mainly the Communist Party. However, it is true that there have been accomplices who were more or less conscious of what they were doing. There have been misunderstandings. There have been false steps. There has been foolishness. For example: I am still not able to focus the mystery of Piccoli's statements on the international Masonic plot against the DC. It is true that now the courts talk of personal threats that Piccoli is supposed to have received from Gelli, but it seems to me to some extent to justify the theory of an international plot. Unless...

Question: Unless?

Longo: Unless one wants to go so far as to believe that the operation conducted today is analogous to that of facism. Then the anti-Masonic persecutions would serve to favor the Concordat. Today there could be a revival of the historical compromise.

Question: You rule out the possibility that the lights were put out by a short circuit, due to an overload of political tension?

Longo: If there was a short circuit, it did not happen by chance. There was an effort to weaken the lay and socialist forces.

6034
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MEANING OF VAN AGT RESIGNATION DISCUSSED

PM271542 Amsterdam DE VOLKSKRANT in Dutch 25 Aug 81 p 3

[Editorial: "About-Face"]

[Text] Once again Christian Democratic Appeal [CDA] leader Van Agt has enriched the present government formation talks and surprised the nation with an unexpected about-face in his own inimitable style. He is resigning as his party's negotiator (and as its parliamentary group's chairman) without even a day's delay. His political position has been weakened, he writes in his eagerness to explain his decision. He makes it clear that this is primarily due in part to Lubbers' recent behavior and in part to the appointment of De Gaay Fortman, Senior, as informateur (with whom he will no longer have anything to do, through this decision).

It would be extremely premature to conclude from this that Van Agt has disappeared from the political arena, as has long--and sometimes keenly--been speculated. First, he is still available for the post of prime minister in the next cabinet. Even the grand coalition with the Labor Party and Democrats '66 could still come about, if conditions are more to his liking than they have been up to now. Second, he will retain his influence over the parliamentary group, even when on 9 September or earlier he chooses to remain as outgoing prime minister rather than resume his seat in the second chamber.

And there is another consideration. There are always other dimensions, whenever Van Agt is querulously, indeed even tearfully busy with a public retreat. Generally this is an indirect call to his extensive fan club within the CDA to give a serious warning to the professional politicians in the party through all the channels at the disposal of the PTT [Netherlands Postal and Telecommunications Authority]. There is even a slight possibility that Van Agt is treading the same road as Biesheuvel did in 1973--and he relinquished the most prominent position at the government formation negotiating table and did not intervene at all in politics after that. Through this a grand coalition under the leadership of Den Uyl became possible.

An angry disappointed Van Agt (who although indirectly, here involves the head of state) will remain a formidable power in the CDA, including the parliamentary group. The new CDA negotiator will feel (all the more so if his name is Lubbers)

the hot breadth of his predecessor on the back of his neck, and because of this his task will be pleasureless and will leave him very little leeway. This in itself is a reason for no very great optimism about a grand coalition.

The formation of a government still depends on the internal situation within the CDA parliamentary group. Only if it can find the courage--also with regard to the rank and file--to stand up to Van Agt can the only cabinet with sufficient social and parliamentary support be formed. And there is little prospect of a policy with allure, when the CDA half-heartedly and doubtingly hangs back from such an opening. This too gives little cause for high hopes.

CSO: 3105/171

KEY ISSUES FACING PCE CONGRESS DEBATED IN PARTY JOURNAL

Regarding Spanish Democracy

Madrid NUESTRA BANDERA in Spanish Jul 81 pp 37-38

[Article by Eugenio Orlando]

[Text] Our party is now paying very dearly for the implementation of the national reconciliation policy, which began in 1956, under a democracy which is being led, to a large extent, by the forces that formerly supported Francoism. What was even jubilantly accepted in clandestine times now seems quite disconcerting and suspect to us. We all know that socialism cannot exist without democracy. During that already distant period, the PCE's efforts to break the evil spell of two stubborn Spains, a spell which brought on a terrible war and caused us to lag behind as one of the most backward peoples in the world, were also met with opposition and resistance. And then some people were sent packing. Radical changes always produce strong tensions. This must be viewed from a dialectical perspective. However, the party as a whole adjusted to this situation with ease. The transition from the catacombs to public life was loudly welcomed. The night of "Red Holy Saturday" in 1977 filled the streets with joyful people. The shock came later, when the first democratic elections held since the civil war left us in a modest third place after years and years of fighting alone for freedom and democracy, regardless of the sacrifices, and to top it off, a good percentage of the people elected the same politicians who had held power during the dictatorship. This time Francoism survived not because of the weapons of Hitler and Mussolini, but because of the votes of the people ...!

Without trying to conceal, overlook or disguise the serious mistakes made in the last 5 years--the bourgeois press and some of our comrades scoff at them daily, trying to make us believe that they were nothing less than enormous blunders--and which must be criticized and corrected as much as possible, of course, I believe that the policy followed by the PCE during the so-called transition was basically the one that was approved by a majority in the Ninth Congress and which has proven to be most appropriate in the complex process which we are going through.

However, the party does not understand this. There is a great deal of confusion, which could not be otherwise. The communist parties of Western Europe, most of which have adopted a decidedly Eurocommunist course of action, have been evolving in societies with a long and deep-seated tradition of democracy. The PCE, which was a pioneer and solitary fighter for a civilized society during the black years of Franco's fascist

tyranny, is carrying on its shoulders the additional burden of laying the foundations for coexistence based on reason and negotiation, and not on the use of force, as the way to achieve a new, more balanced and just social order in a country which has existed under centuries of autocratic rule. On the other hand, if we consider the fact that Marxist thought is awakening after the long period of lethargy to which Stalinism condemned it, with the reality of so-called "socialist" nations being examined from a different perspective in an attempt to penetrate their backgrounds, a perspective that is far from the mystic adoration which awakened a thirst for justice in the masses, in the PCE's case we have to add another disturbing factor that requires a great capacity for understanding and dispassionately viewing events, which all of us in our party do not have. The unproductive conflict between Leninists and Eurocommunists is intertwined with the positions of those who fiercely attack the Moncloa Accords and the consensus and who consider them to be a shameful surrender without realizing that a formal agreement was reached among the main parliamentary parties in the case of the former, which is of exceptional importance for opening to workers the doors of exclusive middle-class government precincts, and in the latter case the UCD [Democratic Center Union] and CD [Democratic Convergence] were prevented from imposing a right-wing constitution on us, instead making it possible to have a Basic Charter that is even capable of implementing a socialist type of administration.

In a markedly individualistic country not accustomed to dialogue, many communists are not convinced that it may be possible one day to form a progressive social bloc, one composed of workers, farmers, intellectuals, artists, technicians and owners of small and medium-size businesses, capable of replacing the current middle-class bloc and turning our society around, a goal which the PCE would also consider unfeasible if solid democratic foundations were not already established. Some people at least think that would be possible, but only in the more distant future. They are consumed with impatience and would prefer powerful blows with impact, something that would shake and weaken the social fabric. A subconscious feeling of helplessness and contempt for the masses lies hidden deep down in such attitudes and this inclination takes the form of visionary leaders who win over timid, ignorant people to fight for "their" liberation. Citing the victorious liberation movements of Third World peoples against native despots as examples, they consider the effort of a party such as ours in a society such as Spain's to be pointless and miserable, with barely noticeable attempts to achieve goals that are neither well understood nor whose ach achievement is anticipated in the remote future, especially when we see our leaders, almost all of whom advocate the glorious policy of fighting dictatorship, smiling in luxurious surroundings at people who just yesterday were their enemies and cruel persecutors.

History, the teacher of life, will accurately record what is now happening. I am sure that as time goes on, the enormous undertaking to which the PCE is committed will continue against wind and storm, as well as the enormous sacrifice which it has not hesitated to endure to make it possible for democracy to ultimately triumph in Spain, without which workers and the overwhelming majority of the people are lost. Perhaps this sacrifice can be compared to the one which the Bolsheviks made in Russia. After attaining power, in order to preserve it in an incredibly difficult situation, they had to sacrifice some precious features of their ideological and material heritage to their enemies; in view of the NEP's [New economic policy] tremendous setback, Lenin was obliged to surrender to the Germans almost all of the Ukraine and its wheat fields in order to sign the much-desired peace treaty. They also had to sacrifice many other things, which required exceptional courage and a profound vision of the future.

PCE: Strong, United

Madrid NUESTRA BANDERA in Spanish Jul 81 pp 38-39

[Article by Jose Cabo]

[Text] Prior to the 10th Congress, we have been subjected to pressures aimed at dividing us into deliberately labeled groups, thus giving the impression that the PCE must exist as factions. As for me, I am satisfied with my classification of communist. I understand that only on the basis of our rights, obligations, responsibilities and discipline is it possible to tackle any internal contradiction and find solutions to the problems facing us.

It is significant that despite the monstrous assassinations in Almeria, despite the scandal of the Central Bank, despite the permissiveness toward those who tried to overthrow the government, despite the curtailment of freedom of expression and the autonomic process, despite our proposed membership in NATO, despite the tragedy of unemployment, etc., the party as a whole is not discussing these issues and is becoming mired in a deep internal split.

We have a weak PCE in Madrid. There is organizational weakness (mass resignations: 32,000 in May 1978, 21,000 in December 1979, 16,000 in June 1961 and a high level of absenteeism). There is political and ideological weakness (serious political neglect of grass-roots organizations and training of members). There is a weakening of our activity in mass movements and our direct links with the people (loss of convocation and mobilization capabilities, the image of party that is only interested in an "upward policy" without the necessary relationship with workers, the latter being mainly the job of a party which is identified as a whole with its policy).

Our party in Madrid is being undermined by greater and greater internal problems which are not conducive to party unity, often causing self-destructive situations. We did not hesitate to split over issues before the Second Congress of the Union of Workers Commissions. Unfortunate statements in the press and the regrettable spectacle of public quarrels between leaders have caused embarrassment. Lack of discipline is increasing and is unpredictable. Some members are rigid, while others are unruly. There is concern that, in the name of Eurocommunism and democracy, the results of this or that congress may not be respected, even at the risk of splitting the party and giving rise to a strange mixture of outmoded Stalinistic methods and others peculiar to petty bourgeois liberalism. The PCE is losing its image of seriousness, which workers have always had of it. Disillusionment has penetrated the party instead of serving as a stimulus for combating the people's disillusionment and lack of interest, caused by the policy of the right as a whole. In Madrid, internal disputes are not considered the result of a rich, brad debate of ideas and practices, but rather an expression of a thirst for power and political ambition, phenomena that are alien to our ideology and which are unfortunately on the rise.

And yet in present-day Spain, conditions are right for a strong increase in our influence. We cannot be satisfied with 10 percent of the vote. It is therefore necessary and possible to build a great Communist Party that will have deep social

roots and will be closely associated with the masses, a party that will responsibly foster mobilization and will be a focus for leftist unity and the organization of a progressive bloc capable of becoming a driving force in the fight for democracy and against attempts to overthrow the government, and in favor of the social, economic and political changes that will make it possible to seriously begin solving the country's grave problems, thus imbuing our policy of consolidation with a full democratic and class content in practice, in a process of affirming the marks of our identity.

One thing is clear: although the most basic interests of the working class are being attacked by the current government's policy, it has nevertheless demonstrated that it is deeply devoted to democracy. Our party must learn to combine those two realities into a revolutionary, transforming organization and awareness that will cut down the weeds planted by those advocating overthrow of the government. We know that crisis situations, such as the current one, do not in themselves alone lead to sitautions of social change and progress. That is specifically the historic function of a great communist party such as the PCE.

The 10th Congress must fulfill that purpose. In a sincere, respectful, intimate debate among communists, without denunciation and within a climate of great internal democracy, in the light of our reality and practices and requiring the same discipline of everyone, we communists will be able to make the changes needed to adapt our vanguard organization, without being affected by the siren songs of the bourgeois press. To combat sectarianism and disintegration, the party must be homogeneously united: above all, on the basis that it is communist. The intention to copy or to join with the Socialist Party, as well as dogmatism and radicalism, all tend to reduce the PCE to the role of follower or spectator.

We have to stop getting on each other's nerves. Members must regain their confidence and composure and make it impossible for pressure groups and blocs to operate in their midst. Preserving party unity, so that the logical diversity of opinion does not lead to factionalism, will guarantee our revolutionary and democratic character.

The party must regain its enthusiasm. We need leaders who know how to relate to the people, who can raise the awareness of our political mission and stimulate the party to do its job at the grass-roots level. Single-person methods of leadership and the concentration of power and duties in a few hands must give way to promoting the leadership of those who, besides being imbued with our policy, know how to assure collective work and to integrate, unify and strengthen the party.

A daily modus operandi is essential for such a great PCE! And it is just as necessary for NUESTRA BANDERA to cease to be the exclusive voice of a certain group. In this regard, it should be pointed out how destructive it is for the PCE's independence and our differences within the international communist movement to be used to spread anti-Sovietism and lack of solidarity with other communist parties and peoples fighting for their liberation. Taking up the attack of the middle class against the socialist camp and not expressing solidarity with the POLISARIO [Popular Front for the Liberation of Sagui el Hamra and Rio de Oro] Front, El Salvador, etc., are factors which contribute to party disintegration, disillusionment and division. Moreover, confusing the need to adapt the PCE to today's reality with

a renunciation of its extremely rich historical past not only implies the impoverishment of our ideology but a disregard for the valuable contribution of an entire veteran sector of the party, composed of tried and true communists.

This 10th Congress cannot begin or end with the "victory" of some communists over others. The only victor in this congress must be the PCE, together with the workers. It would be extremely harmful to continue to assume positions of self-justification and factional control, which only lead to paralysis and bureaucratization. On the other hand, reducing this debate to a question of merely changing the party's orientation would amount to not getting down to the whole root of the problem.

Perspectives of PCE

Madrid NUESTRA BANDERA in Spanish Jul 81 p 40

[Article by Justo Vila Izquierdo]

> [Text] "The prospect of a socialist society is a result of present-day reality and is based on the conviction that socialism can be established in our countries (Spain and Italy) only through the development and full achievement of democracy." (Declaration of Livorno, July 1975)

There are some comrades, although I don't know how many, who are still devoted to the old idea of having a guide party outside our borders, on which we would model our own party, as though using a mirror. For these comrades, this "guide party" could only be the CPSU, that old CPSU with paralyzed structures, which refuses to change and could stifle any attempt to open the smallest window to let in a little fresh, invigorating air in its traditional direction.

But why are there still comrades who seek a party on the Soviet model instead of building their own in Spain day by day? Perhaps we will find the answer in Item No. 1 (International Policy) of the proposed platform itself, which states that "since the revolution of 1917, which was the first socialist revolution in history, the existence of the Soviet Union has been a basic factor in stimulating working-class struggles, weakening capitalism ...," and preceding that: "The Soviet Union and its military might have represented and still represent an undeniable obstacle to imperialism, as seen in the case of Cuba, Vietnam ...."

No one denies this obvious fact, but we cannot be so foolish as to open our eyes wide to the undeniable value of such actions and close them tightly in the face of facts such as the invasion of Czechoslovakia in 1968 and the more recent invasion of Afghanistan or the lack of personal freedoms in the Soviet Union.

Let's make no mistake, comrades, since we consider socialism to be not only an improvement of material living conditions, but also as much freedom as possible; and that is why our position of rejecting oppression and the absence of freedom must be clear in every case. Thus the Soviet model does not serve our purpose because it does not represent the socialism that we want and desire in freedom.

I believe that the concept of proletarian dictatorship is outmoded, inasmuch as it does not reflect the type of government which we consider necessary (it would be appropriate to read the book "Eurocomunismo y Estado" [Eurocommunism and Government] by S. Carrillo a second time, since it would clear up some of our doubts in this regard). We have a pluralistic and not a single-party concept of government, thus an "ideological" government that destroys freedom of thought and freedom of assembly, in short an authoritarian government, must be vigorously rejected.

Sociologically, there is very little difference between two totalitarian systems such as fascism and Stalinism. Both implement their political concepts through the systematic use of political terrorism. In both cases, we note that there is absolute authority, total control over both civilian society and the private lives of citizens.

And if we have always condemned and fought against fascism, will we now bless and approve a totalitarian regime such as the USSR's just because it is led by a party which defines itself as communist?

Comrades, "clothes do not make the man," thus no one should be shocked when we recommend rejection of Soviet-type socialism. As Comrade Azcarate said, "whether or not we call it so [illegible]alism is purely a question of semantics." What we must clarify and understa[illegible]f that is possible once and for all, is what has thus far been called "real [illegible]alism" does not correspond to our idea of socialism.

Until now, we have more or less said what we do not want, what we do not want to be, but then what is our ideal? I ask myself this question and I must admit that we have a much better idea, at least I do, of what we don't want to be than of what we do want to be.

Marx himself devoted the bulk of his work "Capital" to analyzing capitalism and only a few pages to defining communism.

We have not said nearly enough when we define communism as merely a change in economic structures and fail to say that it must also be a change in people's lives. Now that our party is 60 years old, we can state that there will be no socialism without both a change in thinking and a change in structures.

Today we want to achieve socialism in order to live free; collective wealth is of no use to us if there is no freedom of expression, freedom to demonstrate, the right to strike ... we want to achieve socialism, but a free socialism in which mankind can reach complete fulfillment by establishing new relationships among people the world over and by forming a more just, egalitarian and fraternal society in which we can live completely free and fulfilled.

And we will achieve this by strengthening social and political freedoms as much as possible and by combining representative democracy with direct democracy in companies, jobs, towns and neighborhoods.

We have to make sure that the democracy of the vast majority becomes the revolution of the vast majority more and more. We will achieve this by understanding once and

for all that our path to socialism must necessarily be based on our national realities, on our own particular features. We will achieve that new life through a gradual, peaceful, perhaps slow, but irreversible transition.

I believe that it is only in this way that we can achieve a new model of production and a higher social structure, which is socialism, and still beyond that, communism.

Deficiencies of PCE

Madrid NUESTRA BANDERA in Spanish Jul 81 p 41

[Article by Victor Diaz-Cardiel]

[Text] With regard to the party's inadequacies and mistakes during this--transition --period, the proposed platform states on page 25: "We have not given the necessary attention to the tasks of building the party that we need." We have talked repeatedly about the so-called objective causes and their effect within the party. Many of those objective causes definitely lie in the nature of the political transition itself: we conditionally endorsed the Law of Political Reform; there was no split, but rather a reform dominated by the right; the left was not asked to form a provisional government; there was the delay/achievement of the party's legalization and the editorial by the army's High General Staff.

We have participated in two general elections with the known results, as well as in some municipal elections and the nationality elections and in the referendums on the constitution and Andalucia. Communist members of the Union of Workers Commissions have also participated in two trade union elections.

The Moncloa Accords, on the other hand, were a time of tough confrontation within the party between those who, on the one hand and so to speak, were in favor of the accords to an extreme degree, i.e., they believed that the accords would be implemented as a result of the fact, a significant fact, of their political wisdom alone, and on the other hand, those who had serious doubts about their implementation.

There was the consensus policy, which was actually not the same as the democratic consolidation policy and which theoretically had no reason to be depoliticized, but which was implemented in such a way that, by playing both ends against the middle, by being vague and opaque, with a total lack of popular participation and of the party itself, it depoliticized, so to speak, our own organization. As a result, the opinion became widespread that the leadership was trying to solve everything by scheming and calculating and this contributed to the "loss" of contact with the rank and file and with grass-roots struggles, which weakened the party.

The 10th Congress has been held and the period of Leninism has ended.

This enormous accumulation of objective problems and the lack of a patient and systematic resolution of each and every one of these issues, on one hand, and the desire to get ahead of the game, i.e., to do in 4 years what others have taken 20 to achieve, I suppose could be and actually are the reasons for the initial disenchantment and subsequent lack of interest, disillusionment and resignation

of very many of our comrades. But many other causes of this deep-seated anxiety over the party's serious deterioration can be explained by facts such as: the development of a kind of struggle within the party itself, beyond any political or ideological position and having nothing to do with the party itself. This is quite simply a struggle for power, however small it may be: for the public offices of mayor, alderman, county councilman or for a seat in parliament or for this or that party leadership position.

All of these problems began to emerge particularly with the beginning of the political transition, with the beginning of our operation as a legal party.

At the time that these problems began to emerge, a different kind of political operation was "beginning," consisting of making devious accusations of a supposed lack of identification with the party's policy (for example: in the case of the debates on the Moncloa Accords) for the simple purpose of replacing this or that party official with another who was more in tune.

Finally, in contrast to the "old vices" of inflexibility, unshakable faith, political hypocrisy and dishonesty, there are the emerging "new vices" of careerism, status-seeking and unrestrained, shameless factionalism.

The unrest between professionals and intellectuals, which has not yet been given sufficient attention, is likewise starting to erupt, so to speak. Some eminent party leaders have said publicly ... that this is an invention of the intellectuals. (How good it would be for some leaders to reread their own public statements and their articles from a certain period.)

The gulf between the leadership and the rank and file is definitely becoming obvious and has certainly not been given very much consideration. Other phenomena, such as the preponderance of voterism, clientelism, etc., within the party are even being theorized.

At the same time, we cannot overlook the fact that the systematic training and promotion of cadres has been almost totally impromptu all through these transition years and that the party's internal tasks have been performed on a strictly voluntary basis, which partly explains why a campaign to increase the party's membership--in 1980, in connection with the celebration of the party's 60th anniversary--became known as a nonmembership campaign. One eminent leader said that well, it was because it was not the best time for obtaining new members.

We repeat: do these and many other factors explain the alienation and withdrawal of hundreds of members from the party and the irritation, disappointment, discouragement, disillusionment and demoralization of others?

Will these problems be resolved after the harsh blow suffered by democracy on 23 February, 23 March and the events in Almeria?

Youth of PCE

Madrid NUESTRA BANDERA in Spanish Jul 81 p 42

[Article by Jose M. Angel]

[Text] If we read the platform of the 10th Congress carefully, we will obviously note the total absence of the topic of problems of youth, as there is not the slightest reference to the many questions currently being raised by young people today.

It is strange to note the total absence of this issue, when the membership of young people in the party has declined considerably of late. This drop in membership is the most tangible evidence of the total lack of a program which responds to the needs of young people, causing them to flee (not knowing what else to do) from the spinelessness or apathy surrounding them.

With such an alternative program, the party must avoid young people's disillusionment with the political class.

This means that the party must provide a clear and realistic alternative to the issue with which young people are concerned: student problems, legalization of harmless drugs, decriminalization of abortion, ecology, sports, culture, unemployment (work is one of the basic means of their integration and participation in building a democratic society). The fact that there are not any specific party problems as yet must be recognized in the party's platform, since it represents the policy that the party will implement in the future.

This response to youth must be clear and convincing, dispensing once and for all with the moralistic and paternalistic attitudes which still exist among some comrades, which makes young people feel ill at ease and thus distant within the party.

We therefore need a comprehensive debate within the party on the policy to be followed concerning youth and to make sure that these young people, who live and work together with other communists, find in us the necessary catalyst and stimulus for responding to their needs.

The power of young people, who hope to hear the response to their problems in our voices, is great; thus this is not the time to disappoint them.

Party Professionals

Madrid NUESTRA BANDERA in Spanish Jul 81 pp 42-43

[Article by Francisco Garcia Sanchez]

[Text] One of the harshest criticisms of the party's leadership is that it has not dealt with all of the complex problems of professionals. As a professional myself, I partly share and endorse such criticism, but not totally, since that would be very unrealistic in this case.

It cannot be said without embarrassment that the party's leadership has been directly responsible, due to a lack of understanding, for the withdrawal of professionals from the party. But that is a far cry from the absurd claim that it has eliminated them (and this is what is being said in the bourgeois press and by some Communist Party factions) for fear of their possible criticism. Similarly, it cannot be said that professionals constantly tried to apply pressure to obtain positions of leadership within the party and withdrew from the party when unable to do so.

We have to get used to the fact that there is no black or white in politics nowadays, but rather an enormous range of tonalities which must be taken into consideration when making political analyses. Matters cannot be polarized by simplifying the debate and reducing it to just a Manichean discussion.

In my opinion, if there is anything clear in our Eurocommunist plan, it is the necessary participation of professionals and intellectuals in that plan and the entire party has repeatedly demonstrated this, and I emphasize "the entire party." Now that we hold power in quite a few municipal councils, or rather share that power with the PSOE [Spanish Socialist Workers Party], such participation is more necessary than ever and could even be termed essential. Not just as council members, but also as partners in carrying out that abstruse work which is almost inapparent in the various Worker Commissions and Councils for Participation, but which is almost, if not more, as important as the public actions themselves of the mayor or council members. This is an area of activity that many professionals neglect. And it is in this specific area of work, and I know this from my own experience, in which the absence of particiatpion by many professionals and intellectuals, who are now waving the banner of democracy and party participation, has been conspicuous.

I do not believe that such participation will be achieved by reestablishing groups of professionals, something which has been done as a substitute for not knowing what else to do to handle this serious problem and to get out of a difficult situation, yielding to the pressure of "either groups of professionals or else" we will leave.

In my opinion, this is an issue that has not received sufficient consideration in the platform. I believe that this issue must be discussed openly, without applying pressure or irritating each other and, above all, without ascribing any presumed blame to each other in the present situation of professionals and intellectuals. Now is the time, in the 10th PCE Congress.

We professionals must learn several things in the future. We must combine participation in territorial groups, which is the proper place for ideological and practical political debate, participation in various professional associations, trade union organizations or groups vindicating workers' rights, and technical consultation at the request of the party's leadership. We are faced with an historic challenge and dealing with these issues is not simple, but it is essential, whether we like it or not, and we are therefore obliged to fight for a more just society in order to achieve ouf revolutionary utopia.

But please let us dispense with internal conspiracies which lead to nothing positive and instead devote some attention to the disappearance of the PCE or at least to its poor reputation among the masses.

This is an issue which professional and intellectual groups must restate for themselves once and for all, in order to then be able to provide organizational alternatives for resolving the current "impasse," alternatives which do not mean a step backward, which is what has happened, but rather the transformation of that setback into a qualitative leap forward.

This problem has received very superficial consideration in the proposed platform of the 10th PCE Congress. It has not been analyzed thoroughly enough and the most dangerous thing is that solutions have neither been anticipated nor proposed, perhaps because our Central Committee has none or perhaps, to avoid arousing suspicion, it hopes that such alternatives will be proposed by professionals or intellectuals themselves. In any case, no short-term solution is in sight, when in reality one does exist. But in order to find such a solution, a debate must be opened in which rational and, above all, forward-looking solutions are proposed, ones that are progressive and not regressive. At least I hope so.

Party or Discussion Group

Madrid NUESTRA BANDERA in Spanish Jul 81 p 44

[Article by Abelardo Gimeno Lara]

[Text] I want to reply to an article by our comrade, Representative Pilar Brabo, entitled "Eurocommunism and the party" (in lower case), published in issue 106 of NUESTRA BANDERA.

Let us examine the essence of Pilar Brabo's (whom we shall hereafter refer to as P.B.) opinion of the party. According to P.B., the two basic, permanent features of the party are: "The theory and indomitable will of making revolution."

It has not occurred to P.B. that theory is in turn a consequence of revolutionary practice and that the worker movement has learned and is still learning in its heart, through just such long, hard practice, that revolutionary will and theory are not enough, that a great deal of organization is necessary and that without it we would be defenseless, doomed to helplessness and failure.

Types of organization can change according to the changes which occur in society, but party organization is and will continue to be a basic, essential feature as long as we live in a capitalistic society. P.B. considers organization to be something secondary.

But some of us might object to P.B.'s opinion that the party is "an instrument for making revolution." That is true, but that is not saying a great deal, since there are many instruments and she does not tell us whether she considers it important or necessary. She calls it an instrument. Period.

Nor does she tell us what kind of an instrument is involved, but since she has already implied that organization is not essential, we may assume that it is "something" which she calls a party, but which seems more like a club for political discussion or forming opinions. We would have appreciated more clarity, since the expression has become widespread in Valencia that "the party is not an end in

itself," which may be true, but this expression is used deliberately to reduce and even to deny the role of the party.

P.B. wants changes in the party, as we do, because it is not immutable or eternal. The party needs to change and the day will even come when it will disappear. But that is another matter. What must be changed in the party at this time? Its essence?

Of course not, because our final goals have not changed and the essence of society is still as capitalistic as it was in the time of Lenin.

But significant changes have taken place in the world and the party must adapt to these new realities. We need a party that can implement Eurocommunist policy, a profoundly democratic party of the masses, more democratic than any other political party. But we will not stop requiring everyone to comply with decisions approved by the majority after a broad and open debate, because that is a profoundly democratic requirement and, above all, because conscious discipline, which assures that such decisions will be implemented, is an integral part of the party's essence. Abandoning that would mean abandoning the party, even though we would retain its name.

P.B. uses the term "democratic centralism," but nothing else. I would say that democratic centralism requires a great deal of debate, but debate has its limits, among other reasons because arguments are eventually exhausted and then we start going around in circles, and above all, because people do not debate for the sake of debate, but for action. Of these two terms, the most important one is action and debate will be positive insofar as it encourages and stimulates action. But P.B. reverses the terms. She does not consider that the term debate is a dialectical entity and modifies it. She is therefore in favor of an endless debate, regardless of its possible effects on party unity and action. She tells us that the minority may be right and that debate will help to rectify mistakes.

First of all, it is assuming too much that the minority may be right, and if it were not, which is more likely, a prolongation of such debate would make no sense and would instead spread doubt, would be demoralizing, would create tensions among members and would hinder party action. That is what is happening now. And assuming that the minority may be right, matters would not change too much. There would not be a debate, but the practice of saying that we were wrong. It would not be debate, but action that would tell us whether or not we were wrong.

P.B. wants to reelect the leaders in office. She sets only one condition for this: "Make the party homogeneous." P.B. describes this to us in an oversimplified way, thus let us ask, on what bases? In our opinion, the party's homogeneity must be achieved with regard to policy, through debate and practice. P.B. considers it sufficient to achieve such homogeneity with regard to something more general and abstract: "The meaning of Eurocommunism, the revolution of the majority."

The term Eurocommunism is too broad, since it covers different realities with common features, which therefore require different Eurocommunist policies. The party's policy is the one that has to be established here and now. By this I mean that we can be or consider ourselves to be Eurocommunists and still disagree about what has to be done in Valencia at the present time. And if that is the case, we will not manage to achieve our policy.

11915
CSO: 3110/127

THREE MILITARY PROMOTIONS ANNOUNCED

Madrid EL PAIS in Spanish 21 Aug 81 p 9

[Excerpts] At its meeting yesterday the Council of Ministers made the following appointments: Maj Gen Manuel Saavedra Palmeiro was promoted to lieutenant general of the Land Army and also appointed captain general of Military Region II, headquartered in Seville; Maj Gen Alvaro Lacalle Leloup was promoted to lieutenant general of the Land Army and named captain general of Military Region VII, headquartered in Valladolid, and Maj Gen Luis Caruana y Gomez de Barreda was promoted to lieutenant general of the Land Army. The three new lieutenant generals were later received by Prime Minister Calvo Sotelo at Moncloa Palace.

The Council of Ministers also made these appointments: Jose Enrique Martinez Genique, secretary of state for consumption; Domingo Garcia Sabell, government delegate in Galicia; Antonio Roig Muntaner, director general of science policy in the Ministry of Education and Science, and Javier de Cardenas y Chavarri, chairman of the School Construction, Facilities and Equipment Board in the Ministry of Education and Science.

Biographies

In its first appointments since the unsuccessful coup d'etat on 23 February, the government yesterday promoted the top three major generals on the seniority roster to lieutenant generals. Luis Caruana, who has the longest time of service, has earned the three four-pointed stars but has not been assigned a post. Manuel Saavedra and Alvaro Leloup have been entrusted with the captaincies general of military regions II and VII, with headquarters in Seville and Valladolid, respectively.

Lt Gen Alvaro Lacalle Leloup was born in Haro in October 1918 and joined the service in 1937. He has taught at the Academy of Transformation, which is no longer in existence, the Artillery Application School and Superior Air Force School. A staff officer, he was promoted to brigade general in 1974 and to major general in 1978. He has served as artillery commander in the Canaries, commander of logistics in the Central Staff's Organization and Campaign Directorate, commander of Navarre Highland Division 6 and military governor of Pamplona. He was currently serving as secretary general of economic affairs in the Defense Ministry. He has a solid background in economics and headed up the General Directorate of the Treasury.

Gen Manuel Saavedra Palmeiro was born in Badajoz in August 1918 and entered the service on 18 June 1936. He is a staff officer and has held various posts in the Brunete I Armored Division, garrisoned in Madrid, when it was headed by Lt Gen Milans del Bosch, who is now on trial. Specifically, he served as commander of Saboya Regiment 6 and general in chief of Mechanized Infantry Brigade XI. He was currently serving as commander of Guzman el Bueno Mechanized Division 2, garrisoned in western Andalusia. A strict and demanding military officer, he was challenged as a jury member in the court-martial of the officers belonging to the UMD [Military Democratic Union] because of certain statements he made against the commanders and officers who were standing trial. The challenge was accepted, and he did not sit on the court-martial.

He is close to Lt Gen Jose Vega Rodriguez, who placed the general's sash on him. He was assigned to the Army staff in the operations division when Vega held this command, from which he resigned because of differences with the then defense minister, Lt Gen Manuel Gutierrez Mellado. While in his latest post he maintained cordial relations with all police forces.

Gen Luis Caruana y Gomez de Barreda was born in Valencia on 25 December 1917. He entered the service on 8 February 1930. Most of his posts were at garrisons in Valencia. He was promoted to major general in May 1978 and named military governor of Valencia in July of the same year. His promotion has been strongly questioned by various political circles because of his conduct on the night of the attempted coup on 23 February, as he remained in the office of the province's civilian governor while Gen Milans del Bosch seized total power.

8743
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NEW ARTICULATED TRACK VEHICLE INTRODUCED IN ARMED FORCES

Frankfurt/Main SOLDAT UND TECHNIK in German Vol 24 No 7, Jul 81 p 394

['Information--News' feature report: "Articulated Track Vehicle, Series Bv 206"]

[Text] An articulated track vehicle of the BV 206 series introduces the final phase of succession of generations of cross-country vehicles in the Swedish defense forces that is far-reaching in its technical and performance improvements. Distinguishing features of this new generation are the extreme traction capability on land and in water, low maintenance costs and high availability. The BV 206 track vehicle is made in a basic version that can carry a 2-ton load at a speed of up to 55 km/h. There are also radio and anti-tank versions. The track vehicles, that are now being delivered to the Swedish Army at the rate of about 100 per month, are useful primarily for better troop mobility on roads and across country. The BV 206 replaces the earlier BV 202 series. Compared to the earlier version, the new vehicle offers higher performance such as 150 percent greater load capacity (2,000 kg or 17 persons), 50 percent higher speed (up to 55 km/h), substantially simpler use and an improved interior. The new BV 206 comes with automatic transmission and power steering, leaf-spring suspension and a soundproof laminated plastic body. The reinforced rubber drive tracks have individual wheel drive and the forward and rear vehicle sections are articulated. In addition to the basic version that among others every Swedish infantry brigade will have, there is the BV 2061 radio version for batallion and artillery use. For better cross-country ability with armor-piercing projectiles and robot armament, the BV 2062 anti-tank version is being built for a 9-cm recoilless gun and the BV 2063 anti-tank robot version as well. Our photograph [not reproduced] shows the vehicle during trials in difficult terrain.

8545
CSO: 8020/1706-B

ESTABLISHMENT OF UNIVERSITY, FUNDS NEEDED

Nicosia THE CYPRUS WEEKLY in English 14-27 Aug 81 p 3

/Text/

A university in Cyprus would cost up to £14 million to build but several international organisations or friendly countries might be willing to help, a senior Education Ministry official has said.

Mr Panayiotis Persianis, a literature inspector, said it was estimated that capital investment on buildings and equipment would reach between £12.5 m. and £14 m.

The cost of running the university could be £7 m. a year, with fees meeting about half that amount (£3.3 m.).

He estimated that in the first year of its operation, the university could take 500 students. When fully developed, it would have 6,000 students, of whom one fifth would be from overseas.

Feasible

"With suitable preparation, it should be possible to have the university financed by international organisations and friendly countries, and overseas Cypriots might also help to meet the cost," Mr Persianis said.

The government started studying the possibility of setting up a university in the island in 1976. Foreign experts, including a UNESCO mission, found that a Cyprus university was both feasible and necessary.

A formal decision to go ahead with the idea was taken by the Council of Ministers in December 1978. Early this year, the House of Representatives expressed concern about the delay and asked the government to give the matter top priority.

Mr Persianis, who was addressing the recent conference of overseas Cypriot scientists and intellectuals said a ministerial committee had recently approved a report giving a broad outline of the future set up of the university.

It should be a "presidential" type, with a President and Board for administrative affairs and a Dean and Senate for academic matters. Academic work would be divided into semesters and be based on credit units.

The university should basically serve the educational and cultural needs of the communities of Cyprus and in the first phase should have a School of Science and Technology, a School of Social and Economic Sciences, and a School of Literature and Historical Studies.

Research

Another speaker at the conference, Mr Theofilos Kakoullos (a Cypriot who has taught in American and Greek universities for nearly 20 years) urged that in addition, the Cyprus University could have an Institute for Advanced Research to cover special fields such as Cyprus archaeology, ecology, oenology, Near and Middle East. Such an institute could have eminent foreign professors visiting it for some period of time and could be financed from such bodies as the EEC, UNESCO, and the Ford Foundation.

He also suggested that the School of Science and Technology, should include a computer and business management department.

Saving

Mr Kakoullos said out of a total of about 10,000 Cypriot students, about 60% were in Greece and 20% in British universities.

He believed a Cyprus university would attract 5-6,000 students which should be considered an adequate number for an establishment of its size.

He also expressed the view that many Cypriot professors now teaching in higher institutions in Britain, the United States and Greece would be willing to come here to work.

Professor Kakoullos said Cyprus would save up to £5 m. a year on foreign exchange spent by Cypriot students abroad; it would also earn foreign exchange since no doubt a Cyprus university would attract students from neighbouring Arab countries, the Middle East, Africa and even Greece.

Languages

He said this raised the question of whether English should also be used for teaching, at least with regard to foreign students and for certain fields of study. This would facilitate the visit of distinguished professors from overseas.

(The House of Representatives resolution early this year said the basic languages to be used at a Cyprus university should be Greek, Turkish and English, and that the institution should accept students "from all over the world, especially our region").

Settlement

Professor Kakoulos, who teaches statistics at Athens University, said the functioning of a Cyprus university was not an easy matter especially when it had to be decided what form or character it should take, and in view of the need to cover the Turkish community also.

In the event of a political settlement, the matter could be resolved through the establishment of a special Turkish language department, dealing also with Islamic religion, he said.

But there should be one Cyprus University, catering for the needs of the entire population, irrespective of national, racial or religious origin, he said.

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No. 1813

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POLL SHOWS LARGE INCREASE IN CENTER PARTY DISARMAMENT SUPPORT

Oslo ARBEIDERBLADET in Norwegian 12 Aug 81 p 10

[Commentary by Arne Karstad: "Labor Party and Center Party Zone"]

> [Text] Well into something that looks like the disarmament decade, we are getting clear signals of increased concern. Opinion polls by the labor press during the past 3 years show a clear increase in the number of people who believe Norway should do more for arms control and disarmament.

One of the interesting trends in this summer's poll is that only 6 of 100 people asked believe that it makes no difference what Norway does. It is true that we can not cover our large contributions by curbing the great outlays for military research, development and production of many modern weapons.

But we can participate by supporting all efforts over a broad field which are intended to stop the arms spiral, and to create and consolidate a feeling of security against war.

We do that by working for a disarmament conference in Europe. We are active in working for a reduction of nuclear weapons in Europe. We participate in the effort to reach an agreement for a complete stop in nuclear weapons tests and to strengthen the arrangements which prevent the spread of such weapons to countries which do not have them. This is Norwegian policy, and it is the central point in the Labor Party's program for the coming Storting session.

The Labor Party has been the motive force in the Norwegian work for arms control. This was emphasized by, among other things, active support of the nuclear-weapon-free zone in the Nordic area as a link in the work for reduction of nuclear weapons in the larger sense.

The zone issue was met with the tactics of casting suspicion and banter from the bourgeois side. The noise has been considerably dampened. Two polls this summer confirmed the main impression that there is support for the zone work across political lines. Even within the Conservative Party, the leadership could be on a collision course with its own members.

The conservatives are trying for a soft landing and are insisting that the Labor Party has come along with the Conservative Party in this matter. When the zone issue now is aired by conservative circles, they try to give the impression that finally, after being told off by United States Secretary of State Haig in New York, the Labor Party understands that the zone issue must be encouraged in consultation with our NATO allies.

The Labor Party has never thought differently. No responsible Labor Party politician favors an isolated solution, against the alliance. It is therefore difficult to try to give the impression that there is now an agreement where there was none before.

One of the bourgeois parties has split off. Not surprisingly the Center Party has laid low compared with the Conservative Party. Its leadership early demonstrated its commitment to peace. Opinion polls in the labor press show that while the desire for Norwegian input in arms control and disarmament has generally increased, it has almost dramatically increased in the Center Party.

It was hardly a coincidence that the Center Party approved a zone formula which is in all its main points similar to that of the Labor Party. The Center Party desires a nuclear-weapon-free zone in the Nordic area "as a start in a broad arrangement for regulation and reduction of nuclear weapons in a greater European context." Perhaps the Conservative Party, with its most aggressive propaganda against the Labor Party, will strike as hard against the Center Party as against the Labor Party?

FARMAND dared to break its silence when the paper wrote, "It does not bode well that Jakobsen is now beginning to let his imagination soar on the necessity of such an agreement (18 Jul 81 under the title "Zone Therapy Troublesome").

Jakobsen has announced that the Center Party will actively work for nuclear-weapon-free zones. He will surely be reminded that he took that obligation upon himself.

9287
CSO: 3108/182

PALME CRITICIZES BOHMAN FOR OPPOSING NUCLEAR-FREE ZONE

Stockholm DAGENS NYHETER in Swedish 17 Aug 81 p 8

[Article by Bjorn Lindahl]

[Text] Kongsvinger, Norway, Sunday--"For some reason, Conservative Party leader Gosta Bohman has made an assault on the idea of a Scandinavian nuclear-free zone. He feels that such a zone would not be able to increase Sweden's security. And perhaps we should not be surprised at that--because remember that the Swedish rightwing, for as long as it could, pushed the demand that Sweden create its own nuclear weapon."

So said Olof Palme on Sunday in Kongsvinger, where he had been invited by his political friends in Norway.

Olof Palme emphasized very forcefully that he himself supports the demand for a nuclear-free zone and also said that the idea is not something new, since all of Latin America, with the exception of Argentina, is already a nuclear-free zone.

"We take an entirely different view than the Conservatives. We feel that a nuclear-free Scandinavia would benefit Sweden's security and strengthen our policy of neutrality.

"But the serious thing is that Bohman goes a step further and says that a nuclear-free Scandinavia would not benefit security in Finland, Norway, or Denmark.

"By saying that, Bohman is violating what I regard as an implacable rule in Scandinavian cooperation, and that is that we should respect what our sister nations choose as their security policy.

"I have never questioned that rule. It must be accepted as a fact, and then we must make the best of the situation. We must never begin to direct the security policy in our neighboring countries, because by doing so we would divide Scandinavia," warned Olof Palme.

11798
CSO: 3109/234

BRIEFS

SOCIALIST SECRETARY BACKS MARCH--Gavle (TT)--"It is a dangerous act of giving up to believe that the people's struggle for peace cannot induce the world's great powers to direct their thoughts along positive lines." So said Sten Andersson, party secretary of the Social Democratic Party, at a meeting in Gavleborg on Saturday. "On the contrary, a people's mobilization against the arms race is a prerequisite for successful work on behalf of peace. One glimmer of light in all the darkness of armament is the fact that our demands for a nuclear-free zone in Scandinavia have set in motion a political process that has so far progressed more swiftly than we probably hoped. Scandinavia is united for the first time, public opinion is aroused, and the first small signs are beginning to appear that the world's big powers are not entirely unaffected by the people's mobilization for peace," Andersson noted. "Now the struggle must be carried further with all possible energy," he continued. "The Social Democratic party leadership has urged all organizations--our own and others--to protest against Reagan's decision to produce the neutron bomb." [Text] [Stockholm DAGENS NYHETER in Swedish 16 Aug 81 p 6] 11798

CSO: 3109/234

PCI 8-POINT DRAFT BILL ON 'REPENTANT' TERRORISTS

Rome L'UNITA in Italian 6 Aug 81 p 5

[Article: "The PCI Proposal for Those Who Quit and Confess"]

[Text] Presented yesterday in the Senate, a communist 8-point draft bill covers "Dispositions concerning crimes committed for terroristic purposes or subversion of the democratic order."

Sponsors of the bill explained that it is meant to offer a simple, clear response to the main problems posed by terrorists who abandon their outlaw groups and confess, although the sponsors concede that not all questions are given a solution in the bill (which, however, is open to all suggestions for improvement). This is true of the security of the "repentants" and their families (which, in any case, can be assured for the most part, if not exclusively, by administrative means) and the matter of clemency for those condemned to indefinite sentences which, for the present, appear to be insufficiently probed.

The 8 articles outline these provisions:

1. This article calls for the life sentence to be substituted by 10 to 15 years of imprisonment. Other penalties would be reduced by half in the case of crimes committed for terroristic purposes or subversion of the democratic order by terrorists who, disassociating themselves from their accomplices, endeavor to prevent their crimes from causing further consequences, or when they offer concrete aid to the police and judicial authorities in search of proof that will enable them to identify and capture other terrorists.

If a prisoner has been alienated from his group against his will, his depositions will not be decisive, although such depositions have helped the authorities considerably in identifying and capturing former accomplices. Therefore his life sentence will be commuted to from 12 to 20 years in prison, and his other penalties will be reduced by one-third.

If the prisoner, who has been alienated from his group against his will, has given only important aid to the investigators, his verdict of life imprisonment will be commuted to a prison term of not less than 18 years, and his other penalties will be reduced by one-fourth.

This article modifies and integrates Article 4 of the so-called Cossiga law.

2. Conceding Provisional Freedom

If one of the attenuating circumstances set forth in the preceding article is recognized at the final public hearing, the judge may grant the defendant provisional freedom on condition that he cease his criminal activities totally and permanently, but such provisional freedom depends on the extent of his cooperation with the authorities or the gravity of his crime.

A separate provision, which must be communicated to the prisoner, will impose obligations and prohibitions deemed necessary to supervise his conduct, to assure his availability upon request of the judiciary authorities, and to assure his presence at hearings.

Provisional freedom will be terminated should any one of these obligations or prohibitions be violated, or if the convict should fail to meet any one of the conditions imposed on him.

3. Concurrent Penalties

Should a person draw more than one penalty for different crimes, for each of which any one of the attenuating circumstances set forth in Article 1 is recognized, the public prosecutor will, if necessary, determine what his penalty will be.

Article 80 of the penal code will not be applied and, in addition to the main penalty handed down for his most serious crime, penalties for his other crimes will be reduced to one-fifth for each. For the accessory penalties, the terms of Article 79 of the penal code will be applied.

If the prisoner's convictions are handed down by different judges, the public prosecutor affiliated with the judge who has pronounced the most serious sentence, will make the final decision.

He will apply the second, third, and fourth paragraphs of Article 582 in the code for penal procedure.

4. Cases Not Punishable

Crimes committed for terroristic purposes or subversion of the democratic order are not punishable if they are presented to a magistrate within 60 days of the enactment of the law, and if they conform to any one of the attenuating circumstances referred to in Article 1.

For any person to whom the preceding paragraph is applicable, no arrest warrant will be issued against him, but one of the obligations and prohibitions referred to in the second paragraph of Article 2 can be imposed on him. If he violates any single obligation or prohibition, the public prosecutor or the magistrate will issue an arrest warrant against him.

The provisions of the foregoing paragraph do not apply to crimes of mass murder, attempted or actual homicide, serious or very serious injuries, holdups, acts of extortion, kidnaping or other crimes committed after 4 August 1981. In any event, if the criminal, to whom the attenuating circumstances set forth in Article 1 apply, presents himself to the authorities of his own free will, he may be granted provisional freedom, and the dispositions outlined in the second paragraph of Article 2 will be applicable. If his case has been put to a summary investigation, the investigating magistrate, upon request of the public prosecutor or the accused, will decide the matter of provisional freedom.

5. Conditional Suspension of the Penalty

Acting on one of the attenuating circumstances set forth in Article 1, the judge can decree that a detention penalty lasting not more than 4 years and a fine may be suspended for a period of 10 years.

The conditional suspension mentioned in the preceding paragraph may be granted more than once if it concerns a crime committed before 4 August 1981, providing that the total duration of the detention penalty does not exceed 4 years.

6. Conditional Freedom

An accused person committed to detention for 1 or more crimes for which one of the attenuating circumstances set forth in Article 1 is recognized, and who conducts himself during his incarceration in such a way that his eventual rehabilitation is assured, can be granted conditional freedom when he has served one-half of his term.

7. Perjury

If the accused has falsely attempted to obtain application of one of the attenuating circumstances set forth in Article 1, the penalties established in the first and second paragraphs of Article 368 of the penal code and the first part of the third paragraph of the same article shall be doubled. In the hypothetical case stated in the second part of the third paragraph, he will be imprisoned for a term lasting from 12 to 30 years.

8. Forfeiture of benefits.

If the accused commits a crime of terrorism or subversion of the democratic order after pronouncement of his sentence, even though it is reversible, as penalty for one or more [previous] crimes for which the attenuating circumstance set forth in Article 1 is recognized, he will forfeit all benefits conceded to him, and the penalty for his new crime will be doubled.

9653
CSO: 3104/344

ARMENIAN SPOKESMAN INTERVIEWED ON AIMS, ACTIONS

Geneva JOURNAL DE GENEVE in French 8-9 Aug 81 p 7

[Interview with spokesman of the Armenian Secret Army for the Liberation of Armenia (ASALA); date and place not given]

[Text] Beirut, 7 Aug (ATS)--The Armenian Secret Army for the Liberation of Armenia (ASALA) is one of the most mysterious organizations operating in the Middle East and Europe. Responsible for dozens of attacks on Turkey and against Switzerland since October 1980, it claims to be fighting for the return of the Armenian Diaspora to its land. There is no longer any question of a "guilty conscience" for the ASALA, which has chosen the armed struggle in order to remind the world that a million and a half Armenians died between 1915 and 1920. "Freedom or death" was already inscribed on the banners of the resistance movements to the Turkish Government at the end of the last century. And yet, this renewal of the "revolutionary consciousness of the Armenian people" nearly 60 years after "the genocide" is surprising. There can be no doubt that the ideological influence of the Palestinian resistance has been great on certain members of the Armenian community in Lebanon, one of the largest bastions of the Diaspora, with over 250,000 members.

The headquarters of the organization is in West Beirut, a veritable caravanserai, an open shop where it is very easy to procure weapons on the black market. Here, the ASALA is but one more organization in an explosive mixture of parties, factions and armed militias. However, it seems to have solid bases elsewhere, particularly in Europe, in Athens, Rome, Milan, Brussels, and also in Switzerland, according to statements by the ASALA.

It is very difficult to know the structure of the organization, its recruiting capacity, its real support in the Diaspora, for its political action is contested by the traditional Armenian parties, particularly the Daschnak. Joining the organization is not easy. Meetings with journalists always take place in buildings protected by a wall of militiamen, in warehouses serving as temporary headquarters or outside of Beirut, in Saida, for example.

This time, after days of waiting, the ASALA agreed to respond to the questions of the special ATS correspondent in writing.

[Question] What is the reason for this series of attacks aimed at Switzerland, these bombs in public places at peak hours?

[Answer] Our organizations has always taken the lives of innocent citizens into account. Our last operation in French-speaking Switzerland was on 9 June. Our soldier Madiros J. did not use the grenade he had in his hand in order to spare human lives. The attacks on public places were claimed by the 9 June Organization.

[Question] Do you mean that the 9 June Organization has nothing to do with the ASALA?

[Answer] There are direct and indirect links between us. That does not mean that we agree with everything they do.

[Question] Do these attacks not risk poisoning relations between the Swiss people and the Armenian Swiss community?

[Answer] It is the Swiss Government that has a hostile attitude toward the Armenian people by supporting the fascist Turkish regime. What would the Swiss people do if we started to support future occupants of your country? Would the Swiss people have thanked us for that?

[Question] Has it been difficult for you to organize attacks in Switzerland?

[Answer] We strike wherever we want. If we had wanted to strike harder in Switzerland, we would have done so easily.

[Question] And yet, the Swiss Government did lend assistance to the Armenians after the "genocide"?

[Answer] That assistance was not really assistance. It was part of an imperialist plan aimed at facilitating the assimilation of Armenians in Western countries in order to eliminate the Armenian problem.

[Question] What do you think of the way in which the Swiss press has reacted to the attacks?

[Answer] Many Swiss journalists have tried to distort the Armenian problem. We tell them that we represent an entire people and that we shall not hesitate to reply to all those who work against the interests of our people.

"Soviet Armenia Is Liberated"

[Question] But do you think that you can truly represent the Armenian community?

[Answer] The development of our struggle on the military and political level is adequate proof of the support of the Armenian people.

[Question] Do you not envisage other means of struggle than military attacks?

[Answer] It is obvious that the armed struggle constitutes a means of struggle along with other additional forms that we do not neglect. But the entire world began to speak of the Armenian problem again since 1975, the date of the emergence of our organization.

[Question] What is your political and financial support?

[Answer] Our allies are all the democratic and revolutionary forces fighting imperialism. As for financial support, it comes from the Armenian people everywhere in the world.

[Question] But you are accused of extorting funds from rich Armenians.

[Answer] That is false.

[Question] Do you have relations with the Red Brigades? With the Japanese Red Army?

[Answer] We have relations with all revolutionary movements. If those organizations are revolutionary, then we have relations with them.

[Question] You are fighting for the return of the Armenian Diaspora to its land. What are the limits of that "historic Armenia"?

[Answer] Most of "historic Armenia" is found in the eastern part of Turkey.

[Question] Do you consider Soviet Armenia as a liberated territory then?

[Answer] We clarified that point in 1975. Soviet Armenia is a liberated territory.

[Question] How long will you continue your attacks on Turkey?

[Answer] We shall continue our fight until the total liberation of our territory.

[Question] And against Switzerland?

[Answer] When our organization makes the decision to strike the Swiss institutions, we shall do so with all the more firmness because the Swiss Government supports the fascist Turkish regime financially and militarily.

11,464
CSO: 3100/908

TURKISH TERRORISTS REPORTEDLY TRAINED IN PLO CAMPS

Ankara YANKI in Turkish 17-23 Aug 81 p 19

[Text] "We are a national liberation organization. I am pro-Habash. And as a national liberation organization, it is normal for us to find allies in all countries. I know that there are revolutionary groups in Turkey; I support them. Similarly, during the time of the Shah, we aided the guerillas. As many Turks trained with us as Iranians. We heard that those undergoing training with the PLO participated in actions against the regime in Turkey. We support this movement.

These words were spoken to newspaperman Sedat Sertoglu by Palestinian guerilla Gazi Ebu Ceyyab who is imprisoned in Israel's Ashkelon Prison. Ebu Ceyyab has been sentenced to 7 life, four 30-year, one 25 year and two 10-year prison sentences as a result of two assassinations and seven sabotage missions.

The Prison, built in 1967, contains approximately 500 inmates. They are all Palestinian Liberation Organization militants. Among these are Turks who were captured in Israel after having been trained in Palestinian camps in Lebanon.

Cuma Yuvarlak is one of these Turks. His alias is Cuma Halef El Yusif or Ebu Firaz. Born in the village of Madenli in Antakya, Cuma Yuvarlak was sent to southern Lebanon by a Syrian whom he met while seeking work in the Beirut job market. There he joined Ebu Abbas' camp. While participating in the camp he carried a Kalashnikov weapon. He had been an Apocu [Kurdish Workers Party member] while in Turkey.

Antakya-born Cuma was very well received in the camp and, in addition to political education, he was trained in the use of glider-type motorized aircraft. He was assigned a jeep. He received 500 Lebanese pounds a week. This is the equivalent of 25,000 Turkish lira. Should he die or be captured in action, this money was to be paid to his family.

After the 6th month in the camp, Cuma Yuvarlak was given the mission of bombing the Israeli petroleum refinery in Haifa. However, he was captured after the plane's fuel tanks ran dry and was placed in Ashkelon prison. Speaking in the name of the other Turks in the camp, he stated: "Our goal is the same: To change the regime in Turkey."

One third of the inmates in the prison fasted and prayed [i.e., observed Muslim religious rituals]. According to the director of the prison, all of the inmates were PLO members; however, some were Marxist and some were conservative. Each prisoner cost the Israeli government $10,000.

After indicating that quite a few Turks has undergone training in Palestinian camps, Ebu Ceyyas, one of the Palestinians in the prison, added the following: "Yasir 'Arafat may not be of the same opinion, but we of the Habash group are not against the training of Turkish terrorists. Similarly, we are not against the training of Armenian terrorists or the assassination by them of Turkish diplomats.

Ismail Ahmed Dedec, held in the same prison, is a member of the PLO's Marxist wing. He was trained in Syria and later crossed over to the Golan Heights and set up an ambush for Israeli military units. Dedec said the following on the subject of training Turkish terrorists in Palestinian camps: "We will cooperate with everyone who cooperates with us. Turks come to us and say that they wish to fight against the regime in Turkey. We do not turn them away. They say 'The Turkish people want to get rid of their government.' It is necessary to separate the two subject. We are not against the Turkish government. They are against it. We do not interfere in the internal affairs of others. There have been cases where we have helped Turkey, the Turkish government. For example, the PLO brought to an end the occupation of the Egyptian Embassy in Ankara. If the Turkish government establishes good relations with us, we will establish the same with them.

Ahmed Dedec also confirmed the meeting which the Armenian Secret Liberation Army (ASALA) held with the Apocu in the Town of Sidon in Lebanon. The Armenian and Turkish terrorists went to the Palestinian guerilla camps describing themselves not as terrorists but rather as persons fighting against American imperialism. The ASALA and Apocu meeting took place in Habash's camp and both organizations made a statement there saying that they would fight against the regime in Turkey.

CSO: 4654/147

ENERGY MINISTER NOW WANTS TO REVISE GAS-PROJECT PLAN

Copenhagen BERLINGSKE TIDENDE in Danish 6 Aug 81 p 8

[Article by Christian Brondum]

[Text] The billion-kroner natural gas project that will supply 400,000 Danish households with natural gas starting in 1984 will now be revised. Apparently it was laid out on too large a scale.

This is happening after the Energy Ministry found "substantial changes" in the assumptions on which the 1979 Natural Gas Act was based. According to Energy Minister Poul Nielson there has been a considerable drop in the heat used by Danes compared with estimates of consumption made in 1979. In addition far fewer new homes are being built due to the economic crisis than anticipated in 1979.

In a reply to Conservative representative Annelise Gotfredsen the energy minister said that the big natural gas project due to the "substantially changed assumptions" will now be "brought up to date" in the fall of 1981. Poul Nielson said it was too early to say what these changes would consist of.

The government has committed itself in a contract with DUC [Danish Underground Consortium] dating from 1979 to buy a certain amount of gas a year starting in 1984. If heating consumption per household declines and fewer new homes are built the state will have problems selling all the gas to consumers unless it decides to extend the gas supply area outside the urban areas planned for in 1979.

In a comment on the reply Annelise Gotfredsen said that the energy minister is finally admitting that the natural gas project is based on precarious assumptions. "At the same time we have seen that with the latest technology we can transfer the surplus from the electric plants much further for nothing out to consumers than we could in the past. This makes the natural gas project an even poorer idea. The basic assumptions behind the natural gas project have now been changed so much that the Liberals, who helped pass the Natural Gas Act, must also be interested in an entirely new calculation concerning the biggest investment project in this century."

6578
CSO: 3106/156

JUTLAND NATURAL GAS PROJECT TO COST 40 PERCENT MORE THAN PLANNED

Copenhagen INFORMATION in Danish 24 Jul 81 p 1

[Article by Stig Albjerg]

> [Text] The construction of the natural gas network in southern Jutland won't cost 700 million kroner--it will cost 1 billion.

Natural Gas South which will supply southern Jutland with natural gas starting next year is expected to exceed its investment limit of 700 million kroner by 40 percent. Sources in the natural gas project told INFORMATION that already now they calculate that bringing the natural gas to southern Jutland will cost 1 billion kroner.

Natural Gas South is the first of a series of regional supply companies that will form a regional network for the distribution of natural gas.

If the estimates of what it will cost to bring in natural gas are exceeded to the extent anticipated by Natural Gas South previous calculations of the return on investing billions of kroner in natural gas in Denmark will be overturned.

If the expected budget overrun on the construction of the natural gas network in southern Jutland turns out to be typical for other regional natural gas networks either consumers will have to pay much more for gas than previously estimated or the state will have to subsidize the natural gas projects with billions of kroner.

Poul Nielson Questioned

Social Democratic member of Folketing Ervin Jensen asked the following question of Energy Minister Poul Nielson:

"The minister is asked to give his evaluation of the economic obligations of Natural Gas South in relation to the agreed budget framework and to weigh the need to tighten up regulations in the future for the regional gas companies to insure that their activities are kept within the nationally given economic and energy policy limits."

Ervin Jensen explained his question like this:

"In some parts of the daily press there have been rumors circulating recently that Natural Gas South is exceeding its budget framework by about 40 percent of the funds agreed to.

"With respect to the credibility of Natural Gas South as well as that of the other regional natural gas companies it is important to determine whether there really is a substantial overrun and if so to discover the causes for it.

"The regional natural gas companies today constitute a central part of the total natural gas project. Therefore overruns of the size referred to would weaken the very positive returns expected from the project.

"It is also important to determine if a given overrun stems from the natural gas project itself or from other activities, guarantees and the like which Natural Gas South may have entered into.

"If the overruns are as extensive as has been suggested it would in my opinion provide a basis for a review on tightening up the framework for the regional gas companies in order to make sure that the given economic limits are actually adhered to."

Among other things the supply company Natural Gas South has spent up to 8 million kroner on planning traffic reorganization in the areas where the natural gas pipelines are to be installed.

6578
CSO: 3106/156

NATURAL GAS PROJECT IN DISARRAY, LACKS MANAGEMENT

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 81 pt III p 2

[Article by Lars Dyrskjot]

> [Text] No authority or organization has complete control over the natural gas project that will run up to 30 or 40 billion kroner. A great many unforeseen problems will come up in the future as well.

The major problem with the Danish natural gas project that before it is finished will cost the Danish community between 30 and 40 billion kroner is that no one is in charge of carrying it out. At the same time the estimate of consumers' needs for natural gas is very unreliable. This means that even now--14 months before the natural gas arrives--it is hard to evaluate the extent to which natural gas will be used by Denmark.

The decline in residential energy consumption combined with the fall in new home construction means that about 20 percent of the originally scheduled amounts of natural gas will be available for new areas. This appears from the status report of the Energy Board which BERLINGSKE TIDENDE published on 28 July. The Energy Board, DONG [Danish Oil and Natural Gas] and the regional companies expect a clarification of where the extra half billion cubic meters of gas can be used instead sometime this fall.

Phase Two Coming Up

Should phase two in the natural gas supply system be speeded up--in other words should central and northern Jutland along with the last part of northern Sjaelland receive natural gas at an earlier date? Or should the half billion cubic meters be exported to Sweden or West Germany to provide some foreign currency in our treasury?

As we know the first 2 years of natural gas deliveries from Ruhrgas will serve as a kind of starting period to get the southern Jutland supply network established. Not until 1984 will deliveries from the North Sea begin. According to the 1979 report on the introduction of natural gas, the 1979 Energy Policy Statement, Denmark will use 819 million cubic meters of natural gas. Of this amount the

capital district will get 67 percent, the rest of Sjaelland will get 5 percent, Funen 16 percent and southern Jutland 12 percent. In 1990 Danish natural gas consumption will be 2437 million cubic meters of which the capital district will get 61 percent, Sjaelland 12, Funen 14 and souther Jutland 13 percent.

More for Heating

Thus there are limits to how much variation has been allowed for in planning among various regions of the country. But things are different when we look at the consumption of gas for heating. In a guideline for communities issued by the Energy Secretariat in 1979 it is psoposed that 14 percent of the natural gas in 1984 go to individual space heating in private homes with 86 percent going to collective heating with about half the natural gas going to district heating plants in power/heating areas.

But 6 years later individual heating will account for 34 percent of the natural gas while collective heating will use only 66 percent. District power plants will use the same amount of natural gas in absolute figures but the big users of natural gas will be industries that will use 28 percent of the gas in their processes.

Data Basis

But on the last page of this energy statement a big question-mark is places beside the data basis for judging the entire aspect of consumption. The body of data contains information on the entire energy market--it is a so-called VPU [expansion unknown] heating atlas that contains considerable areas of uncertainty.

The market basis was projected from this information from the data storage bank and a number of projected assumptions. In this way they arrived at the potential natural gas market on which a number of restrictions concerning investments and loads were imposed to get the most advantageous supply area for natural gas.

Sales of natural gas in the individual areas are based on the assumption that 90 percent of the households will voluntarily hook up with the natural gas network over a 6-year period. In the very first year it is assumed that 30 percent of the consumers will have hooked up with the network.

Compulsory Measures

"We knew the consumption of natural gas was put too high and investments too low," said councillor Lennart Larsson of Odense in the context of the Energy Board's natural gas status report: "I predict therefore that it will be necessary to introduce compulsory measures with respect to users in order to get rid of the natural gas."

This possibility exists in the legislation but DONG as well as regional and municipal supply companies have so far hesitated to make use of it, preferring to sell natural gas to consumers via an introductory price.

The problems involved in insuring rapid transfers to natural gas are closely linked to the contract Trade Minister Arne Christiansen arrived at on behalf of DONG with the Danish Underground Consortium. In this DONG promised to pay for amounts of natural gas determined in advance regardless of whether they correspond to consumer demand.

Offensive Policy

A number of load factors were included so that deliveries can vary depending on the time of year but on an annual basis DONG must pay for 2.5 billion cubic meters of gas--whether it has been used or not.

This agreement has forced natural gas companies to pursue an offensive use policy from the start. Industries and power/heating plants must be linked to the system so they can consume the gas in the introductory phase and in the summer periods throughout the 25 years, since the need for home heating is quite limited in the summer.

But it is the individual communities--and not the natural gas companies--who are the planning authorities with respect to which areas will be supplied with gas.

Built-in Problems

It is against this background that four experts with the County and Municipal Research Institute pointed out last year in the report, "Natural Gas in Denmark," that many planning problems have been built into the natural gas project. This is because a number of separate organizational units are supposed to implement the natural gas project in a smooth and efficient way.

The total administration includes the Danish Underground Consortium which is building up the facilities in the North Sea, DONG which is responsible for the overall natural gas plant, the regional distribution companies such as Natural Gas South, the municipal distribution companies and the controls imposed by state, county and municipal authorities.

Uncoordinated Organs

"All in all this is an extremely complex and very decentralized system containing many somewhat uncoordinated independent decision-making bodies," the report says, and continues:

"It is really hard to find one person with major responsibility for carrying out the project since responsibility is divided among a number of different bodies. In addition the contract with DUC provides much stricter time limits on the natural gas project than we are used to in most other big public investment assignments," it says.

6578
CSO: 3106/165

BRIEFS

CONSERVATION EFFORT RELAXED--Denmark is now returning to everyday life after the energy crisis. The last two of the three regulations introduced in the spring of 1978 to reduce energy consumption were lifted yesterday. One was the regulation banning among other things the illumination of outdoor advertising, decorative lighting, etc. in the time between 2300 hours and 1 hour before sunrise and the other was the regulation on keeping room temperatures in public buildings below 20 degrees. Earlier the temporary speed limits were replaced by a general reduction of the speed limit. Energy Minister Poul Nielson told BERLINGSKE TIDENDE that the lifting of these restrictions should not encourage people to use more energy, it's just that there is no longer any authorization for maintaining them. The regulations were passed under the law governing supply measures and to maintain them international supply problems would have to continue. But that is not the case. "Thus the regulations are being repealed for legal reasons," said Poul Nielson. "The need to conserve continues but for balance of payments reasons. Just from 1980 to this year energy imports will increase 6 billion kroner to a total of 27 billion. But conservation efforts have helped, since otherwise we would have hit 30 billion. Thus it is of real importance to the situation of our country that we continue to save," said Poul Nielson who anticipates tax consequences if this is not the case. [By Peter Kjelstrup] [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 81 p 1] 6578

CSO: 3106/156

BRIEFS

OIL TECHNOLOGY TO USSR DENIED--Minister of Oil and Energy Arvid Johanson flatly rejected the idea proposed by the general secretary of the Center Party, Svein Sundsbo, that Norway should cooperate with the Soviet Union on the planning and production of oil and gas off north Norway. The minister called the event "the greatest backward dance of the election campaign" because the Center Party has previously opposed oil activity to any large extent off north Norway. Conservative Kare Willoch also believes that it is interesting that the Center Party now has begun to show interest in oil activity in the north, but he also rejects the idea of cooperation with the Soviets. He said, "The Conservative Party wants full national direction and control of the oil policies, because oil off the Norwegian coast is a Norwegian resource." [Text] [Oslo AFTENPOSTEN in Norwegian 19 Aug 81 p 11] 9287

CSO: 3108/182

TPAO DIRECTOR DISCUSSES RESERVES, PRODUCTION

Istanbul TERCUMAN in Turkish 17 Jul 81 pp 1, 14

[Article by Nur Batur]

[Text] It has been reported that since the accomplishment of the necessary legal arrangements for accelerating oil explorations, 21 foreign oil companies have applied to the Turkish Petroleum Corporation [TPAO] to conduct joint oil exploration. In response to some questions posed by the TERCUMAN reporter, TPAO General Director Ismail Kafescioglu stated that "rather than looking for oil all over the country, exploratory activities are underway in the most promising areas using a total of 26 rigs."

Kafescioglu noted that "since Thrace, Adana, the Tuz Golu basin, and southeastern Anatolia are the most promising regions, exploratory activities are being concentrated there" and he added that "we are hoping that a few of these wells will be providing some good news in the near future much like Guney Dincer."

Guney Dincer

The TPAO general director said the following with regard to activities now underway:

"Within a short time, say 5 months, after the first well in the Guney Dincer field was completed it was producing 3,400 barrels of oil per day. We are hoping that we will reach 7,500 barrels per day by the end of the year.

"It is certain that TPAO, which last year reached an output of 17,500 barrels per day, will become Turkey's most productive company, producing 25,000 barrels per day by the end of the year."

The general director stated that there is a 285 million ton reserve in the Bati Raman field, but since the oil contained in it is very heavy only 3 million tons per year over the next 30 years can be extracted from this field.

Participation of the Private Sector in Exploration

Kafescioglu stated that the participation of the private sector in oil exploration had aroused great interest both domestically and abroad but he added that since the

capital these institutions have is limited the foreign partnerships will be able to make the greatest contributions in this regard. He made these following remarks on the subject:

"Priva e sector institutions, together with sound and solvent foreign partnerships they have agreements with, may established partnerships with TPAO (with the condition that TPAO hold an approximately 70 percent share).

"Additionally, quite a few independent firms have come to Turkey as well in the new period and some of these firms have begun rather promising operations.

A certain number of the 21 firms which as of today have applied for a partnership to TPAO are still in the first stages on contact."

Turkey's Petroleum Reserve

The TPAO general director stated that there are in Turkey 25 million tons of oil reserves which can be extracted by conventional methods and another 600 million tons of reserves which can be extracted by various other methods. "TPAO's 1981 production target is to reach the 1.2 million ton level. The refineries are working at full capacity these days but there are delays in the oil we get from Iran," he said.

Money Spent on Oil Activities

Kafescioglu stated that the conversion of TPAO into a holding company had created a successful and rational institution and he said that "the amount of money TPAO has set aside this year for oil activities is in the neighborhood of 7.5 billion lira (nearly $70 million)."

9236
CSO: 4654/111

BRIEFS

NORWAY-ICELAND INDUSTRIAL COOPERATION--Norwegian and Icelandic authorities have agreed to create a joint working group which will evaluate future industrial and energy cooperation between the two countries. Minister of Industry Finn Kristensen told NTB [Norwegian Wire Service] that possibilities for broad cooperation are seen primarily in the electrotechnical and power intensive industry. On Saturday Kristensen concluded an official visit to Iceland. Together with his Icelandic colleagues he developed viewpoints on possible industrial areas in which Norway and Iceland should cooperate more and better. Kristensen said, "It is apparent that Norway and Iceland have much in common, and that we can cooperate in several areas to our mutual profit." In several weeks Norwegian authorities will send the Icelanders a recommendation for terms of reference for the Norwegian-Icelandic working group. Kristensen emphasized that in conversations with the Icelanders there was broad agreement that joint projects must be economically self-sufficient. "Iceland has begun a large and aggressive water power production program for future years. The program will create possibilities for new power-consuming industries. These are two areas in which Norwegian industry has previously shown its skill, and in which it should be possible to cooperate," said the minister. He added that even if Norway is a large country in comparison with Iceland, they are both relatively small. Cooperation in research, development, production and combined performance toward third countries can therefore be both appropriate and reasonable, he said. [Text] [Oslo NORGES HANDELS OG SJOFARTSTIDENDE in Norwegian 11 Aug 81 p 7] 9287

CSO: 3108/182

EDITORIAL ADVOCATES REDUCTION OF WORK TIME

Vienna PROFIL in German 20 Jul 81 pp 8-9

[Editorial by F.G. Hanke: "Who Is the Crazy one?--Closing in for the Kill of Alfred Dallinger"]

[Text] Alfred Dallinger proposes extending vacation time to a fifth week as of 1 January 1983. This would result in a work time reduction of 2.5 percent within more than 2 years.

Reason enough to label Alfred Dallinger a feeble-minded or even a crazy Utopian.

If that same Alfred Dallinger were to demand salary increases which would cost the economy a lot more, people would grumble about it but would call him a "political realist."

In that case, Alfred Dallinger would follow in a familiar rut; a rut comprehensible even to Austrian economic journalists.

But now Alfred Dallinger wants something new: reduced work time. But "peasants will not eat any unfamiliar foods"--they would not even give them any thought.

It is of no advantage to Dallinger that the German Labor Federation has demanded the very same thing, nor that the new French government has declared the 35-hour work week to be its most urgent concern. The economic scientist writing under the pseudonym "Staberl" has labeled Dallinger a nut. And a whole army of "Staberls" in other fields is applauding madly.

There you have the intellectual level on which the discussion of one of Austria's most important current problems is conducted.

Having attempted many times in the past to provide positive justification for the necessity of a reduction in work time, I want to approach the question from the other end. What, may I ask, are the socalled "economic experts" proposing in its place?

They declare with a single voice that only a 4-5 percent economic growth would serve to avoid unemployment. Because that is the normal growth percentage of working productivity.

At the same time, these same experts agree that in the next few years the economy will grow at an annual average rate of a maximum of 2 percent.

Here is my question: in view of this prediction, what do these "economic experts" propose to stem the growth of unemployment?

Other than a reduction of work time. Perhaps someone besides Mitterand will come to the same conclusion eventually: unemployment as well is nothing other than a reduction of work time--only in its most stupid and antisocial manifestation.

With continuing technological improvements, in other words, when man's productivity continues to rise by using machinery, only one of two things can happen: either additional markets are discovered or work time is reduced. Current national economic policy considers only the former. If it were to continue being practicable, I would still consider it senseless (because it would constitute a waste of valuable reserves of raw materials and energy); but otherwise I would be satisfied that this is apparently what the people want.

But this option is no longer valid. Not because that is the opinion of a few muddleheads or antigrowth critics, but rather because it has been proven in practice: the markets are stagnating. Markets are no longer expanding. Present consumer demand is easily satisfied by present capacity.

Businessmen, whose decisions are based on common sense rather than on the opinions of economic experts, are aware of this. They realize that there are no additional marketing opportunities for additional production; therefore they make no new investments, no matter the investment incentives offered to them.

Let me correct this--they do make investments, but by way of increasing efficiency. The result: even more workers lose their jobs.

That is why traditional deficit spending is increasingly unable to cover up stagnation. It not only fires up economic growth, but also inflation, interest rates and the national debt.

Nevertheless it is unfortunately not always better reasoning which motivates most countries to discontinue deficit spending, but rather pure necessity: they have run out of money.

Thank God for that.

As usual, Austria participates in international developments by a phase shift. Essentially there are two reasons why unemployment in this country has not taken hold as it has in the rest of Europe.

First: since 1975 deficit spending here has been practiced to an extent which other countries have rightly shied away from because the resulting benefits are short term, while the mountain of indebtedness is long lasting.

Second: Austrian businessmen support the government's full employment policies with a readiness to sacrifice which is downright touching. They retain superfluous

manpower in their operations even when profits are nearing point zero or if they are operating at a deficit.

This type of "full employment policy" results in sick enterprises which sooner or later will provide employment for no one, e.g.: Eumig and VEW. And Funder and VOEST.

In this situation, Jens Tschebull has in all seriousness proposed that work time not be reduced, but in fact that it be increased, with workers' salaries remaining unchanged. A brilliant idea--perhaps all other industrial nations should adopt it also. Then all of us could double our productivity.

And no customers to be seen anywhere.

Let us proceed along these lines some more: perhaps the salary level could be reduced not only per working hour, but overall. This would make our products still cheaper, and we could produce still more. All other industrial nations should do likewise. This would then destroy the in-country markets, and every country's interior market is well known to equal the export market of every other country. In this manner we could even accelerate the deadly spiral, and with some strenuous exertions we would find ourselves back in 1929.

I am sorry that my reasoning keeps bringing me back to the same point of departure. Jens Tschebull's thinking would be justified if there were limitless markets. But there is no such thing as limitless markets. Unless of course we considered it "good business" to make outright gifts of our overproduction to the Turks or the Indians who would neither want to pay us for it nor to show any gratitude.

But if there is no such thing as a stretchable market, if in fact the market is increasingly saturated and the subject of intense competition, then the quest for increased work becomes sheer stupidity.

Every minute of additional work by the VOEST workers would result in additional losses of millions of schillings to that enterprise. Does Tschebull really think that if the hard working VOEZT workers were to work overtime shifts a single additional ton of steel could be absorbed by an already oversaturated market?

I have great respect for people who live only to work, who are unhappy if they are not productive every second (I am one of them)--but that is our psychological problem. It is not possible to elevate one's own workaholic neurosis to the status of an economic program: the market cannot absorb the additional effort. Especially not in the guise of work hours. There is however a demand for brainpower which would reduce the need for additional work hours, e.g.: development of computer chips, invention of robots, installation of automation.

To be brutally frank about it: the fate of the VEW, of Eumig, of the VOEST and of dozens of other enterprises does not depend on the sweat of the brow of tens of thousands of workers. It depends rather on the ingenuity of a few engineers who invent the LD system, a new camera or a more efficient production method.

If demands are made on man's physical strength rather than on his brain, he is an inferior, inexact, obsolete piece of machinery. Fortunately his brain enable him slowly but surely to dispense with his musclepower.

9273
CSO: 3103/412

SOCIALIST LEADER ON BUDGETARY, POLITICAL PROBLEMS

Brussels LE SOIR in French 12 Aug 81 pp 1-2

[Article by Herve Brouhon, president of socialist parliamentary group: "Facing Our Responsibilities"]

[Text] The budget marathon is finally over, at least as far as its first phase is concerned. During that phase, it was the task of the government to formulate proposals concerning new receipts, economy measures and reductions in spending in order to limit the deficit for the 1982 fiscal year to a maximum of 200 billion francs, set by the EEC as a ceiling not to be surpassed.

The government succeeded, but not without difficulty. Throughout the past weeks and up until the very first days of August, the Eyskens-Mathot team was on the brink of failure nearly every day. At the end of the parliamentary session, serious incidents increased in number in the Chamber as well as the Senate. They took on a bitterness that I had never witnessed in all my years in Parliament.

After the last vote was cast, it was within and around the ministerial team that the friction became particularly intense. The congress called by the Socialist Party on 18 July was considered by some of its partners in the majority to be a *casus belli*. We know that the some 700 delegates it brought together managed to see that it confused its detractors by confirming the will of the Socialist Party to see its ministers, secretaries of state and members of Parliament continue to participate actively in the country's recovery, with respect for commitments made -- that is, by seeing that the rehabilitation of our public finances comes about in a spirit of justice, without questioning the principles of such essential conquests as social security or the linking of wages and benefits to the index; by ensuring that a policy of economic recovery would mobilize available forces, that tax fraud would be fought with action rather than words or statements of intention, that hope would be returned to those living in fear of losing their jobs, not regaining the one they lost and, for young people, of not being able to use their education, the trade they have learned.

The measures announced by the government do not swerve from these objectives.

They should be translated into royal orders or bills, depending on the case. Parliament should take a stand on most laws, just as it must do on the ways and means budget in order to put governmental options into effect.

New difficulties are therefore to be predicted. While all those who placed their hopes in an initial difficulty of a dubious nature (a ministerial crisis in the very midst of the recess) are now frustrated, their reactions show that they have not disarmed and that their determination to plunge our country into chaos remains stronger than ever.

This situation at least has the merit of giving each individual a stunningly clear view of the position of all parties involved.

On the side of the liberal opposition, Gol's statements are particularly revealing of the state of mind reigning within the PRL [Party of Liberty and Reform] and the PVV [expansion unknown]. They indicate what fate would be reserved for workers, employees in the private sector, government employees, the sick and disabled, the unemployed and independent workers who are not lucky enough to head a big business, if perchance they should come to power with the support of the right wing of the Christian family and, who knows, of community parties.

On the side of the "pressure groups" which the partners or rather, the social interlocutors, are, the language is also one of criticism.

The Federation of Belgian Enterprises (FEB), the natural ally of the PRL, the PVV and the Christian right, including several former ministers and elected officials among its leaders, speaks of a budget that "cannot be taken seriously" and of the excessively heavy burdens to be borne by management and owners.

For its part, the FGTB [General Federation of Labor of Belgium] believes that the bill to be paid by the workers is too high, while the CSC [Confederation of Christian Trade Unions] joins with the League of Families to protest measures that might affect family allocations.

It is a fact that the 1982 will require sacrifices of all social groups, except those on the bottom of the scale. It is also a fact that the government plan will require further negotiations with the economic and social organizations involved and, I repeat, serious discussions in the Chamber and Senate. Several of the provisions will undoubtedly be the subject of modifications and amendments in one direction or the other. But we must realize one thing, even if it is difficult to accept: If we want to avoid the worst, the goal of limiting the budget cannot be abandoned on any pretext.

Even early elections, of which some are already dreaming, would change nothing. The inevitable promises of the parties would only reduce government receipts, increase its expenditures and therefore, worsen the country's budgetary situation.

The time for shrewd calculations based on partisan interest is past. Public opinion is tired of personal quarrels, useless controversies, word battles and the distortions it has witnessed for too long. It wants the truth, however difficult it may be to read or hear.

The government deserves credit for assuming its responsibilities and so does the Socialist Party.

Let it continue its task and Parliament its own, with all the necessary determination.

The current government coalition has not yet fulfilled the entire contract binding it. Constitutionally speaking, it has until the second Sunday of the month of May 1983 to complete the work it has undertaken. Giving up would not only mean breaking the commitments made, but dealing a low blow to our democratic regime, which has taken only too many such blows in recent years.

I dare to hope that those who claim to be part of the majority and who are concerned about the future of our country, whose restructuring must be completed, share that opinion.

P.S. On Monday morning, three pieces of information came in requiring an immediate reaction:

1 -- The first is a statement which the prime minister made to LA LIBRE BELGIQUE on the subject of Belgium's new structures. For us socialists, there can be no question of retreating. On the contrary, the work already done at the cost of so much effort must be completed amidst clarity, within the time agreed on and with respect for commitments made. The regionalization of Brussels must become a reality and all the organs of regionalization and communitization must be established in keeping with the constitution and the laws passed by the special majority.

2 -- The second piece of information comes to us from the United States and concerns the air controllers strike and the measures taken by President Reagan regarding the strikers: mass firings, fines, imprisonment. This is a quite singular conception of freedom not unlike the one which the American President denounces in certain dictatorships, while claiming to be a champion of liberalism!

3 -- The third piece of information comes to us from the same country and from President Reagan as well. The decision he made to give a green light to construction of the neutron bomb can only fill us with horror. This new means of destruction, which wipes out human lives while leaving material facilities nearly intact in its radius of action, is somewhat diabolical, inhuman. Naturally, this is a specifically American problem.

But let it be known that while the Socialist Party cannot accept violations of freedom in countries of the East, Soviet intervention in the affairs of other countries and particularly in Afghanistan and the demonstrations of force made at one time or another in Budapest, Prague or Poland, it is also not ready to allow Belgium to be turned into a vast depot of offensive weapons that would enable our allies in the United States to wage I do not know what kind of an ideological war.

11,464
CSO: 3100/906

BONN PRESENTS STEEL INDUSTRY PROGRAM

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 1 Aug 81 p 9

[Article by K.B.: "Bonn Passes 'Steel Package'"]

[Text] Bonn, 21 July--As a precaution the Federal Government prepared a proposal to the Brussels Commission, calling for a compensatory levy on subsidized imported steel. It is part of a "steel paper" that has just been passed by the cabinet. According to the statement of intent the Federal Government is not willing to accept the permanent threat to German jobs and steel enterprises caused by massive falsifications in competition. The crucial prerequisite for a consolidation in the steel industry is the establishment of prices that at least cover the costs. Consequently, the Federal Government expects that all participating members--in keeping with the European resolutions--will strictly adhere to volume and price regulations. In case of a new threat of a fall in prices, the Federal Government will immediately request protective measures from the Commission.

On the condition that steel enterprises will fully exhaust all their possibilities for rationalization and restructuring, the Federal Government will provide "supportive" assistance. The cabinet emphatically rejects proposals for restructuring this economic branch and creating a "German steel company." It is not in the interest of the public sector or the steel consumer.

The financial volume of the steel program for the years between 1982 and 1985, as announced by the Federal Government, is to amount to approximately DM 1.3 billion. Information has been confirmed (FRANKFURTER ALLGEMEINE of 31 July) that four relief measures have been established: 1. A 4-year steel-research program totaling DM 600 million. 2. Improved social measures for retiring steelworkers totaling DM 280 million. 3. Investment allowances of 8.75 percent for replacement jobs at steel company locations. 4. Investment allowances of 10 percent for restructuring and rationalization in the steel industry. A draft containing these points is to be submitted. Taking into account the investment allowances, a tax loss of DM 350 to DM 400 million is expected. Laender will lose about the same amount, taxes for local communities should decline by approximately DM 50 million.

Government Spokesman Kurt Becker explained that this "steel package" was primarily intended for "steel industry locations like Dortmund, Duisburg, Amberg, etc." The Federal Government is hoping for a close cooperation with Laender and local communities.

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CSO: 3103/398

BONN'S AID TO STEEL INDUSTRY CALLED INSUFFICIENT

Duesseldorf HANDELBLATT in German 3 Aug 81 p 2

[Article by Heiner Radzio: "Unsolved Problem"]

[Text] The innocence is gone. And yet no real sin is being committed.--This is in essence what the relief measures amount to that have been provided by the Federal Government to help the ailing German steel industry.

The sum of DM 1.3 billion--distributed over a 3-year period--is hardly more than a drop in the bucket. Hoesch-Estel in Dortmund alone requested assistance amounting to the above figure.

It is proper to tie investment assistance to certain criteria, for instance, the deposition of a convincing structural concept or futuristic research endeavors. But that is precisely the problem: Those steel enterprises that need state aid the most will also have the greatest difficulties providing from their own resources 80 to 90 percent of the capital required for the investments under consideration.

The crux of the matter is that well-targeted relief measures would yield better results than this modified sprinkler system, but at the same time it would have a distorting effect on competition. Already now one thing is certain: The problem of the German steel industry which is suffering from an international subsidy competition will at best be slightly ameliorated with this Bonn action, but it will by no means be solved.

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BONN TO INCREASE THIRD WORLD AID DESPITE BUDGET CUTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Aug 81 p 1

[Article by K.B.: "Bonn's Development Aid Budget To Increase Above Average"]

[Text] Bonn, 11 August--In spite of financial difficulties in the FRG, Bonn's development aid is to rise during the next year more than the entire federal budget. This assurance was given to Minister for Economic Cooperation Offergeld by Minister of Finance Matthoefer during the so-called minister talks concerning the 1982 budget. The cash funds for the development budget are to be increased by 4.5 percent to DM 6.1 billion. This means that its rate of increase exceeds, for instance, the defense budget, which is to be increased by 4.2 percent, the same as the total budget. Nevertheless, the agreement between Matthoefer and Offergeld is considerably below earlier statements of intent on development policies made by the Federal Government. Two years ago the FRG cabinet established a goal, according to which the development budget was to rise twice as fast as the growth rate of the federal budget. The original plan for 1982 was to increase public development aid by 8.8 percent. According to a comment by the Ministry for Economic Cooperation, financial bottlenecks are such that even with respect to development policies not all plans can be kept. Nevertheless, it is remarkable that next year's development budget will also grow at an above-average rate. Not only the coalition fraction but also the opposition had supported a disproportionate increase.

The minister for food will have to put up with additional cuts in his budget. Affected by cuts are, above all, investments for coastal protection, for field clearing and water management as well as the support of individual farms. These funds are listed under the heading of "Common tasks for the improvement of agrarian structures and coastal protection." Matthoefer wanted to cut as much as DM 170 million. He agrees with Ertl on cuts amounting to DM 45 million. As a consequence, DM 1.05 billion will be available next year for common tasks. DM 955 million will be used to fulfill existing obligations, DM 100 million are needed to cover remaining expenses for the current year. Consequently, the Ministry for Food cannot make any new commitments for 1982 in this area. It has already been criticized on Tuesday by the Farmers Association. Nothing is working anymore, is the comment. In addition, there is the overall cut of the 1981 budget, which includes DM 40 million to be trimmed from the federal subsidy of agricultural accident insurance. The Federal Government is beginning to destroy the social net of German agriculture.

The result of the budget talks between FRG Minister of Finance Matthoefer and Minister for Research von Buelow were also announced on Tuesday. The research budget,

which had been expanded considerably under Hauff, Buelow's predecessor, had already been cut in 1980 and 1981. Right now an additional DM 330 Million will have to be trimmed from the research budget within the framework of overall minimum outlays for 1981. According to announcements by the Ministry for Research, talks between von Buelow and Matthoefer revealed that following previous cuts, the budget will rise by 7.6 percent.

8991
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ECONOMIC STRENGTHS, WEAKNESSES VIEWED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Aug 81 p 9

[Article by Lothar Julitz: "No Longer Competitive? The German Economy's Ability To Compete"]

[Text] The dramatic change in the FRG's balance of payments, as well as a continuing and unusually high rate of unemployment, are the most visible signs of problems that the German economy has hardly ever before experienced to the same degree. Granted that while the situation in other industrialized Western countries has also deteriorated since the second oil crisis, the causes are not to be traced solely to the increased price of oil. More important is the fact that the German economy appears to have lost part of its competitive vigor. This is evident from numerous examples; the reasons for it are multiple.

In international trade the Federal Republic still holds a commanding position. Ranking only behind the United States, it is still the most important export nation, being at once the dominant world supplier of industrial goods, as well as the leading Western exporter to the Soviet bloc. Still, this position was attained as a result of the dynamism of the 1960's. Since then, not only world industrial production, but world trade as well, have increased more rapidly than has the growth rate of West Germany. The German economy has shown a tendency to lose shares even of markets for finished goods, in which it had always shown traditional strength, e.g., machinery and vehicles as well as chemical products. In the past 10 years the German share of world industrial production has dropped from 9 to 7 percent; of world exports, from 13 to 10 percent.

This diminished competitiveness is reflected also in German domestic markets, where foreign products have gained increasing significance in almost all sectors. Thus, in the past year, imports claimed a share of almost one quarter of total domestic purchases of the average of all finished goods as compared to a mere 10 percent 20 years ago. Imports have made a particularly heavy impact upon domestic markets for capital goods, where German products for years were assumed to hold an assured position, free of competition.

Where, at the beginning of the 1960's, less than one-tenth of German purchases of capital goods were made abroad, this import share has now risen to almost one-quarter. Even earlier growth sectors, such as machinery, motor vehicles and electronics have been no exception to this trend. Among traditionally less growth

oriented consumer goods lines such as shoes, textiles and clothing, porcelain and glass, foreign supplies have even further expanded their established and relatively strong position.

There is no denying that export weaknesses on the one hand and import pressures on the other have been brought about in large part by the upward valuation of the D Mark during the 1970's. Thus the foreign value of German currency as against those of its most important trading partners rose between 1970 and 1978 by an average of 50 percent, particularly affecting Italy, Great Britain and the United States. Even when upward price and cost pressures, which were generally weaker during this period, especially in West Germany, are "offset," there still remains a substantial "real" upward valuation, tending to hike the cost of German goods abroad and, conversely, to bring down the prices of foreign products in the Federal Republic.

In addition, Germany in the 1970's became a country of increasingly high wages. Based on manufacturing industry averages, wages and salaries per employee rose an annual 10 percent between 1970 and 1978 at a rate twice that of labor productivity. This means that labor unit costs rose during the same 10-year period at an annual rate of 5 percent. This burden naturally fell heaviest on those branches which had achieved a less than average annual growth rate.

In general, the German economy's productivity advance over the past 10 years has shown an even further leveling out when compared to the preceding two decades. A similar trend is, of course, evident for other, comparable industrialized countries. Yet what remains troubling is the fact that productivity rates in West Germany have continued to shrink in recent years while they have shown an opposite trend in rival industrialized countries, especially in Japan, France, Austria and even in Italy, Norway and Sweden.

One explanation for Germany's weaknesses in productivity can correctly be found in the continued undervaluation of the D Mark throughout the 1950's and 1960's. This did, over a long period, provide a significant competitive edge over foreign rivals. As a result, many firms deferred or neglected those investments which would have been urgently needed for a boost in productivity and a consequent guarantee of long-term competitive strength. As a result, according to the findings of the Kiel Institute for International Economics, there has been a tendency to prolong the use life of investment goods so that the most advanced technologies tend, as a rule, to be put on line only after long delays.

As a consequence of the undervaluation of the D Mark, the Federal Republic proved for many years to be an exceptionally attractive site for industry, attracting foreign direct investment and technology as well as less than fully trained "guest workers" from abroad, while other highly industrialized countries were generally producing their own technology as well as exporting capital, employment opportunities and technology. In the 1970's, increasing pressure upon industrial earnings, resulting especially from the snowballing of wage rates, caused the partial or total neglect of investment in technological advances that would have enhanced productivity.

More recently the devaluation of the D Mark has of course somewhat improved Germany's competitive position. As a result, a "real" competitive advantage of

from 10 to 15 percent can be recorded since the fourth quarter of 1979 as compared to cost and price advances in other countries. Yet this cannot be regarded as any kind of patent medicine if only because of price increases resulting from enormously more expensive imports. If foreign trade problems resulting from oil prices are to be dealt with effectively and with a minimal attrition, the only solution left which holds any prospect of success is the bolstering of internal competitive strength. This, however, is only possible through improved productivity and/or labor cost restraint.

9878
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STUDY FORECASTS CONTINUED WEAK ECONOMY

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 14 Jul 81 p 6

[Article: "Rhine-Westphalian Institute for Economic Research: Weakness Continues"]

[Text] Essen--DPA/VWD--In the view of the Rhine-Westphalian Institute for Economic Research (RWI), persistently high burdens continue to drain the strength of the economy. The RWI (Essen), which is considered one of the leading research institutes, is pointing to wage settlements, state finances and interest rates when stating that the economy is not expected to recover "on its own" during the second half of the year but that it will "continue to be weak."

In its new economic report the institute, which traditionally is highly critical of labor unions, lists the size of wage increases that were granted this year among the negative influences and it holds labor unions as well as employer's associations responsible for it. Furthermore, the monetary policy--"deserted by fiscal policies"--is keeping a tighter rein on the money supply than is necessary for the financing of an adequate growth and for the stabilization of cost and price levels.

In the opinion of the RWI, the "swelling" debt of the state has contributed heavily to the problem. "Not only did it first cause a rise in the interest rate and later keep it from receding, it also was responsible for the loss of confidence in the policies of the Federal Government." The economic researchers do not expect that the new DM 6.3 billion investment-promotion program will be any more successful than the tax relief package of 1981.

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STUDY SHOWS ECONOMIC YIELD DECLINES WITH MONEY SUPPLY

Frankfurt FRANKFURTER RUNDSCHAU in German 14 Jul 81 p 6

[Text] The industry-linked Institute for the German Economy (IW) in Cologne sees German enterprise as inadequately equipped for the innovation and investment challenges of the 1980's. According to an institute study, capital resources and business yields have seriously deteriorated since the end of the 1960's.

What particularly concerns the industry-supported institute is the fact that the proportion of capital resources in the balance sheets of all enterprises, amounting to some 31 percent in 1967, has shown a constant decline since then to a 22 percent level in 1979. The institute is also disturbed by the falling off of profit levels. Turnover yield--an index signifying the relationship of net annual surplus after taxes to turnover--has shrunk from 3.3 percent in 1967 to 2.4 percent in 1979.

The "declining yields among industrial corporations" was characterized as particularly pronounced. While the period 1965 to 1970 showed a net turnover yield of 3 percent annually, it shrank by more than 2.2 percentage points in the years 1971 to 1973 to an average level of only 1.7 percent in the period 1974 to 1979.

In the opinion of the institute economists the resulting "loss of capital must be dealt with urgently" in order to assure international competitive strength and to maintain employment. How this is to be achieved is not spelled out explicitly in the institute's documentation, though analogous demands by trade and industry have already been put forward. Either employees or the state (or both) will have to foot the bill. Thus a policy of "wage restraint" would bring about a redistribution of income to the advantage of industry. On the other hand, the creation of capital resources within enterprises could be promoted by tax relief measures.

The institute puts forward a number of reasons for the dangers resulting from diminished capital resource rations. For one, they point to the fact that a high "vertical" capital resource ratio would serve to assure the continued stability of enterprises since interest and amortization obligations would be of less consequence given a high capital resource share. For another, a high degree of capitalization would be a precondition for the acquisition of credit during periods of business growth.

The institute calculates how much additional new capital would be necessary to achieve the healthier capital proportions of the past (1968/69). The conclusion: "In the national economy there exists a 'capital gap' of DM 144 billion, 58 billion

of which is found in manufacturing industries and, within that sum, a deficit of DM 30 billion among industrial corporations." This deficit of liability capital within the national economy corresponds to the amount that German firms would have invested in 1979.

The institute admits that the horizontal proportion, i.e., the proportion of capital in fixed assets, has developed more favorably. This stood at 70 percent in 1979, approximately 2 percent higher than it had 12 years earlier. The institute economists warn, however, against drawing false conclusions. This advance does not result primarily from improved capitalization but merely from the diminished growth of fixed assets during the 1970's.

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MACHINE INDUSTRY INCREASES EXPORTS AS DM VALUE FALLS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Aug 81 p 11

[Article by Sch.: "Machine-Building Industry Regains Lost Territory"]

[Text] Frankfurt, 4 August--The continuing devaluation of the German mark against the dollar has sharply increased German exports. In machine building, the biggest German industry, this year's exports constituted the biggest share of business. According to figures by the Association of German Machine and Equipment Builders (VDMA), there was a real decline of 7 percent in domestic orders during the first half of the year when compared to the same period last year; foreign orders, however, increased by 8 percent during the same period. Consequently, the machine industry registered a real gain of 1 percent by the end of June.

Favorable export conditions are now also reflected in the development of the sales volume. As recent as January, real export sales were 8 percent below those of last year. At the end of May, allowing for price adjustments, it was only 0.9 percent lower. As a result, the association expects a 2-percent real growth in export sales, which means that the share for exports will again exceed 60 percent (in 1980 it was 58 percent). "It is more than the machine-building industry could expect at the beginning of the year," the association comments. Within a "surprisingly short time" the industry has regained shares of the market that had been lost during the 1970's.

German enterprises do not only have price advantages because of the dollar revaluation (within 1 year more than 30 percent), they also benefit from the fact that the rate of inflation is considerably higher in those countries that are their most important competitors. In addition, other currencies, for instance, the pound sterling or the yen, have also risen against the German mark. Japan, the United States and Great Britain certainly are the most important competitors for the German machine-building industry on third markets. This applies, above all, to the OPEC countries, which at the present time offer exceptionally good markets for capital goods.

In addition, German machine builders are constantly increasing their market share in the FRG. The price index alone is an indication of how much the pendulum has swung in favor of German machines on the domestic market. In May German producer prices were 4.9 percent higher than during the same month last year; import prices, however, were 10 percent higher. As a consequence, between January and May real

imports of machinery fell by as much as 2.3 percent when compared to last year's value. Nominally, however, the same period saw an increase of 6.8 percent, due to hefty increases in import prices.

Nevertheless, the favorable export boom has not yet had any impact on production. During the first quarter real production of machinery was 3.5 percent below last year's figure. Still, the individual branches in the machine-building industry developed in a considerably different manner. While the production of agricultural machinery (minus 17 percent), hoisting equipment (minus 5.9 percent) and building and building-material machinery (minus 5.6 percent) reflect the weak investment trend in their client industries and while the largest branch, the machine-tool industry (plus 0.7 percent), is still affected by the anticyclical investment policy of the automobile industry, partially strong rates of growth in the production of wood-processing machinery (plus 4.7 percent), precision tools (plus 9.3 percent) and in aerial technology (plus 9.2 percent) are apparently based on special economic developments. A spectacular growth has taken place in office and information technology, showing a real increase in production of 17.4 percent.

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EXPANDED ARMS PRODUCTION, EXPORTS FAVORED TO INCREASE JOBS

Bonn DIE WELT in German 24 Jul 81 p 4

[Article by Ruediger Moniac : "Support for Arms Exports Increases With Joblessness"]

[Text] Weapons production and arms exports are seen by the people more and more in connection with the protection of jobs. This is the result of a representative poll by Infratest on behalf of defense technical enterprises. In the light of interviews with 2,000 persons in November, 1979 and again in April, 1981, the institute established that the number of persons favoring weapons production for economic reasons has clearly increased.

This number increased in this time period from 41 to 48 percent. At the same time, the portion of those presenting technological arguments--industry's ability to compete and innovate--sank from 53 to 45 percent. The trend in question of weapons exports was similar. With 35 percent, the number of opponents in November, 1979 was greater than the number of proponents (25 percent). Undecided were 38 percent. In the meantime the number of proponents has increased to 33 percent, whereas the portion of those opposed to arms exports has remained nearly constant with 34 percent.

The results of the poll show that this reversal can be attributed entirely to the males questioned. Here especially the number of undecided fell sharply. Among women, on the other hand, there are now more opponents of German weapons exports in 1979 (37 to 34 percent). The younger generation takes a critical view of weapons exports: For those 14 to 29 years of age, the portion opposed is nearly twice as high as that in favor (41 to 22 percent). The idea "the production of German weapons endangers the peace" is rejected by 49 percent of the population while 37 percent are of this opinion.

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KRUPP, HOESCH PLAN STEEL COOPERATION

Hamburg DER SPIEGEL in German 10 Aug 81 pp 68-69

[Text] The two steel managers were in the best of moods when they said good-bye to their host, Reimut Jochimsen, economic minister of North Rhine-Westphalia.

"We feel that we and our problems are in good hands with you," is how Alfons Goedde, director of the board of Krupp Stahl AG in Bochum, expressed his thanks. And Detlev Karsten Rohwedder, general director of Hoesch, even found that Jochimsen had been "outstanding in crisis management."

At the beginning of July the two managers and the minister reached an agreement after 2 hours: Hoesch in Dortmund and Krupp in Bochum are--with the well-meaning support of the Lang government--to be locked together as tightly as possible.

Together the two steel companies want to cut costs and reduce excess capacity. Thus, Hoesch and Krupp, numbers two and three among German steel producers, will agree on production locations and will work out who can produce what the best.

But it is not to remain that way. The ultimate goal of the cooperation is the establishment of common operating corporations, which will then be controlled by a holding company.

The Land government in Duesseldorf is pushing for speed. "By the end of August," according to Minister Jochimsen, Goedde and Rohwedder are to turn in their work"--a detailed concept of the cooperation to the point of merger.

In order to stick to Jochimsen's timetable, Rohwedder and Goedde have set up board staffs, which will examine costs and savings opportunities in all operating units. They will also work out proposals for how the individual product lines can best be coordinated. Representatives of both concerns meet regularly to exchange figures.

The planned radical cure seems to be the last chance for both enterprises. Hoesch was able to muddle through only because its Dutch partner Hoogovens covered more than DM 1 billion in losses by the German partner in the last 5 years. The Westphalian iron and steel concern (about DM 7.7 billion in sales) must count on a further loss of at least DM 500 million in 1981.

It will be a bad year for Krupp as well. The steel company (about DM 6.2 billion in sales) is presently losing about DM 50 million every month. And unlike Rohwedder's Hoesch, Goedde's concern has no partner to absorb the losses.

For the parent company Fried. Krupp BmbH in Essen is not prepared to do that. Fearing that the steelworks could pull the entire machinery and equipment concern into a crisis, the head office in Essen would rather separate from the ailing subsidiary than take over its losses.

Concern director Berthold Beitz, according to the word in the Krupp administrative office, would prefer to give up the steelworks for the symbolic price of DM 1. But no one, not even industry leader Thyssen, can afford to accept a gift like that.

For years German steel companies have complained that the unequal competition in Europe has ruined their business. They claim that they must face foreign competitors who reduce prices despite hopelessly outdated production plants, because the government covers their losses.

The EEC in Brussels tried to put an end to the ruinous competition with a system of production quotas. But in the long run, according to EEC Commissioner Etienne Davignon, only a radical reduction in capacities by means of "extensive cooperation" could save the European steel industry.

In the meantime the governments in Bonn and Duesseldorf are prepared to initiate a DM 1.8 billion program to ease the way for the necessary structural restoration in the German steel industry. In two weeks, when Hoesch and Krupp put forward their common program for contraction the first thing they can count on is help in the way of tax monies.

But not just the state is to pay. Economic Minister Jochimsen demands that the owners of both steelworks and the banks should have to make an "appropriate contribution."

Jochimsen wants each to shoulder one-third of the burden of the reorganization plan. Then Bonn nnd Duesseldorf are to guarantee the rest.

And although the bankers are still offering strong resistance to the minister's proposal, they are hardly likely to reject it. For example, especially the Deutsche Bank is heavily involved with Hoesch. If the banks do not wish to endanger their previous loans, then they must once again contribute money.

Private and government money for the steel industry could in the course of the years once again add up to billions. For Rohwedder wants to proceed with the construction of new steelworks in Dortmund. The investment of approximately DM 1.5 billion is to replace the outdated blast furnaces and preserve at least some of the jobs in Dortmund.

Rohwedder still needs the approval of his 50 percent-partner Hoogovens before he can realize his plans with Krupp. The IG Metall has already given him its endorsement. For the cooperation of the two steel concerns means fewer lost jobs than there would be if each company were independently forced to make mass layoffs.

Some aspects appear promising, at least in the planning. Thus, in the future orders by Hoesch are to help the Krupp plant for converter steel in Rheinhausen work closer to capacity. In exchange the company in Dortmund wants to shut down parts of their obsolete factories and build the new steelworks only half as large as originally planned.

Krupp, on the other hand, can profit from the up-to-date Hoesch plate processing plants. For Hoesch is leader in galvanizing, tinning and the layering of plate with synthetic substances.

In the meantime the steel experts in Bochum and Dortmund have done an excellent job of coordinating their production planning. As in the knocking down procedure at an auction, they are already deciding who will produce certain products--right down to smaller operations with a hundred workers.

To be sure, a weighty problem that could be very irritating remains for Rohwedder and Goedde: Who will be head of the new steel concern on the Ruhr?

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SUMMER UNEMPLOYMENT HIGHEST SINCE 1952

Bonn DIE WELT in German 5 Aug 81 p 1

[Article: "Since 1952 There Have Never Been So Many Unemployed People"]

[Text] Bonn--In July the labor market situation in the FRG saw a dramatic change for the worse. Josef Stingl, president of the Federal Office for Labor, reported yesterday that the number of unemployed persons reached 1,246 million, an increase of 120,000 over last month's figure. It is the highest number of unemployed people in July since 1952. The unemployment rate rose from June to July from 4.8 to 5.3 percent.

In accordance with the season, the number of part-time workers declined by 95,500 to 221,000. Employment offices knew of 160,000 openings, almost 19,000 more than in June. Stingl emphasized the fact that he had not expected unemployment to reach such high figures in July and that he also was not optimistic for August. All signs seem to indicate that the rise in unemployment that was expected in the winter had already occurred during the summer. According to Stingl's figures, the average number of unemployed people between January and July is now 1.197 million, an increase of 320,000 over the same period last year.

Unemployment rates that are considerably above the FRG average can be found in Lower Saxony-Bremen (6.8 percent), North Rhine-Westphalia (6.5 percent) and Rhineland-Palatinate-Saarland (6.0 percent). In Schleswig-Hosstein, Hamburg and Berlin the rate is 5.6 percent. Lower rates can be found in North Bavaria (3.7 percent), Hesse (4.4 percent), South Bavaria (3.7 percent) and Baden-Wuerttemberg (3.4 percent).

For the first time since the establishment of the Land, the number of unemployed persons in North Rhine-Westphalia exceeded 400,000. In the cities of Cologne, Aachen, Dortmund, Duisburg and Gelsenkirchen the unemployment rate reached between 8.0 and 8.5 percent.

Yesterday the Land employment office in Duesseldorf declared that except for the wintertime there has never been such a rise in unemployment on the Rhine and Ruhr. The only district employment office in North Rhine-Westphalia that has an unemployment rate below 5 percent is Bonn (4.2 percent).

CDU Social Expert Heinz Franke interpreted the most recent figures as an obvious result of a "total collapse" of the employment policy of the coalition government.

SPD Deputies Eugen Glombig and Egon Lutz demanded, above all, impulses for employment policies financed through supplemental contributions. In this connection Lutz criticized FRG Minister for Economics Otto Graf Lambsdorff (FDP), whose "faith in the economy and trust in the famous investment strength of German enterprises" was more than ever out of place. The CDU expert Franke expressed doubts that a program of subsidized employment financed through supplemental contributions could prevent a new record number of unemployed persons, because the ensuing decline in purchasing power would have a very restrictive effect.

CSU Deputy Rudolf Kraus accused the Federal Government of being unable to remove political barriers to necessary investments. As examples he mentioned the energy field, telecommunications and housing construction. In the opinion of Walter Quartier, deputy chairman of the German Salaried Employees Union, a consolidation strategy is now mandatory to curb public deficits and also strengthen outlays for increasing employment.

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NO POSTAL DEFICIT FORECAST FOR 1982

Frandfurt/Main FRANKFURTER ALLGEMEINE in German 12 Aug 81 p 9

[Article by K.B.: "Minister for Post Insists on Higher Postage Rates"]

[Text] Bonn, 11 August--In spite of criticism among the population, in parties and in industry of the planned drastic increases in postage rates, the Federal Postal Service wants to secure additional revenues in 1982 in the amount of DM 2.3 billion. Minister for Post Gscheidl is thus insisting that fees are to be increased to the extent as proposed and as early as 1 March 1982. The coalition requested a moderation in the size of the increase and also a postponement until 1 July. Gscheidle just replied in Bonn, saying that he had to accept all the different suggestions from the political and economic areas; for the time being, however, it would not result in any changes in his own proposal. Among the provisions are that rates for a standard letter will rise from 60 to 80 pfennigs and for a postcard from 50 to 70 pfennigs.. Gscheidle has just mailed his rate proposal to the administrative council of the Federal Postal Service. The administrative council will confer and make a decision on it on 4 September. A preliminary decision will come on 26 August in the subcommittee of the administrative council.

Gscheidle is defending himself against the accusation that he is driving up rates. This accusation came also from the Neckermann mail-order house, which took out an advertisement calling on its mail-order customers to join in a protest action against the minister for post. Gscheidle acts as if he is surprised about the form of the advertisement. To date there has existed a cooperative atmosphere between the ministry for post and the mail-order house. The minister is not unaware of the fact that for a mail-order house like Neckermann between 7 and 10 percent of the net income from sales is consumed by postage. To date, however, mail-order businesses have enjoyed unusually high subsidies for postal fees from surpluses in the telecommunications system. All the packages that are shipped every year by Neckermann are subsidized at DM 4 each--like all other packages--since the mail-order house does not pay the actual costs of mailing packages.

In a similar manner Gscheidle rejects the criticism by seven economic associations who claim that the Federal Postal Service permits itself to be used as a tax agent. Even if there had not been a decision to give 10 percent--instead of 6.67--of the receipts to the Federal Government, an increase in postage rates could not have been avoided. At best it could have been postponed by 3 or 4 months.

In Gscheidle's view, aside from a few exceptions, his planned rate increases would keep the added cost within reasonable limits for private households and industry.

Like any other "sensible" business enterprise, the Federal Postal Service is forced to undertake price corrections to avoid red figures, which are already in view for 1983. Without an increase in rates, the 1982 profit for the Postal Service would only be DM 648 million. After that, there is the possibility of a DM 789 million loss for 1983 and of DM 2.4 billion for 1984. Following the proposed increase, revenues are to take the following course: After DM 976 million in revenues for this year, the next 2 years are to show profits that will amount to DM 2.3 and DM 1.8 billion and in 1984 it will be close to DM 30 million.

The change in postal rates, Gscheidl says, is only slowing down the unfavorable economic development experienced by the Postal Service. The planned increase in postage rates will not eliminate the deficit of the Postal Service. At the present time only 80 percent of the Postal Service costs are covered. Without increases the coverage of costs would be reduced to 73 percent by 1984; rate changes could stabilize the covered costs at 83 percent. Surpluses in telecommunications are urgently needed for investments. It is indefensible to use these surpluses exclusively as subsides for the unprofitable Postal Service.

Against this background Gscheidl establishes four goals for his rate proposal:
1. The Postal Service is to remain an unsubsidized, independent enterprise.
2. The goal is to introduce appropriate rates that will lead to financial independence. 3. Fees for various services are to be set more fairly. 4. There is to be a correction in the imbalance of revenues in the Postal Service and the telecommunications system.

Relief for Telephone Customers

Bonn, 11 August--Kurt Gscheidle, FRG minister for post and telecommunications, wants to reduce costs for telephone customers by DM 130 million annually.

A provision for changes in telecommunications regulations was submitted by the FRG Ministry for Post and Telecommunications--in conjunction with the new postal rate proposal--to the Postal Administration Council for a decision during its session on 4 September. The submitted proposal contains regulations for the expanison of same services and measures for rate changes.

8991
CSO: 3103/408

BUDGET CUTS TO RESULT IN CONSULATE CLOSINGS

Hamburg DIE WELT in German 29 Jul 81 p 1

[Article by Bernt Conrad, Bonn: "Genscher Forced To Close Consulates. Foreign Office Fears Impact Upon Foreign Cultural Policy"]

[Text] As a result of projected 1981 budget cuts affecting 81 positions, the Foreign Office will be forced to shut down a number of consulates and general consulates abroad. Further cuts for 1982 are feared following current administration budget conferences, which will presumbably lead to major setbacks for cultural policy abroad.

Diplomats in Bonn view this prospect as politically very detrimental, because the relatively modest fiscal savings in the foreign service can lead to substantial loss of effectiveness and good will in the countries affected. This is true not only for the abandonment of consular representation but also for the closing of individual Goethe Institutes which could be necessary as a result of the planned cutbacks.

The German foreign service, numbering some 6,000 civil servants, is, according to official estimates, only half the size of those of France or Great Britain for example, not to mention the United States. The personnel roster of the Foreign Office has increased by only 117 foreign and 95 inland positions since 1970, although West Germany's admission to the United Nations and the initiation of diplomatic relations with 47 other countries, including China, as well as the strengthening of relationships with the Soviet bloc have all imposed many new demands upon Bonn's diplomatic establishment.

Within the past 10 years, according to information from the Foreign Office, staff levels at the UN missions in New York and Geneva have increased by 51; at the Moscow embassy by 31 and at Warsaw by 38. The newly opened embassy at Peking has a staff of 30. To be able to fill these 167 new positions, staffing at other missions has had to be substantially reduced.

"For years now we have been living off our capital. Which is why staff cuts can only be achieved by closing missions," is the response at the Foreign Office. The trend is seen as ominous, particularly because existing emergencies in the diplomatic service call for an increasingly flexible staff response. As case in point, the pressure of ethnic German and Polish applicants for visas to the Federal Republic is currently so great that no fewer than 30 employees at the German embassy in Warsaw are engaged in their processing.

9878
CSO: 3103/397

NATION'S ECONOMIC LOSSES IN KHOMEYNI'S IRAN NOTED

Zurich NEUE ZUERCHER ZEITUNG in German 9-10 Aug 81 p 11

[Article by P.K.: "France's Economic Interests in Iran"]

[Text] Paris, 7 August--It is expected that the withdrawal from Iran of French technicians and company representatives will damage the remainder of industrial relations between the two countries. Although there was a steep rise in 1980 in the export of French goods, business transactions involving big industries and construction equipment stagnated and at the same time petroleum imports from Iran by France stopped completely. Most of the French firms that are still represented in Tehran are limiting their activities to the settlement of pending business. Lately, industrial activities have been in evidence only at the construction site of Tabriz, where a thermal-power plant is being erected with French cooperation, as well as the Renault assembly plant near Tehran. Altogether, only 150 Frenchmen were still working in Iran; they are currently awaiting repatriation.

Formerly Brisk Exports of Goods

In 1980, bilateral trade saw a significant increase in French exports; French imports, however, declined. France benefited especially from the international embargo measures against Iran that had been imposed in connection with the American hostage affair. The country increased its shipments of food and pharmaceuticals which were not affected by the trade embargo, whereas those capital goods could be delivered which according to the official French declaration had been ordered before 4 November 1979 (day of hostage seizure). There was a decline, however, in French import from Iran. In 1980 they amounted to approximately 3 billion French francs and were in balance with exports. Since 1980 France has not bought any petroleum from Iran.

Annulment of Large Orders

According to information available in Paris, the loss of business in Iran that has occurred since the Khomeyni revolution amounts to approximately 10 billion French francs. In April 1979, for instance, shortly after Khomeyni's return from French exile, an order for two nuclear power plants at 930 megawatts each was canceled. It had been placed with Creusot-Loire under the Shah regime at a total cost of 15 billion French francs. On month later, an order for the construction of a subway in Tehran, which had been given to an engineering division of the Paris subway, was also annulled. Participation by French enterprises in this subway construction

(62 kilometers of tracks) amounted to about half of the arranged sum of 18 billion French francs. In addition, the Bouygues construction company had been contracted to build 600 public housing units, whereas the Batignolles Electric Company was asked to undertake the electrification of the Tehran-Bandar-Shahpur line. These large orders were also canceled.

Strained Export Risk Guarantee

As long as the damaged firms could prove that shipments had already taken place and that services had been performed but that they were not honored by Iranian customers, the French Export Risk Guarantee stepped in. In January 1981, payments by this institution under the column "Iran Losses" reached approximately 2.4 billion French francs.

In the opinion of French companies the current crisis must be taken seriously; however, it does not mean that orders which are in the process of being fulfilled cannot be completed. Particularly the CGE subsidiary Cogelex, which was in the process of completing the installation of transformers, switching systems and distribution nets in Tabriz, hopes that it will soon be able to return its technicians to Azerbaijan.

8991
CSO: 3103/406

EEC ASSESSION, RELATIONS WITH CEMA ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 28, 9 Jul 81 pp 47-48

/Article by Giannis Karouzos/

/Text/ With the accession to EEC our country has adopted directly (except in the case of a few transitional arrangements) all the community provisions governing EEC's external economic relations. According to the provisions of article 113 of the /Treaty of Rome/ establishing the community, the exercise of commercial policy in principle, as well as the procedures for concluding and carrying out agreements with third countries, fall under the jurisdiction of the community and not of its individual member-states. There is an actual limitation of the possibility to carry out a national trade policy since by adopting the community rules, jurisdiction which (in most cases) was in the hands of national agencies are now transferred to the corresponding community organs (European Communities Commission, Council of Ministers). We specifically note that because of conflicting interests among member-states the Council of Ministers (special majority) plays a decisive role in formulating the community's trade arrangements with CEMA, while the European Communities Commission exercises mainly procedural functions (conducting also the negotiations with the CEMA, following the instructions of the council).

New Facts for the Protection of the Greek Market

The adoption, direct or transitional, of the EEC autonomous and treaty arrangements with the CEMA member-states, brings about significant changes in the national system for the protection of the Greek market.

a. Participation in the autonomous EEC trade policy: participation which necessitates the adjustment of the preexisting national import system and presupposes:

b. The gradual alignment within 5 years (1 January 81--1 January 86), of Greek import duties with the KED /Customs Duty List/ duties applied by the community toward the countries of State Trade. (EEC applies special duties on CEMA countries which are not GATT members, while in the case of Poland, Hungary and Czechoslovakia it applies treaty-established import duties which in many cases are below the special duties /applying to the other CEMA members/.)This gradual alignment to the community's KED applies to those products on which our country has not followed KED since November 1974 with regard to CEMA countries.

c. More specifically, on imports from Romania our country has adopted the system of general preferences given by the community. This system includes, above all, duty-free rights for imports of Romanian industrial products. This relief does not apply on limitless quantities but on quantities limited according to the problems which may be caused by the competition of Romanian products with the community. Greece since 1 January 1981 has been directly applying this system to the industrial products on which it applied KED duties since November 1974 and gradually (1 January 1981 to 1 January 1986) on the products on which duties will be aligned with the community duty list during the same 5-year period.

d. The immediate application to Greece of the community procedures on dumping in force today with regard to the countries of State Trade.

e. The adjustment of national import limitations applying to the State Trade countries with the limitations applied by the EEC on the CEMA member-states. In practice, for those products on which the community has adopted a unified EEC import freedom (Council Regulation No. 925/79) the import freedom applies directly to our country as well, except for certain deviations during a 5-year period (Annex V to the Act of Accession). For those products on which EEC has not adopted general import freedom (Regulation 3286/80) annual import quotas will be applied either in implementing Annex VI of the Act of Accession or on specific products covered by special decisions of the Council of Ministers.

f. The gradual abolition of national restrictive systems which are regarded as tantamount to import quotas: immediate abolition of price list review systems, abolition in 3 years of cash prepayments, etc. It will be possible to replace them with overview and safety measures but only upon the approval of the appropriate EEC agency and only when the problems are justifiably serious.

The basic principle applied ipso facto in the context of our country's adopting the EEC autonomous trade policy is that of "Communal Preference": During the period of implementing the transitional but also the permanent arrangements, Greece will not have the possibility of granting the countries of State Trade a status more favorable to that applied by the EEC at a given moment.

In practice the principle is applied at three different levels: The regime of trade exchanges applied by Greece on the CEMA member-states cannot be more favorable than that applied to trade exchanges with the EEC countries, to trade with preferential countries, and to exchanges with the GATT member-countries (Free Trade countries).

Contractual Trade Policy

This refers primarily:

a. To the participation in the special agreements signed by the EEC in the context of its overall textile policy limiting exports to the EEC countries by Romania, Bulgaria, Poland and Hungary.

b. The participation in the special agreements limiting exports to the EEC of certain steel products from Romania, Poland, Hungary and Czechoslovakia.

c. To the implementation in our country of the agreement between EEC and Romania which aims at expanding the access of Romanian industrial products to the EEC countries.

In the above three cases, the arrangements have been determined by EEC based on the needs and problems of EEC industry which are not always identical with those of Greek industry. More specifically:

1. The agreements limiting textile exports include protection mechanisms which graduate and move according to the seriousness of problems in the textile industry of the nine EEC countries. This classification of problems does not correspond to the problems of the Greek textile industry which until the accession was over-protected under quotas and other restrictive measures.

2. The agreements limiting exports will be implemented. Thus, the question of production quotas on steel products in Greece has not been resolved.

d. Finally, the EEC-Romanian agreement allows the possibility of protecting sensitive industrial branches to the extent the appropriate community organ will agree to negotiate for them in the context of the joint EEC-Romanian commission

Abolishing the Clearing

The abolishing of the bilateral clearing agreements Greece had with CEMA countries is a second basic obligation applying to Greece following the adoption of the EEC arrangements on autonomous trade policies. This abolition (which creates serious export problems) is due to the fact that such agreements are subject to the provisions of article 113 of the EEC Treaty, the article which specifies that the exercise of trade policy and the signing of trade agreements are under community jurisdiction and no longer under national /decisions/. The problem evolves primarily around the fact that such agreements may inhibit the implementation of an EEC trade policy toward the countries of State Trade.

It is worth noting that bilateral trade agreements of a general nature between EEC member-states and CEMA are being renewed silently, following approval by the Council of Ministers to the extent that they do not inhibit the implementation of the EEC trade policy. Moreover, the community legislation provides for consultation among the member-states regarding trade negotiations and the signing of bilateral agreements of cooperation with the countries of State Trade. Our country has the possibility of signing bilateral agreements for cooperation to replace the bilateral clearing agreements, but it will not achieve the same benefits derived for the Greek exports under the bilateral clearing agreements. The opportunities for signing bilateral cooperation agreements come from the following provisions of EEC policy:

a. With regard to cooperation agreements, the member-states are free to sign such agreements but they must not include obligations of a commercial nature and must be completely in line with EEC regulations of external trade policy.

b. The question of bilateral agreements is political in character. The council has adopted a series of decisions and bilateral agreements signed by member-states before the end of the transitional period since the founding of EEC

(31 December 1969) and which were reaffirmed as being valid during the normal period as well. These approvals were justified on the grounds that those agreements were not in conflict with the general direction of the joint trade policy and that they do not inhibit the implementation of that policy. Such special dispensations are still being given by the Council of Ministers.

c. According to the assessment by the UN Economic Commission on Europe, the bilateral contractual relations between the EEC countries and the countries of State Trade account for approximately 10 percent of EEC transactions with CEMA members. It is certain that these estimates do not reflect the extent of transactions under the cooperation agreements. With these agreements the countries of State Trade import foreign technology in the form of complete industrial installations and equipment, something which our country is not yet able to export. An illustration of this is our negotiations with the USSR to export oranges in exchange for trucks.

Finally, in order to assure a certain coordination in the trade policies of the /EEC/ member-states in the sector of bilateral cooperation agreements, the Council of Ministers issued a decision on 22 July 1974 "establishing a consultation procedure on cooperation agreements of member-states with third countries." The goal of this decision is to assure a communal coordination in the cooperation agreements signed by member-states and to enable the EEC Commission to obligate the member-states to observe the principle of communal jurisdiction in the sector of trade policy (article 113, EEC Treaty). In this regard, the council's decision includes mainly:

a. A procedure for informing the EEC Commission by the member-states on cooperation agreements and on measures which might possibly affect the transactions which the member-states plan to negotiate or renegotiate (information prior to the negotiations and of course prior to the signing of such an agreement).

b. A consultation procedure following the information if the commission or another member-state so requests.

Thus, if a member-state fails to observe the specific provisions for consultation (especially if the projected measures may affect the communal trade policy or the transactions) or if the projected cooperation agreement falls under the jurisdiction of the community in trade policy matters, the commission may go to the European Court, according to the provisions of article 169 of the EEC Treaty.

In practice the bilateral cooperation agreements provide the necessary coverage for communal enterprises to conclude "equalizing transactions" agreements with the State Trade countries. Such agreements provide for the payment of purchases by communal enterprises with products derived from their investments in State Trade countries. The communal enterprises which sign such agreements take advantage of the financing terms specified under the bilateral cooperation agreements between EEC member-states and State Trade countries.

EEC-CEMA Negotiations

The initiation of EEC-CEMA negotiations reflects an EEC effort to conclude long-term nonpreferential bilateral agreements with the CEMA member-states (such an agreement was recently signed with Romania).

In the end the community came to negotiate with CEMA a frame-agreement between EEC and CEMA. This agreement will be concluded by the Council of Ministers as an indication of the political significance of this matter and will refer to the development of trade exchanges and to the principles which will govern those exchanges. According to the EEC view such an agreement will include:

1. The establishment of administrative cooperation especially on questions of industrial models, environment, economic forecasts and statistics.

2. The determination of the general principles governing economic and trade cooperation, while the executive regulations on questions of commercial transactions and cooperation will become the subject of more specialized agreements between EEC with each CEMA member-state on the basis of equality and reciprocity of advantages and obligations. Mainly they will contain the most favored nation clause and the abolition of all obstacles to trade transactions.

The basic intention of the community is: a) to establish "working relationships" between EEC and CEMA, b) to define the principle of which the mutual relations will be based and c) to exchange commercial and economic data.

In the context of the negotiations, certain basic CEMA theses are opposed by the community which does not want them to be included in the frame-agreement. These points include:

a. Solution of trade problems and inclusion of the "most favored" clause (a clause which EEC wants to negotiate individually with each CEMA country). We should note on this that CEMA has no jurisdiction on questions of trade policy.

b. The inclusion of industrial and scientific-technological cooperation.

c. The individual participation as contracting parties of the EEC member-states.

d. The creation of a joint committee with general jurisdiction to examine all aspects of mutual relations.

e. The inclusion of a clause on the "normalization" of trade relations. With this clause CEMA wants to abolish "distinctions," i.e., the advantages the community affords the CEMA member-states agreeing to sign with it a trade agreement (as in the case of Romania).

Our country has no way of changing the negotiating positions of the community as they have been developing during 1976-1981 and therefore they accept them as "fait accompli." Possibilities for expressing the Greek view exist within the strict limitations of a future change in the community's negotiating position. In fact, the community plans to normalize its relations with CEMA and the member-states of State Trade even on the basis of the continuing development of transactions with the countries of eastern Europe.

7520
CSO: 4621/59

PCI SECRETARIAT DOCUMENT ON FIAT CRISIS

Rome L'UNITA in Italian 19 Jun 81 p 6

[Text] The PCI Secretariat has examined the results of the work of the delegation of communist parliamentary groups, headed by Comrade Edoardo Perna, who recently went to Turin to discuss the various aspects of Fiat's situation in meetings with the chairman and deputy chairman of the Piedmont region, FLM [Federation of Metalworkers] representatives, several plant councils, Piedmont Industrial Union and Fiat leaders, crafts organizations and representatives of the intermediate cadres and industrial youth associations. Following this analysis, the PCI Secretariat approved the following document.

1. The seriousness of the automotive crisis has not diminished: signs of market saturation in capitalist countries, new increases in the prices of petroleum products and the growing aggressive penetration of Japanese producers have caused a continuation of the recession, a severe cutback in production in all Western countries and--to varying degrees, depending on the country--a reduction of employment levels. The European market is proving to be extremely delicate in such a situation: it is much more vulnerable to Japanese and American penetration, manufacturing companies are more numerous, specific national interests are more contradictory and EEC agencies have not established any sort of strategy at the community level.

The situation that has been developing thus confirms the analysis made and the validity of the proposals submitted by communists in both the PCI National Conference on Fiat in February 1980 and the National Assembly of Fiat Communists.

. comprehensive process of reorganizing and redefining the sector is needed to andle and resolve the automotive crisis: today, of course, but even more so in he future, those businesses and countries that move ahead with the development of esearch, technological innovation, energy conservation, improved models, greater oduct competitiveness and agreements and cooperation among automobile manufactures, t the European level first of all, will be in a position to overcome the present egative situation.

Fiat's problems do not appear solved in this case, as evidenced by the number Piedmont industrial workers receiving unemployment compensation (about 50,000),

many of whom were employed in industries related to automobile production. Market conditions continue to be depressed. The relative growth of Fiat's sales has been achieved within a generally declining market. But Fiat's inclination to step up the introduction of motor vehicles produced in its foreign plants into the Italian market is making the situation of controlling domestic production worse. Based on Fiat's estimates, the new-models strategy does not make it possible to expect the relaunching of their production before 1983 and competition will certainly be quite strong by that time. This involves maintaining unused production capacity, although it is not clear when such capacity can be fully employed. Finally, launching the industrial production of new models requires cash flows which Fiat is still not in a position to provide with self-financing.

Moreover, an increase in productivity achieved by reducing absenteeism and cutting back on employment would still not be enough to solve the problem of competitiveness. The most serious part still lies ahead and can be achieved only through changes in the organization of production and new investments.

The problems of relaunching production are therefore very complex and require full commitment of the group's financial and managerial resources. Thus the objectives of the reorganization in progress--although urgent and necessary--must be clear: relaunching and developing production to recover market sales and to guarantee employment. On the other hand, if the inclination for strictly financial operations or different choices should become more pronounced within Fiat's executive group (using a strategy that would give the appearance of resolving the crisis while aiming at adapting production levels to current market trends), it could only have negative repercussions for workers and the country.

3. Much broader strategic aid is therefore necessary, aid that would be aimed not at reducing but at expanding the Fiat group's operation. This is possible only if a policy of planning is implemented by the government: the automobile plan, the fund for technological innovation and other means of assistance--whose financing is guaranteed not only for the large company but for leading businesses as well--must become operative as soon as possible and be included in a policy for development, redefinition of production and job protection. Another integral part of the work of planning is arranging for means to manage and control the labor market (reform of hiring practices, regulations concerning mobility, professional training), which are essential for properly solving the employment problems deriving from Fiat's reorganization. It is likewise necessary to urge other European countries and EEC institutions to establish coordinated choices and joint policies as soon as possible to stem increasing Japanese penetration. An equally important and urgent task is adapting the means for foreign trade intervention to promote and maintain exports.

But active, planned government intervention is also decisive for obtaining plans from companies, and from Fiat first of all: more than ever, it is urgent for Fiat--similar to what Alfa-Romeo has done--to map out its own company plan with precise determination of its own resources and the means and objectives which the company intends to use to deal with the crisis.

4. Concurrent with the effort to resolve the automobile sector's crisis, an effort must also be launched in other divisions of the group's operation; in some cases,

Fiat's presence in the market may well be jeopardized. More generally, a process of formulating its characteristics and the course of the industrial policy in Piedmont and throughout the country must be reopened: the automotive industry, which will certainly continue to be an important sector in the future from both production and employment standpoints, will be able to expand, but only to a limited degree. Indeed, the massive processes of reorganization, which are needed to adapt the product to the market, will produce a labor surplus in the short term and thus, in the longer term, will have the effect that even a possible new expansion phase of production volumes may not involve appreciable increases in employment. A broad confrontation between political and social forces must therefore be set in motion to bring about a new policy of overall industrial development.

5. Against such a background, arrangements were made in late June for verifying the implementation status of the agreement initialed at Fiat last October. Fiat confronted trade union organizations, demanding new reorganizations and denouncing new personnel surpluses in addition to the 23,000 persons already receiving unemployment compensation, although affirming (not only to the trade unions but to the PCI parliamentary delegation as well) its intention to abide by the agreement.

The following must be stressed: every single point of the agreement must be implemented, guaranteeing the rehiring, for the periods stipulated, of at least some of the more than 20,000 workers receiving unemployment compensation, particularly those employed in southern plants; outside mobility must include those workers who were in excess of the October agreement, except for those who resigned or retired early during those months; in the case of other labor surpluses deriving from the new reorganizations (Lingotto, Mirafiori Foundries, etc.), ways and means must be provided for company-union negotiation for the purpose of rehiring such workers for certain periods. Implementation of the agreement is particularly important in the case of intercompany outside mobility, which must be guaranteed and negotiated from job to job.

Such proper implementation in the case of mobility requires, along with the commitment of all organizations of the worker movement, a real assumption of responsibility not only by Fiat but also by the Industrial Union of Turin and the respective employer associations.

The PCI considers the implementation of the October agreement to be essential and considers government intervention necessary for strict observance of the agreement and for correlating the financing granted to Fiat for the automobile plan and other legislative means with development objectives, the redefinition of production and job protection.

6. All of the aforementioned objectives must become the basis for the mobilization and efforts of Fiat workers as well as of workers in other businesses of the automotive sector. In-plant efforts have run into difficulties in recent months. The placement of 23,000 workers on unemployment compensation (including many political and trade union activists), the continuation of individual layoffs, an oppressive attitude of plant managements (together with some unacceptable measures by the courts), and the company's move to unilaterally revise working conditions negotiated in the past: all of this has weakened the trade union movement and the rapport between delegates, plant councils and workers. However, there have also been

significant disputes in plants and factories in recent months and the latest demonstration of workers receiving unemployment compensation has strengthened the determination of Fiat workers to fight for the company's development and job protection. From such positive experiences, we must move to bring back a mass effort, also based on a more democratic relationship between trade unions and all workers (laborers, clerks, technicians, professionals).

The proposals submitted, with the reopening of the company controversy and its issues of work reorganization, company productivity and wages, must become an opportunity for confrontation, discussion and dispute in every shop, department and plant, while also restoring a rapport with all clerks and laborers as well as with those workers, cadres and leaders who took part in the "silent march" in October and who are today aware of the dangers for everyone if company problems continue to worsen.

11915
CSO: 3104/305

BUDGET MINISTRY OFFICIAL WARNS OF CUTS IN SOCIAL PROGRAMS

Stockholm DAGENS NYHETER in Swedish 24 Jul 81 p 3

/Article by Anita Sjoblom: "Severe Savings Plan to Affect All"/

/Text/ Family allowances, pensions, education, housing allowances, and aid to developing countries will be reduced if 12 billion kronor are to be saved in the federal budget of next year.

"It will be politically controversial, but it has to, if we are to make a saving of this size," says Bengt Westerberg, under-secretary of State at the budget department.

Last spring the departments were instructed by the government to show what would happen if they had to save six percent. After deliberation different proposals were given to the budget department, which studied them. Last Thursday several social democratic newspapers presented a number of savings proposals on which the government, according to the newspaper information, soon will have to take a position.

Not Ready

"The government has received a clear account of the savings measures that are being discussed, but the proposals are far from ready for the government to decide on," says under-secretary of State Bengt Westerberg.

"When we in the budget department had studied the proposals of the branch departments, we returned our proposals. After the vacation there will be new discussions between us and the branch departments."

Bengt Westerberg says that cuts in both family allowances and pensions have been discussed and may come up, but it is uncertain whether the politicians would accept this.

Reductions

Of the 12 billion that has to be saved, the budget department is discussing cutting one billion from the family allowances. One alternative could be to totally cut the allowance for the first child, another to divide it in half.

Among a number of other savings proposals which would affect the ministry for social affairs are smaller allowance advances to one parent families, quicker graduated decrease in the extra tax allowance for pensioners, reduction in the pensioners' housing allowance, a different way of calculating pension increases, the removal of widow pensions and the introduction of a waiting day when going on the sicklist, and lower compensation for the first sickdays.

The department of education may also have to save much through the closing of several institutes for advanced studies and through larger classes in the elementary schools. The aid to developing countries may be cut to such an extent that it will be less than one percent of the gross national product.

All Are Needed

Six hundred police positions may be eliminated. Road maintenance will be reduced, SJ /Swedish State Railroad System/ will be forced to raise the ticket prices, districts will receive less federal money, and the time for relief work will be shortened.

"Many savings proposals are politically controversial, but that is what will happen, if we are to save as much as 12 billion," says Bengt Westerberg. "The reductions will affect everyone."

"If we make no reductions, something else will happen. Maybe the taxes would go up, which I do not think possible, or there would be an increase in the value-added tax, which would affect the prices. What would remain is high interest rates and inflation. We must choose between conscious and random reductions."

9843
CSO: 3109/227

BOHMAN SAYS BUDGET CUT PROPOSALS ARE INADEQUATE

Stockholm DAGENS NYHETER in Swedish 24 Jul 81 p 3

/Article by Kaa Eneberg: "Twelve Billion Only the Beginning"/

/Text/ Twelve billion kronor is an absolute minimum, and much, much more saving is needed to balance Sweden's economy. This is what Gosta Bohman, leader of the Conservative Party, said last Thursday in Visby about the government's projected savings packet with total cuts of 12 billion kronor.

Gosta Bohman, alert and tanned, last Thursday introduced the traditional round of political speeches at Visby's summer stage, Almdalen. There, in the following week, all the party leaders will pass review, with Olaf Palme as the last speaker next Friday.

Gosta Bohman should actually have been the last speaker, but he suddenly changed his mind and entered this political relay as the first runner. Subsequent speakers usually comment on the preceding one. This way Gosta Bohman has picked the theme for this year's round: The country's difficult economical situation.

Gosta Bohman held, as usual, a press conference in the middle of the day and found to his obvious disappointment that the questions from the gathered journalists soon gave out. It was different when Gosta Bohman last year held a press conference in his capacity as minister of finance.

But the speech from the beautiful summer stage, in front of an audience of thousands of Gotlanders, vacationers and a large press, still sounded like that of a finance minister's. The hour-long speech was a substantial rejection of the social democratic fiscal policy "which wanted the best, but was the worst," and which Bohman thinks is to blame for today's situation, but also of the present government for its passive fiscal policy and, of course, for the mid-parties' tax agreement with the Social Democrats last spring. It was this that led to Bohman's leaving the three-party government.

Sweden's economic future was painted in dark colors.

With less spendable income in the pay envelope, work effort, production and productivity decrease. Growth is not forthcoming and inflation increases. Security and employment are without meaning. This is where we are now.

"But all clear-sighted people know this," continued Gosta Bohman. "But not all clear-sighted people want to speak clearly. Or dare not. They fear the voters' judgment and thus betray their responsibility as politicians in a democracy."

Speaking Clearly

"Some who dare speak about conditions in Sweden and about what is needed are agencies for international cooperation, such as the International Monetary Fund (IMF) and OECD, the Organization for Economic Cooperation and Development," said Gosta Bohman. He noted that OECD's prescription for Sweden to a great extent agreed with his own as minister of finance, chiefly a reduction in the expenses of the public sector.

"But OECD wants to go further when it comes to the reduction in public spending."

Gosta Bohman described the Conservative Party as the only party with a policy for the fiscal crisis for which it dares take responsibility.

"Great restraint in both public and private consumption. We must actively and positively stimulate the economic supply side; it must pay to work, save and invest. It was from this perspective that we realized that a margin tax must become effective already in 1982 as a necessary element in the government's policy. It is from this perspective that we view the savings within the public sector as necessary."

Against Funds

"But just as it is necessary to stimulate society and the individual person's economy, it is important to refrain from measures which might seriously ruin the possibilities of getting the industry going," said Gosta Bohman.

"The introduction of employee funds must therefore definately be stopped."

He was poking fun at Sven Andersson, secretary to the Social Democratic Party, who, in front of a shouting audience, has stated that we shall have employee funds.

"No, we shall not at all have any employee funds," declared Gosta Bohman forcefully.

"And I know when I categorically state this, that I speak for an overwhelming majority of the Swedish people. They do not want that kind of trade power concentration, they do not want to break apart our social system."

"They do not want the economic growth, the free economy and our open society offered on the altar of the social democratic congresses. These inalienable factors of our society are the whole nation's concern, not the representatives' and the congress delegates," he stated.

At the press conference he also rejected the Liberal Party proposal of forced private saving which was recently presented. He mentioned voluntary saving through mutual funds, which he himself introduced during his time as minister of finance, as a good way of saving.

Gosta Bohman, 70, also said that, before the Conservative Party congress in October this year, he will decide whether he will run for reelection or let a younger man take over the party.

Next Friday it is Prime Minister Thorbjorn Falldin's turn to board the stage at Almdalen. This will be the first time he will speak in Visby.

9843
CSO: 3109/227

EMPLOYERS' FEDERATION CHIEF WARNS OF HIGHER UNEMPLOYMENT

Stockholm SVENSKA DAGBLADET in Swedish 10 Aug 81 p 19

[Report on interview with Curt Nicolin, chairman of the Swedish Employers' Confederation, by the Press Wire Service, Inc.; date and place not specified]

[Text] "We are calling for a stop to the overtaxation of business, which is harmful to the entire country."

So said Dr Curt Nicolin, chairman of the Swedish Employers' Confederation (SAF), in an interview with the TT [Press Wire Service, Inc.].

The SAF is addressing its demand to the government and calling for a cut of at least 10 percent in employer contributions for social benefits.

The SAF is afraid there will be business shutdowns and massive unemployment this winter if the government's plan to reduce the budget by 12 billion kronor is not combined with measures to stimulate business.

The SAF wants a complete end to employer contributions for the national basic pension plan (8.3 percent) and the child care contribution (2.2 percent), both calculated on the firm's total payroll.

Nicolin says: "Those contributions are taxes pure and simple and have no connection with the employment situation."

Little for Industry

He continued: "The government--both the current one and the one that took office after the 1979 election--has done extraordinarily little to increase the profitability of industry. This has resulted in large balance of payments deficits and is now leading quickly to rising unemployment.

"It is a commendable and proper policy when the government draws up an austerity program that will save 12 billion kronor. But if that step is not followed by others, we must expect a strong increase in unemployment. This means that a not inconsiderable portion of the effect of those savings will be lost because the government will have to spend more to take care of the unemployed. So the austerity program must be combined with measures for business expansion.

"There are several forecasts indicating that unemployment will affect upwards of 200,000 people this winter instead of the 100,000 we have had before. It seems probable that those forecasts will turn out to be accurate.

"During previous dips in the economic situation, lower employment in industry could be offset to a considerable extent through increased employment in the public sector. As a result of the austerity measures now beginning to take effect or being planned, the public sector will not be able to hire more people, as it did before.

Policy Revision

"If we do not get a vigorous change in the policy toward business, I believe that real wages will continue to decline with every bargaining agreement for a long time to come. We will have a situation of conflicts in the labor market and growing dissatisfaction among the people. That can only be prevented if we stimulate business activity."

Employer contributions as set by law or bargaining agreement currently amount to just under 40 percent in the case of wage earners and just under 45 percent for salaried employees. They rose sharply throughout the 1970's.

Nicolin says: "The theory in the government and in Parliament was that the increased costs would be passed on to the wage earners and that industry's profitability would remain intact. We know now that that was a totally erroneous calculation.

Reduce Consumption

"Since consumption is too high, it must be reduced, and that applies to both the public and the private sector. The national basic pension contribution used to be paid through the public treasury, and farther back than that, everyone took care of his own contribution. For business activity to pick up, we need to be plundering consumption rather than production.

"We have lost between 15 and 20 percent of all man-hours in Swedish industry since the first oil crisis in 1973. That represents the work of more than 100,000 men. Swedish exports have lost about one-fourth of their market share abroad. It is by selling abroad that we get the foreign exchange we need to pay for our imports. The petroleum price increases have produced a greater need for foreign exchange than ever before.

"If profitability in industry is increased by 1 percent of total capital, employment in industry will increase by 1.5 percent annually. In other words, a profitable industry increases its employment, and an unprofitable industry reduces its employment. Today our profitability is totally unsatisfactory. And as far as I can see, it is again on the way down."

Employer Contributions

The head of the SAF feels that we have experienced a contraction of the industrial sector to the detriment of all of Swedish society. He does not believe that devaluation of Sweden's currency is a good way to regain competitiveness--the royal road leads through lower employer contributions.

"If our business life prospers, the government's revenues automatically rise and expenditures for taking care of the unemployed go down. That in itself is a great gain. But we are getting a late start. Unemployment presumably will rise even if the measures we want are put into effect immediately. But we can reduce the negative effects and speed the recovery.

Investments

"Unemployment is a big misfortune for both the individual and society. Employees have an interest in employment and growth so that they can retain their real wages and gradually increase them. That is not possible if business does not increase its investments. But we will not have increased investments as long as business profitability is as poor as it is today."

Nicolin said no when asked if he thought the government had done enough to halt inflation.

"If business costs were reduced, inflation would also be reduced." The head of the SAF says that if steps are not taken, there is a big chance that the price ceiling included in this year's wage agreement will be exceeded. If that happens, the wage earners will be faced with new price increases as a result.

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CSO: 3109/233

LABOR ORGANIZATION: MODERATE WAGE DEMANDS IF JOBS KEPT

Stockholm DAGENS NYHETER in Swedish 16 Aug 81 p 44

[Article by Bo A. Ericsson]

[Text] Gunnar Nilsson, head of the LO [Swedish Federation of Trade Unions], offered the business community a "deal" on Saturday for establishing a new Swedish model in the labor market.

At the same time, he issued a strong warning to both the government and the employers: don't try to push through a wage freeze, wage cuts, or a cutback in social programs. If they do, there will be confrontation.

Gunnar Nilsson offered his deal during a speech to the Swedish State Employees Union Congress in Stockholm.

Among the things the union movement is willing to support in order to establish a new Swedish model in the current emergency situation are the following, according to the LO chief:

1. Moderate wage demands in the next wage negotiations.

2. Cooperation in increasing business profits.

3. Cooperation in bringing about further rationalization and computerization in the workplaces.

4. Restraint for as long as possible in demanding trade barriers as a means of protecting employment.

5. Part of the scope for wages will be relinquished to provide the firms with risk capital.

Guarantees Demanded

Gunnar Nilsson said: "That is not a bad offer from a union organization."

The LO chief's outline is described as perhaps the first quite detailed digest of how the LO wants to see a restoration and renewal of "the Swedish model."

But Gunnar Nilsson also emphasized that the offer is not being made without guarantees that something will be obtained in return.

And that includes, among other things, employee funds. Employees must be given more influence over the firms and their investments through profit sharing systems and so on.

But at the same time, Gunnar Nilsson emphasized that the union movement remains prepared to discuss the technical structure of those funds.

The LO chief said that another condition to be agreed to by the firms in this deal is that they will not raise their prices if wage demands are kept down. Instead, they must increase their share of the market and thus increase production and create more jobs.

Rationalization

Concerning the offer to go along with further technical rationalization, Nilsson said that this means not saying no, for example, to computers.

But at the sar time, the LO will not accept a deterioration of jobs or any development that put ple out of work. The profits from rationalization must be reinvested in indus s that can provide new jobs.

In general, we must now work together to find a new Swedish model, said Gunnar Nilsson. What the union movement is offering is a whole lot of things needed by the business community and the national economy. But one cannot demand on top of that that the union movement quietly accept a cutback in social programs and a scrapping of the redistribution policy.

Warning

Here Gunnar Nilsson issued a warning:

During the 1981 wage bargaining, the employers showed a willingness to bargain that was totally different than it was during the conflict situation in 1980. But now disturbing trends are being noted. Managers and economists are making demands that include wage freezes, wage cutbacks, and a number of worsened social benefits.

Gunnar Nilsson warned: "If that really turns out to be the rightwing's policy, there will be confrontation. A solid change in attitude by the Swedish Employers' Confederation and the nonsocialist parties is needed."

Broad Wage Movement

In his speech, Gunnar Nilsson also called for a widely coordinated wage movement throughout the labor market based on a job evaluation system. That is the only solution that will prevent the wage gaps between salaried employees in the private sector from widening, he said.

Speaking directly to the participants in the State Employees Union Congress, Nilsson said that restraint is certainly required in the public sector, but that it is

totally wrong to resort to cutbacks at a time when industry is on the low burner. The public sector is one of industry's big customers.

Nilsson also devoted part of his speech to sharp criticism of Liberal Party leader Ola Ullsten.

"When Ullsten in Almedalen condemned the Swedish people's movements as 'machines for making demands,' that was one of the strangest contributions to the debate in a long time," said the LO chief. "Ullsten must think again. The people's movements are no threat to democracy but its strongest guarantee."

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OECD EMPLOYMENT RECOMMENDATIONS SHOULD NOT BE ADOPTED

Stockholm DAGENS NYHETER in Swedish 18 Aug 81 p 2

[Editorial by Svante Nycander]

[Text] Most of what is contained in the OECD's report on Sweden's economy is in line with the Swedish Government's own assessment. Our irresponsible domestic debate on the belt-tightening policy is not reflected at all in the report. The tightening up is regarded as obviously necessary, and some positive results are noted: while 1981's exports are expected to decline by 1.2 percent, imports will drop by a full 4.6 percent. In other words, the trade balance is improving, although not at all enough.

Sweden's aberrant economic profile stands out clearly in the report. We have the highest public employment and highest public expenditure in relation to the GNP (65 percent) of all OECD countries. Our marginal taxes are the highest in the OECD. Our production has developed less favorably than even Great Britain's. But when it comes to employment, we head the list.

In one respect, we are not as unique as we may believe. Our balance of current payments is not exceptionally bad in comparison with other small OECD countries which are strongly dependent on imported energy. That does not make the problem less serious, but it is significant in a discussion of how the deficit on current account came about. We ought to be cautious about laying the blame entirely on our aberrant economic profile. Despite our large public sector, our conscientiousness about high employment, and so on, our foreign business was very nearly in balance in 1978-1979, immediately before the Liberal Party government's overly expansive policy and until the second oil price shock knocked us over again.

The most controversial section in the report concerns unemployment, the sluggishness of the labor market, and the wage policy. The OECD economists say in writing what many Swedish politicians and economists think but often do not want to say. They feel that the solidary and equalizing wage policy is one main reason for our difficulties and recommend that it be abandoned. That is how they want to increase mobility in the labor market and make it easier to overcome wage drift.

The connection between employment and wages is heavily stressed in the report. It is said that the government cannot simultaneously guarantee full employment and refrain from involving itself in the wage policy. The OECD economists say that both of those Swedish principles are ripe for abandonment: they feel that we must accept higher

unemployment and propose some sort of incomes policy. In their opinion, unemployment would help to hold down wage costs.

In view of the situation Sweden is in today, we must be willing to radically reconsider our economic policy. But if we were to accept the arguments in the OECD report, we would run into a number of new difficulties, partly as a consequence of increased political and ideological antagonisms. If we renounce full employment, the number of unemployed will probably not stop at 3 percent, as is now beginning to appear unavoidable, but instead may reach 5 or 7 percent, based on the pattern in a number of other OECD countries.

What is correct in the report is its emphasis on the absolute connection that exists between the wage policy on the one hand and the economic policy in general. As soon as a round of wage bargaining is completed, we tend to forget that connection. The government in Sweden is not in control of the component of the economic policy that most affects employment, production, and inflation. That defect is not remedied with haphazard proposals for an "incomes policy." No government has it in its power to force through a specific wage policy. The country's economy can get back into equilibrium only if the government and the labor market organizations voluntarily create, to their mutual benefit, some kind of harmony among the various components of the economic policy.

From that standpoint, it would be destructive if the government were to adopt the ideas put forward by the OECD's economists concerning employment and the solidary wage policy. One cannot cooperate with the union movement on a policy that uses unemployment as an instrument for putting pressure on the wage earners in wage negotiations or demand that the LO [Swedish Federation of Trade Unions] give up the solidary wage policy. One might just as well ask the unions to discontinue all activity.

But in the name of mutual dependence, major demands must be made of the union movement. The OECD economists are right when they point to a number of bottlenecks and hindrances to mobility on the labor market that must be removed if full employment is to be protected. It ought to be easy to put a lot of things right as one step in joint work toward that goal. On the other hand, if unemployment is regarded as a means in the economic policy, even obvious reforms will be deadlocked.

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BRIEFS

BANKRUPCIES UP 40 PERCENT--The number of bankruptcies increased during the first half of this year with slightly more than 40 percent. A total of 1877 businesses went bankrupt, compared to 1326 during the first half of last year. The increase was particularly strong within the construction industry. This is reported by the business information board, which supports it with statistics from the central credit bureau in Goteborg. The chairman of the sociopolitical department of the industrial union, Ingvar Petzall, says that the bankruptcy statistics are a serious sign of Sweden's economy being unhealthy. "During normal conditions, with an expanding economy, bankruptcies often mean in a way, a healthy self-clearing of the business flora. But that is not the case now. The development is a warning sign." He says that it is particularly the high interest situation that breaks many businesses during a depression. Bankruptcies in industry increased during the first half of this year from 439 to 675, an increase of 544 percent. The building industry is responsible for close to half the increase, or totally 105 bankruptcies. It is particularly firms involved in the construction of small houses that have gone bankrupt. /Text/ /Stockholm SVENSKA DAGBLADET in Swedish 11 Jul 81 p 19/ 9843

CSO: 3109/227

MUNICIPAL REORGANIZATION CREATES REVENUE DILEMMA

Ankara ARAYIS in Turkish 25 Jul 81 pp 17-18

[Text] Last winter, small municipalities surrounding large cities, principally Istanbul, Ankara and Izmir, were attached to their big-city neighbors.

As the result of procedures carried out in accordance with National Security Council Resolution No 32, published 11 December 1980 in the RESMI GAZETE, many small municipalities and some villages between the large cities and these municipalities or near them were stripped of their incorporation rights and powers of independent administration.

These administrative changes were made for the purpose of resolving problems of adequate conduct and oversight of such important public services as lighting, water, drainage and transportation and communications in the residential districts surrounding the large cities and one cannot deny that a general review of them would be beneficial.

An evaluation of this sort could not have been made during the winter when the procedures had just begun, but it can be made now. It would have been difficult to get true measurements of the service requirements during the winter when these administrative changes were made because that is when the number of residents is at the lowest level. It would have been equally impossible to make any comparisons since investments and initiation of the new services could not begin until spring.

Now as we approach the end of July, the population of these areas, which are used for the most part as summer residences by those who live in the big cities, is 5 to 10 times higher than in the winter. As the time has passed when the new services to these areas should have begun, it may be agreed that the obstacles to expressing opinions on these administrative changes are now out of the way.

'A Drop in the Bucket'

The towns and villages near the big cities have income and service-producing resources of their own. For example, most places like this have a quarry, a spring water operation or something similar which is an important source of income for the local municipalities and village administrations. When these villages and municipalities are attached to large city municipalities, the income obtained from those sources are not even "a drop in the bucket" to the budgets of the large city municipalities. And that town or village's share of it becomes useless.

In exchange for the transfer to the large urban municipality of the small villages' and towns' local income resources, the problem could be lightened by allocating a just share of the large urban municipality budget to these places. But this is not done.

While fringe wards and precincts in large urban municipalities have been complaining for years that the large portion of municipal resources goes to the urban centers and they are treated as step-children, now after implementation of Resolution No 34, cause has been given for the emergence of "remote fringes," creating, in addition to the step-children, wards and precincts which may be described as "foster children."

In these low-population areas, integration of the governed and the governors occurs easily, providing voluntary input by the people in many public services at much lower cost than the official cost, while after the new implementation, the classic rules of bureaucracy have begun to operate, replacing integration with alienation.

The effect of these conditions is that no improvement is seen in the lighting, water, drainage and communications services in these places and in some places, they are worse. The people are becoming more pessimistic every day, believing that they will never get a just share of the resources which will be provided by the Municipal Revenues Law which recently went into effect.

Moreover, all of these villages and a large portion of the sparsely populated tracts once had the right to use official vehicles and resources, but are now deprived of it.

The sector of public administration closest to the people is the local administration.

The fact that every locale, every town, even most villages have their own unique service policy is a consequence of the socioeconomic imperative. This imperative has brought about in modern government modification of the "centralized government" system and expansion of "local government." The administrative changes made by Resolution No 34, however, go against this general trend.

In any case, although one cannot deny the benefits of expanding the powers and duties of municipalities in the direction of expected or desired urban development, it is necessary in doing this not to violate the rules of "local government" or to make residents within the expansion area wish for what they had before.

The impression obtained from 7 months of implementation is that these implementations have taken many things from the surrounding municipalities and villages and have given them nothing.

For this reason, we believe that Resolution No 34, which was adopted with good will, should be reviewed with the same good will.

It is understood from reports in the press that new arrangements will soon be made for local administrations. There is a question, in particular, of combining low-population villages.

If during these efforts local administrations were to be reviewed in all their dimensions, not being limited to such a narrow goal as combining small villages,

and if the above proposals in this regard were taken into account, the services which need to be carried out would get carried out.

Although combining small villages or attaching small municipalities to large urban municipalities seems, at first glance, to be a practical method of solution, administrative changes based purely on population cannot bring any radical solution to the problems of small villages and small municipalities. In our opinion, in order for initiative of this sort to achieve their goal, it is necessary, after thorough research of socioeconomic data, to find the inhabited areas which are close to one another, where travel between them is easy and which have the potential for economic administrative cooperation and to pursue the method of establishing between them administrative centers in which the public services and infrasturcture and organizations needed for development and production would be concentrated--in other words, Village Centers.

8349
CSO: 4654/114

REFORMS RUN RISK OF DESTROYING SEE'S

Ankara ARAYIS in Turkish 25 Jul 81 p 19

[Text] Briefly, radical surgery is being attempted on the State Economic Enterprises, which we call the SEE's. The diagnosis is this: The SEE's are not operating productively; they are a heavy burden on the economy and go against the philosophy of the 24 January decisions based on free market economy rules. An operation is envisaged which will break up the SEE's and gradually destroy them.

First, it is necessary to make a vital correction in this old, erroneous diagnosis which originated in the IMF. The NSC [National Security Council] Budget and Planning Committee report cites the following information: With 47.9 billion liras in 1975, the SEE's represented 9 percent of the total domestic income of 519.1 billion liras; in 1979 with 232.8 billion liras, they had risen to 11 percent of the total 2.1 trillion liras. As seen, the SEE's have steadily increased their contribution to the economy.

Moreover, every person employed in the SEE's contributes more to domestic income than in the private sector. In the wage/production relationship, however, the SEE's lag behind the private sector. A factor in this is that more than 90,000 people are employed by the SEE's.

After citing these data, the NSC Committee report says the following:

"It is necessary to consider the public benefit of a large portion of the SEE's. Public benefit and productivity/profitability are concepts and principles which cannot always be reconciled. For this reason, it is usually misleading to p the private sector, where personal benefit comes first, into the same pot with the SEE's, where public benefit comes first, or to evaluate them by the same criteria. Nevertheless, it is true that there are irregularities in the oepration of the SEE's. Some of these irregularities stem from the structure of the SEE's in itself. A large part of the irregularities associated with the SEE's, however, comes from outside these organizations and the solution of these problems goes beyond the dimensions of the SEE's.

In the evaluations of the SEE's, they are being blamed for the irregularities stemming from their own structures as well as for the problems originating outside their structures. The fact remains also that the SEE's have from time to time been left to their own fate, with those who were supposed to be defending them doing them most harm.

Some evaluations take on importance, not because of their content, but because of who made them or the nature of the place where they are made. An example of this sort of evaluation:

"The most important problem area in mid-1981 is the status of the state economic enterprises. Urgent price measures have been taken in connection with the SEE's, the scope of basic goods and services has been narrowed and the need to avoid raising the already excessive employment volume has been recognized. Nevertheless, the need for reorganization to increase operational productivity remains."

One might think that these comments were an IMF indictment of the SEE's. Or perhaps a proposal developed by private sector spokesmen. However, they are neither....

That assessment appeared in the "1981 Turkish Economy" briefing presented to the NSC last week. It bears underscoring that Deputy Prime Minister Turgut Ozal presented the briefing immediately after he packed up and went to the United States where he discussed the SEE problem with IMF authorities. The IMF's postponement until September of $115 million credit which was supposed to be given around now because "measures should be taken to get the SEE's operating productively," and Deputy Prime Minister Turgut Ozal's proclaiming the SEE's as "the most important problem area" cannot be a coincidence. Moreover, equating the IMF's credits to destruction of the SEE's and letting the commercial banks discount these credits by $15 million to $20 million into the bargain is a point which should not be ignored from the standpoint of the game Turgut Ozal is playing.

So it seems that the final decision will rest with the NSC. We have, on the one hand, Turgut Ozal's plans to destroy the SEE's, which give the impression of a "put-up job" with the IMF, and on the other, the facts stressed by the committee which was specially commissioned to study the problem.

We would hope these facts would be heeded: "The well-known troubles of the SEE's in Turkey stem more from irregularities in implementation than from the model and from erroneous attitudes, most of which are outside the model. There is a series of measures which could be applied to make the SEE's successful, such as reducing costs, which rise with rising prices, eliminating outside interference and allowing administrators sufficient time to work. However, efforts in connection with these measures are not being taken with sufficient seriousness, but are being relegated to obscurity." Yet a definite decision on the SEE's should not be made without trying these measures. There is a chance that the SEE's could succeed with their present structures if these measures were taken.

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CSO: 4654/114

RESISTANCE LODGED TO PRIVATE SECTOR COAL TAKEOVER

Istanbul DUNYA in Turkish 7 Jul 81 p 1

[Text] Ankara (ANKARA AGENCY)--It has been requested that the bill to amend Law No 2172 on state operations of the mines be changed to include an article to the effect that large coal mines, to be listed by name should continue to be operated by the state, and opposition has been raised to the turnover of large coal deposits to the private sector.

According to information obtained from the authorities, the view that large coal deposits should remain under state management was agreeable to the National Security Council [NSC] Specialized Committees also, and their opinion was forwarded to the Council of Ministers.

It was also decided that the section of the bill, which has undergone many changes since it was drafted, dealing with the turnover to the private sector of iron and borax mines should be withdrawn and replaced with provisions for these mines to continue under state management. While the bill is on the Council of Ministers' agenda and will be discussed again this week, Energy and Natural Resources Minister Serbulent Bingol, who introduced the bill, contends that returning the mines which had been taken from the private sector to their former owners will make "profitable operation" of these mines possible.

However, the NSC Specialized Committees and certain members of the Council of Ministers, raising objections to the return of all the former private-sector mines to their former owners, note that haphazard excavation by the private sector, especially at the large mines, had left the large ore deposits in ruins and that, under state management, ore is being extracted in a much more prudent and orderly fashion.

First Draft

The bill submitted to the Council of Ministers by Energy and Natural Resources Minister Serbulent Bingol on amendment of Law No 2172 on state operation of mines consisted of a total of 13 articles.

The first article called for restricting the areas under state management and returning the rest to the former owners. This article would also have superceded four edicts appended to Law No 2172 specifying the areas to be under state management.

Summary of Other 12 Articles

Article 2: Expenses incurred by the state agencies in areas to be returned to their former owners will be paid by the owners in two equal yearly installments.

Article 2: Mining areas outside the scope of article 1, that is, not to be under state management, will be returned to the former owners with priority if desired.

Article 3: Expenses incurred by the state agencies in areas to be returned to their former owners will be paid by the owners in two equal yearly installments.

Article 4: Monies held in escrow at designated banks for the areas to be returned to the former owners will be returned to the state agencies concerned.

Article 5: Both parties are responsible for the period of their operation for severance pay of workers employed at these areas.

Article 6: Owners may make no claims for losses and damages if the mines are returned to their former owners.

Articles 7, 8, 9 and 10 specify such procedures as licensing and registration, which are also set forth in Law No 6309 on mine operations, and the last three articles have to do with promulgation of the law.

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CSO: 4654/83

MARITIME OIL TRANSPORT SEEN AS SOURCE OF EXCHANGE

Istanbul HURRIYET in Turkish 7 Jul 81 pp 1, 15

[Article by Selma Tukel]

[Text] Ankara (HURRIYET)--Priority is to be given to Turkish ships in oil transport from abroad. Liquid fuel to be brought from abroad and through the Pipe Lines and Petroleum Transport Corporation lines is to be carried by Turkish ships. Unless very difficult situations arise, no foreign ships will be used. In this way, Turkey will gain the $60 million to $80 million per year it has been paying to foreign ships for this oil transport.

Ataturk said, "Turkey's geographical position, which is wealth in itself, should be used to the greatest benefit," and this saying was the basis of this decision. Capacities of Turkish ships were reviewed with positive results in a study made in the National Security Council.

A comprehensive meeting will be held on this topic in Ankara on Thursday, 9 July, at the suggestion of the Naval Forces Command. Attending the meeting will be representatives and all authorities of the ministries concerned and organizations involved in transport. Topics to be discussed will be major outlines and basics of maritime transport and how it can be further developed.

Benefits

One authority who talked to HURRIYET about the benefits to be gained from having oil transport from abroad handled by Turkish ships said, "It will be a lot better, especially in storage and refining. Fuel will be shipped according to pre-set schedules, with amounts and timing worked out." Incoming tankers will find empty tanks and not have to wait for a tank, he said. Scheduling will be done in accordance with the shipping capacity at Turkey's disposal and Turkish contracts will be fulfilled accordingly. As waiting will be prevented, excessive waiting fees will not have to be paid.

The authority gave the following information in this regard: "The refineries will not have to wait for goods and will be able to work at almost full capacity. In this way, Turkish ships will increase job opportunities, preventing unemployment in this regard as well as increasing Treasury revenues from income and withholding taxes."

Tanker Strength

With average imports of 12 million tons of crude oil per year, Turkey transported 67 percent of this in the past year in Turkish ships and 33 percent in foreign ships.

There is a tanker force of 396,077 tons in addition to the 10,000-ton shipping capacity available in the public sector. The major ones are the Gaziantep, 144,000 tons; Raufbey, 86,000 tons; Gemlik, 64,000 tons; Mehmet Ali Ulgen and Amiral Fahri Engin, 30,000 tons each; Kaptan Asim Alniak, 22,000 tons; and Garzan, 20,000 tons. The public sector accounts for 44.7 percent of the shipping fleet. Shipping capacity in the private sector is 490,000 tons, accounting for 55.3 percent of shipping.

Meanwhile, oil demand has declined as some nations have reduced their oil purchasing by economizing on oil and energy usage.

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CSO: 4654/83

BRIEFS

INCREASED TRADE WITH USSR--Izmir--It was announced that Turkish-Soviet trade reached $682 million in 1980. In a press conference organized by Aleksandr Kumazenko, the Soviet Union's trade representative who participated in the 50th International Ataturk Fair, he said that this figure represented approximately 6.5 percent of Turkey's total foreign trade. Kumazenko indicated that the largest increase in Soviet exports to Turkey occurred inthe machinery and equipment group. He said that "the exchange of goods between the Soviet Union and Turkey reached its highest level in 1979-80. In 1979, trade increased by 2.4 times over 1978 and in 1980, it increased by 17 percent over the previous year." [Text] [Istanbul GUNAYDIN in Turkish 19 Aug 81 p 7]

TRADE BALANCE FIGURES--In the first half of 1981, Turkey realized $1.957 billion in exports as opposed to $4.435 billion in imports. A significant increase in exports has been achieved from the beginning of the year up to the present, reaching an increase of around 50 percent by comparison with the previous year. At the same time, imports have also risen by 47.8 percent. Consequently, our foreign trade deficit has continued. The foreign trade deficit, one of the chief "culprits" in the decline in the value of the Turkish Lira and the appearance of inflation, rose by 45 percent to $2.478 during the January-June period of this year by comparison with the same period last year. [Text] [Istanbul GUNAYDIN in Turkish 19 Aug 81 p 5]

COPPER PRODUCTION UNSOLD--Ankara, (THA)--The Black Sea Copper Works [KBI] has indicated that it is experiencing financial troubles because the copper which it produced has remained unsold. Director General Ahmet Can Bilgin says that the KBI has accumulated copper stocks worth 1.2 billion lira and points out as the reason for this unrestricted imports of copper and brass. Bilgin indicated that production realized during the first 7 months of 1981 was equal to total production for the previous year. "However, sales have fallen. We are experiencing financial problems. The copper which we produce is remaining in stock on our hands." [Text] [Istanbul MILLIYET in Turkish 31 Jul 81 p 9]

CSO: 4654/148

WALLOON RALLY LEADER VIEWS FUTURE OF WALLONIA

Brussels LE SOIR in French 13 Aug 81 pp 1, 2

[Commentary by Henri Mordant, president of the Walloon Rally Party]

[Text] The weather is beautiful where I have been staying for the last few days. Blue sea and rose-laurel.

Red and white license plates dot a color-filled picture postcard landscape. They tell me Belgium is not far. From time to time I get news of it from the press.

As usual, it is depressing.

It does not contain anything that surprises me.

The government of an insolvent country is tearing itself to pieces over the contradictions of a hopeless budget.

The permanent tension and the storms which hit the government at every turn make every day crackle with dramatic but forgettable surprises.

The flashes of lightning only illumine the backdrop of the electoral scene, while on the front of the stage the dance of broken alliances and discord continues. Our serious political business is played out in this bacchanalia which is turning the twilight of the Belgian regime into a grotesque fantasia.

It really is the end of a regime. A state that is permanently incapable of performing the functions which justify its existence cannot endure.

The ineffectiveness of the Belgian state has long been apparent. Its insolvency is having ever more disastrous social effects.

The crisis is ravaging us more than anywhere else in Euorpe. The floundering of the economy, the bankruptcy of public finance, are bewildering our neighbors.

In the face of this crisis, no European country has presented such a spectacle of hirsute decadence and functional sterility. In terms of incapacity, it has passed the point of no return.

What purpose does it still serve? Certainly not those of Wallonia, which moreover within the framework of institutions suffers the discrimination and prejudices which are inherently the ordinary lot of minority peoples.

However, nothing requires Wallonia to remain a prisoner in this situation. Sometimes one pretends not to see the evidence. The Walloon people are in the minority in Belgium. In Wallonia, they are in the majority and in their own house. Why are they not masters of their own house?

Belgium's collapse makes it more urgent than ever for the Walloon people to ask themselves the nationhood question. Must they continue to be dependent on an impotent state which keeps them permanently in minority status and as such mistreats them? Or, on the other hand, should they free themselves to live as adults in a Walloon state?

To my mind, there can be no doubt about the answer. To tell the truth, there is no doubt at all in the minds of most Walloons, whatever their ideological leanings, if only they look at the facts.

Most socialists, liberals and even Christian socialists know as well as I do that Flemish predominance in Belgium is helping drive Wallonia into decline.

They know that Flemish nationalism is active and successful at all levels of economic and financial decisionmaking, that it fights for every inch, that it seizes on the least detail, that in the means it employs it does not shrink from either pettiness or injustice.

They know that this harassment, if it is not the sole cause of our ills, is at the very least a ruinous handicap and now an intolerable one.

They know that national solidarity is now nothing but a deception.

They know that the regionalization for which they voted last year is nothing but a snare: Wallonia has not gained any real leverage, for everything that counts has been kept at the national level, that is, under Flemish authority.[1]

Most politicians and leaders of Walloon know all that as well as I do. They know that Wallonia has nothing to hope from Flemish benevolence, quite the contrary!

They know that Wallonia's recovery is going to depend on Wallonia itself, its own resources (they are real, though neglected), and its own efforts.

They know that its energies cannot be mobilized from the outside, nor can they find expression through a hostile state apparatus which is rapidly disintegrating.

They know that time is pressing.

They know, consequently, that the only choice left is between a Walloon state and Walloon annihilation. Alfred Sauvy proclaimed this as early as 1962: "Deprived of independence and of youth, Wallonia is condemned to wither away."[2]

And Brussels?

It would seem that the French-speaking parties have up to now made few attempts to study what kinds of links could be instituted between Wallonia and Brussels in a spirit of reciprocal autonomy and common membership in the French community.

The Walloon Rally [RW] and the FDF [Democratic Front of Brussels French Speakers] have gone deeper into the subject in an effort to ascertain the principles which seem to them to be the best.

They have formulated their proposal in the following way:

"The affinities that are common to Wallonia and Brussels, as well as the usefulness of joining their forces to work for their emancipation and development make cooperative collaboration between Wallonia and Brussels desirable.

"From this standpoint, if a partnership agreement were concluded between the two regions, it should enshrine the principle of their fundamental autonomy, their right to govern all their own affairs and to establish a list of matters they might judge to be appropriate for delegation to a communal authority."[3]

It goes without saying that Brusselities, like Walloons, will have to decide democratically--each for themselves--on the autonomous status they prefer.

They will also have to decide freely--each side for itself--what kind of relations they want to establish between Wallonia and Brussels.

For my part, I think that without close, territorial union with Wallonia (in the context of double autonomy), Brussels has no chance of existing either as a full-fledged region or as a free Euorpean city.

It will succomb to Flemish colonization.

FOOTNOTES

1. The consequence: Belgium has no difficulty subsidizing the coalmines of Campine to the tune of 65 billion [Belgian francs] over 5 years, but the problems are insurmountable when it comes to finding the capital needed to save Walloon's steel industry. This is only one example.

2. I am quoting from memory....

3. Such an accord would thus be very different from the merger of the institutions of the French community and the Walloon region, as envisaged by Article 1 of the Act of 8 August 1980, which the RW and the FDF reject. This kind of merger, which only serves Flemish interests, would have the effect of denying real uniqueness of Brussels and Wallonia.

9516
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SIRMEN DRAWS SKETCH OF DENKTAS AS TACTICIAN

Istanbul CUMHURIYET in Turkish 13 Jul 81 p 3

[Article by Ali Sirmen in his column "Today in the World" entitled "Cyprus-Denktas and a Lot of Noises"]

[Text] For the better part of the year Refik Erduran lives in Cyprus. These days when one looks at the articles he sends from time to time to his column from there, you feel like saying "it's a good thing he's doing it."

In his article the day before yesterday, Erduran spoke of certain dangerous tendencies that have been widely echoed in the Turkish press. We were seeing in the reports coming to Turkey that Denktas and his team, who while they could not garner the percentage of the vote their partisans would have wanted in the last election, saw their opposition strengthened, and were trying to bolster their campaign by saying "We are losing our nation...the traitors are getting dangerous." But until we read the above-mentioned article we didn't know just how true it was that the campaign had been fed with such disgusting intrigues and dirty tricks.

To tell you the truth, there is no need to exert oneself to see that our press has not put this matter to a very stiff test. It would be more than enough to just glance at the daily newspapers. To see the accusations which no doubt eminated from the mouths of the TFSC president and his partisans printed in our daily newspapers as substantive news is, if not surprising, then certainly said for those who are knowledgeable of these events.

Those who live in Cyprus know that as in any other small place there are plenty of rumors there. From time to time these rumors turn into gossip and, in fact, they have been known to become heinous, cruel gossip. It's a pity that this tendency dominates the political life from time to time. A great majority of those institutions that are on the political stage find themselves in a trap that is easily fallen into and extremely difficult to get out of.

We have seen that not only recently but in the past as well, Denktas and his partisans have adopted this behavior not just occasionally but quite often. One time during a Cyprus trip he tried to use the same tactic against us in his devoted son's newspaper. A sufficient response was provided to him and to his son, who at that time was pursuing some very dangerous adventures, and they did not get out of bounds.

This side of Denktas and his paternalist ways are well known by almost everyone to be the political thinking of another generation and have been criticized and condemned. But, anyone who knows Denktas's record well knows that he is wise and capable and that he fought for the Turkish community's freedom and he is always praised for these traits.

We were not going to touch on these well-known aspects of Cyrpus and Denktas if he had not sensed a dangerous tendency in this behavior, which coincides with a very special period of time, to take advantage of the situation and forcefully silence their opposition.

The situation is such that Turkey today is experiencing extraordinary circumstances and is passing through a transition period. Those in charge of this extraordinary period in which we find ourselves have expressed in their speeches and actions that they are very sensitive on certain subjects. Coming up with strange and unfounded claims in such a period naturally carries the meaning that certain initiatives are being made to silence the opposition.

We want to stress that tactics like these will not be well received by the public in Cyprus, that those who want to turn the multivoice system, which, despite all sorts of shortages and disruptions, has operated successfully in both the social and political spheres of TFSC, into a single-voice system will, in the long run, clog up their own wheels and that this type of activity would be left alone.

The Greek Cypriot community had exercised incomprehensible pressures on the Turks from the 1960's to 1974. But since they were able to protect the multivoice administration for 14 years, they were able to overcome all kinds of calamities. This same community saw that just after the turn from a multivoice to a single-voice system they had come face to face with a situation they had been able to prevent for 14 years and that all their games and calculations had collapsed.

The TFSC is under the gaze of the whole world as if in a store window. It is a known fact that a disruption in the window will draw more attention to the goings-on inside and be much more damaging.

Consequently, on the eve of the very important talks in Cyprus, it would be well indeed for Denktas and his partisans to abandon these provocations and slanders.

If Mr Denktas looks in his records for a way to defend the freedom under which a multivoiced community united he will have added a new chapter to his service to that community.

Any other attitude would, in the final analysis, mean nothing more than giving the opposition a very valuable weapon.

9236
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SPD'S OUSTED ARMS CRITIC HANSEN DEFENDED

Jusos Side With Hansen

Frankfurt FRANKFURTER RUNDSCHAU in German 23 Jul 81 p 4

[Report by Reinhard Voss: "Jusos Consider Expulsion of Hansen Equivalent To Ruling Out a Policy of Peace--North Rhine Wesphalian Party Youth Wants an Alternative to the Current SPD Line, 'Which Lacks Perspective'--Special Party Congress of Subdistrict"]

[Text] Duesseldorf, 22 July--The Young Socialists and "all opponents of rearmament" think they have been hit "to the core" by the decision of the Lower Rhine SPD arbitration committee to expel chancellor critic Karl-Heinz Hansen from the party. Following a meeting of the Jusos' leading organizations in North Rhine-Westphalia, the decision of the arbitration committee was condemned as a "declaration of political bankruptcy." A statement issued after the meeting states that the proceedings against Hansen are in blatant contrast with the efforts of party Chairman Willy Brandt "to utilize the forces of peace in the Federal Republic for a consistent continuation of the policy of detente and to prevent further rearmament through negotiations."

The proceedings against Hansen are assessed by the Young Socialists as a "campaign of threats of resignation and slander" designed to "press" the SPD to follow the armament line of the federal government. This attempt could not succeed without the most serious harm to the whole party. Following the expulsion decision, the Young Socialists consider a complete reform of the SPD necessary.

They intend to support wholeheartedly such a "buildup of a substantive and personnel alternative to the current party line, which lacks perspective." The Duesseldorf SPD Subdistrict, to which Hansen belongs, is to discuss the new situation at a special party congress. In preparation of this special congress, an extraordinary session of all local party chairmen, to meet in Duesseldorf, was decided on as early as Wednesday [22 July] night.

Frankfurt/Main (FRANKFURTER RUNDSCHAU)--In the opinion of the Land deputy chairman of the Rhineland-Palatinate Young Socialists, Manfred Kirsch, 20 July 1981 will live on as a black day in the annals of German Social Democracy. This, he said, is the fault of those who worked for the expulsion of Deputy Karl-Heinz Hansen from the SPD, trampling underfoot the claim of the SPD to be a party of free opinion. The decision of the arbitration committee of the Lower Rhine District had also

inflicted serious damage on the Social Democratic policy of peace and detence. According to Kirsch, the Jusos in Rhineland Palatinate will make it clear at a large number of events in all subdistricts that Hansen is not standing alone in the SPD.

SPD Paper Protests Dismissal

Bonn VORWAERTS in German 23 Jul 81 p 5

[Commentary by Gode Japs: "Hansen--Hopes Rest With Bonn"]

[Text] The arbitration committee of the Lower Rhine SPD District has given its verdict: Bundestag Deputy Karl-Heinz Hansen, long since a source of discomfort for a large number of people in the SPD, is to be expelled from the party.

The arbitrament, which contains a thorough presentation of how it was arrived at, is a "judgment" of the first instance and not yet one that has legal force. It is now up to the federal arbitration committee to have its say.

Despite the fact that it may be assumed that the Duesseldorf committee did not reach its decision lightly, there are doubts about the wisdom of the decision.

Karl-Heinz Hansen has been a member of the SPD for 20 years. He has all along been a disconcerting critic within the party who sometimes carried things entirely too far. But it has also always been a strong point of Social Democracy that it could live with criticism, particularly from within its own ranks.

The Duesseldorf arbitrament places this strong point in question. It leaves the impression that critics within the party are to be silenced.

Hansen has not only just become one of the most committed opponents of a rearmament policy. So it is possible for the idle suspicion to be aroused that opponents of rearmament are to be pushed out of the SPD through administrative measures.

It remains to be hoped that the federal arbitration committee will see its way clear to correct the Duesseldorf verdict. Karl-Heinz Hansen should be allowed to remain a member of the SPD.

Reaction to SPD Paper's Protest

Munich SUEDDEUTSCHE ZEITUNG in German 28 Jul 81 p 5

[Text] Bonn (DPA)--A commentary in the SPD weekly VORWAERTS has openly sided with SPD rebel Karl-Heinz Hansen, thus opposing Lower Rhine SPD head Hans Otto Baeumer. A few days after the arbitration committee of the third largest SPD district had ordered the expulsion from the party of the Duesseldorf Bundestag deputy, VORWAERTS clearly expressed "doubts in the wisdom" of this verdict, saying that it left the impression that critics within the party were to be silenced. This, it was stated, might arouse the idle suspicion that opponents of rearmament were to be pushed out of the SPD through administrative measures. The commentary by the SPD organ, published by former federal executive manager of the party Egon Bahr, voiced the hope that the federal arbitration commission would see its way clear to correct the Duesseldorf verdict and stated that Karl-Heinz Hansen should remain a member of the SPD.

This commentary was interpreted in Duesseldorf as an open affront against the Lower Rhine SPD head, North Rhine-Westphalian Minister of Agriculture Hans Otto Baeumer, at whose instigation, and that of his executive, the expulsion proceedings against Hansen had been initiated. Circles close to Baeumer have pointed out again that as early as in February the SPD Federal Executive unanimously called for the proceedings to take place and then only reluctantly left them to the Lower Rhine SPD. It was therefore all the more difficult to understand the commentary in the SPD organ.

Baeumer himself showed great reserve concerning the VORWAERTS article when he commented on it to DPA. "It too is a phenomenon of the SPD of 1981," he said. But he was "very confident" that the commentary was not representative of the SPD of the 1980's, which while stressing the protection of minorities must not allow the impression to be created "that we want to grant the deviating the rank of the normal." It was "unthinkable for the SPD to look as if it had so many fringes that there was no center any longer." While a "self-confident people's party of the left" must not regard pluralism as a foreign word, "an oblique position must not be a permanent stand." Circles close to Baeumer recalled in connection with the VORWAERTS commentary what he had said some weeks ago: "It is as if I were the taillight of the silent majority, whose only fault is that it puts up with anything."

8790
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PSI'S ROLE IN EMILIA-ROMAGNA REGIONAL ADMINISTRATION

PSI to the Opposition

Rome AVANTI in Italian 26 Jun 81 p 10

[Article by Stefano Servadei, PSI deputy]

[Text] The entry in recent days of the PDUP, with its sole representative, into the communist, single-party junta for Emilia-Romagna neither surprised nor embittered me, as seems to have been the case with other comrades.

To my way of thinking the action is consistent with the current political line of the PCI (presenting an alternative to the DC and seeking to regain strength on the left) and it is also consistent with the PCI's traditional concern for not appearing to be isolated and exposed, even when its covering are transparent and fragile, like the current one, or the not dissimilar one furnished by the now defunct PSIUP, from 1964 to 1972.

On the contrary, I believe the communist decision actually simplifies the situation and presents us with the opportunity to assume a clear and firm attitude. The communist decision had been repeatedly postponed, partly as a result of our own often uncertain positions. (I read a few weeks ago in AVANTI! an article by the socialist group leader, Giovanni Piepoli, announcing our going over to the opposition. This was followed by a series of declarations by the regional secretary, Comrade Giulio Ferrarini, about our apparent availability to resume discussions with the PCI with a view to the majority's entry into a new relationship which would include the PRI and the PSDI.) May I observe that what I have just said about the communist decision is what I allowed myself to suggest exactly 1 year ago, immediately after the regional elections of 20 June, which reconfirmed the PCI's absolute majority (26 councillors out of 50).

I said then and I say now with greater conviction that the reconfirmation of the absolute majority of the PCI represented the direct choice of the electorate for an exclusively communist regional government. This decision was contrary to our clearly explained effort to take such a majority away from the PCI, and to our concurrent commitment to create under such conditions a united junta of the left. But the electorate's choice is a choice that no party could properly alter or negotiate, in that it authoritatively ousted every possible source of mediation. The discussion was and remains quite elementary, although with some prominence at

the level of principles. Naturally one was limited to the sole reality of Emilia, but it affected every other zone (Veneto, Molise, etc.) where the electorate had expressed the same results, even if in differing political terms.

If there is a lesson for us from all these weeks of rejoicing for the great triumph of Comrade Mitterrand and of the French Socialists, (and there are so many lessons) it is that democratic systems become blocked or unblocked according to the consistency shown in accepting and respecting the decisions of the electoral corps, in making clear the choices facing each and everyone, in learning lessons from defeats for the creation of later triumphs, always giving up the petty advantages of today for the greater prospects of tomorrow.

For the victors the absolute majority of votes involves the right-duty to govern strictly according to their platform. For the loser it involves placing oneself in a coherent opposition so as to establish, in the clear light of day, a confrontation of ideas, of decisions, of principles, and to place such a confrontation at the so-called "social" level.

Emilia-Romagna is the only region in Western Europe with an absolute communist majority. For that reason it is a fundamental "test," even on the cultural level, to demonstrate, or verify, (according to one's position) the nature of the PCI as a governing party in an important structure of the state, its capacity for serving as an alternative within a system that is in opposition with regard to the PCI's birth, its growth and its ideology.

On the specifically internal level, the PCI's experience in holding an absolute majority and in governing in our region can be the litmus paper to demonstrate, or verify, its asserted superiority to any other force in the field of innovation, achievement, honesty and moral purity. Such superiority cannot apply solely to the institution of "central authority," from which the Communists have thus far been absent; it involves the concept of "authority" in a general sense.

Because of the importance the "communist question" assumes in Italy, and of its current claims to lead a "democratic alternative" group, we are faced with a situation (that is, the PCI's political and numerical ability to govern alone in an important region such as Emilia-Romagna) that if it did not actually exist, it would have to be developed "in vitro" [in the abstract]. Since it actually exists it should be put to the test without contamination or alibis, and that is in the interest of everyone. It is up to the PCI to demonstrate with facts what it really is. It is up to others to recognize an actual situation, not merely an hypothesis or a hope.

Mutatis mutandis [with the necessary changes] in this connection I should like to recall that at the beginning of the century, after winning with their own forces rather important elective governing positions, the Socialists never sought alliances with the forces it had opposed and for which they had no political or numerical need in order to carry out their programs. In that way they won in the field of action a democratic legitimization that until then they had not had.

I repeat, a majority vote involves for the loser (and one year ago we lost in Emilia-Romagno, even if we did gain a few fractions of a percentage point in votes)

the duty to place himself in the opposition and calmly and methodically to develop alternative positions or prepare for the succession.

Naturally, opposition means being on the outside and in disagreement, even if a constructive and not harmful disagreement, either to the government or to the administration and patronage of the party in power. That is something that no one ever did at Bologna, be it the PCI, the lay parties, or even the DC itself, each one following the other for long months, holding some presidency or vice presidency in collateral governing organizations.

People continued in this way in fact to provide broad covering for the PCI. It was even allowed to put us in competition with the PRI, for example, for the presidency of the Rimini Fair. The results, of course, were determined in advance, given the broad covering the PRI happened to provide, in Visentinian terms, so inexperienced in alliances with the left.

These are the inevitable accidents when uncertain paths are chosen, when questions of a "great plan" are abandoned for the traditional "petty affairs"; when it is attempted to reconcile too many irreconcilable things. (For example, to be outside the majority for certain things and within the majority for others.) Thus, if the logical development of the PCI's policy today leads to the entry of the PDUP into the communist junta, an equally logical socialist concept for Emilia-Romagna cannot but lead to our resuming complete freedom of action with respect to the majority in the council, as well as with respect to collateral organizations. And at all events it is not true that a party such as ours needs reference points in the questions of autonomy and of the great reforms, with consistent cultural and practical conduct which would release it as much as possible from the little irritations of everyday life, and which would carry it to the open seas of ideas and projects, the only place to find the trust of the broad masses.

Different Viewpoint

Rome AVANTI in Italian 17 Jul 81 p 10

[Article by Pasquino Ferrioli, deputy member, PSI Regional Directive Committee in Emilia-Romagna]

[Text] In AVANTI of last 26 June Comrade Stafano Servadei took advantage of the recent entry of the PDUP in the regional junta of Emilia-Romagna to confirm the view that he wishes the PCI to be given the role of opposition party. It is a respectable view which last year, consistent with his position of "historical" autonomist, Servadei maintained after the administrative elections. He thus anticipated the Regional Directive's decision which, as is known, was not to renew our participation in the left junta, constituted in 1975 following a policy agreement with the PCI.

Servadei's argument is constructed with lucidity, a certain rigor, and has the fascination of all theoretical simplifications: the PCI has the absolute majority of seats, hence it has the clear right to govern. The electors wished it. The PSI should resume complete liberty of action, without making any compromises with the governing party's administration and patronage, or with "petty affairs". And he is for a decisive and rigorous line of action that brings us out to navigate "in the open seas of ideals and projects, the only place to find the trust of the broad masses."

One obviously agrees with the poetic conclusion of Servadei's article, reminiscent of the prose of the great socialist and cultural lay tradition of Prampolini and Calamandrei. Just as one can agree with the idea of nonparticipation in left juntas, including regional ones. The problem simply is one of justifications, and these should be genuine and based on serious reflection.

This matter of justifications, of important reasons which led us to follow the road to Achilles' tent, is the very subject that Servadei does not take up, and is the same weak point of the "great rejection" decided by the Regional Socialist Directive.

I recall a Socialist party that reasoned thus: I do not participate in a majority with the PCI, I do not agree to the formation of a junta of the left, because I am not in agreement with the communist policy lines; because some of the PSI proposals were not accepted; because once agreement is reached on the policy lines, the PCI would offer the Socialists a marginal place in the Junta, thus showing an underestimation of our role.

There is no reason now to reopen arguments about the decision already taken by the Regional Directive. But Servadei's article poses a question that is still open. Can one really call the PSI in Emilia-Romagna an opposition party? One must take into consideration an administrative and political reality which presents us a broad and consolidated alliance of the two parties of the historic left. The PCI and PSI for years have together governed all the chief towns from Bologna to Forli; Piacenza; and the provinces, most of the minor centers (and Faenza, Imola, Rimini, which are not minor). If we look carefully into the record we see that many local government agreements are more than 30 years old. At Parma and Piacenza the mayors are Socialist, in five provinces the presidents are members of the PSI (at Ravenna, one might say we lost the mayor not very cleverly.

There are mayors and presidents of provinces who head the left juntas. But the agreements and alliances with the PCI also concern the broader institutional and associative fabric, from communal consortia to the local medical centers, the trade union, artisans' associations, and the cultural institutions and associations. This panorama of our political and administrative participation and responsibilities reveals a reality which unequivocally assigns a governing role to our party. Servadei has thus forgotten our presence, so deeply rooted in local administrations, and has invented a party that does not exist. It is only this new party that can be suggested for carrying out an opposition "that means being on the outside and in disagreement, even if constructive..."

And how can one "develop calmly and methodically alternative positions or prepare for the succession?" To "change things" do we want to make an Emilian five-party pact with the DC and the lay parties?"

Even our "nonpresence" in the junta provides us possibilities for a constructive autonomy that could work to the advantage of the party and of the very activity of the Regional Council.

Inside or outside the juntas, the problem of relations with the PCI remains. Authoritative attitudes by the PCI can only be rejected with firmness. With the

"reformist" Emilian PCI (until yesterday we criticized it "from the left"...) we ought to be able to extend the current majorities of the lay parties. There are limits and defects even in the local Emilian administration and we can legitimately confront the PCI's boasting of victory with some efforts for change and some proposals for innovation in actions of the communal, provincial and even regional governments. But the terrain for confrontation can only be constituted by the real questions that Emilian society puts to us.

It is the same terrain where Servadei's "alternative" becomes a party commitment to conquer greater electoral strength, and thus to bring about a different equilibrium on the left.

I, too, would like the Emilian Mitterand to be called Piepoli.

For the moment we must recognize that Zangheri is not Chirac and Turci is not Giscard.

9772
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PCI ALLEGED INVOLVEMENT IN KICKBACKS

Threats of Exposure

Rome IL SETTIMANALE in Italian 7 Jul 81 pp 17-18

[Article by A. T.: "Kickbacks for Those With 'Clean' Hands"]

[Text] Communist activists took it as a "vulgar provocation by a little band of Christian Democrat extremists." But at via delle Botteghe Oscure [Rome address of PCI headquarters] the PCI general staff consider it a dangerous warning which threatens to mar the lofty image of the party.

It was an advertisement by Mille (an organization of moderate voters), published in the major Italian daily newspapers, that provoked communist reactions. The announcement recapitulated the text of an open letter, addressed a few days ago to the secretary of the PCI himself, Enrico Berlinguer, asking for the truth about secret PCI financing. "You proudly say," it is written in the document, "that the PCI has clean hands. Then explain to us once and for all why you never respond but just twist and evade worse than a Christian Democrat when they ask you if it is true that PCI finances are enriched by a colossal empire of red cooperatives; that your party's balance sheets are falsified and the published figures are only the smallest part of the real ones; that whoever places himself under the PCI's protective wing emerges from every scandal as unscathed as a salamander."

Is this true? Or false? The PCI has provided neither answers nor denials. But at Mille they are already preparing another open letter, more detailed, more specific. "We are just beginning," they say. "We shall continue our battle until light is thrown on the PCI's secret balances." And they suggest that they are in possession of documents that would tarnish the PCI's image.

And that is only one of the efforts. The proposal which the legislative office of the PSDI is developing will also frighten the communists. The Social Democrats have decided to promote a parliamentary inquiry to ascertain the hidden sources of financing of the parties. Even the Christian Democrats seem disposed to pursue the matter. Flaminio Piccolo said his party opposes [sic] an effort to shed light on the murky aspects "concerning commercial exchanges with Eastern countries." A few days earlier Carlo Donat Cattin, former deputy secretary of the party was even more specific in the accusations made: "Things must be said

quite clearly: the DC has done many wrong things, but the PCI is no better. I have the papers on the Duina case--a real scandal. I know about the kickbacks given by business men and I also know that ENI [National Agency for Hydrocarbons] gives kickbacks to the PCI on the importations of Russian methane."

No Communist paper has denied the claims (as always happens in these cases) of the DC leader. Is that half an admission, motivated by the fear that Donat Cattin may come out with documents that are too compromising?

It is certain that the "Duina case" remained completely unexplained. Vittorio Duina, industrialist, former president of Milan, now in the United States, was kidnaped and released after the payment of a heavy ransom. Duina has always denied everything. But it does seem that on the eve of the mysterious kidnaping he had sold some run-down factories to the coops.

There should be no doubts about the kickbacks paid to certain business men and about the Eni-PCI relations. The long stay of Donat Cattin at the top levels of the Ministry of Industry adds weight to his revelations.

But this is about only a few of the sources of PCI income. And the rest? There are those who maintain that the greatest amounts come from the commercial exchanges with the countries of Eastern Europe. According to others, in addition to these sources the secret apparatus of the PCI may already have constructed a dense network of commercial relations with some South American states.

Now it is up to the administrative office of the PCI to demonstrate the inexistence of illegal funds. At this point "disdainful" silence is no longer enough. Proofs to the contrary are now overwhelming.

In the immediate postwar period suitcases bulging with hard currency would arrive from Moscow. Then, during the 1950's, secret safes were kept in the private homes of some leading members of the PCI (the only possessors of the keys to the strongboxes were the brothers Pietro and Matteo Secchia, Ottavio Pastore, and two other members of the internal security group: Vercellino and Lampredi). Now there are the revelations of a few American journalists (Michel Ledeen, Claire Sterling, Alvin Shuster) who have listed the PCI's secret sources. In an investigation published by the NEW REPUBLIC Ledeen and Sterling wrote that the PCI spends from three to four times more than it reports. Sources of income: companies such as Restital of Milan (with accounts in Switzerland) or Falchimex of Zurich, whose task is to manage commercial deals with the East or receive kickbacks for them. The two journalists reached the conclusion that even large private and public industries pay money to the PCI. In that connection the name of Camillo Crociani, former president of Finmeccanica, was mentioned. New, burning documentation may come to hand to aggravate the communists' situation and definitely compromise the PCI's image as a party with clean hands.

Kickbacks for Red Gas

Rome IL SETTIMANALE in Italian 14 Jul 81 pp 88-89

[Article by Felice Fiore: "Even the PCI Has Its Own Sophilau]

[Text] There are growing rumors of kickbacks for the supply of Soviet methane to Italy. They are supposed to have been paid to a dummy firm in Vaduz. With the authorization of the Ministry of Foreign Trade. There have been all too many rumors and hints but until this moment everything has been indefinite. Now the SETTIMANALE is in a position to furnish definite material for going deeper into the subject of hidden financing enjoyed by the PCI, often with the indulgent acquiescence of state offices, agencies and companies.

The information we succeeded in verifying is about something big. On the supply contract for Soviet methane Italy paid (and perhaps is still paying today) a kickback, deposited into the account of a company in Vaduz, Liechtenstein, the fiscal paradise of paper companies which last only the time strictly necessary to transact business deals and leave no trace of them.

We have, that is, a case of Eni-Petromin ante litteram, with its good Sophilan [sic] on duty.

The most surprising thing is that it all happened in the light of day, as if it were the most natural thing in the world for negotiations conducted between two countries at the official level to include clauses of that kind. But, such is the case.

It is 1972. Between Italy and the USSR the first contract for supply of methane is under discussion. When they were coming to an agreement and about to fix the price and quantity, the competent Soviet ministry posed a surprising condition: pay a fixed commission (in dollars and for every cubic meter) into the account of a Vaduz company. The Snam, the Eni company supervising the importation and distribution of natural gas, and which is the official counterpart of the Soviets for the contract, argued that for the payment of such commissions it was necessary to apply for authorization of the Ministry of Foreign Trade and all the other agencies having responsibility for the export of foreign exchange. At that point the Soviets made the matter an official request and the Snam forwarded the request for the scrutiny of the then minister, the socialist Mario Zagari, while the president of the council of ministers was Colombo. The unusual request was examined with a mixture of embarrassment and perplexity by the bodies called upon to decide. In the past, for other transactions with the USSR, it was an accepted thing to deal with commercial companies, or pure and simple intermediaries known to be connected with or close to the PCI, through which the Soviet officials preferred to carry out transactions. The commissions on transactions carried out were paid, in Italy and in lire, to these trading [companies]. So, what was this new thing about a company in Liechtenstein?

They recall at San Donato Milanese (location of Snam headquarters] that during this time the head offices of Snam were the object of frequent and long visits by

the communist Armando Cossutta (the "red manager" who is an expert in export-import with the countries of the East), who would go to meet the then president of the company, Giuseppe Ratti, well-known as his old and very good friend. It is not known what the two said to each other, but it is reasonable to suppose that among the subjects of their long and very secret conversations was the negotiations still under way with Moscow for methane and the speedy overcoming of the obstacle represented by the kickbacks in dollars to pay in Vaduz.

Not much time elapsed before the green light came from our foreign trade minister, Zagari. The "commissions" (a few million dollars) were thus directed toward an officially ignored beneficiary, but whose identity is reasonably detected as the coffers of the PCI.

How much did this first transaction amount to? How many companies have in the meantime appeared and disappeared, leaving no trace of the subsequent kickbacks? How many other authorizations were granted by the Ministry of Foreign Trade?

The answers to these and other grave questions can surely be found in the files of the ministry of Eni. There are those who can properly get their hands on them. They should do it, and soon. Thus it would be possible to unmask a bluff in which no one believes but which many are afraid to investigate: the PCI's bluff, the party of clean hands.

Communists Caught Red-handed

Rome IL SETTIMANALE in Italian 21 Jul 81 pp 84-85

[Article by Felice Fiore: "A 15-Billion Scandal"]

[Text] Here are the proofs. Every year since 1973 Snam (with authorization from the Ministry of Foreign Trade) has been paying enormous "black" kickbacks on the supply of Soviet methane. The "unvouchered" payment will probably continue until 1992, at $600,000 per year (total about 15 billions). Who gets this money? Who are the mysterious intermediaries between the USSR and Italy?

"I am absolutely uninformed about the commissions paid to Snam in connection with the supply of methane from the Soviet Union to Italy," declared Giuseppe Ratti, Eni's "foreign minister" and right hand of the current president, Alberto Grandi, to IL SETTIMANALE. We reply "But you conducted the negotiations personally. Is it really possible that you know nothing about them?"

Moreover, Snam paid these kickbacks with the authorization of both the Ministry of Foreign Trade and the Italian Office of Foreign Exchange. The relevant documentation really ought to be somewhere. "I made use of no intermediary in the negotiation and thus I know nothing about either commissions or kickbacks," broke off Ratti.

This telephone conversation took place Monday morning, 6 July. In the afternoon of Wednesday, 8 July, we were chased down by Eni's press office which, on behalf of Ratti, released this different declaration: "The negotiation for Soviet natural gas dragged on for more than 5 years, from 1964 to 1969. For the last 2 years Eni

had me follow such negotiations along with the parallel negotiations for gas from Holland and Algeria. During that phase of my professional life, which preceded my transfer to Montedison in 1971, I on no occasion had any contacts with the honorable Cossutta or with other PCI representatives on the subject of Soviet natural gas."

But kickbacks there are and IL SETTIMANALE is able to reconstruct the whole affair. After laborious negotiations, begun in 1964, on 10 December 1969 there was signed between Italy and the USSR a contract for the importation of Russian natural gas into our country for a total amount in excess of 1 billion dollars. The contract is for 20 years, coming into force in 1973 and expiring in 1992. One of the protagonists in the negotiations is indeed Giuseppe Ratti, in charge of Eni's foreign relations section. Eni is the state participation holding company to which Snam belongs. Snam signed the contract.

About 16 months after the agreement was signed, 16 April 1971 to be exact, Snam sent the Ministry of Foreign Trade a strange request: it wished to be authorized to make "payments for unvouchered expenses" arising from commitments it was necessary to make for the "carrying out and the positive conclusion" of the contract for the importation of Russian methane signed in December 1969. In simple language it said they had to pay kickbacks if the supply contract was to be implemented.

For what amount? "As set forth below," Snam's letter states in restrained, bureaucratic language and reveals these figures: $1,230,000 as a one-time payment; $200,000 in two semiannual payments of $100,000 each, in the course of 1973; $400,000 (these two divided into two semiannual payments) in 1974 and $600,000, in two semiannual payments of $300,000 each, for each of the following years until the expiration of the contract (that is, until 1992). Total, the fine sum of $12,630,000, something in the order of 15 billion lire.

What did the Ministry of Foreign Trade reply? Document No V.371280/806/494361, signed Zagari, sent to the Italian Foreign Exchange Office and for the information of Snam (subject: Transfer of Foreign Exchange to the USSR), "authorizes the requested transfer of foreign exchange according to the above-stated terms and requests this office to give appropriate instructions to the banks to be designated by the party concerned so that the said banks may proceed to the transfers in question omitting any investigation into the reasons for the transaction, notwithstanding the general regulations applicable in the case." At this point the questions are: who has benefitted from (and who still benefits from) these kickbacks? How was it possible to make a contract of such dimensions, and signed by state organizations, depend on payments of commissions to unknown persons? What part did the PCI have in the negotiations (Armando Cossutta and Giuseppe Ratti were in close contact during that time) and what benefits did it derive from it?

But companies of the Eni group developed complex relations over commissions and kickbacks with the Soviet Union not only through methane imports. For example at the end of 1971 Eni was able to administer 60 billion of the 120 billion lire credit Italy granted the USSR. Well, then, all the supply contracts drawn up by

companies of the group or related to it were burdened by various percentages and charges. In November 1971 the situation was as follows: the total amount of contracts signed: 42 billion, of which 14 billion pertain to Pignone and Pignone Sud (with 4 percent in kickbacks to pay); 4 billion pertain to Imex (which undertook to pay 6 percent). Contracts for 6.5 billion pertain to companies outside the Eni group, but with which agreements were made for the paying of 6 percent. The payment procedure was worked out with the agreement of Renato Marnetto, who later became a counselor in Agip Insurances. However, there were other firms which, although they signed contracts for more than 17 billion with the USSR, within the amount of 60 billion managed by Eni, nevertheless did not pay the required 6 percent kickbacks. "For secret reasons it was not possible to ask them," regretfully explains Landolfi (of Eni's foreign affairs office, and very well versed in matters of Soviet affairs) in one of his confidential notes, before being suddenly dismissed from Eni and then transferred to Montedison with Ratti.

Business with the USSR cannot be transacted with the help of a private intermediary such as a Vittorio Emanuele as in Iran during the Shah's time. Requests to link the supply of materials with a kickback to pay thus cannot but pass through very official state or party channels. Last week we already said that even the PCI has its Sophilau at Vaduz. At via delle Botteghe Oscure they first pretended not to hear. But with this documentation they will have to wake up, and Parliament cannot avoid becoming concerned.

Letter authorizing illegal kickbacks, released by Minister Zagari in 1971

Foreign Trade Ministry
General Director for Foreign Exchange
Civ. VIII- MN/Na
V. 371280/806/494361
Subject:
Transfer of Foreign Exchange
to the U.S.S.R.

Rome
To: The Italian Foreign Exchange
Office, General Affairs
Rome
And, for the information of
SNAM, S. p. A
S. Donato Milanese
Milano

The Snam, S. p. A. of Milan with a request sent to this Ministry, declared it had concluded a contract with the U.S.S.R. for the duration of 20 years, to begin in 1973 for the importation from that country of natural gas, for a total amount of more than $1,000,000,000.

Based on this the said company requested permission for the transfer abroad of the following sums according to the procedures indicated at one side, for the payment of unvouchered expenses, incurred or to be incurred in connection with the above-mentioned contract:

-$1,230,000 a one-time payment;
-$200,000 in two semiannual payments of $100,000 each during the year 1973;
-$400,000 in two semiannual payments of $200,000 each during the year 1974;
-$600,000 in two semiannual payments of $300,000 each during the year 1975;
-$600,000 in two semiannual payments of $300,000 each for each successive year until the end of the contract.-

In that connection it is stated that this Ministry authorizes the requested transfers of foreign exchange in the terms set forth above and requests this Office to issue appropriate instructions to the banks to be designated by the party concerned, so that the said banks may proceed to the transfers in question omitting any investigation into the reasons for the transaction, notwithstanding the general regulations applicable in the case.

The Minister

9772
CSO: 3104/341

SMALLER PARTIES SET OUT ELECTION PROGRAMS, STRATEGIES

Liberals: Would Cooperate with Conservatives

Oslo AFTENPOSTEN in Norwegian 14 Aug 81 p 5

[Article by Arild Isegg: "Liberals for a Change of Course: Will Support Governing with Conservatives"]

> [Text] Kristiansund, 12 August. Armed with a platform favoring a change of course toward a center-oriented policy, the Liberal Party today opened its election campaign in Chairman Hans Hammon Rossbach's hometown. Here the party's central and local leadership took over the main street and set up a sort of liberal marketplace. Under threatening cloudy skies shivering passers-by were tempted with coffee and fresh waffles, green balloons, betting contests, quoits, raffles and jazz music. The purpose: to sell the party's policies, and to sell Rossbach.

One may ask whether the Tivoli effect is helpful. Politically Rossbach experiences a rather indifferent climate, even in his hometown, which is a bastion of the Liberal Party. The party is the third largest in the city council, and has the chairmanship of the council. But the Kristiansund Liberal Party is not the same as the national Liberal Party. For one thing, there is nothing in the Kristiansund Liberal Party platform, which the chairman was elected on, against test drilling north of the 62nd parallel. Chairman Otto Dyb, with the approval of a united executive committee and council and in agreement with broad public opinion is, in his capacity as both chairman and Liberal Party member, in favor of test drilling on the Haltenbank. He just believes that it will not meet expectations for employment and in other ways. Together with other chairmen in that part of the country he has even demanded increased test drilling. But the country's liberals, with Chairman Rossbach at their head, are against this oil activity. This antagonism, to which the party leadership angrily would not admit at a press conference here today, partly explains why Rossbach's stock is not as high as could be expected.

On the other hand he is the only candidate for the Storting from a district with about 40,000 inhabitants. A Storting election is, to a certain extent, a local election where people vote tactically, and Rossbach could be carried forward on a

wave of local patriotism. The second candidate on the liberal list, Chairman Einar Holm, has a corresponding position in the southern county. The party therefore has hope of two seats from More og Romsdal. On the national level the vice chairman of the party, Torstein Slungard, said that realistically the party can count on six to eight seats, but with the reservation that only a one percent variation in the election results could have a powerful effect because of an unfair election system.

A fair election system with equalization of seats is also included in the 12-point platform which the party presented today and which points out the most important issues which the Liberal Party believes that a nonsocialist government should encourage.

With this platform at hand, Rossbach confirmed the party's position for cooperation in a nonsocialist government: the Liberal Party desires a change of government in order to create a change of course in Norwegian policies. Because the Center Party and the Christian People's Party prefer to cooperate with the Conservative Party more than the Liberal Party, the party will support such a government. And not with the intention of overthrowing it, explained Rossbach, but not to give it a blank check for four years, either. Furthermore Rossbach did not agree that conservative domination means that such a government would advance conservative policies, and he foresaw a more center-oriented policy than that followed by the Labor Party government.

The Liberal Party's tentative contribution to a turn toward the center is due among other things to a demand that the Norwegian economy be stabilized by our ceasing to live above our means. Price control must be followed by wage control, greater tax reductions must not be granted, on the contrary taxes should be levied on consumption, with increased taxes on luxury consumption. Other points in the 12-point platform: 900 million kroner extra to stop the crisis in the health sector this year and construction of 1000 new hospital beds per year, construction of 41,500 new dwellings this year and remodeling of 5000 older homes (expected to cost 2 billion kroner extra), increasing foreign aid to 1.7 percent of GNP, a nuclear-free Europe, including a nuclear-free zone in the North.

The opening of the election campaign was celebrated with a cruise in Kristiansund's harbor and planting of an evergreen tree in the cultural center of the town--the party's gesture of increasing friendship. And in the evening there was a Liberal Party meeting at the Kaffistova.

Liberals' Ambiguity Attacked

Oslo AFTENPOSTEN in Norwegian 24 Aug 81 p 2

[Editorial: "Incorrigibly Indecisive Party"; words enclosed in slantlines printed in italics]

[Text] In the fall Storting elections it is an essential objective, seen from the bourgeois point of view, that the Storting will be formed in such a way that it can give a basis for a vigorous nonsocialist government. That is why it is so decisively important that the three announced cooperating parties, Conservative, Christian

People's and Center Party, together reach the necessary majority. That is simply a precondition for setting up a solid and effective policy, from the common goals which are drawn from the common objectives of the three parties. Bourgeois voters should consider what confusing conditions would exist if, for example, the Liberal Party should gain control and thereby--to a large extent--decide policies. Those who had occasion to see liberal Chairman Hans Hammond Rossbach's appearance on a TV interview the other day received once more the confirmed impression of the Liberal Party as an irresponsible and indecisive party. A party which on almost every issue is both for and against at the same time. If a government must be based on support from Rossbach's liberals, it would be equivalent to political paralysis.

Since the party convention in March the Liberal Party has accepted the preliminary position that it prefers a nonsocialist government to a continued Labor Party government. But the Liberal Party does /not/ want to be the principal party in a nonsocialist government, and it is ready to bring the Labor Party back into the government before the next election. The liberals' goal is simply to gain control, something which would automatically cause a nonsocialist government to be dependent on liberal votes, and to live at the mercy of the liberals. The result of such control would be confused parliamentary conditions with continuous danger of a government crisis if the government did not carry out demands of the Liberal Party. In other words: an unfortunate and impossible situation which bourgeois voters should be careful to prevent. Even more so because it is clear that a vote for the liberals is not a vote for a bourgeois alternative or for a political change following the election.

The Liberal Party, which regards the Conservative Party as one of its main political opponents, wants to stand out as a "third alternative" in Norwegian politics--an alternative to the bourgeois and the socialist parties at the same time. In practice this has in most cases created uncertainty as to what positions the party will finally adopt.

The voters should therefore understand that a vote for the Liberal Party can indirectly contribute to continued Labor Party government, because the Liberal Party can be expected to prefer such a government over a conservative government, or because a vote for the liberals in a number of counties would be thrown away, where the party has no chance of winning a seat. Let us also remember that the Liberal Party does /not/ guarantee that a bourgeois government will have the opportunity to carry out nonsocialist policies. The Liberal Party has advocated that the Labor Party should be a /temporary/ solution.

Whatever happens in this election, it is desirable that one goal receive common acceptance: No to Rossbach in control!

Socialist-Left Against Nuclear Prestockage

Oslo AFTENPOSTEN in Norwegian 17 Aug 81 p 5

[Article by Liv Hegna: "Socialist-Left Party: Law Against Allied Nuclear Weapon Transport"]

> [Text] Bergen, 16 August. The Socialist-Left Party [SV] will propose a law against the use and storage of nuclear weapons on Norwegian terrotory--including overflight and enroute landing of aircraft carrying nuclear material. The law will include punishment of 10 years in prison. SV Chairman Berge Furre presented the proposed law during the election campaign at Torvalmenningen in Bergen on Saturday. He spoke out strongly against the Labor Party: "The government has abandoned the idea of a nuclear-free zone in the North, with assurances that Norway will not take the initiative in this matter alone."

"The government has placed the demand for a nuclear-weapon-free zone in the North in the hands of the United States, but the United States does not want to hear about such a zone," said Furre. The chairman of the Defense Committee of the Storting, conservative Per Hysing-Dahl, was called "Reagan's defense attorney" by the leadership of the Socialist-Left Party during a press conference.

"Nuclear weapons must be eliminated from all plans for defense of this country," said Berge Furre. He gave his full support to the action called "No to Nuclear Weapons" and referred to the proposed law concerning nuclear weapons which SV will place before the Storting. Among other things this law says that manufacture, importation, transit (including enroute landing of aircraft with nuclear weapons on board), storage and use of nuclear weapons is prohibited in Norway, including Svalbard and Jan Mayen and the sea and airspace which connect these to the mainland. Missiles with nuclear payloads must not pass through Norwegian airspace.

The proposed law, which was written by Professor Torstein Eckhoff at the request of SV, includes a passage prescribing 10 years prison for violation of the law. Berge Furre said that it is not realistic to believe that Norway can punish a superpower, but that the punishment provision will be used if ships or aircraft belonging to another nation violate Norwegian law and are caught. He granted that the law contains a break with NATO's nuclear weapon strategy, but pointed out that several other countries have departed from integrated military cooperation in the alliance without leaving the organization.

In the press release in connection with the announcement of the proposed law it was said that allies will never be permitted to place or use nuclear weapons on Norwegian soil. The SV leadership confirmed, however, that the law will also apply to the Russian SS-20 missiles and other weapons belonging to countries with which Norway has not entered a defense pact.

SV's Storting representatives, Hanna Kvanmo (parliamentary leader) and Stein Ornhoi, said that the dominant theme of the election campaign will be national security

policy or peace policy. Besides, SV plans to push hard on economic policy, especially that which Berge Furre and the party's first candidate in Hordaland, Kjellbjorg Lunde, have called public poverty: "Take from those who have much, and give to those who need it, the sick, the elderly, and other weak groups. That is the watchword."

Communists Want NATO Nuclear Veto

Oslo AFTENPOSTEN in Norwegian 20 Aug 81 p 5

> [Text] "The government must, for once, pull itself together and sing out against its American allies. Norway must make it clear that there will be a veto against the neutron bomb in NATO," said the chairman of the Norwegian Communist Party [NKP], Martin Gunnar Knutsen, at the opening of the party's election campaign in Folkets Hus in Oslo yesterday.

"Norway must be an independent progressive country for the sake of peace, relaxation of tensions and disarmament, not a pawn in America's wargames like today," he said. Martin Gunnar Knutsen demanded that the government also take concrete steps in the direction of independence in the military area. It must be an unconditional demand that the Norwegian government take up the neutron bomb resolution in NATO.

"It is not just we communists who demand this. The demand also comes from others, from the socialist-left and the liberals, and from large segments of the Labor Party--and people in all the bourgeois parties. There is a majority of the people who, like us, demand more than words in the struggle for peace," he said.

The NKP chairman said that the Warsaw Pact countries time and again have demonstrated that they desire negotiated solutions to the world's problems. And the president of the Soviet Union has put forth a program of negotiations to end the tension and danger of war around the world. Among the suggestions were plans for negotiations about the Afghanistan problems and the question of placing medium-range missiles in Europe, including the SS-20.

"This is also the explanation for the exchange of letters between West European governments and labor parties. Also Prime Minister Gro Harlem Brundtland has received such letters. But what has she replied to these letters? And what has she replied on behalf of the Labor Party? The Norwegian people should know," said Martin Gunnar Knutsen.

"We communists do not ask whether people are for or against NATO in this matter," he continued. "We do not ask about people's party or religious affiliation. We are strongly against any tendency from a single party to take over the cause of peace. To do our part to defend peace, it is necessary to see farther than the end of one's party-political nose. It is necessary that Labor Party people, Socialist-Left Party people, religious and non-religious, labor unions, sports oriented young people, women, youth organizations and others find their own way to a non-sectarian and determined cause in the struggle against everything that is pushing the world in the direction of a nuclear catastrophe," said Martin Gunnar Knutsen.

Christian Party Changes Campaign Choice

Oslo AFTENPOSTEN in Norwegian 22 Aug 81 p 8

[Article by Terje Svabo: "Korvald Out, Kristiansen is Candidate for Prime Minister"]

> [Text] In spite of warnings from its parliamentary leader Lars Korvald, the central board and the Storting group of the Christian People's Party yesterday approved the party chairman, Kare Kristiansen, as their candidate for prime minister. At the opening of the meeting Korvald wished that they would wait before making such a decision, but gave in to the majority position. Kare Kristiansen stated at a press conference yesterday that he does not want to be both the parliamentary leader and party chairman. Lars Korvald is not currently interested in a position in a future bourgeois government.

It was Lars Korvald himself who, at a press conference after the combined meeting between the Storting group and the central board, made it clear that he now definitely wanted to withdraw from Norwegian politics. He maintained that 20 years in national politics is a long enough political workday, and announced that on 30 September he will take over the office of county commissioner in Ostfold.

The statement from the meeting said that in case there is a nonsocialist majority in the Storting election the party is ready to enter discussions with the Center Party and the Conservative Party on government questions.

It was established that before discussions on setting up a government, the political platform must be clarified. The most important question in that connection is that the Christian People's Party is firm in its position adopted at the national congress that the party can not join in a government in which the principles of the existing law on abortion are maintained.

At the press conference it was no secret that one of the causes for the party's now launching Kare Kristiansen as prime minister candidate is that the Conservative Party and the Center Party already have their candidates. At the meeting the party chairman, Kare Kristiansen, also dealt with the question of who will be the parliamentary leader of the Christian People's Party. He recommended the party's vice chairman, Kjell Magne Bondevik for this office.

No other names beside Kare Kristiansen were raised as the party's prime minister candidate. Kristiansen emphasized himself that his nomination did not change the party's position that a nonsocialist government must commit itself to changing the abortion law.

It was decided at the meeting not to discuss the formation of a delegation to conduct future governmental discussions following the election. Kare Kristiansen said that is a question to be taken up by the new Storting group and the party's central board. Lars Korvald stated after the press conference that he would prefer not to be on that delegation.

The question of whether the party should launch its own candidate for prime minister was, as we understand it, discussed at a party plenipotentiary meeting on Thursday evening. It was then that there was agreement on Kare Kristiansen, and it was Kjell Magne Bondevik who recommended him at yesterday's meeting. Korvald did not participate in the preparatory discussions.

9287
CSO: 3108/181

PARTIES REACH DEFENSE PLAN PACT AFTER 'HARDEST NEGOTIATIONS'

Nonsocialists Were Losers

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 81 p 7

[Article by Christian Brondum]

[Text] The 18 months of negotiations on a new defense pact which have now ended in a compromise will go down as perhaps the hardest defense negotiations since Denmark joined NATO in 1949.

From the very beginning of the negotiations in the spring of 1980 the four nonsocialist parties, the Liberals, Conservatives, Center-Democrats and Christian People's Party, had declared that under no circumstances would they accept less than a 3 percent annual (cumulative) increase in the defense budget, preferably over a 5-year period. Conservative Palle Simonsen said in March 1980 that a 4.5-5 percent annual increase was necessary to provide enough money to pay for the level of forces agreed on in the 1973 legislation.

Demand for 3 Percent

In the fall of 1980 the demand for a 3 percent annual increase was turned into the nonsocialist "starting point" but right up to the last round of negotiations the four parties maintained the demand which was more than 1 billion kroner above the Social Democratic offer. It was obvious that the tactics of the Liberals, Conservatives, Center-Democrats and Christian People's Party were based on exploiting the need of the ruling party to demonstrate political unity on defense and security policy, especially to other NATO lands. And the four parties also realized that Social Democratic leaders had an internal need for a solid defense compromise. With a compromise in hand the leaders of the government party could reject the demands of their own left wing for defense reductions.

Only last weekend when it became clear to the nonsocialist negotiators that the military leaders of the defense sector preferred a lean agreement with a fixed economic framework to dependence on the whims of the government in connection with the annual budget act did they decide on compromise. And on Tuesday it became apparent at the Social Democratic group meeting that the government could not extract another nickel for defense from its Folketing group without jeopardizing the solidarity of the group.

Zero Solution

On the other hand the Social Democrats allowed their congress to determine in September 1980 that a zero solution should be the basis for a new compromise. The congress left a narrow possibility for negotiation open since the text declared that a new compromise could be entered into on the basis of a zero solution.

In line with the congress Defense Minister Poul Sogaard issued a defense proposal that same month based on the zero solution and corresponding large-scale reductions in personnel and materiel. Last December the government also forced an unchanged 1981 defense budget through Folketing.

At the same time they allowed the Radical Liberals to sit in on the entire series of negotiations even though the party stated expressly at its national congress last year that the highest the party could go along with would be a zero solution.

A review of the contents of the compromise also shows that the government has only agreed to personnel and materiel increases in the defense sectors where an argument can be made for obvious employment benefits or where the military necessity is very urgent.

Thus extending the lifetime of the aging motor torpedo boats of the Sealion class provides work for shipyard workers and strengthening the defense of Sjaelland by 360 permanent people means in comparison with the zero solution that these people will not be thrown out of a job while barracks facilities and other things for these people will be preserved providing civilian jobs and thus making local communities happy.

Setting up two new improved Hawk missile squadrons, probably on Funen, will also employ around 300 people and the missiles are also something greatly desired by NATO. In the past Denmark has been a kind of hole in a north-south missile defense chain which Defense Minister Poul Sogaard also wanted plugged up.

Economic Losers

An economic evaluation of the contents of the compromise shows that the nonsocialists were the losers in this respect. The nonsocialist demand for an annual cumulative budget increase of at least 3 percent would have added up to a total of 1.461 billion kroner more than the zero solution over the 3-year compromise period. The four parties actually got 369 million kroner. Stated another way a 3 percent annual increase would have led to a defense budget of 8.73 billion kroner (in fixed prices) at the end of the compromise in 1984. Under the compromise the 1984 defense budget will be 8.16 billion kroner (in fixed prices). This situation could have renewed importance if the Social Democrats again open with a proposal for a "zero solution" for defense in 1984.

When a new Defense Act comes up for debate in Folketing this fall the five compromise parties will also be able to count on the Progressive Party's 20 votes,

giving 146 votes for the new compromise. Standing outside the defense compromise group, Radical Liberal Niels Helveg Petersen complained yesterday that the government had now relinquished its freedom of action on defense issues until after the next parliamentary election while the Left-Socialists said Denmark had now embarked on the arms race spiral.

What remains is that the defense compromise, despite the very great distances among the parties initially, is the first significant political agreement the government, the Liberals and the Conservatives, supplemented with the Center-Democrats and Christian People's Party, have been able to reach since the 1979 election.

Only time will tell if the builtin veto right against changes in the budget will be respected. Defense agreements have been broken before, the first time in 1969 when the Conservative-Liberal-Radical Liberal government cut 125 million kroner from the budget and later in 1979 when the Social Democratic government cut 100 million kroner.

Socialist 'Club' Led Opposition

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 81 p 6

[Article by Lisbeth Knudsen]

[Text] It is the strong coffee clubs in the Social Democratic Folketing group that have taken up the fight against the defense policy of the government and the party leadership. It was Ritt Bjerregaard's coffee club and the club that includes several newer Folketing members headed by Jytte Hilden which came up with most of the votes Tuesday when a meeting of the Folketing group revealed that about a third of those present could not support the negotiating mandate the prime minister had requested.

The showdown in the Social Democratic parliamentary group concerning defense policy is regarded as quite serious by the party leadership. Not just because it might indicate that not all 68 Social Democratic members will vote for defense appropriations in the wake of the defense compromise. The more serious aspect of the lack of solidarity in the Folketing group concerns the forthcoming annual meeting of the Social Democrats. Finally there is a "grass roots movement," still in the initial stages, which has informed the party that it will work for Danish arms reduction over a period of years and for demilitarization here.

No in Advance

The members of the Social Democratic Folketing group belonging to Ritt Bjerregaard's coffee club who said Tuesday they could not support the latest concessions the government made to the nonsocialist parties in the defense negotiations were Helge Degn and Jimmy Stahr. Kaj Poulsen from the same coffee club was not there for the ballot count but had said in advance that he would oppose the mandate for

the prime minister. Party organizational vice chairman Inge Fischer Moller did not attend the meeting either but she has expressed the same views on the issue as the other members of the coffee club. Ritt Bjerregaard told the group meeting that as a cabinet member she stood behind the latest concessions but said she did not agree with the foreign policy reasons for wanting a defense compromise which Foreign Minister Kjeld Olesen presented at the meeting.

Surprise

From the other coffee club clustered around Jytte Hilden, Jytte Andersen, Christian Kelm-Hansen and Magnus Demsitz voted against giving a mandate to the prime minister. Outside the coffee clubs Lissa Matthiassen, Mette Groes, Birte Weiss, Ole Thomsen and Kirsten Andersen voted against the mandate. They have all earlier criticized the defense policy views of the party leadership. The surprise came from the chairman of the Finance Committee, Kristian Albertsen, who also voted against giving the prime minister a mandate.

It was clearly underlined at the group meeting that if a vote were taken from the full group there would be more negative votes than the 12 cast in the balloting Tuesday. On the other hand not all those voting had the same reasons for rejecting the mandate. Some--including Jytte Hilden--said they could not consider anything but a zero defense solution. Most of those who voted no said they could approve the government's next to the last offer of 80 million kroner in extra defense spending but not the final offer which added extra millions.

Congressional Decision

A good deal of the conflict in the Social Democratic group concerned the decision made at the party congress last year. It is this congressional decision Jytte Hilden among others keeps referring to when she says nothing but a zero solution is acceptable. The mood at the congress last year was very strongly in favor of the demand for a zero solution but the prime minister managed in the final statement issued by the gathering to open the possibility of some flexibility. However in later statements the prime minister strongly backed the zero solution. In several rounds of the negotiations the prime minister has had to come to the Social Democrats in Folketing and ask for a mandate to move away from the zero solution. The first time only a few refused but the last decisive step in the direction of a compromise caused the group to react violently.

Split

Many of the Folketing group [as published] as an issue that could create as big a split among Social Democrats as the EC balloting once did. The group meeting Tuesday was a clar indication of the so-called right and left wings in the group and there are many similarities with the division on the EC question. The party leadership will now be arming for a defense policy showdown at the annual party meeting the first weekend next month. As we saw at the party congress last year the prime minister will have to be very skillful in explaining to his own party how a stated desire for a zero solution turned into 369 million extra kroner in defense spending over a 3-year period.

Bjerregaard, Norgaard Against Compromise

Copenhagen BERLINGSKE TIDENDE in Danish 14 Aug 81 p 6

[Editorial]

[Text] The members of a government are seldom as united as they sometimes optimistically proclaim. In important tactical and political issues there will often be quite strong differences of opinion as to which position should be adopted by the government. But normally such conflicts do not reach the ears of the public until former ministers write their memoirs at an advanced age. It is not customary in Denmark for a minister who does not agree with the government's policy to step back in order to avoid responsibility for something he thinks is wrong. And it is not common for a prime minister to ask a misbehaving minister to resign from the cabinet. They disagree within the government's four walls, announce the policy as that of the entire government and sweep the conflicts under the rug. One can question whether that is straightforward but that is the way things are.

It is therefore worth noting the reports which have not been denied of the government's deliberations concerning its stand on the defense compromise. It is reported that Social Affairs Minister Ritt Bjerregaard and Economic Affairs Minister Ivar Norgaard have dissociated themselves from the defense compromise negotiated by the prime minister and the defense minister. It is unusual enough that this has become publicly known. It is even more unusual that Ritt Bjerregaard according to what we have heard announced her stand at the Social Democratic Folketing group meeting where debates are often so public that they might as well be conducted in the palace courtyard rather than behind closed doors. Apparently only respect for the cabinet prevented Ritt Bjerregaard from voting with the minority that opposed the government in the group.

It may be claimed that this corresponds nicely with the modern demand for more openness in political life and for the ability of the individual to proclaim a separate point of view. But the prime minister cannot be amused by what is happening. It is bad enough that he has to put up with a public demonstration of the lack of agreement in his party but it is even worse to have lack of agreement in the cabinet displayed to public view. It is no excuse that as we well know Anker Jorgensen changes his own standpoints so often that not even those closest to him can follow his lead. In the long run a government cannot tolerate not appearing as a block. A government cannot speak with several tongues and it cannot break into a discussion with itself.

If a government starts breaking up in this way the only thing a prime minister can do to avert the consequences is to dismiss the ministers who are out of step. But it would undeniably be much easier--and more honest--if those concerned took the initiative themselves.

Setback for Allied Reinforcement

Copenhagen BERLINGSKE TIDENDE in Danish 15 Aug 81 p 9

> [Text] The weakest point of the compromise is the section on allied reinforcement. It appears that it suits the government better to have the offer of reinforcement less binding than the nonsocialist parties would like.

Prior to the defense agreement reached on Wednesday the most comprehensive defense planning work ever seen had taken place. The preparations started right after the 1973 defense agreement and speeded up in the years 1976-77. In 1976 a so-called planning unit was set up at the Defense Ministry and after the extension of the 1973 agreement in 1977 (up to 31 March 1981) the Defense Ministry set up its project leadership on long-range planning of defense whose goal was to come up with several alternative proposals for a new Defense Act to take effect on 1 April 1981.

The government's proposal for a new Defense Act was later based on three alternative Phase 3 structures. These were based on an unchanged budget, on an increase of 1.5 percent and on an increase of 3 percent. There were not many real structural reforms.

In setting priorities more emphasis was placed on a land defense of Jutland and correspondingly less emphasis on a land defense of Sjaelland where the number of brigades in the first two models would be reduced from two to one. This was later corrected since it turned out this would all but wipe out Sjaelland's defense. At the request of the defense minister more emphasis was also placed on warning and surveillance.

However the political background for making use of the comprehensive planning work was disturbed starting in 1979. The Social Democratic-Liberal government did not manage to state a plan for the new Defense Act before it broke up in 1979 and after the election that October the Social Democratic left wing was strengthened with the result that the Social Democratic minority government felt obliged to endorse a so-called zero defense solution, in other words a defense agreement based on an unchanged though as before wage- and price-index-adjusted budget.

This eroded the possibility of utilizing the planning work effectively and it is first now that the compromise has been reached that we will find out how the forthcoming bill on the organization of the armed forces will fit this into the budget limits agreed upon.

The political defense negotiations in 1980 never got beyond the initial talks. The Radical Liberals, who had withdrawn from the agreement in 1977, were included in the negotiations at the government's request and blocked any other solution than a zero solution while at the same time rejecting the idea of stockpiling heavy equipment for allied reinforcements. It was therefore obvious that in the final phase of negotiations the party would have to withdraw. This was also the case even though it didn't happen until the week before the final decision.

The government has shifted a little over the zero solution twice, first in its bid this March to expand the budget by half a percentage point or 44 million kroner, and then this month in its renewed--and "irrevocably last"--offer of a total of 369 million kroner over a 3-year period. The latest move led to the Radical Liberal withdrawal and ran into opposition by a minority of Social Democrats.

The government bid will form the basis for the new Defense Act which the four nonsocialist parties have backed although with grave misgivings. The proposed budget increase of 369 million kroner is far below what they recommended in their joint proposal for a compromise agenda, namely a good 1.2 billion kroner over a 3-year period.

The compromise will lead to a reduction of defense personnel of between 1000 and 1500 men. This must be seen against the background that over 15 years the armed forces have been reduced by roughly 20,000 men. The strength level goals from the 1973 act cannot be met since the number of ships and airplanes must be abandoned in the 1982-84 compromise period and starting in 1985 there will be an urgent need for many new acquisitions including mobile coastal batteries, new ships, especially submarines, and more airplanes.

As before it should be possible to keep mobilization forces at around 65,000 men with only a small reduction and in contrast to field troops the Home Guard is bigger than ever, namely around 74,000 men and women, an increase of approximately 5000 in recent years which must be viewed against the background of considerable interest in voluntary defense and the much smaller number of draftees being called up.

Thanks to price and wage regulation a real budget erosion can be averted even though several material acquisitions including those for close air defense, must be postponed and exercises will have to be kept within strict limits.

The weakest point in the compromise is the section on allied reinforcement. In the nonsocialist parties' outline for a compromise they stated that "it is assumed that consultations with NATO concerning reinforcements will be concluded satisfactorily and that discussions will be concluded with Great Britain and the United States and that all parties are prepared to provide the funding needed to expand facilities for the reception of assistance." The compromise text says only that "the parties support the government's reply of 7 May 1981 to the Supreme Commander of NATO Forces in Europe concerning his second draft of a reinforcement plan for Europe to the effect that governments are prepared on the present basis to try to clarify the conditions that will apply for the reception and support of the forces proposed for this area in the plan."

In this rendition the government makes no concessions at all, which must be seen in the context that it had no mandate from its Folketing group to do so. The only significant thing is that the subject of allied reinforcement was included in the agreement at all and therefore must be a matter of mutual concern for the five compromise parties and their new 11-man contact group.

Compared with among other things the defense minister's statements from the initial phase of the negotiations in 1979 about an early summoning of reinforcements in a crisis the Social Democratic attitude toward reinforcement and prior stockpiling of supplies has become more restrictive.

It seems to suit the government better to have the reinforcement offer less binding than desired by the nonsocialist parties. In a few months the Danish attitude must be clarified during negotiations on the allied reinforcement plan and it will then be shown if the agreement reached on the economic limits for defense until the end of 1984 can be expanded to include reinforcements. If not this matter, so vital to Danish defense, may turn out to be the Achilles' heel of the current compromise.

6578
CSO: 3106/164

MINISTER: WILL MAINTAIN FORCES YOUTH AUXILIARY

Oslo ARBEIDERBLADET in Norwegian 8 Aug 81 p 6

> [Text] Minister of Defense Thorvald Stoltenberg will not terminate the home guard [HV] youth organization, but he will introduce several changes which will prevent extremists from using the activity. The minister announced this at the national competition of HV youth at Torop on Friday. The most important change that Stoltenberg will carry out is that candidate service will be terminated at the same time as an age limit of 17 is set for entrance in the HV youth organization.

"The situation wherein individual extremists have been affiliated with the HV youth organization does not, in my opinion, provide a basis for having or developing extreme attitudes, violent or warlike mentalities," said Thorvald Stoltenberg, who at the same time confirmed that HV youth service has been misused by certain youths. He said that a possible termination would hurt youth in outlying areas and in smaller towns.

Minister Stoltenberg wants therefore to terminate candidate service and establish an age limit of 17, but those who are already candidates will be allowed to continue. Furthermore the defense minister wants to adjust the procedure for management of recruiting, and to study the creation of a system of recommendations, or a recruiting authority. The local HV authorities will be strengthened, and HV youth will not be issued automatic weapons of the type AG 3. Instruction can however be given on the Mauser carbine, but these weapons will be stored in the area depots. Stoltenberg believes that HV youth should not be deployed on mobilization, and will change the framework of the training program. Service training with the AG 3, open order combat training, and "patrol service" will be terminated. An individual area organization will also be studied.

9287
CSO: 3108/182

NEW DRAKEN INTERCEPTOR UNIT TO AUGMENT STOCKHOLM DEFENSES

Stockholm DAGENS NYHETER in Swedish 20 Aug 81 p 18

[Article by Claus Granath]

[Text] Since Monday Stockholm has again had its own air defense. That was when the 3d Interceptor Squadron from F1 in Vasteras landed at the Tullinge Wing south of Stockholm.

The intention is that the squadron will be stationed at F18 [Tullinge] for at least 1 year.

Can Stockholmers feel more secure now, or is there a greater risk of attack in a time of crisis, now that they have an interceptor squadron at their very doors?

Ulf Bjorkman, head of the Air Staff's Information Department in Stockholm, says: "People can definitely feel more secure. When the capital lacked its own air defense, it took between 10 and 15 minutes for interceptors from Uppsala and Vasteras to reach Tullinge.

"From now on we will be spared that loss of time. And in the air force, minutes and seconds are very important. They can be decisive in case of an attack."

The risk is about the same as before, according to Ulf Bjorkman.

"Tullinge is so far from the built-up area that there is no danger," he says. "The base as such would certainly be a target during a crisis whether planes were stationed there or not.

"So we are not attracting swarms of bombers here by having an interceptor squadron in Tullinge."

The last interceptor squadron left F18 in Tullinge in 1974. Since then Stockholm has lacked its own air defense.

Ulf Bjorkman commented: "It is interesting to note that Sweden's capital, which at one time had six interceptor squadrons, has now been without air defense for 8 years.

"Tullinge was built years ago because it was felt that Barkarby was not enough for the defense of Stockholm."

Bjorkman says that there is no connection between the new interceptor squadron at F18 and the world's political situation.

He explained: "The fact that Stockholm is getting its own air defense is part of our long-term plans to try to keep 12 interceptor squadrons.

"The intention was that the 3d Squadron in Vasteras would be eliminated on 1 July of this year. Now it has been transferred to Tullinge instead, and it will be easier for us to reach our goal of 12 squadrons."

The squadron still at Vasteras will be phased out next year. And Parliament has decided that the F1 Wing in Vasteras will be closed down in 1983.

Sixteen Planes

In addition to the interceptor squadron, there are currently six attack squadrons and approximately the same number of reconnaissance squadrons.

A squadron consists of eight "operational aircraft," as they are called in military language. In practice, that amounts to twice that many fighter planes, or about 16 aircraft.

Even though the last squadron at Tullinge was closed down in 1974, there have been more flights there than ever. Units from other parts of the country have visited F18 every week to hold maneuvers over the Baltic.

The new squadron from Vasteras consists of 14 fighter pilots with Draken aircraft. In order to reach the goal of 12 squadrons and remain at that level, the Air Staff expects to extend the lifetime of two or three squadrons equipped with that older plane.

An interceptor squadron costs about 30 million kronor per year.

But stationing the Vasteras squadron at Tullinge has not meant any extra costs.

Bruno Soderblom, a major at F18, explains: "All the spaces were already there. We did not build anything new; we just spruced the place up. The squadron still belongs to F1 in Vasteras, even though it is stationed with us."

According to the contract, the interceptor squadron will be stationed at Tullinge until 30 June next year. But people in the air force are already convinced that its time there will be extended.

> Note: Swedish defense expenditures for fiscal 1979-1980 totaled 14.3 billion kronor, or about 40 million kronor per day. Of that amount, about 30 percent was allocated to the air force.

11798
CSO: 3109/234

WOMEN VOLUNTEERING FOR MILITARY UNIT IN INCREASING NUMBERS

Stockholm DAGENS NYHETER in Swedish 9 Aug 81 p 20

[Article by Anita Sjoblom]

[Text] Volunteers are currently flocking both to the defense forces and to the peace organizations. Not even during World War II did the Home Guard, the Women's Service, and other volunteer defense organizations have so many members. At the same time, the number of peace activists has doubled over the past few years. But both say they have the same goal: peace.

"This is the only opportunity girls have to do military service. It is equally important for both men and women to defend Sweden. We contribute to peace by being able to defend ourselves, so military service for women ought to be compulsory."

So said Elisabet Magnusson, 21, of Malmo, just after completing a 24-hour exercise in nighttime orientation, tent pitching, assault on the "enemy," and field firing. She is a member of the Women's Service, and despite the night's hardships, she was full of enthusiasm over the fact that women can go on a course that resembles military service for the guys. The combat course that Elisabet and 30 other women went out on is physically the most advanced course available to women in the volunteer defense forces.

Elisabet has been a member of the Women's Service for 2 years. She is in the Food Service Unit, which means that in wartime she would cook for the military. That task is completely in line with her civilian life, since she is studying to be a dietitian.

Elisabet says: "When people talk about equality between men and women, they should also include defense of one's country. That's why I think there should be compulsory service for women. But since there isn't, joining up voluntarily as a member of the Women's Service is the closest I can come."

Combat Course

Maj Eliasson is 46 years old and works for a travel bureau in Stockholm. She has been a member of the Women's Service for 3 years. She says it makes her feel secure to go on a combat course, since she will then know how to act in a war.

"I am in a clerical position and would not normally be with a combat unit. But it is good to have combat training in case one gets into such a situation."

Maj thinks there should be voluntary military service for women. Maj and Elisabet both feel that they are contributing to peace by voluntarily joining the defense forces.

Elisabet says: "The people in the peace organizations are idealists, but I feel sorry for them because their ideas don't work. It is an instinct in everyone to defend himself. I also think that the peace organizations use bad arguments and deceive people when they say that we don't have a chance of defending ourselves. If we are attacked, it will be a conventional war, because no one has any use for a country that has been bombed with nuclear weapons."

Both Needed

Maj says: "I don't agree with the peace organizations, but we and they are both needed. Those that took part in the peace march to Paris are brave, and by their action they showed what they really feel instead of just holding meetings and chattering."

Maj and Elisabet are two of the 23,000 Women's Service members who have voluntarily signed a contract with the armed forces. This means that they are available for war postings and must report in if there is a mobilization and participate in exercises in peacetime. Women's Service members are not assigned to combat units, but have jobs in combat information centers, operate telephone exchanges, and work in offices, the air defense warning system, and food service. Women's Service members were more numerous during World War II, but now, after many years of decline, their numbers are increasing again.

Steadily Stronger

Lt Col Leif Tornquist of the Defense Staff's Cooperation and Volunteer Department says: "Women's Service members make up only one of the volunteer defense organizations that are growing steadily stronger. In all, the volunteer defense force has never been as strong as it is today--not even during World War II. There are over half a million people who give their time and even money so that they can be trained in different ways within the armed forces.

"The volunteers have become increasingly important to the armed forces, so important that today we could not get along without them. They are also a part of our national defense image and illustrate the strong will to resist that exists in this country."

Leif Tornquist says: "It cannot be denied that the armed forces have consciously concentrated on the volunteer service for economic reasons as well. With a minimum of training, the volunteers can be given certain jobs without our sacrificing quality. What is more, we get enthusiastic people in those jobs."

Volunteers Important

How important the volunteers are is usually demonstrated by the Defense Staff with a diagram showing how quickly those called up can be at their posts if mobilization

comes. On the first day, both the conscripts and the volunteer defense force would be defending Sweden. And after a couple of days, everyone would be at his or her post.

Leif Tornquist says that those joining the volunteer defense force come from every social class in the community and that all age groups are represented.

"Why more and more people are joining is something we don't really know. But I believe that the outside pressure from the unrest in the world is increasing the will to defend the country. And when the armed forces have trouble getting enough money together, people also help out. Besides, there have come to be more--and more varied--jobs to be done than there were a few decades ago. Economic remuneration has also improved to some extent, and that enables more people to take part. Perhaps individuals also have a need to show their will to resist now that the peace organizations have grown larger."

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DUTCH PARTICIPATE FULLY IN NATO CONVENTIONAL ARMS PROGRAM

Rotterdam NRC HANDELSBLAD in Dutch 11 Aug 81 p 3

[Article by Rob Meines: "Dutch Stay in Step With NATO Conventional Weapons Program"]

[Text] Rotterdam, 11 Aug--In view of the mutual feelings of displeasure between the United States and some European NATO countries concerning cruise missiles and neutron bombs a conspicuous silence surrounds the decision to increase and improve conventional arms. The Netherlands, for instance, is executing as faithfully as possible the plans agreed upon with the Americans in May 1978 to ensure a better response to an attack with conventional arms by the Warsaw Pact countries.

This goes on without a hitch. The paragraph on this subject in the final report of the consultants to the cabinet formation, Lubbers, De Koning, and Van Thijn, was mainly accepted at face value. Even so, its consequences will be far-reaching. The final report says: "The defense effort remains focused on the execution of the Dutch contribution to the NATO Long Term Defense Program." This long term defense program, known as LTPD in defense circles, as adopted in 1978 by the NATO nations, is very ambitious.

The LTPD consists of 10 main points:

--General improvement of the fighting capacity, in particular of antitank units. Airplanes must be equipped with more modern air-to-ground missiles and defense capabilities against chemical weapons must also be expanded;

--In the event of a crisis or an attack efforts to strengthen units at the scene of action should be accelerated, while general readiness should be stepped up. The former means that good arrangements must be established with all kinds of civilian enterprises (like the KLM and transportation companies) to ensure their participation in times of crisis and war. In European countries more and bigger depots will be established to store material for American troops who can then be deployed more quickly;

--Reserve units must train more often and be better armed as they are using very obsolete equipment in some countries;

--The marines must be better protected against air attacks, while the commando, control, and communication structure must be improved;

--Based on meticulous planning air defenses must be improved by better cooperation, better combat planes, and better antiaircraft weapons on the ground;

--Considerable improvement of the entire communications, control, and command structure is needed. This is especially needed for political consultations in times of crisis. In other words, the troops at the front must be able to maintain contact with their commanders, who should remain in constant contact with their governments;

--Urgently needed is a program to improve equipment for electronic warfare; interruption of the enemy's communications, protection of our own communications against phone tapping, etc. A lot of research is needed in this area. It is an essential but very expensive program;

--Rationalization through standardization and the possibility of exchanging weapons and material between the member nations.

NATO circles in Brussels tell us that the Netherlands is doing quite well as regards the execution of this program. It contributes to five points, especially those mentioned in the Explanatory Memorandum to the defense budget of the current year.

In the first place, the availability of reception facilities for reinforcements from the United States. This means that depots are under construction and sites are still being selected to store weapons for a number of American divisions. In addition: the means to transfer these divisions to the front in time of war.

A second important Dutch promise concerns stepping up the responsiveness of the Dutch First Army Corps stationed in the FRG. The responsiveness of air force units is also being improved. It means that in peacetime more units of the Royal Netherlands Air Force will be placed under NATO's operational command. "All fighter planes, with the exception of the squadron in charge of training in peacetime, will from now on receive this status of so-called 'command forces'" (Explanatory Memorandum).

The Netherlands has also promised to assist the poorer NATO countries, Portugal and Turkey. Turkey received on a "noncommercial basis" the Dutch Star-fighters replaced by the F-16. Finally, a special Dutch initiative is being studied to arrive at a naval force which can instantly be deployed. If the West European nations create this extra naval force the U.S. Navy will have a better opportunity to operate in the Persian Gulf area. However, the chance of this point really being executed is very small, as it is very expensive.

Not much imagination is needed to realize that these conventional arms plans (will) cost the NATO--and the Netherlands--a lot of money. In May 1978 it was agreed that these extra efforts would be financed by a 3-percent annual real growth in the defense budgets. Up till now only Norway has complied with this figure.

In the Netherlands a cabinet is now being put together on the basis of agreements between Lubbers, De Koning, and Van Thijn and the chairmen of the fractions of the three aspiring coalition partners. Not one of them had any reservations regarding the clear statements on the conventional long term NATO defense program.

Last week a high ranking American NATO official in Brussels gave the following commentary:

"We are very pleased that a completely unexpected agreement has become a part of the foundation of a new cabinet in the Netherlands. However, we believe that it was more to make it clear to the NATO partners that the Netherlands is prepared to fully participate in the area of conventional warfare, as opposed to the area of nuclear arms, than that the party leaders realized what the consequences of the agreement will be."

10319
CSO: 3105/162

EDITORIAL ANALYZES TERRORIST INCIDENTS IN PIRAEUS

Athens I KATHIMERINI in Greek 24 Jul 81 p 5

/Editorial: "Imported Crime"/

/Text/ What the true causes of this week's bloodshed in Piraeus are, may or may not be discovered by the police investigation. But this is not the most interesting aspect of this criminal act. What is of interest, what must attract the full attention of the authorities and of public opinion, is the total disregard shown by the murderers toward the lives of innocent people; those who out of curiosity or concern rushed to the point where Angelikousi and her employee were murdered and others were wounded in the explosion of the powerful bomb left by the murderers.

The executioners must have settled some serious accounts, no doubt, by mortally shooting their two victims. Those accounts are rather unlikely to include the anger of the "poor unemployed" deceived by those suis generis "agencies for maritime employment to aliens." The scenario of the assault would have been different in that case. Above all, the time bomb would not make any sense, since it was set to explode much later--15 to 20 minutes later, according to some of the wounded--after the escape of the murderers. A few minutes or even seconds are sufficient for the escape of those committing such acts, especially when they hold their automatics threateningly at anyone who dares to come close, and when they throw nails on the street to blow out the tires of any pursuing cars. The bomb, in other words, was not a diversionary tactic.

What, then, did they need it for? What kind of "services" was it to offer to the executioners? This question is precisely what needs to be answered in order to help the "modernization" of the way we confront the so-called "imported" crime, both as citizens and above all as police authorities.

The evidence so far indicates that the time bomb was not placed there to cause the complete destruction of the victim's office, but to terrorize--regardless of whether it was to kill or not--those who would enter the maritime agency after the escape of the murderers. If the murderers wanted to destroy, along with Angelikousi, any records she kept, which they did not want to be found, they would have used a different type of bomb. Or they would have destroyed those records before they killed their owner.

But of what use would be the terrorizing of innocent people in this criminal fashion? It was a show of total contempt for the lives of other people, a way on informing

the Greek people that they should not get involved--even more, not to rush to the aid of victims--when they see some dark-skinned "gentlemen" in the act of murder! These "executioners," having freed their consciousness of any human sentiment, see each victim not as a specific person but as a social group. And they have no hesitation to shoot anyone around. They feel that next time there will be fewer persons that may dare to block their action or to chase them after they have committed their criminal act!

The Greek people and the security forces are not accustomed to crimes with such motives. This is where we need "modernization." The "outstanding" geographic location of our country, which makes it a "bridge" among three continents, has made it also a meeting point for illegal activities serving the high or low interests of these continents and of the others who are dealing with them. It will be difficult to ban those "transactions" in our country by blocking the entry of those involved or their domestic "flowering."

Should we ask them to leave us alone in the name of our blameless behavior on the three continents? They will tell us--and rightly so--that we are exceedingly naive. Shall we hope that crime will be reduced internationally and in this way we, too, will be spared its imported quantities? It is an equally naive expectation.

The only thing left to do--if we do not want incidents such as the one this week to multiply--is to develop a more active role in preserving our tranquility and, especially, our way of life. Without racism or prejudices, we should observe and record every unusual presence or behavior of our alien visitors. In the same way, we have the responsibility to look around, to see if there are any of those idiots who think that they may overthrow the "rotten society" by setting on fire underwear and detergents, in order to prevent senseless losses and human victims. Above all, what is needed is to strengthen the possibilities (not the jurisdiction) of the police. Its organization must reach the levels required by the task of combatting today's international crime. We cannot be stingy in this case. The "cost" in human blood is too great!

7520
CSO: 4621/82

CHANGES PLANNED IN TAX, INVESTMENT LAWS

Zurich NEUE ZUERCHER ZEITUNG in German 12 Aug 81 p 13

[Article by gr.: "Imbalance in Austria's Budget"]

[Text] Vienna, August--No relief is in sight for the critical situation in Austria's state budget. It will not be possible to abide by the revenue or expenditure proposals of the 1981 budget estimates, which Minister for Finance Salcher inherited from Androsch, his predecessor, and the deficit will exceed gross and net estimates (49.8 billion schillings and 25 billion schillings respectively) as well as last year's results (47.5 billion schillings and 29.3 billion schillings respectively) by approximately 55 billion schillings and 30 billion schillings respectively. Following the conclusion of negotiations with civil servants, a gross deficit of 70 billion schillings for next year was mentioned, but Salcher wants to reduce the amount to less than 65 billion schillings during the September negotiations among ministers. In addition to cuts in expenditures, which the minister has set at 5 billion schillings, there will have to be a renewed effort to increase revenues. Consequently, Salcher will resume and continue the "Androsch tradition" of changing tax laws. One ministerial draft has already entered proceedings for a hearing. It contains changes in income, corporation, business and turnover taxes, as well as changes in the assessment law and federal tax regulations.

Less Preferential Treatment of Investments

One of the most important changes concerns tax advantages for investments. The maximum amount for immediate depreciation is to be reduced from 50 to 40 percent of the purchase price for most items; for automobiles it is to be reduced from 25 to 20 percent. For real estate immediate depreciation will be dropped altogether, and the only tax-exempt amount for investments will be reduced from 20 to 15 percent. To make up for a part of these cuts, direct support for investments is to be increased; the note-issuing bank is to provide the "capital" by refinancing titles of the Investment Credit Co. The transfer of inactive reserves is to be restricted when tangible goods are sold. The deductibility of bribes--the acceptance or offering of which violates the criminal code--is to be eliminated; however, this change is not to be applied to so-called commissions paid to foreigners during export transactions.

Abuses that have occurred among so-called depreciation companies--as a rule they use the front of a cooperative with limited liabilities or a limited partnership--have led to a reduction in appropriations for losses similar to the FRG model. Partnerships are no longer able to use losses to balance profits; only future profits of the partnership can be used as a deduction but not other taxable profits. In addition to the proposed indirect reduction in wage and income taxes (compare NEUE ZUERCHER ZEITUNG No 146), a provision is included to increase savings premiums at building and loan associations from 10 to 13 percent and simultaneously extend the duration of contracts from 5 to 6 years as well as increase the maximum rate of assessment from 7,000 schillings to 8,000 schillings at the beginning of the year.

Measures Against Tax Evasion

Similar to the Italian example, beginning with 1982 a generally mandatory auditing requirement is to be introduced; it is, first of all, intended to guarantee the collection of value-added taxes--evasion appears to be widespread--as well as income, corporate and business taxes. All businessmen who operate domestically will have to issue to their clients detailed receipts for down-payments and advances for future shipments and services as well as for payments and settlements of completed shipments and services; if payments are in cash, it must be done immediately, in other instances 3 months after the month in which the service was completed. The minimum size of transaction that falls into this category has not yet been determined. The minister for finance is considering 1,000 schillings, employees representatives want 300 schillings as a "lower limit." If the latter were to be adopted, most restaurant visits would already fall into the category of mandatory audit requirements.

Business managers would have to keep copies as well as all the other relevant tax records for 7 years; buyers would not be required to keep records. If violations of these new regulations occur, the burden would be on business managers to prove the accuracy of their business records to bring about a reversal of the decision. Revenue authorities would have the right to estimate tax bases and, anyway, since the businessman had violated a tax ordinance, he had to expect penalties as a consequence. Buyers could also be penalized if they had intentionally participated in such a tax fraud committed by an enterprise.

A number of tax advantages are scheduled for research activities, among them the introduction of a special deduction for private donations to research and training programs and the exclusion of products that benefit the development and improvement of "economically valuable inventions" from taxable business and other assets.

In addition, taxes on petroleum are to be changed at the beginning of next year. The petroleum tax (a "joint" levy, i.e., federal levy that is shared with Laender and communities on a compensatory basis) and the federal petroleum tax (exclusive federal levy to be applied to federal road construction) will be combined and the total will then be the "joint" federal levy. Tax rebates for agriculture and the Austrian Federal Railways will remain intact as will favorable tax treatment of heating oil for furnaces (extralight heating oil) and the allocation of the

federal share to road construction. Beginning with 1983, however, liquid gas as well as automobile fuel will be included in the petroleum tax, except for local transit traffic. Beginning with 1982, gas oil (diesel oil) used for the operation of combination-energy plants and heat pumps will enjoy the same tax advantages as agriculture and the Austrian Federal Railways do.

8991
CSO: 3103/411

INFLATION, LOW INTEREST RATES HURT DEPOSITORS

Athens TO VIMA in Greek 2 Aug 81 p 5

/Article by Dim. Stergios: "A 100-Drachma Bill in Name...but only 15 Drachmas in Value"/

/Text/ The value of 100 drachmas deposited in a savings account 9 years ago is now 15 drachmas while an equal amount deposited in a term deposit account during the same period is worth 35.50 drachmas! This is the true...benefit of deposits derived since 1973 because the true interest rate on deposits, the difference, that is, between interest rates and inflation, was continually negative. An adjustment made on 1 July 1980 through legislation on special term deposits at 16 to 22 percent rates reduced somehow the inflationary loss the depositors sustained. But as of 5 June 1981 these interest rates were again reduced by 2 percentage points.

Thus, depositors who deposited up to 250,000 drachmas in these special term accounts suffered a loss of 9 percent by 5 June 1981 (the interest rate-inflation difference). In other words, their deposits shrank by 22,500 drachmas. Similarly, deposits of 500,000 dropped by 8 percent or 40,000 drachmas, while deposits of 1 million drachmas made in such accounts on 1 July 1980 shrank by 5 percent or 50,000 drachmas.

Following the 2 percent reduction in interest rates on 5 June 1981, deposits made since that date in such special term accounts will shrink still further (if inflation remains at its present level). In contrast, those who received loans in the past 10 years (industrialists, handicrafts, merchants, etc.) will be better off since the true interest rate (difference between nominal interest rates and inflation) is always positive for loan receivers.

On the basis of the developments in the area of inflation and nominal interest rates on deposits made the past 9 years, if a person did not deposit his money in a savings account and bought instead...roasted chick-peas, the extra money he would be earning would shrink to extinction one way or another. Had he deposited the money in a bank he would simply have had an "emotional euphoria" created by the low interest rates and the 100-drachma amount which in fact was worth 15 drachmas and, moreover, he would not have eaten...his chick-peas.

Downslide Since 1973

More analytically, an in-depth study of the deposit accounts and the upward trends of inflation during the past 20 years leads to the following conclusions:

a. For nearly 20 years--from 1954 to 1972--the yield from bank deposits favored the depositor except in 1954 (for deposits in savings and term accounts) and in 1966 (for deposits in savings accounts).

b. In contrast, since 1973 inflation has virtually devoured the deposits of depositors since the true interest--the difference between inflation and nominal interest rates--was negative. The greatest increase in deposits occurred in 1974 (-18 percent) and the smallest in 1978 (-3.9 percent). Also in term deposits the greatest decrease of the initial deposit was again in 1974 (-16.8 percent) and the smallest in 1979 (-12.2 percent).

c. Following the introduction on 1 July 1980 of the special time deposits category (interest rate up to 22 percent for deposits in excess of 5 million drachmas) the inflation biting into the deposits was almost eliminated for such large sums provided that the income from such interest is tax exempt.

d. Following the recent revision of the interest rates (5 June 1981) inflation is becoming more threatening to the small depositors since the interest rate has become more negative.

e. For depositors in the special term accounts, we cite the following useful explanations:

1. In cases where such deposits are for more than 2 years the corresponding old interest rates (that is, 16 percent for deposits of 250,000 drachmas, 18 percent for amounts of 250,000 to 500,000, 20 percent from amounts from 500,000 to 1 million and 22 percent for 1 million drachmas and over) are in force for the first 2 years. Therefore, the recent decrease of these interest rates by 2 percent does not affect these deposits made for more than 2 years.

2. When the 2-year period is over the interest rates will be readjusted every 12 months on the basis of the interest rates in force on the day following the 12-month period or periods.

3. For depositors who want the interest from their time deposits to become part of their original capital [to be compounded] it is made clear that according to decision 615/19 May 1981 by the Subcommittee on Loans and Foreign Exchange such capitalized [redeposits] interest will not be earning interest at the (higher) corresponding interest rate the original deposits were earning (16, 18, 20 or 22 percent depending on the amount originally deposited [as explained above]). Instead they will be earning 15.5 percent, the interest rate, that is, the ordinary 1-year deposits earn despite the explicit provision of the Currency Commission decision 168/3 of 23 September 1977 which states that "on term deposits the [total] amount resulting from adding to the original deposits the interests earned during each 6-month period draws interest at the original interest rate of the [original] deposit until the date of expiration of the original deposit." This unacceptable a posteriori arrangement at the expense of the depositors was made under the excuse of limiting the cost of money for banks!

On the other hand, we remind the depositors having different types of accounts that:

a. The interest rate for 3 to 6-month term deposits (see Table I) is valid when the time period is completed. On the contrary, this (time completion) is not necessary for other term deposits.

b. The interest rates for deposits in ordinary savings accounts are valid only for amounts deposited by private depositors (natural persons).

c. The interest rates for 3 to 6-month term deposits are valid for amounts deposited by private depositors (natural persons). On the contrary, the interest rates for deposits of 6 months and over are valid for natural and legal entities (companies). The same holds true for time deposits in the Agricultural Bank of Greece /ATE/.

d. A basic criterion for the graduation of interest rates for special term deposits is, besides the amount deposited, the duration of deposit which must be at least 12 months.

Some advice: If you anticipate another reduction in the interest rate of the special term deposits and you see that you have no other alternative for a more lucrative investment, then you should deposit your money for a period exceeding 2 years. Your return will be the same even if in the meantime the interest rates on deposits are decreased. On the contrary, if you anticipate an increase in the interest rate of the special time deposits then you should deposit your money for a period of 12 months because you run the risk of having the interest figures on the old (lesser interest rate) in the event you continue your deposit in the same account for 1 more year.

TABLE I

Interest Rates in Effect for Bank Deposits

Categories:	Old	New
A. Demand Deposits		
1. Current Accounts	12.5	12.5
B. Savings In:		
1. Commercial Banks	13.5	13.5
2. ATE	13.75	13.75
3. Postal Savings Bank	14.0	14.0
4. National Land Bank of Greece-Savings	13.5	13.5
C. Time Deposits		
1. Private and Companies		
a. 3 to 6 months	14.5	14.5
b. 6 to 12 months	15.5	15.5
c. 1 year and over	16.0	16.0

2. (Deposits) in ATE		
a. 3 to 6 months	14.75	14.75
b. 6 to 12 months	15.75	15.75
c. 1 year and over	16.25	16.25
D. Special Time Deposits		
1. Up to 250,000 drachmas	16.0	--
2. Up to 500,000	18.0	16.0
3. From 500,000 to 1 million	20.0	18.0
4. From 1 to 3 million	22.0	19.0
5. From 3 million and up	22.0	20.0

TABLE II

Development of Interest Rates* and Inflation

Years	Savings Banks(1)	Inflation	True Interest(2)	Time Deposits(2)	Inflation	True Interest
1954	9.3	15.0	-5.7	9.3	15.0	-5.7
1955	7.0	5.7	1.3	7.0	5.7	1.3
1956	9.0	3.7	5.3	9.0	3.7	5.3
1957	9.5	2.3	7.2	10.0	2.3	7.7
1958	8.0	1.4	6.6	9.0	1.4	7.6
1959	7.2	2.3	4.9	7.7	2.3	5.4
1960	5.6	1.6	4.0	5.7	1.6	4.1
1961	4.5	1.8	2.7	5.9	1.8	4.1
1962	4.5	-0.3	4.8	6.0	-0.3	6.3
1963	4.5	3.0	1.5	5.8	3.0	2.8
1964	4.5	0.8	3.7	5.7	0.8	4.9
1965	4.5	3.0	1.5	5.7	3.0	2.7
1966	4.7	5.0	-0.3	5.9	5.0	0.9
1967	5.0	1.5	3.5	6.25	1.5	4.75
1968	5.0	0.3	4.7	6.25	0.3	6.0
1969	5.0	2.5	2.5	6.25	2.5	3.75
1970	5.0	2.9	2.1	6.25	2.9	3.35
1971	5.0	3.0	2.0	6.25	3.0	3.25
1972	5.0	4.3	0.7	6.25	4.3	1.95
1973	6.0	15.5	-9.5	7.4	15.5	-8.1
1974	8.7	27.0	-18.3	10.2	27.0	-16.8
1975	8.5	13.4	-4.9	10.1	13.4	-3.3
1976	7.4	13.3	-5.9	9.4	13.3	-3.9
1977	7.0	12.1	-5.1	9.0	12.1	-3.1
1978	8.6	12.5	-3.9	10.6	12.5	-1.9
1979	10.8	25.0	-14.2	12.8	25.0	-12.2
1980	13.5	25.0	-11.5	15.5	25.0	-9.5
1981	13.5	25.0(3)	-11.5	15.5	25.0	-9.5

(1) In Commercial Banks
(2) From 6 to 12 months
(3) Estimated
*A conversion has been made proportionate to the duration of their validity.

7520
CSO: 4621/77

BUILDING PERMITS FOR ATHENS HOTELS SUSPENDED

Athens I VRADYNI in Greek 29 Jul 81 p 5

/Text/ The banks are discontinuing loans for the construction of new hotels while at the same time the Greek Tourist Organization /EOT/ will not approve any exceptions. This means that construction of additional hotels in Athens should not be expected.

The tourist industry in this country had requested such a measure and the request was accepted by Premier Rallis. In fact, when Rallis went to the EOT meeting on the Athens tourist problems, he opened his remarks by announcing to the hotel owners that the government had accepted their request. The ban on further hotel building is viewed as necessary because there is an oversupply in Athens of hotel beds, especially in first-class hotels.

The above, together with the government approval of other proposals by the tourist industry were made public yesterday in a press conference by the president of the Hotel Chamber of Greece, Ap. Doxiadis, and the president of the Greek Tourist Agencies Association, G. Tsaldaris.

Satisfaction

During the interesting discussion at the press conference Doxiadis and Tsaldaris said that the Athens tourist industry is fully satisfied by the government's recognition that an oversupply of hotel beds existed in Athens especially in view of the fact that they now exceed 50,000 in the Attiki region compared to 260,000 for the entire country. Especially excessive is the number of beds in luxury hotels. Specifically, there are today 5,500 luxury hotel beds compared to 4,500 in first-class while in 1982 the luxury beds are expected to reach 7,800.

At this point Doxiadis said that an effort is underway to identify the Greek hotels as in other EEC countries by the number of stars instead of luxury, first-class, second-class, etc.

The two presidents of hotel owners and tourist agents also explained that Premier Rallis accepted other requests of their industry such as the exception of fourth and fifth-class hotels for the municipal tax which was imposed on Athenian hotels on 1 January 1981 (4.5 percent), a fact which the Athens municipality had accepted, but then the nomarch had annuled the decision of the city council.

The government also agreed to bring to an immediate vote by the Recess Committee of the Chamber of Deputies the bill on the reorganization of the Hotel Chamber of Greece which is governed by an obsolete charter.

Some...Complaints, Too

Another issue of concern to the hotel industry in general is the existence of illegal hostels with an estimated 100,000 beds. The owners of those establishments compete with hotels in an unfair manner, snatching customers at railway stations, ports or even on the street by means of unacceptable behavior. The tourist industry wants those illegal hostels banned and they have the approval of the premier on this.

Doxiadis and Tsaldaris also announced other requests and proposals which were accepted by the government. These include:

a. Taxis.

The need to deal with the problem of taxis is evident. It is necessary for this to create companies for taxis; also, in cooperation with the Ministry of Transportation and the Association of Taxi Owners to create taxi stands to serve the hotel customers.

b. Simplifying customs processing, etc.

It is necessary to simplify as much as possible the processing of customs and the other services at the airports, harbors, railway stations, etc., to move the tourists quickly and without delay and inconvenience.

c. Upgrading downtown Athens.

It is necessary to intensify the plans relating to the questions of Plaka. Similar measures must be taken in other areas downtown by creating pedestrian walks, etc.

d. Environmental improvement.

It is necessary to take immediate steps relating to air pollution and the dirtying of the beaches, limiting noise, etc.

e. Advertising.

It is proposed to intensify the promotional effort about Athens both in the European countries as well as, and especially, in America. More specifically, it is proposed, with the help of the EOT services abroad:

1. To organize seminars to inform representatives of the productive classes on issues of Greek tourism.

2. To promote Greek products and the Greek market, especially handicraft products.

3. To promote the possibility of large communal meetings, conferences, etc. In this regard it is necessary to construct a convention center which Athens so badly needs.

4. To publish a special booklet telling about Athens, at the common expense of the tourist industry.

It is also proposed to request the newspaper publishers--without concealing, of course, the real situation that may exist on certain issues--to avoid extensively publicizing items which may give a bad impression abroad.

Recreation

It is deemed necessary, in cooperation with the Ministry of Civilization, to put together programs of artistic events for the entertainment of tourists during the winter months.

It is also necessary to organize museum expositions and considered appropriate to grant to winter tourists a museum card for their entrance [into museums] at reduced cost.

7520
CSO: 4621/73

CHANGES MADE IN CIVIL SERVICE PAY INDICATORS

Istanbul TERCUMAN in Turkish 17 Jul 81 pp 1, 14

[Article by Dogan Sumer]

[Text] Ankara--The bill to amend the State Civil Service Law No 657 now under discussion in the Council of Ministers completely overhauls the indicator table which is the basis of civil service salaries. If the indicator table is adopted as is, civil service salaries, at coefficient 25, will range from a gross of 1,250 liras to 5,000 liras.

The bill to amend State Civil Service Law No 657, which was first drafted by the State Personnel Office and later submitted to the Council of Ministers, was examined by a committee appointed by the Council of Ministers. The committee, consisting of certain of the ministers, submitted the text it drafted to the Council of Ministers for approval. The bill now being discussed in the Council of Ministers will revise State Civil Service Law No 657.

By Reason of Billet Unavailability

The bill completely overhauls the indicator table. The current table which starts at 300 and goes up to 1200 is changed in the bill to start at 350 and go up to 1400, thus raising civil service salaries to range from a gross of 1,250 liras to 5,000 liras per month.

One of the most noticeable features of the table is the relationships between grades and steps. The fourth step in each grade is the same as the first step of the next higher grade. The seventh step in each grade is the same as the fourth step in the next higher grade and the first step of two grades higher. This is envisaged as a means of preventing the loss of civil servants who cannot be promoted because of billet unavailability.

To Facilitate Administration

Article 45 of the existing law is also changed. According to current provisions, appointments to grade 6 and below are made on the basis of billet availability. Appointments to grade 1-4 positions, according to existing article 68, cannot be made from lower grades except under certain conditions. For appointment to grade 5, one must have been paid an earned-right salary at the level of this grade. The new arrangement, for ease of administration, introduces the necessary changes to

also allow appointments on the basis of billet availability to positions from grade 5, which is used in extremely limited circumstances, on up.

The bill provides for the new indicator table to be effective as of 1 January 1982. The new indicator table as it appears in the bill follows.

Indicator Table

(1) DERECE	(2) KADEMELER								
	1	2	3	4	5	6	7	8	9
1	1100	1200	1300	1400					
2	920	980	1040	1100	1200	1300			
3	815	850	885	920	980	1040	1100	1200	
4	725	755	785	815	850	920	980	1040	
5	650	675	700	725	755	785	815	850	885
6	575	600	625	650	675	700	725	755	785
7	530	545	560	575	600	625	650	675	700
8	485	500	515	530	545	560	575	600	625
9	455	465	475	485	500	515	530	545	560
10	425	435	445	455	465	475	485	500	515
11	410	415	420	425	435	445	455	465	475
12	395	400	405	410	415	420	425	435	445
13	380	385	390	395	400	405	410	415	420
14	365	370	375	380	385	390	395	400	405
15	350	355	360	365	370	375	380	385	390

Key:

1. Grade
2. Step

8349
CSO: 4654/108

MEASURES TAKEN ON BOND INTEREST, DEPOSIT CERTIFICATES

Istanbul CUMHURIYET in Turkish 8 Jul 81 pp 1, 7

[Text] ECONOMIC SERVICE--Two important decisions of close concern to the financial sector were made in the past week. First is the freeing of interest on private sector bonds, and second is the unity of view reached among bank managers that brokerages should be stripped of the right to sell bearer certificates of deposit.

Following the second decision, which is understood to have been taken because brokerages were beginning to measure up to the banks in advertisements for certificates of deposit, rumors began leaking from banking circles that "efforts are under way at the Finance Ministry to allow certificates of deposit to be sold by banks only." An "official" decision along these lines would deprive brokers of significant profits and give new wind to the banks, which are understood to have closed out the first 6 months of 1981 deep in the red and are looking bleakly at the future.

Bank managers also expressed the view that 45-percent interest should apply to the 3- to 6-month portion of demand deposits, showing "the emergence of a trend to revise the deposit structure" in the financial sector. Since no unity of view could be reached among bankers as to whether "inflation has fallen, remained the same or risen" and since a "decree" is required to implement the abovementioned interest rates, nothing definite could be decided. However, banking circles say that this may be "a matter of two or three days."

Expressing his opinions on recent developments, Istanbul Bank General Director Ozer Ciller said: "No matter how much it is said that they are not in competition, there are two competitors for the same market: banks and brokerages. The large advertisements by the brokerages lately showing their sales of certificates of deposits belonging to certain banks and which border on unfair competition are the same as cutting off the branch they are sitting on, in a way.

"If interest on 3- to 6-month deposits is raised to 45 percent, it will show that with the decline of inflation, credit will get cheaper in the long run inparallel to that and deposit interest will also go down. In a way, it is the beginning of a soft landing."

Meanwhile, work has begun at the Finance Ministry and the Central Bank on a decree that would allow demand deposits to begin at 3 months and raise the Central Bank interest rate on deposit extensions.

8349
CSO: 4654/108

REDUCED LOAN PAYMENTS EXPECTED, EXCHANGE GAINS NOTED

Istanbul TERCUMAN in Turkish 18 Jul 81 p 5

[Text] ECONOMIC SERVICE--Rapid reduction in the years ahead of the payment load on Turkey's medium and long-term debts, reportedly now at $19.452 billion, will lead to positive developments from the standpoint of both the foreign exchange squeeze and new credit potential, it is said.

Turkey's debt load, on approximately $2 billion in short-term loans and $19 billion in medium- and long-term loans, had reached dangerous levels at one point and it was figured that as much as 65 percent of foreign exchange revenues from exports and worker remittances would go to pay principal and interest which came due between 1980 and 1982.

Changing Situation

Meanwhile, the postponement of debts both within the OECD structure and within the framework of international banks and the beginning of a rapid rise in exports have now changed this situation, and if export growth proceeds at a normal pace, the debt load will drop rapidly, it is said.

Principal and interest on foreign loans will require $1.8 billion in 1981. If exports bring in $4.2 billion and worker remittances around $2.5 as projected on the basis of the first 5 months, the debt load, or in other words, the ratio of foreign exchange revenues to debts payable during the year, will be 26 percent.

Experts predict that even if export growth does not continue at the same tempo as in 1981, the debt load can drop as low as 4.1 percent by 1990.

Estimates

Export growth of 30 percent per year for the next 3 years, 20 percent for the next 3 years and 10 percent per year for the 3 years after that is viewed by experts as a normal development which should not be considered "optimistic" if present policies continue.

In this situation, exports will be bringing in $21.5 billion by 1990. A ceiling for the next few years at the present $2.5 billion in worker remittances is considered realistic. However, this situation may change, with workers going in large numbers again to Middle Eastern nations and Western Europe.

The experts with whom we talked said that these estimates are "conservative" and realization of them is highly likely and that Turkey actually has a much greater export potential.

Projected export growth puts exports at 16 percent of GNP after only 10 years. However, since it is considered normal for a country like Turkey to have exports at 16 percent of GNP today, there are some who think it realistic to be able to achieve this goal within 5 years, not 10.

The upper table [tables not reproduced] shows Turkey's estimates of loans due between 1981-1990, debt load (ratio of loan payments due to foreign exchange revenues) and foreign exchange eranings from exports and worker remittances. Debt loads of certain other deeply-indebted developing nations are seen in the lower table. The experts point out that, in comparison with these nations, Turkey's situation was much improved by the postponements.

8349
CSO: 4654/108

STRAUSS, MAIER FEUD VIA TWO NEWSPAPERS

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 23 Jul 81 p 3

[Article by Roman Arens (Munich): "'Say You Are Sorry or Scram'--Minister-President Strauss and Minister of Culture, Education and Church Affairs Maier Clash in Munich's Prinzregentenstrasse"]

[Text] It is the same situation as that of the two goats that meet on a narrow bridge and cannot make room for one another but attack each other with their horns and hard heads. But the "fabulous" way out of the situation--the weaker one falling from the bridge in the end--does not appear immediately feasible in the case of the political conflict. Whichever may be hailed as the victor--as early as today, in the next few days or later--things will not be all over either as far as Minister of Culture Hans Maier or as far as Minister-President Franz Josef Strauss is concerned.

Whatever solution may be announced to the public (in other words, no matter whether it is a patch-up conciliatory statement or whether the one or--conceivably in theory--the other loses his government post, no end of the titan's struggle is in sight. Only a lengthy or fairly short respite is conceivable.

As late as Wednesday [22 July] afternoon the minister of culture stated that he was persisting in his stand. Having greeted him with demonstrative applause, the CSU deputies in the Landtag had assured him considerable support. But Strauss too, of course, has his battalions not only in the party but also in the Landtag, where the CSU deputies on several occasions--and more often especially of late--have had to tackle disputes concocted at the Ministry of Culture.

The initial position was a fairly open one for the supposedly so crucial talk for which Strauss and Maier planned to meet at 1600 hours at the State Chancellery, the former Prussian Embassy in Prinzregentenstrasse. By virtue of his office, his temperament and his own experience ideally suited as mediator (having himself been in the closest possible clinch with Strauss in spring), Gustl Lang, the leader of the CSU Landtag deputies had given the word: Negotiate--negotiate until an amicable agreement is reached. The chances are that Lang would have liked to wall in the adversaries as in a conclave until a result was reached that could be announced to the public.

Gustl Lang, it happens, knows fairly well how many of his deputies fear for their seats in next year's Landtag election if the present disgraceful performance of the government and the CSU drags on too long and expands into a government crisis. Notwithstanding the split opinions in the matter and their support for one or the other disputant, the deputies are bent on a quite rapid settlement. There is a fair amount of hope for parliament to adjourn for the summer at the end of the week, for the CSU deputies to make their long-planned trip to Great Britain and for peace to come to the home front.

The fears and hopes have thoroughly confirmed Gustl Lang in his peace efforts, leading him to successfully advocating negotiations without additional counter-arming. The special session of the Landtag deputies Tuesday evening lasted only a few minutes, amounting to little more than a reference to the summit meeting Wednesday afternoon. The idea was for the participants, despite all the excitement going on, first of all to get a good night's sleep. If the shrewd leader of the CSU deputies had not had his way, there probably would have been a marathon session which would only have led to further injuries.

The last time he had been under fire to a point where no one would have been surprised by his resignation--in late November 1980--Hans Maier had said: "I do not like intrigues; my way of doing things is to fight things out in the open." That he takes a similar view of the matter now may be assumed from a remark in the controversial contribution in Tuesday's MUENCHNER MERKUR, where he warned serenely that he was known to be "used to carry out controversies with pleasure and without any squeamishness."

Controversy came his way as early as noon of the same day, at the meeting of the cabinet. After the civil servants and experts normally present at the center of government power had been asked to leave the room, Strauss asked the minister to apologize for his commentary or resign. In the halls of the Landtag, Strauss was reported to have said: "Say you are sorry or scram." The minister did not want to go in for that alternative, however.

Owing to a lack of genuine information, rumors are all the more rampant. It is said, for example, that some of his colleagues in the cabinet were quite rough with the minister of culture, taking advantage of the opportunity for a reckoning--for instance, concerning difficulties in cooperation between ministries or concerning unnecessary educational policy confrontations provoked by the Ministry of Culture. Since his colleagues in the cabinet of course also have their seats in the Landtag and since they include a number of district party heads familiar with a certain disgruntlement at the base, the rumors sound plausible.

What is more, because of his intellectual capacity Maier has been playing a somewhat special role in the cabinet. This has enabled him so far to get away with "having been virtually from the beginning of his activity an undisputed cabinet victor as ministers constantly put their foot in it"--to quote Julian Gyger, executive manager of the FDP parliamentary leadership. So Maier, who himself has claimed a "serene readiness to take risks," ought to have an understanding for, and not ot be surprised by, the inclination now to dish out to him all the anger that has accumulated in the past.

The refusal to apologize irritated the minister-president to such an extent that he wanted a special session of the CSU deputies to discuss Maier's offer to resign and to have the question of an apology tied to the question of confidence in his government. The thought of a now suddenly possible resignation of the minister-president led to hectic efforts in the offices of Landtag Speaker Franz Heubl, who at the same time is deputy leader of the CSU deputies. There the leading CSU people got together and achieved the best possible result--a day's armistice, at least in public.

Meanwhile one would almost have lost sight of what had started the big dispute if the party organ BAYERNKURIER in its latest edition had not once more repeated, and thus confirmed, the reproaches against MUENCHNER MERKUR, which is close to the CSU. CSU Chairman Strauss too, however, confirmed with his demand that Maier apologize for having sided with the MERKUR and against the BAYERNKURIER the face that FJS [Franz Josef Strauss] identifies with the BAYERNKURIER. This does away with any speculations as to who it was who inspired the weekly's writings. If Strauss supports them it is irrelevant whether it was he himself or editor-in-chief Wilfried Scharnagl, in accordance with Strauss' intentions and perhaps even cues, who raised his hand for the big blow.

The BAYERNKURIER now repudiates the "general polemics" and the charge that it was intended to "curtail the freedom of speech of a conservative newspaper," saying that the "exact opposite" had been the case. This strange interpretation of its own intention is not a conciliatory move but shows how wide the split has become between the BAYERNKURIER and its publisher, Strauss, on the one hand and Minister of Culture Hans Maier on the other. As for Maier, the BAYERNKURIER attacks have reminded him of "Gleichschaltung" [forcing entities to fa l in line with Nazi policies] and "controlling the views expressed by the press." "Just imagine," people could be heard to say on the Strauss-Stoiber side: "a member of the cabinet uses language evoking associations with the Third Reich!"

MUENCHNER MERKUR editor-in-chief Paul Bucher says mockingly that the CSU resents the fact that "here too 'dissidents' are allowed to have their say." The target in the attacks on the MERKUR had been "part of the CSU." Indeed MERKUR columnist Hans Maier represents a part of the CSU which, though certainly as conservative as the rest, uses different forms of politics and behavior--preferring the foil to the cudgel, as some put it.

Among these certainly is Paul Pucher, who wrote in the Wednesday issue of his paper: "We can understand someone like Edmund Stoiber finding a man of the cultural stature and intellectual type of Hans Maier somewhat foreign to his nature." Pucher states his columnist has pluck, strength of character, political sophistication and fortitude, The day before, Maier had said about his editor-in-chief: "He has courage; he is no conformist. I claim the same attributes for myself."

Though there is mutual "criticism as to details," the close relationship between the two becomes evident. And not only has Pucher, as he puts it, pulled "many a chestnut" out of the fire for Strauss over the years, but he has also done so for Maier, and by the bushel at that. So it has not come as a surprise that

Maier did what was fair and stepped into the breach for the paper in which he writes columns about God and the world. What did come as a surprise was the sharp tone, which the party chairman quite logically regards as directed against himself. According to the interpretation of the Bavarian SPD, the minister of culture thus demonstrated that Strauss has "ceased to be an untouchable monument."

While having been somewhat premature in talking about the "end of the Strauss era," the Social Democrats may have touched on the crucial point of the dispute. When he was asked this spring what he would consider his greatest misfortune, the minister of culture, who is 50 years old, replied: "To be dependent on someone else's will." Is it possible that he now sees his political career might be influenced by, if not be dependent on, the will of the 66-year-old minister-president for greater and more forceful action in the Land and nationally than has been the case recently? Hans Maier, professor of political science, president of the Catholics Central Committee, and publisher of RHEINISCHER MERKUR, is independent. If, as the senior minister of culture in the FRG, he were now to be toppled, it would not be the end of his career but perhaps the beginning of a new one, wherever that might be.

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WEIZSAECKER'S BERLIN PROGRAM WINS APPROVAL

Munich BAYERNKURIER in German 25 Jul 81 p 3

[Article by Enno W. Eimers: "The Beginning of a New Policy--Assent to Weizsaecker's Program--Tackling a Difficult Heritage"]

[Text] With the votes of the CDU and--at present--those of the FDP, the Chamber of Deputies on 16 July approved the 10 points of the government program which the new governing mayor of Berlin, Richard von Weizsaecker, had submitted in his government declaration. So work can now begin. With clear emphasis Weizsaecker primarily stressed the political situation and the special role of the divided city in Germany and Europe. Recalling the duty to overcome the division, he personally took a first step away from the provincialism of recent years and toward the "new beginning" to which he had summoned the town's citizens. After the summer recess Weizsaecker plans to pay a visit to Washington and invite President Reagan to visit Berlin. He stressed the close ties with the Federal Republic as well as the ties with the Allies.

In domestic affairs the main tasks of the Senat will be the implementation of an economy program. Initial measures concern a freeze of government jobs and elimination of gratis kindergarten attendance. Public building is to take a back seat to residential construction, with the objective of building 50,000 apartments by 1985. But the fight against the housing shortage is also to take the form of a changed policy of rehabilitation, with a plan to be worked out for every vacant apartment. Another big problem for Berlin is the high proportion--10 percent--of foreigners. The foreigners now living in Berlin are to be faced with the alternative of returning home or naturalization.

Weizsaecker was bent on reaching an understanding across party boundaries, and the majority of the FDP was prepared to support his government program. The SPD was faced with a situation which made attacks difficult. Indeed those who spoke during a parliamentary question hour and the leader of the opposition, Vogel, in his speech opposing Weizsaecker's government declaration attacked not so much the political concept as the person of Senator for Internal Affairs Heinrich Lummer, who had to take the part of enemy No 1. Exhaustive replies by Lummer notwithstanding, the violent demonstration of the Alternative List and the squatters in the Grunewald district, in which the riots attained a new dimension, led to ever new SPD questions as to why, when and how Lummer planned to equip the

police with CS irritant gas. It was no use for him to point out that Berlin did not intend to go it alone but wanted to act only in coordination with the ministers of interior of the other federal Laender, who would not take a stand before the fall--the CS irritant gas remained the irritant subject. Evidently the comrades are not disturbed by the fact that since 12 December in Berlin alone 499 police have been injured in clashes with rowdies and political demonstrators [Polit-Rockers] and that the leadership both of the police trade un on in Berlin and of the union in the Federal Republic are most emphatically demanding the introduction of CS gas.

Through Vogel's Rose-Colored Spectacles

In light of the 100-million Carski debts with which the SPD bas burdened Berlin owing to its homemade incrustation of money, politics and party interests, leader of the opposition Vogel did say, "We do not deny mistakes have been made for which are accountable." Nice-sounding words, but if one does not look at the situation through rose-colored spectacles, one knows that this sentence makes light of the actual state of affairs. Berlin housing construction is in an unholy mess, with the housing construction companies (legally belonging to the DGB [German Labor Union Federation], owned by the Senat or semipublic enterprises) having engaged in insensible wrecking in old-housing districts or letting untouched buildings stand empty for years.

Vogel also praised the SPD Senat's policy vis-a-vis East Berlin, citing the recently deceased former Senator Korber as his main witness. Korber, however, still knew how to negotiate with SED functionaries--without any illusions and bargaining for every single detail for days on end. His transit pass agreement after the erection of the wall was solidly based. Standing in the way of the new drift toward the left of his party, he was put out to pasture. His successors on several occasions were sloppy in their negotiations with East Berlin. For instance, they concluded a trash removal agreement in which the Senat is pledged as of 1984 to deliver twice as much trash as becomes available in all of West Berlin.

Mr Vogel is not bothered by salient points indicating the extent of the vast political bankruptcy which the SPD has left behind from its 35 years of government. Even casting aside the 100-day honeymoon customarily granted to a new team after a change in government, he blamed the CDU for mistakes committed not by it but by the SPD under Vogel and his predecessors.

The Alternative List (AL), so far the great unknown quantity in the parliament, contributed nothing but strict Marxist tirades in response to the government declaration. It immediately showed its true face when, unimpressed by the warnings of the traditional parties, it took a stand for the demonstration--in its inception no different than the parades of the Nazi SA more than 40 years ago--staged in the Grunewald against alleged "exploiters of the miserable housing situation" with all the characteristics of specifically aimed psychological terror.

However, not only the Alternatives but also the squatters accepted responsibility for that demonstration terror. Lummer therefore asked the parliament: "Is it a

contribution to the rule of law if an SPD district organization and well-known members of that party become sponsors of the squatters?" He did not receive an answer. Neither the SPD nor its leading political, Vogel, dissociated themselves from these circles, which--apart from certain exceptions--are not by any means as harmless as they like to pretend.

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SPD SEEKS IMPROVED COMMUNICATIONS WITH JUSOS

Bonn VORWAERTS in German 16 Jul 81 p 6

[Article by Gode Japs: "No Dressing-Down for Jusos--Talk With SPD Leaders Clears the Air--Contacts Being Intensified"]

> [Text] Henceforth the SPD leadership intends to pay more attention to the concerns of the Young Socialists. This is the result of a talk last week between representatives of the party executive and of the federal executive of the new SPD generation.

It is time "to direct a word of warning to those who somewhat prematurely intend to discipline a live association with administrative shenanigans."

So wrote not a Juso but ASF [Social Democratic Women's Working Group] Federal Chairwoman Inge Daniel-Wettigmeier in the SPD PRESSEDIENST [Press Service]. And she did so on the very day on which representatives of the SPD Executive were to have a talk with the newly elected federal executive of the Young Socialists to "clear the air."

At least as far as this round of talks was concerned, the warning of the ASF chairwoman was not needed: the "general accounting" with the rebellious Young Socialists did not take place. Nor were there any disciplinary "administrative shenanigans."

Funds are not being cut off for the Jusos. Nor was the tiresome "gagging decree" dug up again. However, Juso press conferences henceforth are to be coordinated in advance with the party leadership.

What went on at Erich-Ollenhauer-Haus in Bonn last Wednesday [8 July] indeed cleared the air. "Extraordinarily businesslike," commented SPD Executive spokesman Wolfgang Clement in accord with Juso Federal Secretary Rudolf Hartung. The tete-a-tete, which lasted 3 1/2 hours, took place in a "good atmosphere," Clement said. And a Juso participant stated: "It was something between a cozy coffee meeting and a gathering among friends around their regular table."

Of course some clear words were uttered as well. Thus Federal Executive Manager Peter Glotz--still remembering well the Lahnstein Juso congress--pointed out to his youthful interlocutors "the intolerability of an aggressive self-portrayal."

Nor did Johannes Rau, who in addition to Antje Huber and Brigitte Traupe had participated in the talk on behalf of the SPD Executive, hold back with criticism, saying: "The Juso dual strategy is not working. You cannot be a member of the SPD and at the same time dissociate yourself completely from party policy."

The Juso leadership for its part pointed out problems arising in putting the Social Democratic government policy across to the young. And Hartung went on record with the fact that the federal chancellor too "does not exactly use the kind of language being cultivated in a nunnery."

There was agreement at the talk at SPD headquarters that substantive mutual discussion was to be increased considerably at all levels. As a beginning Brigitte Traupe proposed a talk between Juso Executive members and SPD Bundestag deputies from the Budget Committee about financial and economic questions. There is to be a greater exchange of information on matters of detail.

A "highest level" talk is to be conducted as regularly as possible in the future--perhaps four times a year. October was considered a possible next date, at which time Hans-Jochen Vogel, Peter von Oertzen and Volker Hauff, who were unable to attend this time, are to take part as well.

The talk also dealt in detail with the question of how to achieve an overall impovement in SPD and Juso youth activity. This is where the Young Socialists were able to cite a negative example: they had submitted to the party executive some proposals for starting high school student activity but had not received an answer to this day.

Finally the question of work "missions" for the Young Socialists was discussed, with everyone realizing that these could not be dictated from "above." Points addressed were youth centers and campaigns in the sphere of development policy.

There was also agreement on the fact that the question of a Juso age limit should not be made a topical one. Antje Huber said, however, that this was "no dogma"; if this question were not to be broached, the question of a disciplining would arise, "and that certainly is something we do not want."

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FOREIGN POLICY PROBLEMS REPORTED

Athens TA NEA in Greek 30 Jul 81 p 9

/Article by G. Stavrou: "Four Scenarios for Pressuring Greece in Future"/

/Text/ The dramatic suspension of the negotiations on the future status of the American military bases in Greece intensifies the climate of uncertainty regarding the orientation of the country's foreign policy and interrupts a healthy trend toward a broad national concensus on basic issues of foreign policy. In reality the entire negotiation process and the dramatic postponement of announcing their "successful conclusion" could provide material for many scenarios of political destabilization.

Before we move to an analysis of any of these scenarios of future instability, we must make two statements:

First, the author does not attribute negative or egotistical motives to the Greek government for the "artificial" collapse of the negotiations at the last moment. Unfortunately, the Rallis government is the captive of accumulated errors in the foreign policy of the last 7 years and may be regarded as the victim of foreign policy decisions reached in haste by immature diplomats at the highest levels of the Greek state. The intervention of "higher levels" at the critical moments of the negotiations for the bases revealed all the weaknesses of "formulating policy by intuition" instead of a cool-headed study and analysis of the various factors.

Second, the destabilization processes may be set in motion both by the negotiating techniques used in the question of the bases and by the desire of some officials of the governing party to turn the problem of the bases into an "electoral specter" designed to "underline" PASOK's weaknesses in formulating reliable alternative solutions in the area of defense.

There are at least four interconnected elements which together can have harmful consequences for the future of Greek foreign policy: the change in the balance of power in the Middle East; the Turkish factor; the dependence Greece has imposed on itself; and the unorthodox negotiation processes used recently in the dialogue between Athens and Washington.

Short-term, these four elements could effect the result of the forthcoming election; long-term, however, they could cause crises originating from abroad or disorientations of the political line caused from the interior.

Bases and the Middle East

The Middle East again acquires the dimensions of a major crisis which may signal forthcoming violent interventions by the big powers to rearrange the balance of power in the area. In its present form this continuing problem reflects the inability of American foreign policy to free itself from the effects of an all-powerful national minority and of Israel, a country which in the last 30 years has tried to achieve security through preemptive attacks against its neighbors.

Although the basic aims of Western policy in this area include the restoration of Lebanon's soveriegnty and the consolidation of the Turkey-Saudi Arabia-Egypt triangle, there is no assurance that something of this sort can be achieved without an extension of NATO's role beyond its original geographic limits or without leading certain countries such as Greece to a diplomatic and economic conflict with its natural trade partners such as the Arabs.

With the American bases now free from any restriction--since the 1953 and 1958 status remains in effect--the Greek foreign policy following the elections may be affected by crises which will emanate outside our frontiers and will be facilitated by the absence of a clear-cut definition of NATO's role in Middle Eastern crises.

In this sense one may raise the question as to whether the last minute failure of setting a new status for the American presence in Greece is not a sword of Damocles over the Greek electorate at a time when the slogan of "Change" is being taken seriously.

The Turkish Factor

The second destabilizing element lies in the vicinity. It's called Turkey. Several things have been "silently agreed upon" between Ankara and Athens in the last 7 years, causing a lot of concern to the Greek people. Many of those "silent agreements" existed before this government and, to be fair, the government should not be blamed for the present condition. Yet, this government has a splendid opportunity to clarify things and chart a new course in foreign policy, free from the inheritance of the past, based on a broad national concensus instead of partisan objectives.

The two major parties, New Democracy and PASOK, should not find it difficult to agree on certain basic principles in dealing with the Turkish threat. As soon as a national concensus is developed the two parties may compete in a democratic manner over the question "who can best achieve the objectives" of maximizing the national sovereignty and facing up to the [threat of the] neo-Turkish chauvinism. The Turkish factor as a source of "destabilization" consists of four component parts: the economic aspects of the Aegean, its military aspects, the question of minorities, and the Turkish domestic socio-political factor.

The military component includes two unnecessarily complex elements: the deliberate violation of the Greek sea and air space and the defense of the islands. We must note at this point that the abolition of NOTAM 714, which was presented as a "success," has caused serious damage to the Greek interests. Its abolition removed a significant obstacle which did not allow the [Turkish] military as well as civilian aircraft to violate deliberately the Greek air space. Since the

abolition of NOTAM 714, Turkey has begun a deliberate policy of creating precedents, challenging Greek sovereignty over the Aegean. Let us not fool ourselves. We are not performing a national service when we pretend that only "navigational errors" are to blame when Turkish aircraft or vessels test the readiness of Greek defenses in vital areas.

The Turkish provocations may be intensified for two reasons, as the electoral campaign heats up: to test the nerves of the parties and to provoke a disagreement between them around the "Turkish question," rekindling the international debate over the Turkish demands in the Aegean.

The Turkish factor as a cause of post-electoral tensions in the area cannot be ignored or underestimated. If nothing else it makes indispensable a bipartisan approach to this subject. First of all, the two parties must adopt the nationally sound policy that the defense of the Greek island, of every Greek rock in the Aegean, is an inherent right of the Greek state.

Defense of the Islands

Let us repeat here a basic rule of international law:

> The ultimate proof of national sovereignty for a nation-state is its ability and right to place armed forces in any way it deems appropriate within its national boundaries.

There is no legal or moral restriction hindering the exercise of this basic right by the Greek government. With regard to the Treaties of Lausanne and Paris, which Turkey often invokes and, strangely enough, even some Greek diplomats occasionally mention, these treaties have been dead for some time. We must recall another rule of international law. Treaties cannot be taken apart and cannot say that some of their parts remain in force outside the rest of the text, or outside the entirety of international law from which they derive their raison d'etre.

In view of the forthcoming election, it will not serve the Greek interests to abandon the defense of the islands and the defense of the air space to the diplomatic archives. To leave a critical issue pending to be solved by the government which will come out of the election may offer a certain psychological satisfaction but may also become a source of future national tragedies.

Oil in the Aegean

The economic element of the Turkish factor refers to the current status of the economic zone in the Aegean and the inexplicable acceptance by the Greek side to go beyond acceptable limits, freezing the oil search in the area, thus recognizing de facto the principle of limited sovereignty. With all due respect to the authors of the Karamanlis-Ecevit agreement that "neither country will do anything" that might increase tension in the Aegean, it must be denounced as an unnecessary self-limitation to Greek sovereignty.

In the way this agreement has been implemented it has resulted, according to a high Greek official, "in suspending the exploration and oil drillings even in the Greek territorial waters."

Moslems in Thraki

The question of the Moslem minority acquires the features of the "Cyprus problem" at the time of the famous London conference which formally brought Turkey into the Greek-British dispute over the island. The area of Thraki where Greek citizens of the Moslem faith reside should not be treated as an area of reduced national sovereignty. There must be strong political efforts and there must be an end to the Turkish intervention in Greek domestic affairs. At least three proposals come to mind which together or in stages could remove this issue from the list of unsolvable problems.

First, the government in Athens must initiate a farsighted policy designed to help the Moslem population to enter the mainstream of national economic and cultural life.

Second, the Turkish consulate in Komotini must be closed for an indefinite period or at least it must stop acting like a Turkish commissioner dealing with the matters of Greek citizens who happen to be Moslem.

Third, the Greek government must remove either by transfer or banishment those elements in the population of Thraki who habitually travel through the country stirring up trouble in defense of "the rights of the Turkish minority" at a time when Turkey as a whole is under the boot of a military dictatorship.

It is self-evident that every state has the right to take security measures to protect its sovereign rights and its national well-being. In reality, every Balkan country finds it necessary to face at a given moment the problem of potential internal enemies of its security. Greece cannot be an exception.

Turkey's Underdevelopment

There is another deeper reason which turns the Turkish factor into a potential cause of instability in the area. This is the internal socio-political factor marked by a carefully constructed condition of unemployment. The current status of Turkey's political and social affairs will have to be understood in its real dimensions.

First of all, Turkey's underdeveloped condition makes this country an "undervalued partner" of international capital.

As we all know, the margin of profit is usually commensurate with the degree of economic and political underdevelopment. This may help explain the "decisiveness" of the West in trying to avert Turkey's possible bankruptcy through the granting of loans, military aid and favorable financing terms, administered, however, by a feudal system of administration.

Because of its underdevelopment Turkey will receive considerable economic and military aid in the next few years. This aid could change the balance of power in the area. Worse, when the aid takes the form of high technology one cannot rule out the possibility of a social collapse similar to that in Iran. Regardless of a possible social collapse or not, Turkey will continue to be a problem for Greece, especially if it takes seriously the role of the "local policeman."

Dependence

Let us look now into the factor of the "self-imposed" dependence which appeared in the negotiations on the status of the American military installations. The theories of dependence are very fashionable nowadays and are often useful in explaining the economic relations between the "periphery" and the metropol of capital.

However, during the negotiations on the bases the Greek side unnecessarily brought up the principle of dependence and asked for "American guarantees" for the country's security against all enemies and above all against the threat from [Turkey].

This demand appears proper at first sight, but it is particularly questionable. To entrust the national security to another power, by whatever means, is a dangerous precedent and a potential license to threatening powers to violate it. First of all, there is no safe method for one country to guarantee the security of another, except through a mutual defense treaty. Since we know that the U.S. is not prepared or ready to sign bilateral defense agreements with any NATO member, the guarantees being sought by the Greek side may well lead to a psychological destabilization and further limitations on national sovereignty in the Eastern Mediterranean. The specific request, presented as it was, strengthens the sense of dependence and undermines the principle of national choice over the methods for securing our national borders.

The Negotiations

Finally, the procedural negotiating factors may prove a source of future problems for our foreign policy. First of all, during the crucial days of the negotiations [about the bases] too many sections of the Greek government often working in opposite directions played a destructive role. Specifically, the military presented a list of weapons they wanted while the Foreign Ministry appeared willing to accept an "agreement in principle" instead of specific figures. To make things even more complex the presidential office kept the ability to derail the negotiations at any moment, while the Council of Ministers on more than one occasion appeared to be divided.

In the last analysis one may ask whether in the future the negotiating procedures to be used by the government for the solution of the question of the bases will be nothing more than "jurisdictional disputes" among various groups in the Greek government. Such disputes may offer opportunities for destabilization.

Since the issues discussed above may be viewed as possible scenarios of instability, an above-party foreign policy becomes a national imperative. Greece must not be sucked into the Middle-Eastern crisis, must not ignore the Turkish threat in all its forms, and must not perpetrate the mentality of dependence and of limited national sovereignty. We need a national foreign policy established on the widest possible basis.

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VOTERS TO FACE DILEMMA IN NATIONAL ELECTIONS

Athens TO VIMA in Greek 9 Aug 81 p 5

/Article by V. K. Paikos/

/Text/ The autumn election will be critical. It will be historically decisive for the immediate but also the distant future of our country. This is because for the first time in postwar Greece the very system, with its structures, supports and above all its mentality, is subjected to questioning by the people through the democratic parliamentary process. For the first time the people are "asked" for something more essential and deeper than the simple rotation of political parties in power with just different programs for dealing with current affairs.

But if this election--as every election for that matter--poses the principal question of who will be entrusted by the people with the country's government, at the same time a series of other, less impressive questions are raised, and the answers to those questions will determine some very serious aspects of public life. These answers which refer--in addition to the holder of power--to the remaining aspects of political life may actually show--sometimes very accurately--the course of developments in the early post-election period.

At the time he casts his ballot, the voter acts in a highly "individualistic" frame of mind. The individuality of this almost momentary action is vividly contrasted to the mass mentality conception which is inevitably created in the entire preelectoral period. For this reason, the voter, any voter, even the most loyal follower who is committed, even the active party worker or official, feels strangely at that special moment. He feels the weight of his responsibility. He weights for the last time the significance of his specific act. Behind the screen of the voting booth the voter speaks from his conscience.

By contrast, the voting result has a comprehensive character. The popular verdict is counted as a comprehensive mass mandate which although deriving from the citizenry refers at the same time to each citizen indidually. It is as though each individual voter has decided that party A should form a cabinet, party B should be limited to acting as opposition, party C should be preparing for the succession, party D has no reason to exist, etc.

It becomes clear that each vote even though it may come from a single mind relates to and affects more than one development, certainly not merely the party of his choice and not only the party which is the object of his protest.

"Instructions" of 1977

In the elections of 1977 the electorate--that is, the people with their verdict as formulated by the totality of votes--gave these "instructions":

1. The New Democracy Party should be in power for a period of time. It was told, in other words, by the percentage they gave ND that it would henceforth be under constant and severe scrutiny and that it would lose its mandate at the first opportunity if it disappoints the people. In the election of November 1977, the people gave the ND only some additional time...

2. The people entrusted PASOK with the role of the major opposition party while it was more than clear that they instructed this party to start preparing at a rapid pace to assume the responsibilities of government.

3. The voting verdict of 1977 defined that KKE should play the role of "the consciousness from the Left" for the other parties. KKE was given enough of a percentage to enable it to carry out its mission comfortably.

4. The people gave KKE-Int. the opportunity to make one more effort to clean its profile and especially to show that it has a necessary role to play.

5. The "Center"--as represented in 1977 exclusively by the Democratic Center Union /EDIK/--received the popular mandate to limit itself to a very important, intermediate and corrective role in all directions. At the same time, it was not denied the possibility of seeking a more serious and more ambitious role in the future.

It must be noted at this point that the Center is the only party which not only did not utilize but in fact wasted the popular mandate almost as it had in 1974-77.

Dilemmas and Priorities

It is clear that the questions posed before each voter in every electoral contest are many and complex. The answer to each question will determine many aspects of the country's political life both in the immediate and distant future. Today, in the election of 1981, the Greek citizen will have to face a series of options which he has to evaluate and arrange in terms of priority.

Of course, the principal dilemma which each voter must answer is whether to opt for the continuation of the conservative government or to opt for "Change." This is a colossal question, a boulder of a question, and at the same time a key question for every future development. This is the question which occupies the thinking of the overwhelming majority of our people. Because it will not be an exaggeration to say that this is the historic moment they have waited for for many years. This explains the phenomenon which all of us see every moment every day--citizens of every category, class or origin even those with set and clear views against PASOK, have decided to support it in this phase so that the opportunity--which they judge or feel will be decisive for the future and development of this country--will not be lost.

There are conservative citizens--not few at all--who see clearly, however, that the Right's cries that PASOK is dangerous are groundless and they have found beyond doubt that the ND cause has no future. They see the political fatigue and the ensuing decay of their old political camp and feel that for the good of the country they should urgently "relieve" it of its governmental responsibilities. Thus they believe that it may be given the opportunity to reassemble itself, to clear its profile, to reassess its forces and potentialities, and in due course to have it assigned the role for which it is more suitable.

There are also followers of the traditional Left who have already decided or who are thinking of supporting PASOK in this election to maximize the chances for "change." They believe that in this way their vote will become more effective. For them the most dominant mandate it to push the Right out now.

It is absolutely clear that KKE in its effort to avert the outflow of its followers toward PASOK has built its entire electoral strategy on the slogan--for some it is a "trick"--of 17 percent and stating that the "change" will be a farce without its leading participation. To this, after all, is attributed KKE's ever-increasing aggressiveness a ainst PASOK.

A Series of Questions

As we mentioned earlier, in addition to the principal dilemma between conservatism and change, the Greek citizen has to answer a series of other questions:

1. Is it in the interest of our country and of democracy for the Center to disappear from the political horizon? Moreover, is it possible or necessary for this political group to survive in its present form? Does it have anything to say, to express? It should not be forgotten that in the event the Center is deprived of any, even symbolic, parliamentary presence, then it will have very little hope of being revived even in the distant future. Such a development will seal, possibly forever, the course and the fate of a political force which for 60 years has played a leading role on our political stage.

The voter in the fall election who is concerned with the fate of the traditional Center may decide that the time has come for his camp to try and play whatever role it can as part of a wider and more effective effort, thus strengthening the "decisive" task of "change."

2. The question which faces the leftist or more generally the democratic-progressive citizen, which relates to the fate of KKE-Int., is of special significance, considering that this party expresses--or tries to express--something entirely different in the political arena. This fact together with the unquestionable truth that its survival will be determined in the coming election, show how serious this question is. More specifically, the leftist citizen is asking himself if the Euro-communist tendency in Greece should allow risking its existence, in which case the traditional Left will be monopolized by the orthodox--for many, the dogmatic--expression of the Left.

The dilemma becomes even more pressing. Because these elections will likely give KKE-Int. its last opportunity, the outcome is entirely connected with the role which KKE-Int. may--or could--play with the influence it can exercise on developments of the renovating Left.

3. The extremely conservative voter is certainly preoccupied with the question of whether he should insist on giving his support to an autonomous extreme-right wing or whether he should offer his support to the tottering New Democracy. The response of the voter in this category will be influenced by the outcome of the continuing flirtations of the New Democracy with the extreme Right and also by the final form that will be assumed by the partisan expression of the "uncompromising nation-mindedness."

4. For a significant segment of citizens who always supported the traditional Left there is--as mentioned earlier--the dilemma of whether to support the immediate task of "change" by giving their vote to PASOK or whether they should insist on supporting the parties of their choice (KKE or KKE-Int.) in order to contribute to their effort to claim as serious a role as possible.

As far as the voter who favors the Euro-communist trend is concerned the dilemma is not so acute since KKE-Int. (as mentioned above) is in danger of losing any hope of continuing the effort of renovating the communist movement. But for the voter, the follower or the friend of KKE, the dilemma is serious. Is he convinced that "change without the KKE is impossible" and that PASOK is not able to achieve anything more than a "succession" in power, or does he believe that KKE's demand, in the way it is presented almost as blackmail, reflects hegemonistic and patronizing tendencies?

Does he believe that PASOK is in a position to secure--in fact, more directly--more favorable fighting conditions and that it can at least open or prepare the way for the "change," even though he may not trust it as the agent that can bring the change to its completion?

The Thinking of the Independents

It is obvious that the questions, the dilemmas, the options facing a Greek citizen as the election nears are neither few nor simple. Every vote will have an effect on tomorrow, as much as it mortgages the future--and not just the near future... It shows--at least intimates--the direction the future political developments will take.

The multiplicity of questions concerns, of course, every Greek citizen. But it refers less to the "followers," much less to the party members, and much more to the unaffiliated or undecided voters.

The problem after that is how a citizen will set priorities and options, which possibilities he considers undesirable, and which developments he finds absolutely imperative...

7520
CSO: 4621/83

FORMER SUPREME COURT JUDGE ANALYZES PASOK PLATFORM

Athens I VRADYNI in Greek 31 Jul 81 pp 1, 3

/Article by Andonios G. Floros, honorary president of Areios Pagos: "PASOK's Platform and Common Sense..."/

/Text/ The publication of the PASOK platform, especially of its Part II which refers to major issues of foreign policy, provoked a strong criticism indeed by Premier G. Rallis. Such a critical response is certainly within the context of our democratic system and does not mean insults and derogatory remarks. However, A. Papandreou does not always avoid such insults and slanders. In his oppositional fervor he actually reached the extreme point of characterizing G. Rallis--a man admittedly polite and admittedly serious--as "ridiculous." But in addition to such insults which are not in keeping with the democratic dialogue nor with elementary decency and good manners, /Papandreou/ accuses the premier of "deliberately and shamelessly distorting PASOK's platform positions using methods incompatible with that high office." He advises Rallis to read the platform.

The charge of deliberate, shameless distortion of Papandreou's platform positions is a grave accusation. For this reason I read once more Papandreou's published texts as an ordinary citizen with common, very ordinary intelligence, but accustomed to the study and understanding of texts after 36 years of judicial experience and my related activities for more than half a century. I found not a trace of distortion /by Rallis/. On the contrary, I found correct understanding and accurate identification of the national dangers inherent in the implementation of Papandreou's foreign policy. Here is why.

Papandreou places as the basic goal of his foreign policy Greece's withdrawal from NATO in the context "of a basic strategic orientation toward the dissolution of both NATO and the Warsaw Pact Organization." With regard to this, it is accurately pointed out that PASOK must explain how it visualizes the dissolution of the two military camps. Does he find it sufficient to have both pacts--the North Atlantic Treaty and the Warsaw Pact--abolished? If that is the case then he is partial to one camp over the other. He wants the complete demolition of the balance of power in Europe. Because, it is further pointed out, NATO is an alliance of free and independent states so that if the treaty on which it is based is abolished any alliance ties among them will be automatically terminated. This means that the dissolution of the Western Alliance will be complete and real, but this does not apply to the Eastern Alliance because the simple abolition of the Warsaw Pact will not automatically lead to the end of the camp because the

Eastern camp existed before the Warsaw Pact and will continue to exist after its abolition. Its real dissolution will not come until the current satellites of the Soviet Union regain their independence. Consequently, since PASOK does not put this question on this basis, in reality it supports the dissolution of the Western Alliance only. PASOK, thus, aligns itself in this vital question of Europe's security and peace with the Soviet foreign policy which it supports in almost all of its other objectives in the European continent.

Where, then, is the "shameless" distortion of PASOK's platform positions when the above are easily understood by anyone who has followed the Papandreou statements and activities and has common knowledge? You have seen the clear-cut views of the socialist French President Mitterand, which are diametrically opposed to those of PASOK. And it is properly pointed out that if the Greek people want to have in Greece a policy similar to that of Mitterand, they cannot possibly vote for A. Papandreou, Mitterand's friend.

The government view holds: If we leave NATO where are we going to get armaments? Papandreou responds: But as long as we need NATO for armaments--that is, until our armaments industry is developed--we are not going to leave NATO. But, for God's sake, does Papandreou really think that the NATO allies are so stupid that we can pull the wool over their eyes with no trouble at all? Be that as it may, everybody knows that we are trying as NATO members to hold the [military] balance with Turkey and since we are not able [to hold this balance] on a permanent basis every year we have the amount of aid set in a way that we can keep the 7 to 10 ratio. But if we leave NATO, Turkey naturally will be armed abundantly, while we, isolated, are exposed to the rapacious claws of Turkey. Because as Foreign Minister K. Mitsotakis said in a TV interview, every alliance understandably helps its members while it does not help those who are not members.

Is this the shameless distortion of PASOK's positions? And is it unrealistic or an exaggeration the argument presented by New Democracy that the policy of our withdrawal from NATO serves the Turkish objectives and leaves internationally unprotected our national interests?

With regard to the other ambitious aims of A. Papandreou to become the one who will call the shots in international affairs and set up a new order, all that of course is plain naivete. As far as the economic policy is concerned, let us see what is happening now in France, with the socialist government which is waging the battle of the franc.

Finally, with regard to the simplification of the [entrance] examination periods and the democratization of justice, any prudent person feels deep apprehension. For all these reasons and many others, New Democracy has a national duty to intensify its effort and to enlighten the people, especially with regard to the handouts PASOK promises when it comes to power, which common logic tells us are not feasible. Nevertheless, deceiving the people by such means is unbearably anti-democratic.

It is also necessary to clarify what is this socialist constitution. With my limited knowledge of the law, I think and strongly believe that it means a single-party state. Let us not forget that the Soviet constitution, too, contains a whole list of individual rights but it states that all these must be used for the consolidation and expansion of socialism.

In addition, it is necessary to identify the effects [PASOK's] economic program will have on the properties of the citizens. Is there a danger that instead of making the proletarians property owners the property owners are made proletarians, as the late Georgios Papandreou used to say? Of course property may be taken over by the state for the public good, but only after compensation is paid. But when the compensation is in the form of bonds that cannot be exchanged for something of equal value then this is confiscation.

The question as to the time of the election was also raised. The argument was made that it is unconstitutional to dissolve the Chamber of Deputies before the end of its term (20 November). This view is erroneous. If the chamber formally stays on until 20 November, the election will be held in late December when, because of weather conditions, it will be difficult for many--especially the elderly--to vote which is contrary to our democratic constitution which must assure that all have the opportunity to exercise their franchise.

7520
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COUNTERINTELLIGENCE FORCE SEEN AS INCOMPETENT

Hamburg DER SPIEGEL in German 17 Aug 81 pp 96-98

[Article: "Funeral Wreath Commando"]

[Text] Some 5,000 agents from East and West are running around almost undisturbed in Austria, the State Police being unable even to unmask communist spies in their own ranks.

The Austrians used to display righteous indignation whenever civil rightists and Charter 77 signatories were sentenced by the regime in Prague.

Their mass media would score "Husak's arbitrary rule" (DIE PRESSE), "tricks of terror" (KURIER) and "naked brutality" (KLEINE ZEITUNG).

Yet now they have reacted in a subdued manner to the sentence of regime critic Rudolf Battek--7 1/2 years' imprisonment, and thus by far the harshest yet.

Austria thinks it shares the blame for it, the evidence of the prosecution having originated at least in part with Czech intelligence Col Josef Hodic, who was able to spy among emigre circles in Vienna between 1977 and 1981 without being disturbed by the Austrian State Police.

When Hodic, himself a signatory of Charter 77, asked for asylum in Austria at one time, he was received with open arms. In record time the military historian received an apartment, Austrian citizenship and a good job at the Institute for International Affairs.

Without any surveillance whatever, he moved around among CSSR politicians in exile, up to former Central Committee Secretary Zdenek Mlynar. Not until Hodic unexpectedly returned to Czechoslovakia in late June 1981 did it dawn on the friendly Austrians that they had fallen for an agent from the neighboring country.

The dramatic defeat of the red-white-red counterintelligence has been causing insecurity since that time not only among emigres but among the Austrians themselves. The sophisticated PRESSE wanted to know whether "communist activist Hodic" had presented adequate proof that "his change of heart was as complete as he said it was."

Almost in identical terms Austrian editorial writers state that the credibility of Austrian neutrality is now in jeopardy, that the reputation of Austria, previously intact, of a state "able to guarantee the security of refugees" (KURIER) has been shaken.

As for the last point, the shocked papers are exaggerating, however. Austria's reputation as a refugees' idyl in fact had never been intact for a moment. Even in the past no one who had sought freedom there could feel safe from murder, kidnaping or blackmail.

Experts have known for years that the Austrian State Police have never even approximately coped with their task. They are able to protect refugees from the East only inadequately and have hardly been able to disturb foreign spies.

In the 35 years of its existence, Austrian counterintelligence, either by doing too little or by doing too much, has repeatedly lent the most valuable aid to the East:

--In 1948-1949, for instance, it let KGB agents conduct a big offensive against their U.S. opponents. The U.S. military attache in Bucharest, Captain Karpe, fell out of the Orient Express in the Lueg Pass tunnel and was killed instantly. The deputy chief of mission of the European Relief Program (ERP), Irving Ross, was abducted in his own official car to an excavation pond in south Vienna and killed there.

--In 1960-1962 there occurred a dramatic series of kidnapings whose victims were exclusively anticommunists. For example, the Hungarian Stephan Molnar, the last survivor of the pro-Western information service GOLDENE STIEGE [Golden Stairway], disappeared behind the Iron Curtain, as did the Hungarian Aurel Abranyi, co-author of the brochure "A Country in Flames--the Hungarian Sacrifice," and former Eastern agent Emil Svec, a Czech.

--In 1962 Bela Lapusnyk, a Hungarian officer who had defected, died despite or because of surveillance by the State Police at the Vienna General Hospital as a result of an extremely mysterious poisoning. He had on him a list of Hungarian agents active in Austria.

--In 1968 it was revealed that former members of the State Police Johann Ableitinger and Norbert Kurz had supplied Czechoslovak intelligence with the minutes of interrogations of CSSR refugees.

--In the early seventies the State Police patiently looked the other way while Moscow KGB man Vadim Razbitnoy (officially a nuclear physicist at the International Atomic Energy Agency in Vienna) caused the return home of three Russians tired of the Soviet Union by using subterfuge and force.

--In 1979 the Austrians permitted the escape of the East German couple Herbert and Irene Beutler, who, according to the defector Stiller, were "supposed to build up a big Eastern espionage ring."

--In 1980 cryptographer Florian Rotaru defected from Ceausescu's embassy in Vienna. Evaluation of his material by the CIA showed that the Romanian Securitale had two valuable accomplices in the State Police in Vienna--the head of the police in charge of aliens, Hofrat Edgar Berger, and Department Inspector Josef Czernanski.

"What could we have done?" the State Police people asked in their defense ex post facto. "As long as the foreigners spy on one another, there is nothing we can do anyway. According to the laws here, one commits a criminal offense only if one engages in direct action against Austria."

They are just as much at a loss when it comes to handling spies in their own ranks. First, Kreisky's State Police (officially called Police Department I) are much too small for a country located on the seam between East and West. The complement is no more than 400 men.

A report by the Vienna WOCHENPRESSE was entirely credible: "Whenever the Russian ambassador is in a bad mood and nothing can cheer him up, one of his first secretaries tells him about the activity of the Austrian State Police. With Soviet intelligence in mind, he regards the activities of this country's mini enterprise as a series of amusing stories."

Secondly, that small bunch of 400 people lacks any kind of special training. Paradoxically, Austrian intelligence is made up of regular civil servants. Generally, of all people, those persons are assigned to it who were not good enough to deal with traffic offenders and petty thieves. State Police personnel with a knowledge of Russian, Hungarian or Czech are as rare as white elephants in multilingual Austria.

Thirdly, the State Police serve as a kind of state factotum for whom nothing can be too trivial.

Instead of keeping a concentrated watch over Austrian security, the paragon police stand around at receptions, note the arrival times of cabinet members at the Opera Ball and make a note of the wording of the various last greetings at Nazi funerals, which has earned them nickname of "funeral wreath commando."

Fourthly, the striking power of the State Police founders on the enemy within: the core of Austrian counterintelligence is riddled with communist accomplices. The West distrusts them entirely, the East in part. When CSSR diplomatic defector Bittmann in September 1969 warned against the "great unknown Eastern agent in the Ministry of the Interior in Vienna" the Klaus government made it known with an air of resignation that it knew about the leak.

This weakness toward the East is perhaps even the sole unbroken tradition of the Austrian State Police. It goes back to the end of the war.

Franz Honner, the first head of the Ministry of the Interior in the Second Republic, came from Tito. The KPOe [Austrian Communist Party] official and former miner had fought with the partisans in Yugoslavia.

The "Honner police," which he built up from April to November 1945 under the auspices of Soviet occupation, took on a correspondingly red color. His State Police chief was communist Hofrat Duermayer.

It took a tenacious guerrilla war by social democratic Honner successor Oskar Helmer lasting several years to "Austrianize" the security force "more or less"--as Helmer put it.

It never was Austrianized completely. As late as half a year after the 1955 State Treaty and the departure of the Soviet troops, the KPOe obtained 13 percent of the vote in the police works council elections at a time when the proportion of communists in the population as a whole amounted to not quite 4 percent.

To this day those who do good work at the State Police headquarters in Vienna feel they are fighting a lost cause. "If one of my colleagues displays exceptional industriousness, I immediately suspect that he has a foot in two camps," says a veteran official describing the prevailing atmosphere of latent suspicion.

Grotesque but true. Thanks to this basic state of affairs, little Austria has developed into a James Bond paradise. At present the number of professional Eastern agents in the country is estimated at 3,500 and that of the Western ones at 2,000 to 2,500. "Vienna is the espionage stronghold of the world," the INTERNATIONAL HERALD TRIBUNE states amused.

Such a reputation constitutes an obligation, and no one in Austria really dares hope that the "return home of meritorious agent J. H." (as party paper RUDE PRAVO wrote about the celebrated spy Josef Hodic) might be the last of the long series of State Police failures. "There is bound to be another fiasco," an insider says somberly.

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COMMUNIST LEADER HITS U.S. POLICY ON ERW, TNF

Brussels LE SOIR in French 22 Aug 81 pp 1,3

[Commentary by Claude Renard, vice president of the PCB [Belgium Communist Party]: "Stop the Race Toward the Abyss"]

[Text] There is certainly a relationship between the United States decision to produce the neutron bomb and the proposal to meet which President Reagan later addressed to his Soviet counterpart. This proposal was undoubtedly aimed at reducing the criticism generated by an initiative which, if pursued, would produce a catastrophic worsening of the arms race. In any case, it shows that the Reagan administration cannot afford the luxury of turning its back indefinitely on the offers to negotiate, which Moscow has been repeating insistently for numerous months. However, it must be recognized that this proposal was made in a political context which greatly reduces its credibility.

International relations being what they are, the search for strong positions, if not positions of strength, always has a tendency to take the upper hand, even when the governments would like to negotiate. But the American decision to produce the neutron bomb clearly goes beyond that.

The United States is already in a position of strength in the area of intercontinental missiles as well as in that of medium range missiles. By blocking the SALT II agreements, they have deliberately put a stop to a balancing upwards of the strategic arms which exist on both sides. Their choice was clear: it was the choice of confrontation and escalation. As for the Euro-missiles, we are not unaware of the fact that the "Poseidon" missiles, which American submarines in European waters are equipped with, could easily reach Soviet territory, where the famous SS-20 has been deployed only as a response to this threat. Hence, the increased pressures from Washington for the establishment of "Cruise" and "Pershing II" bases on European soil, are part of the same policy of confrontation and escalation.

What President Reagan is actually seeking is not, following the unfortunately common practice, a stronger position to negotiate under favorable conditions, but the absolute supremacy of the military might of the United States. The desire to establish this supremacy explains all the major options taken by the Reagan administration, in terms of strategic nuclear arms as well as with regard to the proliferation of tactical weapons. All of this within the framework of a gigantic program of increasing military spending and of aggressive displays such as those which recently took place in the Mediterranean.

Now, the weakness of this desire for supremacy lies primarily in its lack of realism. Why would it have a better chance of being successful today than at the time when the United States had a monopoly on the atom bomb? And especially, what sense could the notion of military supremacy still have for a state which, if it had to make use of it, would nonetheless condemn itself to the holocaust?

At the present time, 55 thousand nuclear warheads have been accumulated all over the world. The most elementary common sense demands that, instead of adding neutron warheads, in addition to the "Cruise" and the "Pershing II" missiles proposed to Europe, negotiations be initiated quickly on the limitation and reduction of /all/ [in italics] nuclear arms. Because the only alternative these days is to stop the arms race or to render the planet uninhabitable even before managing to destroy all civilized life on it.

Europe, and more specifically the small European states, have a vital interest in intervening to bring about such negotiations. Furthermore, the neutron bomb appears to be a weapon designed for them. Let us say that it is a bomb specifically conceived for the Federal Republic of Germany and for Benelux.

As a matter of fact, we have reached the point where the need to react firmly should transcend a great many ideological differences. If one day the Soviet SS-20 were to swoop down on Belgium would it make a selection among its victims? Would it set aside the people available for a change of regime?

One may also assume that by virtue of the law of large numbers, the American neutron bomb -- which has the peculiar characteristic of killing people while preserving property -- would exterminate many more Soviet soldiers than bank administrators. But would this comfort anyone at the Societe Generale?

Hence it really is a question of life and death. Public opinion as a whole owes it to itself to react against the race toward the abyss.

8463
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FIRE-BOMBING INCIDENTS ANALYZED

Athens EPIKAIRA in Greek 16-22 Jul 81 pp 22-23

[Article by Ilias Malatos]

[Text] In the first place, the fires at the two large department stores, of Dragonas in Athens and of Lambropoulos in Piraeus, have ushered in a new tactic in the activity of the terrorist groups, and secondly they have exhausted the police in their investigations to track down the mystery surrounding these incendiary attacks.

The change in tactics by the terrorists appeared so suddenly that for a quarter of an hour, as the flames embraced the multistoried building of Lambropoulos, nobody was talking about arson and bombs.

But the news about the conflagration at the Dragona department store as well gave the signal for a general mobilization of the fire department and the police, because now everybody had been persuaded that they were dealing with bombs and acts of arson. And although the battle to extinguish the fire at the store of Dragonas was won within an hour, this was not the case for the building of Lambropoulos, where the flames had a head start of a few minutes over the firemen.

When in Piraeus the first firemen arrived at the Lambropoulou building at 1600 hours on Tuesday afternoon, they were faced with a tragic scene. The flames had surrounded the building, while at the same time three people on the flat roof of the building were in danger of being burned alive. They were the manager of the department store, Spyros Fiorendinos, and the employees Evthymios Boumelis and G. Spyridakis. They were saved by the firemen, who got them down in time from the roof.

But these were not the only people who were endangered by the latest acts of arson. On the eighth floor, in the accounts office of the firm, there were in addition the women Eirini Oreli, Despoina Kouki, Dora Dipla, Tzeni Tsopanaki, who is 6 months pregnant, Niki Georgaka, and the guard Ilias Patsikeas. At the risk of their lives, these people managed to descend and get out of the burning building.

A quarter of an hour after the conflagration at the store of Lambropoulos, the firemen joined battle also at the store of Dragonas on Aiolou Street. And here four people were in danger. G. Dragonas himself was there on the eighth floor. In addition there were the employees Anna Skrombola, Evangelia Sakellaropoulou, and Vaso Tsakla.

The smoke from the second floor of the Dragona building betrayed the fire to the people who were on the eighth floor. These rushed to it and with fire extinguishers struggled to extinguish it. Although not able to succeed in extinguishing the fire, they were able to limit it and even to notify the fire department in time. Thus Dragonas and the three women risked their lives, but they saved the building from complete destruction.

Simple Mechanisms, Great Damage

For the first time--following the acts of arson on the Minion, Katrandzos, Atene, and Klaoudatos stores--the police were able to find the improvised incendiary mechanisms almost intact. One was found on the second floor of the store of Dragonas and the other on the third floor of the building of Lambropoulos.

These were simple mechanisms which consisted of two parts. One is a pack of cigarettes containing a battery and a wristwatch, and outside the pack is a flashbulb. The other part is a nylon bag containing gasoline (the police estimate the amount of gasoline at 1 1/2 kilograms), and a bundle of match heads.

The arsonist has fixed the watch to produce the combustion. Earlier he has removed the minute hand and has let the hour hand continue to function. He has made a hole in the dial of the watch at the point corresponding to the time when he "desires" the combustion to happen, and through the hole he made there he passes the battery wires. As soon as the hour hand reaches the hole, it closes the circuit with the wire and the small bulb which is outside the pack lights up. At the same time, from the bulb the matches which are glued to it catch fire. And next the gasoline is ignited.

The only positive evidence which the discovery of the mechanisms gave to the police was the fact that these mechanisms confirmed their opinion that the terrorists were using makeshift bombs and not laser beams or some other mysterious material! And in addition they confirmed their allegation that these fire-bombing terrorists belong to that group which has used such mechanisms to set fire to automobiles in the past.

And even before the incendiary mechanisms were found, an official announcement was issued by authorities about these acts of arson, in which it was written, among other things:

"Today's criminal action against the stores 'Dragona' and 'Lambropoulou' is the work of the same circle of criminals who took action last December and in May of this year against the stores 'Minion,' 'Katrandzos,' 'Atene,' and 'Klaoudatos.'

"The police authorities have well-founded suspicions as to the perpetrators, but the circumstantial evidence which exists cannot constitute a proof of their guilt."

The tenor of the second paragraph of this announcement is distinctive for its eccentricity! In any case, the police do not claim the authorship of this announcement.

Some 72 hours after these acts of arson, and while the police investigation measures involving checks and searches within the large stores of the capital and Piraeus had been stepped up, an unknown person placed a composite mechanism--

that is, a mechanism both explosive and incendiary--on the fifth floor at the Lambropoulos stores in Athens. The guard Stavros Orfanidis found it in the check which he was making during the midday break. This too was inside a pack of cigarettes and contained gunpowder and gasoline!

The police said that this bomb would not have exploded, because the hour hand of the watch had become stuck to insulating tape which the unknown person had placed on the dial of the watch! And again the authorities hastened to issue an announcement, which stressed that "this bomb was put there to cause anxiety." And does not the affront caused by the unknown perpetrator of ignoring so many checks and of venturing to transport and place this bomb make any difference to the authorities?

Mutual Accusations, and the Offer of a Reward

The losses to the two stores are very great. At the store of Lambropoulos the third, fourth, and fifth floors were destroyed, while the first, second, sixth, and seventh floors have sustained serious damage. At the Dragonas store, the second and third floors suffered great damage, but the other floors suffered less damage from the water used by the fire department.

And here is a characteristic point: On the day of the arsons, a decision was published in the EFIMERIS TIS KYVERNISEOS [Official Gazette] on granting a guarantee from the State to the National Bank of Greece to cover the financing of 60 million drachmas to the Minion firm.

Again the police searches have not yielded anything certain up to now. The bringing forward of suspects has been limited this time, since these had been gone through completely in the inquiries on the Atene and Klaoudatos arsons on 3 June.

Now by their activity the terrorists have mobilized all the security forces of Athens, Piraeus, and the suburbs gendarmery. And this is because 24 hours before the acts of arson at the two stores took place, other unknown persons placed fire bombs in the dressing rooms of the bathing beach "Asteria" in Glyfada.

Following the acts of arson on the two stores, the unknown persons involved in the bathing-beach action hastened to circulate a proclamation that they assumed responsibility for this action. These people are associated with the group "Revolutionary Left." The fact is distinctive that in its proclamation the "Revolutionary Left" "defends" its attack on the bathing beach by writing that "it is there that the bourgeoisie and the Americans seek admission tickets and go bathing," while launching an open attack against the arsonists of the stores. And these people write that their own attack "under no circumstances should be identified with mistaken practices such as that of 'October 80' (arson of the Minion-Katrandzos), which in being based on a vague theory about needs, serve to glorify destruction, strengthen in the minds of the people certain ideas about exploitative private property instead of leading them to question this, make the people passive by creating a spectacle and passive spectators, and incite the movement of revolutionary violence, thus giving the State the privilege of supposedly feeling compassion for and helping out the workers whom the acts of arson have cast out into the street...."

This is an open attack, which the police are trying to turn to good account, but without any positive results up to now.

But it is not only the mutual accusations of the autonomous anarchists which the police are trying to make use of. There is also the reward for the capture of the arsonists, set at 20 million drachmas, which has been offered since last December in connection with the Minion and Katrandzos burnings. And already 7 months have passed without any results.

12114
CSO: 4621/41

COUNTRY REPORTEDLY HAS SUFFICIENT STORAGE FOR PETROLEUM

Athens I KATHIMERINI in Greek 25 Aug 81 p 7

[Text] Yesterday officials of the Aspropyrgos refinery emphasized that there is no problem regarding storage of oil from Thasos. This was in reference to report published yesterday claiming that public oil storage facilities are full, posing a problem for storing the 27,000 tons of crude being delivered by the tanker "Marizina" from the "Prinos" oil wells.

The same officials stated that the rough figure of 30,000 tons to be pumped in th first phase from the Prinos deposit represents only a small percentage of consump tion. Accordingly, there is no question of finding suitable storage sites. Gree petroleum will be received directly from the state refinery facilities of Aspropy

On the subject of the amount of state reserves, competent officials stated that w are on target with our commitment to set aside a 90-day emergency reserve.

Meantime, on Saturday the first Greek petroleum from the Prinos area of Thasos began to be loaded onto the Greek-flag 82,000-ton capacity tanker "Marizina" for delivery to Hellenic Refineries for further processing.

For this first loading of Greek petroleum there was a ceremony aboard the vessel that was anchored off the Nea Karvali hydrocarbon desulfurization plant on land at Kavala. In attendance were Minister of Northern Greece N. Martis and Minister of Communications Panagiotopoulos.

In his speech the minister of Northern Greece asserted: "The first phase of a grand undertaking is brought to completion today with the shipment of petroleum to Hellenic Refineries.

"Prospects are rosy and hopes are high that with the wide-ranging exploration program the government has been carrying out we will be able to discover and exploit all the oil reservoirs that our country may contain."

The next speaker was Minister of Communications Panagiotopoulos who said:

"I feel especially gratified that the people of Greece today are seeing the first oil tanker taking on Greek petroleum turned out by the Prinos plant.

"Talk and statistics afford unlimited opportunities for wrangling, arguing and demagogy.

"A fact, like the one today, leaves room only for general applause."

CSO: 4621/89

CFP'S ENERGY ACTIVITIES, FUTURE REVIEWED IN DETAIL

Paris LE NOUVEL ECONOMISTE in French 10 Aug 81 pp 20-25

[Article by Pierre Pean]

> [Text] Acceleration in oil exploration effort, redistribution in coal, nuclear energy, and the new energy fields: CFP continues to evolve. This fall, however, the state--its principal shareholder--will define the conditions of its coexistence with Elf, the great "rival."

Total is waiting for fall. The new pilots of the state, its principal shareholder, are pondering its role. And in order not to upset them, the Old Dame is dressing herself more drably than usual. But suddenly, and to its sorrow, it has been thrown into the spotlight. Its decision to suspend purchases of Mexican crude, which it was allowed to do under its contract, showed in effect that the day-to-day management of a multinational which has for the first time passed the impressive milestone of a 100-billion [French francs] annual turnover cannot be neutral. The sharp crisis between Paris and Mexico was only the tip of the iceberg. The affair revealed the contradictions in France's oil policy and the urgency of coming up with a new and more coherent relationship. Mr Rene Granier de Lilliac, the president of CFP [French Petroleum Company], explained its responsibilities to the new government.

Absurd

"One cannot both arbitrarily hold down prices in a period of inflation and align them at the lowest level in periods of a depressed market, or else one runs the risk of seeing industry itself disappear in time," said the CFP president last 26 June. He repeated the warning to Mr Pierre Dreyfus, the new minister of industry. Its principal subsidiary, CFR, is presently "erasing" the profits it made on crude operations.

There is first of all the absurd effect of the price taxing system, and then the effects of a sudden fall in the consumption of fuel, Total's high supply costs by comparison with the competition...In order to avoid a still more dramatic hemorrhage, CFP--in unison with the commissioners of the government (and thus of Dhyca) and the Elysee's "energy" adviser--broke off buying Mexican crude--as did

the international companies--at the beginning of July. But CFP's oil purchases are only one part of a government-to-government industrial cooperation agreement. Mexico threatened... And Francois Mitterrand, who is sympathetic to the current Mexican regime, gave firm instructions to Pierre Dreyfus, the minister of industry. On 16 July, Pemex and CFP decided to resume trade in "the context of the contract, as soon as agreement on a new accord is reached." Which, in diplomatic language, means that not everything has been resolved. But Mexico has already lowered its official prices.

Mr. Granier de Lilliac went back to its two protectors, Finance and Industry, to ask for compensation based on "national duty." In July CFR was demanding 30 centimes per liter of fuel. Jacques Delors, the ministry of the economy and finance, did not want to approve such a stiff hike which would profit those whose cost of supplies is lower than CFP, particularly Esso and Mobil.

How, under these conditions, does one provide for a healthy diversification of the sources of crude, as the public authorities desire? Security costs money. The new minister of industry realizes this. So arbitration must be carried out in September to achieve a better reconciliation of profitability and security. And a new role must be defined for CFP.

What roles must Elf and CFP respectively fill in the execution of French policy? Are two distinct groups still necessary? Who will manage the 16 percent of CFP held by the nationalized banks which added to the portion held by the Treasury amounts to 51 percent?

Will the government stand by the statements of candidate Francois Mitterand, which were precise on the subject of energy but silent as to CFP, or will it return to the socialist program, which called for 51 percent control? All these questions are becoming relatively urgent. At a time when CFP is asking Finance for a short-term loan of around Fr 4 billion. To buy crude for the second half of the year... And when this "Sleeping Beauty" of the Stock Exchange was beginning to make a splash as a dynamic industrial. In fact, with the support of CGE [General Electric Company] and a little help from the public authorities, CFP has just taken control of Doris—the French off-shore deep-drilling company, away from Bouygues. And CFP is solidifying its position among the numerous subsidiary petroleum companies.

Gamble

Transforming the company into an energy industrial was, however, a gamble. After 10 years of profound change, CFP is only halfway out of the woods, with numerous obstacles to surmount. So Total is looking for its second wind.

"The number one mission of CFP remains oil," Louis Deny, the vice president and general manager of the group, is fond of saying. But changes in French energy policy have required him to look at energy strategy as a whole, not just at oil strategy. Looking ahead to the year 1990--tomorrow, in other words--oil should only amount to about 30 percent of French energy consumption (compared to 67 percent in 1973,) or 70 to 80 million tons of oil products, as against 111.8 in

1973 and 98.5 last year. If Total were to be satisfied with its traditional mission of providing for 25 percent of France's oil needs, it would have to reduce its activity by 20 percent in 10 years. This shrinkage is a reality. The level of activity of CFR, its refinery subsidiary and the principal industrial instrument of the group, was 5.2 percent lower in 1980 than the previous year. It will drop considerably further this year. Weak prices have led it to abandon the fuel market.

The top officials of CFP, whose principal shareholder is the state with 35 percent of the capital and 40 percent of the voting rights, is working sufficiently in symbiosis with the ministry of industry for their strategy to be integrated completely with the objectives of Rue de Grenelle. And the political turnaround will serve only to reinforce that attitude. In the oil domain, CFP should supply CFR's crude requirements. And beyond that, sufficiently large supplies to provide "grosso modo" for half of French consumption (Elf-Aquitaine covering the other half). This objective, set by the 1975 government, with the aim of attentuating the effects of a possible crisis, should be reconsidered, along with that of better diversification of resources. The loss of one-third of its traditional resources (Iraq and Algeria) would pose problems in case the market reversed.

The same amount of energy but less in oil would be required to keep Total's energy supplies to the French market at a constant level (17 percent of French consumption in 1973, but around 14 percent today), so it has gone into coal. Its ambitions are very large: 20 million tons at the end of the decade, or the equivalent of 40 percent of the consumption anticipated in 1980. To do that, CFP will have to invest Fr 3 billion in the next 10 years. It is presently negotiating to augment its reserves, especially in the United States. A historical irony: in order to reconquer the French coal market, Total will among others be making use of two of its companies--Fils Charvet and the Patin Coal and Oil Company--which the group had bought when coal was down in order to broaden its "fuel" network.

Neither could the Total group stay out of the nuclear domain. It believes it should get involved in uranium production, the first link in the chain. In 1971, CFP acquired its first mine in Australia, targeted on the Japanese market. It joined PUK [Pechiney-Ugine-Kuhlmann Company] in 1975 to create Minatome, which had the ambitious aim of controlling 5 to 6 percent of world uranium ore production by the end of the decade. The CFP share would be the equivalent of French consumption. And last, in a more modest vein, Total has also gone into solar energy.

CFP began its metamorphosis at the beginning of the last decade. Its declining access to traditional sources of crude forced it. The successive misfortunes of Iran, Iraq, and Algeria require it now to accelerate the process. In order to carry out its objectives, the French group has at its disposal some good and some bad cards.

Dramatic

Mr Rene Granier de Lilliac, a bashful and quiet miner--an unknown to the finance minister of the time, Valery Giscard d'Estaing--who has made his career in the

shade of Mr de Metz, took the helm in June 1971 of a ship which was leaking water from every seam.

After 10 years at the head of the number 1 French industrial group (in terms of turnover), number 6 in terms of capital proper, he is still an unknown to the general public. And not much better known even within his own group. Only the members of the executive board, a few managers and advisers have access to him. He is generally described as cautious, but under his reign there have been visible signs of dramatic and far-reaching changes. He does not make "Page One" of the newspapers. He is the opposite of Albin Chalandon. All the same, his interlocutors consider him a good negotiator.

Mr Louis Deny, his closest associate, the vice president-general manager of CFP, is a fighter, a team leader, a "big talker" who moreover has had to calm down since he was officially named to the position of number two. His detractors criticize his muscle-bound conservatism and his great admiration for the South African model.

Irreverence

Inside the group, which is pleased to project an image of itself as disembodied and defying personalization, the human factor has nevertheless been of decisive importance. For a quarter of a century after World War II the life of CFP was punctuated by battles launched from one side or the other at the Hotel des Demoiselles de Verriere, where the head offices of CFP and CFR are located (in Paris, 16th arrondissement), between two titans: Victor de Metz, the president of the former, and Rene Perrin, president of the latter, CFR, the big industrial arm of the group. Even today, the old enmities continue to play a deep role in the life of the Total group. Up to 1980, CFP had to endure the harsh and irreverent retorts of CFR's Perrin. This principal subsidiary's return to the ranks of the group is quite recent. It is the work of the supposedly timid president of the Total group.

Pierre Capoulade, the energetic former number two at CFR, was not, in fact, named president of the refinery as he had hoped. Granier de Lilliac opted instead for one of the CFP seraglio, Armand Guilbaud, who it was supposed would be more tractable, to take over the reins of the big French company's refinery. And, to pacify Capoulade, a large barony was built to order for him--Total Approvisionnement Raffinage Distribution Chimie--which among other things is supposed to handle coordination between the group and...CFR! A sometimes arduous task. Guilbaud, urged on by an establishment accustomed to revelling in its independence, is now fighting against the crude oil transfer fees imposed by the group and is contesting certain arbitrations between CFR and the group's foreign distribution subsidiaries. These confrontations, considered to be unavoidable, are today being resolved quietly. The continuing determination of the Total group's leadership to avoid personnel conflicts has led it to adopt a unique policy. The great CFP in reality employs only 32 people. That is to say that it has neither a joint production committee nor an employee representative. The 2,700 people employed by the head office are loaned out to two service companies, Total CFP.G (G=Management), and Total CFP (GR), headed by Guy Bizot, who is also the personnel

manager for the group. He serves as a buffer between the trade unions and the board. The trade unions are presently trying to gain acceptance for the social and economic uniformity of the enterprise and thus to do away with that "archaic" set-up. On 29 June they signed four protocols which move in that direction. The board is above all reluctant to accept an employee representative on the board of directors. Up to now it has played on employee apathy, an attitude that among other things is explained by the very high wages paid. They are on average higher than Fr 150,000 per year. Moreover, the Total "personality" is a reality. The social advantages, from the standpoint of "stylishness and taste" of the firm, and the relatively infrequent lay-offs, have had their effect on molding the various employee units of the group.

Resentment

Thrifty, the group has always been careful to finance its own activities. This is doubtless one of the reasons one finds the public resentful of the name "French Petroleum Company," a phenomenon further aggravated since 10 May. The creation of Raymond Poincare in 1924, CFP from the very beginning has been in the habit of retaining most of its real profits. Just in case.... This policy has enabled it to get through some serious turbulence undisturbed. But Harpagon is no adventurer and no explorer. Total initially limited its field of activity to the Middle East, then expanded to Algeria. But it has steered away from the African continent.

Up until recently, CFP drillers cracked jokes and pleasantries with their colleagues ("CFP - Cannot Find Petroleum"). Bad luck, lack of money, incompetence, poor organization? As soon as he arrived, Granier de Lilliac attacked this problem, which was posed with a new sharpness. The rules of the oil game were in fact changing, and it was already apparent that hydrocarbon resources were limited. Rather than resist the new policy of the oil producers, the new CFP president decided to go along with it.

Thus in 1972 CFP played a skillful game with its IPC [International Petroleum Company] partners (Mobil, Shell, BP, Exxon) and the Iraqi Government, which had just nationalized the Kirkuk fields. The 10-year contract signed by Paris and Baghdad left it virtually untouched by that nationalization, both in terms of quantities of crude delivered and in terms of price.

After the nationalization decreed by Algiers, and unlike Elf, CFP, once indemnified, decided to help SONATRACH [National Company for the Transport and Marketing of Hydrocarbons] and established a new relationship with it. It even became its principal partner. And Total became Algeria's authorized agent in the Merekson field. Last year, CFP extracted around 10 million tons of Saharan crude, or almost the equivalent of its Iraqi yield (13 million tons). Thus, two countries ranked among the "socialist" group provided half the raw materials for the group in 1980.

Encouraged by these two experiments, Granier de Lilliac decided to revive the idea of industrial cooperation, which had been one of the important missions given to ERAP [Petroleum Prospecting and Activities Enterprises] when it was established. The president saw in it both a means of maintaining access to the oil in the

countries which revoked their concessions to the group, and a means of getting a number of crews working with others footing the bill. He confirmed this at the last general meeting: "The policy is thus a systematic purchasing policy. It requires a capacity for industrial cooperation..."

The most successful example of this new course is the contract providing for assistance to the state-owned company of Abu Dhabi to develop the upper Zakum field. Out of the 227 wells scheduled, 116 have already been drilled by 400 Total technicians. The field should produce 500,000 barrels per day (25 million tons per year). The group will get several million dollars for this assistance, but above all it will get rights to the production from the field. On that model, CFP has signed cooperation contracts with Sudan, Algeria, and Argentina, and hopes to sign one with Saudi Arabia.

But in oil there is never any insurance against "all risks." Algiers tied the CFP contract to the one with Gaz de France, which, with the support of the previous French government, refused to meet the natural gas price demanded by the Algerians. CFP takes its lumps in good spirit: the retail price of Algerian crude was almost equal to the official price, because of the heavy investments the group was obliged to make in Algeria. Every ton arriving in France in July amounted to a loss of about Fr 200 for the Total group. The sudden drop in consumption led the group in July to ask Algiers for a 40 percent reduction in extraction....

The future of the 10-year contract with Iraq is also open to question, despite the good relations both CFP and the French Government have with Baghdad. Mr Saddam Hussein, Iraq's number one, may, it is said, renew the contract expiring in June 1982 with France rather than with CFP. Then it would be SOFRACOP [expansion unknown], the subsidiary of the two groups responsible for executing government-to-government contracts, which would derive the benefits from the new Iraqi oil. The loss of that contract would not be tragic from the financial point of view. For if a part of the Kirkuk oil were invoiced at an attractive price, Baghdad was still virtually obliged to charge a supplementary tariff such that the average cost per barrel to Total was very close to the official levels.

While Mr de Lilliac was embarking on a new strategy, Total's prospectors remained quiet and unlucky. The Indonesian discovery has been their only "hit," small but profitable. Their disadvantage: lack of financial means. From 1970 to 1975, Total spent less than Fr 300 million per year, but from 1975 to 1980 it spent 700 million (see chart). The mediocre results and heavy outlays to develop Frigg (7.5 billion to build the natural gas pipeline network) caused the CFP leadership at first to allocate only the crumbs from the table to prospecting. In 1979, the number of meters drilled dropped again by 14.3 percent compared to the previous year. In this context, the efforts of the Labrador group appeared incongruous. There Total found natural gas which no one is presently able to exploit economically. It opted to disengage from that region in 1979.

This decision was an integral part of a redefinition of prospecting policy sought by the public authorities. CFP preferred to bet on the short and medium term and on on-shore rather than on off-shore. That year it surrendered half of its mineral domain in order to concentrate its efforts on promising zones. Then, last

year, it once again augmented its exploration licenses. Africa was the principal beneficiary of this tardy redeployment. Egypt, Sudan, Angola, Cameroon, and Ivory Coast are now the repositories of Total's hopes, even if its angle of vision is intercontinental, going from China to Boulogne-Maubeuge. The tardy acceleration of exploration efforts has yielded results: discoveries in Cameroon, Egypt, indications in China, in the North Sea, investments of more than 5 billion between now and 1982. Exploration and production personnel should increase by 50 percent before 1985. Total Exploration Production is the biggest employment center in Paris for itself and its partners: nearly 500 employees hired per year.

In order to carry out its complete mission, Total needs a great deal of money. It was only in 1979 that prospects really opened up. The results have "wiped out 10 lean years," according to one of the members of the executive board. MBA [cash flow] tripled in 1979, going to more than Fr 10 billion, due to the combined effects of inflation from the derrick to the pump. The group at last had means to match its ambitions. Especially since indebtedness which had gone dangerously high (0.46) to finance Frigg, had returned to a tolerable level (0.36). A plan to invest 25 billion by 1982 was immediately launched. To achieve this, the group would have to keep profits at their present level. This is not a given. In fact, the present condition of the French refinery is not encouraging.

CFR, the biggest French refiner and also the most capable, "was for 40 years the treasure-chest of the group," says a director in the Total group. But he immediately adds: "This is no longer true today." From 1973 to 1980, the MBA of CFR was Fr 9.5 billion, including 8.8 for stock assets. "The cash-flow is being used to finance stocks, that is ridiculous," retorts a CFR official, who notes bitterly: "The government no longer helps us by reflecting, however tardily and insufficiently, inflation in the dollar and by the producers." 1980 was a bad year. This time, the economic MBA is negative. The price levied on fuels does not explain everything. The cost of supplies for CFR--in other words the transfer price from CFP--is high. It does not have enough Saudi crude (150,000 barrels per day at present, or less than 15 percent of its liftings) and too much expensive petroleum. It is for this reason that Total recently broke loose from its Mexican, Nigerian, Kuwaiti, and especially Algerian contracts...The weakness of consumption moreover requires the refineries to operate at around 70 percent of their capacity. In July CFR lost Fr 500 million. It nevertheless pursues a program of modernization, because, "in time, the capacity to meet the competition will be decisive." To counterbalance the decline in consumption and structural changes, CFR has gone into research on new energies, particularly coal and carburol.

The resumption by ATO Chimie--a joint subsidiary of Elf-Aquitaine and Total--of some chemical activity at Rhone-Poulenc is another manifestation of the determination to attenuate the marketing losses from traditional refining. Petrochemicals, undergoing expansion, are a major marketing outlet for refining: nearly 8 percent of French petroleum product consumption.

Oil production was traditionally a major source of financing. The group, which has lost most of its Middle East concessions, is scarcely generating any profit now, for, with the notable exception of Frigg (Fr 1 billion per year), its

access to crude is in the OPEC countries. It is less fortunate than Elf-Aquitaine, which is largely living off two treasures: Lacq and Gabon. The small deposit at Abu al Bu Koosh (in Abu Dhabi) might nevertheless be considered decently profitable: $3 per barrel in the first half of the year, or about $200,000 per day (Fr 365 million per year). The oil extracted from the old Abu Dhabi concessions nets only around 75¢ per barrel. Dubai still brings in $1.60 per barrel, Indonesia more than $2. The distribution network, both in France and abroad, would need substantial new investments in order to be more efficient. Some foreign subsidiaries have been sacrificed. The changes are far from over. But the probable disappearance of its unique assets--the 10-year contract with Iraq, and that with Algeria--may once again raise the issue of combining the two French groups. Partners in the North Sea, in the Irish Sea, in Greece, in China...but also in technological development, and in the chemicals field, the two oilers nevertheless sometimes fight bitter battles. The justification for the Janus approach--Elf as an instrument of the state and Total in private hands--becomes more blurred with every passing day.

Monster

And the two groups increasingly depend for their supplies--nearly half of them--on government-to-government contracts aimed at the French market. The producers are less and less inclined to distinguish between the two French appendages. But their merger would create a monster still more difficult to tame than the two of them separately.

CFP's Record For 1980

La fiche CFP en 1980

Chiffre d'affaires (HT) 1	101 044 MF
MBA 2	9 639 MF
Bénéfice 3	5 083 MF
Investissements 4	6 961 MF
Personnel du groupe 5	68 116
Brut commercialisé 6 (en millions de tonnes)	63,3

KEY:
1. Turnover
2. MBA [expansion unknown]
3. Profit
4. Investments
5. Number of Persons Employed by the Group
6. Gross Tonnage Marketed (in millions of tons)

Un approvisionnement vulnérable

1970

Avant l'arrivée de M. Granier de Lilliac à la présidence

Ressources — En millions de tonnes — **Débouchés**

Ressources		Débouchés	
Droits à l'huile (Brut de concession et assimilé)	57,4	A l'intérieur du groupe	
		CFR	29,8
		Filiales à l'étranger	9
Autres achats	3,7	A l'extérieur	22,3
	61,1		61,1

Le principal problème : trouver des débouchés au brut abondant des concessions du groupe

1973

Avant la crise.

Ressources		Débouchés	
Droits à l'huile	65,2	A l'intérieur du groupe	
		CFR	38,6
		Filiales à l'étranger	18,4
Autres achats		A l'extérieur	21,7
	78,7		78,7

M. Granier de Lilliac a doublé ses débouchés étrangers du groupe. Mais comme ses ressources ont encore augmenté, il vend encore plus de 20 millions de tonnes de brut à des clients étrangers à Total.

1979

Ressources		Débouchés	
Droits à l'huile	28	A l'intérieur du groupe	
		CFR	32,8
Achats à long et moyen terme	27,5	Filiales à l'étranger	23,9
Autres achats		A l'extérieur	13,5
	70,1		70,1

Les droits à l'huile ont diminué de plus de la moitié. Mais ils ont été remplacés par des contrats « sûrs » avec les pays producteurs.

1980

Ressources		Débouchés	
Droits à l'huile	26,4	A l'intérieur du groupe	
		CFR	32,8
Achats à long et moyen terme	19,8	Filiales à l'étranger	19,8
Autres achats		A l'extérieur	10,7
	63,3		63,3

Une année chaotique : un premier semestre euphorique, un second très difficile. Pour la première fois, les ressources de base, c'est-à-dire relativement sûres, provenant soit des concessions, soit de contrats de longue durée, ne couvrent pas complètement les besoins du groupe. Les ventes de brut à l'extérieur ont diminué de moitié par rapport au début des années 70

1981

Incertitudes.

Ressources		Débouchés	
Droits à l'huile	20,4	A l'intérieur du groupe	
		CFR	33
Achats à long et moyen terme	12	Filiales à l'étranger	20

Les ressources de base sont loin de couvrir les besoins du groupe (- 20 millions de tonnes).
La situation s'est détériorée parce que : 1. Le contrat avec l'Algérie a été ramené de 10,4 à 4 millions de tonnes : 2. L'Irak est en guerre et fournit peu. Il risque de surcroît de ne pas renouveler l'an prochain le contrat décennal.
L'approvisionnement dépend donc de ressources aléatoires. Mais cette vulnérabilité est masquée par la surabondance pétrolière : il est actuellement plus rentable de recourir à des achats à court terme

KEY:
1. Before Granier de Lilliac became president.
2. In millions of tons.
3. Resources
4. Oil rights
5. (Crude concessions and assimilated crude)
6. Other purchases
7. Outlets
8. Within the group
9. Overseas subsidiaries
10. Foreign
11. The main problem: finding outlets for the group's abundant crude concessions.
12. Before the crisis.
13. Resources
14. Oil rights
15. Other purchases
16. Outlets
17. Within the group
18. Overseas subsidiaries
19. Foreign
20. Granier de Lilliac doubled the group's foreign markets. But as resources also increased, he still sold more than 20 million tons of crude to Total's overseas customers.
21. Resources
22. Oil rights
23. Medium- and Long-Term Purchases
24. Other purchases
25. Outlets
26. Within the group
27. Overseas subsidiaries
28. Foreign
29. Oil rights diminished by more than half. But they were replaced by "firm" contracts with producing countries.
30. Resources
31. Oil rights
32. Medium- and long-term purchases
33. Other purchases
34. Outlets
35. Within the group
36. Overseas subsidiaries
37. Foreign
38. A chaotic year: a euphoric first half, a very difficult second half. For the first time, the basic--in other words relatively reliable--resources, whether from concessions or long-term contracts, did not completely cover the needs of the group. Foreign sales of crude diminished by half in comparison with the early 1970's.
39. Uncertainties
40. Resources
41. Oil rights
42. Medium and long-term purchases
43. Outlets

44. Within the group
45. Overseas subsidiaries
46. Basic resources are far from adequate to cover the needs of the group (20 million tons off). The situation has deteriorated because: 1. The contract with Algeria was amended from 10.4 to 4 million tons; 2. Iraq is at war and supplies little. Moreover, it may not renew the 10-year contract next year. Supplies are thus at the mercy of random factors. But this vulnerability is hidden by the overabundance of oil: it is presently more profitable to resort to short-term purchases.

The Slow Awakening of Total's Drillers

La faiblesse des résultats au début des années 70 n'explique pas complètement la torpeur de Total. Quand M. Granier de Lilliac prend la tête du groupe, le problème

KEY: 1. Investments in oil exploration (in billions of francs).
2. Gross percentage self-financed by CFP
3. The poor results in the early 1970's cannot be attributed completely to Total's torpor. When Granier de Lilliac took over the leadership of the group, the number one problem was to find outlets for Middle East crude. The growth of reserves is no longer a problem. CFP only devotes 10 percent of its BMA [expansion unknown] to exploration, compared to Elf's 47 percent. Everything was turned upside down in 1973 with the oil crisis. From 1974 to 1978, Total increased its efforts (26.9 percent for CFP and 32.5 percent for Elf), but was held back by the financing of Frigg. The first big year, 1979, with more than 10 billion in MBA, brought with it a doubling of exploration in 1980. At last.

9516
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MONETARY, TECHNICAL ASSISTANCE FOR FARMERS PLANNED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 32, 6 Aug 81 p 36

/Exclusive Interview with Farm Insurance Organization President Vas. Tsiounis/

/Text/ In an exclusive interview he granted to the O OIKONOMIKOS TAKHYDROMOS, Farm Insurance Organization /OGA/ President Vas. Tsiounis revealed that as of this year the organization will protect with missiles, cannons and airplanes all agricultural production from natural disasters and especially from hail and frost.

"...Our objective," he said, "is to fulfill as best we can our obligations to the farmers. For this reason, we are not reluctant to use any innovation which will bring OGA nearer still to the Greek farmer.

"At the same time, along with the protection of the agro-production, the increase of pensions by 50 percent as already announced, the improvement of social insurance and medical-medicinal coverage, OGA aims also at protecting the farm population from all sorts of middlemen. In this way we insure the OGA income (editor's note: financially it functions as a distributive account) for the benefits of our insured members. Specifically, for some time now we have undertaken a crusade whereby the farmer is advised to always ask in his transactions with the merchants for a price list in order to assure the necessary contribution to the OGA fund."

With regard to the new technological systems OGA will start using this fall, it was made clear that 440 million drachmas will be invested for the project. It is estimated that this amount will be amortized within 1 year since it is hoped that the 2.5 billion drachma-indemnity OGA pays each year for losses from hail and frost only will be minimized if not eliminated completely.

In the context of this activity /protection of farm production/ OGA will buy 120 special cannons which operate electronically, are noiseless and do not create pollution problems. They are installed permanently in one place and fire their "missiles" at the hail-bearing cloud as it approaches the area dissolving it. Each "missile" can cover an area of at least 700 stremmas around the cannon.

In the case of the hail-bearing and other clouds, the special missiles which hit their target at an altitude of 3,500 meters are more effective. But their use may interfere with air transportation and military planes. For this reason their firings will be made by joint agreement and advance warning with the appropriate authorities and when the meteorological services expect a wave of bad weather with

cloud accumulation. In certain particular cases, for the neutralization of hail clouds and other inclement weather threats, OGA will use special airplanes which will strike the cloud in flight. In this case, the simultaneous protection of many hundreds of stremmas will be possible on a permanent basis.

It is noted that the insuring of the agro-production covers all farm businesses and all types of cultivations. Indicative is the fact that OGA makes an average of 1.2 million assessments annually, farm by farm (it made 1.7 million in 1979).

OGA's Dynamism

Characteristic of OGA's dynamism are the data Tsiounis gave showing that in the past 6 years the organization:

a. Increased pensions four times (the percentage increases reached 500 percent) and is pensioning today 600,000 farmers.

b. Increased the cost of insuring the agro-production from 410 million drachmas in 1974 to 3.5 billion drachmas for 1981 (a total increase of 600 percent).

c. It increased the hospitalization costs from 1.2 billion in 1974 to 6.9 billion drachmas for 1981 (an increase of 600 percent). More specifically:

Pensions

In the sector of pensions, the related procedures were radically changed to make their distribution faster. The new pension [checks] are now issued by the Pensions Branch chief thus relieving the farmers of any hardship and other services. It especially relieves the justices of the peace from the burden of additional duties. Also a new procedure was initiated for distributing pensions to the widows of OGA pensioners. Such distribution is now almost automatic since basically only one justifying document is required.

The same spirit prevailed in eliminating many bureaucratic procedures in this sector so that the pension [checks] are today issued faster and more objectively than before.

Health

In this sector the following changes were made:

a. The OGA pensioners can go abroad at no cost at all for medical treatment in all cases where such treatment is deemed necessary.

b. For better medical care of the people in rural areas and in addition to the service offered by the state hospitals, OGA has signed agreements with more than 100 private clinics throughout Greece and with almost all artificial kidney units.

c. A new, simpler set of medical relief regulations oriented to the life and needs of the farm population was adopted.

d. Medicines which are particularly costly will be given free for certain chronic diseases.

e. Special care is provided for the blind, deaf and mute children as well as for the physically and mentally retarded.

In the agricultural sector in general the efforts followed two main directions and in such a way that each supplemented the other: the passive and the active directions. The first concerns mainly the expansion of the insurance system in force since 1960 to cover new losses such as from storms and floods. At the same time, the regulations concerning the insurance of agro-products were amended, thus establishing the time limits for such insurance and the procedures for assessing /losses/. The active or preventive direction concerns the protection of the agro-production through measures or, better, by the use of means for avoiding dangers and especially the dangers from frost and hail.

The preventive protection, an initiative of exceedingly great importance for both the farm income and the national economy, was first implemented in 1979 with the use of fans for protection from frost. The first groups consisting of 20 fans each were installed in Arta, Argolis and Nemea. Subsequently, 20 more fans were installed in Arta, 20 in Argolis and 13 in Lakonia. Already bids have been asked for installing 20 fans in Ileia and 20 in Akhaia.

7520
CSO: 4621/88

ALUMINUM PRODUCTION STATUS REPORTED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 32, 6 Aug 81 p 36

/Text/ With total business of 282 million dollars but with net profits reduced by 6 percent--total profits of 38.9 million dollars compared to 1979--the Aluminum of Greece Corporation /AGC/, better known as PESINE, remains in 1980 still the largest enterprise in Greece. Having fixed assets of 13 billion drachmas in acquired prices and realizing in 1980 exports valued at 142 million dollars, AGC is at the same time covering 60 percent of the domestic aluminum market. On the other hand, in an effort to improve its productivity, the company--given that each aluminum plant consumes large amounts of electricity--strove to perfect its program which aims at:

a. Limiting energy losses.

b. More efficiently utilizing every calorie and kilowatt hour.

Thus, the energy consumption in the AGC plant is smaller by 14 and 12 percent than the average consumption by American and European plants, respectively, with the result that this plant is among those throughout the world which show the best record as concerns energy saving.

Last year also, an effort was made to contribute to the better protection of the environment which, however, necessitated a somewhat greater consumption of energy.

Within this framework the company achieved important projects in this sector. Some of them are:

a. Recycling the heat from fumes and boilers.

b. Installation of a turbine-generator complex which allows the use of all intensified steam leaving the boilers.

These investments are in accordance with the government directives for reducing energy consumption.

Relations With the Personnel

According to the company's annual report, the relations with its personnel were good. The company exerted great efforts to reduce accidents--they decreased by about 50 percent--and there was a mutual company-personnel interest to improve the

social as well as financial condition of the working people. Finally, a Work-Health Service was established.

Investments

On the basis of the 28 March 1980 agreement and presidential decree, the state allowed the company to assume a significant investment program which involves an increase in the capacity to produce alumina by 100,000 tons annually, various costs for renewals and new projects which concern mainly the modernization of departments and installations (assembly lines, alumina loading) and the construction of new houses for the AGC personnel at Aspra Spitia.

Following readjustment of the new budget, the company's total outlays are estimated at 170 million dollars over a period of about 4 years.

Finally, it should be noted that the French parent company, PESINE, in its catalogue makes reference to the nationalization of enterprises by the French Socialist Party. This will have at least a legal impact on the agreement between the French company and the Greek government.

7520
CSO: 4621/88

HERMIER ON PCF, PS RELATIONS; EUROCOMMUNISM, WORKING CLASS

Rome RINASCITA in Italian 24 Jul 81 pp 20-21

[Interview with Guy Hermier, member of the PCF Politburo and director of REVOLUTION, by Fabrizio D'Agostini and Augusto Pancaldi, date and place of interview not specified]

[Text] [Question] Of recent years the response to the crisis in the West has followed neoliberalist lines (Giscard, Thatcher, Reagan). Now the French left, with a government of socialists and communists, is in a position to provide some new answers, In your view, what is new and different in this government's action and program, and what is ahead?

[Answer] To tell the truth, Giscard's policies not only failed to respond to the crisis in French society: they aggravated it. Speaking for the interests of the French-based multinationals, the Giscard government did its level best to funnel as much as possible of the nation's resources and talents their way. We all know where that has led: still harsher austerity, soaring inflation, steady erosion of the workers' hard-won rights, massive unemployment and tenuous job security, demolition of whole sectors of our economy, and a nation increasingly dependent on foreign countries.

A healthy majority of our people recently rejected this policy. The nation now expects its victory over the right to lead to adoption of a new policy. The policy agreement between the Socialist Party and the Communist Party affords a glimpse of some of the elements in our response. It calls first of all for finding new paths to growth, with due respect for economic balance, so as to create the conditions for an effective fight against joblessness and inflation. A whole body of measures have been taken, and more will come, to get our people eating and buying again and to narrow our social disparities. Major reforms will be launched dealing with such matters as reducing the work week to a targeted 35 hours, lowering the retirement eligibility age, decentralization, expanding workers' rights, and so on. Economic and social action will reflect the thrust of nationalization of our banking and credit systems, as well as that of eleven industrial conglomerates, as

a guarantee of the efficaciousness and democratization of the planning process. Finally, while honoring its alliances, France will begin a drive for peace and gradual disarmament through simultaneous dissolution of both military blocs, thus assuring the balance of forces in Europe and throughout the world and the security of each individual country.

The major thrusts of the legislative programs the prime minister has just presented to the National Assembly run along these same lines.

Naturally this policy does not embrace all our proposals. We continue to believe that they are correct and necessary if we are truly to get our country out of this crisis. But we also bear in mind the options selected by our people as to the rate at which we advance toward those changes the country needs. We stand ready to act, within the new majority and in a constructive manner, to get results, and to do our part to solve the problems that will inevitably arise, so as to encourage every step forward. And we are ready to do this as what we are, in our own particular way. Solidarity and differences: that is our attitude.

[Question] The PCF attitude toward the PS has been marked, of recent years, by lusty polemics. Starting with the second round of the presidential elections, and hence with participation in the Mauroy government, there has been a change in this attitude. Why was that? You have been accused, here and elsewhere, of making a mere tactical shift in exchange for the chance to be in the government. What actually did go on? On what issues did the PCF and PS accommodate one another in the areas of economics and international policy, to cite only the most complex and delicate of them?

[Answer] Neither before nor after the elections was our behavior dictated by mere tactical concerns. In the campaign for the presidency we openly stated our twofold objective of beating Giscard d'Estaing and creating the best possible conditions for the changeover. Our candidate, Georges Marchais, explained over and over again that a change of this magnitude required adoption of a new policy, a united left government including communists and socialists, and broad popular support. We did our very best to see that a truly nationwide debate on the substance of these issues took place, so that our people might might base their decisions on full cognizance of the issues. It was in this context and with a determination to move forward that we criticized some of the Socialist Party positions. And we believe that this frank debate was helpful.

As it turned out, the French decided with their votes first in the presidential elections and, immediately afterwards, in the legislative ballotting. No question about it: the vote we got in the elections were not exactly gratifying to us. We shall be talking about that as we prepare for our 24th Congress, resolutely directing our efforts toward regaining our influence.

Having said that, we are keenly aware of universal suffrage, and we abide by its verdict. This attitude is in no way a policy pro-tem,

nor does it signify any draconian revision. On the contrary: it is right on the line of our 22d and 23rd Congresses, at which we stressed the point that the necessary social transformations depended at once upon the capacity of the people's movement to move forward along this road and upon the capacity of the communists to contribute to this advance at the pace set by our people. In a word, we stand available for every bit of progress.

It is in this spirit, with a determination to create the best possible conditions for the change to succeed, that we sought out the bases for a political agreement with the Socialist Party, which would allow the formation of a government of union embracing all the left and would include some communist cabinet ministers. On this basis, the agreements reached on 4 June and on 23 June mapped out the guidelines for a new policy, directed toward greater social justice, the fight against unemployment, sweeping democratic reforms, and a new role for France. And we did all this without violence to any of the fundamental positions to which the PCF remains committed. In this way it was possible, for the first time in 34 years, for communist ministers to join the government of France. It is an event whose scope and impact we have only begun to measure, in France and in the world -- especially in Europe.

[Question] Your Central Committee has made an initial analysis of the reasons for the weak showing of the PCF. I should like to ask you this: to what extent today, in societies as complex as our Western ones, can communist parties use the working class as the societal reference point that sets them apart from all the rest? Above and beyond the matter of alliances, are there not perhaps social and non-social sectors which, in capitalist societies, live under conditions that deprive them of prosperity and even of democracy, conditions as grave and even a great deal worse than those typical of the working class? And hasn't the PCF perhaps underestimated the magnitude of this order of problems?

[Answer] In our analyses of our defeat in the elections we try to get to the bottom of things. To tell the truth, the PCF has, for the past 20 years, been piling up a massive historical lag in the formulation of its strategy for the advance toward socialism that would be attuned to the conditions of our times and to the real state of affairs in France. With the guildelines laid down at its 22d and 23rd Congresses, the Party today has such a strategy. But it only began implementing it a short time ago, and in a unique political situation, in which all the consequences of the crisis in our society came together with the pressures of institutional machinery and the negative effects of dusty answers, inadequate to the needs of today's fight for ever more advanced democratic victories culminating in socialism. Our critical examination of what we did during that period is based on those very same fundamental issues.

At our last Central Committee meeting, for example, we underscored the need to deepen our understanding of the reality that is French society, of the profound changes that have come about within it, so as to make a better evaluation of the diversity of categories among workers and of their disparate situations. This of course raises the problem of the alliance between the working class and the other reaches of society.

In this connection, I don't believe there is such a thing, when you talk about our party's policy, as appealing solely to the working class. On the contrary: for years, now, we have been developing a broad policy of unity and alliances, without which no democratic progress is possible. What we have to do instead is to take care lest, in the implementation of that policy, the top priority we will always assign to the working class be interpreted as reflecting a policy confined to that class.

Aside from this, though, we are also encountering new problems in relation to certain processes of social decay involved in the crisis. And this is what we are finding, for example, among young people, among immigrant workers, and in some of our urban areas where the poorest of the poor tend to live. We have, lately, been giving these problems our closest and most intensive attention. It is an effort we must continue and expand still further.

[Question] Let's talk a bit about the structure, the features of the PCF, and about communist parties in general, too. To what extent do you think that the Western democratic societies we live in nowadays tend to make this structure seem inadequate -- challenge its validity? For example: in a Western democratic society the mass media perform a function essential to democracy through their orientation of public opinion. And -- here is my point -- aren't there certain structural features in the PCF -- or in communist parties in general -- that are inimical to these requirements?

[Answer] The life of a revolutionary party cannot be static. Let's take just one example. We argue that the issue of democracy lies at the heart of economic, political, and social life. We make it the end and the means of our strategy. But the same issue arises in relation to the Communist Party itself. This is why, at our last Congress, we amended our constitution and bylaws, specifically in the direction of enrichment of our democratic practices.

All the same, we do not think it right to pattern the life of our party after that of society, or to identify it as a preview or foretaste of the kind of democratic, people-run socialism we want for France. For us, this is a matter of principle. We accept all the implications of pluralism. Now pluralism presupposes a distinction in principle between the parties and the State, and between the parties and society. What point would there be to pluralism if the Communist Party were to mirror within itself all the myriad quirks and factions we see in our society? Recognition of pluralism in social life requires, on the contrary, an affirmation of the revolutionary party and of its primordial principles of organization.

Your example of the mass media is significant in this connection. No question but that they play a very important role today in the molding of public opinion. But under the Giscard government, which had infiltrated every cog in the media machine, the media were constantly used by the bourgeoisie to fight our party, to distort its policies, and even to attempt to influence its internal affairs and its decisions.

This experience, which may be peculiar to France, serves to underscore the way in which the party's organizational principles are a guarantee of its democratic vitality and of its effectiveness.

[Question] Something generally referred to as Eurocommunism has been a major factor in the role of Western communist parties. Does the PCF feel that conditions are ripe today for a revival of Eurocommunism, and if so, on what bases, in view of the major issues now before us, such as expansion of the European Community, negotiations on missiles in Europe, the situation in Afghanistan, and the future of Poland?

[Answer] We do not see the question in terms of a revival, because we have always argued against the idea advanced by many observers -- the notion that Eurocommunism had ground to a halt, or was actually dead. Eurocommunism was born of the converging lines of several communist parties in capitalist countries -- including our own -- which place the growth of democracy at the very center of the road to socialism they are traveling in their own countries. And this is no ephemeral phenomenon.

A large portion of the press makes a great deal of noise about the differences between this and that party. Some discovery! None of us would dream of ignoring those differences. We just happen to believe that it is better to recognize them openly and calmly, thereby making it easier to find more flexible and effective ways of stating positions and undertaking concerted action on the basis of jointly defined goals. More generally, I can state that it is awareness of this universal need for expanding democracy in socialism that inspires the lines of a growing number of communist parties -- even in the socialist countries. Therefore I share the views of Georges Marchais, who said: "It does not seem to me that Eurocommunism is dead: it has merely been cramped in too tight a suit, and needs a new tailor. We need to promote a new internationalism, roomy enough to accommodate everything that is moving ahead in the world."

[Question] It has always been accepted wisdom that the institutions of the Fifth Republic had been tailored to the measure of Gaullism, and designed to obviate alternatives. But, as it turns out, it didn't work that way. Its institutions did not prevent the left from getting into power in France. Has this new finding changed the communists' perception of French institutions? If not, what changes are you asking for, and what are your target dates for them?

[Answer] Actually, the institutions of the Fifth Republic were designed to buttress the power of big capital and to limit the expression of democracy. The extreme personalization of politics, the concentration of power, and the electoral system combined made it possible to snuff out some local vitality, to distance the decision-making centers from the citizens, and to encourage delegation of powers. Of course all this did not keep the left out of power. But the institutional machinery, and the polarization of politics that resulted from it, clearly worked against us, and were one of the major reasons for our defeat in the elections. We ourselves underestimated their effects to a degree, and now

we intend to get down to some much deeper and more serious thinking about the whole subject.

In any case, we have not changed our opinion of these institutions, and we have openly urged that they be made more democratic. One first giant step in that direction might be taken by adopting the proportional system.

6182
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PS EDITOR ON POLICY, FACTIONS; PCI, EC, PCF RELATIONS

Rome RINASCITA in Italian 24 Jul 81 pp 21-23

[Interview with Claude Estier, spokesman for the Socialist Party and director of L'UNITE, by Fabrizio D'Agostini and Augusto Pancaldi, date and place of interview not specified]

[Text] Claude Estier is one of the political point-men in the force that swept Mitterrand into the Elysée and his Socialist Party to an absolute majority in Parliament and to the head of the leftist government. A delegate to the European Parliament since last year, Estier now also sits as a deputy in the National Assembly.

[Question] Of recent years the "new" responses to the crisis in the West have been those proffered by the neoliberalists: France may now be giving us a different kind of response altogether, with its government of socialists and communists. What, in your view, are the particular features of this response, which to our eyes looks different not only from the liberalist answer, but especially from anything the social democrats have yet tried?

[Answer] Fact one: the solutions offered for the crisis in Western Europe by the systems known as neoliberalist, or rather by the systems operating under economic liberalism, have led thus far in practically every country where they have been tried to dismal failure. The bankruptcy of these policies in France was obvious, and it was perceived as such by a large majority of French voters, who rejected Giscard and Barre because the policies they had pursued for the last 7 years (but which others before them had long clung to) were seen by the voters as unable to cope with the problems that arise in a society like ours: the problems of the crisis, of course, but also those of our social inequities, which have grown steadily more acute of recent years. I believe this is one of the earmarks of what is called liberalism these days: taking the crisis as a given, it sought above all else to turn it to some advantage. And that explains why, over all these years in France -- but the same holds true for other countries as well -- we have seen remarkable growth in the profits of a good number of big corporations, of the banks, and of a whole string of companies that were taking advantage of the crisis even as that crisis, which was and is the crisis

of capitalism, was crushing more and more of those who did not belong to what is called the money power. And thus we have witnessed the aggravation of social inequalities in a nation like France, which has now become one of the least egalitarian countries around, and the simultaneous uninterrupted growth of the profits of big business. This is the prime cause of the stunning rejection we saw during the presidential and legislative elections against that money power, embodied by Giscard and Barre. Of course there are other motivations, too, particularly Giscard's personal behavior in office. I believe, though, that the fundamental explanation is the fact that the French increasingly sensed that profits were reserved for a tiny privileged minority and that the great generality of citizens were effectively barred from any share in the benefits of their country's economic growth.

It is on the basis of this finding that the socialists, who are now in power, must come up with a different kind of answer from the one that has failed thus far. And we are not talking about a merely theoretical answer: we do not live in an abstract society, but rather in a society deeply scarred by this government of the right, and by the inequities and the injustices it will be our task to set right. We are, however, also living in an international economic context which we most assuredly cannot overlook. France is intimately tied into a whole international economic system, both within the EEC and through every area of its trade, and clearly you cannot simply define a new economic policy that does not take that fact into account. To cite only the most flagrant example these days, it is obvious that we are paying a very high price for the rise in interest rates which is the direct consequence of American policy on the dollar. It is not enough to say that we ought to create new conditions which would encourage corporate investments in France. That is a political objective, but we are well aware that to achieve it we shall first have to get around a number of obstacles, which not only color such decisions as we might make in France's government, but must also be fitted into an international context.

The big difference is that we are determined first to introduce a new political will. The obstacles we shall encounter -- I think of interest rates -- are not new of themselves, nor were they born of the advent of a socialist government, as the right seeks to make us believe. There is no economic decision which is not rooted first and foremost in political will. What we have blamed the former regime for -- and the French at last have understood us -- is substantially its laisser-aller, its laissez-faire. We propose to bring to bear a political will based on the idea that the first thing to be done is to redress the inequities that have profoundly undermined French society. We must, to put it in a formula, make the rich pay so that the poor will be less poor: that is the meaning of what has been done thus far since the socialist government took office. To start with, they are only first-aid measures: raising the minimum wage, increasing family and household subsidies, etc., or, in a word, anything that can help the most disadvantaged of

us to be a little less so. Now, as Prime Minister Pierre Mauroy told the National Assembly, we must get to work on reforming the structures. First-aid measures are simply not enough to turn around the momentum of the no-holds-barred liberalism of Giscard and Barre, which has worn such deep and painful grooves in the fiber of our society.

Structural reform, then, and meanwhile the nationalization program Mauroy has presented to Parliament is in total consonance with Mitterrand's commitments during the presidential campaign. I shall sum it up for you in two sentences. On the one hand, total control of the banking and credit system as the basic requisite for directing the French economy; and on the other hand, restoring our vanguard industry, which is now in the hands of private monopolies, to the national collectivity. Just the most flagrant example: it is not proper that arms manufacturers -- Dassault, Matra -- which survive solely on government contracts, should be run today by private capitalists who derive profits from them for purposes other than those of the State. We must restore conditions that will enable the public collectivity (and by that I do not mean the State: we are not talking about State takeovers) to recover control over these great enterprises that will set the course for reorganization of the French economy.

This is the new answer the French socialists will give the nation. It is utterly different, I should say opposite from that of the previous regime; but it is also a very different answer from the social democratic experiments that have been made in Europe, since, while it is true that they -- I am thinking here of the Scandinavian social democracies -- have succeeded in a thoroughly sound and realistic effort to reduce social inequities, they have never really considered taking control of the essential machinery of the economy. What sets French socialism apart is that it seeks at once to rectify social inequities and to take over the major controls of the economy.

[Question] French socialism spent many a year wandering in the desert before it rose to command an absolute majority and form a government. Will this socialism, this Mitterrand-style socialist party, succeed in keeping the many unruly spirits in its ranks -- from Defferre to Rocard and Ceres and the rest -- united?

[Answer] The French Socialist Party did indeed wander in a desert before it achieved this extraordinary victory. That is what it looks like at first glance. Yet if you look a little further, you find that French socialism managed to come back from practically nowhere, exactly 10 years ago in June 1971, at the Epinay Congress where Mitterrand pulled the weak and scattered remnants of the disparate groups and organizations that believed in French socialism back together and welded them into a new French Socialist Party. Ten years later, the PS commands an absolute majority and has one of its own as president of France, at the head of the government, and presiding over the National Assembly. Ten years may seem and indeed is a long time for the members who kept

on working through victory and defeat, always striking out on the march again; yet in terms of history, 10 years are but a watch in the night. To have started from practically zero in 1971 and reach today's victory is probably a political exploit unequalled, unprecedented in our nation's history, at least.

I believe that credit for this unparalleled exploit ought to go first of all to the man who has led it from the start: Francois Mitterrand, the man who, before anybody else, grasped the fact that there was no chance whatsoever to beat the right in this country without first putting together a socialist party that could achieve primacy on the left. For one thing, French society is such that, so long as there was a communist party on the left which commanded a wide majority by comparison with the socialist forces, there was no hope of overthrowing the majority. You will also remember that in those days the Gaullists, then at the peak of their power, were altogether comfortable with this situation, to the point where Malraux could say: "There is nothing between us and the Communists in France." The right had grasped the fact that so long as there was no socialist party worthy of the name, the dialectic that was taking shape between the right as a whole and the communist party would boil down to the perpetuation of the rightists in power. Mitterrand was the first to understand the nature of this dialectic: this apparently unbreakable chain could be sundered only when the day dawned on which a socialist party would emerge that was capable of gaining primacy on the left -- provided it did so within the context of unity on the left, by taking its stand on the ground held by the workers, by the working class, by the reunited forces of the people. This has been Mitterrand's idea ever since 1971; it was his idea even before that, but ever since he put the Socialist Party back together it has been his goal. Then came the alliance with the PCF, which has had its ups and downs: at first, it paved the way to tremendous gains for the left as a whole, and for the PS first of all; then came the split in 1977; but we kept the wheel steady on our course, even though there were those in the party who argued that we should change that course, reach out for dialogue with other political parties in the center, on the center-left and on the center-right. Mitterrand, and those who stood by him, were determined never to change course away from the line of left union, to hold fast to it through the violent storm of polemics that raged for years between us and the PCF, and to rekindle hope among the people on the left that some day they would see the united forces of the left in power.

And so our wanderings in the desert seemed long, yes; but after all, in terms of history, the time was not so long as all that. And I think that the millions of French people who helped form this grand coalition of popular forces were aware of and touched by the determination and the perseverance Mitterrand and his PS displayed. So quite naturally, when they were given a choice between the Giscard government with its record of failure and the hope for genuine change based on a clearly affirmed political, economic, and social will, well, the majority of the French knew how to vote because they had confidence in the Socialist Party and in its ability to bring all the forces of the people together.

There you have it: that's what happened. And it also explains how an electoral system designed specifically by the right to crush the left -- by an ironic twist of fate abetted and increased the victory of the PS, which with only a relative majority of the votes captured a broad absolute majority of seats in Parliament. In short, the PS's great leap was the fruit of 10 years of patient, unremitting work toward the same unchanging goal.

Will the PS be able to hold onto its unity? That question has been in the air ever since the party was put back together. What sets it apart from the other French parties is its willingness to recognize the existence of factions, of divergent ideological and social attitudes. These factions and attitudes have clashed on many occasions, sometimes violently, giving rise to internecine struggles that occasionally affected events outside the party. Our opponents were forever saying: just look at this socialist party, unable to achieve the slightest trace of homogeneity or consistency, with leaders who never leave off quarreling with one another. Well, I believe that what looked like weakness in the PS was actually its strength. The French recognized themselves in a party in which debate was always out in the open, never hidden away; in a party that was not monolithic, a party whose decisions were never made on high and handed down without argument to the lower levels of responsibility. That institutionalized tradition of continual debate within the PS has its drawbacks, of course, because it is sometimes difficult to control. Yet, at the same time, I believe that this is what enabled the PS to make an overall impression on French society as a whole. The PS today is a popular party or, if we want to say it in jargon, an interclass party, in the sense that it speaks for the whole of French society precisely because of the way the party is organized into disparate factions, more or less radical, more or less moderate, some Marxist and some not; because it accepts argument as such, and because its free debate is guaranteed (or supervised) by a man whose authority was recognized by all, even when there were those who questioned the wisdom of his candidacy for the presidency (although now everybody agrees that it was indeed wise, and there is no more argument on that score); and because the party manages to embrace both open internal debate and unity. The Socialist Party's unity today is greater than ever: everybody knows that once you have won and are running the government it is always easier to maintain unity than it is after you have lost. Of course, had we lost the elections, it might well have been possible to question the likelihood of survival of its unity. I think that question does not arise today, and I hope that, in an atmosphere as democratic and upright as ever, debate within the party will continue. The gravest danger threatening the Socialist Party today is that of turning into what we call a "cotillion" party, meaning a party that is merely an obedient dancing partner to the State, to the president, to the government; I trust -- and we shall do everything in our power to make sure -- that it will manage to keep debate, and criticism, and questioning over what the government does and announces its intention of doing alive.

[Question] The institutions of the Fifth Republic, contrary to their design and contrary to most predictions, did leave room for the defeat of the political alignments in power. Has your attitude toward those institutions changed, or do you still believe they must be changed? And if so, how ought they to be changed, and at what rate? How are you planning to restore Parliament to its function as a legislature?

[Answer] I was just now talking about ironic twists of history. One could scarcely find a more poignant example than the way the institutions of the Fifth Republic, designed by General de Gaulle for his own intents and purposes, and partly with an eye to keeping the left permanently out of office, were turned against the right, which had profited by them for a quarter of a century, and now stand as bulwarks for a stable and lasting leftist government. It should also be noted that the French have totally assimilated these institutions. They have no doubt at all about the fact that their power base is the election of the president by universal suffrage; they know that once they have done that, all the rest follows automatically. Equally noteworthy is the remarkable good sense and logic with which the majority of Frenchmen have behaved over the past several weeks. They wanted a change; they understood that change would come about primarily through the election of a new president; the institutions are there to say that it must be done that way, and so those who tried to talk to the voters about a change, but were clearly linked to the incumbent government -- I'm thinking of Jacques Chirac -- simply were not believed. They wanted a different president, and they chose Mitterrand. And then, despite everything the rightists could say between the presidential election and the legislative ballotting, the French gave an even greater majority to the left -- socialist and communist alike -- understanding that the institutions of the Fifth Republic are rooted in harmony among the president, the government, and Parliament. In four successive rounds of ballotting the people answered in the same way, and all the hopes of the rightists, who had been betting on a possible turnabout, were dashed.

And so it came to pass that for the first time in France it was the institutions themselves that guaranteed the left a lasting term in office (the 7-year presidential mandate) and a stable one (the PS's absolute majority is even broader on the left in Parliament, a body which is elected for a 5-year term). Hitherto, whenever the left did make it into power, it invariably got there under extremely precarious conditions. The Popular Front in 1936 was almost immediately plunged into crisis by political events abroad (let's not forget that it was the same government that in 1940 handed the presidency to Petain); after the liberation, but in a totally different situation, the government of national unity was able to function for only a couple of years; in 1956 the Republican Front, which might be counted as a sort of victory for the left, soon came to grief over the Algerian war and had to forswear the policy upon which it had been elected.

But now for the first time the left is in power to stay, and can implement the program upon which it was elected knowing that it has both the strength and the time to do it: and for this certainty, too, we can thank the institutions of the Fifth Republic. No, no: we shall not be challenging the Constitution. There are other things to be done in this country than plunging into a great constitutional debate. The only thing we want to reaffirm has to do with the way the institutions actually work, rather than any reforms in them: first of all, we shall put a stop to presidential abuse of the Constitution in usurping to the Elysée the constitutional powers of the government; and secondly we shall restore its rightful powers to Parliament, which for 20 years has been reduced to the status of a mere echo chamber, where not only the opposition, but even the majority were unable to play any meaningful role whatever. This we must change right now, and I think that the first statements by Mitterrand and Mauroy run in that direction.

[Question] You are a member of the European Parliament, too. What is the Socialist Party's vision of Europe? What is the thrust of the proposal Mitterrand made in Luxembourg about a "social space"?

[Answer] That is a very important issue. The French socialists have always been in favor of building a real European Community. Unfortunately, they have had to face the fact -- and I say this as a member of the European Parliament -- that there is no Community. There are some policies, or rather there is a policy, the farm policy, that more or less works, and it is under fire from several EEC members: aside from that, there is practically nothing. Every now and then there is talk in Parliament about the need for a social policy, or a regional policy; but in the end each member of the EEC goes off on its own and tries to find a way out of the crisis that involves all of us, each with its own means and its own initiative. Well, I think that now that France has a socialist-run government and a broad leftist coalition, Europe is a vital dimension to the solution of some of our really big economic and social problems (and we might add cultural problems, as well). I see here an opportunity for Europe to get its second wind. France under Giscard had resigned, to all intents and purposes, from European concerns of late years. Before his election, Giscard passed himself off as an active and committed Europeanist. But the record of his 7 years in power has shown that in this (and for that matter in many other areas of French foreign policy) his attitude was primarily one of slackness, of letting things ride, unguided by consistency or will. For instance, he had one idea that was interesting in that it might have sparked some real response: it was to call regular meetings of Community heads of state or government which, at the summit level, could issue sets of guidelines to solve problems that the ministers found beyond them. But once he had floated the suggestion, Giscard failed to follow through, with the result that the summit meetings ran into the same deadlocks the ministers of the various sectors had encountered, because no truly big ideas were offered, and the meetings wound up where they had left off, tangled in the very same polemics and quarrels: just think back

to the issue of the English contribution. In short, a new institution was created, but, like all the others, it was doomed to wither and vanish in the quagmire of the arguments and selfishness of each of the member nations in the Community.

The new idea the French socialists would like to suggest today is that we must get back to the European dimension in seeking to resolve the problems raised by the economic and social crisis. Mitterrand talks of "social space"; that looks like tremendous progress over the "judicial space" Giscard proposed for repressive purposes. In other words: if we want to create new working conditions, shorten the work week, and organize our timing, we can do it far more effectively if we all move in the same direction in our several countries, rather than each of us making decisions on our own which would instantly expose us to the pitiless competition of the others.

[Question] In this particular area, how do you view your relations with the Italian Communist Party?

[Answer] I believe that the Italian Communists totally share this concern of ours: I have had occasion to observe this in the European Parliament every time the subject was broached.

The PCI -- and this really struck me, the more so in that it amounted to a clear-cut difference from the PCF -- seemed to me on a number of occasions quite favorable to the European Community, precisely on this concept of a European dimension to our economic and social problems. More than once in Strasbourg I have seen the French socialists, pulling with them the other European socialists, taking the same positions as the Italian communists, and joining in concerted initiatives. That was, I think, the beginning of what can be done, and of something that in any case will carry greater weight in the time to come -- at any rate on France's side, to the extent that there will be a socialist government at home to back these initiatives and to pave the way for their passage. There is considerable meaning in the fact that we have appointed a minister for European Affairs, who is not a foreign minister, but a man appointed specifically to to keep an eye on European issues. And it would be very helpful if, on the basis of this open readiness on the part of the French socialists to get Europe off to a new start, we were to open a dialogue at all levels between ourselves and the Italian communists as to ways of concerting our efforts behind a push to get things moving again.

[Question] Here, as in Italy, there has always been discrimination against the communists at the behest of the United States. It would seem that this discrimination really has no decisive effect. Be that as it may, however, what are the most delicate and most complicated issues -- at home and on the international plane -- that gave you the idea -- in the past and again now -- of a governing alliance between socialists and communists?

[Answer] I should say right offhand, and categorically, that we will not tolerate United States meddling in the formation of a French government. President Mitterrand stated that quite forcefully, when, with no wish to damage the necessary good relations between France and the United States, he let it be known very clearly to Vice President Bush, when he visited Paris, and to the American authorities in general that France, France's present government, and France's socialists would not allow interference by any foreign power, even the United States of America, in France's domestic politics and hence in the composition of France's government. We can bear that in mind, because in fact there are several precedents for American intervention, in relation to Italy, among other matters; once there was the slightest indication of such meddling viz-à-vis the new French government, they were intolerable, and in fact they were not tolerated. Maybe the Americans discovered that they had made a mistake. Whether they like it or not, though, that is the way things are, and they will simply have to swallow the fact that the new French government, with which they are going to have to deal in view of normal relations between France and the United States, includes socialists and communists. Some other countries have indicated their reservations as to the makeup of the new French government, but none has tried to meddle so openly as the U.S. I am thinking here of Federal Germany. Chancellor Schmidt was probably not overjoyed at seeing communists seated in the French cabinet; but on the one hand he was very careful not to let his chagrin surface in public, and on the other hand -- here I refer to his recent meeting with Mitterrand -- nobody has seen any indication that relations between the French and German governments have suffered as a result. So be it.

So much for the international aspect of the presence of communist ministers. Let's talk now about the issue of the alliance between the socialists and the communists. The unswerving line the PS has followed under Mitterrand's leadership -- I have already said this -- has been to seek unity among the forces of the people: to put that in political terms, alliance between the socialists and communists.

We have indeed sought it, and we achieved it through the joint 1972 platform, and we went on seeking it even after the break, which we still believe the communists wanted in 1977. The PCF has its reasons, and I have no intention of discussing them here today because the whole matter has now become an issue for the PCF itself to deal with and one which, no matter how it intends to face it, is one it cannot dodge.

Beginning after 1977, the PCF decided to strike out in a different direction, whose clear objective was to narrow the gap between itself and the PS, or, in other words, to cut the PS itself down to size and seek thereby to win back primacy on the left. This is the origin of the charges of betrayal, the attempt to discredit the PS at all costs. Well, that policy has led to a very serious defeat, a historic defeat for the PCF, which in the presidential elections garnered the lowest percentage of votes it had drawn since the Twenties. So there is food for thought

for the PCF. This, however, is their business. As for us, we have always said that we would never stop seeking union, but that this requires two things: first, that the attacks cease -- there can be no alliance, especially one for governing together, if one party to the alliance spends all its time attacking the other --; second, that some minimal agreement be reached on a number of the major issues that predominate today in the action and approaches of the French government. This does not mean -- no matter what people keep writing -- that we are asking the PCF to line up to a man on socialist positions: we are not asking the communists to join the PS. It is altogether fitting and proper for the two parties to maintain their individuality, their own orientation, and I should even say their own programs. But it was indispensable to put together an agreement for governing that covered the great current issues over the short, medium, and long term, so as not to find ourselves faced all of a sudden with a divided government riven by factional disputes, like those of these last few years.

Just such a governing agreement was reached, and made public. Did the PCF sign it for purely tactical reasons, or for more basic ones? Time will tell. I shall confine myself to believing, and saying so, that the PCF has indeed grasped the fact that the French people, in the presidential and legislative elections, decided that the PS was right and the PCF was wrong, and that therefore it was a demonstration of realism on the part of the communists to face up to that essential fact, which was that the majority of French voters had said "yes" to the Mitterrand-PS program and "no" to that of the PCF. This was the basis on which the governing agreement was reached. This, however, does not mean that the problem does not exist, or that there will not be problems. But in any case, once the sniping stopped and the governing agreement was signed, it followed logically from everything Mitterrand and the PS had done to bring the communists into the government. That is a logic which the French have thoroughly understood, witness the fact that, in spite of every trick the right tried to frighten them with the bogeyman of communism, they voted for socialist candidates and they voted for communist candidates. I very much want to call attention to one thing that may perhaps have gone unnoticed in the great socialist victory on 21 June: every single communist candidate still on the ballot for the second round, without exception, won election. In other words, they got the votes of the entire socialist electorate in the first round, when at least a third of those voters were casting their ballots for the PS for the first time in their lives. This should suffice to prove that the communist bogeyman no longer scares anybody, especially now that the balance of power on the left has become what it is today.

Be that as it may, Mitterrand's logic and his party's logic demanded formation of a government reflecting the presidential majority. The PCF, most likely after conducting an exquisitely painful revision, has taken its place in that majority. It is obvious that Mitterrand would not have been elected on 10 May without the 4.5 million communist votes,

and that therefore it would have been a near-fatal blow to the unity of the people's parties had a portion of that majority stayed out of the government. On the basis of that rationale, Mitterrand and Mauroy insisted on having communist ministers with important responsibilities, which -- we are confident -- they will live up to with every intention of taking part in a new experiment, one that is designed to effect a profound transformation in French society.

6182
CSO: 3104/360

PRESUMED DATES FOR GENERAL ELECTIONS

Athens EPIKAIRA in Greek 16-22 Jul 81 pp 16-17

[Text] The date for the elections is being assessed from one day to the next, but in the meantime the government is trying hard to choose the most suitable date to hold them. It is taking into account in its evaluation at least some factors which are unrelated to its party interests. While awaiting the official announcement, the press and political figures are trying to predict the date of the elections, which perforce--according to the Constitution--cannot be later than 19 December. That is to say, one month after the term of office of the Chamber of Deputies expires. And if it is earlier, any premature dissolution of the Chamber of Deputies--before 19 November--must be "justified." They are talking about 18 October, about 20 September, about the "beginning of October," and so forth. But even with the date of the elections uncertain, the election-campaign contest has caught fire now, and disputes are occurring at all levels of the party hierarchies, from the leaders down to the most humble propagandists of the coffee-houses.

As the EPIKAIRA has written already, the focal point of these squabbles is the national issues. And this focusing is regarded as a victory for the New Democracy Party [ND], which prefers this broad terrain over the swamps of economic and social affairs. It is a terrain in which Papandreou is trying to reconcile his old unrelenting anti-Western, and inconsistent, proclamations--which are still being adhered to devoutly by his colleagues on the Left--with pragmatic assessments of the moment and modern attitudes about Eurosocialism. It is a difficult effort, especially since the KKE is vigilant, proclaiming daily that "without the KKE no change can happen" and that "national issues cannot tolerate falsification."

As the EPIKAIRA has written already, the election-campaign struggle will revolve around the national issues and in general around matters of foreign policy. From the beginning the ND has tried to force the political contest to take this turn. And PASOK did not resist, even though for it domestic issues made a better objective.

On the government's side there was finally an official embracing--with the interview by Rallis to I VRADYNI on Monday--of Averof's slogan that the coming elections will not decide between parties but on the form of the regime. The "elucidators" of the ND are calling on Papandreou to define precisely his position on the issues of NATO, the bases, the EEC, and so forth. And they are labeling

as "nebulous positions" the declarations by Papandreou on dismantling the bases "by gradual and cautious steps, so as to safeguard the defensive capability of the country." The same propagandists are asking Papandreou to tell the people what will happen if we again find ourselves outside NATO. How our army will be equipped, when arms are being sold on the market at astronomical prices. How we are to dispute the claim raised by Turkey on overseeing the Aegean on behalf of the Alliance, and so forth.

They are asking PASOK in addition to make up its mind on this: Since the bases are "bases of death," why is not their immediate abolition promised, instead of reference being made to "timetables" and "preconditions"?

Just When, Exactly?

When exactly will the elections take place? This question is preoccupying not only the parties and the politicians but also the common voters. At the beginning of the week there were reports that by Sunday the date of the elections will have been established, through contacts between Karamanlis-Rallis and Papandreou. But this report did not reduce the guessing, which has become enormously widespread.

As a rule the Chamber of Deputies must be dissolved on 19 November, when its 4-year term of office is completed, and elections must be held within 1 month--that is, by 19 December. Typically the dissolution of the Chamber of Deputies before this date would be considered "premature" and would require "justification."

Of course, nobody will raise "objections" if the dissolution of the Chamber of Deputies happens "a little before" the expiration of its term of office, especially since the opposition is calling for "elections now, in July." But from this point on, the predictions begin.

So far, the following dates have been stipulated, with an air of "being in the know":

First, the SYNGROTIMA, for 20 September.

The KATHIMERINI, for 18 October.

Two other newspapers, for 11 October.

A governmental figure intimated last week that elections will be held at the beginning of October. And Rallis is reputed to have stated that he does not desire to surprise anyone nor keep his political adversaries in suspense. Consequently he will announce the date of the elections "in good time."

The Favorable Moment

At two "informal" meetings of government figures--including ministers as well--there was an exchange of views on the most "suitable" date for the elections. Among other things, the following were proposed:

They should be held at about the end of the deadline--that is, in December--when the problems facing the Mitterand administration will have emerged and when there will be auspicious reactions in Greece.

The elections should take place immediately, in August, so that we will not have any new complications in the domestic sector.

They should be held after the general summer vacations but before the first public-utility bills are posted, with their increased rates.

October is the month for student demonstrations and labor mobilizations. The elections should be held on the first Sunday of this month.

September is the month of "affluence" in Greece. Prices for fruits largely decline, and the problems of winter have not yet emerged. There is general euphoria. They should be held in September....

A minister who was present rejected these considerations as "calculations of African politicians," and he stated his conviction that the Greek people are not influenced any longer by seasonal events when they want to vote for a party.

In any case, it should be kept in mind that if the Chamber of Deputies has not been dissolved by 5 October (the first Monday in October), the entire membership must assemble in a fifth session--something which will be unprecedented in our parliamentary annals. And it should be noted that the government already has scheduled for the full functioning of the Parliamentary Recess Committee until 2 October.

12114
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PASOK LABOR UNION POLICY ANALYZED

Athens I VRADYNI in Greek 12 Aug 81 pp 3, 12

/Article by Finance Minister Miltiadis Evert: "PASOK and Syndicalism"/

/Text/ In order to assess PASOK's policy in the area of syndicalism (trade unionism) we must bear in mind certain facts and lessons we have learned from the experiences of over a century.

First, syndicalism is not a political or ideological movement. Its objective is to improve the working conditions of the working people through wages and salaries, hours and conditions of work, relief, insurance, etc. Its invincible strength derives precisely from these activities. Those who underestimate them or consider them secondary and who use them as a pretext for the promotion of political or ideological objectives are making a serious mistake.

Second, a strong and effective syndicalist movement can exist only in democratic states. The totalitarian and dictatorial regimes strangle it.

Third, syndicalism provides meaningful services to the working people only as long as it is under their control; only as long as it remains independent and acts independently of the political parties. To the extent it becomes factionalized, it wastes its energy on alien tasks and serves objectives unrelated or even contrary to the interests of the working people.

Fourth, in a democratic state the working people can exercise their political will through the political organizations, which, moreover, show an ideological homogeneity. They should never do so through their syndicalist organizations which do not have political and ideological homogeneity. They consist of persons of different political views and they are linked together only through their direct trade or branch interests. Therefore, those who succeed in assuming the administration of their organization and put it in the service of their political party are acting in a way contrary to those of their colleagues who do not belong to the same political front. They simply distort their will; they support a policy they actually oppose; and they dilute the syndicalist movement. Such behavior is both undemocratic and indecent.

Inconsistent Positions

PASOK is not ignorant of the harm factionalization causes to the syndicalist movement. It knows very well that many working people and their representatives

want their organizations to be their own independent organs and not branches of party mechanisms. But PASOK is not at all willing to respect the independence and autonomy of the syndicalist organizations and little cares about the harm it causes them in its effort to bring them under its control. Like all Marxist movements it has a messianic notion about its mission; it believes that the implementation of its...cosmogonic program is such an important event that it is worth sacrificing everything for. But in its desire to displease those opposing the fractionalization of syndicalism, it /PASOK/ follows hypocritical tactics in its effort to reconcile the irreconciliables. Thus its positions in the syndicalism sector appear inconsistent and contradictory. For instance, PASOK warns that: "Now that the struggle for change has reached its peak, the identification of the political parties and the trade unions and societies tends to break up the unity of the syndicalist movement, to stop its mass expansion and to undergrade its liveliness and dynamism" (speech by Papandreou to the Sixth Session of PASOK's Central Committee). But in the same breath he proclaims:

"PASOK's struggling political positions fulfill their objectives only and only when they conquer the masses; when they become the reason for exerting influence as catalysts and speed up the developments in the assertive struggles of the working people through their syndicalist organizations--an indispensable guarantee and a determining weapon in the struggle for socialist change" ("Duties of a PASOK Member," page 15).

In other words, while PASOK on the one hand is against fractionalization of the trade unions, on the other hand it fractionalizes and uses them as "a determining weapon" for capturing and maintaining power.

PASOK speaks about the "organizational autonomy" of the syndicalist movement and not simply about autonomy. But, one way or another, it cannot abolish the organizational autonomy. Nor is it in its interest to do so . But it abolishes the true autonomy of the movement when its party cadres, camouflaged as syndicalist cadres, are elected in the administrations of the trade unions whose activities they orient toward PASOK's policy.

Marxist Syndicalism

But as concerns the syndicalist movement, what is in store for PASOK if it ever comes to power? Its official pronouncements give us a clear warning. As an opposition party PASOK is using the syndicalist organizations it controls for inciting and maintaining social turmoil. It instigates them continually to make demands, to declare strikes, to hold marches and demonstrations. It goes overboard when they make demands no matter how unreasonable or untimely they are. It does not make a distinction between the public and private sector of the economy. It incites most of the labor strikes in the public sector. Yet it does not intend to tolerate similar activities as government. The trade unions will then become the means for the implementation of the government policy and will give up any and all demands. In his book "Transition to Socialism," Papandreou writes on page 73:

"The organizations and associations participate actively in forming the national program for economic and social development. At the same time, they assist the demands of the working people. It should be noted that in socialized enterprises dependent work (the employer-worker relationship, that is) will be abolished.

Therefore, the syndicalist claims in the form we know them today are limited only to the nonsocialized sector."

If we put aside the spicy propaganda of this statement we can see that in essence PASOK aims at abolishing the syndicalist rights of the working people, which means that the working people cannot turn against a Marxist state because it is "their state." Therefore, they cannot go on strike and protest or make demands against... themselves.

As a matter of fact in order to exercise effective control over the syndicalist movement, PASOK aims at depriving the working people of the possibility of establishing unions in places where the existing ones do not represent them. In his book "Government Policy Guidelines" (page 60) /Papandreou/ says:

"Syndicalism is reorganized in order for the unions to truly represent the working people. In this context the aim will be to have only one union in every place of work. The existence of many unions fighting each other in an effort to get more special privileges for their members, is against the general interests of the working people. The objective also will be to have in every sector of work (for example, construction activity, transportation, food industries) one trade union to which all working people will belong so that solutions to every problem will be possible and effective."

The truth of the matter is that it will be possible to control effectively the working people. For one to understand what is hidden behind this hypocritical statement, it suffices to bear in mind that PASOK as the opposition party created its own trade unions whenever it was unable to place under its control the already existing ones. But if it ever becomes government it will force those unions it does not control to merge with those it controls. Such mergers, of course, cannot be made without force. We do not believe that Papandreou is so naive as to believe that the working people will hasten to comply with his every desire. Nor /do we believe/ that the new opposition--if it is allowed to exist--will support his policy and will avoid using the trade unions the way PASOK is using them today.

His theory that the working people will have no reason to strike against a PASOK-Marxist state is only for naive people especially in the face of the startling events in Poland. A Marxist state has been established in that country more than 30 years ago. Yet, the Polish working people in the cities and rural areas--with the support of the students--have for months now been carrying on a desperate struggle to regain the independence and autonomy of their organizations, to regain, that is, rights which are safeguarded and guaranteed in our country. This struggle of theirs has blown into the air the myth that the Marxist regime is "the state of the workers and farmers" and that the Marxist parties are the class representatives of the working people.

What is of primary importance to the working people is not in whose hands the production means are but what possibilities they themselves have of controlling the employer whether such employer is a private citizen or the state. PASOK aims at completely depriving them of such a possibility by the communist inspired theory that the interests of the working people absolutely identify with the interests of a Papandreou government.

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CARRILLO CRITICIZED FOR PERSONALIZING PARTY DIFFERENCES

Madrid LA CALLE in Spanish 28 Jul-3 Aug 81 pp 12-13

[Article by Cesar Alonso de los Rios: "Carrillo in Check"]

[Text] From illusion to crisis. Of those four individuals who toasted the legalization of the PCE [Spanish Communist Party] with champagne in the historic photograph, two are no longer in the communist ranks--Tamames and Triana. They were the two PCE men in the Madrid Junta in those days when a democratic break seemed impossible. They were two of the names which characterized the symbols of the identity of a more than workers' party. Tamames and Triana, like others, represent the tip of the iceberg of the mass of professionals who have been disengaging themselves from this interclass mass called the PCE. For this reason these two names are of importance, for they represent a process which the PCE congress will either seize by the horns, or we will witness the professional decapitalization of the party as more of the intellectual cadres rally to Francoism. This is the question as this tense congress approaches. It is not only a problem of image, but underlies the party model under discussion, an internal party practice and the policy which has been pursued in these recent years.

The illusion had to do with the legalization of the PCE. It was a party which had two main supports: a powerful trade union organization and a group of professional people enviable for a party which had just emerged from clandestinity and repression. The former had a slogan, somewhat pedantic but very ambitious and realistic--alliance between the forces of labor and culture. That party was able to recognize its interest in an equally ambitious and imaginative strategy--Eurocommunism. Carrillo defined it. He wrote a book on the subject. He asserted it with more decision than Berlinguer himself, and went further than he did, at least formally, in his criticism of the Soviet Union and "real socialism." Carrillo was the bete noir of the Soviets and the satellite countries. Carrillo's challenge of the model of socialism was profound and determined with regard to the independence of PCE policy from the USSR. The foundations for a projected socialist society were laid, with freedoms and liberty both in the process and in the goal.

The tool would be to a large extent a party which would reflect within it the socialist and democratic goals.

From the illusion of those days to today's crisis. The PCE approaches this congress with profound unease. The reasons? A sharp decline in membership, the bleeding of the professional sectors, limited parliamentary representation and the fear that this

will not increase but even decline. Unease because of the lack of internal debate and the existence of bureaucratic methods. A loss of strength in trade union life. The very identity of the party is in crisis. There are those who not only question the Leninist model as it has come down to us today, but the very viability of the communist parties in Europe. An interdict has been placed upon democratic centralism and the need to recognize various opinion trends is defended. Above all, there are charges that the Eurocommunist dialogue is being hindered by a bureaucratic practice which denies it in fact. And this practice is associated with a specific leadership which is in large part regarded as exhausted and ineffective, and for which the defense of Eurocommunism seems a personal or collective defense.

Between the illusion and the crisis there has clearly been a precarious political transition with a high cost. The specter of a coup d'etat became a reality in the physical form of machine guns and tanks on 23 February. The strike and the economic crisis not only placed the trade unions with communist hegemony in a difficult position, but also revealed the primitive face of a part of the party which had been forgotten because of the Eurocommunist proclamations. A primitive face which can take the form of prosovietism or trade union maximalism, and which in any case places a part of the blame for the costs of the crisis on Eurocommunism.

The response of the leadership of the PCE, or a part of it, to this complex and multiple crisis is sometimes oversimplistic. It reasserts Eurocommunism to conjure away any kind of challenge on the one hand or the other, which I will refrain from terming leftist and rightist.

From the point of view of the spectator, of society, let us say, this defensive response might seem correct. So it seemed after the Congress of the PSUC [Unified Socialist Party of Catalonia]. The major battle focused on the struggle between the Eurocommunists and the prosoviet faction. The PSUC Congress had a scandalizing effect in that it formally eliminated Eurocommunism. Thus those who simplified the battle between the Eurocommunists and the pro-Soviets, whether or not encouraged by the Russian embassy, seemed to be right.

The PSUC Congress had a scandalizing effect beyond our frontiers. It was a demonstration to society that Eurocommunism was something very unstable or else a simple tactic which the weight of the crisis had in the end pushed aside. The later adjustments (textual reaffirmation of Eurocommunism and the expulsion of Pere Ardiaca from the presidency) have served to place an interdict on democratic credibility. In any case, many say, the PSUC proceeded democratically and in exemplary fashion. The reversal was the result of certain expedient considerations and some problems of image. And also of certain relationships established between the PSUC and the PCE. But society's reading is very simple: "Carrillo has subdued the Catalans."

But this simple division formulated within the PCE as a goal and formulated in the eyes of society as a "slogan" has in recent days ceased to have any meaning. However, the challenge to the leadership of the PCE did not come basically from the prosoviet sector, but from those who are consistently Eurocommunist. In their view, renewal of the leadership is the definitive battle force. And not only in Madrid, when a couple of months ago a manifesto signed by 250 professional people and some workers' cadres appeared but received a very cool reception from the leadership and was published not in the pages of MUNDO OBRERO but elsewhere, in EUSKADI, for example. Here the victory of the nationalist Eurocommunists headed by

Roberto Lertxundi takes such problems for granted, since one can no longer satisfy the possibility of a rupture. In Valencia, the sectors most prone to red tape and bureaucracy have challenged party control to the point that dismissals include the likes of Pilar Brabo, Emerit Bono and Ernest Garcia.

Thus, then, a trend has taken shape which challenges the leadership from Eurocommunist positions, charging that it is leading the party into a constant contradiction between discussion and practice.

Carrillo is challenged by the Eurocommunists. Not by all of them, certainly, but not by a negligible minority either. They constitute a group which, if lost to th PCE, would leave it in a very poor position to carry out its Eurocommunist strateg that is to achieve a growing presence in Spanish society, rather than the workers' movement alone. And is definitively important in terms of improvement over the last elections and for the administration of those portions of power which the PCE has in its hands today, specifically, the municipalities.

Throughout these days of internal debate, the press had reflected the froth of the personality struggle. Battles for ideas always end in a discussion of personaliti There is no reason to be surprised by this. This is the case in the PCE and in al parties. To expect something different from the communists would be the equivalen of asserting their alien and abnormal nature.

It must be noted that Carrillo personally was never an issue when the renewal of the leadership was in question. On the contrary, with monotonous insistence, the advocates of renewal stress that it required Carrillo to remain as secretary gener "Carrillo must head the renewal policy." This was one theme. It should be noted, moreover, that this was not a question of generation, but of efficiency. But as t congress comes closer, the subject has become more personalized.

Already, when journalists (the "bourgeois press") began to take up the subject o the heirs to power some time ago, obviously a morbid subject in a communist party, Carrillo began to give answers such as that to the effect that he would not mind resigning in order to engage in more gratifying work than politics, but that it wa impossible since the party would cease to be Eurocommunist and would follow the Cunhal line. This response, if Santiago Carrillo is right, leaves the party in a very poor position. For what kind of group, what kind of intellectual group in a mature party is it that would change its strategy radically with the resignation o one leader, however valuable he might be? It seems to me that the harshest criticism which could be made of the PCE, in any case the harshest analysis, is implicit in Carrillo's response.

In recent days, as the renewal trend has strengthened, Santiago Carrillo has not hesitated to discredit its representatives in the harshest terms, while at the sa time making the issue a personal one and one of power. He has accused them of be frustrated because they were not elected deputies like some of their class collea who, without having waged such a struggle in the Franco era (an ironic point), wo seats in the parliament from the ranks of the PSOE [Spanish Socialist Workers Par He has stressed the elitist nature of that body. Both Carrillo and Sanchez Monte explained the result of at least one vote at the Madrid Conference in terms of the fact that the workers had to leave the gathering and go home to sleep, because the had to work the next morning, while the professional politicians could stay on in

the night. The truth is that only the political professional can stay on into the early morning hours without inconvenience to them personally or to their work. This charge raises a truly serious and now traditional issue: the campaign to discredit intellectual workers as compared to manual workers. On the other hand, Carrillo has not hesitated to call the renewal faction "Stalinist" because it imposed its choices where it was in the majority. And he has even pilloried the highest communist authority in the representatives from Madrid. I must say that I really blushed at reading these passages. Finally, he has frequently pursued a deliberate course in saying that a large number of the advocates of renewal dream of going over to the PSOE. I would say that in this way he is driving them toward it. At one time, Santiago Carrillo used the pages of INTERVIU to destroy Tamames politically when he was still a part of the PCE leadership. It is possible that Tamames was thinking of leaving the party. It is possible that he no longer felt he could stay in the party. I would be much more interested in looking into this point than any other.

The worrisome thing is that all of this is regarded as "normal" in politics and is so regarded by the so-called "officialist" faction. However, I believe that Santiago Carrillo has the right and the duty to defend his position and attack those of his opponents. And I believe he has a right to do so fervently. If passion has a place in any activity, it is in politics. But always within the framework of political discussion. However, one gets the impression that Carrillo only sees those who disagree with his policy as careerists. He discredited thousands in the renewal faction when he said that they were not even pursuing the political intent of Tamames, who in the final analysis had a clear choice between the PSOE and the UCD [Democratic Center Union]. On the other hand, he has criticized the general debate on the basis that one should not lose time in internal battles when democracy is in danger and this would contribute further to instability. This statement leads to paralysis or to coercive discipline, to a permanent state of emergency in a country which has not eliminated the threat of a coup or of involution.

In recent statements to LA HOJA DEL LUNES, Santiago Carrillo has stated that what is at issue is power in the party. It seems as if Carrillo may have wanted to raise the issue of his personality throughout this process, when as I have said, the renewal faction has on repeated occasions confirmed Carrillo's personal continuation as secretary general. Why is this? Possibly because Santiago Carrillo has personal links with a large part of the party apparatus which for its part is in question, and is being challenged. And in this process he wanted on the one hand to appeal to the more timid sectors to face up to the problem, and on the other, to appeal to the patriotic feelings of a considerable part of sociological communism.

Thus, then, if what is in question is not Carrillo personally, the issue has been posed in such a way that many members, professional cadres and some leaders who constitute a decisive faction in a party which is not a workers' party nor a minority one may be alienated. Or that this party can effect a real alliance of the forces of labor and culture, which is what is at stake in this congress.

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PCE REGIONAL CONFERENCE LEGITIMIZES FACTIONAL VIEWS

Madrid LA CALLE in Spanish 21-27 Jul 81 pp 16-18

[Article by Carlos Elordi: "The PCE in Madrid--The Big Surprise"]

> [Text] The legitimizing of factional views was the bombshell at the Seventh PCE [Spanish Communist Party] Conference in Madrid. The result is not very important from a statutory point until the 10th congress also approves it. However, it is of not inconsiderable political importance, if only because it was imposed against the explicit will of the communist leadership. On the other hand, the tense atmosphere and sharp clashes among the various Eurocommunist sectors confirm a substantial change in the polemic within the PCE.

"We are dealing with the future of the party. If we do not change, we may become a rubber stamp party." This concept, set forth to the plenum by Jaime Sartorius and reiterated frequently throughout the discussion, serves to summarize the focus of the concern of the renewal sector of the PCE in Madrid. Another view, defended by the political secretary of the Madrid organization, Simon Sanchez Montero, one of the historic leaders of the PCE, represents the other side in this impassioned debate. "Trends, fashions or currents of thought--whatever they may be called--are not good. What is happening at this seventh conference is but a forerunner of what could happen if these factions win approval."

This warning from Sanchez Montero, which was challenged by dozens of arguments, was not to be accepted by the majority at the meeting. Some 213 of the delegates would vote yes to an amendment of the party bylaws by virtue of which the existence of factional views within the PCE will be recognized, while 155 voted against it. The new text reads as follows: "Within the framework of respect for the bylaw, factional views within the party will be legitimized in order to give expression to, to normalize and incorporate these various political views existing within it, which will enjoy full freedom of expression in its organs and publications, as well as in any other communication organ, both individually and collectively."

This was the bombshell at the Madrid Communist Party conference. And because of the importance of the organization involved, because of the nature of the discussion--in which Santiago Carrillo participated directly, and because of the time at which it occurred, the echoes of this development will affect the entire Communist Party. The discussion in this point will be repeated at the 10th congress, which will begin

next week. This is the body which must approve of or reject the factional views. Presumably, the majority of the delegates will vote against it, although it will be interesting to see how many supporters the proposal wins. In any case, what occurred in Madrid last week reveals the existence of basic factions of great importance in the communist ranks.

The discussion had an extremely inward focus. The statutory and organizational issues were the heart of the discussion. The problem of internal democracy, and on another level, that of renewal, constituted the freezing point in the internal clash within the third party of Spain, which is suffering from a serious membership crisis, major organizational and operational problems, and even the need for a definition of its political space in the current situation. Substantial sectors critical of the current practices of the leadership agree on the assessment that internal democracy, in its various aspects, represents the first and essential step toward dealing with the other political problems.

It was known in advance that the discussion would be tense, because the debates in the organizations on the base level, from which the delegates and the positions to be defended at the conference would emerge, were tense. The representative levels of communist membership, which in recent years has declined from 30,000 to 17,000 in Madrid, are the group, district and federation. On all these levels, the proposals and discussions about democratization were at the heart of the debate. The well-known "document of the 252" released a month ago and criticized by the PCE leadership, which blocked its publication in MUNDO OBRERO, was the main guideline for the polemic and the text on the basis of which positions were adopted. Some of those who signed it charged, before and during the conference, that there was a witchhunt, subtle repression of those who endorsed the positions defended in the document.

It was soon seen that the positions of the signatories had won numerically significant support, and that its supporters at the conference would be a sizable faction. Despite the various levels of filtration which the specific mechanics of communist party representation involves, and which curiously favored this view in this early stage, a substantial group of "renewal" delegates would be present at the conference. They came basically from the organizations in the middle-class residential zones. The majority of them were higher and middle-level professional people, plus some representatives of the workers.

The weight of these views would be numerically confirmed at the end of the second day of the conference. These delegates urged abstention from the vote on the report of the outgoing provincial committee drafted by Simon Sanchez Montero. And the report was approved on the basis of only 208 affirmative votes--47 percent of the total, in other words less than half--as compared to 85 negative votes and 153 abstentions. Why did these delegates abstain? "We agree with the general political postulates, but we reject the portion which analyzes the internal party debate and in particular the treatment given the critical faction." They could vote neither against nor for it. They were prepared to confirm the Eurocommunist orientation of Sanchez Montero's report, but they could not approve of his criticisms, which were in large part directed against them. The assessments of the report were termed "Manichaean, disqualifying and the expression of a monolithism which has not yet been abandoned," set forth in language "suited to the Third International." The renewal movement, as it could be deduced from the document of the 252, was described in the report as a "cancer which could destroy us if it is not eliminated." The

activity of this group was stigmatized as little less than factional, with the terrible damning connotation this concept has within the Communist Party, in which factionalism is equivalent in practice to activities against the party.

Two Types of Eurocommunism?

In addition, the abstention avoided a certain confusion. The "hard line" sector, which calls itself the "communist left" and is frequently and perhaps abusively called "prosoviet," was to oppose the report. The "renewal" advocates wanted to separate themselves from that sector. They were radically opposed to "unnatural pacts" with those who reject the basic suppositions of Eurocommunism, which in the view of the former is the basis for the demand for democratization and renewal.

Their position was endorsed by 35 percent of the delegates. Some advocates of renewal, as a part of the RTVE [Directorate General of Spanish Radio Broadcasting and Television] might well have done, irritated by Sanchez Montero's defense of his own report, in which he reiterated and intensified the initial content, voted no. Their numerical strength was confirmed. But this strength was not to be reflected in the higher body, the provincial committee, which the conference had to elect. The essential mechanism of the elections in the Communist Party, which logically represent the final expression following internal debate, is the candidates' commission, a specifically communist mechanism. A number of delegates representing each federation, along with representatives of the preceding provincial committee, draft an official list, that which systematically has every chance of winning. Whoever controls the candidates' commission wins the elections. And the tense battle for the structuring of this committee prior to the conference produced a clear result. The Eurocommunists termed "officialists," those who were to vote yes on Simon Sanchez Montero's report, the sector which, despite certain sometimes more than minor differences within their ranks, defend the concept of democratization and renewal, "but without haste," gained control of the candidates' commission. And thus entrenched, and with an attitude which one renewal advocate termed "sweeping," they would only allow the inclusion of ten renewal advocates in a total of 55 on the official list. To some in the renewal faction this seemed like an insult, and for almost all it was unacceptable. Some proposed immediate withdrawal of all the candidates. Others said it was necessary to try to get the plenum to listed to their reasoning in open discussion. A number of the so-called "officialists" made no effort to conceal their disgust with the narrow-mindedness of the members of the candidates' commission. Its attitude seemed to them exaggerated, and they believed that in any case, this could only aggravate the tension and the internal problems of the PCE. In the end, after an interruption of an hour--which many saw as an excuse for attempted negotiations, which began timidly and were cut short because they were unacceptable to important figures in the officialist sector, those presiding at the conference indicated that the voting procedure would begin. There was no opportunity for discussion and the mass withdrawal occurred. In an unprecedented spectacle in the Communist Party, the 10 renewal advocates, 2 delegates close to the position of the "hard-line faction," which had not won a single place on the official list for its most outstanding leaders, and 3 other candidates, initially termed officialists, announced their withdrawal. Another 55 included on the unofficial lists endorsed their move. There followed more than 50 2-minute statements in which one argument was repeated: "There has been intolerance. Those who drafted the lists believe they control the party. This will not democratize the Communist Party." They asked for a blank vote. Out of 227 voters, 214 cast blank votes. Julio Setien won the most votes, 200, with a total of 443 delegates present. A number of candidates were added to the committee list with fewer than 90 votes.

The blank votes on Saturday, following the abstentions the preceding day, led to a new peak of tension at the conference. Hours before this occurred, a number of amendments, that recognizing factional groups and others along the same line, had been approved by a majority, although a narrow one, in a working commission. Simon Sanchez Montero had spoken repeatedly during this discussion, reiterating his arguments of the preceding day. "The party is losing influence due to the internal battles," the former secretary general is reported to have said, having earlier announced his decision to abandon his work in the Madrid organization to devote himself entirely to the parliament.

Carrillo Against the Factions

Three major points were on the agenda for the Sunday session. The speech by the secretary general of the PCE--some viewed this as likely to calm the atmosphere, the plenary discussion on the factional groups and the official nomination of the delegates to the 10th congress--the second electoral episode at the congress, and one with regard to which an adjustment of its criteria on the part of the dominant sector in the candidates' commission was expected.

Contrary to the hopes of some, Carrillo's speech further heightened the tense atmosphere. His address, of which we are publishing a considerable portion, focused on the internal problem and whether or not to approve factions. Such viewpoints as that of Eduardo Mangada, first lieutenant mayor and one of the signatories of the "document of the 252," were widely shared by the renewal faction and some went even further in their criticism. "This was an unnecessary and unjust 'club' causing further schism instead of uniting," it was said. The view of this sector, which was later to triumph on the amendment concerning factional groups, was that Carrillo was excessive in his judgment of these groups and unjustly condemned those defending them, "accusing us of creating a second party."

Following the approval of the amendment--the opposition was defended at the plenary session by Adolfo Pinedo, the new political secretary in Madrid, the official list of delegates to the congress was announced. Forty-nine of the total of 165 were affiliated with the "renewal" position, in other words about 25 percent, a figure more consistent with the proportional weight of their views. There was no challenge and the list was approved by a majority.

At the conclusion of the meeting, after four exhausting sessions ending in almost all cases in the wee hours of the morning, some of the officialist delegates accused those in the renewal faction of "having divided the party" by approving the amendment. The dislike of factional opinions, so obvious in the case of the leadership and Carrillo himself, is regarded as "greatly exaggerated" by the renewal faction members, who make no secret of the real importance of the result of the vote on the subject. But they stress that this importance lies above all in the disruption of a state of inertia, in the demonstration that it is possible to triumph over the officialist positions by means of the vote, that the path to democratization is hard and will be full of battles, but that it is possible to win some. And also in the very meaning of the amendment: if we had had recognized factions before, a part of the membership exodus could have been avoided," it was said at the plenum, although in any case it is stressed--and the text itself confirms this--that the opinion-organized group-faction analogy frequently quoted is a false one.

The difficult Madrid conference, at which the discussions of the general line were not as important as expected, serves to confirm a new fact in the panorama of conflict within the PCE: when Carrillo and other communist leaders warned of the "prosoviet threat" some months ago, at the conclusion of the Fifth Congress of the PSUC [Unified Socialist Party of Catalonia], everything suggested that the internal battle would be waged between the "hard-line" faction and the Eurocommunists. The development of internal debate in Madrid, Andalusia and Valencia, as well as in the Basque country, served to confirm that there is another clash equally or perhaps more virulent, within the majority sector itself which defends the Eurocommunist postulates. While the "prosoviet threat" seems to be of smaller dimensions than those indirectly suggested by the leaders of the PCE, Santiago Carrillo sees a greater danger--and his speech on Sunday confirms this--to those who define themselves as "Eurocommunist toward the outside, but with an inward focus as well."

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EUROCOMMUNIST ANALYSIS OF PCE AS CONGRESS APPROACHES

Madrid LA CALLE in Spanish 28 Jul-3 Aug 81 p 17

[Article by Carlos Alonso Zaldivar: "Salute to the 10th Congress"]

[Text] On balance, the development of the PCE [Spanish Communist Party] between the 9th and 10th congresses has not been brilliant. There are positive elements, such as the electoral improvement in the 1979 legislative elections and the greater success in the later municipal elections, the pact with the PSOE [Spanish Socialist Workers Party], which made an outstanding communist showing in the town councils possible, and the overall results of that presence. There were certain parliamentary initiatives which it was possible to carry forward despite harsh isolation. But there was also a reduction in communist influence in the trade union movement and in other mass movements. The excellent relations with the government ended in 1979. On the international level, the anticommunist ambitions of the United States and also the winds blowing in Moscow, exerted pressure against the independent PCE policy. The comforting breeze recently has been that from the direction of France.

This is a harsh assessment, not one which should lead to despair. If a serious evaluation is made within the framework of the existing circumstances, it can be termed quite worthy and justifying the strengthening of the incentives for struggle by Eurocommunism. If this seems optimistic today, it is because there is another clearly negative assessment when it comes to internal party matters.

The membership decline exceeds 50,000. The quality of the membership has deteriorated noticeably. Territorial extension has brought with it serious losses of professional people and intellectuals. Relations between the base and the leadership are less transparent and direct than they were. Serious tensions between the center and the periphery have developed. The integration of trade union cadres and public officials in regular party life has not been resolved. The party press has suffered a serious decline.

When it comes to explaining all of the above, three different types of explanation arise. First of all, there are those who blame all of the evils on the endorsement of Eurocommunism. This criterion prevailed at the Fifth Congress of the PSUC [Unified Socialist Party of Catalonia]. Secondly, there are those who, rejecting this, have been saying that the problems of the PCE, including its internal ones, are the problems of Spanish democracy, in other words, their causes lie outside the party. The thesis concerning the party presented at this congress is based on this interpretation. And finally, there are those who, without denying external factors, also

stress as a cause of the problems and the limits on party action internal difficulties which must be resolved if the Eurocommunist policy we proclaim is to be implemented fully. Those who share the first viewpoint represent a minority of the delegates to the 10th congress, but it would be dangerous to overlook the fact that their explanations are those easiest to promulgate among the greater part of the party base. The other two viewpoints taken together represent the vast majority. Perhaps this is why there is a risk that the congress will focus on a sectarian struggle between the two. If this should happen, it would mean an error probably fatal to the PCE.

It would be fatal because Eurocommunism, instead of being further confirmed and established, as it could be, would be stripped and weakened to the benefit of those who are not Eurocommunists.

It would be fatal because the frontiers between the two Eurocommunist sectors are falsely defined. A backward-oriented discussion has been established through the use of personal and formal symbols. The highest symbol for the one faction is Santiago Carrillo, but we others neither are nor want to appear to be anti-Carrillo. This is not the problem of the party nor our problem. What we want is to democratize and renew the party in order better to pursue the Eurocommunist policy. We do not need nor do we want to define ourselves in terms of personal references. Perhaps for this reason, as well as our own errors, the cunning of others and the need for the press to simplify, we are faced with two false idols: existing trends and the desire to do away with the "old guard." Institutionalizing the factions will not resolve the basic question, which is developing a more Eurocommunist party. If the polemic is focused here, the result may even be the creation of greater difficulties. What is indeed essential in order to begin to resolve this urgent and complex problem is to guarantee all communists, that is to say each and every one, the right of individual and collective expression, inside and outside the party, and in its press organs, provided this right is not used for frontal opposition to those specific political decisions which have already been regularly and democratically adopted by the majority. And it also seems to me equally essential to establish the duty of the leadership to inform the entire party not only about the agreements reached, but also about the general nature of the disagreements which may have occurred during the decision-making process.

As to the intention to "liquidate the old guard," the only real aspect of this which exists, or rather existed, was a rebel outburst by someone which could only be repeated today from outside the party. What does exist is the need for this congress to provide adequate leadership in the basic areas of party work which have lacked it and that the work be distributed on the basis of political identification and capacity, setting personal alliances aside.

I believe that the democratization and renewal of the party today involves these things and something more: the strengthening of a ready will for party tasks, rejecting dogmatism, stubbornness and complacency, extreme respect for the party base, its criticisms, experience and needs, a determination to recover as many lost comrades as possible and to encourage better membership with more individual commitment and fewer orders. The congress can only do all of this in an indicative fashion, by approving a thesis concerning the party which assumes this attitude and bearing these concepts in mind when the Central Committee is elected.

If we want a healthy congress which will result in a united and renewed party which is more Eurocommunist, we should not wage a war on false frontiers and with improvised identities. If we do so, whichever faction has most delegates will win, but Eurocommunism will lose. The most intransigent faction will never be the most Eurocommunist, and that which should be most flexible in compromise is that best able to do this.

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UCD-PSOE AGREEMENT ON AUTONOMIES CRITICIZED BY PCE ORGAN

Madrid MUNDO OBRERO in Spanish 14-20 Aug 81 pp 14-15

[Article by Manuel Torres: "Agreement on Autonomies: An Idol With Clay Feet"]

> [Text] As our readers know, on 31 July 1981 the government and the PSOE [Spanish Socialist Workers Party] signed the "agreements on autonomies" after obliging the PCE [Spanish Communist Party] to leave the negotiations. Last week we already gave an account of some aspects of this surprising twoway discussion. To fill in some details we talked to Carlos Alonso Zaldivar, member of the PCE's negotiating committee on the issue of autonomies.

The day of 31 July was to be an agitated day on 3 Castellana, the place where the autonomy talks among the four most important national parties were just held. Theoretically, everything could have transpired as in many of the other sessions being held during the past few weeks, since nothing had been said officially about a deadline for the negotiations.

But for the communist representatives, the surprises began in the morning. The night before, following Felipe Gonzalez's third meeting with Leopoldo Calvo Sotelo, the government and the PSOE had agreed on the issue of the members of Cortes. And both sides placed it on the carpet.

As if a miracle were involved, the economic issue also emerged from the impasse. For entire weeks the communists had been demanding figures and, lo and behold, figures in abundance now started to appear.

"The government had undertaken 60 quantitative surveys on the matter."

And by way of surprise, the figures were discussed in a special room; a meeting attended by Laureano Lazaro on behalf of the PCE.

But as if a mystery novel were involved--a serialized one, incidentally--Martin Villa met with the communist delegation fairly late in the evening. The issue was very simple: Was the PCE ready to sign the LOAPA [Organic Harmonization Law of the Autonomous Process].

The communists said no, repeated that they had taken that stand since the start, from the time when they took cognizance of the Garcia Enterria report which Santiago Carrillo himself had communicated to Calvo Sotelo 2 days earlier, namely, that LOAPA has many unconstitutional provisions in it.

"One of the rapporteurs suggested during the negotiations that before the LOAPA was presented to the Cortes [parliament] it would be appropriate to consult the Constitutional Tribunal."

The minister of territorial administration then said that the matter of the agreements on autonomies is like lentils, that if they are signed at all they should be signed in their entirety whereas if the LOAPA is not signed nothing is signed. The communists argued that it is feasible to separate the LOAPA from the rest of the negotiations, that in the last analysis the LOAPA has to be approved by the Cortes and that there, theoretically, it can be amended. Or will no amendments to the LOAPA be approved in the Cortes?

The matter was settled all the same. The government and the PSOE had already taken a stance and,, politely, the communists were ousted from the negotiations. Finally things ended up as they had begun--with a semblance of a coalition government which, if it had really existed, would have facilitated more productive and unambiguous negotiations.

Posture of the Communists

After these accidents and incidents, it is appropriate to ask oneself what will be the PCE's posture vis-a-vis the issue of autonomies.

"As regards the political agreement the PCE insists on provisions like those already arrived at in the negotiations."

Some positions agreed upon among the four participating parties in the negotiations and which constitute the basis for the solution of the autonomies problems existing in this country refer to the geography of the autonomies, their schedule, and the rationality of the changeovers--positions which the PCE has insistently held as well as the need for an understanding from early 1980.

But even though the PCE will fulfill those agreements achieved at the negotiating table, a few points which were not completely clarified at that time give rise, in the light of what finally occurred, to more than serious ambiguities--for example, the issue of the Canary Islands.

When the PSOE and the government were not yet in agreement on every provision, Socialists and communists held concurrent attitudes on ths subject so that an agreement outlined among all the parties involved in the negotiations and which is to be introduced in the Cortes at the same time as the Autonomy Statute, an organic law based on Article 150 (2) of the Constitution, for which reason the authority conferred on the Canaries would take these islands' specific characteristics into account.

"We communists request the determination of the strict substance of the law, that is, of the matter to which reference is to be made."

The absence of the communists from the final negotiations seems to have shelved the issue. But the PCE is ready to demand again what was agreed upon at the time.

There Is No More Money Than Before

The communists do not concur with the figure finalized by the government and the PSOE for the Interterritorial Compensation Fund. The sum of 180 billion pesetas is 70,000 pesetas less than the PCE proposed.

The creation of the Interterritorial Compensation Fund does not mean that "more money" will be available to the various national groups and regions. Rather, what is involved is exclusively some new forms of redistribution.

The economic pact involves some additional problems. The money of the Fund can only be used as investment, that is, to create something new, but it cannot be used for maintenance--for example, for outlays to cover the cost of necessary personnel.

"Let us suppose that the Interterritorial Compensation Fund should decide to build a hospital in Carmona. The money to build the hospital would come out of the Fund. The hospital is completed. But for the hospital to function it requires personnel, a series of current expenditures that are fairly steep. Where would this money come from? I believe that the inhabitants of Carmona or any Andalusian may think that the money would come from the Fund. Yet, this cannot be because, according to the Financing Law (LOFCA), money from the Fund can only be used for new investments, not for current expenditures. Any Andalusian citizen may then think: Well then, let the government pay for it from some other fund. When we were planning this the answer of Jaime Garcia Anoveros, minister of finance, was not necessarily that the state was prepared to pay for this. Rather, he said that the autonomous communities should increase their taxes and pay current expenses from that point on."

Its Implementation Will Be Difficult

There is another set of issues which have remained somewhat ambiguous in the signed agreements, such as the fate of investments under way or which have been agreed upon by the government and by members of Cortes or the autonomous communities. Since this issue is not faced squarely, it could happen that some problems will continue--through the Fund--whereas others will disappear.

These are not the only problems that remain. The issue of the election of the deputations as agreed upon assumes in fact a majority system. However, the principal problems are in the agreement itself. The resolve of the government and the PSOE to sign the pact alone, despite its scope, transforms it into a giant with clay feet.

The opposition of the Catalonian and Basque political forces, the conflicts foreseeable in the future between the Socialists and Calvo Sotelo--for example, regarding the question of NATO--can cause a substantial change in the agreement on autonomies. The passage by the Cortes of the various laws that make it up will involve a veritable trial by fire for an agreement that is ill-conceived and badly implemented.

Correction

In our last issue an error transpired in the PCE's communique regarding the number of autonomous communities that had been agreed upon. The number is 16 rather than 17 as represented there.

2662
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ROMANIAN EDUCATION MINISTER REPORTS ON FOREIGN STUDENTS

Athens EPIKAIRA in Greek 9-15 Jul 81 p 58

[Article by Ilias Malatos]

[Text] "The 3,000 Greek students who are taking courses at advanced educational institutions in Romania are serious, studious, and do not create problems." These complimentary words--which our students, whether here or in foreign countries, are not very accustomed to hearing--were spoken by the most competent of lips; by the Romanian Minister of Education Aneta Spornic, who has come to our country on an invitation by the Greek government.

Mrs Spornic is a leading figure in her country. A professor of economics and political sciences, today she is a member of the Politburo of the Romanian Communist party. She is a widow and has one son, 15 years old, who is studying electronics. She is president of the Association of Women in Bucharest and has been a deputy for 10 years. She was vice-president of the parliament until she became a minister. Before assuming her post at the Ministry of Education, she was deputy minister of labor. In addition she has been president of the Academy of Political and Economic Sciences. She has written many scientific books such as on property, on labor, and so forth.

Always smiling, she captivates her interlocutor, and with her mental agility she knows how to repudiate but also how to respond persuasively and to defend what she believes in--a sign of her extensive education and also of her experience in life.

On the chief demand of the students for two more chances--examination periods--the Romanian minister answered in the negative. She stressed simply that the student who fails a course in February or June can repeat it in September. And as long as he has failed only one course, he can take the examination once again before a committee of professors, in the same month of September.

It should be noted that the students in Romania take examinations in February for semester courses and in June for semester and year courses. For example, the medical students in their third year had five courses to be examined on in June. If they failed four courses, they would remain in the same year. If they failed three courses they could repeat them in September, at which time if they failed two, then they failed the year as well. If they have only one course left to pass in, then they can take an examination once more before a committee. And if once again they fail this, then they remain in the same year and repeat all the courses.

"We want to guarantee to your children, as well as to our own children, a high-level education. Through both theory and practical training we want to prepare them for the profession which they will be following. Some 30 percent of our educational program consists of practical training. Thus, the student is given the opportunity to understand his discipline more readily." These were the points stressed to us by Mrs Spornic.

She spoke to us also in detail about the educational program of Romania and stressed that even when sitting at the desks of the gymnasium, the young person is being prepared already for what he wants, for what he can become. The State provides him with all the means for a free education. At this moment, 60 percent of all Romanian students have scholarships. This percentage had been even higher formerly, but recently the number of Romanian students has increased considerably.

She emphasized to us that in the advanced educational institutions, the 22,000 foreign students--from various countries, and consequently also Greeks--are not treated any differently from their Romanian colleagues in any way.

"We try to ensure exactly the same educational level to the foreign students as to the Romanian students," she said to us.

To our observation that there always exists some distinction because the Romanian student studies in his native tongue, Mrs Spornic replied that for this reason the foreign students have the preparatory year of university studies, where the young student also studies in the Romanian language the terminology of the discipline which he will be pursuing.

As for the extramural activities of our students, the Romanian minister of education spoke in flattering terms but stressed that the foreign students should not transfer to Romania their political convictions. "It is not permitted," she said to us, "for the students to try to work out their own political problems on foreign soil. We do not impose our own way of life on the foreign students. Therefore these foreign guests are free to attend to their religious functions and to have their own national holidays. We respect the political convictions of every person. Just as the foreign students do not want to have their peace disturbed, in the same way these must not spoil the peace of the others."

Moreover, she told us that complete medical and pharmaceutical care is given to all students, and that they have available to them special clinics in case they become ill. "Beyond these, we also have," she stressed, "special hospital centers with renowned professors for the prupose of specialist training in medicine."

At this point it should be emphasized that in the talks which she had with Greek authorities, the Romanian minister of education agreed with the idea of an exchange of visits by professors between the two countries.

The visit to Greece by Mrs Spornic, who was accompanied by A. (Sanislav), general director for advanced education in her ministry, will be helpful to Greek students who are studying in Romania.

12114
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CONFUSION AT TOP BLAMED FOR SLOWING DOWN SPACE PROGRAM

Rome AVIAZIONE in Italian Jul-Aug 81 pp 479-482

[Article by Igino Coggi: "How Not To Make a National Space Plan Take Off"]

[Text] The Interministerial Committee for Economic Planning (CIPE) approved the national medium-term 1979-1983 space plan on 25 October 1979, under the chairmanship of the then minister of Budget, [Economic Planning and Regional Affairs], the Christian Democrat Andreatta. Expenditure forecasts amounted to 200 billion lire to be distributed in 98 billion in the 1979-1981 period and 102 billion for the 1981-1983 period, with updating of the plan in accordance with the results of the 3-year period and distribution of funds for subsequent activities. "When I came into the ministry, I found this plan at a standstill for over 2 years, awaiting approval by the CIPE," the former secretary of CISL [Italian Confederation of Labor Unions], Vito Scalia, elevated to the rank of minister for Coordination of Scientific and Technological Research, stated to a group of scientific journalists on a study tour of Agusta at Cascina Costa, at the end of autumn 1979.

"I acted to have it approved as soon as possible, otherwise it would have become obsolete and would have risked being born outdated," Scalia went on to say, commenting on the plan. "CIPE listened to me, even raising the figure of 178 billion lire established in May 1977 to 200 billion to compensate for inflation." The Christian Democrat Scalia appeared, at that time, so full of good will and so "aggressive" in presenting his arguments that one of the newsmen present wished that he would stay in office at least until the end of the plan. The reply was approximately that ministers change, but that plans must stay. Precisely, there was a change of "chairs" in the ministry and Pierluigi Romita, a social democrat, replaced the former CISL secretary. The minister changed but the plan remained. At the time at which we are writing, another government crisis is risking leading to another change of minister, but the plan should stay. Naturally, it is to remain at a standstill, if it proceeds at the speed at which it has moved up to now, which is the speed of a stone. Not because of Scalia's ill will and not because of Romita's ill will. Because "space is a microcosmos in which the country's problems are reflected," Engineer Ugo Sacerdote, of the AERITALIA space activities group, remarked, pointing out how the lack of decision-making capability on the political level affects not only this activity but also all the nation's activities.

The following is read at Point 4 on the list of sectors provided for by the national space plan: "Programs for telecommunications: the plan provides for production of a preoperational satellite for sophisticated telecommunications in the 20-30

gigahertz frequency range (...)." Note: in a nutshell, that Italsat in which the Italian space plan has been identified, is a satellite that, if achieved in a useful time, might give Italy a very valuable techical supremacy, because the sector of 20-30 gigahertz is a sector in which the others either have not entered or that they are approaching only now, like the Germans. But how far along is this Italsat? "The Italsat is only a fetus," the director of the space division of one the Italian firms directly involved in the new venture pronounced, making perhaps only a casual reference to Law 194.

Viewed from the outside, it is a disconcertingly simple matter. Everything is there: program, industries, money. Only one small thing is missing: someone to manage the program. That is all. But it is a "that is all" that risks making the plan and projects fail, because, if delays continue to pile up on a program that was approved already with 10 to 12 months delay, the risk is run of making any effort useless. And the government crisis in progress at the time of writing certainly does not make it possible to have rosy hopes. Already on that 25 October 1979 on which the CIPE approved the national space plan, it was "recommended" that the minister for Coordination of Scientific and Technological Research should submit to CIPE itself "operational proposals for management of the aforesaid plan." At that time, Scalia was to say that one of his primary objectives was the establishment of an agency for coordinating Italian space activities both nationally and internationally and that his associates had already been charged with studying the statutes of the French CNES [National Center for Space Studies] and of the similar organization in West Germany. "I believe," Scalia said, "that this kind of agency is indispensable. I think that it should be 51 percent publicly controlled and the rest formed by private industry." Naturally, nothing was done about it.

On 17 January 1980, CIPE requested the National Research Council to manage the plan, but that management was to be "completely transitory" and the CIPE resolution in this connection added: "structural, organizational and regulatory insufficiencies and inadequacies making it difficult for the CNR [National Research Council] to perform tasks requiring prompt decision and rapid implementation, capability of drawing up, assigning and surpervising contracts, complicated by content and different execution practices pertaining to supplies for carrying out space programs, have already been observed." Therefore, in the opinion of CIPE, it was "indispensable for the transitory phase ... to be short and to have a term that will represent for the government a corresponding commitment and that, in order not to invalidate the times for implementing the PSN [National Space Plan], will expire, at any rate, by 31 December 1980." In the opinion of CIPE, management of the plan was to have been entrusted to another agency or general directorate, as of New Year's Day 1981, under "a ministry for scientific and technological research to be established" or, if it is believed that the establishment of a new ministry in such a short time is not very realistic, then an agency established by means of transferring to the space sector everything made possible by Law Number 259, of 5 May 1976, authorizing the IRI [Industrial Reconstruction Institute] to set up a corporation for executing applied research programs in the sector of propulsion and shipbuilding with public fund financing. And this should be within the framework of "other possible approaches already tested and operating in our institutional system."

The year 1980 died, taking with it both the idea of the ad hoc ministry and the idea of the corporation mentioned above. Two days before the first of the year,

on 29 December 1980, the minister for Budget and Economic Planning, Giorgio La Malfa, a member of the Italian Republican Party], in his capacity also as vice chairman of CIPE, signed the following resolution, "after hearing the report by the minister for Coordination of Scientific and Technological Research" (Pierluigi Romita): "The CNR will continue to administer the national space plan temporarily, in the understanding that by 31 December 1981 the minister for Coordination of Scientific and Technological Research will submit concrete operational proposals to the committee." The government crisis at the end of May, however, is giving rise to serious doubts on the possibility that "concrete operational proposals" can be submitted to CIPE by the specified date. This is not at all felicitous.

The crux of the matter is that the lack of an active top-level guide is blocking allocation of funds already appropriated. And the whole thing is stranded, if funds are not allocated. If it is borne in mind that the first contracts provided by a project launched in 1979 were awarded only this year, it will be realized how a national plan risks seeing its own objectives made useless, if it is not implemented in time. The validity of the objectives is limited in time, insofar as these objectives will be valid only if they are attained with an adequate advance margin. Otherwise it is entirely useless to embark on an undertaking with the risk of completing it precisely when these same objectives have already been successfully pursued by someone who moved later. The team of industries involved, from CNS [expansion unknown] to Selenia, from AERITALIA to Defense and Space itself, are in a stalemate position, while the great danger, emphasized somewhat by all, is that the funds already appropriated will be dispersed in a thousand small streams. In fact, requests are already appearing for small slices or for studies using funds intended for the plan and with 50 million lire one day, 100 million the next day there is the risk of using it all up very soon.

The risk of stranding and losses through delays is threatening practically every item in the plan. For example, the Italian Government has already reserved a flight on the American space shuttle in September 1985, but we also risk losing this initial "departure" with the danger of making all the other possibilities for using the same space shuttle slip away. And the Americans certainly are not waiting for us. The delay accumulating on the Italsat is serious. Production of this satellite--possibly in body stabilized or spin stabilized configuration--would open up to our country the possibility of selling complete satellite systems, thus reversing a situation that has always seen Italy, with the exception of the Sirio-2, in a minority position with participations never exceeding 30 percent in the international field. Sirio-1 served rather well for laying the groundwork for development of a policy of satellite productions for which the national space plan whould be the logical market. Moreover, the Italsat might be introduced as an intermediate phase toward production of smaller satellites available for sale to the Third World, a market in process of formation that will have to be watch carefully in the coming years.

Delaying Italsat means threatening this program with technological devaluation, making it outdated at the very time of its completion. And the danger is not unreal. In order to be effective, the commercial operation should start no later than 1990, but, in order to achieve that, a preoperational satellite is needed, precisely the one mentioned in the national space plan. In order to stay within the time limits, the Italsat must be launched in 1986. This means having the satellite ready no later than 1985. But the 1986 launching date is regarded by many

as entirely utopian, in view of the delays with which it is proceeding and bearing in mind that only Phase A was started in 1981, while Phase B should start no later than next September, in order to start Phases C and D in 1982, at the latest. There are doubts, even many doubts, that these times can be met. This is serious, if it is realized that by using a satellite derived from the Italsat, but provided the preoperational satellite is launched in 1986, Italy could play an effective card in space commercialization. Technically the capability for doing it is there. What is lacking is a decision-making authority that will make one single, effective, active person responsible for managing the national space policy and who can also act as a completely respected spokesman in matters of international cooperation. With the new government crisis, the risk of a further, ruinous postponement is unfortunately a shadow that is anything but transparent.

Financial Planning of the Space Plan
(in billion lire as of 1 May 1977)

	1979	1980	1981	1982	1983	Totali
- Ricerca di Base scientifica e tecnologica (1)	4	4	4			
- CRA e Base Kenia (2)	3	2	2			
- Programma Spacelab-Carichi utili (3)	1	3	3			
- Nuovo Programma TLC (Satellite + Lanciatore S.S.)	13	16	21			
Sistemi e strutture a terra (4)	2					
- Telerilevamento (5)	1	2	2			
- Propulsione e mezzi ausiliari (6)	2	3	3			
- Studi di fattibilità per realizzazione spaziali future di tipo avanzato (7)	1	3	3			
Totali	28	32	38			200

98 102

The sectors in which the national space plan is arranged with the pertinent spending distributions. Key: 1. basic scientific and technological research; 2. CRA and Kenya Base; 3. Spacelab programa--payloads; 4. New TLC [expansion unknown] program (satellite and launcher system and structures), ground systems and structures; 5. remote surveying; 6. propulsion and auxiliary equipment; 7. feasibility studies for future space achievements of a sophisticated type.

10,042
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PRESENT, FUTURE OF SOLID PROPELLANT INDUSTRY

Rome RIVISTA AERONAUTICA in Italian Jul-Aug 81 pp 64-70

[Article by Paolo Laurienzo: "Jet Propulsion in Italy"]

[Excerpts] Jet Propulsion in Italy

Italian activities in the field of rocket propulsion so far had been confined in the industrial area to solid propellants. Some industrial attempts have been made toward the application of hydrazine propulsion in space travel for satellite attitude control but the extremely limited commercial prospects of these applications do not permit the relatively heavy investments necessary to attain competitive status at least on the European level. Industry has always been engaged in some sort of studies on hybrid propellants, which were abandoned for the reasons given earlier, and on electrical propulsion; the latter was considered by SNIA Viscosa in a general exploratory study which on the one hand made it possible to get an idea of the development efforts and the investments necessary and, on the other hand, the limitations and the specific nature of practical fields of application (planetary missions); here again, Italian dimensions did not permit any further in-depth development. Viceversa, still in the electric propulsion field, magneto-plasma-dynamic propulsion looks worthwhile today; it presents a greater thrust compared to ions and hence opens up prospects for employment in the orbital transfer of large bodies. Finally we must mention the research activities conducted by several Italian universities on liquid, hybrid, and "air-breathing" propellants.

Why this interest in solid fuels? At the end of World War II, the ammunition industry in Italy was already 40 years old and consequently had experience in the field of explosives used for launching purposes. This knowledge was used after the war in "off-shore" orders assigned by the United States to European industrial establishments in connection with production of war materiel necessary to reconstitute the defensive base of the Atlantic Alliance. The technical cooperation, deriving from that, in Italy likewise helped develop a group of men with basic training that enabled them with decreasing timidity to look toward the new American achievements. In the meantime, the United States kept developing rocket and missile activities and this led to the production and massive use of small air-to-ground rockets, such as the famous 2.75" Mighty-Mouse.

At the time they were owned by Bombrini Parodi-Delfino, the Collegerro establishments began to use the knowledge and production equipment needed for launch explosives in order to learn how to reproduce the propellant substance of the

Mighty-Mouse. Parallel to that, we began to think of an entirely Italian product and these initial efforts produced the 2" air-to-ground rocket which afterward proved to have tremendous operational value and which is still quite popular on the market. It should be noted that many original solutions were introduced in that product (such as the rudder assembly, still protected by patent, and the engine cowling production cycle); the pertinent production line was so set up as to produce all components of the rocket in the Colleferro workshops, starting with the raw material. This complete and self-sufficient vertical setup is an almost unique characteristic of the Colleferro establishments which on various occasions enabled SNIA to be in a superior position on the market.

This brings us to the beginning of the sixties. The need for sophistication in armaments grew also in Italy and NATO began to look toward the adoption of missile systems. While the first steps had been taken for several years in Europe (and rather timidly also in Italy) to acquire an autonomous design and development capacity for new systems, the first programs for production, in Europe, based on American licenses, were drafted due to the impetus from operational requirement which could not await the long-drawn-out and laborious research effort. Italy subscribed to the Hawk program and that in turn provided knowledge on compound propellants.

Later on we will see through what experiences--starting with the historical background outlined earlier--SNIA achieved the role which it plays today in the solid fuel field, both double-base and composite. It seems a good idea to me to dwell now a little bit on the question, that is: why only solid propellants in Italy? The basic answer answer to this question, I believe, should be found in the rather clear separation between the fields of application of solid and liquid propellants and the subsequent priority destination of liquid fuels for the big space vehicles.

The enormous investments necessary to develop and produce liquid-fuel jet engines can be justified only if they are supported by broad-range practical application programs. Programs of that kind initially were established in the United States, both in space and in the military field, after which efforts were concentrated in the search for solutions to propulsion problems deriving from the planned conquest of space. In Italy, on the one hand, we never established a requirement for having a long-range missile because, in contrast to the institutional missions of the armed forces, space policy on the other hand was always pursued at the tail end of the European effort, also for reasons on budget limitations. It was therefore impossible to create the minimum conditions necessary for an industrial takeoff in the field of liquid propulsion. Without this foundation, it was not even possible to pursue less ambitious goals in this sector, such as to be able at least to reproduce relatively small engines, with storable liquid fuels, for military applications. Concerning SNIA itself, it repeatedly and on various occasions examined the possibility of acquiring the basic technologies and the necessary production plants; but the conclusion was negative each time because the analysis of nonrecurrent costs and their amortization always turned out negative. This negative attitude was recently modified, on the one hand, in relation to the established possibility of decisively assisting in the study of the system and in integration activities as well as propulsion system tests using liquid fuel, although without any production of components, and, on the other hand, the growing importance of these systems in orbital transfer activities resulting from the advent of the American Space Shuttle.

In the context of the above-mentioned motivations, which brought about the present situation in Italy in the field of jet propulsion, I consider it useful, for better understanding, to touch on the European situation and particularly on the British, French, and German situations. In the field of advanced weapons systems, Great Britain and France started off rather at an advantage after the war by virtue of their role as victorious countries, while Germany had to overcome the handicap of the peace treaty during a second phase at a cost of massive investments in research which were made possible by the German economic miracle, which was much more powerful and much more long-lasting than the Italian one.

Following in the wake of American research, the British were the first to get going, aided by a historically privileged relationship with the United States and by an investment policy which was not yet irreparably influenced by the breakup of the British Empire; on this basis, the United Kingdom right away expressed its space pursuits with considerable developments also in jet propulsion using liquid fuel. France had to wait for the maturing of Gaullism, the Europe of the fatherlands and the "strategic striking force" before any major developments where launched in the field of space technology and hence in jet propulsion. Parallel to that, Germany--held down, as we said before, by the severe restrictions imposed by the peace treaty--was able only to get ready to grab an opportunity to get back into the swing of things in a manner not directly connected with military developments. That opportunity came with the launching of the European space effort; the three countries were ready when the moment came, although each of them had gone through different experiences; they were ready to make the best possible use of the knowledge derived from space developments. In particular, Great Britain contributed to the first propulsion stage, in the development of the Europa rocket booster, with its own Blue Streak, while France and Germany worked on the perfection of the second and third stages, which were to use liquid fuels. Research and development on liquid-fuel jet engines were then continued in France and Germany which are today perfecting the propulsion stages for Ariane, in whose third stage cryogenic fuel technologies will for the first time be applied in Europe.

For the reasons given earlier, liquid propulsion is now firmly entrenched in France and Germany while Italy stuck with the first-generation technologies. Here, greater attention was devoted to double-base solid fuels, developed extensively in collaboration with the American Hercules; in the field of composite fuels, on the other hand, where it wanted to develop its own competence, Great Britain practically concentrated entirely on attempts at using fuels with poly-isobutylene which, being plastic, did not present specifically defined mechanical characteristics and would therefore be extremely difficult to use. All solid fuels also experienced broad development in France on the basis of the military programs drawn up as part of the "strategic strike force" and complete autonomy within NATO. Although it tried to overcome the initial handicap in the solid fuel sector, Germany in the end managed to establish regular production efforts only in the form of double-base fuels, likewise of the not advanced type, while regarding composite fuels it concentrated on prototype applications, remaining dependent however on France and Italy for all solid fuels.

Solid Fuels

I said earlier that only solid fuels were developed in Italy on an industrial scale. It seems to me that the time has come to take another look at the word "only" here. Solid fuels as matter of fact involve such a variety of technologies and entail such a tremendous volume of know-how that it is extremely rare to find production capacities for all of the various specialties in this sector combined in just one industrial complex. Without attempting a systematic classification, I consider it useful to list the various categories of solid fuels for the purpose of suggesting a specific idea as to the entire complex of the subject matter taken up here in this production area.

First of all, let us take a look at the morphological, technological, and basic application differences between the two major families of solid fuels: the double-base fuels and the composite fuels. The former are essentially made up of two chemical compounds (bases), both of them with the double function of fuel and oxydant: nitrocellulose and nitroglycerine. The intimate physical interconnection of the two components, in proportions that vary according to the techniques adopted, is intended to produce the correct stoichiometric ration between fuel and oxydant, the necessary mechanical characteristics, and the highest possible energy content. The basic characteristic of the double-base fuels in terms of practical application is the absence of primary smoke in the combustion products, which however is normally obtained at the price of a relatively low energy content and mechanical characteristics which are definitely inferior in relation to certain uses. All composite fuels are characterized by chemical separation between oxydant and fuel. The oxydant function is normally performed by an ammonia salt with a high oxygen content; the fuel function is normally entrusted to two different components: aluminum powder, which is indispensable in increasing the energy content of the fuel and in guaranteeing stability in combustion, and the organic polymer which also acts as a bonding agent for the mixture. Fundamental practical application characteristics of composite fuels include castability [screenability], which renders them adaptable to the most diverse forms of coverings, and the high mechanical and energy properties which can be attained, the latter achieved at the price of a heavy production of primary smoke.

Double-base propellants in turn can be subdivided, as a function of the manufacturing technology, into "extruded" and "cast"; double-base cast fuels must be more correctly defined as "adsorbed" [soaked] since the mixture of the two bases is accomplished through the soaking of nitrocellulose by nitroglycerine. Extruded propellants are obtained through extrusion with a press and therefore are suitable for large-series production but at the same time they are limited in terms of diameter by the capacity of the presses which cannot be increased infinitely, also considering the safety problems springing from this type of processing (a correct limit for the diameter can be considered 150 mm). Likewise directly connected with the type of processing, we have the usability of extruded grains only in a cylindrical form, except for minor adaptations of the terminal surfaces obtained from mechanical processing after extrusion. Besides, although theoretically possible, we would not advise the use of extruded grains in assemblies different from "free-standing" in relation to the major problems of adhesion to the envelope resulting from that. Finally we must disclose a last, distinctive characteristic among the two double-base families deriving from the processing method: the

extrusion process permits the insertion, into the propellant, of a larger percentage of nitroglycerine, with a subsequently greater energy content as compared to the cast fuels.

It follows from the above quite clearly that the double-base cast fuels are used in those applications in which it is indispensable, for tactical reasons, to eliminate any primary smoke in engines with a diameter greater than the extrusion limit. This employment motivation, which is always timely, has led to the study of new techniques in order to make the double-base cast fuels more powerful; this has brought us a new fuel family, defined in overall terms as "double-base boosted" fuels. In effect, only a single class of these fuels can be correctly considered to be of the double-base type: in them as a matter of fact we only increase the percentage of nitroglycerine until we get energy characteristics of the same order of magnitude as in the double-base extruded fuels. The other boosted fuels result from the inclusion--in the mixture of nitrocellulose and nitroglycerin--of diverse materials with a high energy content. Among these types we can distinguish another two classes of fuels: the "double-base composite fuels" and the "double-base fuels with explosive." The former are obtained by adding powdered aluminum and ammonium perchlorate to the two bases; with these additions, we get energy yields comparable to those deriving from a separate composite propellant but we get the production of primary smoke (due to the presence of aluminum) and secondary smoke (deriving from the condensation of hydrochloric acid produced by perchlorate). The addition of explosives to the double-base mixture is the only thing that enables us to obtain energy characteristics which are even higher than those of the best compound fuels, without any smoke generation; engines made with this technique however, apart from the difficulty and danger involved in processing, present one defect which considerably limits their field of application: they can easily explode due to the action of projectiles or splinters.

Composite fuels therefore so far have held a preponderant role in missile applications; the dimensions, the yields, and the easy handling required cannot be obtained otherwise so long as we remain in the field of jet propulsion properly speaking. Composite fuels likewise represent a big family made up of classes and varied species. Their classification is fundamentally based on the organic polymer used as fuel and as bonding agent; we have composite propellants with plastisol (with a PVC bonding agent; they have not found any major use due to their efficient mechanical characteristics), polyurethane, and polybutadiene. Polybutadiene in turn can consist of random carboxyls (PBAA, likewise revealing poor mechanical characteristics and therefore of little or no use), terminal carboxyls (CTPB, by far the class that is most widespread), and terminal oxydrils (HTPB, the latest to be in wide use). Without further dwelling on a detailed listing of the chemical-physical differences and therefore the application differences of real polymers, I would like to stress the fact that HTPB, compared to CTPB, is based on the use of a more economical polymer which permits the inclusion of a greater percentage of solids in the propellant, with a subsequent increase in the energy characteristics, which however is obtained at the price of a decline in the mechanical characteristics sometimes not acceptable in relation to the employment requirements.

As far as the oxident is concerned, the salt almost generally used in composite propellants is ammonium perchlorate. In some applications--especially when we want to get lower combustion temperatures (as in the case of gas generators)--we use

ammonium nitrate. In the United States, propellants have also been made with nitroformium [as published] but their use is not yet widespread and the pertinent technologies are not yet known in Europe.

The third fundamental component of composite fuels--powdered aluminum--is finally added always, as we said before, to increase the energy content. In this field likewise however we have run into the problem of making fuels without smoke and an attempt has been made to eliminate aluminum which causes the primary smoke. The absolute absence of aluminum however renders combustion unstable and it was therefore necessary to limit the percentage to the minimum (around 2 percent), getting the so-called "low-smoke" fuels which furthermore always entail the generation of a secondary smoke because of the condensation of the hydrochloric acid. To get "smokeless" composite fuels, it was necessary to work toward completely different formulations, such as the compounds based on the use of nitroformium.

Principal Programs Carried Out in Italy and Prospects

With very few exceptions, all of the solid propellants briefly listed in the preceding paragraph are produced in Italy and are comparable to the best in the world on all qualitative levels. This statement, which is supported by technical and commercial successes in the field, might make us think about the tremendous scope of research and investment efforts made by the industry in this branch in Italy.

It should be disclosed that when we in Italy speak of the propellant industry, we actually mean Difesa e Spazio S.p.A. [Incorporated]. For this particular situation we likewise have historical and technical reasons which we might bring out at this point. SNIA Viscosa, the leading Italian industry group in the field of textile fibers and chemical products, developed production capacities in the military and base sectors only in 1968 with the takeover of Bombrini Parodi-Delfino. From the technical and industrial viewpoint, this merger hower did not result in any break in the continuity in activities carried out in this sector in the establishments of BPD [Bombrini Parodi-Delfino] at Colleferro and Ceccano.

The present experience of Difesa e Spazio S.p.A. thus has its roots far back in 1912, when Colleferro started the production of dynamite, at first, and then ammunition; as a result of events during the two world wars, it remained and still is the main production activity. In this field, investments made over many decades by BPD gave it a dominant position in Italy already right after World War II. On top of the tremendous experience in launch explosives thus acquired we quite naturally now have, as we said earlier, the development and production activities, first of all, regarding double-base propellants and then composite propellants. The level attained today by Difesa e Spazio S.p.A. in these activities however has not been the result only of the normal development of a favorable solution but also of a very specific decision to specialize which was made several years ago. In view of the growing investment commitments in terms of men and resources required by these activities for defense and space, it was decided to concentrate efforts in the field of explosives, solid propellants, and their applications, dropping system activities in the missile field which were pursued for about a decade, likewise with significant technical results. This decision in less than 10 years enabled Difesa e Spazio S.p.A. to achieve a primary role which, in some respects, is unique in Europe in the field of solid-fuel jet propulsion.

With the basic prerequisites in terms of production capacity and past experience, as outlined earlier, the prospects should be viewed in the best possible light. The world market situation reveals aspects of great dynamism which, in a normal economic system, are bound to lead to worthwhile industrial achievements over the next several years.

These possible openings in the specific sector of jet propulsion however are threatened by general factors which cannot be controlled on the industrial level. For the deep crisis in which we live now above all increasingly restricts the public funds earmarked for research and the investments necessary to keep pace in this sector are becoming ever more problematical. The level of competitive capability must be defended day after day against the rapid obsolescence of technologies and the aggressive competition from industries operating in economically stronger countries. We cannot think in terms of organizing this defense only on the basis of industrial in-house financing which nevertheless has been accomplished massively in recent years. If the government, pressed by the urgency of a general and rapidly deteriorating situation, should have to drop an organic research policy also in the space and defense fields, then the present-day promising prospects would gradually shrink and we would thus have taken a further step toward underdevelopment.

Beyond these general considerations, it is possible to foresee the development outlines to be pursued in order to keep the engine industry on the level of competitiveness achieved. In addition to the routine work involved in coming up with new formulas in the composite propellant field, a tremendous improvement effort yet remains to be accomplished on boosted double-based propellants. But this effort does not offer any new ways of employment; it only serves to enlarge the range of utilization requirements which can be met with solid-fuel jet engines. A jump in employment and technologies however is connected with the development of propellants with extremely high combustion speed which open up new horizons to all those applications which demand the achievement of high muzzle velocities with low launch weight.

Along this same line of specialization in the propellant industry--although beyond the field of jet propulsion as such--we come to "air-breathing" which is already replacing jet propulsion in long-range Sea-Skimmer missiles and, as I said earlier, which will replace solid-fuel propulsion in very many long-range missile applications. In this field likewise it is absolutely necessary and technically possible in Italy likewise very quickly to start practical application developments so as to try to gain at least some of the ground lost on the European level.

In space, it is possible to say that the technologies used in engines currently being developed cannot be further perfected. There are however, major prospects for product diversification. The space propulsion systems which Difesa e Spazio S.p.A. can put together range from apogee motors to boosters for space vehicles, to orbiting systems used from the Space Shuttle, to missiles such as the Scout and the Diamant BP4. In this field we have already specifically ascertained international interest both in boosters and in the Ariane missile, both regarding the external propulsion stage and the Space Shuttle. The possibility of implementing these programs once again depends on the political determination to move along certain development lines.

Resources and Manpower

I should now provide a framework of resources which SNIA, first of all, and then also Difesa e Spazio S.p.A. progressively had to obtain for themselves in order to reach the specialization level they have attained now. But that would only give us a dry listing many pages long; or we should devote an entire article to this aspect. I believe that it would be better to confine ourselves to indicating some essential elements which would give us an idea of the entire complex of efforts made in this direction.

Regarding manufacturing plants, instruments, and control equipment, as well as testing facilities and instruments Difesa e Spazio S.p.A. invested several scores of billions. At the Test Center alone we have three specific plants, which are among the best in the world and which do not exist in any other organization in Europe. Here we have an x-ray plant equipped with a linear 8-MeV accelerator capable of x-raying engines with a diameter of up to 2 m; a vibration plant equipped with the most powerful vibrating table on the market (30,000 pound-force, sinusoidal); a static engine test stand with altitude simulation, capable of maintaining a pressure of 8-10 mm Hg for a duration of up 60-90 sec of combustion. A second plant of this type, but for engines with a propellant of up to 2,000 kg, is now being completed; a new plant for static tests in the atmosphere, for big engines, such as the Ariane boosters, is also being prepared.

Another aspect of the experience acquired here seems to me worth disclosing here; it involves the scope and variety of the software assets developed through the acquisition of basic programs from third countries and their adjustment to specific requirements, as well as through a decade of activities of preparing special mathematical models. The main object of this software includes combustion chemistry, flow-dynamics, heat analysis, structural analysis (in an elastic viscoelastic setting), aerodynamics, external ballistics.

To manage this hardware and software inventory we need highly specialized technicians working in the individual activity sectors. In order, as I said in the beginning, to obtain the experts who plan to go into jet propulsion, it seems necessary to me to provide some more detailed information on that score so as to give them some indications for guidance in their professional training. The Study and Research Group, Difesa e Spazio S.p.A., currently has 350 personnel on its staff; half of these people are on the specialized technical level and are college graduates. Here are the main fields of specialization represented in the group:

Design: structures, internal ballistics, aerodynamics and external ballistics, operations research, systems studies;

Manufacturing: mechanical, composite materials technologies, chemistry and physics;

Control: reliability, quality, configuration;

Testing: physical, electronics, instruments;

Management: program chiefs.

It has been possible to recruit some people on the labor market who are already trained in these special fields. We can say however that basic training must necessarily be combined with specific training in industry; we wish it were possible to give this kind of training within one semester--but that is not possible.

By saying this I do not want to blame the schools directly for the situation which goes beyond other shortcomings of a general nature which everybody deplores and which certainly cannot be controlled by those who run our schools. On the other hand, I consider it necessary to evidence the chronic insufficiency of connections between schools and industry. This is why we must, I believe, do everything possible to close this gap.

With this view in mind, the Directorate of the Aerospace Propulsion Institute of the University of Rome has organized a series of seminars on jet propulsion. I hope that some direct advantage in terms of information may spring from this initiative. But above all I hope this will only be the first in a series of contacts between the schools and industry which will help reduce the existing gap and--why not--also eliminate some lack of understanding which in the past has resulted in sometimes bitter competition between the officials responsible for these two branches, both of which are fundamental and indispensable when it comes to mounting a serious and continuous effort to achieve scientific and technological progress.

Most Important Achievements of Difesa E Spazio S.p.A. (Formerly SNIA Viscosa)

Development of Rockets and Engines for Missiles

2" air-to-ground rocket (double-base extruded motor).

SNORA 80-mm air-ground-rocket (developed in collaboration with Swiss Oerlikon; double-base extruded motor).

Multipurpose 105-mm rocket (for use from ships for passive anti-missile countermeasures; three different engines, double-base extruded).

Field saturation weapons system, FIROS 25 (using a 120-mm rocket; double-base extruded motor).

Engine for Aspide air-to-air missile (propellant using polybutadiene with terminal carboxyls).

Engine for surface-to-air missile (propellant with polybutadiene and terminal oxydrils).

Engine for Indigo missile (development in progress: double-based boosted, cast-type propellant).

Development of Space Transport Engines and Systems

Prototype probe rockets, varied dimensions and performance.

PAS apogee engine (for experimental launches with Europa II rocket, not performed; motor checked out on ground; total weight 189 kg; 153 kg polyurethane propellant; specific impulse in vacuum 275 sec).

Sirio apogee motor (for Italian experimental telecommunications satellites launched on 25 August 1977; total engine weight 203 kg; 177 kg polybutadiene propellant; specific impulse in vacuum 286 sec).

GEOS apogee motor (for European scientific satellite launched on 20 April 1977; engine developed in collaboration with French SEP; total weight 305 kg; propellant with polybutadiene, 270 kg; specific impulse in vacuum 287 sec).

MAGE 1 apogee motor (for satellite in Meteosat class; engine developed in collaboration with French SEP and German MAN, being checked out; total weight 350 kg; 321 kg propellant with polybutadiene; specific impulse in vacuum 293 sec).

MAGE 2 apogee motor (for satellites of the ECS and TELECOM class; engine development now in progress in collaboration with French SEP and German MAN; total weight 540 kg; 500 kg polybutadiene propellant; specific impulse in vacuum 295 sec).

Separation rockets for Ariane booster (three different types; retrorockets for slow down of first and second stages; accelerators for second stage; accelerators for third stage; checkout completed; production of flight units now in progress).

Two-stage Alfa experimental booster (flight-tested successfully in three launches with only first stage active; principal first-stage engine characteristics: total weight 5,950 kg; propellant weight 6,050 kg; total thrust 1,350,000 kg/sec).

Boosters for Ariane 3 rocket (two boosters increase the paylod capacity in transfer orbit of Ariane from 1,950 kg to 2,350 kg; main characteristics: 7 m long, diameter 1 m, total weight 8,500 kg, 7,300 kg polybutadiene propellant).

Series Production of Rockets and Missile Engines

2" air-to-ground rocket (ordered by Italian Air Force and foreign customers).

SURA 80-mm air-to-ground rocket (orders from foreign customers).

DIRA 80-mm air-to-ground rocket (orders from foreign clients).

SNORA 80-mm air-to-ground rocket (orders from foreign customers).

Multipurpose 105-mm rocket (orders from navy and foreign customers).

Engines for COBRA AT missile (orders from Italian Army and foreign customers).

Engines for MAMBA AT missile (orders from foreign customers).

JATO rockets, double-base, cast.

Engines for Hawk missile (produced by Aerochemie, associated with SNIA; polyurethane propellant).

Engines for Sparrow missile (produced by Aerochemie, polybutadiene propellant).

Engines for improved Hawk missiles (HELIP program; production in progress at Aerochemie).

Overall, the production effort outlined above resulted in hundreds of thousands of rockets and double-base engines and many thousands of composite-propellant engines coming out of the Colleferro establishment.

(With a degree in mechanical engineering, Engineer Paolo Laurienzo has been a member of the board of directors and an advisor to SICA S.p.A., an employee of SISPRE in Rome as designer, as well as design office head and chief of the prototype and testing division. In 1968 he joined SNIA Viscosa as deputy head and then as chief of the "rockets, missiles, and space programs" sector. Today he is director of research and development at Difesa e Spazio S.p.A. in Rome and a member of CIAS (Interministerial Committee for Space Activities).)

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NEUTRON WEAPON'S ROLE IN EUROPEAN DEFENSE STRATEGY

Paris POLITIQUE ETRANGERE in French Jun 81 pp 409-425

[Article by Maurice Leman: "Neutrons: the Anti-invasion Weapon for a European Defense System." Maurice Leman is a specialist on military affairs, a member of the Institute of France, and an alumnus of the National Defense Institute for Advanced Studies. He contributes to STRATEGIE ET DEFENSE, a review published by the Association for Defense Research and Studies, and recently published an article on French nuclear deterrence in DEFENSE NATIONALE. Leman currently heads a study group on European strategy and defense.]

[Text] In their recent book, "Echec a la Guerre" [Checkmating War]--published by Editions Copernic, Paris 1980--S.T. Cohen, an American physicist, and Colonel Marc Geneste, a French reserve officer, define an employment doctrine for the enhanced radiation weapon. Any employment doctrine for that weapon cannot help but create numerous problems--political problems mainly--which it is advisable to take into account before starting to produce the "neutron bomb."

Weapon's Principles, Effects Have Been Known for Many Years

It is appropriate at the outset to recall that the neutron bomb is not a bomb dropped from a plane. Instead, it is a warhead for missiles or for artillery and mortar shells with or without an additional explosive charge. It is designed for use against enemy military forces on the battlefield. Although it is a low-yield weapon--with 10 to 50 times less explosive power than "regular" tactical nuclear weapons--its effects have nothing in common with those of the chemical explosives used in conventional artillery shells. Its yield of approximately 1 kiloton is not released in the form of mechanical or thermal energy but mainly as kinetic energy transmitted to neutrons contained in the warhead's fissionable material.

These neutrons are released in very large numbers--about 1.5×10^{24}, i.e. more than 1 million billions of billions*--and sprayed at high speed in all directions, or focused so as to direct their effects. These high-speed neutrons can penetrate metallic substances, while losing only a small percentage of their energy, and attack living tissue, producing irreversible lesions therein. In a way, the neutron bomb is to the tank what a fragmentation grenade is to the foot soldier, except that

* The number of 1.5×10^{24} neutrons emitted by a 1-kiloton device is from J.B Margeride's theoretical analysis of the neutron bomb published in STRATEGIE. This number is obtained by applying Avogadro's law to the fusion reaction of 4.8g of deuterium and 7.2g of tritium releasing an energy of 10^{12} cal = 4.18×10^{12}j = 2.5×10^{25}MEV.

the neutron bomb's fragments are extremely small, extremely numerous, and extremely deadly to a soldier shielded by armor at distances of several hundred meters from the point of detonation.

Unlike the conventional artillery shell which physically damages the tank and generally spares its crew, the neutron bomb separates the tank-crew pair by disabling the crew. In addition, since its residual radiation dissipates very quickly, the neutron bomb allows the area to be occupied immediately after the blast for the purpose of destroying the undamaged tanks or possibly taking possession of them.

If the defending troops have a target acquisition capability extending deep into the attacking enemy's positions, and provided further that the defense can deliver fire rapidly and with sufficient accuracy, it is now possible to neutralize any armored formation located inside a circular area of 3 square kilometers by employing a 1-kiloton weapon. At the same time, there would be very little collateral damage to friendly military personnel or the civilian population within that area provided they had taken a certain number of simple precautionary measures.

Any living person or creature moving about at ground level, whether shielded or not by metal armor, receives a fatal dose of nuclear radiation, whereas a few dozen centimeters of earth are sufficient to protect the defender who is immobile and underground. By providing the defense with the specific firepower it has lacked in confronting the armored forces of a possible aggressor, the neutron bomb does, in fact, suggest the necessity of formulating new concepts of employment which make it possible at last to expect an effective defense.

An Effective but Politically Condemned Wall

The modern barrier system devised by the authors of "Echec a la Guerre" is a sort of Maginot Line adapted to the nuclear threat. It is a fortified defensive line consisting of bunkers that are sufficiently underground and dispersed to withstand hits by high-yield nuclear weapons. The zone of obstacles erected within the intervals between bunkers is supplemented and protected by a parallel radioactive strip or belt which would be automatically activated by friendly or enemy nuclear fire.

There are some who will offhandedly denounce the "wall" by likening it to a new-style Maginot Line. Such an accusation, if it were to be made, would be singularly unfair or indicative of an ignorance of history. Need we recall that Guderian's panzer units did not pierce the Maginot Line but outflanked it? The truth is that the Maginot Line's main weakness was that it ran no farther north than Longwy. Had it been extended all the way to Dunkerque, and had the French general staff adopted a different employment doctrine for tanks, we could then have had five to six armored divisions which assembled in the Champagne region would have been in a position to concentrate behind our fortified defensive system for their counterattack, and thus smash the German offensive. The events of 1940 should not prompt any outright rejection of fortifications as a defensive instrument. Those events merely proved that such a system must cover all land borders so as to compel the enemy to assume, without delay, the posture disclosing the direction of his main effort and thus give defending forces the time necessary to switch to the counteroffensive.

In "Echec a la Guerre," the role assigned to the radioactive wall is meant to do nothing more than compel enemy armored forces to become the target of a new type of counteroffensive, one that allows tactical nuclear antitank fire to replace the classical counterattack involving basically tanks.

The case made by the authors is satisfactory from a military standpoint. It does, however, invite serious objections because it fails to take account of the international political context, and notably the situation in Europe. A strategy can only be the instrument of a political plan. Yet it is to be feared that the solution proposed by the authors of "Echec a la Guerre" reinforces the existence of the two opposing blocks, or as a consequence, the influence of our American allies within the Atlantic Alliance.

Flexible Response is not Suitable for Europe

By deferring the use of nuclear weapons, NATO's present doctrine constitutes a standing invitation to attempt an invasion of Western Europe. The European theater's lack of depth does in fact, preclude making strategic withdrawals over long distances, withdrawals with which the logistical support of the conquering armies cannot keep pace.

It is hardly conceivable that if the Warsaw Pact forces were one day to start driving westward, they would do so without first having weighed the risks of such a venture and considered the possibility of nuclear retaliation against their cities. If despite these calculations, the Soviets were to launch an unprovoked attack, it would be because the American deterrent had failed to work in Europe's behalf.

It is difficult to see how the Soviets would take seriously any U.S. threats of retaliation made during the initial phase of a conventional battle in which tactical nuclear weapons had not yet been employed. Given the ratio of forces between NATO and the Warsaw Pact, European countries would thus have to choose between the invasion, or for some of them situated on the front line, "salvation" at the end of a merciless nuclear exchange. When one considers the characteristics--range and power--and number of Soviet and American theater weapons, it is obvious that Western Europe would be spared the invasion at the cost of a tremendous loss of life and property from which it would not recover for a long while.

Hence if Warsaw Pact forces were to commit an aggression by land against the European nations of the West, it would be vital for those nations to launch an immediate nuclear holding attack at the Iron Curtain and the USSR's satellite countries bordering on the FRG must be convinced that if they were to agree to serve as a base of operations for the Warsaw Pact offensive, they would at once suffer the disastrous consequences on their own soil.

Such a risk could not help but have a strong deterrent influence on the countries in question and, in consequence, discourage the Soviet Union, deprived of the support of its "allies," from crossing the Rubicon. In short, the USSR's protective buffer [glacis] formed by the people's democracies--not part of the Soviet sanctuary any more than Western democracies are part of the American sanctuary--is vulnerable to tactical nuclear arsenal blackmail, provided Western Europe is able to exert such pressure. This presupposes that European countries have their own nuclear arsenal, including the neutron bomb, and an employment doctrine diametrically opposed to the current flexible response doctrine.

Such an agonizing revision does, of course, imply radical reorganization of NATO, the structures of its "large" [division and higher] units, and perhaps their deployment: all changes designed to ensure that the decision to employ neutron weapons at division level--from the very beginning of the offensive, along the line of contact and, if necessary, in coordination with the delivery of tactical nuclear fire throughout the depth of the enemy positions--does not arrive too late. While the problem posed does have a technical and tactical aspect that military commanders and staffs are capable of solving, it is also and above all an international political problem, namely the problem of redefining the role of European countries with a view to establishing a veritable partnership between the United States and Europe within a renovated alliance.

Outline of Possible Neutron Weapon Employment Concept

Immediate construction of the proposed fortified defensive system west of the Iron Curtain poses primarily a political problem. To return to the subject of the Maginot Line, it was for diplomatic reasons that the French Government did not extend it to the North Sea. We did not want to block the French-Belgian border because we knew Belgium would have reacted unfavorably to what it would have considered an unfriendly gesture on our part.

It is doubtful, though for different reasons, that the Federal Republic of Germany is willing to supplement the Iron Curtain with a parallel fortified defensive line that would further isolate the GDR.

German public opinion would probably view this new wall as its government's acceptance of an irrevocable act, namely the permanent division of Germany into two nations. Military strategy cannot escape political realities. One such reality is that anything seemingly conducive to a deeper division of the two Germanies will inevitably encounter stiff opposition from the FRG. It is necessary, therefore, to consider replacing the proposed wall with a mobile system capable of striking a violent blow stopping the aggressor the moment he crosses the Iron Curtain.

This mobile defense system would be based on a triad of components, namely antitank infantry, nuclear artillery and battle tanks. The first component, equipped with individual and crew-served weapon systems--rocket launchers, missile launchers, light tanks armed with missiles--would be responsible for establishing contact with the large enemy groupings [les gros] and stemming their onslaught. Nuclear artillery would have the mission of delivering fire against these elements to a depth of 12 km or neutralizing regiments of the leading or attack echelon. Battle tanks would be assigned such tasks as counterattacking in support of temporarily repulsed antitank infantry units and reclaiming areas "nuclearized" by the artillery.

The FRG's territory has the appearance of a north-south corridor perpendicular to the traditional invasion route from the east. While the corridor does end in splayed fashion on the Baltic Sea, it is barely more than 200 kilometers wide at the bottleneck between Alsace in France and Thuringia in the GDR.

These simple geographical facts oblige Western Europe to limit to the maximum extent the land space of any possible conflict with Warsaw Pact forces. The battle against the aggressor must be fought inside a strip of territory extending no more than some 50 kilometers west of the Iron Curtain, in order to avoid jeopardizing the NATO disposition of forces threatened with deep penetration separating forces within the Palatinate and Hesse in the north from those within Baden-Wurttemberg and Bavaria in the south.

In such a situation, France would become, by the force of circumstances, the only way through which to restore the physical unity of the allied armies. To avoid causing a military disaster within their ranks—a development that would corner us in a position with no way out except to have our nuclear deterrent enter the fray--we would be induced very quickly to grant NATO forces the right to use the northeast quarter of our territory to facilitate their tactical and logistical movements. We still hear it said that "France is on the second line," a statement used by some to explain that, because of this comfortable position, our country would not be immediately involved in a conflict in Europe. A look at the map and a grasp of the basic military facts surrounding the problem are enough to negate such reasoning. Given the smallness of the "Rimland," each inch of ground yielded to the aggressor west of the Rhine jeopardizes the outcome of the battle, as on the Marne in 1914...

Without the neutron bomb, the odds would be against expecting to slow, stop and neutralize the enemy when having but such a small space in which to maneuver. Yet, as we shall see, thanks to the capabilities this formidable weapon gives ground combat forces, this should be possible. Provided, of course, the infantry and armored cavalry make full use of the possibilities offered by the terrain, as always, but by employing modern means of collecting and processing information.

Accordingly, information on the characteristics of the battle position area selected--crest lines, gaps, obstacles, edges of forests--should be carefully compiled, indexed, analyzed, converted into digital data and stored in a computer. Using the tremendous capabilities of operational research combined with the power of electronic data processing, optimum battle models could be created and tested in field maneuvers during which officers, NCO's and enlisted men would familiarize themselves with the natural surroundings in which they might possibly have to fight. In particular, engineer troops should prepare detailed plans of minefields and all types of obstacles capable of effectively supporting the infantry.

Subject to the invulnerability and adequacy of the neutron bomb stockpile, defensive forces should be able to fight that decisive holding action and battle of attrition which tacticians have dreamt about for centuries. The Battle of Verdun was its prefiguration, but without being decisive because of the lack of instantaneous artillery fire and the battlefield's location in a much too narrow slot of the area of operations, a slot that allowed both sides to relieve their troops periodically with replacements drawn from other sectors of the front or from their strategic reserves.

But the acquisition of moving targets deep within the aggressor's positions is already a difficult problem to solve, and the enhanced radiation weapon demands great vertical and horizontal accuracy. To smash an offensive, it is still necessary, however, to disorganize the logistical support and command and control system of the enemy's large units. Command posts, bases of operations, ammunition and fuel depots, supply convoys, and lines of communication are all targets highly vulnerable to strikes by "standard" high-yield nuclear weapons. Area fire would help produce the desired results. This fire would be delivered by theater nuclear artillery units launching missiles with an effective range of approximately 1,000 kilometers, thereby permitting a volume of concentrated fire to be placed on any point of the front inside a stretch of ground 200 to 300 kilometers wide east of the Iron Curtain.

Under this fire plan, neutron weapons would, therefore, be employed solely against enemy forces in contact with friendly troops, whereas "blind" and massive fire from "standard" nuclear weapons would be used to crush the roots of the offensive deep within enemy positions. The highly dispersed deployment of launchers on the territories of European countries, France included, would make these weapons relatively invulnerable because a preventive attack on them by missiles, SS-20's in particular, would justify a strategic nuclear response from us. A European tactical nuclear capability backed by the French anticities strategic deterrent forces would give meaning to the concept of "enlarged sanctuarization."

Yet the imperative tactical requirements governing employment of the neutron bomb imply decentralization of the decision-making authority for its use. It was this necessity that prompted a president of the United States to withdraw, a few years ago, miniaturized nuclear weapons--"mininukes"--from the American units to which they had been issued under the preceding Administration. The decision to use neutron weapons near the line of contact, close to friendly troops, cannot be made at a command level higher than division, "Neutron strategy," to use Jacques Isnard's term, is an operational strategy which must not be locked--or thus lose credibility--inside the restrictive yoke of political decision-making whose time factor would inevitably serve to negate the strategy's effectiveness. It is, in fact, the very principle of political control over tactical nuclear weapons that is called in question by the neutron bomb.

A European Tactical Nuclear Deterrent Force

It would be excessive for me to attempt to define in detail the organization, composition, structure, deployment, and political subordination of the European system of forces responsible for employment of tactical nuclear weapons, including the neutron bomb which should constitute one of the two pillars of that system.

While the first pillar—theater nuclear artillery--may be built independently of the air and ground forces and joined thereto within an organization under an independent joint command, the neutron bomb should, if possible, find within the existing ground forces a favorable organizational structure allowing it to be employed under the desired conditions of rapidity, efficiency and safety.

The ground forces scheme of maneuver should henceforth be designed around and according to the properties of neutron nuclear firepower, the use of which would constitute the major event.

Accordingly, the ground forces of the member nations of the WEU [Western European Union] stationed in the FRG and organized into three armies, each consisting of two or three corps having three or four divisions each, would be armed with enhanced radiation weapons. This total of 27 divisions or brigades would be furnished by the following countries: Belgium, three brigades; France, three armored divisions; Great Britain, four armored divisions; Netherlands, one armored brigade; and FRG, 16 armored brigades.

In addition to its present conventional units, each division artillery regiment would have a battalion of three nuclear batteries, each with three launchers mounted on a wheeled platform sheltering the crew from chemical weapons.

The regiment, being responsible for the employment of these firing batteries, would receive orders to fire from the division (or brigade) delegated authority to make such decisions.

With an adequate maintenance float of approximately 60 launchers, the Community's ground forces deployed in the FRG would have 243 operational launchers immediately available at all times. Their basic combat load of ammunition--12 rounds per launcher--would amount to 2,916 rounds on hand at all times in unit trucks (one truck per battery).

The capability given the nuclear combat forces thus organized, their command structure, their logistics support which should be calculated to sustain 3 or 4 days of intensive combat, and the peacetime deployment of their units, should enable these forces to move out in one of three strategic directions within less than 24 hours with the mission of making contact with large enemy groupings at the Iron Curtain as quickly as possible.

With reference to the command organization, it is clear that, to be effective, such an instrument as the neutron bomb can be controlled solely by a European hand, because it is an obvious fact that Europeans are the best judges of the most appropriate strategy for the defense of their own territory. This means that the large European units which become part of the proposed system of forces must be withdrawn from the NATO integrated military command and placed under a European command. The European tactical nuclear deterrent force command, placed on an equal footing with the command of the U.S. forces in Europe, would be subordinate, within the WEU framework, to a European defense council represented on the North Atlantic Council by its president. Those countries wishing to do so, could continue to sit, as such, on the Atlantic Council.

Those air and ground forces not belonging to the European tactical nuclear deterrent force would remain under command of their respective governments or be integrated within a force that would constitute the Atlantic Alliance's strategic reserve.

A more European defense of the Old World is what Henry Kissinger was alluding to in Brussels in September 1979 when he asked Europeans not "to demand strategic assurances that cannot be given" by Washington. It is up to Western Europe to furnish those assurances commensurate with foreseeable threats by formulating a realistic strategy adapted to its geopolitical situation.

An Indirect Strategy of Anti-invasion Deterrence

Ever since the introduction of nuclear weapons and the invulnerable delivery vehicles capable of delivering such weapons anytime and anywhere, there have been three conceivable methods of action for deterring a potential aggressor from starting a war of territorial conquest:

1 Threaten the potential enemy with massive retaliatory strikes upon his territory in response to a major aggression which the deterring party cannot or does not want to oppose directly. In this dialectic argument, the deterring party is the one who should take the initiative of escalating the situation to extremes or capitulate if the other party ignores his threat.

2. Be able, in addition, to fight a battle limited in both space and time with the objective of destroying the bulk of the enemy's armies and thereby compelling him, if he wants to continue his aggression, to take the initiative himself of escalating to mutual suicide.

3. Provide oneself with conventional and nuclear forces quantitatively and qualitatively superior to those of the enemy, and sufficient to contain his invasion forces and prohibit him from engaging in any nuclear blackmail.

The choice among these three methods of deterrence must be based on an analysis of three types of factors, namely political, economic and strategic.

Because of its extreme vulnerability to invasion by land, its concern about political independence, and its limited financial capacities, France adopted the first method but is drifting imperceptibly toward the second by arming itself with more powerful tactical nuclear weapons.

The United States, for its part, would like to have the Atlantic Alliance choose the third method by adopting a sort of division of tasks between the Old World and the United States. While the former would further build up its conventional forces to contain the invasion in the European theater, the latter wants to retain an absolute monopoly on production of the tactical and strategic nuclear arsenal, plus exclusive control over the decision on possible use of that arsenal.

One immediately preceives the ambiguity of such a strategy which claims to provide identical guaranties to Europe and the United States even though their respective geostrategic positions expose them to threats of a different nature. While the United States risks solely the destruction of its sanctuary, Europe is confronted at the same time with the dangers of invasion and/or destruction of its entire territory.

It is mainly on the assumption that it would threaten the USSR with massive retaliation to protect Europe from invasion by Warsaw Pact forces that our ally across the Atlantic is threatened in turn with a Soviet counterblow, with destruction. Thus while Europe wants the lowest possible nuclear threshold, the United States, on the contrary, seeks to raise that threshold to the highest possible level. Hence our "great ally's" insistance on having Europeans provide themselves with an anti-invasion defense system that would prevent the United States from one day finding itself in the suicidal position of having to honor its nuclear guaranties on behalf of Europe. Nor is it an insult to our ally to point out how impractical it is to count on the self-sacrifice of the great majority of American citizens who, in the event of a conflict on this side of the Atlantic, would serenely accept the status of hostages so as to save Europe from its sad fate. Hence the increasingly widespread idea communicated in the word "decoupling," a poor choice of word because it uses the American vocabulary to express what is precisely a fundamental disjunction between the defense of Europe and the security of the United States.

Whatever they say, whatever they do, Europeans must take cognizance of the fact that because of the new global strategic context, an incompatibility now exists between their security and the security of the United States. This is undoubtedly why, in desperation, Europeans accept the deployment of Euromissiles on their soil in hope of thereby staving off disaster through a regional deterrent serving as a link

between an impossible European conventional defense and the problematic assurance expected from the American central nuclear umbrella. A serious fallacy, because the Euromissiles are vulnerable to a preventive attack and the decision to use these weapons will depend on the good will of Washington where there is greater concern about not jeopardizing, with these missiles, the security of the United States than about ensuring Europe's defense.

Nothing can be done to make it possible for a veritable solidarity to exist within an alliance the moment the parties involved are subject to very different vulnerabilities and are compelled, in order to guard against them, to take, some in relation to the others, unconscionable and unshared risks. This is the tragedy of the Atlantic Alliance in which Europeans, because they contribute scantily to the security of the United States and expect everything therefrom, are condemned to accept becoming the New World's unstable appendage on the Eurasian continent.

Provided each pillar within NATO applies itself as best it can to shield itself from its own specific vulnerabilities by its own means and in such a way as to make the others run only acceptable risks, then it is possible to get out of the impasse in which the Alliance has been foundering ever since abandoning the doctrine of massive retaliation of the 1950's.

Between France's minimum deterrence and the impossible absolute deterrence of which obdurate European Atlanticists dream within an alliance in disarray, there is room for a genuinely European strategy adapted to the politico-strategic situation in Europe.

Before defining the strategic concept into which tactical nuclear deterrence should be incorporated, it is essential to explain where and how the "neutron battle" revolutionizes the art of war.

First, because of its density, it prevents the attacker from throwing fresh divisions into the battle, or rather the attacker's reinforcements are expended at the same rate as their rate of arrival in the combat zone. The fact that the enemy's attrition rate is proportional to the defense's firepower indicates how rapidly the offensive must throw all of its forces into the battle which very quickly reaches a culminating point. Thus, through force of circumstance, the war becomes identified with the duration of the battle.

Then, as a direct consequence, the neutron battle, because of its short duration, prevents the enemy from mobilizing his industry. Such mobilization is the prime cause of the duration of modern conflicts. During the last two World Wars, it allowed the countries involved to transform themselves into immense logistical bases in support of their armies in the field.

Lastly, the neutron battle subsequently deprives the aggressor of the mass of troops required to occupy the coveted territories.

It would take some 50 divisions to conquer or hold the million square kilometers of continental Western Europe. The war of conquest has no sense unless after the invasion the conquerer secures his hold over the vanquished countries by maintaining limited forces therein. This eternal problem of all conquerers has never been solved.

At best, the nuclear forward battle would culminate in the extinction of the aggressor's ground combat forces, and at worst, in the mutual destruction of the belligerent forces. Yet even in this latter case which is the most unfavorable outcome for the victim of aggresssion, the defense would still have the last word because its decimated armies would still have accomplished their mission, namely to protect the attacked country from invasion, whereas the enemy would have lost his forces without having attained his political objectives.

War in its pure concept, absolute in its outcome, as described by Clausewitz and unimaginable in that Prussian general's day, is now possible. The nuclear forward battle restores the defense to its former noble status by compelling the aggressor to raise the stakes to a dangerous level without great hope of winning. If in addition, as we shall see, the Warsaw Pact's solidarity is jeopardized by its internal political relationships and the geographical position of its member countries, then the nuclear forward battle imposed on the aggressor introduces such risks of internal destabilization that the latter must logically forgo taking the offensive.

Leaving aside those questions raised about the neutron bomb earlier herein, it is clear, to see that the proposed concept does not lead ineluctably to actual use of the neutron weapon. For these obvious geopolitical and geostrategic reasons, the Soviet Union has little chance of winning a conflict in Europe without the perfect cohesiveness of the Warsaw Pact forces. Therein lies the USSR's main vulnerability. It should be exploited by using the possibilities offered by an indirect strategy of deterrence: the threat of a nuclear battle fought largely east of the Iron Curtain on the territory of the USSR's allies. In that case, is the Soviet Union likely to escalate the level of violence and launch retaliatory strikes on major European cities with its Eurostrategic arsenal, knowing that it would thereby lay itself open to nuclear counterblows from France and Great Britain? We may reasonably doubt that it would.

Consequently, thanks to the strategic nuclear capabilities of our own country and of our neighbor across the Channel, plus our established bonds of solidarity with other European countries, it is possible to conceive of a specifically regional and European strategy of deterrence, one of whose components--the European tactical nuclear arsenal--and the strategy's point of application--the USSR's satellite countries--could constitute the foundations of a European security system.
The argument advanced by some to the effect that the possession of tactical nuclear weapons by Europe, and particularly by the FRG, would constitute a casus belli does not appear sound, for the simple reason that the Soviet Union has much more serious reasons to fear the deployment of Euromissiles directly threatening its sanctuary than nuclear weapons directed solely against Warsaw Pact forces engaged outside Soviet borders. Provided the USSR pursues a defensive policy, it has no reason to fear a European tactical nuclear arsenal of deliberately limited range. It is only if Soviet divisions were to launch an offensive to the west that they would have to suffer the deadly effects of that arsenal.

Some political scientists view the protective cordon with which the Soviet Union has surrounded itself, not as a sign of an imperialist power's expansionist aims, but, on the contrary, as an obsession with security, a withdrawal behind a defensive wall of buffer states, a screen behind which it desires merely to maintain the cohesion of its vast empire. Other political observers, however, believe that in continuing to follow the policy of the czars and opportunely using Marxist-Leninist ideology and proletarian internalionism as its support, Soviet Russia is actually seeking to extend its borders.

In that case, it would not hesitate to use military force each time it believed the stakes involved outweighed the risks. Thus the invasion of Afghanistan may be logically interpreted as the USSR's desire to "cover" its autonomous Moslem republics of Uzbekistan, Turkmenistan, and Tadzhikistan in the south by a socialist Islamic state, or just as logically, as the conquest of territory capable of serving as a point of departure and base of operations for subsequent expansion in the direction of the Persian Gulf and Indian Ocean, in other words, toward oil and warm waters.

At all events, what can be said is that satellite countries, of which history so frequently furnishes us examples, are a source of either strength or weakness depending on the role the dominant central country wants them to play. As concerns the people's democracies, or at least the greater part of them, if indeed the Soviet Union does want to keep them within its sphere of influence for the purely defensive purpose of preserving socialism's gains, then we may consider them to be really contributing to its security. If, on the contrary, the USSR intends to use them some day as a springboard to new conquests and force them to participate with their military forces in such ventures, then they would have no choice but to dissociate themselves therefrom, provided the risk taken by their agreeing to be a party to this venture was greater than the risk involved if they were to refuse.

Hence the continental shield aspect of Western Europe's defense policy is quite clear.

Based on what is admittedly a coldly realistic appraisal--but who would venture to claim that international relations in this day and age are not governed more than ever by the balance of forces?--this policy consists in using the Soviet Union's protective buffer to Western Europe's own advantage by deterring the buffer's vassal states from furnishing assistance in any form or under any possible pretext to an aggression upon Western Europe. How? By the threat of having to suffer the ravages of a disastrous battle fought on their territories. With what means? With massive fire from theater nuclear artillery--neutron bombs and 10-kiloton warheads--directed simultaneously on armored forces, their logistical support, and other military objectives throughout the depth of the enemy positions. Under this concept, the Soviet Union would be deterred from escalating to extremes by the second-strike capabilities of the combined French-British strategic nuclear forces positioned so as to cover the European tactical nuclear deterrent.

All in all, it is a matter of increasing the psychological credibility of our present deterrence of the strong party by the weak party through the appearance on the scene of a third small and vulnerable party without whose complicity, the strong party, deprived of essential support, is doomed to fail in its venture. The small party is deterred by the weak party from compromising itself. The strong party is then tempted to eliminate the weak party and carry on as planned but is, in turn, deterred from actually executing those plans by the risk of being subjected to the weak party's posthumous vengeance.

Under the current concept, if faced with an incipient invasion of our territory, we threaten to fire first, action that amounts to inflicting a priori punishment for an offense during its commission. Exemplary punishment, to be sure, but not enough to prevent the aggressor from wreaking terrible vengeance by exterminating us, or from continuing the invasion so as to collect payment for the blows he has taken.

Is not an indirect strategy aimed at the vital interests of a third party more likely to bar the way to the USSR which, if it does not give up, is then constrained to take the dangerous initiative of escalating to the point of making first use of nuclear weapons and thereby signing its own death warrant?

It is evident that under this new concept, the neutron weapons of the forward defense area should enable West Europeans, if attacked, to respond immediately with nuclear fire delivered at targets outside their borders, and at the same time enable them to deter the USSR's satellites from following that country in a hostile act of which they would be the first victim. The neutron bomb, a semantic weapon, does not take the place of the French termonuclear bomb. In a dialectic, it strengthens the thermonuclear bomb's potential credibility to the benefit of those European countries who would agree to cooperate with us in building a specific defense system within a more European Atlantic Alliance.

Nevertheless, insofar as this concept is aimed at deterring the USSR in two steps, and to begin with, through the satellite countries that endure Soviet protection more than they ask for it, the concept may be condemned on principle. Although there is reason to question whether certain government leaders whose career is linked to the communist regime, sincerely wish to shake off the yoke so as to free themselves, and thus lose their privileges and all hope of ever regaining power within a democratic system in which they would have again become ordinary citizens. Yet if one admits that under such communist regimes, the people are not responsible for their fate, it is reasonable to wonder whether this strategy is lawful or proper.

All things carefully considered--unless the word "strategy" is stripped of its real meaning, namely a proxeology of force based on the geopolitical realities that govern international relations--we cannot see what other strategy would be better adapted, at the present time, to Western Europe's situation.

If war were to break out in Europe, the Soviet Union would in all probability be the instigator, and it would logically be in the interest of the United States to confine the war inside our continental boundaries. This does not mean, quite the contrary, that such a conflict limited in space would be similarly limited in the weapons employed. It is even conceivable that there would be no curb on the war's violence other than the prudence of the two superpowers concerned about avoiding having their soil subjected to its devastating effects. This in no way excludes massive employment of tactical nuclear weapons in accordance with the Schlesinger doctrine. As for the Soviet doctrine, everyone knows that it is based on offensive operations with deep nuclear supporting fire throughout the enemy positions. We can see, therefore, which territories are threatened with the ravages of such a battle: those on both sides of the Iron Curtain outside the sanctuaries of the two superpowers. Hence the alternative is as simple as it is bitter: them or us, or them and us, in other words, the USSR's satellites or Western Europe, or both. And to prevent it from being us, and if possible, not them either, because their people do not deserve it, we must convince them it would not be us because we have the preventive means plus the calm resolve to use them.

This strategy which is designed to inspire respect if not fear--but a salutary kind of fear--in the USSR's "allies," is unquestionably an evil, but an evil necessary to our security, and one that will remain so as long as the satellite countries belong to a Moscow-led pact which is actually a political and military instrument serving exclusively the interests of the Soviet empire.

France's Influence, Role

By 1985, with the multiple-warhead M-4 missile progressively scheduled to be installed in its submarines, France will possess enormous destructive power. By approximately 1990, with the addition of three SNLE's [missile-launching nuclear-powered submarines] and modernization of its current-generation submarines, France would have the capability, with only four to five submarines on patrol, to strike between 200 and 300 population-economic (demo-economiques) targets. With the naval component [of the Strategic Nuclear Forces] alone, we shall thus have the capability of causing a potential aggressor a much higher degree of damage than the stake we represent, whereas our present defense concept of the "weak versus the strong" is a concept of proportional deterrence. At the same time, it is illusory to believe France could survive if our national deterrence were to prove successful during a conflict that would culminate in the occupation of our neighbors and allies across the Rhine. Cut off from our former EEC partners, we would see our economy collapse, unemployment surge, and, as a result, we would be faced with an unprecedented social crisis. We would then no longer have any choice--yet at what a price in internal upheavals!--but to accept either "Finlandization" or the American protectorate, in other words, eventually Pax Sovietica or Pax Americana.

Hence it is logical and realistic for us to use the superabundant deterrence we will have for the benefit of those European countries with which our fate is linked, countries whose integration into the Soviet Empire would constitute, as we have just shown, a direct threat to our existence as a sovereign nation.

Hence the program initiated by General de Gaulle and steadfastly continued by his successors will not have been useless. The "bomblet" so disparaged at its birth has now come of age. In France, it has finally been adopted, out of conviction or opportunism, by all political parties and movements. In foreign countries where it was formerly the subject of sarcastic comment, it is now given the respect which power inspires. Voltaire wrote: "We owe our respects to he who rules over people's minds by the force of truth, not to those who enslave by violence, and also to he who knows the universe, not those who disfigure it." In a world dominated by two superpowers, a world that is prey to the propaganda of totalitarian ideologies on which the ignorance of the masses subsists, it is well and proper to have the force of truth supported by the force of arms of the old Western nations.

Within the present global context marked by the evolution in the balance of nuclear forces between the United States and the USSR, a balance now tilting in favor of the Soviet Union, the American nuclear umbrella sheltering target-Europe [Europe-objet] is losing its credibility.

Consequently it is indispensable and urgent for the Old World to assert its authority in relation to the United States by getting out of its present situation of being the recipient of defense-related assistance. Europe has the resources with which to do this. It is, therefore, a matter of having the will to do it. In 1966, despite a storm of indignant protest, General de Gaulle made a historic decision that nobody now any longer disputes, namely the decision to withdraw the French armed forces from NATO's integrated military command system because he regarded the situation of a nation dispossessed of its defense to be intolerable. In so doing, he set the only course that can be taken by a Europe whose political goal is to remain free... and European.

A few years ago, in a book entitled "Les politiques exterieures dans la crise," [Foreign Policies in the Crisis], A. Grosser concluded: "It follows from this that there can be strictly speaking no European security system. Either, in fact, the system is European, that is to say it does not include the United States, and in that case, there is no longer security but Soviet domination. Or else, there is security thanks to the balance between the two superpowers, and in that case, there is no European system but simply a subsystem of Russo-American relations "

For my own part, I believe Europe will not be secure as long as it does not possess its own defense system.

Provided European countries want such a system, it can conceivably be built by approximately 1990. The neutron bomb has its place in this system, on condition that it is European...That is the whole point.

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NATO REPRESENTATIVE DEFENDS DETERRENCE, TNF STATIONING

Rotterdam NRC HANDELSBLAD 17 Aug 81 p 7

[Article by C.D. Barkman*]

A great deal has been written and said about how a new world war can best be prevented and how peace can be maintained. Millions are spent for this goal annually and countless persons spend a part of their lives under arms with the same end in view. But opinions on the way that a war can be prevented and on the form of peace differ. A great many read every day about the horrible risks of an atomic war--soon to become unavoidable, it is often added--and become more and more dejected. They wonder whether the whole defense effort still makes any sense and whether we must not in any case get rid of those frightful nuclear weapons.

When one follows the discussions in the Netherlands (from the outside and yet from the inside out, in the sense that in NATO one is constantly very closely concerned with it), a number of things stand out.

First of all, many seem to assume increasingly that the Netherlands is a sort of island that need take no account of the world around it, or still more, that the Netherlands must and can force its ideas on the world around it ("Nuclear weapons out of the world").

Another thing that stands out is that our greatest ally, the United States, with its open, democratic form of society, with which we have so much in common and to which in great measure we owe our freedom and economic growth after the war, is often put on a par with such a closed and totalitarian state as the Soviet Union. Often more understanding is expressed for the way the latter country behaves than for America.

The above is a very strong misrepresentation of the real situation. It is not so that we in NATO have a pronounced enemy image before our eyes, or that we would fail to recognize the Russian people's great qualities of mind and heart. Nevertheless, it is clear that just from the Soviet system and the way that it functions at home and abroad, there can be no thought of putting these two countries on a par.

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Lastly, it is conspicuous that many in the Netherlands have an unclear concept of the NATO strategy of "deterrence." [The Dutch word is "afschrikking," literally "frightening off."--Translator] Really this is not a very good expression, for it is not the intention to inspire fright and terror in anybody at all. It is much better to speak of a strategy of "restraining," of "dissuading"; the French call it "dissuasion." The idea is, in every situation of confrontation with which we could be faced by an opponent, to have a proportionate response ready, with the aim of discouraging the opponent from purposeful aggression, i.e. to make it clear to him that he had better not attack because the risks that he would then be taking are not balanced by the advantages in view. Only in the second instance, when such aggression has been entered upon, will NATO defend itself by military means and try to end the conflict at as low as possible a level of violence. In this line of thought nuclear weapons are not there to be used, but to be *not* used. If against all expectation it should ever be necessary to use them for a signal function, there are still possibilities to let the opponent know what the aim of the (limited) action is, in order to prevent any misunderstanding. The strategy is not at all, as some ethicists honestly believe, based on terror.

A misconception, thus, about the allied strategy (established and accepted by 15 governments with all the information at their disposal and studies by their best experts); a misconception, too, about the rôle of the nuclear weapons.

This rôle of nuclear weapons is paradoxical; for an optimal "dissuasion" the weapons must be seen by the opponent as usable. Or in other words: by keeping open the possibility of using them if the occasion arises and by having sufficiently credible means of doing so, we need never get in a situation where they have to be used.

Then does this mean that we must calmly keep making more and more of those weapons? No, we must continue to work for reduction. But that takes two parties *and* a great deal of patience and perseverance. Now I can well imagine that many a person gets the hopeless feeling that no progress will ever be made in the discussions of arms control and that it would be better to end them... Especially those who have little to do with foreign policy and international negotiations often have the least understanding of the situation and are the most impatient. This is completely understandable. But the mistake that is then often made is that in their impatience they want if necessary to take unilateral measures, such as reducing our own nuclear assignments and not being willing to cooperate on highly necessary provisions decided upon by the 15 allies.

Such unilateral measures would immediately reduce the chances of serious negotiations on arms control. For then there would no longer be any reason at all for the Soviets to give a quid pro quo for a thing that was dropped in their lap as a unilateral gesture. Unilateral elimination of nuclear weapons, whether by the Netherlands alone or by the West as a whole, would have a very upsetting effect on the present security system, which in spite of everything has provided a relative quiet and peace in Europe for the past 35 years. This upsetting of the security system would achieve precisely the opposite of the desired result, as the chief aim is still to promote peace and security.

Ergo: arms reduction? Yes, but not unilaterally and not by wildcat maneuvers. I am always taken aback when I see politicians on television reject or trade in a certain number of atomic assignments, as if they were playing a quartet, with

no evident concern for valid military and political arguments. Some simply take the position that we must unilaterally reject nuclear assignments, perhaps retaining one or two so as to continue to have an influence on the process of arms control, an influence that in such a case we should be sure to lose. Again that idea of the Netherlands as an island that has nothing to do with the world around it, unless we can serve that world as a guide. But what a strange sort of guide, running ahead alone and not keeping the group he is supposed to lead with him...

This brings me to a subject that has been and is being much discussed in this country: the stationing of cruise missiles in the Netherlands, and specifically three "flights" of 16 each, or a total of 48. The past history of this is well enough known so that I do not need to go into it here. Let me merely remind the reader that back at the beginning of the 1970's the Soviet Union set about modernizing its medium-range tactical weapons, in part by the introduction of the SS-20, which not only has a far greater range than the previously existing systems, but also a considerably greater accuracy and mobility.

In addition, the Soviets have improved their antiaircraft defense to such a degree that their air space has become more and more impenetrable for our planes, so that the "dissuasive effect" of an important part of the western medium-range nuclear weapons threatened to lose its credibility. It then also became clear that there must be a search on the NATO side for means of neutralizing the threat of the SS-20 as far as possible. I use this formula intentionally, for it is not always a matter of opposing every new weapon with an equivalent of our own. It is a matter of keeping our policy of "restraining" ("deterrence," if you will) credible. The gap that had developed here had to be at least partially filled one way or another. Where parity had been achieved between the superpowers in the field of nuclear weapons, this new lacuna in Europe threatened to create an unbalanced situation, with the ultimate risk of disengagement of American strategic nuclear power.

How long was it before NATO took up this question seriously? It was not until 1977 that Chancellor Schmidt sounded the alarm in a speech in London. Not until 2 years later--after all, we are good democratic countries--was a study produced, on the basis of which the ministers of our 15 countries in December 1979 reached a double decision: stationing of 572 cruise missiles and Pershing II's in a number of European NATO countries, to begin in 1983 (!), and at the same time an offer to the Soviet Union to begin negotiations immediately on arms control in the field of medium-range tactical nuclear weapons. All of this shows, by the way, that the West certainly did not react head over heels, but only very late, to the development and stationing of the SS-20.

Not until July 1981 did the Russians indicate a willingness to begin discussions of this offer, but before and during the discussions they continued to demand that on the western side all "forward-based systems" (chiefly planes, but also certain strategic systems which were already included in SALT!) and also the nuclear weapons of the United Kingdom and France should be included in the negotiations, but without simultaneously offering for their own part that they would include other medium-range systems. Then came a change of administration in the United States, which naturally caused delay, although the studies within the framework of NATO continued. Before long the discussion of this subject will be resumed between Washington and Moscow. It must be hoped that the Russians will move from their initial untenable point of departure in the direction of an honorable agreement acceptable to both sides. Meanwhile, throughout that time there has been a new

SS-20 added every week, so that the threat to us has increased and the bargaining position for the Soviet Union has improved considerably.

Shock

In December 1979 the Netherlands shocked its partners by declaring that it could not make a decision on the stationing of 48 cruise missiles--our really not unduly large part in this joint project--until December 1981. We would make that decision in consultation with the allies and in the light of the concrete results of the arms control talks offered by NATO.

It was assumed that SALT II would have been ratified by that time, and it was hoped that the so-called "shift study" would be completed by then. But these were not conditions of our decision. It was clearly the intention of the Dutch government to give arms control a chance before a decision was made to allow stationing here in the Netherlands. And that is the way the others saw it; it was not appreciated, because everybody agreed unanimously that the only way of getting the Russians to come to an agreement lay precisely in the *double* decision. If we make a half decision, the Soviets will naturally not stop with their SS-20's; why should they, from their point of view? After all, arms control can never serve as a *substitute* for defense, but it can serve as a necessary complement.

Now nearly 2 years more have gone by. The negotiations have not yet yielded anything, have not even gotten properly under way, partly as a result of delay in American decision-making, but mostly as a result of unreasonable Russian demands and obstruction, which Moscow is invited to engage in by the ambivalent attitude of the West. Can we now in all conscience declare in December of this year that we are *again* putting off our decision? In some political circles in the Netherlands that is being talked about quite unconcernedly. It is not my business to get involved in an internal political discussion. But I do feel obliged to sound a warning that those who are talking that way cannot expect, if they simply announce a further postponement in the ministerial session in December, that the allies will accept it without more ado. In the Netherlands they cannot just say: "We did not foresee that; we thought it would come out all right."

Breach of Faith?

It *will not* come out all right. On the contrary, such a Dutch breach of faith, the breaking of allied solidarity--in these times more necessary than ever--, the refusal to do our morally obligated part, all this would make a wretched impression, would very seriously damage the position of the alliance itself and that of the Netherlands both in and outside of NATO (in the EC as well), put the Federal Republic of Germany in a difficult position, render the negotiations with the Russians more difficult, and have a considerable effect on stability in Europe. Are they really so naive as to believe "that it would all come out all right?" Moreover, such a Dutch attitude would not result in one nuclear weapon less.

In the final analysis it is our goal to serve the cause of peace. All things considered, our position with regard to the double decision of modernizing the medium-range nuclear rockets is not so far removed from that of our allies. They, too, recognize that a favorable result of the negotiations can lead to a considerable reduction of the total number of 572. Do we, who are out in front in the matter of arms control and playing a very active part, want to underscore this quite clearly once more in December? There cannot be any objection at all to that. It

is even conceivable that we shall say: "We are now deciding in favor of stationing (in or shortly after 1983), but if the negotiations come out favorably in the meantime, we will test this decision against that fact and consider it again."

None of our allies will think such a "yes, but..." is nice, but at least in that way we should avoid the many disadvantages that I just indicated. We should then not deviate essentially from the unanimous NATO decision (as the Belgians are doing) and should promote the Soviet willingness to engage in real negotiations. If we make an honest and proportional contribution, as may be expected from a responsible government, then our influence in NATO, though I do not wish to overestimate it, is certainly not small. Right now we have a unique chance to increase that influence and make more active use of it.

8815
CSO: 3105/164

GERMAN TERRORIST SEEKING SPECIAL PAPER SHOOTS POLICEMAN

Paris LE FIGARO in French 13 Aug 81 p 9

[Text] It was definitely a terrorist, one of the most wanted in the FRG, who fired on a peace officer on 4 August in Rue de la Chaise in Paris.

Inge Viett, 37 years old, has positively been identified by two German specialists of the antiterrorist force, who came to France at the request of the crime division. She is the mysterious "young woman on the motorcycle" who seriously wounded, with a shot to the head, a 31-year-old policeman and father of three children, who just wanted to point out that she was driving without a helmet. The German terrorist has since been actively sought, but without success.

Inge Viett is one of the founders of the "Movement of 2 June" and was one of the members of the "Berlin Combat Group" and the "Red Army Faction" (Baader-Meinhof Group). First arrested in May 1972 for participating in an assassination attempt against the British Yacht Club of Berlin, Inge Viett escaped 1 year later. Subsequently accused of participating in February 1975 in the abduction of Peter Lorenz, the chairman of the Christian Democratic Party of West Berlin, she was apprehended on 9 September 1975 in West Berlin. Her release was vainly demanded by the skyjackers who diverted the Air France "Airbus" to Entebbe in late June 1976.

But Inge Viett managed once again to escape, from the Tiergarten women's prison in Berlin in July 1976 in the company of three other women. Actively sought by West German police, she still could not be found, although her trail has been picked up several times since then, particularly in southern France in 1977.

She is also suspected of having participated in the abduction of Austrian billionaire Walter Palmers in Vienna in 1977.

On 4 August, two peace officers on mopeds tried to stop a girl riding a small motorcycle without a helmet in Montparnasse. Spotting the police, she immediately rode off. With the policemen in pursuit, she ran into the 31-year-old policeman, Francis Violeau, a little farther on. The young woman then took out an 11.43-caliber revolver, the preferred weapon of terrorists, and fired on the police officer who, having been struck in the head, was hospitalized in serious condition. The young woman managed to escape.

Crime division investigators, assisted by two antiterrorist-force police specialists who came to France from the FRG expressly for this purpose, have been able to positively identify Inge Viett from the handbag which she left behind in the street while escaping.

In her purse, police found an address book containing the names of several dealers specializing in printing materials. All of them have stated that the young woman had a German accent; one even told police that he had spoken with her in German.

According to the dealers, Inge Viett was looking for some very specialized equipment for offset-printing of plates made of copper and flexible rubber. She also wanted to buy some durable, flexible gray paper probably, the investigators reckoned, for printing false documents, perhaps German identification cards.

Inge Viett, the most wanted extreme-leftist terrorist in the FRG

11915
CSO: 3100/913

INCREASED GAS, OIL RESERVE ESTIMATES PLEASE SWEDEN, DENMARK

Stockholm DAGENS NYHETER in Swedish 4 Aug 81 p 17

/Article by Bo Engzell of the DAGENS NYHETER's Scania bureau: "Danish Gas on its Way to Scania"/

> /Text/ In Esbjerg on western Jutland there is teeming activity. The reason for that is the Danish oil and gas. Large quantities have already been discovered and more are expected. The first deliveries will arrive in Scania in 1985. Several municipal regions in Scania will use the gas as an argument to attract more industry.

Industry Takes Seventy Percent of the First Shipment

Malmo, Aug--Scania, which has been hit by crises, may be helped by the natural gas. Scania will be the first Swedish province to receive the natural gas by means of deliveries from Denmark. Several municipal regions in Scania will use the natural gas as an argument in order to get new industries.

The gas is particularly suitable for use in processing industries, among others. The gas is efficient, clean and perhaps somewhat cheaper than oil. This could be an argument which Malmo may use in, among other things, the struggle to locate a new aluminum smeltery which Granges is at least contemplating.

The interest in natural gas is great in Scania, not only in the large cities of Malmo, Lund and Helsingborg, which, just as Sydkraft /Southern Power Co/ are part owners of Sydgas /Southern Gas Co/, but also in smaller municipal regions. Kavlinge and Astorp, for example, are already building a natural gas grid for heating homes.

Natural gas has been used for 20 years on the European continent, above all in West Germany and Holland. In the United States the use of natural gas is as much as 50 years old.

On 1 October 1985 the first natural gas will flow under Oresund to Klagshamn near Malmo and join up with a Swedish gas grid. It is Pilotprojekt Sydgas which will provide Sweden with experience in the handling and use of natural gas, lessons which may be needed if and when we will later have other gas pipelines with shipments from

perhaps Norway, the Soviet Union and the European continent. It might even happen that in the future gas will arrive in Sweden from Iran (via the Soviet Union) and Algeria (pipelines under the Mediterranean to Italy) through the rapidly growing continental gas grid. Perhaps Soviet gas will arrive by that route to Sweden.

The big pipeline between Denmark and Sweden is being built by state-owned Swedegas, which is also responsible for the continuation of the main pipeline north toward Helsingborg. Sydgas is responsible for the remainder of the grid. Later, when the importation of natural gas increases -- the preconditions are favorable, with additional Danish gas finds -- Swedegas will continue to expand the gas grid further north, either toward Halland or Blekinge.

Modest Beginning

A contract has been signed with the Danes for deliveries of 440 million cubic meters of gas annually into the 2000's. But the main pipline has a capacity of 2 billion cubic meters.

Four hundred forty million cubic meters of natural gas to Scania annually is the equivalent of 440,000 tons of oil. This is two percent of the total Swedish oil import. A modest beginning. It will be much more when the pipeline from Denmark is in full use with gas imports from the continent as well. And if there is later also to be a pipeline from Norway through Sweden toward the continent, well, then we are suddenly "right in the clover."

For the homeowner the natural gas will be somewhat cheaper than oil. But Sweden will not receive an introductory discount of 15 percent on its gas, as the Danes are planning for their own country. The gas price will depend on the price of oil.

The investment for introducing gas to Sweden amounts to 1 billion [crowns]. Two thousand jobs will be created for a period of 3 years. Crisis-hit central Swedish steelworks, among others, may get work in the form of manufacturing 10,000 tons of steel pipes.

City Gas Grids

Miles of plastic pipes for further distribution of the gas will also be manufactured. Malmo and Helsingborg will also use existing city gas grids. Gas storage tanks are to be built.

Outside Malmo, Helsingborg and Lund Sydkraft will market the gas for Sydgas.

"With the Danish natural gas that has been contracted for, 25 percent of the need for oil in western Scania will disappear," says the vice managing director of Sydkraft, Yngve Larsson. "It should be possible to manage the district heat with coal and waste heat. Natural gas is cheaper than district heat with its expensive grid in the outskirts of cities and small communities. The gas can contribute to opening up new industries. After 1990 we may perhaps receive more Danish gas."

"Swedegas is talking about using a total of as many as 5 or 6 billion cubic meters of gas annually in Sweden in the future," Arvid Persson, managing director of Sydgas, maintains. "There will then be deliveries from several countries, a total of 15 times more gas."

One will be well prepared when the gas is introduced in Sweden. Among other things, Sydkraft takes care to serve its customers with technical advice about the use of gas. Industry will use 70 percent of the first Danish gas. Sydkraft has personnel trained abroad, in countries where people are experienced in using gas.

An embargo might mean continued gas deliveries from Denmark. The supply of gas is thus more secure than the "political" oil.

"From many aspects Sweden needs to reduce its dependence on oil," says Yngve Larsson at Sydkraft. "Electricity and gas cut down on a much toc expensive oil bill, among other things."

Sydkraft Pioneer

But in a not too distant future Sweden may also produce its own "natural gas." That may be synthetic gas. Sydkraft is working on it. The company is no longer just a supplier and distributor of electricity.

Municipal regions are large shareholders in Sydkraft.

"Sydkraft has become a pioneer in Sweden because we go from having been an electricity company to being an energy company, in which gas and heat are an important part. We are concentrating heavily on a new development division," says vice managing director Yngve Larsson. "We cover hydroelectric power, coal, some oil, despite all, nuclear power, gas, peat, chips and biomass."

More "natural gas" can result from development projects: peat, where it is lying down in the bog, can be used for methane gas. Gas bogs -- batteries with natural gas in the water -- can have its gas tapped over and over again.

And the kerogen in the commonly found Swedish oil slate may perhaps also become significant for the production of gas.

Different kinds of gas will become important energy in the Sweden of tomorrow.

New Finds to Be Expected

In the future Denmark could turn out to have much greater oil and natural gas reserves in the North Sea than was previously suspected. In any case, it is now generally assumed that there is at least three times more gas than what was believed.

It is expected that there will be rapid clarification of what the Danish North Sea really contains, for after an agreement has now been reached the plan is for a whole number of new, large companies to begin searching for oil and gas. Swedish Volvo is participating, among others.

The fact that the reserves of gas are many times greater than anticipated may chiefly benefit Sweden, which has already signed contracts with Denmark for the delivery of gas. Sweden may conceivably buy much more gas than what we had thought from the beginning.

Natural gas has many advantages over oil. It is absolutely clean. Unlike oil it does not leave any fatal aftermath in the form of sulphur and heavy metals. The gas often comes from the oil fields. The reserves of natural gas in the world today amount to 71 trillion cubic meters. However, there may be two to three times more. Consumption so far is only 40 percent in comparison with oil, which it is belived will be used up considerably ahead of the natural gas.

On the part of Denmark, big money is involved in oil and gas in the fields about 200 kilometers out in the North Sea calculated from Esbjerg on the west coast of Jutland. Just Esbjerg, Denmark's fifth largest city, will get a tremendous boost from the oil and gas boom. New industries are springing up rapidly, and there is a great deal of hotel construction. From Esbjerg people will be transported out to the oil and gas fields.

Esbjerg will perhaps not become a Norwegian Stavanger or a Scottish Aberdeen, but something of the sort. The 80,000 inhabitants will soon grow by many thousands more. Industries manufacturing pipes for pipelines in the North Sea have already been established, and on the off-shore side there is also lively activity. Several billion are now invested annually in oil and gas in Denmark. It is a welcome plus for the crisis-shaken industry all over the country.

Biggest Ever

"The gas grid construction alone is the biggest investment and the largest installation work ever in Denmark," says Bent Schalimtzek at state-owned DONG (Danish Oil & Natural Gas Inc). The company is the wholesaler which buys the gas and arranges the distribution network to local gas companies around the country. The gas is bought from the only company searching for oil so far, which is the DUC (Danish Underground Consortium).

Many companies have expressed interest in speeding up the oil and gas exploration in Danish waters. It is thus here that Swedish Volvo, among others, enters the picture and hopes for better luck than in the Norwegian oil fields.

Various experts believe that there is much more oil and gas to be had in the Danish North Sea -- and perhaps also around Bornholm in the Baltic near Scania -- than what DUC has previously wanted to admit. There has been talk of, among other things, 55 billion cubic meters of natural gas, but in fact there is many times more, it is believed. If only the exploration will get under way. And large new oil discoveries are also hoped for. Denmark could become an oil nation, although on a smaller scale than Norway.

Great Effort

More than 10,000 people will be working to establish the Danish gas grid. The work has already begun. Denmark is investing a total of about 10 billion, in Swedish currency.

The first gas will arrive in Denmark in 1982. But that will not be Danish natural gas but German gas, which will have been fed through pipelines now being laid with tremendous speed, 1 kilometer a day. The pipes are laid at a depth of 1 meter.

The Danish farmer can sow his fields again. The same construction method will be used in Sweden. Special French workers are soldering the Danish pipes into lengths of 700 meters. It is a gigantic machine park that moves across Denmark from the German border.

It is preceded by archaeologists, who examine settlements from the Bronze Age and the Viking Age! Many fine items have been saved.

The main pipeline extends over 860 kilometers of pipes, including 220 kilometers of pipeline from the gas fields in the North Sea to just north of Esbjerg, where the gas is sent under 140 atmospheres' pressure in the steel pipelines. Once on land, the natural gas is purified to remove sulfur dioxide and other substances. At the same time it is as city gas "polluted" with odor substances, which warn consumers of potential leaks in the pipes.

Environmental Problems

In 1984 there will be Danish gas in the Danish pipelines. One year later Scania will receive its first shipment. Denmark will also spend hundreds of millions in order to build large gas storage tanks in, among other places, underground salt domes at Limfjorden. In order to make room for the gas storage 260 million cubic meters of salt will be flushed out into Limfjorden, which is seriously threatened by pollution. That will probably be the only environmental problem with the natural gas.

The main Danish pipeline grid of 860 kilometers will be supplemented by 12,000 kilometers of distribution pipelines. Half a million households will receive gas for heating. Seventy percent of the Danish gas will be used to heat homes, and only 30 percent will go to industry.

In Scania Sydgas expects precisely the reversed proportions.

The Danish government calculates that natural gas will meet 20 percent of the country's need for energy. It could be even more. Denmark will save valuable currency. And then they have some domestic oil, too.

11949
CSO: 3109/232

BRIEFS

SWEDES GET NORWEGIAN BLOCS--Volvo Energy and Swedish Petroleum /SP/ on Thursday accepted the offer to participate in a bloc at the extreme southern end of the Norwegian continental shelf. Initially, geological studies are to be made. Next year Volvo expects to drill two holes in the area. Bloc 8:3, as the area is called, is "used." In the first round of drillings at the end of the 1960's Esso was given the bloc. According to the rules which are in effect, the company doing the drilling must follow a certain program. In this case Esso did not follow the established time schedule, which is why the bloc was given to someone else. Esso had time to drill one hole in the bloc. This is the sixth concession round in which blocs are allotted by the Norwegian state. Statoil is the operator of the bloc. The drilling costs for Volvo will be between 150 and 200 million crowns. Just as Volvo, SP's share will be around 7.5 percent. For SP this is the first concession on its own. Previously the company drilled together with Noco /expansion unknown/. At the end of August the decisions of the Norwegian Oil and Energy Department will go to the government, which will ultimately confirm the allotment of blocs. /Text/ /Stockholm SVENSKA DAGBLADET in Swedish 7 Aug 81 p 21/ 11949

CSO: 3109/232

FRG OIL CONSUMPTION DECLINES

Frankfurt FRANKFURTER ALLGEMEINE in German 23 Jul 81 p 9

[Article by "K.B.": "A Bravo for the German Oil Consumers"]

[Text] Bonn, 22 Jul--Despite declining oil imports, the oil bill of the Federal Republic for this year will probably turn out to be higher by about DM 10 billion. This is predicted by the Federal Ministry for Economics in its new report on the supply situation with regard to oil. This report was submitted to the cabinet on Wednesday. The cause of the additional burden on the balance of payments from oil imports is attributed by the ministry above all to the altered parity between the dollar and the German mark. It says that this effect has contributed about DM 150 per ton to the price rise of crude oil (free frontier) from DM 460 to DM 638 per ton since July 1980.

Net imports of oil declined in the first 6 months of 1980 by 19 percent--thus, considerably more than consumption, which fell by 13 percent. Concerning this development, the economics ministry declares that consumption and imports have fallen to an extent which no side had expected. This ministry does not neglect to point out that the marked decline in demand not only is due to the reaction of the consumers to the increased oil prices, but also originates from the slowness of economic activity at present. Nevertheless, the successes in economizing on oil have been considerable.

The share held by oil in primary-energy consumption was reduced to 43.8 percent in the first 6 months of 1981. A year earlier, it had been still 47.4 percent. For the entire current year, the ministry estimates the share held by oil in primary-energy consumption at 46 percent, compared to 47.6 percent for 1980. That would be the lowest fraction in the Federal Republic in the last 15 years.

The oil reserves have decreased, following the exceptional decline in imports. These reserves, of about 40 million tons, are sufficient for 143 days. Since less oil is being consumed, the "period covered" by these supplies is larger, despite the reduction in inventories. In the cabinet, Federal economics minister Lambsdorff characterized the supply situation as relatively relaxed. Lambsdorff acknowledged especially the contribution made by Saudi Arabia to the securing of the West's oil supply. The share held by Saudi-Arabian deliveries in German oil purchases in the first 5 months of this year was 27 percent.

The Federal Government is viewing with concern the new tensions in the Middle East, which could have repercussions on the energy supply. Without new political disturbances, we could expect a good supply situation for the time being. Lambsdorff substantiated this assertion by referring to the slight surplus on the world market. The economics ministry regards this surplus as especially noteworthy when it is considered that the OPEC states have cut back on output by about 20 percent. The ministry notes that because of the high inventories worldwide and the declining demand, the pressure on the official prices set by the producing states has increased in recent weeks. As a result, the large exporters outside OPEC (Great Britain, Norway, and Mexico) have lowered their prices considerably. The average OPEC price level, on the other hand, is dropping only slowly. Nevertheless the average price for all the crude oil traded on the world market has fallen by almost $2 to $34 per barrel since the beginning of the year, according to calculations made by the International Energy Agency.

12114
CSO: 3103/383

ELECTRICITY SHORTAGE TO LAST INTO 1983

Istanbul TERCUMAN in Turkish 23 Jun 81 p 3

[Article by Nursun Alev]

[Text] Ankara--The Turkish Electric Power Enterprise (TEK) will invest 96 billion liras this year. Of this amount, 69.5 billion liras will be spent on power plants whose construction is in progress and 18 billion liras on relay facilities. Among the power plants in progesss are Soma, Yatagan, Afsin-Elbistan, Cayirhan, Sival Kangal and Zonguldak Catalagzi, Soke Yenikoy and Orhaneli hydroelectric stations and the Denizli geothermal plant.

Two units at the Keban Dam, producing 170,000 kilowatt hours, and one unit of the Soma thermal station, with a capacity of 165,000 kilowatt hours, will begin service this year. The Oymapinar Dam, which will produce 540 megawatts when it comes on line, is expected to begin service in 1982. It will begin trial operations soon. Two units at Soma and Yatagan which are expected to begin service in 1982 also will produce a total of 375,000 kilowatt hours of energy.

The 2,400-megawatt Ataturk Dam is expected to begin service in 1990 and the 1,800-megawatt Karakaya Dam in 1986.

Critical Period Continues

TEK Director General Kamil Toktas said in an interview that "we are still in a critical period until the new stations begin service." "The electricity shortage will end in the second half of 1983," he noted.

Toktas said that breakdowns in Turkey mean power cutbacks because of the lack of reserve stations and offered housewives the following guidelines for conserving electricity:

"Electricity should be used very judiciously in the home; housewives should try to use home appliances on Sundays. Laundry and ironing should be done on Sundays and any baking one needs to do should also be done on Sundays.

"Municipalities should also be careful to use a minimum of electricity, conserving as much as possible on street and store lighting. Factories should conserve also, insofar as possible without reducing annual total production. Annual factory inspections should usually be done in November, December and January.

Private Sector Will Operate Station

Pointing out that "TEK power plant projects based on fuel oil have been removed from the investment plan," Toktas said, "The necessary statutory changes will be made to allow certain small power plants to be operated by the private sector and this will alleviate our energy shortage to an extent."

8349
CSO: 4654/76

FOUR DAMS, TWO RESERVOIRS TO BE BUILT ON SEYHAN RIVER

Adana YENI ADANA in Turkish 29 Jun 81 p 1

[Text] The Aslantas Dam on the Ceyhan River 21 kilometers north of Osmaniye District in Adana, construction of which was begun in 1975 for irrigation, energy and flood control, has reportedly cost 3.25 billion liras to date.

According to information obtained from DSI [State Hydraulic Affairs] authorities, the Aslantas Dam is the earth-and-rock fill type and will be 95 meters high. Its reservoir will have a water volume of 1.89 billion and will cover 62 square kilometers. The Aslantas Dam will begin holding water in 1982 and start producing energy in July 1983. It will produce 605 kilowatt hours of energy per year and will irrigate 1.2 million donums [1 donum = 940 m^2].

DSI authorities also said that after completion the Aslantas Dam will control flooding in the Ceyhan Plains and that it now irrigates 330,000 donums by means of the Cevdetiye Regulator and irrigation canals.

Four Dams, Two Reservoirs on Seyhan River

Meanwhile, four dams and two reservoirs reportedly will be built in the Seyham River basin. Plans and projects are in progress for the Catalan Dam, the Imamoglu Reservoir, the Yedigoze Dan, the Kavsak Reservoir, the Kopru Dam and the Goktas Dam, it was learned.

8349
CSO: 4654/76

BRIEFS

AUTO MAKER MOVES TO FRG--In a few months, production of the Danish Safari automobile will be moved to West Germany. The auto maker, engineer Bent Due, Logton near Arhus, is becoming discouraged with matters such as financing and getting type approval of the car. Bent Due is having problems getting type approval because his car features a used VW chassis and motor from different cars. "I have sold 5 cars here at home and approximately 100 abroad, most of them in Germany. West Germany is very interested in the production," said Due. Depending upon the equipment, Safari retails for 30,000 to 40,000 kroner. Bent Due said he cannot get the needed government export guarantee, even though he feels he could sell several hundred Safaris abroad. "Only if I obtain the guarantee can I get loans from money institutions in Denmark. For that reason I have had to limit production of Safaris, which right now I alone build by hand. But I cannot afford to continue like this. A large series production must be started and that can only be done abroad. For the time being, I can only build three to four cars a month and that is not enough to live on." Since Safari cannot get type approval because it is constructed with different VW parts, Bent Due must have each car inspected separately. Due said he has nothing against that, but that it all takes time. He said he will not have these problems in West Germany because there are exact VW specifications as to the employment of used parts from old VW's, and these specifications are followed in the building of Safari, which features used VW parts. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 81 p 3] 8952

CSO: 3106/163

POOREST INVESTMENT PERFORMANCE IN OECD NOTED

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 81 pt III p 2

[Article by Frank Dahlgaard]

[Text] For the 2nd year in a row, Danish investments show the greatest decline of all Western nations. Not even crisis-ridden Great Britain has kept pace with Denmark's nose-diving investment performance in the last couple of years.

Denmark's dismal performance is documented in a recently published report by the Western Organization for Economic Cooperation and Development (OECD) in Paris.

OECD economists do not make a direct comparison between member nations' investments, but these figures were reported and BERLINGSKE TIDENDE has reproduced the investment "hit list" from 1980 to 1981.

Sick Countries

As you can see, Norway has the highest investment performance with 13.5 percent. Big investments in the oil sector dominate the picture here. Finland, with a 5.5 percent increase in investments, also make a good showing. Finland's investment growth is in addition to the no less than 11.8 percent of the previous year, when it was in first place.

Economically sick countries are typically at the bottom of the "hit list," like Belgium, England and Denmark. These countries all have very high unemployment and balance-of-payment problems. (However, England has solved its balance-of-payment problem by virtue of income from North Sea oil.)

Of the nations cited, it is just Holland, England and Denmark that have experienced a direct drop in gross investments, both in 1980 and in 1981. Holland had only a 2 percent drop from 1979 to 1980 and England 2.2 percent. In the same period, Danish investments declined by 15.9 percent.

The fact that Denmark has retained its position at the bottom of the list in 1981, following the colossal decline in investments last year, says something about the extent of the economic crisis here at home.

Industries

All the investments included in OECD's figures are gross investments except for stocks. In addition to actual industrial investments, these figures also include housing construction, public investments in buildings, roads, harbors etc.

Denmark's bottom record for the 2nd year in a row partly reflects the serious crisis in Danish housing construction and partly the crisis in agriculture, where all investment activity has practically come to an end. Of course, government cuts in public investments and work projects are also reflected in these figures.

However, investments have clearly declined within industry since 1979. The Industrial Council estimates an 8 percent drop in gross investments from 1979 to 1980, as well as a further drop of 10 percent in 1981.

Industrialists and economists have no doubt about the reason for the considerable decline in capital investments in Denmark: earnings are too small and sales too poor. It simply does not pay to put money into active production.

From 1973 to 1979, the purchasing power of industrial profits declined by 40 percent and the decline continued in 1980. Furthermore, the taxation treatment of industrial investment yields does not stimulate action. Finally, there is a great deal of competition from government bonds, which is growing. Without any risk, an investor can get 20 percent interest by investing his money in government securities.

Effects

The result of Denmark's very low investment performance is fewer jobs and more unemployment. (In addition to that, a significant share of the investments here at home are for the purpose of efficiency, with machines replacing people.)

Danish investments will soon be so insignificant that we can no longer maintain the existing production apparatus. We are fast reaching the point where the entire basis of our well-being is beginning to crumble.

As was stated in BERLINGSKE TIDENDE yesterday, Danish private consumption has also dropped considerably in the last couple of years, while public consumption continues its expansion. Hence, our economy is becoming more and more distorted: the private sector is shrinking while the public sector is expanding. This development will inevitably lead to higher taxes.

8952
CSO: 3106.163

OFFICIAL REPORT SAYS INDUSTRIALISTS SEE RECESSION END

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 81 pt III p 1

[Article by Frank Dahlgaard]

[Text] The bottom has been reached in the economic recession in industry. Production is no longer dropping and an increase in orders and capital investments is expected in the next few months.

This is according to a recently published "economic barometer for industry," based on the expectations of approximately 650 top directors with the largest industrial concerns in Denmark.

Each quarter, Danish Statistics asks for industrial leaders' prognoses for the next 3 months, and the "economic barometer" in question shows that most industrialists now expect an upturn in capital investments and orders, following a constant decline for the past year. Production is expected to stay the same and employment should only drop slightly in the third quarter in comparison with the greatly reduced number of industrial jobs in the preceding quarters.

Industrial Council economist Verner Puggaard told BERLINGSKE TIDENDE that to the extent industrialists' expectations for this quarter can actually be met, the bottom seems to have been reached at last:

"Industrial production and investments have been declining since the second quarter of last year so, even if the bottom of the recession has now been reached, there is a long road back up again: We have really reached a very deep bottom."

No Shortage of Labor

According to Verner Puggaard, industrial production from the first to the end of the second quarter of 1981--seasonally corrected--has been declining about 5 percent, which is somewhat lesser decline that in the preceding 3 to 4 quarters. It is expected that the drop in production will come to an end in the 3rd quarter, but industrial leaders generally do no expect an increase in production.

Most industrial firms consider today's orders abnormally small, but believe that exports are better than before, particularly within the consumer goods industry.

Stocks of finished goods are judged to be unusually large and that is particularly true of companies that produce durable goods.

Industrial investments, which have been declining since the fourth quarter of 1979, now show a positive development for the first time. Midyear 1981, some 31 percent of Denmark's industrial concerns stated their production capacity was more than sufficient and only 11 percent said they had insufficient capacity. Today, only 4 percent of all industrial concerns say they need more workers, comparable to 8 percent a year ago and over 20 percent in the summer of 1979.

8952
CSO: 3106/163

BRIEFS

HARD WAGE-BARGAINING SEEN--Increased taxes and much higher prices will play a role when wage bargaining begins early next year. That is being stressed by Pact Chairman Georg Poulsen, Dansk Metal, as well as Acting Pact Chairman Ib Schelde, Federation of Specialists (SiD). Hence, both urge the government not to levy the announced 2 billion kroner tax adjustment. Ib Schelde, deputy chairman of SiD, said the federation shares the view of the Labor Movement's Trade Council which appeared in BERLINGSKE TIDENDE, suggesting that the government abandon its concern about balance of payment in favor of employment. Like other trade unionists, he stressed the government had promised that wage restraints would be reciprocated by tax stability. "We will definitely not soften our demands with respect to the minimum wage if new taxes are levied." Pact Chairman Georg Poulsen finds that this is the time to change the development in private consumption. "Up to now, it has shown a drastic decline, but there must be room for adjustments." [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 81 pt III p 2] 8952

CSO: 3106/163

DELORS SEES DEVALUATION OF FRANC AS UNJUSTIFIED

Paris LE FIGARO in French 15-16 Aug 81 p 5

[Article by P. Z.]

[Text] Two dates which monetary experts hardly like are 15 and 16 August. This is generally an intense period in exchange markets. The weeks preceding these dates are always filled with rumors of devaluation. A few days ago in Brussels, there was anticipation of a readjustment of exchange rates within the European Monetary System [SME]. It was a justifiable assumption, with the dollar reaching dizzying heights and the franc exhibiting alarming weakness with respect to the Deutsche Mark: warning signs of impending turmoil.

French monetary officials and the minister of economy and finance, Jacques Delors, have made serious efforts to defuse the bomb, firmly rejecting any possible devaluation. Jacques Delors has just stated that "a devaluation is not justified under the present circumstances." He has also rejected the idea of a readjustment of the SME. It should be noted that circumstances and the calendar have made their job easier.

The Paris foreign exchange market has been closed since yesterday at noon and there was no fixing of exchange rates yesterday evening. But French and foreign professionals still prefer to record their operations in francs on the French market. And according to the central banks, operations had apparently not increased yesterday morning--probably because the dollar has dropped back down to around Fr 6 (6.03) and also because the gap between the franc and the mark has stabilized. The franc has remained slightly above its bottom rate.

The French Government, which for the time being has used only one of its means to intervene on the foreign exchange market, even in significant amounts as exchange brokers suspect, is also reserving other means of intervention. It may in fact speculate on interest rates, stopping the decline which began several weeks ago. In this connection, the pause which has been observed for 8 days (the currency has remained at a daily rate of 17.5) should be noted. The government can also increase its control of foreign exchange to stem the ebb, which has recently tended to increase, as evidenced by the collections of customs offices (Fr 1.8 million at the Belgian border). Finally, the government still has considerable reserves: no less than Fr 333 billion in the treasury of the Bank of France.

Another favorable sign: the current French balance of payments has been offset by a gross surplus of Fr 1.6 billion and according to the provisional results for the second quarter of 1981. This has reduced the current balance of trade deficit, although very modestly of course.

The draft budget with a deficit of at least Fr 100 billion is still an important factor, as are the more political decisions to reduce the nuclear program and to satisfy farmers at the risk of a confrontation within the EEC.

The greatest discretion should therefore be exercised and some very turbulent days should be expected.

11915
CSO: 3100/916

TURKISH-LIBYAN TRANSPORT LINKS TO BE INCREASED

Istanbul TERCUMAN in Turkish 27 Jun 81 p 9

[Text] Anakra (MEDITERRANEAN NEWS AGENCY)--The volume of Turkish-Libyan trade will reportedly reach $1 billion in the next few years. The Turkish-Libyan Joint Economic Commission has concluded its endeavors in Ankara. According to the agreement reached by the delegations, there was agreement in principle on providing facilities to enable our workers and businessmen in Libya to transfer their money to Turkey. This also includes execution of bank letters of guarantee.

The Turkish-Libyan maritime transport company will reportedly begin operation soon. It was also agreed that air cargo flights would begin between the two nations, with flights between Turkey and Libya raised to four flights a week in this connection.

Chairman of the Libyan delegation Ebuzeyd Dorde was received by Head of State Gen Kenan Evren at Cankaya yesterday morning. Deputy Prime Minister Turgut Ozal, who chaired the Turkish delegation, also attended the reception.

8349
CSO: 4654/75

TURGUT OZAL CALLS FOR INCREASED TIES WITH SAUDI ARABIA

Istanbul TERCUMAN in Turkish 28 Jun 81 p 9

[Text] ANKARA BUREAU--The Turkish-Saudi Friendship Association held a seminar in Ankara on "Development of Commercial and Cultural Relations Between Turkey and Saudi Arabia."

Attending the seminar were Deputy Prime Minister Turgut Ozal, Minister of Commerce Kemal Canturk, Turkish Union of Chambers President Mehmet Yazar and ambassadors and officials from the Ankara embassies of Ismalic nations.

Making the opening address, Deputy Prime Minister Turget Ozal said that the Turkish government had decided to develop its relations with all Islamic nations. Pointing out that there were those who would create anti-Turkishism in Arabia and anti-Arabism in Turkey, Ozal called for the quashing of these ploys.

Noting that despite considerable development in commercial relations between Turkey Saudi Arabia they had not reached the desired level, Ozal said, "Development of relations between the two nations will contribute to the economic development of the region."

Deputy Prime Minister Ozal pointed out that the accumulation of technology and information that Turkey had today was strong enough to offer a great deal of support to the development of the Islamic nations and said the following:

"If Turkey's human and scientific resources were combined with the Islamic nations' capital and wealth, doubtless there could be very happy results. We have firms which employ the latest technology and technicians equipped with the most modern know-how. In fact, they have proved and affirmed their strength and success through the contracts they have been awarded to date in various Islamic nations. Our duty as statesmen here is to open channels, remove obstacles and eliminate bottlenecks. For centuries, those who have not wanted us to be friends and brothers, those who have hoped to gain by discord between us have used every intrigue and deceit to create anti-Turkishism in Arabia and anti-Arabism in Turkey. I would hope that we now have the maturity to see through and quash those ploys. It is not right for us 'to be bitten twice by the same snake.'"

In his speech, Deputy Prime Minister Ozal touched also on the crisis in the Middle East, saying that for Turkey and Saudi Arabia, who desire peace, tranquillity and

stability in the region, to strengthen their friendshpp and cultivate their relations, it is necessary for them to combine their forces more carefully and comprehensively for peace.

Canturk's Statement

Minister of Commerce Kemal Canturk also spoke at the seminar, saying:

"Our government envisages a far-ranging model for the development of our relations with Saudi Arabia. With this model, we are planning for reciprocal, joint investments."

Turkish Union of Chambers President Mehmen Yazar, who also addressed the seminar, said that Saudi Arabia had become a strong power with its push for progress in the Middle East and its oil and financing potential.

Yazar said that it was necessary for the entire Islamic world to join forces, hearts and destinies because of developing events.

8349
CSO: 4654/75

STATISTICS GIVEN ON FOREIGN CAPITAL INVOLVEMENT

Istanbul MILLI GAZETE in Turkish 17 Jul 81 p 4

[Text] Ankara--ANKA [Ankara News Agency]--It is observed that the country that sent the largest amount of foreign capital to Turkey in the first half of 1981 is Switzerland. According to information obtained by the ANKA correspondent from officials of the foreign capital department of the DPT [State Planning Organization], there are now 44 foreign companies which have received permission to invest in Turkey or are petitioning to expand existing investments or increase their capital. Of these companies 15 are Swiss-based.

Swiss firms are calculated to have brought in 66.8 percent of the $173 million in foreign capital that entered Turkey in the first six months of 1981. Of this amount $150.90 million is to be met by unguaranteed commercial loans. Thus, Swiss firms have brought in capital totaling $115.59 million to be used toward the payment of unguaranteed commercial loans.

In the January to June 1981 period nine U.S., eight West German, two French, two Italian, two Iranian and one Austrian firm received permission from the foreign capital department. In addition one firm was reported to have stated that it will work with mixed foreign capital.

Iran's Bank Melli, which has asked for permission to invest in the banking field in Turkey, has so far secured $10 million cash in foreign exchange.

In addition to this bank, which is one of Iran's national banks, another Iranian firm will invest $1.11 million--either in cash or in kind--in a corporation which will be involved in TIR transportation.

Foreign firms which are joining existing firms or moving to expand their current investments or operating capital are most interested in the electrical-electronics-energy sector and the chemical sector.

9588
CSO: 4654/105

GUIDELINES SET FOR INVESTMENT OF WORKER SAVINGS

Istanbul DUNYA in Turkish 10 Jul 81 p 1

[Text] Ankara (ANDARA AGENCY)--A working group has been formed to set guidelines for companies established with the savings of workers employed abroad and to attract worker savings, which exceed 20 billion marks, to investment in Turkey. The group has specified certain principles to be introduced for this purpose.

At its first meeting, held two days ago, the working group discussed measures which could be taken to help worker companies select projects appropriate to the development plans and carry them out profitably.

According to the first decision in principle framed at the meeting, a "Worker Investment Group" will be set up at the Prime Ministry to set guidelines for worker investments. The group, to consist of representatives of the State Industry and Worker Investment Bank, the Peoples Bank of Turkey, the Tourism Bank, other specialized banks and related organizations, will serve in an advisory capacity on project selection to the worker firms wishing to invest in Turkey. Thought is being given to the preparation or coordination by this group of project packages which would conform to development plans for presentation to the worker companies wishing to invest in Turkey. The "Worker Investment Group," to be set up under the deputy prime minister for economic affairs, would advise worker companies, after selection of a project, in technical, administrative and other areas in all stages and execution of the investment. Measures will be taken to prevent the group's running into bureaucratic obstacles.

According to another principle devised at the meeting, until the facility to be built for converting worker savings abroad into investment in Turkey starts making a profit, "investment interest" will be paid on the savings invested.

Whether the rate and form of payment of investment interest will vary from project to project or according to the area in which the project is located will be taken up at later meetings of the working group.

The worker investment working group also reached unity of view at its first meeting on enabling workers employed abroad to direct their savings "into profitable infrastructure investments." Noted among investments of this type were such projects as the Ataturk Dam, the Istanbul-Ankara Turnpike and the second Bosporus Bridge.

It was contended that income derived from these infrastructure facilities (proceeds from the sale of electricity produced, tolls collected on the turnpike and bridge) would constitute a safe profit for worker savings.

Thought was also given at the first meeting to having a guaranteed profit on worker investments and offering preferred stocks to worker shares in mixed companies. It was decided that these two topics would be put in final form at subsequent meetings.

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CSO: 4654/94

UNEMPLOYMENT FIGURES, COUNTERMEASURES GIVEN

Istanbul DUNYA in Turkish 10 Jul 81 p 8

[Text] Anakra (DUNYA)—Assistant Professor Mehmet Saglam, general secretary of the Turkish Union of Chambers, stated that the world economic crisis that began with the oil crisis in 1973 has been reflected in our country also and that the result has been the dramatic increase in unemployment. Professor Saglam said in an article on this topic that "unemployment is the economic and social bane of our country."

Noting that unemployment in Turkey may exceed 3 million in 1981, Professor Saglam expressed his views on the matter as follows:

"The dimensions of employment confront us as an important economic and social grievance both numerically and qualitatively. Nevertheless, in view of our country's development status and structural qualities, one probably should not expect a sudden solution to this problem to ensure full employment.

"In seeking measures and solutions, care must be taken [not] to exceed a certain rate of inflation, not to drop below a certain level of income and not to strain resources.

"With these provisos, thought may be given to the following measures:

Measures

"The long-term measure which comes first in combatting unemployment must be effective population planning. The rate of population growth should be reduced from 2.5 percent to the level of industrial nations.

"Capacity use in industry should be increased. To do this, more convenient credit terms should be provided selectively within the free, high interest policy, especially to labor-intensive areas of industry, and the import requirements of these areas should be procured rapidly.

"The construction sector, where hiring is easiest and most extensive, should get on, in particular, with housing construction.

"It seems possible to develop our contracting services abroad and employ more Turkish workers.

"Small and medium-sized enterprises and projects should be developed in the rural areas to include small industry and handicrafts which raise employment.

"Most important is to encourage investment and entrepreneurship in our country, creating a milieu of safety and enthusiam.

"Labor peace is a must and a lasting regime should be introduced.

"As it now stands, almost two-thirds of employment opportunities are concentrated in the agricultural sector and in industries based on agriculture. These areas of activity comprise the labor-intensive sector, and constitute a reliable source of our competitiveness abroad as well.

"If incentives were introduced to stimulate this area, the increased production would have a significant effect on employment opportunities."

8349
CSO: 4654/94

NEW ORGANIZATION TO COORDINATE PUBLIC, PRIVATE SECTOR ACTIVITIES

Istanbul TERCUMAN in Turkish 15 Jun 81 p 9

[Text] Ankara (ANKARA AGENCY)--A new organization is being formed to eliminate the daily encumbrances encountered in economic activities and to provide continuous coordination between the state and the private sector.

The new organization now under preparation will probably be called the "State Situation Center." It will be attached to the Prime Ministry and its director will be at the undersecretary level.

Function

The "State Situation Center" will attempt to prevent or eliminate any bottlenecks especially in internal economic activities, but also in Turkey's foreign economic relations.

Authorities say that Turkey is suffering immeasurable losses both in its domestic economy and in foreign economic relations because of irregularities arising from interpretation of regulations and existing conflicts of duty and lack of communication between various organizations.

The "State Situation Center," for which preparations have begun, will be an on-the-spot trouble-shooter to prevent these losses and, to this end, will provide coordination between public and private sector organizations, will apply any administrative measures and facilities needed to prevent or eliminate bottlenecks and will draft the legislation deemed necessary.

8349
CSO: 4654/75

BAHATTIN GOREN CALLS FOR MARITIME DEVELOPMENT

Istanbul DUNYA in Turkish 8 Jul 81 p 4

[Text] Contractor Bahattin Goren, who has won a new $270 million contract in Iraq, said that the Kiyi Shipbuilding and Shipping Industry Corp., part of his business group, was formed in 1975.

He said: "Our imports and exports are rising as a necessary result of our developing economy. Most of these imports and exports are transported by sea and an overwhelming majority of that is, unfortunately, done by ships flying foreign flags. We must carry out most of our foreign trade by our own ships in order to inhibit loss of foreign exchange revenues and to promote higher employment as well as for strategic reasons and international prestige."

Senior Engineer Bahattin Goren pointed to the official announcement only a few days ago to the effect that our foreign exchange revenues from a whole year's exports could cover our imports for only two months. Stating that our administration is perfectly capable of diagnosing the unsound nature of a trade concept which pays out $700 million in freight charges, Goren said that he believed courageous and rational decisions should continue. Expressing his views on steps needed to be taken, Goren said:

"While ships continue to be imported in order to enlarge the Turkish merchant fleet and to make it self-sufficient for transportation purposes, one must note that there are possibilities to export ships. Turkey is still the best-suited country in the Mediterranean for building of ships in the 3,000 to 5,000 dwt [dead weight tons] range. Turkey is benefiting from the crisis in the European shipyards. Shipbuilding is a labor-intensive industry. If we get our shipyards working a large group of people will have a chance to earn their bread. As a matter of fact shipbuilding now constitutes the primary industry of many developing nations because of the large auxiliary industry that it supports, the high rate of employment it provides and the accured revenues that it brings in."

Stating that the Kiyi Shipyard was built with this perspective in mind, Goren said that the holding of 1981 shipbuilding incentive funds for approval by the Ministry of Finance is a significant delay and a heavy price for the shipbuilding industry to pay. Noting that the year is almost over, Goren continued.

"The Kiyi shipyard is built on an 80,000-square-meter lot on the coast near the Degirmencik village of Biga. Its 15,000-square-meter covered manufacturing and block assembly facilities together with its modern administrative and technical offices are capable of building up to 40,000-dwt vessels. The shipyard has been designed for a broad range of capabilities including the manufacture of steel truck beds, cranes, boilers, steel conveyor belts, steel silos and pressurized containers. The shipyard is also equipped with all the means to build hatch lids for ship holds which, despite its simple structure, are imported under a number of patents. The shipyard's current total annual shipbuilding capacity is 60,000 dwt. However, as soon as the number 2 drydock is completed the shipyard will be capable of building vessels of up to 100,000 dwt and its annual capacity will rise to 200,000 dwt."

Bahattin Goren stated that the Kiyi shipyard is the first free enterprise in our country which intends to build its own port and breakwater. Noting that the shipyard--which will be capable of processing 40,000 metric tons of steel a year--will be idle for a temporary period because of payment difficulties, Goren said:

"The Gantry crane to be installed at the number 8 position has not been assembled and its missing parts have not been completed because no credit source could be found. The existing Gantry crane has a load capacity of 80 metric tons and can move loads up to a distance of 50 meters. This is the largest Gantry crane in our country."

Nizamettin Goren, General Manager and Deputy Chairman of the Board of Directors of the Kiyi shipyard--which is currently idle because of temporary financial problems--said that the shipyard, established by his elder brother, is furnished with extremely modern equipment and that the shipyard is employing the latest available technology. He added:

"The Kiyi shipyard is a complete complex with its technical and social installations. For example computer-controlled flame arresters and automatic hydraulic bending systems have only recently gone into service in shipyards of countries like the United Kingdom, the United States and the Soviet Union. At assembly shops broadsides and keels are assembled by gravity and normal welding machines and sections with completed welds are fitted out in preparation for final assembly. At the steel manufacturing shop steel plates are cut and marked by automatic machines on a conveyor belt system. Later on, steel plate parts and profiles are bent and formed by semi-automatic presses."

"Pointing out that the social services aspect the shipyard is exemplary even for the government sector, Nizamettin Goren said that a campus has been built for office and yard workers on a 100,000-square-meter lot on the coast 8 kilometers away from the shipyard adding that 67 apartments were built for office workers, 290 apartments for (married) yard workers and 366 apartments for unmarried yard workers.

The Kiyi shipyard, which is deprived of even government credit, has now suspended its operations waiting out the transition period to its own resources.

And it is waiting for the approval--hopefully before 1982--by the Ministry of Finance of the shipbuilding funds included in the 1981 budget. It is waiting in silence and with patience.

Bahattin Goren, who has not lost his fortitude or his smile in the face of all difficulties, concluded:

"Firstly, we are from the Black Sea region--and that is enough reason. Secondly and most importantly, I have dreamed of a shipyard since my childhood. The Sedef shipyard was my idea. I built the Kiyi shipyard. I want to create employment and serve my country. For that reason, even if nobody lends a hand in this transitory period, the Kiyi shipyard will live and soon will progress toward the goals I have planned."

9588
CSO: 4654/105

CREDIT BOOST TO BE GIVEN TO FOREST VILLAGES

Adana YENI ADANA in Turkish 9 Jul 81 pp 1,5

[Text] It is reported that the OR-KOY [Forest Village Affairs Directorate General] Regional Directorate will extend to forest villages credits totaling 35 million Turkish liras to be used for various purposes.

According to information received from OR-KOY Regional Directorate officials, the breakdown of the credits is as follows:

Twenty million Turkish liras as credit for animal husbandry; 10 million Turkish liras to be used for covering roofs in houses in forest villages; 1 million Turkish liras as credit for apiculture; and 2 million Turkish liras as credit for handicrafts.

The officials also said that coal-burning stoves worth 2 million Turkish liras were distributed to the villages with an eye to reducing the use of wood as a fuel to a minimum.

It has been decided to extend credit to the Akoren, Etekli, Salbas and Ayakif villages of Karaisali; the Begozu and Boztahta villages of Kozan; the Orucbey, Esenli and Mehmetli villages of Kadirli; the Kizildere, Akyar, Yarpuz, Kayali and Kiramacali villages of Osmaniye; the Demiroluk village of Tufanbeyli; the Condu village of Feke; and the Kapakli village of Saimbeyli for the funding of apiculture. Credit is to be extended to the Karsanti village of Karaisali to encourage handicrafts to the Barakdagi village of Karaisali; the Yukarikonak village of Poxanti; the Curuklu village of Kozan and the Sarkoy village of Tufanbeyli to be used for covering roofs.

OR-KOY Regional Directorate officials also stated that cooperatives in the Cukur and Baspinar villages of Karaisali; the Karatepe village of Kadirli; the Kirikli village of Osmaniye; the Yukarikecili village of Feke and the Beypinar village of Saimbeyli will receive 37.5 million Turkish liras in credits and 4.7 million Turkish liras in grants.

The officials added that 8.2 million Turkish liras have been spent to build roads connecting five villages in Feke to the Kozan-Feke highway.

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CSO: 4654/105

SURVEY GIVEN OF RECENTLY COLLAPSED COMPANIES

Istanbul MILLI GAZETE in Turkish 8 Jul 81 p 4

[Text] Ankara--ANKA [Ankara News Agency]--In the first six months of 1981, 4,191 new companies were formed with a combined capital of 21.021 billion Turkish liras. In the same period 1,371 companies with a combined capital of 750.6 million Turkish liras were dissolved while 927 companies increased their combined capital by 6.393 billion Turkish liras.

Of the newly-formed companies in the first six months of 1981, 1,340, with a combined capital of 16.804 billion Turkish Liras, were joint stock companies, 1,207, with a combined capital of 1.751 billion Turkish liras, were common partnerships; 880, with a combined capital of 2.139 billion Turkish liras, were limited companies; 152, with a combined capital of 299.9 million Turkish liras, were limited partnerships; and 612, with a combined capital of 25.9 million Turkish liras, were cooperative companies.

In the same period, 505 companies were known to have increased their operating capital by 33.692 billion Turkish liras. Of these, 280 common partnerships increased their capital by 725.6 million Turkish liras; 99 limited companies increased their capital by 897 million Turkish liras and 43 limited partnerships increased their capital by 78.6 million Turkish liras.

Meanwhile 41 common partnerships reduced their capital by 9.7 million Turkish liras and 6 limited partnerships reduced their capital by 2.1 million Turkish liras.

Common partnerships form a major portion of the companies dissolved in the period between 1 January and 26 June. The 1,207 common partnerships that were either dissolved or liquidated had a combined capital of 479.5 million Turkish liras.

Whereas there is a drop in the number of companies formed in the first six months of 1981 compared to the corresponding period in 1980, a rise is recorded in the initial capital. In the same period last year 4,815 new companies were formed with a combined capital of 10.657 billion Turkish liras.

A large increase was recorded in the number of failed companies compared to the first half of last year. While 548 companies were dissolved in the January-June period of last year, 1,371 were dissolved or liquidated this year reflecting an increase of 150 percent.

The companies' capital growth was also observed to have accelerated compared to 1980. While 675 companies increased their capital by 29.111 billion Turkish liras in the first six months of last year, 927 companies increased their capital by 36.393 billion Turkish liras in the corresponding period this year.

Following these developments, it was determined that in the period between 1 January 1981 and 26 June 1981 the companies' net capital growth was 59.652 billion Turkish liras.

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CSO: 4654/105

CEMENT PRODUCTION, EXPORTATION EXAMINED

Istanbul DUNYA in Turkish 10 Jul 81 p 5

[Report on statement by Ayduk Celenk, managing director of Mediterranean Cement Corporation]

[Text] In a statement on Turkish cement production and exportation, Mediterranean Cement Corporation Managing Director Ayduk Celenk said that support of loose cement exports was necessary. "The necessary action should be taken by the state to install loading facilities at the ports and open them to exporters," he said.

In a statement to our newspaper, Celenk said:

"Cement is exported from Turkey by two methods: by sea and highway. Maritime shipping goes FOB, being loaded on customers' ships at the ports. Countries employing this method are North Africa, Nigeria, the Middle East and Arab nations. We also sell on a small scale to Pakistan and Iran by this method. Bagged cement for shipping by sea is wrapped six to a package. We ship by truck to Syria, Iraq and Iran. These exports go CF, packed in fours."

Noting that export capacity in past years was 800,000 to 900,000 tons by sea and 600,000 to 700,000 tons by road, Celenk said that we had progressed from importing cement up until 1969 to exporting by means of the new factories built. Sabanci Holding Construction and Soil Industry Group Coordinator Celenk added that exportation had become possible when production exceeded domestic demand, but that production would not be able to satisfy steadily growing domestic demand within 3 to 5 years and thus we would return to importing instead of exporting. He said the following about export markets:

"When Turkey was first looking for markets, it was selling at dumping prices, but was able later to export at normal market prices,in the markets acquired. Turkey's major competitors in this area are Greece, Italy, Spain and Romania. In 1974-1975, Turkey's exports were higher than all these nations'. In the following years, however, despite having 10 to 15 times the export capacity of these nations, Turkey has been unable to reach the level it should have in this competition.

"This must be blamed on the lack of necessary loading capacity at our ports for maritime exports made from Turkey. In addition, the competing nations have everything they need both as to ports and freight charges. They have no problem with CF

deliveries to their customers. In addition to Turkey's difficulty in finding ships, its high freight charges have reduced its chance to compete.

"Building the port facilities needed for this business without delay is an absolute necessity for Turkey's exports. Loose cement loading facilities for the Istanbul, Izmir and Mersin ports were placed in the investment plan. This task was assigned to the Turkish Cement Industry Directorate General. Construction of these facilities should be started without a day's delay to ensure an increase in maritime cement exports."

Recalling that our total cement exports in 1980 were around 800,000 tons, Celenk said that this figure had risen to 2.5 million tons in 1981. He also said that foreign exchange earned in 1980 was $45 million, but thanks to the thrust in this sector was expected to be around $300 million by the end of this year. Noting that this spurt had come through increased exports by truck, Celenk added that exports made by this method to Iraq would be 2 million tons and that this was the Turkish cement industry's biggest success in the Middle East.

Ayduk Celenk continued as follows:

"While we are experiencing a boom in exports by road, this is not seen in maritime exports because of inadequacies in facilities and freight charges. Turkey is going to have a cement shortage after 1983.

"According to studies done by various authorities, Turkey will have a domestic demand of 27.5 million tons in 1985. The total capacity of all existing factories is 19.5 million tons. It is understood from this that the 8 million-ton deficit has to be made up in the interim and an additional output procured. Looking at investments in the sector, it is impossible to mmake up this deficit even with the factories that will be opening in the next few years. Considering the fact that it takes 3 years to build a cement factory and get it operating smoothly, it looks as though Turkey's cement sector has been given a red light as to production capacity.

8349
CSO: 4654/94

CSU STRAUSS, MAIER FEUD OVER RELATIONS WITH OPPOSITION

Frankfurt FRANKFURTER ALLGEMEINE in German 23 Jul 81 p 1

[Article by "Fin.": "Is the Quarrel Between Strauss and Maier Being Defused?"]

[Text] Munich, 22 Jul--The dispute between the Bavarian Minister President Strauss and education minister Maier, which was kindled by a quarrel between the CSU organ BAYERNKURIER and the MUENCHNER MERKUR, has been somewhat defused through various mediation efforts. Lang, the chairman of the CSU Landtag fraction, labored above all for an "amicable solution." This fraction, which had already assembled for a special session, adjourned the discussion on the inner-party feud in order to wait first for the results of a talk between Strauss and Maier held "in private."

The BAYERNKURIER, which had utterly condemned the MUENCHNER MERKUR the previous week, took up the explosive theme again in its most recent issue. It defended its attack, which was secretly deplored by many CSU politicians, with the argument that those Upper Bavarian readers who are liberal-conservative are "entitled" to a daily newspaper which is appropriate to "their political conceptual world." But for some time now, the MUENCHNER MERKUR has no longer lived up to such expectations precisely in its reports about the CSU and its chairman, the other newspaper said.

But the party newspaper avoided making any comments on the articles which education minister Maier and Landtag deputy Matschl had published in the MUENCHNER MERKUR in its defense. The BAYERNKURIER article bears the headline "Epilogue and Afterword," which gives rise to the impression that the affair is by now in abeyance.

Since the idea of Maier's resignation was also toyed with during this affair, Article 45 of the Bavarian Constitution, which also lays down the rules for the dismissal of ministers, has taken on an increased topicality. It stipulates that the minister president is to appoint and dismiss his ministers and state secretaries "with the consent of the Landtag." Thus, if Strauss wanted to part with Maier, he would need for this purpose either an alliance between the opposition and a portion of the CSU fraction, or else the overwhelming majority of the CSU fraction. But among the deputies, Maier has strong support, which has been expressed in recent days by sympathetic contacts. When Maier went to the plenary session of the Landtag on Wednesday, he was received there with demonstrative applause from the CSU deputies.

SPD: Christian-social Governmental Corruption

Bonn, 22 Jul--"The Christian-social governmental corruption is telling lies from every direction in this affair." This is what SPD executive-committee chairman Clement said about the conflicts in the CSU. He said that Strauss' "claim to omnipotence," which is manifesting itself this time in the attempt to make an organ of the press toe the line and submit to a controlling of its opinions, apparently has become sinister even to some of his party colleagues such as education minister Maier. Clement added that Maier certainly would have been even more courageous if he had expressed himself earlier at the most recent CSU Party Congress, which was stamped throughout by an appalling intolerance toward dissenters.

12114
CSO: 3103/383

MARCHAIS: PCF MINISTERS, PS POLICIES, DISARMAMENT, YOUTH

Paris L'HUMANITE-DIMANCHE in French 24 Jul 81 pp 2-3

[Interview with Georges Marchais, PCF General Secretary, by Andre Carrel; date and place not given]

[Text] Andre Carrel: One fact has been dominating the news for several weeks: there are communist ministers in the French Government. And to that I would add: paradoxically, since the French Communist Party's results in the presidential and parliamentary elections were not good ....

Georges Marchais: It is true that the situation may appear paradoxical. That is why it must be viewed in all its complexity.

It is true that we did not obtain satisfactory results in the elections. Our party has begun a serious and detailed analysis of this.

But in any case, it would be a profound mistake to conclude that the Communist Party has not played and does not play a significant role in national life.

First of all, the communists made the victory over the right possible through their struggle and their positions. They did so by constantly staying in the forefront of the people's struggle against the Giscardian government and its policies; by conducting, with their candidate, the entire presidential election campaign with regard to the second round of voting in the presidential election and in the parliamentary elections, to unconditionally contribute to the support needed to achieve a victory. Their role has certainly been essential.

Secondly, if our party has suffered an election setback, it still has considerable influence and significant capabilities for making proposals, disseminating its ideas and mobilizing workers. Its participation is essential to the success of any policy for change.

Well, all of that accounts for the presence of communists in the French Government. Thus the paradox is more apparent than real.

Andre Carrel: But haven't the communists had to accept a subordinate role? Some people have even said that these would not be full-fledged ministers, since they would not be invited to participate in international meetings.

Georges Marchais: I'm aware of that. There are some people who haven't managed to get used to the new situation. So they indulge in petty strategems that distort reality. Everyone knows that from the time that communists were appointed to government posts, it could only be as full-fledged ministers. No discrimination was or is acceptable. And as for international meetings, well as it happens, the communist minister of transportation has just taken part in one in London.

But we have to get to the heart of the matter.

Four minister are--more or less--normal; I mean that it reflects our representation in parliament.

However, our outcome in the elections, by depriving us of the possibility of greater representation and greater consideration of our own political solutions, has also deprived us of greater means of taking action in favor of change. We are not trying to hide that fact and no attempt must be made to do so.

Knowing that, and although we have accepted our position, was it necessary to refuse? On the contrary, our Central Committee unanimously believed that we had to say yes, that we had to assume our responsibilities.

Because that position was in keeping with the policy established by our congress and supported throughout the election campaign. Because discussions with the Socialist Party proved that there was a considerable number of convergent views, making joint government action possible. And more generally, because our whole policy--as well as the will of the country--obliges us to utilize all existing possibilities and, if such possibilities exist, to move toward the economic, social and democratic changes which France needs.

This is the right way and the [illegible]y way for the country and the democratic worker movement itself to make progress.

Andre Carrel: The communists are not involved in a social-democratic experiment ....

Georges Marchais: There is no need to say that if we had thought that the government that would be formed following the elections would possibly follow only a social-democratic policy, in the sense that it would manage the crisis to the advantage of capitalists and act like Giscard without Giscard, we would not have taken our place in that government!

No, the communists are participating in a unified government whose duty is to satisfy the country's desire for change and to implement the policy chosen by the majority of French men and women during the presidential election.

Communists are participating in that government with the determination to work loyally, positively and assiduously to achieve the commitments made, that is, for the success of change.

Only one thing guides us: to satisfy the people's expectations and to act with them and for them.

Andre Carrel: Concerning that point in particular, since 10 May a certain number of government measures have been taken, such as raising the SMIC [interoccupational minimum growth wage] or increasing various social services. Other measures have been announced: I am thinking in particular of reduction of working hours, lowering the minimum retirement age or reforms such as nationalizations and decentralization. Without discussing each of these in detail, what is your opinion of them?

Georges Marchais: Overall, the measures taken and announced are in keeping with what the French people want and with what we ourselves have proposed. We are pleased with them.

You have given several examples, but others could also be mentioned, such as the establishment of jobs in the government and local communities; the increase in allocations for the construction of 50,000 additional housing units; elimination of the special automobile tax.

There are also the still imited measures to tax certain "overhead" expenses of corporate directors, excessive profits of banks and oil companies and the special tax on the highest incomes ....

Furthermore, it would be good for nationalizations to take place without delay. Of course, we ourselves would like to go even further concerning anticapitalist democratic reforms in order to fully have the means necessary to satisfy the country's needs. But we are taking the choice of the French people into account.

Regarding decentralization, we have been fighting for that major reform for years. We note that it is presently being implemented. Our deputies will obviously submit the necessary proposals so that communes, departments and regions will simultaneously have available the financial resources and authority without which any true reform is impossible.

I would add that we will see to it that the rights acquired by civil servants are protected and that we will be unyielding concerning the universal suffrage rights which elected officials must have.

Andre Carrel: In general, all of these government measures have been rather well received by the public. However, at the same time, the fact must not be concealed that some decisions--such as the price increases for gasoline, just to mention one example--have caused, shall we say, a bit of disappointment ....

Georges Marchais: Our principle is clear: all promises made must be kept. We know that this cannot be done in 1 day. The new policy is just beginning to be implemented. It must be carried out seriously. Moreover, the problems that we have inherited are difficult ones. Giscard left behind 1.800 million jobless. The adverse effects have hit entire industrial sectors. Profits were not invested to develop national production. They were used for speculation and exports of capital. Such excesses have led to the obsolescence of machinery, increased waste and to France's alignment with the United States.

Undeniably, therefore, the situation facing the new government is very difficult. But I can understand that workers and families are concerned about measures such

as the one you mentioned. I can understand it even better since we ourselves thought it over and said: rather than taxing automobile owners, it would be better to take more from the incredible profits of large companies and put an end to the racket of foreign oil trusts.

Andre Carrel: With regard to the radio and television sector, many people have said that they have the impression that the expected changes have not yet taken place ....

Georges Marchais: The majority of the French people want serious, fair and truly pluralistic information. That means that the discrimination against communist newspapers, which has been systematic for so many years, must end.

A new law is being prepared. We consider it to be very important. But in this 6- to 8-month period preceding its implementation, I really consider it essential to begin immediately to respond to this need for change, in the area of both information and production.

But I would like to get back to another example, which in my opinion constitutes the most intolerable tragedy of our society: unemployment. Must it inevitably go on increasing for months or even years? We don't think so. I know: this is a complex problem that cannot be resolved with a magic wand. But there are solutions. One of these solutions is to reduce working hours--while maintaining purchasing power. With one condition: this reduction must be meaningful and must be accompanied not by a jeopardization of the social achievements and legal guarantees of workers, but by the creation of jobs.

In general, the causes themselves of the evil from which our country suffers must be resolutely attacked. Foreign causes: in particular, we recommend taking action to reduce our economic and monetary dependence on the United States. But domestic causes must also be attacked: employers must be compelled to stop raising prices, laying off workers and exporting their capital instead of investing it in national production. There must be a real and appreciable stimulation of mass consumption and investment, particularly public investments.

In brief, that is our position. We are satisfied with all government action that is being taken in this regard. And obviously, when we feel that this or that decision is not fair or necessary, we will also say so in a constructive manner, without any unnecessary exaggeration. All of that is normal and healthy.

Andre Carrel: To sum it up, you are totally in favor of government unity, which does not prevent the French Communist Party from developing its proposals, it initiatives and if necessary, its criticism at the same time.

Georges Marchais: Exactly. But it should be understood, I repeat, that our actions at all levels have a single purpose: to satisfy the hopes of the French people and to bring about change.

In this spirit, the communist ministers are doing their full share in preparing government policy. In the main sectors of national life for which they are responsible, they are striving to bring about a new policy that will satisfy the hopes of

the French people and the needs of the country. And I add: they are using new working methods while developing broader coordination, while choosing democracy as the rule of procedure in all areas.

With regard to communist ministers of parliament, they are playing a much more important role than in the past, in the National Assembly in particular. Insofar as their authority permits, they are making sure that the promises made to the French people before the elections are being kept. They are also exercising their rights to submit proposals and their rights of criticism and supervision. They are doing so with the seriousness and responsibility that is in keeping with their position as an integral part of the majority.

Finally--I should say, above all: workers are entitled to express their opinions. The exact purpose of communists is to help them to participate in the country's social, economic and political life and to take part in affairs which concern them. On one hand, by taking broad action in all areas, through the initiatives of each of us, to satisfy the diverse needs of workers. On the other hand, by contributing as much as possible to the actions of trade unions and labor organizations and associations to express the wishes of the people in the best possible way and to make it possible for those wishes to be satisfied.

Let's not forget that employers continue to exist, to exploit workers, to exercise their domination, to close down factories and to throw men and women out into the streets. They are a long way from throwing in the towel: we need only note the arrogant attitude of the CNPF [National Council of French Employers] during the negotiations on reducing working hours.

Andre Carrel: In other words, it is and will always be necessary to fight ....

Georges Marchais: Yes, especially since today conditions are more favorable than ever for success: the examples of Ladrecht, Manufrance and Chaix are evidence of this.

Andre Carrel: The communists don't say: "Elect us: we'll take care of the rest ...."

Georges Marchais: You're right. Allow me to point out something fundamental in this regard. We spoke about government unity a while ago. Well, in my opinion, the hardest thing will not be working together with our partners in the government, despite our differences. Our toughest job will undeniably be to make the millions of workers in our country clearly aware of the means to be utilized, without which it would quite simply be impossible to satisfy their legitimate aspirations. We have a decisive battle of ideas to wage in this respect. We will win it only by enabling everyone to participate himself, step by step, in the action. Each step forward can and must show the French people that it is possible to move ahead with democracy and change, provided they acquire the means. That is the policy of our 23rd Congress.

Andre Carrel: The purpose of this interview is not to make a survey of every current issue. However, there is one that is being discussed a great deal at this time, that of nuclear missiles and the balance of forces in Europe.

Georges Marchais: That is a matter of the utmost importance. The greatest concentration of nuclear weapons in the world is found on our continent. That is why disarmament, particularly in Europe, is a primary concern for us communists.

We maintain that this insane race must be stopped and that steps must be taken for the gradual, balanced reduction of all weapons of death and destruction, while of course guaranteeing each country's security.

It is in this context that the issue of nuclear missiles must be viewed. We believe--and a number of qualified people in France and throughout the world share this opinion --that a world balance has been established and that any attempt to achieve military superiority, by whomever, could lead only to a dangerous resumption of the arms race.

I know: there is disagreement concerning the assessment of forces present in Europe. Well, that is even more reason for holding talks without delay, presenting documents and going ahead with a thorough examination of the actual situation. And in the event that an imbalance of forces should be demonstrated, whether on one side or the other, the balance would have to be reestablished: not by a further increase in weaponry, but by its reduction. In short, negotiations are necessary immediately and unconditionally: that is our position. Moreover, the agreement concluded on 4 June with the Socialist Party states that "international negotiations must quickly be held concerning arms limitation and reduction in Europe."

We are therefore delighted with the impressive trend of opinion that has been developing in this sense in many countries. We also note with interest that other voices, besides those of communists, are being raised from the most varied horizons. Thus after hearing Willy Brandt's report on his talks with Leonid Brezhnev, the socialist Internationale immediately urged that negotiations on Eurostrategic arms be opened as quickly as possible. We French communists are cooperating with others in seeking measures favoring disarmament.

Andre Carrel: France can be a great influence in this area.

Georges Marchais: I'm convinced of it. In particular, by taking the initiative for holding a European conference on disarmament issues, within the realm of possibility, for example, by continuing the Madrid meetings, in which 35 nations participated.

More generally, any positive initiative in this regard is welcome. For example, I am pleased that the Peace Movement has organized a national rally for disarmament in October. We will support such action. Similarly, I say quite candidly: I would be delighted to see our country's young people contribute to this fight. Why couldn't French youth of all sympathies meet with young people from other European countries to affirm their joint determination to oppose the senseless escalation of destructive weaponry and in support of a world without war and without arms?

Andre Carrel: That would have particularly great significance, since imperialism has continued to stir up bloody conflicts ....

Georges Marchais: In Lebanon, for example. The constant aggression from which that country suffers--in particular the recent criminal bombings of Beirut--arouse

considerable justified emotion and indignation. I had the opportunity to visit Lebanon and to see the terrible consequences of Israeli attacks against Lebanese and Palestinian peoples. No man of conscience can remain insensitive to such misery, which seriously risks broadening the conflict. All of that confirms my opinion that everything must be done to stop Israeli aggression and to establish a true peace. In particular, this includes recognition of the Palestinian people's right to an independent state.

Andre Carrel: One last question, Georges Marchais: what condition are communists in today?

Georges Marchais: First of all, allow me to point out that this is the vacation period: communists are therefore taking time out for some well-deserved relaxation!

As for those who are working, the first item on the agenda is the consideration and discussion of issues that began with the last Central Committee meeting. I am extremely pleased with this. It is an open, rich and democratic discussion in keeping with our own rules for living. In this area, as in others, there is no model for us to imitate.

At the same time, communists are not idle. They are attentive to the problems of workers and concerned with helping them in the best way they know how.

All of this debate and discussion is proceeding in a good mood and in an atmosphere of trust. A new prospect is emerging for our people: the right has been beaten; the left is in power; there are communist ministers; changes are beginning to take place; and finally, we are the supporters of a great policy for France, which we are determined to confirm and enrich in our next congress.

To sum it up in one sentence, I would say that the party is in good health. We intend to definitely look toward increasing our influence with voters: not in any spirit of factionalism, but because we believe that this is essential for truly and lastingly bringing about change.

11915
CSO: 3100/896

SOCIALIST YOUTH RETREAT FROM PROGRAM AFTER LO CHALLENGE

Stockholm SVENSKA DAGBLADET in Swedish 7 Aug 81 p 2

/Editorial: "SSU in a Jam"/

/Text/ At the Social Democratic Youth Association /SSU/ Congress a few months ago, the radicals took charge. This was expressed both in the voting and the decisions. After the congress, representatives of both the trade unions and the party have asked where the SSU is really heading.

It is not difficult to understand their concern. In a number of countries the increasing radicalism of the Social-Democratic youth movements have divided as well as irritated the parties. In this context primarily security and defense policy issues were involved. In Sweden it is above all the relationship with the trade unions which has created conflicts.

On the trade union side it is primarily the Metalworkers' Union which has taken action. In the most recent issue of METALL, the union's press representative, Staffan Kellerborg -- himself an active SSU member -- puts 10 intricate questions to the SSU. These are based on the proposal, written by a metalworker, which in its essential parts was adopted by the congress and which dealt chiefly with questions of labor law and the forms of trade union work.

The proposal breathed, as the saying goes, ill will and hostility toward the trade unions.

According to the decision of the congress, the SSU is to work for legislation which makes all strikes, legal ones as well as wildcat strikes, lawful. Guidelines within the field of labor law are to be condemned, the Labor Court is to be abolished, the veto right of the unions is to be abolished and disputes will not be allowed to be resolved by way of central negotiation. The codetermination law is criticized as being a bureaucratic instrument, which has not produced anything positive.

The reason for the violent reaction of the trade unions is obviously that the solidarity of ideas within the movement was believed so great that neither the LO nor the individual unions were considered to need any youth movements. Consequently, from now on the SSU would take care of the young union people on the basis of values not shared by the LO /Swedish Federation of Trade Unions/.

According to Kellerborg, the decisions by the congress go "hand-in-hand with the demands of the biggest hawks on the employer side." This is really to conceal that it is actually a question of more radical political evaluations within the SSU. Whenever did the SAF /Swedish Employers' Confederation/ speak of legalizing wildcat strikes and abolishing the Labor Court?

The chairman of the LO, Gunnar Nilsson, even touched on similar thoughts on Thursday when he attacked -- the day before the executive committee is to deal with Kellerborg's 10 questions to the association -- the decision of the SSU congress. Nevertheless, it is clear that it is a question of a political wind shift within the SSU.

Now, one is obviously trying to turn this into a question of interpretation in the SSU. It is clear to anyone who has read the adopted proposal that the demands cannot be reconciled with the values of the LO.

In this dilemma the secretary of the SSU explains that it is possible, of course, to pay no attention to the decision and accept the fight about the approval of the minutes of the meeting which will consequently occur when the congress meets again.

As is well known, Olof Palme concluded his first congress as party chairman by promising that the decisions of the congress would be carried out.

The SSU leadership apparently intends to say that congress decisions should be disregarded.

This is certainly not the way to deal with increasing radicalism in the SSU. On the contrary, it will acquire more fertile growing ground.

11949
CSO: 3109/232

DEFENSE OFFICIAL ON MILITARY PROBLEMS, FINANCES, FUTURE

Bonn WEHRTECHNIK in German Jul 81 pp 15-19

[Interview with Dr Klaus Dieter Leister, state secretary for armaments questions and military policy: "Weigh Again and Again Whether the Funds Are Being Employed Effectively"]

[Text] Since January 1981, Dr Klaus Dieter Leister has been state secretary for armaments questions and military policy at the Federal Ministry of Defesne [BMVg], being the successor to State Secretary Dr Karl Schnell, who has retired. In an initial talk with WEHRTECHNIK, Dr Leister describes his impressions of his first 5 months at the BMVg--a time characterized above all by financial problems in connection with the management of the kinds of arms which are indispensable for the maintenance of the Bundeswehr's fighting strength. State Secretary Dr Leister has clearly recognized the negative effects produced by the cuts and the stretchings of expenditures, above all on small-scale industry and on research and development. He plans to champion the idea of again making available for research and development 5 percent of the total balance sheet of the BMVg's departmental budget from 1983 on. Thus he is quite optimistic with respect to the future: "Whatever the Bundeswehr needs in the 1980's and 1990's in order to measure up to its mission, it will receive this." However: "But even the Bundeswehr, and I include myself completely in this, is called upon to weigh again and again whether the funds are being employed effectively, and where we can economize...."

WEHRTECHNIK: Dr Leister, you have been state secretary in the Federal Ministry of Defense for 5 months now. What were the dominant impressions for you from these more than 100 initial days?

Dr Leister: The functions which I took over at the beginning of this year include not only armaments in the narrower sense, but also the overall planning for the structure and equipping of the Bundeswehr. The dominant impressions: For one thing, the complexity of the problems associated with procurement. We must pay heed to not only technological, but for example also operational, financial, and personnel prerequisites and consequences. In the second place, however, is the financial tightness which works its way into all areas. But this financial

pressure also has a good aspect: I am convinced that regardless of the budgetary restrictions--as a matter of fact, all Western countries are being affected by these at present--this thing or that thing must be thought over anew with respect to how it was conceived and planned in recent years. Now is the time to reconsider what has been done up to now and to look for new beginnings. One must utilize this situation so as to accommodate defense planning to the altered conditions, to improve it, to reform it, and possibly to start anew on it, so as to keep it in line with our security policy and with the mission of the Bundeswehr. The goal must always be to maintain the combat readiness and deterrent capability of the Bundeswehr. To that end it is necessary, among other things, that the soldier not only has weapons and equipment, but also can operate them and is familiar with them.

WEHRTECHNIK: Was it discernible that we would get this disparity between revenues and expenditures, or has this confronted us more or less suddenly because of external and domestic political events?

Dr Leister: This is a question which involves the point in time from which one looks into the future. When about 10 to 15 years ago the present weapons inflow was planned, one could hardly have predicted the present problems.

The fact that the growth rates in the gross national product and the revenue situation of this nation would become more critical in the 1980's was predicted by certain experts. But the oil price explosion and the worsening--dramatically, in some cases--of basic economic conditions worldwide could scarcely have been foreseen. At the most, one had dire premonitions, but no one expected that it would come so suddenly and to this extent.

WEHRTECHNIK: Does not also the steadily worsening monetary relation to the dollar and the pound contribute to the difficulties, at least in the defense area? How much is really spent per year in foreign countries by the BMVg?

Dr Leister: In 1980, we paid about DM 5.2 billion to foreign countries, of which about DM 3.4 billion was for procurements of weapons systems and ancillary supplies. The monetary loss connected with contracts concluded in dollars or pounds makes quite a considerable difference today and burdens the 1981 budget substantially. This involves the danger that we may have to move a portion of the additional burdens over into the year 1982. But one must also admit that in the 1970's we also had monetary gains to some extent. The present changes in parity could not be foreseen. These fluctuations in exchange rates bring additional difficulties to the BMVg, but our planners cannot be made responsible for these.

A New 'Bow Wave'?

WEHRTECHNIK: You spoke of our being forced to move at least a portion of the additional expenditures over into the budget year of 1982. Can that be done indefinitely? Is not a new bow wave generated by this which soon leads to the same problems which we had a short time ago?

Dr Leister: I also see the danger of a bow wave. Everybody working with us recognizes it, and therefore we have also insisted that a large part of the commercial risks immediately facing us must get covered in the 1981 budget year, precisely so that no bow wave arises. Since the budget committee and the Bundestag now have approved the DM 850 million extra for 1981 proposed by the

Federal Government, the bow wave which we push over into 1982 is minimal. For example, we are obtaining after all the DM 265 million for the MRCA [multipurpose combat aircraft] Tornado, which we were lacking at the beginning.

WEHRTECHNIK: Initially you were asking for DM 1.175 billion--but you are getting only DM 850 million. Where will you now make cuts, precisely so as to not allow any bow wave to arise?

Dr Leister: We will economize in all sectors and make many cuts, even in the areas of fuels and maintenance. In some cases this is not easy, but the constant combat readiness of the Bundeswehr will be fully preserved.

WEHRTECHNIK: Putting aside for the moment your enlistment period--since then of course you have been a captain in the reserves already--you are now concerned with material which you were probably not very familiar with hitherto. Were you taught well by the service branches and also by the armaments department? Was it difficult to find your way about in the new material?

Dr Leister: I can only express nothing but praise. I have received here very good "briefings"--as one says in the military--from the chief of the armed forces staff, from the chiefs of staff and the operations staffs of the service branches, and also from the armaments department and all other departments of the ministry. The foundations which were imparted to me for my start were good and adequate. And the armaments conclave itself was a valuable introduction, of course. The only unfavorable aspect, perhaps, was the fact that I had no leisurely period of adjustment to the job, but was thrown right into the middle of events. But in place of this I have gotten a more rapid insight into many detailed problems.

WEHRTECHNIK: Is arms the emphasis of your current work?

Dr Leister: Because of the problems facing us, armament most definitely is the current emphasis of my work. Certainly it takes up 80 percent of my working capacity and working time.

WEHRTECHNIK: As state secretary, you occupy a responsible position in the ministry which requires you to make decisions. As a newcomer to this material, is it not difficult to have to make decisions which can be based only on the preliminary work which has been done for you and where your own experience--which surely in other matters is always a factor in decisions--does not exist?

Dr Leister: For all leadership functions it is true that one must make decisions on the basis of preliminary work by colleagues who have a much more detailed specialized knowledge than their superior does, who must make decisions on the political level. Good decisions are based mostly on good preliminary work by one's colleagues. On the other hand, I would not overestimate the thing about experiences. It is good if one has them. But with many decisions what is important is that one has not yet had his view of the problems and background obstructed. From a wealth of experiences, which do not always have to be based on specialized knowledge, one can form a good judgment. In that area I do not have any worries and problems about whether even a person who is not a defense expert can arrive at proper decisions on the essentials.

WEHRTECHNIK: Do you have a partiality for a certain field, resulting perhaps from your previous military training?

Dr Leister: Since I am a member of the army, of the armored tank forces, I do have a certain partiality and more experience in this sector--on the other hand, I try not to stress that too much, precisely to avoid the risk of showing preference for a certain arm of the service out of an attachment which is perhaps even unconscious. I must say that so far I have not especially promoted or been indulgent with any service branch when it was essential to make unpleasant decisions. For me what matters is that the overall interests of the Bundeswehr and its mission must stand in the foreground. Therefore, those considerations which cover all the service branches in the planning and decision-making are important above all.

Planning Comprehensive to All Service Branches

WEHRTECHNIK: Is not this supposed to be given increased prominence precisely by the Long-range Commission?

Dr Leister: This is one of the urgent tasks of the long-range group which just now has begun its work under the chairmanship of General Brandt and under my political responsibility. To arrive at a planning which is general to all service branches really has been the goal ever since the Blankenes decree. But up to now, this has not always worked in practice. However, because of the basic financial conditions we are now forced even more than before to get away from thinking strictly about a particular service branch and from follow-up thinking. We must concentrate on the question of what we can optimally do with the resources available in order to ensure that the Bundeswehr fulfills its mission from the viewpoint of the arms-procuring, technological, financial, and personnel conditions.

WEHRTECHNIK: Could this mean that there will be a strengthening of the armed-forces operations staff?

Dr Leister: From the viewpoint of executing our goals, this might lead to a certain strengthening of the position of the operations staff. But I would prefer to view it as being a situation where the operations staff will now measure up even better than before to its task--a task which, of course, it already has vis-a-vis the service branches.

Good Cooperation in the Ministry

WEHRTECHNIK: How is cooperation in the ministry like? Are the information paths toward the top and down to the bottom functioning--surely certain doubts have arisen about this occasionally because of the "Tornado" fact-finding committee?

Dr Leister: The opportunities for obtaining information and having discussions are good, and I utilize these fully. The chiefs of staff are able to make reports directly, and the same thing is true also for the heads of the civilian departments. I talk over certain questions also with the sub-department heads and section leaders. In addition, I meet at least every 14 days with the three armaments-department heads for a so-called "armaments meeting day" in order to discuss current questions and to follow up on certain matters. I intend also

to establish a so-called "planning meeting day" for the purpose of discussing planning tasks in company with the civilian and military sides. I am not partial to routinely setting dates for conferences, but I consider it essential that unresolved questions be debated in discussions and that background material be explained. If a proposal is not entirely clear and unequivocal, before the decision is made I speak first with the experts from the relevant departments.

As concerns my relationship to the minister: It is a pleasant and effective cooperation. One can walk up to him at any time, without the need for a grand appointment date and many formalities. As for the rest, the so-called "staff meeting" takes place regularly with the three state secretaries and the chief of the armed forces staff, and once a week there is the department-head conference, so that there are adequate discussion, information, and guidance opportunities.

WEHRTECHNIK: How do you differentiate your functions from those of the other appointed state secretary, Dr Hiehle?

Dr Leister: We have a clear separation of tasks, which was defined in January of this year by the minister after a discussion at the staff level. Dr Hiehle is largely responsible for all the inner affairs of the Bundeswehr--that is, personnel, budget, administration, legal matters, billeting, social matters--and I am responsible for the sectors of armament, military policy, and Bundeswehr planning.

WEHRTECHNIK: At bottom, then, no change from the former arrangement?

Dr Leister: In essence nothing has changed, except perhaps that responsibilities have been clearly formulated and have been more suitably delineated than they were before.

WEHRTECHNIK: Does the planning staff come under you?

Dr Leister: No, it is directly attached to the minister, but I work very closely with it and readily make use of it. It has an extensive capacity for planning and analysis and can integrate its knowledge well into the technical work of the ministry. As a planning staff, it has the advantage that it can illuminate many things in a more fundamental way and therefore can initiate new thinking.

Armaments Conclave: Problems Not Put Off

WEHRTECHNIK: Before the armaments conclave it was often said that with this conclave the course would be set for the armaments situation of the 1980's and 1990's, but after the event the impression is growing that a large portion of the problems has merely been put off, and in fact only until the next legislative period. Is this impression correct?

Dr Leister: The armaments conclave had two objectives: A reviewing of the medium-range budget estimates from 1982 to 1984, and secondly--for the time period beyond this--a reconsideration and possibly a reformulation of the assumptions to be made for the internal planning. One cannot say that the problems have been put off, even though certain projects have been extended and postponed. These

changes were made because the former budget planning, which was based on yet other assumptions in the 1970's, had to be reconciled with the financial circumstances of the 1980's. In this connection, for the medium range we came to the conclusion that to fulfill the mission of the Bundeswehr on the basis of the 14th Departmental Budget, we needed one billion DM more plus the adjustment for inflation. For the long range, a planning projection was drawn up which corresponds roughly to the financial expectations for 1985 to 1990.

WEHRTECHNIK: In that case, is what was postponed to the years after 1985 really feasible?

Dr Leister: According to what we know at present, yes--but in each individual case it must be decided again and again whether this is in line with the military requirements, is not technologically outdated, and whether then the financial resources should not be put to better use for something else.

Concern About Small-scale Industry

WEHRTECHNIK: The effects of the armaments conclave in the industrial sector will probably appear above all in connection with relatively small and middle-sized firms. How do you intend to make certain that the know-how and capacity--both surely are needed by the armed forces--in these firms are not lost to you in the long run?

Dr Leister: This is of great concern to me, above all whether small-scale industry can survive in the hard times which are in store for us for some years to come. After all, this situation is much more critical for smaller firms than for larger businesses, even with respect to capacity. We are considering what we can do in the way of orders to medium-sized and smaller businesses to help them retain their know-how and avoid having to dismiss their qualified personnel. Our concern is to preserve small-scale industry. But we cannot rule out the possibility that there may be difficulties nevertheless in some of these firms.

WEHRTECHNIK: Especially in the repair sector, have some medium-sized businesses already had to suffer considerable losses of orders?

Dr Leister: In this financial situation, you cannot blame the armed forces for now wanting to do many things on their own. But nevertheless we will examine what is more cost-favorable: Repair work by the armed forces, or in industry. Of course, labor-market and structural-policy problems must be considered as well, but corresponding decisions should not be borne by the defense ministry alone. Here the overall responsibility belongs to the cabinet. Measures affecting the labor market in the armaments sector due to additional financial burdens cannot be blamed on Departmental Budget 14 alone.

WEHRTECHNIK: We might characterize the situation with research and development as downright alarming. Are we really so bad off already that we have to economize in just this sector? In the 1990's, will we not have to spend twice and three times as much as the millions now being saved, simply because by then we will be dependent on foreign countries? With the funds now available for research and development, is it not even going to be possible after all to maintain a

competence to make judgments with respect to foreign developments in the long run?

Dr Leister: The economizing measures in the sector of research and development have not been easy for us. They were more or less forced on us, because we needed to conserve on funds in order to finance the Tornado. This was true of last year as well as this year. In the current year, the research and development funds were cut by 10 percent compared to 1980. But the same sort of painful actions have been taken in other ministries as well. There was no other way. It is crucial that this does not remain the case for a long time. Although in 1982 as well, no adjustment will be given as yet, from 1983 on we intend to again provide for larger rates of increase in the finance plan. Thus what we have here is a temporary period of reduced circumstances. In this sector, we need funds to maintain our own power to make judgments and our capacity for cooperative ventures. We will argue in parliament at that time that we should again receive more funds and that perhaps 5 percent of the funds of Departmental Budget 14 should go for research and development--at present, this percentage is just under 4 percent.

WEHRTECHNIK: Now and again we get the impression that certain members of parliament view the denial of research and development funds as a lever to be used for getting away from an armaments industry--that is, away from arms exports in the 1990's as well, because of course the systems which are to be producing at that time must be developed now.

More Self-help From Industry

Dr Leister: I cannot share this fear to such an extent. To be sure, it is correct that these members of parliament would like to have a certain control in the area of research and development as well, so that no major projects are initiated for the 1990's which are such that later on there is no going back. But this is not what is planned at all, because we will inform the parliament in good time about the planning of major projects--such as, for example, would be the case with the project on the German-French combat tank. In this connection, I would like to mention further that we want to maintain research and development capacity precisely in small-scale industry. On the other hand, in the future large enterprises must be ready to pay in larger sums of money of their own in the development sector. I have mentioned this already to several representatives of industry, of whom many have agreed with me on this.

WEHRTECHNIK: But does not industry declare that it can put more of its own money into development only if it obtains an underwriting guarantee from the Bundeswehr and is allowed to export?

Dr Leister: According to the principle of competition, it is impossible to give an underwriting guarantee--and it is not for the BMVg alone to come to a decision about exporting. For me, the question of exporting is not a decisive argument, because many firms are such good customers of the Bundeswehr that they can contribute to development costs entirely without needing to export.

WEHRTECHNIK: You mentioned just now the German-French combat tank--do you see here an altered situation, following the presidential elections in France? How is the state of affairs in connection with this program, anyway?

Dr Leister: At present we are preparing the Memorandum of Understanding for the definition phase, and we will acquaint the relevant committees of parliament with it after completion of the draft. I am convinced that German-French cooperation will be continued steadily and trustfully by the new French government in the armaments sector as well. In any case, I have no basis for coming to any different conclusions.

Tactical Requisition--Too Perfectionistic

WEHRTECHNIK: This question may be coming too soon--but do you already have any ideas about whether the organization of the armaments sector should be changed, and if so in what way?

Dr Leister: This question is really asked too prematurely--although I have certain ideas about what could perhaps be improved, I would prefer not to speak yet about these in detail. To me, one essential consideration is that we must develop an even stronger internal control, both concerning the sequence of operations and also concerning financing. And it seems to me crucial that in the future the tactical requisition which the respective service branch draws up in connection with military need-priority planning will have to be technically less perfectionistic and will have to make more allowances for the financial possibilities.

WEHRTECHNIK: Could there also be changes in the budget law?

Dr Leister: No matter how desirable a greater flexibility in many budgetary regulations would be for the efficient controlling of armament programs, I still have little faith in changes in the budget law, since parliament wants to retain its control rights. And I can also understand this from the point of view of the members of parliament.

WEHRTECHNIK: Supplementary to that: You are responsible for armaments, among other things. Dr Hiehle is responsible for the budget. Is this separation good--cannot these ever be combined?

Dr Leister: That has been considered before--I regard this separation as a good thing, because it means at the same time an additional control function.

Use the Know-how of the RueAk More

WEHRTECHNIK: At the end of April, the Working Group on the Armament Industry (RueAk) again met, and--surely in contrast to former times--even Minister Dr Apel had a great deal of time to spend with this group. Can one view this as a sign that you will be attaching more importance than hitherto to this RueAk in the future? In your view, what is the specific role of this RueAk?

Dr Leister: I can unreservedly answer your first question with a "yes." I consider it quite important that the ministry take advantage of the know-how of

the Working Group on the Armament Industry. I would like to utilize the RueAk, to a greater extent perhaps than was the case in the past, as an advisory group to the leadership of the ministry. In this small circle we are to speak, give information, and discuss matters openly in such a way that there can be an active, friendly exchange of opinions at relatively frequent intervals.

WEHRTECHNIK: Will representatives of industrial associations be consulted more in the future?

Dr Leister: The Federal minister of defense has the right to nominate parties to the Working Group on the Armament Industry. Moreover, these nominations are ad personam--thus, a business engaged in armaments is not entitled to send a representative to the Working Group on the Armament Industry, and the same thing is true of the associations.

WEHRTECHNIK: Are you optimistic with respect to Bundeswehr armaments, their financability--and to expand on this, the financability of a defense in general which is still adequate to the threat?

Dr Leister: Seldom am I inclined toward pessimism, and I am not so inclined in this sector. But again I am not so optimistic that I consider every Bundeswehr plan and wish within the next 15 to 20 years to be financable. But whatever the Bundeswehr needs in the 1980's and 1990's in order to fulfill its mission within NATO, it will receive the financial resources for this also from the cabinet, from parliament, and thus ultimately also from the taxpayer. But even the Bundeswehr--and I include myself completely in this--is called upon to consider again and again whether the funds are being employed effectively, and where we can economize. We will examine whether all economizing possibilities have been exhausted. But the same thing holds true also for industry: It too must think about how it can furnish the Bundeswehr with equipment in a more cost-saving and cost-effective way.

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GOVERNMENT REPORT ISSUED ON MILITARY TRAINING OF LIBYANS

Former Minister Exonerated

Stockholm DAGENS NYHETER in Swedish 18 Aug p 6

/Article by Ingemar Lofgren: "The Telub Affair; Burenstam Linder Exonerated by New Investigation"/

/Text/ Former Minister of Trade Staffan Burenstam Linder, Conservative, did not know about the so-called Telub affair until 12 November 1979, that is to say 8 months after Telub signed a contract with the Libyan state.

This was established by former government member Carl Abjornsson, who has investigated the Telub affair at the request of the government. The results of his new investigation were submitted to Minister of Justice Carl Axel Petri on Monday.

It was during last spring's heated debate about the technical training of Libyan students at Telub that the government authorized a special investigation of the Telub affair. The purpose was to obtain a clear picture of how much the various ministers actually knew at various points in time about Telub's contract with Libya.

One of those who received the most criticism, and who was also reprimanded by Parliament, was former Trade Minister Staffan Burenstam Linder.

According to the new investigation, he was treated unfairly. In fact, he showed "a clear desire to get correct information in the matter" when he assumed his post as head of the Department of Trade in the fall of 1979. At this time the agreement between Telub and the military authorities in Libya had been in effect for 8 months. As early as 12 November 1979 the minister of trade advised Telub against entering into a project, which contained military elements, with Libya. This had the result, among others, that one of Telub's projects was cancelled.

During the spring of 1980 inquiries were also held at the Department of Trade with Telub's managing director Benkt Dahlberg and other Telub representatives. On these occasions Benkt Dahlberg maintained that it was only a question of purely civilian

technical training. Staffan Burenstam Linder was therefore misled, Carl Abjornsson maintains in the investigation.

As for the much discussed letter to the Foreign Ministry from the embassy in Libya on 11 January 1978, in which the Swedish ambassador writes that Telub's training is actually a 4-year course in the subject of missile technology, the investigation says that neither Staffan Burenstam Linder nor Foreign Minister Karin Soder (Center Party) were allowed to partake of the contents of the letter.

Not until the end of January this year was the government informed of the contents of the letter by the new Telub management. According to the investigation, Karin Soder and the higher officials at the Foreign Ministry knew as early as December 1977 that the Telub project would be training for Libyans with military background. But according to the investigation they thought that the training concerned only civilian technological subjects and that the purpose was to train personnel for aerial surveillance duties and other electronic surveillance.

Kronmark Knew

Defense Minister Eric Kronmark (Conservative) was informed about Telub at the initial stage, and his greatest interest concerned the prevention of leaks about defense secrets. When Benkt Dahlberg at Telub, himself an officer and an employee at the Defense Ministry, certified that there was no danger of that, Kronmark was of the opinion that the security risks had been eliminated.

The only ones who are possibly given pungent criticism are the members of the Liberal government headed by Ola Ullsten. The investigation reports that no clarification has been achieved as to how much they actually knew about the contents of the contract with Libya, but in all probability they had access to the same information as Karin Soder, the report says.

However, several ministers in the Liberal government expressed uneasiness about the project. During a meeting they therefore agreed to deliver a request to the management of Telub that the training should not take place. But according to the investigation it is unclear whether the then Industry Minister Erik Huss actually presented the decision in such a manner that it was understood by Telub's manager. And any direct intervention by the Ullsten government in order to halt the project has not taken place since then.

Carl Abjornsson's Telub investigation has largely arrived at the same conclusion as the Constitutional Committee did twice before.

"There is thus no reason to take up the issue again," the chairman of the committee, Bertil Fiskesjo from the Center Party, says today.

Students' Failure to Return Mystery

Stockholm DAGENS NYHETER in Swedish 18 Aug 81 p 6

/Article by Ingemar Lofgren: "The Libyans did not Turn up; Arrive in Vaxjo Today"/

[Text] On Monday the technical training at Telub's establishment in Vaxjo was to resume for the 100 students from Libya. But the company waited in vain. The

Libyan students never arrived, and at Telub one knew nothing Monday afternoon about their potential arrival in Sweden.

"We have not had confirmation as to whether or not they will arrive," says secretary Laila Petersson at Telub.

"They will arrive on Tuesday," one says at Libya's so-called people's office in Stockholm.

During the summer Telub's management, together with representatives from the parent company United Factory Works FFV, has been negotiating with the Libyan authorities about the conditions for the continued training. Could the failure of the students to show up be a tactical maneuver by the Libyans in the negotiations?

No Connection

"The negotiating situation between Telub's management and the Libyan authorities is of course difficult, but as far as I know there is no connection whatever between the complicated negotiations and this delay," says the head of information at FFV, Seve Ungermark.

At FFV there is also no explanation for the absence of the Telub students.

"We know nothing, and there is probably nothing to do but wait," Seve Ungermark says.

On Monday afternoon the Libyan embassy in Stockholm, or the people's office, as it is called, received word from Libya that the students are now on their way and that they will arrive in Sweden on Tuesday.

At the embassy one says that one does not know the reason for the delay. On the other hand, there is information about the unclear situation in the ongoing negotiations.

"As far as Libya is concernced, the negotiations are already over with. We simply want to continue the studies which are stipulated in the contract, while the Telub management is trying to eliminate certain subjects because they are afraid of the criticism in Sweden," says the person who is responsible for the information department at Libya's people's office in Stockholm.

Stands Firm

"Libya stands by the contract written in March 1979 and considers the training totally civilian. But the management of Telub and we have different opinions about what is civilian and non-civilian. All that is civilian can be used in war, after all."

"In the negotiations we have not yet arrived at eliminating anything from the training. The only thing we have achieved is that the training will continue, and on Tuesday the students will arrive," one says at the people's office of Libya.

Procedures Must Be Tightened

Stockholm DAGENS NYHETER in Swedish 18 Aug 81 p 2

/Editorial by Carin Stenstrom: "Bottom Line on Telub"/

/Text/ The training of Libyan military personnel continues at Telub in Vaxjo. But the debate around Telub -- or rather the actions of the ministers in this affair -- is probably largely concluded now that the government's own Telub investigation, undertaken by former government member Carl Abjornsson, has been presented. The Constitutional Committee in Parliament has previously examined the actions of the ministers. But the committee's results are less interesting since they followed party lines in a remarkable way.

Carl Abjornsson has closely scrutinized the course of events in the affair. His conclusion is that the cabinet members knew that the training involved military personnel and had military connection, but not that it included military application as well. This they did not find out until January of this year. The cabinet members may be said to have formally acted in good faith, but in reality the criticism against their lack of misgivings and the suspicion that basically they knew more or less what was going on still remains. The attempts of the Liberal government to halt the training is an indication of this.

When Parliament discussed the issue last spring, Staffan Burenstam Linder, minister of trade in the second Falldin cabinet, was the only minister who was reprimanded. In Abjornsson's investigation, however, Burenstam Linder is praised for showing that he wanted to acquire hard facts, through, among other things, meetings with the head of Telub.

But the parliamentary reprimand concerned the manner in which he used these facts. Despite the government's knowledge, according to Abjornsson, that the training involved military personnel and despite the fact that various data for this existed at the Chancellery, Burenstam Linder denied this in Parliament. The Abjornsson investigation cannot be regarded as "clearing" Burenstam Linder on that point.

The one who perhaps has the most reason to be satisfied with Abjornsson's investigation is the former head of Telub, Benkt Dahlberg. To be sure, he is far from innocent in this affair -- according to Abjornsson mainly because he kept secret that the training in Vaxjo was to include direct military applications of the instruction of the first few years. But he has been forced to act as the general scapegoat in a rather shameless manner.

Dahlberg has all along maintained that the Liberal government played a key role in the affair. Abjornsson now admits that Dahlberg was right in saying that the Liberal government could have halted the training but was not prepared to take the consequences. This is also evident from the fact that Telub's management was informed of the character of the training as early as 1978.

The concrete result of the investigation will be that work routines and channels of information within the Chancellery will be reviewed. This is needed. The we will perhaps be spared all these strange subterfuges and gaps in memory the next time something comes up.

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SOCIALIST YOUTH ON 'ZONE'--Danish Social Democratic Youth's (DsU's) Business Committee is drawing its own conclusions about the debate on a Nordic nuclear-free zone. DsU feels that Liberals and Conservatives will not oppose stationing nuclear weapons on Danish soil. "It is obvious there are fixed and essentially different opinions about Danish security policy, with Social Democrats on one side and Liberals and Conservatives on the other," according to a statement by DsU. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 25 Jul 81 p 3] 8952

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EFFECTS OF ARSONS, FIRE-BOMBINGS ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 32, 6 Aug 81 pp 11-12

/Article by Ath. Papandropoulos: "The Instigators of Arsons"/

> /Text/ "...Often those who prevailed over the others were those with limited intelligence, the mediocre, because, fearful that they might be defeated on account of their incompetence and the erudition and mental agility of their opponents, they moved with audacity and every evil trick..." Thucidides.

Within 7 months, eight arsons of department stores occurred in Athens causing: approximate losses of 2.4 billion drachmas in destroyed merchandise; almost 4 billion drachmas in real estate destroyed; almost 800 persons left jobless; underemployment in 40 small and large factories and small businesses; financial difficulties for 12 importers; and problems to banks and insurance companies.

From publicly expressed views we gathered, it is assumed that the arsons are the work of Masons, Jews, agents of EEC "monopolies" who want to close down the Greek department stores; the owners who in this way avoid paying their debts to the banks; the CIA that wants to cause unrest, etc.

These devilish and conspiratorial views which are beautifully aligned with the overall climate cultivated in our country around the interpretation of events are indicative not only of the overall decay of a society's values (such as "critical thinking," for example) but also of the size of the explosive bomb placed in its foundations.

On the other side, transferring the responsibility for the arsons to "dark forces" is a typical illustration of our refusal to face reality and especially it is an intellectual retreat before the enemies of the free societies. At the same time, this intellectual attitude benefits the arsonists who must be laughing their heads off as they watch and listen... This is one of their primary targets.

Being very careful to avoid human casualties in the fires, the arsonists try to gain the sympathy and favor of the public and to assume the guise of the "relentless avengers" of the "evil" capitalists who dare to have those department stores! Under those conditions these conspiratorial interpretations not only serve their objectives but also heighten their popularity.

Moreover, turning the discussion about the arsons toward those demonologic interpretations serves the arsonists from an ideological standpoint because in this way they avoid a face to face confrontation with the criticism of the logic which accounts for their actions.

From this point of view, every objective analyst or observer of Greek affairs should agree that the arsons, whoever the perpetrators and whatever their motives, may in any case draw their justification from a specific logic: a logic we could call acceptance of an ideology which is nothing but phraseology.

As we shall see below, the acceptance of this ideology-phraseology leads to a more basic pathology which is schizophrenic--a schizophrenia especially developed in societies dominated by intellectual counterfeiting and double talk. That is, two phenomena which spring from the earlier authoritarianism of those societies and which interpret the extreme jacobinism of the elite.

Intellectual and Social Inconsistency

In the complex societies of the West where the economic functions go hand in hand with many democratic freedoms, the intellectual consistency is not always a decisive feature of everyday behavior. At the same time, the outer-reality and multi-faceted nature of the social processes prevents the intellectual clarification of the political games. Thus, it would be rather daring to argue that one fully understands the social mechanisms and the political processes.

Consequently, if we were to assume that in the democratic (industrialized and less industrialized) western societies a one-sided interpretation of social reality is absurd, then we may argue that great caution is required in expressing the totality of proposals which reflect the social and political consistency.

But things do not develop in this fashion at all. Because in the political games of the western democracies there are factors involved which minimize knowledge, undermine the effort to understand the complex reality and lead to transforming the individual into an apparatus. Thus the individual becomes a political animal not in the Aristotelian sense but that of the follower or the member of an anonymous mass.

But in order to turn into a mass a democratic society of citizens it is necessary to assure the conditions for its cohesion. These conditions cannot be understood without the intervention of this ideology-phraseology. What is this ideology-phraseology? Nothing more than a characteristic case of glossological and epistimological distortion. For instance, to argue that a "neo-liberal economic policy" is implemented in a country where the time schedules of the units which distribute the goods are restricted, is ideological fraud covered by the phraseology. Equally impoverishing is to argue that "every non-communist is a fascist" or that the people are divided between "privileged and nonprivileged."

On the other hand, it is even a greater distortion and an almost criminal regression [sic] to deprive the individual of his individuality and to place him in "groups," groups, that is, of "nonprivileged," proletarians, Masons, Jews, Arians, capitalists,

etc. Whoever accepts these regressions, abandoning at the same time the sphere of his personal autonomy, is already ripe for the crime--a crime which is the result of a confluence of ideology with psychosis, something which constitutes a special form of epidemiology with historical and sociological roots.

From this point of view the book of Arthur Koestler, "The Tightrope,"[1] is classic in explaining his adherence to communism as a typical illustration of controlled schizophrenia and enclosure in a related intellectual universe, but closed and totally cut off from reality.

Equally impressive on this subject, i.e., the adherence to an ideology without knowledge of reality, are the books by Joseph Gambel,[2] Tomas Szats,[3] Ronald Lainge,[4] Michel Fouceau, Jil Delez and A. Gattari [transliterations].

Verification of the Word

"The antipode of critical philosophy," writes Papanoutsos, "is the arbitrary and uncritical thinking, the dogmatism which is usually a symptom not of ignorance but of half-baked knowledge, not of the simplicity of the uneducated but of the insolence of the arrogant. It works hand in hand with violence and inhumanity."

In an effort to define the logic which induces the arsons, regardless as to who are the arsonists, it is proper to identify empirically the "Word" (i.e., the thought-language) which underlines the dialectic of the arson.

A typical illustration of this "Word" is, for example, the kind of impoverished editorializing which behind a pseudo-ideological construction hides the idiotic and primarily schizophrenic phraseology which to the extent it is not absorbed, just for what it is, may push to the crime any individual which would want to invoke its logic.

Samples

"The Revelation of Monopolies." Twenty-two months ago that was the title of an article published in a monthly review "protective" of the interests of tradesmen, small businessmen and merchants. The article referred to the "reactionary" O OIKONOMIKOS TAKHYDROMOS and its views in favor of the supermarket "monopolies," etc.

Behind a machine-gun like phraseology of absurdity and scientific vulgarity, the author of the article was trying to persuade his self-employed readers that O OIKONOMIKOS TAKHYDROMOS is working for their destruction and that 150 or 200 large stores and supermarkets operating in Athens are "monopolies" which have as their objective "the blood-sucking of honest, working people," the "unfortunate" tradesmen, the "poor" merchants and the "miserable" small businessmen. "The big merchants," the author went on, "the supermarket chains, the big capital and the banks want to exterminate small business. They want to take over all the wholesale marketing of agricultural products, among other things. They also want to take over the retail trade. And of course when they gain total control...they will raise prices even more."

In the same "analysis," the "reliable" writer said with reference to the question of large-scale marketing: "What is the meaning of large-scale marketing? It means unemployment, it means that the people will be poor, that the people will have no jobs, that everyone will try to take care of himself and his family as best he can. This evil will increase when the monopolies take over completely. To end this evil, it is necessary to strike decisively at the monopolies, domestic and foreign, to provide a way out, an opportunity for the people to make a living."

In addition to the above article, the following incidents are also characteristic:

A little over a year ago, the mayor of Patrai was fighting the opening in his town of a "monopoly" which in this case was a supermarket owned by the Veropoulos brothers.

In approximately the same period and following a lecture by Giannis Marinos, the publisher of O OIKONOMIKOS TAKHYDROMOS, at the Patrai Chamber of Commerce and Industry, on the question of Greece's induction into EEC, a professor from the University of Patrai, in order to buttress his anti-EEC arguments spoke about the "foreign imported" mode of distribution by the "domestic commercial monopolies" and the like.

Moreover, those in post-dictatorial Greece who are interested in social and economic questions, know that for many "progressive" analysts of contemporary Greek reality the marginal Greek compared to the supermarkets of the East and West are considered harsh "monopolies," the department stores "capitalist centers of over-consumption," the small businessmen "neo-proletarians" and "allies" of the working class, the small and middle-sized entrepreneurs "poor and unfortunate, struggling to keep heads above water," threatened by the onslaught of the big sharks, and the middlemen "nonprivileged honest professionals" pure as angels.

The Mass Society

Another factor which leads to the criminal aberration, in conjunction of course with the ideological stimulus, to quote our compatriot philosopher Kornilios Kastoriadis, is "the provocative nature of the capitalist society and of its signals." In Kastoriadis" view this ignites violence by provoking logical and absurd desires. In this way, to the extent an individual feels that he does not possess what others have, he is taken over by a masochistic mania of destruction which as social phenomenon would certainly have interested Sigmund Freud very much. This mania, as underlined by French sociologist Jean Beaudrigian, is expressed regardless of the material position of the individual. In other words, the ideologically-possessed person may act destructively regardless of his material status and the degree of satisfaction for his needs.

There is no doubt that these observations together with the fact that the phenomena of criminal and masochistic violence increase in the societies of democratic capitalism (which are societies of abundance compared to the countries of "governing socialism" which are societies of scarcity) give a special dimension to the phenomenon we would like to call "the logic of fire."

The Logic of Fire

Under these conditions the logic of arson is neither "incomprehensible" nor by necessity a "provocative" action (although this should not be ruled out). On the contrary, it may spring from a specific dialectic which although created for transforming all Greek traders into a "mass" or resulting from the nature of a given society, nevertheless it does not cease to be functional and therefore subject to empirical verification.

For example, why should a follower of the extreme Right refrain from setting fire to a department store since he could do it in the name of the anti-monopolistic struggle?

Why should not a psychopath set fire, considering himself a "savior," a "liberator," a "progressive," etc? Even the CIA could use the same dialectic.

"In an ideologically-oriented world," wrote sociologist Jean Batsler, "the individual may fall victim to the schizophrenia absurdity when the development of knowledge is accompanied by the maiming of sound thinking and loss of a sense of reality. In this way, the thought is made sterile and the invididual searches for arbitrary notions to buttress his commitments. Even worse, there are even intellectuals who accept erroneous approaches in order to lead their studies to these conclusions they desire. In other words, the ideology, by decreeing a staged distortion of knowledge, constitutes a convenient alibi for the crimes committed by idiots and fanatics."

When in a country which is particularly marked by trading and commercial activities and in which the leaders for many years cultivated an absurdity, where inconsistency prevails and where the ignorance of knowledge is promoted, the individuals are pushed toward a socialized psychosis.

When the magazine SELF-SERVICE of Dim. Mikhailidis wrote last January: The privileged merchants in the centers of Athens, Piraeus and other major cities close their stores in the name of the struggle "against the monopolies of the large store owners," when the trade unionism and reaction are considered sound behavior "showing class maturity," when the center of Athens is on fire and not a single association of the self-proclaimed small and middle-sized merchants, tradesmen, small businessmen and other store owners, raises an active protest, when the businessmen are divided into "good" and "evil" because this is what was decreed by the "arch-thinkers," when the envy and hate toward colleagues is cultivated, when instead of seeking solutions for specific problems an attempt is made to obscure reality, when blind egotism reigns over sound thinking, and when a country is educated with non-knowledge, then the incendiary bombs, whatever their origin, constitute the epitome and the crowning of the prevailing absurdity. It is, in other words, the victory of a certain logic "and without trying to play the prophet," the writer in the magazine added, "we warn that the arsonists will strike again:"

1. They will burn down small or large supermarkets and stores because in the last few years they have been identified with the "monopolies."

b. They will set on fire small or large stores because they are managed by "evil" men.

c. They will destroy, break up, rob, assault, etc...because that is where the overflowing hatred and the prevailing logic in the country leads them.

Therefore, those who feed those phenomena should begin to assess their responsibility. This they owe to society which they "swear" they want to serve.

To quote E. Papanoutsos: "You should think over everything from beginning to end and again from the beginning and again to the end, without giving up out of fatigue or disappointment--that is what thinking is all about. This is a characteristic of the human 'word,' a dimension of the thinker (not another classification) that only man has."

Unfortunately, everything shows that in the Western societies of mass production the production of intellectual "mass-men" prevails; those "mass-men" try to reverse this relationship although animals committing suicide out of despair do not exist.

We face, in other words, an astonishing psycho-pathological phenomenon, so that at a time when the Polish people want to see the shelves of stores filled with goods, here and elsewhere stores full of goods are set on fire.

FOOTNOTES

1. Calman-Levy Publishing House, Paris, 1953.

2. "La Fauce Conscience," Minuit editions, 1962.

3. "The Myth of Mental Illness," published by Harper Row, 1960.

4. "Sanity, Madness and the Family," Tawistok, 1964.

7520
CSO: 4621/87

TRIAL OF NSP 'RAIDERS ASSOCIATIONS' CONTINUES

Istanbul CUMHURIYET in Turkish 25 Jul 81 p 10

[Text] Ankara--In the section dealing with relations with the NSP [National Salvation Party] of the covering memorandum for the "Raiders" case, in which 89 suspects are being charged, it is stated that the NSP has always received a great deal of support from the Raiders' associations.

This section of the covering memorandum, citing examples from documents found during searches conducted against the NSP and Raiders' associations, claims that there is a close relationship between the NSP and the Raiders' associations. The military prosecutor's covering memorandum entitled, "Interpretation of the Resultant Tie between the Party and the Association," includes these views:

"The establishment of the NSP was the result of obvious pressure to fulfill the wishes of a segment of the community. Therefore, NSP administrators were forced, at one point, to act in the manner desired by the voters who gave rise to the party. However, the voice of the people who made up the party was such that the party's goal was one that had to be kept secret, and, therefore, the party's work directed toward the end that was desired was doomed before it began. On the other hand, doing something to fulfill the voters' wishes was necessary in order to keep the leaders and administrators from losing the privileges they held and in order to satisfy the grass roots. In that case, an organ, a valve, that would, first of all, save the party from accusations and that would fulfill, in the party's name, the need was necessary. The easiest way to do this was to form an association. Furthermore, it was difficult to monitor associations because of the weak state staff and administration and because of legal loopholes, and, even if the association were closed down because of its activities, the ease in reestablishing the organization made this danger inconsequential. In our opinion, the Raiders and the Raiders youth associations that were formed carried out their duties using this belief.

"...In its own words, it was necessary to form the associations 'in order to establish a bridge between the staff and the people.' In addition, youths make up a very productive group -- one whose enthusiasm can be taken

advantage of. They are a powerful force. One can benefit from this superiority when setting out directly towards one's goal. The youth organization that existed within the legal framework of the party, after all, could not engage in party disputes nor act in a manner different from the goal of continued growth. As a matter of fact, the NSP youth organization was unable to demonstrate the necessary growth, for the association appeared more attractive to youths who supported its premise. Finally, the Raiders' associations reached the point at which no need was felt for a party youth organization in provinces or administrative districts."

The covering memorandum, which asserts that the "associations chose the method of taking up arms for the purpose of fulfilling its wish to establish an Islamic state and of forming training camps in order to learn how to use arms," had this to say about the armed training camps:

"It is certain that it would be dangerous to prepare for an armed struggle before everyone's eyes. Association members' own statements indicated their need for personnel who would take an active role in the struggle that would take place in the future. Expert militants who were experienced physically and from the standpoint of both doctrine and techniques in the use and construction of arms and explosives, who believed in the cause, and who were able to reach the goal had to be prepared as a strike force. Despite the fact that its planning and efforts were more inept than those organizations that seek to destroy the state by other means and to seize control, this did not diminish the danger of the actions directed toward this goal. Furthermore, it can be said that the finding of some signs, though not conclusive, that some members received their guerrilla training in Iran and Palestine was the result of a lack of experience and a little bit of fearlessness. Association administrators took advantage of experts in recently developed techniques in order to strengthen its members physically and sent expert teachers in this subject to each camp they formed. In particular, the Raiders, just like sports' teams, had a farm system in order to ensure the development of a staff. Documents that were found demonstrate that the training camps that were set up were begun after the founding of the association. Statements in several activity reports and in circulars dealing with camps such as, 'This year, as every year, the establishment of camps is planned,' are evidence of this. However, the administrative council, which took charge in 1978 in an open and organized manner, also took over the topic in a regional and orderly fashion. It systematized the camps, established both a general headquarters camp and local camps, and carried out their plans. The first of the signed circulars on this subject was published on 9 June 1978 by Irsadi Yildirim, general administrative council cultural and training director. It said that the entire organization 'invites brothers who have the ability to take active duty in the difficult struggle in the future to a 30-day camp handling 100 persons at a time that was established by general headquarters.'"

Following this section of the covering memorandum, information is given about the camps established by the Raiders' associations at Yalova, Esenkoy, Kayseri, Erkilet, the village of Emmiler, Rize, Guneysu, the Vakifduzu plateau, Bolu, the Demirciler plateau, Akyazi, Keremali subdistrict, Yozgat, the village of Basliyayla, Marmaris, Afyon, Bolvadin, the town of Disli, Kayseri, Yahyali, Bandirma, Bursa, Karacabey, Canakkale, and Biga. The memorandum speaks of the criminal evidence obtained in searches of the camps.

TCK Article 163

The last section of the covering memorandum, which deals with the articles in the TCK [Turkish Criminal Code] that cover the crimes, repeats the opinion that the suspects sought to establish an Islamic state. It goes on:

"Likewise, these actions along with other evidence made it clear that the principle that the Republic of Turkey is a secular state, which is considered to be among the basic characteristics of the republic and which is found in Article 2 of the Constitution of the Republic of Turkey, was chosen as a target and that this principle was mutilated at every opportunity with such general slogans as, 'Secularism means atheism.' From this standpoint, too, it is a fact that the suspects, in essence, deemed it necessary that TCK Article 163 not be implemented so that they would be able to continue their activities freely. The slogan, 'Article 163 must be lifted. Article 163 is oppressive,' bore a different purpose. For this reason, the suspects' opposition to the article is evidence that they opposed the basic elements of the article. In that case, the associations that were established, at the outset, openly and specifically bore the characteristics of a society that was formed and organized in violation of Article 163, Paragraph 1 of the TCK."

11673
CSO: 4654/122

ELECTRIC POWER PRODUCTION INCREASES

Helsinki HELSINGIN SANOMAT in Finnish 5 Aug 81 p 8

[Article: "Surplus of Electricity in Finland"]

[Text] Finland is producing more electricity. A rainy summer has already meant that water has been allowed to bypass dams at hydroelectric power plants. More and more electricity will be produced since Loviisa II will be put into operation next weekend.

When Loviisa II is put into operation, all of the country's four nuclear power plants will be producing electricity at full capacity. This, for its part, means that water will continue to be allowed to bypass hydroelectric power plants, particularly at night as long as the summer continues to be as rainy.

An attempt has been made to increase the consumption of electricity in industry. However, there continues to be a surplus of electricity, particularly at night when consumption is only approximately 60 percent of the 5,000 megawatts consumed in the daytime.

The electricity imported from the Soviet Union by agreement has also increased the quantity of electricity. Imported electricity from the Soviet Union will amount to 250 megawatts in the daytime and 120 megawatts at night until Loviisa II is put into operation.

In a normal situation it has been possible to export excess electricity to Sweden, but even Sweden has not been able to accept any electricty since that country just as Finland has sufficient nuclear and hydropower.

The present situation will continue at least until early fall if it rains in August to the same degree it rained in the early part of summer. As the nights become colder in early fall there will also be an increased need for electricity at night. During freezing weather the need for electricity at night is 70-80 percent of the daytime need at its highest, states Engineering Licentiate Pentti Pajunen of Imatra Power.

There was an excess of electricity throughout the whole nationwide network in July even though the nuclear power plants were stopped periodically for maintenance. The fact that the 660-megawatt Olkiluoto I Plant has been operating at 65 percent of its capacity until Monday attests to this. Olkiluoto II is currently undergoing

a test of its rotors. The plant has been operating at full capacity for 2 weeks. The test run will continue for 3 more weeks.

Loviisa II, which will be put into operation next weekend, has been at a standstill for 3 weeks for maintenance. Loviisa I is operating at full capacity at this time.

From the point of view of power economics it would be most beneficial to regulate the production of electricity by reducing the amount of electricity produced by the nuclear power plants, however, daily increases and reductions of capacity are prohibited by regulations of the Radiation Safety Institute.

Finland's power corporations have permission to reduce capacity only on the weekends. For example, in Sweden capacity can be reduced and increased daily by regulating nuclear power plants, states Imatra Power.

Imatra Power has also made plans for more rapid fluctuations in capacity. At Imatra Power computer programs have been compiled so that the plants can meet the needs of the nationwide power network more quickly.

10576
CSO: 3107/121

MINISTRY OF COMMERCE, INDUSTRY STATISTICS REPORTED

Nicosia CYPRUS TRADE & INDUSTRY in English No 1, 1981 pp 18-20

[Text]

Cyprus trade has been growing at a fast rate during the last three years. Imports have exceeded exports by 126% and this resulted in a large balance of trade deficit.

The total domestic exports and imports in million C£ between 1978 - 1980 were as follows:

	1978	1979	1980	% 80/78
Domestic Exports	106.4m.	135.1m.	157.0m.	47.5
Total Exports	128.3m.	161.9m.	188.0m.	46.5
Imports	282.7m.	357.7m.	424.3m.	50.1

1. IMPORTS

Cyprus operates a liberal import licensing system. The importation of goods into Cyprus is governed by the Import Regulation Laws 49/62 and 7/67 and Regulations issued under these Laws.

All goods not listed in the first Schedule of the Imports (Control and Regulation of Goods) Order 1968, as amended, may be imported freely without an Import licence.

The second Schedule to the afore-mentioned Order, as amended, shows the countries from which all imports are subject to an import licence.

Imports may be effected by residents for Exchange Control purposes (physical or legal persons).

Imports have been increasing at a very fast rate and reached C£424.3 m. in 1980 from C£282.7 in 1978, an increase of 50.1%. Table 1 below shows imports by country groupings:-

TABLE 1

Imports C.I.F. by Country Groupings in C£ millions and Percentage for 1978 - 1980.

Country Groupings	1978		1979		1980	
	C£ m	%	C£ m	%	C£ m	%
1. E.E.C. Countries	143.6	50.8	169.0	47.3	184.5	43.5
2. Eastern Trading Area	19.8	7.0	26.0	7.3	31.7	7.5
3. Arab Countries	22.9	8.1	29.7	8.3	53.5	12.6
4. Other Countries	96.4	34.1	133.0	37.1	154.6	36.4
TOTAL	282.7	100.0	357.7	100.0	424.3	100.0

Table 2 shows the total imports C.I.F. by sections.

TABLE 2

Total Imports C.I.F. in Million C£ by Sections for 1978 - 1980

Sections	1978	1979	1980
0. Food and live animals	34.8	42.4	50.5
1. Beverages and Tobacco	9.7	7.8	7.2
2. Crude materials inedible except fuels	6.0	8.1	8.6
3. Mineral fuels, lubricants and related materials	31.0	44.4	78.5
4. Animal and vegetable oils, fats and waxes	3.1	3.9	4.1

5. Chemicals and related products, nes	19.2	28.9	31.0
6. Manufactured goods classified chiefly by material	76.3	105.0	114.0
7. Machinery & transport equipment	76.6	83.7	95.4
8. Miscellaneous manufactured articles	22.3	29.9	32.4
9. Commodities & transactions not classified according to kind	3.7	3.6	2.6
TOTAL IMPORTS	282.7	357.7	424.3

The main imports consisted of industrial products, machinery and transport equipment, mineral fuels, foodstuffs, chemicals and raw materials.

2. EXPORTS

Total Domestic Exports increased from C£106.4 m. in 1978 to C£157.0 m. in 1980, an increase of 47.5%.

Domestic Exports by country groupings are shown in the following table.

TABLE 3

Domestic Exports F.O.B. by Country Groupings in C£ m. and Percentages for 1978 – 1980.

Country Groupings	1978		1979		1980	
	C£ m	%	C£ m	%	C£ m	%
1. EEC Countries	38.8	36.5	51.7	38.2	50.2	32.0
2. Eastern Trading Area	7.4	7.0	8.1	6.0	11.1	7.0
3. Arab Countries	46.9	44.0	56.8	42.0	75.9	48.3
4. Other Countries	13.3	12.5	18.7	13.8	19.8	12.7
TOTAL DOMESTIC EXPORTS	106.4	100.0	135.1	100.0	157.0	100.0

The percentage share of our domestic exports to the E.E.C. Countries decreased for the period 1978 - 1980 while that to the Arab Countries increased from 44.0% in 1978 to 48.3% in 1980. The percentage share of our domestic exports to the Eastern Countries has increased from 7.0% in 1978 to 11.1% in 1980.

The total domestic exports F.O.B. in C£ m. by sections are shown on the following table:

TABLE 4

Total Domestic Exports F.O.B. in Million C£ by Sections for 1978 – 1980.

Sections	1978	1979	1980
0. Food and live animals	33.00	40.78	42.66
1. Beverages and Tobacco	13.95	14.42	18.89
2. Crude materials, inedible except fuels	8.85	10.40	10.73
3. Mineral fuels, lubricants and related materials	2.51	7.06	9.84
4. Animal and vegetable oils, fats and waxes	0.10	0.53	1.53
5. Chemicals and related products n.e.s.	2.52	1.94	5.21
6. Manufactured goods classified chiefly by material	15.65	20.04	29.20
7. Machinery and transport equipment	2.82	3.33	14.30
8. Miscellaneous manufactured articles	26.74	36.34	55.07
9. Commodities & transactions not classified according to kind	0.26	0.26	0.59
TOTAL EXPORTS	106.40	135.14	188.02

Exports of Manufactured Products.

The satisfactory performance of domestic exports is primarily attributed to the continued expansion of exports of manufactured goods. The contribution of exports of manufactured products to the total domestic exports for 1978 - 1980 in C£m. are shown on Table 5 below:

TABLE 5

Total Domestic Exports in Million C£ and percentage of manufactured products exported in 1978 – 1980.

	1978	1979	1980
Total Domestic Exports	£106.4m.	£135.1m.	£157.0m.
Value of Exported Manufactured products	£ 57.5m.	£ 68.4m.	£ 87.0m.
Percentage share of exported manufactured products to Total Domestic Exports	54%	50.6%	55.4%

As it is observed from Table 5 the rising trend of the exports of manufactured products continued and exports increased from C£57.5m. in 1978 to C£87.0m. in 1980. This rising trend is expected to continue in the coming years as the industrial sector of the economy is expanding and its contribution in the total exports is growing.

The most important manufactured products exported in 1980 were ready-made clothing, cement, footwear, packing containers of paper and paperboard, cigarettes, travel goods, furniture, building materials, water pumps, turbines and cosmetics.

Other manufactured products exported or available for export were plastic products, paints, concrete mixers, batteries, commercial refrigerators, confectionery, biscuits and canned fruit and vegetables and fruit juices.

The Export Credit Insurances Scheme which has been in operation for about six years as well as other services provided by the Ministry of Commerce and Industry for the promotion of exports have greatly contributed to the expansion of exports of manufactured products.

Exports of Agricultural Products.

The following table illustrates the exports of major agricultural commodities during the years 1974 to 1980.

TABLE 6

	1974	1975	1976	1977	1978	1979	1980
			(£000's)				
Citrus fruit	10,700	5,700	5,662	6,632	6,702	8,851	8,227
Potatoes	5,060	7,720	17,707	19,435	10,772	13,624	12,686
Vine Products	5,220	4,160	7,300	10,362	10,869	13,551	14,283
Carobs	760	600	1,021	1,402	1,111	1,171	1,247
Carrots	540	280	509	850	326	600	645

As seen from the table above, citrus fruit were until 1974 by far the biggest foreign exchange earner. However, the occupation by the Turkish army in August of a large part of our agricultural land where the biggest proportion of Citrus groves were to be found, has affected the citrus production and consequently our citrus fruit exports have seriously declined.

The largest importer of Cyprus agricultural products is the United Kingdom, which absorbs more than 50% of the total of our agricultural exports and in some cases such as potatoes and carobs more than 85% of Cyprus exports, whereas U.K. is the sole market for our carrots. Other important outlets are the Federal Republic of Germany, the Netherlands, the U.S.S.R. and other East European Countries and the Middle East.

Fresh Fruit and Vegetables.

Under a new project sponsored by the Government for the encouragement of production of early fruit and vegetables it is expected that exports will rise in this sector. Emphasis is placed on less bulky and relatively high priced produce, the consumption of which is rapidly increasing. These include tomatoes, asparagus, egg plants, cucumbers, celery, lettuce, okra, courgettes, green beans and peas, honey-dew melons and strawberries.

Cyprus, with its mild climate, is ideal for the production of these items and its relative proximity to the main markets, especially the U.K. with which it is connected with direct flights, ensures that the products arrive in the best possible condition.

Wines.

Exports of Cyprus wines have declined during the last few years from 8 m. gallons in 1978 to 7.4 m. gallons in 1980. The exports of wines to the U.K. in 1980 were 2.2 m. gallons, 30.3% of total exports. Cyprus is one of the main wine exporting countries to the U.K.

Our wineries, considered to be among the most modern, have improved their wines remarkably and with the new varieties of grapes which are presently cultivated experimentally and the various measures taken by the Government, we feel confident that our wine industry will continue its satisfactory progress in spite of the difficulties encountered in the Common Market.

In the effort to find new markets for Cyprus wines, a study of the Scandinavian market was carried out in 1979, and the prospects seem encouraging.

Table Grapes.

Cyprus table grapes are emerging very fast

as a first class export with competitive advantages of early maturity and exceptional quality. Cyprus grapes especially Sultana, Thompson and Cardinal have established themselves in the British market and they are steadily expanding in the Scandinavian countries.

Total exports of this commodity were 15,265 tons in 1978 and 15,122 tons in 1980. The U.K. absorbed 82.8% of this quantity and the Scandinavian countries 13.7%. Production is expected to increase during the next few years in order to satisfy the increasing demand from overseas markets.

Other Vine Products.

Several countries and particularly the U.S.S.R. buy, in addition to wines, substantial quantities of Cyprus grapes spirit and raisins. Czechoslovakia, G.D.R., Poland and Hungary are regular buyers of our wines and other vine products.

Export Policy.

The Cyprus Government, realising the importance and contribution of trade to the island's economy, has taken and continues to take various measures which lead to the expansion and diversification of exports and the development and strengthening of trade relations with other countries.

In this connection, Cyprus has signed in 1972 an Association Agreement with the E.E.C. and Bilateral Trade Agreements have been concluded with seven East-European countries (U.S.S.R., Poland, German Democratic Republic, Hungary, Romania, Czechoslovakia and Bulgaria), and also with China.

The Arab countries are also viewed as an important and consistent market particularly for industrial products and plans are being considered for enhancing our trade relations. Furthermore, the Government provides various incentives and assistance which include the insurance scheme for exports, the participation in trade fairs and specialised exhibitions, the advertising of Cypriot products abroad, the organisation of trade missions, the establishment of Trade Centres abroad and the research of Export Markets.

The main pre-requisite for expanding further our exports is to maintain the competitiveness in price, quality and punctuality of delivery. Our objective is therefore to achieve a balanced development of our export industry which will enable us to meet successfully international competition.

CSO: 4600/173

STATUS OF RELATIONS WITH EEC REPORTED

Nicosia CYPRUS TRADE & INDUSTRY in English No 1, 1981 pp 2-4

[Article by C. Kittis, minister of commerce and industry: "The European Economic Community and Cyprus-EEC Relations"]

[Text]

I. Introduction

In March 1957 six European countries signed the "Treaty of Rome" by which what is known as European Economic Community came into being. In 1973 three more European countries joined and with the accession of Greece on January 1, 1981, the EEC now embraces 10 member-countries.

Spain and Portugal may soon join the Common Market increasing the member-countries to 12.

With the Treaty of Rome, the founder members undertook to achieve by 1970 a Common Market by:

— Waiving restrictions on the movement of goods, services, labour and capital.
— The implementation of a common external tariff to govern imports from non-member countries.
— The implementation of a common economic policy in both the industrial and agricultural sectors.

These targets were in fact achieved in July, 1968.

The EEC has resulted in many benefits for the population of member countries; the main ones are:

— The considerable expansion of the market size. Agricultural and industrial production is planned for a market of about 275 million people and can enjoy economies of scale and the possibility of selective production on the basis of comparative advantage and opportunity cost.
— The implementation of integrated and regional policies in the industrial, financial, fiscal, geographical and communications sectors has proved to be beneficial and contributed towards a higher standard of living for all member-countries.

II. Why does Cyprus have to associate itself with the EEC?

The economic importance of the EEC is obvious when one considers the fact that total population will soon be 320 million compared to 225 million of the USA and 260 million of the Soviet Union. EEC is the leader in World Trade accounting for about 35% of world exports and 36% of world imports. The standard of living in member-countries is among the higher in the world.

It is not strange therefore that every country shows keen interest in the EEC and its affairs; every country wants to share part of the cake. And so does Cyprus.

But we have another important reason why we wish to be associated with EEC. Prior to 1973, being a member of the Commonwealth, Cyprus enjoyed preferential treatment for its products imported in the UK — the traditional market and the major buyer of Cypriot agricultural and manufactured goods. Since Britain joined the EEC, Cyprus was bound to lose this preferential treatment and the effects on the economy of the island would have been detrimental. It was therefore essential for Cyprus

to maintain its traditional market and the preferential treatment for its produce — hence the need to associate with the EEC in some way.

As a result of several months of negotiations Cyprus signed an Association Agreement with the EEC in December, 1972.

III. Why should we select the Customs Union?

Cyprus has decided to proceed with a Customs Union Agreement. When fully implemented, it will allow duty-free movement of goods which will enable our products to be exported to the Community without restrictions. We shall, at the same time, have to adopt the Common Customs Tariff which will be applied to imports from non-EEC countries.

IV. The Current situation

The initial Association Agreement provided for a Customs Union in two stages — Stage 1 commencing on signature (Dec. 72) and expiring on June 30, 1977, with Stage II commencing on July 1, 1977, and would extend in principle over 5 years. It also provided that 18 months prior to the expiration of the first stage the two parties would commence negotiations to decide the regime to apply during the second stage.

The main concessions made to Cyprus provided, for a 70% reduction in duties of all Cyprus manufactured goods, provided they satisfied the rules of origin — e.g. goods manufactured of Cypriot or EEC raw materials are covered under these rules.

Furthermore, Cyprus continued to enjoy the then existing preferential tariff regime on all its exports to U.K. until 30th June, 1977, whilst an import quota of 200,000 hls of sherry was granted on which no duty would be paid. Tariff on citrus fruit exported to markets other than U.K. was reduced by 40% whilst a quota of 110,000 tons of potatoes could be exported to U.K. with the existing preferential treatment.

On its part, Cyprus reduced by 35%, its import duties over a 5 year period on goods of EEC origin except for certain products specifically mentioned in the protocol for the sole purpose of protecting local industry. The reduction of duties was to be effected in three stages over the five years.

On September 15, 1977, an additional protocol was signed which extended the first stage until 31.12.79. According to this protocol, manufactured goods of Cyprus origin based on Community rules of origin were to enjoy 100% duty reductions; rules of origin for textiles were slightly improved allowing knitwear manufactured from raw materials imported from third countries to be considered as being of Cyprus origin, under the said rules.

The protocol also provided for the concessions to apply to our main agricultural products such as potatoes, carots, table grapes, wines, citrus fruit, vegetables and canned fruits and vegetables.

The efforts to move to the second stage of the Association Agreement made in May 1979 did not materialise mainly as a result of the differences between member-states on the Mediterranean policy and the Common Agricultural policy of the Community. Political problems resulting from the Turkish invasion were successfully overcome. Thus, the first stage was again extended until 31st December, 1980.

On November 24, 1980, the Association Council decided to move into stage II of the Association Agreement as of January 1, 1981, and defined the process for the transition to Customs Union in three periods:-

— 1981
— 1982 - 83
— 1984 onwards.

The concessions which both parties extended in 1980 will remain unaltered during 1981. In 1981 negotiations will define the regime to apply for 1982/83 and which is expected to be somewhat more favourable than 1980. In 1982 negotiations will be held to define the transitional period to Customs Union, commencing in 1984.

V. What are the difficulties faced?

It is my personal opinion that the difficulties which Cyprus faces in achieving a final agreement for a Customs Union are mainly due to—

(a) The fact that individual member-countries have national interests and constraints which create a "tug-of-war" between them in bargaining various matters of difference in opinion; they use therefore "third country interests" to give or take in negotiating tactics. Hence Cyprus must achieve its targets at a time when the national interests of most member-states would tend to coincide. The fact that the EEC now comprises 10 countries and is expected to increase to 12 during the course of the new few years, of which at least 3 have similar agricultural production patterns as Cyprus, tends to increase difficulties and requires more careful planning and continuous action and perseverence.

(b) The fact that there exists considerable difference of opinion among member-states in relation to the Common Agricultural Policy does not facilitate substantial improvement of concessions to agricultural produce.

We must hope that the Community's Common Agricultural Policy will, in the near future, become less inflexible and more liberal, for this will allow a Customs Union Agreement to evolve into a dynamic, well-balanced and mutually beneficial economic relationship.

VI. Is joining the Common Market a panacea?

Those who may think, however, that joining the EEC is a panacea would be making a grave mistake.

Agricultural goods are expected to benefit from the Customs Union, especially considering the fairly higher quality and the early production capability of our agriculture. Yet prices should be confined within competitive limits through effective cost management. By this I would warn against the easy solution of subsidies. In my opinion subsidies are no answer because they do not benefit either the economy or the producer. They simply benefit the consumer in other countries.

Measures such as larger farming units,large scale cultivation and irrigational systems, concentration of production on specific speciality products of high value-added and automated packaging would be required to contain costs of production.

The impact, however, on a considerable range of manufactured goods would be unfavourable. The Customs Union will lead to a very keen competition in the local and export markets as a result of the abolition of import duties and quantitative restrictions which now offer protection to locally manufactured goods; competition will also increase because the consumer will be offered a wider and more diversified choice.

Furthermore, the adoption of the Common Customs Tariff is expected to cause an increase in the cost of raw materials from third countries with cost-push effects in production costs.

Bearing in mind the general characteristics of the manufacturing sector such as the large number of production units of small size, the family nature, the unfavourable capital structure, the dependence on imported raw materials, the low technological level of industry, the low utilisation of capacity, the shortage of skilled labour etc. it is felt that, unless serious steps are taken to restructure our industry, we shall be in for very unpleasant surprises.

The Government has a serious role to play in this transformation through education and extension of the necessary services.

Yet the major responsibility lies with the manufactures themselves. Apart from the fact that the willingness to change and adjust to the challenge must be genuine, it is essential for our manufacturers to become more marketing oriented, to encourage specialisation and improve organisation and planning procedures. Furthermore, the mentality should change towards joint-ventures and amalgamation for the purpose of creating capital intensive, large production units which would allow higher cost effectiveness.

CSO: 4600/172

USSR GRANTS TWO-BILLION MARKKA KOSTAMUS CONTRACT

Helsinki HELSINGIN SANOMAT in Finnish 8 Aug 81 p 3

[Article: "Finland Received Two-Billion Markka Contract for Kostamus"]

[Text] The 2-billion markka construction contract recently obtained is one of the largest that the Finns have ever undertaken. The largest single export transaction was the contract agreement for the first phase of Kostamus. When the agreement was signed 4 years ago, its value was 2,700 million markkas. However, the true value of the contract will increase to approximately 3 billion markkas.

The contract, which is not yet completed, dealt with mining industry plants as well as a 9,000-resident city. It includes, among other things, approximately 9 million cubic meters of earth moving, the construction of 40 kilometers of roads as well as the construction of industrial plants and a city composed of more than 4 million cubic meters.

The contract for the second and third phases to be signed soon is slightly smaller than the first phase at Kostamus. The reason for this is that the basic construction work, such as roads, streets, and sewage are already completed. In the next phase additional housing and services will be constructed for the town of Kostamus. In addition to this, the concentration plant and the pelletizing plant will be expanded. The production capacity of the combine will be increased threefold in this phase.

The town of Kostamus will be nearly doubled in size. All in all, there will be approximately 20,000 residents. At this time there are 1,000 Finnish construction workers employed at Kostamus. At its height the complex employed 3,700 people. The continuation phase will employ approximately 3,500 Finns at its peak.

Finn-Stroi presented its contract offer concerning the second and third phases of Kostamus to V/O Promashimport [All-Union Association for the Import of Industrial Machinery] in the middle of last November. The Soviets did not ask for any offers from any other firms for the continuation work on Kostamus.

In connection with President Urho Kekkonen's official visit to the Soviet Union last November the agreement on the expansion of the Kostamus project by Finnish labor was signed between Finland and the Soviet Union.

It was confirmed by the employer that Finn-Stroi can consider the job its own inasmuch as the contract offer remains resonably unchanged.

After the Soviets had studied the offer and conducted technical negotiations, the actual trade negotiations lasted 6 months.

Finn-Stroi has been awaiting a quick signing of the continuation phase so that there would be no interval between the first phase and the continuation phases. Now that an agreement has been reached continuation work will commence immediately.

Several Large Agreements Promised

When a high level Soviet trade delegation arrives in Finland next week, presumably several large trade agreements will be brought up for discusion.

It is very possible that the contract agreement for the second and third phases of Kostamus will be signed during the visit of this delegation.

During the visit negotiations will also be conducted on a large ship order, which Valmet is obtaining from the Soviet Union. In connection with this trade a revision of the price for natural gas will also be negotiated between Neste and the Soviet supplier. Neste has requested a price reduction since gas which is tied to the world market prices of the dollar and crude oil has lost its competitive ability. The consumption of gas has fallen off and the amount has never fulfilled the goal of the agreement.

10576
CSO: 3107/121

AIRBUS PLANS OUTLINED, COMPARED WITH COMPETITION'S

Paris LE NOUVEL ECONOMISTE in French 8 Jun 81 pp 48-50

[Article by Philippe Gazier: "The Airbus and Its Brothers"]

[Text] In leaping to fill the gap of the "150-seater," Airbus Industrie no longer intends to merely complete its line, but to enlarge the entire European array of aircraft. A new industrial battle has been joined against the Americans, a battle in which the discussions between aircraft and engine manufacturers and carriers of the entire world, meeting for 10 days at Le Bourget, give a foretaste.

There will not be any aerial acrobatics at the 34th Bourget Air Show, but there will be plenty of financial, industrial, and commercial gymnastics. At stake: the new 150-seat aircraft over which the world's aircraft and engine manufacturers and carriers are readying themselves for battle. They are betting on the future.

"The Airbus line is too limited to guarantee the permanence of the European aircraft industry as a builder of air liners," declared the new president of the Republic, on the eve of the election in an interview with the weekly "Air and Cosmos." "For 5 years we have continually called for the production of a 150-seat short-to-medium range carrier." But, in actual fact, this new aircraft, which was supposed to renew the "miracle of the Caravelle" and assure Airbus 30 percent of the market for airliners, is still in doubt.

Precautions

It could hardly be said that the fine declarations of Chirac and Barre at the 1975 and 1977 Air Shows have been followed by action. And, still more recently, Giscard d'Estaing surrounded himself with precautions: "If the proposed program could count on a firm commitment from several companies...on a technology which would insure a lasting advantage...and on reasonable expectations of a profitable earnings capacity, I would support the start-up of this program."

Prime Minister Pierre Mauroy confirmed this 13 June at Le Bourget: 1981 will truly be the "decisive" year as regards the broadening of Airbus Industrie's activities. This is an essential operation for Europe, for France, and for full employment.

To the advantage of the Airbus operation, Europe and succeeded in placing itself within the unfilled position of two-engine mid-range high capacity carriers which has been neglected by the large American aircraft manufacturers. But all of a sudden the Americans woke up: Boeing with its 767 in competition with the A310, then McDonnell Douglas, number 2 in the United States, and the Dutch Fokker by announcing their determination to launch together a program derived from their respective preliminary designs, the MDF100,--a surprising compromise. And Boeing, the Seattle giant, which occupies a nearly impregnable position in the field of four-engine jet aircraft (the 747 with 600 seats looms on the horizon), firmly expects to retain its position among the short-to-medium-range carriers. It is, therefore, the gap of the 150-seater which, in America as in Europe, has become the game of the manufacturers.

After coming out of the dry period between 1974 and 1977, Airbus Industrie, with a third of all the high capacity aircraft sold in 1979 and 1980, an order book which approaches 500 firm orders, and options for two complementary versions of the A300 (260 seats) and the A310 (200-220 seats), must today hold onto and enlarge its position. And it must do so with a two-pronged strategy: set itself more securely in its 150-seat stronghold and broaden its line.

The logical successor to the Airbus is the Super Airbus. This will be the TA9 (TA comes from Twin Aisles which means two aisles, a feature of heavy tonnage planes). The Super Airbus, also a twin-engine jet, will carry 310-350 passengers and will be able to hold up to 400 in the high density version. When, how, and at what price? The decision has not yet been made.

The Field of Battle

While waiting, Airbus Industrie has begun working on an intermediate aircraft, a simple derivative of its A300, the A300-600, which has interested several companies and which, beginning in 1983, will be substituted in sequence for the current B4. "The fact of having started on the 300-600 gives us time to wait before deciding to enter the TA9 in the fray," assures Roger Beteille, General Manager of Airbus Industrie at Toulouse. It is an operation whose cost is estimated at $1 billion (for it implies not only a lengthening and reinforcing of the present fuselage, but also a new airfoil).

Another logical derivative might be the four-engine jet TA11 (a long-range carrier with 200 seats), which has, at the present time, fervent supporters: Henri Ziegler former president of Aerospatiale, or Lufthansa, which has declared itself ready to buy 20 of them. Capable of covering very long distances (up to 10,000-11,000 kilometers), this aircraft would be the instrument for direct point to point links--what the English call "city pair connections"--those lines on which direct service in a Boeing 747, or in a heavy three-engine DC10-30, or a Tristar 1011 is not justified, and which is presently provided by the classic four-engine plane, the DC8-60 or the Boeing 707. This aircraft would permit Europeans to reappear on the long distance subsonic carrier market (abandoned since work was halted on the British Comet IV and VC10).

The TA11 could be equiped with a CFM56 (General Electric SNECMA [National Aircraft Engine Study and Manufacturing Company]). It would be of interest to the military as a tactical transport, as a supply aircraft, or as an observation plane. Finally, it would not be very expensive (relatively speaking, of course) for its fuselage would be that of the 310 and its airfoil the same as the TA9.

But there is industrial logic and there is commercial realism. If it does not appear to be necessary that the TA11 hold a considerable share of the market (200-300 units), all the experts are in agreement that the demand will be at least ten times greater for a 150-seat airplane with a "standard" fuselage, but of a totally new design.

In effect, if the Boeing economists foresee an average annual growth in air traffic of 6.9 percent from the present to 1990, the chorus of companies clamors for high performance aircraft and one that is the least energy-consuming possible. Performances which call for efforts at the design level, with materials (carbon fiber and other composites whose manufacture will be realistically assured in the very near future in Aquitaine so as not to depend on the Japanese as a source of supply), motors (9-12 tons of thrust) and...budgetary efforts as well.

"And the problem is that the market doesn't wait for budgets," emphasizes Rene Ravaud, CEO of SNECMA and president of the French Aeronautic and Space Industries Group (GIFAS), a position he will turn over to General Jacques Mitterrand, CEO of Aerospatiale, sometime this summer.

Is it not then too late for Airbus Industrie? "Certainly not," affirms Bernard Lathiere, head of Airbus Industrie, to LE NOUVEL ECONOMISTE. "We are well in advance of our competitors, declared or not, and it seems very significant to me that we now have offers coming from three engine manufacturers for our A320 project which, even if it is not completely perfected, is perfectly believable and expected."

Apparently the Americans are not afraid. At Toulouse, the team of McDonnell-Douglas-Fokker is considered to be merely a simple "MOU" (memorandum of understanding), even though, as soon as the agreement was concluded at St. Louis (fief of McDonnell), Franz Swartlouw, president of Fokker, went to Tokyo to propose a participation to the Nikon Aeroplane Manufacturing Company.

But whether this new American-Dutch team gets its act together or not, there will undoubtedly be another division of responsibilities between the European builders. In effect, in official German circles, already burned by the Tornado affair (an Anglo-German-Italian fighter plane), and equally by the financial repercussions from the Airbus program, they do not appear disposed to strongly participate in the new operation whose cost is estimated to be $1.5 billion (it is a question of an entirely new plane, integrating all the latest technical innovations and is meant to come as close as possible to the requirements of Delta Airlines which would be the purchaser of some 150 units, three times more than Air France): at a seat-per-kilometer cost 10 percent less than that of the present Boeing 727-200....

It is, therefore, very likely that the mini-Airbus will have a change of parents: they will no longer be France and the Federal Republic of Germany, but France and Great Britain, i.e, the Concorde team which will be its chief promoters. On their side, the Italians are ready to participate in the operation. Even if Aeritalia is already committed, along with Boeing, to the 767 program. It is true that, until recently, the presence of a Boeing representative on the Board of Directors of the German firm MBB has not prevented that firm from being one of the pillars of Airbus Industrie. When the agenda was turned to the matter of Airbus, the Boeing representative discreetly left the boardroom....

As for the Spaniards, their participation would probably be the same as it is presently, i.e. 4.2 percent. But discussions are under way with other candidates as well: Canada, Australia, Japan, even the United States. Nevertheless, in Paris, the engineers who report to the Technical Division for Aeronautical Construction (military and civil), who are, administratively, the primary guardians of the industry, warn: "In order to launch developmental models, we must embark with partners whose aircraft industry is at the same technical level as ours."

Whatever the final rollcall might be, the new aircraft will undoubtedly involve a new distribution of tasks.

"We would like to distribute the load on our factories more evenly," they explain at Sir Austin Pearce to the Staff of British Aerospace. "We would willingly leave the development of the SA320 airfoil to France, but we would be in the forefront of the fabrication of the fuselage and in the functioning of the assembly line." But Toulouse replies: "The clientele comes to Toulouse. And the test flights will take place in Toulouse," says Boulevard de Montmorency, in the entourage of General Mitterrand.

But whether it is a matter of the rates of participation, the final industrial rollcall, or the load on the factories (the assembly line represents 6-7 percent of the construction of an airplane), nothing is firm yet.

Determination

Therefore a new industrial structure might be put in place for the mini-Airbus program. But it would be placed under the same management--the same management, the same sales teams, too, that is certain. As for the change of government, that should comfort the French resolve. Will it involve the partners' as well? Probably, but that is not yet established. It is a matter of only a few months, one summer perhaps. "In order to make a timely appearance on the market in 1986, by counting backward we arrive at an effective project starting date of January 1982 at the latest," explains Mr Lathiere. Thus, project approval by the Airbus Industrie Board of Directors by next November.

The European "150-seater," which will require two pilots like all the DC9's and most of the Boeing 737's (even the future Air France planes)--this model will be made. Perhaps in two versions (130 and 160 seats, which will cost 200 million dollars more). But there will not be an artificial speed-up in making a decision under pressure from various syndicates which for years have clamored for the construction of a short-to-medium-range carrier a "bi CFM 56." The new Airbus will not be a politically motivated airplane. But the undiscoverable aircraft may have been found.

Two Brothers--Emissaries of the State

Jacques Mitterrand (63), CEO of Aerospatiale, had scarcely returned from Riyadh where he had gone to greet King Khaled and to sign the ARABSAT contract (LE NOUVEL ECONOMISTE, 1 June 1981), when it was learned that another of the President's brothers, Robert Mitterrand (65),--like the President born in Jarac in the Charente region,--had made a trip to Brasilia to deliver a message to President Joao Figueiredo in order to reassure Latin America, following the election of a left-winger to the presidency of

the French Republic, and to encourage the Brazilians to purchase more European Airbuses and to enter into a cooperative program with French industry. A graduate of the Ecole Polytechnique and the Centre de Perfectionnement des Affaires (Graduate Business School of the Paris Chamber of Commerce), Robert Mitterrand has been CEO of the Havas Machine Corporation since 1975 and Director of several others. He was also, for a short period, Chief Administrative Officer for his brother Francois in two of his ministerial positions (1947 to 1949). A good examples of family solidarity.

Figure A

Les grands avionneurs 1
du monde occidental

	CA 2 en milliards de francs	Bénéfices 3 chiffre d'affaires	Effectifs 4
Boeing (US)	42	6,4 %	106 300
Rockwell (US)	30,3	4,1 %	108 200
Mc Donnell-Douglas (US)	26,4	2,38 %	82 550
Lockheed (US)	23,7	0,5 %	74 600
General Dynamics (US)	20,6	4,1 %	84 400
British Aerospace (G-B) (*)	14,8	0,4 %	77 500
Aérospatiale (F) (*)	14	1 %	38 500
Dassault-Bréguet (F)	10,7	2,9 %	15 500
MBB-VFW (RFA) (*)	9,6	0,5 %	38 500
Grumman (US)	7,6	1,8 %	25 000

* Partenaires d'Airbus Industrie 5
Autre partenaire : Casa (Espagne) 6
Associés : Belairbus (Belgique) et Fokker (Pays-Bas) 7

Key:

1. The Large Aircraft Manufacturers of the Western World
2. Turnover in billions of francs
3. Turnover profit
4. Employees
5. Partners of Airbus Industrie
6. Other partner: CASA (Spain)
7. Members: Belairbus (Belgium) and Fokker (Netherlands)

Figure B

Les prix de vente
(ordre de grandeur) 1
en millions de dollars

Long-courriers 2
gros porteurs
Boeing 747 ..... 50 à 68
Mc D.-Douglas DC10-30 .. 45 à 50
Lockheed 1011 ..... 38 à 40

Moyen-courriers 3
gros-porteurs
Mc D.-Douglas DC10-10 .. 38 à 40
Airbus A 300 38
Airbus A 310 32
Boeing 767 32

Moyen et court-courriers 4
à réaction
Boeing 757 26
Boeing 727-200 17
Mc D.-Douglas DC9-80 15
Boeing 737-200 13
Boeing 737-300 ..... 15 à 16
Nouveau bimoteur ..... 22 à 24
(SA 320, MDF 100)

Key:

1. Sales prices (in order of amount) in millions of dollars
2. Long-range large transport aircraft
3. Medium-range large transport aircraft
4. Medium- and short-range jet aircraft

9803
CSO: 3100/879

NONSOCIALISTS PLAN OFFENSIVE FOR LOCAL ELECTIONS THIS FALL

Copenhagen INFORMATION in Danish 31 Jul 81 p 2, 3

[Article by Erik Meier Carlsen]

[Excerpts] We have reached the end of July--and it is raining. It will undoubtedly rain 17 November too, when schools will be closed and the Danish population will walk through the dark streets to schools and athletic buildings, follow the cardboard signs done with speed markers to registration tables, be marked off, enter a booth and vote.

It is local election time. Danes will elect men and women to serve on local councils. The voice of the people will be heard, telling us whom we trust, who shall manage, fight unemployment, set the wheels in motion and pull us out of the bottomless debt.

Then comes the magic moment when we deal politically and, with pencil in hand, bid on our children's future and how to prevent threatening catastrophes like the bomb, poisoning, futility and poverty.

But, of course, political deals are made at other times too.

Summer Debate

Last week's political debate was triggered by a budget deficit that exceeds the legally stipulated limit by 5 billion kroner.

Leif Glensgard, Progress Party, demanded a special Finance Committee meeting; Jens Bilgrav-Nielsen, Radical Liberal Party, felt there might possibly be talk of tightening monetary policies beyond the stipulated 2 billion krnoer agreed to in May Compromise II; Bertil Haarder, Liberal Party, referred to the tightening of monetary policies as "backbone reflexes" and demanded cuts in government spending instead. He was supported by Conservative Hagen Hagensen: "It is the public economy rather than that of the private citizen that must be reorganized."

The day before the debate started, Danish Federation of Labor (LO) chairman Thomas Neilsen delivered another attack on the government's unemployment-producing policies as he left of a vacation and thus expressed LO's opposition to further tightening of monetary policies.

Within a few days, ingenious political journalists sized up the situation in the following manner: unemployment is exploding and the national budget deficit is galloping. The government is responding with increased taxes on beer, tobacco and alcohol. That will create further unemployment and will not effectively limit the deficit. Nonsocialist politicians are demanding government cut-backs and tax relief for business. The Industrial Council and the Employers' Association support that demand.

LO opposes this idea altogether.

Lack of Tightening

The idea is good enough, but now new.

Following the defeat of the income policy and the meager results of the open labor negotiations last spring, LO was on the defensive. Labor's basic demand with respect to economic policy was: no more tightening.

Even before a labor agreement had been reached, the government promised LO there would be no further change in monetary policies in 1981.

And the promise was largely kept. While the larger part of the nonsocialist press was paralyzed by a strike, Parliament concluded the 1980-81 session quite peacefully without any major tightening. There were several good reasons for that. Firstly, there was a growing concern--among business organizations too--that the consequences of the dramatic May '80 measures, combined with the serious international recession, could be too severe. In many areas, the recession is threatening to destroy business opportunities so severely that the may not be re-created.

Secondly, there was concern about the local elections in November. If you can avoid tax increases in an election year, you do it.

And that was possible. The direct limiting effect on the consumer of tightening the monetary policy was not urgently needed. That was taken care of by the aftereffects of the May '80 Compromise and international economic conditions.

It was sufficient to make minor adjustments, like agreeing on an increase in taxes totaling 2 billion kroner that could conveniently be postponed until after the local elections.

It is logical that the nonsocialist opposition would seize the first opportunity to adjust the low profile forced upon it during the final debate and, with the aid of the press, which is now functioning better in spite of the journalist strike, attempt to bring out these facts.

Monetarism

LO and the government have but a faint chance confronted with the nonsocialist assault, which--if strengthened by a trend in the local elections--could provide a victory.

Based on attempts, which in the view of trade unions--not only in Denmark, but in Europe--are designed to adopt a crisis policy, the large budget deficit is a positive element in the present situation.

Local Elections

Fall will thus be characterized by a nonsocialist assault on the government's relative reserve about economic tightening and cuts.

Social Democrats will seek to strengthen their defensive position with employment initiatives and a special emphasis on youth. Local elections will provide the turning point. If the nonsocialist offensive helps to defeat the Social Democratic Party, which the latest opinion polls suggest, the nonsocialist offensive can definitely be strengthened.

Then Social Democractic attempts to maintain a dialogue with business organizations can be disbanded; the pressure on small coalition parties will increase, and a nonsocialist government will seem like a real possibility.

If the Social Democratic Party wins--which seems unlikely--there is a chance that elements in the Keynes Plus strategy: price controls, industrial policies, profit sharing and tax reform will have a chance this fall. Of course, even if the conflict between international monetarism and the attempt to renew the Social Democratic model is not settled by the pencil on a rainy afternoon in November, it will be part of the picture.

8952
CSO: 3106/161

BRIEFS

LIBERAL-NONSOCIALIST COOPERATION--Liberal Party leaders will now seek cooperation with most of the nonsocialist parties in Parliament, including the Radical Liberal Party, with respect to a new economic policy. That was decided by the party's representatives in Parliament at a summer meeting in Silkeborg yesterday. They also announced a long list of legislative proposals this fall concerning public spending reforms, tax relief, business incentives and a number of special plans to reestablish a sound economy in the agricultural sector. They also want to greatly improve economic conditions for families with children and for youth. The Liberal Party said in a statement that the Social Democratic government has led the Danish community into an economic "blind alley" and, through indecisive defense and security policies, weakened the confidence of our allies and endangered the traditional cooperation between parties with respect to defense and foreign policies. In the next few months, the Liberal Party leadership will contact Conservatives, Radical Liberals, Christian Democrats and the Christian People's Party to investigate the possibility of submitting joint proposals concerning business policies and other subjects, according to the statement. The Progress Party is not mentioned among the parties that might be included in such a close cooperation. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 5 Aug 81 p 3] 8952

CSO: 3106/161

CHANCELLERY CHIEF ON POLITICAL, ECONOMIC POLICIES, TNF

Hamburg DER SPIEGEL in German 17 Aug 81 pp 33-44

[Interview with Chancellery Chief Manfred Lahnstein by Heiko Martens and Klaus Wirtgen of DER SPIEGEL about Helmut Schmidt's economic and security policies" "'One Can Never Rule Out the Possibility of Error'"]

[Text] As chancellery chief, Manfred Lahnstein is one of Helmut Schmidt's closest advisers. The 43-year-old Rhinelander began his picture book career in 1962 in the DGB [German Labor Union Federation]. A business administration graduate, he became chief of staff of European Community Commissioner Haferkamp in Brussels before the age of 34 years. In 1973 Willy Brandt appointed the young civil servant as director of the economic department in the Chancellery. After the change in administration, Lahnstein moved to the Ministry of Finance in 1974. In 1977 he became under secretary. Before Schmidt named him head of the Chancellery last December, he had been offered leading positions with the OECD and the International Monetary Fund. The financial expert has also been under consideration for the position of European Community commissioner.

SPIEGEL: Mr Lahnstein, as chancellery chief you work more closely with Helmut Schmidt than does anyone else. How do you explain the fact that despite the comfortable parliamentary majority of the coalition the chancellor is increasingly getting into conflicts with his party and also with his coalition partner, the FDP?

Lahnstein: I don't know if that is happening more frequently than in previous parliamentary periods. The most important reason for the difficulties is the accumulation of uncommonly complicated problems which perforce lead to debates. Implementation of the NATO dual decision is one example, but so are new problems in economic development at home and worldwide. We do not have solutions for everything ready in our desk.

SPIEGEL: The chancellor is reacting to criticism with increasing irritation. More and more often he threatens to resign. Are these mere airs, or is the federal chancellor at present simply sick and tird of governing?

Lahnstein: My boss doesn't put on airs. You must not overestimate occasional expressions of impatience and disgruntlement. If there is anyone who knows his duty and does it to the point of exhaustion, the federal chancellor is and does. And that is the way it is going to stay.

SPIEGEL: The more often Helmut Schmidt swings a club, the more difficult it is to distinguish between caprice and serious intention.

Lahnstein: I cannot go along with that. In fact--and, I think, fairly clearly at that--the chancellor has outlined the conditions he thinks are indispensable for the work of the government to continue in a productive manner. He wants an effective majority in the Bundestag; in other words, he does not want to have to depend on votes of the opposition.

The other thing is implementation of the NATO dual decision as far as both parts are concerned--negotiation and counterarming. His has not been the voice of someone wanting to express disgruntlement but the voice of one who believes that the people are entitled to know with whom they are dealing.

SPIEGEL: Wasn't it the voice of one who wanted to put pressure on his own party? Surely he cannot qualify that ex post facto by saying that his threat was only meant for the Americans.

Lahnstein: Apparently that is the way you saw it. At any rate it was not the federal chancellor's intention to put pressure on, let alone blackmail, his party. His reference to both parts of the dual decision, you see, was not primarily directed at his own party but, for instance, also at those you have mentioned.

SPIEGEL: There are examples of weak leadership, such as the planned supplying of Chile with submarines, and of Saudi Arabia with tanks. In both cases, without regard to predictable opposition in the party, the chancellor at first made it known that he was planning to make those deals. On pressure by the party he then postponed a decision.

Lahnstein: I am afraid this is becoming a rather rough interview. Why shouldn't he have? I cannot subscribe to those two imputations. In the first case, as you know as well as I, a decision by the Federal Security Council had been on the table since summer 1980. In the second case, Saudi Arabia, there was no proposal and there was no challenge whatever to the government. In neither case did the federal chancellor in any way submit to alleged pressure by the party.

SPIEGEL: You are now arguing in a highly formalistic manner.

Lahnstein: A government does have to argue in a proper and formalistic manner. How else is it supposed to operate? A government must make decisions which can stand up legally if it comes down to it. The citizen must be able to rely on this in the future.

SPIEGEL: Does political leadership consist in working with threats of resignation or postponing decisions?

Lahnstein: No. The process of considering and deciding about the deals with Chile and Saudi Arabia has not been concluded. It is the right, even the duty, of a politician also carefully to consider the timing and the circumstances of a decision.

SPIEGEL: In accordance with the opportunism principle?

Lahnstein: This is not opportunism but political astuteness.

SPIEGEL: What kind of a role ought to be played in the chancellor's decisions by the development of objectives in the party?

Lahnstein: I can now only comment on that from the point of view of my job...

SPIEGEL: ...as an administrator of politics and not as a Social Democrat?

Lahnstein: Quite so. In conducting the business of the Chancellery I can see almost every day that there is hardly any important decision that can be taken by the government without close contact with the parties supporting it. In the process it also must constantly resort to compromises. But what is being reported about developments in parties is not always true.

SPIEGEL: You mean that in the SPD there is a silent majority which supports the chancellor?

Lahnstein: I notice with pleasure that what you have just described as a silent majority fortunately has also become more articulate in the past few months. I merely need cite the whole debate about developments in the Ruhr area--a very fruitful debate between the government and an important segment of the party with clear objectives of talks on both sides and concrete results.

SPIEGEL: The SPD in the Ruhr wants billions from Bonn for steel.

Lahnstein: In Germany concrete results generally have something to do with money.

SPIEGEL: There is also criticism among the comrades in the Ruhr--for instance, of Schmidt's security policy. Doesn't the chancellor make it too easy for himself by seeking majorities wherever it happens to suit him?

Lahnstein: That would be wrong. I don't think the chancellor does that.

SPIEGEL: Mr Lahnstein, while you have sat in his antechamber, has Helmut Schmidt made any mistakes in dealing with his party.

Lahnstein: No.

SPIEGEL: Do you in fact consider it your duty to go along with whatever the chancellor does? Or do you also regard yourself as a challenging critic of your boss?

Lahnstein: Critical advice is the traditional privilege of a professional civil servant; it goes without saying that criticism is part of my job.

SPIEGEL: If you really mean that seriously, it is puzzling that you reply with such an unequivocal no to the question as to whether the chancellor has made mistakes in dealing with his party.

Lahnstein: And you sometimes raise more questions than is right and proper. If I said yes, you next question would be, "In what respect?" By that time I would have to say no; so it is better for me to say no right off.

SPIEGEL: Helmut Schmidt is not only having difficulties with his own party; his Liberal coalition partner complains about instances of the chancellor being brusque, particularly vis-a-vis Hans-Dietrich Genscher.

Lahnstein: Listening to your questions, I get the impression that you are having difficulties with the federal chancellor. In my case it isn't nearly as bad...

SPIEGEL: You have the opportunity every day to ask him yourself.

Lahnstein: That may be so. The alleged brusqueness is not a predominant impression on my part--not in the past few weeks either. Even if the chancellor occasionally is rude in a fairly small circle of people--for instance, in the coalition discussion--after long days of tough negotiations about important questions of economic policy, it surely is no catastrophe. With other persons it may manifest itself somewhat more subtly.

SPIEGEL: Let us take a couple of examples. In the coalition negotiations after the Bundestag elections there was such a row about codetermination that Schmidt refused to continue the negotiations and Brandt had to substitute for him. In the latest budget negotiations Schmidt and Genscher got into a heated argument because the chancellor claimed that his deputy did not have the needed economic insight.

Lahnstein: I will not report about coalition negotiations...

SPIEGEL: ...Only issue denials...

Lahnstein: ...not even about those which I attended.

SPIEGEL: Coalition governments depend particularly on stabilizing factors, such as good personal relations between politicians. In the past there was the friendship between Brandt and Scheel. Such a thing is lacking at present.

Lahnstein: There is a close partnership between the federal chancellor and the deputy chancellor. Please don't forget that Schmidt and Genscher after all have been conducting affairs jointly for more than 7 years. Sure, there are differences in temperament, but it is no more than that. For that reason the one rumor or other that you hear leaves me cold.

SPIEGEL: They are not just rumors. The foreign minister publicly accused the chancellor of having invented the supplementary tax.

Lahnstein: You will appreciate the fact that as a civil servant I cannot comment on remarks by politicians. But to keep the record straight, the supplementary tax

has not been invented either by the chancellor or by anyone else. The supplementary tax has existed for many years as part of Article 106 of the Basic Law. There is no need whatsoever to invent anything.

SPIEGEL: It was a question of now putting it into effect.

Lahnstein: It was put into effect for the first time by Franz Josef Strauss. The supplementary tax is a possible tool for contributing to growth and employment policy. And so this idea was brought up for discussion by the DGB--as you can confirm by looking at the record.

SPIEGEL: The FDP chairman, however, neither accused the fathers of the Basic Law nor quoted the example of Franz Josef Strauss but noted that the federal chancellor had brought up the supplementary tax for discussion at this time. Surely this means that Schmidt was being blamed for the disputes.

Lahnstein: I cannot concur in that opinion. Let me remind you that as far back as 30 July--in other words, on the day he announced the cabinet decisions on budget policy at the national press conference--the chancellor made the following precise statement on the question of the supplementary tax: "What is more important...however is that one must not bring up the question of raising funds as long as it is not clear for what purposes and with how much of a chance of success the funds are to be collected." And he want on to say: "It first has to be established whether and to what extent and in what way it is possible to lend additional assistance to competitiveness, the structures and employment."

SPIEGEL: Did the federal chancellor perhaps misjudge the effect when he proposed the supplementary tax in the coalition negotiations and thus endangered the success of the 1982 economy action?

Lahnstein: Let me say once more and as clearly as I can: This is an imputation pure and simple.

SPIEGEL: ...but a just one...

Lahnstein: No, it is an incorrect imputation to make someone, particularly the federal chancellor, the originator of the supplementary tax. What is correct is that in preliminary talks of SPD bodies, particularly at the big meeting--in other words of the leader of the SPD Bundestag deputies, the party executive and so forth...

SPIEGEL: ...the so-called fishermen's choruses of the SPD...

Lahnstein: ...there existed very far reaching agreement about what still needs to be done to supplement economy decisions. That is where the question of funding arose. The finance minister and others, including the federal chancellor, made it clear that it really was not possible to come up with these supplementary funds through additional loans, and that this did not leave very many other possibilities.

SPIEGEL: The trade unions, but also SPD Deputy Chairman Hans-Juergen Wischnewski, played up the supplementary tax as the criterion as to who would prevail in the 1982 budget--the SPD or the FDP. Can Schmidt still climb down from the tax?

Lahnstein: The DGB never understood the supplementary tax, as it were, as an offsetting punitive action for higher incomes but as a funding instrument for employment and growth measures. Hans-Juergen Wischnewski too said: If there exist other reasonable funding possibilities, tell us what they are, because we are prepared to talk about it. I regard that as an outstanding basis.

SPIEGEL: Are there other funding possibilities?

Lahnstein: One needs to realize quite clearly that as far as taxing the citizen is concerned we have reached a limit where one must ask oneself with all thoroughness whether it can be hurdled--independently of the economic situation. Nor do we want to solve a problem primarily caused by economic trends. When, as the government, we talk about questions of growth and investment policy, we in fact talk about medium-term and structural problems. The federal government in any case must also look into the question as to whether even greater economies can be made. The finance, economic and labor ministers will submit the results of their deliberations on 2 September. Then a decision about funding additional measures will have to be made.

SPIEGEL: Abroad too, the chancellor owes a good deal of his reputation to his economic successes. Has Helmut Schmidt--like other Western statesmen long before him--now arrived at a point where he doesn't know what to do?

Lahnstein: First, as regards my boss's reputation, you will not be able to blemish it through this interview either.

Secondly, it is probably correct to say that we don't have any fully convincing answers to many complicated and partly also new problems, which moreover are almost all international ones, and nowhere...

SPIEGEL: ...above all, different [in italics] answers everywhere.

Lahnstein: You have different answers everywhere [last word in italics]. We no longer have the kind of international agreement in analysis that we still had about 3 years ago. If you went into a session of the International Monetary Fund or the OECD about 3 or 4 years ago, you obtained a clear view about the analysis and the reaction a great deal faster.

SPIEGEL: Rates of growth are no longer as high as they used to be. With all his economic expertise, isn't the chancellor reacting to this too late?

Lahnstein: If you look at the primarily structural changes in the German economy in the past 10 to 15 years, I know of no politician who has analyzed them and also shaped them any faster or lastingly than Helmut Schmidt. This is true of the initiation of a real debate on energy policy in the Federal Republic, which amounted to more than just a social policy for miners. It is true of the role of the mark in a world of free exchange rates, and it is also true of the European Monetary System...

SPIEGEL: It is certainly not the case as far as indebtedness and the reaction to higher unemployment are concerned.

Lahnstein: It is also unequivocally true in toto af the question of incurring public debts. Incidentally, in 1982 we will probably achieve a growth greater than 1 1/2 percent--admittedly starting from a very low level.

SPIEGEL: In the coalition negotiations between the SPD and the FDP in 1980, a government program was submitted which now, after no more than half a year, could no longer be financed. The analyses turned out to be no longer correct.

Lahnstein: I will not ask just who it is who in fact has to submit analyses and prognoses. In any case not the Federal Chancellery, let alone the federal chancellor --to make sure that the responsibility is not placed wrongly.

SPIEGEL: Perhaps the minister of economics?

Lahnstein: In this country the chancellor is not responsible for economic forecasts or for structural prognoses or for drafting a medium-term financial plan. The federal government cooperates closely with the academia. Nevertheless, one can rule out completely the possibility of error.

SPIEGEL: Theoretically this is correct, but he has never left any doubt about considering himself to be the most competent economist of this government.

Lahnstein: I have never heard him say so, though you evidently have.

SPIEGEL: At least that has been his attitude.

Lahnstein: You have been observing my boss for a long time. He is in fact a very competent economist.

SPIEGEL: Did Schmidt not for too long stamp as dreamers all those who gave an early warning, calling for an adjustment to low, even zero, growth.

Lahnstein: No. And why should he have? Surely it is not the job of a federal government to adjust to zero growth but to overcome zero growth. A government cannot be out to distribute want but has to eliminate want. And want can hardly be eliminated except through growth.

I--and I speak quite personally now--would never advise the chancellor to go ahead and adjust to 10 years' zero growth. No, the task must be to achieve adequate real growth.

SPIEGEL: No one disputes your right to make prosperity the political objective. But doesn't the chancellor also have to think about a just distribution of want, as was already preached in the SPD years ago?

Lahnstein: Surely it cannot be the task of one making economic policy to preach or reject sermons or implement sermons. You can have different ideas about social and economic trends, but a mark you can spend only once, and so it is better to do so to increase prosperity than to administer want.

SPIEGEL: One of those preachers, SPD leftist Henning Scherf, told us recently that it was now necessary to proceed from a policy of distribution to one of redistribution.

Lahstein: A policy which substitutes redistribution for increasing prosperity ends up distributing shortcomings. That is something I cannot support.

SPIEGEL: Schmidt is at even far greater odds with his party as far as security policy is concerned. How does the chancellor intend to cope with the growing opposition in the SPD to the NATO dual decision?

Lahnstein: My advise is fairly simple: He must see to it that the position of the SPD--after all, he is also deputy party chairman, which must not be wholly overlooked...

SPIEGEL: ...unfortunately or thank God?

Lahnstein: Thank God. The SPD does not only consist of people whose views differ from those of the federal chancellor. He must see to it that the position of the SPD is unequivocal and internally consistent. And now I ask you to consider this, even if you find it difficult: All decisions the party has taken so far on security policy questions not only bear the signature of party Deputy Chairman Helmut Schmidt, but he also participated in shaping them.

SPIEGEL: Does the chancellor also have to comprimise with his critics halfway?

Lahnstein: That also means compromising with the critics.

SPIEGEL: How is he supposed to manage that?

Lahnstein: First through discussion. Part of the criticism also manifests itself within the party at places which are accessible to the federal chancellor. I don't know if you are aware of the great effort and care he devotes to his electoral district. On the party executive, in the presidium--there is discussion everywhere. I don't know of any debate the chancellor tried to get out of.

Go ahead and name a politician in a comparable position, national or international, who would have bothered to defend his views at an event such as the Protestant Lay Conference.

SPIEGEL: There is no one in this country with comparable responsibility.

Lahnstein: International, then.

SPIEGEL: There are no international lay conferences.

Lahnstein: There are similar debates, though. God knows, the chancellor has not tried to get out of any debate.

SPIEGEL: He found it difficult to be permitted to participate in the debate there. And he certainly was not supported by a majority of those present.

Lahnstein: No, that would have been a miracle if you look at the composition of the lay conference and its environment. Now, with due respect to lay conferences, the assent of a lay conference, though an important factor, is not the only factor in German politics.

SPIEGEL: The latest decision by the U.S. President to produce the neutron bomb shows that those skeptics are right who doubt that the Americans seriously intend to talk with the Soviets about armament controls.

Can such negotiations in fact begin before the end of this year, as the chancellor demands?

Lahnstein: The federal chancellor did not make such a demand. The timetable was set by NATO in Rome in May.

SPIEGEL: But Schmidt inquired about it expressly. Ronald Reagan had to confirm the date to him in a letter.

Lahnstein: Sure. I only wanted to point out that it is a question here of an agreement within NATO and that the federal chancellor of course was affected positively by President Reagan's confirmation of that agreement.

SPIEGEL: Might the Soviet Union now refuse to start negotiations?

Lahnstein: I don't want to retrace that. There is a clearly defined area--medium-range weapons--about which there are to be negotiations. It is this area on which negotiations will have to concentrate for a start.

A counterquestion: Should we perhaps withdraw our readiness to negotiate--for example, because on enormous naval force of the Warsaw Pact has been moving around in the Baltic in the past few weeks?

SPIEGEL: The decision to build the neutron bomb surely cannot be compared to a maneuver in the Baltic.

Lahnstein: Of course the comparison is lopsided, but let me ask you: When one analyzes the current threat, which side is lopsided?

SPIEGEL: The Western side, we think. The Europeans are interested in negotiations about medium-range missiles taking place.

Lahnstein: Quite so. There will be such negotiations. It is a little early to form a well-founded judgment about all the consequences of the U. S. decision. As far back as 3 years ago, a very intensive and disputatious debate took place about what contribution would be made to the equilibrium or instability between East and West by this weapon, described in German somewhat incorrectly as the neutron weapon. I am inclined to believe that the same thing will happen again now. I am warning against rash conclusions.

SPIEGEL: The neutron bomb makes sense only if it is employed in the Federal Republic and in other European countries.

Lahnstein: Unfortunately all these developments are particularly explosive for us in the Federal Republic. But this is not a very new phenomenon either. We have had to live for tens of years with the fact that we are a combat area in a great, a very great deal of scenarios. For that reason the government persists in a policy of armament control.

SPIEGEL: It would be all the more important for the chancellor to be included in such decisions by Washington. Does Schmidt not have to feel that he has been duped by Reagan?

Lahnstein: There have been clear--incidentally, fairly old-agreements about this: the decision concerning the production of neutron bombs is strictly the Americans' business, and they need not consult the Europeans. This was stressed by the chancellor as far back as 13 April 1978. Consultations have to be conducted by them only when they intend to station neutron bombs on this country.

SPIEGEL: Aren't you going a bit far in your understanding for Reagan's decision?

Lahnstein: I don't think so. And you did not ask me about the U.S. decision but about whether the federal chancellor considers himself duped. No. What the Americans did was done in accordance with previous agreements. I do not want to examine the question as to whether one could not have acted otherwise.

SPIEGEL: Once neutron bombs come off the assembly line and arsenals in the United States are full of them, it is surely more than probable that they will also be stationed in the Federal Republic.

Lahnstein: There will then have to be previous consultations about it. This happens to be the firm NATO agreement...

SPIEGEL: ...which shows how powerless we are.

Lahnstein: Well, we just aren't the biggest in the world. We have to put up with that. But that doesn't mean that we are entirely powerless.

SPIEGEL: Once again: What does the Reagan decision signify as far as armament control is concerned?

Lahnstein: As you know, not only one country of the world is thinking about the question of neutron bombs. You can imagine that quite variable connections can be established between neutron bombs on the one side and other weapons on the other side.

The U.S. decision must spur us on to place clear emphasis on armament control inclusive of neutron bombs.

SPIEGEL: Has this task been made even more difficult by Reagan's surpirse decision?

Lahnstein: The fact that one could have imagined, for instance, a different moment for making the decision apparently has also been discussed within the U.S. government itself, judging from reports from Washington.

SPIEGEL: They say that Helmut Schmidt is not afraid of a conflict with the U.S. President. Has the time for it arrived?

Lahnstein: If my memory about the world economic summit in Ottawas serves me, it did become clear what the areas were in which, as a European, and particularly also as a German, one would sometimes have to argue with the big ally.

SPIEGEL: You mean the German criticism of U.S. interest rates and Schmidt's advocacy of the natural gas deal with the USSR?

Lahnstein: After all, we don't blend in perfectly in every respect. How could it be so? The Federal Republic must also advocate its own interests.

SPIEGEL: Soon Leonid Brezhnev will come to Bonn. Does the neutron bomb not make it more difficult for Schmidt to plan putting in a word for an early Brezhnev-Reagan summit meeting during that visit? Isn't he bound to get into a fight with Washington for that reason alone?

Lahnstein: The federal government assumes that the general secretary will continue to want to discuss with the federal chancellor the questions which he presumably was interested in when he proposed the meeting. Just what they will be exactly, we do not yet know for sure.

The federal chancellor assumes that he will not only discuss bilateral problems during the talk but will also talk about means of furthering contacts, dialogues and negotiations. To do so, the German federal chancellor does not have to make an impression through some striking demeanor before Brezhnev's visit.

SPIEGEL: Mr Lahnstein, the halfway mark of this legislative period is in sight. No later than 1983 Schmidt will have to make up his mind whether to run once more in 1984. What do you think his decision will be?

Lahnstein: This is very much of a personal decision. I don't know what it is. I do, however, notice every day by what great sense of duty our federal chencellor is motivated. That certainly will not change by 1983.

SPIEGEL: Will he declare his intention in 1983?

Lahnstein: It was you who mentioned 1983. It may be the right time, and it may also be later. I don't know. That question too will root in the federal chancellor's personal considerations and, on the other hand, in the overall political trend. It also depends on other dates and schedules. It must be a reasonable moment, between now and the next election campaign.

SPIEGEL: Does the answer to the question as to whether Schmidt once more will lead the SPD into an election campaign in 1984 also depend on whether the government will again have a better public image after the budget negotiations?

Lahnstein: As for the federal chancellor's image, I am satisfied with it.

SPIEGEL: And as far as the government is concerned?

Lahnstein: Satisfied as well.

SPIEGEL: And how about your party?

Lahnstein: As for the public image of my party, I am not entirely satisfied. But we socialists will manage.

SPIEGEL: Thank you for this interview, Mr Lahnstein.

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SUOMINEN COMMENTS ON CHANCES FOR CONSERVATIVES IN CABINET

Helsinki UUSI SUOMI in Finnish 30 Jul 81 p 8

[Interview with Finnish Conservative Party Chairman Ilkka Suominen by Petri Ahoniemi; date and place not specified]

[Text] Conservative Party Chairman Ilkka Suominen does not predict any real difficulties for the government in the fall. The Conservative Party is observing the preparation of the budget and will intervene if there is reason. Suominen estimates that the compilation of a neutral budget will succeed.

If anyone will cause the government to fall, it will be the Communists. The situation is too good for the Center Party. It will remain in the government even if Koivisto's public favor should fall.

There have been many predictions about difficulties in compiling this fall's budget; it has been said that it will become a stumbling block for the government if the parties do not compromise on their demands. However, Chairman Ilkka Suominen does not believe that it will be any more difficult than in previous years to compile a budget.

"Politically, it can, of course, be difficult if this is what is wanted. As long as Koivisto is the prime minister, a man who is not easily provoked, there should be no major difficulties in creating a budget. We are getting by with an adjustment loan. Pekkala has definitely announced that expenditures will not be increased.

"The Conservative Party, for its part, will take a good look at whether the budget will turn out to be Pekkala's mentioned 'neutral budget', which will take into account the effect of inflation in taxation, labor contracts, and will attempt to retain our realistic price competitiveness. Presumably, there will be no surprises. Pekkala has been a surprisingly good finance minister," boasts Suominen.

"It has been stated in public several times already that with respect to employment Kajanoja's measures do not work. Indeed the solution lies with the private sector," states Suominen. Suominen sees the government's past policy as an interesting budget issue from the point of view of his party. He does not expect tax increases, but wonders whether anything will come of the transition to a value added tax:

"Through Vayrynen the Center Party has talked in favor of this. Now it is to be seen whether the Center Party intends to push it through with its advertised firmness.

"Now is the best time to make a permanent transition to the elimination of the sales tax for enterprises. We are headed toward a recession in the fall. This measure would not accelerate inflation and would be the best medicine for stimulating the economy. It would cause investments to move. This matter has our unreserved support," announced Suominen in the direction of the center.

Suominen sees the issue of an early pension for front line veterans as another interesting issue this fall. According to the original formula the early pension would include approximately 6,000 veterans. We are now in the process of limiting the scope of this group by making some points of the legislation subject to disability pensions.

"Thus the law would include only 1,400--1,500 veterans. If it goes through in this form, it will not receive our approval. It is unreasonable if after many years of struggling, a compromise is made while general pensions are being raised," states Suominen.

Will The Communists Dissolve The Government?

Since the Center Party is being "supported" by Prime Minister Koivisto's popularity, it is seen in certain circles as reason for the Center Party to try to dissolve the government. Suominen does not believe this is sufficient reason.

"The party that dissolves the government will not have a good reputation -- especially if the reason is such as the one mentioned above. The Center Party has so many reasons and benefits for staying in the government that it is worthwhile for it to do so. In questions concerning policy lines it can count on our support. The situation is to their benefit," states Suominen.

[Question] Who will then dissolve the government if it is dissolved?

[Answer] The SKDL [Finnish Peoples Democratic League] is the only one which would undertake this because of its own internal situation, which continues to be unchanged. The Communists must decide whether they want to be in opposition as a mass movement or strive to have an effect in the government in their divided state.

[Question] Such a departure would mean an opening of the door to the government for the Conservative Party?

[Answer] Indeed, of the four large parties three should be in the government. Not necessarily all four. However, the government must first be dissolved before a new type of government base can be contemplated. The situation is the same as in a marriage. A divorce must occur before a new marriage can take place.

[Question] In the opinion of the other parties has there occurred a significant change in the attitude toward the Conservative Party?

[Answer] Years ago it was declared in the Center Party that the government could be expanded toward the right.

[Question] This is frequently interpreted only as a tactical statement since it is known that the SKDL will not join the Conservative Party in the same government.

[Answer] True, the Center Party must answer to its rank and file since there are noises coming from that direction as to why the Conservative Party is not in the government. Now it can be said that "we are for it, but the leftwing is not".

[Question] And what about the Social Democratic Party and the Conservative Party?

[Answer] Even though the SDP disparages ruling partners, the party is no longer obligating itself to a certain government base, but is looking for ruling partners "on the basis of life and reality". A softening has occurred.

The SKDL will, on the other hand, have to follow the Social Democrats. If the Social Democrats were to make a positive decision, the Communists would have to reevaluate their position. Everything depends on everything.

We are not impatient. We have been able to make use of our forces in opposition and the increased power in the local municipalities has even overworked our machinery.

Next Spring's Parliamentary Elections?

[Question] If the government were to be dissolved in the fall, it would probably mean parliamentary elections next spring according to Ilkka Suominen?

[Answer] Except for the SKDL the support of the ruling parties has recently been on the increase just as it has for the Conservative Party so that there is a desire to measure support.

In this way the parliamentary elections would be out of the way before the presidential elections.

We would then proceed into the presidential elections from the basis of normal elections.

[Question] When will a candidate be chosen?

[Answer] All decisions will be made in time ... Presumably next year when we have our extraordinary congress. Another possibility is in the spring of 1983.

[Question] It is argued that a suitable candidate will not be found from within the Conservative Party?

[Answer] Indeed someone will be found. As the elections approach there is generally an overabundance of candidates. So far there have been no offers, they have been considering the matter in silence...

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BRIEFS

SAARINEN CRITICIZES NATO EXERCISE--Communist Party Chairman Aarne Saarinen is condemning NATO's naval exercises next fall as provocative. Sunday's KANSAN UUTISET printed on its front page Saarinen's stand in its entirety. According to Saarinen the exercises, which will extend to the Soviet border in the Baltic Sea, are an example of the U.S. leadership's aggressive policy. According to Saarinen the exercises confirm the negative attitude of the United States toward peace-strengthening negotiations with the Soviet Union. The provocative and inflammatory nature of the exercises is further emphasized by the fact that NATO's operation also includes the naval forces of several reactionary South American states, writes Saarinen. Saarinen has pointed out that the agrresive and protective policy of the United States with respect to its European allies is now igniting a growing peace movement and an aspiration for a more independent policy in Western Europe. Saarinen considers it a positive sign that Norway has refrained from participating in these naval exercises. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 27 Jul 81 p 9] 10576

CSO: 3107/121

FORMER CABINET MINISTER CRITICIZES AVEROF

Athens ELEVTHEROS KOSMOS in Greek 21 Jul 81 pp 1, 6

[Text] Konst. A. Thanos, in referring to the announcements by Deputy Premier E. Averof on the economic measures of the government, made the following statements:

"Unfortunately, the last opportunity has been missed which the government had to show that it understands the critical nature of the country's economic situation and to begin taking the requisite bold and radical measures. The measures announced by Averof cannot be regarded as measures of economic policy. They are merely common vote-hunting measures. Obviously Mr Averof has not understood that the country's economy is in a state of collapse. It seems that he merely presumed that the only thing which is needed is simply the promise to grant certain loans, which Greeks are not even going to avail themselves of because the plain truth is that they are not even exhibiting any spending interest. It is curious that Averof, as a superintendent over the finances of the government, has not comprehended that the economic crisis in this country is not merely a problem of granting certain loans, but a problem of the sharp slippage of basic parameters of the economy.

"It is an affront to the people, and especially to the distressed producers and consumers, that whereas the increase in incomes has fallen to 0 percent, that whereas the increase in industrial production has also fallen to 0 percent, that whereas investments are showing strictly a decline, whereas the deindustrialization of the country has begun, whereas unemployment is running between 9 and 12 percent, whereas inflation is already running at a rate of 26.3 percent (we had predicted 27 percent for the current year), whereas the public debt has tripled within 7 years, whereas the budget deficit has increased eightfold, and whereas the disorganization of the economic system has disrupted the mechanisms of the commodities market, Averof presumed that the only thing which the Greek economy was in need of was simply a few loans of a vote-getting nature. It is surprising, and at the same time extremely disquieting, that Averof has made an appearance in which he makes announcements about matters which would have been more appropriately announced by a director of the Ministry of Coordination. Does Averof really believe that the measures which he announced can be taken seriously into consideration by the Greek people? The measures announced by Averof are a continuation of the tactics by the administrations of the last 7 years, which offer trivial solutions to the country's great problems. And the greater the problems are, the more trivial have been and are the solutions which are given

by those in the government. The recent example of Averof's announcements constitutes the most obvious demonstration of the pettiness of the solutions being offered to the country's swollen economic problem.

"We do not make the demand on those ND officials who have failed in the financial sector that they understand the critical nature of the economic slippage, or that they appear with a bold program of coordinated economic measures and with a change of direction with respect to the socialistic misunderstanding under which the governing party is functioning. But we do demand that on financial matters the officials exhibit at least a small degree of seriousness in their announcements. We understand that since Averof is indirectly responsible, in that he has been a member of the administrations of the last 7 years, he could not venture to take stock of the economic situation. To do so would have enjoined the implementation of our proposal for a single emergency program of economic stabilization over a 2-year period and for one unified financial balance (including also the expenditures of the public organizations), also for a 2-year period. But we do not believe that Averof had the right to talk nonsense on international economic developments and to insult us with the apparent ingenuousness of the economic measures announced by him. Therefore, let us resign ourselves to the fact that both Averof and those colleagues of his who are involved in finances--who, I note, are the same people who brought the country' economy to its present plight--are not going to comprehend the seriousness of the situation and take the indicated measures. It is worth noting that the savings in expenditures which Averof refers to cannot in fact exceed 600 million drachmas for the coming 8 months--that is, in reality expenditures are not going to be reduced substantially."

12114
CSO: 4621/56

GENERAL ELECTIONS MAY BE HELD IN OCTOBER

Athens ELEVTHEROS KOSMOS in Greek 21 Jul 81 pp 1, 6

[Text] It is considered very likely that by about the middle of August President of the Republic Kon. Karamanlis will have come to a decision on a definite date for the elections, which in any case are scheduled for sometime within the first 20 days of the month of October. According to reports from reliable sources, this is the conclusion which was reached after yesterday's hour-long meeting which Karamanlis had with the leader of the official opposition, PASOK chairman Andr. Papandreou. At this meeting--which according to the same reports was friendly and cordial, with the talk being conducted in a very warm atmosphere--Papandreou expressed the view that he would not have any objection to having the elections take place on 4 or on 11 October, assuming of course that this is agreeable to the government as well. But Karamanlis told Papandreou that he will invite him again to the Presidential Palace to have a final discussion on the subject of fixing the date of the elections.

Yesterday's meeting between Karamanlis and Papandreou was held at the Presidential Palace. According to an announcement issued by the president's office, Karamanlis welcomed Papandreou, who briefed him "on his recent contacts in West Germany, and at that point related to him his views on some of the country's domestic and foreign problems."

Aside from this simple announcement, nothing was made known about the tenor of this talk. Furthermore, PASOK did not issue a more enlightening announcement on the talk.

In referring to yesterday's meeting between Karamanlis and Papandreou, PASOK circles are observing that the leader of the official opposition was satisfied with this talk.

It was being said further that of course before his next meeting with Papandreou, the president of the Republic will meet with Premier G. Rallis, to whom he will communicate the views of the leader of the official opposition.

It is figured that the two political leaders will agree on the date for the elections, at which time the president of the Republic will be able to announce the date of dissolution of the Chamber of Deputies and the proclamation of the elections, after he has first entertained the suggestion of the premier on this.

Assuming that Premier Rallis accepts in principle the date which the chairman of PASOK is arguing for, it is possible that the premier may send a letter to the president of the Republic in which he will state that the present Chamber of Deputies has come to the end of its life and should be dissolved, so that elections can be proclaimed immediately.

In any case, it is considered certain that within the next few days the relevant deliberations will begin, from which it will be possible to draw some reasonable conclusion as to the precise date for the holding of these elections.

Statements and Counter-statements by Papandreou and Averof

On Sunday, in commenting on the measures which Evang. Averof has announced, PASOK chairman Andreas Papandreou stated the following:

"And then there was light. After a 'profound study' of international economic conditions as well as of the course of the Greek economy, thus spake the new governmental super-coordinator: First, the crisis has been introduced from abroad. The administrations of the New Democracy Party (ND), like white doves, bear no responsibility for the economic impasse which the country has been led into. Secondly, an austere house-cleaning is called for. An end to appointments of 'our people.' An end to the deficits of the State. But the super-coordinator has forgotten to inform the Greek people that the deficit in the public sector for 1981 is fixed at the unprecedented and extremely dangerous level of 300 billion drachmas. Thirdly, it is within the framework of this 'house-cleaning' that Averof's 12 commandments are resolutely announced--that is, a number of vote-hunting measures which, although aimed at the beautification of the ND's undemocratic and inconsistent economic policy, are not going to check the downward course of recession to which this policy has led."

Mr Averof

In answer to the above, Evang. Averof made the following statement:

"It is natural for Papandreou to speak sarcastically. It is the only thing which he could do, both as a professor of conservative political economy for many years and as a skillful populist politician.

"As a professor, because he has perceived that the measures which were announced mean a reduction in the expansions of the public sector and a corresponding financing of the productive private sector, which combats inflation above all and stimulates the economy. And as a populist politician, because he has comprehended that with its proclamation of truth and house-cleaning and with the many small but productive objectives which this policy aims at, the measures which were announced have had an unprecedented effect which will aid in the recovery of the economy. Although from his statement and from the inaccurate figure of 300 billion which he mentions, the chairman of PASOK does not seem to be hoping for this. We ourselves do hope for it.

"We know the difficulties, but we are striving and will continue to strive whole-heartedly for this, with whatever means there are.

"Neither have we discovered the oil wells of Kuwait in Greece, nor have we implied either by our measures or by our tone that "there was light." The light will come shortly.

"And at that time, those who are now promising everything will be compelled to acknowledge this, because it will emanate from the people, and they will be obliged to pass from noisemaking into the shadows."

Rejoinder by Papandreou

In his subsequent reply, Papandreou said:

"I am particularly pleased that a few weeks before the 4-year term of the present ND administration expires--and expires with its final foundering--Averof has discovered that loans must be given for productive investments. But Mr Averof has a duty to furnish full explanations to the productive classes of the country and to the toiling Greek people about the tremendous deficit in the public sector which has taken shape for 1981.

"We call on him once again to inform the Greek people about what the levels will be for the deficits in the regular budget, in the investment budget, and in the budget for public utilities.

"And we also call on the 'housekeeper-supercoordinator' to explain to the Greek people about the unbudgeted sums squandered at the altar of party interests."

Rejoinder by Averof

Finally, in replying in turn, Averof stated:

"The latest challenge by A. Papandreou is answered in a wire from REUTER, which concerns a report by the IMF on the true economic situation.

"Papandreou tries to limit, as a local phenomenon, a cause which an international organization of great authority acknowledges as a worldwide phenomenon, with his being indifferent to the question of whether or not it could harm our economy in this way.

"In my announcements, I did not conceal the difficulties which we face, but on the contrary I pointed them out.

"And in my exercising of only a general supervision over the economy for scarcely 20 days now, I announced some measures of the government which are aimed at reducing just these difficulties--which, I repeat, the IMF considers to be common to all countries."

Io. Zigdis

Meanwhile, the chairman of EDIK [Democratic Center Union], Io. Zigdis, gave a speech at Syros in which he referred to the problems which the coming elections are causing, and more particularly to the economic impasse which has developed in this country as a result of the inconsistent policy which the ND government

has followed. Especially significant was his reference to the vanishing of investments in Greece in recent years, which is very inauspicious for the country's future. This disappearance, which is due only secondarily to international causes, is the immediate consequence of the unwise policy involving the polarizing nature and the method of execution of the "nationalizations" of private businesses, which have created a general fear among investors.

The policy of the government, stressed Zigdis, has intimidated the investors and has forced them to systematically remove their capital to foreign countries. Thus, for example, an impressive number of apartments have been bought in New York by Greeks in the last 3 years. This unfavorable psychology has been intensified by the oppressive way in which certain "nationalizations" have been made, which are creating precedents for administrations which will not pretend, as the ND does, that they are representatives of the present social order.

These two factors have caused irreparable damage to the economy, which of course is not cured by the belated "nostrums" of Averof, concluded Zigdis.

Mr Zigdis was visited recently by the general secretary of the Agrarian Party of Bulgaria, Angelos (Dimitrov), who is in Greece for a week.

12114
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ATHANASIOS TSALDARIS ANALYZES 'DEMOCRACY, MARXISM'

Athens I KATHIMERINI in Greek 19-20 Jul 81 p 5

[Article by Athanasios K. Tsaldaris, deputy minister to the premier: "The Two Primary Ideological Currents in Our Political Life"]

[Text] There are two primary ideological currents vying with one another today in our country. Liberal democracy, and Marxism. Each of these exhibits variants and appears in different forms and shapes. But each has certain basic characteristics which distinguish it from the other. It is impossible to blend them. And those who try this may be serving opportunistic party expediencies, but they do not create anything new. Each system has its own "logic" and produces certain results with the irresistible force of a natural phenomenon.

All of us must have a good understanding of these differences if we do not want to be lured into taking uncharted courses and then find ourselves facing unforeseen situations. And the first thing which we ought to be aware of is the fact that when the liberal democrats talk about democracy, they mean something entirely different from what the Marxists mean.

The former give primary significance to the freedoms and rights of the citizens. For this reason, they regard democracy as a system of government which above all guarantees these freedoms and rights. They believe that a people cannot be sovereign if it does not have the right to elect those whom it wants to manage its affairs, from the level of the Chamber of Deputies and the government administration down to the level of the most humble association. Such people cannot be sovereign if they are not able to express freely and without fear any opinion or any thoughts whatsoever. If they cannot criticize, control, and replace those who exercise power. If they are unable to strive for what they consider to be right for themselves and their country through individual or collective efforts.

The liberal democrats do not identify democracy with the sovereignty of certain social classes or with the imposition of a certain economic system. They believe that within the framework of democracy and through the exercising of their freedoms and their rights, the people as a whole--and not the people as a class--decide on that economic system which they regard as the most efficient, most advantageous, and most just.

If they believe that a free or mixed economy is better, they support the faction which seeks to implement this system. If they prefer the "socialist" organization of the economy or its nationalization or "socialization," they support those parties which aim at these systems. But they retain in full their right to halt the implementation of a system which in practice is proving to be disadvantageous and is making their life worse instead of improving it. Their right to replace one party by another party at the helm of government if they find that the first party's policy has not measured up to their expectations. Their right to turn back to that which they have abandoned, or to aim at something else.

To the liberal democrat it is absurd for the fate of a people to be sealed just because a certain party has come into power in certain elections. No matter what conception a party has about itself and its program, it has no right to monopolize the power and to perpetuate itself in such power. It must submit to the verdict of the people once again when its term of office as the governing party comes to an end.

Finally, the liberal democrat does not agree that every class has its ideology and that the political parties are representatives of social classes and vehicles of their ideologies. He regards such a notion as extremely dangerous, because it paves the way for totalitarianism. Political parties are associations of citizens who have the same views on their country's domestic and foreign problems. And they exclusively represent those who accept their policy, follow them, and vote for them. Neither something more than this nor anything less.

It is monstrous for a political party which expresses the views of a minority to present itself as the representative of social classes which make up the majority of the population. And for it to assert that the reason they do not follow it is either because they have been "stranded" in a faction which is "hostile to their class," or because they do not know what is being done to them, or because "their class consciousness has not been developed." Such a party usurps rights which do not belong to it.

On the other hand, the Marxists do not give primary importance to the freedoms and the rights of the citizens. They identify democracy with a certain economic rather than political system, or with the sovereignty of a certain social class, with the Marxists presenting themselves as its authentic and legitimate representatives. It makes no difference whether this class follows them or not. This explains the phenomenon, which is strange to those unfamiliar with the facts, that they characterize totalitarian states as "higher democracies." The same people know full well that there are no political freedoms in these states. But they regard this as natural. They are not troubled at all. They believe that the implementation of their economic system is such an important matter for the people that political freedoms are worth sacrificing for its sake.

The people may object. They may not like the system which the Marxists implement. It is immaterial to the latter. It is their steadfast conviction that the people do not know what is good for them, or else they are influenced by ideologies "hostile to their class." Consequently, they must be "protected." They must be prevented from following a different course which is harmful to them. They must not lose their "socialist gains." They must be made happy through force.

The Marxists believe that the system which they will implement if they come to power is the salvation of mankind. For this reason they should safeguard this system by the enactment of a new "socialist constitution" which will forbid the modifying of the system and of course will place it beyond all control and criticism. But since they know that "pluralism" is popular, they promise that in their own system as well there will be many parties. But these parties will be politically emasculated, since they will not be able to criticize or to change the economic system. They will be forced to accept the policy of the governing Marxist party, because otherwise they will be labeled as unconstitutional.

For the Marxists, change is a one-way street. With the necessity of a natural law, it ends up at their own system. When it arrives there, it will stop. There will not be any going back. Since the people will have been led to an "earthly paradise" there will be no reason to leave it. The doors of this "paradise" will close tightly behind them. Of course, they may view this paradise as a hell. This will be due to a simple optical illusion. And it is not right to let people be wretched because of an optical illusion. They will be compelled to remain in this "paradise," willing or not, until they are persuaded that it is a paradise. Therefore, when the Marxists speak about the "great change" which they are going to bring, they mean a final change which will signify the end of all change.

Furthermore, in contrast to the liberal democrats the Marxists regard political parties as representatives of social classes. And of course they apportion these "representations" in a way which suits their interests. They keep the lion's share for themselves. They present themselves as representatives of all laborers in the cities and countryside, the students, the small-scale businessmen, the craftsmen, the pensioners, and so forth, and they give to the opposing parties the oligarchy of the wealthy.

This, of course, is an entirely arbitrary, unrealistic classification. The economic and social situation of a person does not determine automatically his ideology or his views. A worker can perceive his interests as lying in a non-Marxist system, and a merchant can be a Marxist. And no person of sound judgment regards as correct everything which one faction says and as wrong everything which its adversary says. On certain questions he may agree with the first faction, and on certain other questions with the second.

Thus it is not strange that parties which are characterized by the Marxists as "representatives of the plutocracy" have the majority on their side, and parties which are characterized as "representatives of the people" are followed by minorities. Just as it is also not strange that the same classes "are represented" by many Marxist parties, which fight against one another and hate one another more than they hate their class enemies.

But the worst thing is that the notion of class held by the Marxists with respect to parties leads to a one-party totalitarian regime, on the basis of the following simple reasoning: Since the parties represent social classes, there are many parties only in societies which are structured along class lines. When the Marxists triumph, they will abolish the "classes of the exploiters." And of course they will abolish as useless also the parties which represent them, since they will no longer have anything to represent.

In the "one-class society" many parties are not needed. One class, one ideology, one party. All the contemporary totalitarian Marxist regimes have been erected on precisely such a theory. Those Marxists who give the appeasing assurance that when they come to power they will respect the multiparty system either contradict themselves with respect to their theory, or simply are deluding the people.

This is the ideological dilemma faced by the Greek people. On the one hand the New Democracy Party, which expresses the ideals of democracy and guarantees the freedoms and rights of the people. And on the other hand the "Marxist front"--PASOK and the KKE--which aim at the implementation of a totalitarian system. Let the people choose.

12114
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SOVIET SUBVERSION, INVOLVEMENT WITH PEACE MOVEMENT

Amsterdam DE TELEGRAAF in Dutch 22, 23, 25, 29 Jul, 1 Aug 81

[Article by J.G. Heitink]

[22 Jul 81 p 9]

[Text] Amsterdam, Wednesday -- Finally a veil has been lifted from what the IKV [Interdenominational Peace Council] and the umbrella movement of "Christians for Socialism" are doing to foster a negative mood in our country with regard to nuclear weapons.

The occasion is a piece written by a "contributor" for the REFORMATORISCH DAGBLAD of 15 and 16 July, which deals, among other things, with the 31 year old Vadim Leonov, who was a so-called TASS correspondent here, but who was expelled in April because he was found guilty of espionage and other activities.

About those other activities, the contributor of the REFORMATORISCH DAGBLAD noted that one evening, in a moment of candor, Leonov stated that one of his major tasks was to develop and to maintain contacts with leaders within the anti-nuclear arms movement.

His task further consisted in keeping track of key figures and to transmit the instructions from Moscow, which were received at the embassy, via the secret telex, from the Committee for State Security [KGB].

This committee is under the leadership of KGB chief Andropov, even though the daily management and control of coordinated actions in non-communist countries, such as the Netherlands, which benefit the Soviet system, are in the hands of M.A. Suslov (member of the Politburo), Ponomarev of the International Department of the Party's Central Committee, and his deputy Zagladin (a good friend of PvdA [Labor Party] member Relus ter Beek).

Telex

The secret telex at the embassy in the Hague is under the supreme control of Pofiri Kuprianov, who is listed in the register of diplomats in the Hague simply as "counsellor." I have already mentioned a few times that this Kuprianov is the chief of the Russian secret service in the Netherlands, but neither the Den Uyl administration, nor the previous Van Agt administration found it necessary to expel the man. Kuprianov also gave his directives to Leonov, including those relating to the action against the new American nuclear weapons.

According to the REFORMATORISCH DAGBLAD, Leonov proudly continued his story: "Do you know that all those well meaning people in the Netherlands are being taken for a ride? They believe that the anti-neutron bomb movement and the reaction against the cruise missiles and other NATO activities have grown out of a pure idealism based on compassion for and concern with the fate of one's fellow man and his children. Oh, if those people just knew that everything is taking place according to a blueprint in Moscow, how they are being manipulated by a small group of communist ideologues who receive their instructions through me."

Decision

And with raised voice he added: "If Moscow decides that 50,000 demonstrators must take to the streets in the Netherlands, then they take to the streets. Do you know how you can get 50,000 demonstrators at a certain place within a week? A message through my channels is sufficient. Everything is organized with military precision under the leadership of essentially conscientious objectors. I should know because not only am I daily involved with these clandestine activities, I am also one of those who transmit the orders coming in from Moscow."

Thus ran the story of Vadim Vasilevich Leonov in the REFORMATORISCH DAGBLAD. The newspaper then made a connection with the text of hearings, which are taking place in the American House of Representatives, which is also in our possession. More about this next time.

[23 Jul 81 p 9]

[Text] Amsterdam, Thursday -- Last time I noted that a whole set of disclosures have come out concerning what goes on within the "disarmament" circles, by a publication in the REFORMATORISCH DAGBLAD about the expulsion of the Russian correspondent Vadim Vasilevich Leonov.

I noted at the end that the REFORMATORISCH DAGBLAD made a connection between the expulsion of Leonov and a number of hearings held by a sub-committee of the Permanent Committee on Intelligence Activities of the American House of Representatives.

On page 73 of this detailed report, I read about what happened in the Netherlands: "When the Netherlands decided to modernize their nuclear weapons, the Russians became more and more involved with Dutch affairs. A Russian delegation, led by Zagladin, the deputy chief of the International Department of the Communist Party of the Soviet Union, whose primary occupation is to set up and organize communist front organizations, lobbied against the modernization of nuclear weapons with members of the Second Chamber of the Netherlands parliament. Moreover, the Russians and the East Germans exploit Dutch journalists to propagate their points of view. Russian journalists take their articles on the subject of 'No modernization of nuclear weapons,' and publish them in the communist media."

Meeting

The hearings bore out the fact that a meeting between the Dutch and the Belgian Communist Parties had taken place earlier in the Belgian town of De Haan. (It is probable that representatives of the Russian party and of the East German party also attended this conference).

Of course, the World Peace Council, which operates under the leadership of the Indian communist Romesh Chandra, was also enlisted, and a Christian division was added to the opposition.

This was easily found: the "Christians for Socialism" movement. The report from the American Congress refers to it as a communist front organization.

This movement was established in Latin America, where, in 1971, approximately 80 priests in Chile joined together to support the popular front regime of President Allende. In 1972, while an UNCTAD conference was being held in the Chilean capital of Santiago, these priests met again, but now large groups of lay people were also present.

Spread

This led to the establishment of the "Christians for Socialism" movement, which, at its inception, supported the resolution: "A choice in favor of socialism and of the Marxist theory of revolution is not only compatible with the Christian faith, but it renews Christianity and makes it authentically evangelical."

The movement spread all over the world, with theologist Dorothee Solle naturally leading it in the FRG. In the Netherlands, the Christians for Socialism came from the Dutch Christian Students' Union [NCSV]. The movement maintains an office near Zeist, in Woudschoten. It is not registered and is managed by a steering group whose members remain secret.

Next time: The influence of the Christians for Socialism movement on the IKV.

[25 Jul 81 p 9]

[Text] Amsterdam, Saturday -- This week, I published two articles about Soviet penetration in the Netherlands, in the first of which I referred to revelations in the REFORMATORISCH DAGBLAD about the expulsion of Russian journalist Vadim Vasilevich Leonov, whose task it was to transmit instructions from Moscow to those who are involved here with the opposition against the new American nuclear arms.

Among them -- concluded the REFORMATORISCH DAGBLAD and so do I -- are also the leaders of the so-called "Christians for Socialism," which is referred to in a report from the American Congress as a front organization for the communists.

As I noted on Thursday, these leaders keep their names a secret. In the Netherlands, they get together at the headquarters of the Christians for Socialism, which is located in Woudschoten (near Zeist).

The Christians for Socialism [CVS] themselves have noted in a pamphlet that contacts with the Interdenominational Peace Council [IKV] are close and date from 1976. Numerous members of the CVS are involved in the IKV and certain CVS branches as a whole form an IKV center. "Developments within the IKV and the state of affairs in the struggle for peace (!) are critically evaluated every year and consequently, the CVS' national training in anti-militarism responded to a clear need," according to a CVS publication.

Indoctrination

The contributor to the REFORMATORISCH DAGBLAD also learned that during the CVS training courses, particular IKV workers are taken in hand and taught, among other things, the intellectual indoctrination of the CVS.

Last year, the CVS published a pamphlet, in which it stated, among other things: "The conquest of the power of the state is a differentiated process. It stretches from the factories to the universities, from the family to the Ministry of CRM [Culture, Recreation and Social Welfare], from the union to the Reformed Synod." Well, then we surely know what manner of men they are.

The first result of the CVS training, which involved IKV centers, critical municipalities and basic groups, was the "Stop the Neutron Bomb" action. After the communist newspaper DE WAARHEID had taken the initiative of calling for a mass movement -- an action which the Russian PRAVDA reported immediately and elaborately on page 1 --, the IKV and the CVS started an action to gather signatures against the neutron bomb, and the CVS naturally supported this action at a national meeting on 3 September 1977.

Support

Local groups included Christians, communists and pacifists. They presented more than 1 million signatures. It was an action which had been set up following the conference in De Haan (Belgium) between the Dutch and Belgian Communist Parties, by the communists, under the leadership of Nico Schouten, and also by the IKV with the support of the CVS.

Hence, the CVS and the IKV are working hand in hand, but the CVS exercises a certain dominance over the IKV. The organizer of the IKV is indisputably Mient Jan Faber who, according to his own words, occupies a position such that he can virtually take care of everything within the organization independently. Officially, the churches are the authority within the IKV, but in reality it is the secretariat (Mient Jan Faber is official secretary of that movement) which regulates matters. It has plenary powers to this effect.

Among the study groups within the IKV, the most important is the one called "Polical Action Centers" and hence it is led by Faber himself. This is also where the link with the CVS is riveted. Decision making is centralized. The members of the IKV must do the work the secretariat urges them to do like "ants" (this is what they are called).

At the international level, the IKV has contacts with, for example, the Association of Evangelical Churches in the DDR, and with the communist inspired Peace Conference in Prague. Local IKV groups in our country also maintain contacts abroad. Members of the branches of Amersfoort, Nunspeet, Doetinchen and Nijkerk were "worked upon" up to three times in Konigswald (DDR). And the REFORMATORISCH DAGBLAD also noted that the female leader of the IKV branch in Leiden was given permission by the DDR to invite J. Liedtke from Lubbeman (DDR) to spout his fanatical Christian-Marxist theories in Woerden.

Next time (Wednesday): The finances of the anti-nuclear arms clubs and their income from abroad.

[29 Jul 81 p 9]

[Text] Amsterdam, Wednesday -- Next to the official level, the psychological offensive of the Soviet Union against NATO also runs at a non-official level. To this effect, the International Department of the Soviet Communist Party, led by Ponomarenko and his deputy Zagladin, has thrown the whole network of the famous World Peace Council, with various front organizations acting under various labels, into the battle.

In Western Europe, they are supposed to organize the masses in order to put pressure on the governments, until they capitulate to Moscow's wishes. The final phase then would be the separation of the United States from its European allies. But at the same time, this would mean the incorporation of Western Europe into the sphere of control of the Soviet Union.

In this respect, the gentlemen of the World Peace Council were particularly successful in harnessing former superior NATO officers to their wagon. Today, former NATO officers increasingly act for the World Peace Council or for one of its front organizations. They act openly against the defense policy of the West and demand -- consciously or unconsciously harnessed to Moscow's wagon -- the cleaving of the Western alliance.

With Honor

During the party youth congress, which was held in early June in East Berlin, East German leader Eric Honnecker mentioned the following officers "with honor": from Italy, Nino Pasti, the former supreme commander of the armed forces in Southern Europe; from the FRG, Generals Gert Bastian and Count von Baudissin; from the Netherlands, General Herman von Meyenfeld and Lietenant Colonel Gerard Berkhof; from France, Admiral Antoine Sanguinetti; from Portugal, General Francisco da Costa Gomes (who is now even a member of the directorate of the World Peace Council); from England, Brigadier General Michael Harbottle and Admiral G.F. Guaritz; the Greek Generals Georgios Koumanakos and Hondrokonkisl, the Norwegian air force General John Christie, and the American Admirals Gene la Roque and John Marshal Lee.

These generals and admirals and whoever else is involved, act as "useful idiots." They officiate at meetings hostile to NATO, they themselves organize seminars and conferences, give interviews or are authors of books. It is no wonder that the East European newspapers pay the greatest attention to these former officers.

And then there is the financing. Because such activities as, for example, transmitting knowledge about the anti-nuclear bomb ideas to the Netherlands cost a great deal of money. Take such a Peace week, for example, which must have cost the IKV approximately 1.2 million guilders. The IKV budget, which according to its own information is raised completely from contributors, amounts to approximately 500,000 guilders. Then there is IKVOS [expansion unknown], of which IKV member Mient Jan Faber is also secretary, and which actually represents a branch of the IKV. They are located in the same building and work together in busy times. This year, IKVOS received 567,838 guilders from the NCO, the Committee for Development Cooperation, which scatters our tax money about and which is always so generous toward progressive goals.

Subsidies

The various organizations with which the IKV cooperates also receive money, a great deal of money, from the NCO. For this year, the total amount of the NCO subsidies to all these clubs, which operate under the leadership of the IKV and the Christians for Socialism (a communist front organization according to the report from the American House of Representatives), has exceeded 2.5 million guilders.

Thus we muddle on. Minister De Koning acts as if he knows nothing about it. But he does in fact know where the money goes. Saturday, we will take a further look at Soviet infiltration in the Netherlands.

[1 Aug 81 p 9]

[Text] Amsterdam, Saturday -- The brutality of the Russians in the campaign they are waging against a Dutch agreement to the American plan to deploy 48 cruise missiles on our territory, is limitless. Thus, last year, during an IKV meeting which was given the name "International Forum," they found the opportunity to bring in their fellow-worker A.P. Popov.

Popov is currently attached to the International Department of the Soviet Communist Party, which is led by Ponomarenko, and of which Professor Zagladin is a valued collaborator. But Popov poses as a journalist.

In 1961, Popov was expelled as a diplomat from our country, because during a press conference he had addressed all kinds of slanderous allegations against the Dutch government. The reason for this was an incident at Schiphol, involving the attempt to carry off the Russian chemist Alexei Golub, for which the then Soviet diplomat S.V. Chibaev and the Russian Ambassador Panteleimon K. Ponomarenko were also expelled.

Forgotten

The Ministry of Foreign Affairs appears to have completely forgotten this incident, because Popov received a visa to travel simply to the Netherlands. Guess, if you can, how this was possible?

The IKV, still in cooperation with the Christians for Socialism, is always striving for an administration which would be willing to take the Russian view on disarmament and nuclear arms seriously, and which would also be willing to bar nuclear arms completely from the Netherlands, with or without a withdrawal from NATO. I would like to quickly recall that, according to the report from the American House of Representatives, the CVS is an organization which should be considered as a communist front.

Now, those gentlemen are once again very busy expounding their view of disarmament. Together with Pax Christi. An earlier advice from this organization to the bishops to follow the IKV position, was rejected because the bishops decided first to hear Catholic organizations and experts before taking a position themselves.

Apparently, this rubbed those gentlemen from Pax Christi the wrong way. In the BRABANTS DAGBLAD of 9 and 11 July, for example, two gentlemen -- who support the IKV position and hence also the position of Pax Christi -- entered more thoroughly into this, and came up with all the arguments in favor of unilateral nuclear disarmament.

Naturally, those gentlemen also produced economic arguments, of which I will cite as an example the fact that they added: "Because increased militarization has to be sold to the public in a time of crisis, the West -- with Reagan in the lead -- is seizing on the situations in Afghanistan, Poland and the Middle East to stimulate once again cold war thinking."

Example

You should be an Afghan, or a Pole, or an inhabitant of Israel or Lebanon! But good, Pax Christi can try to figure it out; it is an example of the thinking of the "progressives" as it is always being fed by the communists, ultimately by the Russians who are the major interested party.

And yet, occasionally the Russians and their followers do make a mistake. In early June, the East German communist leader Honnecker mentioned "with honor" the names of all kinds of NATO generals and admirals -- as I reported last week -- among whom Lieutenant Colonel Gerard Berkhof.

This week I received a telephone call from this Gerard Berkhof, who is a brigadier general and not a lieutenant colonel, and who informed me that he did indeed attend the IKV and related organizations congress in Groningen, the subject of which was nuclear arms, but precisely because he is an opponent of the ideas of the IKV. Hence, he should not be put on the same footing as someone like General Von Meijenfeld. And, even though he does not agree in all aspects with President Reagan's approach to rearmament, French Admiral Sanguinetti does not belong on that list either.

8463
CSO: 3105/166

YOUTH UNEMPLOYMENT, PROTESTS DEBATED IN ELECTION CAMPAIGN

Copenhagen INFORMATION in Danish 29 Jul 81 p 2

[Article by Ole Kromann]

[Text] Two thirds of all young boys in Oslo have committed larceny by the time they reach age 20 and one of five teenagers in the capital are registered with the police. While unemploymnnt in the country as a whole is declining and is down to 1 percent, or 15,900 unemployed, there are more than 4,000 youth without work in Oslo alone.

While there is an alarming growth in youth unemployment, a survey of the entire country shows that between 10,000 and 12,000 students have not been able to get into schools of higher education this fall. In the Conservative-ruled capital community, youth club budgets have been cut by 15 percent at a time when they need the help more than ever.

It is also difficult for young people to get into apprenticeships in industry. In Oslo, more than half of the industrial jobs have disappeared in the last 10 years; the capital is increasingly becoming an office and service city and, throughout Norway, about 10,000 industrial jobs are lost annually.

This is the sad background for the youth riots which have now reached the larger Norwegian cities too, primarily Oslo, and which lead to ever more frequent encounters between police and youth.

In Norway, the welfare state, not to speak of the ealthy state, an increasing number of youths become narcotics addicts or commit suicide, and prostitution has also spread to minors girls and boys who walk the streets to solicit business. A recently completed "project against prostitution in Oslo"--built on a Malmo pattern--disclosed this.

Youth riots in downtown Oslo the night before 1 May have been an annually recurring event which police have tried to combat using increasingly well-equipped forces with long clubs, safety shields and tear-gas grenades as well as fines and imprisonment. This year they tried to keep youth away from the downtown area by televising rock entertainment until early in the morning as well as raids and arrests among youth groups earlier in the day on the outskirts of Oslo.

Ministerial Initiative

Although this year's riots did not develop into looting and bombfiring, some 1,000 policemen together with 50 cars, dogs and horses were not able to disperse approximately 3,000 demonstrators until early in the morning.

It was in the wake of this year's riots that Consumer Minister Sissel Ronbeck, 31 years of age, came up with an idea that led to one of the most heated debates this election summer.

She did not want to view the recurring youth riots as just an expression of youth's desire for wanton destruction of property and violence or refer to them as "mob actions." She viewed the phenomenon as a new form of youth riots in the Western world--not like the 1968 riots by strong youth with the potential for an education, but low status youth, who in their powerlessness give vent to non-verbal rebellion among the labor class' unemployed children.

In her opinion, today's youth riots, like those occurring in the larger cities in England, are a frantic response to mass unemployment, which now exceeds that of the thirties.

When Sissel Ronbeck was appointed consumer minister in 1979, she was the youngest Norwegian minister in modern times and she is one of four female ministers in Gro Harlem Brundtland's government.

She is a Left-Wing Labor Party member and, as chairman of the Social Democratic youth organization AUF from 1975 to 1977, she became known for the courage of her staunch convictions by speaking out against the mother party in her criticism of Norway's membership in NATO, for instance.

She recently attracted attention as one of the main speakers in connection with the 1981 Peace March in Copenhagen and, speaking at Eidsvoll no less on 17 May, where Norway's constitution was established in 1814, she called for a renewal of the Norwegian monarchy--a dormant paragraph in the Labor Party's program.

It was strange enough, from a Conservative point of view, that the minister was first criticized when Jan P. Syse, a Conservative member of Parliament, found it disgraceful that Sissel Ronbeck branded large groups of young people by insisting it was particularly labor youth who were responsible for the mob actions on the night before 1 May. Syse, who is chairman of the parliamentary Justice Committee, "was shocked," he said.

Sissel Ronbeck did not stop with assertions, however. She allowed a researcher at the Institute for Sociological Justice, Terje Rod Larsen, access to police records of the youth arrests and his findings supported her suppositions:

Most of those arrested were unskilled and unemployed 18 to 25-year old youths from the East Side of Oslo. A total of 243 were brought into the police station.

Of these, 59 were under 18, while 139 were 18 to 25 years of age.

Investigation

Commenting on his investigation, Terje Rod Larsen said there is reason to take these signals seriously, even if riots in big European cities are more frequent and far more dangerous than in Norway. "It would be frightening if Norway were to adopt an economy and a society that tolerate rising unemployment.

"The safety net for youth is work and reasonable housing, but the oil economy is creating a bigger chasm between skilled and unskilled labor, in conformity with class distinctions in the traditional industrial society.

"There is a new kind of stratification among youth: Those who manage inside the system and the others, who get the low quality jobs and become social losers," he said.

Terje Rod Larsen also pointed to the neo-fascists' exploitation of unemployment in England, for example, where foreign workers are used as "whipping boys," similar to Hitler's treatment of Jews in the thirties.

"There are similar tendencies in Norway, where a large number of unemployed youth with poor social status and no faith in political solutions become easy prey for such dangerous trends."

Yet, Terje Rod Larsen feels it is wrong to say that these youth riots are not political. "Through violence and wanton destruction of property, youths are deliberately protesting against a society in which they do not feel at home. This type of riot is common to all well developed industrial societies and only represent the tip of the iceberg."

Sissel Ronbeck will now probe more deeply into the problem that was disclosed in the Oslo report and on 25 July she will leave on a tour of London, Amsterdam and Paris to study youth problems in those big cities.

She has also met to discuss the problem with some of the young people who were arrested the night before 1 May and who have formed a group they call "Youth Against the Terror of Punishment."

The leader of this group is a 19-year old social worker in charge of youth with narcotics problems. He himself participated in the confrontation with police the night of 1 May, but was not arrested.

Mob Inferno

He said it is no accident that youth chose the night before the labor movement's day of struggle for their "demonstration:"

"We have no illusion it pays to demonstrate by marching under slogans and watchwords. We do not believe it pays to work politically," he said.

Others in the recently established youth group say the street is their only chance. There will be cuts in the municipal support of youth clubs for young people under

18, and there is not a single non-commercial leisure offering for youths over 18. Police are chasing them from place to place:

"We are weary of empty election promises and, if necessary, we will use methods that politicians denounce as illegal or crazy pranks," they said.

Mona Tassen at the Municipal Youth Office in Oslo had no doubt about that:

"The city could turn into a mob inferno if this trend is not stopped."

8952
CSO: 3106/157

EDITORIAL RECOMMENDS DELAY OF DECISION ON NATO ENTRY

Madrid EL PAIS in Spanish 22 Aug 81 p 6

[Editorial: "The NATO Road"]

[Text] Despite its many doubts, vacillations, introspections as to its own political nature, and lacerations of conscience over some mere trifles, the UCD [Democratic Center Union] has consistently made unmistakably clear its determination to lead Spain into the Atlantic Alliance and into all the responsibilities Spain must undertake as a member of NATO. This is precisely a matter that should be considered to be above and beyond its calling as a party and as a government to decide, on which it should open direct talks with the opposition, even taking it beyond the Parliamentary debates it is announcing and into the realm of a wide-ranging national debate that would have to culminate in a national referendum, because, at any given moment, Spain's membership in NATO could translate into a matter of life and death, and because it contradicts a long-standing tradition of neutrality that has been maintained under very diverse historical circumstances and by very diverse regimes and national governments. It is a tradition that has unquestionably given excellent results from every standpoint--from the economic to the humanitarian--and that everyone agrees saved Spain from what otherwise would certainly have been a tragic fate during the last world war. In recent years, a clever and violent semantic has succeeded in jumbling together "neutralism," giving it pejorative meanings which even go so far as to indicate that without it [as published] one favors the other side--specifically, the USSR--with neutrality as an honest position that could in no case mean a desire to abandon a profoundly Western orientation--in the large historical, cultural and social sense of this term that is so vaguely used--which is deeply rooted in Spain, and a certainty, which can be considered practically total, that neither a communist regime nor any of its parallels will be adopted.

The UCD-government dyad has taken advantage of this irruption of urgency into the August panic--an urgency fully justified by other reasons which, in effect, have emerged from the Council's report--to firm up this first official step toward entry into NATO, with a vague allusion to a request on the Council of State for an opinion in the matter and to its subsequent forwarding to the Congress to be acted upon. It is undoubtedly aware that the NATO issue is one that definitely involves more questions and more risks today than at other moments. There is the question of neutron warheads and of the deployment of delivery systems for launching them from NATO bases; that of the Euromissiles, which is generating shock

waves in erstwhile militant countries within NATO; the tenseness of the situation in Poland; the new tension between the United States and Arabic countries--with which Spain has relations of a different nature. There are ongoing doubts as to how the Gibraltar problem would be dealt with within this Alliance. There is a question that concerns a debilitated economy such as ours: The effect on it of our initial installation costs for a defense system that can be coupled to the collective one, and of our subsequent costs of maintaining it, which according to some specialists would run some 4,500 million pesetas additional per year. All of this represents a mere brief summary of what should be debated at all echelons before the soundness of a decision can be assured.

There is the parallel issue of Spain's political and economic unification with Europe. The nations of Western Europe are, for the most part, included in an economic system with a political transcendency and a tendency toward a certain unification of criteria--which is the European Community--at the same time that they are members of NATO. Spain will be lacking this balance, alien to the first of these systems as it will be--and not solely, as we like to think, because of ostracism by certain nations, although this does exist in the form of a defense of their special interests, but rather because of the lack of real and decided structural changes on our part--probably for many years to come, but already committed to the second.

Then there is the overall international aspect: That of the possibility that Spain's entry into NATO would upset what is still a delicate balance between political blocs, and that our entry or the denial of it might end up becoming a kind of stakes, valorized in terms alien to our own interests, in possible negotiations at a different level.

All that has been sketched out here, we repeat, is but a mere cursory summary of the most far-reaching issue Spain's international policy has introduced since the last world war, an issue that it does not appear acceptable to deal with during a summer respite, even though with a promise of a debate in greater depth when Parliament reopens, but with a loud knock that presages gloomy repercussions. The presumed advantages of entry have not yet been sufficiently made clear by its advocates. A barely perceptible wink is supposed to be conveying the understanding that such entry would be a kind of insurance against a coup d'etat, a totally unjustifiable thesis if we are to judge from what has occurred heretofore in this afflicted South--Portugal, Greece and Turkey, with their coups within NATO and, in some cases, backed by NATO's arms and plans--besides being a lamentable glossing over of a question that can only be resolved by domestic policy, by internal security measures, by measures that instill confidence.

This first loud knock by the government requires responding to with this first alert. The NATO issue cannot be introduced this lightly nor be resolved with the ease with which lesser problems are resolved. This is not an issue for the policy-making-by-gestures to which Calvo Sotelo has accustomed us of late.

9238
CSO: 3110/138

MOMENTUM TOWARD NATO ENTRY GAINS DESPITE SOME OPPOSITION

Madrid EL PAIS in Spanish 22 Aug 81 pp 1, 11

[Article by Joaquina Prades: "Spain Will Be Full-Fledged Member of NATO Before Year-End"]

[Text] Spain can become a full-fledged member of NATO before the end of this year, according to information furnished to EL PAIS by reliable sources. In fact, the first two definitive and important steps toward it have already been taken: The request by the government for an opinion by the Council of State, and backing of it by the Armed Forces, which was announced yesterday following a meeting held between Prime Minister Leopoldo Calvo Sotelo and the high commands of the three Forces. As was to be expected, the PSOE [Spanish Socialist Workers Party] and the PCE [Spanish Communist Party] strongly criticized this initiative, saying that the government is ignoring the Spanish people's growing opposition to entry into the Alliance.

The mentioned meeting, held at the headquarters of the Council of Chiefs of Staff (JUJEM), included also Foreign Minister Jose Pedro Perez-Llorca and Defense Minister Alberto Oliart, as well as the members of the JUJEM: Lt Gens Ignacio Alfaro Arregui (chairman), Gabeiras Montero (Ground Forces), Emiliano Alfaro Arregui (Air), and Adm Arevalo Pelluz (Navy).

According to an official release by the Secretary of State for Information, Prime Minister Calvo Sotelo explained during the meeting the reasons underlying the decision by the Council of Ministers at its most recent meeting to request an opinion on Spain's entry into NATO, with the intent of subsequently submitting the matter to parliamentary proceedings.

Ministers Perez-Llorca and Oliart, for their part as official spokesmen for the government, presented the technical, diplomatic and defense aspects involved in such entry, and the chairman of the JUJEM conveyed to the prime minister the backing of the members of the Council representing the three Armed Forces components, stating that the Executive can count on the cooperation of the Armed Forces in this issue of such controversial and far-reaching magnitude.

The chairman of the Council of State, Antonio Jimenez Blanco, in statements made yesterday on RADIO GRANADA, affirmed that this body will transmit the requested opinion to the government within the next 10 days. "I believe that it can be

finalized at the Council's regular meeting next Thursday," he said. However, EL PAIS has knowledge to the effect that the report has already been completed and that it envisions three possible ways of submitting the issue of our entry into NATO to the parliamentary process.

The first way might be a communication from the government to the Cortes, by way of which the Executive could sound out the opinion of the Congress and the Senate on the assumption that the member countries of NATO will invite Spain to enter as the 16th member of the Atlantic Organization. A second juridical approach might be taken similar to the first, but adding concrete details regarding the terms and conditions of entry; this approach, that is, would set forth for parliamentary debate the most controversial points surrounding the question of our entry.

Thus, the government would stipulate that the defense of the security of the Canary Islands would remain the exclusive province of the Spanish Armed Forces and that this would therefore preclude any possibility of creation of NATO bases on the Islands.

With regard to the Gibraltar controversy--the main point of friction during the government's prior deliberations on entry--the government would emphasize to Parliament that the return of Gibraltar to Spanish sovereignty could be better negotiated by Spain from within the Alliance and that, as a first step, the Spanish Armed Forces could use the Gibraltar military base under its rights as a NATO country.

In any case, the sources consulted by this newspaper made it clear that although the most recent meeting between Perez-Llorca and Lord Carrington had ended on a very optimistic note, "No one should indulge in fantasies. The full return of the Rock of Gibraltar to Spain will not take place for another 10-15 years at least, although with Spain a full-fledged member of NATO it would be possible, in the interim, to work out with Great Britain an arrangement similar to the current situation of Andorra," these sources added.

Spanish sovereignty over Ceuta and Melilla--another of the issues capable of arousing sensitivities on the part of the military establishment and among the centrist deputies for these two cities--would be fully recognized. Lastly--and this is an issue of the first order of importance--the government would restate what has already been said by the official spokesman of the UCD [Democratic Center Union], Juan Diaz Nicolas, at the press conference that followed the meeting of the Executive Committee of the governing party held last Wednesday: Spain's entry into NATO would be under the firm condition that such entry would not entail the nuclearization of our country; that is, nuclear weapons could be neither manufactured nor stored on Spanish soil, a situation similar to the one that Denmark and Norway have already requested. This condition has already been accepted by the NATO authorities.

The third and last way contemplated in the report of the Council of State would be to proceed by way of a parliamentary bill. It seems, however, that this approach will be discarded. Thus, the procedure to be selected by the government will be one of the first two, or perhaps a combination of the two designed to maintain a guarded silence with respect to the terms and conditions of the negotiation until parliamentary debates are in place.

The Parliamentary Debate

Once Parliament has concluded what will undoubtedly be the debate of its fall session, the government, first in the Foreign Relations Committee and then on the floor of the Congress and the Senate, will have the benefit of the opinion of Parliament's forces and, very probably, the backing of its majority despite the firm opposition that is certain to be put up by the communists and socialists.

The next step will be the official invitation, extended unanimously by the 15 NATO member countries, to Spain to become a member of the Organization. Following a brief round of negotiations, our country could formally join it as a full-fledged member, this entire process having been concluded, with almost absolute certainty, by 31 December.

Within the governing party itself, however, there is divided opinion as to the advisability of a debate on NATO at this particular moment. There are those who feel that entry now could unleash a savage escalation of terrorism. The government, however, intends to respond to these concerns from the standpoint that, although no one can guarantee that such will not be the case, over the medium and long terms our presence in NATO will be advantageous in this respect, since joint action by all the intelligence services and a closer cooperation among all the countries will--in its judgement--improve the efficiency of the antiterrorist effort.

This, then, is the set of arguments and terms of negotiation on which the government and the UCD will base their defense of NATO entry in the Cortes beginning in September.

Bilateral Agreements

The duration of the bilateral agreements signed between Spain and the United States in 1976 expires on 24 September. This is a fact of capital importance, in that not the least agreement has yet been reached between the Spanish and American negotiators as to any terms and conditions for its extension.

All discussions to date--beginning in July and until just over 1 week ago--have failed to bring the two postures any closer together. There is little hope, moreover, of reaching an agreement prior to the mentioned date of expiry; and a strict application of the agreement would require the dismantling of the American bases in our country within a maximum period of 6 months. Probably the only way to avoid this happening will be to extend the current agreements until Spain becomes a member of NATO. The terms of reference have therefore become inverted. Heretofore, renewal of the bilateral agreements has been a prior condition to entry into NATO; now, it having been impossible to reconcile the interests of Spain and the United States, the reverse is true.

American Unyieldingness

Valencian centrist Deputy and Vice President of the Council of Europe Joaquin Munoz Peirats, who has just returned from a 1-month stay in the United States by express invitation of the State Department, has stated his pessimism as to the

possibility of reaching a mutual agreement before the 21st. "Negotiations are resulting extremely difficult," he said. "The climate is very tense. The U.S. State Department consulted with the members of the House of Representatives and of the Senate regarding the terms and conditions being imposed by the Spanish Government for the renewal of the treaty and they flatly refused; they consider excessive the compensation our country would receive."

The terms being demanded by Spain were of an economic and high-technology nature and, to a lesser extent, cultural. An effort was also made to get the U.S. Department of Defense to give priority, as regards the supplying and equipping of its soldiers--boots, uniforms,replacement parts and the like--to Spanish products; but without any success whatever.

UCD Differences on Desirability of Seeking NATO Entry Now

The governing party, the UCD, has, within its leadership, strong differences of opinion as to the advisability of proceeding at this moment to request Spain's entry into NATO, as is evident from the meeting of its centrist Executive Committee held last Wednesday, in which the decision was taken to request an opinion from the Council of State on the issue.

Former Prime Minister Adolfo Suarez was one of the members of the Centrist Executive Committee who expressed the strongest doubts as to the advisability of introducing the question of Spain's entry into NATO in September. The doubts raised by Adolfo Suarez were not as regards the desirability of joining but with regard to numerous problems that Spain's entry into the Atlantic Alliance will pose.

Fernando Abril, Francisco Fernandez Ordonez, Lorenzo Olarte and Luis Gonzalez Seara expressed themselves along the same lines. Prime Minister Leopoldo Calvo Sotelo, for his part, tried to convince them that all the conflictual points that will surround this issue can be overcome; his viewpoint was supported by Javier Ruperez, a UCD specialist on international issues, and the minister of foreign affairs, Jose Pedro Perez-Llorca.

This attitude on the part of Adolfo Suarez during the meeting of the Executive Committee would explain the follow-up point made by the party's official spokesman, Juan Diaz Nicolas, at the press conference after the meeting. Diaz Nicolas reiterated several times that Spain's entry into NATO had been one of the commitments undertaken by Adolfo Suarez in his inaugural address as prime minister.

According to EUROPA PRESS, ex-Minister Gonzalez Seara expressed his opposition to Spain's entry into NATO without beating about the bush. The same agency yesterday published statements by centrist Chairman Agustin Rodriguez Sahagun in which he affirms that the government's decision on Spain's entry into NATO was approved unanimously by the Executive Committee.

"Our entry into the Alliance is an act of consistency with our belonging to the Western world," said Rodriguez Sahagun, "which will enhance our specific weight in the political forum in which the major issues affecting us are now being debated without our being able to influence them."

9238
CSO: 3110/138

ANALYTICAL APPROACH TO 12 SEPTEMBER ADVOCATED

Istanbul TERCUMEN in Turkish 28 Aug 81 p 4

[Editorial by Mukbil Ozyoruk: "Are We Aware?"]

[Text] The first anniversary of 12 September is very near. Doubtless there are many things that all "levels of administration" will say to the public, especially on this first anniversary of such an important operation. And what of daily writers like us.... Those in the practice of writing at the drop of a hat will be in even greater force this time. I have no doubt of it.

But in light of what is going on, there is an impatience in that sector we may call "writers." Before the statements and speeches of senior officials hit the headlines and draw reader attention, the numbers of those desiring to say "a few things" have swelled considerably. This is "against convention"...because the event is an extremely important one. What's more, there is no alternative to this "administration," whose longevity is quite unpredictable.

It is certain that, in future, books dealing with 12 September will also be added to those daily or periodic articles which have, as a matter of course, been produced over the last year and will continue to be produced. "Future" researches will be confronted with a heap of material. This "material" will be both valuable and valueless. Everyone personally has a "manifest right" to believe what he writes is valuable. This "right" deserves respect like every other right. But I believe it is an avoidable necessity that a number of writers put a bit of the screws to themselves and endure pain so that this "obligatory respect" does not become superficial. I personally hold that the standard "cranking out" of analyses on 12 September and criticisms of how it was carried out still has not been much abandoned.

Were we sincere in our judgment on the "necessity and inevitability" of 12 September, which we see accepted and admitted by everyone, we could not have written or said anything about "the possibility that there may be recovery" unless we literally consider ourselves the architects, leaders and responsible parties for the operation, not observers....

We must then "collect ourselves," put on our glasses if necessary, take up our magnifiers if needed and thus examine, analyze and put forward our views in

accordance with the hard facts of the "phenomenon," not according to our wishes and habits. We are obligated to "tender proposals" and not merely "criticize." But I think the penchant for the latter generally prevails. "Don't do it that way; don't do it this way." Well, "How should it be done..."?

When the time comes that we feel this obligation encumbent upon us, the great weight of a "responsibility" pregnant with the "past, present and future" of 12 September will be placed steadfastly on our shoulders. And, in my view, "contributions" thus become possible. Up to now no good has come from "the other sort." Quite a few of us believe or surmise that we hold the "people's pulse" in our hands. To what degree is this so...? I wonder whether we might ever test this belief or supposition; what do you say? But I also think it useful to "briefly" touch again on a point I mentioned earlier:

Both the esteemed Head of State and the esteemed members of the National Security Council as well as other grades of administrators have for the past year employed the tamest term or characterization for "12 September" by calling it a "Hareket" (Operation) or, in the plural, "Harekat." One cannot argue against the choice and preference for this word. For when the most serious and reliable scientific works are consulted, instead of not finding the term "Hareket," one encounters explanations like "factors which over the years paved the way for 12 September"; the occurrence, form and conditions of 12 September; the mission necessitated by exacerbated conditions; 'goals' declared on the first day; the 'unavoidability' of the 12 September government; and the 'Necessity for Success,' all scientifically prove that this certainly was not a mere "operation." Are we "en masse" aware of this?

It is easy to stick the label "sycophant" on those who preach in the vein I am writing and to characterize certain persons as "affable"(?)...but this does not benefit anyone. Although these labels and characterizations are used, it is essentially better in our opinion to relect on "whether or not it is the mirror we are mad at."

I think that to analyze and weigh, as much as possible, the concepts of "task" and "leave unfinished" as expressed in the Head of State's words, "We do not intend to leave any task unfinished," may at last bring some of us to the "golden rule" elusive for a year...at least to those who realize that life is "continuous change and evolution."

"One year" is no short time to grasp the fact that Turkey will never again be able to bath twice in the same water.

CSO: 4654/149

BRIEFS

PAN-INUIT MEETING--Immediately following a meeting of Inuit Circumpolar Conference (ICC) delegates to discuss the super tanker project, Per Berthelsen, the administrative secretary of ICC, will leave for Canada to attend two committee meetings in Kuujjuaq (Fort Chimo). These committee meetings concern living resources and economic cooperation. They will also be attended by Angmalortok Olsen and Gunnar Martens, head of the Greenland secretariat. Gunnar Martens will represent the Greenland government with respect to the issue of economic cooperation between the three Inuit countries. ICC will hold another meeting in Nuuk early in August, this time with the Air Transport Committee, where Greenland is represented by Konrad Steenholdt, a member of Parliament. During his stay in Canada, Per Berthelsen will work with Makivik, an Inuit organization in Quebec, as part of a personnel exchange between ICC countries. [Text] [Godthab GRONLANDSPOSTEN in Danish 22 Jul 81 p 11] 8952

CSO: 3106/160

REPORT: ONE OF THREE DIE OF ACCIDENT, HOMICIDE OR SUICIDE

Godthab GRONLANDSPOSTEN in Danish 16 Jul 81 p 26

[Text] In 1979, almost one of three Greenlanders died of accident, suicide or other causes not considered natural.

A total of 402 persons died that year, 239 men and 163 women as well as one still-born baby, whose sex has not been established.

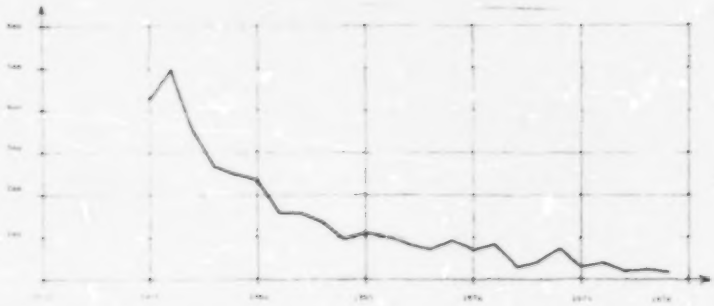
Of these, 81 died accidentally, 28 committed suicide and 11 were victims of homicide. Some 273 died a natural death. Cancer is among the growing causes of death, responsible for 15 percent of all deaths in 1979.

Effects of Legalized Abortion

In 1975 Greenland adopted legislation to legalize abortion. According to the surgeon general's report for 1979, there were 281 abortions in 1974, the year before abortions became legal, or 32.4 percent of all births. The number of abortions rose in 1979 to a total of 450, or 50 percent of all births. In other words, for every two children born in 1979 there was one abortion. Most abortions are requested by persons in the age group 21 to 25, altogether 104 of the 450 reported. In 1979, four 14-year old girls had an abortion and 10 women in the age group 41-45.

Child Deaths Declining

Child deaths have declined considerably since the 1950's, but have not yet reached the level in Denmark. Tuberculosis has virtually been wiped out as a cause of death. It was by far the most frequent cause of death in the 1950's.



This curve shows the decline in tuberculosis on Greenland. From 1955 to 1966, the disease was at its peak with about 500 cases every year. In 1979 there were 20.

8952
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IMMIGRATION OFFICIAL QUERIED ON GOVERNMENT'S POLICY

Paris LE MONDE in French 29 Aug 81 p 17

[Interview with Francois Autain, secretary of state to the Ministry of National Solidarity Responsible for Immigrant Labor, by Jean Benoit; time and location of interview not specified]

> [Text] Francois Autain, secretary of state to the Ministry of National Solidarity Responsible for Immigrant Labor, has begun a wide-ranging project to improve the situation of foreigners living and working in France. In his interview with us, Mr Autain describes in detail the various measures being studied and expresses his desire to draw up a generous but stringent policy: regularization, now in progress, of the situation of the illegal immigrants, repeal of the Bonnet Law, closing the borders, abolishment of return journey aid, but also the development of training in agreement with the countries that export manpower, reform of housing and housing aid and increased cooperation with the representatives of the immigrants.

[Question] Mr Mitterrand's election to the presidency of the Republic has brought hope to many immigrants. But basically your program is not much different from that of the Giscardian ministers: the closing of the borders and the employment situation continue to be an obstacle to the immigrants' coming in.

[Answer] I find that a little harsh. It is true that Francois Mitterrand's election gave hope to many immigrants. And I am convinced that this hope has not met with disappointment. Quite the contrary! And I'll give you reasons. But before I do, I'd like to show you the meaning that ought to be read into the change in the name of my secretariat of state and its being attached to the Ministry of National Solidarity. The change, which is apparently a purely formal one, arises from an approach that is totally different from that of the Giscardian governments, which had a purely economist approach. It heralds a new policy, standing for respect for and recognition of the rights of the whole immigrant population living in our country.

Next, I should like to give you some examples that bear witness to this change in policy: expulsions have been suspended, temporarily for adults and permanently for second generation young people. The renewal of work permits is now being conducted in normal fashion, since we repealed the Stoleru circular of 10 June 1980. Marriage

authorizations are being put through automatically. Family grouping can now be brought about in accordance with the spirit of the 1976 decree. that is to say we grant the immigrant worker the right to live with his family if he so desires. We also recognize the unrestricted right to work for spouses and young people. Lastly, the regularization operation that is going to begin soon will allow almost 300,000 "no-papers" people to emerge from their no-rights situation, which we rightly condemn.

Those are not the only changes from what was done in the past. For example, a foreigner in steady work will no longer find himself refused the renewal of his work permit because he is without a job. A foreigner who is a victim of unemployment will always have a place in our society; especially in such a case, he must have the right to remain in our country if he wants to. That, I insist, is a fundamental difference from the policy conducted by the Giscardian ministers, especially Mr Stoleru, whose leitmotif, you surely remember, was to constantly increase the pressure on the return-journey policy inaugurated in 1977 by the establishing of the famous "million," which by the way we plan to abolish.

But such a policy, which is obviously generous, must not rule out strictness. Just as we must prove our generosity toward workers who came in the 1960's and 1970's, often in answer to a call from the governments of that period--the ONI (National Immigration Office) was really created for that purpose--, to occupy unhealthy and underpaid jobs that the French didn't want, so we must be clear and firm with respect to all the foreigners who today--like the Pakistanis at the FRG border--are seeking to penetrate into France in hopes of finding a job there. Our present economic situation does not allow us to welcome them under good conditions. If our borders were opened to them, they would come in and greatly increase the number of unemployed. And we don't want that at any price. And it's really because the job situation constitutes an obstacle to the migrants' coming in that we are closing the borders, to use your expression.

[Question] There has been criticism of the regularization circulars. Are you talking about all the precarious job situations that penalize immigrants when you lay down the "stable employment" requirement? On the other hand, the new provisions hardly seem to be compatible with the Bonnet Law.

[Answer] The stable employment requirement means first of all that we want the immigrant population residing in our country to be able to live under normal conditions. Practically, it involves preventing regularization from being translated into immediate unemployment for the parties concerned. Also, insofar as possible, we intend this unusual regularization operation to be taken advantage of to stabilize certain jobs held by immigrants. To do that, it was first necessary to provide for regularization conditions that do not permit interim companies to flower. With the same goal in mind we provided, within the framework of the regularization operation, for a number of incentives for employers, so that basically the regularizations could be performed on the basis of contracts in due form.

As far as the Bonnet Law goes, we actually envisage repealing it. A law text is currently being prepared, whose main objective is to normalize and humanize the entry and sojourn conditions for foreigners in our country. Obviously I can't tell you any more than that, since the text has not been definitely decided.

Increased Vigor Against the Manpower Traffic

[Question] What will your attitude be toward employers? Several tens of thousands of immigrants are working illegally in the Parisian garment industry, and this is well known as far away as Hongkong, Istanbul and Karachi. Will the legislation be better enforced than it has been in the past?

[Answer] The problem of illegally working immigrants, as your question shows, has worldwide aspects. Actually, it is a matter of the exploitation of a work force that is incapable, or has been put into a state of being incapable, of defending itself. The difference is that in Istanbul, in Karachi, in Hongkong, this exploitation is legal and in France it is illegal. One could, in the name of a kind of economic Realpolitik, decide that overexploited illegal work is in the long run a good business deal for France's exports, because it makes competitive prices possible. Even though I direct your attention to the fact that the starvation wages paid to illegal aliens are only possible because these immigrants benefit directly or indirectly from the nation's social effort. In fact, the illegal employers have to pay the country for the means for their benefits. This is not our approach to things and it will not be our policy. Therefore the manpower traffic will be pursued with increased vigor.

Up to now the chief obstacle that repression has come up against comes from the legal rules, especially the present decisions, which end up by creating a de facto complicity between employer and worker. In fact, and this could be seen in the Sentier affair a year ago, when an illegal work relationship is revealed, the contract between the interested parties is considered null and void. This means that the worker most of the time finds himself licensed without either guarantee or compensation. Is it any wonder, under those conditions, that he denounces the situation in which he finds himself? Legislative reform is the only solution. We are about to undertake it, and a text will be filed continuously in Parliament, so that the illegal employers can no longer escape the enforcement of the legislation that protects labor.

[Question] You recently reaffirmed that immigrants would not vote in the 1983 municipal elections. Isn't this one way of burying the file, of maintaining the foreign workers in a political situation outside the law?

[Answer] I have already had the opportunity to express myself very broadly on that question. So I prefer not to go over it again at length. We have no intention of maintaining the foreigners in the political outside-the-law situation they are now in. On the contrary, we hope gradually to put an end to it. With that in mind, we are about to draw up, in close collaboration with the ministries concerned, two draft laws which should soon come up for discussion in Parliament. One is relative to the conditions of entry and sojourn for foreigners in France, and its corollary, as I told you, will be the repeal of the Bonnet Law. The other draft concerns the right of association for foreigners, which as you know has been considerably restricted since the statutory orders of 1939.

We intend to bring together on this point the law for foreigners and the common law. But the exercise of political rights, as broad as they may be, is not enough to guarantee that the immigrants can enter into our society. Well, such an entering-in constitutes, at least implicitly, the foundation of their claim. That is why we are going to apply ourselves to this difficult task without delay, by preparing specific measures in the area of housing, and especially in education.

Immigrants' Participation in the Social Action Fund

[Question] Shouldn't the immigrants quickly be given at the least the right to be elected to the industrial tribunals, Social Security, or other social organisms?

[Answer] We want to have a total, if not exhaustive approach to the problems of immigrants' rights. It isn't a matter of adding gadgets to those already existing. With that goal in mind, we are undertaking to take an inventory of the situations where immigrants have the fewest rights, to see what the solutions are in terms of texts--legislative or regulatory--or in terms of modifying the administrative practices. To take an example, there is an existing law on racism, we want to look into the way it is being enforced before envisaging new texts. To answer your question directly, certainly the two possibilities you mention must be examined quickly, along with some kind of participation by the immigrants in the structures for dialog of the Social Action Fund and the National Foreign Manpower Commission, as well as the decentralization of those structures.

[Question] Renovation of housing and rent standards always pose thorny problems. What solutions are you recommending? Will the residents be associated with the preparation of these drafts?

[Answer] For years housing conflicts (rent strikes) have been a dominant fact. A showcase conflict that expressed, far beyond the strict question of rent, all the immigrant's anguish in the face of his situation of no rights and precariousness. Fundamental questions are still being raised: first the financing of housing, which involves examining the operating methods of the management organisms, and on the other hand the amounts of the rents--you know what its chronic deficit is--, then, the residents' status, etc. The Delmon Commission did an interesting study of these problems, the conclusions of which we must now develop; we have to prepare, and then bring together, a round table of all the participants in the negotiations, in order to start up again on improved bases. In the immediate future, we are studying ATL (Transient Housing Aid) reform. Moreover, a draft law, under the aegis of the Ministry of Urbanism and Housing, is being prepared on residents' status, which we consider a fundamental point. Renewal operations will be a priority, still financed 1 percent for immigrants' housing. But we have to do a long-term collective study on the future of housing. Of course the immigrants' representatives will take part in drawing up these reforms.

[Question] Paris has nearly a half million foreigners, and there are almost three times as many throughout the whole Parisian region. Much has been said on this subject about the "threshold of tolerance." What measures does the government envisage to distribute this population better? Have you begun to collaborate with your Communist partners on this point?

[Answer] That idea of a threshold of tolerance is very arguable, but there is one reality that has to be faced. Certain regions, certain communes have a significant population of inhabitants of foreign origin. This worrisome situation calls for global action. There can be no question of dealing with immigrants' housing as a thing apart. The difficulties encountered at that level (dramatic insufficiency of available space, as demonstrated by the significant delays in assigning HLM [Low-Cost Housing Program] housing, failure to adapt to a certain type of living quarters and large groups, the policy of rejection of certain local groups and certain HLM organisms, social segregation, etc.) are the same as those of the whole social housing sector; it is at that level alone that solutions must be found, and we will be working at this with the Ministry of Urbanism and Housing.

In this connection, collaboration with the elected representatives is a priority for me. I had an opportunity, after the ZUP [expansion unknown] events in the Minguettes, to meet with Marcel Houel, the mayor (PCF) of Venissieux, and that talk was very fruitful. I was then able to announce the relaunching of the policy of town contracts, which had been more or less abandoned in the period just past. I can assure you that credits will be written into the next budget for that purpose, for the first time. They will be on the order of 40,000,000 Fr, at least if our proposals are accepted.

[Question] You have announced your intention to study the immigration problems with the countries concerned, and from the point of view of cooperating. What are you going to propose? Will the agreements linking France with certain states be revised? What will happen to return-journey aid? What training do you envisage for migrants who will return to their own fatherland?

[Answer] The Third World is not at our gates, it is within our walls, the Socialist draft said. The immigration problem must in fact be tackled in its international dimension, with as its perspective the policy of cooperation that we want to develop with the countries of origin. The prime minister announced on 8 July that this policy would take the form of bilateral accords. With each of the principal countries of origin, each of which presents a specific situation as concerns its development needs as much as the characteristics of its emigre population, we are going to study the modalities of such accords. Their substance will have to have an essential place in provisions the principle of which is already well known, notably in relations with Algeria (which may be a valuable example in this area): activities of training and re-entering migrant workers, help in creating businesses or local projects, always conceived in liaison with the countries of origin, while taking into account their needs and the aspirations of the immigrant workers to find their place again in their native community.

8946
CSO: 3100/932

LABOR UNIONS BACKGROUND, PRESENT STATUS ANALYZED

Athens ANDI in Greek No 184, 14 Aug 81 pp 41-44

/Article by G. Karauitou-Maniataki: "Greek Syndicalism"/

/Text/ 1. General

To form a basic, rudimentary view of Greek syndicalism, one should remember that it appeared relatively late compared to the movements of the major European countries; that the Greek unions are organized, even today, primarily on a trade basis; and that the percentage of syndicalist density is relatively low, approximately 25 percent. We must also take into account its intensely unequal development from one branch to another. The number of unions is very high (over 4,000) compared to the number of unions in the EEC countries. A large protion of Greek unions are the so-called union-seals or union-phantoms. These are unions without real syndicalist existence and activity, although this does not mean that they have no function to play or no purposes to achieve. The Greek syndicalism has no economic resources of its own and depends financially on contributions from agencies controlled by the government. Greek syndicalism is not immune to outside interventions which show up directly or indirectly. The organized syndicalist activity at the base, at the place of work, is a recent (somewhat) generalized pheonmenon. In Greece there is no trade-unionist tradition.

In general Greek syndicalism is marked by a major inconsistency. Whenever there is syndicalism at the place of work, it is usually the syndicalism of labor bosses and much more rarely the spontaneous movements of an unorganized base--wildcat strikes or at times a takeover of the enterprise--which do not leav behind any traces and do not consolidate any rights--another sign of this lack of continuity at this level. Moreover, the state and the political parties shamelessly and in various ways intervene in the syndicalist sector.

The few characteristics I enumerated briefly are designed to give some idea about Greek syndicalism. These characteristics are:

a. Its double structure and fragmentation.

b. Outside interference.

c. Absence of financial independence.

d. The bargaining power of Greek syndicalism.

I will place them within a framework of research to answer the following questions: First, how does Greek syndicalism function? Does Greek syndicalism function differently from European syndicalism? And if it functions differently what accounts for the difference?

2. Double Structure and the Lack of Legitimacy

The Greek syndicalism is traditionally fragmented and is divided primarily into the officially sanctioned syndicalist section which is friendly to the government and the unrecognized, "unofficial" section which represents the syndicalism of the Left. Many unions ideologically belonging to this group are not members of the Greek General Confederation of Labor /GSEE/ and follow a different path with different demands. Thus, in Greece we have a joint syndicalist action of the various syndicalist trends. Moreover, one section of Greek syndicalism is ignored by the government systematically and traditionally. This basic "partition" of Greek syndicalism is old, going back to the early decades of this century and was visibly manifested in 1920. Just 2 years after the founding of the GSEE, two Panhellenic labor conventions were held; one in Athens, known as the Second GSEE Congress, the other in Piraeus, organized by the government, which in the end failed. The reason for the two congresses, the previous interventions, and the present division are owed basically to the "natural"--one might say--tendency of the Greek state as it had been already formed around the turn of the last century--a top-heavy state controlling the economy and the basic axis of social formation--to win over the syndicalist mechanism. It achieves this, favored by the historic conditions, by breaking up the syndicalist movement and coopting one significant part of it.

In the course of its life the Greek syndicalist movement went, of course, through periods of unity or mainly common action. This, for instance, happened in 1935-36 and in 1946. We might also mention a brief period following the fall of the junta. Nonetheless, for historico-political reasons, the unification was not made permanent, did not even go very far, and the breakup--the existence of a syndicalism within and one outside the walls--is now an "over-time" feature of Greek syndicalism.

Even today, 7 years after the fall of the dictatorship, in spite of the development of industry (with the model of enclaves, of course) and the considerable changes which have taken place in the so-called industrial relations, although the industrial proletariat is now in the vanguard, in spite of the fact that factory syndicalism has been developed, the breakup, the non-recognition of the entire syndicalist movement continues thanks to many restrictive and electoral tricks. Moreover:

The breakup of the syndicalist movement, as it is expressed in Greece, does not seem to be an accidental or secondary feature of Greek syndicalism. Nevertheless, the non-legitimation of a significant section of the syndicalist movement we do not find in the EEC countries or at least we do not find it in this barbarous form.

In addition to the original breakup in the structure of Greek syndicalism, there is a fragmentation constantly reproduced. Thus we find even the faction union--this most interesting and recent syndicalist organ--in certain factories represented by two, three or even five different unions!

3. Outside Interventions

As I mentioned, considerable and decisive is the intervention of the state in the syndicalist sector. The Greek state intervenes through a draconian and at the same time effective institutional framework which does not allow the development of democratic syndicalism and free collective bargaining. This happens even in periods of normal political life, like today. It intervenes also "extra-institutionally," favoring in many and different ways--and not only through selected economic assistance--friendly unions.

The intensive state intervention in the syndicalist affairs is another "inter-time" feature of the Greek syndicalist movement. Let us recall that the first congress of Greek unions at the Panhellenic level in 1918 was convened at government admonition and encouragement. Let us also recall the telegrams sent to Premier El. Venizelos by Deputy Premier Emmanouil Repoulis at the end of the congress: "Pan-labor congress ended according to our efforts. Anti-socialist spirit," even though this may not have reflected accurately what happened. The same "tradition" of intensive intervention is followed--in addition to the employers--by the political parties which politicize the syndicalist organs and disorient them in relation to what is the reason for their existence at the place of work.

In addition to those interventions from within the country domestically, we have foreign influences from abroad and interventions into the Greek syndicalist movement. Sometime we should review these interventions to see to what extent they formed the current physiognomy of Greek syndicalism. The first foreign intervention in Greek syndicalist affairs is placed(1) at the end of the last war when the British syndicalists came to help(2) put some "order"(3) into the "chaotic"(4) syndicalist situation, but they left empty-handed after repeated efforts and failures. Their objective, however, was achieved by the American team which came in 1947 from the United States, headed by Irving Brawn(5) /sic/.

I think, however, that we should identify previous indirect interventions from abroad--which of course resulted up to a point from the dependent character of Greek society.

I would like to mention first of all the foreign reasons, splendidly analyzed in Leondaritis' book(6) which lead Venizelos not only to stop sabotaging labor unity but instead to encourage(7) its realization in 1918. His perspicacity enabled him to see that there was indeed a "need," as his associates were telling him, "to assure a generally accepted representation of the country's working classes, to call in Athens a congress of labor unions and all labor organizations."(8)

I would like to mention also the influence of the Third International with its known thesis "the syndicates in the service of the party" in the development of the very young--compared to the other European trade union movements--Greek syndicalist movement.(9)

Finally, I would like to mention for the current period, not so much the influence of the European Confederation, but the influence of the German syndicates which belong to this confederation and which occupy a leading position and maintain close relations with the Greek General Confederation of Labor.

4. Financial Dependence

Greek syndicalism is not financially independent. Its funds come primarily from state agencies. Moreover, it should be noted that as a rule the Greek unions are poor compared to the European or the Cypriot unions which have some economic affluence. In the West European countries the system of union financing is based on contributions by their organized members. In Greece we have a system of obligatory contributions, introduced in 1938 by Metaxas. Thus, 0.25 percent of all workers' and employees' wages, organized or not, is deducted annually. These funds provide the basic revenue for the Labor Hearth [note: workers' recreational centers]. The Labor Hearth transfers 37 percent of its revenue to the Organization for the Management of Labor Union Special Funds [ODEPES] which uses those funds--which in 1974 amounted to approximately 64 million drachmas, in 1975 75 million, in 1976 119 million, in 1977 155 million and in 1978 165 million--to finance the labor unions. The disposition of these funds which are quite significant is done with a great deal of discretionary authority so that certain unions are more favored than others. The minister of labor distributes also at his discretion and without any real control the special reserve which equals 8 percent of the Labor Hearth revenue and which today reaches approximately 70 million. The minister can distribute this sum in accordance with the nebulous legal provision "in favor of more general objectives and measures of the workers/employees, or in favor of syndicalist activities, or the protection or development of worker/employee objectives and the observance and study of syndicalist development."

Since the ODEPES grants are given to certain unions but after taking into account the number of voting members, there are "unions" which exist exclusively in order to pocket these grants, and have as their only activity the production of voting members.(10) The entire Greek system for the financing of the unions is contrary to the norms of the International Labor Organization. This was noted especially after 1974 and many promises, oral and written, were given that will change radically. The promises were not kept.

The financial dependence and the privileged forms of assistance--which favor and perpetuate a disfigured syndicalism--and the obligatory contribution continue to be the basic features of Greek syndicalism.

Their Bargaining Power

In Cyprus as well as in the European countries, we find advisory bodies at national level, which include representatives of the trade unions. Through those bodies the unions exert a decisive influence on the course of their governments' economic and social policies. In Greece, in spite of the early appearance of such organs and the existence today of the Social and Economic Policy Council [SOOP] we cannot say that the Greek unions participate in an institutional manner in charting jointly--even in the short run--the government's social policy.

Another basic function of foreign trade unions is to conduct collective bargaining and sign collective agreements which determine, or rather jointly determine, up to a point wages and working conditions. In Greece, considering that the institution of compulsory arbitration still exists and because of the very limited content of collective agreements, the institution of collective bargaining is used marginally and certainly it hardly determines wages and working conditions. In reality there is no collective "autonomy"(10a). Compulsory arbitration prevails in Greece. This is probably the only country in the world which for years has applied a wage policy through compulsory arbitration. The bargaining power of Greek syndicalism, at all levels, is miniscule or nonexistent.

6. Profile and Kindred Features

The brief outline above shows the face of Greek syndicalism as tragic and divided. On one side is the crippled pro-government syndicalism, on the other the miserable syndicalism of the Left. Miserable because it is not legitimized--and with it possibly the entire workers' movement. Miserable because it does not participate in the institutionalized channels of decision-making, because it has no economic affluence not even elementary economic independence.

We could also speak about the mask and the face of Greek syndicalism. The mask: the official syndicalism, but also every phantom-union, whatever its position, left or right. The true face, however, of Greek syndicalism is found in the workers' mobilizations, the strikes, "wildcat" or regular, at the places of work with the participation of the majority of workers. It is found in the "fantastic"(11) strikes of the Greek working class, such as the strike in the Pitsos industry in Athens (summer 1979) which lasted for 4 months; in the strikes which are expressed as lock-outs, as occurred at the MEL industry in Thessaloniki; and also in all those strikes when the workers--organized or not--participate spontaneously and wholeheartedly, risking, of course, their jobs.

But the face of Greek syndicalism remains tragic, divided, dependent, disfigured. We could add more such adjectives to describe it. But the question is that the face of Greek syndicalism resembles in its general lines the face of syndicalism in other countries. The features we described are found in their raw form in the syndicalist movements of developing and underdeveloped countries, countries with dependent economies or anything else you might like to call them.(11a) We have here a scientific phenomenon which we should study for some time and should describe properly.

7. Different Functions

If in the European countries the trade unions were able to fulfill their classic economic objective, i.e., "to promote the interests of the working people" within a given system, and if they enabled them to sell their labor more or less according to its "value," to quote Rosa Luxemburg in her book "Strikes, Party and the Syndicates"(12) which is the reason for their existence, in Greece things developed somewhat differently. The raison d'etre and the role of Greek syndicalism, as it has functioned so far, was different. With regard to government-dominated syndicalism which is its functioning and effective section, it was and continues to

be the defense and realization of government policies as they serve the needs of capital accumulation in the Greek area: according to the development--or rather underdevelopment--model which has been imposed on it. This is a model whose "social inequities are greater and increase much more than in the countries of the capitalist center."(13)

8. Interpretative Suggestions

Entirely formalistically we will mention the causes for the special features of the Greek syndicalist movement. Economic reasons and historic conditions account for these special features:

a. Economic Reasons: Among them we would like to mention the agricultural character of the Greek economy from the first time it was incorporated in the world capitalist economy. This means that basically the noncapitalist forms of production prevailed during the period of development--the belated development of Greek industry which was established after 1922 compared to the countries of the capitalist center; the small size of the overwhelming majority of Greek enterprises; the preference of Greek capital for nonindustrial branches until the end of the 1950's. The economic reasons, therefore, refer to the underdevelopment of the Greek economy. These reasons are not unique to Greece: we find them along the same lines in similar, underdeveloped economies.

By contrast, the complimentary, historical or historico-political reasons are in a way unique and unrepeatable. The defeat, for example, of the working class following the civil war [note: 1946-49] was decisive for the development of the syndicalist movement which is deprived of even elementary representation of the workers within the enterprises. These rights were promoted in Western Europe after the end of World War II but also in the neighboring countries to the north, especially in Yugoslavia (self-management). It is also noteworthy that countries much less developed than Greece, such as Nigeria, Tanzania, Malta and Peru, have legislation and practical processes for the participation of the workers in decision-making--of course, in a framework of controlled syndicalism--while in Greece proposals which want to institutionalize even a simple representation of the workers in the enterprises are systematically rejected.

Certainly there are today great differences between the Greek syndicalism and the syndicalism of the capitalist center in the EEC member-states. A probe into the nature of Greek syndicalism--which is rather necessary since very few studies exist even in Greek--should take particularly into account the country's traditional dependence and its consequences on the development of the syndicalist movement and the special features it imposed on it. It is necessary that such a study of Greek syndicalism be freed of a certain linear developmental notion, of a methodology which for years now has been dominant in Greece and which holds that it is only necessary for a period of time to lapse so that the Greek syndicalism can "reach" and become identical with the syndicalism of the European center.(14)

The course of Greek syndicalism is clearly different from the course of European syndicalism and also some basic features--as shown by the foregoing analysis--which could not but be maintained, in essence, into the future. The strange element in

the history of comparing Greek and European syndicalism is this: Is it possible that today the European syndicalism, with the developments of the last few decades and the famous "crisis" has a tendency to align itself--moving backward--with certain basic functions of Greek syndicalism, e.g., the support for the economic policies of the various governments?(15,16)

FOOTNOTES

1. Georges Koukoules, "Quelques Prealables Pour l'Etude du Syndicalisme Grec."

2. Christos Jecchinis, "Trade Unionism in Greece; A study in Political Paternalism," Roosevelt University, 1967, Ch. IX, "The British Intervention and the Beginnings of TUC Participation," 1944-45, X, XI, XII.

3. Among the activities of the British was the finding of suitable individuals for the leadership of the syndicalist movement. ("As Makris admits himself, he was 'discovered' by a top official of TUC, who, like most foreign friends of the Greek trade union movement, was looking for a comparatively young and able trade union leader capable of taking over the leadership of the non-communists.") See Chr. Jecchinis, "Trade Unionism in Greece," p 97.

4. "TUC Report: Syndicalism and the Situation in Greece after the Occupation," Athens, 1977.

5. Chr. Jecchinis, op. cit., and Nik. Psiroukis, "History of Modern Greece," (1940-1967), 2nd ed., Athens, 1976, 2nd Vol., p 25. Particularly revealing is the biography of Leinton Golden, erstwhile vice-president of the American metal workers' union, who was a leading member in the labor team of the Marshall Mission that came to Athens in 1947. The chapter which is devoted to his stay in Greece contains astonishing details which show the penetration and the interventions by the Americans into Greek syndicalism. See Thomas R. Brooks Ceint, "A Biography of a Labor Intellectual, New York: Atheneum, 1978, p 250 ff.

6. Georgios V. Leondaritis, "The Greek Socialist Movement during the First World War," (in Greek), Athens, 1978, p 207 ff.

7. This was "encouragement" on the part of the Venizelist government and we should not ignore or underestimate the other reasons which existed at the given historic period and which favored the unity and organization of the workers' movement, such as the "October revolution and the lessons derived by the Greek socialists from the earlier record of the Greek proletariat," Angelos Elefandis, "The Promise of the Impossible Revolution," (in Greek), 1st ed., p 44.

8. Leondaritis, op. cit., p 215.

9. For a detailed analysis see Ang. Elefandis, "The Promise of the Impossible Revolution," p 24 ff, and Dimitris Livieratos, "The Greek Labor Movement, 1918-1923," Vol. I, 1976, p 125 ff. See also the "Resolution on the Relations between the Red Syndicates International and the Communist International" approved at the First Congress of the Red Syndicates, 3-19 July 1921, in the

book, "The International of the Red Syndicates," which contains the records of the congress (published 70-Planet), p 17-18.

10. Among others the articles of Theodoros Katsanevas in ANDI, 28 April 1979 and 12 May 1979, as well as the related articles by Vasilis Tzanetakos in VIMA.

10a. With all the related meaning of this term. See F. Collin, R. Dhogois, P. H. Guttiere, A. Jeammand, G. Lyon, A. Roudll. Le Droit Capitaliste du Travail Coll., "Critique du Druot," esse Universitaire de Grenoble, 1980, p 230 ff.

11. We call those strikes "fantastic" because in Greece there are unemployment funds and the shoulders of strong unions to support them. If in the U.S. we see long strikes lasting 3, 4 months or longer, such strikes are organized by very strong syndicates and are designed to strengthen their bargaining power in forthcoming collective negotiations whose results will have a beneficial effect on other groups of working people who were not taking part in the strike. Over there we have a well-planned strategy of strikes, which of course includes as part of the planning the compensation of those who are on strike. Nor do we have in Greece the great traditional socialist parties which are participating in the game of power--as in the case of the socialist party in W. Germany of the Labor Party in Britain--which can support and take under their protection certain strikes. "Here in Greece a strike is not an easy matter. The burden is borne and paid for by the striking worker."

11a. See Howard J. Wiarda, "The Comparative Origins of the Iberian and Latin American Labor Relations Systems," Amherst University of Massachusetts, 1976.

12. See Rosa Luxemburg, "Mass Strike, Party, Syndicates," (translated by G. Kyriakakos, Athens, 1979), p 125 ff.

13. See Nikos Mouzelis, "New-Greek Society--Aspects of Underdevelopment," (in Greek), Athens, 1978, p 330.

14. Which unfortunately also marks the well-informed and very useful, somewhat recent book by Roseto E. Faklola, "Worker Syndicalism in Greece; Economic Analysis of Basic Activities; Organizational Problems; Questions of Syndicalist Policy," (Papazisis editions), Athens, 1978. There are only a very few studies referring to the Greek workers' movement and syndicalism. In addition to the "classic" Giannis Kordatos, "History of the Greek Workers' Movement," (in Greek), Athens, 1956; and Elefandis and Leondaritis already mentioned, one may add K. Theos, "Greek Syndicates," (in Greek), Athens, 1947; Th. Theodorou, "Data on the Working Class in Greece," (in Greek), Athens, 1975; A. Benaroya, "The First Course of the Greek Proletariat," (in Greek), Athens, 1975; K. Moskov, "National and Social Consciousness in Greece, 1930-1909," (in Greek), Thessaloniki, 1972; D. Livieratos, "The Greek Workers' Movement, 1918-1923, (in Greek), Athens, 1976; K. Seferis, "Greek Syndicalist Movement, 1860-1975," Athens, 1975; D. Stina, "Memories--60 Years Under the Banner of the Socialist Revolution," (in Greek), Vol. I, 1977, Vol. II, 1978. /Some names transliterated./

15. With the difference that the new "political" syndicalism in Europe, Italy and in France at least, wants to decide jointly and then to control the policy itself. See Gilles Martinet, "Sept. Syndicalismes," pp 214-217.

16. To the extent that syndicalism is "less and less a social movement, i.e., the main factor of class struggles" and increasingly becomes "an element of the political system, to the extent the labor clashes are institutionalized" and find their place and solution in the "planned" society. See A. Touraine and M. Wieviorka, "Monvement Ouvrier et Nouveaux Mouvements Sociaux; Crise et Avenir de la Classe Ouvriere," Points, 1979, p 39.

7520
CSO: 4621/85

CHANGES IN STATE EMPLOYEES LAW REPORTED

Istanbul TERCUMAN in Turkish 23 Jul 81 pp 1,14

[Article by Dogan Sumer]

[Text] Ankara--A law bill amending Law No 657, the State Employees Law, that has been placed on the Council of Ministers' agenda would place public enterprises in four or six "service regions." The bill also prevents those who have had positions of a political nature from being reappointed to or taking posts in judicial bodies or the ministries of interior, justice, or national education.

Article 72, originally part of Law No 657 and removed by Law No 1327, which went into effect in 1970, has been restored by the new bill. The bill proposes to divide public enterprises into four or six "service regions" keeping in mind appointments and transfers of personnel, the characteristics of the services provided, and the regions' economic, social, cultural, and transportation resources. The principles for making appointments and transferring personnel between service regions will be set down in regulations drafted by the Council of Ministers for each individual enterprise.

The purpose of having them drawn up by the Council of Ministers is to prevent frequent and short-term changes in the regulations.

The same article contains a statute ensuring coordination among related enterprises and takes into consideration equal rights and health conditions. Civil administration commanders along with those who head regional, provincial, or administrative district organizations of institutions that come under the jurisdiction of Law No 657, primary-school inspectors, and middle and high-level school directors will not be able to serve in the province or administrative district in which they are registered with the State Registry of Persons. Other persons who will not be able to be assigned to the province or administrative district in which they are registered will be determined in regulations drawn up by the Council of Ministers. This statute will not apply in residential centers whose municipal population exceeds 500,000.

Jobs of Political Nature

An article of the bill prevents those who have held positions of a political nature from being reappointed to or taking posts in judicial bodies or the organizations of the ministries of interior, justice, or national education due to the nature of the service provided.

The bill preserves the statute allowing those civil servants elected to legislative bodies, municipal chairmen, and ministers who have been named from outside the ministry to be assigned, after leaving these posts, to positions at the level and rank they had achieved previously. However, the statute stating, "Full salary will continue to be paid those unable to be reassigned. The period during which they are unemployed will be counted towards advancement and retirement," which is present in the current law, has been removed. In this way, those selected to posts of a political nature will be prevented from being paid their salary if they leave these positions and cannot be rehired to their former jobs.

Responsibilities

For the purpose of setting down financial responsibilities and penalties, several modifications are being made in regulations regarding the responsibilities of state employees. State employees who leave their posts without permission from their organization will be dismissed for between 3 months and 2 years. Those who leave without transferring their duties to others will be dismissed for between a year and 3 years. In extraordinary circumstances and in time of war or natural disaster, those who leave their posts without transferring their duties to others will never be able to work for the state again.

Leaves

A change is also being made in state employees' excused leaves. The statute giving female state employees maternity leave of 3 weeks prior to the birth of the child and 6 weeks following remains the same. However, hereafter, a woman state employee is being given the right to take 1.5 hours of "nursing leave" each day for the next 6 months.

Leave for a state employee's own wedding or the marriage of his child or for the death of a parent, spouse, child, sister, or brother has been increased from 3 days to 5 days.

Those Attacked

A change in Article 105 of the State Employees Law proposes that a state employee who is injured as a result of an "attack" be issued leave until he recovers. The existing article contains a statute giving leave until he recovers to a state employee who suffers an injury while on the job or because of the job or who contracts an occupational disease no matter how

long he has been on the job. The new bill also includes leave until recovery for state employees who are attacked.

Military Leave

Furthermore, state employees who enter the regular army will be considered to be on unpaid leave, but not attached to their former positions while in the service. A statute on the subject is included in the new bill.

11673
CSO: 4654/119

CHANGES CONTINUE TO APPEAR IN UNIVERSITY BILL

Istanbul HURRIYET in Turkish 23 Jul 81 pp 1,15

[Text] Ankara--The universities law bill, which was sent from the Council of Ministers to the National Security Council after a number of articles were changed and which will be discussed by related specialized commissions, raises the age limit for university instructors from 67 to 70 and requires that courses be taken continuously in order for a student to remain registered at a university. In addition, limitations are being set regarding university entrance examinations. Accordingly, a student will have the right to take the examination four times within 10 years from the date he completes his secondary school education. A student who is enrolled at an institution of higher education and who wishes to take the examination again during the 10-year period will have the right to do so only once.

The new statutes introduced by the Council of Ministers to the universities law bill, which is being drafted for the purpose of setting down the goals and principles of higher education and of defining in a unified manner the organization, functions, duties, authority, and responsibilities of universities and institutions of higher education and of their instructors, students, and other personnel, are, as follows:

Unpaid Leave

[1.] Salaries of members of the institutions of higher education council will be set by the Council of Ministers and cannot exceed twice the highest monthly sum, which includes the supplementary index, paid state employees under the State Employees Law.

[2.] If a member of the institutions of higher education council has been a public employee, he will be considered to be on unpaid leave from his post during this period. Council members will not be able to take a position with any other public organization nor be employed in the private sector while serving on the council.

[3.] The rector will be appointed for a 4-year term from among the professors that are on monthly salary by the president of the republic. The rector can only be dismissed by the president. The rector will appoint his own assistants. Deans will also be appointed and discharged by the president. Assistant deans will be named by the deans.

[4.] If an institution of higher education has no faculty members on monthly salary, the director of the school will be selected by the president for the 4-year term from among teaching assistants who are on monthly salary. The director will name his own assistants.

[5.] Section chairmen, deans, and rectors will be appointed by the ministry.

[6.] The principle that 2 years of mandatory service be required in order to become an assistant professor or professor was removed from the bill by the Council of Ministers. However, a person who becomes an assistant professor or professor will work for a minimum of 2 years on the staff of a newly-established institution of higher education or at a school located in a developing region.

[7.] Assistants at institutions of higher education that are affiliated with the Ministry of National Education will not be required to possess doctorate degrees.

[8.] Rectors had been given the right to close down for a day organizations attached to the university under extraordinary circumstances. A statute was introduced to transfer this right to the institutions of higher education council.

[9.] The Council of Ministers will be able to take control of a university, faculty, and organizations attached to these when serious, repeated incidents occur. The principle that the opinion of the supervisory council be asked in order for the government to take control of the school administration has been removed from the article.

Scholarships

[10.] Scholarships to cover fees and expenses will be given to students at every level of higher education at the recommendation of institutions. The amount provided will be set each year by the Council of Ministers and cannot exceed the product of 1,000 times the workers' salary coefficient. Students in some fields will be trained in exchange for mandatory service. Prior to going before the Council of Ministers, the bill proposed an amount 500 times the workers' salary coefficient. The Council of Ministers doubled this figure. Today, this comes to 25,000 liras.

[11.] A student absent for more than 30 days must verify an illness with a health council report. Furthermore, make-up examinations will be given at each school as necessary.

[12.] A student must complete his schooling within a period that does not exceed 1½ times the period set down for that level of education. A student who has no valid reason for failing to complete his education within this period of time will be dismissed from the school. A student's records will be erased if he cannot pass all first-year classes or the first semester's work within 2 years of enrolling in an institution of higher education. Students who have reached the senior year or the last two semesters of college, whose period of attendance has expired, and who have not completed their requirements will have the right to take three consecutive examinations.

[13.] Members from the interuniversity council and the interschool council of institutions of higher education will be named to the institutions of higher education council directly by the president of the republic. Members will be appointed to the ministry and other organizations by the president after consulting with the Council of Ministers.

[14.] Institutions of higher education attached to the Ministry of National Education will be opened at the proposal of the ministry.

[15.] Institutions of higher education will not have members on the higher education supervisory council. The minister of national education will head the higher education supervisory council.

[16.] Supervision and inspection of institutions of higher education attached to the Ministry of National Education will be carried out by the Ministry of National Education directly or through its channels.

[17.] Other duties given by law to faculty members who work a full day will be preserved.

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SPECIAL SECURITY UNITS TO BE ESTABLISHED

Istanbul CUMHURIYET in Turkish 23 Jul 81 pp 1,9

[Text] Ankara--The National Security Council has approved a bill dealing with the establishment of special security units. Under this bill, special security units will be able to be established and special security measures will be able to be taken to supplement security measures implemented by the state for the purpose of protecting public organizations and all types of institutions and enterprises belonging to private bodies.

Under the "law bill ensuring the protection and defense of various institutions and organizations," which was approved by the National Security Council, the Council of Ministers will determine which enterprises will establish the special security units.

Article 1 of the bill sets down the purpose of the law as being to ensure that organizations and institutions belonging to either the public sector or to private bodies that contribute to a significant degree to the national economy or the state's war power are protected and defended against threats, dangers, and attacks such as sabotage, arson, theft, robbery, looting, vandalism, and seizure by force that would partially or totally destroy them, damage them, or prevent them from operating even for a short amount of time or that would create negative results from the standpoint of national security, the nation's economy, or the live of the community.

The sites that would be protected by the special security units within this framework are listed in the bill. They are commercial, industrial, and agricultural enterprises and institutions that have the characteristics noted in Article 1 and factories; workshops; business places; dams; power plants; refineries; electricity transmission lines; liquid-fuel pipelines, depots, and transport facilities; coal, petroleum, and mining installations; radio, television, and telegraph transmitting stations; and every type of transportation and communications structure and facility that belongs to these enterprises and institutions along with buildings used in education and training; historical works; sites for ceremonies; both open and enclosed museums; and tourist facilities.

The Council of Ministers, at the recommendation of the Ministry of Interior, will decide which of the organizations will be ensured protection under the statutes of the bill. It will seek the views of the related ministry, enterprise, or organization and will keep in mind the characteristics of the organization. Accordingly, the Council of Ministers will be able to make the decision to establish a special security unit within the structure of the organization or only to take special security measures. It will also be able to determine if both methods should be implemented simultaniously. In situations where a special security unit is not established and special security measures are sufficient, it will determine what these measures will be, keeping in mind the characteristics of the organization.

Must Carry Out Responsibility

When the Council of Ministers makes a decision in accordance with this law, the related enterprise will be required to carry out the decision within the period of time set by the Ministry of Interior. All expenses incurred by the special security unit and security measures will be paid by the related enterprise. With the approval of the Ministry of Interior or the related ministry, governors will be able to take physical and other supplementary measures to ensure that the protection and security services of the bodies that are established by the special security units are effective and will be able to have these bodies work partially or totally with the general police forces on a temporary basis. In addition, the governor of each province will establish a provincial coordination council headed by the governor or his assistant for the purpose of supervising the work of the special security units and of ensuring coordination at the provincial level. Inlcuded on this council will be a representative of the provincial garrison commandant, the provincial public prosecutor, the provincial gendarme regimental commander, the provincial security director, and, if there is a National Intelligence Organization unit in the province, a National Intelligence Organization representative.

Duties, Authority

The duties and powers of a special security unit will be:

[1.] To protect the enterprise against every sort of threat and attack such as sabotage, arson, theft, robbery, looting, vandalism, and seizure by force.

[2.] To inform general police forces immediately of crimes that have been committed or that are being committed within the area of its jurisdiction and to arrest and hold suspects until the general police forces arrive.

[3.] To protect evidence.

[4.] To be at the command of general police forces when they take over and to assist them.

[5.] To take other measures required to provide protection and security services.

[6.] To help the civil defense organization carry out its duties.

To Wear Special Uniform

Special security unit personnel will wear a special uniform selected by the Ministry of Interior. Uniforms, revolvers, equipment, and vehicles will be supplied by the enterprise to which the unit is attached.

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END

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No. 1818

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RESEARCH ON CHEMICAL WEAPONS ATTRACTS INTERNATIONAL INTEREST

Helsinki HUFVUDSTADSBLADET in Swedish 5 Jul 81 p 3

[Article by Rafael Paro: "Checking on Chemical Weapons--International Interest in Finnish Research Project"]

[Text] Finland's most important scientific contribution to disarmament efforts in the world just now is concerned with chemical weapons. At the end of the week, some 30 diplomats and international disarmament experts from the UN's disarmament conference in Geneva acquainted themselves with the Finnish project for identifying and confirming the presence of chemical substances intended for military use.

The efforts within the UN are concerned with bringing about a prohibition of the use of chemical weapons.

To check on whether such a prohibition is being complied with, methods of quickly and reliably identifying various chemical substances which are intended for military use are required.

By means of seismology, it has actually been possible to check on whether or not the existing, but limited, prohibition of the testing of nuclear weapons is being complied with. Sweden's contribution in that area is well known. The Finnish project for checking on the manufacturing, storing and use of chemical agents was started by order of the government in 1972.

The primary moving force behind that project was Professor Jorma K. Miettinen, who has quite a reputation internationally with respect to disarmament. Since 1977, Dr. Jouni Enqvist has acted as the cooridnator of the work which is being carried out by about 30 research workers at 11 different laboratories in Finland at present.

The impressive group of international experts from the conference in Geneva which Assistant State Secretary Keijo Korhonen welcomed to Helsinki last Friday indicates the interest, and presumably also the respect, which are accorded the results obtained by Finland.

The guests were headed by Swedish Ambassador Curt Lindgard, who was supported by his technical expert, Johan Lundin. Lindgard is the chairman of the disarmament conference's working group for the control of chemical weapons.

An International Convention Within a Few Years

In a statement to the HUFVUDSTADSBLADET, Lindgard said that he believes we are going to have an international convention on chemical weapons within a few years. Then the results of the research which has been conducted in accordance with Finnish methods will be needed.

"There is universal interest in getting chemical weapons under control," says Ambassador Lindgard. "Their existence is a disagreeable reality. The effect they would have in a war situation is difficult to assess. The military do not want them; they prefer weapons which go off with a 'bang'. In other words, there is no military resistance to getting them under contro."

But the power blocs are suspicious of each other, and consequently people have not wanted to discontinue the storing and manufacturing of chemical weapons.

If one gets a satisfactory assurance that a prohibition of chemical weapons will be complied with, there should be no opposition to such a prohibition.

Then verification of what the group of Finnish research workers are engaged in will be of great importance.

"The Poor Man's Destructive Weapon"

"It has been said that chemical warfare could be a 'poor man's destructive weapon,'" Ambassador Lindgard says. "The effects of chemical warfare would be considerable on primitive armies which do not have access to such protective equipment as the European armies have, for example."

The equipment and the results of research work which were presented on Friday in the form of a perfectly rehearsed tour--or should we call it a show?--in the university's chemical department inspired respect, at least among laymen.

The experts' gray cells also became active, and a number of difficult questions were asked which also were intricate questions from a research worker's point of view. Tables and diagrams were printed neatly and hung up in laboratories and halls on the different floors.

The amazingly young group of doctors and candidates for the doctorate, with a very large interspersion of women, answered the guests' questions quickly and without beating around the bush.

According to Professor Jorma K. Miettinen, these research workers had worked extremely hard for several weeks before the presentation. The fact that several of them were continually ilmproving their mastery of English in a special course indicates their single-mindedness, and the effects could be observed. If one is working on a research project of international dimensions, it is also important to be able to communicate intelligibly.

In the program for the guests were also included a visit to Neste in Skoldvik and a demonstration of the identification of chemical-warfare gas with modern apparatus carried out in a trailer under field conditions at Sandhamn.

According to Professor Miettinen, starting the Finnish special project at the beginning of the 1970's was a natural thing to do since we have been at a high level where organic chemistry is concerned for a long time.

Industry Helps Out With Instruments

In the beginning, there were six laboratories at the universities in Helsinki and Jyvaskyla, plus the armed forces, which were involved in the work. Now industry has also joined in. It is interested in developing instruments to solve the kind of problems which are involved here. At present, there are no fewer than 11 laboratories involved in this research work. Officially, it comes under the supervision of the Foreign Ministry's Consultative Commission for Disarmament Affairs (Arnek), whose chairman is Assistant State SCcretary Keijo Korhonen.

The research results have been combined for several years in reports called blue books which are distributed in Geneva. According to Korhonen, it will be very opportune at the present time for the experts who are gathered together at one spot to have access to the human and material resources on which the results are based.

9266
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LEFTISTS: MILITARY, ECONOMIC, AUTONOMY THREATS; DEFENSE OPTIONS

Paris POLITIQUE AUJOURD'HUI in French Spring 81 pp 37-46, 48-50

[Roundtable with Albert-Paul Lentin, Philippe Barret, Alain Joxe and Michel Vincent: "National Defense, A Reflection of Leftist Thought." Albert-Paul Lentin holds degrees of licencie (approx. Bachelors) in Philosophy and diplome d'etudes superieures (approx. Masters) in public law and political economy. He is the author of numerous books including "La Domination socio-politique dans le monde" in collaboration with Michel Rocard and others. He has written for such publications as LIBERATION, LE NOUVEL OBSERVATEUR, and ESPRIT and was the Paris correspondent for NEUE ZEIT (East German). He has been associated with such groups as "Front uni contre la repression" and Mouvement pour l'Independance de l'Europe. He is currently managing director of S.A.R. L. Societe Politique (publishers of POLITIQUE AUJOURD'HUI and POLITIQUE-HEBDO). Philippe Barret and Alain Joxe serve on the editorial committee of POLITIQUE AUJOURD'HUI.]

[Text] Philippe Barret: I suggest that we answer the two following questions one after the other:

1. What external threats does France--now in a period of transition to socialism--appear to be facing today, and possibly tomorrow? By that I mean not only actual military threats, but also economic, political and ideological threats ranging from disruption of our supplies of raw materials to possible pressures exerted on the country's basic options, including destabilization by terrorist-type operations.

2. What are, in your opinion, the best means to employ in meeting or averting these threats? Here again, I refer to strictly military means and all other appropriate political means.

What External Threats?

Albert-Paul Lentin: I do not believe there is any threat of Soviet military aggression against France. You will recall there was talk of a similar threat during the cold war years. But even at that time, as confirmed by events, Stalin was much too busy consolidating his conquests in Eastern Europe to think of departing from his customary prudence. At the present time, it is even harder to see how the USSR, confronted with Poland's quasi-dissidence, entangled in Afghanistan, and moreover, greatly involved in the Horn of Africa region, would venture on a military offensive against the countries of Western Europe, including France. What might

happen, on the other hand, is that a series of unforeseen and difficult to control shifts in the contentious relations between the Warsaw Pact and the Atlantic Alliance, to which France belongs, could lead, in Europe, to certain types of armed confrontations into which our country would be drawn. This is obviously a second-degree threat, not a direct threat. And even this eventuality seems very unlikely.

Then again, I believe that the fundamental defense problems arise between the two superpowers, because they have an arsenal whose power and technological qualities are incommensurable with those of their allies. Furthermore, the really serious things always happen, in one way or another, between the two superpowers.

As a matter of fact, the Atlantic Alliance and Warsaw Pact respectively give each superpower the direct means of ruling over its allies. In the West, the Atlantic Alliance is a huge agency enabling the United States to sell its military allies a good many of the arms it produces, and thus make considerably more profit inasmuch as these arms very quickly become obsolete and have to be rapidly replaced. In the East, the Warsaw Pact is an instrument of the USSR's political and economic control over the countries it has made its satellites.

As concerns the risk of an East-West conflict brought about by an attempt to destabilize this or that country by terrorism, I believe that such a threat, insofar as it exists, comes from the Right. For instance, the Right devised the "strategy of tension" in Italy. This strategy consists in instigating a clash between opposing terrorist movements, but it may include, to achieve this objective, the "ideological infiltration" of the far Left so that the wave of violence arouses a feeling of fear within the lower middle class, thereby enhancing the notion of "internal security," and on the international level, the notion of defense against "those who organize subversion." The fact remains, however, that this threat, which obviously calls for a political response, is still hypothetical.

The real external threat to France lies rather in a perturbation of relations between the two superpowers, one serious enough to draw the allies of the United States and the USSR into the confrontation. That is why the so-called theater nuclear forces--notably the Soviet SS-20 missiles in Eastern Europe and the Pershing 2 and cruise missiles in Western Europe--do, to my way of thinking, create a serious problem.

Michel Vincent: I do not quite agree with Albert-Paul Lentin. With reference first to the principal threat, I believe it is necessary to consider the relations that now exist between the two superpowers. The serious matters, as you say, do take place between these two, but the two are not "super" in the same way.

The bipolar relation issue was frozen for some 12 years, because while at the end of 5 or 6 years the Americans no longer held a nuclear weapons monopoly, the Soviets did not yet have the means of delivering such weapons against the United States. Once the Americans themselves began to be vulnerable to the first generation of Soviet ICBM's, the entire strategy for the protection of each superpower's allies was gradually called in question. A nuclear power "sanctuarizes" only itself, and Europe is the sole place in the world where the two superpowers confront each other indirectly through alliances, and where, on each side, there are nuclear weapons separated by an Iron Curtain, in other words, by nothing at all.

Europe, in that sense, is not a sanctuary. It is a battlefield. And it has become even more so because the two superpowers have increased the number of agreements between each other so as to show clearly that they would put off as late as possible the moment when they would initiate nuclear exchanges aimed at their respective central strategic systems. The debates in the U.S. Congress 2 years ago attest to this fact. The "blue waters" doctrine meant the Americans had begun to think carefully about what they would do in the event their own missiles, their silo-based ICBM's, were destroyed by a Soviet first strike. Would they then decide to employ their submarine-launched missiles or not, their cities being at the mercy of a Soviet second strike?

If American thinking had reached that point 2 years ago, we may wonder whether what might befall Europe concerns Americans in any way! In fact, Kissinger's speech in Brussels some 6 months later was quite clear. He bluntly said: "Do not keep constantly asking Americans to guarantee your defense whatever happens. We shall do what we can."

Concepts have changed. They have gone from absolute superiority to parity, then to essential equivalence, etc. We have the impression that the United States has lost some ground strategically, ground that it will certainly regain by the late 1990's through programs now getting underway. Nevertheless, I am inclined to think there is a certain window of vulnerability between now and say 1987-1988.

You might ask me: "What does France have to do with all this, because aren't we supposed to be talking about France? Well, the window of vulnerability which may exist in the American defenses does concern us and very deeply! Not because of the risk of not being defended, but because the Americans, feeling themselves vulnerable, as their internal political debate indicates, may be tempted, for reasons that would have nothing to do with us, to draw their allies into a conflict. We saw examples of this at the time of the sanctions against Iran after the seizure of the American hostages, sanctions in which the United States tried to have European powers participate, and later after the outbreak of the war between Iraq and Iran when the United States pressed for sending an international force into the Strait of Hormuz. In any case, the United States tries to induce its allies to act at its side.

The problem is somewhat different with the Soviets. Each year since 1963, they have increased their defense budget 4.5 percent in real terms. The cumulative effect of 15 to 18 years of such expenditures has become highly conspicuous. The USSR is beginning to have a military establishment possessing the most formidable "technostructure" in the world. The world's leading military establishment is the Soviet armed forces with an active personnel strength of nearly 4.5 million. For the record, the United States has 2 million men in its armed forces. The Soviets realize that this military force they have built is practically the only card they have left. They cannot very well base their policy on their economic success. I believe everyone here will agree on that point. Furthermore, the Soviets will be even less able to do so in the future because all indications, though controversial, are that things will not improve economically, but on the contrary will get worse and worse, that the USSR will have more and more difficulty supplying energy and staple commodities to its satellites, that from being an oil exporting country, it is liable to become an oil importer, that it will get deeper in debt, and that it too, having become unstable, may be tempted to rely more and more heavily on its successful card, namely the military card.

It is not, of course, a question of picturing--as a certain number of Western military officers do--a Soviet tank onslaught reaching Brest in 4 days after having pulverized NATO's defenses. But I feel it is evident that the Soviets are trying to establish peripheral facilities enabling them by either naval means, or arms deliveries, or air lift (I refer to Eritrea, Angola, and other operations of the same type) to implement an indirect strategy along the periphery of the Western World. As long as this strategy does not directly affect the vital interests of the West, the latter reacts more or less.

For example, guerrillas launched an attack into Shaba Province [Zaire] with more or less success. They later made a second such attempt and the French and Belgians intervened more or less. It was not vital, so our forces withdrew, and we shall see what happens the next time.

But let us assume, and this eventuality cannot be ruled out, that the Persian Gulf, one of the sensitive and precarious areas vital to Westerners, becomes a key target for the USSR because it needs oil. Would we then not be in a hot war situation? The Americans are trying to organize a new strategy of military operations based on air-naval expeditionary forces, the RDF (Rapid Deployment Force), probably to prepare themselves for situations of this type (in fact, the Americans have pointedly alluded to such preparation). The Americans and Soviets are not the only ones concerned, but also all those Western countries that depend on imports of raw materials and can be easily "drawn" into "an escalation."

Alain Joxe: I am surprised to hear somebody from the Left give credence to the term "window of vulnerability" which comes straight from the propaganda campaign conducted by the hawks of the Committee on Present Danger and their appointed propagandists in France. This window is a myth, the existence of which has been denied by military sources in the United States itself and opposed by American experts who cannot be considered Sovietophiles. Americans still have overall superiority, if superiority still means anything at a time when both adversaries are capable of destroying each other several times. I also believe the concept of external threat has to be criticized. It is a purely traditional way of depicting the threat, a geographical way. An external threat, in the geographical sense, exists solely within a system of sovereignties in which the stake involved would truly be land, not land as a place to live but as a principal source of wealth. This "external threat" concept is an aggregate dating back to the Neolithic Age. Naturally, it is because of its antiquity that the concept seems to be self-evident. I believe, however, that for a rather long time we have really been in an era, in a system of stakes, in which this neolothic way of stating questions is no longer pertinent.

The geographical (east, south, etc.) threat notion is convenient because it makes it possible to emphasize and highlight the accurately localizable spatial threats facing France which is also defined geographically and not in terms of class power.

Geographical France is a common material reality. This allows one not to refer to many other threats that do not have this traditional geographical character. Actually, all nongeographical or not easily localizable factors are also material realities. Lines of communications for radio relay via satellites, the transfer of funds or the control of raw materials shipments by electronic data processing means are material facts even if they are considered symbolic communications. They do not, however, form geographically localizable stakes.

Having made this point, if we now wish to speak in geographical terms, it is logical to think of our neighboring countries first of all. At the present time, do we face a threat emanating directly from a neighboring country? France's immediate "neighborhood" is Western Europe. From a military standpoint, we can answer, no, there is no military threat. Even those persons who most suspect a "rebirth of German militarism" no longer believe that such militarism, if it were to revive, could possibly be the source of an invasion threat. If we want to refer to a nonmilitary threat, we have to answer, yes, there is a threat, the threat of German preponderance. This threat is geographical in that borders still separate differentiated mixtures of classes, and because if the class struggle in France were to lead to a possible socialist transition while in Germany the Right were to triumph, this economic preponderance of the German production system would press heavily upon the autonomy of the working class in France. This preponderance is already manifested within the European Community not just on the economic level but also on the political and juridical level. French neo-Vichyism clearly forms part of this threat, however, and thereby makes it difficult to call the threat "external."

There is another source of threats, namely the Soviet Union. The "geographical," not to say neolithic, character of the Soviet empire's method of progression is such that it may be called an "external" threat perhaps more than any other. However, it is not a threat to our land borders; we must remember that. Either it is an airborne threat from a missile "attracted" by our own nuclear deployment, and in that case the threat lies in the dialectic of the nuclear arsenals more than in the actual Soviet potential. Or else we have to consider the threat of a Soviet invasion (and it is a fact that the Soviets have invaded). Yet it must be noted that before reaching our country the Soviets have to pass through Germany. They cannot leap over it. For probably the first time in history, German defenses are protecting French territory against what the West calls the chief potential enemy.

This protection is furnished us by the German-American policy of alliance. It is a situational advantage that obligates us to Germany only proportionately to a real threat of Soviet invasion, which seems completely fictitious.

In any event, for an independent French defense policy, this geography opens up a series of strategic scenarios in which the enemy not being at our borders, nothing would oblige Frenchmen to consider the FRG's border with the GDR as ours, unless socialist France and West Germany happened to have a total community of policy. That will be the case only if the FRG supports the French socialist transition against the United States.

Then there are those threats originating from across the Atlantic. These may be defined as external, but it would be more accurate to define them as internal to the developed capitalist world in its transnational stage. We shall not elaborate here upon this point. Rather let us say in conclusion that the principal threats do not conform to strictly geographical definitions and are difficult to localize externally insofar as they depend upon the evolution of the whole international system.

For example, one threat which very directly affects the French economy, in other words, threatens what would be the foundation of real working-class sovereignty and independence, is the international arms race.

Now the latter is the main arena of a conflict in which not only global military superiority but also global economic superiority are at stake. It is within this arena that the East-West conflict is visible. As a consequence, priority is being given to military categories in the definition of threats, an attitude that is sweeping the dominant culture and permeating all of us in spite of ourselves.

As a misleading corollary, the policy of arming oneself is considered the principal means of defense, even for a medium-size power. I deem this to be a momentous error for a country like France. We could defend ourselves by our diplomacy 90 percent of the time. We are involved, therefore, in the superpowers arm race at the same level of sophistication but not of abundance their wealth allows them to attain. Destined to have prototypes while the superpowers have large production runs, we can but seek within a major alliance to make that strategic capability of ours pay off, a capability acquired at the cost of undeniably national know-how. The threat facing a medium-size country like France through the international arms race is the threat of alignment with the Atlantic Alliance, an alignment that is liable to be demanded of us precisely because of the degree of sophistication achieved in independent production.

Hence the threat of losing an independent defense is relatively serious when there is another growing threat, as mentioned by one of you earlier, of seeing Europe transformed into an East-West battlefield for the superpowers, and this for no local reason consistent with Europe's policies or interests. If the two superpowers are induced to clash, it seems to me that they will choose to do so rather on a theater outside Europe. Yet the fact that the search for this major battlefield is able to lead certain American circles to the idea of a war in Europe, is proof, in any case, that an attempt is being made to rebuild, by instilling fear of this possibility of war, European unity under American leadership in order to draw Europe into a real conflict, one that is not nuclear but social, political and ideological, and based on a militarization of people's thinking incommensurable with the real contradictions. An operation of the same kind by the Soviets would complete this picture of human folly. It is against this regressive nightmare that a French independent defense policy will have to fight.

As for the "threat of destabilization," it is a paranoid way of referring to something that is not a threat in the operational sense. The success of an "attempt to destabilize" by acts of terrorism always depends on the preexistence of much more deep-seated political and social destabilization. The instrument merely serves to reveal the malaise and does not create it. We know full well that if it is possible to recruit desperadoes in Western Europe this is because there are desperate people. We have reached such a level and duration of unemployment, two-digit inflation, and demoralization of the most varied social classes which is the very essence of the crisis, that all these factors are now consistent with the increased number of intensely emotional and violent individual reactions. Hence there is a "threat of destabilization" because of the policies followed by the Right. If this threat of destabilization were to persist under a government of the Left, to the advantage of the Right, this would mean that the government's class policy had not been redefined, that the Left had failed to draw any lesson from the Chilean experiment of mobilizing the middle class by way of the Right, and that, on the whole, the Left had failed completely.

One final word to explain that the necessarily nonclass-conscious [transclassiste] national defense is first the defense of certain common values. If an entire system, including the defense system, is contrary to the defense of certain political values, we need no longer bother to refer to it as national defense. We will refer to it as military defense or military system of defense. This is what is happening in France at the present time. We have no national defense policy; the only doctrine is defense of the military establishment. Those who oppose a certain form of defense are readily accused of opposing any defense of the country. The Left accepted the nuclear defense system much too quickly specifically to avoid such ostracism. It lapsed into militarism. We have a perfect right to criticize a weapon system on policy grounds. Waiving that right jeopardizes the very principle of democracy and the sovereignty of the people. Moreover, the people feel exactly the same way and realize full well that we shall never use nuclear weapons nor even threaten to use them. Such is what various public opinion polls reveal, and this is a refreshing resurgence of common sense.

Philippe Barret: Before moving on to the second question, I would like to follow through on two points previously discussed. First, when I broached the subject of destabilization in somewhat provocative fashion, having referred to it in its least acceptable form, I was not thinking solely of an extremist case. When we look at what happened in Portugal in 1974, we see that foreign powers did actually intervene in manifold ways, by external economic and political pressure, by various infiltrations, by political influence through political parties and through parts of the military establishment. Things did not work out as planned. It cannot be said that Portugal became an American colony as part of a general offensive by the United States in Europe or Southern Europe. Nor did it become a satellite of the Soviet Union. Nevertheless, we did see foreign powers--European, American, and Soviet--employ considerable politico-police methods to intervene under cover of a wide-scale social and political movement. Wouldn't there be this kind of threat here if France were to choose a socialist course?

Secondly, I have another point to make. It is that, oddly enough, you fail to mention a threat emanating from the Third World. France is one of the Western countries that took a large part in the colonization of what are now Third World countries. Notwithstanding some occasional "sweet talk," we have profited from neocolonialism and are still continuing to profit from it. Well then, what about the revolt of the poor? There is such a thing, and it sometimes takes unexpected forms but may also affect us. The Persian Gulf may be blocked by Soviet intervention but likewise through action taken by the interested parties themselves. You omit all possible threats of this type.

Albert-Paul Lentin: As concerns the risks of conflict from the Third World, I personally consider that problems do not exist so much between African, Asian, and Latin American countries and the industrial countries, of the East and West, as between these industrial countries, the traditional bourgeoisies or new governmental bourgeoisies in power within practically all underdeveloped countries on the one hand, and the masses being impoverished on the other.

I say "underdeveloped countries" and not "developing countries" according to the official terminology employed in the United Nations, because in most of these countries, the great majority of the people are getting poorer and poorer while only a small privileged class is getting richer.

In this conjuncture, the situations which, in my opinion, create the most worldwide problems are the confrontation between the world's developed "North" and underdeveloped "South," plus the East-West confrontation's interventions in the midst of this North-South contradiction.

It is actually very possible that the two superpowers may try to use "destabilizing" situations in the Third World to their advantage, and that West European countries, France included, may be drawn into battlefields that are on the "periphery" of their territory.

Here, for example, are a few questions we may well ask ourselves. What will happen if prolongation of the war between Iraq and Iran prompts both belligerents to seek more active external assistance, notably from the great powers? Another question: What will happen if the Saudi royal and feudal regime is overthrown or shaken by a violent upsurge of dissident Moslem fundamentalism in Saudi Arabia, a country of crucial economic and strategic importance to the United States? The truth is that revolts, peasant uprisings [Jacqueries], and uncontrolled and riotous mass demonstrations are foreseeable in Asia, Africa and Latin America during the next few years, and that these can be dangerous to world peace. With reference to the danger of hot wars or, in any event, intensification of the cold war by indirect ways and means, I would like to go back to the issue of "destabilization on the Right" by citing the action taken in Portugal by the United States and its closest allies. Initiated, in the wake of the 1974 "Revolution of Carnations," by Washington's encouragement of a certain separatism in the Azores--where the United States has a large air base--and also by a patient effort to reinstate Salazarist elements within the Portuguese political class, this action was then continued by making skillful use of the contradictions between a Stalinist communist party and a very social democratic socialist party. The United States, aided by the FRG, then finally spent more and more substantial sums of money in an effort to tilt the situation in favor of the northern part of the country which had remained antiquated, clerical and royalist [Chouan], and to the detriment of that part of the country--the Alentejo and Lisbon regions--in which the progressive movement had made its greatest gains.

Ultimately the whole pendulum swung to the Right, and today Portugal has reverted to a revanchist conservatism in domestic affairs, while in external affairs its leaders support, within the Atlantic Alliance, the harshest aspects of the anti-Soviet offensive. Portugal is an exceptionally spectacular case of destabilization and of transformation, in a few years time, of a current moving to the Left, and even the far Left, into a current oriented to the Right, and even the far Right.

I find it difficult to imagine any possible American intervention of this kind in a major country like France where the democratic tradition is stronger than in Portugal. I may point out, however, that we are currently witnessing a distinct Atlanticist upsurge in different sectors of French society.

What Means Should be Employed?

I propose that we now go on to the question about the means to be employed to avert or combat all threats. May I remind you that by this I mean not only military means but others too. The best way of averting certain threats may well be a good social policy or an organized energy autarky. A defense policy contains more than military means.

Albert-Paul Lentin: How can France avert the threat of being drawn into a conflict between the two superpowers? And how can France cope with such a situation should it arise? These two questions encompass the whole problem of not only the organization of France's defense but its ultimate purpose as well.

To cope with the threat, there are, in my view, two basic responses available to France.

One is a different social policy. The other is national independence. At all events, the first requirement of a good national defense is that citizens must want to defend something and also be motivated to participate in protecting a political and social system which suits them for the most part. If we want this precondition to be fulfilled under present circumstances in France, our society would have to become less fiercely nonegalitarian.

As for national independence, it so happens that it presupposes possession of the "atomic calling card." This is undoubtedly unfortunate, but it is the harsh reality. The fact is that in the community of nations, countries without a nuclear deterrent force are viewed as minor powers in comparison with those countries that have armed themselves with this major instrument of sovereignty.

If we examine the issue of nuclear nonproliferation raised insistently at the United Nations, we see that the relatively large powers are trying their utmost to attain a nuclear capability so as to have that tangible sign of an important position in the world and a means of defense against their main enemy. This accounts for the formation of such antagonistic pairs as India-Pakistan, Israel-Arab countries, and Brazil-Argentina, in which each of the two partners-adversaries is trying to gain a nuclear advantage over the other. Inasmuch as the two superpowers are demonstrably quite powerless in the face of this development, it is possible that all medium-size countries may possess nuclear weapons in a few years.

For all these reasons, I personally favor the existence and effectively controlled development of a French nuclear deterrent force. But on two indispensable conditions: the truly effective character of this "strike force," and incorporation of its acquired politico-military capabilities in a truly neutralist policy on the international scene.

At the present time, the French nuclear deterrent force has attained a level where it could cause, if employed, considerable damage--extensive material destruction and 23 million deaths, according to the most recent estimates by experts--to the targeted enemy, the USSR in this particular case.

Given the "technological gap" separating in this field the USSR and the United States from France, it is obvious, however, that if the two superpowers were to decide to build an antiballistic missile defense system--and in both Washington and Moscow there is currently some talk of resuming this project abandoned in the early 1960's--they could completely neutralize the French "strike force." They would be able to knock down its missiles carrying atomic bombs before those weapons could hit targets in Soviet territory or American territory. In that case, the French deterrent force would totally lose the standard of effectiveness it can be accredited with at the present time.

The second standard, the existence of which, together with the credibility standard, I consider indispensable, demands that the nuclear deterrent force serve a policy of total national independence, a policy of "keeping one's distance" [distanciation] from the United States and the USSR. With reference to this standard, I note that France is not now in a position similar to that of a country like China which, on the international level, belongs to no military bloc--even if it is currently drawing closer to the West--and asserts its sovereign right to use its nuclear weapons as it sees fit. It does seem that the Beijing government considers the USSR a preferred "potential target" at the present time, but reserves the possibility of giving preference someday to the American "potential target" if China's interests were to so dictate.

On the other hand, the Paris government is currently drawing its ties with the Atlantic Alliance's American high command closer everyday, even though France has not been part of NATO, that alliance's "integrated organization," since 1966. Representatives of NATO and French military staffs now participate in joint meetings for the selection of those targets in Soviet territory which the American, British, and French deterrent forces would attack in the event of a major armed conflict between East and West. Under these circumstances, the French deterrent force is especially helping to enhance the overall power of the American-led Atlantic Alliance.

We are far indeed from that period in the early 1960's when De Gaulle assigned omnidirectional [tous azimuts] targets to his "strike force." Today, the two major parties of the French left, the PC and PS, have taken an important step in the direction of certain Gaullist concepts in that they have declared they support the idea--which they had long opposed--of the necessity of a French deterrent. It may be noted, however, that at the same time, socialists and even communists do not question--be it even timidly--the principle of France's membership in the Atlantic Alliance. Yet it is this very principle--contrary to the principle of national independence--that must, in my opinion, be vigorously opposed. It is my hope that there will emerge in France a broad current of political opinion determined enough to demand clearly that our country eventually leave the Atlantic Alliance, and at the same time, skillful enough to define tactically the progressive stages through which it is necessary to pass to achieve this difficult objective.

Michel Vincent: It was said that the rules between the two superpowers are not violated when the central strategic systems are involved. On the other hand, in the Third World there are allegedly no holds barred. I have a totally different opinion on this point. In the Third World no interests absolutely vital to either of the two superpowers are involved. Consequently I believe what is happening there is more of a ballet than a conflict. The Soviet Union became militarily engaged alongside Somalia, then afterwards alongside Ethiopia because that was better. The USSR encouraged a certain number of endeavors in Portugal, and when that turned out badly, it withdrew without any further ceremony. Tomorrow it will probably be the victory or defeat of the Moroccans in the Sahara. There was also, for example, Libya's action in the Central African Republic, etc. I believe that in that part of the world there are kid-glove confrontations, and even so kid-gloved that in certain cases it may be said that there is a veritable condominium. When it is said that the Third World is exploited, that it is the most exploited part of the world, it must be clearly stated that this exploitation is frequently attributable to the condominium of the two superpowers. There is one example that is often overlooked but extremely typical. I refer to the enclave of Cabinda which is opposite Angola on the north side of the mouth of the Zaire (Congo) River.

Cabinda is a small sponge swollen with oil and exploited by the Gulf Oil Corporation, one of the five largest American oil companies. And what is there in Cabinda? There are 2,500 Cubans paid by Gulf to guard its oil wells. Against whom? Against the Cabindians who are the only ones not allowed to approach the wells! But that matters very little wherever oil is involved; parties arrange their differences, they do not fight one another. On the other hand, where the central strategic systems are concerned, I do not believe the superpowers spare each other at all. Moreover, those who claim there is no research underway on antiballistic missiles are wrong. On the contrary, the Soviets have taken the initiative in that field. In two ways: first, by trying to interconnect existing air defense systems by having them controlled by computers, thereby giving them the capability of engaging targets at very short range; second, by developing, so it is said, prototypes of particle beam weapons that may enable them to achieve an antimissile breakthrough in the future. If they succeed, that vulnerability window mentioned earlier would open considerably.

Philippe Barret: But in that case, what concrete means of countering that type of threat do you advocate? Do you consider the conventional people's army we now have to be one of our means of defense?

Michel Vincent: But that army is not much of a people's army, that's just the point. We ought to discuss the compulsory service system with all of its distortions plus the different stresses to which it is currently subjected. That is one of the main points in the debate on nuclear deterrence. There is but one kind of people's deterrence, the one the Yugoslavs, Chinese, and others, may be called upon to practice. In France, there is no such thing! Military service today is a service of flunkies-at-arms [valet d'armes]! We have a supposedly mechanized army in which people perform manual labor! With tremendous waste, utterly plethoric staffs and services, zero military productivity, and at extraordinarily high costs! Much may be said on this.

First of all, why do people grumble about doing their compulsory military service? Why doesn't this service have a good press? Why are people unwilling to defend their community? Don't they want to defend their country? They've made it quite clear: it's because this society is not theirs, but also because nothing technical is being done for that defense. We produce prototypes and equipment on a very small scale while the great powers can afford to mass produce theirs, for reasons that stem from the fact that we do not have a truly military-industrial establishment, but a definitely military-technocratic, military-administrative establishment which is completely irrational! When we consider that a relatively simple antitank rocket launcher which can be manufactured for perhaps 1,000 francs, actually costs 35,000 francs--a 1-meter long gadget made of fiberglass--we think we're dreaming...The famous FAMAS "Clairon" [5.56-mm assault] rifle which makes the whole world envious of us, but which nobody will buy, costs 5,000 francs while an M-16 or a Kalashnikov costs only 1,000!

If we wish to organize a people's defense, we have to change our standards of military productivity completely. It's really a matter of political orientation. If we look at our fine French youth, 17 percent of them should normally be exempted [from the draft]. Actually 30 percent are. This raises the question: on what grounds are the other 13 percent exempted? Is it because their military security investigation file carries the notation "communist father," or because they have unorthodox views, or because they are university students? There is a sort of

perversion in all of this. Not to mention the periods of active duty which reserve personnel are made to serve on a supposedly voluntary basis, the so-called splitting of one division into two, etc., and those courses where trainees are taught how to blow up automobiles and boobytrap houses, in short, the kind of things that have strictly nothing to do, in my opinion, with a national defense establishment.

Philippe Barret: Is the arms trade with Third World countries a means of combating that [Soviet-American] condominium?

Albert-Paul Lentin: Sufficiently sophisticated conventional armament is, in some way, the poor country's nuclear capability, the military trump card an underdeveloped country may play or threaten to play against another country in a regional confrontation. It is clear, however, that each localized conflict not only takes a heavy toll of human lives among Third World belligerents but also causes enormous damage which further weakens their already debilitated economies. As for the great powers, they find arms sales to be a source of huge profits and a rather effective way of politically or even ideologically infiltrating the purchasing countries.

Alain Joxe: To get back to the subject of the means of coping with threats, I would say that if no political response can be found to a political threat, then no other response can be found because a military response to a political threat always leads to failure. Those who imagine that to counter political threats we must stabilize an internal military defense system are locked into a line of reasoning which, in any case, does not concern the Left's defense thinking.

On the other hand, it is possible, to some degree, to cope with military threats by political responses. The fact is that, up to a certain point, an armed conflict does not involve solely equipment but moral forces also. Part of a potential enemy's temptation to attack is occasioned by the absence of an internal defense policy, by the weakness of moral forces. This question of moral forces is what prompts us to reflect on the adequacy of the nuclear strategy by comparing it with the people's defense strategy, which is an ideal. I personally uphold the idea that there will be no military thought, no modern and effective people's defense without relinquishment of nuclear strategy's domination of our thinking.

French military thought is afflicted with mental sclerosis and tunnel vision caused by the overwhelming predominance of strategic nuclear concepts. This is true of the military establishment as well as the parties of the Left. We cannot argue that a nuclear capability must be retained because it is useful in defense matters, and at the same time contend that we must earnestly develop something based on assumptions that go in a completely different direction. The basic assumption of any nuclear force is that there is an authority able to threaten with it in credible fashion.

We must, therefore, raise an issue which is, in my opinion, a political issue, perhaps for some a moral issue, but in any case, a question of effectiveness. Is there a single president of the Left worthy of that name, who is able to issue clearly and openly a threat of mass genocide during a crisis situation in which we would not have previously been attacked with nuclear weapons? Such is indeed the working hypothesis of a crisis situation in which nuclear weapons would have a deterrent value. If this president is able to issue this type of mass destruction threat, it means he is giving up or has lost the political battle he should have won with the support of the political forces that had put him into office.

In other words, bringing into play the international solidarities that make it impossible for any adversary to level a nuclear threat at France, is a deterrent move which only the Left may make, and if it cannot do so, it has lost its battle. I am, of course, fully aware of the theories circulating within the Socialist Party, theories to the effect that on the one hand there is nuclear deterrence and on the other the people's defense. And it is claimed, in rhetorical fashion, that the two are not contradictory. This approach stems from the prevailing view that if someone is against nuclear weapons [for France], he is automatically for the Atlantic defense system. The situation is that France does have nuclear weapons today and that France's entire defense is based on those weapons. Why is France, as a matter of fact, the only medium-size country in the world to hold this view and from what logic does it actually stem?

As France is the only country in this situation, we should observe what is happening elsewhere and ask ourselves whether there are not other methods being used in other countries to avoid being subjected to blackmail or pressures, and whether having no nuclear weapons is what causes one country to submit to another. Was it because it had no nuclear weapons that this or that nation was crushed or reduced to subjection, economically or militarily, or was it because it had no arms, or no defense organization of any kind? No nuclear weapon threat has been brandished to date in any real crisis involving concrete political stakes. In France, we live in a world of imaginary crises.

In the Cuban [missile] crisis, there was a nuclear problem because nuclear weapons were involved in the crisis. However, it cannot be said there was a nuclear confrontation about a stake; there was a confrontation about a nuclear stake, something which is altogether different. Nor was it the beginning of a nuclear engagement when the United States placed itself on nuclear alert during the Yom Kippur War.

When we say that nuclear weapons have served to avert all the conflicts that have not taken place, we are left in a purely hypothetical system, because we cannot describe that reality which is that a nonuse prevents a conflict which did not take place. We can say "there was no conflict," but we cannot say "if there was none, it was because there were nuclear weapons," for the fact is that nuclear weapons are reputed to be effective only insofar as their effectiveness does not become visible.

Michel Vincent: I would like to point out that a national collectivity defends itself, of course, by formal political responses, by moral force, as Alain Joxe emphasized, but it also defends itself militarily. Moral force is hardly sufficient when one does not possess the means of having it command respect. The goals of the United Nations, and of the League of Nations before it, are the most moral goals imaginable, but there is no moral force that can hold its own when unarmed. The two superpowers have, each in its own way, a kind of conception of the limited sovereignty of other countries. For the Soviets, it's quite clear: they affirm that a socialist country under their influence has limited sovereignty. They have said this, and indeed reiterated it again recently. Furthermore, the East Germans have reminded Poland of this fact. The Americans do not say it as clearly, but they do not act differently.

Hence since one of the points--a crucial point, in my opinion--in the exercise of sovereignty is to be able to defend oneself, it is evident that Third World countries are going to seek to arm themselves from suppliers other than the two superpowers so as to try and acquire the attributes of sovereignty. As for a nuclear capability, it is true that a country is viewed as a minor power if it does not have the "atomic calling card." It is altogether natural for deterrence to turn gradually into Russian roulette between now and the end of the century, quite simply because a certain number of countries--five, eight, ten; the exact number is not known--will attain full sovereignty which today means possession of nuclear weapons. You may justify or dispute the usefulness of nuclear weapons as much as you like, but one fact stands clear: whereas in 1945 only one country had a nuclear capability, there are now six or seven who have it and to date not one of them has said: "I have nuclear weapons. I am disposing of them, embedding them in cement, unilaterally." No, there are more and more countries that have nuclear weapons, and there are less countries that do not, if I may say so, or that do not want to have them. Hence the need to campaign actively against nuclear proliferation and for disarmament in an effort to change this contemporary trend.

Alain Joxe: I do not criticize the coherence of the Right's defense policy. It is not the one we should have, that's all. Likewise, with reference to arms exports, the fact that some countries, products of concessionary, dubiously contrived or "Focardized" [(?) reference to Foccart, a key adviser on African affairs to De Gaulle and Pompidou] decolonization, are seeking to arm themselves even though in a certain number of cases they have hardly any local armed conflicts, and are allocating a large part of their revenues to arms procurement, simply reveals their complicity with certain centers of power who want to keep their arms industries busy. I admit that the "right to arm oneself" is possibly linked, from the Western point of view, to what we ourselves call state sovereignty. But I categorically dispute the view that Third World countries must of necessity take that course of action. Consequently we should proceed on the assumption that this arming will continue, but above all we should carefully study ways and means of preventing this escalation, because under these circumstances, it is the right to not be armed which is the basic condition of the real sovereignty and development of Third World countries.

Philippe Barret: I too have an observation to make. All of you take relatively clear and definite positions on the means, but I have difficulty relating them to what you have said about the threats. The principal means mentioned by you is moral force, everything which makes it possible to build society's adherence to its national defense. I can see quite well the kind of threats to which this may be related. I refer, to those which, for example, Portugal and Chile faced. Here the connection you make is clear.

Now, two of you said you were for a nuclear defense. A nuclear defense is built to respond to a nuclear threat. Yet when you spoke of threats, not one of you said France was threatened with a nuclear attack from the United States, the Soviet Union, England, or China. You must explain yourselves on that point: Where does the nuclear threat to France come from?

The third means mentioned was the people's defense. In fact, you were unanimous on this point. What is a people's defense for? It is used to defend oneself against conventional military aggression upon French territory. I am surprised, however, that you supported this means, because when you discussed threats, at no time did

any of you mention the idea that there could possibly be foreign armies that would invade French territory, armies we would resist with the armed people's defense.

Albert-Paul Lentin: While I do support--but on the conditions I outlined--retention of the present French nuclear strike force and development of that capability in the light of technological advances being made throughout the world, I likewise consider that instrument acceptable only if it is made to serve an international policy that is first neutralizing and then neutralist; a policy that the Left should adopt. I believe that if, in the near future, a coalition of the Left takes over the government--this does not mean it assumes power, a much more distant objective and one more difficult to achieve--it should immediately and realistically give new impetus to the disarmament question in the United Nations. This coalition should also display more imagination in all fields of diplomacy.

Alain Joxe: For the Left, nuclear weapons can serve no respectable purpose. They are genocidal weapons meant to crush millions of persons living in countries that are theoretically aggressors, and this in the event of a crisis which develops without the aggression being yet evident. At a time of crisis, one has to be capable of threatening to use genocidal weapons. This is a threat to which the Left cannot resort. The fact of having such weapons may terrify, but it terrifies the working masses. It is, therefore, inconsistent with class diplomacy. On the other hand, it is not at all inconsistent with Rightist diplomacy. Indeed, it conforms to the Right's "antipeople" principles.

It is not ridiculous to speak of a Leftist policy which would seek to obtain the solidarity of peoples in other countries, what is called proletarian internationalism, but not Brezhnev's brand, to be sure. We have the right to mention these principles as being the ones that should determine a defense policy of the Left. But if to that policy we add nuclear strategy, and do so with a sort of accolade, there will never be serious reflection on conventional or people's warfare, reflection on such a scale as to develop an immediate, modern and effective deterrent capability against the concrete threats that will face the French nation if it moves toward liberty and socialism.

8041
CSO: 3100/915

KURDISH PRESS BLASTS TKSP TRIAL

Huddinge ROJA NU in Turkish May-Jun 81 p 3

[Text] The trial of the Turkish Kurdistan Socialist Party [TKSP] in Diyarbakir continues. In this trial, called the "Freedom Road" trial, 89 people, most of them in detention, are being tried.

Phony Indictment

The 81-page indictment prepared for this trial is phony, like all others in trials of this sort in the past.

The prosecutor says that these 89 people organized the TSKP to established an independent and Marxist Kurdistan and is invoking article 125 of the Penal Code. However, the things which the prosecutor calls "action" and "clandestine activities" are things that almost all of the legal associations do. The prosecutor, first of all, considers the Revolutionary People's Cultural Associations the same as the party. He is calling everyone who was on the executive or oversight committees of these associations or a member of them a member of the party! In addition to this, he even considers as party members all the people in the mass democratic organizations and unions such as TOB-DER [Turkish Teachers' Unity and Solidarity Association], the Comprehensive Civil Servants' Unity and Solidarity Association and the Comprehensive Health Personnel Unity and Solidarity Association, and anyone who reads OZGURLUK Magainze or sympathizes with its views!

According to our dear prosecutor, even being a relative of a "Freedom" workers is a crime. Our dear prosecutor shows as proof of guilt (!) the cultural evenings which used to be held, the posters and placards used and leaflets distributed by these associations, the [Kurdish] expression "Bimre Koleti, Biji Azadi" and the phrase "our people."

And with this logic, or more precisely, lack of logic, the prosecutor shows ROJA NU and DENGE KOMKAR, for example, as publishing organs of the party.

The indictments in this kind of political trial in Turkey, especially of Kurdish patriots, have always been a farce. But we cannot attribute this to the poverty of the prosecutor's or prosecutor's logic alone. It shows the wretchedness, the comic status of what is called "justice" in Turkey and, indeed, of that venerated (!) Turkish state.

The honorable prosecutor and the honorable judges are puppets in the hands of the gang of fascist generals today. What they call "the law" is a piece of elastic, a rotten string, they pull to make them do what they want. Who can keep them from accusing whom they want, however they want? Surely this is thieves' justice.

TKSP Trial Belies Fascist Junta

The fascist junta is trying to deceive internal and external public opinion by boasting that it has defeated terrorism. At home, with the bourgeois press for a straight man and a controlled television, it instills fear in the public over the weapons seized and the clandestine organizations exposed. It says, "If we had not come the nation would be lost," and poses as the hero of deliverance. Abroad, it is trying to gain justification by boasting that it saved the nation from the "disaster of terrorism."

The Turkish and Kurdish proletarians and democratic forces who well know the inside story do not believe this demagoguery. They know that the forces that wanted to bring the present junta to power were behind the terrorism. Terrorism is being used as a pretext, a vehicle to crush the progressive popular opposition. The fascist junta used this pretext to take over the nation and everything it has done since 12 September is obvious. The junta is attacking primarily the workers and peasants, the democratic forces, the Kurdish people. It is not struggling with terrorism by closing the unions and throwing unionists in jail and torturing them. The junta was not struggling with terrorism when it closed TOB-DER and arrested its officers and thousands of teachers. What the junta is doing, obviously, is being a slave to capital. It is driving the porletarians to poverty and adding billions to the billions of the bosses. The junta is a violent tool in the hands of the bosses and U.S. imperialists.

The junta which silences the press, except its own kowtowing agent of a press, bans all political organizations and either burns books in the street or sends them to the paper mills is representing a fascist dictatorship and is trying to institutionalize itself in the nation.

The trial of the Turkish Kurdistan Socialist Party is also a typical example which belies the mask of "struggling against terrorism" worn by the junta.

The colonialist powers, stupified in the past period by the rapid development of the patriotic movement in Kurdistan and unable to prevent this development by pressure and terror, resorted to more covert methods to change the direction of this movement, divert it from its course and cause it to run amok. They conducted a systematic effort to draw the patriotic movement into a climate of individual terrorism, to cause clashes between patriotic forces, instigate tribal disputes and thus isolate it from the masses and easily crush it.

There were some in Kurdistan who fell for this ploy of the colonialist forces. The socialist movement, however, recognized the enemy's tactics from the very beginning and exposed them, protecting its ranks from the quagmire of individual terrorism. Defeating the colonialist forces and bringing the people to victory depends on winning the masses over to the struggle. This requires patience, faith, in-depth political work and organization among the masses. The socialist movement has not acted in haste for this reason; it did not allow the terrorist decoy its prize. Today the colonialist enemy has won an easy victory over the petit bourgeoisie and the terrorists. And now it is trying to use this easy victory to intimidate our people, beating them and arresting them by the thousands and sentencing hundreds to death.

However, the colonialists know where the real danger lies for them. They could not draw the socialist movement into the climate of individual terrorism, they could not get them to play the game; but they still have not abandoned any of their barbarism to crush the socialist ranks and their sympathizers and to convict them of serious crimes. They have completely thrown off their mask in this regard. They advertise that they will tolerate no shred of freedom of thought and political activity.

Colonialist Trials as Propaganda

With nothing remaining in Turkey to be called a free press, the fascist junta manages news of the trials however it wants.

There is no doubt that these trials are a complete farce as to justice. All of the defendents come before the court having undergone the severest torture. The torture and beating continue in the prisons and even in the courtrooms. Defense attorneys also must be added to the sum of pressure and insult. But, this not being adequate, the attorneys are arrested also and taken off to the torture chambers. The groveling press can only publish the "reports" on the trials which the MIT [National Intelligence Organization] itself prepares and sends to it. Of course, the MIT arranges everything however it wants. If there is one rat among the hundreds in a trial, it puts his comments in large headlines. It is hoped in this way to created the impression that the defendents have collapsed and are cowed.

This situation is clearly seen also in the TKSP trial. Many people who have no connection with the party are being tried in this trial. Among them are Freedom Road rejects who were turned out earlier because they put personal interests first and turned their backs on the revolutionary movement. The bourgeois press makes them out to be TKSP members and puts them in headlines. The newspapers have printed the statements of two such cowards.

This sort of propaganda by the enemy may confuse the people and proletarians who do not know the inside story and may give some of the scandalmongers something to do, but the colonialists cannot achieve their goals. The socialist and patriotic movement has set its roots deep, and this sort of deception practiced by the colonialists to break their spirit and the smokescreen they have erected are not sufficient to stop their progress toward the anticipated "end." the fall of the colonialists and the freedom of our people, of our nation are inevitable. Time moves swiftly!

In its latest publication on this trial, the TKSP calls upon all progressive and patriotic forces to unite to drive the fascist junta out of the country as soon as possible and to open the way to the power of the democratic people.

It is vitally important for all forces which oppose imperialism and fascism and favor democracy to form a common front and work toward this end. Realization of a national democratic front by all patriotic forces in Kurdistan is still the imperative for defeat of colonialism.

In the past, certain groups which set out on behalf of patriotism have made great mistakes, bringing substantial harm to the revolutionary movement and facilitating the onslaught of the enemy. Now, the attack of the colonialist forces is directed personally at those who made these mistakes. It is the duty of every progressive and patriotic person to refuse to remain silent in the face of this attack, to expose the machinations of fascism and to oppose its crimes.

8349
CSO: 4654/113

INDICTMENT READ IN RIZGARI TRIAL

Istanbul HURRIYET in Turkish 14 Jul 81 p 16

[Article by Talat Polat]

[Text] Diyarbakir (HURRIYET NEWS AGENCY)--Trial has begun of 162 defendants accused of being members of the illegal "Rizgari" organization and its splinter group "Ala Rizgari" on charges of attempting to establish an "Independent Socialist Kurdistan Republic" in eastern and southeastern Anatolia.

The death penalty is requested for 11 of the defendants and 8 to 15 years' imprisonment for 151 defendants, among whom are Attorney Mumtaz Kotan, of the Ankara bar, Attorney Serafettin Kaya of the Antalya bar, Attorney Rusen Aslan of the Adana bar and a leader of the organization, Attorney Ibrahim Buclu of the Diyarbakir bar.

The trial began at 0830 hours at Martial Law Command Military Court No 1 with the roll call and identification procedures, after which the indictment was read.

Indictment Summary

The indictment, prepared by Military Prosecutor Judge Capt Turgay Caglar, accuses the organization of illegal activity to establish an Independent Socialist Kurdistan in the east based on Marxist-Leninist Theory.

The indictment accuses the Turkish Labor Party (TLP) of succouring the Kurdish left and points out that the organization's leaders are cultivated, highly educated people who took advantage of loopholes in the law to promote their own cause.

The indictment indicates that the French and the Soviets had a hand in the emergence of the Kurdish problem and claims that the British laid the foundation for the idea of an "Independent Kurdistan," showing the Lausanne and Sevres Treaties as a model.

Purpose of Organization

The "Purpose of Organization" section of the 132-page indictment prepared by Military Prosecutor Turgay Caglar indicates that the purpose is to "establish a Socialist Kurdistan" and says:

"The purpose of both Rizgari and Ala Rizgari is to establish an Independent Socialist Kurdistan Republic based on Marxist-Leninist theory in Eastern and Southeastern Anatolia. This purpose is to be achieved in two stages.

"First stage: A broad base will be formed through the publishing medium. In this stage, youths, workers and peasants will be organized. Absolute success must be achieved. When enough strength has been gained for absolute success, they will proceed to the second stage.

"Second stage: In this stage, an independent Socialist Kurdistan Republic will be established in the Eastern and Southeastern provinces of the Republic of Turkey which are referred to as 'Northern Kurdistan' by a popular revolution to be led by the proletarian revolutionaries organized in the first stage.

"The organization has two important strategies in the first stage. These are to take advantage of legal loopholes and exercise caution not to compromise the organization ranks.

"For this reason, the organization's activities do not include widespread violent actions which would attract the attention of our security forces such as murder, kidnapping and armed assault. There is no personal contact between the organization leaders and the organization ranks."

The indictment accuses the organization's founders of being "professional revolutionaries" in the leftist idiom and says:

"It has not been possible to identify all of the founders of the Rizgari organization which has been engaged in this struggle for years and has established a very secret organization by criticizing past actions and evaluating mistakes.

"The one known fact is that the group from the Revolutionary Eastern Cultural Hearths trial under martial law in 1971 established Rizgari. The founders of Rizgari who could be identified are Rusen Aslan, Serafettin Kaya, Ibrahim Guclu, Mumtaz Kotan, Fikret Sahin, Mehmet Uzun, Hatice Yasar Pekdemir and Ikran Delen.

"Thanks to the lawyers among the organization's founders, the organization has succeeded in conducting its activities without detection and has avoided prosecution by taking maximum advantage of loopholes in the law."

Field of Activities

Rizgari is accused of being active in Ankara, Istanbul, Izmir, Mus, Bitlis, Van, Diyarbakir, Siirt, Urfa, Mardin, Agri, Bingol, Tunceli, Elazig, Hakkari, Adana and Gaziantep provinces.

The indictment claims that the organization publishes the magazine RIZGARI to promote its purposes and that "Komal Publications," which publishes for the same purpose, is an arm of the organization.

The indictment claims that organization members have joined various democratic mass organizations, as well as being active among youth, establishing the Anti-Colonialist Democratic Cultural Association, abbreviated as AKDK-DER.

The military prosecutor claims in the indictment that the French and the Soviets had a hand in the emergence of the Kurdish problem and that the British essentially laid the foundation for the "idea of a Kurdish state" and points to the Lausanne and Serves Treaties as the model.

French, Russian, British Finger

The indictment suggests that "the super powers' goal of establishing dominance in oil regions" was involved in the Kurdish problem and says:

"In the years when the Ottoman Empire was growing weak and beginning to collapse, the colonialist powers Britain and Russia fought mightily to bring under their own hegemony new independent states which would be formed in the Middle East with its rich oil deposits.

"Diplomats of both nations were active in the region and, after dividing the people who lived in the arba as 'Kurds' and 'Arabs' of different races, both British and Russian writers wrote many books about the Kurds.

"France joined the separatist activities of the colonialist powers in the area during World War I. The British and the French placed articles about an Independent Kurdistan State in the Sevres Treaty, which was drawn up by the victors to parcel out the Ottoman Empire at the end of World War I. (Sevre Treaty, articles 62-64).

"The British also promoted claims related to the Kurds during the negotiation stage of the Lausanne Treaty. The British laid the foundation for the idea of an Independent Kurdistan State. When the British pulled out of the Middle East at the end of World War II, the Russians remained alone and tried to spread Marxist and Leninist theory. For this reason, while it was pointed out that it would now be an Indpendent Kurdistan Republic that would be established, proletarian revolutionaries were working in the separatist organizations."

Importance of TLP and Hard Core

The indictment claims that the TLP provided succour to the Kurdish left and that the hard core Kurdish left took its place in the Rizgari organization.

The indictment says in part in this regard:

"The Turkish Labor Party, founded by taking advantage of the freedoms provided by the 1961 Constitution adopted after the 1960 Revolution, has been a parent to the Kurdish left, just as it has to the Turkish left. The hard-core Kurdish left established the Revolutionary Eastern Cultural Hearths, whose true parent was the Turkish Labor Party left, and this hard core later formed the leadership of Rizgari and Ala Rizgari."

In the "Crimes" section of the indictment, the military prosecutor lists crimes such as "attempted armed robery" in which organization members "deliberately committed murder," indebtedness and carrying false indentification.

8349
CSO: 4654/99

PROBLEMS OF EEC-U.S. TRADE RELATIONS

Rome POLITICA ED ECONOMIA in Italian Jul-Aug 81 pp 13-14

/Article by Roberto Viezzi: "The Lion's Share in EEC-U.S. Trade Relations"/

/Text/ A series of recent developments has brought back into the limelight economic and trade relations problems between the United States and the EEC. First of all, trade balance data for 1980 showed an enormous deficit for the community: over 25 billion dollars, twice that of 1979, four times that of 1978. It is true that EEC's deficit has grown constantly since 1972: but this time we are witnessing a true and real drop in quality.

This figure is not only the result of protectionist devices, but it is due, above all, to a real loss of competitiveness on the part of the European community. In fact the diminishing trend of the U.S. trade balance and the parallel deepening of the community deficit in relation to the American partner seem to have persisted in spite of the continuous strengthening of the dollar over the European currencies (even if the effects of the revaluation on trade exchanges have not yet been fully felt.) The increase in the U.S. share on the common market included industrial as well as agricultural products.

As far as the first are concerned, tensions are concentrated in some sectors. In that of synthetic fibers, the existing two-tier methane price grants the American producers an advantage over their European counterparts (which, at any rate, has been reduced thanks to the elimination of the two-tier price for petroleum.) In more general terms, as far as textiles are concerned, there has been an increase in U.S. customs dues following a change in customs classification for some European-made products, contrary to the concessions made by the U.S. during the Tokyo Round multilateral trade negotiations.

With respect to the renewal of the Multifibre agreement, which must be completed within the current year, the positions of the two partners seem to be, at present, rather far apart, even if negotiations have not yet been started.

The existing two-tier gas price creates disadvantages to EEC also in the area of petrochemical products: an ad hoc study group had already been appointed to address this problem but, so far, no concrete proposals have been submitted. In the steel sector the United States adopts a minimum entry price (trigger price) which in February 1981 was increased 4.4 percent in spite of the fact that in 1980 European exports of steel diminished to 3.8 million tons from 5.4. The recent orderly market agreement with

Japan, by which Tokyo is committed to limit its car exports to the United States was reached circumventing two bills submitted to the U.S. Congress with the purpose of introducing import quotas. It seems obvious that this agreement will have a rather heavy impact on the European market on which greater Japanese exports will be dumped, also because the United States is flatly opposed to a "trilateral" study of the problem on the automobile world crisis.

Next to these problems, and to other minor ones, there is still the disagreement between the United States and the EEC with respect to export credits, a disagreement which was the topic of unsuccessful negotiations within OECD in December 1980. The United States accused the EEC of fixing artificially low interest rates for the purpose of securing shares of the market in developing countries. The fund cuts of the Exim-Bank, due to the Reagan plan, may render the controversy more acute and harder to resolve.

The exports of agricultural products to the EEC have increased to 9.2 billion dollars from 7.4, while common market exports to the United States have registered a more moderate increase (2 billion dollars from 1.8.) The agricultural deficit with the United States represents for the EEC almost one-third of the total. The basic cause of this growing deficit is EEC dependence on the United States for high-protein feed for livestock (corn, soybeans,) due to the EEC's policy on animal husbandry. As is well known, in this field the United States is fortunate to have the possibility of duty-free exports (a possibility also confirmed in the Tokyo Round,) which does not preclude maintaining protectionist measures toward European exports of milk. Even though the EEC, because of such dependence, is the first market for U.S. agricultural exports, the United States keeps on criticizing PAC and its mechanisms, above all because they face competition from the EEC for some products (cereals, milk and sugar) in the markets of other countries. In particular, Americans are critical of refunds for exports, arbitrarily identifying them with subsidies.

Strangely enough, even though the present situation is deeply unbalanced, complaints are continually voiced within Congress and the U.S. administration that the EEC is allegedly violating free international trade due to the "protectionist" nature of the common market's agricultural policy, and accusations are made of dumping European products. The fact is that these bodies are adopting the easy method of evaluating trade relations on a sectorial basis (often under heavy pressure from producers) disregarding the total picture. If this keeps up, it will not be acceptable to the common market. What is new in the present situation compared with that existing under the Carter administration is that new problems are being added to traditional structural problems by the Reagan administration's economic policy, creating an imbalance in trade relations between the two areas.

Next to the restrictive monetary policy launched by the new administration, which has caused the rise in interest rates, an increase in the value of the dollar and the export of the recession to Europe, the promotion of a trade offensive on the part of the United States is appearing. This offensive takes shape through a series of regulations which are aimed at encouraging exports and involve the following: the easing of regulations for the stipulation of large contracts with developing countries; the easing of restrictions for mergers among exporting companies; the creation of a company for foreign trade, similar to the Japanese institution, combining banks and industries. In this way, the U.S. administration is trying to avoid the dilemma of whether or not to favor protectionism, which is re-emerging forcefully within the

United States. But it is quite possible that the controversy between the "liberals" (large banks and multinationals which have made huge investments in Japan, Brazil, Mexico, Hong Kong etc.) and the "protectionists" (the industries in sectors having difficulty: steel, electrical machines, shoe industry, textiles, automobile industry; large unions; the more conservative wings of the democratic and republican parties) may be resolved with a few points in favor of the latter; the contest is still open.

Furthermore, to this must be added the possibility, which until recently would have appeared highly unrealistic, that the United States is moving toward a balanced budget, helped in this also by the growth in domestic oil production, favored by the new administration's policy of decontrolling crude oil prices. Europe runs the risk, then, of finding itself in a tight spot, being exposed, on one side, to United States trade aggressiveness and, on the other, to the effects of the strengthening of the dollar. A very painful squeeze indeed.

In order to avoid the dreadful consequences of anarchy in an uncontrolled international market, the European community has all the interest in promoting an initiative of cooperation not only toward developed countries but also between these and underdeveloped countries. Unfortunately the new U.S. administration does not seem to be too sensitive to this need, as indicated, among other things, by their reticent behavior toward a resumption of the negotiations between North and South, and aims at keeping trade problems within the narrow boundaries of bilateral relations while opting, in the meantime, for a policy "of power" in the trade area.

Realistically one must keep in mind the sometimes deep differences in orientation which exist within the administration and the U.S. Congress on these problems and, for this reason, it is necessary to favor every opportunity for a dialogue between Europe and the United States.

9758
CSO: 3104/339

GOVERNMENTS NONSOCIALIST ALLIES DEMAND PROGRAM CHANGES

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 81 p 9

[Article by Lisbeth Knudsen]

[Text] The growing budget deficit cannot be alleviated by an increase in taxes this fall, but by more business activity and public spending cuts that will not affect employment.

That was the concensus of a meeting between the government and its coalition partners--the Radical Liberal Party, Democratic Center Party and the Christian People's Party--yesterday at Marienborg. At this meeting, the coalition parties were presented with the 1982 budget proposal and the latest economic estimates, which show that the economic situation is worse than had been expected when the May compromise was agreed to.

At the conclusion of yesterday's meeting, Prime Minister Anker Jorgensen said the parties agreed to the 2 billion kroner tax adjustment which was discussed last May, but that there would be no tax increases beyond that. The areas that will be affected by this adjustment will be discussed in later meetings. Negotiations are now underway in the minister of agriculture's office concerning the agricultural situation and the Industrial Contact Committee will meet in a few days to discuss various possibilities with respect to aid-to-business measures. Changes in home loan financing are being discussed with Minister of Housing Erling Olsen and estate tax changes in agriculture and industry are being discussed with the tax minister. All these issues will not be settled until Friday, when the budget proposal is submitted.

Following yesterday's meeting at Marienborg, Christian Christensen, Christian People's Party, said: "We agree that our problems cannot be solved by more taxes. On the contrary, we must try to stimulate business activity in Denmark. We must also consider savings measures.

"What we need is increased business activity. The fact that the budget deficit is greater than expected is not because we are pumping out money or have weak economic policies. It is because our business activity is low."

Arne Melchior, Democratic Center Party: "Increased revenues through taxes and spending cuts are usually eroded by the cost of increased unemployment. Therefore, we must find real savings that will not affect employment, if we can find any. Active investments must be the best solution."

8952
CSO: 3106/162

LABOR MINISTER FORESEES 275,000 UNEMPLOYED IN 1982

Copenhagen BERLINGSKE TIDENDE in Danish 17 Aug 81 p 1

[Article by Lisbeth Knudsen]

[Text] Unemployment will number between 250,000 and 275,000 in 1982, according to the latest and most realistic evaluations. These figures have been acknowledged by Labor Minister Svend Auken's ministry in a number of memos to Social Democratic Party representatives in Parliament. According to the new budget proposal, the finance minister also estimates that unemployment in 1982 will be 245,000, the same as in 1981.

The finance minister refused to comment on eventual new estimates with respect to unemployment when he submitted the budget proposal last Friday.

"Although this conclusion is far from certain considering the real economic prospects, it now seems most realistic to expect that unemployment in 1982 will be between 250,000 and 275,000. In this situation, there is every possible reason to strengthen and prioritize our employment policies," according to a memo from the Ministry of Labor.

With respect to unemployment in 1981, the memo states that the number of unemployed who have been out of work for more than 5 weeks consecutively has been growing. Last April, this share was two-thirds of all the unemployed.

"Based on present evaluations and prognoses, there is hardly reason to assume that conditions will improve within the labor market by the end of the year. The fact that there is no prospect of any appreciable improvement in economic activity the rest of this year also provides reason to fear that unemployment will start to rise again, albeit at a slow rate as we get into fall. This prospect, which was considered completely unlikely only a few months ago, seems more and more realistic," wrote the Ministry of Labor.

The ministry is of the opinion that as far as Danish industries' most important foreign markets are concerned, there may only be a slight improvement and hardly a decisive upswing in 1982.

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FINANCE MINISTER: ECONOMY CAN'T TOLERATE INCREASED WELFARE

Copenhagen BERLINGSKE TIDENDE in Danish 15 Aug 81 p 7

[Article by Lisbeth Knudsen]

[Text] "The Danish economy today is not in a position to raise the population's living standard while at the same time restoring a balanced economy." That was Finance Minister Svend Jakobsen's response to the 1982 budget proposal which was presented yesterday.

In a speech introducing the budget proposal, the finance minister expressed clearly that the growth in public spending will come to an end. Yet, the figures show that public spending altogether will increase by 3 percent from 1981 to 1982.

Jakobsen's speech also expressed concern about the 40 billion kroner deficit in the operations, construction and loan budget in 1982. When the budget was adopted, the deficit for 1981 was expected to be 21.2 billion kroner, but it is now 31.9 billion. Still, the finance minister rejects any economic adjustments that would be effective in 1981. It will be fall before the government and the coalition parties decide whether there will be any economic tightening in 1982.

The speech was somewhat hopeful with respect to export but, at the same time, the finance minister said there are essential problems in trying to resist sharply rising interest levels internationally and maintaining reduced interest rates at home.

"Government initiatives with respect to employment and business have been effective," said Finance Minister Svend Jakobsen. Many new initiatives will provide another 70,000 to 80,000 jobs in 1982, according to government plans. Yet, according to his own budget, the finance minister estimates that unemployment will remain virtually unchanged in 1982 compared to 1981, namely over 200,000.

In the last few years, private consumption has declined by 1 to 1.5 percent. The government now expects a 2.5 percent increase in private consumption in 1982 and an 11.5 percent growth in taxable income compared to this year.

The government intends to sell securities worth 80 billion kroner to absorb the large national deficit in 1982. The finance minister now admits that the large offering of government securities could create "distortions in the money and the capital markets," but he added that the government would strive to vary terms and instruments in order to limit the effect. The total domestic debt is now 113 billion kroner and the foreign debt will be 47.8 billion kroner in 1982.

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FINANCE MINISTRY REPORTS HALF YEAR BUDGET DEFICIT IS UP

Copenhagen BERLINGSKE TIDENDE in Danish 24 Jul 81 p 5

[Article by Solveig Rodsgaard]

[Text] The gross national budget deficit for the first half of 1981 exceeded the budgeted amount by just 5.3 billion kroner and the budget deficit is now close to 29 billion kroner, according to figures which Finance Minister Svend Jakobsen sent to the Finance Committee in Parliament.

These figures have created a stir in the Finance Committee and Leif Glensgard wants to call a hasty meeting of the Economic Policy Committee to discuss this development in the national economy. In a letter to the Economic Policy Committee chairman, former Finance Minister Knud Heinesen, he said that the committee must discuss the matter and get the government's evaluation of "the budget deficit and the excess sale of government bonds and obligations."

Knud Heinesen said this evening that he will call a meeting of the Economic Policy Committee to discuss the matter.

Leif Glensgard said he has no doubt that the government deliberately underbudgeted because it did not want to have a real discussion about the policies which the government, together with the coalition parties, has carried out and wishes to carry out.

Conservative Palle Simonsen said the figures that represent the large budget deficit clearly show the government has lost its grip on the budget.

"Already last spring it became clear that the budget deficit in 1981 would be far greater than was presumed when the budget was adopted. The deficit is obviously a result of the government's policies. It has not carried out the planned savings, and a number of new decisions requiring the expenditure of money have been made, not least in the area of employment. The figures clearly show that we need completely different economic policies and that the Social Democratic Party's fear of making actual cuts will lead us into an incalculable situation," said Palle Simonsen.

Bertil Haarder, Liberal Party, called the figures "shocking" and said they show that public revenues are falling while the explosion in expenditures is continuing.

"The cuts agreed to by the government and the coalition parties together with the 2.2 billion kroner in added taxes, which will go into effect when local elections are over, will not suffice. The government has come to a point economically where the measures agreed to cannot solve the problems," said Bertil Haarder.

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INDUSTRY URGES MINISTER TO ASK FOR NATO TECHNOLOGY ACCESS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Aug 81 pt III p 1

[Article by Erik Bendt Rasmussen]

[Text] The Industrial Council is now urging Industry Minister Erling Jensen to take steps to ascertain whether Danish industry might have access to NATO's advanced technological knowledge. The Defense Department's Research Service estimates we could be talking about Danish production in the amount of 1 billion kroner annually in exchange for materials purchased abroad. V.M. Guntelberg, Defense Department Research Service director, said that his department could come up with the knowledge, but that money is needed.

There Is Money

At first, industry's aim is to utilize NATO'a technoligical knowledge in civilian production. After discussions with Danish defense industries, the Industrial Council suggested that on a temporary basis of 1 year the Defense Department Research Service be given sufficient extra money to study which NATO project might be of general interest to Danish industry from a technical and technological point of view and how these projects might be adapted to Danish industry. Unfortunately, the intention is to cut grants to the Defense Department Research Service. But the Industrial Council has come up with the suggestion that cuts be made in the 100 million kroner grant that was designated by the government to stimulate new industry. This money is far from used up and the study by the Research Service will only cost 1 to 2 million kroner.

Contact Committee

The idea is to establish a representative group of industrialists who, as a committee, will be in contact with the Defense Department Research Service. Furthermore, a couple of Research Service employees will devote themselves specifically to NATO projects that might be suitable for civilian production.

Danish industry itself cannot be represented on the many special committees established under NATO for new research, like nationalized industries in other countries. This situation could impède Danish industry considerably with respect to the struggle for new knowledge about future developments in advanced electronics in the area of communication, for instance. This is an area in which civilian industry has a great need to participate. For the time being, Danish industry is losing out on this new knowledge.

New Organization

Research Service Director V.M. Guntelberg imagines that interested and eventually paying firms will later get together and form an organization. Individual companies will be able to buy project knowledge from the Defense Department Research Service.

According to the new ideas, the Research Service's responsibility will be to undertake a market study by analyzing the entire NATO market so that Danish industries can choose a special project among the upcoming production bids, develop this special project in good time--perhaps with the aid of Development Funds--and secure long-term depreciation of its investments.

Danish defense production amounts to 150-200 million kroner annually. As was mentioned earlier, the Defense Department Research Service estimates a possible 1-billion kroner production, principally in the field of electronics. This means big savings in foreign currency. Both the Industrial Council and the Defense Department Research Service feel that the civilian industry might also gain knowledge that could be used in the production of new products.

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LO-CHAIRMAN NIELSEN ATTACKS JORGENSEN'S ECONOMIC POLICIES

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 81 p 3

[Article by Bent Bjorn Christensen]

[Text] Danish Federation of Labor (LO) Chairman Thomas Nielsen today repeated and expanded upon his criticism of the government's economic policies in BERLINGSKE last week. An editorial in the federation newspaper referred to the political compromises as "patchwork measures," whose positive results have not yet been particularly noticeable. The prime minister responded to the criticism this evening.

The LO chairman wants a Social Democratic policy that embodies specific goal-oriented policies for business and industry. He also points out that tax-free ventures (pension funds, insurance companies, foundation etc.) must be forced to loan money to business at rates below the current interest on loans. The alternative must be taxation to make sure that his money will be channeled into solving the many problems that face us.

Nuclear Infatuation

"The nation's future must be based on a realistic Social Democratic policy that does not spend time on the infatuation with nuclear free zones where there are no nuclear weapons to start with," said Thomas Nielsen.

He said the Trade Council's prediction that 600 businesses would close is partly due to the fact that there are too many of the businesses in question and partly that the government exclusively concentrates on helping them sell twice as much. "The money that must be invested to guarantee animal production is nothing compared to what it would cost not to do it."

Thomas Nielsen also criticized the government's employment policies, which he feels have had little effect. In Nielsen's opinion, only education measures seem to have been effective, but he considers them inadequate.

Expanding May Compromise

Not until this evening did Prime Minister Anker Jorgensen comment on LO's criticism, which began in BERLINGSKE and which has continued for about a week. In RADIOAVISEN, Anker Jorgensen expressed recognition of the fact that the federation is pushing for improvement of the employment situation.

"But we already knew last June that employment was headed in a negative direction and told LO we would use the summer to consider further initiatives. At that time I also wrote the LO chairman to arrange a contact committee meeting in August."

The prime minister acknowledged that the May Compromise is not sufficient and gave the impression there will be attempts to further expand the May Compromise with respect to employment. A committee under the government's jurisdiction is working with ideas that will be discussed with LO, among others.

Anker Jorgensen maintained that taxes would be adjusted somewhat and in accordance with the May Compromise. "The amount will be 2 billion kroner and there will be no tightening," he said.

Anker Jorgensen rebuffed criticism of the government's cooperation with the three small coalition parites by saying he saw no other possibilities, even though he might not be 100 percent satisfied with that particular cooperation.

He did not understand Thomas Nielsen's criticism of the debate about nuclear free zones.

"In the midst of all the discussion about the economy and employment, it is also important to begin debating conditions that may lead to the destruction of mankind. It is a bit too extravagant to refer to the debate about a Nordic nuclear free zone as an "infatuation."

We were not able to get the LO chairman's commentary on Anker Jorgensen's statements this evening. He is on vacation.

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RISE IN IMPORTS EXPECTED TO END TRADE SURPLUS SOON

Copenhagen MANEDS BORSEN in Danish Aug 81 p 21

[Text] The positive development in the trade balance since last fall seems to have been broken. In the last couple of months, the trade deficit has reached a somewhat higher level than during the previous months. That happened when consumption began to rise. Since this trend in expected to last, stocks will gradually be rebuilt. Hence, there is the possibility that worsening trade figures will continue after the industry-wide vacation.

The trade deficit in May and April was 1.4 billion and 1.3 billion kroner respectively, compared to a monthly average of just 0.9 billion in the first quarter of this year and a scant 0.8 billion kroner the last quarter of 1980.

The growing deficit is due to an unfortunate combination of factors in connection with exportation and importation.

Seasonally corrected figures from Danish Statistics show that the rise in exports is declining following the greatly increased volume last year. However, Danish imports are at the root of the problem. They have gradually grown quite considerably, while declining in the last quarter of 1980 and during the first months of this year.

Importation of consumer goods, in particular, is rising. But they constitute a relatively large share of all Danish imports. Hence, this could adversely affect future trade figures. However, the expected turn-around in consumption, which apparently has manifested itself, could adversely affect trade figures in the future as income keeps growing following labor contract renewals last March.

Consumption already took a jump in April, while dropping steadily throughout the first quarter.

Retail sales attest to that. The seasonally corrected volume index for retail sales fell steadily and evenly from 105 in January to 102 in March, but rebounded to 107 in April.

Industry is somewhat optimistic about production.

According to Danish Statistics' business barometer, a majority of the industries questioned felt that production would rise or stay the same in the second quarter compared to the first quarter. A comparison between the first quarter of this

year and the fourth quarter last year showed that most industrial concerns' production stayed the same or fell during the first quarter. Since that also applied to new orders, it could be an indicator.

The prospect of growing budget deficits more than indicates that private capital importation will increase in the next few months, although the government has assumed a greater share of the total capital importation. The money market interest, which largely regulates the flow of money, has also risen too much lately. The question is simply whether the rise is sufficient to secure a stable currency market, otherwise the krone could come under a certain amount of pressure. Our experiences are not good in that respect. Last fall, the currency supply rose nicely in step with the declining trade deficit. In the meantime, there has been talk of a decline in currency since the first of the year when trade figures stabilized at a relatively low level.

There are many indications that the worsening trade figures are more than accidental. But the strength of the negative trend will probably be limited in view of the fact that real income is the driving element. However, the picture could be blurred by the fact that businesses have delayed purchases until after the vacation and used their stocks instead.

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EDITORIAL ON RISING BUDGET DEFICIT AS RESULT OF POOR POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 25 Jul 81 p 9

[Editorial]

[Text] The greatly increased gross national budget deficit for the first half of 1981 must largely be viewed as a result of general economic developments in Denmark. The recession has meant lower revenues than expected while there has been talk about rising per diem disbursements, assistance payments etc. One could observe this development from month to month over a 6-month period, and there was really nothing new in the statement about the budget deficit for the first half of 1981.

However, that is not to say that politicians have no reason to give serious thought to the present financial development. Rather, one might wonder that the development--which we already knew about--did not make for greater political action with respect to the May compromise. As you know, the government was simply satisfied to announce there would be an adjustment in taxes at the end of the year, which would improve the situation by a couple of billion kroner, compared to what would otherwise be the situation.

As we mentioned earlier, the large national budget deficit must be said to be the result of general economic developments in Denmark. In itself, it leads to pressure on the financial markets. The government must finance the deficit and that is essentially done by issuing various forms of government securities. This action helps to push up interest rates domestically. Even if international interest rates at some point would permit lowering interest rates domestically, the financial situation in Denmark would set tight limits as to how far Danish interest rates could be lowered.

Denmark's huge budget deficit will be only marginally reduced by the coalition parties' announced taxes, which will take effect in 1982. It is also difficult to see how the proposed fees on checks and dogs, which the Finance Committee chairman using the situation has launched, could be of any importance. At the same time, there are warnings against higher income and capital taxes, the VAT and spot taxes. Measures of this kind will create increased unemployment, primarily through a tightening in private industry.

And, finally, the reason for the precarious financial situation in Denmark can be found in the swelling public spending budget. So far, the public savings policy has largely been a failure. But as long as spending is not kept in check, there is no prospect that Denmark will get out of its financial morass.

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COUNTRY'S PUBLIC CONSUMPTION HIGHEST IN OECD

Copenhagen BERLINGSKE TIDENDE in Danish 28 Jul 81 pt III p 2

[Article by Frank Dahlgaard]

[Text] Denmark assumes a sad position among 24 Western industrial nations when it comes to the economy.

Denmark holds the lead position with respect to growth in public consumption and finds itself at the bottom where private consumption is concerned.

BERLINGSKE TIDENDE has analyzed the latest 6-month report from the Organization for Economic Cooperation and Development (OECD) in Paris, which came out 10 July.

OECD economists themselves do not make a direct comparison between member nations' economic development, but the figures in the report make such a comparison possible and BERLINGSKE TIDENDE does that in this article.

One list shows the real growth in public consumption from 1980 to 1981 among the 24 OECD nations. Public consumption primarily includes operating expenses for public institutions such as day nurseries, schools, leisure facilities, hospitals, homes for the aged and administration. Hence, public consumption primarily includes wages for public employees.

On the other hand, public expenditures like pensions, social assistance, per diem and other income transfers are not included in public consumption. Expenditures for roads, harbors and buildings are not included either.

Denmark and Norway

According to the report, OECD economists estimate that public consumption in Denmark will grow by 4 percent from 1980 to 1981. Only Norway's growth in public consumption exceeds ours. In all the other industrial nations, this year's public consumption growth is less than that of Denmark's. Our extreme position is a fact, though the government for almost 2 years has openly declared it necessary to cut this growth.

The situation in Denmark becomes even more glaring if we include the preceding years' growth in public consumption. In a 3-year period, from 1977 to 1980, public consumption in Denmark rose by a real 5.5 percent each year. No other Western nation (with the exception of Portugal, where the public sector is much smaller than in Denmark) has been able to show a comparably large growth in public consumption.

The new OECD report thus shows that Denmark has retained its sad leading place with respect to public consumption, in spite of the fact that the rate of growth has eased somewhat--from 5.5 percent to 4 percent. Public savings measures have been more effective in most other countries.

Also in 1982

Indeed, based on the OECD figures, Labor Minister Svend Auken's strong reaction to new public savings measures seems strange to many observers. According to INFORMATION, a daily dewspaper, Svend Auken said: "I would consider it no less than criminal to initiate further cuts in spending under the present economic situation when there is no prospect of an economic turn-around.

OECD economists foresee that Denmark will remain at the top of the list with respect to public spending growth in 1982: the OECD report conjectures that public consumption in Denmark will go up by 3.25 percent from 1981 to 1982. Only Portugal (4 percent) and Norway (3.5 percent) are expected to exceed our growth in public consumption.

Private Consumption

If we turn to the development in private consumption, Denmark's placement is exactly the opposite: With the exception of Holland, Denmark had the most negative development in private consumption from 1980 to 1981, according to the second list.

Private consumption includes all the private expenses of families and persons, such as housing, clothing, food, transportation, entertainment and furniture.

Last year--in 1980--private consumption in Denmark declined by 4 percent, according to the OECD report. No other OECD nation experienced a comparably drastic decline. The majority of the countries actually noted an increase in private consumption. This year, 1981, we advanced to the next to the last place with a 1.5 percent decline in private consumption.

New Taxes on the Way

Without any intervention, OECD expects private consumption to go up by 1.5 percent in Denmark from 1981 to 1982. However, the government has already announced a tax package of more than 2 billion kroner this fall. Additional taxes are expected to be levied on tobacco, wine and liquor and these increases will naturally reduce consumption.

The primary goal of the government's economic policies is to stimulate growth in the private sector and to halt the growth of the public sector. However, figures in the latest OECD report show that we are moving in the wrong direction: Private consumption is declining, while public consumption is going up. In these two areas we continue to hold the extreme positions internationally and there is no indication we can decisively turn things around in 1982.

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DEVELOPMENTS SHOW FAILURE OF ECONOMIC PROGRAM

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 81 p 14

[Editorial]

[Text] In the prime minister's charming language, "a cave-full of issues and problems" were discussed during the last parliamentary debate prior to the summer recess. Once more, however, Anker Jorgensen could say that a clear majority was in favor of the government's economic policies and that this majority had the will to stick together on future tasks. The coalition parties were behind him. Nevertheless, he had to add that the parties should not "throw dust in each other's eyes--difficulties might arise in 6 months or a year, or in 3 years for all we know," said Anker Jorgensen.

But not even 6 months were to pass before the government and its coalition partners encountered problems. It was not a matter of half a year or a year, but weeks and months. Already in the middle of the summer, a crisis has developed in the relationship between the government and its coalition partners. So far, it is just talk, but that might become burdensome when parliament reconvenes. The government's announcement that a number of budgetary interventions will be made when parliament reconvenes has triggered such reactions among the coalition parties that Anker Jorgensen is now facing the difficulties he expected, but which he hoped to encounter much later. The prime minister and his government must ask themselves the question whether they can get renewed support for their policies or whether they must be prepared to make such concessions that their policies will fall to the ground. During these quiet summer days, are they planning something they cannot hope to put into effect?

The prime minister should use these summer days to consider whether his cooperation with the Radical Liberal Party, the Democratic Center Party and the Christian People's Party will last through another parliamentary session. He should consider whether he ought not be prepared to find more secure and firm support for the policies that must of necessity be carried out. Since the last election, the Social Democratic Party has repeatedly had the opportunity to bring about a stable majority, but each time it chose the coalition parties. The government chose uncertainty to certainty. It opted to sail a zigzag course in hopes of being able to mark some Social Democratic victories along the way. It could have chosen a direct course, but that would have meant fewer chances to pursue pure Social Democratic policies.

If Anker Jorgensen can foresee that the cooperation with the coalition parties is breaking apart, it would be better for him--and for the nation--if he planned a coalition with the big opposition parties. That would provide the stability this country needs.

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BERLIN APPROVES FUNDS FOR BUILDING INDUSTRY

Frankfurt FRANKFURTER ALLGEMEINE in German 2 Sep 81 p 10

/Text/ The Berlin Senat has approved a second supplemental appropriation for 1981 of just under DM 200 million and, along with it, a number of measures designed to provide funds for housing. They are meant to show the Berlin building industry that it can continue at present capacity. The building industry, which has an especially high unemployment rate of 6.1 percent to contend with, is confronted with a "dramatic situation," in the words of buildings senator Rastemborski. The immediate measures to be taken in the field of structural and civil engineering and amounting to some DM 85 million are aimed at improving the contract situation. The Senate is particularly interested in finding out from the building loan institute why 4,130 already approved apartments have not yet been built. The Senate which means to introduce political overtones into this first part of the apartment construction program has also decided not to give priority to inner city public housing as in previous years but to extend public subsidies to potential builders in the suburbs as well.

DM 25 million are to be set aside --including DM 9 million out of the current budget-- for the restoration of 100 abandoned apartments; a first instalment of DM 2.5 million to be used to restore publicly owned property. Another DM 40 million in available funds are to be set aside for the modernization of 600 apartments. By lifting budget restrictions, DM 3.6 million are to be freed for road construction in various parts of the city. The Senat also approved a new set of graduated conditions applying to condominium construction which subsidizes lower-income purchasers. This measure, too, is said to connote a political shift of emphasis which the Senate promised to implement. According to treasury senator Kunze, the Senate has effected all the savings it could possibly make but there still is a shortfall of DM 210 million which is to be covered by raising new indebtedness to DM 710 million in 1981.

The supplemental appropriation also provides for the post of foreign nationals commissioner, as promised in the election campaign. It is to be filled by Ms Barbara John. The Senat has created a foreign nationals commission under the chairmanship and supervision of the

lord mayor. Ms John, however, will be "assigned" to the social affairs senator's office which means that the job is somewhat different from the one proposed during the campaign. Ms John will be given a special contract equivalent in rank to a senate assistant director. Her office will consist of an interpreter, a foreign language assistant, a secretary and seven or eight staff members supplied by other Senat departments. The Senat hopes the city parliament will approve the supplemental budget in October and that Ms John can then take up her new duties.

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NO ECONOMIC RECOVERY SEEN FOR 1981

Duesseldorf HANDESBLATT in German 24 Aug 81 p 3

/Text/ In the wake of minus one percent growth this year, the economics ministry is looking for a real growth rate of between 2 and 2.5 percent in 1982. But, says state secretary Otto Schlecht, this will not happen unless interest rates level off.

While it is true to say that the economy has overcome the 1980/81 end-of-year low, a marked improvement is not to be expected during the fall months. Basic improvements are not to be expected until next year.

At any rate, unemployment in 1982 will be higher than this year's estimate of 1.25 million. By 1985, the "potential" labor force is expected to increase by 750,000 German nationals and 500,000 foreigners-- above all children of guest workers.

Commenting on the balance of goods and services figures, Schlecht said that the real rise in exports and the slowdown in imports may be an indication of the fact that "the German economy is beginning to embark on a process of structural adaptation." As a result of the DM devaluation and favorable cost developments by international standards, the German economy has become more competitive once again.

According to OECD calculations, domestic currency wage cost per unit figures in the FRG in 1980 have increased less than in the other industrial countries with the exception of Japan and the Netherlands. "Furthermore, the assortment of products offered by German exporters fills an increased need worldwide for investment goods for energy conservation, oil substitution and rationalization and also goes well with the steadily increasing demands of the OPEC countries."

No doubt, Schlecht went on to say, there are risks involved in the performance of the world economy generally and in international trade, in the danger of increased protectionism and in the DM exchange rate. "It is therefore uncertain," he said, "whether these positive trends in the trade balance will have a lasting impact on the overall balance of goods and services that now seems indicated on the basis of the turnaround reflected in higher sales figures."

Nonetheless, the constant decline in the balance of goods and services since late 1978 did not extend to the second quarter of this year. The deficit for the first 3 months of the year was DM 9.3 billion and for the period from April to June it amounted to DM 5.3 billion. The positive trend in the balance of trade is reflected in the rise from DM -0.2 billion to DM 6.5 billion in the second quarter. But the balance of goods and services deficit, according to Schlecht, will be "a little bit smaller at best" this year than last inspite of these marked trends toward improvement.

All the efforts aimed at reducing the balance of goods and services deficit must therefore be continued. Only then could the pressure on the exchange rate be relaxed and a stronger disengagement from the international interest rate framework be effected. This calls for further reductions in government budgets and an improvement of the investment climate and the creation of conditions favorable for structural change. In talking about the reduction of budget deficits, however, Schlecht warned of hasty meataxe approaches as well as excessive cuts.

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FOREIGN TRADE REACHES HIGHEST LEVEL SINCE 1978

Frankfurt FRANKFURTER ALLGEMEINE in German 2 Sep 81 p 11

/Text/ German foreign trade in July achieved a respectable surplus amounting to DM 3.7 billion. Comparable figures for July 1980 and June 1981 were DM 0.1 billion and DM 1.7 billion respectively. The monthly surplus for July 1981 thus is the highest since December 1978. In August 1980 and in January and March 1981 temporary deficits in the balance of trade were incurred for the first time since the mid-sixties.

As against last year, exports have risen appreciably in relation to imports. In July, exports totaled DM 36.3 billion and imports DM 32.6 billion. As compared to June, exports increased by 12 percent, i.e. twice as much as imports and as compared to July 1980, exports rose by 24 percent while imports rose by only 12 percent.

The July export surplus has already had a marked impact on the cumulative balance of trade figures for the first 7 months of this year. Over the first half year, the export surplus amounted to DM 6.4 billion; now, at the end of 7 months, it has risen to DM 10 billion. Thus, the export surplus is more than twice as large as it was for the comparable period of last year when the total was DM 4.5 billion.

But because of the simultaneous rise of the deficits in the services sector (e.g. travel abroad) and in capital transfers (among them transfers by guest workers) the deficit in the balance of goods and services has remained relatively high, amounting to DM 17.6 billion over the first 7 months of this year. By comparison, the goods and services deficit for the period of January to July 1980 totaled DM 17.3 billion. This deficit is mostly attributable to the deficits in the balance of trade in January and March. The increased surplus in foreign trade for July is offset, however, by a DM 3.1 billion deficit in the balance of goods and services as compared to a deficit of DM 3.8 billion in June and of DM 4.9 billion in July 1980.

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STAGNATION PREDICTED IN DOMESTIC TRADE

Bonn DIE WELT in German 27 Aug 81 p 7

/Article by Peter Weertz: "High-Level Stagnation Seen in 1981"/

/Text/ The development of domestic trade for the first half of this year has been characterized by the economics ministry as "moderate growth at a high level." Intra-German trade (in terms of goods and services) is said to have risen during this period by 4 percent to DM 5.951 billion. During the same period last year it grew by 34 percent.

In fact, German domestic trade is presently stagnating in the absence of price increases. The economics ministry is projecting a growth rate in real terms of between 0 and 1.5 percent. Gross turnover for 1981 is expected to amount to just under DM 12 billion as compared to 11.72 billion in 1980. This corresponds to an increase of about 3 percent as compared to 19 percent last year.

Prior to the Leipzig Fair due to open on 6 September, East Berlin is clearly making an effort to limit its goods purchases and to reduce its great liabilities still further. During the first half of the year, indebtedness in the intra-German goods and services trade decreased from DM 3.9 billion to DM 3.7 billion. East Berlin is also being cautious in the area of investment orders. But it is not considered impossible that medium-sized and small investments in FRG businesses may soon be placed once again due to the large liabilities incurred with Western countries such as Japan, France or Great Britain. Present estimates are that liabilities vis-a-vis the West, including intra-German trade, total some $10 billion.

Negotiations about extending the no-interest, DM 800 million overdraft credit by the Bundesbank which is due to run out at the end of 1981 are not expected to take place until after the Leipzig Fair.

Gross turnover in intra-German trade for the first semester totaled DM 5.95 billion, of which DM 2.387 billion were in West German sales and DM 490.8 million in services such as interest on loans, shipping costs, etc. These two items thus have risen by 5 and 11 percent respectively as compared to 26 and 54 percent a year ago. At the same time, East German sales increased to DM 2.77 billion and services to DM 301.5 million. This corresponds to an increase of 2 and 7 percent respectively as compared to 41 and 15 percent a year ago. In the goods trade, East Berlin achieved a DM 380 million surplus. But it appears that East Berlin did not maximize its sales opportunities, particularly in textiles and technical consumer goods, because more consumer goods were needed domestically due to supply problems and the Polish crisis.

Gains were made in the sale of products of the West German machine building industry (which increased by 7 percent), in chemical products (5 percent) and in iron and steel (5 percent). Due to silver purchases in the FRG, non-ferrous metals even rose by 22 percent (as compared to 25.1 percent last year). Bituminous coal deliveries to make up for shortfalls in Polish coal exports rose by 49 percent (as compared to 70.9 percent last year). But our deliveries of crude oil declined by 9 percent while East German petroleum shipments fell by 2 percent.

9478
CSO: 3103/423

UNEMPLOYMENT INCREASE, EXPORT INCREASE TO LOWER GNP

Duesseldorf HANDELSBLATT in German 20 Aug 81 p 4

> /Text/ The recession in the FRG is by no means over. According to the German Institute for Economic Research (DIW) in Berlin, neither private consumption, nor investment activity give any indication of rising production incentives over the coming months.

Since the importance of exports will decrease, a further drop in the GNP, accompanied by rising unemployment, is to be expected.

During the second quarter of 1981, the real GNP was about one percent lower than at the same time a year ago. For the first half of the year, the drop amounts to 1.5 percent as compared with last year. The only reason overall economic output did not drop more, the DIW says, is because goods exports rose sharply once again. Producers of investment goods benefited most of all from this development; production of finished goods, on the other hand, declined somewhat due to weak demand on the domestic market. Goods production overall stagnated during the second quarter.

The value of the DM against the dollar was 7.5 percent lower in mid-August than the July average. But the very large placement of orders from abroad stopped in the May/June period. In the DIW's view, this indicates that the expansion had to a large extent been fostered by advance orders.

The terms of trade worsened once again during the reporting period; import prices rising more rapidly again than export prices. In addition, domestic price increases have mounted; the deflation factor rose by 1.5 percent as against the previous quarter. The nominal GNP rose by more than 3 percent during the first half of the year. Thus far, there is no recessive trend discernible in investments for equipment, which have remained at the same level since late 1979. This relatively favorable situation, the DIW feels, can most likely be attributed to the stimuli provided by the export trade.

9478
CSO: 3103/425

CGT SECRETARY ON GOVERNMENT, UNION RELATIONS

Rome RINASCITA in Italian 24 Jul 81 p 16

[Article by Jean-Louis Moynot, secretary of the Confederal Bureau, economic sector, CGT, and member PCF: Government and Trade Unions in the Changeover]

[Text] The essential requirement of a leftist economic policy is that it be consistent with an overall social plan that also is consistent.

The leftist majority emerged from a thoughtful and aware choice full of many possibilities, but also of ambiguity. On the one hand, it was a reaction to the intolerable worsening of the preceding state of affairs (for example, closing of plants, unemployment, poverty, uncertain employment, Giscard-type and management aggression against freedoms. On the other hand--and this is what counts most--the degradation of productive and social institutions undermined by inflation and pushed toward destruction by rightist policies, derives from new and very profound latent tendencies. If these are consciously developed and tied to all aspects of economic, social, political and cultural life they carry with them very important possibilities of change.

In this context, the areas of freedom, the democratic practice of the masses, assume a social content that tends to change--positively for the workers and the immense majority of people--class relationships and relations between all social categories. To overcome social contradictions, it is first of all necessary that they be expressed. For this reason democracy requires a full confrontation of positions and points of view.

The actions of a leftist government permit cooperation with the trade unions, which we hope will go as far as possible. This depends on us and still more on the contribution of workers to all problems that must be solved. The answer we get on the government level remains, in any case, essential.

The problem of general economic policy (money, finances, budget) is not the simplest. In effect, if Barre and Giscard have not succeeded in gaining acceptance of their policies, they were instead partially capable of gaining acceptance for a certain image of what apparently is inevitable. It is a subject that needs rethinking. Among leftist economies, there is much talk of a rigorous approach; of difficulties in facing development in an open economy and during periods of inflation; of foreign restrictions; of economic warfare on a world scale. The debate seems at times to

end before it begins considering what consequences are drawn from the cost of energy or from the imperative to maintain the rate of exchange. All these realities in themselves remain important, but solutions within the realm of possibility must first be considered in conjunction with the goals of the new policy in terms of the change in social relationships, and to act against those restructions, rather than to tolerate them.

It is necessary to face up to the inflation balance sheet and the policy of the right and find immediate solutions to reactivate industry and employment, on pain of social and economic consequences that would be intolerable and that would lead to failure of hopes for a change.

But it is not enough to stop destruction, to block the more serious effects of the capitalist solutions to inflation. Certainly it is urgent and necessary to take action of that kind, and new and better conditions exist today to bring it to fruition. But it cannot be hoped to "freeze" the situation or to restore the pre-existing status of industry. Should this, then, be an objective of change? The causes of inflation are much more profound than the policies of the past 7 years; and it is precisely these roots that must be attacked. It is necessary, on the basis of demands and the solution of concrete problems, to find temporary measures that would lead to a new industrial and economic policy. That policy must be simultaneously the means and in part the consequences of the profound changes started. Production must be directed toward needs, in quantity and quality, in consumption, in social and cultural life, and in labor, so that each individual can truly live better and choose his own way of life, contribute to and distinguish himself in collective work.

All this requires future choices not only for the development of advanced technologies computerization, robots, the beginnings of automation) which are revolutionizing production, but also--more profoundly and more generally throughout industry--reforms that would affect the relationship of human labor with the system of machines, on the qualifications and relationships among workers in various categories. All these elements are the concrete forms of production relationships. By acting upon them, the class relationships are faced, and a new productivity can be promoted which would be based upon a different relationship between the initiative of the workers and technological progress. There is no other choice but this, or an oppressive worsening of unemployment and of working conditions. Society's progress depends on this. There is after all no other way to solve industrial problems. Even the managers know this, and that is why they try to exploit to their advantage--with foolish replies to a fundamental problem--all the workers' wealth of knowledge and initiative. But in order to succeed in this enterprise, it is necessary to guarantee the internal consistency posed by the needs and the responsive ability of the French economy in a world context. The problems go from reaction to American interest rates to industrial choices, even up to the individual business, passing through France's freedom of action and the changes it can bring about on the European level.

For those of us who are members of the CGT [General Confederation of Labor] and for the workers, the possibility to move in this direction depends above all on the power we will be able to exercise in business, and the answer we will give to the problems of workers' demands: Employment, wages, working conditions and tenure, hiring, qualification and training, new rights, collective guarantees. The workers' contribution to establishing industrial solutions can be developed only in relation to their condition and their requirements.

It is necessary not only to force the managers, who have not changed, to negotiate and satisfy these demands, but to succeed--beginning with business and going to deep democratic reforms that must be promoted by a majority of the left--in seriously changing the basic conditions of the workers' contribution and their trade union expression.

To reform the right of dismissal, to put an end with real rights to the total arbitrariness of managerial disciplinary power in business establishments, to permit real access of the workers to information concerning the economic situation of the plant, the group, the industry in which they work, all these are essential objectives. This requires a greater role for the trade unions, greater rights and funds for the plant committees and for their institutions. These changes fundamentally demand the aware involvement of all workers. One of the major objectives of reforms is to overcome, in a new relationship, the rigid delegation of responsibilities. This, within the context of the preceding analysis, is the meaning of the position taken by the CGT at its latest congress, in favor of a mass democracy and creation of plant committees.

The nationalization of dominant groups, the democratization of the economy and development of the workers, roles are inseparable. The role of nationalization is linked to the totality of conditions and objectives of the changeover. In present conditions, their field will be more restricted by that provided for in the CGT program. However, we attribute great importance to the conditions in which these nationalizations will be realized: Not only with their precise extension, their rhythm, the enterprise statutes and the democracy of administration, but consistency in nationalization with the maximum of factors of the new social and industrial policy. They are decisive requirements to promote the more advanced reforms and contribute the dynamism, the impulse necessary for the overall process of construction of a new type of development which will play such a broad role in the struggles and in the private sector.

The success of the leftist experiment which is about to begin depends, it must be understood, on government action in addition to the reforms that will be promoted by Parliament. But undoubtedly there will be a much more profound role in dynamism, in class content, in the aims of the mass and workers' movement, and more broadly, in a vast social movement. Our relationship with the government, based upon the independence and ability of the CGT, the workers' representatives, to make proposals, must be capable of combining negotiation, to influence choices and constructive cooperation. Planning, the CGT expression in regional institutions, should play a major role in this regard. And this will be possible only if the workers consciously want it. It is necessary to deal with the entire dimension and quality of the changes that can be made: In terms of health and preventive measures, housing, ecology, information, education, culture.

The change cannot be limited to the traditional field of social measures. But it is absolutely conditioned upon those things that are urgent, essential, that involve the more exploited and the weaker people. And this is why we have a stake in the progress of the SMIG [expansion unavailable], reduction of the workday, the overall requirements of our program. In order to find the means for this, we must never forget that the stoppage of production, an essential dimension of inflation, is to a large extent due to workers' denial of their responsiblities, a fundamental

characteristic of the relationships of production, the concept itself of human labor in the capitalist system. This is what prevents all progress toward real productivity based on a different relationship between technological progress and worker's initiative.

These things cannot be done in one day, but it is urgent to create basic conditions for them. In this prospect lies the hope of a solution to the crisis that would really change living conditions.

6034
CSO: 3104/361

EFFECTS OF COMING NATIONALIZATIONS REVIEWED IN DETAIL

Paris LE MATIN in French 27-31 Jul 81

[A series of articles by Guy Schwartz]

[27 Jul 81 pp 4-5]

[Article: "Industry and the New Government"]

[Text] Two and a half months after Francois Mitterrand's election, businessmen and executives have adopted a wait-and-see approach. They don't feel they know the government's intentions well enough yet to make a decision. The success of its socialist project will depend on its ability to motivate them.

"An enterprising, imaginative France, determined to regain control of its production apparatus." When Pierre Mauroy assigned the country this objective last 10 July, he was aware that his generous projects for social justice and for strengthening the rights of citizens would have no change of succeeding without a "stimulated" French industry--whether it is nationalized or remains in the private sector. Only it is not enough to exhort corporate executives and their staff to roll up their sleeves or to appeal to their creative spirit for them to tow the line. It is also a question of industry morale. Even material incentives such as the measures recently adopted by the government to loosen credit or to ease welfare costs are not enough, as necessary as they may be.

One of the main keys opening the doors of success for the new team in power will be its ability to mobilize industry's leaders and executives. This is a world comprising almost 2 million people, but it's an incongruous world. To get a better idea of their diversity, to try to break through the screen put up by the organizations representing them in their various branches of business, in their regions or in their trades, the reporters of LE MATIN went out into the field where they live and where they work.

This in-depth survey was all the more needed because the world of industry has been silenced ever since the Left came into power. In the North, in Alsace, in the Southwest, in the Midi and in Paris too, in all the regions of France, we surveyed scores and scores of junior and senior executives, from small businessmen to impor-

tant managers, working in small or medium-sized industries or in large multinationals. And they answered, sometimes with reticence--they frequently asked to remain anonymous--and sometimes with verbosity, but always frankly.

In the first part of the survey published today, we have gathered the thoughts of businessmen on the following two main subjects: first, on how they have reacted to the initial economic and social measures passed by the government in the last 2 months; and, secondly, on how they perceive their future as businessmen. These answers were obviously given with all the subjectiveness that questions of this sort entail. [Note: These more detailed articles omitted.]

Although concern or worry seems to be the predominant feeling among high-level executives, especially in the large firms, smaller employers remain in a state of uncertainty--uncertainty as to the consequences of decisions to be made by the new government, and uncertainty with regard to the economic, and particularly the monetary, situation, as well.

It is not surprising that it is primarily the heads of small and medium-sized businesses who are anxious. It is true that the financial difficulties they are now experiencing make them wonder about the short-term future of their businesses. These difficulties are nothing new, as some of the economic indicators published in this article show. This is perhaps why the small employers, whose ideology, however, is scarcely leftist, are expecting a lot in the end from the political friends of the President of the Republic.

[28 Jul 81 pp 4-5]

[Article: "Small Businesses Existing on Hope"]

[Text] Driven to bankruptcy by the deteriorating economic and monetary situation, small businesses are expecting a lot from the government, especially in the area of interest rates.

"You know the fable of the cat and the grand piano? Well, in order to carry a grand piano up to the fifth floor of a building without an elevator and with only a cat to help, all you have to do is to make the cat pull the piano by whipping it until it has climbed up all the stairs. The situation of business heads is comparable to that of the cat: they are being asked to do the impossible." To this manager of a business in Bordeaux--whose sense of humor has not been dampened by the current difficulties--the impossible is to continue to make a firm run in the midst of ever increasing constraints, whether they be social constraints (increase in the SMIC [Interoccupational Minimum Growth Wage], for example), commercial constraints, such as growing international competition, or monetary ones. Already annoying to firms of a respectable size, they are alarming for small and medium-sized firms, whether industrial ones or not. The permanent assembly of chambers of commerce and industry was in fact not at all in the wrong to demand recently from the government "access by all businesses to the arrangements currently reserved for industrial firms or construction and public works companies alone."

Despite the recent increase in constraints on small and medium-sized industries, their managers are not laying the blame on the new government. On the contrary,

everything seems to indicate that they are expecting this new government to solve their problems. Thus Raymond Visciano, financial director of a small Parisian optical company, explained that he "is expecting a concerted effort from the new authorities," adding that he is "optimistic with regard to aid to small and medium-sized businesses. However, Raymond Visciano does not hide his conservative opinions.

Even those who regarded Francois Mitterrand's election as the beginning of the end are backing down. This is the case of the owner of a small Alsatian firm who on 11 May called his notary to tell him that he was selling all his assets and leaving for the United States. "He didn't find a buyer on the spot," said the notary, "so he stayed and did not follow through on his impulse." Along the same lines, a local businessman in Montlucon, after a realistic analysis of the political situation, was compelled to vote "in secret," confided a small businessman belonging to the Left, for the socialist candidate in the legislative elections, against the outgoing communist deputy.

When despair becomes the predominant feeling, it is time for ideological considerations to take a back-seat position. Perhaps that is the "state of grace" on the side of small and medium-sized industries.

[29 Jul 81 p 5]

[Article: "A Strengthening of International Ties"]

[Text] Despite a few sporadic reactions, foreign markets have not been cool to French products. At the same time, French firms, whether on the list to be nationalized or not, are speeding up their purchases of American companies.

"My Swedish bosses really do not understand why the French are getting in such a state over the political change since 10 May. They have lived with the socialists in power for 40 years. So when they are asked how this is going to change things for the SKF [Swedish Ball Bearing Company] group, they burst out laughing." For Jacques Bischoff, chairman of the board of the French subsidiary of the number one ball bearing company in the world, it is clear that their Nordic shareholders have no reason to change their strategy on the pretext that the Left has come to power in France. For Claude-Noel Martin, owner of Generale Biscuit and an influential member of the CNPF [National Council of French Employers], the arrival of the new government in power has, on the contrary, resulted in a kind of boycott of their products by one of their main markets, the United States. "I have a subsidiary over there which was selling almost 150 tons. Since May, it is selling no more than half that." Rene Laforet, head of the French subsidiary of the American Corn Product group, has not for his part noticed any particular hostility on the part of their overseas manager. "He simply told me that he wanted to know the new rules of the game," he said. "Unfortunately, I don't know them."

Indifference, hostility or uncertainty are therefore the three types of reaction to the change of government in France encountered among foreign industries--three types of reaction to which we must of course add a fourth, sympathy. This is the case with Carlo de Benedetti, owner of Olivetti, who following 11 May said to LE MATIN: "The election of Francois Mitterrand is a holiday." It is true that Carlo de Benedetti is one of the main supporters of the Republican party in Italy. The

fact that the government several weeks later entrusted him with taking over Logabax, the French computer firm in serious difficulty, is perhaps not altogether unrelated to that. Moreover, one should take note of the fact that Saint-Gobain, one of the five major French industrial groups to be nationalized, holds a substantial share (30 percent) of Olivetti's capital.

We have also seen that, since 10 May, the companies to be nationalized, just like the ones already nationalized, have not wasted any time in establishing themselves outside France, both commercially and industrially. Commerically, for instance, SNIAS [National Industrial Aerospace Company-Aerospatiale] signed an important contract with Saudi Arabia to furnish it telecommunications satellites (Arabsat). On the same occasion, Jacques Mitterrand, president of the aviation company, transmitted a message from his brother to King Khaled.

Still in the commercial area, the General Electric Company (CGE) doubled its orders abroad in June to achieve a record of 3 billion francs. It is true that the day after the presidential election, the head office of the group had called a meeting of the export managers in the main industrial subsidiaries to mobilize them in that direction.

As for buying foreign firms, the rush is on, especially in the United States. A few examples are Elf-Aquitaine and the French Petroleum Company, among national firms, the CGE and Rhone-Poulenc, among the companies to be nationalized, and even BSN [Boussois Souchon Neuvesel] and Lafarge-Coppee, among firms which will stay in the private sector.

However, the government is aware of the difficulties in nationalizing three groups which have non-French shareholders, in part. This is why it decided to put off its decision to nationalize CII-Honeywell-Bull, where Honeywell-Bull holds 47 percent of the capital, ITT-France, a subsidiary of the American telephone giant, and finally Roussel-Uclaf, in which the German company Hoechst is a 58-percent shareholder. On that occasion, Edouard Sakiz, 55 years of age and chairman of the board of Roussel-Uclaf since last month, agreed for the first time to speak publicly about these problems, answering the questions put by LE MATIN.

[30 Jul 81 p 4]

[Article: "Companies to be Nationalized Play the Game"]

[Text] Frequently out of opportunism, managers of firms to be nationalized have become discreet. They are trying to accommodate themselves to the rules set by the government, and possible to amend them.

A little game is currently all the rage with the management of firms to be nationalized, or at least with a certain number of them. It consists in lining up the largest possible number of socialist leaders and then taking advantage of their friendship. "Oh yes, I was just the other day saying to Michel"--or to Andre, or to Alain, as the case may be,--"that nationalization fits right in with our industrial strategy. In our sector, we have always been the French complex most likely to win foreign markets."

It is true that ever since the first Mauroy government took office, ministers and cabinet members have been more than overrun by an avalanche of requests for meetings. In the management offices at Thomson, for example, all of a sudden they remember that an officer in the main office was socialist. His immediate boss immediately went to the president of the group to give him the list of members of government and high Socialist Party officials with whom the officer in question was friendly. So, before even having time to be briefed on the case, Pierre Joxe, the short-lived minister of industry, received Jean-Pierre Bouyssonie, president and director-general of the Thomson group.

The General Electric Company (CGE), Thomson's main rival, used a more subtle tack. Ambroise Roux, its president, hampered by his unrestricted support of the preceding Gaullist and Giscard governments, was discreet. His heir apparent, Georges Pebereau, however, used his excellent knowledge of the world of government to skillfully plead their case--particularly skillfully, since Giscard's government had tended in the last few years to favor Thomson, especially in the telephone sector.

While being careful not to question the principle of nationalization, Georges Pebereau, former director of the office of the minister of industry in 1967 and 1968, today believes that the government could perhaps more easily provide CGE the financing it needs for its development by becoming a shareholder in it.

In Matra, another company to be nationalized--or at least the arms part of it--its head, Jean-Luc Lagardere also boasts of having the government's ear. On 22 July, after meeting with Pierre Mauroy, he gathered together the managers of his arms factory located at Signes, in Var, to announce to them that the government would become a 51 percent shareholder in Matra-Armement, with Matra retaining the remaining 49 percent. In this way, Matra would not be penalized by having its main source of revenue, the military, taken away.

At the same time, Jean-Luc Legardere assured them that the current directors of Matra-Armement would continue to manage the business, with the assistance of government representatives.

Whereas before the presidential elections the managers of firms to be nationalized were frequently stating their positions, this has become very rare in the past few weeks. This is another sign of the caution of businessmen, who would rather increase their unofficial contacts than launch into stentorian speeches. It is true that this trend has been strengthened since last week's appointment of government representatives to these firms. Although the role of these representatives is in principle to analyze the accounts and structures of the groups to which they have been temporarily assigned, it is obvious that they make an ideal bridge between industry and the government.

This bridge appears extremely useful in any case, provided their analysis of the groups does not boil down to an analysis of figures. The banking and industrial world is in fact quite complex. The wheels that make them turn are not simply machinery. For instance, the nationalization of some investment banks will create enormous problems for industries in which they hold shares. This is the case with Fives-Cail Babcock, in which Paribas is the main shareholder with 30 percent of the capital.

Paribas is just one shareholder for this mechanical firm with a turnover of 3.5 billion francs, three-quarters of which is for export. Raymond Fauvart, 57 years of age and president and director-general of this firm, explains for the first time to the press how he has benefited from all the branch activities--political, economic and financial--that the large French investment bank has developed over the years. Above all he is afraid that once Paribas is nationalized, the firm he heads will be sold back to competitive interests--and perhaps foreign ones.

[31 Jul 81 p 8]

[Article: "National Plans to Solve Individual Cases"]

[Text] The difficulties of Line, La Chappelle-Darblay and Boussac-Saint-Freres have led the government to prepare industrial plans in machine tools, paper and textiles. Corporate management is being consulted extensively.

When the socialists came to power, they discovered specific industries with regard to which they never imagined that they would have to make immediate decisions when they were in the opposition. Of course some of them had prepared preliminary plans to restructure certain industrial sectors. However, these plans, although published, had not received the approval of the Socialist Party, and they dealt with only long-term prospects. Moreover, they basically involved only those firms which had been or were to be brought under government control.

This is why, ever since the new government took office, it was caught short by the frequently dramatic appearance of problems of companies on their last legs. First there was the Line case, in machine tools, and La Chapelle-Darblay in paper. Then the problem of Boussac-Saint-Frere in textiles cropped up. Refusing, as was the wont of the previous government, to confine its role to that of a fireman, the Mauroy government decided to take the bull by the horns, or in other words, to tackle the more general problems of the industrial sectors concerned through these individual cases.

Thus, the machine-tool sector, 360 million francs were released to Line to strengthen its financial structure and enable it to assure its development. At the same time implementation of a national machine-tool plan was announced, and by Francois Mitterrand himself, to clearly demonstrate the importance the socialists attached to developing sectors regarded as fundamental for the country's future. The ministry of industry launched a vast study of the machine tool business, and the initial conclusions, which should result in the formation of several main complexes, could be announced towards the end of September.

In the paper sector, when La Chapelle-Darblay submitted its balance sheet, the government here too decided it should reconsider what is called the forest products industry. Or it should at least question the need to maintain a newsprint industry in France.

However, it was with the textile industry that the government forces were mobilized to the greatest extent. Boussac-Saint-Freres problems were not only an opportunity to make the Willot brothers "cough it up," as Pierre Dreyfus, minister of industry, said recently. They also provided a means for preparing and then implementing a co-

herent policy for a sector which accounts for 10 percent of industrial employment in France. The initial elements of this policy should be made public by the end of September.

Between now and then, the government will further its contacts with textile industrialists, including Gerard Thiriez, 63 years of age and president of DMC [Dollfus-Mieget Cie], one of the leading textile groups in France with 21,000 employees. The day before yesterday, he was received by Pierre Dreyfus and submitted to him an original plan for reorganizing the French industry. He is divulging this plan for the first time today in LE MATIN.

9805
CSO: 3100/920

CENTRAL BANK CRITICIZES PROPOSED ECONOMIC PLAN

Rotterdam NRC HANDELSBLAD in Dutch 12 Aug 81 p 1

[Text] The Hague, 12 August--The Nederlandsche Bank rendered an extremely critical opinion on the financial and social economic segment of the government's program drafted by the cabinet formation advisers Lubbers and De Koning for the new CDA [Christian Democratic Appeal], PvdA [Labor Party], and D'66 [Democracy 1966] government.

The director of the Central Planning Bureau, Dr C.A. van den Beld, also expressed his doubts about the feasibility of the goals. The employers union finds that the program's conclusions are inadequately founded, and also that they will contribute too little to economic recovery.

The CDA urged Kremers and Van Thijn, entrusted with the formation of the new government, to invite reactions to the program as regards its important segments.

The Nederlandsche Bank deems it necessary that the government's financing deficit be reduced to 4 percentage points of the national income at a faster pace than indicated by the formation advisers. The deficit which will this year probably be 8 percent should already be reduced by 2 percentage points in the 1982 budget. This should be repeated in 1983.

According to the bank the cabinet ought to base its program on realistic growth assumptions and provide clearer information about the cutbacks.

The bank warns that without a quick reorganization of the government's finances all other plans will fail. The inherently high interest rates are detrimental to the recovery of investments.

It points out that emergency programs to create jobs can no longer be financed.

A bigger reduction inthe structural financing deficit than 2 percent of the national income is probably needed to improve investment incentives with the speed intended by the advisers.

The bank states that the government program contains insufficient perspectives for the recovery of the profit element. It calls the role in income cutbacks to be played by the rewards for investments very unclear.

The Nederlandsche Bank is disappointed to learn that in spite of abundant natural gas profits the governments' finances are causing anxiety. If nothing is done about that the next cabinet can forget about economic recovery.

10319
CSO: 3105/161

SEE'S COME UNDER STRICT SCRUTINY

Erel on IMF Ire

Istanbul MILLIYET in Turkish 13 Jul 81 p 8

[Article by Teoman Erel in the column "Telex": "IMF Seriousness and SEE's"]

[Text] A friend of ours who spent 27 years in rather substantial positions at one of the state economic enterprises [SEE's] is explaining:

"--They come in as a complete stranger. They want to learn something from us. Just when they are beginning to get into all the problems..."

Here, he swishes his hand in a movement parallel to the floor to imply:

"They leave."

He is talking about those assigned to the executive boards of the state economic enterprises. It is known how appointments to these jobs are made in our country. Persons who have reached a mature age, are retired and have established closeness with a political party just parachute down to the executive board of some organization.

On the other hand, the experts who have devoted their lives to that institution, who have made a success of themselves are shunted off to their corners, in "dry dock," as it were.

General directors and other top level administrators of these organizations for the most part, get the jobs, as known, because they accepted service to the party in power in the first place.

Although our country could get out of the present crisis with a great deal less pain by making these organizations work productively, it is impossible to take advantage of this opportunity.

This is our problem.

But we see that the IMF has also stuck its nose into this problem. The delay until September of the credit segment we were supposed to get in July at the conclusion of Prime Minister Turgut Ozal's contacts in Washington was caused, among certain other things , by a difference of opinion over the SEE's.

We have to be careful at this point.

It may be tempting to say, "See, the IMF didn't like the measures concerning the SEE's either," in effect, "I told you so." The measures which foreign circles mean by improving the SEE's may not be the same as the measures which our needs require.

In fact, Turgut Ozal is explaining this situation. The IMF is understood to want very definitive and swift operations concerning the SEE's. They are suggesting that state credit and funds channeled into these organizations be cut off in a single stroke.

Ozal, however, is saying this to the IMF:

"The problem is not a short-term problem. It has been explained to the IMF that it is a medium-term problem. Time is required for it to be resolved. Our government has made up its mind about the SEE's. Serious measures have been and will be taken."

With these comments and attitude, Turgut Ozal is more realistic than he was a year ago.

Experience has shown him that saying, "I will make the dust fly, I will cut them out, I will turn them over to the private sector, I will shut down the ones that are not profitable," has no value as fighting words.

Obviously he still has the SEE's. And he is not doing his job unless he improves the SEE's.

As for turning them over to the private sector, this has no value beyond wishful thinking vis-a-vis Turkey's problems, because the private sector cannot even get its own factories working at sufficient capacity owning to the tight money and high interest policy. Indeed, requests have surfaced for the state to "provide support" as a partner to certain private sector establishments.

According to Turgut Ozal's announcement, the IMF wants "Turkey to take more serious measures on the SEE's."

What this means is that the measures taken so far are not considered serious enough. This is a rather severe accusation in the language of a foreign organizations. But technical men do not pay much attention to style in what they say.

Of course, it is also possible that the IMF may be looking at this "ideologically." And there is also the possibility that our authorities at some time made promises to appease the IMF authorities that "we will turn over the SEE's to the private sector" and now they are reminding them of that.

All our authorities can do in this regard is to resolve the problem in light of Turkey's realities. The necessary steps must be taken without delay whether the IMF thinks it important or not.

We must admit that no serious effort has been seen with regard to the SEE's since the beginning of 1980 when the 24 January program was placed in effect. We know of one institution that frequently raises prices on its products which hired 1,200 new workers in one 9-month period of 1980.

One can easily see that the additional money paid and which will be paid to these workers comes to hundreds of millions of liras.

Why is it that serious measures cannot be taken?

Our thoughts are that improvements cannot be made in the SEE's by those responsible for the irregularities of the past. It is very hard for one who has made a mess to straighten it out.

This is why we are doing round and round but not getting to the heart of the matter. There are many who say that the "conglomerate" model, which reportedly will be first applied to the Turkish Petroleum Corporation, is not adequate.

A new and energetic thrust is needed in the approach to this problem.

It is suggested that the postponement of the IMF credit tranche has other reasons than the SEE's. It is claimed that the IMF people want another significant devaluation of the Turkish lira beyond the minute daily adjustments. Parallels based on political reasons are being drawn between the "take it easy" attitude of some of our European friends and the attitude of the IMF.

Perhaps, too, there are those on the outside who are saying, "Wait and see." We, too, will wait and see. Without, of course, neglecting the measures needed to prevent our being squeezed in the middle.

IMF-Inspired Regulations Expected

Istanbul CUMHURIYET in Turkish 15 Jul 81 p 5

[Text] ECONOMIC SERVICE--While work goes forward on reorganization of the State Economic Enterprises, called the SEE's, identification of the "SEE Problem" as the major sore spot in the talks also being held with the IMF has turned all eyes to these organizations again.

In a statement to THA [Turkish News Agency] 2 days ago, National Security Council Budget Planning Committee Chairman Husnu Kucukahmet made the remark that the search for a solution to the SEE problem had been going on for years, but no results had been obtained and said:

"There is a stack of proposals and heaps of books and reports which have been compiled to date on this matter. We are using all of them in our effort to find a solution. There are rather differing views on how the SEE problem should be solved. It is contended that the SEE's are all a disaster for the state and it is proposed that they be turned over to the private sector. Some of the SEE's could be turned over to the private sector, but for the state to sacrifice all of the SEE's is unthinkable."

Asked by the THA reporter for his views on the IMF criticisms and proposals to the effect that more effective measures should be taken on the SEE's, Kucukahmet replied as follows:

"What the IMF says or does not say makes no difference; it is Turkey's problem. Turkey is aware of this and the problem involved. The necessary work will be done to eliminate the problem and the problem will be resolved."

Meanwhile, according to an ANKARA AGENCY report, the course of Turkish-IMF relations on the SEE's has gone as follows since 1970:

--In a Letter of Intent dated 31 July 1970, then Finance Minister Mesut Erez spoke for the first time of organizing the SEE's as "independent holding companies." Erez indicated that efforts would be made to do this in the course of the year covered by the stand-by agreement of that time.

--To this end, prices were hiked on SEE products "for the purpose of covering operational losses," and after stressing that price hikes would be used instead of loans to cover operational deficits, it was pointed out that "the use of public funds for investment purposes would be tightly monitored."

--Next, a "Policy Memorandum" signed by Finance Minister Yilmaz Ergenekon on 4 July 1975 spoke of limiting increases in credits intended for the public sector to 15 billion liras. It was maintained that SEE losses could be covered by the prices of wheat and monopoly products which were high at that time.

--On 11 March 1976, a "letter" again signed by Yilmaz Ergenekon pointed out that the government would limit SEE investments to 34 billion liras, though the annual program called for 38.4 billion liras.

--However, the IMF did not consider this sufficient and a new letter on 12 March indicated that electricity prices would be raised to correct the financial status of the SEE's, thus gaining 2 billion liras.

--A "Letter of Intent" on 23 March 1978, this time signed by Ziya Muezzinoglu as minister of finance, spoke of various price hikes to cover SEE investments.

--The IMF's "Stand-by Assessment Report" dated 9 February 1979 contained the following views: "Despite higher price increases on SEE products than envisaged in 1978, unexpected growth has occurred in the deficits owing to increases in input costs and worker wages. These deficits cannot be covered without substantial price hikes."

--The 30 July 1979 "Letter of Intent" of then Finance Minister Muezzinoglu said: "The Central Bank will set a loan ceiling for each public organization.

--The IMF "Assessment Report" of 14 March 1980 contends that "The price hikes on SEE products and devaluation of the Turkish lira will impact on SEE costs and sales. Turkish authorities expect 60 billion liras' profit from the SEE's."

--Next, a letter signed by Finance Minister Ismet Sezgin on 4 June 1980 says: "Further deterioration of the status of the SEE's may prevent the success of the 24 January decisions.... For this reason, it is important that SEE administrators, who are used to set prices and easy support from the Treasury and the Central Bank, conform to the new free price policy."

--On 13 January 1981, the IMF Assessment Report says: "No basic improvement is expected in the SEE accounts." The same "assessment" indicates that no new hiring would take place in the SEE's in 1981 and that vacant positions would "be filled" at a 50-percent rate.

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PS CONGRESS: PRELIMINARY FACTIONAL, POLICY STATEMENTS

CERES Statement

Paris LE MATIN in French 17 Aug 81 p 3

[Article by D. Bg.: "Socialist Party Congress—Currents Expressing Themselves"]

[Text] They have already prepared their contributions to the debate. They will be examined in the course of a socialist party steering committee meeting on 12 September. This is a congress of victory which the socialists will be holding next October in Valence. A new situation which forces them to go into some rather unexpected reflections. The socialists are going to have to define their action in collaboration with a left-wing administration. As for the internal life of the Socialist Party, it has also been turned upside down by the fact that the left has now come to power. We will thus not be witnessing any conflicts among currents, such as we saw them at the last congress at Metz with a clash between the supporters of Mitterrand and the partisans of the CERES [Central for Socialist Studies, Research, and Education], on the one hand, and the followers of Rocard and Mauroy on the other hand. All of them however will express themselves. Already, the CERES, the friends of Pierre Mauroy, the supporters of Mitterrand, and certain supporters of Rocard have made their "contributions" which will be examined during the 12 September steering committee meeting. No minister has signed these texts. It is probable that everybody will agree to support the action of the current administration. That does not mean that the debate at Valence will take place in an atmosphere of purring and submissive unanimity. The contribution from the CERES, consisting of 17 tight little pamphlets, whose principal extracts we are publishing today, is proof of this. This text entitled "Agir" has been signed by seven leading officials of that current (Didier Motchane, Pierre Guidoni, Michel Charzat, Jean Besse, Annette Chepy, Michel Cofrineau, and Georges Sarre). Faithful to its long-standing concepts, the CERES asserts its determination to build socialism and not to harness capitalism by preaching "rupture," that is to say, the launching of profound and rapid structural reforms and the mobilization of the workers. That is the only way,

according to it, for coming up with real responses to the crisis, especially the employment crisis, and for lastingly winning political power, while the right still controls the economic and ideological bastions.

CERES: Fighting the Logic of Capitalism

Here are the principal extracts from the contribution to the debate presented by the CERES in view of the coming Socialist Party Congress.

The victory of the socialists pushes them into a corner (and they can certainly be proud of that because that is the mark of any great victory); they will hereafter--in the acid test of power gained through democracy alone, regarding which however they will certainly be challenged in many ways--have to give a socialist meaning to that victory, that is to say, they will have to respond to the tremendous but sometimes confused and contradictory demands of the masses by progressively creating the conditions for the transition to socialism.

These are the commitments of the socialist blueprint which basically are those of each of the militants of our party: not to make French society go through the experience of a left-wing administration (as our right-wing adversaries keep saying in many different ways) because our people do not have any inclination to become the ideological test bench of sorcerer's apprentices or of notable apprentices and history never retraces its steps; instead we must use our power in order to effectively build the power of the workers and the citizens. Social change thus handled will make it possible to fight the crisis and consequently the logic of capital, which is the reason for having the Left in power and the very condition for its effectiveness. As the Metz Congress recalled "our objective is not to modernize capitalism or to temper it but to replace it with socialism."

I. Action Priorities

Priority for Fight Against Unemployment

Turning the rudder sharply to the left is something that has to be done without delay. The sooner that is done, the sooner can we accomplish the necessary recentering of the French economy at the least possible cost.

We know only too well that the economic policy we must institute to do that is all the more difficult and all the more costly until the moment when the structural changes produce their first effects amid the constraints of the domestic and international market. But we must not stop at this logic; under the pretext of reassuring everybody, the left cannot take any risks of frustrating the workers regarding the most urgent freedoms, the freedom from anxiety deriving from unemployment. The situation in this area is so serious that it calls for emergency measures. Structural reforms, as a matter of fact, even if instituted without delay--industrial reorganization, nationalization, decentralization--cannot immediately make their effects felt. At the same time the administration must do everything to explain that France will inevitably, for several months and in certain areas for several years, be under the shadow of the old system. The record of the Giscard-Barre stewardship adds up to a handicap we cannot get rid of overnight. But we must

say this clearly: the left-wing administration must not at any price agree to wait for a year or even longer, for the start of the year 1983, before succeeding in reversing the employment trend; that undoubtedly is the minimum time necessary for the reforms in enterprise structures to reverse the unemployment situation, which is based on the law of supply and demand, around.

New Worker Rights

We must conceive the new rights of the workers as one of the factors in their mobilization.

The most important thing here again is to eliminate job insecurity. There are three types of measures which must be taken in particular: reform of contracts with a certain time limit, immediate announcement of the termination of enterprises based on temporary work (whose restored function will be assigned to a division of the ANPE), and finally the development of the roles of the enterprise committees in employment policy and, more generally, in enterprise strategy.

Nationalizations

The nationalization laws must be characterized by speed and precision. On the one hand, because they are the point of departure, in the enterprises they involve, for a double process of industrial reorganization and extension of worker rights which are the two essential aspects of good social change management; on the other hand, because any respite in this field would give rise to political and economic sabotage by the right and would bring about a psychosis of uncertainty harmful not only to the public sector but also to management and to the investment effort of the enterprises in the private sector.

Working Hours

The "35-hour work week" is not the only way to reduce the working hours but it is the only way to create jobs--provided of course that the rate of decrease be rather rapid.

The question of schedules and their negotiation is decisive today. We must set ourselves the objective of having a work week that cannot be more than 35 hours between now and 1985.

The Media

We are in favor of the organization of a real status for the audiovisual media, allowing all opinions, all philosophies to be expressed, including those which are not in line with the average feelings which all history teaches us are always expressed as the feelings of the dominant ideology. We reject middling totalitarianism, that is to say, the dictatorship of mediocrity which was the characteristic feature of the information media under Giscard.

II. Popular Movement, Struggles, and Class Front

A Movement with Mass Potential

The political results of 10 May can come in the form of the acceleration of the transforming popular movement. Their delay or absence would seriously isolate the administration, making it operate in a situation in which the expected changes would be postponed.

Class Front and Broad Union

The mobilization of the class front through advances in all fields around an overall political blueprint. Under that condition, broad alliances would not involve class collaboration.

To Rally the Left

Certain comrades may be tempted to conclude that we are now witnessing a situation in which the Communist Party is increasingly pushed to the sidelines. Asking this question can be a healthy thing if the communist militants and leadership agree to do so. For us socialists it is more important on the contrary to realize that this kind of sidelining, throughout the next 7 years, would signify a resurgence of the most sectarian tendencies in the Communist Party. The Communist Party has been confronted with the following choice by history and must be so confronted also by our party: either change, to agree faithfully to play the game of democracy and pluralism and thus to assume its part in the building of socialism based on self-management or to find itself irresistibly confronted with its isolation and thus with a prospect for its decline in French society. The second choice--let us not overlook that--would introduce a serious contradiction (under current historical conditions) between the political dimension and the social force of the class front whose development is the prerequisite for the success of the socialists. The cohesion of the class front needs a politically rallied left and vice versa.

We have an interest and the republic has an interest in making sure that this social force, represented by the Communist Party, can commit itself to serving the country within the rules of the democratic game.

III. France's Foreign Relations

The administration will, as a matter of precaution, be tempted to pursue a kind of relative disconnection between the two aspects of its policy--foreign and domestic. This attitude must be understood and supported--to the extent that it strictly corresponds to our desires--not in order to bring about any change in the orientation of our policy but to preserve our freedom of movement. It is nevertheless clear that foreign relations and domestic policy are fundamentally inseparable and that, if it is possible and in certain circumstances necessary to impart a different pace to one or the other, it is necessary to take care to make sure that this will go only to a certain point. If we go beyond that point and if we expose ourselves to the risks of lining up our entire blueprint with unchanged external constraints, then we would be renouncing the whole pattern.

IV. The Party--The Era of Power

A Living Link

Having learned the lessons of the past, the socialists must today embark upon an entirely new, rigorous, and responsible undertaking: their party must be neither the instrument of irresponsible overbearing or bureaucratic frustrations, nor a transmission belt for the administration. It will be the main political link between the movement at the top and the movement at the bottom.

Supporters of Mitterrand

Paris LE MATIN in French 18 Aug 81 p 3

[Article by A. L.: "Socialist Party Congress: Men Close to Mitterrand Ready for General Accord"]

> [Text] But in the text of their contribution to the debate, they note that it will have to be conducted on "clear foundations." Placed in a position of strength by the course of events, the friends of Francois Mitterrand, rallied around Lionel Jospin, the new first secretary of the PS [Socialist Party] will be going into the coming congress of their party with firm positions. The text of their contribution (whose main extracts we are publishing after the one from the CERES) bears that out: while they say that they are ready for a synthesis with the other currents in the party, they want it to be understood that this must be accomplished on "clear foundations." As a matter of fact, that involves the essence of their position. Hence, the insistence with which the main leaders of current A keep harping on the past, stressing with pride the fact that they managed "to stick" to their political line and thus to lead their party to victory. Others--the supporters of Rocard and the friends of Pierre Mauroy--proposed another way. "Didactic concern with respect to the new militants," the followers of Mitterrand are now saying rather easily in an effort to explain that insistence. Perhaps. But also and above all this is a desire to exploit the victory of 10 May also inside the party. The fact remains that a synthesis appears possible with the other currents on the basis of their proposals which will be more broadly developed in the text of the motion which they will introduce several weeks before the October congress. This leads us to expect that the PS will recover its unanimity. There is only one unknown factor: will this unanimity manifest itself already in the 12 September steering committee meeting or only at Valence at the end of October?

Success of "Sticking to the Course"

1. Reflections on Recent Past

The day after this tremendous victory, it is undoubtedly a good idea to look back at the obscure debates, the opinionated attitudes, the rejected attempts and the

difficult choices of the time before all this happened. Here, we believe, we will find the reasons for victory.

Toward the Outside, the Success of Sticking to the Course

The final motion at the Metz Congress, which was our motion, proposed that we "stick to our course." After the election defeat in March 1978, the Socialist Party as a matter of fact went through a very vast debate in the course of which the question of the continuity of its political line was challenged.

Resistance to the Right and the Left

If our party's attitude during that period of time seemed to us to be so decisive, it is because we thought that, to get going again, we would first of all have to win the battle of our political credibility among our people on the left.

Almost all commitments to the party were kept.

At the Metz Congress we made important proposals for developing the party and improving its hold. These proposals were implemented and the commitments were kept and even surpassed.

II. The Instrument of the Party: "From Victory to the Exercise of Power"

The Masses, the Government, the Party

In spite of repeated attacks by the communist leadership, the Union of the Left did survive the rupture of September 1977 which the Communist Party wanted at that time. It had survived in the people's consciousness because it corresponded to a powerful social reality and to a permanent aspiration of the popular masses.

The development of the Socialist Party is going to be all the more necessary during the months and years to come since we are certain that the right will counterattack on all fronts, political, social, cultural, and ideological, that it will retain important resources in terms of men and money, as well as international connections, and that it will not fail to fan the class struggle.

The Party's Concept

It is clear that the Socialist Party is more than ever before the key to French political life. It thus becomes in many ways an important factor.

Question of Currents of Thinking

Let us beware of a unanimity of facade only, let us beware of "hidden" tendencies. We must undoubtedly rally openly and clearly, after the militants have expressed their votes, we must compose the differences which still exist among us, rather than allow a battle to develop over appointments to the leadership of the federations and to the national leadership amid a confusion of ideas but with the continued existence of the groups that have been existing ever since Metz.

Abiding by Our Common Rules

Rules imply the need to abide by the decisions of the majority, both by the militants during the congress and by those who have received a mandate from the congress: the steering committee, the executive bureau. If everyone feels free not to follow the rules, in other words, to do the exact opposite of that which was decided democratically, then that means choosing not to live together.

Adapting the "Enterprise Sector" to the New Stakes

The enterprise undoubtedly will be relieved of its phony "neutrality" and that place of exploitation and alienation can become the pivot for collective action and for the necessary transition to social transformation. To move along with these new prospects, we must first of all strengthen our organization. It would be desirable as soon as possible to introduce a bill regarding the recognition of political expression and organization in the workplace.

Relatious between Party and Government

After our election victories, our party did not change its nature. It did not become just another party but it is called upon to accomplish and define other functions.

Some Principles

Things thus are quite unambiguous: just as the Socialist Party yesterday did not want to see its identity and its role diluted in a nebulous setup comprising the labor unions and the associations, so can the Socialist Party today not view its autonomy and its independence challenged by mechanical links with the power structure. The PS must adjust its new functions within an ascending and descending movement in the direction toward the people and the central government.

Concrete Implications

The party must exercise its right of criticizing government action. But it must do so by adopting a constructive attitude and by not losing sight of the ways in which our adversaries can exploit repeated disagreements.

Relations between the Party and the Parliamentary Delegations

Regarding the votes of the socialist delegation, it might be a good idea to recall the fundamental rule according to which--whenever doubt arises in defining the socialist positions--the party's political leadership has the last word.

III. Transition to Socialism

Agreement with Communist Party

This agreement, which opened the way to a joint administration, certainly is not an all-around guarantee. No written document, no matter how precise and close to our positions it may be, will insure us against the vicissitudes of political life,

the future or revive disagreements, the return to sectarianism among our old, long-standing partners. But, since we have signed an accord, it is a good idea that it be drawn up on our positions.

The balance of power on the left is currently favorable to us. Let us beware of believing that it is immutable.

Let us therefore work to preserve it because this balance of power, in the French and international conflicts, which is our context, guarantees that we will be able to go forward, toward democratic socialism.

Rupture with Capitalism

The left is coming to power in a situation which opens up and determines the process of rupture with capitalism.

The crisis is not a passing incident caused by the actions of raw material producers, by the misinterpretations of some leaders, or by the evolution of certain conflicts; instead, it is a structural crisis. It has its roots in the very heart of capitalism where the exploitation of the labor force is specifically expressed and organized.

Unemployment does not spring from a demographic or natural curse. It results from the logic of the functioning of the capitalist system itself: the essential search for maximum profit.

Difficulties Inherent in Rupture

The rupture with capitalism must also ensure the development of the rights of the workers and the citizens. From that angle, the expansion of the public sector must avoid the drawbacks of statization and a real decentralization must be implemented rapidly.

The rupture with capitalism must not only transform the economic and political functioning of French society. It will be effective only if there is a rupture in the ways of thinking at the same time. This rupture must be promoted by powerful cultural and social action combined with decentralization.

Gradual Rupture

These new aspirations, these new demands sustained by a vast majority of the French --and by French political tradition which seeks change through legal means--will permit a gradual and democratic rupture with capitalism.

As we have seen, our objective is not to modernize or temper the most evil effects of capitalism but to replace it in the end with socialism.

For a New Internationalism

The Socialist Party's vocation to discover and to embark upon the roads of a new internationalism must--like the Union of the Left, the class front, and

self-management--characterize its identity and its complete originality in the form of political thinking and action.

Solidly behind the liberation struggles of the Third World and the powerful push for national and social emancipation springing from that, socialist internationalism provides its full support for the defense of the right of the peoples to a national existence, to independence, and to economic and cultural growth.

The Guideline of Our Foreign Policy

The guideline of our foreign policy is the desire to take and support all initiatives capable of progressively liberating France and the world from the logic of the blocs and to replace it with a collective organization of peace.

The Signers.

Here is the list of persons who signed the contribution which we have just presented: Lionel Jospin, Jean-Paul Bachy, Guy Beche, Alain Busnel, Bertrand Delanoe, Gerard Delfau, Yves Durand, Claude Germon, Andre Laignel, Christiane Mora, Veronique Neiertz, Michel Pezet, Jean Poperen, Jean Pronteau, Paul Quiles, Francoise Seligmann, Luc Soubre, Anne Tregouet, Claude Wilquin, Claude Estier, Gerard Jaquet, Pierre Joxe, Andre Meric, Louis Mermaz, Eugene Teissere.

Mauroy: 'Action Socialiste'

Paris LE MATIN in French 19 Aug 81 p 4

[Article by C. de V.: "Socialist Party Congress--Mauroy's Friends Call for Party Unity"]

[Text] Once again taking up the proposal submitted by the premier to the assembly, they present four major challenges. The publication of debate contributions to be submitted to the 12 September steering committee summary meeting has produced new discussions among socialist militants. After the text of the CERES and of the friends of Francois Mitterrand, we are today publishing the contribution entitled "For a Party in the Spirit of Epinay," presented by the individuals close to Pierre Mauroy. Out of a desire to stay away from this issue and to promote solidarity in the administration, neither the premier, nor the ministers who subscribe to the Action Socialiste current signed this document, as has already been the case in the earlier two documents. As a matter of fact, the "Mauroyist" contribution picks up the major outlines of the general political speech delivered by Pierre Mauroy to the National Assembly on 8 July. It confronts the French with four major challenges: putting together a strong and united France, laying the foundations for a new quality of citizenship, reviving the production machinery, and making France once again the land of the rights of man. The implementation of this vast program is presented as a single step toward socialism. In the matter of nationalizations, the friends of the premier explain the extension of the public section in the

light of the desire to turn the national enterprises into the "locomotives" for investment and modernization. The second part of the text prepared by Action Socialiste is devoted to the Socialist Party's role as a majority party. After recalling that the policy of autonomy with respect to the Communist Party, pursued by Francois Mitterrand, to a great extent explains the success of the socialists, the friends of Pierre Mauroy issue an appeal for party unity and general agreement among the various currents, without however stifling their originality. Referring only to the Congress of Epinay--and never to the Congress of Metz or Pierre Mauroy and his friends who had joined the minority--the text urges the militants to become the links between the administration and civilian society. They must be able to express the needs felt by the French in their daily lives. The "Mauroyist" contribution also calls for an increase in certain forms of resistance and therefore necessarily urges the party to support the administration's efforts. The text presented by the friends of Pierre Mauroy is quite general and therefore presents great possibilities for synthesis--and that is no real surprise either. That synthesis particularly applies to the text presented by the friends of Francois Mitterrand, likewise proposing a gradual change in French society.

Party United in Spirit of Epinay

The voters, without the slightest ambiguity, resolved the problem of responsibilities for the breakup of the Union of the Left, posed by the PCF [French Communist Party]. It has furthermore been demonstrated that the left can carry the day only with a strong Socialist Party, by not hesitating to develop its analyses and its policy in an autonomous way.

Under the impetus of Pierre Mauroy, the administration is already resolutely addressing itself to implementing the options which we drew up together and to which Francois Mitterrand has committed himself. This result is not an end in itself. It is only a stage which we want to be a decisive stage in the construction of the society which the socialists want. It is only a stage also in the construction of a socialist party which will always be capable of first of all being a place of rally and a factor of mobilization.

The historical deadlock in which the Bolshevik experience wound up today is quite obvious. Among the causes of this failure we have the isolation imposed and then desired in an effort to develop that experience. This is why we must reaffirm that our endeavor is part of an economy which we want to leave open to competition and to the currents of foreign trade.

The constitutional system of the Fifth Republic and the breadth of the socialist election success guarantee the administration experience a sufficient duration in order to be able really, in this context, to bring about the changes our society needs. On the other hand, our responsibility, as socialists, is the measure of our victory: it is a full responsibility.

The first task of the left nevertheless consists in giving the country reason for hope and reason for action. Its first responsibility is to reconcile the younger generation with its future. Hereafter, all of our economic options, revival of consumption, resumption of industrial investments, huge works projects, reduction of working hours--have the priority goal of reducing unemployment and putting all of France back to work.

I. A United France

The first of these challenges consists in putting together a united France where every citizen will have his share of responsibility, autonomy, and dignity.

Because the systematic recourse to the law promotes irresponsibility and accentuates social rigidity, we must turn negotiation and contract procedures into the rule and not the exception.

Through negotiation we must in particular achieve the following:

A rise in the living standard of the poorest.

A redefinition of wage scales, in particular eliminating current discrimination toward workers and above all working women;

Reform of social security, regarding its financing as well as the principles for fund management;

Reform of taxation so that, in accordance with the rights of man, the burden will be effectively shared among the citizens "at the rate of their ability to pay taxes";

The development of free-time areas which are beyond the law of supply and demand, where those involved have control, especially by voluntarily gathering within popular education associations and organizations;

The definition--in conjunction with the decentralized entities--of a new setup for the territory which would restore the balance between the rich regions and the poor regions, the rural environment and the urban environment.

New Character of Citizenship

The second challenge calls upon us to lay the foundations of a "new character of citizenship." Wage workers must become citizens in their work place. The expansion of the public sector, accomplished with the help of nationalization, in this field will permit considerable progress. Labor union rights in particular must be developed in depth.

But there are other rights which we must without delay implement fully. These are above all the rights of the majority of our fellow citizens—the female citizens. But they also include the rights of men and women who, after immigrating, contributed their labor to us or found refuge among us.

An immediate effort must be launched so that the right of the French to information will be implemented. We need a new communication setup where information and production will be relieved of the constraints of power and money.

Finally, the full development of the association movement must enable that movement to become the strongest support of that "new citizenship character."

II. New Structures for Revival

The third challenge springs from our desire to revive the country's production machinery while abiding by France's international commitments and especially the rules of the EEC.

The extension of the public sector, to which the administration has pledged itself, is designed first of all to strengthen the country's industrial potential. In each of their branches, the public enterprises will be the "locomotives" for investment and modernization.

Until now subjected to the profit drive, the short-term drive, for profits at any price, these groups have caused our industry to lose a portion of its substance and wealth.

Finally, in the banking field, not only was the 1945 Nationalization Law not fully pursued to its end since the commercial banks escaped the processes provided for but it was also progressively stripped of its content. Reform in this field likewise must be completed and the national community as a whole must recover its privilege of issuing money in all of its forms.

The revival of investments and industrial reorganization, which we intend to pursue through the expansion of the public sector, thus do not spring from a simple ideological option but primarily from an economic necessity and political determination--to build an enterprising France.

Restoring this enterprising France also means building, on the basis of the public sector, an authentic economic democracy, that is to say, it means responding to the will of the workers to control their tools.

III. The France of Human Rights

The fourth challenge consists in once again making France the land of human rights and placing it in the front rank of the struggle for a new international order based on peace and cooperation. The egotism of the big industrial nations has plunged the planet into chaos. Hunger, economic dependence, and underdevelopment impose new slavery on billions of people. France refuses to bow to this state of affairs and will not cease to fight so that less unequal relationships will be fostered between the developed countries and those which are not, even though this policy may cost us rough industrial or agricultural conversions.

IV. The Party of Change

But the socialist tradition is above all a democratic tradition. This means that we cannot reduce the elected officials or the ministers to simple executors of party decisions. A socialist elected representative is a militant and the representative of the citizens as a whole. A socialist minister is a minister and a leader of the entire country. An administration inspired by socialists is above all the government of France.

One of the main characteristics of the PS, such as it has reconstituted itself over the past 10 years, is represented by the fact that it is the political formation which best expresses the outlines of French society. The fact that it constitutes a kind of "France on a reduced scale" was a decisive ace during the period of the conquest of power.

We must lastingly implement this synthesis of "temperaments" which give French socialism such a constrasting image.

Creating opposition among the socialists, in the name of historical peculiarities or cultural references which can be challenged, means hindering the movement which, for a decade, has been rising from among our people. This is not the first time that we have developed this line of reasoning before the party. It remains at the very center of our analyses.

Still, we are not unaware of the fact that certain arbitration actions might be postponed or eliminated in the opposition which it is not possible to get around when one assumes responsibility for public affairs. This situation still entails the risk of provoking tensions within the party itself to the extent that the clashes of interests observed within society as a whole may be reproduced in the party's ranks. We must therefore make sure that the party will realize this and will prepare itself to overcome the difficulties that may spring from that.

It is no less true that it is up to the political parties to inspire civilian society, to be aware of and to express daily life, to start the synthesis which alone will make it possible to go beyond corporatist and [worker] category egotism. This is true above all in a country such as France where the low rate of militantism and labor union divisions further strengthen society's tendency to scatter and to be fragmented.

Living Together in the Epinay Party

In line with the responsibilities which the socialists at the head of the state must now shoulder, we must build a party worthy of our ambition, a party needed for the advent of the "new citizenship character" that has been announced. Attaining that objective demands a major effort on the part of the socialists regarding themselves. We must ban any narcissism.

That was our conviction already ten years ago at Epinay-sur-Seine. And this is why, with Francois Mitterrand, we managed the socialist revival.

Another phase, even more ambitious, awaits us. We must further expand our undertaking, we must raise it to the level required by the new political situation. Today we need a united party to permit a policy sustained by a majority and implemented by an administration. We will get there only through a continuous effort of creation and imagination. We will get there only through a rejection of dogmatism, of any narrow and restrictive concepts of the party spirit. That was the lesson and the commitment of the Epinay Congress. This is what we propose to you for prolongation today.

The Signers.

Here is the list of signers of the contribution which we presented today: Guy Allouche, Jacques Badet, Jean-Pierre Balligand, Gilles Bardou, Antoine Blanca, Gilbert Bonnemaison, Jean-Michel Boucheron, Martine Buron, Denise Cacheux, Jean Deflassieux, Lucien Delmas, Bernard Derosier, Marie-Josephe Espeysse-Pontillon, Roger Fajardie, Jacques Fleury, Francoise, Gaspard, Cecile Goldet, Alain Hautecoeur, Jean-Yves Le Drian, Guy Lengagne, Jacques-Roger Machart, Jacques Mellick, Daniel Percheron, Louis Perrein, Rodolphe Pesce, Christian Pierret, Robert Pontillon, Jean-Claude Routier, Michel Sainte-Marie, Alain Sausse, Michel Thauvin.

Rocard: Three Themes

Paris LE MATIN in French 20 Aug 81 p 3

[Article by C. de V.: "Socialist Party Congress--Rocardians Propose Three Themes"]

[Text] There is no overall "contribution" from the Rocard current; instead there are three specific texts. The friends of the planning minister in effect think that currents are no longer realistic things. The friends of Michel Rocard, in contrast to the other currents in the PS, will not present an overall contribution for the coming congress of their party (see LE MATIN, 17, 18, 19 August). The Rocardians in effect preferred to come out with three texts dealing with three specific issues: France and the Third World, worker rights, and the role of the party. The men close to the planning minister feel that the important thing is to make a fresh start and not to become trapped in confrontations between currents which are no longer realistic. The Rocardians thus were content with attracting the attention of the militants to three problems which they consider to be essential. In the text on France and the Third World, Michel de La Fourniere and Gerard Fuchs emphasize the need for redefining France's relations with the developing countries in order, together with Europe, to form an area of economic development and political equilibrium in the face of the "two superpowers." The document on worker rights proposes a certain number of specific measures aimed at assuring the exercise of labor union rights within private and public enterprises. Finally, the third text spells out the duties of the party toward the administration and the social movements. According to the Rocardians, the socialist militants must be a force for proposals and must see to the implementation of Francois Mitterrand's presidential platform.

The Role of the Party

The phase of transition to socialism thus is particularly characterized by the party's need to be a place for fashioning the link between government action and the popular movement.

Party and Government

It is necessary to avoid two risks: the first is to find the Socialist Party totally absorbed by the power structure and the government machinery. The other risk consists in letting the administration do what it wants; the party would discard its responsibility either by maintaining a very radical ideological discourse or by confining itself to very basic reflections.

In such a context, the party faces the first requirement, which is to define the political objectives and priorities which will guide the social and economic changes and which in the end will decide the construction of socialism.

1. Continuing collective strategic collaboration. The platform presented by Francois Mitterrand in the context of the presidential election is a contract between our party and the French. The socialists must see to its application but they must also control the pace and conditions of its implementation.

2. Taking the initiative and clarifying certain positions not yet clearly worked out will become urgent.

3. Strengthening the political role of the steering committee. The latter will revive the party commissions which must not only be a group of experts but which must permit confrontation, the expression of the regions, of the workers, etc. The commissions will perform a political function in terms of study and the development of prospects.

Party and Social Movement

We thus need a militant, profoundly democratic and pluralist party based above all on its own strength in order even more to become a mass party, guaranteeing a better presence and representation of certain social categories (workers, women, young people) in order even more to become the class party.

1. Training. The reception of new members and their training are priority tasks. They require an exceptional effort during this period of time.

2. All militants must be concerned, informed, and active. The party will gain in dynamism if sufficient numbers of members from various federations can fill the entire party with concern for one big issue. The idea of a "referendum of militant initiative" deserves specific implementation.

3. Better distribution of responsibilities. The important thing here is to limit the accumulation of elective mandates outside the party but it would also be necessary to include internal mandates under our rule. The Socialist Party does not lack competent comrades with a solid political education.

4. Decentralized party action. Large sections with more than 250 members must be broken up.

5. Improve representation of workers, women, young people. Here we have a double problem: we must increase the number of party members in these categories but we must also improve their possibilities of getting positions of responsibility.

We must be particularly vigilant in this respect during the drafting--which must be rapid--of a law guaranteeing real status for local elected officials and making it easy for these association officials to exercise their responsibilities.

Signers: Marie-Noelle Lieneman, Bernard Poignant, Jean-Pierre Worms.

France and the Third World

Now that France, thanks to the decisive action of the socialists, is directed by a left-wing movement, we feel that the success or failure of that administration at home and abroad, will to a great extent depend on the way in which it manages to solve the problem of relations between France and the developing countries.

The Shock of the Third World

For many militants, the Third World has for a long time been an essential field for socialist action. But, for them and for all French, the successive petroleum shocks after the autumn of 1973 created the problem of North-South relations in an entirely different fashion.

The Socialist Party has realized that this involves a first broad act in the challenge to colonial exploitation, in the pillage of mineral and agricultural resources and in unequal trade. The first conclusion thus is that today, more than yesterday, we must together take up the prophets of the developed and underdeveloped countries, the problems of France and those of the Third World.

Need for New Type of Growth

In France, agreeing to pay a fairer price for raw materials and other products from the Third World means putting an end to much waste, it means pushing energy savings, it means that the accent must be placed on product quality and product durability.

New Instruments and New Criteria

In terms of orienting the economy by establishing the priorities of its development, particularly with a view abroad, we must ask ourselves this: what industrial sectors, considered to be strategic, must be maintained at all costs and what will international competition be like?

There are two other indispensable tools in implementing this policy:

The tool of joint development accords, so that relations between France and certain countries of the Third World, at least in part, will escape the hold of a world market dominated by just a few big firms;

The tool represented by the European Community, a dimension that is indispensable for the effectiveness of North-South policy.

On the criteria, finally, which must guide preferential relationships between France and the countries of the Third World, the socialists for a long time indicated their choice, that is, respect for human rights, real nonalignment, search for a self-centered development model.

France, Europe, and the Third World must, between the two super powers, create an area of economic development and political equilibrium which at last will permit real liberation of men and peoples.

Signers: Michel de La Fourniere, Gerard Fuchs.

Worker Rights

Helping to Assert and Broaden the Action Capacities of the Labor Union

Labor union freedoms are public freedoms; they cannot depend on the good will of the employer. Hence the need for a legislative definition of the minimum wage ceiling.

Other reasons today work toward the legislative and regulatory updating of the right to work.

Reexamine the Methods and Content of Social Negotiations

The right to negotiate with the employer is granted only to the labor union, then it must be capable of being exercised in particular on a level that will be closest to the level of the workers, that is, the establishment and enterprise level.

Succeed in Implementing Socializations

It is important first of all to recall that the socialists, in agreement with the specific tradition of the French worker movement, are aiming at the fundamental autonomy of the labor union organizations. The labor union acts, negotiates, controls, and gives advice but it does not manage.

This assertion has several implications. The incompatibilities between the function of being a member of the establishment or enterprise council and the responsibilities linked with the exercise of labor union rights must be precisely spelled out. Preserving this autonomy of expression, proposition, and challenge implies that the functions of the labor unions in the nationalized enterprise must be clearly defined.

Our objectives in the matter of worker power in the enterprise are stated in the chapter entitled "Nationalization" with 15 theses on self-management and in the chapter "Second Priority" of the socialist blueprint. We thus visualize three systems of enterprise direction:

1. The tripartite board of directors (government or territorial entities or regional or local enterprises, workers, users) where in any case the representatives of the state cannot be in the majority.

2. A management board entirely elected by the workers at the enterprise.

3. Coexistence of a management board elected by the workers and a surveillance body including the representatives of the state, of the national, regional, or local assemblies (as the case may be) and of the various user categores.

Signers: Pierre Brana, Jean Lecuir, Marie-Claude Vayssade, Yvon Tondon.

European, Third-World Ties

Paris LE MATIN in French 21 Aug 81 p 2

[Article: "Socialist Party Congress -- A Contribution From Outside the Main Stream"]

> [Text] Signed by two European deputies Gilles Martinet and Daniel Percheron, it preaches rapprochement between Europe and the Third World. Today we complete the publication of the main contributions to the debate filed with a view to the Socialist Party Congress to be held at Valence on 23 and 24 October. Other texts were sent in by federations or various party officials; all of them have been published by the in-house organ of the PS, LE POING ET LA ROSE, which is being mailed at this time to the militants. The text we present today was signed by two European deputies, Gilles Martinet and Daniel Percheron. This contribution, which comes from "outside the main stream" (Daniel Percheron has also signed the contribution prepared by the friends of Pierre Mauroy) touches European problems which it tackles from an essentially economic angle. One line of action is advanced by the signers of this text: the creation of strong bonds between Europe and the Third World, helping it "to constitute sufficiently large economic zones so that the development of trade between North and South would give rise to upswing in South-South exchange."

For an Independent Europe

Europe is not simply touched by the world crisis. It is threatened by a historical decline whose causes must be exposed. We cannot in effect be satisfied with talking about the rise in the cost of energy, the appearance of new competitors, and the advances made in certain key sectors by the United States and Japan. We must also take into account the conflict which, through international trade, has caused opposition among several types of societies.

Japan and the countries of the Far East, thanks to the speed of technology transfer, have become redoubtable competitors and the center of gravity of the world economy is gradually shifting from the Atlantic Zone to the Pacific Zone.

In view of this situation, the tendency of the most influential elements of European capitalism is to concentrate efforts on exporting products demanding a high level of technical processing while seeking to reduce the labor costs and challenging a certain number of gains obtained by the workers. Although each of them admits the

need for taking protective measures in one sector or another, the dominant ideology of these circles--and first of all of the multinational corporations--remains that of free trade. Now, Europe cannot remain the part of the world that is most wide-open to trade--something which it was in effect for the last quarter of a century--without experiencing a deterioration in the deficit in its balance of trade, without watching entire segments of its industry disappear and without witnessing an increase in unemployment.

The party must do everything it can to make sure that the battle for European independence and renewal will be won over the next several years.

A Doctrine and Specific Projects

But it is not only European industry which is in danger; it is the type of social relations, on which our democracies rest, that is in danger. And it in turn is placed in a position of inferiority with respect to systems which do not assign the same importance to the same values, especially the safety guarantees in terms of health and retirement, an increase in free time, the fight against pollution, the improvement in the quality of life, and the demand for a democratization of economic life. The entire question boils down to finding out whether we will yield to this direct but powerful interference of the Japanese, American, and Soviet systems or whether, being inspired by certain commercial strategies and especially by Japanese strategy, we manage to defend and develop that which constitutes the basis of European cultural and industrial life.

Our choice thus must be extended to the international political level which implies at the same time the definition of a doctrine and the presentation of specific blueprints.

The doctrine can only be the doctrine of the organization of exchange on the basis of the self-centered development of the world's major regions. One of the misfortunes of the Third World comes from the fact that, in dealing with these economic powers, it does not have any major establishments to oppose them with; the countries constituting it thus are necessarily dependent on systems which they cannot imitate without compromising their own future. This is where the European Community can play an essential role by itself becoming less subjected to American and Japanese production and by helping the Third World constitute sufficiently vast economic zones so that the development of North-South exchange will lead to an upswing in South-South exchange:

1. The European Community must very clearly indicate to all of its partners what--for the "sensitive" products--the parts of the market are that will be left to imports. It is within this general framework that one can modulate the more or less favorable conditions permitted for that group of countries (the most favorable ones in particular involving the Mediterranean countries and the ACP [African, Caribbean, and Pacific] countries) and it is in this general context that one can assure domestic investments on a long-term basis with a minimum of security.

2. The procedures for the protection of threatened sectors are very numerous. In our opinion, however, the EC has an interest in seeking--in most cases--the negotiation of self-restricting multifaceted accords by linking the content

of these agreements to the prospects for the demand within the Common Market (which should be done precisely on the occasion of the renewal of the multifaceted agreement).

The European Social Space

3. These defensive measures however make sense only if they are accompanied, on the one hand, by vast investments in the fields of research and innovation and key industries and, on the other hand, by a reduction in the obstacles which still prevent the European area from being a real community market.

4. This organization and rationalization effort is clashing not only with certain national interests but also with the series of "private planning efforts" carried out by the multinational corporations. We are not opposed to the principle of foreign investments but we do find that a large portion of those investments is oriented in directions which are contrary to the interests of the European economy. This is why it is important to spell out a certain number of community rules in the matter of capital exports.

5. It is in this general context that one can progressively implement what Francois Mitterrand has called the European "social space" and that one could strengthen and develop the policy toward the Third World which was launched, under the sponsorship of Claude Cheysson, by the ACP accord. All of Europe must commit itself to the process of reducing working hours and at the same time it is necessary considerably to increase direct aid to the developing countries.

Commentary on Factional Statements

Paris LE MONDE in French 18 Aug 81 pp 1, 6

[Article by Jean-Marie Colombani: "Socialist Party Preparing its Victory Congress"]

[Excerpts] Moment of Synthesis

The preparation of the Socialist Party congress should enter a more active phase before the end of August. The "contribution" from the various party currents must in effect be disseminated to the militants around 20 August. The meeting of the steering committee, charged with examining, on the basis of these texts, whether it is possible to arrive at a "synthesis," is scheduled for 12 September. Right now it seems certain that this synthesis is possible but it is also a good idea to determine immediately where it will take place.

A priori, there is every indication that the Valence Congress will be exceptional. It will be that if only because, quite rarely, a political formation has been able with pride to point to so favorable a record. The dominant position held henceforth by the Socialist Party in French political life, in the wake of the victory of its leader on 10 May, means that the various currents will not only have to think about the role of the party with respect to the administration but undoubtedly also about the existence of the currents themselves.

Traditionally, a congress, of the Socialist Party, has been the occasion for redefining or confirming a political line and renewing its leadership groups. To

that end, the currents submit texts which are called "contributions" for reflection by the militants. The steering committee members then examine whether it is possible to synthesize all these contributions prior to the congress. So far, this has never been possible. At that stage, that is to say, after the so-called synthesis meeting of a steering committee, the contributions become "motions" which themselves are submitted to a vote by the militants and to discussion by the federation congresses.

The vote count and, thereafter, the dates of the national congress finally determine the outlines of the new party leadership and organization: a joint leadership around a motion of synthesis or, as has constantly been the case since the Constituent Congress of Epinay-sur-Seine in 1971, a confrontation between a majority and a minority. The latter was constituted by the Molettists until 1975, by the CERES between 1975 and 1979, and it has been constituted by the Mauroy and Rocard currents since 1979.

For the Valence Congress, it goes without saying that reflection on the political line will not lead to its redefinition. This line hereafter is the line of the president of the republic; this is no longer a matter of making proposals to public opinion but rather of applying all of the currents that have rallied during the election campaign to the program of candidate Mitterrand. Besides, everybody is represented in the administration. As to the program to which the premier has committed the administration's responsibility, upon the opening of the parliamentary session, it undoubtedly constitutes the best of these syntheses, although it is true that everyone has easily been able to recognize himself there.

Under these conditions, it would be difficult to explain to public opinion that, solidly rallied within the administration, the socialists are divided within their own party. There is thus no reason to doubt that the Valence Congress could be something other than a synthesis congress. The decisive issue from the viewpoint of relationships between internal forces thus is the issue of the moment of synthesis.

This moment can be the congress itself, that is to say, after the currents have measured the audience of their respective contributions. That may also be the 12 September steering committee meeting; the leadership, constituted around Mr Lionel Jospin would then be the resultant of these currents. Under either assumption, the "Mitterrand current" intends to stress its advantage. To become the majority, the latter had to put together an alliance with the CERES after the Metz Congress in 1979. Thereafter, its responsible officials believed that those who always followed the chief of state are by themselves the majority in the party. Their contribution, signed by all members of the executive bureau, precisely stresses the fact that the party owes its election success to the action of the outgoing leadership. The latter has managed to apply the "Metz line" in spite of "the pressures" from the right and from the left, regardless of whether it involves the Communist Party or the minority socialists.

The "misinterpretations" of the "Rocard current" are also listed, regardless of whether it involves the name of the socialist candidate, the date of his candidacy, or the discussion on the automatic character (viewpoint of Mr Mitterrand) or the nonautomatic character (view point of Mr Rocard) of the dissolution of the National Assembly which was to follow the presidential election victory.

In the eyes of the Mitterrand followers this however is not a question of renouncing the existence of the currents; while it is true that the interplay of these currents has reached its limits during a long phase of preparation for the candidacy, they believe that this game must be codified and mastered. They also assert that the existence of the currents is the expression of an internal democracy and is bound to help a party which is thus capable of covering broader terrain.

"Gradual Rupture with Capitalism"

The contribution of "current A"[1] also raises the problems of the transition to socialism and is expressed through a "gradual rupture with capitalism" before going back to a formula already used by the chief of state: any new advance with relation to the presidential program, such as it is, will have to be submitted to the voters.

The language of the Mitterrand followers thus is simple: the Valence Congress must be the congress of victory of a current which has the qualifications for being the best interpreter of the Socialist Party's political line because it presents an exceptional record. It is with relation to that line that the other currents must determine their position. They thus expect the Valence Congress to be an opportunity for Mr Lionel Jospin to structure the leadership according to his own concepts.

Mr Jospin however knows that he will have to get together with his ally of yesterday, the CERES, as well as with his ally today, the Socialist Action current of Mr Mauroy. The CERES can claim to have exerted the decisive influence in support of Mr Mitterrand at the moment when he was challenged. It can also affirm and it will not fail to do so: we are the party majority and we must remain the majority because our theses carried the day.

The contribution presented by the friends of Mr Chevenement (and signed by Mrs Chepy, and Messrs Motchane, Guidoni, Charzat, Sarre, Besse, and Coffineau) on the one hand emphasizes the fact that victory is the ultimate outcome of a policy undertaken more than 15 years ago--the CERES was established in 1966, the first candidacy of Mr Mitterrand dated back to 1965--and, on the other hand, the idea that there is a profound coherence between the socialist blueprint (of which Mr Chevenement was one of the chief architects) and the presidential program of Mr Mitterrand.

This contribution by the CERES is the fruit of a double necessity: asserting its loyalty toward the administration without renouncing that which constituted the identity of the current. The first concern enables us to explain, for example, why the portion devoted to foreign policy was drafted in very general terms. Here the CERES reaffirms its preferences for the ideas of Mr Willy Brandt on the matter of East-West relations at a moment when Mr Mitterrand supports the policy of Mr Helmut Schmidt but this position is corrected by the assertion that the socialists must "understand and support" the foreign policy of their administration.

The essential aspect of the CERES contribution thus is a list of guidelines and decisions necessary to guarantee the success of a real "anticapitalist" policy. The accent is placed on the need for implementing a grand policy of technological offensives and changes, aimed at the reconquest of the domestic market as well as the workers, and essential factor in their mobilization around the government.

Finally, the CERES contribution is in perfect agreement with the state of mind that prevails in the party and that sprang from the realization that the PS became the grand party of the left.

Agreement between Mauroy and Jospin

This state of mind helps Mr Mauroy and his friends, grouped within the Action Socialist current. It helps them all the more since the guiding thought of the mayor of Lille for two years has been "synthesis" and is now in the process of coming true. Besides, Action Socialiste must derive benefit from the position of its leader at the head of the administration. Its contribution (which Mr Mauroy did not sign) emphasizes party unity and rejects any move or analysis that could harm it, especially the idea--so dear to Mr Rocard--that there are "two cultures" in the party.

Since the autumn of 1980, the mayor of Lille had moved away from Mr Rocard and had moved closer to Mr Mitterrand. It is clear today that the Valence Congress essentially will depend on the agreement that might be concluded by Mr Jospin and Mr Mauroy. The contribution of Socialist Action however does not renounce the appeal for its main point of agreement with the friends of Mr Michel Rocard: the need for an autonomous strategy for the PS. The premier as a matter of fact believes that Mr Mitterrand triumphs because he pursued an autonomous course with respect to the Communist Party.

On the eve of the Valence Congress, the Socialist Party thus is dominated by a compact mass representing at least 80 percent of its militants with CERES and Action Socialiste rallying around the Mitterrand current, whereas the followers of Rocard appear somewhat pushed to the sidelines. Of course, their leader today is minister of state but from a strictly internal PS viewpoint that is no guarantee against a kind of domestic exile. To try to prevent a real sidelining, the friends of Mr Rocard are attempting the following language: party unity was rebuilt at the moment of the presidential campaign. All currents and all of their leaders contributed to the victory. All must therefore be associated with the new leadership. Only unanimity will permit the party effectively to support the administration in the trials awaiting it. They assert that the currents can no longer develop in their present form.

The Rocard followers thus decided not to present any contribution properly speaking, not only in order not to appear as possible agents of division but also to prevent a situation where, for one reason or another, the current leadership might force them to "fall in line" with a specific text. Their remarks will therefore be limited to one subject or another, that is to say, to relations with the Third World, worker rights, or the role of the party.

This latter point should constitute one of the interesting phases of the congress. Mr. Paul Quiles, the official in charge of federations, proposed that the following two ideas be considered: independence and solidarity. CERES proposes: autonomy and cohesion. In any case, everybody will try to avoid a repetition of the mistakes of 1936 and 1956, times when the party became the simple messenger of the government, when it was not merged with it. But in 1936 and 1956, the administration program was not strictly speaking the program of the SFIO [French Section of the Workers International].

On the other hand, the resources of the PS in 1981, with the help of the institutions, are much more considerable than those of the SFIO. The question thus is not posed in the same terms any longer. So long as each is quite aware of the fact that the preeminence which the institutions assign to the president of the republic also applies hereafter to the party's internal life.

FOOTNOTE

1. The Socialists identify their currents in the following manner: current A is the Mitterrand current; current B is the Mauroy current; current C is the Rocard current; current D was the current of Mr Defferre during the Metz Congress; current E is the current CERES; and current F was the current of the friends of Mr Christian Pierret in 1979.

Additional Statements; Commentary

Paris LE MONDE in French 20 Aug 81 p 5

[Article: "LE POING ET LA ROSE Publishes Contributions'"]

[Excerpts]The Socialist Party is currently disseminating to its members the special issue of LE POING ET LA ROSE devoted to the publication of the "Contributions" to the preparatory debate prior to the congress which is to be held in Valence on 24, 25, and 26 October. Considering the number of incoming contributions and their length--whose complete publication would have necessitated the production of a journal of 300 pages--the PS directorate in LE POING ET LA ROSE only presents the texts coming from members of the executive committee, of the steering committee, from the first secretaries of the federations, and from members of the leadership teams in the action sectors.

In addition to the contributions coming from current A (Mitterrand), current B (Mauroy) and current E (CERES)--which we analyzed in the 18 August issue of LE MONDE --several other texts were drafted by members of current C (Rocard) a current which as such does not present a contribution. Mr Michel de la Fournier and Mr Gerard Fuchs deal with France's relationship with the Third World and they feel that "the success or failure of the administration, at home and abroad, will to a great extent depend on the way in which it manages to solve the problem of relations between France and the developing countries." Another text, whose first signer is Mr Pierre Brana, member of executive bureau, is devoted to "worker rights." The left, according to this text, as a matter of fact is today able "to create lasting and specific conditions for a decisive advance in the march toward self-management socialism where the workers exercise the right to speak and to hold responsibility." In particular he proposes the unification of conditions for the exercise of labor union rights in the public and private sectors, calling for obligatory procedures, on the enterprise level, regarding negotiations on wages, work time organization, policy control, and employment in particular.

"Referendum of Militant Initiative"

Mr Marie-Noelle Lieneman, steering committee member, together with Mr Bernard Poignant, first secretary of the federation of Finistere, and Mr Jean-Pierre Worms, steering committee member, deputy from Saone-et-Loire, signed a third text on the role of the party. According to them, the PS should not confine its tasks to explaining government policy, nor should it "divest itself of responsibility" either "by pursuing a very radical ideological discourse or by confining itself to basic reflexes." The Socialist Party, they write, "faces the first requirement of spelling out the political objectives and priorities which will guide the social and economic changes and which in the final analysis will decide the construction of socialism." Thus, the socialists should first of all discuss the pace and conditions of implementing the presidential platform of Mr Mitterrand. The signers feel that the PS leadership must commit itself to informing the militants prior to any important government choice or any choice by the parliamentary delegation which has not yet been the subject of a vote in the congress or in the convention. They come out in favor of a system of "referendum of militant initiative" which would permit a group of members to brief the entire party on a problem that seems important to it.

Other contributions deal with the training of PS militants and officials (especially the one presented by Mr Gerard Delfau, national secretary in charge of that sector), the young people and the women. Mrs Annette Chepy, steering committee member (CERES) is one of the signers of a text denouncing the "segregation" of which women have been victim; according to her, during the last legislative elections, 95 percent of the deputies were male and she thinks that "this is a tremendous failure of feminism, a serious gap between principles and practice, which runs the risk of compromising the chances of socialism if the party does not reform itself during the next 2 years to come." In addition to a proportion of 30 percent women in all of the local and national voting procedures which would have to be organized on a proportional basis, this document proposes a quota of 50 percent for city elections. Another contribution, asserting that "the struggle against the patriarchate is a priority matter," signed by 70 militants from 26 federations, calls for a maximum quota of 50 percent men in all elected assemblies of the nation.

Overseas--"Avoiding the Dramatic Choice between Assimilationism and Adventure"

The "contributions" include one document from the socialist federation of Guadeloupe, submitted by Messrs Isidore Canope, Felix Proto, Gerard Cazimir, Fernand Angele, Claude Sully, Jean-Francois Rozan, Frederick Jalton and Daniel Larifla who want "the start of a new era" for overseas and to express the wish that the guidelines of the office of the president of the republic and the government open up a third way which would move away not only from the policy pursued so far but also from independence options: "From that day (the election of Mr Mitterrand) dates the hope that it might become possible to avoid the dramatic choice between degrading assimilation of the prior of the regime and the immediate adventure without foundation."

The authors of this document feel that "absolute priority" must be given to the dialogue with the population of DOM-TOM [Overseas Departments and Overseas Territories] and their representatives: "While, for the men and women of metropolitan

France, the advent of the new citizenship character can be expressed, in fact and in perception, through the implementation of the socialist program, this would have no meaning for the people of Guadeloupe and there would be no hope if they were not at the same time permitted to achieve an identity as well as economic, administrative, and cultural frameworks corresponding to the real aspirations and specific characteristics of the region, through a profound transformation of current structures characterized by the remnants of colonialism."

In particular they demand the establishment in Guadeloupe--and in each DOM--of a "government antenna" charged with "spending the necessary time on the spot to study and propose the necessary reforms." They furthermore recommend, regarding the Antille , the creation "either within the framework of a regional economic commission of the UN or in any other framework to be defined, of an organization capable of expressing, within the overall concept of the Caribbean region, the principles of solidarity on which government policy is based."

The leaders of the Guadeloupe federation also demand decentralization of PS structures: "The party should be aware of its obligation to furnish the local (overseas) federations with the means for making known their action among public opinion by getting the administration to allow their representatives to the extent possible to participate in the actions conducted on the spot."

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CERES: CONGRESS FOCAL POINT PS, GOVERNMENT IMBALANCE

Paris LE MATIN in French 30 Jul 81 p 12

[Article by Michel Charzat, member of CERFS and of PS Executive Bureau: "The Socialist Party's Era in Power"]

[Excerpts] On the eve of its next congress, the Socialist Party is reexamining the idea which it had as to its own identity, the day after the victory. There will be an opportunity to go into this examination without any factional disputes. Its strategic orientation has just been validated most emphatically along with the decisions made by its outgoing leadership: appointment of Francois Mitterrand, rapid dissolution of the National Assembly.

The time when people would define the Socialist Party in negative terms by referring only to the Communist Party is over. The fuzzy and suspect theory of the "non-communist left" did not survive 10 May. Likewise, prophecies announcing the end of socialism and the absorption of the parties in the social movements quite abruptly came to naught. One must also finally do away with this neither social-democratic, nor Leninist, nor libertarian, nor authoritarian emollient lullaby.

Socialist identity is determined by practice: it is the positive consequence of the political function which the party has assigned to itself for a specific period in history.

Today, the socialists face a new task: each of them knows that the profound reforms decided upon by the new establishment in power will run into growing opposition from the ruling classes. "The left-wing administration will also have to call upon a strong and conscious mobilization of those who have brought it to power" (15 thesis on self-management).

In addition to its permanent functions (collective memory of earlier experiences, place for gathering, synthesis, and elaboration), the Socialist Party, as a mass and class organization, henceforth will have to ensure cohesion between the popular movement and government action. The unalterable and changing identity of the Socialist Party henceforth will be spelled out in the light of the political and economic renewal process which has been launched; as the party in power and as the party of social transformation, the Socialist Party will have to be a living link between the people and the power establishment.

The socialists therefore must take a new look at the relations and bonds which link them both to the government and to the social movement.

The problem of relationships between the party and the government has triggered passionate, too often entirely sterile debates in the socialist movement between the two wars, the gap between the party and the comrade "delegates in government" was a means chosen by certain leaders of the SFIO [French Section of the Workers International (French Socialist Party)] to maintain their control over the organization. Parallel to that, certain socialists, persuaded that everything was possible with the help of the masses, underestimated the need for overall coherence.

The SFIO of the Popular Front in some way was in power indirectly; it did not feel the need to adapt its operating procedure and its mission to the tasks of the moment. Leon Blum had in advance worked out the doctrinal justification for this kind of fixed attitude by opposing the exercise of power against the takeover of power.

Today, having learned the lessons of the past, the Socialists must undertake a hitherto unexpected, rigorous and responsible mission: neither party haughtiness, even though it be of the grass-roots type, nor independence-mindedness in terms of organization, even though it be inspired by the praiseworthy concern for protecting the house such as it stands.

The dialectic of autonomy and of cohesion may make it possible to move toward a point of equilibrium. Autonomy with respect to institutions because the party must preserve its functions of collective memory, of anticipation, of analysis. An organization ramified throughout the entire social body, with a direct hold on the affairs of the country, must also be able to bend, to propose, possibly to criticize the priorities of government action. And, under certain conditions, why could it not propose to the parliamentary delegation that it undertake this or that legislative initiative or launch this or that debate?

Autonomy but also coherence because government policy must be explained by a party inspired by unfailing solidarity, capable of assuming its responsibility everywhere in the land.

Stopping certain initiatives aimed at obstructing the new economic and social course will require a strengthening of the hold and organization of the Socialist Party, especially in the enterprises. Preventing the restoration--by interposed big personalities and conservatives--of decentralization will demand the permanent reactivation of the Socialist Party's fabric, both in militant and election terms. Overcoming the contradictions of the popular forces, developing union in depth, forcing the communist leadership into a certain number of revisions--all that will call for a Socialist Party which must be ever more influential among the popular strata.

Creative tension between the necessary autonomy of the party and indispensable cohesion with the socialist exercise of power thus is the order of the day. The readjustment of the Socialist Party's function will necessarily be based on its organization and its operations.

Thus, the party's capacity for autonomous initiative and proposal will call for a revival of some of its structures, for example, its commissions, not only on the national level. Each study commission will have to have as its preferred conversation partner a party of people responsible for establishing the link with the government sector under their competence. Thus, its new social responsibilities demand that the problem of communication with public opinion be grasped in all of its dimensions (audio-visual, press, culture).

More immediately and more specifically, there are three imbalances that must be corrected.

1. The imbalance between the elected and nonelected [appointed] officials.

More than 360 members of parliament, 1,500 mayors of communities with more than 2,000 inhabitants, 3,000 local elected officials: this elected establishment is a considerable force; it is the measure of durable roots, of the capacity for listening to and talking with the population, something which had been cruelly absent under the old system. But there is also the risk of sclerosis in management, of a situation where the elected officials take over the organization as such.

It is therefore necessary to strengthen the party's organization and its means for providing impetus and control on all levels. Along with the problem of the large numbers of and control over elected officials, which must be tackled with rigor and realism, we have the decrease in the number of sections and the strengthening of the party's legitimate structures, especially its federations, in other words, another problem that must be faced.

2. Imbalance between old and recent members.

The influx of scores of thousands of new members is an ace which must be used fully. Successfully achieving the merger, overcoming the sterile reluctance of the "old members" in dealing with the "new members" ensuring the promotion of men and women who want to advance socialism--this, among other things, introduces the problems of information and training within the Socialist Party.

The moment has come to lay the foundations for a major training policy: creation of a foundation for democratic socialism, establishment of the party's training school with its departmental extensions, reception and training courses for recent members, support and development of socialist publishing houses.

3. Imbalance between local structures and action sectors.

If, as the Socialist Party has always asserted, "power and property are two elements of one and the same reality," then the transformation of society must not be confined to the conquest of political institutions. The democratization of the economy, the extension of the public sector require the strengthening of the Socialist Party's noninstitutional structures.

The sections and groups in the enterprises in particular must have new ways of action and proposal. Likewise, the prospects of self-management--implying an egalitarian transformation of the roles in the city--urge the growing assertion of "women's" sector and the immediate reactivation of the "youth" sector.

On the occasion of the next congress, the Socialist Party will turn a page in its history. In just 10 years it has managed to rally, to hold on, and to win; it will henceforth have to keep control of its own change in order to keep up with the democratic transformation of French society.

5058
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PASOK PLAN TO SOCIALIZE ENTERPRISES CRITICIZED BY FINANCE MINISTER

Athens I KATHIMERINI in Greek 1 Sep 81 p 7

[Text] PASOK's list of enterprises scheduled for socialization expands and contracts from time to time like an accordion, depending on the reactions of economic forces and the disposition of its party organs, said Finance Minister Milt. Evert commenting on Papandreou's new statements on socialization. Evert further argued that PASOK prepares to nationalize thousands of small and middle-size enterprises without compensation.

Specifically the Evert statement is as follows:

"PASOK's list of enterprises scheduled for socialization expands and contracts from time to time like an accordion, depending on the reactions of economic forces and the disposition of its party organs. Once again the PASOK accordion plays a Symphony of Confusion.

"It started with the socialization of at least 300 enterprises. In a statement he made in the Chamber of Deputies, [Papandreou] cut the number down to 100; now he speaks of only a few enterprises.

"With regard to the socialization of these enterprises PASOK talks about paying compensation to a few of them by name; this compensation will be paid by the Greek people or by issuing stock for bank loans which will again come from the deposits of the Greek people.

"But for the thousands of small and middle-size enterprises, PASOK plans nationalization without compensation. It plans to expand their board of directors by including 'representatives' from the workers/employees and from the local self-governments. To quote Papandreou himself:

The boards of small and medium-size and other industrial enterprises which will not be socialized will be expanded with the participation of representatives of the working people and also representatives from the area (city, province, etc.) where the enterprises are located. (Transition to Socialism, p 72)

"With regard to the import/export trade, PASOK is planning to change the liberal and flexible mechanism of the marketplace with a slow-moving bureaucratic system by creating a state 'entity' with the result that Greece may face in the future--if PASOK comes to power--procurement problems similar to those we see in Poland.

"Papandreou invokes now the existing constitution to sanction the process of compensation to the major enterprises. But Papandreou has repeatedly said that he will replace the existing constitution with a new socialist constitution. On this he wrote in 1979:

'The realization of those structural changes which guarantee the peaceful course to the socialist transformation must be consolidated by a new constitution which will be one of the first actions of a government which aims at a radical change.' (Transition to Socialism, 1979, p 75)

"PASOK once again appears to want the signing of a 'contract' with the Greek people. But this time it changes the terms of the contract, hides the truth, and increases the confusion in its effort to hold together its followers who are ready to desert.

"The Greek people should be careful because the imprecise present shown by PASOK presages a dark future for the country."

The Minister of Coordination

Late last night, the minister of coordination, speaking of the PASOK plan for socialization issued a statement which is quoted here, in part.

"PASOK's leader in his desperate effort to secure electoral support from every direction is trying to dispel the deep apprehension his socialization declarations have caused in the productive classes.

"Thus, he repeats the known list of the sectors which have been proscribed leaving out, however,--for what reason we wonder--the import/export trade and modifying his positions on the socialization of the banking system and the insurance companies. This time he wants 'effective social control' over the banking system and sets aside the socialization while he talks about the merger of only bank-owned insurance companies. For the foreign banks, he plans special treatment with strict control."

7520
CSO: 4621/91

POLITICAL PARTIES URGED TO AVOID INFLAMMATORY SPEECHES

Athens I KATHIMERINI in Greek 27 Aug 81 p 5

[Editorial: "The Causes of Increasing Tension"]

[Text] The issue raised with his admonitions by the president of the republic with regard to the necessity to avoid heated exchanges during the pre-election period has two aspects. The first refers to the "why" it is necessary to preserve the calm political climate in our country, and [this aspect] was analysed in KATHIMERINI's editorial yesterday. The second refers to the "how" the tendencies and the deeper causes which usually provoke the acute exchanges in our political affairs can be removed.

Usually the disturbance of calmness in the political arena is due to two reasons: The existence of major and irreconcilable differences--ideological and political--between the entities claiming power or the exacerbation of partisan strife which is inevitable when the political fight is between two parties while the result is hanging on the balance.

During the current phase in our country both reasons are present and create the conditions or tension during the electoral fight. This does not mean, however, that the tension is in anyway justified or, at least, unavoidable.

Dialogue is the only antidote democracy has to keep party antagonism within legitimate limits. The dialectic analysis of differences and, through it, the exercise of criticism do not aim at equating or even bringing together the diametrically opposed views and positions of the parties. It aims primarily at the clarification of political and ideological declarations before the electorate which in this manner can formulate its political will on the basis of a comparative assessment of the party platforms. In this sense, the dialectic critique and the development of arguments by both sides is an unquestioned obligation of every political party, as the premier correctly noted in his statement yesterday.

Moreover, the real dialogue negates the dogmatism of the "single truth," gives more shades to the political daltonism of "black and white," discourages demagoguery, and strengthens the sense of responsibility of both politicians and citizens.

There is no doubt that the Chamber of Deputies is the place for responsible dialogue, as it is in all countries where democracy operates with undisturbed

regularity. Unfortunately in our country the dialogue has not flourished in the Chamber of Deputies. The parties--both in government and in the opposition--prefer a "multiple monologue" through announcements, statements, and altercations.

It is indicative that the famous sessions for the presentation of the opposing views of the political parties and the exercise of criticism on vital issues of domestic and foreign policy take place once or twice a year at the level of the political leaders, are "informal," i.e. not provided for under the formal rules of the Chamber, and they have been established by custom as "off agenda debates."

In other words, a parliamentary function which should have been the rule is exercised as an exception. The result is that those sessions take the form of political lectures, since in the course of 4-5 hours all the leaders of the political parties are invited to speak on every subject.

It is necessary with the election of a new Chamber of Deputies to introduce a regular political dialogue at the level of party leaders, either by amending the regulations of the Chamber, or by setting aside 1 or 2 hours during parliamentary oversight, when--in the presence of the premier and of the political leaders--the opposing views will be put to the test in a dialogue, the controversial views will be clarified and public opinion will be better informed both on the nature and the extent of each problem and on the solution proposed by each side.

But these refer to the near future, not to the present electoral period which according to early indications has started well loaded [with tension]. The center of the controversy between New Democracy and PASOK, as shown by the statements made by G. Rallis and A. Papandreou, is the framework but also the content of criticism employed between the two parties. The PASOK chairman accuses Rallis that he deliberately distorts the PASOK theses and platform. The premier replies that the PASOK chairman, having no serious arguments, tries to avoid criticism by resorting to insulting expressions and personal attacks.

In other words, the essense of the dispute is due to the absence of a dialogue, since the two political leaders agree on the need to preserve the moderate climate and accept the exercise of criticism as a basic democratic function. Certainly the differences cannot be settled by exchanging statements which will not end it, nor by speaking from balconies where--according to Greek custom--the political battle will be mostly waged.

On the contrary, in a public debate on television, Papandreou would be obligated to prove the points in which his platform is being distorted, and Rallis would have the corresponding obligation to justify his accusations against PASOK.

Moreover, there are simple questions for both leaders, referring for instance to a clarification of their political declarations or to the possible developments that will follow the outcome of the election. These are questions which preoccupy public opinion which unfortunately knows that it will not get any answers from the balconies of the political monologue.

The question raised by the admonitions of the president of the republic offers an opportunity to the political leaders to cast aside the obsolete electoral methods which promote fanaticism in order to weaken the possibility of sound judgement; methods which rekindle passions, lowering the political maturity of the Greek people.

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CSO: 4621/93

PRE-ELECTORAL SPEECHES, TV COVERAGE DISCUSSED

Athens I KATHIMERINI in Greek 28 Aug 81 pp 1, 3

[Text] The television coverage of pre-election rallies burdens the public treasury with excessive expenditures, although all sides admit privately that the organization of these rallies is meaningless, obsolete, and lowers the country's cultural level. Responding to questions yesterday, the deputy minister to the premier told the press that the cost for wiring the Syntagma Square in Athens and the Aristotelous Square in Thessaloniki for [TV] lighting will cost approximately 60 million drachmas. If one takes into account the losses from the interruption of business for a week in the center of these two cities as well as the other effects of the organized mobilizations on economic activity, then the cost of those rallies should be estimated in hundreds of millions. Nevertheless, the organization and TV coverage of these mostly open air rallies continues to be at the center of concern for the parties in their contacts with the government.

Today's meeting between Premier Rallis and A. Papandreou was postponed because of the death of Papandreou's mother. Thus today there will be only the scheduled meeting between the premier and the chairman of the Democratic Socialism Party [KODISO] G. Pezmatzoglou. It is expected that KKE Secretary General Khar. Florakis and KKE-Int. parliamentary spokesman Leon. Kyrkos will ask to see Rallis to discuss their views on the presentation of their party gatherings over the state news media.

The government proposes that the discussion be based on the rules which applied to the 1977 election with certain modifications corresponding to changes that occurred in the correlation of forces among the parties.

What Was in Force in 1977

We may recall that during the 1977 electoral campaign:

1. Two 12-minute speeches by the party leader of New Democracy, Democratic Center Union [EDIK], PASOK, and "Alliance," and one 12-minute speech by the leaders of KKE and National Azzay were televised.

2. Also coverage of three electoral rallies by New Democracy, EDIK and PASOK and two rallies by the "Alliance" was televised.

3. At the end of each daily news program, a brief review of electoral speeches by party leaders was also telecast.

To begin with, the government agrees to have TV coverage of the party rallies in Athens and Thessaloniki. Color TV requires expensive lighting which, as we mentioned, will cost approximately 30 million drachmas in each city. It is possible that for the two major parties a third rally in another city may be broadcast in black and white.

It should be noted that in the discussions only KODISO mentioned the question of cost and questioned the necessity for TV coverage of the rallies which could be replaced by TV debates between the opponents as it happens in every country.

KODISO

The KODISO Political Office in a statement referring to the TV coverage said, in part: "The debates and press conferences shown on TV and seen by millions of Greeks are much more responsible and informative activities than all the speeches from the balconies. For this reason, KODISO emphasizes that Radio and TV should give equal opportunities to all parties. Any other policy will be in direct violation of the letter and the spirit of the constitution and of the essence of a multiparty democracy."

Papandreou: Not Too Many Promises

PASOK Chairman A. Papandreou in a circular letter directs the deputies and party cadres to avoid giving promises on the satisfaction of any requests. In his circular Papandreou underlines that PASOK must not imitate the policy of handouts followed by the government. Instead, he says, he must be personally informed on any promise that his party may make for meeting any need.

Political observers said that this Papandreou circular is totally different from the policy his party had followed in the two previous elections when he systematically promised more and more on any request big or small. In the context of this change in his policies the PASOK chairman has avoided lately open support to all strikes, following a selective approach.

The circular letter is also designed to control the deputies and party cadres so that they will not depart from Papandreou's policies.

7520
CSO: 4621/92

SMALL POLITICAL PARTIES DISCUSS ELECTORAL COOPERATION

Athens I KATHIMERINI in Greek 1 Sep 81 p 1

[Text] Newspaper reports indicate that the contacts between G. MAVROS and PASOK for electoral cooperation are failing and for this reason the chairman of the Center Camp (PAR-KE) started, since last weekend, talks with the Liberal Party to unify the two parties.

The failure is due to two reasons. First, Mavros' demand to cooperate with PASOK as an allied party, and second, PAPANDREOU's indirect but clear warning during his Sunday speech at Sporting that he will accept the adherence of only individual cadres from the Center.

The Negotiations

The negotiations between PAR-KE and Liberals have progressed considerably and yesterday noon Mavros and Venizelos met and reached a preliminary agreement. The unififed grouping will include deputies BANDUVAS, M. XYLOURIS, and the Center Unifying Movement whose leading members met yesterday with Mavros and Venizelos. It is expected that barring any new problem the agreement will be announced tomorrow, with Mavros as the leader of the group.

Following these developments, the Center will go to the polls with three party groupings: Democratic Unity, KODISO, and the Party of Farmers and Working People; the Mavros-Liberals group; and a third party which will be likely EDIK under I. Zigdis.

The first two groupings will field candidates throughout the country but primarily in areas (unintelligible).

Nevertheless, according to the same reports, N. Venizelos will run as a candidate in the Second District of Athens where many voters are of Cretan origin. Candidates in the First District of Athens will be Mavros from the new grouping and Pezmatzoglou from the Democratic Unity party.

7520
CSO: 4621/91

SUAREZ DISTANCING HIMSELF FROM CALVO SOTELO ON MAJOR ISSUES

Madrid EL PAIS in Spanish 25 Aug 81 p 1, 9

[Article by J. P.]

[Text] The personal and political confrontation which has been going on under the surface for some months between the president of the government, Leopoldo Calvo Sotelo, and his predecessor in the post, Adolfo Suarez, has reached such a point of ill-feeling in recent days that it has already become a reality accepted by the leaders of the ranks of the government party, Democratic Center Union (UCD). From his summer retreat in Avila, the Duke of Suarez has reiterated his support for Calvo Sotelo, but those who attended the latest meeting of the Executive Committee remember the constant objections which the duke and his men offered to Calvo Sotelo on two subjects of vital political importance: Spain's joining NATO, and the signing of the autonomy agreements iwth the socialists.

Adolfo Suarez, and Fernando Abril--who showed special persistence--did not at any time show open opposition to Spain's joining the Atlantic Alliance, which they both support. What they did do, both of them, was bring up for discussion problems having to do with joining which in their opinion are still unresolved. "Is the President properly informed," Suarez asked, "about the consequences that our joining NATO is going to have on Spain's relations with the Arab countries?" "And is he also aware," the Duke persisted, "of the effect that it is also going to have on our relations with the Hispano-Americans?"

These were not the only two objections. The Social democrats added themselves to the ranks of the hesitant; and so, while ex-minister Luis Gonzalez Seara was raising the point that it was inopportune to submit the subject to debate "just when the United States announces it is going ahead with the neutron bomb," the head of Justice, Francisco Fernandez Ordonez, was bringing up the strange curcumstance that Ceuta and Melilla could still remain after joining, since both are situated below the Tropic of Cancer, which is the defense boundary line for the member countries of the Atlantic Alliance. In other words, article 6 of the North Atlantic Treaty establishes that an attack [words illegible] a non-western power on Ceuta and Melilla could be considered an aggression.

Leopoldo Calvo Sotelo did not convince his opponents, although he had the constant support of the minister of foreign affairs, Jose Pedro Perez-Llorca. Nevertheless, he stood firm in his decision to begin the final steps for our country's joining the Atlantic Organization; and he argued that this was really the most suitable

moment for it, since public opinion is on the side of what is going to be done, the military are in agreement, and therefore delaying the process could produce negative results.

And neither did Calvo Sotelo field the ball thrown out by Fernando Abril and Adolfo Suarez himself, proposing that the question of joining be presented to public opinion and Parliament as a personal decision of the president or of the government, and not as an agreement of the party as a whole, since there were disagreements about whether the moment chosen was opportune, for the reasons mentioned and because of the upcoming trial of the coup attempters of 23 February.

The almost 4 hours of debate expended on this first point of the agenda gives an idea of how difficult it would be to reconcile positions within the centrist executive committee. A little later, after Calvo Sotelo was informed about the autonomy agreements signed with the PSOE [Spanish Socialist Party] at the end of July, differences again began to arise. Adolfo Suarez thought that the direct election of members of delegations, the matter which the socialists were determined to obtain, and which it appears they achieved "in exchange" for the UCD modifying the system for electing mayors, was going to markedly harm the UCD. "Because of this agreement, some delegations which now have a centrist majority have passed into the hands of the socialists," he warned the president. The Suarists and social democrats were so convinced of this that Luis Gamir felt the necessity of explaining that the delegation from Alicante "already could be considered lost by the UCD."

At the conclusion of the meeting, the 12 top leaders of the government party dined together in a Madrid restaurant. Not even the wine, with its relaxing properties, was able to relieve the tensions of the meeting just concluded.

Everyone continued arguing in the same way they did during the executive committee session, and President Calvo Sotelo, visibly annoyed, left the table immediately after the dessert course, with the excuse that next day "he had the Council of Ministers."

Since they did not come to any conclusion during the dinner, the "12" decided to delegate a committee of six--made up of Fernandez Ordonez, Oscar Alzaga, Ignacio Camunas, Rafael Arias, Agustin Rodriguez Sahagun and Rodolfo Martin Villa--to try to come to an agreement that the larger group was incapable of reaching.

It was yesterday that the first working meeting of this "committee of the six" was held. It is also called "the rescue of the HCD," because its mission is to try to come to minimum agreement on the important subjects which will be debated after the end of September in Parliament, and to thus avoid the exhibitions which the UCD has customarily put on for public opinion with its internal disagreements and its repeated breaking of party discipline in voting. The meeting went on for 5 hours--including lunch--and took place in the Madrid centrist headquarters. In principle, nothing has leaked out concerning what went on, except for private television, which intruded in depth, and the impression gathered by EL PAIS last night hinted that perhaps agreements in principle would be possible, but even this could not guarantee the continuation of the UCD as a party. "We are too far apart from each other ideologically; and even with all the good will which we are exerting, I fear that, when the time comes, serious differences will again arise," stated two of those who attended.

This similarity in the replies to Leopoldo Calvo Sotelo, although not in in-depth questions, which was observed between Suarists and social democrats in the latest meeting of the centrist executive committee, combined with the fact that both centrist "families" aspire to occupy the political space situated "to the left of Calvo Sotelo inside the UCD," has made some observers consider the possibility that the Suarists and social democrats could come to a closer agreement than the one they have at present, without ruling out future electoral cooperation between them both. However, social democrat sources have assured this newspaper that, as of now, the differences between one and the other are very marked. "We occupy our own political space, and are acting accordingly. The duke will have to see if he wants to join us or not, but up until now we haven't talked about anything of the kind," the sources mentioned asserted.

Everything appears to indicate that the confrontation between Calvo Sotelo and Suarez has worsened, and this will mean one problem more--and not a small one--to add to the already discordant situation within the foremost party of this country.

8131
CSO: 3110/139

WRITER/CARTOONIST SCORES OZAL POLICIES

Istanbul MILLI GAZETE in Turkish 30 Aug 81 p 2

[Cartoon Caption]
24 January Decrees

[Article entitled: "How Does One Become Man of the Year?]

[Text] If you are born on 24 January; if by force of repeating "tighten your belts" you strangle the nation at the waistline; if you rob the citizens to the point where there is not a coin in their pockets; if nothing but cutlets, steaks and pastry will satisfy you while everyone else is eating bread and onions; if you bring all your weight to bear on the economy; if you polish your brand new dress shoes daily while everyone is going around in torn slippers; if you go up to Uncle IMF and grovel "for loans"; if while you are tightening the belt of the low income earner you demolish his shanty with bulldozers; if while he is gazing wistfully through store windows

you have left on your tour of the world; if you have destroyed his hope of making it; if you have plugged up your ears with cotton because you are sick and tired of hearing voices say: "Where are those good times, where are those cheap prices, the cupboard is bare." Then it is easy to be "man of the year...."

Actually, this is not such a big deal.

CSO: 4654/156

NEW LAW TO CAUSE TURNOVER OF HIGHEST RANKING OFFICERS

Madrid DIARIO 16 in Spanish 6 Aug 81 p 7

[Article by Fernando Reinlein]

[Text] The coming into effect of the Active Reserve Law on 1 August 1981, and the departure of the captain generals of Valladolid and Seville, Campano and Merry Gordon, marks the beginning of a thorough reorganization in the highest ranks of the military, which will take place over the next 12 months. The new appointments will begin to be announced at the meeting of the next Council of Ministers, set for the 20th of this month.

Madrid--When the Active Reserve Law took effect on 1 August of this year, it marked the first step in a shakeup of important names among high-ranking officers over the coming months.

The departure of the captain generals of Sevilla and Valladolid, Lt Gens Pedro Merry Gordon and Angel Campano Lopez, reported on Tuesday by DIARIO 16, together with that of the pharmaceutical inspector general of the Armed Services, Arturo Mosqueira Toribio, are only the first results of the application of the law.

Although the captain general of Valladolid is keeping up his program of farewell ceremonies; since the "Official State Bulletin" has published his change of status to the position of "Branch or Corps condition," the functions of captain general will pass to the next most senior in command in the region.

Successors

In Valladolid it will be Gen Vicente Llorca Llorca, military governor of Asturias. In Seville the command will be taken up by Major General Saavedra Palmeiro, head of the Guzman el Bueno 2 Mechanized Division. Lt Gen Angel Campano had requested permission, as DIARIO 16 reported yesterday, to continue until September and to carry out a program of farewell ceremonies in the garrisons of the region.

Since the decree regarding his change of status to position B has been published, Campano will continue with part of that program until 18 August, the day when he will hold a reception in Capitania, in Valladolid. Today the lieutenant general is making a trip to visit the Asturias garrison.

Age and Time in Rank

The transition, whether to position B, which will be retained for the 6-year period which the law stipulates, or to the active reserve in the case of the general officers, is taking place for two reasons: because the individual has had the rank of general for a specific time, or because of age.

In the first case--a new regulation for the Army, but one in force for some years in the Air Force and the Navy--it applies immediately to those with 12 years in grade, and this will be reduced over the course of 6 years to the periods of time stipulated in the law, that is: 10 years for the three ranks, 7 between the ranks of brigadier general and major general, and 4 for the rank of brigadier general.

Reorganization

As for age, the transition to B in previous legislation was set for 72 years of age for brigadier generals, 74 for major generals and 76 years for lieutenant generals.

These ages will be reduced, also proportionately and progressively, until at the end of 6 years they will be set at 2 years less for each rank than those previously mentioned.

Both processes, therefore, will mean that the majority of the lieutenant generals and admirals are expected to step down in the next few months.

In the Army the first ones to be affected will be lieutenant generals Elicegui Prieto (11-9-81), De la Torre Pascual (6-11-81), Fernandez Posse (22-11-81), Luch Colomina (15-12-81), Mendivil (29-3-82), Quintana (12-4-82), Gabeiras (23-4-82), Hernandez Ballesteros (25-4-82), Polanco (14-8-82, and Gonzalez del Yerro (19-8-82).

In the Air Force those affected during the course of the next year will be lieutenant generals Emiliano Alfaro Arregui, Chief of Staff (JEMA) (23-5-82), and O'Connor (13-6-82).

In the top ranks of the Navy, the turnover will be almost total, with the exception of Admiral Diaz Deus, chief of Logistic Support, who is shaping up as one of the candidates for the position of Chief of Staff of the Navy (AJE-MA), and of Admirals Romero and Rubalcaba. The reorganization will affect the Chief of Staff (AJEMA) Adm Luis Arevalo Pelluz (27-6-82) and the captain generals of the Strait, Adm Alberto Lloveres (8-6-82) and of the Mediterranean, Adm Munoz Delgado (2-3-82).

The vice-admirals of the Navy who are shaping up as potential candidates for the highest posts of responsibility in this branch of the service are: Saturnino Suances, present second-in-command AJEMA and father of naval aviation; Liberal Luccini, undersecretary of defense, and Hermenegildo Franco, chief of personnel.

The meeting of the next Council of Ministers, set for 20 August, will be very important, as it must deal with the first appointments necessitated by the vacant posts of Campano and Merry.

The names of Caruana, Saavedra Palmeiro and Santamaria Tinture have been mentioned in recent days as candidates for promotion, although their appointment as captain generals of Region II and VII is more problematical.

It is not being ruled out that the two vacancies will be used by the government to set up a broader military arrangement.

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NORDIC FOREIGN MINISTERS END MEETING: NO AGREEMENT ON 'ZONE'

Stockholm DAGENS NYHETER in Swedish 4 Sep 81 p 19

[Article by Harald Hamrin: "Disagreement on Nuclear-Free Zone"]

> [Text] Copenhagen, Thursday--There was no agreement among the five Nordic governments concerning a nuclear weapon-free zone when the Nordic foreign ministers concluded their meeting on Thursday. The only thing agreed upon was that work on setting up a Nordic nuclear weapon-free zone should continue. But only in the form of exchange of information between the Nordic countries.

The meeting also disclosed--which came as no surprise to the informed--that there are certain differences of opinion on the zone question between the Nordic countries, primarily between Finland on the one side and the other countries on the other.

During their meeting the foreign ministers also discussed a number of other international questions, such as the situations in Afghanistan and Kampuchea, the Middle East conflict, South Africa and the north-south dialogue between rich and poor countries.

But it was the question of the Nordic nuclear weapon-free zone which attracted the most attention at the final press conference. The final communique after the meeting said, among other things, that the five foreign ministers "emphasized the importance of a stable political-security balance in the North."

The communique said, "They informed each other of the divergent political-security situations which apply in the different countries to work on a nuclear weapon-free zone in the Nordic area." The Nordic foreign ministers agreed to continue work on that question.

It was behind these diplomatic maneuvers that the differences of opinion between Finland and the other Nordic countries arose.

According to Norway, and also to Denmark and Sweden, it was emphasized that the zone question must be seen "in a broader European context"--meaning that it must be

discussed in parallel with the question of a reduction of the American and Soviet medium-range nuclear weapons in Europe. But in the foreign ministers' final communique the key words "a broader European context" were missing.

In answer to a question during the final press conference, Norwegian Foreign Minister Knut Frydenlund emphasized that a Nordic zone could not be seen as an "isolated solution," but must be put into a "broader European context." He also said that an eventual Nordic zone should not "weaken the existing balance" in Northern Europe, but must lead to "increased security." Furthermore, the continued work on a zone must take place at the same time as Norway's and Denmark's "rights and obligations" within NATO are carried out.

As to Finland, the connection between the zone question and the American and Soviet medium-range nuclear weapons was never treated in the same way.

Finland's Assistant Foreign Minister Keijo Korhonen indirectly acknowledged that on this point there were opposing beliefs between his government and the other Nordic governments. But he said that it was not a question of "great differences of opinion."

In a conversation with DAGENS NYHETER Finland's Foreign Minister Paavo Vaayrynen defined his country's position.

"We also see that there are certain connections between the question of the zone and other European disarmament arrangements," he said. "But we do not believe that this should prevent the Nordic zone idea from being advanced."

For those who expected a more clear and concrete position on the zone question, the final communique from the foreign ministers came as somewhat of a disappointment. But Swedish Foreign Minister Ola Ullsten wanted to emphasize the importance of "not getting the impression that this is an unimportant matter." It could be very disappointing if quick concrete results did not appear.

Among the participants at the foreign minister meeting it was still considered something new and important that for the first time in 30 years, at a formal meeting of this kind, all of the Nordic countries together discussed a central political-security question.

In the final communique South Africa's apartheid policy and its military intervention in Angola were condemned. It was stated that this intervention "must cease immediately" and that Angola's sovereignty must be respected.

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KOIVISTO SAYS NEUTRON BOMB INCREASES TENSION

Helsinki HUFVUDSTADSBLADET in Swedish 17 Aug 81 p 3

[Text] The U.S. decision to begin production of the so-called neutron weapon is apt to further aggravate the international situation, which today is characterized by an accelerating arms race and local crises.

So said Prime Minister Mauno Koivisto (Social Democrat) in a speech in Kimito on Sunday.

Among other things, he said that the risk of war seems as apparent today as it did in the days of the Cold War. The development of weapons technology and the constant need to develop new weapons and replace old ones seem rampant, and the politicians are unable to get that trend under control.

Koivisto also said: "Especially disastrous are the consequences of the fact that the disarmament talks have been delayed and unsuccessful. The fact that the SALT II agreement has not been ratified threatens to clear away the obstacles to an increasing arms buildup going beyond the agreement's limits."

In his speech, which was centered only on foreign policy issues, the prime minister called particular attention to the neutron weapon on the one hand and the issue of a nuclear-free zone in Scandinavia on the other.

In discussing the neutron bomb, Koivisto pointed out, among other things, that the weapon is likely to strengthen the idea that a nuclear war can be limited to a tactical level, a fact that the prime minister noted with concern.

But Koivisto expressed confidence in the talks between the Soviet Union and the United States that have been announced for this fall. He said: "The talks are awaited with great expectations."

Koivisto pointed out: "Even though the path to genuine discussion and agreement is still a long one, one can probably assume that it is in the interest of both those countries to put a halt to the arms buildup and reach agreement."

Concrete Results

On the question of a nuclear-free zone in Scandinavia, the prime minister drew particular attention to the importance of examining the possibilities contained in

Chairman Leonid Brezhnev's offer of guarantees concerning such a zone. There is reason to try to achieve concrete results, said Koivisto.

Koivisto also drew attention to the fact that this involves several problems as far as negotiating procedure and subject matter are concerned.

He said: "In both respects, various alternatives have been suggested, and they must be carefully investigated."

He concluded by saying: "Scandinavia is already a nuclear-free zone in practice, and it is now a matter of confirming that state of things."

"U.S. Arms Buildup Is Intentional"

Kalevi Sorsa, chairman of the Social Democratic Party, has accused the United States of intentionally increasing its armaments through its decision to produce the so-called neutron bomb.

During a speech in Kuusamo on Sunday, Sorsa said: "We have all the more reason for concern, considering that this time the risks of a spiraling arms buildup will be borne by practically all of Europe."

He explained: "Europe has been chosen as the battlefield for which new and evermore devastating nuclear weapons are being produced."

According to Sorsa, the decision on the neutron bomb emphasizes the importance of a nuclear-free zone in Scandinavia.

Sorsa also drew attention to the proposal that has been made concerning voluntary or compulsory military service for women. He said: "We have no reason to go back to that system from several decades ago, which was based on the assumption that certain duties in the armed forces should be turned over to volunteer forces."

11798
CSO: 3109/239

EAST-WEST POLICY: ARMS, ECONOMIC SANCTIONS, ENERGY

Paris POLITIQUE ETRANGERE in French Jun 81 pp 287-298

[Article by Michel Tatu: "East-West Relations: Managing the Tension;" Michel Tatu, born in 1933, is a graduate of the School for Advanced Business Studies. He was LE MONDE'S Moscow correspondent from 1957 to 1965, its East European correspondent from 1966 to 1969, its diplomatic editor and then head of its foreign department until 1977, and its Washington correspondent from 1977 to 1980. Tatu is currently an editorial writer for LE MONDE. He is the author of "Le pouvoir en URSS" (1966), "L'heresie impossible" (1968), and "Le triangle Washington-Moscou-Pekin et les deux Europes" (1972).]

[Text] As was to be expected, East-West tension triggered by the USSR's invasion of Afghanistan in December 1979 has now, after 18 months, given way to a recessional phase. Overjoyed at the alleviation of economic sanctions and the lifting of the American grain embargo, Moscow is now apparently content to digest its conquest, which is enough effort for it at the moment. Unless it were to deem intervention in Poland absolutely necessary to safeguard its empire--a possibility that unfortunately may by no means be ruled out--the Kremlin will probably want to keep a low profile in the days to come.

Generally speaking, the USSR must pay for what appears in retrospect to have been its excessively greedy not to say unconscionable and irresponsible behavior during the 1970's. The decade of the "great detente," begun by Gen de Gaulle's overtures and continued by Brandt's Ostpolitik and the Brezhnev-Nixon accords, was also the decade of the SALT agreements and the Helsinki conference, the decade of massive grain shipments, favorable credit terms, and Western technology transfers in "turnkey" fashion. Yet that decade could not but end in disillusionment when it was realized that for Moscow it had been the decade of an "omnidirectional" military build-up, the decade of the SS-18, SS-20, and Backfire, plus the decade of the USSR's first military venture outside its buffer states. That very same year in which the United States was leaving Vietnam, thereby confirming relinquishment of its role as "world's policeman," the USSR was asserting itself and laying claim to that same role by penetrating Angola by means of its Cuban surrogates, then Ethiopia, South Yemen, and finally Afghanistan.

This Soviet activism undoubtedly reflected the change in the balance [ratio] of forces, but it also quickly brought about a change in public opinion within both the East and West. Both sides must now inure themselves to living within this new context.

Even though East-West tension will have its highs and lows, as dictated by the crisis of the moment, it will persist for a long time, particularly because the Western arms build-up will in turn contribute to sustaining such tension.

What Kind of USSR in 1990?

First of all, the present situation should not be considered frozen. As a matter of fact, the way these 1980's have begun is liable to be quite different from the way they end, and this because of a twofold development.

Situation Inside USSR and its Empire

We are not inordinately committing ourselves when we say that maintaining this empire will become increasingly expensive. From Afghanistan to Poland--pending a similar "accident" in this or that other one of the European or Asian dependencies--from Angola to Syria, from support of Cuba to the aid given Vietnam and its regional subimperialism, the burden of military and economic obligations assumed by the Kremlin cannot help but grow heavier, barring a decision to relinquish some of these commitments and thereby suffer a loss of prestige unacceptable to Soviet leaders. During this same period, improved performance of the Soviet economy as currently structured is altogether unlikely. As a result, tensions within the Soviet regime should become even sharper than they are now.

We should not, of course, overdramatize these consequences. After all, this "impasse" has persisted for years. It has even been more acute at certain times, before and after World War II in particular. And the other side of the coin is the Soviet system's capacity to cope with its weaknesses by means of sectorial mobilizations and emergency manipulations which its authoritarian structure and methods allow it to make. The least that can be said about all this, however, is that the situation will become even more difficult than it is today and will demand total and unimpaired authority at the top of the Soviet political system.

Yet the fact is that during the 1980's the USSR will also be faced with a succession problem of unknown dimensions. Leonid Brezhnev is not the only one who will have to step down, but likewise, and at almost the same time, the five or six top leaders surrounding him, including Mikhail Suslov, the man who for more than 20 years has held the unique position of "kingmaker," and who will undoubtedly not be replaced, precisely because he was unique. How will the power vacuum created at the top by the departure of such a large and important group be filled so as not to jeopardize the regime's continuity? How will the inevitable rivalry between candidates be arbitrated in the absence of a unique recourse with acknowledged authority? Is not a possible external venture liable to be temptingly viewed as an effective distraction from an internal crisis? These are all questions of prime importance to Westerners as well as to the Soviets. But the "dead calm" noted on this front during the past 15 years has tended to make people overlook the fact that this regime is more susceptible than others to internal power struggles and that manifestations of these struggles, in the absence of democratic arbitration, are more sudden and more ruthless.

Hence developments are liable to be highly uncertain and more difficult to anticipate. We shall limit ourselves to noting for the moment that Soviet military leaders are the beneficiaries of the slow and imperceptible shift in the balance of forces that has been taking place inside the system for the past several years.

The military have previously had something to say in the succession crises which have occurred since 1953. They have a strong chance of emerging as the final recourse in such future crises.

New Worldwide Balance of Forces

By the end of the decade, this balance of forces could also be quite different from what we see today. There is reason to have some doubt about the durability and concrete implementation of President Reagan's program, at least in certain of its details as outlined by his most deeply committed spokesmen. Budgetary constraints, industrial bottlenecks, and especially the rejection of the draft could mean some disappointments are in store. The fact remains, however, that the effort pledged and the concrete programs already underway will profoundly alter the military balance.

We have already seen in the past that whenever it was thought Western military weapons and equipment had--actually or supposedly--fallen behind Soviet armament, this had prompted the United States to initiate programs officially designed to catch up with its partner but which, in fact, led it to largely surpass the USSR in some crucial areas. Khrushchev's boasting in the late 1950's about his Sputnik--which he had--and his intercontinental missiles--which he did not have, but this was not discovered until several years later--was responsible for the strategic arms programs--huge programs for their day--launched by Eisenhower and Kennedy. It took the Soviets more than 10 years to match the American strategic arsenal's 1,054 ICBM's and 656 submarine-launched ballistic missiles. The supermissiles--first the SS-9 and later the SS-18--with which the Soviet Union had wanted to offset its qualitative inferiority, also made it easier for the United States to adopt the multiple warhead or MIRV, and later the cruise missile, which led and will lead to a new proliferation in the number of warheads.

Furthermore, in the more recent past, the deployment in the USSR of several generations of ICBM's more powerful, accurate and advanced than their predecessors, convinced the Americans, and rightly so, that their 1,000 Minuteman missiles had become vulnerable. But the American response will be the MX, an even more modern and openly counterforce missile which by the end of the decade will constitute a threat to three-fourths of the USSR's total megatonnage, whereas, in the other direction, land-based missiles represent but less than one-third of U.S. strategic power.

Likewise in Europe, the probably imprudent introduction, at the height of detente, of the SS-20 missile into the Soviet arsenal is liable to put Moscow in a new unanticipated position, that of facing a highly accurate threat to its own territory, a threat emanating from Europe. In the long run, there is no assurance that the substantial research effort being made by the Soviets on antimissile defenses and laser weapons will not boomerang against them by producing further disagreeable surprises, such as American denunciation of the 1972 treaty limiting antiballistic missiles, and later perhaps the installation of laser weapons aboard the space shuttle.

The arms race between the two superpowers lends itself, therefore, to several interpretations. From a sensibilities or plain common-sense standpoint, a person cannot help but deplore this most useless proliferation of warheads and delivery vehicles, this quest for an overkill capability and this waste of more than $300 billion per year. When it comes to ascribing the blame for all this, one's opinion has to be more nuanced.

On the one hand, it is clear that the United States is running the show in the military technology race. We will leave it to more qualified experts to distinguish whether this is due to the economic and financial hunger of the American "military-industrial complex," to bureaucratic inertia, to scientific research's own dynamism, or to deliberate political volition. The fact is, however, that, with the exception of the intercontinental missile developed first by the USSR in 1957, America has invented all of the principal weapon systems that have appeared on the market since then, and Moscow has merely followed suit, with a lag of 5 to 10 years.

It must be added, however, that there is no lack of political and military officials who assert that this is the way things have to be done, if only to compensate for Soviet secrecy and thus protect ourselves from a technological breakthrough by the opposition, to checkmate the USSR's emphasis on quantity and "big guns" (missiles with a very heavy throw weight, giant submarines), and lastly to reckon with the fact that because of its traditions and political system, the Kremlin always holds the advantage of surprise and initiative. Reagan, who has essentially adopted these same arguments, is not far from actually advocating a policy aimed at gaining strategic superiority camouflaged by the term "margin of security." His defense secretary, Casper W. Weinberger, does not hesitate to openly demand superiority for his country, at least in the naval field because "control of the seas is as essential to our security as control of its land borders is to the Soviet Union" (statement to the Senate Armed Services Committee, 4 March 1981).

In Moscow, however, the intention to build up military power and gain superiority over America is just as evident, even though it is not so openly proclaimed. The old principle which states that only capabilities, and not intentions, count in military strategy, must be corrected on that score in view of the fact that intentions are being translated into capabilities which are admittedly imperfect, of course, but are constantly being quantitatively and qualitatively renovated. There is absolutely no doubt that the USSR would lose no time in consolidating and accentuating its superiority if it had its way. This is precisely what it did under the cover of detente in the 1970's, going so far as to make direct use of its new military power in various hot spots throughout the world. One cannot help but be impressed with the magnitude of the build-up of conventional weapons in Europe, even though Moscow already had overwhelming superiority in that regard and that quite obviously neither the countries of Western Europe nor NATO in general are considering the slightest armed aggression upon the Soviet bloc.

Law of Maximum Soviet Effort

Moreover, the arms race lends itself to a third and probably more realistic interpretation, one that is based on the principle that the Soviet Union, now and in the foreseeable future, is devoting and will devote to its military build-up the maximum it possibly can. Whatever happens, the USSR will do no less, with or without detente. Its proclaimed objective of trying to halt this effort as soon as possible so as to raise the consumer's standard of living at long last, must be dismissed as a mere propaganda argument.

Yet the USSR will not do more either, inasmuch as it has already mobilized its resources to the fullest extent peacetime conditions allow.

This "law of maximum Soviet effort" can lead to two starkly realistic but apparently contradictory conclusions.

The first, which carries realism to the point of cynicism, is that the arms race is a good thing insofar as it is imposed by the USSR and may lead to the latter's failure, provided the West takes up the challenge with sufficient vigor. The Kremlin has already lost the standard of living race and the scientific and technological innovation race it initiated under Khrushchev. Its ideological and cultural appeal is disappearing in the West and is very seriously impaired in the Third World. The one card the Kremlin has left and which it is vigorously playing, is the military instrument card. Is it not advisable to teach the Kremlin that it is on wrong tack there too and curb its lust for power once and for all? The second conclusion has to do with arms control and corrects what is unacceptable in the first conclusion. If, in fact, that extreme conclusion were followed to the letter, the appropriate action would be to enter into an unbridled arms race so that "victory" could be achieved as quickly as possible. But this would mean heading for unlimited quantitative proliferation—more quantity is always the method used by the Soviets to compensate for their technological lag--proliferation that would eventually prove to be destabilizing and more costly an any case.

How Should Arms Control be Approached?

On the other hand, the "law of maximum Soviet effort" does not preclude an effort to negotiate for arms control; it merely outlines its limits. It is futile to expect the Soviets to reduce their overall military effort, but it is possible at least to act in such a way that, through properly conducted negotiations, they will halt or limit those programs which their partners-adversaries consider most disturbing, and will transfer the resources thus released into other more stabilizing or "inoffensive" sectors of their military apparatus.

For example, based on the principle of "less heads and more holes" [(?) less warheads and more silos], the feasible method is to fix by agreement the maximum number of launchers and nuclear warheads that will be facing each side--this was the SALT II treaty's main accomplishment--while at the same time the threat of the future MX missiles will oblige the Soviets to allocate vast resources to dispersing their ICBM arsenal throughout a system of multiple shelters. It may likewise be advantageous to compel the Kremlin to make a steadily more and more costly air defense effort--in response to particularly the American cruise missile and penetration bomber programs--and thus proportionately reduce the resources it will allocate to its air force, especially to that segment which enables it to conduct long-range operations of the Angolan or Ethiopian type.

This new approach obviously implies that nothing must be ceded unilaterally--as President Carter did in the case of the B-1 bomber in 1977--with exchanges of concessions leasibly being extended to cover, implicitly or explicitly, a wide variety of areas of military interest. This approach is also inseparable from the national defense effort, because as things now stand in the East, it would be illusory to think that wide-ranging East-West disarmament talks could replace that

Reaction to Crises

But tension management demands not only a realistic and lucid approach to arms control; but it also requires a coherent line of policy, one coordinated among allies, if possible, for the conduct of political relations with Moscow and for the reaction to crises. We shall offer a few observations on this point, but without presuming to formulate a "code of conduct."

The reaction to crises must be organized primarily and mainly in the field. This principle was not adequately followed in Afghanistan. Consequently, reaction to the December 1979 Kabul coup, in the West as well as in the region or Islamic countries, tended to lose momentum after a few months. Reagan's ostentatious intentions to aid the Afghan resistance were all the less effective in that they were vague and had not been preceded by sufficient consultation with Pakistan, the principally interested country. Even though France was vigorously calling for a response in the field, it had put itself "out of play" by stating on 26 June 1980, through its spokesman Giscard d'Estaing, that helping the "rebellion" militarily was not advisable. For that matter, both presidents had been entirely mistaken in publicly taking position on an issue requiring actions not words. The fact remains that the Afghan resistance movement has to this date received only what it needs to subsist, not enough to create problems for the Soviet occupation forces by destabilizing their deployment or knocking down their helicopters. This is altogether different from what the Russians and Chinese did in Vietnam to combat the American presence, even in the most subdued phases of the war.

Persian Gulf Example

Deterring the adversary from escalating must also be organized primarily in the field at the outbreak of the crisis or when danger becomes evident. A good example of this is the Western reaction after the start of the Iraqi-Iranian War in the fall of 1980.

This reaction was facilitated by the importance of the stake involved. Inasmuch as the vital interests of all Western nations were in question--and nobody doubted that oil supplies and freedom of passage in the Strait of Hormuz were indeed vital interests--there was no need for lengthy and official consultations between allies prior to taking indispensable protective measures. The unequivocal statements made on this subject in major capitals, the reinforcement of the U.S. fleet in the Indian Ocean supplemented by a significant French and British presence, the distribution of tasks, which was even actually effected among the various contingents--for example, by dispatching a French minesweeper into the region because the Americans had no such ships there--all of these actions unquestionably contributed to persuading Iraq to restrict operations to its border area with Iran, and also deterred Iran from taking any retaliatory measures in the Strait of Hormuz.

As for the Soviets, they were sufficiently aware of the importance of the interests at stake not to be tempted to fan the fire. Above all, Western resolve demonstrated by the considerable firepower deployed in the Indian Ocean prompted the Soviets to exercise that prudence which is theirs on major occasions. They not only refrained from reinforcing their fleet in the Indian Ocean but even ordered it to move further south, thereby averting any chance of a possible confrontation.

Polish Case

The Polish situation offers another positive example of Western reaction. On the one hand, Western governments were able to make their presence felt in the field, i.e. in Poland, a presence necessitated, in fact, by the debts and obligations contracted by the former Warsaw leadership. By agreeing to readjust this debt in a more than understanding spirit, and by transforming aid into a veritable rescue of the Polish economy, Western governments actually pressured, though such was not their declared objective, the new Warsaw leadership to come to terms with the workers movement and deterred, at least to a certain extent, the Soviets from intervening in force and shouldering the Polish burden by themselves alone.

On the other hand, the detailed disclosure of the USSR's various military preparations around Poland also played its part. Approved in December 1980 by Carter and continued by Reagan, this exposure of troop movements contrasted with Lyndon Johnson's inordinately prudent silence before the invasion of Czechoslovakia in 1968. In addition, this disclosure is supported by an abundance of observation and detection means that were still unknown in Johnson's day. While depriving the Soviets of the advantage of surprise--unfailingly sought by Moscow before all of its military operations--this disclosure was the factor which contributed most to mobilizing public opinion and governments. It is to be hoped, therefore, that this practice will be made standard procedure and become one of the secondary, of course, but effective means of forestalling crises and "managing tension."

Linkage

The concern for concentrating the effort in the field does not preclude "linkage," to use the American term. Reagan's advisers are not wrong when they describe linkage as a "fact of life" based on the evidence that we cannot conduct ourselves "as usual" with the Soviet Union, negotiate and trade with it without considering its conduct elsewhere. It was inevitable that the invasion of Afghanistan--and of course, any forcible action that might be taken tomorrow against Poland--would have a negative effect on what some continued to call "detente," even if certain governments are naturally trying to limit the effects which the revival of tension may have on their legitimate interests.

That is why there is no need to define this inevitable linkage by a rigid doctrine once and for all. The drawback of any doctrine for East-West relations is that, even before being tested in action, it generates all sorts of controversy within the very country that promulgates it, controversy which the Kremlin immediately makes use of in hope of obtaining a more favorable policy. Linkage should be implemented rather on a "blow by blow" basis, with consideration given to the degree of Soviet adventurism and the interests involved in each case.

Nor, for the same reason, is it advisable to become fixed in an inverse doctrine. The popular shibboleth voiced for a time by the most authoritative spokesmen contended that "there is no alternative to detente except cold war." This was a pernicious doctrine in that it conveyed the idea that the West could pursue no other policy but one of friendly dialogue with the USSR, regardless of the latter's behavior. It not only failed to deter Moscow from any adventure but also ignored the fact that the two periods called "cold war" and "detente" were much more complex than those two fetishistic terms indicate, each being, with its highs and lows, simply the continuation of a policy based essentially on the balance of forces.

It was during a period that was no longer altogether the cold war nor yet detente that the USSR displayed the most positive mode of conduct of the entire postwar era when between 1955 and 1958 it withdrew its troops from Austria, from Port Arthur in China, from Porkkala in Finland, and lastly from Romania. Yet this did not prevent Khrushchev from intervening, during the same period, in Hungary, then issuing his challenge on Berlin...

Trade Sanctions

The main area in which this linkage is applied is, of course, trade sanctions. In this connection, however, the precedent of 1980 and Afghanistan confirms the doubts one might harbor on this subject. From the standpoint of principles and justice, it is unquestionably tempting to advocate total cessation of trade with the USSR as a way of punishing it for a flagrant aggression. It is perfectly justifiable to advocate a grain embargo, as Carter did in 1980, insofar as any help in solving the USSR's food problems is tantamount to "feeding the Red Army." Facts show, however, that these sanctions are difficult to enforce. They have no significance unless the principal exporting countries agree on them, which is difficult to achieve, and unless this agreement lasts a long time, which is even harder to achieve.

The effort to achieve agreement should, therefore, be centered on limited sectors, notably on the extension of credit, because it is abnormal for the USSR to obtain more favorable credit terms than those granted other countries. It should likewise be centered on high technology goods, a sector in which the more limited circle of possible suppliers has already permitted a higher degree of agreement. But it will be highly difficult to go beyond the refusal to export technologies likely to have military applications. The "realistic," supporters of immediate business profits, are also perfectly justified in arguing that even the complete, "ready-to-go" modern factories sold to the USSR are but a drop in the bucket of Soviet mismanagement and will not be enough to enable the USSR to catch up.

Furthermore, as we have seen, the other side of this mismanagement coin is a large capacity to evade the dangers of intolerable scarcity by means of administrative manipulations. Hence it would take more than economic sanctions to subdue the lust for power of the Kremlin leaders and "bring Moscow to its knees," as noted by Thomas J. Watson, Jr., the former U.S. ambassador to the USSR.

Soviet Natural Gas and Dependence

On the other hand, it would be hazardous not to perceive the dependence that may result, to the detriment of the West, from excessive recourse to certain Soviet supplies, particularly in the energy field. The argument, advanced especially in Bonn, that the contract currently being negotiated for supplies of natural gas will be a new factor conducive to moderating Soviet conduct, and that the possible breaking of that contract by Moscow would, after all, be a useful element in estimating its intentions in the event of a crisis, is an argument that does not withstand examination. The Kremlin would not need to connect a threat wielded in that sector to a specific political reason. It will be recalled that the reason given for the 1948 Berlin blockade was that "repairs" were being made simultaneously on railroads and autobahns. Moreover, for the Western governments involved, the

mere fact of knowing that the Kremlin had its hand on the natural gas spigots would, in any case, be enough to prompt them to behave more moderately in a crisis. Lastly, even while assuming that the USSR will never impose on its Western partners the trade sactions it used against those allies with which it had severed its ties of friendship--Yugoslavia, Albania, and China--it would be illusory to think that trade is likely to put an end to the political and martial ambitions of nations--especially when they are dictatorships--or prevent wars. There was a thriving trade between Germany and France on the eve of World War I, and likewise between Hitlerite Germany and Stalinist Russia in 1941.

Linkage cannot, however, be enlarged to the point of automatically extending conflicts to other regions of the globe. The extreme case is retaliation by which the United States would respond, for example, to a new Soviet venture in Africa or Asia with an attack against an advanced position of the USSR, in South Yemen or Cuba.

Such action would indeed open a Pandora's box of virtually unlimited escalation of crises. The Soviets could, for instance, retaliate in turn against Berlin or elsewhere. It would, in any case, seriously displease Third-World and other nonaligned countries which do, in fact, reject the idea of an East-West global confrontation in which they would be the pawns.

Indeed, the most legitimate linkages must take account of the aspiration of these same peoples whose sympathies will, all things considered, tip the scales. Even though the superpower rivalry does tend to superimpose itself on regional confrontations, and at times even to obtrude on the leaders who are the actors in such confrontations, nothing would be more harmful than to ignore the reality of local problems that existed before even the emergence of this rivalry and that will no doubt outlive it. The United States is liable to experience this once again if it continues to subordinate the Israeli-Arab conflict in the Middle East to the imperatives of Soviet-American rivalry, or to disregard the Third World's earnest desire for a better international economic order.

Euromissiles Problem

The principal problem facing Europe in the immediate future--and all of whose implications seem to have been underestimated in France--is the issue of medium-range nuclear weapons. Without harking back to the military stakes involved in this "Euromissiles battle" (see our articles on this subject in LE MONDE, 16-17 April 1981), we should note that the sharp Soviet reaction to NATO's decision of December 1979 relative to the installation in Western Europe of 572 Pershing and cruise missiles raises a fundamental question: Considering the balance of forces, is the Kremlin capable of preventing the West from executing a weapons deployment plan which it, the Kremlin, dislikes and which, in effect, powerfully enhances the deterrent against a possible venture on its part in Europe? Must this Soviet reaction be viewed as the first phase in that "Finlandization" predicted by pessimists?

The next 30 months will provide an answer to these questions, but it must be acknowledged that the contest has not opened under the best of auspices on the Western side. The "dual approach" adopted by NATO—deployment of the new weapons on the one hand, negotiations with the East on reduction of the same weapons on the other--encourages the USSR to intensify its attempts to charm and pressure.

This approach also opens the door to a basic ambiguity, namely that it will be very difficult before long to differentiate between those who want negotiations so as to avoid deployment and those who expect the failure of these negotiations to provide the clinching argument in favor of deployment. This issue creates a very special problem for the FRG which is uneasy, and not without justification, about having to sacrifice the gains of its Ostpolitik on the altar of strengthening an alliance which many no longer view as the essential element of the country's security but merely one element among others.

France's Role

France will have something to say about this problem and about many other aspects of how East-West tension will be "managed" during this crucial decade. Mitterrand's election as president unquestionably caught Kremlin strategists unawares. The latter, putting the "historical compromise" into practice in advance, had for a good 20 years devoted themselves to unadmittedly conniving with the "bourgeois" governments of Paris in hope of driving a wedge between the European allies of the United States and of having a privileged contact in the West. Nevertheless, the assets inherited from the past and that policy remain. One of General de Gaulle's successes was having France attain the status of a nuclear power, but also and above all, having that status recognized by the major powers, including Russia. The same cannot be said of the similar project NATO has currently undertaken in its own behalf, under American leadership, with theater nuclear weapons.

France also has the advantage over Germany of being a partner sought after by Moscow as much as by Washington because of the poor state of Soviet-American relations, whereas any renewed East-West tension puts Bonn in an impossible situation. With the exception of Great Britain--but the latter is too close on principle to the United States not follow its lead--all other European governments find themselves facing the same dilemma because of too much dependence on the United States, a dependence which the American missiles will inevitably increase.

Consequently the point is not to follow a "seesaw policy" but a real policy of alliance with all of the "coresponsibility," national effort, and possible disagreement such a policy entails.

8041
CSO: 3100/946

PAPER CRITICIZES DEBATE ON 'ZONE,' SAYS ISSUES CONFUSED

Stockholm DAGENS NYHETER in Swedish 4 Sep 81 p 2

[Editorial by Olof Santesson: "The Zone With a Problem"]

[Text] Something noteworthy has happened in Nordic security policies. For the first time since the failure to form a Nordic defensive alliance in 1949, the Nordic countries are discussing the possibilities of coordinating policies in our own area. This time Denmark, Norway and Sweden have been joined by Finland. The question they have begun to discuss concerns security against the threat of nuclear weapons, a nuclear weapon-free Nordic zone.

The noteworthy feature is that the countries have begun to talk among themselves on an official level despite the fact that their viewpoints on political-security solutions are far apart.

The recently completed foreign ministers' meeting held in Copenhagen was hardly more than an inventory of problems. Obviously there were all kinds of problems to discuss. No one has ever tried to sketch a nuclear weapon-free zone including Iceland, or the islands associated with Denmark, the Faroes and Greenland--large portions of the North Atlantic. Would it, for example, be possible for Denmark to enter a political-security arrangement which excluded certain parts of the kingdom?

The communique following the Copenhagen meeting says nothing about whether the question of a Nordic nuclear weapon-free zone should be seen in a broader European context. Here the other countries obviously were obliged to concede that Finland wants to avoid any indication that the question of the Soviet nuclear weapon arsenal must be included in the zone question.

The interest in a nuclear weapon-free zone was not evoked by the efforts of our disarmament experts. It is the result of a popular movement, a wave of opinion to which many leading politicians found it necessary or convenient to react.

From the accounts in DAGENS NYHETER it appears that the Swedish experts in the Foreign Ministry, Defense Ministry, Defense Staff and Defense Research Institute (FOA) are strongly constrained not to say no to the nuclear weapon-free zone.

One is strongly inclined to believe that the entire proposition is unrealistic. The experts say that the United States would require large concessions from the Soviets in order for NATO to abstain from wartime basing of nuclear weapons in Norway and Denmark. An acceptable Soviet reply is not considered likely, despite Brezhnev saying that he "did not exclude" even measures on Soviet territory in connection with setting up a nuclear weapon-free zone. (A possibility of decreasing the numbers of Soviet nuclear weapons, or not? Nordic diplomats are trying to find out in Moscow.)

Weapon developments are seen by the experts to mean that the Nordic countries would not have much to gain if the superpowers drew back their nuclear weapons from the seas and from a thinning-out zone around the Nordic countries. Warheads can be fired from very long distances. The superpowers would, after an agreement on a nuclear weapon-free zone, exert pressure on us--the basis for Swedish security policy would change. If the superpowers in a crisis situation should abolish published guarantees for one or more countries, in what situation would that leave the others? And so on.

Leading Swedish government politicians are naturally troubled by all these expert objections. Partly it is a matter of thin theoretical reasoning.

In any case the government has a task from the Riksdag to "investigate whether common ground exists among the Nordic countries for the purpose of creating a nuclear weapon-free zone in the North as a step in the work for a nuclear weapon-free Europe." A Swedish "readiness to negotiate" has been directed. The actual technical conditions, according to expert knowledge in the departments and staffs, are believed to be in little agreement with the political situation. One could wish for greater harmony.

The question is whether it is worse than that. Many people have begun to expect that a nuclear weapon-free zone could be negotiated as a contribution to a necessary reduction of tensions. Thereby the Nordic countries would be saved from nuclear destruction, they believe.

Among political leaders and experts, many deny this, saying, "There will be no direct negotiations in which we participate. It is the United States and the Soviet Union which must agree--preferably within the framework of a general European weapons agreement. A zone agreement, in spite of formal superpower promises, would not contain any real guarantee against nuclear weapon attack! A nuclear weapon-free zone is of value only if previously a new means of creating international understanding and relaxation of tensions has been found.

The politicians obviously believe themselves forced by opinion to produce some kind of a result in the continuing discussions around a nuclear weapon-free zone.

It can be a good thing that politicians feel themselves under pressure in this way. But there are gaps in the public discussion which feel very uncomfortable. The question is, who is leading whom astray? A straighter debate between more or less well-motivated ideas would be beneficial.

9287
CSO: 3109/148

WOMEN COMPRISE 26 PERCENT OF FRG RED ARMY TERRORISTS

Paris LE FIGARO in French 19 Aug 81 p 3

[Article by Jean-Paul Picaper--passages enclosed in slantlines printed in italics]

> [Text] On 4 August in Paris, Inge Viett, being sought by Interpol, notorious for her participation in various attacks and kidnappings, shot and seriously wounded a French police officer. During a raid last June on "Direct Action," the "Red Brigades," and the German "Red Army Faction [RAF]," French police in Paris arrested two members of the "legal wing" of the RAF, including a woman, Katharina Defries, who studied in Berlin, as did Inge Viett. Found at their residence were Fr 2 billion, explosives, and a workshop equipped for manufacturing false documents. Shortly before, Swiss police in Rheinau had arrested Barbara Augustin, another German terrorist. Inge Viett, the "motor bike terrorist," and her two colleagues attracted fresh attention to the international activities, the considerable resources, and the organization of German terrorism, as well as to its Valkyries.

While they have become legendary since Ulrike Meinhof and Gudrun Ensslin, women terrorists owing allegiance to the black flag--with a red star, that is--are less numerous than previously thought: they make up only 26 percent of the activists. They owe their notoriety to their kamikaze spirit, their fanaticism, and their sex, not to their numbers.

This is one of the unexpected conclusions of a study by the German ministry of justice on the sociological and biographical data base provided from 209 trials of terrorists and terrorist sympathizers. The very widespread idea that the terrorists come from wealthy homes, are educated, and were themselves destined for the intellectual professions was indeed confirmed in a number of cases. /"This trademark of the terrorists is nevertheless an incomplete formulation,"/ write the experts. /"The terrorist camp includes other groups of people besides these, and some even belong to the class of common criminals."/

One learns that slightly more than one-fourth of the German terrorists had already been convicted for ordinary criminal offenses before being recruited into politi-

cally motivated terrorism. A sizeable minority, 23 percent, came from marginal strata of society, and it is in this group one finds the majority of individuals who perpetrated attacks. Students were numerous at the start, since the movement was founded in the wake of university leftism, but little by little other groups joined them. /"One notes a social diffusion of the phenomenon comparable to the situation with drugs,"/ notes the report. We recall that a previous study by the ministry of interior had showed that the two factors common to almost all the terrorists were vocational, scholastic, and university failure and their relatively young age when they went underground.

This latter point is also confirmed by the ministry of justice: 61 percent of those accused were age 21-30 when they committed their offense, 18 percent were less than 20, and 21 percent were older than 30.

The public is accustomed to noticing only sensational crimes: blood crimes, hold-ups, kidnappings, bomb attacks. In reality, 39 percent of the accused had committed misdeeds in this category; 42 percent, on the other hand, were accused of collaboration with terrorist organizations and groups.

Can we not deduce from this, suggests the report, that the experience of being part of an illegal group, and counter-cultural solidarity--along with the threat of execution by one's associates--was a greater factor in gaining and holding loyalties than the thrill of crime for these aging adolescents, "who have broken ties with institutions and the family, as is often the case with young people"?

Cohn-Bendit Arrested

This diagnosis, while it may be useful for preventive purposes, nevertheless comes somewhat late in the day. The German guerrilla movement, which has evolved from the "elite terrorism" of the Baader-Meinhof gang to "mass terrorism," is less and less easy to isolate. The attention of the police has turned in recent weeks to the "Black Bloc," whose members, wrapped in black flags, participate in demonstrations by squatters, pacifists, and anti-nuclear activists, in order to ruin them through destruction and confrontations. Caches of arms have been uncovered, extremists arrested and released in the Frankfurt region. Rebellion has taken no vacation. In Frankfurt, on 1 August, bloody confrontations, flaming barricades were seen: an attempted attack against the U.S. V Corps was stopped by 1,000 policemen. Daniel Cohn-Bendit was among the demonstrators arrested. Monday night in West Berlin new violence was perpetrated by about 100 activists.

9516
CSO: 3100/942

GOVERNMENT REPLIES TO OIL SUPPLY CRITICISM

Nicosia CYPRUS MAIL in English 28 Aug 81 p 1

[Text] THE Cyprus government buys Iraqi crude oil because this is the most suitable for the country's requirements in petroleum by-products and because Iraq had promised regular supplies subject only to the exigencies of the Iraq-Iran war.

«This is as important a factor as the price itself», says a government statement explaining why Cyprus buys Iraqi oil.

The statement was issued after comments in the opposition «Simerini» which asked why Cyprus does not buy Egyptian oil which, it said, would have been cheaper.

The statement reveals that Cyprus pays the Iraqi oil at 36.000 dollars a barrel, plus 93 cents for fees for transportation through the oil pipeline. This is the price which has been operative since June this year.

It is explained that the prices are fixed by Opec and there was no question of Iraq offering more favourable prices to Cyprus than it sells to other countries though Iraq promised uninterrupted supplies, subject to the contingencies of the Iran-Iraq war and this is as significant as the price itself, the statement says.

The decision to buy Iraqi oil is taken out of purely commercial considerations and one of the reasons is that the Iraqi crude has proved the most suitable for the refinery, giving by-products more suitable for Cyprus requirements than other crude varieties.

Referring to the suggestion about Egyptian oil, the statement says that the possibility was investigated though Egypt itself did not offer oil to Cyprus.

But, the statement says, Egypt not being a member of Opec it fixed its oil prices according to spot market trends and therefore there would be fluctuations in Cyprus.

Moreover, interrupting conventional commitments for a limited period for the sake of beneficial prices would affect the credibility of Cyprus to honour its commitments.

It is noted that in January this year Iraqi oil (Kirkurk) was priced $37.50 a barrel whereas the Egyptian crude (Suez type) was $40.50.

So, if Egyptian oil was being purchased, it would have cost more.

In addition, the statement explains, it is not only the FOB price of the crude which determines the choice. It is also which type and origin costs less in terms of transport and the consequent gaps in requirements to be filled with importations etc.

One other factor to be reckoned, the Ministry of Commerce and Industry statement says, is that tankers of less than 50,000 tons are not accepted at Alexandria and this tonnage is excessive for calls at the Larnaca installations. Therefore Cyprus would have to ship any oil purchased in Egypt to Italy and then have transportations in smaller tankers to Cyprus.

The Ministry assured that the government always examines all possibilities to ensure the lowest possible increase in petroleum products and if possible reduction of prices if international developments could allow that.

CSO: 4600/188

UPSURGE IN REGISTRATION OF MOTORCYCLES REPORTED

Nicosia CYPRUS MAIL in English 30 Aug 81 p 1

[Text]

REGISTRATION of motorcycles accounted for almost one half of total vehicle registrations during the past year when 12,902 new mechanised cycles were registered out of a total of 26,982 vehicle registrations.

The number of new registrations of motorcycles shows a dramatic increase in the last couple of years. Whereas in 1978 only 2,108 new mechanised cycles were registered 5,942 were registered in 1979 and 12,902 in 1980.

The total number of mechanised cycles licensed in 1980 was 31.150 which is one fifth of the total licensed vehicles (private and commercial) which was 154.854.

The figures are contained in the Motor Vehicles and Road Accidents statistics of the Department of Statistics and Research just published, covering the years 1979 and 1980.

The report attributes the sharp increase of motor cycles during the two years to the continuous increases in fuel prices and the high import duties on other vehicles.

Thus, it says, registrations of motorcycles accounted for 30.2% of total registrations in 1979, 47.8% of total in 1980 as against only 14.0% of total in 1978.

The report also relates this increased number of motorcycles to the higher incidence of accidents in this category. «It is believed that the sharp increase in the number of motor cycles mainly driven by young persons has to a great extent contributed to an icrease in road accidents in this category of vehicles, especially in 1980», it says.

In 1980 motorcycles involved in accidents were 1,314 as compared with 538 five years ago.

The registrations of private vehicles decreased slightly by 2.3%.

But the registrations of taxis and self drive cars declined by 36.5%.

Accidents

The number of persons per private car licensed in 1980 was 7.1 persons but the number of persons per road motor vehicle (overall) was 4.2 persons.

The report says the main cause of road accidents reported were in this order, following too closely behind another vehicle (15% of total), failing to comply with traffic signs (13%), failing to keep to near side or proper traffic lane (11%) and inattention (10%).

The report also gives home consumption of motorspirit and petroleum products as per returns by the petroleum companies: petrol (benzine) 92,500 metric tons, gas oil 143,000 tons and lubricating oil 5,700 tons.

The total number of road accidents in 1980 increased by 4.3% overall though the increase of accidents with drivers or passengers of motorcycles was 51.9 per cent in 1980 compared to 1979.

The number of persons killed in road accidents decreased from 102 in 1979 to 85 in 1980 while the number of injured persons reached 4,001 in 1980 against 3,714 in the previous year.

CSO: 4600/187

ULUSU ADDRESSES ENERGY SELF-SUFFICIENCY

Istanbul MILLIYET in Turkish 21 Jul 81 p 9

[Text] Mugla, Special--Prime Minister Bulend Ulusu said, "We have to take very serious measures to supply our energy needs from our own resources," stating that electricity production would meet demand by the end of 1983.

Prime Minister Ulusu went to Mugla from Izmir yesterday for the ground breaking ceremonies at the Yenikoy thermal power plant and the third unit of the Yatagan thermal station. He was later briefed on the problems of Mugla Province.

Prime Minister Bulend Ulusu said in his speech at the ground breaking ceremony, "Energy is our country's number one problem," speaking in part as follows:

"Our country's ability to complete its economic development will be possible only if we at least double present energy production.

"For this reason, we have to take very serious measures to develop our energy resources and to supply our energy needs from our own resources.

"Known lignite reserves today are 7 billion tons. If they were fully developed, 180 tons per year could be produced.

"In addition to lignite, we have known anthracite reserves of 1.4 billion tons. We admit that the present annual production of 4 million tons would rise 2.5-fold with development of the operation.

"The most economical and realistic energy source for our country is hydraulics. According to available information, our hydraulic potential is around 100 billion kwh per year. Our essential goal is rapid development of these resources.

"In connection with oil exploration, approximately 1,500 test wells have been sunk in Turkey to date. In comparison with other countries, countries with less sedimentary soil than ours make this many tests per year. For this reason, we have to encourage foreign capital and get the public and private sectors to step up oil exploration.

"As for electricity production, despite an average annual increase of 13 percent over the past 30 years in electricity production, bringing it to 23.5 billion kwh in 1980, our country has a tremendous electricity shortage today.

"Hydraulic stations to produce 9.324 mw and thermal stations to produce 9.635 mw are now under construction. When these projects are completed, our annual production will be 116 billion kwh.

"Our production will meet our demand by the end of 1983.

"We have overcome many of the bottlenecks in our economy as a result of the economic stabilization measures. Now we are struggling with the energy problem. The Yatagan third unit and the Yenikoy first and second units for which we will break ground today are fine examples of this. The 210-mw Yatagan third unit will produce approximately 1.3 billion kwh and the 420-mw Yenikoy plant, more than 2.5 billion kwh. Yatagan units 1 and 2, now under construction, are scheduled for completion in 1982. Thus the area will have a potential of 1,050 mw, raising our production by almost one-fourth. This area, the cradle of civilization, will now be a source of energy for our country."

8349
CSO: 4654/116

EARLY RETIREMENT INCENTIVES AIDING EMPLOYMENT OF YOUNG

Helsinki HUFVUDSTADSBLADET in Swedish 27 Aug 81 p 13

[Article by Sigyn Alenius]

[Text] Copenhagen, August--Danish Prime Minister Anker Jorgensen says that if there are no jobs, then some will be created. His minister of labor, Svend Auken, has worked out a job system that will take the sting out of unemployment. A quarter of a million people in Denmark are jobless at present--more than 10 percent. Not even a gigantic upswing in the world economic situation would be able to absorb all of them. Something has to be done.

Economically speaking, unemployment is not a problem in today's Denmark--there is no misery like that which occurred during the last unemployment crisis back in the 1930's. The social net is fine-meshed--an unemployed person receives 90 percent of the wage he or she had been earning, but with a maximum monthly payment that is the equivalent of 4,170 markkaa. That is more than the minimum wage, which, at 38 kroner per hour, translates into the equivalent of 4,000 markkaa per month. The average wage is the equivalent of 5,900 markkaa.

But humanly, socially, and politically speaking, the staggering unemployment level is a colossal burden for the Jorgensen regime. The LO [Danish Federation of Trade Unions], from which the prime minister came and on which he is heavily dependent politically, has gone so far as to say that new elections, with their attendant risks, are preferable to the current unemployment situation. The nonsocialist opposition has long accused the Social Democrats of pursuing an unsuccessful and misdirected policy. The equivalent of between 15 and 17 billion markkaa per year is being spent on unemployment benefits. The nonsocialists are recommending less posh benefits and a more effective use of public funds to support exports, an easing of depreciation rules, and other measures that in the long run, according to their view, will be able to solve the employment problem.

The prime minister agrees with the nonsocialists on one point: that the money being pumped out in the form of unemployment benefits does not represent a productive and effective use of government money. But his plans take another form.

Jorgensen feels that one way to reduce unemployment is to encourage early retirements and get younger people into jobs. A special system has been introduced, and it is working far better than Jorgensen himself had expected.

Anyone who is willing can retire at age 60 and receive a "step-down pension"--that is, 90 percent of a wage calculated as a sort of average established by the government. After 2.5 years, it is stepped down from 90 to 70 percent, and 2 years after that it is again reduced to the level of the national basic pension. It provides a gradual economic decline from the wage one had been earning to the national basic pension. The government had expected 27,000 people to choose the step-down pension during 1981. But the figure is 63,000--more than double. A success, in other words.

The government pays 85 percent of the step-down pension, the unemployment benefit societies pay 5 percent, and the employers pay 10 percent. Of the 63,000 who are now on step-down pensions, 70 percent have been replaced by new, younger colleagues. So it can be said that the program is a success--no one had expected all 63,000 to be so important that their employers would hire replacements.

Another way to attack unemployment is to grab the other end--that is, the young people--through longer and more thorough schooling. That has been recommended for several years (and a new recommendation has now been submitted). The government estimates that 11,000 young people can be placed as apprentice craftsmen or enrolled in vocational schools this fall. Money has been appropriated in the municipal budgets.

That leaves the bulk of the unemployed--those who are neither young nor old. Special job opportunities for them have already been introduced. If a person has been unemployed for 2.5 years (after 2.5 years an unemployed person is transferred from unemployment benefits to social welfare), he or she is offered a 9-month job for which 30 kroner (18 markkaa) toward the [hourly] wage is paid by the government. The job may be with the national government, in a commune, or in the private sector. Private employers have been skeptical: the system distorts competitive conditions, since one employer can get manpower that is partly paid for by the government, while another employer has to pay the full wage himself. Most of those jobs have therefore been created in the public sector.

One more job possibility will be taken up in Parliament this October (the other laws have already been passed). This is the law for creating jobs, as the government has called it. The national government, communes, or private employers will be able to collect the equivalent of 18 markkaa from public funds to help pay the wage if they find new jobs which do not compete with already existing jobs and which at the same time are what the government calls socially useful jobs. That may involve building roads, building embankments to hold back the sea, or cleaning up the forests. The minister of economic affairs mentions the possibility, for example, of keeping public swimming pools open on Saturdays and Sundays with the help of such special employees. They would not be competing with the normal swimming pool staff.

The problem with all those kinds of more or less artificial jobs is that they cost money and at the same time compete to some degree with the job sector that already exists. The nonsocialists have called attention to the fact that they cost money, but the answer from the Jorgensen government has been that such schemes would offset unemployment benefits, so that the costs would be considerably reduced.

Competition with the "real" job sector is something more difficult to refute. The boundaries are vague between jobs that "would not have gotten done otherwise" or

"would not have been worthwhile otherwise" and ordinary jobs that can be tackled by ordinary market-economy means.

In any case, the Jorgensen government will fight hard for this new installment of "job creating"--there is a powerful political incentive to do so.

11798
CSO: 3109/241

CHARZAT CALLS FOR 'COMPLETE NATIONALIZATION' OF BANKS

Paris LE MATIN in French 27 Aug 81 p 4

[Interview with Michel Charzat, national secretary of the Socialist Party for the public sector and nationalizations, by Denis Pingaud; date and place not given]

[Text] The national secretary of the Socialist Party (PS) hopes for the opening of debate on the objectives of nationalizations.

"I favor as complete a nationalization of the banking sector as possible." Now, as the government is about to engage in the final arbitration on this delicate issue, this is the opinion of Michel Charzat, national secretary of the PS for the public sector and nationalizations. Declaring himself in favor of "a large national bank credit agency," he hopes that the objectives of nationalizations will be quickly opened to public debate.

LE MATIN: Is it really necessary to nationalize the entire banking system since the government already controls the distribution of credit?

Michel Charzat: The private banking sector has on many occasions shown that its participation in the strategies of business firms has not necessarily been guided by any concern for the general interest of the nation, but rather by the quest for immediate profits. The fact is that it is not really adapted to a system of financing in which long-term profitability ought to be predominant, in the case, for example, of the creation of jobs, of the rescuing of firms momentarily in trouble or, even more important, of industrial innovation.

Now we want to return to France control over its development. Under the circumstances, I reject the notion of a screened kind of nationalization program. I favor nationalization of the banking sector that is as complete as possible. In order to recreate industrial drive, assure the government control over the financing of the economy and decentralize the networks by bringing them closer to the public. This last point is particularly important in order to create more ethical relations between banks and small and medium-sized businesses.

LE MATIN: In nationalizing private institutions wouldn't we risk weakening French banking presence abroad?

Michel Charzat: It is possible to find appropriate formulas for certain countries. But the important thing is for the collectivity to control the make-up of the

associations, including foreign branch offices. Actually, with very rare exceptions and omitting foreign banks, which represent only 3 percent of the market, all of the banks registered as private should be returned to the public sector.

LE MATIN: Their industrial holdings too?

Michel Charzat: As for me, I favor a sort of "freeze" of these holdings. At first, the government would assume control, at some later time prepared to reassign part of them to the financial market depending on the alternatives that may be decided on for the reorganization of the banking system in terms of industrial strategy. This solution seems to me to be preferable to a prior "screening" of the nationalization bill.

LE MATIN: But how reorganize and to accomplish what?

Michel Charzat: What for? To see to it that we have a large national bank credit agency whose objectives would be to provide the financial means indispensable to the implementation of another kind of economic logic. Only nationalization can rehabilitate a system at present thrown into imbalance by individual interests and confer on it a superior kind of rationality. Restimulation of investments, priority for employment and support for small and medium-sized businesses are the main items in this new logic of development. How reorganize? By creating a nationalization office that will tackle this task on the basis of a few guidelines such as the specialization and regionalization of financial circuits. Some people in the PS are, furthermore, in favor of the creation of a national investment bank, a sort of holding company that would direct the long-term credit policy.

LE MATIN: More generally speaking, don't you think that the "secrecy" that prevails over the preparation of the nationalization bill irritates the public and, therefore, for that very reason Socialist activists?

Michel Charzat: The nationalization issue is extremely complicated. The government must therefore be allowed enough time to work it out. Now would seem to me to be the time to initiate public debate on it to respond to the need for clarifying the issue for these activists and the public.

LE MATIN: That is, there are certain "frictions" between the PS and the government on the subject of nationalizations?

Michel Charzat: The PS has made its proposals. The government has not yet made its decisions. But things seem to me to be moving in the right direction. In any case, as is quite normal, the Socialist parliamentary delegation will contribute to the debate during the discussion of the bill in the National Assembly.

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BRIEFS

BANKER DISCUSSES INVESTMENT PICTURE--Firms are inclined to increase their investments in machinery and real property at the cost of liquid assets when inflation is high and the lending rate is lower than inflation. That leads to forced savings in the form of taxes and compulsory contributions to investment funds and pension funds. And that, in turn, curtails the capital market and may even wipe out certain parts of it. That is more or less how Jonas Haralz, managing director of the National Bank of Iceland, presented one aspect of the problem of "Economic Growth in a Time of Inflation" as he spoke at the Nordic economic meeting that continued in Helsinki on Tuesday. He said: "The attitude that it really makes no difference how a firm is managed or what investments are made, since hardly any firm can go wrong as long as inflation continues, and that all investments are profitable as long as the bank rate remains sharply negative is going to take root to an ever-increasing extent." He said: "As a banker, I have had many occasions to observe the effects of inflation on company management and company attitudes. I have seen cases where firms have grown and expanded by ignoring all the usual operating rules and seeking to accumulate property financed by loans." [Excerpt] [Helsinki HUFVUDSTADSBLADET in Swedish 19 Aug 81 p 12] 11798

CSO: 3109/239

DOGAN EYES ECONOMIC DETERMINISM, INTEREST

Istanbul CUMHURIYET in Turkish 21 Jun 81 p 5

[Article by Yalcin Dogan in the column "Comment": "New Means of Competition in Interest"]

[Text] There is one unyielding point on which everyone has now reached a unity of view: "Investments cannot be made at these interest rates." Everyone from the banker to the industrialist, from the college professor to the business manager, if he has any political or economic opinion, agrees on this point. The fact that disparate groups should converge on the same point, albeit after a year's controversy, is yet another "stage." It means that a very important link in the chain stretching back to the 24 January decision has turned up on its own to be "broken." And this "missing link" is steadily gaining more weight as a "determinant" from the standpoint of the economy.

It is because of this weight that the interest debate has flared again recently and has begun to shift in unexpected directions with unexpected intensity, directions that are filled with surprises and are more than interesting. Indeed, as they say, "It's a 32-card grand slam."

Point number one: Those who defend the 24 January decisions have one or two things that they fall back on as a means of defense when they look at the perceived results. "Two-tiered pricing has left the economy. No commodity has two price tiers and, therefore, the black market has disappeared." This is one of the vehicles in their top line of defense. But this vehicle seems to have backfired, and in one of the economy's most important commodities--money. The two-tier price system is running at full steam in money at the moment. It is not necessary to be an "expert" to know this. All you have to do is watch TV from one night to the next and look at the advertisements. The different interest rates paid by banks and brokerages clearly exhibit "the two-tier price of money." One pays 10 percent per month interest on money, another 8 percent and yet another 12 percent. Need we say more? So the price of money, the most important "commodity," even goes beyond a "two-tier" price. This, essentially, is what adds "color" to the interest controversy.

The true directions of the phenomenon become clearer when you ask market "insiders" about it. Who is able to get credit? Just go to the big firms, ask the banks to

whom they are giving credit. The answer is the same. It is, in a word, "impossible" for a medium or small industrialist or merchant to pay approximately 600,000 liras interest on a 1 million lira loan. In that case, only certain sectors are able to get credit, that is, the ones that are able to survive. The interesting thing about it is that they are the ones fanning the flames of the interest controversy. When you ask the "big industrialists," they have a most striking rationale for getting credit at such a high price. "Whatever happens, we should all be in it together. If we sink, let's all sink together."

Other, new proposals are at issue behind this comment: "Nationalize the banks." The ones who say this are the foremost movers and shakers of the present economic system, the very businessmen themselves. Why?

Competition in the money market takes on a new perspective with the "nationalization" proposal. "Nationalization" becomes a new vehicle for "free competition." Interesting, isn't it? The method known as the vehicle for changing the system today is "free competition." Turkey is pretty far down the road.

There are several methods operating at the moment as vehicles of free competition in the market, in interest rates. First, you get "export credit" at interest as low as 22 percent then offer it on the free market at 100 percent to make extra income. This is classic loan sharking. But it brings good money. Second is the method by which important industrial groups obtain credit from the banks with which they are affiliated, bringing interest rates down.

Now for the third method. This is the "nationalization" proposal to give the competing banks and financial institutions no chance to recover. The logic is this: Today's interest rates are very high. They must come down. To do this, the banks should be nationalized, because then interest would fall. However, when the banks are nationalized, the interest rates being paid on the brokerage market and by the banks today would apply to the money being invested at present. That is, it would keep on paying the present high interest. Because interest rates will drop under nationalization, savings will decline and no institution (bank or broker) will be able to keep on paying the present high interest. When they can no longer go on, they will "have to bail out."

No matter how much these new methods of competition cause industrialists to accelerate the competition among themselves, this "momentum" in interest rates will probably not last very long. Interested circles in the capital are talking about the "liklihood of a state takeover." That is, about being able to keep interest rates within specific limits. Then, perhaps, "money competition" will expand to yet other dimensions.

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CSO: 4654/115

FARMERS GROUPS URGE WHEAT EXPORTS

Adana YENI ADANA in Turkish 10 Jul 81 pp 1, 5

[Text] The Ministry of Commerce decision on wheat exportation got a "negative" response from farmers' groups in Adana and it was suggested that the ministry should rescind this decision.

As known, the Soil Products Office [TMO] had been unable to purchase sufficient wheat because of the higher price demanded by merchants and the Ministry of Commerce decided to import wheat to dilute prices on the domestic market and to keep TMO reserves at a specific level. It was announced earlier by ministry authorities that the decision to import wheat was also based on the fear that bread prices would rise along with the price of wheat on the domestic market.

We talked with Adana Farmers' Union President Izzettin Ozgiray about the Ministry of Commerce's decision to import wheat, announced day before yesterday, and he said that a wheat harvest of 17 million tons was expected in Turkey this year and domestic consumption would be 11 million tons, TMO reserves 1.5 million tons and army needs 500,000 tons. "In this case, total domestic consumption is 13 million tons. Thus, instead of importing wheat, it is necessary that Turkey export the 4 million-ton surplus, he said.

Ozgiray said that the Ministry of Commerce decision, which he described as "extremely wrong," had to do with base price implementation and expressed his views as follows:

"When the base price was first announced, world wheat prices were running around 18 liras. However, world wheat prices rose as the value of the dollar increased and today the foreign price of wheat has risen to 22 liras. So we see that prices will go even higher in the days ahead. Instead of importing wheat to bring down wheat prices on the domestic market, the Ministry of Commerce could have added a premium of 2 or 3 liras to the wheat base price. Then it would have had wheat flowing into the Soil Products Office."

Noting that wheat purchased by the TMO could be sold cheaper to designated bakeries in order to prevent higher wheat prices from affecting the price of bread, Farmers' Union President Izzettin Ozgiray said:

"You know that Turkey is exporting flour to Middle Eastern nations. All of our export transactions are conducted in dollars. The price of the dollar today is around 110 liras. The dollar is steadily going up and will soon be 125 liras or even 130 liras. The TMO ought to buy wheat from the producers while the dollar is 110 liras and export it when the dollar reaches 125 liras to create a fund that, together with the funds from flour exports, would cover the premium paid to the growers by the TMO. Therefore, the probable increase in bread prices could be prevented without state subsidy of wheat, that is, without loss to the Treasury. It is our desire that the Ministry of Commerce reverse this wrong decision as soon as possible."

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EVREN RESPONDS ON INTEREST, PRICES, FOREIGN CAPITAL

Istanbul DUNYA in Turkish 21 Jul 81 p 1

[Text] Ankara--Head of State Gen Kenan Evren asked questions for 1.5 hours following a 5.5-hour briefing of the National Security Council, held at the Chief of Staff's office, on economic developments in the first 6 months of 1981.

The head of state paid particular attention, it was learned, to preserving budget discipline, eliminating worker-civil servant wage differences, eliminating the foreign trade deficit, EEC restrictions on Turkish goods and the foreign debt load. He also gave State Planning Organization [SPO] authorities instructions to be careful in encouragement practices and concessions granted to foreign banks.

Head of State Evren remarked on the SEE [State Economic Enterprises]'s requests for additional appropriations of 140 billion liras despite adoption of the principle on preserving discipline in 1981 budget administration and stressed the need to preserve discipline. Authorities replied that additional SEE appropriations would not be made, that these organizations' financing needs would be met by other resources. In answer to other questions on budgetary discipline by the head of state, authorities committed themselves to a balanced budget in 1981.

"Are We Spending More Than We Get?"

As regards the foreign credits now being used, Head of State Evren asked whether Turkey was spending more than it gets. Deputy Prime Minister Ozal replied: "Turkey is in good standing abroad. We have reached the stage of receiving credit from international commercial banks. Thus we have progressed from compromising state credits to the stage of having access to uncompromising bank credits."

Among his questions, Evren also stressed the need for Turkey to balance its payments with sound foreign exchange income and reminded authorities that the best economic route was to cover importation by exportation alone.

Head of State Evren also instructed SPO authorities to be careful as to encouragement practices and concessions granted to foreign banks. On the subject of foreign banks, he recalled that West Germany had restricted the Turkish banks which wanted to open branches there. The authorities replied that the same restrictions would

establish certain general criteria for the opening of branches in Turkey and would apply them in the future.

Price Increases

Head of State Evren said at the briefing that a ripple had been seen in price increases in May, June and July as compared to earlier months. SPO authorities said that this ripple was caused by delays in part of the IMF credit tranche and in this year's West German aid and that the German aid and bridge credit equivalent to the IMF tranche would become applicable within a week. The authorities also said there would be no let-up in the measures being applied to bring inflation under control.

Worker-Civil Servant Imbalance

The head of state also asked about the statement in the report that per-worker cost at state enterprise was three times higher than civil servant cost. The authorities said that work was in progress for eliminating this imbalance and that measures to be taken in this regard were being formulated.

Evren also asked whether imports might be reduced somewhat despite the good progress in exports, and authorities maintained in response that "guidance" imports were necessary, that in their absence domestic shortages might result and double pricing return. They noted, nevertheless, that exports by the end of the year would be $4.2 billion, worker remittances $2.5 billion and unseen income $800 million, bringing Turkey's total foreign exchange earnings to $7.5 billion. Authorities pointed out that imports, originally projected at 9 billion liras, had declined somewhat and that the reduction would be $.5 billion by the end of the year. "In this case, the foreign payments deficit may be around $1 billion," they said.

Deputy Prime Minister Turgut Ozal answered the head of state's questions about the exchange rate policy and free interest system. Ozal told him that despite high interest, industrialists were using their growing savings. "The industrialist is having trouble, but he has come to understand the value of money and is using it more judiciously," he said.

To Encourage Foreign Capital

The report on which the economic briefing of the National Security Council was based proposed the establishment of free zones and recission of the law on state operation of the mines in order to gain greater benefit from foreign capital. The report says that an increase "worth noting" has occurred in foreign capital as the result of the stable environment created by 12 September and that foreign capital activities are expected to accelerate in 1982.

The report also points out that total foreign capital reserves were $228 million at the end of 1979 and foreign capital permits issued in 1980 equal $97 million, but this amount rose to $173 million in the first 6 months of 1981.
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CSO: 4654/115

FOREIGN EXCHANGE TRANSFER EXPECTED TO EASE

Istanbul CUMHURIYET in Turkish 23 Jul 81 p 5

[Text] ECONOMIC SERVICE--Delays in import transfers caused by the tightening situation in foreign exchange since May reportedly are expected to ease in the second half of the year. A substantial jump in worker remittances starting in June and the expectation of the bridge credit under IMF guarantee are being shown as factors easing the Central Bank's foreign exchange situation.

According to ANKARA AGENCY reports, agreement was reached with Morgan Guaranty, one of the largest U.S. banks, for the use of $50 million of the bridge credit. The remaining portion of the bridge credit, envisaged for use on account to the $230 million credit tranche to be supplied Turkey by the IMF in September and October, reportedly is being backed by Union de Bank Suisse, Citibank and American Express, but agreement has not yet been reached on the interest to apply.

Worker Remittances

Meanwhile, substantial augmentation of worker remittances in the past 2 months and especially in recent weeks is seen as an optimistic development for transfers. Worker remittances, estimated at around $190 million in June, picked up even more in July and may reach $300 million. The number of workers coming home for summer vacation and the Ramazan holidays strengthens the impression that worker remittances may reach $300 million in August also.

SPO Estimate

According to a TURKISH NEWS AGENCY report, a report prepared by the SPO [State Planning Organization] says that there will be no transfer difficulties in the second half of the year and that $250 million-$300 million may be transferred monthly for exports, exclusive of oil and fertilizer. The report contends that there will be no hold up of any kind in transfers and says: "If our estimates prove correct, there will be a foreign exchange income surplus in August, September and November, with an expenditure surplus in the other months. Taking the second half of the year as a whole, it seems possible to balance these deficits and surpluses with short-term foreign exchange activities."

The painful fact of foreign trade figures for the first 5 months of the year remains despite these optimistic estimates. Data recently revealed show that

more than half of the $3.708 billion spent on imports in the first 5 months of 1981 went for oil and petroleum products and fertilizer and fertilizer raw materials. In that period, 1.266 billion liras [as published] were spent on crude oil imports and $307 million on petroleum products. With $179 million paid for fertilizer and $142 million for fertilizer raw materials, that brings the total for petroleum and fertilizer to $1.894 billion. This is 51.4 percent of all import outlays being spent for oil and fertilizer. In other words, our total exports for the first 5 months of the year were $1.632 billion, while it was necessary to spend $1.894 billion for oil and fertilizer alone in the same period; that is, our total exports were not even enough to cover the oil and fertilizer bill. This situation makes it pretty hard to be optimistic in the long run, considering the short run of foreign exchange resources.

Distribution of Imports January-May 1981

Commodity Group	Total ($ million)	Share of Total (%)
Crude oil, petroleum products	1,573	42.4
Investment goods	898	24.2
Raw materials	856	23.1
Fertilizer, fertilizer raw materials	321	8.7
Consumer goods	60	1.6

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EXPORT FIGURES--Export figures are out showing the distribution by country of the $1,631,800,000 in exports realized in the January-May period. According to data compiled by the State Statistical Institute [SSI] for the first 5 months, exports worth $842.1 went to OECD countries, $77.7 million to bilateral trade agreement nations, $651 million to free foreign exchange agreement nations and $61 million to other nations. The most important development in exports as to distribution by nation is the steady and substantial increase in exports to Middle East nations. Exports to Middle East nations stood at $167.4 million for the first 5 months of 1980, rising 248 percent to $582.6 million in the same period this year. According to SSI data, 35.7 percent of all exports went to Middle East nations in the first 5 months. This rate was 33.5 percent for the first 4 months. Officials said that exports to these nations would increase further in the months ahead. [Text] [Istanbul MILLI GAZETE in Turkish 12 Jul 81 p 1] 8349

WORKER ADVERTISING BAN--The Interministerial Council on Support and Development published a communique relating to the decree on support and development of the activities of Turkish firms engaged in construction and contracting services abroad which requires firms contracting for jobs abroad to obtain, as of 10 August, the workers they will hire for jobs abroad through Labor and Employment Organization channels. According to the communique, Turkish firms contracting for jobs abroad such as construction, installation, assembly, engineering, projects, consultant services, manufacturing repair, equipping and maintenance which do not hire their workers through the organization must show payroll records proving those workers were employed at a site belonging to them at least 1 month previously or proof of having paid a minimum of 1 month's insurance on them. [Text] [Istanbul MILLI GAZETE in Turkish 12 Jul 81 p 4] 8349

PROJECT DELAYS--Ankara (Special)--Expansion of the Iskenderun Iron-Steel Works [ISDEMIR] and the Sivas Iron-Steel Mills project have been postponed, it was learned. According to information from the Ministry of Industry, the Soviet delegation which came to Turkey in connection with the ISDEMIR project recently left without obtaining final results on the delay. Also, the Sivas Iron-Steel Mills, being planned for joint construction with Japan, will have an annual capacity of 2 million tons. The two projects cannot be taken up until completion of "feasibility reports." Authorities said that the studies could not be completed until mid-1983. [Text] [Istanbul GUNAYDIN in Turkish 11 Jul 81 p 9] 8349

RAIL TRANSPORT--It was decided at the conclusion of the May meeting in Ankara of the Turkish-Iranian Transportation Commission that rail transport fees between the two nations should be reduced. According to information from the Ministry of Commerce, Turkish State Railways and Iranian State Railways will reduce par rates 20 percent on shipments from Turkey to Iran subject to TSLI [expansion unknown] tariffs. On shipments from Iran to Turkey, Iranian State Railways will apply an 80-percent reduction in its par rate and Turkish State Railways, 20 percent. These reductions will reportedly go into effect on 5 May 1981 as per the protocol signed at the conclusion of the talks. [Text] [Istanbul DUNYA in Turkish 11 Jul 81 p 1] 8349

COPPER RESERVES--Ankara (HURRIYET)--Turkey, an importer of processed copper though rich in copper deposits, is understood to have new reserves of 25 million tons. Studies begun in 1969 in Maden Village of Sirvan District, Siirt, bore fruit and the deposits in Sirvan are understood to be the second largest in Turkey. Authorities said it would be 4 years before this reserve could go into production, but that it still would not be necessary to import copper if all available operations were working at full capacity. Mineral exploration began in Sirvan in 1969 and copper was found in the first geological studies, but the capacity of the mine was not known. Work was halted until 1976 owing to the lack of roads in Sirvan, being accelerated upon completion of the roads. Thus the Mining Research Institute [MRI] testing and feasibility studies took until now to complete and today Maden Village in Sirvan is understood to have Turkey's second largest copper reserves. MRI authorities said that such copper reserves are very important to Turkey as a copper importer and that production would begin in 4 years. [Text] [Istanbul HURRIYET in Turkish 11 Jul 81 p 3] 8349

COPPER DISCOVERY--Diyarbakir--Copper deposits containing a 30 million-ton reserve were discovered 12 kilometers north of the capital of Sirvan District in Siirt. The new copper deposits are larger and of higher quality than those at Murgul and Ergani and will be able to be worked for 60 years using today's techniques. According to information obtained from MRI [Mining Research Institute] authorities, seismic research has been going on for 5 years in Sirvan and Pervari Districts, and when coal and copper fossils were found, research was stepped up in these areas. The coal brought up proved to be of low quality so work shifted to copper. As a result, the largest copper deposits existing in Turkey were discovered 12 kilometers northwest of Sirvan. An MRI official said that the deposits consisted of a 30 million-ton reserve, "medium-sized" by world standards. "This discovery came about as the result of work which has continued without interruption even in the worst weather. The copper discovered is the largest deposit in Turkey and is not so small by world standards, either. These deposits can be worked for 60 years without interruption using today's techniques. The newly discovered copper deposits are of a higher quality than those at Murgul and Ergani and are also larger as to the reserve," he said. [Text] [Istanbul DUNYA in Turkish 9 Jul 81 p 4] 8349

TAX REVENUES--Ankara--Taxes collected in March, April and May, the first 3 months of the tax year, reportedly were higher than expected by authorities. According to information obtained, assessed taxes were 637 billion liras for the above period, 261 billion liras of which were collected and sent to the Treasury.

Authorities noted that this figure is a 100-percent increase over the same period last year. They said that 904 billion liras were assessed in taxes in 1980 and they expected this figure to be 1.8 billion liras this year. As known, the 1981 budget was set at around 1.5 trillion liras, with 1.347 trillion liras to come from taxes. Authorities said that assessed taxes this year are expected to be 450 billion liras higher than projected. [Text] [Istanbul GUNAYDIN in Turkish 9 Jul 81 p 12] 8349

BALANCE OF PAYMENTS--ECONOMIC SERVICE--The balance of foreign payments which had a $75-million surplus in the first 3 months of last year had a deficit of $690 million in the same period this year. In addition to the rise of the foreign trade deficit from $677 million in the first 3 months of last year to $1.277 billion this year, an important role was played by the drop in program credit intake from $348 million last year to 196 million this year. [Text] [Istanbul CUMHURIYET in Turkish 9 Jul 81 p 5] 8349

WHEAT IMPORTS--Ankara (ANATOLIAN AGENCY)--The Interministerial Economic Council has decided to import wheat. According to information obtained, the Interministerial Economic Council, at the conclusion of its meeting two days ago, authorized the Soil Products Office [SPO] to "import as much wheat as needed." Authorities said that the SPO would be able to import enough wheat to meet national needs if necessary. [Text] [Istanbul CUMHURIYET in Turkish 9 Jul 81 p 5] 8349

MIDDLE EAST EXPORTS--Ankara (HURRIYET)--Turkey's relations with and exports to Middle East nations are developing day by day, gaining new dimensions. Cement, citrus and many varieties of foodstuffs figure largely in Turkey's exports to Middle East nations. While 10,000 tractors are being sold to Iran, Iraq, Libya and Kuwait will import 2 million tons of cement at $60 per ton. This will bring $1.2 billion. Also, under an agreement recently concluded, Turkey will build a cement and pipe factory in Iran. In exchange for this construction to be done under turnover-of-key conditions, Iran will provide $100 million in liquid fuel. Meat exports have also increased recently. [Text] [Istanbul HURRIYET in Turkish 9 Jul 81 p 3] 8349

INFLATION PREDICTIONS--Minister of State and Deputy Prime Minister Turgut Ozal left Istanbul yesterday for Washington for talks with IMF, World Bank and American authorities. Speaking with reporters at Yesilkoy Airport prior to his departure, Ozal said, "Inflation may be down to 20 percent in 1982." Noting that according to indicators for the first half of this year, the economic program was having generally good results and that the rate of inflation at the moment was around 34 percent-35 percent, Turgut Ozal said, "We had planned for it to be around 40 percent." Noting in addition that quite serious increases had been seen in exports, the minister of state said: "The first 5 months saw an increase of more or less 45 percent over last year. The good thing about it is that the larger increase is in industrial products. This increase is around 89 percent compared to 1 year ago. This year, I think our exports will exceed $4 billion." Turgut Ozal will be in America for a week and will discuss the use this month of $120 million in fund credits with IMF authorities. [Text] [Istanbul GUNAYDIN in Turkish 6 Jul 81 p 4] 8349

TRANSPORT PROBLEMS--Izmir (Special)--Aegean Chamber of Industry President Yilmaz Adiquzel said that they were unable to export their goods because of shipping problems. Stating that truck shipping was preferred because there were not enough rail cars, but that this was too expensive for the exporter, Adiguzel contended that the "seller is ready at home and the buyer is ready abroad, but we cannot sell our goods." Noting that the clearest evidence of this was the recent demand for goods from Iraq and Iran, Yilmaz Adiguzel then said, "Turkey must resolve the shipping problem at once in order to take proper advantage of the Middle East export markets and thus develop its exports on the one hand and enable industry to work at higher capacity on the other." [Text] [Istanbul GUNAYDIN in Turkish 6 Jul 81 p 5] 8349

ANTALYA PORT--Antalya (DUNYA)--Exports leaving Antalya Port in 1980 were significantly higher than in previous years, it was announced. According to an announcement by the Antalya Chamber of Commerce and Industry, exports from Antalya Port totalled 1,837,084,000 liras in 1979, while in 1980, 100,000 items were exported, weighing 222,684,700 kilograms and worth a sum of 3,754,170,000 liras. Authorities said that of the 3,754,170,000 liras in goods exported from the port, there were 20,877,433,000 liras for assorted fresh foods and vegetables, 453,683,693,000 liras for barite, 1,136,693,513 liras for different varieties of cotton, 40,156,472 liras for cotton thread, 58,244,539 liras for linter cotton, 820,320,000 liras for alumina, 537,866,964 liras for ferrochrome, 7,966,791 liras for chrome ore, 117,154,528 liras for carbide, 13,990,610 liras for cement, 332,380,102 liras for fresh fruits, 48,237,120 liras for wheat floud, 18,797,993 liras for carob, 14,199,867 liras for rose oil, 304,200 liras for rose water, 1,203,829 liras for rugs and carpets, 678,150 liras for dry onions, 6,017,085 liras for dried sour cherries, 2,377,620 liras for tomato sauce, 39,000 liras for ladies' boots, 4,606,574 liras for cedar lumber, 5,160,000 liras for packing crates and 3,342,768 liras for construction materials. [Text] [Istanbul DUNYA in Turkish 6 Jul 81 p 6] 8349

EGG EXPORTS--The Hur Holding Company has begun exporting hatchery eggs to Iraq in accordance with an agreement with that country, and the first truck is reportedly en route. Hur Holding authorities said that 2.6 million hatchery eggs would be exported to Iraq by the end of 1981, earning $650,000 in foreign exchange. Noting that only a very few developed nations were able to deal in eggs and chickens, that Turkey was among these nations and that they use their own vehicles for export because special features are needed for egg transport, Hur Holding authorities said the following about their egg export contract with Iraq: "We have a contract for 12 million hatchery eggs by the end of 1982. The export of 12 million eggs will earn $3.1 million in foreign exchange. In addition, we will continue to export food eggs in 1982 also. We earned $2.2 million on the export of food eggs in the first 6 months of 1981." [Text] [Istanbul DUNYA in Turkish 6 Jul 81 p 1] 8349

CSO: 4654/191

POLL ON ATTITUDES TOWARD U.S., USSR, WAR, FOREIGN POLICIES

Paris ACTUEL in French Jan 81 pp 46-51, 125

[Poll taken 4-10 Dec 80; analysis by Michel-Antoine Burnier]

> [Excerpts] If the Russian Army invaded France, would you prefer to drop the Americans, negotiate, hide, flee the country, collaborate or resist? And what would the communists and their sympathizers do? Usually, this type of question is not asked in polls and SOFRES [French Opinion Polling Company] was surprised when we asked it to do a very serious poll on the subject. It was even more surprised by the results.

Our poll has to do with the spirit of resistance, capitulation and collaboration of the French people in the face of a Soviet invasion, whether or not provoked by a confrontation with the United States. It was done in the field by SOFRES between 4 and 10 December. It reached the entire French population of voting age. We supplied eight questions.

The sampling of the poll took in 1,000 persons. The principle is well-known: It is enough to taste a spoonful to know whether the soup is too salty. One has to select 1,000 individuals representing all age groups, all social categories, in Paris and the provinces. This is called a quota sampling. A thousand persons is definitely enough to judge. The calculation of probabilities guarantees that the poll is representative; the extreme cases cancel each other out and the margin of error is around 3 percent (about 1.5 percent of the results obtained). In order to reduce the margin of error to 1 percent, samplings of 10,000 persons would be needed, far too many and much too costly for so little gain. However, one must realize that a poll does not claim to be a prophecy. It reveals the state of opinion at a given moment. When an event occurs, when there is international tension, a presidential campaign on television or a scandal, public opinion changes.

The SOFRES officials put the results of our poll into their computer on 15 December. They did not expect such a wave of fearful pacifism. A large majority of the French would quickly go along with the Russians if there were any threat or invasion, which is a lot. In political polls, one very rarely encounters this kind of unanimity that nearly wipes out the opposition between the right and the left. And if one looks more closely, especially when using the detailed figures given to us by SOFRES, one comes to a series of surprising conclusions.

Agreed, no one wants to go get killed for anyone, not for Poland or Yugoslavia, much less for the United States or West Germany. People have forgotten that in 1939, we declared war without hesitation when Poland was invaded. And what if the Russian Army were in France? Some 19 percent would not declare war and 63 percent would try to negotiate. Without even waving a sword. And yet, it costs nothing to defy the Russians when one is seated in an armchair, facing a pollster. Even so, they have no taste for it. In 1980, the French people feel too weak and can no longer imagine that our country would play any historic role. In 1939, they did not fight, but they still put on a show before the rout.

On the other hand, 56 percent would resist a communist coup and a third of this figure is made up of Communist Party sympathizers. Some 64 percent would oppose a fascist coup. One thing is clear: There is no Western solidarity in the case of conflict. In France, the very idea of a nation has disappeared, but the people still revolt if it is a question of political systems or freedoms.

Of all the age classes, it is the "'68ers" who would cave in the most before the Soviet invasion: those in the 25-34 group, who experienced May 1968 or its effects. This can be seen in each question, as a kind of hold that runs uninterruptedly alongside the detailed tables. They have largely withdrawn from any collective action, disgusted by their failure in politics. And yet, they turn out to be the most lucid and the best informed. Among them, the "no opinion" rate is very low.

The older one is, the less one thinks that capitulation is the answer.

. the USSR should invade a French province, it is the farmers who want to fight the least. We definitely have no infantry left. Nor are the workers very hot about it. Small merchants and artisans are the most bellicose.

At least 53 percent of the communist sympathizers would declare war on the Soviet Union in case of an invasion.

With the communist sympathizers, the Giscardians are by far the most conciliatory to the Russians. If they is great danger of war, they would massively agree that France should drop the Americans and negotiate its neutrality with Moscow: 71 percent of the Giscardians, 71 percent of the communist sympathizers. Nor should one count on the Giscardians to defend Yugoslavia: Some 84 percent would refuse, an absolute record, compared with the Communist Party sympathizers, who would be a little more firm. There can be no doubt: In dining with Brezhnev, the president would follow the policies of his voters. Or at least, those of the tidal wave that rallied to him, as it does to all governments.

At any rate, no one believes in the nuclear deterrent policy of Giscard: Only 7 percent of the French epople believe that one can or must use atomic weapons.

Barely half of the communist sympathizers do not want to break the alliance with the United States, even if Reagan waves the big stick. That is on the condition that the USSR does not get too angry. Here also, one takes out insurance and Marchais' campaign against American missiles in Europe is a flop. Having said that much, the great grateful love for the United States is over. I would like to know more but we do not have the right to go beyond the qeustions of the poll and our subjects did not speak spontaneously about Reagan.

In case of war, the wealthy are the most selfish and they do not intend to help the other French people too much to protect themselves or their property: Only 40 percent of the upper-level personnel, liberal professions, manufacturers and big merchants would do so, the lowest figure. But 62 percent of the workers think about it, the highest figure.

There remain the French collaborators, 2 percent, those who would fight alongside the Red Army. They represent 5 percent of the communist sympathizers, 2 percent of the socialist sympathizers, but 3 percent of the Giscardians! No RPR [Rally for the Republic] sympathizer. Overall, that makes 700,000 persons. And with 700,000 persons distributed throughout the national territory, one truly has enough to aid an occupation army!

Question 1. If the Soviet Army should intervene in Poland, would you favor having France supply weapons to the Polish resistance? Would you be:

	Overall	Communist Party Sympathizers
Very much in favor	16	11
Quite in favor	28	10
Fairly opposed	17	24
Very much opposed	17	29
No opinion	22	26
	100	100

Question 2. If case of a serious danger of war between the United States and the Soviet Union, do you believe that France should:

	Overall	Communist Party Sympathizers
Be rather on the side of the United States	22	6
Be rather on the side of the Soviet Union	1	6
Or do you think that we should ask the Soviet Union to leave our country out of the conflict?	63	71
No opinion	14	17
	100	100

Question 3. In your opinion, should we declare war on the Soviet Union if the Soviet Union:

	Overall			CP Sympathizers		
	Yes	No	No Opinion	Yes	No	No Opinion
Invades Poland	6	78	16	5	79	16
Invades Yugoslavia	7	76	17	4	79	17
Attacks the United States	16	65	19	6	78	16
Invades West Germany	22	59	19	10	71	19
Invades a French province	66	19	15	53	24	23

Question 4. Do you believe that France should break off its alliance with the United States if the next President of the United States, Ronald Reagan, decides to:

	Overall			PCF Sympathizers		
	Yes	No	No Opinion	Yes	No	No Opinion
Declare war on Iran	11	64	25	18	48	33
Invade Cuba	12	61	27	22	49	29
Occupy Near East oilfields	16	59	25	25	44	31
Supply weapons to the Polish resistance in case of invasion	8	67	25	17	49	34
Install new atomic weapons in West Europe in order to oppose the Soviet Union	4	59	27	27	38	35

Question 5. If the Soviet Army should invade, French territory, do you believe that the president of the republic should:

	Overall	Communist Party Sympathizers
Use atomic weapons	7	2
Not use atomic weapons but fight the Soviet Union by all other means	21	13
Begin negotiations immediately in order to make peace with the Soviet Union	63	72
No opinion	9	13
	100	100

Question 6. If the United States should attack the Soviet Union and the Soviet Army should penetrate French territory in order to defend itself. Which if the following positions would you take?

	Overall	Communist Party Sympathizers
I would participate in the Soviet Union's fight against the United States.	2	5
I would help the United States against the Soviet Union.	19	5
I would help the other French people to protect themselves as much as possible and to save their property while awaiting the end of the conflict.	52	61
I would leave France until the end of the conflict.	7	4
No opinion	20	25
	100	100

Question 7. If the French Communist Party should seek to take power by violence in our country, would you be willing to resist by force?

	Overall	Communist Party Sympathizers
Yes	56	31
No	24	41
No opinion	20	28
	100	100

Question 8. If there were a fascist coup d'etat in our country, would you be willing to resist by force?

	Overall	Communist Party Sympathizers
Yes	64	62
No	17	18
No opinion	19	20
	100	100

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PCF SECRETARY: ELECTIONS, PS ACCORD, FUTURE ACTIONS

Paris HUMANITE DIMANCHE in French 3 Jul 81 p 3

[Interview iwth Paul Luarent, secretary of the PCF central committee, by Pierre Ivorra, date and place not specified]

> [Text] The PCF central committee met last week, Thursday and Friday 25-26 June, in Paris. Georges Marchais presented a report which was opened to discussion and which was adopted unanimously. After the electoral reverse suffered by the PCF, many questions arise with respect to its past activity, and about its present direction, now that it is in the government. Paul Laurent, secretary of the PCF central committee, gives the answers to HUMANITE DIMANCHE.

[Question] An important meeting of the central committee was just held. What was its purpose?

[Answer] What we were doing, after examining the results of the legislative and presidential elections, was to try to assess their overall significance. Three primary features were discussed. There was first of all a phenomenon of rejecting the policy of Giscard d'Estaing and the man himself. The Socialist candidate, on the other hand, galvanized and embodied a desire for change which brought together some very diverse political currents. Finally, it was determined that the desire to get rid of Giscard d'Estaing at any cost encouraged many voters to be less concerned about the conditions of change. That is at least half the explanation of the significance of the 4.5 million vote tally received by the PCF.

In light of these conclusions, and proceeding to analyze the main elements, the central committee decided it was necessary to call the 24th national party congress for early 1982, and to prepare for it by a very comprehensive debate within the party on all the problems at issue.

[Question] Georges Marchais, in explaining the serious reverse suffered by the PCF, laid special emphasis on the "presidential factor," the system of electing the president of the republic by universal suffrage. What does this mean?

[Answer] We had already noted, following the first round of the presidential election, the degree to which this form of election encouraged the bipolarization of politics. This favored the two candidates who seemed most likely to win the election, and in the case of the left, this was the Socialist candidate, Francois Mitterrand.

There is nothing new in this observation. The same phenomenon could be seen in previous presidential elections. But what drew the attention of the central committee to this problem was that our party, while seeing from the start the dangers of this institutional system, opted for a long time not to run candidates rather than to confront the dangers openly. It tried to find a single leftist candidate. This attitude over time led--without us becoming aware of it quickly enough--to undermining the credibility of the PCF in what has become our country's principal electoral battlefield. We indirectly developed among our voters the idea that the PCF as such should stand aside so that change could occur.

[Question] The Central Committee maintains that the "form of unity" which the Communists designed around a common governmental program had a number of defects. Why and which?

[Answer] From the start of the 1960's up to 1977, the PCF's unity policy was founded on the search for an agreement at the leadership level of the leftist parties on a common governmental program.

The signing of the common program in 1972 nourished illusions about the PS. Despite our efforts, it engendered the idea of a quasi-annihilation of differences between our two parties. Also, the very existence of this program was taken into account by the voters much more than its contents, than the specific changes it urged. In sum, effacing the unique and essential role of the PCF in the struggle for change was implied both in our position regarding the presidential elections and in the political processes of the common program.

[Question] Is it not the case that today the communists have accepted, in the accord signed with the PS following the second round of the legislative elections, the same thing they refused to do at the time when the common program was realized in 1977?

[Answer] In 1977, what was the issue, and was it not the PS that posed it that way? The issue was, either the PCF must capitulate before socialist demands leading to the breaking of earlier commitments; or break off the alliance. If we had agreed to capitulate, our party would have been totally committed to a posture of alignment with the PS, with no real possibility of developing a policy which it had expressly repudiated. Today, the situation is very different. We campaigned on our policy. We continue to believe our proposals are valid. We will continue to work for them. That does not in any way prevent us from participating in the inauguration of the process of change which the French people showed they wanted by electing Francois Mitterrand. The accord signed last week is precisely the kind of accord envisioned by the 23d congress. It corresponds to the real change in terms of the level of awareness of the forces representing the people. It is precisely, in fact, a more realistic and distinct vision of the forms and conditions of unity which put our participation in government on a more clear footing.

[Question] Some commentators speak occasionally about the "timid self-criticism" of the central committee. What is that all about?

[Answer] Perhaps those who make such observations do not wish to recall the central committee's deliberations about certain episodes in the recent electoral campaign,

those involving problems related to the consequences of the crisis, for exmaple, the question of immigrant ghettos or the struggle against the mounting drug traffic? We have raised the point, in certain cases, that we may have acted without sufficiently taking into account the feelings of the workers and masses. But while there is critical analysis, it is not primarily concerned with such questions. The central committee preferred instead to go to the heart of things. And the heart, as Georges Marchais's report asserts, is the question of /"the means by which it is possible to make real advances towards realizing the transformations corresponding to what is objectively necessary if we are to resolve the crisis, in other words what is the alternative policy we should be prepared to offer and to promote by building a broader base of support for it."/ [in italics] Here we come back to a problem our party has long faced, that of defining a unique, French path for the march toward self-governing socialism. It must be admitted that we have not given a clear, in-depth answer to this question until quite late in the day. Quite some time after the 20th congress of the CPSU which focused the attention of the international labor movement on the question of each country's separate path to socialism.

It was not until the 22d and 23d congress that we defined the socialism appropriate for our country, the conditions of our time, the aspirations of our people. And also provided a new path leading to it. The path of a majority movement, the path of struggle, of ever more far-reaching democratic victories in order to modify the balance of social and political forces. The path which aims at mobilizing as many people as possible at each step along the way, at the union of the popular forces, the union of the left.

[Question] From that perspective, what are the main directions of thought and action?

[Answer] If, as the central committee has concluded, the strategy of the 22d and 23d congresses is the right one, the one which enables us today to move resolutely forward, then the direction of our thought and action is a natural consequence.

We must enrich the idea of democratic socialism, which we are proposing, and make it stand out still more distinctly. We must better assimilate and put into action our strategy of step-by-step advance, of democratic conquests. For that, it is necessary to give new impetus to communist mass activity, in particular in the trade unions, and the citizens' groups.

On all fronts, we must defend the interests of all components of the working class, all categories of manual workers and intellectuals. We must follow through with the effort undertaken to strengthen the PCF and its democratic foundation.

All this--the analysis of lessons of the past and reflection on the actions to be taken now--will provide a very broad and thorough basis for the debates at the upcoming congress. I have already noticed--and it makes me smile--that the same people who are criticizing us, without advancing the slightest justification, for keeping the democratic debate "in-house," are /"disturbed"/ [in italics] at the same time that the central committee did not exhaustively discuss all the problems facing us. This is precisely the purpose of the congress!

[Question] The PCF is a member of the new majority and is participating in the government. How will it pursue its activities?

[Answer] The entry of four communists into the French Government is an event of great significance. By itself this fact discredits the idea of a communist party on the verge of foundering. On the contrary, it indicates that our party--even if it suffered a major reverss--is recognized as a great and indispensable national force for change. The success of this change will be the focus for all the activity of our party, in government, in the national assembly, and throughout the country. Our party fully maintains its freedom of action, its freedom to offer proposals, even while fully assuming its obligation to maintain governmental solidarity and participation in the parliamentary majority, on all problems vital to the workers, the people, and the country: jobs, social justice, economic, scientific, and cultural development, guarantees and extension of rights, democratization of the state and political life, action to promote peace and disarmament. We will make our proposals, support progressive action, participate actively in the preliminary and governmental deliberations, and make our actions effective.

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CSO: 3100/940

LAJOINIE: UNEMPLOYMENT, NATIONALIZATIONS, FOREIGN POLICY

Paris HUMANITE DIMANCHE in French 10 Jul 81 p 2

[Interview with Andre Lajoinie, the leader of the PCF group in the National Assembly, by Catherine Lenach; date and place of interview not specified]

> [Text] What do the Communists think of the governmental program that was presented to the National Assembly last Wednesday by Prime Minister Pierre Mauroy? What is the role of the PCF deputies today, now that the majority is leftist? Andre Lajoinie, chairman of the Communist group in the Assembly, answers these questions.

[Question] On Wednesday the prime minister presented the government's program to the National Assembly. What is the Communist deputies' appraisal of it?

[Answer] We are going to vote for the governmental statement. We evaluate it as positive. It contains a series of provisions, of indications that were obviously at the center of the electoral campaign and the vote of the French on 10 May. Having said that, one may nonetheless wonder whether the provisions announced by the prime minister are really enough to swiftly reverse the tendency toward increased unemployment. Moreover, he himself acknowledged that it would take time to reverse it. Everyone knows that we had proposed much more important solutions, particularly where industrial development is concerned. The prime minister himself also made some proposals in that area on Wednesday...But is it fast enough? The situation is quite serious with respect to the problem of unemployment, with lay-offs and the arrival of the youths getting out of school.

Obviously, and this is well known, there are several points on which we have differences, especially on certain aspects of the foreign policy. I will mention only one, the prime minister's statement on missiles in Europe, which by the way is a continuation of an interview with the president of the Republic in a German newspaper. As for us, we are rather inclined to think that this problem of the balance of forces in Europe could be settled by arms reduction. It is not our instant reaction to say, "We must arm." We are saying instead, "We must disarm." Of course the matter has to be discussed and reported on.

If there is an excess on one side, that is what must be reduced. Otherwise, there are many other things that coincide with what we want. With regard to nationalizations, everyone knows we had a more expanded program (in the 131 proposals). But the French people have voted. We respect their choice. By the way, the calendar

report was done rather quickly. We can't yet judge the practical provisions because they haven't been described in detail.

We will do that in the National Assembly because there has to be a law. We will examine in detail, of course, those laws that assume great importance if nationalization is to be truly effective. We will do our parliamentary work.

[Question] The Communist group is made up of 44 deputies. Even though it is a member of the parliamentary leftist majority, the group itself possesses the majority of the seats. In those circumstances, what can be the role of the Communist deputies?

[Answer] We are in the majority and you must remember that if there are only 44 of us it is because of an iniquitous law; otherwise there would be twice as many of us. The Assembly is not given that structure by the electoral body. The electoral body gives a leftist majority, it is true, but with proportional representation the Communist group would be an important element, even an element indispensable to the majority.

Our role is first of all a political role, because without us Francois Mitterrand would not have been elected; without us he wouldn't have had a majority of the left. Which goes to show the importance of the Communist group. In this new majority, we have said on several occasions that we were going to have a constructive role, a loyal cooperation with the government, but obviously with respect for the rights of the members of Parliament who have the right to made amendments, proposals, to make the laws.

And the right to control the executive branch. I must add that at the same time we will be vigilant in seeing that the commitments made to the French people are carried out. Those are the two axes of our line.

[Question] The workers and the country are being confronted with serious problems. They expect the first solutions to pertain to those problems. What in your opinion are the urgent questions the Assembly must examine and begin to solve positively?

[Answer] There are plans in the works that we are approving: the amnesty law, for example. But we are asking that it be extended to the sanctions brought against workers and union members, as was done by the Popular Front. There is also the Finance Bill, which is aimed at approving the first social measures and getting in the necessary credits. We are approving them, but we will file an amendment on the gasoline tax increase so that it won't refer to the consumers but to the affiliates of the foreign oil companies, which escape a large part of the tax. Every year several several billions in profits are evaded and we are proposing that the 900 million that correspond to the 6 centimes per liter scheduled gas [tax] increase in France be removed by a very simple provision: 1 percent on the turnover of those companies amounts to 900 million. In this case we are observing our right to amend.

We will take care that the provisions the people expect are taken. We are in favor of moving very fast with the schedule the prime minister has announced for applying the social reforms, especially advancing the retirement age to 60 for men and 55 for women. He didn't mention this second provision, but I think it will be included in the bill. It is a law that is expected. It is a factor in preventing unemployment. And the urgency is well known. Reduced working hours must also be driven through

quickly. The prime minister has declared himself in favor of contractual agreements, but we also have our role to play.

[Question] What is going to be the expression of the special sensitivity of the Communist deputies toward the workers and the most deprived classes, in their daily activity?

[Answer] The Communist deputies, by tradition if you will, are at once men of the earth who take part in struggles, who help the workers in their struggles, and at the same time they are members of Parliament in the full meaning of the term, who work in the National Assembly. Our role is very important, because there is a whole series of unsolved problems: there are evictions, people who can't pay their rent, businesses or employers who respect no freedom, including the legal provisions, etc. As for us, we are with the workers, to help them fight, and we will carry this situation, these protests, these demands to the ministers in the National Assembly, in order to emphasize them...

There is a whole field of activity that is very important: written questions, oral questions, delegations. etc. We are on the workers' side and it is a loss, moreover, that there are only 44 Communist deputies. But as we have always done, we will continue this activity with a great deal of resolution.

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WILLOCH SEEN AS 'POWER CENTER,' BEST CHOICE FOR PRIME MINISTER

Oslo AFTENPOSTEN in Norwegian 5 Sep 81 p 3

[Article by Egil Sundar]

[Text] Many things are debatable but this is not one of them--if the Storting election of 14 September results in a nonsocialist victory no one is better suited politically to be prime minister than Conservative Kare Willoch. His candidacy is so convincing that it really needs no examination. Willoch today stands out as an obvious leader on the nonsocialist side and consequently there will be no discussion of who will become prime minister if the election outcome leads to a government made up of the Conservative, Christian People's and Center parties.

For a number of years Kare Willoch has distinguished himself as the sharpest and most consistent opponent of shifting Labor governments. The key words of his political message are these: firm ties with the West. Economic and social security. Greater freedom of action for the individual. Opposition to unnecessary laws and restrictions, to growing public bureaucracy. A reasonable and fair tax reform based on the view that tax reforms should release initiative, strengthen investment intentions and increase voluntary savings. A tax policy that can set off the growth forces in the Norwegian economy and enable both society and the individual to perform certain tasks better. Economic growth combined with natural and environmental considerations. Greater emphasis on spiritual and cultural values.

As parliamentary leader of the biggest nonsocialist party Willoch has felt especially responsible for forming a realistic and unifying alternative to socialist rule. Because of this many people feel he should have a chance to carry out his thoughts and ideas in practical political action. It is likely this reflects something deeply rooted in the Norwegian soul at this particular time.

Political Loner

Like any political leader, Kare Willoch has his own style, his own method of working, his own "image," both as a person and as a politician. Each postwar prime minister has had his individual characteristics, good or bad, and each has varied in stature as a political leader depending on the criteria one uses.

When it comes to the class of political loners to which Willoch undoubtedly belongs it is naturally even more difficult to find a relevant basis for comparison. Loners are not the kind of people who come twelve to a dozen, as we all know. And Willoch is Willoch. Not only does he have a unique position in his own party and in broad electoral circles, he is no less than a power center in Norwegian politics. The right-wing wave--or more precisely the wave of expectation many have with regard to an upcoming power shift--is especially bound to Kare Willoch's political leadership.

Cool, Arrogant?

Who then is this Conservative leader who is practically without competition when it comes to naming Norway's new prime minister if the trend continues up to election day on 14 September? Is it true as myth will have it that he is a cool and unapproachable--in fact somewhat arrogant--human type and politician? A political computer lacking human feelings? Those who know Kare Willoch and know better can only say that such a description does not convey the reality. At best it is both superficial and oversimplified. It is true that Willoch can come down hard if he thinks it is necessary and that can certainly happen. Political opponents who throw out allegations without the slightest basis can count on being corrected, quite emphatically. Perhaps it is unavoidable to leave an impression of some arrogance when one has such overwhelming mastery of one's metier. Willoch never goes to a political discussion or a debate of a political issue without having done his homework. And he presents his views with the force and weight of conviction, something that is of course connected with the fact that the arguments and viewpoints are thoroughly considered in advance. But this does not mean Willoch doesn't need correction himself once in a while. He is receptive to good objective arguments, without being prevented from taking his stand on a free and independent basis. It would be an insinuation to suggest that Willoch would have a hard time making up his mind. He knows what he wants. He doesn't fumble.

But arrogant? Lacking human feelings? Members of the Conservative Storting group have come to know Willoch from an entirely different side. As a group leader and daily guide with great personal thoughtfulness for the individual--always ready to give friendly advice and a helping hand. This does not mean big words and facts. Outside the political arena--where the battles are fought--Willoch is a modest and withdrawn person by nature. He prefers to do things quietly. He is also a person of exquisite refinement.

Willoch/Gerhardsen

With his personal shyness Willoch may have most in common with former national leader Einar Gerhardsen. Both can seem quite unapproachable by nature without really being so. And no matter how different their political views may be they have another similar feature. Like Gerhardsen in his heyday Willoch is extremely professional as a political leader. Nothing is left to chance. But compared to a former nonsocialist prime minister named Per Borten we can hardly find any points of similarity. This applies both to personality and to the capacity for political leadership.

For one who has had a chance to follow Willoch's political actions from his very first period in Storting it is natural to stress certain qualities, especially his political integrity and honesty, his thorough and systematic work and his corresponding contempt for frivolous and superficial bouts with the facts. Another essential element of course is his ability to make razor-sharp political analyses based on extensive knowledge and great professional insight. Willoch has given political work a new and special dimension, raising it to a higher level than is usual for ordinary people. He is a formidable debater and polemicist and he has an intellectual capacity and radiance that make most others pale in comparison.

Realism

In his political activity Willoch has seen it as his job from the very first to cut out a lack of realism and contribute to the establishment of sober and attainable goals for development. He regards this as his mission in Norwegian politics--a fascinating job, as he says himself. In actuality it requires a continuous and alert fight against exaggeration, frivolity and wishful thinking at all levels.

But by posing himself such a task he must necessarily be a challenge to many people who are undeniably both frivolous and superficial, whether in his own party--though there are fewer there than elsewhere--or among likeminded people and opponents in other parties. But Willoch has never had reason to say anything but what he meant, especially since he has an unusually solid background for his own opinions. In addition he has the praiseworthy characteristic of being able to distinguish between issues and personalities. In a polemic exchange it is always viewpoints he attacks, not people. Correspondingly one can also express disagreement with the parliamentary leader--something no one can avoid once in a while--without producing lasting bitterness. For Willoch it is natural to display the elasticity suitable to a good conservative.

Brilliant

As a very young politician Willoch distinguished himself for his brilliance, a richly-endowed person who placed himself at the center of our political environment. He was almost predestined to take on a number of demanding and responsible tasks and it is to the credit of the Conservative Party that it did not allow him to remain "young and promising" but started utilizing his talents and insights and not least his capacity for work at an early date. When the nonsocialist four-party government was formed under John Lyng's leadership in 1963 Willoch was appointed minister of commerce. In a few summer weeks the Ministry of Commerce made its acquaintance with a cabinet minister who left not the slightest doubt as to what he wanted done.

And there were new tasks ahead! The nonsocialist parties united in a broad offensive to win a majority in Storting and form a coalition government based on the 1963 pattern. In this situation the Conservative Party found it necessary to appoint a new general secretary and nothing was more natural than for the new, dynamic party chairman, Sjur Lindebraekke, to turn to Kare Willoch who had gradually assumed an increasingly central role in shaping party policy, primarily through his membership in the Storting Finance Committee.

Dual Function

It was a new and daring idea--basically unlike the Conservative Party--to let one of the most prominent members of the Storting group take over daily leadership of the party's organization. Some will certainly say this must have been right on target for a politician with ambitions a little beyond the ordinary. But Willoch was not immediately inclined to assume such a dual function. He had strong misgivings and--something many people will find it hard to believe--in all humility he also doubted whether he was really competent for the task (!). He agreed anyway, luckily for the party. As general secretary for 2 years following 1963 he contributed substantially to implementing the strategy that resulted in a clear nonsocialist Storting majority in the 1965 election. And in the four-party government that was formed with Per Borten as prime minister (thanks to the Conservatives) Willoch again became head of the Commerce Ministry. With his political and professional capability he soon gained respect, not least on the international level where the young Norwegian minister made his mark brilliantly.

Willoch/Borten

As market questions came to play an increasingly important role in the work of the government one could at times get the impression that relations between Prime Minister Borten and Commerce Minister Willoch were a little tense. Former Prime Minister and Foreign Minister John Lyng, now deceased, commented on this in his last memoirs, writing among other things:

"These two politicians were obviously quite different in style and form. The prime minister was diplomatic, flexible and approximate in both thought and speech. The commerce minister, on the other hand, preferred to arrange his arguments with mathematical precision and wanted others to do the same."

Lyng also gave a report of the protracted government conferences where "negotiations ran late but were on the other hand both far-ranging and broad." It was obvious, wrote Lyng, that some cabinet ministers had more difficulty adjusting to this sedate tempo than others.

And Lyng continued: "This was particularly true of two of the younger members of the government, Helge Seip and Kare Willoch. It may not have been too pleasant. Both of them were intellectual loners, almost mathematically precise in their thinking, dynamic in their working rhythm and vitally interested in getting work done. They were also talented polemicists who seldom allowed others--not even a prime minister--to have the last word in a clash of opinions."

Lyng Impressed

No matter how different they were there is no doubt that John Lyng had considerable respect for young Willoch who was clearly an obvious successor to Lyng as a political leadership figure in the Conservative Party. In talks with the undersigned among other things Lyng never concealed the fact that he regarded Willoch as a political genius and he was especially impressed with Willoch as a debater and polemicist.

As we all know Willoch returned to Storting a few months before the collapse of the Borten government, succeeding Svenn Stray as Conservative parliamentary leader while Stray succeeded Lyng as foreign minister. A short time before that--at the national congress in the spring of 1970--Willoch had been elected party chairman, after an internal showdown with Erling Norvik and Lars T. Platou who became first and second vice chairman respectively. For 4 years Willoch was party chairman and at the same time the party's parliamentary leader, a difficult time due in part to the after effects of the fall of the Borten regime. The formation of Anders Lange's party (now the Progressive Party) was just one of many manifestations in this context. And the harrowing EC conflict also left its mark not just internally in the party but across all the customary political dividing lines. Relations among the nonsocialist parties were greatly affected by these events, even though the negative side effects were of shorter duration than most political observers expected.

Not Only Friends

Kare Willoch, the loner who was especially involved in both the EC issue and the circumstances surrounding the fall of the Borten government, did not just have friends in the center parties. To tell the truth relations were quite chilly all the way up to the last Storting election and even a little beyond. It was clear that Willoch would not be acceptable as a unifying person, one of the things that led the Center Party to veto giving the prime minister post to the Conservatives prior to the 1977 election.

Later on the personal conflicts changed considerably, especially as a result of the fact that Willoch himself has changed his style and has behaved much less provocatively toward the center parties than he was apt to in the past. As a parliamentary leader of the biggest opposition party he had to be prepared for the emergence of a situation sooner or later that would allow the nonsocialist parties to resume ruling power, in which case Willoch would be a likely candidate for prime minister. One can safely say that cooperation among the nonsocialist party leaders has generally been better in the last few years than it has been for quite a long time and there is no doubt that Willoch too contributed to this. Today he is a self-evident prime minister candidate on the nonsocialist side.

And he is extremely well-prepared--both for future government negotiations after the election and for the political clean-up and restoration activity a nonsocialist government must perform in the years ahead. No one is better qualified than Kare Willoch to draw the lines in a nonsocialist government policy. But as chief of state he will need strong and self-sufficient colleagues so he can leave the details to others and concentrate on political guidance.

He has his private list of ministers in his pocket. We'll have to wait and see what the outcome of the negotiations will be--if the election is won.

6578
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LIBERAL PARTY 'CRISIS MEETING' RESOLVES TO GO ON OFFENSIVE

Ambivalent Direction Charged

Stockholm SVENSKA DAGBLADET in Swedish 29 Aug 81 p 2

[Editorial: "The Party With a Problem"]

[Text] Where is the Liberal Party going? In the mid-1970's this was an ever-present question.

Today it is not difficult to give the answer. Backward.

In 1981 the Liberal Party is a party with a problem. Several problems.

Let us try to distinguish the various problems that face the party.

In the first place the Liberal Party has an identity problem. It finds expression partly in a moment of ideological uncertainty, and partly in concern over its own interpretation of its role in Swedish politics.

In the second place the party has an unquestionable leadership problem--if Ola Ullsten's position as leader of the party remains unthreatened there is no doubt that confidence among both their own party members and other voters is low.

In the third place for a number of years the party has been dominated by a few people who have all had approximately the same background and happen to come from Stockholm. More serious than this geographical emphasis, which is really irrelevant, has been the unwillingness to admit "outside towns" into the community of thinkers which this little group comprises.

That this is to the detriment of the development of ideas is incontestable.

The fourth problem--which is really a dilemma--is the demand for economy measures which the Liberal Party in the government is now forced to carry out, and which are considered to be a betrayal and a violation of the party's ideology by certain important Liberal Party groups, primarily women and youth.

Together, these problems constitute the party's difficulty with the voters.

Tomorrow, the Liberal Party's leadership, Riksdag group and county representatives will assemble with great anticipation for a 2-day discussion of the party's future policies and profile.

The opening will be Ola Ullsten's Almedal statement and a speech by the party leader in Ostersund today.

The intention is that the Liberal Party meeting on Saturday will produce a longer statement from the party for the purpose of clarifying the party's goals and methods in politics.

But where is the Liberal Party going ideologically?

It would be premature to say that the tax settlement of last spring with the Social Democratic Party--and the Center Party--is the beginning of a closer cooperation between the social democrats and the liberals.

It can not be denied that there are liberals who for a long time have entertained such hopes--or plans. Their problem is and is expected to be that there is not a corresponding interest on the social democratic side.

Ola Ullsten himself has sometimes been rather ambivalent as to the party's future efforts at cooperation. But after what happened when Olof Palme's social democrats helped Ullsten to become prime minister on Friday, 13 October 1978, any possible social democratic-liberal coalition can now be said to belong in the later part of the 1980's.

The development of ideas within the party--as demonstrated in part by Ullsten's Almedal speech--goes almost entirely in the opposite direction.

At the party's last congress in Umea in the fall of 1980, it was also obvious that the response to various FPU [Liberal Party Youth League] demands and similar wild fantasies, especially in the area of business and market economics, was extremely sparse.

Instead the Liberal Party congress was marked by guarding the market economy and opposing socialistic employee investment funds.

Since then the development of ideas--with a break for the tax settlement--has largely been the same.

There is naturally no chance that the recommendation for a new party program, which was presented in the spring, will soon be exposed to hard criticism in the party organ LIBERAL DEBATT by Carl Tham, the man behind the 1972 party platform.

Furthermore the Liberal Party, despite the fact that it together with the social democrats took the initiative in the employee investment fund report in 1974, stayed a clear distance away from fund socialism of the kind favored by LO-SAF [Trade Union Confederation-Employers' Confederation].

Lately one can also note that the new minister of trade, Bjorn Molin, at his appearance at the Bekladnads congress, did not fall for the temptation to short-sightedly meet the unions halfway, but warned against free trade and the market economy in a way which would have suited even Olof Palme.

Ideological development within the slow-moving Liberal Party is therefore moderately unambiguous. Yet there is great uncertainty about the party's policies and profile in general.

It can not be helped that the responsibility for this falls heavily on party leader Ola Ullsten.

Whether he is able to change this situation, both for himself and for his party, remains to be seen.

Ullsten Hits SDP on Economy

Stockholm DAGENS NYHETER in Swedish 30 Aug 81 p 6

[Article by Dick Ljungberg: "Ullsten Sharpens the Tone: Palme Without Principle--New Economy Package Needed Now"]

> [Text] "Do not listen to the apostles of recklessness in the Social Democratic Party! Sweden's economic problems have increased during the summer and the need for a firm economic policy has become even greater." That was the message from Liberal Party leader Ola Ullsten when he spoke in Ostersund on Saturday.

The speech was well prepared. On Sunday and Monday the party's leadership, Riksdag group and county representatives assembled in Stockholm to discuss the difficulties facing the party.

It is intended that the meeting on Monday will produce a document on the future policies of the Liberal Party. Ullsten's speech on Saturday contained clear guidelines for that work: a number of broadsides against the social democrats and employee investment funds, and continued criticism of the demands of special interest groups.

Ullsten's speech in Ostersund was even a bit sharper than the noted speech at Almedal on Visby last summer, and almost had the character of a campaign speech--one year too early.

Ullsten's point of departure was that Sweden's problems grew worse during the summer. The competitive power of export industry had been further weakened by the increase in the strength of the dollar, and the high interest rates forced on us around the world worked against investments.

New Economy Package

"This means that the obstacles which have prevented economic recovery became higher and sharper. The demand for a firm economic policy has correspondingly become greater," said Ullsten.

A new economic package is required which will be keenly felt by the majority, even aggressive investors.

"The alternative is not to abstain from painful measures in order to win the approval of the unions and avoid angry letters from the public. The alternative is to take the responsibility for the problem becoming seven times more difficult later and to deprive ourselves of the opportunity to control the policy of restraint in a socially acceptable way."

Ullsten said that most people are ready to assist in the work of economic decontamination. Adapting to the needed lower demands for increased living standard calls for neither blood, sweat nor tears. Only a little foresight, insight of economic realities and general common sense.

"Unfortunately one does not see much of that in the debate. The members of special interest organizations line up like hired mourners and wail loudly over every krona that the government wants to save to reduce the budget deficit," he said.

Social Democratic Schizophrenia

The Social Democratic Party's crisis program was characterized as "the most schizophrenic political document to see the light of day in a long time."

The social democrats and Olof Palme were also sharply criticized for "the political play-acting" at the Bekladnads congress. As is known, the Bekladnads workers association threatened to go on a political strike.

"When the social democrats themselves do not even dare to promise new grants, they pretend that the problem can be solved by tariffs to protect Swedish technology. What Palme did not say at Bekladnads was that the only countries that we can apply such trade restrictions against are the poor underdeveloped countries, from which a very small part of technological imports come.

"That is cowardly and without principle," thundered Ullsten.

"It has gone so far that union leaders, who we thought were deeply committed to Swedish representative democracy, are indirectly supporting the demand for a political strike."

Palme Is Warned

"Not even the leader of our largest political party dares to stand up straight and say that such actions do not belong in Swedish democracy," said Ullsten. "My

warning to Olof Palme is this: Failure to applaud the Bekladnads congress is less dangerous for Sweden than failure to speak out clearly about the economic realities facing our country.

"My message today is this: Do not listen to the apostles of recklessness. The way out of the economic crisis can never be through dancing on the social democrats' red roses."

Ullsten repeated several times that the Liberal Party is working to strengthen the market economy, and he warned against the socialistic employee investment funds:

"There is much to indicate today that the election of 1982 may determine which economic system Sweden will have up to and beyond the year 2000. The effect of the employee investment fund will be a blow to the market economy."

The Liberal Party leader also actually made a small comment against the conservatives.

"The conservatives' program entices us just as little as the socialists'. What we need is not new 'individualism' which cultivates people's egoistic instincts and appeals to their tendency to look after themselves first.

"What we need is neither more socialist bureaucracy nor more conservative elbow mentality. What we need is a new idealism," said Ola Ullsten.

Should Ally With Center Party

Stockholm DAGENS NYHETER in Swedish 30 Aug 81 p 2

[Editorial by Olof Kleberg: "Liberal Party Gets Tougher"]

[Text] Is the Liberal Party about to disappear from Swedish politics? The many leading members of the party from all over the country who are assembled here today for a crisis meeting answer no, of course. But they must take time to consider how this is to be avoided.

Ever since the middle government was formed in May the Liberal Party has remarkably chosen to conduct an entirely anonymous existence. Has the party gathered strength? Now the party has obviously realized that it is not enough to simply administrate and worry over economy programs in Government House.

It is appropriate to point out several principal causes of the weak position of the Liberal Party just now. The party presents itself as a social reform party which works for broad solutions in politics. At the same time they say that they are a party of ideas.

This immediately creates a dilemma. To appear as an engineer of cooperation, and at the same time appear as a party which is holding fast to its ideology, creates contradictions in practical life. It seems as though principles have been sold to reach compromises.

Cooperative policies furthermore are difficult to carry out when parties on the right and the left are gaining by increasing polarization. And a policy of ideas can be meaningless in a time of economic restraint. The party which has no ties to a community group has no base. It can not show how "our people" have benefited by the party's actions.

As a social reform party the Liberal Party was also especially vulnerable when growth was replaced by retrenchment. The party has not had a policy for anything but continued progress.

Since Bertil Ohlin's time as party leader the Liberal Party has not emphasized economic questions. But now it is necessary. Only the conservatives had savings formulas ready--the middle parties have had difficulty combining savings and the desire for reform into a credible entity. Nor have they been ready to discuss how the market economy should be shaped, when the conservatives are launching neoliberal solutions and the social democrats are fighting for employee investment funds.

But now the Liberal Party seems to be sharpening its tone. For several years the party's criticism of the employee investment funds has grown in intensity at the same time as the demand for more market economy has increased. The changed tone is clearly evident in the new recommendation for a party platform, which is now being presented after having been circulated through the party.

Party leader Ola Ullsten, in his speech in Ostersund on Saturday, went on a hard attack against the social democrats, both against their funds and against their crisis program. The investment funds will be a blow to the market economy, the 1982 election can determine what economic system Sweden will have in the future, he said.

This is a sharper attack against the Social Democratic Party's lack of a formula for the crisis and threat against the market economy than was contained in Ullsten's Almedal speech last summer. Does this mean a turning point for the Liberal Party, a break with the cooperative policies and a return to bourgeois bloc politics? An article in SVENSKA DAGBLADET's weekly magazine SJU DAGAR advances this theory.

EXPRESSEN's long series "The Fight for Liberalism" shows that there are liberals who prefer to believe it. The influential permanent secretary of the Ministry of Budget, Bengt Westerberg, belongs to this group. But liberals from different generations, such as former member of the Riksdag Sven Gustafson and the chairman of the party's platform group Olle Wastberg obviously believe that there must be dividing lines, both to the right against the conservatives' neoliberalism, and to the left against the socialistic investment funds.

Their position reflects rather well the middle position which Liberal Party voters hold in the right-left scale. According to an investigation by the Foundation for Opinion Analysis, 40 percent of the liberals are inclined toward "socialistic" solutions, while 60 percent prefer "bourgeois" solutions. That applies to questions such as taxes, private business, worker participation in management and equality.

It would also be noteworthy if the Liberal Party, at its crisis meeting, should decide to give up the middle position in Swedish politics, only a few months after the bloc model split. In a few months it is expected that the tax settlement between the Social Democratic, Liberal and Center Parties will be completed in detail. None of the parties should want to jeopardize this, in spite of the sharp words exchanged in the coming election campaign.

The need for scoring points against both the social democrats and the conservatives which exists in the middle, and especially in the Liberal Party, can now be rather easily satisfied. The middle is of course making up the government and should actively show that there is substance in the middle alternative: by striving for a future recovery (not through the public sector), by tax reform and reducing expenditures across bloc boundaries, by a social consciousness during sparce times and by a campaign against the concentration of power and monopoly.

The Liberal Party and the middle must hang together if they are going to manage to show that they have a justification. They have one year to do so.

More Media Attention Sought

Stockholm SVENSKA DAGBLADET in Swedish 1 Sep 81 p 6

[Article by Willy Silberstein: "Party Situation Discussed at Crisis Meeting: Now the Liberal Party Will be Visible"]

> [Text] Approximately 120 members of the Liberal Party from all over the country were assembled on Sunday for--as it said in the invitation--"sincere discussion of the party's situation." Today, Monday, it is expected that a document will be presented which will be the basis for the election campaign.

It is a worried Liberal Party which summoned its Riksdag group, party leadership and county representatives to what the media have come to call a crisis meeting. According to opinion polls the Liberal Party is supported by only six percent of the voters.

Party leader Ola Ullsten will not, however, speak of a crisis meeting, even though he admits that the situation is worrisome.

"I am not unhappy about the future of the Liberal Party. We are now going to be sure that our policies are better known by the voters."

Have you yourself been too vague in getting your message across?

"Perhaps so, I am not perfect."

The Liberal Party has recently scored some sharp points against the social democrats. Does that mean a change of course?

Disappointed by Social Democrats

Lars Leijonborg, party secretary, said, "We are disappointed by the social democrats. After the tax settlement we had hoped for better behavior by them.

"But their economic policies and recommendations for an employee investment fund seem to preclude possibilities for cooperation. We still feel a need to score against both the left and the right, meaning the conservatives."

What are the members of the Liberal Party saying out in the country?

Eric Hagelmark, member of the Riksdag from Angeholm said, "If after the next election there is a nonsocialist majority, I do not exclude the possibility of the conservatives participating in a bourgeois government.

"Ola Ullsten's standing in the party is fairly good, but some think that he should place more emphasis on certain questions."

"Things Will Be All Right"

Olaus Nyberg, former member of the Riksdag from Karlskrona said, "I am not worried. I am 70 years old, and was elected to the Riksdag in 1948, so I have been through many abrupt changes. The Conservative Party was once almost as small as we are now. Things will be all right."

Liberals Attack "Fund"

Stockholm DAGENS NYHETER in Swedish 1 Sep 81 p 2

[Editorial by Olof Kleberg: "Liberals Against Funds"]

[Text] For the good of the Liberal Party they are putting up a fight against the employee investment funds and the social democrats. The party's crisis meeting, which will be the beginning of a liberal offensive, moved strongly in that direction. A select group among the party's elite has spoken.

But at the same time the party wants to appear as a socially progressive party with clear dividing lines from the conservatives. This appears in a platform of 15 points which the crisis meeting approved.

The policy of retrenchment is necessary--but it will not hit the poorest, either in Sweden or abroad. Unemployment can not be a tool in economic politics. Work to increase equal treatment and strengthen democracy is rated highly. And by emphasizing personal responsibility and the commitment to ideals the party desires to increase its ties to the people's movement.

A clear front against the social democrats. This is what will be noticed by the mass media. And it is certain that the party leadership will choose to emphasize it also. This was noted in Ola Ullsten's speech in Ostersund on Saturday.

The remaining nucleus of the Liberal Party is obviously nervous about the unambiguous campaign against any form of collective funds which business and the conservatives are pushing. The suspicion which the conservatives preferred to let grow--that the tax settlement in May was a step in a long-range stretegy for a large coalition between the middle and the social democrats--that suspicion the liberals now want to kill.

That little party can not succeed in standing up against both the left and the right. Back to bloc politics?

That can be expected. And many will do that. But then all the social programs which are also in the liberal offensive will be forgotten. To just be a party which fights for market economy and against employee investment funds will not draw people to the Liberal Party. The conservatives are already well established in that practice. But is the Liberal Party also going to build a front against the Conservative Party?

One must ask: Can the Liberal Party during the coming year until the election work for a hard economy program in confrontation with the social democrats and at the same time fight the funds--without their social profile being wiped out? That is going to be a big problem for the Liberal Party, in spite of its participation in a middle government which already through its existence shows that there is an alternative between right and left.

And what happens to the tax settlement if the Liberal Party, probably followed by the Center Party--Thorbjorn Falldin's speech on Sunday could suggest that--in violent words criticizes the social democrats' funds and crisis program? Is there not then a risk that the tax settlement is ruined, despite all three parties having great interest in its becoming reality?

At the crisis meeting the liberals requested that the party members should speak more clearly. This they will do, according to Ola Ullsten. Speaking clearly is good, but not in the sense of more noise and less reason. Leading politicians have a responsibility that discussions in the public debate do not become coarse.

The Liberal Party message has often been fuzzy. But it has also been too little known. The offensive for an economic program with both savings and stimulation, also called the Ullsten plan, was created when it was not adopted by the three-party government. But it had been used in the party's opinion work. Speaking clearly does not help if persistency and logic are lacking.

In the report on the employee investment fund the representatives of the middle parties launched an alternative of citizen funds within the framework of the market economy. But it does not seem certain that any of the parties are going to approve this recommendation. It is not enough with the hard criticism of the social democrats' employee funds--the middle parties must also remain firm with their own alternative. Otherwise the election of 1982 will be merely a struggle for or against the employee funds.

It is not enough just to be against, one must also be for something. The liberal offensive should deal with both the socialistic funds and with social welfare.

Delegates Agree on Program

Stockholm DAGENS NYHETER in Swedish 1 Sep 81 p 7

[Article by Dick Ljungberg: "Ullsten on a Cornflower Offensive: Successful Economic Policy Important for Liberal Party"]

> [Text] Developments for the Liberal Party from now until the election depend to a large extent on whether the government can carry out a progressive economic policy. Ola Ullsten said that during the party's "crisis meeting" which ended on Monday. The delegates took home with them a 15-point program for a liberal offensive.

The program contains only known Liberal Party issues. The meeting did not deal with any change in the political course, except how we can best bring forth our issues to the election, explained Ullsten at a press conference.

He had a cornflower in his buttonhole, once a symbol of the voting rights movement at the beginning of the century, and now of the liberal offensive which will get underway immediately.

"I have received good advice from the meeting, namely to be less diplomatic and to speak out more clearly. I will try to live up to that," said Ullsten.

By speaking clearly about the Liberal Party's position it is hoped that some of the voters can be won over who, according to the polls, think that the Liberal Party is the second best party. That amounts to about one-fourth.

Speaking clearly will primarily apply to protecting the market economy--also to puncturing the social democrats employee investment funds. Ullsten will not, however, designate the main opponent in the election campaign which he has already slightly begun.

"We are going on our own political program," he said. "But there is an important difference between those who protect the market economy and the social democrats, who are going at full speed toward a new economic system. If the social democrats expect to promote the fund question in the election campaign, this ideological difference will be obvious."

Conservatives Cold Blooded

But in a document which summarizes the meeting it is also said that the conservatives are showing all the more indifference to people who are less fortunate. That is noted early in their economy program, and in their unwillingness to actively fight unemployment.

In the document it is also said that the parties (except for the Liberal Party, of course) see themselves all the more as spokesmen for power groups and special

interests. And therein lies the risk that the necessary economy policies can be unjust: it is far from certain that the most needy have the best possibilities for applying political pressure.

It also confirms that work on two basic questions, equality and international solidarity, are fighting against the economic problems. Aid to poor people is the only issue that the Liberal Party wants entirely exempt from the effort for economy. As soon as we can, the aid should again increase.

Is foreign aid more important than, for example, aid for children or full employment?

"That mission is separate from all the others. It is not a question of dividing resources in Sweden, but of international solidarity. I believe that a majority in rich Sweden believe that we are able to give one percent to the poorest in the world," said Ullsten.

Is the government going to be able to save 12 billion?

"I hope so, but it may be difficult because it is technically complicated to change decisions already made. If we see signs of a controlled growth in unemployment we must naturally fit the economic policies to that."

Ullsten repeated his advice to the many unemployed youths (nearly 50,000 at the last count) to take the jobs offered. The first job need not be the last.

He did not want to go in more detail into the planned tax reform's effect on villa owners, in spite of calls for a quick answer from the Liberal Party meeting. Many participants were aware of the concern which exists out in the country.

CB Radio Everywhere

A few points from the 15-point program which will now be used until the Liberal Party congress in February, when a new program will be adopted.

Sharp stiffening of laws against monopoly in order to hold prices down. Unemployment can not be used as a weapon in the economic crisis. Further offensive measures are necessary in the economic policy, among other things continued investment in research and development. A law governing democracy in housing. Advance the right to housing. Encourage assistance of relatives in day nurseries and hospital wards. CB radio must be permitted everywhere in the country. (Ullsten hopes for a bill on this in the spring).

Introduce environmental fees. Invest in energy sources which can replace both oil and nuclear power. Certain authorities can be abolished. Large reduction of paperwork and requests for information.

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GENERAL ATTACKS ARMY CHIEF'S PROPOSED CUTS

Stockholm DAGENS NYHETER in Swedish 4 Sep 81 p 6

[Article by Kjell Lofberg of DAGENS NYHETER's Orebro staff: "Army Chief of Staff Has Calculated Incorrectly"]

> [Text] Orebro, Thursday--"Inactivation of I-3 in Orebro will produce savings of 50 million kronor at the most, and not 215 million as the Army chief of staff reported in his statement to the OB [Supreme Commander of the Swedish Armed Forces]," said Major General Gosta Hogmark, military commander of the Bergslagen Military District.

"The chief of staff has based his report on a number of assumptions. I believe that several of them are wrong, and furthermore that he has overlooked several elements."

This is a sharp criticism of the report by the Army chief of staff which District Commander Gosta Hogmark has made. He added, however, that the chief of staff was working under great pressure of time, and had very many units to consider.

"I suggest that the OB reconsider his decision regarding the inactivation of I-3. If the OB does not have time to establish the basis for a decision before 18 September, when he announces which units are to be inactivated, the decision on I-3 should be postponed until the next 5-year plan is made in 1987," said Gosta Hogmark.

Entire County Without a Military Unit

Gosta Hogmark believes that there is no reason for the inactivation of an infantry regiment in this country. According to his judgment the peacetime organization must be built on armored and rifle battalions, and consideration must be given to population distribution, requirements for training in the proper environment and requirements for preparedness against surprise and for mobilization.

"These requirements were not considered in the decision on I-3. If I-3 is inactivated the only regiment in Orebro County disappears. An entire county is left without a military unit.

"According to the liquidation of units being carried out, we should have 56 units in Sweden. We have 24 counties. It would be reasonable to have at least one regiment per county. And we can certainly do that with 56 units.

"The same reasoning which I have applied to I-3 can also be applied to I-13 in Falun. It is not right to inactivate either of these regiments.

"OB's recommendation for inactivation of I-3 is motivated only by economic factors. OB has acknowledged that the decision causes clear operational and readiness disadvantages."

And it is just those economic calculations by the Army chief of staff concerning I-3 which Gosta Hogmark so strongly criticizes. It was on these calculations that OB made his decision.

Increased Costs For Conscripts

He said, "The costs which the Army chief of staff has not considered are increased costs to the country for the conscripts which would be forced to get their training in Norrland.

"The chief of staff has also overlooked the costs of maneuvers which had to be conducted in the county by previous units, and which caused increased costs for repairs of material. There will no longer be any unit to take care of that. We will be forced to go to private commercial sources."

Difference of 165 Million

"Furthermore the figures on the number of conscripts who will leave the peacetime army with the inactivations is entirely too high. Just as many conscripts will continue to be needed, even if the training is moved to another place. There will continue to be as many conscripts to be trained. There will be no reduction in this number before the middle of the 1990's. That means no worthwhile savings will be made."

There is a difference of 165 million kronor between the calculations of the chief of staff and the military district commander concerning the savings which can be made by inactivation of I-3. Now it is up to the OB to decide which is correct. He will do this on 18 September. Gosta Hogmark submitted his calculations to the OB 2 days ago.

The future of I-3 is not, however, only a matter of economics, according to Gosta Hogmark. It also has to do with Sweden's alliance-free status.

"The requirement for our neutrality has increased since it became known that American units will store weapons in Norway and that the number of cruise missiles around our country is increasing. OB has said that we will have six military districts, and in that situation it is impossible to inactivate I-3."

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MIDDLE-CLASS EMIGRATION INCREASES

Paris LE FIGARO in French 25 Aug 81 p 4

[Article by Jean-Paul Picaper--passages enclosed in slantlines printed in italics]

> [Text] Every year, several tens of thousands of Germans leave the FRG for good. Among them are many highly trained people, skilled workers, and artisans. Present circumstances and bureaucracy are discouraging the middle class. Some are seeking their fortunes elsewhere.

The artisans have no reason to be happy. In 1981, the German GNP is expected to decline 1 to 1.5 percent, but the artisan's share will be down by 2 percent. Unemployment (50,000 jobs lost) will for the first time make its appearance in this category, after 10 years of hiring (one-half million small enterprises, 3.86 million wage-earners).

The deterioration of the social climate can only give further impetus to emigration. Early in September the German parliament is going to take up economy measures: increased employee contribution to medical insurance plans, reduction in unemployment benefits, curtailment of family allowances, not to mention reduction of wages in the public sector, the elimination of appropriations for research, sports, etc. which will result in curtailing a once remarkable social policy.

It is because of their solicitude for the small enterprises that the liberals, led by Genscher and Lambsdorff, prefer these economies to new taxes, such as the /"supplementary tax"/ which threatens to break up the government coalition--a surtax conceived by imaginative tax agents in search of new subterfuges to use in nibbling away at average incomes, a process which has already begun from the combined effects of inflation and progressive taxing. As for the professional tax, imposed on artisans whether they make or lose money, many people are calling for its elimination. The artisans are strangling: the profit margin is down, customers pay their bills too slowly, funds are melting away, and the interest rate is 12 percent and higher.

Peter Beck, a 43-year-old plasterer, the founder of a small prosperous enterprise, has decided to leave for Australia with his family: /"My success has not gotten me anything. It has brought me only unjustified harassment by the tax examiners,"/ he said to a journalist.

Quite a few, and some of the best, are leaving: 54,000 West Germans left their country in 1980. Over the last 10 years, the average annual rate of emigration from the FRG has been 50,000, and the trend is currently on the rise.

These departures are certainly offset by the 277,000 Germans who have come from eastern and southeastern Europe, and by the 70,000 GDR inhabitants who have come to the West, with or without authorization, since 1976. The net migration balance is thus positive. But these arrivals from eastern Europe--of people who have few skills, are poorly adapted to Western lifestyles and to modern Germany, whose integration into German society costs the government dearly (445 million German marks in the last 5 years to finance reduced-rate settlement loans)--may decline in number. The birth rate is not increasing enough (500,000 births per year since 1974, 600,000 in 1980, but this is far from the 1,000,000 babies born in 1964) and may suffer from the reduction in family allowances.

Fear of Tomorrow

Taxes, the current situation, and the fear of tomorrow are pushing Germans toward Australia, Canada, the United States, and South Africa, and in some cases encouraging them to invest their money abroad, in land and real estate, in years past on Majorca and on the Costa Brava, but now preferably in Florida. According to a survey made in May 1981 by the Allenbach Institute, 41 percent of the Germans are afraid of the future and 31 percent contemplate it with skepticism. Only 23 percent of them were optimistic. This is a long way from the survey made in June 1980, when 37 percent of them were still optimists, only 21 percent were anxious, and 26 percent were skeptical: As for economic changes over the months ahead, 44 percent are looking ahead with extreme pessimism, and only 13 percent with relative optimism (39 percent believe nothing will change). This level of discontent is even higher than the levels recorded in 1950 (the Korean War) and 1973 (the oil crisis).

Paradoxically, while Germans are leaving, foreigners are coming in. Poor countries do not look on Germany with the same eyes as the Germans. The FRG, a paradise for immigrant workers, is inundated with self-proclaimed political refugees: after the arrival of the Pakistanis, West Berlin has been trying to stop a food of Tamils coming from Ceylon and transiting via the GDR. Last year, foreign immigration increased by 19.5 percent (89,000 people). The many towns which are already 20 to 30 percent filled with Turkish, Yugoslav, Pakistani, and other refugees, are closing their doors. But clandestine entries are multiplying. Some 95 percent of requests of asylum are turned down. But the German constitution requires that political refugees be accepted. Is the make-up of the German population going to be transformed over time?

9516
CSO: 3100/942

IZMIT GULF-BLACK SEA CANAL ENVISIONED

Istanbul MILLIYET in Turkish 21 Jul 81 p 3

[Article by Metin Ozyildirim]

[Text] A project conceived about 420 years ago when Mehmet Pasha of Sokol was Grand Vizier has been revived, proposing that a canal be dug to join the Black Sea and the Marmara by way of the Sakarya River and Lake Sapanca.

Prof Dr Kazim Cecen, head of the Hydraulic and Water Power Department at Istanbul Technical University, has prepared a paper emphasizing the timeliness of the "historic project" which will be presented at the "First International Conference on the History of Turkish-Islamic Science and Technology," to be held in Istanbul on 14 September.

Pointing out that Kocaeli and Sakarya Provinces "have become the industrial center" of Turkey, Istanbul Technical University Hydraulic and Water Power Department head Prof Dr Kazim Cecen recalled that "the idea of joining Lake Sapanca to the Black Sea and the Marmara originated around 1560 at the time of the Ottoman Empire when Mehmet Pasha of Sokol was Grand Vizier and initiatives have been made on the matter at various times." He gave the following information in this regard:

"When Mehmet Pasha of Sokol first went into this matter in the 1560's, technology was not as advanced as it is today. Moreover, the need was not as pressing as it is today.

"The Sapanca project, designed for construction with the technology of that time, may be accomplished more easily and at much less expense with today's techniques. No cost accounts have been made yet, but it would be appropriate to say that this project would be 100 percent profitable. Our industrial center lodged in the Adapazari-Izmit-Istanbul area would benefit greatly from it, making a great contribution to our nation."

al from Zonguldak and iron-steel from Eregli and Karabuk are currently transported to the shores of the Marmara via the Bosporus to the Izmit Gulf. Realization of the "historic project" would shorten the route.

KEY:

1. Black Sea
2. Bosporus
3. Sea of Marmara
4. Izmit Gulf
5. Lake Sapanca

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END

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No. 1822

Turkish Businessmen Discuss State of Economy

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29 September 1981

WEST EUROPE REPORT

No. 1822

TURKISH BUSINESSMEN DISCUSS STATE OF ECONOMY

Istanbul TERCUMAN in Turkish 28 Jun - 2 Jul 81

[Article by Erkan Yigit: "Turkish Economy: Second Half of 1981"]

[28 Jun 81 p 7]

[Text] Introduction

Leaders giving direction to the Turkish economy described for TERCUMAN "the Turkish economy in the second half of 1981." Businessmen and industrialists drew the "graphics" for TERCUMAN of the step by step transition to stability from a period in which inflation had taken off on its own, economic rules were in shreds, the citizenry was crushed under rising prices and labor peace stood in jeopardy.

In our "Economic Tour d' Horizon" with business leaders, we caught signals of a healthy future for a national economy tempered by fire, but also noticed certain "sensitive points" which are still important and remain outside the economic measures which have been taken. Leaders of the economy pointed out during our tour d'horizon that the "national economy is starting to get back on track," but, with an eye to the future, also wanted deficient areas cleared up as soon as possible. In this series of articles, we will take the tour of the economic horizon stage by stage.

[Fuat Suren of Transturk Holding]

Fuat Suren launched into a controversy which appeared on the Turkish economic scene with the 24 January decisions with a denial. "The Friedman model is not being applied in Turkey," he said and made the following comments in defense of Turgut Ozal, who is being criticized in certain circles because they say he is applying the Friedman model:

"These measures are monetary measures. They are being applied within a philosophy of letting the money volume influence the economy. Friedman is the most famous economist who advocates this, but the 'Friedman theory' is definitely not being

applied in Turkey. The measures which are best and necessary for Turkey are measures which Friedman advocates. As for Turgut Ozal, the chief architect of those measures I happen to know that Turgut Ozal has not read Mr Friedman. There is similarity because the medicine to be given for the disease is the same. Turkey's improvement requires monetary measures, because the basic disease comes from money."

Diagnosing "the cause of the disease in money and seeing the cure also in money," Fuat Suren would add the following ingredients to the economic prescription being applied:

"Because the disease comes from money, the treatment must come from money also. I am with these measures 100 percent. Moreover, I think a stronger shock should be applied. Look at Chile. Chile has now obtained a greater success and its economy has recovered. Let's forget Chile's political regime for a moment. Chile's people have economic prosperity. But for 3 years, they had a very hard time. Close to 400 factories were closed; 200,000 civil servants lost their jobs. Let us say this: the measures we have are not as harsh as Chile's. On the contrary, they are moderate. One has to go the whole route to get results in these matters.

"Results cannot be obtained with half measures. Before, money was printed without having the backing in goods and services. Prices skyrocteted because of this. Today, however, there is an effort to keep the printing of unbacked money as low as possible. Windfall profits and earnings based on inflation have now disappeared. This is a fact."

Unfounded Complaints

Chairman of the executive board of Transturk Holding, Fuat Suren reiterated the fact that the old profits would not easily return, then put his views on the economic scene in the following perspective: "These easy profits will certainly not come back. What are they? Hoarding, for instance. If money stabilizes at less than the inflated interest rate, certainly it is no risky business to take out a loan and stock up on something with it, because you are getting the money at 15 percent. Inflation is 30 percent. You tie up some commodity and sell it at the end of the year for 30 percent more. Therefore, you get 100 percent profit on anything you import. There will certainly be no profits like this. The people who are used to it will complain, but they are out of place."

Fuat Suren brought our conversation around to exports at one point. As to exports, where we have been floundering for years, Suren said: "Exports are going to be booming, because everyone is going to take his briefcase and go abroad. There are complaints of market shrinkage. The market in Turkey has shrunk, but the foreign market is waiting. Whoever has the business acumen to supply high-quality goods at low prices should have no doubt of his market."

EEC

The Transturk Holding board chairman then turned to the EEC, which has also been a topic of controversy for years, being described as the "organization that will be the end of the Turkish economy." Let us hear it from Fuat Suren:

"It is said that if we enter the Common Market, Turkey's industry will be ruined. This view is so wrong. Turkish industry today has to compete with the same people abroad because we are not in the Common Market. But we are successful. For example, Profilo [Holding] can sell all the refrigerators it wants to. These sales in Egypt compete against the Japanese, the French and the Italians. I am more optimistic than the officials. I think we will reach a figure as high as $4 billion within the year."

Suren began going over the economic problems where there is complaint or criticism, the first being "tight money":

"In fact, money in the economy has not diminished, but it has been more advantageous to put it into savings. Savers are getting high interest. And this brings us to another point: Saving has begun in Turkey. It is being said that sufficient investment is not being made. Well, this is true. But today's measures are prodding the economy towards investment step by step, because the first condition for investment is saving. Foreigners are taking a better look at Turkey and this means foreign capital input will be possible. In fact, too much investment should not be expected in Turkey this year, because Turkey is changing from a closed, centralized bureaucracy to a market economy. We are on an escalator; should it stop in the middle and let us start making investments? It is going in the right direction. I am sure that this year's export boom will be an investment boom next year."

New Doors

I interrupted Fuat Suren to ask: "Which sectors will be more likely to have an investment boom? Might weight be given to the agricultural sector?" Suren's answer started opening a crack in some interesting doors:

"Shrinkage of the Turkish market because of the monetary measures is giving direction to investments. Every new investor is thinking about investing in the production of goods to sell to the world. There are some attractive areas in this regard. We might consider meat and fish. You could expand this to cover everything from livestock to sausage. There has been talk of our mines and forests for years. These unorganized areas could be organized. Minerals could be sold.

"For example, Nixon said in his last book, 'In 10 or 15 years, a chromium shortage will be more important for America than oil.' Turkey has considerable chromium. We should develop that potential. Forestry, unfortunately, is an area in which we are very behind, but we have potential, because it is in state hands. However, not much is being done in this matter. According to what we have learned, our forestry potential is equal to Sweden's. It is necessary to open up this area, but it is not right to think only of agriculture and mining. We have a chance in some manufacturing areas, too."

Bankruptcy?

I had another question for the brain behind Transturk Holding: "Certain industrialists are saying that some sectors will be bankrupt within 3 years if these monetary measures continue. What do you think about this?" Suren replied:

"Certainly there is a big difference between an industry opened to the world and one hidden behind high customs walls with a tight import ban. Decidedly, a certain segment of our industry will have a hard time. But in my opinion every entrepreneur should [illegible] thinking of his own measures now. One of the hard-hit sectors is the automo[illegible]e industry. This sector is already having a hard time throughout the world. We ar[illegible] important sideline of that sector. We make plastics, brakes, clutches. But [illegible]yone who tries to use his head will certainly take measures in his own factory. But I do not think there will be bankruptcy.

"The Turkish businessman is very able. In my opinion, this free market will 'clear the air,' because prior to January 1980 while we were up against one problem, there would be another tomorrow. In other words, there was no light at the end of the tunnel. At least today there is a light."

Civil Service Pay

The chairman of the executive board of Transturk Holding concluded his overview of the economy by touching on an important topic:

"It is hard to run the state with people who make such a low salary. It is necessary to bring civil service salaries up to a contemproary level. This is necessary in order to get capable and dependable civil servants.

"Unemployment is not as important a problem in Turkey as thought, because most of our unemployed are first generation workers. That is, they have not cut their village ties. If they do not find a job they go back to the village. Second, we have very strong family ties. Even if a person is working, the pot in that family is boiling. Unemployment is not as big a problem as in other countries.

Don't look at the statistics. Those are computations make at a desk. There is no poverty caused in Turkey by unemployment. But everyone should try to create new jobs.

As our conversation was ending, Fuat Suren said, "Wait a minute," and added some comments on "expensive credit," a topic of complaint by many businessmen. "Expensive credit makes investment difficult. Industrialists need relatively cheap credit. It should be made possible for firms to get loans abroad," he said.

After mentioning the high cost of credit, the executive board chairman of Transturk Holding could not help but say a few words on a topic he has espoused before but probably forget to squeeze into the interview:

"The most important principle for success in foreign trade is to be ready for a buyer's market. This requires know-how and personnel devoted to business itself. Since the number of qualified personnel in Turkey is rather limited, it has reached the point where we have to channel our efforts into specific priorities. I would recommend that Turkish firms go into the Middle East, the Common Market and the southern Mediterranean, in that order. The second belt would be the United States, Ja an and the Far East."

Ali Kocman [of TUSIAD]

We started the interview with Ali Kocman by asking: "Would you make a general assessment of the course of the Turkish economy now that we are approaching the second half of 1981?"

"Easier than recent years," Kocman said and continued as follows:

"It is easier than in previous years to estimate what Turkey's economic situation will be in 1981, because Turkey has continued to apply uncompromisingly, especially within the discipline since 12 September, the measures adopted early in 1980 and has obtained sooner than expected some of the positive results expected from these measures. Principal among these are 'success in halting inflation, an important thrust in export and worker remittance revenues and getting the citizenry to start saving.'

"The freeing of interest rates in conjunction with reduced demand, meanwhile, allowed money to function at a rate close, or even equal, to the rate of inflation for the first time in Turkey. This is a first for Turkey. The problem is not hidden in any miraculous formula to which only Turkey has the answer. Actually, it is an answer that all nations which apply inflationist-antiinflationist measures are looking for. Elimination of economic depression definitely should not be taken to mean the return of the previous economy oriented to the domestic market and domestic consumption, as some circles perhaps expect."

Realistic Estimate

Ali Kocman turned to the topic of "Turkey's struggle to find foreign markets," and continued as follows: "Exports are expected to exceed the $3.5 billion goal in the economic program. This estimate is not too optimistic. On the contraty, it is a realistic estimate. In addition to our classic exporters and classic export products, businessmen and industrialists in Turkey have entered a period of exportation at all costs. I would especially like to point out that most of the export incentives which had been hoped for from the governments for many years have in fact been adopted by recent governments and the present government.

Exportation today has been greatly facilitated as to formalities and red tape. Of course, this is the first stage. The important thing is to be able to produce and sell at costs that will be competitive on world markets.

"The entire world is undergoing an economic crisis. This means that practically all the world's nations are trying to sell more and buy as little as possible. This is what exporting nations have to deal with now. And Turkey is no exception.

Pilot Zone

Ali Kocman, president of the Turkish Industrialists' and Businessmen's Association [TUSIAD], stressed the need for us to concentrate on the Arab nations in our exportation efforts and said that choosing "pilot export zones" would be unavoidable. Kocman's comments on this follow:

"We have a second problem. The developing nations are all gaining expertise in specific areas of exportation at the same time. For example, there is a textile boom in all the developing nations. And a food industry boom. From this standpoint, Turkey must choose its own pilot zones in the development of exports, concentrating as much as possible on our close neighbors, the Arab nations. This is important not just in the export of goods, but of services as well. Our success in engineering

services stands out. Turkey has reached a level to export qualified men, not just workers, but men qualified in every branch. Advantage must be taken of this in the comparison with our neighbors. Indeed, the Turkish private sector has gained enough expertise to be able to undertake new enterprises and set up business administrations in Arab nations. The most must be made of this also."

In the course of expressing his economic views, Ali Kocman pointed out that "the industrialist had to produce high-quality goods." "The citizen is more cautious than he used to be in meeting his everyday needs and in his short- and long-term demands, looking for the difference between various products," he said. The TUSIAD president drew attention to the need for consumer protection in a market economy as follows:

"Having to apply a more qualitative price which is more expressive of value but also more open to competition is actually a factor which protects the consumer in the market economy. I believe that this will be happening in Turkey soon."

Employment

On unemployment, the parasite on Turkey's economy, Ali Kocman expressed the following views: "The first thing that comes to mind to resolve this problem is that thought might be given to initiating some large state contracts in which the state could employ large numbers of men instead of just a few and starting the investments in certain large public works services. Thought should also be given to attracting a segment of the population from the cities back to the village as agricultural workers. The best hope for the future of agriculture is to recognize Turkey as a nation with the potential to increase its production significantly through modernizing its agriculture and capitalizing on what it has. Greenhouse production and fruit and flower cultivation have for years seemed to us to be small, idealized businesses. But other nations are making billions on them."

Automotive Industry

At one point in our conversation, the TUSIAD president spoke of the automotive industry, which he sees as having a separate importance. Kocman said that the problems of the automotive industry would persist "if the economic measures being applied in Turkey today continue," and expressed the following views:

"What is being shown as one of the most important causes of the slump is the high cost of bank credit, so high that industry cannot operate. Following the freeing of interest on 1 July 1980, the banks raised the interest they pay on deposits to a very high rate, which put them in the position of demanding high interest on credit to merchants and industrialists. As there is a demand for credit to be eased, it would be useful for industrialists and businessmen to get together and discuss it with the principal banks and the Central Bank. The constant criticism of the banks is actually detrimental to the economic structure and it is impossible to advocate this. Moreover, in putting today's monetary policy into effect in its present form, a reduction in the interest paid on deposits, on savings, was expected at the end of 1981, and this would automatically bring a reduction in credit costs."

Our economic discussion with TUSIAD President Ali Kocman concluded with Kocman making the following comments: "Turkey has to employ stringent antiinflationary

measures. This is unavoidable. Britain and Germany have had to do the same thing. In short, this is a sign of the times."

[29 Jun 81 p 7]

[Text] [Feyyaz Berker of Tekfen Corporation]

Feyyaz Berker launched into the tour of the economic horizon as follows:

"The desire to correct the deficiencies in too short a time has brought other headaches with it."

Contending that we must admit that we are paying some high prices to prevent inflation, "because profits made in the inflationary period were profits bloated by inflation," Berker said, "An economic structure was formed accordingly. Now in a time when inflation has stopped and is backing up, the problems present a very different character as compared to this old structure."

Shock Treatment

Stating that a shock treatment was needed to prevent inflation and encourage savings, Feyyaz Berker sees high interest rates as the first stage of this treatment. Let us hear from Berker his view on the interest rates "bemoaned by industrialists and blessed by savers": "Raising deposit interest to 50 percent was a shock treatment. Turkey is a good example for the West. Advocates of a stronger shock than the doses customarily used in the West to prevent inflation are showing Turkey as an example. In fact, another shock treatment was needed in Turkey to accustom the populace to saving, but this high interest on deposits raised credit interest to 65 percent to 75 percent. The cost of money is now one of the costliest elements in the industry sector."

I asked Feyyaz Berker, "What would be the outcome of producing at high interest?" Hardly stopping to answer my question, Berker went on to say,

"The day will come when prices will again reflect true costs. High credit interest means cost inflation. We have to deal with this as an important factor. It is a fine thing for the Turkish public to get used to saving, but interest that is so high as to choke the economy stimulates cost inflation. Therefore, it is not favorable to the saver. Moreover, this situation increases production costs, and production drops off.

Correct Decisions

"When an industrialist who needs money liquidates his stocks by selling below cost, it does not eliminate his costs. Prices, therefore, are going to reflect these costs sooner or later and the effect will be to stimulate inflation again. From this standpoint, as long as inflation has been reduced to the point where we have it today, we can see the need to reduce the interest on these deposits, which are becoming very expensive for the banks, and deflect it to the industrial sector today.

"I would like to point out the need within the major goal of general economic measures to make decisions in keeping with the current and new economic conditions.

The success of an economic policy closely follows the conjuncture of the marketplace and the world in general and, whether it be in money-credit policy or foreign exchange rate adjustments, making the correct decisions within flexible guidelines which present continuity is a must. Bank deposit interest in the West stays two or three points ahead of inflation. If the rate of inflation falls into the 30's in Turkey, the need will also arise to keep deposit interest ahead of it at a given rate as is done in the West. And this depends on the introduction af a deposit interest policy adjusted according to the rate of rise and fall of the rate of inflation and free market conditions.

"A certain amount of relief may appear in the marketplace thanks to the improved purchasing power of personnel and workers as a result of tax payments, which since May have been withheld at the old tax rates but will be made according to the new tax brackets after April, as well as to the money supplied as base prices for agricultural products are announced, the release of certain blocked monies and the new inventory exemption and assets declaration. Sales may pick up in the fall."

Feyyaz Berker stressed the need for rejuvenation of the automotive industry and the construction sector also and called for certain different measures to be taken in this regard. He continued as follows:

"I do not think widescale rejuvenation of the construction and automotive sectors will be possible despite easements that will come in the months ahead. I believe more serious measures will need to be taken. I do think the decision to encourage public housing will be effective in the short term for this. The basic thing in this context is the balanced distribution of people's savings among such resources as stocks, bonds, housing and banks. This balance is necessary in the short term."

Chance May Increase

Asserting that "the key to the export doors" was the removal of certain obstacles, the chairman of the Tekfan Corporation executive board expressed the following view:

"We are undergoing a critical period. Now that exports are being encouraged, we have the opportunity to lower costs by working at full capacity. Therefore, the chance of export opportunities will increase with the reduced cost of money parallel to this. Otherwise, by producing less and having it cost more we will reduce our export opportunities by that same degree. And moreover, while Turkey is encouraging exports as exportation seems to be the only way out for Turkey today, it earns some foreign exchange in exchange for the subsidization or tax rebates or easy credit. This foreign exchange has a cost. We are unable to compile very realistic accounts while accounting for this.

"In other words, when Turkey exports an item which is 100 percent domestic, its earnings are high. This makes a terrific contribution to foreign exchange. Between the bill we pay for incentives and what we import, our accounting of the cost which we called 'foreign exchange cost' cannot be realistic on the sector or commodity basis. We cannot follow the market and keep this up for long.

Discrimination

"So we are losing a lot because of this. Sometimes, because a sector has strong influence, we give too much encouragement to a commodity which brings Turkey little foreign exchange. Encouragement policy should be long-term policy. The state, the public and private sectors and the banks should manage this system together, within a dynamic structure without getting bogged down in the bureaucratic mechanism."

Leave it to the former TUSIAD president to come up with another different idea on exports. According to Berker, there should be a "Punishment and Oversight" system in exports. Here is how he explained it: "We should have a control mechanism so that this would be possible even after the exporting has been done. You could always be punished by turning back. We are always trying to make water run uphill in Turkey.

Berker expanded on a topic of recent controversy by answering as follows the question as to "which sectors should receive priority": "I have no preference among the sectors. The agricultural and industrial sectors complement each other. I do, however, favor much more support for agriculture in the economic structure. I would like to give an example. America has the strongest agricultural sector in the world today. It is able to produce at very low cost because it has the means to produce on a large scale. But it has an industry backing it up in order to do this. Turkey has a great deal of unexploited potential in agriculture. We must approach this potential by taking both sectors into account. Excessive subsidies are being paid. They do not go into savings, but create inflationary pressures. They are not shifted into industrialization, either, and this is where a structural aberration comes in. Very low base prices, however, keep farmers from increasing production. This is why the fine tuning of base prices requires taking all factors into account."

Nuh Kusculu [Executive Chairman, Istanbul Chamber of Commerce]

Nuh Kusculu approaches a general view of the Turkish economy in the second half of 1981 by looking from the outside in. "Negative developments in the world economy in 1981 are surely able to have a negative effect on the Turkish economy. Especially anti-inflationary measures to restrict demand in the Western industrialized nations presumably reduce demand for our export products and bring prices down. In fact, world raw materials prices took an all-time dive of 5.6 percent in May 1981. Intoxicants declined 14 percent and cereal grains 4 percent," he said.

Kusculu, chairman of the executive board of the Istanbul Caamber of Commerce took note of the squeeze on employment opportunities engendered by the economic recession in the developed nations, expressing his views as follows:

"From March 1980 to May 1981 in West Germany, which is important from the standpoint of our worker remittances, employment shrank 1.5 percent in the investment goods industry, 3.5 percent in the consumer goods industry and 4 percent in the construction sector.

"However, despite these negative developments in the world economy, the 24 January decisions which went into effect at the beginning of 1980 continued to have positive results in early 1981.

"The stabilization program, aimed at reducing the rate of inflation to a reasonable level to normalize the economy, has been realized to a significant degree. In fact, while the general level of price increases from April to April in 1979-1980 was 100.1 percent, it fell back to 32.2 percent from April 1980 to April 1981. Total price increases in the January-April quarter of 1981 were 2 percent. Thus we may suggest that the annual price increase rate this year will move along at below 40 percent.

Nuh Kusculu then continued as follows:

Firm Foundations

"The release of interest limits as a natural result when the free market mechanism began to work, by encouraging saving, made it possible for investment to be based on sound resources. Savings deposits increased 7.5 percent in the January-April 1980 period, but rose 30.1 percent to 461.2 billion liras in January-April 1981. With the especially high interest offered on time deposits, they rose 65.3 percent in the first 4 months of this year."

Noting that the "realistic and flexible exchange rate policy" with "day to day foreign exchange rates" encouraged exportation, the executive board chairman views our export situation as follows:

"In the first 4 months of 1981, exports brought in $1.332 billion in foreign exchange. Thus a 42.8 percent increase was registered over last year during the same time. The increase in exports of industrial products to Middle Eastern nations figures prominently in this growth. In fact, while the share of industrial products in overall exports from January through March 1980 was 31.1 percent, it rose to 39.4 percent in the first 3 months of 1981.

"Meanwhile, worker remittances rose 63 percent to $1.643 billion in the first 5 months of 1981."

In this part of our "tour of the economic horizon," Nuh Kusculu allowed for a slump, saying:

"As a natural result of the tight money and credit policy adopted to prevent inflation vis-a-vis the positive developments I have been talking about, consumption, and especially consumption of durable goods, has shrunk significantly, as we are seeing in the slump in the automotive industry and the construction sector.

Hard To Do

"This outward orientation, however, is hard for the reasons mentioned above, but, still, it also brings hope. We all have to admit that our country's most pressing problem is now the 'balance of payments' deficit. The only way for us to increase production and reduce unemployment is to find more foreign exchange input. Yet foreigh credit and foreign capital opportunities remain very slim because of the inadequacy of the measures taken. We have to make Turkey attractive to foreigners.

"High interest rates have raised the deposit and therefore domestic savings volume, but have cut back the level of spending. The growing deposits are being channeled

into business through selective credits. Selectivity has been introduced into credit by keeping export credit cheaper and the interest on investment credit lower. However, we are seeing the need for broader exportation opportunities.

"When our companies already have bad loan credit rates and have to contend with exchange rate differences as well, they come up against a very large interest burden."

The chairman of the Istanbul Chamber of Commerce executive board continued his survey of our economic problems saying, "There are still problems in our economy which limit operation of free market economy principles and prohibit optimal distribution of resources." He then went on to express the following views:

"For example, no cartel law has been passed to prevent agreements between companies. The problem of rationalization of the State Economic Enterprises has been unable to be solved. The severance pay fund bill has still not been made final. Export insurance has not been realized." Then after a short break in the "economic tour," Kusculu listed the following answers to the question of "what should be done":

What Should Be Done

"International relations, import and customs barriers should be gradually reduced to make our industry more competitive and protection policy should be attached to a timetable by sector.

"--Export insurance should go into effect as soon as possible.

"--We should go ahead and set up a free zone in order to make foreign competition possible, to develop the transit trade and to be able to reduce internal production costs.

"--We think it would be well to conclude bilateral agreements with other nations on the order of the ones signed with Austria and Norway to prevent double taxation of income and assets with an eye to encouraging foreign capital and providing access abroad for our nation's entrepreneurs.

"--Energy investments should weigh heavily and delays in these investments caused by red tape should be prevented. Moreover, in order to take advantage of the potential in the small and medium-sized bodies of fresh water in our country, the ability of private organizations to build minidams, either individually or in combination, should be recognized.

"--Rationalization measures to lower costs and raise production at the state economic enterprises should be devised and put into effect as soon as possible, because the most important problem in our country at the moment is 'production, not at any cost, but high-quality, low-cost production.'

"--To prevent erosion of existing capital reserves in our country, the 'reevaluation instrument' should be placed into effect as soon as possible to devise the multiples envisaged in annex 11 to the Tax Procedure Law.

"--To ensure the full operation of competition, a cartel law unique to the conditions in our country should be passes as soon as possible."

[30 Jun 81 p 7]

[Text] Yilmaz Adiguzel [President, Aegean Chamber of Industry] Born 1926. Married, two children. Graduate of Izmir College of Economics and Commerce. Specialized in shipping economics and management at the London University Department of Economics and Political Science. Became member of British Transportation Institute in January 1952. Trained at Wolford Mines Ltd in Britain. Chairman, Aegean Chamber of Industry Assembly, 1969-1975. 1975 to present, Aegean Chamber of Industry president and Matas-Piyale Company general director and administrative assembly chairman.

Aegean Chamber of Industry President Yilmaz Adiguzel began the "tour of the economic horizon " by speaking of one particular problem. "The Turkish industrialist has been experiencing steadily tightening credit for 4 or 5 years, and is doing so now," he said. Yilmaz Adiguzel expressed his views as follows:

"It is possible to cluster the causes of this problem around several points. First, increases in total credit volume in recent years has lagged behind increases in the prices of industrial inputs. This situation created a serious imbalance between credit supply and demand. In fact, real savings declined in the past 4 or 5 years.

"Second, the gradual shift of Central Bank resources largely to the public sector, especially for Treasury use, stepped up the transfer of funds from the private sector to the public sector. This seriously limited the industrial sector's opportunities to make use of rediscount credits. For example, in the Aegean region, rediscount limits for firms and banks has remained almost stable for the past 3 years.

"Essentially, a shortage of operating capital for an industrial sector able to operate at an average of only 50 percent capacity is a serious matter. The shortage of operating capital was prevented from being even worse only by having been forced to operate at low capacity."

In Distress

Stating that the high cost of credit had industry squirming, Adiguzel continued as follows: "Since the release of interest on time deposits and credit in July last year year and the rise of credit interest to 60 percent, the cost of financing has been added to the problem of tight operating capital. The industrial sector is presently groaning under the shortage and high cost of operating capital.

"The rapid rise of financing costs at a time when the shortage of operating capital was reaching the limit created two important problems in the industrial sector. First: Since July of last year the increase in financing costs has outstripped the increase in prices. Second: The share of financing in overall costs rose from 5 percent to 20 percent. These two things added together threw some operations out of business. In fact, while the number of new businesses formed in the first four months of 1981 declined in comparison with a year earlier, the number of bankruptcies registered a sharp increase.

"The shortage and high cost of operating capital, the rapid shrinkage of domestic demand and the excessive accumulation of finished product inventories have begun to create even more important and dangerous problems, because for the past 5 or 6 months monthly stock financing costs have been running ahead of monthly price increases, and this situation is creating serious anxieties."

Hard to Stay Alive

Adding ways out of the shortages and hardships to our tour d'horizon, the Aegean Chamber of Industry president continued as follows:

"There are two major things our industry can do to get out of these straits and dangerous waters. First is to try to eliminate the effects of shrinking domestic demand by giving foreign demand a chance, that is, by turning to exports, and then to follow this up immediately with raising capacity use. In other words, for us to move ahead to a new period of sound and balanced economic growth, it is necessary to take measures to raise capacity use and support the tendency to invest. An economy which can use its existing production capacity at only 50 percent and whose annual fixed capital investments continue to regress in real terms cannot survive long.

"In order to get on as we should with raising capacity use and rejuvenating investments, which we considered the two major goals to be achieved, it was necessary to prevent inflation which creates such large imbalances in economic life and to eliminate to an extent the foreign exchange squeeze. Appreciable success has been achieved in these two important matters. Now the time has come to pass on to the second stage, that is, to take measures to increase capacity use and complete the investments which have been begun."

Measures List

As to the measures which should be taken in this regard, Yilmaz Adiguzel listed them as follows to conclude our conversation:

"We may enumerate as follows the measures which should be taken to do this. First, holders of liquid capital should be given a tax break to rejuvenate the stock market. In conjunction with this, we should move toward flexible legislation for a viable capital market. Business assets should be revalued without waiting for these things. Only in this way will it be possible for the economic and industrial materials to filter down. It is impossible otherwise for businesses to increase their net assets. And as long as business assets do not increase, it is impossible to resolve the problems of excessive credit demand and expensive financing.

"At present the stock market is facing haavy competition from the bond market and the money market. One-year deposits and bonds are not usually seen in any country in such strong, unfair competition with stocks. In fact, stock prices have been steadily dropping for the past 2 years and are even below 1974 prices. I do not even think it would be wrong to say that stock market transactions have completely stopped.

"To sum up, inflation has been brought under control with the monetary measures taken based on a tight money and credit policy and some tangible relief has been

achieved in our foreign exchange inputs. Nevertheless, the economic slump which this policy created has reached a point to threaten the future of the economy. Now I think the time has come to repair the economic slump."

Prof Dr Erdogan Alkin [of Istanbul University]

Born 1936 in Istanbul. Middle school completed at Sisli Advanced High School. 1959 graduate of Istanbul University Faculty of Economics. Later received diploma in Economic Planning from the Institutes of Social Studies in the Hagur. Completed his doctorate in 1964, became assistant professor in 1967 and full professor in 1973. Is now assistant dean and teaching member of Istanbul Faculty of Economics General Economics Department. Married and having two children, he is also a member of the executive board of Tıansturk Holding.

Professor Alkin's Views

We now hear a professor's assessment of Turkey's general economic status in the second half of 1981. Istanbul University Faculty of Economics teaching member Erdogan Alkin says that one of the most important problems of the economy in general is "inadequate exportation."

Let us listen to Professor Alkin:

"Today, the rich and poor nations alike are competing fiercely for exports in order to obtain the little pieces of paper called foreign exchange which they consider at least as important as gold. It is these little pieces of paper which can obtain for them the energy they cannot produce themselves, raw materials and even certain consumer goods. Exports today are accepted as in indicator of development and industrialization, the symbol of deliverence from the status of less developed and the basic condition of economic independence.

"The basic problem causing the large deficits in foreign trade which sales of services cannot cover and therefore continuous foreign indebtedness is inadequate exportation."

Stating that exports had increased only 6-fold in the past 15 years and that their percentage share of national income had not changed at all, Erdogan Alkin returns again to exports, which he sees as Turkey's number-one economic problem:

"There are studies showing that many of the factors blamed for inadequate exportation have become outmoded. For example, it is frequently suggested that the major causes of inadequate exportation are inadequate production and a thriving domestic market. Yet, in making an international comparison using the same standards, it turns out that Turkey's exports should be at least 15 percent of national income, or around $6 billion. Moreover, Turkey is seen in this comparison as 'the country most closed to exportation.'

"Furthermore, this comparison also indicates that there is no scientific significance to the excuses frequently offered for inadequate exportation such as economic

system, political regime, religion, race, region and dependence on or independence from imperialism. Actually, the major cause of inadequate exportation in countries like Turkey is 'implementation of the wrong exchange rate policy.'

Faculty of Economics teaching member Professor Alkin went on to describe drawbacks in exportation:

"When the move to partial freedom in foreign trade was made back in 1950, the foreign exchange rate in Turkey was overvalued by 37 percent. That is, although domestic prices at that time were 37 percent higher than prices in the countries to which Turkey sold goods, the current exchange rate did not alter these differences. The overvaluation rose as high as 117 percent by 1957. This situation was corrected by the 1958 devaluation, but, because we insisted on a fixed foreign exchange rate policy, domestic prices which were rising faster than world prices brought the exchange rate back to an overvaluation as high as 53 percent by 1969.

"The 1970 devaluation corrected this problem temporarily by slightly undervaluing the Turkish lira, but the fixed exchange rate policy again caused an overvaluation of 77 percent in 1974. Exchange rate adjustments made after that until January 1980 all failed to keep domestic prices and foreign prices in harmony and thus tethered exports."

Other Causes

Professor Erdogan Alkin then looked from a different perspective at inadequate exportation, which he views as the most important problem.

"Another cause of inadequate exportation is high customs duties. Taxes and similar fees received from imports create a second de facto exchange rate much higher than the official rate. Wehn the exchange rate is raised to encourage exports, the absolute difference between the de facto rate and the official rate broadens, worsening this conflict. There is no way to remedy this conflict but to revise customs duties. Yet tariffs supply significant tax revenues for the public sector. This is why there can be no question of revising revenues downward in the short term. Perhaps this is the second most important dilemma next to the fixed exchange rate that Turkey fell into inadvertantly as regards exports."

How Shall It Be Resolved

Erdogan Alkin asks himself how Turkey will solve these dilemmas and answers his question:

"How can Turkey beat these dilemmas? How can it bring its exports up to a level adequate for its foreign exchange needs? The measures considered the most difficult in this regard are perhaps the ones easiest to apply. In other words, problems such as recognition-marketing quality and infrastructure-standardization can perhaps be solved. But solution of the two dilemmas we touched on above is not easy, because the second requires a considerable sacrifice of resources by the public sector and the first requires a change of mentality. And mentality is the thing hardest to change in developing nations."

[1 Jul 81 p 7]

[Text] Mehmet Yazar [President, Turkish Union of Chambers] born in Kayseri in 1936. Graduate of Istanbul Technical University Faculty of Engineering. Speaks German and English. Is now chairman of Ankara Chamber of Industry executive board.

Owner of Yazar Pump Factory. Married and the father of two children.

Twice elected chairman of the Turkish Union of Chambers, Mehmet Yazar began his evaluation of the general status of the Turkish economy by saying, "We have extinguished one fire." Noting that the economic fire had been extinguished in as short a time as 1 year, Yazar said, "There was a grim picture in which money had no value, prices changed over night, no economic accounting was being done, everyone avoided saving and spent unnecessarily, shortages and long lines increased, the black market flourished, income distribution was topsy-turvy and economic, social, political and moral values were gradually being lost. We had become a society which lived for today with no thought for tomorrow, where saving was the last thing on anyone's mind. The direction we are taking now, however, has a value which cannot be underrated vis-a-vis the world situation." Underscoring with these words the hazards of a year ago, Mehmet Yazar looks at where we have come today as follows:

"Let me summarize the results we have achieved today in this way: The total rate of price increase in the first quarter of 1981 stayed between 5 percent and 10.2 percent. While the annual inflation rate based on April was 122.7 percent in 1980, the 12-month total between April 1980 and April 1981 fell to 34.1 percent. The balance of payments is improving. In 1980, export revenues rose 10.7 percent and workers remittances rose 22 percent. In the first 4 months of 1981, however, export revenues rose 43.3 percent and worker remittances rose 13.5 [as published] 13.5 percent. As a result of both these two situations and having been able to obtain the needed foreign credit, our gold and foreign reserves which stood at $706 million at the beginning of 1980 rose to $1.224 billion by March 1981. In this context, foreign exchange transfers for imports are able to be made without delay and the absences and shortages of goods have disappeared.

Be Economical

"The 'shortage psychology' in society, which had a far-ranging effect on our economy, has thus been broken. A trend toward correcting the injustices in income distribution has come about for such reasons as the break given the fixed-income sector with the new tax laws, the stabilization of prices and the high intersst being paid on deposits. Large increases occurred in total savings after the decision on interest in July 1980. Time deposits increased approximately 150 percent (including certificates of deposit) by the end of March 1981 as compared to early 1980. Moreover, there have been positive developments in labor peace. Tension in labor-management relations has been eliminated by making certain criteria binding on labor contracts, albeit temporarily, after 12 September 1980, providing safety of life and property in the workplace and lifting strikes, lockouts and slowdowns. I would like to stress another positive development which bears a separate importance beyond

all these. This is the development of a completely new level of thinking in every sector of Turkish society in parallel with the radical changes in our economy. Everyone now has to stress saving, be economical, do everything possible to open the economy to the outside and for exports and work hard to make a good living."

Critical Slump

Union of Chambers President Mehmet Yazar squeezes "two important problems" between the fire that was put out and the point to which we have come.

"We have two important problems. First is the 'critical slump in the marketplace' as a result of shrinking domestic demand. The other is the 'inadequate level of investments.' Certainly these problems are a natural result of the tight money-credit measures which had to be taken to prevent inflation. Nevertheless, I would like to say that if this approach, which looks at the problem from the standpoint of preventing inflation alone, continues, I am afraid that our economy will be faced with new, very serious problems of a different nature in the future.

"What has to be done at the point which our economy has reached today is to somehow surmount the present recession without stimulating inflation, which has been brought under control. We can neither ignore the steady closing down of businesses nor neglect our duty to create new and sound job opportunities. Moreover, we have to step up our developing exports and ensure their continuity.

"Increasing production and gradually rejuvenating investment activities, then, have vital importance for these reasons. We have to find and create sound resources to do this.

"Despite this important need, the private sector has not, unfortuaately, retained in recent years its push and drive in investments, though it accounts for 50 percent of investments, 75 percent of employment and 85 percent of exports. I am happy to say now that with the coming of a generally safe environment, a revival of these activities has begun. The development, however, is still far from adequate.

No Resources

"The most important element prohibiting private sector initiatives in investment at the moment is the lack of resources. Doubtless, the changes in the tax laws were unavoidable measures required for economic stabilization. However, because fiscal goals were kept in the foreground in making these arrangements, the value of the economic goals which are of vital importance for the future of our economy and the positive results they would create were ignored. Because of this, the establishments which are the primary element in creating the necessary resources for investment have suffered great losses of funds which will have to be paid for presently. The investment incentives in the amended Corporation Tax Law turned out to have no real and practical value. It is impossible to understand or explain why this law would grant certain exemptions to corporation earnings, but still impose withholding taxes even if profits are not distributed. Instead of solving the corporation tax problem within the framework of our economic realities, there was an attempt to gloss it over by lifting the 3 percent fiscal balance tax on corporate earnings as if giving a compensation prize. Although the importance of incorporating seemed to

be accepted and valued at first, it was later viewed from a different perspective, and we hope that the opportunity will be found to review this problem and give it the attention it should have.

"On the other hand, there is another matter I would like to stress which we consider important as to the creation of business resources. This has to do with revaluing corporation balance sheet assets according to current values. If revaluation were possible, it would increase corporation investment strength. Legal work on this should be completed and placed into effect as soon as possible."

At one point in our conversation, Mehmet Yazar called for the devising of a more orderly system of "stocks and bonds markets" in order that an "investment fund" might be formed. We continue to hear the Union of Chambers president:

"From the standpoint of being able to channel long-term funds into industry, the law on capital market regulation should go into effect as soon as possible. However, in writing the law, care should be taken not to push the capital market into a paralyzing oversight system that would be hard to enforce. Moreover, it should be taken up in conjunction with the draft laws on the stocks and bonds exchange and certification of financial advisors."

Noting that savings had increased as interest rates went up, also raising the cost of finding money, and that "it is true that this has a deterrent effect on investments," Mehmet Yazar offered the following perspective on this topic, a subject of complaint by many industrialists lately:

"Resolution of the problem requires introduction of a system having special conditions to encourage investments and low credit costs. In fact, a credit system starting with this concept and offering investment incentives by way of rediscount rates has been developed and put into effect. We consider this development a positive step. What needs emphasis here is finding a steady source of adequate funds for investment-oriented rediscount credits and making sure the system works without interruption."

Mehmet Yazar continued our economic tour, pulling in at an additional "two points" besides the two already mentioned.

"The first of these is the decline in crude oil production and the other is the decline in mining output. Crude oil production by Turkish Petroleum, a national organization, has started an upward trend with the opening of new wells. This organization, is also steadily expanding its exploration activities. However, the other oil companies, including the foreign partnerships, are showing a drop in crude oil production. It is worth noting that their oil exploration is rather limited by the exploration permits they hold.

"Turkey has 3 in 1,000 of the world's mineral reserves. Nevertheless, there is still no forward thrust in mining despite our great potential for production and exportation. Indeed, there has been a decline in recent years. Coal mining activities have dropped off in particular. Nationalization of private sector mines is a significant factor in this.

"Advancement in mining requires top flight management and advanced technology. The ability to bring in foreign capital while bearing in mind the national interests

has great importance here. However, we cannot expect foreign capital to be interested in joint management as long as nationalization is in effect. If we want stepped-up investments in this area, we need new arrangements indicating that exploration and operation are open to the private sector."

Investments

Union of Chambers President Yazar turned his "perspective on the economy" to investments, saying, "As to investments, our country will need foreign resources for some time longer." Yazar continued: "Being able to find foreign capital and foreign credit has great importance for both the public and private sectors from the standpoint of accelerating investment activities and making the most of our own resources in the shorter term. Initiatives in this direction should be encouraged and stressed. We must mention at this point, however, the problem created by exchange rate differences in private foreign credits. Those who have taken advantage of such credits have increased their debt loads several times over because of devaluations and the new exchange rate adjustments. This bad example is still having a deterrent effect on those who would like to take advantage of foreign resources."

Mehmet Yazar referred to exportation as the "present and future of our economy" and said, "We have to look at this topic with a very different eye."

"We must turn a different eye upon our exports from the standpoint of achieving a healthy balance of payments, avoiding a squeeze caused by inadequate demand on domestic markets as exists today and ensuring continuity in sales and transportation.

"We must not give up if certain initiatives prove disappointing at first. In fact, opening to the outside and being able to compete on world markets is hard for a country like ours which still lacks an adequate accumulation of experience. But the only way to overcome this difficulty is to proceed tirelessly, admitting no defeat. In fact, our contractors have done just this and today have around $5 billion in foreign contracts.

"Since the 24 January decisions, a realistic exchange rate policy has been pursued and measures have been introduced to encourage exports. These measures and practices have played an important role in the recent development in exports. Introduction of the export insurance system which has been talked about so long would strengthen the development in our exports even further. However, certain infrastructure problems such as transportation and communications are still waiting to be solved.

A New Complaint

We moved on to discuss with the Union of Chambers president another topic of recent complaint. Yazar described the "prepayment system" as "not in conformity with the facts of our country" and expressed his views on this topic as follows:

"This topic has drawn significant complaints and counter-complaints. Let me list some of them:

"--The 50,000-lire base is too high for low-income taxpayers in some regions.

"--Since the commission conducted its studies over a very short period of time, large mistakes were made in their assessments.

"--Partners in collectives, limited-liability companies and unincorporated businesses are assessed separately, and by increasing the number of taxpayers although there is only one establishment, the resultant tax exceeds the ability to pay.

"--The prepared tax system applies to everyone, even taxpayers who quit their jobs or die.

"--Regional and local conditions have not been sufficiently taken into account."

Asked what should be done after he expressed these complaints about the prepayment system, Yazar replied" "In this case, it would be appropriate to take into account the slump in the markets and the shortage of money and allow additional payments periods. The necessary legal arrangements should also be made to comply with the practice."

The Union of Chambers president managed to squeeze in the following comment during our "tour of the economic horizon":

"We should not be expected to be happy about our tax money going to support the deficits of the State Economic Enterprises."

Mehmet Yazar again selected "two points" on the tour d'horizon: "It is known that the exchange rates are set daily and announced by the Central Bank. We see this as a positive development towards transition to a free economy. However, this practice has created problems on two points which bear looking into.

"One is the difficulty created by rate changes arriving on the scene late for one reason or another after transactions have begun. Second is the difficulty in determining the current rate on which duties will be based when getting goods out of customs."

Hard Cases

The "automotive industry" is an arm of industry which Mehmet Yazar considers loaded with problems. Let us follow his rendown of the problems:

"The rather small and medium operations in these arms of industry are struggling for their lives. They are essentially the ones worst affected by the squeezes and slumps in the domestic market. They constitute the belt tightening of our business life. Abandoning them to their fate is impossible.

"We must pay more serious attention to the problems of the automotive and construction sectors."

We listen to Yazar on another topic. Taking a citizen's approach to the recent price hikes, Mehmet Yazar says:

"The price hikes are understood to be aimed at covering the deficits of the state economic enterprises and providing more revenue to the budget. Society is paying

the bill for the failure of the state enterprises to operate in any rational way, striking a balance between their income and outlay. They still continue to be the public sector's largest source of transfers."

Concluding our 'economic tour' with chamber of Unions President Mehmet Yazar, he brings our tour to an end by once more introducing another problem: "Development means industrialization. For a nation to be wealthy or build factories alone is not industrialization. Industrialization is being able to produce know-how and technology and being able to achieve a new way of life. Being able to achieve the level desired as a result of development efforts depends on building a balanced structure in our economy of the industrial, agricultural and services sectors. In our country, agriculture is the driving force of industry and industry is the engine of our development."

[2 Jul 81 p 7]

[Text] Cevher Ozden Founder of Broker Kastelli]

Cevher Ozden was born in Surmene in 1933. He took a first at the Commerce Lycee and began his business life as accountant at the Saray Cinema in Beyoglu in 1957. In 1960, he began working as an agent partner on the Stock Exchange. He established the Broker Kastelli firm in 1963. He is now chairman of the executive boards of three companies represented on the Stock Exchange. Cevher Ozden is also chairman of the executive boards of six companies engaged in production in the construction sector and certain branches of industry. Cevher Ozden is married and the father of four sons.

Cevher Ozden, known as Broker Kastelli, sometimes looks at Turkey's economic problems as a broker and sometimes more as an economist. Broker Kastelli begins our economic discussion with a "call for savings," because his business is based on savings. Only this time Kastelli wants "energy savings" more than money savings.

Going on to say that "Turkey has a very bright future," Kastelli adds, "Turkey is very lucky both as to natural resources and its agrarian structure. We must organize these riches. An export mobilization has now begun. The businessman now understands that the philosophy of staying within four walls, producing and consuming in Turkey alone, no longer applies. So they have mobilized to find foreign markets."

Saving the Middle Class

Cevher Ozden expresses the following views on the 30 June decisions made in light of the 24 January decisions, that is, "the free interest economy measures": "This decision opened the way for great changes in the structure of Turkey's monetary potential. However different this shake-up may seem from the standpoint of the industrialist, it has been for the good of society in general, because the middle class, destroyed by inflation, has begun to revive with the high interest system. People's savings are now going for the distinct benefit of Turkey in general. The desire to save has been aroused in the populace. And the money saved has now begun to be used for the development of the nation."

During one part of our "tour of the economic horizon," broker Cevher Ozden says, "So, for this reason, the flames of inflation have died down because of reduced demand, and the economy has started to get back on the tracks," and returning to the topic of the basis of his business, adds, "As a nation, we must always give precedence to savings. Instead of looking to the nations which have been living off us for years, the time has come for us to live off them. Turkey's export revenues will be $4 billion this year. This is not counting worker remittances. As I just said, everyone has geared up for exportation, because domestic demand is down and production is now beginning to force the customs walls. This is why I can use these figures optimistically."

Our conversation with Kastelli ended in a way that was short and to the point. Cevher Ozden said in conclusion, "We have too much potential just to look after ourselves. If we export only a part of it, it will be sufficient. We should especially look to the Islamic nations in exports."

[Conclusion]

We had planned at the conclusion of our economic tour to take one statement from each of our participants to formulate a general concensus on "the Turkish economy in the second half of 1981." Within this summary had taken shape certain problems--the spanner in the works--of a national economy moving step by step towards stabilization, as follows:

--Production fell in the construction and automotive sectors. A big slump began.

--The high cost of credit put industry in a hard spot.

--Investments fell owing, in particular, to the high cost of credit. The industrialist cannot think about investments when it is so hard to put existing capacity into operation.

--There is a still-unresolved marketing problem in agricultural and industrial products. Production is not up to the standards and quality of foreign markets. As long as there is no production and marketing system to conform to the structure of foreign demand, exportation cannot leap ahead despite devaluation and the domestic slump.

--Growth in unemployment and the number of jobless is becoming an important problem.

And now we are going to take the economic tour backward in time and cite certain parts of a 110-page study conducted at the first of the year by "TUSIAD," the Turkish Industrialists' and Businessmen's Association, to provide the opportunity for a comparison between the views expressed in this series of articles for the first 6 months and TUSIAD's views of the previous 6 months.

Domestic Economy

The slowdown in the Turkish economy continued on into 1980 and, for the first time since planning began, a rate of development near zero was registered. Development

in the agricultural sector was below the estimates, achieving only 2.1 percent growth. Despite increases in tobacco, sunflowers, tea and olives, production fell in wheat, rye, corn, hazelnuts, apples and pistachio nuts.

Though 9 percent growth was programmed for the manufacturing industry, output will not approach last year's level. The decline continued in textiles, shoes, food-stuffs, tobacco, paper and alcoholic beverages. On the other hand, production of cartons, fodder and sugar began to increase.

Despite 4.8 percent growth last year in construction, it has remained at 1.5 percent this year. The decline which began in 1979 in the business and services sector has gained considerable impetus.

The public sector has experienced considerable financing difficulties because of the failure to pass the tax laws at the beginning of 1980 and, despite all the conservation measures and cutbacks, the year is expected to close out with a deficit of 100.125 billion Turkish liras.

Doubtless, the first success of the 24 January decisions' monetary policy is the growth achieved in the export of industrial products as a result of the marked decline in production-for-export of agricultural products clearly shows that industry is gradually turning to foreign markets because it cannot sell at home. This outcome is one of the goals specifically planned by the 24 January decisions and which it had been impossible to realize for many years. The fact that the spurt in exports came in the final months of the year and the appearance of indications that this trend will continue show that the measures taken during the year are just beginning to produce results.

The printing of money and the money supply grew at more or less the same rate in both 1979 and 1980. However, GNP was lower in 1980 than in 1979 with production in the agricultural sector particularly low, reducing demand for industrial products on the domestic market, and this led industrialists to look for new markets abroad. However, the inability to apply an effective selective credit policy within the money and credit policy may be said to have had a negative effect on production in many sectors. For example, the increases registered in agricultural credits for January through November was only 38 percent. Moreover, there was no significant increase in medium-term credits.

There is no doubt that the authorities were a little late in developing measures to rejuvenate the savings eroded by inflation. It is also hard to say that interest rates were completely released by the July decree. To be precise, interest on private sector bonds was not released and is still regulated officially and bank interest is set by special agreement among the banks. The rates applied by the banks do not reflect true interest because of existing caps.

These drawbacks make new measures on interest necessary. Otherwise the savings-investment balance in the economy cannot be expected to even out at higher levels as the inflation-induced losses suffered by savers are not being made up completely. It is well to remember here that savers who invested in gold in 1980 got more than a 100-percent return.

It is impossible to increase investments without increasing existing savings in the economy. The most natural way to increase savings is to increase voluntary savings. It is necessary to avoid interest subsidy outside of investment areas of critical importance.

Law Should Be Passed

No one has any doubt that 1981 is being entered with great hopes for savings-investments and income distribution in the economy. It is considered normal that the trend by savers to enhance their income by shifting to time deposits should continue in 1981. While time deposits show an upward trend in an economy, doubtless investments will increase also. However, in order to realize the savings-investment balance in the country at steadily higher levels, it is necessary that existing obstacles in the money and capital markets continue to be removed. It would be useful in this regard if the government would pass the capital market law as soon as possible to keep savers from making mistakes or moving in the wrong direction.

SEE's Again

The weakest side of the 1981 program is doubtless the assignment of new investment tasks without any significant reform proposal to the SEE's, which everyone now admits are plagued by poor fiscal management and in need of urgent improvement. Another drawback is that the losses of the SEE's which are operating in the red continue to be financed by the budget. Covering SEE losses with new price hikes is the same as taxing consumers of SEE products, and it is impossible to allow this policy to continue within the principles of a market economy. In general, /the See problem is a problem of management rather than a problem of ownership/ [in boldface]. In other words, a rational solution to the problems of most of the SEE organizations could be effected through a management reform accomplished without a change of ownership, with certain exceptions. One alternative worth trying in order to save the insolvent organizations from being a burden on the state budget and the Turkish Central Bank may be to devise specimen management contracts and turn them over to a consortium or board on which banks, insurance companies, labor and management groups and the people would be represented in specific proportions. Another form of solution to which thought may be given, however, would be immediate liquidation of the insolvent organizations without making this attempt in the SEE's which perform no public service, are not in a monopoly situation or have equivalents in the private sector.

It would be well in the approach to the SEE problem not to insist on the methods and formulas which have been tried for 20 to 30 years and to be fully aware at this point that Turkey has not 1 lira to waste in view of its growing internal and external problems. From this standpoint, the excess personnel at some of the SEE's should be transferred where necessary, the possibility of retraining if necessary should be looked into and personnel for whom places cannot be found despite all efforts should have their relations with the SEE's severed and be paid unemployment insurance from a fund to be set up under the SEE's. Excess personnel in an organization not only prevent those who work from being happy in their work and but also prevent efforts at improvement in the organization by always getting in the way somehow of its ability to make rational decisions.

If the 1981 budget sticks to its appropriations, it has the chance of being a more balanced budget as compared to 1980. Also, in order to accelerate economic development, public administration should become an entity which requires the least of the citizen's time and effort in his daily life. To do this, a guidebook should be prepared, as is done in Western nations, explaining the documents needed by the citizen in any application to state offices for business or redress, and unnecessary formalities should be quickly eliminated.

Construction Sector

Barring extremely bad weather, the agricultural sector can expect to perform at least on a par with 1980. As long as raw materials, energy and infrastructure problems do not press, the manufacturing industry can effect production and added value growth. We must not forget, however, that foreign input and especially obtaining oil depends to a significant degree on foreign resources. For this reason, even stopping the decline of 1979 and 1980 in the manufacturing industry in 1981 should be considered a success. It would be overly optimistic to expect very different results from 1980 in the construction sector. Certain improvements over 1980 may be expected in other services.

As a result, it may be estimated that it will be hard to achieve the GNP growth rate of around 3 percent projected in the 1981 program. However, it may be said that the backward movement will stop within the year and that a growth rate of around 1.6 percent may be achieved by the end of the year. Taking annual population growth into account, it is understood that the decline in per capita income will continue in 1981.

Studies conducted in TUSIAD show that GNP growth may be positive in 1981, but it is estimated that the rate of growth will stay at the 1.6 percent level. With the growth of foreign resources, total resources may show an increase of 2 percent.

Under these conditions, high investment growth is possible only by reduction of the rate of consumption. In fact, the desire for total investment of 5.5 percent means keeping the rate of consumption at 2 percent. The desire to keep the rate of public consumption at 4.2 percent will require keeping private consumption at 2.6 percent. In this way, the rate of private consumption, which is quite close to the rate of population growth, will allow no opportunity for growth in per capita consumption in 1981.

Foreign Economic Situation

Turkey's foreign economic relations in 1980 developed along generally positive lines as comparison with 1979. According to year-end estimates, exports and imports will reach $6.3 billion and $2.8 billion respectively, representing respective increases of 42.2 percent and 25.6 percent. Exports are developing slowly despite the measures taken, rising only to 4.7 percent of gross domestic product from 3.7 percent in 1979. This represented a rise to .16 percent of world exports. Export-import ratio was 44.6 percent in 1979, but dropped to 40 percent in 1980.

Drawback

Exports have began to respond to the encouragement measures taken since the first of the year and to register significant growth in real value by the end of the year. However, the time has come and gone to provide exporters a real place in foreign markets and especially to make it possible for them to be free to sell to importers the foreign exchange earned on exports in order to regain the foreign markets lost as a result of 20 or 30 years of wrong domestic and foreign monetary policies. While all producers in an economy are free to get the best return on their products in the marketplace and while support prices even apply to certain products, the failure to allow the exporter the freedom to obtain the price of the foreign exchange he earns is an important disincentive to export-oriented investments. Appropriating the difference between the free market price and the official rate of exchange for those who spend foreign exchange and especially for the import of goods and services not only victimizes the exporter in comparison with his competitors on the foreign market, but also reduces the ability of domestic industrial products to compete against imports at home.

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END

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West Europe Report

No. 1824

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1 October 1981

WEST EUROPE REPORT

No. 1824

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WAYS TO COMBAT STORE ARSONS

Athens EPIKAIRA in Greek No 677, 23-29 Jul 81 p 26

[Text] "The commercial world, and the business world more generally, is waiting for effective measures to be taken for its protection from acts of arson." This was stated to the EPIKAIRA by a representative of the Commercial Chamber of Athens. And to the question of what exactly ought to be done, he answered: "The Commercial Chamber of Athens is proposing various measures and is also examining various other solutions (within the framework of the conferences which are being held among the representatives of the country's commercial organizations). Our aim is the more effective protection of the stores."

In addition, Premier Rallis stated that the government as well will be taking other measures in cooperation with the business world. At a conference which was held under his chairmanship with the participation of Minister of Public Order Davakis, departmental figures, and representatives of the industrialists, merchants, shopkeepers, and craftsmen, the premier:

Said that the government understands the importance of the problem, and

Recommended to the businessmen that they follow the suggestions of the minister of public order.

Meanwhile, in statements he made the chairman of the Athens Labor Center says that "measures must be taken, because with these acts of arson against large stores not only are several hundred employees in danger of being unemployed, but also the various cottage industries are indirectly hurt as well, while at the same time the finances of the OAED [Labor Force Employment Organization] are weakened, so that it cannot give larger benefits to the workers."

In more detail, the measures which were expounded on to the EPIKAIRA by the representative of the commercial chamber are as follows:

Without exception, all parties should rally together so that they can deal with this issue in a manner which is aloof from any political exploitation of the situation.

There should be a significant sum of money offered as a reward for the capture of the arsonists.

New regulations should be enacted concerning terrorist organizations, so as to give to the administration and the courts the proper weapons for dealing with any terrorist action.

The businesses should receive financing at favorable terms so that they can equip themselves with the most suitable means of preventing terrorist acts, with their being exempt from taxation for the equipment needed to this end.

Police agents are continuing their deterrent checks in the large stores, within the framework of the more general efforts which are being made to deal with the situation which has developed out of the recent arsons.

Policewomen and persons belonging to the security personnel of the large stores are tactfully asking the customers if they can examine the shopping bags they carry with them, so as to prevent any new acts of arson.

It seems that the checks which began a few days ago at large stores in Athens and Piraeus will be extended to all the large businesses and to all the working hours of the day.

But the police agents assert that the businessmen seem to be reserved about the implementation of this measure, which they believe will generate a certain reluctance among the consuming public to being subjected to a check of their bags. Nevertheless the police and the other appropriate organs believe that this measure is absolutely necessary and is likely to discourage persons so inclined from committing similar terrorist acts.

It is maintained by the same police circles that precautions of this sort are being successfully put into practice in foreign countries (England, France, and so forth).

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CSO: 4621/61

ECONOMIST: ENERGY SELF-SUFFICIENCY POSSIBLE BY 2000

Copenhagen BERLINGSKE TIDENDE in Danish 20 Aug 81 p 9

[Article by Jens J. Kjaergaard]

[Text] Denmark could achieve fuel self-sufficiency by the year 2000. It is technically possible to cut the consumption of coal, oil and gas in half. But official plans lock us into high consumption which is both impoverishing and dangerous from a supply point of view. Instead the state should guarantee cheap loans and give value-added tax credits to facilities based on renewable energy sources. Written by economist Frede Hvelplund of Aalborg University's Center in "The Energy Handbook."

The book is written by handpicked researchers, practical scientists and writers and was published by the Organization for Renewable Energy with support from the Danish Credit Association's special purpose fund.

It should be viewed as an attempt to give a total picture of the problems and opportunities involved in the use of sun, wind, waterpower, geothermal energy and biogas.

OVE [Organization for Renewable Energy] tries to keep information up to date and that is quite an ambitious promise in an area where it is hard to get a manuscript out of the typewriter before the information in it is out of date. But "The Energy Handbook" is also an ambitious project, both technically and economically, according to its editors.

From the Aalborg University Press comes "Thermal Power Systems" by Klaus Illum, lecturer at the Institute for Social Development and Planning. His book offers a fundamental criticism of the technological concepts that have so far been the basis for energy planning in Denmark. The increased consumption of fuel projected in the Energy Ministry's 1981 energy plan is not technically necessary, Illum claims. One can have economic growth while at the same time reducing fuel consumption.

In the book Klaus Illum makes a computer analysis of energy sales to housing and industry and comes to the conclusion that local thermal power systems supplemented

with heat pumps, windmills, solar collectors, etc. could provide a real alternative to expanding the big central power plants.

Nothing in economic accounting contradicts mobilizing the many unemployed people in the nation in new production of windmills, biogas plants and other fuel-saving facilities, Illum says. Let us channel some of the 15-20 billion kroner for unemployment subsidies into industry. We would all be richer for it and it should be possible to work up an export market, according to Klaus Illum.

("The Energy Handbook," 280 pages, 94 kroner, OVE. Klaus Illum: "Thermal Power Systems," 252 pages, 97 kroner, Aalborg University Press.)

6578
CSO: 3106/170

PAPER CRITICIZES LIBERAL'S STAND ON NATURAL GAS PROJECT

Copenhagen BERLINGSKE TIDENDE in Danish 2 Sep 81 p 14

[Editorial: "The Dubious Gas Project"]

[Text] There appear to be cracks in the agreement between the government and its former coalition partner, the Liberal Party, on carrying out the natural gas project. At the moment the Liberals will not go along with implementing what is known as phase 2 of the project which would substantially expand the supply area and increase the total quantity of gas. Party spokesmen point out that the natural gas decision in the spring of 1979 was linked to an agreement on the introduction of nuclear power and it is not felt the government is living up to this satisfactorily. In addition as a result of energy conservation and the economic recession it is hard to sell the quantity of gas DONG [Danish Oil and Natural Gas] promised to purchase under phase 1. This has led to consideration of expanding the sales area and gas interests in central and northern Jutland, along with others, seem to anticipate a golden future in this context.

The question of possible implementation of phase 2 of the natural gas project is not of great interest at present. What is decisive is that they have never been able to demonstrate the social benefits of implementing the present phase 1 which also includes big investments for bringing the natural gas ashore and constructing storage capacity. These therefore are the questions the natural gas deliberations should concentrate on, first and foremost.

At any rate it would be reasonable to consider whether it might not be most advantageous to limit Danish natural gas deliveries to the southern Jutland area and then resell the surplus gas to West Germany. The fact that they cannot sell the natural gas quantities already agreed on and are therefore considering an expansion of the delivery area with subsequent big extra investment costs for towns and individuals must in itself lower the already doubtful profitability of the natural gas project.

It should make us pause for reflection that the energy authorities consistently reject the idea of having impartial investigations that could realistically shed light on the socioeconomic advantages of the natural gas project compared to alternative heating methods. This could be done in time to avoid major wrong

investments in this area but there seems to be no interest in this at all. Instead the natural gas people are now putting pressure on to expand the project in one way or another.

The Liberals could make a better contribution to energy policy if they supported the demand for an impartial economic evaluation instead of simply allowing themselves to be caught up in the discussion of phase 2 and other expansions of the project.

6578
CSO: 3106/170

STUDY SAYS PORTS UNABLE TO HANDLE LARGE COAL TRAFFIC

Rome IL FIORINO in Italian 13 Aug 81 p 7

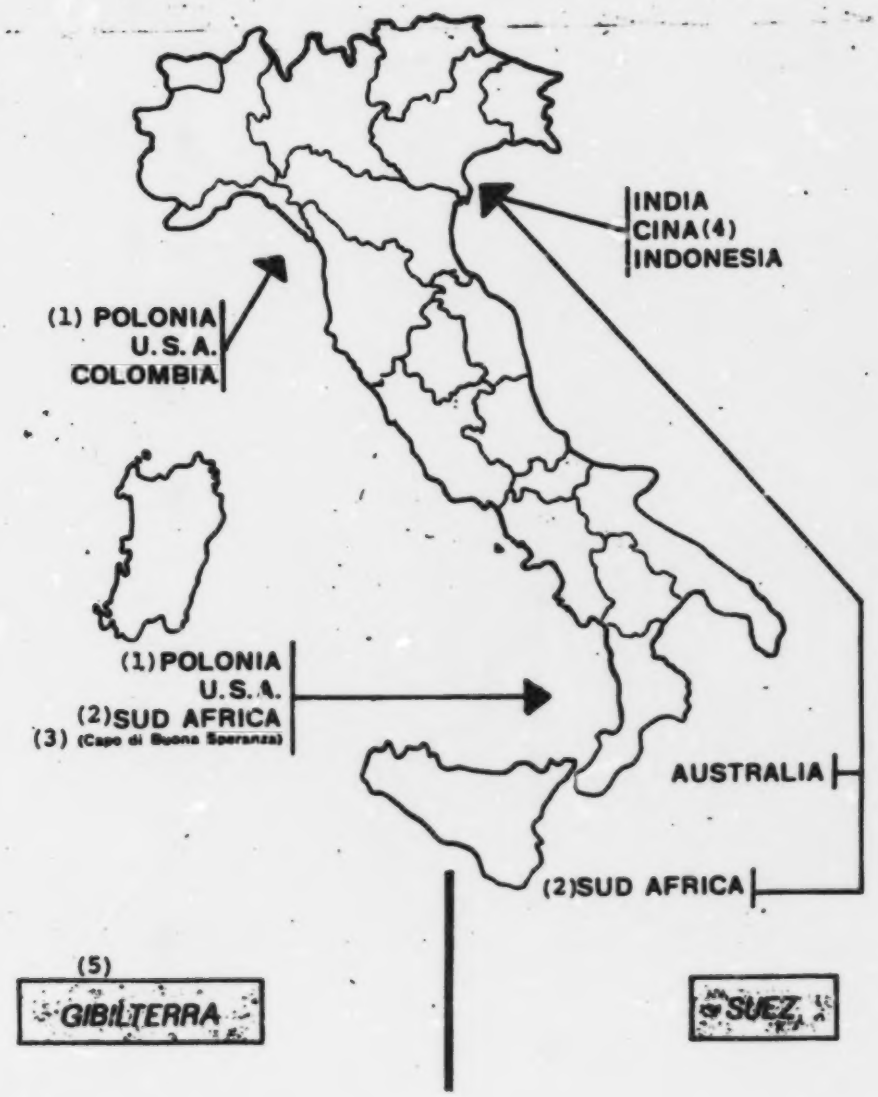
[Article by Guglielmo Quagliarotti: "No Italian Port Equipped to Handle Large Coal Traffic"]

[Text] "No Italian port is equipped at the present time to handle a traffic involving large quantities of coal. This judgement is inclusive of the fact that so-called coal ports exist, which are normally located in close proximity to ENEL [National Electric Power Agency] generating plants and are operated on a functionally autonomous basis. The only port that has a moderate volume of coal traffic and is not dedicated to ENEL's exclusive use is that of Savona." This sums up the opinion being expressed by the FILP [Italian Federation of Dock Workers]-CISL [Italian Confederation of Labor Unions] with regard to the "limited" capacity of the national maritime system to deal with the "coal option."

The first major constraint on the development of coal traffic is of a geophysical nature: The Italian coasts, although extensive and indented, are characterized by very long expanses of shallow waters into open sea; other zones are heavily constrained by very dense urban populations, precluding any thought of locating in them an adequate infrastructure for the unloading ov coal, a mineral, as is well known, that is highly contaminating of the environment. The CNEL [National Council for Economy and Labor] itself, in its report titled "Observations and Proposals with Regard to Certain Problems Concerning the National Maritime Ports," finds that the physical configuration of the Italian coasts "is such that the national ports, unlike those of northern Europe that are situated along the estuaries of large rivers, are with few exceptions of the external type--that is, artificially acquired from the sea--and the consequently necessary protective works result particularly costly." The second major limitation is of a policy nature: The absence of a substantive economic strategy in the port operations sector has atomized maritime traffic over some 500 landing places which, if nothing else, have taken up the entire accessible maritime littoral. "Only now," the FILP-CISL report points out, "does everyone recognize the need to concentrate port infrastructural expenditures and most of the traffic operations into a very few ports."

The question, however, is: In the context we are considering, which ports should function as primary ports for coal ships of large tonnage coming from overseas

Possible Coal Unloading Points



Key:

1. Poland.
2. South Africa.
3. Cape of Good Hope.
4. China.
5. Gibraltar.

producer countries? And still another question: Which ports of secondary importance (coastal ports) should participate in coal operations as distributors toward the interior?

Somewhat approximatively and based on the "admittedly generic indications contained in the National Energy Plan, it is possible to project that coal imports through Italian ports, classified according to country of origin, will conform to a pattern in which areas--for the moment, and not ports as yet--can be discerned." The areas in question are the Upper Adriatic, Upper Tyrrhenian and the Lower Tyrrhenian areas, ruling out therefore "the option of an Apulian port (Taranto or or Brindisi) projected by WOCOL [expansion unknown] as a major switching terminal."

Let us now consider which are the ports that to a greater or lesser extent will become involved in the renewed coal traffic and what are their effective output capacities.

As is well known, Trieste has a good port, but above all, the substantive advantage of a privileged position acquired on the basis of the Osimo Treaty. Recently, the minister of merchant marine, Compagna, confirmed the existence of a project that proposes Trieste as the terminal station for coal shipments to the Adriatic. "And this," the FILP-CISL observes, "despite the fact that Trieste has been transformed in the course of the last 25 years into an oil port, leaving to Monfalcone the role of a coal landing place for the needs of the local electric power generating plants."

Trieste presently has one coal pier with a docking depth of around 9 meters and a modest array of mechanical equipment consisting of seven 6-ton cranes and three 6-ton unloading bridges. But it is totally devoid of railway facilities. To resume the handling of coal traffic, consideration is being given--according to a study by the Port Agency--to anchoring the larger ships in the roadsteads and transferring the coal to land by means of coal barges. Once landed, a functional facility could enable the rapid transfer of the coal from the barges to the railway cars and the forwarding of the coal to its destination with little or no port warehousing time involved, thus reducing the space requirements of the port and the relative port service costs and times. Actually, from the standpoint of the final destination of the coal, Trieste could be the bridgehead for coal traffic to Austria. Austria is in fact deeply engaged in the study of plans for resorting to alternative energy sources other than oil. Two Austrian electrical groups--the STWAG [expansion unknown] and the NEWAG [expansion unknown]--together with the Voest (the giant of the Danubian steel industry) have drawn up a "Trieste Plan" for transferring coal rapidly within the ambit of the port, under the "functional autonomy" system. Based on this plan, systems that have been in use for many years in the large northern European ports would be instituted in the port of Trieste, wherein wet basins and docks are built by the municipal administration of the port city at its own expense. These infrastructures are then ceded on concession to private enterprises which, in addition to paying the relative fees, must build at their own expense the superstructure they

require: warehouses, hangars, sheds, electric power cabins, telephone communications facilities, rail facilities, loading and unloading facilities, cranes, bridges, unloading conveyors, etc., in short, everything they need for the handling of their own traffic. "Trieste technical circles," the FILP-CISL study further remarks, "find that the Austrian proposal--since an area could be made available, and prepared technically by the port administration--would be economically viable only if the coal traffic attained respectable dimensions, for example, at least 3 million tons and up." The Austrian railways would of course then have to deal with our railways and those of Yugoslavia.

9399
CSO: 3104/364

NORDIC COUNTRIES FACING MORE DIFFICULT ECONOMIC SITUATION

Copenhagen MANEDS BORSEN in Danish Sep 81 pp 24-25

[Text] The four Nordic lands, Denmark, Finland, Norway and Sweden, are struggling with approximately the same problems but the solutions differ sharply from one land to another.

The Nordic region is looking forward to somewhat brighter times. Or to be more accurate, the true recession will be replaced in 1982 by some economic growth, however modest. The reason why this does not produce wild optimism is that all four Nordic lands are plagued by balance of payments problems. This year the Nordic region will have a total balance of payments deficit corresponding to 10 percent of the deficit in the entire OECD region, a percentage considerably higher than the economic weight of the Nordic lands in that region. But what is even worse is that unless economic policies are changed the deficit will increase even more in 1982, possibly as high as 13-14 percent of the total OECD balance of payments deficit. Therefore like us our Nordic brother countries must face the fact that 1982 will probably be marked by rising taxes and the generally high unemployment rate is unlikely to be reduced to any great extent. Domestic demand, and that means primarily private consumption and business investments, will be weak while exports will be stimulated by the anticipated international market upturn.

But even though we are struggling with the same problems the Nordic markets cannot be described collectively. The prospects and especially the nature of the economic problems vary sharply from one country to another. Finland provides an example showing that even a small industrial nation with a large foreign trade can expand in a period of very sluggish international markets while on the other hand Sweden is suffering from the fact that the necessary running structural changes in business life have been checked for years due to employment considerations. Thus Sweden is the only Nordic land that will have declining economic activity in 1982.

In recent years Finland has been characterized by remarkable vitality and it is clearly the Nordic land that has handled the international market recession best. Finland has one of the highest growth rates in the OECD area and the prosperity gap between Finland and the other Nordic lands has narrowed substantially as a result in recent years. At the end of the 1960's the standard of living (Gross

National Product per inhabitant) was about 45 percent lower than it was in Denmark. Now the prosperity gap has been narrowed to 25 percent and there are many indications that the distance will be narrowed markedly in the 1980's. There are several explanations for the Finnish success story. First of all the Finns have learned from the mistakes of their Nordic brothers. They have deliberately not allowed the public sector to commandeer an increasingly larger share of unutilized resources. On the contrary, in 1976 the government decided to reduce the tax pressure and this was carried out. From around 42 percent of GNP to around 38 percent today. The public sector has been reduced correspondingly. The lower tax burden stimulates savings. Since at the same time the treasury deficit is only around 2.5 percent of GNP (the figure in Denmark is around 15 percent) the Finns have been able to keep interest rates down at a low level viewed from an international perspective. This stimulates investments. Savings and investments account for roughly 25 percent of GNP, a percentage exceeded only by Japan.

Secondly the oil price increases have not presented the Finns with large balance of payments problems. This is due primarily to the bilateral trade agreements with the East bloc. The agreements contain a provision that there must be a balance in mutual trade. Since Finland imports a sizable amount of its energy needs from the Soviet Union the rising oil prices have been largely offset by rising exports to the Soviet Union. The accelerating exports to the eastern countries have also more than offset declining demand from western markets. The Finns have one big problem. Their exports are extremely onesided. Thus around 40 percent of their exports consist of wood. The onesided business structure means that in boom times bottlenecks develop relatively quickly, which is why to put it crudely the Finnish economy must live with a ticking inflation bomb.

But despite the structural problems there are many signs that Finland, thanks to a high investment level, will be the Nordic area's growth center in the 1980's.

The Norwegian economy has run off the tracks. As feared the Norwegians have not used their oil billions to expand and strengthen traditional economic life; instead they have succumbed to the temptation to raise the level of public services substantially. In recent years public consumption has grown by 4 percent in real terms per year. That is about the same as it has been in our own country. But the difference there is the oil--for good and for bad. Thanks to the oil and gas revenues the Norwegians have been able to pursue an expansive economic policy without catastrophic consequences on the balance of payments. But the public sector's rapidly rising use of personnel has coincided with the insatiable labor needs of the oil industry, totally draining the Norwegian labor pool. The result has been massive wage pressures and accelerating inflation. This year wages and prices will rise close to 15 percent and there is no prospect of a significant reduction of the wage and price explosion in 1982.

Traditional industries are therefore in a squeeze. Industry's international competitiveness is declining steadily and it is therefore having problems maintaining a firm footing both at home and on the export market. In the last 3 years product exports have risen only about 5 percent in real terms while imports have risen a hefty 16 percent. In the last 2 years alone the Norwegians have lost 7 percent of their share of their traditional export markets and in 1982 they have

the prospect of a further loss of around 3 percent. So in spite of the fact that oil and gas exports this year will amount to roughly 60 billion kroner, Norway will have a balance of payments deficit of around 7 billion this year and in 1982 the deficit will probably work its way up to around 8 billion. The enormous wealth in the North Sea is no longer able to offset the losses on shore.

The outlook for Sweden is not bright. Economic activity will decline further in 1982, the balance of payments deficit will set a record and unemployment will accelerate. At first glance the Swedish economy seems to be in a favorable development period just now. The balance of payments deficit was reduced substantially in the first half of the year and unemployment remains very low. But the favorable development in the balance of payments simply reflects the fact that Sweden has run into a real recession. Consumption and investments are slipping and taken in conjunction with a massive inventory reduction this has resulted in declining imports. The fundamental problem, namely the constant erosion of the international competitiveness of Swedish industry, has not been solved. Last year prices and wages rose close to 14 percent and the figure this year will be around 10. Since at the same time the Swedish kronen strengthened markedly in relation to EMS [European Monetary System] currencies it is no wonder that Swedish industry is having a very hard time maintaining its footing in the export markets. This year product exports will decline about 2.5 percent in real terms after a decline of just under 3 percent in 1980, with the prospect of only modest growth in 1981 [as published]. That explains why the balance of payments will move the wrong way again. Despite the favorable development in the first half of the year the Swedes expect the deficit to mount up to a good 30 billion kroner this year and 35 billion in 1982.

Naturally this development is unacceptable. In January such massive rumors sprang up that the government would try to solve the problem via a big devaluation that the National Bank was more or less forced to raise the discount rate to 12 percent to safeguard currency reserves. The capital market is likewise heavily burdened by the state's enormous treasury deficit which this year will come up around 100 billion kroner.

All in all the balance problems in the Swedish economy are now so great that the Swedes can hardly avoid further tightening of the tax screws in 1982 and time will probably show that the devaluation rumors were not entirely unfounded.

The outlook for the Danish economy is not quite that dark. The international competitiveness of Danish industry improved markedly in the last few years, mainly as a result of the declining international value of the kronen. Industry has also been able to increase its share of the markets considerably in our traditional export markets which has partly offset sales losses on the domestic market. Thus industrial exports are still at a surprisingly high level. In other words our economic foundation is solid but the problem is that the foundation is too small to bear the superstructure. Public spending continues to rise much faster than there is any basis for in the economy. This in turn provides an almost chronic pressure on the balance of payments and the state's accelerating treasury deficit is putting a heavy burden on the capital market. Therefore with reference to the

balance of payments it will be necessary in 1982 to tighten up financial policy again and bear in mind that this tightening will have to be considerably more than the compromise parties agreed on in the spring months. A tightening of around 6 billion kroner seems likely. As a result of rising interest payments on foreign debts and a rebuilding of inventories the balance of payments deficit will deteriorate anyway, reaching about 18 billion kroner compared with about 16 billion this year.

Despite the probable tightening of tax pressures domestic activity is rising. Housing and business investments are rising by 15 and 5 percent respectively in real terms but although these growth rates seem impressively high at first glance they are not big enough to offset the decline this year. Private consumption is expected to rise by 1 percent compared to a 2 percent decline this year.

We have reached the bottom of the market recession. But the upturn will be weak and we will be hindered by the probable wage pressure that follows in the wake of the apparently unavoidable tightening of financial policy.

Outlook for the Nordic Economy, 1980-81

Real Growth	Finland		Norway		Sweden		Denmark	
	1980	1981	1980	1981	1980	1981	1980	1981
Private consumption	2.0	1.0	2.0	3.0	2.5	0.5	2	1
Public consumption	3.0	3.0	4.0	4.0	2.0	1.0	3	2.5
Housing investments	2.0	-3.0	1.0	1.0	-7.5	-2.5	-15	15
Business investments	4.5	-2.0	0.0	1.5	-5.5	-2.5	-8	5
Exports, products	1.5	4.0	-3.0	3.0	-2.5	1.5	-1	6
Imports, products	0.5	-2.0	2.0	5.0	-7.5	0.5	-6	5
GNP	2.0	2.0	0	2.5	-1.0	-0.5	-1	3
Balance of payments*	-5.9	-3.9	-5.0	-6.0	-22	-25	-16	-18
Inflation	11.0	9.3	15.0	12.0	13.0	10.0	12	13

*National currency, billions

The Nordic region is headed for brighter times but payments balance is a growing problem. It is therefore unlikely that any Nordic land will avoid new financial policy tightening measures.

6578
CSO: 3106/167

CONTINUED DECLINE OF AGRICULTURE SECTOR HURTS ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 24 Aug 81 p 5

[Article by Kirsten Risgaard]

[Text] Things will go very badly with the Danish economy and employment if the clear declining trend for agriculture continues. Production--especially animal production--cannot continue with inadequate liquidity.

People in Denmark have long talked about agriculture being weighed down with crises. But now there is a study with figures showing how badly or how well things will go if for example the average Danish farmer has to cut production by 10 percent or increase it by the same figure.

The study was made in Ringkobing County. Here we find 10 percent of Danish agricultural land distributed among 10 percent of the Danish farmers. From here they deliver 12.5 percent of Denmark's animal production, which in cash amounts to 2 billion kroner a year.

A shift in production in Ringkobing County alone of 10 percent, for example, would mean plus or minus 300 million kroner net in the state treasury and an increase or decline in employment (including farm families) involving 2300 people. In the county 15,000 people work 2100 hours apiece on family farms. There are 3500 assistants. In businesses related to agriculture--slaughter houses, trades, industry and self-employed businesses--there are 11,000 workers. In all this makes 29,500.

If we multiply conditions in Ringkobing County by 10 we have the figures for all Danish agriculture. A production increase of 10 percent means 23,000 more jobs and 3 extra foreign exchange billions in the state treasury.

But the future does not hold such an increase. On the contrary. This is shown by a parallel analysis--also made by the accounting office in Holstebro for the Cooperative Agronomist Association in Ringkobing County. Consultant Ove Thusgaard, who has a degree in agronomy, says it would be catastrophic for our domestic economy if animal production declines. And there are foreboding signs that this is exactly what will happen.

Production Will Stand Still

In 1980 the average farmer had to borrow 50,000 kroner for food and family household expenses. This means a debt of 600 million in Ringkobing County and a debt of 6 billion for the country as a whole. The debt increase does not include new investments but does include deterioration of production apparatus. The earnings of wives off the farm add up to about 3 billion in income. If they didn't take on two jobs the results would have looked even darker.

"When farmers are short 6 billion kroner just to live on, production will stand still," says Ove Thusgaard. "The figures must simply give the Danish people some understanding of how important agriculture is to our society. Demands must be made to Folketing. They talk about employment and export currency but they are forcing the most important business to its knees. Interest burdens of 18-20 percent and interest rates of up to 30 percent on feed debts make things hardest for those in animal production where turnover is very slow. The property tax on the means of production is also very unfair. Farmers must get reasonable prices. A product should cost what it cost to produce it.

"I don't think in this serious situation we should be calling each other names, organization people, politicians and public officials--accuse each other of being stupid and inadequate. That won't help now. No, we must stand together to get out of the crisis and save the business that benefits our society most.

"Many Danes thought the farmers did very well during the boom times of the 1960's and 1970's. But they did not get their share of the goodies. The rest of us ate them up while farmers sold their food products so cheaply that they had to take out loans on their property. This was possible because of the inflation.

"Don't you think at least 90 percent of the population would like to straighten out agricultural conditions? The only thing needed is to make the truth known to those in power."

Social Income

Ove Thusgaard thinks it would make it easier for people to grasp the living conditions of farmers if they saw how the social income of farmers is set. Two examples are shown below.

Ove Thusgaard: "Despite their low income children's subsidies, youth grants and other support for the children's education are all eliminated. Also all other forms of social payments due to the calculated social income which is totally divorced from reality.

"It is quite grotesque when both property taxes and social income are calculated on the basis of assets/property which are not only a necessary working capital but also nonexistent in many cases. Because the real property cannot always be sold at its assessed value and if it can some of the amount realized may be collected as capital gains tax. The conclusion must be that property taxation is not based on ability to pay. And that social income is not the basis for need."

Farm Income Examples

Capital	1980 taxable income		Personal taxes		Disposable after-tax income	Social income figured on 1979 basis	
	Husband/Wife		Husband/Wife			Husband/Wife	
1,446,634	0	30,094	4,912	165	25,017	357,985	64,200
1,400,541	45,365	53,694	21,499	16,140	61,420	308,969	54,200

6578
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MONTHLY ECONOMIC REPORT SHOWS NO EARLY RECOVERY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Aug 81 p 9

/Text/ Exactly a year ago the long predicted and expected deflation of the boom in the Federal Republic actually happened. By now we are all aware that the economic decline is greater than expected. All optimistic forecasts for a change in spring or summer of this year have turned out to be fallacious. The professional forecasters have corrected their predictions. The summer of 1981 is therefore a summer full of doubts as to when the upswing will come at last.

Correspondingly poor is the public mood, the psychological attitude of people with regard to any kind of action. According to a poll by the Allensbach Institute for Public Opinion Polls only 13 percent expect an improvement in the next 6 months, 44 percent fear that the situation will further deteriorate, and 39 percent believe it will remain much the same. Still, at least pessimism is not quite so pervasive as at the beginning of the year when optimists accounted for only 8 percent, 60 percent feared a further decline, and 26 percent assumed the situation would remain the same. Expectations are low because all forecasts are tinged with uncertainty, and many signs indicate that the recession may not bottom out until next winter. The construction industry, for instance, important from the receovery aspect, does not expect the bottoming out to occur until 1982 and fears that another and more serious building recession may be on the cards later.

Something else tends to be overlooked: What is happening now in the Federal Republic is not merely a cyclical recession of the traditional kind but a protracted and profound adjustment of our economy to the consequence of the abrupt oil price pushes and the German industry's worsening competitive position on the world market, which is due to several factors. The high interest rates which obstruct investments and cause serious difficulties to many firms represent only the necessary precautionary measures to ensure that this adjustment may be made without damaging inflationary pressure. The unbroken rise in prices likely to drive the rate of inflation above 6 percent in August and due mainly to the D-mark's weakness vis-a-vis the U.S.dollar, is a clear indication of these dangers. In early 1981 a 4 percent inflation rate had been considered possible by the end of the year.

The adjustments in industry coupled with economic weakness are reflected mainly on the labor market. This also suffers from the fact that another large batch of school leavers is entering it. While shocking it is therefore not surprising that unemployment rose in July to 1.25 million. At 5.3 percent the unemployment rate is

the highest such rate for July since 1954; at that time it amounted to 6 percent. It is no longer impossible that we will see another rise to 1.5 million unemployed by the end of the year. At the same time the vacancy rate has diminished. Even more important is the fact that by now employment per se is on the decline. While the employment status was only slightly below that of the previous year in the average of the first quarter, the numbers of employed persons are estimated to have declined by 250,000 now.

Also typical for the adjustment stage of the economy is the weakness of consumption at home and the gradually increasing exports. Only by way of growing exports will it be possible to restore the health of the current account, and that in turn is one of the prerequisites for easing restrictions. In the first half retail trade turnover rose by about 2.3 percent in nominal terms but declined in real terms by 2.6 percent compared with the previous year. The steep rise in the price of heating oil and gasoline as well as in mortgage rates served to narrow the financial scope of consumers. They are now saving more than in 1980.

Export business, by contrast, increased quite strongly. The influx of orders from abroad was 11.8 percent higher in real terms this July than in July 1980. The machine construction industry, one of the largest in our country, saw its earlier expectations exceeded. However, this export revival is closely connected with the weakness of the D-mark, which makes German goods attractive to foreign customers. Wolff von Amerongen, president of the German Industrial and Trade Association, considers this situation something like "special offers or seasonal sales" and asks whether durable and strong export business would really develop from such beginnings. Anyway, the first half yielded a DM6.4 billion export surplus, compared to DM4.4 billion last year. It remains to be seen whether this trend will continue.

The inclination to invest remains a crucial question with regard to future developments. Domestic orders for investment goods have declined, and output in the industries producing investment goods is stagnating. On the other hand some definite stimuli are provided by the energy conservation measures and also by rationalization projects. Nevertheless many, for example the Central Association of the Electrical Engineering Industry, doubt whether the inclination to invest is actually as robust as claimed. The depressing discussion about cuts in Bonn and the growing demand for employment programs (to be necessarily financed by tax increases) hardly help improve the investment climate, despite the planned easing of write-off provisions. And yet such an improvement would be urgently needed.

11698
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FRG FUNDS FACILITATE EXPORT ACTIVITY TO THIRD WORLD

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Aug 81 p 12

/Report by K.T., datelined Bonn, 27 August: "Exports to The Third World Facilitated"/

/Text/ The Federal Government intends to shift the emphasis in export promotion. The DM100 million earmarked for export promotion with the framework of the employment program tentatively agreed by ministers Matthoefer, Lambsdorff and Ehrenberg are to be used to facilitate exports to developing countries. The money is to serve mixed financing in the settlement of orders from the Third World. In this type of export financing commercial loans are mixed with public development aid: The result is capital aid at lower interest rates, and this substantially reduces the average interest rate of export loans.

German exporters have long complained that they are handicapped in the international competition, especially on Third World markets, because other exporting nations practice mixed financing on a large scale. Up until now the Federal Government has used this export promotion instrument in exceptional instances only. The opposition has asked for a long time that the system of mixed financing be strengthened; lately the coalition parties joined in this demand. Federal Economics Minister Lambsdorff reports that his latest trip to East Asia has confirmed his view of the necessity more often to use this instrument in order to eliminate gross distortions in competitiveness. Despite a favorable starting position at the time bids are issued, German firms often fail to get any further because in the past they have lacked such financial aid.

Lambsdorff hastens to emphasize that the additional money for capital aid is to be made available by the Ministry for Economic Cooperation and does not undermine the Western industrial countries agreement on minimum interest rates for export loans (OECD consensus). Bringing down the interest rate by mixed financing is admissible within the scope of this agreement on terms of export loans. At least 25 percent of the total loan must derive from public development aid. The Federal Ministry for Economics maintains that the heralded additional export promotion by the Federal Republic utilizes only one opportunity offered by the OECD consensus, which has not so far benefited German exporters. The regulative principle insisting that the Federal Government must not grant inadmissible interest subsidies for export loans is maintained.

On the other hand, increased use of mixed financing serves to soften the principle --hitherto inherent in development aid--that developing countries need not purchase German goods when receiving German development aid. Until now only a small part of capital aid involved mandatory purchases (for example in the case of ships and locomotives). The DM100 million for mixed financing, though, are to be granted for specific projects only and are therefore linked to specific deliveries.

11693
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COLUMNIST VIEWS FINANCIAL PROBLEMS OF RAILROAD SYSTEM

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 20 Aug 81 p 9

/Article by Gerold Lingnau: "The Railway--The Incalculable Risk"/

/Text/ Federal Transport Minister Hauff raised the alarm among his SPD comrades in the Bundestag: He wrote them a letter telling them that the German Federal Railways had become an incalculable risk for government finances. This appreciation is not new, but it is indeed remarkable that the competent minister expresses it so baldly. The problems of the railroad represent part of the general trouble spreading wider and wider as the result of the increasing shortage of money in Bonn. In fact that which is obvious now set in a long time ago--including the period of office of four Social Democrat transport ministers.

The railway's problem is quite simple and differs not one iota from that of any firm which is doing badly: Revenues are too low, expenses too high. Even after the --admittedly courageous--manpower reductions in recent years, the Federal Railways, that giant service organization, is choking on its manpower costs. It would be necessary for revenues to amount to some DM57 million per day to enable the railroad to pay wages and salaries. In fact its income is only just below DM47 million daily. The systematic wage increases in the public service are driving the railways deeper into the red each year. Compared to this chunk of costs all other items in the profit-and-loss account pale--with the exception of one which throws another spotlight on the almost hopeless situation: Interest payments which by now amount to more than DM2.5 billion per annum. DM2.5 billion--just imagine this--means DM80 per second. At the present time DM32 billion in debts must be serviced.

What should be done, what could be done? The situation is impossible. All that could be changed in the short run are revenues: Presuming Bonn's approval, a stroke of the pen would be sufficient to alter the fare schedules. However, the railroad has competition from boats on inland waterways, from trucks, automobiles and aircraft. If prices go too high, it will earn less rather than more, because customers will migrate to the competition. It is one of the arts of private enterprise to get as much money as the market will bear. It is therefore quite inappropriate to get excited about fare rises. On the contrary: Wherever it encounters a rising trend, currently for example in the commuter traffic of the conurbations (at the moment very much in the red), it should really get going, even if everybody vociferously complains about the unsocial national enterprise.

It would therefore be possible to get something, albeit not very much, on the revenue side. The situation is exactly the reverse on the expenses side. Debts, like personnel, are long lived: The first might, in the best case, be repaid within the set period, the others sent into early retirement--but interest and pension payments would initially continue for many years. Even if the railroad were deprived of its traditional distinction and station masters and dispatchers finally made employees rather than civil servants, much time would necessarily elapse until the effects would show up in manpower status and costs.

Admittedly, all these would be almost conventional methods for restoring fiscal health. In fact anyone seriously contemplating the future of the railroad must redefine its status and duties. To clear the table properly we will have to remove the private entrepreneurial core of the Federal Railways: In other words we must free the railroad and its accounts from everything it was loaded with for political reasons. Only then will we be able to see whether the remainder is viable. As long as the Federal Railways, on behalf of the government, conducts social, structural and transportation policy and is compelled at the end of the year to beg for handouts to cope with the resulting deficits, it must continue to submit a subsidy report instead of a proper annual balance sheet.

Those indulging in politics should be made to pay: That in fact is stated explicitly in article 5 of the Federal Railways Law. Wherever the operations of the railroad are unprofitable, we must investigate why and at whose orders it does operate there. The author would then have to pay from his account--and directly so--wherever he wishes to bestow a benefit, that is in the form of direct, assignable and always accountable concessions, not just ex post facto by way of compensating the Federal German Railways deficit. Only thus would it be possible to exercise a genuine profitability check on the railroad. Of course our reflections will have to ge further yet. Depending on how radical we intend to make the break with the past, the future of the railroad could be imagined in three different scenarios:

1. The Federal German Railways retire to the "operationally optimum network" of some 16,000 km track, already defined in 1976. The plans are waiting in the drawer. All other lines would operate only in return for full settlement by the party requiring the service. The railroad will be able to operate the attenuated network economically (provided the pricing is appropriate) and expand it if this appears promisin; for example it may electrify the last 5,000 km remaining and build tracks for higher operational speeds.

2. The Federal Government takes over the track bed (including ancillary facilities and personnel)--analogous to inland shipping and motorways. The evident financial disadvantage of the railroad would then disappear. However, the railroad would have to be able independently to decide on which of the routes offered it wishes to operate, and the Federal Government would have to be serious about the expansion and modernization of the track network, just as it has been serious so far about motorways.

3. The railroad keeps its infrastructure but completely retires from day-to-day operations. Anyone may drive on the tracks, provided he wants to and pays for the use, including of course private entrepreneurs. The Federal German Railways ensure a

network of technically perfect tracks, handle dispatch and coordinate schedules in accordance with capacity. The ultimate goal: Fully automated and computer controlled operations.

Utopia? Those who appreciate that today's railroad cannot be the same as tomorrow's will not reject such reflections out of hand. A decision must come quickly.

11698
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ECONOMIC RECOVERY MEASURES ANALYZED

Athens EPIKAIRA in Greek No 677, 23-29 Jul 81 p 24

[Text] "The objective of these economic measures is to help in the recovery of the economy," said Averof when he announced them one by one last Saturday. Their "philosophy" and their "application" involves a strengthening of the private economy with more money, to the detriment of the public sector. And this point was the common reference point of the business world--and of the private sector of the economy more generally--as well as of some of the criticism which has been directed toward accusations about large and disorderly public expenditures.

The question now is whether with these measures the "engine" of the economy (production and investment) will "get moving" in a climate of decreased inflation, or whether the recession will continue.

Regardless of the answer to this question (which the economy itself will not be slow in giving), the private sector seems to be regarding the transfer of money to its side with a certain relief.

"The measures which I announce to you," said Averof, "have nothing sensational about them. It is not our intention to make impressions. Our intention is to pursue the following goals through house-cleaning expedients and through practical considerations drawn from experience as well as from technocratic know-how:

"To strengthen confidence in the country's potentialities and in the processes of the private economy.

"To hold down inflationary pressures to relatively low levels through the reduction of certain outlays of the State, so that increased resources can be made available to the private sector.

"To distribute these resources in ways such that many can be helped and their productivity can be increased."

Just how large are these resources?

Between 5 and 10 Billion Drachmas

It is figured that through the revision of the public investments program, the government will come up with extra appropriations of 5 to 10 billion drachmas. But the public-finance and administrative deficits are very large and are a source of inflation. These 5 to 10 billion drachmas are a movement in the right direction. Perhaps they are what is realizable, but they are not what would be effective. The needs are much greater. The resources being saved are being used to increase the financing of small-scale merchants and shopkeepers (from 500,000 drachmas to 1 million drachmas without a requirement of supporting vouchers, and from 2.5 million to 5 million drachmas on the basis of the volume of business). Assuming that the banking "criteria" will not operate to the detriment of the small-scale beneficiaries (as usually happens), this measure will bring relief to a whole host of middle-class people who are suffering from the crisis.

The increase in the basic limits of housing loans by the Workers Housing Organization from 600,000 drachmas to 1.2 million drachmas (with an analogous increase also in the other categories) constitutes, if nothing else, a sign of a certain decency on the part of the State toward its citizens, whom it has been mocking up to now with the small sums of money which it was granting for the "acquisition" of housing.

The Problematic Businesses

It is a fact that the measures for giving crediting to the farmers and the simplification of the procedures for granting loans are useful measures, no matter how much they create the impression of being pre-election favors (as some people are characterizing them). Moreover, the financing incentives in support of the so-called problematic businesses (conditional on their being viable) are opening up a new chapter for this sector of the economy. Whether they will yield results, and what results they will show, will appear in the future. In any case, I. Pesmazoglou correctly observes that "the practical handling of the issues of problematic businesses presupposes that objective criteria prevail, not those of petty politics." Those who wish to have a share in the capital of these businesses will be granted loans by the banks of up to 70 percent of their participation, which should be at least equal to 50 percent of the capital of the business.

Reduction of Expenditures

All the public services are being called upon to reduce their expenditures by 2 percent (aside from wages and sinking-fund contributions), and those State organizations and enterprises which have deficits are called on to reduce their expenditures by 5 percent. With the exception of hospitals, the educational system, the security forces, and strictly specialized scientific or technical activities, public appointments and appointments in those organizations and State enterprises which have deficits are being forbidden. Included in this ban are also those who do contract work, work as day-laborers, and even those who would be filling positions already approved of by the appropriate governmental committee.

In addition to these, other measures are also being studied, said Averof, "which will be announced as soon as the government has reached definite conclusions." And measures are indeed needed, because the "unblocking" of the economy cannot be done very easily. Proof of this is the fact that even the construction sector remains idle and in a slump, whereas in other times its reheating was easy, with it having constituted almost an "inflammable material."

Three Fronts

The effort to get out of this recession will be determined on three fronts:

By the realization of investments, by an increase in production, and by the holding down of inflation. But all of these presuppose, among other things (such as fiscal impartiality, and so forth), also the functioning of a capital market. And the "performance" in this sector is non-existent. Two figures underline the situation. The share quotation at the National Bank is 10,500 drachmas, and at the Bank of Greece it is 13,300 drachmas. The chairman of the stock exchange attributes this situation to the high interest rates. And the high interest rates attribute the situation to the high inflation.

In fact, the way out of this vicious circle is difficult, especially in an election period.

12114
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SIGNIFICANT EEC LOAN NEGOTIATED

Athens EPIKAIRA in Greek No 677, 23-29 Jul 81 p 25

[Article by G. Katsonis]

[Text] Another loan by the European Investment Bank (of the EEC) amounting to about 2 billion drachmas was negotiated last week in Luxembourg by a special mission from the Ministry of Agriculture, headed by its general director, Ang. Zakharopoulos. This loan, which is expected to be signed around the beginning of October, will be used in carrying out six new irrigation projects in plains areas of Drama (Prosotsani, Fotoleivos, and Doirani), of Ipeiros, and of Kavala, and in the development of existing springs in these areas.

The loan will be for a 12-year term and will cover 50 percent of the cost of the projects, which is expected to exceed 7.5 billion drachmas. The remaining 50 percent will be covered by appropriations from the public investments program.

Also included in the same program is financing for the completion of 12 earlier and smaller irrigation projects in the areas of Evros, Pieria (Koilas), Kavala, southern Magnisia, Salonica, Mesovounion of Kozani, and Kato Kalamas of Thesprotia, with a total budget of 2 billion drachmas.

The European Investment Bank has already agreed to count also as a part of the Greek share the expenditures which had been made last year and those which will be made up to the concluding of the loan.

With this loan it will become possible to irrigate 150,000 stremmas of land, with 105,000 stremmas of this corresponding to the plains of Drama, Ipeiros, and Kozani.

The 'Problem' Areas

At the same time, it is figured that by the end of the year the EEC will have approved the "special agricultural program" for aid to the "problem" areas of 22 nomes--that is, the poorer and chiefly mountainous areas of the country--starting with Evrytania. With this approval, financial aid and gratuitous financings from the EEC would flow in for projects costing a total of 30 billion drachmas, most likely beginning next year.

This program covers about 50 percent of all the mountainous and problem areas of the country--that is, about 46 million stremmas. In the coming months, the working out of this program will have been completed by the various organs of the EEC so that around December or the beginning of January it can be presented to the Council of Ministers for the purpose of issuing a "special regulation" which will permit this high amount of financial aid, which is not provided for by the prevailing Community legislation.

The objective of the program is to create more tolerable living conditions in these mountainous and problem areas in order to stop the loss and the drain of their populations towards the urban centers.

Among the anticipated projects are rural and forest road-building, electrification, and supplying water and sewer systems to the villages. Others are reforestation and forest improvements, horticultural projects, anti-erosion measures, and land-reclamation and (small) irrigation projects. Also provided for are the amelioration of grazing lands (with approach-road, water-supply, fencing, and fertilization projects and the construction of small cheese dairies), the establishment of trout hatcheries and improvements in fishing conditions for freshwater fish in natural and artificial lakes, the establishment of hunting areas, the development of game reserves, the establishment of agricultural and vocational schools, the development of home industries, handicrafts, and rural tourism, and so forth.

A New 'Pension'

An impressive element in this program is the payment, during the years of implementation of the program, of a "compensatory grant" to every family which remains in the more problematic areas. This grant will start from 20,000 drachmas and can reach 100,000 drachmas, depending on the family conditions and economic circumstances of the beneficiary. That is, whether he does not have other important means of livelihood, whether he has a large family, and so forth.

The objective of this grant is to keep the residents in these areas. And the grant will be paid to them solely if they remain in such areas. And the justification for this is that if they left they would earn elsewhere a greater income, a part of which takes the place of the compensatory grant.

Regardless of the elections, it seems that this part of the special agricultural program will begin being implemented before the end of the year. In the coming weeks the 4,000 communities concerned will be advised to submit supporting documents. Thus another kind of agricultural pension, which is not only for retirees, is being instituted in this way.

12114
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LARGE BAUXITE, ANTIMONY DEPOSITS AWAIT EXPLOITATION

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 30, 23 Jul 81 p 37

[Article by G. Papanikolaou]

[Text] "Western Makedonia is preeminently where the future of Greece lies," stated Premier G. Rallis at one of his recent speeches in northern Greece.

The fact alone that in this area the following have begun operations recently.

a) A hydroelectric plant (at Pournarion)

b) An outfit for producing asbestos fibers

and that the groundwork has been laid for:

a) A ferrochrome plant

b) The hydroelectric project of Sfikia and Asomata,

while the groundwork is expected to be laid soon for the complex which will develop the mixed sulfide ores from five Greek mines, which will produce zinc, lead, silver, and gold--all this shows that this statement by Rallis is not merely civilities of a touring politician but the findings of a responsible figure who knows well the participation of each area in the more general progress of the country.

As for the prospects, it is these that confirm the accuracy of his statement.

Indeed, it is from northern Greece, more than from the other areas of the country, that the most optimistic news has come in recent years, which has dispelled the myth of "poverty-stricken Greece."

Of course, our country may not be another El Dorado, but as Minister of Northern Greece Martis also notes: "It is a fact that Makedonia and Thraki have substantial mineral wealth. The billions of tons of lignite, uranium, petroleum, and gold which we will be extracting soon, and the asbestos outfit which the premier dedicated give only in part the measure of the possibilities of this area. Because aside from these there are also:

"a) Very good bauxites in Florina

"b) Antimony in Kilkis

"c) Chrome and mixed sulfide [rest of line missing].

"As concerns the bauxite and antimony in particular, substantial proposals have been made and interest has been shown with respect to significant investments by private agencies, and these are being examined. In any case, shortly we will begin to mine these ores as well. Already there have been explorations, done some time ago as well as recently, by German scientists with respect to a number of ores which are found in this area, so that there are definite prospects that soon we will see a number of very large investments being realized in these border areas."

Good Prospects

"We have the ores, and there are very good prospects that this area will be developed, to the benefit of the entire country. And it is an indisputable fact, which I have always argued for, that one of the things advantageous to our entry into the EEC and to the future of the country is our mineral wealth.

"This is something which today is proving to be a reality."

The same point, concerning the advantages to our country, was stressed also by Minister of Industry Manos, who in the recent dedication of the asbestos-producing outfit pointed out that:

"Greece has at its disposal a variety of minerals which are not found in the subsoil of any other country of the Community. The government is aiming to develop and to exploit this uniqueness.

"Investments"--he added--"are essential for the greatest possible processing of these mineral raw materials, so that the value added to them in Greece can be as large as possible."

Bauxite and Antimony

"Despite the difficulties," stressed Manos, "much has been done by private and public agencies (ferronickel, ferrochrome, aluminum, and asbestos mining, lignite plants of the DEI [Public Power Corporation]).

"Moreover, the realizing of State productive investments," concluded the minister of industry, "is not a policy of the government. We believe that the interests of the whole and the economic freedom and right of everyone to chose his own investments and risks are protected more effectively when investments are undertaken by private agencies."

With reference especially to the uniqueness of the variety of minerals which our country has at its disposal, but also to their exploitation which the two ministers mentioned, we should point out that the antimony deposits at Kilkis and the bauxite deposits at Florina are regarded as unparalleled for these types of ore.

As has been found following extensive explorations by Greek and foreign scientists, the bauxite reserves in this area are suited to the manufacturing of the kind of refractory materials which Europe must import, with 95 percent coming from China and Guiana. And given that just from the reserves in the deposits of the area which has been explored up to now there is evidence that they can meet the needs of Europe for many decades (besides the needs of Greece, of course), this proves how important their exploitation will be.

Rallis also spoke recently about the nome of Florina in particular. After pointing out the fact that it is included in the special development program for the country's problem areas--along with 24 other nomes--he stressed that "beginning in the spring of 1982, we will have a program for the border area of western Makedonia. Some 50 percent of the financing for this will come from the European Community. Also, the ranking of the nome of Florina in the Third Zone will concentrate industries here, which will contribute to the growth of employment. Thereby industries will be created for which 40-50 percent of the capital will again be paid by Europe."

In this way, stressed Rallis, not only will the mineral wealth of western Makedonia contribute to the prosperity of the entire country, but above all it will constitute an incentive for people to return to the countryside, far from the monstrosities of Athens and Salonica.

"Only in this way, with the channeling of new blood into the provinces--and new blood cannot exist without the factor of employment--is it possible for Greece to save itself from decay. If the return of the population to the countryside does not commence, the country cannot progress."

And as it seems, with the exploitation of the mineral wealth of western Makedonia, as it is known up to now at least, not only will the country's more general economic situation be improved, but also its essential decentralization will be achieved.

12114
CSO: 4621/67

FIRM'S TAX SCANDAL STIMULATES DEBATE ON INDUSTRY PLAN

Copenhagen INFORMATION in Danish 11 Aug 81 p 3

[Article by Throstur Haraldsson]

[Text] The Swiss aluminum factory has enjoyed cheap energy and apparently it has also cheated Iceland out of a considerable amount of tax money.

Throstur Haraldsson is a journalist who has written several earlier articles on Iceland for INFORMATION.

Reykjavik--It is well-known that Iceland has enormous energy resources in the form of waterpower and subterranean heat. Only a fraction has been utilized so far. Everyone agrees these resources should be utilized but it is hard to reach agreement on how to do this.

To date the Icelandic government has given three foreign firms--one Norwegian, one American and one Swiss--permission to establish factories requiring large amounts of energy in this country. In two of these cases Iceland owns a majority of the shares while the Swiss concern Alusuisse owns all the shares in the aluminum factory in Straumsvik between Reykjavik and Keflavik.

In the past half year there has been a strong political upheaval concerning this aluminum factory. Experts have discovered that Alusuisse with the aid of false bookkeeping and so forth has managed to show a deficit in the operation of the factory and thus avoid paying taxes to Iceland.

Low Energy Prices

In 1966 Alusuisse and the Icelandic government signed an agreement allowing the Swiss firm to set up an aluminum factory in Straumsvik with a capacity of 70,000 tons a year. The agreement was controversial to put it mildly, its opponents laying particular emphasis on the unusually low energy prices and the favorable tax rules under which Alusuisse would pay taxes only if the factory showed a profit.

In 1974 it was discovered that Alusuisse had broken the agreement over a number of years by claiming raw materials prices that were too high. Then Industrial

Affairs Minister and present Prime Minister Gunnar Thoroddsen used the opportunity to ask for a revision of the agreement. The energy prices were raised a little and the tax rules were tightened. In return Alusuisse was promised an expansion of the factory. That promise has not yet been fulfilled.

In 1979 biologist Hjorleifur Guttormsson of the People's Alliance was named minister of energy and industrial affairs. He suspected that Alusuisse was still playing tricks with its bookkeeping. He therefore asked the English auditing firm Coopers & Lybrand to investigate the factory's imports of raw materials. In the middle of July he presented the firm's first report which showed that Alusuisse had probably cheated Iceland out of a considerable sum.

Price Hikes En Route

Under the agreement on the factory in Straumsvik Alusuisse is committed to providing the Icelandic subsidiary ISAL with raw materials at the lowest market price. Some 70 percent of the raw materials are alumina--a semiprocessed material extracted from bauxite. It is imported from Australia where Alusuisse owns a majority of the shares in the supply firm, Gove Joint Venture. It was found that there were big differences in the prices listed as export prices from Australia and those reported as import prices to the Icelandic authorities. In other words the price of alumina rose substantially en route between Australia and Iceland.

C&L [Coopers & Lybrand] estimated this difference at 22-25 million dollars in the period 1974-80. But if one takes one's starting point in the prices Alusuisse reported in Iceland they are around 16 million dollars above the "most favorable prices on the market."

Anodes account for the remaining 30 percent of raw materials ISAL imports and these come from Holland where Alusuisse also has a factory. In the aluminum branch it is customary to make anodes where the aluminum production takes place. But this is not the case with Alusuisse. Why? It is not yet known but C&L are still working on this aspect of the case.

The report naturally touched off a storm in the otherwise peaceful Icelandic summer. The "alumina affair" replaced the sour milk debate in the summer newspaper columns.

The Thoroddsen government discussed the report at a meeting and then stated that it would take up the entire Alusuisse agreement for renegotiation. However the People's Alliance went so far as to demand nationalization of the factory.

The opposition parties are divided on the matter. After hesitating a few days the Social Democrats took the government's line. The part of the nonsocialist Independence Party that is in the opposition hesitated even longer. When it finally reached a conclusion this was based on calling for an audit of all the factory's accounts after the matter had been removed from the hands of Industrial Affairs Minister Guttormsson. He is much too hostile to Alusuisse and foreign investments in general, in the view of Geir Hallgrimsson and those who think as he does in the party's Alting group.

This was not a very smart line to take for there is strong public backing for the line taken by the government and Guttormsson in particular. Hallgrimsson's position will undoubtedly add to the isolation that has surrounded him since his party split over the formation of the government in February 1980.

But even if it wasn't very smart it is easy to understand Hallgrimsson's attitude. He stands for the "international" part of nonsocialist Iceland, the class section most anxious to bind Iceland to foreign interests. This wing bears most of the responsibility for the 1966 agreement.

Thus the government demanded a review of the Alusuisse agreement. At first the firm refused to agree to a review but it was willing to discuss the C&L audit, even though it cast doubt on the results. But after a flurry of letters and telegrams between Alusuisse and Guttormsson both sides agreed to sit down for a discussion at the beginning of August.

Moral of the Alumina Affair

The alumina affair throws the entire relationship between multinational concerns and small states into relief. To show how large a role the Straumsvik factory plays in the Lilliputian Icelandic economy it can be noted that in the first years after its establishment the factory consumed over half of all the electricity produced in the country.

But for this half ISAL paid only around 10 percent of the electric company's revenue, that's how low the energy prices were. They are still only a third of the prices Alusuisse has to pay in the rest of Europe. The state-owned electric company has been operating at a loss for many years and there are big problems getting the capital for a planned expansion of capacity. If ISAL paid an average European price for its energy it would be possible to reduce the price of household electricity by 60 percent and still have enough left over for investment.

The end of the alumina affair will clearly influence agreements the Icelandic government plans to reach with other foreign firms in the near future. The energy projects being worked on will far exceed domestic needs so it will be necessary to find some energy-consuming customers abroad.

Two things are already clear. They will not allow the establishment of factories in which foreign interests own a majority and they will be much more careful when new agreements are set up.

But the question is how many demands a tiny nation can allow itself to make in dealing with a multinational giant that controls all the steps in production from the mining of raw materials to sale of the finished product.

6578
CSO: 3106/167

ECONOMIC INDICATORS SHOW EFFECTS OF CREDIT SQUEEZE

Rome IL FIORINO in Italian 13 Aug 81 p 9

[Text] Instituted with the aim of counterbalancing growing monetary imbalances and inflationary pressures, the restrictive measures put into effect during the first few months of this year are actually being felt at practical levels. This is a result that had already been anticipated from the start but that is not being offset, for the moment, by any significant improvement in terms of an abatement of monetary pressures. This is the main thrust of the situation report by the IASM [expansion unknown].

The economy as a whole, which has been in a growth downtrend over the past several months, has begun to feel the effects of the credit squeeze. It is also worth emphasizing that this maneuver has had less effect on productive activity than on market operations, into which it has cut quite deeply, especially with respect to investment. The process of accumulation, which in fact sustained production during the first months of the year, is beginning--with the exception of that related to Southern Italy--to show signs of difficulty stemming from the high levels to which the price of money has risen. It is to be noted in this regard that the current required rate of return to cover financing is several percentage points higher than current and anticipated rates of inflation, and it is not expected that this rate of return can drop over the short term; on the contrary, if it undergoes any changes, their trend will probably be upward, considering the planned braking actions of economic policy for the current year.

This therefore explains the current stagnation in the business situation; the trend line in fact, a year later now, has not succeeded in returning to its pre-maximum pre-regression levels. Certain evolutionary tendencies toward more than just a slight improvement are remaining stymied within well-defined territorial contexts. Nationwide, there is an increase in the number of business enterprises complaining of insufficient demand and of surplus stocks of finished products, particularly in the sectors of durable goods and, generally speaking, household consumer goods.

Inflation for its part shows no signs of abating. Wholesale as well as consumer prices continue rising at a rate that until April and May did not vary from 1.5 percent a month and and are beginning to be affected--particularly in the wholesale sector--by the substantial devaluation of the lira with respect to the

dollar. This latter factor also strongly conditions Italy's foreign accounts, that is, its trade balance as well as its foreign exchange position, in which, moreover, a compressive role, or at least a less supportive one, is seemingly being played by foreign tourism, which has undergone substantial redimensioning in terms of flow.

Account taken of these conditioning factors, the business situational as well as the monetary, the overall situation does not appear headed toward a contradistinction over the next several months in terms of substantial changes, and it is probable that any talk of an assured recovery must be put off until some time well into or beyond the fall.

The current situational difficulties had already become generalized in the immediately preceding period as well, thus confirming a typical aspect of involutional phases: a substantial spreading throughout the national territory of the basic economic trends, corresponding to the overall homogeneousness of the developmental process.

The various regions in fact showed a persistent invariance of movement as regards both supply and demand; especially confirmed were the symptoms of sluggishness as regards investments, above all in the case of enterprises with a lesser self-financing capability and hence greater dependency on the credit markets.

The factor most frequently cited in the various divisions of the country remains the containment of consumption stemming from the erosion of family purchasing power not only by the high inflation rate and the fiscal drag but also by the growing unemployment rate. The attitude of the economic operators in this regard has thus become more circumspect, particularly with respect to the production of durable consumer goods. The touristic component showed a considerable drop by comparison with preceding years, thus contributing its share to the subsequent slowdown in overall levels of activity.

A comparison of the prevailing economic difficulties by territorial divisions is provided by the trend indicator figures compiled by the IASM relative to the gross domestic product _GDP_ and to the industrially added value _VAI_: During the last several months, all the statistical groupings are characterized in effect by a basic invariance from the levels attained in the beginning of the year.

Southern Italy's economy continued to reflect a linear productive trend, stabilized at the levels in question since November-December 1980. A slight rise with respect to the early spring period is attributable in the main to a somewhat better trend of investments as compared with the rest of the country.

The most recent period showed renewed difficulties in the first grouping, attributable essentially to the productive structure of the statistical aggregate. The pause, however, took place following only a few months of satisfactory recovery.

The evolution in the second grouping continued weak, confirming a trend that had already clearly emerged in the beginning of the year; total production showed

values at the preceding year's levels, still very high in themselves but nonetheless confirming once again the lack of a specific sustaining factor.

The third grouping also showed a gradual slowing down of production growth rates over the the last several months. The overall economy has settled down to a level of activity very close to that of the same period in 1980.

The geographical groupings used in the following statistical presentations are comprised of the following regions:

Group I: Northwest Italy: Piedmont, Valle d'Aosta, Lombardy, Liguria.

Group II: Northeast Italy: Trentino-Alto Adige, Veneto, Friuli-Venezia Giulia, Emilia-Romagna.

Group III: Central Italy: Tuscany, Umbria, Marche, Lazio.

Group IV: Southern Italy and Islands: Abruzzi, Molise, Campania, Apulia, Lucania, Calabria, Sicily, Sardinia.

Gross Domestic Product [GDP] and Industrially Added Value [VAI] - (1970 Lire)

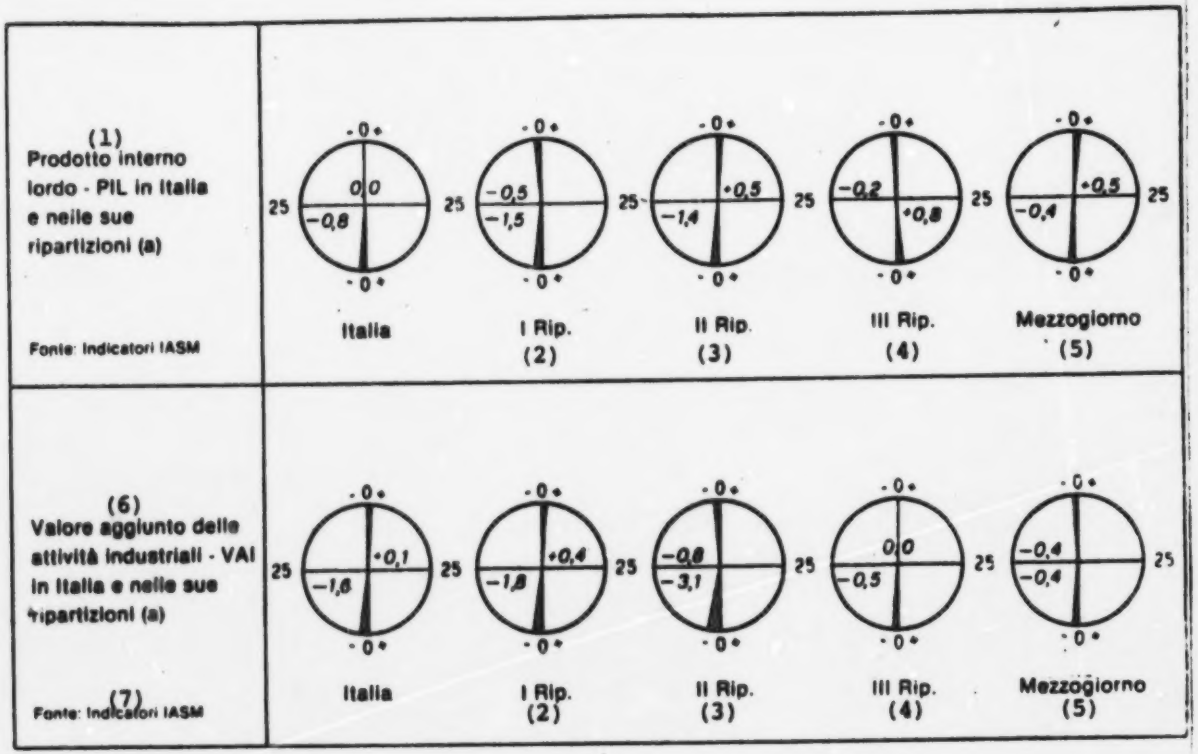
Indexes--Based On December 1980 = 100(1)--of the IASM's GDP and VAI Indicators for Italy and its Groupings

1981

A - GDP at Market Prices

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Southern Italy	101.3	104.8	106.4	105.7	106.2							
Group I	101.1	104.6	106.1	106.5	105.9							
Group II	100.1	103.6	103.9	104.4	104.9							
Group III	101.8	104.7	106.7	107.4	107.3							
Italy	101.1	104.4	105.8	106.0	106.0							

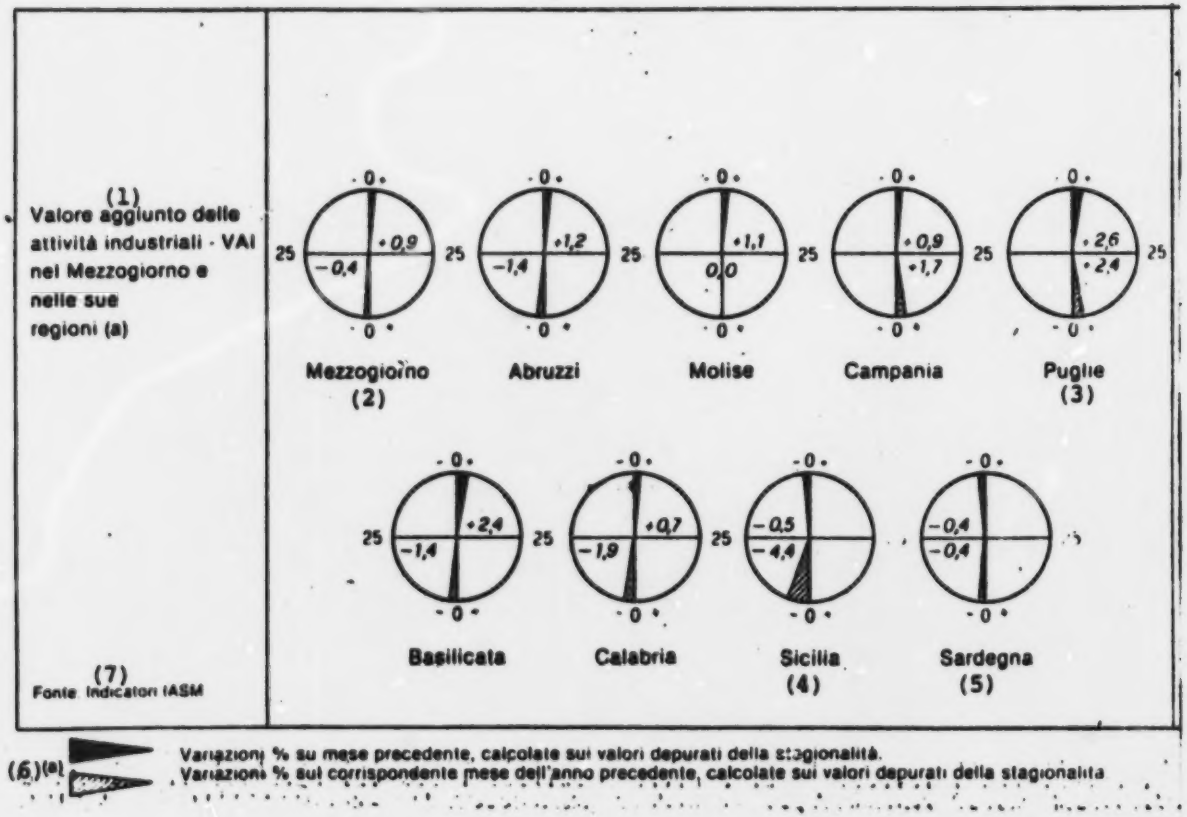
[Note: Similar table for VAI not published]



(a) [See Key-Item 6 under illustration on facing page]

Key:

1. GDP in Italy and its groupings (a).
2. Group I.
3. Group II.
4. Group III.
5. Southern Italy.
6. VAI in Italy and its groupings (a).
7. Source: AISM indicators.



Key:

1. VAI in Southern Italy and its regions (a).
2. Southern Italy.
3. Apulia.
4. Sicily.
5. Sardinia.
6. [solid black]: Percent change versus preceding month, based on seasonally-corrected figures.

   [hatching]: Percent change versus same month of previous year, based on seasonally-corrected figures.
7. Source: IASM indicators.

9399
CSO: 3104/364

STATISTICS OFFICE REPORTS HIGHEST UNEMPLOYMENT SINCE 1946

Stockholm DAGENS NYHETER in Swedish 19 Aug 81 p 8

[Article by Bo A. Ericsson]

[Text] It appears that the feared collapse in the labor market has now begun. New statistics released on Tuesday show that the number of totally unemployed during July came to 104,000. That is the highest figure for this time of year since the war. Almost 50,000 of the unemployed were young people. That is also a record high. Approximately every 12th teenager is unemployed today. And the situation is even worse among teenage girls.

At the same time--as DAGENS NYHETER reported earlier--the number of available jobs has dropped by more than half, compared to the same period last year. At the end of July, only about 20,000 jobs were being offered through the employment offices. That is the lowest figure ever.

Those developments are shown by the manpower survey for July as conducted by the Central Bureau of Statistics and the AMS [National Labor Market Board].

Bertil Rehnberg, head of the AMS, says:

"Even though July is a somewhat uncertain month for statistics, the weakening of the labor market is occurring faster than we expected."

On Friday the AMS is expected to request additional funds from the government for dealing with the rise in unemployment.

Minister of Labor Ingemar Eliasson told DAGENS NYHETER:

"We are now waiting for a report from the AMS on how the money will be used. That agency already has enough in its budget to handle an additional 80,000 people, mainly in its programs for relief work and labor market training."

Hard Winter

At the same time, Eliasson says that the difficulties are now going to pile up so fast that it will not be possible to solve the problems as fast as they arise. This winter will be the most difficult since the war.

He also said that government employment subsidies over the next 6 months can be expected to take a somewhat different direction than during the previous recession.

"We can no longer use available funds to support money-losing firms and keep industries alive that have no future. Above all, we must also prevent long-term unemployment."

In all, 104,000 people--or 2.3 percent--were fully unemployed at the end of July. That is 24,000 more than in July of last year. The number of unemployed young people was 48,000--or 5.8 percent--and that is 12,000 more than in July of last year.

At the same time, there has been a sharp decline in the number of available jobs. This is noted not only in industry but also in the public sector.

During the previous recession, the public sector could more than offset the loss of jobs in industry, but because of the economy measures, the growth in the number of jobs in national, county, and municipal government is much lower than before.

Fox Trap

Ingemar Eliasson says: "We are sitting in a fox trap, seeing that the number of available jobs is declining in both industry and the public sector. Quite massive measures in connection with labor market policy are going to be necessary."

In the table following this article [not included], DAGENS NYHETER shows the number of unemployed and the number of available jobs in each county.

The situation is most severe in Norrbotten, where over 8,000 people--or just over 6 percent--are now without work. At the same time, the number of available jobs is only one-third what it was at the same time last year.

Vasternorrland, Kristianstad, and Sormland counties are also counties with big problems. There unemployment has risen to about 4 percent or more.

As usual, Stockholm County is in a better position than any other area--its unemployment rate is only 1.2 percent.

At the same time that almost half of the unemployed are young people, unemployment is also on the rise among those who have had a job long enough to become members of an unemployment benefit society. At the end of July, 55,000 members of such societies were unemployed--15,000 more than a year ago.

The government is going to try to deal with the winter's growing problems chiefly through relief work and training. Among other things, the government has introduced subsidies for firms that hire people early and a special grant for firms that hire young people who have been unemployed for a long time.

The opposition feels that that is not enough. And within the LO [Swedish Federation of Trade Unions], for example, there is sharp criticism: job subsidies must be increased.

11798
CSO: 3109/247

STUDY DETAILS UNEMPLOYMENT COSTS FOR GOVERNMENT

Stockholm DAGENS NYHETER in Swedish 28 Aug 81 p 21

[Article by Bo A. Ericsson]

[Excerpts] Over 500 million kronor per month--that is roughly what today's record unemployment levels are costing the Swedish treasury in the form of lost income taxes, value added tax, selective taxes, and employer contributions for social benefits, on top of benefit payments to the unemployed. That is shown by a calculation in today's DAGENS NYHETER.

The calculation does not take into account the lost production that is also caused by unemployment.

Compared with July of last year, the costs have risen by over 35 percent. A further increase can be expected this fall and winter, when it is feared that more people will lost their jobs.

The calculation shows, for example, that if an industrial worker is unemployed for a month, it costs the government treasury about 6,000 kronor more than if he had been employed.

The corresponding figure for an unemployed 18- or 19-year-old is about 4,000 kronor.

The calculation also shows that if an unemployed industrial worker earning an average wage of 6,500 kronor per month stays unemployed for 3 months, his loss of income for the whole year comes to nearly 4,000 kronor after taxes. He will have that much less at his disposal.

Added to that are the social and psychological effects of unemployment on those concerned and their families.

At the end of July, a total of 104,000 people were totally unemployed. That is the highest figure reported for July in many years and shows a sharp increase from July of last year. Nearly half of the unemployed were young people.

At the same time, more than 80,000 were employed under labor market measures of various kinds.

A total of nearly 50,000 young people are unemployed today. If the calculation is taken to apply to all of them, it indicates that unemployment among young people in July may have cost the government approximately 200 million kronor (almost 50 million more than in July of last year).

If that sum is added to the cost for unemployed adults, it means that generally speaking, unemployment in July cost the government more than 500 million kronor in lost direct and indirect taxes, lost employer contributions for social benefits, and the payment of benefits to the unemployed.

That is more than one-third of what the entire military force now costs per month.

Economist Inga Persson-Tanimuras concludes that unemployment is too expensive for the government and should therefore be prevented. The rise in the number of people without jobs that is now occurring ought to have been counteracted by taking steps a year ago, even if those steps would have meant a higher budget deficit. She says that now we have the costs anyway, while at the same time the national economy is being hurt by the loss of production.

11798
CSO: 3109/247

UNEMPLOYED GO LONGER BETWEEN JOBS

Stockholm DAGENS NYHETER in Swedish 2 Sep 81 p 5

[Article by Christer Berglund]

[Text] Unemployment is on the rise in Stockholm County, where the number of jobless is 2,000 higher than it was last fall. And more people are going longer between jobs. That is shown by estimates for July and August by the County Employment Board.

Currently, 11,400 people are unemployed--a 20-percent increase since fall of last year. At that time, there were as many available jobs as there were people seeking employment. Now there are two applicants for each available job.

The result is that more people are going longer between jobs. In July of this year, 1,950 people had been unemployed for more than 3 months, compared to 550 last year. That is an ominous increase of 26 percent, and it points to a difficult autumn.

Crowded Employment Offices

At the employment office on Luntmakar Street in Stockholm, there is strong competition among jobseekers for seats. There is not a single empty chair to be had in the morning hours, and the job listings are hotly coveted.

Mats Linder, 29, is looking for a job as a construction engineer after being away from the industry for 1.5 years.

Construction Jobs Hard To Get

"Things are up and down in this industry. But the government must do something to get construction going again," he said with a block of ice in his stomach.

But construction jobs are hard to find. The number of available jobs for contruction workers has dropped off by 66 percent since last year. And things will get worse when the architects are laid off as well.

Seventy architects have received termination notices this year, and the union has written to the County Employment Board asking what they are supposed to do.

So far the County Employment Board has no solution--except for retraining and relief work.

Emil Hellstrom, county employment director, says: "We can approve more retraining that might lead to jobs. There are currently still 5,000 available jobs. If that is not enough, we can provide relief work, of course."

Public Sector at a Standstill

There was a time when jobs in hospitals and offices in the public sector replaced jobs that disappeared in industry and trade. But now even that has stopped. The number of available jobs in hospitals, for example, has declined by 40 percent.

Emil Hellstrom says: "That is what is new about the situation. Both sides of the economy are stagnating at present."

He can only hope that the AMS [National Labor Market Board] will get the 2 billion it has requested from the government for retraining and relief work. But if it does, we will have to compete for the money with Norrbotten, where unemployment stands at 6.5 percent, and Malmohus, where it is 3.5 percent. Unemployment in Stockholm County is still only 1.3 percent.

11798
CSO: 3109/247

FALLDIN TO PROPOSE LOWERING BUDGET DEFICIT, TAXES

Stockholm SVENSKA DAGBLADET in Swedish 31 Aug 81 p 6

[Article by Claes-Goran Kjellander]

[Text] Stimulate private initiative. Reduce the expected budget deficit by 12 billion kronor. Push through a tax reform that will reduce taxes but counteract tax evasion and tax fraud.

Those are the three main points in the economic policy that the government of the center wants to pursue, said Prime Minister Thorbjorn Falldin when he spoke to a crowd of about 500 Halland residents in Halmstad on Sunday evening. The audience paid tribute to the prime minister by loudly singing the national anthem after his address.

During a press conference, he supported what Cabinet Minister Olof Johansson had said concerning a coming reduction in interest rates:

"It goes without saying that the government's economic policy is aimed at making it possible for the Bank of Sweden to lower the interest rate."

He also observed that "people practically everywhere" are now interested in measures that can strengthen the competitiveness of industry. Those measures should take into account the fact that the strain has been especially severe in the forestry counties, he said.

The Center Party leader, like Ola Ullsten in Ostersund on Saturday, was unusually aggressive. He strongly attacked both the Social Democrats and the Conservatives in what must be described as an election speech, even though the election is still a year away.

Among other things, Falldin brought up the debate over Mama Falldin's pension from the 1976 election campaign. Her pension has risen from 12,480 to 24,220 kronor over these past 5 years.

The prime minister said: "That is what the Social Democrats describe as me taking my mother's pension away from her."

The Center Party leader spoke ironically of Gosta Bohman's statement that people should stop fussing about what happened last spring.

"I feel that we have every reason to remind the Swedish people that confrontation is more important to the Conservatives than cooperation and that concern for their own party took precedence over concern for what is best for the country."

Against Uranium Mining

Thorbjorn Falldin demanded of the Social Democrats "a little more specific attention to disarmament and peace" by taking a stand against uranium mining.

But above all, he demanded that the Social Democrats stop putting obstacles in the way of possibilities for creating a better climate for the business community.

"Such a climate is not created by bringing up demands for collective funds which would gradually eliminate private ownership."

Thorbjorn Falldin promised that all attempts by the Social Democrats to sweep the fund issue under the rug before the election will be met with demands for clear answers.

The prime minister did not provide any new information concerning which specific measures the government plans to adopt in connection with the economic policy, the austerity program, and taxes. The economic policy will concentrate on small and medium-sized firms. The budget balance will be improved by 12 billion kronor in relation to the long-term budget, and "the historic tax compromise will be pushed through."

"If the reform of marginal taxes is not to benefit only those with high incomes, it must be rounded out with a reform of deductions.

"Ordinary homeowners will not be hurt, but we must not hesitate to take strong and sure measures against pure speculation in luxury housing, which drives up the price level in an unsound way for the ordinary home purchaser."

A number of measures against tax evasion were also announced: measures against subcontracted workers, the taxing of per diem allowances, new rules for monitoring government procurement, and checking up on interest, false accounting, and the value added tax.

As usual, he declined to comment on individual parts of the coming austerity program, but he noted that "never at all has the government even discussed the possibility of abolishing the original child allowance."

Concerning the situation in the labor market, Falldin noted that even though the unemployment level is disturbing, people should keep calm and not act in panic. The situation here is better than it is in most parts of West Europe, and the measures introduced last spring are now beginning to take effect.

11798
CSO: 3109/247

CONSUMERS FEAR USING CREDIT ON DURABLE GOODS

Stockholm SVENSKA DAGBLADET in Swedish 1 Sep 91 p 21

[Article by Helena Stalnert and Bjorn Stuhl]

[Text] The belt-tightening policy has brought results. Mr Average Swede is holding back.

Even before the march out of the "deduction society" begins, sales have started to drop in most businesses where financing has been the key to success.

High-priced loans for boats, weekend cottages, or automobiles no longer look tempting. And it is even difficult to sell government-financed homes. The only exception is in the radio trade--which this year expects sales to increase by 7 percent thanks to the success of video equipment.

The sales collapse in the affected sectors totals roughly 3.5 billion kronor this year.

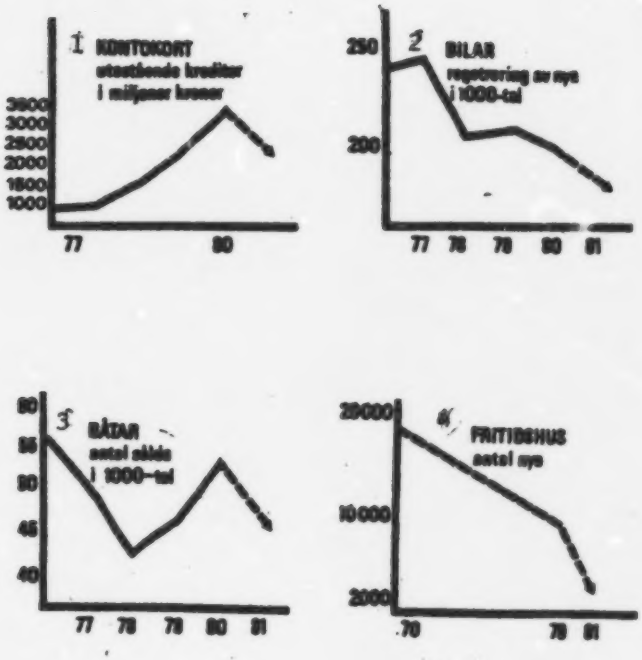
The Swedish people are now hesitating to go into debt. The phenomenon could be called "the Wirten effect." It is one result of what later came to be called "the miraculous night," that late evening last spring when Minister of Budget Rolf Wirten reached agreement with the Social Democrats' Kjell-Olof Feldt on changes in tax policy.

At the same time, the wage earners have been watching their disposable income shrink for several years in a row, and interest rates are higher than ever.

Fewer Willing To Borrow

Bankers began noticing early this year that household demand for credit was declining, although it is still too early to say by how much. But the credit card market has dropped sharply following unprecedented expansion in recent years. The demand for ordinary bank loans has also slowed.

Despite the restraints and the ceiling on bank loans, the banks have scope for more loans. For the first time in a very long period, the Swedish people have witnessed the banks scrambling to lend them money. Some savings banks are making unsecured loans of 25,000 kronor to members of the LO [Swedish Federation of Trade Unions] and the TCO [Central Organization of Salaried Employees]. And the PK Bank [Joint Post



Key:

1. Credit cards: outstanding loans in millions of kronor
2. New auto registrations, in thousands
3. Boats sold, in thousands
4. New weekend cottages

Office and Commercial Credit Bank] is lending its customers 30,000 kronor on the same terms. It is felt that so far, a great many of the LO loans have been used to refinance more expensive loans.

A decisive factor in whether Swedes will venture to borrow again will be the success that Wirten and his men have in reaching agreement with the Center Party and the Social Democrats. Discussions have been underway ever since "the miraculous night," but their content as far as homeowners and other uneasy sectors are concerned is not yet known in detail. The task force's proposal is not expected to be ready until early next month. Then people will at least be able to calculate how a tax change will affect the private consumer.

The government will probably submit a bill in March of next year. A decision by Parliament sometime in May or June will determine what the situation will be starting in 1983.

But before that, there will still be a tax debate. Prof Gustaf Lindencrona, the one-man task force, will submit his proposal on price-level taxation in December. That proposal, if it goes through, will have consequences far more dramatic than the announced tax proposal from the group representing the Liberal and Center parties and the Social Democrats.

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BRIEFS

UNEMPLOYED START BUSINESSES--People who are unemployed and cannot find new jobs have begun to start their own businesses. That is one reason for the record increase in new businesses that has occurred during the summer months. The number of new businesses rose by over 100 percent during June and July in comparison with last year. The same thing happened during the very difficult 1930's. There were many unemployed people who started their own businesses then because they could not find a job, says Ingemar Essen, managing director of the SHIO [Swedish Federation of Crafts and Small and Medium-Sized Industries]-Family Businesses. More generally, the increase is also due to the "start your own business campaign" that took place during the spring, says Essen. Another reason may be that old 5,000-kronor companies are now being converted to 50,000-kronor companies, a legal requirement if they want to stay in business. At the same time that more new businesses are being established than ever before, the number of bankruptcies is also rising very sharply, with the loss of thousands of jobs as a result. [Text] [Stockholm DAGENS NYHETER in Swedish 29 Aug 81 p 1] 11798

CSO: 3109/247

'COMPROMISE PARTIES' MAY BREAK UP OVER ECONOMIC POLICY

Copenhagen BERLINGSKE AFTEN in Danish 21 Aug 81 pp 1, 11

[Article by Lasse Ellegaard]

> [Text] Once again Anker Jorgensen has done the trick of creating agreement across the middle spectrum of Danish politics. But this time he may have to pay the price in the form of increased distrust among his older voters and losing his safe majority for the 2 billion kroner in tax increases lying just around the corner.

When Prime Minister Anker Jorgensen reached a compromise on defense last week with the four nonsocialist parties, the Liberals, Conservatives, Center-Democrats and Christian People's Party, he was full of confidence. The agreement was in the bag, the prime minister had again demonstrated his ability to obtain results across the center of Danish politics and--perhaps most important of all--the compromise extends past the next election campaign period. There won't be verbal election battles over the means of physical violence.

Anker Jorgensen was also full of confidence about the problems with the Radical Liberals who walked out of the compromise talks just before they reached the "end of the line." His political sense told him the Radicals might complain in the newspapers but that when it came to the point--as it will this fall when tax increases of 2 billion kroner must be eased through Folketing--the Radicals would subside into the compromise lambs they have always been.

The only immediate problem the government leader had was a certain amount of opposition from his own people, shown by the 12 no votes cast when the compromise text was presented to the Folketing group. And actually this opposition was not a big problem: for one thing the biggest guns in the party supported the compromise--especially Foreign Minister Kjeld Olesen and group chairman Knud Heinesen--and for another it doesn't look so bad to be able to show some skepticism in one's own ranks. It won't matter at all when it comes to the floor of Folketing because the Progressives are certain to vote for the compromise. Thus Anker Jorgensen has come up with a result that increases defense spending by 369 million kroner over the next 3 years while at the same time showing the public that he heads a party housing fairly broad skepticism about the military.

Problems Under the Surface

But under this impressive surface are hidden two reactions that could cause problems for the government although the backlash may be somewhat delayed. One is that opposition to the defense compromise seems to be more widespread among rank-and-file Social Democrats than the prime minister and his party strategists think it is. When the chairman of the Finance Committee, Kristian Albertsen--who is certainly not a member of the party's left wing--voted against the compromise when it was approved by the Folketing group last Wednesday it was on behalf of the voters, namely the pension recipients on whom he has built his political career. Albertsen's base among older Social Democrats is so important that he did not bend under the yoke of party discipline, but chose to demonstrate his opposition--simply in order to be re-elected. And in a time of crisis with cutbacks and increased tax pressure, pension recipients are especially hard hit. That is the political background for the opposition of pragmatic party soldier Kristian Albertsen to the compromise and it shows that opposition to the agreement is not just an ideological matter for the party's left wing.

The other reaction is the Radical disappointment which was expressed in what was called "rage" when the Folketing group and the party's executive committee held a meeting on Funen last Saturday. The Radical Liberals declared they would not go along with paying the defense tab of 369 million kroner. And the party's defense policy spokesman, Jens Bilgrav-Nielsen, told this paper that the Radicals would stand firm. "The government has been on a spending spree with parties that did not stand behind it in the May economic compromise and this spree is something those other parties will have to pay for," he said. They will have to come up with an income compromise that will produce those 369 million kroner."

The Social Democratic response to that is that one cannot earmark money for spending.

"We will ask for clarification of these things when the coming taxes have to be approved. And we normally sit and squeeze every nickel in the tax bouquet and figure out the consequences of each item. The parties that reached the defense compromise will have to come and show us how they intend to pay for it before we will budge. Of course items can be found that could yield this money."

If not, are the Radicals prepared to vote for 2 billion kroner in extra taxes this fall?

"Then we won't support the tax compromise."

Really?

"Exactly...those who kick over the traces must help pay for their excesses."

How?

"The Liberals and Conservatives will have to join in at some point. There is a bill that must be paid and we can't be expected to back unpopular spending and

cutback measures time after time and now they are increasing defense spending and just assuming that we will help cover this extra expense. The government must find a solution, otherwise it will prove one cannot enter into a compromise with the government and then it will have to go to the floor of parliament with its proposals. It is not our style to vote against the budget and we won't do it, so the tax vote will be the crucial one."

So much for Jens Bilgrav-Nielsen who stressed that a united party and Folketing group shared this opinion. Anker Jorgensen must make a revenue compromise with the "defense parties" if he wants his economic policy for 1982 implemented with Radical support and that support is decisive.

The reason why it is not guaranteed at present that the Radical Liberals will "come to heel" on taxes is that Anker Jorgensen stepped on a painful corn. Not only by entering into the defense compromise but by allowing the Radicals to sit at the conference table for the last year and a half without telling them he would not support a zero solution if he exhausted the possibilities for compromise. This did not become clear until the Friday before last, 7 August, when the prime minister announced that he would move things around a little in the "final offer" so the spending framework would increase insignificantly--from 81 to 84 million kroner in the first year--and if the nonsocialist parties did not accept that he would go alone to Folketing with the 82 million kroner increase proposed in the first round. Like most of the Social Democratic Folketing group the Radicals had believed all along that if no agreement was reached on spending increases the government would return to the zero solution the Social Democratic congress had recommended before the negotiations began in early 1980.

The reason why the Radicals remained sitting after the government's first offer was precisely this confidence that if the nonsocialist parties wouldn't bite the situation would go back to the beginning with a zero solution. And if they did bite the Radical Liberals would pull out. But the prime minister played for high stakes--and without the backing of his own group--when he played a trump by announcing at last that he himself would present the "final offer" if there was no compromise. He evidently calculated that his group would "swallow" the increase and he assumed the nonsocialist parties would not be able to vote against it since it was an increase after all.

The Liberals and Conservatives accepted the adjustment of the "final offer"--incidentally under pressure from the two small compromise parties, the Center-Democrats and the Christian People's Party--but by then the Radicals had "withdrawn to the wings" as they say. In the final phase the Liberal-Conservative faction also wangled the appointment of an 11-man committee to follow the talks on the reinforcement procedure and a pledge that changes would not be made in the economic framework of the compromise without total agreement. That gives them a line on the upcoming talks with NATO along with a guarantee that the economic framework will not be eroded. Great emphasis was placed by both Liberals and Conservatives on the fact that the compromise was reached because--as they say--"it would have been unbearable if the Social Democrats had handled the defense issue on their own, especially with their left wing that is growing stronger and stronger."

Thus the two big nonsocialist parties are relatively satisfied with the compromise even though Liberal Arne Christiansen branded it "a poor compromise if one looks at the technical military and economic aspects." The compromise has also had a positive reception from military leaders, both in this country and among our most important allies.

The satisfaction probably also results in part from the fact that by entering the compromise the Liberals and Conservatives have insured some influence for themselves over the government's position on the question of a Nordic nuclear-free zone. This question will be brought up in the fall and then the Social Democrats will be bound by the defense policy views contained in the compromise--including continued talks on an adjustment of the reinforcement plans outlined by NATO.

It is equally certain that the two big nonsocialist parties accepted the defense agreement with satisfaction based on the view that stability has now been guaranteed for the next 3 years and they have retained their influence over the future shape of events while it is clear that neither the Liberals nor the Conservatives have any intention of abandoning their opposition to economic policy or the forging of a nonsocialist government alternative that has been under way since spring and has been dubbed "the nonsocialist challenge." Poul Schluter told this paper that it was important that the government confronted the four nonsocialist parties as a block and that the defense compromise was an opportunity "to gain influence at last."

Schluter is not blind to the fact that the Radicals will be "angry" when the budget is discussed. And he feels that after an election with Social Democratic losses and corresponding nonsocialist gains there would be a basis for forming a nonsocialist minority government. "Not a Liberal-Conservative-Progressive government, that would be suicidal, but a minority government in which the Progressive votes are taken seriously--just as the Social Democrats take the Socialist People's Party and others seriously," as he put it.

Thus without coming right out and saying so Schluter is quite clear what the Radical "rage" could lead to with respect to the government's economic policy. And he has no intention of lending a helping hand when the Radicals defect.

Thus the defense compromise could have real political consequences if the Radical Liberals continue to insist on having the bill paid for before they vote for other tax increases. In this context it is worth noting that already Tuesday evening--when the Radical position was materializing in the press--the government had begun to soften its views on the tax package. Now the figure of 2.2 billion is no longer so fixed that it cannot be reduced--with reference to the fact that for example the Center-Democrats are opposed to new automobile taxes.

Broad Backing

That leaves the internal opposition in the party. Defense policy spokesman Preben Sten Nielsen told the weekend edition of BERLINGSKE TIDENDE that he is counting on "broad backing" for the compromise. "I would think that around 80 percent of the delegates at the upcoming annual meeting in September will support

the compromise," he said. The peace advocates who have spoken on behalf of dissatisfied party members are not as numerous as one might think. The widespread skepticism in the Social Democratic Party is more a question of feeling that in a time of crisis with cuts in cultural and social areas the party cannot allow itself to increase military spending.

This probably also affected the political deliberations made by Social Minister Ritt Bjerregaard when at the decisive group meeting she dissociated herself from the compromise by saying she did not agree with Kjeld Olesen's defense of it. Ritt Bjerregaard could not fail to know that her disapproval would leak out to the general public, but even so she broke the time-honored rule that cabinet disagreements should be kept private.

What happened was that Kjeld Olesen spoke "hotly" in an introductory speech, among other things expressing his irritation that some group members referred to opinion polls showing public attitudes toward the size of defense spending. An AIM [expansion unknown] poll in the newspaper BORSEN showed that a majority opposed spending increases. Olesen said it was "degenerate" to hide behind opinion polls. And then the foreign minister defended the defense compromise, leading Ritt Bjerregaard to express her "total disagreement"--though she did not, as she pointed out, intend to vote against it. She felt Kjeld Olesen had moved outside his own sphere in the speech, so she should be able to do so also.

These are the numerical increases in defense spending--in addition to the 1.5 billion kroner in price and wage regulations: 84 million kroner in 1982, 37 million in 1983 and 43 million in 1984. The total defense budget lies around 8 billion kroner a year.

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PAPER COMMENTS ON SDP ECONOMIC POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 1 Sep 81 p 8

[Editorial]

[Text] As a buildup to the Social Democratic annual meeting next weekend the party's political vice chairman, former Finance Minister Knud Heinesen, talked of the Social Democratic economic policy at the national DSU [Danish Socialist Youth] conference this weekend. In this connection Heinesen commented on the wish to increase business profit rates, leading to increased production and employment. If we just let profits grow the result will be an even more imbalanced distribution of income and assets and the Social Democratic workers' movement did not come into the world to increase social inequity, but to reduce it, he said. If firm profits grow at the expense of wages it must be on condition that wage earners receive co-ownership rights and a share in the profits in the view of the former finance minister.

It is quite apparent from these remarks that for the Social Democratic movement a desire for increased production in balance of payments businesses that would reduce unemployment is quite subsidiary to the movement's desires in the area of distribution policy. If increased production means a more lopsided distribution the Social Democrats will pass it up or at least introduce the concept of Economic Democracy, an intervention that would neutralize the effect of the income shift in favor of business.

Knud Heinesen is actually advocating a very shortsighted viewpoint here. A possible redistribution benefiting business would lead to increased investments and production and thus declining unemployment. From a distribution point of view that kind of thing would improve the position of wage earners since employed workers have higher incomes than unemployed ones after all. It is also hard to understand the idea that growth in a firm's profits would necessarily be at the expense of the wage earners, since just a little longer down the road increased profitability and solidity in business life will increase the firm's wage pay scale, something the union movement would probably be able to make good use of.

But for Knud Heinesen and his party the very short-range distribution point of view is the decisive one. Perhaps stressing this is simply part of the tactics aimed at making Economic Democracy seem necessary in the eyes of the public, so

that in this way the Social Democratic movement can obtain almost unlimited power over the economic life of the nation. Whichever explanation is correct the consequence will be that the narrow Social Democratic distribution wishes will in practice make it impossible to map out a sensible economic policy and this will block an effective effort to reduce unemployment.

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GOVERNMENT'S TAX INITIATIVE SEEN TIED TO LOCAL ELECTIONS

Copenhagen BERLINGSKE TIDENDE in Danish 9 Sep 81 p 8

[Editorial]

[Text] The fact that there will be municipal elections in another 2 months has hardly been a negligible factor in the decision by the government and the support parties to shower gifts over a large group of the population. Few people will begrudge those involved the resulting improvement of their economic condition. But in view of the nation's total economic situation there is good reason to question the principles lying behind the mini-tax reform.

It is generally accepted in the discussion of the economic policy that competitive businesses should have their lot improved. Most recently the finance minister also repeated this view when presenting the budget bill in August. An important part of such a policy is effective stimulation of private savings, of vital importance to business expansion and to offset the colossal savings deficit of the public sector.

However the mini-tax reform involves a transfer of buying power partly from those in the work force to those on pensions and partly from pension recipients who have saved their money to pension recipients who have not done so to any great extent. It is true that the amounts in question are relatively modest but even so the entire effort must be judged as conflicting with the basic principles the government claims to profess, that Denmark as much as possible should produce its way out of its current economic difficulties.

All in all there is a problem involved in establishing such a policy and that is that each time the government suggests adaptations in tax and social areas, for example, it tries to implement distribution changes that will only reduce incentives for more investments and business activity.

The social affairs minister's ideas on the future use of money from the Social Pension Fund lie along the same lines of equalization and it is understandable that the Liberals and Conservatives hesitate to back this part of the government's policy.

All in all it must be said that the mini-tax compromise is quite lacking in perspective and that it contradicts the economic development the government claims it is trying to achieve. The Social Democratic mania for short-sighted distribution arrangements appears to be incurable and apparently its support parties have completely abandoned the effort to guard the government against a relapse.

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CONSERVATIVES ELECT POUL SCHLUTER CHAIRMAN AT CONGRESS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Sep 81 p 2

[Text] The chairman of the Conservative Party's Folketing group, Poul Schluter, was chosen as the party's new national chairman last night, a selection greeted with ovations, succeeding Folketing member Ib Stetter. This happened at the party's national congress in Herning on the unanimous recommendation of the executive committee.

The reason Ib Stetter gave for the election was that developments in political life in Denmark in the opinion of the executive committee--including such things as TV's dominant role in communications--made it expedient to unite the posts of national chairman and group chairman in one and the same person and in this situation the party was fortunate enough to have such a person available.

Poul Schluter replied that the only reason he could accept such a big task was that he knew he had many good colleagues. And he warmly thanked Ib Stetter who had taken on the chairmanship 3 years ago before, as Poul Schluter said, the Conservative Party had made its breakthrough. "Ib Stetter is handing over a much larger party than the one he became chairman of 3 years ago."

Ib Stetter was presented with a gift, a lawn mower embellished with a number of party slogans.

At the beginning of the congress the party sent off the traditional telegram of greetings to Queen Margrethe and Prince Henrik.

In his welcoming speech the departing national chairman called for a shift of attitude in the Danish society. The Social Democrats came to power 10 years ago and in that period a number of tax and business economic measures were passed that have hindered increased production while the constant changes they have made in conditions and basic terms have confused and weakened Danish business, he said.

"Very recently it seems as if the Social Democrats have learned something from their own catastrophic wrong assessments but the lifesavers being thrown out to business are too few in number and they have come too late. Only by leaving more to the individual and less to the state can we meet the challenges of the future and recreate a smoothly functioning society and a happy and satisfied people.

"It will be an enormous job to clean up after the Social Democrats but the Conservative Party has qualified people at its disposal for any post you can think of," Ib Stetter added to applause.

An editorial committee presented Palle Simonsen's proposal for a new party program.

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BRIEFS

CONSERVATIVE CONGRESS BACKS PROGRAM--The Conservative Party's new party program, "A Future in Freedom," which gives a comprehensive description of the main lines of party policy, was almost unanimously approved by the party's national council yesterday at the party congress in Herning. Only three delegates voted against. After discussion of the many proposed amendments submitted the program is essentially identical with the draft worked out by the editorial committee. The section on eliminating joint taxation says "that married couples should be taxed separately on their own earned income and assets." A comment is added that there should be access to free choice in dividing up deductions that do not result from the acquisition of one's separate income. This addition was not backed by the editorial committee but was approved by a large majority of those voting at the national council. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 81 p 5] 6578

CONSERVATIVE CONGRESS ON SECURITY--The concluding debate at the Conservative national congress in Herning took on a very topical guise yesterday with several of the party's leading politicians taking the opportunity to comment on statements and decisions made at the Social Democratic congress being held at the same time in Aalborg. Thus the Social Democrats' decision to reject the stationing of nuclear weapons in Denmark under all conditions, in other words not just in peacetime but in wartime as well, was immediately taken up for review by the Conservative defense spokesman in Folketing, Palle Simonsen. "It is with regret that we must note a step backward in the security policy of the Social Democrats," said Palle Simonsen when the topic was brought up during the question-and-answer hour at the congress. "The new decision represents a considerable tightening in relation to what we have agreed on in the past. Therefore it was good that the Conservatives were part of the new defense arrangement for in consideration of our security and in consideration of our allies it is very important for us to hold the Social Democrats to the most responsible security policy possible." The concluding speech at the congress was delivered by newly-elected national chairman Poul Schluter who expressed pleasure in the encouraging Gallup poll figures for the party. But he warned against over-confidence on that basis. Good election figures are more important than good Gallup figures. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 81 p 5] 6578

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COALITION PARTY SECRETARIES AGREE ON PACT

Helsinki HELSINGIN SANOMAT in Finnish 21 Aug 81 p 11

[Article: "Work of Party Secretaries Reduced to Making of Report"]

[Text] On Thursday Prime Minister Mauno Koivisto (Social Democrat) received the recommendations of the party secretaries of the ruling parties on a continuation program for the government.

The party secretaries were unanimous with respect to the paper, but the group's leader, Prime Minister's Secretary Paavo Lipponen, pointed out that each party has its own interpretation of the intent of the paper and these interpretations will be discussed in time.

The party secretaries' paper was the subject of discussion at a meeting of the Prime Minister and the leaders of the ruling parties at the Prime Minister's summer residence in Kesaranta.

The paper was received with approval by the party leaders even though SKDL [Finnish Peoples Democratic League] Chairman Kalevi Kivisto did complain that it does not contain sufficient individual goals. According to the interpretation of the SKDL the party secretaries' paper represents a minimum level of joint understanding.

According to Lipponen the ruling parites have an opportunity to discuss the work of the party secretaries in their own organs and it will receive final approval in the beginning of September after the government's budget negotiations.

The party secretaries also decided that the ruling parites will get together once a year to verify the accomplishment of the government program.

Many Reports

The party secretaries of the four ruling parties, the SDP, Center Party, SKDL, and the Swedish People's Party, over the summer put together a 10-page memorandum, in which the party secretaries have reached agreement on the necessity of various reports.

The party secretaries group, which worked under the direction of the Prime Minister's secretary, did not take a stand on questions which concern the state budget

for next year although statements of hope were expressed with respect to development aid and science funding.

The purpose of the party secretaries was to discuss points that have not been accomplished by the government program as well as certain other issues which can be considered as belonging within the framework of the government program.

The party secretaries emphasize that the most important task of government policy continues to be the reduction of unemployment, an issue in which a general economic policy is decisive.

According to the paper the experiment with social guarantees for youth should be continued until the end of next year in order to reduce unemployment among youth. Also the familiarization- and training agreement arrangement taking place in enterprises should be developed and expanded.

The party secretaries want to continue the reduction of the eligibility age limit for unemployment pensions so that in 1982 a pension can be granted to those who are 55 years old.

In order to facilitate the return of emigrants, the party secretaries are demanding that the government define a policy of action concerning emigration, which will also contain stands on the territorial effects of labor force needs in northern Norway.

The party secretaries are also prepared to improve employment opportunities in the public sector. Such service areas in local governments are housework, children's day care, vacation replacement work on farms, and environmental maintenance.

According to Lipponen's group a work group of economic experts from the ruling parties should be established for reforming the tax policy after the budget negotiations have been concluded. For example, the group is ready to eliminate the requirement that pensioners must fill out a tax declaration. In addition to this, the group would like to simplify and clarify corporate taxation.

In agricultural policy the party secretaries want an immediate clarification of how to reduce the responsibility of small landholders for marketing expenditures. Also it is demanded that the government act to prevent the establishment of excessively large production units.

In the opinion of the party secretaries the government should put forth a proposal by which the price level and marketing of domestic fish would be guaranteed.

In family policy the party secretaries want to promote the issue of families with children and emphasize improved care opportunities for small children.

The party secretaries also did not forget the disabled, housing policy, unemployment security, pensioners, and basic education. They are demanding that the government present a proposal for new educational legislation, which will contain positions on the goals of education, the structure of education, special education, and the internal administration of schools.

In the opinion of the party secretaries the funding of scientific research should be ensured in accordance with the program approved by the State Scientific Council.

The party secretaries say that in order to maintain and improve the level of information, special attention must be given to funds for basic research and college-level research opportunities.

Clarification of Constitution

The question of constitutional reform has long been a concern of the ruling parties. The party secretaries are proposing a work group, whose job would be to examine what opportunities exist on the basis of the reports made so far for partially reforming the constitution. The group will be appointed after the budget negotiations.

Another issue to be resolved is the question of an environmental ministry. The party secretaries propose that a report be made on the possibility of establishing a separate ministry.

The party secretaries are urging the government to approve the UN General Assembly resolution prohibiting discrimination against women.

According to the party secretaries development cooperation should be expanded in such a way that it would be possible to achieve a level which would correspond to 0.7 percent of the gross national product. Development aid is currently approxmately 0.26 percent of the gross national product.

The party secretaries also propose that the government clarify the extent of military weaponry being exported and the conditions for granting export licenses. The Social Democrats demanded a prohibition on arms exports at their party congress, but the party's ministers in the government have approved licenses for exporting arms.

Strong Language on Area Policy

The party secretaries' report is rather general, but in many points it contains specific language. For example, the following is said about area policy: "Devopment measures for sparcely populated areas must be expanded and made more effective. The goals of territorial legislation, the raising of income levels in areas with the lowest incomes, the availability of the most important services, the improvement of conditions for production activities, and the securing of equal population development will be emphasized in the development of sparcely populated areas. Housing construction should be managed in such a way that it will support the livability of the rural community."

"The conditions created by the archipelago law in the improvement of living conditions in island areas will also be improved."

"Problems connected with the development of urban type communities must be clarified. Thus special attention should be given to improving the living environment, developing traffic safety. reducing various environmental hazards, and securing the availability of services."

In addition to the Prime Minister's secretary, Paavo Lipponen, the party secretaries group included the SDP's Erkki Liikanen, the Center Party's Seppo Kaariainen, the SKDL's Jorma Hentila, and the Swedish People's Party's Peter Stenlund.

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PAPER SAYS PARTY SECRETARIES' PACT BODES WELL FOR CABINET

Helsinki HELSINGIN SANOMAT in Finnish 22 Aug 81 p 2

[Editorial: "List of Goals for Governmenc Program Indicates a Desire to Continue"]

[Text] In May 1979 Mauno Koivisto's government was presented with a program, which would normally have provided sufficient work for it since the average age of our governments is 1 year. But his government has turned out to be tenacious. During its 27 months it has nearly exhausted its program, consumed its provisions, as party leader Kalevi Sorsa described the matter already last December. And since the Prime Minister recently estimated that his government will continue into the next parliamentary elections, it is in need of additional instructions.

On the basis of last spring's mandate the party secretaries of the ruling parties have completed their work. The result is a relatively long but thin document, which does not contain very much new. It is a well-rounded list of goals with respect to certain generally discussed issues, of which a portion is contained in the original program if written differently. Another portion, on the other hand, housing and employment security, for example, is written in the income policy agreement.

It is appropriate that "the improvement of employment and restraints on inflation" are at the top of the list. These are goals, in which the measures to achieve them, to a certain degree, always tend to conflict with one another, but this is a problem with which the governments of all industrialized countries must deal. The problem is to find means with which these goals can be accomplished without making others suffer. Everyone has unfinished work, but the central questions are whether it is worthwhile and how it will be funded without accelarating inflation. To these questions the party secretaries have not succeeded in finding an answer.

But, for example, the recommendation to help youth in the procurement of jobs is in principle good even though it is quite general. If a reduction in the direct labor force expenditures of enterprises or even graduation with respect to the availability of labor are applied in it, it could, correctly, have a wider effect. Indeed, the recommendation only concerns a clarification of the issue and even if accomplished, it alone will not eliminate unemployment among youth.

On the other hand, one point in the recommendation, an enlarged public sector to increase employment, cannot without any further consideration be a reasonable and

productive employment policy. To be sure, many of the activities of local governments, such as social and health care, in some places suffer from a real shortage of labor. But this is primarily a question of money and positions are generally created by tax funds.

The proposals of the party secretaries to establish work groups or committees for specific reports are in some respects interesting. These issues include, among other things, reform and simplification of the tax on the physical individual and enterprises, in which it seems that no progress is being made, the establishment of an environmental ministry, and the transfer of decisionmaking power and duties from the central administration downward.

The list of goals also includes, naturally, constitutional reform. But this time there is no attempt to bite off too much as in the last decade when the attempt sunk of its own weight. Now they are recommending only partial reform and, above all, a clarification of conditions for it.

An outright welcome issue is the positive position of the party secretaries on the development of scientific research "in accordance with the growth program for increased resources approved by the State Scientific Council". This is also a timely budgetary question, on which the government must take a stand in the near future.

The party secretaries seem to have avoided any new thinking and an agreement on significant reforms in general in the government program. This slim result is apparently, above all, affected by the Center Party's lack of enthusiasm for a long-term propping up of the Koivisto government.

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AALTO URGES GREATER COOPERATION BETWEEN CP, SDP

Helsinki HELSINGIN SANOMAT in Finnish 21 Aug 81 p 11

[Article: "Finnish Communist Party Woos Social Democrats in Presidential Elections']

[Text] Finnish Communist Party (SKP) First Secretary Arvo Aalto is proposing negotiations among the leftwing parties on common goals and on a possible joint presidential candidate.

In an article published in KOMMUNISTI and KANSAN UUTISET Aalto hopes that the negotiations "will result in a binding agreement on policy which would ensure that the leftwing will be on the same side in the selection of a president after U. K. Kekkonen".

On Thursday First Secretary Aalto emphasized that the primary goal should be a common policy, on which an agreement would also facilitate the finding of a joint presidential candidate.

"I had such an idea in the background that we should be able to accomplish a binding outline on the general directions of a joint policy. This would be necessary not just for the presidential elections, but also for the parliamentary elections in 1983," stated Aalto.

Aalto declined to talk about the name of a presidential candidate. "I have consciously wanted to present the question and discussion in the opposite way. If a common policy can be found, the question of an individual will then be much easier".

Koivisto Is Not Acceptable

First Secretary Aalto avoids the question as to whether the SKP is ready to support the Social Democrats' probable presidential candidate, Prime Minister Mauno Koivisto.

The answer, however, indicates that Koivisto is not acceptable to the Communists. "Inasmuch as there is a desire to be on the same side, the policy direction to be taken must be quite different from the current cooperative situation."

Could the Communists support SDP Chairman Kalevi Sorsa?

"I have consciously placed the question of nomination in a situation in which a discussion would be easier."

In addition to the presidential quesiton, Aalto mentions a couple of other cooperative issues in his article, the prevention of increased expenditures for the army and the protection of state majority controlled companies in the expansion of their activities.

In addition to this, Aalto hopes that the joint government of the left and the center would increase its initiatives in international questions on behalf of detente, disarmament, and peace.

Liikanen: Now Is Not the Time to Talk About the President

SDP Secretary Erkki Liikanen does not have anything against the negotiations being proposed by Aalto. "It is always good to get together from time to time and discuss issues, and this is what has happened."

In Liikanen's opinion differences have primarliy concerned the fact whether there should be an agreement on a binding program or on separate issues. Our position has been that we should agree on each cooperative issue separately.

Liikanen does not consent to conjecture on the possibility of finding a joint presidential candidate for the leftwing. According to him the SDP does not want to put the presidential discussion into motion during this phase since its time has not yet come.

It is clear that each party is striving to obtain the broadest possible support for its own candidate, points out Party Secretary Liikanen.

10576
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WEAKNESSES IN PASOK PLATFORM REPORTED

Athens ELEVTHEROTYPIA in Greek 27 Jul 81 p 4

[Article by Potis Paraskevopoulos]

[Text] In its journey on the way to gaining power, PASOK has revealed also the "Achilles' heel" of its policy: This is its foreign policy generally and its positions vis-a-vis the EEC, NATO, and Greek-American relations in particular. This is apparent also from the fact that the criticism which is leveled against it from those on the Left and the polemics which are hurled by those on the Right have been essentially limited to its foreign policy.

In connection with issues of PASOK's domestic policy, especially as these have been particularized in its platform and in the resolutions of the "financial brains" at the Kerkyra conference, the criticism of the traditional Left bypasses these issues and the polemics of the Right confront them with the now blank shots of its "anti-social mania," which do not even have the force of its fire against the "social mania" of its former minister of coordination, Pan. Papaligouras. This indicates that PASOK's economic and social platform is almost sure of general acceptance. And this is very significant, because it constitutes the sole guarantee that these domestic changes--which are so necessary for Greek society today--can be realized consistently and without a serious social upheaval.

The leadership of the Right, discouraged at present by the concrete social and economic platform of PASOK, is concentrating its fire on PASOK's foreign policy. It is the only thing left to it in its effort to "spread alarmism" and to awaken "anxieties" at home and abroad. But in this sector as well the leadership of the Right has been unlucky. Its polemics are contradictory, and for this reason they prove to be ineffective. Its extreme-right wing portrays the foreign policy of PASOK as being dangerous for Greece's alliances with the West and for "Third-world relations."

It cites PASOK's proclamations of principles and ignores its specific political stands on all issues of national and foreign policy. On the other hand, the moderate wing of the leadership of the Right cites the political positions of PASOK on specific issues of foreign policy in order to show that PASOK has done an about-face and has vindicated its own foreign policy.

The extreme-right wing speaks in an alarmist fashion and the moderate wing tries to be irritating, with the secret hope that PASOK will abandon its specific political stands and will return to its proclaimed theoretical principles, at which time the propaganda of alarmism will be fueled.

It is here that the danger exists for the leadership of PASOK: To retreat from the political stands it would take as a future government--a government which must handle responsibly the country's foreign relations in a given international and European reality--and to return to theoretical proclamations and principles of a party of protest and pressure. And this danger becomes greater when one considers that criticism and pressure from the parties of the communist Left are also aimed at PASOK's political positions on the issues of foreign policy. And the leadership of PASOK appears--and properly so--to be more sensitive to the criticism which is leveled by the camp of the present-day opposition.

In their legitimate effort to emerge from the coming electoral struggle in a strengthened position, the parties of the communist Left are directing this criticism of theirs against PASOK's foreign policy. They--and especially the KKE--are criticizing the PASOK leadership for inconsistency and backing down from its initial proclamations made in 1974. The truth is that PASOK's political stands on the issues of the country's foreign policy are different today from its founding proclamations. And the effort by the leadership of PASOK to respond to these criticisms by differentiating between strategic objectives and tactical objectives is not sufficiently persuasive, no matter how sincere it is.

The PASOK of 1981 is not the PASOK of 1974. It is inspired by the same socialist ideals as those of its founding proclamations--this is reflected already in its platform of economic and social change--but it is free of its "childhood" illnesses. From a protest movement, it has become a party of the masses. For this reason also it has matured politically. And as a party becomes a mass movement, it becomes more and more undogmatic and mature. It comes into more extensive contact with the objective reality which is expressed by the will of the overwhelming majority of a people, and not by the attitudes of a very small minority.

This happened also with the PASOK of 1981. It is not a question of ideological inconsistency, but of political maturity and more contact with objective reality. As for the communist Left, which today cites inconsistency on the part of PASOK, I remind it that its own "political inconsistencies" appeared when, from a party getting 10 percent, it became a mass party commanding 25 percent of the votes in 1952, and with that its assessments came nearer to the requirements of objective reality. This happened also with the PASOK of 1981, however much its leadership seems not to understand this and to sometimes have an apologetic attitude towards these criticisms. And moreover, I will remind the orthodox communists of the "political inconsistencies" of Lenin whenever he found himself confronted with new realities.

The problem which is of concern is whether PASOK's present positions on the issues of foreign policy are correct or not. And above all, whether this foreign policy of PASOK hinders or facilitates the realization of the domestic economic and social changes which are proclaimed in its program and which are a vital necessity for the country.

To stick close to home--from its participation in the government, the French Communist Party does not seem to have any doubts about the possibility of socialist changes taking place in France along with the given foreign policy of Mitterrand. The same thing is true also of the Italian Communist Party, which does not make the domestic changes which should be made in Italy dependent on the changing also of its foreign policy.

And one more substantive aspect. Is it the case that PASOK's foreign policy means a betrayal of the country's national independence? Nobody denies that our participation in NATO and the establishment of American bases on our soil is a dependence which strikes at the national independence of our country. But it is not easy for a country to overturn a historically shaped reality as a member of the European camp, when this reality is sanctioned--not to say guaranteed--by the two superpowers.

The question is whether, within this given reality, the foreign policy of PASOK promotes the cause of national independence for the country. And it is here that the parties of the communist Left must examine their responsibilities. The foreign policy which should be followed by the forces of change is the "Achilles' heel" of Change, and not only of PASOK. It is a "weak point" which is vulnerable to the criticism of those on the Left, but it can also prove to be mortally dangerous for Change itself, if this criticism leads to a disturbance of the sensitive balances which, it seems to every fair-minded person, the present foreign policy of the PASOK leadership is striving to achieve and to maintain.

12114
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BOOK EXAMINES 'CONSERVATIVE WAVE' PHENOMENON

Oslo ARBEIDERBLADET in Norwegian 31 Aug, 1 Sep 81

[Article by political scientists Tor Bjorklund and Bernt Hagtvet]

[31 Aug 81 p 12]

> [Text] The two political scientists Tor Bjorklund and Bernt Hagtvet will deal with the controversial conservative wave in Norwegian politics in two articles. The articles are written against the background of an anthology edited by the two men, "The Conservative Wave--Change of an Era in Norwegian Politics?" which is being published at this time by Aschoug. The second article will appear tomorrow.

Earlier in this century Arne Garborg, Jaere resident and European, said: "Conservatives are like men who only half belong to the place they live, judging by public officials--or former big farm owners who have come so high up in the world that they have become cut off from ordinary people."

This statement contains the key to the conservative wave.

The battlements that used to hem in the Conservative sphere of influence in Norway--the working class and the countercultures in the southern and western parts of the country--are now crumbling away. In the past voting for the Conservatives was a difficult transition for large groups of people in our country. Garborg was not just describing a social distance between the common people and the Conservatives but a cultural and geographic one as well. Right up to the mid-1970's belonging to the Conservative Party was regarded as something strange by many people, especially in the rural districts in Sorland and Vestland. The new Conservative breakthrough in these areas is something historically new and important. It is true that the party's channels to the periphery have never been closed off entirely--for example the Conservative Party has historically had important outlets in Nordland and Hedemark--but what is new is the force and breadth of the party's new recruiting ground.

From Standstill to Movement

From 1945 to 1969 the picture given by Norwegian election statistics was characterized by stability, almost stagnation. The relationship among the three main blocs, the socialist parties, the center parties and the Conservatives, remained fairly constant. This standstill is noteworthy when one thinks of the deep social changes that occurred in that period.

The conservative wave really got started in the middle of the 1970's. Halfway through 1978 the party broke the 30 percent limit and in current opinion polls the party swings up and down above the 30 percent mark. Where did they come from, these new Conservative voters?

The 100,000 Labor voters

It turns out that almost all parties have lost voters to the Conservatives but most of them come from the Labor Party. An estimate is that almost 100,000 Labor Party voters have gone over to the Conservatives for varying periods of time since the 1977 election. This has added a new element to the political landscape, the direct transition from Labor to Conservative. On the leadership level the two parties appear as irreconcilable opponents. Further down in the ranks voters cross the barriers without difficulty.

Along with the voters the Conservatives attract from other parties there is a bonus from those who didn't vote in previous elections. About 40 percent of these new voters will now vote for the Conservatives. Even more noteworthy is the high degree of party loyalty among those who voted for the Conservatives in 1977--90 percent of them remain faithful to the party today. No other Norwegian party can show such loyalty among its own electorate. Finding a clear pattern among the relatively small number who leave the party is difficult.

Conservative Social and Geographic Impact Area

A unique characteristic of the conservative wave is that it has an impact on all social groups and almost all communities. Especially noteworthy is the erosion of the contrasts between the working class and the bourgeoisie. From 1949 to 1973 the percentage of workers voting for the Conservative Party swung between 4 and 6 percent. Toward the end of the 1970's 20 percent of the workers indicated a preference for the Conservatives. The party that was historically the opposite pole to the labor movement has become the second largest "workers' party" and is thus assuming the position Glistrup has in Denmark.

The geological fulcrum of the Conservative Party has traditionally been in the cities and the region around Oslo Fjord. Today the Conservatives have extended their geographic area of impact from the cities and coastal and inland towns. The advance is most noticeable in Sorland and Vestland as well as in North Norway. To put it in a nutshell, in the north old Conservative land from the federation period is being plowed up and in the southwestern part of the country the party seems to have seized new territory--the Conservatives never had such a solid foothold in this area before.

The Conservative Party's new social impact area--the increased support among the workers--and its geographic extension into Sorland and Vestland indicate the erosion of the workers' culture and the counterculture built up around temperance, New Norwegian and the layman's movement. Traditionally these two cultures have been bound to their own party blocs: the workers' culture to the socialist parties and the counterculture to the center parties.

End of the Vestland Devil?

Few concepts say as much about social and geographic distance as Nils Kjaer's famous diatribe against the country people living west of the long mountain ridges. He called them Vestland devils. Dressed in dark clothes, sloshing in their rubber boots, their foreheads wreathed in blue herring smoke--and of course with broad skulls--that is what Nils Kjaer encountered in Finse around 1920, "less than two steps away. Aha, I thought. On his way to Storhinget. There he'll peer into the glasses of convivial people and spread his noncomformist atmosphere."

The idea is of direct importance in analyzing the conservative wave because the new Conservative gains are a sign that the country is being ironed out culturally. Norway is on the way toward a uniform election geography where support for the center parties in the southern and western parts of the country--the traditional resistance of these regions to being included in the two extreme parties, the Labor Party and the Conservative Party--will no longer be characteristic. Seen from the periphery the Conservative Party has long been identified as the party of jovial highball-drinking city people. There one found no opposition to alcohol--and religion was more a part of the established order of things, one pillar among others, than the basis of personal religious awakening. Your language had to be cultivated there, it was said.

Now these basic distinctions seem to have lost their old power. To quote Jens Arup Seip they are "fading away as dividing lines among parties." The lines that are being weakened are not insignificant ones. This cultural dimension was so identity-forming that in the years between the wars governments laid their existence on the line for its sake. That would be unthinkable now--with a westerner who speaks New Norwegian as the Conservative vice chairman. The Conservatives have gained entry to the countercultural circles. According to an MMI [Market and Media Institute] survey the Conservatives were actually the second largest party in 1980 among the New Norwegian people in Sorland and Vestland. Conservative support among temperance people who expressed a party preference rose from 7 to 17 percent from 1969 to 1970 in Sorland and Vestland. This did not happen because the party raised the banners of the counterculture. In part the gain should be seen in connection with the fact that support for the temperance movement, New Norwegian and lay Christianity has been declining--these front lines have also cooled somewhat compared to the prewar period. The Conservative Party is no longer located so unequivocally at one extreme of politics. Therefore the meshes in its voting net have become wider--and can catch more people.

Workers' Culture Drained

Within the working class the worker community has lost much of its identity-forming capacity. Studies from several countries suggest that the "prosperous worker" regards "work" as a place where he can obtain the means to enjoy his real life--in the private sector. The absorption with home, family, living standard and leisure-time consumption, the children's education and occupational opportunities gives the Conservative Party a new chance with its emphasis on the private aspect.

There are also other reasons why the workers' culture is being drained. The growth of the consumer society is one hypothesis. Because everyone is better off the traditional divisions seem old-fashioned. It has been claimed that workers vote for nonsocialist parties in order to proclaim their new status: a new identity goes along with increased income and a more middle-class life style. Others maintain that the increased upward mobility drained the workers' culture of its party-preserving ability--this mobility gave a hope that worker status might be just a station along the way, not the end of the line. This also caused the ground to fall away from beneath the traditional working-class solidarity appeal. The welfare state subsidies also replaced what had been the most important task of that solidarity, help and cooperation in times of need. The safety net was there in any case.

All in all this gives a picture of what has been called "industrimental" workers, isolated workers with less sense of solidarity. There is an irony here: eventually as the working class gains access to what used to be the privileges of those who were well-off--property, one's own car, a summer house, etc.--the need for regulations increases. These regulations can easily irritate those who are affected by them but they were made necessary by the development of prosperity. Thus material progress encouraged the conservative wave in two ways. By reducing class distinctions it lowered the response to the special appeal of the Labor Party. And in addition it opened up for increased receptiveness to appeals like "for you, not the guardian state."

In brief this is what might be called the social and cultural explanation for the conservative wave. But there are others. In the next article we will outline five other explanations: 1. The conservative wave is an opposition wave created by the economic problems. 2. The generation shift explanation (the importance of conditions during upbringing in understanding why the Conservatives have done such a good recruiting job in the postwar generations). 3. The party explanation (the Conservative leadership, the stress on expanding the party apparatus and the diffuse ideology with a broad impact area). 4. The political ideology explanation--a change in mood. 5. Random factors in politics.

[1 Sep 81 p 12]

[Text] About 1100 years after Harald Harfagre unified Norway geographically the country is about to become unified into a nation--this time culturally. Ties to the workers' culture or the so-called countercultures no longer determine people's

political choices. We have all become more similar while at the same time the electorate has become more mobile. It is in this light we must view the conservative wave.

The Norwegian Conservative wave raises the question of whether people's economic and social background is as important to their voting habits as it used to be. Election researchers have long been occupied with the tendency toward relaxing the bonds between occupation and voting record. We can illustrate this idea with an example from Denmark. In December 1973 Glistrup gathered 16 percent of the Danish votes and his party became the second largest one in Denmark. Glistrup was proclaimed by some the spokesman for the protest from the urban lower middle class. But opinion polls show that more than any other Danish party Glistrup's Progressive Party comes close to being an average of the Danish population. The point is that Glistrup's electorate cuts across social divisions. Tax revolt and anti-bureaucracy have a broad social appeal. The Danish Progressive Party illustrates an important discovery: a loosening of the ties between social background and choice of political party. One can then ask about the origin of this new emancipation from social structures.

All More Alike

We have talked about the demise of the Vestland devil and the erosion of the workers' culture. The country is being unified into one nation--culturally. One of the reasons for this is that we are all equally exposed to the same cultural stimuli, among other things through the mass media, television especially. People go to the same schools, many have moved to urban areas and have thus left their local cultures behind. We have all become more alike. To use a well-known expression, it is not enough to know where you come from to predict how you will vote. It is just as important to know where you think you are going. And the goal is a moving target, fluid and capable of being influenced, probably even more today in our media-distorted society than it was 20 years ago. The electorate has also become more mobile--an easier prey to a political gust of wind or a change in mood. From this angle one can regard the conservative wave as an opposition wave.

Opposition Wave--Regardless of Party

The conservative wave can be seen as an expression of wear and tear. Now it is the Labor Party that is being hit here, in France it was Giscard. Any government will wear out when it has power, especially in periods of economic decline with cutbacks and restrictions. Opposition can affect anyone regardless of political color or degree of restraint. We can have a liberal, a conservative or a center wave. There is much to indicate that this economic explanation must be assigned great weight in explaining the conservative wave.

Generation Explanation

The French politician Clemenceau once said something that has become a bit of an aphorism in politics: "Anyone who is not a radical in his youth has no heart, anyone who is not a conservative in his old age has no brains."

The conservative wave also invites new reflection on that point. Opinion polls do not support establishing eternal traits for young and old voters. The central question is what historical events and experiences the various generations have been exposed to in their impressionable early years.

The children of the welfare state--the so-called dessert generation--were affected in their childhood by a prosperous society. The Conservatives have their best voter support in this dessert generation. The Labor Party on the other hand has most support from those born between 1905 and 1924: the depression generation. It is the postwar generation that grew up under the prosperity of the Labor Party that has been most apt to turn its back to the Labor Party and many have turned to the Conservatives.

However this is not a complete picture. There are namely two value systems that have aroused a response from the postwar generation. Let us call them (a) the green values and (b) the individualistic/liberal values. Young voters have rejected parties that came in the position of defending economic growth. It is this voter trend that characterized the mass media in the 1970's. But the political orientation of young people has assumed two forms, the green and the private economic. Ignored and forgotten is the support the Conservatives have gained from the postwar generation. And long before the conservative wave gained speed starting in the mid-1970's the Conservatives were recruiting people from the group born during and after the war.

Party Explanation

Political success is in part based on deliberate work, the formation of alliances, the capability of the leadership and propaganda. Along these lines the Conservative Party stands out as unusually capable. And it has also had a sizable amount of luck.

The first element in this party explanation is the party leadership. The "almost monolithic leadership," it has been called with a unique ability to present itself as unified to the outside world. At least the internal conflict that must be present does not appear in public. This sobriety in the inner chambers has obviously helped to give the party an image of unity and credibility.

The Conservative political message spans a broad field. It includes both the vulgar rhetoric that can easily be mistaken for boorishness and the polished words of eloquence. The Conservatives attract a diffuse protest. The party profits from some of the same attitudes as Glistrup does: the dilemmas of the welfare state, regulations based on what is sensible for the collective society, tax burdens, etc.

Conservative membership and organization increased dramatically in the 1970's. From 1974 to 1980 membership figures rose 70 percent. The number of towns without Conservative societies was reduced from 66 in 1975 to 5 today. This purposeful effort has produced results. There is much to indicate that the conservative wave followed in the wake of the construction of the party's organizational apparatus.

Ideological and Political Explanation

A more ideological and political explanation for the conservative wave can be put forth. In reality the Conservatives have simply articulated the wishes of the majority, this theory goes. After society became so secure to live in it lost its moral superiority in a manner of speaking to other parties. Now the time has come for a different distribution of the wealth, it goes on. The Labor Party was good to have in the postwar period when guidance and planning were important for the goals the reconstruction work made obvious.

In addition the left lost its vital ideological upper hand in international affairs. After Amin and Pol Pot even one-dimensional capitalism seemed a better alternative in the West.

Ridicule as a Political Tool

Old Norwegian skepticism regarding central authority is now being turned against the Labor Party and what the German right called "Zwangsbegluekung" (compulsory gratification under state auspices) in the 1980 election. In addition several of these efforts to make people happy were either poorly prepared in the party organization (the criminal report) or implemented with insufficient knowledge of the consequences (the Job Environment Act). Seen in isolation it is easy to ridicule important reform measures.

The power explanation says that the strongly-organized associations have gained increased influence at the expense of the parties. Is the attention being given to the conservative wave--and thus to the main actors in Norwegian politics--fundamentally a derailment, obscuring the true power play going on in Norway? A power play in which the organizations are the most important factor?

Parties Go Under, Organizations Remain

If people do see interest organizations as the real political arena, the interesting question arises as to whether a new type of strategic reasonins has developed in the people. Take for example the noticeable movement of farmers in the direction of the Conservatives. The traditional political arm of the farmers, the Center Party, has been weakened. But if one arm has been weakened the other--the farm organizations--still works perfectly. Therefore voting for the Conservative Party involves no risk to the pocketbook, farm interests are still being taken care of by the farm organizations.

Random Factors in Politics

One last explanation might be the chance factors that are always part of the course of history. In two nationwide popular referendums the Conservatives lost: in the prohibition vote in 1919 and in the EC vote in 1972. But in the long run the party gained from these two defeats. The battle over banning alcohol more than half a century ago and the battle over EC 9 years ago both had effects on party conditions, effects that in different ways contributed to laying the proper

groundwork for the Conservative breakthrough that started in the mid-1970's: the prohibition advocates won the 1919 referendum with the support of the Liberals, the Labor Party and a divided Farmers' Party. As a result of prohibition the fishermen in the north were unable to sell their fish. Farmers in distillery towns, in Hedemark and elsewhere, felt their business interests threatened. In that situation the Conservative Party stood out as an alternative. To be sure prohibition was repealed in 1926 and Conservative voter support in parts of primary industries economically affected by this issue dropped sharply. But the support never disappeared altogether and constituted the Conservatives' small but never entirely blocked channels to the periphery. The Conservative chairman from 1954 to 1962, Alv Kjos, came from the old distillery town of Loten. And Erling Norvik can be regarded as a representative of the peripheral Conservatives in North Norway.

In the same way, the conflict over Norwegian EC membership split the Liberals in two and left a vacuum now filled by the Conservatives, especially in Sorland and Vestland, the old Liberal core districts.

And the EC struggle set off a general process of disengagement that created an atmosphere of partisan dissolution, making it easier to cross party lines. The Conservative Party raked in most of the gains coming from these processes--in spite of the fact that the preliminaries went clearly against the party. That is one of the many ironic features of the conservative wave. It will hardly be the last one.

6578
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GUERRILLAS, PACIFISTS CELEBRATE LARZAC HALT; RESIDENTS WORRY

International Peace Movement

Paris LE MATIN in French 24 Aug 81 p 13

[Article by Jean Darriulat: "Larzac: Indians, Japanese, Aveyronese Meet for Peace;" passages enclosed in slantlines printed in italics]

> [Text] Delegations from around the world met for a week in southern France. The subject: a rejection of the planet's militarization. Several thousand people, sympathizers of the Larzac Committees and mere tourists, participated yesterday on the causse in southern France in the festival of friendship which ended the first of the International Peace Meetings held last week at the Pinel estate, one of the old bastions held by the army until last June. Some of these meetings drew a thousand participants including numerous foreign delegations. Among the latter were some 50 peasants from Sanrizuka, the small Japanese village near Narita, the site of Tokyo's future international airport, where a relentless struggle has been waged for 15 years between the government and opponents of the airport.

A Japanese man ceremoniously approached delegates from Ireland and El Salvador. He crowned them with a white headband with red letters in Japanese and French: "Narita-Larzac Solidarity." Word had just come of the death of Mickey Devine, the tenth Martyr in the Irish tragedy. Some tears filled the eyes of these hardened peasant faces, both those from Larzac and those from Sanrizuka. And soon dozens of white headbands appeared on the blond and brown tresses of summer. Of this first summer of freedom in 10 years on the causse of southern France.

By all accounts from the participants in these first international movements for peace, this was the most touching moment. Because it was doubtless the most unexpected for the thousand participants who met last week on the Larzac to discuss and reflect on the problem of peace from three principal focuses: the arms race, hunger in the world, and the attacks on freedom and democracy.

No less than 75 debates, round tables, meetings, films, and speeches had been prepared. They went on all week in some 30 different locations, amongst the shaded enclosures of the rustic, idyllic site of the Pinel estate, transformed in a week's time into a sort of general headquarters for this marketplace of ecological, pacifistic, antimilitaristic, and revolutionary struggles from around the world.

"How to bring about the gradual reconversion of arms factories and what are the political and economic preconditions?", "Development and agrarian reform in Nicaragua," "The abstentionist movement and the elections in Guadeloupe," "The pro-alcohol plan in Brazil"... As one can see, among the various subjects presented somewhat in the manner of undergraduate paper topics there was almost too much to choose from.

Among the foreign delegations were Indians from the American Indian Movement, who had planted their tepee not far from there, Austrian highlanders, opponents of the expansion of Frankfurt airport, Salvadoran and other guerrillas, representatives of POLISARIO, Indians from Guatemala, Peru, etc. For lack of visas, the Polish representatives of rural Solidarity were absent. All this at times gave this colorful site some of the atmospherics of the /Huma/ L'HUMANITE festival... but a more tolerant one. Since, also, one found side by side Afghans living in France and Iranians from Peykar.

"One had the impression of spending a few days in paradise," said the always lyrical Pierre Bunguiere, the leader of the Larzac movement. Marysette Tarlier, a Christian militant and the wife of one of the Larzac leaders, expressed it this way: "Since the victory of 10 May and the dropping of plans to expand the camp, there has been a lot of talk on the Larzac about agricultural programs and getting young farmers established. This is good and necessary. But I would have been bitterly disappointed if it were just confined to the field of agriculture. We must remain vigilant with respect to another motivation of our fight, the struggle against the arms race and the militarization of the world."

Happy to have been there this week, with the weather peaceful and almost unseasonably sunny, the peasants of the Larzac and their friends from around the world agreed to meet next year at the foot of Machu Picchu (Peru) and the following year at Narita... And then, as tradition dictates, they met yesterday, Sunday, at the rajal del Guorp (the Corbeaux pass) for a great festival with the smoke from charcoal braziers and the music of folk groups wafting through the air.

But once this beautiful picture-book has been closed, there still remains a question which was on the mind of everyone here but which no one asked: who will bring it to life? What politician is going to use these ideas here to build the future? Despite the change of 10 May, not one of them came to the Larzac this week.

Peace Movement Statement

Paris LE MATIN in French 24 Aug 81 p 1

[Article: "The Larzac Appeal"]

> [Text] The participants in the international peace meetings in Larzac have adopted a statement dubbed "the Larzac appeal" from which we are publishing the most important passages. Jean Darriulat's account can be read on page 13.

The summer of 1981 is a time of dramatic resurgence in the arms race, because of President Reagan's decision to produce the neutron bomb, as well as the pursuit of

plans to deploy new nuclear weapons in Europe. The utilization of these arms systems (cruise missiles and Pershing-2's) would reduce all of Europe to ashes, killing millions of human beings directly and condemning most of the others to a lingering death....

In several Western European countries strong anti-war movements, and more particularly movements against the installation of new American arms, are emerging....

In France, the elections in May and June represented the people's hopes for a new policy on national defense and military alliances. The new government still has not broken with the orientation previously held by the old majority....

We call for the creation in France of a vast movement against...the proliferation of nuclear arms both in the East and in the West. The Larzac resistance resulted in halting the expansion of a military camp: the united resistance of the peoples of Europe should make it possible to halt the expansion of the nuclear peril.

Participant Croissant on Euromissiles

Paris LE MATIN in French 24 Aug 81 p 13

[Article: "Klaus Croissant: Against Euromissiles"]

> [Text] Among the participants from the German delegation to the international peace meetings on the Larzac was Klaus Croissant, the former attorney for the Red Army Faction (RAF), who was extradited from France to the Federal Republic of Germany (FRG) in 1977. Bitterly opposed to the "European judicial atmosphere," he is currently waging a new fight against the implantation of Euromissiles in his country and the threat which this NATO decision in his opinion poses to peace. It was for this reason he came to the Larzac. We talked with him.

[Question] Why are you, once the lawyer for the RAF, now waging this new fight against Euromissiles?

[Answer] My struggle falls within the West German anti-imperialist movement, against the "holocaust" military strategy of the United States. A strategy which in fact is being widely questioned in Germany, which is creating a number of problems for Chancellor Schmidt within his own country. A public opinion poll by SPIEGEL, which cannot be accused of being leftist, shows that 66 percent of German citizens are hostile to the implantation of Euromissiles (cruise missiles and Pershing-2's).

And in fact this is why Schmidt came to seek Francois Mitterrand's support almost as soon as the latter had moved into the Elysee. Unfortunately, he found what the French people should know -- that in case of a nuclear conflict in the European theater, even though the NATO decision of December 1979 to position Euromissiles in five European countries (Belgium, England, Netherlands, Italy, and West Germany) did not involve France, the latter would not be spared in such a conflict.

[Question] Why are you not campaigning against the implantation of the Soviet SS-20's?

[Answer] The appeal we have prepared on behalf of the Larzac peasants explicitly mentions the twofold threat to Europe posed, on the one hand, by the Pershing-2's and the cruise missiles, and on the other by the SS-20's.... But one must also denounce the American lying and blackmail regarding the implantation of Euromissiles, which they say are intended to "re-establish parity with the Soviet Union in European tactical weaponry."

In reality, that is only a pretext. The men in the Pentagon are manipulating the numbers, for such arms already exist in very large numbers, and particularly on German territory, but in reality it is real nuclear supremacy that is being sought. For, to my knowledge, there are no Soviet nuclear weapons in the world that can reach America's principal cities in less than five minutes.

If the Russians want to hit American territory, they must make do with intercontinental missiles which take 30 minutes to deliver the retaliatory blow. The implantation of cruise missiles and Pershing-2's thus introduces a real imbalance. It constitutes a real provocation for the USSR, comparable to the Cuban affair. It therefore represents a danger for Europe, a threat over which it does not even have control.

Economic Impact

Paris LE MONDE in French 16-17 Aug 81 p 10

[Article by Nicolas Beau: "The Free and Bitter Larzac;" passages enclosed in slantlines printed in italics]

> [Text] A "victory party" is being held Sunday 23 August by the peasants of the Larzac to celebrate the decision made by the new government not to expand the military camp. Before that, from 17-23 August, international peace meetings are to be held on the southern table-land, involving participants such as Klaus Croissant, Serge Livrozet, Jacques Bidalou, as well as representatives from the Polish trade union Rural Solidarity, Irish committees, the PSU [United Socialist Party], and the Anarchist Federation.
>
> The euphoria and initiative of the Larzac peasants, or at least most of them, contrasts with the bitterness of many of the inhabitants of South Aveyron, who over the years have quietly supported the army's side. The expansion of the camp represented in fact, for this destitute country, a not insignificant resource.

Millau--Will the history of Larzac be re-written? For 10 years now we have seen these resourceful and courageous peasants who were fighting, on behalf of the French opposition, against the arbitrary exercise of power. Were there still 103 of them, as in the first days of the struggle, or had their numbers been reduced by defections? Did they really express the will of all South Aveyron? It mattered little at the time, since what was at stake was one of the last symbols of a demobilized generation, since the army's supporters, who had history on their side, had the decency to keep quiet.

Now, following the decision not to expand the initial 3,000-hectare camp to 17,000 hectares, other voices on the causse are making themselves heard. We learn that the

army had already acquired 10,000 hectares, including 6,400 by private contract for prices as high as Fr 18,000 per hectare. We discover that at least 238 people, even including opponents of the camp, had agreed to sell their property. Above all, it is acknowledged that compromises were made with that army which certainly represented an economic windfall for this destitute region: "Virtues, according to La Rochefoucauld, disappear in self-interest like rivers into the sea," points out a Millau town councilman. Mr. Godfrain, an RPR [Rally for the Republic] deputy and supporter of the camp, actually improved his percentage of the votes in the main communes on the plateau, and won on the first round. "Here," says one CFDT [French Democratic Confederation of Labor] activist, "no one noticed 10 May."

Starting in 1979, work tied to the enlargement of the camp began, creating local jobs: some 30 state workers were recruited by the army: doubtless they will be transferred. Nearly 200 wage-earners from 35 local enterprises also worked for the new camp. Orders may even have increased in recent months, as opponents of the camp claim, in order to create "an irreversible situation." But Mr Godfrain's intervention, which not only brought the manufacture of police gloves to Millau but also got local industries army requisition orders, had born its fruit: contracts worth some 20 million [French francs] were to have been signed this fall, and another 30 million in early 1982.

The stopping of the project in some cases creates difficult situations: "I know," says Mr Bigard, a Millau public works contractor, "several colleagues who are being forced to lay people off." He himself had hoped that thanks to the army he would get "at least a year of steady work" but still hopes to get orders elsewhere. The merchants in the region will sorely miss the wages to be paid to the 6,000 soldiers in the Joint Engineering-Army Battalion (BMGL) coming with their families. The work left standing, which according to the defense ministry represents an investment of Fr 50 million, provides a measure of the work already accomplished: a 20-km railroad line abandoned 1,200 meters from the planned station; the earthwork on a 16-hectare heliport, and part of the 4-lane road that was to circle the camp; buildings, hangars, and canteens, built on a scale to accommodate 5,000 soldiers on maneuvers and another 1,000 on a permanent basis (compared to 150 at present). The defense ministry, however, is not presently permitting journalists to visit the Larzac camp.

No Missiles in the Camps

Finally, the local communities, say sources close to Mr Hernu, will no longer benefit from the considerable financial assistance which the army, out of the obligation to be a good neighbor, had promised! Vanished into thin air, too, is the incineration plant (costing close to Fr 5 million) half of which was to be financed by the army and which would have enabled Millau to be classified as a "tourist stop!" Also gone is the assistance that was to be given to the water purification plant and to the re-grouping of neighboring communes! Some are even wondering whether army bulldozers will continue to clear off the winter snow that accumulates on the plateau.

Mr Guy Tarlier, one of the principal leaders of the struggle against expansion of the camp, qualifies the economic effects of the expansion -- which he sees as very problematical -- in three ways. "First of all," he points out, "the freezing of 14,000 hectares would have reduced by 60 percent the productive capacity of the 83

landholdings affected by the expropriation." * Possibilities for tourist trade development, he says, would have been fettered by the presence of an army that at any time could always send "missiles into the camp" or "short hairs into the swimming pool." "Some tourists," he maintains, "would not come back." Finally, he says, the artificial market conditions created by the expansion of the camp would only have been temporary: "Tomorrow, Larzac would once again become a field exercise camp, with transient regiments needing no outside supplies, while now the establishment of 13 new farmers on the land left free will benefit the entire country."

The decision to abandon the expansion of the camp has nevertheless created bitterness in the region. For example, La Cavalerie, the main community on the plateau, was fully prepared to become a "garrison village." It has been an appendix of the camp since 1901, when it was established. La Cavalerie, like Perette, dreamed of a better future: its sons would be workers in the camp, its daughters would marry the officers who sometimes bought a house in the country while on maneuvers. The restaurant-owners had already enlarged their dining halls to accommodate the military engineers in the evenings: now, the traffic is slipping away, and patronage is steadily declining. "The village has taken off since 1979," says its mayor, Jean Andrisu (who does not stand on ceremony), whose painting company does 30 percent of its business with the army. "It was the expansion of the camp, and that alone, which explained the recent creation of a pharmacy and a driving school in this village of 1,000 inhabitants."

Most of La Cavalerie's farmers, moreover, have sold land to the army. Mr Py, who, thanks to the sale of 150 hectares, has built a big million-franc house and lives by his own account "five times better than before," is "scandalized" by the decision not to expand. "The army means life for us," he wrote, along with a dozen others, in a letter to the president of the republic...Another signatory, a simple landholder, evokes the memory of 1940 and the danger of an inadequate defense... Germany and Russia," he says, "could swoop down on us..."

Millau, more discreetly, is settling its accounts. The mayor, Mr Diaz (Radical), is writing the minister of defense, calling on him to honor the promises of his predecessors and, among other things, to give to Millau the contracts for military clothing that would make it possible to set up a factory employing 100 workers. Without judging the situation disastrous, it is regretted--even among circles opposed to the camp--that it was not possible to negotiate a "compromise solution." Several dozen merchants, including the president of the Millau merchants' guild, went so far as to sign a petition deploring the government's decision, which however has resulted only in one closing: that of a sex-shop whose fate was tied to the large maneuvers to come...The more nostalgic speak of the former army colonel who was a championship ping-pong player, or the army's financial assistance for the public swimming pool.

Beyond the question of expanding the camp, however, there is serious concern about the region's economic future. Some people, even on Millau's Larzac committee, feel

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*Eighty-three holdings, including 7 begun after the declaration of eminent domain, would have been affected by the creation of a 17,000-hectare camp, according to figures from the department's board of agriculture and the chamber of agriculture. Twelve would have been entirely eliminated, 24 seriously affected, 48 partially affected.

themselves strangely alienated today from those "international peace meetings" which are being held 17-25 August on the plateau. "The country has been hit by economic disaster," explains Guy Durand. "Larzac, one must recall, was first of all the claim of a region whose plans had been blocked by expansion of the camp."

So the temptation is great to blame all the present economic problems on opponents of the camp. This step was easily taken by officials of the Independent Association for Thought and Action, just recently created, whose first and only communique to now has been to regret the departure of the soldiers. Its secretary, Mr Cadillac, a wholesaler of dairy products and a town councillor, denounces "the considerable prejudice" against the region caused by the intellectuals of Larzac, who according to him are responsible for "Millau's poor image with industry." He also denounces the "egalitarianism and current indoctrination," "the bearded, the moustachioed, and the cuckolded," and, above all, those "intrisous," "those dogmatic, sectarian pedagogues" who in his opinion are the source of all ills. It is also true that Mr Cadillac's four children have had to leave the country to find work.

The peasants of Larzac are organizing a victory party 23 August, a festival whose aftermath may be bitter for South Aveyron: the price of land on the Larzac plateau has already fallen substantially.

9516
CSO: 3100/939

BRITAIN DENIES CHARGE OF 'DEPORTING' CYPRIOTS

Nicosia CYPRUS MAIL in English 29 Aug 81 p 1

[Text] THERE has been no change in the conditions under which Cypriots are granted an extension of stay if they face genuine hardship were they obliged to return to Cyprus, a British High Commision official said in Nicosia yesterday.

He was commenting on reports that about 2,000 Cypriots of those who took refuge in the U.K. after the 1974 invasion are now facing deportation because the British government refuses to allow extensions.

«Each application for extension of stay is considered individually on its merits», the British High Commission said.

It has been estimated that between 10,000 and 15,000 Cypriots took refuge in the U.K. staying with relatives or otherwise, in the aftermath of the Turkish invasion. But most of them have either left on their own or after they did not have their permits for stay renewed and the number of those now facing «deportation» has come down to about 1,800.

It is understood that the Cyprus High Commission in London is closely following the case and that the Cyprus Foreign Ministry may make representations to the British High Commission in Nicosia to urge more flexibility in the matter.

The British view is that with the return of normal living conditions in the island and the progress of the rehousing schemes these people could be accommodated now.

However the argument of those people demanding extension of stay is that they lost their homes in the north and they cannot have any more access now than at the time they had left the island.

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END

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5 October 1981

WEST EUROPE REPORT

No. 1825

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NUCLEAR SUBMARINE'S CAPABILITIES, ARMAMENT DESCRIBED

Paris LE MONDE in French 1 Sep 81 p 11

[Article by Jaques Isnard: "Hernu to Attend Launching of Second Nuclear-Powered Attack Submarine"]

[Text] Defense Minister Charles Hernu is scheduled to be at the Cherbourg Navy Yard on Tuesday 1 September for the launching of the "Saphir," the second French nuclear-powered attack submarine (SNA) and fourth French submarine to bear that name. The "Saphir" is scheduled to join the fleet in 1984.

The first submarine of this class, the "Rubis," is currently undergoing the trials and is expected to be operational in a year.

Research and development work on this program began in 1973, and it was initially planned to name these submarines after French provinces. The first of its class had been christened "Provence," and the next two "Bretagne" and "Bourgogne." But the protests from navy veterans of Free France [World War II] led Joel Le Theule, then defense minister and now deceased, to redesignate the "Provence" as "Rubis," thus initiating a so-called precious-stone class. Hernu personally selected the name "Saphir."

These attack submarines will be organized into a unit based at Toulon and assigned to the Mediterranean Fleet.

A 900-Million Franc Compromise

In referring to this type of vessel which is tending to become the "capital ship' of the world's most modern naval forces, a senior French naval officer said: "An SNA costs as much per kilogram today as foie gras." The cost of an SNA is 900 million francs, excluding the cost of its weaponry and spare parts. The navy's plans call for the commissioning of five such submarines between now and December 1988, a naval program which is expected to total approximately 5.5 billion francs (1981 estimate). If the government gives its approval in time, the navy's equipment plan "for the year 2000 and beyond" calls for the construction of a total of 10 modernized SNA's over the years.

This program is indicative of the exceptional interest taken in this class of submarine by the French Navy at the present time, even if such was not always the case in the recent past. The French SNA program has had to be spread over a

period of time in comparison with foreign programs. The first of its class, the "Rubis," will be operational next summer, whereas the U.S. Navy's "Nautilus" was commissioned in 1954, the Soviet prototype made its appearance in about 1959, and Great Britain practically gave priority to its missile-launching nuclear-powered submarine program, so much so that it now has some 10 of them available and ready to put to sea.

Yet it should be noted that the French SNA is the result of a compromise between technical, industrial, and financial considerations, all of them difficult to reconcile in building a ship which is still the smallest, in tonnage, of its type.

While the SNA's torpedoes and equipment--with a few exceptions, notably the most modern passive sonar system--are quite similar to those aboard existing conventional Agosta-class submarines, on the other hand, the technology of the "Saphir's" nuclear propulsion system and the new "change of environment" tactical missile that will soon arm this type of SNA, give proof of the performance capabilities obtained in France, each in its own field, by the Atomic Energy Commission (CEA) and Aerospatiale (SNIAS).

For the "Rubis" and subsequent SNA's, the CEA developed, for the first time anywhere in the world, an advanced nuclear submarine power plant which operates on the same principle as a central heating system. The reactor makes use of the natural tendency of hot water to rise and cold water to fall, in other words the CEA has succeeded in eliminating all of the principal pipes and pumps by mounting the steam generator directly on the reactor vessel. This ingenious innovation made it possible to develop a quieter and very compact reactor--suitable for a light-tonnage vessel--and whose lower intensity radiation sources require lighter shielding, thereby proportionately reducing the ship's volume and weight. The submarine's steering modes, especially its acceleration, are also more flexible.

To arm the SNA's, Aerospatiale has designed the SM-39 missile which will supplement the 533-millimeter torpedoes and mines launched from four tubes. The SM-39 is a derivative of the Exocet missile and can deliver its warhead to a range of 50 kilometers. The SM-39 is enclosed in a canister which, having been ejected from the submerged submarine like a torpedo, is then propelled and guided to the surface where it releases the self-activated missile.

In its present configuration, the "Rubis" cannot fire such a projectile, but the "Saphir" has been designed to carry the SM-39 and launch it from torpedo tubes when submerged.

Because it is both mobile and continuous in its operational missions, and because its combat capabilities, coupled with its speed and operating range, are limited only by the crew's endurance, the SNA is the means par excellence of furnishing support to naval forces and retaliating against surface ships on the open seas. It is less suitable for searching out and destroying enemy submarines, because for such operations these SNA's would have to be equipped with expensive listening devices they currently lack.

As explained by another senior officer of the French Navy: "Unlike conventional submarines that lie in wait for the enemy, the SNA can track, shadow and challenge

the potential adversary, choose the moment of attack."

In actual fact, this is possible only if the SNA has reliable and frequent communication with its shore-based headquarters and maintains these communications in such a way that its breaches of noise control and security discipline are kept to an absolute minimum. Such is the case, for example, of the American SNA's that have continuous access to a complete space communications system. The lack of such a system is probably the French submarine fleet's weakest point.

"Saphir's" Main Characteristics

Surface displacement: 2,385 tons. Submerged displacement: 2,670 tons. Length: 72.1 meters. Crew: 68 men, including eight officers.

It is powered by a nuclear reactor designed to operate at a power level of 48 megawatts (thermal). This power plant drives a single shaft developing a speed of 25 knots (approximately 46 kilometers per hour).

The submarine's tactical armament consists of four torpedo tubes that can be used to lay mines or launch 533.4-millimeter weapons against surface targets.

8041
CSO: 3100/947

BRIEFS

NEUTRON BOMB DELAY--The experts at the Ministry of Defense are still saying that France does not yet have an operational neutron bomb. Research on the bomb, however, is continuing and could produce results in "no more than a year," they say. [Text] [Paris LE POINT in French 21 Sep 81 p 51]

CSO: 3100/1

BRIEFS

VPK'S WERNER BACKS 'ZONE'--Lulea--The possibility of establishing a Nordic area free of nuclear weapons has improved this summer. The governments of the Noric countries have actually intensified their work directed toward that end and intensive diplomatic activities are being carried on in the East and the West. On Sunday, VPK [Left-Wing Communist Party] leader Lars Werner said, in Lulea, "Only the Swedish government has remained passive and now Ullsten has to stop putting off the question and get Swedish efforts to establish a Nordic area free of nuclear weapons started. A unanimous Riksdag has ordered the government to increase the Swedish exertions, but Ullsten is reacting unenthusiastically to the Riksdag's resolution. Therefore, a five-party committee must be appointed now to make sure that the Riksdag's resolution that work for a Nordic area of that nature should be started in Sweden is carried out." [Text] [Stockholm SVENSKA DAGBLADET in Swedish 31 Aug 81 p 6] 9266

CSO: 3109/246

BRIEFS

SWEDEN, FINLAND STUDY USSR GAS--Swedegas and Finlandska Neste are going to make a joint study of how a natural gas pipeline could be run from the Soviet Union through Finland to Sweden. That was the result of the most recent round of negotiations between the nationalized Swedish gas company and the Finnish oil company. The study is to be performed from existing map materials of Neste Engineering. The purpose is to produce a basis for continued negotiations on the ownership situation, financing and dividing the cost of a possible natural gas pipeline from the Soviet Union. Swede-gas has expressed a desire for a pipeline with a capacity of up to 3 billion cubic meters of gas a year. In the middle of October, Swedegas will submit a situation report to the Ministry of Industry on the conditions which would make it possible to import natural gas by way of Finland. "And at the end of the year we hope to have gotten far enough in our discussions with the Finns that it will be possible to see whether this is an idea which would lead to real negotiations with the Soviet Union," says Torkel Osgard, of Swedegas. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 1 Sep 81 p 26] 9266

CSO: 3109/246

OIL SHALE REPORTEDLY OFFERS ALTERNATIVE TO OIL IMPORTS

Istanbul DUNYA in Turkish 29 Aug 81 p 4

[Excerpts] Izmir, (HHA)--Scientists seeking to end dependence on petroleum producing nations and carrying out research designed to bring to an end the age of petroleum which shaped their nation's economies have finally obtained petroleum from oil shale, and said that with the same method, Turkey could put an end to petroleum imports within 10 years at the latest. Specialists at the American pavilion at the 50th Izmir International Ataturk Fair said: "There are rich deposits of non-carbonized minerals called slate, "zenpit" [translation unknown], argillite and "siferton" [translation unknown]. All that is left is for Turkey to utilize these deposits. [Passage omitted]

At the fair, the American scientists generally placed emphasis on the subject of energy and the constraints on energy consumption. In a statement to the Hurriyet News Agency correspondent, they said: "You are very lucky. However, the Turkish government must begin work in this field immediately and must participate in undertakings aimed at obtaining petroleum-bearing oil from oil shale." American officials indicated that of all the countries in the world, oil shale deposits were to be found only in the U.S., Canada, Russia, Switzerland, Turkey, Brazil, Zaire, Monaco, China and Australia; however, none of these countries had taken measures to exploit this. They said: "Turkey is a developing country. It is spending more than $2 billion on petroleum, an amount greater than its yearly exports. Now, in the event the facilities to obtain the petroleum-bearing oil from the oil shale were set up, in 10 years, Turkey could put an end to its petroleum imports. Consequently, Turkey would not be affected by the world petroleum crisis. We believe that Turkey is going to make good use of this opportunity. American specialist Frank A. Ursino added that there were oil shale deposits in all regions of Turkey.

CSO: 4654/173

BRIEFS

WEST RAMAN OIL PRODUCTION--Ankara, (ANKA)--It is reported that technical studies relative to increasing the crude petroleum production of the West Raman field have been completed and the implementing of "secondary production techniques" designed to increase the current production level 13-fold is to begin. To this end, the Turkish Petroleum Corporation [TPAO] has begun the process of awarding the contract for the 81 kilometer pipeline which is to transport the carbon dioxide [dodan gazi] which is to be pumped into the petroleum wells in the West Raman field. According to information provided by TPAO officials, proposal will be accepted up until 11 September. Construction of the pipeline is to be completed in the last quarter of 1982. Efforts to increase production by pumping carbon dioxide into the wells will begin in the first part of 1983. [Text] [Istanbul MILLI GAZETE in Turkish 28 Aug 81 p 4]

NUCLEAR PLANT CONTRACT CANCELLATION--Ankara (THA)--It has been learned that the contract for the Akkuyu Nuclear Power Station, which was awarded to the Swedish firm "Aser Atom" in 1978 will be cancelled and that the process of awarding the contract for the power station would be resumed in the near future. According to information obtained by the Turkish News Agency from the director general of the Turkish Electrical Power Enterprise, in the new request for tenders, the firms would be asked to procure credits sufficient to fully meet the project's foreign currency requirements. The Swedish firm, which was awarded the contract in 1978, had contracted to procure 85 percent of the investment amount, set at around $500 million according to conditions existing at that time. However, when the firm was later requested to procure 100 percent of the credits, it was unable to provide this amount and there have been no developments concerning the project up to the present. For this reason, it was decided to annul the contract. Authorities indicated that the project cost had increased by 100 percent within the past 3 years, exceeding $1 billion. [Text] [Istanbul MILLI GAZETE in Turkish 19 Aug 81 p 7]

CSO: 4654/173

SECOND QUARTER 1981 SHOWS EXPORT GROWTH, DOMESTIC DECLINE

West Berlin DIW WOCHENBERICHT in German 20 Aug 81 pp 385-392

[Text] Production of the FRG national economy in the second quarter 1981 was a little lower than in the previous quarter. The fact that the level did not sink more markedly is due to the sizable expansion of goods export. Domestic utilization of goods--corrected for seasonal, calendar and price effects--went down by 2 percent after remaining unchanged in the previous quarter. This shows that the recession has by no means ended. Compared with the corresponding period of last year, the real gross national product has gone down by about 1 percent. For the first half year, the reduction in comparison with the previous year amounts to 1.5 percent.

Because of weak domestic demand, production of the manufacturing industry--despite the sizable growth of goods export--again decreased slightly. An increase was recorded only by industries producing capital goods, which are particularly favored by export business. Production in the areas of mining, electricity and water supply, which are scarcely affected by the development of demand from abroad, decreased markedly. Production of the building trades, in particular that of the structural building trades, went down in the months of December to March more than usual for the season. Thus, only in the quarter reported on was there a temporary sizable increase in gross creation of value. Altogether, production in the goods-producing trade was stagnant. The capacity of the tertiary sector again went down. Above all, retain trade showed sizable losses. In transportation, capacity increased slightly because of the sizable reductions due to weather in the previous quarter.

The terms of trade during the reporting period have again worsened. Import prices again rose more rapidly than export prices. The domestic upward trend in prices has also increased. The deflation factor (price index of the gross national product) rose in comparison with the previous quarter by 1.5 percent. It exceeded the previous year's level by almost 4.5 percent, after about 5 percent at the beginning of the year. For the nominal gross national product one can thus calculate in the first half year an increase in comparison with the previous year of a good 3 percent.

The real equipment investments have been at the same level since the end of 1979. A recessive development is not recorded here so far. This relatively favorable tendency is presumably also due to the affects of the export business. At the same time, it is an expression of the considerable efforts by the economy to reach an accommodation to the changed cost and demand structure. While, in the quarter reported on, the purchase of capital goods domestically was again slightly reduced, imports increased strongly. Producers of electrotechnical capital goods reported increased real domestic turnover in this connection. In machine construction, on the other hand, domestic sales again decreased, although less than before. The upward trend in prices remained unchanged on the whole: while it weakened for imported goods, it accelerated slightly for domestic goods.

The economic situation in the building trades has worsened further in the quarter reported on. The further increased interest rates and the greater restraint by governmental authorities in awarding contracts increasingly affect the demand for construction investment. Although production of the structural building trade, corrected for seasonal effects, increased considerably, this was due solely to the particularly high production losses due to the weather in the previous quarter which--despite reduced bookings of new contracts--temporarily even led to a rise in the scope of orders booked. The basic tendency in construction activities nevertheless remained downward. The finishing building trade is showing only weak impetus. However, capacities here are still relatively well filled because of the continuing modernization and energy saving wave. The slowdown in the production increase has supply as well as demand reasons: Continuing lack of skilled workers and high financing costs. The precarious position of the construction economy led in the fall of last year to a clear flattening in the increase of construction prices. Since that time, it has remained unchanged at an annual rate of 6 percent.

Inventory investments have been reduced considerably. The bad sales situation and high interest rates lead to intensified attempts to hold inventories short. However, firms in industry and trade judged recently that their finished goods stocks were still too high, and so further reductions of stock buildup can be counted on.

Private consumption has, following the drop in the previous quarter, again increased nominally to a small extent. The rise in net income from work and in national income was altogether 1.5 percent of the previous quarter, which is relatively strong. However, the disposable income of private households did not increase because of the strongly dampened development of profit income. The small increase in consumption expenditures therefore went together with a clear reduction in savings; savings deposits and securities purchases sank markedly. With the simultaneous strong price increases for goods and services for private consumption, further losses in real purchasing power of households occurred. There are several reasons for the continuation of the strong upward price trend: Intensification of the rise in the cost of foodstuffs, increase of a few controlled prices (on 1 April the alcohol and mineral oil tax was increased), but above all the increase in costs of imported goods caused by exchange rates. The international value of the Deutsche mark sank further from March to June: By 1.5 percent vis-a-vis the currencies of 23 important industrial countries, by 11.5 percent vis-a-vis the U.S. dollar alone. Inasmuch as raw materials purchases are contracted for internationally in U.S. dollars, clearly more had to be spent for gasoline and heating oil than in the previous quarter, despite considerable savings in the quantities used.

The real regression of private consumption had an effect above all on retail sales in almost all important goods categories. Strong sales losses occurred in the automobile trade. The used car business did even worse than the new car business, but new registrations were also down by 5 percent, season-corrected. Expenditures for travel, however, went up.

The rise in goods exports, which was already rapid before, has become further accelerated during the second quarter. The unusually strong increase of a seasonally corrected 5 percent is due--aside from devaluation of the Deutsche mark, which clearly improves the competitiveness of domestic industry--to the fact that the OPEC countries, as well as a few other raw-material-supplying countries, have increasingly used their revenues for purchases in the FRG. The strengthened competitive

situation contributed to stabilization of deliveries to Western industrial countries, and deliveries were thus not so strongly hurt by the unfavorable effects of the economic situation. The German capital goods producers in the area of electrotechnology and machine construction above all profited from this development. Here the enterprises were able finally to increase their prices a little more sizably than before, but again not to the extent that their expenses for wages, interest and raw materials had risen.

In the second quarter real imports of goods went down. This affected above all EC member countries and developing countries. Corresponding to the weak private demand, reductions occurred particularly for consumer goods but also for raw materials and semifinished goods.

The positive balance of trade increased considerably during the quarter reported on. On the services balance sheet, however, the deficit increased again because expenditures in services industry activities, above all because of high interest expenses (the cost of money), increased noticeably. The nominal foreign contribution was, however, only slightly in deficit.

The volume of work, which had gone down especially in the previous quarter because of weather and calendar, went down only a little. The number of hours worked per employee was again a little higher. The number of working employees, however, was again reduced by about 50,000 persons. Above all, in the processing trade work forces were increasingly laid off, while in the structural building trade demand slowed down. The number of unemployed increased markedly. For the first time since fall 1975, the unemployment rate exceeded the 5 percent mark.

Outlook

The international value of the Deutsche mark as compared with the U.S. dollar was lower by 7.5 percent at the middle of August than for the average of the month of June. Nevertheless, the extraordinarily strong increase in orders booked from abroad as recorded during the first months of this year stopped in May-June. This shows that the expansion was strongly supported by orders which had been placed ahead in the expectation of a renewed rise in the international value of the Deutsche mark. Therefore, in coming months the economic situation in the FRG is expected to be less affected by exports. As shown by the domestic demand from industry, the domestic economic situation continues in a downtrend. Above all in the consumer goods trade, but also in the capital goods trade, demand went down noticeably. The building demand under the effect of restrictions emanating from financial and monetary policies is also clearly in a downtrend. Thus, in coming months production stimuli are to be expected neither from consumption nor from investment activity--all the more so because the speed of retail price increases has again accelerated and the real purchasing power of private households is thereby further strongly reduced.

Under these conditions, the real gross national product in the third quarter, corrected for working days and seasons, will sink and will again lie lower than the previous year's level. With this, unemployment will increase.

5586
CSO: 3103/420

DESPITE BUDGET AGREEMENT FINANCIAL PROBLEMS PERSIST

Hamburg DER SPIEGEL in German 14 Sep 81 pp 17-19

/Text/ Despite all efforts at cuts in expenditure, the Minister of Finance is not going to be able to manage next year. The planned new borrowing will certainly by far exceed the DM 26 billion officially announced by Matthoefer. The additional requirements for the Tornado will strain the budget by many billions.

Neither SPD nor FDP budget experts were prepared for the news leaked to them last week by the Federal Defense Ministry. Though long used to trouble from that source and, especially, the Tornado multipurpose military aircraft, they could not believe the allegations about the scandal-ridden miracle bird.

And yet it is true: When officials recently began to look into the papers left behind by former head of the arms department Hans-Ludwig Eberhard, retired a few weeks ago, they found a hitherto unknown document.

There they read that Eberhard had signed some time ago a so-called memorandum of understanding (MoU), serial No 12, on the further development costs of the Tornado. By this paper the Federal Republic of Germany accepted additional obligations to industry, in the amount of some DM2.8 billion.

Up to now the deputies were familiar with only 11 such memoranda. These are papers ranking as contracts and involving substantial penalties in case of default. Nothing had been heard of Eberhard's "MoU 12," spelling another billion commitment, neither at Apel's closed meeting when the Hardthoehe /FRG equivalent of the Pentagon/ provided its cash, nor at the time Finance Minister Hans Matthoefer drew up the medium term budget plan.

The dismayed deputies called Defense Minister Hans Apel and asked for clarification. Apel, however, was unable initially to help the aroused budget experts. Once again he did not know.

Subsequently the hard-pressed Defense Minister called for an investigation--and finally confirmed the truth of the leaked information.

At the behest of the angry parliamentarians the minister will report Tuesday next to the financial experts of the coalition fractions and disclose the whole truth about "MoU 12." As one of the budget specialists in the coalition fractions speculates, "that might turn out to be Apel's worst goof yet."

The news from the Hardthoehe exactly fits the impression gained last week by the social-liberal budget experts of the Bonn budget, following the preliminary conclusion of the 1982 fiscal operation.

The conclusions of the parliamentary accountants were depressing: Despite the week long wrangling about national finances, which almost blew up the coalition, despite finally respectable cuts, nobody can imagine how Finance Minister Matthoefer is to bring the national budget even halfway under control.

Matthoefer's target to bring down new borrowing to DM26.5 billion in 1982 can be achieved only by a miracle: The deputies traced embellished figures in nearly all budget appropriations. The alleged budget cuts can be put together only by tricks and retouching.

Already out of kilter are the budget accounts for the remainder of this year. Hans Matthoefer intended to get away with DM34 billion in new borrowing, or so he said in his latest pronouncements. Initially he spoke of DM26 billion, and it is quite on the cards now that Matthoefer will utlimately well exceed the DM34 billion also.

Two weeks ago, when his officials drew up the balance sheet of planned and actual spending in the first half 1981, a veritable chasm opened up.

Hans Apel alone had used DM1.2 billion more than planned. Not only had the Tornado turned out to be more costly: The plan was well exceeded everywhere, from dental treatment for the armed forces (plus DM17 million) to the procurement of clothing (plus DM34 million).

The situation is similar with respect to the accounts of other Bonn ministries. Whether involving liquidity aid for the Federal Institution for Labor (plus DM1.3 billion) or widows and orphans pensions (plus DM890 million)--the plan failed almost everywhere in the first 9 months.

At present budget experts are betting that Matthoefer will be unable by the end of the year to keep new net borrowing below DM40 billion. SPD budget expert Rudi Walther already admits that it "will probably amount to DM35 billion."

Even more somber is the outlook for next year's budget.

Of course a budget plan is always able only to estimate the spending and revenues of the following year. Risks are inevitable. For example, business development and therefore tax revenues can be no more than roughly estimated.

When Hans Matthoefer drew up his 1982 budget he seemed actually quite uninterested in gauging the probable trends. His estimates of important items were so optimistic that it is easy to forecast a new billion deficit in 1982--even though Matthoefer's parliamentary State Secretary Karl Haehser was quick last week to deny the first reports of new gaps at the hearings of the Bundestag budget committee. Haehser calmed down the parliamentarians by saying that "there is no truth in the allegations" of missing billions.

There is.

The first item is money for the unemployed. The coalition budget negotiators had agreed that the Federal Republic would do well if it got away with an average of 1.5 million unemployed in 1982. Even if the growth rate were to climbe well behond the optimistic government estimate of 2.5 percent in real terms, this jobless average would hold true.

Moreover, labor saving rationalization in the corporations, the utilization of idle capacities and the additional influx to the labor market will prevent any early improvement.

Matthoefer's calculations of subsidies for the unemployed are based on 1.4 million job seekers. The costs (expenditure and revenues received) per 100,000 unemployed: DM1.4 billion. Where they are to come from is a secret well guarded by the Finance Minister.

And this is how it goes on. When, shortly before the conclusion of the budget discussion in the Cabinet in late July DM1.5 billion persisted in being short, Matthoefer put his hand into the box of tricks. Without any hesitation he began by cutting DM600 million from the turnover tax to be paid by Bonn next year to EC accounts in Brussels. Nobody knows why Brussels (which in any case never manages with the money it gets) should not need these millions.

Part of the missing amount is to be produced by the increase in the tobacco, champagne and liquor tax decided upon.

At a closed meeting of SPD/FDP budget experts in Bad Neuenahr 2 weeks ago, Finance State Secretary Haehser was compelled to admit that this item too was exaggerated. Matthoefer's staff simply postulated the current use of tobacco and liquor without taking into consideration the usual drop in consumption after a price increase. That will mean another loss of DM300 million (estimated).

Matthoefer incurred a particularly great risk in regard to the FRG's international obligations next year. The budget does take into account events in Poland which involve DM1 billion losses arising from guarantees and subsidies. According to an internal memorandum from the department,"we must actually expect new funding of up to DM1.3 billion." Should the planned liquidity aid for Poland by the Bank for International Settlements materialize, Bonn is liable for another DM250 million. All in all certainly DM500 million more.

Romania's ability to pay also gives cause for concern. Only DM40 million have been paid of the special credit line which that country may dispose of on the promise of Federal Chancellor Schmidt.

Next year a total of DM15.9 billion export guarantees will fall due. Even though only a fraction will actually be called, Matthoefer's officials are quite correct in saying that "the risk potential is substantial."

The list may be extended at will.

This year DM180 million in German development aid contributions to international banks were not called upon. The claim of the banks, though not transferred to the 1982 budget, continue and may be asserted next year.

As it is Development Aid Minister Rainer Offergeld has firm obligations in the amount of DM13 billion. Nobody knows when the money--for development projects and financial aid--will be called.

Whether expenditure shortfall (DM1.3 billion) or coking coal aid, whether Apel's frigates (risk around DM400 million) or the disputed DM1 billion Laender subsidy for the children's allowance--every one of these uncertain budget items may unbalance the budget plan Matthoefer will submit to parliament this week.

Nor is that all. Matthoefer increased the Federal Railways subsidy by DM250 million for next year. The transport enterprise, deep in the red, will get a total of DM12.8 billion, and even that is DM3 billion short of its needs. The plan says the railroad should borrow the remaining money.

The additional credit brings the railroad's total debts to almost DM37 billion. And as Bonn is unwilling in future years also to spend more money on higher subsidies, the railroad will be hopelessly in debt to the tune of nearly DM50 billion by the end of 1984.

FDP deputy Klaus Gaertner is most surprised that nobody any longer even mentions the railroad, although it represents the greatest risk to the budget. The Liberal commented: "It is an autonomous phenomenon which has no father nor mother and simply cruises around."

Analogous to the railroad, Bonn's financial planners drew up a concept for Apel's defense budget, which does not square with reality at all. The 1982 defense budget is to rise by 4.2 percent while a 4 percent rate of inflation is assumed. In fact, therefore, it will remain stationary. Appealing for understanding for Apel among the SPD fraction last Tuesday, Federal Chancellor Schmidt said it was difficult to manage with that amount. "It would be really appropriate," said Schmidt, "for some comrades to take his side."

Apel does indeed need support. Almost every item in his budget--with the exception of major procurement obligations--is to be cut next year by comparison with the 1982 appropriations. It is hard to see, though, how freight costs for example are to be cut if the Federal Railways raise tariffs.

The planning for the period from 1983 is totally absurd. At that time the defense budget is to rise by only 2.5 percent annually in nominal terms, in other words it will actually decrease.

Shocked by the balance sheet and Apel's "MoU 12," the budget deputies of the coalition fractions tried last week at least to improve their supervisory opportunities. In a private session the audit committee ordered Karl Wittrock, president of the Federal Audit Office, from now on to go after the Defense Ministry which had so far enjoyed a good deal of immunity.

The deputies agreed unanimously to approve a branch office in Bonn, staffed with experts, for the Frankfurt Audit Office.

They also want to oblige the Defense Minister to include in every contract a clause permitting government auditors to audit the private firms involved also. Helmut

Esters, chairman of the audit committee, visualizes that "they will thoroughly scrutinize everything that is going on."

It is quite understandable that the deputies are occupying so intently with the Defense Ministry. Last May they had required the ministry to submit to parliament all orders involving more than DM50 million.

Last week, however, the deputies discovered that the Hardthoehe does not bother with such minor matters. Two months after receipt of the request (order) Apel's State Secretary Klaus Dieter Leister signed the next lot of procurement contracts, the fourth stage of the Tornado, for about DM500 million. As in the case of the "MoU 12," the parliamentarians learned about it by accident.

Now State Secretary Leister, like his boss Apel, will have to give an accounting to the deputies on Tuesday next.

11698
CSP: 3103/441

LOW HARVEST YIELD DISAPPOINTS FARMERS

Frankfurt FRANKFURTER ALLGEMEINE in German 29 Aug 81 p 11

[Article: "Interim Balance of the Farmers Federation"]

[Text] K.B. Bonn, 28 August--Results of the 1981 harvest available so far are not satisfactory. On Friday, the German Farmers Federation beat Food Minister Ertl to the punch by issuing this interim balance before his traditional harvest report. On Monday, Ertl will announce the interim official harvest figures. The Farmers Federation considers the harvest report at this time to be premature because farmers have not yet put the grain harvest into barns.

In the interim report the Farmers Federation points out that winter barley was unsatisfactory in both yield and quality. Yields were about 10-15 percent below the previous year's level. For winter wheat, an average reduction for the FRG of about 10 percent is expected. Rye, the report continues, is once again disappointing, not only because of yield but also because of quality. On the other hand, summer barley as a raw material for malt production is judged to be good. It has a favorable protein content and a high proportion of whole barley. Major losses are reported from the chief cultivable area for rape, Schleswig-Holstein. There, 60,000-80,000 metric tons less have been harvested this year than in 1980.

Many fruit growers are very disappointed about this year's harvest. Spring frost damage was considerable in some areas. The Farmers Federation concludes its report by stating that, after the many disappointments, German agriculture still expects good yields for corn, potatoes and sugar beets. The sugar beets, however, still require much sunshine.

5586
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FORMAERO GROUP ORGANIZING TRAINING PROGRAM

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 Aug 81 p 13

[An interview with Guy Mulon, managing director of Formaéro.]

[Text] [Question] Formaéro GIE [Economic Interest Group] was organized in the beginning of June to conduct training programs for French or foreign civilian or military personnel using aviation equipment and specifically equipment developed by Aérospatiale. What are the reasons behind this step?

[Answer] The reasons stem primarily from the increasingly felt need to supply our customers with a service they could have done without some time ago, which is to provide to the personnel of some of our customers a basic training to enable them to acquire an adequate level of technology to then take the qualifying courses given by the industrial suppliers in the context of equipment sales contracts. This is a new service that our instruction centers are not really equipped to handle.

This need was felt particularly acutely in Aérospatiale, and especially in our helicopter division. It is in this area where there are the most urgent needs. Moreover, this is why our first GIE program will be organized in this field.

[Question] But this problem did not just crop up from one day to the next, because Aérospatiale has been exporting helicopters for more than 15 years. So why is GIE being created only now?

[Answer] First I would say that it takes time to put something into concrete form. To that I would add that our builders all have a lot to do already as industrialists, to take on the job of "school teachers," as well. Then too, I think that the problem has grown as our civilian and military customers have increased.

[Question] This then means that Aérospatiale is expanding its activities. Would you say that the company has played the predominant role in forming GIE?

[Answer] We in Aérospatiale have been aware of the need to do something in this area. But we have not been the only ones. Of course the offices of OGA (General Air Board) and OFEMA (French Board for Export of Aviation Equipment), which are in contact with the customers--in the felt a need to create an agency to provide this type of training (a training which, I repeat, cannot be furnished by

industrialists as such). Moreover, at the same time action has already been taken by Héli-Union (which has been training pilots for over 10 years) and by SODETEG [Technical Studies and General Enterprises Company], as part of its engineering program. These are two companies which are also members of GIE.

Thus there are a whole series of needs and means we have to coordinate...

I would add that Aérospatiale is contributing its renown, its customers, and its logistics to this operation, while the other members are for their part contributing their know-how and available means, which gives the GIE a certain independence in its operations vis-a-vis the member companies.

Aérospatiale will not be the only one making decisions on GIE policy.

[Question] You spoke of the interest that OGA and OFEFA have in this operation, two agencies which also receive funds from FIAS (the promotion and coordination association of the International Air and Space Training Center, established under GIFAS [French Aeornautics and Space Industries Group]). Might not your programs "short circuit" the activities of that agency? How is this in fact going to work?

[Answer] Our activities will be complementary. We are obviously not interested in creating competitive organizations. Formaero's objective is to handle the basic training of direct users of materiel, and not to impart a certain level of technology to future employees, which is what FIAS does.

I believe in fact that our services could be of assistance to FIAS, should it for instance find that it has to deal with problems of training users under a very broad contract.

[Question] How have official circles reacted to this initiative? Have they given you the support you counted on?

[Answer] We are in the process of officially informing these circles. And I would say that this initiative will most certainly be appreciated. In fact, the official agencies concerned made sure to tell us that some companies, such as Aérospatiale, for example, were going to take steps in that direction. They too have run into problems of this type in certain foreign countries.

[Question] In what countries are you planning to conduct these activities first?

[Answer] Our goal is to respond to all requests from civilian and military customers which actually need this type of training. The need seems to be felt the most in Africa, both in the north and south of the Sahara, in Latin America and in the Middle East.

[Question] Do you already have contracts?

[Answer] No. But we are now offering the service in the field of helicopters to some of our clients, such as the Royal Moroccan Police Force and Air Algeria. Moreover, we are preparing a proposal for Pakistan. And finally, we are taking steps in this direction in the Middle East.

[Question] What are the main features of the world market in training?

[Answer] It is still difficult to outline the main features of the world market in training. We know that this market exists, and efforts have been made to survey it. At present we have quite a precise idea of the extent of this market. What is harder to measure is customers' desire to take account of this training problem in their equipment purchase plans...

Thus there are a lot of promotional activities that should be conducted in this area by the members of Formaéro, for this is a promising market.

9805
CSO: 3100/931

DEVELOPMENTS IN AGRICULTURAL PRODUCTION REPORTED

Athens BUSINESS & FINANCE in English No 158, 5 Sep 81 pp 22-28

[Text] It is estimated that in 1980, the volume of the gross agricultural product increased by 11.5%. This increase finally brought the gross agricultural product above the 1975 level, at which it had remained stagnat for several years. These developments in the agricultural sector between 1976 and 1981 are in contrast with the rapid rate of development which agricultural production showed from the end of the Second War until 1975.

During the period from 1951 to 1960, the gross agricultural in constant prices had increased at an annual rate of 3.75%, and at a rate of 4.75% during the decade from 1961 to 1970. In the five years between 1971 and 1975, the annual rate of increase was 3.80%, which fell to 1.35% in the period from 1976 to 1980. It is important to remember that even this increase was due to the favourable developments which took place during 1980.

1980 PRODUCTION

Agricultural production increased by 10.2% in 1980, after a decrease of 3.3% in 1979, and an increase of 6.3% in 1978. This increase, which was the greatest in fifteen years, was due almost exclusively to increased vegetable production (+ 15%), and the very favourable weather conditions that prevailed during the cultivation period. Particularly for cereals, the increased production was also due to the use of simple corn hybrids and new varieties of wheat.

However, the importance of the increase in volume of the agricultural production in 1980 is reduced, if account is taken of the fact that half of this increase was the result of the production of only three traditional products – wheat, olive oil, and oranges. It should further be added that even though the increase in livestock production in 1980 was higher than the previous year (3.0% instead of 1.3%), development continues at a very slow rate.

From these developments in agricultural production in 1980, it can clearly be seen that agriculture is greatly affected by weather conditions. This fact in turn is proof of the inadequacy of investments, both public and private, in this sector in recent years. The volume of investments in agriculture in the five year period from 1975 to 1980, was 6.1% lower than in the period from 1970 to 1975. The developments for the main cultivations were as follows:

– Of the 15% increase in vegetable production 42% was from ploughed, and 58% was from grove cultivation. Of the latter, the greatest increases were in the production of olive oil, oranges, and peaches.

– Of the ploughed cultivations, the greatest increase was shown by cereals, while the production from industrial plants decreased by 8% – a result of the elimination of areas for the cultivation of sugar beet and tobacco.

– The 9.1% production increase of the ploughed cultivations is due exclusively to the increased stremma efficiency (ie greater production per stremma), which was achieved despite the reduction by 176 thousand stremma (0.8%) of the total area given for these cultivations.

Concerning the production of the various agricultural products:

– Wheat production inceased by 22.3%, or 535 thousand tons, and reached a total of 2,931 thousand tons, exceeding all previous levels of production. This rise is due to the increase in the total area given to wheat cultivation (2%), but mainly to the increase of the average stremma efficiency from 255 kilos in 1979 to 307 kilos in 1980. Apart from the total increase in volume, there was also in 1980 an improvement observed in the co-ordination of wheat production. Hard wheat production therefore rose from 386 tons in 1979 to 657 thousand tons in 1980, and as a result, its participation in the total production increased from 16% to 22%.

– In spite of the reduction by 423 thousand stremma of the area cultivated with barley production reached 949 thousand tons (842 thousand tons in 1979). This again was due to the increased stremma efficiency, from 225 kilos (1979) to 287 kilos. It should also be remembered that the 4,080 thousand stremmas annually in the preceeding three-year period, to unfavourable intervention prices for barley, compared to the corresponding prices for competing crops.

– Exceeding all expectations, corn production in 1980 reached 1,233 thousand tons, compared to 731 thousand tons in 1979, and an average annual production of 540 thousand tons in the preceeding five-year period. This increase was the result of both an expansion of the cultivated area, and an increase of the average stremma efficiency. It should be remembered that a major part of the expansion of the cultivated land (412 thousand stremma) was the result of a reduction in the land given to sugar beet cultivation, which fell from 455 thousand stremma in preceeding years to 285 thousand stremmas.

The average stremma efficiency for corn rose from 599 kilos in 1979 to 756 kilos in 1980. It is important also to remember that with the high production (1,233 thousand tons), for the first time, needs for livestock, which are estimated at about 1,600 thousand tons, will be 75% met by local production.

– in 1980 there was a slight decrease in the total tobacco production in all varieties, As a result, the oriental exported tobaccos decreased to 76 thousand tons from 81.8 thousand tons in 1979, the oriental industrial tobaccos fell to 24 thousand tons from 26.4 thousand, and burley tobacco fell to 17 thousand tons from 17.5 thousand tons. This was primarily the result of the application of the policy of abandoning some varieties, and secondly the direction of the farmers to other, more efficient cultivations.

– There was an increase in the production of unginned cotton, which rose from 320 thousand tons in 1979 to 356 thousand tons in 1980. This increase was the result of the slight expansion of the cultivations, (3.5%), and the relatively bigger average stremma efficiency (7.2%). It is estimated that this production will give a ginned product of 116 thousand tons, falling short of annual consumption by 25 thousand tons. This shortage in domestic production (which is not irrelevant to the formation of prices of the product) creates problems in keeping the Greek cotton industry supplied with a good quality product.

– The 50% reduction in sugar beet production in 1980 is a serious drawback for the efforts that have been made until the present to become self-sufficient in this basic product. Production amounted to 1,440 thousand tons (1979:2,800 tons) and gave 174,000 tons of sugar. Domestic consumption is 300,000 tons – 40% more than this. This decrease in production was the result of reducing the cultivated land from 455 thousand stremma in 1979 to 285 thousand stremma in 1980, and also the reduced stremma efficiency (18%). The reduced cultivated area is the result of the turning of the farmers to more profitable crops, such as corn. The reasons for this turning are a) the relatively low increase of the sugar beet security prices, compared to other competing crops, b) the damage of a part of the 1979 crop by the autumn rains, and c) the considerable increase in the efficiency of corn cultivation.

– Olive oil production was in excess of 280 thousand tons (1979:203 thousand tons ... 1975-78 average annual production: 236 thousand tons). The increased production of only this product therefore contributed 27% to the increase in total agricultural production, and 52% to the increased production of grove crops.

– Of the other grove cultivations, there were increases in the production of oranges (68.3%) and of peaches (46%). Finally, there was a high rate of increase in

the production of dried fruits (16%, compared to a decrease of 3% in 1979).
– The production of livestock in 1980 showed an increase of 3%, after a period of stagnation in the preceeding four years. (Mean annual change 1975-79: 0.4%). Most of this increase was in poultry and pork. There was also a limited increase in the production of beef (1.8%).

AGRICULTURAL INVESTMENTS 1971-1980

The developments in agricultural investments over the last decade have been largely affected by the two declining periods 1973/74 and 1979/80 which were a feature of the Greek economy during this time.

The total gross investments in fixed assets in agriculture reached their upper limit in 1973 (9,685 million drachmas in 1970 constant prices), and decreased in the following year to 7,014 million drachmas. After that,they fluctuated around the 7,750 million drachmas mark, drachmas. After that, they fluctuated around the 7,750 million drachmas mark, during the five-year period from 1975-79, and fell again, to 6,000 million drachmas in 1970 constant prices, in 1980. The volume of investments in agriculture in 1980 is at the same level as the average for the years 1965 to 1967.

Private and public investments.

Following their fall in 1974, private investments showed a satisfactory rate of increase over the next three years, and during 1977 were almost at the 1973 levels. After 1977 they fell again, but at a restrained rate.

Public agricultural investments, on the other hand, showed a constant decrease after their almost vertical fall in 1974. Public investments in agriculture during 1980 (2,040 million drachmas) were half of those of 1973 (constant prices) and this was the worst level for 20 years.

It is also interesting to note that the relation between public agricultural investments and the total public investments fell from 20% in 1961/62 to 14% in 1971/72, and reached 10% in 1979/80. Public investment in the agricultural sector is continually decreasing, without being complemented by private investments.

Agricultural Production 1981

PRODUCTION AND PRICES

Over recent years (since about 1976), the good and bad years in Greek agriculture have succeeded each other with a predictability that was more characteristic of earlier times. Then, this alternation was attributed to the biennial production 'high' of the olive tree. Although the importance of this phenomenon has

Annual rates of increase

1951-60	3.75%
1961-70	4.65%
1971-80	2.55%
1969-75	4.95%
1976-80	3.80%
1976-79	1.10%
1980	11.50%

Average rates of increases of the agricultural product.

Five-year period	%
1951-55	7.1
1956-60	0.5
1961-65	7.8
1971-75	3.8
1976-80	1.3

today been reduced, the annual fluctuations in annual production continue. One explanation which has been given is that these fluctuations are connected to the corresponding alternations of the weather conditions. But this is unconvincing when a period as long as six years is under consideration. The level of agricultural production for 1981 is estimated to be (in 1970 constant prices) only 4% higher than that of 1975 – an indication that the annual rate of increase during the period 1976-81 was lower than 1.6%.

In the course of these fluctuations in the agricultural product, 1980 was a year of high efficiency. The gross agricultural product increased by 9.5% at constant prices, compared to a decrease of 5% in 1979. Similarly, there had been an increase of 10.4% in 1978, and a decrease of 7.4% in 1977. This alternation would appear to be continuing, as mid-year estimations of the extent of the cultivated area, and the output for the main products, place 1981 agricultural production at about the same level as 1980.

It is to be remembered that last year, the gross agricultural product showed one of the biggest increases in the whole post-war period, after a five-year period of stagnation (1975-79). In 1981, apart from the stagnation, or at best a very slight increase in the agricultural product, a light improvement is also expected in the make-up of the total agricultural product.

An increase of 2% is expected in livestock production, and a decrease of 1% in vegetable production. Most of the increase in livestock production is expected to come in the white meats (pork and poultry) and the fall in vegetable production will be the result of the re-establishment of normal levels in grove crops, from the very high levels of 1980.

– Cereal production is expected to fall to a level of 200-300 thousand tons less than in 1980. Wheat production will be about 2,750 tons, instead of 2,931 tons in 1980. This reduction is attributed to reduced stremma efficiency, because of unfavourable weather conditions that prevailed during the ripening period of the product. Barley production is also expected to decrease. Corn production on the other hand is expected to rise again in 1981, and reach 1,300 thousand tons compared to 1,233 thousand tons in 1980, and 731 thousand tons in 1979.

– According to the estimates of the Cotton Board, cotton cultivation is expected to decrease by about 10%, to 1,303 thousand stremma from 1,435 thousand stremma in 1980. Production in 1981 is expected to be about 330 thousand tons, compared to 356 in 1980.

– The cultivation of tobacco is expected to increase. Exported and industrial oriental tobaccos are expected to reach at least 105 thousand tons (99 thousand in 1980), and burley production is also expected to increase.

– Following the increase in the sugar-beet security prices, it is expected that cultivation of this crop will again reach 450 thousand stremmas, after the great reduction in 1980. The corresponding production is expected to be 2,900 thousand tons, and sugar output 300 thousand tons – enough to meet domestic demand.

– Crops from grove cultivations are expected to remain at last year's levels. However, it is anticipated that olive products will fall, as 1980 production levels were very high.

Estimates for a stagnation in the volume of agricultural products in 1981 are accompanied by estimates of a smaller increase in their prices, compared to 1980. This is based on the fact that the increases that were laid down by the Council of Ministers of the European Communities for the intervention prices, were significantly lower than those laid down at the national level last year.

Livestock producers' prices are also expected to increase at a fairly high rate this year, because of the adjustments required for their harmonisation with the Community prices.

It is expected, therefore, that the average increase for agricultural products will not exceed 17%, compared to 23.6% in 1980.

The combination of the changes in the volume of the agricultural product, and in the prices of the agricultural product during 1981 indicates that the farmer's financial income will increase by only half the amount by which they increased last year, (about 17% compared to 35.6%), and in any case lower than the average consumer price increase, which is expected to be 24% this year. In real terms, therefore, the purchasing power of the agricultural income will show a decrease of about 6%, compared to an increase of about 8.5% in 1980.

MEAT

In 1981, the total domestic meat production is expected to increase by only 2.1% compared to 4.3% the preceeding year. According to Ministry of Agriculture estimates, total meat production in 1981 will reach 524 thousand tons, from 513 thousand in 1980 and 492 thousand in 1979. This production increase in expected to derive mainly from pork and poultry (an increase of 13 thousand tons), while mutton and goat meat production is expected to remain stagnant at 123 thousand tons, and beef production is expected to decline.

Meat production over the last three years (in thous. tons)

	1979	1980	1981
beef	99	100	96
mutton and goat meat	119	123	123
pork	135	143	152
poultry	135	145	149
other	4	4	4
TOTAL	492	513	524

Main agricultural products.
Production 1980, and estimates for 1981. (in thousand tons)

	1980	1981
wheat	2,931	2,750
barley	949	830
corn	1,233	1,300
rice	84	105
pulses	75	80
melons	758	780
potatoes	983	1,000
sugar-beet	1,440	2,900
tobacco	116	125
unginned cotton	356	330
raisins	63	65
sultanas	68	70
olive oil	305	270
lemons	180	190
oranges	528	540
apples	262	270
peaches	399	450
meat(total)	513	525
beef, mutton, and goat meat	223	220
pork,poultry,etc.	292	305
milk(total)	1,700	1,730
eggs	120	122

Agricultural production, prices and income: Percentage changes

	Volume of production	Prices	Income
1976	- 1.3	24.4	22.7
1977	- 7.4	12.2	3.9
1978	10.4	13.3	25.1
1979	- 5.0	19.8	13.8
1980	11.5	21.6	35.6
1981 (est.)	–	17.0	17.0

CITRUS FRUIT

Increased production and exports.

Production of citrus fruit in 1980 increased by 55% over the 1979 production, (1980: 741 thousand tons, 1979: 479 thousand tons) and as a result, there were greatly increased possibilities for exports. Production and exports for the years 1979/80 and 1980/81 were formed as follows:

	1979/80 Production	Exports	1980/81 Production	Exports
oranges	313.7	131.1	527.6	158.3
lemons	140.2	57.1	180.5	101.4
mandarins	25.0	2.1	33.4	4.4
TOTAL	478.6	190.3	741.5	264.1

(figures in thousand tons)

COTTON

Cultivation and production

The production of unginned cotton increased by 11% in 1980, and rose to 355 thousand tons from 320 thousand tons the previous year. Production of ginned cotton rose also, to 116 thousand tons in 1980 from 106.7 thousand tons in 1979. Higher production in 1980 was the result of increased area of cultivation by 3.5%, or 47 thousand stremmas, as well as the increased stremma efficiency.

TOBACCO

Production in 1980

Tobacco production fell in 1980. The number of producers, the cultivated area, and the stremma efficiency of the oriental type tobaccos all showed a fall in 1980 from the 1979 figures.

Oriental tobacco production fell by 7.5%, a result of both a reduction of the cultivated area, and the stremma efficiency. The number of tobacco producers also fell, by 2.5 thousand, from 103.6 thousand in 1979 to 101.2 thousand in 1980.

However, exports of oriental tobaccos rose in the export period from July to December 1980 (19.7 thousand tons, of a value of 41.3 million dollars), compared to the same export period of 1979 (9.7 thousand tons of a value of 26.8 million dollars). But the prices that were obtained on the international market during this period (average price 2.10 dollars per kilo) were significantly lower than those

of the previous year (2.76 dollars per kilo).

SUGAR BEET

The production of sugar-beet is expected once again to reach the pre-1980 levels, following its fall in that year, to 1,440 thousand tons.

	Cultivated area (stremmas)	Production (thous. tons)
1977	435	2,445
1978	459	2,800
1979	455	2,800
1980	285	1,440
1981(est)	458	2,700

RAISINS

Production, exports and stocks

Despite the increased production of Corinthian Raisins, in 1980, (62.7 thousand tons compared to 56 thousand tons in 1979), exports of this product until the end of March the year were lower than the export of the same period last year. As a result, there are today great stocks of this product.

Of the 1980 production, in the period from September 1980 to March 1981 less than 8 thousand tons were exported, compared to 12.5 thousand tons of the 1979 production during the same export period in 1979/80. This can be explained by the reduced foreign demand for the product, and the relatively high prices.

Community prices for agricultural products, 1981-1982.

The EC Council of Agriculture Ministers on 2nd April this year concluded an agreement anticipating the increase in the prices of agricultural products which range, according to the product, from 8.5% to 9.3%. An extra increase of 2.8% was decided on for Greece, Denmark and France, one of 3.9% for Ireland, and 0.7% for Holland.

The increases for Greece are considered satisfactory for fruits and vegetables, but not for cereals. The increases, for Greece, in comparison to the preceeding period, are as follows.

Product	% increase
olive oil	appx 9%
wine	9.2%
fresh fruit and veg.	18%
tobacco:	
oriental	10%
burley	9%
other	4%
lamb	7.5%
sugar	8.5%
rice	appx 10%
cereals	10%-12%

CSO: 4600/4

SHIPPING STATUS, STATISTICS REPORTED

Athens BUSINESS & FINANCE in English No 158, 5 Sep 81 p 29

[Text] For a brief report on Greek shipping, it is enough to let the figures speak for themselves. The figures reveal both the strength and the problems of Greek shipping, and primarily the tremendous and continuous growth of the number of Greek ships, which rose from 486 in 1955 to 1,570 in 1965, 2,319 in 1970, 3,216 in 1975, and 4,425 in 1980. Greek shipping ranks third in the world, and first if Greek-owned ships under a foreign flag are also considered.

Nonetheless, in 1980, for the first time in a 25-year period, the number of ships did not increase, although the total tonnage did. There was an increase of 5.79% in the ships under a Greek flag (1979: 3,951, 1980: 3,942) but there was a decrease of 22.46% in the Greek-owned ships under a foreign flag (1979: 617, 1980: 483), (see Table 1). Purchases of ships by couraging to see that orders placed in shipyards increased by 47.93% over 1979, with 44 tankers, 56 bulk-carriers, and 21 general cargo ships. Most of these orders were placed in Japanese yards, with only 7 in Greek shipyards.

The composition of the Greek fleet has remained almost the same since the beginning of the seventies: 62% freighters, 36% tankers, and 1.5% passenger ships. There has been some improvement concerning the average age of the ships too, but there is still room for more. 65% of the total tonnage is made up of ships of up to 14 years, and 35% are over 15 years (13.4% = 0-4 years, 21.3% = 5-9 years, 30% = 10-14 years). Generally speaking, the average age of the vessels of the Greek merchant fleet, about 12.5 years, compared to the lower average ages of the fleets of the other European countries, cannot be considered satisfactory. However, it should be noted that the portion of the Greek fleet that is made up of ships of less than five years of age is greater than the total fleet of many European countries.

There is also encouragement to be found in the fact that during 1980, there was a 109.9% decrease in the number of shipping accidents from 1979, and total losses amounted to 228 ships, compared to 278 ships in 1979.

Greek shipping in 1980 and 1979.

	1980 ships	1980 gross tonnage	% change of tonnage	1979 ships	1979 gross tonnage
Ships under the Greek flag	3,942	41,228,593	+ 5.79	3,951	38,841,920
Ships under a foreign flag	483	9,202,263	- 22.46	617	11,269,680
(TOTAL)	4,425	50,430,856	+ 0.63	4,568	50,11,609
Ships under construction	121	4,889,254	+ 47.93	70	2,545,660
Ships launched	28	525,172	- 28.02	30	672,344
Ships purchased	266	4,395,298	- 15.02	297	5,061,688
Ships sold	181	2,103,126	- 19.7	149	2,517,626
Ships broken	154	1,921,814	- 13.8	215	2,187,353
Shipping losses	33	339,850	- 109.9	56	713,533

GREEK SEAMEN – SUPPLY AND DEMAND

Rank	With seamens' book	With passport	Total	Demand	Difference
Master and Chief Officers	9,638	–	9,638	10,758	-1,120
2nd Officer and Cadets	7,182	353	7,535	11,998	-4,463
1st & 2nd Engineers	9,363	–	9,363	10,163	-790
3rd Engineers and Apprentices	12,335	603	12,938	19,934	-6,996
Radio Operators	2,515	122	2,637	4,648	-2,011
Junior Deck Hands	25,910	1,263	27,173	58,282	-31,109
Junior Engine Personnel	16,118	786	16,904	18,775	-1,871
Junior General Services Personnel	20,079	981	21,060	31,444	-10,384
Other	4,838	234	5,072	6,994	1,922
Total	107,978	4,343	112,320	172,986	60,666

CSO: 4600/3

CONFINDUSTRIA'S GIUSTINO ANALYZES COST OF LABOR

Rome IL FIORINO in Italian 19 Aug 81 p 9

[Article by Enzo Giustino, vice president of CONFINDUSTRIA, analyzing the cost of labor--its structure and its implications--in the context of the current economic situation in Italy]

[Text] This fall's meetings (which are being awaited in economic circles with some apprehension) will first and foremost take up--of all the most pressing items on the agenda--the question of the cost of labor.

It is a fundamental question concerning which every sector of the world of production has expressed an opinion and will adopt a position.

The vice president of CONFINDUSTRIA [General Confederation of Italian Industry] has written concerning this topic (which, we repeat, is one of great timeliness) that the issue of the cost of labor has historically always been presented as revolving around a desire on the part of management to increase profits at the expense of the workers.

In recent years, however (and especially during Guido Carli's tenure as president of CONFINDUSTRIA), this "question" has undergone a profound evolution. It has been recognized that the cost of labor is not a simplistically formulated "item" subject to bargaining between the parties but is instead something much more complex--something the valuation of which demands a more profound analysis of its structure and a more accurate assessment of the outside "influences" that have a strong impact on the final cost of labor per unit of production.

In recent years the cost of labor has become what it has in fact always been: one of the quantities (perhaps the most important) that condition the evolution of the economy, a quantity in which the wage component--the object of negotiation between the parties--is no longer even the most important of the several components.

It is therefore necessary to undertake a more profound analysis of the structure of the cost of labor and a more precise evaluation of the external influences.

Structure

It must be pointed out first of all that the proportionate impact of employee remuneration on the gross domestic product [GDP] has increased in the past 15 years from

52 percent to approximately 72 percent of the total impact of all factors on the GDP.

Although the proportionate impact of employee remuneration is therefore substantial, it no longer (contrary to past experience) allows an ample margin for maneuver. Or rather, it allows a margin for maneuver that is proportionate to the increase in its proportionate share of the total impact of all factors but that is operative only within the frame of reference (and specifically upon the structure) of that proportionate share.

Today, the factor of direct remuneration makes up slightly less than 50 percent of the cost of labor in industry; indirect remuneration (vacations and holidays) 17 or 18 percent; social charges 26 percent; deductions for old-age allowances 3 percent; and various other charges 4 percent.

It is a structure that is substantially different from the structure developed in other countries, where direct remuneration represents almost always at least 60 percent of the total; social charges represent 20 percent or slightly more (except in France, where the figure is around 10 percent); and the old-age allowance is virtually unknown.

Then there is the great impact which the contingency allowance (that is to say, the variable factor in employee remuneration, varying in accordance with the mechanism of the cost-of-living index) has on the overall remuneration. In fact, approximately 46 percent of the overall remuneration consists precisely of the cumulative contingency allowance, which functions as the prime mover in the dynamics of wages: suffice it to realize in this connection that the contracts concluded in 1979 assured the workers of increases that averaged approximately 50,000 lire, distributed in two or three installments over the 3-year life of the contracts, whereas the cost-of-living index between the second half of 1979 and the end of 1981 will bring an across-the-board monthly increase of 244,000 lire and thereby help also to further accentuate the phenomenon of "leveling."

In 1981, for example, the forecast is for a sharp increase of 50 points (which by itself will put, at year's end, an additional 120,000 lire per month in gross wages in the pay envelope of each worker and cost management more than 162,000 lire per month per worker).

If one also takes account of the modest progress achieved in respect to productivity, all this should soon result in a new upsurge in the cost of labor per unit of production, which cost in 1980 increased by approximately 14 percent as against increases of 5.5 percent in Germany, 13.5 percent in France and 11 percent in the United States (only in the United Kingdom was the rate of increase--20 percent--greater than ours). In 1981 (still according to the Organization for Economic Cooperation and Development--OECD--from which we have taken these data) we should have an increase in the cost of labor per unit of production of 17 percent in Italy as against 12 percent in France and in Great Britain, 10 percent in the United States and 5 percent in Germany.

Foreign Influences

Very frequently, in an examination of the problems of our economy, our attention is--quite properly--focused on the Civil Service. This allusion is customarily

made either to solicit the adoption of economic measures or to indicate disapproval of the measures that are adopted because they are considered to be inadequate and insufficient.

Only infrequently is any reference made--except by the productive elements of society, namely the entrepreneurs and the union--to the dysfunction of the Civil Service as one of the causes of difficulties in the management of enterprises. These problems are frequently the object of complaint because they are a source of distress for the citizenry and lower the quality of life.

Almost never is it pointed out that all this is also reflected in the balance sheets of private enterprise--directly because it involves dysfunctions and therefore higher costs, and indirectly because the tensions provoked by distress outside the factory are discharged within the factory itself and in this way, too, help to increase costs.

The direct consequence of this state of affairs is not (as was customary to make people believe several years ago) less "profit" for a company and therefore for management.

Aside from the ignorance (whether born of good or ill will, it does not matter) inherent in this "explanation," it today appears we have come to realize that all this has a negative impact on competitiveness and, moreover, results in the loss even of some segments of the domestic market, inasmuch as competitiveness is also necessary in a free market to combat importation.

Two points must be borne in mind in this connection: the current situation, and the phenomenon that is being defined as "the challenge of the 1980's."

Current Situation

Just a few figures will suffice to illustrate the first point. The year 1980 recorded a 3.9 percent growth of the gross domestic product, with industrial activity making a contribution of 5.6 percent. These positive aspects, however, are counterbalanced by several negative aspects: a deficit of more than 9 percent in the balance of trade, and an inflation rate of 21 percent.

Of all these data the most alarming relate to the balance of trade, which is closely linked to the problem of competitiveness in respect to costs.

Challenge of the 1980's

This subject is particularly extensive, complex and difficult, and this is not the occasion to discuss it at length.

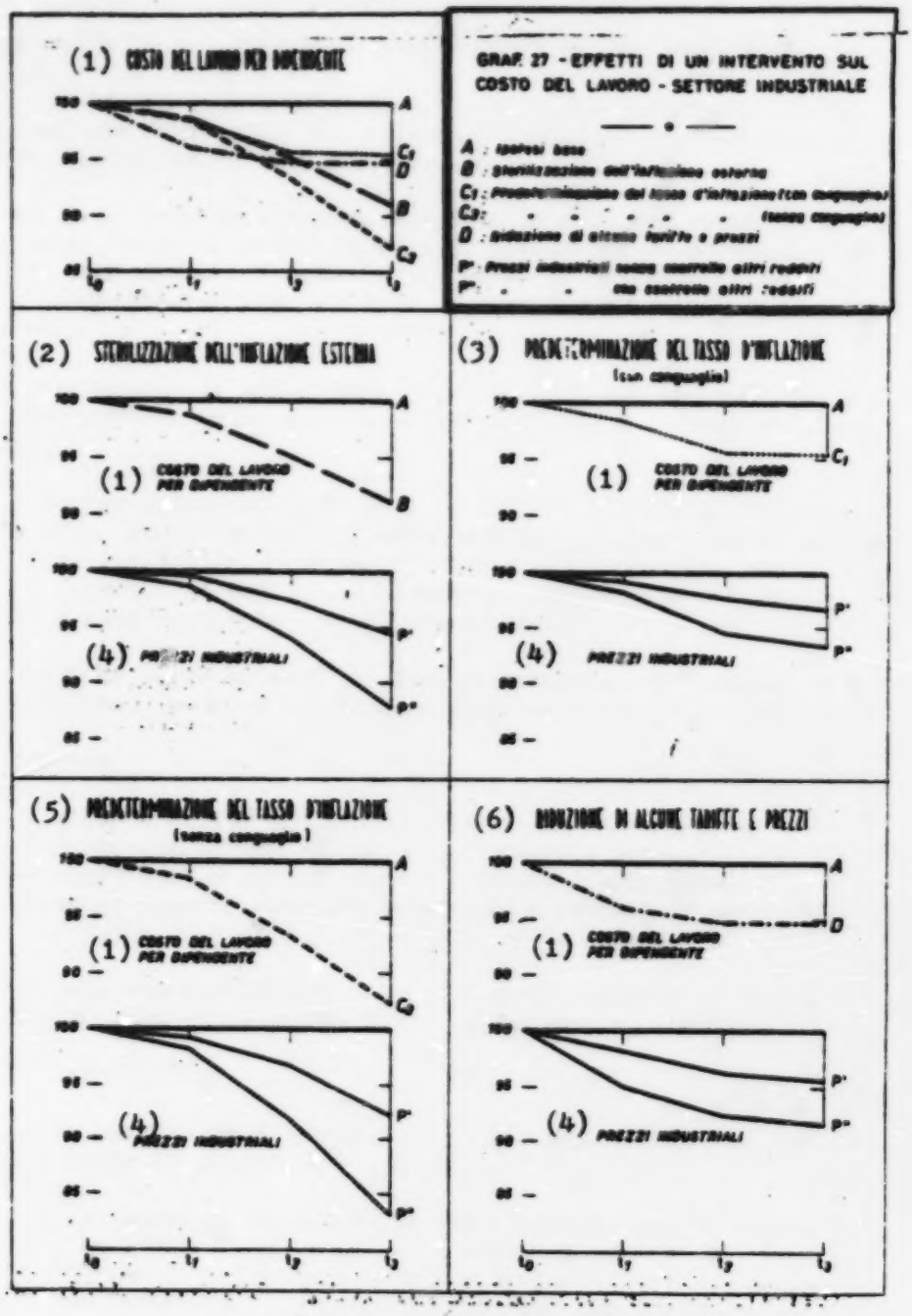
It is worthwhile, however, to point out that this thought-provoking expression, "Challenge of the 1980's," reflects the tremendous revolution--in terms of situations and positions--that has been provoked by the energy crisis and the consequent effort which the industrial countries of the West are lavishing on their search for new economic equilibriums and new production arrangements on the world scene.

In this context Italy will have to choose a strategy of its own, above all because it is a manufacturing nation and is therefore dependent on foreign countries both for its raw materials and for its markets. What is at stake, in fact, is Italy's survival as an industrial nation and the opportunity to seize this occasion to establish the new equilibriums on the domestic scene. Indeed, it is the best opportunity ever offered to deal with the North-South problem in our country with a good probability of success.

In all of this, the problem of the cost of labor appears--quite properly--to be a very small matter, and that is true. It is in fact only one aspect of the reorganization of the overall balance sheet of Italian business and industry. To this situation must also be added--besides the problem of the foreign economies--those problems such as the deficit in public expenditures, the cost of money, and unproductive enterprises.

This is the reason why a broader discussion (leading to a broader agreement) is hoped for--one that is not limited to a particular topic. It is also the reason for the demand for institutionalization of a process that is beginning to mature, namely that there be three interlocutors at the negotiating table--government, union and management--instead of two.

Graph 27. Effects of Intervention on the Cost of Labor: Industrial Sector



[Key on following page]

Key:

A. Base hypothesis
B. Sterilization of external inflation
C_1 Predetermination of rate of inflation (adjusted)
C_2 Predetermination of rate of inflation (without adjustment)
D. Reduction of some tariffs and prices
P' Industrial prices, without control of other revenues
P" Industrial prices, with control of other revenues

1. Cost of labor per employee
2. Sterilization of external inflation
3. Predetermination of rate of inflation (adjusted)
4. Industrial prices
5. Predetermination of rate of inflation (without adjustment)
6. Reduction of some tariffs and prices

10992
CSO: 3104/369

GROUP WITHIN FLEMISH SOCIAL CHRISTIANS DEMANDS REFORM

Brussels LE SOIR in French 26 Aug 81 p 2

[Article by J.v.H.: "Disappointed Militants in the CVP Say They Are Fed Up and Demand More Management and Less Politics"]

[Text] A serious malaise exists within the CVP [Social Christian Party]. Following the warning shots fired last week by Mr Eric Van Rompuy, president of the CVP-Youth, against the budgetary policy of the Mark Eyskens administration, now a new group -- even more influential -- has sent out a message entitled "Society for Christian Democratic Renewal."

The authors of the message (about 12 pages long) intend to "contribute to the discussion which should provide a new momentum to our community, our economy and our party."

Originally, this message was to have been launched on 11 July holiday of the Flemish community. But the strategists of the movement were afraid that their initiative would fizzle out, as the vacation period is not a propitious time for the shock of ideas. Thus, the "message" was to be published only during the first week of September. But there was a leak: a few excerpts from the document have just been headlined in the Christian democratic newspaper HET VOLK.

In order to find out more about it, we met with one of the main authors -- if not the writer of the message -- Mr Herman Van Rompuy (Eric's brother), who currently runs the CEPESS (Common Study Center for the PSC [Christian Social Party] and the CVP), and is usually considered the number 2 man in the party.

"We constitute a group," he said, "of disappointed militants, dismayed and stunned by what is going on ..."

Among the other signatories of the document, one finds a few former direct collaborators of Mr Leo Tindemans, the president of the party, and specifically Mr Jean Huyghebaert, the current deputy mayor of the port of Antwerp, and Mr Hugo Vandenberghe, professor at the KUL [Catholic University of Louvain]. One will also note the presence of Mr Luc Van den Brande, who was the author of the famous bill to regionalize aid to the main economic sectors, including the steel industry.

Blindness of Decision Makers

In the first chapter, entitled "A Fundamental Choice: an Open Community," the authors stated that what our society lacks most "is vital strength and self-confidence; without such a state of mind, any renewal is impossible."

Next, referring to the "economic war" we are acquainted with, they wrote: "Most of the time, our country and particularly those who participate in the power of decision making remain blind, often torn apart by internal contradictions, and removed from the challenges they should be facing." (...) "We are living in an irresponsible society. The crisis is also the crisis of power in all areas of life." (...) "Our people long for a renewal, for a change, far from the political chaos and the socio-economic immobility which we have entered. They ask to be governed again."

The message comes down "openly in favor of an open community, without politization and ideological intolerance (...) An open society gives less power to politics and more power to the people at the economic as well as the cultural, social and educational levels (...) Without greater individual responsibility, nobody feels responsible anymore for his neighbor. Solidarity with the weakest is quickly lost in an irresponsible community."

In terms of the party, the CVP should -- still according to the authors -- be more of a "consensus party."

In the second chapter, "More Work, Less Ideology," a general line is laid out: "More work through a reduction of private consumption and public expenditures on the one hand, and through more investments, knowledge and technology on the other hand.

The third chapter deals with the peace and security to be preserved. The authors come straight out in favor of NATO. "If," specified Mr Herman Van Rompuy, "the Atlantic community asks us to store missiles and the neutron bomb to ensure our defense, we would answer 'yes.'"

Wilfried Martens' Historic Mistake

In a fourth chapter, "More Management and Less Politics," the problem of state reform is brought up. "This reform," commented the authors of the CVP manifesto, "has in no case contributed to the improvement of the process of decision making. It will turn out to have been an historic mistake in terms of the smooth functioning of the country (editorial note: not very nice to Mr Wilfried Martens, whose brainchild it was), especially during a period of economic crisis, when any complication of administrative procedures and decision making is harmful. Furthermore, the long conflict surrounding the state reform laws, and the laws themselves have intensified community tensions even more. What is more, it prevented a national industrial renewal, which gravely threatens employment. (...) The central government is reduced to a kind of court of arbitration which can only lead to a compromise, in return for a costly budgetary policy of compensations."

Hence, the authors advocate "a drastic increase in the autonomy of both communities, especially at the economic and educational level, as well as in financial responsibility, and a more rational policy in keeping with the Heysel congress. Moreover, the current state reform is unfinished (the fate of the provinces, the Senate and

Brussels as capital among others). In any case, it is important to put an end as soon as possible to the chaotic scattering within and between the regional executives and the parliamentary assemblies. The action of the national government itself must be reviewed. The role of the prime minister must also be reconsidered in the sense of a "chancellor" function." The latter would have the power to appoint ministers himself, Mr Van Rompuy specified in this regard.

Finally, it should be noted that this manifesto is due to what might be called the "Third Estate" of the CVP. As a matter of fact, the signatories belong to that intermediary political class, which is no longer as "explosive" as the CVP-Youth of Eric Van Rompuy, and which does not hold the reins of power. Which does not prevent the authors of the "message" from playing the role of pretenders to the succession of Leo Tindemans. And several among them are seriously considering it.

8463
CSO: 3100/926

BUDGET QUARREL CREATES GREAT RIFTS IN COALITION

Hamburg DER SPIEGEL in German 7 Sep 81 pp 19-27

/Excerpts/ The internal cohesion of the coalition is gone, the FDP is preparing to move over to the Union. The Liberals will have their next opportunity when, in the winter, new provisions will have to be adopted against unemployment. CDU chief Kohl is already busy allocating ministries to his closest confidants.

Herbert Wehner was even ready to celebrate the armistice.

After 5 hours of wrangling, the exhausted leaders of the coalition ticked off the last items of their program to restore the 1982 federal budget to health on Wednesday night. Just before midnight the SPD fraction chairman encouraged those assembled in the chancellery to remain a while and have a drink.

One attendant was evidently disinclined. While the others waited for their brandies Willy Brandt gathered his documents and took his leave. On his way out the SPD party chief joked /untranslatable pun/ to the effect that he left it to his colleagues to decide whether the result of the session had been a victory, or whether the coalition was ailing.

Both interpretations are appropriate. The FDP was victorious; the coalition is ailing.

True, the experienced negotiators managed once more to paper over the fractures in the alliance, but the internal cohesion is gone.

Also tru, SFD Finance Minister Hans Matthoefer could boast with some justification that he had achieved his goal of cutting DM15.5 billion from the 1928 budget and keep new borrowing almost DM8 billion below the level of the preceding year. However, this was done at the price of allowing the Liberals to prevail in decisive issues.

There will be no massive tax increases (not exactly designed to cope with the economic crisis anyway) nor a broad based employment program, as called for by the SPD. Instead the FDP insisted on relief for business. Even more important, the Liberals broke with a basic rule of Social Democratic politics--the decline of social services is under way.

FDP chief Hans-Dietrich Genscher and his Economics Minister Otto Graf Lambsdorff were so successful only because they brought the coalition nearer than ever to the point of no return. Last week they seemed ready to abandon the coalition with the SPD and change over to the CDU/CSU.

Lambsdorff said last Friday: "I am negotiating while keeping in mind the possible ultimate consequences. It is impossible to successfully negotiate by using a pussyfooting approach."

According to some close friends in his party, Genscher also did not exclude the jump to the Union as the ultimate possibility. The FDP chairman is claimed quite deliberately to have driven to the brink only--as is Genscher's wont--to turn the steering wheel at the last moment. Some confidants of CDU chief Kohler let it be known that the FDP's change had been well prepared: The FDP leader is alleged to have offered to leave the Union a free hand in the choice of the new chancellor. In the CDU version Genscher is supposed to have said: "That is their business."

Even though the FDP leader is staying put this time, the Social Democrats fear that "Genscher's loosening-up exercises" (SPD Development Aid Minister Rainer Offergeld) have served their purpose: To get his Liberals gradually used to a change of power in Bonn.

Since last week the social-liberal marriage shows an irreparable crack--but, like many unsettled relationships--may yet last for a few more years.

Still, the end might come a lot sooner--possibly next winter when, as expected, unemployment may soar to more than 1.5 million.

In that case the measures now decided will no longer be good enough. The FDP will then want to pursue that which the coalition has just begun to do: Further undo the social safety net.

Even in such a case the objectionable employment program would have to remain in its present limbo. The FDP claims that it amounts to a planned economy.

Instead the government would have to put a ceiling on unemployment benefits, consonant with the laws of the market economy.

At that time to be finally completed is that shift in trends, which the SPD's coalition partner is claiming. Already FDP general secretary Guenter Verheugen notes with satisfaction: "If someone had told me a while ago that we will get this far, I would have thought he was crazy. No taxes, no investment program, merely improvements in the framework terms--for us all this does indeed represent a shift in trends "

All the greater is the fury and disappointment of the comrades. They are not consoled either when their leaders tell them that the only point at issue is the prevention of a Kohl/Strauss Government. Senior Social Democrats had the direst possible premonitions before the SPD fraction meeting this Tuesday. They feared a revolt.

The anger of deputies is growing, especially of those who count many unemployed among their constituents.

Social expert Eugen Glombig, touring the GDR last week, complained in Magdeburg that social policy "had been executed" in the experts absence from Bonn. Gombig threatened: "They have not heard the last from us."

His fellow traveler Egon Lutz noted: "My pain threshold has been reached." Also from the East SPD Bundestag deputy Horst Jaunich called for a "joint fraction meeting of SPD and FDP. That is the only way to settle the issue."

Back in Bonn Young Socialist chief Willi Piecyk grumbled: "Insofar as employees and young people are concerned, this coalition has lost its marbles.

SPD member Norbert Gansel had a similar comment on the concept of budget cutting: "Totally inadequate." The FDP would have to display a greater sense of responsibility. Gansel: "If that does not work anymore, and if Herr Genscher is not prepared to make some concessions in matters foreign and defense policy, the coalition is indeed at risk.

The left Social Democrat asked his colleagues to show some backbone: "If we do not wish to become superfluous as a fraction, we will simply have to change some items in this legislative package in the course of our future work.

Certainly the Social Democrats once again made it easy for their small partner to gain the upper hand. Their good intentions this time not to allow the FDP to blackmail them (as they did in the coalition negotiations late last year) vanished the longer the discussions went on. The united body of Liberals confronted a quarreling SPD, and no clear concept emerged.

In the meantime Genscher let it be understood that he assumed the coalition will last until 1984. Anything else was "baloney." Verheugen now also makes out as if nothing had happened. He claims that "the coalition was never seriously at risk."

In fact Genscher's intentions were nebulous until the very end. Some people in Bonn believe that he was definitely considering a change of camp. As often before he had lost the instinct for the mood of his Liberals. Others maintain that Genscher had always shied off a break, and that the entire uproar was due only to a loss of nerve by the SPD.

The most plausible interpretation is this: The FDP chief merely meant to demonstrate that he and his party could go either way. He had simply prepared case "X" to get his party and the public used to the fact that the coalition was not meant to last for all eternity.

Genscher thus scored twice: He got a lot of concessions from the SPD. At the same time he demonstrated for former CDU followers who had voted for the FDP in 1980, that the Liberals have not forgotten them--next year Land assembly elections will be held in Hamburg, Lower Saxony, Bavaria and Hessen.

From this aspect Verheugen's statement deally makes sense: "We wish for a shift in trends, but within the coalition." The question remains whether the Free Democrats attempt will continue to be successful--to conduct a CDU policy with the SPD.

Late last week senior Social Democrats made a strong effort to disperse the impression that Genscher had initiated a shift in economic and social policy. SPD fraction chief Wehner wrote that comrades should not sneeze too much as a result of the "sneezing powder liberally sprinkled about." The great shift had not occurred, "nor will it occur while we are around."

Wehner managed to find evidence that unemployment compensation and continued wage payments had not been touched. The SPD had rejected outright the FDP's "quite perverse suggestion" to make up for the rising costs of increasing unemployment by cutting payments to the jobless. At the same time the SPD was reserving its right "to comb back to an extensive employment program in the case of a further rise in unemployment."

Still, that which Wehner wants to represent to the comrades as forceful action could well result in the final break-up of the coalition next, should unemployment rise to 1.5 million.

That would be the latest point for the SPD to make good on its promise to impose its employment program despite the FDP. Unfortunately nobody knows how it would be paid for.

No sooner had the Cabinet made up its mind last week when the SPD fraction's finance experts caucused. Their inventory turned out to be somber.

Matthoefer is weighed down with interest payments running into the billions for loans incurred at the present high interest rates. The Finance Minister confidently calculated that the dollar would definitely go down. If it does not, Defense Minister Apel (who needs to pay out large dollar amounts) will again not be able to manage with his appropriation.

Rising unemployment, possibly declining tax revenues, crises in the steel industry and foreign obligations may easily result in another billion deficit. FDP Bundestag deputy Juergen Moellemann sums it up in these words: "The calculation is simply wrong all round."

he minutes of the coalition negotiations had not yet been recorded when leading Social Democrats began to contemplate how they could circumvent the trap they themselves had set. The way out was indicated by the president of the Bundesbank.

At last Thursday's Cabinet meeting, Poehl outlined an optimistic sketch of future economic development.

As the German balance of payments had improved in recent months, it might be possible to contemplate lower interest rates--especially if it should turn out that U.S.President Ronald Reagan could not keep going his economic crash program. According to Poehl's analysis the dollar would then weaken, the mark gain strength, the oil account be reduced and the cost of money lowered.

While Poehl admitted that none of this could prevent the collapse of employment next winter nor high unemployment all next year, he thought (to quote an SPD Cabinet member), "if our people get impatient next winter," if trade unionists and SPD fraction were to call for the fulfillment of Wehner's promise, the government would be able to console them by indicating the better times to come.

Therefore, should it be possible again to cool the tempers of comrades and labor unionists, the employment program would once again bite the dust--exactly as the FDP wishes.

Already renewed is the dispute about the cut in social services, due to the financial distress of the Federal Institution for Labor. Already SPD budget expert Walther is haunted by forebodings whenever he listens to Lambsdorff: "Reagan was here."

Even should the coalition survive the winter of discontent, Genscher will have another opportunity to desert it next spring.

It is by no means certain that the SPD delegates to the March 1982 party congress will drop their criticism of the NATO modernization decision, whether or not by that time the superpowers are negotiating about arms control. If Schmidt is no longer backed by his party, this would be good and sufficient reason for Genscher to abandon the coalition.

Already last week opposition chief Helmut Kohl handed out government offices to his intimates. He does not doubt that he will be chancellor once the coalition breaks down. He intends to dispatch to the Ministry of Finance his most serious rival Stoltenberg who is respected for his expertise by Schmidt and Lambsdorff also.

The Union Christians who kept silent for months, claiming that it was none of their business to develop alternatives to government policies, will this week publish a fiscal and sociopolitical counterprogram after all--"it reads almost like an offer of a coalition with us" (a Free Democrat).

Kohl fires up his people: "In half a year, at the latest, it will be our turn."

11698
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'EXCESSIVE ARMAMENT' OF UNITED STATES VIEWED CRITICALLY

[Editorial Report] Paris LE MONDE in French 23 and 24 September 1981 carry on page 5 a 3,000-word, two-part Michel Tatu article entitled "The Excessive Armament of the United States." In part I Tatu describes the many problems posed by the deployment of the new U.S. MX missile, outlining the various options proposed and adding that "according to the latest indications from American sources, the solution which will finally be chosen will combine several of the alternatives envisaged."

In part II Tatu describes the other aspects of the new U.S. administration's arms program. He explains the new "two war" doctrine, which stems from the possibility of having to fight a war in Europe and in the Gulf, and says that this doctrine "no longer requires equality but superiority in some spheres, such as the navy." Tatu goes on to say that "to justify these programs a new effort is being made to draw attention to what is happening in the other camp" and he cites the recent American Defence Intelligence Agency report on Soviet armaments, soon to be backed up by another study on "Soviet defense potential." Tatu then turns to the Soviets' reaction to this U.S. policy, pointing out that "it is almost out of the question that they will do nothing since the military card is the only one they have left. After their economic and ideological failures it is difficult to see how they could abandon this last form of power, which has already given them considerable satisfaction. However, it is doubtful that they could increase their effort substantially since it is already at the limit of what the Soviet economy can bear in peace time..." Tatu concludes that Moscow "could exploit the anxieties and reservations which Mr Reagan's attitude is bound to prompt among his allies and perhaps even inside the United States one day." Tatu points out that there are two dangers in the U.S. attitude: "One, already observed by the French Government, consists in reducing all problems to their military and strategic dimension, disregarding local factors in conflicts, especially development problems. The other might be overconfidence leading to aggressive gestures toward the USSR or its allies." Tatu concludes that "if stabilization comes about it will do so at an even higher level than we know today." No further processing planned.

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'ABC': THERE IS NO OPTION BUT TO JOIN NATO

Madrid ABC in Spanish 21 Aug 81 p 3

[Article by Manuel Monzon: "The Non-Existent Option"]

[Text] In the eyes of some people, the question of Spain's joining the Atlantic Alliance should be put before the public as one alternative between two possible options: joining NATO, or neutralism. In practical reality that supposed power to choose does not exist. The use of demagoguery has hindered the development of the realistic approach which is unavoidable for the orientation of our people. Spain has clearly been taking a part in the defense forces of the West for more than 30 years, through the agreements it signed with the United States of America. This means, expressing it crudely, that we have been "tolerated," our contribution to the Western defense system has been "tolerated"; we have come in by the "back door." It is paradoxical that those who accept that shameful situation as a fact--the presence and the contribution of Spain to the defense of the free world through the pacts with the United States--are fiercely opposed to our joining that defensive system through the "front door," which is what our country joining the Atlantic Alliance would mean.

This topic is clearly being manipulated in favor of the interests of the Soviet Union, the one who really is opposed to our joining NATO. And curiously enough, that manipulation is being carried out in a simplistic and supposedly patriotic way, which is more like jingoism. They say that it means the loss of our national independence, because our ability to determine our own destiny, and from whom and what we should defend ourselves would be conditioned by the interests of the 15 other countries. The truth is that this type of argument is ludicrous. Are we perhaps going to claim that the quality of our country's independence and sovereignty--always taking into account the advanced level of interdependence existing among the nations of the same geographic and geopolitical area--is higher than that of a Germany, a France or a United Kingdom of Great Britain? Can it be maintained with any degree of seriousness that so-called Third Worldism, which is naturally subject to permanent pressure from the two blocs (NATO and the Warsaw Pact), by being utopically neutralist guarantees greater political independence?

Other very clear fallacies arise from the supposed increase of nuclear risk for our territory. In the first place, it should be stated that the nuclearization or denuclearization of Spain's geography is a matter for negotiation, which eventually may be approved or not; but all signs indicate that Spain will not be converted

into that imagined dump of nuclear missiles that we are being threatened with, for the simple reason that that type of weapons are meant for launching at enemy objectives, and the so-called "Euromissiles" would not have sufficient range to hit those objectives from our territory. But also, and secondly, the risk of nuclear attack on Spain, assuming a generalized conflict between the two blocs, does not arise from the weapons which we might or might not have here, but from the fact that an area of such vital strategic importance as Spain would necessarily have to be excluded from military use by the Western side, and the only known way to achieve this is to "flatten" it.

Even if we were to be neutral--theoretically neutral, because the concept of neutrality does not depend only on what we would like, but on whether others are prepared to respect it--the utilization of our territory with all its kinds of infrastructure (ports, airports, roads, etc.) would be unavoidable and vital to the Western side. That necessity would be countered by the Eastern side destroying or trying to destroy that infrastructure. And that, gentlemen, is done with nuclear missiles, because there is no other way to attack us at the distance we are from the countries which make up the Warsaw Pact. The neutrality claimed by Spain would not be respected, then, by either of the two sides, and we run the risk of nuclear aggression by the mere fact of being where we are, on the most important strategic crossroads of the planet.

Also, it is rather difficult to believe that the motives of those who are opposed to Spain's joining NATO are totally pure. I say it is difficult because it is clear to everyone in Spain that the USSR is the one opposing this proposal with complete brazenness. Thus, can it be believed that those who resist Spain's joining the Atlantic Alliance are taking a free and independently arrived at position, or are they in some way giving in to Soviet attitudes and pressures? Is that intolerable Soviet pressure and interference in our destiny not perhaps a much clearer reduction of Spanish independence? The USSR knows very well that the presence of Spain in NATO would bolster the Western military system considerably, not so much because of the significance and relative importance of our Armed Forces as because of the flexibility and reaction potential which this presence would give that system. And Moscow is exerting every effort to prevent it. Are those who are opposed to dependence on the Western bloc trying to convince anyone that their oppositionist stance does not clearly play into the hands of the interests of the USSR?

It is also hardly worthwhile lingering over the supposedly aggressive character of NATO. The Atlantic Alliance has never carried out any aggressive action, while we all remember the contemptible way that the Warsaw Pact smashed the Hungarian and Czechoslovak movements. It is at the very least unfair to compare this brutal kind of behavior with the attitude of the Alliance towards including Salazarist Portugal or the Greece of the colonels among its members. Apart from that, that same argument is strongly offset by the evidence that NATO never wanted to allow the previous Spanish regime to join the Alliance, although the presence of Spain would be at least as important as that of Greece and Portugal combined. Moreover, it is essential to take into account that military strategy, with its obligation to guarantee a minimum of security in the attainment of its objectives, cannot be conditioned "ad integrum" by ideological and political considerations. If Spain had

not been a de facto member of the Western defense system through the agreements with the United States, it is likely that NATO would have felt obliged to close its eyes to the antidemocratic character of the previous Spanish regime and to accept Spain's admission. And let us not forget that military forces are established for the purpose of winning.

Another lightweight argument is the one that our joining would have negative repercussions on the transformation of our Armed Forces. Those who allege this say that our armed services are in the process of overhauling their legal objectives, so as to make themselves guarantors of the Constitution and the structures and institutions of the new Spanish political order. First, it must be said that this transformation is not essential, because the armed forces are already perfectly aware of their constitutional duties. But the fact is, even if that supposed process of conversion were necessary, it would be much simpler with the proximity, the companionship and the interaction with other services who for many years have been accustomed to respect and guarantee democratic political structures. Or does some suspicion exist that our military men would undergo antidemocratic contamination because of interaction with those from the European democratic powers? It would be laughable if that were true.

It is also essential to remember that it is not just a question of comparative analysis of the advantages and disadvantages that belonging to the Atlantic Alliance could have for Spain. What is probably more important are the advantages which now are still unseen or unpredicted after our gloomy centuries-long isolation. Just as a solitary person who is wrapped up in his own problems, without any other horizon, changes and develops favorably on joining a family, our isolationist peculiarities, half pride and half inferiority complex, could be happily destroyed once we joined the context of the European and Atlantic family. Whether we want to or not is our decision. The truth is that we never thought any other way. We were always convinced that we were not in NATO because our peculiar former political regime did not allow us to be. The subsequent Soviet pressures on our birth as a democracy did the rest.

The model of a free and democratic society, which the vast majority of us Spaniards both of the left and of the right claim we want to follow in shaping our future, unites our destiny to those people who one day in 1949 decided to freely reaffirm their faith in their common desire to live in peace with all countries. They resolved to safeguard the liberty of their peoples, their common heritage and their civilization, founded on the principles of democracy, individual liberties and the rule of law and justice; and, therefore, they decided to combine their forces for common defense and the preservation of peace and security. Thus it is that the Atlantic Alliance is first of all ideological and political, and only secondarily military.

8131
CSO: 3110/146

'DIARIO 16' FAVORS NATO ENTRY

Madrid DIARIO 16 in Spanish 26 Aug 81 p 2

[Article by Alejandro Munoz Alonso: "An Unavoidable Debate"]

[Text] The decision of the government to speed up the process of Spain's joining NATO has been the starting signal for the most important confrontation regarding a matter of foreign policy which has arisen in our country for at least the last 50 years. The struggle between supporters and opponents of NATO shows signs of turning into an historic battleground of public opinion of the type that, during the European war, divided the country among supporters of the Allies and of the Germans.

First, our inability to come to an agreement on the broad outlines of our foreign policy is regrettable. In countries with consolidated democratic governments, what usually happens is that both government and opposition share some of the same international positions, even when they are deeply separated on domestic policy matters.

The "bipartisan policy" has been a tradition in the United States, where Democrats and Republicans have almost always shared some diplomatic objectives, only differing in their style of approaching them. Between the failure of Carter to free the hostages in Teheran and the aggressiveness of Reagan downing Libyan planes there are less differences than similarities, if you think it over a little.

No Change

In France, the coming to power of the socialists has not involved any important change in foreign policy. We know that very well. It has already been said that Mitterrand will use De Gaulle as a diplomatic model. Even the foreign policy of the communists has been rightly characterized as "gaullist."

Here matters have turned out differently, because we already know that even in the government party itself they are very far from having achieved agreement on the question. It has not been possible to include the subject of NATO on the list of the "problems of state," which, like the questions of the autonomies or of terrorism, require a broad consensus rising above narrow party interests. The subject of the Common Market, however, is included, which is always inconsistent if it is fully analyzed.

Those who favor joining NATO--and I count myself firmly among them--thought that their arguments, overwhelmingly logical in their opinion, would finally prevail in themselves, since they were evident truths. This has not happened, and it seems that not only the parties of the left, but certain sectors of the UCD [Democratic Center Union] and, as the polls show, broad areas of public opinion, do not share the arguments in favor of NATO.

Not on Tiptoes

At this stage, and in these circumstances, it is not appropriate to tiptoe into NATO without raising our voices. However convinced we may be of the advisability of our joining, it is impossible to rush a subject of this magnitude through without a broad public debate. Any other way of acting would be unworthy of the democracy which we hope to build. This does not mean, for reasons which will be explained later, that a referendum is necessary. But beyond any doubt, it is essential for NATO and anti-NATO proponents next autumn to sharpen up the arguments supporting their respective positions.

Perhaps it would be too much to ask that both sides give up the demagoguery that is so easy and profitable to use on these subjects. And we know that party positions usually are excessively rigid, and that for "supports and not amendments" all kinds of means are resorted to. Thus, it would be useful for speakers who are independent of party discipline to take part, to explain to everyone where the authentic interests of Spain lie.

For the public debate on NATO to be truly useful and in the national interest, it would be desirable for various requirements to be drawn up and certain conditions adhered to.

In the first place, it is essential to clearly separate wishes from reality. A certain utopian component in any policy is healthy, but never to the extreme that realism, which is also necessary, is drowned in a fantastic ocean of dreams. Everyone knows that the great goal of humanity is Peace, with a capital "P." But peace is not the same as surrender.

The present world situation makes NATO necessary today, "unfortunately," as Cheysson just declared. The French foreign minister, who "is not a Spanish socialist," as he himself has specified, understands that there are things to defend, "a certain type of civilization," which prevent us from discarding NATO. An attitude very different from some "Angelisms."

In the second place, too, no one can fail to feel attracted by a hypothetical neutrality, in which, if others come to involve themselves in warfare, we would remain on the sidelines of the conflict. But at present this kind of neutrality is a delusion. We are already Westerners and Europeans; events prove it every day. Nobody can take the possible neutrality of Spain seriously, except perhaps at the time of future negotiations. That is part of the contemporary history of international relations.

Tough--and Mature

Can anyone seriously think that in the case of the terrible hypothesis of a war between the two blocs either one of them would respect our announced neutrality? Our geopolitical situation has changed with the development of modern combat techniques; and it would no longer be possible to repeat our position during the two world wars. The fate of Spain would be much more like that of neutral Belgium, twice invaded by Germany without anyone coming to its defense. Because of this, our joining NATO would mean that if we are already tough, we are also mature.

In the third place, the subject of the American bases should be included in the scope of the debate. In this regard, how can a kind of neutrality expressed by not joining NATO be reconciled with the continuation of American bases on our soil? It would be a good idea for the PSOE [Spanish Socialist Party] to explain to us this way of squaring the circle, because up until now their "Bases, yes; NATO, no," sounds dangerously schizophrenic.

The present "status" of the bases, a direct inheritance from the Franco era, is a reminder of one of the most humiliating situations experienced by Spain in present times. You have the book of Angel Vinas to prove it. And nothing has changed in that relationship, in spite of the upgrading of the agreements from the shameful category of an "executive agreement" signed only by the President of the United States to a treaty submitted for ratification by the Senate.

A very few days ago LE MONDE made reference to our "unequal fight with Washington in the military field." Why do we persist in a relationship of subordinates when we could be part of a group of equals?

8131
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PAPER BACKS ARMY HEAD'S DEFENSE PROGRAM PROPOSALS

Stockholm SVENSKA DAGBLADET in Swedish 3 Aug 81 p 2

[Text] "In that way, the Army can be an up-to-date and effective instrument for the country's peace-preserving security policy, even in the future."

That statement was made in the plan for the Army's program which was delivered on Wednesday to the Supreme Commander of the Armed Forces by the commander of the Swedish Army, Lt Gen Nils Skold. The plan covers the Army's program for the next 5 years. Since the 1982 Riksdag is to adopt a new defense policy resolution, the Army's program plan joins the government's Alternative B--the interim authorization of expenditures amounting to a bit more than 6 billion kronor where the army is concerned.

The excerpt quoted above constitutes a good summary of the program plan. Its purpose is not new or revolutionary. What is interesting is the fact that the function of our armed forces as an instrument for preserving peace is emphasized so forcefully. Within the plan itself, there is no ideological clashing to be perceived between efforts at preserving peace and a defense program which satisfies the demands placed upon it by the people through the Riksdag.

First of all, our defense program must make potential attackers realize that such an attack would entail the making of such great sacrifices, and achieving the goals being sought would take such a long time, that they would desist from attacking. If that does not happen, an attacker must encounter resistance early wherever an attack is made. It is a matter of breaking up an aggressor's attacking power by hitting him at the border or on the coast. If that is not possible, he should be forced to engage in long, laborious and precarious operations. It should never be possible to achieve strategic objectives quickly.

The natural question, then, is whether our resources are equal to the task of enabling us to achieve the goals we have set for ourselves.

As a consequence of the sharply rising cost of peacetime defense organization, it has not been possible to carry out the provisions of the 1977 defense resolution in their entirety. The commander of the army, himself, points out in his program plan that we have reached the lower limit where the amount of time devoted to training is concerned. Instead, training time should be extended, but that is not being considered at present because of the economic situation. How, then, shall the commander of the army get his equation to work out?

In the first place, one must concentrate on wartime organization and its quality. Expressed rather drastically, one should be able to say that defense must not be permitted to perform out-and-out AMS [National Labor Market Board] functions--that is, carry out job-creating missions, which is a great temptation for Riksdag members who see home-district units being discontinued.

The program also is a result of the implementation of the Supreme Commander's suggestion that the peacetime organization be reduced. It is also necessary to obtain compensation for price changes.

Recent technical developments obviously make it possible for the military to obtain new and effective ground-based weapons systems at relatively reasonable expense.

Therefore the commander of the army thinks that there is a good chance the the objective which will be set up in the Riksdag's defense resolution next year will be achieved. Not unexpectedly, the main reason for the Army commander's optimism is the existence of compulsory military service in Sweden--men are the army's most important resource, he says. Having compulsory military service is advantageous because--in addition to the psychological desirability of having every suitable individual contributing to the defense effort--a large enough number of units can be organized and all of the population's training, occupational proficiency and leadership ability are taken advantage of. The army commander also thinks that, where training is concerned, personal efforts partially compensate for the short periods of time devoted to training.

Nevertheless, as is well known, the compulsory military service system is being made the subject of debate--modification of the system is frequently what is being discussed. It is obvious that the idea of compulsory military service is deeply rooted in the minds of the population. There probably is a considerable political majority which favors retaining compulsory military service in its present dimensions. However, that should not interfere with a continuing debate or such modifications as seem natural but do not disturb the groundwork of the system.

Perhaps it seems more natural for the army commander to perceive advantages in the compulsory military service system than it is for the commanders of the other armed services. It makes it possible for him, at present, to mobilize 600,000 men, not including the Home Guard.

Looking at Swedish defense as a whole, it is obvious that the navy's and air force's programs must be woven in. Together, our defense forces should--making use of the program plan's own words--become a stabilizing factor in our part of the world, having a powerful effect as a deterrent to war while at the same time not constituting a threat to anyone.

9266
CSO: 3109/246

BRIEFS

LIBYANS DENIED MILITARY COURSES--The passport police at Arlanda say that the approximately 30 Libyan students who have been studying at Telub in Vaxjo returned to Sweden at 2100 hours on Tuesday to continue their studies. Their return was made possible when it was arranged that purely military portions of the training contemplated for them should be elimintated, and consequently the state-owned Telub can fulfill its contract with Libya. [Text] [Stockholm DAGENS NYHETER in Swedish 19 Aug 81 p 38] 9266

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DEFENSE POLICY STRESSES NUCLEAR DETERRENT, NO WAR

Paris LE MONDE in French 14 Jul 81 p 2

[Article by Jean Paucot: "The Socialists and the Rejection of War"]

[Text] For more than 10 years the development of tactical nuclear weapons has been hindering discussions on French defense. In the coming months it will be in the forefront of day-to-day events along with the prospect of the development of the super Pluto and the planned discussions concerning the neutron bomb.

Some people doggedly use their energy to show that the continuation between the deployment of strategic weapons (the Albion missiles, the war-device carrying nuclear submarines, the strategic air forces) and the production of tactical weapons is something obvious. At a time when an urge to create uneasiness is assuming electorally the guise of a denunciation against dropping security requirements, need it be pointed out that the matter is not all that simple?

There does not exist today a consensus among the parties of the former majority with respect to nuclear tactics, whereas they have, for the past 20 years, been carrying out the same defense policy.

For the UDF's White Paper, published in May 1980, tactical nuclear arming is identified with the action of the classic resources--land, sea or air--"in a battle concept." In fact, "the organization of defense in Europe must be conceived to wage a battle with the support of numerous nuclear tactical weapons."

Europe is thus "the sole place for a battle to be fought." The doctrine therefore is clear: for the UDF it is a matter of gathering up the resources for a battle which postpones resorting to nuclear strategy.

Dream or Nightmare

One month later the White Paper of the enemy, RPR, was taking the opposite stand concerning this statement: "France would do well to speed up in the rise to extremes on the nuclear scale, so as not to prolong classic operations on its territory or that of its allies. The alternatives to such a strategy all stem from classic military dissuasion based on the possibility of putting the enemy's forces at bay."

But there is a difference. Speeding up in the rise to nuclear extremes is to take the opposite stand in a battle being waged with tactical nuclear weapons. In these circumstances the RPR is doing no more than taking up the White paper on national defense published in 1972 under the auspices of the minister of defense. What does the White Paper say? Nuclear tactics have, on our borders, a twofold function: on the one hand they mean, for the aggressor, France's will to defend itself immediately afterwards through nuclear strategy. On the other hand, they give the French government the time needed for the analysis of the situation for making a decision on nuclear strategy.

Nothing whatever in common between this line codifying General de Gaulle's decisions in the sixties and the dream (or the nightmare) of "numerous" tactical weapons bent on "battle" and "stopping." (UDF).

Therefore the time has not yet come for the ukases requiring, in the name of sacrosanct continuity, an incessantly increased production of tactical nuclear materials. Why should an answer be given to the question: nuclear tactics, what for?

The consensus among French political families on the action of dissuasion covers up a basic divergence. The term, "dissuasion," which in itself is in no way linked with nuclear matters, can mean two approaches.

-- Either one dissuades the enemy from attacking by demonstrating to him that one has assembled sufficient combat means to make him lose the battle, a reasoning little different from that of the generals of the prenuclear area, except that the means have evolved.

-- Or one dissuades the enemy by demonstrating to him that there is no point to the agression because the stakes amount to less than the risks involved, thanks to the destructive capacity of the strategic counterforces.

French nuclear dissuasion can do no more than immediately cause the bids on nuclear strategy to rise. It is the only way to inflict unacceptable damage upon the enemy, i.e., quite simply, to make one's self heard amid the din of the weapons. France's voice will not be heard in the noise of multiple battle instruments capable of satisfying this engineer or that officer, but it will in the assertion of a coherent strategic dissuasion, the only thinkable level for a medium power.

No All or Nothing

French defense strategy refuses war, hence, even more so, battle, because France does not have, lest it be in dreams, the means of winning the latter by itself. The deployment of tactical combat weapons, typically antiforce (such as the anti-armoral neutron bomb, for example) assumes the automatic commitment of a French battle corps in a battle royal. A fundamental alteration which would involve a total reversal of our defense plans.

For France it is out of the question to be unbending in haughty solitude. But coherent participation in the defense of the alliance is first of all the logic of defending its own territory. For France, an average power in the atomic era, defending itself today means avoiding a conflict which, to any way of thinking, would sweep it out of the so-called civilized world.

The choice of a strategic position is not a matter of all or nothing. It is essential to organize the other side of dissuasion against minor actions against our territory.

The response to threats can be diversified: mobile defensive units of locally trained fighters are a possible way.

But the possibility of a confrontation in which the thousands of tactical nuclear heads deposited in Europe would be used by both sides is a nightmarish vision. Europe would, no matter how one looks at it, be devastated in terms of its urban, social, industrial and cultural fabric, the most closely knit in the world. War, properly speaking, does not exist.

War, that is the confrontation of armed forces, no matter how great the talent of the "maneuver" and the genius of the leaders might be, no matter what would be the result of gigantic removals of charred cadavers and carcasses, would without fail mean the disappearance of Europe in general and France in particular.

Already in 1936 the Popular Front had inherited from the right armament that was less insufficient than it was unsuitable.

Those who accepted the sixth strategic submarine only through fear of a parliamentary crisis must not misguide the efforts of a socialist France in the clatter of unsound discussions and the reasonings of fake mean of righteousness or do-gooders. "The national strategy of nuclear dissuasion is the only one that can actually be the kind that will ward off the dangers of conflicts," declared Mr Francois Mitterrand.

France has better things to do than to deploy tactical missiles that are superabundant in relation to the strict testing and token role that our defense policy ascribes to them. The problem for the future, and it is an essential one, is that of the credibility of its strategic forces. This credibility does not depend on the number of our weapons, but on our response to the possible technical progress which the adversary might make. Thus it is the case of strategic force that must be studied.

9498
CSO: 3100/935

DROP IN CONSUMPTION OF PETROLEUM PRODUCTS

Vienna WIENER ZEITUNG in German 1 Sep 81 p 7

[Article: 714 Percent Fewer Petroleum Products: Lower Consumption than Last Year"]

[Text] Consumption of petroleum products decreased in the first half of this year by 7.4 percent to 5.1 million tons, compared to 1980. A considerable factor in the second quarter was a reduction of 200,000 tons of heavy heating oil purchases by electrical utilities, while increased storage of heating oil caused a rise in demand by 10 percent. The total reduced consumption resulted in a cost reduction of 1.8 billion schillings. Minister of Trade, Dr. Staribacher, saw this development yesterday in the light of the soft economy, which also explains the 4.7 percent reduction in the consumption of diesel fuel. As far as the reduction of gasoline consumption (3.1 percent, with 4.6 percent of regular, 2.3 percent of super) was concerned, however, the minister felt that this was due to a conserving mentality of the car owner; fewer kilometers are traveled and the attitude that "nothing is too good for the tank" has also changed. The yearlong trend of reduced domestic production of petroleum was continued in the first half of this year. Compared with the period of January-June 1980 the Austrian production facilities produced 18.9 percent less volume (659,600 tons). Imports of crude oil declined by 5 percent, those of refined products by 22.5 percent. Due to the decline of crude oil imports the number of delivering countries also declined from 11 to 8. The lion's share was taken by Saudi Arabia with 40 percent, the USSR contributed 25.6 percent.

Prices developed in contrast to the decline of crude oil imports. Because of the higher dollar exchange the financial costs increased from 12.6 billion schillings in the first half of 1980 to 16.9 billion schillings in 1981, translating into an increase of 34 percent. Costs of refined product imports rose from 4.9 to 5 billion schillings.

Highly Efficient Energy Use

The Austrian proportion of world energy consumption amounts to 0.42 percent; the Alpine republic stands together with Switzerland, Finland, and Norway in 13th place among the Western industrialized nations. Comparing energy consumption to the actual GNP, Austria ranks sixth as far as conservation and efficiency of energy application is concerned, behind Switzerland, Denmark, France, FRG, and Japan.

From 1974 to 1979 the consumption of petroleum units per 1,000 dollars of actual GNP was reduced by 3.5 percent. Since the Austrian GNP increased in the same period by 15.1 percent, a loosening of the ties between energy consumption and economic growth became apparent. This was stated yesterday by Counselor Dr. Reim of the Ministry of Trade.

The interministerial committee for energy conservation problems has now submitted a report. According to it, energy consumption has declined by 18 percent since 1976, it is estimated that a total reduction of 20 percent can be achieved. The committee estimated that 1.17 billion schillings were necessary for an energy-efficient retrofitting of 347 federal projects that were surveyed by the end of the 1979/80 heating period. One hundred fifty to 190 million schillings annually have been expended for retrofittings carried out to date.

9240
CSO: 3103/430

GASOLINE PRICES TEMPORARILY DECONTROLLED

Zurich NEUE ZUERCHER ZEITUNG in German 18 Sep 81 p13

/Text/ On Wednesday, the Austrian government decontrolled gasoline prices at the pump on a trial basis. This move was based on an agreement between minister of commerce Staribacher, the provincial governors and the oil industry as a consequence of regional shortages at the start of the main travel season due to deficient domestic gasoline prices. Because of the resistance of the employees' representatives on the pricing commission, the commerce minister was not able to resolve the problem by granting the oil industry the price increases it was demanding. The provincial governors, for their part, declined to accept the commerce minister's offer to transfer the responsibility for price control to the land governments. The present decontrol scheme is to run until 31 January 1982. The chambers of labor and the labor unions already are on the verge of asking for a return to price controls; the Laender intend to do so, if liberalization "works poorly."

The oil companies reacted to the liberalization by raising prices at the pump as expected. The price of regular increased by 2.4 Rappen, which was more than the increase for high test. The oil companies thereby meant to narrow the gap in price between the two, which they consider excessive. Nonetheless, no uniform policy was followed. Only four subsidiaries of international oil companies, albeit with about half the share of the market, raised their prices immediately. Three others as well as the distribution organization (Elan, Martha and Aral) of the state-owned OeMV followed suit later on Wednesday. The independent discount filling stations, it is said, will raise their prices still later while holding to a lower price level than the big oil companies. No attempt was made to institute regional differences in price. The distribution networks of the different brands raised their prices uniformly throughout the country.

The Austrian subsidiaries of Shell and Mobiloil raised their prices most-- by 8.5 and 10.9 Rappen per liter respectively. The subsidiaries of other international oil companies raised theirs by 7.3 and 9.7 Rappen and the state-owned OeMV outlets held their increase to 6 and 8.5 Rappen-- most likely bowing to political pressure to act as a price brake on the multinationals. According to preliminary calculations, the uniform maximum price for high test gasoline throughout most of the country stands at 1.40 Swiss francs per

liter; in the Tyrol, the price of high test was lowest, at 1.26 Swiss francs. At Autobahn gas stations, the price ranged from 1.32 to 1.40 Swiss francs. But not all companies were able to set prices for their products on their own. Insofar as they supplied or merely collaborated with independents, they could only make price recommendations. This means that there will likely be local differenees in price to which the independent gas stations with a 10 to 12 percent share of the Austrian market will also attend. The prices quoted apply to full-service gas stations. Pricing analyses for regular gasoline are not yet available. Based on the official price of 1.23 Swiss francs, they have probably risen to 1.32 to 1.34 Swiss francs.

The price of Diesel, which was decontrolled some time ago, is said to be unchanged. As a rule, full-service stations charge about 1.25 Swiss francs per liter for Diesel fuel at present. Unchanged as well are the prices for propane and for light heating oil which are the only fuels still under state control for "social reasons."

Liberalization of gasoline prices at the pump does not mean that pricing at all levels of production and marketing is being liberalized. The selling price at the refinery for all petroleum products is still subject to control by the parity commission on wages and prices. On Thursday, the commission will be looking into an oil industry request for liberalization. If the request is approved (which is not thought likely at the moment) the state-owned OeMV could increase refinery prices and thereby deprive the commercial firms of a part of the additional earnings occasioned by the price adjustment (less value-added tax).

To be sure, the new prices only marginally reduce the cost shortfalls incurred by the oil companies. Shell Austria have stated that an increase of 16 Rappen per liter would have been justified in view of the cost price of imported gasoline. The oil firms also stress the point that while Austrian fuel prices at the pump are now higher than those in the FRG and Switzerland their net earnings still are lower than those of firms in the FRG and about equal to those of Swiss firms due to the extremely high tax burdens imposed by Austria.

9478
CSO: 3103/455

ROTTERDAM OIL REFINERIES CUT BACK PRODUCTION

The Hague ANP NEWS BULLETIN in English 12 Sep 81 pp 2-4

[Text] Rotterdam, 11 Sep--A sharp decline in world demand for oil products is forcing Rotterdam's oil refineries, some of the world's busiest, to make radical changes in their patterns of production.

An announcement this week by the Royal Dutch Shell group, the world's second largest oil company, that it is examining ways of severely cutting back production in Rotterdam is just the latest indication that the oil industry is struggling to adapt to a world energy situation very different from what it had planned for.

Shell's Pernis refinery near Rotterdam's huge Europort is the largest in the Netherlands, capable of processing 25.5 million tonnes of crude oil a year (500,000 bpd), less than 50% of full capacity.

Shell's experience is typical of most refiners throughout the world, who made their plans for future production when oil was cheap and demand seemed set to continue rising steadily for years to come.

Change in Demand

The 1973 oil crisis changed the picture dramatically. The price of crude oil rocketed and continued its meteoric rise throughout the decade, while consumers in the industrialised world switched increasingly to alternative energy sources such as coal and gas.

Rotterdam port authority figures give a clear illustration of how demand has changed.

The quantity of crude handled in Rotterdam, the world's largest and busiest port, fell 17% in 1980 to 117 million tonnes from 141 million in 1979. About half of thiswas imported for refining here and the rest re-exported.

The trend accelerated this year, with the amount of crude handled falling 27% in the first six months to 47 million tonnes from 65 million in the first half of 1980, while coal traffic rose by 17%.

The authority attributes the fall to the high oil price, high stocks, world-wide recession and the success of measures to save energy. Add to this the current oil

glut and the fact that many oil companies are tied by contract to buying high-priced oil from the more militant members of the organisation of petroleum exporting countries (OPEC) and the picture for the industry is a gloomy one.

Below Capacity

Rotterdam's refineries find themselves saddled with vast refining capacity far in excess of present demand and huge stocks of oil and products for which they cannot find buyers.

Virtually all the refineries have been operating at greatly reduced capacity for some time.

British Petroleum (BP) runs the second largest refinery in the Netherlands, which is operating at only 50 to 60 per cent of its annual capacity of 23 million tonnes of crude (460,000 bpd).

The company announced earlier this year it would cut its overall European capacity by 25 per cent, mainly in France, West Germany and Britain. It has already closed its Isle of Grain plant in Kent in southern England, which had a capacity of 10.5 million tonnes per year (210,000 bpd).

Other Rotterdam operators include Chevron, owned by Standard Oil Company of California, which is operating at 70 per cent of its 14 million tonnes annual capacity (280,000 bpd) and Esso, a subsidiary of the giant Exxon corporation, which operates at 75 per cent of its 8.5 million tonnes (170,000 bpd) capacity.

The pattern is repeated elsewhere, with West German refineries facing major losses and Japan's running at 30 to 40 per cent below capacity.

Light Products

Japanese refiners resorted last month to refusing to take delivery of large quantities of Iranian crude in an effort to force Iran to cut its official price of 37 dollars a barrel, five dollars higher than the cheapest Saudi Arabian crude.

An added problem is the changing pattern of oil product demand.

Most refineries are still substantially geared towards producing heavier products like fuel oil and industrial heating oil, but it is precisely in these sectors that coal and gas have proved economical alternatives.

Interest has therefore switched to the lighter distillates such as petrol, diesel and aviation fuel for which substitutes are not readily available. This is where the refiners hope to stage their comeback.

Shell is studying the possibility of upgrading Pernis to produce more of the lighter distillates. A report is due in mid-October to coincide with its study on cutting overall capacity at the plant.

BP is investing one billion guilders (370 million dollars) in a 'catalytic cracker' at its Rotterdam refinery. This will make it possible to crack molecules in heavy distillates like fuel oil to form lighter products such as petrol.

Ideal Location

Some oil industry analysts are sceptical whether the scope for lighter oil products is sufficient to justify such a large scale investment but BP is optimistic.

'We would not invest so much money in a plant if we thought we would have to close it down in the foreseeable future,' a spokesman said.

Other companies such as Total and Chevron are following suit while Mobil, whose Amsterday refinery operates at around 60 per cent capacity due partly to a recent fire, has no concrete plans to upgrade production but accepts that it may be necessary in future.

Most Rotterdam refiners believe they have an advantage over their European rivals in their location at a deep-water port and in the fact that they serve an international market rather than a purely domestic one.

Two thirds of the crude oil imported into the Netherlands every year is re-exported in the form of oil products. The complex network of rivers and canals which link Dutch prots with Europe's major industrial centres is ideally sutied to transporting these.

At the Source

The refiners also point out that the flexibility of Rotterdam plants, such as their ability to meet the different specifications of various countries concerning the chemical make-up of oil products, is an additional advantage.

The fact that no plant closures have been threatened in the Netherlands as they have in France, West Germany and Britain would seem to justify their confidence in their ability to ride out the current depression in the products market.

But some oil analysts believe the real threat to Dutch refineries lies in the growing tendency of oil exporting countries to refine crude oil at source.

The petroleum economist magazine said recently that OPEC increased its refining capacity by 17 per cent in 1980 and estimated it was now capable of refining about 6.3 million bpd, almost a third of total OPEC output of 20 million bpd.

If analysts are correct in predicting that refining at source will grow to represent a major threat to oil companies in the industrialised world, the current depression in the products market may prove to be much more than the transitory phenomenon Rotterdam's refiners hope it to be.

CSO: 3120/1

EXPORT EARNINGS INCREASE REPORTED

Nicosia THE CYPRUS WEEKLY in English 11-17 Sep 81 p 8

[Text]

Despite the continuing deficit in the public sector and other problems facing the Cyprus economy, the performance of exports so far this year has been quite impressive

A Central Bank report says exports of domestically produced goods grew by 24.5% during the first quarter of 1981 as against a mere 6.6% in the same period last year.

Both exports of agricultural and manufactured products expanded — at the high rates of 38.7% and 19% respectively.

Cement

An early potato crop, together with marked increases in export earnings from citrus and other fresh vegetables, contributed to the high growth rate of agricultural exports. Potato exports are expected to yield £15.5 m. this year as against £12.7 m. in 1980, the Bank says.

Earnings from exports of manufactured goods reflected primarily increased exports of clothing and footwear, paper products, cigarettes chemicals and toiletries. But exports of cement dropped sharply, owing to fewer quantities shipped to Syria, which has been the island's main market for some years.

Exports of asbestos reached £1.1m (a 35% increase) following a rise in both prices and quantity. 'Exports of copper concentrates ceased completely as production of cupriferous ores was discontinued in 1980'.

Agriculture

A later report by the government says agricultural exports during the January-May period reached £26.6 m., up 69.4% over the five-month period of last year. Total domestic exports rose by 30.5% while imports went up by only 7.5%. The result was that the deficit in the trade transactions during the first five months of this year was narrowed to £93.7m. from £97.7 m. during the same period of 1980.

The Cyprus foreign exchange reserves in May stood at £141.9 m. as against £119.7m. at the end of May 1980. But they are still down from their peak £158 m. in the summer of 1979.

CSO: 4600/10

CYPRUS AIRWAYS LOSSES REPORTED

Nicosia THE CYPRUS WEEKLY in English 11-17 Sep 81 pp 1-2

[Text]

"We took over a company facing serious financial, organisational and administrative difficulties, and are doing our best to put it on its feet again," Stavros Galatariotis, the Limassol tycoon who took over recently as Chairman of the government-appointed Board of Management of Cyprus Airways told the Cyprus Weekly.

In an exclusive interview, Galatariotis said the company had lost £200,000 in the last few weeks alone, by laying on extra flights to alleviate the hardship of would-be passengers stranded at Larnaca Airport as a result of overbookings and no-shows.

NEW JETS

"Cyprus Airways was almost alone in laying on these extra flights, and in bearing the heavy financial burden caused by them returning almost empty," he said.

Galatariotis revealed that as part of the efforts of the company to make Cyprus Airways more efficient, the company is negotiating to purchase new-generation wide-bodied jetliners. These aircraft would carry twice the number of passengers at greater comfort, without using any more fuel than the aircraft being used by it now, he said.

Commenting on last week's Cyprus Weekly story about the demands of British tour operators for charter flights to Cyprus, Galatariotis said the final decision "always rests with the government." He himself, he added, was not opposed to the granting of charter licenses, provided these were controlled to safeguard the interests of the national carrier and the local tourist industry.

CHARTERS

He said he would hold a press conference before the end of the month "which will be like a public inquiry" on charter flights and other issues.

Galatariotis pointed out that charter flights are allowed to fly to Cyprus from Germany, the Scandinavian countries and elsewhere, except the United Kingdom, which provides a third of the total tourist inflow to the island.

"The repercussions of granting charter rights to this section of the market must be very carefully considered, since this may lead to the vir-

tual control or monopoly of the Cyprus tourist industry by powerful foreign interests with unforeseen consequences on the tourist industry, the healthiest and most productive sector of the whole economy of Cyprus," he stressed. "This is a very serious risk."

COMPUTER

In view of current difficulties Cyprus Airways needs a breathing space to stand on its feet again and until it acquires new wide bodied jets. We are not afraid of foreign competition though we must always safeguard the position of the national carrier whose services to the island's economy are invaluable," he added.

The Cyprus Airways boss said the main cause of the congestion experienced at Larnaca Airport recently was the booking of seats in fictitious names, and the resulting "no-shows", carried out by some travel agents and individuals. He expected this anomaly will be eliminated by next April, when the company brings into operation an electronic computer.

(For a more detailed explanation of the Cyprus Airways stand on this issue please see the Cyprus Airways announcement on page 24).

SPACE

Airline sources told the Cyprus Weekly another reason for the undesirable congestion at Larnaca was the fact that though Cyprus Airways handles two thirds of all traffic it has only been allocated seven out of the 13 passenger reception counters to process as many as 60,000 passengers a month during the summer peak period. The other six counters have been allocated to other airlines, some of which only fly to Cyprus once a week.

Galatariotis suggested that the situation would improve if Cyprus Airways, as the national carrier, was given more working space at the airport, as well as the right as to act as the sole handling agent for traffic and engineering services at the airport. "This is a practice widely used in many other countries," he said.

CSO: 4600/11

URGENT MOVES TO EASE NICOSIA WATER PROBLEM

Nicosia THE CYPRUS WEEKLY in English 11-17 Sep 81 p 28

[Text]

The government yesterday took urgent measures to improve the water supply situation in Nicosia where serious shortages have been causing huge problems to residents.

Some households, especially in high lying areas of the capital and suburbs, have been without running water for three or four days, and even a week on some occasions.

Boreholes

An officials statement said the situation had worsened in recent days because of damage to the main pumping station at Syrianochori (near Morphou) and to aqueducts.

The Council of Ministers discussed the matter at its meeting yesterday and gave instructions that steps should be taken immediately to link other water boreholes, belonging to the government or individuals, with the main water system supplying the capital.

In this way it is expected that from the coming week, the water supply to Nicosia will be reinforced with an additional 2,500 cubic metres of water daily, the announcement said.

At the same time, efforts are continuing through the UN to repair the damage at the Syrianochori pumping station.

The governmnent moves are expected to ease the dramatic situation facing Nicosia especially if cool weather settles in soon, or even better, if we get some rain in the next few days.

The weather has now become cloudy over the island, with the maximum temperatures having dropped to around 31 C from the 38 C a week ago, but there is still no sign of rain.

CSO: 4600/12

BUILDING BOOM SLACKENS

Nicosia THE CYPRUS WEEKLY in English 11-17 Sep 81 p 8

[Text]

The construction industry showed signs of slackening last year for the first time since 1975, according to the official 'Construction and Housing Report 1980', just issued.

"The number of building permits dropped to 7,122 from 7,316 in 1979, while imports of iron reinforcing rods declined by about 50% in quantity.

But in terms of value, the building permits issued during the year registered an increase of nearly 25% reflecting the 'fast rising' costs in the building sector.

The report says labour costs jumped 25.7% in one year while the prices of construction materials rose by 15.7%. The most important increases were observed in the prices of bricks (25%), cement (23%), wood (20%), paints and sanitary fittings.

The report speaks of certain structural changes in the construction industry during the year. There was a shift from homes to non-residential buildings. And within the category of non-residential buildings, work on hotels and other tourist facilities more than doubled and reached the level of £17.3 m. as against £7.1 m. the previous year.

Construction is now established as the third largest sector of the economy. Its gross output last year rose to £184 m. as against £151.2 m. in 1979.

The share of construction undertaken by the private sector declined marginally from 70.6% of total output to 70.3%, the government's share was reduced from 24.1% to 22.8% while that of local and government authorities advanced from 5.3% to 6.9%.

Employment in the construction industry declined from 18,688 people in 1979 to 18,048 and accounted for 10.3% of the gainfully employed population.

The number of new dwellings completed was 9,463 compared to 9,864 the previous year.

'This suggests a turning point in the effective demand for housing and in future a further shift of construction activity from housing to other types of construction might be expected', the report says.

Most of the dwellings completed were in urban areas (5,642). The average number of rooms per new dwelling was found to be 5.1 for houses financed by the private sector and 4.3 for those financed by the public sector. In the case of dwellings financed by the government, nearly all were provided with solar heating, while of those built by private individuals, only 67% had solar heating.

The report shows that last year Cyprus imported building materials worth £30.7 m. (mainly iron and steel, wood, cork manufactures, locksmiths' wares and ceramics); but at the same it exported construction materials (mainly cement, carpentry, stone etc) valued at £17.6 m.

CSO: 4600/12

BRIEFS

MARKETING INSTITUTE--The programme of study at the Cyprus Institute of Marketing is designed to bring to the Cypriot businessman and business executives the all-round knowledge they need to succeed in today's complex business world, the Institute's Director-General Mr Theo Hadjiyannis said in Nicosia this week. Speaking at a press conference, he said the CIM equips students with modern techniques to deal with all of the diverse problems executives face when handling everyday business decisions. "We are very demanding in terms of study and academic performance. All courses mean hard work and continuous effort," he said. CIM graduates are now employed in high posts in business and industrial concerns in Cyprus and overseas, and many others are in European and American universities for post-graduate studies. CIM offers, in consultation with the British Institute of Marketing, the Certificate and Diploma in Marketing. It specialises in marketing and management studies and has gained its reputation as a specialist institute. The CIM is now entering its fifth year of operation. [Text] [Nicosia THE CYPRUS WEEKLY in English 11-17 Sep 81 p 8]

CSO: 4600/10

LAMBSDORFF ON BUDGET, ECONOMIC TRENDS, COALITION

Hamburg DER SPIEGEL in German 14 Sep 81 pp 22-26

[Interview with Otto Graf Lambsdorff, economics minister and member of FDP Executive Board, in Bonn, by SPIEGEL editors Paul Lersch and Heiko Martens: "That Can Be Done Only Once"; date of interview not given]

[Text] SPIEGEL: The coalition partners have pulled themselves together again for the time being. Nevertheless, was this the beginning of the end?

Lambsdorff: No. The harshness of the confrontation during the negotiations merely shows that the overall economic conditions under which we have to make political decisions today have become more constricted, and thus more difficult. Moreover, the different starting points of the coalition partners have become much more apparent. But they've always been there.

SPIEGEL: That's just it: The different points of departure have become insurmountable.

Lambsdorff: First of all, they have been surmounted this time. And second, I really don't see why the beginning of the end is being conjured up just when a compromise has been reached on difficult policy issues. Why isn't it the beginning of the beginning instead?

SPIEGEL: Hardly anyone still believes this coalition can find the strength for a new start after the serious confrontations.

Lambsdorff: It was the most serious — at least one of the most serious confrontations over policy issues that the coalition has had to weather in the 12 years that it's been working together. But I don't think the conclusion that it's near the end is convincing. I don't want to rule anything out; indeed, the chancellor and the SPD chairman have made it clear that there can be no guarantees lasting until 1984. But the chairman of the Free Democrats has said this: We intend to stay together up to 1984. And I say that we have a mandate from the voters to solve problems within the framework of this coalition.

SPIEGEL: Your chairman has called for a policy shift: less government, more market — above all, less of a welfare state. Goals like these necessarily lead out away from the coalition. Or do you perhaps think the SPD can follow you along this path?

Lambsdorff: I want to stop using the word "shift" in this context. The word has made people sensitive. Why do we have to make them hypersensitive? But it is quite true that a switch has been thrown, that a substantial move has been made in what I'm convinced is the right direction. Here I'm quoting the Social Democratic finance minister, who put it in precisely those terms. It's a path that must and will speed up the necessary structural adjustment by the German economy to the changes in international economic conditions — together with the Social Democrats, that is.

SPIEGEL: Let's just disregard the word "shift." The FDP chairman has just rephrased what he means by it: "More individual responsibility," "increased support for private initiative." Now that a program costing billions has been passed as an incentive to investment, isn't that enough?

Lambsdorff: No additional demands are being made at the moment. The depreciation program you're talking about was introduced into the negotiations by the Social Democrats. And the chancellor had this to say to his parliamentary group: The decisions wouldn't have looked much different if they had been made without a coalition partner. If I may say so, that speaks for his insight into economic exigencies and agrees with my view. I hope, by the way, that the economy will develop in such a way that additional measures will not be necessary.

SPIEGEL: The incongruity of viewpoints has been recorded right in the minutes of the cabinet meeting: The Social Democrats want to combat unemployment with an employment program; the Free Democrats want to cut deeper into the social welfare net, to save more money. How is anyone supposed to keep on believing in a new beginning?

Lambsdorff: What we've just approved is to a very great extent an incentive for needed investments in the economy. And these decisions were necessary because we do need more jobs. What must happen in a new situation will have to be discussed then.

SPIEGEL: But people know what the FDP thinks of an employment program: nothing.

Lambsdorff: The minutes you referred to do not necessarily mean that these proposals have to be brought up again. I noted with some displeasure that we had scarcely left the conference room when the employment program had already been reintroduced into the political discussion. But I'd like to say this on that point: If people consider an employment program faulty and wrong when the average unemployment figure runs to 1.2 or 1.3 million per year, they will probably also think it's wrong for 1.5 million unemployed.

SPIEGEL: But the political pressure will become greater and greater as unemployment figures rise.

Lambsdorff: That's right, but economic decisions have to be sensible in spite of political pressure.

SPIEGEL: The SPD is working right now on an employment program that runs to a double-digit figure in the billions.

Lambsdorff: I'm not familiar with such a program. And has anyone told you how he intends to finance it?

SPIEGEL: One might imagine that the debt would be increased.

Lambsdorff: I see no willingness in the FDP parliamentary group — and none at all so far in the coalition — to go beyond the present net credit line of DM 26.5 billion unless tax receipts decline because of the economy. And I'm not at all so sure that it has to happen that way. Indeed, economic development doesn't look all that bad. The outlook is unpleasant only in an unfortunately very important and politically troublesome area, and that's the labor market.

SPIEGEL: So no increase in the debt limit. One could imagine the FDP yielding to the Social Democrats on an employment program — on condition that the unemployed help finance such a program themselves by means of reduced unemployment benefits. You've been demanding for ages that they be lowered.

Lambsdorff: If you're talking about double-digit sums in the billions, they can't be paid just from the Federal Labor Institute's budget. Then you could close the entire institute. I don't know where such sums would even come from.

SPIEGEL: So if there's an employment program at all, in any event it's to be financed only by way of further budget cuts?

Lambsdorff: Yes. That's right.

SPIEGEL: Aren't you worried about the suspicion already being voiced by Social Democrats and trade unions — that the "Economics Count" (Wehner's term) sides with Mrs Thatcher and simply accepts unemployment as a remedy for the state of the economy?

Lambsdorff: Indeed, it's quite an honor to be mentioned in the same breath with Mrs Thatcher and with the American President. The economic policy we're making here is ours. The problems we have are ours. And we are deeply concerned over the employment picture in the Federal Republic. We know that we can't get a grip on this problem via more consumption and more government spending. We'd only be making things worse. Even the trade union chairmen are saying that today there is no getting around real income sacrifices for employees. I should like to acknowledge this explicitly.

SPIEGEL: Not in 1982 either?

Lambsdorff: That's my assumption. If you just look at what we're demanding of the civil service. Real losses in income are to be expected for 1982. And the situation will be just the same in other broad sectors.

SPIEGEL: Aren't you afraid the FDP will gain the reputation of being a party that doesn't care about the unemployed? They aren't among your clientele, you know.

Lambsdorff: No. I don't see it that way. Expert economic opinion throughout the country has rejected such employment programs. The die-hard proponents of these

programs remind me of what one of my predecessors, Herr Schmuecker, used to say to the Free Democratic Party: "And we're not going to let your greater expertise deter us from our political convictions."

SPIEGEL: The only question is whether the SPD can get through the winter without an employment program despite the anticipated development of unemployment figures.

Lambsdorff: That is a politically justifiable question.

SPIEGEL: And we think this demand is going to be forthcoming. And then comes the clash in the coalition — if not the breakup.

Lambsdorff: And I guess everyone will be thinking about where they can find the necessary parliamentary majorities for such an employment program. Do you see one?

SPIEGEL: No.

Lambsdorff: Neither do I.

SPIEGEL: So, either no program or the coalition breaks up. Many people have the impression that all the FDP cares about is making the SPD appear responsible for the fact that this coalition is no longer working.

Lambsdorff: We haven't gotten into this game of who's going to be left holding the bag, and I have no intention of doing so. Our job is not to find out who's at fault, but to live up to our obligations.

SPIEGEL: Perhaps the Union will embarrass you yet, by putting proposals before you in the Bundesrat on which you haven't gotten through to your partners in the coalition.

Lambsdorff: Well, judging by the kind of proposals submitted to me by the opposition last week, I no longer have anything at all to fear.

SPIEGEL: In the eyes of many Social Democrats, the burdens contained in the program for economy measures are not socially balanced.

Lambsdorff: Which groups have been spared?

SPIEGEL: First of all, for example, we can quote your party colleague, Bundestag Deputy Helga Schuchardt. She has stated publicly: I have not been affected at all. We can also cite ourselves as examples; we are certainly reckoned among the higher-paid. And our part in this is the grand sum of DM 20 or 40 cut from our family allowance. Let's take dentists with an average income of more than DM 300,000. If anything, they can take their tax breaks and build some more houses. Before the negotiations, you were saying that everyone would have to make sacrifices.

Lambsdorff: It's my belief that we have achieved a relative measure of equitableness. I have always said — and this has angered many people — that the money is to be retrieved from where most of it has been handed out in recent years, as was reasonable — namely in the area of increased middle and lower incomes. You named

a few areas where the burden has proved to be minimal. I quite agree with you. But how and in what way would there have been opportunities to zero in on these areas? There haven't been any suggestions along that line — except for the area of holding down costs.

SPIEGEL: Let's take that as an example.

Lambsdorff: In the matter of holding down costs, we agreed that we would talk with each other about structures in the health sector in the course of 1981 — or up to 1984. There have been developments in this field that are certainly due in no small measure to a lack of competition and an inadequate supply of services; changes can be considered here. But I don't mean changes through pricing laws, price controls and price ceilings. The trend toward increasingly higher medical insurance premiums is a cost factor that we have to get a grip on somehow — and I say this as the economics minister.

SPIEGEL: Graf Lambsdorff, your own role in the economy negotiations is perceived by the Social Democrats as a dubious one....

Lambsdorff: Dubious?

SPIEGEL: Dubious means questionable. People don't know where they stand with you. Many of them have the impression that you wanted the coalition to break up. Is that right?

Lambsdorff: That's the first time I've heard that people don't know where they stand with me. I have heard that there have been complaints with regard to my negotiating style — not from the FDP quarter, I might add....

SPIEGEL: ...oh yes. Even there there were doubts about your role. Doubts similar to the ones the Social Democrats had: What does Lambsdorff want?

Lambsdorff: I tell you clearly and distinctly: No such doubt was expressed in the parliamentary group session, not a single word.

SPIEGEL: Elsewhere, however.

Lambsdorff: What was said to you outside the conference room doesn't interest me in this regard. My positions on the matter were no more rigid than those of the party chairman; indeed, he had laid down the marching order in his summer letter. I negotiated with a clear mandate behind me from the federal executive board and the parliamentary group. And I've heard no one charge me with having tried to deceive anyone, hoodwink anyone....

SPIEGEL: ...no one is saying that.

Lambsdorff: ...okay, then I'm satisfied.

SPIEGEL: The heart of the matter was this: How far did Lambsdorff intend to go? Had you deliberately planned to let this coalition come apart?

Lambsdorff: I negotiated. And I viewed these negotiations within a framework that also did not rule out from the outset the breakup of the coalition as an ultimate possibility. Why should I deny that?

SPIEGEL: That's the first time you have ever employed a negotiating plan like that. Wasn't it an extremely risky move?

Lambsdorff: Yes, it was used for the first time. There were fundamental changes — Genscher noted that in his letter to his party associates. I am in absolute agreement with him as regards what the situation demanded this summer and the necessity of making the right decision. And that's why it was a first-time situation and — I hope — also a one-time situation. One cannot use such a "dolus eventualis" over and over again in conducting negotiations. That can be done once and only once. And the usefulness of an instrument like that does not increase if the options on the other side — should one be thinking of a coalition change — are nil: a deep, yawning, black hole. But perhaps on Monday in Berlin the Union's minister-presidents will be able to bring some light to the darkness of their group in the Bonn Bundestag.

SPIEGEL: In any event, this time the breakup figured in both your calculations and Genscher's?

Lambsdorff: No, I can't say that. I didn't talk to Genscher about this matter. It was the back of my mind, not Genscher's. Nor was the breakup calculated in the back of my mind; of course, it wasn't ruled out, either.

SPIEGEL: But how could you, who are not even deputy party chairman, conduct the negotiations as you did without cover from the party chairman?

Lambsdorff: The negotiations — I've already said this once — were conducted smoothly and in harmony. Moreover, the leader of the negotiations was the party chairman. It was simply not possible to describe the problem situation any more clearly than the way it had been stated in Genscher's four-page letter. And the party understood that very well.

SPIEGEL:
Your party associate Baum has declared that there has still been no departure from the Freiburg platform — from the principles of this social-liberal policy. Do you share this opinion?

Lambsdorff: I think so, but I also think that people must ask themselves this question: What more can the social welfare state do under the changed economic conditions? And to that extent, some of the Freiburg economic principles no longer exist. The Freiburg platform provided among other things for giving material substance to civil rights — to put it succinctly.

SPIEGEL: Meaning a departure from Freiburg after all?

Lambsdorff: No. The only question is whether people have the courage to adjust to the changed situation and take the necessary action.

SPIEGEL: The Freiburg platform was once considered the cement that held the social-liberal coalition together. Is that still true in any way?

Lambsdorff: It's correct that some of us saw it that way. Others — and I count myself among them — have always seen this as the independent conception of a liberal party and a liberal policy.

SPIEGEL: So the old Freiburg FDP would also be capable of entering into a coalition with the CDU?

Lambsdorff: These are ideas that are all pretty far off — according to what I've just witnessed gain in recent weeks on the part of the CDU/CSU. There are sincere, vigorous statements, and then nothing comes of it.

SPIEGEL: If you consider the basic principles of economic policy and also — of late — foreign policy, isn't there a recognizable proximity to the CDU? Isn't there a great temptation to give it a try with the CDU?

Lambsdorff: There are temptations to which one gladly succumbs. But to succumb to this temptation under present conditions — and to do so gladly — I'm quite a long way from that.

SPIEGEL: Isn't it more that you have to shrink from this change because your party is not yet going along with this course at present?

Lambsdorff: One can only guess at that. You're aware of the results of this poll*. It's a question that no one can answer with certainty and conclusively. In any event, the responsibility bestowed upon us by the voters in 1980 demands that we make every effort and work with the SPD to solve our problems — even if there are sometimes loud clashes, conflicts and a gnashing of teeth.

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* According to a poll conducted for the FDP, the percentage of FDP voters who favor a social-liberal coalition has dropped from 80 percent to 56 percent over a period of a year.

7458
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PAPER URGES ACTIVE ROLE BY GOVERNMENT AGAINST INFLATION

Helsinki UUSI SUOMI in Finnish 19 Aug 81 p 2

[Article: "Wrong Psychology"]

[Text] Prime Minister Mauno Koivisto estimates that the index threshold that has been approved for wage agreements will be exceeded both this and next year. The pessimistic prime minister seems to view inflation as an automation that advances under its own power regardless of any countermeasures. In the field of economic policy some frank statements, in fact, are going to have to be made in order to prevent unfounded optimism, but in making these statements one should be careful to take their psychological impact into consideration.

While the prime minister seems to have given up playing games, it is clear that exceeding the index threshold cannot be avoided. Crossing that threshold does not in itself mean anything at all, since wages will rise as much as the rise in prices will this year exceed the 6-percent mark. It will not lead to any substantial rise in wages, but it is a matter of positions. The government's own position is of decisive importance and the moment could not be a more pertinent one for the government than right now with the time for thrashing out the budget approaching.

In practice the administration, the state and the municipalities' tax, price and cost decisions determine the fate of the index threshold. The decisions that lie before us will mainly affect next year, but their psychological importance for this year is indisputably clear.

Since last February the inflation rate has remained quite satisfactorily within reasonable limits.

Industry's voluntary self-restraint with regard to the raising of prices in the spring and early summer has produced excellent results. The cost of living index has risen for other reasons, the most important of which have been the rise in the cost of energy, rental increases largely due to that and the rise in farm wages.

In the future too, moderation is indispensable in the domain of commerce and industry. However, the rug should not be pulled from under it by predicting that the index threshold will in almost any case be exceeded. The extension of pessimism to anti-inflationary measures is an entirely wrong policy.

The prime minister's depressing statement is, on the other hand, perhaps understandable as an attempt to get the labor organizations to realize the extent and

permanence of the changes in the structure of the economy. With its sliding scale, the usual wage policy that crystallizes during a period of continuous growth is naturally transformed into a permanently inflationary one during a period of declining growth and especially one of zero growth. If the administration is placed in the role of passive sponsor of the conventional wage policy, the government will obviously not have room to maneuver in its economic policy.

The government, however, does not have to be a passive sponsor; it can be an active one. The government still has the means to slow down inflation by keeping down increases in its own costs. The government can also persuade the labor unions to be realistic. This depends on a political choice. The determination needed to make contradictory decisions does not perhaps exist if the only lasting goal is to keep the government together, cost what it may, until the next parlaimentary elections.

11,466
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KOIVISTO COMMENTS ON INCOMES POLICY

Helsinki UUSI SUOMI in Finnish 18 Aug 81 p 6

[Article: "Koivisto's Message to National Economy Experts: Incomes Policy Conditions Have Substantially Weakened"]

[Text] Prime Minister Mauno Koivisto (Social Democrat) told Nordic national economy experts meeting in Helsinki that the conditions for a successful wage policy are even weaker than they were before. The members of the conference held to discuss problems relating to slow economic growth listened to Koivisto say that there were only lean years ahead of us.

"Assigning the government the role of moneyman did not bother many of them either just as long as they could believe in a cycle of lean years and full years and on a corresponding automatic effect of stabilizing factors on the finance system," Koivisto said.

With the change in the situation, according to Koivisto, pressures have been produced to incorporate issues that qualitatively alter the society, like environmental and wage-earner fund questions, into the domain of wage negotiations. These are, however, in the prime minister's opinion, issues that are politically harder to resolve than those pertaining to income distribution in a growing economy.

In Koivisto's opinion, the most important thing is for the government and the biggest labor unions to achieve unity on a realistic appraisal of the situation in terms of the changed economic environment, the indispensability of reaching agreement on it and the means required for doing so.

Varying Experiences with Wage Policy

According to Koivisto, economic highs have constituted the most problematic aspect of stabilization.

During economic highs, in spite of comparatively moderate wage-agreement increases, sliding scales, the pressures of market demand and foreign market prices have upset the price equilibrium because of an overly passive policy of regulation of demand and the foreign exchange rate.

In Koivisto's opinion, it is unfortunate that wage agreements often limit the flexible use of taxation as a device for creating a stabilization policy and, in general, an economic policy.

Koivisto said that tax reductions and increases in wage assignments, by means of which the government buys moderate wage agreements and which usually go with a wage policy, do not really go together with what is required of a finance policy during an economic high.

It Pays the Government to Support Investments

In the opinion of Oslo Prof Trygve Haavelmo, it costs governments more to maintain full employment than to support investment activity to raise production capability.

According to Haavelmo, it is not at all certain that a big, artificially obtained consumer demand in any way increases private investments. "It may even happen that a big, guaranteed demand for consumer goods reduces the desire to invest in the fields of consumer goods."

The Norwegian professor's conclusion is that zero growth can lead to major and increasing public sector expenses. In his opinion, raising purchasing power is an altogether too passive kind of finance policy. Expenditures should be linked to the larger demands of contributions to production and investment.

Predictions Too Rosy

Prof Karsten Laursen of Denmark felt that predictions on world trade are probably too optimistic. It is estimated that trade among the industrial nations will grow by 3.3 percent annually, whereas trade between the industrial nations and the developing countries will grow by 8.1 percent. In his opinion, world trade is to a great extent unbalanced and will undergo changes in structure.

A typical feature of this trade has been the fact that certain developing countries have been able to increase the amounts of industrial goods, particularly clothing industry products, they export. Laursen maintained that, at the same time, those developing countries have been transformed into an export market area for the industrial nations. According to him, there is no reason to assume that foreign exchange conditions will remain stable for a long period of time.

Many industrial nations are more interested in preventing inflation than equalizing their balance of payments by increasing exports. That is why they pursue a tight money policy. Laursen said that this stabilization of monetary policy will take a long time, perhaps 6 to 7 years in the United States. He furthermore feels that differences in interest rates will lead to foreign currency speculation.

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ECONOMIST ANALYZES RECENT CENSUS STATISTICS

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 33,13 Aug 81 pp 23, 24, 35

/Article by Vas. G. Sofianopoulos, Economist and Specialist in Regional Development/

/Text/ The preliminary data of the recent population census, in spite of the ostensibly positive picture, once again verify the desperate intensification of regional inequities in our country. This finding derives from the "traumatic experience" of a static developmental model which destabilizes the population. This is because the demographic development is absolutely tied to the degree of development of the productive forces.[1]

The initial results of the General Population Census of 5 April 1981 compose a picture of a not so surprising population upheaval. In the language of figures, total population reached 9,706,687, an increase of 938,046 persons during the 1971-81 period, increasing at an average annual rate of change of 1.02 percent. This increase is much greater compared to the previous decade (380,088 or an average annual rate of change of 0.44 percent) and now reaches the levels of the less industrialized European countries (Ireland, 1.2 percent, Spain, 1.1 percent, Portugal, 1.0 percent).

TABLE 1

/Population Distribution/

Geographic District	Area in Kilometers	%	Number of Residents	%
Athens Area	428	.32	3,016,457	31.07
Sterea Ellas-Evvoia	24,480	18.5	1,097,480	11.31
Peloponissos	21,439	16.2	1,005,154	10.35
Ionian Islands	2,307	1.74	181,064	1.86
Ipeiros	9,203	6.97	323,333	3.33
Thessalia	13,929	10.5	695,010	7.16
Makedonia	34,177	25.9	2,105,649	21.7
Thraki	8,578	6.5	345,709	3.60
Aegean Islands	9,113	6.9	435,749	4.50
Crete	8,336	6.47	501,082	5.12
Greece /Total/	131,990	100.00	9,706,687	100.00

Distribution of Population by Area

The unequal distribution of population together with its total dispersion in the area is a fundamental element of Greece's "human geography." This phenomenon is shown by the population distribution in the geographic districts (see Table 1). In this decade also, as before, the over-concentration of people in the nation's capital is evident. The entire Northern Greece area (Ipeiros, Makedonia, Thraki) is not enough to compensate for the tremendous volume of population in Athens.

From the 10 geographic districts, only 5 appear to have experienced a population increase (Athens area, Sterea Ellas and Evvoia, Makedonia, Thessalia and Peloponnisos) while the remaining 5 districts (Ipeiros, Ionian Islands, Thraki, Aegean Islands and Crete) are the country's frontier regions covering 28.5 percent of total territory and having 1,786,937 persons or 18.4 percent of the total (compared to 19.4 percent in the 1971 census). Fifty-two and seven-tenths percent of the population is concentrated in the area of the "old Greece" of 1928 (Sterea Ellas and Evvoia, Athens area and Peloponnisos).[2] In the 1961 census, 83 percent of the Greek population lived in continental Greece while 17 percent lived in the island section (which consists of 438 islands of which 135 are inhabited). In 1971 this ratio was 85.2 to 14.8 percent while in the latest census it reached 86 to 14 respectively.

According to the data of Table 2, 11 nomes are regarded as areas of rapid population increase. Of these, 2 are in Sterea Ellas-Evvoia, 5 in Makedonia and 1 each in Thessalia, the Aegean Islands, Crete and Peloponnisos. Population increase is regarded slow in 26 nomes, while in the remaining 14 nomes we have a population decrease which is especially pronounced in the nomes of Kefallinia (-1.6 percent), Lefkas (-1.2) and Evritania (-1.13). Among the 7 nomes in Peloponnisos, 4 show a population decrease.

TABLE 2

NOME CLASSIFICATION IN TERMS OF THE AVERAGE ANNUAL RATE OF POPULATION CHANGE

Code	Nome	True opulation 1971	1981	Average Annual Rate of Change
01	Attiki (remainder)	257,608	340,723	+2.83
02	Dodekanisos	121,017	147,534	+2.00
03	Thessaloniki	710,352	858,661	+1.91
04	Athens Area	2,540,241	3,016,457	+1.73
05	Pieria	91,728	106,451	+1.49
06	Kastoria	45,711	52,911	+1.47
07	Irakleion	209,670	242,559	+1.46
08	Akhaia	239,859	273,163	+1.30
09	Evvoia	165,369	187,935	+1.28
10	Magnisia	161,392	182,009	+1.21
11	Imathia	118,103	133,066	+1.20
12	Kavala	121,593	135,161	+1.06
13	Larisa	232,226	253,682	+0.88
14	Ioannina	134,688	146,411	+0.84

Code		True Population 1971	1981	Average Annual Rate of Change
15	Kozani	135,709	147,033	+0.80
16	Korinthia	113,115	121,887	+0.75
17	Fokis	41,361	44,289	+0.68
18	Xanthi	82,917	88,718	+0.68
19	Khalkidiki	73,850	79,005	+0.67
20	Evros	138,988	148,672	+0.67
21	Lasithion	66,226	69,832	+0.53
22	Khania	119,797	126,131	+0.52
23	Argolis	88,698	93,276	+0.50
24	Kerkyra	92,933	97,506	+0.48
25	Pella	126,085	131,998	+0.46
26	Fthiotis	154,542	161,050	+0.41
27	Drama	91,002	94,709	+0.39
28	Grevena	35,275	36,318	+0.29
29	Rethymnon	60,949	62,560	+0.26
30	Voiotis	114,675	117,376	+0.23
31	Arta	78,376	79,957	+0.20
32	Kyklades	86,337	87,531	+0.14
33	Trikala	132,519	134,264	+0.13
34	Zakynthos	30,187	30,511	+0.11
35	Thesprotia	40,684	41,103	+0.10
36	Rodopi	107,677	108,319	+0.05
37	Florina	52,264	52,475	+0.04
38	Samos	41,709	41,881	+0.04
39	Preveza	56,586	55,862	-0.13
40	Lakonia	95,844	93,292	-0.27
41	Ileia	165,056	159,939	-0.31
42	Serrai	202,898	196,171	-0.34
43	Arkadia	111,263	106,980	-0.39
44	Aitoloakarnania	228,989	219,762	-0.41
45	Kilkis	84,375	80,245	-0.50
46	Khios	53,948	50,870	-0.58
47	Lesvos	114,702	107,933	-0.61
48	Karkitsa	133,776	125,055	-0.67
49	Messinia	173,077	156,617	-0.99
50	Evrytania	29,533	26,345	-1.13
51	Levkas	24,581	21,780	-1.20
52	Kefallinia	36,742	31,267	-1.60
53	Agion Oros	1,732	1,445	-1.80

Finally, of 51 nomes in the country, 26 show a progressively "aging" population while 14 are mathematically moving toward a "demographic death" since they cannot be renewed due to the continuing decrease in the rate of reproduction.

The data of Table 3 show that in the three decades since the war the population of the islands both in the Aegean and the Ionian as well as in the Peloponnisos and in Ipeiros shows a reduction, a fact which is not unrelated to the development progress and the distribution of the regional income. Despite the fact that we do not have as yet the distribution between urban and rural population it is evident

that the nomes which include a large metropolitan center for the surrounding area present a faster rate of increase compared to the overall population of the area. For instance, the Akhaia nome has 27 percent of the population in Peloponnisos (reflecting the metropolitan center of Patrai and the Akhaia industrial zone and the Kerkyra nome has 54 percent of the entire population of the Ionian Islands (one-sided tourist development). In Ipeiros, the Ioannina nome has 45 percent of the population (center providing services, local market, university).

TABLE 3

POPULATION DEVELOPMENT BY DISTRICT: 1951, 1961, 1971, 1981

Geographic District	Population in Thousands				Average Annual Rate of Change				
					1951 1961	1961 1971	1971 1981	1951 1981	1961 1981
Athens area	1,388.6	1,852.7	2,540.2	9,706.7	3.00	3.21	1.73	2.60	2.46
Rest of Stereа-Evvoia	908.4	970.6	992.7	1,097.5	0.65	0.23	1.01	0.63	0.62
Peloponnisos	1,129.0	1,096.4	986.9	1,005.1	-0.29	-1.05	0.18	-0.39	-0.43
Ionian Islands	228.6	215.5	184.4	181.0	-0.73	-1.40	-0.18	-0.77	-0.87
Ipeiros	330.5	352.6	310.3	323.3	0.65	-1.25	0.41	-0.07	-0.43
Thessalia	624.3	689.9	659.9	695.9	0.91	-0.45	0.52	0.36	0.04
Makedonia	1,705.4	1,896.1	1,890.7	1,890.7	1.09	-0.05	1.08	0.70	0.52
Thraki	336.9	356.5	329.6	329.6	0.56	-0.77	0.47	0.08	-0.15
Crete	462.1	483.2	456.6	456.6	0.45	-0.56	0.93	0.27	0.18
Aegean Islands	528.8	477.5	417.8	417.8	-0.99	-1.32	0.42	-0.64	-0.45
Greece Total	7,632.8	8,388.5	8,768.0	8,768.0	0.95	0.45	1.02	0.80	0.73

Source: National Statistical Service of Greece [ESYE].

For estimating the average annual rate of population change, the formula $R_n=R_o+(1+t)n$ was used.

In Thessalia, because of the intensive dependence of the urban centers on the surrounding farm area, in a set of concentric circles such as those of Von Thunen[3] there is a certain balanced distribution of the population among the various nomes, except for the Larisa nome which has 36 percent of the Thessalia population.

In Makedonia, the Thessaloniki nome is dominant with 41 percent of the population while 43 percent of the Thraki population is in the Evros nome, a fact not unrelated to the military buildup in our frontiers. The Rodopi nome, following the establishing of a university seat in Komotini, has 31 percent of the Thraki population. The Dodekanisos nome with its intensively one-sided tourist development and its militarization has 34 percent of the population in the Aegean. By contrast, the nomes of Khios and Lesvos show a continuing reduction in their populations.

Irakleion and Khania have developed into strong commercial centers while the fierce tourist development, the military units and the university schools and the higher technical vocational schools have contributed to the concentration of 48 percent of the Cretan population in Irakleion and 25 percent in Khania.

In demography and sociology, the most frequently used method is the comparison of the population distribution in a country and the ability of the population to adjust to the necessary changes. The unequal distribution of population in urban centers makes it impossible to bring about the economic and social development of the periphery only through capital investment programs, without the simultaneous solution of basic population and social problems relating to the small urban centers, the villages and the small settlements, in conjunction with an erroneous and one-sided tourist development.

Population Density

The data of Table 4 show that only seven nomes exceed the average density of the country's population. In addition to the Athens area, the most densely populated nome in the country is the Thessaloniki nome (241 inhabitants per square kilometer), while 17 nomes have density below the national average.

TABLE 4

LISTING OF NOMES IN TERMS OF DECLINING POPULATION DENSITY

Nome	Density (by square kilometer)	Distribution Index
1. Thessaloniki	241.19	328
2. Kerkyra	152.11	207
3. Attiki (remainder)	100.80	137
4. Irakleion	91.84	125
5. Akhaia	85.12	116
6. Imathia	77.73	106
7. Zakynthos	75.15	102
8. Pieria	70.68	96
9. Magnisia	69.05	94
10. Levkas	67.01	91
11. Kavala	64.08	87
12. Ileia	59.66	81
13. Khios	56.27	76
14. Dodekanisos	54.54	74
15. Samos	53.83	73
16. Korinthia	53.25	72
17. Khania	53.08	72
18. Pella	52.67	71
19. Messinia	52.36	71
20. Preveza	51.44	70
21. Lesvos	50.11	68
22. Arta	49.57	67

Nome	Density (by square kilometer)	Distribution Index
23. Xanthi	49.48	67
24. Serrai	49.41	67
25. Karditsa	48.55	66
26. Evvoia	48.09	65
27. Larisa	47.42	64
28. Rodopi	42.59	58
29. Argolis	42.13	57
30. Rethymni	41.82	57
31. Kozani	41.24	56
32. Aitoloakarnania	40.35	55
33. Trikala	39.88	54
34. Lasithion	38.31	52
35. Fthiotis	36.87	50
36. Voiotia	36.55	49
37. Evros	35.04	48
38. Kyklades	34.03	46
39. Kefallinia	33.44	45
40. Kastoria	31.40	43
41. Kilkis	30.69	42
42. Ioannina	29.34	40
43. Florina	28.16	38
44. Drama	27.31	37
45. Thesprotia	27.15	37
46. Khalkidiki	26.83	36
47. Lakonia	25.66	35
48. Arkadia	24.21	33
49. Fokis	20.88	28
50. Grevena	15.53	21
51. Evrytania	12.88	17
52. Agion Oros	4.30	6
GREECE	73.54	100.0

Peloponnisos is divided into two. In its western section only do we have significant population concentrations while in the central and southeastern section Peloponnisos is virtually empty. The island nomes show the same asymetrical features as those found in the continental part. These contrasts, a product of the uneconomic development policy, had a direct effect on the system with which the towns and settlements of the country were developed. In spite of their activity, the real economic foundation, the size and social influence they exert, Thessaloniki and Patrai as well as the other "urban centers" such as Larisa, Volos, Kavala, Ioannina, Kalamata and Irakleion are below the optimum level of development. This, of course, is directly tied to the overall economic and social structure of the peripheries around those centers.

Components of Demographic Development

The population changes basically depend on two variables, the natural movement (the difference between births and deaths) and the emigration flow (repatriation-emigration).

The rate of population change is the algebraic addition of the rate of change in the natural movement to the rate of change of the emigration flow. The rate of demographic change shows the following development in the last 30 years:

1951-1961: 0.95 = 1.12-0.17
1961-1971: 0.44 = 0.95-0.51
1971-1981: 1.02 = 0.73+0.29

During the 1961-1971 decade we had a decline in the rate of population increase due to the decline in the excess of births over deaths and to the rise in the excess of emigration over repatriation.

In the last decade we saw a significant increase in the rate of population change due primarily to a reversal in the emigration flow with the offsetting of emigration by repatriation while the rate of natural increase has declined. This observation is not an optimistic projection since the postwar baby boom experienced by many countries, both those that took part in the war and those that did not, was low and time limited in Greece. This is attributed to the emigration flow in the 1961-73 period when more than 1 million people left the country. Yet, in spite of the beginning of repatriation in 1973, the decline of the birth rate was not reversed since the corresponding index shows a 50 percent decline compared to 1931.[5]

In our country, the problem of low birth rate is immediately felt because of our small population and the extensive urbanization, and has developed rather late especially after the dependent industrialization and the strengthening of the new petty-bourgeoisie in the towns,[6] based on the demographic transition theory.

According to this theory a country moves from a condition of high mortality and birth rates to a condition of declining mortality rates while birth rates continue to be high, to reach in the end, side by side with its industrialization and the expansion of the urban sector, low rates of mortality and birth rates.

The opinion has been expressed[7] that in our country this theory has been fully borne out since the birth and death rates have declined gradually during the last 50 years. The increase of mortality since 1960 must be basically attributed to the aging of the population and not to a deterioration of living conditions or medical care.[7]

The combination of these tendencies in fertility and mortality rates resulted in a decline of the biological increase in the Greek population from approximately 11 percent during 1951-60 to 7 percent during 1971-80. By employing a retrogressive analysis, it was discovered that the increase of their Gross National Product, the external emigration and the rise of the people's educational level have a negative effect on the birth rate.

TABLE 5

DEVELOPMENT OF BIRTH RATE AND MORTALITY
IN GREECE, 1921-1980

(Average Annual Rates per 1,000 Persons)

Time Period	% Birth Rate	% Mortality	Natural Increase(%)
1921-30(a)	31.0	20.1	10.9
1931-40(a)	28.2	15.7	12.5
1941-50(a)	20.5	13.4	7.1
1951-60(b)	19.2	8.0	11.2
1961-70(b)	17.7	8.2	9.5
1971-80(b)	15.7	8.4	7.3

(a) Source: G. Siambos (1973): "Demographic Development in Modern Greece, 1981-1985."

(b) Personal assessments.

The study used cross-sectional date for the 1961-71 period and by employing linear and logarithmic models concluded that the continuing development of the Greek economy will have a rather positive effect on the fertility rate.[9]

It is evident, of course, that there is an inherent difficulty in finding and pointing out structural and direct causal relationships between fertility and the various socio-economic phenomena expressed in the form of statistical data.[10]

The data of Table 6 show that the rate of overall fertility has declined during the last 40 years. While in the 1933-37 period 1,000 women of fertile age gave birth to 1,257 female babies able to survive until the end of their generation and reproduce the fertile female population, during the last 5 years 1,000 such women barely exceeded their number by only 70 female infants. In other words, the population's reproductive ability declines constantly.

During the last decade, two strongly dterminant trends appeared:

a. Development of the local urban centers and the activation of the influence they exercise on the surrounding housing settlements.

b. Increased repatriation rate.

The influence of the urban centers exceeds the boundaries of a given nome. For this reason the population increase in certain nomes is due to the urban concentration and the gradual reduction in the farming population, while any return to the countryside is minimal.

The rise in the repatriation rate is not due to the rise of new employment opportunities in Greece but to the economic recession and unemployment which has appeared in the last few years in Europe. In this manner, the problem which caused

the emigration is reversed since all these years no corresponding efforts were made to create conditions for utilizing the repatriated skilled personnel. It is known that worldwide it is difficult to go back to the village once a person has come into contact with the living conditions in the large urban centers. In this way, the so-called "indirect domestic emigration" considerably weakens the peripheral pools of manpower while creating pressures for employment opportunities in the cities and bloating parasitic activities.[11]

TABLE 6

SPECIAL FERTILITY RATES(%) BY AGE AND
(%) INDICES OF THE GREEK POPULATION

Age of Mother	1933-37(a)	1976-80(b)	b/a(a 100)
15-19	18.24	43.0	236
20-24	129.35	149.9	116
25-29	295.51	145.1	49
30-34	178.49	78.1	44
35-39	141.11	35.6	25
40-44	51.57	8.2	16
45-49	12.62	0.85	7
TER[1]	3684.5	2309.7	63
GRR[2]	1787	1117.8	62
NRR[3]	1257	1070.1	85
lr/lo[4]	0,70241	0,96801	138

The experience of the recent past, which organically shows the causes of the "Greek demographic problem," is sketched in the text of K. Karavgidas[12]: "Armenopoulos and Roman Law of full ownership, the justice of the peace and the para-legal aid and the law on shepherds, the concentrated administration, the badly oriented school, the state bargaining resources and the remittances from emigrants, usury, the invasion of industrial products in local markets, the recent farming loans of banking capital and many other factors with no end, have wiped out the local color and prematurely and negatively monetized and cutoff the connecting links and undermined the agricultural community which existed in the old Greece and thus uprooted its population toward the cities and abroad, changing the living community into a mechanistic combination of houses and people."

This eloquent presentation, half a century old, emphasizes the main cause, the anti-development transition from an essentially precapitalist mode of production to a marginal, capitalist mode and the expectation of economic development prior to mechanization.

What is shown by the preliminary results of the recent population census is the illusion of statistical data. However, side by side with the ostensible improvement of the demographic structure in Greece, the population change and the growth of the urban areas of the nomes carry an increasing cost from the social point of view. This cost is not related only to the formulation of new consumption models but also to every form of capital accumulation. The fact that the rate of population increase in the Athens area has declined does not mean that the

incentives for the peripheral development are releasing capital concentrated in this area but that the possibilities of new capital accumulation are today limited.

At the same time, the urban concentration of the social surplus feeds the "hidden" economy (invisible earnings) which played a principal role in attracting productive elements to the center. Speaking during a discussion over the economic crisis, Professor Giorgos Krimbas[13] summed up in a few lines the phenomenon of the subsidies made to the Greek economy by the Greek seamen and emigrants who pay the social cost of a parasitically organized economy. Roughly speaking, he said, among the four sectors, homes, production, state and the foreign sector, the first three are negative and the fourth covers the deficit of the other three. The transfer of funds from the diaspora Greeks is the foundation of a circuit which supports a level of purchasing power in the Greek area which is disproportionate to the true possibilities of the national economy. The feeding of the economic circuit in our country with anti-productive capital promotes the parasitic economy which having found an expression in all sectors of social activity rules out the creation of dynamic bourgeois economies capable of claiming an autonomous development, challenging the omnipotence of the center.

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7520
CSO: 4621/95

SLIGHT ECONOMIC SLOWDOWN, CONTINUED INFLATION SEEN

Zurich NEUE ZUERCHER ZEITUNG in German 19 Sep 81 p19

/Text/ The quarterly report of the commission on economic questions contains the following information: During the summer months, economic activity in Switzerland continued at a high level. There was a slight rise in foreign demand for Swiss industrial products, aided by the lowered real exchange value of the Swiss franc. Domestic demand, except in the building industry, continued to rise as before. The coming months are likely to see a slight cooling down of the economy. Generally speaking, the employment situation will hardly change; it will remain satisfactory. The strong price rise, which abated during the second quarter but began to accelerate again at the start of the third quarter, will continue.

Recovery in Foreign Demand

Since March, the nominal exchange value of the Swiss franc has risen against all major currencies, continuing to lose ground only to the dollar. All the same, the export-weighted, real exchange rate index did not exceed the level of August a year ago. Compared with the past 3 years, it was still at a low level. The contrary flow occasioned by a higher-rated dollar and lower exchange rates for most other currencies has a negative effect on the profits of firms which pay for raw materials and unfinished products in dollars but must invoice their own products in other currencies.

Although recessive tendencies among the West European trading partners did continue and the GNP in the United States decreased in the second quarter, foreign demand for Swiss industrial products recovered slightly during the second quarter. Orders and exports both exceeded those of a year ago. A contributing factor appears to be the favorable price-competitive position of the export industry over the past 1 1/2 years or so. Export prices, measured against the mean value index, continued to rise. As compared to last year, overnight stays by foreign visitors increased once again.

Reduced Domestic Demand

Once more, the growth of domestic demand appears to have leveled off during the second quarter. Private consumption of goods and services, adjusted to seasonal and special influences, increased at much the same pace as during the preceding quarter. Demand for building investment went down; builders' orders did not attain the volume of the preceding quarter. The decisive factor was the reduction of orders for private dwellings in real terms. Another indication for lowered demand in the building industry was the number of building credits newly approved by the banks. The upturn in equipment investment, observed for the first time for a long time in the last quarter, continued.

Production of goods and services appears to have been higher in the second quarter as compared to a year ago. Measured against the number of employees in the industry, there were more services offered this year than last. Building activity also was greater. But industry did not produce quite as many goods as it did in the same quarter a year ago. Imports in real terms, too, were lower than last year, although not quite as markedly as during the first quarter. As in previous quarters, there were lower imports of raw materials, semi-finished goods and energy products. Finished product stocks did not increase further.

In the second quarter, the labor market continued to be tight; skilled workers in particular were in short supply. Employment rose, but not uniformly. While it continued to grow in the services sector, it reached a standstill in industry and construction. The number of unemployed and partially employed continued to go down. At the same time, the number of registered open positions and job advertisements in newspapers also declined. Purc hasing power of wages in the second quarter did not reach the level of a year ago.

The sharp rise in prices at the end of 1980 and during the first quarter --which is reflected in higher annualized rates now-- temporarily leveled off during the second quarter both at the wholesale and the retail level. The slowdown in prices for consumer goods was particularly evident with respect to food and heating oil. There was a slight increase in the cost of services, the decisive factor being the increase of the rent index which took effect in May. Given the institutional situation in the apartment market, the increase in mortgage rates last spring was primarily responsible for the increase in rents. At the wholesale level, the rise in prices also slowed down; it was particularly evident in the price of consumer goods and agricultural imports as well as energy products. By the start of the third quarter, however, the rise in prices both in consumer goods and at the wholesale level began to pick up once more-- particularly with respect to food, heating oil and gasoline.

The Swiss National Bank is holding to its restrictive monetary policy. Interest rates for Swiss francs rose during the second quarter. Between early June and the end of August, they declined somewhat. When the Bank announced it would raise the official discount and Lombard rates and somewhat restrict the liquid assets of the banks toward the end of the month, interest rates shot up at once. This rise led to a shift from sight deposits to term deposits once again. Monies deposited in savings accounts fell below last year's levels.

Accelerated Inflation Likely

If the exchange value of the Swiss franc remains more or less unchanged, foreign demand is likely to stagnate at the present level. Domestic demand will increase at the same slow pace as before. Since the important indicators of changes in the demand for private consumer goods register no such trend, one may expect this sector --which by experience is slow to react-- to rise at the present pace. The slight rise in equipment investments is not likely to offset declining demand in construction so that investment demand as such will continue to drop.

Although industrial orders on hand were markedly higher during the second quarter and the two quarters preceding than they were last year, plans are to reduce production. The reason for it is that more and more firms consider their finished goods stocks too large and are pessimistic about future orders. The slight rise in the value of the Swiss franc may have contributed to this assessment of their stocks. Work on hand in the construction industry just barely exceeded last year's levels. The builders have no plans of further expanding building activity. Industrial production, which is likely to decline somewhat, will not lead to a generally perceptible decline in the demand for manpower. During the second quarter, at any rate, the number of industrial firms that felt their labor force was too large with a view to business volume in the coming months did not increase as against the previous quarter. In those branches of industry which are faced with structural problems, partial unemployment is likely to rise somewhat.

If the nominal exchange rate of the Swiss franc, particularly against the dollar, stays about the same, the price rise is even likely to accelerate. Continued consumer demand, expectations of labor with regard to CLI adjustments as well as continuing high employment will permit the rollover of cost prices and costs as well as higher profits in some instances. Higher mortgage rates, announced for the fall will lead to higher rents and to a sharper rise in the rent index, due to be fixed in November. Only if the dollar exchange rate should dip considerably could the price rise be slowed down in short order.

9478
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MILITARY EDICT AIMED AT STABILIZING PRICES IN SOUTHEAST

Adana YENI ADANA in Turkish 16 Jul 81 pp 1, 5

[Text] As indicated a few days ago by our newspaper, the 6th Army Corps and Martial Law Command has undertaken a major effort against "increasing price anarchy." The Command has requested that the public in its role as "primary watchdog" promptly report any complaints to Martial Law authorities.

The Press and Public Relations Department of the 6th Army Corps and the Martial Law Command for the provinces of Adana, Icel, Kahramanmaras, Adiyaman, Gaziantep and Hatay has made a broad announcement concerning price controls, the determination of profit margins, labelling practices, and the penalties to be imposed against prospective violators.

It is a well known fact that our newspaper had alluded a few days ago to pricing irregularities that seemed to particularly affect fruit and vegetable prices. Following this we had received telephone calls from individuals who had had their pecuniary interests placed in jeopardy by the more effective official controls imposed in the wake of our article. These callers had disputed the veracity of our article. While these individuals had not been able to tell us who had brought the obscene increases in food prices, yesterday's announcement by the Martial Law Command has served both as a rebuke to such individuals and as a confirmation of our article. The announcement concerning this matter reads as follows:

1) From 12 September 1981 to this date, the retail market inspection unit established by the 6th Army Corps and the Martial Law Command has conducted uninterrupted monitoring of market prices and retailers. Within this period, 145 various businesses in the province of Adana alone, have been shut down for specific lengths of time in accordance with Section H, Article 3 of Martial Law 1402.

2) This monitoring has revealed that a large number of merchants and retailers are beginning to comply with legal guidelines. It has been noted that in a majority of cases, the use of a unified system of price labelling has resulted in increased confidence between buyer and seller and in the emergence of sales that reflect predetermined boundaries for profit margins.

3) Lately, it has been noted that meat sales were being conducted by merchants charging exorbitant prices in the aftermath of the latest official price increases. The prices being charged were above those established by various municipalities.

In Adana for instance this has resulted in the closing of 28 butcher shops for a period of five days following a period of increased monitoring. The regional Martial Law Command is carefully pursuing this matter.

4) It has been determined that certain individuals have been pursuing excessive profits by deliberately maintaining high fruit and vegetable prices. Complaints that have reached our Command and news items that have appeared in our press have indicated that high prices have been maintained this late in the season in spite of the fact that provinces such as Adana, Icel and Hatay produce a substantial amount of the fruit and vegetable products grown in our country. Fruits and vegetables are shipped to all corners of Turkey from our region. The 6th Army Corps and Martial Law Command has taken a firm decision to confront such public enemies. Consequently:

a) Inspections will be conducted at all levels of production by the municipalities of the provinces of Icel, Adana and Hatay, as well as all other concerned public institutions. These inspections will trace a product from the produce store to harvest grounds and from harvest grounds to produce stores.

b) The stipulations of Martial Law 1402 will be enforced against those individuals who obtain unfair profits from the sale of fruits and vegetables--as such products constitute necessities for the well-being of our population.

c) Combined inspection squads consisting of authorities from the Martial Law Command and Adjoint Martial Law Commands as well as provincial governments will assist municipalities in providing continuous monitoring within our region.

5) In addition, we deem it important for the public to excercise the role of primary watchdog, and for individual consumers to remain cautious. The public can be of assistance to martial law authorities by promptly reporting any complaints.

9491
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DENIZCIER URGES COLLECTIVE BARGAINING

Istanbul TERCUMAN in Turkish 15 Aug 81 pp 1, 15

[Text] The Steering Council of Turk-Is [Turkish confederation of labor] has begun its activities with an opening address by Chairman General Ibrahim Denizcier. In his speech, Denizcier announced that the issue of the general secretariate was being included within the agenda as requested by the ICFTU. In his opening address, Turk-Is Chairman General Denizcier stated that he was eager for the Constituent Assembly to convene. Claiming that the high cost of living was becoming all encompassing and that prices were being raised on all items Denizcier said:

"High costs have become commonplace and the price of every article has been raised. When we asked for wage increases to pay for the sweat on our workers brows they always confronted us with replies implying that such increases would bring about "the collapse of the economy." We believe that the Turkish worker can bolster the economy. I regret to say that those who are currently trying to run the Turkish economy believe that the economy could be made to improve by raising prices on everything and lowering workers wages. The task of economic improvement should not be monopolized by a single individual. As everywhere else in the World, such a task should be undertaken in Turkey by a team or a council. There are many things to be said and we are very upset."

Turk-Is Chairman General Denizcier maintained that workers had not recieved past seniority bonuses or raises obtained through direct collective bargaining. He said, "We are owed money by the state. We have asked the authorities that our colleagues not be inconvenienced any further." Denizcier added the following:

"Some time ago Turk-Is did some work involving the adoption of labor laws and the drive towards collective bargaining. Earlier, Turk-Is had conducted some preliminary work concerning labor laws 274, 275, 1475, the fund for seniority compensation, the modifications on law 506 and the law on agrarian labor. We had handed over our prepared drafts to the authorities. We had requested that the Constituent Assembly convene as soon as possible to review these preparations. To this day this has not been done. Turk-Is will insist that the Constituent Assembly convene as soon as possible."

In his speech, Turk-Is Chairman General Ibrahim Denizcier complained that the High Court of Arbitration was conducting its work at a very slow pace and urged for a quick return to the normal process of collective bargaining. Denizcier said that 50,000 contracts awaited signature at the High Court of Arbitration and continued:

"As you know, the greatest difficulty facing the workers is the fact that the mechanism for collective bargaining has been embedded within the High Court of Arbitration. Unfortunately, the activities of the High Court of Arbitration are currently not proceeding at a normal pace. The Court has not yet completed its review of contracts for the year 1981. There are at least 50 to 60 thousand contracts still awaiting action. In spite of this, the head of the High Court of Arbitration has constantly maintained that the contracts for 1981 have been completed and that the court is about to consider those for 1982. In spite of such words--and they have been just words--approximately 50,000 contract negotiations are still awaiting signature. This has been a source of great frustration for workers. Instead of working at this pace, let us return as soon as possible to the old format of collective bargaining. The High Court of Arbitration could still be instrumental in the resolution of any future conflicts. This is what we want and what we are proposing."

Turk-Is Chairman General Denizcier repeatedly mentioned his organization's current inability to conduct normal union activities. He said: "We are able to hold our congresses in every province except Istanbul. However, we are unable to hold meetings of the Steering Council or any seminars," Denizcier expressed a desire for the resumption of union activities and said:

"When our fellow labor representatives met with employers to claim benefits obtained through collective bargaining, they were confronted with the reply that no union activity can take place at this time. Such actions place the current government in a difficult position and cause hardship for our workers. We have taken this issue to the authorities, the Prime Minister and to those concerned in the National Security Council. We wish to see a resumption of union activity as soon as possible."

In stating that there ought to be no difference in terms of retirement benefits between laborers and government employees, Denizcier announced that he wanted the government to adopt a uniform policy in this matter. In the final portion of his speech, Turk-Is Chairman General Denizcier stated that production levels that had dropped to as low as 30 percent had climbed back to 70-80 percent as the result of efforts by the workers and went on to criticize the managers of State Economic Enterprises. The administrators are choosing to forego the opportunity to achieve a normal production increase. We currently do have a production increase brought about by the elimination of terrorism. Production levels that stood at 30 percent only recently have risen to 70-80 percent."

The Turk-Is Steering Council which began its activities yesterday under Chairman General Ibrahim Denizcier, is expected to complete its work today. It has also been announced that any decisions taken at the Council meeting will probably be made public tomorrow. It is being said that the last minute decisions taken over matters pertaining to the issue of the General Secretariate are likely to be a topic for lively debate in the days to come. After the statement from Side who maintains that no one is empowered to remove him from office, some members of the Turk-Is Steering Council said that they were of the same opinion. An official who said that the Steering Council did not have final say in the matter remarked: "Side may be considered as being on leave from his position of Secretary General. However, this would be possible only if he himself were to request such leave. The Steering Council is not empowered to remove the Secretary General from office."

Addressing the issue yesterday, Sadik Side said: "I am following a path that I know to be correct. I am continuing to fulfill both of my responsibilities. I generate work, not words. The things that are being said about me are entirely false. Written allegations that there is oppostion against me within the organization have also been made. Such opposition does not exist."

In addition, while the meeting of the Steering Council was underway an announcement was made in response to a decision by the ICFTU to suspend the membership of Turk-Is in the organization. The statement maintained that "the decision reached by the Executive Board of the ICFTU is regretable. The decision has been made in a manner that is not compatible with the charter of the ICFTU and betrays a degree of prejudice in that it does not adequately reflect current realities in Turkey. "The statement alluded to agreements reached for a massive effort to obtain a reversal of the decision and read:

"As has been the case in the past, Turk-Is will be aware of its current and future responsibilities during difficult periods for our country. Through such awareness, Turk-Is will continue to scrupulously safeguard the best interests of our country in general and of its workers in particular."

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POLL SHOWS SUPPORT FOR GRAND COALITION

Vienna WIENER ZEITUNG in German 9 Sep 81 p2

/Text/ A poll taken by the Linz Institute for Market and Social Analysis (IMAS) and published on Tuesday has found that a majority of the Austrian population, namely 57 percent, favors a coalition government. Only 27 percent expressed a preference for a one-party government.

It is also interesting to see what those favoring a coalition said about the composition of such a government. 43 percent would like to see a grand coalition, a government, in other words, composed of the OeVP and SPOe. Ahead of all other two-party combinations, those polled were in favor of a government of national concentration which would include all three of the major parties.

So-called small coalitions did not find much favor among those polled. According to IMAS, an SPOe/FPOe government was favored by a mere four percent and an OeVP/FPOe government by only three percent.

The breakdown by party affiliation of the IMAS poll also brings out interesting results. As expected, SPOe supporters are most inclined toward a single-party government. But at the same time, most of those favoring a grand coalition were to be found among the supporters of the two major parties.

9478
CSO: 3103/444

JUSTICE MINISTER ON BRUSSELS, REGIONALIZATION

Brussels LE SOIR in French 5 Sep 81 p 2

[Interview with Philippe Moureaux, minister of justice and of institutional reform, by Jacques van Solinge and Jean Lienardy: "'I Refuse To Separate the Fate of Brussels from that of its Outskirts,' Mr Moureaux Told Us"; date and place of interview not given]

[Text] At this time, when parliament is reassembling, it is good form for certain politicians -- and not the least among them -- to criticize the state reform enacted in August 1980. Therefore, we asked for the opinion of Mr Philippe Moureaux, minister of justice but also minister of institutional reform. From the start, our interlocutor stressed the fact that the 1980 laws still have to be completed. And the reform will make sense only when solutions have been found to the problem of Brussels and the modification of the Senate. As far as Mr Moureaux is concerned, what is involved here is the immobilism of some members of parliament from the majority, both CVP [Social Christian Party - Flemish] and the PSC [Christian Social Party - French]. As for the government, deprived of a two-thirds majority, it only has a very narrow margin to maneuver at its disposal.

Be that as it may, as far as our interlocutor is concerned, Belgium cannot remain wobbly. The rising star of socialism in the capital first dealt with the "problem of Brussels."

[Answer] The state reform will not be completed as long as solutions have not been found to the "problematic" of Brussels. This barbarous term was not chosen haphazardly. It covers the claims of the French speakers and of the Dutch speakers in the 19 municipalities as well as in the border communities; and the border communities are not limited to the municipalities with special language facilities.

[Question] But nothing has been done since the enactment of the August 1980 laws.

[Answer] True. And I deeply regret it, because it would have been more judicious to tackle the Brussels dispute by taking advantage of the grace period which followed the vote on the state reform. Now, everything will be much more difficult since the economic problems have revived the tensions between the communities. And the parliamentary commission provided for by the government agreement in order to examine the Brussels dossier, has not even been set up or installed yet. Too

many administrators -- and not all of them are members of the CVP -- believe that, as calm has returned to the capital, it would be better to dodge the problems.

This is wrong because there is a risk that there will be a shortage of time. Either we start the discussions at the beginning of the month of October, so that the government may be able to introduce a bill when parliament reassembles in January, or else everything will be postponed until after the October 1982 municipal elections, when the electoral campaign will be over.

In any case, I am opposed -- and so is my party -- to any possible delaying tactics which would allow a few crafty people, a few weeks prior to the municipal elections, to introduce a bill limited to the problem of the Flemish in Brussels alone, and excluding the protection of the French speakers in the border communities. As far as we are concerned, a truncated bill would not even be debatable. The more uncompromising the Flemish prove to be in terms of the capital, the more uncompromising we will be in Brussels.

Flemish Must Negotiate

[Question] What role do you allocate to the government in the future negotiations?

[Answer] The Christian-Socialist alliance does not have a two-thirds majority. This is why the government agreement provided for the intermediary step of a parliamentary commission, so as not to place the opposition before a fait accompli. Some people, such as the liberals who are candidates for the government, might think that it would be in their interest to contribute to the settlement of the community dispute.

I would add that the agreement reached by the majority parties provides for the government to take the initiative. My services have developed various alternative proposals and I would imagine that the co-workers of my colleague, Mr Chabert, have done the same. Thus, we are ready to start the talks without delay.

[Question] Do you believe in a reopening of the debate?

[Answer] Political dynamics have to come into it. If the Flemish want to obtain guarantees in Brussels prior to the municipal elections, they will have to negotiate without delay. Which is going to win? Wisdom or adventure? The fact remains that if the parliamentary commission is not installed in time, I am ready to start the discussions within the government. But any failure will mean a maintenance of the status quo at least until after the municipal elections.

In fact, everything comes down to a problem of strategy for Flanders, and more specifically for the CVP: should one reason in terms of Belgium, and run the risk of being taken for a unitarian, or should one deliberately turn toward a separatist form of government? Take a look, for example, at the current which is arising in Flanders in a very discreet, if not to say secretive, manner and which advocates "painless separatism." It is an aberration, because separatism would certainly not occur in this climate!

Fabric of Slogans

[Question] In this perspective, what do you think about the recent publication of a manifesto calling on Wallonia and Brussels to form a "federal association"?

[Answer] I read that document with a great deal of surprise: I consider it a fabric of slogans and commonplaces. Having said this, it is after all normal that, in today's Belgium, when the big one proved to be far too dominant, as is the case with Flanders, the little one (Brussels) and the medium sized one (Wallonia) would objectively become allies. But I don't believe that for all that, the manifesto should be seen as a document for negotiation. Furthermore, this is not my intention: it should rather be said that Belgium will evolve toward a deeper form of federalism -- perhaps with abrupt movements.

[Question] You have talked about the problem of Brussels as being one of the pillars of the state reform. Is it the only one?

[Answer] No, the reform is much broader than the August 1980 laws alone. The only two pillars which are still lacking are Brussels and the reform of parliament, especially that of the Senate. Here too, my big disappointment is the immobility which paralyzes things.

[Question] Who or what is responsible for this immobility? How can we get out of it?

[Answer] It is the will of a few members of parliament who are opposed to a reform which would fundamentally modify the role and the composition of the Senate. This group had already made the original bill more fuzzy in terms of its provisions relating to the composition of the assemblies. It is, moreover, very curious to hear these members of parliament complain about the difficulty of working simultaneously in three assemblies, but who, at the same time, are blocking a reform which would eliminate all the inconveniences they are complaining about!

[Question] How can we get out of this additional blocking?

[Answer] Here again, the government's position is a very delicate one; the best solution would obviously be for the reform to come from the Senate itself. In any case, if the reform does not take place, then we will end up with a wobbly Belgium.

[Question] There is also the problem of regionalization of the administration. Where have we gotten?

[Answer] A decisive step was taken in early August when an agreement was reached within the government on the financing of community and regional administrations. But various difficulties still exist with regard to jurisdiction: some central administrations, which will remain national, are unhappy about the fact that certain powers will get away from them. There are also a few human problems inasmuch as the officials would like to know where they will be sent.

[Question] When can a solution to these last difficulties be expected?

[Answer] In terms of administrative, budgetary, and I would even say political logic, the regional ministers should have their administrations at their disposal by 1 January 1982. That seems like nothing much, but it will be a big step in the implementation of regionalization.

8463
CSO: 3100/952

PQ OFFICIAL DISCUSSES SOVEREIGNTY POLICY

Montreal LE DEVOIR in French 21 Aug 81 p 2

[Text] The Levesque government could not hold a referendum nor rise to sovereignty before the next general elections, even if the participants in the full congress of December ordered it to do so.

In an interview with LE DEVOIR the program advisor, Mr Pierre Harvey, explained that the government is morally bound by an election commitment not to hold a referendum during this tour of duty, and that the congress of the party members cannot do anything to free it from that commitment.

This matter of the terms of acceding to sovereignty will be the central point of the deliverations of the eighth national congress which the PQ [Parti Quebecois] will hold 4, 5 and 7 December in Montreal. Two other themes are likewise included in the program of the meeting: relations between the party and the government; the state and the citizen.

In the matter of acceding to power, the party's present program stipulates that this action must be accomplished "by democratic means," and the holding of a referendum is planned. The program advisor summarized in 4 or 5 hypotheses the alternatives open to the congress members of next December: a) maintain the present text of the program, which involves new elections before holding a new referendum; b) stipulate that the next election and the subsequent ones be of the referendum type; c) that the matter of acceding to sovereignty will first be submitted to a referendum-type election, followed by a "ratification" referendum; d) that the program be purged of all that hardware of the steps involved in the accession, so as to give nothing but the notion of "the democratic way." Personally it is the latter hypothesis that the program advisor prefers.

Moreover the development committee of the eighth national congress of which Mr Harvey is the coordinator recently produced a "working document" suggesting submitting the question of sovereignty to a referendum-type election and having that one followed by a ratification referendum. The vice-president of the party, Ms Louise Harel, is also a member of this committee, but like Mr Harvey she later showed herself to be unfavorable towards the idea of a ratification referendum.

After having eliminated from the party's program all the forms of the terms of the accession so as to leave in the text strictly the notion of the "democratic way,"

the congress would theoretically ask the government to present to the national assembly a bill aimed at the unilateral proclamation of independence. This is a hypothesis which Mr Harvey finds quite undemocratic, and one to which he refuses to subscribe. As a democrat he would find it unacceptable for the congress to attempt, retroactively, to cut the government loose from its election commitment not to practice sovereignty until the next elections.

All these hypotheses will undoubtedly be the subject of resolutions of associations of counties and regional groups. And the deliberations of the congress on this matter show promise of lively repartee between nationals, socials and politicals.

How is this congress going to be different and more important than the preceding one? Mr Harvey explains that this event will take place in a difficult political context during a "dangerous period" in Quebec's life, at the time when Ottawa is threatening to launch its show of constitutional strength. And because the PQ is the heir to all of the previous national movements, the political action of the members of congress will, according to him, take on a national connotation and hue, and will make itself felt as a strong point in Quebec's action, as "the affirmation" of Quebec in its efforts towards the rebuilding of a homogenous and specific society in North America.

The development committee of the congress has indicated that the party, in the forging of its program and the preparation of its social project should always make an effort to maintain a good lead on the government. It is, as a matter of fact, a new acceleration in the forging of new ideas that Pierre Harvey is expecting from the next congress of the militants. The challenge of the PQ congress, he says, is to connect itself with the two branches of the alternative: forge new ideas focusing on the future, and prescribe policies likely to add fresh fuel to the government's daily act.

In several respects the present text of the program appears too weighty, and is assuming the look of a "collection of special measures." It is within the meaning of this concern that Mr Harvey and his colleagues in the development committee of the congress are hoping that the December deliberations will not end up in an "accumulation of details." But, he advises, a rigid framework for the discussions or any kind of procedure that would deprive the party of the creativity of its members will not be allowed. In this regard he emphasizes: "In the Quebec party there is a wealth, that of the reflection and the action of the basic corps of militants, that must be guarded as carefully as one would guard a treasure."

As for the problem of relations between the government and the party, Pierre Harvey vigorously questions the claim of those who believe that it would suffice to change the structures and create the elective position of secretary general to put everything in order and have peace once and for all. If the congress elects a strong man for the position of secretary general, Mr Harvey believes that there will be a return to the situation in which the organization is "two-headed." If the congress chooses a weaker figure, he predicts that the operation will then have been in vain and that nothing will have been settled.

That is an idea to which Pierre Harvey is opposed because, according to him, the political culture of Quebec makes the people personify the chief of the party and

the chief of the government in the image of a single strong personality. To his way of thinking it is a "temptation of easiness" which leads to nowhere, and only in "the act of leading the life of the party" can the leaders of the party and the militants succeed in reducing the "real" tensions between the government and the party.

The Man in Charge of the PQ's Documents

Pierre Harvey did not have political ambitions. It had never occurred to him to make a carreer in a medium which thrived on grapevine intrigues and cynical strategies. Nor did he ever dream of plunging into actual political activism. But in 1969, as it happened, the chamber of commerce of the province of Quebec put out in the publications of LE JOUR a manifesto entitled "The Cost of Independence." The PQ had just come into being, and did not yet have any economists in its ranks. Still it needed to counterattack this manifesto which potentially could scare and keep away potential supporters of the sovereignist cause.

It therefore appealed to a professor of the School of Higher Commercial Studies of the University of Montreal. Pierre Harvey's reply appeared a few days later in the documentary pages of LE DEVOIR. That was to be the beginning of a long series of contributions to the life of the PQ.

At the end of 1977 Mr Pierre Marois, having become minister, abandoned the position of program advisor. It was at the request of Mr Levesque that Pierre Harvey agreed to be his successor. It was also by accident that he offered himself as a candidate in the general elections of 1976 in Outremont. This first suicidal adventure was intended solely to be counterbalancing with respect to the liberal economist, Mr Andre Raynaud. In the partial election of 1979 in Prevost, it was an appeal from his chief, Mr Rene Levesque, that persuaded Pierre Harvey to go sacrifice himself before Ms Solange Chaput-Rolland.

He is the author of the most important document that the PQ has published since being founded. "From Equal to Equal" was the first clear and articulate definition of what the contents of the Quebec-Canada economic association could be. In the spread of ideological trends which motivate this party, Pierre Harvey is considered a national progressist. Towards the end of the fifties in an elegant drawing-room of Outremont, two friends of long standing, Mr Pierre Trudeau and Mr Maurice Sauve, had characterized him as "right." Ever since then notions of left and right have seemed repugnant to him.

During this recent tour of duty in the position of program advisor he had expressed the intention of giving up political activeness to devote himself entirely to his career as a professor. But Mr Levesque succeeded in dissuading him. That is why Pierre Harvey's decision to request a renewal of his tour of duty surprised several people, some of whom thought they had a chance of being his successor.

9498
CSO: 3100/943

TURKISH CYPRIOTS OFFER NEW PROPOSAL PACKAGE

Istanbul TERCUMAN in Turkish 5 Aug 81 p 8

[Text] Today or on 12 August, the Turkish side will forward a proposal package at the intercommunal talks that have been going on without interruption for the purpose of finding a solution to the Cyprus problem. The package contains a definitive and just solution to the issue. The most important aspect of the package to be presented by the Turkish side is that it contains the first map of the future Greek Cypriot and Turkish zones. The map has been prepared with the future security and economic viability of the Turkish community in mind. The villages of Louroutzina as well as Limnitis and Kokkina will be left within the Greed Cypriot zone, to the south of a boundary line to be drawn from the west to the east. The map removes a buffer zone in which the UN Peacekeeping Force is currently stationed. The width of the buffer zone varies from 7 to 20 kilometers and the zone constitutes 3 percent of the islands' surface area. In the event that the Greek Cypriot side were to accept the demarcation indicated by the map, the TFSC would remain in control of 28 to 30 percent of the island. The TSFC now controls 34.6 percent of the island.

Kokkina is a village located in northwestern Cyprus. It is located on the shoreline and surrounded by the Greek Cypriot zone. The village is linked by sea to the Turkish Cypriot Community and the outside world. The village of Louroutzina is also bordered on three sides by Greek Cypriot territory. The new proposal package addresses the issue of Varosia along with other territorial matters. An earlier proposal (November 1980) for the administration of the area by a tripartite committee is being withdrawn. Instead, it is being proposed that a section of Varosia containing touristic facilities be turned over to the Greek Cypriots. The proposal is worded so as to not endanger the security of the Turkish community and the port of Famagusta. Should agreement be reached over the entirety of the proposal package, the Turks remaining in the areas inside Greek Cypriot territory will be resettled within the Turkish zone.

The map and the territorial proposals have been prepared in conformity with the security and economic well-being of the Turkish community. The map and the proposals remain contingent upon the acceptance of the principle of full constitutional equality between the two communities within legislative and executive institutions. The constitutional solution is important in that it is directly related to the issue of territory. According to the draft constitution that is to be handed to the Greek Cypriots, the President of the prospective Republic of Cyprus is to be elected for a five year term of office. A rotation system is to be used by Turks and

Greek Cypriots in occupying the Presidency. In the event that a Turk serves as President for the first five year term, a Greek Cypriot will assume the Presidency for the following term. A Turkish President is to have a Greek Vice-President while a Greek President would have a Turkish Vice-President.

In conformity with principles determined earlier by Denktas and Makarios, the future Republic of Cyprus will be bi-zonal and bi-communal. In addition to two separate governments, the new republic is to have a centralized federal government. The Federal Government will represent the Republic of Cyprus within the international community and will include an equal number of ministers from each community. The question of which ministerial portfolios within the federal government are to be held by Turks will be addressed by future committees. In the event of basic agreement over the structure of the federal government, future committees will determine the distribution of ministerial portfolios and present their findings to the leaders of the two communities. Concurrently, another committee would work towards the preparation of an electoral system. It is expected that committee work could last approximately a year and it is being emphasized that the current system would remain in existence during the interim period.

Another aspect of the constitutional proposals to be presented by the Turkish side concerns the determination of the number of federal employees from each community and the establishment of a police force. According to the proposals, half of all federal employees would be Turkish while the same principle would apply in determining the composition of the police force. The Turkish proposals also contain the stipulation that the two federated states constitute independent economic entities. The freedom of settlement and landownership in Cyprus would become exercisable following the achievement of an atmosphere of total security between the two communities.

International guarantees constitute an important point within the proposals to be made by the Turkish side. As in 1960, it is being proposed that Turkey and Greece become signatories to a guarantee agreement. It is not expected that Great Britain would join such an agreement as a third guarantor. According to diplomatic circles in Ankara, a positive response by the Greek Cypriot administration would put an end to the former pace of the negotiations and make possible daily negotiations over the package. These would begin as soon as possible. Concern remains widespread over whether Kiprianu, the leader of the Greek Cypriot community will wish to take part in finding a serious solution to the Cyprus problem. Currently, he seems to have given the go ahead for Presidential elections. It has also been stated that it is necessary for Greece to support the Greek Cypriot side if peace is to be achieved in Cyprus and a just solution acceptable to both sides is to be found.

Since last Saturday, Greek Foreign Minister Mitsotakis has been meeting with Greek Cypriot leaders in Cyprus and conducting a fact finding tour of the Greek Cypriot zone. While addressing Greek Cypriot refugees in Nicosia and Famagusta, he reminded his audiences that "the intercommunal dialogue in Cyprus has reached a very delicate point." He said: "the solution to the Cyprus problem fundamentally includes a structuring of the issue raised by the refugees. This is the most emphasized topic within the talks. The Greek nation and government will provide all aid in its power for the achievement through peaceful means of a definitive solution to the Cyprus problem. The Greek Cypriots' struggle is a Greek struggle."

For his part, Greek Cypriot Foreign Minister Rolandis said yesterday that "subsequent to meetings with Mitsotakis, the Greek Cypriot Government is prepared to evaluate Turkish proposals that are being expected tomorrow or on the 12th of the month."

9491
CSO: 4654/133

OPPOSITION BLASTS NUP OVER NEW PROPOSAL PACKAGE

Nicosia HALKIN SESI in Turkish 7 Aug 81 pp 1, 7

[Text] Nicosia. In a written statement released yesterday, Communal Liberation Party Chairman General Alpay Durduran said that he had been consulted at 1730 hours on the previous evening by Prime Minister Mustafa Gagatay who provided him with a briefing describing the Territorial Proposal as well as the new package of proposals. Stating that the briefing and solicitation of his views had taken place at the same time that the proposals were being presented to the Greek Cypriot side, Durduran said the following:

"Before that, our views had not been solicited and we had not been asked anything. I leave to public opinion any interpretation of the fact that my views were being solicited at the same time that the Greek Cypriots were being briefed. I have found out that leaders of other opposition parties have received briefings subsequent to mine. The Communal Liberation Party has had no connection with the proposals that have been forwarded. If the proposals are successful in providing the Turkish side with sizeable international support as well as the initiative within the course of the negotiations, they (the NUP) will be entitled to take credit. However, if the contrary were to take place, it will be our duty to inform public opinion that we bear no responsibility."

Ozker Ozgur, Chairman General of the Republican Turkish Party; described as antidemocratic the last minute briefing provided to leaders of political parties. The briefing concerned Turkish proposals for a solution to the Cyprus problem. Stating that his party's internal units would examine the essence of the proposals, Ozgur said:

"Intercommunal talks represent the only solution to the problem. The attitude taken by Archbishop Hrisostomos and his likes during the talks is very unfavorable and counterproductive. It is essential for the two communities living on Cyprus to reach a federal solution as delineated by the framework of the summit agreements. This can be achieved through intercommunal talks. The Cyprus problem has reached a critical stage. A solution to the problem is dependent upon agreement between the two parties. Agreement requires give and take. It is not possible to take without giving. The negotiators should go to the negotiating table with this understanding and conviction. It is with this understanding and conviction that the Republican Turkish Party will fulfill its share of responsibility and remain constructive."

9491
CSO: 4654/133

NEW CABINET SETS TO WORK, ESTABLISHES COMMITTEES

Nicosia BOZKURT in Turkish 8 Aug 81 pp 1, 4

[Text] Soon after assuming its responsibilities, the new Cabinet has begun to focus upon a variety of issues. The committee on wage and price regulation and the committee on the filling of (civil service) vacancies have begun their activities. These committees have been formed in accordance with a Cabinet decision and will present their recommendations to the Cabinet. Economic and Finance Minister Salih Cosar has met with certain counsellors to discuss the formation and operation of the committees. Cosar is closely following the activities.

The process of repaying the 150 million Turkish Liras owed to crop growers has begun. In a meeting with officials from his ministry, Nazif Borman who is Minister of Agriculture, Natural Resources and Cooperatives has taken steps to ensure payment of the 86 million Turkish Liras owed to citrus growers. Payments to the growers are to begin by the end of next week at the latest. A cabinet meeting to be held next Wednesday will determine the size of the payments that will be made to lemon growers. A preliminary decision to pay premiuns to lemon growers had been taken sometime ago. It has also been announced that a shipment of wheat has arrived at Famagusta harbor from Turkey, and is currently being unloaded. This constitutes the first party of a total of 800 tons purchased from Turkey. Efforts to secure the chemical fertilizers required by our growers are also proceeding with success. Meanwhile, the Ministry of Agriculture, Natural Resources and Cooperatives has leased a stone quarry to Is-Koop for a period of five years. The stones to be produced at the quarry will be used in the construction of public housing.

Efforts are underway for the distribution of the fruit orchards obtained from the Directorate of Pious Foundations.

The Ministry of Constructions and settlements has been leading these efforts and Minister Ozal Tahsin has announced that the distribution of the orchards to those entitled would begin next week.

Minister of Health, Social Affairs and Labor Irsen Kucuk has toured all sections of the Nicosia State Hospital on a fact finding mission. Kucuk took steps for the immediate procurement of certain equipment not available at this time in some of the operating rooms. He also issued orders for the repair of the hospital's ventilation system. On Monday, Kucuk will visit the Famagusta State Hospital. He is expected

to quickly complete his inspection tour of health service facilities, to take necessary steps for the fulfillment of various needs and to determine the issues to be raised within the cabinet.

Minister of Public Works, Transportation and Tourism Mehmet Bayram has toured Ercan State Airport. He has taken necessary measures for the resolution of certain problems and consulted with officials on the job. Bayram also ordered the beginning of repairwork on the Goufos-Psyllatos highway before the advent of the winter season. A highway department work crew is currently in the area and working on paving the highway.

Promptly after having taken over the ministry, Minister of Education, Culture and Youth, Hakki Atun has begun to address the problems confronted by the younger generation. Keeping a pre-established schedule, Atun has begun to tour the various youth associations. His first visit was to the Ping-Pong Association where he conducted studies and spoke to young people for the purpose of determining their needs and listening to their requests. In the days to come Atun will be touring the other associations. Atun has expressed close interest in the status of the Institute of High Technology and reviewed the latest activities towards making the Institute an effective component of our educational system.

Minister of Commerce, Industry and Energy Esber Serakinci has bet with the Steering Board of the Chamber of Manufacturers. Next week, he is expected to meet with the Steering Board of the Chamber of Commerce. Elsewhere, Kenan Atakol has had his first meeting with District Administrators and Department Heads since becoming Minister of the Interior, Foreign Affairs and Defense.

9491
CSO: 4654/133

'DIE ZEIT' ON HAIG VISIT, ANTI-AMERICANISM

DW180729 Hamburg DIE ZEIT in German 18 Sep 81 p 1

[Editorial by Theo Sommer: "Haig in the Hail...and Shots at the U.S. General"]

[Text] The terrorist attack on the supreme commander of the U.S. Army in Europe, the mass demonstrations against the American secretary of state in West Berlin which contained violence, and the critical remarks by the federal chancellor in Rome on the Reagan government's practice of consultation and its economic policy—all these events will be considered the same and also labeled "anti-American" only by those who like to oversimplify.

The attempt on the life of General Kroesen--which was the 10th attack against Americans and U.S. installations in the Federal Republic this year--is part of that chain of insidious crimes with which a few dozen of desperados, the scattered remnants of the old red army faction and some new recruits, are trying to resurrect and revive their hopes. All decent citizens are only filled with disgust. The legitimate authorities will have to counter these successors to Ulrike Meinhof and Andreas Baader with the same firmness as with the first generation of terrorists. Likewise the full severity of the law must be applied against those anarchists who take advantage of any kind of demonstration as a welcome occasion for bloody riots.

Peaceful rallies are something quite different. Even if you consider it to be incomprehensible or imprudent for demonstrations against the United States to be staged in West Berlin of all places, which, without the Americans would have been swallowed up long ago by the Soviets, there cannot be the slightest doubt that such demonstrations are allowed in a democracy. The constitution also protects manifestations of ignorance. It does credit to Alexander Haig that he did not view this differently and that he even took the demonstration against his country and its policy as a compliment and proof of democratic vitality. He said that it had been worthwhile to protect Berlin's freedom. Those are great words said with composure.

Had there been only a bit less composure then there would be American-German disagreement today as it has not existed for quite some time. Nevertheless, it is not comforting to note that similar incidents had heppened before. At that time,

too, the Americans reacted as calmly as Haig did now. But this is almost an exception. Many of his fellowcountrymen are edgy, hot-headed and overbearing. If the Germans give them the cold shoulder, then a "to-hell-with-them" attitude could easily prevail. Signs of this already exist in journalism as well as in politics. But we must not concern ourselves with a breach, but rather must be interested in overcoming Atlantic differences.

This, of course, must not degenerate into dull devotion to Reagan. After 8 months now, the president to a large degree is still living from his campaign rhetoric. This frightens Europe, and not just the Germans. This will be mitigated only if pragmatic policy assumes concrete form. This is exactly the weak point. Many Americans, by the way, are of the same view. Thomas Hughes, president of the Carnegie Foundation, for example, charges the administration with disturbing on the basic consensus of the Western alliance, and he characterizes its line as follows: "Defense without detente; armament without arms control; reduction and cancellation of international economic obligations (toward the Third World) without any concern about the consequences for the people; an obvious militarization of thinking." Helmut Schmidt's criticism of the American high interest rate policy (which Reagan refused to tolerate and this caused the only discord during Haig's Bonn visit) likewise is presented in a much sharper way in the United States than it is over here. It is also the view of many American observers that a new attempt is required to achieve agreement in the Western camp once again.

Berlin has always been a symbol of Western policy. First, it was a symbol of determination and steadfastness in the face of infringements from the East. Later on it symbolized the value of detente diplomacy (Haig: "The quadripartite agreement reminds us of what East and West can achieve through negotiations"). During his visit to Germany, the U.S. secretary of state has certainly come to realize that without an American readiness for detente, the psychological ground would be cut from under the foot of any policy of steadfastness. On the other hand, some of his critics perhaps are pondering his statement to the effect that it is aggression which endangers peace and not attempts to defend oneself against it. It is in this respect that Berlin now also symbolizes the need to reassess the terms "armament" and "detente" in the Atlantic alliance.

CSO: 3103/3

PLANNED ANTI-TNF DEMONSTRATION DIVIDES SPD

Hamburg DER SPIEGEL in German 21 Sep 81 pp 19-21

[Article: "'That Will Light Up the Landscape'"]

[Text] In the SPD the tension between Chancellor Schmidt and the critics of his security policy is increasing. The latest point of dispute: A peace demonstration in Bonn on 10 October. The deputy party chairman is even considering the possibility of forbidding associates to appear at the demonstration. A new stress test?

Erhard Eppler wanted his chancellor to tell him just how he was interpreting the utterances of the U.S. secretary of state in Berlin.

He, Eppler, had understood Alexander Haig as indicating that he was far more concerned about counterarming than about disarmament negotiations with the Russians. That did it.

Helmut Schmidt fired away. While mentioning Eppler and Saarland SPD Chairman Oskar Lafontaine by name, Schmidt was aiming at all those associates whom he blames for the growing opposition to his security policy and whom he accuses of collaboration with the extraparliamentary peace movement. Not subjectively but objectively, the head of government gave to understand, the "Eppelers and Lafontaines" were playing the Soviet Union's game. "What you have set in motion is quite dangerous," Schmidt said.

This set the guideline according to which influential politicians of the coalition--with Schmidt and his deputy chancellor, Hans-Dietrich Genscher, in the lead--last week in unison with the opposition in Bonn, lumped together peaceful peace demonstrators with the rioters during the Haig visit, the persons who planted the bombs at Ramstein, and the Heidelberg assassins.

Hardly anyone bothered to draw any fine lines of distinction.

As far as Helmut Kohl was concerned, once more "what Brandt and Bahr had sown had been reaped." The CDU Chief saw "SPD and FDP members in a popular front against the Americans."

As for the chancellor and his faithful, according to one Schmidt aide, "the only thing left that counts is the public effect of the image of those vandals, who internationally are regarded as the climax of Berlin's Haig demonstration initiated by the Social Democrats."

No wonder that in such a heated atmosphere the people in Bonn suddenly are afraid of an event which previously they have hardly taken note of, or at most smiled about. On 10 October something like 150,000 demonstrators are expected to gather in the Hofgarten in Bonn from the Federal Republic and several neighboring countries to demonstrate "for disarmament and detente in Europe." Initiators of the mammoth gathering are the church "Aktion Suehnezeichen/Friedensdienste" [Service-for-Peace Action Group]. Last week more than 600 organizations, including the DKP, signed the call for participation in the demonstration.

The list of speakers includes, in addition to the former governing mayor of Berlin Pastor Heinrich Albertz (SPD) and member of the Metalworkers Union Executive Georg benz (SPD), two prominent adherents of the SPD-FDP coalition, Erhard Eppler and FDP veteran William Borm. "This demonstration aims at the heart of the SPD-FDP coalition," FDP Secretary General Guenter Verheugen said with concern.

Hans-Dietrich Genscher inveighed so violently against the meeting in the FDP Presidium as to cause a participant to complain: "That was bad. He is now counting Eppler and Borm among the spiritual fathers of the riots."

Helmut Schmidt did not learn about Eppler's planned appearance until early last week. His first reaction: "The dreamer!"

In the cabinet Defense Minister Hans Apel stirred up anxiety over 10 October. He feared for the security of his ministry on the Hardthoehe in Bonn that day. After all, there had been attacks on installations of the Bundeswehr [federal armed forces] of late.

FDP Minister of the Interior Gerhart Baum did make a sincere effort to make the discussion an objective one, saying that the attack on the supreme commander of the U.S. Army in Europe, Gen Frederick Kroesen, had been the work of terrorists and had a long history, ranging from the bomb attack by the Red Army Faction on the Heidelberg headquarters in 1972 to the assassination attempt against the then supreme commander of NATO, Alexander Haig, in 1979. Said Baum: "They did not wait for Eppler."

But Baum;s intervention in the cabinet remained just as ineffective as a talk between the minister of the interior and the chancellor. Schmidt warned against lenience toward instigators of unrest of all sorts lest one be mentioned in the same breath with that "rabble."

Baum's reply: "Then we must stop demonstrating, for the rabble goes along with all demonstrations."

The chancellor remained adamant. In conversation with associates, he announced last Wednesday that he was considering imposing on the party executive an "irreconcilability resolution" forbidding Social Democrats to appear at the Bonn demonstration. Such SPD members would have to expect to be expelled.

Expelling leftist comrades such as Eppler, Albertz or Benz would face the party with a new stress test, however, and might even split the SPD.

In the Bundestag Schmidt warned explicitly on Friday: "To the politicians who, claiming a basic right on the basis of Article 5 of our constitution, make speeches at such demonstrations, I would like to say that they also must always consider the undesirable consequences, that they must take organizational precautions against abuse of their demonstration in order to be able to account for what is made of the matter as a whole."

And to an--almost made to order--interjection by Herbert Wehner, "That also applies to 10 October here in Bonn," he replied succinctly, "I agree with you, Colleague Wehner."

The SPD managers in Erich-Ollenahuer-Haus in Bonn as yet do not understand why the chancellor, after first calmly accpting the anti-Haig demonstration, suddenly is stepping up his action. Does he only want to intimidate the critics of his security policy with this threatening gesture? Or is it his intention already, half a year before the Munich party congress, to force the SPD to choose between him and the "Epplers and Lafontaines"?

After all, the chancellor has pledged that he will resign in the event that his party abandons the SPD-FDP government line in Munich and demands abandonment of the NATO two-track decision.

After the row with Schmidt on the executive, Eppler made it clear that he, for his part, would stick to his course. He said: "If the people in Bonn go on this way, we will have a Berlin result in 1984 anyway (SPD: 38.3 percent). Then it makes no difference either whether the coalition ceases half a year sooner or later. That is not my problem."

He said he assumed that "a five-digit number of Social Democrats" would travel to Bonn on 10 October. "This peace demonstration will light up the landscape quite a bit."

The planners in Bonn meanwhile figure that time will work in Helmut Schmidt's favor. If the Americans and the Soviets adhere to their schedule, they will have talked for 4 months by the time the Social Democrats gather in Munich in April. "Then," says a Schmidt aide hopefully, "it might already be clear which weapons systems are to be the subject of negotiation." In such a phase, with everything still in a flux, the party congress would not be in any position to reach a definite judgment about counterarming.

In opposition to the skeptics in his own party, Schmidt is adamant in his view that the Americans want to seriously negotiate. He learned with satisfaction that last Monday Haig followed an express wish of Schmidt's by confirming that Washington, too, regarded the zero option demanded by the Social Democrats to be a component of negotiation in talks with the Russians "under ideal conditions."

Moreover Haig assured the people in Bonn that, notwithstanding domestic U.S. resistance to the stationing of the new U.S. intercontinental missiles on U.S. territory,

these were remaining "pillars of land-based deterrence." This, Schmidt hopes, deprives the West German critics of an argument against the stationing of "Pershing 2's" in the Federal Republic.

Past objections have been that if the Americans wanted to station their MX missiles on ships or planes rather than on fixed launching ramps in their own country, they also could store their new Eurostrategic weapons outside centers of population. The head of government hopes for additional benefit from his carefully staged visit diplomacy. Helmut Schmidt intends to burnish his reputation as dialogue-ready go-between again in West and East:

--Before or after the North-South summit in Cancun, Mexico, a meeting between the chancellor and U.S. President Ronald Reagan has been scheduled.

--In the second half of January 1982, Schmidt will go to see Erich Honecker in East Berlin and (that is the way it has been agreed) to another GDR town of his choice.

Above all, however, Schmidt is counting on the support of a European comrade. On 7 and 8 October he will visit President Francois Mitterrand in his vacation home at Latche in the south of France. The chancellor hopes that Mitterrand, who is also greatly respected by leftist Social Democrats, might be in the best position to make it clear to doubters in the SPD that the West needs counterarming.

As early as mid-July in Bonn, the German Social Democrat and the French Socialist had agreed that in medium-range weapons the alliance was clearly inferior to the East.

The chancellor admitted that he had no trouble making this clear to the conservatives in the Federal Republic. There was trouble, he said with some people in the government parties, the SPD and FDP themselves, but particularly with the "revival movement" [Erweckungsbewegung].

Others, however, think that the people whom Schmidt judged so negatively vis-a-vis his guest from Paris are the very voters whom the SPD must not write off by any means. SPD Presidium member Hans-Jochen Vogel demanded at a meeting of the executive Monday last week that the party "make good an omission and concern itself on a broad front" with the part of the peace movement "which fits into political life." Willy Brandt sees it the same way. The SPD chairman is even considering a public demonstration: he might put in an appearance as a speaker at the Bonn demonstration on 10 October--even if he runs the risk of being expelled from the SPD.

8790
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BERLIN FDP PLANS ACTION AGAINST PARTY DISSIDENTS

Hamburg DER SPIEGEL in German 21 Sep 81 p32

/Text/ The "motion" addressed to the Land arbitration tribunal of the Berlin FDP consists of 27 pages and reads like an indictment. "The opponents to the motion," it says, "have seriously damaged" the reputation of the party.

The Berlin liberals, at odds as it is, are faced with a new dispute. The FDP presidium (in making the motion) is taking the FDP fraction (opposing the motion) or at least five out of seven FDP deputies in the city parliament to task.

The bill of particulars agreed upon Sunday before last behind closed doors at the Park-Restaurant Suedende was sent to the quasi-defendants last weekend-- to franction chief Horst Vetter, to his deputy Walter Rasch and to Guido Brunner, Juergen Dittberner and Edgar Swinne.

These are the five members of the city parliament who enabled Richard von Weizsaecker on 11 June to form a CDU minority city government.

The motion for a disciplinary proceeding against almost the entire fraction is without precedent in the FRG's history of political parties. But it will certainly not help the Berlin FDP to overcome its internal crisis.

What once was a self-confident, small party has been at loggerheads ever since the SPD and FDP failed to obtain an absolute majority in the elections of last spring. The liberals themselves barely made it into parliament, collecting just 5.6 percent of the vote.

The dissension centered around the question of how the reduced party might best gain "credibility" among the voters: by unqualified opposition or, for reasons of state, by entering into a coalition with the CDU which by itself was unable to form a government.

The leftwing majority of the Berlin FDP came out in favor of opposition. At a party congress less than a month before the formation of the new Senate, the FDP voted 134 to 93 against "supporting or tolerating a CDU-led Senate in any way whatever."

But the five "dissidents," as the Berlin LIBERALE ZEITUNG called them, decided to exercise their "free" conscience as deputies and, with the explicit support of the Bonn FDP leadership, helped hoist CDU Baron von Weizsaecker and his team into power while leaving the door open for a future coalition.

The authors of the indictment, Land presidium members Gerhard Moritz Meyer and Harald Loch, feel that the public relations image of the FDP will be a negative one for years as a result of the incident which they characterize as a "fundamental violation of order within the party."

But as to how the "guilty" should be punished --whether they should be "divested of party offices for lack of discipline" or even "expelled"— that should be left to the discretion of the tribunal.

The two presidium members provide the basis for various degrees of censure. On the one hand, they say that the dissidents can in no way be considered as "individuals possessing so high a level of political discernment as to be above intra-party democratic rules" but are bound by the "intra-party decision-making process" like all other party members-- which sounds like a plea for a harsh verdict.

On the other hand, they say, there is no denying that a political party can hardly force its deputies "to vote in a particular way oriented to the will of the party"-- which sounds like a plea for something like acquittal.

Perhaps the fraction will soon make the tribunal think in terms of leniency because it has no intention, as one of the dissidents put it, of "providing cover for Weizsaecker's fiscal policies without a word" and to accept the eviction of squatters from eight buildings planned for this week.

One of those named, former mayor Guido Brunner, will be hearing of the tribunal's verdict in some faraway place. Last week, he resigned his Berlin seat in order to accept the post of special envoy in the foreign office.

Deputy fraction chief Rasch, another one of those named, a veteran of the Berlin liberals' trench warfare, seems to anticipate a lengthy battle. In the course of internal discussions on the fraction's 1982 budget, he proposed adoption of a new budget item under the title of "legal protection" to cover "lawyer's fees, etc."

9478
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COALITION BEGINS POLITICAL SEASON DIVIDED ON ECONOMY

Helsinki SUOMEN KUVALEHTI in Finnish 21 Aug 81 pp 24-27

[Antti Blafield: "Government Coalition Party Secretaries Explain How Life Will Be After the Fall Is Over"]

[Text] "Objectively viewed, the government's opportunities for action are moderate. This naturally does not exclude the possibility that there might not be subjective judgments in some areas that would lead to another kind of situation," the prime minister's secretary, Paavo Lipponen, feels about the Koivisto cabinet's situation.

"Objectively" means that for a long time now drawing up the budget has not been a shadow-boxing contest among wage-policy-making partners. "Subjectivity," on the other hand, means that the political climate has become inflamed and unstable.

"In Center Party circles they are inflating themselves. They either intend to withdraw from the government or make life in it difficult for the other partners," Social Democrat party secretary Erkki Liikanen feels.

"It looks as though this fall will be a restless and bad one. The Center Party probably has two objectives. It will either conduct the budget debate so as to end in an impossible situation, so that nothing will come of it, or, the Center Party feels, since the Social Democrats and the People's Democrats are not anxious to bring the government down, it can squeeze the highest possible price out of them [for keeping it together]," SKDL [Finnish People's Democratic League] first secretary Jorma Hentila said.

"I would encourage our brothers on the Left to put it to a vote and breathe deeply. Thinking of a worrisome fall, there is the fact that, even before we have been able to begin to thrash out the budget, some people are trying to find us guilty of something that has not even happened," Center Party party secretary Seppo Kaariainen replied.

"I have reason to be optimistic. In the spring the prime minister gained a lot of experience, so the government will certainly not easily fall. We have no intention of building on the basis of a controversial issue," Swedish People's Party party secretary Peter Stenlund believes.

"We Ought to Build a Bridge of Life"

The four government coalition party secretaries have spent the whole summer pondering the government's resources. The committee that has been meeting under the chairmanship of Paavo Lipponen was appointed during the government coalition party leaders' conference held at the end of May and in early June.

At the Social Democrats' 1 May celebration in Helsinki, Kalevi Sorsa had rendered an account of inflamed feelings by stating that government funds had run out. Mauno Koivisto felt that perhaps they had not run out but that there was at least not much left.

The committee was assigned the task of estimating the amount of funds left following a difficult spring and a long-term government coalition. "During the year and a half that we may still have, we ought to build a bridge of life out of those points in the government program that have not been carried out," Kaariainen said. "We will not step outside the present government program."

The parties of the Left would gladly have discussed government coalition resources more extensively but the Center Party did not want to write any new, additional proceedings into the government program.

The party secretaries have gone through the current government program, examined what has been accomplished and what has not been accomplished. "Quite a lot has been accomplished or is being done," Hentila felt.

The most important items on the list of some 20 items were employment, housing and family policy. The party secretaries did not tackle next year's budget. The general economic policy was also too big a chunk to swallow at the secretary level.

Government party leaders examined the results of the secretaries' work on Tuesday, 20 August.

Youth Pension Payments Eliminated?

In the field of employment the party secretaries concentrated on youth unemployment. The committee raised the idea of investigating whether it would be possible to cut down on indirect labor force expenditures. This could, for example, mean the elimination of young workers' pension payments.

"This would also force employers to take a position and demonstrate whether they really want to tackle the problem," Liikanen said.

The committee also considered extending the apprenticeship contract system "because the problem with young people is often a lack of job experience," Lipponen argued.

Seppo Kaariainen also felt that one source of help might be an increase in part-time work in public administration. The parties of the Left did not willingly approve of the proposal because the trade-union movement opposes an increase in part-time work.

Jorma Hentila demanded more effective job-placement guidance and job protection.

"Right now employment could be supported by creating permanent, lasting jobs with the backing of small and medium-sized industry," Kaariainen said.

"We have to allow for more room for investments. The business property tax must not be increased and the turnover tax reduced or even entirely eliminated," Stenlund proposed.

Unanimity "in Principle"

The party secretary committee's problem was that it could not take on the budget. This forced the secretaries to propose more or less vague solutions or else those of such a general nature that they contain the makings of many a dispute.

In practice the direction policy will take will be resolved in the budget. The direction family policy will take and the emphasis on employment policy will finally become clear in the various provisions of the budget.

"So, the secretary committee was very constructive because there were young party secretaries on it who willingly look to the future," Lipponen, who headed the committee, felt.

One sign that the barometer is moving in the direction of better weather is the unanimity in principle as to the need for creating a ministry of environment.

"From the present outlook, appropriations for the creation of the ministry could perhaps be gotten into the 1983 budget," Lipponen felt. "Opinions on the scope of activities of the ministry to be created, however, differ." The dispute revolves about the question as to whether it would become a limited protection ministry or a broad environmental authority ministry which would cover those areas of government that are directly involved with the environment, right up to and including housing affairs.

"The broadest possible alternative may be excluded, but it must in any event be one that can be acted on," Lipponen said.

Another bone, on which there is enough meat for the government parties to chew, is the tax policy. The secretaries adopted no position on changes in the tax system, but the committee did consider the possibility of forming a party-level committee composed of economic experts to determine whether a common direction for tax reform can be found. Only after examination by this small committee would it pay to present a tax system to the government.

The secretaries did not contemplate any significant concrete changes in the tax system. A practical proposal was presented, namely that obligatory reporting of income tax be eliminated for certain groups, for example, some pensioners.

The third issue is also a principled position in which there is room for many a disruptive quarrel. The secretaries considered decentralization of the government to lower levels. In practice this would mean that they would set about explaining how decision-making in government domains could be brought right down to the municipal level.

Hot Trio

The party secretary committee began to look for a shot in the arm for the government, a favorable profile for a low profile. While millions are caught in a bind and are under the pressure of unemployment, peas for a solution and unanimity "in principle" are not very encouraging.

And a possible proposal to submit the last name bill to Parliament, a possible special television channel for Swedish-speaking Finns or a possible increase in support for home care certainly do not help matters much either.

A regular power struggle is going on over the balancing of the national budget. "It's a trio composed of borrowing, taxes and expenditures. It would be preferable to prune expenditures than to increase loans, to say nothing of taxes," Kaariainen concisely put it.

"The problem is the tightness of the budget. We can't make any big changes in it," Lipponen said.

"A tight point of departure is the right way to go about it. But at the same time we should prepare for recovery measures. There is no reason to follow the path Reagan has taken; rather the budget should be a neutral one," Stenlund proposed.

"Now that we are entering a recession, the demand for a tight budget has become stronger. If this becomes a philosophy, we will then be taking a step in the direction of Reagan's way of thinking," Liikanen said. "Borrowing does not unambiguously have to be reduced during a period of recession, rather perhaps even increased. Helge Haavisto has given us a very good rule of thumb: Things have to be tight during an economic high."

"The saddest administration of the 1970's, the Miettunen emergency government, fell precisely because, when it entered a recession, it cut down on investments and borrowing," Liikanen said.

Mauno Koivisto has not every so often taken a stance on even the sharpest budget discussions, preferring instead to mold policy up to 1983 at which time the next wage policy agreement is to be signed and when, at the latest, parliamentary elections will be held. The government will survive this fall, Koivisto believes, "if only we do not raise the hurdle bar," they say the prime minister added.

"When we look at the positions the parties assumed this summer and disregard individual statements, these positions have been quite moderate," Lipponen maintained.

"I would say that the number of statements that are constructive in terms of the government is at least as large as usual if not more than the usual number. The will to carry on is dominant among us in the Center Party," Kaariainen said, but at the same time demanded that there be "equality in dealings among the different government coalition partners" and "a policy of action."

"The spring round of wage policy debates has left its scars inside the government. The spring round personally strengthened Koivisto's position. The SKDL's appraisal of Koivisto is still the same: We can negotiate with him," Hentila felt.

"The prime minister's position is a strong one, particularly that of the prime minister now in office," Liikanen lashed out.

11,466
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PAPANDREOU: 'NOT ONE INCH OF TERRITORY TO TURKS'

Athens ATHENS NEWS in English 15 Sep 81 p 3

[Text] "Prime Minister George Rallis has no right to speak in ways that defame the President of the Republic and shake the country's system of government," PASOK leader Andreas Papandreou told newsmen after his speech at a party rally before an exceptionally large enthusiastic crowd in Mytilene on Sunday night.

Mr Papandreou was referring to the Prime Minister's presence in Thessaloniki on Saturday evening.

In a further accusation of Mr Rallis, he said that as soon as his party comes to power, they would tell the Greek people the whole truth about the country's economic situation, adding that the 150 billion drachmas tax evasion constituted the "scandal of Europe."

Replying to the leader of the Turkish junta, General Kenan Evren, Mr Papandreou said that Greece claims nothing from Turkey and only desires peace. But it will never give away even one inch of its territory, or its sea, undersea and air space.

Admitting that he had condemned the Greek-Turkish dialogue, he pointed out however, that good will gestures of the government are to be denounced as they endanger Greece's national rights.

Earlier, in his address to the rally, Mr Papandreou covered a wide spectrum of his government manifesto, attaching special weight to the PASOK effort for the development of the border regions, which, he stressed, had been abandoned by the Right. He referred also to education, health and decentralization, and agricultural policies to safeguard Greek produce.

The PASOK leader reiterated an earlier statement to the Athens daily TA NEA about the establishment of a Youth Ministry to deal with the cultural development of young people.

He repeated he would abolish the Panhelienic School Examinations to democratize education and to do away with the "professorial status quo."

He also stressed the need for the Greek resistance movement during the Second World War--EAM and ELAS--to be recognized so that the division of Greeks into nationalists and non-nationalists be ended.

He referred to support he claimed his government would enjoy from both socialist France and the Arab world and promised a referendum on the EEC issue.

Government Reply

A government source, replying to Mr Papandreou's speech stressed that it is an accepted fact for the Prime Minister to deliver a speech at the Thessaloniki International Trade Fair on the present economic situation of the country and its future economic policy.

The speech was broadcast in the past by both the Greek Radio and Television (ERT) and the Armed Forces Radio and Television (YENED). This year following a personal suggestion by Mr Rallis, the speech was transmitted only by ERT. The PASOK leader, however, claimed abuse on the part of the government regarding the transmission of the speech.

In his speech, Mr Rallis referred to the President of the Republic only to recall that he is the only one entitled to the great honor of the country's accession to the European Communities. The attributing of this honor cannot possibly be considered as an effort on the part of the Prime Minister to entangle the President of the Republic in the re-election confrontation. It is regrettable to ascertain that PASOK's anti-European wrath leads it to blunders.

The government, the same source said, is not surprised by Mr Papandreou's way of criticism of the government for he is aware that his hopes of acceding to power are groundless. The people, in their great majority firmly follow the New Democracy.

CSO: 4600/8

NEW DEMOCRACY ISSUES PARTIAL CANDIDATE LIST

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 35, 27 Aug 81 pp 9, 38

[Article by Nikos Simos: "New Names by Area for New Democracy Candidates"]

[Text] Making the date of the forthcoming elections official inaugurated the pre-election period formally. In substance, this period had started several months ago when the government measures, or at least some of them, could be described as grants or when the declarations of the leaders or of the parties had pre-election acidity and objectives.

The official kickoff dates of the two large parties have already been announced (5 September from Patras for PASOK [Panhellenic Socialist Movement], 19 September from Thessaloniki for ND [New Democracy]). Even the makeup of the candidate lists has progressed. Basically, the candidates who will claim the vote of the electoral body have already been chosen.

The announcement of the date for the elections put a stop to the "constitutionology" concerning the solution that would have been chosen for the dissolution of parliament, since the resignation of the government that is expected by the middle of September, after the opening of the Fair in Thessaloniki, does not chastise the subject (at least as far as this column is concerned) of the premature dissolution of parliament. The only objection made by POLITIKI EPIKAIROTIS, an objection that originates from the conviction that the present from of government needs an even longer period of establishment, because its enemies are lurking, is that the constitution was made by both experts and laymen to appear as something of an "obstacle" in the forthcoming electoral fight.

Because the Supreme Leader would want to or should want to maintain his privilege to dissolve the new parliament during the time elections are held. (Our readers are reminded that, on the basis of the constitution, articles 41 and 4, the new parliament cannot be dissolved until after it has been in session for one year, if the previous one was dissolved prematurely, unless it has voted against two governments.)

The basis of this reasoning is used to explore both the method and the procedure for dissolving parliament, ignores many of the more substantial factors. The most basic is not whether the president of the democracy has the power to dissolve parliament within a year. Because in case such a need arises, exactly as the reasons for dissolution are mentioned restrictively, the personal prestige of the president

does not suffer if he cannot dissolve parliament and proclaim elections. The nation suffers by entering into dangerous adventures. One way or the other, however, and in any case, whether or not a self-powered government has been formed, the alternative solutions provided the supreme leader by the constitution, such as a plebiscite, equalize the lack of power for dissolving parliament within a year. With the resignation of the government, the parliament of 1977 is dissolved prematurely. Even if it is only one and a half months before the end of the normal term of parliament.

With this subject that was debated in the newspaper columns for weeks now over, next week the two big parties will engage in the fight formally, after taking care of certain loose ends by the end of the month. Both PASOK and the New Democracy, on the basis of their own appreciation of their present electoral power and given the fact that the entire remaining political world will have difficulty in obtaining 25 percent of the vote (because of the political tactics the two parties have used, of course), will claim a total percentage of 75 percent. The difficulty, objectively and beyond party emotions, in claiming the larger part of this percentage, becomes even greater for the two parties, because a plurality is not enough to take over the government. They must succeed in getting enough votes over the other party so that they can form a self-powered government. nhis is true because with the system of the reinforced proportion with only two parties in the second distribution, the distribution of the votes will be done as if the simple proportion system is used. Therefore, the first party must secure a percentage of more than 10 percent over the other party.

In going after the votes, the two big parties seem to meet in the same area, since both the ND and PASOK aim for the larger portion of the 600,000 voters of the center and the 450,000 newly registered voters, while the party of the honorable opposition believes it can claim a section of the protesting (or disgusted) followers of the governmental array.

This effort of the two parties is perhaps more apparent, beyond their declared platforms and government policies, in the composition of their list of candidates. Starting with the New Democracy (as long as PASOK will make its final choice and approval of the candidates on 8 September during a special meeting of its central committee), the choice of its preferred candidates indicates that it is giving a great deal of importance to the extreme right and the center by using the following tactic: in areas where the predominant ideological credo is extreme rightist or royalist, even if there are important officials "of a center origin," it prefers to promote whatever politicians it managed to incorporate from the "Nationalist Array." The exact opposite os occurring in electoral areas with a center tradition.

What is evident, however, is the poor expansion of the ND in names and electoral strength that represent the large cities, e.g., the A and B precincts of Athens, the B precinct of Piraeus, and in Thessaloniki. Up to the time this analysis was being written, the governmental array shows a "paucity" in strong political personalities in the big cities.

New Names in the ND

By area, the expansion of the ND with people from the "Nationalist Array" and the center are the following (contingent upon the approval of the names by the chief of

the ND at the end of the month): of center origin in the B precinct of Athens, the former director of the office of N. Bakopoulos, A. Karambelas, the lawyer and former soccer player, member of the EDIK [Democratic Center Union], in 1977, Mr. Ar. Kamaras, and possibly the former special counsel for the prime minister, Mr. V. Vasilatos.

In the Nome of Evros, expanding to the center, but without many possibilities (yet), Mr. A. Spyroudis.

In the Nome of Ileia, in addition to Mr. A. Kanellopoulos whom the governmental array is projecting as the most important name for expansion to the center, two more names are mentioned who aspire to claim many extreme rightist votes for the ND in this Nome. They are Mr. A. Kritselis and Mr. St. Stefanopoulos, both from the EP [Unifying Faction]. Some reservations should be held, however, until the last moment, especially for the latter, in case the famous "National Front" is formed.

In the Nome of Karditsa, center and extreme right expansion will appear equal in the ballot of the N.D. Center people are Messrs. St. Allamanis and Th. Anagnostopoulos. Coming from the "National Array" are present parliament member Mr. G. Papaefthymiou and Mr. D. Thanopoulos.

In the Nome of Kozani, the ND will rely on the center identity of Mr. Mikhalis Papakonstantinou.

In the Nome of Lakonia, Messrs. K. Giatrakos and Grafakos will cover the center and extreme right, respectively.

In Larissa, the "center identity" of the ND will be pursued by Mr. Mamonas, since the health of Mr. D. Kardaras does not clarify what he will do. It is very likely that Mr. Khr. Kitsidis from the "National Array" will be a candidate.

In the Nome of Lefkas, Mr. A. Kolkanis, a center man.

In the Nome of Lasithion, Mr. I. Sergakis, parliament member of the E.K. [Center Union/ND] in 1974 and of EDIK in 1977.

In Corfu, Mr. Ap. Kogevinas, first in votes for the EDIK in 1977.

In the Nome of Preveza, Mr. D. Gougorelas, coming from the EP.

In the Nome of Serrai, Mr. Ang. Angelousis, parliament member of the EK/ND in 1974 who is supported by Mr. Achilles Karamanlis.

In the A precinct of Piraeus, the ND will claim the center vote with Mr. Sot. Papapolitis, former general secretary of the Ministry of Conservation and Environment, and Mr. St. Biris, presently parliament member and formerly minister under Georgios Papandreou.

In the B precinct of Piraeus, there is a lack of expansion to the right by the ND, since the governmental array can cover it with some of its present parliament members. The center men here are Mr. N. K. Papapolitis and Mr. I. Iosifidis, member of the EDIK in 1977.

In the Nome of Aitoloakarnania, Mr. Th. Khoutas is the center man of the ND.

The center role in Attica will be played, perhaps, by Mr. K. Papaspyrou, who has broadened his horizons and who was a former parliament member for the Nome of Evrytania with the Center Union.

In the Nome of Voiotia, the ND most likely will present two people for expansion from the EP. They are Messrs. A. Liasko and K. Katzelis.

In the Nome of Euboea, the ND is talking about Mr. M. Stefanidis, but it is not very likely to happen.

In the Nome of Arta, the parliament member of EK/ND in 1974, Mr. D. Rizos, who served as director of ELTA [Greek Posts].

In the Nome of Arkadia, Mr. A. Sekhiotis, presently mayor of Tripolis and parliament member of the EK/ND in 1974. The problem is that Mr. Sekhiotis wishes a spot on the ballot of the Europarliament members or the Council of State, while the ND wants to exploit his strength in the Nome. One person for expansion from the extreme right for the ND is Mr. Ath. Pavlopoulos, an old parliament member of the Rally and the ERE [National Radical Union].

In the Nome of Akhaia, the candidate appears to be Mr. M. Malevitis, who comes from the "National Array" and who, it is said, is supported by Mr. K. Stefanopoulos.

In the Nome of Drama, many who are in the ND would like to see Kl. Damianos as a candidate. He has significant strength in the area, but also has the "defect" of having served as "minister" of Labor under Papadopoulos. Mr. Akh. Karamanlis is strongly against Mr. Damianos.

In the Nome of Samos, Mr. Th. Sofoulis will try to attract the center voters.

In the Nome of Trikala, the candidate of "National Array" in 1977, Mr. A. Papakhristos.

In the Nome of Khania, Mr. V. Pentaris, parliament member of the EK/ND in 1974.

In the Nome of Rodopi, the parliament member of the EK/ND in 1974, Memet Oglou Giasar.

The PASOK Without Any Expansion

To the contrary, the PASOK, since it will follow the "self-governing" course, is rather certain that on 8 September it will not present, if it presents anyone at all, a large number of persons who will be coming from other political factions.

It is evident from the statements of Mr. A. Papandreou to VIMA that "the PASOK, in pioneering the popular movement for Change, is neither attempting nor does it need any kind of 'expansion' in any direction whatsoever. The PASOK is on course unshakingly, in a self-governing fashion and with a crystal clarity in its targets, without any commitments to anyone."

In making another point, Mr. Papandreou added that "the lists of PASOK will include persons who have identified themselves or have gone along with the political and social struggles. If these persons include certain of the so-called titled politicians who joined other parties of the opposition after the dictatorship, this will be considered and judged in each case."

From the meaning of these declarations of Mr. A. Papandreou, one should reach the conclusion that the much rumored for several weeks collaboration between PASOK and the Array of the Center should be considered improbable. The same declarations, however, have a door open in case Mr. G. Mavros would decide definitely to collaborate with PASOK, but not in the form of a coalition between parties. Even especially if it is taken into consideration that the intent of the President of PASOK is to include persons in the Council of State list of candidates "either to have them honored for their democratic services to the land or use them because of their special knowledge in government sectors."

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ORIGIN, GROWTH OF ANTI-AMERICANISM VIEWED

Amsterdam ELSEVIERS MAGAZINE in Dutch 22 Aug 81 pp 28-33

[Article by Rene de Bok: Anti-Americanism]

[Text] The American dream appears to have been cruelly interrupted. After World War II a generation of Dutch grew up in a spirit of gratitude for the American liberators. But times have changed. In the shadow of revived neutralism and the growing fear of a nuclear explosion of world dimensions the latest Dutch trend no longer characterizes America as the symbol of freedom but as the instigator of an irresponsible cold war policy. Ethical elements of the IKV [Interdenominational League], nuclear pacificists, ultra-progressive social democrats, and some anarchistic socialists dominate the political discussions. ELSEVIER is looking for the source of anti-Americanism in the Netherlands.

Just as in the 60's demonstrators in closed formations now claim the front pages of the newspapers: "Stop the Neutron Bomb", "Stop Reagan", "Stop the Nuclear Arms Race" are the most popular slogans. Just as in the 60's an anti-American sentiment is raising its head. Situations and persons differ; Vietnam is a long forgotten front; insults such as "Johnson Murderer" and "Nixon Murderer" are part of history; today the only chant is "Reagan Murderer". The demonstration near Zadkine's war memorial in the middle of this month went a step further. A theatrical skit evoked a caricature of American assistance to the Netherlands after the war: Americans, they gave us hamburgers, coca cola, rock and roll, they gave us disco and ...freedom and security, and they gave us cruise missiles..." Uncle Sam depicted in his most hideous form. The message is very clear: America is trying to force its cruise missiles and neutron bombs on us, just as it forced its "American way of life" on us. This America is not seen as liberator but as conqueror and oppressor.

Anti-Americanism is emerging in the Netherlands in a society which was until a few years ago still wide open to the hard selling character of American culture. Marshall Plan assistance went hand in hand with a process of Americanization which the dikes of our west coast were unable to keep out: hi fi, video, Big Mac, Wimpy, but also frisbee, disco, Sesame Street, the world of computers, potato chips, Marilyn Monroe, and John Wayne, and not to be forgotten, the jargon of the advertising world, of the modern spirit of the business world shaped after the American model.

No home-grown cultural chauvinism was able to withstand sex, drugs, and rock and roll. However, in addition to cultural influences there was also American domination

in the area of politics. As the founding of NATO created a relationship whereby the Netherlands became dependent on America there also followed identification with the international policies of Big Brother America. "Big Brother is watching you" was the relentless truth of the 50's. Those were the years of an icy cold war, when Senator McCarthy's hunt for communists reached a chilling climax and Europe was also plunged into an ideological split: on one side there was the free West and on the opposite side the countries behind the Iron Curtain.

The Netherlands followed the rules without protest: a critical NATO alliance did not enter into the heads of Dutch politicians whose brains were programmed to support the West. America was the undisputed symbol of freedom and a guarantee for the prosperity boom the equal of which had not yet been seen in the history of mankind. Nevertheless, there were symptoms of an emerging anti-Americanism even in the 50's and to a stronger degree in the beginning of the 60's.

This phenomenon was evoked by the then French president De Gaulle and was based on two elements or, actually, two questions. They sound somewhat as follows: "Is it responsible to let cultural barbarians like the Americans make decisions with serious consequences for the entire population of the world?" The second question is: "How unselfish is the nature of American protection?" De Gaulle chose an independent course because he could not follow America blindly.

This political point of view met with a certain amount of appreciation in the Netherlands, to wit in the social democratic bloc, but also elsewhere. The anti-Americans of the older generation remembered very well America's position in the painful New Guinea controversy: the American lack of interest for the Dutch point of view created a layer of anti-Americanism not to be cleansed by Pepsi. In the early 60's Dutch leftist intellectuals resented America's dominant role on the international political stage. The GROENE AMSTERDAMMER [Green Amsterdammer] vigorously attacked America while pacifists and representatives of communist mini-parties who were hardly taken seriously themselves as it was part of their dogmatic duty to propagate anti-Americanism, watched appreciatively.

Nevertheless, till the middle of the 60's anti-Americanism remained a marginal phenomenon, a dissident viewpoint in the political arena. That situation changed drastically when America became more and more entangled in the Vietnamese adventure. However, the first hard actions were not of Dutch origin. In the GFR the group around Andreas Baader raided American military property including the logistics center for the Vietnamese war in Heidelberg. The Rote Armee Faction [Red Army Faction] went the way of no return.

Dutch protests were of a different nature. Force remained for the time being the exception. In October 1966 the Mobile Unit of the Amsterdam police attacked demonstrators who shouted "Johnson Murderer". That was then still considered an insult to the head of state of a friendly nation; those who shouted it could look forward to fines of several dozen guilders. Nevertheless, the demonstrations were relatively harmless as compared to the actions in recent years to evacuate occupied buildings. On 1 October 1966 demonstrators of the Youth Committee for Peace and Self-Determi - tion for Vietnam were accompanied by six policemen on horseback and two on bicycles on their demonstration route.

Dutch anti-Americanism has its real origin in the Provo movement. Although it did not directly address the Vietnamese war the movement advocated an atmosphere of resistance against established authority. Provo was anti-authority. Because the American government represented authority in a broad range of international politics Provo created an anti-American atmosphere. In the shadows of the protests against the American war effort in Vietnam a lot of things originating in America got a bad name. In Zealand, Dow Chemical's involvement in the production of napalm was questioned. As the actions became more successful the behavior and the speeches of the demonstrators grew increasingly bolder. During a demonstration in Groningen in March 1967 Professor Delfgaauw unhesitatingly compared the Vietcong with the Dutch underground movement between 1940 and 1945. When three clergymen withdrew from the Groningen meeting because of its anti-American character Delfgaauw said: "We are right because there are American troops in Vietnam, they are not Chinese or Russian...The Americans are also supporting a government consisting of a small group of powerful persons. It becomes therefore impossible for the Vietnamese to solve their internal difficulties democratically." A major commentary in HET PAROOL [The Watchword] delivered a harsh judgement on the Vietnam demonstrations: "Part of the anxiety is real and respectable. But it is also certain that a political call to arms is being organized by characters and organizations who have one thing in common: their anti-Americanism and a perverted preference for communist actions of any kind or shape wherever in the world."

In the second half of the 60's the black and white image of the ideological split underwent a metamorphosis: the image of the free world as opposed to the world of oppression was touched up. After the fiasco of the Vietnamese war the idea of relaxation of tension became also acceptable in America. Under the watchful eyes of the American ally Willy Brandt was allowed to develop for the GFR an Ost Politik [Policy of opening up to the East] with perspectives of a new relationship between East and West and of peaceful coexistence which had for years been rejected as a policy of illusion.

They heydays of detente have in the meantime become history again and it appears that the polarizing black and white image has again become one of the familiar relics of big politics. America's foreign policy does not appear to be capable of subtly weighing its interests and obligations and the Kremlin is hardly superior as far as this goes. The Soviet Union preaches detente behind a facade of beautiful works but in sharp contrast with these words it is building up an awesome arsenal of weapons.

In the Netherlands prewar neutralism is on the rise again. To such an extent that some articles dismiss NATO ally America as an ugly warmonger. In the course of the years the arguments appear to be hardly subject to change. In September 1967 young persons staged a 4-week-long sit-in near the American consulate in Amsterdam. Not everybody could muster the same degree of appreciation for the silent siege by "unkempt punks". When a passer-by reproached a demonstrator by saying: "the Americans liberated us in 1945", he received the following reply: "If yesterday somebody saved a child's life, it does not give him the right to kill 10 children today".

Karel Roskam, foreign commentator of the VARA [Labor Party Radio Network] demonstrated this attitude in his umpteenth diatribe against America by arguing: "Whosoever

saves a child from drowning does not have the right to throw another child into the water." In his commentary Roskam really demolishes the American NATO partner: "Reagan, Haig, and his generals proclaim without blushing that Russia is working towards a nuclear war because Moscow thinks it can survive. In international politics it is sometimes necessary to tell barefaced lies because one realizes that the truth could actually put one to shame. Because the people in Washington are really the ones who believe that with the help of neutron bombs a nuclear war can remain limited and America could stay out of the line of fire. Regan as spokesman of America's political right keeps repeating that the United States must remain stronger than everyone else, to protect democracy and freedom. That takes a lot of money, enormous amounts of money and consequently millions of poor people in the United States are left to starve for the defense of freedom."

In his latest diatribe against America the VARA commentator even said: "It is even a matter of good manners to be anti-American." Here Roskam touches upon the essence of the growing anti-Americanism.

Ethics have become the typical trademark of Dutch actions in the area of international politics. There is that puny Dutch finger again admonishing foreign powers before they resort to hard action, it is famous far beyond our borders. In domestic politics ethical leaders are fighting in the forefront. Former Minister of Defense Vredeling says: "We are a people of theologists. We say: no matter the consequences we want to proclaim loudly what we consider to be the truth, we are the apostles of political testimony. But this is a short-sighted, almost idiotic attitude."

There is no other country where an organization like the IKV has a following as large as in the Netherlands, and there is no country where protestant clergymen and Catholic priests proclaim so frequently their half religious and half political viewpoints as in this country suffering from the dreadful disease "Hollanditis".

It is hardly a wonder that the West German theologian Dorothee Solle has such a large following in the Netherlands. On the latest Kirchen Tag [Day of the Church] in Hamburg the feelings she expressed about our Atlantic ally America were none too friendly: "Why does America need the armaments? To ensure its world domination and its power over raw materials. This armaments race is the biggest imaginable theft from the poor. NATO is our oppressor. We must set ourselves free and that struggle forms part of our fight to liberate the Third World."

Statements of politicians containing elements of preaching and admonishing can always be detected. It seems to be the price we are paying for the warped way in which our political system rid itself of domination by religious parties. The religious political parties saw their support swindle. However, this does not mean that moralists who base their ethical standards on religious principles have left our society or relinguished their claim to a monopoly of good manners. All that happened was that they were spread out over nonreligious parties like the PPR [Political Party of Radicals], PvdA [Labor Party], PSP [Pacifist Socialist Party], or the small leftist parties. Even in the CDA [Christian Democratic Appeal], which emerged after all those troubles, well-known politicians are often busier fighting their own consciences than the every day problems.

It is exactly this accent on ethics which creates a world of difference between the United States and its little ally the Netherlands. While we are always

struggling in the Netherlands with matters of conscience and principle the American government is concentrating on targets in a political environment oriented towards power. The Americans cannot see why the Netherlands is not prepared to fall in step with this search for an equilibrium of power between the political blocs.

In addition to the primary consideration of ethics concerning controversial matters, as the modernization of nuclear arms or the introduction of the neutron bomb, the Dutch attitude is also influenced by an undercurrent of fear and an instinct for self-preservation. This undercurrent also contributes to anti-American feelings which raise their wicked little heads. When American superiority in the world was still uncontested the Netherlands resigned itself to follow the directives the Americans channeled to their partners via NATO. Just like the other partners the Netherlands accepted the protection, which they assumed to be safe, of the American Nuclear umbrella. Only France under De Gaulle missed this confidence in the continuity of America's foreign policy. But when an enormous effort enabled the Soviet Union to catch up and the scales of military power in Central Europe tipped towards the Warsaw Pact, there came a hitch in the cable which tied the NATO countries so firmly to America. Prewar neutralism which had been our first quality tailor-made outfit during the 30's, could again be taken out of the closet. We are also keeping in mind a variation on the gold old Dutch saying: "It is better to have a not too hostile neighbor than a distant friend."

The attitude of reservation towards America received an extra boost when we noticed several times in the recent past that the distant friend has no longer the means of power he possessed so abundantly in the past. The catastrophic rescue operation in the Iranian desert underscored dramatically the impotence of a superpower.

The impotence of the United States in Afghanistan shook our confidence again.

In such a crisis of confidence little is needed to create a bad mood which puts the blame on America for all the big problems. Growing unemployment in Western Europe is partially attributed to failures of the capitalist system. Because America is known to be the champion of a free market economy people are quick to blame it. Progressive circles in the Netherlands are then inclined to immediately reject all the good things America gave us: production by corporations, no government intervention. Those who believe to have the solution are then inclined to consider government intervention as a God-given instrument. Whatever America may suggest is under these circumstances rejected as an example of an inhuman modern way of doing business. The high interest rate in America is then another reason to take a critical look at the American way of doing things. The BRANDPUNT [Focus] inquiry which asked people for their opinion on nuclear weapons showed that a majority do not want modernization of nuclear arms and their stationing on our soil; for America a painful result. The editor of BRANDPUNT considers the result an indication of the severity of the Dutch disease.

Hollanditis is not just seen by Americans as a desire for neutralism and lack of understanding of the unavoidable arms race. They can see other ingredients: exaggerated expectations of the East-West dialogue and detente; lack of resilience and the desire to sustain democracy; political indecisiveness; and finally a lack of willingness to clean up the social paradise which we can no longer afford.

Neutralism is unavoidably accompanied by a growing anti-Americanism. The farther Europe is moving away from America, the more the United States will resort to a

policy of isolationism. The American government is very strict in its dealings with its allies. Whosoever does not pay for his marbles is not allowed to join the game. These American statements cause further irritation, especially in the Netherlands which will have to sacrifice a lot to pay for the defense effort America wants. Mutual feelings of irritability and lack of understanding can lead to bad communications with incalculable risks.

The decision to make the neutron bomb hit the Netherlands like a rock. The reaction is sometimes fatalistic in nature; during the Rotterdam demonstration "Cruise against Cruise Missiles" pins depicting broken rifles were sold. But the Amsterdam demonstration was harder and more vindictive: "The United States is holding 14 and a half million Dutch hostage". A banner read: "Reagan is still alive. That is not my fault. I would not have missed him".

The day may come that Big Brother America will no longer be watching us.

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DEFENSE PROGRAM COMPROMISE LEAVES MANY IN SPD OPPOSED

Foreign Minister Hits Opponents

Copenhagen INFORMATION in Danish 24 Aug 81 p 5

[Text] Foreign Minister Kjeld Olesen now wants to turn the debate on the compromise of the defense program toward what he calls "the frenzied armaments race," in which he includes the nuclear missiles which he approved, along with others, at the NATO Council of Ministers in December 1979.

At a summer rally of Social Democrats at Holbaek on Sunday, Kjeld Olesen sneered at certain members of his party for allowing opinion polls to determine their attitudes toward the defense program compromise which had just been adopted. He thought references to the popular desire for economy "pitiful" and criticized the opponents of the compromise for unconsciously throwing obstacles in the way of obtaining Social Democratic influence over "the real and dangerous security-policy problems which exist."

Then he said, "First of all, the compromise means that there will be a reduction of personnel under any circumstances, because we are in the lead in the Western world where wages in proportion to the defense budget are concerned. And there will be a reduction of military materiel, and for that reason no one can venture to say that Denmark is rearming.

"In the second place, it is too bad that people cannot see that the only way to prevent a nuclear war is to have a reasonably credible defense program.

"In the third place, I should like to say that we may quack in the local duckpond as loudly as we please regarding the increase, which is modest when seen as a part of the whole picture, but we are people who want to dedicate our efforts to the much more important problem--that is, to being involved in putting a stop to the frenzied armaments race, whether we are talking about neutron bombs or the new Soviet and Western strategic medium-range missiles."

Kjeld Olesen went on to say, "I think it is a pity that the argument has been used among my own people that a large proportion of the population thinks, according to opinion polls, that we should economize on defense above anything else. I would like to repeat what I have said behind locked doors: if the Social Democratic Party becomes a party which pursues a policy shaped in accordance with the opinion polls,

we will degenerate. Fortunately, that is not so. If we are to influence society, we must be trustworthy. And to be trustworthy we must also have the courage to make decisions which may be unpopular over the short term, whether they are concerned with defense, cultural policy or assistance to developing countries," he said in conclusion.

The SID Warns

Kjeld Olesen's remarks were made against the background of broader and broader Social Democratic criticism of the compromise with the nonsocialist parties on defense.

A large number of party organizations have sent expressions of disapproval to the executive committee, which will get together next weekend in anticipation of the annual meeting in Alborg from 4 to 6 September, when the compromise will be debated.

Former Foreign Minister Per Haekkerup's circle in Esbjerg is included among the critics. The government body of that group wrote, in a letter to the Folketing group and the executive committee, that "an increase in expenditures for defense is simply unacceptable." The governing body also definitely opposes the establishment of foreign weapons depots in Denmark.

The SID [Semi-Skilled Workers' Union], which will hold a conference on security policy next month, warns against letting criticism of the defense program compromise develop into a big political sore point at the annual meeting in Alborg. An editorial in the DAGBLADET praises the 14 critics in the Social Democratic Folketing group for having shown the nonsocialist negotiators on defense where the limit of Social Democratic cooperation lies, but at the same time that journal warned the 14 against supporting groups which believe that the party leadership has "suppressed democracy in the party for members of the party."

The journal believes that both the democratic rules of the game and the decision at the party congress to support a credible Danish defense program have been complied with, while at the same time the government attained its primary goal, which was to maintain the broad agreement on defense which has already persisted for 32 years.

"It was a good thing that that goal was attained, even though it cost more than it should have," the journal said. "Moreover, the last few millions of kroner which were included in the compromise guaranteed several thousand old and new jobs, and that should be recorded on the plus side, at least in the trade unions." The journal went on to say, "Thus there are several good reasons why the militant attitude directed against the defense program compromise should be moderated. Perhaps a little of our energy at the annual meeting should be saved for the debate on economic policy, for which the outlook is nearly hopeless, and the economic-policy compromise. It appears to us that the Social Democratic Party must offer a good deal more here than the 2 percent of its policy it lost on the defense program compromise."

SPD Deputy Chairman Attacks Program

Copenhagen BERLINGSKE TIDENDE in Danish 31 Aug 81 p 2

[Article by "lk": "Knud Heinesen Counterattacks in Party Clash on Defense"]

[Text] "We would quickly be getting close to conditions in the Garden of Eden if the Soviet Union and the United States would adopt the kind of militarism the Danish government has adopted."

That statement was made yesterday by Knud Heinesen, the political deputy chairman of the Social Democratic Party, at a meeting arranged by the party's youth organization, the DSU [Denmark's Social Democratic Youth]. At the meeting, Knud Heinesen was attacked sharply on the score of the defense program compromise the government entered into with the K [Conservative People's Party], the V [Liberal Party], the DC [Democratic Center] and the KrF [Christian People's Party], which means an increase of 369 million kroner in expenditures for defense over a period of 3 years.

The opposition to the defense program compromise at the DSU meeting yesterday and at the meeting of the party's executive committee on Saturday, together with Knud Heinesen's vigorous reaction, is only the prelude to the much more serious clash which can be expected at the party's annual meeting in Aalborg this coming weekend, 5 and 6 September 1981.

"The result of what we have done is that the defense program is being cut back by 735 men and that there will be 2 ships and 13 aircraft fewer. It may be a good thing that people do not feel good about the compromise, but if it is a manifestation of rearmament and militarism you ought to be very happy if the Soviet Union and the United States would adopt the same kind of militarism," Knud Heinesen said yesterday at the big meeting of young Social Democrats. He emphasized the fact that the Danish defense budget is increasing less than the rest of the national budget and that Danish expenditures for defense are as low as those of any other country in proportion to the gross national product. Then he summarized the present Danish defense position as follows: "The present Danish defense program shows that we have a desire to maintain our sovereignty, anyhow. It also shows that we are willing to make a contribution--however modest that contribution may be--to joint defense under NATO."

The DSU closed its meeting yesterday by issuing a sharp protest against the defense program compromise.

SPD MP's Debate Defense Policy

Copenhagen INFORMATION in Danish 2 Sep 81 p 9

[Article by Bjarke Larsen: "Can You Imagine 'Women for Peace' in the Soviet Union?"]

[Text] When the defense program compromise was on the point of becoming a reality recently, a violent reaction occurred in the Social Democratic Folketing group. At a meeting of the group, 14 Folketing members voted against the compromise because it exceeded the "no-growth" solution the party's congress had recommended as the farthest the government would be willing to go.

After the compromise had become a reality, the debate continued with ever-greater intensity in Social Democratic circles. The differen-es of opinion will culminate at the party's annual meeting this weekend, 5 and 6 September 1981, when one of the most important points will be examination of the foreign-policy section of the party's work program.

INFORMATION taked with two Social Democratic Folketing members for the purpose of thoroughly examining the question of where the dividing line in the party runs on the question of security policy.

The two were Jytte Hilden, who told the party that she would vote against the compromise when it came to a vote in the Folketing, and Knud Damgaard, a commissioner in the Home Guard, who said in the press that its opponents had not understood the implications of the compromise.

INFORMATION said to Knud Damgaard, "You have said that the defense program compromise 'actually is a no-growth solution of the problem, but on a slightly higher level.' What did you mean by that?"

Damgaard replied, "I said that because the compromise does not give more to the defense program. Instead, defense has to cut back in many areas. There are not going to be any increases, and the extra money received is far from being enough if we are to keep the same military strength, which is our goal at present. Furthermore, part of the extra appropriations--specifically, for Hawk missiles--are merely a matter of moving an expenditure which was budgeted for 1985 forward 2 years to 1983."

Jyette Hilden said, "Although, seen from a technical point of view, the compromise perhaps involves a few reductions, an expansion of activities supported by the budget is nevertheless being carried out at a time when the economy is very constricted.

"That is why the compromise exceeds a 'no-growth' solution of the problem, and I think it will be very hard for the population to understand that, for the Social Democratic Party has insisted all along that we would maintain a credible defense budget with an unaltered budget."

We Must Be Credible

"But it also seems to me that we should look at the compromise in an international context, seeing what is going on around us. It is important that someone should say 'stop' to the enormous expenditures that are being made in this world in the military sector. I am definitely not saying that Denmark is rearming, for I don't mean that, but as members of NATO we are regarded as one component of that organization. For that reason it would be important if we could say to the surrounding world: 'Stop! The limit has been reached! We don't want any more rearmament," she said.

Knud Damgaard said, "Something of the greatest importance at the present moment is to put a stop to the unrestrained armament with nuclear weapons, but if, as a small NATO country, we want to exercise influence on disarmament negotiations, we will have to have a credible basis for doing so.

"If we think it is essential to start a dialogue concerning the stopping of nuclear armament, it will make a bad impression on the countries we might influence if we vigorously cut back the forces which gain an increasing amount of importance in a balance of power on a lower level. If the compromise can give us a more credible voice, the money will have been well spent."

"Is it of any significance for our credibility that an extra 135 million kroner were added to a defense budget of 8 billion kroner on the last day?" he was asked. "Is it that last amount which constitutes the difference between being credible and not being credible?"

Knud Damgaard said, "The cutbacks which, as a matter of common knowledge, are taking place with regard to Denmark's defense program are now reduced, and that does play a role. And the fact that we show we want a broad defense program compromise with broad popular backing also plays a role.

"Still another thing is the fact that the whole discussion regarding the number of millions of kroner needed for a credible defense program has show that the generals' portion of the discussion was unworthy of credence.

"The Headquarters of the Armed Forces has told us that now they cannot defend this and now they cannot defend that, and now Sjaelland will fall if they do not get at least 3 percent extra every year for a least 4 years.

"So we conclude a defense program compromise with, on balance, a small 2 percent increase over 3 years, and then the military leaders say that now the defense program actually has become credible. I cannot bring myself to vote for that."

Damgaard said, "I agree that in the future we cannot allow proposals by the headquarters of the armed forces to be the deciding factor where what is evolved politically is concerned.

"In military systems--and not just the Danish one--there is a tendency to act in compliance with habits and traditions up to a line of demarcation which we probably cannot accept in the future. There has to be some political initiative taken--an initative in which one starts with a thoroughgoing debate regarding the structure the defense program is to have in the future--for the fact is that the defense program compromise has not solved that problem."

The Priority of the Home Guard Should Be Raised

Jytte Hilden said, "The debate regarding structure is also one of the most important things for me, but, in contrast with you, I think that a 'no-growth' solution will have forced even the military leaders to come forward with some realistic proposals in that area to a greater extent than formerly--proposals which we can assess politically, along with other information--information from peace research workers, for example.

"For me, questions regarding kroner and ore are not the decisive ones over the long run," she said. "I would be quite willing to use more than the 8 billion kroner a year if I knew that it was being spent for the right sort of defense program. And the right sort of a defense program for me is a program which attaches a great deal

more importance to the Home Guard and Civil Defense. On the whole, we need more analyses of society's vulnerability, against which we must concentrate our efforts."

Knud Damgaard said, "One of the consequences of the compromise must be a Social Democratic committee which could make a proposal on structure and analyze what is actually happening on the technological front. So much is happening there that we can make plenty of investment mistakes if we do not create such an analysis group."

Jytee Hilden said, "That is only one aspect of the problem. We also have to ask the basic questions, 'what is it we want to defend?' and 'what do we want to defend ourselves against?'

"The threatening images which are unfolded for us are very primitive by comparison with the threats with which I think we are confronted.

"Nuclear armament must and shall be brought to a stop, and therefore, there must and shall be progress in the negotiations concerning disarmament with respect to the missiles with which Europe is studded, both in the East and in the West. That can only happen when the great powers are compelled to go to the negotiating table. But we can and shall do something ourselves," she said.

Knud Damgaard said, "Our noblest goal is to prevent war, and as long as we have had NATO and the Warsaw Pact we have had a balanced situation which made war impossible."

Detente Is Not Enough

"The many defects are an admission of the fact that if, on the basis of the existing balance, we attain detente, detente has no meaning in itself. It only has meaning if it is used as a bridgehead for gaining peace, initiating dialogues and conducting negotiations regarding the elimination of the types of weapons which are primarily felt to be the most terrible," Damgaard said.

"And I believe implicitly," he said, "that we are in a better position in international gatherings and negotiations since this compromise was reached. We have gained greater credibility and a better chance of being heard when we call for a continuation of the policy of detente."

Jytte Hilden said, "It always sounds very fine when we say balance, detente and peace, but what is the situation in the real world? The situation is that the President of the United States, Mr Reagan, has said that when we get to 1990 the United States will really be able to negotiate from a position of strength, and that is to be understood to mean that for the next 10 years we will be increasing the scale of the armaments race, and then we will possibly be able to cut back a little bit afterwards.

"We must begin a process of getting rid of the military and not just talk about disarmament. In that connection, I perceive a fantastic amount of strength in the popular movements which now are growing up everywhere. Indeed, it is not an accident that that is happening in many countries. Among other things, it is happening because all these things are now being discussed like a question about any other subject and they are being discussed more than amounts of gunpowder and numbers of cannons are being counted.

"I also see something encouraging in the fact that women are beginning to get involved in the debate, which up to now has been the exclusive province of experts and particularly earnest men who are said to be knowledgeable about security.

"We must appeal to the population and create a broadly-based movement and popular opinion," she said. "That is the only way we can bring pressure to bear on the negotiators at the big, shiny desks to negotiate with the real world situation in mind."

Women in the Soviet Union

Knud Damgaard said, "If pressure is to be brought to bear on the men at the glossy desks, there must necessarily also be women in the eastern part of the world who can express their opinions freely, but a really spontaneous women's movement like 'Women for Peace', in my opinion, in unthinkable in the Soviet Union."

Jutte Hilden said, "Look at what is happening in Poland. There actually is enormous strength in Solidarity. It is such a big movement that the Soviet Union has not intervened militarily up until now."

Knud Damgaard said, "One of the reasons the Soviets have not intervened is probably fear that the Polish army will fight against them."

Hytte Hilden said, "It certainly will not be possible to crush a popular mobilization such as is going on in Poland. In fact, they would almost have to put tanks into every individual home."

"Is it also true of Denmark that the best guarantee against an occupation of the country is the certainty that the occupation never would be effective because of popular resistance?" they were asked.

Jytte Hilden replied, "Quite so, and so we come back to the whole debate on the structure of the defense program, but at the same time I must say that one of the biggest threats to democracy is the terrible unemployment situation--and especially unemployment among young people. But our security also depends upon having the right social and energy policies."

Knud Damgaard said, "If the Western world does not change course quickly and reduce the amount of unemployment, we will be faced with something that quickly can become a violent movement with Nazi and fascist overtones. That is something that can constitute a serious threat to Europe in the 1980's."

Unemployment and Neofascism

Jytte Hilden said, "Just for that reason, we should not put any more money into the Danish defense budget. The grip the military-industrial complex has on production is one of the things which are helping to dislocate the world's economy, increase global unemployment and hamper development in the Third World."

Knud Damgaard said "The world's economy is much more comprehensive than just what is connected with the NATO countries. We are very much in favor of an altered economic world order and must try to get the United States to cooperate in bringing about such a change.

"But where the present unemployment figures and the danger of violent and neofascist movements are concerned, it is not the 369 million kroner which are the decisive factor."

"Doesn't it result in greater discontentment when the people can see that defense is the only sector which gets more money while all the others are being cut back?" they were asked.

Knud Damgaard replied, "During the last 10 or 15 years, defense's share of the state budget has declined while all the others have risen."

Jytte Hilden said, "For one thing, the simple fact is that we are giving them more money this time, and, for another, one should not fail to appreciate the psychological effect. The defense program compromise can easily be regarded as an acceptance of the view that more weapons give greater security."

Depots More Important Than Money

"When should Denmark accept reinforcements from NATO--in a critical situation, or not until after war has broken out?" they were asked.

Knud Damgaard replied, "I have visited the brigade in England which perhaps is the one that is to be sent to Denmark as a NATO reinforcement during a conflict. They said, quite explicitly, to me, 'If we are to be landed in Esbjerg, we don't want to have our young Englishmen killed because you sent for us too late.'

"Naturally, it will be up to us Danes to decide when we want to have troops as reinforcements, but as a NATO representative I perhaps perceive more nuances in this then does Jytte.

"As one of those who lived through an occupation, I don't care to have my grandchildren having to go through the same thing I experienced. Therefore I am glad that we belong to an alliance which, if occasion should arise, will send the needed reinforcements. But deciding when to send for those reinforcements is up to the Danes."

Jytte Hilden said, "In a crisis, we will be under very heavy pressure to accept assistance from NATO early, and therefore I think that we should say in advance that we do not want foreign troops in Denmark in a critical situation--we only want them in case of war.

"I am afraid that the stage is set for making changes in the policy we have in respect to NATO on reinforcements and depots, so that the depots will perhaps be the same thing as unmanned bases and we will say 'yes' to accepting troops even in a period of tension.

"I do not want any change in the policy we have now. The essential thing for me is for the Danes themselves to be able to make decisions regarding their country--even though they are members of an alliance. The question of reinforcements and NATO depots is more important to me than a few million more kroner given to the military," she said.

Officer Says Program Inadequate

Copenhagen BERLINGSKE TIDENDE in Danish 2 Sep 81 p 13

[Article by Maj Poul E. Gustafsson: "Appalling Defense Program Comromise"]

[Text] The defense program compromise got a mixed reception from the political parties. Dissatisfaction was expressed most strongly by the Social Democratic Party, and it undoubtedly will occupy a prominent position at the party's annual congress.

Satisfaction is somewhat restrained in the nonsocialist parties. Politicians express satisfaction over the fact that 32 years of unbroken cooperation with the Social Democratic Party on defense can continue, so the contents of the compromise can recede into the background, but the annual and national congresses of the nonsocialist parties are also close at hand.

It is understandable that those who are sympathetic toward the defense program and have understood the contents and scope of the compromise can express dissatisfaction and hopelessness. On the other hand, it is incomprehensible how people within the Social Democratic Party can express such great indignation. They actually got the "no-growth" solution upon which the party had insisted firmly during a year and a half of negotiation.

Of course, the compromise produced a rather small annual increase in the three years of the compromise, but, on the other hand, the elements of the framework on which the "no-growth" solution is built, both on the personnel side and the materiel side, were sharply reduced in the course of the negotiations. That is primarily due to the fact that, in 1979, when the material for the "Commander in Chief of the Armed Forces' proposal for a system of defense after 1 April 1981" was prepared, the possibilities of the economic framework, on both the operational and the procurement sides, were overestimated. In addition, the long process of negotiation and the great instability undoubtedly resulted in taking inappropriate measures.

It can be very difficult for citizens who have gotten their information from the press, the radio and television to understand what the compromise is all about because the information here is chiefly concerned with the economy and not so much with the substance--what one gets for his money.

The first impression one gets when one reads the compromise agreement is that it is acceptable, but when one compares the compromise with the defense situation at present and the steps in the form of a reduction of personnel, etc., which it has been necessary to take during the long negotiation process, it is an appallingly bad compromise.

On the economic side, one can interpret the amount being provided in various ways. One can say that the defense program is getting 369 million kroner over a period of 3 years. One can also say that in 1982 there will be an increment of 84 million kroner, corresponding to a 1 percent increase. In 1983 there will be an increment of 37 million kroner, corresponding to an increase of 0.5 percent, and in 1984 there will be an increment of 43 million kroner, corresponding to an increase of 0.5 percent.

The official figures will be as follows:

1982: 8.056 billion + 84 million = 8.140 billion kroner
1983: 8.140 billion + 37 million = 8.177 billion kroner
1984: 8.177 billion + 43 million = 8.220 billion kroner

Wage and price adjustments will be added to that.

In the previous draft to be the subject of negotiation, an annual increase of either 1.5 or 3 percent--leaving interest rates out of consideration--was mentioned. There, when they were dealing with a 1.5 percent solution, they chose to include the increases from the previous year and the year before that when discussing the yearly rise--people should just try to do that when they are negotiating wages.

Where personnel strength is concerned, the compromise agreement is reported as if an expansion of the present personnel strength were going to take place. It is stated in the agreement that there will be an increase of 200 men doing compulsory military service in 1982 and an additional 400 men in 1983. Furthermore, it is stated in the agreement that there will be an increase in personnel of approximately 1,170 men through 1985.

The actual situation is that they have reduced, and still are in the process of reducing, personnel strength. According to the 1981 budget, the personnel strength of the armed forces should be 44,070 people, including civilian employees. Of these, the number ofpeople doing compulsory military service and of privates undergoing training has been set at 11,889.

The strength of the armed forces as of May 1981 was approximately 42,000, including about 9,800 civilians. There were approximately 9,000 draftees and privates undergoing training. Approximately 9,000 draftees were called into the army in 1981, and about 900 of them were calledin for special beneficial duties, which reveals that they will not go into operational, or actual military, units. Incidentally, some of the draftees are only in for a period of 6 weeks. Fewer inductions are also being made into the navy and the air force, which primarily rely on permanent personnel. Approximately 8 percent of the inductees do not show up, and there is a large percentage of drop-outs during the first few months of training. In 1980, the rate was 13.8 percent and a single regiment was up to about 35 percent where discharges or rejections during recruit training were concerned. During the negotiating period, measures to reduce the strength by approximately 4,000 men were effected.

The compromise is based on a reduced personnel strength, as in the zero-growth solution, which fixes the combined military and civilian personnel strength at 38,400 men. That figure should be compared to the figure in the 1981 budget, which is 44,070 men. In that connection, it can be pointed out that the compromise also is based on the defense agreement of 1969, when personnel strength was 67,700 men. Thus it is utter nonsense to tell the citizens that the strength of the armed forces is being increased by 1,170 men. Enormous reductions have taken place during the defense agreement now in force, and particularly while the negotiations were going on. Where materiel is concerned, they also have given the impression that an increase is taking place. The actual situation is that not even the conditions included in the zero-growth solution can be satisfied.

They are hiring two Hawk squadrons in the United States, and Nike squadrons are being relinquished to compensate for them. Four motor torpedo boats are being renovated; if that is not done, there are plans to phase them out. What is interesting in that connection is the fact that that work is to take place at civilian shipyards. It is a very good thing for the shipyards to get some work, but it is incomprehensible that that work cannot take place at the Naval Dockyard, where the personnel strength is approximately 1,200 men. The royal yacht, which is one of the naval defense organization's ships, has also just undergone a rather extensive conversion process at the Helsingor Vaerft costing 40 million kroner. For those who have read the report on the Naval Dockyard's efficiency it is entirely incomprehensible that it was not given that job.

There is no money for the procurement of material which is urgently needed and which is included in the zero-growth solution.

It is becoming very difficult for the commander in chief of the armed forces to correlate the budgets for the coming year.

What will the armed forces look like when the period of compromise comes to an end in 1984? There is only one way to obtain a reasonable result from the political framework provided, and that is to initiate a thoroughgoing change in structure. Incidentally, that is what happens in the business community when a company has trouble surviving. They try to provide new capital, reorient production and reorganize the organization, putting the emphasis on the production apparatus itself (combat units). And then one thing more--but one absolutely cannot do that within the framework of government activities. A group of 11 politicians from the five parties to the compromise is appointed for the purpose of checking on how the defense program compromise is carried out. It will be interesting to see the results. They also had a contact group of that kind during the period from 1973 to 1977, and we saw what the result was.

In the recently-established organization called the Defense Group Cutting Across Party Lines, which consists of people from the four nonsocialist parties, the Liberal Party, the Conservative People's Party, the Democratic Center and the Christian People's Party, who are sympathetic to the defense program, we will continue to work on defense matters. We will analyze the compromise agreement and the defense situation and prepare for the drawing up of a new defense agreement.

9266
CSO: 3106/171

CIVIL DEFENSE PROGRAM PROGRESSING SLOWLY

Hamburg DER SPIEGEL in German 21 Sep 81 pp258-259

/Text/ In interior minister Gerhart Baum's eyes, protecting the population in the event of war has lately become one of the mainstays of overall defense policy. "Only if civil defense is included," Baum says, "is there a guarantee that deterrence can be fully effective."

"We cannot prevent catastrophes of whatever kind from happening," Baum recently wrote in the preface to a civil defense primer. "But we can do a lot to prepare for such eventualities and to hold down the consequences as much as possible."

There is much to be done; let us wait and see. This, by and large, was the maxim which guided the actions of those responsible for civil defense in Bonn until not too long ago. Thus far, there are shelters for only 3 percent of the West German population and hospital beds for only one percent.

In the past, the politicians apparently thought there was little chance of protecting the civilian population from the terrible effects of modern nuclear and poison gas warfare. But this is changing now that the Germans no longer quite trust the long peace in Central Europe.

Everywhere in the FRG, forces are now at work that are planning and propagating civil defense measures.

Acting on behalf of the interior ministry, the "federal association for self-protection" is putting out pamphlets and flyers arguing for private, voluntary measures such as construction of bunkers with tax benefits, proper stockpiling or for the "properly protected house" complete with anti-radiation devices, blackout provisions and a water reservoir for fire fighting.

The "federal school for protection against disasters" at Ahrweiler is conducting seminars for physicians and medical officials to familiarize them with medical problems "in the event of war" such as the treatment of civilian war victims contaminated by radiation and/or chemical and bacteriological weapons.

At the federal health ministry, a "law for guaranteeing health" is being drafted that will lay down the rules for medical care in the event of "internal" or "external" emergencies. The law, which the federal medical association and physicians' organizations such as the "Hartmannbund" have been calling for for some time, is to provide a roster of all persons involved in health care and to enlist physicians in an education program on "disaster medicine" as well as in a systematic mobilization effort in the event of war.

Firms like Draude & Edison KG in Wuppertal or the Universal GmbH in Kassel are offering prefabricated bunkers to private and public builders which feature complete interior appointments and are suited for lengthy occupancy. According to the advertisements, these mostly spherical shelters, equipped with "quartz sand filters," offer complete protection "against fallout from ABC weapons" and may be further shielded by a "neutron bell," newly developed by Draude & Edison.

But all these attempts to get an administrative and technical handle on the apocalypse are running into skepticism among the population for the time being. "Reasonable people," a study by the "school for protection against disasters" concludes, are loath "to think about pathogenic and epidemic agents as weapons of war." The inability to think in terms such as these appears to make people careless.

Nonetheless, the study goes on to say, "most recent developments" in weapons technology clearly indicate "that the choice of weapons to be used in decisive confrontations is no longer limited by legal or moral considerations."

Thus, those that are to protect us from disaster are faced with the dual dilemma of having to convince us of the horrors of modern war as well as of the supposed effectiveness of protective measures. Their announcements and advisories often contain traces of black humor as a consequence, such as the slogan propagated by IBK, a bunker builder from Goslar: "turn your shelter into a cellar for colorful parties."

Just as grotesque are some of the things the "federal association for self-protection" has to say on putting together a "provisions packet." Anyone following the instructions will survive a nuclear attack in his "house shelter" complete with transistor radio and chemical toilet, wrapped in aluminum "survival foil," surrounded

by canned goods, candles and camping stoves with his "document portfolio" containing his "savings books, insurance policies and retirement, pension and income certifications" right by his side.

The pamphlet points out that the survivors might have to remain inside these cramped shelters for weeks, there hardly being any hope of help from the outside. And the authors leave the survivors in the dark as to what awaits them when they come out into the open after the nuclear attack-- will it be an irradiated, desolate and depopulated wasteland with poisoned plants and streams ?

They call such ideas "unrealistic," pointing out that the radioactive contamination of entire regions could "not by rights be the enemy's goal." For that reason, it would be more to the point to think in terms of two-week Blitzkriegsat most with a very few nuclear strikes which are survivable at home in the shelter provided sufficient care is taken.

But even the civil defense advocates themselves are not so sure that those in the shelters would come through nuclear attacks in so disciplined a fashion. In a single issue of the Munich Medical Weekly, devoted in its entirety to disaster medical care, the experts deal with striking intensity with panic reactions that might occur among the population at the onset of nuclear war.

It is conceivable, Hamburg military psychiatrist Rudolph Brickenstein states, that not only disaster victims but "physicians, medical aides and rescue parties" might suffer psychological disorientation "under the impact of catastrophe." Based on previous experience, such mass reactions usually start with individual "panic persons" acting wildly. Such persons are to "immediately isolated;" the proper "treatment" being "immobilization by chemical means, if available."

There has been unexpectedly strong resistance to such disaster relief measures within the ranks of the West German medical profession which recently went public as for example at the congress scheduled for last weekend at the main auditorium of Hamburg university. After a nuclear attack, the physicians state, they will not be able to fulfill their humanitarian mission.

The Hiroshima experience shows what the victims of war in the nuclear age may expect. Of 150 doctors available at site, 65 were killed immediately. Of some 1800 nurses, only 100 were still able to perform their duties after the bomb dropped.

Of the 30 doctors assigned to the largest hospital in the city, a mere six were able to discharge their duties-- and they had to care for some 10,000 seriously injured patients immediately after the catastrophe.

9478
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CHERBOURG DCAN SHIPYARD PRODUCING ATTACK SUBMARINES

Paris L'USINE NOUVELLE in French 10 Sep 81 p 55

[Article by Antoine Thiboumery: "Submarines: Contracts in the 'Saphir's' Wake"]

[Text] Defense Minister Charles Hernu presided over the launching of the second nuclear-powered attack submarine, the "Saphir," at Cherbourg on 1 September. In so doing, Hernu wished primarily to reassure all those who had misgivings about the part France intends to play in the nuclear submarine field in the future.

The nuclear attack submarine (SNA) naval program covers a series of five such ships. The last to join the fleet will be launched in approximately early 1988.

This program is expected to entail a total capital expenditure of 5.5 billion francs (1981 estimate). Furthermore, France could have a fleet of some 10 SNA's by the year 2000. The estimated cost of each SNA is some 900 million francs, not including its weaponry and spare parts. Smaller in size--72.1 meters long--but with greater speed--25 knots submerged--than the missile-launching nuclear submarines (SNLE's), the SNA's reportedly cost five times less to build than their elders.

Built by the Directorate for Naval Weapons and Shipbuilding (DCAN) of Cherbourg, a Ministry of Defense industrial facility, the SNA's as well as the two SNLE's still to be built are expected to keep the Cherbourg Navy Yard busy until the early 1990's. This should be comforting news for the yards's 4,200 employees--3,850 workers, 250 managerial and supervisory personnel, and 100 naval architects and engineer officers--plus the 5,000 persons employed by local firms that annually receive DCAN subcontracts totaling some 150 million francs. This clearly indicates that the Cherbourg Navy Yard has considerable impact on the region's industrial activity.

To the above employment figures must be added DCAN's annual expenditure of 350 million francs for procurement of equipment and material required for the construction of submarines and maintenance of ships based at Cherbourg. Some of this equipment is very often highly sophisticated and produced not solely by local firms but also by other firms throughout France.

Lastly, the Cherbourg Navy Yard's modernization plan--purchase of machinery, tooling, test stands, etc.--on which a total of 100 million francs was expended in 1980, is to be increased 10 percent next year. This modernization program covers particularly the machine shops--36 million francs--electronics shops--35 million

francs--and electrical shops--23 million francs--plus the two dry docks on which the yard has decided to spend 81 million francs to shelter them against inclement weather and also give them the capability of refitting the SNLE's currently in service.

But that is not all. The yard, which was established in 1803 and still has numerous antiquated buildings, is planning to "rejuvenate" its facilities for the construction of submarine hulls--sheet-metal shop and prefabricated sections shop--and also its slipways.

It is obvious that Cherbourg, the submarine capital (86 have been built by DCAN to date), firmly intends to conserve and even further enhance everything that has built its reputation.

8041
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BRIEFS

ITALIAN SUPPORT--Rome--Italy assured the Cypriot government yesterday that it would support the United Nations mediation effort to resolve the dispute over the divided island. Italy attaches the greatest importance to solving the Cyprus problem, for stability in the Mediterranean, for the effect that it has on Greek-Turkish relations, and for the strengthening of NATO, Italian Foreign Minister Emilio Colombo told reporters after a one-hour meeting with his Cypriot counterpart Nicos Rolandis. Rolandis flew into Rome in search of Italian support for settling problems created by Turkey's invasion and occupation of nearly half of Cyprus in 1974. Colombo said Italy would act together with its partners in the European Economic Community to help resolve the Cyprus issue. Italy also supports the renewal of a financial pact between the EEC and Cyprus scheduled to expire in 1983, Colombo said. [Excerpt] [Nicosia THE CYPRUS WEEKLY in English 11-17 Sep 81 p 1]

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EX-FOREIGN MINISTER ANDERSEN OPPOSES SDP ON 'ZONE'

Copenhagen BERLINGSKE TIDENDE in Danish 23 Jul 81 p 5

[Article by Solveig Rodsgaard]

[Text] The internal Social Democratic problems concerning the credibility of Denmark's foreign and security policies have not been solved even though Prime Minister Anker Jorgensen is presently keeping a low profile on the question of a Danish initiative on a Nordic nuclear-free zone.

Folketing chairman and former Foreign Minister K. B. Andersen who stressed many times during his period as minister that a Nordic nuclear-free zone can only be seen in a broader East-West detente context, told BERLINGSKE TIDENDE that "people should stop using this issue for propaganda purposes, especially propaganda against a Danish security policy to which there is no alternative."

The prime minister's remarks at the Socialist International meeting in Bonn concerning a Nordic nuclear-free zone have created uneasiness both in the Social Democratic Party and in the nonsocialist parties which traditionally back the Social Democrats on foreign and security policies. After the meeting Tuesday of the Foreign Policy Board it is clear that the prime minister has stated that the Social Democrats will maintain their former line. There remains a discussion in the Social Democratic Folketing group where a number of members--as mentioned in BERLINGSKE SONDAG--are nervous about the prime minister's position on foreign and security policies.

Folketing member Jytte Hilden of the Social Democratic left wing recently called in this paper for an open debate with right-wing members on a nuclear-free zone. She feels that many Social Democratic members and voters want to work for a Nordic nuclear-free zone.

Not a Cold Warrior

In view of K. B. Andersen's period as foreign minister BERLINGSKE TIDENDE asked if he would comment on the debate over the nuclear-free zone.

K. B. Andersen: "I have just returned home from a meeting of the Nordic Cultural Fund in Iceland. Therefore I have not been able to follow the debate in the last few days nor was it possible for me to take part in the meeting of the Foreign

Policy Board on Tuesday. But I don't feel I am speaking as a representative of the right wing. On the subject of foreign policy it was not exactly thought the policies I stood for on for example Vietnam, the African liberation movements and Cuba were right-wing policies.

"Nor can I stand as a cold warrior. It was no accident that I used the periods when there were no meetings in Folketing to make short visits to the German Democratic Republic last year and to Bulgaria this year. It is extremely important that we keep the dialogue open.

"With regard to Jytte Hilden's debate article in particular it is difficult to discuss security policy with a member who has said she wants the United States out of NATO. There isn't really any basis for a discussion," said K. B. Andersen.

"With respect to the question of zones free of nuclear weapons I said many times when I was foreign minister that this question could not be viewed as an isolated Nordic issue but only in a broader East-West detente context. That is also what the prime minister has said.

"I still hold to this view. And people should avoid using this question for propaganda purposes, especially propaganda against a Danish security policy to which there is no alternative."

Group Meeting

K. B. Andersen told us he did not yet have the agenda from the Social Democratic group meeting on 11 August. "But I assume we will have an orientation on the defense compromise negotiations. That has been the case at previous group meetings so we'll certainly have another one on 11 August.

"I have not concealed my hope that the broad cooperation on security policy which has been unbroken since 1949 can be preserved in this situation.

"This requires good will, not just from the Social Democrats but from the Liberals and Conservatives as well. It takes two sides for a compromise. The matter is too serious to be used for political banter and extortion.

"If what I have said here is regarded as right-wing politics it is simply the policy the Social Democrats have stood for since 1949 right up to now."

Did he have any comments on the prime minister's statements at the Socialist International meeting?

"No, I have no comments on that."

6578
CSO: 8113/1884-D

SPD PEACE FORUM DEBATES TNF, SECURITY ISSUES

Bonn VORWAERTS in German 3 Sep 81 pp 7-8

[Documentation: "The SPD Forum; Futurism or Life?--Pros and Cons on NATO Two-Track Decision--Rudolf Bahro Versus Egon Bahr at Bonn 'Peace Forum'"]

> [Text] For 8 hours, peace researchers, SPD politicians and representatives of the peace movement debated at the SPD "Peace Forum." Below, VORWAERTS publishes brief excerpts of opposing views voiced.

Jo Leinen (BBU [Federal Association of Ecological Citizen's Initiatives]): I would like very briefly to discuss three or four theses presented by Egon Bahr.

Thesis No 1: The SPD wants to make security policy on the basis of military balance.

I think we must debate this because the peace movement strongly questions and qualifies the term "military balance." In fact we are...conscious of the fact that military balance in the case of multiple overkill somewhere can no longer be a yardstick for further armament procurement programs.... In other words, there is a discrepancy here which in the peace movement possibly reaches the SPD to the effect that the military weight...of existing weapons is judged by us to be so prominent and catastrophic as to make any further armament, particularly nuclear armament, unnecessary.

Egon Bahr's second point is that the SPD wants to attain balance through negotiations.

Now certainly there can be no objections--not in the peace movement either--to talks and negotiations. Only, we raise objections to selling to the public the point that a zero option might also be attainable through negotiations in this counterarming decision....

A third point, which affects us quite particularly, is that only individuals, but not states, may opt out.

I consider this a very strange proposition which crops up time and again, because I keep wondering what is supposed to happen in a state in which the majority of individuals are against further armament. What happens then to the individuals as a whole and to the government? And we do have a neighboring country--Holland--where demonstrably the majority of the people are against medium-range missiles. How come Holland cannot opt out of this NATO decision?...

Lastly, the thesis that there is security only in existing alliances:

We would simply note that there are differences in the interests of the superpowers, both in the East and in the West; and on our side, it so happens, between the United States and Europe. And we should not be afraid of...spelling this out in public, because the statements we have heard made since the new Reagan administration took office just do not allow us to believe that the policy of this SPD government and the policy of the Reagan administation are aimed at common interests in Europe and on a worldwide scale....

Now, I would say that the peace movement shares with the SPD the desire to continue the policy of detente.... We think, however, that in light of overkill somewhere the whole technocratic security debate is no longer convincing and that there has to be an end somewhere to this madness.... We are for genuine negotiations, not just for proclaimed verbal intentions to negotiate.... And we are...for zones of fewer or no atomic weapons from northern Europe to central Europe into the Mediterranean.

Rudolf Bahro (Russell Peace Foundation): ...Egon Bahr posits as dogma the inescapability of bloc logic, the inescapability of bipolarity, whereas I am of the opinion that the deterrence and balance concept as such is not subject to qualification.... Not negotiating and counterarming if need be...but counterarming and then control from a position of strength--that is the only thing that can come out of the NATO decision.

Since, in accordance with the image it has of itself, the SPD perforce will participate in the continuation of the armament race, the SPD is not a party of peace but a party of moderate exterminism.... It is impossible at the same time to be for credible deterrence and to be credible as far as a policy for peace is concerned.... The peace movement...will make renunciation of the missile decision also the number-one criterion of electability....

Willy Brandt and other Social Democrats have voiced their sincere desire to put an end to the armament race, but where is their realpolitik to achieve that aim? They know full well that on a basis of bloc policy it is objectively unattainable....

The question is whether now that it looks as if the Atlantic is becoming a watershed between life for the Americans and death for the Europeans, the SPD can stake its existence on a majority for a completely new security policy developing in this country. Not so on the bases which Egon Bahr has propounded here. It is high time for things to be spelled out, in support of an open break with the CDU/CSU in all basic questions of foreign, security and defense policy. As Europeans we must think of Europe, and as West Germans of this Federal Republic and of Germany on both sides of the bloc boundary separating Europe in our country.

Under the sign of the peace movement the Germans are attaining the right to emancipate themselves from the tutelage of the victorious powers. Together with the other European peoples, for an ABC-weapon-free zone from Poland to Portugal! And if need be...this Federal Republic must be bold enough to go it alone for peace and disarmament. That would be a true final reckoning with the ominous German past.

Karl Kaiser (peace researcher, Institute for Foreign Affairs): Back to the basic question as to whether deterrence can work.... Since the end of the World War we have had something we can call peace in Europe.... One is entitled to ask, however, whether the nonwar, the peace, in Europe is not connected somehow with atomic deterrence and its effectiveness.

And when Guha says here that the risk is 1:5 and that it is Russian roulette, I would like to pose the question as to whether the tasks of this system are not something like Russian roulette--meaning that we cannot either afford the risk of changing the system fundamentally....

It happens to be the irrevocable paradox of this theory of deterrence that it must demonstrate the possibility of conducting a nuclear war in order to deter from it, to prevent it....

My third point, addressed both to Mr Guha and to Mr Bahro.... You demand a new security policy, a new foreign policy. Mr Guha with many arguments has criticized the system of deterrence and its rationality. What do you want to put in its place? Nowhere can the outlines be seen. And my second question: How, in fact, do you propose to effect the transition from the current system to the other? Is the Soviet Union a partner who is prepared really to share in the implementation of this transition to an entirely new system without jeopardy to our security?...

My final point: Concerning the counterarming decision.... I would regard the decision as an attempt to oppose a reasonable alternative to a violation of the basic rules of the nuclear world by the Soviet Union. The way I see it, these basic rules were violated in that we had a certain understanding containing two points--approximate balance and no one-sided advantages--since 1972, since the declaration of principles in Moscow, since Brezhnev's statement here in Bonn, and that this understanding was violated unilaterally through a unilateral armament process in a quite vital sector--the medium-range sector--because the central sector is the subject of an agreement and all signals from the West, particularly from the Federal Republic of Germany, all of them were ignored.

The counterarming decision is an attempt to oppose this, and to do so for the first time with a concept which offers negotiations, with the possibility at the same time, in case these are unsuccessful, of counterarming in order to achieve a balance again. And none of the critics here has been able so far to offer a different concept and to bring the Soviet Union to the table of negotiations....

Alfred Mechtersheimer (peace researcher, Starnberg Max Planck Institute): ...It is certainly true that, the whole time, this state of affairs described as nonwar has been maintained through deterrence. Only, one surely one must ask in addition: What has happened in the meantime...? Surely there would have been conceivable alternatives in the process--reduction of military potentials, equilibrium of military potentials, exacerbation, getting military potentials ready for employment. And I am sure we all agree as to what has happened. In other words, the time has not been used to transfer what will come afterwards in peaceful conditions. Rather it very much looks as if the setups have become more effective militarily and as far as waging war is concerned. I do not mean to say that the old situation is justified any longer. I would only say this: The need for a critical discussion of this policy actually derives from that, particularly if one includes the changes that become apparent militarily and politically.

Now, as to the remarks by Mr Bahr. I would really have expected an increasing allergy to what we call the two-track decision to become apparent. You have differentiated the two elements further, but actually this has only pointed up the contradiction....

First, there is no concept for the armament control policy provided for in the Brussels decision.... You do embarrass many by asking, "What does the aim of your negotiations actually look like?"

As for the second proposition, the United States couples these talks about medium-range missiles with SALT II. Is it really imaginable that there will be settlements which affect the scope of counterarming before SALT II has been renegotiated? I cannot imagine it, if only because of the question of the cruise missiles.

Third, the political prerequisites have deteriorated since the two-track decision, and the United States, at least so far, has done all it can to worsen them further. The decision of Rome too...has not restricted but further extended the proper-demeanor clauses, with the result that in the final analysis it is up to the U.S. Government to decide whether any external Soviet move in the armament or in the nonarmament sector is to be regarded as an obstacle in the way of starting or continuing armament control negotiations.

Fourth, without including the forward-based systems--in other words, particularly the sea-based systems--there can be no adequate starting position for promising negotiations. I therefore think that the two-track decision...is a two-track armament decision.

At bottom I believe that one must also realize that the two-track decision, if one is to call it that, is a historical two-track decision insofar as it confirms, formulates, in one part the kind of armament control attempt characterized by SALT I and II, but at the same time also reflects the new phase in the relationship between the two superpowers--that is, the beginning of a new armament race oriented toward Europe--with the result that, as time passes, it becomes crystal clear where the greater political relevance of this two-track decision lies.

I think this conference today could make a contribution to clarifying matters if it is made clear that there are two positions. One is the following: I think it is necessary and justified to undertake this counterarming. The other is this: I consider this counterarming to be harmful or at least avoidable--which of course, under the aspect of peace, suffices for saying no. Between these two positions there really is no compromise.

Egon Bahr: ...Nothing that has been said here so far can dissuade me from the compelling argument that we can obtain security only together with the potential adversary and not against him. And if it is together, it means between the alliance such as they exist, and not against them, with the respective leading powers and not against them. What Rudolf Bahro has said is a fantastic illusion: surely I cannot create a Europe free of atomic or ABC weapons without the small Soviet Union factor. The Soviet Union simply is not prepared to junk atomic weapons, biological and chemical weapons. Nor can they do so, because the Soviet Union is condemned to maintaining a balance vis-a-vis the United States. The demand for a Europe free of atomic and ABC weapons becomes logically feasible only if it is extended to the two superpowers.

And that then leads to the other point--to Jo Leinen and his statement that in the Netherlands the majority wants to opt out.

They cannot opt out, for when the majority of a state opts out, it does not mean any change whatever in the objectively existing potentials and threats. Any more than when an individual opts out, he can avoid perishing himself as well when the catastrophe occurs....

And then, deriving from that, there is a general objection to what has been conjured up in the way of alternatives--here anyway. It has been stated that the Federal Republic of Germany is strong enough through unilateral opting out, if it chose to, to have stability in Europe destroyed, and peace destroyed. The Federal Republic of Germany is not strong enough to guarantee peace or to rebuild what has been destroyed on its own.

One must guard here against assigning a role to the Federal Republic which it cannot play at all geographically or in line with its strength.

And then let me add a last point. There has been talk here of differences in interests--of the superpowers on the one hand and of the Europeans on the other. This is right, but it really is wrong to make this statement by itself, for there are also common interests between us, the nonnuclear European states and the two superpowers. If this were not the case, there would not be an interest in common security. Social Democratic thinking concerning common security presupposes that both Moscow and Washington are interested in remaining secure together, in not falling into the abyss. So there are interests in common with the superpowers which we must develop, and there are different interests--in waging war and having to win--and that is where things start getting different. Both things exist, you see.... In the next 5 to 10 years I have to assume the existence of the two blocs and the two alliances. And, if we are lucky, the two alliances will conclude treaties objectively leading to security and to a common peace, and then one day the time may come when they are not needed any longer. That only is futurism. To start out talking about futurism is intellectually interesting but politically wrong; it is not politics....

It is impossible to do without the blocs, and it is impossible to do without agreements, and the only way to get to agreements is the two-track decision. Not because of the inconsistency Manfred Lenz has discovered but because I have no other ticket, no other agreement, no other assurances from the Americans as far as negotiations are concerned....

The alternative which you have constructed, Mr Mechtersheimer--the one between "counterarming is necessary and counterarming is avoidable"--does not exist. Those are not the alternatives. I agree with you on many points.... Only, as far as I am concerned, the point is that the two-track decision does not amount to absolute certainty that there will not be a zero solution. I believe for the Soviet Union a zero solution is the only interesting solution, and therefore one must concentrate on the zero solution. You may say--Jo Leinen has said--that this is improbable, but I would ask that it not be said of us that we did not believe in a zero solution or did not seriously want one....

So let me take your point of view now for a moment and say, "Let us assume there will be no zero solution; what then?" There are two possibilities. Either one agrees to a certain level. In that case one supports agreement--that is, an agreement binding for both sides--and even that is better than the other alternative, that of each side being free to arm as well or as poorly as it can....

The final result, as far as I am concerned, is this: All skepticism, all distrust notwithstanding, I see no other way than, through agreement with the criterion of common security, to conclude treaties which for a start call a halt, before they place limits. If someone shows me a different way, I would be glad to walk any kind of a better one. Only, what Bahro has said is not life but futurism.

8790
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ENGINEER INTERVIEWED ON ENERGY DEVELOPMENT IN APULIA

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 6 Sep 81 p 4

[Interview with Giuseppe Bianchi, director of CNEN's thermal reactor department, on nuclear energy in Apulia, by Tonio Tondo; date and place not given]

[Text] "The energy-development relationship constitutes the primary condition for halting the decline of the productive apparatus and bringing about new opportunities for economic growth. The philosophy of the Apulian energy plan is precisely that of development."

Giuseppe Bianchi, engineer, director of the thermal reactor department of the CNEN [National Nuclear Energy Commission] and head of the industrial promotion program in the sector of the nuclear power plants foreseen by the PNE [Nuclear Energy Plan] (he is also a member of the policy committee of the CNEN-Apulia Region convention), insists on the need for the south in particular to have an adequate energy strategy to emerge from its poor economic situation.

"The creation of energy facilities in Apulia," he says, "either of large dimensions, nuclear and coal-fueled power plants, or small experimental power plants using renewable forms of energy, Delphos photovoltaic plants and energy units which use biomasses, wind and the like, will result in a number of unskilled economic activities."

[Question] The president of the fourth region is repeatedly harping on this point. But does conversation on development and employment not risk being a cover-up to get nuclear and coal-fueled energy accepted by public opinion?

[Answer] Two types of unskilled activity will be developed. One concerns the construction of the facilities. The other relates to the availability of energy, which is essential to create new opportunities for development. An effort, predominantly political, should be made to assure local production groups that they will participate in the construction of the power plants and prepare them for work over and beyond the fortuitous occasion which gave rise to the building or development of the power plant in that area. Over the long range there will be action of this type.

[Question] In which sectors?

[Answer] With regard to the energy-development connection, it should be recalled that there are substantial gains to be made from the availability of energy at controlled prices. These range from an increase in productivity in the agricultural

sector to the creation of industries based on fishing, the production of desalinated water, and the development of so-called "high-energy" industries (aluminum, glass, steel and the like) which, although now criticized by public opinion, nevertheless have a strategic function in the national economy.

[Question] Would you quantify the range of these opportunities for gain?

[Answer] A nuclear power plant with two 1,000-MW units cost about 2 trillion lire to build. It takes 8 to 9 years to build the plant. Of the total cost 55 percent is spent for engineering and the manufacture of components not used on site; the rest is spent for labor and materiel used directly on site. The number of people involved in the construction of the plant is estimated at 2,000 to 3,000.

[Question] The fourth region has spoken of the participation of Apulian industry in the construction of the power plants. Does our region have the necessary technology?

[Answer] We must distinguish the conventional installation from the nuclear island. The first offers great opportunities, and a few firms (Belleli, Termosud and Pignone) are already involved. Objectively speaking, the second is faced with difficulties in that the components of the nuclear island are produced by national industries under American license. But specific agreements are possible with large industries such as Ansaldo, Fiat and ENI [National Hydrocarbons Agency].

[Question] Engineer Bianchi, when a large public construction project closes down upon completion, many people find themselves unemployed.

[Answer] This is a serious problem. About 320 people are required to manage and operate the power plant (in the first 2 or 3 years about 500 are required). I am talking of highly qualified personnel whose training must begin long in advance in appropriate courses organized by ENEL [National Electric Power Agency]. However, the type of personnel required during construction has other characteristics and cannot find employment in the operation of the plant. Nevertheless, continuous employment is in practice guaranteed for a decade.

[Question] And after that?

[Answer] The card to play is that of integrating unskilled labor in industrial activities. I am referring to the production of desalinated water with steam taken from the power plants, the development of sheltered crops warmed with the heat of waste material, and the development of facilities for breeding fish whose propagation rate is increased with the use of heat. In this sector, EFIM [Manufacturing Industry Holding and Financial Company] is already operating in Apulia with the Ugento fishing company. But there are other possibilities also connected with the use of waste cinders from coal-fueled power plants. They serve to produce cement, concrete, bituminous mixtures and other materials.

[Question] You are also adviser to the budget minister on energy problems. What possibilities does the government's program have of getting underway?

[Question] An economic policy directed toward development is not possible without an energy strategy. Everyone is aware of this, unions and parties. For the south, then, and here I speak of the true south (Bianchi is from the Salentine peninsula, editors's note), this is an indisputable priority. Over the medium term the energy problem is still the fundamental card capable of bringing the country out of the crisis.

8568
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OFFICIAL DESCRIBES COUNTRY'S ENERGY POLICY

Madrid LUZ Y FUERZA in Spanish Mar-Apr 81 pp 27, 29, 31, 33-35

[Article by Alfonso Alvarez Miranda, president of the Spanish Atomic Forum: "The Energy Policy"]

[Excerpts] There has been a disregard for a factor which is of major importance in the area of energy: time. And that disregard, that forgetfulness, is what could cause us to reach a critical situation when we are ostensibly not yet in a serious situation.

For example, the shortage of energy within a few years might be caused by the lack of remedial measures that should have been adopted earlier, when everything was still available.

And that mistake in considering time cannot be corrected by the accumulation of resources, because energy facilities require a period of maturation in order to be designed, installed and operated. And that period cannot be readily reduced, nor greatly shortened with a superabundance of elements. It is the situation so graphically described in the well-known Vietnamese saying, that "a woman needs 9 months to bear a child normally, and nine women combined will never be capable of bearing a child in 1 month."

Under these circumstances, what is Spain's situation? In other words, what is its energy policy?

The very clear and concrete response is found in the text of the National Energy Plan [PEN] approved by Parliament in July 1979, after an arduous preparation and discussion. We should recall that the importance and urgent nature of this document was given special mention and unanimous recognition by all the political forces in the Moncloa Pact of December 1977.

But 19 months had to elapse before this program was officially acknowledged and sanctioned as the document establishing the guidelines for our energy policy. And the latter, with a praiseworthy,realistic view of the situation both beyond and within our borders, coincide considerably with the directives that the Western democracies have put forth. In other words, energy savings, limiting the use of oil, increasing the use of coal, giving an impetus to nuclear energy and paying heed to the development of renewable energy sources.

Generally speaking, the PEN aims to set oil consumption at a limit as close as possible to 50 percent of the total primary energies, using our own resources to the maximum possible extent, and using nuclear energy only as a supplement to meet our total requirements.

On these bases, two alternatives were proposed for 1987, which differ only in the relative participation of oil and coal.

Expressed in percentage of the total primary energies, which was set for that year at 158.6 million equivalent tons of coal, these two alternatives are:

	Alternatives	
	I	II
Hydraulic energy	8.7	8.7
New energies	1.3	1.3
Coal	29.7	27.5
Oil	51.6	53.0
Natural gas	6.4	6.4
Nuclear energy	13.3	13.3
	100.0	100.0%

Although the PEN had set 1987 as the time limit, the delay in its approval actually shortened the period in which it was in effect by 2 years, and this made it advisable to extend the anticipated period to 1990, so that the program would cover an interval of 10 years. The situation scheduled for that date, expressed in percentage, out of a total consumption anticipated at 182.9 million equivalent tons of coal, is as follows:

	Alternatives	
	I	II
Hydraulic energy	8.1	8.1
New energies	1.4	1.4
Coal	19.6	17.9
Oil	48.4	50.1
Natural gas	6.0	6.0
Nuclear energy	16.5	16.5
	100.0	100.0

With these forecasts, and taking it for granted that, by 1987, Spain will be capable of producing 20.4 million equivalent tons of coal (which will be considerably more when converted to physical tons, in view of the contribution from lignites), 6 million tons of oil and 1.7 million equivalent tons of oil in natural gas, Spain's dependence for energy on foreign nations will be about 57 percent, a compromising figure, but fortunately far removed from the 70 percent which occurred in 1978.

With these assumptions regarding national production, which some describe as optimistic and which, in any event, we do not expect to be exceeded as a whole, the percentage reserved for nuclear energy in 1987 represents an installed power of 11,550 MW, and, by 1990, as much as 15,500 MW.

The actual implementation of this program is lagging but, viewing the horizon of 1990, much of it could be recovered if the administration maintains the determined support for the PEN that it has been showing thus far; and if that support is reflected in action.

An assessment of the potential Spanish nuclear powerplant program is as follows:

Three powerplants (Vendellos I, in Catalonia; Santa Maria de Garona, in Burgos; and Zorita, in Guadalajara) in operation, with 1,100 MW, of which 980 MW are assigned for national supply, because Vandellos I must allocate 25 percent of its production for energy export, in view of the French participation in the operating firm.

Two in 1981: Almaraz I and Lemoniz I.

One in 1982: Asco I.

Three in 1983: Almaraz II, Asco II and Cofrentes.

One in 1984: Lemoniz II.

One in 1985: Trillo I.

One in 1986-87: Valdecaballeros I.

One in 1988: Valdecaballeros II.

In other words, during the interval from 1981 to 1988 10 nuclear reactors with a total power of 9,505 MW will be connected to the Spanish electrical system.

And, as a result, in that year, which will coincide considerably with the end of the PEN, if that program is carried out, the nuclear power could amount to 10,500 MW, that is, 1,000 MW less than the PEN's forecasts.

It appears difficult, but not impossible, for this delay (which is now certain) to be corrected on the basis of a rapid implementation of some of the prior authorizations already procured which are awaiting the administrative decision on the permit for construction. By way of information, and in the likely order of this authorization, these new powerplants are:

Trillo II, with 1,000 MW PWR (authorized subsequently);

Vandellos II, with 969 MW PWR (authorized subsequently);

Sayago, with 1,000 MW PWR;

Vandellos III, with 1,000 MW PWR;

Regodola, with 1,000 MW PWR.

With all these powerplants in service, the total nuclear power installed in Spain will reach the 15,500 MW planned for 1990 in the expansion of the PEN up until that date.

But these powerplants will have to be authorized in the exact time periods, so that their construction may be a reality and not a utopia.

It must not be forgotten that a nuclear plant has a "maturation" period which ranges from the time when the authorization for construction has been obtained until the first kilowatts are produced; and that this period is no less than 7-8 years, under the most favorable circumstances.

And if one considers as the original date that of the request for prior authorization, at least 2 more years must be added to the periods already mentioned; in other words, a total of from 9 to 10 years.

Once again, the time factor shows up with an imperative nature.

It is not so much a matter of making correct decisions as it is of adopting them at the exact time, in the necessary period of time, and never later; because lost time is irretrievable, and because the energy shortage created thereby has no easy nor economical remedy, nor is a remedy even possible at times.

Failing to act in this way is tantamount to making the PEN's nuclear option impossible. And all of this must also be scheduled with sufficient time to allow for a rational use of the (certainly significant) potential of the Spanish capital goods and engineering industry if, as is desirable, there is an intention of keeping the national participation at the high rate of 80 percent where it stands currently, and even improving it.

But without a secure, stable and coordinated programing, this would be utopian. And the administration, the social forces and the companies concerned must, to some extent, create and put into action, in a responsible manner, the procedures required to allow the periods for execution of the powerplants to be implemented with some degree of normality; because the delays, gaged in dozens of weeks, could cause the entire structure of the PEN to become a mere heap of ruins; and that would seriously affect all Spaniards.

The nuclear program approved in the PEN is unquestionably subject to criticism, as is everything that confronts the human being with an option. It is subject to criticism in its qualitative aspect: nuclear yes, nuclear no. It is subject to criticism in its quantitative aspect: it is too much, it is too little.

With respect to the former, we have already expressed and given the grounds for our view favoring the need for nuclear energy with its temporary and supplementary nature.

The issue of the quantity (from the standpoint of safety, which is the one permeating public opinion most deeply) may be examined briefly by way of the comparison relating to comprehensible, objective modules.

Actually, setting a country's nuclear power at a particular date is an exercise in prospecting wherein one must have: the intelligent management of one's own resources, diversification of risks and the economic potential for resorting to external supplies.

There may be many solutions, because it is not easy to find certain, objective criteria for evaluating each of these circumstances.

But there is without doubt a limit on the installed nuclear power; in other words, there is a saturation point for nuclear powerplants, which will depend on the total energy required, the number of inhabitants in the country, its territorial size and its geographical conditions.

If, by way of comparison, we take two European countries not too far removed from us: France and the FRG, and examine their nuclear programs, it turns out that, for the 1987 horizon, in France nuclear energy will constitute over 20 percent of the primary energies, and, in the Federal Republic of Germany, from 13 to 15 percent; a figure influenced by the large size of its coal resources, which would advise a distribution of energies directed more toward solid fuels.

The Spanish figures of 13.3 percent by 1987 (and 16.5 percent by 1990) are clearly lower than the French, and in line with the one established by the FRG.

There are two indexes capable of giving, in general terms, a clearcut idea of what the nuclear concentration might be with respect to individuals or the environment. They are the installed nuclear power per inhabitant, and the installed power per square kilometer of territory.

With the 11,500 nuclear MW scheduled in Spain for 1987, we shall have installed in our country by that date a nuclear power per inhabitant of about 287 watts.

In that same year, 1987, France will attain 785 nuclear watts per inhabitant; in other words, nearly three times more than Spain; and the Federal Republic of Germany will reach 335 watts per person, representing 26 percent more than in the case of Spain.

If, for that same horizon of 1987, we estimate the installed nuclear power per square kilometer, the Spanish figure is 23 kilowatts, the French is 78 kilowatts and the German is 85 kilowatts. In other words, France and the Federal Republic of Germany will have an installed nuclear power per square kilometer by 1987 that will be at least three times that if Spain, if the time periods and stipulations in our National Energy Plan are fulfilled.

Hence, it does not appear that, by way of comparison, without embarking on complicated technical aspects and in a preliminary approximation, the Spanish energy program could be considered exactly "dangerous and unusual nuclearization."

These considerations of a general nature, with which we are merely seeking to give an overall view of the Spanish nuclear option, can by no means exclude the detailed study of each location and its effect on the physical and human environment.

It is a fact that, in the text of the PEN, and probably owing to the nature of the document, such important topics as waste, fuels or research are mentioned only in

a general way, and are not clearly scheduled; but a determined intention of dealing with them seriously has been evinced. Subsequent provisions have lent shape to this determination, and the results thereof are: the promulgation of the law creating the National Security Council, the authorization of the construction of the Juzbado (Salamanca) nuclear fuel plant and the recently forthcoming preliminary authorization for the Second Nuclear Research Center in Soria.

But it will be necessary to see to it that all these projects move from the pages of the BOE [Official State Gazette] into practice in the proper time period; and here again we meet with the time factor, concerning the significance of which we must be more than repetitive, persistant and persevering.

Because if time and money are going to be the two conditioning factors of the National Energy Plan, in other words, of our entire energy future, we must recognize that money is lost and gained; it is, after all, a product which is on the market, and which is bought and sold. But in the world of energy, lost time is never retrieved. It is converted into a delay for which we must pay with the hard currency of restrictions, with all their economic and social consequences. We still have time, really a short time, to focus on the problem of the pace of our Energy Plan with good judgment. But one agrees, with a certain amount of fear, with that remark made by the legendary Baranton, who said: "What makes many economic theories false is that they are based on the hypothesis that man is a sensible being."

Would that, for the good of Spain, Baranton were mistaken on this occasion.

2909
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NATURAL GAS RESERVES IN PYRENEES REVISED UPWARD

Madrid EL PAIS in Spanish 8 Sep 81 p 49

[Text] Last week, the natural gas prospecting in the Huesca Pyrenees produced an injection of morale and optimism. There emerged from the two mouths of the No 17 boring located between Jaca and Sabinanigo a jet of gas which took 30 hours to become extinguished. Although the technicians refused to commit themselves to specific evaluations, the pessimism that has dominated these drillings for nearly a year has been dispelled. Accounts obtained by EL PAIS indicate that, as a conservative estimate, the zone's reserves would exceed 5 or 6 million equivalent tons of oil (a tenth of the annual energy consumption in Spain).

Sources at the Energy Commissariat questioned by this newspaper have confirmed their knowledge of the latest discoveries. However, they added that they did not wish to make joyful proclamations, so as to avoid what happened in early 1978. At that time, after the first flares from the boring at Sabinanigo, which until that time was known as Jaca-I, there was talk of possible recoverable reserves in excess of 20 million equivalent tons of oil.

According to the aforementioned sources, the vicissitudes of the prospecting done since then have recommended precaution. The reason lies chiefly in the fact that, as has always been noted, the structure of the deposit is of porous rock. This precludes any mention of definite pockets, strictly speaking, because there appear to be many ramifications over an area of some 5,000 square kilometers, that is 1,000 meters deep.

Cautious Phase

This being the case, among sources close to the government, who have been informed of the discoveries during the past few days by officials of the Enepsa-Hispanoil public enterprise, which is in charge of the drilling in the area, it has been stated that we have just embarked on a third phase. They added: "The estimates of reserves during this phase are not so good as at the beginning, or so bad as during the second phase."

In the opinion of these sources, no fewer than eight more drillings will be required to demarcate the structure of the deposit in which Enepsa-Hispanoil has already invested about 2 billion pesetas. Otherwise, the porosity of the area might give some big surprises. Therefore, various technicians advise another year of drilling for demarcation and configuration of the external part.

Nevertheless, the optimism of those in charge of the drilling has already permeated Aragon circles wherein the news has begun to circulate confidentially. Some of them have told EL PAIS that, according to the private explanations given by the technicians, last week's find confirms the need for the industrialization projects in the area to utilize part of the gas, in addition to the possible creation of a branch that would connect with the Tarragona-Barcelona-Haro-Vitoria-San Sebastian-Bilbao gas pipeline, which extends from Tarragona to Valencia; although there is the plan for it to arrive along this side at Murcia and Cartagena, and from Haro to Madrid and to Palencia-Valladolid. "Be that as it may," they add, "the marketing of the gas from the deposit is now profitable, and it would not appear that there are any great obstacles to its beginning in 1983, as had been planned."

Gas in Spain

According to government sources, if the recoverable reserves in Sabinanigo turn out to be limited to 5 or 6 million equivalent tons of oil, now being bandied about as a low or conservative hypothesis, it may be claimed, along the same moderate line, that the total reserves discovered in Spain at present number over 20 million equivalent tons of oil. This level is similar to that calculated for the oil itself, with the same precautions.

Of the abundant 20 million cited, the largest deposit is located in Bermeo (Vizcaya), where the excellent prospects given by Eniepsa at the end of last year are still maintained, although sources in the Energy Commissariat prefer, at the moment, to reckon the recoverable reserves at 10 million equivalent tons of oil. Ranking next, on virtually the same level, are the deposits in Sabinanigo and Cadiz (in this instance, discovered by the Campsa public enterprise), which may, when combined, have from 10 to 12 million equivalent tons of oil. Finally, the recoverable reserves in San Carlos (Tarragona) are calculated at another million tons.

Spain's exploitation of these reserves which, between natural gas and oil would barely allow for self-sufficiency for 1 year, if they could be extracted in that length of time, will cost approximately half the price being paid for imports.

New Goals

In any case, the recent news from Sabinanigo and the good prospects in the other natural gas deposits will encourage the Spanish administration to increase the plans to meet Spain's energy needs with gas, on the occasion of the first biennial revision of the National Energy Plan [PEN] which will soon be submitted to the Cortes. The PEN, approved 2 years ago, stipulated that, by 1987, gas would meet 7 or 8 percent of the primary energy requirements, in contrast to slightly over 2 percent at present, the vast majority being purchased abroad.

In the opinion of the technicians (see EL PAIS of 21, 22 and 23 May of this year), Spain could attain a 10 percent coverage by 1990. In this way, it could achieve a status comparable to the levels of the European Economic Community, wherein some countries are currently using it to meet up to 17 percent of their total requirements.

2909
CSO: 3110/3

FOUNDATION PUBLISHES STUDY ON ECONOMIC FUTURE

Brussels LE SOIR in French 11 Sep 81 p 2

[Article by Pierre Lefevre: "The King Baudouin Foundation Outlines Our Economic Future: Search for Consensus and Frugality"]

[Text] What will the economic future of Belgium be like? The King Baudouin Foundation looked for an answer to this question. It created a study group of about a dozen people, who reflected and consulted for 2 years and who handed the Foundation a report. It has just published the report.* It will undoubtedly find a place in the current political debate. And it will arouse reactions.

Indeed, even though they take a broad view, like a kind of national "club of Rome," the authors of the document got to the heart of the most acute current topics. Thus, they advocated adjusting our system of wage indexing, and withdrawing from it the increase in price of imported goods and increases in the TVA [Value-added Tax].

It must be said that the text largely tends to neo-liberal ideas and that it shows a clear social-Christian influence. As a matter of fact, three members of the committee drew up minority memoranda, two of which specifically reject the report's option in favor of a social policy of "frugality."

Created in 1976 on the occasion of the 25th anniversary of the monarch's rule, the King Baudouin Foundation has from the onset included studies about future prospects in its program. What it wanted to deliver here to the administrative world and to public opinion in the country, was an instrument for medium and long term reflection. Thus, 12 men -- including company managers, upper level civil servants, university professors and trade unionists -- worked for 2 years under the leadership of Professor Henri Vander Eycken, of the ULB [Free University of Brussels]. They talked with some 40 other Belgian personalities.

The 150 page report they compiled is oriented toward private initiative. It tries to include all the components of tomorrow's Belgian economy -- except for the phenomenon of regionalization, which is completely absent from the report -- and

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* The Economic Future of Belgium, a report from the King Baudouin Foundation, 57 rue Montagne-aux-Herbes-Potageres, 1000-Brussels; 155 pages, 150 Belgian francs.

attempts to melt them into a constructive "consensus," a notion which they set against that of compromise.

Freedom of Married Couple

The report states that this consensus depends on three conditions: a clear and objective perception of reality; the disengagement from outmoded ideological frameworks; a will to conquer distrust and prejudices. It is of little importance, the authors said, whether this consensus is confirmed in a second social pact, whether it is explicit or remains implicit, as long as there is agreement on the basics. And the report goes on to try to define what these basics might be.

Thus, for example, it suggests a median solution to the three views of society -- restoration of the family cell, promotion of the professional activity of the mother, or equality of the sexes -- it sees as opposing each other. It asks the question of whether a consensus would not be possible around the idea of freedom of the married couple? "The principle would be that each couple would be free to organize themselves as they choose: it would be up to the couple to determine the distribution of professional activity and of family activity between man and woman; the couple would decide whether both spouses will work outside the home or only one of them; if it is both of them, the couple will choose for each of them between a full time or a part time activity; if it is only one of them, the couple will decide which one." The report admits that this is a formula which will undoubtedly not receive the full support of feminist movements.

As for the main economic dilemma, that is to say the choice between a restrictive policy or on the contrary an expansionist one, the report suggests an escape through an increase of our exports. Hence, its analysis in favor of a real policy of frugality. Proceeding from the observation that Belgium is already living beyond its income, it proposes a double braking action. In public expenditures, whose growth must be brought back to below the growth level of the gross national product [GNP]. In private consumption by keeping the wage increases also below the growth level of the GNP and by adjusting the system of indexing.

The influence of ideas, which matured in social-Christian circles, is felt specifically in the proposed solutions to reduce unemployment, and in particular in the concern again to promote working at home and to encourage part-time work.

Disagreements

Among the reservations voiced by a few members of the commission, one will recall those expressed by the representative of the Andre Renard Foundation who claimed to be "in disagreement on major points of the diagnosis and of the measures suggested by the report," and who cited among his principal objections: the analysis of the imbalances and the policy of frugality; the absence of a regional dimension; the consensus theory. An expert from the Planning Office, on the other hand, stressed the risk of a reduction in the growth of consumption.

Having said this, even though the report published by the King Baudouin Foundation tilts in one direction rather than in another, it contains and articulates numerous topical ideas. Based on often appealing reasoning, it could nourish a thorough thinking through of our economic future.

8463
CSO: 3100/969

EMPLOYMENT MINISTER PLANS TO CREATE 40,000 JOBS

Brussels LE SOIR in French 11 Sep 81 p 2

[Article by Vdd.: "Roger De Wulf Promises 40,000 New Jobs Immediately"]

> [Text] Because the economic crisis will only persist and will, at the same time, increase a little more the problem of unemployment; and because economically speaking it is better to support a new job financially than to pay with no return an unemployed individual, the Minister of Labor and Employment Roger De Wulf has prepared a "transition plan to benefit employment." A plan which should -- theoretically and for some 5.5 billion francs -- create about 40,000 new jobs next year.

As a matter of fact, a recent study by the Planning Office calculated that between now and 1985, the country will have to create more than 200,000 new jobs. And this "simply" to hold unemployment at its pre-1980 level. Because demographic development alone will pour about 140,000 new job seekers on the labor market, because the demand for labor will be reduced by more than 80,000 units during the same period of time, and because there are more and more women in the labor network.

Considering, on the other hand, that an unemployed individual "costs" the state 488,000 francs a year in "lost funds" to be paid out to him as unemployment benefits, while using the same sums of money to create jobs would be a more useful and even profitable operation for the state, the minister of labor and employment has decided to anticipate next year's budgetary proposals and already to translate his projects into royal decrees.

All of this for about 5.537 billion francs and with an absolute priority for women (57 percent of the unemployed), for unskilled individuals (56 percent), the youth below the age of 30 years (51 percent) and the long time unemployed (35 percent).

In fact, this umpteenth De Wulf plan ensures primarily -- budgetarily speaking -- a linkage between all the currently applicable measures supporting employment, and the new more global arrangements which should be implemented during the upcoming years or months. This new plan, called a "transition plan," is primarily aimed at adapting or improving existing measures. Specifically with regard to young trainees in enterprises, the special temporary cadres (long or short term), adaptation or readaptation bonuses, and the expansion of the special temporary cadres to private enterprises.

8463
CSO: 3100/969

DRAFT LAW REPORTEDLY RESTRICTS STRIKES, LOCKOUTS

Istanbul HURRIYET in Turkish 25 Aug 81 pp 1, 17

[Text] Ankara (HURRIYET)--The Labor Ministry drafted the bills, called the 12 September administration's "giant law package," amending Unions Law No 274, Collective Labor Agreement, Strike and Lockout Law No 275 and Labor Law No 1475, the regulators of labor life. Prepared along the lines of general principles from the National Security Council [NSC] Specialized Committees, the three basic labor law drafts are being opened by the Labor Ministry to debate by labor and management next week.

The Labor Ministry will hear opinions on the three basic labor law drafts, starting with the Turkish Confederation of Labor and including the Turkish Confederation of Employer Unions and Independent Labor and Employer Organizations and experts. The drafts will then be put in final form.

Basic Features

The Labor Ministry's draft amending Unions Law No 274 makes changes in the articles dealing with expulsion from membership, conditions for forming unions, federations and confederations, constituencies, administration, prohibited activities, dues and union oversight. According to this law, the arms of labor directive issued earlier is rescinded and the number of arms of labor is reduced.

It is made possible for the State Oversight Council subordinate to the Head of State to exercise effective oversight of the unions.

Arms of Labor Reduced

The number of arms of labor is reduced from 32 to 18 or 20 according to the new arms of labor directive drafted on the basis of the new draft of Unions Law No 274. The arms of labor according to the new directive are:

1. Agriculture, Forestry, Wildlife, Fisheries
2. Mining
3. Oil, Chemical Industry
4. Food Industry, Sugar Industry
5. Textile Industry
6. Hides Industry

7. Wood, Paper Industry
8. Rubber Industry
9. Cement, Soil Industry
10. Glass Industry
11. Construction Industry
12. Energy Industry
13. Business, Office, Education, Banking, Insurance
14. Transport (Ground, Sea, Air, Warehousing, Bonded Warehousing)
15. Health
16. Hotel, Entertainment [Industry]
17. National Defense
18. Journalism, Communications, Publication, Fine Arts
19. Ship Industry
20. General Affairs

It will be possible to reduce the number of arms of labor to 18 by combining Rubber Industry, number 8, with Oil, Chemical Industry and combining Ship Industry, number 19, with the Transport Sector, number 14. If labor and management want 22 arms of labor, the Labor Ministry will take Fine Arts and Banking, Insurance out of their groups in the list of 20 arms of labor.

Foundership More Difficult

According to the draft amending Unions Law No 274, amendment of article 6 makes expulsion from membership easier and amendment of article 11 makes the conditions for founding the administering unions stricter. The present condition for founding a labor union is to be actively engaged in the arm of labor in which the union will be established, which condition is changed to be at least 5 years of active engagement. A provision is introduced preventing the administrators of closed unions from engaging in active unionism for 5 years.

Amendment of articles 15 and 16 revises the ban on conducting business and prohibited political activities. Unions are strictly forbidden to engage in political activities or have contact with political organizations, and unions found to have encouraged or led workers in illegal resistance or strikes or to have engaged in activities for this purpose will be closed.

Amendment of article 23 of the Unions Law restores the Check-Off system. Unions authorized to collect dues will represent half the workers, not one-fourth.

Oversight

Amendment of article 29 of the Unions Law makes union oversight organs as responsible for activities as the union executive boards. They will be answerable to the State Oversight Council in all matters.

Penalties set forth in article 31 of Unions Law No 274 are made stricter.

Collective Labor Agreement, Strike, Lockout Law

Amendment of Collective Labor Agreement, Strike and Lockout Law No 275 was also drafted by the Labor Ministry. Substantial changes were made in this 65-article law.

Important features of the draft amending Law No 275 start with article 5. The amended article 5 details the conditions under which the nullification clause does not apply to collective labor agreements. The same contingencies will apply in excluding from negotiations unions or federations whose activities have been prohibited, even if they resume activities within 1 year.

Article 7 of Law No 275 is revised. This article regulates such important matters as authority to conduct collective negotiations and to conclude collective labor agreements and collective negotiation procedures. According to the existing law, the labor federation representing the majority of workers employed in an arm of labor or the labor union founded according to the arm of labor principle is authorized to conclude the collective labor agreement covering the workplaces in that arm of labor, whereas provision is envisaged for collective labor agreements at the national level instead of the arm-of-labor level. The principle is adopted authorizing the labor organization representing the most members to conduct collective bargaining at the national level. Plans are in progress to enable arm-of-labor contracts under specific conditions.

Article 9 of Law No 275 is revised to change the notice of collective negotiations from the arm of labor level to the national level. Collective negotiation in article 10, disagreement on notification authority in article 11 and the procedure for designating authority to conclude collective labor agreements in article 12 are all revised under article 7 and its paragraphs.

Supreme Arbitration Council

According to the revision of article 9 of Collective Labor Agreement, Strike and Lockout Law No 275, until such time as labor-management disagreements can be resolved democratically, they are under the jurisdiction of the Supreme Arbitration Council [SAC], which is now active and has broad powers. Disagreements at the national level come to the SAC. If the sides do not accept the decision of the SAC, it brings strike and lockout concerns to the agenda. Changes in articles 17 and 18 revise strike and lockout definitions. Strike and lockout powers are tightened.

Strike and lockout bans set forth in article 20 of Law No 275 are broadened. Types of labor which may not strike are broadened. Governors are added to the provision in article 20/13 enabling the martial law commands in areas under martial law to suspend temporarily or indefinitely strike and lockout powers.

Strike voting in article 22 of Law No 275, unlawful consequences of strikes and lockouts in article 29 and the powers and activities of the SAC in article 36 are all revised. Penalties, which begin with article 52, are made stricter.

Labor Law No 1475

Reports and drafts concerning amendment of Labor Law No 1475 have been prepared for debate by the Labor Ministry. Substantial changes were made in the service pact section beginning with article 9 of Labor Law No 1475. Severance pay regulations are worked out in detail. Proposals and the bill relating to the establishment of the severance pay fund have been drafted. The wages section of the Labor Law is drafted in detail, with alternatives covering various contingencies. Arrangements are made to parallel decisions in principle by the SAC. New principles for the oversight and inspection of labor life are introduced. Restrictive provisions are listed in detail in the penalties section.

8349
CSO: 4654/146

TRADE PROTOCOLS WITH IRAQ, IRAN, KUWAIT EYED

Paris AN-NAHAR ARAB REPORT & MEMO in English 21 Sep 81 pp 7-9

[Text]

Recent visits by Kuwaiti and Iraqi officials to Turkey, Turkish export estimates for 1981 revised upwards by more than 25 per cent to $4.5 billion and a growing number of Turkish projects in the Arab world suggest that Turkey's economic recovery is more than healthy. It could be described as a veritable boom, and though it means economic hardship for Turkish citizens squeezed by the authorities' monetarist and austerity measures, it will also lead to an unprecedented 4 per cent growth in GNP this year, as well as a reduction of inflation to less than 40 per cent, figures unheard of in that Middle Eastern European country for some years now.

As a European country, Turkey has suffered from some of the ills and the *malaises* of post-industrial readjustment: high unemployment, falling productivity, inflation, a heavy oil import bill and the perceived need to curb public sector spending, not to mention terrorism and widespread disaffection among the young. But as a Middle Eastern country, whose religion it shares with all the states around it – barring Israel and Lebanon – Turkey also presents some unique features compared to its European neighbours: the relatively low cost of labour, generally lower expectations of economic reward among the population, an as yet not fully developed agriculture and industry cheap enough to compete with the best Western firms for contracts in the Arab world. In addition, proximity to the Arab countries and a strategic position between the Middle East and Western Europe as well as a long coastline, all favour the expansion of Turkey as an important economic force for the Arab world.

This has been underlined of late with the phenomenal expansion of trade links with what are traditionally Turkey's largest partners among Arab states: Iraq, Libya, Kuwait and to a lesser extent Saudi Arabia and the rest of the Gulf States (See AN-NAHAR ARAB REPORT & MEMO, July 13).

During a visit by Iraqi Deputy Prime Minister Taha Yassin Ramadan last month, Turkey and Iraq signed a trade and economic cooperation agreement to expand commercial relations between the two countries. According to recent estimates, Turkish exports to Iraq topped the $200 million mark in the first five months of this year, an increase of more than three-fold over the comparative period of last year, when the figure was about $54 million.

This will help ease Turkey's balance of trade deficit with Iraq, which as its main oil supplier, sold Turkey more than $850 million worth of goods last year, mostly 8.5 million tonnes of crude. During the talks held in August, Turkish officials were reported to have obtained agreement from their Iraqi counterparts for an increase of oil supplies this year and also a raise in the transit fee Iraq pays Turkey for the passage of its oil from the Kirkuk field to the Mediterranean terminal of Yumurtalik. Unconfirmed reports quoted the price Turkey was requesting as $1 per barrel, compared to the $0.38 per bbl charged in the last few years.

A major reason for the spectacular growth of Turkish exports to Iraq this year has been the Iraq-Iran war, which has made Iraqi ports all but inaccessible. It is hoped, nevertheless, that even with the end of the war and a resumption of normal trade routes for Iraq, the boom enjoyed by Turkey will not collapse totally. Thus, under the terms of the economic agreement signed last month, the two countries have pledged to undertake a number of joint projects, notably in the fields of transport and natural resources. One such project is a Turkish plan to build a massive dam on the Euphrates to irrigate a vast area of Eastern Turkey and provide hydro-electricity. Although the project is looked upon hesitantly by Iraq, which relies so heavily on the Euphrates for its own irrigation needs, it is thought that cooperation on the issue will be mutually beneficial to the two countries so long as no surprises are sprung by either side.

Trade With Both Iran and Iraq

Other than the increase in trans-shipment to Iraq through Turkey because of the Gulf war, the conflict between Iran and Iraq has also benefited direct sales of Turkish goods to both the warring countries. An increasing amount of Turkish products, including alcohol which is banned in Iran, is daily crossing the border, often illicitly, thus reversing the old tradition of smuggling from Iraq and Syria into Turkey, during the years of fierce Turkish economic protectionism.

Trade with Libya is also expanding at an unprecedented rate, prompting the likeness to an inflated balloon by one commentator on Libya. According to Turgut Ozal, who has been Turkey's chief economic architect for the last two years, "friendship between Turkey and Libya cannot be measured in terms of money alone." Be that as it may, the figures bear witness to this recently blooming relationship. Turkish officials estimate that exports to Libya will approach the $550 million mark this year, more than eight times as much as in 1980, when the figure was $60 million; the forecast for 1982 is for a record $1 billion.

As Turkey's third most important supplier, Libya, sells some 3 million tonnes a year of oil to its partner across the Mediterranean, at a price of some $650 million in 1980. But Turkey has found more than just compensation for this oil import bill in Libya's growing market for consumer and food products, not usually favoured by the oil-rich states of the Gulf. Libya has more modest standards and tastes for its foods and consumer items than Saudi Arabia for example, and in addition is handing out huge contracts to Turkish construction firms.

According to Ali Kocman, the President of the Turkish Industrialists and Businessmen's Association (TUSAD), more than $5 billion worth of business is now being done by Turkish firms in Libya. The Istanbul-based Sezai Turkes-Feyzi Akkaya construction company is at present running about $500 million of projects and was chosen among international competitors to build Tripoli's civilian and military harbour several years ago. More than 40 Turkish firms are now engaged in work in Libya with an estimated 70,000 workers sending home valuable remittances and easing Turkey's own unemployment problem.

A number of Turkish firms are involved in Libya's military construction programme, including Sezai Turkes, which is building another port partly for military use, and the Beta company, which is contracted to build military bases and train civilians in the North and near the border with Chad in the South.

This summer, the two countries agreed to establish a joint investment company to promote trade and cooperation, with an initial capital of $100 million. Also, a Libyan bank is the lead-manager in an Arab consortium which lent Turkey $100 million in export pre-financing last month, the first such loan ever by Arab countries to Turkey (*An-Nahar Arab Report & MEMO*, August 24).

Although they did not sign a formal agreement, Turkey and Kuwait agreed at the beginning of this month to expand their economic and trade cooperation. During a visit by the Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah to Ankara, Turkish head of state Gen Kenan Evren, told journalists that Turkey wanted to extend its relations with all Arab countries, including Kuwait, as part of its basic foreign policy. This underlines an almost imperceptible but significant change in Turkish orientations in recent years, when a number of Arab states, including Saudi Arabia and Kuwait, have replaced Israel as Turkey's fourth most important trade partner in the Middle East. At the end of Sheikh Jaber's visit, the joint communique published in Ankara condemned Israeli attacks on Lebanon in July, called for a return to Israel's pre-1967 borders and endorsed the Palestinian Liberation Organisation (PLO) as the sole legitimate representative of the Palestinians.

As a result of the visit, Turkey and Kuwait agreed on a number of joint ventures in trade, tourism, communications, transport and petrochemicals. Among the most important projects are one for a $2.4 billion Istanbul-Aden highway running through Kuwait, and an Edirene-Aden railway. Also on the board, are the construction of an ammonia plant on the Marmara coast in Turkey, and a tourist resort on Turkey's southern coast to be financed with Kuwaiti funds. A delegation of Kuwaiti bankers is due in Turkey before the end of this month to discuss a large-scale loan to finance these projects.

Turkish Foreign Ministry officials hailed the Kuwaiti visit as historic, stressing that increased economic and

trade ties with Kuwait would probably spearhead entry of Turkish business into the markets of other Gulf states. Two-way trade between the two countries totalled $155 million, most of it, some $120 million, in favour of Kuwait.

However, if the last two years are anything to go by, and in the context of the Turkish authorities' 180 degree turn away from protectionism, Turkey's trade with the rest of the Middle East is set to grow, and grow fast. Industry has been looking abroad increasingly as measures to tighten up the monetary supply, ban strikes, increase imports of raw materials and implement new export incentives have all had a positive effect on the country's export potential. Moreover, as of 1979, the patterns in Turkish trade began to change with an ever-growing share going to the Arab countries. From 13 per cent in 1979, Middle Eastern markets accounted for over 16 per cent of Turkish exports last year, and represented 33 per cent of total exports in the first four months of 1981.

Although Turkish industry is still reputed to be low on quality control and efficient promotion and marketing, businessmen ar becoming increasingly sophisticated. And they have to be, if they hope to reach rich Middle Eastern markets spoilt by sophisticated Western promotion techniques and usually impressive quality. That awareness seems to be growing as bear witness swelling numbers of advertisements for Turkish firms, banks and other businesses which all stress the importance of their services "especially in the Middle East" and to get "to the heart of the oil-producing world."

CSO: 4654/10

KARAKAYA RAILWAY BRIDGE TO BE BUILT

Istanbul MILLI GAZETE in Turkish 19 Sep 81 p 5

[Text] An agreement to construct a 2,400 meter railway bridge by way of the Karakaya Dam lake was signed in an Ankara ceremony the day before yesterday.

Minister of Public Works Tahsin Onalp, who delivered a speech at the ceremony, stated that the project, which has few equals in the world--and none in Turkey--with respect to length and height, will cost close to 9 billion lira.

Onalp further said that a 9-kilometer section of the railway between Malatya's Dilek and Yazihan stations and a 21-kilometer section between Elazig's Eskimalatya and Bekirhuseyin stations will be situated in the lake area because of the Karakaya Dam being built across the Euphrates River.

Minister of Public Works Onalp, in response to questions after his address on the bridge, added: "Because of the artificial lake created by the Karakaya Dam, which will alter the Lower Euphrates basin and, being hydroelectric, will constitute the foundation for our economic development, it has become necessary to change or reconsider the placement of area roads and bridges mindful of the new lake.

"The bridge, which will be one of the world's few railway bridges, is to have 33 spans. Their average height will be 50 meters and the (length) 76 meters. Each platform constituting the bridge's superstructure will weigh nearly 300 tons. Their manufacture at a cost of 3,382,675 lira has been awarded to the Directorate General for Turkish Iron and Steel Manufacture."

CSO: 4654/13

SOCIALIST CONGRESS ACCEPTS PEACE COMPROMISE, ARGUES 'ZONE'

Peace Sought With LO

Copenhagen BERLINGSKE TIDENDE in Danish 5 Sep 81 p 7

[Article by Lisbeth Knudsen]

[Text] A new emphasis on cooperation between the Social Democratic Party and the labor organizations in a common initiative to improve the employment situation was the main theme of the party's annual meeting, which began this afternoon in Aalborg. What many of the delegates have come to discuss is not only employment, but also the defense compromise with the conservative parties, involving a 369 million kroner budget, which some think will be hardly sufficient to cover the proposed zero option for defense spending. Something which will not be discussed officially at the meeting, but will be discussed actively among the delegates, is the problematic situation within the party resulting from the establishment of the two vice-chairmanships at the meeting last year.

In the numerous meetings and congresses of recent years, during Anker Jorgensen's term as prime minister, it has almost become a tradition that the party chairman's speech, opening up the political discussion, is always followed by a speech by the LO [Federation of Trade Unions] chairman Thomas Nielsen harshly criticizing government policy and the government's inability to push a staunchly Social Democratic policy through in the Folketing. In that respect, today's meeting can be said to be an exception. An autumn truce has been declared between the leaders of the party and the labor organizations, while an internal committee with representatives from the two groups will be searching for common initiatives for the solution of employment problems. Only as regards the question of the 2 billion kroner tax raise is there presently any disagreement between the party and the labor organizations.

It is expected that a marked dissatisfaction will be apparent both inside and outside the meeting hall as a result of the defense compromise which has been supported by the government and the Social Democratic MP's. Outside of the building, the Danish Union of Students is planning to release 100 doves of peace, as well as lighting the torch of peace in front of the doors, in order to demonstrate the youth organization's protest against the defense compromise. Inside the building, a series of speakers from districts all over the country--among them, presumably, various members of the main steering committee--will be directing harsh criticism at the prime minister for not having observed the mood of last year's congress, which was overwhelmingly in favor of the zero

option in the defense arena. As recently as yesterday, the well-known critics of the defense compromise had not determined a special strategy for the annual meeting, but if the debate turns out to be sufficiently antagonistic towards the party leadership, an initiative will probably be presented in connection with the annual meeting resolution, which is to be presented on Sunday.

The party's organizational vice-chairman, Inge Fischer Moller, is not entitled to participate in the annual meeting, but a debate can be expected as to how well the new arrangement with two vice-chairmen--a political one and an organizational one--has worked out. Finally, the annual meeting will take a position concerning the foreign policy section of the party's new working program. Last year's congress never got around to this question, and for this reason it has been scheduled for Saturday afternoon this time. There will be voting on such questions as a nuclear-free zone in Scandinavia, policies towards eastern bloc countries and policies towards the Common Market and NATO. Particular attention will be given to a proposal from the Middelfart group suggesting that the party work against nuclear weapons ever being brought onto Danish soil. The party's leadership will pass the proposal, with the addition of the phrase "in peacetime."

LO Chief Sees Government Collapse

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 81 p 1

[Article by Kermit Norlund]

[Text] The Labor Organizations leader Thomas Nielsen thinks that the time has come for the Social Democratic Party to carry through a concentrated multi-year program developed in cooperation with the labor movement. It will be a purely Social Democratic plan, even if this means making a break with the compromise parties, the Christian People's Party, the Radicals and the Center Democrats.

"Our most important task is to formulate a program of action, together with the Social Democratic Party, concerning employment and the economy. We need manpower and solidarity from the Social Democrats, too. I think the situation has reached the point where we have to ask ourselves whether the little so-called compromise parties--I tend to call them cowards' parties--are ready to take the responsibility to carry through a radical effort of this kind," said the Labor Organizations' chairman at the HK [Union of Retail Business and Office Clerical Workers] conference yesterday.

Thomas Nielsen remarked to BERLINGSKE TIDENDE in an interview that the compromise parties have shown time and time again that they are not at all prepared to take upon themselves the responsibility for such a radical action.

"I don't trust the compromise parties, but I do urge them strongly to support the long-term programs of the labor movement. If they do not want to do that, it might turn out that the Social Democrats will be presenting their proposals by themselves in the Folketing," said Thomas Nielsen.

Defense Compromise Program Accepted

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 81 p 5

[Text] The last day of the Social Democratic annual meeting was a confirmation of the fact that the party's leadership, despite heavy criticism, has gained the support of the members of the party for the recent defense compromise.

Simultaneously, the party voted yesterday for the conducting of investigations and discussions within the party concerning the structure and content of the defense program.

Prime Minister Anker Jorgensen said in a press conference after the meeting was over that this would also involve negotiation with the parties which were involved in the defense compromise. "The Defense Committee, appointed by the compromise parties, will continue to discuss the defense program, and the expression 'total defense' will also be a part of the discussion. We will also talk on a purely party level about what we mean, exactly, when we use the expressions 'defense structure,' 'total defense,' etc," Anker Jorgensen said.

The remaining proposals of the party leadership relative to the security policy section of the annual meeting's declaration were all accepted.

The annual meeting declaration says that the Social Democratic party does not desire substantial changes in the current stockpiling and reinforcement policy. Prime Minister Anker Jorgensen stressed to the delegates that this wording does not mean that there cannot be alterations in the current stockpiling and reinforcement agreements. At the same time, the annual meeting rejected a proposal that the Social Democrats should oppose further equipping of NATO defense stockpile areas in Denmark.

In his reply to the delegates who criticized the defense compromise, the Prime Minister said that what affected him most was the doubt which had been cast on the party's trustworthiness. He pointed out that the meeting last year showed that a defense compromise can be based on a zero solution.

The meeting did not use the phrase "shall be." "I stress that especially, because it would be very embarrassing if the public started to think we had tricked you," Anker Jorgensen said. The prime minister took advantage of the opportunity to criticize some of the statements which the defense program's military leadership had made previous to the compromise. "It is true that some of the defense leaders took on a hysterical tone in the discussions," the prime minister said, referring to a statement saying that the government's defense organization would reduce the strength of the defense program by 40 percent. "If we are to take the defense leadership at all seriously, then a more reasonable, balanced attitude on their part would be desirable," he said.

'Zone' Debated Without Agreement

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 81 p 5

[Text] In the discussions yesterday concerning the platform of the Social Democrats on the stockpiling of nuclear weapons in Denmark, the significant word "not" was stricken from the record. The Social Democrats had adopted a proposal that the party will work towards seeing that nuclear weapons will not be brought into Denmark. An additional phrase, "in peacetime," was added at the recommendation of the steering committee and the prime minister. The prime minister said that the new wording, using the word "not," went against party policy. The "not" was then omitted.

Simultaneously, the article on this subject yesterday was given the incorrect headline, "Anker J. Voted Down at Annual Meeting." What really happened was that the prime minister warned the delegates that the new wording would have been subject to future misinterpretations. But after further comprehensive remarks, the prime minister supported the new wording of the party's nuclear deployment policy.

Prime Minister Defends Economy Moves

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 81 p 5

[Text] "I understand the critical comments people are making, saying that the Social Democratic profile is in danger of becoming too vague, but we do what we can to emphasize what policies we do have, and we also emphasize that 80 to 90 percent of what we put through is purely Social Democratic policy." These were Prime Minister Anker Jorgensen's replies to a cautionary speech by the Labor Organizations' vice-chairman Knud Christensen at the Social Democratic annual meeting. The prime minister also rejected the proposal to write off any cooperation with the smaller compromise parties.

"We have a democracy in Denmark. I didn't vote for Erhard Jacobsen or Christian Christensen, and you who are sitting in this hall didn't either, but there they are anyway," said Anker Jorgensen. He emphasized that the Social Democrats' own adherents alone were not enough to achieve cooperation in the Folketing, and that such a cooperation was necessary.

On the other hand, Anker Jorgensen said that after 2 days of the annual meeting, he was completely satisfied with the proceedings. "The meeting turned out to be such that all the advance headlines in the press ended up having been exaggerated," he said in his closing remarks.

A large number of speakers at the annual meeting were concerned with employment problems, but many were also concerned with the controversial defense compromise. The opposition among the participants in the annual meeting, on the other hand, was not as great as had been expected, considering the reactions just after the compromise was adopted.

"The national meeting lived up to my expectations. I told my colleagues in the party leadership ahead of time that there would be 20 to 25 speakers against the defense compromise," said Anker Jorgensen after the meeting.

The annual meeting issued a very long and comprehensive declaration, which is intended to serve as a kind of working program for the party for the coming year. The declaration maintains that Denmark will pull itself out of its difficulties. The declaration points out what the party has already done for the employment situation. In the future, work will be directed towards developing a job-creating system, and in connection with this, the declaration says that there will be possibilities for public participation in areas of particular socio-economic significance. The declaration presents a series of proposals to promote industry and to improve agriculture and construction. In a special tax section, it maintains that the Social Democrats will work towards the taxation of foundations and other tax-exempt institutions, that a business tax will be imposed, and that there will be a discontinuation of joint taxation in 1983.

Natural Gas Project Backed

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 81 p 5

[Text] The Social Democrats will be increasing their efforts to gather support for the expansion of the natural gas program so that it will also serve middle and north Jutland, according to the declaration made at the party's annual meeting which was held yesterday. As a justification of the expansion of the gas system, it was said that the occupational and technical knowledge which were brought about by the program in the first place will be able to proceed even further with the expansion.

On the other hand, the party's annual declaration, which is used as the party's working agenda for the coming year, does not mention the issue of nuclear power. The reason for this, according to party vice-chairman Knud Heinsen, is that it will not be relevant to take a position regarding nuclear power in the coming year.

At the recommendation of Minister of Energy Poul Nielson, the party rejected at the meeting a proposal from the main steering committee that, in consideration of the parts of the country which do not receive natural gas directly, an equalization be made in the considerable differences in electricity and heating prices.

Poul Nielson based his recommendation on the fact that a heating prices committee has recently been appointed, which will be given time to research the situation, before an evaluation can be made of how the price equalization might be accomplished.

Poul Nielson complained that the Industry Council has repeatedly rejected the government's suggestion to invest capital in ventures which are involved with developing new technology in the energy field. He called the Industry Council's position "stomach-curdling," and said that "there is a need for the government itself to invest risk capital in line with the willingness of business for ventures of this kind."

Can Social Democrats Hold Out

Copenhagen BERLINGSKE TIDENDE in Danish 8 Sep 81 p 8

[Editorial]

[Text] Of course the Social Democrats joined hands and sang together at the end of their annual meeting. Once more they sang themselves into unanimity and left the meeting hall in the belief that the party is strong and united in favor of the policy which they will follow. But how long will that belief remain tenable? Probably it will not last past the point of coming home and settling back into the everyday world.

It is a fact that there are deep-seated differences of opinion on the defense question, and that the opponents of the defense compromise do not want to put up with this any longer. It is a fact that there is enormous insecurity relative to the party's economic policy, and that the prime minister must have challenged others besides Steffen Moller to show their disagreement, using national bankruptcy as a basis for their arguments. It is a fact that the government has not been capable of formulating and getting support for a policy which would bring down the unemployment rate, and that Svend Auken is on the verge of saying that this government has no right to exist. It is a fact that the government has not been capable of pacifying the pensioners, and that the tax minister wants to cut back the interest received from new deposits in funds used for pensions.

Of course the party leadership could get through an annual meeting without running into serious difficulties. On the other hand, Anker Jorgensen could just as well have suddenly decided that he could not go on as prime minister. With soothing phrases and voices raised in song, the party managed to make it all look better than it really is. But how long can they go on like this? It is not the delegates at the annual meeting who cause the downfall of a government. That defeat becomes a reality in the context of everyday politics. It begins within the halls of government when the ministers have trouble agreeing with each other, and it ends in the Folketing, when the government cannot drum up a majority for the programs it wants passed. Life can be prolonged by new compromises with the small parties, and the prime minister will bend over backwards to achieve them. But every new compromise brings new conditions which dilute the party's program and which set the party back.

The Social Democrats want to be the party which has the resources to bring our society through this crisis. Anker Jorgensen is not the sort of party leader who gives up. He will try to hold on to the power he commands now long after it has left him. He hopes that the Social Democrats can hang on for this term, and in the course of the term that they will manage to pull together a new mandate so that they can come into power again. But when we can no longer hear the song out of Aalborg, lots of Social Democrats are going to be asking themselves if the party will be able to stick with everything it said it was going to do. The party, its delegates, and its voters will begin to yearn for clear opinions and the pure lines. That longing cannot be fulfilled as long as the Social Democrats are the governing party.

9584
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CDU'S KOHL, GEISSLER DIFFER ON POLITICAL STRATEGY

Hamburg DER SPIEGEL in German 7 Sep pp 28-29

[Article: "'Dead Man'--Because of Fundamental Differences Concerning the Politics of the Opposition, Helmut Kohl Wants To Put Geissler, His Secretary General, Into Neutral"]

[Text] Gerhard Weiser, minister for nutrition in the Baden-Wuerttemberg Land government said openly what CDU chief Helmut Kohl has been concealing behind cloudy utterances. "Heiner," Weiser told CDU Secretary General Geissler, "you are a political simpleton."

According to a close Kohl confidant, many a member of the Christian Democratic Executive, and above all its chairman, does not like the "missionary zeal" with which the secretary general is tackling controversial subjects in order to open up new strata of voters for the party.

Khol and all those Christian Democratics fascinated by the sight of the crumbling SPD-FDP coalition in Bonn would like to get rid of the inconvenient Geissler just as soon as possible.

The reason for the falling out: The leader of the opposition and his general are pursuing strategies which are mutually irreconcilable. Kohl, the candidate for chancellor subject to recall, would like the CDU/CSU to look on idly as the Bonn coalition falls apart on its own--in accordance with the dictum pronounced by Franz Josef Strauss in Sonthofen in 1974: "In the overall political climate, the overall economic climate, we must not now leave our cover. Whoever leaves is shot and either wounded or killed."

Geissler, on the other hand, thinks it is a mistake to "wait every day for the coalition to fall apart."

Instead of twiddling one's thumbs and relying on a CDU/CSU pretending to be united making a good impression, the secretary general wants to "make long-term preparations for a viable government majority by discussing key problems," including, if need be, controversial problems.

This conflict between the marshal and his chief of staff became evident in early summer when Geissler had a party study entitled "Youth and the CDU/CSU" presented to the press. It stated that "at present there are no recognizable data permitting the conclusion that the trend among the young voters unfavorable for the CDU/CSU has been broken."

With this self-critical analysis, Geissler wanted to prepare the ground for an intra-CDU debate on youth politics. Kohl countered with an Allensbach poll according to which the CDU/CSU was enjoying an excellent reputation among young voters. The more disputatious the secretary general showed himself to be, inveighing one day against arms deliveries to the Saudis and criticizing another day the mass arrest of young people in Nuernberg, the more rigid became the party boss in playing "dead man" in his opposition role (to quote FRANKFURTER ALLGEMEINE)--a strategy he thinks is also to the liking of CSU chief Strauss. For, above all, Kohl has to depend on the Bavarian if he wants to remain the opposition's candidate for chancellor.

The conflict is being exacerbated by the fact that Kohl, in contrast to the time when he was minister-president in Mainz, will not tolerate any other gods beside himself in Bonn.

Thus the CDU chief chased Geissler's predecessor, Kurt Biedenkopf, into Westphalia and persuaded Walther Leisler Kiep to go to Hamburg to run for mayor.

Geissler would not be pushed out, however. He had no use for Kohl's advice to seek the office of Land chairman in North Rhine-Westphalia. At the party congress in March, he ran for reelection as secretary general for another 4 years.

Kohl's hopes to make his "dear Heiner" the chairman of the Social Committees, and thus awarding him and getting rid of him at the same time, did not materialize either. Contrary to Kohl's calculations, Norbert Bleum, the committee chairman who had been elected senator for federal affairs in Berlin, managed to hold on to the influential party post. And Geissler remained in his post as well.

The chairman is making it quite clear to his staffer how angry he is about this. As Bundestag deputy, Geissler is being kept on a short leash. The party deputies have been addressed by the secretary general only once--after his return from El Salvador.

In the Bundestag the prestigious expert on social matters has not been permitted to make a single speech. The former minister, whom Kohl at one time called from Mainz to Bonn to turn the awkward CDU/CSU into a quick, modern and mobile people's party, is among the backbenchers in parliament.

All the more intensive has been Geissler's effort at party headquarters, which Kohl has entered in the past few months only to attend sessions of the presidium or the executive. In the last Bundestag election campaign, this 200-employee organization had proved extremely effective.

When he realized that he could not get rid of Geissler for the time being, he tried to dismantle him another way--by detaching his closest coworkers.

Thus Federal Executive Manager Ulf Fink, one of the most capable and industrious persons at party headquarters, went to Berlin as senator for social affairs, and Meinhard Ade, the head of the Political Division, switched to the post of Senat spokesman in Berlin. In addition Kohl refused to extend the contract of Geissler's friend Hans Dieter Kloss as chief editor of the CDU membership paper and also tried to put a man of his choice into the job of federal executive manager.

But there Geissler had the longer leverage. According to the party statutes, only the secretary general is entitled to propose a candidate for that post. Last Monday the presidium appointed to the post of party manager not Rhineland-Palatinate Land Executive Manager Hans Terlinden, who was favored by Kohl, but Geissler's candidate, Peter Radunski, the head of the Public Relations Division in Konrad-Adenauer-Haus.

Kohl also tried in vain to wrest from his general the preparatory work for the next CDU party congress in Hamburg. He asked education expert Anton Pfeifer and Berlin Senator for School Affairs Hanna-Renate Laurien to draft a thesis for the congress limited to education policy (probably regarding Geissler's keynote subject, "The Future Prospects of the Young Generation," as too explosive.)

In accordance with the wishes of the CDU Presidium, the job, however, reverted to the secretary general last Monday. The slogan of the party congress, "With the Young--Our Party Needs a New Beginning," is entirely to Geissler's liking. He wants to invite 400 young people, including members of the peace movement denounced by the Christian Democrats, for the debate.

8790
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ARVO KEMPPAINEN, CP CENTRAL COMMITTEE, CRITIQUES PARTY

Helsinki KANSAN UUTISET in Finnish 15 Aug 81 p 8

[Interview with FCP Central Committee Member Arvo Kemppainen by Maija Aalto; date and place not specified]

[Text] Indeed, the situation in the party is as bad as it seems to be . Talk about developing unity for the time being has been exaggerated. We learned to live in our niches, and coming out of them is too much of an effort.

A certain representative from Kainuu stated at the 19th Congress of the SKP [Finnish Communist Party] that if a revolution were to take place in the party, it would make such a forceful noise that any other revolution occuring in society would propably go unnoticed.

Arvo Kemppainen, 34, cheif physician, MP, chairman of the SKP's Kainuu District Organization, and a member of the SKP's Central Committee since 1972, was elected to the SKP's policy-making committee [Politburo] at the last congress; a congress in which his list of achievements also included the title of rebellion chief.

"A rebellion -- that is an unsuccessful revolution," laughed Kemppainen.

In Kemppainen's opinion the party chairmanship question is not now a timely subject of discussion. An opportune situation was missed at the congress. Now the party must concentrate on making the party functional.

Begin With the Leadership

"The work of the party apparatus is at an embryonic level. The preparation of issues for the policy-making committee, for example, does not take place in the sections of the party office, but the secretaries or Politburo members bring completely unfinished matters to the meetings. Sometimes it seems that the introductory reports constitute the only preparation that has been made.

"From necessity a discussion remains at a general level. A good example is last spring's 'campaign' against an increase in housing costs. Material that was good in itself did not get to the district organizations until only 2 weeks before the campaign, which naturally did not take place. If the work of the Central Committee is unplanned, the work of the district organizations and divisions cannot be anything but indifferent.

"The SKP suffers from a serious Arrythmia cordis, a rythmic disturbance of the heart. Work limps along since the heart beats irregularly and impulses leave the heart muscle randomly at most any point."

Division of Work to be Clarified

"It is, of course, very positive that majority or minority faction meetings are no longer being held in the party leadership. Another new trait is that the members of the secretariat are no longer actual members of decisionmaking organs, but experts who present proposals at meetings. Some have had difficulties in adjusting to this new role...

"The first task is to clarify the mutual division of work between the Central Committee, Politburo, and the Secretariat. All politically significant issues are to be decided in the Central Committee and the Politburo.

"At the next Central Committee meeting a work group will be formed for clarifying the position of the party machinery from the Central Committee to the district level.

"The majority of the members of this work group must be outside of the apparatus. This also requires experts in organizational questions and personnel policies.

"Making the organization healthy is more important than many would think. Otherwise nothing will be accomplished. The activism of the membership has declined drastically and the restrictions mentioned by Kajanoja with respect to Saab are evident.

"The SKP must also reexamine its relations with the SKDL [Finnish Peoples Democratic League], the Youth League, and other mass organizations."

The Question of the Press

"The question of the press as well as information activity, in general, require precise clarification as is stipulated by the decisions of the congress.

"TIEDONANTAJA is not a separate question. The issue must be resolved in its entirety. The duties and role of the party's chief organ, KANSAN UUTISET, as well as of the provincial papers must be defined, and the issue should also be looked at from an economic point of view. For example, the idea of tying the editorial policies of provincial papers to a national plan has not been discussed even once in the Central Committee."

KANSAN UUTISET

"At this time KANSAN UUTISET lacks spirit. Once in a while one can see a kind of 'editorial anarchy', a separation from our political nerve center, a lack of its own expression. There is seldom a discussion of new problems in KANSAN UUTISET.

"What is needed is a long-term planning of political campaigns, in which the newspaper plays a central role. The SKDL's own stamp on reports about the Diet and government policy should be more evident.

"We should consider making the weekend issues of KANSAN UUTISET a little more like a weekly journal in the same manner as the French Communist Party's HUMANITE."

Internal Communication

"Communication within our own apparatus is weak. Urgent plans should be made to improve the SKP's information section. PAIVAN POSTI is not suitable as a model for internal communication, in its present form it is useless.

"The party rank and file should have quick access to information about the Diet and the ruling factions, among other things. The editors of newspapers and all party workers should be kept abreast of the times. The arrangement of communication does not require as much time as it does an exercise of the brain.

"As far as I can understand there is in fact no need for the SKP to have its own daily newspaper. There are no issues to be looked at only from a 'Communist point of view', for which such a newspaper would be needed. To the contrary, our points of view should be broadened.

"Perhaps the party needs its own periodical. All these alternatives should be considered."

Enlightenment Should be Kindled

The situation with respect to the party's educational work causes Arvo Kemppainen to shake his head.

"The Central Committee has not discussed the issue of enlightenment and educational work at all. The organization of educational work through the Sirola Institute, the League of People's Educational Work, and People's Culture has not been given proper planning. Systematic research would be of great help. The SKP should have prescribed research vacancies. The party does not have a tenable evaluation of the current situation in Finnish capitalism. Such an evaluation is a necessity and it can only be accomplished by the SKP itself.

"International ties should be developed with the fraternal parties of Scandinavia and the French, Italian, Spanish, and Portugese parties. They must certainly have an interest in Finland's experiences."

Students and Youth

The organizational and operational unity of the Socialist Students League and the Peoples Democratic Student Organization will soon be a reality and this is especially good.

"The 'apolitical nature' and the aversion to the parties that has prevailed in the leftwing student movement is perhaps a consequence of excessive interference on the part of the party. A student movement needs a certain relative independence, which the party must respect while maintaining ties at the same time.

"The present situation in the Finnish DEmocratic Youth League is in my opinion a good example of where 'petit partyism' leads: the independence and daring of youth do not manifest themselves. The SDNL [Finnish Democratic Youth League] has indeed

accomplished commendable work in the area of international relations, but youth activity is also needed within the country."

On a Revolutionary Attitude

"A revolutionary attitude is to makes issues that have become self-evident the subject of reexamination in one's own life as well as in the party and change them.

"Many alternative movements represent more of a rebellious than revolutionary attitude, they are of a short-term nature. The increase in alternative movements is also an indication of the need for parties to be more vigilant.

"One can only expect interest in the work of the party when the party has something to offer.

"Marxist research in our country is being conducted by only a very few scholars and student organizations, and the SKP's ties to them are rather loose.

"The workers' movement is too wound up in wage struggles. The veneration of money, goods, and power transcends all of society. If I recall, Aarne Saarinen once stated that many are concerned with where they will find closets large enough to hold their things...

"A direct influence through the people's democratic movement must be made possible and we must abandon the belief that a clear answer to all new questions can be found from old books. Marxist methods must be used in an analysis of new phenomena, also with respect to questions concerning real socialism.

"Questions concerning life styles should also be considered among Communists, and not just in the alternative movements. An evaluation of differing opinions is a condition for the success of collective work and a condition for advancement."

Ventilation is Needed

"There is a new kind of interest and curiosity among the people. A forceful change is expected on the part of our party.

"In the 1960's there was more openness in the people's democratic movement. The divisions of the 1970's have fed an orthodoxy that has become a heavy weight. Ventilation is needed.

"The reform of the leadership should now be reflected in all party work and the membership's demand that divisiveness be eliminated must be taken seriously. Those who support a division have the right to their own conclusions, but they should no longer be given the right to terrorize others," states Arvo Kemppainen.

10576
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PRIME MINISTER KOIVISTO DISCUSSES PRESIDENCY, ECONOMY

Helsinki SOSIALIDEMOKRAATTI in Finnish 14 Aug 81 pp 12-13

[Article by Ulpu Tapiola: "1983 An Important Watershed"]

[Text] Whether or not the timing is good or bad the year 1983 will see the confluence of many issues. At that time the 2-year contracts will expire and national elections will be held. The question of the government base will in practice come up. It will also propably affect the possibility of finding a new income solution. The government's economic policy must be clarified. The tax structure as well as the level of taxation must be examined. A decision must be made as to how funds are to be collected and how they are to be spent.

"I will try to take care of all this until then," states Prime Minister Koivisto.

This affirmation also means a request for a kind of labor peace. It would be best for the ruling parties to concentrate on the large questions of the near future and not, for example, become involved in the creation of next year's state budget.

"Thus the government should now avoid stumbling on small conflicts?"

"Even if the government were to stumble, it would, however, be a question of whether this government base will remain, whether the people in it will change," answers Koivisto.

Mauno Koivisto states that the discussion of the government base has been going on the whole time, but this discussion has been primarily of an academic nature. It has become a kind of side intrique. The national elections to be held a year and a half from now will, however, change the character of this discussion.

"The question of a post-election government base will come up long before the elections. This question concerns whether we will continue with the present ruling base or whether there will be some other alternatives. It is quite possible that an income solution will not come about without the prospect of political cooperation. However, it would be good if we could smooth out the road for a new government. It would be best if an income solution were a reality," states Koivisto.

Cautiousness

Mauno Koivisto has been characterized by the following statement: "this year is difficult, but next year will be even more difficult".

This holds true now. Even though the realization of next year's budget presupposes a solution to many difficult problems, the problems with respect to the 1983 budget may be even more difficult.

Mauno Koivisto points out that in economic policy as well as in other areas we have had to work very hard for joint goals.

"The outlining of an economic policy is an impossibly problematical question. In publicly presented positions it is reiterated that we are always too late with too little. Several people who have not had to deal with these matters in practice cannot imagine how difficult they are in theory not to mention the actual decision-making," notes Koivisto.

"As for myself I have fought for relatively cautious measures even though more emphatic stands have been demanded. I have observed that rather emphatic measures can result in greater fluctuations than what would have occurred without them. Also they can easily result in side effects which were not taken into consideration at all much less intended," explains the Prime Minister.

On the basis of this kind of thinking cautiousness continues to be uppermost in spite of changes in the economic situation. Since the Koivisto government attempted to cautiously restrain a strong growth development in the last the couple years, cautiousness is now also being applied during a period of slow growth.

"If a period of slow growth turns out to be short, strong measures will result in a rapid overheating. If, on the other hand, it turns out to be long, there is a danger that all the power reserves will be used in the beginning phase of a period of slow growth and nothing will be left to be used later," states Koivisto.

The Budget

The compilation of next year's state budget has been affected by many factors. The state would need all the money collected from an increase in various tariffs. But this fact must be weighed against a background of inflationary development and an index clause. In Koivisto's opinion, borrowing, on the other hand, is about to exceed those limits in which credit can be granted under tolerable conditions.

There is also no room for movement in the use of taxation.

Koivisto states, among other things, that the disputed sales tax treatment of industrial machinery and equipment has in all its essentials continued on the basis of the spring 1979 solution.

"From this perpective it is doubtful that this government will come up with any different kinds of solutions," he states.

The budget's debit side is further affected by the inflation adjustment of the income tax tables written into the Pekkas-solution.

"We shall then see when the budget is ready for presentation to the Diet by the government as to whether it will then satisfy the organizations. The organizations

have been promoting positions which are quite traditional. Their word has been that the state's income should be reduced and expenditures increased," commented Koivisto.

On the credit side, on the other hand, expenditures and the tranfer of income are prescribed by law and they continue to grow by the force of this same law. According to the Finance Minister the only point that can be given any consideration is investments.

Inflation

The fight against inflation has been named as one of the chief goals of economic policy. Recently Finland's inflation rate has been slightly higher than the average for Western industrialized countries. Even though we must be concerned about inflation, Koivisto does not see any possibilities for creating any special program.

"The predictions concerning price development differ from each other in some respects, but we are apparently quite close to releasing the conditions of the index clause. But this time the index clause is not such that it will have too great of an effect. The increases in wages will only apply to the portion exceeding the index clause and not the whole sum. We have had much more dangerous index clauses than what is now written into the agreement," states Koivisto.

Even if the government takes the index into consideration, for example, in deciding on tariffs, according to Koivisto there is very little room in the government's economy for affecting it.

"And, on the other hand, if we remember the public discussion that went on in the fall of 1979, it is quickly said that the government kept the index low artificially so that incomes would not rise," he notes.

Revaluation

Revaluation or raising the foreign value of the markka has been proposed as one way of restraining inflationary development. Such recommendations have, of course, been considered in the economic section of the Finance Ministry, and they have also been brought up before the Bank of Finland.

Prime Minister Koivisto does not, however, want to take a stand on revaluation.

"It is, in general, difficult for me to participate in any kind of a discussion on a rate-of-exchange policy for foreign currency. It is difficult to say anything that might arouse any expectations. A special reason for refraining from a discussion on revaluation is that the last discussion (in the spring of 1980) left such a bad taste," states Koivisto.

Unemployment

As far as unemployment and the management of employment are concerned, Mauno Koivisto believes that the positions presented have very little basis for a common interpretation.

According to him the first question is whether all the unemployed recorded in the statistics are, on the whole, employable.

"Apparently, the situation is that there are many who receive social support under the name of unemployment, but should be receiving support under some other program," notes Koivisto.

Another subject of discussion is at what average level of unemployment does a labor shortage appear in certain parts of the country and in certain areas of industry. At one time a 1-percent unemployment rate was considered the figure under which one could not go without overheating the economy. Now this percentage figure may be much higher. In Koivisto's opinion it is noteworthy that as the employment situation has improved during the current year a labor shortage has also appeared in certain industries and certain parts of the country.

"In my opinion society can survive the fact that everyone is offered the kind of work they are able to do. However, this cannot cause too many other expenditures. The state's own employment programs are such that those other expenditures are the prevailing ones and the expenditures incurred by the employable are only a small portion of them," notes Koivisto.

If, on the other hand, it is assumed that everyone should be employed in their own hometown in a field corresponding to the level of their education and skills, the conditions become much more difficult to fullfil.

Mauno Koivisto emphasizes that employment cannot be permanently taken care of by special programs. The best way to maintain employment is to keep the economy healthy by general measures.

It is difficult to name areas of commerce and industry through which additional jobs should be created.

"To get the supply and demand of the labor force to coincide has become an ever growing dilemma. Naturally, at the bottom of this is the fact that too few jobs are created particularly in the production of goods, in which productivity has increased considerably. Naturally, services could employ more people if there were a willingness to pay for these services. But here we arrive at the fact that there is no willingness to pay taxes and no willingness to pay for the expenditures incurred by such services," deliberates Koivisto.

In talking about the employment possibilities of the public sector Koivisto emphasizes the premise that one cannot even consider paying for permanent increases in expenditures with temporary income or borrowing.

Expenditures

Making the use of labor more beneficial than the use of machinery has been considered as one way of increasing employment. However, according the Prime Minister, it does not seem that a shortcut to achieve this can be found.

"With respect to this there has been kind of a stone throwing contest with the

trade union movement. The trade union movement has represented the view that interest rates should be kept low. This means that the use of capital would be cheap. This makes it attractive for industry to use machinery in place of the labor force and is the most apparent trait in the production of goods," states Koivisto.

"When, for example, the pension system continually presupposes growing indirect labor costs at the same time, income solutions have the effect that the labor force as a factor in production is becoming ever more expensive," he continues.

Funds

In spite of the problems involved, Prime Minister Koivisto considers that the discussion in Finland on wage earner- or cooperative funds will open up propects.

"In my opinion it is an issue that is need of clarification. Action in this direction will mean a certain amount of risk taking, but these concepts have a close relationship with current economic development," he states.

Mauno Koivisto mentions two premises in connection with the formulation concerning cooperative funds. The first of them is an alleviation of the estrangement prevalent in today's society. The other is the fact that industrial enterprises can develop if capital develops.

"In reality, making it possible for enterprises to accumulate capital is a matter closely connected with economic development," he states.

In Koivisto's opinion one must ask whether it is inevitable that large personal properties must be created. It frequently happens that if an active individual builds a strong, well-run firm, a significant problem arises in connection with the succession from one generation to another. In this situation the firm is frequently sold.

"Wage earner funds could be used for eliminating the obstacles to the concentration and development of capital. Workers, whose work is partially responsible for the development of this capital, would have a material interest in it," states Koivisto.

However, he considers the definition of the trade union movement's role to be one of the difficulties in the thinking pattern. For example, this aspect was not given much thought in the model proposed in Sweden. If those ideas had been realized, the trade union movement would have become the principal employer, the owner of enterprises.

10576
CSO: 3107/129

FITTERMAN: POLICIES TOWARD EUROPE, EC, TRANSPORTATION

Brussels LE SOIR in French 16 Sep 81 p 8

[Interview with Charles Fiterman, Minister of State for Transportation, by Jacques Cordy and Serge de Waersegger; Brussels, 15 Sep 81]

[Text] [Question] Mr Minister, you come from a party which has been severe toward the EEC. You also belong to a government which flaunts its commitment to Europe. Whom, then, is Mr Gaston Thorn going to meet next Tuesday, the French minister or the communist minister?

[Answer] Well, I am both a communist minister and a French minister, and the two are inseparable. There is no reason to distinguish between them.

Let us consider history since you mention the subject. It is true that the PCF has been very critical and, in certain respects, still is critical of the Common Market. Nevertheless, you see, in my opinion, experience has shown to a large extent that such criticism was founded. Besides, we have not been the only ones in the country to express criticism in the past. And, in my opinion, this state of things has definitely contributed to the political change which has taken place at home.

This being said, I must add that, as it expresses its opinion on the EEC, the PCF has long recognized it to be a reality with which we must reckon. We have demanded our place in the EEC's institutions so as to be able to formulate proposals. In this spirit, as early as 1972, the PCF and the Socialist party have defined a common approach which has been written into their common program. Our differences in 1977 have not essentially involved the agreement which we had reached on our position. And, therefore, it has been easy for us to refer to it in the agreement arrived at after last June's elections, on the basis of which we have been taken into the government.

Briefly, our objective is to ensure that France participates in the construction of Europe with a will to increase its social content, to fight unemployment, to develop common policies wherever possible, in conformity with the wishes and interests of the various countries. This does not contradict in any way our commitment to France's freedom of action.

You see, I have every reason to feel perfectly at ease when I now meet with Mr. Thorn.

[Question] The European Commission with which you are going to debate, what does it mean to you? Your party, especially at the time of the Longwy question, thought it was one of the best guarantees of international capitalism.

[Answer] The European Commission is an organization which plays a very important and very clearly defined part. Bearing in mind what I just told you and the responsibilities I have assumed, I intend to establish with its president and its members all the relations which can be useful and necessary to the accomplishment of my task. Nothing is more normal or more conforms to the mandate I have been given.

Allow me to add that the French steel industry, to which you alluded, is now going to be nationalized. I think that we shall thus have given ourselves new tools to implement the new policy which most French citizens wish.

The Idea of Competition

[Question] In a word, what is Europe to you? The Europe of workers, that of free trade and free competition, that of the fatherlands?

[Answer] I shall guard myself against simplified formulas. I think that, until now, Europe has too often meant large private interests, and not often enough the workers and the people of its various countries.

Today, France aspires to play its full part in realizing a "European social space," it is pleading for a general progress in social laws, an effective effort to attack unemployment at its roots. A lot must be done within Europe to progress in this direction. This is not in contradiction with the respect that we must have for the choices made by the European nations and for the resulting diversity of their policies.

The truth is that Europe will progress only if it takes into account the present realities and the legitimate interests of all. You cannot build something durable and strong by turning your back on the needs of the countries and the aspirations of the people. Therefore, it is both desirable and realistic to envision European progress as being closely related to the conquest of new rights and improved living conditions for European workers.

A Europe of workers and nations, then? A Europe of realities? And also a democratic Europe which, in the future, will be able to play a part of its own in the international arena? Why not? Bearing in mind that we should not oversimplify.

For instance, I do not reject the idea of competition. But competition should not be blind and destructive. Besides, nobody would tolerate it.

[Question] And the EEC? Several of your colleagues and President Miterrand himself have developed a dynamic conception of the EEC whereas, until now, the communists--especially in the European Parliament--have fought for a strict and restricted interpretation of this institution. Do you not feel caught between two fires?

[Answer] Thanks for your concern. But I must tell you that I do not share your interpretation of the communists' attitude in the European Assembly. You seem to forget that they often intervene to defend or bring to fruition some of the EEC's attainments! For instance where the agricultural policy or the harmonization of social laws are concerned. More generally, they are making constructive suggestions.

This being said, at the prompting of the president of the French Republic, our government is preparing a package of proposals aiming at a European revival. These proposals can of course have significance only insofar as they tend to increase the community's action to answer the present needs of the various countries, in agreement with their governments.

[Question] The transportation sector, your sector, Mr Minister, is also related to defense. This question occurs with increasing frequency on the European forum. In Strasbourg this week, among other matters, the European Parliament must debate the safety of oil-supply sea routes. As a communist minister belonging to a government whose positions when it comes to defense are much appreciated in Washington, how do you feel about these questions?

[Answer] It is a fact that some transportation matters which lie within my competence are related to defense. In this sector, as in the others, I shall of course, every time the necessity arises, accomplish the task corresponding to the responsibilities which have been entrusted to me.

I shall add that, as far as the EEC is concerned, discussions on such a subject can evidently take place only within the scope of the various EEC organizations.

[Question] As minister of transportation, you are one of France's representatives within the EEC. How are your relations with your colleagues whose competence also covers European questions and who, at times, have made cutting remarks concerning communist participation in the government? We are thinking of Mr Cheysson's remark about "errand-boys at home."

Slower and not as Far-Reaching

[Answer] Last week, at the Franco-British summit, I was a member of the delegation led by the president of the French Republic. On this occasion, I had with the British minister of transportaton and the secretary of state for industry conversations which, for my part, I found open and positive. During these conversations, we were able to approach questions such as the future of Concord, that of the projected Airbus 320, that of a permanent connection--tunnel or bridge--between our two countries. I also accepted their invitation to return to London next 29 October to resume these conversations.

Also, yesterday I met with my West German counterpart and we discussed important questions of common interest.

I would like to add that the French government has been in place for three months, that it is operating normally, and that much work has already been accomplished.

The way you formulated your question would indicate that this situation should seem surprising. Yet, it is the result of an approach, the main elements of which I would like to recall.

My party has advocated proposals and solutions which we believed were just, i.e. able to solve the serious problems confronting our country and our people. We still believe it, we have not changed our mind.

This being said, the country has decided. Democratically, it has pronounced itself in favor of the policy advocated by François Mitterrand and the socialist party; it has chosen a road which has much in common with that which we were advocating, although it is slower and not as far-reaching as we thought it ought to be.

This democratic choice has outlined a situation which cannot be ignored. In our opinion, to respect this choice is a matter of principle: we have been saying for a long time now that, whereas our duty as communists is to do all we can to win our people to the idea of socialism, which we think is what France needs, it is the privilege of the people to determine at what rate and in what manner we should go about achieving it.

Consistent with this fundamental approach, we have decided to go ahead and take part in the implementation of the changes for which the French people have voted. In this spirit, after establishing that there was enough in common between our positions and those of the socialist party, we came to an agreement and, as a result, have been taken into the government. And, under this agreement, cooperation within the government is developing quite naturally.

The experiment we have started is new, it is taking place in a situation which, to a large extent, is new. Certainly, we are not concealing the difficulties of our task, the problems which life will naturally bring about. But, again, we are decided to do everything so as to make change a success, so as not to disappoint the hopes of the workers and the people of our country.

This is a vast undertaking, so complex that we cannot base our action on a dream, but--allow me to say that too--so new that it has given back to the French workers their right to dream of a better life...

9294
CSO: 3100/978

CGC'S JEAN MENU QUERIED ON GOVERNMENT'S PROGRAM

Paris LE MONDE in French 5 Sep 81 pp 1, 23

[Interview with Jean Menu, president of the General Confederation of Managerial Personnel [CGC], by Jean-Pierre Dumont; date and place not given]

> [Text] Unemployment is continuing to increase in France. According to provisional figures supplied by Auroux, minister of Labor, the number of unsatisfied jobs wanted, in observed data, increased, in August, by 3.5 percent instead of 3.3 percent last year in the same period (+26.6 percent in one year). In data corrected by seasonal variations, the number of job-seekers (1,834,000) decreased slightly in comparison with July (-0.8 percent), but increased 25.9 percent in one year.
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> In order to try to limit this constant increase, the government is increasing the number of meetings with a view to preparing employment assistance measures and to ensuring UNEDIC [National Union for Employment in Industry and Commerce] unemployment insurance. The board of the equal representation system met on Thursday 3 September. It requested a meeting with the minister of Labor, because the government has postponed its decision until 9 September, it seems.
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> Thinking about the needed improvement of the Social Security situation is also continuing. Nicole Questiaux, minister of National Solidarity, preached prudence, on Thursday 3 September, and pleaded in favor of overall measures, calling for solidarity for reducing unemployment and inequalities. A solidarity about which the president of the CGC [General Confederation of Managerial Personnel] stated, in an interview granted to LE MONDE, "that it is not decreed, but rather is agreed to."

[Question] Before the presidential election, you stated that two-thirds of the French people were in favor of social democracy and that this had to be taken into account realistically in the economic policy to be set up. Do you believe that it is possible to achieve a French-style social democracy and what significance do you give to it?

[Answer] The experience through which we have just gone makes me believe that France is increasingly in favor of social democracy. Most of those who voted for Mitterrand and for socialist deputies voted to that effect. The lack of success by the Communist Party is additional proof. The French people expected and always expect reforms in the reformist sense from the socialists.

What frightens part of the population, including managerial personnel, is the speed with which the Socialist Party seems to want to set up revolutionary reforms dictated more by political dogmatism than by an economic and social realism.

The characteristic of a French-style social democracy is taking into account the requirement of reality and directing decisions toward an improvement of the living conditions of all the people and a reduction of unjustified inequalities.

[Question] Does the establishment of a social democracy imply nationalizations?

[Answer] Yes, it may include useful nationalizations, provided they are not decided on, because some dogmatists proposed them 10 years ago. Nationalization must be consistent with an industrial policy of the country. It may be useful for the nation to take hold of the control levers in certain industrial branches.

[Question] In your opinion, what are useful or unuseful nationalizations?

[Answer] I should not want to proceed as fast in judgments as the government. Let us say that we are not convinced of the usefulness of the nationalization of PUK [Pechiney-Ugine-Kuhlmann Company] or of Rhone-Poulenc.

On the other hand, we are absolutely in agreement concerning nationalization of the iron and steel industry, which has practically been accomplished already. We agree that there should be a large nationalized data-processing industry, because France must have its own industry and must be a leader in this field. In those sectors whose nationalization is not involved at present, we should like very much for there to be national machinetool industry, because the machinetool inudstry practically does not exist. When we invest, this entails recourse to imports. It would be indispensable for the state to set an example. Likewise, in the textile industry, we are not convinced that nationalization of the Boussac Group might not have benefited French industry, because there too the state should point out the course to be followed. The textile industry can be viable only if it becomes a quality industry by specializing in more unusual, more artistic products, requiring more gray matter.

The Role of Taxes

But social democracy also requires national solidarity involving every subprofessional category. Last year, in the columns of LE MONDE, I put forth the idea of a roundtable on national solidarity, because we are perfectly aware of the effort that has to be made by the country to improve our situation. Now, I think that solidarity is not decreed. It is agreed to. It is useful for every social-professional category to act in concert either together or separately with the government and to accept their own share of the sacrifice. In our opinion, if we often protest against an increase in tax pressure, it is not because of a lack of spirit of solidarity. It is because we think that, unfortunately, we are the only ones participating in that

solidarity, not because of virtue, but because our income is well known. If employers, the liberal professions, businessmen, handicraftsmen, farmers were made to realize that each one must participate in the nation's effort to the extent of his actual ability to pay taxes, this would be easier than by coercive measures. Social democracy implies civic virtue. It may be said that this is an idealistic view. Unfortunately, France is the leading country in finagling and resourcefulness. We should like our country to have a keener sense of solidarity.

[Question] Should not civic virtue first of all be respected on its own? Is it not curious to read in the last issue of your periodical*: "Benefits must be maintained and Social Security assessments must not be increased," while there is a deficit? Is there not a contradiction in that?

[Answer] In our opinion, solidarity must be accomplished basically through taxation. There are some institutions that have been established for a very special purposes for solidarities different from that one. Sickness insurance provides solidarity between the sick and the well. Old age insurance creates solidarity between workers and retired persons, and so on. This horizontal solidariy should not be confused with vertical solidarity between persons with different incomes. If it is desired to confuse those two solidarities, clobbering systems are arrived at and it is no longer known what the exact amounts of solidarity transfers are.

[Question] On this point, is there not a serious conflict between the CGC and the Ministry of Solidarity, which is seeking those solidarities through Social Security? Moreover, is that ministry not applying your proposal to respect coordination by increasing consultations?

[Answer] It has consulted us as it has consulted other organizations. We have said what we think, but we are not convinced that coordination will go farther. Coordination does not consist in politely requesting the opinion of people and then in doing only what you wish to do. Once more, solidarity is not decreed. At any rate, the Social Security institutions are diverted from their objective by wanting to have them participate in a vertical distribution of income.

Social Security: First of All Control Expenditures

[Question] If you are opposed to increasing assessments, what other thing do you propose?

[Answer] We believe that there are ways for reducing imbalances and for avoiding that deficit in a control of Social Security expenditures, in a search for savings and for better management.

[Question] In view of the wide margins in development between expenditure and revenue and the large size of the deficit, is it not necessary to agree to an increase in assessments in the immediate future?

[Answer] Experience makes us skeptical on the existence of that deficit. For 2 years in a row now we have been threatened with a deficit of several billion francs

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* CADRES ET MAITRISE, August-September 1981.

and then it is announced that it is in balance and we realize that we have been deceived. A 30-billion-franc deficit? It is hard to understand. At any rate, in order to compensate for that possible deficit, it is necessary, first of all, to make savings in administration, primarily in hospitals (the number of beds created is proving to be too large--the figure of 60,000 excess beds is mentioned), although some effort must be made with regard to hospital personnel, for example recruiting, at least in some hospitals. Moreover, thought must be given to the basis decided on for assessments. It is probably true that the assessments cover the deficit, but experience shows us that enterprise costs are a restraint on employment. That is why Social Security should be financed in part by other means.

[Question] What are you thinking of? Taxes?

[Answer] It should be taxes, but as long as there is no courageous taxation reform this kind of solution would consist in hitting managerial personnel still more. Other measures are possible, like a value added tax or a tax on the turnover of companies. Moreover, we are not against an extension--for unemployment insurance--to an assessment on wage earners who have job security or against calling on nonwage earners.

[Question] Is a pause in the buying power of wages necessary? Under what conditions would you agree to a smaller increase in the pay of some managerial personnel?

[Answer] Managerial personnel would agree more willingly to a slowdown in the increase in their pay, if they were certain that they are not the only ones to agree to a slowdown in their income. Because the argument is not over pay, but over income. A smaller pay increase? We are in full agreement, if that involves the income of the French people.

Workweek: A Gimmick for the Present

[Question] In connection with discussion on the workweek, do you believe that a 1-hour reduction in 1981 is sufficient? Is it possible and how is it possible to move faster toward 39 or 35 hours a week?

[Answer] The negotiations that were so difficult in July have led only to a gimmick for the time being. It is almost certain that reduction of workweek by 1 hour will not be a factor in the creation of a number of job openings. The historical and technological evolution of society implies a much greater reduction, if we wamt every Frenchman to have work.

[Question] How is it possible to go farther? Do you agree to work- and income-sharing?

[Answer] Reduction in work time must be a factor in the creation of jobs. If it is, it will benefit three parties: wage earners, employers who will see a decrease in their unemployment assessments and the state, which will see its tax revenue increase. The possible cost of a work time reduction must be shared by all those benefiting from it and we agree to participate in negotiations on sharing that cost. If solidarity is advocated, this reasoning must be pushed to the limit: if there is a desire to work less, it is necessary to agree to be able to be paid less. But

I said possible cost. In fact, if the utilization time of machines increases--France working more and the French people less--it is not sure that reduction in work time will give rise to an increase in costs.

[Question] Does it not seem to you that an adjustment in retirement age is a way of improving employment?

[Answer] It is necessary to be prudent. An earlier retirement age may improve employment instantaneously. That is true. But it is necessary to think of the consequence, the country's demographic evolution. The situation will be difficult in 1985: many candidates for retirement and fewer young persons. Therefore, it would be necessary to talk rather about a later retirement age. Therefore, a decision must not be made that will jeopardize future retirement systems. On the other hand, those who have had a hard career should be enabled to retire earlier. Personalized, progressive retirement must also be established, putting an end to cut-off retirement, which is traumatic owing to the abrupt, simultaneous reduction of responsibilities and standard of living. The CGC urgently proposes a study of this reform.

[Question] Measures taken or under study to promote employment to check the increasing unemployment between now and the end of 1982? You criticize the lack of an industrial policy. What proposals have you made to the government?

[Answer] There is only one way to improve the employment situation. It is to allow sufficient growth. All the other measures are only palliatives and bandaids. At present, I do not see what step has been taken by the government in this connection. Therefore, I cannot give my opinion. What I can say is that it seems essential to us to set up a national industrial policy.

[Question] What do you propose?

[Answer] Investments have to be made in new, highly technical slots that will create jobs and that are capable of rewinning the domestic market and of increasing exports. A good example is the machinetool sector.

[Question] What kind of investments?

[Answer] It is true that, with the nationalizations, the state, the sole shareholder, must invest and find funds by means of taxation and borrowing. The budgetary policy must guide the economic policy, even at the cost of a budgetary deficit.

[Question] What is your judgment on the 1982 budget deficit?

[Answer] Considerably before the socialists came into power, we said that France had a sufficiently low indebtedness to be able to allow itself to have recourse to a budget deficit, in order better to get through the difficult years that we are experiencing. We held that reasoning, just like the Economic and Social Council. Later, interest rates increased considerably. Therefore, our conclusions of yesterday have to be modified, but they still are valid. Our indebtedness is still not excessive in comparison with other countries. The 1982 budget deficit does not attract our criticism, therefore.

I wish to add that the industrial policy also assumes support action for those sectors that are traditionally in difficulty, like the textile sector, the building sector, iron and steelmaking. Remedies must be sought, in order to improve the ability of these industries to compete and to struggle against disloyal imports, without engaging in savage protectionism.

Inevitable Layoffs

[Question] Does the ability to compete mean that sometimes the number of personnel must be reduced?

[Answer] Yes. We are well aware that the iron and steel industry is going to have to proceed with a certain number of layoffs, if it wants to remain competitive. We are aware that the automobile industry must have recourse to robotics and to layoff. We are aware that the textile and clothing industries are suffering from excess manpower. But any reorganization must be preceded by a social plan. It is necessary to provide in advance for dismissals of from 2,000 to 20,000 wage earners and to adjust reconversions, facilitate training, technical and geographic mobility. That also is social democracy: giving priority to respect for the dignity of men.

[Question] Does the franc's parity seem realistic to you, especially if account is taken of the lack of competitiveness of French products in comparison with the competitiveness of German products?

[Answer] We have hesitated considerably in that area. The franc's parity is perhaps too high to ensure competitiveness of French products, but we must not proceed all alone to make readjustments. What matters most is consolidation of the European monetary system. In a world in which destabilization is the rule, Europe must be a monetary peace pole. It would probably not be useless for the Community countries to meet and procede, perhaps, to make some monetary readjustments consistent with the real situation. There are, certainly, disparities in competitiveness between France and the FRG, but nothing lasting or effective can be done without European coordination.

[Question] You have threatened to go into action, if the CGC should not be heeded. Are you contemplating a strike? Are managerial personnel really ready to use that labor union weapon?

[Answer] It has been said that the CGC was going over to the opposition. We do not engage in politics and we have no reason for being either in the opposition or in the majority. We make judgments, as in the past, by means of our own criteria. We have a particularly strong desire to be heard. There are many meetings with the government, but we do not have the impression that coordination is really involved.

[Question] How can you make yourselves heard? By striking?

[Answer] Our National Committee will make a decision on 15 September. But, in my opinion, because the government's great decisions have not been made, I can hardly see that the CGC will issue, right now, a strike order. If I have mentioned strike, it is to specify that in case of rough handling of managerial personnel,

of threats to retirement, of a lack of firm industrial measures, the CGC will come to a decision on action, demonstrations or strikes. But you know full well that managerial personnel are too strongly aware of the need for making companies operate well to resort to excesses like a long strike by managerial personnel identical with the one took place in Sweden.

[Question] You did, however, issue a serious warning?

[Answer] Yes. Do not expect strike orders in 2 weeks! I shall see to it that the CGC will not limit itself to recriminations, but, rather, will make some constructive proposals.

10,042
CSO: 3100/966

LABOR PARTY ORGAN COMMENTS ON ELECTION DEFEAT

Oslo ARBEIDERBLADET in Norwegian 15 Sep 81 p 4

[Editorial]

[Text] The conservative wave has really swept in over Norwegian politics now. The voters have spoken in a clear voice. The voters want to give a nonsocialist government a chance. We'll find out in the next couple of weeks whether it will be a straight Conservative regime or a three-party nonsocialist coalition. Under any circumstances it will be a Conservative-dominated government with Kare Willoch as prime minister.

The two middle parties, the Christian People's Party and the Center Party, bound their fate to the Conservatives in the election campaign. It appears to have cost them dearly. It would not surprise us if the election results led to internal party discussions, especially in the Christian People's Party, concerning where in Norwegian politics these parties really belong.

There are many possible reasons for the conservative wind in the Norwegian election. In the final analysis we believe that large groups of voters followed the philosophy that any kind of a change is good in and of itself.

We do not agree that a government change is good for the sake of change itself. The only healthy thing about it is that the voters can now in practice experience the alternative to the policies pursued before. It has been maintained that the best medicine against the conservative wave is to turn conservative forces loose on the voters for a while.

There are definitely several reasons why things went wrong for the Labor Party this time. We would like to stress that apparently a price had to be paid for 8 years of minority rule. Now that the party is going to be the opposition it will at the same time free forces and resources that should be used in the work to rebuild the Labor Party until it is once again the leading political power in Norway. It will also be a natural task to evaluate possible new divisions in Norwegian politics in the years ahead. We are convinced that the Conservative victory in this year's election coupled with the fate of the middle parties will not strengthen cohesiveness in the nonsocialist camp when a little time has gone by. Here there are solid traditions we can refer to, both in Norway and in Sweden.

The Labor Party will pursue a responsible opposition policy. As a big party the Labor Party recognizes its responsibility as an opposition party. Based on the party program it will continue to be the task of the Labor Party to seek support for as much of the party's policy as possible. It should be the job of the Labor Party to present clear alternatives to Conservative policies. In vital policy areas it is obvious that the Conservative Party is in a small minority even in the new Storting.

Naturally the election was a disappointment to the Labor Party. But the Labor Party has by no means been swept aside. The Labor Party is not doomed to defeat following this election. In 1973 the Labor Party received 35.3 percent of the votes and still retained ruling power. When the Borten government took office in 1965 many predicted that the Labor Party was out of the government for generations to come. Four years later, in 1969, things went so far that the Labor Party made a comeback and recovered a government majority on its own. The Labor Party has previously been able to cast off its melancholy (to use Trygve Bratteli's expression) and put the party back on its feet. This will happen again. This time we regard the task as simpler than it was in 1965. In the first place, nonsocialist cooperation then was carried forward by a mutual enthusiasm that is lacking today. In addition it will also be much easier now to unveil the nonsocialist government construction, regardless of how it turns out. When Kare Willoch steps into the prime minister's office he will head a government that has no possibility of living up to the promises that have helped to pave the way to government office for the nonsocialist parties. Anticipations have been created that will naturally lead to a crisis of expectation. This in turn will probably create new opportunities for Carl I. Hagen and the Progressive Party. The Conservative victory in 1981 could turn out to have been a Pyrrhic victory by 1985.

Even though the election outcome was not good enough for the Labor Party there is good reason to stress that the results were much better than indicated by the prospects at the beginning of the year. The opinion polls then had the Labor Party down around 30 percent. The party leadership--not least party chairman and Prime Minister Gro Harlem Brundtland--made a wholehearted effort to give the Labor Party a respectable election result. The effort brought the party up, but not enough this time. Now there is a new and inspiring job to start working on.

6578
CSO: 3108/189

PROFESSOR ANALYZES VOTE TREND REVEALED IN ELECTION

Oslo AFTENPOSTEN in Norwegian 16 Sep 81 p 2

[Commentary by Helge Seip]

[Text] If by "fatal choice" one means that Norway after Monday's election results is headed for more rapid and more drastic changes there is little basis for such an assertion. Norway's welfare democracy is too firmly rooted for a change in the Storting majority like the one we have had to affect the foundations. This is a question of a change in attitude that could have significance in the long run and lead to some practical consequences fairly quickly in some areas. But there will be no revolution in government methods or ways of thinking.

On the other hand we might be able to talk about a political time change, if we think of the mutual balance of power within Norwegian party structure. At any rate this year's election outcome shows one of the biggest shifts in the last 50 years. Norwegian voters have long shown an amazing stability when casting their ballots. Hardly any other country can point to a period from 1945 to 1977 with shifts in percentages for socialist and nonsocialist parties lying within the limits of 47-53 percent of the electorate. In almost all Storting elections since 1936 the sum of votes for the two biggest parties has been two-thirds of the total vote (between 64 and 68 percent) while a varying number of other parties fought for the remaining third of the votes.

One of the signs of an astonishing stability is the normal level and upper limit of voter support for the communists and left-wing socialists. Normally they get a total of 5-6 percent of the vote. In special situations, such as following a world war or a divisive popular referendum they can reach 11-12 percent. And when the Socialist Election Alliance came up with the same percentage of votes in 1973 as the communists had received in 1945 (11-12 percent) the alliance won seats in all the individual districts where there had been communist seats 28 years earlier.

Perspective Over a Period of Time

It will provide some perspective over Norwegian political developments to glance at a simplified table of our Storting election results since the unification of the Norwegian Labor Party in 1927 [not included]. This perspective is interesting as a background for this year's election figures which have given us Norway's

most nonsocialist parliament since 1924. Let us add that we cannot guarantee that we will continue to have the same stability and rigidity in voter preferences in the future as we can observe in the past. Many things happen more rapidly today. It would be surprising if this did not also apply to voter reactions and adaptations to new situations.

If we look at the percentage of socialist voters, which can be of special interest now with the definitive conclusion of the epoch in which the Social Democratic Labor Party was a likely majority party, there were two earlier strong shifts since the war. In 1945, the year of liberation, 10 percent of the voters went over to socialist and communist parties. After six elections with quite marginal shifts in total vote percentages, 5 percent returned to the nonsocialist camp in 1973--after the EC conflict.

Now we have reached the third milestone. This year most of the remaining 5 percent moved in the same direction, returning us to a socialist voting percentage close to that we saw throughout most of the 1930's.

For the Conservatives then the Storting election this year was the best one in well over 50 years. Even the widely-mentioned election of 1930 with 30 percent of the votes going to the Conservatives has been surpassed. We would have to go all the way back to 1924 to find a higher percentage. The fact that the Conservative transition from 40 years of having voter support of a little under or a little over 20 percent to its new heights began with the 1977 Storting election and 24.8 percent of the votes followed by the 1979 county council election with 29.9 percent and the current Storting election results of 31.7 will certainly be discussed and analyzed by historians long after the current generation of politicians has been replaced.

The trend in a conservative direction has been reinforced by the fact that since 1973 we have had a party to the right of the Conservatives which again will have four representatives in the new Storting. This is both a practical and a tactical problem for the Conservative Party, especially in a government position.

The other important difference is that the middle spectrum parties which still had close to 30 percent of the votes at the end of the 1930's and stayed around that level until the 1973 election have now fallen to around 20 percent. They also have a party and voter division that leads to notable underrepresentation in Storting.

Reasons

What are the reasons for the big voter shifts in our country in recent years? Has the average Norwegian after generations of stability in political associations suddenly thrown all his old loyalties to the wind? Or are the new generations in revolt against aspects of a welfare state that at times is so involved with petty distributions that essential values and more basic perspectives are almost forgotten? Are we experiencing the results of the growth of prosperity and a more equitable distribution of income, a higher educational level and greater geographic and social mobility in the form of a flight from the parties

that created much of the basis for all this? How much can be attributed to the media society, the one undersecretary Gudmund Hermes has called media-distorted?

Or are we seeing the jerky changes in voter conduct that occur every time people are shaken by the deeper events of history? The third wave may have something to do with the aftereffects of the EC referendum combined with mounting uneasiness about an intensifying international situation and concern that Norwegian foreign and security policy might start slipping.

Of course we must also mention changes in party patterns and the lack of a liberal center with sufficient force or credibility. This may also be part of the explanation for the strong tide of direct transitions from the Labor Party to the Conservatives in recent years. In addition the fact that almost all western nations are currently experiencing an opposition period regardless of the political color of the government and opposition parties probably also plays a role in this.

Consequences

What will be the consequences of the recent voter shifts for our future political development, party structure, coalition patterns and lines of development? A Social Democratic majority party is a thing of the past but Social Democracy is still one of our strongest political power factors--at least as long as it steers clear of the British course. It must find its role in parliament as a party seeking a coalition.

Despite its gains the Conservative Party will not be able to rule without extensive support from the middle parties. The middle spectrum today is primarily a balancing factor between two equally conceivable government leaders and it has banked on a power shift by supporting a nonsocialist government alternative. Is it possible that at the next crossroads the middle spectrum could emerge in a way that would make it a third, more independent government alternative?

Many of the answers to these and other questions will not be forthcoming until the new government gets started and shows its profile to the Norwegian public. But in commenting on this year's Storting election results it is necessary to keep the long-term lines of development in mind.

6578
CSO: 3108/189

UNDERSECRETARY HOLST DISCUSSES 'ZONE,' POLAND

Copenhagen INFORMATION in Danish 22 Jul 81 p 2

[Article by Ole Kronmann and Flemming Ytzen]

[Text] Undersecretary Johan Jorgen Holst sees new European perspectives in developments in Poland.

If there is any Norwegian politician Americans can count on 100 percent it is undersecretary Johan Jorgen Holst.

That at least is a description from a Norwegian politician who is far from sharing Holst's views. But Holst would hardly disagree with this presentation although he might choose somewhat different words.

After a career in Norway's diplomatic-political life spanning many years Holst is taking on a post that makes him almost equal to a cabinet minister. Some people have ventured to say that is has acquired even more influence than he would have as a member of the cabinet.

He is described by some as the "architect" behind Norwegian foreign and security policies. When Norway negotiated with the United States last year on a bilateral base and reinforcement agreement Holst was the one who did the preliminary work. And as a political opponent put it: "When Holst goes to Washington to negotiate there are really Americans sitting on both sides of the negotiation table."

Prior to Norwegian Foreign Minister Knut Frydenlund's visit to Washington last week it was Holst who took care of the preliminaries and paved the way for a meeting between Haig and Frydenlund on the subject of a Nordic nuclear-free zone. A topic Haig is very unenthusiastic about. This can hardly have come as a surprise to Holst. He undoubtedly weighed things in the balance when the Norwegian government presented its conditions for going along with a formalization of a Nordic nuclear-free zone: a stipulation that the Kola peninsula would have to be included, something that was quite impossible. Or so it was believed. As we know Brezhnev's reaction was quite different from what western security policy people had anticipated.

Nuclear-Free Zone

INFORMATION had an opportunity to interview Johan Jorgen Holst and we asked him to expand on his views concerning current Nordic and European security policy. He explained the Norwegian government's position on the formation of a Nordic nuclear-free zone like this:

"For one thing such a zone must be part of a broader European context and for another it must include Soviet areas, especially the Soviet areas where there are tactical nuclear weapons aimed at Nordic countries. These conditions are important to us because at this time the Soviet Union is conducting an extensive modernization of its modern weapons. If there is to be any sense in forming such a zone it must be made part of regulating the balance of nuclear weapons in Europe and thus I feel it would involve a lower level of nuclear weapons than the present one," Holst said.

Couldn't a nuclear-free zone contribute to a continuation of the SALT process which has been put on ice by the United States? And don't the European lands have a clear interest in resuming the arms reduction process?

"It's not quite that simple. Denmark and Norway have chosen security policy sides. An independent Nordic initiative to form a zone of this type could be regarded as a camouflaged effort to break loose from the NATO cooperation. If that is the goal one wishes to achieve there are more direct ways of promoting it. One should not ignore the point that arms problems are not created by countries like Norway and Denmark."

But isn't our military buildup closely connected with the arms race spiral?

"That is the reality in which we find ourselves. And whether we are part of an alliance or not our geographic location makes us strategically important to the superpowers.

"Through our membership in NATO we help to maintain the strategic balance that can form the basis for continued negotiations on arms control. In my opinion the SALT process is not as bogged down as has been maintained. Brezhnev's recent statements show that the Soviet Union wants to see movement in the negotiations. We must regard that as a positive sign since the negotiations at the security conference in Madrid went very sluggishly due primarily to the position of the Soviet Union."

Of the current changes for starting up real negotiations on European medium-range missiles Holst said he thought the Nordic lands should avoid creating unrest that could disturb the climate of negotiations between the Soviet Union and the United States.

Hasn't the Soviet Union moved as much as can realistically be expected? Quite aside from the fact that while Moscow wants a strategic military balance the Reagan administration is aiming at superiority?

"I don't belong to those who think one can measure and evaluate the balance of forces by counting cannons, planes and missiles on both sides. On the deepest level such estimates are not decisive for the real balance of power between East and West.

"The assessment we in the NATO alliance must use as the basis for evaluating the foreign and security policies of the Soviet Union and the Warsaw Pact is which tendencies are developing. We must ask ourselves what the present tendencies will develop into in the years ahead. And one arrives at the conclusion that the Soviet Union is conducting an extensive modernization of its missile systems. This modernization is the expression of a clear tendency to which NATO must naturally react, in order to create a favorable starting point for continued negoations on arms control."

Poland

Johan Jorgen Holst said the security policy situation in Europe is in for drastic changes as a result of the new developments in Poland.

"The situation there has developed in an incredible way with Poland changing into a pluralistic society with the power divided up among the state, the party, the church and the independent union movement. Due to Poland's location the Soviet Union cannot go along with Poland withdrawing from the Warsaw Pact but since the Polish reforms do not affect foreign policy Moscow has wisely chosen not to intervene militarily--and the Polish experiment has lasted so long now that I don't believe there will be a Soviet intervention. Thus we are now seeing a test of how much the Soviet Union will tolerate from its East European alliance. And this can give us an understanding of the aims behind Soviet policy. This understanding could be useful in other contexts. One of the reasons why it has been so hard to get arms reduction talks going is that the Soviet Union has defined its security interests in a very extreme way. The Polish development is now forcing the Soviet Union to revise its attitude toward alliance partners while at the same time this opens up new relations in European policy--relations that might lead to the reduction of the importance of the military alliances. Poland has shown it is possible to loosen the organic ties between Easteren Europe and the Soviet Union."

What do you see of European vision in this development?

"Europe will continue to be part of the superpower picture. But the development in European policy could contribute to reducing East-West tension and thus to a limitation of the influence of military alliances."

What do you mean when you say Europe in this context?

"Europe from the Atlantic Ocean to the Urals. But of course Europe's security problems cannot be solved without American involvement."

French Line

But when you talk about an independent European security policy are you advocating introducing a French line in NATO, such as Johan Galtung for one recommends?

"I am content to say that an independent European identity has developed in the area of security policy. An identity that began to be expressed after the Soviet invasion of Afghanistan when Europe behaved much more independently than ever before and we will probably play a larger role in the future than we have done in the past."

6578
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POLL SHOWS DROP IN LABOR PARTY POPULARITY

PM171127 London THE DAILY TELEGRAPH in English 17 Sep 81 p 2

[Gallup Poll report: "Labour Lead Down to 4 1/2 Percent"]

[Text] Labour's lead over the conservatives has fallen to 4 1/2 percent, compared with 10 1/2 percent, last month according to the latest Gallup poll conducted exclusively for the DAILY TELEGRAPH.

The survey took place at the end of last week/s TUC and before the cabinet changes. At the same time, the public's rating of both Mrs Thatcher and Mr Foot has improved slightly, and of the three main party leaders, Mrs Thatcher is thought to make the best prime minister.

Replies to Gallup's normal voting question were:

	Today	Aug.	July	June
Cons.	32	28	30	29 1/2
Lab.	36 1/2	38 1/2	40 1/2	37 1/2
Lib.	11 1/2	13	14 1/2	18
Soc. Dem.	17 1/2	19	12	12 1/2
Other	2 1/2	1 1/2	3	2 1/2

Support for the Liberals, meeting in Llandudno this week, is now lower than any point for more than a year.

When Gallup reminded people of the existence of the Social Democrats, the following pattern of support emerged.

	Today	Aug.	July	June
Cons.	28	25	25 1/2	28
Lab.	32 1/2	33 1/2	36	33 1/2
S. Dem.	30	31 1/2	24 1/2	23
Lib.	8	9 1/2	11 1/2	14 1/2
Other	1 1/2	1/2	2 1/2	1

A similar picture emerged when the question was posed about voting behaviour if there was an electoral pact between the Liberals and the Social Democrats:

	Today	Aug.	July	June
Cons.	28	24	25	27 1/2
Lab.	31 1/2	33 1/2	33 1/2	33 1/2
Soc. Dem.				
Lib	39 1/2	41 1/2	39	37
Others	1 1/2	1	2 1/2	2

Despite being behind Labour in party support, the Conservatives are thought to have the best leaders, and equal with Labour on policies.

	Today	Apr	Feb	Jan
Best policies				
Cons	30	23	29	32
Lab	30	28	29	32
Lib	10	11	14	11
Other	8	6	2	2
Don't know	22	32	26	23
Best leaders:				
Cons	32	28	33	34
Lab	25	22	25	27
Lib	14	14	16	11
Other	7	6	1	1
Don't know	22	30	25	27

The advantage the Conservatives have on leadership is confirmed by the replies to the question: "Who would make the best prime minister—Mrs Thatcher, Mr Foot or Mr Steel?"

	Total	Cons	Lab	Lib
Thatcher	31	81	6	6
Foot	26	3	63	9
Steel	29	11	19	72
Don't know	14	5	12	13

On the other hand, the public has little confidence in the ability of politicians of any of the three main parties to deal wisely with Britain's problems:

	Cons poli	Lab poli	Lib poli
Very great	5	5	2
Considerable	25	22	19
A little	19	24	27
Very little	25	22	20
None at all	23	23	20
Don't know	3	5	12

This latest survey was based on a national representative sample of 1,030 electors in more than 100 districts between Sept. 9 and 14. The "don't knows" excluded from Gallup's normal voting question amounted to 8-1/2 per cent, the lowest for some months.

Details of the standard "popularity" questions were:

"Do you approve or disapprove of the government's record to date?"

	Today	Aug	July	June
Approve	26	23	23	26
Disapprove	63	66	66	63
Don't know	11	11	11	11

"Are you satisfied or dissatisfied with Mrs Thatcher as prime minister?"

Satisfied	32	28	30	33
Dissatisfied	62	66	65	61
Don't know	6	6	5	6

"Do you think Mr Foot is or is not proving a good leader of the Labour Party?"

Is	28	23	25	28
Is not	54	57	52	48
Don't know	18	20	23	24

"Do you think Mr Steel is or is not proving a good leader of the Liberal Party?"

Is	56	61	56	61
Is not	21	18	20	18
Don't know	23	21	24	21

CSO: 3120/3

HEDGEHOG ORGANIZATION LOBBIES FOR DEFENSE CAUSE

Copenhagen INF in Danish 31 Jul 81 pp 6-7

[Article by Flemming Ytzen]

[Text] The stickers can be seen everywhere. The Danish flag and the jolly prickly hedgehog have become an everyday symbol alongside the smiling sun of the nuclear power opponents and the pink badges of the punks.

"The Hedgehog Organization" is the name on the postal payment card which tens of thousands of Danish citizens friendly to defense have used in making "Defense of Denmark," the official name of the organization, the biggest and broadest grass-roots organization in the nation. In three-quarters of a year Hedgehog has attracted so much support that all leftist-oriented grass roots must be turning dark green with envy. Since it started up last October close to 25,000 Danes have paid in half a million kroner to strengthen Danish defense determination.

Hedgehog does not conceal its political orientation. The introduction brochure said plainly: "Denmark's security depends on our membership in NATO. Other European countries have had to pay with their liberty: Bulgaria, Poland, Romania, Czechoslovakia, Hungary and East Germany. Efforts to achieve national independence and free elections have been crushed by military power."

And further: "We can do nothing alone. Only with strong and reliable allies, as a trustworthy member of NATO, can we insure peace and freedom at the gateway to the Baltic." And of the government's so-called zero solution for defense: "The zero solution has created strong doubts among our allies concerning our defense determination. They are now using the word 'Denmarkization' of the country that wants to benefit without putting out. A new expression for lack of solidarity."

Three Hundred Local Groups

The brochure leaves no doubt about which groups gave life to the hedgehog:

The Danish Naval Society, the National Council of Danish Army Societies, the Danish Brothers of Defense, the Air Force Society, Veterans of the Fight for Liberation and the Danish Reserve Officers' Society.

But the greater part of those who have paid money to the Hedgehog postal payment account (with an address in Vedbaek) are civilians. And 25,000 is quite a respectable number, a striking expression of the breadth of Danish defense determination. For purposes of comparison it can be noted that Denmark can mobilize 54,000 armed men the day Russian invasion forces overrun the beaches of Sjaelland. With its 300 local groups all over the country Hedgehog can supply the Danish defense effort with a not insignificant moral reserve.

"Defense of Denmark" has a historic predecessor, namely the Atlantic Alliance which was formed during the Cold War of the 1950's and had an almost identical purpose. The Atlantic Alliance also used a hedgehog as its mascot.

It would be wrong to call Defense of Denmark a predominately right-wing organization. "The people who support us extend in political orientation from the Social Democrats all the way along the nonsocialist spectrum," said one of those who initiated the movement, hardware director and reserve officer Ivan Hermansen. He does not conceal the fact that the movement is organized along the lines of the leftist grass-roots movements, i.e. a very loose structure with emphasis placed on noncentralized activity and thus lacking the traditional form of leadership with a presidium or board of directors.

"From our central office we supply local groups with brochures, stickers and other information material--but otherwise all activities are left up to local initiative," Ivan Hermansen said.

Roots in Resistance Movement

The idea of forming a grass-roots organization friendly to the armed forces and NATO originated in the summer of 1980 under the inspiration from developments in the political defense talks. "A few of us found it necessary to convey information that would offset the campaign that was being pursued by the left wing's peace people. Naturally we want peace as desperately as the left wing does, but what we want to come to grips with is the idea that one can guarantee peace at any price and through unilateral disarmament." In addition to Hermansen those taking the initiative in starting Defense of Denmark were another reserve officer, Claus Valentiner and Fredericia chief physician Jorgen Rojel who regularly comes to the defense of the armed forces and NATO in the columns of JYLLANDS-POSTEN, often in polemical exchanges with Radical members of Folketing. Other Hedgehog supporters came out of the resistance movement, among them a group called "The 16th" which was affiliated with the Holger Danske group.

The founders are surprised themselves at the massive support for Hedgehog. "We have tapped the great silent majority who by paying in 20 kroner to our account indicate their intention to support the cause of defense. For this contribution they receive some of our stickers. As will appear from our payment lists almost all contributions are somewhere around 20 kroner. So there is no question of our having rich sponsors. Of course there are some big contributors. The biggest contribution came in recently when the Hafnia Hand in Hand fund granted us 25,000 kroner."

Sonja from Sunds

Hermansen emphasized that the most important difference between Defense of Denmark and earlier defense-friendly organizations is not just its different structure. "The difference is that we approach things from a marketing point of view. And here we profit from the business experiences I and others have had."

The largest single activity Defense of Denmark has undertaken was the publication of a campaign newspaper in the spring, a professionally designed publication with a printing of 300,000 copies, with former CD [Center Democrat] politician Borge Mannov as responsible editor.

The front-page article in the campaign paper is an interview with the deputy director of the International Institute for Strategic Studies (IISS) in London, Gregory Treverton. Under the headline, "Denmark Defensible with Conventional Weapons," Treverton explains that NATO assigns Denmark especially vital strategic importance, first and foremost because of our location. Inside the paper details are given of the activities Warsaw Pact lands are conducting in and around the Baltic.

As an example of Hedgehog's folksiness the paper interviewed Sonja Christiansen from Sunds. She is a textile worker, chairperson for the Social Democratic Voters' Association, active in the women's army auxiliary and is also on the board of directors for a parish nursery school--in addition to taking care of her family. The paper describes her like this:

"Sonja from Sunds is becoming well-known in central Jutland. Many know her last name, Christiansen, but most people call her by her first name. Today she has thrown herself heart and soul into the defense debate. She attends debate meetings, writes letters to editors. In brief she uses every occasion to explain why she thinks Denmark should have a defense that is unweakened in any way." And Sonja herself explains her involvement in the defense issue like this: 'It has something to do with the fact that I am ready to go into action for an issue I believe in. Even if it costs something.' Sonja believes that even though the Danish defense system seems inferior on paper it could make enough of a contribution to allow help to arrive in time. She says: 'It has a lot to do with the fact that the Danish soldier is an independent person you can count on in a defense situation in his own country. I doubt the same thing is true in the Warsaw Pact countries when it comes to fighting spirit and independent effort. We can see how little it takes before there is disorder in the ranks.'"

Anker's Zero Solution

The people behind Defense of Denmark often emphasize the importance of the movement's retaining its apolitical character: "We must stretch over a very broad political spectrum," says Ivan Hermansen.

How was it that the movement was the only organization that set up a booth at the Conservative Party's national congress last year?

"I didn't know about that. I was at an officers' course in Koge and some Conservatives called me up and asked if they could get some Hedgehog material from my private residence. I said they were welcome to it--but I had no idea it would be used to make a display at the Conservative congress! But let me add that the political parties that have used us the most have been the Liberals and the Center Democrats. They have sent the material out through their voter associations. The Progressive Party has done something similar to a certain extent."

But wouldn't they most like to get a foothold in the Social Democratic Party?

"Heavens, yes. No one can pursue policy in this country without the backing of the Social Democrats. We are already in touch with many Social Democrats--those who oppose Anker Jorgensen's zero solution but lack a place to stand without wishing to leave the party and join another one."

9 April Syndrome

Aren't they playing a lot on the psychological phenomenon some people call the 9 April syndrome, in other words the fear of another occupation?

"Well you might say we are trying to counteract the 'what-difference-does-it-make' attitude that was widespread in Denmark prior to the German occupation. And Denmark would have looked different today if we had had a defense in 1939-40 that was capable of fighting an invading enemy. It would have meant our being given a status that was immediately given to Norway. We did not achieve that status until later thanks to the efforts of our resistance movement."

The security policy and military situations have changed quite a bit since 9 April 1940 and many find it absurd to talk about a new occupation of Denmark in the context of a modern war against such things as the use of nuclear weapons.

"The only thing I can say to that is that Denmark is no longer alone and that our alliance membership in itself is a protection against military threats. Personally I believe that if there is another war it will be fought with conventional weapons."

Many people don't share that opinion, however.

"Yes, because right now a campaign is being waged around the threat of nuclear weapons. I base my opinion on the fact that the side that starts using nuclear weapons immediately allows the other side to play by the same rules. The consequences are impossible to imagine. Many wars have been fought in which a tactical nuclear weapon could have been used--take Korea or Vietnam, for example--but this did not happen! Gas was not used in World War II even though there was plenty of it. Nuclear weapons are there to deter the other side from using them."

But NATO abandoned the deterrence doctrine long ago and is now producing nuclear weapons that can be used in limited rather than all-out wars. That doesn't seem compatible with your remarks.

"It would be crazy not to prepare for the chance of such a war on paper, but in modern warfare a great many things have been prepared for which were never used. I do not want a conflict to arise at any time. All I want is to preserve peace and my freedom. And since I have seen how life is on the other side of the Iron Curtain I realize that is not what I would like to have happen in Denmark."

Invasion

Does this mean that the most urgent security threat to Denmark is a regular Soviet occupation of Denmark, conducted with conventional weapons?

"Yes, the weaker our defense is the more exposed we are to such an occupation. We don't believe now that an invasion is right around the corner. It won't be as long as Denmark can muster a reasonable military force. And as long as the two military treaties are fairly well-balanced the risk of war is minimal for no one will be tempted to take new steps. Personally I don't believe the Soviet Union is preparing for a war--but I do believe that in the right circumstances the Soviets will take what they can get their hands on. Due to Afghanistan and Poland which have given them many problems they probably wouldn't dare take new steps right away. Incidentally I think what is happening in Poland is wonderful. And it would be great if the Poles got their freedom. But it would be catastrophic if it came to a Soviet invasion for then Soviet military forces would be even closer to Western Europe."

What is implied by the word "Denmarkization"?

"That we make ourselves so weak that we become unable to act freely under pressure. It means that when the threat breaks over one, one choses to lay down one's arms--thus paving the way for a new political pattern. This doesn't mean we would have a revolution in open combat, but it could happen if the usual 3-4 percent of the people who are communists take over the ministries and then sit on the rest of Denmark. And that would be the end of having more than one political party in Denmark."

6578
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PAPER EXPRESSES CONCERN OVER SOVIET THREAT IN BALTIC

Oslo AFTENPOSTEN in Norwegian 4 Sep 81 p 2

[Editorial: "A Somber Exercise"]

[Text] The extensive Soviet military exercises, to begin today and to be concluded 12 September, in areas close to the Polish border, have a particularly somber feature: Despite the fact that those in power in the Kremlin are faced by an autumn of crisis, the third in a row, additional troops have been called up at just the time when it is most common--and most required--that they be put to use in the grain fields. Alarm bells should not be rung unnecessarily, but this is just what happened in the late summer of 1968. And though the Soviet Union was not at the time obliged to inform surrounding states of such activity, the intelligence apparatus of the Western countries was good enough to enable its experts to survey the situation and connect it with developments in Czechoslovakia.

The maneuvers are to be supervised by Defense Minister Dmitriy Ustinov personally, and will take place paralleling the first national congress to be arranged by Solidarity, the trade union organization. Consequently the exercises are a new form of pressure upon Polish public opinion, the populace, and the leadership of the Communist party, the church, and the trade union. It is also a clear and very grave form of interference in what is ideally the affairs of the Poles alone.

It does not make the situation brighter that the Soviet press prepares for the Solidarity congress with new attacks upon the trade union organization, now stamped as opposed to the socialist system. One might perhaps speak in somewhat ironic terms about the obvious antisocialist, even counterrevolutionary character of an organization that wishes to give the workers greater influence at the cost of the privileged holders of power, but the times and the situation do not invite jocular cleverness.

The best that can be hoped for at this juncture is that the Soviet forces are to be effective by their presence and not be put to further use. In that case they are "only" to cover the backs of the Polish party leaders in the event they follow repeated, urgent appeals by Moscow and show willingness to demonstrate the leadership called for. The problem is that there is no lack of will, neither to leadership nor to power. What is lacking is ability, after so many years of misrule, with a corruption, which the Poles can now see in the leaders' luxurious

villas outside Warsaw, and after so many years of propaganda, when they were always told that things would be better, while the people saw and felt that they were getting worse.

A few days ago an older man was quoted in a Western newspaper: "During the period between the wars the food markets were full. They are not full now. That is all I will say." The food markets are not full in the Soviet Union either. But those who could have helped fill them are not in the fields to help the minister of agriculture; they are sent to camps to help Defense Minister Ustinov and the other members of the Politburo.

11,256
CSO: 3108/183

PAPER URGES INCREASED DEFENSE OUTLAYS

Oslo AFTENPOSTEN in Norwegian 5 Sep 81 p 2

[Editorial: "Defense and Money"]

[Text] The 1981 defense budget will be inadequate as a result of increasing prices. Defense Chief Sverre Hamre recently asserted that defense will need an additional appropriation of 225-250 million kroner to be able to maintain its activity at the present level through the rest of this year.

This laconic warning is too serious and its implications too far-reaching for it to be "drowned" during the last stage of the Storting election campaign. We therefore assume that the government in power is fully aware of the situation and will take the steps needed: In the first place to prepare proposals for the necessary additional funds, and in the second place to take this year's price increases into consideration in the final preparations for the 1982 budget. Both will be needed, regardless of the election's outcome.

For the same reason it should also be stressed that we cannot afford to have our relative defense capability further weakened. This has already happened as a result of technological developments in weaponry, the buildup of Soviet strength in the Kola area, and the expansion of the Soviet northern fleet based there. In addition, however, the weakening was worsened by our own dispositions, or rather neglect, because among other things, for several years the undermining of defense budgets by price and cost increases was not compensated. Not until the present Storting session has the nonsocialist opposition been able to make the Labor Party realize that things will go wrong without such compensation.

The Conservative Party, the Christian People's Party, and the Center party stand by the Defense Commission's proposal for a real growth of 4 percent in the budgets for the 5-year period beginning this year. The government and the Labor Party have been willing to go no further than a 3 percent annual growth. For the entire period the difference will amount to over 1200 million kroner.

If our own defense efforts have thus shown and still show a serious lack of wholeheartedness as concerns operation and development of our defenses, the reinforcement situation is the most troublesome. We are not where we should be as concerns defense of harbors and airfields, though this--to a special degree as concerns airfields, of course--is essential for us to be able to receive allied help in a

crisis or war situation. And as is known, this is help upon which we are completely dependent if we are to hope to be able to defend our territory and our freedom.

The finances of our defense forces must be kept in order, both as concerns operations and investments. The three largest nonsocialist parties--led by the Conservatives--are determined to live up to this requirement. In the joint declaration of last spring they declared, among other things: "The relative ability of our country to defend itself will be maintained in coming years by defense being given the necessary financial means." In other words, it is not to be a matter of money, though appropriations will of course be used with caution and reason. Upon this assurance the voters can depend, fully and firmly.

11,256
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END

JPRS 79189

13 October 1981

West Europe Report

No. 1829

THE TENTH SPANISH COMMUNIST PARTY CONGRESS, 28-31 July 1981

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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THE TENTH SPANISH COMMUNIST PARTY CONGRESS, 28-31 JULY 1981

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PRESS FORESEES PROBLEMS FOR PCE, CARRILLO AT CONGRESS

Main Issues Identified

Bilbao EL CORREO ESPANOL-EL PUEBLO VASCO in Spanish 26 Jul 81 p 26

[Article by Mariano Guindal: "Problems and Factions Within the PCE"]

[Text] The 10th Congress of the PCE will go down in history as one of its most factious and without doubt as a turning point in the party's strategy and even ideology. For the first time since the Sixth Congress in 1960, when Santiago Carrillo was elected secretary general, various circles have called for his resignation. Nevertheless, his reelection is considered a sure thing, although his powers will be substantially cut back. People are saying that with this congress Carrillo will begin to pave the way for a successor, who will emerge in late 1983. It will thus be a gradual succession. On paper the assertion is that the big winners will be the soft-line "Eurorenovators" in perfect harmony with the men of the "apparatus," while the "pro-Soviets" are being regarded "a priori" as the big losers.

Spanish Communists face five major problems at this congress: an ideological definition or a search for distinguishing features; a generational turnover in central leadership bodies; adapting the internal structure to the new government model of the autonomies; internal democracy, a new internal PCE organization, and a new labor union approach.

These five problems have given rise to four currents of opinion within the PCE: the men of the "apparatus" or the "Carrillo supporters," the "Eurorenovators" or the "anti-Carrillo forces," the pro-Soviets or "Afghans" and the federalists. These four factions analyze the work of the Central Committee from different perspectives.

Ideological Definition

At its Ninth Congress, held in Madrid from 19 to 23 April 1978, the PCE abandoned its traditional description as "Marxist-Leninist" and chose a somewhat ambiguous formula in the eyes of a large segment of the party. Article 2 states: "The Communist Party is based on revolutionary Marxism. It learns critically from the experiences of the socialist revolutionary process that the October Revolution led by Lenin initiated and of the labor and liberation movement."

To a large segment of the party this new formula was like losing its identity. On the one hand, Eurocommunist ideology is still poorly developed, and on the other, the new ideology is not consistent with the PCE's current approach of not allowing organized factions and of maintaining democratic centralism.

There are three stands on this problem. First, the official position is that the legalization of factions is not synonymous with internal democracy but rather with corridor compromises, which is tantamount to annulling the decision-making power of the rank-and-file. At the same time it defends the "old guard," arguing that if it had not been a renovator, the PCE would not be Eurocommunist and would instead be similar to Portugal's Communist Party. Second, the "Eurorenovators" contend that the party has to have new leaders who can assimilate the ideological change, develop it and acknowledge the organized factions. Thirdly, there are the "pro-Soviets," who feel that Eurocommunism has no potential in the current cold war era because its political space is occupied by the Socialists and who defend Marxism-Leninism as a doctrine that is perfectly compatible with humanist socialism, as the PCF has demonstrated. They also want legalized factions, more as a strategy than out of ideological conviction.

Changing of the Guard

In practice, the new generation began taking over in 1977, as the members of the Old Guard who occupied the secretariats general were "promoted" to presidents, as occurred with Santiago Alvarez, Gregorio Lopez Raimundo, Horacio Fernandez Iguanzo, Ramon Ormazabel, Manuel Benitez Rufo...But the process stopped when it got to the secretary general of the PCE, when the time came to replace Santiago Carrillo, who felt that it was not yet time for him to become "president" of Spanish Communists and for whom there is no clear-cut replacement for the time being. Carrillo realizes, however, that he cannot continue along this line for much longer and has come up with an original prescription for getting through the 10th Congress, the establishment of two deputy secretariats general. Tamemes reacted by stating that "this is not the time to create dauphins," and a wideranging segment of the party is calling loudly for Carrillo to step down. This has triggered a sharp internal struggle for power in the PCE, and this problem has given rise to the "Euro-renovator" faction, which among other things advocates retirement from political posts at age 60.

Internal Structure

The strategy of an underground party with an iron-like internal structure based on democratic centralism, is of no use to a party of the masses. The issue is further complicated by the shift from a centralist government to a government of autonomies. The party has to adapt to the country's new democracy. At the Ninth Congress, Carrillo tried to get ahead of himself and made a serious mistake that he now has to acknowledge and rectify: the regionalization of the PCE. In the underground, Communists organized themselves in neighborhood, factory and university cells and formed professional associations. At Carrillo's initiative, the party was organized into regional federations in which an attorney worked side by side with a blue-collar laborer, which led to

a loss of the capacity for theoretical debate. At this congress, Carrillo has to do an about-face and recognize professional organizations along with regional federations. But this will come too late, when many professionals have already left the PCE.

The government of autonomies also necessitates a federalization of the party. The question now is whether the PCE is going to become a collection of Communist parties grouped together in a federal party, as is the case with the PSUP, or a centralist party that gives a certain degree of autonomy to its provincial organizations. The Communist parties in the Basque Country, Valencia and Aragon are marked by internal strife, and this problem has given rise to the "federalist-renovation" faction.

Union Battle

The fourth and last major problem is the party's union policy. This is perhaps one of its most important problems. The controversy revolves around the PCE's approach to the workers statute, which has placed Marcelino Camacho at odds with Santiago Carrillo, who is supported by Nicolas Sartorius. Camacho advocates a "boycott" of the UCD [Democratic Center Union]-PSOE [Spanish Socialist Workers Party] pact and is forcing CCOO [Workers Commission] not to sign the AMI [Framework Collective Bargaining Agreement]. This policy, which Carrillo regards as "vanguard," brought the CCOO one of its first defeats, as it remained on the sidelines in the 1980/81 collective bargaining while the UGT [General Union of Workers] made major gains and, in fact, pulled even with the Communist-backed union.

The "pro-Soviets" are banding together to tackle this problem and are using labor leaders in Catalonia to make their strength felt. The "hard-line" faction made its presence felt at the Second CCOO Congress by putting 13 members on the Federal Committee. The men of the "apparatus" are deeply worried about this problem, which is why they are promoting young moderate labor leaders for PCE leadership positions, in order to offset the strength of the "pro-Soviets" in the labor movement.

PCE Must Adapt

Madrid DIARIO 16 in Spanish 28 Jul 81 p 2

[Editorial: "The 10th Congress"]

[Text] Spain's democratic process has traversed the highways of history at undeniably supersonic speeds, and over the past 5 years the country has made major, frenzied strides and covered decades in barely 2 weeks time. Not even the Communist Party has been immune from the influence of this dizzying pace, as it faces one of the most critical moments in its history with the start of its 10th Congress today.

The fact is that never in the history of Spanish communism has there been a congress with such a buildup of expectations and with such a heavy barrage of criticism and censure of its formerly all-powerful and almost supernatural secretary general, Santiago Carrillo.

At the very beginning of the transition, with its revolutionary euphoria, the PCE, harvesting the fruits of its silent, solitary and self-sacrificing efforts to resist Francoism both here and abroad, rightly became the vanguard of leftist forces in our country.

This situation lasted only a short time, however, and from its initial enthusiasm the party went through successive periods of anguish, tedium and disenchantment, prompted mainly by the displacement of the young leaders who headed up the resistance to Francoism here at home and by the poor results at the 1977 and 1979 elections, less than 10 percent of the vote.

Given this state of affairs, Carrilloo's trials and tribulations on the eve of the 10th Congress have been caused by the apocryphal bloc of renovators and "Afghans" who are challenging him from diametrically opposed stands.

It could be said that the Communist leader is faced with a very difficult, if not insoluble dilemma: either to renovate the party and adapt it to as exuberantly young a country as ours, or to remain faithful to his political and ideological ancestors, to his longstanding comrades in the JSU, who control all the workings of the Communist machine and who have been an impenetrable, airtight Pretorian Guard for the past 25 years.

Ramon Tamemes is probably right when he stresses that the PCE cannot be renovated with Carrillo as its leader, and therefore we regard this congress as an timely occasion for him to retire. What doubt can there be that the entire Eurocommunist program would be much more credible and attractive to the younger generations of Spaniards if it were headed up by a man like Nicolas Sartorius, who is much more immersed in today's sensitivities!

But if the party does not take advantage of this opportunity to replace him, we feel (and this is our contingency approach) that Carrillo ought to put an end to his longstanding public vicissitudes, make an effort to be honest with himself and his comrades and acknowledge that on the basis of his Eurocommunist ideas he should take up most of the proposals of the renovation faction, which ultimately embodies the vitality that will enable the party to survive the political demise of its current leader.

Carrillo Praised

Madrid DIARIO 16 in Spanish 28 Jul 81 p 2

[Article by Alberto Cardin]

[Text] Answering the steady stream of attacks that have been leveled at Santiago Carrillo in recent days, Alberto Cardin raises his voice in defense of the Communist Party's secretary general, although "praising politics when it is getting such bad press throughout the world and specifically praising the trickiest and most merciless of politicians, as dissidents and ousted former members describe him, might almost sound like a challenge."

It is not because I want to contradict everyone else, but praise can be proclaimed from several perspectives. The unfaithful steward in the Gospel was praised by his master not because of his loyalty and honesty but rather for his knowledge "of the things of this world." And it is quite obvious that even the biggest criminal or the most incompetent bureaucrat can be praised for his perfect technique, whether in pilferage or in "pulling strings."

The fact is that praising politics when it is getting such bad press throughout the world and specifically praising the trickiest and most merciless of politicians, as dissidents and ousted former members describe him, might almost sound like a challenge.

Politics

There are several misconceptions in vogue about politicians. One is that they have to be original; there is no reason for this to be the case because the fact is that their task is to express the goals of their voters, which itself entails a restraint on any boldness.

Another is that they have to be virtuous, which is contradicted by any theory of social interaction, which asserts that the conscious goals of many individuals wind up eclipsing each other when they meet head on. There would be no reason for a politician to have a more clear-sighted or virtuous disposition than his particular constituency; rather, his ought to be more efficient, which rules out any moral hierarchy of the ends.

Another final misconception is that they have to be upright and "moral." La Pasionaria already gave an answer to this, when Felipe Gonzalez made his moral gesture, by noting that if he were so ethical, he could not be a good politician. This could be turned around and expressed as follows: inasmuch as he is still a politician, he cannot be that ethical. And in the case of Carrillo, Santiago is without doubt the most complete of politicians.

Slogans

Everyone seems to be agree on this last point, albeit with some degree of pejorative reluctance. If we leave aside the routine and by now somewhat forgotten accusations against him, his cruelty towards Wenceslao Carrillo, or the Paracuellos incident, or whether or not he turned in Grimau, Carrillo has been the epitome of a politician throughout the transition period and, therefore, a target for all criticisms leveled at politics.

There is, for example, a consensus that the Duke of Suarez was an upstart and a bungler, that Felipe Gonzalez is both clever and good, that Fraga's poor personality gets the best of him even though he is a great legislator, or that Areilza is a very cultured gentleman and democrat even though he was mayor of Bilbao in 1937. The clever notions about these men have accumulated over time, or they are accorded a halo of respect and self-denial.

In contrast, the only thing that people acknowledge about Carrillo, and not without a certain degree of malice, is his cleverness in throwing the "transitional" police off the track by wearing a wig. Everything else having to do with him involves lobbying, "ukases," betrayals, manipulation and repetitions.

Cristina Almeida says that the PCE is "party of slogans" and she could have added that Carrillo, a veteran virtuoso, is the man who best recites these slogans. What she does not realize or does not tell us is that discernment is the opposite of sloganeering and that it inevitably goes beyond parties, even if to the Apocalypse of the future that never arrives, the hell that will never come.

Moral

If we had to transfigure Carrillo philosophically, he would no doubt come out looking like Lin-Piao did in a book that was late in coming to Spain but that is very instructive, "The Angel, Ontology of the Revolution I." We would have to emulate this title: "Carrillo as Will and as Representative."

Yes, will, everyone will say, the will to hold power and perpetuate himself. But representative? Of what? A representative of all those who are fond of politics and those who go beyond it.

Those who are fond of politics because Carrillo, in spite of all his trickery, is prepared to die with the PCE, when it longer has a constituency and when all of the "organic" intellectuals have gone over to "the government alternative." Those who go beyond politics because Carrillo will always be a landmark to them of how far a political animal can go. Carrillo neither copies nor philosophizes nor manipulates in politics. He simply "is" politics. And that's about as far as you can go.

Carrillo Criticized

Madrid YA in Spanish 29 Jul 81 p 5

[Editorial: "The Utopias of the 10th Congress"]

[Text] It is not enough to listen to Santiago Carrillo. He must be read and underlined. His tone puts one to sleep. In contrast, when you read carefully what he has to say, he can arouse enormous curiosity and usually leads to in-depth reflection. Carrillo himself read the 180-odd pages of his report to the 10th Congress of the Communist Party yesterday. His parliamentary skills were once more highlighted. We chose to read it very carefully and we have found in the report not only what he said but also what he omitted.

The last few paragraphs of the document summarize it quite well. "We need a PCE that will democratize and regenerate itself continuously, without losing

its distinguishing features, capable of acting as a genuine revolutionary Marxist vanguard of the creative masses and critical within the historical bloc that we must forge, and of its political, social and economic forms; a party in which there is a broad circulation of ideas, but a homogeneous policy, not a conglomeration of subparties competing for the votes of a passive rank and file; leadership teams within which various comrades can express themselves differently, but within the framework of mutual cooperation and loyalty; a party whose aim is to win over the people, which is not the same as a party shaken by the pressures of society's ruling strata or by the powers of this world."

Why that's nothing at all that Carrillo is asking for! It's the same old sham and utopia! Because although it is true that the Spanish Communist Party could assume an identity consistent with the summary that Carrillo has outlined, even in the event, which is impossible, that it managed to create that image, and even in the event, which is also impossible, that it succeeded in developing that legion of men possessing all those virtues, we would be looking at a group whose relationship with social realities would not be viable. The fact is that when the PCE's secretary general criticizes the party and its leadership, he is confirming that this is impossible. It is not consistent. It cannot be, because the gap between a party anchored in the past ("our distinguishing features also stem from an unconditional defense of the great October socialist revolution in Russia," he says at one point in his speech) and the social realities that they are endeavoring to relate to is patent and cannot be bridged.

All of his statements, except the strictly political ones (the ones aimed at achieving power), turn out to be that contradictory. When he accuses the UCD administration of not heading off the ruin of small and medium business, he forgets to say that the stubbornness of the Communist union itself has often contributed to that ruin. When he tries to justify the party's ineffectiveness in public life by citing the dispersion of its cadres when it became legal, he overlooks the fact that the party has no cadres because the underground demanded only leaders of the masses and an iron-like command that still persists. When he asserts that during this period many associations "fulfilled, along with their own specific functions, other functions involving party organization in the anti-Franco struggle," he refuses to acknowledge that later on these associations (the neighborhood groups, for example) were stifled because they were no longer of any use as shock troops and could outstrip the party itself in their grievances. When he proclaims that these groups have to be revitalized, he refuses to admit that elitism has taken over the party and that the PC's leaders have forgotten that it is a party of the masses. Therefore, when he says that the rank and file are coparticipants, he is just grandstanding, because Carrillo knows perfectly well that as in the other parties, they are simply voters and people to be rallied. Loss of membership is merely a consequence of such a policy. It is not surprising that when he broaches Eurocommunist policy "in the near future" in his report, he merely formulates a series of vague remarks. What really matters to him is to make it quite clear that the PCE's structure is

still monolithic, that Lenin did the same thing with historical factions, that even the party's bank account ought to be joint and managed by the Central Committee, that it is a good idea to promote young leaders but without sweeping away the "old guard," that Communists are patriots, but that the "patriotism of the party" must be clearly established, that the party "apparatus" has to be bolstered because it does not exist today, that the Central Committee has to be strengthened...

There is a contradictory duality to all of Carrillo's statements in his report. Deep down, he is talking about utopia, the protagonism of reality and the antagonism of the ideal party. There is no desire for democracy because the issues are raised on the level of the impossible. This might be useful to Carrillo. To us it is worrisome.

Congress Cool to Carrillo

Madrid YA in Spanish 29 Jul 81 p 9

[Article by F.L. de Pablo: "The Critics Will Make Themselves Heard in the PCE"]

[Text] The 10th PCE Congress began amid the same climate of internal discord that characterized the preparations for it: discord in the struggle for power and in replacing its current leadership cadres. At the opening plenary session debate on congress rules, the proposals drafted by the presidents and secretaries of delegation were subjected to a series of amendments only one of which, but a major one, achieved a majority (488 to 450). Under it, amendments that get one-fourth of the votes in the committees debating the position papers can be discussed at the plenary session of the congress.

This is a change from the one-third vote used in the regional groups in debating the papers. This will enable the critical factions to make themselves heard at plenary sessions, although it will lengthen the congress, which is also encountering the difficulties connected with the scattered sites at which it is being held. This will make it hard for the critical factions to coordinate, which will enhance the machine's control.

Of course the congress's initial session went overtime because of Carrillo's lengthy report, a 180-page speech that he read in the most refined Cuban style, thus depriving the delegates of their meals. Carrillo had to push his voice at numerous junctures to elicit applause from the congress, whose delegates followed the advance printed copy while the secretary general read it.

Carrillo began by justifying the policy of democratic concentration and of consensus in drafting the constitution. One of the few times that he reaped a round of applause was when he referred to the estrangement between the Armed Forces and democratic Spain in pointing out that the army should not be legitimately proud of its victory in the Civil War and that "patriotism should move us all to place it in its proper historical place as a painful episode that is not to be repeated." He pointed out later on that the anti-

democratic propaganda being voiced in the barracks can hardly help the Armed Forces to overcome the ideological vestiges of the Civil War, which delays their identification with the nation.

In referring to the . ity of the Left and the cooperation that the PSOE is lending the administration, Carrillo wondered why the PSOE does not yet have a broad parliamentary majority or cabinet ministers. Carrillo intelligently brought up the in-depth self-criticism of mistakes in the party's leadership and activities as the delegates were beginning to look for a place to eat. Nevertheless, he did arouse the enthusiasm of part of the congress when he mentioned the detachment of the party's cadres from its rank and file as one of the causes of a a steadily falling membership. He did not, however, entirely convince the more than 30 percent of the delegates in the critical factions (Stalinists, Afghans, renovators, etc) who are opposed to the apparatus's proposals, when he devoted a major segment of his report ("I laughingly denounce the competing factions," he said) to the inner workings of the apparatus rather than to the rank and file. There is no democratic progress entailed in organizing factions, he asserted.

The emphasis that he placed on rejecting the proposals of the factions shows that, as expected, this will be the true bone of contention at the 10th PCE Congress, aside from the replacement of what has come to be called the party's "gerontocracy" and its links with society, thus averting the danger, which Carrillo himself pointed out, that the party will be reduced to an electioneering, power-oriented machine that is divorced from the associations and the rank and file supporting it.

PCE in Serious Crisis

Madrid YA in Spanish 1 Aug 81 p 5

[Editorial: "The PC's Crisis Is Indeed Serious Now"]

[Text] The Congress of the Spanish Communist Party has concluded with a certain degree of relief, albeit not exactly intense, that Carrillo has been reelected, although his leadership seems to be nearing its end. Carrillo persists in denying the obvious: his party's crisis. And he is doing so with feeble arguments such as that there can be no crisis because it is precisely the members of the "apparatus" who are criticizing themselves. This, Carrillo says, is not a crisis but a critical awareness.

The truth is that the crisis is real and much deeper than would be desirable for a political equilibrium in Spain. This is why we said that Carrillo's reelection was greeted with some degree of relief. His ouster at this juncture could have unleashed a fierce interplay of forces within the party and caused it to drift from the policy of cooperation that is so necessary, especially in issues such as autonomy. But the real crisis is there, and its symptoms are on the surface, even though the PC is bent on concealing the facts: some 60,000 members have left the party, including a sizable group of intellectuals and professionals who had made the PC a civilized political platform vis-a-vis

public opinion; factions that question the committee's directives (which is unheard of in hierarchies like Communist parties) have emerged spontaneously, and a good many abstentions (30 percent almost) were registered when it came time to vote on the secretary general's report, which was more ideological than informative.

There has been a little bit of everything at the PC Congress. There have been days of total informational clarity, as well as days of secrecy, like yesterday. There have been peaceful days and tense days. But there has also been, as always, a great deal of demagogy.

When internal problems become difficult to address and harassment turns cruel, the normal thing is to go off on tangents and start bandying things about. Some position papers, nicely presented by the Carrillo supporters, are based on demagogical assumptions. For example, there is the one that in examining the party's foreign policy censures the Vatican (we are assuming that the phrase Vatican State is an attempt to dissemble and that the actual target is the Church) for its support of religious parties (Catholic, we suppose), for its meddling in matters of State life (an odd wording) such as education, divorce and abortion, and for the shackles that the Vatican has allegedly placed (successfully, says the amendment) on the struggle of Christians in Latin America.

The Communist Party's internal democracy is truly astonishing. Regardless of how many protestations of Eurocommunism they might make, the amendment does nothing more and nothing less than take the same line as the Communist parties in the East, the only difference being that in those countries they are in power, have no opposition and can therefore enact laws in accordance with doctrine. In other words, the PC is denying the Church its status as a mentor on moral issues and, therefore, religious freedom. We need not repeat that the Church has the obligation to remind Christians of their faith and of the need to lead their lives in accordance with the precepts of the Gospel. Divorce, abortion and education are front-line moral issues that the Church cannot omit from its teachings. The Communist Party knows that, as do the Communist parties that are in power. Support for supposedly religious parties is open to discussion, even when such support is a stated fact. Examples such as Italy, where the Christian Democrats are in power and have passed divorce and abortion laws, do not exactly bolster the argument that the Vatican supports political parties. Either that or surely such support is so weak that it is of no good. Just imagine in Spain...

The 10th Congress of the PCE is over, with neither grief nor glory, but with more grief than glory because its future is truly uncertain. What makes the PCE a worrisome party is its internal breakdown and the impact that this breakdown could have on the electorate and on the political equilibrium in Spain. This is why the crisis seems to us much deeper than Mr Santiago Carrillo says and would care to admit.

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'MUNDO OBRERO' SETS TONE ON EVE OF 10th PCE CONGRESS

Unity, Strength Expected

Madrid MUNDO OBRERO in Spanish 24-30 Jul 81 p 3

[Editorial: "The Challenge of the 10th Congress"]

[Text] The 10th Congress of the PCE is going to convene amid a particularly difficult situation, 5 months after the attempted coup d'etat on 23 February and while a minority government is showing itself incapable of coping with pressures for a coup and while problems such as unemployment, terrorism and the construction of the State of autonomies persist. We are certain that the PCE will emerge from this congress stronger and more united by reaffirming its personality as an open, democratic Eurocommunist party with a solid internal organization and a single policy.

The 10th PCE Congress will open in a few short days. The more than 1,200 delegates that will be attending it have already been chosen in a process that has highlighted many of the problems and issues that the congress will have to tackle. Many developments have taken place in our country since it was called in November. It was the most serious of these developments, the attempted coup d'etat on 23 February, that showed that the policy pursued by the PCE has been correct. We could say that in contrast to what has happened with other political forces, the PCE has not had to make any changes of direction in its strategy.

As has been characteristic of our troubled history, the PCE's highest leadership body is going to meet amid particularly difficult circumstances. Although we are no longer forced to operate in the underground by a dictatorship, we are faced with the real threat of a regression, which a minority government that gives in to pressures from coup plotters and that is reactionary on social issues and on crucial foreign policy aspects cannot consistently cope with. Unemployment, terrorism, coup plots and home rule are problems that demand solutions. Democratic coexistence, which is based on the concerted action of all progressive social and political forces, hinges on this.

Experience has shown how great a contribution communists have made to the forging of this kind of unity.

If the 10th Congress has to approve a policy in keeping with this situation, it also has to examine the problems facing the PCE itself in implementing such a policy. The pressures on the party are great, and the challenge facing the congress is a serious one.

On the one hand, there is a clear-cut, conscious effort to do away with the political independence of Spanish communists, as part of an overall strategy against Eucocommunism. On the other hand, there are proposals that would lead the Communist Party towards Social Democratic stands, thus shattering its unity of action and plunging it into futile strife among various organized groups.

Either of the two options would prevent the PCE from continuing to play its democratic, revolutionary role, which has been essential in the struggle against Francoism and which is indispensable in the march towards socialism in freedom.

We are certain that the PCE will emerge from the 10th Congress stronger and more united by reaffirming its personality as an open, democratic Eurocommunist party. Behind the delegates, behind the congress, supporting them in their decisions and then putting them into practice, are tens of thousands of communists, organized in companies and in the countryside, in neighborhoods and universities throughout Spain.

It is these men and women who will take up on a daily basis the policy that emerges from this congress and who will, above all, put it into practice in its most essential form: in their everyday contacts, with all workers, with our citizens. This is precisely why they have organized in a democratic party in which they can voice criticism with complete freedom at all levels, a party with a solid internal organization and a single policy, a revolutionary Eurocommunist party: the Spanish Communist Party.

Carrillo and Party Renewal

Madrid MUNDO OBRERO in Spanish 24-30 Jul 81 pp 12-15

[Speech by Santiago Carrillo at the Seventh PCE Conference in Madrid; exact date and place not given]

[Text] The secretary general of the PCE, Santiago Carrillo, began his speech at the Seventh Madrid Provincial Conference on Sunday morning with some thoughts about what the 10th Party Congress, for which this conference is laying some of the groundwork, ought to be.

The 10th Congress must above all help to provide an answer to the problems facing Spain, its peoples, the working class and the laboring masses at the moment. This must be the prime, main and fundamental objective of the 10th Congress.

Why? Because we are a political party that speaks for the people, that works for the people and above all for the working class.

At the same time, the congress has to self-critically examine the party's activities over these 3 years, which must inevitably lead us to intensify our regeneration, to heighten our internal democracy and to define, spell out and confirm the Eurocommunist strategic line of the Spanish Communist Party.

In this vein, I would say that within what we call Eurocommunism there are unquestionably nuances and at times quite a bit more than nuances.

For example, to me the critical approach to real socialism cannot compare real socialism with Francoism and even go so far as to assert that Francoism was better than real socialism. There is a line there that I, as a Eurocommunist, cannot step over, regardless of how critical I might be...

The Roots of Eurocommunism

Eurocommunism also has historical roots. These historical roots are to be found in the break with Social Democracy, which betrayed the working class, came to terms with its bourgeoisies and was responsible for the first imperialist world war.

Another of its historic roots lies in the resolute and determined support for the great October socialist revolution, which was a source of inspiration for the most advanced sector of the working class.

Another root is to be found in criticism of Social Democracy as a party that has acted as a loyal manager of capitalism and that has not historically been a combative, revolutionary party.

To me these are the basic, historical differences that separate Eurocommunism from Social Democracy.

Now then, I think that all nuances, all opinions have their place in the party. I think that those who consider the model of real socialism a good model have their place in the party, as long as they apply the party's policies with discipline. And I think that those who, on the other hand, support the approaches closest to Social Democracy have their place in the party too, as long as they also apply the party's policies with discipline.

I think that by encompassing all of these currents the party cannot, however, make a potpourri, a hodgepodge. The party must have a strategic line, a well-defined political position that does not represent a compromise between some positions and others, and the party's unity must be based on an acceptance of its political line.

The Conception of the Party

So as not to make my speech too long, I would like to focus on one issue: the issue of the conception of the party, which is as just as important as or more important than an agreement on a general Eurocommunist line.

I want to begin by examining the view that the party ought to be a reflection of society and, therefore, that it ought to reflect the diversity of currents in society.

I ask myself this question, which answers itself: Can the Communist Party be a reflection of this society, a capitalist society that has to be completely transformed, or should it be the reflection primarily of the class that we must rely on to transform the society in which we live, the working class, the hardworking strata of society and the revolutionary intellectuals?

The party must be a reflection of the working class and of the people in certain strata, above all the intellectuals and individuals of culture, who by taking up a single ideology and a single policy merge with the working class in the program to transform society.

Because, I repeat, if the Communist Party is a reflection of this society, it will devour the Communist Party, incorporate it; this society will bury the Communist Party, and another force that aims at transforming society will have to emerge. And as we view Eurocommunism, that is not the way things should be.

I realize that a socialist country with a single party (a model that we do not advocate because we feel that the current societies with real socialism have to improve themselves if they do not want to stagnate and enter a serious crisis that could lead to the defeat of not only certain systems but also of the entire cause of socialism) does have to have a party that is a reflection of society because since it is the only party, it identifies with society and the State, and it can have organized factions within it that would reflect the realities of a society that is not yet homogeneous.

A Divided Party Is Not a Vanguard Party

On the other hand, however, I feel that if we advocate that kind of model for a party in a situation like ours, we are making a tremendous mistake, because if we propose to be a reflection of current society, that means that our party would become a sort of copy of parliamentary democracy, a copy of the model of this society. This would divide the party, on the one hand, into two or three different subparties and, on the other (let's not fool ourselves; the bulk of the party would not play this game), into a mass a mere voters who sometimes lean towards this faction and other times lean towards that faction, depending on the moment, the circumstances. Is that a vanguard party?

Comrades, I think that from a Marxist standpoint this cannot be called a vanguard party. A vanguard party is a party in which all members participate and are leading figures in its policies, albeit with differing degrees of responsibility. A vanguard party is a party in which the mass of members are not passive (although, I repeat, there are differing levels of activity) and in which the active cadres do not just divide into groups and discuss and decide policy among themselves. We too criticize this parliamentary democracy, this society, which we defend and will continue to defend with all our might.

Why? Because this democracy is not yet participatory enough; it does not allow citizens to become more directly involved, because in this democracy there is still a a gap, an abyss between voters and elected officials. When we on the Left criticize this democracy, we are demanding citizen involvement at various levels, direct democracy in many aspects of society. In other words, democracy must not merely mean delegating decision-making power to a few elected officials.

Now then, this is what people are trying to reproduce in the party when they defend the idea of currents, factions or tendencies (call them what you will), in a nutshell, political cliques within the party, next to a mass of members who do not get involved and just cast votes.

The Party Has Been Making Policy From the Top and Upwards

What has the party's fundamental mistake been during this period? And when I say the party I mean the party leadership.

Not only the Central Committee, however, but many of the party's cadres as well. What has the fundamental mistake been? The fundamental mistake is set forth in the position papers and in criticism of the party leadership. The fundamental mistake is that the party has been making policy from the top and upwards.

What does this mean? It means that we have moved from the underground (where the party made policy above all down below, in the grassroots organizations and in the mass movements) to legality, and in light of the objective need for councilmen and deputies, thousands of party cadres who were working down below, in the mass groups and movements have gone upstairs to work. And this is not all. We have maintained a practice from the underground that was justified at the time, when it was hard to have true democracy at the grassroots level, and so that as many comrades as possible would take part in decision-making, we formed a great many leadership bodies.

We have now gotten to a situation (forgive me if I exaggerate a bit here, because exaggerating at times can provide a more graphic image) in which in this party if you are not a deputy, if you are not a provincial deputy, if you are not a councilman, if you are not a member of the Central Committee, if you are not a member of the Central Committees of the nationalities and regions, if you are not a member of the Provincial Committees, it seems as if you are nothing.

Contact With the Masses Is Necessary

We have gotten to a situation in which, with exceptions (I repeat that I am exaggerating a bit), the party's best cadres are not where the party really makes contact with the masses. If we exclude the labor movement, the party's best cadres are upstairs and, what is more, they do not want to go downstairs. Some of them go downstairs, head downstairs, are so good as to show up down below when preparations for congresses or conferences are underway and it is time to win votes.

It is true that we have made policy from the top. I say this not to hurt anyone, but to make you think, to think about the party, to think responsibly...

What has happened under this practice? Under this practice the basic intermediaries between the party and the masses, the party and society, the party and what we call the social fabric, the basic intermediaries during this period have been elected public officials: the deputies, the councilmen, the provincial deputies; they have been the basic intermediaries.

It's not that we elected officials do not have to serve as intermediaries between the party and the people. It's just that under this practice, what ought to be the essential intermediary between the Communist Party and the masses, in other words, the work of the groups with the people around them, with the mass movements, with the social fabric, what ought to be fundamental in a Communist Party has been lacking or has been very weak, with the exceptions of groups that have weathered the storm of this crisis very well.

Now then, let us reflect where this will lead us. If we continue a practice whereby our basic intermediaries with the masses are elected officials (and speaking of elected officials, I would like to mention that I have heard people talk about the autonomy of councilmen. This is one of the points on which I am in complete disagreement with what has been proposed here, because there is no autonomy of deputies or councilmen in the party. In our party, and this is one of the differences between us and the Social Democratic parties, the deputies come under the Central Committee, and the councilmen come under the pertinent party bodies. That the committees are not supposed to do the councilmen's work is another thing, but between this, between allowing them to take initiatives and placing trust in them, on the one hand, and regarding them as an autonomous group, on the other, there is a gap that cannot be bridged in our party). What is the danger? Comrades, if the party's sole or main intermediary with the masses are elected officials, the time will come when the party leadership will not consist of the various levels of party committees; it will consist, rather, as is the case today in the Labor Party, for example, of parliamentary deputies or councilmen. And today in the same Labor Party the Left, with good judgment, is trying to take the leadership away from the deputies and give it to the party, because this leadership in the hands of the deputies has been a factor in the Social Democratic nature of the policies pursued by Labor governments.

Internal Democracy Means Participation

And if we tried to incorporate into our party, which is a Communist Party, what the Labor Left is trying to correct now, I think we would be making a mistake.

Yes, our leadership and party are to blame because they have been unable to reverse this trend and to bring the party's cadres back into the groups and to develop internal democracy. However, internal democracy, and I recall that I have discussed this more than once with comrades in party organizations, internal democracy would mean, for example, that the Communist deputies and

councilmen from Madrid would meet every 2 or 3 months with the party's aktiv and report on what we have accomplished, and our party's aktiv would tell us what we have done well or poorly and would give us ideas and make suggestions. This would be one facet of developing internal democracy in the party.

But that's not all. Our party will not be a truly democratic party; it will have a purely pro forma democracy as long as we do not succeed in getting the whole party to truly participate in debate and decision-making and in eliminating the division between those who lead and those who vote for or against them without getting involved.

We Must Put an End to Factions and Horizontal Contacts

This erroneous practice by the party has led us (and I think it must be said) to a situation in which the party is beginning to have tendencies, currents or fractions (call them what you will) that have their own discipline and that vote in blocs. In Barcelona, for example, a group of activists attacked a Communist deputy, a member of the leadership of the PSUC [Unified Socialist Party of Catalonia] and a member of the leadership of the PCE. In other words, there is confrontation in which political ideas are no longer involved and in which insults, threats, hatred and ultimately physical violence are. This is an extreme case, comrades, but if the party does not tackle these issues with vigor, with the vigor that we have not shown during this period, and does not head off and put an end to factions, currents and tendencies, we will wind up somewhere else in a similar fashion. And in talking about this danger, I am not excluding the so-called precongress platforms, because let's be objective and reflect on this, comrades: in order to hammer out a platform during a precongress period, there have to be horizontal contacts among those hammering it out before the precongress period; otherwise, there are no precongress platforms.

And why is a platform going to disappear the day after the congress? Who is going to make it disappear? The concrete experience that we have today without legalizing platforms is that the groups that have more or less been linked together (and we have the example of Catalonia, I repeat) have not disappeared after the Fifth Congress, and it will not be easy to put an end to this situation without administrative measures.

The Necessary Regeneration of the Party

Comrades, we have to regenerate the party. And from a personal standpoint, I am prepared to provide every opportunity for that regeneration. But in this party we cannot consider it a fault to have taken up arms in the struggle against fascism. I do not consider it a dishonor to have waged war. If there are comrades in the rank-and-file or in leadership bodies who have waged war and still have their strength and are respected, I, comrades, will not be one of the ones to sweep away the old guard. Nevertheless, I realize that there are comrades in the old guard who should give way to the younger generations. I realize that there are those still in leadership positions who

should change jobs and do lighter, less difficult work, and I also realize (which is why I have proposed appointing a general deputy secretary, which was later amended to the effect that there could be several) that if I should continue as secretary general of the party, I will need help and cooperation.

Regenerate the party, yes, by removing, shifting or replacing veteran comrades who are no longer fit; but a regeneration can also affect youths who have not shown themselves to be equal to their responsibilities. A regeneration as I see it does not depend on age; it depends on ability, on the dedication that each person can give the party.

Comrades, does the fact that groups, tendencies and factions are not a good idea for a party in our situation mean that there is no freedom of opinion in the party?

Full Freedom But, Joint Responsibility and Loyalty

I think that all of us should freely voice our opinions on all issues in the party. I think, furthermore, that it is no catastrophe if there are nuances at times among leaders in their approach to Eurocommunist policy, as long as they are just nuances and as long as there is joint responsibility and mutual loyalty.

Freedom of opinion has not been lacking, comrades. When MUNDO OBRERO was a daily, I read in it that I was a Stalinist, and we were not even in the precongress period. It did not occur to me to protest, and I repeat, we were not in the precongress period.

Our press and the press of others have published opinions that are not those of our collective leadership, and no one has protested.

What we cannot do is "regenerate" the party by introducing into it the worst vices of parliamentary politics, because in practice at times a regeneration is thought to mean pacts within the party, compromises, corridor politics within the party and a battle for places in party leadership bodies. This is not regenerating the party; this is introducing into the party the methods of the oldest and most detestable of politics.

Examples from History

I think that we can look to this example (and if I raise these issues like this, it is because I feel that we are really gambling with the party): the Italian Communist Party, which has been legal for 40 years, has about 30 percent of the votes and is an infinitely broader reflection of the various working class and social sectors. Nonetheless, the Italian Communist Party, in which there are well-known figures with differing nuances and stands on a number of issues, does not have factions or currents or precongress platforms. The Italian Communist Party has been able to preserve and maintain this rich,

and diverse internal life through a sort of tacit compromise among all, the tacit compromise of preserving the party's unity and homogeneity and of never allowing differences to become organized.

And don't come and quote me some remark by Lenin in connection with the 10th Congress of the Russian Party. The Bolshevik Party in 1917 was a front of parties, not a full-fledged party. In 1917, the Bolshevik Party was a party made up of the old Bolsheviks, the Trotskyites, the Bogdanovites, the Social Revolutionaries and the Mensheviks who joined the party on the eve of the October Revolution. It was a party in which at a given historical juncture several groups with different histories and makeups converged to take power, but once in power they continued to be at odds. Those who are familiar with this period know to what degree they were at odds. And I am not talking about the Stalin era; I am talking about the era of Lenin, who was the one who proposed the elimination of factions.

I think that it is absurd to compare that party, its makeup and its problems with ours today.

Comrades, if we want our party to continue progressing today (I would stress something that is often forgotten, namely that ours was the only party that gained, not lost, votes in the 1979 elections after the Moncloa pacts and the consensus), and I think that the Communist Party can continue progressing amid the gains by the Left that seem to be beginning in Europe and that could occur in Spain, we must not ourselves destroy this potential by dividing among ourselves and clashing.

Grassroots Concerns

Madrid MUNDO OBRERO in Spanish 24-30 Jul 81 pp 35-45

[Text] Forum of the 10th Congress

In this the last issue before the start of the 10th Congress, we conclude publication of the material received for the forum. In view of space problems, the committee appointed by the secretariat to monitor this section has decided to publish the remarks signed by members and to hold back the resolutions of party organizations, which can appear in the PCE's organizational channels. In addition, in order to include all of the material that arrived before this final issue went to print, we have had to abridge some of the remarks, endeavoring at all times to preserve all of the political elements in each of them.

Is the Central Committee to Blame for Everything? (Maximo Frutos Redondo, Card No 690)

I am a bit disturbed by the articles that some comrades have written in MUNDO OBRERO. I am certain that there are many shortcomings and that there always will be to a greater or lesser extent. It is alright to criticize these

shortcomings and to demand that they be corrected when they are clear-cut and affect the party as a whole. What I do not agree with is the manner in which some comrades voice their criticisms.

Some write on an entirely theoretical topic, mostly sheer, useless rubbish, and then unscrupulously launch a furious attack on the party's current leadership. They are no longer asking for just a different party; they are asking the party leadership to give in so that all those who left out of pure whimsy can return. What is more, some are calling on us to ask Claudin to return once again. These poor fellows seemingly did not know what they were doing when they left the party. As a communist, I am against these approaches to the party's problems. Shortcomings must be criticized and corrected, but criticized in an objective manner in a bid to maintain party unity above all else. It is my opinion that Tamames has great ambitions and is not very reliable. True communists should strive to see to it that the PCE emerges from the 10th Congress stronger and more united, sovereign and independent, so that it can develop a Eurocommunist policy under the specific conditions in our country.

It seems that all of us comrades have been "super" guys, that we have all done perfect jobs in the groups and elsewhere, that we have no shortcomings. The Central Committee is to blame for everything. How wonderful!

I have so far not read a single article in which a comrade criticizes himself and cites specific examples of his everyday efforts for the good of the party, but I have read truly destructive articles that employ a vocabulary that is not worthy of a communist.

No, Comrade Miguel Naveros and Comrades Francisco Caballero Garrido, that is not the way you should have expressed yourselves. That kind of vocabulary is not proper, because you too are communists. You seem to be speaking on behalf of others or other parties. All of us communists belong to the party.

The Crisis of the PCE (Juan Gutierrez Romero, PCA Card No 32,133, Villafranca, Cordoba)

I, who saw the birth of the PC, am truly worried about current developments, which are unprecedented in the party's history.

The rank-and-file, the thousands of day laborers who make up the grassroots of our party in Adnalusia, are unfamiliar with Karl Marx and all the theoreticians of socialism because their low level of culture and their concerns preclude this. In my opinion, they have come to the party because of a need: the need to free themselves from exploitation...

It is shocking for us to be going through this crisis today when we recall our party's first demonstration in connection with the Atocha murders at the end of the dictatorship. The bourgeoisie was left speechless. They thought to themselves, and rightly so, that if the party had been able to muster that rally through political work amid a whirlwind of pitiless repression, what would be it like if it were not outlawed?

(...) Disillusionment and fear are the reasons why our members who identify less with the party and who are less willing to sacrifice for it have left our ranks.

(...) Almost none of the people who leave the party (some join its opposition) come out and say sincerely why they did so. Some say that they do not like the lack of democracy, while others cite the lack of revolutionary activity, inasmuch as no party comes to power peacefully, or claim that our leadership is senile. I think that they get these ideas ready-made from outside the party.

It would be absurd to let loose the rallying cry of an assault on power to retain the impatient revolutionaries. It would also be absurd to open the door to a foolish democracy for those who are not reliably committed to the party, and it would similarly be absurd to sweep all of the pieces off the board and replace them with others dictated to us from outside.

But if the party cannot change society in our days, why does the party exist? Let us keep in mind that this is a party of and for the workers, and everyone knows that the capitalist system, with governments made to order for it, forces the working class to wage an ongoing struggle for its very existence, a struggle that it would be suicidal not to accept. To wage this struggle we need a leadership, and this is the function of the party, in cooperation with the other democratic parties...

Unity Above All (Pascual Garcia Mora, Sauquillo Vallecas Group)

Owing to its specific importance, one point stands out in the draft position papers: the unity of the party as an indispensable premise for subsequent unity of action on the Left, as noted in position paper two, aimed at consolidating democracy.

(...) Our party faces too many pitfalls, duly outlined in Position Paper VII, fo us not to seriously, firmly and tenaciously take up its defense. We should begin by ironing out the differences among us, banishing factions that could challenge and endanger our policies, which have been fought so tenaciously for so long from the outside by opposing groups, and by doing our utmost to bring back those comrades who left the party over mostly minor matters, so that we can all make possible the great party of the masses that we all want and the democracy that our country needs.

(...) Therefore, as a grassroots party member, I call on all those comrades who are still not certified to come and help their party with their valuable experience so that we can all make possible the policies that the 10th Congress sets before us (...)

WE PCE Members Are Not a Flock of Sheep and We do Not Need a Shepherd (Juan Perpine, Card No 152,754, Zaragoza)

The strength of the PCE is forged neither in silence nor in a unanimity of views. Thus, I regard as comforting some of the things that Comrade Santiago Alaman, from Zaragoza, says in his article in MUNDO OBRERO (Issue 131), entitled "Where Does a Shepherd Without a Flock Go?" (...)

I must express my complete disagreement when we members of the PCE are considered a flock. The simile should be totally rejected, and of course we do not need any shepherd because as we know, shepherds first fleece their sheep and then sacrifice them for their own benefit.

Now that this matter has been cleared up, I will proceed to roundly reject the definition he gives of the current PCE groups, in which he says, among other things, "...there is no information for the rank-and-file, just routine talks without substance..."

The comrade clearly cannot attest to what is going on right now in all groups throughout Spain, but he does so nevertheless, and what is more, he ignores the activities pursued by his own group, Las Fuentes, Zaragoza. It is for this reason that at the risk of continuing at too great a length, I feel it would be a good idea to mention some of the things that have been done there over the past 6 months: two political debates on the UCD crisis and the political moment; six group plenums; discussions on the provincial conference; two open-air meetings (one run by Ramon Mendezona); group attendance at the demonstrations against the diversion of the Ebro, against terrorism, on May Day and against the 23 February coup; 30 percent increase of MUNDO OBRERO reserves; various comrades in positions of responsibility in the CCOO; three comrades on the Board of Directors of the Association of Neighbors (one vice presidency); several comrades working in APAS; 20,000 pamphlets entitled "The PCE Reports" distributed throughout the district, dealing with pensions, terrorism, the UCD crisis, coup threats, the diversion of the Ebro and the doctors' strike; an exchange of views with councilmen at the local headquarters; putting up its own and the party's posters on defending democracy; free children's movies during the winter; a monthly news bulletin; discussion of position papers and bylaws; a talk on NATO on 2 July, directed by Manuel Zacarate, with an extensive publicity campaign on the issue.

All this in addition to a sound financial policy with a sizable increase in revenue and a modest but decent public bar service open from 830 to 2200 hours, as well as an assembly room that neighborhood communities have been frequently using for their get-togethers.

It is not my intention to voice exaggerated praise of a PCE group, among other things because we should have accomplished much more than we did, but neither can I allow Alaman to get away with suggesting, in light of what has been done, that the PCE is going nowhere (...)

We cannot forget where our real strengths lie, and what we must never lapse into is defeatism and seeing only the negative side of the PCE's situation, which exists but not to the extent that our comrade would have us believe. What is at work, deep down, is impatience and the result of excessive hopes that have prompted disenchantment, because we did not respond to the need to overcome our difficulties and come out ahead.

Regarding the 10th Congress (Jose Maria Morilla Caro, Card No 118,870, Simancas Group)

We communists are now very close to the 10th Congress, and conditions are precarious with regard to the consolidation of democracy.

I have been avidly reading, but with some degree of uneasiness, everything having to do with this congress: letters, articles on amendments, and I have been attending group discussions. All of this in a praiseworthy effort to enrich the position papers drafted by our comrades in leadership posts, men who have given more than enough evidence of their enormous political and human stature, with many years of experience and dedication in each and every one of the circumstances under which they were called upon to live.

This does not mean that I am underestimating, much less underrating, those comrades who, like me, make up the rank-and-file, inasmuch as a strong, organized rank-and-file with an inherently communist sense of discipline is the heart of the matter. This is why we have to endorse, one by one, the position papers and the bylaws, in a word, the political line that the party adopted since it became legal.

This is because if we take an objective look at national political realities, in which we are immersed, we have to concede that it will be a long time before the "Red legend" is psychologically banished from our country.

There, proud and defiant, stands knocking at our door the other Spain of A. Machado, the one that is prepared to chill your heart. We are in the midst of the storm, with lightning constantly flashing over our heads. It has been just a few months since 23 February, and it is just a few days until 23 July.

Let us not create problems, let us not cause crises. If someone named Tamames, Lopez or Garcia leaves the party, it is for one reason only: they were never communists, because if the party is still standing after the terrible crisis created by the "crusaders," it is because many men stood fast, while others remained on the Central or the Executive Committee, and many, many people stayed in the rank-and-file in spite of the lengthy "wall of silence and terror" that fascism erected in our country.

All of us sincere democrats making up the political spectrum ought to thank the genuinely Spanish and patriotic man who wants to be the king of all Spaniards and who courageously put an end to the lengthy agony of our struggle in the underground. And just as we support the figure of Juan Carlos, with an eye towards the realities that I referred to before, we must support, honor and endorse each and every one of the directives that the party issues.

Let us once and for all cease engaging in demagogy and pedantic displays that only cause boredom and the departure of good members.

Let us make our groups pleasant meeting places. Let us create conditions to attract young people: sports, literary gatherings. Let us work with and for the party, injecting optimism and realism into our group tasks. These are the views that I would honorably like to express.

Position Paper I: Foreign Policy (Francisco Gonzalez Garcia, Barredos-Laviana Group, Asturias)

This position paper seems to be the most controversial in certain groups, in connection with its criticisms of certain socialist countries and specifically the Soviet Union. I think that it is not all that regrettable. If we realize as communists that constructive criticism is the most positive part of any member, it will enrich his work, and therefore, there is no reason to take such discouraged stands. What is happening in our times in certain parties, which say one thing today and another tomorrow? Years ago our party established a stand on these matters, and no comrade or party organization should be surprised to see our writings find fault with stands such as the ones that have been taken since the Czechoslovakian incident.

I realize that our members have a fondness for the Soviet Union, but this does not rule out criticism of certain courses of conduct that cause tensions at odds with the progress of peaceful coexistence and the independence of any territory and its leadership parties to change their lives without breaking down their support as revolutionaries for the transformation of prevailing systems and even within the countries with socialist methods of production, to apply less narrow procedures under which the workers, who are the hub of development and are interested in achieving higher goals, are forced into molds that are out of step with the times.

Capitalism and imperialism are clearly doing as much dirty work as they can to distort socialist progress and to halt minimum gains in the countries that they rule. However, we cannot close our eyes to this fact: when the workers point out shortcomings and the issues take hold, something is not right. I thus feel that the matter cannot be resolved by employing procedures similar to the ones that imperialism uses; takeovers when those taken over are not in agreement are not advisable. Rather, the latter should come up with solutions and provide helpful solidarity, which has been very constructive, as we have seen in other nations, and which the party has never said anything against.

I thus find this a constructive position paper.

The Dictatorship of the Proletariat Is Only Democracy (Angel Gil Sanchez, Card No 105,059)

Either I do not know exactly what it means to be a Eurocommunist or I do not understand why we call ourselves Eurocommunists.

With regard to the first possibility, I do not think that a clear, official definition has been developed of what Eurocommunism is and what differentiates it from "simple" communism (...)

Neither the position papers of the Ninth Congress nor the papers of the 10th Congress specify this clearly. I do not know whether there is another document in the party that clarifies this, because the only one that presents this

theory is Santiago Carrillo's book "Eurocommunism and State." This, however, cannot be regarded as a party document. It is a work by its secretary general in which he sets forth his political philosophy. Even taking this book as a basis for our political principles, I do not find in it the major differences to divide the international communist movement into "Eurocommunism" and "Leninism."

Let me state things as I see them. Marx "discovered" a fact, namely that some men exploit others. Based on this he developed an outline for resolving the problem and drew up a blueprint for future society. Later on, Lenin and others adapted this blueprint to their specific geographic and temporal conditions. This blueprint is called "scientific socialism" or communism. The future society that we want has been clearly defined; it is a blueprint that we want to put into effect, not a discovery that we have to prove.

This blueprint for society began to be carried out with the first revolutions, but the original plans were not respected; they were modified for one reason or another. The result was a structure that was not depicted in the blueprint. What emerged was a different structure that although having its advantages, also suffers from many disadvantages. We should not call this structure communism, or even socialism, because it is not (...) If communism were always real communism, we would not have to call real communism Eurocommunism.

And here is where we come to the second possibility. Why do we call ourselves Eurocommunists, if not to differentiate ourselves from pseudocommunists? It is from these people that we have to differentiate our policies, not from the original blueprints, which are still valid everywhere.

One of the few points on which we can disagree with the classic blueprint for Marxist socialism is the issue of the dictatorship of the proletariat. But what is the dictatorship of the proletariat but democracy in the most literal meaning of the word? Marx and Lenin acknowledge as much. Let us not confuse this with the manner of implementing it. There are two ways of achieving a dictatorship of the proletariat, a grassroots democracy or, if you wish, a grassroots domination of politics, economics, culture and society in general: by armed revolution or by the ballot box (...) But the fact that we make use of the bourgeois democratic game to achieve power does not mean that we should renounce the preponderance of the people in social, political and economic life that I spoke of previously, because after all this is what dictatorship of the proletariat means to me.

And if I am not right about this, we are contradicting ourselves when we call ourselves Marxists and do not admit the dictatorship of the proletariat, because this, I think, is an essential issue in Marxism.

Let us not allow ourselves to get carried away by what is in vogue at a given moment. We suffered under a dictatorship for many years, and it is to be expected that the word repulses us. But a one-person dictatorship under which a single person or a small group imposes its will on an entire people

is not the same as a grassroots dictatorship under which the people themselves impose on themselves and and other minority groups their way of life, their culture and their desires for the future, and it is in that future that a dictatorship will no longer be necessary.

Let us not confuse the dictatorship of the proletariat with the regimes that exist in the countries of Eastern Europe, where if it existed initially, it has now evolved towards a dictatorship of the party and even towards a dictatorship of a minority within the party.

And to conclude, I think that there are facts that corroborate my doubts. The examples of Hungary, Czechoslovakia, Poland, etc show us two possibilities: a) That the sector that wanted or wants the changes is the revolutionary segment of society, in which case the leaders do not represent the will of the people if they do not allow progress in this direction; b) This social sector wants counterrevolution. Why, then, don't the people move to oppose them? Have these peoples lost their ability to respond and do Soviet tanks thus have to shore up their revolution?

On the Basque Country PC and Position Paper VII (Marta Bizcarrondo, Card No 314, Basque Country PC)

For professional reasons I have been out of touch with the party's political problems over the last few months and I therefore did not plan to take part in the discussions prior to the 10th Congress. Nevertheless, I have carefully read the draft position papers and bylaws, as well as the various opinions that have been expressed in MUNDO OBRERO in recent weeks. I had done something similar during preparations for the Fourth Congress of the Basque Country PC, which met late last January. This entitles me to make some observations regarding a number of the opinions that have been expressed, which I think are very debatable.

With regard to the federalization of the party, my impression is that a "centralist" view is taking firm shape, portraying any trend towards federalization as an attempt to break up the party. If unified, consistent action by the working class is more necessary now than ever, they argue, how can we allow the dispersion of forces that autonomy for each of the national parties would entail? I feel that this clarification is indispensable here: the federalization of the party is quite different from a confederated party or a federation of communist parties. It is not a question of each national party going its own way and of our nationwide leadership being a sort of relations committee; rather, the point is to come up with a method of coordination in keeping with the State of autonomies that is in the process of developing. The Communist parties of Catalonia, Galicia and the Basque Country already have to deal with other parties and other problems and they are operating under political subsystems that would cause any uniform policy to fail. A monolithic approach is the least revolutionary one, in my judgment: it means closing our eyes to the complexities and difficulties of current conditions. In this vein, some comrades speak of "the same oligarchy" exploiting "the same working class." Wouldn't we like things to be that simple!

I was thus surprised at the statements that Ramon Ormazabal, the president of the Basque Country PC, made on this issue from a "priority forum." Since I have not read the second part of his article, I am not familiar with the reasons why he disagrees with the stands of his party's Fourth Congress. But I am almost more worried by the indirect reasons he gives in his article for keeping the national parties on a short leash. If this were the only source that a person had for learning about the politics of Basque communists, he would come away with a bleak outlook. All that we can learn from the Fourth Congress seemingly boils down to an unfortunate sentence about a technocratic management between the Third and Fourth Congresses of the EPK [Basque Communist Party], in other words, since he left the post of party secretary general to become its president. To this Ormazabal adds that "the distressing performance of the PCE-EPK between its Third and Fourth Congresses" is closely tied to its regeneration (although, obviously, he concedes that this is not the only cause of the problem). This enables him to kill two birds with one stone: to voice a negative assessment of the efforts at regeneration that culminated in the Fourth Congress and to apply the lesson as a warning against any change in today's PC. What an odd suggestion from a leader! To proclaim a ban on action so that a person who is short on ideas and is looking for arguments against change in the PCE can find them in the string of misfortunes that has gone down as the "regenerated" and "technocratic" history of the Basque Communist Party.

Furthermore, there are no grounds for this negative assessment. Beginning with the Fourth Congress, we should recall that it was a healthy confirmation of Eurocommunism in the difficult days that followed the PSUC Congress. With regard to the Basque Communist Party's very small political presence, it was that small at the 1977 elections, in other words, before the Third Congress. Since then the party has played a disproportionately large role in comparison to its meager parliamentary strength, by taking the initiative in the struggle against terrorism and for a unity of democratic forces, by pressing for an overhaul of left-wing nationalism and, in a word, by being the only political force that acted consistently against the division of the Basque Country into two opposing communities. This is not even to mention the new image that its leadership succeeded in giving to all of Spain through the mass media, or what is even more important: the prospect of a comeback by the Basque left through a convergence with Euskadiko Ezkerra, the positive results of which are already visible. So then, even if it fails, the bid by the PCE-EPK would have been worthwhile in spite of the obstacles that were placed in its way both inside and outside.

I have made the above assessments with a view towards developing the criteria that can serve as guidelines for the delegates to the 10th Congress, especially with regard to the bylaws and Position Paper VII.

The Reality of Eurocommunism (Jose Lazaro, PSUC councilman, Tarrasa City Hall)

The violent attacks against the word "Eurocommunism" are of no importance because they come only from radicalized minorities that are trapped in the

"ghetto" and in narrow-mindedness, precisely because this is a new approach to pursuing the communist policy in light of the new concept of a revolutionary society within the framework of pluralism (...)

The point now is to achieve socialism by convincing the forces of labor and culture of its superiority and its effectiveness in dealing with the problems that society presents within a framework of wideranging political freedoms. Thus, it is based on this proposition and on the concept of Eurocommunism that we have to ask ourselves what it means to be a revolutionary today. To this end, it is indispensable to thoroughly analyze traditional views, an analysis that ought to enable us to distinguish clearly the difference today between a "revolutionary" and a "reformist" (...)

Our Eurocommunist blueprint is not a recent one. Its beginnings, the result of in-depth analysis, coincide with the national reconciliation policy started in 1956, a policy whose main objective was a rapprochement among the progressive forces that opposed Francoism. It was during the development of this process that the comrades in the Red Flag joined the PSUC, not to compensate for the lack of cadres, as has been suggested, but as a logical outcome of a more realistic policy more in keeping with the times. It bears noting that the validity of our Eurocommunist blueprint has been confirmed by the unfortunate developments in Czechoslovakia in the spring of 1968.

It is groundless to assert that the PCE or the PSUC lacked cadres at the time. It is true that most of the comrades who had made up the cadres were in Franco's jails, but it is no less true that they were being effectively filled in for by other comrades who had a lengthy track record in the party. It also bears mentioning that any lack of cadres, which did not come about, would have had less of an impact on the PSUC if we keep in mind that Catalonia was a haven for all of the comrades who were being persecuted in other nationalities or regions of Spain, comrades who joined the PSUC and took up the grievances that Catalonia had been voicing.

With respect to the exile of our historic figures, which is often referred to in a demagogic and slanderous manner, we must state that there has never been a party as close to its country, as closely linked to the people as the PSUC and the PCE, and especially their leaders, who on the international scene were and are capable and courageous enough to call a spade a spade, regardless of what others might say (...)

It is symptomatic how the capitalist countries of Europe prick up their ears with consternation at all of the remarks and gestures of the leaders of Eurocommunism in light of the abandonment of dogmatic, obsolete positions. But these revolutionary expectations require an in-depth, comprehensive analysis whereby we communists will have to reflect at length so that we can commit ourselves to this energetic investigation of the substance of Eurocommunism. This does not mean that we are retreating from our revolutionary stands nor that we should modify communist foreign policy towards imperialism, whose crisis does not diminish its aggressiveness at all. The plutocracies are

obviously not going to cheerfully allow power to be wrested from them. This is why in view of this situation we should see whether the revolution ought to be the work of a minority or whether, on the contrary, it ought to be based on a broad grassroots consensus, not on the mere isolated single-mindedness of a few small fringe groups out of touch with most progressive left-wing forces, which have nothing to do with the factionalism and language inspired by left-wing cretinism.

But neither the PSUC nor the PCE can pursue our political strategy firmly and with conviction in such a short time, given the prejudices that have hardened over a half century. Therefore, in order to portray an accurate image of what it is and seeks to be, debate and links with the people are indispensable, so that we can remove from people's heads the revolutionary concepts that have been transmitted from generation to generation in our society as a whole. Regardless of how difficult and laborious this shift is, it is absolutely necessary so that most of grassroots public opinion, the working class and the people in general grasp the real truth about Eurocommunism as a tool that offers great potential for surmounting the obstacles that have so far just thwarted the march towards a revolution of the majority within the framework of socialism in freedom, which is the essence of Eurocommunism.

The PCE, Leaning to the Right (Castor Arenas, Card No 70,730, Torrent Group, Valencia)

The position papers published so far are similar to the ones approved at the Ninth Congress. With these papers and with the replacement of Leninism by Eurocommunism, the party has suffered bleeding wounds that it has to stanch politically. Along with these wounds, the leadership of the PCE has been making mistakes, one of which left it leaning to the right, both domestically and internationally, none of which have been explained either to the party or to the working masses.

(...) I think that Eurocommunism means Europe (...) What policy of rapprochement has the party pursued with the Communist parties of Western Europe? So far, with none of them, except the Italian party (...)

I think that the party ought to show more respect for the socialist countries. There might be something about them that is not to our liking, but we have learned a great deal from them (...) and above all, it is thanks to them that several countries have been freed from slavery, and (without them) all of our countries would be subjected to American fascist imperialism (...)

I propose that (the 10th Congress) appoint a new leadership that can rebuild the party so that it can recover its own national personality.

A new leadership that is capable, here and abroad, of correcting all of the mistakes that our party has made so far; that, with or without Leninism, with or without Eurocommunism, is capable of opening the party's doors and

attracting all of the comrades who because they were disappointed, bored and in disagreement with the Eurocommunist policy, left or resigned from the party.

A new leadership that is capable of carrying out what the party's current leadership has been demagogically saying about uniting all Communist parties, all progressive left-wings and reaching a political understanding with all of them to become a political and social force with nationwide representation and with the ability to fight for freedom, democracy and security for Spain.

(...) We must all think things over in light of the upcoming 10th Congress and united we must all shout loudly, very loudly: Long live Jose Diaz! Long live La Pasionaria!

Position Paper IV: the Countryside (Isabel Benito Benito, Tomas Garcia Azcarate, Sol-Cortes-Palacio Group, Madrid)

The proposed text is, in general, confusing, repetitive and has major gaps and unnecessary details as well but does offer some constructive new contributions.

It is repetitive because it refers to the same measures in different sections.

It is confusing because it does not stress, as it ought to, the major guidelines for the policy that our party is proposing. It makes pedantic, groundless assertions, such as in the first paragraph, in which it posits that there is a developed-country agriculture and an underdeveloped-country agriculture. Farming in the United States is not at all similar to what it is in France or Holland, and the same goes for Mali and India.

It goes into unnecessary details. What good is it for a position paper to talk about pulses or combined standards (resistance/yield); this is on page 26. It makes constructive contributions. It discusses the farm foodstuffs problem by placing agriculture in a broader context and it shows a special sensitivity to ecology.

But It Has Major Gaps

--Not a single reference to the burning issue of Spain's membership in the Common Market: measures to be anticipated, adapting our legislation, the sectors and regions to be protected.

--Not a single reference to the impact of the energy crisis on farming, particularly on family farms (EFA).

--Not a single reference to the need for regionalization as a step towards a better life in the countryside.

--Not a single reference to the failure to honor the Ninth Congress' resolution to convene an agrarian conference. If the congress is the party's highest body, then the party is entitled to an explanation of and, if appropriate, to know who is responsible for the nonobservance of this congress resolution.

--The EFA's should be supported not because of their more or less ecological nature, nor because they retain jobs (page 26) but because the people who live on and work the land are natural allies of the working class in its struggle against the monopolies within the progressive social bloc.

--There is no proposal for an administrative reform.

--There is no proposal for early retirement for farmers and no reference to a land pool for settlements of jobless farm workers and for updating EFA's.

The most serious mistake, however, has to do with the issue of expropriations. The party defends three different views.

In its position papers it fails to defend expropriations for social reasons in districts with very high unemployment. It backs the law passed in Parliament with the support of the UCD.

In MUNDO OBRERO it defends expropriation of farms that are more than twice the size of regional or district EFA's. With this it is throwing all medium landowners into the arms of the most reactionary large landed estate sector.

In Parliament, the communist amendment to the Law of Manifestly Improvable Farms clearly distinguished between the most reactionary large landed estate sector, which is subject to immediate expropriation, and the others, who should be encouraged to invest. Any indiscriminate policy in this regard would cause only less investment, more unemployment and more tension.

Which of these three approaches does the party really support?

In short, the only thing that this position paper causes is embarrassment in others because it retreats from the first draft of our party's agrarian program, as in the position paper approved at the Ninth Congress.

Fewer but Better (Jose Vidal, PCE Card No 67,244, PCPV [Communist Party of the Valencian Country] Card No 6,244)

Our party, the PCE, is a political organization that was born to constantly struggle against and do away with all of the prevailing social inequalities that we are still enduring in these complex and turbulent times: unemployment, economic depression, etc (...)

We should begin to realize that if most of our members do not have wideranging information on what scientific communism is and have not read or studied anything about Marxist doctrine, they will be unable to make their way securely amid social struggles, much less amid these unrestrained controversies that are under way at top party echelons and most of which I as a rank-and-file member imagire are being waged for personal reasons (though there might be other motives) so that people can make a name for themselves. Let us cut these controversies short, comrades, and hold a serious, constructive and socially responsible dialog at our upcoming congress.

Our party is said to be in a crisis. Is the PCE really in a crisis? What kind of crisis? Of doctrine? Well, I don't think so. It is the capitalist system that is in a crisis (...)

Let's not try and confuse things. As I see it, after the dictatorship the PCE, let's be truthful, suffered a serious heart attack. We got fat too quickly in terms of our membership and we are now paying the price. And why are we paying the price? Because that mass of members who descended upon us like an uncontrolled flood brought so much confusion and so many problems to local groups that they caused all attempts by our real members to make the organization operate within the PCE's bylaws to fail. The party is there today, but it is not in operation. And it will be even less so because the majority of members, disgusted and disillusioned, have gradually been quitting, and not the ones who flooded in and were not real communists, but rather the ones who were and who still are but have nevertheless had to make this disastrous decision. In light of these regrettable episodes, I think that the PCE has to have some sort of way to monitor party membership. Not everyone who would like to should be allowed in the party, just those comrades who by their conduct and integrity are a clean and clear mirror in which the entire people can look at themselves without shadows. We will have fewer members but we will gain thousands and thousands of sympathizers. If we do this, things might change. Only proven and capable comrades should be members of the party, and thus, with discipline and order, we will be able to guide the working class and the intelligentsia in their social struggle and to see to it that there is conscientious discipline in the PCE, along with democratic centralism, and that Marxism, which is a living, scientific and evolving idea, fulfills its historic destiny.

To Zaldivar and Others, with Feeling (Vicente Llopiz Gonzalez, Concepcion Group, Ciudad Lineal District)

In his article in EL PAIS on the 28th, Carlos Alonso Zaldivar addresses a real problem, spurring party participation in citizen life, but he conceals his actual intention (perhaps I am making a fasle value judgment, but I do not regret it) to change things in a very peculiar way within the party so that outward participation is possible.

It seems to me that with the best of intentions Comrade Zaldivar has done a disservice to the party and made a valuable contribution to the campaign to discredit all parties, including ours, a campaign which, as we all know,

is part of a more wideranging effort that is aimed at the heart of our democracy (...)

Zaldivar spices up his ideas (which have always been quite clear in this regard) about greater party involvement in civic life with a reference (and I am quoting the article) to the danger involved "when democratic parties respond to the criticisms and challenges they receive exclusively in the form of self-defense."

What constitutional parties is Zaldivar referring to? All of them? One in particular? Isn't the PCE, by chance, included among these grassroots parties?

It hardly seems believable that such a remark should come to us from a comrade who has done so much to develop the party's operational and political line, which if it contains anything, does not talk about self-defense.

It seems to me that these public remarks (...) are a reflection of a lack of channels for reaching the grassroots from the echelons of the party in which comrades like him take up all their time drafting policy theory and subsequently disagree with those of us at the grassroots who study, try to assimilate and carry out the policies they have drafted on high.

(...) These theoretical discussions, at times conducted by the superchampions of internal democracy and regeneration and other times by the backers of a party of the "catacombs," have wasted valuable time that we could have devoted to what Zaldivar accurately describes as "the relationship of our organizations with their social environment" (...) The fact is that the comrades who have done all this discussing in a bid to regenerate the party and bring it out of the "ghetto," have taken up so much of our time that they have done exactly the opposite of what they intended. Far from having allowed this time to be devoted to our neighborhoods and everyday problems, they have paralyzed "praxis" for the sake of theoretical speculation and often thus paralyzed the groups themselves.

Lastly (and once again I am making a value judgment that I do not regret), to whom is Zaldivar pointing when he says at the close of his article: "Political leaders who are such because they have achieved genuine authority in society and who do not think they have authority just because they are leaders"?

(...) When we say things as serious as this, the people want dates, details, situations, names! Because otherwise we might confuse them to the point that they would belive that we are all the same: "First among equals," and the "equals," as far as I know, don't matter at all!

Reflections on the 10th Congress (Santiago Alvarez)

We have lately seen an odd attempt to utilize Lenin's stand on currents or factions in the Russian Communist Party to show that he was in favor of them.

What really happened in the party of the Bolsheviks up to the time of their 10th Congress in 1921?

We know that Lenin's concept of the party and of revolution gave way to a constant struggle against opposing concepts. Lenin defended Marxism against populism but also against other currents or views within Marxism that ran counter to it. He fought the "legal Marxists," the "economists," the BUND, the "Mensheviks," Zinoviev and Makenev, "Trotskyism," etc. He fought against all of the deviations of the policy that was supposed to lead and did lead to the triumph of the October revolution and to its consolidation.

It is true that Lenin was very patient in his efforts to keep dissidents in the party and even in its leadership bodies, and very tenacious in his efforts to have the policy that was approved collectively, whether unanimously or by majority, accepted and applied by all, but he was especially vigorous in his defense of what he considered a just political line.

When the currents and factions got to the point of jeopardizing the existence of the party as the leader of the revolution, as well as the revolution itself, Lenin said: Enough!

In the speech with which he opened the 10th Congress of the Russian Communist Party, Lenin said:

"Comrades, we have gone through an exceptional year. We have afforded ourselves the luxury of holding discussions and engaging in controversies within our party. For a party that is surrounded by enemies, strong and powerful enemies that encompass the entire capitalist world, for a party that bears such an unheard of burden, this luxury has indeed been astonishing!"

And he went on to say: "Our task now is to show that regardless of how we allowed ourselves that luxury in the past, rightly or wrongly, we must emerge from this situation."

And he concluded: "Our work must be united, and not just formally, but more cohesive and united than before, and there must not be the slightest hint of factionalism, regardless of where and how it manifested itself up to now; there must be no traces of it. Only on this condition will we fulfill the enormous tasks that await us."*

The 10th Congress ultimately adopted two resolutions: one on party unity and another on syndicalist and anarchist deviations. I have taken the following paragraphs from the former:

"Every aware worker must clearly realize the pernicious and unacceptable nature of any sort of factionalism, which in spite of the desire of the representatives of some groups to maintain party unity, inevitably leads in practice to the shattering of harmonious work and to heightened and repeated

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*Lenin, "Complete Works," Volume 32, pp 160-161, Cartago Publishing, Buenos Aires.

attempts by our enemies to infiltrate the government party's ranks, so as to deepen the divisions within it and utilize them for the purposes of the counterrevolution."

In Point 4 it stresses that "in the practical struggle against factionalism, each one of the party's organizations must with all severity prevent any such manifestation." (op. cit. p 233)

After advising that constructive proposals be carefully examined, Point 5 rejects "on principle, deviation towards syndicalism and anarchism" and entrusts the Central Committee with "totally abolishing all factionalism."

With regard to the resolution on syndicalist and anarchist deviations, two problems are of particular importance:

1. The need for the most energetic measures of ideological struggle and the purging and housecleaning of the party; 2. Confirmation that the above deviations "have been partly due to the party's acceptance in its ranks of former Mensheviks and of workers and peasant farmers who have not yet completely assimilated communist ideology, but are primarily due to the influence of the petite bourgeoisie element on the proletariat and on the Russian Communist Party."

Lenin responded with major proposals to the concerns that arose in the congress's discussions.

He proposed to include in the Central Committee two members of the platforms that were opposed and defeated at the congress, but on the essential condition that the platforms be dissolved, and he responded negatively to those who contended that justice had not been done to the members of the group called "democratic centralism," while at the same time showing great sensitivity to some of their proposals, such as, for example, the need to struggle against bureaucracy.

He explained that they would not make public Point 7 of the resolution, which said that "the congress grants to the Central Committee the power to apply, in the event of a violation of discipline or a reemergence or acceptance of factionalism, all sanctions available to the party, including expulsion from its ranks, and if Central Committee members are involved, they will assume the status of substitutes and, as an extreme measure, will be expelled from the party."

What conclusions can we draw from this experience?

1. First of all, that Lenin showed signs of great revolutionary flexibility, in order to take advantage of all possible "materials" to build the party.

2. That he showed a great deal of common sense in embracing all of the constructive elements of the proposals of the "platforms" to the extent that they could be accepted and assimilated by the party.

3. But, at the same time, he vigorously opposed the organized platforms or factions, inasmuch as they endangered the party and the revolution itself.

These and none others are the historical facts.

The Limitations of Position Paper VII (Javier Varela, Carlos Acero, Chamberi District, Madrid)

We think that Position Paper VII is inadequate for the following reasons:

1) Because it does not analyze the political and organizational roots of the current crisis of Spanish communism, which are: a) the subsistence of an organizational model that emerged from the Third International; and b) the contradiction between the implementation of Eurocommunist policy and the obstacles that the the party's current makeup puts in its way. In light of these two factors, we feel that the 10th Congress's basic task is to overhaul current organizational structures and methods.

2) Because it makes overly negative assessments of the direction of the current political trend, assessments that have been refuted by recent events. The result tends to water down the party's own mistakes into alleged objective impossibilities.

3) Because it attributes too much responsibility for the organization's poor performance to the grassroots organizations and to intermediate cadres. Everything boils down to "erroneous applications" of regionalization, to "inadequate explanations" of our policy or to its "faulty application."

We should not be frightened to admit that our party is going through an emergency situation.

In the first place, we have a situation in which the various sectors of our activities are compartmentalized. To cite the most prominent cases, there is the impression that the communist cadres in CCOO are the ones who formulate union policy and that our councilmen are the exclusive decision-makers on municipal and civic policy. There is an obvious danger of questioning the party's function of coordination and of depriving its organizations of their meaning.

Secondly, there are more than seeds of disintegration among the organizations that make up the PCE, and relations between the PCE and the PSUC are at a touchy juncture. If things continue like this, we are running the serious risk of a fragmentation of the party.

Thirdly, there is the possibility of a split between a sector of leadership cadres and a major part of the communist membership, who do not see the cadres as a logical extension of their concerns and efforts. Rather than generational, this conflict is between political and organizational customs of different eras in the history of the Communist Party.

Fourthly, neither can we hide the problems that stem from the coexistence of greatly diverging political concepts. On the one hand, there are the concepts of a sector of members who have been poorly assimilated politically and who have had no direct experience in the party with the changes that have taken place in our policy in recent years. On the other hand, there are the concepts of the sector that exasperatedly reflects the impact of the social crisis through a political and ideological radicalization.

Fifth, we have to talk about the major social segments that would be hard to bring into the party: young people and women who reject the traditional ways of looking at and engaging in politics; intellectuals and professionals who cannot find room for action among us. These are issues whose resolution is vitally important for an organization that posits the establishment of a historic bloc in which they would be indispensable elements.

Some of the splits and conflicts we are talking about are to be expected in a party with a lengthy and complex history. But inasmuch as much as they have so far not been addressed with the involvement and depth needed, two issues remain particularly unresolved in our recent history. The first, that the disappearance of Leninism from our ideological principles has not been sufficiently translated to the organizational level. And the second, that the adoption of Eurocommunist policy by our party has so far not been complemented by the election of a leadership group that would pursue this approach without ambiguity.

The first issue could be expressed as follows: the varieties of political party organization are not abstract ideals; they are related to the society in which they operate and to the kind of strategy that they develop. This means that we need another kind of party today, another instrument that can make our Eurocommunist blueprint a reality; that the current party is a closed organization that is not very representative of its potential rank-and-file, that is extraordinarily centralized in its decision-making and that is incapable of providing channels for the pluralism within it and of basing its national and sectoral homogeneity on a fundamental political consensus. The party that we need has to open up to social movements, become more participatory, more collective, place greater emphasis on sector policies and find links between the specific organizations that are set up and the regional organizations. Lastly, there must be enough organizational channels so that minorities can express their positions with complete freedom in the party. It does not seem consistent to reject within the party what we acknowledge as rights for the whole of society.

It is from all of the above, not from alleged proselytizing, that our numerical growth and our organizational consolidation will come. In our opinion, this is the only way to achieve party unity in the current context.

The second issue has to do with a turnover among our cadres and leaders. The 10th Congress has to approve decidedly Eurocommunist position papers and bylaws. Any indecisiveness, any step backwards could quickly shatter our political and electoral influence. The leadership teams elected at all

levels until the final session of the 10th Congress should be able to see to it that this policy is pursued. We cannot expect history to be understanding of our current limitations. The course of events requires of us a specific pace of change, which means that we must make the changes that are needed right now.

View on the 10th Congress (Francisco Monge, Card No 141,569, Toulouse, France)

Since its Fourth Congress in Seville in 1932, the PCE has been pursuing a policy of masses, thus becoming the vanguard of the working class and indicating to the workers, to the peasantry, to young people and to women how to struggle along with progressive forces to achieve freedom and wrest numerous advantages from capitalism day after day.

The political strategy formulated at successive congresses was always adopted in accordance with the times in which we lived.

After losing the war, the communists who remained in the country and those who had to seek exile continued and headed up the struggle, reorganized the party, and it is thanks to these men that we have a Communist Party in Spain today.

I do not mean this as a lesson to the younger generations that are among our ranks today, but I would like them to understand that the party belongs to all, and when I say all, I mean young people and veterans alike. I want them to realize that having a Communist Party today cost many tears and a great deal of blood.

When all is said and done, my purpose in addressing all the members of the party is that the upcoming congress, above and beyond differences of opinion, be a congress of all communists, that our party be solid and united to continue its complete respect for democracy and to achieve, through universal suffrage, the victory of socialism in freedom.

A Forced Opinion (Ramon Rodriguez Lechuga, Card No 4,815, PCKE-EPK)

The examination and discussion of the position papers for the 10th Congress of the PCE represents the detonator of the bomb whose fuse was lit even before the last congress of the PCE-EPK was held.

So then, without an in-depth analysis (God help me!) but without beating around the bush and calling a spade a spade, how does this party member, in short, view this big house of our joys and pains at the current moment?

On the one hand, there are those backing the "regeneration," and on the other there are those backing the status quo, who are more commonly known by the friendly name of "bigwigs" [carrozas]. According to the former, once again, naturally, as I see it and summarizing the issue to the utmost, the course to be pursued, the road we have already traveled notwithstanding, is basically regeneration. In passing and without harm meant, this suggests the following question to me, given the average age of our top leaders, which, I understand, is between 25 and 40 (right, esteemed comrades Roberto, Infante, Igueregui,

etc?): How and where are we to seek this regeneration? Obviously, only by getting hold of those test tube babies, who seem to come all prepared, to guide the destinies of our party. Then, in descending order, come federalism, democratic centralism, partially or completely watered down, and as the cornerstone of the great system, a Basque Eurocommunist party (with or without borders?), which inasmuch as the original one, the one that all of us have been building for the last 50 years, has not erred in its political proposals, can unilaterally offer its remains on a silver platter to those who (gracious me!) have just proclaimed that they were the ones who were in the wrong. Such harakiri for the sake of so-called leftist unity has not happened in France, as far as I know...And therefore...the French Communist Party has remained in its place, and the French Socialist Party in its place. This is a lesson to be learned and, above all, not to be forgotten. Lastly, so as not to bore you further with this list, we have been presented, as a fastener for this brilliant brooch, a novelty so unheard of that I frankly don't know whether 90 percent of the party will know what it's all about. I am referring, of course, to the Congress of..."Surenne" (sic). In all humility, "Monsieur, s'il vous plait, there is one "n" too many and two esses missing. As those illustrious socialist leaders of my younger days would say, it has left me perplexed, pensive and agape. But from one rascal to another, I'd bet my dying breath that what they are saying there in plain language is that the party has to do with Santiago Carrillo what is did with Rodolfo Llopis and company. I bet they are!

As for the 25 percent of us indignant Carrillo backers (I insist on including myself, of course) who supposedly have to expelled (I'm not the one who made up this news item), we want to let them know that even before Santiago Carrillo joined the PC, from the days of Bullejos, Adame and Trilla, ever since the firing squad execution of those long forgotten heroes Fermin Galan and Garcia Hernandez, and throughout the republic, which didn't give us rice pudding either, Civil War, the French underground, the exile (of communists, I mean), the concentration camps, the armed struggle in all the theaters of operations in which fascism was fought, the resistance agsinst the German occupation of France, Franco, his generals, his police, the firing squad or simply summary executions of the blood of our blood (if they lifted up their heads!) or with or without legal status, no one, not even the cleverest, has been able to bury us. And those who have that misguided intention now, even if they smear us with perfumed vaseline, I would tell them: Don't waste your time either, gentlemen!

The Influence of the UCD in Our Dejection (Francisco Cordero Bazaga, Card No 136,717, Talavera de la Reina, Toledo)

In my opinion, the slow and contradictory pace of all UCD governments, plus their rightist policies, have been the main reasons for dejection and disillusionment among the working class masses.

The party has made mistakes, but not basic ones. There has been a lack of steady contacts and communication between all levels of leadership and the

grassroots and between the party and the people, explaining what we are doing in Parliament, in city halls, what we are not doing and why we are unable to, thus preventing all of us from being put in the same bag: government and opposition.

The party cannot be strengthened nor mistakes corrected by calling for the ouster of our party's national leaders because they have committed the crime of being veteran members and having taken part in our Civil War, especially when they have shown that they have political vision and revolution integrity. Their political proposals are today being taken up by the PSOE and even by the administration.

We are forging a new kind of party for the democratic path towards socialism, but, I feel, while preserving democratic centralism, which combines internal democracy with unity of action.

I think that the 10th Congress ought to forget about getting caught up in theoretical disquisitions and focus debate on the specific problems plaguing us. Let's not take more time than necessary to debate and pass resolutions, because Spain's problems cannot wait and time marches on.

On Minorities and Opinion Trends (Juan Huder, Card No 108,805, Valdezarza Group, Northern Federation, Madrid)

I am assuming that the PCE's general political line is determined in our congresses, is further refined in the PCE's various conferences, committees and assemblies and is put into practice by the various executives and the PCE as a whole, respecting and enforcing the resolutions of the congress. It is to be expected that different interpretations will arise when the time comes to implement them. In the event of disagreements, the opinion of the majority must obviously prevail, thus becoming the "official line" to be implemented by the executive body of the PCE, which must therefore have a homogeneous makeup. The same does not go for the various central, provincial, etc committees, which do not have to be homogeneous and, in fact, are not.

When majorities and minorities emerge, the freedom of expression of the minorities as such, not just as isolated comrades, must be guaranteed, especially during precongress periods. Therefore, although what is unanimously put into practice is the decision of the majority, the comrades who argued for an alternative that was eventually backed by a minority have the right and even the duty to make their view heard at their party level or party-wide if the matter is an important one.

(...) Therefore, I defend:

1. The homogeneity of executive bodies; 2. The representativeness and proportionality of the other committees; 3. Democratic centralism, insofar as it entails the unanimous application of the majority line and the authority of

higher over lower committees; 4. That minority positions are not "the dirty laundry that has to be washed" or purged, should the need arise, but rather respectable stands that must be discussed; 5. That in order to discuss we must be informed, and not just from one angle; 6. That the best medium of information, in addition to the organization, is a party press that is open to society and to members, not just the ones in the majority; this would enable us to rise above the methods of our internal underground; 7. That we must not confuse an organized faction or tendency (with perhaps its own press, dues and separate organization, etc) with the minorities' right to freedom of expression in the PCE.

What It Means to Be a PCE Activist (Armando Gomez Amador, Card No 133,887, Southern Group, Del Carmen District, Murcia)

Being a PCE activist unquestionably means something more than just belonging to the PCE or carrying a party card. It means action, an aggressive determination to change things, a constant and unwavering struggle for our ideals, discipline and a defense of our party's overall and organizational policies once they have been debated and approved by the majority. Therefore, being a member of the PCE is not easy. It demands determination and courage, thoughtfulness and a critical mind, and an insatiable thirst for ideological enrichment.

An activist is the product of many values and personal courage, of an analysis of and resistance to the distorting and negative factors with which the capitalist system tries to influence us. This demands patience, an avoidance of first-person approaches and hasty, facile opinions, shunning malicious, destructive criticism, and realizing clearly that the only way, the Marxist way, to study and understand the social, political and party problems that are put before us is by discussing and analyzing them at our organizational centers.

To belong does not mean to be an activist, I reiterate. Activists are the party's active and aware strength, the party's conscience, so to speak. They are the core of energy that guarantees that our party will continue as an organization and as a force for change in society. In a nutshell, we could say that without activists there is no party, no Marxist party, that is. This does not mean that I believe or propose that the PCE should confine itself to its activists and exclude or downplay others. Far from it. Members often join the PCE passively, expectantly. They are driven by a desire to belong to the party, but, logically, they are not always clear about their ideas, and their ideological background is rather jumbled. Therefore, activists must represent an example to be followed and a constant stimulus because of their selflessness, thoughtfulness, integrity and political capabilities. I am not talking here about an elitist caste and second-class communists. That would be unthinkable in a Marxist party like ours. Activists and members represent two ways of being involved in the PCE, but they are both communists and both belong to the PCE. In reasoning out goals

and ideals there should be only friendship, candor and generosity of treatment and, above all, the most democratic and absolute equality. That is Marxism. That is how our PCE must be.

Regeneration and Internal Democracy (Jose Maria Romeria, Card No 6,109, Card No 5,982, Santurce)

Agreeing with the essential elements of the conclusions approved by a majority of the PCE-EPK Santurce Group, which we belong to, we the undersigned wish to express our views on a number of issues that are in the forefront on the eve of the 10th Congress.

We have no doubts that regeneration and internal democracy are not overlapping terms; rather, their relationship is dialectic in our internal life and in our party's image in society in its struggle to transform it. Therefore, a regeneration within continuity must avoid a break with our political and ideological thought, enable our finest cadres to take up leadership posts on the basis of their political abilities, not their age, avoid the risk of adventurism and move the party forward towards its goal of becoming an authentic democratic party of the masses.

It is a secret to no one that we have been exerting constant efforts at regeneration, to the point that the leadership elected at our Third Congress, including the secretary general, was more than 60 percent composed of comrades who came from revolutionary nationalism and professional and intellectual sectors, most of them young people who had recently joined our ranks.

One of the major adverse effects of this regeneration was the self-criticism of the Fourth Congress's report, which described our organizational efforts as odd for a revolutionary party. We agree with this assertion from top to bottom, because this method of operation has ingrained habits in the party that have done nothing to reaffirm us as a democratic tool for involvement, far from it. Here are some examples:

--As part of the organizational inconsistency that has been on the rise ever since the Third Congress, leadership functions have obviously been personalized, which entails a real risk of a shift towards personality cults.

--Coinciding with an unmistakable relaxation of democratic centralism, encouragement has been given to postures that are claimed to be "democratic and of free expression" but that have calculatedly and uninterruptedly informed the press of aspects of our internal life, thus sowing uneasiness and confusion among our members, especially since these aspects have not been discussed in our own media.

--If the full and conscientious involvement of all comrades through a boosting of their political level is really tantamount to the development of internal democracy, then attaining this goal through an intensified political debate, not in the abstract but linking it to a surmounting of specific problems, has

not been and is not a concern of our leadership, because their estrangement from the rank-and-file is more than obvious.

We want to make it clear that a regeneration viewed in subjective terms would lead the party into a political abyss and, therefore, to its breakup.

With regard to organizational relations with the PCE, there are comrades who in defending the shift to a federation of parties, argue that Spain today is moving inexorably towards federal structures. This is sheer single-mindedness, because in light of the danger of a political regression that we are faced with, one of the objectives that the ruling class questions the most is the reform of the State's apparatuses, and in this regard the development of the autonomies is one of the most important issues.

They also argue that in its position paper on organization (page 21) our Fourth Congress said that "incorporating federal elements or moving towards a federal party in organizational terms is an open issue in which communists nationwide must become involved." No one denies this. We are, in fact, engaged in such a debate, and whether we federalize or not depends on the conclusions that all of us communists in Spain reach.

But what these comrades do not mention is that on the same page 21, a bit above the quoted paragraph, the paper asserts that "the PCE-EPK feels that the best move in the current situation is to reaffirm itself as a national and class party with full sovereignty in drafting and pursuing its national policy, as well as its forms of organization." It makes little sense to deceive ourselves by playing with words, because it is clear that the substance of this paragraph seriously conditions collective debate by clearly transcending the concept of full autonomy and, furthermore, that the implicit aim is to spur by decree a process similar to what happened in the PSUC with the merger of various parties, which gave it the "status" of an independent party.

We want the PCE-EPK to continue being fully autonomous in formulating its policies in accordance with the specific characteristics of the class struggle in the Basque Country, a continuity that is provided for in the first draft of the bylaws. However, we oppose the theory of full sovereignty, because if we take it to its logical conclusion, it would lead to the breakup of the PCE as a valid tool not only for progress in the development of national freedoms among the various peoples of Spain but also for the triumph of socialism nationwide.

The Functions of the Committees of Guarantees (Teofilo Garcia Lopez, Card No 149,006, head of political training in PCE's CF in the RFA)

In my opinion, the establishment in the bylaws of the Guarantees and Control Committees at the Ninth Congress was well received throughout the party. It was also obvious that initially, given the scant experience in this field, mistakes would be made during the break-in period.

The bylaws that emerged from the Ninth Congress were very clear on these two points:

a) They prescribed the functions of the Guarantees and Control Coordinating Committee and of corresponding lower-level committees, but nowhere did they set forth the points that are not within their jurisdiction; the notion apparently was that this was unnecessary;

b) The decisions of the Coordinating Committee (CCGC) cannot be appealed, and it is answerable only to a party congress.

In other words, in the hypothetical event that it made a decision exceeding stipulated bounds, thus clashing with decisions made by the Central Committee, it would be placed above the Central Committee, which is also chosen by the party congress as its highest political body.

Bearing these premises in mind, let us suppose that at some point a member (or members) of the Central Committee (CC) (to take the most serious case, but one that is a current possibility, not science fiction) disagrees partially or completely with some or all of the policy that the CC is pursuing and acts in accordance with his political views both inside and outside the party (we should recall that Lenin was in the minority several times and acted in accordance with what he thought was right). This comrade (or comrades) would not normally be subject to sanctions. But what if the CC, observing strictly political criteria, decides to expel him from the party, and the CCGC rules that the comrade's political views are correct and that there is no ground for expulsion? The CCGC would thus become the party's supreme leadership body, taking over the functions of the CC.

It is noteworthy, however, that the new bylaws (Article 52) include a brand-new paragraph that to some extent reflects my concern, in connection with the Finance Control Committee (up to the provincial level). It reads:

c) To analyze whether the committee is pursuing a sound financial policy and to suggest ways to improve it.

Why isn't this paragraph included in connection with the CCCF? Let us once again assume that the CC, based on exclusively political criteria (legislative, municipal elections, etc) decides to make an economic investment that the CCCF later deems politically improper. There is no mention of "suggesting" in this case either (which dampens the problem quite a bit). The committee can simply dispense with "suggesting" and rule outright, which would obviously create the same situation as we saw above.

I am not proposing any amendment; I would just like the committee that debates the bylaws at the 10th Congress to reflect on this omission and keep it in mind.

Ideology as a Weapon of Struggle (Manuel Tellado Garrido, PCE Card No 036,942, PCE Card No 021,942, Huelva)

Now that we are in the midst of debate on our congress, we must all realize that ideology is above all awareness and that awareness means struggle, dignity, principles and revolutionary morale. Ideology is also a weapon of struggle against all that is poorly done, against weaknesses, privileges, immoralities. The ideological struggle is the front line of combat, the lead revolutionary trench for all revolutionaries today.

A communist must be an unyielding fighter, convinced of the insurmountable justice of his cause, studious, hardworking, demanding, profound and completely devoted to his people. The party exists only by and for the people. Bureaucratic methods and the spirit of the petite bourgeoisie are totally alien to its principles. Close and indissoluble ties must exist among the cadres, activists and the people, based mainly on example and the trust that a revolutionary lives and dies for his people.

Authoritarianism, demagogy, self-satisfaction, vanity and irresponsibility are inconceivable in a communist. A brotherly and humane spirit must be one of his basic traits. And above all there is his internationalist awareness, which does not rule out the most deeply felt patriotism. A communist must bear in mind, however, that the homeland comes before the individual and that mankind comes before the homeland.

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CSO: 3110/142

CARRILLO DELIVERS CENTRAL COMMITTEE REPORT TO PCE CONGRESS

Madrid MUNDO OBRERO in Spanish 28 Jul 81 pp 13-40

[Text] On Saturday 25 July, by a vote of 94 for, none against and 17 abstentions, the Central Committee of the PCE approved the following report of the secretary general, Santiago Carrillo, to be submitted at the 10th Congress. The Central Committee also approved the names of its members who will sit on the position papers and bylaws committees. The draft regulations and program for the 10th Congress and the nominations for officers and president, which were also approved by the Central Committee, were debated and rounded out on Monday evening at a meeting with the chairmen or heads of the delegations attending the congress. At this plenary meeting, the Central Committee resolved, by a vote of 112 for, 2 against and 2 abstentions, to exclude Francisco Garcia Salve, a decision that was ratified that same day by the Central Commission of Guarantees and Control. The 10th Congress will close on Friday the 31st in the assembly room at Quevedo Theater.

The Party and the World Situation

As the 10th Congress opens, the world political situation in which our country finds itself is reason for serious concern. The danger of conflicts and war is on the rise; serious tensions exist; a disturbing arms race is under way. If there is no change in international politics, Europe is headed towards an unreal buildup of nuclear devices that augurs nothing good. Areas of friction in other regions of the globe persist and are even on the increase.

The enormous resources earmarked for the research and development of new weapons are diverted from the efforts needed to overcome the backwardness and underdevelopment of extensive areas and to attempt to resolve the grave injustices and inequalities that prevail even in the developed countries.

The policy of military blocs; the meddling, if not open intervention, in the domestic affairs of other countries; the lack of solidarity that sometimes characterizes even States that share a common social system; the growing role of force and power in world relations, are a real threat to mankind's present and future.

And amid this entire accumulation of negative factors there is the phenomenon of the alienation of a large segment of world public opinion, an alienation that stems from the gap between public opinion and the narrow, closed circles that actually decide world politics and that wield power. A typical example of this is the Conference for Cooperation and Peace in Europe, which has been going on in Madrid for several months now unnoticed by the public. The public does not know for sure what is going on at this conference and has the impression that the delegates to it are whiling away their time waiting for the big powers to make decisions in places far from Madrid.

Alienation also arises because news reports are doctored, because any everyday event is blown all out of proportion while events and decisions that are of basic importance to the fate of all are relegated to a minor status or remain unknown, and because the prevailing way of life itself and, moreover, the consequences of the world crisis and its repercussions on each country divert attention towards individual, group and parochial problems, not towards the world context of which they are part.

Over these years, the party's leadership has devoted attention to the problems of world politics because it considered them of decisive importance to our own country. Nevertheless, we have to admit that we have not succeeded in getting the party as a whole, much less public opinion, interested in them, except in partial aspects. There has been a great deal of discussion in our party about the occupation of Afghanistan, for example; we have undertaken actions of solidarity with the Nicaraguan Revolution, the Polisario Front and other liberation movements. Fortunately, internationalist solidarity is a sentiment that is very much alive and deeply rooted in the PCE's entire tradition.

But the results of our political and ideological efforts to bring about an understanding of the dangers of the policy of blocs and of the need to transcend it are still not satisfactory; we still often hear the view that blocs are an inalterable reality and that ultimately we have to choose the one that seems ideologically closest to us.

This idea is tied to a memory of the past that associates world wars with revolutionary solutions, thus overlooking the fundamental fact of this era: that the terrifying destructive power of modern weapons, as Engels anticipated in his "Anti-During," means that a world war today would cause not revolutionary crises but rather collective holocausts that could destroy both the oppressor and the oppressed classes.

This outlook, which is still deeply rooted, weakens our ability to struggle for peace and encourages a certain tendency to utilize the struggle for peace as a tool for supporting actions by blocs rather than as an end in itself, on which the entire future of our communist ideals depends. In this regard, the idea that the class struggle on the international level manifests itself today in the confrontation between the two blocs and not in efforts to dissolve them and cleanse world relations of their threatening presence, represents a fatalistic acceptance that class contradictions are going to be resolved through the destruction of classes (a possibility that the

"Communist Manifesto" cautioned us about), not through the socialist transformation of society.

This outlook does not contribute either to an effective struggle against Spain's membership in NATO. Our opposition to NATO does not stem from any leanings towards the Warsaw Pact. We therefore decline to link our campaign to others whose tone might give that impression.

Our opposition to membership in NATO is based on our conception of Spain's national interest (and I underscore "national interest" because in our judgment, the issue transcends left-wing, right-wing or centrist positions and can be placed in that collective sphere) and on our policy against blocs and for peace.

From the standpoint of the national interest, the government has still not given a single serious argument to back up its desire for membership. Spain was neutral in the two world wars this century; it makes no sense to argue that it could not be in a third world war. Those who say that the armies that would occupy Europe would not stop at the Pyrinees and respect our neutrality fail to mention that if this were in fact to happen, they would respect it much less if we were members of NATO and that in the latter event we would have already suffered nuclear annihilation, which would make the defense of our territory impossible.

In any case, the question is not whether we have to take part in a third world war or not; the point is that Spain should help prevent one, and it can do this better outside rather than inside NATO. In itself membership would be harmful to peace because it would upset the current strategic balance. Enlarging NATO with Spain is an invitation to the Warsaw Pact to restore the balance by bringing in new members. In this interplay of moving pieces forward on a chessboard, the blocs would wind up in checkmate. This is an extremely dangerous game for peace and, of course, for Spain.

The Italian, French and, I think, Portuguese Communists agree with their countries' presence in NATO precisely for this reason of the strategic balance, as long as there is no possibility to dissolve the blocs.

It is quite extraordinary that hurdles are being placed in our path towards joining the European Community while the doors of the Atlantic Alliance are being opened wide to us, that we are being offered the chance to station Spanish troops in the FRG while we are hampered from marketing our farm products in Europe.

Our relative military technological weakness is no reason to join NATO either. For example, the fact that we do not possess nuclear weapons ought to induce us, if anything, to work for a nuclear weapon-free Europe or at least for as much of a reduction as possible of the atomic weapons deployed on our continent, both in the West and the East.

A truly national and independent Spanish diplomacy would have to strive for this aim, because the dangers of a spread of nuclear missiles throughout our

continent must not be concealed from anyone. This would help to guarantee the security of only the United States, not Europe, because in this event nuclear war would be waged on European territory, while the United States might avoid being affected, just as it was not directly affected by either of the previous world wars, which when all is said and done, enabled the United States to heighten its hegemony over the West as a whole.

The desire to join NATO is even more reprehensible if we keep in mind the obvious need to stabilize Spain's democracy. The NATO issue would further divide Spaniards, add a new factor of fragility and instability to the nation's situation and set constitutional forces at odds when their cooperation is indispensable for consolidating change.

In the past we have striven to put the issue on ice, and if possible we will keep trying. When all is said and done, this is such a grave decision that it cannot be made by just a parliamentary majority. The Spanish people must be consulted in a referendum; it is a question of no less than their independence and their very existence

We are glad to see that the PSOE [Spanish Socialist Workers Party] has taken a stand close to ours on such a fundamental problem. In reality, the possibility of preventing such a grave absurdity rests to a great extent in its hands and in the hands of the parties of the Socialist International that govern several European countries, and it is to their solidarity that we must appeal in the event that the UCD [Democratic Center Union] government refuses to consult the Spanish people in a referendum before making such a compromising decision.

We have said that the world situation is serious and disturbing. We are in the midst of an economic crisis that is at the same time a crisis of civilization. The new "status" of many Third World countries that produce raw materials and that have rebelled against neocolonialist exploitation has shattered the economic relations that have prevailed since the Second World War and has thrown the system that predominates in the Western countries severely out of balance, thus giving the current crisis lasting characteristics. This factor, along with the development of production forces and technological gains, is causing rising unemployment and business failures, which further rends the social fabric. There are alarming numbers of young people who are in danger of becoming lumpen proletariat and socially maladjusted, and maladjusted not in relation to the current type of society but in relation to their own class status.

Traditional methods are unquestionably no longer valid in dealing with this crisis. Radical changes are required in socioeconomic structures, from the standpoint not only of class but also of the subsistence of any sort of social life. And these changes must be in the direction of socialization and world solidarity.

Faced with this objective requirement, all conservative forces are rallying in an effort to prevent a solution to the crisis from leading to more just

and egalitarian forms of society. They are even trying to create a psychosis of resignation to the possibility of a nuclear war. Periods of major food shortages are announced when allocating just some of the enormous resources being spent today on the arms race would enable food production to be boosted in extensive areas that today lie unproductive, which would lead to well-being.

The most decisive task for all sincerely progressive forces is to bring about a sweeping change in world politics by reorienting it towards peace, gradual disarmament, cooperation and a new world economic order. We have to see to it that the world prepares for peace instead of for war, as is the case today, and this clearly demands that the doors between States be open, that communications among peoples be smooth and that there be fully guaranteed control of armaments.

To this end, in what would be a new cultural, political, economic and social renaissance, Europe can and must play a very important role by developing an autonomy vis-a-vis the two major powers that it lacks today.

The need for such autonomy is obvious even in the economic sphere. The monetary and trade policies being pursued by the Reagan administration offer Europe little hope for the near future if it does not join forces and really initiate its own policies in all areas.

The outcome of the French elections offers a hope. The election of Mitterrand, the victory of the Left, the formation of a government with Communist involvement and the adoption of a PSF-PCF platform, whose planks we could support, could mark the beginning of change.

We must unreservedly salute Francois Mitterrand's courage in telling U.S. officials that the French people, not the United States will decide on the makeup of the French Government and whether or not to appoint Communist ministers.

This is a lesson of national dignity and political consistency that we must acknowledge in a man who by his stands has perhaps become the most important leader of the European Left today.

If Italian Christian Democracy is on the decline, as a wide range of opinion media in that country concede, perhaps the main, if not only, reason is its rejection of the historical compromise that has thwarted the workings of the country's democratic institutions and that has caused it to lose prestige as a future force.

The hope kindled in France seems capable of spreading to other countries. It is significant that for virtually the first time the votes lost by the Christian Democrats in Italy have gone not to the MSI [Italian Social Movement] but to the Left; that in Greece there is a chance that PASOK will win the upcoming elections; that the Communist Party in Cyprus came in first in the latest electoral contest, and that in Great Britain, in spite of the Social Democrat splinter group, the Laborites are winning the by-elections in London.

As far as Spain is concerned, the Left might make progress at a future electoral contest. This would make possible the formulation of a more consistent and progressive foreign policy than the one being pursued by the current administration, a policy geared towards bringing about real change in the world.

In recent talks with Italian comrades, we have considered the need for the forces of the Left and of progress in Europe to relaunch joint initiatives for action in dealing with world problems, including, obviously, the crisis and its socioeconomic impact, the arms race and the dangers of war.

Such initiatives would require more ongoing cooperation among the Communist parties of Western Europe, which would have a very specific role in them. Although some steps were taken in this direction, such as the Brussels meeting, in our judgment the lack of continuity in cooperation among the Communist parties in this region is a handicap that has weakened communist influence and moves in Europe, which to be effective must also be autonomous.

In this regard, we intend to work increasingly actively to achieve what we agreed upon with the then secretary of the PSF, Francois Mitterrand, at our meeting in Madrid in May 1980. I recall that in the communique released on that occasion we concurred on "the usefulness and importance of conducting a dialogue and developing affinities among the parties that belong to the European labor movement." On the occasion of that meeting Mitterrand told the press: "We have repeated what we had already said separately about the usefulness of having initiatives and encounters among all of the representatives of the European labor movement, from the Scandinavian countries to the Mediterranean, so that the European labor movement regains a dynamism that will, nevertheless, enable each of us to preserve our personality: Socialists, Communists, Social Democrats, Laborites."

If this was necessary in 1980, it is even more so today, and this would afford Europe the possibility of regaining an autonomous role for itself in world politics.

And as we are aware of the role that Europe played in the colonial structures of the past, we must hasten to assert that Europe today can have an impact on the rest of the world as long as it views its role in a diametrically opposite manner. In other words, Europe should support the cause of real liberation and independence for the peoples of the Third World, their economic development, the surmounting of the enormous gaps between North and South. Europe would have to support things like the Nicaraguan Revolution, the struggle of the Salvadoran people, freedom for the people of the Sahara, the creation of a Palestinian State. Europe could help liberation movements to unfold and underdevelopment to be overcome within a framework of real independence for each nation, without being pawns in the struggle between blocs. In other words, the role of Europe today should be exactly the opposite of the one it played during the colonial period and the one that some European nations, under the influence of bourgeois parties, are still tempted to play.

Our proposal for Europe's role does not mean that we are underestimating other countries. In this vein, we feel that the role of the UN has to be reassessed as the body that encompasses the nations of the earth as a whole. And as far as the Socialist countries are concerned, we Spanish Communists feel that a specific proposal from them, not a mere general statement of intentions, a specific and precise proposal from the Socialist countries to move towards a dissolution of military blocs and to close down overseas bases in accordance with a realistic and reasonable timetable, would be a most important contribution to efforts for a change in world politics and for the consolidation of peace.

The Transition Period and the Party's Policy

I would now like to discuss political developments over these 4 years.

In a modern State, a radical break with a fascist dictatorship has taken place only when foreign armies have lent their support (the case of Europe in the Second World War) or when there has been a crisis of unity in the Armed Forces and part of them rose up against the dictatorship (the example of Portugal).

Neither of these developments has taken place in Spain, nor were such developments foreseeable. When there has been talk of a democratic break, no one meant a radical break with the State apparatus, but rather the possibility that a mass movement would make possible the establishment of a provisional government whose actions would not be conditioned by former legislation. I think that this is expressed quite clearly in our texts from the years prior to the change, when we proposed the "Pact for Freedom," and even in the planks of the program that we proposed to the provisional government. The following are the essential points of potential common ground that the Spanish Communist Party has been stressing:

1. A broad-coalition provisional government.

2. Total amnesty for political prisoners and exiles.

3. Political freedoms without discrimination.

4. Recognition of the specific national character of Catalonia, the Basque Country and Galicia through the provisional application of the autonomy statutes put into effect or approved at plebiscites during the 1930's. Autonomy for the regions.

5. Free elections for the Constitutional Cortes, which will decide Spain's future political system.

We did not expect either that the establishment of this government would mean a break with the hegemony of the bourgeoisie. The hegemony of the bourgeoisie can only be diminished through the process of consolidating democratic change and will disappear only when we have at least a politicosocial democracy.

I say this because in our discussions confusion often arises between the concept of the democratic break and a radical transformation of the State and hegemony. Thus, the fact that there has not been a break is blown out of proportion, leading to the conclusion that the party has lost under democracy the dominant position that it had in the anti-Franco opposition. This is confusing different categories and lapsing into the most unrealistic subjectivism.

To begin with, I think that if we want to make an objective judgment of what the anti-Franco resistance was, we would have to clarify that it comprised, in one manner or another, a minority of the Spanish people, never a majority. When people mention the dominant role of the PCE in the opposition, they are talking about the role of Communists among a minority, albeit the most aware and dynamic minority in society. That minority could have radically transformed itself into a majority if change had been triggered by a revolution. When it took place through a reform based on the previous legal order, that radical change in public opinion did not come about. And we Communists maintained our influence and even boosted it with the two million votes we won in 1979.

The strategy that we developed subsequent to the proposal of a national reconciliation, which emerged after the Pact for Freedom, was a long-range approach to be pursued over a prolonged period of time. It was based on a recognition of this fact: the impossibility of radical revolutionary change during the historical period in which we were in, with a society in which the memory of defeat in the Civil War was a decisive factor and caused broad working class segments to remain passive even though they were inclined towards democracy, a society in which, furthermore, 40 years of dictatorship coincided from the 1960's on with a capitalist boom that spurred the creation of areas of relative well-being (compared with the past), without wideranging collective linkages, and engendered a lack of solidarity, a disregard of major national problems and narrow professional interest groups.

Basically, the party is pursuing the strategy it charted and is trying to influence the process of reform so that its results approximate the ones that a democratic break would have yielded.

Let's not kid ourslves. Even if the democratic break, just as we conceived it, had taken place, we would still be facing most of the problems we have today: a State apparatus inherited from the previous regime, with its well-known drawbacks; the economic crisis and its social consequences; the home rule issue and, probably, terrorism. The difference is that with the break the party would have done much better at the polls and, therefore, had greater influence on political decision-making.

These problems exist, I insist, not because there was no democratic break. In this regard, I would point out that in the 1930's, when there was a democratic break with the previous regime, there were manifestations of discontent just a few months after the republic was proclaimed, and that disenchantment in the wake of a political change is not unique to this period or this country.

According to objective laws, there are periods of regression amid major movements of change, and we should not forget that after the republican democratic break in 1931, the Right was again victorious in 1933 and initiated the so-called bleak biennium.

In those days my generation also saw the exodus and abandonment of those who felt cheated and who hesitated in light of an uncertain future. It is perhaps for this reason, not because of insensitivity, that we are troubled less by certain adverse developments at the current juncture and their impact on the group of forces promoting change and on our party itself.

The Policy of Democratic Concentration

After overcoming the obstacle posed to us when change occurred through reform instead of a break, in other words, the attempt to keep us on the sidelines by outlawing us, our party has gradually adapted its tactics to the strategy it developed long before.

We have to state that ours has been the only Spanish political party that has theorized political change while keeping in mind its characteristics and difficulties. Our weakness has perhaps been that this theory development has remained at the leadership level instead of encompassing the party as a whole, especially since the time that we became a legal party again and our numerical growth outstripped our previous makeup.

From the beginning we confronted events with an awareness that Spain was entering a lengthy transition period in which the shift in the balance of power towards the working class and the forces of labor and culture as a whole was not going to be easy.

At the 1977 elections we became even more clearly aware that changing the balance, above all for our party, was going to be extremely difficult.

The policy of democratic concentration was and is a logical outgrowth of our strategic line. This policy did not entail an abandonment of the class struggle (Lenin did not renounce the class struggle either when in 1905 he advocated the worker party's participation in a government with bourgeois forces and was opposed from apparently leftist positions by the Menshevik wing of Russian Social Democracy).

The policy of democratic concentration aimed and aims at winning segments of power for the working class, thus reducing the hegemony of the oligarchy, at reversing the balance of power and thus assuring a more progressive orientation.

Furthermore, this policy coincided with the objective need to consolidate democratic change.

Two factors have prevented this policy from being fully implemented.

One, the desires of the oligarchy, imposed through its influence on the UCD and on the State apparatus, desires bolstered by American pressure.

Two, the policy of the PSOE, which initially wanted to swamp us on the Left and later voiced excessive moderation to vie with the UCD for the middle-of-the-road vote, while believing until last 23 February that the Far Right's threat to democracy was not as serious as it has been shown to be.

Nevertheless, the objective need for the policy of concentration has been a permanent factor all these years and has forced us to adopt substitute formulas that have not always been successful but that we found it difficult to reject.

One of these formulas was the much reviled Moncloa pacts. I believe there is no need now to detail their content; they involved a major modernization of our politicoeconomic structures. If I had to do it all over, I would sign them again, but this time without the euphoria that we felt in seeing our party, whose legalization was refused just a few months before and that had only 20 deputies, appear before public opinion as the political architect of the first major government agreement after the change.

Did we have every guarantee that they would be complied with? Obviously not, but there is no prior guarantee that any political pact will be complied with. We knew that the employers association was against them; we were not unaware that the PSOE signed them without enthusiasm and with the intention of utilizing their nonobservance in its competition with the UCD. But even so we had to sign them so that we could try to see to it that they were complied with and, ultimately, to utilize their nonobservance against the people responsible for it, thus capitalizing politically on a defense of their progressive elements.

The first union elections after the Moncloa pacts were a triumph for the CCOO [Workers Commissions], which had gone out on a limb to defend them, as the outcome was not the same as in the general election, contrary to what other forces were hoping. In other words, the working class did not reject the pacts, in spite of the shortcomings in our explanations and the demagogic campaign waged from leftist positions.

What, then, were our real mistakes in connection with the Moncloa pacts?

I mentioned one of them in passing in referring to the euphoria that overcame us at the time of the signing. Nevertheless, we announced at the time, with a probably not too happy look, that if anyone cheated, we would tear up the cards. And I say with a probably not too happy look because after all this was a question of preserving and consolidating our democratic institutions, and we not in the mood to tear up the cards.

And the fact of the matter is that in April 1978 we spoke out in Parliament and said that the administration was not complying with the pacts. And we have been saying this ever since.

We must criticize ourselves because these denunciations, as well as other facets of Communist efforts in Parliament, did not strike a responsive chord in the street, among the masses. This has been one of our weaknesses.

But I think that the main cause of this weakness was that we Communists, instead of acting as a bloc, pointing the finger at the people who were failing to comply with the pacts and claiming for the party the merit of being faithful to our signatures, split up into those who justified the signing of the pacts and those who challenged it. This is something that the party will have to overcome if it wants to bolster its influence on society: its insufficient political homogeneity, an issue that I will discuss in detail later on.

We probably could have tried to go farther in rallying the masses. But if assess the situation at that time objectively, a major mass rally, had one been possible, would have set us at odds with the government and even with the PSOE and the UGT [General Union of Workers], which also bore their responsibility at a time when an effort was being made to draft the constitution.

The drafting of the constitution was a fundamental act in the political change. The party took an active role in this, and the constitution enshrined the broadest political freedoms, established the autonomies and paved the way for structural economic changes. It is a code under which the Left could govern the country. Now, of course, the problem is to develop and implement it. But it is a fundamental starting point for the development and intensification of democracy. The Spanish people began to clearly realize its value after last 23 February. Regardless of how events develop in this country, we Communists will proudly wear the title of having been among the architects of the constitution approved in 1978.

The method of consensus used in drafting it was not the best. We Communists had previously proposed a clear-cut constitutional pact; we did not secure one, and the consensus was another substitute for the policy of concentration.

There were many criticisms of the consensus from the Left and the Right. But thanks to the consensus we drafted a democratic constitution that for the first time recognized the existence of nationalities. Because of the diversity of political forces involved in drafting it, compromise and mutual concessions were indispensable, as well as negotiations inside four walls.

We are in favor of openness and reporting, but in politics this method will never replace the practice of initial, private overtures and trial-and-error among parties to lay the groundwork for an accord.

We are in favor of assembly debates, but this will never take over the role of elected, responsible political leaders in making necessary political decisions at a given juncture.

The campaign against the consensus during the drafting of the constitution was unfair and and was not beneficial to democracy; on the contrary, it jeopardized it.

After 23 February, many of the people who lightheartedly criticized it realized their mistake.

This, however, is the bottom line on the party's policy: at the 1979 elections, which were held against our wishes, the PCE was the only party that gained votes in absolute terms, around 300,000, whereas the other parties lost votes. And this was in a campaign in which pressures for a two-party system were stronger than ever and in which some people were hoping that the PCE would be wiped out.

The outcome highlighted that the policy of the PCE, which had no immediate chance for power to automatically attract the so-called useful vote (on the contrary), was recognized and appreciated by a segment of the electorate that had not voted for us in 1977.

The Municipal Pact of the Left

The 1979 elections and the position of UCD marked a change, a turnabout in the policy towards the Right. In his inauguration speech, Suarez proclaimed the end of the consensus and the UCD's intention to pursue its program and to govern alone, even though it was in the minority and even though he had won an absolute majority as president thanks to some strange deals, an unstable, constantly threatened majority.

This turn to the right coincided with a situation in Europe in which the Right was also predominant and in which the crises in our country were worsening. The UCD administration has not offered solutions to the problems of unemployment, which is increasing every day, has not headed off the ruin of small and medium business, and has not been able, in pratice, to tackle the problems of agriculture.

With regard to the development of home rule, no sooner had the UCD promised that under Article 143 it would immediately grant the same levels of autonomy as under Article 151 than it tried to curtail the jurisdictions of the historic nationalities and committed whopping mistakes in connection with the Andalusian autonomy that forced it to recant; and no sooner had it made its promises than it retracted them, thus helping to create the impression that the government's home rule policy was marked by a certain degree of anarchy, which the Far Right took advantage of to instill the idea in some sectors that the unity of Spain was breaking apart.

In spite of the grandiloquent statements by successive interior ministers, the UCD administration has obtained very meager results in its moves against terrorism, while citizens have felt increasingly unsafe and the democratic system has seemed more and more unstable.

To offset the UCD administration's turn to the Right, the PCE, on the day after the municipal elections, took the initiative of proposing to the PSOE the pact that would bring the Left into power in cities, where 70 percent of Spanish citizens live. The pact has not enabled us to draw up a

joint government program in all municipalities, which, together with existing legislation and the lack of funds, has made running the cities more difficult.

Nevertheless, a general assessment of leftist city governments shows the positive results we have achieved, the existence of honest, clean government, efforts to improve the quality of life and a desire for openness, even though we have not always found ways to fully acquaint the people with our city hall activities and with the shackles that current legislation still places on municipal government capabilities.

In any case, as of the municipal elections, the rapprochement and cooperation between Communists and Socialists entered a more favorable period that was also marked by frequent agreement in parliament, which, however, we did not manage to translate into a joint, mass effort, except on very isolated occasions.

Seeing themselves as a government alternative, our Socialist comrades, moved by a desire to attract part of the bourgeois, centrist electorate, refused to accord our joint efforts the intensity and continuity that we Communists judged necessary to make the Left more influential in Spain so that it could become the hub of a policy of democratic concentration and progress.

I think that until 23 February our Socialist comrades were unaware that the conditions for an exclusively leftist government, even on the basis of the autonomous project that excludes the Communists, which they repeatedly say they advocate, are not yet ripe in our country.

In discussions of the Workers Statute and in the AMI [Framework Collective Bargaining Agreement] negotiations, the Socialists acted out of a desire to portray themselves to businessmen as a party that if it came to power would not jeopardize their interests. The PSOE, which has been increasing its contacts with economic circles, obviously wants to gain support from the ruling classes in some cases or to neutralize them in others. The Social Democratic temptation is present in this approach.

Something of a crisis thus arose in political and trade union relations. We Communists opposed the Workers Statute essentially because it opened the doors wide to mounting unemployment, as confirmed by what has happened since then, in spite of the optimism of the labor minister, who during those discussions announced the creation of 1,000 jobs a day. And we supported the stand of the CCOO Confederation in the AMI talks.

The Socialists think that once the UGT becomes the only negotiator, with the approval of the government, business and the mass media, its union organization is going to grow stronger, above all if the CCOO reacts by moving towards more radical stands that are out of touch with the great working masses that are being hard hit by the crisis.

The party is helping to see to it that this move does not take place and is striving to dampen the consequences of the frictions in the union sphere by maintaining its unified stand.

We Communists oppose the Social Democratic temptation beckoning the PSOE and offer instead the idea of an understanding on the Left to pressure the government into pursuing an effective policy to combat what we regard as our number one problem: unemployment.

We still feel that it is not in the workers' interests to have a continuation of the UCD policy, which responds to the demands of the CEOE [Spanish Confederation of Business Organizations], or to wait until 1983 for a problematical PSOE victory; rather, it is in their interests that we immediately formulate an effective policy for dealing with unemployment and the crisis, which in practice has to be the outcome of an agreement among parties (including the ruling party, of course), unions and employers, in other words, in a nutshell, a policy based on the principle of democratic concentration.

We approach the problem of rationalizing the autonomy process from the same starting point. The Central Committee Plenum of 3 February 1980 passed a proposal in this regard suggesting methods, timetables and an autonomy map and advocating a State pact among the constitutional parties to resolve the issue.

This is why we took part in the negotiations with the government to correct the mess that it had made of the Andalusian autonomy, and we did so after joint action in Andalusia with our Socialist comrades that met with success.

In a way, through city government efforts and the autonomy issue we are striving to overcome the frictions that have arisen with the PSOE in connection with the Workers Statute and its consequences.

Our support for the PSOE's motion to censure the Suarez administration also has its place in this approach. Due to its parliamentary strength, the PSOE clearly played a leading role in debate on the motion. We felt that Comrade Felipe Gonzalez's presidential candidacy gave the censure motion testimonial, propagandistic overtones, because he knew in advance that he was not going to obtain an absolute majority. On the one hand, however, it was a timely occasion to attack the UCD rightist policies and, on the other, to show the country the image of a Left united in favor of a policy change in a more progressive direction. And in this debate the UCD's attempt to keep the PCE out of the democratic parliamentary workings was invalidated.

The UCD's clearly rightist economic and social policies, its ambiguity and inconsistencies in implementing Section VII of the constitution, and its ineffectiveness in dealing with terrorism gnawed away at the administration and eventually triggered tremendous divisions in the centrist party and isolated Prime Minister Suarez.

Suarez's resignation has still not been clearly explained; we do not know what last-minute pressures might have hastened it. But if it is true that from the Left we had to censure and denounce his administration policies, it was the Right, which never forgave him for his role in the transition, that finished him off.

The Appointment of Calvo-Sotelo and the Coup D'Etat

The appointment of Calvo-Sotelo to replace Suarez seemed in February to be a result of rightist pressures. His inaugural speech and his responses during the debate made this evident. That is why most Spaniards were very surprised by the coup headed by Lieutenant Colonel Tejero and Lieutenant Colonel Milans del Bosch and supported by General Armada.

With the 23 February coup against a right-wing government, this country's politicians finally became convinced of the fragility of our democratic institutions, thus proving us Communists, who were aware of it ever since change began, to have been in the right.

The fact is that the coup almost succeeded and that the professional solidarity of the Armed Forces caused broad segments of them to remain passive vis-a-vis the coup plotters. The king's resolve and the obedience that the overwhelming majority of the military commanders showed him saved the constitution that night.

Since the danger of a coup has not vanished and since we can still detect conspiracies and are witnessing a campaign against our institutions, including the crown, a number of opinions bear hazarding as to what would have become of Spain had such a coup been successful.

Even if a dictatorship thus imposed tried to establish itself through brutal repression, its days would be numbered. And then?

Then perhaps there would be no way to retain the Basque Country and Catalonia as integral parts of Spain. And in whose hands would the Canary and Balearic Islands have wound up? In its alleged endeavor to bring unity to Spain, the coup would have shattered it forever.

The longing for revenge would scuttle any possibility of peaceful democratic development, of coexistence, and those who were the anvil during the coup would become the hammer.

Spain could have once again become an arena for confrontation, and not the peaceful kind, not only among the various social classes and political groups but also between the major world powers.

No military dictatorship could resolve our economic problems, unemployment, the crisis plaguing small and medium business, the price of oil, especially in the face of a hostile Europe and a far from favorably disposed world.

Furthermore, terrorism could well cease to be a Basque phenomenon and spread throughout the country, legitimized by the existence of a tyranny.

In the medium run, even many of the people who were swept up by the coup would have to react against such insanity.

I realize that it is unlikely that the people who are disposed to coups will listen objectively to the remarks of a Communist. Unfortunately, there are still many people who do not realize that the 1936 coup was against a democratic republic, not aimed at defeating "international communism," as they have repeatedly been told, and that while an army can be legitimately proud of having defeated a foreign aggressor in a national war, such pride is not legitimate in the case of a victory in a civil war that patriotism should move us all to put in its proper historical place as a painful episode that is not to be repeated.

Where, then, does the danger of a coup come from? From the gap that still exists between democratic Spain and part of its Armed Forces.

It is obvious that the political and ideological development of the Armed Forces has not proceeded at the same pace as in the broadest strata of Spain's population.

Whereas these strata have strived to transcend the myths and conditioning factors of the Civil War, to move with the times and to look ahead, certain negative phenomena have been instrumental in bringing these processes to a standstill in the military.

It is not that the democratic change has mistreated the Armed Forces; on the contrary, it has treated them better than the dictatorship did. And the constitutional political forces have concurred in according the Armed Forces the lofty consideration they deserve in a modern State.

The negative factors are to be found, for example, in terrorism, which has aimed its bullets at the Armed Forces for a specific purpose: to provoke them into a confrontation with democracy.

The Far Right has cultivated this provocation by identifying terrorism with democracy and portraying all democrats as terrorists or accomplices of terrorists.

Another negative factor has been the lack of orderly planning of the autonomy process and insufficient explanation of its content in the barracks, and even a number of mishaps involving the flag, which are often blown out of proportion by self-interested propaganda.

But aside from more or less widespread ideological phenomena, aside from group reactions, often intensified by the lack of contact between the people, their political parties and the Armed Forces, aside from the impact of propaganda that tries to take advantage of the fond memories that many

of them might harbor concerning the man who was their commander for many years, there is one obvious fact: except for the king at certain especially solemn moments, the government and its auxiliary bodies have perhaps not explained clearly enough to the Armed Forces the nature of the changes that have taken place in Spain.

The new authorities asked the democratic parties that did democratic propaganda work in the Armed Forces during the dictatorship to refrain from continuing in order to respect the nonpartisan nature of the military. And we did so, playing the game cleanly. But the Far Right continued its subversive efforts very openly, and effective steps to prevent this were never taken. What is being heard today in the barracks is antidemocratic propaganda.

Under the impact of this propaganda, the Armed Forces can hardly be expected to overcome collectively and in such a short space of time the ideological vestiges of the Civil War, and this delays their identification with the nation. This problem will not be resolved either through purges, which would crystalize prejudices and trigger dangerous upheavals, or in a short time. This is a problem of time, of patient training and information, of experience with democratic life, of an inevitably slow penetration of a democratic awareness in the Armed Forces.

When I asked an Italian comrade at what point they got the feeling that their country's Armed Forces had accepted democracy, he told me that it was in 1974, in other words, about 30 years after fascism had been defeated and democracy established. And nonetheless, there are still high-level military officers today who are mixed up with corrupt politicians and venal financiers in secret organizations with very shady aims.

Thus, we have to get used to the idea that this will be a lengthy process, but if we want to prevent democracy from foundering, we feel that the following four conditions must be rapidly fulfilled:

1. The existence of an information system that is firmly and provenly loyal to the political system.

2. A guarantee that the most effective rapid deployment units are prepared to counter any coup outbreak.

3. Harsh punishment, under the law, of coup plotters and all those who conspire against our institutions.

4. A halt to Far Right propaganda in the Armed Forces.

The 23 February coup, though unsuccessful, has greatly tarnished the prestige of the civilian government. The emergency situation prompted by this episode has brought the constitutional forces together. One of the things that has changed is the approach that the Calvo-Sotelo administration was initially

going to take, an administration that at times wavers between the temptation to harden laws by curtailing freedoms and paring back autonomies, and liberal measures. In any case, the anti-Communist leanings that were announced have not materialized for the moment. In contrast, in recent months the Divorce Law that was tied up has been passed; the individuals allegedly responsible for the Almeria crime have been put on trial; the Communist parliamentary proposal for the legal defense of persons under arrest has been taken into consideration; a brigade was formed to go after right-wing terrorists. It is also true that the Left, including the PCE, has moderated its opposition to the government and lent it its cooperation in various instances.

This was necessary for the civilian government to regain its authority and to head off developments that could demoralize the citizenry.

The constitutional parties sponsored an initial response to the coup on 27 February, in Madrid, Valencia and Asturias in particular, a rally that took on uncommonly large proportions.

The country also shut down for 2 minutes on 8 May in another major grassroots demonstration against terrorism.

Such rallies have not continued, however, even though the PCE has stressed the need to extend and prolong them.

The bourgeois parties and to a lesser extent the PSOE have reservations about mass rallies and joint appearances by the constitutional parties.

Nevertheless, in the face of coup threats, such joint rallies, in one form or another and at various levels, are the best backing for the civilian government, for parliamentary and administration action and for the preservation of the constitutional and parliamentary monarchy.

Current Relations Between the Administration and the Opposition

On the day after the coup, we would naturally expect the beginning of a policy of democratic concentration, and on the morning of the 24th this was apparently the view of a well-known UCD figure, who later, after who knows what reflections, changed his mind.

Having learned its lesson from this harsh experience, the PSOE announced its willingness to be part of a broad parliamentary majority government, the need for which our party had been stressing for some time.

However, the UCD rejected the proposal and maintained its one-party administration, once again seeking formulas to take the place of a policy of democratic concentration. In this connection, we should discuss the ANE [national employment agreement] negotiated among the administration, labor unions and business.

The leadership of the PCE has lent its support to the ANE because it is headed in the direction of the proposals that we have been formulating against unemployment and is in keeping with the National Solidarity Plan proposed by the Confederation of Workers Commissions. Employed workers are going to give up two percentage points in relation to the CPI [consumer price index] in order to help:

a) Create 350,000 jobs in 1982 to dampen unemployment;

b) Extend unemployment insurance to 200,000 more jobless workers than receive it now;

c) Transform the community work subsidy into unemployment insurance, after a census is taken of unemployed farm workers, which will benefit some 100,000 of them;

d) Establish unemployment insurance for nonmigratory farm workers;

e) Extend the subsidy to unemployed workers who are heads of family.

The ANE is not a panacea in dealing with the crisis. It is a partial measure both in time and in scope. But it is an effective plan of struggle against unemployment that could also have a stimulative impact on the economy.

Parallel to this, the government has agreed to the partial return of union assets to the CCOO and the UGT, which will facilitate their consolidation, and has given the unions supervisory powers in the institutes connected with social policy.

In light of the experience with the Moncloa pacts, many people are wondering: Will the ANE be honored?

For the time being, the government has to make budgetary decisions to honor it before the 1982 collective bargaining. If it does not make them, the unions will not consider themselves bound by the agreement.

Moreover, the accords call for the creation of a monitoring body in which the unions will take part.

We know that the CEOE has strongly opposed the agreements, that it did not want to sit down at the table with CCOO and UGT together, that it has subsequently protested the return of part of union assets and even that one of its leaders has called for the resignation of the Social Democratic faction of the UCD administration, to which the employers imputed the initiative leading to the accords.

In any case, fulfillment of the ANE will require vigilance and pressure on the part of the unions, as well as left-wing activism in Parliament to insure that it receives financing in upcoming budgets.

The autonomy pact that has been the object of quite atypical negotiations is another attempt to take the place of a policy of democratic concentration.

The administration and the PSOE first agreed to charge a Committee of Technicians with drafting initiatives that neither of them wanted to take themselves.

The exclusion from these efforts of the UCD as a party is also odd. What is the point? To make the PSOE and the technicians take the responsibility for measures that could turn out to be unpopular among Spain's nationalities and regions? Do the technicians and the PSOE have to undo the wrongs that the UCD caused?

Later, when the negotiations were expanded to the nationwide parties, the UCD was not present either. The claim can be made that the administration and the UCD are the same thing, but the fact is that so far the UCD has not directly involved itself, as such, in the negotiations.

We should also ask: If the PSOE is cooperating so closely with the administration and if Calvo-Sotelo and Felipe Gonzalez give the impression that they are jointly in charge of policy, why isn't there already a broad parliamentary majority government and PSOE ministers?

In spite of these odds ways, we have agreed to take part in the negotiations because such an approach is in keeping with our proposal for a State pact on the issue of autonomy. This does not mean that we accept, outright, the agreements that the administration and the PSOE have reached or that we are going to sign any pact; it all depends on their content.

The fact is that with the possible exception of the Catalonia and Basque Country statutes, the UCD administration has handled the autonomy issue in the most inconsistent manner. The administration resorted to all sorts of manipulations to nullify Article 151 of the constitution, even where the UCD's own followers had demanded it, promising in exchange that the same levels of autonomy would automatically and immediately be obtained under Article 143, which is something that the constitution permits only after 5 years have passed. This course of conduct led to the conflict-ridden impasse that we are trying to emerge from in the manner I have already mentioned.

In the interest of the State, the State of autonomies, we will sign an agreement that redresses all of these wrongs if it guarantees respect for the statutes that have already been drafted; approval of all statutes by late 1982, while setting down separate conditions for the Canary Islands statute, given the islands' specific problems; the autonomy map agreed upon initially; a nonoverlapping bureaucracy and, at the same time, the assurance that the Delegations cannot be used by the central government to diminish the capacity of the autonomy bodies; democratic elections at the regional, provincial and local levels; and the principle of solidarity among the nationalities and regions of Spain in order to correct the severe regional imbalances.

As negotiations now stand, we have given our approval to everything that will insure the State's interest in political issues. We have not yet managed to reach agreement on economic issues because in the proposals from the group of technicians and in the conclusions that the government has drawn from them it has not quantified the solidarity fund or its apportionment; nor are we in agreement with the LOAPA because we feel that its current wording is at variance with what the constitution stipulates.

We want to reach an agreement, but if the reasonable objections that we and other groups submit are not taken into account, we cannot be party to an agreement that under the pretense of the State's interests would primarily serve the electoral interests of this or that party.

Our stand differs from that of the other negotiating parties in our judgment on the status of the Basque and Catalan nationalists. Although we do not share some of their specific stands, we feel it was a mistake not to have included them in the negotiations from their outset. To us, these parties, as long as they abide by the constitution, are just as Spanish as the parties organized nationwide.

Emergency Laws

I do not want to conclude this section on our political efforts without discussing our stand on the emergency laws against terrorism and in defense of democracy, as well as on the state of emergency and martial law.

The latter was a strictly constitutional law that exists in all democratic countries and that has managed to have an impact because of the timing in introducing it. It must be said that we Communists were the ones who succeeded at the Congress Plenum in preventing a state of emergency from being declared against a strike. In general, the emergency laws have not included all of the guarantees that we demanded and they have not precluded potential high-handedness and mistreatment, the proof of which is the scandalous case of Almeria, not to mention others. But the principle of emergency laws in a fragile system like the present one, threatened by coup plots and terrorism, cannot be rejected.

Nonetheless, these laws have been significantly improved in a series of cases thanks to the amendments presented by the Communist parliamentary group. We also authored the bill, taken up by Parliament, to guarantee the legal defense of an arrested person from the time he is arrested.

Those who express reservations about or oppose these laws essay the argument that the heads of State Security agencies do not deserve all guarantees and could enforce these laws arbitrarily. They even claim that in the event of a regression [involucion] these laws could be enforced against the democratic parties.

Obviously, and this is something that we have brought up in Parliament and at the party's public acts, the leadership of the State Security agencies has

to be reformed and all of the individuals in leadership positions must be made to identify with our democratic institutions, because until this is accomplished, the laws will not yield the results expected of them. This is an issue that ought to be part of our political talks, along with autonomy, unemployment and others, a demand that I am publicly stressing from this forum. But we are not going to accomplish this by opposing antiterrorist laws, the need for which cannot be denied at a time like this.

With regard to the danger of these laws being used against democratic parties in the event of a regression, I think that in such an event the people causing the regression would clearly pay very little attention to laws; with them or without them, they would use brute force. One of the reasons that we are battling terrorism is precisely because it promotes and increases the danger of a regression.

At times, in the desire to take precautions, we go too far. I would cite this example. In debating the issue of military jurisdiction in Parliament, we decided to abolish summary and urgent proceedings in peacetime. Leftist jurists thought that summary and urgent proceedings could be applied unfairly. If this proceeding had been kept, however, the trial of the 23 February coup plotters would have been conducted 48 hours after the coup, and it would no longer be a political issue, as it is today.

In discussing the political efforts of the outgoing Central Committee in a report like this, it is impossible to touch on details, and I must focus on the general courses of action on which its efforts have been based. Rightly or wrongly (the congress is the judge), the Central Committee feels that its political efforts have been consistent with the policy set forth by the Ninth Congress and, furthermore, with the strategy that the party decided on many years ago.

It is true that our policy of democratic concentration has not given Spain a government and a majority to apply it consistently, that we have had to accept substitute prescriptions and methods that have been inadequate and that have in many cases yielded unsatisfactory results, and that we have had to make difficult compromises to insure that the process of democratic change did not come to a halt.

But in all responsibility we reject the ultracritical attitude of those who wrap up our political efforts during this period in a bundle and throw it into the garbage pail. It seems at times as if they are talking about a leadership that had power in its hands and lost it through incompetence, recording failure after failure. They know well, nevertheless, that we have achieved legal status against great difficulties, that we had only 20 deputies in the first Cortes and 23 in the second, that with this minimal representation we have had an influence in politics and an importance that many observers consider out of proportion with our actual strength, and that our representativeness could continue growing at the next election if the campaign of insults that is taking place in our own ranks and that the press

naturally reports on, does not act as a countercampaign that will diminish the PCE's potential in advance.

Debate and a battle of ideas are vital to the party, but when they are replaced by a nihilist confrontation that regards the party not as an instrument of history for promoting the revolution but as a short-term instrument that one can join and leave frivolously and to which a basic loyalty is not accorded, then this is not a debate, and most of our members do not bother getting involved and wind up not knowing which party they are in or whether they are really part of a class party.

The fact is that no one is seriously proposing a policy other than the policy of democratic concentration that we have been pursuing. At the most, members are saying that we have not rallied the masses enough, that we have not renewed the leadership enough.

I would find an internal logic in criticism that, based on opposition to the policy of national reconciliation and of a pact for freedom, argued against the party's involvement in a process of democratic change that is regarded as insufficiently radical and preferred uncompromising opposition and even the underground; in criticism that consistently condemned the policy of democratic concentration and concluded that the party ought to pitch camp, free from vile contacts, and wait for a revolutionary opportunity that presents itself miraculously or as a result of external factors.

Such a stand has an internal, albeit absurd consistency and if adopted, would turn the party into just another tiny clique by isolating it from real life and the conditions of the class struggle during this period.

But just as harmful as this would be criticism that denied what a good many of this country's politicians and journalists frequently concede, albeit more in private than in public: that the Communist Party is the one that has had a clearer perception of the balance of power during this period and that has most consistently defended the realistic solutions best suited to guaranteeing the progress of Spanish democracy. And it looks like we ourselves are engaged in destroying what ought to be a political asset for us at the upcoming election.

It is understandable for something like this to happen in the UCD, which has held power all these years and which is a multiclass party with various ideologies. That it should happen among us is not.

Mistakes in the Work of the Party and of its Leadership

Does this mean that we have had in our conduct no grave mistakes, inadequacies and shortcomings to subject to severe criticism and self-criticism?

We have indeed had them. But we must define and identify them clearly, because in this way the criticism will result in a strengthening of the party and in

progress which must be made. And we believe in fact that our fundamental weakness --on which the self-criticism, which we ourselves conduct, and many of the criticisms leveled against us agree--has been a pronounced inclination to conduct politics at the top and upward.

That mistake has been made by a part whose traditions in the underground were precisely the contrary; to conduct politics at the grassroots, in the mass movements, downward and not upward, and to have thus achieved a social penetration which no other opposition force achieved under Francoism.

This mistake did not stem from any change of conception about the party's mass nature; the idea of territorialization was aimed precisely at developing that nature. The mistake stemmed from a practice which has been gaining acceptance and against which we have not known how, or been able, to react in time. The origin of that practice--its objective cause--lies in the change of tasks from the underground to legality and in the persistence of certain leadership methods of the underground.

On becoming legalized, in a relatively brief period, the party needed to move hundreds, thousands, of cadres hitherto involved in the mass movements to parliamentary, autonomy and municipal tasks, either directly or to provide help and assistance.

At the same time, the trend toward large leadership bodies at all levels has continued, if not intensified, encouraging by this means also the cadres' upward flight.

The only mass movement which has not suffered this flight is the trade union, which had very important active functions and a personality and tradition of its own. But other movements, without the direct presence of the people who had encouraged them, have languished, lost strength and, in some instances, almost disappeared.

This has also been influenced by the change in the nature of the mass movements' work when democratic legality came about. It is clear that in the period of the underground, many associations performed, together with their specific functions, functions characteristic of the party organization; there were no very pronounced boundaries in the anti-Francoist struggle.

I believe that one of the shortcomings of our formulation has been a failure to foresee the change which was bound to occur in the activity of those organizations, to the effect of making them genuinely independent of the party, broadening their composition and centering them on the formulation of their specific demands and mass mobilization to achieve them, as centers of democratic participation in social life. The failure to define the mass movements' new tasks and styles, except in those which were most deeply rooted, probably also caused the withdrawal of not a few activists.

Nevertheless, the gravest aspect was the abandonment of the associations caused by this upward flight. The party's grassroots organization thus lost vitality, dynamism and political influence. The principal instrument through which the

party is linked with the masses--the grassroots organization--failed. Such a practice modified de facto, although not de jure, the party's communist conception, which is different from that of the bourgeois, and even social democratic, parties. By this I mean that communications between the party and the masses have been taking place principally through parliamentary, autonomy or municipal representation; in a nonorganizational manner in which we will always be outdone by other forces which have more extensive use of the mass media. And I do not underestimate the importance of this level of relationship; what I am saying is that in our conception the essential thing is the more organizational and deeper level of contact through the party organizations with the mass movements, which, I would add, is crucial for our influence and our deep penetration in the social fabric.

We have heard so many complaints about the associations' defective functioning, but how few of those who complained have used their intelligence and ability in the associations' work, striving to turn them into a political and cultural center for the local workers and working population, thus helping to build the party--and at the same time, the mass movements--by training new members and cadres politically and even culturally.

The view which we had at the Rome Central Committee plenum [presumably dating from the underground period] concerning the associations' prospects is correct, provided that we change the practice of this period. We said at that time that:

"...The association meetings will make possible a richer political exchange than that of the cells.... The party line will be able to reach them more directly, through comrades holding responsible posts. A more lively dialogue will be able to develop between leaders and members which will have repercussions on the quality of political life.... At the meetings dozens of propagandists, capable of clearly explaining the party's policy to the masses, will be trained.

But we cadres have largely deserted the associations; we have concentrated in the high representative political spheres and in the higher committees, and in fact there are very few cadres who spontaneously decide to work in the associations.

Either this 10th congress will be the congress of the cadres' return to the grassroots and of the strengthening of their presence in the associations, or else the continuation of the current practice will lead us toward a kind of party which will have very little to do in its structure--and indeed, in its substance--with what a Communist Party is.

A bourgeois or social democratic party has, above all, voters, not members. A communist party has members and voters. If communist parties preserve their membership, it is because of the existence of a kind of relationship between cadres and members which occurs at the level of their organizations and which enables members not to be mere followers and mere voters but coparticipants in the activity of the party as a whole--political protagonists. This is the real meaning of democracy in the party and of participation, far more than political duels among very small groups of cadres whose faces are sometimes not seen in the associations, except at the meetings on the eve of a congress.

And until we surmount this, there will be a loss of membership, even if we win new voters; the party will grow weaker, because our members do not wish to be spectators; they wish to take part.

There has been a great deal of talk in the party about the issue of loss of membership. But no serious inquiry has as yet been conducted to discover the real causes of the loss of membership--an inquiry among those concerned. And one will have to be conducted after this congress. And we will have to see where this phenomenon has occurred to a greater or lesser extent and why, since there are considerable differences between some places and others. It has been very easy in some circles to attribute it to rejection of the leadership and of its policy, even when loss of membership coincided with an increase in our voters.

I am not convinced that, if there had been a different practice, a greater concentration of our cadres' efforts on the associations and direct attention to their work, the party, despite a certain democratic ebb, would virtually not have lost members [sentence as published]. Moreover, I believe that if there is a change in the style of work, it can win them back, secure the return of those who left and swell its ranks.

The situation in the associations, the crisis in other mass movements for the reasons which have been set out--and, I would add, the trade union's organizational weaknesses which the confederation's second congress has set out to surmount--have decisively influenced our ability to mobilize the masses. It is not that there has been a conception opposed to mass mobilization in the party; it is that mass mobilization has also been conceived as something which is resolved from above, with decisions and appeals. The Asturian comrades have a valuable experience; the demonstration in defense of the Asturian economy, which they began by calling alone, as regards the other organizations and parties, and for which they prepared meticulously for many months at meetings of associations and local meetings, with the participation of all the party's leading cadres, creating a mass atmosphere which led to the biggest demonstration there has ever been in Asturias, supported ultimately by the groups which were initially opposed to it.

The ability to mobilize has also been affected by this inclination to conduct politics at the top.

This practice which we are criticizing--and which is directly a self-criticism of our shortcomings as a leadership--entails other dangers which are no less grave; that with the activities of the leadership bodies and elected representatives as our almost essential link with the masses, with the weakening of the organizational ties between the elected representatives and the party and with the dwindling of the latter's political life and organization, our party will end up by becoming an exclusively electioneering and administrative party, and cease to be a revolutionary party; a party in which the struggle for leadership at this or that level supplants the debating of ideas, and in which the aim is power in its less noble sense, and not the triumph of the emancipating ideal of communism.

The fact that the party pays great attention to parliamentary, autonomy, provincial or municipal work, or that it mobilizes itself actively with respect to elections, regarding them as essential political battles, does not mean falling into electioneering, but attaching to elections all the importance they have in a democratic path toward socialism.

But the danger of electioneering arises when the deputy or councillor, once elected, virtually severs the direct link with the membership; regards himself as the party's spokesman without taking the membership into account, and ends up by feeling that he is invested with an authority which is to some extent independent of the party bodies which proposed him for the posts which he holds.

Real power could thus shift from the party's members and bodies to the elected people, and at the end of a practice of this kind, we could be confronted with a situation like that which the leftwing is attempting to correct in the British Labor Party. That is, with the parliamentarians and elected people leading the party, we would then have a kind of party with the characteristics of the Second International.

In this connection, I believe that although we are in time to correct it, our current practice is leading to a gap between elected people and and party. Allow me to generalize, although there may be exceptions. It seems to me that we deputies do not inform the party sufficiently about our work. And if this is true of the deputies, whose work becomes known in one way or another, it is even more true of the councillors. We have not been able to institutionalize a method whereby the councillors in each place will regularly inform the party aktiv, receive its suggestions and criticisms and discuss their conduct with that aktiv. It is not merely a matter of being honest and efficient administrators; it is a matter of acting in contact with the people, and the first link for that purpose is contact with the party members.

Concerning the Party's Leadership Bodies

But the trend toward an upward flight is manifested not only with respect to the state bodies, but in the numerical composition--excessively large--of the leadership bodies at very different levels which makes them ponderous and lacking in agility and which, moreover, contrasts with the lack of cadres for the grass-roots organization.

This is to some extent a legacy of the underground era, when the size of the leadership bodies to some extent offset the objective obstacles to the party organizations' democratic functioning. But when legality came, that practice continued, and participation in the leadership bodies, instead of following a criterion of efficiency and internal democracy, has become a kind of distinction or status within the party, if not a dividing up of influence.

It is sometimes said that there are veteran comrades who may find it distressing to leave leadership posts at this or that level, but that very thing is the case with very many nonveteran comrades, full of strength and vigor, who would give the party much more and enrich their own experience by asserting themselves

as leaders of an association rather than as titular members of this or that higher committee.

This also encourages the accumulation of posts, which led us to raise the problem of incompatibilities in Cordoba, albeit with scant effects (of course, the Cordoba proposals remain unimplemented). It also impedes the necessary homogenization of the party which, in order to be real, needs to pass through the sieve not only of a debate but also of actual work in the depths of the party.

The leadership bodies which we have at various levels are today also an obstacle to the party's proper functioning because of their size and because of the accumulation of responsibilities by their members. We have complained, from various angles, of grave shortcomings in the Central Committee's work. But, irrespective of this or that shortcoming, the basic problem is that we do not have a real PCE Central Committee.

How is the PCE Central Committee's role to be understood? I believe that it can be understood in two ways. One of them would be how it functions now; that is, as a body which meets from time to time, discusses these or those issues well or not so well and then disperses, with everybody devoting himself to his duties as an elected person, leader in a nationality, region or province or as a trade union leader, without any responsibility or direct obligation as a PCE Central Committee member at the level of the country as a whole, attending or not attending the plenums as the case may be, depending on what his own duties at other levels allow.

Another way would be a necessarily smaller Central Committee in which, apart from a number of members in their own right, apart from the secretaries of the nationalities or regions and some other comrades whose participation in mass movements at the national level of whose political authority justified it, the remainder, even though living in the outskirts, would devote 30 percent of their time to the Central Committee's own work, not only attending the plenums but working on its specific tasks with the organizations in this or that part of the country, irrespective of their origin.

I believe that this second way, which is that which the current blueprint for the statutes seems to define, would make possible more frequent meetings and more direct and lively contact between the Central Committee and the party as a whole; direct knowledge of the latter's reality--and not merely that of one sector or area--and hence fuller information and more fluid communications and movement of ideas between grassroots and leadership.

I believe that this means that the post of Central Committee member should cease to be an honorific distinction and become merely a working post, and that removal from it should cease to appear to be a defenestration and take on the nature of a redistribution of the party's strength, taking into account its needs and application of the criterion of incompatibilities.

This conception should be extended to the party's leadership bodies at various levels as a whole, with which I believe we would also have taken a step toward a genuine democratization of our functioning.

In so doing, it would be necessary to make an effort to change something which today is very frequently a negative fact. People outside our ranks have the idea that the communist party functions with a strong centralism, guaranteed by acceptance of the rule of democratic centralism.

The fact is that the centrifugal tendencies in our midst--and perhaps, together with them, the remnants of the compartmentalization which was necessary during the underground era--are so strong that frequently the intermediate leadership bodies act as a barrier instead as a link between the central leadership and those below, and in certain areas as a barrier between the higher leaderships in that area and those of the impoverishes collective political life and which turns some sections of the party into cantons. This must be ended by means of political work and, when necessary, through antibureaucratic administrative measures.

These tendencies are an obstacle to organizations such as the Communist Party of Andalusia or the Communist Party of the Basque country becoming really established, and to there being a more fluid relationship between the Central Committee bodies and the organizations; with the result that frequently in this supposedly centralized party, everybody goes his own way and lack of communication rather than autonomy occurs.

I will mention an extreme instance, in a field to which sufficient importance is not yet attached--that of finances. Every time there is an election campaign, a referendum or some other political campaign, we encounter the same obstacle--the party's poverty. And yet, in fact, the party is not so poor. Many associations or local sections have their own nest egg; that is, their savings bank account, which is sometimes large and for which they receive a tiny amount of interest. If the amounts in these nest eggs were put together, it would total hundreds of millions of pesetas. The Central Committee could deposit in in a bank account with a far higher interest rate. The nest eggs would grow and the associations and sections would be richer and could withdraw in case of need the sums they required through the Central Committee. But that capital which today is underutilized would also enable the Central Committee to conduct broader political campaigns and give financial assistance to the organizations which needed it.

Thus as a result of that dispersal the party is far poorer than it would be in fact if there were less localism than there is today.

Of course, in all this situation there is a responsibility on the part of the party's central leadership. At the Cordoba plenum we raised and formally resolved very important issues, but we did not have the ability to put them into practice.

Concerning the Party Apparatus

In this connection, it is inevitably necessary to refer to the party apparatus. There is a good deal of talk about the apparatus and there is even the black legend about the party apparatus.

I believe that in a political party today the apparatus is made up of the party's full-time officials in its leadership bodies, in the bodies representing the people (parliament, the municipalities and so forth), in the mass movements, in its press or in its enterprises, if it has any. The full-time officials as a whole comprise the apparatus. There is no bourgeois or workers' party which has no apparatus. Strong parties usually have strong apparatuses; moreover, they need strong apparatuses. The demagogic criticisms of the apparatuses and "bureaucracy" deliberately disregard the complexity of a political party's functioning nowadays.

Sometimes parties which are in power use the state apparatus to enlarge and develop their own; in other countries the state apparatus and that of the ruling party merge and form a single apparatus.

Under these conditions, the apparatus can constitute a factor restricting internal democracy, an instrument for the leading group's remaining in power. And that can also occur in communist parties.

But is it possible to speak in those terms of the PCE's apparatus and bureaucracy as certain comrades demagogically do who sometimes form part--and even a privileged part--of that apparatus without apparently realizing it?

One of the consequences of what is still the PCE's weakness and at the same time a factor which intensifies that weakness is that its apparatus, the core of full-time officials in one form or another, is still very small.

The fact is, we do not possess the financial resources to have the apparatus which would be necessary to guarantee for the party as a whole extensive and open information and, vice versa, for conveying information, opinions and initiatives from the party's grassroots to the leadership. There are entire provinces which lack a single full-time official. And in those in which there are full-time officials in elected posts, it has not proved possible in many instances, for probably justified reasons, for them to take part in the work of extending the party's organization and propaganda.

The leadership elected at the 10th congress will have to tackle as one of its tasks the organizing of a genuine party apparatus. Today the problem is not that there is an apparatus which is crushing party democracy; it is that there is no apparatus.

And the confrontation and the polemics in the party lie, rather than in the party as a whole, within the apparatus, among the elected people, the trade union cadres, the full-time officials and leadership aides and councillors. The political debate in the party is largely a debate within the apparatus, the comrades in the apparatus, full-time party officials and councillors. The sectarian and dogmatic stances in Catalonia are headed primarily by a group of full-time officials, either in the party or in the trade union movement--that is, pure apparatus.

On the other hand, many members do not understand very clearly the real significance of these battles among those whom they regard as their leaders, and

are even indifferent toward them. I say all this in order to assert two truths: first, that we need a stronger and better apparatus; second, that today the apparatus does not represent unconditional support for the leadership, which stifles internal democracy; in many instances it represents opposition to the leadership, and this is not a party apparatus' function, either.

The Trade Union Front and the Cultural Front

On the trade union front, the party leadership has made mistakes connected mainly with the working method in it.

Before the legalization of the party and of the workers commissions, we concerned ourselves seriously with the issue and helped formulate a clear line of transformation of what was a movement into a trade union. There the party leadership played the role which rested with it.

Our mistake was that in seeking to guarantee the trade union's independence, we agreed that, in view of the number and quality of the communist cadres working in it, a permanent body attached to the leadership to deal with trade union policy was not necessary. We wished to shun traditional methods connected with the conception of the trade union as a driving belt.

And the result was not satisfactory. In not developing methods which would provide the communist trade union cadres with a party forum for discussing their problems, there was ultimately no trade union policy consistently accepted by everybody, and we passed on our confrontations to the trade union.

These confrontations intensified when the crisis and its consequences worsened. At that point, the party leadership did intervene--effectively, I believe--organizing a broad debate which culminated in a Central Committee meeting whose decisions have had a positive influence.

It is possible that more systematic attention, effected by a general committee body, would have made it possible to foresee and avert conflicts which have arisen, although not, I believe, completely.

At the Central Committee meeting to which I refer, it was decided to set up that body--a decision which we have not yet implemented, with the intention that the new Central Committee should do so, and because the Central Committee which is now resigning did not have the people necessary for this task--not because of a shortage of comrades with trade union experience but because they are all engaged in tasks difficult to abandon. Of course, I wish to state that the party is identified with the trade union line approved by the confederation's second congress and that it will fully support it.

Another front on which we have demonstrated serious weaknesses is the cultural front.

One of the tragedies of the political change that has occurred in our country is that in the cultural field, in the broadest sense, there has been no real

change, there has been a continuing lack of official concern for and interest in culture, and the basic aim of the cultural policy that has been pursued has been to adapt what existed in Spain in previous years to the new forms.

Do we have a responsibility for this situation? My answer is: Yes. And what is our responsibility? Of course, I will only provide a general answer to this question. I believe that we have drawn up good platforms for each sector. I believe that we have taken initiatives in parliament and expressed just criticisms of the government, but I also believe that we have committed two serious errors in the work of the party and its leadership.

First, we have failed to encourage the formulation of an updated joint program designed to be discussed by the various forces of culture, in the broadest sense, so as to encourage these forces' independent action in the democratic process. In other words, we have failed to take up this matter as a party as a whole.

Second, we have not devoted ourselves seriously to forming a strategy for the cultural forces, and more specifically to discussing it with the cultural forces with a view to reaching an autonomous solution on the part of these same forces that would dispel the inertia of our stance during the Francoist period.

Thus our initiatives in the various sectors and our short-term initiatives on matters of culture, in the broadest sense, have not been followed up by general, far-reaching action by the party as a whole so as to revitalize and, I would say, to restructure and convert the front of cultural forces. This seems to me to be the party leadership's main responsibility in this process of change in which, as far as culture is concerned, little has changed and sometimes certain things have changed for the worse.

I believe that this is one of the reasons, the main reason, for the intellectuals' disenchantment not only with change, but with our party itself.

Apart from this, some influence might have been exerted by the effects of the territorialization, in which connection we have failed to bear in mind the need to maintain certain sectional organizational activities on that front. But I believe that this has been a secondary factor compared to the previous one, because the decline in membership has occurred even in the associations that remained sectional.

I also believe that our position among professional people has been influenced negatively by the fact that hitherto it has not been possible to form in some of their sectors unitary trade unions independent of the confederations and capable of rallying support for their own demands from both politicized and nonpoliticized members.

Development of Party Democracy

The development of internal democracy is a vital necessity for the party's growth within society. An active democratic life means that there can be more and more communist party members capable of actively spreading communism. It

means the free expression in the party of varying opinions influenced by social or cultural origins; differing viewpoints on the issues that now split the international communist movement; differing viewpoints on theoretical issues under debate; and differing opinions on short-term stances in connection with day-to-day political matters.

We are entirely in favor of the broadest freedom of debate in the party.

At present, this diversity is freely expressed in our party, in its own and other press organs, in the precongress debate and before this debate. I remember reading in the daily MUNDO OBRERO articles accusing party leaders of being "Stalinists," and nobody issued any indignant rejoinders or took any measures. Frankly, I know of very few communist parties that have gone as far as this. I cannot imagine a L'UNITA article calling Berlinguer, Pajetta or Bufalini Stalinists--outside of the precongress debate, and, moreover--remaining unanswered.

But party democracy is something more and also different from what some comrades are demanding. The prime task of party democratization demands return to the associations--and not only when conferences and congresses occur, but in a permanent manner, by taking part in political tasks and also current work--the unfamiliar and unselfish work which is often carried out only by modest comrades whom some people in fact regard as the party's infantry.

Party democracy demands that well-educated comrades carry out training and encouragement work in the associations, that they strive to improve the party's political standard, broader involvement in debates and a simple and specific form of debate that will provide scope for the involvement of those who are not at present involved and who limit themselves to internal debates. I consider serious and significant the low attendance of party members at preparatory meetings for the 10th congress and sincerely wonder whether we chose the right kind of theses drawn up by the Central Committee; whether we are not straying dangerously from the party's general cultural standard, which is a reflection of the standard that exists among the working class and broad strata of the people. Because this could be a road to an estrangement between the leadership and the grassroots and between the party and the masses and therefore to a reduction of internal democracy and the party's democratic capacity.

In our party, leaders are now elected by secret ballot--at all levels, I believe--and, moreover, with an opportunity to amend lists submitted by the electoral committees by including candidates rejected by them. I do not believe that any political party elects its leaders more democratically.

At our conferences and congresses the positions not only of the majorities but also of qualified minorities are defended and voted on.

In view of these points that have already been achieved, a real democratization must aim at increasing the involvement of the party as a whole in its internal political life and in mass political activity.

The Central Committee rejected by a large majority the idea of organizing currents, tendencies, factions or whatever you wish to call them. Lenin is often invoked to justify the authorization of these forms, but Lenin himself proposed their prohibition at the Bolshevik Party's 10th Congress. And let us not forget that he had to proceed from an existing situation.

Starting in 1917, the Bolshevik Party was a conglomeration of several parties and factions of various origins and histories--Trotskiyist, social [as published] revolutionary, Menshevik, Bogdanovist, and so forth--who united on the eve of or during the October revolution, though maintaining ties and points of agreement within each of them continued to distinguish them. It was impossible to surmount this real diversity, which stemmed from what had been a recent merger, by means of formal measures.

Our party's formation was different. It was not a merger of several different political groups. We could create this if we authorize the formation of currents, and I refuse to accept that this is any kind of democratic progress. We have developed the idea of a new kind of political group in which parties with socialist aims, class trade unions and mass movements can converge while maintaining their own organization, recognizing the philosophical and political pluralism that exists among those struggling for socialism, and that must be respected in a socialist society as we see it. But within this new kind of group the PCE must maintain its own philosophy, its revolutionary Marxist character and its own organization. The PCE must not be a caricatural microcosm of this new political group.

Some comrades who support the authorization of currents claim that the PCE must be a mirror of society. Clearly this is another view of the party that is not Eurocommunist, inasmuch as we believe that Eurocommunism is simply the way to be a revolutionary Marxist communist at the end of the 20th century in industrialized European society. It is something different from Eurocommunism. The party is above all an instrument of the working class, of Marxist intellectuals and the working people's masses for transforming society; if anything it is a reflection of the shared interests and ideas of the exploited class and sectors--not accidentally or automatically, but by rallying its members around its ideology and policy. In other words, by transforming their spontaneous currents into revolutionary awareness.

In our view, the authorization of currents would in effect mean introducing the parliamentary interplay that exists in society--and that is fully understandable because of society's composition--into a party that has been and intends to continue to be a vanguard of society, in other words, a highly active and collectively active part within it.

We would have several authorized currents seeking the support of a passive mass of members, virtually mere voters, and competing with each other for this support. But this conception is radically different from the concept of a vanguard party, a collective vanguard party.

Also we would recreate in the party organization the procedures which, in their criticism of the leadership, some members condemn as one of the defects of

parliamentary politics--the policy of consensus, pacts, compromises and underhand arrangements. If we took the authorization of currents to its logical conclusion, namely electoral proportionality, we might bring into the party another phenomenon that sometimes occurs in society--the latter's ungovernability because of the distribution of power among opposing currents.

I can understand why members of ruling communist parties in countries where other parties do not function and where consequently, since the single party is identified with the state, it should indeed by the reflection of society, advocate the authorization of factors; it is the only way of offsetting the absence of pluralism. In our country, however, there are several parties and groups from which to choose.

I would add that those who advocate the creation of precongress platforms within the party are, consciously or otherwise, opening the way to the creation of currents, tendencies or factions. How can a congress platform be created unless prior horizontal contacts and political relations outside the regular party bodies exist? Like it or not, a platform is the foundation and program of a faction. And if it needs prior contacts before the precongress period to take shape, why should it disband after the congress?

I believe we must be clear about this: Let whoever wants to authorize currents within the party propose it openly. It is no crime. We would all then know what we were voting for.

Some say that "the party must authorize what already exists." Indeed, it cannot be denied that within the party there are groups linked in one way or another on a local or even widespread level and that there are "clandestine" horizontal contacts about which everyone has now heard.

But this is in fact polluting the atmosphere within the party, creating tensions and dangers of splits and, in fact, instead of increasing democracy, it is reducing it. It was thus that in Catalonia the situation was gradually reached whereby a dogmatic and sectarian group was acting more and more as a separate party opposed to the PSUC, mobilizing its followers against the meetings of the party's leadership bodies and insulting, threatening and even attacking its leaders. When such an extreme situation is reached, any provocation is possible, and any provocateur can infiltrate. And a choice presents itself: either those elements leave, or it becomes an inevitable necessity to expel them. The regrettable thing is that in these crises one also loses sincerely revolutionary members blinded by the frictions of a splinter group trend. If possible, we must separate them from the splint group advocates; if we do not manage to do so, in time they will realize that this is their party and will return. [sentence as published] But by cleansing itself of factions the party can surmount internal disputes and at last pursue a policy in defense of the working people's interests, binding itself to their broad masses and mobilizing them.

Who is behind these dogmatic groups? I do not want to issue any gratuitous accusations, but in any case they are in one way or another motivated by a policy different from the one that we have independently adopted; they are

motivated by the model of a party that does not tolerate factions or dissent and that eliminates them drastically, a model of socialism that will not do for us. Therefore, it is surprising, to say the least, to see some of them agreeing with others who ideologically seem at the opposite pole, in an attempt to establish within the PCE the factions, tendencies or currents rejected by their inspirational models. We believe that this agreement is designed to achieve not more democracy but the weakening of the PCE, which they are trying to destroy, since they have been unable to win it over.

But what must be clear is that the process pursued by the dogmatic currents could be pursued by any other group. This is the dynamics of platforms, currents and tendencies; this is what it leads to sooner or later, and instead of facilitating free collective discussion by the entire party--the enriching debate--what it does is crystallize group stances which impoverish, split and break up the party.

Extending party democracy means reinvigorating its associations, linking them with the masse and their movements, making these associations bring under control the economic and political problems that exist around them and that affect men, women and young people, and turning them into centers of mass culture in all fields.

Extending party democracy means that leadership bodies at all levels must be responsive, responsible and sensitive to the heartbeat of the workers and the people. It also means having a free debate that will ideologically and politically form and homogenize the party, with the best people being elected to the leadership bodies by secret ballot and members having the freedom to criticize leaders at all levels without fear of reprisals.

Extending party democracy means that during periods of debate there are no restrictions on anyone in the free expression of opinions, but that when the time for action comes there must be unity and that discipline is the same for everyone.

In the party we have reached a situation in some cases in which unity of action and discipline have been violated, even in the leadership bodies. Unless this congress establishes order in this and other fields, the Communist Party, which has the opportunity of increasing its strength, including its electoral strength, despite the by no means easy objective conditions under which we are developing, would embark on a process of crisis and of suicidal self-destruction.

What is in no way connected with democracy is tolerance toward those who attack the party's strategic outlook, the absence of steadfastness toward those who try to lead it down different paths, and leniency toward those who, though within its ranks and even its leadership bodies, at the same time devote themselves to publicly denigrating the party.

Party Regeneration

This congress must constitute a further step toward the regeneration of the party and of its leadership bodies. It is a fact of life that on the whole the party has taken into account. Regeneration means adapting the party to the growing complexities of political action on two planes--as a revolutionary party of

struggle and as a party of government. As a party that must remain linked with the masses, defending their day-to-day interests and trying to formulate solutions to state problems, with a sense of responsibility for the country's future, though still in a minority, because it aspires one day either to form the majority or to be a member of it. This is why the party needs the involvement of the factory worker, of the peasant who works the land and of the intellectual capable of helping it resolve the state's most difficult problems.

Regeneration also means promoting young cadres, new leaders, to replace those no longer able to continue leading because they have lost their energies through old age or because, though still young, they have not proved equal to their tasks. It means redistributing responsibilities, moving people from one position to another according to their abilities, not allowing themselves to be led by inertia and routine, by stagnation; and to do so while maintaining the necessary political balance, without unnecessary ruptures and without breaking continuity.

The regeneration task is always difficult. There are communist parties, including some of the most authoritative ones, which provide us with the example of leaders who always die in office. I do not consider this a good example. There are other experiences, other methods, based on rotation, but where this is used, however much rotation there is, the people are always the same in one post or another, with their own specific personal influence, whatever their role.

We believe that at this congress there must be a thorough regeneration of the Central Committee, even more thorough in the Executive Committee and more thorough still in the Secretariat, which must be a very active and dynamic body, in view of the functions entrusted to it. One or more deputy secretaries-general will also have to be appointed if the provisions of the party bylaws are approved.

Much attention will have to be devoted to the leadership's bodies' collective work, to make the leadership team broad, representative and prestigious and to ensure that relations of loyalty and shared responsibility exist within it.

When new leaders are promoted there are always risks of either nor chosing the most capable people or of not chosing the most reliable ones. Capability and reliability--or, rather, steadfastness--must be the decisive qualities. It is a bad example when a party leader leaves the party, and we must try to ensure that selection spares us the slightest surprises of this kind.

Having said that, I entirely refuse to accept that regeneration means the indiscriminate elimination of what, to use a very overworked word, we could call the party's "old guard." The experience of other parties shows, as an observer as wise as the Pole Adam Schaff recently stressed, that the party's bureaucratization begins with the elimination of the old guard. In saying this, I am sure of defending the party's interests, its future and also its distinguishing features.

It is no disgrace for a party when alongside cadres from later generations there are still in its ranks and its leadership men who took part in the armed struggle against fascism.

It seems incredible to have to say this in the PCE, but unfortunately it is inevitable when there are people within our own ranks who reproach us for having fought the war, forgetting that if the PCE is the party of the policy of national reconciliation and Eurocommunism, it owes this to a large extent to the open and innovative spirit demonstrated by this "old guard."

Similarly, it is no handicap to have charismatic leaders. At present, it seems fashionable to deny the leaders' role, in the name of party "democracy." Of course, the party was wasting its time when for so many years it strove to promote natural leaders within the workers movement and the mass movement...!

Anti-elitist demagoguery forgets one essential point; namely, that one of the links between any party or organization and the masses are the leaders, that all mass strength is generated by leaders and at the same time generates leaders, and that without revolutionary or other movements there are no leaders, while without leaders these same movements will not progress.

Marxism has always acknowledged the role of the individual in history, and when I say individuals, I am not talking only about a few great men, but about the multitude of more modest leaders who headed the mass struggle to change the world at various levels.

But it is unnecessary to turn to the authoritative testimonies of Marxist theoreticians; it is enough to see how, in our country, parties with a history which lost their traditional leaders and parties with no history have hastened to manufacture leaders using marketing methods, because it is their organizations, but also their leaders, that create the contact between the party and the masses, between ideas and the people.

Those who speak out against the leaders generally aspire to be leaders themselves. But it is not the post that confers the role of leaders; it is the masses themselves that grant it under specific historical conditions.

Let us not destroy the natural leaders that we have at various levels! Let us encourage the emergence of new leaders, demanding that they do not become tyrants and that they implement in a disciplined manner the policy jointly decided by the party!

In this connection, the new Central Committee will have to find the necessary resources for organizing training work within the party, which has been neglected. We must train hundreds and thousands of new cadres, creating a team of teachers, training centers, courses and abbreviated courses at all levels.

Eurocommunist Policy in the Coming Period

The 10th Congress must confirm the PCE's Eurocommunist strategy. A major contribution to this will have been made by the decisions of the recent conference of the PSUC and of its Central Committee. Some comrades reject Eurocommunism because they have fallen into the trap laid by those who, with unquestionable malice, present a caricature of it as an approach inspired by imperialism and

social democracy. Others claim to be Eurocommunists but are not, and strengthen the dogmatists and splinter group advocates by the stances that they hold.

Being a Eurocommunist now simply means being a communist in the late 20th century, in an industrialized Europe in which political democracy has acquired a great development and where the workers movement wields powerful sociopolitical influence. Being a Eurocommunist means being a communist in an era when revolution can no longer be the solution to a world war, partly because of the development of mass-destruction weapons. It means being a communist when the socialist transformation of society implies not a confrontation between the blocs but their elimination; it means being a communist when there exist a large number of countries that have smashed [as published] the world imperialist system and at the same time and partly for this very reason there is no longer any world revolutionary center.

Being a Eurocommunist means being aware that as a result of the effects of the Great October Socialist Revolution, the development of the production forces and the crisis in the economic structures and cultural superstructures of imperialism, conditions are being created in the world today to attract very broad forces to the cause of socialism--even forces motivated by philosophical ideas that differ from ours and which feel the need for progressive and peaceful solutions similar to the ones that we communists and real socialists advocate.

Being a Eurocommunist means recognizing that the existing model of socialism requires democratic changes, not so as to backtrack to capitalism, but to attain a full implementation in our ideal, and that we will contribute to this through an independent policy that will enable us to advance in what is now the capitalist world.

Being a Eurocommunist means regarding democratic freedoms not as a formal stage but as something lasting that must be extended and developed by bringing democracy also to the economic area, to the area of the ownership of the basic means of production and of change.

Being a Eurocommunist means acting to facilitate communist, socialist unity, the unity of the left and of the progressive forces in Spain, Europe and the world. Being a Eurocommunist also means understanding the historical need for a revolutionary Marxist Communist Party that is, among the forces aiming at socialism, the ideological and political vanguard, a guarantee against the social democratic backtracking and hesitations of others.

It means having a party spirit or, if you prefer, party "patriotism," regarding it not only as a temporary necessity but as a long-term instrument that must serve the cause of liberation of the working class and working people and the building of a new and socialist society.

We do not deny the role of other parties and groups of socialist and progressive leanings; what we are saying is that their role is not interchangeable with the PCE's, that the PCE is a historical necessity, a necessity that would only cease to exist if the PCE were unable to update its strategy without consequently losing its distinguishing features.

Our Distinguishing Features

What are our basic identifying features?

Looking back at history, the break with a social democracy that fell into the mire of cooperation with the various bourgeoisies during World War I, thus violating international working class solidarity and abandoning all plans for the transformation of society. Our distinguishing features also stem from the unconditional defense of the Great October Socialist Revolution in Russia against those who opposed it in one way or another;

From our support for all national and social liberation movements against imperialism;

From our conception of the party not exclusively as a government party that is active only under democratic conditions and dozes off when they disappear, but as capable of struggling for democracy and socialism with every available means and under all conditions, with a political consistency and discipline based on the principle of democratic centralism;

From our adherence to the theories of creative revolutionary Marxism;

And at present from our resolute determination to defend peace and to avert a Third and nuclear world war, as the inalienable precondition for the socialist transformation of the world.

Our distinguishing features are completed now by the corrections that we do not hesitate to make. At the Rome Central Committee plenum we said:

"Have we Communists become more democratic than we used to be? This question might seem simplistic, and doubtless it is. But simple people ask simple questions and we must not refuse to answer them. It is true that the PCE has always struggled for democracy. But it is also true that 40 years of fascist dictatorship have prompted us to form a much loftier assessment of democratic freedoms even than in previous times. Moreover, the negative experience for socialism constituted by the violation of democracy in certain countries and particularly the Stalinist phenomenon have taught us that the absence of democracy is fatal to the thriving of socialism.

"Thus the simple answer to this simple question is that we communists have indeed become more democratic and now regard democracy as fundamental."

We believe that this is an aspect that we must emphasize, because there have been parties within the communist movement that have gained power and transformed the ownership system but have failed to develop democracy and have experienced degenerative processes.

Elsewhere, social democracy has acceded to government and has respected democratic freedoms, but has not transformed the social system.

We advocate a different path, which we consider possible in the industrialized countries--a path that will transform society while preserving and extending democracy.

To achieve this we believe it is necessary at this time to seek scope for unity with the socialists within these parameters. We also believe that by resolutely pursuing this path it is also possible that the socialists will move in the same direction. Confidence in this path, which is not without difficulties, stems from the objective and increasingly apparent need for socialist solutions to the problems now facing mankind.

Under Spain's conditions, knowing that it is not a plan that will be carried out overnight, that it will be difficult to implement and that there will be varying mediations in it, we are in favor as we have said before, of moving toward a new political group in which all the components of this country's socialist movement--political parties, trade unions and social movements--would participate, while maintaining their own personalities and organizations.

Crisis, Autonomies, Terrorism and Threat of Coup d'etat

To end this report, we would like to sum up some of the guildelines for our policy in the period ahead.

First, our stance on the crisis and its effects.

It is very easy to say: It is a crisis of capitalism. Let them resolve it!

Those who say that are forgetting that the working class and working masses live not outside this society but within it and that it is they who are suffering the most direct consequences of this situation. By acting as an isolated group, we Communists could deliberately place ourselves outside the real situation, awaiting capitalism's judgment day, offering to turn the earth into paradise on that day.

But meanwhile, what will happen to the unemployed, the women and young people who can find no place in production?

If we consider this problem we must also consider others. What will happen to the small and medium enterprises that are inexorably disappearing? What will happen to the industries that must be converted unless we want them to succumb under world competition?

What will happen to the unjust agricultural ownership structures, which so pressingly demand reform? What will happen to the pensioners, disabled and other broad sectors who are also suffering as a result of the crisis?

Our party and the trade unions must tackle these problems of the crisis as topical problems and our problems. We must put forward national solutions--I mean national in the social sense--and we must put forward national solutions not because we are abandoning the class concept but out of loyalty to it, because

we are the ascendant class and this ascendant class can only triumph when it manages to embody the interests of the nation.

To come to more specific formulas, the Spanish left will not achieve hegemony until it shows itself capable of resolving the national problems which the center right is unable to resolve.

We must show the people by means of a national policy that big capital and its political spokesman must be replaced in power by the representatives of the working and cultural forces so that in Spain there is work for everyone, prosperity, more equality, justice and freedom.

Consistent with this idea, we Communists support the national employment agreement signed by the confederation of the workers commissions and the general union of workers. The national employment agreement does not resolve all the problems of the crisis, or anything like it, but it is an act of solidarity between those who have work and those who are unemployed. If it is implemented properly, moreover, it will have favorable secondary effects on the economy. We must struggle to ensure its implementation, and the party must devote all its forces to this end, alongside the workers.

But what if the government fails to implement it, under pressure from the employers? We must prevent this from happening. But if it does happen, we workers must not respond by kicking ourselves for having signed it, but by condemning the conduct of those who fail to honor something necessary to the political and social stability of Spanish democracy, thus turning it not into a failure on our part but an experience that will help to extend the people's awareness of the need for the working class to gain positions of power; so that the PCE and the left will be supported by the majority of the country and that there will be a punitive vote for those who failed to honor it.

Of course, the national employment agreement is not enough; it is merely a partial measure and there must be a plan to rebuild and modernize the economy and to reform agriculture, whose guidelines must be laid down at this congress, as the conclusion of the debate on the theses. Such a plan must not be solely technocratic; it must be social at the same time and must not lose sight of medium-term objectives, such as those set by the leftwing government in France; retirement at 60 and a 35-hour working week, which though proposed by the left, are necessitated basically by the development of the production forces which, without measures of this kind and irrespective of whether or not there is a crisis, would expel more and more millions of workers from production, would create a mass lumpen proletariat of young people and would destroy any blueprint for society.

Along this path, and as conditions evolve, we must present proposals for the centers of economic power held by the oligarchy to pass to social ownership.

We must tackle all these economic problems from within society, not from outside, because we would be in limbo outside it. I say inside, because it is only from there that society can be transformed.

At present a Eurocommunist policy is also prompting us to participate in the political agreement on the autonomies.

If we reach an agreement it will be based on observance of the constitution and of the approved statues, the rationalization of the autonomy process and a policy of solidarity aimed at surmounting the terrible regional imbalances that now exist and at safeguarding democracy.

Our strategy is diametrically opposed to terrorism. We are in principle opposed to this method, which has nothing to do with Marxism or Leninism. Terrorism could have some justification in the presence of tyranny, but even then not in the name of Marxist and Leninist ideology. We must condemn the attempt to disguise terrorism with a proletarian ideology as a usurpation that plays into the hands of the right. ETA and Grapo have nothing to do with Marx or Lenin or with the Third World peoples' anti-imperialist armed struggle.

Be that as it may, there is no excuse for terrorism in a democratic system in which there is freedom for all parties, including ones that declare themselves separatist.

The parties and social forces must conduct political action against it but there must also be police action. For it to be efficient it must be directed by officers loyal to the constitution and supported by the people.

This raises the issue of the democratization of the state apparatus. It is intolerable for the far right to remain untouchable even when the government does overcome its timidity and take measures, because there are certain sectors that act with scandalous complacency.

The political and social forces must tackle the socioeconomic problems and the problems of the autonomies. But we demand the same involvement in examining the responsible, calm but steadfast measures needed to avert the possibility of a coup d'etat.

Until the measures are adopted, Spain and the constitutional and parliamentary monarchy will not be secure. Whatever we may do will amount to building on sand. And the constitutional forces must undertake to ensure, supported partly by a popular mobilization, that the changes of policy made in this country are the ones decided on by the people via universal suffrage. This must always be the rule for everything.

The constitution envisages general elections in 1983. We believe that it would be counterproductive to hold them any sooner. If the UCD is unable to govern until then, it must make its mind up once and for all to form a coalition government with broad parliamentary support. Spain cannot bind its fate to the UCD's internal problems, and the UCD has no right to perpetuate a weak government with the sole aim of ensuring its monopoly in government posts.

A government which is strong by virtue of its parliamentary and social support is essential to surmount the threats hanging over democracy.

We will continue to work toward improving and developing cooperation with our socialist comrades and would support their presence in the government if that government's program is consistent with ours. Otherwise, we would adopt a stance of constructive opposition.

At the 10th Congress, the PCE finds itself at a crossroads, at which decisions will be made concerning its continued existence; its chances of transforming itself in the medium term into a party with considerable electoral strength capable of wielding increasing influence within the left or within the sphere of national politics or of declining either into a dogmatic sector or into an exodus toward another party. Two factors could cause such a decline; the inclination to align with one of the major blocs through the atraction of power and of the abstract formulation of what we might call the "Mitterrand syndrome," the idea that the communist party is a historically obsolete instrument.

In Spain's historical situation, such an event would have very dangerous connotations for democracy. If one adds to the crisis of the UCD and the other political groups the crisis of the PCE and if the political parties on which the democratic system is now based present the people--who largely interpret such phenomena as petty struggles for no less petty portions of power--with the spectacle of their inconsistency, we will be providing ideal scope for the potential instigators of a coup d'etat.

And unless we abandon all sense of responsibility, we must not ignore the fact that in the near future this threat of a coup will be the main obstacle to be overcome to guarantee democratic freedoms.

I am convinced that the PCE is still a historical necessity. But we need a PCE that will democratize and regenerate itself continuously, without losing its distinguishing features; capable of acting as a genuine revolutionary Marxist vanguard of the creative masses and critical within the historical bloc that we must forge, and of its political, social and economic forms--a party in which there is broad circulation of ideas, but a homogeneous policy, not a conglomeration of sub-parties competing for the votes of a passive rank and file; leadership teams within which various comrades can express themselves differently, but within the framework of mutual cooperation and loyalty. A party whose aim is to win over the people, which is not the same as a party shaken by the pressures of society's ruling strata or by the powers of this world.

I am sure that we will emerge united, strengthened and regenerated from this 10th Congress. This is the responsibility of those of us in this room authorized to speak and to vote.

CSO: 3110/143

TENTH PCE CONGRESS HIGHLIGHTED

Socioeconomic Composition

Madrid MUNDO OBRERO in Spanish 14-20 Aug 81 p 17

[Text] Tenth Congress: Delegate Social Composition

Herewith we present the data gathered from a survey conducted among the delegates to the 10th PCE Congress. The figures give an idea of the social makeup of the thousand or so communist activists who debated and approved the party's policy. Among the most salient statistics are the overwhelming preponderance of men (90.56 percent) compared to women (9.43 percent) and virtual balance between industrial workers (33.05 percent) and professionals and intellectuals (30.05 percent). Also noteworthy is the meager presence of farm workers (3.75 percent), students and other categories, whereas the number of technicians is appreciable (9.43 percent). With regard to seniority in the party, more than half of the delegates to the congress joined after 1971, the average delegate membership in the PCE being 13.76 years.

Number of delegates to the 10th Congress	1,214	
Number of respondents	1,095	
Age	38.14	Percent
Men	991	90.56
Women	104	9.43
Industrial workers	363	33.05
White-collar workers	163	14.92
Farm workers	41	3.75
Farmers and ranchers	23	2.10
Self-employed	32	2.93
Businessmen	--	--
Professionals and intellectuals	329	30.05
Technicians	103	9.43
Students	14	1.28
Housewives	7	0.64
Services	6	0.54
Joined the Party:		
Before 1939	86	7.87
1939-1950	36	3.29
1951-1960	82	7.50

1961-1970	322	29.48
1971-1976	389	35.62
1977-1981	174	15.93

Years in the party: 13.76

Central Committee

Madrid MUNDO OBRERO in Spanish 7-13 Aug 81 pp 16-17

[Text] Central Committee

	Votes
1. Dolores Ibarruri	963
2. Marcelino Camacho	911
3. Nicolas Sartorius	838
4. Eulalia Vintro	813
5. Jordi Sole Tura	784
6. Antonio Gutierrez Diaz	782
7. Gregorio Lopez Raimundo	771
8. Francisco Frutos Gras	762
9. Enrique Curiel Alonso	750
10. Manuel Amor Deus	719
11. Carlos Paris Amador	704
12. Julian Ariza Rico	698
13. Pilar Arroyo	697
14. Cipriano Garcia	690
15. Santiago Carrillo Solares	687
16. Carlos Alonso Zaldivar	661
17. Andreu Claret	656
18. Ernesto Caballero	656
19. Miguel Nunez Gonzalez	649
20. Julio Segura Sanchez	649
21. Jaime Ballesteros	647
22. Jose Luis Nunez	642
23. Simon Sanchez Montero	634
24. Pilar Brabo Castells	632
25. Jose Maria Rodriguez Rov.	625
26. Manuel Camara Fernandez	623
27. Manuel Azcarate Diz	612
28. Leopoldo Alcaraz	605
29. Armando Lopez Salinas	604
30. Leonor Bornao	602
31. Ignacio Gallego Bezares	601
32. Pedro Marset Campos	598
33. Antonio Gutierrez Vergara	595
34. Jose Luis Lopez Bulla	594
35. Jaime Sartorius Bermudez	591
36. Emerito Bono	590
37. Maria Salce Elvira	590
38. Antonio Gonzalez Vieitez	589
39. Antonio Martin Lillo	583
40. Tomas Tueros Trueba	576
41. Eduardo Saborido Galan	576
42. Aurora Leon Gonzalez	575

43.	Juan Francisco Pla	571
44.	Sigfrido Domingo Rugino	571
45.	Adolfo Burriel Borque	568
46.	Pedro Bolivar Reverte	564
47.	Francisco Romero Marin	562
48.	Santiago Carrillo Menendez	560
49.	Jose Garcia Meseguer	557
50.	Agustin Gomez Puerta	554
51.	Horacio Lara Palma	553
52.	Julio Perez de le Fuente	551
53.	Jose Luis Inxausti Caton	549
54.	Antonio Romero Ruiz	548
55.	Felix Perez Carrasco	547
56.	Carmen Roney Albareda	546
57.	Juan Ignacio Castano	545
58.	Francisco Palero Gomez	545
59.	Anselmo Hoyos	545
60.	Javier Suarez Suarez	544
61.	Vicente Gutierrez Solis	542
62.	Mariano Fernandez-Fausti	538
63.	Juan Bosco Diaz Urmeneta	538
64.	Ignacio Latierro Corto	532
65.	Santiago Leal Martin Romo	531
66.	Manuel Anguita Peragon	528
67.	Javier Terriente Quesada	526
68.	Juan Pedro Zamora Suarez	526
69.	Pedro de Diego Garcia	523
70.	Manuel Vallejo Benitez	522
71.	Miguel Moran Diez	519
72.	Julio Setien Martinez	517
73.	Antonio Palomares	515
74.	A. Jimenez Castillo	515
75.	Jose Soriano Barquero	514
76.	Nicolas Perez Plasencia	512
77.	Gabriel Martinez	506
78.	Ramon Ormazabal	496
79.	Norberto Buenache Moratil	494
80.	Jose Maria Gonzalez Jerez	493
81.	Pilar Perez Fuentes	493
82.	Cesar Llorca Tello	492
83.	Vicente Zaragoza	491
84.	Txemi Cantera	482
85.	Santiago Alvarez	479
86	Tina Guillen Cuesta	476
87.	Jordi Borja	463
88.	Joaquin Zamora	451
89.	Vicente Cazcarra Cremalle	443

Ex-Officio Members of the Central Committee

Felipe Alcaraz Masats, Jose Maria Coronas Salcedo, Jose Galan Pelaez, Jose Antonio Garcia Rubio, Rafael Gomez Soria, Angel Guerreiro Carreras, Gerardo Iglesias Arguellas, Roberto Lertxundi Baranano, Martin Silvan, Luis Martinez Fernandez, Jose Carlos Mauricio Rodriguez, Adolfo Pinedo Simal, Agustin Sanchez Trigueros, Jose Valero Gonzalez, Castilla-Leon.

Central Finance Control Committee

1. Jose Serrans	703
2. Francisco Agudo	702
3. Felix Fernandez	698
4. Juan Menor	687
5. Antonio Serrano	686

Central Guarantees and Control Committee

1. Luis Lucio Lobato	732
2. Manuel Alberdi	689
3. Antonio Montoya	683
4. Amador Fernandez Jose	682
5. Melquesidez Rodriguez	679
6. Timoteo Ruiz	671
7. Ambrosio Ortega	670
8. Vicente Mendez	668
9. Felix Perez Garrido	664

Votes cast: 1,079
Invalid: 23
Valid: 1,056

Honorary Members of the Central Committee

1. Rafael Alberti; 2. Manuel Benitez Rufo; 3. Jose Bonifaci; 4. Miguel Caballero; 5. Francisco Ciutat; 6. Irene Falcon; 7. Jose Cros Camiso; 8. Narciso Julian; 9. Domingo Malagon; 10. Ramon Mendezona; 11. Wenceslao Roces; 12. Jose Sandoval; 13. Rafael Vidiella; 14. Sebastian Zapirain

Main Issues Editorialized

Madrid MUNDO OBRERO in Spanish 7-13 Aug 81 p 4

[Editorial: "A Party to Apply Eurocommunism"]

[Text] The 10th Congress of the Spanish Communist Party has been a vigorous reaffirmation of Eurocommunism. This can be seen in the position papers approved by the congress plenum after intense work by the committees that discussed the many amendments submitted by the various delegations.

The 10th Congress addressed another fundamental issue that has prompted impassioned debate in the organizations: adapting the party to new conditions, determining what kind of party we need to apply our Eurocommunist policy.

First in the Labor Committee and then at the plenum, the congress rejected the amendments aimed at institutionalizing opinion currents, which would lead, in a dangerous give-and-take, to tendencies and factions. In this regard, the new bylaws passed by the congress leave no room for doubt: the utmost internal democracy, the broadest freedom of expression and a proper application of democratic centralism, which is indispensable to guarantee unity of action on the basis of a political line approved by the majority.

Federalism was another major topic under discussion in connection with a party model. By a wide majority the congress turned back this amendment and passed the draft bylaws submitted by the Central Committee, which contain major federative elements, including full autonomy for regional or nationality parties in formulating and pursuing policy within their sphere, while at the same time maintaining national-level control, the joint formulation of policy, and the binding nature of decisions and resolutions of PCE leadership bodies. To this we can add ex-officio membership on the Central Committee for the secretaries general of the regional or nationality parties and a system for resolving the conflicts that might arise among these parties or between the leadership of the PCE and one or several of the parties that belong to it.

In addition to the position papers and bylaws, the report of the outgoing Central Committee, presented by Santiago Carrillo and approved by the congress plenum, offered important elements for reflection and clear-cut guidelines for future work. Analyzing our shortcomings and mistakes is, in a nutshell, our major task over the coming months in building the party that our Eurocommunist strategy requires. This task means working from the bottom and towards the bottom, in other words, devoting priority attention to the associations so that we can turn them into the focal points for spreading our policy. It is not a question of merely visiting the associations. It is a question of being there and pushing for a return to the political cadres by reminding people that the associations are the party's main link with the masses.

In spite of the intensity of activity and the enthusiasm of debate, the party did not look inward only. Its decisions and resolutions and Santiago's report itself addressed the serious problems of our day, the problems of Spain and the problems of a world immersed in an arms race and threatened by war.

The bottom line on the 10th Congress is positive, because of its decisions and resolutions and because of the full-fledged, forthright democracy that marked it. But even though they are to the point, the bylaws and position papers by themselves are not enough to satisfy the hopes that broad segments of our people have placed in the Communist Party. We have to honor the decisions and

respect the rules established by the congress. Now is the time to work enthusiastically and doggedly to revitalize the party and, along with the vast working class masses, to help bolster democracy, resolve the problems of unemployment and economic crisis, fully democratize the machinery of the State and prevent Spain from joining NATO.

Resolutions Approved

Madrid MUNDO OBRERO in Spanish 14-20 Aug 81 pp 17-18

[Text] Resolutions of the 10th Congress

Over its 4 days of work, the 10th Congress of the PCE passed a series of resolutions that our space limitations prevent us from offering in their entirety. In the first resolution the congress expressed "its resolute opposition to Spain's membership in NATO," contending that under no circumstances can we allow such a serious decision to be imposed on the country by a simple majority vote in Parliament, as the government would have it. "The congress," the resolution asserted, "calls on all party organizations and activists to immediately undertake a signature-gathering campaign so that the issue of our membership in NATO is obligatorily put to a referendum of the people."

In another resolution on MUNDO OBRERO, the congress disclosed that "various precongress conferences in regions and provinces have passed resolutions demanding to know why the daily MUNDO OBRERO was suspended. The resolution pointed out that although the outgoing Central Committee broached this issue in its sessions on 8 and 9 December 1980 and passed a resolution in this regard that was published in the 12-18 December issue of MUNDO OBRERO, the aforementioned resolutions indicate that the party has not been sufficiently informed on this issue. The 10th Congress entrusts the new Central Committee with furnishing the pertinent information to the party as a whole, so that what happened with the daily MUNDO OBRERO is cleared up once and for all."

In its resolution on political training, the congress made the following recommendations:

"The 10th Congress of the PCE entrusts the new Central Committee with taking the necessary steps so that this requirement is met and formulates the following recommendations:

1. For the immediate future the essential substance of political training ought to be the study of the documents passed by the 10th Congress: Central Committee report, position papers and bylaws. The documents connected with specific sector issues approved by the 10th Congress should also be utilized.

2. Based on the contents of these documents, we would emphasize, political training must aim at making an essential contribution to the homogeneity of the PCE in connection with its Eurocommunist option, as spelled out by this

congress. This option is the PCE's strategic and tactical line in the struggle to consolidate and develop democracy and to achieve socialism in freedom."

With regard to the grievances of pensioners and retirees, the congress worked out the following general lines of the party's policy, among other measures:

--The need to replace the policy of disenfranchisement, charity and paternalism that the administration is pursuing towards pensioners and retirees, with a more just, equitable and democratic policy.

--To put pensioners and retirees under a single retirement and pension system, eliminating the others.

--To see to it that the minimum pension is equal to the minimum inter-professional wage for all those who do not achieve this level, while adjusting it periodically and automatically for any depreciations.

--To demand that no person over age 65 be without a pension. Initially, the pension would assistance-level [social] but in a few years would be brought up to the level of other minimum pensions.

--To stress the need for the Public Health Ministry to develop a network of health care centers for the elderly that would take the necessary measures to prevent or delay chronic diseases.

--To provide the country a well-planed network of retirement homes and clubs to furnish all necessary social services: promoting the various forms of culture, leisure time, trips, vacations, etc.

--To build well-designed, inviting and functional residences without architectural barriers so that the elderly can live in their regular homes, thus preventing them from being uprooted from their environment and avoiding the trauma that this brings on.

--A greater democratization of retirement residences, homes and clubs, by boosting the beneficiaries' involvement and control over them and by issuing new, democratically drafted bylaws for these centers.

--To expand Social Security assistance services in the home for as many of the elderly who need it and devoting particular attantion to those who live alone and are without family.

--To eventually coordinate the economic efforts and resources of Social Security, city halls, the Red Cross, savings banks, etc, for in-home assistance and for the creation of daytime geriatric hospitals.

--Active participation for pensioners and retirees in the management, control and monitoring of the various agencies that are run by Public Health, Social Security and social services...

The congress passed other resolutions, on emigration and fishing in particular.

Main Events Summarized

Madrid MUNDO OBRERO in Spanish 7-13 Aug 81 pp 9-11

[Text] While a great many Spaniards were enjoying their vacations and thousands of Madrid residents left the city half-deserted, communists from all over Spain convened in our capital city. The representative neighborhood of Chamberi was the scene of unusual activity by morning. From Santisima Trinidad to Bravo Murillo, the communist delegates were breakfasting on crullers and hot coffee (despite the temperature), clutching their recently obtained credentials for the 10th Congress.

The lobby at Quevedo Cinema was slowly filling up. It was more or less 1000 hours when thunderous applause greeted the arrival of Dolores Ibarruri, applause that was repeated by those already in the hall, and applause that would thunder even louder when, after all the delegates had convened, La Pasionaria was nominated as a congress officer.

Simon Sanchez Montero opened the congress at 1045 hours by proposing the following list of officers, which was approved without opposition: Gerardo Iglesias, president; Dolores Ibarruri, Santiago Carrillo, Jose Carlos Mauricio, Rafael Pillado, Ignacio Gallego, Marcelino Camacho, Pedro Zamora, Julio Anguita, Pedro Bolivar, Tomas Tueros, Jose Salas, Rafael Gomez Soria, Victor Cueto, Juan Francisco Pla, with Rafael Alberti and Amaro del Rosal as honorary members. Four secretaries were also nominated and accepted.

The Corridors Begin Resounding

The initial comments by the delegates were immediately forthcoming. All of them were impressed by what they called the "strength" of the officers list. Some disliked it; others approved it without reservations. All thought that it was going to be a congress without concessions at which each delegate was going to have to do his best to present his political proposals to his comrades in the most convincing manner.

What could be described as the first battle of this 10th Congress began immediately. Five amendments were submitted to the regulations that had been discussed the previous evening with the delegation chairmen. Only one of them passed, the one dealing with the definition of a minority, which was set at 25 percent of the votes of committee members, instead of 33 percent as had been stipulated.

Coming up was the main course for the day: the Central Committee report. It was slightly past noon when Santiago Carrillo began reading the report that had been approved the previous weekend. It was an extensive, thick, combative 4-hour report that the delegates were able to follow in MUNDO OBRERO, which was distributed to the more than 2,000 delegates, guests and reporters at the start of the opening session.

It was known in advance that the report could not satisfy all, but it was nevertheless interrupted on six occasions by applause, particularly when he asserted: "Though it is legitimate for an army to feel proud of having defeated a foreign aggressor in a national war, such pride is not that legitimate in a civil war, which patriotism should move us all to put in its historic place as a painful episode that is not to be repeated."

It was 1600 hours when the morning session adjourned with the reading of the list of delegations attending the 10th Congress. There were loud ovations for all of them, especially Cuba, and solidarity was expressed through endless applause for the comrades who are struggling for the independence and freedom of the people of El Salvador.

Not Just the Discussions Were Heated

The delegates could not have put on too much weight in Madrid. The lengthy morning session prevented many of them from having lunch on the very first day, and they had to settle for a makeshift snack and something later on.

The evening session was for delegation debate of the report. The lucky ones had air-conditioned meeting rooms. Others fought the heat by stripping down. The Galicians sweated profusely. And they were not the only ones.

There was also heat in the speeches. The Basque Country argued strenuously over point three in the report, and some of the comments were especially critical. The Andalusians also had a lively discussion, and to a lesser extent so did the Valencians and Asturians, who were just as impassioned, however. Madrid, in contrast and as expected, had a lively discussion concerning the assignment of delegates to the various committees, though in the end everything seemed to have been settled. It only seemed that way because debate flared up again the following day.

The Longest Day

It will not be easy for many of the delegates to forget the second day of the congress. The fatigue that built up as the day wore on was so severe that some people will need part of their vacation to recuperate from this 29 July. The most frequently heard comment was that it was just as well that the congresses are only every 3 years.

The day began with speeches by the various delegations on the report presented the day before by the secretary general, and the arguments indicated how

the voting would go. The first to speak was Jose Luis Martinez, representing the minority position on the Aragon delegation. Then came Antonio de las Casas, on behalf of the majority, who presaged the tone of the session quite well: "The delegation from Aragon is divided between approval of and abstention from voting on the report that we debated. Important critiques were voiced in both cases."

Indeed, criticism was an important factor at this congress. In the end, the vote count was divided between approval and abstention, with one faction of the PSUC [Unified Socialist Party of Catalonia] clearly voting no. Andalusia, 142 for, 61 abstentions; Castile-Leon, majority approval, with the minority abstaining; Basque Country, 40 abstentions and 12 for; Galicia with a majority in favor; Murcia, 24 for, 4 abstentions; Castile-La Mancha had no minority position and approved the report; the Canary Islands too; Cantabria, 12 abstentions and 3 for; Valencia, 95 for and 11 abstentions; Asturias, 55 for and 5 abstentions; PSUC, 90 for, 5 abstentions and 35 against; Extremadura in favor; the Balearic Islands too; emigrants, 60 for and 1 abstention.

The last to speak was Paco Frutos, the secretary general of the PSUC, and his speech was awaited with understandable expectation. Following him were Nicolas Sartorius and Jaime Ballesteros, who submitted the position papers and bylaws. The first part of the longest day of the Congress had concluded.

The Endless Bylaws

Debate on the position papers and bylaws began that evening, and of course interest focused on Position Paper VII and the bylaws. As if the debate were not enough, the heat wreaked havoc with the delegates, one of whom fainted. One of the many little incidents that took place.

The debate was arduous. Procedural matters delayed taking up the issues of substance, and for a while it was thought that the plenum would have to decide on some of the objections advanced either in the papers themselves or by some delegation. The obstacles were finally surmounted, and a majority stand, which included the numerous amendments that the position paper had assimilated, and a minority stand, with an amendment covering the entire position paper, were put before the plenum.

Debating the bylaws took even longer. It was 800 hours by the time the delegates to this committee were finished and looked at the morning sun through the door at Santisima Trinidad, where their session was held. Procedural matters also took up much of the long initial debate when a number of Madrid delegates submitted a challenge to the proportional standards according to which the delegation had been selected. The issue was finally resolved by adopting a flexible stance, and although it did not achieve minority status, an amendment backed by delegates from this city was put before the plenum, specifically in Article 16.

Report Approved

The voting on the secretary general's report was not much different from what had been predicted the day before. Secretary General Santiago Carrillo's speech lasted 40 minutes, after which the vote was taken. The congress then proceeded to debate and approve the various position papers.

The first major debate took place in connection with the amendment to the entirety of Position Paper VII. The debate took much longer than expected, as the mere reading of the alternative paper lasted 40 minutes. Speaking for the majority, Vicente Cazcarra delivered an especially tense and controversial speech that was greeted with whistles of displeasure by a segment of the delegates, which triggered loud applause from other members of the audience. This was unquestionably the moment of greatest confrontation and tension.

Once things had practically settled down after the vote was taken on Position Paper VII, the congress began debating the bylaws, and in this connection we should underscore the speeches by Jaime Sartorius and Julio Anguita, the mayor of Cordoba, in defense of the minority stands. The Andalusian's address was particularly brilliant, and he was rebutted by Adolfo Pinedo in what could be regarded as one of the high points in the organizational debate. Jaime Sartorius, whose address as the other spokesman of the minority was clearly designed to dampen the debate, was rebutted by Santiago Carrillo Menendez.

Tense Debate During the Vote

The closing session turned out to be just as long as the preceding ones. Santiago Carrillo, who was reelected secretary general, delivered the concluding speech, and Dolores Ibarruri was once again chosen as party president.

Prior to this, however, the session was especially tough. After the bylaws had been taken care of in the morning the delegates met in a closed door session starting at 1600 hours to vote in the new members of the Central Committee.

Almost all delegates described Friday's evening session as especially tough. It was not until 7 hours after debate began that the doors swung open for the exhausted and, for the most part, hungry, delegates. Many of them had already missed their trains home.

The subsequent wait was a long one. As we have already mentioned, at 400 hours on Saturday 1 August 1,200 delegates left the assembly hall exhausted by what was unquestionably the PCE's hardest fought congress in recent times. Now that it is over, it is up to the party to implement the policies approved.

Sartorius on Communism

Madrid MUNDO OBRERO in Spanish 7-13 Aug 81 p 14

[Text] On Wednesday, the second day of the congress, after debate on the Central Committee report, Nicolas Sartorius and Jaime Ballesteros, speaking

on behalf of the outgoing Central Committee submitted the draft position papers and bylaws to the plenum. The following are excerpts from their speeches.

Nicolas Sartorius: Everyone Has His Place in the Party

The outgoing Central Committee has entrusted me with the task of putting before you the position papers that are going to be debated and, when the time comes, voted on at this 10th Congress of the PCE, in the wake of the work done by the respective committees (...)

In this document, friends and comrades, we have set several basic goals for ourselves, which I will summarize as follows:

--Above all, to present guidelines that are as explicit as possible for solutions to the major problems facing Spain and the world today, especially in connection with the concerns and problems facing the working class, peasant farmers, the forces of culture, women and young people, in a word, the hardworking masses of the peoples of Spain.

--Then, to see to it that they represent an affirmation and development of our Eurocommunist strategy, not only in their formulation but in practice as well. We would like these position papers, this congress to be a complete confirmation of our own road to socialism; in a word, to see to it that Eurocommunism is an irreversible phenomenon for Spanish communism. If we want this to come about and never more be question in our midst, we have to convince, in theory and in practice, more and more segments of our people; we have to combine it with the actual methods of the working class, the forces of culture and the masses in our country. In particular, we have to see to it that the party's cadres and activists endorse this new concept of the revolution in the established capitalist countries as a conscious class need, not as an act of party discipline.

--Then, as would be expected, to point out a clear political line for the party in the upcoming years. This political line should not contain major changes from what we have been doing in recent years, because we feel that our policy guidelines are still sound, although these texts do offer a number of clarifications and additions to avert the contradictions that we have at times lapsed into in the past. Now then, the fact that our political line has been proper does not mean that our political practice has been sound. We have made mistakes in the PCE, some of them serious. It is precisely because we intended to propose comprehensive alternatives and a clear-cut political line that, in contrast to what happened at the Ninth Congress, we have avoided writing parochial position papers (like air-tight compartments) that are devoid of internal consistency and logic. One of the inevitable upshots of this is that particularly important issues such as those affecting various social movements, like feminism, young people, emigrants, ecology, etc have not been dealt with as extensively as they ought to be. We believe,

however, that we should not repeat in every congress what we have said in previous ones or in subsequent detailings, and we would suggest that these issues, aside from what the position papers themselves say, be brought up in resolutions to be passed at the congress, thus becoming part of the party's policy.

Briefly outlined, these are the novel or most controversial aspects of the position papers:

--In the first place, I think that we have succeeded in establishing a clearer and more precise stand than we have so far on international issues, which can be summarized in the following points:

1. The absolute independence of our party in formulating its domestic and foreign policy has been one of its assets for some time now. We must establish once and for all, as an issue that has been settled for some time now, that the PCE's distinguishing characteristics are in its own hands and in the history of these same hands, a history that we fully accept and that has its roots in the great October socialist revolution. Thus, we have no umbilical cord to anyone; instead, we have an increasingly thick rope linking us with the workers and with the interests of our people, our homeland, the sole guide for our actions.

2. Our overall strategic line has become our battlefront for peace, disarmament, detente and a dissolution of military blocs, not a generic anti-imperialist front that in practice would be nothing more than communist agitation and propaganda in favor of one of the blocs. Our concrete, not abstract contribution to the anti-imperialist struggle is precisely this battle for peace and disarmament. Thus, we must put into practice our categorical opposition to Spain's membership in NATO.

3. An unhesitating move towards Europe. We are for membership in the EEC, but this is only one aspect of the problem. Above all, we are in favor of a strategy of the European Left for peace and socialism in freedom. We have a European vision of the march towards socialism, which entails surmounting the historic divisions in the activities of socialists and communists on the Old Continent. Mitterrand's victory in France fills us with hope. The PCE must enhance its European culture.

4. The belief that the European autonomy movements in the East as well as the West are interrelated and will either help or harm each other. The course of events in Poland seems very positive to us for this process.

5. An accurate and logical analysis of the historic and present-day realities of the socialist countries. A balance between a historic and present-day assessment of their role vis-a-vis imperialism and our sober criticisms of degenerative developments and the lack of democracy. We said some time ago that these realities are not a model for us, but neither are they something that has nothing to do with socialism. The PCE must shun sentimental, gut-level or subjective stands in addressing these issues.

6. A new international economic order that entails a qualitative change in relations with the Third World. The European Left must avoid the Eurocentrist temptation like the plague and realize that its well-being hinges on an alliance with the countries and movements that are struggling for their political and economic independence. The PCE must bolster its commitment to the struggle of these peoples (...)

The 10th Congress must be a time to reflect on the choices that our society will have to make, so that we can help consolidate democracy, make Eurocommunism irreversible and help the party to again find its balance, more advanced and more united, as a basic and indispensable tool for moving society towards socialism and communism.

Ballesteros: No to Factions

Madrid MUNDO OBRERO in Spanish 7-13 Aug 81 p 15

[Text] There have obviously been inadequacies, shortcomings and mistakes that we have to correct in the efforts of our leadership bodies and of the party as a whole...We have to give a new direction to the work of thousands of cadres (starting with the Central Committee and other leadership bodies) and aim our activities downward, towards the grassroots, towards the party as a whole and towards the masses that we want to lead and represent (...) Since our legialization we have experienced an upward flight of cadres towards the committees, which swelled without gaining either in efficiency or in true coparticipation; there was also a flight from the rank-and-file, from work in the associations. The consequences of this have been obvious (...)

The bond between the PC and society cannot be forged either exclusively or primarily on the basis of our political decisions as reflected in our activities and in city halls. The party's relationship with the masses cannot be merely party to voter or manager to citizen (...) The more active ties we have with the masses, the better a position we will be in to hammer out solutions to these problems. This new direction...will demand a closer relationship between the party leadership and the party as a whole...which means that the party leadership will have to have greater political and operational capabilities.

We have therefore proposed a smaller Central Committee that can better organize its work (...), a smaller Executive Committee as well that would meet biweekly, thus achieving continuity as a political leadership body that the current Executive Committee has not, and an operational Secretariat, by abolishing the dual function that the Standing Committee and the Secretariat shared during this period (...)

Our party differs from other Communist parties, Eurocommunist parties included, because of its efforts to tailor its internal structures to the fact that Spain is a nation of nationalities and regions. Therefore, our party has been conforming to the imperative and undisputed fact that it is one party by transforming its organizations into parties of nationalities and regions with their own identity and with the fullest autonomy in formulating policy in their autonomous communities.

(...) Bearing these realities in mind, we have introduced several changes in the draft bylaws, certain federative elements (...) However, we do not agree that the PCE should be organized as a federal party. We do not agree with such proposals, and not because of the pro forma problem of the word "federal." This is not a problem of wording. As we all know, there are parties that call themselves federal but in fact are completely centralist. What these propositions, in fact, offer is not so much the idea of a federal party as the transformation of the PCE into a confederation of parties (...)

We believe that this concept of the party is not in keeping with the realities of Spain and would weaken communists, the working class and the forces of culture throughout Spain and in each nationality and region (...)

Lastly and with the obligatory brevity, I would like to discuss the amendments relating to the creation of currents or factions. These amendments are obviously not proposing the same thing as when we talk about differing sensitivities or backgrounds in the party. They are proposing factions grouped around specific stands, either politically or organizationally.

I am convinced that the organization, the institutionalization of factions in the party would diminish democracy instead of enhancing it and rather than representing organizational progress towards an increasingly Eurocommunist party, would be a regression to the old methods of former social democracy, which socialist parties themselves are striving to transcend, especially the ones in which socialists are facing off with social democrats.

The formation of factions in our party would entail groupings around platforms or leaders. It would mean the establishment at all levels, parallel to party organizations and to their leadership bodies, of other leadership centers, with their own organizational activities, their own recruitment drives, their own struggles among themselves (...)

This would not open the party up to a pluralist, diverse society; rather, it would cause the party to look inward and become disorganized at all levels. Let's not fool ourselves. It would mean a multiplication of leadership centers intertwined with the party's regular governing bodies, regardless of how strongly and sincerely we underscore in the bylaws the need for unity of action.

And the same thing goes for the idea of the minorities being able to express themselves as groups in public. If a minority is entitled to express itself as a group in public, first we are giving shape to that minority and thus organizing a faction, and second we are offering the party and the masses two political options (...)

Carrillo's Concluding Remarks

Madrid MUNDO OBRERO in Spanish 7-13 Aug 81 pp 19-23

[Speech by PCE Secretary General Santiago Carrillo at 30 July 10th PCE Congress: "A Party Regenerated and United After Congress"]

[Text] I believe that we can say, not without pride, that at this congress a free and open debate is proceeding, that this debate is being conducted with complete openness toward the press and society and that at this congress and in this party there is no dark corner and no shadowy area which is not illuminated by publicity and by the most complete openness. I believe that it has also been possible to see that--as Comrade Pinedo was saying yesterday--in this party everybody thinks with his own head.

There have been many criticisms of the report which I submitted, and I wish to emphasize something that was said yesterday, namely that that report is not a personal report of my own; it is a report which was debated, approved and corrected in part at the party Central Committee plenum, and that although my fallible hand participated in its drafting, the ideas expressed in it are not ideas which I invented in a vacuum, isolated from the party as a whole; they are ideas which we formulated in comparisons and exchanges of ideas and in debates, and which, in short, are the product of a collective formulation.

The report has been criticized for not being apparently oriented toward society and its problems. I believe that a careful reading of the report, outside the rather emotional atmosphere of the congress, would show that even the internal criticism and self-criticism have a very direct bearing on the requirements for conducting politics and doing so effectively within this society. Of course, there is the examination of internal problems, and these could not fail to exist, because for some time criticism has been occurring in the party of its leadership and internal functioning, and if we had not raised these issues, doing so with a self-critical approach, the congress would have been right to say that we were avoiding problems with which we had been confronted and that we were attempting to evade our responsibilities by raising only the problems of a general political, social and economic nature which Spanish society has today.

Those internal problems must be resolved, and they must be resolved precisely in order to be able to tackle current political issues more effectively and vigorously.

Question of MUNDO OBRERO Daily

The report has even been criticized because I did not refer in it to what happened to MUNDO OBRERO daily. I must say that nobody in the Central Committee--nobody--spoke up to say that it was necessary to pay attention to the question of MUNDO OBRERO daily here. But since it has been raised here, I wish to say that MUNDO OBRERO daily was a long-standing project. While a section of the leadership was still in exile, we launched the 200 million pesetas campaign for MUNDO OBRERO daily. There was already a desire to equip the party with a daily newspaper when we regained legality. And it must be said that those 200 million

pesetas were collected to that end, but it should also be said that most of the sums collected domestically, in Spain, during that period were spent here on the party organizations' work and never reached the MUNDO OBRERO fund. This MUNDO OBRERO fund was in fact composed mainly of the emigrant comrades' aid.

I believe that when we decided in the Central Committee to undertake publication of MUNDO OBRERO, we were too subjective, and I for my part accept the principal share of responsibility for that subjectivism, both when the 200 million pesetas campaign was proposed in Paris and when I supported and maintained here the need for MUNDO OBRERO to be published daily. The fact is that we did not yet possess at the time when we launched it the material basis necessary for maintaining a daily newspaper and that in that we were mistaken. And on that we spent money which had been collected for MUNDO OBRERO daily.

I accept my responsibility and that of the entire Central Committee in this matter, but I at least do not relinquish the idea of the party's having again a MUNDO OBRERO daily some day. The conditions must be created without impatience for this to happen.

It is true that the party press is very difficult to maintain, but the communist parties in general have demonstrated that they are capable, with great sacrifice, of maintaining communist daily newspapers, and they need them, because this is the only way to have a voice which objectively and directly expresses their opinions and judgments about the problems of the country's life.

Eurocommunist Strategy

Entering now into what is the essence of the report, I believe that the Central Committee report propounds and defends the party's Eurocommunist strategy, and that there are no doubts or uncertainties about this strategic line which is advocated in the report: A strategic line which asserts our independent stance, our democratic and pluralist attitude and our stance in favor of what has been termed the revolution of the majority, supported, I would add, by the majority and corrected by the majority when the revolution does not proceed along the path desired by the majority.

And hence the issues of alternation in power, the issue of political support in society and the possibility of dismissing a government through the ballot box.

Obviously that is the essential issue in the report, and many issues are missing; in fact the issue of emigration is missing, the specific issue of women or of young people is missing, an enormous number of issues are missing, but when we drafted it we believed that it was necessary to concentrate on the essential issues posed today in this party and this country. And the essential thing was and is to assert the party's Eurocommunist strategy, and in this respect it can already be asserted that the party congress will not disappoint. The Eurocommunist line will be confirmed with many nuances, comrades, which should shock or alarm nobody, because they reflect a reality of our party.

Military Pacts

During the debate on the report it was asked why in international policy we approach the socialist countries, asking them for a specific initiative concerning

the military pacts. And I ask: Whom could we approach, asking for that, except the socialist countries? Could we approach the United States? We already know that the United States would pay no attention, of course, to a request which we made to it. But we are also approaching the Socialist International, requesting solidarity, so that if it is planned to take Spain into NATO without consulting the people, that solidarity will be exercised with Spain and with the Spanish people. Of course, we are launching that initiative, but we hope that the Spanish Socialist Workers Party (PSOE) comrades will join in it, since it is they who may have greater influence among the Socialist International parties.

The problem of NATO and of the bases has also been raised. The fact is that we did not embark upon a campaign against entry into NATO previously because we attempted to prevent that problem from coming before parliament and being raised, and to ensure that that problem was frozen, and because we did not wish to ideologize with an exclusively communist initiative an issue which, as I explained in the Central Committee's report, is a national issue which would have been ideologized and turned into an issue no longer of the Left but of the extreme Left if we had embarked upon an individual campaign concerning this issue.

Although I must say, because this is the truth, that there has been no party rally, no round table and no opportunity--for instance, even when discussing other issues on television--when we have not introduced the issue of our opposition to entry into NATO, and what is involved now is to conduct this campaign of collecting signatures.

We were hoping that during this congress we would already have the signatures heading an appeal for a referendum. I hope that we will still have it, because we want that appeal to be headed by personalities who as far as possible will reflect a spectrum of Spanish public opinion which is not especially leftwing. And as far as the bases are concerned, as we have said, we will oppose the bases as long as the bases are an element in the government's strategy of beginning participation within NATO.

As regards the issues of Eurocommunist policy and of Eurocommunist strategy, I will not refer to other aspects. I do wish to say that I deem it totally unjust to say at this congress that we have endorsed the policy of no changes in the state apparatus and that we have not defended human rights. I regard this as totally unjust, and I believe that it reflects a viewpoint which is so biased, so specific and so particular that it does not require my entering once again just now into the exposition of the viewpoints, the facts and the details which demonstrate that we have defended human rights and that if the laws approved in parliament are no worse and have been improved in those respects, that is due to the communist parliamentary group's activity.

The Conception of the Party

It seems to me that, with the vast majority of us being in agreement on the Eurocommunist strategy, I repeat, with nuances which exist in the reality of the party and which nobody could propose to delete with one stroke of the pen, the issue around which the debate at this congress has essentially been polarized

is, rather, the issue of the conception of the party. This involves what party we wish to build, what party is the right party today for implementing the Eurocommunist policy and what party we will reach agreement or now; and we will debate this issue, I am convinced--as Comrade Lertxundi was saying here yesterday--with the intention on everybody's part to heed the resolutions adopted by this congress on this and on all other issues.

It has been said here that we need another party, that we are maintaining the party model of the Third International, that we are maintaining the traditional model. In contrast with this it has been argued, and not incorrectly, that certain contributions and certain innovations reflect the model of the former Second International and that we are maintaining the traditional party model I would say: "It is obvious, comrades, that you have not known the traditional party model. Or, if you have known it, you have forgotten it, because who could imagine a debate such as this in the traditional model, and, I would say, moreover, who could imagine today in many communist parties--and I do not say this rhetorically--a debate such as this?" Who could imagine in the traditional party model a precongress preparation such as we have had?

This party no longer has anything to do with the traditional model of the days of the Third International, and only those who have not known this model could assert such a thing. In our party there is broad debate and a comparison of different stances, and at this congress we are not only maintaining different stances in the debate, we are maintaining them in statements to the mass media. At this congress there is a freedom and a clarity which I believe must be maintained and preserved and which is characteristic of a new kind of party inspired neither by the model of the Third International nor by that of the Second International.

Return to Associations

That is what must be preserved and developed, but together with that, comrades--and I emphasize what was advocated in the Central Committee's report--party democracy, in order to be full, requires that we communists return to the associations to revitalize them, that we communists ensure that this debate takes place throughout the party, and that our associations penetrate, work on, create and develop mass movements. I am convinced that if we do this, the doors of our party will indeed not open for anybody to leave, although we cannot deny anybody the right, either, to leave if he disagrees with the party.

The doors of our party will open so that those who have left can return and to admit many people who are still in a position to join the party and who will join it when our party's internal life revives and develops with that policy of strengthening the grassroots organization.

What is hampering a more general agreement at this congress, in my opinion, is a certain conception of the party that we want. No sooner is there talk of currents and tendencies than there is talk--and, for my part, this is the first time that I have heard this expression--of "pluralism within the party." Comrades, it may be that this business about pluralism in the party means nothing unusual or

alarming, but in any event, if we take what pluralism means literally, I frankly do not see a monolithic party, but neither do I see a pluralist communist party, and let those who speak of pluralism not accuse me of Manichaeism when I said that there were those who advocated a party which would be a reflection of present-day society, because in fact that conception of pluralism is identified with a party which is a reflection of present-day society.

The Minorities and Unity of Action

There is also talk of the right of the minorities, and I believe that terrible confusion is being created in which we will end up by not knowing very clearly what we are discussing, although in fact and at bottom there are those who know very well what they are discussing and what they want.

I believe that the rights of the minorities are fully guaranteed at this congress, and that the minorities are able to express and defend their stances. The minorities are acting with complete freedom, and nobody could say that the right of the minorities is being denied here; but, comrades [it is a question of the] right of the minorities until the debate ends and until the debate results in specific decisions, but after the debate results in specific decisions, can the minorities continue to defend their minority stances publicly against those of the majority?

Seemingly, a formal democratic viewpoint would appear to say "yes," and it would be "yes" if this party and this party's decisions were for the purpose of constructing canals, roads, bridges, buildings, and, in general, conducting politics, and politics are conducted by writing and speaking, in addition to organizing and working, and if after the congress the minority continues to defend its stances in the press and verbally outside the party, what is clear is that the minority will be conducting a policy other than the one congress decided on, and that, comrades, is not democracy [sentence as published].

What is democratic is for the minority to give way to the majority, and when they raise again in another precongress process or at a party congress or Central Committee meeting issues which are contentious, fine; everybody reassumes his stances in that debate, defends them, and again, when the debate ends and resolutions are adopted, everybody implements the policy determined by the majority.

Otherwise, comrades, this would not be one party; it would be two or three parties, and this is what we said in the Central Committee's report; three different parties can never coexist within a single party. Does that mean that there are no permanent free forums and that on matters of theory, of theoretical formulation, there is no freedom and a permanent debate without bounds, without limits, within the party? No, we are not in favor of such a permanent debate without bounds and without limits within the party.

However, I believe that the great problem of our theoretical formulation is not only whether we will be a party with tendencies or factions; I believe that Eurocommunism, Spain's multifaceted situation, social and economic problems and the prospect for progress toward socialism require many theoretical formulations which unfortunately do not have today the place which they should have within the framework of our party's theoretical activity.

I believe, comrades, that we must say clearly that this is the majority opinion of the outgoing Central Committee which I am expressing and defending here; we must say clearly that if we do not stop the steps which have been taken toward the organized formation of tendencies--and I am not threatening anybody here; I am saying this to everybody, to all those who in one way or another have taken part, consciously or otherwise--if we do not stop this, if all of us are not determined to end this, so that there will be freedom of debate, so that there will be debate, but not factions, this party could destroy itself within a very brief space of time.

Process of Disintegration of Democratic Forces

I am not attempting to impress anybody, but I tell you that in the democratic forces of this Spanish society we are witnessing a process of disintegration which coincides with a process of recomposition of the extreme rightwing forces, which are venturing to make public statements such as those which we heard a very few days ago from the lips of a current military authority, and we are not countering the processes of disintegration which are taking place in Spanish society, and if we communists do not set an example against those processes of disintegration, we will be objectively contributing to our country's turning back, and to the possibilities of a coup, of a regression, being confirmed. We must be aware of this, and I am not using it as a means of pressure but as a fact which exists and which we must bear in mind if we do not wish democracy in this country to go to hell.

After this congress we must all strive to ensure that with an awareness on the part of each of us--and I am speaking of those who are on one side and those who are on another--we end factions, currents and groups in this party.

Autonomy Initiatives

It has been stated in a criticism of the report that a specific treatment of the issue of the state of the autonomies is necessary. Concerning this issue, I wish to say that we are in favor of the parties of the nationalities and regions having the fullest autonomy in formulating and implementing their policy in the regions and nationalities in which they operate, and what is at issue more really is not that there has been centralist pressure from Madrid to determine the policy of this or that party in this or that nation or region; but, rather, that the parties of the nationalities and regions--although not all of them--have not yet thoroughly used that real autonomy which they have had, which they have, from the party. In some instances we have encouraged political initiatives which had nothing exactly to do with party policy at the state level and which took into account the peculiarities of a nationality or region. I believe that that capacity for initiative, for political decisionmaking and for adjusting communist or Eurocommunist policy is the same; nobody will call its nationalities or regions into question in the PCE. But at the same time, we want a PCE which will have a personality as such and a capacity for decisionmaking as such, and not a federation of parties which would place us in a position of inferiority in this country's political life and would achieve nothing.

The tone of my speech has been criticized. It has been said that it was a rally-type speech, and this has been said in a rally-type manner, likewise. Comrades, I know my own shortcomings; at least, some of them. I am not a kind of paternalist chairman in this party who spends his time flattering everybody,

applying balm to everybody's wounds, reassuring everbody and attempting to agree with everybody.

I am not like that; I am a man who makes decisions; I am a man who has ideas and who defends them. That I have done and that I will do throughout my life, and in defending them I express the passion which I am bound to express. And here we are conducting a debate of ideas--at least, as far as I am concerned, what is being conducted is a debate of ideas--but afterward I am capable of working jointly, without any bitterness and resentment, with those who have opposed me, provided that we both accept the decisions and cooperate sincerely in that work.

I am not a man for bitterness; I am not a man who consigns to a ghetto or to Hell somebody because he has disagreed with me at some point; but at the same time I am not a man for pacts within the party. On behalf of the party I may make pacts with the union of the Democratic Center, with Democratic Coalition or with the PSCE; I may make pacts with other parties, but I do not make pacts within the party, because I believe that the debate here is a debate of ideas and the only pact possible is respect for the decisions of the majority and cooperation afterward to implement the decisions of the majority.

There has been a great deal of talk about respect for the minorities, comrades. It sometimes happens that under the pretext of respecting the minorities, the minorities are flattered and buttered up, and that is what is happening in the party today. When some people hold a majority somewhere, they flatter the others and allow them a small say, but they keep, and remove, them from any party representation.

I would appeal to all those who adopt one stance or another and those who agree with the stances which the Central Committee is upholding also; I would appeal to them all that the minorities should really be respected and those who talk most about respect for the minorities should not be those who are paving the way for a split in the party through a sectarian stance which is in fact the most flagrant violation of the minorities' rights.

A Regenerated and United Party

We will emerge from this congress with a regenerated party, with a party which will really advance along the path of its democratization, but only if the outgoing Central Committee's stance has a majority, with a party which will not have factions, tendencies or groups of any kind. We will emerge with a party in which we have passionately, vehemently and vigorously argued, and polemicized, sometimes even having gut reactions, but I believe that nobody among our opponents should build up false hopes. We will emerge with a united party and we will emerge with a party which will open its doors so that former members can return and new members can enter, and which will not close them if somebody does not feel ill at ease, treating him with the utmost respect. A party which will become stronger and a party in which, I hope, those who have seen us polemicizing here, sometimes passionately, will see us again, at least in most instances, working together and cooperating to implement this congress's decisions and to make a Communist Party which will remain a factor of consolidation, which is greatly needed, of democracy in our country. A Communist Party which will remain a guarantee of progress and of advancement in this society toward the resolution of the grave and acute problems of the masses; a party which will offer the hope of a socialist and communist society in Spain.

Foreign Greetings

Madrid MUNDO OBRERO in Spanish 7-13 Aug 81 pp 34-37

[Text] In this issue we begin publishing excerpts from the numerous greetings that Communist and workers parties and progressive forces from all over the world sent the the 10th PCE Congress.

Korean Labor Party

After sending a warm and brotherly greeting to the congress delegates and to all Spanish communists, the message underscores the importance of this 10th Congress. It then summarizes the PCE's more than 50-year history, a history of struggles and victories. In the current complex situation in Western Europe, your party has firmly maintained its independence and acted energetically against foreign interference. It is struggling to prevent the imperialist powers around the world from unleashing another world war. It is supporting the movement of nonaligned countries, which is one of the main contributors to peace, as well as the liberation struggle of the international working class and of the world's oppressed nations against imperialism and colonialism. Because of the "two Koreas" scheme devised by American imperialism and its South Korean puppets, we have not yet achieved nationwide sovereignty, and South Korea is gradually becoming a permanent colony and a springboard for aggression. Tensions are not lessening, and the danger of another war is mounting day after day. The only way to eliminate tensions and guarantee a lasting peace in Korea is to reunify the country and to get the United States to conclude a peace treaty with us and withdraw its aggressor troops and nuclear weapons from South Korea. The current situation urgently demands that all anti-imperialist and independent forces in the world form a broad united front, safeguard peace and wage a vigorous common struggle for democracy and the victory of the socialist cause. Central Committee

Cuban Communist Party

This congress meets at a time when the enemies of democracy and peace are working with obsessive tenacity to close down the road to detente and plunge the peoples of Europe and the world into a fanatical arms race whose goal is military confrontation, destruction and death. As our first secretary, Comrade Fidel Castro, said, "unfortunately, the language of the cold war is again being heard in the most influential country in the contemporary capitalist world. Detente is cast aside, and the insane doctrine of military superiority is put forth. Today more than ever it is our unavoidable duty to unite the communist movement and join with other democratic and progressive forces in defense of peace and the indisputable right of nations to their freedom and well-being." It concludes by hoping that the congress helps to strengthen the PCE and reiterates its sentiments of friendship and solidarity. Central Committee

Chinese Communist Party

After a warm greeting to the 10th Congress, it underscores the PCE's glorious history of lengthy struggle. Over its more than 60-year history the PCE has led the working class and the people of Spain in the struggle against the fascist dictatorship, in defense of national independence and for democracy and socialism, achieving major successes. Today it exerts wideranging influence among the masses and plays a constructive role both in Spanish politics and in the struggle for the defense of world peace and for the progress of mankind. With the visit to China by a delegation of the PCE Central Committee, headed by Secretary General Santiago Carrillo, relations between the two parties have taken another step forward. We are convinced that on the basis of total equality, independence and mutual respect and trust, the relations of friendship and cooperation between the parties of China and Spain will become ever stronger. Central Committee

AKEL of Cyprus

AKEL, which recently took one-third of the votes in the Cypriot elections, thus becoming the strongest party on the island, is directing the struggle of the Cypriot people against imperialism and the Turkish occupation. We are fighting for the enforcement of the UN resolutions on Cyprus, for the withdrawal of all foreign troops, for the return of refugees (Greeks and Turks) to their homes and for a fully independent, sovereign, territorially whole, federal, nonaligned and demilitarized Cyprus. In our struggle, which is part of the struggle being waged throughout the world against imperialism, we depend to a great extent on international solidarity. We hope that your congress will express solidarity with our struggle and in anticipation of this we offer you our thanks. On behalf of the AKEL Central Committee, Donis Christofinis, head of the International Department

Chilean Communist Party

We have been following attentively and with great interest your party's struggle to preserve social gains and public freedoms in the face of threats by the vestiges of Francoism, as well as your ongoing opposition to Spain's membership in NATO. We feel that in addition to serving the interests of your people, this is a valuable contribution to the cause of peace and our common ideals. The support that the Soviet Union's new peace proposals, which the other countries in the socialist community endorse, have garnered among wideranging segments of world opinion shows that the peoples on all continents desire the road to peace. We vividly remember the solidarity that your party, the working class and the Spanish people expressed to the Chilean people in their struggle against fascism. We are certain that you will continue this support for the liberation of the Chilean people because of the internationalist spirit that is so deeply rooted in the hearts of Spanish communists and because of the antifascist sentiments of the Spanish people. We are exerting every effort to wage our struggle and forge unity so as to topple the Pinochet dictatorship. Luis Corvalan, secretary general of the Chilean Communist Party

Danish Communist Party

We have been following the development of your struggle and we wish you success in your future efforts for peace, social progress and socialism in your country. We Danish communists are pursuing initiatives and activities for peace, detente and social progress in Europe. We support the initiatives of the Soviet Union and the socialist countries in connection with the establishment of denuclearized zones in Europe. Peace and progress are indivisible, and therefore we communists play an increasingly important role in the struggle for peace, against the imperialist efforts to unleash a new cold war, against monopolies and for democratic rights. We hope that your 10th Congress helps to expand the democratic rights and further the social progress of the working classes in your country. Central Committee of the Danish Communist Party

Finnish Communist Party

The position papers drafted by your congress reflect the common desire of all communists and of all peace-loving persons to prevent the worsening of tensions and the ongoing acceleration of the arms race that imperialist circles are promoting everywhere. We Finnish communists have made every effort in our struggle to see to it that the final document of the historic Conference on European Cooperation and Security does not become just a collection of polite phrases in relations among governments and peoples but instead that its principles are put into practice in world politics. We know that we are still far from this goal. But we also know that the peace movement throughout the world is once again gaining strength and attaining unprecedented manifestations. It is of the utmost importance to do everything possible to prevent the proliferation of nuclear weapons. We have actively supported President Kekkonen's initiative to make northern Europe a nuclear weapons-free zone. Mankind's technological, cultural and scientific progress has brought this contradiction: automation and technological development signify unemployment and insecurity for the masses. We communists do not have a prescription that will in itself cause all problems to disappear. But we have demonstrated that we are candidly searching for solutions to mankind's major problems. Oliva Bjorbacka, from the Secretariat of the Finnish Communist Party

French Communist Party

Your congress is taking place amid a complex situation. Imperialism is seeking to once again launch a policy of blocs, is perpetuating zones of tensions and pockets of war and is pursuing an arms race. This counter-offensive cannot, however, conceal the direction in which the world is evolving, a direction favorable to the forces of social, national and human liberation. The significance of nations' struggle for peace and disarmament, as well as the extensive demonstrations and firm stands in many European countries against the decision to deploy more nuclear missiles on our continent and for the immediate opening of negotiations on all medium-range missiles and on the reduction of all arms, attest to this. It is also attested to in your country by opposition to Spain's membership in NATO.

The victory of the Left has created a radically new situation in France. Our party made a decisive contribution to change and to the defeat of the Right. Amid this new situation that has opened up with the victory of the Left and the entry of communist ministers into the government, we are working for the success of the democratic change that the French people wanted. By resolutely pursuing the strategy of our 22nd and 23rd congresses, we are fighting for a social transformation that will move democracy further than ever along the road to democratic, self-managing socialism. To us this election was a modern and realistic response to the needs of French society. Given this outlook, we are working to join together all grassroots forces in the struggle, to support every step forward and to move forward towards our objectives. It is our deeply-felt desire to strengthen the longstanding bonds of solidarity between our two parties on the basis of mutual respect and in the interest of our two peoples, of peace, of social progress and of democracy. Secretariat of the Central Committee of the PCF.

Panhellenic Socialist Party (PASOK)

PASOK has followed and is following with keen attention the democratic process in Spain and the struggle of the progressive forces in your country to preserve the spirit of democracy and democratic gains. At a time when Spain's march to democracy is the target of irrational destabilizing assaults, the congress that you are now opening could be an important vehicle for reflection and analysis and to rekindle the collective hopes of a prosperous, democratic future. PASOK wishes to convey to you its solidarity and support and its conviction that you will be able to meet the challenge that your country's contemporary history has placed before you. PASOK

Dutch Communist Party

New democratic approaches, in a revolutionary spirit, are of the utmost importance today. We support the activist alliances for peace and detente, and against military confrontation, in the capitalist countries of Europe, solidarity with the peoples of the Third World and their liberation struggles, and the struggle for the material and political interests of the working masses in the capitalist countries (thus opening up new perspectives), as being of the utmost and decisive importance in this period of history. We support your opposition to Spain's joining NATO. Joop Wolff, member of the Politburo of the Central Committee of the Dutch Communist Party

Hungarian Socialist Workers Party

We are convinced that the most effective weapon against the class enemy is the strengthening of our internationalist union. Acknowledging the validity of the different paths towards socialism, our party considers it especially important to bear in mind, both in theoretical and practical activities, the general laws for the construction of socialism and the particular national traits of each country.

In light of the tense international situation, effective action by Communist parties, in cooperation with all other peace-loving forces, is especially important in warding off the grave perils menacing mankind, in halting the arms race, in promoting disarmament and in safeguarding the accomplishments of detente.

Our party has constantly strived to maintain and bolster our ties of comradeship with our brothers in the PCE, as well as to clearly express our solidarity with the selfless struggle that Spanish communists have waged under difficult conditions. Our efforts will continue to be guided by this sincere desire and willingness. The Central Committee of the Hungarian Socialist Workers Party

Italian Communist Party

In its warm and brotherly greetings, the Central Committee of the PCI recalls the longstanding and deep ties between the two parties, strengthened by the great common struggles against fascism and imperialism, for peace, for the development of democracy and for the building of new paths of democratic progress towards socialism. Today we are faced with a serious crisis that is hitting hard at Western capitalist societies. Conservative forces are trying to regain complete freedom of action, and Europe is feeling the onslaught of the new American leadership. In our country we are struggling to blunt the conservative offensive, for a European initiative to encourage negotiations between the two superpowers, for arms reduction based on a balance on the European continent. We are fighting for a government housecleaning that will democratize its workings. This transformation of State structures is also necessary to defeat antidemocratic subversion, to sever the roots of terrorism and violence and to make democratic institutions attractive. The sharp turn to the Left in France, the strong rebirth in many European countries of movements for peace and against nuclear catastrophe, the critical debate that has also begun within many European socialist and social democratic forces, the major victory by progressive forces in Italy over clerical sectors in the 17 May referendum and the overall gains by the Left and the fading of the Christian Democrats at the 21 June elections in our country, are developments that evidence the great potential that exists. We have also hailed with great interest the spirited process of renewal that has begun in Poland. Present-day struggles are helping to establish the principle that a socialist society must be based on the consensus of the people and on deep-seated and wideranging political and civil liberties. It is with great sympathy and heed that we follow your efforts and your struggle. When a "coup" was attempted against Spain's young democracy, our people forcefully expressed their indignation and their profound friendship for the democratic Spain of the people. We are in favor of full-fledged membership for Spain in the EEC. We are convinced that Eurocommunism can and must play a great role in the building of a democratic Europe. Long live the friendship between our two peoples! Long live the PCE! Central Committee of the PCI

Japanese Communist Party

We sincerely hope that you achieve major successes in surmounting the hurdles on the road of democratization, in defending the fundamental interests of the working class and all worker sectors, in the struggle to prevent Spain from joining NATO and for a neutral, nonaligned Spain, as well as in the furthering of unity among democratic forces and in the construction of a

powerful party, the driving force behind these efforts. Our party has fought against various attacks by reactionary forces and resolutely turned back big power meddling aimed at hegemony. It operates as an independent party that properly combines true patriotism with internationalism. The Japanese Communist Party is fighting for a peaceful, neutral, nonaligned Japan, for the defense and expansion of democracy and for the unity of progressive forces. The vicious circle of the arms race between the military blocs is spiraling upwards without end, and the development of new nuclear weapons has reached an unprecedented stage. We are fighting against the policy of aggression and war being pursued by American imperialism and at the same time we do not accept aggression by certain socialist countries against other nations. We reject the arms race that is being spurred on in the name of a "military balance." The fundamental objectives of the international forces against imperialism and for peace are: the simultaneous dissolution of military blocs, a complete ban on nuclear weapons, a substantial reduction of conventional military forces and the withdrawal of all foreign troops. It concludes by recalling the joint declaration of the Spanish and Japanese Communist parties in April 1976, which says: "Respecting and acknowledging the independence of Communist parties is the only way that the international communist movement can satisfy today's demands, and it is also a premise for creatively developing the theory of scientific socialism under the new and complex conditions of society today." Central Committee

Mexican Communist Party

We in the Mexican Communist Party (PCM) value highly the efforts that the PCE is making in pursuing a bold policy that is in keeping with reality and that meets the demands that the current situation poses. We hold in esteem the struggle that Spanish communists are waging to achieve a series of meaningful changes in government, especially the culmination of the autonomy process, which will lead to a Spain in which its peoples can enjoy full and equal rights. We support Spanish communists in their struggle to set up a broad battlefront for peace and disarmament, against the policy of blocs and, therefore, against Spain's entry into NATO, and against the aggressive policy that the new American administration is pursuing today in a bid to once again impose a warlike course of action that runs counter to the interests of the world's peoples. We are preparing at the moment for the 1982 election campaign.

We can now disclose that the conditions are right to forge a broader electoral alliance than the coalition that ran in the 1979 elections on the Communist party ticket. We will conclude this greeting by reiterating our willingness to strengthen the relations of friendship and solidarity that exist between our parties and by most heartily wishing the 10th PCE Congress success. On behalf of the Central Committee of the PCM, Marcos Leonel Posadas, member of the Political Committee and the Secretariat of the Central Committee

Polish Unified Workers Party

It underscores the ardent support in Poland for the struggle of Spanish communists and all progressive forces in Spain for the consolidation and furtherance of democracy. It then indicates that "during the building of socialism in Poland, a difficult stage arose as a result of mistakes that were made and of violations of the principles of socialism. The Polish Unified Workers Party is resolutely continuing the process of socialist renewal on the basis of indestructible friendship and cooperation with the Soviet Union and the entire socialist community and is resisting the threat of domestic reactionaries and the imperialist forces. This is the course charted in the resolutions of the Ninth Special Congress of the Polish Unified Workers Party. It hopes for a constructive culmination to the Madrid Conference and for an immediate implementation of the peace initiatives presented by the socialist countries, including a conference in Warsaw on military detente and disarmament in Europe. Communists are a fundamental force in the struggle for peace and social progress. This is why the unity of the communist and labor movement is of vital importance, a unity based on the common ideas of Marxism-Leninism. Central Committee

Romanian Communist Party (RCP)

Its greeting begins by underscoring the ties of solid friendship, solidarity and cooperation between the PCE and PCR, which have been greatly strengthened by the meetings and fruitful talks between Comrade Nicolae Ceaucescu, the secretary general of the PCR, and Dolores Ibarruri, president of the PCE, and Comrade Santiago Carrillo, secretary general. It emphasizes the accomplishments of the Romanian people, whose socialist country today has an industrial output 50 times greater than in 1938. Your congress is taking place in an extremely complex and contradictory international situation. Europe today is the site of the greatest concentration of troops and weapons of mass destruction. Everything possible must be done to halt the deployment and development of new nuclear missiles on the continent. The arms race is the main threat to peace and even to the existence of mankind. Before it is too late we must take specific steps towards disarmament, and above all nuclear disarmament. We must intensify efforts to establish a new international economic order and more equitable cooperation among all States, based on fully equal relations that enable all peoples but especially the most backward ones to develop as quickly as possible. Our party attaches great importance to the continuous strengthening of cooperation and solidarity with communist and workers parties and to the forging of a new unity whose solid underpinning is strict respect for the right of each party to independenetly decide its own political line and revolutionary tactics and strategy in keeping with the demands and specific realities in each country, free from any outside interference. At the same time, the PCR is developing cooperation with socialist and social democratic parties, with democratic, progressive parties in new independent States, with national liberation movements and with advanced, anti-imperialist forces throughout the world. It concludes by wishing the PCE much success in carrying out the decisions of the 10th Congress. Virgil Cazacu, secretary of the Central Committee

More Greetings

Madrid MUNDO OBRERO in Spanish 14-20 Aug 81 pp 34-37

[Text] German Communist Party

Your congress is taking place at a time when the international situation has become critical, because of imperialism's endeavor to attain military supremacy and its policy of confrontation and blackmail. Imperialism's intention of installing new medium-range nuclear weapons in various European countries is also a direct threat to our peoples and to peace. The foremost issue today is to make every effort to prevent new American nuclear missiles from being deployed in Western European countries. In connection with this, the Pay Program drafted by the 26th Congress of the CPSU deserves your full support because it serves and is conducive to the national interests of our peoples and the interests as peace as well. There is nothing more important to us than doing everything we can to prevent war from ever starting on German soil again. The peoples of the world and especially the Soviet people have made great sacrifices in the struggle against fascism and war. We particularly thank the Soviet people for liberating us from fascism. We have been and we are closely linked in the struggle to guarantee peace and to oppose fascism and war. Thousands of German communists fought shoulder-to-shoulder with you in the International Brigades. Today, faced with imperialism's great threat to peace, the unity of action of the international communist and labor movement is an urgent duty. Hermann Gautier, vice president of the German Communist Party

MPLA [Popular Movement for the Liberation of Angola]-Labor Party

Ever since its founding, the PCE has always shown itself to be an indomitable fighter for the supreme aspirations of Spain's working masses. In 1975, after long years of incessant struggle for national liberation, the Angolan people, under the direction of the MPLA, put an end to Portuguese fascist colonization, which subjugated it for five centuries, and won its freedom and independence. Since then our people have made much progress in national reconstruction and in laying the technical and material groundwork for a new society, a socialist society. This rapid progress of our revolution and our consistency with the socialist choice we have made mean that we must never waver in honoring the sacred principle of proletarian internationalism towards the peoples in the midst of struggle, in particular the peoples of southern Africa. At the present international juncture, at the same time that mankind is witnessing increasingly irreversible gains by the forces of peace and progress, we are seeing unprecedented aggressiveness and the wildest of attempts by imperialism to destabilize the countries that are proceeding along the socialist path of economic and social development. Such maneuvers, which seek to delay the inevitable downfall of their reactionary system, are an insane effort to surmount the constant cyclical crises that are inherent to it. In this regard, we support without reservations the peace and detente proposals advanced by Comrade Leonid Brezhnev and we salute your party for its contribution to the struggle for peace and detente on the European continent and throughout the world. We express our unconditional support for the struggle of the

peoples of the Western Sahara, led by their vanguard, the Polisario Front; for the heroic people of Palestine, guided by the PLO; for the people of Timor, led by FRETILIN, and for the peoples of Chile, Uruguay and El Salvador, and we vehemently denounce the ill-fated role of the Reagan administration on the Latin American continent.

Algerian National Liberation Front

No one doubts that the congress will greatly help to strengthen and further the struggle of the workers and people of Spain for fresh gains along the road of peace, democracy, liberty and justice. Our two parties, which have a history brimming with struggles, sacrifices and victories, are working for common objectives: developing man, promoting peace and emancipating peoples. These basic points of agreement should convince us, were this necessary, of the need for contacts, dialogue and cooperation between our two parties, as well as with all of the progressive forces around the Mediterranean. Imperialism's mounting aggressiveness and the resulting threats to the peace and security of our region, and our joint rejection of the policy of blocs, as well as our shared desire to bring as many countries as possible into world decision-making and to forge a new international economic order, make this need more urgent than ever. We are convinced that the alliance between the West's democratic and progressive forces and the peoples of the Third World will enable us to forge a future of solidarity that will put an end to the current system of domination that is compromising international relations, heightening contradictions and intensifying the threats to peace and to the security and independence of countries. Foreign Relations Committee of the Algerian National Liberation Front Party

Argentine Communist Party

In the complicated situation in which Spain, its working class and its people find themselves, it is with the keenest interest that we are observing your experiences, your approach to problems and your programs for political action in the immediate future. We hope that the deliberations of your 10th Congress help to further and strengthen world peace and close, fraternal relations within the international communist movement. We also hope that this congress represents another step upward in the development and strengthening of the PCE's programs, ideology and organization. This will be a powerful influence not only in the working class's struggle for its historic class objectives but also in the general democratic struggle that the Spanish people are engaged in and that the party is heading up as their vanguard, and it will also spur on those same plans at the international level. Leonardo Paso, alternate member of the Central Committee of the Argentine Communist Party

Belgian Communist Party

Belgian communists are following with the keenest interest your battle to prevent Spain from joining NATO, to halt the arms race and to overcome the policy of blocs and your tenacious struggle to consolidate democracy and

meet the autonomy needs of the regions and nationalities. For many years now the Belgian Communist Party has viewed the march to socialism as a peaceful march that must be marked by democratic gains and based on a broad grassroots consensus that is possible only through the union of all progressive forces. It is in this spirit, anxious to guarantee within pluralism the identity of all anticapitalist forces and respectful of the particular traits of each country and each people, that we have endorsed the concept of Eurocommunism. To us, it is associated with constant efforts to democratize the party itself. The victory of the Left in France has also given us new grounds for confidence in the future as well as in the emergence of a democratic, independent Europe that can play an effective role for detente, progress and socialism, a Europe in which the Spanish people have an important place.

Australian Communist Party

Our two parties do not only share numerous political ideas; we also maintain growing labor relations because of the presence of almost 200,000 Spaniards in Australia. Like the PCE, the Australian Communist Party feels that it is essential for Marxist parties to pursue a strategy based on a search for a real socialist democracy that is different from the social democratic and Soviet models. The Australian Communist Party bases its strategy on the concept of worker self-management, extended throughout economic and social life, and combined with the main cultural and political rights of peoples, including the right to form other political parties. This is why we totally support the struggle of Polish workers for full-fledged socialist democracy and self-management. Any attempt to crush the Polish workers would be a crime against socialism. The Australian Communist Party thinks highly of the PCE's campaign against the American bases in Spain and against the attempt to make Spain part of NATO, as well as your stand of nonalignment and opposition to military blocs. We are also struggling against U.S. bases in Australia and for a nonaligned foreign policy. We share your stands on the duty of communist parties to support national independence struggles and we think especially highly of your aid for the Saharan people's struggle for independence and for the heroic struggle of the Salvadoran people. In conclusion, we would like to express our revolutionary solidarity with the Spanish people's struggle against the attempts at a fascist coup. Dennis Freney, member of the National Committee of the Australian Communist Party

Bulgarian Communist Party

Bulgarian communists are following with keen interest and express their joy at the successes of Spanish communists, who are struggling under difficult and complex conditions to defend, bolster and further democracy, unite their ranks and strengthen the unity of the working class and all workers in the struggle for sweeping social change, peace and socialism. We want to take this opportunity to express once again our solidarity with the communists and all of the progressive and democratic forces of Spain who are resolutely opposed to the continual attempts by reactionaries to overthrow the constitutional order. The traditional relations of friendship and cooperation between

Bulgarian and Spanish communists, firmly consolidated by the blood that we both shed during the Spanish people's revolutionary national war, have felt the deep and permanent imprint of remarkable figures like Jorge Dimitrov, Jose Diaz and Dolores Ibarruri. After underscoring the successes achieved by the Bulgarian people in all spheres of developed socialist society, the message calls attention to the basic task of saving the world from thermonuclear catastrophe and of preventing a new stage in the nuclear missile arms race. It stresses the consistent peace policy pursued by the Bulgarian Communist Party and the People's Republic of Bulgaria to transform the Balkan Peninsula into a stable region of detente. It concludes by pointing out its contribution to strengthening the cohesiveness and unity of the socialist community and the international communist and labor movement, as well as its vigorous support for all progressive forces struggling against imperialists and reactionaries. Central Committee of the Bulgarian Communist Party

Greek Communist Party

We are attentively following your party's activities and the struggles of the working class and all Spanish workers for their vital interests, their union and democratic freedoms and rights and for social progress and socialism. Because of our bitter experience of Greek membership in imperialist NATO, which has imposed the tyranny of colonels for 6 years and led to the Cyprus tragedy, we warmly back your struggle against Spain's membership in NATO, which would have negative overall consequences for peace. We believe that today, at a time when imperialism, especially American imperialism, is dangerously aggravating the international situation, especially along the eastern Mediterranean and in the Near and Middle East, through its agent Israel, with its interventions against other countries and its arms buildup, your congress will contribute to the struggles for preserving detente and peace, for disarmament and the application of the principles in the final Helsinki document, for the successful outcome of the Madrid Conference and for an immediate start to negotiations on medium-range nuclear weapons. Our party supports the USSR's recent peace proposals. The current world situation necessitates more than ever increased unity of action among sister communist parties, workers parties and all democratic, anti-imperialist forces in the struggle to preserve peace and progress for mankind. The Greek Communist Party, always faithful to the principles of proletarian internationalism, makes common cause with the Polish communists in their efforts to safeguard social gains; with the struggle of the Afghan people to defend their revolutionary gains; with the struggle of the Cypriot people, of the Arab peoples, of the Palestinian people, of the people of Lebanon, Namibia and El Salvador and of all peoples struggling against imperialism, fascism, Zionism and racism and for peace, national independence, democracy and socialism. Central Committee of the Greek Communist Party

African Party for the Independence of Cape Verde (APICV)

By being present among you we wish, on the one hand, to attest to our desire to strengthen the ties of friendship between our countries, parties and peoples

and, to the extent possible, to familiarize ourselves with your experiences in building your party and democracy, and on the other, to express our backing for the democratic process under way in Spain, of which the PCE is an integral part. We have followed with interest the principal events in your country, especially the attempts by reactionary forces to turn back the tide of history. We are convinced, however, that the Spanish people, which possesses a lengthy tradition of struggle, will be able to defend its achievements. Our people won their independence just 6 years ago, after five centuries of Portuguese colonial domination and a heroic political and armed struggle. We have achieved major victories in national reconstruction. Grassroots mobilization and commitment are based on the domestic policy advocated by the party, which is taking shape as the incipient construction of a system of revolutionary national democracy that enables the people to have an increasingly direct involvement in running the country through the organizations for grassroots participation. In keeping with our principles, we support the struggle of the people of Namibia for their independence and the struggle of the South African people against the illegal, racist Pretoria regime, which in addition to imposing the hateful system of apartheid on the black majority, violates the borders of neighboring countries, Angola and Mozambique in particular. We likewise defend the right to self-determination and independence for the peoples of the Sahara and East Timor and we unreservedly support the struggle of the Palestinian people, led by the PLO, and of the Arab world in general against Israeli Zionism. As members of the Nonaligned Movement, we are advocates of international detente and disarmament, the preservation of world peace and the establishment of just relations between countries, which are indispensable factors for the progress of all mankind. Less than a year ago, a grave development forced a radical change in our plan to achieve unity between Guinea-Bissau and Cape Verde. It was a mortal blow to the party that headed up our two countries' struggle for more than 20 years. The founding of the APICV is a logical outcome of the process that struck at the APIGC. Carrying on the political and ideological legacy of the APIGC, the APICV proclaims its faithfulness to the principle of African unity.

Greek Communist Party (interior)

Our countries, Spain and Greece, are joined by strong bonds. They border the Mediterranean, the common birthplace of ancient civilizations, and today they are faced with a common problem we must struggle to resolve: the U.S. military bases on Greek and Spanish soil. We want the Mediterranean to be a sea of peace, free from military blocs and nuclear weapons and with relations of friendship and cooperation among all the countries that border it. Our two countries are also part of Europe. We support Spain's membership, with guarantees, in the EEC. We support the struggles paving the way to transform the Europe of monopolies into the Europe of the workers, of the people, a Europe that plays a larger and more independent role in world politics by helping to dissolve military blocs and contributing to progress towards socialism in democracy and freedom, a socialism constructed by the workers of each country. We endorse your struggle against Spain's membership in NATO,

a military bloc that in our country was decisively instrumental in setting up the dictatorship of the colonels. The Greek Communist Party (interior) is against leadership centers in the international communist movement and is developing its own concept of the revolutionary process. It thinks highly of the PCE's contribution to the development of Spain's own individual course, based on its specific circumstances. The Greek Communist Party (interior) stands beside the PCE in the great Eurocommunist movement, a movement that gives new luster to the ideas of socialism and opens up promising prospects for the struggle of the workers in our two countries. Babis Dracopulos, secretary of the Central Committee of the Greek Communist Party (interior)

Luxembourg Communist Party

We are attentively following the struggle of the Spanish people for democracy and social progress, in which Spain's communists, as the finest representatives of the working class, are playing an outstanding role. Our party energetically denounces all attempts by reactionary and fascist elements in Spain to return to the dictatorship, the backdrop for which is the worldwide danger of a return to the cold war and a reinstigation of the arms race by the United States and the most reactionary forces of imperialism. In light of this situation, all forces for peace in Europe and throughout the world have a duty to unite. The solidarity of the international communist movement will surely be a major factor for success in this struggle. We hope that the 10th Congress is a landmark for Spanish communists in your struggle for peace, democracy and social progress. Rene Urbany, chairman, on behalf of the Central Committee of the Luxembourg Communist Party

Norwegian Socialist Left Party

Your congress convenes amid a difficult situation for all European forces that are struggling against the economic crisis of capitalism, for democratic socialism, peace and independence, and against the large military blocs. We want to underscore the important ideological role that the PCE has played among the leftwing forces throughout Europe. We are thinking about the PCE's emphasis on the concept of Eurocommunism and the efforts to seek a new course between social democracy and the Soviet model. In the long run, this contribution should be the most important ideological innovation to take place in the socialist camp in decades. Our party and many other political movements in northern Europe are engaged in a great campaign for peace, disarmament and a ban on nuclear weapons in the northern region. The irresponsible policy of the Reagan administration and the decision by NATO to install 572 new Pershing and Cruise missiles in Western Europe are symptoms of the grave situation that Europe faces in the 1980's. The Soviet invasion of Afghanistan has also been instrumental in creating a situation of greater danger for peace and independence. We support the PCE's struggle against Spain's membership in NATO. After 32 years as a member country of NATO, we know what joining this military bloc means to a not very large country. It has adverse repercussions both for independence and foreign policy and for national culture and a

country's domestic political climate. We view with great concern the attempted coup of 23 February, which demonstrates that the transition to democracy in Spain is not yet complete. We hope that the 10th Congress resolves the problems submitted for discussion and represents a step forward for socialism in freedom in Spain. Fraternally, the Norwegian Socialist Left Party

Portuguese Communist Party

After conveying the fraternal greetings of Portuguese communists, the message says: Today, as we witness the flareup of terrorism and fascist coup plots in Spain, as the working class and the working masses are being hard hit by the reactionary policies of the UCD government, as Spain's prepares to join the aggressive military bloc called NATO, we want to reaffirm to the communists, the working class and to all peoples in your country our brotherly solidarity with your struggle in defense of democratic freedoms, for social progress and in defense of national independence. In an all-out attempt to head off the rapid development of the revolutionary process and to impose their hegemony in world affairs, American imperialism and the most warlike circles in NATO are unleashing a dangerous counteroffensive that threatens the peace and security of peoples. We must counter it with vigor, determination and confidence. Of fundamental importance in halting and ultimately defeating the imperialist counteroffensive is the teamwork of the international communist and labor movement, based on the strongest unity and solidarity with the revolutionary forces of our times: the socialist countries, the progressive countries, the working class in the capitalist countries and the national liberation movement. In spite of the virulent attacks that it has suffered, the Portuguese revolution is still alive in the nationalizations, the agrarian reform and in other democratic gains that our people are strongly determined to defend. Firmly opposing the antiworking class and antinationalistic policies of the reactionary government of the Democratic Alliance, the PCP is constantly striving to rally the working class and the masses, especially communists and socialists, in spite of the persistent refusals in this regard by Socialist Party leaders. With the narrowing of the social and political base that supports the Democratic Alliance government and with the acute crisis that the reactionary alliance is going through, the conditions are being created for the fall of the current government and for a democratic alternative in keeping with the interests of the workers and of the people. With its 187,000 members, the PCP is an indispensable force in the defense of democracy and in resolving the people's and the country's problems. The message concludes by expressing "our determination to continue efforts to further the relations of friendship and solidarity between the PCP and the PCE." Central Committee of the PCP

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PAPER BACKS NUCLEAR-FREE ZONE DISCUSSION AT NORDIC MEETING

Helsinki HUFVUDSTADSBLADET in Swedish 4 Sep 81 p 2

[Editorial by Henrik von Bonsdorff: "Nordic Information Meeting"]

[Text] During their meeting in Copenhagen the Nordic foreign ministers devoted themselves, among other things, to an informed discussion, based on facts, of a Nordic nuclear weapons-free zone. They also found this to be worthy of mention, for the first time, in the communique on the meeting. That can be regarded as a favorable phenomenon even though no new, concrete initiative such as was anticipated was taken, Henrik von Bonsdorff says.

Something happened in the debate concerning a Nordic nuclear weapons-free zone. One can say that, since a somewhat more concrete treatment was accorded that subject for the first time at the traditional meeting of the Nordic ministers of foreign affairs, which took place during the last 2 days in Copenhagen this time. However, nothing really surprising was involved. Differences of opinion, especially within the ruling Norwegian Labor Party last fall, gradually gave rise to a surge of discussion in the other Nordic countries, too, and this unquestionably has made a group of interrelated problems currently interesting in a new way. And the Soviet president's hint, in SUOMEN SOSIALIDEMOKRAATTI, at the possibility that a future agreement on a nuclear-free area could also conceivably include measures affecting the Soviet Union's territory introduced a new element into the debate, which, in spite of uncertainty as regards its real significance, nevertheless has a definite meaning.

However, it would nevertheless be a mistake to assert that the question of a nuclear-free area occupied a completely dominating position on the foreign ministers' agenda in Copenhagen. On the other hand, it is clear that that particular question captured most of the mass media's attention, as it presumably is also of interest to the public, which keeps up with "their excellencies'" doings in one way or another.

The exchange of views on the nuclear weapons-free zone took place behind locked doors and within a very limited circle consisting of the foreign ministers and their principal advisers. Therefore there is not a particularly large amount of substantial information on what was said which could be served to the public in our countries. In the extremely long communique, the conversation is

dealt with by citing a few generally-held views which almost drown in the extremely rich verbiage with which all the other intricate problems on the world's political scene are discussed. But nevertheless, in our opinion, the mere fact that the problem of a nuclear-free area has now been taken up for serious discussion and that subsequently, for the first time, as far as is known, that fact was noted in the resolution adopted at the meeting, is to be regarded as a favorable step. The communique says that the ministers informed each other regarding "the conditions which, taking as a starting point the situation in each of the respective countries as far as security policy is concerned, must apply to work on an area free of nuclear weapons in the nordic region." And they agreed that they would remain in contact regarding the work they proposed to do on that question in the future. These statements do not look like much, and one certainly could have wished for some more comprehensive and tangible clarifications of their ideas on how the problem might best be tackled now or in the future. But on the other hand it is clear that the aforementioned "conditions" differ constantly, and sometimes simply contradict each other in the different countries. That is something which still has not been changed in spite of expressions of opinion on the grass-roots level and the (at least outwardly declared) newly-aroused interest in Nordic freedom from nuclear weapons higher up in the social hierarchy.

On the Norwegian and Danish side, they are still clinging to the attitude that a Nordic nuclear-free area arrangement cannot be thought of as an isolated phenomenon. It would have to be planned as an element in a broader European disarmament arrangement. And here--it is to be hoped--the approaching contacts between the United States and the Soviet Union on European strategic weapons (TNF) are of decisive importance. As long as people do not know anything about what the possible results may be, the two Nordic NATO countries are probably not ready to contribute to a separate solution of the Nordic nuclear weapons equation.

Where Sweden is concerned, the reasoning runs pretty much along the same lines. Of course, Sweden is not bound in the same way as Denmark and Norway with respect to its NATO allies, who, among other things, have let the Norwegians know clearly that they would be uneasy about any Nordic initiatives--not so much for military reasons as with a view to possible resulting political effects elsewhere within the alliance. In June the Swedish parliament also urged the government to work in consultation with other Nordic countries in an attempt to find a common basis for a Nordic nuclear weapons-free zone, and Olof Palme, the leader of the opposition, attracted attention immediately before the meeting in Copenhagen with a fiery appeal for an energetic Swedish effort on behalf of such an area. But in spite of that, people in Sweden are also sympathetic toward solutions "in a broader context" as a condition for the acceptance of a Nordic arrangement.

Finland's position, understandably, is somewhat different. Our foreign policy leadership certainly perceives, as Foreign Minister Vayrynen pointed out a few weeks ago, the connection between efforts to obtain disarmament and weapons control in broad outline, and the situation in the Nordic countries. In his opinion, however, that should not prevent work on a Nordic nuclear weapons-free zone. Therefore, Finland is willing, even at the present stage, to actively pursue that goal. One contribution which could be made would be to try to

ascertain, through diplomatic contacts, what was concealed behind President Brezhnev's somewhat oracular statement. But in the present muddled situation it does not seem very likely that people in Moscow would be willing to lift the veil.

Therefore it may seem as if Nordic freedom from nuclear weapons may now be a subject which is pigeonholed for good, in spite of the foreign ministers' exchange of opinions in Copenhagen. That is a bleak view which reports on the meeting covering the last few days do not support. Instead, what we are confronted with is a wait-and-see situation. And then, noteworthy is also Foreign Minister Frydenlund's statement in a recent election debate, when he stressed that the question of an area free of nuclear weapons is also going to be an integral part of Norwegian politics during the Storting period after the election in Norway a little more than a week hence. That thesis can presumably apply to the entire Nordic region.

As was indicated above, the communique from the meeting in Copenhagen broke all previous records for length. The staff of clerks must have had a tough job sponging out all conceivable subjects about which one could say something worthwhile and constructive. The list was also too complete, if anything. Our attitude toward the usefulness of such collections of pious wishes in documents on that type was a bit hesitant on past occasions. That hesitancy continues to exist.

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BACKGROUND, TACTICS OF LATEST RED ARMY FACTION ATTACKS

Hamburg DER SPIEGEL in German 21 Sep 81 pp 22-26

[Article: "'Brutal Execution, Blow Upon Blow'"]

[Text] After the attacks in Heidelberg and Ramstein the West Germany security authorities are expecting a wave of terrorism. The "Red Army Faction," given up for dead, is shooting again. In the process, the assassins are taking great risks into the bargain: undaunted, they are sticking to plans for action that have already become known to the police.

In the Heidelberg "Little Carmelites' Wood," between the castle and the Neckar, there arrived three men and a woman in a camper with Austrian license plates. They were carrying an igloo tent and sleeping bags, tools, a "ptt marc" CB radio and provisions.

They camped in sloping terrain and hewed and sawed an opening in the woods to give them an unimpeded view on the Neckar and Federal Highway 37.

The group--sometimes only one and sometimes all four of them--spent days at the place. Then, Tuesday last week a CB signal came from the lock chamber opposite. Putting their sandwiches and yogurt aside, they grabbed their weapons.

A Russian RPC-7W antitank rocket launcher and eight shots from a submachinegun demolished a light-green Mercedes 450. The passengers: Gen Frederick James Kroesen, supreme commander of the 200,000-men-strong U.S. Army in Europe, and company.

The general was lucky. A second rocket did not score a hit, and the first one had only hit the trunk of the limousine. The submachinegun fire had not penetrated the armored chassis.

The rocket having hit centimeters back of the side window, Kroesen and his wife escaped with minor cuts. His aide-de-camp and the driver were unhurt. "If they had scored proper hits," said Guenter Ermisch, deputy chief of the Wiesbaden Federal Criminal Police Bureau (BKA), "they would all have been finished."

Just as after the attack on the U.S. base at Ramstein, in which 20 people had been hurt a couple of weeks before, this time too the Red Army Faction (RAF), in a

letter of admission postmarked Aschaffenburg, claimed the copyright for the assassination attempt, stating, "With the Gudrun Esslin Commando, today we attacked the supreme commander of the U.S. Army and of the Europe-Center NATO sector, General Kroesen."

And just as after Ramstein, when the cars of GI's were burned in Wiesbaden, this time too there followed a supplementary action the next day--the fifth attack against U.S. military installations in 2 1/2 weeks. On a railroad track leading to the U.S. airbase at Frankfurt Airport, a soldier discovered two fire extinguishers equipped with time fuses and each filled with 6 kilograms of explosives.

There was just enough time to defuse the bombs, which would have exploded within an hour and probably would also have destroyed a bridge of the Frankfurt-Mannheim autobahn 20 meters away.

While General Kroesen was joking hours after the assassination attempt that he was "glad they did not use any U.S. weapons," pursuers of terrorists and others prepared for worse things to come. Minister of Interior Gerhart Baum, FDP, publicly professed that he was afraid there would be further attacks. Federal Prosecutor General Kurt Rebmann rushed to the location of the crime in Heidelberg and stated that the crowd of RAF supporters was on the increase again.

The shots on Kroesen were fired a couple of days after the action of rioters during the visit of U.S.Secretary of State Alexander Haig to Berlin. Leaflets fluttering up from the Berlin underground mentioned the unsuccessful RAF attack against Haig a couple of years earlier with a note of regret—"2.7 seconds too late."

BKA Deputy Chief Ermisch is afraid his bureau will soon "face a wave of violence." He can form a quite concrete picture of dangerous configurations. For instance, if a peace demonstrator was killed in confrontations with the police, people might do what has not happened so far: Flock to the support of the RAF. Says Ermisch: "A Benno Ohnesorg effect."

The BKA analyses of the acts of violence of the past 16 days are worrisome enough. Nine days after the first deadly attacks on U.S. bases in Frankfurt and Heidelberg, one is witnessing the end of a phase of terrorist inconspicuousness which some had already believed to be the exit of the scene. Despite the fact that the core of the terrorist groups has been weakened by pursuit and defections, a new period of action is becoming apparent.

Those fighting terrorism assume that

-- members of the terrorist associations RAF and "2 June," which have now merged, are proceeding systematically from planning to the execution of acts of violence;

-- mutually independent "Revolutionary Cells" execute their own violent actions, as if on a signal, following RAF attacks;

-- top terrorists who had fled abroad are again becoming active in the Federal Republic.

Added to this is a heretofore unknown readiness to take risks on the part of West German terrorists. They adhere strictly to plans which have long since become known to the police--and despite the fact that these plans are known to the police. Says a BKA investigator: "Brutal execution, blow upon blow."

An "amazing fidelity to plans" is the conclusion which pursuers drew from the letters of admission in Heidelberg and Ramstein. Quite obviously the letters had been typed in advance, with only the dates filled in after execution.

It is amazing: Now, to a large extent, those complex police puzzles which during the boom of West German terrorism had to be assembled laboriously after the actions have already been completed before the attacks--and the actions take place nevertheless.

Thus security officials long ago had started following tacks which all pointed in one direction--to the fact that terrorists had their sights set on U.S. bases and on leading U.S. military personnel.

In the end, last October, they found in a conspiratorial apartment in Heidelberg-Rohrback clear allusions to a "strategy paper" of the RAF people around Christian Klar, Adelheid Schulz and Brigitte Mohnhaupt. The key passage: "An OFF (offensive) at various levels--at the mil. [military one] against U.S. Army and BUWE (bases) and characters."

Even before, according to findings by the then BKA head, Horst Herold, 18 RAF members in 9 vehicles had been "engaged in preparatory action" in the area between Stuttgart and Heidelberg "for an attack on a NATO base." Only a car accident near Bietigheim which killed two of the persons involved, Juliane Plambeck and Wolfgang Beer, according to Herold prevented the action "5 minutes before midnight."

From the car involved in the accident in Bietigheim, a track led to the Rohrbach apartment, where 4 DM 1,000 bills and 11 DM 500 bills and about 100,000 French francs from the ransom of a kidnaping were discovered. Juliane Plambeck had been one of the women who had kidnaped Vienna hosiery king Michael Palmers in 1977 and blackmailed him for DM 4.5 million.

The fact that "the war chest was still full" did not worry the BKA pursuers too much. What alarmed them was other finds--detailed plans and sketches of the NATO airport in Ramstein in the Palatinate and topographical maps of Heidelberg.

Among the Rohrbach materials, the pursuers attached key importance above all to the strategy paper, which was taken to be a "guidance for action for all groupings that believed themselves capable of preparations and actions." "This is a bible," said one investigator.

The fact that, as in the Ramstein case, there was an action pending in Heidelberg that had been known to officers of the Baden-Wuertemberg Land Criminal Police Bureau (LKA), because some days before the attack, U.S. General Kroesen himself had informed the LKA that he had been under observation by a couple of people on a motorcycle on Highway 37, in the proximity of the place of the attack.

Investigations revealed that the Honda carried a forged license plate (HD - LD 291). And just how exact the picture which the pursuers of the terrorists had formed was, readers of a local paper, the RHEIN-NECKAR-ZEITUNG, were able to inform themselves on as early as 14 June:

"A terrorist attack, the preparations for which have already taken concrete form, has been planned or is still being planned against one or more high-ranking officer of the headquarters of the U.S. Armed Forces in Europe (USAREUR) on the Roemerstrasse in Heidelberg. According to reliable information, the plan was or may still be to attack...a U.S. officer en route from his residence to headquarters. Indications are that the attack was to be executed before duty hours."

Despite such advanced knowledge, counterintelligence last week did not know exactly "just who it was" who then executed the attacks. Similarly the members of revolutionary cells, to whom the great majority of altogether 10 attacks against U.S. military installations in West Germany have been attributed this year, remained in obscurity.

One thing was certain, however: The same people had fired and laid bombs in Heidelberg and Ramstein. The pursuers thought they were sure about the "identity of the group of culprits." They thought they had found out who had pulled the underground strings in the attacks.

Immediately before the Ramstein attack, police detected a 1975 to 1977 red Ford Escort GL exceeding the speed limit at an autobahn construction site near Stuttgart. The radar trap showed the license plate (K - AJ 4819) and a front view of the driver.

The owner of the vehicle, however, was able to prove that he had not driven on that autobahn that day. It appeared that, following an old RAF practice, the terrorists had had his license plate copied and had used it unlawfully.

With the help of so-called physiognometric evaluations, the BKA finally figured out the possible identity of the driver in the traffic photo--Christian Klar, the top terrorist wanted by the police since the murders of Siegfried Buback, Juergen Ponto and Hanns Martin Schleyer, and who on two previous occasions had barely slipped through BKA hands.

Covert pursuit of the Ford, however, yielded neither the car nor the driver. Eyewitnesses of the Ramstein who were shown the pictures were not sure whether they had seen the man before.

And when television pursuer Eduard Zimmermann presented the radar case ("File XY... unsolved") on ZDF [Second German Television Program] last Friday, a viewer in Cologne came forward and claimed that he was the driver of the Ford in question.

The duplicated license plate had been based on an error in the production of license plates which he had found out in the meantime. Now his car had been equipped with the correct license plate. The BKA determined that the man was right. The pursuers had been on the wrong track.

In searching for the people who had staged the double blow against the U.S. military, analysts in the TE (terrorism) Division of the BKA hit on an oldtimer of the West German underground--kindergarten teacher Inge Viett, 37.

This activist of the former "2 June Movement" had drawn the attention of a police patrol in Paris on 4 August because she was riding a motorcycle without a crash helmet. When one of the offivers overtook her in the Montparnasse district and wanted to stop her, she got off, drew a gun, fired at the cop and fled.

Viett's fingerprints had been obtained in the Paris apartment in which the police had arrested presumed terrorists Sieglinde Hoffmann, Ingried Barabass and three women accomplices in May last year. In the car involved in the accident at Beitigheim, there had been found instructions for planned car thefts in Viett's handwriting.

The pursuers assume that Inge Viett might have used the Honda motorcycle which was found near the place of the crime after the Ramstein attack. She might also have been on the pillion of the Honda from which General Kroesen thought he had been observed.

Besides, one day after the attack in Heidelberg, some Stuttgart citizens identified the woman driver of a blue VW bug with forged license plates as the person wanted by the police, and she also drew the attention of a guard at a U.S. exchange in Bad Canstatt and of U.S. military police.

Both, Inge Viett and Christian Klar, were qualified to handle the RPS-7W rocket launcher--a weapon presumably supplied by the Palestinian liberation organization PLFP and used by RAF shots once before.

As early as 1975 Frankfurt terrorist Wilfried Boese had fired together with an accomplice at a passenger plane of the Israeli El Al Airline taking off at Paris-Orly Airport. The rockets, however, hit only an empty Yugoslav plane. Technical drawings of the 40-mm weapon, whose projectiles can penetrate 20-cm-think steel-plates from a distance of 150 meters, have also been found before in a conspiratorial apartment.

The fact that despite clear indications it was possible for the two latest attacks to occur at all and that the culprits had not been seized by the end of last week once more is due to breakdowns in pursuit.

As soon as Helmut Pohl, sentenced to 5 years' imprisonment for a bank raid and membership in a criminal association, had been released, the BKA subjected him to "Befa 7" (surveillance) with the idea that Pohl would lead the police to those activists who were then preparing the attacks of Ramstein and Heidelberg.

But despite the fact that the surveillance was constantly increased--engaging 30 officers since October 1980--he escaped. Fingerprints discovered later show that he had arrived where the police had wanted him to lead them--the hard core of the RAF.

There, chances are, a Gisela Dutzi from Mannheim is also playing her part. She too had been able to vanish despite surveillance and has been on the wanted-persons list since last month. The last traces of her had been found in the Rohrback apartment.

On a blueprint, police technicians discovered fingerprints and perhaps an indication of where the RAF will attack next. Dutzi's fingerprints were found on survey maps of the U.S. base "Hammonds Barracks" in Mannheim.

8790
CSO: 3103/453

EYSKENS DEFENDS PROPOSED 1982 BUDGET

Brussels KNACK in Dutch 12 Aug 81 pp 10-13

[Report on interview with Prime Minister Mark Eyskens on the 1982 Budget by Frans Verleyen and Toon Lowette: "Gentlemen, We'll Resume the Hostilities"; passages in slantlines printed in italics.]

[Text] When Prime Minister Mark Eyskens proposed the tax on conspicuous signs of wealth at his budget conference, the din in the ground-floor hall of the Egmont Palace responded with: /That looks like a certain degree of anxiety./ The tax on evidence of wealth is one of the many points of what he called the most difficult budget since World War II. The ministers heeded the admonition of the European Community and the desire of the bankers of the High Council of Finance who wanted to see the budget deficit limited to 200 billion francs. It became 201.6 billion, but never mind. The state debt will increase by 354 billion and will remain /limited/ to 9 percent of the national product. For every 100 francs Belgium will produce next year, there will be 9 francs of new debt. The state will spend 1,341.6 billion francs and receive 1,140.00 billion francs if everything goes as expected.

All items turned out lower than the expected increase of inflation -- 6.8 percent -- except those of Foreign Commerce and Middle Classes, which are being stimulated, and that of the national debt, of course. In general, the purchasing power is decreasing and the gentlemen had to correct the results of that on the income side just the night before. Earning less also means paying less taxes. What is notable in the budget are the measures against unemployment and the handing over of 2 percent by everyone, the so-called crisis contribution. In the employers' organization VBO [Federation of Belgian Enterprisers] , which already had voiced its protest through Director Tony Vandeputte, there was fear that workdays will be lost in the coming months through strikes against the violating of the collective labor agreement made earlier this year. Father Robert Vandeputte, the minister of finance, already expressed his uneasiness on Friday about the way the budget had been drawn up. A great number of political concessions and compromises were more than he could swallow with his technical, traditional view on the matter.

Perhaps it is partly through his doing that the CVP [Social Christian Party] almost completely recognizes its own economization plan in the 1982 budget. If one puts the budget next to the plans worked out a week earlier by the CVP at its budget council in Steenokkerzeel, an unusually great likeness will be noticed.

The hiring ceiling and mobility of civil servants is approved. The non-application of one of the index adjustments is replaced by a crisis contribution, with the same numerical result. The tax on substitute incomes, like most economization measures, is included in the unemployment sector: a more selective premium system and BTK [expansion unknown] obligatory retraining, a stricter control on partial unemployment, etc. The economizations in health insurance have been approved. According to the CVP, 13 billion francs had to be cut from the child support sector. That is going to be 7 billion, plus 4.5 billion for singles and couples without children, something which had been urged in spite of the resistance of the socialist group. The municipal fund has been retrenched, as requested, and in the area of National Education more is being economized in the two networks and regions than the CVP had asked for. The rates of public services are going to be increased, not by 8 but by 4.5 billion francs. Splitting and dispersal are being pushed back; the yield won't be 20 but 10 billion, plus 5.5 billion francs from the revision of the reductions, an alternative suggested by the CVP in a footnote. And the evidence-of-wealth tax was introduced for the higher incomes. With a few exceptions -- such as the curtailment of government investments -- the CVP was successful on all its points.

Meanwhile the FINANCIAL TIMES noted that the coupling of the index is still being kept intact. The reason is not as much that all government partners are convinced that the index has its usefulness, as that the state loses money in uncoupling the index. Although the treasury would then pay less wages, it also would take in less tax on private earnings, which are much greater in volume. The net loss of a complete uncoupling could approach 10 billion francs according to one member of the cabinet.

This year the budget was influenced more than in the past by the current currency situation, in particular the high exchange of the dollar. Prime Minister Eyskens said on that: "My General Economics course for candidates in economic science still states: One dollar is 50 francs. Ten years ago, at the time of the devaluation of the American currency, I told my students that I would not adjust that because there would be a time when the dollar would again be traded at 50 francs. Well, that time has almost arrived."

[Question] The budget demands a lot from the public. Is it a deflationary budget?

Eyskens: There is no deflation in Belgium. If prices are still rising by 8 percent per year, there is inflation, not deflation. Thus the budget is not deflationary either, due to the still remaining deficit of 200 billion francs. But the problem is more complicated than that. Because of the deficit in the balance of payments, purchasing power is flowing out to other countries, and that is deflationary. Amongst other things, we borrow abroad for that debt and the purchasing power, and that money in turn brings purchasing power to the country. Thus it is a question of balance. The budget is indeed a chipping-in budget in order to protect the state apparatus against destabilization. The government is in a position of self-creating deficit, a debt which continues to increase by itself. That won't be solved in just one year. If we let everything simply take its course, then even a destabilization of the political system is possible in Belgium and then the continued existence of the country might even be questioned. In the neighboring countries the budget is also a difficult operation, but here there is, moreover, a communal spark in the tinder.

[Question] Was that noticeable again now?

Eyskens: Definitely. To start with, in the regional budgets. The regions think they are getting too little; the state believes it is giving them too much. But the communal aspect played an even bigger role in the 230 billion francs of National Education. In spite of a tug of war, the French-speaking part was curtailed by 6.5 billion francs and the Dutch-speaking part by 1.5 billion, so that now both wings have the same rhythm of growth. That has important consequences for Wallonia because that part of the country is already farther ahead with the Revised Secondary Education. In a few years time the budget measures will be felt in Flanders.

[Question] Perhaps deflation is too strong a word. The economic successes seem to come from countries with a monetaristic policy. But Belgium doesn't have a Reagan budget yet.

Eyskens: The policy of the National Bank is partly monetaristic with its high interest rate and support of the franc. Perhaps Reagan is attaining political successes in the United States, but his experiments are only just starting. The social consequences will not fail to show up, and when I see that he finds it necessary to have union leaders arrested, then I am beginning to wonder.

The monetaristic policy of Margaret Thatcher in the United Kingdom is one that was rejected by the social body. Belgium is too open a country for such an /island policy/. Experiments cannot be made here. François Mitterand, who starts from the basis of the thrifty Raymond Barre, pushes expenditures up by 23 percent in one year. That is a different policy. But we have used that for 20 years already. The Belgian state now is one of the weakest administrations of Europe. And yet everything was all right until 1973, with small deficits. Two fatal things happened along with the oil crisis, however. One was the reform of the budget, the worst of which was that the writing off of the public debt was removed from the ordinary budget items and became a chapter in itself. Before that the discharge of the debt was included in the regular budget figure, but now no longer.

[Question] Was that a clever trick then?

Eyskens: I'm not saying that. But the budget discipline was being undermined. And secondly the 16 percent inflation rate in 1974 became fatal for us. That was the highest inflation rate since the time of Emperor Charles. He was an inflation specialist, for he was an elected emperor. Admittedly he had only seven voters, the electors, and we have many thousands, but the principle is the same. In 1974, when the liberals controlled the department of finance, the budget rose even more, by as much as 25 percent in one year.

[Question] Don't you see any benefit in "less state," less government interference?

Eyskens: What is the state? The central administration consists of 80,000 people, but altogether there are 900,000 wage earners in the public authorities. There was an inflation in public service, especially in the related bodies, education and the municipalities. We must not be hypocritical; the question is

not whether the state must stop interventions in industry -- industrial managers who reject the state from a platform sometimes ask right afterward whether their dossier can be processed even faster -- but just how efficient this basis of the welfare state really is. If interventions by the state mean nothing but buying the vote of the voter, then something is wrong. France is more state oriented than Belgium. It has been that way since Charles de Gaulle, and Valery Giscard d'Estaing did not change that situation -- quite the contrary. But over here every appointment in industry immediately smells of political patronage.

[Question] The state is continually visible to the citizen through the media. Isn't it making itself ridiculous by continually demanding money and simultaneously declaring itself bankrupt?

Eyskens: Sometimes a schizophrenic situation is being presented: the citizen is comfortably sitting in his chair and the government is outside, the cold monster. But the standard of living is more than half dependent on the state. Meanwhile the government has reduced its operating costs over 10 years from 16 percent to 14 percent of the national product. The explosion is in the social transfers and education. The army can no longer march, public works have been curtailed, and civil servants don't earn great money either. But numerous election rounds have sharpened political patronage, and that costs money. The state also has had to take care of the unemployed. The additional 300,000 unemployed and 120,000 additional civil servants together already cost 250 billion francs.

[Reporter] The government admits freely that the purchasing power of the population is decreasing due to the budget measures. Minister of Finance Vandeputte, amongst others, confirms that. Is it economically justified to reduce that purchasing power in crisis years? Is the cause of the crisis the fact that consumers consume too much?

Belgium is a sieve, claims Prime Minister Eyskens. Forty, 50 or 60 percent of any new income goes abroad. The deficit in the balance of payments reduces the purchasing power. One can compensate for that, but not in an open country such as Belgium. But economic debates give way to reality, he says; now it is sauve qui peut [save himself who can]. In spite of the Belgian capital market, which is the most spongelike in the world, the limits of /financing capacity/ are coming into view, with a government debt which will probably rise by over 400 billion francs in 1982.

Can an improvement be expected now that many families again have tighter limits for large purchases, vacation, building and renovating, and borrowing? Yes, the prime minister answers, the families will have to live with smaller limits and the state will also order less from industry. Some circles have been pleading for years for a modification of the index which, according to the personal opinion of the prime minister, is an exceptional system with advantages and disadvantages but currently probably disadvantageous for employment opportunity. However, when a curtailment of the purchasing power is organized in a /different manner/, those same circles are angry. The crisis contribution of wage earners must be seen as follows: it is equal to the skipping of an index adjustment on behalf of the government accounts. That is not to the advantage of companies, but /the competition indicator improves for Belgium/ says Mark Eyskens.

Although imports are expensive due to the expensive dollar, many companies export much more easily and that is good for certain companies and sectors. Companies which maintained their position during the crisis, now often are feeling a gradual improvement. That is especially the case in the textile sector. Also in steel, but there the problems are different. There the plans are those of last resort. Eyskens says that the steel bosses and the unions are keenly aware of that, especially since the European Commission is keeping a sharp eye on Belgium, which supports its steel companies most generously. They are also aware of the fact that no Flemish politician will approve billions of francs again for the steel industry in the future, so that the dossier continues to be explosive. A political crisis with a power vacuum would have catastrophic results, and for Flanders also. Next April two shipyards will be out of work. With the more expensive dollar, sharper competition and a higher quality, orders could still come in, but the situation is serious in shipbuilding also.

Meanwhile the chance for political crisis continues to be great. The government has ordered technicians to develop various scenarios for various points -- such as children's support which has to be curtailed -- so that the politicians can decide in September. The budget has already been drawn up in contract form. The government partners can still modify means of execution, but not the big lines. Although the government has found cohesion, in September the political parties will awaken from their vacation sleep, and the protests of groups and pressure groups, from electricity trusts to "the large-family association," will make the political system wobbly again. The prime minister hopes that the 4 months from September until the beginning of 1982 will be sufficient to ward off the attacks.

How much saving is being realized per department the prime minister didn't say at his conference. He doesn't want jealousy among his departments right away. He did say, though, that all budgets will remain below the inflation rhythm of 6.8 percent, except for Foreign Commerce -- plus 11.5 percent to encourage export -- and Middle Classes with its KMO [small business administration] premiums. Meanwhile we learned that Employment and Labor, for example, has been brought down from 135 to 96 billion francs. But there will be 15 billion francs of income from the crisis contribution. The remaining part comes from savings on unemployment. The Martens measures for curtailment of support to unemployed persons who are not heads of households are being felt; toward the end of 1982 almost 80,000 people will receive lower benefits. The remainder will be stricter control and the new system of general occupational retraining. But surely that doesn't mean that there is more work for them?

Eyskens: Right. But our regimentation is broad, and the package is becoming unpayable. Selections have to be made, and then too it is important to know who wants to work and who doesn't. With the regulations currently in force enough selectivity is possible, but it is difficult to apply them. If the RVA [National Labor Supply Service] sends someone to a company and he doesn't want to work, he can be removed from unemployment benefits, but it almost never happens. Retraining increases the chance for employment and, although it is not intentional, one result of it is a distinction on the basis of willingness to work.

The military budget is also below the predicted inflation rhythm. National defense would increase by 5.9 percent and that is less than what the United States

wants. But it is still fairly high compared to other items: Public Works + 2.5 percent; Traffic + 2.1; Posts, Telephone and Telegraph - 0.9; Employment and Labor + 0.1; Social Welfare + 3.2 percent. Belgium continues to be a faithful NATO ally but is moderating its defense expenditures.

[Question] Is there European consensus on that?

Eyskens: Certainly. The United States has to realize that its desires for increased military budgets are unpayable for Europe.

[Question] Has the coalition situation improved after this work in the bunker of the cabinet council?

Eyskens: It is much better. After the many meeting days a certain camaraderie arose, a certain sense of humor, a sort of atmosphere of conspiracy. Sometimes I said in the morning: "Gentlemen, we'll resume the hostilities." But there have been some fights too. Of course, we all are different in character, ideology and taboos. But I do believe that all of us have surrendered some taboos. The fact that the political parties dance around that turns everything into a Chinese shadow game. Of course it is unique in the world that a national government relies on purely regional parties, with the CVP as a polarization of the expression of majority in Flanders and the PS [Socialist Party] in Wallonia. Those parties shoot at each other but never make a hit. Moreover, they are never confronted with the same electorate. The voter never sanctions the fight. That gives cause to alarming questions on its operability. I experience that every day.

[Question] Will you get peace and quiet now? Will the CVP be satisfied with the extent to which its ideas have been incorporated?

Eyskens: I am outside of the fray; I must unblock situations. When the four savings plans were submitted, my collaborators and I looked for efficient ways which could produce 200 billion francs and for what was politically attainable. We came to approximately 200 billion. I said: "If we realize one third of that, it will be a success." Well, it turned out to be that way, approximately. The CVP ministers played a clever game. Leader Jos Chabert would probably answer that the CVP plan has been accepted practically entirely.

[Question] What will be the tax on the conspicuous evidence of wealth?

Eyskens: Belgium is one of the few countries without a property tax, and that's not possible here either. Only the real estate [tax] is known here and that is already being assessed through the cadastre and registrations. The personal property [tax] is not known here, and it wouldn't last long. A small increase on the highest incomes is a possibility, but then one gets to tax brackets of 80 percent and more. Moreover one has to strike the one who is cheating, for that is the unjust one. If evidence of wealth is established, then the standard of living is being examined, and thus cheaters will be exposed. Barre has developed such a law in France. One point for those who have a tennis court, a horse, a second home, a yacht, a secretary. A second home abroad is three points, etc.

Many points mean high taxes. But it won't become an inquisition. Those who are worried should simply look up that law by Barre. That man is not at all suspected of leftist tendencies.

[Question] Will there be a Maribel II?

Eyskens: Maribel I is running just as predicted. The bad weather and the dollar are bigger problems for the index than Maribel. It is a useful operation, for industry is freed of a quarter of its social contributions. In October we are expecting an evaluation report. If it is positive, we can consider a second operation for next year.

[Question] Does the program include devaluation?

Eyskens: The franc is behaving very decently. With a deficit on the balance of trade of 200 billion francs per year, support to the franc of 4 billion francs per week is very normal.

[Question] But isn't there pressure for a general currency adjustment in Europe?

Eyskens: The National Bank and the government are vigorously resisting an isolated adjustment of the parity of the franc. If the EEC decides collectively to adjust currencies, it is negotiable. That was sometimes done in the past, but now it is on no one's agenda. When Commission Chairman Ortoli visited here recently, he stated, however, that there was no need for currency adjustments in Europe. The dollar is the problem.

[Question] But a political crisis could accelerate matters?

Eyskens: Yes.

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CSO: 3105

BRIEFS

MILK, MEAT TO USSR--Finland has agreed to big food deals with the Soviet Union. According to the agreement, Finland will deliver meat and milk products worth a total of approximately 72 million marks. The deliveries will include 6 million kilograms of meat, 1 million kilograms of butter, 1 million kilograms of powdered milk and 1/2 million kilograms of cheese. The transaction will greatly ease the pressure where Finnish agriculture's overproduction is concerned. Among other things, those engaged in meat production have had marketing difficulties, even though an agreement was reached recently on the delivery of 1 million tons of beef to Italy. Because of agriculture's overproduction, exports of food to the Soviet Union are rising to record figures this year, for instance. Specifically, the value of the food being exported is approaching 600 million marks. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 4 Sep 81 p 17] 9266

CSO: 3109/249

PASOK ECONOMIC PROGRAM ANALYZED

Athens AKROPOLIS in Greek 4 Sep 81 p 7

/Text/ The electoral campaign, together with PASOK's conflicting and incomprehensible economic program, no doubt plays a very serious role in the country's economic developments. Last week we had specific evidence on how adverse the effect is on the Stock Exchange.

In the meantime, an interview was given by A. Papandreou designed to reassure the public and put to rest its fears as to what is going to happen in the event an economic plan such as that enunciated by PASOK is actually implemented. But we think that, instead, the interview increased the confusion and caused concern even among the workers and employees who were supposed to benefit from the nationalisations. At least at this moment, when he speaks about the poor bureaucracies of the public enterprises and advocates turning today's "formalistic" control into a "real" control of the banks--although until yesterday he was advocating the end of the monetary commission no less--in conjunction with the participation of the employees in their management, it is clear that he faults the personnel at the very time he advocates a change in the current conditions of work and remuneration.

How Are They Going to Be More Effective?

How are the already nationalized enterprises going to be made more efficient just by changing the name to "socialized" unless the activity of the employees is "intensified"--and this is one of the reasons he makes them co-responsible through their ostensible membership in management--and unless the payroll is reduced? Unless at the same time he increases prices to cover their deficits, because he also spoke of the uneconomical operation of public enterprises. In any event he does not conceal this fact. He said that the participation of the employees in management will decisively contribute to a rise in productivity. He will make the employees work more industriously. He also spoke of private enterprise criteria on efficiency and other similar questions. But most of these enterprises are supposed to be operating in this fashion today according to the related legislation.

But the possible interventions are dictated by other expedient considerations of social policy, etc. How is Papandreou going to overcome them? Whom is he planning to put in charge?--bureaucrats and technocrats or entrepreneurs?

Papandreou gave in this same interview different meanings to the term "socialization," but still such meanings were not clear. With regard to the banks, socialization means among other things exclusive control and "real application" of the present "formal" state control. The participation of the employees in management is expected to contribute to this!

In the case of public utilities--including energy--mass transportation, major mining enterprises, major shipyards, steel mills, cement, fertilizers, pharmaceuticals and national defense industries, socialization means "serving the public instead of the big business interests as is the case today."

In other words, Papandreou will nationalize, for instance, the aluminum /industry/ (exploitation of mineral resources) or he will not give electricity to this and the nickel industries as well as to other industries except at higher rates which may prohibit their operation beyond the prices prevailing internationally.

If he does not give electricity at competitive rates they will close down. If he nationalizes them he will be obligated to give them cheap electricity, but where is he going to sell the output of the big enterprises in the event it is exportable?

Difficulties

Here we have been trying to create not another aluminum industry but alumina only and we have seen how difficult it is. With regard to aluminium the difficulty facing the concerned enterprises is the cost of electricity. When the enterprise is public the problem of marketing will be added since for better or worse a few international monopolies control the world market. With regard to alumina which does not need electricity the problem is in marketing.

Something similar applies to other enterprises which may be nationalized whether they produce for export or for the domestic market. These are questions of price and competition unless we go to a closed economy. In the latter case, the first thing will be for us to get out of the EEC whether we like it or not. Yet, PASOK does not deal at all with those questions.

It is fine to talk about what he says with regard to private initiative and the support he is planning to give it at a time when it is ready to leave town in the event PASOK wins the election. Support here will go to the small enterprises--many votes--but with means and systems which are already in existence. And what if the small enterprises at some time in the future become large? Is it not their ambition to grow?

But those enterprises will have to stay small because if they grow they are in danger of being nationalized. What kind of initiative can they develop?

For the medium to small enterprises whose real strength he considers considerable--something nobody questions--he offers no new program beyond the programs already in existence. He talks to them about credits and supply cooperatives, about something that already exists. But, of course, a country cannot depend on medium to small enterprises only, nor can they exist without the large enterprises. The steel mills will supply the metal the small enterprise can utilize.

On the overextended, large enterprises, Papandreou was more careful this time and more down to earth. He spoke about a review of their viability, etc. Then, giving a third meaning to socialization--during the same interview he contradicts himself in the case of the large corporations which are heavily in debt--he said that the policy of PASOK socialisations is designed to assure social control in certain basic sectors and that this policy has anti-monopoly and anti-dependence character. And he does not talk about limiting credits.

Compensation

The socialization with the meaning of nationalization--here we have another meaning of the same term--will move ahead "after a careful study of the special conditions in each case." And where we have socialization of this type there will be compensation. In other words, we will have nationalisations--with caution which could mean nothing--with compensation and since we know that there is no money there will be given instead some kind of debentures or whatever. And those nationalised will have to wiat--something tantamount to confiscation.

Let us not talk about foreign investments. Nobody will bring any money in when there is a risk of nationalization. In commerce there will be a social agency--this is another form of socialization--which will intervene in the market place when there is overpricing. The old version regarding the socialization "of the big export-import trade" is not repeated.

What really stung Papandreou was the charge about confiscations, as well as the farmers' fear regarding compulsory cooperatives for the land. For this reason he spoke about land ownership and voluntary participation.

In any event, PASOK's statements play a negative role in the country's economic life.

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CSO: 4621/104

RELATIONS WITH PASOK ANALYZED

Nicosia I SIMERINI in Greek 30 Aug 81 p 12

[Article by L. Khristidis: "PASOK and Cyprus"

[Text] The interest of the Greek [political] parties in the Cyprus question is flaring up in a phenomenal way these days. Feeling perhaps that they could derive benefits in view of the forthcoming elections, the Greek politicians are more and more frequently coming out with statements in Cyprus. The statements by the PASOK leader particularly have created in Cyprus a climate of such as I SIMERINI. Since the possibilities for a PASOK victory have increased, it would be timely to speak about this party and how it could affect the Cyprus question in the event it wins the elections.

PASOK started out as a purely socialist movement. From the very beginning it was staffed with cadres who embraced Marxism and who adopted as their model the Tito regime in Yugoslavia--a purely communist regime which differed from other communist states in that it followed a policy of nonalignment. In the 1974 elections PASOK received 12 percent [of the total votes] and in 1977, campaigning on the same objectives and positions, received 25 percent while the strength of the Center dropped by about the same percentage (from 25 to 12 percent). In other words, a number of followers of the Center shifted to PASOK. However, it would be unrealistic to claim that they suddenly adopted the PASOK Marxist position. They supported PASOK simply because they recognized the incompetency of their party leadership and because they traditionally oppose the governments of the Right. PASOK Chairman Andreas Papandzeou realized that this switch-over by centrist voters created conditions favorable for a victory in the next elections provided he was successful in gaining also the rest of the undecided voters of the Center. Since then in his statements Papandzeou shows a turn toward social-democracy and milder positions toward EEC, NATO, etc. But the party's Marxist cadres have reacted very intensively since they hate both social-democracy and capitalism. The tension peaked this year with protests and resignations. The various trends took their most extensive form in the student sector. During the student elections in Salonica [Universtiy], in addition to the PASOK youth, a new front made its presence known--the "Movement for PASOK's Strategy in the Student Movement." This front was joined by the ablest and most aggressive PASOK student cadres who openly accused Papandzeou of deserting the party's basic theses and of turning it toward social-democracy. Thus,

within PASOK there exists today two fronts: that of the well organized Marxists which staffs the party cadres and that of the still unorganized centrist-leftist voters. What unites them is the slogan "change"--a "change," however, which has a different meaning for each faction.

In the event PASOK wins the elections, the Marxists will attempt to implement their program despite the mild positions of Andreas Papandreou. But considering the existing socio-economic giveus in Greece, will Greek society tolerate such a change? It is doubtful if a society which underwent great sufferings from war and political turmoil--yet has attained a stable economic status--will risk its achievements for the sake of radical socio-economic changes of doubtful value. The economic confusion which will result from possible socialistic changes will be very acute and dangerous. Today it is very difficult to transform a capitalist state into a socialist one unless many years have lapsed. Today's displeasure of the people from the continuous 50-year rule by the Right may be very intensive and they may express support for PASOK. This, however, does not mean-that the majority of the Greek people is willing to adopt Marxism. It is very possible that PASOK will accept a social-democracy status. We must not, moreover, forget something else: the Right is well organized and controls the whole state machinery. The executing power is not enough for the Marxists to impose their will. In 1954, Georgios Papandreou was not able to remain in power more than 1 year even though he had [won the elections with] 52 percent of the votes.

How will a possible PASOK victory affect the Cyprus question and the Greek-Turkish relations in general? If we believe the Papandreou campaign promises about abandoning the dogma "Cyprus decides and Greece supports" and about more meaningful support to Cyprus then we should be pleased. But the truth of the matter is somewhat different. Very few applaud the heroic exaltations Papandreou delivers from time to time. On the one hand, the PASOK Marxists to not treat the relations between Greece and Cyprus as those of a mother to daughter and do not favor any Greek intervention in the Cyprist crisis in deference to Turkey. They consider the Cyprus problem as an attack by American imperialism against Greece, Cyprus and Turkey and argue that only the unity of the three peoples in a struggle against the Americans will bring about a solution to the problem. They abhor a war confrontation between Greece and Turkey over Cyprus or over any other issue. They believe that such confrontation will be provoked by the American imperialism in order to sell arms and to increase the dependence of the two countries on it. On the other hand, very few of the PASOK centrist-leftist voters would be disposed to sacrifice their relatively comfortable economic status for either a war confrontation with Turkey or for expanded military aid to Cyprus without exhausting all means for a peaceful solution of the disputes (means which in any case include mutual concessions.]

With such giveus it will be difficult for Papandreou to carry out his intentions much as we believe that he is a sincere man. However, those who believe that if PASOK comes to power the distance between Greece and Turkey will become greater will do well to be more cautious.

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CSO: 4621/102

INTERCOMMUNAL TALKS, POSITIONS OF POLITICAL PARTIES ANALYZED

Athens TO VIMA in Greek 8 Sep 81 p 3

[Article by D.: "The Lost Opportunities for Cyprus Were Only Traps"]

[Text] The result of the recent parliamentary elections in Cyprus was decisive for the policy to be followed by the Cypriot government in all the aspects of the problem we generally call "the Cypriot question."

AKEL and the [Democratic] Rally came first with, roughly speaking, 30 percent each. Kyprianou's party received 20 percent and Lyssaridis' party 8 percent. AKEL and Rally, in spite of their many disagreements and the tension which characterized their mutual recriminations, agree nevertheless on the major subject, namely, the objectives regarding the Cypriot question. This is clearly evident from a series of statements, communiques and speeches by the leaders and representatives of the two parties and the views presented by their newspapers. But beyond such conclusions the convergence of views was clearly stated, repeatedly and without equivocation, by the leader of the Democratic Rally during the electoral period. Kliridis, even on TV had said that with regard to the essential aspect of policy on the Cypriot question, AKEL and Rally agree, and that they only have some differences on tactics. The essence of the policy advocated by the two major parties on the Cypriot question is that the bicommunal dialogue must continue, that realistic concessions must be made, and that the Greek Cypriots must persuade the Turkish Cypriots that they want to have genuine cooperation with them, to win their trust, and to reestablish bicommunal harmony. Both parties downgrade the factor of the Turkish Cypriots total dependence on Ankara. The Rally appears to hope that the power of the Greek Cypriot capital and enterprising spirit will create conditions that will enable the Turkish Cypriots to move away gradually from Turkey. AKEL, on its part, appears to believe that the same result can be achieved with the force of proletarian solidarity which will be restored between Greek Cypriot and Turkish Cypriot oppressed people. Class unity will overcome the ethnic differences.... But AKEL possibly overlooks the fact that not even the leftists who are a small minority among the Turkish Cypriots support the return of the refugees and the restoration of the territory to Greek Cypriots. The Rally overlooks the fact that Turkey has an age-long tradition of policies which hold that the Turks should govern and that the minorities, the subject people, should trade and finance Turkey. Both parties close their eyes to the fact that the Turkish Cypriots, even if some of them wanted it, cannot act independently from Turkey which has a declared, immovable and high priority geopolitical interest in Cyprus.

Kyprianou's party, i.e. the party of the president of the Republic and the only executive under the constitution, has much less precise views and is trying to find a balance between militancy and compromise. In other words, Kyprianou is trying to govern by adding to his eight deputies in the 35-seat legislature, the support of the AKEL 12 deputies. This is because [Kyprianou], the leader of the Democratic Party, cannot expect such support from the Rally which not only has the same views as AKEL, but whose leader, in addition, claims the presidency of the Republic from Kyprianou.

Lyssaridis' party is more consistent in the militant line. Without change for years now, it argues that the way the bicommunal dialogue is conducted harms the Greek Cypriot cause and results to the benefit of the Turkish side. It is the only party that has clearly opposed any further concessions and the process of the bicommunal dialogue. But Lyssaridis has only three deputies.

If this, indeed, is the political reality in Cyprus one may reasonably ask how is it possible for Cyprus to chart a policy of militant expectation in view of this balance of political prices. In other words, since the parties and public opinion, in the majority, appear to insist on the process of bicommunal talks and on additional concessions of undefined and varying extent, who is in a position to support a believable policy of militancy?

If that were the case, given and unchangeable, then the prospects for the Greek Cypriots and by extension for all Greeks would be dismal. But we hope, we believe, that such is not the case because it would be a very static approach to the Cypriot reality.

The public opinion is not mumified. It is a dynamic phenomenon, sensitive to changing conditions and the influence of leaders; it is restructured and reformulated. More specifically in Cyprus but also in Greece the people, uninformed on the true essence of the Cypriot question, are beset with illusion cultivated with slogans and deceit.

For seven years now, the Greeks in Cyprus and in Greece hear that the Turks are ready for a reasonable compromise. Every year the promises peak during the "summer ritual" when, prior to the [UN] General Assembly, plans for solution, promises about forthcoming concessions, myths about lost opportunities that should not be lost again and many other similar tranquilizers are offered creating in the public opinion the erroneous expectation for an honorable compromise with Turkey. In this way the architects of this process, in and out of Cyprus, succeed in toning down the agony of the public opinion and create the impression among some that the people are getting tired and are ready to accept almost any compromise.

But the people are not tired. Simply they do not know. They were not told the truth. If they knew, they would lash out to punish those who deceive them, undaunted fighters for national and physical survival.

How could the people come out of the dark? They do not know that there never were lost opportunities and therefore there is no reason to rush now lest another opportunity is lost. For the past seven years the people were never shown a solution which, based on the criteria of their national and physical survival, might be

regarded as an improvement of the present reality. If Turkey had something positive to offer, it would have done so in the first few months after the invasion when Archbishop Makarios was in London and Cyprus was governed by the leader of the Democratic Rally who seems to have the thrust of the West and to be tolerated by Turkey. Turkey would have made an offer to Kliridis in which case Makarios would not have returned and the new state would have been able to function. But Turkey did not make an offer, nor did it make one in the next seven years. And if there is still some impression that some opportunities were lost, such an impression should have been dispelled by now with the latest Turkish Cypriot proposals which are not only without substance but actually constitute a mockery for the Greek Cypriots.

Under present conditions, Turkey has nothing to offer. Simply because it is absolutely necessary for its geopolitical objectives to retain the territory it is occupying in Cyprus and it is even more necessary to achieve an equal, undivided condominium over the entire island under the guies of a federal state. All this farce of periodically presented plans and ideas is designed primarily to mislead public opinion and to hypnotize the Greek people in Greece and Cyprus. These were simply a series of traps. There have been no lost opportunities for the Greeks. Only wasted traps by the Turks and their supporters. It would be fortunate for the Greeks if some more such "opportunities" were lost.

But in addition to the myth of lost opportunities, we also have the scare tactics of double Enosis, the definite partition, that is, of Cyprus--in order to cultivate among the people the acceptance of compromises. These scare tactics are revived and intensified any time it is revealed that the Turks have nothing to propose. This is one way to disorient the disappointment of the public.

It is also argued that this continuation solidifies the present unacceptable situation. This is correct. However, the solutions offered do not lead to the demolition but to the legitimation of what has been done and to the worsening of the situation. The only way to avert the freezing of the situation is to keep it warm with active, imaginative and above all annoying activity for the Turks and their supporters as well as with continuous reminders of the pending issue. Militant waiting.

How is it possible for the people not to be in the dark?

Recently, on 5 August, the Turks submitted their notorious proposals. The National Council of Cyprus found them unacceptable. Nevertheless the dialogue is continuing. But where will it lead since the proposals are unacceptable? However, we must exhaust all possibilities; to show our good faith. They would be at least naive if they really believed that the 80 percent of the Cypriot people show bad faith only because they demand that the remaining 18 percent should be limited to rights comensurate with their numerical strength and because they demand that the Turkish army evacuate the 39 percent of the island. Let us understand, once and for all, that the third interested parties are aware of our good faith. They also know the bad faith of the Turks. But they do not care about such things. The only thing they take into account is who can annoy and pressure them the most. They care about nothing else. But, maybe, if we continue the talks we may make some progress. How is this possible Maybe, the Turks for negotiating reasons

have not shown yet their last card. Maybe, if the Greek Cypriots submit counter-proposals they will give the Turks the opportunity to improve their proposals? By 20, 30, 50 or 100 percent? That is, will they increase the 3 percent of the Cypriot territory they propose to return to 4, 5, 6 percent? And will they keep in the end the 33 percent? And will they let 40 instead of 30,000 refugees to return to their homes? And as far as the constitution is concerned what are they to offer since they are not going to negotiate the basic principles of condominium which is the essence of their policy? It is time for all of us to understand that we cannot expect any essential improvement of the Turkish Cypriot proposals. No significant concession. Moreover, by continuing the dialogue under these conditions we give the detrimental impression that in reality we would be prepared to accept a solution provided the Turks were willing to improve somewhat their proposals. Maybe, some people, very few, really want this but dare not say it because they fear the people's wrath. The deceit is more convenient than the truth.

For God's sake what forces determine the fate of Cypriot Hellenism?

To enlighten public opinion and to have an active expression of its concern, it is important to have a [favorable] Greek government policy. Because, no doubt, Cyprus alone cannot shoulder the weight of such a struggle. Following the [fall of the junta and the] restoration of democracy, the Greek government enunciated the dogma "Cyprus decides, Greece supports." This dogma reassured all Greeks and especially the Cypriots who had suffered the tragic consequences of the dictatorship's cruelty. At the same time this policy strengthened the prestige of the sovereign Cypriot state, a precious support for the success of the struggle. At the same time [this policy] removed any pressures from the Greek government.

This policy was and continues to be sound provided it does not become--if this has not already started--a cover-up for indifference and a subterfuge for Greece's disassociation with its historic responsibility not only to actively support Cyprus but to advise and to follow a policy which will at least preserve the people's fighting spirit and keep the issue internationally open, since nothing else appears feasible at this time. Under these conditions the role of the president of the Republic is difficult, precisely because there is now a problem of balance in view of the way the political forces in Cyprus have developed. A hint is delicately expressed in Kyprianou's speech at Astromeritis on 16 August. Said the president:

"...This..." (i.e., the way the Cypriot government reacted to the latest Turkish Cypriot proposals) "is something demanded by the national interest from whatever vantage point that interest may be viewed; either local or international."

In other words there are conditions in Cyprus which result not only from international but from domestic factors as well. But the latter may change provided the people understand that the primary problem is the Cypriot question and provided they are properly informed on the real facts. If such an effort is undertaken, conditions will develop which will allow a policy of militant waiting.

A public opinion will be actively developed--a public spirit which will surprise many who believe, either out of ignorance or because they find it convenient, that the possibilities the Cypriot Hellenism has for fighting are exhausted.

In a year and a half the new president of the Republic of Cyprus will be elected. Until then nothing should be done that might tie down the people's future. On the contrary all must engage in a crusade of enlightenment to help the people understand what is at stake and what real possibilities exist.

Will the president of the Republic be able, going beyond the leadership of the two parties and aiming at the rank-and-file to carry out a two-front struggle of enlightenment in order to win the majority of the people in favor of a policy of militant waiting? He has the intelligence and the experience. The recent electoral campaign affirmed that he has also the strong will. Will he be able to mobilize all these possibilities and utilize the virtues of Cypriot Hellenism in order to win his own majority without crutches so that he can implement such policy? If he is successful he will have offered a colossal service to Cypriot Hellenism.

Be that as it may, it is a historic necessity that, at last, some leader is found who will be able to express again validly the unweavering militant spirit of Cypriot Hellenism; its agony for physical and national survival.

7520
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POLL SHOWS DROP IN SPD SUPPORT, RISE OF GREEN PARTY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Sep 81 p 3

[Article by Fk.: "A Low for Social Democrats"]

[Text] A demoscopic rechecking of voter opinions of the parties one year after the Bundestag elections of 5 Ocotber 1980 produces a changed picture. Many recent tactical moves or strategic decisions are only meaningful against the background of these figures--which are constantly at the disposal of party leaderships so that they can act accordingly.

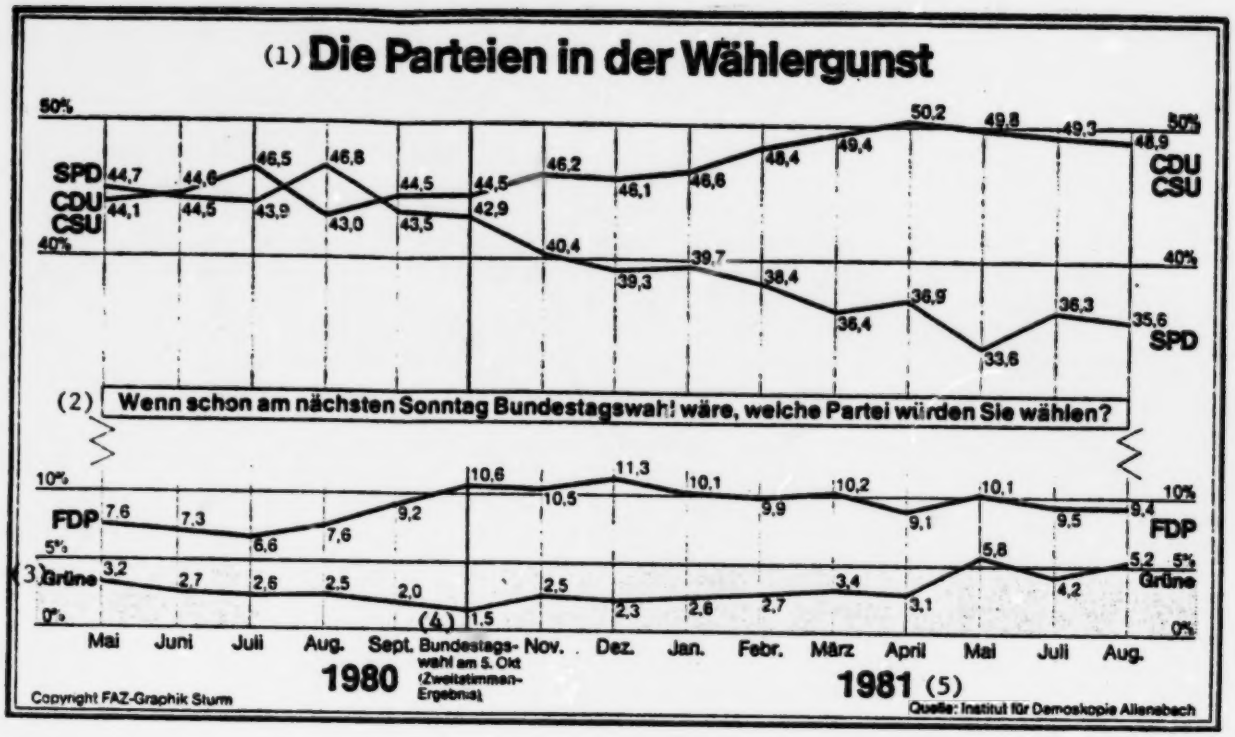
The graph reproduces the results of the so-called "Sunday question" ("If another Bundestag election were held next Sunday: For which party would you vote?") by the Allensbach Institute for Demoscopy for the last 15 months. Two developments deserve special attention: the strong decline in the popularity of the Social Democrats and the rise of the "Greens." According to the results of the most recent poll, the possibility exists that the "Greens" may be able to rise above the 5-percent minimum throughout the FRG, something which they have to date only been able to accomplish in three FRG Laender (Bremen, Baden-Wuerttemberg and Berlin). The protest potential is growing and apparently it is growing at the expense of the Social Democrats. The loss of votes since the last election is more than 7 percent--that is no trifle, even though parties in power have always had difficulties maintaining the election results during the period following the election.

The Social Democrats experienced the same thing during the Bundestag elections of 1976, when they received 46.2 percent of the votes (In 1980 it was 42.9 percent). The following year, responses to the Allensbach "Sunday question" indicated a temporary drop to 37 percent. At that time, however, the Social Democrats were able to recover relatively fast and rise to values between 39 and 42 percent. This time, however, although the decline is not any worse, it is apparently more persistent. The general mood also provides little hope that the trend will change in the near future. For months opinion-poll results for the SPD have stabilized near 35 percent--the May result of 33.6 percent (see graph) is an insignificant "deviation" on the low side, something that happens occasionally during poll taking. Nevertheless, a continuing deterioration cannot be discounted with respect to the regular SPD voters--the "needed minimum level" of the SPD, which is estimated at between 30 and 33 percent.

The available opinion-poll results do not give any clue about the inner mechanics of movement between the parties by those questioned; only results of the movements are noticeable. Accordingly, more or less in keeping with everyday personal experiences, a considerable percentage of the increase for the "Greens" is primarily at the expense of the SPD. The Free Democrats have remained almost untouched by this trend. For a year their support has been somewhere between 9 and 11 percent, remarkably close to the Bundestag election results of 10.6 percent. The latest figures are the result of an Allensbach opinion poll conducted between 13 and 21 August. This means that the internal disputes within the coalition about the budget--reaching a climax during the first 10 days of September--are not yet reflected in these results. Compared to the last election period, the FDP has been able to increase the number of its supporters significantly; at that time it was fluctuating between 6 and 8 percent.

The Union parties have regained their position of 1975-78, as far as voter preference is concerned, in other words, between 48 and 50 percent voted in their favor. In the meantime, the continuing decline in voter preference which dropped to 44.5 percent in the 1980 Bundestag election (in 1976 they received 48.6 percent) has at least demoscopically been reversed. The decline of the Union began as early as 1978, which was at least 6 months before Strauss was nominated as a candidate for the chancellorship; this event interrupted the trend briefly, but later, above all in 1980, it even accelerated. Today it is ahead of the coalition by almost 4 percentage points; it corresponds to the standings of 1977-78. Beginning with 1979 the coalition was consistently ahead of the Union by 3 to 4 percentage points until the Bundestag election.

The "Greens" are currently the fourth party, but they are of a totally different color than Strauss wanted but which he had always visualized as a prerequisite for a change in the majority relationships in Bonn. If they should be able to get above the 5-percent minimum during the next Bundestag election--today's prospects for this do not look bad at all--the SPD/FDP could only survive by forming an alliance with them (as has already happened in a few cities). If, however, the "Greens" remain below the 5-percent minimum, the coalition--the way things look today--will become a minority. The computed absolute majority in the Bundestag would then be reduced to between 47.5 and 48 percent, because between 4 and 5 percent of the valid votes would not be taken into consideration. Anyway, measured by historical standards (1976), the Union should be able to get that many votes. Of course: It entails many unknown factors and a future that is still 3 years away.



Key:
1. The Parties and Voter Preference
2. If Bundestag elections were held next Sunday, for which party would you vote?
3. "Greens"
4. Bundestag election on 5 October (second-vote election result)
5. Source: Allensbach Institute for Demoscopy

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TEN POLITICAL PARTIES COMPETING IN ELECTIONS

Athens EPIKAIRA in Greek No 684, 10-16 Sep 81 pp 19-21

[Text] Ten parties that may be reduced to nine or eight in view of cooperation talks or to eleven, depending on splits, put their "cards" on the table for the people last weekend undaunted by the polarization avalanche. But it is not difficult to detect that the seven out of those ten parties are "motivated" by the fear of extinction. The Greek voter understands the effort of the small parties, comprehends the effect of polarization on the fate of democracy, but...but he is gradually taken over by fanaticism and day by day joins more and more the polarization dance. Sober and wise people are drawn away by the centrifugal forces, embrace extreme slogans and join in activities which do not reflect their psychological make-up.

The panic of the "wasted vote" puts its seal on our political life now more than ever. For this reason, seven out of 10 voters complain about the polarization, call for simple representation [electroal system] as a way out and denounce the single party government.

Be that as it may, the first major political event of the week was PASOK's large gathering in Patrai and (Papandreou's) strong speech followed by the immediate reactions of the government camp. All agree that the gathering in Patrai was large. The difference among those estimating its size is mostly on the origin of the participants. The New Democracy circles argue that it was a gathering of followers from half the country. PASOK argues that "it was an avalanche that starts from the capital of Peloponnisos to wipe out the Right throughout Greece." To the Papandreou charges about scandals, Rallis warned that "if [Papandreou] insists on following this road...it is not me who will regret it." For the moment the altercations stopped there. But the next 40 days are expected to be harsh and tense.

The Papandreou speech in Patrai, the first formal electoral speech in this campaign, was strong and harsh against the government, while the ND circles called it a slogan-ridden speech.

In opening his speech, Papandreou explained why he opened his campaign in Patrai instead of in Thessaloniki like the old leaders of the center parties.

"It is natural for me to launch the final and victorious phase of this campaign for power from my home town. I am united with you both in family and political background...." He then defined the forces which support PASOK in its struggle for change:

"The fighters of national resistance; those who joined the ranks of the two irreconcilable struggles under the leadership of the great son of Akhaia, Georgios Papandreou; and the heroic fighters of the Polytechnic School generation."

Then he passed on to PASOK's basic ideological goals:

"We promise to build a New Greece, a proud and independent fatherland, a society without anxiety, oppression, and exploitation, a society centered on the human being. This is why we stress that without popular participation democracy is not completed, that socialism has no meaning without respecting human values."

He then defined his main goal:

"Our country's Right--always the standard-bearer of the interests of the establishment and the economic oligarchy—has trampled on human values and did not hesitate to abolish the democratic institutions when it thought that its monopoly of power was threatened. This is why the first and principal target for our people in the coming election is to crush the Right—to push it to the sidelines of history."

On PASOK's relations with the other opposition parties [he said]:

"For PASOK, the struggle of progressive democratic forces, the struggle for change is one-sided directed against the Right. As we underlined, PASOK does not downgrade nor does it ignore the role of other democratic parties participating in the struggle for change. But we must say again that PASOK is set by fate to lead the popular movement toward victory and change."

"A Sinful Past"

From this point he moved on to a very harsh criticism of the past:

"The people remember the wounds the Right inflicted on democracy: the violence and fraud by [Gen.] Dovas, the royal coup of 1965, the foreign-dominated dictatorship of April [1967] the division between nationally-minded citizens and those not, the violation of the citizen's inalienable rights. Our people know the effects of the dependence and subjugation policy always practiced by the Right. The Right is historically to b-ame for the tragedy of Cyprus. The Right is historically to blame for the various "arrangements" concerning the Aegean airspace--all favoring the Turkish military forces. The Right is historically responsible for Greece's return to NATO's military wing in the context of an agreement which questions the operational responsibility of our air force in the Aegean airspace."

[Papandreou] accused ND of "scare tactics":

"With its scare tactics ND tries to distort history and deform reality. That's where desperation and panic has lead it. It is ND that is in danger--not private

"initiative. It is the domestic and foreign oligarchy that is in danger of losing its privileges—the oligarchy that directs the policies of the Right and steals the toil and sweat of the Greek people."

"Who is Responsible?"

After speaking on several other issues in his lengthy speech, [Papandreou] posed to the government a series of questions on economic mismanagement and scandals:

"1. Who is responsible for the rampant inflation which ranges for the third year around 25 percent?

"2. Who is responsible for the rapid and dangerous devaluation of the drachma, a fact which not only pushes inflation up but also shrinks our true national income?

"3. Who created the tremendous deficit—300 billion drachmas in 1981—in the public sector?

"4. Who is responsible for handling the foreign exchange reserve—which cost our country a loss of over 350 million dollars?

"5. Who is responsible for a policy of incentives and credits, which threatens the medium-small business with extinction and led several large enterprises to bankruptcy?

"6. Why the only enterprises flourishing in our country are the multinationals? Who is responsible for granting privileges to foreign firms at the expense of Greek enterprises?

"7. Who, in the end, is responsible for the de-hellenization of our industry?

"8. How were distributed and what happened to the scandalous grants? Why are the industrialists prosperous while the enterprises are bankrupt?"

G. Rallis: "I Warn You"

Rallis was the first to answer Papandreou's speech:

"The PASOK chairman in a recent statement had said that the electoral campaign should be carried out with good manners, democratic ethos, and the contest of arguments. In his first electoral speech in Patrai he proved his 'inconsistency': to his demagoguery he has now added mudslinging. He has forgotten that when two months he had again spoken of scandals I challenged him to come to the Chamber of Deputies and there, with full TV coverage, expòse all he says he knows. He refused to respond to this challenge....

"I warn him for the last time that if he insists on following this road, I have no objection, but he should know that it is not me that will regret it."

Later, a government spokesman, speaking at length said on the relationship between PASOK and other parties: "In the speech there is a triumphant declaration that PASOK's struggle is 'one-sided'; that PASOK walks hand in hand in this campaign with the other opposition parties including KKE. We are facing in other words a Marxist Popular Front advocating the slogans 'Out of NATO,' 'Out of the EEC.' This is the political meaning of the speech in Patrai. This is Papandreou's 'Socialism.'"

"He Extolls Crimes"

On the past of the governmental camp:

"Papandreou's speech also includes a mention of the period of the National Liberation Front [EAM] rule, the street demonstrations of 1966-67 which undermined the democratic institutions and made things easier for those who ended democracy.

PASOK which does not only condemn the communist crimes of the past but instead extolls the communist resistance "has a sinful past and a nonexistent future." The governmental camp which Papandreou attacks with such vehemence is proud of its past and its present creative accomplishments, but it is also sure of its future.

PASOK with the theses it advocates shows itself to be a marginal movement; it has been a marginal movement from its inception--with the declaration of 3 September 1974, which Papandreou now conveniently ignores."

On the dictatorship:

"There is mention of the resistance struggle against the dictatorship. It is conveniently forgotten, in a sad manner, that a multitude of specific ND cadres and especially the premier played a leading part in that struggle."

On economic questions:

"The minority leader continues his tactic of distorting the economic data. For example, he blames ND for the international rise in the value of the dollar, which he deliberately presents as a devaluation of the drachma. He knows, too, that inflation is due not only to the rise in the world prices of raw materials but also to the rise in wages and in the prices of agricultural products. What does, then, Papandreou want? Not to increase wages and salaries or the prices of agricultural products? Is this the way he cares about the "non-privileged Greeks"?

"When the Poles Are Hungry"

"Papandreou also knows that the deficits of the public sector are due to the holding down of the prices and rates charged by many public utilities and public enterprises (for example, bus fares, hospital rates, etc.) for social and other reasons, the realization of investments for the country's economic development and the nation's defense. What does Papandreou want? To have the Greek people pay more, to have massive firings of employees, not to have investments, or to weaken the country's defense capabilities?"

The government spokesman added:

"The Greek people have judgment and memory. They see the difference between their standard of living today compared to 1974 in spite of the economic difficulties in the world. They know the deprivations of the Polish people and the extensive unemployment in most other countries, know the benefits from our equal participation in the EEC, benefits which will increase in the near future. The Greek people know on the other hand that PASOK's policies weaken Greece vis-a-vis Turkey. They see the non-aligned states Papandreou wants us to join, being affected with wars and catastrophies. For this reason, in the coming election, the Greek people will vote for ND to secure the democratic system, their economic achievements, the tranquility, peace, and security to continue their course toward progress and prosperity."

Florakis: Explanations

In an interview given to ELEVTHEROTYPIA Kh. Florakis explained the KKE theses on certain key points:

a. It is not enough to say that "the Right msut be removed from office." This slogan must include "to bring about the change." Otherwise, according to Florakis, the situation may end with a mere change of personalities in government. He added that this point is the source of KEE's theses and its constructive criticism of other democratic forces on the question of what kind of change the country needs (question of NATO, bases, democratization, etc.) and how to consolidate [the change]; that is, the need for common action by the forces of change instead of the thesis and logic of "self-sufficiency."

b. The meaning of socialization has become imprecise "due to misuse." It does not mean the nationalizations done by the Right which in the last analysis helps the monopolies. It is not the case of the monopolies which unload to the state their bankrupt enterprises. Neither is it a simple transformation into shares of the loans given by the banks to monopoly enterprises. Neither is it a worker participation in management, which is painless for the monopolies.

Socialization concerns the abolishment of large capitalistic property, of the production and exchange means and of planned management for the benefit of the whole society. This will be implemented by socialism.

c. A strong KKE in the Chamber of Deputies will contribute to the establishment of a strong democratic government based on all forces of change and will have a decisive influence on the development and orientation of the popular movement.... Common points of agreement will be found among the forces of change for the implementation of a minimum program....

The EDIK Ticket

No sooner were the fermentations in the area of the Center over than Zigdis made public the names of his party's candidates in Athens and some provincial cities. The first candidates of the Democratic Center Union [EDIK] belong to all social

strata with the professionals leading. At the same time [EDIK leader] Zigdis continued his charges about the polarization created by the electoral law and held the government accountable for the anticipated political anomalies. In the past seven days he did not hold a political rally.

Mavros: Simple Proportional System

Ignoring the merging of the Party of Democratic Socialism [KODISO] with the Agrian and Workers Party [KAE], Mavros called on the forces of the Center to unite "because never before had the country a need of the Center than today...."

Mavros pointed out that the Center's objectives are the same as those of all opposition parties. "In this regard," he said, "our struggle is a two-front struggle nor a multi-front one. Its main objective will be to remove from power the party responsible for the present crisis."

Speaking also on behalf of N. Venizelos and Deputy Xylouras he charged ND with leading the country to this crisis by deliberately creating the polarization [of the political forces]. He declared in favor of the simple proportional [electoral system] which he considers as the only way for the normalization of the situation. He finally pointed out that to solve the problems the country faces it is necessary to adopt institutional measures which only a government of a broader spectrum can take and implement. For this reason one of the two large parties will not be able to govern even if it is able to form an independent government. The time of one-party, independent governments is gone." [Translator's note: Mavros has, since making this statement, joined PASOK.]

Kyrkos: Cooperation

Kyrkos characterized the cooperation of the forces for change as a "good sign." He defined the axis of cooperation roughly as follows:

1. A comprehensive Greek policy, independent of any centers of power.

2. A policy of broadening the individual and public freedoms, the autonomy of massive movements and the participation of the working people in the decision-making process.

3. An economic and social policy having as criterion to maximize the social benefit and not the private profit.

Pezmazoglou: The Worst Monopoly

KODISO Chairman I. Pesmazoglou, speaking on behalf of the Democratic Unity during an open rally in Larisa last Sunday--after a greeting by Al. Baltazis of the Agrian and Workers Party--said, in part:

"Hard experience in this country proved that the one-party governments do not solve but complicate problems and create a power monopoly which is the worst of all monopolies.

"KODISO and the Agrian and Workers Party [KAE] are participating in this election as an independent force which is not a satellite of anyone. We are struggling against the reactionary forces with our own notion about change, with our own clear program, with steadiness and responsibility without retractions and inconsistencies."

National Array-Markezinis

The situation in the area of the extreme Right is outlined as follows:

1. First of all Korydallos [prison where the junta leaders are held] refuses again, according to various reports, to endorse any of the parties but recommends that ND be voted out.

2. The National Array, represented by S. Theotokis and cadres Georgalas, Farmakis and others, announced that it will have candidates throughout Greece except Crete. Theotokis said that following the election ND may cede part of its power to the communist front and rejected the proposal for New Democracy-National Array cooperation on an equal basis. He said that Markezinis does not believe ideologically in a kingdom and that while he himself [Pesmazoglou] has no respect at all for Karamanlis, Markezinis does hold such respect for the man. The National Array does not raise any questions on the political system even though it considers the 1974 election "dishonest" and "rigged." "We and the king," he said, "believe that without the people's verdict following an irreproachable plesbiscite he [the king] should not return." Finally, he declared that he is for the "liberation" of the April [1967] juntists and said that he is committed to bring about its realization. [Translator's note: Theotokis has recently announced that his party will not participate in the elections.]

3. Markezinis whose party will participate in the elections independently has followed a separate line since last Sunday. In an interview he gave to ELEVTHEROS KOSMOS he pointed out that the dangermongering aims at coercing the people's vote. The vote given to ND will be a wasted vote. Greece will soon find itself in an economic deadlock. His Progressive party will give battle for the middle class which is suffering most. The imprisoned juntists must be freed.

A government official reacting to these statements said: "ND has ruled out any cooperation with any party. At the same time it refused to include Marxists, Marxism followers, socialists, and fascists in its lists of candidates."

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ND ANNOUNCES COMPLETE LIST OF CANDIDATES

Athens AKROPOLIS in Greek 18 Sep 81 p 5

[Text] After a series of deliberations by the designated committee and after careful consideration of the recommendations of the committees of the Nomes, "New Democracy" made public yesterday its lists of candidates for the entire country.

The ND lists are as follows:

First Athens District

Rallis Georgios of Ioannis.

Anagnostopoulos Nikolaos of Dimitrios, former deputy, civil engineer.

Anapliotis Artemios of Evangelos, attorney, councilman City of Athens.

Apostolatos Gerasimos of Konstandinos, former deputy minister, economist.

Vasilatos Vasileios of Gerasimos, attorney-sociologist.

Vergi Sofia-Roza of Nikolaos, member of the executive committee of the ONNED [Youth Organization of the New Democracy].

Devletoglou Evangelos of Athanasios, former minister, economist.

Evert Miltiadis of Angelos, minister economist.

Zouvelos Mikhail of Stefanos, former military judge, attorney.

Karathanasis Khristos of Ioannis, former chief of Cities Police.

Makropoulos Akhilleas of Konstandinos, economist, businessman.

Manos Stefanos of Alexandros, minister, mechanical engineer, businessman.

Xanthakis Alexandros of Georgios, attorney.

Papadongonas Alexandros of Dionysios, former minister, retired naval officer.

Plytas Georgios of Amvrosios, minister, insurance underwiter.

Revmatas Makis of Nikolaos, actor.

Sapsalis Konstandinos of Georgios, former deputy, former secretary general of the Ministry of Public Order, attorney.

Stefanakis Konstandinos of Georgios, former minister, former director of EKTE [National Land Bank of Greece], attorney.

Synodinou Anna, former deputy minister, actress.

Tzanetakis Tzannis of Petros, minister, retired naval officer.

Fikioris Ioannis of Vasileios, minister, attorney.

Second Athens District

Athanitis Khristos of Nikolaos, former deputy, attorney.

Apostolakos Khristos of Ioannis, former minister.

Vrettakos Dimitrios of Leonidas, former deputy, former director general of the King Paul National Foundation, attorney.

Davakis Ioannis of Dikaios, former deputy, pediatrician.

Dalakouras Georgios of Dimitrios, deputy, shipowner.

Kakogiannakos Konstandinos of Dimitrios, attorney.

Kamboulakis Nikolaos of Spyros, physician.

Karaiskakis Dimitrios of Andreas, former deputy minister, chemical engineer, member of the Administrative Committee of the ND.

Karatzas Kharis of Theofanis, former deputy minister, attorney.

Koutifari Lina, former deputy minister, physician.

Kratsas Apostolos of Georgios, deputy, mechanical and electrical engineer.

Krikos Athanasios of Ioannis, deputy, attorney.

Laskaris Kostandinos of Georgios, minister, attorney.

Markou Miltiadis of Nikolaos, retired officer.

Mikropoulos Nikolaos of Alexandros, civil engineer.

Mbernitsas Panagiotis of Ioannis, economist.

Papadakis Stylianos of Stavros, former deputy, businessman.

Papathanasiou Athanasios of Andonios, industrialist, former mayor of Nea Smyrni.

Paparrigopoulos Konstandinos of Ioannis, deputy minister, attorney.

Papakonstandinou Georgios of Konstandinos, deputy, attorney.

Polidoros Vyron of Georgios, member of the Administrative Committee of ND, attorney.

Sfyris Dimitrios of Panagiotis, attorney.

Tsaldaris Athanasios of Konstandinos, deputy minister, attorney.

Tsoukandas Athanasios of Georgios, deputy minister, physician.

Foufas Zisis of Georgios, former secretary general of the Ministry of Social Services, attorney.

Fyssas Khristos of Ioannis, deputy, attorney.

Psilos Diomidis of Dimitrios, former deputy, economist, university professor.

Aitoloakarnania Nome

Delimitsos Panagiotis of Vasileios, attorney.

Livanos Dionysios of Spyridon, former deputy, former secretary general of the Ministry of Communications, economist.

Manginas Kharilaos of S., attorney.

Palkogiannis Dimitrios of Sokratis, public relations counsel.

Papaioannou Nikolaos of Georgios, deputy, attorney.

Stamatis Georgios of Dimitrios, former minister, attorney.

Stratos Khristoforos of Stamatios, former minister, industrialist.

Fotopoulos Khristos of Fotios, deputy, retired officer.

Khoutas Thomas of Stylianos, attorney, secretary general of the Ministry of Social Services.

Argolis Nome

Kapetanopoulos Vasileios of Konstandinos, attorney, economist.

Kleiosis Nikolaos, retired Vice Admiral, Coast Guard.

Moutzouridis Georgios of Ioannis, attorney.

Sotiropoulos Vasileios of Nikolaos, physician.

Arkadia Nome

Aposkitis Konstandinos of Leonidas, former deputy minister, philologist.

Efthimiou Ioannis of Nikolaos, physician.

Kalteziotis Nikolaos of Konstandinos, former deputy minister, civil engineer.

Mandzoris Vasileios of Konstandinos, deputy, attorney.

Tsingounis Dimitrios of Alexandros, president of ONNED [Youth Organization of the New Democracy].

Arta Nome

Vagias Panagiotis of Kharilaos, agriculturist.

Kontaxis Athanasios of Dimitrios, deputy, attorney.

Papadimitriou Elevtheros of Konstandinos, attorney.

Rizos Dimitrios of Khristos former deputy, attorney.

Attiki Nome (Remainder)

Kakaris Khristos of Andonios, deputy, businessman.

Katsigiannis Khristos of Athanasios, deputy, civil engineer.

Mikhail Lazaros of Panagiotis, deputy minister, attorney.

Mbotsis Georgios, retired officer Cities Police.

Papagiannis Mikhail of Kanellos, former deputy, civil engineer.

Papakonstandinou Athanasios of K., attorney.

Stamolekas Nikolaos, former secretary general of the Ministry of Labor, attorney.

Frangos Dimitrios of Anastasios, deputy, attorney.

Akhaia Nome

Argyropoulos Konstandinos of Dionysios, attorney.

Goudas Konstandinos of Leonidas, university professor.

Zaimis Andreas of Fokion, deputy minister, attorney.

Kosseris Khrysostomos of Vasileios, economist.

Malevitis Ilias of Ioannis, attorney.

Mbekiris Vasileios of Mikhail, deputy, attorney.

Patronis Nikolaos of Georgios, deputy, attorney.

Petropoulos Konstandinos of Kharilaos, attorney.

Stefanopoulos Konstandinos of Dimitrios, minister, attorney.

Khliveros Alexios of Theodosios, attorney.

Voiotia Nome

Vourdoumbas Georgios of Dimitrios, attorney.

Gamvroulis Komninos of Th., pediatrician.

Ktistakis Nikolaos of Ioannis, deputy, attorney.

Makrygenis Mikhail of Georgios, attorney.

Papaspyrou Dimitrios of G., president of the Chamber of Deputies.

Tsiplakos Aristeidis of Ioannis, civil engineer, former secretary general of the Ministry of Public Works.

Grevena Nome

Krikelis Anastasios of Thomas, attorney.

Makris Mikhail of Ioannis, deputy, attorney.

Drama Nome

Grivas Dimitrios of Theologos, deputy, retired officer.

Takhyridis Athanasios of Leonidas, deputy, civil engineer.

Dodekanisos Nome

Zannis Pavlos of Emmanouil, elctro-mechanical engineer of the EMP [Greek Metsovion Polytechnic School].

Karamarios Anastasios of Emmanouil, attorney.

Papakostas Vasileios of Georgios, attorney, former Nome governor.

Pavlidis Aristotelis of Andonios, deputy, physicist.

Tavlarios Ippokratis of Drosos, deputy, merchant.

Khatziandoniadis Andonios of Minas, physician.

Evros Nome

Kavaratzis Ioannis of St., former deputy, physician, member of the Administrative Committee.

Klis Panagiotis of Theodosios, former minister, deputy, physician.

Tataridis Stavros of Dimitrios, former deputy minister, civil engineer.

Khatzinikolaou Panagiotis of M., deputy, dentist.

Evvoia Nome

Vlakhothanasis Angelis of Dimitrios, former deputy, attorney.

Vogiatzis Georgios of Per., former minister, civil engineer.

Kakaras Mikhail of Andonios, deputy.

Mikhalakis Aristeidis of Th., former deputy, attorney, president of ODIE [no extension available].

Papanikolaou Nikolaos of Ioannis.

Stefanidis Konstandinos of Stefanos, professor of technical shools.

Evrytania Nome

Karapiperis Khrysostomos of P., former deputy minister, professor [PhD] of the Khalkis Theological School.

Mbouras Dimitrios of Konstandinos, attorney.

Zakynthos Nome

Giannoulis Dionysios of Khar., industrialist.

Margaris Ioannis of Nikolaos, deputy, attorney.

Ileia Nome

Kanellopoulos Athanasios of P., minister, economist.

Karakhalios Tryfon of Evstathios, retired Air Force officer, former Nome governor.

Kontogiannopoulos Vasileios of Nikolaos, former deputy minister, attorney.

Mbountouvis Akhilleas of B., deputy, economic consultant.

Papandreou Andreas of Leonidas, attorney.

Pipilis Khristos of Menelaos, deputy, agriculturist.

Spentzari-Tsiamani Froso, pharmacist, member of the Administrative Committee of the Party.

First Salonica District

Voudouris Dimitrios of Panagiotis, deputy minister, attorney.

Vlakhaki-Miliara Polyxeni, wife of Emmanouil, merchant.

Gogousis Vlasis of A., physician.

Zarndinidis Nikolaos of Vasileios, former minister, businessman.

Katsaounis Aristeidis of Athanasios, former deputy minister, attorney.

Kouvelas Sotirios, civil engineer, president of the Technical Chamber of Northern Greece.

Lazaridis Ioannis of Savvas, landowner-businessman.

Mattheoudakis Georgios of Ioannis, deputy, attorney.

Moutsios Georgios, of Athanasios, former deputy minister, attorney.

Mbakatselos Georgios of Dimitrios, former minister, attorney.

Mbokovos Panagiotis of Paraskevas, former deputy minister, economist.

Papageorgopoulos Vasileios of N., dentist.

Sfendonis Ioannis of Nikolaos, architect.

Second Salonica District

Aidonas Apostolos of Georgios, former deputy, attorney.

Vardakas Mikhail of Ioannis, deputy, attorney.

Glastras Vasileios of Georgios, attorney.

Grigoriadis Apollon of Theodoros, attorney.

Ermeidis Kharis of Panagiotis, deputy, dentist.

Koskinas Khristos of Onoufrios, former president of OLTh [Salonica Port Authority], agronomist, topographer.

Koutras Panagiotis of Dimitrios, deputy, attorney.

Salangoudis Georgios of Aristotelis, chemist.

Tzitzikostas Georgios of A., former deputy minister, attorney.

Thesprotia Nome

Vezorevanis Ilias of Konstandinos, journalist.

Pitoulis Fotios of Thomas, deputy, attorney.

Stroungaris Andreas of Elevtherios, attorney.

Imathia Nome

Valtadoros Angelos of Dimitrios, attorney, former secretary general of the Ministry of Northern Greece.

Dimoulis Ioannis of Stergios, attorney.

Zamanis Dimitrios of Stergios, civil engineer-partner of a corporation.

Iakovidis Arkhelaos of G., deputy, agriculturist, businessman.

Miltsanidis Nikolaos of Georgios, attorney.

Khatzidimitriou Dimitrios of Thomas, deputy, attorney.

Irakleion Nome

Galenianos Mikhail of Emmanouil, deputy, attorney.

Deligiannakis Emmanouil of Nikolaos, economist.

Kefalogiannis Emmanouil of Vasileios, former minister, attorney.

Koniotakis Konstandinos of Emmanouil, former deputy, retired Air Force General

Meimarakis Ioannis of Evangelos, attorney.

Ioannina Nome

Averof-Tositsas Evangelos, deputy prime minister.

Ioannou Khristos of Nikolaos, deputy, attorney.

Kalogiannis Elevtherios of St., former deputy, businessman.

Loras Anestis of Leonidas, former deputy, attorney.

Panouris Panagiotis of St., deputy, attorney.

Pappas Georgios, heart surgeon.

Kavala Nome

Andoniadis Markos of Georgios, deputy, physician.

Asteriadis Georgios of I., former deputy.

Venetis Konstandinos of Sotirios, former deputy, retired Colonel.

Martis Nikolaos of Konstandinos, minister, attorney.

Panagiotopoulos Georgios of Nikolaos, minister, attorney.

Topalidis Dimitrios of Georgios, legal specialist.

Karditsa Nome

Allamanis Stelios of Akhilleas, former minister, member of the Administrative Committee, attorney.

Anagnostopoulos Theodoros of Georgios, former deputy, attorney.

Thanopoulos Athanasios of Dimitrios, attorney.

Mballas Themistoklis of Markos, deputy, attorney.

Papaevthymiou Georgios of Vasileios, deputy, attorney.

Sioufas Dimitrios of Georgios, attorney.

Taliadouros Athanasios of Spyridon, former minister, attorney.

Tsandoulas Konstandinos of Nikolaos, attorney.

Kastoria Nome

Kapakhtsis Georgios of Khristos, attorney.

Simaioforidis Konstandinos, mayor of Kastoria, educator.

Kerkyra Nome

Ngikas Sotirios of Stefanos, Lt. General (ret).

Kaloudis Dimitrios of Spyros, deputy, attorney.

Kogevinas Alekos of Linos, civil engineer.

Fronimos Andonios of Gerasimos, attorney.

Kefallinia Nome

Gasparinatos Spyros of G., attorney.

Gerakis Panagis of Konstandinos, deputy, attorney.

Messaris Kharalambos of E., deputy, attorney.

Kilkis Nome

Avramidis Alexandros of Kh., former deputy minister, professor of ASOEE [Higher School of Economic and Commercial Sciences].

Avgerinidis Nikolaos of Anastasios, economist, businessman.

Papadopoulos Kharalambos of K. deputy, architect.

Pavlidis Theodoros, president of ONNED [Youth Organization of the New Democracy].

Kozani Nome

Athanasiadis Stavros of Athanasios, deputy, theologian.

Vagiatis Ioannis of Athanasios, former deputy, former president of Cotton Organization, agriculturist.

Vyzas Themistoklis of Vasileios, deputy, attorney.

Exarkhos Ioannis, dentist.

Ketoglidis Georgios, attorney.

Papadopoulos Georgios of Vasileios, deputy, economist.

Papakonstandinou Mikhail of Georgios, former deputy minister, attorney.

Korinthia Nome

Dimas Stavros of Konstandinos, former minister, economist.

Papaligouras Anastasios of Panagiotis, member of the Administrative Committee, attorney.

Rendis Theokharis of Konstandinos, former deputy minister, civil engineer.

Spanorrigas Alexandros of Athanasios, former minister, economist.

Lakonia Nome

Giatrakos Konstandinos-Thrasyvoulos of Georgios, former deputy, economist.

Davakis Dimitrios of Dikaios, former minister, pharmacist.

Minakakis Stavros of Dimitrios, deputy, physician.

Panaritis Vasileios of Konstandinos, deputy, attorney.

Stathopoulos Ioannis of Panagiotis, deputy, Commander, Hellenic Navy.

Tsingounis Mikhail of Theodoros, farmer, former town mayor.

Gorgoulis Athanasios of Dimitrios, attorney.

Ngaranis Georgios of Ioannis, former deputy.

Grammatidis Khristos or Takis of Ioannis, former deputy minister, journalist.

Grousopoulos Evangelos of Konstandinos, attorney.

Evstratiadis Agamemnon of Miltiadis, deputy, civil engineer.

Kitsidis Khristos of Athanasios, former deputy, economist.

Kyriakou Elevtherios of Kimon, deputy, attorney.

Mammonas Nikolaos of Dimitrios, attorney.

Souflias Georgios of Athanasios, former deputy minister, civil engineer.

Fasoulas Vasileios of Ilias, former deputy, stock-farmer.

Lasithion Nome

Kothris Emmanouil of Mikhail, former minister, attorney.

Kountourakis Emmanouil of Georgios, professor of KATEE [Higher Technical Education Centers of Greece].

Lagoudakis Andonios of Konstndinos, ducator.

Sergakis Ioannis of Mikhail, former deputy, attorney.

Lesvos Nome

Vigelis Nikolaos of Grigorios, former deputy, former secretary general of the Ministry of Justice

Giapalis Aristeidis of Konstandinos, professor of political science, attorney, graduate of the Technical Management School of France.

Kalaitzis Andreas of Grigorios, businessman.

Kalogirou Doukas of Xenofon, former deputy, attorney.

Nianias Dimitrios of Georgios, former minister, professor EMP [Greek Metsovion Polytechnic School].

Palaiologou Timoleon of Georgios, physician.

Levkas Nome

Kavvadas Panagiotis of Kharilaos, deputy, pharmacist.

Kalkanis Angelos of Konstandinos, attorney, former secretary general of the Ministry of Finance.

Magnisia Nome

Andoniou Khristos, businessman.

Andonopoulos Ioannis of Georgios, deputy.

Diakopoulos Georgios of Dimitrios, deputy, attorney.

Elafros Stamoulis of Konstandinos, former deputy, attorney.

Mbrisimis Nikolaos of Anastasios, former deputy minister, physician.

Papadopoulos Dimitrios of Konstandinos, former deputy, attorney.

Printzos Konstandinos of Dimitrios, deputy, physician.

Sourlas Georgios of I., physician.

Messinia Nome

Anastasopoulos Nikolaos of Dimitrios, deputy, physician.

Laskaris Ioannis of Panagiotis, electro-mechanical engineer, Aachen Polytechnic, W. Germany.

Kalatzakos Aristeidis of Georgios, minister, attorney.

Mboutos Ioannis of Periklis, former minister, attorney.

Oikonomopoulos Konstandinos of Ioannis, deputy, attorney.

Perrotis Aristomenis of Athanasios, former deputy, attorney.

Samaras Andonios of Konstandinos, deputy, economist.

Psarreas Georgios of Dimitrios, attorney.

Andonopoulos Kosmas of Emmanouil, former Nome governor, attorney-sociologist.

Xanthi Nome

Alexiou Thomas of Evangelos , former deputy, businessman.

Zeimbek Tzelal of Khousein, deputy, housing expert.

Rodiou Georgios of Stylianos, former deputy minister, attorney.

Serdar Zade Khiousniou of Khasan, landowner.

First Piraeus District

Andrianopoulos Andreas of Ioannis, minister, Political Science School graduate.

Gennimatas Panagiotis of Nikolaos, attorney.

Katsafados Ioannis of Nikolaos, deputy, attorney.

Katsivardakos Vasileios of Andonios, former deputy, physician.

Markozanis Spyridon of Emmanouil, deputy, businessman.

Mbasakidis Nikolaos of Sokratis, councilman, City of Piraeus, pharmacist.

Mbiris Stavros of Ioannis, former minister, member of the Administrative Committee of the ND.

Papapolitis Sotirios of Savvas, former secretary general of the Ministry of Regional Planning and Development.

Savvopoulos Evangelos of Georgios, former minister, sociologist.

Sarlis Pavlos of Theodoros, former secretary general of the Ministry of Merchant Marine, attorney.

Second Piraeus District

Vougiouklakis Ilias of Ioannis, former deputy, attorney.

Giatrakos Ioannis of Drakoulis, attorney.

Drimylis Spyridon of Georgios, attorney.

Iosifidis Konstandinos of Anestis, civil engineer.

Kalogiannis Pandelis of Ioannis, former deputy, attorney, former president of The OLP [Piraeus Port Authority].

Mbougas Georgios of Khristos, deputy, attorney.

Nerantzis Anastasios of Dimitrios, former deputy, former secretary general of the Chamber of Deputies, attorney.

Papapolitis Nikolaos of Ioannis, deputy, university professor.

Tragakis Ioannis of Dimitrios, deputy, topographical engineer.

Khrimatopoulos Fotios of D., deputy, former secretary general of the Ministry of Merchant Marine.

Pella Nome

Gatsios Theofilos, mayor of Aridaia, physician.

Ngillas Aristarkhos of Khristos, deputy.

Deligiannis Dimosthenis of Nikolaos, deputy, attorney.

Doulgeridis Khristodoulos of Nikolaos, attorney.

Zografos Antigonos of Vasileios, former deputy, dentist.

Manousakis Diakos of Manousos, dentist.

Pieria Nome

Ngoungourelas Konstandinos of Kh., attorney.

Dimopoulos Ioannis of Konstandinos, former deputy minister, attorney.

Elevtheriadis Elevtherios of E., mathematician.

Sousourogiannis Evangelos of A., deputy, attorney.

Preveza Nome

Konofagos Konstandinos of Ilias, former minister, Polytechnic School professor.

Mbalkos Anastasios of Miltiadis, former minister, deputy, Lt. General (ret).

Papanikolaou Vasileios, of Evangelos, attorney.

Rethymni Nome

Kefalogiannis Ioannis of Konstandinos, former deputy minister, physician.

Fradelos Emmanouil of Ioannis, electro-mechanical engineer.

Rodopi Nome

Adnan Giousoufoglou of Giousouf, merchant.

Memet Oglou Giasar of Memet, teacher, president of the Vakoufiki Commission on Muslim Property.

Mbletsas Stylianos of Konstandinos, deputy, attorney.

Papandoniou Andonios of V., deputy, attorney.

Salikas Khristos of Nikolaos, attorney.

Khatziandoniou Zafeiris of Georgios, attorney.

Samos Nome

Kratsas Zakharias of Georgios, deputy, physician.

Sofoulis Themistoklis of Panos, attorney, former secretary general of the Ministry of Civilization and Sciences.

Spyrou Ioannis of Xenofon, deputy, physician.

Serrai Nome

Angelousis Angelos of Khristos, former minister, attorney.

Karamanlis Akhilleas of Georgios, former deputy minister, attorney.

Kleitos Nikolaos of Ioannis, deputy, attorney.

Kositzidis Georgios of Theodoros, deputy, attorney.

Lavrendidis Isaak of Nikolaos, deputy, attorney.

Papadopoulos Theodoros, attorney.

Papanagiotou Konstandinos, attorney.

Tavlaridis Ioannis, agriculturist.

Khristoglou Ioannis of Georgios, deputy, attorney.

Trikala Nome

Georgolios Konstandinos, educator.

Giannousis Kleovoulos of Vasileios, former deputy minister, deputy, attorney.

Dervenagas Athanasios of Andonios, deputy, attorney.

Papakhristos Athanasios of Nikolaos, deputy, attorney.

Sakkas Ioannis of A., pharmacist.

Stamatis Konstandinos, attorney.

Khatzigakis Sotirios of Mikhail, deputy, attorney.

Fthiotis Nome

Evangeliou Dimitrios of K., deputy, attorney.

Kalatzis Konstandinos of Khristos, attorney.

Manikas Georgios of Sotirios, businessman.

Mbrianis Konstandinos of Dimitrios, attorney.

Xarkhas Athanasios of Lazaros, attorney.

Panourgias Panourgias of Stylianos, former deputy minister, retired General.

Trindafillou Konstandinos of Ioannis, former deputy minister, attorney.

Tsirimokou-Pimbli Ioulia, deputy, Political Sciences graduate.

Florina Nome

Andreadis Georgios of Andreas, deputy, attorney.

Theokharidis Dimosthenis of Mikhail, former deputy, former secretary general of the Ministry of Northern Greece.

Mavridis Konstandinos of Kyriakos, deputy, attorney.

Fokis Nome

Ngelestathis Nikolaos of A., attorney.

Khloros Dimitrios of Georgios, deputy, attorney.

Manetas Panagiotis of Theodoros, retired Brigadier.

Khalkidiki Nome

Kyriafinis Ioannis of Georgios, physician, former deputy.

Stamos Dimitrios of Stamos, physician, deputy.

Tsioumblakis Konstandinos of Elevtherios, deputy, professor.

Fyrgadis Khristos of Apostolos, attorney.

Khania Nome

Violakis Petros of Konstandinos, businessman.

Voloudakis Georgios of Iosif, former deputy, economist.

Markogiannakis Khristos of Emmanouil, attorney, former district attorney.

Mitsotakis Konstandinos of Kyriakos, minister, attorney.

Pentaris Vasileios of Stamatios, former deputy, civil engineer of EMP [Greek Metsovion Polytechnic School]

Stamatakis Stylianos of Nikolaos, Major General (ret).

Khios Nome

Kefalas Ioannis of Konstandinos, attorney.

Mavridoglou Isidoros of Nikolaos, former minister, former president of OLP [Piraeus Port Authority].

Misailidis Georgios of Stamatios, former secretary general of ND.

9731
CSO: 4621/4

COMPLETE LIST OF PASOK CANDIDATES PUBLISHED

Athens ELEVTHEROTYPIA in Greek 12 Sep 81 p 9

[Text] The PASOK candidates by district are as follows:

FIRST ATHENS District

(22 seats, 24 candidates, 19 announced)

I. Alevras, member of the Executive Council, parliamentary representative; L. Danos, journalist; G. Daskalakis, insurance agent, syndicalist, Central Committee [KE] member; M. Doris, architect, KE member; G. Koutsokhhors, lawyer, novelist; Evang. Kouloumbis, civil engineer, president, Technical Chamber of Commerce [TEE]; T. Katsifaras, former president of the Hellenic Industrial Development Bank [ETVA]; Th. Mylonas, lawyer-international law expert; G. Mortzos, actor, KE member; G. Birdimiris, civil engineer; D. Bouloukos, lawyer; A. Peponis, lawyer, KE member; T. Papageorgopoulos, retired officer; D. Pagoropoulos, lawyer, Regional Council chairman; P. Petroulas, economist; V. Priovolos, engineer; K. Papapanagiotou, lawyer; Mil. Samartzis, physician; Amalia Fleming, physician.

SECOND ATHENS District

(28 seats, 30 candidates, 24 announced)

Sylva Akrita, former deputy; St. Alexandris, lawyer, KE member; G. Asimakopoulos, lawyer; P. Anagnostopoulos, retired officer; L. Veryvakis, lawyer; Evang. Giannopoulos, lawyer, KE member; D. Evangelatos, lawyer; T. A. Zarkadas, nomarch; Ap. Kaklamanis, lawyer, KE member; Il. Katrivanos, lawyer; Maria Perraki-Kypriotaki, physician; P. Kondogiorgos, lawyer; Nora Katseli, actress; Eirini Lambraki, lawyer; G. Margelis, physician; K. Diniakos, lawyer; St. Panagoulis, economist, KE member; X. Peloponnisios, section chief, Social Services Ministry; Mil. Papaioannou, lawyer, KE member; St. Tsoumakas, lawyer, KE member; N. Papadionysiou, teacher; St. Tsoumakis, lawyer, KE member; G. Haralambopoulos, mechanican engineer, retired officer, District Office member, parliamentary representative; G. Kharalambous, lawyer.

[Rest of] ATTIKI District

(6 seats, 8 candidates, 7 announced)

M. Vathis, lawyer; E. Giotas, lawyer, KE member; Th. Drosis, lawyer; Il. Papailias, economist; K. Petouris, mechanical engineer; S. Papamikhalis, lawyer; Th. Pangalos, economist.

AKHAIA District

(8 seats, 10 candidates, 10 announced)

Th. Golfinopoulos, chemist, KE member; G. Kakogiannis, lawyer; G. Kapouralos, syndicalist, president, Patrai Labor Center; M. Koutsogiorgas, lawyer, KE member; Al. Maraslis, physician; Maria Massara, dentist, A. G. Papandreou, economist; P. Salamalikis, lawyer; Sr. Solomos, physician; N. Khampsas, physician.

ARTA District

(3 seats, 4 candidates, 4 announced)

Al. Liarokapis, lawyer; Khr. Papageorgiou, teacher; P. Rizos, agriculturist; D. Tsovolas, lawyer.

ARKADIA District

(5 seats, 7 candidates, 7 announced)

D. Arkhos, lawyer; Sp. Giannopoulos, physician; D. Davetas, worker-syndicalist; K. Papaspyridis, retired officer; Dim. Repas, dentist; K. Spiliopoulos, lawyer.

ARGOLIS District

(3 seats, 4 candidates, 4 announced)

Sp. Vasileiou, lawyer; I. Koutsogiannis, retired officer; I. Oikononopoulos, lawyer; D. Papaioannou, agriculturist.

AITOLOAKARNANIA District

(9 seats, 11 candidates, 10 announced)

A. Dimitrakopoulos, lawyer; Th. Kotsombinas, physician; Kh. Basagiannis, lawyer; Khr. Neilas, dentist; N. Papaioannou, lawyer; G. Papadimitriou, retired senior civil servant; P. Paparounis, lawyer; Kh. Rokofyllos, lawyer; G. Serpanos, retired senior civil servant; I. Khardalias, economist.

VOIOTIA District

(4 seats, 6 candidates, 5 announced)

A. Akrivakis, lawyer; G. Katsimbardis, lawyer; G. Kalogirou, lawyer; Pan. Kinias, professor; G. Pattas, retired officer.

IOANNINA District

(5 seats, 7 candidates, 7 announced)

L. Glinavos, oenologist-chemist; Artemis Karasa, housewife; Them. Loulis, lawyer; G. Moraitis, lawyer; K. Papulias, lawyer, KE member; M. Papathomopoulos, university professor; Ioan. Zoukis, farmer.

GREVENA District

(1 seat, 2 candidates, 2 announced)

I. Konstandinidis, lawyer; N. Skhoinas, employee.

DRAMA District

(3 seats, 4 candidates, 4 announced)

K. Gounatidis, lawyer; D. Kefalidis, lawyer; Fl. Konstandinidis, economist; I. Bervanidis, teacher.

DODEKANISSOS District

(4 seats, 6 candidates, 6 announced)

V. Voukouvalidis, university instructor; Kl. Zervos, retired officer; Em. Kokkinos, lawyer; G. Parasakevas, civil engineer; K. Sfyriou, civil engineer; G. Khiotakis, lawyer.

EVROS District

(5 seats, 7 candidates, 6 announced)

G. Andonakoudis, civil engineer; Ath. Evstathiou, lawyer; Kh. Karypidis, farmer; I. Papadopoulos, physician; Kh. Stamatopoulos, veterinarian; A. Fotiadis, lawyer.

EVVOIA District

(6 seats, 8 candidates, 8 announced)

D. Venetis, lawyer; G. Grammatikopoulos, physician; V. Kedikoglou, civil engineer; Eleni Leondi, architect; Th. Metaxas, civil engineer; T. Papageorgiou, civil engineer; D. Sapoutzis, physician; M. Stefanidis, lawyer.

EVRYTANIA District

(1 seat, 2 candidates, 2 announced)

I. Papadimas, physician; K. Tsigaridis, lawyer.

ZAKYNTHOS District

(1 seat, 2 candidates, 2 announced)

Anna Renesi-Arvanitaki, dentist; G. Klavdianos, economist.

ILEIA District

(7 seats, 9 candidates, 9 announced)

Nakis Avgerinos, lawyer; D. Georgakopoulos, bank employee; Ir. Matrangas, physician; L. Panopoulos, assistant mechanic; R. Petralias, lawyer; G. Skoularikis, lawyer, KE member; Alk. Sakkas, civil engineer; L. Tsikas, teacher; K. Frangogiannopoulos, lawyer.

IMATHIA District

(4 seats, 6 candidates, 6 announced)

M. Ginoglou, mechanical engineer; K. Manganaris, farmer-cooperativist; N. Moungris, lawyer; V. Papagiannis, lawyer; Al. Bourliotopoulos, dentist; Khr. Mantzaris, dentist.

IRAKLEION District

(7 seats, 9 candidates, 9 announced)

K. Aslanis, civil engineer; M. Drettakis, higher education professor, KE member; Al. Darivianakis, lawyer; Vang. Kalaitzakis, retired officer; G. Papanikolakis, retired officer; Em. Papastefanakis, lawyer; A. Skoulas, lawyer-journalist; P. Tsakiris, farmer; St. Serafeimidis, physician, KE member.

FIRST THESSALONIKI District

(12 seats, 14 candidates, 14 announced)

N. Athanasopoulos, former appeals court assistant prosecutor; N. Akritidis, surveyor-engineer; P. Vlakhos, merchant; M. Vogiatzis, merchant; A. Intzes, lawyer; A. Kalidopoulos, lawyer; A. Kazazis, lawyer; Kh. Kastanidis, lawyer; A. Kourtis, journalist; Th. Manavis, lawyer; Kh. Makridis, dentist; St. Papathemelis, lawyer; D. Khatzipetros, worker-syndicalist; Sofia Kharitidou, artisan.

SECOND THESSALONIKI District

(7 seats, 9 candidates, 8 announced)

K. Amanetidis, farmer; K. Diamandis, Khlastra Community president; D. Dimitriou, president, Xyloupolis Community; An. Karras, lawyer; A. Mantzaris, lawyer; St. Tsaparas, lawyer, Ioan. Glavinas, lawyer; St. Mariadis, argiculturist.

THESPROTIA District

(2 seats, 3 candidates, 3 announced)

Th. Giannoulis, lawyer; A. Koliousis, civil engineer; P. Liakos, pharmacist.

KAVALA District

(4 seats, 6 candidates, 5 announced)

D. Gretsikos, retired civil servant; D. Dimosthenopoulos, lawyer; Il. Papadopoulos, teacher; Il. Saitanidis, employee-farmer; I. Tsaklidis, civil engineer.

KARDITSA District

(6 seats, 8 candidates, 6 announced)

S. Anastasakos, lawyer; P. Katsaros, lawyer; N. Blatsis, teacher: V. Brakatsoulas, lawyer; St. Bazianas, lawyer; D. Dalambiras, lawyer; K. Papakyritsis, architect; Il. Khatzoplakis, lawyer.

KASTORIA District

(1 seat, 2 candidates, 2 announced)

F. Petsalnikos, economist; P. Papathanasiou, dentist.

KERKYRA District

(3 seats, 4 candidates, 3 announced)

Sp. Kaloudis, lawyer; S. Rallis, lawyer; Piretta Tsoulou, housewife.

KEFALLINIA District

(2 seats, 3 candidates, 3 announced)

F. Andrianatos, dentist; T. Mandelis, lawyer; A. Tritsis, city-planner

KILKIS District

(3 seats, 4 candidates, 4 announced)

S. Marinidis, economist; A. Mikhailidis, artisan; D. Xenidis, civil engineer; D. Oikonomou, retired officer.

KOZANI District

(5 seats, 7 candidates, 6 announced)

G. Davidopoulos, teacher; I. Kousis, lawyer; R. Kokelidis, university instructor; M. Kyratsous, lawyer, KE member; M. Natsinas, lawyer; K. Dongalidis, syndicalist.

KORINTHIA District

(4 seats, 6 candidates, 6 announced)

V. Giannakoulias, dentist; Th. Kotsonis, physician; K. Potiris, physician; I. Pottakis, lawyer; N. Rizogiannis, lawyer; G. Spiliotis, lawyer.

KYKLADES District

(4 seats, 6 candidates, 5 announced)

Petros Katsipis Valvis, lawyer; D. Kyriakos, teacher; N. Levogiannis, teacher; N. Paraskevas, sculptor; N. Filaretos, merchant ship master.

LAKONIA District

(4 seats, 6 candidates, 6 announced)

G. Vilias, former appeals court prosecutor; M. Diasakos, teacher; K. Kakhrimanis, lawyer; St. Kalavrytinos, mineralogist; K. Deros, physician; P. Founda, dentist.

LARISA Nome

(8 seats, 10 candidates, 10 announced)

V. Agorastis, lawyer; I. Karapatsas, lawyer; N. Koutsomarkos, dentist; N. Mikhis, lawyer; Z. Bekos, lawyer; Sot. Polyzos, farmer-cooperativist; D. Papavasileiou, professor of Higher Technical Education Centers; Th. Stathis, professor, Higher Education Schools; I. Floros, physician, KE member; A. Khondronasios, president, Nikaia Community.

LASITHION District

(3 chairs, 4 candidates, 4 announced)

G. Afordakos, university professor; K. Kondopodis, teacher; G. Bimblas, lawyer; E. Khatzinakis, teacher.

LESVOS District

(4 seats, 6 candidates, 6 announced)

D. Vounatsos, lawyer; Kaiti Sourou, artisan; E. Kiosklis, lawyer; G. Maliakas, lawyer; K. Pelekos, dentist; Kh. Pandelaroudis, teacher.

LEVKAS District

(1 seat, 2 candidates, 2 announced)

G. Ktenas, physician; V. Palmos, physician.

MAGNISIA District

(6 seats, 8 candidates, 8 announced)

G. Doxopoulos, lawyer; P. Zakolikos, lawyer; St. Kotsfras, teacher, D. Kostas, teacher; V. Matsangos, mechanic; D. Pitsioris, mechanical engineer; G. Pappas, merchant; Dina Papastefanou, teacher.

MESSINIA District

(6 seats, 8 candidates, 8 announced)

Ismini Gyftaki, teacher; F. Koutsikas, lawyer; Ap. Bouloukos, retired officer; D. Samios, farmer-cooperativist; V. Tsapogas, lawyer; G. Tsonis, civil engineer; A. Filippopoulos, physician, Khr. Kharalambopoulos, retired officer.

XANTHIA District

(3 seats, 4 candidates, 3 announced)

Kh. Atmatzidis, artisan; N. Georgiadis, former employee, Greek Tourist Organization; Orkhan Khatzibriam, lawyer.

FIRST PIRAEUS District

(8 seats, 10 candidates, 10 announced)

G. Axarlis, merchant marine officer-syndicalist; K. Kanavakis, lawyer; G. Kasimatis, lawyer; Kalliopi Bourdara, sociologist; Em. Beteniotis, lawyer; A. Dendidakis, lawyer; I. Papaspyrou, economist, KE member; K. Stratinakis, economist; K. Khristopoulos, customs inspector; D. Khondrokoukis, retired officer.

SECOND PIRAEUS District

(8 seats, 10 candidates, 10 announced)

V. Astrakos, syndicalist; D. Diamandidis, merchant; P. Kritikos, lawyer; G. Massavetas, journalist, M. Merkouri, actress, KE member; G. Niotis, lawyer; E.

Pendaris, merchant marine captain; G. Paidakakis, syndicalist, KE member, Khr. Fotiou, lawyer; G. Khaskas, lawyer.

PELLA District

(5 seats, 7 candidates, 7 announced)

D. Giatanidis, farmer, KE member; S. Kekhagiglou, physician; G. Paskhalidis, civil engineer; G. Petsos, economist; D. Papadimitriou, sociologist; K. Siganidis, lawyer; A. Tsandis, lawyer.

PREVEZA District

(2 seats, 3 candidates, 3 announced)

Sp. Katiniotis, lawyer; Khr. Maleskhos, civil engineer; Kal. Papakhristos, physician.

RETHYMNI District

(3 seats, 4 candidates, 4 announced)

Kharil. Georgakakis, employee; M. Loukakis, civil engineer; G. Perakis, lawyer; S. Sbokos, civil engineer.

SAMOS District

(2 seats, 3 candidates, 3 announced)

G. Kallergis, physician; St. Margaronis, dentist; N, Khoulis, civil engineer.

SERRAI District

(8 seats, 10 candidates, 10 announced)

E. Anthopoulos, lawyer; V. Vasilakakis, veterinarian; G. Georgoulas, lawyer; A. Diamianidis, lawyer; G. Theodoridis, lawyer; V. Intzes, electrical engineer, KE member; A. Kalogerakis, farmer-cooperativist; A. Papadopoulos, lawyer; V. Pazarlis, lawyer; P. Skemberis, pharmacist.

TRIKALA District

(5 seats, 7 candidates, 7 announced)

K. Alexiadis, lawyer; G. Vardoulis, physician; I. Kambagiannis, lawyer; D. Mantzaris, lawyer; Th. Mernditis, dentist; Kh. Oikonomou, physician; A. Balantzas, retired officer.

FTHIOTIS District

(6 seats, 8 candidates, 7 announced)

Khr. Karageorgiou, journalist; G. Kyriopoulos, artisan; Th. Batsos, lawyer; N. Papaspyris, agriculturist; Evang. Staikos, lawyer; G. Sakellariou, lawyer; K. Tsirimokos, lawyer.

FOKIS District

(2 seats, 3 candidates, 3 announced)

F. Arvanitis, entrepreneur; Bakogiannis, lawyer; Ar. Sissouras, university professor.

KHALKIDIKI District

(3 seats, 4 candidates, 4 announced)

V. Evangelinos, lawyer; G. Bogdanos, mineralogist; Z. Xanthopoulos, civil engineer; G. Stogiorgis, lawyer.

KHANIA District

(4 seats, 6 candidates, 6 announced)

G. Varkaris, physician, KE member; A. Gazis, lawyer; I. Mikhelogiannis, lawyer; N. Malindretos, lawyer; G. Prasiankis, lawyer; M. Skoulakis, physician.

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CSO: 4621/111

KKE-INTERIOR CANDIDATES LISTED

Athens TO VIMA in Greek 17 Sep 81 p 7

/Text/ KKE-Interior announced the following candidates in the First Thessaloniki District:

1) Manolis Anagnostakis, poet; 2) Thomas Vasileiadis, member, Salonica Municipal Council, civil engineer; 3) Theano Veneti, secretary of the Associated Political Refugees of Northern Greece; 4) Panos Dimitriou, member of the KKE-Int. Central Committee Executive Council; 5) Thodoros Kaselis, employee, KKE-Int. Central Committee member; 6) Kostas Koutsomytelis, member of the Central Council of the Greek Communist Youth /EKON/ "Rigas Ferraios," Salonica branch secretary, medical student; 7) Thanasis Papadopoulos, journalist, KKE-Int. Central Committee member; 8) Kostas Papatheodorou, member, Salonica Municipal Council, architect; 9) Alekos Papalexiou, former EDA deputy from Salonica, KKE-Int. Central Committee member; 10) Alekos Petridis, member, EKON "Rigas Ferraios" Central Council, law student; 11) Morfis Stefoudis, metal worker, syndicalist; 12) Giorgos Triandafyllidis, lawyer, former Salonica Municipal Council president; 13) Kaiti Tsaroukha, agriculturalist; and 14) Levteris Khalvatzis, secretary of the Salonica Party Organization, private employee.

7520
CSO: 4621/7

KKE ANNOUNCES COMPLETE LIST OF CANDIDATES

Athens RIZOSPASTIS in Greek 20 Sep 81 pp 3, 4

/Text/ The electoral KKE tickets represent battle slates for a true change. Their composition represents truly and authentically the popular mandate for a complete delivery of the country from the Right for chartering a new direction in the country's progress.

The tickets represent five generations of fighters of our national resistance; of the 114 /1950's law restricting communist activities/; of the anti-dictatorial Polytechnic School struggle; and of today's struggles by workers and the people. All of them embrace specific principles and political directions, fighters all for a change without "ballot riggings," without presumably necessary reconciliations, "maneuverings" and retreats. Persons well-known to the working people, to the fighters for democracy and to the leftists compose an aggressive, united ballot. They have participated in all the people's struggles for many years.

It is the only ticket which deservingly represents the fighting Greek Left. In addition to the KKE cadres--who are fighting responsibly for the unification of the historic leftist front--the ticket includes leaders in the broader progressive area. Among them are Mikis Theodorakis, Kostas Nasis, Makis Trikoukis, Bost and others. Many others who are not on the ticket for various reasons are supporting the KKE candidates, are heading election committees and are working hard for the success of the party's election goals.

The KKE slates represent the working class and all working people. They include workers experienced in all class struggles, able syndicalists, cooperativists, and farmers. In contrast to the tickets of other parties which include mostly businessmen, representatives of the middle class, industrialists and shipowners, the KKE ballot abounds in workers, employees and farmers as well as professionals, tradesmen, craftsmen, etc. KKE, the party of the working class, gives precedence to its representatives (about one third of the total).

It is a ticket of our proud youth, because KKE believes that the new generation can and must participate massively in the popular struggles, providing all their freshness and dynamism. KKE is the party which embodies the youth's dreams for a new world. It is the party of youth. Many representatives of the struggling youth appear on the party's ballot: Maria Damanaki, Giorgos Stamatakis, former president of the National Student Union of Greece /EFEE/, Triandafyllos

Dravaliaris, presently a member of the EFEE Administrative Council, Panagiotis Sofos, president of the VIAMAX union, Thanasis Ballomenos, president of the textile workers, Takis Kharitos, secretary of the University of Salonica Student Union, Dimitris Arkhondis, architect and member of the Karditsa Municipal Council and many others.

The KKE ticket includes outstanding men of arts and letters--many professionals and artists who found a source of inspiration in the people and their struggles. It includes many women--a proof of the party's fight for equality and for the emancipation of half the country's population.

The Euro-deputies

Similar is the party's ticket composition as concerns the candidates for the European Council. It includes experienced syndicalist cadres and professionals. It is indeed an agressive ticket which guarantees that our representatives in the European area will fight steadily against the consequences resulting from the induction /into the EEC/.

Among them is Vasilis Eframidis, a devoted fighter known for his aggression in the predictatorship Chamber of Deputies and Takis Adamos, journalist, editor-in-chief of RIZOSPASTIS. Also there are representatives of the younger generation of fighters such as Alekos Alavanos, Giorgos Delastik, Makis Trikoukis, lawyer and expert on European problems, former member of the EDA executive council and a worker of the Left who works diligently for unity and others.

The representatives of the working people represent one fourth of the ticket for the European Council. Among them are: M. Pytharoulis, president of the United Anti-dictatorial Labor Movement-Cooperating, Dimos Koutoliotakis, president of the LARKO union, Nikos Tzanidakis, secretary general of the Federation of Construction Workers, and Professor Giorgos Panitsidis, specialist in agrarian problems.

The KKE ticket represents a continuation of the people's struggles. Along with the national resistance fighters are many former deputies, cadres of the predictatorship EDA and representatives of the Polytechnic School generation. It represents the struggle of whole decades--unyielding, unwavering, unambivalent and involving many heavy sacrifices--for national independence, democratic normalcy, popular freedoms.

KKE has given the call for ousting the Right, for achieving a great parliamentary majority of all forces of change--a majority which will be able to form a strong democratic government. As of today, the battle for ballots begins--the daily, persistent, systematic work from house to house in order for the party's slates to reach everywhere. The times do not allow for the least delay or postponement. Only the participation of KKE in the second distribution /of votes/ can guarantee the defeat of the Right, can bring about a strong majority in favor of change and a democratic government which will guarantee the end of the diversionary actions and undermining actions of the reactionaries. This can be achieved because KKE represents "stability in the positions for change, the aggressive coherence

and organization, the responsible policy for unity, the efficiency for mobilizing the people, the heroic traditions" (from the electoral announcement by the KKE Central Committee). /The list of KKE candidates by districts is as follows:/

FIRST ATHENS DISTRICT

Leonidas V. Avdis, lawyer, vice president of the Athens Bar association; Paraskevas K. Velissaris, accountant, former member Athens Municipal Council; Evstratios E. Voulamakis, craftsman, president, Panhellenic Federation of Dry Cleaners and Dyers, vice president of DIKEVE /expansion unknown/; Triandafyllos P. Dravaiaris, student, member EFEE Central Council; Giannis S. Epitropou, private employee, syndicalist; Eleni P. Xenou, teacher; Anastasios A. Kapralos, Olympic Airlines employee, secretary general of the Olympic technicians' union; Soula A. Karanika, accountant, counter-revolutionary; Maria N. Kefalinou, worker, president, Ready-Made Dress Workers' Union; Thomas A. Kougiangas, physician; Kostas Th. Marangoudakis, accountant, president, Panhellenic Federation of Accountants; Mendis (Bost) Bostanzoglou, journalist, cartoonist; Georgios E. Papavasileiou, worker; Ilias G. Papamikhail, pharmacist, vice president, Panhellenic Association of Pharmacists; Giorgos Kh. Sarris, construction worker, alternate secretary general of the Construction Workers' Federation; Giorgos L. Stamatakis, lawyer; Foivos S. Tsekeris, member of the Technical Chamber of Greece /TEE/, Disciplinary Council; Aimilia K. Ypsilandi, actress, president, Greek Actors' Association; Grigoris K. Farakos, electrical engineer, deputy; Stavros Khatzistefanidis G. Stavros, tradesman, president, Attiki Artisans, Tradesmen and Shopkeepers' Union.

SECOND ATHENS DISTRICT

Kharilaos Florakis; Giorgos N. Andonakakis, stage producer; Lambros I. Artavanis, worker, president, shoemakers' union; Despoina T. Venetsanopoulou, retired worker, vice president, Federation of Social Insurance Foundation-Social Insurance Organizations' Pensioners; Maria Th. Damanaki, chemical engineer, deputy; Litsa Kh. Doudoumi, mechanic; Giannis G. Theonas, senior employee of the Greek Tourist Organization /OTE/, syndicalist; Kostas V. Kappos, economist, deputy; Manolis K. Karystianos, taxi driver, member of the "ALIMOS-ENOTITA" administrative council; Themistoklis P. Karras, physician; Nikos A. Kyriazopoulos, private employee, Aigaleo Municipal Council member; Lazaros S. Kyritsis, lawyer, Zografos Municipal Council member; Dimitris M. Lazaridis, historian, Kaisiariani Municipal Council member; Diamandis Z. Mavrodoglou, construction worker, president, Federation of Construction Workers, deputy; Pavlos I. Mikhailidis, civil engineer; Thanasis S. Balomenos, worker, president, Textile Workers' Union; Kostas Kh. Nasis, cadre of the Agrarian and Cooperative Movement, president Pan-Ipeirotic Federation; Evanthia F. Daikou, lawyer; Manolis M. Panagiotakis, mechanic, Public Power Corporation /DEI/ employee member of the DEI-GENOP /expansion unknown/ Union administrative council; Mariana G. Papoutsopoulou, professor, syndicalist; Agamemnon C. Rakopoulos, entrepreneur-industrialist; Kostas G. Sakkos, dentist, former Ymittos mayor, member Ymittos Municipal Council; Panagiotis D. Sofos, worker, president of car chassis makers' union; Giannis I. Stavropoulos, president, "PROMITHEAS" worker-employees' union; Floros N. Farkonas, marble cutter; Thanasis I. Filias, electrical engineer, OTE deputy director, member of the OTE Engineers' Association and member TEE delegation; Giorgos Th. Psaliaopoulos, private employee, member Kallithea Municipal Council, secretary general, Greek-Soviet Association.

FIRST PIRAEUS DISTRICT

Andonios G. Ambatielos, maritime worker; Aristotelis N. Arapis, physician, radiologist; Nikolaos M. Bistis, president, Piraeus Cinema Club; Ioannis I. Daoundakis, president, Piraeus electro-solderers' union; Konstandinos I. Patidis, civil engineer, member, Piraeus Municipal Council; Dimitrios N. Salpeas, physician, syndicalist; Margarita G. Sapoutzaki, philologist; Dimitrios A. Souliotis, merchant marine wireless operator, president of Maritime Workers' Syndicalist Movement, Piraeus Municipal Council member.

SECOND PIRAEUS DISTRICT

Ioannis E. Vafidis, philologist; Timotheos Th. Gerakis, worker, syndicalist, Perama Municipal Council member; Mikis Theodorakis [composer]; Nikosaos A. Themelis, civil engineer, assistant to Korydallos mayor, member of the Korydallos Municipal Council; Thodoros N. Nikolaidis, chemist, member of the Piraeus Union of the Greek Advertising Enterprises, member, Parent-Guardians' Association; Nikandros M. Kepesis, private employee, deputy; Dimitra K. Kalogiros, dentist, Salamis nomarchy counselor, president Salamis Women's Association; Evangelos P. Xenos, member, KHROPEI Workers' Union administrative Council, member, United Anti-dictatorial Labor Movement [ESAK-S] administrative council; Eleni Th. Papadopoulou, employee, Keratsini Municipal Council member; Drigorios L. Touglidis, merchant marine engineer, assistant secretary, Panhellenic Merchant Marine Engineers [PEMEN].

REMAINDER OF ATTIKI NOME

Nikos Angelopoulos, steel worker, vice president, Elevsis Labor Center; Grigorios Aliferis, engineer, president, Menidi Municipal Council; Thodoros Kaklamanakis, economist, member Glyka Nera Community Council; Thanasis Levendis, neurosurgeon; Vasileios Boufidis, agriculturalist-poultry raiser; Stergios Panagos, president, Ano Lisia Municipal Council, mechanic-printer; Kostas Papapolykhroniou, president, Aspropyrgos Municipal Council; Ioanna Stergiou, working student, social worker at N. Palatia of Oropos.

FIRST THESSALONIKI DISTRICT

Athanasios D. Giannousis, lawyer, president Salonica Municipal Council; Ioannis I. Katsaros, worker, vice president, Northern Greece Wearing Apparel Workers' Union; Evstratios G. Kounias, university professor, vice president EDYETH [expansion unknown]; Konstandinos S. Levendis, accountant, vice president, Panhellenic League of Professional Soccer Players; Konstandinos I. Moskof, historian, author, president of the Salonica branch of KME [expansion unknown]; Anastasios N. Nikolopoulos, president, Salonica Union of Shopkeepers-Cabinet-Makers; Khristos A. Parathyras, physician, president, Northern Greece-Thessalia Lung Disease Specialists' Association; Khristos I. Raftis, syndicalist, mayor of Ambelokipoi; Dimitrios D. Sakhinis, worker, syndicalist, deputy; Panagiota Khr. Sevasteiadou, physician, syndicalist; Niki Masoura-Triandafyllidi, actress, winner Kotopouli prize, Salonica festival, Ithaki festival; Georgios N. Tsitselas, construction worker, secretary general of the "Karavan-Serrai" union of construction workers; Sofia V. Frangi, president, Private Hospital Nursing Personnel Union; Dimitrios

A. Kharitos, student, University of Salonica Student Union /FEATh/ secretary general, member EFEE Central Council.

SECOND THESSALONIKI DISTRICT

Kyriakos S. Angelopoulos, private employee, president of the ELLENIT worker-employees' union; Eleni G. Iordanaki, accountant; Mikhail E. Karavelas, agriculturalist, president Thessaloniki Nome Farmers' Association; Sotiris G. Kostopoulos, professor; Nikolaos A. Karpoudis, professor; Stelios Khr. Patsalas, fruit and vegetable merchant; Dimitrios N. Pallas, farmer, syndicalist; Theodoros N. Primerakis, civil engineer; Vasileios I. Skandylas, private employee, president, Society of Vasilikioton of Salonica.

SERRAI

Khrysi A. Gongoglou, accountant; Dimitrios S. Theodoridis, agriculturalist, president, Serrai Farmers' Union, member, Confederation of Greek Farmer Unions; Iraklis L. Thomaidis, assistant electrician; Vasileios L. Ioannidis, farmer, member of the Serrai Farmers' Union Administrative Council; Ioannis L. Katsonis, worker, secretary Serrai ESAK-S; Athanasios Th. Papathanasiou, former deputy; Kharalambos Th. Sarandidis, textile worker, member, Textile Workers' Union administrative council, member of the Serrai Chapter of the Panhellenic Union of National Resistance Fighters /PEAEA/; Konstandinos G. Seirinidis, retired major; Georgios D. Sideris, dentist, secretary, Serrai Dentists' Association, member Serrai Municipal Council; Miltiadis P. Tamos, livestock breeder.

EVROS

Vasileios N. Koinakis, artisan; Orestis O. Kolozof, physicist; Kharalambos I. Kyriakidis, farmer, vice president of GPS /expansion unknown/, member, Evros Farmers' Union; Georgios S. Pondikakis, farmer, vice president Union of Didymoteikhon Agricultural Cooperatives /EGS/, member, administrative council of the Evros Nome Farmers-Livestock Breeders' Association; Ioannis P. Tsakiris, accountant; Nikolaos I. Tsinglas, pathologist; Dimitris A. Khondropoulos, farmer.

RODOPI

Athanasios K. Theodosiadis, private employee; Konstandinos A. Kambas, construction worker, member of the Construction Workers' Union administrative council, member, municipal council; Dimitrios Th. Keramevs, tailor; member administrative council TEVE pensioners' association; Nikolaos K. Kyriakidis, physician; Moustafa M. Moustafa, physician; Vasileios I. Fetzatzidis, lawyer.

KAVALA

Nikolaos A. Kairetis, craftsman, member, municipal council; Athanasios N. Koskiniotis, merchant, Kavala municipal council member; Grigoris I. Bakharis, accountant, municipal council member, president Accountants' Association; Theodoros Khr. Nestoridis, farmer, president Kavala Farmers' Union; Panagiotis V. Rodas, private employee, Kavala Farmers' Union representative and GESASE /expansion unknown/; Theodoros L. Khristidis, worker, member NESTOS Ceramic Workers' Union.

PELLA

Elevtherios S. Zenginis, farmer, president, Giannitsa Farmers' Union; Nikos I. Kompsopoulos, architect, city planner; Evthimios D. Malezas, lawyer, member Pella chapter of PEAEA; Ioannis N. Bonos, civil engineer, member Cultural Society Administrative Council; Nikolaos G. Papadimitriou, farmer, municipal council member; Iordanis A. Prousandidis, lawyer; Anna I. Teneketzi, designer, syndicalist.

IMATHIA

Konstandinos S. Georgiadis, agriculturalist; Loukas G. Kavalaris, worker, Naousa Municipal Council member; Eleni Th. Kokovidou, worker; Stavros G. Sirkos, construction worker, syndicalist; Georgios V. Taxiarkhopoulos, construction worker, president Construction Workers' Union, member of the Federation of Construction Workers' Unions Administrative Council; Ioannis Th. Khristodoulidis, accountant, member, Imathia Farmers' Union Administrative Council.

KOZANI

Anastasia Pafili-Gouma, student; Theodosis K. Kadoglou, mechanic, president Ptolemais Workers-Technicians' Union; Dionysios A. Karagiannis, accountant; Dimitrios Koulioufas, lawyer, secretary general of the Velvetinon Society in Salonica; Georgios Miltiangas, lawyer; Miltiadis S. Sarbanis, farmer, member Farmers' Union administrative council; Miltiadis N. Stefanidis, farmer, vice president, Farmers' Union in Voion Province.

XANTHI

Polykarpos S. Amaxopoulos, construction worker, secretary Xanthi chapter of ESAK-S; Nikolaos A. Zakhos, civil engineer; Ioannis S. Tsokalidis, worker; Nazif R. Ferkhat, dentist.

DRAMA

Ioannis I. Gindis, private employee; Diogenis A. Liambrianidis, private employee; Dimitrios G. Papadopoulos, civil engineer; Ioannis A. Patkas, student.

KILKIS

Epameinondas,A. Apostolidis, farmer; Fotios D. Georgiadis, mechanical engineer, foreman; Khristoforos A. Tzatzos, accountant, secretary, Salonica Worker-Employees' Union; Ioannis A. Kharatsiadis, lawyer.

KHALKIDIKI

Khristodoulos G. Vasilakis, construction worker, secretary, Khalkidiki Labor Center; Dimosthenis V. Matsioris, lawyer; Nikolaos M. Samaras, accountant; Dimitrios E. Stavrinos, dentist.

PIERIA

Khristos Th. Ananiadis, farmer, municipal council member; Andonios D. Goularas, lawyer, member KME [expansion unknown]; Anthi N. Mouroudi, housewife, member, Pieria Women's Association administrative council; Kharilaos L. Bousios, agrarian cadre, former deputy.

FLORINA

Smaro M. Menctaki, accountant; Ioannis D. Papaioannou, worker; Kosmas A. Foundoukidis, professor.

GREVENA

Savvas P. Gavriilidis, civil engineer, Veroia Municipal Council member, representative of Central Union of Municipalities and Communities of Greece [KEDKE]; Khristos I. Stamboulidis.

KASTORIA

Konstandinos G. Papafilippou, dentist; Konstandinos P. Serafeim, lawyer.

IOANNINA

Georgios Zoidis, professor; Elevtherios Zolas, lawyer; Khristos Kalaitzis, farm activist; Ermioni Karakhaliou Bletsa, civil engineer; Kostas Papoulias, tradesman, president of Ioannina Tradesmen's and Craftsmen's Federation; Vasileios Sioutis, construction worker; Apostolos Tasioulas, physician.

THESPROTIA

Konstandinos Vasilokostas, dentist; Aristeidis Maretas, construction worker; Georgios Bounias, house painter.

ARTA

Spyridon Zarkalis, tradesman; Nikolaos Papakostas, physician; Lambros Skoumblas, farm activist; Eleni Tsoumaka, architect.

PREVEZA

Evripidis Afendoulis, civil engineer; Markos Kaskanis, farm activist; Ioannis Samandas, civil engineer.

LEVKAS

Gerasimos Aravanis, pharmacist; Georgios Vretos, worker.

KERKYRA

Panagiotis Anemogiannis, hotel employee, union secretary; Spyridon Boikos, farm activist; Sokratis Papadatos, worker; Spyridon Tryfonas, president Kerkyra Grocers' Union.

LARISA

Konstandinos G. Gerogiannis, lawyer; Nikos I. Genas, worker; Khristoforos N. Damanis, property owner, assistant to Larisa Mayor; Konstandinos Koudas, professor; Konstandinos D. Loules, lawyer, deputy; Nikolaos I. Milionis, lawyer, secretary Larisa Peace Committee; Andonios I. Skylakos, lawyer; Vasileios L. Tousias, agriculturalist, president Larissa Agrarian Unions, farm activist; Ioannis M. Khotos, worker, president Larissa Labor Center.

MAGNISIA

Andonios D. Vaitsis, construction worker, president Construction Workers' Union; Aikaterini N. Doumbioti, professor; Nikos S. Kaloudis, seaman, deputy; Konstandinos E. Katsalis; Mikhail I. Papadamos, counter-revolutionary; Panagiotis T. Skotiniotis, lawyer; Ioannis Th. Tsaloukhas, construction worker, syndicalist; Konstandinos N. Khatziargyris, journalist, author.

TRIKALA

Stefanos K. Zygorakis, pharmacist; Minas K. Makris, worker, syndicalist; Nikolaos G. Makris, civil engineer; Georgios A. Bousias, civil engineer; Dimitrios F. Papanikolaou, lawyer, former deputy; Dimitrios Th. Polyzos, farm activist, secretary Trikala Farmers' Union; Ioannis V. Ritsos, president Trikala Farmers' Union.

KARDITSA

Dimitrios N. Arkhondis, architect, member Karditsa Municipal Council; George K. Vasardanis, civil engineer; Alexandros P. Kanderes, physician, Dimitrios Evkogias, dentist; Apostolos K. Papandreou, construction worker; Ioannis K. Rakhmanis, farm activist; Khristos K. Filippou, former deputy, mathematics professor.

FTHIOTIS

Vasileios Kolovos, actor; Maria Kogronis, housewife; Georgios Moraitis, journalist-author; Khristos Oikonomou, industrial worker; Georgios Polykandriotis, assistant engineer, public works contractor; Khristos Rakhiotis, lawyer; Athanasios Tsaros, craftsman; Dimitrios Fitsios, lawyer.

VOIOTIA

Ioannis Kandiliotis, industrial worker, president Thivai Labor Center; Georgios Kastritis, industrial worker; Loukas Liakos, lawyer; Andreas Loizos, lawyer; Dimitrios Selianitis, lawyer; Georgios Stroumboulos, worker.

FOKIS

Panagos Koutoulas, journalist; Ioannis Panagis,industrial worker; Ioannis Triandafyllou, physician.

EVRYTANIA

Stavros Mandis, worker; Georgios Tsamis, accountant.

EVVOIA

Khristos Angelou, construction worker, union president; Apostolos Varsamis, worker; Dimitrios Zygouris, civil engineer; Georgios Liaskos, industrial worker, farmer; Elisavet Papadopoulou, farmer; Dimitrios Stolidis, worker, farmer; Ioannis Tsongas, tradesman.

AKHAIA

Vasileios P. Asproulias, Patrai Municipal Council member; Khristos D. Grekiotis, dentist; Dimitrios N. Desyllas, agriculturalist, GESASE general secretary; Panagiotis A. Kosionis, physician, member Patrai Medical Association; Spyridon P. Koutsouvelis, employee, president, Wine Industry Worker-Employees' Union; Athanasios D. Loulemis, member Metal Workers' Union; Ilias V. Papastergiopoulos, lawyer, author, member PEAKVA [expansion unknown] Executive Council; Nikolaos K. Skartsiaris, worker, member executive secretariat of Construction Workers' Federation, member administrative council of Patrai Labor Center; Panagiotis Kh. Stathatos, Patrai Municipal Council member; Georgia L. Khanoumidou, housewife, Patrai Municipal Council member.

AITOLOAKARNANIA

Ioannis S. Kotopoulis, farmer, second secretary general of the Aitoloakarnania Federation of Farmers' Unions; Khristos A. Koufakis, tradesman; Gerasimos P. Kylafis, engineer; Ioannis A. Masaoutis, lawyer, member of Mesolongion Municipal Council; Takis Th. Bakothymios, worker, syndicalist, president of Aitoloakarnania Operators' Union; Zoi Doutsiou-Daouli, professor of English; Giorgos E. Papapetros, economist; Khristos K. Prionas, lawyer; Nikolaos Th. Sinis, counter-revolutionary; Georgios D. Stavrakis, worker-syndicalist.

ILEIA

Kharalambos A. Alexandropoulos, painter, counter-revolutionary; Ioannis G. Theodoropoulos, agriculturalist; Ioannis S. Korovesis, dentist, Spyridon K. Lambrinos, physician, member Amalias Municipal Council; Dimitrios G. Papalexopoulos, lawyer-counter-revolutionary; Konstandinos D. Tziatzis, lawyer; Georgios P. Tsitsos, worker, member Construction Workers' Federation administrative council and Pyrgos Labor Center council; Fotios Kh. Flevotomos, tradesman Amalias Municipal Council member.

KEFALLINIA-ITHAKI

Kharis G. Gaitanidis, civil engineer; Tilemakhos A. Karavias, journalist; Gerasimos D. Stefanatos, journalist.

ZAKYNTHOS

Ioannis Kh. Gousetis, lawyer; Dionysios G. Sigouros, president, Zakynthos Farmers' Union.

LAKONIA

Ilias Georgakos, engineer; Paskhalis Doumanis, engineer; Fondas Ladis, journalist; Andonios Batsakis, chemist; Panagiotis Petropoulakis, farmer; Panagos Frangis, dentist.

MESSINIA

Dimitrios Varelas, accountant; Vasilis Venetsanopoulos, counter-revolutionary; Ilias Georgopoulos, physician; Nikos Makropoulos, professional; Fotios Pandazopoulos, farmer, president Farmers' Union; Petros Tsapralis, worker; Georgios Tsokas, lawyer; Sofia Filndisi, novelist.

ARKADIA

Georgios Alexogiannis, surveyor; Georgios Vasilopoulos, worker, member, N. Ionia of Athens Municipal Council; Panagiotis Vemos, mathematician; Telis Gondikas, worker; Ioannis Kotsiras, Areios Pagos lawyer; Dimosthenis Marangos, accountant; Ioannis D. Roussos, mathematician.

ARGOLIS

Konstandinos Vrettos, physician; Evangelos Gladoukhos, tradesman, Georgios Parianos, lawyer; Leonidas Rozikas, farmer.

KORINTHIA

Alekos Papageorgiou, retired officer (president of repatriated political refugees); Nikolaos Pierros, worker; Dimitrios Rigas, industrial worker, member Loutraki Labor Center; Thanasis Spanos, student.

LESVOS

Konstandinos Vasalos, employee, deputy; Evstratios Korakas, economist; Andonios Lianos, construction worker, syndicalist; Evstratios Palis, pharmacist; Dimokritos Sakellaridis, physician; Maris Bournou Frangiadaki, housewife.

SAMOS

Garyfalia Ritsou Georgiadou, physician; Andonios Malafaris, lawyer; Evstratios Tsambis, seaman.

KHIOS

Georgios Georgitsis, wireless operator; Dimitrios Paneris, construction worker; Nikolaos Pyknis, worker.

KYKLADES (Islands)

Dimitrios Aaron, geologist; Evangelos Kyritsis, composer; Mikhail Liaroutsos, public employee, member of Kaisariani Municipal Council; Evthimios Mavris, merchant; Dimitrios Milas, worker; Georgios Khatzikonstandis, worker.

DODEKANISOS

Ilias Kamateros, architect; Emmanouil Lergos, private employee; Panagiotis Mikhailidis, businessman; Mikhail Boulafendis, merchant; Paraskevas Foundourakis, 40-41 war veteran.

IRAKLEION

Georgios Matthaiakis, lawyer; Georgios Messaritakis, worker, Construction Workers' Union president; Ioannis Moudatos, tradesman; Stelios Orfanos, civil engineer; Mikhail Spyridakis, physician; Daniil Syndazakis, agriculturalist; Theofilos Troulinos, civil engineer; Maria Khoustoulaki, hotel employee.

KHANIA

Elevtherios Iliakis, journalist; Ioannis Kondoudakis, professor; Andonios Palomenakis, lawyer; Ioannis Bombolakis, tradesman; Kostoula Moundaki Papadaki, public employee; Konstandinos Khiotakis, physician.

RETHYMNI

Maria Langouvardou, lawyer; Alexandros Mathioudakis, tradesman; Ioannis Stathakis, economist; Nikolaos Stavrakis, farmer.

LASITHION

Ioannis Dragarakis, economist; Dimitrios Kounenakis, economist-accountant; Ioannis Sifakis, lawyer; Khristoforos Khaniotakis, teacher-farm activist.

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PROGRESSIVE PARTY CANDIDATES LISTED

Athens TO VIMA in Greek 17 Sep 81 p 7

/Text/ The Progressive Party announced yesterday the first list of 103 candidates in 31 districts:

FIRST ATHENS /DISTRICT/

Spyridon Markezinis; Georgos Alexiadis, lawyer, former minister, former National Radio Institute director; Ilektra Skrivanou-Vasileiadou, novelist-author; Andonios Vogiatzis, lawyer; Alexandros Voultsos, former deputy, former minister; Ilias Glykofrydis, former vice president of the State Council, Police School professor; Georgios Dimitriadis, industrialist-publisher; Konstandinos Thanos, assistant professor, economist, former minister, former Bank of Greece assistant governor; Platon Kazakos, retired navy officer; Andonios Margaronis, electrical engineer; Aristeidis Myrogiannis, craftsman, president of the Athens-Piraeus Furriers, member, Athens Chamber of Craftsmen; Petros Nikolopoulos, retired general, honorary chief, General Army Staff, director of the Greek Democratic National League operations; Apostolos Papageorgiou, lawyer, former minister, former Ministry of Justice secretary general; Eva Sifnaiou, Greek Red Cross volunteer during the guerrilla war; Akhilleus Tagaris, retired lieutenant general, former Patrai University president; Dimitrios Trandas, retired colonel; Kyriakos Sardonis, merchant marine engineer.

SECOND ATHENS

Thanos Kapsalis, economist, former minister; Nikolaos Argiannis, lawyer; Panagiotis Arfanis, retired navy officer; Fotios Gouras, civil engineer; Marios Gryparis, electrical engineer; Georgios Davakis, retired air force officer, lawyer; Spyridon Zournatzis, lawyer, former deputy minister; Alexis Kaklamanos, painter; Spyridon Katsotas, retired senior officer, former deputy minister, former deputy; Vasileios Liakopoulos, lawyer; Nikolaos Mallios, lawyer, former Ministry of Labor secretary general; Angelos Dondos, retired cities police deputy chief; Dimitrios Pazarlis, syndicalist, Greek Craftsmen's and Tradesmen's Fund; Georgios Passla, lawyer; Konstandinos Panagiotopoulos, merchant marine captain; Omiros Papadopoulos, retired colonel, aide-de-camp to Grivas-Digenis, president Panhellenic League of Fortress Fighters; Nikolaos Papanikolaou, novelist; Ippokratis Savvouras, veterinarian, former deputy; Vasileios Tambakis, retired air force officer, secretary general of the Greek General Confederation of Labor; Vasiliki Khavdoula, journalist.

ARGOLIS

Dimitrios Ioannou, lawyer; Dimitrios Bastounis, accountant; Dimitrios Skouteris, lawyer.

ARKADIA

Aristeidis Dimopoulos, lawyer; Triandafyllos Panagopoulos, retired brigadier general; Theodoros Papanidolaou, former school inspector.

REST OF ATTIKI [Nome]

Konstandinos Liotis, chemist, former teacher, "Ikaros" schools; Petros Rokkas, lawyer; Dimitrios Sofos, lawyer.

AKHAIA

Takis Georgakopoulos, insurance agent; Andreas Mandrekas, industrialist; Khristos Mikhalos, former minister; Panagiotis Nikolaidis, retired colonel; Nikolaos Pliakas, former director of farmer cooperatives.

VOIOTIA

Spyros Floros, lawyer.

GREVENA

Kostas Saripapas, former nomarch.

EVVOIA

Katerina Papakonstandinou, housewife; Dimitrios Pleionis, private employee.

EVRYTANIA

S. Kallioras.

ILEIA

Loukia Kalogeropoulou; Georgior Karameros, retired brigadier general.

THESPROTIA

Kimitrios Koutsokostas, civil engineer.

IOANNINA

Vasileios Kappis, lawyer; Ioannis Barmbas, former Greek Tourist Organization director; Georgios Toskas, journalist.

KARDITSA

Andonios Papadopoulos, retired officer; Khristos Khristodoulou, veterinarian.

KEFALLINIA

Stylianos Simitzis, retired brigadier general.

KOZANI

Georgios Konstandinidis, lawyer.

KORINTHIA

Dimitrios Andoniou, retired major general; Themistoklis Kyriakopoulos, retired major general; Konstandinos Negris, lawyer.

KYKLADES /Islands/

Vasileios Kalavros, property owner.

LAKONIA

Spyros Tzinieris.

LARISA

Georgios Douvalopoulos, former minister.

LESVOS

Georgios Vogiatzis, lawyer; Elevtherios Katsanis, private employee.

LEVKAS

Khristos Doukatas, entrepreneur.

MAGNISIA

Khristos Grisiotis, dentist; Apostolos Zambalos, entrepreneur; Panagiotis Koutsoukos, retired officer; Athanasios Bisdas, property owner; Vasiliki Paikoudi, housewife.

MESSINIA

Aristeidis Albanis, merchant; Dimitrios Nikolitseas, journalist, Emmanouil Nikolopoulos, former nomarch, lawyer; Ioannis Xidopoulos, former minister, lawyer; Nikolais Panagiotopoulos, lawyer; Nikitas Polykhronopoulos, retired lieutenant general; Elevtherios Totsis.

FIRST PIRAEUS

Theodoros Kyragiannis, entrepreneur; Konstandinos Panagiotakos, former minister, ambassador; Emmanouil Pergamalis, shipbuilder.

PREVEZA

Dimitrios Liondos, Cities Police deputy chief.

TRIKALA

Sotirios Belesiotis, retired brigadier general; Khristos Papamikhail, farmer; Ioannis Tassias, lawyer.

FTHIOTIS

Khristos Karaiskos, lawyer; Nikolaos Laspias, tax expert; Evangelos Papastavrou, retired officer.

FLORINA

Andreas Metallidis, assistant professor; Lazaros Mostakis, teacher.

FOKIS

Panagiotis Kakanas, technician.

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DEMOCRATIC UNION ANNOUNCES PLATFORM

Athens TO VIMA in Greek 17 Sep 81 p 7

/Text/ In a joint press conference yesterday, Party of Democratic Socialism /KODISO/ Chairman I. Pesmazoglou and Agrarian and Workers' Party /KAE/ Chairman Al. Baltazis announced the platform of the Democratic Union /KODISO-KAE merged/. The platform's preamble states the following:

"The Democratic Union /DE/ is struggling for a just, progressive and dignified society based on the principles of socialism and democracy.

"In the 18 October 1981 elections DE sees the timely, historic moment for terminating the long sovereignty of the single-party rule by the Right and of the reactionary forces; it sees the path opening for progress and justice, for the establishment of a new social understanding and the consolidation of democracy in new institutions for the protection of the citizens and human rights. To safeguard progress toward democratic socialism it is necessary to have a government of change based on democratic cooperation and broad popular consent. Only thus will democratic stability be ensured. The state's prestige will be restored domestically. The trust in the political leadership will be consolidated. The country's international standing will be strengthened. And the Greeks will create conditions for achieving a better life.

"For this great social change, for opening the path toward democratic socialism, the Greek people will cooperate with their natural allies, all European workers."

The text of the platform includes in part:

1. Democratization of the State. The present state of the Right is the greatest obstacle to democratic socialistic reforms. A basic prerequisite for reforming the institutions is the existence of a state of trust. The guardianship exercised on the social life by the state-party relationship must be terminated.

The control of the state machine must be exercised by local agencies representing all social forces. Decentralization and participation in the decision-making process are the main levers for the state's democratizations.

Believing in the need for national reconciliation we ask that the National Resistance of all Greeks who fought the conquerors be recognized.

Our basic demands for cleansing the country's political life are:

a. Establishment of a permanent electoral system based on the simple proportional.

b. The [state] radio and television should guarantee equal appearance and treatment of the parties.

c. The campaign expenses of parties and candidates should be controlled; the functional expenses of parties should be subsidized by the state.

d. Democratization and modernization of the Chamber of Deputies' regulations; the role of the chamber in the state's operation should be elevated.

2. Modernization of the State Machine. The revamping of the state machine does not mean only rational organization. It must be outside the influence of the parties; favoritism by leaders must be eliminated; and the use of the state authority for serving personal interests should stop.

3. National Foreign Policy. The basic axis of Greek foreign policy must be its European orientation which is in line with the social transformation, the development and the progress of the country.

Greece, a permanent member of the European community, is strengthening its international position and broadens the field for the development of relations with the East European, Balkan and Arab world.

The NATO-Greece relationship should be monitored on a permanent basis in order to ascertain if it is in line with our national interest.

The operational control of the Aegean air and sea space by the Greek Armed Forces is of vital importance for the security of all Greece. This is a decisive point in our relations with NATO and it is indispensably connected to the operation of foreign bases in our country. The foreign bases now operating in our country must be subject to full and meaningful national control until conditions make their removal possible. Safeguarding our national sovereignty and integrity in the Aegean and coping with Turkish expansionism dictate a high level of defensive ability and additional financial burden.

We declare the full support and cooperation of Greece with the Republic of Cyprus.

4. Social and Economic Development. Economic development is not a goal in itself, cut off from the people.

We believe in the need to use to best advantage human labor in an economic organization of different quality--an economy which will support a different quality of life.

We are struggling for a new agrarian reformation which will provide:

Support of the family property and the safeguarding of the family cultivations with modern, viable farm products. We are basically against any schemes which

would change the free Greek producers into sharecroppers with the bureaucrats as their new bosses.

The basic element of the industrialization policy will be the social control which will be exercised with the participation of the elected representatives of workers and employees; the anti-democratic laws which limit free unionism will be abolished.

The merchant marine is a dynamic avant garde to the economic development of our country. A central objective for its development is the programmed and subsidized renewal of our merchant fleet; the assistance to modern shipbuilding and repairing industry; the complete improvement of work conditions; and improvement of seamen's compensation.

The public sector is the decisive lever for the developmental policy. It is necessary to activate it in four main sectors: public works, energy, transportation-communication and banks.

5. Social Justice. Social justice means full and just compensation of work, social security, social housing and social health. For this reason the working people must participate in the decisions which concern work conditions, social insurance and health institutions and social housing.

The income policy, in conjunction with a fair price policy must ensure not only social insurance but also the social daily wage which includes social insurance, housing and social health.

Our objective is to establish a national health program which will offer free health services to the people. It is imperative that a National Insurance Program be established under a single agency which will satisfy the aforementioned services. The implementation of the national program for free health services by the state and for a just social insurance will be gradual.

6. Education--Culture--Environment. The education of free men starts before the official education program. Education is not limited to providing knowledge. On the contrary, it aims at general learning and character building. The main objective in the area of culture is for the people to participate actively in the cultural functions. The role of elected representatives on a central and decentralized level will be essential so that the tradition of all civilization sources in our country may be combined with the development of new intellectual values and riches.

It is necessary to protect the natural and man-made environment which is being plundered by irresponsible private interests but also by the criminal indifference of the state.

Responding to questions by reporters Pesmazoglou and Baltazis stressed, in part:

a. There is absolute ideological and political KODISO-KAE identification and the organizational unification will be effected after the elections.

b. Change is not an issue for one party alone but should be based on a broader popular consent.

c. DE has a clear anti-Right position, but cannot exclude in advance any post-electoral cooperation with any party which ideologically and by its deeds proves its devotion to a democratic state of many parties.

d. The equal treatment of all parties by TV is a question of implementing the constitution. The PASOK-ND agreement for TV telecasts strengthens polarization.

Pesmazoglou and Baltazis will tour the largest cities of Greece. Next Sunday the first will speak in Pyrgos, on 4 October in Salonica and on 14 October in Athens.

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ELECTION COSTS PROJECTED

Athens EPIKAIRA in Greek No 684 10-16 Sep 81 p 82

[Article by Ap. Strongylis: "Public Cost of 18 October 1981 Elections to Exceed One Billion Drachmas; Parties and Candidates Will Spend Large Amounts.]

[Text] Everything has its price and so do elections whose costs, moreover, are paid by "two pockets"--by the state (expenses for holding them) and by the parties and candidates whose expenses are mostly for propaganda and--unfortunately for Greece--for bribing...consciences. It is not easy to establish the extent and sources of such bribing nor is the function of this article to find out. The fact remains, however, that according to various accusations a lot of money is spent in this direction.

100 Percent Increase

The elections for representatives to the Chamber of Deputies and for Eurodeputies will be held on 18 October. Their cost is estimated at 1.3 billion drachmas or at double the amount spent in the 1977 elections. This 100 percent increase could be attributed to the price index [rise] and could somehow be used as an argument to justify the demand for a readjustment of salaries, services, etc. It could also be said that this high cost is due perhaps to the known tactic of increasing the public expenditures and waste. Anyway, the appropriate authorities hasten to explain that the rise in the [elections] costs is due to a) the increase in the number of election districts, b) the increase in the number of judicial election monitors, and c) the introduction modern technological methods for conducting elections.

For Greater Convenience?

The total number of election districts and monitors for the 18 October elections are as follows compared to the 1977 elections:

Year	Election Districts	Judicial Monitors
1977	13,100	14,000
1981	18,500	20,000

or an increase in election districts by 5,400 (about 50 percent) and in the number of judicial monitors by about the same percentage. With regard to the number of voters the picture appears as follows:

Year	Voters
1977	6,403,738
1981	6,920,000

or an increase of voters by 516,262. Those born between 1957 and 1967, or five new ages, are added this year to the list of voters. These ages (140,000 voters each) give a total of 700,000 new voters. But since death--a man's fate--takes about 40,000 persons each year, the actual increase is about 500,000

The state will spend this year 1.3 billion drachmas. Let us hope then that there will be greater convenience, that the lines and hardships of voters will be eliminated and that the introduction of technological method will result in uneventful elections and in a speedy announcement of the results.

The Eurodeputies

Does EEC participate in the cost for the election of deputies to the European Parliament? It does not--neither directly by paying some bills nor indirectly by advertising the parliament and what it means to the voters. The whole EEC effort is limited to the distribution by the Athens European Council Office of Information of one or two brochures (one in 150,000 copies and the other with a report on Public Power Corporation accounts [sic]).

The law compels the municipalities to participate in the election costs by preparing at their expense wall frames where posters can be glued. But due to their poor financial condition the municipalities do not seem to be able to fulfill this obligation. The Athens municipaltiy, however, will spend 5 million drachmas for the preparation of 500 wall spaces for 8 posters each--one for each party.

Other Expenditures

The other expenses by parties and candidates are not yet known--they may never be completely known. Before and after the elections, however, each party provides an expense report.

The advertising costs of the parties in the 1977 campaign (expenses, that is, for advertisements in the press and for posters--the only expenses that can be accounted for as the newspaper TO VIMA reports) are as follows:

Party	Total Expenses in Drachmas
New Democracy	22,428,776
Democratic Center Union	5,534,210
Liberal Party	4,485,067
National Array	4,014,077

PASOK	2,016,212
Alliance	537,125
Total	38,015,467

The above expenses represent only part of the total party compaign expenses (for printed matter, headquarters, posters, transportation, rallies, etc.) TO VIMA reports also that this year "it is estimated that ND will spend between 300 and 700 million drachmas, PASOK around 105 million drachmas and the rest of the parties lesser amounts."

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ILICAK EXAMINES NAP SEPARATISM

Istanbul TERCUMAN in Turkish 22 Aug 81 pp 1, 15

[Commentary by TERCUMAN columnist Nazli Ilicak on legal aspects of the NAP trial]

[Text] The trial of the NAP began on 19 August. Our friends who are following the proceedings report that the atmosphere is very tense. Among the saddening brushstrokes in a tragic picture are the facts that the NAP's chairman is not well, that NAP deputies are sent to trial loaded into enclosed vehicles, and that large numbers of military personnel surround the accused in the courtroom.

The NAP case is very important because it is a political party that is being put on trial. A political party means hundreds of thousands of votes, hundreds of thousands of people who have given their hearts to that party.

Political parties, described as essential elements of a democracy, have been set specific limits by the constitution of the Turkish Republic. In Turkey, the multi-party democratic way of life proscribes opposition to the system of government, permitting only opposition to a given administration. The 57th article of the constitution foresees that "parties whose rules and regulations, programs, and activities do not conform to the principles of the democratic and secular republic, and to the fundamental rule of the indivisibility of the state, its territory, and its people, shall be closed down permanently."

There is great similarity between the 57th article of our constitution and the 21st article of the constitution of the Federal Republic of Germany. The German federal constitution makes clear that "political parties may be closed down by the supreme constitutional court if it is established that they have come out in opposition to the free and democratic system, as judged by their aims or by the attitude of their members." On the other hand, in many countries communist and fascist parties, enemies of the regime, have been allowed to function freely. In England, Spain, and Canada, even political parties representing various regions and seeking autonomy or independence for these regions are operating openly. In Canada, for example, Levesque, who seeks independence for Quebec, participates in elections while openly stating these views. There are also political organizations which have a connection with terrorism. Some political parties representing Spain's Basque region (Herri Batasuna, Euskadiko Eskerra) are openly connected with the terrorist ETA organization. In the same way, the H-Block Party, representing the Catholics of Northern Ireland, ran an imprisoned IRA member as its candidate in the last by-election.

Every country, in accordance with its own circumstances, takes steps to delineate the boundaries of existing freedoms. We believe that it is very natural for Turkey to define the limits of democracy as coming to an end at the line of terror and opposition to the regime. In the NAP case it will be examined whether or not this political party has pursued its activities whithin these established legal boundaries. However, the case has long since gone beyond the question of whether or not a political party is to be closed down, to the point where a large number of human lives have been placed under threat by the demand for the imposition of the death penalty. According to the indictment, the NAP is a national socialist, fascist party, preparing an uprising by arming the people at large, and working towards the goal of changing the form of government by a forcible seizure of power. Therefore the prosecutor is demanding the application of several articles of the Turkish Penal Code, chiefly articles 141, 146, and 149.

The 141st article punishes those who "establish associations having goals opposed to the republican form of government or to the principles of democracy, and having as their aim the administration of the government by a single individual or class." The 149th article punishes those who "arm the people and incite them to rebellion and bloodshed." The application of the 146th article is demanded as a natural consequence of articles 141 and 149: "Since the NAP is a party which has as its goal a dictatorship and the wholesale destruction of the state's political and legal institutions (Turkish Penal Code §141), and has armed the people in order to achieve this goal (Turkish Penal Code §149), its leaders have committed the crime of forcibly attempting to change, alter, and abolish the constitution (Turkish Penal Code §146)."

When an accusation is made imputing a crime of such magnitude, a crime punishable by execution, it is essential that the proofs be laid out openly, and that it be shown that each accused individually attempted by force to change, alter, or abolish the constitution.

Two Points from the Indictment

Because we are concerned by the possibility that we may affect a trial in progress, we will not dwell upon some matters in the indictment which have caught our eye. Yet, we cannot refrain from touching upon two points which aren't directly connected with the accused. Page 206 of the indictment contains the following lines:

"Former NAP Senator Niyazi Unsal's letter sent on 26 November 1977 to Arif Tekin contains the sentence: 'Those people whom we have released from prison hesitate to approach us; even while people who have been sentenced to terms exceeding six months by just one day cannot remain in government service, I have had men who were sentenced to fifteen years, to four and a half years, appointed to teaching positions.' This sentence shows the illegal and appalling efforts in a manner that needs no explanation and lays them bare before our eyes."

Since the prosecutor did not know that Niyazi Unsal was a member of the RPP, he wanted to use the letter as proof against the NAP. Such a major mistake in such an important case may give rise to doubts concerning other documents in the indictment.

Above all, the wholesale condemnation of all rightists on page 884, at a time when calm and reason ought to be the rule, is of a manner that is bound to give rise to questions in our minds.

Page 884 of the indictment states the following: "Rightism, which is synonymous with conservatism and reaction, is a system of thought that opposes innovation and defends the status quo. It rests on the belief that everything remains the same and that nothing will ever change. Because of this, it is opposed to the left, which arose after the French revolution seeking evolutionary change. A view that has as its aim the continuation of the existing system with a reorganization and some social proposals can be called, up to a point, a right-wing socialism."

The fact that the prosecutor espouses a world view which equates rightism and conservatism with reaction and opposition to progress has saddened and offended us.

The 12 September military intervention did not take the path of extraordinary courts and has respected the principles of ordinary justice. Our greatest wish is that this fine beginning not be damaged in the course of the case, and that a just verdict be handed down, a verdict that will satisfy the majority of the people.

Since the evidence has been established, and since the possibilities for destroying evidence have been removed, barring other objections the release of the accused from detention for the duration of the trial would be a development much to be desired.

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FURTHER CHARGES AGAINST NATIONALIST ACTION PARTY READ

Istanbul MILLIYET in Turkish 26 Aug 81 p 9

[Report on the reading of the indictment in the NAP trial: "The Commandos Committed Burglaries and Robberies in Order to Obtain Funds"]

[Text] Ankara, 26 August--MILLIYET--The case against the NAP and its associated organizations continued yesterday with the start of the reading of the indictment. His five-day medical certificate having come to an end, Turkes was also present at the proceedings. At the same time, the accused NAP members held at the Language School were brought to the court hearing in buses having courtain-covered windows.

After the start of the proceedings a number of individuals asked to join in the suit as intervening parties. These included the wife and two daughters of Kemal Turkler, the former general chairman of DISK [Confederation of Revolutionary Worker Unions] who was murdered in Istanbul, along with their attorneys; the wife of Security Chief Cevat Yurdakul, who was murdered in Adana, and her attorneys; the mother, father, and brother of Orhan Yesil Bircan, murdered in Haskoy in Ankara, and their attorneys; the wife of attorney Halil Sitki Gulluoglu, murdered in Adana, and her attorneys; the mother of Huseyin Cavit Cevik, murdered in Ankara, and her attorneys; Ibrahim Kurmu and Kiymet Fadime Bastug, wounded as a result of a bomb thrown into their house in Ankara, and their attorneys. Upon these requests the members of the court conferred among each other and decided to allow the above mentioned applicants and their attorneys to parttake in the proceedings as intervening parties.

On the other hand, the application of the attorney engaged by the court-appointed administrators acting on behalf of the RPP to join the case as attorney for an intervening party was rejected by the members of the court. The grounds given for this refusal were that the administrators appointed to run the RPP had no authority in this matter.

After Trial Judge Ozlenirler read the decision permitting the attorneys for the intervening parties to enter the courtroom, twenty intervening attorneys, including among them Hasan Fehmi Gunes, Emin Deger, Ersan Sansal, and Nusret Senem, took their places in the courtroom.

At 10:45 am the military prosecutor, Air Force Colonel Judge Nurettin Soyer, began the reading of the indictment in the NAP case. At this time copies of the indictment were distributed in the courtroom to 46 of the accused who had not yet received the indictment.

The Indictment Is Read

Military Prosecutor Soyer stated that the investigation had established the fact that a centralist, organized, and totalitarian armed society had been formed within the NAP and its affiliates, the idealist associations, and that this goup had armed the Turkish people against one another, and had incited and directed them towards mass murder.

He explained that following the 12 September 1980 military intervention the central offices of all political parties had been searched on orders of the National Security Council, and that after obtaining evidence upon which the investigation has been based, the National Security Council had made a legal recommendation directing the Ankara Martial Law Command to conduct an investigation, upon which a preliminary investigation was begun. He further stated the following:

"As a result of the preliminary investigation, confronted with the evidence obtained and the statements of the accused and witnesses, it has been established that under the guise of legality the NAP and its affiliates, the various idealist associations, had formed within them a centralist, organized, and totalitarian armed society on a nationwide scale; that it had divided the citizenry into two groups, characterizing them in a one-sided manner by calling them either idealists or communists; that it had armed the Turkish people against one another, making use of specially trained individuals; that it had incited and directed them towards mass murder; that it had spread the impression that the existing authorities were incapable of ensuring public safety, and that instead it had attempted to forcibly overturn the constitutional system, with the aim of placing the government of the state in the hands of a single individual, which is contrary to the principles of republicanism and democracy."

After this, the military prosecutor went on to outline the ideology of the organization and the historical development of similar ideological trends over time. He pointed to the existence of similarities between the views of the NAP and the Nazi parties, and touched upon some documents found in the central offices of the NAP.

The military prosecutor explained that the extreme left had organized rapidly by taking advantage of the rights and freedoms brought by the 1961 constitution, and that the already extant right wing had also developed into activists and had grown to a scale that should not be minimized. The military prosecutor went on to say that by their efforts in the direction of activism, the followers of the idealist viewpoint had played a very influential role in bringing about the level of anarchy prevalent prior to 12 September. He stated that the NAP, beginning in 1969, had opened camps for the physical and mental training and direction of naive individuals who were sympathetic to its ideas, with the purpose of creating cadres that would dominate the public sector and would be effective in the streets.

The military prosecutor also stated that the idealists had undertaken efforts to form legal and extralegal organizations, to procure arms, and to form cadres, by following rules similar to those used by leftist elements. He added that these efforts, aimed at systematically and consciously gaining control of the streets, educational institutions, public and private organizations and establishments, various places of employment, and the state, had gone on continuously until 12 September 1980.

He further stated that the idealists had pursued their efforts with much more secrecy and attention to detail following the proclamation of martial law in 1978 until 12 September 1980. The military prosecutor explained that the idealists had selected certain individuals as their targets for actions to be carried out when circumstances were favorable, that the rightists had increased the scale of their armed actions with the aim of creating fear and panic, and that they had played an active and effective role in events that were turned into communal clashes based on sectarian differences.

Burglaries and Robberies

Supporters of the idealist side, in addition to their armed actions, increasingly turned to illegal methods of obtaining funds, such as burglaries and armed robberies, said the military prosecutor, who also revealed the existence of powerful evidence showing that the idealists were involved in a large number of robberies of jewelry stores, bank branches, workplaces, and dwellings during the period from 1978 to 1980.

The military prosecutor went on to say that from 1973 to the present the idealists had undertaken planned organizing activities, which they pursued by setting up central and regional organizations outside of the party structure. The prosecutor disclosed the names of the organizations founded for this purpose.

DOCTOR KANNAPIN AND AN OFFICER OF THE SS

The prosecutor, touching upon the NAP's foreign connections, stated that party inspector Enver Altayli, in one of the reports he wrote for Turkes, made mention of an individual named Dr. Kannapin and of a certain SS officer. An example from Altayli's letter was cited:

"The books you sent me will come in very handy for the efforts I am about to undertake in this matter. At the present time we are in the process of preparing a brochure which we will print in an edition of 2000 copies. Dr. Kannapin will write it himself. Part of its contents has already been settled on, the rest will be established in a meeting we will have in the course of the next few days. On 4 May 1976 Dr. Lann Kannapin will come to Cologne. Here he will introduce me to the chief of the Turkish desk of the German internal intelligence agency. According to information given to me by Dr. Kannapin, this individual is a CDU member and a former German officer. He is said to be an intelligent anticommunist. I asked Dr. Kannapin how it is that so much negative material could be written about you. He said, and I am giving you his exact words, 'Our people get their information on this subject from the MIT [National Intelligence Organization]. In this matter what is needed is that the MIT's ears be boxed, not our people's.

Provided the MIT gives our people the correct information, provided they say it isn't so, then our people will write the right things.' Faruk Bey had Dr. Kannapin invited to the Turkish sector of Cyprus for a one-week visit. I had Faruk Bey give Dr. Kannapin return airplane tickets as a present. His expenses for hotels, meals, etc. for a week will be met by Turkish Airlines through the good offices of our friend. Dr. Kannapin will leave by air from Frankfurt on 7 July, remain in Cyprus for one week, and will be in Ankara between 15 July and 22 July. It would be good if people there would occupy themselves with him. The problem is to make foreigners believe that in the future we will be a major political force in Turkey. According to a personal communication from Dr. Kengerli, chief labor counselor at the German Embassy in Ankara, Dr. Mehet Kengerli is an Azerbaijani. In 1940 he was captured by the Germans. Subsequently he served in their Turkestan Legion. (In the Turkestan Legion, although he was an Azerbaijani) he was an SS officer during the war. At the end of the war he had the rank of major. He is very sympathetic towards us. He won't refuse any of our requests. He even takes care of the most minor problems of our idealist friends. He has made positive efforts on our behalf at the German Trade Union Federation (DGB). However he has not been able to succeed in this. The diplomats are working against us. Kengerli's positive efforts are being frustrated by these people. A report, copies of which I am enclosing, has been obtained from a Turkestani who is of our race and is employed by a foreign government service known to you. Since Dr. Kannapin is on leave, we could not obtain it by that channel. However, I also learned the existence of this report, which is the cause of a friendly atmosphere in the German government towards us, from this individual. That means the documents are genuine, not forged."

TURKES PUT ALTAYLI ON THE PAYROLL

According to the revelations of the military prosecutor, Alparslan Turkes wrote the following in a letter to Enver Altayli, who was in Germany:

"I know that the efforts you are engaged in take up all of your time and leave you no possibility of working in another profession. What is essential is that you should continue your activities, which are very useful for our cause, without wearing yourself out in the midst of financial difficulties to the point that you won't be able to work anymore. For this reason, in order to ensure your living expenses, you will be able to draw 2000 DM each month from my personal account at the Koln BFG. With best wishes for success, I send you my greetings and regards."

ASSOCIATIONS ABROAD

The military prosecutor gave examples of the organizing activities of the idealists abroad. He said that their organizations abroad had formed a federation known as the Turkish Federation, having 103 member associations, of which 86 were in West Germany, 7 in Belgium, 6 in the Netherlands, 3 in France, and the others active in Austria and Switzerland.

In the afternoon session of the trial the reading of the 945-page indictment was continued.

AN ARGUMENT BREAKS OUT

As the military prosecutor, Air Force Colonel Judge Nurettin Soyer, was reading the indictment aloud, he read the phrase "former NAP Senator Niyazi Unsal," occurring in a document on page 206 of the indictment, as "former RPP Senator Niyazi Unsal." The accused and their attorneys voiced objections to this emendation. Some attorneys spoke up, saying, "Why RPP and not NAP," and said he had misread the indictment.

At the same time, Turkes shouted out "RPP" even while prosecutor Soyer was also saying RPP. As for the attorneys, they were shouting, "Read it correctly, read it correctly!" Turkes also said, "You wrote it in the form NAP senator."

Thereupon Military Prosecutor Soyer spoke up, saying, "We are making an emendation," upon which there was an uproar from among the attorneys. Soyer went on to say, "We can explicate and amend the indictment verbally at any time. This is my legal prerogative."

At this point, Alparslan Turkes asked to be allowed to speak. Granted permission, he advanced to the witness box reserved for the accused in an agitated manner, and while doing so dropped the copy of the indictment from his hand. After bending down to pick it up, he said, "We were brought here by a 945-page indictment which consists of slander and forgery from beginning to end, on the basis of which the prosecution demands the death penalty. The prosecution, which in this indictment has attributed to us a very crudely written letter that was the work of a senator from another party, has also presented it to public opinion in this way, and this is also the way the press has published it. Then the prosecution says, 'I have made an emendation.' However the prosecution hasn't officially informed us of this fact."

After this at the hearing, Nuri Erogan, one of the attorneys for the accused, asked whether there had been an investigation of Niyazi Unsal by the prosecutor's office and entered an official complaint against Unsal. Some attorneys for the defense also demanded to know what RPP Senator Niyazi Unsal had to do with the case against the NAP.

Upon these accusations, Military Prosecutor Soyer spoke up, saying, "This preliminary investigation was prepared by six prosecutors. We don't know what party Niyazi Unsal belongs to. We are not politicians. This letter, bearing the letterhead of the Senate of the Republic and Niyazi Unsal's signature, was found on Turkes's desk. Why hasn't he made an official denunciation in connection with this letter until the present moment?"

At this point, Turkes once again asked for permission to speak, and when this was granted by the presiding judge, he said, "The prosecution is at a loss in this case. It has prepared this writ of indictment carelessly. The prosecution has admitted this here. It is a very sad state of affairs for Turkish justice if this most distinguished committee of prosecutors, charged with investigating a case of such vital importance, does not know what party the senator called Niyazi Unsal belongs to, and then prepares an indictment in which this man, who is an RPP senator, is called a member of the NAP, all the while asking for the heads of half of the defendants. These words of his have been entered into the record, thereby

establishing the level of carelessness of the committee of prosecutors, and the prejudiced and ignorant manner in which this investigation has been conducted. The fact that this matter has been brought to your honors' attention will be important in your reaching verdicts that will vindicate justice."

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SUBWAY SYSTEM'S TUNNELS TO SERVE AS CIVIL-DEFENSE SHELTERS

Helsinki HUFVUDTADSBLADET in Swedish 6 Sep 81 p 9

[Article by Thure Malmberg: "City's Air-Raid Shelters Get 81,000 Beds]

[Text] The Association for the Protection of the Population of the city of Helsinki is now taking bids on apartment-type beds which hold 4 people. But they are not talking about just a few individual beds, but beds for tens of thousands of people--81,000 people in the city's general shelters alone.

Where automobiles are parked in the Parliament Garage on Nervandersgatan at present, for example, there is to be space for a total of 12,000 people, each of them having 1.2 square meters of floor space. The garage is to be changed into an effective shelter for the population within 24 hours. That is twice the average for older shelters, but it pays to be generous with space in rock shelters; more space for each person causes a reduction in the need for air conditioning and cooling. In that way, the space taken up by engine rooms and the energy and air for large diesel motors which drive the power units are saved.

Fifty-Four Percent Will Have Space

At present, Helsinki can offer shelter space to approximately 54 percent of those who work and live there. It is believed that everybody will have space in the mid-1980's, but the city's population chief, Colonel Olavi Kettunen, is skeptical.

"We probably will not achieve that goal within the foreseeable future," he says. "Just last year Mayor Ilaskivi said that 100,000 commuters from neighboring communities would not get space in shelters in Helsinki--even though, in practice, one naturally cannot break people down according to home districts later on, in an emergency situation."

"However, a lot has been accomplished unobtrusively during recent years," Bank Director Kalevi Tilli, the chairman of the Helsinki Association for the Protection of the Population, a volunteer citizens' organization, comments.

"Take the subway stations, for example," he says. "There we have five fine shelters with pressure-proof doors and equipped conforming to the same stiff standards as apply to the Tempelplatsen rock shelter. Furthermore, those subway

stations are at about the same depth of 20 to 25 meters under the primary rock."

Colonel Kettunen comments that this is deep enough so that the people would survive a nuclear explosion in the air above the shelter.

A Depth of 100 Meters Required for Direct Hits

"But if it is a surface explosion within a radius of 1 kilometer from the shelter, not even 25 meters of rock will suffice. Then 100 meters are needed, and population shelters of that kind have not yet been built here," he says.

A great deal is going on in the area of shelter for the population just now. The ordering of beds is only one example, although gigantic amounts of money are involved. The fact is that they are calculating in terms of an approximate price of 150 marks per bed, and thus the idea is that four people will lie one above the other where automobiles are parked or warehouses are located now.

This fall Helsinki's territorial breakdown is to be reviewed, and it is believed that the city management will decide to make a new breakdown in October which will result in fewer districts and a new centralization. Of the five subway stations, only Hagnas is actually ready for use as a protective shelter at present, but the other four are to be able to function in that capacity when traffic gets going next year.

In Helsinki, people really observe the adaptation of the subway to the mission of protecting the population with pride; planning has gone hand in hand, right from the start, they say.

Successful Adaptation of the Subway

When we hurry across the Hagnas market place at present, there is scarcely anyone who thinks of the fact that, in a critical situation, 4,000 people will be able to get space underground and live there for up to 2 weeks, if necessary. Earth closets for 134 people are already ready to be installed; here the strategists have calculated that one tub will suffice for 30 people. The compartment is completely marked out on the floor in a long space 24 meters under the Hagnas market hall, but the walls have not yet been put up. Two gigantic freshwater tanks are also ready to be filled with 120 cubic meters of drinking water if there is danger of an alarm. That is intended to suffice for water consumption of 3 liters per individual each day.

Store Food for an Emergency Situation!

"However, we do not have a stockpile of food," says graduate engineer Seppo Toivonen, the subway system's population protection expert, "but we do have Space, on the other hand, for the shipments the city can deliver. Instead, we are expecting the people to take along enough of their own food for 3 or 4 days. The main thing is for there to be water; one can do without food for a week."

engineer Raimo Suomio, an assistant department chief in the planning department of the subway system, says "Even the platforms can become shelter space, if needed.

"Normally, we expect to have 24 hours to prepare for war, and during that period of time we can manage to put things in order," Suomio says. "But we can lock the big, pressure-proof, 16-ton doors up to the street in just a little over a minute, if that is necessary.

"They slide up out of the floor hydraulically, and if there should be a failure of the machinery they can even be cranked up by hand, although that naturally takes a long time," he says.

The subway station shelter areas will be a third cheaper to build than conventional shelter areas. Even the subway tunnels and train traffic could possibly be used if the rest of Helsinki were contaminated by a nuclear bomb explosion, but that possibility has not yet been investigated sufficiently.

At present, it is assumed that each station will be closed off hermetically with big, semicircular, pressure-proof doors made of steel which are dropped down over the entrances and locked.

"The doors over the rails are secured with two pillars so that they cannot be dropped down in front of a train by mistake," says graduate engineer Toivonen. "Furthermore, the automatic control apparatus is designed in such a way that the train stops automatically if a door should be lowered."

In all, the Helsinki subway system has 20 such tunnel doors. The Hagnas hall platform provides both space and capacity: it is 150 meters long, approximately 20 meters wide and approximately 8 meters high. There are no facilities for heating, but as in all shelters it is the danger of overheating, instead, which is a problem; thousands of tightly-packed people produce a lot of heat. However, it is expected that the rocky walls will absorb the heat.

Space for 16,740 People in the Subway

The other subway stations with shelter space are Kampen (space for 3,500), Brunnsgatan (space for 3,000), Gloet (space for 3,000) and Sornas (space for 3,240). In all, that means that there is shelter space for 16,740 people in the subway system alone, and if the system is extended that will become a total of 23,040.

If those stations had not been built with protection of the population in mind, the city would have been forced to build separate shelters in the vicinity, which would have been considerably more expensive, they point out in the offices of the subway system. The fact is that these stations are located in the densely-populated areas of the inner city, where a great many people move around.

Secrecy Becoming Stricter and Stricter

The underground spaces in Helsinki are becoming more and more extensive. At the same time, secrecy regarding the most important shelters, where the country's

highest-ranking leaders will be protected during a crisis, is increasing. In the same way, it is hard to even get into the national telecommunications organization's gigantic rock shelter under Observatory Mountain.

Theoretically, Helsinki ought to look like a big Swiss cheese from Observatory Mountain, with the Sveaborg tunnel as an offshoot in the southeast--to the parliament building with its underground hall for plenary sessions and on up to the city's own central shelter for the population in Kottby. Moreover, the parliament's underground halls are closed to the press.

The government also sits underground, if necessary, and primary rock is also used under Skatudden.

On the whole, it was the good bedrock which gave Helsinki an excellent chance to have good underground shelters for the population. The usual depth is 20 meters, but experts stress that this is not enough for a nuclear detonation on the surface. Then at least 100 meters are required if one is to survive at a distance of 1 kilometer from the detonation.

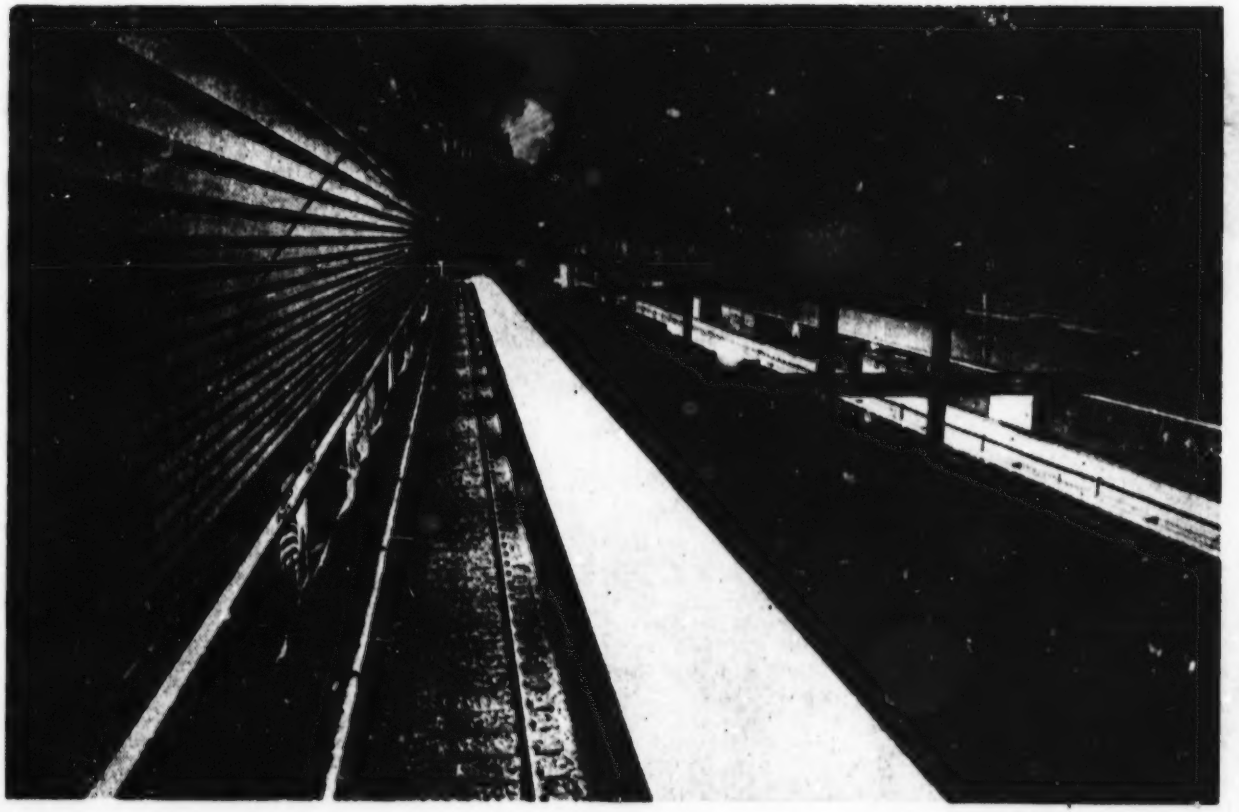
More Axes Needed

In the Helsinki Association for the Protection of the Population, they are concerned over the fact that many brick houses continue to lack equipment--spades, axes, crowbars, etc.

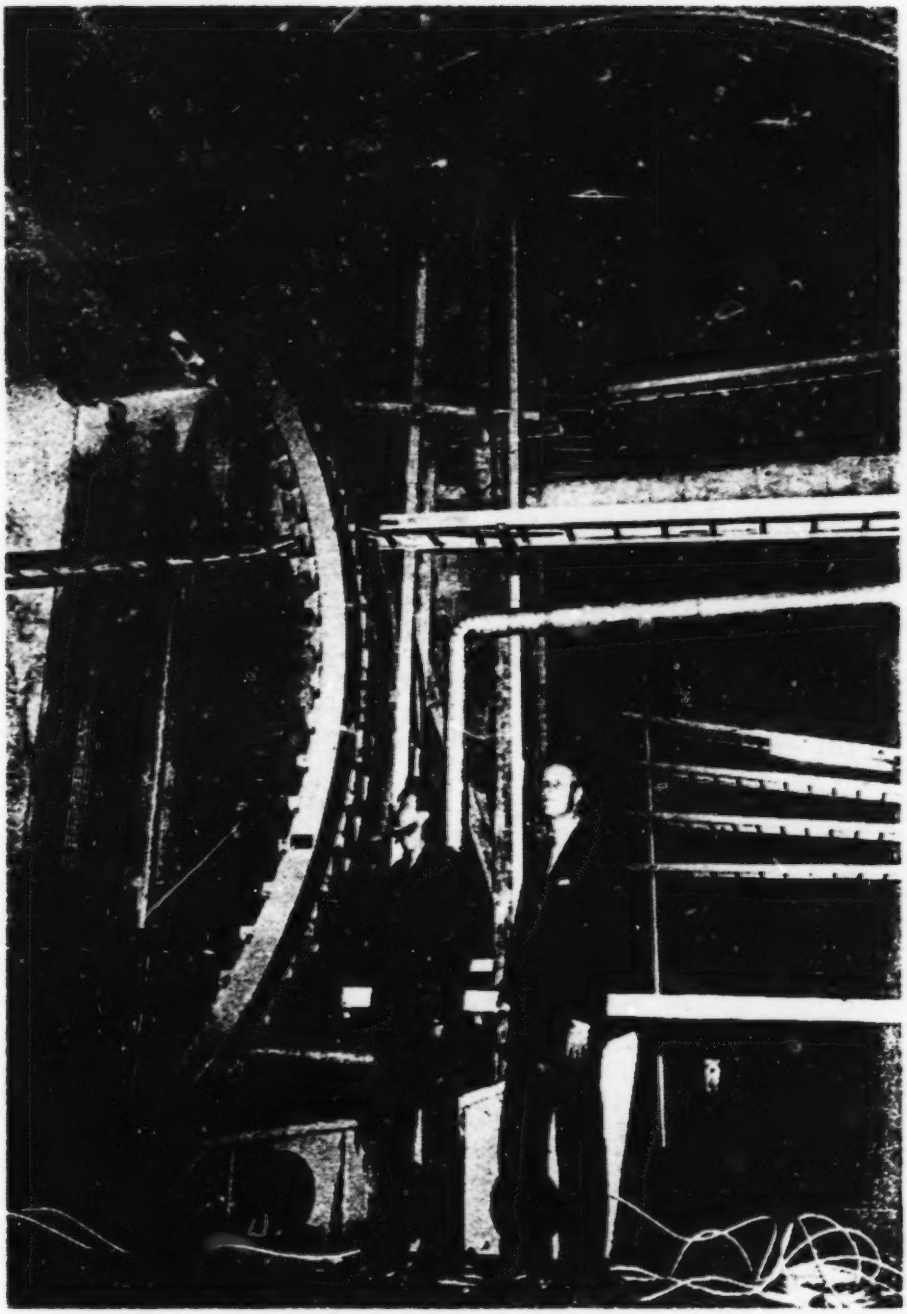
Additional efforts are required in this connection, and especially in the older houses. Nevertheless, it is said that Helsinki perhaps has better rock shelters than any other capital city in Europe.

Long rows of earth closets are ready to be put in place in the Hagnas subway station shelter for the population. The subway system's protection expert, Seppo Toivonen, lifts the lid and determines that the plastic bags are in position. Photo: Bert Carpelan.

The solid door which Bank Director Tilli is opening here leads to a lateral lock chamber. Five minutes after an alarm, the large, semicircular, pressure-proof doors are locked, and after that people are taken into the shelter through lateral lock chambers, where they also can be cleansed of radioactive waste by showering. Photo: Bert Carpelan.



In a crisis, 4,000 people can be accommodated on the platform in the Hagnas subway station, which is 150 meters long. Earth closets with 134 seats are on hand, fresh-water tanks are ready to be filled with a two-week water requirement and beds will be ordered this fall. Photo: Bert Carpelan.



The subway stations can be shut off from the tunnels in a moment by gigantic, semicircular, pressure-proof doors. From left to right in the door opening are the subway system's protection chief, Seppo Toivonen, and the assistant chief of planning, Raimo Suomio. Photo: Bert Carpelan.

9266
CSO: 3109/249

NEW GOVERNMENT SPOKESMAN POST ANNOUNCED

Nicosia CYPRUS MAIL in English 19 Sep 81 p 1

[Text] President Kyprianou has chosen Mr Panos Ioannou, a teacher by profession, to be the new government spokesman. He will take up his duties on October 1.

Mr Ioannou, a native of the now occupied Varosha town, aged 54, is at present a teacher at the English School. He is married and has two children.

He is a Bachlor of Arts (BA) of the University of Wales and has a fluent knowledge of Greek, English and French.

He attended a producer's course at the BBC and from 1965 to 1973 he was a programme assistant with the BBC external services. He also served as translator and coordinator at the Council of Human Rights in Strasbourg.

Mr Ioannou was a master at the English School of Nicosia from 1948 to 1959, served as a master at Edgware and Hendon County Schools in London from 1959 to 1964 and until 1973 was a member of the London University GCE Examining Board.

He returned to the English School in Nicosia in 1973 where he has served until now.

The office of the government spokesman was previously held by the Public Information Director Mr Miltiades Christodoulou who combined the two functions and was in office for 16 years.

Mr Christodoulou resigned last June amid rumours of mismanagement and the Council of Ministers decided to separate the two functions of Public Information Director and of government spokesman.

It was announced last week that Mr Christodoulou, now in Germany, is facing charges of obtaining money by false pretences and similar counts, which he denied and said he will refute in court.

CSO: 4600/16

BRITISH REFUSE TO RENEW RESIDENCE PERMITS

Nicosia I SIMERINI in Greek 29 Aug 81 pp 1,8

[Text] The Home Office in London refuses to renew the residence permits of Greek Cypriot refugees, several thousand of whom face the possibility of immediate deportation.

According to our reports from London, one of the excuses given to these refugees for the Home Office action is that "there exist reasonable indications that they will return to their homes [in Turkish occupied territory]. The British authorities have started refusing the renewal of residence permits for the last 3 months. During this period 1,500 to 1,600 Greek Cypriot refugees who applied to the Home Office were given a negative answer. After such refusal, those affected have the right to appeal to the courts but the chances for a reversal of the negative decision are minimal.

Other Information

According to an article in the CYPRUS WEEKLY--published in English--the excuse of the Home Office for deporting the refugees is that normal conditions have now been established in Cyprus and, therefore, the refugees will have no difficulty settling in areas controlled by the state.

The article states also that originally 10,000 refugees went to England following the occupation of the northern sector of Cyprus by the Turks. Most of them, however, have left gradually and only around 2,000 remain in England today.

Temporary Residence

The British government did not grant a "residence status" to the Greek Cypriots who went to England following the invasion, but a temporary residence permit renewable every 6 months. In the past 7 years such renewals were made without difficulty but things began to change when the conservative Thatcher party came to power. The British immigration authorities refuse to renew the temporary permits and already more than 200 Greek Cypriot refugees have been deported. The Cypriot High Commission in London fears that the same fate will befall the remaining 2,000 refugees.

Denunciation

The question of the Cypriot refugees was recently raised in the House of Lords when Lord Brockway pointed out that the British government has an obligation to allow these refugees to remain until they are able to return to their homes. Also, the Racial Relations Council in the Camden section of London renounced the stand of the British government in its recent meeting which discussed the question of the refugees who face immediate deportation.

7520
CSO: 4621/105

FORTHCOMING ARIANE MODIFICATIONS, IMPROVEMENTS VIEWED

Paris LE MATIN in French 14 Sep 81 p 19

[Article: "Ariane 4: A 'Made-To-Order' Rocket"]

[Text] A new version of the European rocket Ariane 4, which in 1986 is to take over from Models 1, 2 and 3 currently under construction, will be proposed to the ESA [European Space Agency] authorities before the end of this month. This more flexible version of the rocket would offer users the choice of a "made-to-order" model based on the actual load of the satellites to be put into orbit, enabling them thus to bring the cost of the launching more in line with the requirements of the specific mission.

As Jean-Claude Bouillot, head of preliminary planning in the Launcher Division of the CNES [National Center for Space Studies], summarizes the object of the "Ariane 4 alternate version" project, it is "to enable clients to choose Ariane models as they would their personal automobiles." In this new version, the rocket that is called upon to succeed Models 1,2 and 3 in the second half of this decade, would offer more flexibility from the standpoint of performance characteristics, enabling potential users to choose a higher- or lower-powered, and hence a higher- or lower-priced, model.

The launcher, its first stage modified--having four Viking motors instead of the five planned for current models--could be equipped, in accordance with the requirements of the specific mission, with a suitable number of make-up rockets powered by liquid or dry propellant or both at the same time. The satellite weight that could be injected into orbit would thus vary between a minimum of 2,050 kg and a maximum of 4,170 kg, according to the number of motors and their type, instead of between 2,900 and 4,500 kg as is the case of the "basic version" of Ariane 4.

These differences may seem minimal, but at the price per kilogram in orbit and taking into account the close struggle the European launcher must face in competing with the American space shuttle, this possibility of adapting Ariane to the specific mission requirement is far from being negligible. Moreover, the modifications to the first stage would be less extensive, hence less costly, than in the "basic version" projected heretofore.

Is it then to be a "basic version" or an "alternate version"? The ESA Programs Management Board, which will meet in Paris 24 September, must choose between the two projects. This choice must then be ratified by the heads of the Agency. Finally, it will be up to the member nations to decide whether or not they are prepared to participate in the project thus approved. In this regard, the French government may make known its decision, in the very near future, as to its participation in the Ariane 4 program. Its decision may be taken during a closed meeting the minister of research and technology, Jean-Pierre Chevenement, has requested be convened for the beginning of October.

The Ariane 4 development timetable would not be upset by the choice of the new version, the goal still being a first test firing in October 1985 for operational flights to begin in January 1986. The program could get under way during the first quarter of 1982. Meanwhile, construction of a second launch pad is near completion at Kourou, Guyana. The Ariane 4 development cost is estimated at a little over Fr 1 billion (versus over Fr 5 billion for Ariane 1) and the construction of the new launch pad at Fr 600 million.

With regard to Ariane 1, the forth and fifth test launchings, which were delayed because of problems with one of the two Marecs satellites it is to carry, are now scheduled for December.

9399
CSO: 3100/998

END

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No. 1832

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15 October 1981

WEST EUROPE REPORT

No. 1832

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GENERAL CRITICIZES CHURCH PEACE GROUP ON TNF

Rotterdam NRC HANDELSBLAD in Dutch 3 Sep 81 p 7

[Article by G.C. Berkhof: "The Popularity of the IKV (Interchurch Peace Council, The Wages of Fear"]

[Text] Fear is a bad adviser, and although I am certainly no expert in this field, it seems to me that a fearful man believes rumors or arguments which under other circumstances he certainly would not consider true. This seems to me also to be part of the explanation of the rather great popularity of the IKV slogan: "Help rid the world of nuclear weapons; begin with the Netherlands."

Rid the world of nuclear weapons; would a prudent man believe this is possible? Man is smart, that is true, but he has not yet made a discovery that can undo other discoveries. The fact remains: the miserable weapon, for that is what it is, cannot be wished away, no matter how eagerly we would want that.

"Proof"

And the example of the Netherlands then? Would there be no imitators? Whoever believes that is naive. Would the United States, obviously the source of all evil, if I believe the supporters of the IKV, do that, or France, or the Soviet Union? Would Iraq, South Africa, Pakistan or Libya stop their efforts to make nuclear weapons? That cannot be made plausible, and I have not succeeded in getting a direct answer to this question from an IKV follower to this day.

Also the question of what the effect would be if Canada got rid of her nuclear tasks is not discussed. Which in practice moreover does not mean the opponent then is silent. When it is evident namely that there is no solid argument here, then a new "proof" is quickly advanced why it is necessary to free the Netherlands from nuclear weapons, even if these are, strangely enough, frequently in conflict with one another.

So, for example, it is inferred that it does not matter if the Netherlands declines the American nuclear weapons. If it comes to that point, the United States would come between both with nuclear weapons, even if other West European countries follow the example of the Netherlands. Now this argument naturally is in contrast with the ideal of saving the world from nuclear weapons. This is therefore a hypocritical argument and moreover one whose logic is far-fetched.

Naturally, it is in the American interest that Western Europe remain under the influence of the United States. But these interests are graduated and survival for one's own society appears to me in fact to be the most essential. The removal of American nuclear weapons from the Netherlands and possibly also from other countries will not enhance the preparedness to use nuclear weapons for the defense and that is not without danger. The leaders of the Soviet Union will find an important benefit here: a solid step in the weakening of the tie between the United States and Western Europe.

When the discussion gets to this point, there is fear that such objections have come from a "picture of the enemy" evoked by a "military-industrial-administrative complex." The Soviet Union will attempt nothing, or will they, even if the American nuclear weapons have disappeared from Europe. The notion "picture of the enemy" gives us little to go by, although it naturally sounds threatening. In any case, it seems to me to make little sense to deny that there exist conflicts of interest between East and West. These are based on history and are termed fundamental by Communistic leaders on ideological grounds. Thus it happens that the rigid, authoritarian method of ruling, based on military power, does not call up a "picture of a friend" in my mind. If in the black-white thinking of most IKV followers it means that I proceed from a "picture of the enemy," then I put up with that while shrugging my shoulders.

The same goes for the term "military-industrial-administrative complex." Studies from the sixties already showed that the "complex" exists only whenever one employs the definition of a group of men who are concerned with the problems of security, including political parties. Anything that appears to be a conspiracy of the group in its totality has not been discovered up to now. Therefore, one could just as well speak of "agrarian-industrial-administrative" or a "medical-financial-administrative complex" just to mention some examples, even though it must be admitted that this sounds less threatening.

Fear

Also the assertion that the Soviet Union will do nothing if the American nuclear weapons are removed from Western Europe sounds unconvincing. Naturally, it is true that this country has not engaged in military adventures in Western Europe. But is it now unreasonable to suppose that this, to a great extent, has come about from Russian fear of being involved in nuclear warfare? Is not their fear just as real as ours, and does it not have a moderating influence on a possible decision to make use of the great preponderance of armored units? For while military superiority of itself is not a reason to begin an armed conflict, it is clear that is easier for one to develop if the occasion presents itself.

What such an occasion would be is hard to say. It is certain that the West just by virtue of its life style and prosperity provokes tensions in Eastern European countries. Tensions that now and then are visible in the Soviet Union itself, although not so obviously as is now the case in Poland, for example. Moreover, it is certainly not impossible that tensions will rise even further. For in the area of consumer goods the centrally run economic system has functioned badly and there are no signs that show any change in the short term or in the continuing high priority which is given arming.

What will happen when these tensions increase and the "cordon sanitaire" threatens to break up? Will the Soviet leaders seek greater cooperation with the West? Or

will they, making use of their present military preponderance, decide to seek refuge in attack in order to get over the problems? It seems to me that to these questions as well as to the question why the Soviet Union is building up such an arsenal of weapons there is no decisive answer.

Illusions

For that matter much depends on how the West will react. It is not illogical to imagine that a reasonable unanimity and a unifying West European defense will be an important motive for Soviet leaders to solve the problems that come up in a peaceful manner.

It appears to me in every case a dangerous illusion to suppose that Western Europe would be safer if American nuclear weapons were removed. In the one example of actual use of these weapons, Japan, it was just a case of a country that had no nuclear weapons. For let us make it clear: would Hiroshima and Nagasaki have been destroyed in this manner, if Japan had had the power to be able to hit New York with nuclear weapons? That can hardly be assumed, can it?

It is understandable that many people fear nuclear weapons; they are horrible weapons, and it is self-evident that everything possible must be done to keep them from ever being used. Yet the only solution lies in a mutual reduction of arsenals. One can understand that progress in negotiating the matter is experienced by many as disappointing. This is like getting older: it sounds gloomy sometimes but there are no alternatives.

For the problems before which we stand, the IKV offers no real solution. Rather the opposite is true in this case, and if that is the result of fear, we would do better not to choose that way.

G.C. Berkhof, a brigadier general, is deputy head of operations on the staff for land forces. This article gives exclusively his own personal views.

9872
CSO: 3105/175

LABOR DELEGATE WANTS 6,000 NUCLEAR WEAPONS REMOVED

The Hague ANP NEWS BULLETIN in English 22 Sep 81 p 2

[Text] Brussels, 21 September--The Dutch Labour party's defence specialist in the second chamber, Mr Klaas de Vries, urged NATO here today to remove from its arsenal the 6,000 tactical nuclear weapons installed in Western Europe.

Speaking on the first day of a two-day American-European security conference, Mr De Vries said the weapons represented "a threat rather than a contribution" to Western security and should be removed unilaterally.

The conference, attended by U.S. and European politicians and NATO defence specialists, is being held under the auspices of the American arms control organisation. It is chaired jointly by Mr Elliot Richardson of the U.S. and former Belgian cabinet minister Henri Simonet.

The Dutch Labour MP, who is chairman of the second chamber's standing defence committee, said NATO had never succeeded in drawing up a credible and acceptable doctrine for tactical nuclear weapons.

Due to the presence of the weapons in the first lines of the West's defence, NATO would be forced to use them immediately in case of a conflict, he said.

More Credible Defence

Early crossing of the nuclear threshold would result in the nuclear destruction of large parts of Europe and might lead to an uncontrollable conflict between the Soviet Union and the United States.

Mr De Vries said it was not surprising that opposition to nuclear weapons was increasing among West Europeans. They rightly feared such weapons would be used chiefly on NATO territory, he said.

He felt there were conventional weapons and other means of defence which could make NATO's defence more credible.

Much of Mr De Vries's criticism was aimed at NATO's decision of December 1979 to modernise its nuclear weapons. He pointed out that part of this decision--the production of new nuclear arms--had been carried out at once, whereas the second part--negotiations with the Soviet Union--had been delayed now for two years.

He called for postponement of the deployment plans for at least two years during which the decision could be reviewed.

Strategic Relations

The Dutch MP further felt that strategic relations had changed considerably since 1979. He pointed to the U.S. senate decision not to approve the SALT treaty and the recent American decision to deploy 3,000 cruise missiles at sea.

He criticised the U.S. for viewing all world events in the light of an east-west conflict and said Washington's 'unilateral' emphasis on the importance of military might in influencing international developments was not without danger.

Mr De Vries said that although Europeans attached great importance to military defence, they also realised that in the long term peace and security could be safe-guarded only by a much broader political approach. East-West cooperation in the economic and cultural fields and joint consultations on the norms which should be set for such relations could eventually make the military confrontation less threatening, he said.

CSO: 3120/5

INCREASE IN NUMBER OF NEONAZI GROUPS EXAMINED

Zurich DIE WELTWOCHE in German 16 Sep 81 p7

[Article by Peter Hartmeier: "Waiting For Their Hour To Strike"]

> [Text] Long ridiculed as a political scatterbrain, he is now under indictment for murder: That is the story of Karl-Heinz Hoffmann (head of the since outlawed "combat sports group"). It offers a fine example of how to misinterpret political danger signs. Hoffmann may still be Germany's "best known" neo-Nazi but he is by no means the only one.

Group mythology occupied a decisive role in the thinking of the chief of the officially outlawed "combat sports group Hoffmann" who last week stood accused of having committed a double murder. In 1973, Karl-Heinz Hoffmann, a graphic artist by profession, founded a para-military volunteers' organization along the lines of an authoritarian Fuehrer structure. This organization, stationed in the vicinity of Nuremberg, boasted some 600 members and by and large engaged in conspiratorial activities. Hoffmann, bearded and armed, who frequently appeared in public in martial attire, accompanied by vicious German shepherd dogs, may well be the best known rightwing extremist in the FRG. In addition to leading his own group, he maintained mysterious connections to fellow extremists in Europe and to the Near East; his name also cropped up in connection with the recruitment of Rhodesian mercenaries.

Hoffmann, who is accused of having murdered 69 year-old Jewish publisher Levin and his common-law wife Frida Poeschke, represents a classic case of how to underrate the danger posed by a rightwing extremist and his followers. The fact that the public appearances of his group took on the air of a carnival and that the propaganda he put out in his broadsheet KOMMANDO consisted of primitive slogans may have had something to do with his not being taken to task for so long. It was not until 31 January 1980 that 500 policemen conducted a search of Hoffmann's castle which unearthed a veritable arsenal of new and used weapons, camouflage outfits, steel helmets, Nazi insignia— including a 20mm anti-aircraft gun and a surplus 12-ton armored personnel carrier. Up to that time, an increasing number of mostly young people had taken part in Hoffmann's "training exercises." At that juncture, things really began to turn around. It was not too surprising for older, unreconstructed Germans to join

together in rightwing extremist groups dedicated to tasteless, cynical nostalgia; but the increasing number of young people joining rightwing extremist groups is cause for concern. There are groups with oddly familiar names like "National Democrats," "National Socialists," "Association of Patriotic Youth," "Viking Youth" or "Young National Democrats" that offer an (emotional) home to some of the young people which they miss somehow.

Most of these young Germans who were born in the early sixties are now looking for a simple, clear ideal in a complex world full of insecurity and growing political polarization. The leftwing extremists were joined by young intellectuals and supported by them at least in the early stages; the neo-Nazis, for their part, are drawing on young people from the lower middle class. As a rule, rightwing extremist organizations cannot hold on to young people with the help of political slogans but with feeling and spirit and with camaraderie and adventure. Open-air gatherings, tent camps and practical ways of helping each other constitute a contrast to the bureaucratized world of their parents which these young people would like to escape. But above all, these groups, all of which are organized along authoritarian lines and seem to offer a set of clear norms, take on the trappings of a "secret brotherhood" that claims to have solutions for personal problems, too. But the truth is that the young person must relinquish his individuality and subordinate himself. All of a sudden, he is confronted with a radical alternative that speaks of obedience and diligence and order and cleanliness and that knows where the root of all evil in the world lies ("the Jews, the Communists, the U.S. capitalists")— in a world plagued by growing criminality and suicidal drug abuse.

Trail Leads to Switzerland

Hoffmann's group and his ideological activities have turned him into the most conspicuous of the rightwing radicals. When a bomb exploded at the Munich Oktoberfest on 26 September 1980, killing 13 and injuring more than 200, the Hoffmann group was in the news once again. The presumed assailant, who himself was killed in the blast, had twice participated in the group's exercises. In 1977, there were 616 riots involving rightwing extremists; by 1980, their number had increased to 1500. Most of them were directly or indirectly instigated by the "combat sports group Hoffmann." At the same time, Hoffmann has also been putting in international appearances. His men have held training exercises in the Pyrenees and have invited Italian sympathizers to take part in their exercises. And there is reason to believe that some of Hoffmann's men received training in certain military camps in Lebanon.

Thus far, groups such as these are not much more than collections of cranks even in terms of their numbers— there are a few dozen or at most a few hundred members. But the latest report on protecting the constitution, issued by Bonn interior minister Baum last month says that there is an "increased readiness on the part of rightwing extremists to use force and a growth in the membership figures of organizations of the far right."

And another thing: "We stand to gain from a polarization within this system." This quote is contained in a study on rightwing extremism among young people and once more offers proof positive for the thesis that extremist ideologies have a tendency to feed on each other. But above all, the rightwing extremists know that large sections of the population back them up on certain issues and proceed to stoke up these passions accordingly. A controversial study conducted by Sinus Institute in Munich found that 37 percent of the population was "inclined toward authoritarianism."

Switzerland, too, has been touched by this flare-up of neo-Nazi terrorism. On 24 December 1980, a customs official and a policeman were shot and killed by rightwing extremist Frank Schubert on the Swiss border. Until today, there is a suspicion that cannot be verified that the killer who later committed suicide had connections to arms dealers in Switzerland.

9478
CSO: 3103/6

STRATEGY, TACTICS OF RED ARMY FACTION VIEWED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Sep 81 p 3

[Article by Guenter Bannas: "A New Offensive of the 'Red Army Faction'?"]

[Text] The latest attacks on the American Air Force Headquarters in Europe in Ramstein on 31 August, on the office of the Hessian SPD in Frankfurt just a day later, and now on the commander-in-chief of the American Army in Europe, General Kroesen, in Heidelberg confirm the suspicions and reports that the security police have been gathering for a year. At the same time, the attacks give information about the goals and the strategy the "Red Army Faction" (RAF) is following. The security authorities do not doubt their participation in the latest attacks, including the attempted murder of General Kroesen. The attacks also indicate the "RAF's operational area": The Rhein-Main area with a concentration in Frankfurt as well as the northern part of Baden-Wuerttemberg.

The attack in Ramstein is thought to be the first one that the narrow circle of the "RAF" has carried out on German soil since the murder of Schleyer in the fall of 1977. To be sure, it is thought to have participated in the attempted murder on 25 June 1979 in Brussels of the Supreme Commander of NATO, the present American Secretary of State, Haig. In the Federal Republic, however, the constitutional protection reports of 1979 and 1980 record no "RAF" attacks. The recent intensification of its "struggle," which is directly mainly against American establishments, was already foreshadowed last year. In the Constitutional Protection Office, one spoke of a "clearly more offensive course than in previous years."

There has been a shift in the RAF's targets. While after 1977, American establishments were the first targets--the struggle against "U.S. imperialism" is of course still important to the "RAF"--the terrorists later were attracted to German establishments as well, particularly those of the SPD, whose politicians are regarded as the most important helpers of "imperialism" in Europe. Schmidt, Wischnewski, Ehmke, and the minister in the Foreign Office, Corterier, were named in a "strategy paper" of the "RAF" that was found last fall in Heidelberg. The attack on the SPD office in Frankfurt is considered to be a sign of this new orientation. It is at the same time an example of the cooperation of the close nucleus of the "RAF"--which is designated as the "illegal" part of the "RAF"--with the wider circle of the "legal" area of the "RAF," whose approximately 150 members come from the former "Antifa" groups ("Antifa" for "antifacism"). In them, it is reported, there is no increase to be noted, just as little as in the "illegal area" of the "RAF" members who have gone underground, to which about 15 to 20 persons are supposed to belong: This circle exceeds those for whom arrest warrants have long been in effect.

The "letter of confession" sent to a Frankfurt daily newspaper, taking credit for the attack on Kroesen, fits the series of writings in Ramstein and Frankfurt. It emphasizes Kroesen's role in American defense policy in Europe. "He is one of the U.S. generals who actually have the imperialistic policy in Western Europe in their hands all the way to the Gulf, because he decides the means of confrontation." The letter was posted in Aschaffenburg 4 and 1/2 hours after the attack, and is considered to be genuine, although it does not contain any of the evidence otherwise usually found. The senders, who admitted belonging to the "RAF," and who call themselves the "Gudrun Ensslin Command," also justify the attack by saying that the "FRG left" has been held for years in the Heidelberg Headquarters." As in the other letters, the senders see themselves involved in the "struggle against the imperialism" of the United States against a "revolutionary movement" in the countries of the Third World and in Western Europe.

The Frankfurt attack is ascribed to the "legal" section of the "RAF." As it says in a letter of confession that is signed, "solidarity with the RAF," these groups insists they did it. The greatest importance is given to them in the terrorists' section of the constitutional protection report. Admittedly, the differences between the part of the "RAF" that lives underground and those who think of themselves as the "legal part" are vague. Thus they are also seen as the "recruiting basis" of the "RAF." According to the constitutional protection report, all those who were placed in the "commands" in recent years came from the "legal level." According to this information, they attune their essential statements to the nucleus of the "RAF" and support it with writings, demonstrations, and press conferences. Furthermore, so the report says, they coordinate visits to prisoners and carry a part of the communications of imprisoned terrorsis. Operations involving disturbance and squatting that they initiate also serve the goal of recruiting for the part of the "RAF" that operates underground and of finding new adherents to the extreme "left."

They tried to achieve this last spring--with moderate success--by penetrating the squatter scene. In their "letter of confession" to the attack in Frankfurt they claimed as justification, above all, the rearmament decision of NATO as well as the decision of the American government to produce the neutron bomb, and the support of it by the Federal Republic. In this, they see the SPD as their real opponent. "When the SPD now wants to present itself as a peace party, then it is clear: They mean the peace of the rulers, peace for U.S. imperialism." They reject the attempt of the Social Democrats to initiate a discussion with the young protestors, saying it is "an instrument in their war" by which the Social Democrats only want to win time. They say this shows "what they fear: That the struggles will no longer take place in the areas controlled by the SPD, but will lead to armed RAF combat against U.S. imperialism." They claim that the Americans "are sending the same anti-guerrilla units against us as they send against the Third World." The "illegal" section of the "RAF" also bases its attacks against American establishments on the rejection of the NATO decision and of the neutron bomb. In a so-called command report on the attack on the Air Force base in Ramstein, the signers also turn against the peace movement. "Against all resigned fantasies of escape from the atomic inferno and the complementary helpless pacifistic wishes we say that this monster ("U.S. imperialism" is meant) must be conquered if we are to bring the resistance to the acuteness of the real situation there in the center." This letter of 31 August also made clear that the "RAF" no longer intends to limit itself to attacks "against things." In the heading of this "command report," "the strategists of the American military machine" are also expressly named as targets of the attack, together with the physical establishments. The attempt to murder Kroesen seems to be only one of the first steps in this plan.

9124
CSO: 3103/446

GOVERNMENT PLANS RISE IN NATURAL GAS PRICE

The Hague ANP NEWS BULLETIN in English 19 Sep 81 p 1

[Text] The Hague, 18 September--Economics Minister Jan Terlouw said today he would defend in the cabinet a rise of seven guilder cents in the price of natural gas per cubic metre as from 1 January.

He said the price could be raised further if necessary on July 1, by say three cents. The 1982 budget, as presented by the previous government this week, is based on a 10-cent increase in the gas price on January 1. All prices exclude 18% value added tax.

Mr Terlouw made his remarks to journalists after a meeting with the association of Dutch gas companies (Vegin) which has been holding out for an increase of seven cents for the whole of 1982.

Economics ministry officials said that every cent less would cost the state 150 million guilders in revenues a year.

Gasunie Comment

The Gasunie, distributor of Dutch natural gas, which has been pressing for a 10 cent increase on January 1, today regretted Mr Terlouw's stand.

A spokesman said a 10-cent rise which would raise the price to 55.3 cents per cubic metre, including VAT, was low as it was when compared with prices in neighbouring countries.

Former Economics Minister Gijs van Aardeene said in a radio interview today the price should be raised by at least 10 cents by the end of 1982.

Failing this industry would pay more than small consumers while Holland's foreign buyers of gas would break up the accords reached during the so-called Spierenburg negotiations which resulted in higher gas export earnings.

CSO: 3120/6

SUCCESSES, PROBLEMS OF EUROPEAN MONETARY SYSTEMS

Zurich NEUE ZUERCHER ZEITUNG in German 11 Sep 81 p 15

[Reporting from Brussels, the author finds "The European Monetary System Stagnating Due To the Fact that Member Countries Lack Incentives To Coordinate Their Policies."]

[Text] The second "birthday" of the European Monetary System (EMS) was celebrated in silence on 13 March 1981. This was entirely appropriate in view of the fact that the transition to the so-called institutional phase planned for the same date has been postponed indefinitely. It thus comes as a surprise to no one that for the last six months this subject has not even appeared on the agenda of the EEC. On the other hand the EEC Commission has repeatedly emphasized the relative success of the European foreign exchange union although the test of its effectiveness would seem yet to come.

Few "Realignments"

The political decision in favor of the introduction of the EMS was made by the heads of government of the then community of nine at a moment when the economic outlook was not unfavorable. The facts were running in the right direction. The EEC countries participating in the EMS quickly achieved agreement in important areas such as inflation rate and balance of payments. But there were many reputable voices, expecially in the FRG, which warned against a system of fixed rates in which they saw little more than a dangerous inflation machine. This circle also prophesied not too long a life span for the EMS.

The optimists may, however, prove right, at least as far as the life span is concerned. External monetary stability has been successfully maintained to this day, the rates of the participating currencies, all EEC countries except Great Britain and Greece, have been more stable than before the introduction of the EMS. Since its inception there have been only three exchange rate adjustments, the first in September 1979 (revaluation of the German mark by 5 percent against the Danish crown and by 2 percent against the other partner currencies), the second in November 1979 (devaluation of the Danish crown by 4.76 percent against the other participating currencies) and the third in March 1981, when the Italian lira was devalued by 6 percent against the partner currencies.

Success Difficult to Evaluate

If, as the EEC Commission often does, one were to measure the success of the EMS on the basis of exchange rate stability, it would be altogether possible to speak of a

system which has "proven" itself. This criterion of success is, however, questionable if not, in fact, false. The EMS must be measured on the basis of its envisaged goals, among which increased monetary stability in Europe, stronger economic growth, and the elimination of unemployment stand out. The promoters of the foreign exchange union were also persuaded that there would be significant positive effects on efforts toward political union.

If one takes these areas as criteria the success of the EMS is anything but certain. On the other hand, it would be false to maintain that the system is a clear failure because the economic development of the EEC countries since 1980 has been divergent. It would be necessary first to establish that they would have done better with flexible exchange rates. Nevertheless leading officials of the EEC Commission acknowledge that the fixed rate system has not produced the hoped-for coordination of the domestic economies of the EEC countries. In this connection they are quick to point to exogenous factors, especially the second oil price shock. Due to the concurrently soaring dollar they say this has led to still greater adjustment problems than the first massive oil price hikes in the early seventies. In view of the unequal capacities for adjustment within the EEC, provision for such shocks could not be made in the EMS.

There is nevertheless a very simple explanation for the relative stability of the exchange rate. The strength of the dollar (or the weakness of the mark) prevented greater fluctuation because the weaker currencies in the EMS have a tendency to move in the same direction as the dollar. Monetary specialists in Brussels attribute great importance to this "favorable" circumstance on the grounds that, if one were concerned soley with the different rates of inflation in the EEC countries, it would have been necessary to undertake more and stronger rate adjustments in accordance with the theory of parity of purchasing power.

Weak Capacity for Exerting Pressure

The EMS was not created for its own sake but was supposed to exert pressure on the stabilization policy of the participating countries. This is also one of the reasons countries such as Belgium and France have submitted to a like discipline. The Eurocrats, however, emphasize very soberly that revaluation and devaluation no longer suffice as the only instrument. Incidentally they carry this "thesis" forward as a decisive argument against flexible exchange rates and in doing so refer to British conditions. Adjustments in the rate would no longer set in motion quasi-automatic mechanisms for a balanced economic development. Changes in the exchange rate would be credible only if the necessary domestic economic program were carried out at the same time.

For example, a devaluation in Belgium unaccompanied by "flanking" measures would presumable lead in the end to stronger domestic inflationary pressures because the price mechanism functions only imperfectly and the improved chances in the export market would again be destroyed. Certain governments would be too weak to avoid such dilemmas. It is true that the EEC Commission is trying to render protective assistance to such countries with economic policy papers and recommendations. Recently, for example, it warned decisively against all too rigid indexing systems and presented proposals for dealing with crises to two member countries, Belgium and Italy. The Brussels officials can do no more in the face of the present power constellation.

The whole question is also visible in the Council of Economic and Finance Ministers in which the national policies for stabilization and structure should be discussed and coordinated. For the time being there is agreement on the diagnosis and the proposed therapy, but at least some governments have too little authority "in their own house" to carry out the therapy. Thus, for example, lack of understanding between government and social partners in Italy rendered a relaxation of the fixed indexing system impossible.

Divergent Domestic Economic Strategies

The EMS can only function in the long run if the large countries follow an agreed and consistent economic policy. This means especially Germany and France. Although Schmidt and Giscard d'Estaing were more or less in agreement on the path to follow for dealing with economic crises, this agreement has cooled markedly since Mitterand moved into the Elysee. It is true that cooperation on monetary policy continued even after the transfer of power in Paris, but in domestic economic initiatives for the restoration of stability considerable differences have appeared. While Bonn seeks recovery by a budgetary policy which tends to be rather restrictive and a package of demand-oriented measures, Paris is attempting to achieve a revival of the economy by means of an expansive fiscal policy.

Furthermore a change in the list of priorities in terms of goals has appeared in France. Attention is focussed overwhelmingly on employment; the fight against inflation takes only second place. These divergent concepts could bring the EMS into a fundamentally dangerous situation if the French experiment leads to neglect of monetary discipline.

Waiting for Great Britain

Bonn's "mistrust" of the new French economic policy is one of the reasons that, despite the relative success of the EMS up to now, the second phase--creation of a European monetary fund and strengthening the role of the European currency unit (ECU) as a reserve medium or even as a monetary unit--it not at the moment a serious subject of debate. Commission circles emphasize further that economic data collection procedures of the EEC countries differ too widely. Great Britain's decision to keep its distance is given as a third reason. As long as London remains inactive in the exchange rate union, its further development is probably unrealistic. Therefore the Commission president, Thorn, emphasizes at every opportunity the necessity of early British membership. Even in London itself such voices are being heard. The Thatcher government has remained "hard" up to now, above all be it noted, because it fears for its monetary-political autonomy.

The initial euphoria over the EMS has evaporated. Now a prolonged phase of reflection over the advantages and disadvantages has begun. The vitally important transition into the second phase will probably still be a long time in coming. It is possible that the EMS will even remain in a provisional status. In any case evidence of its effectiveness as a promoter of integration has not been forthcoming.

9827
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FINANCIAL COLLAPSE THREATENS EUROPEAN COMMUNITY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Sep 81 p 3

[Article by Heinz Stadlmann: "Is the European Community Threatened With Collapse"]

[Text] Brussels, 17 September--This Friday a special session of the federal cabinet will discuss the future European policy and establish the direction which is to be followed for the negotiations that have just begun in Brussels and which concern the future financing of the community and its general policies. Because of the many problems it is facing in its own country, the desolate situation of the European Community has in recent months been pushed into the background. To be sure, for some time Europe has been an unpleasant topic and the source of many disappointments and anxieties, but now time has again arrived where one cannot be sure any longer whether all the unexpressed inner conflicts may not put an end to the enterprise after all.

In essence, the problem is money. Since Great Britain's announcement in 1979 that it was no longer willing to contribute billions to finance the Community--which was followed by tough debates that lasted for months, at the end of which Great Britain was granted a substantial reduction for a 2-year period--the question of finances has been a constant topic. The RFG, which had to assume the main burden of the English reduction in contributions and, as a consequence, had to increase its share for the Brussels treasury, no longer wants to be the only one who is expected to pay unlimited amounts. Anyway, the time had come to an end when it was more or less willing to take over the role of the bursar for the European Community. Growing concern about the budget and balance of payments no longer permitted the generosity that had always been expected of the FRG--the strongest economic power in the European Community.

As a result, the EC Commission was asked by heads of government, acting, above all, on an urgent request by the Federal Government, to make suggestions for a reform of expenditures and a permanent solution to the British contribution problem. To be sure, the commission took 13 months, but it came up with a reply that went far beyond the problem of finances. Under Thorn, the new president, all the policies of the Community were debated and directions were established. Whatever the assessment is of this kind of dealing with the request, it is almost impossible to make a quick decision in view of the wide application. On the other hand, by the end of this year the financing for 1982 is to be settled, because by that time the reduction for Great Britain is to come to an end, at least for the time being. Although extending this ruling for another year has been contemplated, the Federal Government has already served notice that it will not help out again and pay the same amount for Great Britain.

Discussions of the commission proposals began last week. Present were the permanent representatives of the member countries. Already at the beginning it became evident that the participants had very different ideas. France's representatives are only talking about the new policy that is necessary. What they mean is more EC social policies, more industrial policies, but nothing was said about economizing. Italy is doing the same thing and, in addition, it wants more support for its agriculture. The Danes who feel that they should be consulted more frequently because of the advantages they derive from Brussels agriculture appropriations, were defending the existing system. The FRG and Great Britain were practically the only ones placing priority on economizing.

Not Only Burdens but Also Advantages

The explosiveness hidden behind this dispute has probably not yet been fully recognized. Even if one assumes that everybody is first of all establishing his own position when it comes to negotiations and therefore starts with maximal expectations, it is, however, already apparent where the unbridgeable differences are. Real deep cuts in the joint agrarian policy, which consumes about two-thirds of the EC/budget, will probably not be accepted by the new French government either. A few corrections, yes, but no changes in the fundamental principles. Therefore, where are these big cuts to be made to provide funds for other programs? There is no longer any hope that revenues will increase, because the amount of the value-added tax that is channeled to Brussels will reach the 1-percent limit already next year. It is not difficult to predict that attacks against this 1-percent limit will begin at that time. But so far Bonn and London have been determined not to give in. Is there a danger after all of a financial collapse of the Community?

The news from Bonn is that the Federal Government wants to preserve and expand the European Commnity. It wants to support new initiatives, and Foreign Minister Genscher is urging a plan for a European Union which is also under discussion by the special cabinet session. In spite of many doubts in London's orientation toward Europe, the government wants to keep Great Britain in the European Community and simultaneously cultivate the special relationship with France. But it does not want to spend additional money for all these things. With respect to the financial aspect, a hard line is clearly recognizable: No increase in the 1-percent limit when it comes to value-added taxes destined for Brussels and putting a ceiling on German payments to Brussels. Opinions still dffer on how this ceiling is to be established from the technical point of view. The decisive factor is that Bonn wants the establishment of a limit.

It is quite certain tht this attitude will meet with considerable approval. In the meantime, displeasure with Europe has spread extensively throughout the FRG, and because the Germans have financial difficulties themselves, there is almost no other choice. Nevertheless, wherever the aversion is more or less of an emotional nature, one should remember the realities: Almost 50 percent of West German exports are destined for countries of the European Community. Nobody can be sure that it will remain the same if the Community should collapse and if everybody would attempt to save himself. All indications are that at such a time import barriers would be established quickly.

The Community is also the platform which to date has been used successfully to maintain extensive free trade with international organizations. It is doubtful whether the FRG, which is always the precursor with respect to this policy, will be able to do it all alone. Has anybody tried to figure out how this might affect our balance-of-payments deficit? The question does present itself, because the FRG Ministry of Finance in Bonn has announced that current payments to the European Community represent one-fourth of our balance-of-payments deficit. Consequently, we are not doing ourselves any favors when we only talk about the burdens without once mentioning the advantages.

8991
CSO: 3103/445

VAN MIERT ON BUDGET, TAX, ECONOMIC PROBLEMS

Brussels KNACK in Dutch 9 Sep 81 pp 20-23

[Interview with Karel van Miert, president of the SP, by Johan Struye: "'I Have No Taboos' -- Karel van Miert at the Beginning of a Political Year"; date and place of interview not given]

> [Text] Times are difficult for social democracy. At least as difficult as for other parties which also have one leg rooted in the system's gains, but with the other want to go forward with good intentions. These days, all established parties are brooding over their contradictions.
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> The Flemish socialists have swallowed the idea of income reduction, and they are now frankly playing along on a playing-field chosen by the adversary. The rebound produces nervous behavior in their own ranks, because the SP [Socialist Party - Flemish] demands that the partner follow the rules of the game with a certain coherence. But maybe this was not the intention. Last week, in a review of his activities during the summer, PSC [Christian Social Party] Minister of Foreign Affairs Nothomb once again referred to the missiles in a manner which was not immediately congenial to the SP. Next to education, this is one of those game techniques with which it is easy to rub the Flemish socialists the wrong way and drive them off the field. Yet, in the following interview, Karel van Miert showed himself willing to talk about everything that has anything to do with the idea of income reduction. About everything and with everybody, but then without daggers under the table.

Question: Socialist existence is a mixture of ideology and apparatus. Doesn't the feeling sometimes come over you that you are thereby losing your roots in society, that the times are very alarming? That they are such that you cannot find a convincing answer?

Karel van Miert: The reactions in society are indeed very contradictory. Raising alarms is in full swing now, but that does not alter the fact that what has been accomplished during the last few decades in our countries in Western Europe, is fantastic. After all, aside from Kuwait and the Emirates -- who, for obvious reasons, are exceptions --, we enjoy, together with a few other countries, the highest standard of living in the world. This does not prevent us from seeing

clearly that our system has gotten out of hand. Briefly, I see three elements. Those things which were achieved with good social intentions have gradually grown into an acquired and unquestionable right. We have only to think about the high pensions in government service. A second fact is that, in exchange for those acquired rights, people no longer feel a sense of responsibility to the same extent. Everybody now thinks that the system has become crooked, but then because of the /others/ [in italics]. Everybody has an excuse ready to defraud the state or to abuse. Aside from active tax fraud, there is also /social/ [in italics] fraud. The third evil is the fact that the system of our welfare state is an abstract system. It is a complicated entity, with hundreds of thousands of people who pay contributions and hundreds of thousands of people who benefit, with tens of thousands of people in the middle who keep the whole thing going, but which as a system does not have any impact on individual desires. And yet I did profit from the results of an opinion poll conducted by HET LAATSTE NIEUWS among the youth. If they could keep only 2 out of 10 institutions, 85 percent of them would choose social security and education. Army, police, church and parliament were way back. How did the system get out of hand? You can see it happening every day. Those who become unemployed at 40 percent of their salary soon discover that they would be better off sick. The institutions cooperate in this; the doctors cooperate no less. If there is any doubt whether someone is entitled to his unemployment benefit, then he simply goes to another union. We know all of this, and yet we feel that the system should continue to exist. This is why the need to orient the welfare state back toward its real goals is expressed so loudly today, at least among us. But that is where the shoe begins to pinch among the various interest groups. As far as the Federation of Large Families is concerned, family allowances are not debatable; for the union it is indexing, for the doctors something else, you name it. When the public hears that social security or unemployment have become prohibitive, they look toward the unions. They forget that the enterprises themselves participate more than a little in the organization of the social fraud. The amount of manipulation of the system of temporary unemployment, which costs society billions of francs, boggles the mind.

Question: Didn't the discussion on this start too late among the progressives, the social democrats and the Christian democrats, because this evil was a theme of the right? Automatic indexing still appears to be taboo.

Van Miert: When so many things have to be looked at again, including in our foreign policy, then it is wrong to work with /taboos/ [in italics]. I try not to do that. But it does not make sense to talk about renewal /here/ [in italics], but not /there/ [in italics]. To focus the debate solely on indexing, is very one-sided. It is wrong to work with taboos and with simplistic formulas. Public opinion is unduly influenced by them though. However, after 2 years of Thatcher you can see what a catastrophe simplistic concepts can produce. In our country, the budget is the problem of the day. I am not saying that the government has produced a masterpiece; I am only saying that the criticism is rather contradictory and divergent. Indeed, the budget is being attacked from so many sides at once, that the only thing that is clear is that nobody has an alternative to offer.

Question: There is the hallucinating figure of 864,000 workers who are at this moment working in government service in Belgium. No international expert whatever would need to hear any other figure to realize how sick we are. Of course, this includes the people working for the RTT [Telegraph and Telephone Administration], the Railroad and the municipal enterprises, who are simply creating economic excess

value, but there is never a natural relationship when nearly 1 person out of 3 is a civil servant in a country with a free market economy.

Van Miert: In this respect, I share the concern of PSC Minister Maystadt. However, it is not a solution simply to remove a bunch of civil servants from the payroll. Not only does that leave you with those functions which still have to be performed, but the next day you find those people unemployed. There you have to pay them too. What a goodly number of civil servants tend to forget, I am sad to say, is not only that they are being paid by the community, but also that they are being paid to serve that community. All those unfriendly civil servants behind the counters, about whom the public likes to complain so much, are people who inflict a loss on the communal idea, to which specifically they owe their existence. As in the social and economic field, nothing can be reformed in the administrative field by simplistic concepts. There are situations which developed over time, which made good sense once but have become routine today. Instead of the official reflex that you are here for the rest of your life, I am with Maystadt in his aspiration for greater mobility for the civil service. In this regard, we are stuck with a corps of civil servants who have been impermeated with the yeast of party politics. Where do you start? Eliminate political interventions and they will rear their heads via the union or via other organizations. However, this fact should not meanwhile prevent hiring and promotion from being much more objective, in order to eliminate arbitrariness as much as possible. We have been asking for years for the introduction of political leave for people in government service; that would already clear up many things.

Question: It appears that for the Flemish socialists the index is becoming debatable; however, this is much less so for Spitaels. The left seems to have a harder time sticking to a single recipe than the right. Isn't it a handicap for the Belgian progressives that they are now faced primarily with problems of national dimensions, which they have to tackle with two socialisms?

Van Miert: We have had the savings of the Martens IV administration. Then there was /Maribel/ [in italics] with the shifting of part of the social security costs of the enterprises to consumption, via indirect taxation. Soon we will feel the effects of the measures of the 1982 budget. We cannot once again, through a manipulation of indexing, dip into the pockets of those in the 50,000 to 60,000 francs per month bracket, who have already been heavily called on. The same objection applies to the system of taxation; now the PSC has come up with a completely different concept. It is wrong for us to be heading into a different direction virtually every year. The administration can no longer follow; what about the public then?

Furthermore, it is too easy to state that for so many years we have wasted our time with the community question. Not only was the community fact a political issue, a few years ago it was even the dominant issue. Regionalization was not the priority of the French speaking socialists alone; the PSC and the PRL [Party of Liberty and Walloon Reform] were no less involved. It would not make any sense now to pretend that this compulsion did not exist, or to put this dimension aside. There is nothing which is not colored by the community issue, not even the aircraft industry. In Wallonia, they made efforts in this sector; that was intelligent. And it is intelligent of them to continue with this, but they don't need to claim that all their efforts would be thrown off course if we were to try something else. If efforts in the aircraft industry are directed toward the future, then it is the duty

of the business world and of the authorities in the Flanders to grasp that opportunity. This does not have to turn out to the disadvantage of Wallonia at all. We are simply stuck with it; the community dimension is a difficulty which is added on top of all our other problems.

Union and Party

Question: Isn't Karel van Miert brooding alone too much? Didn't the splitting up of Belgian socialism fatally narrow the circle of experts surrounding him, so that the question might be asked as to what the operational possibilities of the SP are? On 1 May something was said about a Labor Plan, but then nothing more. Isn't your party's action too lacking in mass to be taken seriously?

Van Miert: That division touches everyone; we experienced that once again before the summer, with the steel question. The Christian democrats on both sides of the linguistic boundary did not have any fewer differences of opinion than the liberals, or than the socialists. The community dimension achieved its full impact at the economic level. You cannot by agreement simply put it aside, and then talk together about the rest. /Because there is no longer any rest/ [in italics]. How can we talk together in Belgium about the revival of or the support for industry, when as far as the Walloons are concerned steel is the only priority. Whoever they may be, that is what they want to put all their efforts in. You cannot even talk about measures relating to family allowances, without becoming aware of the fact that even the types of family are different between North and South. If you were to eliminate the allowance for the first child, then you would primarily hit Walloon families. This burden naturally weakens the thrust of any Belgian policy considerably, but this should be accepted as a fact. The Labor Plan was the result of broad lines of force which were developing among us. One of the starting points was that some resources had to be transferred from consumption to the enterprises, let us say to investments. This is naturally an admirable principle, but how do you implement something like that? We debated about this within the party, and then we threw a plan, which was not completed, on the market for discussion. It was discovered that we will have to get by with less, that some resources will have to be redirected to produce a revival. This is the first step in thinking about a large number of other matters. In the same spirit, the Frank Van Acker study group came up with a plan for the reform of social security. I don't need to point out that opinions are rather strongly divergent; this is no doubt also true of union and party. These are things which are incubating within our ranks and which we want to tackle very thoroughly, but a certain caution is called for. As a political family you can create expectations too rapidly which cannot be realized in the immediate future.

Question: The lack of scientific backbone in the political parties inevitably colors the work of the administration. It seems as if, for a few years now, Belgian administrations have been setting new records for the contradictory consequences of their measures. On the automobile market, the consequences of the increase in the gasoline price are being felt now. The oil producing countries and the multinationals are good for the debt, but the state is collecting excise taxes. The BTW [Value-added Tax] on the sale of gold does not produce a penny to speak of for the treasury, but with the other hand the state will henceforth have to support a few additional hundreds of unemployed. A sector is going to pieces, period. By introducing broadcast advertising, they are unconsciously running the risk of partially dislocating the printing sector. For a whole year, your SP has bombarded

public opinion with issues, such as taxation of the profits of intermunicipal organizations, high pensions, defense and other details, which together do not add up. One of the consequences of regional planning is the crazy increase in the value of real estate for construction. The real estate adjustment is causing a massive exodus from villas. And thus the construction sector is breathing its last gasp. Now we are also getting a tax on evidence of wealth. Couldn't someone in your party figure out for once that you can make billions from a 1 franc tax on a glass of beer, but not from a 10,000 franc tax on a riding-horse?

Van Miert: If you try to present a politically coherent attitude, then you cannot fail to consider some things. Some people tell me that it is not serious to take aim at the high salaries of the commissioners of the European Community when we are talking about the need for moderation. It goes without saying that you cannot straighten out the budget by taking a spectacular sum every month away from a dozen conspicuous incomes. However, you have to see this in an ethical dimension. Together with others, we as socialists argue that certain social gains can no longer be maintained, that income reduction /must/ [in italics] take place. But sometimes it seems as if for the others, this view remains rather abstract, and especially that it should never touch their own gains. We want to do it, but in a coherent manner. Given certain existing privileges, you cannot ask the bulk of the population for moderation. Someone like the French Minister of Foreign Affairs Claude Cheysson now receives more than his country's president. Anyone who leaves the Commission, even for another top job, will be paid the difference in salary for another 3 years. Cheysson is even good for a few years of supplementary family allowance from the Community. I am quite willing to go and tell the people that I am sorry, that efforts must be required, but then an effort must /also/ [in italics] be made by those who are forever giving us wise advice in this sense.

The same applies to high pensions. A year and a half ago, we demanded a 2 percent contribution for social security from all those who enjoyed a pension higher than 22,000 francs per month. At that level, this was a serious effort. It could be defended, because those people enjoy a fair number of exemptions. At the same time, however, there were people, who had reaped the benefits of a stable job their whole life long, and who now claimed pension amounts far greater than 100,000 francs per month. They agitated for this for 3 years. If this is the way it is, then nothing can be done. You heard nothing but talk about savings, but when we did something about it, then they reared up. You could have it included as often as you wished in the government agreement, but every time a pretext was found /not/ [in italics] to implement the royal decree. And yet, the public has the right to expect that you will prove that you mean it, when you expect them to respond favorably to a request for an effort. As far as the European Commission is concerned, we saw it being much less courageous itself when it had to take action against the demands of its own officials. For us, this lack of coherence between the behavior of the heads of institutions themselves and what they think they can present to the public at large, is an important element of all political recovery. This has to be laid bare.

Question: To take the money from where it is has always been a socialist theme. Because the state was not equipped to act against the really wealthy, in the past this has always meant an increase in taxation for those whom the government could openly see earning their money. With the latest measures it has now come to the point where 50 percent of the union members are now looking at a 50 percent fiscal and parafiscal taxation. After a few years, a family of teachers, where both

spouses work, will have to declare 1 million francs in taxable income. This historic turning point can be felt in the nervous behavior of the unions. Anti-taxation as a political reflex is no longer the monopoly of the self-employed and of the persons of independent means, but has shifted to the natural reservoir of the left. Is it because the SP has swallowed the idea of reduced income out of an excessive sense of public responsibility, that as a party it is now coming out so aggressively with irrelevant nearly leftist details? Because of the ethical coherence in the management of the crisis? The others, who have allowed the situation to drift into a crisis, have less difficulty with this.

Van Miert: With those points, we wanted to show the gap between what those others often abstractly present, but are so little willing to do anything about concretely. Long before Willy De Clercq and Jean Gol, I openly stated that I don't need any family allowance on top of my salary. It is said that the liberals are in favor of slimming down the state. This will last until they are back in the council of ministers and ask for greater expenditures for the army. It is true that a maximum burden has been reached in terms of taxes; we are well aware of that. Some things have already been pushed back, but not enough to reform things. However, to the extent that we are willing to make efforts in social security, we will continue to insist on the struggle against tax fraud. Let the others say as much as they want that this is a fetish, demagoguery, that nothing can be done about it anyhow, it remains our duty. The situation is so difficult because the European Community fails more than a little. The situation is so difficult because you can still make claims only on the income of "people who work." In the area of financial operations and foreign investments, the state remains powerless. Well, it is precisely income from those sources which has grown most rapidly in recent years. It is equally difficult to set up a tight system to restrain social or tax fraud, but you cannot have the one without the other. Furthermore, saving is a question of structures. Let us take the Belgian army, for example; that is a structural problem in and of itself. If, for years now, it has no longer been possible to meet the budget, couldn't the question be raised then of whether we, as a small country, can support armies on land, on sea and in the air? They often talk about the /taboos/ [in italics] of the left. Doesn't the right then at least suffer from a certain /hypocrisy/ [in italics]? People see unemployment grow, the tax burden increase and enterprises go bankrupt. In such times you always have less of a chance with sensible language than with simplistic theories. The pendulum of public opinion is now clearly leaning toward the view that the state has become too heavy, that it has become prohibitive, and that all kinds of things would be better off with /less/ [in italics] state. Everybody is in agreement on this, except for those issues where he himself benefits from the state service. First of all, industry. If a risk is involved, industrialists now ask, in the most representative way, that the state invest first, assume the costs or even provide its guarantee with regard to foreign clients. The tragedy lies in the fact that it is precisely now that the state has to slim down, while each interest group needs it for some issue or other.

Question: Every wage earner will soon feel the effect of his solidarity contribution on his pay check. Wouldn't it have been less painful to skip an index adjustment?

Van Miert: They are talking about the index now as if its repeal would be a miracle drug, as if it would straighten out the housekeeping of the state. However, the treasury would not benefit at all from withholding index rounds. On the contrary. /Less/ [in italics] income for social security and for internal revenue. Even

prior to Maribel, the Flemish socialists said that, starting from a certain level, they would be willing to discuss an adjustment of the index, on the condition that the system be preserved and that the implementations be carried out gradually. Cents but no percentages, that is the slogan. Since then, however, Maribel has taken resources away from consumption, the ceilings were removed in terms of contributions, and an even greater income reduction is being anticipated in the budget. The issue on the agenda now is how the treasury could call on all those other incomes which are growing more rapidly. But it is rather obvious that nothing would be achieved in this regard by messing with the index.

Question: Wouldn't it have been less expensive to follow Wilfried Martens during the last days of March, than to be paying through the nose for the 1982 budget?

Van Miert: But that whole emergency plan did not include a single franc for the budget. On the contrary even; it would have become even more difficult for social security to obtain its financing. It included only linear measures; the small man would also have had to give up some of his shabby 20,000 francs. Nothing was required from the income of other sources of labor. The Martens proposal really involved putting the weight of the crisis on the so-called middle group, and not below.

8463
CSO: 3105/182

ECONOMICS SENATOR DEPLORES REDUCTION IN BERLIN SUBSIDY

Hamburg DIE ZEIT in German 18 Sep 81 p 19

/Interview with Elmar Pieroth, West Berlin Senator for Economics, by Michael Jungblut and Joachim Nawrocki/

/Text/ ZEIT: Mr Pieroth, just a few months after taking over as senator of economics you have been the recipient of bad news from Bonn: the Berlin subsidy is to be cut by DM 235 million.

Pieroth: All the political forces in the city —ranging from the chamber for industry and commmerce to German trade union federation— are in agreement with me. The projected cut would hit Berlin at a time when there are still a number of psychological problems to be resolved which affect the city.

ZEIT: But the finance minister simply has to save money.

Pieroth: The short-term effects of the cut are one thing; over the long term, they will be even more damaging. At long last, we had reached agreement among all the political parties and economic organizations in Berlin that we would have to make the Berlin subsidy more effective and cost-efficient and that we would have to concentrate on the creation of jobs for skilled labor..But now, Berlin labor union chief Michael Pagels says that a DM 235 million cut will hamstring Berlin's efforts to such an extent that hardly any thought could be given to restructuring the economy. And yet, according to estimates of the German institute for economic research, it would make for greater efficiency in the long term and save DM 100 million anmually.

ZEIT: There is always talk of everybody having to make sacrifices; but nobody really wants to be first.

Pieroth: If everybody did, that would be well and good; but not Berlin all by itself, in a regional sense.

ZEIT: Matthoefer defends the cut by saying that the Berlin subsidy, in rising by 4.8 percent, is still growing faster than the federal budget which is rising at the rate of 4.2 percent.

Pieroth: That is a half-truth at best. It is true that the Berlin subsidy is to rise at a somewhat faster rate than the federal budget. But at the same time, the subsidy designed to help Berlin firms equalize their geographical handicap is due for a DM 235 million cut. The subsidy for the local health insurance scheme is to be cut by DM 80 million. In addition, the DM 120 million, promised for 1 January 1982, to subsidize a small business tax cut has been rescinded. That comes to a total of more than DM 400 million. If you subtract that from the DM 500 million Berlin receives as a budget subsidy, then the city will only get DM 100 million or one percent more. Now that is a distinctly lower rate of growth than that of the federal budget. Those are the real figures. Finance minister Matthoefer is citing only those figures that suit his particular plans.

ZEIT: But he also says Berlin is introducing a new social service in granting an education allowance to mothers while the federal government is making some heavy cuts in this very area.

Pieroth: These funds are being provided for by making cuts locally. We are doing away with free admission to the zoo by young people; we are not proceeding with the expansion of pedagogically supervised playgrounds; we are cutting vacation funds by a third and are introducing a new upper income limit for loans to newly married couples. These measures in themselves will save DM 150 million by 1985. Another DM 120 million will be saved by indexing contributions to day-care centers which have been free until now. Pointing to the education allowance, in other words, is not a really valid argument.

ZEIT: But what exactly is Berlin contributing to the savings program ?

Pieroth: The senator for finances has accompl ished the enormous feat of cutting DM 3.5 billion from the budget of the next 4 years. Berlin thereby did its part of reducing the public debt. That is our contribution toward breaking the back of the inflation mentality and to getting back to lower interest rates, which the economy sorely needs.

ZEIT: As a political and economic entity, Berlin is an island. That has its disadvantages. But it could also have advantages in the sense that this easily surveyable region could be the proving ground for new economic and social concepts.

Pieroth: When one no longer is part of the opposition camp in Bonn but a member of the government here, one can at long last transform one's ideas into reality. The first item of business is to bring out the more positive aspects of Berlin over the next 4 years. It is an entirely one-sided picture that many have that there are riots all over Berlin all the time. Anyone living and working in Berlin rarely, if ever, encounters any of this unless he makes a point of going to one of these locations. Berlin is full of alert, open-minded people; it has such an exceptionally good transportation system that makes it easier here for people to work together than in many another city. Within its confined space, Berlin attains a greater GNP than either Portugal or Ireland. It has a widely varied industrial structure which not only provides a basis for economic progress. Here in this city, more so than in a less developed area, one could see to it for instance that a

mother who does not wish to work full-time can find a job and get to it easily. Berlin businessmen —who have always had a tough time of it politically— are more receptive here to the proposition that business will get to the year 2000 only if it recognizes its obligation to society as a third factor to be considered in addition to production and the market. Business today is the locale most conducive to social progress; government spending can hardly be expected to achieve it any longer.

ZEIT: In many instances, it would do just as well if the state relaxed rigid regulations thereby creating more room for social progress to be based on initiatives of either business or labor— as for example in the area of work schedules. Do you believe one such model or another might be tried out in Berlin ?

Pieroth: I think it is quite possible that young people might start to work earlier, to do something practical and to accept fewer years of schooling, if they knew they could attend to their higher education or to a second course of study after having worked for a few years. There really is no reason for engaging in theoretical studies for 20 years, then working for 30 years and finally to lapse into retirement without any transition. We intend to break new ground in this field jointly with the senator for labor, Wronski, and the senator for science, Kewenich.

ZEIT: The many institutions of higher learning in Berlin would create the proper framework for this.

Pieroth: That applies to other fields as well. There are not only many old people in Berlin; we have the highest per capita ratio of students of any metropolis, too. In the vicinity of the major American universities, there are always new businesses springing up which draw on the ideas and research findings developed there. Such possibilities exist here as well. The old demand that Berlin should become a center for research and development might at long last be realized, if we could get business and science to cooperate in a similar manner. I am particularly pleased by the fact that the Berlin DGB is helping these efforts along.

ZEIT: Are the Berlin businessmen just as open-minded ? Time and again, the claim is made that the many subsidies of the past have created a distinct subsidy mentality and so,a situation where nothing works any more without a government handout.

Pieroth: I would like to distinguish between the open-mindedness in social matters which I described earlier and this particular problem. The businessmen did not invent the subsidies; it was the politicians who wanted to lure them in a particular direction by granting them. If the businessmen accept these funds, they cannot really be blamed for it.

ZEIT: But many a businessman is just resting on his subsidy cushion and is not making any effort of his own— for instance in the export field.

Pieroth: If he receives a 5 percent turnover tax refund for deliveries to the FRG but none for deliveries to foreign countries, the Berlin businessman is not really being provided with an incentive to export his products. But that is above all the fault of the politicians who all but persuade business to adopt the wrong practices...

ZEIT: ...or to lead it astray. After all, such regulations practically tempt business to forward their exports to foreign countries via addressees in the FRG.

Pieroth: That is true. It is probably a good thing that the present senator for economics is a professional businessman. I view the problems from both sides.

ZEIT: Does that mean there will be more new jobs in industry than in administration from now on ? For many years, it was the other way around.

Pieroth: In announcing the program of his administration, Richard von Weizsaecker has said that the Berlin economy will be aiming to create more secure jobs. In the public sector, on the other hand, 2000 jobs will be cut next year. Difficult as that is going to be, there is a positive aspect to it, too. I would claim that the loss of jobs in industry in Berlin has as much as anything else been due to the hiring of 41,000 additional public sector employees over the past 10 years— at least some of them offering very attractive conditions. Industry lost skilled labor in the process— some of which it had trained. On the other hand, the number of jobs in crafts and services has increased.

ZEIT: This growth of small and medium-sized business— you are for it, are you not ?

Pieroth: Of course. We want to see the climate favorable to small and medium-sized business improve still further. Berlin still is a middle-class city. There still are people who live in the front of the house and work in the back. Some of these are small businesses which enjoy a monopoly on the world market. New jobs must above all be created in the middle class environment.

ZEIT: How do you propose to do that in the face of shrinking subsidies and the poor state of the economy ?

Pieroth: With new ideas and in close cooperation with business associations and the labor unions. We must bring about a new creative atmosphere and do our best to maintain the competitiveness of existing enterprises. Just a few ways in which we can do this is to introduce new savings schemes, to promote investment leasing, to set up a data system for stimulating Berlin's economy and a cost-efficient, flexible support service for small and medium-sized business ventures. Many businesses have to give up simply because there is no suitable enterprise to be found to take their place. To change this state of affairs, we will create a successors' exchange. Berlin must once again become a city that attracts those that want to make it and not those who have had it.

9478
CSO: 3103/7

TRADE MINISTER'S SUGGESTIONS FOR BOOSTING COMPETITION

Rome IL SETTIMANALE in Italian 8 Sep 81 pp 95

[Article by Nicola Capria, socialist minister of foreign trade: "The Proposal: Roads to Follow to Again Become Competitive"]

[Text] A coherent line of intervention in behalf of a stable re-balancing of foreign trade must take into account the present context. Since October 1979 there has been a systematic upward trend of imports over exports. To sum up in a few simple words the evolution of our foreign trade, we are witnessing a slight increase in exportations, but one that does not succeed in compensating for the very great increase in the cost of importations, even though the volume of the latter has been notably reduced.

Without hiding behind the structural origins of the crisis (it will take a long time to resolve them), I believe that it is essential to immediately do whatever can be concretely done, by analyzing the causes of the unsatisfactory trends. There are essentially two of them. The first cause is a drop in the competitiveness of our production, which determines the changes in the trends of the exportation quotas to other countries and the opening of the domestic market to the aggressive competition of other countries. The present policies of the government, along with those of the business sector, and in agreement with trade unions, of rationalization of the structure of the cost of labor and of the sliding scale should lead to alleviating these problems. But in the intermediate period the cost of labor will reflect an upward trend, no matter how things go, that will be relatively higher than that of the industrialized countries that are our competitors. Therefore there is an absolutely vital need to go from a competitiveness that is based exclusively on prices to a competitiveness of quality, of commercial capability, and of services. This requires a resolute movement forward to higher levels of organization, by shifting from a strategy of individuals, in open order, to a coordinated and organized strategy: no more exportations firm by firm, but sector by sector, market by market.

The other main cause of the crisis, an external one, is the seriousness of the energy shortage. If we take into account that, in order to pay for a 500,000-ton super oil tanker, Italy today would have to export 20,000 automobiles, in addition to half a million hectoliters of wine, more than 2 1/2 million pairs of shoes, plus 300,000 quintals of tomato sauce, we will have a precise picture of reality. And, in order to meet demand, an average of one super oil tanker would have to arrive every two days during the course of a year.

The first broad line of intervention has to do above all with what Onida has called "invisible investments," the competitiveness of intelligence and of organization, and concerns the reorganization and the reconversion of an unbalanced economic and productive system. In an open economy system like the one we have experienced for 35 years, foreign trade calls for a synthesis or, if you like, for a rendering of the accounts of national systems. We must go along three main paths. The first is the internationalization of our productive system, overcoming that simplistic and profoundly erroneous theory that ties the dramatic problems of employment to the obligatory presence of Italian firms inside national boundaries. The other path is that of the simplification of the entire burocratic administrative system, which today squeezes the potential for the growth of our exportations into a vice. It is a system in which the Public Administration a priori refuses to trust the individual operator, imposes an inordinate series of enormously costly controls on him--both direct and indirect--with which after all the state itself is not able to comply. I believe that this formal and constraining requirement of a guarantee is not at all a minor cause of the loss of competitiveness in our entire economy.

The constraints must be removed, along with the monetary controls that have been superimposed over the years and which actually constitute a hidden exportation tax. It is a question of reform interventions that will not involve burdensome expenditures and will be eminently capable of stimulating exportation. All that is necessary is that consideration be given to the simplification and the trimming of procedures, to the modernization of the administrative and promotional apparatus, and to a legislative change with respect to monetary penalities--already shown to be not only inefficient and contradictory, but also restrictive.

The third main path leads us to a profound rethinking of our objectives. For years it has been maintained that we must enter new sectors, with advanced technology. This is undoubtedly true, but not an alternative to be applied to the so-called mature sectors that continue to be strong key points of our exportation system, a condition needed to assure a balance in our foreign trade accounts, while awaiting the entry of new sectors.

In order to travel along these paths that would make it possible for us to emerge from the vicious circle of obstructive measures, the agreement of all business sectors is indispensable. The government is resolutely moving in this direction. But it is not the government's responsibility alone.

8255
CSO: 3104/4

PROVISIONAL BUDGET FOR 1982 PUBLISHED

Zurich NEUE ZUERCHER ZEITUNG in German 17 Sep 81 p 14

[Article by pmr.: "Provisional Budget Draft in Netherlands"]

[Text] The Hague, 15 September-- The 1982 provisional budget was published in The Hague in accordance with the Dutch Basic Law, which calls for the submission of the provisional budget for the next year on the third Tuesday in September, the day of the Queen's address. The character of this year's draft is even more provisionary than was the case in past years. Parliament always made more or less comprehensive changes in government proposals, but this year's draft was still the product of the Chrisitan-Liberal cabinet which was replaced 4 days ago by the Black-Red coalition. The new government will probably submit its course corrections on 12 October, although to date no total agreements have been reached in spite of lengthy coalition negotiations. Until then the Dutch public will have to be satisfied with a purely technical dossier which was prepared by officials under the strict maxim not to increase the pressure of collective burdens and simultaneously decrease the budget deficit.

Income Distribution in Need of Change

Sociopolitical effects were not taken into consideration. Without corrections in the 1982 budget proposal, the real income of an average wage earner would shrink by 1.5 percent. In 1981 and 1980 it went down by 3 and 1 percent respectively. Minimum wages and pensions would be reduced by as much as between 2 and 3 percent, whereas higher incomes would experience an increase in purchasing power. Even Albeda, the departing Christian-Democratic minister of social affairs, felt that these consequences for the income distribution were in desperate need of corrections. Den Uyl, his socialist successor, will certainly not put up with it. He has also devised elaborate plans for the creation of jobs. It is expected that the financing of these projects and the desirable income distribution will lead to serious disputes in the cabinet. Nevertheless, at the beginning of this week Wil Kok, leader of the Dutch labor union, helped to reduce some of the tensions that were building; he said that in recent years income had pretty much leveled off and that there was only little room for improvement in the near future.

Individual Items

The proposed provisional budget provides for total outlays of 125 (the expected figure for 1981 is 117.5) billion and revenues of 109 (101.2) billion Dutch guilder. If budget allocations for road construction, investment promotion etc. are included, a net financing shortage of 15.8 (18.7) billion Dutch guilder results, which correponds to 4.77 (6) percent of the national income. For the entire public sector this deficit increases to 6.5 (7.75) percent of the national income. A curb on the budget deficit, however, will only result when the actual development of the current year is compared with the figures of the 1983 plan. When the 1981 budget proposal was submitted in September 1980, the projected deficit was only 13.1 billion Dutch guilder, which corresponded to 4.25 percent of the gross national product and 5.25 percent when taking into consideration the entire public sector.

To put a halt to the rapid growth of the deficit, the former government cut 4.9 billion Dutch guilder in expenditures from medium-term plans. The red pencil was used the most in social areas. Slight increases in premiums, a waiting period for sick pay, increases in personal risk in case of sickness as well as the abolishment of income tax deductions for old age and disability contributions are expected to yield a total of 1.9 billion Dutch guilder in savings. Cuts in preventative health care amounted to 0.6 billion Dutch guilder and in the pension and pay administration of public servants 1.3 billion Dutch guilder. Additional 971 million Dutch guilder were deleted in individual departments. The provisional budget does not contain any tax increases. A considerable percentage of the rise in revenues, however, will again be derived from natural gas proceeds, which increase with the price of oil since export agreements are based on it. The minister of finance estimates that 1982 revenues from natural gas sales will be 24.5 billion Dutch guilder, compared to 18 billion Dutch guilder for the current year; as a result, they will represent 18 percent of all revenues received by the treasury.

As far as expenditures are concerned, the rapid increase in servicing the debt is a conspicious item--listed at 15.4 (1212) billion Dutch guilder. Next year the interest on the state debt alone will consume 11.5 (815) billion Dutch guilder, which corresponds to 3.4 percent of the national income. Servicing the state debt will climb from 10.2 to 12 percent of total outlays and, as a result, move up to become the seond largest item in the budget, following education and science--which take up 17.9 (19) percent. Next are social outlays with 11.9 (12) percent, defense expenditures with 9.4 (915) percent and housing construction with 9.3 (915) percent of total expenses.

Gloomy Economic Forecast

The economic forecast of the Dutch Planning Bureau, which was the basis for the provisional budget, is gloomy. In spite of a slight economic revival--the real increse in the gross national product is estimated to be 1.5 percent after declining by 1 percent during the current year--a sharp increase in the average number of unemployed people is expected, rising from 375,000 to 460,000. At the end of August the number of unemployed people had already reached 400,000. Following a decline of 2.5 percent during the current year, the investment volume is expected to increase again by 1.5 percent; but at the present time the investment rate is approximately 30 percent under its 1970 level. The inflation rate, which is approximately 7 percent right now, is supposed to diminish. The balance of payments is expected to improve considerably: Following a deficit of 4.75 billion in 1980, the current year is expected to show a surplus of 2 billion and in 1982 the surplus is expected to be even as high as 10 billion Dutch guilder.

8991
CSO: 3103/449

INCREASE IN EXPORTS, LOWER TRADE DEFICIT

Zurich NEUE ZUERCHER ZEITUNG in German 16 Sep 81 p 18

[August Figures of the Swiss Customs Bureau show marked increase in Swiss exports and a smaller deficit in the balance of trade during the first eight months of 1981.]

[Text] Switzerland's trade deficit for August, amounting to 990.6 million francs, fell 2 percent below the deficit of 1.010 billion francs for the same month a year ago, but exceeded the July deficit of 506.6 million francs. According to an announcement of the Federal Customs Bureau, August exports again showed noteworthy nominal and real growth by comparison with the same month a year ago. A similar growth in value of imports was a consequence of higher prices, in real terms they were stationary. The worsening of the real export-import situation continued since the prices of import products, according to the average price index, were climbing significantly faster than those of export producers.

By comparison with August 1980, imports increased by 398.3 million francs or 9.7 percent for a total of 4,521.9 million francs and exports increased by 418.2 million francs or 13.4 percent for a total of 3,531.3 million francs. With an increase in the average value of 12.5 percent and 7.2 percent respectively, there was a real decline of 2.5 percent in imports and a growth in exports of 5.8 percent. Excluding precious metals, precious and ornamental stones as well as objets d'art and antiques, imports rose nominally by 9.6 percent and 0.1 percent in real terms (average value: +9.6 percent). The corresponding export growth rates were 11.7 percent in nominal terms and 5.3 percent in real terms (average value: +6.1 percent).

In the first eight months of the current year, Switzerland imported goods worth 39,418.3 million francs and exported goods worth 34,056.0 million francs. By comparison with corresponding period one year ago, imports grew by 718.2 million francs or 1.9 percent and exports by 2,668.4 million francs of 8.5 percent. In real terms imports were, to be sure, less by 4.7 percent, while exports were practically stationary at plus 0.6 percent, since the average values rose by 6.9 percent and 7.8 percent respectively. The passive amount of the trade balance declined during the year by 1,590.2 million francs or 26.7 percent to 5,362.3 million francs. Excluding precious metals, etc., imports showed a nominal increase of 5 percent and a real decline of 3.5 percent (average value: +8.9 percent). This correction remained generally without influence on the adjustment rates for imports mentioned above (nominal: +8.4 percent; average value: +7.6 percent; real: +0.8 percent).

9827
CSO: 3103/442

BANKER SEES 8 PERCENT INFLATION IN 1981

Zurich NEUE ZUERCHER ZEITUNG in German 15 Sep 81 p 11

[Markus Lusser discusses Swiss National Bank policy in the face of rising prices in Switzerland.]

[Text] Dr Markus Lusser, member of the Board of Directors of the Swiss National Bank (SNB), regards it as "not entirely out of the question that price rises this year will reach or even exceed 8 percent." In a readio interview, however, Lusser expressed his conviction that prices will decline "quite markedly" in the second half of 1982. He said the money supply policy of the bank was unfortunately almost the only available means for combatting rising prices.

The expansion of the money supply will, according to Lusser, lie significantly under the originally announced goal of 4 percent this year. The disadvantage of the National Bank's monetary policy alternatives lay, however, in the fact that the effects are only apparent very late. If they succeed in breaking the expectation of inflation by means of a tough money supply policy, the rise in the interest rate must be regarded as a passing evil which has to be put up with.

Lusser characterized price controls as symptomatic treatment. Nevertheless, referring to the amendment of the business article proposed in the parliament, he believed that price controls had a positive side in that they create awareness of a will to combat inflation.

In the event the Swiss export industry were endangered by a revaluation of the franc as in 1978, the National Bank would again deal with the problem as it had at that time. As is well known the SNB was criticized from all sides for having contributed to today's price rises by its massive intervention in the foreign exchange market at that time. Lusser pointed out, however, that Switzerland is today faced with an entirely different situation in that the exchange rate of the Swiss franc has greatly weakened. In answer to the question whether the SNB in recent years has expanded the circulation of money too greatly and "activated the inflation brakes" too little, Lusser replied that the bank had taken the measures appropriate to the situation at that time, which after the fact could be judged in different ways. Thus in 1978 the supply of money had to be increased in order to lower the rate of exchange for the franc which was too high, which of course stimulated inflation. Today it was a question of reducing the money supply as a brake on rising prices. Simultaneous meaningful flanking measures to combat inflation were needed.

9827
CSO: 3103/442

POLITICAL PROFILE OF FINANCE MINISTER MATTHOEFER

Munich SUEDDEUTSCHE ZEITUNG in German 18 Sep 81 p 3

/Article by Herbert Riehl-Heyse: "A Cool Farewell to the Old Ideal"/

/Text/ It was still 2 hours before the finance minister's speech on Wednesday afternoon; but CSU deputy Erich Riedl long since knew what it would be like. As budget chairman of his fraction, he was quite familiar with the man. First of all, Erich Riedl predicted, the speech, as always, would be "a sleeping aid for mild cases of insomnia" and second, it would soon become obvious ("in spite of the high esteem in which I hold him personally") that this is "a dyed-in-the-wool Marxist talking, no doubt about that."

Such things are good to know particularly if one is in the process of finding out everything there is about a politician who has aroused our interest because he recently began to dig even deeper into our pockets. And there it is, as you hear Hans Matthoefer reading off his speech: his trying as best he can to stress the proper word in each sentence— no brilliant orator who can dazzle his listeners. But he does not put you to sleep, either; the subject matter is too exciting for that and the speaker himself is too alert. And what about the Marxist philosophy ? Even a listener who is completely receptive to every socialist nuance will wait in vain and will hear instead that the "tax structure for small business" will have to be improved and that the "lower income groups" will have to "live with cuts." No later than at this point will a listener realize that it will not be all that easy to find out everything about Hans Matthoefer.

Somewhat Cool; Somewhat Irascible ?

This reporter had had a feeling that this would be one of those difficult cases where a Bonn personality becomes harder and harder to assess the more one talks to him and to others about him. Very little is known about the man himself other than that he has almost no private life, that he likes to read specialized texts, that he sits around in his simply furnished Bonn apartment in sweaters full of holes if he ever does get home early enough and that he starts to enjoy life only when he gets to his home district in Frankfurt and moves from one SPD garden party to the next.

Now then, is he somewhat cool, a superior who "hardly deviates from emotional balance," as his press spokesman likes to put it or is he irascible, which is what Peter Glotz says based on an experience he had with the minister in Berlin. It was all he could do, Glotz says, to keep Matthoefer, a one-time amateur boxer, from throwing punches at some demonstrators who had accused him of betraying the working class. The intensely interesting question of exactly where Matthoefer's political heart lies leads one into fundamentals. If Hans Matthoefer really is a member of the SPD left wing —which he himself denies, if asked— then how to explain his submitting a budget which many members of his own party welcome amid great gnashing of teeth, which the rightwing liberals approve of wholeheartedly and which the CDU/CSU calls anti-social among other things. Anyone who can answer these questions would have learned a good deal about Hans Matthoefer— and about the limits to left policies in this day and age.

Whatever there is socialist about the man has to do with his biography above all; with his difficult childhood; with his proletarian home life in the Ruhr; with his father's unemployment and with his own problems about graduating from high school, going on to study and becoming a success; and then with the time he spent in the metal workers union under Otto Brenner, the then towering chairman of that organization. It was very likely he who urged Matthoefer to fight the emergency laws and it was he who instilled in Matthoefer the passionate commitment to aid the oppressed socialists in Spain and Chile in later years. When he called the ruling Chilean junta "a gang of murderers," that was not Matthoefer, the statesman, talking but the "knee-jerk leftist angrily pounding the table," as one of his fellow members on the party presidium, who is somewhat less emotional, has put it.

But there has always been another side to the man, a "reasonable" side, as Matthoefer himself likes to define his left bias, which opened the way for him to a professional political career. Helmut Schmidt, it seems, was among the first to discover and appeciate this side of Matthoefer's. This came at a time when the right wing of the fraction was in the midst of thwarting each and every effort on Matthoefer's part to run for fraction chairman. It is worth pointing out that the respect Schmidt and Matthoefer have for each other and which has long since developed into real friendship goes back precisely to the emergency law debate. Fraction chairman Schmidt, for his part, encountered resistance based on reasonable argument and Matthoefer, in opposing the legislation, came to accept that others had a different point of view. From that point on, this leftwinger became living proof for Helmut Schmidt that he was able to get along with that wing of his party, too. Today, an informant who often speaks with the chancellor privately says, Matthoefer is one of the three people whom Schmidt "does not call stupid no matter how bad a mood he is in."

It may well be that this belief of the chancellor's in Matthoefer's competence (first appointing him research minister and then, in 1978, finance minister) has put the onus on him to prove just how competent he is. When he took over the finance ministry, parts of the business world were quite worried. Over the first

2 years he did indeed try to give a distinct social democratic cast to the post, such as coming out strongly in favor of government subsidies for research or by making statements on debt policy like this one contained in a letter to Catholic bishops in September 1980: "I am fully convinced that increased borrowing over the past few years was absolutely necessary in order to...prevent mass unemployment in our country...So help me God."

What it was that happened soon thereafter to bring about a fundamental change of view is hard to say at this juncture. Perhaps his change of heart, which more or less coincided with the election, is based on his "terrible fear" —as fellow party member Wolfgang Roth believes— that he might go down in FRG history as a man responsible for large debts; but perhaps he really reached the conclusion that changed conditions —balance of trade deficits, high interest rates— called for a change in policy. From that moment on, at any rate, he embarked on this new policy, primarily directed toward savings at first glance, with a resoluteness that caused raised eyebrows far and wide.

The story of the 1982 budget debate might well be entitled: "The One-Track Mind of Economist Hans Matthoefer." If one fails to take this particular trait into account, much of what has happened during the past few months and has irked not a few members of Matthoefer's own party simply cannot be explained. What, for instance, might the reason have been for the finance minister's outright rejection of any kind of job program to fight unemployment ? It must have been that Matthoefer, as a political economist, had worked out a theory which concluded that such a program, particularly if financed by tax increases, would do more damage than it was worth and that he could not be convinced of anything to the contrary from that point on.

Now that the fog surrounding the debate is beginning to clear...it is becoming apparent that the idea of a supplemental tax originated with people close to DGB presidium member Pfeiffer and was then skillfully fed into the SPD decision-making apparatus by minister presidents Johannes Rau and Holger Boerner...Now if Hans Matthoefer feels he must justify his new-style policy, he will most likely want to do so to himself. He has any number of maxims ready whenever anyone asks him how he feels about cutting children's subsidies or education funds and they all sound as though he is intent on convincing Hans Matthoefer most of all. He says there is no point in "confusing socialism with social policy" and that many SPD members tend to equate a "left bias with benevolence" and that it was Brecht who pointed out that it was wrong to think that "the good is weak by nature just as rain is naturallly wet." Now this sounds like someone trying to reassure himself. But to those party members who still refuse to admit that the old policy of combating unemployment —which he himself still propounded a year ago— will not work any more he handed an article by one of the general managers of the Dresdner Bank which says all there is to say on the subject.

Not a Word of Accomodation

Anyone using such arguments runs the risk of being misunderstood; anyone who surrounds himself with a handful of new people and gets rid of the party faithful in his ministry; anyone who is hardly on speaking terms with some fraction members any more becomes a lone wolf who is not liked very much. His colleague Wolfgang Roth who journalists have claimed for years once said that Matthoefer was an opportunist calls such a characterization totally wrong. "I really like the man," Roth says while deploring the fact that the minister has a difficult time of it reaching compromises with leftwingers like him, with rightwingers like Apel and Ehrenberg and with the SPD labor union council. When Roth urged the SPD presidium on Monday to adopt measures to combat unemployment, there was not a word of accomodation from Matthoefer. Journalists, for their part, are spreading the word that the "count of economics,"(as Herbert Wehner calls him) Lambsdorff has had words of praise for Matthoefer despite the fact that he was the very man who is supposed to have said on the day when it appeared certain that the coalition would come apart that the only cabinet member he would be sorry to see leave was the finance minister. It can certainly not be said that this particular minister walks away from a fight with his old friends but they, for their part, are afraid of taking him on. The chancellor has let it be known that he wants the man to be left alone and already knows how wrought up he is again.

Now this reporter might have come to the conclusion that he is dealing with a technocrat who is saying farewell to his old ideals as he gets on in years. But it is not as simple as that. Who can say that conditions are not such that these old ideals should not be pursued in new ways, if indeed at all ? Who is there that might say to someone else that he thinks he knows better ? Listening to the budget speech on Wednesday at any rate which Matthoefer worked over again and again, one gets to wondering. Is he a tough man, this finance minister ? Why is it that he is so insistently trying to convince those people who are worse off in this country ?

Well, perhaps one need not know everything, even about a politician. Erich Riedl doesn't, either. This reporter asked him what he thought of the speech while the budget debate was in progress in the course of which the opposition is constrained to attack the finance minister while hiding as best it can its surprise over his transformation. Of course, he says, it was a socialist speech as expected, "but as compared to his usual monotone it was rather lively."

Everything after all is relative, he adds. And in this particular case, he is quite right.

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FORMER UDF MINISTER: DEFEAT, PS POLICIES, FUTURE PLANS

Paris LE MONDE in French 2, 3, 4 Sep 81

[Article by Jean-Francois Deniau: "The 100 Days of the Former Majority"]

[2 Sep 81, pp 1, 6]

[Text] A think tank on the adaptation of the UDF [French Democratic Union] structures to the new political conditions, whose last meeting took place in July, met behind closed doors on Tuesday, 1 September. Made up of Messrs Michel Pinton, UDF delegate-general; Didier Bariani, Radical Party chairman; Jacques Blanc, PR [Radical Party] secretary-general; Jean-Pierre Fourcade, president of the Perspectives and Realites Clubs; and Bernard Stasi, CDS [Social Democratic Center Party] deputy chairman, this commission is charged with drafting proposals to be submitted by the month of October to the movement's national council. After the CDS--whose youngest militants held their summer university session from 24 to 28 August--it will be the turn of the PR to express itself. Its executive bureau is to meet on Thursday and its summer university session has been scheduled for 7-12 September at La Canourgue (Lozere) whose mayor is Mr Jacques Blanc. The movement of Young Giscardians in turn will hold a think-session "campus" on 4, 5, and 6 September at Lioran (Cantal). Mr Jean-Francois Deniau--who held six ministerial portfolios between 12 April 1973 and 4 March 1981, the date on which he became the man in charge of Mr Giscard d'Estaing's election campaign--is wondering about the underlying reasons for the big political change which took place on the occasion of the April-May presidential election and the June legislative election.

I. What Really Happened

More than a year ago, the managing editor of a big evening daily happily explained that Francois Mitterrand, for the first time in 1981, could win if one were to add three elements, none of which was sufficient, but whose sum total could make those 1-2 percent of the voters to switch sides, in other words the people who make up the difference between failure and success. First of all, a campaign to degrade the personal image of the president; then, the continuation of crisis and unemployment for which the president and his government would be held responsible; and finally, the failure of a portion of the RPR [Rally for the Republic] to materialize.

I do not believe too much in the first element (even though that particular big evening daily pursued it systematically); criticisms or gossip of that kind serve rather as a justification or alibi for more profound motivations, such as those connected with the other two elements. But it must be admitted that the forecast as a whole was correct whereas at the time widespread skepticism was detected, including among Mr Mitterrand's friends.

On 10 May, Francois Mitterrand thus won over Valery Giscard d'Estaing by 51.75 percent of the votes cast. Several weeks later, on 21 June, the PS [Socialist Party] was able to win a considerable success with about 56 percent of the votes cast. Several days after that, an even larger majority of voters declared themselves rather satisfied with these events which gave practically all power to a single political party.

There were as a matter of fact two different phenomena involved here: On the one hand, Mitterrand's victory over Giscard d'Estaing was undeniable but relatively limited; on the other hand, there was an amplification of the victory after the victory. Let us be distrustful of the distorting effects of hindsight and let us not explain the results of May by means of those of June. We know now what the actual development was; but the 51.75 percent of the French who voted for Mitterrand in May did not at that moment know that they would grow to almost 60 percent in July. It is even likely that a certain number among them, who voted against Giscard, did not believe that Mitterrand would be elected president. And if, today, I add up the reasons for the failure of Giscard d'Estaing, as one can read them in the press or as one can hear them in conversations, the thing that becomes entirely unlikely is that, let us not forget, he had more than 48 percent of the votes and that almost 15 million French had expressed their confidence in him last May.

"He should not have run; 7 years was long enough and 14 years is too much. He should have run, but a year before the scheduled vote; he should have changed his premier and his administration. He made the big mistake of kicking out seasoned politicians and disregarding party apparatuses; in this way he demobilized his militants and lost his footing. He made the big mistake of calling upon worn-out politicians who were no longer credible. He should not have given voting rights to the 18-year olds. No, the absolute political mistake was the professional tax and the value appreciation of his own electorate. He made too much social policy; he did not make enough social policy. He should have been much more courageous in telling the French the truth and they would have understood what was demanded of them and they would have been capable of making the necessary effort; he should not have told the French the truth and he should have pursued a policy of austerity but he should have been careful not to announce it; it was the prospect of austerity which was not bearable. He was too far to the right and he disappointed us. He was not far enough to the right and he betrayed us," etc.

In all of these perfectly contradictory statements, there is always one word missing: the crisis.

But let us try to classify this. An amateur, looking at one of the drawings of Degas, asked him how much time it had taken him to complete this little masterpiece. Degas replied: "Twenty minutes--or 20 years." Without considering politics to be one of the arts, any event there can be analyzed as a result of several minutes, several months, or several years. Let us start with the shortest time interval.

The campaign was not conducted to win votes or to lose any votes either. There were no great positive moments in it. Nor was there any unfortunate wording or any regrettable image which could become symbolic and which, after the event, are considered not only as the symbol but also as the reason for failure or success. Some people thought that Mr Giscard d'Estaing's response to a question from a journalist regarding his biggest failure--the fight against unemployment--was a serious political error. It is a political error if you lose. If Mr Giscard d'Estaing had won, it would no longer be considered as having caused condemnation but as an elegant expression of honesty which supposedly earned him votes by pleasantly switching the tone of voice as compared to the usual political discourse. Some people might have been too much inclined to believe that the face-to-face meeting with Mr Mitterrand was decisive. It would undoubtedly have been saying too much in 1974 to say that Mr Giscard d'Estaing's victory was due to such a debate and especially to the famous response on the monopoly of the heart. As a matter of fact, nothing was decisive here. In 1981, even if the debate definitely showed Mr Giscard d'Estaing ahead on points, he could not have shifted 0.50 percent of the votes. The results were already in. In 1974, the French wanted change without risk and it so happens that change without risk meant Mr Valery Giscard d'Estaing. In 1981, it seems that Mr Francois Mitterrand stood for change without risk.

Mr Mitterrand's skill at that time was represented by the fact that he did rather little campaigning and that as often as possible he sought escape in generous generalities. As for all of the precise questions on the communist ministers, the solutions to inflation and unemployment, the changes in society--he always replied: "We shall see." He seized this precise historical chance because at that precise moment the French indeed wanted to "see what would happen."

The error in Mr Giscard's campaign--and I say that now, knowing the role which I played--is that, from the start, we believed that the president of the Republic would be reelected with an undoubtedly even greater majority than in 1974. But many socialists also believed that, along with all of the specialists and the majority of the French, even though they said at the same time that they had no intention of voting for Giscard. The error also springs from the fact that we believed that Mr Giscard d'Estaing would be reelected because he was the president. Everything else sprang from that.

In November 1980, Mr Giscard d'Estaing's popularity had definitely dropped below that of Raymond Barre. This signal was not considered decisive--because no other candidate appeared credible, because the specialists thought that many of those who came out against Giscard would not refuse to vote for him at the critical moment, because others who were dreaming of change at the moment of the voting would come back to the fold. It was the specialists who were dreaming.

It is natural for any candidate to criticize and it is easy for any candidate to promise. It is impossible for a sitting president to criticize because that would mean criticizing himself; but it is also practically impossible to promise because the response would immediately be: "If you believe that this is necessary, that this is correct, why have you not done it sooner? You had 7 years." This is the fundamental difficulty in a reelection as compared to an election. After 7 years of crisis, there is little room left for imagination.

Resolutely draw up the program for a "new start" by violating the logic of continuity and the reticences of competent civil servants? Perhaps, but a month before the elections, would that have been credible?

The sitting president thus can neither criticize, nor promise and that by the way is not in his temperament either. He can only say that the record is good and--considering the circumstances--that it is even exceptionally favorable compared to what happened in the other countries. But you do not convince the majority of the French by telling them that we are in a respectable middle position and that the other countries are less fortunate than we are. The president can only say that, on the basis of what has been done, we must continue to go on and do better. Nor can he reply to the criticisms which come from all sides, from the right and from the left, because at that moment he would put himself on the same level as the other candidates and the fact remains that there is a president, on the one hand, and that we have the candidates, on the other hand.

The violent criticisms coming from Mr Marchais or Mr Mitterrand, aimed at the president, undoubtedly are not the kind that would cause many people to switch their votes because the French believe that they are part of the conventional political game. On the other hand, the same criticisms coming from his former premier, that is to say, from his own camp, very systematically "targeted" to hit an electorate of self-employed individuals, of farmers, of small businessmen, of small merchants, etc., presumed to constitute a majority, appeared to be a confirmation and carried more weight and had more effect. One can sound off when one is in the opposition but this is more dangerous when one is on the inside, in the administration.

The Split

Nevertheless, on the evening of the first round, on paper at least, Giscard d'Estaing had won. He was definitely ahead and, with 28.31 percent of the votes cast, he had a little less than one might expect but he did a little better than his own personal electorate who had been measured by this full-scale opinion survey represented by the European elections. The left, overall, was not a majority--and still the president, in fact, had lost.

He lost because of the earlier errors of the Communist Party and with the help of the "Chirac effect" one million Communist Party voters were persuaded to vote for Mitterrand starting with the first round of elections. This had a double result: Mitterrand came very close to Giscard with almost 26 percent (whereas he had been at a figure of less than 24 percent before); and the Communist Party dropped to less than 16 percent and did not scare anybody any longer. Since the Communist Party did not scare anybody anymore, Mitterrand did not scare anybody anymore either.

Giscard lost because the addition of the first round is illusory; the Chirac votes were not added completely, in any case to a lesser degree than the communist votes that were added to Mitterrand. After the first round and the personal statement from Mr Chirac, the percentage of votes within the majority rapidly rose to 70 percent. But the RPR Central Committee decided on the free vote and the percentage practically froze at that figure of 70 percent whereas on the communist side the move in favor of Mitterrand continued whether the Communist Party liked it or not. For Giscard, the failure to get the RPR votes amounted to between 25 and 30 percent, with half of those who failed to vote simply abstaining while the other half voted for Mitterrand. This half which would vote for Mitterrand accounted for two points compared to the total number of voters, that is to say, by virtue of their switching sides, the four-point difference between the candidates came

out and that meant victory for one of them and defeat for the other--without even taking into account the abstentions. Arithmetically, this explanation might suffice and any analysis might stop there.

In 1978 it was not the majority that won, it was the left which had lost because of its divisions. In May 1981, it was the majority which, because of its split, lost--it was not Mitterrand who won. In June 1981, it was Mitterrand who won.

But we must go further back. If such a phenomenon of division and defection did take place, it did so because there were good reasons. This happened first of all because relationships within the majority had never--for many years--been very satisfactory. Apart from some periods of understanding, they rather added up to a kind of armed truce marked by various "blows" which left lasting traces. This also happened because the split was sustained by disappointments among the various categories springing from the crisis, further aggravated by the prospects for the continued duration of that crisis. Without the crisis, neither Chirac nor Mitterrand could have been able to attack the record of the 7-year term so vigorously. Without the crisis, there would likewise not have been such a strong desire for other solutions and other policies. Without the crisis, Giscard could not have been beaten by four points due to the combination of the dream of the left and the discontent of the right.

The Crisis

The 7-year term was the term of more unemployment in all countries, regardless of their systems, and widespread inflation. Could another administration, in the eyes of the French, have "been successful"?

The preservation of the value of the franc no longer had the political value which it undoubtedly had at the time of Mr Pinay and even more so at the time of Mr Poincare; the number of fixed-income retirees had declined, the number of farmers or individual homeowners, who were heavily in debt, had gone up.

Preserving and increasing the purchasing power, reducing certain inequalities among the French, saving social security without changing the quality of services rendered, having an unemployment rate which would remain lower than that of a number of our European neighbors, even though that was too high, without falling victim to the dangers of all revival policies, in other words, unbalanced budgets and unbalanced foreign trade with all of their immediate bad consequences, guaranteeing the future through the continuation or launching of long-term policies, such as the energy policy--that is a success which the American monthly magazine FORTUNE barely a month before the elections considered as one of the most noteworthy achievements of this century and which confirms France in its role as European and Western leader. But this did not count among public opinion. The thing that is so striking is only the negative message on the need for austerity and on the perils to come (since the future in politics does not amount to more than 3 years)--the striking thing was that the crisis was continuing.

Pessimistic feelings would prevail not so much on the basis of the judgment of that which had been done in overall terms but rather in the light of the uncertainty which each individual was facing.

In 1978 one could reasonably see "the light at the end of the tunnel" even though it had been announced too often. The big balances were being restored, unemployment and inflation were being stabilized without declining. The second petroleum shock, bigger in terms of value than the first one, would challenge everything and, not out of a refusal to make the effort, at least create doubt as to the usefulness of that effort in the terms and modes used for the past 7 years.

Besides, in October-November 1980, there was an aggravation of the situation and the statistics showed a further rise in unemployment. But public opinion in Paris hardly complained and this was not done by the big headlines in the daily newspapers because this above all involved little shops in county seats with 30 employees here or 50 employees there, in manufacturing or especially in machine-shop subcontracting. The steel industry crisis directly hit the regions involved but public opinion was influenced only by the mass media.

Sociology

In November, the rank and file of France was a little bit worried everywhere, in the countryside and in the city, because it found quite by itself "that this can also happen here." Hence the growing desire to try another policy, with other individuals, with another vocabulary, with other means, to see "whether this would work better." This was the theme of Mitterrand and of Chirac. It did the trick. The French have always dreamed of change without risk. This time they were psychologically ready after 7 years of crisis and while there were announcements of further prolongations, in other words, they were ready to take risks in order to try change.

Amid the shortcomings or qualities which the French traditionally attribute to the left and to the right, one of the qualities normally attributed to the right is that it is a good manager. But, in the eyes of public opinion and in a democracy, can one "properly manage" a crisis of such dimensions? Especially when it follows an exceptional period of heavy growth, full employment, and monetary stability which fatally serves as a frame of reference? The answer from 2 percent of the French--which gives us a four-point spread between the candidates--was to be "no" whereas they had said "yes" just a few years earlier. The crisis had dragged on and France had changed.

If a portion of the hesitating electorate--whose members in the end brought about the decision by just a few points--had this reaction, it is because French sociology and especially the majority of the country in fact, if not politically then at least psychologically, were hostile to the policy that was being pursued. In this respect, the best explanation certainly is the one given by Mr Cathelat whose conclusions I would like to recall at this point (analysis made on 30 June 1981 on French Television Channel TF1 by Professor Bernard Cathelat, director of the Advanced Communications Center).

The political speeches by Giscard d'Estaing as those by Chirac as a matter of fact were addressed only to 30 percent of the French whereas Mitterrand's remarks were addressed directly to about 50 percent of the French. The group of "adventurers," who had been sensitive to the topics of competitiveness and modernization, had shrunk in recent years especially because of the crisis. They had been 30 percent strong but now they were no more than 15 percent strong. Long-term developments had reduced the group of traditionalists, a group which likewise was no more than

15 percent strong because it largely corresponded to a rural France which is in the process of disappearing to the benefit of an urban France and even more so a France of the suburbs. This is the so-called "recentering" group which is in favor of the preservation of gains based on continued employment, a group which henceforth is to be by far the most numerous.

Nationalizations are viewed indifferently or perhaps favorably; inflation is not its main concern. Its main concern is that society should guarantee it its future.

Mitterrand's language as a matter of fact was addressed to that group. During the second round, the "marginals" would make their contribution.

This very interesting sociological analysis appears to be corroborated by a detailed examination of the vote which shows all social-professional categories participating more or less in the success of the left. That was not just the young people, the farmers, and the self-employed people as such. That implied just about everybody, more or less, with a spread of 2 percent either way, including the white-collar employees, the women, and the senior citizens.

Be that as it may. It is true that the earlier 7-year term--too little and too late--had addressed itself to the problems of that middle and tertiary France which is by far more numerous and by far less officially noisy, which the crisis would touch in terms of its relative advantages and even more so in terms of the certainties which it needs. And it was not very much politicized? It would become so, once voting time had come. On the left, there was an alternative and a doctrine. It would vote for the left, a little bit on 10 May and much on 21 June. The basic sociological and political movement would develop the break in the presidential elections during the legislative elections.

I am intentionally using the word in spite of the sociologists who have a tendency to omit it--because French political life undoubtedly is based on numerous forms of behavior but, all things considered, we only have two constant temperaments here: the right and the left. Our institutional system which, for presidential elections, allows for only two candidates for the decisive round of voting, only reinforces that situation. There can be many centrist tendencies; there can be a large majority of French who reject the extremes; but the most important vote for us is a right-wing vote against a left-wing vote where the center as such is wiped out.

The two fundamental temperaments in the beginning came to 45 percent for the left and 40 percent for the right; the candidate who wins in an election in France is the one who loses less votes from his own camp while taking enough votes from the opposing camp.

To all of these reasons we must now add this: The center, conceived and perceived as such, was politically not very strong.

If the subject had not been so serious, one might describe this election as a kind of "musical chairs" game--that society game where there is always one seat less than the number of players. During the first round, Chirac vigorously sat down on the seat of the right; during the second round, Mitterrand established himself strongly on the seat of the left. There was no third chair, the chair of the center--by almost two points.

Considering the difficulties of all kinds which France is facing--and if we want to refuse to have to face a situation where, within a few years, we have to choose only between the extreme solutions--it is this which we must now concern ourselves with.

[3 Sep 81, p 8]

II. What Is Going to Happen

> After having reflected on the underlying causes of the political changes in April and May as well as June (LE MONDE, 2 September), Mr Jean-Francois Deniau, a former minister who was the man in charge of Mr Giscard d'Estaing's election campaign, discusses the first initiatives of the "socialist government" and its chances of lasting.

Francois Mitterrand was elected by 51.75 percent of the votes cast. At this stage, there is as yet no flood tide, no euphoria, and no state of grace. But to go back to the excellent metaphor of Noel-Jean Bergeroux, after the dam for which the president was the keystone broke, the sociological and political flood waters which had accumulated are bursting forth[1]. This among other things shows the absurdity of the thesis of the "return flow" which tended to make us believe that, Giscard d'Estaing having been eliminated, the French, stunned by having put Mitterrand in office, would massively vote for the right in the following legislative elections.

On the contrary, the movement would only speed up the movement. In a district in Cher, 52 percent of the voters had voted for Mitterrand in the second round; 2 weeks later, they declared that they were satisfied with this election to the tune of 57 percent. The victory thus had led to further victory by five points. These were not just opportunists but rather that category of legitimists who believed that, since universal suffrage had brought about a change in the office of the president, universal suffrage was right. This was also the so-called "recentering" group which henceforth could express its desire for change and its conservative need for certainty or security more broadly in favor of the left.

Among all of the arguments which the old majority was able to use during the legislative campaign which was now opening, none really took hold. The idea that one must not give all power to the same political movement was rejected by the very logic of the institutions of the Fifth Republic which it perhaps took the French 20 years to understand but which is now a fact of life. The Communist Party was not scaring anybody anymore; the possible inclusion of communist ministers in the administration was either simply overlooked as rather unlikely or it was accepted as a natural consequence of the victory of the left. Mitterrand himself was largely credited with the fact of having reduced the CP to a secondary position.

As for the consequences of an entirely Marxist socialist program, here again fear did not enter. There was a majority of positive responses on the bureaucracy, on the property ownership system, on inheritance taxes, on the level of taxation and social contributions, on freedom of enterprise and on education itself, regarding the favorable effects anticipated by each. Of course, among the self-employed

people, among the farmers, the merchants and craftsmen, the PME [small and medium-size businesses]--some of whom had voted for Chirac during the first round and Mitterrand during the second round--were returning to the old majority. But their customers, their employees, their neighbors--they did not come back and they voted socialist. The rejection of the preceding regime did not come on 10 May but afterward, in June, and in spite of all the former majority. Because henceforth there would also be a true and profound popular movement of hope and confidence. The presidential elections took place in a strange climate of laxness, a kind of gentle May 1968; the legislative elections took place in an environment of 1936 calm.

The first measures taken by the administration did not profoundly disturb the euphoria, regardless of whether this involved the replacement, in just a few weeks, of all of the chiefs on radio and television (the French were only too glad to believe that any administration would always have radio and television at its command) or the turnover of half of the academy presidents and half of the prefects. The tacking or contradictions of the ministers regarding nuclear and military policy, on the status of political refugees, on arms sales--these struck only a few specialists or seemed to be due to the normal flux found in any new installation. France's isolation at the European conference in Luxembourg, France's isolation regarding the economic and social conclusions to be drawn from the Ottawa conference--these are subjects for the various foreign offices. Only the rise in the "super" to more than FR4 and the traditional demonstrations of the wine growers and fruit and vegetable growers showed that there are real problems which the incantations and the votes were not able to settle. But all these things can still be considered the sequels of the preceding administration.

During the campaign, Mitterrand said: "We shall see." And the French gave him all power so that "we shall see" and they can go on vacation with their conscience at ease. But once vacation time is over, once the period when one can say with reasonable credibility that everything can be blamed on the others, once that period is over, there is a risk that euphoria might vanish. And the disappointment may well be in keeping with the considerable hope which had been created.

Promises

I am now talking about serious commitments, not about that "right to idleness" mentioned on page 142 in the official text of the "Projet socialiste." General de Gaulle had rejected the idea by responding that, when one was forced to move on to action, one must "either deceive the voter or deceive the country's interests." During his campaign, Giscard d'Estaing had avoided demagogic promises because that is not his temperament and because, if he had remained in power, he did not want to have to go back on what he said. The socialists now must first of all face their own promises, like any elected candidate.

A Mauritanian proverb, which is not only quite strange but also rather Berry-like, says that "he who cannot even promise is very poor." Let us admit that the PS, from that viewpoint, was quite rich. It will now have to pay or it will have to disappoint.

That already happened to the ecologists whose petition prior to the elections had been signed by the biggest names in the Socialist Party, with Mitterrand at the head. A bad compromise would harm France's long-term interests without satisfying

the demands of the antinuclear forces and on television we will see Mr Brice Lalonde who was forced out by the CRS [Republican Security Companies].

One might say that this is not a formal commitment. Let us then take the "100 proposals for France" adopted by the PS at the same time that Mitterrand was picked as candidate.

We have here a promise of an immediate program "of tremendous public works, of low-cost housing construction and community facilities (proposal number 16); reduction in the work week to 35 hours (proposal number 23); encouragement of savings through price indexing (proposal number 26); elimination of the VAT, reduction to a zero rate for daily necessities (proposal number 32)," etc. To be sure, negotiations for the duration of the work week were started and I am in favor, as I wrote in the European program of the UDF. But, as I said at the time, the results can only be very gradual and they can come only within a European framework for which Mr Mitterrand at Luxembourg certainly did not adopt the best approach. As for the other propositions, public opinion may also have to be patient.

Proposition number 60, so dear to the labor unionists and providing for the veto right for the enterprise committees regarding hiring and firing--will it be applied so long as enterprise managers are resolutely allergic to it especially in the PME which provides the basis for our economy and our jobs? And what about proposition number 72 calling for the priority creation of 300,000 additional kindergarten spaces? And then we have proposition number 80, which is so agreeable to the kind souls and to election strategists, calling for voting rights for immigrant workers in city elections? And what about proposition number 105 calling for a reduction in military service to 6 months? I am not even talking about proposition number 106, calling for "increased cohesion in Europe," which, in its peremptory style, sounds just like a little foreman.

In the light of these examples, we know today that the socialist administration is hesitating, that it is contradicting itself, and that it purely and simply sometimes denies the commitment it had announced. In an editorial, the newspaper LE MONDE deplored the fact that the free radio stations were systematically jammed on the day of the 100th anniversary of the law on the freedom of the press. It expressed the hope that this evil symbol would not last. So be it. Let us not despair, and that applies to the newspaper LE MONDE as well as Billancourt. But there is much to be done here.

Apart from any election promises, the mere exercise of power leads to compromises which cannot satisfy all demands and all hopes.

The budget deficit has "only" doubled following a laborious compromise within the PS. Going even further would bring about too many negative consequences regarding the other economic balances. Following that compromise, arms sales were resumed to the Iran of Khomeyni and the Libya of Colonel Qadhdhafi which certainly are not models of democracy, whereas they had been severely condemned by the socialists and Mr Mitterrand in a public debate. It is the daily exercise of power which is not simple. I see here that, to meet Mr Arafat, one must agree to go into a little bit of lobbying, which is something new. It is my understanding that the minister of state justified the rise in public transportation rates in the light of budget

necessities and the increase in the price of petroleum, which is true, to say the least. I understand the minister of foreign relations saying that we will make a clear distinction between political refugees, who are sacred, and common criminals who must be severely condemned. But everybody knows that the dramatic problem of our time is precisely the problem of political action which takes the form and the means of common-law terrorism. We must thus find a compromise, at least between the competent ministers. I understand that the farmers demand a reliable income --which is quite normal--an income that would be sufficient without having to go on welfare. I have for many years been convinced that a profound reform is necessary in certain of our national and European mechanisms. But such a reform will inevitably change habits and hurt interests. A cell in crisis can undoubtedly find some palliatives, but the basic problems remain and negotiations on prices next March may well bring the moment of truth.

I understand that the Communist Party had promised cab drivers the elimination of the gasoline tax but that the administration forced it to abandon its promise because it would have had to do the same thing for the maritime fishermen, for the farmers, for the midwives, and, why not, for the local elected officials. I understand that it is not easy to govern and that one must each day arbitrate between different interests in order to figure out the one that is least contrary to the general interest. Michel Crepeau, chairman of the left-wing radicals, had found a slogan, when he was a candidate, which revealed rare and perhaps involuntary disdain toward the Socialist Party, his ally. He described himself as the representative of the "realistic left." Can one--when one is responsible for governing --be the carrier of a great hope and at the same time be realistic--for any length of time?

All power--even if it was democratically chosen--remains power, the kind of power which the French sooner or later refer to as "they." "They" have further hiked the price of gasoline. "They" are closing French enterprises instead of closing the borders to foreign products. "They" are on our backs. After the time of hope undoubtedly comes the time of disappointment and this will certainly be followed by the time of "they."

Government routine becomes bogged down and even the disappointments of the various categories do not suffice to turn public opinion back. This is because Mitterrand and the left came to power on a singe issue: the crisis, which as far as the public is concerned is marked by unemployment and, secondarily, by inflation. What the French wanted is an administration which would "succeed" in handling these problems; it is supposed to succeed in the sense that one could act as if there were no longer any crisis. During the last several years, Raymond Barre had achieved quite a lot. But the French wanted a miracle. The moment of reckoning will come within 1 or 2 years. Will unemployment be reduced and will inflation decline? Will a continued rise in purchasing power resume?

If that is the case, with the help of the international situation and with the socialists renouncing their program, then the socialists will indeed be in power for a long time. But if the crisis gets worse or even if it continues the way it is, that crisis denied by the opposition during the campaign, then public opinion will think that the socialists were wrong and that public opinion itself has been deceived. That will be the first touchstone. On top of individual disillusionment will come collective disapproval and both of them will strengthen each other mutually.

At that moment Mitterrand will face another moment of truth which is yet to come; relationships with the Communist Party.

The Communists

Mitterrand's double bet in short-range terms is on buying social peace by giving the Communist Party four ministries and not the least either; in longer-range terms, he must once and for all reduce the CP to a secondary role in France. But he has always said that he will not cut himself off from the CP. It is up to the CP to reject the alliance and to assume responsibility for the rupture.

How long will the CP wait before it agrees to play this double game? For the immediate future, shaken by its own errors and having lost a million voters, it can undoubtedly only participate, realizing that four ministries in which it can place its men and organize its fiefdoms were well worth the price of being treated as an errand boy "charged with carrying packages" by an eminent colleague[2]. In short-range terms, the concern with preserving its municipal fiefdoms can persuade it to be patient until March 1983. That should not be too difficult if, as I said before, the situation improves on the only real problem to which public opinion is sensitive, the problem of unemployment and the end of the crisis.

But if unemployment gets worse and if prices keep rising, it will no longer be able to cut itself off from the discontent of the rank and file. To preserve its future, it will have to act. This is because Mitterrand's second challenge--the long-term challenge--also faces the Communist Party. Today Mitterrand seems to be winning on that score but the game is not over yet. Mitterrand has won the game politically but not socially. He has reduced the CP but not the CGT [General Confederation of Labor]. It is however the CGT he will have to be dealing with.

The Moment of Truth

Someday, within 1 or 2 or 3 years, there will come, not the minute but the hour of truth. Adaptations are easy during periods of growth and contradictions are wiped out in the course of the movement itself. But if the crisis continues, then the moment of truth will be all the more harsh when it will appear that there is almost nothing in common between the Communist Party, its men, its methods, and its objectives, and Messrs Delors, Rocard, or Badinter. Neither on foreign policy toward the USSR and the United States, nor on domestic policy regarding the concept of democracy, nor on economic policy and the role of competition, the free market, European integration, and international competition.

Here indeed is the internal contradiction of socialism. Mr Mitterrand will be judged by the French on his success in handling the crisis. But Mr Mitterrand will judge himself on the transformation of society and the creation of a new socialism which will bear his name. Today, because he needs them in the fight against unemployment, he calls upon the help of the spirit of enterprise and the small business owners and he is looking forward to certain reforms (especially regarding the threshold effects of our regulations) which I consider desirable. But what about tomorrow? The "strategy of rupture," defined by his party, on his own impetus, is being launched in various areas at the same time. Will the two contradictory objectives be pursued simultaneously? That is an illusion. Or one after the other? That is foolish.

One can fight against the socialist blueprint but one cannot accuse the socialists of wanting to apply it. For several weeks I tried to make the French understand that this program will be implemented. That the Socialist Party cannot long pursue its double objective and thus continue with its double language. While Mr Mitterrand declares in public that it is necessary "to enhance the image of enterprise managers in the country,"[3] will the Mitterrand movement for the socialist congress of valence always describe business as "the place of alienation and exploitation"?

The moment will come for him to choose between a social-democratic management of the economy which the CP can only condemn and a hardening of his regime in every respect which perhaps will not save the alliance with the Communist Party but which at least will maintain the unity of the Socialist Party. Taking the second assumption, he will have to get rid of the liberal-oriented minority wing which will furthermore be accused of being responsible for the failure (some people already declare themselves to be destined for this role of whipping boy). I am afraid that it will be this latter assumption which will triumph.

For the first time, France is being governed by a political party and that party contains a majority whose thinking one can read in the 370 pages of the "Projet Socialiste." Karl Marx is quoted there 23 times, the class struggle is mentioned almost everywhere, especially regarding the emancipation of the women "from which it cannot be separated." French liberal society is described as a kind of gulag, in terms close to hysteria. The French, in voting for Mitterrand and the left, believed that they were electing Rocard and putting in a social-democratic management team which was a little warmer than the earlier regime. They put properly doctrinaire socialists in place. At the time of choice, this fundamental misunderstanding may well weigh heavily.

Almost any really socialist system implies isolation as a necessity and a certain "totalitarianism" as a means. By this I want to say that a form of socialism can succeed only if it is "protected" from the outside (unless all of Europe in a body follows the "A" current of the French Socialist Party) and if, domestically, it has all instruments completely at its disposal. This is why the left wing of the Labour Party has always rejected European construction; for it, participation in Europe, by removing the instruments of power (customs duties, quotas, farm policy, price controls on trade, etc.) would destroy the possibility of achieving a socialist society in Great Britain.

For the theoreticians of the Socialist Party, in France likewise there will always be a need for intervention, for taking over, for control. And there will also be always a need for another quarter hour. In an article devoted to "Socialism of the Third Type," neither communist nor social democratic, which is the objective of Mr Mitterrand, Professor Duverger worries--and I worry--about the means for assuring, after 1986, the continuation of the current regime and thus the chances of its success[4].

This is so because Mr Mitterrand has taken for his model neither the German Schmidt nor the Swede Palme but the Chilean Allende; as he said himself, "an Allende who will be successful." His ambition is great and is not confined to change without risk which is so dear to the French, in 1981 as it was in 1974. His ambition is to create that socialist model which will mark the history of France and the world and for which Allende himself had given him some advice, which in particular was

not to do too much too quickly to the middle classes and not to allow a big opposition newspaper, which could mobilize public opinion, to continue to exist. A foreign chief of state, a wise man among the wise men, told me recently: "I am afraid of politicians who want to prove something." Mitterrand would like to prove that his type of socialism can succeed, here and elsewhere. The temptation will be to rush forward by hardening the regime in all areas.

For that day and in that eventuality, one must be ready. Our democracy will not rest on excessively violent movements of the scale. Extreme right-wing remedies must not come in response to doctrinaire left-wing solutions. In Great Britain already we can see the difficulties Mrs Thatcher is facing after the failure of the Labour experiment. No, if alternation in office is to work and to make sure that the most reasonable alternative will carry the day, we need as of now a sufficiently organized opposition and a sufficiently strong center. That is the task awaiting us.

FOOTNOTES

1. In the article entitled "The Strategic Mistake," LE MONDE, 17 July 1981.

2. Declaration made by Mr Cheysson, foreign relations minister, on 25 June, LE MONDE, 27 June 1981.

3. Declaration reported by Mr Beregovoy at the end of the cabinet meeting 19 August.

4. LE MONDE dated 18 and 19-20 July 1981.

[4 Sep 81, p 7]

III. What Has To Be Done

At the end of his reflections on the political changes brought about by the presidential election and by the legislative elections (LE MONDE, 2 and 3 September), Mr Jean-Francois Deniau, a former minister, who was Mr Giscard d'Estaing's campaign manager, talks about the duties of the new opposition, its chances and the obligations of the center.

The French are sure that they put in a social-democratic government which will guarantee this change without risk which has been their almost permanent desire while solving the unemployment problem in a positive fashion. Unfortunately, France faces the risk of more serious tensions or troubles. The majority of the Socialist Party is not social democratic and its official doctrine is that of a radical change of society, even if it must be progressive, not based on the Swedish or West German models, which the French consider to be rather successful experiments.

Unfortunately, likewise, the crisis may well continue thus aggravating the tensions. Either President Mitterrand will have to abandon his ambitions and the

current opposition can play a role which would not seem only negative. Or, as one might well fear, the regime will become tougher, realizing that it is partly its social-democratic character which did not enable it to succeed and, in that case, the opposition must get ready for a fight.

Organization of Opposition

We will come back for more detail concerning what happened in the former majority, if only to understand what happened and to take action. The Socialist Party has all power at least for 5 years. An opposition must be erected against it. That is not yet the case. I expect nothing to come out of an opposition "charter" which would be granted by the new regime. Charters as such must be established by oneself. The first obligation is a minimum of understanding and cooperation between the various components of what the majority may be and, to be quite blunt, between the UDF and the RPR. We wanted that when the former majority was in power, deploring the fact that the more specific rules of the game had not been drawn up. This is even more necessary when one is in the opposition. We must not lose our identity in any way whatsoever, nor must we deny our convictions. But an opposition that is too heavily divided is not credible in the eyes of public opinion, even less so than a coalition government.

During the last campaign I was able to see that the difficulties and even the rancors were not new but often went back several years. Let us not believe that we are once again in opposition to each other. If we must be in disagreement--and this is normal when there are points of disagreement--let us at least get together on the definition of the areas of cooperation, nonaggression, and divergence. "To agree, to disagree," say the Anglo-Saxons.

The French political system, we find once again, has as its keystone the presidential election where we get only two candidates in the decisive round. The one who wins is the one who loses less votes in his own camp without being totally rejected by the other camp. The one who wins is the one who can get 51 percent of the votes. Many party leaders can hope to get 10, 20, or 30 percent of the votes. Under the French political system, to be effective, you have to have the reasonable hope of someday getting 51 percent. It is that 1 percent which controls everything.

We must therefore have an organic alliance in the opposition which would permit such a result. Of course, contacts do exist and will exist on the level of parliamentary groups. They are indispensable. But the tactic of amendments, abstentions, or negative votes on the occasion of debates and the tit-for-tat will no longer suffice. We must undoubtedly think further ahead. Can a high-level brain trust help us? Do we need a permanent contact group on a more modest level? I do not know. But what I do know is that victories are prepared in advance. Unfortunately, we have also seen that defeats are also prepared.

Strengthening the Center

Politics involves a strange kind of mathematics which has its postulates and its lines of reasoning and they are not always those one teaches us in geometry. Euclid never knew universal suffrage, and vice versa.

The definition of the center which geometry gives us is a point that is equidistant from all points on a circumference. In politics, this definition applies only to the extent that the center is above all perceived as a rejection of extremes, that is to say, of extremists. In France, the middle way, the precise dead-center, gets a rather good press and the extremists do not. How does it happen then that the center is not regularly and systematically in the majority?

The word center comes from a Greek term which means "point." In politics, it entirely too often corresponds to a vague image, not to say a hesitant image. This is so because the only two really dominant currents in French tradition are the left and the right. And to be a centrist is above all viewed as a rejection of that which goes too far to the left or too far to the right. This gives us a blurred area, a degree of personal estimation which, on a case-by-case basis, is entirely too contrary to the idea of a proper and independent force.

We must henceforth make sure that the center will be both a point and a circle and I would say perhaps even several circles. Diverse by virtue of its origins, it must cover the broadest sectors of public opinion and, since that is its nature, it must also be along the peripheries, touching the largest number possible. But if we do not want it to appear as being inconsistent or incoherent, we must also make sure that it will have its point or, if we prefer, its hard core.

Freedom to vote is a tradition of centrist movements and I believe that is entirely to their credit. The fact that, on a particular socialist motion, one or the other centrist deputies might vote in favor while another one might abstain or yet another one might vote against, can be considered as a part of our liberal traditions and that is of course to the credit of each individual's intellectual honesty; but it may also give the false impression of dispersion or personal machinations. Here again we need a rule on the areas in which we can disagree (for example, the death penalty) and those areas where we must absolutely stand together, regardless of what we may think. We need a rule that is easily and clearly explicable.

After the failure of the Dardanelles operation--an operation entirely set up by him--Winston Churchill resigned and joined the army. After several months, major political events were taking shape in London; he felt that he would be more useful in the capital than at the front and wanted to return. His wife dissuaded him in an admirable letter. She reminded him that, when he reported for duty, there was no need for him to make a speech to explain his move. If he left the army, that move would be long and difficult to explain. In politics, only those moves are good which one has the least need to explain.

Regarding the votes of the center or its positions on any event, we must therefore make sure that the public will easily understand the line inspired by them and the criteria that were involved, regardless of whether there was agreement or disagreement. Voting with the center is not the end of liberty. This is the minimum discipline without which there can be no center.

Doctrine is a word which I do not like much and I distrust the doctrinaires. But it is indispensable in order practically to define such attitudes, to have a doctrinal reference frame. Doctrine was not our strong point either. Besides, the

CDS, the radicals, the social-democratic movements, the PR in this respect had varied heritages certain of whose aspects were by the way picked up again by the current regime. Let us not try to blend everything in the style of congress motions. But, in the face of the exercise of power by the socialists and communists, we must know what we think in order to be able to tell public opinion like it is. Here again, we must establish a kind of minimum theoretical base, even though nuances may emerge on certain aspects. The first task is to spell out the areas where our conceptions must be most united and strongest. Europe, freedoms, of course, but also, because that is the main concern of the French, economic and social policy.

The Constitution admits the possibility of nationalizations in case of "public necessity." What is public necessity today? What are the best ways to respond to it? Are we in favor of budgeting social security or, on the contrary, are we in favor of strengthening its insurance company character? Are we opposed to any revival and, if not, under what conditions? What enterprise statute would seem acceptable to us and what role would seem desirable to us as far as the labor unions are concerned? Are we in favor of the departments rather than the regions? Responses cannot be improvised. I will come back to that. They must be tied to a line of thinking which cannot be liberalism in the sense of "let everyone do as he wishes, let everyone go"--which is totally inapplicable in France and furthermore which has never been applied here anyway.

The real problem at the end of our century--a problem which is only aggravated or made more sensitive by the crisis--is the problem of the search for a society which would reconcile these two urgent needs which are always contrary to the need for liberty and the need for security (and that does not involve the law which bears that name). In economic, social, professional, and family life, what is the level or what are the types of risks that are still accepted and those that are no longer accepted? But what is the share of responsibility, in other words, of risk, which must be safeguarded because, without it, there would be neither talent, nor creation, nor, undoubtedly, liberty? And what in each case are the best ways and the best levels of intervention: the federal government, the enterprise, the family, group life, or nothing? This is the basic study that must be undertaken in view of the classical Marxist debate on formal liberty and real liberty largely summarized in the socialist blueprint. The preface to the socialist program says something like this: Freedom will be a socialist freedom or there will be no freedom. That is a nice thing to put down on paper but it is quite dangerous to see it happen. It is up to us to propose our own model which must go beyond the questions of simple daily management of the country as a whole.

Reflection and Propositions

Our opposition will carry all the more weight and will have all the more credibility as it turns out to be capable of manifesting itself not as the expression of spite or reaction but as the fruit of reflection. And it must at the same time address itself to propositions as such. At the time when the former majority was in power, such an autonomous effort of reflection and proposition might have been obstructed by the parallel exercise of that power or it could have appeared less necessary. But that is all over now; the proposition must criticize, if that is the case, and

each time come out with its own solutions. Doctrine must support criticism just as it must lead to a program.

I do not yet know how the regime of Mr Mitterrand will be oriented and it is not certain that it knows precisely which way it is going to go itself. Let us not wait for somebody to dictate to us all of the texts on which we could express an opinion. During the months to come, let us ourselves say what we would do. There is much reason to fear that the regime will get tough and this will be expressed by generalized government control, even though this is not the option actually advanced. Let us announce that which we would denationalize and that which we would not denationalize. Let us publish our reform of business and taxation. Let us reveal our solutions for agriculture, our ideas for the civil service statute, our concept of freedom of information, our suggestions for administrative simplification. Let public opinion know at the same time what we want and compare that with what is being done in fact.

After so many years in power people might say that we are not going to be believed. "But we are no longer in power." For those who are in power now, the honeymoon will last a few months. It is over when, for those who no longer are in power, the state of innocence is recovered. But we must get rid of the habit of talking about the "reconquest of power" as if everybody wanted to resume his earlier place. We need organized and well-reflected opposition to win power some day and to bring triumph to that which we think is best for France and the French--and those are the issues we must now arrive at an understanding on.

A doctrine and a program cannot be improvised. Nor can serious criticisms. This is why, in organizing the opposition, the think tanks must play a fundamental role. Such clubs do exist. They must find a new reason for dynamism in the fact that we are in the opposition, realizing that reflection cannot be separated from action. Their makeup must be broadened and some must specialize more. One of the aces of the socialists, when they were in the opposition, was in particular the large number of high-grade civil servants who were sympathizers even more often than they were militants and who helped the PS with their advice and their research. On the big poster in his campaign where Mitterrand presented himself with his team, you can see how he was elected by universal suffrage. You will be surprised by the result. In a country such as France, where the intervention of the state is so diverse and so important, it is practically impossible to judge government blueprints without the contribution of those who helped draw them up, it is impossible to judge its action without the opinion of those who participated in it. Our liberalism had allowed all that. Our desire to prevent the Marxist doctrinaires or the experiments of the "third type" to ruin France must make us act in this field as in those fields where we let others do what they wanted to do. We need reflection and action clubs in each town or department but also in each ministry. It might be worthwhile to make sure that, in the latter, there are only civil servants.

We need a party. During the campaign, Mr Mitterrand, to illustrate his ability to rally the French, gave the example of the Socialist Party which had reunified itself and transformed itself. We must think of what the UDF must become. A solution already exists on the level of the parliamentary delegation. The problem involves political structures. When we are in the opposition, can we afford the

luxury of distinctions or rivalries among tendencies even if they are based on distinct and highly honorable spiritual families? I no longer believe that. We must hereafter look toward merger under the same initials or under different ones; merger does not mean the end of these differences. After all, I do not think that there was much more difference between the various components of the UDF than between the various currents of the Socialist Party. Some people may reject that --so be it. Others will accept the idea. As far as I am concerned, the center is a point, just as much as it is a circle. We might even visualize several circles which we might hope would be concentric in place of the current opposing formations. There will have to be a hard core and certain approaches. There are going to be defections but, I am sure, there are also going to be adhesions and rallies. This is the price and the advantage of clarity.

The "shadow cabinet" is not a part of French traditions. Let us drop it. But, at least, let us settle the problem of adopting public positions. In the current juxtaposed system, every declaration entails the fateful risk of appearing to be the expression of one of the components or a personal move. Henceforth we need spokesmen who will be qualified to speak on certain subjects such as foreign policy, local communities and decentralization, social policy, economic issues, etc. With this kind of division of labor, established either by statute or by the chance of circumstances as the individuals happen to establish themselves, it will be the impression of coherence and the credibility of the center itself which will get stronger.

Finally, we need credibility in our men. Nothing replaces the return to the grass roots through democratic election. And nothing replaces a leader who is accepted by all; the law of politics being what it is, I would like to recall that the leader is the man who can create reasonable hope of some day getting 51 percent of the votes.

Action Priorities

Political action is not only political. There is in France a sociological center which is much vaster than the movements that claim to subscribe to a centrist ideology. We must learn all about it and help it get organized. This tertiary France, this middle France, which constitutes the broad majority in the country, is usually not the politically most motivated in the sense of registering with a national political party. We must develop two supplementary approaches--participation in local life and participation in association life.

Participation in local life assumes a priority character with the current decentralization projects. It remains a training school and a network of influence. The opposition can no longer be content with replacing some more or less sympathizing personalities who adopted the habit of becoming "apolitical" and who say that they are as efficient as they are discrete. It can no longer be content with episodic surveys only at the time of votes. We need above all new women and men who will assume continuing responsibility in the field. We must train them and help them. There are several associations of elected officials whose majority of members was not in favor of the social-communist regime even though they did not always say so. These associations must be strengthened in the sense that they must be capable of

really rendering services. They must be able to make available to their members specific specialists in budget techniques, taxation, public law, etc., and they must play the role of a permanent council. This is what the Communist Party is doing on a large scale through the organizations which it has under it and with the methods which are its own. Let them keep their methods but let us be inspired by their effectiveness. Do we have a problem of funds, that is to say, membership contributions? The current membership dues are small because the services rendered are poor.

Association life is developing rapidly in France. It is one of the foundations of a modern democracy. Here again, left-wing movements have found the men and the means they need. We must do the same thing and even more. (Undoubtedly only among us, the CDS, by virtue of its Christian-Democratic tradition, has a presence and an action which are very systematic in certain sectors.) Priority must henceforth go to participation and responsibility in the largest number of sectors possible, regardless of whether this involves sports, family, or environmental associations, PTAs, associations of users, associations of consumers.

Some of them of course are "countergovernments." That is not where the political center is as yet; that is where we already find the sociological center or centers; that is where one of the opposition forces may be tomorrow.

Finally, we have information. There is no opposition if we do not know what it says and what it proposes. There is no opposition if public opinion cannot be alerted and possibly mobilized. That is the job of the big dailies or weeklies, of course, but also undoubtedly it is the job of the bulletins or the more specialized newsletters which provide general political information and analyses as well as information of a technical nature. The French are interested in politics, in the usual sense, at the moment of the most important elections. In between, they are more like spectators or like readers in politics. But they are every day actors in their own lives, both on the job and at home with the family. Information through the opposition cannot overlook this daily life which for many people is the only "real life."

The future is long and the Constitution is precise. The president of the Republic is elected for 7 years and the deputies are elected for 5 years. The purpose of an opposition is not to engage in systematic denigration. That is not in the nature of the center. Its nature on the contrary is to "make a selection" among administration actions by judging that which is in keeping with the real interest of the country and that which is not. Can I give you an example? I am sorry that we French have not yet granted French citizenship to some political refugees with a recognized literary talent. But that is only a secondary thing. Others may be found. And I believe that we will be even stronger and our criticisms will be heard even more if, when the situation arises, we respond the way we should, at least to the extent that our positions can be tied in with a clear and explicable line, as I said in the beginning; and of course so long as certain fundamental principles have not been challenged by this regime. This is so because there is also a stage when we must no longer say just "so be it" or "perhaps" or "no." We must know how to say "whoa"!

The purpose of an opposition is not to put intentions on trial because in that case nobody would listen to him; nor is it to push for a policy of the worst by in advance rejoicing over the country's misfortunes because that would be odious. The purpose of an opposition is to defend our concepts by expressing them and to get our fellow citizens to help us. A strong opposition is indispensable. Its purpose is to be very useful. Useful through its proposals and through its action as of now. Useful by preparing the future so that there may be a change in government and so that when that day comes, it will come in the most reasonable form possible. The future is far off. But it starts today.

Editor's Note. The sociological analysis by Mr Bernard Cathelat, mentioned by Mr Deniau in the first of his three articles, was released through TF-1. A copy may be obtained at the price of F10 by writing to Emission Questionnaire, 75825, POB 104, Paris, Cedex 17.

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MAUROY: INDUSTRY, BUSINESS, EMPLOYMENT, BUDGET POLICIES

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[Text of speech by Pierre Mauroy, prime minister, to the National Assembly on 15 Sep 81: "Mauroy: the Leaders of Business Must Understand that Social Progress in Business Is a Condition for Economic Progress"; introduction by Laurent Zecchini]

[Text] The first censure motion made by the new opposition--the 44th since the beginnings of the Fifth Republic--got only 154 votes toward the required majority of 246. This vote, which took place on the night of Tuesday-Wednesday, 15-16 September, was preceded by a stormy debate because of the opposition's desire to oppose Mauroy's remarks systematically.

At the origin of the submission of the censure motion was the RPR group's intention to keep the spotlight on this session, despite the prime minister's general policy declaration. Surprised by a tumult that kept growing in the evening session, Mauroy presented the broad outlines of the government's economic and social policy while being constantly interrupted by the opposition deputies.

To this end, Mr Vivien (RPR) played the role of banderillero, a role that he has liked and excelled in for a long time. By his provocations, the Val-de-Marne deputy got beyond the prime minister's patience at least once: when Mauroy proposed to reduce unemployment among youth by giving them the task of developing the forest massifs, his appointed contradictor cried out, "Marshall, here we are!" The prime minster's retort: "As you know, a certain grande bourgeoisie and those who defend the biggest interests chose to follow the Vichy government so as to take their revenge!"

Denouncing the "blind censure" by an opposition that did not want to wait for the government to set out its proposals, Mauroy made the point that the true censure had been expressed by universal suffrage on the occasion of the voting last May and June. The prime minister also issued a strong appeal to the leaders of business, on whom economic revival partly depends. They must understand, he stated, that social progress in the firm is one of the conditions for economic progress and that the left, contrary to the right, brings them a social climate of negotiation and not of confrontation,

and he added that they should form their opinion on the basis of the government's actions and not in function of their prejudices. Anxious to cut short the political exploitation of measures insufficiently explained, Mauroy stressed that the family-quotient ceiling will be applied, for example, to those wage-earners who, with three children, have incomes higher than Fr 32,000 per month.

Next, defending the RPR's censure motion, Mr Labbe denounced the "simplistic and unsound" concepts which, according to him, the government's proposals express, as well as its "powerlessness" to combat unemployment. "You've got a lot of cheek!" Mr Jospin (PS) replied to him. The Socialist Party's first secretary recalled that the preceding government delayed a number of layoffs and increases in public rates before the elections and spoke ironically of Labbe's "frustration" in the matter of censure. Mr Gaudin (UDF), backing the RPR's initiative, declared for his part that France is discovering that the Socialists were not ready to govern.

Mauroy, aware that all effort on his part to explain the government's economic options was running up against the posture of derision taken by the opposition, stressed the cohesion of the parliamentary majority. Mr Marchais (PCF) declared, in fact, that the Communist Party holds a "favorable judgment" of the action undertaken, while at the same time stating that it should be "accelerated."

In the evening session, the prime minister, visibly fatigued, undertook--somewhat laboriously--to reply to the speakers. It should be said, in his favor, that the opposition did not facilitate his task. Even Mr Barre was seen banging his desk!

Following is the text of the general policy declaration made by Pierre Mauroy to the National Assembly in the afternoon of Tuesday 15 September.

Two months ago, from this same platform, I presented the government's program and objectives for the duration of the legislature. I will not go back over that. I simply repeat that those commitments will be honored. The 5-year plan that will be presented to you in 1983 will ensure the complete achievement of our objectives and will set the pace of our approach.

Despite all the commentaries about the end of the "state of grace," the French are confident and clearheaded. They understand the country's real situation. They know that the France that we have taken in charge is sick of your policy, ladies and gentlemen of the opposition. The French are suffering the results of your balance-sheet.

You poured out promises and reports. You did not translate them into actions. What became, for example, of your business reform, support for associations, the fight against drugs, improvement of the suburbs, reduction of inequalities, improvement of the quality of life through the years? And what is to be said about the condition of the manual workers and the fight against poverty!

You were not capable of seeing the economic crisis coming and you underestimated its consequences. You renounced any real planning effort. You managed your budgets from day to day, without trying either to throw light on the future or broaden the horizon. You complicated the tax system without making it more just and more effective. You let inflation increase faster than in our partner countries. You were incapable of conceiving an industrial policy. You limited yourselves to ad-hoc rescue operations. You tolerated the steady drop in average agricultural income from 1975 on, and you tolerated unreasonable indebtedness for the farmers. You let our research apparatus waste away, and for 7 years you scorned social dialogue. In the last months, you let the economy lie fallow, and you left social progress in abeyance. Finally and especially, you accepted unemployment, even though your own experts had shown for years that your policy was aggravating the burden of it. This is your balance-sheet.

And this, then, is the France that the French have asked us to change. They ask us for more solidarity, security and prosperity. They ask us for less bureaucaracy, centralization and rigidity. To those who are already disturbed, to those who find that we are going too fast, I would simply reply: ask the 1.8 million unemployed whether they can wait. Wait for what? To be joined by 100,000, 200,000, 300,000 more unemployed?

And need I remind those--ladies and gentlemen of the opposition--who want to censure us that the 8th Plan's forecasts predicted, in the name of respect for liberalsim, 2.5 million unemployed? It is this drift that the French massively rejected last May and June. It is this society that the government rejects. It is that which it has undertaken to change.

Putting France Back to Work

The objective is clear: to put all of France back to work. And first of all, to halt the increase in unemployment. This will be neither easy nor rapid. Our predecessors' fault was to accept unemployment as a necessary evil, as a balance remaining after the other economic variables have played their parts. Such a passive view was a serious misreading of the realities of French society, and the sanction of universal suffrage has so proven. For work is more than a means of subsistence, more than a source of income. It is by work that women and men integrate with a society. We have seen, in a neighboring country, what despair and violence the veritable banishment that lack of work constitutes can lead to.

We refuse to be resigned in the face of the rise in unemployment. We refuse to allow the social fabric to come apart under our eyes. We call the national community to mobilization for employment. There is no fatal necessity of unemployment, and the government proposes to you today the means for regaining the ground lost. My mission as prime minister is to lead this collective battle. Our plan of struggle attacks the two roots of unemployment: to the production crisis we respond with new growth, and to the social mutations we respond with a new division of labor.

The crisis of production for the Western economies is the impossibility of finding naturally a level of growth comparable to that of the 1960's. The cost of energy, the monetary disorder, the emergence of new industrial countries, the impoverishment of the less advanced countries, oblige us to effect a real conversion, a new growth. In the face of this necessary adaptation, alternate waves of optimism and pessimism

are sweeping over our societies. Our predecessors chose to fall back. They went along with recession and nourished uneasiness.

The left is stubborn and optimistic. It calls on the country to take up the challenges that have been issued to it. It has the capacity for them. That is why the president of the republic and the government propose to you that we go for the maximum growth possible--that is, at least 3 percent from 1982 on.

Robert-Andre Vivien (RPR): "Illusion!"

How is this rate to be achieved? By rediscovering an industrial ambition for France: yes, we must dominate the new technological revolution. For one of the causes of unemployment--let us not deceive ourselves-- is, in the face of this imposed mutation, the inadaptation of our production apparatus, of its modes of management, projection and training. It is the inadaptation of a system of social charges that is too much of an impediment to employment.

It is not a matter of rejecting robotics or data-processing. It is a matter of managing this mutation while respecting people. Our society, which is too exclusively centered on production values, must not ensure the relative prosperity of some by relegating others--3 or 4 million of our fellow-citizens--to the sidelines. The productivity gains pade possible by technical progress must benefit the whole of the national community. And in particular, by a rapid reduction of the work week that permits a just distribution of the workload among all the French. This is one of the essential means for getting mastery over the mutations of French society. For the increase in unemployment is explained also by sociology and demography.

Women, after winning the right to vote, are very quickly demanding the right to a job, the preferential means to their social autonomy. Rural France has become urban. It is time to brake this exodus by creating jobs in the rural milieu, by processing the products of agriculture and of the forest on site. We have therefore doubled, in the draft budget for 1982, the allocation for setting up young farmers.

France has got younger. For 17 years, just after the war, the numbers in the age groups doubled [as published]. These young persons from 20 to 37 years old have gone on to become the dominant group of French society. Today they are contributing to an accentuation of the imbalance in the job market, just as, some 15 years ago, they put a crack in the framework of national education.

Need I remind the many children of May 1968 who are sitting on these benches today of the upheavals caused by the breaking of that demographic wave in higher education? In the same way, in 25 years they will cause the collapse of the pension system if no preparatory measures are taken. We have therefore set ourselves to dealing with the problem of unemployment without losing sight of the constraints of the coming decades.

Our predecessors registered this datum as an additional unavoidable event in the "management of the unforeseeable." Such is not our attitude. On the contrary, we think that it is this new blood surging through the French body social that enables it to regain boldness for change, that enables it to pose the relationship of people to production in new terms. This is why we want to change life while enabling employment to express the diversity of society and of individuals. Ensuring greater individual liberty means first of all enabling each to be master of his time.

Only the left could guide this cultural mutation. It should be committed all the more boldly in that the conjuncture of the economic crisis and of demographic structure offers us a unique opportunity to modify behavior and habits.

Reconciling the French with Their Industry

Reviving growth, sharing out work, means first of all, in the France of today, reconciling the French with their industry. The French want industry, but they do not like their factories. It is our project's ambition to put an end to this paradox. There will be no creation of jobs in this country without industrial development.

There will be no industrial development in this country if the conditions of work and life in the factory continue to discourage the wage-earners. I call on the leaders of business to understand--and the most dynamic of them have already done so --that social progress in the enterprise is a condition for economic progress.

The wage-earner in the enterprise must remain a citizen. Our intentions are clear. There can be no duality in the management of an enterprise. The workers, through the intermediary of their trade-union organizations, must be able to make their voices heard. The enterprise committee is not charged to decide but rather to track the progress of the enterprise and inform the workers. The enterprise committee cannot have veto power, especially over firings. On the other hand, it has the right to be informed. The law will be applied. It will be improved, in order for the enterprise committees to function better, in order for them to exist wherever they should exist.

In particular, the workers should be closely associated with the detection and prevention of industrial injuries, of which they are, after all, the immediate victims. In this regard, the government is determined to put an end to the incoherencies of legislation dhat organizes the liquidation rather than the survival of failing firms. You will have the task of debating, during this extraordinary session, an initial bill on this subject.

Mr Vivien: "One more!"

Mr Mauroy: "It is spite that makes you speak, Mr Vivien."

Mr Vivien: "All this is just so much talk!" (Many voices break out on all the benches.)

Mr Mauroy: "You have not really understood anything! In any case, if you want us to offer the French people a debate worthy of them, you would do well to keep quiet, Mr Vivien."

The trade unions, representing the workers, must be able to negotiate with the firm's responsible official on pay, working hours and conditions. The French company can no longer remain closed to the concertation and negotiation that must become the normal ways for prevention of conflicts, for solution of problems.

I am thinking mainly of the small and medium-size firms, in which the social legislation is too often ignored. The government's exceptional efforts in favor of these firms will have to be accompanied by a parallel effort for the rights of the workers to be totally respected.

I urge the leaders of business to reflect on this new datum. The president of the republic is elected for 7 years, and the National Assembly for 5 years. To implement the policy approved by the French, the left has the means, the time and the will. Never has the government thought that creation of jobs could be done without or against the leaders of business. It knows that they need to understand precisely the framework of their action, the rules of the social game.

I have heard the most authoritative voices among the employers explain to me that the wait-and-see attitude of the business leaders in the matter of investment, and hence the creation of jobs, derives from their ignorance in this area. It must therefore be noted that investment dried up well before the arrival of the left in power.

Thus the political pretext so often used loses all credibility. Will the leaders of business understand that the left in power brings the entrepreneurs what the right has never been able to assure them of: a social climate of negotiation and not of confrontation, a planning that vulgarizes the future?

In all sectors of industry, agriculture, crafts, commerce, France has enterprises that are remarkable for their performance and are managed with enthusiasm and faith. The business leaders, the management staff, the wage-earners who make them up have enabled these firms, despite the disorder of the liberal society, to assert their presence and their competitiveness in the international marketplace. They can and must maintain and amplify this effort. We are resolved to help them do so.

The government is not seeking a solution to the country's difficulties in state control. Let the business leaders who are fearful take the trouble to listen to us. Let them form their opinion on the aasis of our actions and not in function of their prejudices.

(Exclamations on the UDF benches)

Like them, we want France to get together with growth again. This is the condition for our common prosperity: that of the citizens as well as that of the enterprises. This is the condition for beating back unemployment. That is why I will set up, before the end of the year, the Higher Council for Industrial Development, which will bring leaders of private and public enterprises together with the prime minister and the minister of industry.

In order for the will to be a general one, it is necessary first of all for the economic policy to be clear. And first of all I want to point out that we have not waited to initiate the revival of activity and to give the enterprises initial means for playing a role in it.

The social measures immediately decided upon on 3 June and aimed at developing popular consumption have been accompanied by an arrangement for compensation for the increase in charges resulting from the 10-percent rise in the SMIC [Interoccupational Minimum Growth Wage]. More than Fr 2.5 billion has thus been taken in charge by the state so as to avoid an excessive burdening of the enterprises' costs. This unprecedented arrangement has been supplemented by the offer of exceptional treasury advances to the PMI [Small and Medium-Size Industries].

To reverse the strong downward trend of industrial investment noted in the first half of the year, in June the government raised to Fr 17 billion the total package

of government-backed long-term loans, and increased by Fr 5 billion the FDES [Economic and Social Development Fund] loans going to industry. Furthermore, it has created the conditions for a 2.5-point drop in the bank prime rate. Quite recently, the minister of economy and finance made the credit framework more flexible. Finally, the rectifying law of July provided for the startup of 50,000 new social housing units and initiated the revival of the construction sector, whose outlooks had severely deteriorated during the first half of the year.

Thus, by deciding on a measured revival of domestic demand equivalent to 1 percent of GNP over a year, spread out gradually over the last 6 months of 1981, the government has created the conditions for an economic recovery. This effort will be extended.

The New Growth Ordered around the Plan...

The new growth will clash with the anarchic liberalism that has failed because it has left the enterprises and the workers adrift at the mercy of the market currents and decisions dictated to them by the money powers, national or foreign. The new growth will be more deliberate--that is, ordered around a plan, an active budget, a dynamic and driving public sector.

(Mr Vivien: "And around devaluation!")

The 2-year interim plan that will be submitted to you in December will show the coherence of the economic strategy.

(Mr Francois d'Aubert--UDF, Mayenne: "Mr Rocard does not agree on the subject of nationalizations.")

Mr Mauroy: "I fail to see that this observation contributes anything to the debate. (Applause from the Socialist benches) I hope that when we discuss your censure motion you will have something different to say! For the moment, let the government explain its policy."

Deliberately selective, it will propose specific programs that have a significant impact on employment. By way of example, we will be able, if you pass the budget that will be submitted to you, to finance, next year, a great effort in energy-saving and promotion of renewable energy sources in housing. To this end, a specific and unprecedented tax deduction, equal to Fr 10,000 for a family with two children, will be added to strongly increased subsidy allowances. The government's intention is also that the plan should fix clear and stable rules of the game in the areas that affect daily life and the competitiveness of enterprises.

...the Budget...

Our budget for 1982 will be a generator of revival. It will be a growth budget in the full sense of the term--that is, a budget for employment. The deficit, which will be around 2.6 percent of GNP, will be no longer a recession deficit but rather an incentive deficit. It is still reasonable since in recent years, the public administrations of countries such as the FRG and Japan have had deficits distinctly in excess of 5 percent.

In the matter of direct creation of jobs, 61,000 positions will be offered in the public sector. This increase in staff is made possible by a rigorous pay policy, providing for maintenance of the buying power of the employees in service.

In the social domain, the minimum old-age pension for a single person will be raised to Fr 2,000, and family allowances will be increased within the framework of an overhaul of family allowances.

The housing allowance will benefit from a new 20-percent increase in December, while in parallel, some 250,000 aided housing units will be started up and a considerable effort for rehabilitation of HLM [Low-Cost Housing] will be carried out. There will also be a 34-percent increase in the city-planning and housing budget. There will be equally spectacular increases in other budgets--civilian research for example, up nearly 30 percent. Overall, the civil-equipment expenditures in the general budget will go up by more than 25 percent.

In favoring the construction and public-works sector, but also collective equipment and transport, the government is concerned to carry out a revival that places the least possible burden on our imports. Since 1978, indeed, the share of imports in the supply of industrial products had increased by five points. In this case too, therefore, it is indispensable to reverse the trend. Among the big projects that the state will undertake or place under study in 1982, I mention: six big stadia, a large urban public-transport program, high-speed rail connections, a modeling of the canals, the Channel tunnel, and a vast program of smaller urban projects (improvements and equipment for children, pedestrians, cyclists and the handicapped).

(Mr Vivien: "By Prevert, one might say!")

Not to mention the exceptional energy program that will be a creator of jobs.

In order to carry out successfully the indispensable regaining of our domestic market, the government has decided to fight to achieve a strengthening of the community arrangement of the European market. The EEC is, in effect, the economic zone most open to the outside and the least protected. We are for Europe, but certainly not for a Europe of maladjustments.

In the matter of agriculture in particulat, we mean for the Community preference to be respected. The distortions of comptetition among the Community's producers--monetary compensatory amounts, regional aid, different rates of indirect taxes--should be eliminated also.

The revival policy will fully develop its positive effects only if the productive apparatus is capable of responding to the demand and of setting up new production capacities. To this end, the government will take into account, in the allocation of certain public aid, the criterion of regaining the domestic market.

To finance the budget, the government proposes to you a tax system that is more just yet that does not hinder economic activity. The year 1982 will mark a first step toward a more equitable tax arrangement. Indeed, isn't it up to the more fortunate, as well as to those who receive the highest incomes, to contribute, in the name of national solidarity, to the struggle against unemployment, which hits mainly the poorest?

For the majority of taxpayers, the income-tax burden will be stabilized. In effect, the schedule will also be updated, for all brackets. On the other hand, a supplementary contribution will be levied on the highest incomes, to participate in the financing of the UNEDIC [National Interoccupational Union for Employment in Industry and Commerce].

Furthermore, the advantages connected with the family quotient, which are higher in proportion to the household's income, will have a ceiling put on them. All this goes in the direction of equity and of solidarity.

Such is also the spirit governing the setting-up in France of the wealth tax that is exciting so much emotion--at least among some, who are being very vocal!--whereas it has become a commonplace matter among most of our neighbors. It will really tax only the big fortunes: more than Fr 3 million for private fortunes, and over 5 million when tools of the trade are involved, which means that 98 percent of entrepreneurs will not be concerned. I am ready to examine, with the professional organizations, the complementary provisions that could be introduced into the government's proposal in order to encourage investment in enterprise, but only investments in enterprises, and the creation of jobs, but only the creation of jobs.

This new tax arrangement will not hit consumption; we have decided against any general increase in TVA [Value-Added Tax]. It will not penalize enterprises apart from two sectors--banking and the petroleum industry, which will be taxed on the windfall profits due to the economic circumstances. More generally, the government will strive to stabilize the tax and social-charges load on the enterprises. It will achieve this on the basis of two conditions.

The first is to carry out in 1982 a serious reform of Social Security and of its financing. I have asked the minister of national solidarity to undertake a consultation of the social partners in this regard. The conclusions will be presented at the end of the year or the beginning of next year. We cannot be satisfied with the state in whcih we have found Social Security.

(Exclamations from the opposition benches)

Mr Mauroy: "Oh, gentlemen of the opposition! Don't forget the story of the little additional contribution percentage added to cover the expenses, then distributed before the elections. If this additional levy had been retained, there would have been no deficit."

I want to forewarn the French people: the new expenditures, notably in the area of health insurance, are not conceived without reference to corresponding savings. I ask you to understand that in this area, some progress will have to wait until we have scored some points in the fight against unemployment. It is a matter of the very vitality of our production apparatus.

The second condition in order for the government to stabilize the burden of social charges is for the enterprises to play the game of revival, to push back unemployment, and thus to improve the balance of the social regimes. This is a pact between them and the government. In 1981, we are performing a difficult action, the scope of which should be carefully marked: the state budget will absorb, on an exceptional basis, half of the UNEDIC deficit, with the other half coming from loans.

We could have permitted the UNEDIC-official social partners increase the unemployment-insurance contributions sharply. We have not done so because we are convinced that the battle for employment will not be won if we do not call a halt to the increasing of the social-charges burden of the enterprises, especially the labor-intensive enterprises. I hope that the enterprises understand our determination to help them and what it is up to them to do in response to our attitude. The ball is in their court.

...and the Nationalizations

After the plan and the budget, extension of the public sector constitutes a third anchoring point for our economic action. Some are raising an outcry because we are having the audacity, in the matter of nationalizations, to do what we had declared that we would do and what we are in the process of doing. These campaigns will have had only one effect: to strengthen us in our determination to carry out the change despite the opposition from certain money powers.

(A voice from the opposition benches: "Archaïque!")

What is involved? The nationalizations of 1936, 1937 and 1945 have borne remarkable fruits. The fact that we have the world's highest-performance trains, thoroughly remarkable electricity and gas distribution networks, that we produce the Airbus, that Renault's exports are a triumph, that our oil companies are established in the United States--and how many other examples could I cite?: isn't this due to the public sector? Today, it is envisioned--and your Assembly will be presented with this next month--to extend the decisions of the Liberation. We consider it necessary for the public industrial sector to be broadened, for it to be made up of autonomous, lively, competitive enterprises, for it to be backed up by a credit-distribution apparatus that is concerned first of all with the general interest of our economy, just as that apparatus will henceforth back up all of the enterprises better.

Yesterday, we were heading toward the most detestable of mixed economies, with the state intervening, always too late, shifting the losses of certain enterprises onto the back of the taxpayer and leaving the profits from the prosperous sectors to private capital. We do not want any more of this sucker's socialization. We will entrust important enterprises to the national community, no matter what their financial situation, because their role is strategic. But we will carry out this nationalization in a businesslike logic. Thus, as regards Dassault and Matra, our concern not to dismantle groups will lead us to flexible formulas, associating the state, as majority stockholder, with private stockholders. We shall not, of course, make a pretext of this nationalization for seizing Europe 1 or grabbing DERNIERES NOUVELLES D'ALSACE.

(Voices from the opposition benches: "And Hachette?")

Need I add that we have taken care to consider the human factors? In the case of Dassault, the formula adopted ia a hommage to an engineer of great talent who has done a lot for French aviation.

More generally, I confirm that we are nationalizing only what we had announced: there will not be any rampant nationalization. The new national companies will not be false partners in the economic game. Subject to the ordinary law of commercial

companies, they will be on an equal footing with their peers, French and foreign. They will march boldly into the economic battle. They will thus play a driving and support role vis-a-vis the fabric of the small firms, by proving more regardful of the interests of subcontractors and by making their training and export capacities available to the PME. Finally, in the groadened public sector as well as in the public enterprises of the competitive sector--in which matters had progressed unequally on this level--important social advances will be made.

The nationalization of credit will not harm pluralism and competitiveness among banking establishments. In certain cases, it will stimulate it. It will also make possible a banking reform aimed toward the PME--a reform that had been urged for years but which the preceding governments had never dared to carry out. When the state is their shareholder, the banks will place themselves decisively at the service of the national economy. They will take better account of the needs of their customers. They will be more attentive to employment. It will constitute a first step toward the setting-up of a credit-distribution system that is pluralist, decentralized and freed of domination by certain private interests.

Initiative and Freedom of Decision

The economic policy that we are implementing respects the enterprises' initiative and freedom of decision. First of all, by decentralization, the proposal for which the Parliament is studying with a diligence that I hail.

Decentralizing means removing the administrative constraints which the leaders of business are not the only ones to complain of. It means taking up the fight against anonymity and bureaucracy by getting the decision-maker closer to those who are administered. It means making it possible to take action faster, to mobilize, for example, local resources to the advantage of the local enterprises, to adapt the procedures to the particular case. It means, in a word, giving France the flexibility it has lacked, loosening the corset that was binding it. It is exactly the reverse of state control. Initiative and freedoms also mean respecting the economy of the market. The fight against inflation is a government priority. The evil has deep roots. Blocking of prices is not the solution. Our price policy is based on four principles:

--competition: this is why we have revived the observation apparatus dismantled by the preceding government;

--concertation with the professional groups;

--price freedom;

--taxation, the ultimate weapon in case of dragging. For we will be able to maintain this way of freedom only if abuses do not multiply. I call on the merchants, the consumers and their organizations to watch out for them.

These are the means for revival. These are the new rules of the economic and social game.

Seven Measures for the PME

But the government is not content just to clarify; it encourages. It is aware that the small and medium-size firms form the very warp of the economic fabric and there-

fore play a decisive role in the battle for employment. In order to help them launch into recovery with determination, it has decreed seven measures in favor of the PME.

(1) Strengthening their financial structure.

This means first of all improving the PME's own funds by developing participatory loans. That is why the means allocated to this kind of loan in the 1982 budget are strengthened. On the other hand, and especially, the government is asking the banks to develop substantially the distribution of participatory loans, financed from their own resources, and to offer them to the PME at attractive rates. The modalities for risk reinsurance by a national fund are presently under study.

(Mr Pierre-Charles Krieg--RPR, Paris: "How does that work?")

The implementation of these provisions in everyday activity will be tracked by a regional financial activation unit assigned to keep an eye on the effective mobilization of the banks and the credit institutions in the service of the PME. The insurance companies will also have to contribute to the strengthening of the PME's own funds. They will be urged to acquire, more widely than they have done until now, shares of companies not listed in the Stock Exchange.

(2) Encouraging creation of enterprises.

The formalities for creation of enterprises will be alleviated by the accelerated setting-up of uniques "formalities centers" and the regrouping of the numerous documents demanded by government administration today. Furthermore, the government will increase and simplify the possibilities for tax relief on profits made by new enterprises during the first 5 years of their existence.

(3) Improving the effectiveness of aid to regional development.

A reform of the regional-development subsidies system is being worked out. It will make this aid more accessible to the PME, by narrowing the gap between the enterprises and the decision centers, by simplifying the procedures, by making the subsidy more of an incentive.

In effect, the local collectivities will be urged to contribute, more than in the past, to the financial support for creation of jobs. That is why we plan to make more flexible the conditions presently set for the occupational-tax exemptions they may grant to the enterprises making investments that create jobs.

(4) Strengthening the aid to innovation.

In 1982, the credits to the PMI for aid to innovation allocated by the National Agency for Valorization of Research will increase by more than 50 percent. Financial measures will be taken to encourage the hiring of researchers by the PME.

(5) Adapting public aid to the enterprises of a personal character.

All the measures that I have cited function essentially to the benefit of the medium-size enterprises. It is true that the public aid is of hardly any benefit to the small firms that have fewer than 25 employees and whose turnover does not exceed Fr 10 million. Consequently, we have decided to provide specific aid for them. They will be able to apply for a simplified participatory loan up to as much as Fr 300,000.

(6) Facilitating transfers of PME.

I know it is difficult, when one owns a family business, to sell it, to bring in outside capital, or to bequeath it to heirs or employees. In certain cases, though, this is necessary for the survival or development of employment in the enterprise. Consequently, the government is going to make an effort to lower the obstacles to transfers of firms by:

--undertaking, in the course of the interim plan, the harmonization of the taxation on changes of ownership for valuable consideration, so that its burden will no longer depend on the legal form chosen for operation of the business;

--developing recourse to shares without voting rights and with priority dividend;

--facilitating, by means of special loans, the possibilities for purchase of capital by the firm's workers;

--encouraging the management staff of big enterprises to go into revival and recovery of PME by a guarantee of being taken back into their original firm in case of necessity.

(7) Stimulating investments that create jobs.

Tax-based aid to investment today benefits all enterprises, blindly, even if their investments are stagnating and no matter what the evolution of the number of their employees. This arrangement will be modified in such a way as to give the enterprises an incentive to modernize their production tools while at the same time maintaining or increasing employment.

Four Measures for Changing Life

Growth, however, does not constitute the only response to the tragedy of unemployment. For as I have told you, the situation in the job market in France does not result solely from the economic situation but also from sociology and demography. We therefore propose to alleviate the job deficit by a simple formula: a new sharing out of work. To this end, the government has decreed four major measures for changing life:

(1) Reduction of working hours.

I state our objective again: a 35-hour work week in 1985. Reduction of the work week is easily the measure that creates the most jobs--on condition that it does not amount to a uniform and general decision but rather a negotiated, multiform reduction accompanied by reorganizations and a sharing-out of incomes that coincides with the sharing-out of work. Discussion on this subject have been opened with the various occupational organizations. The government is allowing them to develop freely. I draw the social partners' attention to the fact that the decrease in working hours will really create jobs only if the 35-hour work week is effectively reached in 1985. The state will do everything in its power to facilitate this decrease without impairing firms' competitiveness.

(Mr Jacques Toubon--RPR, Paris: "You say anything!")

(Exclamations from the Socialist benches: "SAC [Civic Action Service]! SAC!")

The partners have agreed on 39 hours as of 1 January 1982, a 5th week of paid vacation, limitation of overtime. The government will submit to Parliament this autumn

a law that will ratify this agreement. Each year, in function of the progress achieved, it will propose new legislative adjustments for your vote. In certain industries, the 39-hour mark has already been passed and the 35-hour objective will doubtlessly be reached well before 1985. It is necessary for decisive progress to be made in the area of especially hard jobs and in nonstop work by the setting-up of a fifth team; and it is necessary for the reductions that create most jobs to be given priority.

(2) Promotion of Part-Time Work

There is an increasingly widespread desire for this form of activity, and not only among women, as is so often said. In order for part-time work to develop, the protection and gurantees for the wage-earners who choose this mode should be improved. The state can and should show an example in this area. Starting in 1982, several big administrations will propose half-time work to those of their ersonnel who so desire, with reduction of their pay by half. The positions thus opened up will be filled immediately.

For all civil servants who so desire, the 4-day week, with 20-percent reduction of pay, will be gradually established. The local collectivites and the enterprises will be asked to take this approach. Starting in 1982, the state administrations will accept applications for part-time work, except in cases of overriding needs of the service and with prior notice.

For certain wage-earners, managerial staff in particular, reduction of working hours runs the risk of becoming a dead letter. To them, if they so desire, we must be able to propose the taking of a year's leave of absence with part pay and guarantee of having their job back.

(Exclamations on the RPR benches)

(Protests from the Socialist group: "SAC!")

(Mr Philippe Seguin--RPR, Vosges: "Who will pay?")

(Mr Andre Laignel--PS Indre: "The rich'")

(Several Socialist deputies: "SAC!")

(Mr Pierre Mauger--RPR Vendee: "You will have enough of problems'")

(Mr Mauroy: I see that the managerial types are not interested....")

In the beginning, the measure I have stated will be an experiment. Through voluntary contributions, those concerned will be able to "build up capital" to finance their "sabbatical year."

(3) Lowering of the retirement age.

The government will keep its commitments. It will lower the retirement age to 60. At the beginning of 1982, a bill will be submitted to you. It will take account of the duration of workers' careers, especially for those who went to work very young and did difficult work. In most cases, full-rate retirement at 60 will be ensured.

But we are concerned not to increase the rigidity of our social system. It is important to create a new relationship between people and work. Participation in production should not be the sole source of people's fulfillment. The younger generations have understood this well and are deliberately exploring other pathways in their quest for happiness. That is why we must give the transition between employment and retirement a flexibility that does not exist today.

That is why I have asked that a retirement system be worked out in which pension rights would be claimable no longer in function of age but rather in function of length of career. Furthermore, the inequality of life-expectancy results today in an aberrant penalization of the least-favored categories. Workers and laborers pay in more during their working life than they receive during their retirement, while the reverse is true for the most favored categories.

Everyone understands clearly that it is therefore not possible to tolerate a concurrent retirement pension and income derived from conduct of an occupational activity after age 60. The bill will consequently include provisions to prevent such concurrent incomes, except in certain cases--notably, when the pension level of the person involved is very modest.

(Interruption on the opposition benches)

(Mr Mauroy: "It is clear that the interests of those who have a lot of money are of more interest to you!")

(Mr Vivien: "Demagogue!")

Today, the resources-guarantee regime enables those of ages 60 to 65 who renounce all occupational activity to receive an allotment paid by UNEDIC. Even before age 60, the state, through the National Employment Fund, grants allotments in the same amount to workers over 55 who work for firms in difficulty and whose departure avoids layoffs. This option will be extended to workers of that age who work for healthy firms but agree to leave voluntarily, in a spirt of solidarity, so as to make room for younger workers.

By this arrangement to meet the situation and the financial effort that it entails, the state will express its desire to encourage retirement departures in the name of solidarity in the fight against unemployment.

(4) Taking the young in charge and development of occupational training.

Forty-two percent of the unemployed are under 25. We reject the idea that these young people, in their tens of thousands, barely out of school and too often lacking any real training, should have no other choice than the offices of the ANPE [expansion unknown]. Even though the future of France depends on its capacity to adapt to new technologies, to develop new industries, we are letting, each year, nearly one young person out of three start out in life without any real qualifications!

The national collectivity has the duty to take young people in charge until they reach their majority. All young people up to 18 must be able to receive, through the state, the regional and local collectivities, the enterprises, a training that gives them a qualification. We are going to supplement and rebalance the plan of education so that those, everywhere, who are capable of handling the instruction

gien in the general-education secondary schools and the professional-education secondary schools can find a place in those establishments.

Alongside the public education service, and in close liaison with it, we must invent new formulas, decentralized, adapted to the local needs. The communes, the regions, the enterprises, the trades organizations, will be asked to develop professional-education centers combining on-the-job training and theoretical training.

It is in this spirit that we will propose to young men completing their national service that they sign a contract to do work on social needs currently unmet. This 6-month or 1-year "young volunteer" contract will put them in contact with professionals capable of giving them training. In France there is no lack of sectors of activity in which such a volunteer force could find work to do:

--development of our forest masses at a time when the evolution of the cost of energy makes it particularly valuable;

(Mr Vivien: "Marshall, here we are!")

(Mr Pierre Guidoni--PS: "He doesn't miss a one!")

(Mr Mauroy: "Mr Vivien, you know who those are who, in the dark hours when the country was teetering on the brink of the abyss, rallied in order for France to regain its dignity and liberty one day.)

(Mr Vivien: "The Gaullists!")

(Mr Mauroy: "You also know that a certain grande bourgeoisie, and those who defend the biggest interests, chose to follow the Vichy government so as to take their revenge!")

(Exclamations from the UDF benches: "Marchais! Marchais!")

(Mme Nicole de Hauteclocque--RPR, Paris--as well as Mr Pierre de Benouville--RPR, Paris--and Krieg leave the semicircle.)

(Mr Vivien: "Mr Prime Minister, see who is leaving the semicircle!")

Mr Mauroy: "Mr Vivien, it is you who have offered a provocation by making an interruption that is unacceptable to the prime minister and the government. I was noting that the volunteer force of French young people could be usefully employed in the development of our forests. I add that it could also be usefully employed in:

--civil protection and firefighting;

--safeguarding of the regional and national parks and the fight against pollution;

--participation in activation of the smallest communes. Thousands of France's 36,000 communes have fewer than 500 inhabitants and will be aided.

Externally, cooperation must no longer be the reserved domain of social categories who are already privileged. In the Third World especially, many young French workers or farmers could render exceptional services while at the same time living a particularly enriching human experience. By means of these contracts, the community will respond to the desire of the young people who want to get away, to live a different life before taking up a more conventional professional career. It will also give them additional training that will enable them to take jobs, especially in the service of the state and of the local collectivities.

We shall conquer unemployment only at the cost of an immense effort of adaptation, of enrichment, of opening up initial and ongoing training to all. This effort is particularly necessary for women, whose levels of qualification are too often an obstacle to job access.

It is also necessary for all those who have trouble finding a job after a long period of unemployment. Finally, it is necessary for all those who must adapt to the jnew technologies. The occupational-training programs will therefore be developed; the public training and job-counseling service will be reformed and renovated; and the enterprises will be asked to intensify their efforts within the framework of the legal obligations and, when they can, beyond them.

A New Relationship of People to Work

Everyone understands that these measures will be fully effective only if their implementation is taken in charge by the social partners. In the first place, by the trade-unionists. What is involved is a new relationship of people to work.

In the negotiations, the social partners will have to take into account the fact that people will be able to work less only if the machines work more. Only gains in productivity will make it possible to finance the additional hiring. The wage-earners will make the success of this policy possible by agreeing to favor reduction of working hours over demands for increased buying power. The businessmen must collaborate in this social and technical change.

The state, for its part, must set the example by providing, along with reduction of working hours, longer service and operating hours for the services open to the public. The local collectivities are urged to do the same.

However, the measures that I have just detailed will not suffice in themselves to mop up a job deficit that results from the particular demographic situation of France. We must therefore take, in a transitional period, some bold decisions that will enable us to achieve rapid results: for an exceptional situation, exceptional measures and exceptional financing.

That is why the government has decided to propose "job-solidarity" contracts to employers disposed to make a special effort to create jobs. These contracts will be of several types. For example:

--a job-solidarity contract;

--temporary aid to a firm that makes a very sharp cut in working hours in order to create jobs;

--implementation of early retirement, from age 55, for the employees of firms that recruit young workers to replace the older ones;

--authorization to locl collectivities or firms to hire young unemployed persons who would continue to receive their unemployment benefit payment for a very limited time;

--special aid for development of new activities requiring hiring;

--supplementary remuneration to workers who choose half-time work, on condition that new hiring results.

These are only examples. Appeal to the imagination and to solidarity will do the rest. Local elected officials, business leaders, trade-unionists, civil servants--all must be able to come together to seek solutions for saving the enterprises in difficulty and to prepare job-solidarity contracts. The job-solidarity contract is the means for an enterprise, a commune, an employment pool, an occupational branch that make an exceptional effort to benefit from all the measures announced.

They must organize into local employment committees. Whenever such an initiative is taken, the state will contribute its aid. And a national commision, made up of elected officials, assigned members of Parliament, the social partners and members of the administration will act as a standing committee of war against unemployment. It will be set up under the prime minister's office in less than a month, in close liaison with the minister of labor and the minister of economy and finance.

Everyone must put out this effort of solidarity. Two million unemployed are a lot. In relation to the number of firms in this country, they are few. Significant results are within our grasp as soon as we agree all together to take up the challenge.

It must be noted that the various types of financing aimed at favoring hiring do not always have an immediate, automatic effect. What good does it do to aid a firm that would have been hiring in any case? Why facilitate departures into retirement if such aid only results in reduction of personnel and elimination of job positions? The aid in favor of employment is a further illustration of the fantastic waste caused by our country's excessive centralization. In order to fight unemployment effectively, we must hunt it out where it is, we must adapt to the diversity of the local realities, decentralizing our means of action as much as possible.

The financing of all the measures I have just announced is entirely provided for within the expenditure ceilings set in the draft budget for 1982. In addition, if the result that we expect from them in terms of unemployment is achieved, our action will contribute, in 1982, to rectification of the situation of the nation's public finances and social budget.

Fearing Neither Boldness Nor Imagination

This is how the government means to put all of France back to work. These are bold measures. They clearly express the purose that animates us. We shall put them into effect with all the dynamism necessary.

They need to be relayed, to be accompanied by an effort on the part of the entire country. Fighting unemployment must be the No 1 objective of the trade-unionists when they negotiate, of the employers when they invest, of the elected officials when they run their collectivities. I know we will be heard, and I thank all those who are going to mobilize for our common future.

There will, of course, be doctors of the law lecturing you in the name of supposedly inflexible economic laws. I hear them as you do; if we were to believe them, the government would have no outlook other than to imitate its predecessors.

But you who submit a censure motion--what have you done, you who would censure us today? You forecast growth of 1.6 percent. In reality, it was 0.5 percent. You

You forecast a deficit of Fr 30 billion. In reality, it was 57 billion. You forecast a 10-percent rise in prices. In reality, it reached 13.5 percent.

Neighboring us is a country whose growth rate, along with Japan's, is the highest in the OECD. A country whose per-capita income exceeds the average for the EEC countries. A country whose unemployment rate is the lowest in Europe, where inflation is low and the currency strong. Yet the inflexible rules we are told we are subject to are not followed there: the budget and foreign trade are constantly in deficit, there are no private banks, the public sector is more extensive than in Yugoslavia, even certain prices are blocked, and state intervention is considerable. This country is Austria. Twice destroyed by crisis, having twice seen its structures collapse, Austria is conducting a policy whose priority objective is to maintain employment and growth.

I am not proposing a model to you. I am aware of the fact that in a small country it is easier to deal with problems when they arise. But decentralization will enable us to achieve an effectiveness that I hope will be comparable.

By this reference to Austria I simply want to show you that there are no taboos; that you should fear neither boldness nor imagination; and that the decisive element, in the economic domain as elsewhere, is the existence of a political will, understood and relayed at all levels of society.

To safeguard our common future, the hour has come for a great leap by the national community. And I would like to say that the moment is particularly ill-chosen, ladies and gentlemen of the opposition, for submitting a censure motion, because the opposition is censuring blindly: it has submitted its text even before knowing the content of the governmental proposals! Because none of the unemployed, in whose favor we are mobilizing, is unemployed because of the policy of the left: they are the victims of your management.

The censure that you are brandishing at us has already been voted on, 3 months ago. And against you! The people, rallied in universal suffrage, clearly expressed that they do not have confidence in you to rectify the country's economy.

At a time when we are forced into exceptional measures to remedy your errors, it is with astonishment that I see you trying to turn the spotlights of present-day reality on yourselves. I would rather have expected you to try to make yourselves unabtrusive. But rest assured that I will not shrink from debate. All the more so in that I had myself proposed it to you when announcing this governmental declaration several weeks ago, even before your censure motion.

This censure vote corresponds to a choice of society. On the one side, those who give up and accept decline. On the other, all those who, with us, want to restore the dynamism of France, who want to open up to it the perspective of socialism in liberty. The crisis will not resolve itself. It will be surmounted only at the cost of a formidable industrial adaptation and a social change. It is the task of the heirs of the first proletarians thrown at the foot of the steam engines to carry out the emancipation that the new technological revolution makes possible.

France can open up the way. We owe it to her. That is why we are determined to carry out the change as it has been announced by the president of the republic, desired by the people, and made into law by your Assembly.

11267
CSO: 3100/1004

MITTERRAND COMMENTS ON UPCOMING ELECTIONS

Athens ATHENS NEWS in English 29 Sep 81 p 5

[Text] Should the upcoming elections bring to power the Panhellenic Socialist Movement (PASOK) in Greece, then France and Greece will have leaders who know and respect each other, who have a mutual friendship and, consequently, a better understanding of each other's problems.

This, among other things, was stated by French President Francois Mitterrand in an exclusive interview to the editor-in-chief of the Athens evening daily TANEA, (centre-opposition) given last Tuesday and appearing in Monday's issue of the paper.

Although he avoided any statement that could be interpreted as direct intervention in Greek political affairs, the French President stressed the close ties and cooperation between European socialist parties, and those of southern Europe, in particular.

"Our five parties, the Greek, the Italian, the Portuguese, the Spanish, and the French, have particularly good relations with each other and I repeat, there are very real similarities between them," Mitterrand said.

Responding to a question whether the socialist victory in France would help the socialist parties of other countries, including Greece, in their bid to attain power, Mitterrand said that there are many ties and similarities between the countries of southern Europe and that, indeed, the socialist victory in France had strong reverberations in most European and Mediterranean countries.

"But," he added, "there reverberations form part of each country's national reality, on which I have no right to comment, and their evaluation is solely for the citizens of the countries concerned to make."

Whatever the outcome of the Greek elections, Mitterrand said, France will continue to have friendly relations with Greece, in both the state level and the level of relations between the two peoples.

This, he said, was France's duty.

But he added that a victory would mean that the two countries would be led by men who know and respect each other.

Mitterrand was also cautious when answering the question whether, in the framework of a socialist Europe, it would be possible to transform the Mediterranean from the high-tension area it is today to an area of detente, possibly a missile-free zone.

At this point, he said, it would be wishful thinking to talk about a Mediterranean circled by countries where the socialist parties predominate. We are still very far from this point, he said. It seems, however, he added, that socialists, with their respect for peoples' right to self-determination, their preference to dialogue and arbitration over cold war and the arms race, and their ability to better understand relations between the Arab World and southern Europe and between East and West Mediterranean, have a viewpoint "well suited with the interests of the Mediterranean".

As for making the Mediterranean a "missile-free sea" Mitterrand said, this depends on the balance of power between the two superpowers, neither of which is, properly speaking, a Mediterranean power.

The French president voiced strong concern for maintaining the balance of power worldwide. "If this balance is disrupted", he said, "there will be war".

He said he was very concerned with increasing Soviet armaments in Europe and especially with the SS-20 missile which, cannot cross the Atlantic and is therefore intended exclusively for use in Europe. He said negotiations, based on the need to maintain the balance of power, were urgently needed and that they should start in the next two months.

Discussing the French political situation, Mitterrand said that certain difficulties and delays in implementing the socialist program were natural, considering that the socialists were taking over from a right-wing administration that had ruled the country for about thirty years.

"Thus, the new administration is forced to function in a socio-political system unfavorable to it".

"We do not want purges" Mitterrand said. "But it is necessary that some key posts be given to men and women whose views correspond with the views of the majority of the people."

The President said that, in the short time of three months in office, and despite the difficulties created by the right wing's long previous stay in power, a lot had been accomplished.

He cited decentralization, the nationalization of banking credit and the planned nationalization of the aeronautics, electronics, chemical and war industries as the major steps taken thus far. He also stressed the importance, in the realm of moral issues, of the abolition of the death penalty, of laws permitting the operation of special courts, and the dissolution of the Cour de Sureté de l'Etat.

Concluding his interview, the French president wished the Greek people every success in both national and international spheres. "And it is self-evident", he said, "that I also wish for the Greek people to make bigger and bigger strides towards progress, social equality, and justice among the citizens".

CSO: 4600/25

UNITED DEMOCRATIC LEFT PARTY SUPPORTS PASOK

Athens ELEVTHEROS KOSMOS in Greek 16 Sep 81 p 1

[Text] Ilias Iliou and EDA (United Democratic Left) have been favored, particularly by the governments and the leaders of "New Democracy" (ND). Iliou was recognized as a political leader, and EDA, as a party, with all the concomitant prerogatives in Parliament. Yet they have shown themselves ungrateful toward their benefactors. Instead of establishing slates country-wide and so concentrating the few votes they do have, to keep them away from their benefactors' opponents, they decided to do their best to support and vote for PASOK (Panhellenic Socialist Movement)! In any event and by the very nature of the situation, EDA's decision is significant, not quantitatively but ethically. It is running after Panpandreou's family. To wit:

--For many years, in fact until 1967 (formally until 1974) it was a front Greek Communist Party (KKE). But when the parties and the press revealed this, EDA and its [newspaper] AVGI protested at the time. Now they admit that they were unwitting tools of the KKE and the USSR.

--Ilias Iliou, who had applauded the Soviet invasion of Hungary in 1956 and waited until 1968 to be embarrassed by the Warsaw Pact intervention in Czechoslovakia, is the sort of politician to avoid. He admits he became a member of the KKE at the time of the December 1944 revolution, when others were abandoning it en masse, and when he represented the independent left in Parliament he displayed his talent for deceiving not only public opinion but even parliamentarians.

When in 1963 EDA voted in Parliament for the Center's candidate for the chairmanship, Georgios Papandreou who was then majority leader did not welcome the helping hand. And he announced that in truly democratic parliament communist votes should not be counted (although the Center Union did agree secretly, as Io. Pasalidis disclosed, to voting in sufficient electoral districts). But now G. Papandreou's son and grandson do accept EDA's public support which entails giving up the "Commie and Stoolie EDA" as Ilias Tsirimokos called it. The Papandreou family, purveyors of bargain-priced socialism and change, does not consider it inconsistent with democracy to support not the followers (because the species is extinct), but its leaders who happen to be the same as those of the KKE's front. New times, new political mores!

"New Democracy" has taken EDA-2 by the hand. It brought it into existence through the favor of recognizing it as a party. It will also give that many of its votes to PASOK, which is both the offspring and nurseling "from radical liberalism to even democratic socialism" of the party of G. Rallis, Ev. Aberof and K. Papakonstantinos.

CSO: 4621/11

ND PARTY ISSUES PARTIAL CANDIDATE LIST

Athens TO VIMA in Greek 3 Sep 81 p 7

[Article by Mikhalis Dimitriou: "Strong Turn to the Right in the Selection of ND Candidates in Central Greece"]

[Text] Despite the fact that progressive social currents have not been lacking in Central Greece, political conservatism has been noticeable in most of its nomes, at least as expressed via the ballot boxes. The networks of personal patronage, the political intermediaries of the Right, and area administrators powerful by "right of family," used to be paramount in the sterile mountain regions and also in the tobacco- and cotton-growing areas.

Today, this political system's crisis is commensurate both with the ND's [New Democracy's] shrinkage of influence and the deterioration of every district's "big names." The nomes of Aitoloakarnania, Voiotia and also Evrytania are typical cases.

For all these reasons:

> Quite a few members of parliament, politicians and nominated candidates (who exceed ten in number) have declared that they will not be candidates in these elctions. Very typical is the case of the nome of Fthiotis.
>
> There is an effort, both in the proposals of the nome committees and in the plans of the party leadership, to put forward "new and lasting" persons because "the old ones have worn out our own people."

However, in these new elections a dominant element continues to be the family political inheritance of the candidate, with particular preference for the representatives of the "hard-core Right." In its majority the "expansion" into the districts of Central Greece is one-sided and the "showy names" from the Center's side are absent.

> In 1977, of the 28 members of parliament from Central Greece the ND elected 19, diminished by one when Angelos Pnevmatikos went independent. Despite the fact--as we shall see--that in Central Greece in 1977 the ND garnered relatively high percentages, its gains in seats were excessive and were assuredly due to the election system and the opposition parties' precentage apportionment.

Voiotia

In the nome of Voiotia in 1977, the ND elected three out of four members of parliament with only 39.4 percent of the vote. In sequence, after the death of Themistoklis Koritsas, it elected Dim. Papaspyrou (president of Parliament), Panagiotis Tourikis (son-in-law of former politician Evag. Vourdoumbas) and Nikolaos Ktistakis. Aristeidis Tsiplakos (civil engineer, member of the DE (Administrative Committee] of the ND and former general secretary of the Ministry of Pulic Works), Konstandinos Gamvroulis (pediatrician and nephew of Themistoklis Konitsas), Anastasios Liaskos (businessman and EP [National Rally] politician) and Andreas Vergos (lawyer), have been proposed as candidates for the district of Levadeia by the Voiotia nome commmittee. Konstandinos Katzelis (mechanical engineer, former special adviser to the Ministry of Public Works), Georgios Vourdombas (lawyer and son of former politician Dim. Vourdoumbas) and Mikhail Makrygenis (lawyer, former centrist) have been proposed as candidates for the district of Thives by the Voiotia nome committee.

Evvoia

In the nome of Evvoia, four of the government deputies out of the nome's six were elected by 42.72 percent. In sequence they are Georgios Vogiatzis, Kon. Kallias (who has not decided definitely if he will accept being included on the ballot for Europarliamentarians), Mikh. Kakaras and Angelos Pnevmatikos (who is an independent now and is reputed to be putting together a personal slate of candidates in Evvoia).

In its proposals, Evvoia's nome committee proposed to the party leadership the candidatures of Aristeidis Mikhalakis (former member of parliament), Ioannis Stamatopoulos (lawyer and ND politician in 1977), Angelos Vlakhothanasis (lawyer and former member of parliament for the EK [Center Union Party], Prokopios Krokos (EKIK [Democratic Center Union] politician) and Nikolaos Papanikolaou (EP politician and brother of Sofoklis Papanikolaou, responsibile for the "Civil List" in the pre-dictatorship period).

In its proposals Evvoia's nome committee recommended the candidacy of electrical engineer Akhilleas Papathanasiou, former general director of Titan Cement and son-in-law of former minister Kon. Konofagos.

Educator and owner of Technical Schools Kon. Stefanidis, who had gone into politics in 1977 in the second district of Athens, has political interests in his birthplace of Evvoia. The candidacy of Mr Stefanidis was not proposed by Evvoia's nome committee because it was judged that the critical articles written by a newspaper friendly to him harmed the party in the district Apart from Mr Stefanidis, the case of lawyer Anastasios Kambouris' candidacy also has strong support in the party leadership of the ND. Mr Kambouris is president of Evvoia's nome committee and is laying claim to a place on the ballot in case Kon. Kallias prefers the capacity of Europarliamentarian. Finally, retired officer Ioannis Trakosaris seeks to become a candidate with his application to the central governing body of the ND.

Fthiotis

In 1977, in the nome of Fthiotis the ND elected four of the six members of parliament with a percentage of 43.97. These are Dim. Evangeliou, Leonidas Gallis,

Tzoulia Tsirimokou and Kon. Triantafyllou. From leadership circles of the ND it has become known that member of parliament Leonidas Gallis has made it known officially that he will not participate in these elections. EP politician economist Georgios Kalatzis (son of former politician Evangelos Kalatzis) asserted the same thing yesterday to TO VIMA, despite the fact that the nome committee proposed his candidacy by a unanimous vote.

Mr Kalatzis, who works as a special adviser to the Urban Communications Organization, announced to TO VIMA that he has already informed the ND leadership about his decision not to participate in these elections.

From the other candidacies the nome committee proposed Panourgias Panourgias (former under-secretary and member of parliament), Konstandinos Brianis (lawyer, EDIK politician), Anastasios Anastasiou (landowner and EPE [National Progressive Union of the Center] politician), Dimitrios Xarkhas (lawyer and party cadre), Georgios Manikas (real estate broker and EP politician), Giannis Sklatiniotis (lawyer from Domoko) and Kostas Panagiotou (lawyer from Malesina). In addition the nome committee unanimously proposed the candidacy of businessman Georgios Kostis, nephew of the minister of the "rebels" Dimitrios Kostis, whose son Georgakis Dim. Kostis was politically active in 1977 with the KKE [Greek Communist Party].

Another candidacy proposed was that of retired gendarmery officer Nikolaos Liodimos, who was director of the office of Minister of Education Ioannis Varvitsiotis. Mr Liodimos is reputed not to be running. In addition the Fhthiotis nome committee refused the candidacy of lawyer Vasileios Papaevthymiou (who was a member of the "advisory" committee), while in the end nome adviser Kostas Stefos withdrew his application for candidacy. Finally, the nome committee proposed--clearly on its own initiative--the candidacy of Kostas Sapsalis (who has been proposed for the first district of Athens, and was until recently general secretary of the Ministry of Public Order) for the Fthiotis ballot, and also that the case of former EDIK Member of Parliament Nikos Argyropoulos be examined by the party leadership. As is known, he is a leading cadre of the KODISO [expansion unknown].

Fokis

In the nome of Fokis, the ND elected both members of parliament with 54.88 percent of the vote. They are Athanasios Gelestathis and Dimitrios Khloros. The nome committee proposed the candidacies of Kostas Roulias (lawyer and KNF [Young Liberals' Party] candidate), Kon. Lidorikis (former member of parliament and EP candidate, whose wife Angeliki Lidoriki was a member of the advisory committee), Panagiotis Manettas (retired artillery brigadier general) and Dimitrios Andritsos (dentist from Lidoriki).

Evrytania

In the nome of Evrytania, the ND won the seat with 46.63 percent of the vote in the person of today's Under-Secretary of Agriculture Chry. Karapiperis. The two candidacies of Dim. Bouras (physicist from Karpenisi) and Petros Nikolaou (lawyer from Afrafa) were nominated by the nome committee, while the case of lawyer Athan. Tsitsilonis, who comes from the center, is gaining in likelihood.

Aitoloakarnania

Finally, in the nome of Aitoloakarnania the ND in 1977 elected five of the nine members of parliament with 49.24 percent.

They are Georgios Stamatis (minister of Justice), Christoforos Stratos (minister of the Interior), Christos Fotopoulos, Dimitrios Karaiskakis (who announced that he will run in the second district of Athens) and Nikolaos Papioannou.

From the 1977 politicians who were proposed very justifiably, former Under-Secretary of Foreign Affairs Konstandinos Trikoupis has declared that he will not run and is interested in running for the European Parliament, while lawyer Spyridon Skarlingos will run in the second district of Athens where he has been proposed.

A first candidacy by unanimous vote from those made by the nome committees is that of former General Secretary of the Ministry of Communications Dionysios Livanos (member of parliament in 1974 and nephew of Panagiotis Kanellopoulos).

Also nominated were Panagiotis Delimitsos (lawyer and advisor to ILPAP [Electric-Powered Buses of the Athens-Pireaus Area]), Thomas Khoutas (lawyer and son of former EDIK Member of Parliament Styl. Khoutas and, until recently, general secretary of the Ministry of Social Services), Kharalampos Manginas (lawyer and special contributor to the Ministry of the Presidency), T. Palkogiannis (cadre of the "Peiraikis - Patraikis"), Nikolaos Kostakis (lawyer), Leonidas Papasavvas (lawyer) and--unanimously--General Director of the OGA [Farm Insurance Organization] Vasilis Manginas, who announced that he will not run in these elections. Finally, the nome committee proposed to the party leadership that it looked into the cases of Nikos Farmakis (former member of parliament and EP cadre) and Nikolaos Voulgaris (EP candidate and mayor of Messolongi during the junta).

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NATIONAL RALLY PARTY LEADER CAMPAIGNS

Athens TO VIMA in Greek 3 Sep 81 p 7

[Text] Yesterday, in a press conference for newspaper political correspondents, Spyros Theotokis announced that the National Rally Party [EP] has among its platform goals the freeing of those convicted of the coup d'etat of the seven-year dictatorship, and it is bound politically and morally to impose this if it holds power after the elections.

Mr Theotokis, who clearly turns--in addition to the royalists--toward the dictatorship's supporters as well (and to that must be attributed his very explicit announcement), added that the EP will take part in the elections independently in almost all election districts, with probably the exception of Crete. At the same time he excluded any collaboration with either the New Democracy Party [ND] or with the Progressive Party of Mr Sp. Markezinis.

Under the applause of his party's supporters and politicians who were present (among whom were seen N. Farmakis and G. Georgalas, as well as a few retired officers), Mr Theotokis made a vigorous attack against the ND, primarily against Mr Karamanlis, not--as he made clear--in his capacity as current president of the Republic, but as former prime minister.

The ND, he said, is confronting the upcoming reckoning with the "marxist front" with suspicious calmness, which goes along with the expectation that after the elections it will make over part of the power to the communist front. For this reason, he continued, the EP has placed itself from the beginning on the opposite shore from the ND, even if, on account of the danger which the civil status quo faces today, it has considered that it had the duty of studying the possibility of obtaining electoral and political collaboration with the ND. But the ND, he added, has explained clearly that it disagrees with electoral collaboration, on a level of independent parties, at which time every discussion on the matter was decisively brought to an end.

In a similar way, said Mr Theotokis, the "soundings" of other groups of the "patriotic people outside of the ND" were also unsuccessful, and this because there is a great ideological distance between the EP and the party of Sp. Markezinis. Mr Theotokis defined this distance more specifically, when answering a question about it, as a basic difference of opinions in regard to the deposed king and President of the Republic Mr Karamanlis. Mr Markezinis, he said, does not believe ideologically in the king, and also recently he has announced that he respects Mr Karamanlis, while I do not.

In addition, Mr Theotokis characterized the plebiscite of 1974 as a "dishonor" and "illegitimate," but he added that his party is not putting a question of state into the elections, because "both we and the king believe that he must not return without the common consent of the people after an irreproachable plebiscite."

In closing, the leader of the EP strongly criticized the economic policy of the ND, and (referring to Stratis Andreadis, but not by name) he blamed it for its "bandit-like confiscation of property of eminent international bank officials."

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KKE-EXTERIOR PARTIAL CANDIDATE LIST

Athens TO VIMA in Greek 3 Sep 81 p 7

[Text] General Secretary of the KD [Central Committee] of the KKD [Greek Communist Party] Kh. Florakis was received yesterday by Prime Minister G. Rallis to whom he expounded the party's positions concerning the management of irreproachable elections.

Mr Florakis stressed the need for substantial coverage of all parties' election activities by state-controlled mass communication resources, and underlined that the coverage must be based on objective criteria and on their parliamentary strength. In particular, the regulations which will be produced must take under consideration the fact that the KKE is third in terms of parliamentary power.

Mr Florakis sought placement for persons approved in common in critical ministries, and that the mechanism of the state, especially the police, refrain from every effort to influence popular opinion.

More specifically on the subject of the Armed Forces, Mr Florakis proposed that commanders avoid preelection speeches and that the receipt of voting books by the young army voters be safeguarded.

Candidates

For the list of KKE candidates in northern Greece, our correspondent in Salonica transmits the following:

Probable KKE candidates in Northern Greece, according to information received, for District One, Salonica: Mitsos Sakhinis (member of parliament), K. Leventis (vice president), P. Katsaros (trade unionist), Ath. Giannousis (president of the Municipal Council of Salonica), Khr. Raptis (major of Ambelokipi), Giota Sevastiadou (doctor), Sofia Frangi (president of the Union of Nursing Staff of Private Hospitals), Takis Kharitos (general secretary of FEPATh [University of Salonica Student Union]), Khr. Parathyras (doctor).

For District One, Salonica, are still being mentioned the names of a professor at the University of Salonica, soccer player Giorgos Koudas and artist Kharry Klyn.

District Two, Salonica: Sot. Kostopoulos (professor), Dim. Plalas (farmer), Nik. Parpoudis, Kyr. Angelopoulos (worker), G. Primerakis (farmer).

Imathia: Kon. Georgiadis (agriculturalist), G. Taxiarkhopoulos (president of the Union of Construction Workers), Io. Khristodoulidis (member of the DE [Administrative Committee] of the Agrarian Society El. Kokobidou).

Serres: Kon. Seirinidis (retired major), G. Sideris (dentist and municipal council member), Ath. Papathanasiou (accountant), Dim. Theodoridis president of the Agrarian Society), Khr. Gongoglou.

Drama: Giannis Patkas, Takis Lambrianidis (worker).

Evros: Va. Koinakis (professional).

Kavalla: Pan. Rolas (farmer), Gr. Bakharis (municipal council member), Ath. Koskiniotis (municipal council member), Theod. Nestoridis (president of the Agrarian Society), Nik. Kairetis (manufacturer).

Kilkis: Io. Kharatzidis (lawyer), Khr. Tzatzos (clerk), Nondas Apostolidas.

Pella: Euth. Malezas, Io. Bonos, Iord. Parsanidis (lawyer).

Rodopi: Vas. Fetfasidis (lawyer), Zakh. Kampas (municipal council member), Moust. Moustafa, Dim. Kerameas, Nik. Kyriakidis.

Xanthi: Io. Tsolakidis, Nik. Zakhos, Pol. Amaxopoulos, Nazim Ferkhat.

Pieria: Khar. Basios, Khr. Ananiadis, Anthoula Marouki, Ant. Goularas (economist).

Kozani: G. Mitliangas (lawyer), Mil. Stefanidis (partner), Milt. Arvanis, Sakis Kazoglou (president of the Union of Workers and Craftsmen of Ptolemaida), Tsa Gouma-Stafyli (student).

Khalidiki: Dim. Stavrinos (dentist).

Grevena: Savvas Gavriilidis (lawyer).

Kastoria: Kon. Serafeim (fur worker).

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REGISTRATION OF CANDIDATES, QUALIFICATIONS

Athens TO VIMA in Greek 3 Sep 81 p 7

[Article by Nikos Krikis: "Provisions for Eligibility and Time Limits for Applications"]

[Text] The first, many-paged circular regarding the operation of the parliamentary elections on 18 October has been published by the Ministry of the Interior.

The circular's subject is applications for candidacy and its purpose is to inform those interested in submitting applications.

The circular, which bears the signature of Minister of Interior Stratou, indicates:

First, that the proposal of candidacy must be presented to the president of the appropriate court of first instance by 27 September at the latest.

Second, that the declaration of party slates must be presented to the public prosecutor of the Supreme Court by 1 October, at the latest, and

Third, that the written statement concerning the parties' slogans and names must be presented to the president of Parliament and the public prosecutor of the Supreme Court by 25 September at the latest. If there is to be a coalition of parties, the relevant time limit for the declaration of name and slogan ends on 21 September.

The ministry's circular also notes that the fees for proposing candidacy are: (a) a receipt from the Public Fund for a deposit of 1,000 drachmas and (b) a receipt from the National Bank for a deposit of 7,000 drachmas to the credit of the account for the "Pensioning of Members of Parliament."

With reference to applications for candidacy, the following are noted:

In order for someone to be elected a member of parliament, it is required:

a) To be a Greek citizen. The manner and year of the restoration of Greek citizenship have no bearing on this condition.

b) To be at least 25 years of age on the day of the election. The age of the eligible person is proved by his registration in the Register of Males or of a municipality or parish register.

c) To have not been deprived of the right to vote. According to the relevant provision of the Constitution (article 53, paragraph 3), one who has been convicted by irrevocable judicial decision for certain offences, and one who has been deprived of the right of managing his property by irreversible judicial judgment, cannot be elected a member of parliament.

Registration of the candidate in the register of voters is not required as a qualification for eligibility.

Certain persons who have all the above qualifications of eligibility cannot be elected members of parliament if they do not resign previously from the offices or positions which they held before they declared themselves to be candidates. In this category belong:

Salaried public officials. Excepted are professors of the highest educational institutions, but not university lecturers and assistants.

Salaried administrators and judicial civil servants.

Officers of the Armed Forces and of the police. Non-commissioned officers, soldiers, gendarms, etc. are eligible.

Mayors and parish presidents. Municipal and parish council members are eligible.

Clerks, administrators or presidents of the administrative councils of public entities, but only of those to which the service of clearly governmental purposes has been assigned by law. Considered such public entities are: IKA [Social Insurance Foundation], the state hospitals, the harbor provident funds, etc. On the other hand, municipal hospitals do not belong to this category.

The election court has ruled that the members of the Academy of Athens are not civil servants.

The administrators or presidents of the governing boards of public or municipal utilities. Such enterprises are: OTE [Greek Telecommunications Organization], DEI [Public Power Corporation], OSE [Railways Organization of Greece], and the Hellenic Post Office.

Notary publics and registrars of deeds and mortgages.

All civil servants, that is to say both civilians and military, who have undertaken an abligation to remain in public service for a certain time, cannot be declared candidates and be elected members of parliament during that time period.

The circular also mentions the circumstances of noneligibility by reason of service in a certain election district. According to the relevant provisions of the Constitution, salaried public servants, military and so forth cannot be declared candidates, not be elected members of parliament, in the electoral district in which they served for more than three months during the final three years before the election.

Regarding the proposal and declaration of candidates, the following are noted in the circular:

The proposal of candidacy takes place in writing either by at least 12 electors of the electoral district for which the candidate is being proposed or by the candidate himself.

In the proposal of candidacy are recorded the first name, last name, patronymic, profession and exact address of the person being proposed.

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PCI'S FOREIGN POLICY ANALYZED

Rome IL SETTIMANALE in Italian 8 Sep 81 pp 12-16

[Article by Pierfrancesco Frere: "What Eurocommunism Means in Russian." Also, two inserts: one by Giuseppe Tamburrano; the other, by Lucio Colletti]

[Text] International tension has served at least to dispel any doubt concerning the choice of the PCI camp: the positive pole continues to be the USSR. And at the crucial moment the Communist Party in any case will play for "its team." Moreover it had also made this known: "Eurocommunism is possible provided Moscow is the strongest..."

"Eurocommunism? Even when it was in its prime, in 1977, there was silence on the matter of relations with Moscow. Imagine if it has now withered. There has been no change. For Berlinguer the Soviet Union remains the positive pole, the camp to be chosen."

Luciano Pellicani, a socialist, political scientist, and university professor, to whom Bettino Craxi pays a great deal of attention, traces this clear diagnosis as he turns the pages of UNITA and PAESE SERA. For example, the official PCI daily reports: "The N bomb brings war closer," and asks: "Is Europe a peace zone or a battlefield? Europeans must oppose the U.S. nuclear rearmament plan." The 12 August PAESE illustrates the argument in support of this thesis: "It is well known that the N bomb is made for the purpose of being dropped on European cities in order to make their occupation by the Russians useless."

"An obvious distortion of actual facts, but after all who realizes this?, asks Pellicani, discouraged. Raniero La Valle states, again in PAESE SERA, that "we must not live in a dream world. The N bomb means war. And unfortunately there are leftists who listen to him."

In the course of a few days, from the time between the decision of the Spadolini government to install "Cruise" missiles in Sicily and the air engagement over the Gulf of Sirte, Italian communists eliminated all doubts concerning their claim of being considered independent of the Kremlin. With a hammering press campaign, sustained also in part by the by now clearly pro-Soviet and anti-American mass media, they have adroitly administered an outstanding budget which, according to

President Reagan, the USSR has appropriated for use in the West (and therefore also in Italy) for a campaign against Euromissiles and the neutron bomb.

A check shows the following. We asked some political scientists of the democratic left and of the moderate sector a question that the communists would characterize as "crude": Is the PCI independent of the Soviet Union? The answer was negative on all fronts; the PCI is not an autonomous party.

Expressed thus, this statement might seem simplistic. It is true, in fact, that the PCI in the past strove to give proof of its independent judgment; but it has always done so by playing with "its team," as Giuseppe Tamburrano says (see his opinion as stated on these pages), and from the point of view of its team, that is, the USSR.

For example, Giuseppe Are told SETTIMANALE that "at a ripe moment, the PCI again called out its marches against atomic rearmament and against American imperialism; just as at the end of the 40's, during the period of anti-NATO mob fighting. When it is a question of reaching clear-cut decisions--yes or no--and vital for the WEST, one can see where Enrico Berlinguer's heart is. Because of the "ambiguity" of which Togliatti spoke, this is sometimes less obvious, but the Soviet Union always continues to be the system to be protected at all costs, where socialism somehow or other was achieved."

By carefully leafing through the official records of the Italian Communist Party, it indeed was not difficult to realize that for some years this celebrated Eurocommunism in reality was based on a tragic misunderstanding. Franco Rodano, the inventor of Eurocommunism, writes: "The so-called 'Eurocommunism' is possible only on the condition and on the basis of a powerful and qualified presence of the Soviet Union in the 'balance of power' of the supreme and decisive world balance of powers." And Giorgio Napolitano, who is now considered to be one of the most critical of Italian communists with respect to the USSR, adds in UNITA of 1 April 1980: "We must counter the danger of a return of the cold war, by causing West Eruope, the EEC [European Economic Community], and NATO to make a contribution to a positive turning point in relations between East and West and between North and South, instead of supinely aligning with the positions and pressures of the American Administration." That is what Lucio Colletti in these pages characterizes as "working for the king of Prussia."

That the positions of Rodano and Napolitano are in keeping with Soviet directives can be inferred also from the interview granted to REPUBBLICA at the end of last year by Vadim Zagladin, No 2 USSR foreign policy maker. Zagladin says: "The Helsinki Paper, the entire process of detente, are based on the acknowledgment of changes that have taken place in Europe since World War II. Backing anti-socialist forces in Poland now means wanting to annul the results of the Helsinki Conference, wanting to destabilize all relations between East and West."

Well, the meaning of the discourse is this: 1) detente is based on Yalta; 2) the CPSU [Communist Party of the Soviet Union] demands that the system in Poland remain unchanged; 3) but the communists intend to change the Yalta balances by means

of "national liberation" movements; they have tried to do so several times. The PCI is in agreement with all of these positions: the "powerful and qualified presence of the USSR" as far as the first point is concerned (Rodano). With respect to the second point, Berlinguer just recently gave an answer in his well-known interview to REPUBBLICA, repeating that it is necessary to change the capitalist system in the West, while in the East the problem is not that of changing the system, but only of giving a little more freedom. As for the national liberation movements (third point), Adalberto Minucci recently said that "the PCI cannot accept the logic that induces the American Administration to characterize all liberation movements, wherever and however they are manifested, as "international terrorism." Alignment is geometric.

According to a recent study by the Cattaneo Institute, the PCI right now is divided into three trends, coexisting under the cover of democratic centralism, but the trend of the "critics" probably includes barely 20 percent of the party, while the "Afghan" wing, especially at the rank and file level, is the dominant trend, that of hard Stalinism. "Let no one be deceived; no one hopes that the PCI will break with the CPSU," said communist Angelo Minoia upon his return from Moscow in March of this year.

"This is the point," comments Pellicani: "the PCI conforms to Soviet positions, as in the case of all former Eurocommunist parties. Even Carrillo's Spanish Communist Party, as shown by the congressional discussions of the end of July, has returned to the mother house. Unfortunately Italian public opinion has not become precisely aware of this, because in recent years the PCI has been able to win the sympathy of many journalists; and many information organs do not provide their readers with good service. They are underhandedly pro-communist and anti-American: I am speaking of REPUBBLICA, of CORRIERE, of STAMPA, of GRL, and of TG2, etc." "The case of REPUBBLICA is absolutely glaring," according to Are. "For days it maintained the thesis of American aggression against Libya and when Gheddafi admitted that his airplanes had been the first to attack, he did not make this news available at all."

Let us take some of these "fellow-travellers" at random. PANORAMA of 31 August ("Facts Separated From Opinions" is its slogan) published a cover with a photo of Reagan and the motto: "I Will Give You Peace." The title of the opening article: "The Game of Fear"; subsequent titles: "One Missile Attracts Another"; "But Russia Is Ready." Now the communist theses are precisely those of the rash arms race primed by the United States with the risk of a Soviet response. REPUBBLICA of 25 August is more explicit in its anti-Western trend. Occhiello: "While democrats Fullbright and Church express timid reservations concerning the ready trigger that dealt Libya a blow: (it seems that the Americans do not have the right even of legitimate self-defense); the title: "Now There Are Some Who Urge Reagan to Bear Down on Castro;" an article on the same page on the other hand expounds Soviet pacifism ("Moscow Urges: Let Us Return to a Dialog") and a "small insert" cautions: "But a Kremlin general warns: we will know how to defend ourselves from the N bomb."

On 20 August the PCI actually organized a "peace march" (similar to the Stalinist ones of the 50's) to the cry of "Yes to Negotiations; No to the N Bomb." The march, preceded by a leaflet campaign in the wards, places of employment, and even in vacation areas, that reminded one of years ago. had been preceded by a press campaign along three lines, in accordance with Russian propaganda: an attempt against "European sovereignty" (UNITA: "Do Sovereignty and Independence Still Have Any Meaning?"; PAESE SERA: "The Government Humiliated Without Consultations. Revival of the Tradition of Subordination to the U.S."); the crisis in relations between European Allies and Americans (UNITA: "The N Bomb Exacerbates U.S.-European Relations"; PAESE SERA: "NATO Towards an Inevitable Crisis"); the danger of nuclear bases to the populations that shelter them (UNITA: "Sicily Becomes a Nuclear Target"; PAESE SERA: "The Cruise Bases Are Primary Targets in Case of Conflict"). These arguments are identical to those with which TASS has vainly attempted to confuse issues. In reality Schmidt and Mitterrand have accepted the new American defensive strategy and our foreign minister, Colombo, has explained that that tends to induce the USSR to sit at the negotiation table.

More subtle, on the other hand, is the PCI maneuver that seeks to appeal to European social democracies and Craxi's PSI (Italian Socialist Party]. The first appeal was launched in February by Giancarlo Pajetta from the platform of the CPSU Congress. He addressed an appeal for union to "European socialist parties and to social democratic parties" (of course the CPSU could not launch it; once more the PCI carried out to perfection the part of a buffer party). The move falls within the strategy of the democratic alternative stated by Berlinguer in November 1980.

This strategy, however, is being wrecked in the presence of the very clear ties of the PCI with Moscow. Ernesto Galli Della Loggia, a liberal-socialist political scientist, explains: "The PCI is doomed to boast tirelessly of its diversity and at the same time to be shocked, equally tirelessly, if others consider it to be different and come to the conclusion that with one that is "different" unity is impossible."

[Insert by Giuseppe Tamburrano: "A History of Ambiguity"]

[Text] A distinction should be made between an internal controversy within the communist world (in which the PCI expresses itself with relative freedom) and a controversy between the two blocs (in which the PCI is always aligned with the USSR). The autonomy of which Berlinguer boasts is the claim of a partnership with the Soviet Bolshevik Party within the movement, itself. I will illustrate this with an example: when Panatta and Bertolucci play a tennis game of doubles, Panatta can criticize Bertolucci and ask him what in the devil he is up to; but their aim remains that of defeating their opponents. Well, the CPSU and the PCI are more or less like Panatta and Bertolucci...

Of course the PCI, of all the parties that form part of the Communist International, is the one that allows itself a greater possibility of criticism; but within the Communist International it stands for its free choice, within the optics of Marxist-Leninism, which is the conquest of power throughout the world.

Why on earth, then, is this not obvious? Because the PCI practices with utmost skill the tactic of supporting the positions of the Western democratic left, in order to divide the camp. Thus Berlinguer from time to time pretends to cooperate with Mitterrand, Schmidt, and Brandt, and tells us socialists that he, not Bettino Craxi, is the one who embodies French-type socialism. But then, at crucial moments, when it is a question of deciding on the installation of Euromissiles, when Mitterrand sides with Reagan, then Berlinguer turns on the heat.

We must not live in a dream world. Italian communists operate in profound ambiguity. In 1976 Berlinguer admitted that NATO was a defense for the West and repeated this in 1979; but when someone pointed out to him that therefore Europe needed America to defend it from the danger of a Soviet "fraternal assistance," then Berlinguer stressed that the PCI remained united with the USSR through ties of solidarity. In short, the PCI exists in ambiguity; it almost has a dual nature. It is what Togliatti called "duplicity." At present an undercover conflict, exemplified by the Berlinguer-Napolitano polemics, is developing; but the day when these polemics explode in the open, democratic centralism, which is a pillar of the PCI, will collapse.

Defining internal alignments is thus a problem. Berlinguer is the very focal point of ambiguity. He tries to reconcile a maximum of Eurocommunism with a maximum of continuity with the history of the PCI. In theorizing new relations with the PSI, Napolitano has elbowed forward, but who can say how he views independence from Moscow? Let's take Pajetta, himself. He would seem to be the most resolute of "autonomists." He even flew to Moscow to talk straight to the Russians. Then, in reading his most recent book ("The New Internationalism"), one discovers that Pajetta favors a broadening of internationalism, to include other forces. I say: if you are expanding internationalism, you are not leaving it; correct? In my opinion it is necessary to confront the PCI with toughness, so that by emerging from ambiguity, the present process can come to a break with Soviet expansionism and Western democratic socialism.

[Insert by Lucio Colletti: "Those Who Work for the King of Prussia"]

[Text] First of all, we must note that while Berlinguer tries to portray the attitude of the PCI as very close to that of Western social democracies and, in particular, to Schmidt and to Mitterrand, things unfortunately are different. When the matter of the future installation of Euromissiles was put to the Italian parliament, Berlinguer stated that if the PCI had been in the government, it would have left it and would have declared a crisis. So, the communist attitude was, and continues to be, complete rejection. Schmidt, on the other hand, accepted the Euromissiles and Mitterrand declared that he favored them, even though France has an autonomous nuclear capability and that, though it is in NATO, it is outside the military apparatus of the Atlantic Alliance. In short, Berlinguer's attempt at causing the Italian government to seem to be extremist and the PCI as aligned with the Western social democracies is a distortion of facts.

Similar consideration should be given to the N bomb. Newspapers with a wide circulation, like CORRIERE DELLA SERA and LA REPUBBLICA, today seem to back--

LA REPUBBLICA in a more open manner and CORRIERE, between the lines--a campaign of blind anti-Americanism, and remain silent with respect to Soviet responsibilities regarding the detente crisis, and portray Western defensive measures as war monger initiatives.

Behind these attitudes one easily recognizes the influence exerted by the PCI line, through obliging editorial committees. In reality, Schmidt and Mitterrand themselves, until yesterday portrayed by UNITA as examples that should have inspired the action of the Italian government, give evidence of considering in quite another manner the possible recourse to the N bomb.

In particular the German chancellor, who certainly cannot be considered an extremist, recently confirmed his inclination, under given conditions, to accept the dislocation of the bomb to Germany. The truth is that, in spite of the formal acceptance of Italy's presence in NATO, the PCI tends to support and to nourish all neutralist tendencies that crop up, wherever they appear. The pretext is that Europe should constitute itself as its own pole and act autonomously and independently of the U.S.

If it wants to, Europe certainly can detach itself from the United States. But if it wants to guarantee its independence and not deliver itself unarmed to Soviet imperialism, Europe will have to provide itself with a European Defense Community (analogous to the old CET [expansion unknown] at the nuclear level. Apart from the defense offered by the American nuclear umbrella, or apart from the constituent CET, the objective of a Europe that is separate from America can interest only whose who work for the king of Prussia.

8255
CSO: 3104/4

VIEWS OF OPPOSITION LEADER WIEGEL

The Hague ANP NEWS BULLETIN in English 17 Sep 81 p 1

[Text] The Hague, September 16--Presenting himself as the country's new opposition leader, Mr Hans Wiegel told the press today he planned to exploit the cracks he saw in the government coalition of Christian Democrats (CDA), Labour and D'66.

The floor leader of the Liberal VVD party said he would approach the second Van Agt cabinet in a businesslike way supporting it where possible and fighting it were necessary.

As potential points of serious conflict between the coalition parties he named public spending, natural gas prices, income tax adjustments to allow for inflation and defence policy.

On public spending he noted that the CDA and D'66 were agreed that cuts of at least 4.5 billion guilders were necessary. Labour would not go as far partly because Labour's new floor leader Wim Meijer rejected some of the cuts and partly because Social Affairs Minister Joop den Uyl's employment-boosting plan had to be financed.

Major Conflicts

On natural gas Mr Wiegel said the previous government's plan to raise gas prices by 12 cents per cubic metre as from 1 January was low as it was. If reduced any further foreign buyers of Dutch gas whose prices were pegged to oil prices would start to play up.

Moreover, Finance Minister Fons van der Stee would demand compensation for any budget deficits caused by gas price cuts.

On income tax Mr Wiegel said D'66 wanted 100% compensation for the effects of inflation on sliding tax scales whereas Labour was not prepared to go beyond 80%.

On defence the opposition foresaw major conflicts because all three coalition parties had different standpoints, he said.

Mr Wiegel expected relations between his conservative Liberal party and the left-Liberal D'66 party to become smoother following Mr Jan Terlouw's replacement by Mr Laurens Brinkhorst as floor leader. 'I always got on well with him (Brinkhorst),' he said.

CSO: 3120/4

BRIEFS

POLL SHOWS D'66 GAINS--Hilversum, September 14--The Labour party would have lost three seats in parliament and the CDA two if elections had been held in the second half of August, according to a public opinion poll held in this period. But the D'66 party would have won four seats to return with 21 (17 at present) seats, according to the poll held by the Nipo institute for the Socialist Vara broadcasting corporation current affairs programme 'In the Red Cockerel.' The poll showed that Labour would have returned with 41 seats (44 at present) and the CDA party with 46 (48) seats. The Liberal VVD and Pacifist PSP parties would have won one seat each to increase their numbers of seats to 27 (26) and four (three) respectively, while the new right-wing RPF party would have lost one of its present three seats. The positions of all other parties would have remained unchanged. [Text] [The Hague ANP NEWS BULLETIN in English 14 Sep 81 p 2]

CSO: 3120/4

NSP TRIAL TAKES NEW TURN

Court Rules Erbakan Release

Istanbul CUMHURIYET in Turkish 25 Jul 81 pp 1, 9

[Text] CUMHURIYET BUREAU--At the end of yesterday's session of the NSP trial, taking place in the First Martial Law Court, release was ordered of NSP General Chairman Necmettin Erbakan and General Executive Board members Suleyman Arif Emre, Oguzhan Asilturk, Fehmi Cumalioglu, Sevket Kazan, Recai Kutan, Mustafa Yazgan, Tahir Buyukkorukcu, Temel Karamollaoglu and Ahmet Oguz. Thus no defendants in the NSP trial remain in detention.

Erbakan presented his defense at yesterday's session against the crimes associated with the tape recordings of speeches he made at the Canakkale, Intepe and Kocaeli rallies. Erbakan said that the Izmit transcript was filled with interruptions and 100 lines of it were unintelligible. His defense of the Intepe speech was as follows:

"The invitation which came to me requested that I address a meeting of Islamic youth coming from Saudi Arabia, Kuwait and Pakistan. So I was speaking to the people of these nations at this meeting. I do not know if delegates even came from Turkey.

"I see that words which I have never spoken appear in the transcript. For example, there is no such university as 'Baldiziye' in Pakistan. I may have told the youths of these Muslim nations whom I was primarily addressing, 'You accept Islam but cannot prevent cultural imperialism as contrary to it; in your schools, you still study materialism which is the basis of the philosophy of repudiation, and Durkheim philosophy.' What I said was a term that I used only to show that those Islamic nations were making their money into the tools of foreign nations, especially of the ambitions of the IMF and Zionism, and to stress that Turkey is an important nation and that they should send their money to Turkey, not to other exploitative nations."

Explaining that he might have told the Islamic youth of foreign nations at Intepe that as they could not come to 30 August, they should come to the Konya rally if they wished, as he would be attending also, Erbakan said, "However, we did not arrange the rally in Konya. The statement would have been, at most, expression of the idea of asking them to attend the rally because it was about Jerusalem, a sensitive problem at that time."

Erbakan also said that the tapes had no bearing legally, and therefore could not be used as evidence. "Nevertheless, even if we accepted the whole of these tapes as integral, it is impossible to find in any one of them any expression aimed at destroying the secular order of the state," he said.

Then, following defendant Temel Karamollaoglu's defense against charges that speeches he made at the Sivas rally violated TPC [Turkish Penal Code] article 163/1, trial was recessed until afternoon.

Prosecutor's Argument

When trial resumed, the defense attorneys petitioned for the release of their clients, arguing that they had not committed the crimes defined in TPC articles 163 and 164. The military prosecutor asked in his argument that the defendants remain in detention.

The judicial committee declared that all evidence in the case had been gathered and there was no situation requiring detention of the defendants. It ordered the release of NSP General Chairman Necmettin Erbakan and General Executive Board members Suleyman Arif Emre, Oguzhan Asilturk, Fehmi Cumalioglu, Sevket Kazan, Recai Kutan, Mustafa Yazgan, Tahir Buyukkorukcu, Temel Karamollaoglu and Ahmet Oguz. It was ordered in this connection that if Erbakan and his nine colleagues were not under detention for any other crime, a memorandum should be forwarded to the office of the military prosecutor on their release. The release order was a majority opinion, with President Kayahan Ozden dissenting.

During reading of the release order, spectators in the courtroom shouted, "God bless you." Judicial committee President Kayahan Ozden reprimanded the spectators for this outburst, saying, "This is not a demonstration." The release order moved some of the defendants to tears, whether under detention or not. None of the 34 defendants in the NSP trial now remains in detention. Trial was adjourned until a future date.

Released

The defendants ordered released by the First Military Court except Erbakan, Buyukkorukcu and Oguz were released at 2230 hours from the Military Language and Intelligence School. Erbakan, Buyukkorukcu and Oguz reportedly are the subject of a second arrest order for another crime issued by the Ankara Martial Law Command and the Konya Magistrate Criminal Court. However, this arrest order is expected to be revoked today.

NSP General Chairman Necmettin Erbakan and 33 of his colleagues are being tried on charges of antisecular activities, anti-Ataturkism, defiance of the assembly and demonstrations law and publicly scorning the commission of a crime. A sentence of 14-36 years' imprisonment is requested for Erbakan.

Court Transcript Quoted

Istanbul CUMHURIYET in Turkish 26 Jul 81 pp 1, 9

[Text] Ankara (CUMHURIYET BUREAU)--Release has been ordered of NSP General Chairman Erbakan and General Executive Board members Suleyman Arif Emre, Oguzhan Asilturk, Fehmi Cumalioglu, Sevket Kazan, Recai Kutan, Mustafa Yazgan, Tahir Buyukkorukcu, Temel Karamollaoglu and Ahmet Oguz, all of whom were being held during trial in the NSP trial at the First Martial Law Court.

At the latest session of the trial at which the order was given releasing NSP General Chairman Necmettin Erbakan and his nine colleagues, Erbakan said that the tapes of speeches he had made at various places were not legal and could not be used as evidence against him.

The session at which the release order was given concerning Erbakan and his nine colleagues proceeded as follows according to the court transcript:

"Defendants and their attorneys were asked individually for comments on the speech texts, transcripts and reports and the letters found in the search of the Konya Raiders, Seker Chapter, contained in files 4 and 5 which were read at the prior session.

"Defendant Necmettin Erbakan: The contents of file 4 are transcripts compiled at the office of the attorney-general in connection with 37 tape-recorded speeches made at various locations over the past 8 years. By First Council order, parliamentarians may not be held responsible for speeches made either in the Assembly or outside the Assembly. The same rule occurs in articles 79 and 87 of the Constitution, and the Council order is intended to uphold this. In addition to the principle that parliamentarians are not answerable for speeches made either in the Assembly or outside the Assembly, this same Council order introduces the provision that if no such dossier had been compiled on any parliamentarian prior to 12 September, such a dossier could not be compiled after 12 September. Case was dismissed in connection with the Izmir speech which, for example, was the topic of investigation despite there being no dossier in connection with the speeches in the aforementioned file. The provisions of Law No 648 prohibit investigation of such speech texts. In accordance with article 111, paragraph 2 of this law, the statute of limitations on speeches of this type expires after 2 years. It is impossible from this standpoint to prosecute in any way on the basis of these speeches which are from 8 years ago. Even if there were guilt, it is still clear that there could be no prosecution because of these speeches, on which the statute of limitations has run out, owing to the amnesty law. Besides, these tape transcripts do not appear in the indictment and prosecution is not based on any of them. Moreover, none of the restored tapes is clear. As the tapes were not made in keeping with established practice, they do not constitute evidence. The Constitutional Court and the Supreme Court of Military Appeals have ruled that this kind of tapes cannot be evidence. It is clear from the court rulings that tapes made by security officers and especially ones made by the National Intelligence Organization, as well as transcripts made of them, have no legal value. Besides, none of these transcripts was recorded by qualified personnel and neither were the transcripts made by qualified personnel. If we may take the tape of the speech made in Izmir as an example, 400 lines of it are unintelligible. There

are omissions in 83 locations. Many words are written wrong and the meaning is completely lost and distorted by writing words which do not belong to us. I shall present to the court in writing our comments in connection with the tapes in file 4."

Other Speeches Rejected Also

Erbakan also rejected the Canakkale, Intepe and Kocaeli speeches presented to the court as evidence and said that the speech he made in Intepe had no connection with the action described in TPC 163. Trial continued as follows, according to the court transcript:

"Defendant Necmettin Erbakan was asked for what purpose the transcripts made by various officials of many speeches given at various locations in Turkey would have been distorted or deliberately edited.

"Defendant Necmettin Erbakan said, 'What is of primary importance is that the tape should be sound and should be made in accordance with the law, and we say that because none of them was made in adherence to this requisite, they are unlawful to start with and, for this reason, can possess no quality of evidence as required. Nevertheless, even if we accepted the whole of these tapes as integral, it is impossible to find in any one of them any expression aimed at destroying the secular order of the state.'"

Suleyman Arif Emre, Oguzhan Asilturk, Ali Oguz, Ahmet Remzi Hatip and the other NSP defendants stated that they shared Erbakan's views.

Sivas Rally

Then Temel Karamollaoglu, in his defense concerning the rally held 31 May 1980 in Sivas, said that there was no reliable document or statement to the effect that actions occurred at this rally in violation of TPC 163/1 or Law No 171 pertaining to assembly and demonstrations.

In the afternoon session, the NSP defendants were shown photographs from the Konya rally and their defense was presented. The defense presented by the defendants and their attorneys was as follows:

"Defendant Necmettin Erbakan: 'We examined these photographs earlier. Even though there are pictures of myself and certain other defendants in some of them, there is no indication in these photographs that we committed any crime. However, even though there are pictures to the effect that a group of people violated the law during this rally, they had no connection with us. From our standpoint, there is no reason for placing them in the dossier. They are the concern only of the Konya Security Director.'

"Defendant Sener Battal: 'We shall present our defense later on indicating that these photographs you have exhibited do not constitute legal evidence.'"

Defense Attorneys

"Defense attorney Idris Arikan: 'As will be understood from examination of these pictures, it is seen that a game of odds is being played in these photographs which were shown on TV and published in the press immediately after the rally. And, although the placard bearing the words "Lailahe Illallah" in old script on a dark ground immediately behind the group in which defendant Erbakan and his colleagues were marching has been shown immediately behind this group, it is understood from examination of these photographs that the placard is not immediately behind this group, but at least 100 meters farther back. The appearance in religious dress and carrying prayer beads of certain persons in the crowd during the rally cannot implicate our clients, because public suit was brought against certain persons who committed such crimes, these persons were arrested and were later released.'"

The report on page 166 of the file about the rally in Konya on 6 September 1980 was read.

The defendants and their attorneys were asked to comment on the report.

"Defendant Sevket Kazan: 'It is not clear how, by whom or when this report was written. From this standpoint, it does not constitute evidence. There is a report on the same rally held by the superintendent of police of the government and shown in file 6. We will discuss that report when that report is read, but we do not accept this report because it has no credentials. The placards in question are placards which were banned and were taken away from those who were carrying them by the planning committee and other officers when they saw them, because they constituted a crime, and they were placed in a room rented by the planning committee. However, it was determined by the government superintendent of police in file 6 what the slogans and placards originally associated with the rally were.'"

The NSP defense concerning the Fetih rally in Sivas was as follows:

"Defendant Necmettin Erbakan: 'Dismissal was ruled in the case of the speeches concerned with the Fetih rally on 21 May 1981 in Sivas which we have read and this dismissal ruling was presented to the court as appended to a petition of defense which we submitted earlier. I do not know what page of the proceedings is concerned with slogans and placards.'"

"Defendant Temel Karamollaoglu: 'In the case dossier on Sivas, there is a police docket on certain slogans which were written on the walls. I know this. However, I have recently learned of the existence there also of an entry indicating the content of the placards carried and the slogans written and chanted on the occasion of this rally. Placards outside our control may be carried by certain persons at such an important and crowded meeting as this. And a lot of slogans may be chanted. It is the job of the security officers to prohibit them. I did not write anything on the walls as a member of the Planning Committee. I did not see who did, and I did not give anyone whatsoever instructions in this regard.'"

NSP Grand Congress

Suleyman Arif Emre presented the following defense in connection with the NSP grand congress held on 14 October 1978 at the Ankara Ataturk Sports Palace:

"It was communicated to us both by the press and through other channels that some letters had been written and certain properties destroyed after the congress which the NSP held at the Ataturk Sports Hall on 15 October 1978, and we, as the party, immediately notified the Ankara Prosecutor's Office that the necessary legal procedures should be undertaken concerning the people who committed those crimes and we requested that we be informed of their names in order that the necessary action might be taken concerning these persons from the standpoint of our party. There are examples of the correspondence on this matter at our party headquarters. They may be obtained upon request from our caretaker. Moreover, records of the investigation conducted by the Ankara Prosecutor's Office concerning the perpetrators of this incident were sent to the Office of the Martial Law Military Prosecutor, which ruled exemption of the dossier and nonjurisdiction by the decision appearing on page 290 of file 5. We do not know who performed the actions carried out at this congress.'"

Asilturk's Petition for Release

The defendants then petitioned for their release. Oguzhan Asilturk's petition for release was as follows:

"Upon our failure to be detained by the judge to whom we were sent for detention after 12 September, we were detained as the result of an objection which the military prosecutor filed on the basis of future investigation, citing the thought that he would investigate whether there was any armed action by any political association and whether our actions might come under TPC 149. All of the evidence is present in the dossiers in our court. We have long since said what we are going to say about them. Although it is necessary that the procedure concerning 27 defendants be the same in respect of their duties in the party, some of us have been released for certain reasons, while the release has been rejected of other defendants who bear the same causes and capacities. I, myself, have been in prison almost 3 months longer than other defendants. I request rectification of this injustice and that I be ordered released."

Ruling

While issuing certain rulings at the close of the session to the effect that necessary procedures should be undertaken for extension of the investigation, the judicial committee announced as follows its ruling on release:

"As the evidence has been gathered, the order is given for the writing of a memorandum to the office of the prosecutor for the release of all of the detained defendants, and for their immediate release if they have not been detained for or convicted of other crimes,

"For this reason, the order is given for adjournment of trial until 0930 hours on 28 August 1981 by unanimous vote in articles 1-8 of the interim ruling and for release of the defendants in article 10 by majority vote with President Kayhan Ozden dissenting."

8349
CSO: 4654/123

BRIEFS

SCIENTIST POSITIONS' FUNDS BUDGETED--Funds for 1,700 new research and ITA (engineers, technicians, and administration) positions will be included in the 1982 budget. This statement was made on Tuesday, 1 September, by Mr Jean-Paul Chevenement, minister of research and technology. Of these 1,700 positions, 300 will not be assigned immediately, but will make up an interministerial reserve group. There had been 625 new jobs created by the 1981 finance law, and as many in the extra budget credits adopted by the Parliament in July. The research fund, which includes most public expenditures of the nation, will grow by approximately 30 percent, according to the minister. This should bring the minister's research budget to the level of 25.5 billion francs, with the additional program allocations and operating expenses. But the net increase in credits for payment is not significant, and this fact worries the directors of some research bodies. (Program allocations are the expenditures that laboratories are allowed to make and spread out over several years. Credits for payment are the sums that may be spent in the calendar year of 1982. Operating expenses refer almost entirely to salaries.) The budgetary increase is largely aimed at increasing laboratory staffs: the minister feels that a prolonged catching up effort, stretched over several years, is needed in this area. [Text] [Paris LE MONDE in French 2 Sep 81 p 34] 9802

FOREIGN WORKERS TO BE DOCUMENTED--Registration programs for immigrant workers without papers will begin on Monday, 31 August, said Mr Francois Autain, who, as state secretary of the ministry of national solidarity, heads the office of immigrant affairs. Completed registration forms must be filed at the special booths opened in police stations, municipal buildings, and provincial and district seats of residence. An "acknowledgement of receipt" of the initial request for a visa, or for a certificate of residency in the case of Algerians, will be delivered. It is valid for 3 months. This registration, which was announced in a circular on 11 August, should affect some 300,000 foreigners who entered France before 1 January 1981 and who can prove themselves to be stably employed. Employers will be required to undertake work contracts of 1 year in length with any workers who hold jobs illegally, and declare them to the Social Security system before 31 December 1981. Mr Autain emphasized that after this date operations aimed at reducing the number of illegal workers will be intensified. In turn, the Force Ouvriere [Workers Force FO] requested on Wednesday that its organizations limit themselves to the role of information centers, aiding applicants to complete the necessary forms, since the union's role should not infringe on administrative responsibilities. The FO also noted that centers exist which offer the clandestine worker the alternative of legal registration for a fee, and information about the risk attached to being affiliated with certain organizations. [Text] [Paris LE MONDE in French 28 Aug 81 p 19] 9802

MITSOTAKIS ADDRESSES UN ON WORLD, CYPRUS ISSUES

NC290124 Athens Domestic Service in Greek 2200 GMT 28 Sep 81

[Text] Addressing the UN General Assembly tonight, Foreign Minister Mitsotakis explained the Greek stand on the major international problems and on the Cyprus issue. He referred to the Middle East problem, the Iran-Iraq war, the Afghan crisis and the Namibia question.

About the Cyprus problem, he said the situation has not changed in the last 12 months because a considerable part of the Republic of Cyprus is still under Turkish occupation. He also spoke about the drama of the refugees and the 2000 Greek Cypriots who have been missing since the Turkish invasion.

On the subject of the intercommunal talks, he said that some progress has been made with the submission of the Turkish Cypriot proposals which, however, cannot be considered as a substantive contribution to the success of the dialogue.

Mr Mitsotakis also said that the Cyprus Government, despite its justifiable disappointment, presented reasonable proposals in connection with the constitutional aspect, envisaging a united state within which both the Greek and the Turkish Cypriot communities would be able to live harmoniously and to enjoy equal rights.

Mr Mitsotakis added: The Greek Government is willing to support any Cyprus solution that is in agreement with the principles of the UN Charter, the General Assembly resolutions and the true interests of the two communities. The foreign minister pointed out that if the United Nations fails to enforce justice in the case of Cyprus, it will be failing in a fundamental duty. He concluded: It is time for justice and reason to prevail.

CSO: 4621/7

ADANA GOVERNOR ADDRESSES KEY AREA CONCERNS

Adana YENI ADANA in Turkish 17 Jul 81 pp 1, 2

[Text] Adana Governor Hayri Kozakcioglu, at a press conference held in his office yesterday, spoke of a variety of the province's problems and announced the measures being taken. Various topics from tourism investments to the housing problem, from health services to price control were discussed. Governor Kozakcioglu said, "Ensuring price control and lower prices in Adana requires the establishment of a regulatory agency in the economy, that is, widespread regulated sales. The work of the Centennial Civil Service Home Building Cooperative will be stepped up."

Receiving information and suggestions on problems from members of the press, Adana Governor Kozakcioglu also made announcements on various topics. He said the following in part:

"The state hospital is truly inadequate. And it is getting worse as the number of patients is steadily growing. There is a shortage of doctors at the state hospital as the result of poor management. Two floors of the maternity ward stand vacant for the same reason. There is no billing and collection procedure, making price control impossible. A regulatory agency should be set up in the economy, that is, regulated sales should be made widespread.

"The Centennial Home Building Cooperative that we established in Adana for the civil servants who do not own a house will take advantage of the new Housing Law and its work will be further stepped up. In this way, our civil servants who do not own a house and who are members of the cooperative will be able to work toward being home owners as soon as possible. The cooperative's executive board has been raised to seven. The Provincial Special Administration will also be a partner in the cooperative. The cooperative will also take advantage of the know-how of technical elements who are members."

Tourism Priority

Answering questions on this topic, the Adana governor said, "Our province has not to date been exploited as a 'priority tourist region' by the Ministry of Tourism. This year for the first time, physical planning will be conducted for Karatus and Yumurtalik by the ministry. This coastline is practically virgin, sitting idle. From this standpoint, thanks to the physical planning, there will be further

planning for investments and tourist establishments on the Karatus and Yumurtalik beaches."

Governor Kozakcioglu added that Turkish Airlines would improve Adana Airport for passenger traffic to Incirlik, that passenger facilities would be added and more buses and trucks would be allocated.

8349
CSO: 4654/136

END

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West Europe Report

No. 1833

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OIL EXECUTIVE ON GAS PRICES, ENERGY SUPPLY

Brussels KNACK in Dutch 9 Sep 81 pp 37-40

[Interview with Paul Hatry, managing director of the Petroleum Federation, and former minister of finance, by Frans Verleyen and Toon Louvette: "Paul Hatry, for Twenty Years 'Mister Oil': As the Shah Said, Oil Is too Good To Be Burned"; place and date of interview not given]

[Text] At the age of 52, Paul Hatry has been managing director of the Petroleum Federation, the trade association of oil companies in Belgium, for 20 years. He has occupied this position without interruption except for a period of 4 months, which nobody in and around the oil sector noticed, and during which he was minister of finance for the French speaking liberal PRL [Party of Liberty and Walloon Reform]. Hatry is /Mister Oil/ [in italics] in Belgium, the top negotiator for the government in all petroleum related matters, a very important -- and it is said efficient -- lobbyist in the Belgian industrial world.

In 1952, after completion of his economics studies, Paul Hatry went to work in the research division of the "A L'Innovation" department store, a job which he obtained during a period of economic crisis. A year later, he went from there to being a researcher at the Emile Bernheim Center for Business Studies of the ULB [Free University of Brussels], and shortly thereafter he became adviser to the Belgian Service for the Raising of Productivity. For this service, he later moved to Paris to work in the productivity division of the Organization for European Economic Cooperation, which had grown out of the Marshall Plan and would later be known as the OECD. At that time, Europe discovered productivity in terms of American standards, and employers and workers then began to cooperate in that respect. In 1956, the liberal family established the Paul Hymans Center, and managing director Jacques van der Schueren approached Hatry to work with him. In January 1958, Roger Motz became minister of economic affairs, succeeding Jean Rey who moved to the new EC Commission, and Paul Hatry joined his administration for European and energy matters. That year, the ministers of economic affairs changed quickly: Raymond Scheyven followed and in November Jacques van der Schueren joined the department. In each case Hatry stayed on, even though Scheyven was a Catholic minister. Together with Van der Schueren, Hatry remained in the ministry until 1961, and in the meantime he was deputy chief of staff there and simultaneously chief of staff of State Secretary for Energy Roger De Looze. That was the period of the first state secretaries. "At that time, they were chosen by the minister they were attached to. Now things are different," said Paul Hatry. "During the Martens III administration in any case, it appeared as if the first concern of the members of the government was to throw banana peels in each other's face."

In 1961, the energy problem in Belgium was centered around coal -- two-thirds of the energy supply. It had been agreed within the ECSC, that the excessively expensive Belgian coal, with its excessively high production capacity, would be converted under the best conditions within the industrial context of the moment. To this effect, Belgium obtained temporary protection for its own coal market from the ECSC. The oil market involved gasoline for cars, natural gas did not yet exist, and as for nuclear energy, even though it was talked about and Euratom was set up, that sector was not competitive. In fact, nuclear research was ahead of its time, because two phenomena occurred after 1961. The country was flooded with cheap American coal, due to the collapse of transporation prices, and petroleum was discovered in North America, which came to Europe cheap.

At that time, people still thought that it would be possible to protect coal by levying extra taxes on oil products. This greatly irritated the oil bosses and at that time the then president of Caltex (now Texaco and Chevron) Jaspar asked Paul Hatry to set up a federation for the sector. At that time, the members of the newly organized group actually still formed a small club in Belgium, gasoline distributors whose business however was rapidly growing. Among the urgent reasons to establish a federation was also the existence of the tough CAOs [Collective Labor Agreement], which the oil companies independently concluded with the unions in 1960-1961, with sharply rising wages, guaranteed job stability and the introduction of a union bonus, an innovation in the country. The employers would no longer decide these things over a drink, but would tackle them in a professional manner.

Since then, Paul Hatry has had an office on the Wetenschapstraat, 50 meters away from the Ministry of Economic Affairs. In between the routine of price negotiations with that ministry and the social agreements with the workers, he has since 1958 been a professor at the ULB, where he teaches a few general economic courses, as well as a course on his own petroleum world.

Hatry is of German extraction. His grandfather had a small factory until 1914, and his father was a trade representative with numerous business contacts in Belgium, where he had also gone to school. In the thirties, the family emigrated to Belgium with 5 year old Paul, because things were becoming too difficult for the Jewish father. Paul Hatry stayed here.

Through his work in the federation, he also became a member of committees of the VBO [Federation of Belgian Enterprises], of the OECD and of the EC, and of the Central Council for Economic Life. In addition, he is one of the few Belgian members of the Montpelerin Society, an economic association which, since the fifties, has been working against socialist interventionalism in society and for continued economic liberalism.

In the summer of last year, Paul Hatry succeeded Robert Henrion as minister of finance, when Henrion resigned for various reasons. One version refers to Henrion's excessive openness in tackling tax fraud, while another mentions only health problems. Hatry himself was not happy in the government. It bothered him, for example, that every problem had to be talked out in the presence of a nearly complete cabinet, while in the past a minister could discuss a file with the prime minister alone. It is true that at that time special groups of ministers were also set up, such as for the independence of the Congo or for large scale strikes; now every government includes about 10 ministerial committees. Henrion, being virtually the

only minister of a small government partner, was a member of 8 of the 10 committees. That is deadly, Hatry says now.

Question: In recent months, it has been with a feeling of irritation that the consumer has refueled at the pump. Prices no longer seem to have any structure at all. Meanwhile, the price of crude oil has gone up 6 or 7 francs in recent years, but the price of gasoline has increased by 20 francs. Taxation has had a part in this, but at the same time oil companies have grown enormously.

Paul Hatry: In Belgium, the /program contract/ [in italics] regulates the oil prices between the Petroleum Federation and the Ministry of Economic Affairs. Most EC countries have a system of regulations, except for the FRG and England. Minister Andre Oleffe introduced this in 1974, with the primary goal of depoliticizing the price issue. Prices went up continuously after 1971, and the governments which had to announce this were held responsible by the public. Next, a formula was devised to determine the price objectively, so that the government would no longer be the political victim.

Question: At that time, politicians had also had enough of contacts with the petroleum sector.

Hatry: Of course. Edmond Leburton had fallen because of Ibramco, and there were election posters opposing the oil magnates.

Question: And yet, the Ibramco state refinery was a beautiful government dream. It was supposed to produce market information, the secrets of the sector.

Hatry: A dream perhaps, but the contract with Iran was shameful for a country. I once stated that it would be better to reopen the coal mines in Wallonia than to buy oil this way. Furthermore, as a market Liege was too small for a refinery. Moreover, Leburton's chief of staff Andre Baeyens once said that the market information was more important than the productivity of the refinery. All of this is history now. It turned out that to own a refinery is no guarantee of oil supply. Let us assume that Ibramco had been built; it would have been the last refinery and the first to be closed. The second goal of the program contract for the government is to gather information on the oil sector. As enterprises, we feel that it would be better to take action against distortion of competition and to leave the rest free, as in the FRG, but the government wants a certain measure of control, and it has this.

Question: And yet, we have the highest oil prices in Europe.

Hatry: That is not true; the unions say that. Every week, the EC publishes the oil prices, without tax. For Belgium, maximum prices are allowed on this list, but everyone knows that there are discounts. The maximum price is only true for extra heavy fuel, and there we see that we are the cheapest in Europe. Gasoline is not representative. The program contract is aimed at being an objective price gauge, and Oleffe -- who was very capable -- was also looking for an illusory secret. The third important advantage of the program contract lies in the fact that the oil sector committed itself to continue to supply the country with oil.

You say that the oil companies have grown enormously. That is true, but profits have not always increased. For gasoline, for example, the state takes 52 percent of the price, A price at the pump of 30.80 francs includes 15.56 francs tax, 3.27 francs for distribution costs and 11.97 francs in product value. The amount which a petroleum company gets out of that is variable. At the present time, the value of what comes out of a refinery is smaller than the cost of crude oil plus the cost of refining. Not every company is running in the red, but at the present time the sector is losing money. Since 1974, a balance was achieved only in 1978, and 1979 and 1980 closed with a profit.

Question: To what extent are the crude prices fictitious though?

Hatry: Anyone who can buy oil from Saudi Arabia now is better off than anyone who buys in Nigeria or Lybia. Officially, Saudi Arabia charges $32, but via Distrigaz, the state also had to pay a $1.70 surcharge per barrel. There are no discounts. Algeria also charges a $3 surcharge on top of the official $40. Saudi Arabia sells as much as it wants to. As a matter of fact, this is the basis for the conflict within OPEC in Geneva. Countries such as Saudi Arabia, Qatar and the Emirates have no reserve problem. They want to be cautious with the West and not set their prices too high so that a place will be kept there for oil in the energy spectrum. They want to be able to sell oil 30 years from now. Others, such as Iran, Algeria and Lybia, have small reserves and want to make as much money as possible out of them. They usually also have a great deal of natural gas which, together with a high oil price, they also want to sell at a high price.

Question: But, at the international level, the seven sisters could shift amounts of oil t their own pleasure, couldn't they?

Hatry: More than seven sisters are involved, and anybody can find out from their reports where their profit came from, from what region in the world, from what energy activities, and from what part of the process, upstream from exploration and processing, or downstream from refining and distribution.

Question: However, the Belgian companies do not buy their oil from the producing countries, but from the parent companies, if necessary via the Bahamas. This is one of the reproaches made by the minister of economic affairs.

Hatry: But the state pays Petromin, via Distrigaz, $1.70 per barrel more than the companies pay for their oil. The large companies buy in the producing countries at the indicated price. For Arab oil, for example, the calculation of the program contract figures $32 per barrel.

Question: A short while ago, Mr Claes was very annoyed by what was being written about the Distrigaz dossier. At the time, he also hinted that you took the dossier from your administrative period along with you in order to harass the government with it later on.

Hatry: I most emphatically deny this. Besides, I am not the only minister who left the Martens III administration. I have an excellent relationship with Minister Claes. Certain newspapers were very aggressive with regard to the dossier, and it was not friendly to suggest an undertone of corruption. But, to the point, the government claimed that by buying oil via Distrigaz, it wanted to improve the country's supply security. And yet, it concluded a contract with a country which

already supplies 60 percent of our oil. It didn't have to do it for the low price, because Distrigaz pays more than the companies. And in the end, it isn't certain that Saudi Arabia produces more oil now because of that contract. The oil which Distrigaz now receives was probably subtracted from the amounts received by one of the large Aramco partners -- Exxon, Mobil, Texaco, and Chevron -- so that the overall effect is a shift to more expensive oil. I do not consider the operation opportune. Moreover, the size of it was very large. The contract was concluded without knowing where it would be refined. The independent distributors, for whom it was meant, are probably not getting anything out of that amount, because everything is being sold in bulk to the major companies.

Question: Do you have a long term energy prognosis?

Hatry: I can't give you a very original answer to that; there aren't 36 scenarios. On the side of demand, conservation is called for. This will not require the building of new institutions. We simply should continue the efforts which are under way, and which have already resulted in a substantial reduction of consumption.

Question: It seems strange to hear you, a seller and free market man, plead for lower sales figures.

Hatry: Since the 1973-1974 crisis, the large companies are no longer owners of the oil wells. Hence, if we want to continuously sell more, then the pressure of the OPEC countries becomes greater. The growth cannot go on like this and meanwhile we must develop alternatives. Oil from the North Sea, nuclear energy (in which large oil trusts are also becoming involved) and coal production, which we may be able to keep stable within the EC, even though Belgium will not play an important role in it. Then we would be able to extract more valuable products from petroleum, and the reserves would last longer. Furthermore, we are maintaining large stocks as a means to withstand pressure. The reserves now cover a 3 to 4 month need, but they cannot be too large either, as the United States would like, because that would irritate Sheik Yamani. And the consuming countries should form more of a front, unlike 1973-1974 when each country independently sent missions to the producing countries. Finally, I seriously believe that we should not seek a confrontation with the OPEC countries. We should talk and keep talking, until they are willing to negotiate about oil also, and find common interests. OPEC has achieved a great deal in 10 years, and it only looks as if the end of the cartel, in which they are quarreling now, is in sight. Indeed, the first international crisis to come along could bring OPEC solidarity completely back to the fore.

Question: To no small degree, energy has been the key to prosperity, but otherwise it is a turbulent market...

Hatry: A real market...

Question: And yet, there is quite a bit of cowboyism in this sector, isn't there? As the Belgian Mister Oil, a liberal and a humanist, you are in a world of cold giants.

Hatry: Since the fifties, many beautiful things have been achieved, a prosperity has been created thanks to, among other things, inexpensive energy. In the process, a large number of moral values have changed and the world has become much more free. It is a world of giants, which may perhaps not be very humane, but you also have to

look at the consequences and the effects. Henceforth, we will no longer be able to count on inexpensive oil, and we will have to prevent social decline and scarcity by using alternatives, however controversial they may be. Ten years ago, for example, there was no less tax fraud than now, but because the economic pie was getting bigger, nobody felt it as necessary to combat it as they do today. The means of big business may be cold and not too humane, but the results count, and that is a free society.

Question: The oil shock has produced a great deal of uncertainty and anxiety, but the big oil multinationals are safe at the top of the ranking list in FORTUNE magazine. Doesn't that look like a holdup?

Hatry: The real holdup was carried out by one company, the National Iranian Oil Company [NIOC], which, during the period 1975-1978, moved from somewhere around the 100th place to the 6th or 7th. The turnover of the NIOC nearly equalled its profits. It obtained the oil at $0.50 per barrel and sold it for $36. For the other giants, Exxon, Shell, Mobil, BP [British Petroleum] and the others, the figures were inflated by the OPEC prices. When compared to their investments and their fixed assets, their profits are not all that great, not any more than the average of American industry.

Question: Will we ever have inexpensive energy again? The oil companies are grabbing for alternatives and are developing up to and including solar energy.

Hatry: Coal and nuclear energy have once again become competitive; as yet, the other alternatives have not. If energy prices were to go down now, billions of francs in investments would be lost. Let us assume that the OPEC countries were to reduce their prices -- which is not their intention -- then this would have to be prevented. In the future, countries will be able to choose from among a much larger number of forms of energy and through new applications -- for example, a highly improved internal combustion engine -- become less dependent on energy. This will require that each country make its own complementary efforts.

Question: How do you see the role of the United States? That country is a very large producer of oil, but it first roamed all over the world in search of inexpensive foreign sources.

Hatry: That is a conspiracy theory, arising from a theocratic reasoning, as if there were a god somewhere who imposes its behavior on every country. The /seven sisters/ [in italics] are not the government of the United States.

Question: And yet, they had a great deal of influence under Ford, and Nixon's name was occasionally also spelled with the double X of Exxon.

Hatry: This would presume the existence of a web of contacts and decision making potential, which works very coherently and keeps its secret very well. In 1970, government adviser Aiken stated that by 1980 crude oil might cost as much as approximately $5 per barrel. He was disowned, because such a negation of United States prosperity was impossible. After 1973, he was rehabilitated and became United States ambassador to Saudi Arabia. This illustrates how closed such a society as the American is toward intellectual speculation. The collapse of the dollar between 1971 and 1980 has to be of a temporary nature, because of the abundance of raw materials in the United States, and because when that country feels threatened it always turns back onto itself. No, the conspiracy theory is humbug.

Question: Now Europe is going to buy natural gas from the Soviet Union. The White House doesn't like that.

Hatry: I am known as being pro-Atlantic, a proponent of Western democracy. As is the case with so many things, so it is also with Russian gas: if you eat with the devil, you should use a long fork. It could be a very good thing to buy a harmless quantity of gas there. Besides, that gas is less expensive than gas from North Africa. Within a certain limit there is no harm in that, but the leaders over there do have a different philosophy from ours.

Question: Meanwhile, there are numerous industrial and commercial ties, aren't there?

Hatry: It bears watching, just as with alcohol.

Question: For how long is there oil left?

Hatry: For 30 years, assuming nothing changes in terms of prices and technology. But every year, they are drilling deeper and further. At the present time, 30 percent of the available oil is extracted from a well; with new techniques this could be more than 40 percent. Since 1974, prices have opened up the North Sea and Alaska. Besides, a greater amount is refined from 1 ton of oil today than was years ago. Oil remains, in the words of the Shah, too valuable to be burned.

Question: If you were in the position of a Yamani, of a sheik, what would your policy be?

Hatry: I am too Western. I believe that the Venezuelan policy is not dumb. This country rose from its backwardness because of its oil, and it is still one of the four countries in Latin America where elections are held. Don't ask me about an Arab policy. Even the Shah, however Western he may have been, reasoned differently. Sheik Yamani is astride two civilizations: he was raised in a very Western manner, and works for a country which does not even know the precise number of its inhabitants.

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BRIEFS

WIND-ENERGY FACILITY EXPANDING--Windmill builders are standing in line at Riso, the waiting list is growing longer and longer for the little test station with only seven bases. But now it is being doubled in size and the testing will no longer take a year but just a few months. The test station for smaller windmills was set up in 1978 as part of the Energy Ministry's program to study the possibilities of wind power in Denmark. Here manufacturers, the authorities and consumers get free assistance. Especially with regard to vane design. It is also the job of the station to decide whether a mill type can obtain state support. Through these systems approvals the ministry has influenced the development of reliable, safe mills. Danish mills certainly tolerate comparison with foreign products, according to Riso. Production got going quickly and there is no reluctance to experiment. Cooperation is good between mill builders and the researchers. There are around 500 small and medium-size windmills being used around Denmark. Many fewer than there were a few generations ago. After World War I 30,000 mills were turning. Most modern windmills have three vanes and have an efficiency of 10-55 kilowatts. But larger mills producing 75 kilowatts are on the way. Annual production varies from 10,000 to 120,000 kilowatt hours. A typical medium-size mill delivers 20-50,000 kilowatt hours a year, depending on the winds in that location. [By J. J. Kjaergaard] [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 17 Sep 81 p 6] 6578

CSO: 3106/177

EREL STRESSES CONTINUATION OF AKANSEL'S POLICIES

Istanbul MILLIYET in Turkish 28 Aug 81 p 8

[Article by Teoman Erel: "It Must Continue After Akansel"]

[Text] Gen Ismail Hakki Akansel said: "They are talking about price fixing. This is not price fixing. What we are doing is setting normal profit ceilings. This is something that should have been done before us."

The Honorable Akansel was calling from Istanbul. He had read our article criticizing the opponents of price controls in effect in Istanbul. He thanked us politely and provided us with information which can clear up certain misconceptions.

Akansel was promoted to the rank of full general at the latest Supreme Military Council meeting and has been appointed Commander of War Academies. He will now turn over the mayorship of Istanbul to Lt Gen Ecmel Kutay.

Which means he was still in office [as Mayor of Istanbul] when he called.

He considered it his duty to inform the press and give the facts to the public. As journalists it is our duty to relay that information [to the public].

The information given by General Akansel and an aide of his is, in essence, as follows: Authorized decision making organs of the Istanbul Municipality and Province have classified fresh fruits and vegetables into various grades and calculated profit ceilings and transportation costs. The objective has been the determination of the retail prices by consistent standards and not the sale of a product of certain quality at the same price at every location.

It has been decided to add a transportation cost of 5 Turkish liras per kilometer/per kilogram on the purchase price of goods of various grades. Under these rules the complaint voiced by retailers' representatives and the drawback we had pointed out in our article are really not justified. This way it is possible to have different prices for the same product in a shop in the central produce market and one in a distant county like Sariyer taking transportation costs into account.

Street peddlers and shopkeepers have been given equal profit ceilings; the peddlers can mark up to 20 percent, the shopkeepers up to 25 percent.

Some retailers have complained: "Rent for a shop in Sisli is 30,000 Turkish liras; in Eminonu it is only 4,000 liras. How can you apply equal standards?"

General Akansel says on this issue: "Those paying high rents can deduct it from their taxes. Therefore it is not right to reflect high rents in some neighborhoods into the price of a product."

We congratulated the Honorable Akansel for his promotion and new appointment and thanked him for the information he provided to us.

He said that he will send broader written information on the price controls applied in Istanbul.

It is our custom: Whenever an official is inclined toward such controls and shows some srcrupulousness people sneer at them. They say: "The economy has its own rules. Police measures will get you nowhere."

In reply to that one should ask: "Why are we fighting counterfeiters?

Why is the forging of money a crime?"

Now do not say "What is the relevance?" Let us explain. Economic rules which determine the value of money are naturally very important. If excessive amounts of money is injected into the market its value will obviously drop. Economists and fiscal experts must be very careful on this issue. But no country stops at that; in addition to the legal printing of money forging must also be controlled. Imagine the chaos on the market if it is flooded with large amounts of masterfully done forgings.

During World War II the Germans printed millions of pounds sterling to undermine the British economy.

Economic measures alone are not sufficient to maintain a sound economic life. One must see the merits of operations ridiculed as "police measures."

The best tax laws at optimum rates for the economy will produce no results if there are not sufficient tax audits.

Sufficient production and efficient distribution of a commodity does not prevent the commodity from becoming an issue of speculation. If the controls are totally abandoned there may be artificial accumulations at one location and deliberately created shortages at others resulting in abnormal price fluctuations.

There was a news item I cannot forget. It came from the United States of America. A married couple were manufacturing dairy products at a plant and selling it in a shop in town. The plant was registered in the name of one of the partners and the shop in the name of the other. Both were modest enterprises.

Control authorities intervened in the situation on the basis of antitrust laws and the couple was taken to court.

Whereas even developed capitalist countries do not sneer at such controls of our administrators, under the banner of "free market economy," are saying: "This does not conform with our policies."

The people have no objections to these controls. We read from the papers that Istanbul residents are happy with them. Some controls are in effect in Ankara as well. Invoices and prices are audited in fresh produce markets. I was at the Kucukesat market last Sunday. I bought some cucumbers from a shop. Green peppers were heaped next to the cucumbers, but they were covered by a jacket. Next to it stood the sulky shopkeeper.

"Give me half a kilo of peppers," I said.

"I am not selling," he grumbled.

"Why?"

"Its invoice has not arrived; I am waiting."

I understood. Because I had witnessed similar situations before. The market had been inspected and the sale of goods without invoices had been banned. The shopkeeper with the green peppers had been caught doing illegal business.

When you see the sullen-faced shopkeepers sitting like exhibits next to their heaps of uninvoiced fruits and vegetables whose sale has been banned you feel sorry for them. But then you see the crowd filling the market: Thousands of people, old and young; mostly modest looking people with fixed incomes...

They are struggling to live in these expensive times. In numbers they are in the majority, but since they cannot influence important economic decisions things have got out of hand and they have shouldered most of the problems.

You think to yourself: "The day to day living of the citizens must be given as much consideration as economic successes and those who do that must be commended... And, for example, the controls in Istanbul that Akansel thinks are so important must be kept after he is gone."

9588
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REPORT SURVEYS REASONS FOR SEE FAILURES

Istanbul MILLIYET in Turkish 23 Aug 81 p 11

[Text] Ankara—Special Dispatch—According to a report by the Budget Planning Commission on the supervision of SEE's [State Economic Enterprises] in the course of the last 30 years—during which Turkey entered a process of liberal development—these enterprises have not been given sufficient support and their problems have worsened because they have not been solved in time. The report, moreover, sees the need to reorganize upper levels of administration and administrators in SEE's.

Stating that SEE's were born out of Turkey's requirements and needs, the report continues:

"SEE's have pioneered large-scale investments in Turkey's industrialization and development drive. Through these investments it has been possible to provide the country with basic goods and services.

"However, in the course of the last 30 years, during which Turkey entered a process of liberal development, SEE's have not been given sufficient support and their problems have worsened because they have not been solved in time. SEE's have, however, become more widespread because their value as an economic and political force in Turkish economic and social life has been well appreciated. Significant merit is seen in considering the SEE's in conjunction with the private sector and formulating long-term economic policies on a common unifying platform on which the two sectors will support each other and not compete toward a common target.

"Thus, by looking at the future with confidence and by developing long-term investment and reform plans, we can transform the SEE's into healthy institutions through corrective measures and insure their development.

"SEE's perform different functions depending on their characteristics. Some may not always be profitable despite productive and effective operation methods because they are entrusted with supplying society with basic goods and services on a large scale.

"There is need to integrate and increase the effectiveness of the legal status of SEE's and the methods of their supervision. In like manner, it is necessary to reorganize upper levels of administration and administrators of SEE's.

"Maintaining the operation of SEE's in an effective, productive and resourceful manner is possible by a series of corrective measures in their administrative and financial structures and management operations. Cooperation among SEE's is an important necessity. Although the price mechanism can be used to solve problems to a certain degree, it is useful to point out that real corrections will come through steps taken to reduce costs. This is a complicated task which is largely beyond the scope of SEE administrators. However, SEE administrators have a role to play particularly in increasing personnel productivity, maintaining frugality and improving the quality of services.

"The determination and application of these corrective measures will be possible by the examination of the issue and conclusions on it at the government level and by specifying in detail in a plan the economic policies to be formulated and the reorganization steps to be taken.

"It is thought to be appropriate that such a plan be put into effect after being approved by the National Security Council. Likewise, it is also found useful that the views in principle of the National Security Council on SEE's be determined in order to provide a guiding light on such work."

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PROGRESSIVE PARTY CONGRESS DEBATES NONSOCIALIST COOPERATION

Copenhagen BERLINGSKE TIDENDE in Danish 21 Sep 81 p 7

[Article by Christian Brondum]

[Text] Glensgaard Says Social Democrats, Liberals, Conservatives Harm Nation

"If the Liberals and Conservatives are not prepared to give the Progressive Party the helmsman's position in a three-party coalition the Progressive Party would prefer to allow the Social Democrats to run the country into the ground."

So said Folketing member Leif Glensgaard in a very harsh criticism of V [Liberal Party] and K [Conservative Party] in a speech at the Progressive Party congress in Herning.

Leif Glensgaard said that "Prime Minister Anker Jorgensen, Conservative chairman Poul Schluter and Liberal chairman Henning Christophersen are 'harmful' to the nation."

He continued: "The difference between the economic policies of V and K and the Social Democrats is the 10-15 billion kroner that V and K want to cut from the national deficit next year. The gross deficit will be 90 billion kroner in 1982.

"In other words V and K would save 10 percent of the deficit or, to put it another way, they would be 90 percent Social Democrats," said Glensgaard.

"When we leave this congress we will not go forth as yes men, for that would be harmful to the country. We must not simply jump at a chance to cooperate with V and K. We must tell Anker Jorgensen that we will never again cooperate with the Social Democrats and they must give the Progressive Party the role of helmsman," declared Glensgaard who also entertained the congress with a caricature of the leaders of the two nonsocialist parties.

Marriage of Convenience with V and K Necessary

The Progressive Party will have to get together with the Liberal and Conservative parties to arrange a marriage of convenience with them. Otherwise it will be impossible to deal with the country's problems.

This was the conclusion of the debates at the Progressive Party congress in Herning this weekend and those were also Mogens Glistrup's words when he closed the congress yesterday afternoon. Despite the rejection of the Liberals and Conservatives the Progressives are continuing their attempt to establish some form of cooperation among the three parties--in recognition of the fact that this would be the only realistic alternative to a Social Democratic government.

"From the point of view of easing the necessary reconstruction phase for the Danish economy it would be wonderful if we could start in on it tomorrow," said the party's co-leader, Mogens Glistrup. "A marriage of convenience with V and K is a necessity, but that does not mean we should become bootlickers, on the other hand. The policy we pursue should be aimed at having the three parties work together on an equal basis. If we need V and K, they need us much more."

Mogens Glistrup thought it conceivable that a straight VK government might be established under certain circumstances without any agreements with the Progressives. And he called such a possibility horrifying, since the members of the VK government would have to visit the antechambers of Anker Jorgensen and Ritt Bjerregaard every day to ask for political support. Such a VK government would be forced to make many more concessions to the Social Democrats than a Social Democratic regime could achieve on its own.

In response to people who thought it was all hopeless and that the Progressive Party would not get any further Mogens Glistrup said that the question was not if the Progressive policies would be implemented but when they would be. "We can say this because the other parties are using these years to whiten their sepulchres. They keep on allowing the state to borrow and borrow but one can't go on like that forever. Some of our people have been a little impatient, asking when we would be through with our 'wandering in the desert.' This impatience is justified. Therefore it would be a good thing if we could get started quickly."

National Chairman Re-Elected

The Progressive Party re-elected V.A. Jakobsen as national chairman, that is to say the leader of the party's organization, by 666 votes.

That is practically a re-election by acclamation since Folketing member Anker Tang Sorensen, who had earlier been a kind of competitor to V.A. Jakobsen, received only 16 votes. This happened after Anker Tang Sorensen declared he intended to keep a promise he made at the national congress last year about not running again, so that now he recommended V.A. Jakobsen.

In the 10-year history of the Progressive Party a great deal of unrest has surrounded the national chairman elections. But after his first election last year V.A. Jakobsen managed to consolidate his position through purposeful work to build and expand a party organization and this effort was appreciated by the close to 700 delegates at the congress who behaved much more calmly and in a more disciplined fashion at this year's meeting than was the case in the early years of the party.

Poul Sustmann Hansen was also re-elected to the executive committee and Mogens Petersen of Ringkobing was voted in to replace Harald Horn. The executive committee of the Progressive Party consists of five members who are elected for a term and one member, Mogens Glistrup, who is a lifetime honary member of that body.

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CHRISTIAN PEOPLE'S PARTY CHAIRMAN CHRISTENSEN DISCUSSES POLICY

Copenhagen INFORMATION in Danish 15-16 Sep 81 p 9

[Article by Anni Pape]

[Text] Christian Christensen of the Christian People's Party believes that the Social Democrats are becoming receptive to his party's family policy. He talks about marriage, taking care of children at home, children in the house, abortion and sexual intercourse.

"There is a growing realization among Social Democrats that we should strengthen the family instead of strengthening institutions. The idea of giving parents money to take care of their children at home is gaining more and more support."

The evaluation is that of Christian Christensen of the Christian People's Party. The months ahead will show whether or not he is right.

On his and the party's initiative there was a May 1981 compromise between the government and the compromise parties that put these words into the text of the agreement: "The parties emphasize that the question of the standard of living of families with children should be taken up at the beginning of the new Folketing year." That was all that was said on that topic.

"During the compromise negotiations Prime Minister Anker Jorgensen stressed that the compromise text would include a statement that the living standard of families with children would be taken up on the basis of a report from the social affairs minister on the basis of the latest report from the Children's Commission," said Christensen to INFORMATION. "But that would mean reinforcing the institutions, so we prevented this from being dealt with on the basis of the report from the Children's Commission. And the most important thing for the prime minister was a compromise."

Children's Commission

It appears from the latest report from the Children's Commission, dated May 1981, that the commission "opposes in principle the equation of daily care and institutions"--as Social Affairs Minister Ritt Bjerregaard proposed and got through Folketing in the May 1980 compromise.

The stated objective of the Children's Commission is still free daycare institutions for all children. This old Social Democratic goal was removed from the party program at the party congress in the fall of 1980. But in the current economic situation the Children's Commission is putting a priority on raising the limits for free spaces and continuing an expansion of the institutions.

Another well-known theme of the commission is that "in principle there should be a reduction of daily working hours to 6 hours for everyone." Until that becomes politically and economically possible the commission proposes that "all parents working fulltime who have children up to 8 years of age should have the right to reduce the daily work schedule to 6 hours and this right should be guaranteed by legislation." It is also proposed that to a certain extent economic compensation should be provided for lost earnings.

Mogens Camre

The Social Democrat who in Christensen's view has most directly expressed understanding of the ideas of the Christian People's Party on strengthening the family is Mogens Camre. He earlier declined to talk about the issue to INFORMATION before the subject of "the standard of living of families with children" had been taken up in Folketing. As his party's spokesman in the concluding debate in Folketing before the summer recess, Mogens Camre said:

"Public subsidies in all areas must be evaluated on the basis of need in the next few years. We must decide if the structure in the social sector is meeting its objectives and whether we should reduce the emphasis on institutions.... We must consider whether the increasing expansion of public administration and guidance leads to a tendency toward guardianship and regarding people as incapable of managing their own affairs."

Against the background of Christensen's statements concerning increasing Social Democratic understanding of the Christian People's Party's family policy INFORMATION talked to Christian Christensen about some of the fundamental elements and special points of his party's family policy.

"We must return to the family if we are to solve many of the problems we have in society--especially those involving young people, criminality, the schools and violence. It is not just a question of solving a passing problem and shoveling more money into the institutions. The Social Democrats agree that this does not solve the social and ideological problems. It may seem a little harsh to say that the Social Democratic family policy has run aground. But one must find new ways--and we are going back to some values that we are finding out existed in the home," said Christian Christensen.

[Question] Are the new signals coming from the Social Democrats based on the need to make savings in the public sector?

Christensen: No, certainly not. It is much deeper than that and much more positive. They have recognized that breaking up the home has led to problems for young people. And the family is the core of society. If children grow up with

two parents and experience the strengths, weaknesses and problems of this little society it provides a basis for continuing on in the larger society. The child is educated to be responsible--for the existing society as well. We believe this value system gives children a clear counterbalance to the vacuum that arises at the age of 15-17 when separation from the home is imminent. That is the background for our conviction that the family should be strengthened.

Christian View of Human Life

[Question] What do you think is the explanation for the breaking up of the nuclear family? Is it political and economic developments--or the women's movement?

Christensen: I would go a little deeper than that. It is due to the breaking away from the Christian concept of social life, of human life and of marriage. The moment one no longer believes that marriage is a divine sacrament and that human life is a gift from God and is therefore inviolable all the positive connections disappear. If one further believes that cohabitation is a you-me relationship that in many cases is based on the individual's demands concerning what he can get out of the marriage the driving force is not the joy and happiness of the other but one's own benefit. If one moves out, you move another one in and you think it's the other person there's something wrong with.

Unsanctioned Relationships

[Question] Why do you oppose legalizing the relationships of the 370,000 people living in unsanctioned union?

Christensen: We are against allowing legislation that would legalize nonmarital relationships. We think we should start off by removing the economic reasons for people living together without getting married--and then turn back.

[Question] You often argue on the basis of the good of the child when presenting your family policies. Isn't there a good argument for giving unmarried fathers custody rights to their children?

Christensen: That is one of the things we are engaged in violent discussion on, so I can't answer that. We are well aware that there are circumstances where the father is the best-qualified to care for the child.

[Question] But at the moment you people stand fast on your position because you oppose unsanctioned relationships. Doesn't God love those living in illicit union as much as he does those who are married?

Christensen: Yes, but we don't think living together without being married is God's solution. That is godless.

[Question] What does the godlessness consist of?

Christensen: An unsanctioned relationship is not one that is instituted by God. And there is another reason why I don't like these illicit unions. The minute two

young people move in together they have to have an apartment, a vacuum cleaner, refrigerator and TV set. And the day they part company, who gets to keep it all? The man does. If he wants a woman to live with him she deserves better treatment. You must cut your rights in half and double your obligations. Otherwise you are not worthy of having the other person move in with you. Illicit relationships are the most degrading form of cohabitation for women. I cannot understand why the women's movement doesn't use all its energy to combat illicit relationships for they are the poorest possible ones a woman could have.

Unchristian

[Question] This is something that is purely legalistic. Couldn't it be corrected by making those who are living together without legal papers equal to those who are legally married?

Christensen: That could well be.

[Question] What is left if the material problems are removed? Is it because people must love only one person and have sexual relations with that one person for a whole lifetime? Doesn't God like those who do something else?

Christensen: Any kind of position taken on this is a position on marriage as a positively instituted relationship. If people choose another form it is not my job to classify them and their relationship with God. Any talk about God caring less for them is to put it bluntly unchristian. I would say that these are the people in desperate need of help.

Childcare at Home

One element in removing what the Christian People's Party calls the "marriage tax" is the proposal to pay parents for caring for their children at home. This is the proposal Christian Christensen believes the Social Democrats are especially receptive to. It is also the proposal the Christian People's Party will place most emphasis on in the future.

Christensen: If parents have their children cared for by institutions the state aids the institutions. But if on the other hand you stay home and take care of your children you can't get a penny. And of course we would like to transfer the sum it costs society to have children cared for in institutions over to the family. To make things quite correct 35-50,000 kroner a year should be transferred to the home. But that would be hard to get through. So we have said that to start with the children's subsidy should be increased to 1000 kroner a month. That would provide 12,000 kroner the first year. Of course some compromises may have to be made. But first we will propose 1 year. Later we can go up to 3 years.

[Question] That's 36,000 kroner over 3 years. That's almost nothing.

Christensen: No, but it is a beginning. Socially seen the institutions are still there. But we hope that the state and parties will eventually be convinced that

this is an advantage since it will save on a lot of other expenses in the public sector.

Wage Reduction

[Question] Is the idea that one would have to stay home fulltime to get the 1000 kroner a month?

Christensen: Yes if one wants to. If one has a parttime job one would get what amounted to parttime pay--just like the reduction that occurs on the labor market if one works parttime.

[Question] Where would the child go if one parent works fulleime and the other one parttime?

Christensen: Our idea is that they would take turns looking after the child. Both parents would then work parttime.

[Question] That would lead to a serious decline in wages, wouldn't it?

Christensen: Yes, it would.

Choice

[Question] Is it day nurseries that will be limited?

Christensen: It will be first and foremost the institutions used by younger children that there will be less use for. But as it becomes possible to extend the arrangement and have parents stay home for several years there will also be less need for nursery schools.

[Question] Do you support making the institution of daycare and rearing children at home equal? Or is this an unequivocal upgrading of the priority of the home?

Christensen: This is to be an offer--a possibility for choice. We want to allow people to decide for themselves if they want to have their children in institutions or if they would rather take care of them at home. We are not asking for the elimination of the institutions. It may be that both parents want to work fulltime and if there are no institutions available they won't have any choice. I think that home is better but parents must decide this themselves. We think more and more will choose to look after their children at home. This is in line with the upgrading of human values.

Teachers

[Question] Isn't it problematic for children to be without other social contacts than those the home can provide?

Christensen: I don't think that is an important factor. I think contact with the parents is most important for a child, especially in the first 3 years.

[Question] What do you have against what you call social control of upbringing?

Christensen: Children are not made happy by a state upbringing. The parents have received their children as gifts which also involves obligations. That gives children the greatest security. In institutions they are with strangers and become pawns in a game.

[Question] Are you afraid the children will become little socialists?

Christensen: No, it is nothing political. But the needs of children are not met there. The love parents can give them cannot be replaced by well-meaning teachers.

[Question] There could be serious consequences for the ties to the job market of the parent or parents who stay home for 3 years.

Christensen: Yes, that is true--quite definitely. That is also why it is important to promote parttime work. The choice should not be between being a fulltime worker or a fulltime homemaker. When there is a need for it one should have a chance of getting out.

Oppression of Women

[Question] Do you think women are oppressed both by society and by the family?

Christensen: I don't accept its occurrence but I realize it exists. Unfortunately this is a holdover from the past. On the basis of Christian thinking we must clearly reject the idea that anything ordains the supremacy of men.

[Question] When your starting premise is that oppression of women exists, don't you think your proposal to have children cared for at home will have the consequence that it will be the woman who takes on this job? There are not many parttime jobs for men and in general women are not paid as well.

Christensen: Our idea is not to "chase women home to their fleshpots" as Jytte Andersen and Inge Fischer Moller of the Social Democrats have charged. I think this is a base statement. They are the ones who are degrading women. It is praiseworthy and distinguished to work in the home. But in the first years of a child's life it will probably be woman's job to care for him because she has a greater tie to the child if she is nursing it. With regard to wages, the pay of men and women is becoming more equal. But I would agree that our society as it is now does not encourage men to remain in the home. Men's positions are often tied to fulltime jobs. An aspiring director who says he would like to work parttime will remain aspiring.

But I envy women the close ties they have to their children. I won't rule out the possibility that there might be a purely biological bond to the mother. But this is also related to a large extent to the fact that she is the one who stays with the child. If the father stayed home it would in many cases be him the child turned to. It is important that we let fathers know that contact with their children will not be created by staying away from them.

Young People in the Home

In close connection with the proposal to increase access to parttime work and caring for children at home Christian Christensen mentioned the party's proposal that the family be allowed to deduct half the expenses from its taxes if it hires a young man or woman in the home:

When we have proposed a tax break for having young people employed in the home it is because a great deal of the economy is still administered through households--and this could just as well be done by the man as by the woman. In the second place we believe that building up a home calls for an effort. And we don't just mean a home as a place to eat and sleep but as the little society that assists children with their homework, takes them on walks and allows them to encounter nature and culture. Both boys and girls would enjoy this upbringing. But I agree with Inge Fischer Moller when she says it is an old fable that they get something out of it when there isn't anybody home. But we have also said our proposal was based on the assumption that one of the parents would be there half the time.

Pay for Housework

[Question] You would like to have housework upgraded. Why don't you go all the way and say the state should pay wages for housework?

Christensen: Then you have a nationalized society.

[Question] Isn't it state control if the state pays parents to stay home and look after their children?

Christensen: No, that is state support. The two sides would still make their own decisions. In the other mode the state is directing its small flock.

[Question] Could pay for housework not become an arrangement based on the same premises? It is also the state that pays you to stay home via taxes.

Christensen: I'm just afraid the state will take over too much. No, I don't dare go along with that.

Against Abortion

[Question] A key element in your family policy is opposition to abortion--unless the life of the mother is in danger. You don't allow abortions on social grounds. Should one have a child even if one is young, unemployed, without a lover and with nowhere to live?

Christensen: Yes, that child should be born no matter what. But I would also say that we must take out our pocketbooks and pay for the cost of having that child born. If you have that ethical view you must also follow it up economically. This can mean providing housing, work and economic support for a period of time.

[Question] Why don't you settle for using society's meager resources on improving conditions for those who already have children instead of wasting money on those who don't want them?

Christensen: Have you thought that attitude through? If a family member becomes mentally defective it is uneconomical to carry that person along. Hitler once said something similar about old people. This is a dead loss.

[Question] This is a question of children who have not been born.

Christensen: Bear in mind that it is a voluntary matter for people to have children--and it is equally voluntary whether or not they want to become pregnant.

[Question] It could happen accidentally. It isn't always that 14-year-old girls know what they are doing.

Christensen: One must be perfectly aware that if one embraces a certain position there is a risk. Here the whole attitude toward life should enter in. A girl of 14 years should consider what she is doing together with her parents.

Intercourse and Children

[Question] Is it a matter of the wellbeing of the child if a woman must have a child she doesn't want and may come to hate?

Christensen: It is in the child's best interest if people are informed about the risk involved and the opportunities that exist to avoid getting into that situation. The situation you speak of could well be the result of rape.

[Question] It might be that she isn't ready.

Christensen: Yes, but if you're ready to start on one part you should be ready to start on the next. Otherwise responsibility flies out the window if you don't connect the two things.

[Question] Do you think that if someone is ready to have intercourse she is also ready to have a child?

Christensen: Of course.

[Question] Every time?

Christensen: If you go outside without a coat you run the risk of getting wet if it rains. Parents have an enormous obligation to take this up. And it is the duty of parents and the society to help--not to murder the child.

[Question] If you think the desire for intercourse also means that one is ready to have a child do you support contraception? Then one can have intercourse innumerable times without having a child.

Christensen: We do not reject contraception.

[Question] Now it is not on the abortion issue that you are in agreement with the Social Democrats. Have you had any concrete promises that the government will view your other proposals positively?

Christensen: No, but the battle that now begins will be an interesting one. What we want is to strengthen the family and the upbringing of children in their early years. We must remove all discrimination against marriage and parenthood.

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BRIEFS

CP CHAIRMAN ON SOLIDARITY-- The chairman of the Danish CP, Jorgen Jensen, says that the independent Polish labor union, Solidarity, is under the influence of the Catholic church, in other words forces "who have said openly they don't want socialism. And I'm not entirely convinced that Lech Walesa is a socialist. I think his position is that he doesn't want socialism," Jorgen Jensen said yesterday on the TV news broadcast. The Danish CP chairman rejected the demands made by the Solidarity congress and pointed out that Solidarity people had said the entire administration should be handed over to individual firms. Jorgen Jensen said that in that case the society would collapse. "If they implement what they are currently telling the people about, the whole society will collapse, turning it into a capitalist dictatorship. What should the Polish government do? It should try to convince the working class that they are heading the wrong way," said Jorgen Jensen. The chairman of the Danish communists also rejected the collection of food by the Catholic church for distribution to Poland. Jorgen Jensen said the Polish economy had broken down but that due to imports there was as much food in the country as there has been in the past. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 14 Sep 81 p 2] 6578

NORDIC COUNCIL FOREIGN POLICY--Ib Christensen of the Single-Tax Party, a member of the Danish delegation to the Nordic Council, says it will soon be time to create a Nordic foreign policy union. "The informal and unsatisfactory Nordic foreign policy cooperation should therefore be decisively strengthened through changes in the Nordic Council's statutes making it clear and specific that foreign policy is part of Nordic cooperation," Ib Christensen said yesterday at a meeting of the Nordic Society. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 21 Sep 81 p 3] 6578

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LEADERS MANEUVER AS KEKKONEN'S CONDITION WORSENS

Helsinki SUOMEN KUVALEHTI in Finnish 19 Sep 81 pp 35-42

[A series of articles by Kari Kyheroinen, Risto Lindstedt, and Antti Blafield]

[Text] Ahti Karjalainen Warns: Finland Faced with More Difficult Times

At the moment that the Director of the Bank of Finland arrived to deliver an anticipated important speech on economic and foreign policy at Helsinki's Balder Hall in connection with Santeri-(Alkio) Day, the Finnish press, which was observing the making of Finland's policy, exited from the door of the Council of State located on the other side of the street without even noticing Ahti Karjalainen coming out of a taxi. The budget dispute had just experienced its last bout and the participants were moving to Kesaranta to observe the climax.

Balder Hall itself was practically empty even though the event had been visibly advertized in advance by a two-column announcement in HELSINGIN SANOMAT.

The observance of Santeri Day is a tradition of several years belonging to the Center Party's Helsinki District, which no outsider has hardly even noticed before.

Even though Ahti Karjalainen's purpose was now after his vacation to begin a definite campaign for the presidency, the event was poorly attended. There were 50 people in attendance, and if one were to attempt to find a support group from among those attending, even in this one would be disappointed: those attending included Helsinki District Chairman Kimmo Eskola, former Party Secretary and current Director of Alko [State Liquour Monopoly] Mikko Immonen, and the highly visible attorney Timo Riskala, whose possible membership among Karjalainen's supporters was a suprise.

Ahti Karjalainen spoke for an hour, evenly, colorlessly, and without taking any risks, and then left in his official car to attend Weilin and Goos' reception, at which his newest literary work "My Homeland Is Finland" was made public. The same song was sung by the whole group in Balder Hall with the refrain "We have earned our respect".

Highlights of the Speech

Ahti Karjalainen and foreign policy: Finland has no reason to become involved in the dispute between the super powers in an aggravated international siutation. The

super powers respect even a small country which attempts to carry out a policy aimed at peace. Mere cautiousness and passiveness are not sufficient in this respect, but Finland must follow international developments and their repercussions in the Nordic countries with initiative and vigilance now that the situation is regrettably becoming more aggravated.

"Finland must always place itself in the mainstream of those forces which promote the cause of peace not only in Northern Europe but throughout the whole world."

Ahti Karjalainen and economic prospects: Finland is one of the world's most open economies. Its ties to Efta, the EEC-countries, and the socialist countries open all doors to international competition, the reason that its primary concern will continue to be the maintenance its international competitiveness. "The most important conflicts of the budget dispute are also connected with this question."

We are now faced with times more difficult than in past good years since exports to the Soviet Union are now also slowing down. Until now exports have increased primarily as a result of the increase in prices caused by the second oil crisis, but now oil prices have stabilized and with it also the growth in exports.

"A problem of the near future is how we will be able to find machinery and equipment from the Soviet Union for balancing our exports. Energy now makes up two-thirds of our imports and it hardly needs to be increased. Machinery and equipment will be its replacement."

Full-Scale Campaign Swings

Paavo Vayrynen's campaign swing began with speeches about the President, budget, the government's autumn, and the position of the Center Party.

He is sitting in the aircraft bound for Joensuu reading a newspaper with an expression free of wrinkles, but not without concern. He knows very well that he is a central and controversial politician.

MP Markku Kauppinen is waiting for the chairman, for whom he has arranged a long work schedule before the party congress in Turku.

Twenty minutes after the aircraft arrived, representatives of the Northern Karelia Provincial League were offering the minister coffee, salmon, meat pies, and their troubles.

Paavo Vayrynen's campaign swing had begun. It will continue with weekend trips at least until Christmas when the calendar will open up for the first time.

In Polvijarvi the group is in front of the Hermann Restaurant exactly to the minute. The city fathers offer food and five wishes. The discussion begins with the budget and Vayrynen's expectations.

"Reckless affectation," he says.

Lea Sutinen, who is spending her third term in the Diet and who has been called the Golda Meir of Northern Karelia, attempts to persuade the minister to eat some rye bread. There is no appetite for food. A speech has to be delivered on the other side of the street.

A Four-Point Message

Vayrynen came to distribute provisions and to be given instructions at Polvijarvi, Kontiolahti, Pyhaselka, and Outokumpu.

Of the presidential campaign he said the following:

"The President's illness has accelerated the presidential campaign. Out of great respect for our president we do not yet want to engage in such a discussion. Even in the future the most important task of the President of the Republic will be to manage foreign policy."

His only position on the presidential campaign for the time being was published on Sunday: "No Socialist for president".

Of the budget he said:

"The Center Party took a forceful position with respect to the budget. It was decided that it will be pushed through in accordance with the Center Party line. If not this time, then in the next government."

He sees the minimum pension reform, compensation for crop failures, and the drawing of border for areas in accordance with new area policy legislation as the three most difficult questions of the government this fall.

Of compensation for crop failures he says:

"We will take care of this matter in the government."

Vayrynen does not believe that the budget fight has in itself left any scars on the cooperation among the parties.

"Neither I nor the Center Party has used any language that would have hurt anybody.

"It has become ever more evident that the leadership of the SKDL [Finnish Peoples Democratic League] has over the years bound itself to a close cooperation with the Social Democrats. The SKDL has taken a clear, unconditional stand on behalf of the Social Democrats. This is a circumstance which unavoidably divides the political field in two and has an effect on the future by aggravating relations between the Socialists and non-Socialists.

"The Conservative Party is attempting to keep such a low profile that it pleases everyone. The Conservative Party's credibility has suffered since for tactical reasons the party sometimes acts contrary to its own policies."

Of the Center Party's position he states:

"The Center Party has greater responsibility for Finland's affairs than any other party. The party is more united than ever since the party congress at Kouvola. Since we wield much power, it is natural that the other parties will attempt to discredit us.

"In spite of my youth I have experienced so much that outside criticism does not disturb the peace of my soul. We will pull together."

Wish Lists

The minister is an important guest. Power is made concrete in him and his visit represents an opportunity. The memoranda he receives contain wishes concerning an expansion of the local office, an increase in housing production, drawing up of borders for areas, the development of an industrial complex, the construction of a health center, compensation for crop failures, highway improvements, and the construction of a pier.

Another individual cites issues in a different order of priority. "Will the edge hold? Something must be done about loans for young farmers."

Time is flying, on Koulu Street in Joensuu the minister switches cars in a flurry of haste, District Business Director Ensio Simonen attempts to regain what was lost in the conversation. At Kontiolahti the hostess of the town hall has given thought to the minister's possible stomach pains; a deciliter of coffee for 10 cups. Not too strong, but still tastes of coffee.

The local planners had advertised the event as a meeting of the local municipal organization and the Foreign Minister.

Vayrynen is like a focused picture of knowledge and power. He receives the endorcement of one primary organization.

Silvennoinen drives at almost a reckless speed piercing the water puddles on the highway. Food and a memorandum await him at Pyhaselka. They arrive at Outokumpu almost on schedule in the middle of a folk dance. The minister begins by giving information about the President and points out:

"Even in the future the president's most important task will be the management of foreign policy."

"I Am Certain That"

Finns have a built-in sense of moderation. Vayrynen knows this. The applause comes back as a measure of sympathy. Now it is time to go.

The eyelashes do not quiver and there is no hint of the day's effort on his face when he is met at the aircraft: "Hey, Paavo, Paavo hey! You're one hell of a guy."

Vayrynen's hands are raised in a sign of assurance.

"I am certain that I have done the right thing. That is sufficient."

Johannes Virolainen Fears Government Crisis Would Be a Step Into the Unknown

"In the present international and economic situation an abandonment of the present government base would be a step into the unknown," states Diet Chairman Johannes Virolainen.

"Sorsa has predicted for a long time already that the cooperation of the left and the center has exhausted itself. However, it should be remembered that this cooperation began in 1937, it has prevailed for 40 years already, and it continues to be indispensable for this country. Indeed, new sources of energy should be found for it," states Virolainen as he runs around the tractor bed, jumps on the back portion of the tractor, grabs a handful of barley, and continues: "The supplier will take and examine it, this is of quite good quality."

The Chairman of the Diet could be found on Thursday 10 September, during one of the more heated government disputes, on his plot of land in Vironpera, or more precisely the land purchased from his neighbor where he was thrashing barley with his neighbor.

There was water standing in parts of the field, the tractor was equipped with pulleys in the event that the thrasher became stuck in the mud once again.

"If there is no desire to continue with the current government base, we should determine what the alternative is. I am under the assumption that two democratic parties, the Center Party, and the Social Democrats make up a functional government framework."

Chairman Virolainen has run to a near-by dilapitated shed and sits on a dusty piece of plywood on top of a barrel.

"This framework could then, of course, be supplemented from the right and the left. At this time the Center Party and the Social Democrats do not even have a majority together. In my opinion the government base could be expanded to a government of even all the parties. That would be the best solution for Finland."

The neighbor drives the thrashing machine next to the tractor and begins to spurt out barley on to the tractor bed. Virolainen comes awake, jumps up, and leaps over to the bed to look at the kind of kernels that have been reaped.

His boot kicks flattened barley into the ground. "Until now the current base has primarily benefited the Conservative Party. However, I can see no other possibility since the management of affairs also requires the cooperation of the leftwing."

The chairman sits at the steering wheel of his imported Belarus tractor and begins to fumble with the levers.

"Things should be taken care of in a conciliatory manner."

Has the Center Party's policy been conciliatory?

"I do not want to discuss daily politics or the demands of the Center Party."

"I Feel Great Sympathy"

The thrasher being driven by the neighbor jerked along the lumpy field, the chairman observed the slow progress of the machine.

In the capital city constitutional experts and the press are dying with curiosity to know whther Mauno Koivisto is the king pin in demanding that the Diet must also be assembled if the government falls and that the government will not fall before it has received a vote of no-confidence from the Diet.

"In this respect the Constitution is ambiguous. In it it only states that the president will call upon Finnish-born citizens known to be honest and capable as members of the Council of State, who will enjoy the confidence of the Diet."

"The Constitution's ambiguous wording makes many alternatives possible, including the procedure proposed by Koivisto. For example, in Sweden the government must have a permanent parliamentary majority behind it. There the prime minister must have the advance support of parliament. This is in itself a stabilizing factor."

The chairman starts up his Belarus tractor, pushes on the pedals, and kills the engine. "I feel great sympathy for Koivisto's proposal. It would strengthen the position of the Diet."

"I Will Go to Havana"

On Wednesday 9 September the Conservative Party will demand that the chairman convene the Diet immediately. Does not the demand of 43 MP's for a vote of confidence amount to an interpellation, which requires only 20 MP's?

"It does not. There is no reason to convene the Diet prematurely. The Diet decided in June that it would meet again on 25 September. The government has not brought up any issues that would require the Diet to convene. If such is the desire, the government can be dissolved a couple weeks later."

Has the weakened health condition of the President of the Republic and the weakened position resulting from this affected the worsened government situation? "I do not want to say anything about the position of the President of the Republic."

The thrasher comes closer to the tractor. Chairman Virolainen asks what the governing body of the Center Party had decided earlier in the morning. "When I am done with this, I will go to Havana on Saturday."

The chairman will not return from the IPU meeting until the same day that the Diet is convened. The Belarus drives off, the barley must be harvested before the end of the week.

Mauno Koivisto on the Moment He Became Temporary President: "It Was Terrible"

"It was a terrible situation. Kesaranta was full of people, officials, the whole government, and the outside of the house was surrounded by the press. To a certain extent I was encircled by two rings of people," Mauno Koivisto describes the moment when he became temporary president.

Mauno Koivisto fled to his summer home in Tahtela for the weekend to avoid the stresses of the budget conflict and the pressures brought on by the duties of the president's office. On Sunday evening Koivisto felt relieved and relaxed, one crisis was over.

Shaking his hand, I asked what is now the correct title. "Prime Minister. I am still the Prime Minister, I am only performing the duties of the President."

"Then what is Eino Uusitalo," asks Tellervo Koivisto.

"The Deputy Prime Minister."

The government's fate was resolved early Friday morning on 11 September 1981 when a budget agreement was reached. This was preceeded by the news of the 1-month sick leave to be taken by the President of the Republic. Koivisto had been informed of the sick leave and his temporary position the night before.

The last time a Finnish president requested a sick leave was 29 years ago. A Social Democrat has temporarily performed the duties of president only once before, 54 years ago when Vaino Tanner performed the duties of president during Lauri Kristian Relander's illness.

"It Was Wisest to Wait"

"I do not know for sure who knew about the President's intended sick leave the night before it was announced. Uusitalo and I knew and also the Attorney General.

"At that time it was most important to remove the press, calm the situation. I made an appeal that Kesaranta be vacated and then you left. I also noted that there was no sense in attempting to reach a budget agreement on Thursday evening, but that it was wisest to wait until Friday morning."

Did the news of the President's sick leave have an effect on reaching an agreement on the budget?

"In any event time would have come to an end on the following day. In the press my words have been interpreted to mean that the sick leave was a decisive factor in bringing about an agreement. I did not say that."

Precisely quoted Koivisto stated to the press on Friday that: "Is it not the case in society that there should not be many problems at the same time". This was now interpreted in the way they wanted to interpret it.

On Thursday the new proposal no longer contained any items which would have endangered the continuation of government cooperation. After that it was only a question of the determining how much the loans should be increased in order to provide additional funds for tax cuts.

The situation was resolved on Thursday morning when the Center Party presented its resolution. In it were two central points: a tax on electricity, which was in itself a rather small issue, approximately 60 million markkas, and the reintroduction

of child subsidy payments by employers. The final proposal was constructed in such a way that these portions were left out.

"Originally, the idea was to guarantee full-scale inflation adjustments by reducing pension payments. On the debit side compensation was made for this by reintroducing child subsidy payments for employers. It was such a symmetrical proposal, completely neutral in its effect on enterprises. Earlier the structure was slightly more complicated, a three-stage rocket, but then a decision was made on this two-stage rocket.

"When the reintroduction of the child subsidy payment was dropped, the only thing that was left was an increase in borrowing, in which possibilities were limited."

"Something Always Leaked"

Koivisto drew his own conclusion from the Center Party's resolution and outlined the final way out of the budget conflict.

On Thursday evening the negotiations were once again at a standstill when Paavo Vayrynen told the Council of State's information section that the Prime Minister had proposed a "genuine compromise", a withdrawal of the full-scale inflation adjustment in the tax tables. The ministers of the SKDL, Kalevi Kivisto and Jouko Kajanoja, stood behind the railing and heard how Vayrynen was selling the negotiations. On the spot both of them announced to a dozen members of the press that the proposal approved by Vayrynen would not even be considered.

"As presented it was an unacceptable proposal for the SKDL.

"The suction force of the press was so strong and there were so many people at the negotiations that something always leaked out."

"Demands Were Only Repeated"

"This whole last week of budget negotiations was exhausting and superfluous. Most of the time it was just a waste of time, it did not result in anything. Demands were only repeated.

"Negotiations lasting through the night are difficult. Fatigue makes a person irratable. On the other hand, when sessions do not run through the night and one sleeps, in the morning feeling rested we once again proceed from our original positions and it is a long time before we get to where we left off.

"But it is the same in income-policy [labor controact] negotiations. When there are still several months left to negotiate, meetings are held only now and then and it is only at the last minute when an agreement is already approaching an impasse that negotiations last all night. Perhaps the reason for this is that then it is possible to say that even though we negotiated all night, nothing more could be accomplished."

However, there was no reason to stay up all night between Thursday and Friday. "We knew that the final squeeze was all that was left and in this situation it was not even worth attempting it."

"This Government Is Historic"

Mauno Koivisto has been accused of forcefully attempting to keep the government together. In the press Koivisto has been mentioned as a king pin, who with the help of the government wages a violent power struggle.

"We cause governments to fall over trivial issues. Particularly, if we compare it to how difficult it is to form a government. It seems that we are unreasonably ready to dissolve a government which was put together with a lot of hard work. This has always been my thinking.

"Government crises can result in a dissolution of the Diet even though the dissolution of a government is seldom the result of any circumstances in the Diet.

"Officials have calculated that from the point of view of government economy a government crisis is expensive. The formation of a new government is always more expensive than keeping an old government together. A weak agreement is less expensive than a full-blown conflict.

"In this budget conflict it was a question of a few hundred million markkas while the budget's final sum is approximately 65,000 million.

"We have said in the government that this government is in many respects historic. Miettunen's emergency government sat with the budget for 3 weeks, but then dissolved itself. We have sat with the budget longer than any other government that has been able to present a budget to the Diet without dissolving itself."

"There Is Reason to Bite One's Tongue"

Koivisto's new position as the temporary replacement of the President is reflected in his statements. He does not assess the acts of others or what has been left undone. "Even Vayrynen seems to have been forgiven in SUOMENMAA [Center Party organ]."

When he talks about the difficulties facing the government, his words are chosen with caution.

"If we think about the period when Uusitalo is the Deputy Prime Minister, the issues that will come before the government are approval of territorial borders and compensation for crop failures. In talking about these issues one must bite one's tongue."

Koivisto will perform the duties of the President at Kesaranta, the prime minister's official residence. "I also have an office in the Bank of Finland and in the Council of State, but there will probably be no reason for me to work in either one of them." A more precise division of duties has not yet been defined. "I have not yet been in contact with the President."

"On Saturday I separated some beetle-infested logs for immediate burning. This did not require much thought. I also carried some rocks into the ditches in the nearby road in the field. A neighbor had driven over it with a tractor and the road did not hold up."

"We have been able to spend the time here completely in peace," states Tellervo Koivisto.

After the interview Koivisto had to go to a volleyball practice. "We shall see," commented Tellervo Koivisto.

"Who are going, will go," answers Mauno Koivisto.

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CENTER PARTY WOULD DELAY PRESIDENTIAL ELECTION TO SPRING

Helsinki HELSINGIN SANOMAT in Finnish 28 Sep 81 p 9

[Article: "Electoral Elections Contemplated for Beginning of Next Year Already"]

[Text] The parties are already making preparations for the presidential election; they are making preparations for the possibility that Urho Kekkonen will no longer return to his office after his sick leave.

Electoral elections could be held in January already, but the Center Party would like to delay them until March-April.

There has already been a preliminary discussion of the nomination of candidates in the leadership organs of the parties. For example, this issue comes up before the Politburo of the Communist Party today.

The parties will be able to nominate candidates within 2--4 weeks after President Kekkonen has left office. Of the large parties the Conservative Party and the Center Party will elect their candidates at party congresses, the Social Democrats in the Party Council, and the Communists will determine their candidate in the SKP [Finnish Communist Party] Central Committee. The SKDL [Finnish Peoples Democratic League] will select its candidate at meetings of the Joint Governing Body and the Joint Council, which can be held together or separately.

The provision in the Constitution concerning an early election is short and ambiguous: "If a president's disability is permanent, a new president who will assume the duties of the president immediately after the elections is to be elected as soon as possible."

The Ministry of Justice has now clarified the order in which an election is to be held in the event that President Kekkonen leaves office in the middle of his term. The intent is to apply the provision concerning a dissolution vote in the Diet to it. The government would stipulate that elections are to be held within 75--110 days after the incumbent president has left office.

In theory the Diet could also elect the next president, but this would require an overwhelming unanimity with respect to a candidate. Such an exception law would also require a five-sixths majority, or 34 MP's would be able to reject it.

A Difficult Situation in the Center Party

In the naming of presidential candidates and electoral candidates the most difficult situation is in the Center Party, which is divided in half with respect to the nomination of a presidential candidate. The party's leadership wants to nominate Director Ahti Karjalainen of the Bank of Finland, who has already begun a campaign tour of the country. However, there is also broad support among the party membership for Diet Chairman Johannes Virolainen.

The presidential candidate of the Center Party is nominated by a party congress and those very same representatives who in June 1980 voted Virolainen out of his position as chairman by a vote of 1736--1611 and elected in his place Paavo Vayrynen, a supporter of Ahti Karjalainen.

The Center Party leadership is now energetically making the rounds in an attempt to get party congress representatives to back Karjalainen since in the Center Party it is feared that Virolainen's popularity has grown since the party congress.

In addition to these internal problems, the Center Party fears that the probable presidential candidate of the Social Democrats, Mauno Koivisto, has obtained too great of a lead. The Center Party would like to delay the election until March-April so that the party would have time to assemble its ranks behind the presidential campaign of Ahti Karjalainen.

Commerce and industry and the leaders of the party closest to commerce and industry, the Conservative Party, are leaning toward Ahti Karjalainen even though the party will nominate its former chairman, Bank Director Harri Holkeri, as its candidate.

SKP Sought a Cultural Figure

The Communists and the People's Democrats are in a difficult situation. The party does not have a clearly defined presidential candidate even though the names of Aarne Saarinen, Arvo Aalto, Ele Alenius, Paavo Aitio, Anna-Liisa Korpinen, and Kalevi Kivisto have been mentioned. The Communists have attempted to find such a cultural figure who is not a People's Democrat, but would agree to become their presidential candidate. Such an individual has not been found.

The People's Democrats are also divided in their attitude toward Mauno Koivisto and Ahti Karjalainen. The SKDL's socialists have adopted a positive attitude toward Mauno Koivisto. The SKP's Taistoites are supporting Ahti Karjalainen. A portion of the Communists could approve a social democratic president if he is someone other than Koivisto, for example, Kalevi Sorsa.

President's Kekkonen's sick leave will end on 10 October unless his physician proposes that it be extended. According to people versed in the law there must be valid medical reasons for an extension and hopes for improvement in order to assume the demanding work of the office of president. Most recently on Monday the President's physicians announced that his condition has worsened.

It is considered possible that if President Kekkonen's disability is confirmed as permanent, the government will stipulate that elections are to be held on 17-18 January. The electoral college could convene on 26 January to elect a new president, who would assume the office of president on 27 January 1982.

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BRIEFS

USSR IMPACT ON PRESIDENTIAL SITUATION--"The selection of the next president will not entail the kind of struggle over Finland's basic foreign policy line that oc curred in connection with the 1956 and 1962 presidential elections," stated SKDL [Finnish Peoples Democratic League] First Secretary Jorma Hentila on Sunday in Vammala. Hentila surmised that a candidate who would attempt to change Finland's foreign policy would not even come near the possibility of being elected. Hentila took offence that partisan power aspirations are cloaked in the foreign policy mantle of the current presidential discussion. Hentila referred to the article written under the initials P. M. in Center Party's SUOMENMAA and to the main article of the Taistoite Communists' TIEDONANTAJA, which have aroused considerable discussion. "The candidates who are seriously contending for the position of president belong to 'Kekkonen's majority' to borrow SUOMENMAA's expression. Therefore, it is arbitrary to create the impression being created by SUOMENMAA and TIEDONANTAJA that only the Center Party candidate -- whoever he may be --would follow Kekkonen's policies. The Center Party just as the SDP, naturally, has the right to do everything within its power to put its own man in the president's office. But erring in favor of a forceful emphasis on the power aspirations of partisan policies can lead down the wrong path. The most important thing in the election of a president is not the promotion of the power aspirations of the Center Party, the SDP, or any other party, but finding an individual who is broad-minded, progressive, and capable in foreign policy," stated Hentila in Vammala at the 75th anniversary of the Workers' Association. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 21 Sep 81 p 9] 10576

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KRASUCKI: CGT STRATEGY; CHANGE; GOVERNMENT POLICIES

Paris LE MATIN in French 30 Jul 81 pp 6-7

[Interview with Henri Krasucki by Pierre Feydel and Jean-Pierre Gonguet; date and place not given]

[Text] At 1100 hours yesterday morning, Prime Minister Pierre Mauroy met with Henri Krasucki, confederal secretary of the CGT [General Confederation of Labor], at the Hotel-Matignon. There is no lack of subjects of discussion for the head of the government and the No 2 man in the largest French labor confederation. If one is to believe the leaders of this great organization, the redefinition of its objectives, given the new government, is not so obvious.

Moreover, Georges Seguy and Krasucki told the most recent meeting of the national confederal committee of the CGT that the new political situation meant that that trade union organization would have to revise its action. In order to learn more, we asked Krasucki, confederal secretary in charge of organizing action for demands and editor of VIE OUVRIERE, to grant us an interview. The new strategy of the CGT became evident in the course of the questions and answers. The General Confederation of Labor is lucid about its partners, pragmatic about the social, economic and political content of its demands, but aggressive about the importance of change.

Aware of the international difficulties, the handicap of the administration of the old government and the fierce resistance on the part of management, Krasucki is still optimistic. He is counting on the government and the parliamentary majority to push management organizations to accept real social progress. He is also relying on the wage earners: workers and therefore members of the CGT, in order to go further and even faster than the new government sometimes proposes. For him, it is the democratic expression of the workers that is the most important element, in companies as well as in public life.

Krasucki and the CGT do not intend to let themselves by passed up by Pierre Mauroy's government. This is one way of affirming trade union independence, including with respect to communist ministers bound by the solidarity of a government team that must keep the promises of a socialist president.

[Question] There is at least one thing on which Francois Ceyrac and you seem to be in agreement: France does not now have a social democratic government.

[Answer] In answer to a question, the president of the CNPF [National Council of French Employers] did in fact say: "I am not sure that what happened in France in June was a victory of social democracy. If this were the case, it would be a lesser evil," he added, "but I am not sure." You know, what makes the CNPF sad rarely makes us sad. Ceyrac could get along with a leftist management policy of capitalism if he had to. We could not. We have never concealed that fact. We think that this may not be that. And we are among those working toward that goal. Moreover, what the government is undertaking is moving in an interesting direction. That is all the better, even if it is not everything the CGT is asking for in its program.

[Question] And therefore, you are satisfied?

[Answer] We are very happy that that situation exists. For so many years, we have fought for it. Naturally, the change has not been accomplished, but conditions making it possible have been created. We view this situation as something that quite rightly gives rise to a lot of hope. Moreover, we have reasons for thinking that we have had something to do with it. For years, we have been saying that the employment situation, the closing of the plants, was intolerable. When we organized demonstrations, actions and strikes, we said that those things could not be tolerated indefinitely. The government at that time and the CNPF took that for a bluff. They were wrong. They had better take us seriously. Others said to us: "That is nothing but show, spectacle." Now they are discovering files such as those of the Willot brothers. They are indignant. So much the better. We knew this and we told them so. We had a great deal to do with the desire to get rid of the last government. That should be known and recognized at least.

[Question] How would you define that will for change?

[Answer] It is necessarily a very strong current among the people in itself, even before the content is considered. It is first of all a feeling of rejection. The common ground between all of those who helped to create the new situation is that they know what they do not want any more of: no more unemployment, no further lowering of the standard of living, no more young people, whether or not they are graduates, who do not know what they will do after they get out of school. We want no more of that. It is extremely vast, a giant groundswell. Concerning the change itself, there are all kinds of ideas. There are differences, nuances, disagreements and even oppositions. It is a very complex phenomenon. We have used the term "composite."

But did the people in 1936 know exactly what they had to do? That was a mixture also. At the time of the Liberation, was there homogeneity with regard to the outcome? Of course not. But one must always take the broad people's movements into consideration, provided that one sees them as they are, with lucidity, in order to situate others and oneself.

[Question] The CGT takes its position only in reference to others?

[Answer] Certainly not. We have a program different from that of the government. It goes farther. But some important objectives of the government coincide with those of the CGT. This is far from being unimportant. We also realize that within the left, not everyone wants the same thing. Some have limited objectives; others go further. In the trade unions and parties, forces, people and groups would be content with a leftist management of the crisis. Some are sensitive to the pressures of management. They do not have the same firmness as the CGT. We have seen this with respect to negotiations on the work week.

Despite the handicaps, despite the international environment, the Common Market and all the rest, we say: "Yes, change is possible." We have no illusions about our adversaries or our partners. One must not have. Quite simply, there are enough forces interested in seeing the change succeed.

[Question] Precisely what do you expect in the CGT from a leftist union government?

[Answer] That it bring about the reforms it announced. We have a positive but nuanced view. There are encouraging things, others that are not going well or not rapidly enough. The SMIC [Interoccupational Minimum Growth Wage] is not enough. They could have approached the price of gasoline in another way. The same is true for public rates. It was not necessary to raise them so much. We say, "Be careful!" On the other hand, the tax measures in the overall budget are going in the right direction. If the government wants to go further, it will have the CGT with it. But they are dragging their feet with regard to freedoms, just as they are for trade union rights. They are still fiddling with the amnesty law. It would be the height if a bunch of people received amnesty for crimes committed, while trade unionists, unjustly penalized for their action, would not be covered by the law. But we tell the workers, "Even a perfect leftist government...."

Perfect Government

[Question] How would it be made up, in your opinion?

[Answer] That matters little; it is not a current problem. A government without faults does not exist. Nor does a perfect trade union. The governmental team is facing considerable difficulties: the resistance on the part of capital and outside pressure. The workers must help it. We must counterbalance the resistance and the pressure and even, if necessary, the government itself. That is how we understand progressive democracy. We do not want a single party, a trade union that would merely be a driving force for some party or an instrument of a government. Trade unionism must play its own role.

It needs to do so. If it does not play that role, we can rapidly see the consequences. On that point, our ideas have been clear for a long time.

[Question] You are alluding to Poland?

[Answer] Yes. But that can also be seen in the West. Our positions have been clear as long as the CGT has existed. Our heritage is anarchistic trade unionism and also reformism. We have gone beyond those two things, while retaining what there was good in each. That is part of our originality in the union movement.

[Question] Some believe that you have lost many members and a great deal of credibility by lining up with the Communist Party. Even some members of your confederation are said to make this analysis.

[Answer] It is made by people who do not look at reality. It is a subjective reasoning, not an analysis. That leads nowhere. They are just pleasing themselves. The CGT acts in terms of its own orientations. Everyone was happy with the 40th Congress. We are applying it.

[Question] And yet, there are members and federal leaders who are not in agreement?

[Answer] They have the right not to be. What interests me is the confederation as such. One cannot say at one time that the CGT is too homogeneous and then complain when someone thinks differently. That is the way it is with a big organization. There are organs elected to complete their term. That is written in black and white, clearly enough to be undebatable. That is the document approved by the congress. On that basis, we are an organization that lives and evolves in time.

At the last congress, we even criticized our own behavior during the period of the Joint Program. We said: "Careful, the CGT was too involved, too mixed up in a program that belonged to an alliance of parties." We nearly substituted it for the CGT program.

[Question] And today, concerning the PC-PS government agreement, what is your opinion?

[Answer] We have signed nothing and we do not want to sign anything. The CGT is the CGT.

[Question] For you, it is a political or tactical agreement?

[Answer] Manifestly, it is a political agreement that is expressed by a real government with socialist and communist ministers.

[Question] Francois Mitterrand was not forced to put communist ministers in the government.

[Answer] It was quite right and normal that he should do so. Otherwise, he would have surprised many of those who voted for him. Basing his choices solely on the election score of the PS would have made people doubt his intentions. That proves that the government started out to do something. It is now that important things are beginning.

Social Progress

[Question] Let us speak about them then. Concerning the work week, you seem to expect everything of the government and Parliament, which will pass a law upon its return or later. What about the traditional policy?

[Answer] They tried to present the agreement made with management, which we did not sign, as a text on which everything had to depend. That is not true at all.

A law is needed to replace the 40-hour law, but everything must not depend on that law. We are going to negotiate in the branches. Then the government will have to assume its responsibility. Pierre Mauroy was perfectly clear on this when he summed up his position for us at the Hotel Matignon.

It is a perfectly logical process. We know that there are things that can be settled with management. We shall go as far as possible. There are others that have to be settled with Parliament. Everything in its own time. We can talk with the CNPF in the branches also and immediately negotiate in the enterprises where they can obtain agreements. After that, the focal point is the law. The CNPF does not expect to limit us to a single scheme in which it would be our only interlocutor or that we would expect everything from the law. We wanted to conclude an agreement with the CNPF if it could sign a text that would enable us to move forward.

Nor then, the CNPF is asking for things in exchange: night work for women, work during the weekend, the possibility in some branches of adopting provisions contrary to the law, and so on. There can be no question of bartering. Social progress cannot be traded away. I give you something you do not have and in exchange, you give me something you already have. That does not work. The CNPF wanted its own demands to be taken into consideration. Otherwise, Yvon Chotard was threatening to stop there. But management cannot now engage in such blackmail. It is enough for the unions to stand firm and demand respect.

Once more, management has tried a political maneuver. I told them: "And now about the 39 hours, you want the CGT not to be able to sign. You want to isolate it and confront the government with a fait accompli, a management-union front for the 30 hours. The government bill and the majority deputies would then say: 'We are not going to be more unionist than the unionists themselves.'" This is contrary to democracy! We have to leave this question of the 39 or 38 hours open.

[Question] The deputies have a majority. If they want to reduce the work week to 38 hours, they can after all vote it into law?

[Answer] I would quite rightly feel bad as a unionist if the National Assembly should pass a law that goes further than we do. That would not make our bargaining ability look very good! The CGT will not be found in such a situation easily. And then there is the matter of our trade union independence. There are perhaps people who would be satisfied with the 39 hours and whom a trade union-management agreement on the question would please. Then they would not have to take a stand. We do not want to let anyone out of assuming his responsibilities.

[Question] You intend to stand just as firm on retirement at 60 for men, 55 for women and wage earners being subjected to hard labor as on the 38 hours?

[Answer] Absolutely. There is the problem of employment, 2 million unemployed. Management does not want to hire them. At 39 hours, Chotard has said that no jobs will be created. At 38 hours, management will be harder pressed.

Retirement at 60 should be a right for everyone. When we were demanding it a few years ago, management said: "You want to throw people out." Now management is

throwing them out. There must be a law to open up a right. That is all, And there must be a retirement pension that people can live on. Do you realize that those who are retiring today are the workers who made France's recovery after the Liberation possible?

[Question] And yet, all of that will be very expensive.

[Answer] Naturally, that will cost money, but the brand-new companies suddenly closed also cost money. So do gifts to management that has acted like crooks. In recent years, investments were public and private profits constantly rose. They were not reinvested in France. What have the capitalists done with all that money they made through the work of others? It is management that should help companies in difficulty. Labor industries could perhaps receive the help of those whose productivity is higher because of the new technology, robots and other devices. Why should the workers pay for these differences? We are among those who are working to see that society is no longer a jungle.

[Question] Do the nationalizations seem to you to work in that direction?

[Answer] Certainly. We are going to speak out on them. Our program is broader. It is not that we are nationalization fanatics. We are not fanatical about anything. We believe that since the country's economy is in trouble, we must have enough ways of intervening. We are not for state socialism. We are for turning the decisive means of production over to the nation. It is not the same thing.

That is a subject on which you must hear us out. The firms were set up in keeping with a logic of capitalist profit. All that must be examined, discussed case by case. The government will then assume its responsibilities. But we must rapidly nationalize everything promised. And be careful about the nationalization of "empty shells." Some groups are trying to sell off their ownership. The government must tell them firmly that it is useless, that they cannot escape. And that there will be sanctions if need be. Trade union action can help to put an end to these practices.

[Question] Do you believe that the public enterprises must necessarily lead the way in the area of social progress?

[Answer] If they are well managed, why not? The times of playing deaf in the enterprise are over. Outside, one can engage in politics, speak, vote, decide, write graffiti, but as soon as one steps over the threshold, that's it! That cannot go on. One must be able to discuss one's work. Wage earners often know better than anyone how to organize in order to produce in their offices or shops.

[Question] You are for shop councils?

[Answer] Naturally. Let us begin with experiments. That is an interesting idea. They must not take the place of unions. But let us try. Self-management is a whole apprenticeship process, so let us begin.

[Question] The government does not seem to want to extend the rights of enterprise committees right away, even if it wants to apply the law on the matter more strictly. What is your opinion?

[Answer] Respect for the law would be a start. As for the rest, when we talk about it, we shall see. We will ask the workers to express their views at the proper time. Naturally, we want to talk about social guarantees and the role of workers and their opinion on production processes. We shall be independent and critical, but constructive.

[Question] You have never been so positive. Will this last?

[Answer] Why not? We are in a situation opposite that of 1947: cold war, the ouster of communist ministers, break with the CGT, a wave of reactionary policies. Today, we have the beginning of a progressive movement with a government resulting from universal suffrage and a CGT that will play the role it has to play. Beyond the caricatures, people will see what the CGT truly is! We shall support everything that is good, and we shall not hide our disagreements from the government. We shall explain them to the workers, telling them: "You have to work for change. Let no one, not even your union, think for you. Assume your responsibilities. Be active citizens in your company and elsewhere. You have to get involved. It is not going to just fall into your laps."

[Question] You will be accused of going too far.

[Answer] I do not see a single area in which they can say that the CGT goes too far. We talk; we make proposals. Trade union action is very pragmatic, even if they have a certain view of society and clear objectives. And the CGT will not give up its role as a union.

Today, the most important thing is the expression of the workers. And from that standpoint, we have not exhausted all the resources of democracy. You know that democracy is a powerful means of social progress. It does not eliminate conflicts, but it changes their forms: doing better with fewer strikes and workers truly involved.

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GEORGIOS MAVROS CRITICIZED FOR JOINING PASOK

Athens ELEVTHEROS KOSMOS in Greek 20 Sep 81 pp 1, 10

/Text/ Political observers are waiting with particular interest today's first campaign speech in Salonica by ND leader G. Rallis. The speech will be telecast within the framework of the broadcasting by the Greek Radio and Television /ERT/ of the speeches of political leaders and the relevant agreement between PASOK and the present ND government.

Interest is mainly focused on what Rallis will say--and what perhaps he may reveal--about Andr. Papandreou and whether he will touch on other subjects. The second speech ERT will televise will be that of Papandreou when he speaks next Saturday at Ioannina.

In the meantime, National Defense Minister Ev. Averof reproved the G. Mavros decision to join PASOK--an action he characterized as an enigmatic agreement concealing other more substantial /benefits/. Averof said that through the Mavros action Papandreou aims at covering up his Marxism "behind various posters." As for Mavros, he expressed wonder at how he /Mavros/ could turn against the Right when he continually for 30 years participated actively in the broad Right.

At the same time, Democratic Center Union /EDIK/ leader I. Zigdis pointed out in a statement that he was surprised when reading the slates of the two large parties and added: "Such opportunism, such lack of consistency, such fortune-hunting is unthinkable." All this was said and done while the presidential decree was issued yesterday dissolving the Chamber of Deputies and in Athens as well as in other large cities a pure preelectoral atmosphere was ushered in; the campaign formally began.

Averof on Papandreou and Mavros

Averof's statement about Mavros' joining PASOK is as follows: "The publication of the Papandreou and Mavros letters was revealing for the first and enigmatic for the second. By asking Mavros to cooperate in the campaign, Papandreou revealed the size of his lack of faith in the PASOK forces. After his supercilious statements about his refusal to cooperate with any party and about viable majority /of votes/, he asks for help from Mavros who despite his noble and arduous efforts was unable to rally /on his side/ even those small Center forces which Psemasoglou, Baltazis and Veniselos assembled. Now Papandreou asks his help to fight ND.

"This is another example of the PASOK tactic of saying and believing some things and implementing different ones. It is a useful new revelation, another confirmation that in his effort to have his Marxism forgotten Papandreou is attempting to hide behind various signs... The facts are clear.

"On the contrary, the position of George Mavros is enigmatic. Because his statement about ousting ND is not convincing. Because my friend and leader of the nonexistent PARKE [Array of Center] participated for 30 years in the broad Right which concluded the civil war; the broad Right of the ardent anti-communists, the late Sofoklis Venizelos and Georgios Papandreou; the broad Right of Karamanlis in 1974 which restored democracy in Greece. There must be some other more substantial agreements with PASOK in order for Mavros alone among other Center leaders to decide for such enigmatic cooperation.

"Does he agree to withdraw from NATO? To withdraw from EEC? With the nationalizations of the cement and iron industries, the mines, the import trade, the insurances...and whatever else? Or does he agree with the abolition of private education with the excellent representatives of which he is closely connected? Or does he agree with the symbolic replacement of the Elevtherios Venizelos pictures with that of Aris Veloukhiotis [political leader of the National People's Liberation Army [ELAS]? And what is the meaning of the simultaneous cooperation with Manolis Glezos [former member, KKE Central Committee cadre]? Convincing revelations for the one [Papandreou], interesting questions for the other [Mavros]. The mature and proud Greeks will undoubtedly take into consideration these things. For this reason PASOK's defeat is certain."

Zigdis on Tickets

On the other hand, Zigdis said the following in a statement: "No matter how much we are used to the lack of responsibility on the part of many representatives of the political world, the way the slates of the two large parties were put together provokes but surprise. Such opportunism, such lack of consistency, such fortune-hunting were considered unthinkable even as late as yesterday. But for a large number of politicians their only objective is how to be elected to the Chamber of Deputies and they are not at all reluctant to betray their ideology and their party, to deny even their own personal history... The winning of a parliamentary seat is a goal in itself and not a means for the defense of ideas and the protection of the general interest.

"Thus, without wanting to, I recalled again the reflection I made in my cell in Korydallos [prison] during the years of dictatorship: "In recent years, there has been no lack of culture, or courage, or money in Greece. There has been lack of ethos."

"It was indeed the lack of ethos that brought upon us the dictatorship and with it the Cyprus tragedy. Therefore, the question is raised fatefully: Where will this widespread amorality of candidates and party leaders lead us today? This oppressive question confounds a large section of thinking Greeks and will make them, we hope, give the right answer in order to save the country."

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CSO: 4621/8

PAPANDREOU TO SUPPORT MAVROS FOR PRESIDENT

Athens EPIKAIRA in Greek No 686, 24-30 Sep 81 pp 18-19

/Excerpt/ PASOK President Papandreou promised Mavros the presidency of the republic in order for the latter to join PASOK, according to EPIKAIRA's reliable information. Papandreou promised to propose Mavros--who until 2 days ago was leader of the Array of the Center Party /PARKE/--for the presidency when Karamanlis' term terminates or even earlier "if for any reason Karamanlis leaves office." EPIKAIRA's information includes also the real reasons which led Papandreou to this maneuver. PASOK's leader felt that Mavros' presence in the campaign was necessary and useful in order to allay the anxieties and fears of a large section of PASOK sympathizers who, according to assessment by the party's executive committee, remained cautious out of fear of the many and extreme theses enunciated /by Papandreou/ from time to time. But beyond this, Papandreou believes that in this way he secures a person suitable for placing, in the event he assumes power, in sensitive positions such as that of the Ministry of Defense, for example.

In any case, the entry of Mavros into PASOK brought about various reactions from all sides, even from within the party which hosts him.

/On the other hand/ the ND rally in Salonica--and in Arta--which was characterized as "large" raised the hopes of the government front, notwithstanding the disagreement as to areas the audience came from.

Finally, and while the preelectoral activities continue intensively, the European Council approved unanimously and despite the furious reactions of the Turks a report recognizing the continental shelf of the islands...

/The Mavros Affair/

It all started suddenly last Thursday morning /17 September/. At the very time when political observers were waiting for the announcement concerning the list of candidates of the United Center, the report reached the newspaper offices that the old leader of the Democratic Center Union /EDIK/ was joining PASOK. The report was confirmed later in the afternoon when the "friendly" letters the two leaders exchanged were made public. In his letter Papandreou stated that the "battle for ousting ND from power and for change demanded the participation in the struggle of the responsible anti-Right centrist forces and their most authoritative spokesman and continuer of tradition..."

/In his letter/ Mavros said that he was moved by the Papandreou letter and added: "My participation in the struggle to oust the Right and bring about the change is self-evident. I gladly respond to your invitation to fight together in the great struggle before us."

In a statement Papandreou "welcomed" Mavros to PASOK and applauded the "responsibility, fighting spirit and his /Mavros/ ethos." But the reactions which followed, despite the troubles of the campaign, were unprecedented in dimension and pungency. At first many PASOK members especially characterized the Mavros shift as "acceptance of stolen goods," "reward of desertion," "adulteration of the movement," "invasion of the movement by plutocrats," etc. The left wing of the party particularly spoke about "dangerous openings to Natoist defenders," etc. ND spoke about a "one-sided" coalition and warned that shipowner G. Mavros "is traveling in the political sea with flags of convenience."

Bitter also were the statements of political leaders who had collaborated with Mavros in establishing first PARKE and later EPAK /expansion unknown/.

They Were Dumbfounded

N. Venizelos said he was dumbfounded because the very day before he had been discussing with Mavros details about the reunification of the Center. "I was stupified and I am deeply sorry."

His close collaborators Mangakis and F. Mavros could not believe the report and avoided making a statement.

The Party of Democratic Socialism /KODISO/ expressed its bewilderment at the decision by Mavros who until the previous day appeared "as the absolute leader of the centrist forces, while at the same time he was negotiating "his personal standing." KODISO pointed out that after such action by Mavros "his appeal to centrist votes would be at the least a challenge."

Zigdis, after commenting on the Mavros desertion with bitter humor and pointing out that few people will be surprised by his opportunism, observed: "However, his joining PASOK will fatefully create many serious doubts as concerns the kind of "great change" this party promises when, for achieving such change, he resorts to the mobilization of so many classic and 'nonpriviliged' representatives such as Mavros."

On the other hand, the fact was surprising that the Mavros action provoked reactions also among the parties which have no direct relation with the /PASOK-Mavros/ "transaction" such as are the leftist and extreme Right. Objective observers speak about "a general condemnation." Responding to the criticisms against him, Mavros stressed that his position "in the electoral struggle is a political action for which he bears full responsibility" and characterized the attacks against him as "orchestrated and contemptible and lowering public life to a level of wretchedness."

What They Promised

And now the "theory" behind the reasons for the desertion. Circles in the Mavros environment pointed out that he decided to be PASOK's "comrade-in-arms" in order

to facilitate the ousting of the Right. They added that in the new government he will assume the deputy premiership and the Ministry of Defense (not of Foreign Affairs). A friend of his said characteristically: "Things are simple. At this moment Andreas has no one capable of passing through the gates of the [Greek] Pentagon."

Center sources were discussing the new "battle-shy" Mavros who, they say, three times in the past avoided battle and "put to flight." Once in 1958 when with a smashing majority the Liberal Party offered him the party's leadership, he declined for fear of Sophoklis Veniselos and then again in 1964 when he was the undisputed successor to G. Papandreou and his first minister. But he deserted and found refuge in the National Bank. And, finally, the present situation...

EPIKAIRA has information that Papandreou promised to propose Mavros for the presidency of the republic at the end of the Karamanlis' term or if the present president wanted to retire. This information adds another dimension to the generally inexplicable Mavros action but also reveals the Papandreou's anxiety about his lack of bourgeois support.

Papandreou's cadres who are active in the periphery of the bourgeois world and on whose vote they depend for capturing power, have detected long ago this world's reluctance and reservations regarding Papandreou's promises. They believe that the Mavros entry into PASOK will outflank this obstacle. On the other hand, the presence of a conservative politician in the PASOK ranks assures, according to the same cadres, representation in sensitive ministries such as the Ministries of Defense, Foreign Affairs, etc.

"Counterattack" by ND

Friends and opponents agree that the Salonica ND rally was large. The estimates differ in numbers--the friends put the crowd at 200,000 and the opponents at a smaller figure. They also disagree on where the crowds came from. The friends speak about a Salonica rally while the opponents call it Pan-Makedonian [that people came from all parts of Makedonia].

The second ND rally in Arta also was admittedly large. The TO VIMA reported characteristically that "it indeed was impressive in size."

At both gatherings Rallis delivered a very sharp attack against PASOK--he "strongly counterattacked PASOK," his friends claimed.

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KKE-INTERIOR LEADER DELIVERS CAMPAIGN SPEECH

Athens I AVGI in Greek 3 Sep 81 p 3

[Text] "The KKE [Greek Communist Party]-interior is entering the battle of the elections with its battle flag unfurled to defeat the right, to effect a solid change, and to win in the ideas of renewal."

B. Drakopoulos emphasized this yesterday, declaring the beginning of the pre-election campaign of the party to a packed and vibrating audience in the Sporting Theater.

"The time of the elections," said B. Drakopoulos, "has arrived. In 45 days our people will be called to vote. The party and its organizations together with the organizations of its youth, of "Rigas," but also together with all its friends and followers, those who are interested in the victory of the renewal ideas, are taking their battle stations for the electoral fight; for the defeat of the right and for solid change; for strengthening the KKE-interior with parliament seats and votes; for the renewal of the communist movement. So that the communists of our country again can become stars in the social and political developments."

ND [New Democracy]: Return to the Phantoms

Referring to the "line" of the ND, Mr Drakopoulos said "The present government of the right, confronted with the continuous lessening of its power and retracting its declarations about a "mild climate" etc., is returning to the old bankrupt line of "nationalism," anticommunism and is dividing the people.

"Faced with the possibility of being removed from power, the government of the ND projects imaginary dangers, while the real dangers come from its own policies and practices. A few days ago, on 29 August, it exploited the celebration of the armed forces to attack the progressive forces of the country and again project the scarecrow of civil war for the purpose of fantacizing the followers of the right, of scaring the conservative layers and of being liked by the extreme rightist forces in view of the elections. At the same time, it follows the line of the 'electoral grants' that empty the government treasury without solving any real problem and with the result that these too will be paid by the people at the end."

The government an instrument of the electoral campaign.

"The government," continued the secretary of the KE [Central Committee] of the KKE-interior, "is promoting party interests on television. Television has been converted to a publicity instrument of the ND, scandalously projecting the activity of the government as "projects" that take root quickly and without any planned program, without anyone knowing when they will end, for the purpose of winning over the citizens who are interested in these projects. If one considers the projects that have been launched lately, he will come to the conclusion that in the last three months, probably more projects have been started than during the past four years.

"On the other hand, it restricts the projection of party activity of the other parties as much as it can.

"This position of the ND underlines how difficult and hard the campaign of the democratic forces must be to defeat the right, to push the right out of power, and to promote a government of change. At the same time, the importance of the problem of the conditions for conducting democratic elections is underlined. Of course, the insistence on the reinforced proportionate system with the agreement of PASOK [Panhellenic Socialist Movement] and substantially the dogmatic KK [Communist Party], the denial of a vote to immigrants, to seamen and to young people 18 to 19 years of age, the refusal to provide financial help to the parties for the expenses of their electoral campaign, and other reasons, are restrictive to the democratic character of the elections and the equal treatment of the parties. But even beyond this, the use of television and other media by the government mechanism intensify to the extreme the unequal treatment of the parties by the government.

"Repeatedly and especially during the recent past, our party has emphasized the need for the ND to stop using the government as an instrument of its electoral campaign. For this reason, it is imperative to isolate fully the government mechanism from the electoral fight."

Terms of the Elections

At this point, Mr B. Drakopoulos referred to the terms of the elections, emphasizing the points that the representation of the KKE-interior made to Prime Minister Mr Rallis: a) The assignment of critical ministries to persons not only of common trust, but capable of handling a responsible job. b) Equal time on radio and television for all parties to give them a chance to present their views. c) The formation of an all-party committee to discuss these subjects, with the objective of coming up with specific proposals to the government. d) The assignment of political broadcasts of television to an all-party committee of reporters for meetings and debates between parties on television, etc.

"In every case," B. Drakopoulos emphasized, "the terms of the elections cannot comprise a problem that will be solved only by the government and PASOK, as was effected substantially with the electoral law. We are in a pre-electoral period. The people have not yet expressed their verdict. No one can predict their decision. Consequently, all the parties must participate in the discussion of

terms for incontestable elections. All parties have a right to equal treatment by the government mechanism in matters of gatherings, talks on television and radio, and the duration of the pre-electoral campaign."

Decisive Weapons for Struggle

In continuation, B. Drakopoulos said "The decisive weapons for the KKE-interior in the electoral campaign are its platform, that incarnates the other road to change and provides a specific answer to the problems of the country that will open the road to socialism with democracy, freedom and independence.

"The weapons of the KKE-interior are also: a) The faith of the members of the party and of 'Rigas' in the renewal of the communist movement, in the need for the strengthening of our party from all sides and in their decision to fight with all their power to the end for the success of the objectives of the party in this electoral fight. b) Next to them, the followers and friends of the party, all the forces of the communists and leftists who have not joined formally but who are interested in the matter of renewal and specifically in the electoral victory of the KKE-interior, comprise the political strength in the electoral fight of the party that involves all the forces of renewal. c) But a stronger and irreplaceable weapon in the fight is the organization of the party and 'Rigas' and the ties they made during these years with the people and the youth, while fighting for the problems of the country and the victory of the ideas of renewal of the communist party in our country. d) With these weapons in hand, all the forces of the party and the youth and all the mobilized forces that will be connected with them during the campaign must enter the electoral fight and secure the strongest lineup they possibly can and develop the greatest and most correct activity with the best results."

Socialism or Barbarism

In discussing the main points of the pre-electoral platform of the KKE-interior, as well as the character of change, B. Drakopoulos emphasized that: "The removal of the right from power has to be a necessary step, not for the simple party change in governing the country, but for the deeper change that leads through a long procedure of fights and conquests to the exit from the present system, to a socialism that is not a bureaucratic one, but with the freedom, democracy, self-government, and independence that we consider to be the answer to all of the big problems of our era.

"The old slogan of Lenin: 'Socialism or barbarism'", continued B. Drakopoulos, "is true even more today when our people and country are threatened by an unending economic crisis without any visible relief for the present time. By a thermonuclear destruction that would be the result of a possible war during which our country would have a priority position because of the American bases. And by a continuous decline in housing standards that would lead to a gradual deterioration of the environment and of living conditions to levels, that perhaps our minds would find difficulty in conceiving, and that also would lead to a slow death. With the difference that today we should repeat the slogan in a modified form: Socialism with democracy and freedom or barbarism."

The secretary of the central committee of the KKE-interior took a special position on the measures that the KKE-interior is proposing for coping with the economic crisis, for the restriction of the activity of the monopolies, government control on all prices, profits and loans for investments, progressive taxation of capital, redistribution of the income to the benefit of the working class, fight against waste, attack on parasitism, fight against inflation, and other steps, emphasizing that coping with the crisis, because it is organizational and not temporary, cannot be done with formulas of the bourgeois political economy, of the so-called "neoliberalism."

Nationalization Is Necessary

"These measures," said B. Drakopoulos, "are necessary to have a social intervention in the area of the economy that would be able to steer the economy in directions that will service the interest of everyone.

"We disagree," continued the secretary of the central committee of the KKE-interior, "with those who, under the pressure of the attack by 'neoliberalism,' are opposed to nationalization and to the broadening of the public sector in our country. Under this pressure, PASOK does not talk about nationalization, but about socialization of a very unspecific character, even though nationalization is a must for socialization that will be a long-term procedure. We believe that clarity in policy never hurts. To the contrary, lack of clarity hurts. But we must remind that they have the opposite opinion, as proven in practice by the French Socialist Party that governs today and the British Labor Party. Furthermore, despite what is said, the public sector is much smaller in our country in relation to the respective sector of other European countries, e.g., France, Italy and England prior to the intervention of Thatcher, etc. And furthermore, the bad economic condition of many enterprises in this sector is not due to their public character, but to the character of the government of the right and the organization of the administration. In the present phase, we support selective and not massive nationalization. We consider it necessary for developing production and for going in the proper direction as well as for providing positive support to the private sector. While at the same time, we connect the broadening of the public sector with its democratization and decentralization. Besides, we must not forget that a significant portion of the enterprises in the private sector are not in a better condition than the enterprises in the public sector."

Broader Alignment for Change

Referring to the struggle for change, the speaker said that this struggle must continue, regardless of the results of the elections.

At this point, B. Drakopoulos dealt with the importance of the alignment of the broadest possible spectrum of the social and political forces for change.

"This alignment," he continued, "cannot be accompanied within the body by PASOK, as it admits itself, nor by any other party that would be summoned as having drawn the lot for assuming the historic responsibility for change. Since Greece is not a Third World, this is utopia for its situation and creates difficulties on the

road to change. This alignment can be effected only with the equal participation of all the forces of change and with the recognition of the role of all of these forces.

"On the other hand, to a greater degree, the dogmatic Communist Party cannot participate in this broad unity. Because it does not want it, and because, to the extent that it wants it, it does not want it to be equal, but slanted to its own specifications. The most important reason it cannot participate, however, and thereby becomes an obstacle, is its list of objectives for our country. These are socialism without democracy, a one party state, no labor union or other freedoms, no right to strike, no freedom of press, full government control of television, and no independence. In other words, a regime that will give socialism a bad name. With this line, the other forces of the left and the other democratic forces cannot accept a coordinated government platform with it. What must be done? Directly, on the side of PASOK, instead of refusing to cooperate with the socialists/communists and this way give in to the pressures brought upon it by the right, it should support the idea of cooperation and at the same time, however, concentrate its attention to the conditions under which this cooperation could be effected, terms that would bind the participating parties in the subjects of democracy, independence and international policy in an absolutely clear way. This concept was tried successfully in the French experience and this way, the cooperation between socialists and communists became proper."

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KKE CELEBRATES 7TH FESTIVAL ANNIVERSARY

KKE Secretary General's Speech

Athens RIZOSPASTIS in Greek 15 Sep 81 p 3

[Text] Dear friends and comrades, young men and women:

It is with special joy and emotion that we salute this unprecedented people's gathering!

This is not a gathering of passersby. It is the great response given by hundreds of thousands of common people to the call for an electoral struggle and a message of hope for the electoral victory of the popular forces, for KKE's participation in the second distribution of votes.

Such optimistic messages come from all parts of the country. These messages not only express the will to bypass the outlaw electoral law by giving KKE 17 percent of the votes thus assuring the electoral defeat of the Right, but also the determination to struggle and impose the change. Now the change is not the demand of the communists only. It is the passionate desire of all progressive forces, of the great majority of the working people. This is a vital necessity for Greece whose national salvation, development and future demand that it be freed from American domination, that the domination by the local and foreign plutocracy be finished, and that a new Greece come into being with the people as the real master and boss.

Magnet for Nuclear Annihilation

Dear friends:

A few minutes ago we heard the speech of Comrade Gus Hall, the outstanding leader of the United States' Communist Party and a paragon of the international communist movement.

His presence here underlines that America is not only the monopolies today represented by Reagan's hawks. It is also the workers' movement of the United States which, no matter how much they try to obscure it, has immortal revolutionary traditions. It is also the mass peace movement inside the U.S. and the other mass movements such as that of the Negroes, the old, the young and others.

It also underlines that the enemy of the Greek people is not the American people. The American people, too, are the victims of the warlike cold war policies of the official American leadership.

The decision of the American leadership to place the "Pershing" and "Cruise" missiles in Europe and the adoption of the "limited nuclear war" dogma was just the beginning. Now with the production of the inhumane neutron bomb, the American imperialists move on the road to nuclear catastrophe. But at the same time, the forces that can block this road and defend peace are being strengthened. It is in that direction that all of us must and should make every effort.

The situation in our region, in the Middle East, the Persian Gulf and the Mediterranean, is becoming increasingly critical. The American leadership shows no restraint. They want to dominate the world. They try to find excuses to throw the region into the whirlpool of a war with unforeseeable consequences. They proved it by the planned gangster-like shooting down of the Libyan planes over the Gulf of Sirte.

Greece with the Atlantic policy has become a magnet for nuclear annihilation. Greece inside NATO and with the presence of American nuclear weapons and bases on its soil has a noose around its neck and that noose is getting increasingly tighter. Today the first duty of the Greek people is to get free of the American-NATO domination, to defend their national independence, their peaceful future, the peaceful future of their children. It is a myth that American domination is invincible. Small nations in today's world and in our region dominated by American imperialism, by their will, their struggle and their determination conquered their national independence. The Greek people can do this today.

Our opponents deliberately muddy the waters when they claim that by throwing the American imperialists out we will undermine our country's defensive capabilities. We know that precisely on this point the Right holds captive the thinking of many common people and cultivates the fatalistic acceptance of domination. In fact, it is the American domination that undermines our national defense and threatens our territorial integrity. The foreign "protectors" never protected this country's independence, only the Greek people with their blood and sacrifice did so.

Greece has paid enough for the American domination. It is time to live as an independent country. We do not play with words. We do not cover up any issue. We realize that such an essential change in the country's orientation creates certain problems. It will be necessary to make new efforts and to struggle to overcome obstacles and difficulties. It is for this reason that we insist that it is necessary for the forces of change to cooperate. For this reason we ask that KKE receive a strong vote. The self-sufficiency of one party cannot replace the cooperation and common action of all the forces of change together with a strong communist party.

An independent, nonaligned Greece together with the forces of change , with a strong communist party among them, will find the means to solve any problems, to safeguard its security, to consolidate its defense, to secure its national independence and territorial integrity. An independent and peaceful Greece, free of military alliances, has nothing to fear in our modern world. Quite the opposite. Because only then will it be strong and respected by its neighbors. Only then will

Greece have all-powerful friends in the peace-loving countries and the peoples all over the world.

KKE believes that as long as foreign domination and American-NATO bases continue in Greece, it will be impossible to achieve any real change toward democracy and progress, and the peaceful tomorrow of our children will be jeopardized.

The only tactic a democratic government that wishes to move forward toward change can follow is to take immediate steps to defend our national independence. It is the only flexible tactic. There is no other ostensibly flexible tactic. A democratic government which will take immediate and real steps against the regime of domination will be all-powerful because it will unite around itself all Greek patriots, all those who have national sensitivity and pride, that is, the overwhelming majority of the Greek people.

KKE has never diverted and will never disorient the Greek people away from their primary problem: their liberation from the yoke of American imperialism. KKE was the first party to raise the banner against American domination, against the bases and NATO. Today many say "No." But this "No" [to American domination] must tomorrow be translated into votes for KKE. It is the strongest vote which will contribute to the removal of the bases and of nuclear weapons from our country. It is the strongest vote for a Greece out of NATO, independent, proud, a factor for peace in the Balkans and in the Mediterranean.

Working men and women, young men and women:

This election can be a milestone and a starting point to change our life for the better.

KKE declares openly that the life of the Greek people cannot be improved as long as the monopolies dominate our country without restraint. The working people know that KKE never compromised with the plutocracy, that as in the past it will remain undaunted in the struggle against the economic oligarchy for the improvement of their life. They know that KKE not only has the will but also the stamina, the organization and the fighting spirit to fight for the interests of the working people against the monoplies. The stronger KKE becomes the more tomorrow's government will be sensitive to the voice of the working people, the more it will be able to move ahead with immediate, anti-monopolistic measures.

Today's situation--with profits of the monopolies going out of sight while the living standard of the working people goes downhill--cannot go on. The prices can no longer remain beyond control, set arbitrarily through joint agreements by the monopolies. It is no longer acceptable to have the wage earners pay taxes while the big capital remains mostly tax free.

Political Improvement of Life

Support KKE so that tomorrow a democratic government will be based on all popular forces to enable it to put prices under strict control; to cut the unwarranted privileges, the tax breaks and the tax evasion of the monopolistic oligarchy; to

apply a policy of limiting the profits of the plutocracy while increasing salaries, wages and pensions.

Today unemployment is on the rise. Tens of thousands of working people are out of work without any real support. Our youth live with anxiety and uncertainty for tomorrow. In this election give KKE the means to contribute to pushing forward tomorrow a democratic plan for public investments and in favoring a sound program of private investments which will revitalise the economy and give work to the unemployed, especially the young.

Today public health has become a business as the funds of social insurance reserves belonging to the working people are used for favoritist loans to big business. Today education, with all the barriers and discrimination, becomes increasingly inaccessible to the children of the working people. Now, Athens and Piraeus have been transformed by industry into uninhabitable areas. The pollution "cloud" has become permanent. Industries pollute the environment without restraint and dirty the seacoast. The miserable transportation means torture the working people.

Create a strong KKE that will fight tomorrow so that a democratic government will implement a consistent policy to better the quality of life for the working people; for a democratic system for health and education so that the worker will know that if he falls ill he will find a bed in a hospital and satisfactory care; so that the children of the working people will be able to get a modern and democratic education; so that our life will become more humane, our cities and our environment will be protected against the uncontrolled pollution by industry.

The Right has turned today's factories into ghettoes. They deny in the factories the most elementary rights of the workers, suppressing their personalities and self-respect. Only one law prevails in the factories, in big business: the arbitrary will of the boss. This year tens of thousands of workers were fired arbitrarily, many among them because they were syndicalists.

The Right did everything in its power to abolish in reality even the most elementary means for the defense of the working people: the strike. The first and major task for a democratic government tomorrow is to give democracy "flesh and bones," a democracy turned by the Right into an empty sham without meaning for the working people!

The worker will not feel the change through merely a change in government. He will feel it if the oppression and arbitrariness at work ceases--if he feels that his rights in the factories are secure, that he can speak freely and fight for his rights without any consequences.

One of the key duties of a democratic government is to democratise the syndicalist movement held now by the Right in a fragmented state, its central organs being controlled by paper unions [without members]. Only then will [such a government] show that it has the will to place under control the greed of the plutocracy, to seek support in the syndicalist movement, in the struggle of the people themselves to overcome the difficulties of change.

KKE Is the Soul of Unity

Working men and women, young men and women:

Today's inflation caused primarily by the monopolies, the unemployment, the decline in production, the tremendous public debt, the devaluation of the drachma, the colossal deficits in the country's international transactions, will not be solved merely by a change in government without a radical change in policy.

To strike down the evil forces we must place under control the big monopolies, both domestic and foreign. The Right calls this "a catastrophe for the country." But catastrophes, adventures and over-exploitation have come to our country only from the domestic and foreign plutocracy. Greece has nothing to lose without Tom Pappas, Pechinee, Miarkhos, Skalistiris. Those are not the ones who hold the national economy together. They are the ones who are dependent on the toil of the working people. They are able to reign thanks to extensive privileges, anti-labor laws, favoritist loans and tax loopholes.

Greece will see a true development to the benefit of the people only if tomorrow a democratic government moves to implement steps of planned development based on public productive investments and the necessary nationalizations. A policy of real change for the better in the economy to benefit the people does not go with the country's induction into the EEC. The working people know now first hand what the EEC "paradise" really means: high prices, intensification of work, unemployment, closing down of many industrial and small business units, burying farm produce.

The Communist Party predicted all this even before our country associated with the EEC in 1961. Now that Greece has been pushed into the EEC, KKE is the only party by the nature of things that can defend with determination, free of restrictions, the interests of the working people and those of our country inside the Euro-parliament. For this reason, the workers, farmers, small businessmen, small to medium sized entrepreneurs, regardless of political convictions and regardless of their vote for the Greek parliament, can vote massively the KKE candidates for the Euro-parliament, assured that in this way they defend their interests and Greece's interests in the EEC. For every working person the question as he faces the election is how to vote more effectively against domination and the monopolies for a better life.

The party that can surely utilize the vote for such an objective is KKE. This is shown by its history. For more than 60 years it has served faithfully and self-sacrificially the interests of the working people. There has been no [social] conquest by the working people--from the 8-hour day to social insurance and paid leave--without the decisive contribution of KKE and the Left. In the same way tomorrow, too, the road to a new policy cannot open without a strong KKE.

KKE is the party that has been present in every mobilization, every strike, every protest to satisfy the just demands of the working people...the working people whom nothing was ever given to as gifts. In the same way tomorrow, too, the road to change cannot be opened without a strong KKE and even moreso without its participation. The working people are in a position more than anybody else to

understand that the only way to bring about change for a better life is their struggle and their unity. It is a stronger KKE which was yesterday and will be again tomorrow the soul of the struggle and the people's unity against the monopolies.

Marching Together for the Change

Democratic men and women, young men and women:

The problem in this election is not just how to defeat the Right at the polls. It is necessary to elect a democratic government for change. We now have an American-dominated government that must be replaced by a democratic government to free our country from American-NATO tutelage, for national independence. We have a government of monopolies that must be replaced by a democratic government for the people which will enjoy the trust and the support of all the forces for change. This country's historic experience, but also the steps toward change taking place in other countries, testify that without the participation of the communists, without the unity of all the forces of change, there can be no way out of the crisis, there can be no change.

KKE declares that it will make its decisive contribution: today, to the effort of the democratic forces and parties for honest elections, for a smooth democratic development; tomorrow, to the change at every level, both in the mass popular movement, and at the level of the democratic government that will serve the cause of national independence, democratization, peace and social progress.

KKE deeply believes that today only such a close cooperation of the forces of change can fulfill the people's desire for change. The change does not come through the self-sufficiency of a single party but through the omnipotence of the united forces for change.

We know! Such a unity "bothers" the Right, the oligarchy, the imperialists—not only because the communists are going to play an essential role in the country's life, but also because they know that a government supported by all the forces of change and by KKE will be all-powerful. Then their extortions, pressures and threats will no longer have any effect. They will no longer be able to undermine democratic normalcy and steal from the people their victory. Then, there will certainly be a government of national independence and not one of American domination. A government for the good of the people and not for the oligarchy of wealth.

Let the domestic and foreign reactionary circles understand well that they deceive themselves if they think that they will paralyze the will of the people for change with the "scarecrow" of the popular front or their scare tactics about anti-communist and anti-Marxist danger-mongering. The people know how many crimes have been committed against democracy and the nation in the name of the so-called "communist danger."

Our people, their progressive forces, experienced and mature in favor of the change, will make clear in every direction that what will happen in this country, what government will emerge, what program will be implemented, will be determined

by the people by their vote and their struggle. They are not going to ask permission from anybody or to apologize to anybody.

Now the democrats, the patriots, beyond any ideological and party differences, all people free of prejudices, see KKE as a live, developing, responsible force of democracy and of the nation. Nobody can ignore or isolate KKE anymore, not only because it is the third largest party, but because it is also a decisive force for change, a fighting rampart of democracy and national independence, a real guarantee for smooth democratic developments in our country.

Now the progressive Greek men and women see that in order to smash the Right and its outlaw-like electoral law, in order to move the change forward through the cooperation of all forces that support it, KKE must receive at least 17 percent of the vote, thus being eligible for the second distribution of parliamentary seats.

Not One Vote Wasted

Voices from the crowd: Not again the mistake of 1963.

Florakis: Yes, there have been mistakes and some may find it convenient to recall those mistakes. There have been mistakes because there has been a heroic and glorious past. There exists the past of more than 60 years of difficult struggles defending the interests of the working class and of all the working people. There is the past of National Resistance. There is the past and the present of the struggles for national independence, democracy and social progress. With regard to the mistake of 1963 /note: when the Left gave some votes to the Center Union/ I would like to give you a categorical assurance that this time we are not going to give away, let alone offer as a gift, even half a vote.

Dear friends:

Opening today in this 7th Festival of Communist Youth /KNE/ the final phase of our electoral campaign, we wish to greet all our friends and comrades, the members and followers of our party, the young KNE men and women, the co-fighters of the National Resistance and all the fighters of the Left who, thanks to their self-sacrificing mobilization until today, their passion and their vigor, have made it possible to bring KKE's message for change and its electoral goals everywhere. Now as we enter the homestretch of the campaign which is so critical for our country's further course, we call on all of them to intensify even more their efforts to make KKE eligible for the second distribution of seats, to assure the electoral demise of the Right, to bring about the change.

Let nobody neglect his duty in this great battle! To give, hand to hand, to every working person the ballot of this party of toil, struggle, unity, genuine change, so that no vote will be wasted. So that we may gain even the vote of someone who may not agree with some of our views but who wants to free himself from the government of the Right.

Let us all join in the struggle for the Right's defeat, for national independence, for our people's well-being. To build together a new Greece, worthy of the

aspirations, struggles and hopes of the toiling people, worthy of the needs and the dreams of our flaming youth and of all patriots.

Gus Hall's Speech

Athens RIZOSPASTIS in Greek 15 Sep 81 p 4

/Text/ Gus Hall, the secretary general of the Central Committee of the U.S. Communist Party, greeted the 7th KNE/ODIGITIS Festival, saying:

Comrades and friends, greetings.

It is a real honor, a great personal privilege and a tremendous joy to be here with you, the workers and the youth, the people of beautiful Greece on this festive occasion. The message I am bringing is: warm greetings and solidarity from the progressive and peace-loving Americans, the greetings and best wishes of our workers, our intelligentsia, the 50 million Americans who are being oppressed because of their race or nationality, the greetings of fighting syndicalists and the glorious greetings of millions of our young people who, in growing mass numbers, take part in the struggle against the imperialist, aggressive policies of the United States.

I feel particularly happy to bring to you the warm greetings of thousands of Greek-Americans who live in two worlds, who live and work in the U.S. but who have never abandoned their dream of coming back to their beautiful Greece to spend the autumn of their lives in the land of their origin.

I also bring to all of you and the great, heroic Communist Party of Greece the warm handshake of the Communist Party of the United States.

The Best and the Worst of Times

It has been said: We live in the best of times and the worst of times. In the worst of times because there is a serious danger of nuclear war, a holocaust threatening to turn green mother earth into a cold, ash-covered, dead planet without a rose petal, a blade of grass, a drop of water or the tender breath of a child.

We live also in the best of times because there is a promise for a better life, the promise of science and technology, the unlimited creativity of human labor which can produce enough for everybody, the promise for a beautiful world free of hunger and fear, without weapons and bombs, a happy world flooded with happiness and prosperity, abundance, justice, equality and friendship.

We live in the best of times because the people have it in their power to choose between war and peace, between poverty and abundance, between justice and oppression. Above all, we live in the best of times because the scales continue to tilt more and more against the world forces of evil, against war and imperialism.

We Are "Experts"

We American Communists do not claim that we are experts in many matters. But when it comes to American imperialism we have been forced to become experts. We know the beast from within, as we live and fight inside it.

You must believe me when I tell you that the American people want peace and friendship. But American imperialism is the most insatiable, the most bloodthirsty, outlaw-like, unscrupulous beast humanity ever faced. It is the worst of all evils. It is the main cause of the escalation of the nuclear arms race. It is the major supporter and supplier of every reactionary, fascist, militarist regime, party or junta in every corner of this planet. Imperialism knows nothing about friendship or peace.

"Greece Turns to the Left"

You, the people of Greece, who have known the oppression of the iron boot of the fascist conquerors, who are the heir to the heritage of resistance against the barbarian hordes; you who will celebrate shortly the 40 years of the National Liberation Front--EAM--you know very well the barbarian character of imperialism.

I salute your great revolutionary heroes. On 27 September we will honor the contribution of the heroes of Greek Resistance such as Nikos Belogiannis who was executed on orders from the CIA and the American ambassador in Greece. Just as the courageous people of Vietnam and the other millions of victims of oppression you have experience in fighting against the rapacious tentacles of imperialism. With great sacrifices you fought against the imperialism of Nazi Germany, the British empire and American imperialism. The messages of millions of victims throughout the world remind us and provide a terrible testimony for us who are still alive that imperialism may change tactics but never gives up its thirst for blood.

The penetration of American multinational companies into your industrial complex, the permanent presence of American banks which are glued like leeches on your national wealth, the parasitic agents of the CIA who are everywhere, the constant threat of American bases on your soil, the Sixth Fleet plowing the waters of the Mediterranean, and the flights of American bombers and spy aircraft over your land must constantly remind you that your struggle for national independence and against intervention in your internal affairs has a long way to go.

Indeed, the Wall Street hawks are beginning to sharpen their claws. The press of the American monopolies has begun to send signals and warnings about the developments in Greece. They say that politically Greece is "veering to the Left." Or that "American business is not pleased with what is happening in Greece." Or that "NATO is about to lose a member." When I read those reports I know that you must be doing something right.

There is a law of national sovereignty born of experience which says that the best way to defend a country's independence is for the country to be independent. And that the worst way to defend independence is a policy of creeping concessions to the forces of imperialism.

They Want to Rule the World

There should be no illusion about American imperialism, its armed forces, or the role of American banks and the multinationals they represent. They have one goal, one objective, one philosophy. They want to rule and exploit the world.

Their exclusive goal is to draw billions from the blood, sweat and tears of the working people throughout the world. They want to rob the resources in every part of the world for private profit. The imperialism of the U.S. sees the world as its own preserve and the peoples of the world as its subordinates. It wants to crush the heroic people of El Salvador and Nicaragua, and to destroy the heroic achievements of socialist Cuba. It sees the Mediterranean as its own military base. In the language of American imperialism, NATO is only an extension of the Pentagon military establishment, its advanced military outpost.

They consider Western Europe as a forward military base. The nuclear missiles are on European soil but the life and death decisions are in the hands of the Pentagon generals who work out of the new underground command post now being constructed in West Germany.

Reagan Wants the Third World War

In the context of the war games played by the American generals, you, the peoples of Europe, are considered sacrificial flesh to be fed to the radiation of the neutron bombs. When Reagan's government speaks of a "limited nuclear war" or about "local nuclear conflicts," it means that it intends to limit the death and destruction--the mass annihilation--to Europe! In their plans the Europeans are "expendable." Cynically invoking the inventor of the neutron bomb, a spokesman for the Reagan administration said: "Too bad the Europeans happen to live in the wrong place."

For those who will survive, the genetic death will continue to kill for many generations as happened in Hiroshima and Nagasaki. An American admiral in a rare moment of candor revealed that "the Americans fought World Wars I and II in Europe and they believe they can fight the next world war, too, on European soil."

As the American propaganda machine grinds out scare stories about "Soviet expansionism," the Pentagon and the CIA feverishly build new military bases in Israel, Egypt, Oman, Saudi Arabia and Diego Garcia, and rebuild them in Somalia, Guantanamo, Britain, Spain, Italy, Japan, West Germany and Greece and in 500 other points on earth, most of them armed with nuclear weapons.

The question is: Who is guilty of expansionism and aggression?

American imperialism works feverishly to build Trident submarines, B-1 bombers, Pershing II missiles, Cruise missiles and the MX. Yet the militarist schizophrenia is not satisfied with a first strike capability from land, sea or the air; they are now trying to impose their military presence in space as well. The new space shuttle is basically designed to put together military space units supplied from earth bases. No one should be deceived by the propaganda reports that the

barbarous, genocidal neutron bomb will be stored in the U.S. because the launchers for this monstrous bomb are already set up in Europe. The American army in Europe will be immediately supplied with this weapon of mass murder. No one should be deceived by the interminable Haig-Weinberger-Reagan talks about some discussions that might lead to negotiations with the Soviet Union. At this moment the Reagan administration has no intention whatsoever of participating in any serious negotiations to reduce armaments.

It is a hypocritical contradiction, high treason against international peace and detente to talk about negotiations for limiting strategic nuclear weapons while pursuing a policy of achieving nuclear military superiority over the Soviet Union.

The U.S. has embarked on this insane course of armaments for military nuclear superiority together with the development of a new, more modern technology for even more destructive weapons of mass murder. They believe that they will then be able to negotiate from the illusion of a new "position of strength." This is the road to total destruction.

Regardless of what name may be used to identify an American base wherever it may be, it is a call to destruction. A new military base wherever it may be is an advanced outpost supporting the aggressive policies of American imperialism everywhere. Such military bases cannot protect or serve the national interests of any country. Because of all the American military bases, the health and lives of the European peoples are held hostage to the world military and economic power politics of American imperialism.

There Are No Victors in a Nuclear War

The big new lie of imperialism is trying to make you think the unthinkable--yet there are certain unquestionable truths about every kind of nuclear war.

a. There are no safe shelters in which to hide from a nuclear war, anywhere.

b. If you are not killed by the explosion you will be killed by radiation.

c. There are no limited or local nuclear wars.

d. There are no victors in a nuclear war, only losers.

It is also a big mistake for the American people to think that the U.S. will be spared in a nuclear war. In reality millions upon millions of Americans begin to understand and worry because they realize that the U.S. is not a paradise safe from the death and destruction of a nuclear war regardless of where it might start. The recognition of this harsh reality is the spark for new mass waves of resistance against the Reagan policy of nuclear confrontation and the arms race.

The fact which makes the war hysteria even more criminal is the effort of imperialism to mobilize the people in support of this insane policy through the use of the big lie. This big lie is based on the myth of the "Soviet threat." What

they call "Soviet threat," and "international terrorism" was and is a gigantic fraud, a mass brainwashing campaign by professional liars. I do not speak of the big lie in an effort to support the Soviet Union. The USSR needs no defense. I do it for two reasons: The big lie is used, first, to cover up the criminal war campaign and muzzle any opposition and, second, to spread lies and distortions about the socialist countries.

For more than 60 years now, from the birth of the Soviet Union and socialism, the main goal of American foreign policy has been to turn back, encircle, undermine, isolate and destroy the socialist world and, above all, the Soviet Union.

Using the same big lie, Hitler led the German people to a war that cost humanity tens of millions of lives, tremendous hardships, devastation and destruction. The same big lie of anti-communism and anti-Sovietism threatens now to blow up the entire world.

More Than 100 Soviet Proposals for Peace

Ever since the beginning of the new cold war, the Soviet Union has made over 100 specific proposals for disarmament and peace. For instance, it has proposed:

a. A treaty binding all countries against using military force;

b. Proposals for the total destruction of all military weapons in existence;

c. A proposal to ban the industrial production of all nuclear and chemical weapons.

d. A treaty to dissolve both NATO and the Warsaw Pact;

e. A public agreement and pledge by all nations not to be the first to use nuclear weapons, and many others.

Of course, the world still waits for some response from the United States on these serious proposals for peace and disarmament. Wars and the policies of war are not the making of diabolical men and women. The oil company Exxon participates in the oil business because the world needs fuel and gas. It participates in the oil business because it means tremendous profits. Exxon policy for profits leads to the oil in foreign soil, which in turn leads to a policy of aggression and war.

I love socialism. But some of you may not. You may also believe that it does not work well. Of course, there are certain problems. But regardless of whether one believes in socialism or not, the fact remains that socialism is not and never was a threat to the world, Europe, or the U.S. This so-called "Soviet threat" is a manufactured threat.

Socialism by its nature has eliminated the economic, political and social force which inevitably leads to aggression, namely, the private ownership of the means of production. In the Soviet Union and the other socialist countries there are no monopolies. For this reason the motive for monopolistic profits domestically and

abroad does not exist. In the imperialist countries the aggressive policy and the military armaments supporting it is an extension of the motives for monopoly profits.

For this reason when one examines the question of war and peace it is necessary to take into account the entirely different objectives of the two socio-economic systems.

Conquests Are Destroyed

The orientation toward war is an expensive proposition. Reagan's policy of aggression, conflict and armaments already costs the American people a great deal. The expenditures reach the unbelievable sum of 1 billion dollars a day! At this level the economy cannot sustain both guns and butter.

Side by side with the arms race, we have Reagan's pro-monopoly policy to lower the average standard of living and the quality of life for the great majority of Americans. The Reagan administration is destroying conquests won in 50 years of struggle in the sector of social security. The Reagan administration is using the entire power of the state (and its armed forces) to break up strikes to chain the trade unions. Like your seamen, the American air controllers are fighting for their legitimate right to strike. The Reagan administration is abolishing all government regulations against racism. The number of unemployed stays above 10 million; 50 percent of minority youth in the U.S. are not only unemployed but unemployable. Double digit inflation is rising. Soon we will reach your atrocious levels.

In the sector of domestic policy we see the largest transfer of wealth from the poor and the working people to the wealthy and the monopolies in the history of the United States. Thus, the worst of times for the U.S. is the reactionary attack by Reagan. The best of times is the unprecedented growth of a militarist mass mobilization, a mass popular defensive army led by the labor unions. Exactly a week from this coming Saturday our capital, Washington, will be the reluctant host of possibly the largest mass mobilization of protest in the entire history of the United States.

The people of the United States are inspired today by a militant disposition. New fronts and popular coalitions mushroom everywhere. Reagan's policy provokes new crises--political and economic. As soon as one is settled, one, two others emerge in its place.

The Permanent Crisis of Capitalism

Capitalism is undergoing a crisis everywhere. It will not overcome this crisis ever, anywhere. From now on it will be in a state of chronic crisis which will deepen and become more permanent with every passing day.

For more than 200 years U.S. capitalism has had the most favorable objective conditions. But it is a fact that American capitalism is not exhausting its reserves. Our industrial cities are in an advanced state of decay. Literally thousands of giant factories and entire industries are dying taking down with them entire communities and destroying the lives of thousands of American families.

The real incomes decline by 5 percent a year on the average. All in all, the quality of life in the U.S. is rapidly declining. Capitalism is a thing of the past. Socialism is the future of humanity. The dangers and the problems in the world are serious. Nevertheless, we also live in the best of times.

The forces which lead the world revolutionary process are getting stronger. The winds of social change are getting stronger and blowing faster. U.S. imperialism is war-like. It speaks with harsh language. But at the same time it is being increasingly isolated around the world. It is forced to maneuver and retreat. Political leaders of countries tied to American imperialism will founder in the swamp of their decay and corruption.

Our times are good times because history teaches that the forces of peace and progress can and will win.

Long live the friendship between the Greek and the American people.

Down with imperialism!

Out with imperialism!

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CSO: 4621/2

PSOE ORGAN, MEMBER OPPOSE NATO ENTRY

Socialist Organ Opposed

Madrid EL SOCIALISTA in Spanish 26 Aug-1 Sep 81 pp 14, 15

[Article by Felix Santos: "Neither Proper Nor Well-Timed"]

[Text] The government has gunned the accelerator to plunge us headlong into NATO. Its desire is that Spain be a member of the Atlantic organization before the year's end. But it will not be an easy goal for Mr Calvo Sotelo to attain. Now, the opposition of the leftist parties (next week, PSOE [Spanish Socialist Workers Party] will begin a public awareness campaign) has been compounded by a new factor: the doubts and misgivings that have arisen in UCD's [Democratic Center Union] executive committee which, if they develop, would reinforce the growing popular opposition to the serious step that Calvo Sotelo wants to take as soon as possible.

At the meeting of the government party's executive committee, held last Wednesday, 19 August, there appeared a front, composed of Adolfo Suarez, Francisco Fernandez Ordonez, Luis Gonzalez Seara, Abril Martorell and Rafael Arias Salgado, which voiced hesitancy regarding Calvo Sotelo's decision, claiming it to be ill-timed, and basing its view on some of the arguments put forth by PSOE to oppose Spain's entry into NATO.

Insofar as we know, this attitude of reservation and vacillation within UCD's chief leadership organ is new. At its two congresses, the government party revealed itself to be Atlantist, without any division. At the one in Palma de Mallorca, the government was even given the go-ahead to select the timetable and the appropriate parliamentary procedure. And Calvo Sotelo, in his investiture speech, made a lengthy, clearcut reference to his intention of hastening the entry. At the aforementioned meeting of the executive committee, the UCD "Suarists" and Social Democrats never expressed opposition to the Atlantist option, but objected to Calvo Sotelo's decision, regarding it as "ill-timed." Only Gonzalez Seara voiced opposition to taking the step of joining, for reasons that were also fundamental.

At the lively meeting of the Centrist executive committee, although no one brought matters to the extreme of a formal break in the unanimity with which the Centrist decision has been officially presented, there was a heated debate on the topic, and the aforementioned sign of opposition, argued on the basis of the untimeliness of the measure. This incident has alarmed certain conservative sectors. For example,

the newspaper ABC, in an editorial in which it attacks that Centrist sector which is now expressing misgivings, explains that the reasons based on timeliness given by former President Suarez are somewhat reassuring to it, "since we all know that when, for some reason, we do not wish to criticize something overtly, we criticize its timing, so that the shots end up hitting the thing itself."

This may perhaps be an over-interpretation because, furthermore, nothing has been learned to warrant the opinion that those disputes among the members of the UCD executive committee mark the beginning of a trend of opinion ready to do battle in order to prevent the fait accompli policy which Calvo Sotelo wishes to implement in this regard. What is, indeed, true is that this major vacillation within the leadership organ of the party in the government demonstrates the need, on an issue of such great seriousness and significance for the security of all Spaniards and for the future of Spain, to proceed toward a national debate, held with loftiness and integrity, that would make it possible to settle the controversial issue with a referendum wherein the people would decide upon the issue directly.

A Civilized National Debate

That national debate must take place with integrity and loftiness, and without low blows or stabs in the back. It befits us to stress this. An appeal for fair play is essential because, in the disgraceful example set by a sector of UCD, with the story of the secret PSOE-CPSU pacts, finally discredited by Calvo Sotelo, imitators who are no less despicable and treacherous are not lacking. There are those who go about writing in the newspapers that the opposition to entry into NATO "is not inspired by a single serious idea other than that of aiding Russia" (Augusto Assia, in YA of 23 August). They have even gone so far as to write that those opposed to such an entry are not patriots (Manuel Monzon, in ABC of 22 August).

The country seems to be about to become divided into "NATO-ists" and "anti-NATO-ists" or, if you prefer, into "NATO-ophiles" and "neutralophiles", just as it was at the time, bridging the enormous gap between the two hypotheses, when the nation was divided between "ally-ophiles" and "Germanophiles" (the political-ideological substrata then backing the "ally-ophiles" would now be closer to the "neutralophiles" than vice versa). The bad aspect is not so much this bipolarization, provided it occurs through honest debate, as it is the hostility spread by those who discredit in advance and harass, a priori, anyone who does not think as they do, contributing ideas and arguments to a debate that is so important to everyone. It is, once again, the philosophy of those who prefer to conquer, without regard for the methods, rather than to convince.

And that great national, public, civilized debate is necessary; because, regardless of what decision is finally made, the issue will hover over our heads and will cause much warfare in the future.

But, in addition to the fundamental error, there are reasons involving timing and procedural methods that must be considered. Calvo Sotelo has sought to back and protect his option by consulting the Armed Forces and the Council of State. He consulted the Superior Councils of the three branches of the Armed Forces on 21 August. Those advisory and consultative organs of the defense minister have given their support to the government's proposal. And, within a few days, the Council of State will issue its decision, which will related only to the manner of the parliamentary procedure.

A Factor for Polarization and Confrontation

The occasion could not be less timely, whether viewed from a national or an international standpoint. From the angle of the national situation, entry into NATO introduces a factor for confrontation among the various political forces, and for ideological polarization in a situation wherein the most sensible thing (has it been forgotten that the outcome of 23-F is contingent on the judgment of those responsible in courts martial and on the sentence imposed?) is to seek the convergence of the parliamentary forces with respect to the major state problems, leaving for another occasion the issues which divide and create confrontation. This is because the dynamic aspect of those confrontations could guide, or debilitate or muddle the implementation of the agreements reached on the other issues, and foster the plans of the destabilizers.

Moreover, it so happens that to be a member of NATO now entails many more risks than during other less heated periods of history. Events of the past few days, Reagan's decision to assemble the neutron bombs and the incident off the Libyan coast, have made this obvious. And let it not be claimed that there are different methods of joining NATO and that, in any event, the entry would be contingent on the exclusion of the installation of nuclear devices on our soil; because the fact is that an organization such as NATO has a dynamic nature based on the international situation at each moment and, once in it, it is an illusion to think that one could say, "For this type of weapon, count me out."

The step that Mr Calvo Sotelo wishes to take contradicts a tradition of neutrality which has proven very good for us historically, one with which we have accrued excellent results, from both an economic and a humanitarian standpoint.

The daily paper EL PAIS (the only newspaper with national circulation that has not become alined in favor of the government's decision) has recalled this in a recent excellent editorial.

Despite the haste of the president of the government to put us into NATO, the controversy, by no means considered settled, awaiting a mere parliamentary vote, is at its beginnings. Next week, the Socialist Party will start a campaign, during the course of which signatures will be collected requesting a referendum on the issue. That campaign will be associated with the people's increasing awareness of certain aggressive preparations, and of the dangerous dynamics of the military blocs.

Comprehensive Reasons Against Listed

Madrid EL SOCIALISTA in Spanish 2-8 Sep 81 pp 20, 21

[Article: "Reasons for a Refusal"]

[Text] When the government is ready to implement our country's entry into NATO in an expeditious manner, the right to be informed, the right to be consulted, and to participate in the serious step, is a requirement in a democratic society. Of the many questions that could be asked about the implications, significance and repercussions entailed by adherence to the Atlantic Alliance, we have selected a series of questions which the average citizen is undoubtedly asking, and to which a complete

answer is given. They are meaningful answers, and weighty reasons on which our "no" to NATO is based. Nothing has been lost to us in NATO; and we could lose a great deal by entering it.

What does NATO cost?

NATO costs what its members decide.

Each country pays for its own military mechanism and, in addition, cooperates in the proportionate maintenance of the common costs of infrastructure: main headquarters in Brussels, general headquarters, common bureaucracy, common infrastructure projects, etc.

In 1980, the costs of NATO totaled $247 billion, which represented 3.95 percent of the combined GDP of all the member nations. In 1980, Spain allocated 3.46 percent of its GDP for military spending.

What would entry into NATO cost Spain?

Again, there is ambiguity on the part of the government. NATO does not have forces other than those of its members. They are national forces integrated into the organization and subject to the administration of its commands. In one instance alone (for example, in a study made by a commander and submitted at a colloquium in S'Agaro last year), the cost of the dues for belonging to the organs has been estimated at about 3 billion pesetas. But this is on the assumption that the Spanish units are not placed on the level of NATO. An analysis of the expenses of the NATO member nations made by the International Institute for Strategic Studies, compared with the Spanish expense, shows that, in order to be placed on the same level, the increase in defense spending would stand between 30 and 40 percent of the present expense.

Obviously, no.

Would NATO cover our entire territory?

Article 6 of the North Atlantic Treaty excludes northern Africa, its adjacent waters and its overlying space. Ceuta and Melilla are not covered either by the Treaty or by the Organization. We could not invoke any article nor any precedent. The Canaries might be included in the NATO area, but this (and all the political forces in the Canaries as well as the general public in the archipelago are of this opinion) would increase the political risk for the Canaries. There would be a response on the part of the so-called African progressives, who would attempt to bring up again in the Organization of African Unity (OAU) the spurious issue of the African nature of the Canaries. Spurious, but it would create problems and force Spanish diplomacy into unnecessary wear and tear.

Would Spain's entry into NATO cause it to run greater risks than those currently assumed for our civilian population?

Obviously, the risks for the civilian population would increase considerably.

The facilities that would have to be made available to foreign forces in our territory increase the risk of an accident.

In the event of an installation of nuclear weapons, the risk is evident, both in peacetime and wartime. In the latter instance, in modern warfare there is no difference, insofar as risk is concerned, between the Armed Forces and the civilian population. More of the German civilian population perished in the bombing of Dresden by the allies than in almost the entire Russian campaign; not to mention Hiroshima and Nagasaki. The civilian population is the indirect target of the destruction of military installations. Insofar as the entry into NATO increases the risk of Spain's nuclearization, whereupon we would move from a status of logistical reserve to the front line of the conflict, being exposed directly to its consequences, the status of the civilian population would be inevitably exacerbated. In the event that we enter NATO, the people should demand a genuine civil defense system: shelters, storage for provisions, underground hospitals, etc.

If it is to be minimally effective, that is, to save half the population, civil defense has been estimated as having a cost impossible for the superpowers themselves to meet, for their own populations.

Could entry into NATO force Spain to become involved in regional conflicts of a limited nature?

The situation is odd, paradoxical and extremely unfair. We have already observed that, if Spain had a conflict of its own in northern Africa, it would not be covered, defended, aided or protected by NATO. On the other hand, the commitments to the Organization and the mere signing of the North Atlantic Treaty would involve Spain in a local conflict, which would be limited in the degree to which the Organization considered it a threat to the system. In some of these conflicts, the position of Spain and those of the leading powers of NATO could differ considerably.

What commitments does Spain assume if it enters NATO?

On this point, the government and its party are dealing with ambiguity. They claim that an "a la carte entry" is fitting; in other words, that our obligations could be gaged or limited. At first, they maintain, they would be only those stipulated in the Treaty (something similar to a solidarity of defense, stipulated in Articles 4 and 5). But this is a half-truth. If Spain's entry into NATO is sought by the United States, it is because the latter wants a member that will immediately, or within a short period of time, assume all the commitments which the members have been assuming from 1949 to date. Furthermore, it wants one that will reinforce the area of the members less reluctant to pursue the policy of a hard line, rearmament, a 3 percent rise in real terms of the defense expenses and (when it becomes necessary for the NATO military leadership in Europe) the potential deployment of certain nuclear weapons. A Spain as a NATO member which would claim special treatment, with less participation than others, would evoke a similar position among countries which are critical of the current tendency toward a hard line and nuclear rearmament without limits. This applies to the Netherlands and, in part, to Belgium, Denmark, Norway, etc. Immediately, or within a very short time, the Spanish commitment would be total. Thus, it would be at the cost of decisions, in the making of which it

would have little participation. If France claimed this situation in 1966 (that it did not even control the use of the NATO bases in its territory, if the real defense plans had not been approved by France), what would be the status of a country with less clout than France, namely, Spain?

Under the present circumstances wherein the Reagan administration is seeking to extend the action from NATO to other theaters, the implications for our foreign policy in the Mediterranean, the Persian Gulf and the Near East would be inevitable.

Does Spain's entry into NATO increase the risk of the nuclearization of Spain?

Spain has been denuclearized since 1979, since the submarines carrying Poseidon missiles left the base at Rota, in compliance with the terms of the Spanish-American Treaty of January 1976. In a bilateral agreement it is difficult to reintroduce retroactive clauses that would again allow for nuclearization, even if only because that treaty must be ratified by the General Cortes. It is quite a different matter if we enter NATO, because we would be subject to the decisions of the Organization's entities, and to the directives from its commanders. NATO, unlike a bilateral treaty, creates its own regulations and obligations. It is something dynamic, with a life of its own. Hence, the position of a medium-sized state, refusing a decision of this type, is actually very weak. Moreover, if, as is likely, there is a continuation of the trend toward the nuclearization of NATO in Europe, it would be almost impossible for Spain, if it should enter, to be an exception over the medium term. This is obvious, and there are already some serious problems among certain member nations as a result of the decision on nuclear rearmament.

Could Spain's entry into NATO drag our country into a world conflict?

Obviously, if Spain were not potentially involved in a world conflict, its entry would serve no purpose, it would not make sense. This is clear when one reads Article 5 of the Treaty creating the Alliance.

The realization by everyone that Spain is a member of a multilateral alliance devised for the contingency of a world conflict could, in the minds of the NATO strategists, serve to warn and dissuade the adversary.

This obligation is far more serious today, because the superpowers are attempting to globalize any concrete situation; in other words, any tension at a given point, for example, in the Red Sea, the Persian Gulf, the Near East, etc., is considered to be connected with the entire system. Hence the tendency to involve the Alliance in any point that the United States decides is essential.

Does entry into NATO break Spain's tradition of neutrality?

Spain has a long tradition of neutrality, which has brought good results for the nation's interests.

But it is not a neutralist state, because neutralism is interpreted as a political movement of the countries which find in nonalinement the position that befits their cultural, political or other status. They are usually former colonial countries, or developing nations.

Nor is Spain neutralized by an agreement among the great powers, as in the case of Austria; nor is it by unilateral decision, as was decided in its time by Switzerland. In other words, Spain has historically retained its capacity to decide, at a given moment, with a conflict in view, whether it would participate or declare itself neutral.

Upon the agreements with the United States, the situation has changed somewhat; but entry into NATO is a giant step on a path toward automatic dependence on external situation that cannot be controlled by a medium-sized country such as ours. It is not that neutrality is being abandoned; it is a matter of becoming integrated into the structure and dynamics of the military blocs.

What effects would a decision of this type have on Spain's foreign policy?

The policy of a country such as Spain must be inspired by the pursuit of certain essential goals. These might be: a. to work on behalf of peace and the easing of tensions; b. not to break general balances on which the present world situation is based; c. to achieve, within this state of balance, a margin of autonomy that would preclude the satellization of the country.

a. To work on behalf of peace and the easing of tensions. International tension makes the construction of democracy far more difficult, makes internal political differences more acute and militarizes political thinking , so that every political issue is viewed from a strategic, military standpoint. From that standpoint, the concrete interests of a nation yield to the geostrategic, global view of the superpowers. In order to preserve their economic, political, cultural and other interests, the medium-sized powers must strive to foster the easing of tensions. Entry into NATO is a factor opposed to the easing of tensions.

b. Not to break general balances. Because in the strife-ridden world in which we are living, survival depends on this balance. Just as a neutralist stance could upset the "status quo" against the West, entry into NATO works in the opposite direction. In other words, it would increase the tension and the aforementioned effects would occur.

c. It must also avoid satellization. A satellite is one which reacts to any situation, not in keeping with its interest, but rather in keeping with the general position of a more powerful country on which it is dependent. How can satellization be avoided? By succeeding, in certain directions and within a wide margin, in obtaining the greatest potential for maneuvering to uphold its own interests. Entry into NATO, especially in a state of tension, almost one of cold war, such as the one at present, reduces the autonomy of Spanish policy to a maximum extent in the Mediterranean, the Near East and Latin America. It would end up making the policy of the leading superpower in NATO.

There is no connection between belonging to NATO and to the Common Market, and hence it is wrong to make any parallel between the two. Ireland is a member of the Common Market and not of NATO; Norway is a member of NATO and not of the EEC.

Executive Committee Members Against

Madrid EL PAIS in Spanish 20 Sep 81 p 10

[Article by Jose Federico de Carvajal, member of the PSOE's Federal Executive Committee: "The Arms Race, NATO and Spain"]

[Text] In May 1978, the NATO Council made the decision to increase its military budgets and to undertake a long-term program to expand the storing of weapons among the countries which signed the Treaty.

Subsequently, in December 1979, the United States, with the consent of West Germany, implemented a plan to install new medium-range nuclear missiles, called "theater missiles," in Europe. The total number of these missiles agreed upon was 574, and they are the so-called Pershing 2 and Cruise types.

The justification for the installation of the aforementioned missiles was that the Soviet Union had deployed against the nations of the North Atlantic Treaty new missiles known as SS-20, installed on mobile bases, with three nuclear warheads, and with their deployment the balance that existed between NATO and the Warsaw Pact had been broken.

The Soviet Union argues that this is not true, that these new missiles have not increased the number of those in existence against the NATO nations; but that, on the contrary, they have even been reduced, because the SS-20 are replacing the SS-4 and SS-5, and, in some cases, more than one of these missiles; and that the only thing thay has been done is to modernize the existing weaponry, which had become obsolete.

The Atlantic Treaty, for its part, stresses that, because they are mounted on mobile bases and have three nuclear warheads, it has become more difficult to locate them and that their number has been increased, thereby breaking the balance in any event.

In response to this, in a recent article published on 25 July of this year, Marshal Ustinov, the Soviet Union's defense minister, stated that there is approximate parity in medium-range nuclear weapons, with the number of carriers totaling 1,000 for each side. According to Ustinov, NATO has American F-3 and F-4 planes carrying nuclear weapons, installed in bases located in West European countries; medium-range FB-3 bombers; A-6 and A-7 airplanes carrying nuclear weapons aboard American aircraft carriers, all of these exceeding 700 units; as well as medium-range land-based missiles, submarines carrying missiles and bomber aircraft in the countries allied with the pact, with over 300 units in all, with a radius of action ranging between 1,000 and 4,500 kilometers.

Ustinov also adds that these weapons have been modernized, and are continuing to be modernized, and that, in the United Kingdom, the submarines are being equipped with improved Polaris A37K missiles and the installation of Trident missiles is being considered. France has monoblock head missiles installed on land and at sea, which will be replaced by missiles with seven warheads. Therefore, Ustinov states in the aforementioned article, with the installation of the new Pershing 2 and Cruise missiles in numbers approaching 600 on European soil, the Atlantic Pact will have 50 percent more medium-range nuclear weapons than the Warsaw Pact.

The fact is that it is extremely difficult for the one writing this to ascertain whether the installation of the SS-20 by the Soviet Union has broken the balance or not. I think that this is a matter which only the Russians and the Americans know for certain. But the actual fact is that an arms race has started, and the United States has decided to continue this race. Defense Secretary Weinberger has declared that the United States must reestablish the mobility of its armed forces, and react rapidly to the change in the situation, regardless of the part of the world in which it occurs; adding on another occasion that the United States would spend whatever was necessary to increase its war potential and to accrue advantages over the Soviet Union.

A result of all this is that the United States Defense Department will increase its budget by over $40 billion next near, reaching a total of $226 billion. The defense spending over the next 5 years will amount to approximately $1.5 trillion.

Added to this is the fact that President Reagan has recently expressed the United States' intention of manufacturing the neutron bomb, a statement which evoked a resultant consternation throughout the world. If we add to this the United States Senate's failure to ratify the SALT II Treaty, the picture is complete.

Understandably, the Soviet Union is not going to lag behind in this race, and will increase the number of its missiles and, in turn, will start manufacturing neutron bombs.

It is true that, according to Brezhnev, the Soviet Union has proposed an increase in the measures of confidence, extending the area for implementation of these measures to the European part of the Soviet Union, on the condition that the same action be taken by Western Europe.

The Soviet Union was thereby referring to the islands, seas, oceans and airspace adjoining the continent. NATO has responded by claiming that this is not viable, because in the pertinent accords mention is made only of the European continent, and these areas are not a continent.

There is also a problem relating to the moratorium proposed by the Soviet Union to stop the deployment of new nuclear missiles in the NATO and Warsaw Pact countries, and to begin talks. The Western side argues that the SS-20 already installed by the Soviet Union must be withdrawn.

I think that this topic should be subjected to discussion, and that the talks on nuclear disarmament should be started.

In short, worldwide tension is increasing at present. The countries have launched forth into the arms race impelled by the aggressive policy of President Reagan; and as part of these dynamics, we think that the danger of a nuclear war has increased. As we have observed, NATO has a major role in the matter, whether because it believes that its security requires the installation of the Pershing 2 and Cruise missiles, or because it is allowing itself to be dragged along by the United States armament dynamics.

And this is the time that the Spanish Government has chosen to request entry into the North Atlantic Treaty Organization. By virtue of the bilateral treaty in effect

with the United States, the nuclear weaponry was removed from Spain; and therefore, according to the reiterated statements of the Soviet Union, we have ceased to be a target for the Soviet nuclear missiles, because the latter are only aimed at the countries in whose territory nuclear devices have been located.

Accepting Nuclear Weapons

Regardless of what may be claimed, I believe that our entry into NATO will require the nuclearization of our country; although protests are being made to the effect that it is feasible to enter the Treaty on the condition that our country continue to be denuclearized. We think that if we are entering the Treaty for greater security guarantees, these guarantees would require the installation of nuclear devices; and, furthermore, what would our contribution to NATO be if, after our entry into it, we were to remain in the same situation as we have thus far?

At the dinner held by Mr Oliart on 2 September with newsmen, he stated that, although on principle there would be no deployment of nuclear weapons in Spain, this would not preclude the possibility of our placing nuclear missiles in our territory if our defense so required.

The reading of this seems clear to me. It means the intention of accepting nuclear weapons on our native soil. And the acceptance of nuclear weapons our our native soil means that, in the event of a conflict, we would be one of the first targets of the missiles of the opposing power.

Therefore, and in addition to a great many more reasons which occur to me and which back the judgment that Spain should not enter NATO, and so as not to depart from the context of the article, I shall only say that it seems to me to be absurd, during a full escalation in world tension and in the arms race, when the danger of a nuclear conflagration is most acute, for this to be the time when Spain requests its entry into NATO; and that if previously, we had a possibility, however remote, of freeing ourselves of the consequences of a war, this possibility would disappear completely upon our adherence to the North Atlantic Treaty.

Any Spanish contribution to the alliance's military system, stationing of foreign troops in our country, or the location of war material, even if it be conventional, or the granting of facilities involving the nation's land, sea and air space, represents military targets that must be destroyed, and hence an increase in the risks that we must run in the event of war. If we add to this the specific obligation imposed by Article 5 of the Treaty, of aiding a member that is the object of an armed attack, I believe that the pincers are closed and we are inexorably caught in the consequences of a potential nuclear disaster.

It seems clear to me that Spain would contribute very little or nothing to NATO by entering it; and that our security and our defense would benefit very little or not at all from our entry into NATO. If we have any potential enemy, against which we must prepare ourselves, it is not in the northern part of Europe; and against this very enemy we would never be helped by NATO. Part of our territory, the military strongholds of Ceuta and Melilla, lies outside of the territory protected by NATO. Then why must we enter NATO? Why must we become involved in the arms race and the risk of a nuclear conflagration? Why, at least, are the Spanish people not being consulted, so that they may decide on an issue as important as their security?

Military Poll Analyzed

Madrid EL SOCIALISTA in Spanish 2-8 Sep 81 pp 18, 19

[Article by E.G. and E.R.: "How the Opinions of the Military Are Divided"]

[Text] The magazine DEFENSA, specializing in military affairs, held a poll among its readers in May 1980, regarding the question of Spain's entry into NATO. Based on the data from this poll, EL SOCIALISTA has tabulated the answers obtained from among the military readers, which show some revealing aspects of the issue.

In the data from the aforementioned poll, which analyzes a sampling of 4,123 members of the military, it is interesting to dwell on the aspects that are the greatest cause of controversy between the political segment and the more informed population.

In the first place, we must stress the clearcut division in the opinions of the military regarding the definitive question: Should Spain enter NATO? (Table I). Of the totals in the poll, 61 percent favor entry and 33.45 percent are opposed. But there is the circumstance that the proportion of officers and petty officers answering the poll (the very ones who are largely opposed to entry) is far smaller than what actually exists within the Armed Forces. For example, in the poll, the group of chiefs accounts for 40 percent of the total, whereas that of officers is 53 percent and that of petty officers is only 7 percent. As everyone knows, this proportion is actually the opposite: the number of officers is considerably higher than that of chiefs (compared with 20.5 percent chiefs, there are 32 percent officers and 47.7 percent petty officers). For this reason, if the projection is made of the opinions based on groups with respect to their real percentages in the present rosters, it turns out that only 51.9 percent are in favor, while 45 percent are opposed, and 3.06 percent express no view. In other words, the NATO issue has divided the opinions in the Armed Forces virtually in half.

As was noted at the time, this division has become acute in generational terms, with the majority of those who think that Spain should not enter NATO included among those under 40 years of age.

Consequences and Risks

Some of UCD's NATO-ist members claim that the consequences and risks which Spain would assume upon joining NATO hardly increase with respect to the current situation. The views of the members of the military polled are clearly different. Table II shows their responses in the event of a conflict between the two blocs which, of course, need not be an overt, total conflict, but could be a partial confrontation or a mere escalation of the tension. The risks that Spain would assume by entering the Atlantic Alliance are clear to the military. When one considers that 60 percent of those polled are advocates of the entry, it is not odd that, when responding about the risks, there is a tendency to downplay them. Therefore, rather than the total percentage figures, what is important to emphasize is the difference that is noted when they answer, "outside of NATO and inside of NATO", the question as to whether Spain would be involved in an East-West conflict, as well as the differences between the hypothesis of a conventional war and a war with nuclear elements.

There is no room for doubt: 87.92 percent of those polled think that Spain would be heavily involved in a conflict of a nuclear nature between blocs, in the event that it belonged to NATO. This figure declines to 51.69 percent if Spain remains outside of the Alliance. The difference is obviously substantial, even despite the logical tendency that exists among those favoring the entry to make this variation minimal.

In other words, it is impossible to conceal the fact that the risk factor changes completely is Spain enters NATO.

NATO Costs More

One of the most obscure points in the debate is that of the increase in costs entailed by entry into NATO, something which, for a country beset by the economic crisis as Spain is, is not an asset. Understandably, the government claims that the costs will not increase, and has even claimed recently that the defense budget could be reduced. The idea seems to have come from a book ("NATO and Spain, the Price of an Alliance", Angel Lobo, Sabado Printers, S.A., Madrid, 1981), in which the author goes so far as to claim that the entry would only cost the first annual dues, which would presumably be only about 1 billion additional pesetas; in other words, the same amount that Haig cited in 1978 (p 174). Thus, the direct costs would only increase the defense budget by 0.31 percent over that approved for 1981. The financial problem will have to be examined more in depth, but one thing can now be asserted: The book has a lag of years at least because, among other things, it overlooks the American request for an increase in the 3 percent of the GNP of the member nations. That updating prompted General Haig himself to make a substantial change in the annual dues, multiplying the billion of 1978 by six, in the case of Spain. The PSOE's calculations, made in a very moderate way, indicate that Spain's entry into NATO would raise the defense budget by about 40 percent more than that for 1981.

The opinion in this regard expressed by the members of the military who were polled is also clear. Chiefs, officers and petty officers think that the entry would entail more advantages in terms of war material, but the majority are unanimous in responding to the question as to whether the entry into NATO would entail more disadvantages than advantages (Table III).

One final observation regarding the poll. In any case, and if one has a minimal amount of intellectual honesty, one would have to say that all the responses given by the military, and primarily the direct one on whether or not Spain should enter NATO, should be evaluated in the light of the understanding that they themselves claim to have of the matter (Table IV). It is already known that, among the civilian population, the lack of understanding that exists is the number one problem. Although, according to all the polls, the majority think that Spain should not enter NATO, nearly 40 percent state that they have no evidence in the matter.

In the case of the members of the Armed Forces, this lack of understanding is far less, as is to be expected, but even so, only a significant 17 percent claim to have a great understanding of the issue. It seems evident that the UCD government wants to make a decision by giving the Spanish society a shock treatment.

Table III

Advantages and Disadvantages

	Economic	
	Advantages	Disadvantages
Chiefs	50.2	56.2
Officers	19.0	71.4
Petty Officers	0.0	100.0

Note: These are questions with more than one answer, and therefore they do not add up to 100 percent. (Magazine DEFENSA)

Table IV

Understanding of NATO

	Chiefs	Officers	Petty Officers	Totals
Much	12.5	19.2	28.5	17.17
Moderate	68.7	66.6	61.5	67.08
Little	18.8	14.2	10.0	15.75

Source: Data from DEFENSA poll.

NATO Entry Undermining UCD Unity

Madrid EL SOCIALISTA in Spanish 2-8 Sep 81 p 22

[Article by Miguel Angel Molinero: "NATO Also Divides UCD"]

[Text] Every time a political issue of national scope and projection is dealt with, UCD shows signs of wanting to illustrate, for the umpteenth time, by its action, the famous "Saturn Devouring His Children" that was present in the dreams of Goya's intellect. Divorce, the autonomies and ideology are links in that long chain. The matter of joining NATO could not be an exception. Now, it is claimed that this was always a key point in the Centrist political program, with a touch of pride at having been capable of maintaining a position throughout the transitional period. But the reality is quite different: No sooner had the military Guadiana of NATO appeared, when it became lost in a boundless future. In particular, painstaking care was taken not to stress "the Atlantic option" when there were electoral confrontations on the horizon; something which confirms the Centrist apprehension that the decision might be substantiated by appealing to the voters. They assume, with good reason, that among the Spanish people there is a large majority who view the joining with misgivings, if not outright aversion.

Suarez Against Suarez

In order to present the matter from a perspective that would be more favorable to its interests, it was necessary to resort to the presumed "very secret" pact of the PSOE with the CPSU, in an attempt to revive the most outworn scarecrows of the cold war, which was described by Calvo Sotelo himself as an "indiscretion" on the part of the Centrist apparatus. With the aura of 23-F, the sudden acceleration that the current president of the government wishes to give to NATO is intended to be definitive. In addition to public opinion, he must convince sectors of his own party, headed by Adolfo Suarez no less, who participated actively in the designation of his successor.

During his term, Suarez, with his well-known, technique, did some juggling with the possibility of joining the Atlantic Alliance, followed by rapid sleight of hand. At one particular time, Marcelino Oreja, then minister of foreign affairs, considered the membership about to be accomplished within a short time, in some reverberating statements. Later, the matter entered the shadowy area at Moncloa, and it was eventually extinguished. The international obstacles involved in our relations with the Latin American and Arab nations, not to mention Gibraltar, whose British sovereignty we would be forced to defend within NATO, in a paradox of gigantic proportions, worthy of Chesterton, entered Suarez' mind.

The latest meeting of the UCD Executive Committee, held last week, was the stage for the confrontation between Suarez and Calvo Sotelo, who thereby publicly broke the pact of silence observed up until then, and explained their differences, which are fundamental. This appeared to be an initial episode in what promises to be an inflexible power struggle within the Centrist party. Suarez, flanked by Abril Martorell and, from another angle, by Fernandez Ordonez and the Social Democrats, expressed serious reservations about the feasibility of a precipitous entry into NATO at a time when decisions such as that concerning the assembly of the neutron bomb negate the value of recent promises by Calvo Sotelo, who did not hesitate to state that our entry would not entail the installation of nuclear devices in our territory, an inconceivable argument if there be any, bordering on childishness. He also dealt with the unprotected state in which the Alliance leaves Ceuta and Melilla; Calvo Sotelo repeated the superficial argument with which he has presented NATO's requirements on other occasions, and withstood, as best he could, the criticism opposing his intention. At that time, all his concern was focused on finding ways to rob Parliament insofar as possible of the opportunity to hold a discussion, converting it into a mere sounding board for his previously adopted decision. In this connection, his consultation of the Superior Council of the branches of the Armed Forces, and the legal opinion requested of the Council of State, both of which are entities formally included in ramifications of the administration, implies a return to times wherein the legality of decisions was a matter for power systems which backed one another. On this occasion, everything that does not emanate from the Constitution and from Parliamentary consideration is an expedient of dubious usefulness, accrediting only the government's intentions. The suture points which precariously tie UCD together will not be strengthened by the NATO campaign. The insecurity of the government party has prompted it to decide, at the last minute and in an improvised manner, on a press campaign aimed at countering the projection which the Parliamentary left's actions have had on public opinion that is not particularly predisposed toward entry into NATO, and alarmed by the haste with which it

is desired to settle an issue of such heavy caliber, one that has never been better described. The NATO issue, according to Calvo Sotelo's intention designed to give an impression of decision in military matters, which have been painfully sensitive of late, and to reinforce the always broken unity of UCD by way of dialectical confrontation among other forces, will not serve these purposes. Rather, it has opened another breach. It is not an "ideological" issue for left-right polarization, but rather one for calm consideration of a decision that has appeared replete with dangers.

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LO SHIFTS CONCERN TO MAINTAINING ECONOMY POSITION

Stockholm DAGENS NYHETER in Swedish 7 Sep 81 p 5

[Article by Bo A. Ericsson: "A Different Congress: LO in a Double Crisis"]

> [Text] There must be a reconstruction of the entire economy. At the same time there must be a more just sharing of incomes, property and influence, through the employee funds and by other means. That will be the main message from the 20th congress of LO [Federation of Trade Unions] which begins at the end of next week.

LO says that Sweden today finds itself in a double crisis. In order to survive it and save jobs, a new and broader cooperation is required. There must be an end to sharp confrontation between different parts of society.

The LO congress begins next Saturday--19 September--and in several ways it will be a different congress.

During most of the postwar period LO congresses have dealt with forward movement, of reforms of various kinds on a broad front.

It will not be like that this time. Now it will instead be a question of protecting the gains that have been made.

The reason for that is the dramatic change of scenery which has taken place since the last congress in the spring of 1976 and which created a new situation in, among others, the two areas which make up the heart of the labor union movement: employment and wages.

In both of these areas the situation today is that the labor union movement is forced into a defensive position, and can not as previously safeguard the members' interests.

Some of the main features in this change of scenery which took place are briefly described as follows:

- The economic growth has been drastically slowed--there is no longer a growing cake to divide, and there is not, as previously, room for reforms. Instead, we are living beyond our means.

- Real wages have not only stopped growing, many groups today have less money at their disposal than before.

- A long-range crisis for jobs has arisen which is probably of greater dimensions than at any time previously in the postwar period, and which will hit LO members hardest of all.

- There is no longer a social democratic government in Government House--with all that implies for LO in the form of fewer contacts, different values, etc.

- Employers' organizations have--as LO sees it--become more militant, more politically inclined, resulting in a worsened climate for contacts.

Imbalance

LO Secretary Rune Molin, the LO official responsible for the congress, said, "We have come away from the important balance which previously existed and which meant that the capitalists had the economic power and the labor movement had the political power."

These changes have led in practice to LO's influence generally decreasing, and its possibilities to act and achieve concrete results are thereby limited.

For example, with increasing unemployment--the really dominant question in the labor movement today--LO can still make demands, ask questions and try to win supporters as before. But, they say in the LO Building, they do not listen to us. Therefore the developments of recent years have meant for LO a sort of wandering in the wilderness.

"But it has also meant," said Rune Molin, "a warning signal to society at large that Sweden has lately begun to experience such unusual things as occupation of factories and talk of political strikes to demonstrate against unemployment."

The changes have also had other results. For example, computerization has gone faster than was expected at the last LO congress.

At the same time the restructuring of industry has gone deeper, farther and more perceptibly than expected--with a great loss of jobs as a result. And in step with this there are increased protectionist tendencies within several LO organizations.

Priorities

The fact that LO must now firmly prioritize employment and perpetuation of jobs has caused several other questions, which previously were on top in the debate, to yield their places somewhat. For example working environment, equality, MBL [workers' right to participate in management], the international questions, all fit into this category.

Among the motions to the congress which LO leadership will reject--this may later prove to be incorrect--are, for example, demands for nationalization of banks and insurance companies, energy supplies, oil companies, private forestries and pharmaceutical companies.

Rune Molin said, "The main question today is how we will arrive at a situation where industry can again begin to expand and will again have something to divide. Which demands are placed on us, and what demands we can make. Before this we need a dialogue with business, and we need to come up from the trenches."

In the agenda of the congress there is a long list of recommendations about how Sweden can emerge from the crisis, according to LO's view of the matter. Mainly it is to create a more offensive economic policy than the policy of contraction that the government is following.

In the report on "Business Policies for the 80's" it is stated that the double crisis consists of: an economic inflation and structure crisis, and a crisis of confidence in the sharing policy. Both have had results which the LO can not accept.

In the same report it also says, "The basis for a way out of the crisis must be better and broader cooperation with business. The development toward sharp confrontation which marked the 70's must be ended. Cooperation must be based on mutual concessions between employee and businessman...and on a broad agreement about division of income between the laborer and the office worker, and between the industrial official and the public official."

The key to this understanding, according to LO, is employee funds. The report says, "The key question is that the employees must accept higher provits in business in order to finance a strengthened solidarity and a quick increase in investment--especially in the competitive sector, at the same time as the businesses must agree that the employees get a share of these profits, make collective pay distributions to owners' capital and in return are given influence in the company."

Higher Profits

Briefly, therefore: higher profits, temperate wage demands in return for employee funds.

An important element in the background of the congress is that many "ordinary" LO members today connect the fund question directly to employment. The funds have come to represent a main instrument to ensure jobs. At the same time security in work today is a larger question for many than wages.

But if that is the LO view, the position on the employer side of that disputed question is the direct opposite. If there is something they will not have in this world, it is the employee funds.

The managing director of SAF [Swedish Employers' Confederation] Olof Ljunggren said, "SAF can not deal with LO or any other organization on the employee funds. The market economy and a free society of the type which we have is not compatible with the type of socialism that the funds would lead to. Even the threat of the employee funds is one of the greatest economic problems."

Public Employees Largest in LO

For the first time the public employees' organizations in the LO congress will have more representatives than the three largest industries together.

Altogether the Municipal Workers' Union and the Government Employees' Union will have 107 representatives as opposed to 90 for metal, factory, and construction workers.

This is because the Municipal Workers' Union--with Sigvard Marjasin as chairman--has now grown to be LO's largest union, and metal, the largest union previously, has grown smaller.

This can possibly lead to a certain tension during the congress on such questions as what compensation the public workers should have for other LO groups' wage drift.

Altogether there are almost 700 motions which representatives will vote on during the 6-day long congress.

Of the 300 representatives about 25 percent are women, up from 17 percent in 1976. The growth is the result of the municipal workers now having a still larger share of women among its representatives than 5 years ago.

9287
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EXPERT COMMENTS ON SOCIALISTS' GOALS FOR WAGE-EARNER FUND

Stockholm SVENSKA DAGBLADET in Swedish 9 Sep 81 p 22

[Article by Elisabeth Crona: "Chairman of Fund Investigation: Social Democrats Must Take a Clear Position"]

> [Text] "The social democrats must now take a clear position on the market economy. The bourgeois criticism is not unjustified. There is a lack of clarity within the party."

He who said that is Berndt Ohman. He has been on the inside of the investigation of employee funds from its beginning, first as secretary and after the departure of Allan Larsson as chairman. On Wednesday the investigating committee gave its final report. For 6 years Ohman has remained silent about his opinions and his work on this controversial committee.

"We should not have politicized secretaries. But now I think I have the right to say what I think," said Berndt Ohman to SVENSKA DAGBLADET.

The work of the committee is largely finished. The members have departed. Only three of them remained the entire time--Maj-Lis Landberg, Karl-Erik Nilsson and Erland Waldenstrom. But all the expert reports are not finished. Three are due in October and four more before Christmas. They deal with important questions such as ownership and the definition of profits.

In a long article in the latest issue of ECONOMISK DEBATT Ohman describes the work of the committee and outlines his own principles for possible employee funds.

Too Large

That sounds like a powerful sigh?

He replied, "Yes, the task was too large. It should have been limited. The goal should have been made clear from the beginning."

The work of the committee clearly became all the more complicated and infected with politics?

"Yes, it became all the more difficult to get the secretariat to function. If there is to be an overview, the area surveyed must be limited.

"I believe that in this investigation we pointed out difficulties much greater than LO had ever imagined. But at the same time we found certain possibilities for introducing a fund system."

He said the debate was too definitely either for or against the market economy. But as a passive social democrat himself, he thought that the Social Democratic Party bore a large part of the blame for that.

Lost Credibility

"The labor movement has lost credibility in that in the debate it very strongly criticized the market economy, while in practical politics it has both accepted and defended it.

"Opponents have had a monopoly on this idea. The labor movement's position is unfortunate...

"The entire strongly critical debate on the market economy in the 70's was unfortunate," said Berndt Ohman.

"I see no alternative to the market economy. For me the funds are a way of improving it."

Ohman's own recommendations is that a limited, not immediately revolutionary, reform should be introduced. At the same time further investigations should be carried out and the fund system eventually developed. Experience should give the answers.

Equalized Ownership

He desires--like a number of motioners in the social democratic congress--to tone down the goal of building up capital. It seems unreasonable, in his opinion, to use increased buildup of capital as the main argument for a permanent fund system. As the main goal he would instead use the equalization of the ownership structure in the business world.

"Market economies can look very different. The central task," he said in developing his ideas in the ECONOMISK DEBATT article, "can be said to be the struggle for justice in the conditions of the market and the price system.

"The problem is how to change a given social structure without damaging production and without breaking with the principles of ethics and justice, while realizing that respect for democratic values demands that social structures be changed."

Force is Not Good

Forcible procedures such as obligatory stock issues are rejected by Ohman as both unnecessary and ineffective.

"This seems to me to be a mock-radical reform, which within LO can perhaps be motivated by internal matters, but which lacks the probability that the funds will be created at all."

Berndt Ohman can imagine several different fund models, and he also believes--in spite of the 6 years of investigation--that there are still areas to look into.

"For example, one can ask whether both business-related employee funds and tax-stimulated voluntary share savings plans should have been studied more thoroughly."

9287
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POLL SHOWS THIRTY PERCENT DROP IN APPROVAL OF GOVERNMENT

Stockholm SVENSKA DAGBLADET in Swedish 11 Sep 81, 7 DAGAR Supplement p 8

[Article: "Lower Marks Given by Swedish People to Government Today According to Poll by SIFO Done For 7 DAGAR"]

> [Text] In August 1978 SIFO [Swedish Institute of Public Opinion Research] went out and asked the Swedish people how the three-party bourgeois government managed during its 2 years in power. Well or rather well, replied 88 percent of the bourgeois voters. Since then 3 years have gone by, and when the Swedish people were asked a similar question in August 1981 only 58 percent of the bourgeois voters answered that their parties had managed well or very well in Government House.

The 3 years between the polls contained much political drama. The three-party government which came to power fell after disagreement on nuclear power. A Liberal Party government followed. Then another three-party government, and finally the present middle government.

The tepid evaluation penetrates all three bourgeois parties. The 3 years have greatly reduced their marks.

Even among the social democrat and communist voters the marks have fallen. In 1978 25 percent of the voters from parties on the left thought that the bourgeois government managed things rather well. Now the figure is 9 percent.

The questions which SIFO asked were:

1978: On the whole, when you look back on the bourgeois three-party government, do you think it has done a very good, rather good, rather poor or very poor job?

1981: When you look back on 5 years of bourgeois governments do you think that on the whole they have done a very good, rather good, rather poor or very poor job?

The answers were divided as follows:

	Bourgeois		Socialists	
	1978	1981	1978	1981
Very good	17%	2%	1%	0%
Rather good	71	56	25	9
Rather poor	8	33	45	43
Very poor	1	3	22	41
Doubtful, do not know	4	6	7	6

Center Party and Liberal Party voters gave the bourgeois governments somewhat better marks than the Conservative Party voters, but the differences are not large.

	Conservative	Liberal	Center	SDP	Communists
Very good	2%	5%	1%	0%	0%
Rather good	55	53	59	9	7
Rather poor	36	32	28	44	37
Very poor	3	1	2	41	48
Doubtful, do not know	4	9	10	6	8

What Government Did Best

Those interviewed also answered in their own words, "What do you think was the best thing that the bourgeois governments did?"

The figures following these answers indicate the number of identical answers, and under each answer are some variations which reappeared often. A total of 1,011 people took part in the poll.

1. Reduction of taxes, 35 answered
 - Tax reform
 - Income taxes
 - Savings on tax reserves
 - Allowing berry-pickers 5,000 kronor tax free

2. Carried out change of government, 30 answered
 - Stopped onesided socialistic development
 - Opposed socialism

3. Supported economic policies, 30 answered
 - The economic policies themselves
 - Tried to hold inflation down to a reasonable level

4. Thrifty with public funds, 27 answered
 - Thrifty in the public sector
 - Tried to reduce some contributions

Then there were a number of areas which had varying answers, for example, reducing bureaucracy, improvement in schools, lowering prices on planes and trains.

What Government Did Worst

Those interviewed also answered the question "What do you think was the worst thing the bourgeois governments did?" The interviewers wrote down verbatim what was said.

1. Employment, 84 answered
 - Increased unemployment
 - Promised great improvement in unemployment, but did nothing
 - Too weak actions against unemployment

2. Economic policy, 84 answered
 - They were too late in doing something about the bad economic situation
 - Raised interest rates too high
 - Drove the economy into the ground

3. Splits between government parties, 82 answered
 - They are so inconsistent, never agree
 - Poor cooperation between bourgeois parties

Other complaints involved price policies, foreign debts, economic policies, industry policies, alcohol policies, etc. Those interviewed could list twice as many things that the bourgeois governments did badly as they did well.

Footnote: The interviews were conducted between 19 August and 1 September. The collection of data took place through SIFO's current interview series "Weekly Bus." For home visits a national sample of 1,110 people of ages 18-70 was interviewed. The figures are approximate.

9287
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BUREAUCRACY EYED IN LIGHT OF ULUSU PRESS CONFERENCE

Istanbul TERCUMAN in Turkish 19 Aug 81 p 4

[Article by Osman Kibar: "Gentlemanly Speaking: Treatment must not be delayed!"]

[Text] After attentively watching the Honorable Premier Ulusu's press conference on television, I also read a good number of newspapers. However, I am not about to discuss what the premier did or the figures which were given or the other topics raised, because everyone heard him and read about it. Instead, I feel the need to pursue for a way at least an idea about the scene which struck my eye right at the beginning of the conference. Certainly the premier's foremost staff members and advisors are the deputy premiers. And the premier's accompaniment by those deputies relevant to the subject matter of his talk is a custom to which we have long since become habituated. No government member is there by that minister's own decision; he is present at the conference at the premier's invitation. This unaltering rule is protocol. Now look at the people who were present with Premier Ulusu during this conference: two deputy premiers and the Finance Minister and the Trade Minister. If we dig a little, we find that the four of them are graduates of the civil service school. Three of them have their experience in finance and have been shaped on the lathe of bureaucracy, with two having been undersecretaries, and one a sterling-silver bureaucrat who attained the level of general-secretary. According to one Istanbul newspaper, this is the premier's unchanging staff. Fine then, where was Turgut Ozal Bey, the other deputy premier, who is not a civil service school graduate, who is known by all to have the final word on economic problems, and who has not had the pleasure of being a bureaucrat? And why wasn't he there? For sure I couldn't stop asking myself this question. It couldn't be more natural than to have the premier take to his side those deputy premiers who are his advisors for subjects which are to be broached in his speech or, if he wishes, even to bring his ministers along. At his side were his coordinators for anarchy, public security and other affairs, which is right and proper. Fine, but while the talk is of economic problems and while there are economic issues, why wasn't the coordinator for this sector present? Even supposing it was an oversight, one of the foremost responsibilities of administration is to be very, very careful in making arrangements and in behavior so as not to give opportunity for speculation to arise.

Gradually we are heading toward the goal mapped out by a year's military administration. Albeit slow, it requires rather prudent work to advance together with dignity and to establish a new state on a secure and stable foundation. The more

revelations that are made and the more that investigations advance, the more impossible it becomes not to be horrified at how widespread and how comprehensive is the great misfortunes which we are undergoing. Tercuman newspaper's latest reportage on "The Triangle of Terror" displays one by one the acts of the PLO. When one remembers those who kissed the invaders of our Egyptian Embassy, where Turkish guards were killed, what was going on becomes clear. And especially when it comes out that the two sons of a government minister who could kiss the murderers of his own ministry's personnel were the members of a leftist group and purchased weapons with money they had stolen, is it possible not to understand the scale of the problem?

The Honorable Premier Ulusu explained with great openness and with figures the progress that has been made in fighting anarchy. And he indicated that he was resolved to continue his efforts ceaselessly in this matter. It would be appropriate to say, "May God be with him!"

In the premier's lengthy statement there was a certain passage: "And now a tide of denunciations has been released to halt the machinery of state." This means that finally he has touched on the monstrous trouble created in our country by the grand dragon of bureaucracy. This problem is neither simple nor easy. A great mistake would be made in diagnosing the illness by attributing the bureaucracy's fierce resistance to only the anarchist front. It is necessary to be careful, very careful. What the bureaucrat shrinks back from most is political power. He is very ill at ease with the people and with the public's seeking its rights, and therefore he is always putting up resistance.

I shall give you a few small examples. The production of electricity does not meet consumption. In a nation wishing to develop at a normal pace the demand for energy will surely increase. Naturally, as the energy available becomes insufficient, certain power cutoffs will be made. This is unavoidable. But there is an orderly way of going about this. No one need ask why in a day the power is cut off for one hour, two hours, even three hours. It suffices that arrangements be orderly and decisions be made prudently. In fixing the hours there should be no departure from the practice of sharing and the principles of equity. However, the administration of the Turkish Electric Power Enterprise announced last week that the current may be cut off at any hour and that the time and duration of the cutoff will not be made public. The rationale is this: 'I'll give you energy while it's available, and when it runs out, I'll cut it off.' Whose property are they protecting with such cavalier behavior anyway? Who will think of those stuck in elevators, those whose electric motors burn out, and those whose machines are ruined? Even if there's a little extra unused energy, keep it back, but let things be done in a regular and determined fashion. There you have it, the bureaucratic mentality. It places no worth in the public.

In Istanbul the city government made a decision. Everywhere in this city of five million people fruits and vegetables will be sold at standard prices. By God, my poor head cannot grasp this. Anyhow, a decision is a decision. See how the esteemed bureaucracy immediately rendered this decision unworkable. The administration of the municipal Directorate of Fruit and Vegetable Markets hides the daily prices like a "state secret," and tells them to no one. Meanwhile the

directors of the city branches, which are likewise agents of the municipality, say that they have received no "official" notification of the prices. And naturally the decreed single-price decision is dead before it is born.

I have on purpose chosen to give these two simple appearing incidents. They represent two typical examples from our daily lives of the mentality which has not the slightest concern or hestitation to inconvenience the public. We could start in again with more examples.

The bureaucracy's inflexibility and resistance increases daily. If we do not address this trouble in the same way we are attending to the anarchy, very fine work will be spoiled.

The Honorable Premier Ulusu stated that it is not feasible to cure "all diseases" simultaneously and that treatment will be undertaken step by step, but one must give precedence to those diseases the treatment of which will be impossible after gangrene has set in.

9793
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TRIAL OF NAP DEFENDANTS RESUMES IN ANKARA

Procedure, Testimony, Charges Reported

Istanbul MILLIYET in Turkish 20 Aug 81 p 12

[Text] Ankara--Special Dispatch--The trial of NAP [Nationalist Action Party] and its auxiliary organizations began yesterday at the Ankara Martial Law Military Court. Strict security measures were in force at the trial which has attracted broad attention. Listeners' space was filled in the early hours of the morning and no listeners were admitted into the Mamak military barracks as of 7:45 am. This was announced on megaphones and those waiting outside were dispersed.

The trial was held in the new lounge prepared in Mamak. The listeners, lawyers and members of the press corps who started arriving in the early hours of the morning were transported from the barracks to the building containing the trial room in three buses. The buses had to make several trips. Those admitted underwent a search while passing through the barracks.

Around 9 am the defendants were admitted to the trial room in pairs through a back door and were seated in the section reserved for them. Space on two sides of the room were reserved for defense lawyers and attorneys of intervening parties. As a result of the large number of defense lawyers some of them had to squat down on their heels. Lawyers from France also stood with the defense attorneys.

After the defendants from Mamak took their place in the room, defendants from the Language School were brought in. Defendants staying at the Language School with [NAP leader Alpaslan] Turkes were brought to Mamak in a prison bus.

Judicial Assembly and Prosecutors

Later the judicial assembly and the prosecution team took their places.

The judicial assembly was made up of the following persons:

Presiding Judge: Senior Colonel Irfan Yucesan of the Air Force Engineers Corps; Trial Judge: Justice Vural Ozenirler, senior mayor; Member Judge: Justice Ali Fahri Kayacan, Air Force Captain.

The prosecution team consisted of: Justice Nurettin Soyer, Air Force Colonel; Justice Okan Yalcinkaya, Lieutenant Commander; and Justice Nihat Demirel Navy First Lieutenant. Also present were four stenographers who assumed their duties.

The Trial Begins

The trial began at 9 am exactly with a roll call of the defendants. During the roll call defendants who were formerly parliamentary deputies responded by raising their hands and saying "I am here." It was determined during the roll call that of the 587 defendants 14 were under arrest, 33 were not under arrest and 47 were not in the room.

After the roll call the trial judge stated that the "presence of the seven French lawyers—who have come to audit the hearings—among the defense lawyers is against the law" and asked them to sit with the listeners or members of the press corps. The French attorneys came to the press bay and followed the rest of the hearings from there.

Kemal Turkler—who came to the trial as an intervening party—his spouse Sabahat Turkler and his daughter Nilgun Turkler as well as some attorneys of intervening parties were not admitted to the trial room by the trial judge and some of the defense lawyers were seated in their places. The trial judge also stated that the court will decide whether attorneys of intervening parties will be admitted to the trial.

Just before the start of the identification process Ali Fuat Eyupoglu, one of the defendants not under arrest, said that he is releasing his attorney Leman Yetkin from that function. Leman Tekin replied: "I was not going to be his agent in any event; I was simply waiting for his turn to identify himself."

Meanwhile, defendant Cengiz Gokcek objected to the fact that some of the defendants were brought from the Language School in a prison vehicle. He said: "Whereas other political party administrators were transported from the Language School in buses, 19 of us were brought to the trial in a prison vehicle with a passenger section area of 6 square meters. I protest this situation."

Later, Nuri Erdogan, one of the attorneys of Turkes and his friends, took the floor and said: "NAP's activities have been banned, but the party has not been closed down and Turkes, who has assumed his functions by the wish of the party congress, is still the party's leader."

After Nuri Erdogan's statement was recorded, the identification process was started. Turkes, who was first to be identified, said that "he is the NAP leader."

Other defendants who were within the party administration stated their position in the party as their professions. Ihsan Kabadayi, a defendant not under arrest, said he is a "former soldier," while defendant Necati Gultekin stated that he is a "retired general."

The morning portion of the hearings lasted till 12 noon and a total of 110 defendants were identified.

While the identification process was under way a soldier from the security unit found a piece of paper circulating among the defendants and brought it to the prosecutor. The piece of paper was passed on to the trial judge who had it read. The note on the paper said: "It will stick on whoever admits it. We left it in a vineyard house on the road to Samsun. Then we buried the weapon. You say that we went to work in the garden and not to get rid of the weapon. You say that the guard did not know."

The judge stated that the note was linked with Topraklik defendants Eray Acargil and Guven Sayin and had the note placed in a file.

The Defendants Greet Turkes

Meanwhile, it was noted that the defendants who took the stand to be identified first greeted the court and then, on their way back to their seats, lightly greeted Turkes.

Turkes Leaves Early

The identification process continued in the afternoon. Around 3:30 pm Sevket Canozbay, one of Turkes' attorneys took the floor and said that the "room is very hot and unventilated." Stating that his client, Turkes, had an indisposition with his heart 3 days ago, Canozbay asked that Turkes be allowed to leave the room. The prosecutors did not object to this request; the judicial assembly permitted Turkes to return to the Language School.

A total of 399 defendants were identified in yesterday's hearings; the identification process will continue today. Meanwhile, at the conclusion of yesterday's identification process, the defense lawyers demanded that "some of the defendants at the Language School be transported to the trial room in buses instead of prison vehicles;" that "the hearings be broadcast live" and that "the hearings be held in a larger room." Attorneys wishing to attend the hearings as injured parties submitted a petition to the court demanding that a decision be reached on their attendance and that spaces reserved for them in the trial room be vacated.

The court adjourned for consultations in camera for decisions on the requests. After the judicial assembly returned to the room defense lawyer Sevket Canozbay said that during the break armed soldiers were placed between the defendants and the lawyers. Stating that "they were grieved by such measures," Canozbay said: "We are protesting this situation and are leaving the room." Later some attorneys left the room.

Kosoglu's and Akyol's Statements

Of the defendants who took the floor, Nevzat Kosoglu said: "We are not asking for special treatment. If those accusing us of being fascists treat us in a fascist manner, I will not testify before this court even if I am sentenced to death or even if I am shot to death." Kosoglu also said that he had problems about talking to the lawyers, smoking and taking his coat off during the break and demanded that these issues be clarified.

Defendant Taha Akyol said: "An event like this could only happen under a totalitarian regime. We believe that our rights for defense will be curtailed. If that is what will happen let us know from the beginning; make your decisions before we defend ourselves."

After these statements, the judicial assembly announced its decisions in connection with requests. The court decided that requests related to the transportation of the defendants, the state of the room and the measures in effect during the trial be taken to the general command; that a decision be reached on the admission of intervening parties after the completion of the identification process; that substitute judges to be appointed question defendants who are outside of Ankara and those who could not be present at yesterday's hearings; and that the hearings be adjourned to today.

Charges in the Indictment

According to the indictment the charges leveled against the NAP and its auxiliary organizations are briefly as follows:

1. To attempt by use of force, in contravention of republicanism and principles of democracy, to change the constitutional system to a state ruled by a single person;

2. To arm the people of Turkey against one another, to incite massacre, to cause massacre and to take part in these crimes;

3. To form an armed society to commit crimes mentioned in the 146th and 149th article of the Turkish Penal Code;

4. To form a society whose objective is to have a state ruled by a single person in contravention of republicanism and principles of democracy, to organize the activities of this society and be an administrator and a member of this society;

5. To threaten by making use of the pressure capability of certain organizations in order to realize an objective or to pave the way toward that objective;

6. To smuggle weapons and to carry weapons without license;

7. Theft;

8. To conceal tools of crime.

Comments On Resumption Of NAP Trial

Istanbul MILLIYET in Turkish 20 Aug 81 p 8

[Article by Teoman Erel: "The NAP Trial"]

[Text] The section rising in steps in the back has been divided into two. One half has been reserved for the press the other half for the listeners. The area in front of them is for the defendants. Those not under arrest stand in the back divided by a rope from those under arrest standing in front of them.

Further to the front is a pulpit from which the defendants can speak. On the two sides of the pulpit are separate seats on which defense lawyers and attorneys of intervening parties can sit.

And facing the listeners and the defendants there is a somewhat long rectangular platform on which the judges and the prosecutors will be seated.

Members of the press corps, the listeners and the defendants staying at Mamak enter the largish room which has a roof of steel construction and whose walls were hurriedly built of prefabricated materials just in time for the trial.

As the pressmen look ahead they see on their right that the group of defense lawyers is quite large. Among them are the black-robed French lawyers with white cravats. We learned that they would attend the hearings just before the start of the trial from Ergun Goze's article. Some of them are sitting on the floor.

Around 8:30 am the defendants staying at Mamak take their seats in the room. They have their hair cut. The door they enter from is to the right of the press corps and to the left of judicial assembly and on the same line as the foremost defendant seats.

The defendants staying at the Language School are now awaited. Alparslan Turkes, parliamentary deputies and leading party members are staying there.

There is curiosity about the looks and reception of Turkes who has had an indisposition with his heart recently.

At 8:57 am defendants brought over from the Language School enter the room.

Alparslan Turkes is leading. He is wearing a dark blue suit and a dark blue tie. His stride is normal; his face looks tired and tense.

Turkes and the defendants following him have not had their hair cut.

Turkes greets the defense lawyers and the French lawyers among them and takes his reserved seat in the foremost row. He turns back and exchanges amenities.

The NAP trial in which the prosecution has demanded 220 death sentences has now begun.

The attention raised in public by the heart indisposition suffered by Turkes 36 hours prior to the start of the trial is still alive.

It is well known that routine procedures such as identification and the reading of the indictment--which was publicized prior to the trial--will reduce tensions. Some time will pass before the important phases of the trial.

There may be those who may attribute a decision of discharge made purely for medical reasons by doctors on or before 12 August 1981 to the initiative of the patient in order to create a favorable atmosphere of the patient.

There may also be those who may want to maintain tension and attention at top levels by exaggerating routine events or by making small classic trial gestures.

In the past we tried to sound warnings about certain moves in another political trial. The emotionalization of such important political trials with so many defendants involved is particularly not helpful to the defendants.

Such moves to heighten emotions serve no useful purpose for the nation or the country. Turkey, which was pulled from the brink of civil war by the Armed Forces about a year ago, is still under treatment.

An overwhelming majority of the people is in peace compared to 11 months ago. Security has been provided. Steps are being taken toward democracy.

But this does not mean that everybody has calmed down and that everybody has found peace. Those who lived in the midst of years of fierce and bloody struggles and those who were a party to them are still as tense as they could be.

They have either been sentenced or they are being tried. Or they are expecting better or worse things between hope and fear wherever they are hiding.

In the long term, it will be necessary to "rehabilitate" this minority which has not been able to relieve itself of tensions.

Former members of leftist or rightist organizations who have escaped the ultimate sentence will spend a large or small part of their lives in prisons. Eventually they will be freed.

There will also be those who will be acquitted.

The scabbing and healing of the wound will be most difficult for those who are contaminated with violence.

But it is in the interest of our nation that the treatment is as painless as possible both for the masses and for those who have been contaminated with violence and that the bill remains just so large as it can be paid on a continuous basis.

With this in mind it is the duty of every citizen, including those who cannot get rid of the tension, to avoid emotionalism as much as possible.

There is absolutely no need to get excited about sudden indispositions which can be considered normal for any human or about insignificant gestures.

The trial is on. The wheels of justice have begun to turn.

As of now what must be wanted is the manifestation of justice and not new emotional stirrings.

Let us add that the overwhelming majority of our nation has seen the difference between "fight" and "peace and quiet" during its lifetime and it has voted for "peace."

It is not possible to change this clear choice.

9588
CSO: 4654/142

CHIEF FOR ECONOMIC DEFENSE WARNS OF INADEQUATE PLANNING

Stockholm SVENSKA DAGBLADET in Swedish 10 Sep 81 p 9

[Article by Erik Liden: "Getting Barely Half of Requirements: Economic Defense is Not Meeting Goals"]

> [Text] "The economic defense has reached an impossible situation. The government has not even asked what it will take to meet our current goals, but says that 180 million kronor is enough."

This was said by Commissioner Gunnar Nordbeck of the National Board of Economic Defense (OEF) when on Friday he delivered OEF's 5-year plan to the government.

"The other branches of the total defense have been permitted to plan up to 1987 with unchanged appropriations. Even alternatives with increased appropriations have been permitted.

"I am required to start with half the funds which were available in the 1977 budget, further reduced by 10 percent. There is no longer any possibility of meeting official goals. Other means must be made available in order to meet, for example, the requirements for stockpiling in the textile industry."

Require 450 Million

Nordbeck pointed out that 450 million kronor are needed for immediate preparedness measures during the budget year 1982/83. The government, meaning the Ministry of Trade, will give 180 million kronor.

"That was one of the reasons why it was impossible for me to remain as chairman of the Defense Committee. I could not, in a hardened national economy, vindicate OEF's need of money against the other authorities.

"Obviously the government will decide that the possibilities for taking risks in security policy are best in the area of economic defense. That is the only way I can interpret the parsimony shown to us."

Will Sell

OEF will in the future sell off a portion of the preparedness stockpile in order to prioritize food, clothing, health and sick care. For the rest OEF must depend on the ability of business to adapt to crisis situations.

Scarce metals such as cobalt, chrome, vanadium and manganese are stockpiled in amounts of 1 and 2 months' requirements. These are available only in southern Africa. OEF has decided to increase the stockpiles to 3 months, but has no money for this. In the United States a 3-year stockpile has been acquired to meet the needs of the steel industry.

"This shows what small margins we are dealing with," said Norbeck.

"In the present economy we must rely on a highly uncertain crisis import, at the same time as our endurance is limited in many areas. This means taking a significant risk in our security policy."

From now until 1987 OEF wants a total, for oil and everything, of 17.8 billion. The government will grant at the most 12.2 billion.

9287
CSO: 3109/2

ARMED FORCES CHIEF SEES INCREASED SUPERPOWERS THREAT

Stockholm DAGENS NYHETER in Swedish 13 Sep 81 p 3

[Text] "Both gigantic naval exercises in the vicinity of Sweden, the Soviets in the Baltic and the large NATO exercises in the North Atlantic, illustrate in an obvious and worrisome way the importance which the superpowers place on northern ocean areas."

This was said by the OB [supreme commander of the Swedish Armed Forces], General Lennart Ljung, in a speech to the Navy League of Sweden at its 75th anniversary meeting in Gothenburg on Saturday.

He described the exercises as two of the largest in peacetime which the world has seen in a long time.

"Both of these large exercises comprise an exceptionally strong reminder of the extensive arms buildup at sea which both military blocs have carried out, or are in the process of carrying out," said the OB.

He said that this development, together with many other worrisome events involving security policy indicate increased risks for Sweden.

"It is easy to paint a rather gloomy picture of the development of the Swedish Navy during the 60's and the 70's," said the OB.

"But that is not the entire truth," continued General Ljung, and reminded that an extensive modernization and replacement program is going on in the navy.

For example he mentioned that the 50-ton motor torpedo boats are being replaced by 150-ton missile boats, and that 12 larger torpedo boats are being replaced by 18 so-called Spica boats (torpedo boats), most of which will be equipped with missiles within a few years.

The OB was, however, disappointed that only a very limited portion of the government support to shipyards was allocated to military orders.

The OB said it was unfortunate that the government did not consider it possible to support the shipyard industry and strengthen the defense forces to a greater extent.

Minister of Communications Claes Elmstedt (Center Party) spoke of the special problems of the merchant marine, among other things.

"This activity is exposed most of all to international competition," he said.

"The differences in the tax and licensing systems between Sweden and other maritime nations are great, and protectionism is growing in the world, while world trade is not growing at the same rate," he said.

"Most of Sweden's inland waterborne trade can not be shifted to land transport at a reasonable cost," said Elmstedt.

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AIR FORCE WEAPONS EXPERT: INDUSTRY MUST DEVELOP JAS

Stockholm DAGENS NYHETER in Swedish 16 Sep 81 p 2

[Article by Colonel Sten Bergstrom: "Armament Is Being Neglected--Too Great Funds Tied Up in the Aircraft Itself"; paragraphs enclosed in slantlines printed in boldface]

> [Text] If most of the available funds are put into the development of the aircraft itself instead of its weapons systems, the air force should reject the Swedish JAS [fighter-attack-reconnaissance aircraft]. So states Colonel Sten Bergstrom, the air force's own weapons expert at the Defense Material Administration, in this critical review of industry's role in the aircraft.

In the spring of 1980 the Riksdag decided to allocate 200 million kronor for studies of the next generation of military aircraft until 1 July 1982. Most of that amount would be used for the Swedish alternative called JAS. At that time a new defense decision is expected to apply to the 5-year period until 1987. That defense decision should also include a position on the JAS and thereby also the future of the Swedish aircraft industry.

Very little publicity has been given to how the aircraft question is developing. On 1 September the chief of staff of the air force should have delivered his recommendation to the OB [supreme commander of the Swedish armed forces], but it is just being delivered now, 2 weeks later. The Defense Committee has requested certain supplementary supporting material from the OB for its final position on the JAS decision.

In spite of all the efforts to get the supporting documents in time there is no one who dares to believe that the defense decision will provide a definitive solution to the aircraft question. Directives which have been issued concerning studies of continued production of the Viggen system are signals which can not be misunderstood in the current situation, where the approaching election next year plays an important role.

The technical-tactical requirements which are the basis of the current studies on JAS were worked out in 1980. If the decision on development work is made in 1982,

deliveries to air force units should begin just after 1990. Since the lifetime of aircraft is now tending to increase to 15 to 20 years, production is expected to continue to 2010. The last aircraft delivered should go into service by the year 2025 at the latest.

This time perspective can become worrisome, considering what technical developments can create in terms of altered requirements for the JAS delivered from about the year 2000 which will replace the fighter Viggen. These JAS will be in service at least until the year 2025, or 45 years from now. What were we thinking 45 years ago, in 1935, about the requirements for today's operational aircraft--Draken, for example?

Absurd

It is obviously absurd to state, in 1982, definitive requirements that must be met by an aircraft system (airborne weapons system) which will replace Viggen in fighter units in 20 or 30 years and will be in service for a further 15 or 20 years. Uncertainty in technical and operational developments does not permit such assumptions. Considering the size of the total costs for the JAS system and its great importance for the effectiveness of our defense, it is therefore absolutely necessary to ensure that conditions are created to manage the uncertainty of future developments.

As to aircraft performance, it is possible to prophesy a stagnation in the development toward still higher speeds and altitudes. This trend should possibly suggest that with a new generation of unified aircraft capable of performing as fighters, attack and reconnaissance aircraft, we can avoid large modifications increasing the performance of the aircraft. Stagnation of performance development means mainly that the operational value of the aircraft system can more cost effectively meet changed requirements through development of the weapons systems. The technical breakthrough which has taken place in electronics, primarily in microelectronics, is of special importance for missile and weapons development.

Rapid developments in the missile area mean that a changed balance between the platform (the aircraft) and its weapons system (reconnaissance and weapons equipments) is possible.

Our new air-to-surface missiles, with a threefold increase in range, reduce the importance of high speed of the attack aircraft to avoid the air defenses of the invasion forces. Other examples are attack missiles and guided bombs with which an attack can be made at low altitude without great interference from conventional antiaircraft and air defense missiles. New types of reconnaissance sensors for scouting air, sea and surface targets increase the range of airborne reconnaissance. Airborne combat information centers and long-range fighter planes will be important components of air defense about the year 2000.

New Conceptions

The economic framework for defense requires new conceptions for solving problems of replacing material in the armed forces. Maintenance of resources within the

country to obtain the armaments we need should be recognized as a national priority, especially when it applies to large, costly and important systems. The JAS is such a system in which the components--above all the weapons and certain electronics equipment, for example the search radar--can give a unique performance which would function with high effectiveness even against the superpowers.

It is therefore necessary that the development work on the platform itself not be permitted to get the same emphasis as was the case with Viggen--even if the aircraft industry should have that ambition. It would tie up too much development resources and demand such a large share of the cost that the weapons area would be underfunded. It is for that reason that if we are to protect a Swedish profile in our defense material system, it is the profile of the weapons system which is the most important, more important than the profile of the platform itself.

The available funds for the JAS must be sufficient for a good platform with long range and endurance. Also--and just as important--there must be funds for the weapons and electronics which constitute the high combat value of the JAS. Nor should JAS be so strictly described that we later are not able to fit it with technical developments from outside our country. And foremost, we must in our plans protect the flexibility for future adaptation to technical weapon developments.

Burden

As work on the JAS by the government is growing, a great responsibility has been placed on the "JAS Industrial Group" to find a balance of development contributions so that an "indigenous combined JAS system" could be a profitable alternative to the purchase of already developed foreign aircraft.

/If it proves that the industry under the leadership of Saab-Scania, because of too much comprehensive development work on the platform itself encumbered the economic resources too greatly, the air force can hardly support a Swedish JAS. The air force would then have to "sell" additional divisions, just to keep alive an aircraft industry which, with a shrinking air force, continues to be an absurdly expensive burden for both the air force and the national defense./

The alternative of an indigenous combined development assumes that the development of the air force and the combined work on the system should take place in Sweden. For reasons of economy the government expected that industry should, in large measure, utilize components and systems developed in combination with foreign industry, licensed in Sweden or bought outright from abroad.

/The government's directive does not seem to exclude industry's trying, to a larger extent than they obviously previously were prepared to do, to utilize more or less complete foreign platforms instead of developing an entirely new aircraft which, because of the cost would be "one size too small" and would lack the ability to be a unified aircraft through to the year 2025./

It would therefore be worrisome if too large resources and funds were expended on the aircraft itself in the JAS system, if a better aircraft could be obtained through further development of existing models, possibly with the support of foreign

industry. The JAS system could still be the result of a domestic combined development effort, and in all important respects have a "Swedish profile."

JAS could, together with a continued investment in civil projects, create conditions for retention of the Swedish aircraft industry on a level which protects our ability to produce the defense material we require. It is necessary therefore for industry to make a real balance between ambitions on the military and the civil side. The question is not: What is the smallest effort on the military side which safeguards the necessary competence for expanded input to civil projects? The question is rather: Which competence for development of military projects will be protected by the increased investment in civil projects? Complete competence to develop military aircraft we can no longer afford, but we can supplement it with foreign competence.

For the Swedish aircraft industry, JAS is a challenge which demands that the industry take a new approach which is required--even if it is inconvenient. The "JAS Industrial Group" has had its chance, but has probably missed it. Perhaps it will get another?

9287
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STUDY SEES THREAT OF DANGEROUSLY OLD OFFICER CORPS

Stockholm DAGENS NYHETER in Swedish 13 Sep 81 p 3

[Article by Sven Eric Ericson: "Sweden's Army Growing Old: In 20 Years Half of the Officers Will Be Over 45"]

> [Text] In 15 years the officer leadership of the Swedish Army will be the oldest in Europe. Foreign conquerors who pour across Swedish borders or drop into the mountain regions by parachute will be met by Swedish soldiers commanded by officers in the 45 to 60 age group.

This is the result of increasing the age for pensioners from 50 to 60 which was done in the defense forces 9 nears ago.

In the European countries which have experienced war once or twice during the long period of Swedish peace, they have learned through experience that it is not good to have combat officers over 45.

But in Sweden the development is in the opposite direction, and the average age of the officers serving with troops is increasing rapidly.

There are 8,800 active officers in the army today. In the new plan for the peacetime organization the OB [supreme commander of the Swedish Armed Forces] states that the number will be reduced by about 1,000 between now and the year 1992.

During the same period the number of officers over 45 will increase by 35 percent, and after the year 2000 that group will be almost half of all the active officers in the army.

"The effectiveness of the Swedish Army will not increase if we have leaders who are unable to accompany the troops into the field," was the laconic comment of Major Ulf Ingelsson of the Army Staff.

"One result of this development can be an acute shortage of younger instructors who are fit to train and lead platoons. We are not going to have sufficient people in the right age group to man the army in case of war," explained Ulf Ingelsson.

The causes of the increased average age and the resulting stagnation within the army can briefly be described as follows:

At the time when soldiers were grouped and draftees were conscripted, there were contract enlisted noncommissioned officers who often terminated at 30 or 40 years of age, and of those remaining most went on to be pensioned at 50.

Then contract enlistments were abolished, lifetime enlistments were introduced, and in 1972 the pension age was increased to 60 for all.

New Duties

Instead of pensioning about 400 noncommissioned officers per year, they suddenly had to create new duties for those who really were in excess.

Five hundred new duties at a cost of 200,000 kronor per year were created at once. Without increasing the effectiveness of the defense forces, the costs for "useless" work increased by 100 million kronor per year.

Today peacetime units are being eliminated to save money and reduce the bureaucracy within the army. And to adapt army training to a lower number of conscripts.

Within 10 years the number of conscripts coming in will be reduced approximately 5,000 from the present 35,000, according to the Army Staff.

"This is a stupid way to cure the disease within the Swedish Army," said Lieutenant Colonel Erik Rossander at the Armed Forces Staff College.

"They go after the peacetime units, when it is really the personnel structure which should be changed. Everyone within the army is surely busy, but too many of them are busy sending papers to each other," said Erik Rossander.

Just the Opposite

"In peacetime the defense forces need many young instructors and leaders, and a small number of higher commanders and administrators. Abroad they have satisfied this requirement in different ways, by short term assignments, early pensions for those who are not selected for promotion, etc. In Sweden, we do just the opposite," said Erik Rossander.

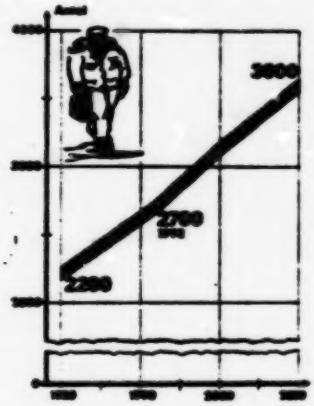
"If a number of units are eliminated in order to reduce the organization to fit the number of conscripts, the entire distortion is retained, but at a lower level. The service is worsened without increasing effectiveness. The symptoms are appeased without curing the disease," said Lieutenant Colonel Rossander. "But soon enough the concerns are going to be felt again."

Two Ways

"There are two ways to solve the problem," commented the chief of personnel planning in the Army Staff, Colonel Johan Palmgren.

"We can utilize skillful conscripts in an expanded volunteer organization in order to decrease the problem of an unfortunate age distribution," said Johan Palmgren.

"And then we can stimulate the older ones in different ways to leave the service. Perhaps they can be given a little money and transferred over to the reserves. Then we can use them in case of war, but be rid of them in peacetime. Otherwise we can only concentrate on using the older officers in the best way possible," explained Johan Palmgren.



Caption: More and More Over 45

The chart shows the increasing number of officers between 45 and 60 in the army.
In 1981 there are 2,200 between 45 and 60.
In 1992 there will be 2,700 between 45 and 60.
In 2010 there will be 3,600 between 45 and 60.
Since the number of active officers will decline by 1,000 over a 10-year period (from 8,800 to 7,800 in 1992), this means that the number of officers over 45 today are 25 percent of the entire officer corps. The number over 45 will double at about 2000, and then will be about half of all the officers in the army.

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EREL PUTS RELIGIOUS COURSES IN CONSTITUTIONAL PERSPECTIVE

Istanbul MILLIYET in Turkish 18 Aug 81 p 8

[Article by Teoman Erel: "Religious Lessons and the Constitution"]

[Text] The undertaking to have compulsory teaching of religion by the state resembles a march through a mine field. Reaching safety is difficult. The danger is great.

The administration is inclined to take a step in this direction. But the reactions which have been voiced must have provoked a feeling that careful treading is necessary, because Premier Ulusu in his last press conference indicated that compulsory religious education would not begin in the coming autumn, and that progress on this matter would be very cautious.

Premier Ulusu stated that lessons in religion would generally be taught in the schools by regular teachers who have been given a special course, and that on rare occasions avail would be made of hodjas.

He revealed that curricula for this subject have not yet been prepared.

During a chat after the press conference, a few colleagues and I directed questions on these matters to a minister:

"I wonder, will the children of non-Muslim citizens also be compelled to study religious lessons?"

"I don't know," said the minister.

It was understood that the problem was still in the process of study.

This study must be made with great care and attention, because this undertaking has the potential to bring out complex issues. Meanwhile, however, time is inexorably slipping by. For this reason, even before the debates and researches are done, the need may arise to make an early decision on one very important aspect of the issue.

This very important aspect is how the constitution will be framed as regards religious freedom and education.

The nineteenth article of the 1961 Constitution precludes compulsory religious education. Let's read through this article:

"Everyone has the right to freedom of conscience and religious belief and opinion.

"Worship services, religious rites and ceremonies which are not contrary to public order or general morality, are free.

"No one can be compelled to participate in worship or religious rites and ceremonies or to reveal his religious beliefs and convictions.

"Religious education and teaching is solely contingent upon the wishes of individuals themselves and the wishes of the legal guardians of children."

As is seen, the third and fourth paragraphs prohibit forcing people to reveal their religious beliefs, and prohibit giving non-voluntary religious education.

In a study entitled "What form should religious education take in Turkey?", which was carried out by the General Secretariat of the National Security Council, it was pointed out that these constitutional rules are an obstacle to the state's providing compulsory religious education, and hence the study recommended that these paragraphs be removed.

The relevant passage in the concluding statement of the report reads as follows:

"In order to create a society possessing a national consciousness through a single system of education and teaching suited to the requirements of national politics, and in order to secure an equal religious education for all Turkish citizens as a significant contribution to achieving socially integrating moral values, the lifting from effect of the fourth paragraph of the nineteenth article of the constitution which ties religious education to free choice, or the exclusion of a similar decree from any newly produced constitution and the accordant reworking of basic education in law number 1739..."

We are expert neither in religion nor in education. We have no authority to pass judgment on a subject such as this one which seems like a mine field.

But we do want to call attention to how complex and hazardous this problem is. This is a matter which comes to rest on the basic principles and most critical paragraphs of the constitution. This issue is the very important delineation of an understanding on education in the relations between state and society.

Furthermore, priority in this matter is for a definitive position to be achieved before formulating the curricula for religious lessons to be taught in state schools and before arriving at solutions to certain very important questions such as the position of citizens of different religions and sects.

Why? Because the preparation of the constitution will begin in a few months.

However, as indicated in the report prepared by the General Secretariat of the National Security Council, even in the advanced countries "debate continues on the secular state's role in religious education."

This issue will now be debated in our country much more intensively, and occasionally with an emotional dimension. We hope that early and definitive formulations in the constitution, which is the most basic text, will not be attempted without first arriving at a clear vision and working out agreed general principles.

As the administration broaches this subject, it is thinking to head off the damage and divisive effect of Quran courses which are beyond supervision and which are rapidly increasing in number.

But it must be understood that mistaken steps taken with good intent can also open the way to divisiveness.

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TURKISH EDITORIAL COMMENT ON AEGEAN TERRITORIAL WATERS ISSUE

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19 October 1981

WEST EUROPE REPORT

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TURKISH EDITORIAL COMMENT ON AEGEAN TERRITORIAL WATERS ISSUE

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TURKISH AEGEAN DIPLOMACY SCORED

Istanbul CUMHURIYET in Turkish 23 Sep 81 p 3

[Editorial by Ali Sirmen: "It Was Known"]

[Text] The European Parliament's support and endorsement through the Fourcade Report of Greece's decision to extend its territorial waters to 12 miles has sparked justifiable reaction in Ankara.

Ankara has declared that the European Parliament resolution is not binding and that we do not recognize it. But this stand does not alter a very serious situation that is out in the open... Greece has always viewed the Aegean as its own internal sea and seems determined to imprison the enormous Turkish landmass within a narrow strip along the Aegean coast.

This is precisely Athens' goal...

This goal has been known for a long time...

The strategy the Hellenes have used to attain their goal has also been known for a long time: Put off problems to bring them up in international forums under favorable conditions when they believe things will go their way; then rally support for their cause against Turkey.

There is no need to be a keen observer or even an expert who follows events closely to see that the reasons for Athens' entrance into the EEC were more political than economic. Konstandinos Karamanlis in numerous speeches has also expressed in a rather direct fashion that his reasons for entering the EEC were chiefly political.

What political benefits could Greece have expected from full EEC membership?

Almost all of us recall what has happened in recent years to our neighbor's parliamentary system which has been devoid of any sound foundation. By securing limitations on the parliamentary system and ensuring the president's being granted powers, stretched at whim, Karamanlis has controlled center-left--or ostensibly so--party governments and protected this self-serving parliamentarianism against the left while at the same time he has integrated with the EEC in a bid to protect this parliamentary system from the Generals' boots...

This was the domestic policy thrust in Athens' entry into the EEC.

In foreign policy, there was one entity that could exacerbate Greece's problems by entering into the EEC: Turkey. Albeit Athens could not hope to settle a problem with Sofia or disputes with its other neighbors through EEC pressure because of the political and economic configurations involved. But Turkey was Greece's neighbor most susceptible to EEC reaction and pressure. It was a predetermined fact then that Athens would without a moment's hesitation use its membership advantages against Turkey in the foreign policy sphere.

The truth is that the Greeks deftly used the trump in their hands, and yet, what they had handed over to Turkey shortly before was of almost equal value, or, if examined from certain perspectives, the neutralization of a far more valuable trump...

Had it been played right, Greece's hasty decision to quit the military wing of NATO--which smelled of blackmail, and that Greece later regretted--would have been an invaluable trump for Turkey in dealing with the Aegean problem.

Although Athens, under the pressure of domestic events and the United States, wanted to return immediately to NATO's military wing, Turkey's approval was required under the North Atlantic Treaty Agreement of 4 April 1949. At that time, many people--not just we--emphasized the importance of this trump and stressed that this situation was the best international weapon for settling Turkey's problems with Greece over the Aegean. They stated that Ankara must assert as a condition that problems between the two countries over the Aegean be resolved prior to Athens' return to the military wing of NATO.

However, owing to pressing NATO interests, the government of that day suddenly and without reciprocity relinquished this trump with a decision made on high. And Athens, as soon as the paper hit the table, issued a slew of decisions that stated exactly what sort of stand it would adopt.

In short, it had been known for a long time that the Aegean issue would come to this.

This recent development is not just a victory for Greek diplomacy but the product of monumental recklessness in Turkish diplomacy.

At this juncture, Greece is on the way to imprisoning Turkey on the Aegean coast. Even if this is not legally binding, it is an important step in itself. Turkey must henceforth adopt a warrier, more determined and tougher stand toward Greece over the Aegean.

A point not to be forgotten when implementing this policy is that even though Greece's 12-mile decision pins Turkey to the Aegean shore, it violates the interests of certain small and large states that transit the Straits and the Aegean, sail the major oceans, and whose special rights are set down in the Montreaux Convention. Moreover, the decision abrogates the rights granted by the Montreaux Convention to Black Sea countries by turning the Aegean south of the Straits into an internal sea.

At any rate, Western countries must remember when supporting Greece's 12-mile decision in the Aegean that Turkey can find support elsewhere for its views on the matter.

But even when there is awareness of certain policy points, one may deliberately feign ignorance. To thoroughly clarify those points and prevent feigned ignorance requires successful diplomacy.

If Ankara henceforth wants to check irresponsible support for Greek faits accomplis in the Aegean, it is obligated to mount on this point a more successful diplomatic effort than in the past.

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CARTOONIST VIEWS TERRITORIAL SEA ISSUE

Istanbul HURRIYET in Turkish 21 Sep 81 p 9

[Cartoon by staff cartoonist Nehar Tublek titled: "Through Nehar Tublek's Eyes"]

[Text]

Cartoon Caption: "Strange! Whenever I get together with these friends my back always itches [Translator's note: Backscratcher used by figure on right shaped to form the words 12 MILES]

CSO: 4654/14

'MILLIYET'S' TOKER WARNS GREECE ON AEGEAN

Istanbul MILLIYET in Turkish 20 Sep 81 p 8

[Metin Toker editorial: "Who's on Whose Agenda"]

[Text] A while back, I was talking with a Greek friend of mine. He said "We had no idea you were going to do this to us." I answered: "But we gave you a clear and serious warning." He insisted "Still, we didn't expect it. We thought that there would never be a Turkish-Greek war in our region." I said: "This wasn't a Turkish-Greek war though...Turkey exercised its right to intervene in Cyprus in its capacity as a guarantor state in response to the Greek intervention. Beforehand, it had warned a thousand times that it would do so." My Greek friend continued his explanation, saying: "With the support of your air and sea forces you landed a great big army on the island. There you fought against us, against Greeks. This is the truth and the essence of the matter. We had thought that such a thing could not be. This is what lies underneath Greece's suspicions and anxieties concerning Turkey, underneath the anger stemming from disappointment."

As you may be able to guess, we were discussing the "Cyprus Incident." I had not a particle of doubt that my counterpart was sincere and that he favored improving Turkish-Greek relations. He also knew that I was of like mind. Consequently, we listened with good intentions to each other's well-intentioned words.

To recognize the seriousness of warnings is a matter which requires skill. Those not demonstrating this skill must seek the party responsible for their ills among their own ranks; and they are doing so. However...Should the Greeks extend their territorial waters from 6 miles to 12 on their own or with moral support, Turkey will not recognize this. It will protect its freedom to move now as before in open areas, its own territorial waters, or international waters. Should the Greeks attempt to oppose this militarily this would mean war. Everyone has his own thoughts on how such a war would end.

Turkey does not covet a single inch of Greek soil, sea or airspace. It has put up with the unbelievable status of some Greek islands which penetrate into our homeland. Had we harbored other thoughts or desires, we would have "seized" some of them during the Cyprus action. There would not have been much risk with Athens in such a state of confusion. It could have been considered that Israel-type faits accomplis are not easily undone. Turkey did not undertake

such an action, not because of risk assessments, but because it was not considering such a thing. This still applies today. However, you must not even dream that Turkey will stand by inactive while on your own or with moral support, you try to change the status of the Aegean and throttle Turkey. Was America able to remain inactive, even in the Gulf of Sidra?

The warning has been given: Turkey will not recognize this. Only by defeating it in a war will it be possible to cause it to recognize this. Should a war break out, no Greek friend should subsequently say: "We never expected this from you."

The European Community, which Greece wishes to get behind her, must also not say this, should it side with Greece.

We wish to be friends with the Greeks, to remain within West Europe. West Europe is not a monolith. There are governments, there is public opinion, there are parliaments and parliamentarians. The parliamentarians have voting considerations, personal considerations. There are the weaknesses of conceit, arrogance and "political tourism," which is particular to parliamentarians. All of the above play a role in the positions taken. It is necessary to react to this with understanding. That is what we are doing.

However, there are serious states in West Europe. A time will come in relations between states when all the other elements will lose their importance. A state's seriousness and responsibleness will come above all else. As a matter of fact, West Europe's civilized nature and superiority derive from this fact.

Turkey experienced a regime crisis. How and why it came to this pass is apparent to everyone. The determination exists to establish a healthy democracy and to make it operate. Efforts are being made to realize this in the "shortest possible time." The Turks are pleased with these efforts. Everyone coming to Turkey sees this. All West European ambassadors communicated this observation to their countries from Ankara. From 12 September up to the present, not one single step backwards has been taken. Every promise has been acted upon. The continuing national consensus surrounding 12 September is a result of this. This is our own internal matter.

As for the state of the economy, America, all of West Europe, all directly or indirectly involved international organizations agree that it is making an extraordinary recovery.

In such a climate, the refrain "Turkey is on Europe's agenda" does not please us. In fact, it is a cause of anxiety for those who believe that our place on the world scene should remain the same. Because an exaggeration of this could develop into the refrain "Europe is on Turkey's agenda."

It is not a question of asking Turkey to change its status within the European Council, nor to suspend its membership or for it to ask that its contribution be frozen. We will establish our democracy easier and faster in our present status. Our overlooking of certain unfortunate "slips of the tongue" stems from

this. Had our goal not been democracy, would we have submitted our candidacy for the European Community? Don't you know that an operating democracy is a condition for this. Are we careless or stupid?

However, in Europe, the "other elements" prevail over the serious state. Europe takes this or that decision concerning us. We don't care. Now, at this point, "Europe is on Turkey's agenda" occurs.

This must not be considered simple bravado. It is not possible to humble the Turks, even in difficult times. We are aware of the morale problems faced by the German government. When German aid did not come as expected in July, perhaps as a result of this and perhaps as a show of "solidarity with the Socialist International," not a single official demarche was made to Germany, not a single reproach was voiced nor a single request made. In the same way that the manner in which Turkey established democracy is an internal matter, whether or not Germany gives us aid is something which is up to them. Austria has indicated that this year it will not give the $10 million which it gave last year within the framework of the OECD. We undertook not a single initiative in that regard. Later they indicated their regret over the matter. German aid has also come pattering in this month. Because, for one thing, West Europe strengthens itself from the defense standpoint when it gives us aid. And then, are American weapons purchased with German military aid? Or French goods with Austrian financial aid? No. Of course, we meet our requirements, but the money still returns to the economic machinery of those who give it.

The criticism that "the Turkish administration is not overly open to suggestions from outside," if it refers to this behavior, is correct. The policy at present is that laid down by the "highest authorities." The economy is experiencing difficulties, but exploiting the ability to tell lies abroad concerning the interventions during this difficult period for us, some as a result of political necessity, some out of capriciousness and some as a result of provocations, is a matter which we cannot accept. Our West European friends must understand that they are obliged to refrain from damaging the domestic as well as foreign image of a one-of-a-kind, sui generis administration such as ours. They themselves must explain this to those who do not understand it.

Because, the extent to which this administration preserves its freedom of movement will determine how rapidly it leads the nation to salvation.

Those European parliamentarians who ally themselves behind our Greek neighbor on issues which do not concern them at all and once again cause it [Greece] to long for adventures, as well as those who set up committees and undertake junkets across Turkey must ponder responsibily what could be on whose agenda.

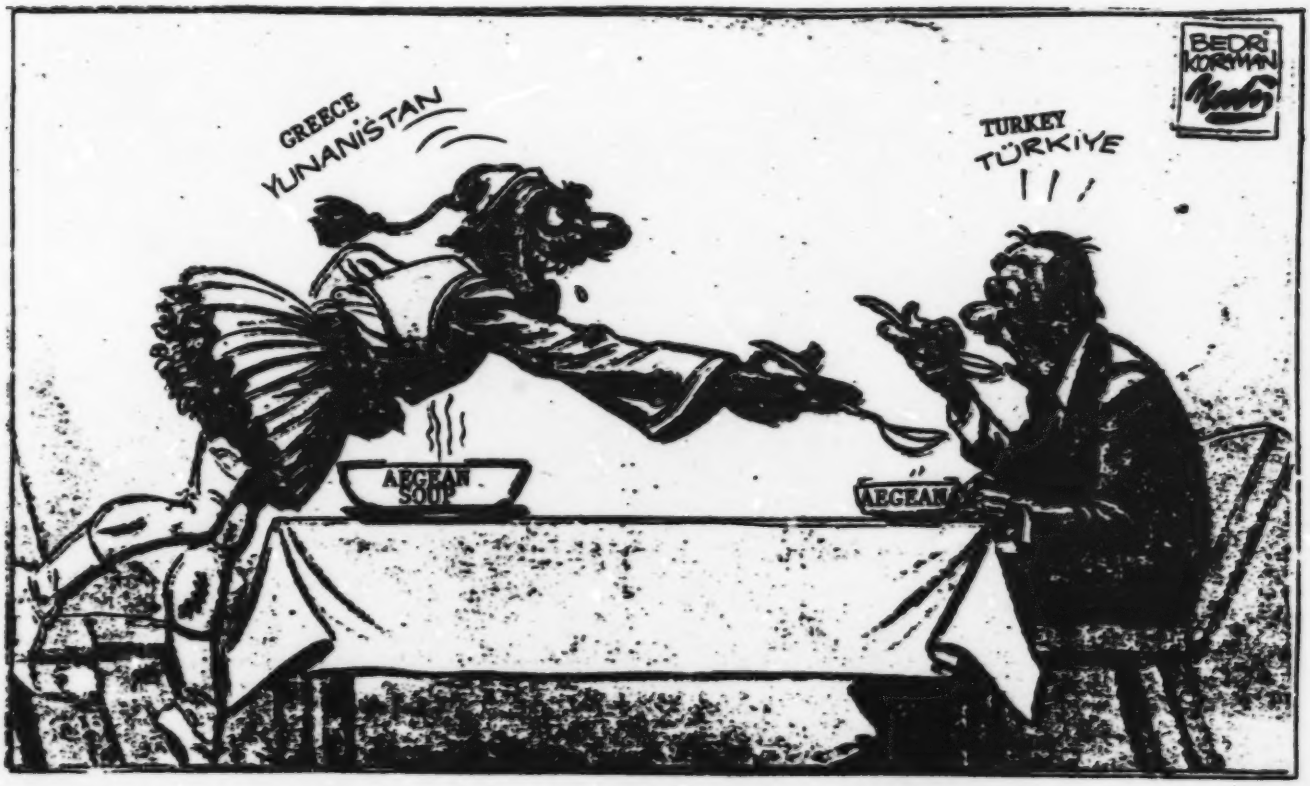
The warnings of serious Turks are always serious.

CSO: 4654/14

'MILLIYET' CARTOON ON TERRITORIAL SEA ISSUE

Istanbul MILLIYET in Turkish 20 Sep 81 p 1

[Text]



CSO: 4654/14

MUMTAZ SOYSAL URGES RESTATING OF POSITION ON 12-MILE ISSUE

Istanbul MILLIYET in Turkish 18 Sep 81 p 2

[Mumtaz Soysal Editorial: "Casus Belli"]

[Text] No, the "Casus" which is "Belli" is not the one with which you are familiar. You are to read the first letter of the first word as a "k" and do not draw out the "a." The other word is a form of the word "bellum" which in Latin means "war." "Casus Belli," the shortened version of which is "casus," in Latin, in international law, means "war conditions" or "a situation which, when arising, can be considered by a state to be a reason for war."

Well before now, Turkey had informed both friend and foe that, should Greece extend its territorial waters in the Aegean from 6 nautical miles to 12 miles, she [Turkey] would consider this a "casus belli." This term had even found its way into official documents.

Why?

Because the extension of Greek territorial waters to 12 miles is a very serious situation for Turkey. It is a "vital" problem relating to whether or not a "nation" and "state" will survive.

Why?

Greece has approximately 3,000 islands in the Aegean. Why and how a portion of these were generously relinquished is another story. But, for this reason, even when the territorial waters are maintained at 6 miles, 35 percent of the Aegean is Greek territorial water. Turkey's territorial waters come to 11 percent. Thus, under the present conditions, 56 percent of the Aegean is open sea, over which no one can claim control.

However, if Greece were to extend its territorial waters to 12 miles, 63 percent of the Aegean would fall under Greek authority and an area representing only 26 percent would remain international open sea.

Even worse, at present, if nothing else, Turkey can reach open sea without entering Greek territorial waters via three large areas--those being the area between Meric [unlocated] and Mitilini, and Bababurnu, which is across from

them; and the Candarli and Sigacik bays. Now, if the territorial waters are extended to 12 miles, Turkey will find itself in the position of being unable to travel down to the Mediterranean except through two narrow passages, one in the waters off Bozcaada and the other between Sakiz [Chios] and Nikarya [Ikaria], in the waters off of Koraka Burnu [Koraka Point].

Okay, let us say that this is of no real importance because of the "right of free passage" during conditions of peace. What about fishing? And the exploitation of natural resources?

Not to mention the continental shelf.

Knowing all this, Greece is staging a new game against Turkey.

Now, the Common Market, or "European Community" according to its new name, has been brought into the picture. The matter involves the determination of the Community's "boundaries." A report prepared by French parliamentarian Marie Madeleine Fourcade with this aim in mind does not stop at considering quite normal the extension of Aegean territorial waters to 12 miles, it attributes to Greece the nature of an "Island State." Accordingly, the boundary between the "European Community" and Turkey is just beyond the Aegean's Anatolian shore. And, where the distance between the islands and the mainland narrows to less than 12 miles, it runs along the "median line" between the two. That to the east of this line belongs to us and that to the west belongs to Europe.

More correctly, to Greece, which is once again up to its tricks under the protective wings of Europe.

What this means in terms of air space, the 200-mile "economic zone" adjoining the territorial waters and even the continental shelf, is clear, very clear.

Is Turkey going to yield before pillage? And should it not yield, will it be satisfied with the diplomatic notes which it has given to Common Market jurists, the warnings which it has given, and its diplomatic initiatives?

In short, is there still a "casus belli" or not?

It appears that the flexibility shown in the matter of the FIR line, the accommodations arrived at in return for the return to NATO and the conciliatory initiatives made on Cyprus have given the other side the impression that things have changed in Turkey; this to the extent that the 12 mile issue, clearly stated to be a cause for war, can once again be aired.

Greece took the decision to extend its territorial waters in the Aegean from 3 to 6 miles back in 1936. Turkey waited until 1964 to do the same thing. Perhaps they are calculating that the "casus belli" reaction will once again come in a delayed manner or not at all.

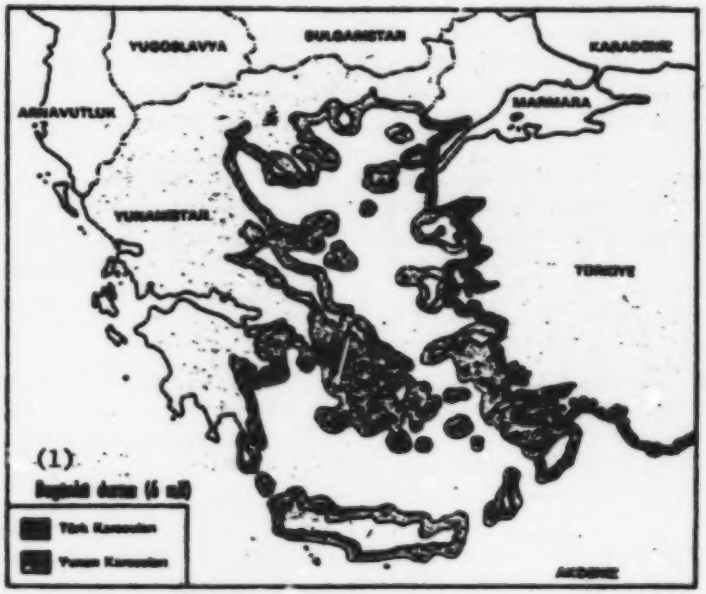
This is the perfect time to notify friend and foe once again--in Latin or in Turkish--that in regard to the equitable sharing of the Aegean with our neighbor on the opposite shore and in regard to living like human beings on this half of the Aegean, nothing has changed in Turkey, nor will it change, nor can the Turkish people accept any change whatsoever.

CSO: 4654/14

MAPS SHOW EFFECT OF 12-MILE GREEK TERRITORIAL SEA

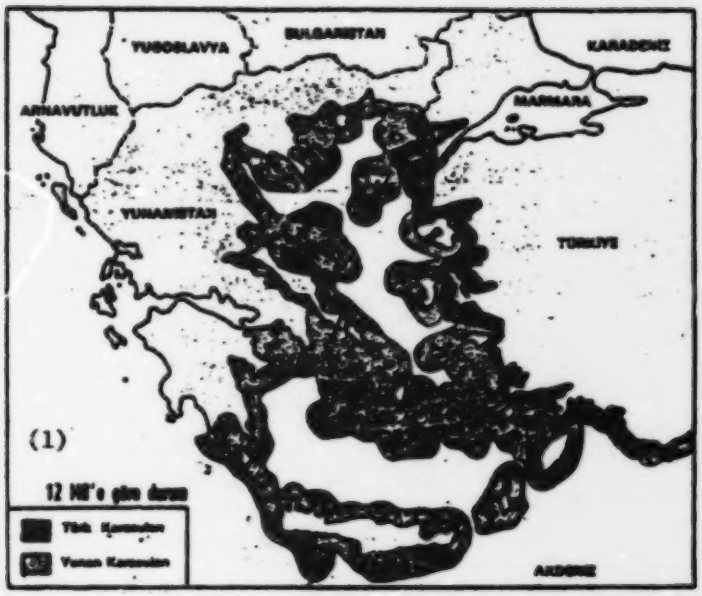
Istanbul MILLIYET in Turkish 19 Sep 81 p 1

[Text] The situation in the Aegean given 6 and 12-mile Greek territorial waters.



Key: (1) Current situation (6 miles)

[Darker area] Turkish territorial waters
[Lighter area] Greek territorial waters



Key: (1) The situation given 12 mile Greek territorial waters

[Darker area] Turkish territorial waters
[Lighter area] Greek territorial waters.

CSO: 4654/14

GREEK ILL WILL OVER AEGEAN BLASTED

Istanbul TERCUMAN in Turkish 21 Sep 81 p 8

[Editorial by Zafer Atay]

[Text] Good faith is essential to foreign policy. But it is certainly not a wise move to make this a one-sided deal.

We think Turkish-Greek relations have come to just such a point. Turkey has shown its good will by lifting NOTAM 714, which hindered flights over the Aegean. Turkey has shown its good faith...without preconditions. It allowed Greece's return to the military wing of NATO. Turkey has shown its good faith. It has ensured that contacts on the secretary general and ministerial levels have not been cut off.

What has Greece done in return?

So as not to give the leftist opposition grist for its propaganda mill, Greece up to now has failed to disclose the easement it has obtained with respect to Aegean airspace. Nor has Greece been inclined to fix areas of command responsibility in the Aegean promised via a negotiated settlement after reintegration. Finally, Greece has shown its bad faith by saying, "Let the 1974 situation continue."

Well, let us accept as a political strategem Greece's avoiding disclosure for now on account of the elections. But how is one to interpret reneging on a promise? Turkey had long insisted, "Let the Aegean dispute be resolved and then we will grant Athens the necessary permission," as a prerequisite to Athens' return to the military wing. But owing to the alliance's weakened southeast wing and Soviet expansionism in the region, NATO members removed this precondition by asking Turkey "to make a further demonstration of its good faith." NATO on this issue has been unable to reap a single result up to now. Turkey wants to share command responsibilities in the Aegean. Greece refuses to accept this.

Ultimately, Athens successfully mounted a new strategem during the European Parliament meeting in Strasbourg last week.

A report prepared in step with the Greek position on the Aegean was passed as a fait accompli through the European Parliament, which is composed of representatives elected from the 10-member countries of the European Economic Community.

Greece became a full EEC member at the start of this year. It thus became necessary to redefine the association's customs boundaries. For this purpose, the duty of preparing a report was given to the French deputy Mrs. Fourcade, who appears to be completely uninformed on the Aegean issue. Fourcade prepared a report on this highly complex and technical issue that was in conformity with Greek views. Meanwhile, Greece did not overlook getting the esteemed members of the European Parliament to spend their summer vacations free on the Aegean islands. The parliamentarians, who thoroughly loosened up on sun, sea, fish and wine, in the end approved the report with a raise of their hands.

Doubtless the Parliament's decision is in the nature of a recommendation. It will be further discussed in the Council to be attended by EEC foreign ministers. But the EEC, unknowingly, has abetted a very dangerous ploy. According to the report, the 3,000 islands--most of whom are chunks of rock--that Greece holds in the Aegean are to have distinct continental shelves. Given this, Greece can extend its territorial waters to 12 miles and can demand a 200-mile economic zone....

The rough meaning of this complex statement is: "Greece can with EEC permission close the Aegean to Turkey...."

The Aegean is a semi-closed sea. The islands that we let Greece snatch away as the result of certain historical errors are accruing major advantages for Athens. Even today Turkey's sovereign borders comprise only 11 percent of the Aegean. Greece controls 35 percent of the Aegean. The remainder constitutes international waters to which the entire world has free access.

For Greece to extend its territorial waters from 6 to 12 miles and for every island to have its own continental shelf would mean that Turks could travel in this sea only by means of a passport. It means that Turkey would be unable to venture into this sea without Greek permission. This is unacceptable. In fact, Turkey openly stated years ago that a 12-mile limit would be a casus belli. The EEC is obligated to rectify this error prepetrated by the Parliament....

The fact that Athens, in the wake of Head of State General Kenan Evren's call that "the Aegean become a sea of friendship" made during his Izmir address on 9 September, has mounted such a strategem indicates perfectly how devoid Greece is of good faith.

We believe its high time--even past time--to speak in a language Greece will understand....

CSO: 4654/7

'CUMHURIYET' CARTOON ON TERRITORIAL SEA ISSUE

Istanbul CUMHURIYET in Turkish 22 Sep 81 p 1

[Text]

Cartoon Caption: Greek: Up to here is 12 miles...You may not go into the water without my permission.

CSO: 4654/14

AEGEAN ISSUE SPARKS CALL TO REVIEW RELATIONS WITH WEST

Istanbul MILLI GAZETE in Turkish 22 Sep 81 p 5

[Editorial by Mehmet Fahri]

[Text] The European Parliament in its resolution approved the extension of Greek territorial waters to 12 miles. In short, owing to this resolution, the zones extending up to 12 miles off Greece as well as the islands have been incorporated into the Common Market's customs boundaries.

One newspaper characterized the European Parliament's resolution as "nonsense." Even Foreign Minister Turkmen passed it off by declaring, "This resolution is not binding upon us." It is also impossible for us to take it seriously in light of European Parliament Commission members' statements regarding the altering of the resolution at our behest.

But approaching such an issue superficially can lead us into error. It can serve to deceive us and the Turkish community...as it has done up to now.

Rather than dwelling on whether this resolution is invalid or nonapplicable to us, the issue that must be most emphasized in the wake of this European Parliament resolution is the fact that this body has once again expressed an attitude often displayed in the past.

It is whitewash not to focus on this mentality and hope to pass it off by saying, "My dear sir, the European Parliament did make such a resolution but it is not binding upon us. What's more, it will be altered at our behest." This would be to no avail and would only result in harm. Furthermore, we characterize these words as an attempt to defend or vindicate the European Parliament before Turkish public opinion, despite the resolution having been made against us.

Some papers are charging the resolution is invalid by taking another tack: it was adopted with the votes of only 110 to 403 deputies. Yet, it is not a very convincing logic to hope for results based on the grounds that a resolution adopted with only some one-quarter of deputy votes is invalid. If the absent deputies had not wanted Parliament to pass such a resolution, they would have been present during

the session and cast "no" votes. The resolution would thus have failed. By not doing so and not attending the session, they helped the resolution's passage through Parliament. It is this fact that in our view puts a different face on the picture.

In short, the European Parliament representatives of Common Market countries have once more demonstrated that they favor Greece, not Turkey. It is precisely this attitude that must be focused on and assessed. The reasons for this attitude lie in the facts that Turkey has not been accepted into the Common Market despite years of efforts and that various obstacles have been thrown before Turkey. Turkey is not taken very seriously when it says, "I am Western not Eastern." Although Turkey is an associate Common Market member, it does not even receive the same outlets for its export produce that Israel does.

Whether or not we want to understand, the West is telling Turkey, "Find someone like yourself to marry." Is it not shameless to continually insist, "We are Western; we are no different than you," when the West's attitude is so abundantly clear? But for heaven's sake isn't this what we are saying?

Actually, we ought not be surprised that the West prefers Greece over us since the West has a cultural and religious affinity with the Greeks. What has the West in common with us? Beyond our saying that we are Western, in what areas does Turkey have something in common with the West?

On the contrary, the West harbors an unforgettable attitude manifest in the partition of the Ottoman Empire and the establishment of its own colonial administration over these lands. But the West was not satisfied there. Was it not Westerners who divided Anatolia among themselves, landed the Greeks at Izmir, and let them loose upon the Turks? One ought not be surprised that those who dispatched the Greeks to Anatolia years ago should side with them today.

We are obliged to assess our relations with the West in light of these attitudes. Efforts to clear the West by inventing some excuses will bring us only disillusionment...just as they have done up to now.

CSO: 4654/8 END

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No. 1835

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20 October 1981

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No. 1835

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BRIEFS

FOREIGN MINISTER ON 'ZONE'--In the view of Foreign Affairs Minister Paavo Vayrynen, the future disarmament and arms control arrangements concerning Europe can well begin in the north. Vayrynen, who spoke at a meeting of the Paasikivi Society in Lahti, said that the project to establish a nuclear-free zone in the north must continuously be kept alive. It has been emphasized in Denmark, Norway and Sweden that the establishment of a nuclear-free zone is closely connected with other European security arrangements. In the opinion of Vayrynen it is nevertheless, not right to freeze the development of the idea of the zone, which is essential to us, and postpone it to an uncertain future. Vayrynen promises that Finland, even in the future, will work actively for the implementation of the zone project. [Text] [LD041546 Helsinki Domestic Service in Finnish 1400 GMT 4 Oct 81]

CSO: 3107/8

ICELAND BID FOR GREENLAND TRADE REPORTED

Reykjavik NEWS FROM ICELAND in English Sep 81 p 4

[Text] Recently, the Icelandic Export Centre *(Íslenska útflutningsmiðstöðin)* in Reykjavík announced initiatives designed to prepare the ground for a wide range of services that enterprises here are willing and able to undertake for parties in Greenland. Several factors make for very intriguing possibilities in such cooperation, over the long term.

For starters, the IEC organized a mission to Greenland to promote Icelandic expertise in various fields, not least trade and fisheries technology. In that effort, the company was joined by building contractors, consulting engineers and shipyards in this country, among other things. The tour was expected to take place in early September.

As was noted by IEC executive director Úlfur Sigmundsson when Reykjavík reporters queried him on the general scheme, the level of Greenland's external trade is huge in relative terms. The figure is equal to roughly one-third of Iceland's, even though the population of the neighbouring nation is just some 40 thousand, he said.

In recent years, there has been some activity in Greenland by Icelandic contractors, by arrangement with Danish firms but typically on a very modest scale. Thus far, virtually all of Greenland's import-export trade has been handled by an official Danish agency.

That is likely to change, however, as various powers of government and administration are to be gradually transferred to Greenland, where home rule was formally established in early 1979 after a plebicite. A parallel degree of autonomy was achieved by Iceland in the year 1904.

The IEC is a national leader in the export of shrimp and scallops, while also shipping frozen fish products on some scale. The company seems very interested in bidding for marketing assignments in Greenland, though no specific deals are known to be in the cards.

CSO: 3120/7

COMMERCE MINISTER FAVORS EEC ACCESSION

Nicosia CYPRUS MAIL in English 18 Sep 81 p 2

[Text] Those who may think that joining the EEC is a panacea should be making a grave mistake, the Minister of Commerce and Industry Mr C. Kittis says in an article published in the quarterly periodical of the Ministry.

In this article Mr Kittis examines why Cyprus has to associate itself with the EEC, what are the difficulties faced and what the impact of a Customs union shall be.

The Minister's concluding remarks are: "Unless serious steps are taken to restructure our industry, we shall be in for very unpleasant surprises."

The following is the full text of the article which becomes quite topical with the current negotiations about the third stage of Cyprus's association towards Customs Union.

In March 1957 six European countries signed the "Treaty of Rome" by which what is known as European Economic Community came into being. In 1973 three more European countries joined and with the accession of Greece on January 1, 1981, the EEC now embraces 10 member-countries.

Spain and Portugal may soon join the Common Market increasing the member countries to 12.

With the Treaty of Rome, the founder members undertook to achieve by 1970 a Common Market by:

--Waiving restrictions on the movement of goods, services, labour and capital.

--The implementation of a common external tariff to govern imports from non-member countries.

--The implementation of a common economic policy in both the industrial and agricultural sectors.

These targets were in fact achieved in July, 1968.

The EEC has resulted in many benefits for the population of member countries; the main ones are:

--The considerable expansion of the market size. Agricultural and industrial production is planned for a market of about 275 million people and can enjoy economies of scale and the possibility of selective production on the basis of comparative advantage and opportunity costs.

--The implementation of integrated and regional policies in the industrial, financial, fiscal, geographical and communications sectors has proved to be beneficial and contributed towards a higher standard of living for all member-countries.

II. Why does Cyprus have to associate itself with the EEC?

The economic importance of the EEC is obvious when one considers the fact that total population will soon be 320 million compared to 225 million of the USA and 260 million of the Soviet Union. EEC is the leader in World Trade accounting for about 35% of world exports and 36% of world imports. The standard of living in member-countries is among the higher in the world.

It is not strange therefore that every country shows keen interest in the EEC and its affairs: every country wants to share part of the cake. And so does Cyprus.

But we have another important reason why we wish to be associated with EEC. Prior to 1973, being a member of the commonwealth, Cyprus enjoyed preferential treatment for its products imported in the UK--the traditional market and the major buyer of Cypriot agricultural and manufactured goods. Since Britain joined the EEC, Cyprus was bound to lose this preferential treatment and the effects on the economy of the island would have been detrimental. It was therefore essential for Cyprus to maintain its traditional market and the preferential treatment for its produce--hence the need to associate with the EEC in some way.

As a result of several months of negotiations Cyprus signed an Association Agreement with the EEC in December, 1972.

III. Why should we select the Customs Union?

Cyprus has decided to proceed with a Customs Union Agreement. When fully implemented, it will allow duty-free movement of goods which will enable our products to be exported to the Community without restrictions. We shall, at the same time, have to adopt the Common Customs Tariff which will be applied to imports from non-EEC countries.

IV. The current situation

The initial Association Agreement provided for a Customs Union in two stages--Stage I commencing on signature (Dec. 72) and expiring on June 30, 1977, with Stage II commencing on July 1, 1977, and would extend in principle over 5 years. It also provided that 18 months prior to the expiration of the first stage the two parties would commence negotiations to decide the regime to apply during the second stage.

The main concessions made to Cyprus provided for a 70% reduction in duties of all Cyprus manufactured goods, provided they satisfied the rules of origin— e.g. goods manufactured of Cypriot or EEC raw materials are covered under these rules.

Furthermore, Cyprus continued to enjoy the then existing preferential tariff regime on all its exports to U.K. until 30th June, 1977, whilst an import quota of 200,000 hls of sherry was granted on which no duty would be paid. Tariff on citrus fruit exported to markets other than U.K. was reduced by 40% whilst a quota of 110,000 tons of potatoes could be exported to U.K. with the existing preferential treatment.

On its part, Cyprus reduced by 35% its import duties over a 5 year period on goods of EEC origin except for certain products specifically mentioned in the protocol for the sole purpose of protecting local industry. The reduction of duties was to be effected in three stages over the five years.

On September 15, 1977, an additional protocol was signed which extended the first stage until 31.12.79. According to this protocol, manufactured goods of Cyprus origin based on Community rules of origin were to enjoy 100% duty reductions; rules of origin for textiles were slightly improved allowing knitwear manufactured from raw materials imported from third countries to be considered as being of Cyprus origin, under the said rules.

The protocol also provided for the concessions to apply to our main agricultural products such as potatoes, carrots, table grapes, wines, citrus fruit, vegetables and canned fruits and vegetables.

The efforts to move to the second stage of the Assocation Agreement made in May 1979 did not materialise mainly as a result of the differences between member-states on the Mediterranean policy and the Common Agricultural policy of the Community. Political problems resulting from the Turkish invasion were successfully overcome. Thus, the first stage was again extended until 31st December, 1980.

On November 24, 1980, the Association Council decided to move into stage II of the Association Agreement as of January 1, 1981, and defined the process for the transition to Customs Union in three periods:

--1981
--1982-83
--1984 onwards.

The concessions which both parties extended in 1980 will remain unaltered during 1981. In 1981 negotiations will define the regime to apply for 1982/83 and which is expected to be somewhat more favourable than 1980. In 1982 negotiations will be held to define the transitional period to Customs Union, commencing in 1984.

V. What are the difficulties faced?

It is my personal opinion that the difficulties which Cyprus faces in achieving a final agreement for a Customs Union are mainly due to--

(a) The fact that individual member-countries have national interests and constraints which create a "tug-of-war" between them in bargaining various matters of difference in opinion; they use therefore "third country interests" to give or take in negotiating tactics. Hence Cyprus must achieve its targets at a time when the national interests of most member-states would tend to coincide. The fact that the EEC now comprises 10 countries and is expected to increase to 12 during the course of the new few years, of which at least 3 have similar agricultural production patterns as Cyprus, tends to increase difficulties and requires more careful planning and continuous action and perseverance.

(b) The fact that there exists considerable difference of opinion among member-states in relation to the Common Agricultural Policy does not facilitate substantial improvement of concessions to agricultural produce.

We must hope that the Community's Common Agricultural Policy will, in the near future, become less inflexible and more liberal, for this will allow a Customs Union Agreement to evolve into a dynamic well-balanced and mutually beneficial economic relationship.

VI. Is joining the Common Market a panacea?

Those who may think, however, that joining the EEC is a panacea would be making a grave mistake.

Agricultural goods are expected to benefit from the Customs Union, especially considering the fairly higher quality and the early production capability of our agriculture. Yet prices should be confined within competitive limits through effective cost management. By this I would warn against the easy solutions of subsidies. In my opinon subsidies are no answer because they do not benefit either the economy or the producer. They simply benefit the consumer in other countries.

Measures such as larger farming units, large scale cultivation and irrigational systems, concentration of production on specific specialty products of high value-added and automated packaging would be required to contain costs of production.

The impact, however, on a considerable range of manufactured goods would be unfavourable. The Customs Union will lead to a very keen competition in the local and export markets as a result of the abolition of import duties and quantitative restrictions which now offer protection to locally manufactured goods; competition will also increase because the consumer will be offered a wider and more diversified choice.

Furthermore, the adoption of the Common Customs Tariff is expected to cause an increase in the cost of raw materials from third countries with cost-push effects in production costs.

Bearing in mind the general characteristics of the manufacturing sector such as the large number of production units of small size, the family nature, the

unfavourable capital structure, the dependence on imported raw materials, the low technological level of industry, the low utilisation of capacity, the shortage of skilled labour etc. it is felt that, unless serious steps are taken to restructure our industry, we shall be in for very unpleasant surprises.

The Government has a serious role to play in this transformation through education and extension of the necessary services.

Yet the major responsibility lies with the manufactures themselves. Apart from the fact that the willingness to change and adjust to the challenge must be genuine, it is essential for our manufacturers to become more marketing oriented, to encourage specialisation and improve organisation and planning procedures. Furthermore, the mentality should change towards joint-ventures and amalgamation for the purpose of creating capital intensive, large production units which would allow higher cost effectiveness.

CSO: 4600/31

COUNTRY'S CONTRIBUTION TO INTERNATIONAL TECHNICAL COOPERATION

Nicosia CYPRUS BULLETIN in English No 36, 19 Sep 81 p 2

[Text] The Minister of Labour and Social Insurance, Mr George Stavrinakis, and other officials attended the annual closing ceremony of the Mediterranean Institute of Management MIM 1980/81 Post-Graduate Management Diploma Program and the inauguration of the 1981/82 Program, held on September 12.

With the establishment and successful operation of the Mediterranean Institute of Management, the Government of the Republic of Cyprus aims at contributing effectively towards furthering the U.N. concept of technical cooperation amongst developing countries.

Another objective is the retraining and productive employment of unemployed university graduates.

Moreover, the MIM organized in 1981 a 6-week special program for the Near East Region on the "Marketing of Fruit and Vegetables" for the United Nations Food and Agriculture Organization.

The Mediterranean Institute of Management serves as the Interregional component of the Cyprus Productivity Centre. A number of overseas participants attend the Diploma Program. This year there are 7 overseas participants, 3 from Greece, 1 from Tanzania, 1 from India and 1 from Zimbabwe.

Inaugurating the 1981/82 MIM Program, the Minister of Labour and Social Insurance observed that Cyprus and other developing countries in our region are frustrated in their efforts to accelerate industrial development because they are confronted with lack of professional managers suitably qualified to solve the specific national problems within their environment.

"The training provided by the MIM," the Minister said, "will in the long run offer to the region well-trained managers thus contributing positively to the development efforts of Cyprus and its neighbours."

The MIM Director, Mr Haris Constantinou, spoke about the Program and its targets and praised the work of the staff. He also wished the 1980/81 graduates happiness in their business and personal lives and welcomed the new participants for the 1981/82 Program.

CSO: 4600/32

UNEMPLOYMENT MAY RISE, WARNS BANK OF CYPRUS

Nicosia THE CYPRUS WEEKLY in English 25 Sep-1 Oct 81 p 8

[Text]

The measures taken by the government to control inflation and contain the rise in imports have begun to produce desirable results, says the latest Bank of Cyprus Bulletin. At the same time, however, the measures have adversely affected production and employment.

The average increase in retail prices fell to 10.9% during the first half of this year, as against a rise of 13.5% in 1980. The balance of payments on visible trade and current account showed an improvement, reflecting a sharp fall in imports growth and a good performance of the tourist sector.

Domestic output

Estimates show a reduction in the current account deficit by about one-third, from £59.2 m. in the first six months of 1980 to £39 m. in the same period this year.

But the rate of increase in domestic output slackened. Provisional figures show that the GDP (Gross Domestic Product) rose by only 3.5% this year compared with 4.3% last year and a 7.5% growth in 1979. This was due to depressed world demand or the restrictive measures taken by the government, the Bank of Cyprus report says.

Unemployment has been gradually rising since June 1980. The jobless rate went up from 2% in June 1980 and 2.4% in December, to a seasonal high of 2.9% in June this year. Construction has been the most heavily hit sector, where registered unemployment rose by nearly 190% in 12 months.

The Bank warns that the unemployment situation may continue to worsen and that the number of jobless in Cyprus may exceed 3% by the end of the year.

The Bank says a rise in production in the region of 3% is likely to be achieved this year.

The prospects for further growth depend mainly on how far export-oriented industries can improve their international competitiveness "which in certain cases has recently been eroded".

This can be achieved by bringing down the rate of inflation which, although slowing down, "is still higher than that in a number of competing countries".

CSO: 4600/40

STATUS OF PITSILIA PROJECT REPORTED

Nicosia THE CYPRUS WEEKLY in English 25 Sep-1 Oct 81 p 9

[Text]

President Kyprianou, who visited Eftagonia in the Limassol district at the weekend, discussed problems facing 14 villages in the region -- part of the Pitsilia Integrated Rural Development Project now under way.

He said that £500,000 has been spent on road and irrigation projects and that work is continuing on the construction of water reservoirs and ponds at Eftagonia and Arakapas.

The Pitsilia Project started early in 1978 and should be completed next year. Its main objective is to stimulate the economically depressed mountain region by developing its productive resources and improving social services such as health and education.

The total investment will amount to about 25 m. dollars of which 10 m. have been secured through a World Bank loan. The balance will be covered by the Cyprus government.

A total of 49 mostly small, poor villages, have been included in the Project; they have a population of 21,000 and belong administratively to the districts of Nicosia, Limassol and Larnaca. A rugged topography prevails, the region lies at an elevation ranging from 500 to 1,600 metres above sea level, and the terrain is dissected by numerous streams and small deep valleys.

It is an area of traditional agriculture with a marked trend of depopulation. The Project is the first of its kind in Cyprus and a pioneering one in the Middle East, North Africa and Europe.

The investments will go on developing the region's water resources, opening up new agricultural land, construction and improvement of farm and village roads, and on providing credit for agricultural development.

In the social sector, primary education is upgraded, the health facilities are substantially improved, village streets are repaired and domestic water supply is improved to compare with that of urban centres.

The aim is to raise the standard and quality of life of the region's population through an increase of employment opportunities, doubling per capita income and upgrading the social and environmental conditions in the region.

CSO: 4600/40

BRIEFS

CREDIT RATING--The international credit rating of Cyprus has slipped by only 0.8 per cent over the past year, compared to an average decline of 2.7 per cent for 104 countries listed in a survey by New York's Institutional Investor magazine. Even so, as a result Cyprus dropped one place, from 71st to 72nd in the world rankings for credit-worthiness. With the United States at the top of the list with a rating of 98.3 (up 0.1) Cyprus is given a rating of 35.8, 12.2 points below the average of 48 for the 104 countries listed in the survey. Cyprus' rating is close to that of Jordan (39.7), Egypt (38.8), Israel (38.1) Morocco (36.7) and Syria (27.9). The New York-based magazine asked 100 international banks, to rate the credit-worthiness of each country on a scale of 0-100. The ratings are considered important in financial circles because bankers will require much stiffer conditions and higher interest rates on their loans for low-rated borrowers. The Institutional Investor ratings are regarded as accurate by the U.S. financial community and a fair reflection of worldwide banking opinion. [Text] [Nicosia THE CYPRUS WEEKLY in English 25 Sep-1 Oct 81 p 8]

CSO: 4600/40

STOLTENBERG PROPOSES MORE CUTS IN SOCIAL PROGRAMS, PUBLIC SECTOR

Munich SUEDDEUTSCHE ZEITUNG in German 15 Sep 81 p 19

[Interview with Schleswig-Holstein Minister-President Gerhard Stoltenberg by editorial staff member Franz Thoma: "The Union Will Be Steering a Clear Course Toward Economy Measures — Schleswig-Holstein's Minister-President Favors Cuts in Unemployment Benefits, Further Economies in Public Service Sector and Private Participation in Health Care Services"]

[Text] Kiel, 14 September — Dr Gerhard Stoltenberg has a low opinion of a purely negative policy when it comes to putting public budgets back on a sound basis — specifically the federal budget. Rather, the minister-president of Schleswig-Holstein and fiscal policy spokesman for the Union-led Laender in the Bundesrat and the CDU party presidium is ready with clear alternatives wherever the Bundesrat or Union cannot go along with the government's plans. He favors constructive cooperation in areas where the federal government's proposed cuts can be supported. In an interview with the SUEDDEUTSCHE ZEITUNG [SZ], Stoltenberg also makes some seemingly unpopular proposals — cuts in unemployment benefits, economies in the public service sector and reduced costs for health care. For there is no doubt about the need for economy measures, though Stoltenberg criticizes the piecemeal nature of Bonn's plans in this area. The text of the interview follows.

SZ: Herr Stoltenberg, what would you do if you were federal finance minister?

Stoltenberg: On 27 July, Finance Minister Matthoefer told the SPD parliamentary group some of the things that have to be done: A shift in trend is needed, and the dynamics of social legislation must be slowed because the productivity of the national economy is no longer keeping pace. Private and public investments, which have been shrinking since 1970, must increase their share of the gross national product once again. So the disproportionate rise in social benefits cannot go on.

SZ: None of that is new anymore. What about prospects for the future?

Stoltenberg: I think the government's most important task is to make known the connections between fiscal policy and economic policy as a whole, including the policy on employment. For the citizenry will understand the unavoidable — in part

harsh — moves against benefits laws and assets only if these cuts are that element of a future-oriented policy which strengthens the national economy's ability to compete, solves the problems of unemployment and also restores people's confidence in the future. Individual decisions must be based on these principles.

"We Shall Be Proposing Additional Cuts"

SZ: Do you think the recently resolved moves against the benefits laws are enough to restore the soundness of government finances?

Stoltenberg: The cuts envisioned by the government will not be enough to put the budget back on a sound footing, effect a gradual reduction in the government debt or open up some room to maneuver in the area of employment. This is why we propose to insert specific additional moves against benefits laws into the legislative process.

SZ: Has the link between fiscal and economic policy been established only to an inadequate degree in Bonn's economy program?

Stoltenberg: Yes. That's a crucial weakness. The silly squabble over the abortive idea of a supplemental assessment has apparently made it impossible to work out such a plan. Contrary to all the assurances by Genscher, Lambsdorff and Matthoefer, the policy of raising taxes and assessments is being continued. It is especially critical that the authorization limit for unemployment insurance contributions is scheduled to be lifted from 3 percent to 4 percent. That additional percentage point means an added tax burden of DM 6 billion for business and labor. Although the present intention is to ask for only .5 percent and to reduce temporarily the pension insurance contribution that was just raised, the government's bill naturally elicits the fear that the next phase has already been made part of the plan.

SZ: But real tax increases have also been planned....

Stoltenberg: If we take the various increases in taxes on consumption and figure in the cutback on tax benefits, the result since the Bundestag elections is an annual increase in the tax and assessment burden amounting to a good DM 10 billion. This runs counter to all the correct statements that the government's share should be limited and reduced somewhat. Here again, the result is that additional cuts are unavoidable.

SZ: Does the opposition have precise conceptions that go beyond these and similar postulates?

Stoltenberg: It is certainly our obligation to be more specific.

SZ: How specific will you get, considering that the Union has long been opposed to making verbal statements. As things stand now, generalizations no longer suffice, is that right?

Stoltenberg: That's correct. But the Bundestag parliamentary groups resumed their regular work only a short while ago. There have been intensive preliminary discussions. We're a bit farther along than has been publicly apparent so far. But we

also have to observe order. Final motions can be formulated only after they have been passed by the Laender cabinets. Moreover, there also has to be coordination on essential points with the parliamentary group in the Bundestag. This does not mean, however, that the Bundesrat majority and the Bundestag parliamentary group have to proceed in a totally uniform manner down to the last detail.

Key Words: Support for Secondary School Students and Welfare

SZ: What are your specific proposals on economy measures?

Stoltenberg: One specific item, for example, is a review of support for secondary school students under the Law for the Advancement of Education. This support now swallows up approximately 50 percent of the total funds. Another item is limiting the rise in the cost of welfare. There is no reason why a woman who has two children and works as a saleslady should have a lower income today than a woman who has two children and goes to the welfare office. This is not only a fiscal issue; it's also a social-ethical one. The difference between the net incomes of working people and those who don't work has simply gotten to be too small. The acknowledgement of occupational achievement and the increased motivation also to achieve more is a central issue. At the same time, attacks on the social welfare structure must be proportioned in such a way that no one truly needs to fear for his survival.

Unemployment Benefits: Reduce Them or Apportion Them Some Other Way

SZ: This comes down to cutting back on unemployment benefits.

Stoltenberg: This criteria also applies to our intention to economize on unemployment benefits. It's a sensitive point. The final plan has yet to be formulated. People employed right now in the tourism business, for instance, who work 6 or 7 months a year with overtime, can earn a higher net income than other people who work 12 months out of the year with no overtime. A certain adjustment is unavoidable, also with respect to the otherwise permanent, regular increases in contributions.

SZ: Can the reduction that you have proposed be quantified yet?

Stoltenberg: There are two alternatives that we have to choose between in the next 14 months. It's clear in principle that we'll be making a proposal. One is along the lines of an across-the-board cut in unemployment benefits from the present level of 68 percent to between 63 and 65 percent; the second proposal involves a change in the basis for apportioning benefits. Experts will be discussing these proposals, and then a political decision will be made.

Possibilities for Economies in the Public Service Sector

SZ: Do you also have plans for the public service sector?

Stoltenberg: We have to talk about individual aspects of this service. I'll give you an example. Given the present financial crisis, I consider it no longer necessary for government employee candidates to be already getting 100 percent of their entry-level salaries. A reduction to 90 percent would lead to budget savings of between DM 400 million and 500 million. Of course, one cannot fairly expect of the

CDU/CSU or of the Union-led Laender that every point already in this legislative process will become a formal motion. We'll be doing that with some items; with others we'll be calling on the government to submit proposals as soon as possible. There are also areas where cost-cutting is tied to aggravating political issues.

SZ: What examples do you have in mind?

Stoltenberg: The Laender in particular are becoming convinced that we need more effective measures against abuse of the right of asylum. On-the-spot conditions are plainly catastrophic.

Wrong Approach to Right of Asylum

SZ: What do you think of the present decision to wait 2 years before granting a work permit to those who apply for asylum?

Stoltenberg: I consider this decision to be extremely dubious. Many applicants are referred back to the welfare system. This costs the Laender and the municipalities many hundreds of millions of marks. And it doesn't solve the problem. We have a draft bill which passed unanimously in the Bundesrat and which represents a minimum catalogue designed to shorten procedures and eliminate several of the worst cases of abuse. But the government coalition won't move on it. Laender and municipalities have to pay out more than a million marks each year solely for candidates for asylum. At the same time, it is not a question of curtailing the basic right of asylum for those who are truly politically persecuted. But there are forms that are developing to the point of an organized trade in human beings; these are not in accord with the intentions of our founding fathers.

SZ: Doesn't it emotionalize the situation to drag out the work permit process?

Stoltenberg: I'm afraid that social conflicts are also a result. If applicants for asylum come to our country under fairly strict conditions and often have to wait years for a court-approved decision, I would always prefer that they work rather than receive welfare aid. And not only for financial reasons but also for reasons of a meaningful job for the perhaps limited time that these people are here.

SZ: Naturally it is not the task of an opposition party to submit an alternative program of economy measures complete to the very last detail. But the key points have to be clearly visible. Now then, the Union's proposals on unemployment benefits show the courage to do the unpopular thing, while it has remained fairly uncommitted when it comes to the public service sector — aside from what we've already said on that subject. Why?

Stoltenberg: The public service sector has been relatively hard-hit by the present decisions to cut back. There is a sore point here: The planned postponement of the salary adjustment by 3 months can be decided for government employees by the

legislature. In the case of laborers and salaried employees, a negotiated wage agreement is required. In principle, however, I do not oppose this plan as long as equal treatment is assured. And added to this is the scheduled across-the-board wage cut.

SZ: Do you also approve of that?

Stoltenberg: I approve in the form that is now envisioned. I've mentioned an example for a possible initiative that goes further than this. Nor do I rule out other adjustments.

SZ: Can you cite examples of these, too?

Stoltenberg: I'm in favor of conducting a careful review of the regulations governing the assistance laws. We are still totally unclear on whether the legislature does this now for the federal government or whether the Laender also do it on their own.

Quick Budget Fix Not Possible

SZ: In general, do you consider adequate the limitations on expenditures and net indebtedness now envisioned for the 1982 federal budget?

Stoltenberg: The delay in political decisionmaking in Bonn and the denial of the problem prior to the Bundestag election is now having serious consequences. It is an absolute impossibility to put federal finances and public budgets back on a sound footing with a quick, 3-month process. We basically need a more carefully prepared concept with a substantially longer life. The government ought to work out a phased plan which would deal with some of the points that cannot be clarified legislatively as of 1 January 1982, and which would produce unhurried decisions on these points next year in the course of a careful legislative process. Two reasons underscore this argument. Some of the financing for the 1982 budget is to come from a Bundesbank [central bank] profits payment amounting to more than DM 6 billion. These are probably one-time earnings, so a new deficit will already be developing in 1983. The second reason is that revenue for 1982 is on shaky ground.

SZ: So you expect a worsening trend?

Stoltenberg: I'm afraid that the unemployment figures will be higher than is now supposed. This can mean a shortage running into the billions for the government and for social insurance. Nor am I completely sure whether we'll attain a real growth rate of 2.5 percent in 1982. But a single percentage point less means an added burden of DM 7 billion (resulting from reduced revenue and increased outlays). This is where the connection between fiscal policy and economic policy becomes clear, also from the revenue aspect.

SZ: But there are also positive shifts as well, aren't there?

Stoltenberg: The government's proposals to improve degressive depreciations is certainly a step in the right direction. We won't fight them even though the

Laender and the municipalities will have to sustain most of the revenue losses. But beginning right with housing construction, the lack of completeness becomes evident. A certain improvement in the overall tax situation corresponds to former proposals by the Bundesrat and the CDU/CSU. But if we don't get around to reforming the tenancy laws, I'm afrain the impulses we're hoping for in the construction of rental housing won't materialize.

This exemplifies the piece-meal nature of the existing concept. Added to this is the debate that is yet to come over the removal of regulations that discourage investment. The legal situation in the area of power plant construction continues to be uncertain. We have the aspect of waste disposal, the question of the reliability of compact storage facilities, a new opinion by the administrative court that is completely counter to the unanimous view of the chancellor and the minister-presidents of the Laender.

The federal interior minister is neglecting to use ordinances and administrative regulations to anchor the policy determined jointly by the heads of government. This means that there is no sure foundation for large investments that can be financed after assessments without raising taxes.

SZ: But isn't the most important task that of bringing the economy back into a growth phase by way of an incentive to produce?

Stoltenberg: This is why I allude to the benefits laws in a discussion of individual economy proposals. It simply makes no sense to pay BafoeG /Federal Law for the Advancement of Education/ to a 17- or 18-year-old schoolboy if afterwards there are drastic cuts in funds for training centers outside the workplace, if the schoolboy can't find a job after the crucial training phase. Here the system is on the wrong track. One must therefore set real priorities with which to back up cuts like the ones we are proposing in the educational advancement law and in other areas. Only in this way can a rigorous plan meet with understanding.

Productive National Economy As a Prerequisite for All Else

SZ: Won't the present budget woes also provide certain opportunities? Won't they unleash new productive forces?

Stoltenberg: I'm convinced that the critical situation in the economy and government finances also provides an opportunity. There are many who will acknowledge that many an overstated dispute in recent years was also an outpouring of wrong-headed thinking on affluence. I say yes to the formidable movement for ecology and the push for increased environmental protection. It's just that through many an excess we have found that here as well as in other areas a productive economy has been regarded as a self-evident standard. A certain revision in our thinking is necessary without renouncing the ecological mission. It must be recognized that healthy businesses and close to full employment constitute the basis for the productivity of

the state as well as society, in the sociological and the ecological realms as well as in education and culture. Here lies the central point. I do believe that many people have a clearer picture today of the mutual dependencies and priorities — and that a crisis releases great individual forces for preservation and increased productivity. There are many positive examples of this to be found with young people as well. But the thing that is missing — I'd like for once to avoid the expression "leadership" — is a bit of moral direction on the part of those in positions of political responsibility.

SZ: Isn't there also a negative influence that emanates from the attitude of associations, trade unions and functionaries? Isn't the citizen more sensible than associations and functionaries?

Stoltenberg: When a government proposes cutbacks, it's inevitable that associations will protest. The first protest messages are already lying on my desk. But I see in this no condition of agitation or bias that alarms me or might in any way limit the ability of the constitutional organs to act. To be sure, most of my fellow citizens do in fact have a greater appreciation for limited cutbacks than does many a functionary. But on the whole there is an absence of conclusive reasons as to why these cuts are unavoidable.

It ought to become clearer that we intend to use future investments to firm up the foundations for productivity, prosperity and social welfare. It must be noted, however, that the cutbacks in investments will continue to be substantial. In 1982 as well, important investments all the way down the line to environmental protection are to be cut further. The summary decisions to eliminate 3,000 positions at institutions that receive federal grants will have an unacceptable effect on our most important scientific institutions such as the Max Planck Society or the Prussian Cultural Heritage Foundation.

Constructive Role for the Bundesrat

SZ: What will the Bundesrat be doing now in the legislative process? The most controversial issue is the matter of cuts in the family allowance, isn't it?

Stoltenberg: It is not acceptable to raise the family allowance allotment by a good DM 2 million before the Bundestag election and then reduce it by DM 1.5 afterwards. But even if we're critical of this in principle, we have to be specific in other areas. I've named some of the main points that we agree on. We still aren't sure which of them will be submitted to the present legislative process as formal motions and which ones we plan to take up in the special session of the Bundesrat on 25 September and treat as appeals to the government to submit appropriate riders.

Our statement will present both elements — specific motions and appeals to the government to initiate something. On the second point we of course also assume an obligation. To be specific, we're calling on the government to come out with proposals — some of which will be unpopular — that will take time to work out, so it behooves us to cooperate in a responsible and constructive manner. This will be our policy.

It's correct that, with the exception of the family allowance measure, we intend to support most of the government's proposals for real cutbacks; we cannot, however, accept the increased burden on the Laender and municipalities. It makes no sense for the federal establishment to halt support for specific groups and then refer these groups to the welfare offices. Economies on the federal level at the expense of the communities would not constitute genuine cuts by the public sector.

In Favor of Private Participation in Health Care Sector

SZ: At this juncture we can pass on to Bonn's second bill designed to hold down costs. Is the approach here the right one?

Stoltenberg: We haven't gotten quite that far in our analysis of this official draft. But in any event, we absolutely must hold down costs. I make no bones about the fact that a strong step in the direction of private participation is necessary. In the long run we cannot have a private system of physicians, dentists and pharmacists — a system that I agree with in principle — while at the same time totally socializing costs for patients. This leads to serious problems that are reflected today in the medical insurance premiums that are growing by leaps and bounds. And cost-cutting in hospitals must also be examined. But there are critical points here as well. It's a questionable situation when the federal labor minister intends to uncouple the rise in health care rates from costs, thus burdening the communal, ecclesiastical and private hospital insurance carriers with sums in the billions that they cannot afford. These are a few of the first marking points.

SZ: Away from the socialization of costs — how, in particular?

Stoltenberg: A socially graduated and reasonable charge to the individual must be brought back. Otherwise we're going to experience a horrendous and constant increase in the burden of premiums for those who are insured.

SZ: Shouldn't the to a certain extent unknown physicians' services to the insured also be disclosed?

Stoltenberg: Yes, that's another point. But I think a reasonable form of private participation would also have an effect on the physicians and their fee practices. In addition, I'm also in favor of taking further steps toward limiting costs through agreements between the responsible federal minister and the major physicians' organizations.

SZ: Shouldn't the insurance plans also reorganize their fee structures? So-called computer medicine takes in more money at present than is paid for actual medical services, isn't that right?

Stoltenberg: That's an important point. It concerned me to see that the federal labor minister intends by way of a still obscure process to draw up a list of positive medications from the standpoint of measurable effectiveness. This should be examined critically because I'm afraid the whole significant area of natural remedies, for instance, could be affected negatively by this. I'm not enough of an expert to be able to assess the critical debate over the advantages and weaknesses of modern medical technology. In any case, the present system of reimbursement very often leads to the selection of expensive forms of treatment even in situations where more economical medications could help.

KEKKONEN'S ILLNESS SPEEDS SETTLEMENT OF BUDGET PROPOSAL

Helsinki HELSINGIN SANOMAT in Finnish 12 Sep 81 p 8

[Text] President Urho Kekkonen's illness speeded the government's settlement of next year's federal budget. The representatives of the government parties were unanimous about this when the budget outline solutions were made and Prime Minister Mauno Koivisto (Soc. Dem.) had been transferred to handle the tasks of the president for one month. In the afternoon the leaders of the government parties already considered the effects of Kekkonen's illness on the resolution of the government situation.

The government's budget negotiations that had lasted over 2 weeks culminated Thursday night in the prime minister's official residence of Kesaranta. The government parties were again of different opinions in regard to the budget proposal and the Center Party had set Friday as the definite deadline for the negotiations.

The budget negotiations were led by the prime minister and on Thursday minister of the interior, Eino Uusitalo (the Center Party) stepped out from behind the scenes. This representative for president Kekkonen arrived at Kesaranta and stayed in a sideroom to wait and see what would take place during the evening.

About a quarter to ten in the evening Uusitalo received a telephone call and also bought the prime minister to the telephone. Secretary general Juhani Perttunen reported that president Kekkonen's illness required a one month long sick leave beginning on Friday.

The prime minister returned to interrupt the budget meeting, and the mass media representatives were told to leave the yard of Kesaranta. Koivisto informed the government that the budget negotiations would continue in the morning and before that one would continue to work based on one model which would be the last paper.

The budget group led by Koivisto gathered in the morning at 9 o'clock again and then the prime minister told about the situation caused by the president's illness and anticipated that a settlement would be reached.

Center Party chairman Paavo Vayrynen stated that a solution had been found based on the Center Party's "sound economic strategies." Kekkonen can be fairly pleased with this solution, according to Vayrynen who assumed that the central point of taxation

would be transferred next year from direct tax to turnover tax. The correction for inflation that has now not been made would, according to him, be compensated.

Vayrynen said also that the message about the president's illness no doubt furthered the settlement or at least speeded it up. According to Vayrynen the borrowing for the budget would stay within limits acceptable to Kekkonen. The Center Party chairman pointed out that the leftists would have wanted a larger loan for the budget account.

The second finance minister, Mauno Forsman (Soc. Dem.) thought that the president's illness was one reason why matters were brought to a quick solution.

The Resolution of the Budget Settlement

The budget negotiations that had lasted for over 2 weeks were settled on Friday in such a way that the correction for inflation on deductions for income taxes was not made in full. This brought 200 million marks to fill the gap in the budget.

By increasing the prices of liquor and tobacco by 12 percent another 100 million marks was gained. An increase of 8.5 percent had been planned originally.

Korte Informs About President's Illness

A settlement was reached and at 10 o'clock the entire government began negotiations, whereby the framework of the budget disputes was determined and at the same time the government was informed about the situation.

A little after 10 o'clock the State Council had a public meeting, whereby secretary general of the Ministry of Justice, Kai Korte, presented the information from the president's office, according to which "The president of the republic is, due to illness, not able to handle his duties as the president of the republic for one month starting today."

The government ordered that this information be entered into the protocol, as well as the fact that Koivisto will take over the president's duties. Koivisto left the government's meeting and the prime minister's substitute, Eino Uusitalo, began to lead the meeting.

Under Uusitalo's leadership the government's budget negotiations were also continued, but the pertinent solutions were already made. The details of the budget settlement were resolved under the leadership of minister of finances, Ahti Pekkala (the Center Party) in a budget committee consisting of four ministers and the entire budget task of the government ended with the State Council's session on Friday at 2 pm.

Since the breaking up of the government was no longer in question it was easy to settle the budget because the money disputes were, after all, very minor.

Matters Brought into Order

On Friday morning chairman of the Finnish People's Democratic League evaluated the situation by saying that the information about Kekkonen's illness put matters into perspective on every side.

Kivisto was pleased with the results of the negotiations considering the circumstances because the taxation issue had not become as strained as had previously seemed possible.

The government decided to save 180 million markka in expenses instead of 130 million markka. The increase in telecommunications fees produces 150 million markka and the increase in the tax of liquid fuels results in 130 million markka. The increase results in a gasoline price increase of 3 to 4 pennies per liter.

A decision was made to increase the state's borrowing by 350 million markka. The reductions in turnover tax of the industries were not changed nor was the allowance for machine and equipment investments changed from 33.3 percent. Small and medium-sized industries were also subsidized by 80 million markka.

The deduction of income from capital which also includes income from rent was increased from 1,700 markka to 2,500 markka. The increase brings 10 million markka to the state.

The tax scales were corrected by 12 percent but through the smaller correction of the work income relief the state saves 200 million markka, through which amount the taxation will then be stretched.

Over a week ago there were two presentations in the government, the Center Party's proposal and the proposal supported by all the other government parties.

The Center Party's proposal was based on the increase of turnover tax by 0.7 percent units. Neither this nor the increase in borrowing by 200 million markka materialized. The expenses were cut by 10 million more markka than Kekkonen had proposed.

The leftists have had to adjust to cutdown of expenses by 180 million markka instead of 100 million markka. The leftists also had to give up the child subsidy payments collected from the employer, for which the employer would have been compensated by an extra decrease in the payments to the workers' retirement funds. The increase in electricity tax was not materialized.

Uusitalo Predicts a Long Life for the Government

The prime minister's substitute, Minister of the Interior Eino Uusitalo, predicted that after settling the budget the government will meet all the requirements to continue through the entire election term until the Riksdag elections of 1983.

According to Uusitalo the reaching of a mutual agreement shows that all the government parties are willing to continue the collaboration. During president Kekkonen's illness Uusitalo handled the prime minister's duties while Koivisto in his turn handles the president's duties.

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PARTIES' LEADERS GIVE VIEWS ON BUDGET, NEGOTIATIONS

Helsinki HELSINGIN SANOMAT in Finnish 12 Sep 81 p 9

[Text] On Friday the leftist chairmen severely criticized their government partner, the Center Party, and above all, chairman Paavo Vayrynen. Chairman Pertti Viinanen (Soc. Dem.) of the Central Federation of Finnish Trade Unions was not thankful to Vayrynen either. Chairman Ilkka Suominen of the opposition party, the Coalition Party, in his turn, criticized all the government parties for the power game. Chairman of the Social Democratic Party, Kalevi Sorsa considered the budget disputes that had taken place during the last few days and exceptionally worthless show. Some satisfaction should be expressed regarding the fact that the show initiated by Kekkibeb;s keadersguo eagerly wants to turn Koivisto into one of their own men. Koivisto's opportunity for at least one month to practice the duties that belong to the president will probably add to the agonies within the leadership of the Center Party, Saarinen believes.

Chairman of the Central Federation of Finnish Trade Unions Pertti Viinanen (Soc. Dem.) complained about Vayrynen's pursuits, which in practice prevent a full correction for inflation on income tax in the budget proposal. Viinanen also assumed that the inflation correction would be granted by the Eduskunta "in the spirit of the income settlement."

If this would not take place, Viinanen was of the opinion that one would have to consider the lowering of the national pension payments in order to avoid the taxation of wage earners to be a burden.

The Coalition Party chairman Ilkka Suominen blamed the entire government. According to him the rapid settling of the budget disputes under the changed circumstances shows that the basis for the political disputes of the last few days was only a political power strategy.

"The revealing of the power struggle in such a serious way gives the citizen the right to ask how seriously the central economic matters are dealt with," said Suominen.

Vayrynen, who was found on Viinanen's list of the accused, also complained that the inflation correction of income tax was incomplete.

Vayrynen, on the other hand, promised that the taxpayers would be compensated in the budget of 1983 for the bargaining made this time.

Chairman Par Stenback of the smallest government party, the Swedish People's Party, stated that his party was very pleased with the settling of the government crisis.

The Coalition Party: Inflationary

The work committee of the Eduskunta group of the Coalition Party hurried on Friday to condemn the government's budget outline as inflationary. The federal expenditures should be further weeded out during the Eduskunta's review according to the Coalition Party. The work committee of the Coalition Party's Eduskunta group also thought that no part of the income tax should become a burden and that productive investments should be completely freed from turnover tax.

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INTERVIEW DISCUSSES GOVERNMENT'S PLANS FOR ECONOMY

Paris L'EXPANSION in French 4 Sep 81 pp 53-58

[An interview with Jacques Delors, minister of economy and finance, by Jean Boissonnat.]

[Text] Continuity and change—this is the impression drawn from a long conversation with Jacques Delors. The new minister of economy and finance wanted to give the readers of L'EXPANSION an in-depth analysis, to go further than merely commenting on a price index or an exchange rate. This is the first time since he took office that he has revealed his strategy. You will see that it is not only "economic" in the strict sense of the term. After diagnosing the crisis, he develops at the same time an economic strategy, a social strategy and, more implicitly, a political strategy.

In economics, Jacques Delors rejects all dogmatism. He borrows what is still good from Keynesianism and what is valid in monetarism. However, to the ideas borrowed from these traditional policies he adds two different tacks: a strengthening of the French industrial fiber, and specific employment measures.

So here is a minister of the economy concerned about the vitality of business and the country's "morale." Although he never says anything about it, everyone knows that Jacques Delors did not see any urgency in implementing a massive program of nationalizations. But he accepts this as a political fact—which he has justified to his satisfaction, and concerning which it is important not to make any mistakes. This explains his particularly convincing and original proposals on what greater participation of workers in French business should mean. In them we find a plan for democratizing the economic and social fiber of life, while at the same time respecting firms' own objectives and the rules of a market economy, which he considers irreplaceable. Some people may judge his proposals on money to be very austere, and his knowledge of man's motivations a bit simplistic.

This Jacques Delors, however, is not really different from the Jacques Delors interviewed by L'EXPANSION in 1972, just after leaving Chaban's office and before joining the socialist family. That's the continuity.

The change is seen more in the man's behavior than in his ideas. Still hypersensitive, in spite of his experience and 56 years of age, he seems to be more determined and able to repress his impulses, so that he may doggedly pursue his work toward objectives that will not change with the whim of circumstances. This determination

seems to be more deeply rooted than in the past. The moodiness is still there, but under control. Jacques Delors leaves his work behind every evening, but resumes his government duties every morning. At heart this man is made for action, to find an effective solution along the way leading to the end goal firmly fixed in his mind. To go a bit further, he is a strategist, an anxious one perhaps, but unvarying.

Jacques Delors sees the head of state regularly to argue personally the most important cases. To businessmen who are counting on him to avoid the pitfalls of this government obsessed with reform, he responds that he is counting on them to understand the needs for solidarity and innovation. When he says that the eighties will be "terrific and exciting" years, it seems to me that he is at the same time defining his own task.

[Question] The elections are over. The new government is in office for a long time to come. Can you define an economic strategy for France? What would it be?

[Answer] The eighties present three challenges to us: energy, as we in Europe are dependent on oil; competition from new arrivals on the international economic scene; and, a new industrial revolution, in which the United States and Japan are ahead of us. To meet these challenges, we are going to have to work hard and innovate, with everything that implies in terms of a political consensus. While the French people made a remarkable effort to modernize and open the country to the outside between 1950 and 1970, they have still not experienced these new years that I call terrific and exciting.

[Question] The French people indeed expended huge efforts between 1950 and 1970, but they were compensated by more abundant fruits than they have ever had before. In the next 10 years, will they have to work just as hard for less?

[Answer] They will have to work just as hard, if they don't want to go backwards. However, they will draw satisfaction of a different sort, because they will see things differently and they will rate their performance differently. Our main political problem is in fact to make them understand this.

[Question] Do you agree with the latest World Bank report which predicts a yearly growth rate in the industrialized countries of from 2 to 2.5 percent in the coming decade?

[Answer] Yes, but other calculations must also be made. For a long time I have wanted social indicators alongside the economic indicators to measure development. This is an idea we are going to look into, together with Michel Rocard, the planning minister, when the next 5-year plan is prepared.

[Question] Some examples of these new indicators?

[Answer] Measuring equality of opportunities, preventive health care, job satisfaction...

[Question] Until these new indicators are set up, what are you going to do so as not to disappoint those who are still calculating in the old style, that is using growth in production?

[Answer] After the 1973-74 oil crisis, two policies were tried out in countries comparable to ours. The first policy, applied mainly in northern Europe was reinforced Keynesianism--a budget deficit and increased social welfare to uphold demand. The results have not been brilliant, although it did make it possible to maintain a high degree of social cohesiveness, as a result of the increased welfare benefits--which is no small thing. Other countries, such as Mrs Thatcher's England, adopted more or less aggressive monetarist policies. These policies are losing ground: unemployment is on the rise and the productive apparatus is weakening. Hence the idea to try out a third line--which would borrow what is good from the experiences of others and add two new factors--until we have a development model that takes on a new, more qualitative shape. What France should borrow from others is first the policy to reduce inequalities, and then liquidity control to prevent price drifts. The two new factors which others are also trying to apply but which we should implement forcefully are direct action on production supply and direct action on employment.

On the first of these two points, I am struck by the decline in the international competitiveness of our industries in 1979 and 1980. We are increasingly falling short of the more advanced European countries and Japan and the United States, particularly with regard to intermediate and consumer goods.

[Question] When you talk about reconquering the domestic market, perhaps this is also a way of returning to protectionism?

[Answer] No. The French economy should be very much a part of the world economy.

[Question] So you are against all forms of protectionism?

[Answer] Yes, but I'm not naive.

[Question] Let's say that you would not be more protectionist than Germany?

[Answer] Not more than Germany or England. The key to all this is agreement on the EEC's common foreign policy. But let's come back to the need for France to implement a supply policy, by promoting research and strengthening firms' own resources. I discovered on taking office that the destruction of our industrial fiber had reached a very serious point. To prevent healthy firms threatened by an unhealthy economic situation from perishing, I expanded access to special cash advances.

[Question] I have noticed that there are not very many takers, since you have limited this access to industrial firms, leaving out commerce and services.

[Answer] The reason is that I have noted that in commerce and services, price freedom has frequently been abused. If demand is slipping, it is because prices are too high.

[Question] The same argument could be applied to the automobile, but it is an industry. Aren't you making the same mistake as the physiocrats who, in the 18th century, say only the land as a source of wealth? Today, you see only industry. Don't services create wealth?

[Answer] It is true that I do not share the ideas of those who are heralding the post-industrial society, or the end of industry. But I do not deny the productive nature of commerce and services. I merely want to break the cycle in which pricing freedom without precaution means price increases. This causes a decline in demand in a soft economy, which in a vicious circle brings on an increase in prices in order to maintain income.

[Question] So your pricing philosophy would be complete freedom for industry and limited freedom for the other sectors?

[Answer] Complete freedom for industry, with the proviso that trusts and monopoly positions would be subject to control. Competition must be strengthened, because it is healthy. This does not mean that there cannot be certain market organizations in distressed industries, such as steel or textiles. No dogmatism, but the general line is a market economy, which is a much better instrument for selection and information than bureaucratic planning. It is only where the market is short-sighted (energy prices, consumer structures, innovations) that planning is needed.

[Question] To help correct firms' short-sightedness, are you going to give them a target or a projected overall growth rate for the French economy in the 2-year plan the government is working on?

[Answer] I don't think so.

[Question] When you prepare the 1982 budget, you have to have a projected growth rate?

[Answer] For 1982, we have the legitimate hope for a growth rate of around 3 percent.

[Question] Do you also have estimates for prices and employment? You mentioned the goal of a return to price increases of 7 to 8 percent in 3 years.

[Answer] That is not a goal, it is an absolute necessity. I don't make stupid wagers. But I reject any way out that would go along with a price increase of 14 or 15 percent.

[Question] How are you going to cut the inflation rate in half in 3 years? Aren't you ruining your only chance to succeed by refusing to practice an incomes policy (for example, by setting a face-value norm for the increase of incomes, without guaranteeing the purchasing power), at a time when the political and social situation would allow you to do so?

[Answer] The expression "incomes policy" frightens people in France. However, there are political possibilities for making a joint effort to bring down the increase in prices and incomes to about 8 percent a year. I don't think that setting a norm is a good method. First prices must be contained, then income earners must be asked to move in step with this slowdown. I do not believe in the simple idea that the huge oil price increases (and the rise of the dollar) must be compensated by a lowered standard of living in consumer countries. This leads to discouragement.

This is a policy which was attempted elsewhere and produced mediocre results. I am told to look at Germany, but the real per capita wages have always increased in that country. Let's beware of the never-ending complications of recession. Even countries

like Germany and Austria, which have shown remarkable performances since the beginning of the crisis, are now having difficulties.

I would add that my price policy has several possible forms: complete freedom, planning followed by action, planning followed by a report, price fixing—that is, price fixing and not freezing, or in other words, we could set a price lower than the current one.

[Question] Do you have "absolute necessity" figures for employment as you do for prices?

[Answer] No. First I want to reverse the trend. In the next few months we are moving inexorably toward increased unemployment. Hence there is a need for direct action in employment just as in production supply, in addition to what may be brought about as a result of the economic upswing. This is the second original element of our strategy I referred to at the start of this interview. Work must be shared by special measures such as reducing working time, voluntary retirement (provided the firm hires an unemployed person for the position), development of part-time work (or more precisely "selected time"), or creation of jobs useful to the community. Regarding reduction of working time, I am sorry—and I hope this won't shock anyone—that a fifth week of paid leave, which will not create any jobs, was chosen over a greater reduction of the length of the work week, which would have created jobs.

[Question] Is 2 million unemployed a limit for you?

[Answer] It will be the limit if we are successful.

[Question] The public sector (including welfare institutions) had a surplus of 10 billion francs in 1980. It will have a deficit of the order of 120 to 150 billion by 1982, while our partners are making efforts in the opposite direction. Doesn't that leave you hanging on a limb?

[Answer] First of all I would like to say that there is no reason to be proud of the 1980 surplus. It helped weaken our economy. In 1982, the overall deficit—about 2.5 percent of the gross domestic product—will be less than that of most of our partners. It can be partly explained by the fact that the 1982 income tax will be levied on 1981 income, which showed a slight increase. That should change in 1983 if there is a larger increase in 1982. Moreover, we will be careful about money and credit.

[Question] Are you going to announce a norm for the growth in the money supply in 1982?

[Answer] Of course. But for the time being, I have to let business respond to a renewed demand, which is now growing at an annual rate of 4 to 5 percent.

[Question] Will you be able to keep the government budget deficit under 100 billion in 1982?

[Answer] Everything will depend on revenue during the year. If we need several billion more to assist firms, we will finance it by long-term borrowing.

[Question] Could you finance a deficit of that size by borrowing? That's never been done before.

[Answer] A deficit of that size is tolerable for 1 or 2 years, with no problems. Then it has to be brought down.

[Question] You have always favored a selective policy for social benefits. In other words, some benefits should be reserved for the lowest income group. When you were working with Chaban, you abolished the single salary allowance for office workers, even middle-level executives.

[Answer] I am in fact in favor of selectivity, but after negotiations with the parties concerned. There is no question of white-collar workers becoming our "patsies." France needs all its workers, including the white-collar workers.

[Question] You have argued for a transfer to taxpayers of part of the welfare costs currently paid by firms.

[Answer] This must be done. But it's impossible to do this right away, as large amounts, of the order of 40 to 80 billion francs, would have to be transferred to the government budget. In the meantime, I am in favor of small payments to attenuate the cost of new jobs for firms.

[Question] The day you tackle the transfer of this 40 or 80 billion, in what categories of taxes do you intend to find this money?

[Answer] We'll have to take a close look at that. It's said that the French do not pay enough income taxes, but in reality, if you add social security payments to these taxes, you can see that they already pay quite a bit. So I would not rule out an increase in indirect taxes.

[Question] Including fuel taxes?

[Answer] Yes, although we also have to be careful about prices. It's a question of degree.

[Question] The president recently said that business executives should not be the "scapegoats" for our problems. However, they have not been spared these last few months.

[Answer] Business executives must understand that there has just been a sudden political change in France. That does not happen without a certain amount of trauma, on the one hand, or without a lot of speeches, and sometimes rather empty ones, on the other.

However, it is impossible to have a sound economy without businesses that are alive. This implies right off that a business executive has the right to err. Otherwise how could you ask him to take risks? A minister also has the right to err. We have to remove from our legislation the idea that ordinary bankruptcy is something fraudulent. Moreover, in nationalizing banks, two prinicples will be observed: the customer may freely choose his bank; and, if the bank refuses to grant him a loan, he can go

to another bank, which is entitled to give him what the first one refused. When banks are fully nationalized, I will again come on the scene to reform banking practices. I particularly want to change things so that when a bank grants a loan, it does not always prefer real property as collateral to taking risks in expansion and to overall working credit.

[Question] Will people have the right--and the possibility--to make a fortune in France?

[Answer] In a democratic socialist society, there is something that becomes increasingly impossible to do, and that is to accumulate, at the expense of others, a stake in your work, limitless wealth, and social status. This sort of "privileged society" is excessive, in contrast with the inequalities of work, income and prestige. This is not our model of society. I may as well be frank. Otherwise, why should we opt for democratic socialism in France?

[Question] Everyone has his own driving force. For some, especially corporate executives, it is money. Is this now considered a fault?

[Answer] The French model will not be the same as the American model.

[Question] There are very wealthy people in democratic socialist countries.

[Answer] Yes, but they pay a lot of taxes. It is not a question of preventing people from earning money, but then they must contribute to the solidarity effort in proportion to their means. For me, who no longer has any dependent children, part of my income is in the 60 percent tax bracket. I am not crying over my income tax return every day. I pay and I still consider myself to be privileged.

[Question] The current rate of the incidence of taxes and social security on total national income is 42 percent. Is this going to increase?

[Answer] We may hit a high point of 44 percent, but then we will have to come back down to 42 percent.

[Question] Business is also handicapped by high interest rates. You have suggested that we should uncouple European rates from American rates. The president of the Federal Bank of Germany, Mr Pohl--a socialist himself--has just told you that it was not realistic.

[Answer] Mr Pohl talks a lot. If he felt my proposals were unrealistic, that's his right. In passing, he used the opportunity to put down the European Monetary System, which surprises me. You might ask yourself at what point do you go from independent thinking to disdain for basic solidarity. My proposal is simple: Europe must be strengthened around the EMS.

It is no accident that Mr Gaston Thorn, president of the Brussels Commission, is in favor of my proposals.

[Question] If you are unable to uncouple the European rates from the American rates, do you plan to separate domestic interest rates, paid by the French people, from external rates used to support the franc?

[Answer] This is an extremely complex issue currently under study. You cannot have a sharp price increase and low interest rates. Moreover, the short-term rates are not business' main obstacle to development. If we are able to lower the rates a little further and increase interest subsidies, we will be helping business.

[Question] Is it possible that the franc-mark exchange rate will remain the same with a rate of inflation two to three times higher in France than in Germany?

[Answer] A currency's exchange rate does not depend solely on the parity of purchasing power. It is also based on the foreign deficit and domestic and foreign political factors. It is this series of factors I have in mind every day when I observe what is happening on exchange markets, and it is on the basis of all these factors that I will make the necessary decisions. At the present time, it is these considerations that have led me to give priority to defending the franc.

[Question] During a previous interview with L'EXPANSION in September 1972, you said: "If you nationalize because you feel that economic power is encroaching too much on political power and by so doing you will make sure that those holding the economic power do not colonize the political power, then this is a subject that I am willing to discuss. But if nationalization is done to respond to men's need to participate in building their work, then I say that this is not a proper answer to a real question. In this sense, it is really the idea of self-management that is being proposed." Would you still say this today?

[Answer] Absolutely. Nationalization is the fruit of the political history of France and the consequence of the constant refusal of those who monopolize power to share it. Nationalization also has operational reasons, to the extent that the thinking of each group, added together, does not correspond to the general thinking of the economy.

However, as regards workers' access to economic citizenry, this must be accomplished by negotiation and social experimentation in both the public and the private sector. In all cases a principle must be respected. I would express it in these terms. There are three different lines in a firm: the management line, the labor union line, and the administration line. Any confusion between these three lines runs counter to a firm's biology. The management line comprises the leaders chosen by the shareholders or by the government. They are responsible for inventing, innovating and indicating the main policy lines and for enforcing their implementation. In Germany, workers' representatives participate in this function: this is co-management. They in turn make workers accept the main strategic choices of the firm. In France, no labor union wants a system like this. In the same vein, if you want to have veto power over dismissals, you will have to accept responsibility for promoting the firm's strategy vis-a-vis the workers or for proposing another one. If you reject this responsibility, you cannot claim veto power, which is a kind of co-determination. So the management line is assured.

Then there is the labor line. This is where the shoe pinches in France. In 1968 labor union sections were created in companies. They were to effectively negotiate real wages, employment and training policy, and the general policy for workers' participation in the shop and in the office. The company committee should also see its advisory role improved. But it is the labor section which is to negotiate. This would represent decisive progress in both the private and the public sector. And this is the main area where we are behind more advanced economies.

Finally, there is the administration line, which is concerned with the day-to-day operation of the firm. Can't the worker in the shop or in the office give his views of the organization of work, for example? To me that is self-management. The general work policies in the shop or in independent offices should be determined by negotiation with the labor section, with the active participation of management.

[Question] In nationalized firms, should there be a government controller, personnel rules and regulations, and a priority for buying from them?

[Answer] The model should be Renault. Thus no government controller and no personnel rules and regulations (at least this is my own wish--to see dynamic and innovative collective agreements). In addition, there would be a program contract between the firm and the shareholder, the government. For instance, next year we are going to make a sizable capital grant to Renault, as part of its 5-year program.

[Question] Who will be responsible for the nationalized sector, the Treasury or the Ministry of Industry?

[Answer] The civil war between our departments is over! We are going to collaborate closely. The Ministry of Industry will be in charge.

As for your question on government firms' orders, let's not be naive. Look at other countries. Everyone defends himself as best he can. So there is no single answer to that question.

[Question] Can you give me your personal opinion on four specific questions: capital punishment, breeder reactors, the neutron bomb and prohibition of dismissals without prior regrading?

[Answer] On the last point, I am not in favor of prohibiting dismissals without prior regrading, provided there is a contractual policy for employment and welfare in firms in difficulty.

As for breeder reactors, I am waiting for specific studies on risks. We cannot do without nuclear power, but we have to use it rationally.

I am opposed to anything that would make us assume serious risks from a genetic standpoint.

Finally, I am against the death penalty and the neutron bomb.

[Question] You have a high rating in the surveys. There are precedents: when Giscard d'Estaing held this office, it was said that his popularity grew at a rate four times the rise in prices! Therefore, you could find yourself in a few years in a position of a presidential candidate. Do you reject this possibility right away or would you leave the question open?

[Answer] My problem is simple. Frequently people consider me gruff and straightforward in stating my positions. I want the current experiment to succeed. Whenever I believe that we are on the right track, I say so, without worrying about my political future or reputation, within either my party or the government. If high ratings in public opinion surveys help me to succeed in my endevors, then I would be pleased. Full stop.

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STATUS OF ECONOMY ANALYZED

Athens BUSINESS & FINANCE in English No 158, 5 Sep 81 pp 43-44

[Article by Nicolas-Marios Karangelis]

[Text] The Drachma vs Foreign Currencies and Precious Metals

The exchange rate of the drachma with foreign currencies, is disappointing, when the facts, and not the forecasts and the wishful thinking of our economists are taken into consideration. Despite considerable efforts in the past, the drachma has not been, and will never be, accepted as an international currency. This fact can be attributed to many and various reasons.

However, looking at the development of the drachma over the last decades, it can be seen that it was in fact stronger in the past than it is today. Only two years ago, US $ 1 was worth 30 drachmas, and £ 1 was worth 80 drachmas. Today, things are different, and unfortunately we are witnessing a daily devaluation of the drachma against all other European currencies, and particularly against the US $. The dollar is rising rapidly, and this has adverse effects not only on the drachma but on all other currencies. Nor should we forget the high US interest rates, and the consequences of these on trade and shipping.

The devaluation of the various currencies against the US $ is a clear indication of the strong position of the dollar. The spectacular phenomenon of high American interest rates has also resulted in the devaluation of goods and currencies during the period that interest rates climbed to the heights. The American interest rates also attracted capital in precious metals (gold, silver, copper), or other money capital into dollar deposits.

The Economy

1981 has been the year in which all the ordinary economic rules were terribly distorted by inflation. Besides, it was difficult to make forecasts at the beginning of the year in order to cope with the problems of the future.

Greece's accession to the EC caused an amount of justified confusion in business circles, and a need on the government's part to take immediate appropriate measures to readjust Greek laws to the corresponding European ones.

Unfortunately, high inflationary pressures caused a recession in the economic activity of many Greek enterprises. It is also a fact that the Greek economy, like many European economies, is suffering from today's international problems, — minimum profits in industry, labour cost increases, great export difficulties, and in particular, slackening of investments. Large deficits in the public sector should also be taken into consideration.

Inflation

1980 and 1981 have both been difficult years for the Greek and world economies, as inflation is the problem of the present time. Continuous rises in the price of oil and many raw materials have been the two basic factors in the disruption of international trade, and the transactions between countries. Inflation started to climb, causing great difficulties for the Greek economy.

Its international acceleration is now a well-known fact. Greece's dependence on imports badly affected the Greek economy, always sensitive to increases in world prices, and caused inflation to climb to dangerous heights. In these difficult times, shipping and emigrant remittances have played an important role in helping the Greek economy.

The government has implemented a strong anti-inflation policy, which has been in force for a year, but international circumstances have contributed to the continuing rise of inflation in Greece, (reaching 22%), and as a result there has been constant price increases of goods, salaries and services, interest rates, and productivity.

Unemployment

Unemployment continues to be one of the worst social problems to plague a country, and is today present in most of the industrially developed countries. Greece has managed to avoid this problem, and kept unemployment minimal, in contrast to the other EC member-states and the USA.

Greece has today only a very low unemployment percentage, and it is hoped that the higher 1981 investment programme will obstruct any rise in unemployment, and the normal operation of the market forces will absorb more unemployed persons, and bring the existing unemployment to even lower levels.

Balance of Payments

Greece's foreign transactions have been deeply affected by the continuous rise in the prise of petroleum. Oil makes up the greater part of state imports, and billions of dollars are spent on its purchase.

Exports fell considerably, and the flow of invisibles was curbed. However, shipping helped considerably, despite the overall drop in world trade. Consideration of the following measures could probably help the balance of payments:

1. The exploitation of domestic energy sources, in order to enable the Greek economy to cope with the energy problem in the coming years
2. Increasing the rate of exports, and offering considerable assistance to the exporters, in view of the drop in exports last year. Consideration must be given to the devaluation of the drachma, which lowers the cost of Greek products, and makes them more competitive.
3. The National Tourist Organisation of Greece should continue its remarkable efforts to promote and advertise the Greek islands, so that even more foreign exchange from tourism flows into the country in the future.
4. In the invisibles sector, emigrant remittances should be increased by offering more information, and attractive grants to interested parties.
5. Although foreign exchange earnings from shipping were negatively affected by the overall drop in world trade, Greek shipowners displayed their true calibre, remained unaffected by this drop, and increased the flow of foreign exchange satisfactory.

It is my belief that if these measures are brought into effect, the deficit of the balance of payments will be considerably diminished. There is encouragement and optimism to be found in the fact that all foreign money markets are interested in investing in and lending money to Greece under very favourable terms. This is an indication of world confidence in the future of the Greek economy.

Investment

High inflation rates created an unstable economic climate, which of course affected investments, and particularly industrial investments. Stagnation in investments is a feature of the Greek economy, in spite of the government's efforts for rapid industrial development, with emphasis on investments.

Speeding-up of production requires plenty of capital investment, through the flow of foreign investents, and with the enactment of strong investment incentives, in the form of free grants from the EC, as well as domestic investments, in the form of bank credits, or self-financing from profits.

Inflation and taxation together absorbed a great part of industrial profits, which could have been used as capital for further development, -- expansion of installations, modernisations of equipment, etc. If the cost of living readjustment of amortisations were promptly forseen, and the other necessary measures taken, then capital which would have been saved perhaps without any other tax incentives would create the "golden slash" for the proper prerequisites on investments.

If stronger incentives were given for the re-investment of profits, readjustment of the existing system of taxing amortisations, which as a cost element is deducted from taxable revenues, and which all other EC member-states apply, the complete liberalisation of the Greek banking system, then investments would, I believe, be greatly favoured.

Naturally, appropriate investment on the part of the State in the energy and transportation sectors would be of immense help. There must be an immediate change in the system that allows bureaucratic delays to causes a preference among investors for short-term programmes, rather than investment in fixed assets with long-term prospects.

A thorough study of further improvements required in the agricultural and manufacturing sectors would also be useful.

CSO: 4600/39

SURVEY OF TOURIST TRAFFIC, STATISTICS REPORTED

Athens BUSINESS & FINANCE in English No 158, 5 Sep 81 pp 36-37

[Text]

Travelling along the Mediterranean coasts in July or August, one is brought face to face with the phenomenon known as international tourism. Thousands and thousands of people are crowded into the beautiful beaches, enjoying the sun and the sea in search of relief from the stress of their work and daily life in the large urban centres. Travel, and holidays, have become an undeniable right of modern man. It is not strange then that tourism is today considered one of the world's biggest industries.

The development of tourism over the last two decades has been tremendous. Europe, with its incomparable beauties and culture holds first position in international tourism. Europe attracts 72.6% of the total number of tourists from all over the world, and absorbs 66.7% of the total tourist revenues. And the prospects for the future are optimistic. Specialists of the United Nations expect that until 1985, the north-western Mediterranean will receive 33 million tourists every year, and Mr Timothy Driscoll, Director of the European Commission for Tourism, expects that by 1990, inter-European tourism will have at least doubled. Undoubtedly, despite the economic recession and the energy crisis, tourism is a branch of the economy that is constantly developing.

Today, the tourist sector employs 22 million Europeans, and by 1990, it will employ 30 million. Furthermore, tourism has become an important contributing factor to the countries' balance of payments. For Spain and Greece in this respect, tourism is a necessity. Tourism contributed to a surplus in the French balance of payments, and at the same time also played a role in the formation of the German deficit. In 1979, tourist exchange revenues made up 21.6% of the export of goods and services in Spain, 20.80% in Greece, 8.6% in Italy, and 4.5% in France.

According to an OECD draft report to be published in September, the total income from tourism for the member-states in 1979 and 1980, showed a very slight increase. Tourist traffic was slow during the first five months of 1981, the report stresses. Only Greece, Norway, the USA and Yugoslavia recorded a rise in the number of tourists visiting these countries.

1980 arrivals in the OECD countries owed an increase of 8% over 1979, and an increase of 2-3% over the international increase, which in 1980 was 5-6% higher than in 1979. In 1980, tourist earnings at current prices amounted to $ 72 billion, and the expenditures to $ 76 billion – an increase of 15% over 1979. In 'real' prices, the increase in the OECD countries was only 2%, and 1% for Europe. Apart from this, the increase in tourist expenditures was 1% greater than the other consumer expenditures. The corresponding difference between the increase number of tourists (8%) and that of tourist expenditures (2%) can be attributed to the oil crisis, which caused an increase in car travel, intended to reduce the daily expenditures of vacations, and shorten their duration.

However, Greek tourism presents a very different picture. Arrivals in 1980 (5,271,115) were 9.1% lower than in 1979, but despite this, earnings for 1980 totalled $ 1.78 billion, which was an increase of 7.5% over 1979 ($ 1.66 billion). Per capita expenditures also increased, from $ 318 in 1979 to $ 373 in 1980. This indicates that more of the tourists who visited Greece in 1980 were from the higher income brackets, and that tourists from the middle and lower income brackets did not travel as extensively in 1980 as in 1979. Considering the countries of origin of the tourists, a decrease in the number of tourists from the USA was noted worldwide: Iceland -34%, Ireland -13%, Holland -7.2%, Norway -7%, Portugal -13.4%, Spain -8.2%, and Greece -52%.

In Greece there was an increase in the number of tourists from Great Britain (37.3%), Holland (25.7%), West Germany (24.8%), Austria (23.6%) and various other countries. For 1981, the net national product for the OECD countries is expected to increase by 1.85%, the consumption expenditures by 1.4%, and inflation to fall to the level of 9.5% (from 11.5%). If unemployment remains at the level of 6.5% or if it increases only slightly, then international tourist travel is expected to be greater than in 1980.

During the 41st Conference of the Commission for Tourism in Paris (1st-3rd July 1981), it was anticipated that revenues from tourism would increase by 1% in 1981. More American tourists are expected to visit Europe in 1981, mainly because of the increased value of the dollar. In Greece, it is expected that there will be an increase of between 10 and 15% in the arrivals of American tourists compared to 1980. The Japanese market is also showing an improvement this year, despite the increased airfares. For Greece, this increase is expected to be between 5 and 10%.

On the other hand, the Canadian market is showing a fall, while there are more tourists from the upper income brackets in South America expected to visit Europe in 1981.

Total number of tourists and exchange from tourism (in thous. of dollars)

Year	Tourists	Exchange
1956	218,301	31,124
1957	261,738	41,474
1958	276,534	36,195
1959	339,802	41,667
1960	399,438	49,260
1961	494,191	62,469
1962	597,924	75,986
1963	741,193	95,413
1964	757,495	90,880
1965	975,125	107,57
1966	1,131,730	143,458
1967	996,473	126,768
1968	1,017,621	120,263
1969	1,305,951	149,470
1970	1,609,210	193,556
1971	2,257,994	305,299
1972	2,731,587	392,700
1973	3,177,682	514,872
1974	2,188,304	435,989
1975	3,172,986	621,342
1976	4,243,563	823,665
1977	4,461,084	980,597
1978	5,081,933	1,326,301
1979	5,798,360	1,622,000
1980	5,271,115	1,787,000

1981 PROSPECTS GOOD

In the six-month period from January to June, 2,108,397 foreign tourists arrived in Greece, compared to 1,983,872 in the same time-period in 1980. This represents an increase of 6.3%. For the month of June alone, the increase was 10.2% (651,522 tourists compared to 591,242 in June 1980).

In the first six months of 1981, tourist exchange reached 623 million dollars, instead of 613 million in the first six months of 1980. This represents an increase of 1.6%, which is in fact due

more to the impressive rise of the dollar against the drachma. In June, revenues reached 190 million dollars compared to 177 million in June 1980 (7.3% increase). Leading arrivals in June were the British (23.9% of the total) followed by the Germans (13.6%), Yugoslavians (9.2%), Americans (6.8%), Swedish (6%), French (4.7%) and the Austrians (3.5%).

This increase in tourist arrivals – according to the statistics of the tourist movement from the main points of entry to the country, which represent 73% of the total tourist movement – continued through July (10%) and August (first ten days) with an increase of 3.1%.

In July, entry through these main entry points (airports of Hellinikon, Irakleion, Corfu, Rhodes, and the Evzonon border post) was effected by 750,011 tourists, compared to 681,799 in the same period in 1980. From 1st to 9th August, through the same entry points 277,013 arrived, compared to 268,566. This increase in numbers has been accompanied by a corresponding increase in exchange revenues.

Tourists arrivals by country of origin (1980)

EUROPE	
Austria	187,312
Belgium	70,124
Bulgaria	36,911
France	299,791
West Germany	692,961
Yugoslavia	477,393
Denmark	130,684
Switzerland	154,696
Great Britain	768,215
Ireland	19,061
Spain	32,906
Italy	197,006
Cyprus	81,346
Norway	88,772
Holland	179,842
Hungary	28,008
Poland	37,732
Portugal	4,919
Rumania	11,991
Sweden	235,592
Czechoslovakia	10,974
Finland	73,641
Others	8,412
TOTAL	*3,834,289*

ASIA	
Japan	75,666
Israel	31,278
Lebanon & Syria	43,588
Turkey	47,590
Iran	16,677
Others	85,962
TOTAL	*300,761*

Tourist arrivals in Greece – according to country of origin. (January - June 1981)

Great Britain	365,648
Germany	251,163
Yugoslavia	176,507
USA	146,290
France	105,198
Sweden	103,815
Italy	68,127
Holland	64,177
Austria	54,087
Switzerland	52,784
Australia	49,672
Denmark	48,122
Finland	42,164
Cyprus	41,313

A further 190,574 tourists also arrived on cruise ships.

Europeans on holiday – departures for holiday as a percentage of the total population.

Sweden (1976)	78.9%
Switzerland (1978)	73.9%
Great Britain (1977)	60.6%
Holland (1978)	57.2%
Germany (1978)	56.2%
France (1978)	54.3%
Belgium (1976)	47.2%

Tourist arrivals by means of transport

	1979	1980
By air	3,515,871	3,243,213
(Hellinikon)	2,424,349	1,824,620
By train	134,361	167,358
By sea	531,436	535,317
Cruise passenger arrivals	565,387	475,215
Total	*5,798,360*	*5,271,115*

AFRICA	
Egypt-Sudan	50,067
South Africa	24,721
Other	31,879
TOTAL	*106,667*

NORTH & SOUTH AMERICA	
Argentina	15,365
Brazil	11,285
Mexico	7,448
USA	288,647
Canada	72,441
Others	15,490
TOTAL	*410,676*

OCEANIA	
Australia	110,609
Others	21,764
TOTAL	*132,373*

USSR	8,298
UNSPECIFIED NATIONALITY	2,836
GRAND TOTAL	*4,795,900*

CSO: 4600/38

CANAL, SUPERHIGHWAY SAID TO THREATEN TRANSPORT IN SOUTH

Bari LA GAZZETTA DEL MEZZOGIORNA in Italian 6 Sep 81 p 5

[Interview with Antonio Cariglia, member of EEC's transportation committee, on the construction of the Rhine-Danube canal and Austrian-Yugoslavian-Greek superhighway, by Gianni Sollitto; date and place not given]

[Text] We asked the Honorable Antonio Cariglia, European parliamentarian and member of EEC's transportation committee, a number of questions about the sector with which he is concerned, particularly about the eventual and possible potentials of Apulia's commercial distribution network. Here is the text of the interview.

[Question] Honorable Cariglia, how does the problem of European commercial traffic networks compare with other areas?

[Answer] I believe that we must evaluate two important initiatives presently underway. The first is that of the Rhine-Danube canal, and the other concerns the widening and doubling of the Suez Canal. These two projects have a single objective: to convey goods destined for Mediterranean and Eastern ports at lower transportation costs and face up to the saturation of the ports of northern Europe. In face of these two sizable initiatives, there are serious and foreseeable problems: That of the awakening of the subcontinent of India and eastern Africa; the strategic role of the Middle East; Japan's industrial potential; fitting about a billion Chinese into the world market; and the growth of the Pacific area.

[Question] What must Europe, the world's largest commercial potential, do to meet the competition of the other continents?

[Answer] In my opinion, Europe must face up to the transportation problem rapidly and in an organized manner to reduce the time and cost of transporting goods to the East. But it must also foresee the birth of a new concentration of industrial development in less congested areas of the Mediterranean. A similar situation has already occurred in the United States where the old industrial concentration of the Atlantic is now offset by an industrial concentration located on the coast of California. Here there have been important developments in the space and computer sectors as well as in others, all industries of the future.

[Question] Here, then, errors have not been committed such as those we made with regard to the industrialization of southern Italy.

[Answer] Certainly. The error committed by the Italian authorities was that of establishing a competitive industry in the south like that already underway in northern Italy and promoting the rise of industries of the future which are calmly looking toward the year 2000.

[Question] How can transportation be developed in southern Europe and subsequently in Italy?

[Answer] Here we are running a risk. In fact, our nation risks being cut off by two sizable initiatives. One is the Rhine-Danube canal which I have already mentioned; this would cut off the entire Italian peninsula; the other is the construction of a superhighway which the EEC has already pledged to finance and which will go from Austria through Yugoslavia and end up at the port of Salonika. There is no doubt that in carrying out these two projects it will be difficult to see the well-known freight-container trucks still operate via the highways of the Adriatic coast to be taken aboard ship at Brindisi for the Middle East. This is not to mention the risks our country runs for the same reason with regard to tourist traffic.

[Question] Honorable Cariglia, the Friuli-Venice-Julia area is preparing a plan for transporting goods to the East with the use of "roll-on, roll-off" ferries which would enable motor vehicles to board and disembark from either the fore or aft decks of the vessel, this arrangement to be used at the port of Trieste. What is your opinion of that initiative?

[Answer] I think this study is based on false premises. I consider it extremely risky to think there can be a large volume of traffic between central Europe and Greece. That would only serve to make Greece a large transit base for traffic going elsewhere, thus toward the East.

[Question] What is to be done then?

[Answer] It is difficult to imagine that Italy, this great wharf extending into the Meditarranean, can remain almost a deserted quay. It behooves us to come up with a plan for major port infrastructures and a joint network of highway and railway transportation.

[Question] Then, Apulia should turn its sights in that direction?

[Answer] In my opinion, Apulia should take the initiative because it has most at stake among the coastal regions of the Adriatic. The port system which may be established between the gulf of Manfredonia and Taranto is a long-range affair, especially if we consider the low-lying areas near the present ports and those which may emerge along the Apulian coast. I believe that Apulia should take the initiative with regard to a conference on maritime port traffic on the Adriatic because, I repeat, it has the most at stake in a commercial approach centered on the use of the Mediterranean basin. It can do so because the EEC has substantial resources available precisely to promote commercial development. I believe this is an opportunity which should not be permitted to escape. At whatever cost.

8568
CSO: 3104/375

COUNTRY'S INTERNATIONAL FINANCIAL STANDING SAID TO IMPROVE

London 8 DAYS in English 19 Sep 81 p 46

[Text] A one-year loan of $100m to Turkey by a syndicate of Arab banks shows that the country's credit is once more considered viable. Turkey's improving economy is now giving it a chance to win back regular access to international capital markets, so long denied because of its bad debts.

TURKEY has at last managed to raise funds from abroad on internationally competitive terms, after three years of wandering in the financial wilderness.

The Central Bank of Turkey raised $100m from a syndicate of Arab banks in a deal signed mid-July. However, full details have only just become available. They show that, in a modest way, lenders are now prepared to accept Turkey as a risk.

The loan marks a great step forward in Turkey's balance of payments position. Until very recently, Turkey shared an unenviable reputation with such countries as Zaire which are perpetually rescheduling their debts to foreign creditors. 'Rescheduling' means agreeing to longer repayment periods and delays in interest payments, in order to avoid the catastrophe of outright default on foreign debt.

Default has a number of unpleasant consequences, the most direct being the financial loss suffered by the lenders. Another consequence is a marked reluctance on the part of other lenders to contemplate investment in the defaulting country. But the real sting is that failure to repay any one loan triggers off legal provisions in other loans.

These provisions state that if a country defaults on one loan the lenders in other loans have the right to claim back their funds immediately. This is known as a cross-default clause, and is a provision found in virtually all syndicated bank lending agreements. To avoid this, creditor foreign banks will often go to great lengths to achieve some compromise that prevents default, even though it may mean much lower returns on their investment and an unexpectedly long time before their capital funds are returned.

The loan arranged by the central bank confirms that Turkey is now emerging from its financial exile, although the terms still fall short of the standard internationally syndicated loan. It is effectively secured on tobacco exports, and is more in the nature of a medium-term trade financing agreement than a long-term investment in the country. Its maturity, one year, is a long way short of the typical maturity for international lending — even the more shaky Third World economies can get at least five-year money, and more often eight- to ten-year money.

The full terms of the $100m loan provide for an interest rate of 1 per cent over Libor for the first six months of the agreement and of 1¼ per cent for the second six. As lead manager, the Libyan Arab Foreign Bank provided the largest individual contribution ($20m), followed by Banque Intercontinentale Arabe (which acted as paying agent) and the Arab Bank for Investment and Foreign Trade, each of which provided $15m.

The next largest participations were by the Arab Banking Corporation ($14m), the Arab Libyan Tunisian Bank ($8m) and the Arab Turkish Bank ($8m), which also acted as agent. The final $20m was shared equally by the Arab International Bank, Banco Arabe Espanol, Kuwait Foreign Trading Contracting and Investment Company, and the Union de Banques Arabes et Francaises. All banks in the deal shared a ½ per cent participation fee.

Now that short-term trade finance has been successfully arranged, Turkey's next step in obtaining funds from abroad is likely

to be tapping the standard syndicated loan market. S.G. Warburg, Kuhn Loeb Lehman Brothers and Lazard Frères, the merchant banks which specialise in advising borrower countries in their relations with the IMF, the World Bank and the regional development banks, are expected to assist Turkey in obtaining long-term capital, initially through further credit arrangements with the IMF.

Normally an understanding with the IMF is essential before commercial lenders will consider venturing their own funds. Turkey is already following the terms of a three-year standby agreement with the IMF which is releasing $1½bn in tranches, depending on whether the economy meets successive performance targets agreed upon with the Fund.

Success in meeting these targets will ultimately determine whether Turkey will win back regular access to the international capital markets. The expertise of its advisory merchant banks will help, but the bottom line, as American bankers are fond of phrasing it, will be how the Turkish economy performs.

Perhaps the most interesting aspect of the central bank's latest borrowing is the fact that it was raised from an all-Arab bank syndicate. A number of other Arab bank syndications have been arranged in the markets in the last few weeks, and not only to Middle Eastern countries — a $25m syndication was put together for Uniao Bancos Brasilieros, for example. The large number of all-Arab syndications this year is the first real sign of a larger share of the international credit markets accruing to Arab banks.

CSO: 4600/28

FOREIGNERS INVITED TO INVEST IN MINING SECTOR

London 8 DAYS in English 19 Sep 81 p 45

[Text] ETIBANK, the state-owned Turkish bank and mining company, has announced that it wants to engage in joint ventures with foreign and Turkish private companies to extract and refine minerals in Turkey.

This would be a radical departure for Turkey, where the mining sector has traditionally been closed to foreign investors. The move has been made possible by the government's open-door policy for foreign capital, which started in January last year.

Dr Erdemir Karakas, executive president of Etibank, has said that the company sent invitations to about 100 foreign companies and 22 Turkish companies. The invitations covered eight projects, with total investment of around $1bn.

The largest is a project calling for investment of $750m in an aluminium mine, which would produce 250,000 tonnes of alumina and 120,000 tonnes of aluminium a year. Two copper projects would involve investment of around $160m. Other smaller, projects concern marble, perlite, volcanic tufas and pumice.

Karakas said that the response from foreign companies in the US, Britain, Belgium, France and Germany was 'generally positive.' Invitations had not been sent to Eastern bloc countries, but some offers, including one from Romania, had been received.

Eitibank's letter to the foreign companies contains a list of conditions. It explains that the foreign capital participation ratio cannot be less than 10 per cent or more than 49 per cent. The minimum level of foreign capital participation will be $1m.

Foreign companies which intend to participate in the corporations to be set up should be able to provide loans for the external financing of projects. The foreign concerns will be able to repatriate their share of the yearly profit at current world-market prices of the products and semi-products.

The corporations will be responsible for the domestic and international marketing of the products as well as mining and refining. Karakas said Etibank would be willing to hold minority equity.

CSO: 4600/28

PREELECTION POLL SHOWS LOSSES FOR RULING PARTIES

Brussels LA LIBRE BELGIQUE in French 29 Sep 81 p 3

[Text] As a French-language newspaper exclusive, we are publishing the first preelection poll today. It was conducted by ICSOP in Wallonia and Flanders from 14 to 26 September 1981; a total of 1,084 Walloons and 1,022 Flemings 18 years of age and above were polled.

The first thing to note is the large number of undecided voters: 30 percent in Wallonia and 26 percent in Flanders but among these undecided voters, 83 percent in Wallonia and 78 percent in Flanders planned to cast blank ballots. This amounts to 20 to 25 percent blank ballots, which shows, if need be, the indifference of a large number of people about the evolution of events.

Thus, as you will read, the outgoing coalition of socialists and christian-socialists has been "punished" in the north and the south, but more so in Wallonia (-9 percent of the total) than in Flanders (-3.5 percent). The liberals gained (2.2 percent in each region) as did the UDRT [Democratic Union for Respect of Labor] whose standing is clearly higher in Wallonia than in Flanders (where the RAD [Respect for Labor and Democracy] did not obtain more than 1 percent of the vote). The ecologists were more active in Wallonia.

Wallonia: 12 Percent for New Parties

	1978 Legislative Elections %	June 1981 ICSOP Poll %	September 1981 ICSOP Poll %
PS [Socialist Party]	36.7	32.8	32.6
PSC [Christian Social Party]	26.9	22.2	21.8
PRL [Liberal Reform Party]	16.7	16.5	17.9
RW [Walloon Rally]	9.3	7.2	7.0
Ecolos	-	7.0	5.9
UDRT	1.3	6.1	6.0
PCB [Belgian Communists]	5.8	4.5	5.9
Others	3.3	3.7	2.9

There has been a definite drop in socialist popularity (-4.1 percent), an even greater drop for the christian-socialists (-5.1 percent) while the Walloon Rally lost 2.3 percent. This all helped the PRL (+2.2 percent) and especially the UDRT (+4.7 percent) and ecologists (+5.9 percent). These two new parties garnered 12 percent of the hypothetical votes cast although neither obtained 10 percent which makes a party politically important and useful in government. If we add UDRT and ecologist votes with the blank ballots, it appears that almost 40 percent of the Walloons reject the traditional political groups.

Flanders: No Breakthrough for Newcomers

	1978 Legislative Elections	September 1980 ICSOP Poll	June 1981 ICSOP Poll	September 1981 ICSOP Poll
	%	%	%	%
SP [Socialist Party]	21.4	20.3	20.8	20.5
CVP [Christian People's Party]	43.8	39.6	40.7	41.3
PVV [Party of Peace and Progress]	17.2	17.9	19.3	19.4
VU [Volksunie]	11.3	12.8	12.3	12.3
BKP [Belgian Communist Party]	1.9	2.7	1.8	1.6
VI Blok [Flemish Block]	2.1	3.2	-	-
RAD	-	-	1.0	1.0
Others	2.2	3.5	4.2	3.9

Flanders had fewer electoral upsets than Wallonia. The outgoing coalition also lost votes but in a smaller proportion than brother parties in the south: -2.5 percent for the CVP, -0.9 percent for the SP. The PVV gained the most with +2.2 percent. The Volksunie gained an additional one percent. The new parties made no breakthrough; the RAD, the Dutch-language version of the UDRT, only gained one percent of the vote which would not give it a Dutch-speaking member of parliament.

9479
CSO: 3100/30

IFOP ANALYZES CANDIDATES IMAGES; NEW, PS, GISCARDIAN VOTERS

Paris LE MONDE in French 23-24 Aug 81 p 4

[Summary of article from IFOP publication QUOI?]

[Text] IFOP [French Public Opinion Institute] has devoted the third issue of its periodical pamphlet QUOI? to an assessment of the political polls carried out in connection with the presidential and legislative elections. The first part of this document deals with methodological problems: evaluation of results, sampling techniques, popularity indicators, simulated elections. The second part offers the conclusions that came out of these surveys on several subjects: the new voters, the image of the candidates in the presidential election, the evolution of the voting patterns for Mitterrand and Giscard d'Estaing.

The New Voters

Between 1974 and 1981, about 6 million young people reached voting age, which during this time was lowered to 18; 5.5 million people died between those two dates.

IFOP indicates that the voting intentions of the new voters on the second round of the presidential elections were broken down as follows, based on percentage, the number in parentheses representing the proportion of the total French vote received by the candidate in question:

Giscard d'Estaing...	43 (51)
Mitterrand ...	57 (49)
No answer ...	19 (20)

That study, which of course was conducted before election day, and which does not fully reflect the final vote of the electorate, nevertheless shows that while indecision among the new voters may have been equal to that among all the others, they were leaning clearly toward the candidate of the left. Curiously, it was the youngest (ages 18-20) who were the most strongly pro-Giscard (48 percent), even though the majority of them voted for Mitterrand. The new voters pass harsh judgment on the record of the last presidency: 58 percent of them judge it to be poor, to greater or lesser degree, while only 47 percent of the French people as a whole expressed that opinion.

Twenty-one percent of the first-timers voted as their parents did, and one finds this phenomenon most marked among the offspring of executives and employers; 31 percent vote more to the left, especially among the children of mid-level and white-collar employees; 12 percent vote further to the right. A majority of them (51 percent) expected no changes as a result of the presidential election, and they were rather pessimistic, especially the youngest.

The White Collar Types

IFOP has studied the evolution of voting patterns for Mitterrand since 1966. It appears that the socialist candidate has advanced equally (by 7 percentage points) among men (51 to 58 percent) and women (39 to 46 percent). He is obtaining more and more votes among voters under age 49, and slightly fewer among those who are over 65. His electoral following has declined from 41 to 39 percent--mostly since 1974--among farmers, but is gaining with mid-level and white-collar employees (from 45 to 61 percent) and with blue-collar workers (55 to 68 percent), although in 1974 he won 78 percent of the latter's votes. The study of the PS vote in the latest legislative elections conforms these tendencies.

IFOP has tried to understand which group was responsible for unseating Giscard d'Estaing. Its study is based on three polls taken between November 1979 and May 1981. It shows that Giscard's support grew stronger among women (55 to 58 percent) and the elderly, especially older women. His electoral following dropped from 18 to 15 percent among mid-level and white-collar employees, and from 23 percent to 21 percent among blue-collar workers. Other studies corroborate the structure of his voting bloc. Thus, Giscard d'Estaing's image appeared to be that of the weakest candidate in terms of keeping promises and preserving the spirit of reform. Concern about the future of the economic system has increased since 1976, and the president's popularity fell accordingly. His reputation for economic ability weighed against him.

Mr Barre played well his circumspect "shielding" role as prime minister, suffering more of the effects of the president's loss in popularity than the latter suffered--and it was not greatly--from that of his second head of government. In all, the combination of the two currents of discontent in public opinion could only translate into weak popular support.

9516
CSO: 3100/971

FO'S BERGERON ON ECONOMY, POLICIES; RELATIONS TO PCF, UNIONS

Paris LE MONDE in French 10 Sep 81 pp 1, 36

[Interview with Andre Bergeron, secretary general of Force Ouvriere, by Joanine Roy and Jean-Pierre Dumont; date and place not given]

[Text] [Question] Throughout the entire paid-vacation period the Workers Force (FO) has stepped up the number of its communiques on all the issues being dealt with by the government. Are we to conclude that the FO is subjecting the government to closer scrutiny than in the past?

[Answer] The term, "close scrutiny," is inappropriate. If we took no heed of the government's decisions, we would be perfectly irresponsible. Since the government has confirmed its determination to move swiftly, there has been no let-up in government activity, nor consequently in that of the unions. We voice our opinions to the extent that government activity has to do with problems that directly concern us. There is nothing strange about this. We are giving public notice of our view of the situation. That is our duty.

The system for engaging in a dialogue is certainly not yet perfect. But must we reproach the government for this? I don't think so. All this requires a breaking-in period. For many years now the FO has woven a network of contacts with officials with whom we are familiar, without however agreeing with them. But we did have a dialogue. Today, this network has not yet been perfectly reconstituted and it is this which explains the current difficulties. This is in no way intended to disparage the government. It will take months for the dialogue to return to normal. Now that we have settled that, we can say that the government is moving too swiftly. It gives the impression of wanting to solve all our problems at the same time. Now that is impossible. I don't understand why it is in such a hurry, since it has at least 5 years ahead of it. It will have to move more slowly to arrive at good solutions.

[Question] Are you counting on a reduction in the number of working hours to cut down unemployment? And under what terms?

[Answer] I am not sure that the creation of jobs as a result of a reduction in the number of working hours would be achieved in proportion to the latter.

The possibilities for improving productivity are such that it is hardly easy to expect much of them. We have to distinguish businesses from one another in terms

of size and take into account the fact that the 39-hour work week is merely a phase. We want to go farther than that. But what I am hoping for is that the action undertaken by the European Trade Union Confederation will be resumed. If the evolution of working hours does not proceed in parallel fashion in Europe, I fear that we will only end up with obstructions. European agreement on this is a necessity. But we also have to find new channels of communication with the other countries in the world, particularly with the developing countries. Mr Mitterrand has spoken very well on this subject.

[Question] But that implies that the wealthy countries will have less if they want to help those poorer than themselves?

[Answer] This is inevitable. And that is why, at meetings with FO members, I tell them that we must accept the fact that such aid will be deducted from their incomes. And this has been well received.

[Question] Are you counting on government intervention to help businesses to reduce the number of working hours?

[Answer] We will, of course, have to investigate such solutions; if we don't the difficulties will persist. I understand those firms that have to export. I also understand the government, which aimed at reassuring they by, for example, declining to resort to its veto right.

As far as reducing the number of working hours is concerned — the 39-hour week, but also the fifth week of paid vacation, the fifth shift, the reduction in make-up time — this should create jobs. How many? I have no idea. But jobs will be created.

[Question] Doesn't the real choice also mean accepting a reduction in the standard of living?

[Answer] Some people openly say so. But this is not a simple matter.

[Question] What is the FO's position?

[Answer] If we lower the standard of living, purchasing power, we will be reducing domestic consumption. And above all, we cannot prevent wage-earners from wanting to maintain their income. This is perfectly legitimate. While the FO wants to retain this conventional policy, it is in order to discuss these problems, for they cannot be resolved by authoritarian means.

[Question] Will the nationalizations create jobs?

[Answer] Not a priori. The government's objective in nationalizing industries is to acquire new instruments for the conduct of its economic policy. This may create jobs, but the new nationalized enterprises will have to face merciless competition.

Give More Power to Those Who Are Insured

[Question] Aren't you afraid that there will be too big an increase in government jobs?

[Answer] Our unions maintain that the administrative agencies do not have the means for providing good public service. This is the case with the Post and Telecommunications Administration, the departments of trade, consumer affairs, etc. So there are useful jobs that could be created. What is debatable is the plan to create locally useful jobs to serve the municipalities for youths over 16. If they are paid less than the local officials, this will give rise to major reactions. Serious consideration is therefore necessary.

[Question] And retirement at age 60? What action do you plan to take to see to it that pension reform has a positive effect?

[Answer] It is not an easy matter. I don't have any miraculous formula for it. Today, private-sector wage-earners can retire at age 60 if they so desire. With a guarantee of funds, they can receive an "early retirement pension" equal to 81 percent of their salaries. Pensions opted for at age 60 are very low. The problem therefore lies in knowing how we can assure coexistence between these two formulas. I have been inundated with letters. Many people write to tell me how much they fear that the early retirement pension may disappear.

But if we decide to grant full pensions at age 60, we must consider the cost. I told Mrs Questiaux that we had to evaluate various possibilities: full pension at 63, 62 or 61 years of age, that means a lot of money. There is all the more reason for knowing how much since there are other problems, such as the one involving health insurance, whose financial situation is not bright. And there is talk of an overall deficit of over 20 billion francs in 1982 and from 7 to 8 billion this year for the Social Security administrations.

[Question] Do you think that we should move less rapidly with pension reform?

[Answer] Personally, I would not move so quickly. Pension problems cannot be separated from the more general one of Social Security. The basic problem is unemployment and inflation, but financing the Social Security system is just as serious as the rest of them, even if people are not aware of the fact. For years I have been predicting that our most important social problem is the financing of collective social protection. There is a fundamental choice on which one must take a stand: How far will citizens consent to devoting part of their income to insure themselves against the hazards of existence and illness, unemployment, retirement, etc.?

[Question] What are your proposals? Are you modifying them in terms of the economic crisis?

[Answer] When the 1967 regulations were imposed, we agreed to assuming our responsibilities. One of the objectives of these regulations was to provide boards of directors with funds for exercising broader powers, including those governing administration. This objective was not respected. With the exception of medical and social programs, the boards of directors have not been able to play that role.

[Question] Does this mean that you are demanding these powers?

[Answer] But this was a part of the spirit of the Social Security system as it was originally conceived! Today, Mrs Questiaux said to me: We must confer responsibility

on those who are insured. To confer responsibility on them we have to give them certain powers. We have to move in that direction.

[Question] And financing this?

[Answer] There are the regular contributions, but there are also limits that should not be exceeded. The government incessantly repeats that we must not increase the burden on business firms. If we do not rely on contributions, we will have to resort to the national budget. Now the deficit estimated for 1982 comes to a sizable figure: There is talk of 95 billion francs and it will no doubt be more than that. Now the budget deficit will also affect employment and prices. Furthermore, if we rely on the national budget, Social Security will inevitably become just another item in the national budget. I therefore prefer that we preserve these institutions' freedom of behavior. If we do not do this, we will move in the direction of nationalization, just the opposite of what we want to do.

[Question] You demand more powers for the boards of directors of the Social Security funds. Do you also want to change their make-up? And while waiting for the elections, do you agree to distributing seats on the boards among the unions on the basis of the results of other elections, those of the labor-conciliation boards?

[Answer] This is not a basic problem. Our position is still that of preferring appointment to election. This is not because we are afraid of elections, since the FO has had good results with conciliation-board elections, but as a matter of principle. We want union representatives in external organizations to be appointed, mandated and controlled by the labor-union movement. I have reminded the government of Jouhaux's statements in 1936: We do not want shop delegates who are elected by unorganized workers who oppose the unions.

Disagreement with Mr Anicet Le Pors

[Question] What do you think of the guidelines presented by the minister of the Civil Service assigning less importance to the signing of agreements?

[Answer] We disagree with Mr Le Pors. The government used to decide on its own, despite strikes. After 1968 we got them to admit that representatives of the public sector should have the right to negotiate. This was an undeniable step forward. When I look back on what has been achieved in over 10 years time, I must admit that it is positive. Agreements have enabled us to upgrade the salaries of the most disadvantaged categories (C and D), to gradually integrate the housing allowance into the basic wage and to maintain and even increase purchasing power. Abandoning a system that has proven itself would be taking a step backwards. This is why I do not agree with Mr Le Pors when he says that he is willing to accept an official record or the minutes of the proceedings in order to avoid division among the unions. In that event, it is the government that would decide. It is true that in the past not all the unions have wanted to initial certain agreements, but the latter have been applied. And I feel that we must keep this contractual channel open.

[Question] Even if the CGT [General Confederation of Labor] and the CFDT [French Democratic Confederation of Labor] in future continue to refuse to sign?

[Answer] Listen, if I am to believe the CGT and CFDT's public statements, they accept today what they condemned yesterday.

In the FO we don't change colors. by way of example: In the RATP [Independent Parisian Transport System] my friends were singled out because they were threatening to file notice of a strike because they maintained that their situation was worse that year than it was the year before. Now they weren't asking for the moon; they were demanding that what had been done in the preceding years be continued in 1980.

[Question] The FO has solemnly expressed its disapproval of the Communists' entry into the government. What do you think of their reaction?

[Answer] I have not personally met with them. My friends have been to see them. At times they have expressed their agreement and at times not.

[Question] And the dangers of turning this into a political issue?

[Answer] We expressed some concern when the minister of the Civil Service said that he would permit political meetings in the department offices, after working hours, of course. It's hard to draw the line between what is desirable and what can become dangerous.

[Question] Mr Le Pors has accused the previous administration of having subjected the Civil Service to ideological pressure. Did you resent the fact?

[Answer] During the past few years, when it has been necessary to react, those of my friends who are civil servants have very violently done so. I don't know whether there was any ideological pressure. But my friends would no more accept it tomorrow than they did yesterday. They are profoundly attached to the neutrality of the Civil Service and I have often reminded them that the Civil Service is one of the essential pillars of a democratic society, that it guarantees the continuity of the state through any political upheavals.

[Question] In the private sector can we speak of a new lease on life in the contractual policy with employers?

[Answer] Employers are employers. What we want is to retain the 11 February 1950 law on the freedom to negotiate. As a union movement, it is up to us to convince wage-earners to organize, with us or elsewhere, in order to pressure employers into reaching agreements. There is no other way but this one.

[Question] Is there a dialogue at the present time?

[Answer] It's still too soon to say, but a number of agreements have been concluded since the beginning of the summer.

[Question] Are you in favor of compulsory negotiation?

[Answer] That doesn't mean much. I want to see it happen. One should have no illusions. On the other hand, we must take care and see to it that we don't take the wrong turn, which would lead to government wage-setting.

[Question] In the face of rising prices, what is the FO's position?

[Answer] As early as May I sent a letter to Mr Mitterrand on the rue de Bievre in which we drew his attention to runaway prices. Since then I have on several occasions approached him on the same subject. In Lille the prime minister reiterated that he wanted to maintain freedom in pricing. I don't agree. I still think that during a highly inflationary period confidence in the system of natural competition is an illusion. In the government's position, I would freeze prices for several months.

The change in policy has given rise to hope among some people and fear among others. This to a certain extent explains the increased precautions and we risk finding ourselves facing an inflation rate of from 15 to 16 percent. This is a serious situation. And it is why we should have a temporary price freeze and set up rules in terms of which we could arrive at a policy that would be agreed on between merchants, for example, and the administration.

[Question] Has the Left's accession to power improved union relations?

[Answer] We have had contacts with the FEN [National Education Federation], the CGC [General Confederation of Managerial Personnel] and the CFTC [French Confederation of Christian Workers]. Nothing has changed with the other organizations. The CFDT is developing issues that obviously have nothing to do with ours — which is not to be taken as disparaging as far as it is concerned — even if only in the domain of nuclear energy and all sorts of domains affecting the union movement's position, particularly the domain of self-management. But we are not going to debate the point. For the time being, the Left's arrival is still too new and our friends' attitude is to maintain the status quo.

11,466
CSO: 3100/980

CHABOT: CHANGE MILITARY 'PASSIVE' OBEDIENCE; ADD CIVILIAN SERVICE

Paris LE MONDE in French 26 Aug 81 p 2

[Article by Jacques Chabot, assistant instructor at the University of Provence; passages between slantlines in italics]

[Text] If 48 months of military service--at a time when military honor forbade us to denounce the tortures in Algeria--had not left me with few doubts about the sense of humor one finds in career soldiers, I would almost have suspected that the hoplite who shared with LE MONDE readers his insights into the inner feelings of the career army about the "socialist fatherland" was a humorist. But that anonymous hoplite is a strategist on active duty. Thus he has the authority to give orders to French citizens mustered into uniform. We would be making a mistake not to take seriously these inner feelings which on occasion can be transformed into action against the republic. In reality, the conclusion of Hoplite's article (of 22 July) projects both a disturbing nostalgia and I do not know what kind of anticipated rancor: if the fatherland were once again to show signs of "giving up, decadence, and anarchy," would the French army forsake its "natural sense of discipline" and out of necessity /once again/ promote putsches? Hoplite in fact recalls the 12 patient years at the end of which the soliders /"declared themselves"/ for General De Gaulle. President Mitterrand himself is not a /pronunciamento/ president! Might one suspect him for that very reason of being a forerunner of decadence and anarchy?

Lt Col Terejo cut the figure of a blustering buffoon before millions of television viewers who finally saw (in close-up) a military putschist bringing down a parliament: if this /miles gloriosus/ had won the day, though, who would be laughing at him today in Spain, or for that matter even in France? We were told of the much-vaunted loyalty of the Chilean army to democracy! Then what kind of "anarchy" brought President Allende down? Who then will define the /ethical framework/ which Hoplite sees as the guarantee of the loyalty of the soldiery: the government of the republic, maintaining the peace--even in the barracks--or perhaps subversive military ideologues? And why then were these very guardians against the possible decadence of the socialist republic never scandalized by the moral disorder, the weakness, the decadence, and, all things considered, the anarchy of Giscard's regime? Millions of citizens, on the other hand, voted by an overwhelming majority to censure the moral and political disorder of the former government. When a minority claims to be better able to define and even impose by force its own conception of order than a democratically representative majority, it is /declaring itself/, in effect, against democracy. Two concepts of discipline are indeed contending head-on here:

1) For Hoplite, the strategists and career soldiers are naturally disciplined, because they do not make policy; thus soldiers who are called up should not make policy, and an army of citizens is a dangerously utopian idea. But this natural discipline, to which they give lip service only with respect to a leftist government, is subordinated to /political/ conditions defined by them and thus make themselves the /political/ proctors of the government. The "G.I. Joe" is not supposed to have ideas but only obey: if he turns his mind to politics, he is already suspected of rebellion;

2) We might, on the other hand, conceive and create a national service, both military and civilian--in which the distinction of being a conscientious objector for noble reasons will be acclaimed as a right, and no longer punished as a crime,--in which the citizen would be able to complete his civic education while at the same time learning how to soldier. This civic education should obviously be designed to make each soldier a responsible citizen, totally rebellious to any form of passive obdience. And, as we know from experience that the army is incapable of providing this indispensable civic education, we must break its monopoly over the brigading of youth.

If the Algiers putsch was a failure (at least in part), it was because the citizen soldiers in the contingent themselves stood up against the military putschists and the mercenaries who blindly obeyed them. It is thus of vital importance for the republic that all the citizens in the forces understand, for example, that it is immoral, decadent, and anarchic to wordlessly follow a "providential savior" who claims to be restoring morality to democracy /manu militari,/ whether his name be Cavaignac, Badinguet, Galliffet, Boulanger, Roger, Petain, or Salan.

Hoplite's inner feelings thus constrain us to pose this question, which from the point of view of the national defense is perhaps more urgent even than the question of the seventh atomic submarine, and to ask the prime minister in particular: does the "new French citizenship" stop at the barracks entrance or not?

9616
CSO: 3100/975

'INSEE' PARIS REPORT NEGATIVE; EMPLOYMENT, INDUSTRIAL DEMAND DOWN

Paris LE FIGARO in French 23 Aug 81 p 5

[Article by Maurice Cazaux: "Gloomy Prospects in the Paris Region"]

[Text] The August monthly bulletin of the regional directorate of the National Institute of Statistics and Economic Studies [INSEE] exudes neither confidence nor hope. In fact one reads in the very first sentence of the document that "the responses of the regional industrials to the July survey for their part show great pessimism."

To be completely honest, the statisticians point out that the question concerned only predictions about the next 3 or 4 months. It is plausible, they say, that if it covered a slightly longer time frame, the responses might be less negative.

All the same, "pessimism is most acute in the consumer goods sector. The great majority of the industrials believe domestic demand is normal and therefore predict a decline in their production in the months to come. In intermediate goods, the weakness in demand persists. So a majority of industrials in this sector are once again beginning to consider lowering production, though the level of activity has apparently been stable since the beginning of the year. The equipment goods sector in our region had up to now been largely spared by the recession. But the situation has been deteriorating for several months. Actually, production is continuing to grow, but because the process of manufacturing in this field is so slow, this production is doubtless in many cases for the purpose of filling fairly long-standing orders. New orders are now considerably fallen off, a fact which may produce a decline in activity in the months to come."

It was also noted that many jobs had been eliminated in the central zone of the greater Paris metropolitan area, but that personnel in the tertiary sector, for example, had increased by an average of 19 percent per year in recent years in the departments which make up the great crown around the capital city.

This expansion of the tertiary sector has unfortunately been accompanied by an almost general slowdown in construction, public works, and industry.

After a mild boom in 1976, which affected different departments to different degree, the number of jobholders in construction and public works decreased almost everywhere. Paris, for example, lost one-third of its employees in this sector between 1975 and 1980.

This decline should be seen in relation to the significant drop in construction recorded in the capital.

In the city itself conditions are rather bleak. Layoffs are higher than 10 percent. Only Val-de-Marne still seems to be spared, with only a 2 percent drop.

But now the metropolitan area is scarcely better off. Yvelines and Essonne show a reduction of overall employment in construction and public works, similar to the situation in Hauts-de-Seine and Seine-St-Denis.

Regional employment prospects do not appear very bright. The weak growth in employment is becoming weaker still. The impetus given by the expansion of the tertiary sector only compensates for the effects of the crisis on the other sectors.

These conclusions will not fail to fuel debates over the regional council's elaboration a few weeks from now of a 2-year intermunicipal regional plan.

9516
CSO: 3100/975

PCI DISPUTES OVER BERLINGUER'S POLICY

Effects of Napolitano Article

Rome L'EXPRESSO in Italian 6 Sep 81 pp 6-11

[Article by Francesco De Vito]

[Text] Sickle vs Hammer. Napolitano lights into Berlinguer, Fiori assails Napolitano, Pajetta invokes a plague on both their houses, and Bufalini... So opens a salutary free-for-all over PCI strategy for the Eighties. It's anybody's guess how it will all end.

Italy's communist press is never caught napping when the anniversary of Palmiro Togliatti's death rolls around. For 16 years now, the managing editors of UNITA and RINASCITA make a point of assigning the commemorative article to a prestigious Party leader, and each year the one who gets the nod plunges into a re-reading of the life, writings, and speeches of the departed PCI leader, carefully reinterpreting what he finds to make it fit whatever political ploy calls for development at that particular juncture, citing the fallen leader as authority.

What Giorgio Napolitano wrote for UNITA's 21 August issue was thus not dashed off with a haste that would have excused his overlooking points which more careful reflection would counsel including, or at least some careful recasting. Napolitano did a lot of thinking about that article: it started at Capo d'Orlando, where he read with consternation the interview Party Secretary Enrico Berlinguer had given REPUBBLICA at the end of July, and the reactions it had set off. He thought some more on Stromboli, on another brief vacation. "It's time to come out into the open," he confided to a friend on his return to Rome over the Ferragosto holidays.

He waited, though, for the deadline to deliver his article. On Thursday morning, 20 August, his secretary handed a copy to a messenger at PCI headquarters on Via delle Botteghe Oscure, telling him to deliver it to UNITA headquarters on Via dei Taurini, and handed another copy in at the press office for delivery to the wire services. He did not bother, though, to send it for review to other Party sachems like Paolo Bufalini or Giancarlo Pajetta, both of whom were in Rome at the time for meetings of the foreign and defence committees of the Chamber and Senate, or to Adalberto Minucci, who was on duty that day at Botteghe Oscure. It did not take the wire services long to grasp the fact that this was

a major political document, and they immediately started sending it out over the teletypes -- so promptly that one wag at UNITÀ taxed them: "Hey! You sent it to the wire services before you sent it to us!" Top Party leaders, scattered over the hundreds of miles of the nation's beaches, read the article next morning: Berlinguer read it at Stintino, Alessandro Natta saw it over coffee outside Savona, and Gerardo Chiaromonte got it at Vico Equense. All of them got the message. That article heralded the emergence of the in-house political battle from the communists' ivory-towered summit to engage the entire Party.

The Togliatti whom Napolitano had picked to reinterpret was the late-period Togliatti, particularly his way of facing down the center-left by summoning the Party to get down to "differentiated analysis" so as to evade the serious error of "failing to distinguish between different things" -- in this case, between the DC and the PSI -- and urging it to "get down and start digging in reformist ground," rather than claim to be fighting it on the lofty ground of "pure verbal opposition" or of "empty rhetoric." In some ways, Napolitano's reinterpretation was a reinterpretation of the easy way out, in that, while it is true that Togliatti viewed the center-left as "a more advanced battleground," it is equally true that he encouraged the split in the Socialist Party. It did, however, do yeoman service on behalf of the goal Napolitano had set himself: to offer a less pessimistic -- and less bewildered -- picture of the current situation than that proffered by Berlinguer's latest effort; to grasp the difficulties, but to keep the new possibilities in sight -- the waning power of the DC, the pressing need for an alternative; and, along that line of perspective, to float the possibility of a frank confrontation that would clear the air on the left.

These were not new approaches for Napolitano. On the eve of the Socialist congress in Palermo, while there was a no-holds-barred confrontation going on at the communist summit over the stance to be taken toward Bettino Carxi, he took to UNITÀ's columns with an appeal to refrain from "dramatizing every petty incident" and to make the most, on the contrary, of "every possible reconciliation." At the close of the socialist congress, he pointed out with some satisfaction "the many contributions it had made toward a thaw, toward a more reasonable and constructive turn in the discussion and in the relations between the PCI and the PSI." And again, after the June elections, while many of his party's leaders were in a state of shock at the socialist gains, Napolitano went before the TV cameras with Claudio Martelli on "Modulo 81" to say that he thought it a good thing that the PSI could "drive a wedge into areas of the electorate traditionally fiefs of the DC and wholly impervious to appeals from the PCI."

What was new, though, was the context in which those positions were proposed anew -- the context established by Berlinguer's latest interview -- which endowed them with the trappings of a direct polemical quarrel with the Party secretary. Equally new was the assertion that the Party harbored "persistent divergent opinions and trends that would better be dealt with more frankly." That statement impelled PAESE SERA to charge Napolitano with the crime of "lèse-secretaire," thereby earning itself

one of Pajetta's more savage barbs: "I find it difficult to grasp the pertinence of an appeal to [party] discipline from an independent newspaper."

Pajetta's was the only public reaction from a PCI leader to Napolitano's editorial. "I read in an article written by a comrade on the Party secretariat that, even in the aftermath of the discussion in the central committee there are still disparate opinions and trends. Since I agree with that finding, I believe that the necessary discussion cannot come as a point of departure, as a development -- much less that it can come as it has today in the form of conclusions, interviews, articles, or statements handed out to one newspaper or another." There is a statement that is a model of ambiguity. On the one hand, it says that this is not the end of the matter. On the other, it provides a reminder of the bolshevik maxim which holds that the proper forum for political controversy is the natural organs of the Party. It is general knowledge, though, that Pajetta generally agrees with Napolitano's position, and that he is concerned lest the PCI's isolation loom daily as a greater danger. The latest episode, the one in Bologna, is the most sensitive of all. At a city council meeting, the communist members found themselves in the minority on the delicate issue of missiles in Europe. Pajetta, however, does not share Napolitano's methods of debate, as he went so far as to state for the record even before he left for China, advising him to avoid further public comment until such time as the Party leadership should have occasion to meet.

As for Berlinguer, he will deliver his rebuttal on 20 September in Turin, at the conclusion of the national communist press festival. It may be that, as on other occasions, his remarks will go over the heads of the leadership and seek to gag inner-council dissent by going directly to the rank and file. This time, though, that maneuver turns out to be complicated. When the Party leadership does meet early in September, it will want to know what Berlinguer plans to say in Turin. Dissent, which already pervades much of the middle leadership and most local government officials (Rome's Mayor Luigi Petroselli and Milan's Mayor Diego Novelli have emerged as spokesmen for their restlessness) is bound to surface clearly there.

At some point in late September or early October there will be a session of the central committee. What will Berlinguer's move be there? When Togliatti found that there was no way to silence dissent, he appointed himself to take charge, and then proceded to claim that nobody could differ with positions approved by the majority. That was the way he managed to finesse Giorgio Amendola and keep him quiet, at least for a while. Togliatti, though, was, after all, Togliatti. Berlinguer hasn't the authority to imitate him. Furthermore, the PCI summit is a lot more articulate than it was in those days. So that leaves two roads open. Let the factions squabble and make no decision, or bite the bullet at last and adopt the method chosen by the central committee in last January's session on party problems, at Napolitano's suggestion. "When there are differing positions," Napolitano argued at the time, "the leadership shall not take sides, but shall bring them before the central committee and ask it to make a decision." What we have today is precisely such

a situation. If the PCI summit wants such a decision to implement in January, it would have to call upon the central committee to choose between an attitude aimed at haughty isolation pending the day when the DC shows signs of some potential for a comeback, and another that sees the odds favoring a decline for the DC and concomitant advances f r a socialist-lay coalition as the one and only way to building an alternative. Assuredly the internal debate would gain in clarity from such a showdown. Will it really take place? Meanwhile, let's go on and read what anumber of political observers and left-wing politicians have to say in response to three questions: What does Berlinguer really want? What does Napolitano really want? Which of them is right? Read on.

Berlinguer Still Thinking Compromise

Rome L'EXPRESSO in Italian 6 Sep 81 pp 8-11

[Article by Lucio Colletti]

[Text] Back at the end of 1978, when the PCI decided -- not without considerable internal sturm und drang -- to scrap the "national solidarity" policy, that act did not, in Berlinguer's eyes, signal the end of his "historic compromise" (nor yet a personal defeat for him), but rather a slight delay and a temporary tactical regrouping which seemed called for by circumstances. The PCI clambered dripping out of the "middle of the ford" to regroup its ranks, and to reassure and fire up the Party's grass roots, which were in some disarray over its "subalternate" collaboration with the DC. For the rest, the major thrusts of the old strategy still stood. The basic objective was still to get together and reach an understanding with the DC, but this time the price and condition for such an understanding would be the PCI's entry with full standing into the cabinet. None of Berlinguer's self-critical statements since then leaves the slightest doubt on that score. In his view, the error lay not in the strategy: the error was tactical "opportunism;" and that was to be laid primarily at the door of the Party's "rightists," all of them committed collaborationists. There was more: since Berlinguer, in deciding to scrap "national solidarity," had mended his fences with Ingrao's people on the left, the goal of the "historic compromise" emerged not only as reasserted and confirmed, but absorbed into and, so to speak, enriched by all the heady fumes of suggestions about a "third road."

The idea that drove Berlinguer into ordering the end of "national solidarity" was that reestablishing an understanding with the DC, under the new conditions providing for PCI cabinet seats, would be neither impossible nor even overly difficult. Zaccagnini's party was decidedly favorable to the privileged relationship with the PCI. The still-weak PSI certainly would never be driven into the "trap" of a new center-left (and if it showed signs of leaning that way, there was the Lombardy left on hand to head it off). Given these conditions, all it would take would be a few months of resolute communist opposition to bring the DC to terms and force it to negotiate -- and, at the same time, Berlinguer could get the PCI firmly back in hand.

2. The more or less unforeseeable string of events that knocked all these calculations galley-west is fresh in all our minds. The 20 June 1979 elections were a bitter defeat for the PCI, which lost 4 percent of its regular vote; at the same time, those elections gave the signal

-- albeit a somewhat tentative one -- for recovery among the lay and socialist parties. Reassured by these signs, Craxi dared do what nobody else in those days would have dared do: he walked boldly into the center-left "trap," thus guaranteeing the country's "governability." He didn't go about it on tiptoe or with the hangdog air the PSI had adopted in other circumstances, but laid down a set of conditions the DC would have to meet (first among them that of taking turns at the head of the government), so as to give the nation clearly to understand that the Socialists were not casting themselves in a supporting role for the majority party so much as in the role of an alternative to the DC. (Further to complicate the communists' prospects for rapid entry into the seats of power came the crisis in detente, culminating with the Soviet invasion of Afghanistan.)

Berlinguer's response to this new turn of events was a kind of leap in the dark. At all costs he had to prove to the DC that it could not govern without the Communists; this was the sole condition under which the "historic compromise" could remain viable. The ways and means for achieving it could lie only in head-on, no-quarter attack: which is precisely what the PCI had been engaged in, first against the two Cossiga cabinets, and later against Forlani's.

The consequences of this line of conduct were not slow to emerge. In the DC, Berlinguer's policy helped (wholly against his intentions) to overthrow Zaccagnini's secretariat and the majority's statement of the "preamble": the either-or he had himself proclaimed -- "either in the government or in the opposition" -- and in fact cut the ground completely out from under his own allies. On the labor front, the need to "stir up the masses" and build indiscriminate opposition forced the PCI secretariat to urge stronger Party control: and the upshot of that was very serious tension, not only in relations with the CGIL but finally within the ranks of the Federation itself. And finally -- but no less serious -- Berlinguer's PCI found itself on a collision course (just as it was at daggers drawn with the DC) with the Socialists, who were determined to save the legislature by permitting a government to stay in office, while Berlinguer's PCI was just as determined to prove that the country was ungovernable without it.

However, while taking the hard line with the DC to force it into the "compromise," Berlinguer was stating repeatedly that he considered it his "historic" interlocutor, the PCI secretary had nothing to offer the PSI, with the possible exception of a rope to hang itself with. Craxi had to work to get the PCI into government; withold his collaboration from the DC until it agreed to take the Communists into the bargain; in short, the task laid out for him was to dust off the old De Martino policy of the "most advanced balances" -- the selfsame line on which the PSI had broken its neck in 1976. Aside from and as an alternative to all this, Craxi and the PSI became merely the prime impediment to the "historic compromise," and hence an enemy to be laid low.

3. Those with their wits about them, including some inside the Party, were not slow to perceive how this policy was, de facto, damning the Party to isolation. And, inasmuch as such an unenviable position would inevitably encourage the recrudescence of patterns of blind factionalism, any number of people sensed intuitively the danger that threatened.

Above and beyond any personal intentions, the danger lay not only in a possible halt to the process of revision so painfully and laboriously undertaken by the PCI of recent years; but actually in the possibility that the inward-turning process might eventually pervert the very nature of the Party, causing it to lose the openness and the national scope it had learned in Togliatti's school, its ability somehow always to play politics, its well-known flexibility and adaptability. In a RINASCITO article published just after "national solidarity" was sent to the scrap-heap, Giorgio Napolitano openly aired these concerns, adding that -- should such an evil day come -- the Party's very unity would be plunged into crisis. Last week, in UNITA's columns, he returned to the attack.

Some will object that what we are saying does not allow for the latest developments in Berlinguer's policy line. For some time he has not said a word about the "historic compromise," they would argue, and that, on the contrary, last fall he led the call for a turnabout, for a policy of "democratic alternative." The only problem is that such objections are without substance. The document published on 27 November at Salerno, in which the "new strategy" was unveiled, talks of a democratic alternative, but -- as Craxi recently reminded us -- "fails to mention the PSI, even in passing." The truth is that the document outlines no real policy, nor does it contain any feasible strategy. It was conceived, rather, in response to very different concerns: inside the PCI, it was designed to block the advance and stop the mouths of those who had long been calling for overtures to the Socialists, to send a code signal, saying that the PCI would take a good-listener line pending the day -- as Galloni explained in a recent statement -- when, out of the DC's internecine strife, the conditions would emerge for resuming the interrupted dialogue.

In conclusion, the PCI has no policy because Berlinguer is still waiting for conditions to ripen for his "historic compromise." This would explain the tone and content of his recent interview in LA REPUBBLICA. It would also explain the "purely negative attitudes," the "pessimistic state of mind," the criticism of the "party system," and even the "patterns of bewilderment" which Napolitano and other PCI leaders could not help noticing.

4. Stated in these terms, the dilemma and the pussyfooting gaining prevalence among the PCI leadership may look like a simple alternative to mechanical political formulas: one leaning toward the DC, the other toward the Socialists. The truth is that the dilemma is far more complicated than that. Democracy's survival in Italy today seems to rest on our ability to solve an equation with a great many unknowns. One of those unknowns is the crisis in the DC. The phases and course of that crisis are hard to predict; its scope and gravity, however, are no longer open to question. The referenda on divorce and abortion have showed us that Catholics prepared to follow the discipline of the Church are a minority in today's Italy. From this point of view, the country has been transformed, to all intents and purposes, into a Western secular society. If the DC really wants to go on speaking for the nation's Catholics, it will have to resign itself to minority status; if it

wants to evolve in the direction of a liberal-democratic party, it will have to take issue -- and do so as the underdog -- with the secular and socialist parties which hold prior title to that ground. And meanwhile, it is also a fact that the crisis within the DC occurs at a time when there is no available force waiting in the wings to take its place.

Looked at in this light, Berlinguer's policy seems to have fallen into a twofold error. It looks conservative and secular at the same time. It persists in assigning the DC a historic role precisely when that role is in deep trouble and when, for the first time -- even among us -- conditions for an alternative seem to be ripening. On the other hand, it attacks the DC as it is today with indiscriminate opposition and renders any government incapable of action, without realizing that a sudden vertical downfall of that party today might well bring down all our democratic institutions, and plunge the entire country into chaos.

This amounts to saying that, under open and intelligent leadership, the PCI would still have some cards to play today! Why, for example, oppose the growth of secular-socialist sentiment? If it jells, it will help pave the way to the democratic alternative. Should that happen, Italy's situation would be freed up. We would be moving, albeit gradually, toward a whole new deal all around. By encouraging the consolidation of that sentiment, by supporting it as well when it seeks to govern, the PCI would have a hand in the operation, and would thus, de facto, have a hand in the game. And it would be difficult indeed, then, after helping to bring about the new state of affairs, to keep the Party from finding its proper place there.

Napolitano, Berlinguer 'Scenarios' Criticized

Rome L'EXPRESSO in Italian 6 Sep 81 p 10

[Article by Rossanna Rossanda]

[Text] I should be lying were I to say that Giorgio Napolitano's article roused lively, though polemical, sparks of interest. I heard him on the radio, at a place where there were no newspapers, and I profited by that deprivation: those few somewhat clearer words toward the end were not drowned in the sea of continuity of a policy signed and sealed as THE right one from Togliatti's time to the present. And that might be wrong, perhaps, tomorrow, if the PCI's "presence" were to continue, under the cloud of suspicion that it might again switch over to dialogue with the DC -- a dialogue, be it remembered, that was proper in the past, so long as it never reached a proper conclusion.

No genuine debate will ever come within the Communist Party so long as its leaders confine themselves to this backing and filling. The crisis that is tearing the Party apart will simply go on: Napolitano's article is merely an expression of it, and one that must not be underestimated. Debate is a lot more than that; it is not crisis, but a vital act. It implies an unraveling of lines, a clear-eyed identification of one's own positions and those of others, an unshakable ability to dig down to the roots of error, and an equally firm determination to take the

broader view, to make a convincing estimate of the costs to be paid and of the profits to be expected from a given change of routes. Only under these conditions can a change of course be called such; only so can it be set before a living body of activists capable of accepting or rejecting it; lacking those conditions, it becomes just another move in the chessgame of the ruling cliques, destined to be settled within the framework of their internal checks and balances, under the patronage of the Labriolas, the Formicas, the Piccoli, the Galloni: always the same old story. Always and forever the symptom of a malaise, which might at least be obvious -- but no: it will go on being merely wearisome, but invisible to the naked eye.

One thing strikes me, even more than the contrast between the "social-democratic" scenario said to be Napolitano's pet, and the one calling for the "communist diversity" alleged to be Berlinguer's invention. Neither of them, in this year of minced words, has attained the dignity of a valid choice. The fact is this: the former has not involved and thereby changed the Socialist Party, as it would have done had it been a genuine proposal, firmly grafted onto the native stocks of the thresholds to be crossed, one way or another; the latter failed to involve and consolidate a class alternative, without which a communist has no real identity; on the contrary, it has gradually disintegrated, and in the months to come, given the break with organized labor, it may well experience the ultimate defeat. Policies are judged by what they accomplish. When they accomplish nothing, policies are no longer policies, but mere fantasies, whims, or glimpses of internal quarrels; the signs of a wasting disease for which there is no visible cure.

Redefinition of PCI's Role

Rome L'EXPRESSO in Italian 6 Sep 81 p 11

[Article by Stefano Rodota]

[Text] Shall we try now to look at the discussion under way now in the PCI in a non-factional, non-axe-grinding light? Ever since last November, when the [democratic] alternative line became the center of Communist strategy, there has been a process of redefinition of the PCI's real role and of its system of alliances which is not yet complete, and which gives rise to considerable aftershocks, both within the Party and outside it. Let's get this straight: the quest for an identity and a role adequate to the changed times we live in is not a problem confined to the PCI alone. The PSI was engaged in it, and has continued to conduct it most aggressively; the DC has tried to do it, and is eager to try again.

In this context, within which much is changing and much is under discussion, the shift in favor of the alternative has brought with it a factor of comparison and clarity, attuned to the times when the acuteness of the crisis should rightly demand crystalline clarity of decision everywhere -- in foreign policy, in economic policy, in civil rights policy. With the passing of the suitability of "grand coalitions" for mastering situational crises, there emerged a vital need for an overall policy that could demonstrate the new reality (or at least some

reality, whose features -- thus far, at least -- have not proved very attractive to those who might be expected to recognize them).

But this could not have sufficed, per se. We had to do some thinking about the Party and about parties in general, which is what, in sundry ways, Berlinguer, Ingrao, and Napolitano have done, thereby triggering a process which it would be foolish to underestimate, or to dismiss as involving only one party. We had to begin thinking about the State, and, above all, thinking about the "monstrous unions" that wipe out all the efforts of those who would sweep out the cobwebs and let the fresh air in, and thus wring a political decision from moral indignation.

We are even now entering upon a new phase. Emotional decisions must be matched by suggestions equal to the overriding emergency nature of the diagnosis. For too long now the forces of the left have played backup for other people's goals, or, as often happens in the present government coalition, have moved directly onto other people's turf. What all this means is that the crucial point is not the diplomatic metering of the hard or soft line the PCI may take toward the PSI: it has to do with the quality of what the PCI offers to the left as a whole, and hence with the PCI itself. And it also has to do with the quality of the socialist response. The PSI has spurned the "unrealistic" issue of the alternative: what will its response be now to the all-too-real issue of juntas?

Napolitano's Article Discussed

Rome L'EXPRESSO in Italian 6 Sep 81 p 11

[Article by Magri]

[Text] At first blush, at least, the attention focussed on Napolitano's article would seem excessive. Just what did Napolitano say, anyway? He said that we need a critical analysis of specific situations -- but without tacking on more or less critical analyses of this or that aspect of the situation; that we need to avoid jumbling all the parties together in a single summary critique; that a great political party ought to make an effort to engage in politics, not merely in propaganda; and finally that unity between communists and socialists is a very important matter and that therefore, even if the socialists are wrong, prudence calls for patience in working toward that unity.

Quite frankly, this is not very much, or rather what we have here is a set of commonsensical statements to which not only Berlinguer, but even Martelli and I could readily agree. So what's all the shouting about? There are two reasons. Because for some time now the communist leadership has been split by a very real difference that crops up on every issue: first it was on the cost-of-living index, now it is on missile deployment. The latest flap comes because Napolitano wrote an article in which, through a simple series of statements, each of them obvious in itself, but which put together displayed a picture different from the one Berlinguer had painted in a recent interview, he set about sending a different and more explicit message about the conflict.

Thus far, well and good. But now, as I think not only of the interests of the Communist Party, but of those of the left as a whole as well, I have two questions to ask: Wouldn't it be better if this political feud which has already made democratic centralism an empty shell were to be faced frankly, instead of being left to rankle in a war of attrition over a parcel of bloodless formulas? And inasmuch as the tension most assuredly cannot be laid at Napolitano's door, but must be blamed rather on real difficulties and contraditions in the history and make-up of the PCI, wouldn't it be a good idea for the PCI secretary himself to raise the whole issue of the alternative and of the change of course more fairly and openly before the Party and before the left as a whole, with all its implications, going beyond the moral question and bringing in the issues of international and economic policy as well?

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PSI'S FORTE ON PARTY'S ECONOMIC POLICY

Rome L'EXPRESSO in Italian 6 Sep 81 pp 102-105

[Article by Salvatore Gatti]

> [Text] Our policy? Somewhere between Adam Smith and Helmut Schmidt. The PSI? It aspires to rationality and efficiency, on the German model. The PCI? Berlinguer is too worker-oriented. Napolitano, though.... The DC? It's still living on welfare. As for Spadolini...

Bettino Craxi's latest decision was warmly hailed by the Bank of Italy. Carlo Azeglio Ciampi and Lamberto Dini are convinced that Francesco Forte's appointment to the delicate and demanding task of steering the PSI's economic policy is a good thing. For far too long since the end of Claudio Signorile's steady hand at the helm, the Socialist Party's economic policy had been adrift, prey to the shifting winds of banditry and trepidation. The banditry breezes had picked up since the discovery of Franco Cicchitti's name (he was Signorile's successor) on the membership rolls of the notorious P2 Masonic mafia; the gusts of trepidation were reflected in the contradictory and chaotic behavior of Socialist cabinet members in the Cossiga and Forlani governments.

Then, over the past 6 months, the PSI's economic policy had turned into an unidentified object. For a party critical to this and future governments, with a secretary who aspires to residence in Palazzo Chigi as foreign minister, it was a situation bordering on the absurd. And so, flushed with his clear victory at the Palermo congress, Craxi made two decisions: he would no longer tolerate the split between the party's political line which he held firmly in his own hands, and its economic line, thus far the province of the party's left wing. He saw that dichotomy as the source of pervasive confusion, as if there were two PSIs. Therefore, he would put one of his closest advisors in charge of the socialists' economic policy. At first, his choice seemed to fall on Claudio Martelli; Forte was earmarked for a cabinet post -- either Treasury or Industry. Then he made up his mind: the economy could not be left to a layman; and so that left Forte, the only socialist economist -- besides Giorgio Ruffolo -- on the PSI's directorate.

Once holder of the chair at Turin University that had once belonged to Luigi Einaudi, from which he turned out graduates like Franco Reviglio, Francesco Forte, former vice president of the national fuels agency (ENI), is also a member of the elite "Raphael Club, the fortress-hotel in Rome where Craxi lives and where his most devoted loyalists gather. With his appointment (which will become official within the next few weeks), Craxi will be dealing decisively and at first hand with the problems of the beleaguered Italian economy. So this is the first time we have had a look at Craxi's idea of economic policy. Here it is.

Neither Reagan nor Mitterand

[Question] Professor Forte, Craxi-style economics is a great mystery. Just what is your ideology?

[Answer] For heaven's sake! No do-or-die ideology at all! You have to get close to the practical problems. Not start casting about for grandiose final solutions, but hold fast to a few solid strings of identity...

[Question] Are you a working-class party? Or an inter-class party?

[Answer] Certainly we are not a party "of the working class," in the old sense of that term, because it implies an inflexible counterposition between labor and capital which simply doesn't exist any longer; yet we are not an inter-class party, either; if anything, we are a post-class party, a party of and for the post-industrial society. And besides, the classes have long since changed.... Put it like this: we are a party for the productive strata of society, not of its parasites; we are not, however, the party of the "submerged tenth," of those on the outer fringes of society.

[Question] What about your traditional populism?

[Answer] There is no such thing. Of course, we are still doing our job of protecting the workers, but we want to be the party of productivity as well, the party of competitition and efficiency.

[Question] Historically, the PSI has been the party of planning and nationalization. A sorry experience for Italy. What do we need now: more government or less government?

[Answer] No question about it: we need less government, less bureaucracy, less centralized management, and more market.

[Question] What do you mean by "less government"?

[Answer] We have had enough of these sector-wide plans coming out of the Ministry for Industry; we have had enough of the communes' abuse of power in regard to zoning permits; and besides, we have too many government-run corporations: the Iron and Steel Finance Corporation (FINSIDER) would be better off if it were in private hands: any very

large corporation works better if it is privately run; we have had enough of the bureaucratic superconcentration that calls itself the Industrial Reconstruction Institute (IRI): let's break it up, detach some of its sectors, such as the telephone system; we have had enough of bureaucratic management of the railroads and the post office; enough of companies chronically in the red that never go bankrupt, with managers who never get fired...

[Question] All this sounds a lot more like Reagan than like Mitterand. Do you really want deregulation by the government and the rule of the marketplace?

[Answer] Oh, no! Not Reagan! If anything, we sound like the Western progressives who have done some thinking about some of the welfare state formulas, or like American economists who think like Lester Thurlow. But we certainly don't sound like Mitterand, either, with all his nationalizations! Comrade Mitterand will find out in a couple of years that he has gone too far. If anything, our program sounds more like Delors and Rocard, or maybe Schmidt.

[Question] So your model is Helmut Schmidt?

[Answer] If you really have to have a model, then yes. We shall not be quite so rigorous in every area as highly developed Germany can be, because we have weak areas and others that are quite out of the mainstream, but certainly we shall have to bring in a salutary dose of efficiency and realism, and to enhance the role of the marketplace as the arbiter of economic choice.

[Question] If this is Craxian economics, you are on a collision course with the Communist Party....

[Answer] True: the PCI is on a dangerous line right now. It wavers between a working-class leaning, the traditional militant classism (which gets a lot of support from organized labor) and a redistributive planning line aimed at lofty goals, a neo-mercantilist design devised to protect the broad reaches of the society and to guarantee everyone his own little garden (which will turn a profit mainly in local city halls and county seats). The working-class line is emerging very clearly right now: just look at how hard it is to get the PCI to agree to a pact against inflation, to deal realistically with both wages and cost-of-living increases. Then again, there is an immensely powerful synthesis between the two lines: Berlinguer's austerity, experienced as a rending renunciation of the working-class line (the sacrifices") to put a rigid plan together that will redistribute resources and also put a rein on consumption. Berlinguer wants to use moral suasion to run the society. From historical materialism to historical moralism -- Pajetta is right, after all! How far Berlinguer has strayed from Gramsci's "new principle,"Gramsci's working class!

[Question] Basically, though, Berlinguer's strategy is the obvious one for an opposition party.

[Answer] What are you talking about? It is a choice, a decision not to govern, which is something altogether different. It is the line of a party that intends not to govern, but to hang on in the vital nooks and crannies where it will not be crushed by the power of the people who have been governing the country since time began. It is a flat and peril-fraught refusal to govern...

[Question] Peril-fraught?

[Answer] Of course. The main point of contention with Berlinguer is that the PCI secretary sees, for instance, a moderate wage policy only as a political concession to be used as a bargaining chip; but what it actually is is part of the essential plan for proper management of the nation's economy. It is in the highest interests of the whole country, including the working class and the PCI in opposition, to come to an agreement to stop inflation. Inflation does not adversely affect the living standards of the rich in the least. Neither does it help defend democracy against resurgent authoritarianism. Fighting against inflation is thus a matter of the national interest, not a policy chip to be traded away. But that Berlinguer...

What if Napolitano Were to Come out on Top in the PCI?

[Question] Right now, though, there is not only the PCI secretary. There is Napolitano, who has come out -- some say courageously -- against Berlinguer. If Napolitano were secretary, what would the PCI's economic policy look like?

[Answer] Better: better by a long shot. Napolitano is aware of the fact that workerism is a concept that has been superseded by the broader concept of the post-industrial society. That government intervention requires a hard, critical re-examination. That the myth of the big, heartless corporation must give way to more moderate discourse. That we must allow more elbow-room to the marketplace, not only as the "idiot servant" but actually as a prime mover. Napolitano has made a major cultural leap. I cannot say, however, that it will become the rule in the PCI. If that should happen, it would be important indeed to the unity of the left.

[Question] Right now, though, you are sharing the government with the DC. The Christian Democrats are confused in everything, and have at least two heads when it comes to economics...

[Answer] The DC is an interclass party, rooted in an ideology based on solidarity. It achieves its interclass status in two very different ways. The first is the traditional -- we might call it the Dorothean -- mode, and it is a neo-mercantilist philosophy: everybody has his own turf. It is, however, different from that of the PCI: it has more market in it, and less State. And it is a line that leads to perverted forms of welfarism, which have eaten away the Italian economy and into which, unfortunately, in earlier times we Socialists fell, too, as into so many deadfalls.

Andreatta? Better Him Than the Old DC!

[Question] Then there's Andreotta, there are people who will accept healthy ground-rules.

[Answer] Andreotta's position has a rigor, a spareness of its own. But there is a Reaganist element in it, as well: a tendency to do too many new and startling things at once, to come up with sudden unexpected turns rather than certainties. I don't know whether this is something in him personally, or whether it stems from the trouble he has getting his line a hearing in the DC. His line -- in any case, his current line -- (a year ago he had a different one) is certainly a marked improvement over the DC's welfareist line.

[Question] In other words, Bettino Craxi's new PSI likes a very rational, almost La Malfian economics...

[Answer] Actually, we are in fairly good tune these days with the Republicans (PRI) on economic policy, partly because the Republicans have done some improvement themselves. The key point on which we agree is Giorgio La Malfa's 3-year plan; it is a moderate plan, a plan that is qualitative, not merely quantitative, like those "re-entry plans" La Malfa used to come up with a few years back at European Economic Policy Center (CEEP). In those days, he was too heavy on the deflationary side. Now, though, his 3-year plan is right on target. What we don't like about the PRI, though, is its summit-oriented attitude: the social contract pushed to extremes that conflicts with the requisite pluralism (and which is something quite different and distinct from the anti-inflationary agreement), is excessive preference for the private mega-corporation or the grand-scale financial operation.

[Question] If you like the Republicans' rationalism, you can't think very highly of Pietro Longo's Social Democratic Party, an embarrassing neighbor that competes with the DC over which can beat the other at welfareism...

[Answer] Let's leave personalities out of this, even though the ironic barbs shot at them stem precisely from the contrast between the nobility of the "Social Democrat" name with its ties to Rosa Luxemburg, and the stark reality. It is true, in any case, that some of his sallies -- like the one on pensioners and retirees -- can give rise to concern because they seem to be transposing welfareist logic from the Catholic into the secular key. It would be closer to the truth to say that the PSDI is the voice of the lower middle class and its complaints. We can always hope that it will manage a leap into rationality on this social issue.

[Question] Rigor, then: all-out rigor. But will it really turn out that way? After all, in the last government, some of your ministers subscribed to some pretty spendthrift proposals. And you had some hot differences with that historic repository of economic rationality, the Bank of Italy.

[Answer] Though a minister here and there may have been a little too open-handed, it seems to me that things have become a little more rigorous of late. As for the Bank of Italy, I have only one thing to say: whenever Craxi and I get to talking about it, the PSI secretary himself evinces the greatest respect for the men who run it and for their views. True, some comrades have from time to time voiced criticism of the Via Nazionale, as in the case of the "terns" for bank appointments; but that comrade let himself get carried away.

[Question] One of the odd things about the PSI, which sometimes gives you the feeling that it is a party with a schizophrenic economic policy, is that its labor members belong to all three federations, most of them to the UIL and the CGIL. And they take different positions.

[Answer] That's true. It is a complex situation. Even though right now it seems to be clearing up somewhat, for various reasons. The first and overriding reason is that there is only one labor organization today that has a clear-cut economic policy, and that is the UIL. A line of full employment, moderated by its option for economic rationality, efficiency, and professionalism.

[Question] But you also have the CGIL, even though the socialist contingent there, more or less 20 percent of the membership, has very little clout.

[Answer] Very little, unfortunately. The CGIL today seems to me to be a prey of obscure dogmas. It has gone backwards since the days when Luigi Lama brought it into the present. It has gone back to saying: hands off anybody's job, believing perhaps that it is enough to be in the factory to protect jobs; to saying no to any kind of mobility; to hammering away obsessively on a dogmatic defense of the escalator clause; to saying that all corporations must remain in government hands; that cutting spending and costs is out of the question. And then, mindlessly, to complain because there are deficits and inflation. This antagonistic, confrontational line is very dangerous, because it lends itself to manipulation by splinter groups (and they, in turn, are easy prey for terrorists). And furthermore, it is a losing line from an economic point of view.

[Question] So the PSI thinks there is only one labor federation with a clear-cut economic line, and that that is the UIL. Then what about the CISL?

[Answer] What a god-awful mess! The seemed to have made some rational decisions, like their "12 points" of some months ago, and especially Tarantelli's proposal about the escalator clause. But now they seem to have turned extremist, against their own platform. And then to think that Carniti belongs to Andreatta's faction!

Some Advice for Spadolini

[Question] All this pulling and hauling between the labor federations is about to pull the roof down around the government's ears. For the

Via del Corso's notion of the unions, of the CGIL and the CISL, is a worrisome one, when you remember that we are on the brink of getting that long-dreamed-of anti-inflation agreement. What advice would the PSI offer Spadolini for the coming weeks?

[Answer] Spadolini has already done a great deal for the economy. He has reformed the prime minister's office, which will allow him to move with authority on economic issues and to keep the other ministers from running off in twenty different directions. And he has built himself a tremendous backlog of confidence with the labor unions, stepping in to keep Confindustria from cancelling the escalator-clause agreement, postponing the deadline for fair rentals until after the holidays, and appealing to retailers to hold back price rises now. From here on, it is up to the three labor federations to act reasonably and responsibly.

[Question] What if they don't?

[Answer] Spadolini would have to take unilateral measures, for example by strict application of the European Economic Community's directive calling for lowering some of the steps on the wage escalator.

[Question] Wouldn't that be a totalitarian move, hard to understand in a "partnership democracy," such as Italy now is?

[Answer] No. The frantic quest for consensus leads to paralysis in decision-making. Hence to make that decision would be an act of responsibility. And of governability.

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VAN AGT ON NEW GOVERNMENT, COALITION PARTNERS

Amsterdam ELSEVIERS MAGAZINE in Dutch 5 Sep 81 pp 12-16

[Interview with Prime Minister Dries Van Agt on the last day of the cabinet formation, by Dieudonnee Ten Berge, date and location of the interview not given.]

[Text] "Must I forbid the people to believe in me?" The speaker is the man who is about to become the prime minister, for the second time, of a cabinet in which Den Uyl and his party are also going to sit. A fighting cabinet, as he himself once called it. Dries Van Agt is both loved and reviled. However, he is far from sure that the cabinet which is now being made up will continue to sit for the full 4 years, so he said to Dieudonnee Ten Berge. On the last hectic day of the cabinet information she had an exclusive interview with Prime Minister Dries Van Agt.

[Question] You put stiff demands for the financial and socio-economic part of the coalition agreement. And yet under your leadership the financing deficit ran up tremendously, to the present total of 25 billion guilders. What right do you really have to talk?

[Answer] "You must not forget that the economy got out of hand in the years before we came in. And to put it in a well known figure of speech: A supertanker cannot be turned with a brisk turn of the wheel. That calls for careful maneuvering. It takes a few years first before the ship can be back on a proper course. Now, if you understand that the Den Uyl cabinet let government spending go screaming out of control, that a number of mechanisms were set in operation under Den Uyl which could not be brought to an immediate halt, that explains many of the problems with which we were faced."

[Question] But then when did you wake up? For there were Christian Democrats in the Den Uyl cabinet, too, and you were one of them. Thus you are partly responsible for the explosive increase in spending.

[Answer] "Without any doubt. It took far too long in this country for the people in national politics, with a few exceptions, to begin to understand that we were headed for a financial crunch. There were prophets in the wilderness, as early as the beginning of the seventies. Harry Notenboom is a single example of them. But how many years did that man have to preach without finding any believers?"

[Question] But you still have not said how the people are supposed to have any faith in the CDA on that point, if the CDA itself has such dirty hands?

[Answer] "Because the CDA, too, even though it bears part of the responsibility for the overexpansion of government spending in the past decade and earlier, has now come to the realization and shown that it has come to the realization that the tiller must be put over. Too late, yes. With hesitation even yet in many minds and hearts, also admittedly. But the people in the CDA leadership have not only attained that insight, finally, if you like, but they are also paying attention to it."

[Question] Then Andriessen, another CDA member, is now really getting his own way?

[Answer] "Frans Andriessen was right. His resignation was a delayed reaction to the damage that our Specifications Plan had suffered in the Second Chamber in the spring of 1979. Since that spring, a certain amount of discouragement has also crept into the members of the cabinet, for an experience like the one we had with the chamber in 1979 has naturally had its continuing effects on what remained of courage and impulsiveness. We just could not get the people to go along. In the chamber. Completely inadequate. Even today it is still difficult, but it is better. A number of matters have become mentionable which were then completely in the realm of the tabu. One of those is not leaving intact the buying power of the people receiving the minimum income. Many now feel that to be quite normal, but that has only been very recently."

[Question] Good. Now you want to save 4.5 billion [guilders]. If you read the recommendations of the Netherlands Bank, the employers and the Central Planning Bureau, that is about the absolute minimum of what has to be done. Despite this 4.5 billion, are we still going to get a policy of slipshod half measures?

[Answer] "I believe as you do that 4.5 billion is really too little. On the other hand, there is the fact that in the coming year of 1982, only a few months away, it will be seen that a higher figure could not be realized. So we have to be satisfied with what can still be achieved. But then do it! And further: If we achieve this alteration, a policy will be set in motion the extention of which will show further to be less difficult. Then the barriers are shattered."

[Question] Is not all of this figuring with billions a bit chilly? A cool financial calculation. After all, we are dealing with people?

[Answer] "Anyone who hears talk about the size of the financing deficit finds it very easy to think of a dry twig of a bookkeeper who is busy trying to get his books to close, without considering the social repercussions of whatever is necessary for him to close. But what is really involved? To make up that enormous deficit, which is alrady 25 billion [guilders], the government has to borrow enormous sums of money each year. That has the result that the interest burden alone on the national budget rises by about 2.25 billion guilders each year. That is just the annual increase in the interest to be paid, the fallout from the solution. And then very little imagination is required to visualize what a horrendous waste of public money is involved here. For what nice things could not be done with these enormous sums? Sums which are now totally lost in interest. But there is more. The budget deficit is so large that the government has to borrow so much that this in turn places too

great a demand on the capital market. Partly as a result of that, it is the government itself which is forcing interest rates up to far too great a height. Well, then, every percent of interest costs industry 1 billion more in overhead. Thus industry can scarcely find affordable money any longer to make investments by which employment is maintained or created. Thus there is a clear and direct relationship between the budget deficit and employment on the long term. For too long the government has not cared at all about the decline of the economy, which has contributed to the injury to industry and is now also harming the government itself."

[Question] What guarantees can you give, then, that that process will be stopped?

[Answer] "That can only be done by stern measures. Stern measures can only be taken at the beginning of a cabinet period, because after a few years the politicians begin once again to cast a fearful eye toward the coming elections. And those stern measures can only be taken at the beginning of a cabinet period if clear agreements have been reached during the formation of the cabinet. I am therefore convinced that unless we reach clear agreements, it will not happen in the coming 4 years and we will enter fully into financial and therefore social perdition."

Those clear agreements seem to have been reached after all. Den Uyl has had to agree to most of the CDA's demands, on pain of 4 more years of opposition. The CDA, however, has also made one important concession. Den Uyl is being allowed to close his political career as job czar. That bill will not be tendered to the coming cabinet. The higher incomes will have to put up the funds for Den Uyl. Even though everyone says that there must be no further leveling, there will be stiff leveling again.

Den Uyl did have to make concessions, when it became clear that the CDA was more likely to stiffen its position than to dilute it.

Lubbers, the flexible negotiator, was kept up to the mark by Van Agt.

[Question] The CDA continues to show signs of being a divided club. How reliable is the CDA now as a coalition partner? What trust can the people have in the CDA?

[Anwer] "Let me say this for the CDA. Christian Democrats have been bearing the burden of governmental responsibility for years now. This country has the existence of Christian Democratic politics to thank for the whole century's stability in the national government. The continued carrying of that burden is no sinecure, and certainly not in times like the ones in which we live. From time to time there is fatigue in our ranks, and from time to time doubts about the correctness of the policies which have been followed or are to be followed. The CDA is in the middle, and that puts it in a difficult position. To form a majority, it must turn to the right or to the left, and that means having to make choices constantly. In a delegation as large as the CDA's it is no more than logical to expect that not everyone will make the same choice all of the time. It is generally called brawling. Or pouting. But other delegations do not face the same kind of choices. One big advantage of the CDA is that the freedom of expression can be practiced on a grand scale. But a decision is always reached, and despite the differences of opinion, the CDA pursues consistent policies. That has been shown in the past, and can be a guarantee for the futue. But: It is tiring."

[Question] Den Uyl is very insistent on offering the people a connection between retrenchment and employment. He therefore also desires an employment program which can be begun in a short time. You are very much against that. Your position may very well seem "cold."

[Answer] "I believe that it is downright evil to keep the people believing in the illusion that it would be possible to bring about extensive and lasting improvements in the employment situation of tomorrow by means of rigorous planning which we can do today. It is just too bad, not to say tragic, to have it said by people with as great insight and as extensive knowledge of the way things work as Joop Den Uyl--and one takes it up from the next--that such a thing is possible, that within a scant half year you could come up with an employment plan through which the deplorable social and economic situation in this country would be changed thoroughly in the space of a year and a half. The reason that this is such a dangerous illusion is that the frustration entailed by the failure of the plan would necessarily be very deep. That would have a very demotivating effect. It would take away the people's belief, what little they have left of it, that their governers can mean anything for them. Much more realistic expositions must be put before the people. The choice which the politicians must make in the coming months, and which they can no longer avoid, is that between instant success, short-term work, tinsel, and difficult, incisive meansures placing great demands on the people's patience, which will bring about a genuine structural revision of the situation over a period of time. The Wagner report states that quite clearly. Joop Den Uyl's story is a dangerous one because it maintains an illusion."

[Question] D'66 leader Terlouw said at the latest advisory council of his party that sometimes he is closer to the CDA than the PvdA in substance, but that he liked the PvdA's style much better. How do you like the style of the D'66?

[Answer] "For quite a few weeks I have been engaged in negotiations, some of them with the political leader of the D'66. Look, if style is: Giving up whenever difficulties threaten, backing off whenever Uncle Joop [Den Uyl] snorts, if those are the criteria for stylish politics, in fact: Then I have been very unstylish."

[Question] But then could you work with Jan Terlouw?

[Answer] "I should think so. He carries a great number of reasonable and practicable ideas around with him. It must be possible to work out a policy plan for the near future based on the actual needs and requirements together with the D'66."

[Question] A year ago, speaking of D'66, you told ELSEVIER, "What kind of clothes has the emperor got?" Have you found out what kind of clothes D'66 has on?

[Answer] "The cut and tailoring of the [D'66's] ideological clothing are still not extremely clear to me. In the area of social-economic and financial policy, they have announced a number of ideas which are strongly allied with ours and which are worth the trouble to carry out together. D'66 also seems to me to be a responsible party. It is noteworthy, though, that the VVD does not reject [a coalition with] the D'66, while the D'66 does reject the VVD [as a possible coalition partner], at least in combination with us. The mutual exclusion of political parties which could be called together to carry the responsiblity of government is not good, it is itself to be rejected. It is a shame, too. In doing so, the D'66 made the combination CDA-VVD-D'66 practically impossible. While in the opinion of many that combination would be more fitting to the election results than any other combination whatsoever. At least, in my opinion that is a defensible opinion."

[Question] The impression exists that you are more popular in the country than you are in the Second Chamber. Also, that you are better liked among the CDA membership than among the CDA delegation. Now, support from the country is important, but first of all you have to work with support from parliament.

[Answer] "On the longer term, in a position like mine, you cannot function in a way that is not supported by at least a clear majority of your own delegation. I have already said that more contact with our own delegation is needed. I will do my best to get that. I had also better expect a certain amount of frustration with the delgation."

[Question] How do you react to charges that you are too populistic? There are people who say that you behave Gaullistically.

[Answer] "Must I forbid the people to believe in me?"

[Question] But you do clearly make an appeal to the people in the country from time to time?

[Answer] "Yes, that is imputed to me, that is said of me. That is attributed to me. I am not conscious of ever having made an appeal to the CDA voters in the past months. For example, this last time: I was really sick. And I had every right to be after all I had gone through. And then: I did not just walk away. I wrote a letter clearly stating the reasons why."

[Question] When will the next elections be?

[Answer] "I dare not guarantee that the possibility the election law offers, that is, that of waiting 4 years from today, will be used to the fullest."

6940
CSO: 3105/186

GOVERNMENT'S LABOR PROGRAM LACKS CONSENSUS

Lisbon O JORNAL in Portuguese 18 Sep 81 p 4

[Article by Jose Pedro Castanheira: "Differences Among the Majority on Labor Legislation"]

[Text] The revision of the labor legislation has become one of the Balsemao government's major predilections. However, the undertaking appears to be far from peaceful. The differences among the majority reached a height even before the government's program was approved. And, outside, the left and the trade unions in particular are awaiting their turn to enter the scene. At present, the battle signal has been given by the prime minister, in the very speech introducing the government's program.

The program for the labor and employment sector is the shortest of all those submitted to Parliament thus far; a text that we might call copied from the programs of the previous Democratic Alliance [AD] executive branches: One suspects the legacy of Nascimento Rodriguez in the part concerning labor, and the continuity lent by Luis Morales in the chapter on employment.

There are no real innovations: the usual professional of faith in the autonomy of the social partners; the plan to revise the labor legislation which dates back to the time of Mota Pinto; the promise, reiterated from Nascimento Rodriguez, of an annual revision of the minimum wage law; the opening of the Institute of Employment and Occupational Training, the fond desire of Luis Morales.

If there were anything new, it would, after all, be the abandonment of any reference to tripartism and to dialog with the social partners. It is true that the stipulation thereof in the government program, of itself, would not represent adherence to the philosophy of tripartism: for example, consider the Marques de Carvalho administration. But after the developments introduced by Nascimento Rodrigues into the proposition of the so-called extended social dialog, their mere omission from the program of the Eighth Constitutional Government is a clear sign of the style that will be lent to the Ministry of Labor, which will very likely tend to elude the control of the respective minister.

Balsemao's Aggressiveness

In fact, it is the conviction of political circles close to PSD [Social Democratic Party] that Queiros Martins does not have the qualities required for the type of management that the government will demand of the Ministry of Labor. The best

evidence of this potential imbalance may have been the speech introducing the government's program itself, which was delivered by Pinto Balsemao on Monday, and which set the tone of the debate on the labor sector. Without interspersing any criticism of business owners, the prime minister was consistently hard on the workers, even exceeding the bounds of abuse. "The need to put a final end to the swarm of parasites who are sucking the sweat and toil of those insistent upon making our country a developed community": This, for example, was how, as the leader of AD, he justified the plan to revise the law on layoffs.

At another juncture, in reference to public servants, and after having described them as an "elite caste," he called attention to their "mission of collective service" while at the same time reviving the famous "cadre of attaches."

But in addition to the excessive aggressiveness of the speech, Pinto Balsemao introduced a surprise: the announcement of the revision of the law on strikes, in the direction of making it what he termed "an instrument for struggle without abusive partisan manipulation, so that its use will be translated into progress."

Differences Among the Majority

This reference by Balsemao to the strike law is all the more significant in that it discloses differences within the government itself, at least with regard to labor legislation. In the view of Queiros Martins (asserted in the interview that O JORNAL published in the last issue, and reaffirmed on television's Channel 2 last Tuesday), the strike law will not undergo any change. As is evident, this differs from the viewpoint of the head of the government who, in his address, also made no reference to a change in the law on term contracts. Now the minister of labor has upheld the revision of the law on layoffs, but "counterbalanced" with that on term contracts.

But where the differences gained greater dimensions and notoriety was among some of the social sectors backing the government. Professional social scientists from PSD and trade unionists from Tesiresd have already sent their message to Balsemao: no to a change in the strike law, and a careful revision of the labor legislation. The opposite view was expressed by the Portuguese Industry Confederation [CIP] which, at a press conference, came out against Portugal's entry into the EEC (see article elsewhere), and called for a drastic change in the labor laws. Strikes, lockouts, work contracts, collective regulations, absences , trade union law and workers commissions: these are the areas which should be revised, in the CIP's opinion. The general director of that management confederation, Rene Cordeiro, explained the significance of that revision in an important article published in the last issue of EXPRESSO.

A Psychological Question

Thus, the labor legislation has become a genuine major issue both within and outside of the majority in the government, one that will certainly determine the country's political and social evolution until the year's end.

The necessity for its revision is felt within the government in a rather diffuse and never entirely justified manner; because it is not enough to say (as Pinto

Balsemao did in Parliament) that "the present labor legislation lacks the potential to restart economic activity." And in Labor Ministry circles, as well as in other state departments, it is well known that the essential problem of the Portuguese economy has little or nothing to do with the labor legislation. It is, after all, and primarily, a psychological problem involving investors and business owners. And it may be in the government's interest to take maximum advantage of this factor, which runs the risk of losing its impact with the passage of time. Hence the haste to carry out the promised revision, predicting that the first package will be ready by October.

We have learned that layoffs with just cause, term contracts, work schedules and vacations, and holidays and absences, will be the first topics considered. Some will be treated in a decree-law, for which the government is responsible; others will be the subject of a bill to be submitted to the Assembly of the Republic. The latter will certainly include (as the labor minister himself disclosed to O JORNAL) layoffs and term contracts. A public debate and the traditional consultation of the trade union organizations will precede the final decision which, according to a member of the government, will be in a more "moderate" direction than the one which might be anticipated.

Be that as it may, the change in the legislation will meet with opposition, both from the leftist political forces and the trade union organizations. It remains to be seen whether they will have the capacity to wield a significant influence on the content of the revision.

2909
CSO: 3101/3

NEWLY FORMED GOVERNMENT FORMULATES BROAD PROGRAM

Lisbon O PRIMEIRO DE JANEIRO in Portuguese 15 Sep 81 pp 4-7

[Text] The program of the Eighth Government, disseminated to the deputies at Sao Bento yesterday, calls for the construction of "a state of democratic law", the recovery and development of the economy and the promotion of social reformism. The introduction to the text, which consists of nearly 35,000 words, states: "Each of the three areas assumes essential importance in the government's plans to guarantee the Portuguese people democracy, liberty, social justice and economic progress." The government claims that, in this way, it is attempting to fulfill "the constant promises in the AD [Democratic Alliance] electoral program" and to "follow up the action of the two executive branches that preceded it." The text adds: "In the areas cited (state of law, economy and social reforms), all aspects are entitled to development in this program, just as they should be entitled to fitting execution in the future."

The program states: "Four priorities will guide the government's action, as may be inferred from the policy statement made by the prime minister himself to the Assembly of the Republic;" and then refers to the policy on housing, exports, agricultural production and regionalization.

In the three areas indicated by the government, there are the four following priorities:

"Promotion of a housing policy which will amend shortages and serious inequalities among the Portuguese people.

"The launching of a new dynamics for the export policy, gaining and consolidating markets and contributing to the reduction of the external financial imbalance.

"The implementation of a policy to foster agricultural production, which is also critical to the external balance, and simultaneously essential to the transformation of the rural structures.

"The start-up of a regionalization policy that will establish and reinforce the local government and foster more intensive participation by the citizens in the process of institutionalizing democracy."

The introduction concludes by stating: "At the beginning of the 1980's, democratizing, developing and reforming are the challenges entailed in the construction of a different Portugal."

Defense: Armed Forces Subordinate to the Political Authority

Laws on military service and conscientious objectors are two of the bills included within a group to be submitted simultaneously with the elaboration of the constitutional revision.

The organization of national defense and the organic structure of the Defense Ministry complete the list of four legislative priorities of the Balsemao cabinet in this area.

The chapter devoted to defense begins by stressing that the assigning of this ministry to Vice Prime Minister Freitas do Amaral "constitutes irrefutable proof" of the importance that the ministry has in the government, from the standpoint of "preparing for the end of the period of constitutional transition."

Quality of Life: National Management of Natural Resources

In the chapter relating to the quality of life, it states that the respective improvement is "the ultimate goal of the policies of economic and cultural development and prosperity" of the executive branch.

According to the government, a requirement for that goal is "a rational management of the natural resources, the progressive appreciation of the territory's potential and a regional development policy that is based on the integrated programs for territorial regulation."

Specifically, "we must put an end, as soon as possible, to the disorderly expansion of economic activities and to the destruction of the common patrimony, reconsider the dimensions of the interventions in the territory and prevent the neglect of many valuable resources."

The government also proposes to carry out a policy of "recreation for everyone and protection and defense for the consumer," the latter through the creation, within a short time, of an Institute for Consumer Protection, and the revision of the legislation on the subject, "including advertising activity and the unfair or restrictive practices relating to competition."

It announces a "policy for management of the quality of the air in special areas," guaranteed by "air management commissions," and the control of atmospheric pollution in "specific sources" located outside of the realm of those organs.

Along the same line, it announces the battle against noise pollution, the establishment of objectives for water quantity and quality, the revision of the legislation on the protection of living soil, the control of harmful chemical products, the maintenance of ecological processes to regulate weather and the development of environmental education "on all levels."

In the chapter on "recreation for everyone," the government promises to give an incentive for the training of leaders and for the improvement of the facilities, the equipment and the organic structure of the sector, with an updating of the legislation, and backing for high-level competition and international cooperation, specifically in the area of the Council of Europe.

As for consumer protection, it calls for "close cooperation" between the general directorates and the Directorate of Economic Supervision, and the announced Institute for Consumer Protection.

Economy and Finance: Increasing Income and Combating Unemployment

Improving the population's living conditions, increasing real income and combating unemployment, together, constitute the first objective of the total economic policy included in the program.

The government also intends to progress in meeting the population's basic needs, both material and those associated with education, occupational training and culture.

Other objectives that the government proposes to attain are the rebalancing of the process of developing the Portuguese economy in particular, and the clarification of the context of its function, as well as the strengthening of the market's mechanisms.

The last major objective included in the program is the planning and execution of the economic and social structural changes that will equip the country to take proper advantage of the potential for progress that will result from joining the EEC.

The executive branch proposes to pursue the policy of cutting the rates of some taxes, "following the tax policy that has been carried out by governments of the Democratic Alliance."

The government underscores the need to reform the Portuguese tax system with a view toward Portugal's entry into the EEC, specifically by introducing single taxes on the income of individuals and firms, and on added value.

The government claims that this necessity will not impede a prompt undertaking of the legislative and administrative reforms in the present system, so as to achieve a suitable transition toward the new system.

The second government of Pinto Balsemao intends "to continue an intensive battle against tax evasion and fraud."

In the area of budgetary policy, the government proposes to reduce the budget deficit by curbing the expansion of public spending, and requiring greater austerity in the spending of public agencies and services.

The government plans to grant subsidies to public enterprises on the basis of "the social usefulness of the services that they render."

It is also considered necessary to reanalyze the role of the banking system in the national financial system, to find readjustments to be made, both in dimensions and in specialization on the part of the institutions.

Concurrently, it is thought that the parabank institutions should be given redoubled attention, inasmuch as "they could fill some gaps in the system."

The government intends to revitalize the financial and capital markets, and to diversify the instruments of monetary policy, so as to deal with the main objective of the economic policy over the short term, which is again the problem of the balance of payments.

The program states: "The instrument of the interest rate has been the object of renewed attention, since it has been found that the quantitative limits on credit are experiencing some inadequacies which must be compensated for."

The government also expresses its intention of promoting the restructuring of the insurance system.

Moreover, the program calls for a reduction in the rate of increase of prices in Portugal to levels close to those prevailing in the European Economic Community.

For this purpose, the government states that it will monitor the formation of prices, taking into consideration the degree of competition that exists in the different markets, and not interfering with a policy which must tend toward the implementation of real prices, because of the excessive cost of the policy of subsidies.

The government declares that, in order to curb price hikes to the maximum extent, and to protect the consumer, it will reinforce the economic supervision and will correct the market situations wherein competition is not active.

According to the government, the policy on income should preserve the purchasing power of the population, particularly that of its most underprivileged classes.

The wage policy must be harmonized with the inflation rate, and wages must also be corrected on the basis of the changes in productivity, but at all times guaranteeing the external competitiveness of the economy.

As for the management of the enterprises in the state enterprise sector, it must be guided, like that of the private enterprises in the sector, by the regulatory framework that prevails in the sector in which they are located.

For this purpose, the government claims that it is necessary to replace "a casuistic protection fostering lack of responsibility with a management control based on quantified objectives and on programs geared to the potential of the enterprise."

The government deems it necessary to reduce the size of the SEE [State Enterprise Sector], claiming that it has been prevented "in the constitutional realm from making nationalized enterprises private again," despite the fact that, in many instances, state ownership thereof is not justified.

Internal Administration: Regionalization Is a Priority

The launching of the process of regionalizing the country is considered a priority.

The document notes that it is not just a matter of waiting for approval from the Assembly of the Republic of bills on the subject, but that other legal proposals will be submitted by the government "in order to consolidate the more ambitious goal of regionalization."

These proposals call for a referendum, establishing the actual basic organs "which will give the regions a voice, insuring the link between the central administration and the new local power structures."

The government will "promote the decentralization of functions on the part of the central administration, supplementing the first steps taken on the path of decentralization on a national scale."

An attemptis being made to create conditions that will make it possible for the reforms to be undertaken "to be accompanied by an extensive national debate with the greatest possible participation."

The document goes on to say: "The government will promote the Center for Local Study and Training, which will soon start a series of activities involving training and backing for the local management activity."

The program is aimed at a complete revision of the legislation on local authority, "for which purpose it has begun by appointing the commission responsible for devising the new Administrative Code."

As an immediate concern, in this chapter, the government cites the revision of the Law on Local Finances and the progress in demarcating authority relating to investments.

The document upholds the fostering of voluntary association among the local governments "so as to take better advantage of the human and material resources."

The National Association of Municipalities will be created, "as the establishment of actual representative status for the local governments in the political, social, economic and administrative context of the country."

Through the proposals to be submitted to the Assembly of the Republic, steps will be taken to revise the law on the electoral census and the process of local government elections.

Insofar as the security forces and services are concerned, the government has as a goal the streamlining of the material and organizational infrastructures in existence, with the inherent reinforcement of the coordination and administration of the police forces.

In this connection, a bill relating to the missions and measures of the police will be submitted to the Assembly of the Republic.

With respect to the problem of fires, the government asserts that it will initiate a set of combined measures, ranging from improved supplies of resources and equipment for the fire-fighting entities to more effective surveillance and patrolling, and the curbing of increased criminal behavior.

The program reiterates the commitment made by AD regarding the autonomy and development of Madeira and the Azores.

According to the text, the government intends to approve and promptly execute the decree-laws "on the creation of the duty-free zone of Santa Maria, the office for the development of the Santa Catarina airport and the regional centers of the RDP [Portuguese Radio Broadcasting System], RTP [Portuguese Radio-Television System] and ANOP [Portuguese News Agency] public enterprises."

The text states that these measures were agreed upon with the regional governors on the occasion of the prime minister's visit to Madeira in May, and to the Azores in June.

"To institutionalize mechanisms for permanent, mutual information and cooperation in the areas of financial and economic policy, to review the entire system of air and sea transportation and to provide total coverage of the autonomous regions by radio and television" are measures cited in the text as priorities.

The chapter reserved for the autonomous regions ends with the government's acknowledgment that it is up to the individual organs of those regions "to determine the specific interests associated with the international negotiations that relate to them."

Justice: Decision and Commitment

The chapter in the Eighth Government's program devoted to the justice system states that "abiding by the law must never consist of mere submission."

The document remarks: "On the contrary, it should represent a decision and a commitment."

The goals of the executive branch in this chapter are divided into two sections: that of administrative reform, and that of intervention in the life of the society.

It is proposed to promote a study of the social and constitutional possibility of reviewing the law on the family, and of adjusting the area of the law on possessions.

The realm of commercial firms is another area in which changes are announced, calling for a "complete modernization" with a view toward Portugal's entry into the EEC.

For criminal law, it is suggested that there be a reorganization of prison services, a revision of the entire policy on prison and post-prison assistance and a change in the operation of the institutes of criminology.

For the Judicial Police, it is planned to undertake their territorial expansion, and the termination of the reform of the centers associated with the drug trafficking problem to avoid the overlapping of authority is announced.

It is announced that the use of information science "will be developed on various levels, making the rights of the citizens and the exercise of their liberties compatible with the need imposed by the very social body to which they belong for collecting and treating information relating to them with the use of automatic processing."

In the realm of administrative reform, it advocates "modernization and debureaucratization of essential public services."

The document states that this is because public administration "needs to be increasingly freed from conservatism, thus accepting the challenge of progress," specifically in the "preparation for the implications of Portugal's membership in the European communities, and also in the launching of an innovative process of regionalization of the country."

In this chapter, the document calls for "a combined activity on the highest level, to achieve a close connection among all government departments."

Considered as priority activities in this area, among others, are steps toward "a systematic legislative revision of areas common to all public administration aimed at making it uniform and cofified."

Also cited is the revision of legislation on powers and authority in the area of the central and local administration, and the continued preparation of the Free Administrative Process Code.

An attempt is being made to foster the streamlining and simplification of work processes and methods, and the rational use of information science in public administration.

The program cites the intention of encouraging the use of cost and efficiency analysis systems in public services, "aimed at modernizing management, specifically through the participatory devising of management plans."

It is also sought to promote a policy of departmental and interdepartmental mobility, and to check the increase in personnel in public administration, while taking steps to streamline those in existence.

For the purpose of "removing obstacles of an institutional nature," a study will be made of "methods of associating the various state organs of political power," aimed at "a more effective harmonizing of the policy established to improve budget management, to cut public spending and to streamline facilities and equipment."

Finally, it mentions the increase in an "intensive cooperation and association" with the justice services, relating to all aspects of legislative revision and codification, and simplification of procedures.

Foreign Policy

In foreign policy, integration into Europe and fidelity toward the Atlantic Alliance are the fundamental goals.

According to the text, however, this position does not change the government's view that Portuguese foreign policy should serve primarily the political, economic and cultural interests of Portugal.

The reinforcement of Portugal's traditional alliances is warranted by the international situation which, the executive branch claims, is marked "by the major East-West confrontation and by a deepening of the mutual gap and lack of understanding that have typified the North-South dialog."

The program states that the foreign policy will be devised and executed by the government with respect for the specific authority of the president of the republic, the Assembly of the Republic and the Council of the Revolution.

In the international realm, the program calls for reinforcement of the cooperation with the Council of Europe, with Portugal assuming the role on which recent history has conferred legitimacy in the struggle for internal and international protection of human rights.

In connection with NATO, the program admits that, in this regard, Portugal will have in the organization "a complete and active participation, because it considers it a vitally important organization both for its own defense and the defense of Western Europe, to whose value system it adheres and to whose organization it belongs and wishes to continue belonging."

The government favors "the country's more intensive and fitting participation in the various agencies, both military and civilian, of the Atlantic Alliance."

The government's text adds that this would take place through "complete fulfillment of the commitments that have been assumed, its goal at all times being the protection of the national interests."

"The government expects from its allies respect for Portugal's own positions and problems and, in particular, clearcut support for the reequipping of our Armed Forces, aimed at their indispensable modernization and at reinforcement of the national security, which the evolution of the international situation has made increasingly necessary."

The executive branch states that the reequipping of the Armed Forces will continue "based on the resources allowed by the budgetary policy, so as to equip them for the effective discharge of their missions."

It will continue "the national policy on military goods and services, or those related to national defense, which the previous Democratic Alliance governments began to establish."

As for European integration, the program considers it one of the main goals to be attained; however, it is aware of the requisites that the process imposes from an economic and political standpoint.

The government is of the opinion that there is no justification for a "deviation from the path resulting from an option which is rooted in the national interest

and in the nature of our culture, and which was accepted by such a large consensus of the political forces representing the majority of the Portuguese people."

The government's program states that the negotiations have two essential components: the internal and the external.

Externally, the negotiations will continue, to establish transitional periods for the application of the community standards to the Portuguese economy and to promote the progressive adjustment of the structures of the Portuguese economy.

Internally, the government is of the opinion that the membership process contains "dynamics for transformation and modernization of the Portuguese economy and society entailing a total effort for effective, timely adjustment."

The government intends to hasten the process of using the funds which the EEC granted to Portugal in connection with the pre-membership assistance program.

With respect to the relations with the former colonies, it states: "The relations with Angola, Mozambique, Sao Tome and Principe, Guinea-Bissau and Cape Verde are experiencing a high point in understanding, mutual association and even the execution of mutual action, which the government intends to maintain and, if possible, even improve."

In this chapter, the executive branch states that it will maintain and intensify those bonds on the basis of a state-to-state relationship, without interference in the internal affairs of either party.

The text continues: "The government will attempt in particular to be programmatic; and so, while simultaneously backing the expansion of trade relations and scientific and technical cooperation with these states, it will intensify the cooperation in the cultural and educational fields."

As for East Timor, the initiatives considered feasible are aimed at allowing the people "complete fulfillment of their most legitimate rights and aspirations, in accordance with the principles of the United Nations Charter."

The program also remarks: "This action will be taken in the bilateral and multilateral areas, with the care that the critical nature of the matter requires."

The intention of continuing to promote the necessary backing for the cultural and material progress of Macao is reaffirmed in the program.

The lines of action of the third AD government for Macao are aimed at preserving the age-old relations of good neighborliness with the People's Republic of China.

The document stresses the intention of increasing the cooperation with the government of that territory,especially in the areas of economic relations, transportation and communication, and reform of public administration.

The program states that the government will do everything to promote Macao and to protect its interests in our country.

The executive branch pledges to include, for the first time, in the medium-term plan, arrangements for the relations to be maintained and intensified with the territory.

Emigration: More Just Solutions

In the policy of support for emigrants, the document states that the executive branch will strive to have the legislation and administrative practices of the various countries establish more just and equitable solutions for the Portuguese, and not impose upon them unwarranted restrictions or sacrifices, or merely involuntary repatriation.

The program advocates the teaching of Portuguese abroad, to be handled by the Ministry of Education and the universities, as well as the adoption of special educational systems, including the occupational training of emigrants and their offspring.

The government also intends to expand and reinforce the forms of political participation for Portuguese emigrants, specifically with regard to a fitting parliamentary representation and participation in the election of the president of the republic.

The document declares that the government will intensify the regular exchange of news between Portugal and the various communities, so as to improve the reciprocal reporting.

Education and Culture: Attempting Modernization

According to the government program for education, modernization entails a revision of the content and sequential structure of the "curricula" for the first 9 years of schooling, with the development of vocational courses starting in the 10th year.

Also in this regard, it cites the preparation of the statute on educators and teaching personnel in the basic and secondary schools, the redefinition of the structures for managing the educational establishments and the creation of a course in school administration and organization.

The government promises to submit to Parliament a new Law on Bases of the Educational System, to reinforce university autonomy, to implement the National Adult Education Plan and to support private and cooperative education.

With regard to the expansion of the educational system, the government claims that it intends to maintain the rate of growth in pre-school education and to create conditions for the actual, total implementation of compulsory schooling.

The execution of the medium-term plan to expand the school facilities system and to reinforce the operation of polytechnical education, in order to enable the rate of access to higher education to rise from the current 11 percent to 18 percent by 1985, are also cited in the program.

The regionalization of the Ministry of Education's services is regarded as being essential in the government's program, aimed at greater participation by the population and an improvement in the efficiency of the services.

The establishment of general principles and the creation of standards will be assigned, preferably, to the ministry's central services, and it will be incumbent on the regional organs to undertake the daily running of the system's administration.

For the purpose of reinforcing and achieving these goals, the National Council on Education will be created, an organ of consultation and support aimed at guaranteeing "constant gearing of the educational system to the public interest."

As for the cultural sector, the search for a consensus that will allow for better identification of a Portuguese cultural image and personality is one of the main objectives.

To attain this goal, considering the fact that "Portuguese culture must be protected as a sovereign asset par excellence," the government intends to give a greater incentive to research in human and social sciences, especially the historical ones, to foster the publication of basic works related to Portuguese philosophy and culture, to commemorate the most prominent events in history and to publish a cultural guide to the country.

The preservation and safeguarding of the Portuguese language and culture, the intensification of cultural cooperation with foreign nations, especially the Portuguese-speaking countries, and the establishment of a cultural diplomacy, specifically within the area of UNESCO, are other steps announced by the government.

Rejecting a view based on "a corporate culture and isolated life," the government stresses the need for cultural participation, proposing for this purpose to create a data bank with backing from informational systems for cultural and scientific information, as well as a cultural pass, and to organize a genuine right to air time for cultural activity.

The third sector of the cultural policy is the dignification of cultural life and a stimulus for artistic and scientific creativity.

In this area, the government proposes to create the Statute on Artistic and Scientific Work, and a social security system for artistic employment, and to organize a semiannual arts and crafts fair, as well as thematic and retrospective exhibits.

The government will also create a line of credit with propitious terms for cultural or scientific investments considered to be a priority, to establish permanent rules for the awarding of subsidies and to back the publication of books by Portuguese authors of recognized literary quality.

A policy for the commissioning and acquisition of works of art by the state will also be established, and attention will be given to craftsmanship expressing popular culture. In this way, backing will be provided for musical ensembles, folk groups, and popular festivals and pilgrimages of a traditional nature.

The safeguarding, stock-taking, enhancement and revival of the cultural heritage and scientific equipment comprise another goal to be pursued by the government.

In this area, the government intends to implement immediately a plan for safety and protection against the risks of fire, theft and natural accidents, and to create a photographic file as a means of making a survey and a systematic stock-taking of the cultural heritage.

Moreover, it will establish the legal system for the architectural, historical, artistic and cultural assets. This system is aimed, among other things, at discouraging and penalizing transfers of Portuguese goods abroad, specifying the crimes against the patrimony and providing the private owners of cultural assets with credit and tax conditions that will enable them to assume their responsibilities.

The creation and building of museums of modern art and music, and support to the formation of regional museums is another goal of the government in this area.

To attain the objectives established in the program, the government will devise the organic law of the new Ministry of Culture and Scientific Coordination, and a basic law on research, review the Code on Copyrights, and review the legislation on public entertainment, particularly with regard to the safety conditions on the premises.

Labor: Responsible Democratization

In the realm of the Ministry of Labor, the administrative policy of the new government "will continue the responsible democratization of Portuguese society."

The program guarantees that, "The government's action, in the pursuit of a policy of administrative non-intervention, without authoritarianism or paternalism, will give priority to the creation of socio-labor conditions and will insure the autonomy of the social partners, so that the labor and management associations will discharge the function of protecting the interests which they represent with a necessarily conscious and dynamic heedfulness."

The wage policy will be pursued in harmony with the overall economic policy, and the government pledges in the program that it submitted to make an annual review of the "guaranteed minimum wage law" so that "the restoration of purchasing power will always be insured."

The government guarantees that the Ministry of Labor will reinforce the action in the area of selective support for the creation of jobs, "a reinforcement which, experience has shown, will now involve an incentive for, and preparation of investment plans, and also participation in association with the regional planning commissions and departments of the economic area, and the establishment of an investment projects bank, for which use may be made of young leaders properly guided by experienced experts."

The program distributed to the deputies also promises to give "special attention to occupational training."

The action of the executive branch in this area will take place "from the twofold perspective of a qualitative improvement in the training and an increase in the capacity for training to be pursued through a restructuring of the employment and occupational training services."

In the cooperative sector, the new staff of the Ministry of Labor guarantees the conclusion "of the legal instruments to establish the legal framework of the cooperatives."

The government also pledges that it "will continue the restructuring of the Antonio Sergio Institute for the cooperative sector," and that it will promote "necessary studies for the creation of a cooperative insurance entity that will combine the needs of the sector and the potential created and developed by the mutual insurance entities."

The program also mentions "the restoration of the Antonio Sergio House, installing therein the Center for Higher Cooperative Studies, and thus creating the conditions necessary for study and research on the cooperative movement."

Industry and Energy: Exploring Natural Resources

The key objective of the government's program released yesterday, for industry and energy, is to explore the natural resources, develop exports and reduce energy dependence.

To attain these goals, the government will submit to the Assembly of the Republic bills on mines and quarries, and will update the laws on mineral waters.

Also due to be submitted to the Assembly of the Republic is a bill on bases for industry, and there will be a stringent selection of the investment projects for the public sector.

It also intends to support small and medium-sized business firms, and to reinforce the relations with the countries whose official language is Portuguese.

In the energy area, the main activities planned are a guarantee for the country's energy needs over the short, medium and long terms, an incentive for saving on energy and the diversification of its types and sources.

The government attached top priority to exports, backing the competitive status of business firms, particularly small and medium-sized ones.

Social Affairs: Periodic Updating of Pensions

The head of the Ministry of Social Affairs guarantees in the government's program that he will submit to the Assembly of the Republic "a bill on social security bases."

In the realm of the same ministry, the program guarantees the periodic updating of pensions, allowances and subsidies, "with a view toward maintaining and, if possible, increasing the purchasing power of these beneficiaries."

The policy of those in charge of this ministry "will have as a basic unit the family, the mainstay of the future which we want to be better; because it is therein that the necessities acquire human and economic expression," states the program.

In the specific area of health, the government proposes to provide the sector "with the maximum possible budget, to develop the measures required for better use of the existing funds and to continue a policy that will rapidly set up new types of financing for health."

The government also guarantees that it will engage in "all activities aimed at creating the legislation relating to the National Institute of Health Care, the regional health administrations, the new organization of the State Secretariat of Health and the regulation of the conventions."

In the section connected with social affairs, the government's program promises "to improve the entire out-patient sector, by putting into operation the new health centers, and by developing courses for general and public health clinicians, and for auxiliary health technicians."

The activity of the staff of the Ministry of Social Affairs will continue "on an urgent basis" to carry out the necessary studies for the prompt construction of the hospitals required in the Lisbon metropolitan area, as well as for the hospital requirements in the Porto metropolitan areas.

In the area of social security, the government intends to "modify the system for unemployment protection, as well as that in cases of occupational accidents or diseases, through the establishment of social security for those contingencies."

In the sector of the Secretariat of Family Status, the program calls for "programs of constant education in the field of family and community life," as well as "the promotion of a policy for the protection of mothers and children and for that of the aged and disabled."

Agriculture and Commerce: Meeting the Domestic Demand

The main goal that the government cites for agriculture is "to increase the levels of self-sufficiency and of meeting the domestic demand for foodstuffs."

Secondly, the government proposes to consolidate and improve the current level of agricultural exports of products for guaranteed international trade, which will entail a redefinition of the policies on grape and wine, vegetable and fruit growing and on certain livestock products.

Other goals for the sector are to make use of and preserve the potential for forest products and to develop new crops, such as tobacco and beets.

To organize the agricultural markets, guiding them from the perspective of the common agricultural policy, is a concern expressed in the current government program, in addition to the adaptation of the price policy to the European community.

The final goals cited in the government's program are to back the restructuring of the agricultural enterprises and to consolidate the economic and social recovery of the agrarian reform intervention area, as well as to foster agricultural association and to give an incentive to agro-industrial units and to set up the physical infrastructure systems.

In the fishing sector, the prime objective is to increase fish production, so as to meet the increasing demand on the domestic market.

Other goals for the sector are to make use of the exclusive economic zone, to curb the rise in prices, to consolidate the production of flour and oils, and to contribute to the improvement of the balance of payments.

To attain these goals, the government intends, among other types of action, to carry out applied research, to establish agreements with other countries, to consolidate the economic and financial status of the nationalized firms in the sector and to intensify the overseeing of the exclusive economic zone.

The government proposes to set the guarantee prices of the various agricultural products at the proper time, as a means of stimulating production.

This measure is aimed at reducing imports and lessening their effects on consumer prices.

The government's program considers it necessary to take legislative action and action of other kinds aimed at a correct arrangement of the competition on the markets.

To prevent the increased cost of living, to reduce imports and to protect the interests of consumers are the leading concerns of the government in the area of commerce.

Mass Media: Modernization and Freedom

The program of the Eighth Government has adopted as a slogan for the mass media sector "modernization and guaranteed freedom."

Insofar as the nationalized mass media are concerned, the program announces that the executive branch "will expend unequivocal efforts to insure them strict impartiality and pluralism, according to the terms of the Constitution, and will execute measures aimed at the greatest possible dissociation of the state from the sector."

The government expresses the intention of paying particular attention to the regional press and the press for emigrants, and to the expansion of ANOP's news space in the country and within the communities.

In the text, it also expresses the intention of promoting "intensification of the cooperation and exchange with the African countries whose official language is Portuguese."

Pinto Balsemao's second executive branch is also considering creating the General Directorate of Mass Media, promoting the economic and financial recovery of RDP and reorganizing ANOP, giving financial backing to its activity, according to a contract-program to be agreed upon.

As for the laws on information, the government intends to make a priority review of the Press Law and of the regulations on press registration, legal storage of publications, and control of issues and surpluses of newspapers.

It is also a goal of the government to submit bills on the RDP, RDP rates, air time and access to public information sources, as well as to regulate the regional centers of RDP, RTP and ANOP in Madeira and the Azores, and to publish the statute on publication agencies.

Public Works

In the realm of housing, public works, transportation and communication, the government's program calls for the integration of the housing and employment infrastructures with social requirements, through a system of territorial regulation.

Since housing and employment are regarded as basic needs, the program calls for "the creation of incentives so that all those concerned may mobilize financial resources, increasing the supply without an immediate overload on the general state budget."

Priority is attached to the promotion of employment and the development of industry "with a greater degree of integration of national production and a relatively lesser dependence on the balance of current transactions", concentrating in a single ministry the activities designed to make the infrastructures, equipment and systems that are the determining factors for development and social progress operational.

In the area of housing, the government has scheduled as an absolute priority the development of systems for the purchase of individually owned housing, and the promotion of associated programs for the construction of housing at limited costs, to be developed by the municipalities with the backing of the state.

Some of the other items of major significance are to combat clandestine construction and disorderly urban growth, to review the legislation regulating rents, to maintain as a target the attainment, within a short time, of a production of 50,000 homes per year, to submit to the Assembly of the Republic a basic law on housing and to promote through the competent entities the recovery and conservation of the housing facilities.

For the implementation of public works, the government proposes to seek new sources of financing as a priority for school construction, and intends to institute a national policy that "will establish the principles for backing of a technical and financial nature" required to "insure an orderly introduction of urban tourist and industrial enterprises."

In the field of transportation, the government intends to start planning the infrastructures for internal passenger transportation, promoting the use of mass transport facilities for access to the large urban centers, so as to "improve the accessibility to centers of employment, education and housing."

The highway infrastructures will be improved and preserved as a priority, with the government promoting special programs for the "rehabilitation of railroads and airport modernization."

Technological reconversion and investment in the field of communications is an effort cited by the government as a means of reducing the gap separating the country from the European average, and reinforcing the links with the autonomous regions.

In the area of external transportation and communication, the government deems it important "to maintain and develop the capacities of the external sea and air transport firms."

"We are heading toward a revision of the Constitution, and we want to solve in the best manner for Portuguese interests, for our independence and for the institution that we respect, namely, the Armed Forces,the problem of the transition, which will be reflected in their subordination to the civil democratic authority. Therefore, the fact that Prof Freitas do Amaral is also minister of defense shows our respect for the Armed Forces, and our concern for solving that problem in the best manner."

As for the superstructure of certain ministries, the prime minister justified that measure by announcing the four priorities relating to the program: "an increase in agricultural production whereby it will exceed the distribution, thus giving the producer what he deserves, and not the middlemen who deserve considerably less."

His final remarks were directed at the AD parliamentary group, from which he requested the greatest effort in what he termed "the enormous task of changing Portugal."

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PARTIES' ATTITUDE TOWARD GOVERNMENT PROGRAM DESCRIBED

Lisbon O JORNAL in Portuguese 18 Sep 81 pp 2, 3

[Article by Fernando Antunes: "A Repetitious, Unappealing Debate"]

[Text] Today (Friday), the assessment of the program of the Eighth Constitutional Government reaches its conclusion. Three equally critical motions (from PCP [Portuguese Communist Party], FRS [Socialist Republican Front] and MDP/CDE [Portuguese Democratic Movement-Democratic Electoral Commission]) will, on different scales, express the varying degrees of rejection that this program evoked from the opposition groups represented at Sao Bento. A motion of confidence, immediately after the debate, will link the absolute majority of deputies (the AD [Democratic Alliance] majority) not merely to an attitude of tolerance, but to an express, dedicated support for the features of the program discussed at Sao Bento.

It is by now trite to say that these debates have become extremely boring, repetitious and uninteresting. No one, from one extreme to the other, including the opposition itself, denies this conclusion. But it would appear that both the deputies in the majority and the members of the parliamentary opposition lack the courage to undertake a study of less long-winded and more pragmatic methods that would accelerate this almost ritual which has assumed a disturbing aspect in our country, for well-known reasons: government instability, consecutive crises and the need for political and even personal affirmation.

When one cites the example of other democracies (such as France, where the discussion of the PSF's [French Socialist Party] government program took place in a day and a half, compared with the 4 days consumed in the Portuguese Parliament for a program which obviously offers very little that is new), one has the approximate gage of the different notions of what a debate of this kind is (or should be). The current pattern is by no means the most acceptable one, and even gives rise to the strangest situations, such as that involving one of Balsemao's ministers who, because of the time-clock demands, was unable to respond to a deputy who had criticized the performance of his department, and was limited to preparing a rebuttal which a majority parliamentarian ended up using in a dissociated speech.

Moreover, strangeness often permeates the entire background in which the debate of a government program takes place. The handling of the time and the clever criteria which each individual applies as he can, cause the most freakish loopholes and subterfuges. The required explanation, and the serious, structured responses that everyone would like to hear, in addition to an expression of desires and intentions, are

frequently lost in the impracticability of their formulation in such a brief time. The available time is "dissipated" and afterwards it is falsely claimed that it was not available, so they say, to meet the demand for explanations being sought, simply because there is no actual desire to respond.

One instance will suffice to document the absurdity into which a debate of this kind can be converted. At the second working session, to be sure because of the demands of his office, the foreign affairs minister expressed the desire to leave the room early. Andre Goncalves Pereira would not lack the wit to "undramatize" the naturally serious aspect of the matters relating to his ministry. Taking refuge behind state secrets and the very specific nature of the Ministry of Foreign Affairs ("a ministry admitted by him to be bad, and still good"), Goncalves Pereira, however, left the opposition open-mouthed when, pretending to give an explanation of the Portuguese Government's position toward the neutron bomb, he ended up doing an about-face and quickly leaving the amphitheater.

Will PS Respond to the AD Regime's Pact Today?

Benefiting from a certain weakness of PS [Socialist Party], which is incapable of devising a minimally studied strategy for undertaking the responsibilities that are still incumbent on it as an alternative to the government, Balsemao's executive branch and the majority backing it have had their path outrageously eased. Unlike PCP which, immediately after Pinto Balsemao's initial remarks, went forward with a motion of rejection, worded in extremely harsh terms, the Socialists played the role of a passive agent using, with few exceptions, a rather unclear language, showing an opposition that was rather unstable, or at least quite agitated.

So that no doubts or confusion would arise (the Communists may have thought), PCP has done what it never did before, with such boldness. It did not wait for the debate to take place, and did not want to draw conclusions from a discussion which had not even begun. It brought the motion home, and tabled it, without hope that PS would back it.

However, the Socialists have spent much of their time settling internal conflicts and "negotiating" as to who, in fact, should intervene, the manner of intervention, the time, etc. Balsemao and AD managed to reap dividends from that constant indecisiveness that not even Soares' presence succeeded in reducing, cleverly engaging in a certain "wait and see" attitude, of cooperation with PS, which is consecutively postponing its offensives and the time of "waking up" as an organized alternative.

This was the sole intention of the prime minister, last Monday, when he appealed for the solidarity of Portuguese democrats on five major national issues: the consensus regarding the Constitution, immediately involving the consensus on the constitutional revision; the issue of the regional autonomies, linked with the concept of the state itself and its relations with the citizens and communities; the chief orientation of foreign policy; the establishment and execution of a policy to preserve and enhance the nation's cultural heritage; and, finally, the agricultural issue.

This authentic "regime pact" directed toward PS may have a response over the short or medium term. But, according to some observers, the Socialists will once again pretend that they have not heard; although there are within PS some who demand a strong, unequivocal response that will not brook an excessive extension in time.

'A Good Thing for All Ideas'

It has already been noted that this debate, which deliberately kept until the end the discussion of economic policy and the IMF, was stodgy, tedious and repetitious. May of the sectorial remaks, both from the majority and the opposition, merely "composed" the program of the event, without lending it any luster.

But it had some undeniably constructive aspects. Freitas do Amaral's speech was considered, even by sectors of the opposition, to be a model of a policy speech, although it was disturbing in its hypotheses. Freitas do Amaral who has more than once emerged as the guardian of AD and its mentor, did not fail to point out that the constitutional law could certainly not solve all the problems and foresee all the solutions, specifically those of an organizational nature, which the subordination of the Armed Forces to the civilian authority must necessarily entail. "Despite the fact that meeting the goal of full democratization of the regime is at stake, or perhaps for that very reason, the path to be traversed is not easy, nor devoid of potential difficulties of various kinds."

Another topic which enhanced the debate was that of culture. Lucas Pires waited all Wednesday afternoon to deliver his address, and did not finish doing so until the early hours of Thursday. There were some who thought that this "arrangement" of the speech of the CDS vice-president was not the best for the head of the Ministry of Science. The government's group by then included few people, but to offset this there were some in the opposition group who awaited its reading with understandable inquisitiveness. The applause that it received at its conclusion confirmed that expectation. Lucas Pires did not fail to place the main stress on the desire that to raise the sectors of culture and scientific coordination to ministry status, reflecting a difference in nature and not merely degree in comparison with the previous situation, would in fact be an irreversible conquest. "The creation of a Ministry of Culture cannot help but aspire to be a good thing for ideas and for men with ideas, all ideas and all men with ideas."

The opposition received Lucas Pires' speech well, but did not fail to reflect on the reasons for this unexpected promotion of the sector. The Socialist Antonio Reis, specifically, stated that the action is related to AD's admission that the cultural organization and policy of the Sa Carneiro government and of the first Balsemao government were erroneous and that, "after all, the so denigrated Pintassilgo government was perhaps right."

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NEW AGRICULTURAL PROGRAM EXPLAINED

Lisbon O JORNAL in Portuguese 18 Sep 81 p 6

[Text] "I shall seek dialog and understanding exhaustively, and I shall comply, to the letter, with the terms of the law." From Portalegre to Lisbon the new state secretary of agrarian structure, Joao Jose da Silva Macas, brought a strong determination to "moralize the services" and very clearcut ("definitive," he remarks) plans for the future "of what they call there agrarian reform." Hence, there is a promise of an impetus for legality and competence. "Or are we here to play around in the state secretariats, ministries and governments?" he inquires, in statements made to O JORNAL and collected by Clara Pinto Correia.

He is a convinced and avowed legalist. "I do not want to hamper processes with useless bureaucracy, but if I am in this position it is so that everything will be done with complete legality." He is also incorruptible. "I am completely free, insofar as ties and commitments with any organization whatsoever are concerned." He does not accept pressure. "And that is categorical. On the day when I feel that I have allowed myself to be caught in the web of any group, I shall make my position available. I have already told that to the minister." And he is a persistent holder of dialog. "I want to talk with all the groups, and to weigh all the arguments alike. Let no one think that I shall be limited to A, B or C; I shall hear the entire alphabet!"

The plan that the young man making his debut in governmental tasks has brought from Portalegre could not be more assuredly controversial in its extreme simplicity, which does not leave any room for implications: The law is to be complied with, period.

In his opinion, the turnover of reserves should continue, as should the assignments of hectares to tenants and field hands; but with the most stringent compliance with the legal procedures established for these processes; therein lies the difference. "The former state secretary had his opinions, and I am not criticizing him. But I have mine, and they are different."

His taking of office was marked by the immediate suspension of 29 processes for the turnover of reserves which were already under way: Before allowing them to go ahead, the state secretary would study them, subjecting them to a fine-tooth comb, in order to check their validity. So long as he is in this position (he says), there will not be any hasty turnovers, concessions or blank signatures. "In matters of this type, one cannot make hasty decisions. In turning over reserves, one cannot work with deadlines."

And if the regional administrations do not follow his example, and disregard the law, regardless of how slightly, all the worse: the processes will retrogress.

'Giving Land to the Poor Little Ones...'

A priority matter which Silva Macas intends to study in depth and immediately is the question of the land turned over to tenants and field hands. "They are the ones whom I consider the real farmers," he repeats several times, referring to the people that he most admires and with whom "it is intolerable to play games." One thing is indisputable to this son of a small farmer who, before going to Lisbon, helped his father in his farm work during his few free hours: "The slave of the land must be ended, and be replaced by a citizen with as many rights, and as much respected as others."

Therefore, it is necessary to ascertain, without the slightest superficiality, whether the turnovers that have been made are compatible with this transformation in view, from the standpoint of area and profitability. There must be assurance of technical accompaniment, and guarantees of a viable exploitation must be established; because, and the state secretary emphasizes what he is saying: "This is not a matter of giving a few hectares of land to the poor little ones!"

The latter is a type of policy which, in his opinion, leaves the farmers "sold out to the insects" and usually finds them, at the end of the year when, according to law, the contract must be reviewed, disoriented and in trouble from an economic standpoint. "The state loses, and the process is discredited."

He is definite about those whom he does not regard as suited for exploiting the land that they have: "Those contracts will not be renewed. They can make their living wherever they want. Agriculture cannot be a victim of this type of situation."

Putting an End to Unprofitable Business

In this way, the first major objective set forth in the government's program would become possible to achieve, namely, increased production. For this purpose, Silva Macas must be victorious in the difficult crusade that he intends to carry out in order to convert the public administration (at least the sector which covers his area of activity) into a model of efficiency and capacity for response. "Working in a state secretariat is no 'hobby.' 'Hobbies' are only for weekends and for after working hours!"

Therefore, there is no ambiguity. "Anyone here who is involved in situations marked by a lack of interest or failure to cooperate is someone who does not serve the interests of agriculture, and who does not serve the interests of the country. They will be replaced in their positions."

The goal is clear: "We shall put an end to certain unprofitable businesses and all dead weights."

Hence, the institutions that have been created must operate in accordance with the spirit which governed their creation. The Institute of Land Structure Management, for example: "It is an entity that exists, and we cannot afford to have it inoperative. It will start to be consulted at all times, and responsibilities will be demanded of

it. Are the slots on the table of organizations not all filled? Then let them be filled!"

CAP [Portuguese Farmers Association]: 'An Organization Like Others'

But the law must never be set aside. If necessary, change it; such a change would have to be carefully studied, and the new state secretary will not abide by it until after it has been approved, and only if he agrees with it. If he should not agree, he would leave...

During the 2 days when he officiated at the Portalegre Chamber, in which AD [Democratic Alliance] was not even in the majority, he is proud of having achieved an atmosphere of overt cooperation, wherein "the ice was broken very soon," and it was only necessary to solve the problems by voting on three occasions. A "feat" that he attributes to his constant search for dialog, a procedure that he intends to transplant, intact, to the Terreiro do Paco buildings. "I shall make decisions, with a clear conscience, after having listened to all the factions." And then, if anyone wants to make appeals, let him do so in court.

In this plan of action, CAP does not merit any special attention. "I consider it an organization like others, and it is on this basis that I shall listen to it."

2909
CSO: 3101/3

PAPER HITS PALME VIEW ON DEFENSE SPENDING

PM021101 Stockholm SVENSKA DAGBLADET in Swedish 28 Sep 81 p 2

[Editorial: "People and Defense"]

[Text] Olof Palme is both Social Democratic Party leader and leader of the opposition. But Palme is also one of the members in the Triumvirate--the other two are Willy Brandt and Bruno Kreisky--which has deliberately transformed the Socialist International into a security policy instrument. Finally Palme is also chairman of the commission which bears his name and concerns itself with questions of detente and disarmament.

Can these tasks be combined without a conflict with his loyalty to purely Swedish interests? Could Palme feel obliged, in order to preserve his credibility as an international disarmer, to neglect Swedish defense needs?

These questions have not yet been discussed. After Palme's speech to the Social Democratic Party Congress on Sunday [27 September] the questions have been thrown into sharp relief. Let us merely state that combining the roles is by no means without its complications.

While Denmark is raising--albeit modestly--its defense budget and Norway is putting its house in order, Palme advocates cuts and reallocations which would lead to even further emasculation of our defense effectiveness.

The function of the Swedish armed forces is to preserve peace. By their strength they have made a considerable contribution to the detente and stability which prevail in our part of the world. In other words our defenses are the strongest peace-preserving instruments in the Nordic area. In addition there are the volunteer defense organizations which together form an enormous popular movement in the service of peace.

There is of course nothing wrong in paying tribute to the many people who work for the cause of peace, often unselfishly and with deep feeling for their cause. But should not the Swedish defense forces and the popular movement behind them deserve an equally honest tribute to their efforts, no less idealistic and self-sacrificing? Presumably this was thought to be less fitting with regard to the atmosphere and the songs which formed the framework of yesterday's debate in the congress hall.

It would also tidy up the debate a little of Communist parade phrases such as "broad popular movements" and the like were reserved for our Bolsheviks. In a television program last week [former Swedish Prime Minister] Tage Erlander's good friend and adviser Torsten Gustafson appeared with a view of the nuclear arms balance completely different from Olof Palme's. Does the Social Democratic Party leader think that Gustafson can in no way represent the people?

Let us also take the question of a nuclear-free zone. What is there to say that Social Democrat Inga Thorsson [who recently described the idea as impracticable] cannot represent the people?

According to Palme nothing should be allowed to sully the belief that the Swedish Social Democratic Party is united behind the call for a nuclear-free zone in the Nordic countries. Of course, it does not lessen the size of Palme's debacle last week in the television program "Pejling," nor will the congress decision guarantee that anything like all party members will back Palme on this point.

Palme has an unfortunate facility for uttering phrases which can be interpreted in many ways. On Sunday they hit the JAS [proposed new pursuit, attack and surveillance aircraft for Swedish armed forces].

A possible future Social Democratic rejection of the JAS would, according to Palme, not be seen as an expression of unilateral Swedish disarmament but rather as an expression of the fact that the party, after evaluating the facts, had found a better solution. Despite the fact that the congress is keeping the JAS question open and despite former Defense Minister Eric Holmqvist's model report to the congress on this topic, the party chairman's words will be interpreted as indicating rejection of the JAS. This is deeply unfortunate, especially since it affects the world around us.

There is always a connection between the state of our economy and defense spending. The Social Democratic view that to strengthen the defense forces now would eventually jeopardise the Swedish people's willingness to defend themselves is also valid.

The will to defend the country is based on something more fundamental than on the economic situation of the day. Olof Palme--and we are convinced of this--would be the first to call for reinforcements if the situation outside our borders worsened seriously, just as he is the first to pay tribute to peace movements in their day. But the defense budget cannot be allowed to be subject to this kind of oscillation.

We could say that with his speech Palme is continuing to smooth the way for Majbritt Theorin. As recently as the 1975 party congress she was declared incompetent. On Sunday Theorin triumphed over the party executive on the question of arms exports.

Obviously effects more powerful than Sunday morning's coup exercise in Stockholm, executed with much noise during the congress defense debate, is needed in order to bring Social Democratic defense policy back to reality's harsh facts.

CSO: 3109/14

DEMOGRAPHIC REPORT PUBLISHED

Nicosia THE CYPRUS WEEKLY in English 25 Sep-1 Oct 81 p 3

[Text]

'A baby born in Cyprus in 1940 was expected to live about 58 years. A baby born today is expected to live 73 years. Women on average live longer than men, with their life expectancy calculated at approximately 75 years as compared to 72 years for men.

"The drop in infant mortality has been even more spectacular, and the rate from 63.4 deaths for 1,000 live births in 1950 dwindled to 17.2 in 1980. This was the result of the great improvement in medical care, the education of mothers and the general socio-economic development of the country". **From the 1980 Demographic Report**

There were fewer marriages in Cyprus last year because of the continuing strong prejudice against getting married in a Leap Year, according to the 1980 Demographic Report.

Weddings last year (excluding Moslem ones) dropped to 3,908 from 6,355 the previous year. "Obviously many couples who would normally have got married in 1980 either rushed to have their wedding in 1979 or put it off until 1981", the report says.

There were also slightly fewer divorces — 155 compared with 161 the previous year.

7 year itch

Under new regulations introduced by the Cyprus Church, all grounds for divorce can now be used by both husband and the wife alike. The majority of the divorces were issued against the wife, with "desertion" the main ground for separation.

Half of the divorces issued in the years 1975-1980 had a marriage duration of 7½ years — an indication that the 'seven year itch' is valid among Cypriot couples.

Usually, for people getting married for the first time, the groom is older by 3-4 years. The difference in age grows in cases where the man is older. He tends to prefer younger women.

But in the cases of young men under 20, the picture is exactly the opposite — the brides are then older than the grooms.

The encouraging news in the report is that there has been a steady increase in births in the last few years — despite fears that the population of the island was showing no growth.

There were 13,647 births last year, compared with 12,767 in 1979 and 11,871 in 1978.

But the report says the higher rate during the last few years was not the result of a desire for more children. The increase was mainly due to a "favourable age structure" — an increase of the female population in the most fertile age group of 20-34.

In the years immediately before the Turkish invasion, the fertility rate (the number of children a woman is expected to have in her lifetime) was 2.40. In 1975, however, it went down to just over 2 children "the lowest ever recorded in the demographic history of the island".

Population

However, it has gradually reached the pre-invasion level again and even registered a small increase last year when it was computed at 2.47 births per woman.

The Cyprus population has been growing at a rate in excess of one per cent per annum in the last two or three years, the report says.

By the end of 1980, the total de jure population reached 633,500, up 1.4% (or 9,000 people) over the previous year.

Cyprus witnessed its highest growth rate during the Forties when an increase of nearly 10,000 people or 2.1% per year was recorded.

In the Sixties and Seventies the island had a "flattening off in the population growth" due to a gradual reduction in fertility coupled with massive emigration during periods of political unrest and the losses caused by the Turkish invasion.

The report also says before 1976, there were more women than men, but gradually a balance was achieved and during the last two years the sex composition was marginally in favour of males.

In general there is a male predominance in the younger age groups which diminishes along with age, while in the older ages a female majority is observed.

"This is due to the fact that there are more male than female births and that females have a longer expectation of life".

CSO: 4600/41

UPWARD TREND IN BIRTHS REPORTED

Nicosia CYPRUS MAIL in English 24 Sep 81 p 3

[Text] The birth rate in Cyprus in the last five years had been following an upward trend and in 1980 rose to 21.7 births per thousand population compared to 20.5 in 1979 and 19.3 in 1978, according to the Demographic Report by the Statistics Department for the year 1980.

But, the report says, the higher birth rate observed during the last few years is not the result of a desire for more children among Cypriot women.

It is mainly due to a favourable age structure of the population, i. e., an increase of the female population in the most fertile group 20-34 from 73,000 in 1973 to 84,000 in 1980.

The number of standardised births is consistently lower than the actual number, confirming that the favourable age structure is responsible for most of the increase in the number of births. This trend is likaly to continue for the next years before this large number of women passes out of the most fertile age-group, provided of course there are no other restraining factors.

The standardised birth rate for 1979 and 1980 is higher than that of 1973 and this means that apart from the favourable age structures of women there is a small increase in the number of births which could be attributed to other reasons, such as the large number of marriages in 1979 (immediately preceding a leap year), an improvement in the birth registration, or the result of the preference of couples with regard to the spacing of their children.

The total fertility rate which gives the number of children a women is expected to have in her lifetime shows a similar trend. From about 2.40 children per women in the years immediately before the Turkish invasion it decreased to 2.01 children in 1975, the lowest ever recorded in the demographic history of the island; it has, however, gradually reached the pre-invasion level in 1979 and even registered a small increase in 1980 when it was computed at 2.47 births per woman.

CSO: 4600/33

BRIEFS

HOUSE PRESIDENT TO VISIT YUGOSLAVIA--The President of the House of Representatives, Mr George Ladas, has accepted an invitation to visit Yugoslavia in November. The invitation, from the President of Yugoslav Federal Assembly Mr Markovic, was conveyed by the Yugoslav ambassador Mr Cvijeto Job who called on Mr Ladas on September 14. He suggested the period from November 11-14 as a possible date for a visit to Yugoslavia by a Cyprus Parliamentary delegation. The date was accepted in principle. Mr Job also introduced the Second Secretary of the Embassy Mr Dragan Mraovic who will be acting as Charges d'Affaires during Mr Job's absence. [Text] [Nicosia CYPRUS BULLETIN in English No 36, 19 Sep 81 p 4]

RELATIONS WITH YUGOSLAVIA--Cyprus and Yugoslavia signed on September 2 an agreement providing for cooperation in the field of information. The agreement was signed in Nicosia by the Cyprus Minister to the President, Mr Stelios Catsellis, and the Yugoslav Ambassador, Mr Cvijeto Job. It provides for exchange of information between the Yugoslav News Agency Tanjug, the Cyprus Broadcasting Corporation which runs the Cyprus News Agency and the Cyprus Government's Public Information Office. Mr Catsellis said the exchange of information on all aspects of human endeavour "brings peoples closer together and fosters a spirit of friendship and understanding among them". In the case of Cyprus, information and communication were the "most significant weapons in our struggle to make our cause known and thus secure support for our efforts to achieve a just and peaceful solution to the Cyprus problem", he added. Mr Job said the two non-aligned countries were committed to the establishment of a New World Information Order. [Text] [Nicosia CYPRUS BULLETIN in English No 35, 12 Sep 81 p 2]

MITTERRAND'S VISIT--French President Francois Mitterrand is to visit Greece some time after the October 18 elections. This was announced by Mr Mitterrand himself who said after his visit to West Germany and Britain he would tour the other seven EEC countries accompanied by most of his government ministers. During the second half of November President Mitterrand is expected to visit Algeria and in the first three months of the new year Israel. Today he begins a visit to Saudi Arabia. While the date of his visit to Greece has not yet been fixed, sources in Athens say he will be the guest of President Karamanlis. [Text] [Athens ATHENS NEWS in English 26 Sep 81 p 4]

URBAN POPULATION INCREASE--The Turkish invasion and resultant displacement of the rural population has led to a predominance outnumbering of the urban population for the first time in Cyprus' history. This is revealed in the Demographic Report for 1980 by the Statistics and Research Department of the Ministry of Finance. Cyprus, it says, experienced its fastest urbanisation growth during the last three decades. In 1946 only 26% of the total population was residing in urban areas. It increased to 36% in 1960 and by 1973 the proportion rose to 42%. As a result of the Turkish invasion, when a significant proportion of the displaced rural population took refuge in towns, the share of the urban residents was boosted further to 53%, outnumbering the rural population for the first time. The report also notes that declining fertility resulted in the aging of the population of Cyprus so that by 1980 the persons in the "65 and over" age group comprised 9.9 per cent of the total as compared to 6.4% in 1960. The proportion of children below 15 fell from 36.4% in 1960 to 24.6% in 1980. There was a decrease in the child population in absolute terms as well, reflected in the low number of pupils enrolled in primary and secondary schools. [Text] [Nicosia CYPRUS MAIL in English 22 Sep 81 pp 1, 4]

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END

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BELGIUM'S CONTRIBUTION TO NATO FORCES VIEWED

Brussels KNACK in Dutch 16 Sep 81 pp 45-48

[Article by Frank de Moor: "We Do More Than NATO Requests"; passages enclosed in slantlines printed in italics]

[Text] More Defense for Less Money Is Possible

In recent weeks, the Brussels newspaper LE SOIR has /made news/ with regard to defense. Even though the interview with PS [Socialist Party - French] Senator Guy Cudell, as vice president of the PS and president of the Mixed Defense Committee, which is in charge of studying related problems, did not immediately produce a well thought out effect, and even though Lieutenant General Willy Gontier's statements aroused more community than rational reactions, it is clear that the most diverse defense circles are apparently busy discussing possible structural changes in the country's defense apparatus.

The most attentive members of the Mixed Committee, which has been meeting again since last week, realize only too well that their task will be meaningless if they limit themselves to offering advice on additional fuel credits or on whether or not to back up on the professionalization of the armed forces which went wrong. The resources remaining for national defense are too scarce not to think about a certain redistribution. New priorities must be developed in order to give our country -- always within NATO -- its own concept of defense. Furthermore, the so-called /NATO obligations/, which every government loves to invoke in order to leave things as they are, are not as irrevocable as is usually claimed. Even the most upper level staff officers and/or administrators are convinced that it is possible to provide /more defense for less money/. Hence, the members of the Mixed Committee, who diligently hung onto their memoranda (President Cudell forbade the distribution of the official reports to avoid press leaks), must realize that what is expected from them over the next few months is a document which, like the final reports of past Mixed Committee meetings, is aimed at structural improvements.

By now, everybody must know that in recent years the Ministry of Defense has been run like a real /candy store/, and even those who are still accessories through their silence, readily admit this today. By this time, it has also become amply well known that it was primarily Walloon-Brussels enterprises which richly benefited from the defense money, that the PS and its upper level (air force) officers usually dictated the PSC [Christian Social Party - French] policy in the cabinet, and that the air force and related industries are still reaping the benefits of it.

Furthermore, the agitation which for a few weeks now has been directed against the Flemish industrialists in the FLAG [Flemish Aerospace Group], who are seriously thinking about getting into the aeronautics industry, once again proves to what extent these French speaking circles value their privileges. Hence, for example, the fact that they still want to replace the Mirage fighter bombers rapidly and prematurely, and that they are making use of all possible PS and PSC influences to prevent Flemish politicians and industrialists from intervening effectively in order to put an end to a policy which ruined the national defense financially as well as operationally.

The legendary lack of interest (or was it complicity?) of the CVP [Social Christian Party - Flemish] with regard to tackling the defense problems thoroughly, has become even more flagrant since Representative Louis Tobback (SP [Socialist Party - Flemish]), on the Flemish side, has involved himself a little more thoroughly with this issue. Regardless of the question of whether his party was perhaps spending too much attention on it (according to some), the SP positions on defense on the other hand virtually always come across as unfavorable, if not /neutralist/.

However, anyone who, for example, is (a) opposed to the deployment of new missiles equipped with nuclear warheads or neutron bombs in Europe, because according to its opponents it increases the risk of a general nuclear conflict, should also (b) have the nerve to talk about the state of the conventional NATO troops, who must precisely prevent a situation where a supreme commander on the battlefield has to resort to nuclear weapons to prevent his territory from being overrun.

Anti-Aircraft Defense

These days, anyone who for years has been carefully reading the reports on the relative troop strength between East and West, who does not exclusively consult obstinate experts, and who primarily avoids using double standards - which is responsible now for the fact that the Reagan administration and NATO are often depicted as a greater threat to peace than the Kremlin and the Warsaw Pact -- for example, is no longer concerned with the secrets divulged by the Western information services with regard to the ever-increasing superiority of the Soviet Russian army equipment. The report from the American Defense Intelligence Agency [DIA], which is currently before the congressional Committee on Economic Affairs, proves once again:

- that the Warsaw Pact, both overall and in Central Europe, has more manpower, several times more tanks, artillery pieces and anti-tanks weapons than NATO;
- that the Soviet Union continues to produce these things in great quantities;
- that the same assessment applies to the air force and the navy;
- that last year, the Soviet Union produced, among other things, 700 cruise missiles which can be launched from submarines. These weapons are still being tested in the United States, and in Europe they are being opposed. Furthermore, all those arms commodities are "no longer of inferior quality, but on the contrary are usually sturdier (because less sophisticated) than the Western war materials," as Christopher Foss, one of the authors of the authoritative "Jane's Armor and Artillery" handbook, wrote in a NEWSWEEK study on the new Red Army.

Even though it is meaningless to compare exclusively Belgian conditions with the Soviet Russian arms sprint, as some military officials occasionally tried to do in the Mixed Committee, it has indeed become gradually clear to everyone that of all the armed forces, the Belgian army exhibits the largest number of deficiencies.

Irrespective of the problems resulting from the imperfect shift to a professional army -- and about which, as a matter of fact, political clarification is needed --, the army is actually the only armed force which is still experiencing real difficulties with equipment.

Meanwhile, the members of the Mixed Committee have come to realize that it is not only a question of fuel shortages here. More is involved.

Thus, our anti-aircraft guns, for example, are no longer even good enough for the Afghan freedom fighters. The extremely sophisticated Gepard anti-aircraft tanks, for their part, have been stabled due to a lack of manpower. The Belgian artillery still works with firing tables and spotters, and is virtually the only one in the industrialized world which, for want of a computer, has to fire a few shots first before being able to have any firing accuracy.

The land vehicles (the so-called 4x4), which are of vital importance for rapid movement on all terrains because the engine exerts power on all four wheels simultaneously, will soon be 30 and 40 years old, literally get stuck in the mud, catch on fire, and no longer fascinate anybody except collectors of Willys and Land Rovers.

In short, Lieutenant General Gontier, army general chief of staff, certainly did not exaggerate in his talk with LE SOIR, when he explained that the 20 years old artillery in the Alouette helicopters are in more urgent need of replacement than the air force's Mirages. The general could have added that protecting our soldiers against nuclear, biological and chemical [NBC] weapons is no longer up to date -- even though the Warsaw Pact clearly provides for the use of such weapons --, that a seriously wounded soldier in the Belgian army has scarcely any chance of being evacuated, let alone of surviving, that the replenishment of certain reserves and stocks really creates problems, and so forth. The main problem is that such shortages are felt primarily among the Belgian armed forces in the FRG and their reserve units. And yet, these troops are expected, together with British, West German and American troops, to defend a strip of land in Central Europe, which is approximately 60 kilometers wide and runs along both banks of the Weser.

To prevent a breach from being battered through this strip, in case of conflict, new artillery pieces and especially anti-tank helicopters are necessary, among other things, if for no other reason, for example, than to compensate for the glaring shortage of manpower (the so-called Reccys) and the defective firing power of the CVRT [Combat Vehicle Reconnaissance Tracked] tracked vehicles.

Everybody realizes that during the first days of a possible war, air combat will be very fierce, because the NATO squadrons will have to ensure that they maintain preponderance precisely there. As far as Senator Cudell's military (air force) advisers are concerned, this is apparently the only thing that counts, in view of the fact that during his interview with LE SOIR he bluntly stated that it /would be interesting, but of a secondary importance, to know what will have to be done 4 days after an attack, because it seems that on that day everything will be all but over anyhow./

Flying for Pleasure

However, air combat is by far not the only thing that counts. On the contrary. Indeed, there are a number of tasks which only the ground forces can carry out, and in

this context one cannot count, as in the air force, on a rapid flying in of reinforcements: the ground forces need to have these in their immediate vicinity. Not only to defend their positions on the Weser, but also to make sure that the supply routes to the front are not disturbed in order to allow the American troop reinforcements to go through. As a matter of fact, if our country cannot guarantee this passage then it runs the risk in the first place of being itself occupied by the American troops in order to allow everything to go as smoothly as possible.

Hence, it is clear that our country's defense priorities should in any case be army priorities, as staff officer Colonel Louis Dubuisson, among others, stated earlier this year in LA LIBRE BELGIQUE.

Even though nobody denies that in recent years the land combat forces have been driven into a corner by the well known PS-PSC lobby, because of that lobby it will be very difficult to gain acceptance for the idea that the air force may have to make do with a little less, and that the Mirages, which are talked about so much, may not even need to be replaced.

Indeed, the air force is living beyond its means. Thus, proportionately speaking, the Belgian army has only one and one-half tanks for every airplane, while the FRG and the Netherlands have proportionately twice as many tanks. For its part, a Belgian air force squadron consists of 18 airplanes, compared to only 12 in England. Moreover, the average number of pilots per airplane is substantially higher in our country, and this is certainly not solely due to the air force staff officers who jauntily go on flying for a number of hours for the pleasure of it.

As a matter of fact, anyone who looks at the Mirage replacement problem, not only from a political-industrial point of view, but structurally, could easily prove that these airplanes do not need to be replaced immediately, perhaps even not at all, and that this would already free a substantial number of billions of francs. Thus, for example, the size of the air force squadrons could be reduced and/or a different disposition could be made of the F-16 fighter bombers, and so forth. This very technical, but certainly not useless discussion, which is actually being conducted in parliament, could certainly be broadened within the Mixed Committee, and consideration could also be given to whether the navy really needs /four/ frigates when there is barely enough manpower to man three of them.

These are but a few gross examples, which show that the air force and the navy could give up part of their financial resources to help defray the cost of army tasks with higher priority, without our defense having to cost more. On the contrary.

Moreover, it would be possible to economize on a few other NATO obligations as well. Without divulging any secrets, it can easily be argued that, for a considerable time to come and provided that the maintenance servicing and losses are taken into account, the air force makes more fighter bombers available to NATO than the alliance really demands, and that the navy, which originally requested 15 new minesweepers, will yet receive 1 more than the 9 which were deemed desirable.

Even if the NATO obligations are interpreted as strictly as possible, they are still not as irrevocable as is usually claimed. Therefore, it should be made clear once and for all how these obligations come about. First of all, NATO never immediately imposes concrete obligations. What Belgium does within the context of NATO is the result of a complicated, but not uninteresting procedure, which at repeated intervals

provides a member state with the opportunity for structural and far-reaching changes in its defense concept.

The overall planning originally runs over a period of 2 years. Within that term, both the threat from the Warsaw Pact and the country's own resources and possibilities are weighed. In this context, the ministers provide their political guidelines and the military officials translate these into concrete force goals.

Following this assessment period, the year of real political decision making begins, during which the member states are required to respond to an extensive questionnaire (Defense Planning Questionary) and justify themselves in the Defense Review Committee before the other member states and NATO as a whole.

Only after this will the ministers of defense get together in the well known Defense Planning Committee [DPC], where the original planning, which meanwhile has been extended to a further 5 year period, is endorsed as a direction indicator, while the definitive obligations are contracted for a /1 year/ period only.

In concrete terms, this means that every year each member state can discuss certain obligations and arrange them differently, if a political will to that effect can be found. However, this also means that next summer, when the whole decision making cycle starts all over again, Belgium can, without blushing, take a new defense policy to the NATO meetings. At least, if the Mixed Committee, which is ultimately in charge of studying the problems related to the operational character of the defense policy, is willing to take up the matter.

8463
CSO: 3105/4

NEW NORWAY GOVERNMENT EXPECTED TO HURT SWEDEN'S NORTH SEA CHANCES

Stockholm DAGENS NYHETER in Swedish 16 Sep 81 p 8

[Article by Bjorn Lindahl]

[Text] Oslo, Tuesday--Regardless of what the politicians may say, the nonsocialist victory in the Norwegian election will also affect Swedish-Norwegian cooperation. The days of big Volvo agreements are now definitely over, and the sights will be set lower. And relatively soon, the new government will also be forced to dampen Swedish enthusiasm for a gas pipeline from northern Norway.

When Oddvar Nordli of the Labor Party relinquished his post as prime minister to Gro Harlem Brundtland earlier this year, he stressed very strongly the importance of putting together an agreement on energy and industry with Sweden. And eventually there was an agreement, although not on as grandiose a scale as the earlier discussions had been.

Willoch Critical

Kare Willoch of the Conservative Party, who is the obvious candidate for prime minister following the nonsocialist victory, was very critical of the Volvo agreement.

Among other things, he told the Nordic Council this: "The Volvo agreement falls into the class of actions that would not have benefited Nordic cooperation, since it was not sufficiently anchored in national interests. It is an advantage if such proposals are rejected."

Kare Willoch has always been critical of the idea of mixing oil and industry. A centrally placed source describes the Conservative Party's attitude this way:

"We will concentrate on trying to make the foreign oil companies pay more taxes instead of forcing them to lose a corresponding amount in efforts to create job openings in northern Norway, something that they most often are not in a position to do."

Volvo Agreement

A study made by Norway's Ministry of Industry also shows that the result of making industrial cooperation a condition for oil concessions has not been especially great. Of the 130 cooperation projects discussed during the fourth and fifth rounds of negotiation concerning concessions, 50 have still not been signed. Of those that have

been signed, only 35 specify an investment amount, and only 20 have gotten started. The projects that have gotten underway have provided 800 new jobs--compared to the 5,000 new jobs that the Volvo agreement would create in Norway.

It is therefore hardly likely that any big Swedish-Norwegian cooperation projects will be discussed over the next 4 years. It is already clear that Thorbjorn Falldin and Kare Willoch are not likely to take an immediate liking to each other.

The centrally placed source in the Conservative Party laughs: "If Falldin comes anywhere close to being as much like Per Borten as he has been described, it is not going to work at all."

Three or Four Drilling Seasons

The politicians are not the only ones wondering how things will work out with Swedish-Norwegian cooperation. There are also those in the business community who are uneasy. Whether a new Norwegian Government will put the damper on Swedish expectations in northern Norway depends less on politics than on the data that have been coming in from the drilling sites in northern Norway.

Hakon Lavik, press spokesman for Statoil, says: "We have shown that there is gas, and that alone is totally improbable, since it was only last year that we went in there. Now we must systematically determine how big the deposits are. It will take three or four drilling seasons before we know what we have there."

Already, however, some oil experts have begun to doubt that the deposits will be able to meet the requirements of a pipeline to Sweden.

"The gas deposits must be bigger than those discovered off Holland, and there must be reserves to cover 30 or 40 years of consumption. In Holland, moreover, the gas only had to be pumped 400 kilometers, compared to 1,000 kilometers in Sweden."

Research Project

At the moment, Statoil has a number of research projects underway to seek different uses for the gas. The projects are costing a combined total of 150 million Norwegian kroner and will be complete in 1983.

Included among the projects are the following:

1. A port with facilities for transshipping the gas on LNG tankers.

2. Methanol production.

3. Ammonia production.

4. Conversion of the gas to electric power.

5. The reduction of iron ore.

Statoil declined to take part in the study now being conducted by the Swedish State Power Board and Swedegas.

The Conservative Party has not yet taken a stand on what is to be done with the gas deposits in the north. It has simply emphasized that any project adopted must be profitable. As early as 10 years ago, Oddvar Nordli was already talking about cooperation in the Scandinavian Shield area based on Norwegian gas and oil deposits. So the Conservative Party is freer to reassess the way that will happen than the Labor Party is.

11798
CSO: 3109/1

PUGLIA REGION PRESIDENT INTERVIEWED ON ENERGY INVESTMENTS

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 2 Sep 81 pp 1, 16

/Article by Tonio Tondo: "Jobs and Money for Puglia Region with Two Plants; Small and Medium Size Local Firms to Participate in the Works Based on the Agreement with ENEL and CNEN; Investments Will Not Remain on Paper"/

/Text/ Within the next few weeks the regional council will address a series of problems, some decisive for the future of Puglia. The development plan, the health reform still difficult to complete, the settlement of the litigation with Basilicata for water, will be a tough test for the government and the parties. However, energy and nuclear power are still the main issues. We are interviewing Mr. Quarta, president of the Puglia region: Are we, at last, getting to the final squeeze?

"Certainly, and in worse shape than when we began working for the energy plan. In spite of the savings, the cost of oil has skyrocketed due to the remarkably high value of the dollar. We want to move ahead speedily but always safeguarding the various stages of controls and decisions."

With the worsening of the crisis and inflation, is there danger that the strategy for a developing Puglia may fail...

"The economic situation is undoubtedly becoming tragic. Room for recovery is becoming tighter, especially in the South. It is this picture which compels us to act with greater responsibility and sterness. We must get ready to avoid that the development may turn into utopia."

President, you have the reputation in some circles for being pro-nuclear energy...

"I have not embraced nuclear energy. I am fighting for energy. Our strategy is directed to sources alternative to oil, among which only coal and nuclear energy so far can give a substantial contribution. The use of renewable energy, particularly solar, which still deserves to be pursued, can supply, unfortunately, only a limited answer for the fulfillment of our needs."

Puglia has agreed to accept on its territory two electric plants, a 2,000 MW nuclear plant and a 2,560 MW coal fueled plant...

"This is one of the options considered in the plan. The other is to have two nuclear plants of a combined capacity of 400 MW. The first solution is more in line with the strategy of the national energy plan which favors a balanced recourse to all available sources. In the same spirit, also the construction of an experimental 1 MW solar plant is envisioned, as well as the development of a regional methane network, together with the promotion of experimental studies on "energy units" utilizing biomasses (straw, vine and tree cuttings, cattle manure and urban refuse,) and the installation of wind energy plants. Particular attention is already been given to solar energy."

But there are people concerned about the consequences on the environment and the territory...

"This aspect has been the region's constant concern in the selective process of the various options and in planning initiatives. A special chapter of the document covers exclusively "the risk in the production of energy," a chapter which has been prepared by a group composed of the best national experts in the field. The production of energy of any kind is accompanied by elements of risk and modification to the environment. Science, however, is making giant steps in this sector: risk prevention and minimizing the impact on the environment are possible through a detailed evaluation of the various stages and the accurate planning of the necessary remedies. It could be a paradox, but today it is precisely nuclear energy which, viewed with suspicion for its "warlike" origin, in a comparative analysis presents conditions of a clear advantage. The region will exercise a constant control to make certain that the rigid restrictions imposed by the norms be adhered to in the planning as well as in the operative stages."

Among the promoters of nuclear energy, many worry about the effects on employment. Are local firms in a position to get involved?...

"Firms in Puglia are certainly in a position to "participate" in the construction of the plant. The region will take the initiative to promote the participation to local firms in consortia also established, if necessary, with other national firms, in order to give ENEL the necessary guarantees for the various supply contracts. The same is true also for mechanical and electrical assembly activities and represents the key point for the utilization of small and medium size local firms."

What does participation mean?...

The region, together with firms in Puglia, with ENEL and CNEN will take the necessary steps to stimulate the growth, development and qualification of industrial initiatives with a potential for success, not only as far as the Puglia plants are concerned but for all PEN initiatives. This policy will be followed to correct the existing imbalance created in Puglia by large industry (metal and petrochemical industries) with respect to small and medium size enterprises."

These are the plans. But what are the probabilities that they may become a reality?...

"We have based our discussion on the installation of electric plants within the scope of a regional development plan for the purpose of underlining the interdependence of the two aspects. The energy produced in Puglia must be utilized, above all, for the development and the employment of the people of Puglia. In the agreement stipulated with CNEN, ENI and ENEL we will finalize a series of projects involving large productive investments to be combined with energy installations and we will ask that they may be given top priority in the medium term plan."

The president of ENEL said recently that his organization does not have the money to build the plants. The energy plan in Puglia risks remaining on paper...

"The medium term plan rejects the philosophy of the two stages. It proposes, together with the fight against inflation, adequate investments in strategic sectors of the national economy. Energy is precisely one of these sectors, and it has been given top priority within the context of the medium term plan. For this reason I am convinced that the money will be available."

The debate on these problems is progressing in Puglia. The problem of which political group should manage them is still open...

"At this point, everybody is convinced, parties and unions alike, that the question of development and solution of the crisis must be handled with firmness. For an ambitious policy, ample solidarity is needed. I am not seeking approval from one sector.

I am saying that we must all get together, political and social forces and businessmen, to plan and build together a road to progress in Puglia. Soon the confrontation will escalate. If the logic of political affiliation should uncontrollably prevail, it would have a negative impact."

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WILLOWS SEEN AS IMPORTANT NEW ENERGY SOURCE

Stockholm DAGENS NYHETER in Swedish 10 Sep 81 p 60

[Text] Sankt Sigfrid, Wednesday--It was not easy. But after just a couple of steps, Warrant Officer Frank Samelius had disappeared among his annual shoots of basket willow. In 4 or 5 years he will have his very own energy plantation--if he wants one, and if there is any demand for it.

Energy plantations were one of the phenomena that few people knew anything about before the debate surrounding the vote on nuclear power flared up. Then suddenly everyone knew all about it. Everything has since become very quiet again. What happened?

"I don't know," says Frank Samelius, who looks after Bosebo, the parental farm located in Sankt Sigfrid outside Nybro in Smaland. He is the one who ought to know. He is one of the few in this country who can point to their own research in that area. And he has been at it for 7 years.

Perhaps he is just the one who will carry developments a bit further.

He can point to annual shoots of basket willow that are currently 4 meters high. Since they will still grow a little, they may reach 5 meters before cold weather puts a stop to further growth this year. And it is not just an occasional shoot that has reached that height. The stands have reached a uniform height.

Basket willow, or osier, is a bush that botanists have placed in the genus Salix. Its species is viminalis.

Can this become a partial solution to our energy problems in the future?

The farm's owner does not answer such questions. He himself got into the field by accident. He got his information from ordinary gardening manuals, asked questions, and conducted his own studies. Today he amazes his neighborhood with his results.

The fact is, however, that he had no intention of establishing an energy plantation at all. He intended to be a fruitgrower. He wanted to put a high windbreak around the garden and planted poplar, but was disappointed with the results. So he tried willow and gradually got around to basket willow.

The government is currently shoveling out research money in an effort to find suitable tree varieties, growing methods, and equipment.

On the Samelius farm, the plantation grows higher and more luxuriantly than in most other places. He gives his plants less fertilizer and more love than others. That is his formula.

His advice is simple. A new plant comes from a cutting consisting of a section some 35 centimeters long that is taken from the stem of a young bush. Instead of cutting the section straight across and sticking it straight into the ground, he cuts the bottom end at an angle and sets it in the ground at a slant. Such a plant almost never withers and gets a faster start in life. He selects cuttings from bushes that are neither fertilized nor improved--preferably those that have grown under difficult conditions. After that, it is hardly necessary to fertilize at all.

One condition, however, is that the ground must be prepared the year before the planting is done, but anyone with a green thumb knows that.

He says: "The production of energy plantations depends on not lavishing so much fertilizer on them that it costs as much as the energy you get."

He has opportunities to compare his efforts with an experiment laid out by the Agricultural University in the same neighborhood. None of the government-grown bushes gets as big as his own--even though his plantation is a one-man project and burdens no one's wallet except his.

But so far it has put no wood in his own stove. Not to speak of, anyway. The reason is that he is now concentrating on growing cuttings. The purpose is to meet his own requirements, but it looks as though some will be left over by spring.

"Energy plantations may turn out to be something after all," says Samelius, who is in the habit of being doubtful. He showed us bush after bush with perhaps as many as 75 different stems sticking straight up in the air. That is the result of cuttings that were planted three springs ago. In another 3 or 4 years--or perhaps 5--it will be time to harvest. Then the thickest stems will be as big as a forearm, with the great majority having a diameter of at least 4 centimeters. Then they will become fuel.

Contrary to what research has come up with so far, he believes that 5,000 plants on 10,000 square meters of land are enough. Researchers in general are concentrating on twice that density.

Who is this man, and why is he succeeding with something that he previously had no experience with? In the armed forces he is known as their own "Inventor John." He was once the Swedish champion at coming up with proposals for the simplification and improvement of machines and working methods. He has managed to sell about 50 such ideas.

He says: "Now only the energy plantation is left."

The jungle in Sankt Sigfrid indicates that he is succeeding better than most and that he is doing so by simple means.

11798
CSO: 3109/1

STATUS OF OYMAPINAR DAM CONSTRUCTION REPORTED

Istanbul HURRIYET in Turkish 13 Aug 81 p 10

[Text] Antalya (HURRIYET NEWS AGENCY)--With Turkey now in the throes of an energy shortage, construction has been stepped up at the Oymapinar Hydroelectric Plant, being built on the Manavgat Stream in Manavgat District in Antalya. Begun in 1977 and scheduled to go into operation in 1983, the Oymapinar Dam reportedly will produce 1.62 billion kwh of energy per year with its four units, contributing 40.5 billion liras per year to the Turkish economy.

According to information provided by Oymapinar Hydroelectric Power Plant Project Director Hikmet Yanar, 55 percent of the construction has been completed at the Oymapinar Hudroelectric Power Plant, contracted to the German firm Bilfinger-Berger in 1977, at a cost to date of 15 billion liras. Pointing out that the dam would cost 25 billion liras, Hikmet Yanar gave the following information:

"To date in the dam construction, a derivation tunnel 375 meters long has been dug and body construction has reached 70 meters. Construction of the main body, which began in October 1980, will be 185 meters with 575,000 square meters of concrete being poured. Work on the turbines and generators is being done by a Belgian, Swiss and French joint company. Turbine and generator assembly began in 1980 and is progressing rapidly. All of the machine parts have arrived. The turbines will be finished at the end of 1982, water will be turned in to them at that time and trial production will begin at the plant. Everything depends on completion of the body of the dam. When it has been raised to 185 meters, energy production will begin."

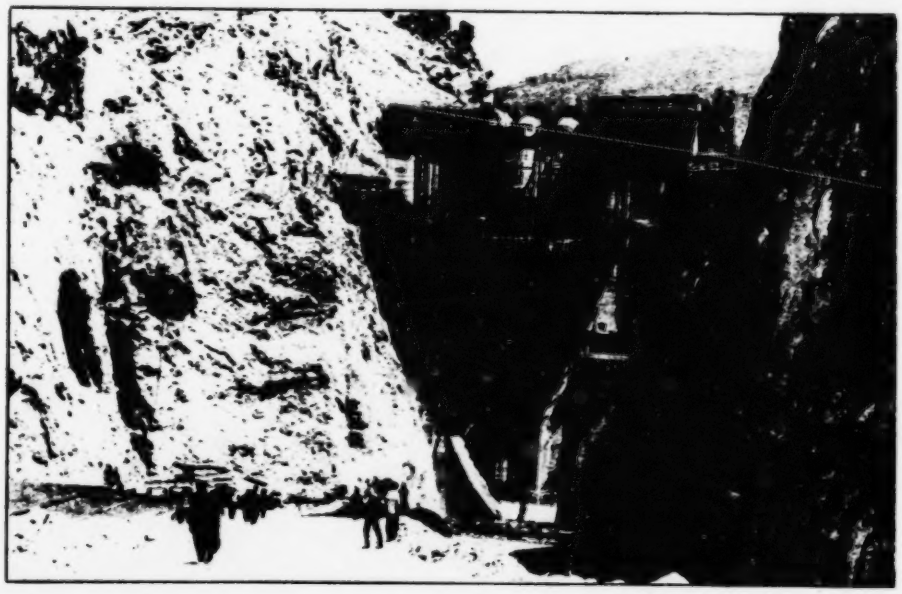
Project Director Hikmet Yanar also said that in construction of the dam to date, 1.65 million cubic meters of earth had been moved above and below ground and that 250,000 cubic meters of cement had been poured. He continued as follows:

"Also, 925,000 kilograms of dynamite and ammonium nitrate, 11,650 tons of diesel fuel, 95,000 tons of cement and 11,500 tons of iron have been used in construction. At the current rate of exchange, 15 billion liras have been spent. The dam's contribution to the economy is 120 million liras per day or 40.5 billion liras per year. Oymapinar will be Turkey's largest underground and arch fill dam and will be second only to Keban as to height of the barrier.

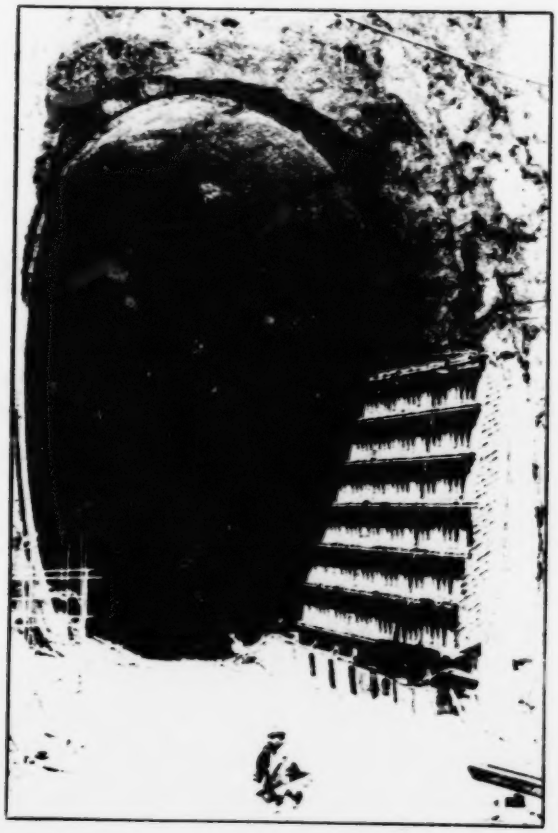
"As to established power, the Oymapinar Dan will be 10 times the size of Seyhan Dam, 5 times the size of Hirfanli Dam and twice the size of Gokcekaya Dam. Total bore

size is equal to the distance between Antalya and Afyon. The metals to be used could lay a railroad 120 kilometers longs.

"The lake is 5 kilometers long and will cover 500 hectares. Oymapinar Dam will, first of all, provide reliable and cheap energy to the Seydisehir Aluminum Works. The system will also be interconnected to cover a significant portion of Turkey's energy deficit."



Cement is now being poured for the main barrier which will be 185 meters high. It is already 70 meters high and 250,000 cubic meters of concrete have reportedly been poured to date.



Construction of the giant 375-meter derivation tunnel is complete. Height of the tunnel which will discharge water from the main body of the dam is 25 meters.

8349
CSO: 4654/159

BRISK INCREASE IN EXPORTS IN SECOND QUARTER OF 1981

West Berlin DIW WOCHENBERICHT in German 10 Sep 81 pp 417-422

/Text/ Exports in the FRG have increased briskly since the start of 1981. In the second quarter, real export volume, adjusted for seasonal and calendar factors, rose by 5 percent, which is twice as much as during the first quarter. No doubt, exports have been helped along by the continuing devaluation of the D-Mark against the American dollar and by the overall undervaluation vis-a-vis the currencies of the nations belonging to the European monetary system. On the one hand, countries profiting from the increased purchasing power of the dollar (the United States, the OPEC countries) received greater exports as did those countries whose exchange rates vis-a-vis the D-Mark are higher than they should be, such as Great Britain and France.

Real imports during the reporting period declined markedly because of the poor state of the domestic economy but above all because of the renewed decline in the import of petroleum and petroleum products. In contrast to the 1974/75 recession, imports of consumer goods reflect declining domestic demand.

Given these developments in the export and the import sector, real surplus in the exchange of goods rose appreciably. In spite of the renewed worsening of the Terms of Trade and the growth of the deficit of the services balance, the nominal balance of payments showed some improvement, attaining a surplus in the second quarter for the first time since the summer of 1980. The deficit in gratis services increased but slightly as against the first quarter. The seasonally adjusted deficit in the GNP was reduced by more than DM 3 billion.

Export of Investment Goods Greatly Expanded

Exports of investment goods, which had remained at much the same level since the spring of 1980, showed above-average increases adjusted seasonally and in terms of price during the reporting period. In fact, all major export sectors were able to register gains. But the three major producers of investment goods, the machine tool manufacturers, the electrical industry and the manufacturers of road building equipment, have not yet been able to return to the high export levels of early 1980. Still, foreign orders in these industries registered a noticeable increase.

Exports of consumer goods also rose but at a slower pace than those of investment goods. Small-car exports were on the rise once again; but exports of electrotechnical consumer goods declined. Textile, wearing apparel and shoe exports were not appreciably higher than during the first quarter.

Basic industry exports adjusted seasonally and in terms of price stagnated during the reporting period; but trends in the two large branches of this industry were different. Following a steep rise in the first quarter, iron and steel exports dropped markedly while exports of the chemical industry were slightly higher than during the first quarter.

Rapid Rise of Exports to Western Industrial Nations

Exports to the Western industrial nations had already quickened during the first quarter; they grew even more strongly during the second quarter. In view of the continuing poor state of the economy of most industrial countries, this development can most likely be ascribed to the increased competitiveness of German exporters. Exports to France, Belgium-Luxembourg, Great Britain and Denmark showed a marked rise. Exports to Italy stagnated again during the second quarter; in real terms, they probably declined.

After declining during the first quarter of 1981, exports to EFTA members Sweden, Switzerland and Austria rose slightly. Exports to the United States, on the other hand, continued to rise appreciably, not in the least due to the devaluation of the D-Mark against the American dollar.

There was a very decided increase in exports to the OPEC countries, due no doubt to deliveries as part of large-scale contracts. Almost a third of the overall increase in exports during the reporting period is traceable to the steep rise in exports to these countries which made for 9 percent of total FRG exports in the second quarter. Quantum increases were registered in exports to Iraq, Libya and Indonesia. By now, Iraq has become the most important recipient of German goods among the OPEC countries, ahead of Saudi Arabia. Exports to the non-petroleum-exporting developing nations also rose once again. This increase once more is restricted to a very few countries, among them Egypt, Chile and India.

While exports to many major countries or groups of countries was on the rise, imports mostly declined once again during the reporting period; only imports from EFTA countries and the United States registered gains. There were increased imports of electronic components, office machines and data processing equipment from the United States, all of which items are relatively insensitive to price.

There is a continued deficit in the balance of trade with the United States. The trade balance with the EEC and OPEC countries has improved— seasonally adjusted trade with the OPEC countries in June being almost balanced for the first time since the second major oil shock in 1979/80.

Decline in Imports of Energy Raw Materials

Seasonally adjusted real imports have been declining since about the middle of 1980. This has been due mostly to a drop in imports of petroleum and petroleum products. These energy raw materials account for 11 percent of total imports in the second quarter of 1981; in terms of volume, they were one-quarter less than in the first quarter of 1980. Imports of primary products, such as iron and steel products and chemical products also declined in relation to the first quarter. It is worth noting, however, that the decline in imports of raw materials and semi-finished goods (excepting petroleum and petroleum products) registered during the six months of winter did not continue.

Imports of end products for finished goods generally remained at the high level attained in the middle of 1980. But there are markedly different trends as regards the import of investment goods and consumer goods. The drop in consumer goods was even more pronounced during the second quarter, amounting to almost 9 percent seasonally adjusted. In addition to passenger cars, imports of such typical consumer goods as shoes, textiles and wearing apparel have experienced a sharp drop.

Imports of investment goods, on the other hand, have continued to rise rapidly, registering steady above-average growth rates over the past few years. Their share of total imports during the first half of 1981 amounted to 10 percent. During the past 6 months of winter, imports of these goods declined due to the economic downturn in the FRG —particularly as regards machines and electrotechnical investment goods. Imports in all goods sectors were on the rise once again during the second quarter.

Continued Improvement of Competitive Position

In view of the poor state of the economy abroad, export prices constitute an important factor in competition. Although it is difficult in view of the many export variables to single out any one of them, there is much to be said for the real devaluation of the D-Mark which commenced in early 1980 having contributed substantially to the increase in exports this year. But it may also be assumed that foreign importers made purchases ahead of time in expectation of a D-Mark revaluation.

The real D-Mark exchange rate, adjusted for the consumer price index in 12 major industrial nations, fell by almost one-fifth since early 1980. Real goods exports rose more rapidly than world trade since the start of 1981. Greater shares of the market were gained above all in the OPEC countries.

The fact that export prices are rising more slowly than producer prices is an indication of the German exporters' taking advantage of the situation in the area of price competition. Although the devaluation of the D-Mark would leave room for price increases, they are not making full use of it. This is another reason why the shift in the exchange rate along with increased oil prices has a detrimental effect on the Terms of Trade, which are figured in D-Marks.

Outlook

Foreign orders placed with the manufacturing industry remain at the high level attained this spring despite strong month-by-month fluctuations. Orders on hand have increased steadily. It may therefore be expected that exports over the next few months will rapidly expand. In contrast to the first half of 1981, real exports (special trade) will be decidedly greater during the second half as compared to the same period last year. The growth rate for the full year is likely to be 5 percent.

Given the continued weak state of the domestic economy, real imports are likely to remain at a low level. Given the continued restrictive monetary and fiscal policy, there are no impulses to be expected in the area of investment or private consumption that might lead to a greater demand for imports. Imports for all of 1981 will be markedly lower than the year before.

Import prices (purchase prices) have risen more rapidly once again in June/July; the annual rate of increase of 18 percent corresponds to the change as compared to the same period last year. The decisive factor was the continuing weakness of the D-Mark vis-a-vis the American dollar which made D-Mark purchase prices rise considerably despite the fact that oil prices were falling on the world market in terms of dollars. The deterioration of the Terms of Trade, caused by the weakness of the D-Mark, will have a detrimental effect on the balance of trade at least through the third quarter.

But, as exports continue to expand, the trade surplus will continue to increase. It will be possible to finance the deficits in the services and transfer balance once again. The deficit in the balance of goods and services for all of 1981 will be lowered to DM 20 - 25 billion; in 1980, it stood at DM 30 billion.

9478
CSO: 3103/18

RESULTS, RISKS OF INDUSTRY NATIONALIZATION FORECAST

Paris LE MATIN in French 3, 4 Sep 81

[Article by Jean Menanteau: "The Cadres of the Companies Subject to Nationalization"]

[3 Sep 81 p 5]

[Text] I. The Risk of Brain Drain

The managerial and key staff personnel of the groups and banks to be nationalized are uneasy. The best of them are awaiting offers from foreign firms.

"Nationalized!" The word hit thousands of cadres and hundreds of higher-level cadres hard on 9 July last, on the occasion of Pierre Mauroy's program speech to the National Assembly. On 23 September, the definitive bill on nationalizations will be examined by the Council of Ministers. And on 8 October, the Parliament will begin examination of the texts.

The cadres of the five big industrial groups subject to nationalization and the banks therefore have to wait. It is felt in different ways, up to the point of unrest, sometimes grumbling. What industrial policy is being proposed to us?, they ask. For those same persons who contributed in large part to the election of Francois Mitterrand, personal interests are not the main concern. Just as the ideology implicit in the nationalizations rarely serves as an argument for rejection. There remains the spectacular progression of symptomatic direction-indicators as this new session begins. In the principal industrial groups, the cadres have at best adopted a wait-and-see attitude. At worst, they are twiddling their thumbs. A number of them are listening for calls from abroad, thus increasing the risk of brain drain. The part played by skillfully distilled intoxication in the process under way should not be neglected.

He makes no bones about it, this 43-year-old administrative cadre in the Dassault company. He does not hesitate to declare himself "disoriented."

He is one of the very few to give a reason of a political nature for the unrest he says he feels. "Many cadres voted for Mitterrand against the old majority more out of disgust than from leftist ideology," he states. "Fifty percent of them went over to the other side in this way, and they were not negativists. What did we expect

from the change thus offered on 10 May? An opening, a dialogue, the possibility of transmitting to the "Republic of the Professors" what we know about industrial enterprises. We have been received, to be sure, but there has been no feedback."

Then come the criticisms: "It is not understood that the nationalizations are presented as an ideological objective and not as a means." From the point of view of the cadres, who are concerned about pragmatism, an industrial policy is something clear. Just like a strategy. But as of now, the common feeling of the management staff of the CGE [General Electricity Company], Thomson-Brandt, PUK [Pechiney-Ugine-Kuhlmann Company], Saint-Gobain, Rhone-Poulenc, that of Paribas as well as of Dassault, is that no objective is really clear. The unreasoning malaise is related to political fuzziness.

It remains to attempt to evaluate this malaise. "If the cadres of the companies subject to nationalization have questions to raise, let them come see us," Jean Prevel, assistant director of the APEC (Association for Employment of Cadres), says right off. "Eighteen percent of our portfolio of offers, especially in public works, comes from abroad." But in the APEC, where people love to deal with figures, no particular swelling of the number of job-seeking cadres subject to nationalization was noted at the end of August-beginning of September. On the other hand, they readily declare there that 25 percent of those consulting with the association "already have a job" and that they come to the offices "just in case...."

In the head offices of the companies subject to nationalization, they explain: "We are going through a period of certain uncertainty. Our cadres think that nationalization presents the risk of breaking the inner driving force of the group," someone explains at Saint-Gobain, without further detail. More disturbing is the reaction at Paribas: "Yes, after 10 May we experienced a massive flight of our cadres of foreign nationality to Japan, to England, to the Arab countries. We immediately sent out emissaries to appease their anxiety. Today, the hemorrhage is being stanched."

In parallel, the foreign "headhunters" are extremely excited about the French companies subject to nationalization. Destabilizing a competitor by taking advantage of a favorable political situation as become a weapon of economic warfare like the others. In Paris, the five big "search" firms controlled by the Anglo-Saxons are presently taking in reinforcements sent from overseas. The French offices, for their part, are wearing themselves out finding employment for these high-level cadres who can expect terrific contracts outside France. And it is obvious that quite a few of them have used their vacation time less for touring than for making contact with potential foreign employers, as is proven by a lot of testimony (see the continuation of our inquiry in tomorrow's issue).

"The brain-drain phenomenon, which has been a veritable calamity for Great Britain, is far bigger than we imagined," declares Paul Marchelli in the name of the CGC [General Confederation of Managerial Personnel]. The number of agreements called into question--the latest example is that of Thomson-CSF [General Radio Company] and Continental Telephone--is increasingly disturbing the high-level cadres who since May have had the impression of dealing with the routine affairs within their firms [as published]. The person responsible for the CGC cadres in metallurgy adds: "And we have been challenged by the most agitated elements, who are using very elemental language, from the CGT [General Confederation of Labor] to the CFDT [French Democratic Confederation of Labor], who are attacking us with cries of 'Someone has profited!'" A slap at the workers' trade-union organizations.

Intoxication? Misinformation? A perverted dialogue? It is still too soon to define the exact nature and the scope of the existing uneasiness. But everything proves, rightly or wrongly, that there is a risk of the cadres of the companies subject to nationalization passing from benevolent neutrality toward the new government to disappointed indifference. And the most capable of them will not hesitate to emigrate.

[4 Sep 81 p 7]

> [Text] The best American headhunters are hunting down the French. In the banking sector, the advanced industries, they are exploiting the anxiety or perplexity of certain cadres.

Restlessness, uncertainty about the future, questions that spring as much from "intoxication" as from lack of information about the government's future industrial policy: the cadres of the big groups subject to nationalization are anxious (see yesterday's issue of LE MATIN). Many are thinking about emigrating. In Paris, specialist firms are trying to recruit the most capable of them. An atmosphere of catastrophe is deliberately cultivated. But overall, a wait-and-see attitude is what predominates in the face of an outlook that is made uncertain by a government for which the cadres remember that a good many of them voted.

"Headhunters." Pierre Berend, of the ONOMA [expansion unknown] firm (which searches for cadres by advertising), is not afraid of the word, with its sociologically pejorative implication. Barely over 30, this political-science graduate, formerly with INSEAD (European Institute of Business), has been on the alert since 10 May. He belongs to the five French "search" firms [as published] that are among the biggest and which, along with the five other big Anglo-Saxon competitors, have the assignment of recruiting, on behalf of enterprises, "the man you are seeking to assume a key position."

Pierre Berend, like his counterparts, is prospecting a gold mine--that of the high-performance cadres who are in the companies subject to future nationalization and who are itchy today.

"At rue de Berri in Paris, we receive about 4,000 resumes per year," he states peremptorily. "But since 10 May, the nature of these resumes has changed. In all letters, the cadres of the companies subject to nationalization say that they do not understand 'the industrial motivation of industrialization.' Obviously, the cadres who write to us do not understand either the modalities of the nationalizations, the reasons for the restructurings, or the new objectives, which, in their eyes, do not exist."

One of the spokesmen of Paribas declares, for his part, that this state of affairs is manna from heaven for the headhunters. The best overseas recruiting firms, we were told, have sent their keenest bloodhounds to France for the purpose of luring away the top people in the banking sector as well as in aeronautics, Marcel Dassault understands.

Here is a summary of points made by the most knowledgeable people in France: the buying power of "enterprise France" will drop, socialist taxation will hit the creators of wealth, France will grow weaker, there will be galloping inflation, etc.

And there is the often-cited example of the brain drain that has so weakened Great Britain.

In this regard, those in the know declare that the line of French MD's prepared to emigrate is getting longer at the doors of the embassies of New Zealand or South Africa. They are thus establishing a parallel with their English counterparts, who have been replaced by Pakistanis or Indians.

As Pierre Berend explains, the cadres tempted by overseas adventure are all the more interested in that a good many of them--a new phenomenon--have already been to "good" American universities. Their adaptation to America will be all the easier because of this," Pierre Berend states further. "And don't forget that the Harvard alumni publish their own annual in Paris."

In banking, the bewilderment--that is the word--is just as evident. Pierre Moussa, president and general manager of Paribas (28,000 personnel), acknowledged, in an interview given to LE NOUVEL OBSERVATEUR, that "the label 'nationalized' does not rule out anything but is troublesome, very troublesome, in several regions of the world." And he mentioned an American company with which his bank was on the point of signing a big agreement and which, at the end of the contract, demanded inclusion of a clause nullifying the entire agreement in case of nationalization.

In Paribas, on rue d'Antin, they do not hide the fact that a good many cadres of foreign nationality recruited by the bank at great expense wanted to clear out as soon as the nationalization announcement was made. The epidemic was so strong that even the French cadres of Paribas outside the country proposed to follow the movement. "To check that," says Andre Azoulay, a bank spokesman, "we had to send out messengers from headquarters to reassure and calm them down. We plugged the breach of resignations, which had quite obviously been dug out bigger by our competitors."

Another symptom of the unease among the cadres in banking is the creation in France of associations, with all hierarchical levels mixed together, for "personnel defense and interests," sensitive, for example, to the wildest rumors that were abroad last Spring. Wasn't an Indo-Suez-Paribas-BNP [National Bank of Paris] merger being considered? Or a regrouping of all long-term loans within a national investment bank?

For the time being, although the cadres of the firms subject to nationalization consult among themselves, notably within the CGC, they confide nonetheless that they are not all in the same boat. All in all, it is those of the peak sectors who prove most anxious. Those of the Dassault company, for example, wonder about the future of the armaments market. "Francois Mitterrand's decision to withdraw, on the occasion of the Le Bourget show, the missiles equipping our Mirages was taken very badly from the psychological point of view," declares Jean-Marie Tessier, one of the company's CGC officials. He adds: "The orders that we received from around the world--and they affect those of Matra--I'm looking for them! Since 10 May, absolute zero. Is this the effect of the foreseeable nationalization? I don't know anything yet. The contracts in progress will doubtlessly be honored. But afterward? There is just fog. But Dassault's exports represent 70 to 75 percent of our activity."

Infinitely less concerned, it seems, are the cadres of the industrial groups whose branch of activity was under a strong risk of being condemned for unprofitability.

Thus, the cadre staff of PUK is split in two. On one side are the "lords," who know that aluminum is still a very good performer within the group and who therefore adhere to its industrial policy; and on the other are those in declining sectors such as chemistry and special steels who are waiting for nationalization as for a lifebuoy--a lifebuoy which they also think will stave off the pangs of possible eventual unemployment. A socialist state does not lay anyone off--they think. Rightly or wrongly.

11267
CSO: 3100/959

ECONOMIC DEPARTMENT CHIEF DEFENDS MONETARY POLICY

Zurich DIE WELTWOCHE in German 23 Sep 81 p 21

[Interview with Fritz Honegger, Swiss federal councillor, by Ulrich Kaegi: "Hot and Cold Treatment for Economy"]

[Text] WELTWOCHE: The response to your appeal for a more price-conscious attitude by the consumers was not too great. Do you have anything more tangible to propose at the moment ?

Honegger: That is a misunderstanding. The government did not mean to imply that a price-conscious attitude alone would help get inflation under control. It takes a good deal more than that. One of the most important tools is monetary policy. The national bank has done a number of things to help reduce money supply. Without a doubt, that will have an effect; but it will take a while. We expect this monetary policy to succeed in the course of next year in the sense that inflation will go down.

WELTWOCHE: But reducing the money supply drives up interest rates...

Honegger: That is unavoidable. If there is less money available, interest rates and mortgage rates tend to rise. As far as we can tell, that is a temporary phenomenon whereas inflation, if permitted to continue, leads to more serious consequences— for everyone. If we want to break the back of inflation, we must live with higher interest rates for a time.

WELTWOCHE: In other words, you are accepting the lesser evil.

Honegger: Yes, exactly!

WELTWOCHE: Is there no danger that tight credit will inevitably lead to another recession ?

Honegger: A recession, if it comes, will not be due to interest rates alone. If the battle against inflation is won, interest rates will come down again. Nonetheless, your question makes sense, since everything depends on the right mix of counter-measures. If we pressure the economy for too long a time with high interest rates, its investment capabilities will be weakened. It is really no easy matter to come up with the right monetary policy.

WELTWOCHE: In a WELTWOCHE interview on 22 April 1981, when inflation had hit 6.3 percent, you said you "had not made a mistake". Meantime, inflation has climbed to 7.4 percent. Do you still agree with what you said then ?

Honegger: I still believe it was the right thing to do in the fall of 1978 to assign higher priority to monetary policy as against foreign exchange policy. The Swiss franc was overvalued at that time. This led to a serious deterioration of the competitive position of our export industry. In the interest of full employment, it was necessary to bring the Swiss franc exchange rate down to earth.

WELTWOCHE: But this laid the foundation for the present inflation.

Honegger: That may well be true. Both the federal council and the national bank felt at the time that full employment was in greater jeopardy than currency stability. It is always easier to pass judgment on measures taken after the fact. But given a similar situation as the one in the fall of 1978, I would act much the same way again. In view of the uncertainties of the international interest and currency picture, Switzerland must continue to look for a pragmatic balance between the requirements of currency policy and the fight against inflation.

WELTWOCHE: In that same interview, you voiced the hope that inflation would not go much beyond 6 percent. Things did not turn out that way. What consequences does the government draw from this ?

Honegger: I was of the opinion then that the annual inflation rate would not exceed 6 percent; but I did add that the rate might be much higher in a given month. The average rate for the first 8 months of this year was 6.1 percent; the most recent rise may make the rate climb to 7 percent per annum. Such an increase must not be accepted without question. For that reason, the national bank has already reacted, tightening money supply once more with our agreement. This renewed tight money policy should leave less room for new price rises and at the same time contribute to the revival of a strong Swiss franc which should help protect our economy from the imported inflation. Additional measures are not needed at this time.

WELTWOCHE: On 26 February 1978, the Swiss people voted by 1,172,130 to 542,634 for article BV 31quinquies, the so-called economy article, which provides for giving the means for conducting economic policy to the federal government. On the basis of this article, the government enacted the revised banking law. Why have these instrumentalities failed ? Have they been falsely applied ? Are they not practical enough ?

Honegger: It cannot be said that the bank has made wrong use of these tools. In the fall of 1978 perhaps, when the money supply had expanded sharply, it was not tightened enough. But one must also remember that business prospects worldwide were not considered particularly good at that time and that made putting on the brakes too suddenly seem risky, if we wanted to remain competitive.

WELTWOCHE: Economic expert say that one-third to one-half of the inflation is due to domestic causes. Would that not imply a failure of economic policy ?

Honegger: Not at all. It is true that domestic inflation is due in large part to the so-called administered prices, the level of which is influenced by the government as much as anything. This applies in particular to the prices for agricultural products; but their upward adjustment in line with increased costs could no longer be delayed in the interest of a just income for the farm sector. At any rate, we are trying to get those areas affected by administrative pricing policies more in line with the market and to look for new ways to lower prices. One must also keep in mind that increased inflation triggers the mechanisms of our modern social welfare state which help keep the wage-price spiral in motion. And finally, the slow job market must also have had something to do with pushing up inflation.

WELTWOCHE: Why is the government delaying the re-introduction of price controls for so long ?

Honegger: I am not opposed to price controls in principle; it makes sense, depending on conditions. But they must not be instituted unless one has a reason to expect them to be effective; otherwise they are unconvincing. As you know, the government has asked parliament to approve an amendment to the constitution that will permit the institution of temporary price controls. At the same time, I asked the two chambers to appoint subcommittees this fall. This would make it possible to vote on this proposal during the winter legislative period, time permitting. Sometime during the first half of 1982, this constitutional amendment could then be voted on in a national referendum.

WELTWOCHE: Even if this schedule holds, price controls could not be implemented until a year from now. Perhaps by that time our economy will have entered an entirely different phase where we do not need price controls any more. Would they not be needed now ?

Honegger: No, not now because conditions are entirely different from what they were in 1972-75. At that time, we had an overheated economy and overheated demand. Now, we do not have an overheated economy but we do have inflated costs. The currency situation, too, is completely different today.

WELTWOCHE: Would you be willing to predict hwo high and for how long inflation will rise ?

Honegger: Predictions of this kind are risky, particularly in view of the uncertain currency picture. But I do think we can expect inflation to slow down by the middle of 1982. The decline will depend on international interest rates,on exchange rates and on the economy as a whole. If the dollar became weaker, for instance, it would be an entirely situation. Inflation would drop but at the same time our export industry would face very serious difficulties again. Over the past few years, the economy has been subjected to a hot-and-cold treatment which makes it very difficult to plan ahead.

9478
CSO: 3103/20

'DUNYA' EXAMINES ECONOMY ON ANNIVERSARY OF TAKEOVER

Istanbul DUNYA in Turkish 12 Sep 81 p 6

[Text] According to figures of the SPO [State Planning Office], several increases, though not significant, in production were noted since 12 September due to the complete elimination of strikes and lockouts. Despite the fact that there has been an increase in the number of persons placed in jobs during the past year, a solution to the unemployment problem has not been reached. It has been reported that work will be conducted by the SPO during the next year in order to solve the unemployment problem.

While exportation as well as production increased, important increases were also observed in the volume of deposits and credits due to application of the floating interest-rate policy. One of the most-complained-about topics prior to the 24 January decisions was rising prices. Following implementation of economic measures made by the 12 September administration, prices were held down to a degree that can be considered significant in relation to past years.

On the anniversary of the 12 September change in government, we present the views on the condition of the Turkish economy of the TUSAID [Turkish Industrialists' and Businessmen's Association] Istanbul Chamber of Industry chairman, the Istanbul Chamber of Trade Chairman, and the Istanbul Bank Director General Prof Akin Ilkin along with several economic indicators that demonstrate positive developments:

According to SPO statistics, a general rise in production was attained, but the rise did not reach a significant level. It was reported that the reasons for the insignificant increase in production were tight money in financing, restrictions on domestic demand, and electricity blackouts.

According to SPO data, 3 million persons are unemployed in Turkey. Despite a 6.8 percent increase over the previous year in the number of persons seeking employment from September to July 1981, there was only a 2.7-percent increase in the number of persons placed in jobs during this period. It was asserted that a solution to the unemployment problem has

not been found and that work is being conducted within the SPO structure related to measures to be taken to solve the problem.

According to the wage earners' cost-of-living index based on 1963 prices that was prepared by the Istanbul Chamber of Trade, prices in August 1980 had risen by 62.6 percent over the previous year. In August 1981, the rate of price increases had fallen to 35.8 percent.

The foreign-trade deficit in the period between September 1979 and July 1980 was $3,537,000,000. Between September 1980 and July 1981, it rose to $5,107,500,000. From September 1979 to July 1980, imports totaled $5,690,400,000 and exports, $2,240,000,000. From September 1980 to July 1981, imports came to $8,644,500,000 and exports, $3,537,000,000. The foreign-trade deficit rose by 48 percent during this period.

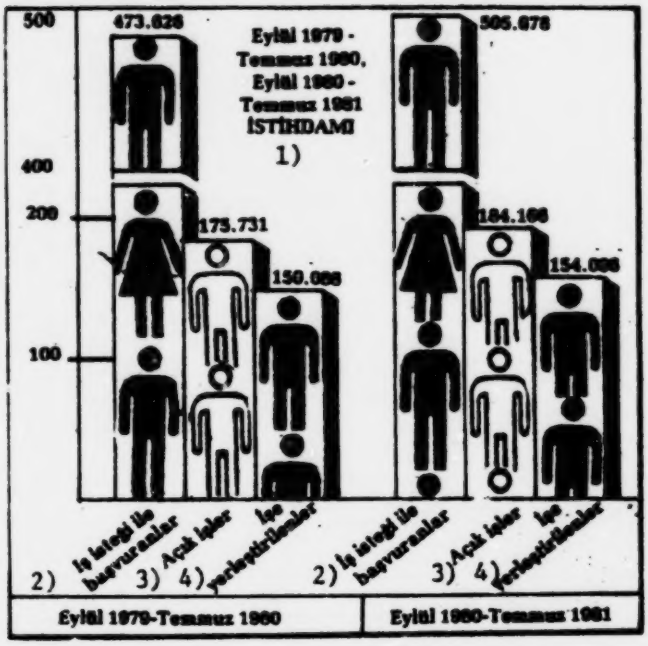
Total Deposits, Credits

Between 12 September 1979 and 14 August 1980, total deposits were 585.3 billion liras. During the same period from 1980-1981, deposits rose to 1,039 billion liras. Therefore, the volume of total deposits rose by 77.5 percent.

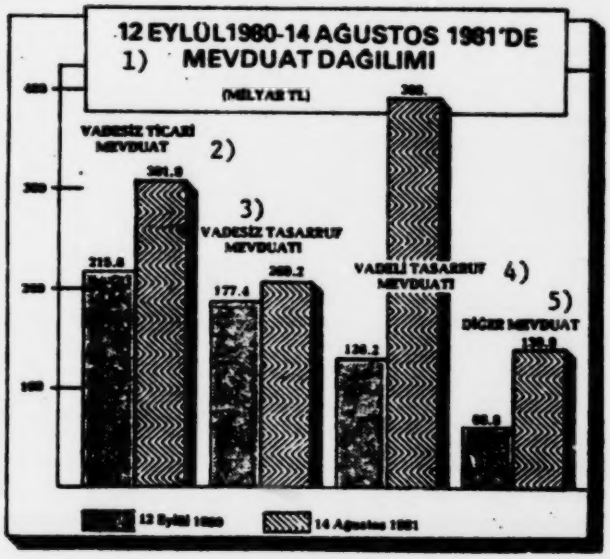
The increase in credits amounted to 64.1 percent. From 12 September 1979-14 August 1980, credit totaled 610.2 billion liras and, for the same period in 1980-1981, rose to 1,000,017,000,000 liras.

Production Increases for Various Goods

Goods	Unit	Sep 1979-July 1980	Sep 1980-July 1981	Percent Change
Electricity	GWH	20,810.2	22,127.6	7.8
Cement	1,000 tons	11,076.5	12,871.6	16.2
Paper	tons	264,430.0	312,565.0	18.2
Iron ore	1,000 tons	1,725.8	1,853.1	7.4
Molten steel	1,000 tons	2,069.0	2,129.5	2.9
Lignite	1,000 tons	11,288.1	13,540.5	20.0
Hard coal	1,000 tons	3,360.5	3,540.4	5.4
Crude oil	1,000 tons	2,253.7	2,120.7	5.9
Gasoline	1,000 tons	1,807.8	1,624.7	-10.1



Key:
1. Unemployment September 1979-July 1980 and September 1980-July 1981
2. Job applicants
3. Available positions
4. Workers placed



Key:
1. Distribution of Deposits 12 September 1980-14 August 1981
2. Commercial demand deposits
3. Savings demand deposits
4. Fixed-term savings deposits
5. Other deposits

11673
CSO: 4654/175

SPO SETS 5-PERCENT GROWTH RATE TARGET FOR 1982

Istanbul DUNYA in Turkish 12 Sep 81 p 1

[Text] Ankara (THA)--It has been reported that work being conducted within the SPO [State Planning Organization] on the 1982 program is being accelerated.

According to information that has been obtained, a notice has been forwarded by the SPO undersecretary to each of the public enterprises included in the program requesting that, by 15 September 1981 at the latest, a report containing information about investments that will be part of the 1982 program, other activities, and appropriations requirements be sent to the planning office.

SPO officials announced that they are now determining the basic principles of the program and that, when the information on enterprises' investments and appropriations is received, they will begin to work on details.

Development Rate

Officials stated that the increase in the gross national product, which was set at 3 percent in the 1981 program, can probably be projected at 5 percent for the forthcoming year.

Officials reported that, although the growth rate for this year was predicted to amount to 3 percent, positive developments in production and other areas may result in a 3.6-percent to 4-percent increase. They said, "Therefore, it would be a correct decision to plan for a 5-percent development rate for 1982."

Program To Be Submitted

The SPO's work on the 1982 program will be completed towards the end of October. The program will be submitted to the Supreme Planning Council for its views and approval by the last week in October at the latest.

11673
CSO: 4654/175

THORN ON EC ISSUES, ACCESSION OF SPAIN

Madrid EL PAIS in Spanish 27 Sep 81 p 16

/Interview with Gaston Thorn, president of the European Commission, by Pablo Sebastian; place and date not specified/

> /Text/ Spain's entry into NATO "is a good thing" for Spaniards, the president of the European Commission and president of the Liberal International, Gaston Thorn, told EL PAIS in an interview in which he noted that Europe is staking its political future on the forthcoming summit meeting in London. Thorn asserted that the extension of the European Economic Community with the inclusion of Spain will be confirmed at that summit and also added that the Reagan administration is not involved with political Europe.

Question: The European summit scheduled for November 1981 is one where the heads of state and government of the European Communities will face an almost definitive test for the future of political Europe. What is your opinion about the possible evolution at this summit meeting of the "Ten," scheduled for 26 November in London?

Answer: The Community's internal problems are so serious that it is neither possible to think nor speak about an intermediate result or solution. We shall either win the European battle or lose it. We shall have either success or failure. We find ourselves at a crossroads where we must adopt political decisions rather than bookkeepers' compromises. Europe has always known how to react to its most serious crises such as that of the 1950's in the face of the threat from the East. In critical periods European political unity has functioned effectively. At present there is no way to articulate this solidarity around economic problems, which are as political as others, and there is a tendency to adopt preventive measures instead of examining things in depth. On its part the European Commission believes that this solidarity should be pushed to its extreme limits. I hope that at the London meeting Europe may take an important step forward. The recent statements by the German minister of foreign affairs, Hens, Dietrich Genscher, favoring European unity, foreshadowed this possible desirable result.

Question: Do you believe there will be an agricultural and financial compromise by the "Ten?"

Answer: As regards agriculture, the heads of state and government will limit themselves to deciding the general or principal lines of the reform and readjustment of the joint agricultural policy (PAC). The details of the various regulations will remain for the experts and ministers of the sector.

At any rate, this reform is part of a whole which is included in the need to launch the financial policy of the Community on new tracks, and this covers the budgetary problems presented by Britain. The EEC has to increase its financial reserves and do away with the 1 percent ceiling. For that purpose it must readjust and reorder its budget if it wishes to develop other policies on such issues as energy, technological research, industrial, regional, and social matters. Accordingly, it is necessary to reduce among other things the budgets of some sectors, specifically that of the agricultural sector which is overfinanced.

"The Paris-Bonn Dialogue Will Not Be Broken Off"

Question: At the London summit meeting new political elements will appear such as the break in the intra-Community Bonn-Paris axis and the resurgence of British nationalism. In what way can these issues impact on the London meeting?

Answer? I don't believe that the French-German dialogue is experiencing a rupture with the change in French presidents. Undoubtedly, personal relations count, but they are not definitive. Additionally, it is necessary to think in terms of greater ideological rapprochement between Francois Mitterrand and Helmut Schmidt, greater than used to exist during the administration of Valery Giscard d'Estaing. At any rate and as regards the so-called intra-Community axis, I am gratified that it is not continuing and that a tandem policy is not practiced. As president of the European Commission, I applaud Francois Mitterrand's decision to treat all European countries as equals. Regarding the resurgence of British nationalism I can say that this problem is not new. We have seen it on several occasions since Britain joined the EEC. In any case, I hope that the interest of the Europeans and of the British themselves, which coincide in my opinion, will win out once over the alternative of Britain's leaving the EEC as suggested by some sectors.

Question: How do you view U.S.-EEC relations, which have worsened since the arrival of the Reagan administration and have been in decline since the start of the economic recession in 1973?

Answer: It is certain that the United States has emerged from that crisis better than the European countries because, among other things, we lack energy resources. Accordingly, there is no question but that Washington is steadily less sensitive to the need to build a political Europe. Washington sees the fulfillment of its goals in NATO, the EEC, and the existing level of trans-Atlantic and intra-Community relations. It is also certain that the Reagan administration is less involved than previous administrations as regards the idea of a /united/ Europe. It is not a coincidence that President Ronald Reagan won his office on the basis of a new surge in American nationalism rather than other political premises. But on the other hand, the Americans are sensitive to European issues when they perceive some specific, economic American interest involved--for example, when we Europeans talk about imposing a tax on soybean oil.

"The EEC Must Speak of Security"

Question: How about relations with Eastern Europe in this time of present crisis? How do you see the Polish situation? Must the EEC intervene in European security issues?

Answer: We are concerned by the situation in Poland and it is necessary that we help that country but without getting involved in its internal affairs. We hope that the Soviet Union will shun all forms of political pressure or intervention in Polish territory. Of course, the Community organs must be concerned by the issue of East-West relations. European security is a topic which should involve the European Community, political cooperation,the European Commission, and the European Parliament in the same way that issues affecting the European arms industry are matters of proper concern to the EEC. Other issues which naturally do not properly fall in the Community orbit are strategic or military issues.

"The Council Will Favor Extension"

Question: Regarding Spanish-Community relations, does the president of the European Commission hope for a positive reaction from the next European summit? Do you believe that the Council of Europe will make a political and technical declaration that would guarantee basic progress in agricultural negotiation? How do you see the constantly contradictory reactions of the French Government?

Answer: Of course I hope that the Council of Europe in London will come out in favor of this second extension of the EEC. I believe that that is very likely even though the normal thing would be for the Council not to enter into technical details or the management of the negotiations. In the latest Council of Ministers' meeting of 14 September 1981, an important step was taken in the direction of breaking the negotiating impasse even though it is known that pending problems must still be resolved such as intra-Community agricultural problems. These are problems of the EEC "Ten" themselves. The sooner the problems are solved in the field of the Community, the sooner will the road be cleared for rapid progress in the negotiations. The statements of the members of the French Government are full of this idea which President Francois Mitterrand has already expressed, noting that France wishes to have a solution of its agricultural problems beforehand. As regards the European Commission, we are in favor of progress in negotiations to complete the membership process by January 1984, as Vice President Lorenzo Natali noted.

Question: The government headed by Leopoldo Calvo Sotelo has initiated the process of Spanish membership in NATO. How do you view this initiative? Do you believe that Spanish membership in NATO can enhance its negotiations with the EEC?

Answer: I believe that Spanish membership in NATO is a good thing because it increases Spain's links with several European countries in the realm of defense. Today it is very difficult to think in terms of individual defense. I also think that this step will help Spain not to be isolated by the Pyrenees but rather encourage it to look toward the south and the Atlantic in search of Latin America. In this way Spain will be better integrated with the other European countries.

As for NATO and the EEC, it should be noted that these organizations are different and that one set of negotiations should not interfere with the other. Incidentally, Ireland is an EEC country but is not a member of NATO. However, a favorable psychological or moral attitude toward Spain may be possible in some countries because it has gotten closer to NATO.

Question: As president of the Liberal International, how do you view the situation of the Spanish liberals? Would you favor a realignment of the Spanish liberals?

Answer: I am naturally prepared to do all I can for the coordination of Spanish liberals. The Democratic Center Union /UCD/ is a very complex party which must clarify itself from an ideological viewpoint as soon as possible. Otherwise, on the day that Spain joins the EEC the Spanish representation of this party will remain highly dispersed in the Community institutions. Imagine, for instance, on which committees the liberal, Christian democratic, or social democratic deputies of the UCD would sit in the European Parliament. They would lose power and influence.

2662
CSO: 3110/9

LOWER SAXONY SPD PREPARES FOR ELECTION IN 1982

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Sep 81 p 6

[Article: "Ravens Sees Long-Term Chances for a Change in the Hanover Government--SPD Introduces Its Platform: Moderate Educational Policy"]

[Text] Tgn. Hanover, 16 September--According to Lower Saxony's SPD Party and Parlimentary Fraction Chairman Ravens, the SPD, opposition party in the Lower Saxony Landtag since 1976, has a good chance to replace the CDU government under Albrecht which has not reached its goals compared to the promises it made. Ravens, who was designated as the SPD top candidate, confirmed in Hanover on Wednesday, "We are prepared to take over governmental responsibilities after the Landtag election in the spring of 1982." The leader of the opposition introduced a copy of its "working platform for the coming four years," the next term, which the leading SPD bodies have now presented for discussion in the hope of obtaining the blessing of the party convention which is to take place in Hanover in March.

The platform entitled "Working Together--Living Together" prepared by former Minister for Education Professor von Oertzen, the father of the SPD "'85 Orientation Guidelines," and Parliamentary Fraction Business Chairman Scheibe, startes with self-criticism. Von Oertzen stresses that even the Social Democrats do not have any pat solutions, had made mistakes in the past and would not function faultlessly in the future. He further states that the SPD does not deny its good will and sincere intentions to the CDU, but, von Oertzen claims, it is obvious that the "Albrecht policy," announced with such exuberance, had failed. According to von Oertzen the SPD has to come to conclusions due to this fact and also due to former mistakes of their own and "develop a policy which is more realistic and modest than the government policies pursued so far, but nevertheless, or better because of this, more effective." He states that this is based on the understanding that conventional means of solving social and political issues, i.e., setting a portion of the growing wealth aside and redistributing it in the form of additional government funds, have become almost impossible and are no longer feasible.

As its top priority the program specifies economic and structural policies which will utilize the scarce public funds to strengthen the economic power of the Land according to a fixed plan. According to the platform, securing jobs, creating new jobs, securing training slots and improving the performance and competitiveness of industry, commerce and trade are the most important goals. It further states that the economic policy of the Albrecht government has been characterized by coincidences. Therefore future economic and social opportunities in specific industries

and regions have to be systematically projected. The platform calls for periodic "labor market conferences" during which all those participating in the economic development (entrepreneurs, employees, trade associations, chambers of commerce, trade unions, labor offices, communities and the Land) would cooperate, exchange information and coordinate their individual plans.

According to the platform, the budget and financial policies are to be geared at reducing the debt of the Land which increases every year. Tax cuts would not be feasible in the coming years due to the necessity to broaden again the basis for political action; any new laws providing for additional expenditures has to be limited with regard to its term of application and examined as to whether it is still justified upon expiration of this term. A commission of experts is to screen the statutory obligations of the Land assumed so far and othe legal liabilities, so the platform and a reduction of benefits and cancellation of subsidies should not be ruled out. If required by the overall economic situation, however, job-creating government investments improving theemployment structure would have to be made possible in spite of tight finances. In this context it is reaffirmed that the SPD is committed to the programs financed jointly by the federal government, the Laender and the communities and that the party will insist on "proven community tasks."

The 82 theses of the SPD platform stress a number of energy issues. They specify measures for energy conservation and for the intensification of energy research and give top priority to domestic coal in the generation of electric power over all othe sources of energy. The construction of small, non-polluting coal power stations is specified, while the extension of nuclear energy is denounced. It is stated, however, that limited reliance on nuclear energy is necessary at this time. For this reason the light water reactors already in operation should continue to be operated as long as is necessary for reasons of securing the power supply. The platform advocates a continuation of the construction of the Grohnde nuclear power plant; with regard to the planned construction of the Lingen II nuclear power plant it specifies an examination as to whether its location near the border to the Netherlands may be an argument against the plant's construction. The SPD intends to reject the construction of additional large power plants or nuclear power plants. As advance measures of nuclear waste management, the party platform recommends the construction of the fuel element silo in Gorleben and, furthermore, the investigation of the Gorleben saltmine--or of other locations--as a final stock for highly radioactive waste. Regarding the question whether utilization of the former salt mine Asse II and the closed iron ore mine Konrad as a final stock for slightly radioactive waste is possible, the SPD insists on prior plan assessment proceedings. The part of the platform entitled "environment," which is just as comprehensive, reveals that the SPD, as the FDP, wants all environmental issues to be dealt with by one ministry which would combine all of the responsible departments and agencies so that the "confusion of competences" experienced so far would be eliminated.

The SPD does not plan any major innovations in education. According to the platform, only those stipulations of the school law should be changed which impede the further development of education and limit the right of codetermination. The SPD will support the further development into cooperative and integrated comprehensive schools. These schools are to be authorized whereever parents, teachers and schools want them. The SPD will adhere to their old plan to gradually introduce free learning materials.

Regarding the educational policies of CDU Minister for Education Remmers, the platform notes that in essence Remmers did not implement "Albrecht policies," but "merely continued proven social-democratic policies to a large extent," e.g., full implementation of the orientation grade and development of vocational schools.

In an initial reaction the incumbent minister for education spoke of a "remarkable change in SPD educational policies" by coming closer to the "policy of detente" practised by him in the field of education. He stated that the SPD had blown its horn for pedagogical reassessment: It wanted to cast away, without ado, dear ideas which had been regarded trademarks of social-democratic educational policies until not too long ago.

9544
CSO: 3103/447

VAYRYNEN-KOIVISTO FIGHT SEEN WORSENING PRESIDENTIAL VACUUM

Stockholm DAGENS NYHETER in Swedish 12 Sep 81 p 2

[Editorial by Olof Santesson]

[Text] The announcement from the president's office must have come as a minor shock to Finland's people.

For the first time during his 25 years in power, Urho Kekkonen was forced to go on the sicklist and surrender his post for a month. This naturally comes as a reminder that the president is an old man--81--and it should put an end to further speculation concerning the possibility of his being able to continue his political work for another 6-year term after 1984.

One immediate result of the president's sick leave due to a bronchial infection is that the week-old cabinet crisis is regarded as having been removed from the agenda.

A continuing lengthy cabinet crisis would have caused serious disturbances in the Finnish political system, considering the way in which the situation has now developed. Finland's president ordinarily remains outside of--or rather, above--the day-to-day problems of domestic policy and the more routine conduct of government. His extraordinarily great authority is reserved primarily for foreign policy--or what is now most often called security policy--and important appointments.

But everyone is aware that President Kekkonen has expanded the traditional role. His long period in power and his great personal importance in insuring favorable neighborly relations with the Soviet Union have made him a giant in Finnish politics. His special position unfortunately has a reverse side in that the parties have declined as instruments in the policy for well-being and national survival.

Many people have said that the president has wielded too heavy a hand in the administration, and of course, there is some truth in that assessment. It is certain in any case that thrashing out (or scheming for) a solution to the problem of Finnish governments has not been possible without taking Kekkonen's views into account.

The way things have worked out in practice, a prolonged crisis now would place ultimate political responsibility in the hands of Prime Minister Mauno Koivisto, a Social Democrat, who according to the constitution is acting president. According to public opinion polls, he is a politician who enjoys great popularity among the people, and he must be regarded as a public favorite in a future presidential election. But as

a temporary replacement for Kekkonen, he would find it hard to act as a stabilizing influence during a cabinet crisis. All the more since the crisis is concerned precisely with his personal success with the public more than with anything else.

It has not been very edifying to see Kekkonen's old party, the Center Party--long the country's government-supporting political force--in the role of a possible splitter of the government. The party chairman, Minister of Foreign Affairs Paavo Vayrynen, naturally has his own view of what happened. But all too many observers have been sharply critical of his decision to suddenly rip apart an agreement on next year's budget. It happened in a situation in which all the coalition parties--the Center Party, the Social Democrats, the Swedish People's Party, and the People's Democrats (communist)--had in fact already completed their work on the budget.

The most reasonable explanation for Vayrynen's conduct is, unfortunately, that in a purely destructive spirit, he wanted to destroy Koivisto's reputation as the successful leader of a government that has already been one of the longest-lasting in the country. It was a matter of preventing the Social Democrat from consolidating his position as the leading candidate to succeed Kekkonen as president.

It has been said in some Finnish commentaries that Vayrynen has gone at it so hard that he probably will not be able to retreat with his prestige intact. Many have also felt that if Koivisto's coalition collapsed, it would be the end of all the cooperation between the Center Party and the left that Kekkonen once guided into place. Instead, the Conservative Party would move into the government fortress as a new cooperation partner.

Koivisto reacted to the crisis, however, in his usual slightly mumbling and philosophically longwinded manner. In this case he eventually made a move; in other situations, he is usually able, by being (ostensibly?) irresolute, to outwait less patient adversaries. And Vayrynen also seems to have backed down in the past few days. Instead, it was the People's Democrats who had the strongest objections to the new budget arrangement. Finally, under pressure because of Kekkonen's illness, it was possible to force through a decision under which everyone had to give up something.

But that solution must taste especially bad to Vayrynen. His failure may give him problems within his own party, where revenge-seeking supporters of former party chairman Johannes Virolainen are looking for opportunities to exploit his weak points.

But the most serious victim of the affair is the general reputation of Finnish politics. Cooperation within the government may have been tough work, but the way it worked out, Finland has been quite successful in weathering the recent difficult years in the industrial world. An inexperienced and ambitious party leader has jeopardized all that. For the time being, the cabinet is surviving. But it appears in a poor light.

An almost split government is not much to build the future on. The day will come when Kekkonen will not be there to put everything right.

11798
CSO: 3109/1

DECENTRALIZATION: REGIONAL ROLE, ENERGY, EMPLOYMENT

Paris LE MONDE in French 9 Sep 81 pp 1, 10

/Interview with Michel Rocard, minister of state for economic planning and development, by Francois Groscrichard; date and place not specified/

> /Text/ Michel Rocard, minister of state for economic planning and development, explains in his interview with us the economic development policy he intends to carry out in this period of "economic slowdown," and how he has set about preparing the interim 2-year plan (1981-82) and the 5-year plan which follows it. He gives particular emphasis to the decisive role which, in his opinion, the regions should play in planning, and beyond that, in enlivening French economic life.

/Question/ An economic development policy is a means of distributing growth more harmoniously; what happens, then, when this growth declines or in a period of crisis?

/Answer/ It is true that when growth was rapid, every year saw a clear surplus of resources, we had prospects to create jobs and build new productive capacity. The state was able to exert a strong influence on industrial siting, and to use this control over location as a decisive instrument--probably the most important--in its regional activities.

The basic criterion of such a policy must be national solidarity, and it must function to correct imbalances, redistribute resources and the possibilities of enrichment. Such a policy should be continued, but it is true that during a period of economic recession--a term which I prefer to that of "crisis," for we are in the midst of a change, a real transformation, and we will not be coming back to the rapid growth we saw before 1970--it must rely on new elements.

The first is that every year the creation of surplus jobs and "available money" declines. Secondly, the employment situation is getting worse almost everywhere in the nation. Thirdly, we find ourselves facing a special kind of economic calamity, namely the serious crises in certain industries affecting large geographic zones: Nord-Pas-de-Calais, Lorraine, the Saint Etienne and Alex basins, to cite only a few examples.

In the face of this situation, the government's concept, and my own, is to complete the policy of solidarity, which involves correcting inequalities between various parts of the country, and with a second aim of masterminding regional life.

/Question/ These themes were already elaborated by previous governments....

/Answer/ They rarely got beyond the stage of discussions: Often the resources needed to implement them were lacking, and they were not accompanied by the necessary structural reforms.

The best example of reforms which were not carried out, and without which regional development was paralyzed was that of the excessive centralization of the French politicoadministrative apparatus. Regional, or rather territorial, economic development--freeing it from the confines of a specific administrative compartment--involves giving each territorial zone concerned the best possible chance to make the most of what it has. And by resources, I do not mean only mineral, agricultural, or forest resources, but also those which come from industrial experience, intellectual traditions, history, culture, and human resources, skills, financial resources.

In many cases, when one analyzes the difficult or tragic situation faced by some particular part of the country, one finds a constricting bottleneck which must first of all be overcome. Here it might be a problem of road, raid, or telephonic links; somewhere else it may be a problem of vocational training. In other areas, resolving the situation may entail opening up a good department of advanced research at the nearest university, etc. The case I am arguing is that French centralism makes it impossible to deal with these problems in the field in accordance with local priorities.

Now when a problem "gets back to Paris" and is dealt with at the level of the national bureaucracy, the criteria of decisions changes, and one begins to analyze things in terms of the balance of payments, of overall sectoral balance, of macroeconomic considerations, of potential exports, forgetting about the fact that what is at stake is regional equity for Bretagne, Limousin, or Lorraine.

This is why the task of decentralization undertaken by the government is an integral part of the economic development policy.

Support Interregional Projects

/Question/ Does it seem to you that the regional framework is better able to implement this policy, or would you prefer to act in the framework of the department or the large regions?

/Answer/ The essential thing is to respect the complexity of life, to remain flexible, to avoid being too rigid. Many things may be done in the framework of the municipality, taking into account the fact that many of them are too small to take significant action, especially in the rural sector, where it will require intercommunal action to put in place the indispensable equipment and infrastructure. In the urban sector, control over land and its use belongs in theory to the mayors: They must be given real decision-making power and the means to utilize their resources more directly and more completely.

In order to put in place major transportation, research or banking infrastructures, I think, with the rarest of exceptions, that the department is too small. It is at the regional level, and somet mes even the interregional level, that these questions must be resolved. Thus, for example, there is the financing problem. We realize that a regional financial institution must draw support from a sufficiently broad geographic area in order to do business on a scale sufficient to enable it to devote a portion of its commissions to the funding of a research department, an inquiry service, which will be all the more cost-effective because it will have more extensive use. This is why the Western Participation Institute is composed of three and a quarter regions (Poitou-Charentes, Pays de la Loire, Bretagne, and then the department of La Manche and the department of the North, even if it is supported by two powerful departments, is probably not of sufficient scope.

In short, I believe that the regional level is the right one, on condition that we encourage interregional projects wherever necessary. We are going to give the region a very big role. Financial and research authorities must come under the regional authority, which should then have jurisdiction over a precisely determined area--it may be necessary to consider whether some of the regional lines should be redrawn--but whose jurisdiction must on no account be exclusive, in a way that would impede any kind of interregional projects. I am a strong believer in the role of social leadership that the department can play; on the other hand, I am skeptical of the role it can play in overall economic leadership. When we discuss the respective jurisdictions of the different territorial entities, we will certainly have to clarify these differences.

/Question/ How are relations between the regions and the state going to be handled in the preparation of the 2-year plan?

/Answer/ The main thing we expect of the regions is imaginativeness, suggestions, not only as to the substance of the plan but also on procedures and on the articulation of their relations with the state.

As for the 2-year plan, we do not have enough time to organize a more intensive dialogue with the regions, and most especially we do not have enough time to establish real regionalization of planning. I keenly regret this. But the government wanted to have by the end of 9 months of administration--and this was a very wise decision--a framework for the years 1982-83, to put into coherent perspective the activity of the various ministerial departments, and if possible, all governmental action in the medium term. The short deadlines we have been given prevent us from involving the regions as deeply as we would have liked.

The survey which nevertheless we have decided to carry out, by sending a questionnaire to the various regions will give us first of all some clarification as to the major concerns, with regard to the national policy of regional encouragement. It will also enable us to get an idea of the procedures desired, which can be put in place for the 5-year plan, the true plan, which will indeed be a regionalized plan.

/Question/ In the 5-year plan, will the contributions of the regions then be much better coordinated?

/Answer/ Absolutely. And investigation into methods of elaboration of the 5-year plan is going to begin in November. A committee to consider ideas will be set up in the days ahead. The regional dimension will in this case be quite crucial. It is going to be necessary first of all to factor in all the new elements brought in by the decentralization measures Parliament will have passed, and to derive from them new ways in which the function of correcting interregional inequalities will be carried out in the plan and in regional activity. We will also have to find new forms of incentives. While being more autonomous, the regions will be no less disposed to launch pilot projects. And many agencies of the state, relieved of the administrative functions which will have been transferred to the regions, will nevertheless want to continue to take the initiative, to continue to think up new policies, or, quite simply, to note that intelligent and innovative things are being done in such-and-such a region and to suggest that they be imitated elsewhere.

In any case, I have already announced that the activities of FIDAR (Interministerial Rural Development and Administration Fund created in 1979) would be very broadly decentralized. Also, in the 1982 budget, a supplementary appropriation of Fr300 million has been allocated to the 3 regions of Grand Sud-Ouest: it will be used in accordance with the priorities indicated by the regional assemblies.

To Help Small and Medium-Sized Enterprises /PME's/

/Question/ You were elected from Ile-de-France. What pilot project could that region launch in 1982, in your opinion?

/Answer/ I am now a minister, and I do not want to seem to speak for the regional authorities of Ile-de-France. In a general way, I think that in areas such as energy, jobs, cultural policy, that as soon as there is more autonomy and less bureaucratic obstruction, many things will be possible. In the field of energy, there is for example a huge problem, namely the rationalization of our energy consumption. How can we stop wasting into the atmosphere the heat which is not fully utilized in our oil-fueled, coal-fired, or nuclear electric generating plants? This is the kind of thing that should be studied in programs which are nationally promoted and supported but whose applications are basically regional. It is the same with employment.

The central government of a country of 55 million people is a cumbersome institution, which can deal with large issues and, indeed, deals with them fairly well, for example the problem of its relations with big industries. But there remains the vast field of enterprises with less than 2,000 wage-earners, which is too often subjected to impersonal procedures, statistics, and is never dealt with on an individual basis, when trying for example to get action on a building permit, a special subsidy for innovations--a declaration of temporary emergency.... The state is in many cases too centralized seriously to notice affairs on that scale, which, I think, should benefit from more flexible and effective regional programs. This applies as well to strong and dynamic regions such as Ile-de-France and Alsace.

I would add that one of the first things to do in this field is to distinguish between the small enterprises (fewer than 50 wage earners), which are largely handicrafts, and true medium-sized enterprises, where one gets into industry, and where problems of growth, innovation, the injection of new products, present themselves in a quite different way. This is a sector we handle poorly, but it is a major pillar of the French economy and one which can play a critical role in terms of jobs. This particular sector must be handled in a particular way with respect to the assistance system, relations with research, export capabilities.

You have, for example, a great number of highly productive PME's whose products would be perfectly good for export if we helped them. France has not given birth to the equivalent of those private Japanese or English enterprises which make a business out of buying any product that can be sold abroad and then later work out questions of insurance, foreign trade legislation, transportation, after sales service. This is one of the fields in which the public authorities--and, in my opinion, the regional public authorities--could work with the PME's.

/Question/ With respect to the organization of your ministry, it has been noted that you very rapidly named--after your arrival--a commissioner general of the plan, but that since the departure of Mr Chadeau, there is no longer a regional development representative. Does that mean that regional development is less important than planning?

/Answer/ I would remind you first of all that in reality Mr Chadeau only took up his duties at SNCF /French National Railroads/ as of 1 September, and that he remained the acknowledged general representative of DATAR /Delegation for Territorial Development and Regional Action/ even while continuing to be the prime minister's adviser. But above all, taking into account the disuse into which the French planning instrument had fallen under previous governments, as well as the limited scope and at the same time the urgency of preparation of the 2-year plan, it seemed to us that it was possible to put back into service the planning tool we had inherited. Then, we can transform the planning commission to tackle the real planning that will be carried out for the 5-year plan.

On the contrary, DATAR is going to go through profound changes in any case. Part of the activity of encouraging and spurring regional economic development is going to be decentralized to the regions. We cannot yet specify which ones; this will depend on the distribution of jurisdiction between local communities. The nature of the services is going to change: of course, they will continue to administer the national appropriations for territorial development, and I consider that this function remains a basic one in governmental activity, but, as for the rest, they will have to play a role that is more one of a guide and instigator than of direct administration. This will greatly depend on the provisions of that law.

On the other hand, it goes without saying that the strongly expressed resolve, which I share, to give national planning a much more strongly marked regional character will call for a very substantial modification of relations between the plan and regional activity, and thus between the plan and DATAR.

Who is going to do what? That will depend both on the contents of the decentralization bill and on the nature of regional planning activity which will come out of our deliberations this winter, and which will be basically methodological. Certainly, no one expects that all this work will be carried out in order that a new head of DATAR can be named; you must clearly understand that the planning commission is one thing, but the naming of the new head of DATAR is something different, and presupposes the resolution of, or at least approximate solutions to, a number of structural problems and the articulation of responsibilities. DATAR will not be the same after the decentralization bill, and it will not be the same from the standpoint of more regionalized planning. But for all that, we must not curtail or try to eliminate DATAR: that organization, which employes technicians whose value and creativity

commands my respect, has suffered greatly from the poor reputation of the policy of which it was an instrument. DATAR must be changed, without being dismantled, in order to make it into a tool for a policy of regional action which will be even more extensive than at present. The function is surely going to change somewhat in nature, but the authorized role of the organization simply has to grow.

/Question/ Therefore, no new representative in the weeks to come?

/Answer/ Actually, yes, I hope to be able to propose the nomination of a new director to the government in the near future.

/Question/ Do you think that the launching of the big public works projects (the Rhine-Rhone canal, TGV...) will have the effect of stimulating economic activity in an inflationary manner? Do you support it?

/Answer/ Big public works projects are always liable to stimulate certain activities and I am in complete support of these kind of projects, but not for dogmatic reasons. I do not believe much in national workshops or big public works projects simply for the sake of big public works projects. On the other hand, I do believe that in France there are very serious deficiencies in equipment, and a number of jobs might be created that respond to very real needs. The big question is the one posed by the reestablishment of economic balance, and a big public works policy would pose fewer problems if the overall economic balance were better. But here we run into several constraints, of which I will certainly have to speak if I am to give a complete answer to your question.

The first constraint is external. I use this word even though I do not care much for it, because among certain people it is an alibi for doing nothing, or for believing that one can do nothing. External constraints weigh heavily on us, which is precisely a good reason for taking strong action. What does this mean? It means two things. First of all, given the international division of labor, 22 percent of our domestic consumption is imported, and parenthetically, when consumption improves, when there is an acceleration in the rate of growth, imports increase much more quickly than domestic activity; this poses very serious threats to our external balance.

The second aspect of this constraint: France, in the current condition of its balance of payments, can hardly sustain a domestic growth in its economy 1 percent greater than the average growth rate of our major trading partners.

The Energy Bill

/Question/ Is that what we are going to do in 1982?

/Answer/ Predictions are hard to make, for we are in a period of serious monetary imbalance, but it is probably what we are going to do. To resolve our employment problems, in a country where, I mention in passing, the demographic situation is slightly less discouraging than that faced by our European partners, the real solution would be to be in a position to allow an average growth rate of 1.5 to 2.5 percent higher than that of our principal trading rivals. Now this implies one fundamental prerequisite: that we import less energy.

/Question/ Is the cost of imported energy so important?

/Answer/ Yes, but I would be mistaken to speak only of energy. What we have to do is work things so that our growth in general is less heavily import-dependent.

I am not pessimistic on this point. We can do many things in this field, particularly big public works projects, but not simply for the sake of putting people to work without regard for considerations of economic balance. If we made more systematic use of thermal effluents--that is, the heat released by all our electric generating stations, both nuclear and thermal--for urban heating, and industrial heating, we would import less oil and we would probably create more jobs. The most difficult aspect of this is convincing the users.

The second program, even bigger in scope, concerns the rehabilitation of France's buildings, the country's real estate heritage, both public and private. We know that by better insulation of buildings, we would make really significant savings. Unfortunately, the average quality of this housing is such that it is sometimes uneconomical to bother with it just for the sole purpose of thermal insulation, and it may be preferable to engage in a policy of general rehabilitation of this heritage. That of course would provide the opportunity for creation of up to 100,000 jobs, without affecting the balance of payments, since the two activities which I just mentioned do not require much imported material.

/Question/ Let us go back to the 2-year plan. The plan is not a typically socialist idea; it was instituted some 40 years ago, by men like Jean Monnet, who would not necessarily have given Jaures as a reference. Where does the socialist concept of the plan currently supported by the government differ from that which prevailed in previous years?

/Answer/ The reference to Jean Monnet is fitting. He created the French plan, and he accomplished a great deal. This underlines all that we owe this man, whose approach was before anything else pragmatic. Jean Monnet "deidiologized" planning, and that was not so bad.

Let us make one thing perfectly clear right away. The 2-year plan is above all a transition program, quickly prepared, but essential. I hope that we will carry it off well, but this plan has no horizon, no legal basis, no regional dimension, no intensification of dialogue among the various social partners--in short none of these characteristics which a real plan should have. It is a quick exercise which is going to try to make government's interministerial action more consistent and to sketch out the broad lines of a macroeconomic accord among the social partners. This plan will also try to lay the foundations for all the first steps that presage the long-term policies which we socialists have outlined in our political campaigns. When we were the opposition, we put the emphasis on the slogan, "change living conditions." And France, it is true, is a country where life could be lived so much better, if the structure of our lives were less impoverished, better urbanized, if there were more emphasis on beauty, if our urban transportation were better organized, if green space were more extensive, particularly in the Paris region....One sees here an overriding policy of moving toward a more harmonious structure of life, and this will take a great deal of time.

Subjects Covered in the 2-Year Plan

/Question/ Will that be a major subject in the 2-year plan?

/Answer/ You know, the minister of planning is in this regard the editor of a collective debate. I hope that improving the overall quality of life will be a major chapter of the plan, assimilating what the ministers and their agencies, and the social partners, through the commission debates, will have put together in the incredibly short time given to them.

For my own part, I hope that our society is also changing in another direction. The increasing leisure time at the disposal of today's men and women is a very new factor. What should be done? Leisure time in a society where the economic structure takes no responsibility for it, where the environment isolates people from each other--this leisure time is time which is often used for private consumption, which leaves people in almost complete mental and emotional solitude, which makes them greedy for money to be able to pay for this kind of consumption.

All that is well known. We are going to take a basic leap of faith with respect to such problems. Can we create leisure time that is more convivial, which does not mean collective, but quite the opposite? Leisure time that is more culturally enriching, assuming that it is desired, not imposed? Can we make it possible for people to take vacations that provide the opportunity not only to view landscapes but to make the acquaintance of different people, different stories, new experiences?

Behind all these "policies" there are very concrete problems: the staggering of school breaks, spreading out the peak season, basic prerequisites for French tourism to become an intelligent tourism. The minister of leisure attaches a great deal to vacation payments. He is right. But the vacation payment can be either the best of things or the worst. It may encourage quantitative leisure, "gadgets," and encourage the phenomenon of peaking; it could also play a positive role in a policy of staggering leave, of promotion of a new kind of social tourism, of learning about other people through relaxation and recreation, of access to other forms of culture, etc.

It is clear that the 2-year plan will not consist of the description of a certain number of thoroughly studied measures that are ready to be financed and implemented. But it may be the herald of accords which may be concluded between the different ministers and the social partners on the broad directions and on a few preliminary measures. The plan will have to have a strong cultural component.

I will give you another example. Computerization plays a controversial role in French society. First of all there is the fear that it will result in the elimination of jobs. However, it has been the experience of many, such as Japan, and also it is a matter of commonsense, that there are enormous positive offsets to these initial inconveniences, and that an immense number of things become possible as computerization becomes a more integral part of society. Even at the start in daily life, where it can provide access at home to multiplicity of services and thus increase free time.

The organization of this solution presupposes a convergence of the industrial strategies of the ministries of PTT /Posts and Telecommunications/, Information, Research, and Industry; it implies that research will be applied not only to technology

and industry, but will also take into account the social and human consequences of computerization, that the national Ministry of Education faces up to the fact that its relationship to the computer field is not merely one of training professionals, but also involves acculturating the new generations of French young people to computers....

This, typically, is what the plan should cover. With a subject as vast as that of the computer field, I do not think that the 2-year plan--for we are too locked into deadlines--will be able to concern itself in such detail with the implementation. But this plan will not only bring coherence to decisions already made; it will also contain the enunciation of interministerial policies such as the one I just mentioned. We must regain the sense we had in 1945 of the great planning adventure: draw out the broad lines of a great national scheme which specifies the fundamental points around which the French desire for change will be focused, make the plan more than just an economic document--in other words, make it also a social and cultural document--by making it the focal point of dialogue and the social compact. This is what is required, if the citizenry themselves are to take into their own hands the social transformation in which the country is engaged.

9516
CSO: 3100/974

POSSIBLE DEN UYL SUCCESSOR VAN DER LOUW PROFILED

Rotterdam NRC HANDELSBLAD in Dutch 16 Sep 81 p 3

[Article: "Van Der Louw Clever And Nice Too"]

[Text] Andre van der Louw's traditional summer vacation in Italy with Jan Nagel--an old friend from his days with the VARA [Labor Party Radio Network]--was very nonleisurely this year. During this vacation the Rotterdam party members and friends Meyer, Kombrink, and Peper were regularly on the telephone to exert pressure on Van der Louw to become a member of the second Van Agt government.

The man, whose appointment to mayor of Rotterdam 7 years ago almost led to a government crisis, finally relented. Finally, because he would have preferred to remain mayor of Rotterdam. Moreover, after he came back from vacation it looked as if the cabinet could not be assembled.

Aversion

Especially that Sunday in August, when Van Agt made it again clear on the AVRO [General Broadcasting Association] network that the PvdA [Labor Party] would have to relent on financial and economic matters, Van der Louw's aversion towards a Van Agt government could clearly be felt. In The Hague's Cafe De Sport where Ed van Thijn and Wim Meyer were celebrating their birthdays, a disheartened Van der Louw remarked: "How can one work together with a person so fickle, so unpredictable?"

In The Government Nevertheless

What convinced Arie Andries van der Louw (nickname Andre, just 48 years old) that he had to join the government? His political friends, once known as the Steenwijk group, but now more frequently the Rotterdam Mafia, give us a few reasons. In the first place--although only expressed in secret because the man himself has not yet shown what he thinks of it--serious thought must be given in the next government period to party leader Joop Den Uyl's replacement.

These political friends believe that Van der Louw would be in the best position to make that promotion from a cabinet post which has allowed him to see how The Hague formulates its policies. Rotterdam is too far from the center for a promotion to party leader.

The second reason is that the Rotterdam friends have great faith in the potential of somebody like Van der Louw to revive the Labor Party which will enable the socialist movement to tackle the problems of the 1980's.

People believe in Van der Louw's potential to unite and his instinct to know what is really going on, to guide the party and its voters through a period of more of this and less of that: of more foreigners and more discrimination, of lingering unemployment and new technologies.

Van der Louw was raised in a good socialist family as the son of a milkman of the Sierkan [The Ornate Pitcher], a typical enterprise of The Hague. Van der Louw has a MULO [High school] education, and is an enthusiastic AJC [Worker's Youth Center] member. He shared this enthusiasm with his predecessor in Rotterdam, Wim Thomassen, and he continued to believe in it, also when the AJC wasted away under the name Ruimte [Space]. That was at the end of the 1950's.

The traditional youth movement was completely dead, teenagers made themselves heard for the first time by wrecking the Houtrust Halls during a Lional Hampton concert. Rock music and Elvis Presley fascinated young persons considerably more than scout's uniforms and the red tulips of the AJC-Ruimte.

Youth Magazines

Van der Louw established himself then with the new wave of the youth mazazines TWEN, TABOE, and HITWEEK. He worked for the VARA and his political consciousness made him join the New Left which revived the Labor Party in 1966 with a lot of noisy activities.

Three years later he became deputy chairman of the party under the resurrected Anne Vondeling. Many older party members who looked upon themselves as party regents shuddered, but in the next few years Van der Louw's pragmatic qualities presented themselves without the loss of his colorfulness.

The following is a typical quotation of Van der Louw from the period when he was cramming to take over from Vondeling; it can often be found in the media: "Lots of people of the political left pursue politics as though they are after theoretical constructions. I, on the other hand, want to stress the fact that in politics one should always keep in mind that one is actually pursuing nothing other than improved human relations. That is what it is all about."

It is the period of the anti-KVP [Catholic People's Party] motion in the Labor Party, cranked up by persons as Lammers and Van Dam with whom Van der Louw can also get along very well; ever since October 1966 the Labor Party has been suffering from a post-Schmelzer syndrom It is also the period when people were thinking about regrouping the political left, through unification in a progressive people's party as advocated by D'66 [Democracy 1966] leader Van Mierlo, among others.

Bigger Party

In 1971 Van der Louw said: I am convinced that I should work towards a larger party for which socialism will remain one of the most important sources of inspiration. I am a socialist but I can also see that others pursue the same things as the Labor Party, however, based on their ideas of democracy or their philosophical convictions (D'66 or PPR [Political Party of Radicals] followers). I believe that a new party should recognize such diverse sources of inspiration leading to the same political decisions."

The progressive people's party did not succeed but there came a Den Uyl cabinet which nominated Van der Louw in 1974 for mayor of Rotterdam. KVP leader Andriessen and AR [Anti-Revolutionary Party] leader Aantjes were prepared to block this appointment. However, Den Uyl himself fondly remembered his cooperation as fraction leader with the sturdy party chairman Van der Louw, and made it clear that he was not going to give in to the leaders of the religious parties. Van der Louw went to Rotterdam.

Within a short time he managed to calm the tensions caused by his predecessor Thomassen in his own party and in the municipal council, mainly through pragmatic actions. He made a few mistakes, as when he tried to fly the red flag from city hall on 1 May, but he retreated orderly and carefully when resistance proved too great. Van der Louw appeared to have a good ear for what was stirring in city hall and in the city itself. He was an enthusiastic supporter of decentralization and stimulated life in the neighborhoods as best he could.

Outwardly it did not appear to bother him very much when he was depicted as for all that is bad in meetings of the Old West; he did what he could to stay in tune with action leaders in that old neighborhood.

Standing before the window he liked to show his visitors how much greener and human the Coolsingel had become. Less like a race track and more like a narrow road with shrubbery in the center and slowly moving traffic. Nice little touches for the people.

Trade and Industry

Rotterdam experienced a relaxed mayor. This relaxed attitude was sometimes taken for laziness but Van der Louw was fortunate in attracting good colleagues. Saskia Stuiveling's reputation earned her the position of state secretary of the interior.

Van der Louw's relations with Rotterdam's trade and industry developed with more difficulties. Van der Louw tried from the start to eliminate distrust for "that fellow of the new left." However, the first speech in which he explained what trade and industry could expect of him proved a disappointment. Business leaders did not react and remained silent.

It was found that the mayor was not seen enough around the harbor. The breakthrough of municipality, trade and industry had to wait till the 1978 trip to Peking. The confrontation between Van der Louw and the businessmen lasted many

evenings but was finally defused. Rotterdam businessmen still proudly claim that Van der Louw was then persuaded to see their viewpoint and from that moment on he understood what he could do for the harbor.

In national politics not much was heard from him. In cooperation with his friend Bram Peper he wrote a long and ominous article directed against the founding of the CDA and in 1977 there was his unfortunate intervention when the formation of the new government was nearly complete and the Labor Party had already been eliminated.

Minister Without Specialty

Van der Louw has nevertheless arrived at The Hague to follow and help determine national politics from the top floor of the tower of the Ministry of Culture, Recreation, and Social projects. It is clear that his party did not put him there because of his expertise in this field nor to devote himself exclusively to the management of this department which resembles a multi-headed monster. He himself is mum about the possibility of succeeding Den Uyl: in answer to questions on this subject he is quick to praise the Minister of Social Affairs and Employment.

He also assumed this attitude in 1979 during the sharp fight for the party chairmanship between Van den Berg and Meyer when he declared himself in favor of his personal friend Wim but simultaneously expressed great administration for his good acquaintance Max. That is Andre van der Louw: very clever and nice too.

10319
CSO: 3105

ELECTION ANALYSIS: NO BENEFIT TO LABOR PARTY FROM SECURITY DEBATE

Oslo AFTENPOSTEN in Norwegian 22 Sep 81 p 2

[Commentary by Helge Seip]

> [Text] Most comments on this year's Storting election have made comparisons with 1977, when a new Storting was also elected. It may be natural to get technically as much basis for comparison as possible. But if we want to study the development of the masses of voters in time, the question arises whether we would not get a more correct picture of when the changes took place by a comparison with the county board elections of 1979. They, too, were nationwide, and in all essentials involved party lists just as did the Storting election.

If we start with a 2-year perspective, it would be easier to evaluate the effects of the issues that have been in the foreground lately, among them the Alta demonstration, the oil policy, the abortion policy, and the fight over the security question that we have seen examples of. The change in the Labor Party's leadership falls in these 2 years, and we find the effects of the strong concentration on government alternatives during the election campaign. We may also wonder whether we are in a period when almost all parties have got so much "green" in programs and positions that the green wave is spreading thin as a party political movement. The voting development for both the Liberal Party and the Center Party during the last 2 years gives strong indications of that. At the same time we may wonder how much the blue [i.e., conservative] wave in parts of the country will change to the more intense dark blue on the extreme wing, and whether that is a tendency that will go further.

Both Big Parties

can show a somewhat better election result this year than in the county elections of 1979. But the gain made by the Labor Party was not significantly greater than the normal tendency toward a little bigger share of the vote in a national election than in a local election. Nor did it give more Storting seats than a direct calculation from the county elections would have given, albeit with a slightly different distribution of districts. The Conservative Party's continued advance added 3 new seats to the calculated 51 that would have been the result if the county elections of 2 years ago had been a storting election.

Party	1977		1979		1981	
	%	Seats	%	Seats*	%	Seats
Labor Party	42.3	76	36.0	65	37.3	65
Conservative Party	24.7	41	29.9	51	31.6	54
Christian People's Party	12.4	22	10.2	17	9.3	15
Center Party	8.6	12	8.6	14	6.7	11
Socialist-Left Party	4.1	2	4.4	2	4.9	4
Progressive Party	1.9	-	2.5	1	4.5	4
Liberal Party	3.2	2	5.3	5	3.9	2

*Calculated as if the 1979 election had been a Storting election.

In the center, on the other hand, the picture is considerably altered in a comparison over the past 2 years. There is the Christian People's Party which stays relatively stable, losing less than one tenth of its votes, while the Center Party loses a fifth and the Liberal Party more than every fourth voter. DLF [The Liberal People's Party] was halved.

At the extremes the SV [Socialist Left Party] picked up a few tenths of a percentage point, and the Progressive Party doubled its adherents.

A more direct comparison between the county elections of 1979 and the Storting election of 1981 is given by these figures for the parties that are represented in the storting [see the table above]. The percentages of the vote in the Storting election of 1977 are included in a column at the left.

The table shows clearly that the most important shifts between the two biggest parties came in the first 2 years of the parliamentary term. Both Labor and the Conservatives have increased by between 1 and 2 percent since 1979. The Conservatives most. In the last 2-year period the losses of the parties of the center are the most noteworthy feature. It looks as if they had lost much of the vote from the protest groups. On the other hand, the Progressive Party and to a lesser extent the Socialist-Left Party have gained ground.

In the individual districts, the Labor Party held on to seats in Vest-Agder and Finnmark that would have been lost after the county elections of 1979, while they lost a seat in Hordaland and Sør-Trøndelag. Both places elected SV candidates, and it was there that the SV party made gains.

The Conservative Party got extra seats by comparison to the county elections in Hedmark, Oppland, Vestfold, Telemark, and Nordland, while they got one place less in Rogaland. There the Progressive Party instead gained new seats. It is characteristic that the oil county of Rogaland has 8.1 percent Progressive Party voters, the highest percentage in the country. It is also characteristic that the election shows a doubling of the county population; even the newly elected representative recently moved in from Tvedestrand, in Aust-Agder. In Oslo, which also elected a storting member from the Progressive Party, the Conservatives have lost a little since 1979. There was a modest Conservative gain in Akershus, where the fourth Progressive Party member was elected.

The Christian People's Party has held its own best of the parties of the center. The party managed to elect the representatives on pure lists that the county election would have given, but there was no profit in the joint lists in Hedmark and Finnmark, which theoretically amounted to seat stealing.

The Center Party got off with losses in Akershus and Vest-Agder, and put up a joint list with the Liberal Party in Telemark that did not succeed; 22 percent of the party's 1979 voters left the party this year. The joint list in Buskerud succeeded in winning a Christian People's Party seat there.

The Liberal Party came out worst of the three, with its number of votes down more than a fourth, thus approaching the 3.5-percent level of 1973 (3.9 percent this year). The voting figure in 1979 would have given five seats; the party got only two.

As far as the Progressive Party is concerned, the big gain has come since 1979. The figures then would have yielded only one Storting seat, namely in Oslo. The The party had gains in all districts, but with the heavy weight where the four seats are.

For the SV the picture was much more shaded. The tenths of a percentage point that were chalked up as a net gain in the vote resulted in doubling the Storting group. And they were not far from gaining seats in Hedmark and Akershus, either. But at the same time there were losses in the percentage of the vote or a standstill in 9 of the 19 counties, including Troms.

The Alta Affair

obviously did no good to the parties that supported the activists. SV gained insignificantly in Finnmark over 1979. RV [Red Election Alliance] ran at 0.8 percent, or about the national average. For the Liberal Party there was a loss in votes of more than a third. That is relatively greater than the loss on a national basis. The Lappish People's List got less than half the voter support that it had in the county elections.

Foreign Policy and Defense Policy

Uncertainty about defense and foreign policy may have contributed to the fact that a few tenths of a percent of the voters switched to the SV, but the Labor Party cannot have gotten any advantage from the debate. Carl I. Hagen's support of the United States' neutron bomb decision and expressed wish for NATO forces to be stationed on Norwegian soil in peacetime evidently did not scare new voters away from supporting the Progressive Party. The voting figures in the old working-class district of Oslo indicate a good deal here. On the other hand, the Liberal people, with widely diffused attitudes toward defense policy, experienced one of the most important setbacks for the party. Apart from the halving since 1979 in Vest-Agder, there were none that came out worse than the two districts of Vestfold and Akershus, with losses of two fifths or near it. In Oslo the loss since the county elections was one fifth.

Oil Policy

The restrictive oil policy advocated by the Center Party and the Liberal Party does not seem to have won support, either. The unexpectedly great vote losses

for the two parties in Hordaland, Sogn and Fjordane, and Møre and Romsdal--the counties now particularly concerned in the oil exploitation--are partly due to this. For the Liberal Party the diffused attitudes toward the question of taking part in a government also had an effect.

The Abortion Issue

has been a problem both for the Christian People's Party and for others. The hard line also contributed to profiling the party, which got higher percentages of the vote than in 1979 in the Agder counties and in Sogn and Fjordane and held its own in Møre and Romsdal. Hordaland also held up relatively well, while the new setback in Rogaland was significant, and shows a new voter climate in that county.

Economic problems, taxes, bureaucratization, increased brutalization, and fear also affected people's voting. Then there was an election campaign fight that the two big parties fought largely between themselves, with good help from various media. Can that have been a good Labor Party strategy?

We got a marked change in the distribution of votes and in the composition of the Storting this year, and it seems equally sure that the voters are far more changeable than before. We heard much more criticism and talk about what the parties are against this time than for a long time past. At the same time the selection of the government was to a great degree a protest vote. The foundation for a change of power was laid even before the county elections of 1979. The shifts during the last 2 years had a tendency to go out toward the extremes, and the comments hitherto have not given enough attention to precisely that factor.

8815
CSO: 3108/2

IN AFTERMATH OF ELECTIONS ONLY 30 PERCENT CLAIM TO BE SOCIALISTS

Oslo AFTENPOSTEN in Norwegian 19 Sep 81 p 3

[Text] Only 3 of 10 Norwegians regard themselves as socialists, 4 of 10 say themselves that they are nonsocialists, and 3 of 10 place themselves right in the middle, according to this week's poll by Norwegian Market Data. The 1,300 interviewed, all over 15 years old, were also asked to place "their" party on the socialist-nonsocialist scale.

Those interviewed were shown a card with a point scale from 1 to 10, where 1 stood for "is strongly socialist" and 10 for "is strongly nonsocialist," and were asked the following question: "On this card is a scale that goes from one extreme on one side to another extreme on the other side. Where would you place yourself on that scale? The more socialistically inclined you are the lower the number; the more nonsocialistic you are, the higher the number."

In the table below we entered those who answered 1 or 2 as "very socialistic" and those who answered 3 or 4 as "quite socialistic." Correspondingly, we designated those who answered 10 and 9 as "very nonsocialistic" and those who answered 8 or 7 as "quite nonsocialistic." Those who answered 5 or 6 are entered as "neither especially socialistic nor nonsocialistic."

	All Those Asked	Including: Men	Women	Ages in Years Under 30	30-59	60 and Older
	%	%	%	%	%	%
Very socialistic	10	13	9	9	9	16
Quite socialistic	18	19	17	18	18	17
Neither especially socialistic nor nonsocialistic	29	28	31	28	32	26
Quite nonsocialistic	20	22	17	25	20	13
Very nonsocialistic	17	15	19	13	17	22
Do Not Know	6	3	7	7	4	6
Total in percent	100	100	100	100	100	100
Average point	5.77	5.60	5.95	5.74	5.82	5.72

We permitted ourselves to calculate the arithmetical average of all those who answered the question. For all those asked, we get an average of 5.77; i.e., a little way in on the nonsocialist half of the scale. As we see from the table, there are only slight differences in the answers sorted out by age and by sex of those asked. We find somewhat greater variations when we sort the results by the part of the country where the interviewees live. Those living in southwestern Norway are the most nonsocialistic, with an average answer of 6.23 points. Those living in Oslo and Akershus are most socialistic, with an average answer of 5.43 points.

In a corresponding study that was done in the spring of 1979 the distribution of answers to this question was much like that we found this year; all in all there are thus no great shifts in the population's views.

When we look at the results sorted by the political sympathies of those asked, however, we note first and foremost the great differences from party to party, but also shifts in time within the individual parties.

In the two studies those interviewed were also shown a card with a corresponding point scale with the extreme points "strongly socialist" (1) and "strongly nonsocialist" (10) and asked the following question: "And when it comes to the party you would vote for if there were a storting election tomorrow--where would you place that party on this scale?"

In the table below we have entered the percentage that answered "socialistic" (points 1-4) and "nonsocialistic" (points 7-10) to the two questions in the polls of 1979 and this year, sorted by the political sympathies of those asked.

Question 1: How do you place yourself?

	Labor Party	Socialist Left Party	Conservative Party	Christian People's Party	Center Party	Liberal Party	Other
% Socialistic							
1979	65	92	3	8	8	22	30
1981	59	83	2	11	2	18	35
% Nonsocialistic							
1979	5	0	79	70	50	40	39
1981	6	0	81	54	64	28	56

Question 2: How do you place your party?

% Socialistic							
1979	75	93	3	8	6	16	29
1981	64	89	2	10	1	12	33
% Nonsocialistic							
1979	6	0	86	74	64	35	42
1981	7	0	87	60	63	27	55

8815
CSO: 3108/2

CHRISTIAN PARTY LEADER ADMITS PARTY IN TROUBLE

Oslo AFTENPOSTEN in Norwegian 23 Sep 81 p 5

[Article by Thorleif Andreassen]

> [Text] Does the Christian People's Party want to be a religious sect or a political party? This is probably the last time we had a chance to get in a government position. There are disappointed voters and leaders who emphasize this in connection with the fact that the Christian People's Party chose not to take part in the government. Resignations and some statements that a new Christian party should be formed with a positive cooperative position contribute to a gloomy atmosphere in the Christian People's Party.

There seems to be a widely held view in the Christian People's Party that the poor election results were due to the party's unclear attitude toward the question of participating in a government. Kåre Kristiansen, the party chairman, takes a serious view of the situation in the Christian People's Party. "In my speech at the national committee meeting I maintained that our will to take part in a three-party government is quite decisive for the voters' interest in our party. We must face the fact that the question of what government we want to have is entirely decisive in any future election," Kristiansen tells AFTENPOSTEN. Personally he has no doubt that the setback for his party was due to the fact that, as he expresses it himself, "we were not clear enough on the government question."

"I believe that the dividing line between a socialistic and a nonsocialistic government goes far deeper into the masses of voters than many professional politicians are willing to believe," Kåre Kristiansen emphasizes.

Some persons in the Christian People's Party have asserted to AFTENPOSTEN that fellow members are deliberately working to move away from collaboration with the Conservative Party. It is said that they want first to form a close connection with the other so-called centrist parties, in order later to start up a cooperation with the Labor Party.

With regard to these statements Kåre Kristiansen says that his impression is that very large masses of voters want a nonsocialistic profile, a profile that distinguishes between a pure center policy and a policy which also includes the Conservative Party. "The decisive thing for the Christian People's Party must be that we

belong to the nonsocialistic side," says Kristiansen, and he emphasizes that he can hardly see how the parties of the center can grow stronger if they do not become of interest in connection with the formation of a government.

"By entering into a three-party government we could have strengthened the center parties' policy. The Conservative Party's position is not disturbingly remote from it," he emphasizes.

The disappointment in large parts of the Christian People's Party's mass of voters and leadership apparatus over the fact that the party did not get in a government position is quite palpable. Bitterness is expressed over Lars Korvald's and Kjell Magne Bondevik's stiff-necked anti-cooperation line, while it is greatly regretted that Kåre Kristiansen's will to cooperate has not gained ground in the party. During the few days that the government negotiations were going on, Kristiansen received hundreds of messages, in which it was almost unanimously demanded that the Christian People's Party take part in a three-party government. During the party national committee's meeting last Friday nearly 100 telegrams came to the meeting-room. With few exceptions these were unambiguous: Hang in there. We have more to get in a government position than on the outside!

8815
CSO: 3108/2

RIGHTWING ANTITAX PARTY WINS FOUR SEATS IN STORTING

Stockholm SVENSKA DAGBLADET in Swedish 16 Sep 81 p 5

[Article by Ingmar Lindmarker]

[Text] Oslo--According to observers in Oslo on "the day after," the second-biggest winner in the election--the Progressive Party--and its leader Carl I. Hagen are the most disagreeable thing that has happened in Norwegian politics in a long time--and perhaps the most dangerous as well in the long run.

The reactionary "Progressive Party" went from 0 to 4 seats in Parliament. It thereby turns out to have been the most underestimated party before the election and represents the worst miss for the pollsters, who had predicted that it would win only one seat.

The party's message is a kind of updated Glistrupianism. It found an audience in all generations, taking votes away from both the Conservative and the Labor parties, but finding its chief support among young people in the big cities.

In Stavanger the party wound up with around 10 percent of the vote--more than twice its national average. In Oslo it attracted voters in traditionally Red districts and in the new suburbs on the eastern outskirts.

On Tuesday there seemed to be regret in all the parties that they did not take the Progressive Party seriously. The reason may have been that its platform seemed so oversimplified and vulgar that no one thought it would find any voter response.

Not even the school election a week before election day was a warning signal, even though the "dissatisfaction party" got so many votes then that it ended up as the third largest party.

Disappointed Norwegians

To quote one disappointed Norwegian on Tuesday, the party's spearheads are personified in Fleksnes--that cheerful fool with his one-track mind, "super-Norwegian," irresponsible, and taking an embarrassingly black-and-white view in his assessment of the world around him.

And Parliament will be getting a many-colored bouquet of jokers when the newly elected Progressive Party members take their seats: a professor, a former shipowner, and a

naval captain who was once a military attache in Moscow. They stand more or less coherently for a viewpoint that calls for putting a stop to immigration, closing down the Finnmark project in the far north, ending the equal rights policies, and revising Norwegian defense policy so that Norway will have foreign bases and nuclear weapons on its soil in peacetime.

The party leader himself is Carl I. Hagen, a 37-year-old economist, who is called the sugar king because of his past in the sugar industry. He admits that his greatest assets as a politician are that he looks good, talks fast and simply on TV, and wears a white shirt and tie. In that respect, there are not many who contradict him.

Hagen was an up-and-coming young man under the party's founder, Anders Lange, during the 1970's, and when Lange died in 1974, he entered Parliament. In the 1977 election, the party lost all four of its seats in Parliament, but 2 years later Hagen made a comeback in Oslo's municipal council.

In Parliament, Hagen and his obscurantists will be able to cause trouble for the Conservative Party by demanding an extremist policy that would include sharp tax reductions and a military defense in the Reagan class. Willoch's hope must be that they will be exposed when they are forced to take a stand on specific issues.

Other people are afraid, however, that the Progressive Party will ride the crest of the conservative wave when it begins to recede as the Conservative Party takes on responsibility for the government. The dissatisfaction with its unexpected success in Monday's election means, however, that the party can no longer count on being underestimated and avoiding exposure.

11798
CSO: 3109/1

LABOR PARTY YOUTH WING CHIEF: ADOPT CLEARER PARTY PROFILE

Oslo AFTENPOSTEN in Norwegian 21 Sep 81 p 5

[Article by Thorleif Andreassen]

> [Text] The Labor Party badly needs an ideological rearmament. That need has been pointed out by a number of party spokesmen since the Labor Party's election defeat. It is emphasized that because the government did not have a parliamentary majority behind it, it had to conduct a vague, shapeless policy. In opposition many are demanding that the Labor Party show a profile as a party of the left in Norwegian politics.

Among those who want a more socialistic profile for the Labor Party is Egil Knudsen, chairman of the AUF [Labor Party Youth Organization]. He tells AFTENPOSTEN that this is important, and not least with regard to youth. After an election in which the Conservative Party gained, it may seem enticing to advance a policy more to the right, but, Knudsen points out, that would be ruinous for the Labor Party.

"The party must now follow a clearer and more action-oriented security policy. That also includes a Nordic atom-free zone. In the course of the election campaign uncertainty was created concerning the Labor Party's will to carry out its zone policy decision. We must also pursue a more determined policy to even out income differences. In that connection the income deduction rules must be changed in the direction of an income ceiling," says Egil Knudsen.

Thorbjørn Berntsen, chairman of the Oslo Labor Party and a member of the Storting, shares the AUF chairman's views. He emphasized in talking with AFTENPOSTEN, however, that the Labor Party will not pursue an irresponsible opposition policy. "We shall not advance any policy in the opposition that we could not advance if we were in the government. But our program takes in Egil Knudsen's views. A great many of the party leaders now feel the need for ideological rearmament in the party," Berntsen affirms.

"Many in your party are dissapointed over the government's shapeless policy. Do you share that disappointment?"

"We sat in a minority government and we had to enter into many compromises. That led to certain shapeless measures. The job now will be to recreate a socialistic

profile in the matters that have been hazy," says Thorbjørn Berntsen, who says that the Labor Party has indeed retreated a great deal on several issues. In that connection he thinks of an income ceiling and industrial democracy, among other things.

"When it comes to the Labor Party's handling of the income deduction rules, people must have gotten the impression that we do not dare present a proposal concerning an income ceiling. The present income deduction rules are unjust. I could imagine an income ceiling of 60,000 or 70,000 kroner, perhaps a little higher."

When it comes to the question of employee representation on company boards of directors, Berntsen says that his party has given in too much. "That matter has not been pushed as hard as it deserves by either the Labor Party or the trade union movement. Now we must have a broader debate on the question," he says.

From what we have reason to believe, the desire for a more radical profile is shared by many leaders both centrally and locally in the Labor Party. They are also looking for a more future-oriented, unified policy that can meet the problems of the future. And, it is emphasized, after the election defeat it is necessary to have a broad ideological debate in the Labor Party.

8815
CSO: 3108/2

BRIEFS

CENTER PARTY URGED TOWARD MIDDLE--The Center Party must take the initiative for a close cooperation with the Christian People's Party and the Liberal Party to rebuild an effective center bloc in Norwegian politics, according to a statement by the national committee of the Center Party Youth Organization, which met over the week end. The Center Party Youth Organization feels that the storting election was a definite defeat for the center in Norwegian politics and involves a focusing on material values and one-sided economic growth. "The Center Party must take the consequences of that and in the coming Storting term must show a strong and independent profile. The party must now follow a steady political course based on the platform the party ran on in the election," according to the statement. [Text] [Oslo AFTENPOSTEN in Norwegian 21 Sep 81 p 5] 8815

PROGRESSIVES' STORTING DELEGATION ORGANIZES--The Progressive Party's four new storting representatives held their first group meeting yesterday and elected Carl I. Hagen as the party's parliamentary leader. Bjørn Erling Ytterhorn became vice chairman and Jens Marcussen secretary-whip of the Storting group. Fridtjof Frank Gundersen, storting representative from Akershus, was received as a member of the Progressive Party's Storting group. Gundersen is not a member of the Progressive Party, but has stated his adherence to the Progressive Party's program of principles. [Text] [Oslo AFTENPOSTEN in Norwegian 21 Sep 81 p 5] 8815

CSO: 3108/2

PRESERVATION OF MILITARY UNITY DURING COUP TRIAL PROCEEDINGS URGED

Madrid ACTUALIDAD ECONOMICA in Spanish 3 Sep 81 p 4

[Commentary by Juan Pablo De Villanueva: "The Unity of the Armed Forces"]

[Text] The publication in installments of the judicial proceedings regarding the military coup of 23 February is, to my taste, the most savory piece of news of this summer. The cherry that tops the cake is the republication in part of telephone conversations held that night by family members of Lieutenant Colonel Tejero and various important politicians of the Franco regime, which were tapped and recorded by the state security apparatus. The source of the information leak is still not clear, and it is not known whether the telephone conversations were tapped under a warrant, as is required under Article 18.3 of the Constitution. But it seems that these are unimportant details to those who believe that the end--the saving of democracy--justifies any means.

No doubt some readers now will be starting to smile, and would like to ask me: "Do you think that firemen should obey stoplights when they are on the way to put out a fire?" No, I don't think so, I'm not foolish. I even approve of firemen tearing down areas still untouched by the fire, to keep it from spreading. But, I just do not like to see the Constitution violated with the simple and noble purpose of defending it.

The trial proceedings of the assault on the Congress of Deputies, and the background and ramifications of the unsuccessful coup are going to keep normal political life in a state of suspension. Until this serious episode in the life of our nation is cleared up and its consequences are digested by both military and politicians, the definitive consolidation of our democratic system will be very difficult, if not impossible.

There were two possible solutions: Rapid trial, sentencing, and subsequent pardon, which has been the course traditionally followed in previous similar situations in the recent history of Spain; or to hold a political trial before public opinion, parallel to the judicial process, trying to disqualify "in aeternum" those implicated in the coup. This latter course has been chosen; it could be the more advantageous one, if the responsibility of all those who took part on that ill-fated night of 23 February continues to be spelled out beyond the shadow of a doubt.

The danger lies in the fact that political trials usually are overly simplifed, since the winners have a natural tendency to present themselves as the heroes of the plot, and not to recognize in the losers any trace of right or nobility. There is the risk of going too far, and falling into what the Italians call "extra-vincere," not being content with winning, but going to extremes in the victory. Now that the continuity of the democratic system is assured, and it should have come out strengthened from the trauma after passing the difficult test which it underwent on 23 February, the most important value to protect now is the unity of the armed forces, and in such a way that it does not come out of the whole affair with too much damage. The very harsh statements exchanged between Generals Gutierrez Mellado and Milans del Bosch make me very pessimistic in this regard. It seems to be that matters are being aggravated. I believe that the one who is in the right is the one who least needs to raise his voice in order to be heard. We need modern military services which are respected and united, obedient to the civil power originating in democratic institutions, and faithful to their promise to guarantee the sovereignty and independence of Spain and to defend its territorial integraity and its constitutional order.

8131
CSI: 3110/5

ABUSES OF AUTHORITY IN ARMED FORCES ALLEGEDLY GO UNCHECKED

Madrid LA CALLE in Spanish 8-14 Sep 81 pp 20-21

[Article by Luis Otero Fernandez: "The New Generals"]

[Text] On 23 August 6 months had passed since the day on which various contingents of our country's armed forces and public security forces tried, by violent methods, to destroy the structure and democratic institutions of the State. Coinciding with the end of that time period, and do doubt siginficant in appraising the measures and consequences driving from that attempt, which failed for the moment, events have occurred throughout the month of August originating in the three sources of democratic power (legislative, judicial and executive) in regard to that coup and all that it entailed.

It was evident after 23 February, and really, much earlier, that the situation within the armed forces was such that one sector of that institution itself--unquestionably sizeable and with representatives among the highest ranks--would want, and even would attempt, to destroy the structure and essence of the State which they should be serving, and in doing this to drag in the monarchy itself, it necessary. Surely, a situation like this should be terminated as soon as possible, and to do this three types of actions were necessary: Dismissal from their posts and trial for those involved, whether activiely or passively, in the events of 23 February; the naming of persons loyal to the Constitution to commands and positions of responsibility; and legislative, administrative and all kinds of reforms, which would provide for a democratic future without upheavals.

First, on 1 August there was the passage of the Active Reserve Law, approved by Parliament somewhat earlier, and the swift application of one of its provisions--namely, the one that sets a maximum of 12 years for continuing on active service among the various ranks of general--to Lieutenant Generals Campano and Merry Gordon, and to Major General Leon Pizarro. The ideological and professional links of these military men to the previous regime, which were never concealed, and in the case of the third, his relation to the coup of 23 February through his post in Valencia under the command of Milans del Bosch, has implied (and the press has interpreted it that way) that these actions are related to that previously mentioned need for a reorganization of personnel. This, however, has made people forget the most siginificant aspect of the announcement of the law as an apparently important element in the necessary reform of our armed forces. We should ask ourselves: Can the application of this law and the rules derived from it really mean a fundamental change in the military establishment?

Vehement propaganda from the extreme right, such as the coincidental death by suicide of General Aramberri, who had collaborated in the proceedings, could make it seem that this law involves radical changes, but actually it only puts into effect a modest reduction of 2 years in the present advanced retirement ages for the various ranks, as well as limiting time in grade for generals. The law does not contemplate spectacular rejuvenation or troop reductions; and its main virtue is that it equalizes the retirement age for all military professionals and makes it comparable to that of civilian officials. This undoubtedly is fair, and reduces the problem--common to all military services of the world--of the pyramidal structure of command, through that condition of active reserve status, a period of varying length between relinquishing command and definitive retirement, during which time salary is not reduced, or is reduced minimally.

Really, a true solution to some of the serious problems of our armed forces--such as the surplus of professional cadres; the archaic territorial organization of Captaincy Generals, which are hardly operative and excessively fragmented; the low efficiency of the large universities; excessive bureaucracy, etc.--would have to come out of a general reorganization within the operation of exactly defined parameters, such as our economic and demographic potentials, our real dangers and the resulting defense policy, and our geography (mountains, coasts, frontiers, communications, etc.). In this we would make very clear the strategic, tactical and logistical deployment of our defense posture, as well as the measures necessary, and therefore the staffing of adequate commands. When these personnel patterns are compared with those really existing at present, and with the ages of those comprising them, as well as with the ideal agaes for each assignment in a modern war, it would not seem difficult to obtain information leading to some much broader laws and dispositions than the active reserve law mentioned, the first results of which may have appeared more spectacular than they really are.

Moreover, as a result of those retirements, other promotions and appointments have taken place; the most important (because of the public's reaction) those of Major Generals Saavedra, Lacalle, and Caruana, promoted to lieutenant generals, with the first two appointed to take command of the Captaincy Generals left vacant by Merry and Campano. The promotion of Lieutenant General Caruana has been attacked by the press because of his actions as miltary governor of Valencia on 23 February. Of course, the publication this month of his statements in the summary proceedings for those events does not make very clear either his loyalty to the Constitution or what military qualities have made him deserving of promotion. In any case, for now, he is still without a command, which also does not seem very justifiable from the point of view of the budget. It has every appearance of being a compromise on the part of the government, which does not seem to dare either to use its legitimate right to choose someone really deserving for the highest ranks or to entrust them with the command. As for Generals Saavedra and Lacalle, their backgrounds do not show anything different from the majority of current major generals: Voluntary participation in the Civil War, brilliant military career during the Franco era, whom they always admitted they supported (Lacalle also took part in civilian politics) and normal behavior within the bounds of legality on 23 February. (We also know that General Saavedra saw the film "Casablanca" that day.) Another approapriate anecdote about this latter general relates that when the members of the UMD [Military Democratic Union] were arrested and tried in 1975 he publicly referred to those military men as "traitors," and used other extremely harsh epithets before their trial (which caused them to challenge him as a member of the Council of War which tried them, with the challenge being accepted). However, at present, in interviews

with the press on the occasion of his promotion he spoke of those who were involved in the events of 23 February with great restraint, declaring that their intentions were probably good, though mistaken.

As regards these appointments and others which have passed unnoticed due to their lesser rank--although they are no less significant, since they concern the situation in such important centers as the military academies and the information services--it does not appear that really significant measures have been taken to spread among the armed forces the democratic convictions required by the Spanish Constitution in the institutions in its service. In any case, the general policy of former times of keeping the clearly democratic military men in marginal or secondary positions has been maintained, and some have even encountered actual problems.

Finally, perhaps the most important development of this month of August has been the disclosure of the penalties requested by the prosecutor for those who pariticpated in the attempted coup, such as the leaks to the press and exhaustive publication of the various statements of the accused and witnesses.

Naturally, the requests of the prosecutors are not necessarily going to be the decision of the Supreme Council of Military Justice regarding the appropriate punishment for such a flagrant crime, but they do give a logical indication of the maximum penalty (30 years imprisonment, since the death penalty was constitutionally abolished) for the three accused who are most obviously involved through their actions or responsibility, but the rest of the requests are for lesser sentences, which could be controversial, since the Code of Military Justice stipulates the maximum penalty for any rebel holding company rank or higher, which would include the majority of those on trial. Another debatable point as regards the quality of justice in the procedure being followed is the exclusion from the trial of the non-commissioned officers, especially of the Civil Guard, who took part in such an active and dangerous manner, and whose responsibility seems obvious under the Military Code and Ordinances. It is also not very logical that other military commanders in Madrid and Valencia have not been put on trial, since it is quite probable that they had some part in the events, according to the reports and summary declarations which were published and not denied. The case of General Juste stands out particularly, because his own statements admitting his consent to the pre-coup declaration of Major Pardo Zancada and the irregular presence of General Torres Rojas, and the omission of the mandatory report to his immediate superior--the Captain General of Madrid--in view of these strange events in the unit under his command appear difficult to justify, not only within a legal interpretation, but from a minimally orthodox military perspective.

Nevertheless, a true evaluation of the operation of military justice cannot be made until the progress and definitive ruling of the Council of War becomes known. Then it will be possible to conclude whether (or not) the coup d'etat, which began on 23 February 1981 and which continues to evolve, is at an end. Because, besides the evaluation which we have made of the measures, circumstances and petitions, we are fully aware of the tireless campaign of the extreme right, and its repercussions in military circles. This includes the statements of the accused, the attempts to involve the king and others at any cost, and the indescribable letter of Milans to General Gutierrez Mellado, etc. It is true that many of these things, by their own despicable nature, turn back against their perpetrators, but all this reveals their determination to exhaust every possibility of wrecking democracy, the State and the monarchy.

Is everything possible being done by those in power to counteract these efforts? In regard to the government, there is every reason to doubt it, in view of the lukewarm and inadequate measures being taken, and its indescribable actions, its attempt to involve the armed forces in an objective as antidemocratic and pernicious for defense as Spain's joining NATO.

The efforts and vigilance of all democratic political and social forces are surely going to be needed in the months ahead to prevent the "test" which is approaching for our new democracy from becoming a test in vain.

8131
CSO: 3110/5

NAVY ORDERS 48 HIGH-FREQUENCY GENERATORS

Paris ELECTRONIQUE ACTUALITES in French 4 Sep 81 p 10

[Article: "48 Giga Hyperfrequency Generators for the Navy"]

[Text] Giga Instrumentation has just been advised by the STCAN (Technical Service for Naval Construction and Ordnance) of a contract for 48 hyperfrequency generators, pulse-modulated and intended for on-board maintenance of the Navy's various vessels. The contract also includes six wobbulation bases.

The order, totaling Fr 3.6 million, is in fact the first firm installment of a contract whose second installment should be awarded before the end of 1981.

Before the end of 1981, the delivery schedule for the first installment is eight generators per month, with the balance to be delivered before the end of 1982.

There are four frequency bands and two different models among the equipment ordered, depending on the radars to which they are assigned.

The generators are wobbulalbe over 100 MHz (type GR 1100 A) and over the entire band (type GR 1300 A).

In function of the bands, the equipment breaks down as follows:

--29 L-band generators (1 to 2 GHz);
-- 5 S-band generators (2 to 4 GHz);
-- 6 C-band generators (4 to 8 GHz);
-- 8 X-band generators (8. to 12.4 GHz).

Giga emphasizes that this homogenizes the equipment of the Air Force and that of the Navy, and has made it possible to assign a single nomenclature number per model. This NATO codification will also help Giga penetrate the foreign military markets more easily.

11267
CSO: 3100/959

BRIEFS

RESEARCH SHIP FOR ANTARCTICA--The FRG intends to take an active part in researching the Antarctic. An order for a polar research and supply ship has now been placed; AEG-Telefunken will provide the complete electrical plant. The ship is 117 m long and will be named "Polar Star" when launched in 1982. It is to supply the first German Antarctic winter research station established in February of 1981. Scientists aboard will conduct research as well. [Text] [Wuerzburg ELEKTROTECHNIK in German 28 Aug 81 p 6] 9544

CSO: 3103/447 END

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No. 1838

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23 October 1981

WEST EUROPE REPORT

No. 1838

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IEA DIRECTOR ON ENERGY MARKET, GASOLINE PRICE

Duesseldorf WIRTSCHAFTSWOCHE in German 4 Sep 81 pp 10-11

[Interview with Dr Ulf Lantzke, executive director of the International Energy Agency; date and place not specified]

[Text] While prices on the international oil market are falling, gasoline in the Federal Republic is becoming increasingly expensive. WIRTSCHAFTSWOCHE editor Stefan Baron spoke with Dr Ulf Lantzke, executive director of the International Energy Agency in Paris, about the energy market situation.

[Question] Herr Lantzke, OPEC, to which, in the final analysis, you owe your job, has once again been unable to agree on a unitary cartel price in Geneva, although the prospects for such were better than they had been for a long time. Now there is already talk of the demise of OPEC. Will you be out of work soon?

Lentzke: No, that's not the way I see it. The key function of OPEC for the past five years has not been to fix prices so much as to stablize them. What this means is that in times of scarcity, price levels that had been attained earlier can be successfully maintained, despite the falling off of demand that follows.

[Question] But at the moment prices are falling--especially on the spot market in Rotterdam--and even official oil prices are starting to crumble.

Lentzke: The only thing crumbling is the surcharges that had been imposed, especially by African producers; the minimum price of $32 for Saudi oil, on the other hand, is stable.

[Question] Can oil consumers be pleased at the outcome of events in Geneva or not?

Lentzke: To me it seems to be pretty much the same thing, whether OPEC agrees upon a unitary price of $34 or whether everything stays the way it is. Looking at it from the overall economic perspective, that's not so important. Those consumers who draw a high percentage of their oil from Saudi Arabia can be pleased, as well as can the oil companies. It will stay as cheap as it was.

[Question] Do you still anticipate an agreement along the moderate Saudi lines at the regular OPEC meeting in December?

Lantzke: Why not? If the pressure on the market continues to hold or should intensify, the high price countries will be left with more or less no choice but to go along with the Saudi scheme of things.

[Question] Do you believe that demand will continue to be weak and that the pressure on the producers of expensive oil will increase?

Lantzke: Yes, I'm convinced that there is not going to be a great deal of change in the world economic picture any more this year. And even if there should be an improvement in the middle of 1982, the present situation on the oil market can continue into 1984 or the beginning of 1985, provided that there is no major political change or that the consumer countries do not slacken in their conservation efforts.

[Question] Will that mean that prices will come down?

Lantzke: It's even harder to make a prediction about prices than it is to make one on market conditions.

[Question] Herr Buddenberg of German BP has stated that West German oil companies can only lower their prices if the dollar slides back to 2.35...

Lantzke: The discussion of oil prices in Germany has been conducted in far too mechanical a fashion. Even if the dollar rises--in a weakening market, prices are going to come down, whether they cover costs or not. If they have an overproduction of gasoline and are forced to dump it on the market, then pressure on prices will follow.

[Question] Do you see such a pressure on prices coming for West German oil companies?

Lantzke: I do see it ahead for this coming winter. With summer vacations over, it means the end of any margin for price increases.

[Question] Are prices just not going to increase or will they come down again?

Lantzke: I also see the possibility of their starting to crumble again. If the price of crude oil on the Rotterdam spot market continues to drop and if the differential between name-brand and non-name-brand prices for gasoline becomes greater than DM .06, then things will become critical for the name-brands.

[Question] Now that the government has recently raised the tax on diesel fuel, there are thoughts of increasing the tax on heating oil and of imposing one on natural gas. Do you think this makes sense as energy policy?

Lantzke: I have never proposed using taxes as an energy policy mechanism. On the other hand, I have never discouraged anyone who wanted to increase taxes for fiscal reasons. I don't see how an increase in the heating oil tax can hurt from the standpoint of energy policy. A tax on natural gas, on the other hand, could slow down the shift from oil as a heating fuel.

[Question] The new U.S. administration thinks it best if the government keeps its hands completely off the energy sector. Is the best energy policy to have no energy policy?

Lantzke: The alternative of "free competition or state control" in reality doesn't exist anywhere. Even the energy policy of the Liberal Count Lambsdorff is not free of intervention into the marketplace. Even the prohibition on new oil-fired power plants is, in the long run, a massive governmental intrusion into private enterprise's freedom of choice.

[Question] That something has been practiced for decades doesn't prove that it's right. How then do you justify the necessity of a national energy policy?

Lantzke: The decisions of private enterprise follow from the natural interests of companies in maximizing profits over relatively short terms and, by their very nature, cannot always take account of higher economic goals.

[Question] For example?

Lantzke: A classical example is the creation of commercial oil stocks that exceed purely emergency needs. The interests of the national economy would dictate that changes in these operational stocks should take place in an anti-cyclical fashion, meaning that when the market is tight they should be reduced and when the market situation is more relaxed that they should be built up. Yet the interests of individual companies are going to run exactly counter to that. If the market is tense, individual companies will seek to build up their stocks so as to be protected against possible shortages and to assure better prices in the future. On the other hand, when the market is more relaxed, the companies contribute to the creation of a weak market by reducing their stocks to a minimum, being compelled by keener competition to minimize their costs. The oil price explosion of 1979/80 can be explained in large part by just this pattern of behavior. At that time, the drop in Iranian production, which actually was quite limited, set off a panic reaction in consumer countries and led to pro-cyclical buying on a large scale.

[Question] Does free competition need to be supplemented by the state so as to avert crises?

Lantzke: Not just to avert crises. Free competition cannot normally achieve sufficient continuity to support adequately the long-term adaptation of a nation's entire economy to the high costs of energy. Right now we can see how, as a result of declining gasoline prices in the U.S., major auto producers like General Motors are shelving their plans for particularly economical types of motor vehicles. In the same way, coal producers in the U.S., Canada and Australia are not investing because, among other reaons, they don't know what is going to happen with nuclear energy.

[Question] But here the fault is not to be found with the marketplace but with politics. The market certainly needs clear signals from the government, but does it also need administrative intrusions?

Lantzke: In some instances I wouldn't rule out administrative intervention.

[Question] Where, for example?

Lantzke: Roughly 60 percent of all new construction in the Federal Republic is still being equipped with oil heating. This is only possible because those who are

building the houses don't have to bear the heating costs and those who will have to bear them are not going to make their choice of a house contingent upon the type of heating system installed. In such instances, there should not be any taboo against administrative prohibitions. The same holds true for the oil market. Crude oil is not held in private hands and the decision process does not take place within the criteria of free enterprise economics. The 13 OPEC countries are not, by any stretch of the imagination, oil companies.

[Question] What does all that mean?

Lantzke: It means that their production patterns are not going to be determined exclusively by price and demand, but instead by external political factors. The relaxed supply situation that we can observe at the moment is only partially caused by the reduced oil consumption of the industrialized world. It is at least in equal part brought about by the determination of the largest oil producer, Saudi Arabia, for various reasons, to maintain a supply surplus. Such decisions are reversible, and they are almost completely outside the control of the oil consumers. The momentary calm in the oil market can turn out overnight to be a deceptive one.

9878
CSO: 3103/454

NATURAL GAS FOUND IN KATAKOLON

Athens AKROPOLIS in Greek 25 Sep 81 p 7

[Text] The discovery of commercially exploitable natural gas in the Katakolon area reaffirms the assumption that the Ionian region is a potential oil field and fills with optimism those who deal with oil exploration in Greece that in the end they will find significant deposits.

Our discovery is already satisfactory. It is a regular deposit not just a show or an uneconomic deposit becuase of low yield. Consider this for reasons of comparison:

The gas and natural benzine deposit south of Kavala, had it been by itself, would have been uneconomic and would not have been exploited. Its daily production is 1,400 barrels of equivalent oil and 1,500 barrels when the natural benzine is added, or 160,000 cubic meters of gas. The total deposit of gas is 800 million cubic meters and 1 million barrels of natural benzine--altogether the equivalent of 6 million barrels of crude oil to be drilled within a 15-year period.

It is economically exploitable because its production is combined with that of Prinos. The company uses the gas to fuel its land installations, while it gives the rest to the fertilizer plant in southern Kavala as raw material for the production of ammonia.

Bigger Deposit

In Katakolon, however, we have a deposit which is bigger and can be economically exploited, leaving large profits for the state and helping the balance of payments since it will reduce our outlays for oil imports. The only thing we do not know yet is how large the deposit is.

The seismic tests that led us to this deposit indicate that this is something different from what we have known in our country. The pressure indicates that its potential is several times greater than that of southern Kavala. Now, the various findings will be correlated and studied to decide the next steps. The drilling will be closed and the floating rig will be moved to another area to continue the exploration. It will take 2 to 3 months for the Public Oil Corporation to complete the study and decide about the program it will apply with regard to this deposit, that is, the further exploration and exploitation. In other words, at that time we will return to the deposits.

The exploitation of the gas is not a simple matter. It will take several years--5 to 10 years. Let us not forget how long it took in Thasos. The same applies to other countries. But the existence of this energy resource is already there, allowing all kinds of openings and planning.

The Small [Deposits]

With this deposit it will be possible to utilize the other deposits in the Katakolon area found on land, which for the time being are regarded as individually exploitable. There are two deposits regarded as too small and below the level of economic exploitation for the time being. Further exploration for them has been suspended. We do not know if they are connected; they are on the waiting list. If new exploration does not show that this is something more important, then they will be exploited in conjunction with the exploitation of the new large deposit--something similar to what is being done with the gas deposit south of Kavala.

When the pipes are in place for the exploitation of the new deposit, they will pass through the small inland deposits to take their content also. In other words, there will be no separate piping networks which would make their exploitation uneconomical.

Locating [a Deposit]

The large deposit we found is located at a distance of 1,600 meters from the shore west of the harbor of Katakolon. It was located through seismic tests. The floating drill, as shown in the accompanying diagram, worked at a point where the depth of the water was 80 meters. It did not move forward to go on top of the deposit because beyond the point where it was stationed the depth increased, reaching 280 meters. In a straight line from the surface of the water the deposit is at a depth of approximately 2,400 meters or 2,100 from the seabed. Inside the subsoil the deposit has the form we see in the diagram which was drawn based on the seismic data. The drill platform was placed at the point where the depth of the sea begins to increase. It made a vertical drilling which led outside of the deposit. As it neared, it slanted its course in order to reach it.

First Indications

All in all, the course it followed reached 2,700 to 2,800 meters from the surface of the water. At that point we had the first indication of hydrocarbons which in this specific case consisted of gas and natural benzine. It was decided to make no announcement because it would be meaningless and dangerous to raise false hopes. Yet some newspapers had reported that a deposit had been found. It was then the beginning of August. Had the government rushed the announcement, it might have been accused of preelection propaganda. Still it was accused of having kept the news secret and releasing it now, a month before the election in order to exploit it accordingly. The fact that the newspapers published reports from local correspondents shows that such an event cannot remain secret.

Following the indications from the first drilling, it was decided--in spite of the cost--to make a second drilling from the same location of the platform, slanted

at a depth of 1,100 meters, and then go straight to the deposit, as shown in the diagram. It penetrated the deposit near the top and moved through, covering 270 meters--a total depth of 2,500 from the surface. In this way we arrived at the end of August when the tests began. The last test was carried out on Monday morning 2 weeks ago. Immediately the favorable results were communicated to Minister Manos who immediately issued a statement while the technicians retained some reservations. It was not possible to make an announcement in August because the first drilling had only given some indications.

Reservations

The reservations and conservatism of those in charge of the Public Petroleum Corporation [DEP] should be justified up to a point. We have the precedent of Prinos and the "Oceanic" when from the announcement of the initial 250,000 barrels a day we fell to 25,000 barrels after a more detailed review of the deposit.

When all the data from the Katakolon deposit are evaluated, the decision will be made whether to drill deeper to see if there is oil. The cost is very high and there should be no hasty decisions. During drilling the cost goes up to 100,000 dollars a day. We may say on this occasion that the DEP program for 1982 provides for us to 90 million dollars for exploration, while AGIP [expansion unknown] will spend in northern Ionia another 12.5 million dollars at least, and the company in Thasos for a new drilling designed for the area west of the island will spend 5 million dollars and equal amounts will be spent from the existing credits. All these reflect an activity justified by the need to find oil.

In the meantime, the exploitation in the area of Thasos is expanding day by day and when it reaches its maximum the daily production will come to the equivalent of 35,000 barrels in oil, natural benzine,gas, etc. The deposit is small, yet in spite of the cost of exploration and exploitation which is high (over 500 million dollars) because of the nature of the deposit and the quality of its content, it will yield to the treasury--at today's oil prices--60 million dollars a year (retaining 20.5 percent of production) until the investment is recovered together with the interest paid on the capital. After this, the profit of the treasury will reach 150 million dollars a year. It must be kept in mind that a large part of this investment was spent in construction and wages within the country. Consequently, the real profit is much greater, in addition to having secured 15 percent of our needs in oil which we otherwise would have to buy on the world market.

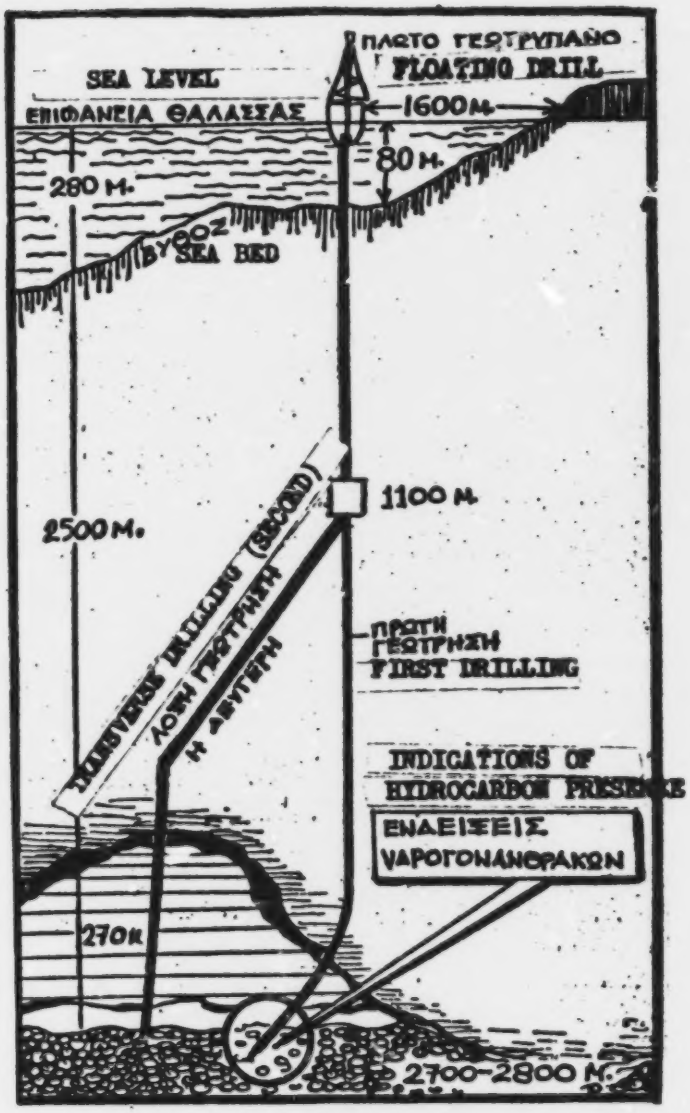

Diagram showing the gas deposit (lower left) located by the drilling in the Katakolon area. It clearly shows the double effort made for its discovery.

7520
CSO: 4621/12

FUTURE OF AEROSPACE INDUSTRY, FLEMISH PARTICIPATION VIEWED

Brussels LA LIBRE BELGIQUE in French 15, 16 Sep 81

[Article by Pierre Sparaco: "Belgian Aeronautics at the Crossroads"]

[15 Sep 81 p 3]

[Text] Escalation of the FLAG [Flemish Aerospace Group].

For several weeks now, the Belgian aerospace industry has been in the spotlight. Not only because of the indecision surrounding a military program of major importance, the successor to the "Mirage 5" of the air force, but also and primarily because of the emotional impact of the recent creation of the FLAG. It would be futile to try to reduce these problems to ordinary minor setbacks. Barely 6 months ago, we were wondering about the future of this sector (LA LIBRE BELGIQUE of 14 February 1981). Today, we already need to ask these questions again from a new angle.

Everything has already been said, or nearly so, about the creation of the FLAG and with regard to the various demands it put forward in a short period of time, without worrying about any oratorical precautions whatsoever. True, the promoters of this group -- which was placed on the baptismal font by the Flemish Economic Association -- began by stating that they did not want under any circumstances to take on the existing enterprises, located in the southern part of the country and in the Brussels region: first of all, they talked about the expansion of Belgian aeronautics in its wider sense, it being understood that it would be an opportunity to restore a more acceptable "equilibrium."

The very first statements, which all things considered were moderate, nevertheless became more pressing, and the FLAG quickly adopted a tougher tone. Undoubtedly because in the meantime it had received its first political support, which was evidently not negligeable: specifically, the State Secretariat for Flemish Affairs granted it a solid subsidy for operation.

Next, a first figure was thrown out to the observers who, in spite of everything, were surprised if not caught unaware. The goal to be reached, and rapidly so, was actually to ensure that 56 percent of the amount of economic compensation tied to military orders would go to enterprises located in the northern part of the country. Unquestionably gaining assurance, but perhaps not escaping a certain form of

imperfectly controlled verbal escalation, the FLAG finally went so far as to state that it was a question of "breaking the aeronautic monopoly of Gosselies."

Nothing further was needed to arouse a sizeable, if not large scale controversy. Surprise made way for emotion, then for often violent reactions on the part of the union and then the political circles. The peak was unquestionably reached during the last days of last month when a FLAG delegation paid a visit to the headquarters of Airbus Industry in Toulouse. Simply a first contact for some, but the beginning of real negotiations for others, pushing Belairbus back with one stroke of the pen to the rank of a negligeable quantity. Whereas it represents a compulsory transition point for Belgian participation in the current and future programs of the multinational consortium.

Hurry

There is no longer any question that the FLAG is in a very great hurry. It is not that its 90 members, important companies or PME [Small and Medium Sized Businesses], are particularly impatient to finally enter aeronautics, the symbol of advanced technologies, at an equal level. But rather because the leaders of the association believe that if they miss the double opportunity which presents itself to them, they will have to wait in the shade for many years:

- The successor to the "Mirage 5" will essentially represent the end of the renewal of resources implemented by the air force, at least as far as flying equipment is concerned. As the operational life of a modern fighter plane can be estimated at approximately 15 years, the replacement of the F-16 would probably not be considered before 1995;

- The cycles are equally long with regard to the big programs for airline planes and, assuming that Belgium will participate not only in the development and production of the Airbus A-310 (which has been established since the spring of 1979), but also of another complementary type, it is not very likely that it will find the means and capabilities later on to do more. This is true, of course, to the extent that it makes good choices.

True, this double observation is not inaccurate, but it sins by omission: other opportunities could be sought out or provoked. It is a matter of imagination, on the condition obviously that adequate financial resources are available: it is not enough to present oneself at the door of well known manufacturers, but one must above all offer participation in the risks of their programs, recognized skills, and, finally, a competitiveness which is necessary for the commercial success of the finished product.

In the short term, beyond these readily reassuring statements, the FLAG has chosen contention. It does not accept the fact that the F-16 compensation benefits Wallonia more than the Flanders, just as it cannot accept the fact that the capital of Belairbus is held by the "Walloon" private sector, the Walloon region and the state, each of which shares one-third.

Its proposals? In short, that any supplementary order of F-16 make use of a geographic distribution key for compensation, thought out along new basic lines. And a widening of the Belairbus capital to include two additional shareholders, specifically the private sector in the north and the Flemish region. The rest is talk.

The small war of communiques and statements of position on all subjects which is beginning (temporarily?) to calm down has at the very most contributed to a greater excitement of spirits. Pacifying statements were rare, not to mention the unfounded remarks or the observations indicating a complete misunderstanding of the characteristics of the aeronautic sector.

[16 Sep 81 p 3]

[Text] No long term policy.

In our previous issue, we summed up the controversies aroused by the FLAG at the level of the aerospace industry and of its distribution between the regions. Beyond the community myths and jealousies, the future of a key sector is at stake here. It will be particularly up to the government to urgently determine a policy which will put an end to these absurd and sterile controversies.

Having been promoted, to its great satisfaction, to a star role, making use of efficient public relations techniques based on the sympathies of important segments of the media, the FLAG has at least in its favor the fact that it is already very well known. It did not take any more than this for a few vengeful fingers to point to Gebecoma, the Belgian Group of Manufacturers of Aerospace Equipment, as one of those responsible for a definitely rather embarrassing imbroglio.

This too involves a misunderstanding. The president of Gebecoma, Mr P.G. Willekens, director general of Sabca, recently repeated this to us: "We didn't want to throw ourselves in this quarrel; there was no question for a group with a resolutely national vocation to get involved in a regional problem." And he added that Gebecoma had sufficiently proven its effectiveness in the past. For example, by formulating a common position, in the name of its members, with regard to military programs, and participation in civilian or even space operations.

Actually, the causes of the confrontation lie elsewhere. They can be defined by stepping back a little from the events of recent weeks. Which would allow one to observe that the Belgian aeronautics dossier represents a microcosm: problems of industrial strategy, claims by a region which feels wronged with regard to the other, a community component, a touch of linguistic difficulties, all of this in a sector which, one way or another, if only through military contracts, lives for a large part on public monies.

Thus, two deficiencies appear much more clearly. First of all, that a Belgian aeronautic policy, which has been requested in vain for a very long time, has never materialized. A few steps in the right direction were taken at the time of the Fairey bankruptcy and of the creation of Sonaca, 3 years ago, and then again at the time of the negotiations concerning Belgian participation in the Airbus A-310. It seems that, on that occasion, there was an awareness of what interest could be involved in aeronautics. Alas, beyond a few timely decisions (such as the so-called Research and Development program, stemming from the planning of scientific research), a long term work plan was not even sketched out.

Next, there is the lack of "rules of the game." What operational framework should an hypothetical Belgian aeronautic policy be placed in? Finally, one might thus be led to wonder if the aeronautic example is not similar to the incomplete regionalization, which is visibly having a great deal of trouble going from theory to

practice. An opinion which a few industrialists are ready to share, even if others display the utmost pessimism.

Finally, another component: it must be noted that the aeronautic sector presents a somewhat deceptive image to uninformed observers. It seems to be making light of the crisis and, even better, to be enjoying a great prosperity, not only in the United States but also among the leading European countries, whether it be Great Britain, France or even the FRG. Belgium is assimilated into this somewhat idyllic picture, and this is a basic mistake.

As a matter of fact, prior to speaking of expansion -- as the FLAG has been doing since the very beginning -- a much more thankless task must be carried through. Specifically, no more or less than to ensure the survival of enterprises which, as of the end of 1983, perhaps a little later if one takes into account the volume of work which will be generated by the replacement of the "Mirage 5," will see their orders melt away like snow.

The current controversy is fed by a lack of directives and it is unhealthy, an industrialist recently told us. It remains to be seen whether the exacerbated positions, which have been observed in recent days, can become more relaxed. In this regard, opinions vary.

Compromises?

The currently frozen dossiers can only complicate the problems. Hence, it is not too early to state that the hour of dialogue has come. True, the mere mention of this word could mean that, to a certain extent, the FLAG has already implicitly been proven right. And it is improbable, to say the least, that Gebecoma will agree to sit down at the negotiating table with a purely regional association, without any further ado. All the more so as the FLAG, even depoliticized and cleansed of its verbal excesses, can hardly do more than present a glossy catalogue of good intentions. None of its members can provide proof, and for a very good reason, of its possible aeronautic know how.

This leads us into a disagreeable, to say the least, vicious circle. On the other hand, proceeding from the principle that any Belgian difference always ends in a compromise, it would seem obvious that the government will have to, without further delay, find the means to develop the bases for an aeronautic policy which will bring an end to this completely sterile controversy, of which all the participating parties are still neglecting the profoundly damaging effects.

The aerospace industry -- it can never be repeated enough -- cannot endure improvisation. Moreover, it involves investments, a knowledge of advanced technologies and work cycles such that the major virtue which it must have is unquestionably patience. The fateful 56 percent, dear to the State Secretariat for Flemish Affairs, represents much more a myth than a precise objective, even a very long term one.

In the short term, it is hard to imagine that the successor to the "Mirage 5" and the economic compensation which will result from it, could constitute the beginning of a first solution in the form of a compromise. On the other hand, the purchase of new helicopters for the ground forces, a "new" and considerably less complicated dossier, could constitute an interesting subject of negotiation. All the more so

since getting into the field of revolving airfoils is one of the acknowledged hopes of a large company, which is a member of the FLAG and one of its most important ones. The manufacturing of sub-assemblies at Zwevegem, the integration of the system at Gosselies? This suggestion may warrant consideration.

Moreover, at the civilian level there is not only the Airbus A-320. If it is a priori desirable for Belgium to support the European efforts of Airbus Industry on the world market of airliners, it should be noted, for example, that Sabca (which is not a member of Belairbus) leans rather toward an association with the MDF-100, being prepared by McDonnell Douglas and Fokker. Since the FLAG modeled itself after the Netherlands Aerospace Group, why does it not make a trip to Schiphol with the same initiative it showed when traveling to Toulouse?

Actually, it is by playing the game of complementarity, within an operational framework which urgently needs to be defined, that the FLAG may find its credibility. And not by attacking the existing Belgian aeronautic structures. If the FLAG attacks the "monopoly of Gosselies," it would open an additional community dossier. If it really wants to contribute to the development of Belgian aeronautics, beyond the disagreeable incidents of recent weeks, it could make a useful contribution. Alas, at the present time we are a long way short of the target.

8463
CSO: 3100/5

NEW EMERGENCY ECONOMIC ACTION PLAN OUTLINED

Nicosia CYPRUS BULLETIN in English 26 Sep 81 p 4

[Text] **The Minister of Finance, Mr Afxentis Afxentiou, in a statement on September 14, outlined the main provisions of the new five-year Emergency Economic Action Plan now under preparation which will cover the year 1982—86.**

The principal aims of the Plan are the achievement of a satisfactory level of growth, higher productivity rates, encouragement of savings and investments and the promotion of exports of Cyprus goods and services.

The Government will also step up efforts to maintain economic stability, curb inflation and over consumption and reach agreement on a commonly accepted prices and incomes policy.

An energy saving campaign will be given top priority in the new Plan. As is well known, the Cyprus economy depends on oil for its energy needs. For this reason the high rate of economic development in the past has been accompanied by a rapid increase in the imports of oil and its by-products with adverse effects both on the balance of payments and the inflation rate. During the Third Emergency Plan efforts were made to reduce the dependence on oil and develop an energy-saving conscience.

The development of Cyprus as a transit trade centre is desirable and will be pursued. Cyprus must gradually become an international production, commercial and banking centre.

Attainment of all the above targets presupposes the availability of substantial resources. However, Cyprus is living under-conditions of occupation. This unavoidably creates added economic needs for the survival of the country.

The three Emergency Economic Action Plans implemented since the Turkish invasion have yielded results. The economy has been reactivated and the multiple problems created have been eased to a great extent.

The Cyprus economy, despite adverse international developments, has achieved, in comparison with other countries, a high rate of development in conditions of full employment. Furthermore, social benefits to the financially weaker classes of the people have been increased and the value of the Cyprus currency has been maintained at a very satisfactory level.

Nevertheless, in parallel with these positive developments, today's economic picture is composed of unpleasant phenomena as well, the main ones being the tendency of high spending, acceleration of inflation, increase of

incomes beyond the endurance of the economy, the widening of the trade gap, the lowering of the productivity rate, the slow-down in productive investments, the marginal increase of unemployment in conditions of continued shortage of skilled labour in certain sectors and problems of a general nature that have been hindering the maintenance of the desired economic stability.

A lot has been achieved so far in the way of reactivating the economy after the 1974 Turkish invasion but numerous problems remain.

As in the previous Emergency Plans, the ultimate aim of the development drive should be to build a strong economic front to bolster the political struggle.

CSO: 4600/61

TRADE AGREEMENT WITH IRAQ SIGNED

Nicosia CYPRUS MAIL in English 6 Oct 81 p 1

[Text] Cyprus and Iraq have signed a trade agreement--the first trade agreement between Cyprus and any Arab country--which government trade relations and lays down the machinery for the development of these relations between the two countries.

The agreement was signed in Baghdad between the Ministers of Commerce of the two countries during the visit during the weekend of a Cyprus trade delegation headed by the Minister Mr Kittis.

The other members of the delegation were Mr M. Tsiakkas and Mr Chr. Georgiades of the Chamber of Commerce, the chairman of the Cyprus Trade Fairs Authority Mr C. Constantinides, Mr A. Mavrogenis of the Ministry of Commerce and Mr A. Nathanael of the Chamber of Commerce.

The visit was undertaken at the invitation of the Iraqi Minister of Commerce, Mr Hassan Ali, on the occasion of the Baghdad International Fair.

Mr Kittis and the members of the Cypriot delegation had meetings with officials in the Iraqi capital.

Mr Kittis also met colleagues from the U. K., France, Tanzania, Canada, the Philippines, Vietnam, Indonesia and Sri Lanka.

The conclusions of the Cypriot delegation from their visit and talks in Baghdad are that there are good prospects for Cypriot exports to Iraq where the development tempo is being actively maintained despite the Iran-Iraq war.

It was noted, however, the Iraqi market has certain peculiarities of its own which should be taken into account, not forgetting the demand for consistent quality, competitive prices and timely delivery.

It is understood that the Ministry of Commerce and the chamber will try to drive home to interested Cypriot traders these requirements and discuss ways of satisfying them.

CSO: 4600/62

EFFORTS TO INCREASE EXPORTS DISCUSSED

Nicosia CYPRUS BULLETIN in English 26 Sep 81 p 4

[Text] The Minister of Commerce and Industry, Mr Constantine Kittis, returned on September 15 from his visits to Algeria, the German Democratic Republic and Czechoslovakia, where he had visited the three international fairs of Algeria, Leipzig and Brno and held discussions on prospects for further cooperation between Cyprus and the three countries.

Algeria's participation in the Cyprus International (State) Fair and the possibility of increasing trade exchanges, particularly in the cement and construction industry, were among the things agreed, during Mr Kittis' visit to Algeria.

In the German Democratic Republic an agreement was reached on the purchase of more Cyprus wines by the G. D. R. and the purchase of 70—75 tons of Virginia tobacco was agreed in principle. The Cypriot Minister of Commerce had also meetings with the Deputy Chairman of the Council of Ministers of the German Democratic Republic and with the Minister of Foreign Trade Mr Soelle.

Trade relations between the two countries were discussed.

In Czechoslovakia, Mr Kittis met with the Minister of Trade Mr Jukubik with whom he discussed economic and trade relations between the two countries. An agreement was also reached on the purchase of more Cyprus wines by Czechoslovakia and the purchase of 100 tons of Virginia tobacco was agreed in principle.

The Chairman of the Cyprus Chamber of Commerce and Industry, Mr Avraamides, who participated in the Cyprus delegation to Czechoslovakia, signed an agreement with the Czechoslovak Chamber of Commerce and Industry. This agreement defines the framework within which trade and trade contacts between Cyprus and Czechoslovakia will take place.

CSO: 4600/61

BUMPER YEAR FOR TOURISM REPORTED

Nicosia THE CYPRUS WEEKLY in English 3-8 Oct 81 p 1

[Text] **Cyprus had a bumper tourist season this year, confirming once again that the tourist industry remains a chief money earner for the "Island of Love".**

Tourist arrivals soared during the summer months—and it was not just the topless girls from Sweden who won so much publicity this year and helped bring more crowds to the island's beaches.

Provisional figures computed by the Cyprus Tourism Organisation show that overall tourist traffic to the island up to the end of September this year increased by more than 21 per cent.

CROWDS

And with the fine autumn weather lingering on, it looks as if 1981 will prove an all time record year for Cyprus tourism.

With temperatures still around 30 C. and no sign of rain, the beaches from Ayia Napa to Limassol and Paphos are still crowded and many hotels at seaside resorts are full of overseas visitors.

A delighted Mr Antonakis Andronicou, Director-General of the CTO, told the Cyprus Weekly: "We have had 335,000 visitors so far, up 21% over the corresponding period of last year. We estimate that the number will have reached 410-420,000 by the end of 1981, which will make it an all-time record".

EARNINGS

He said that under the third emergency economic action plan (1979-81) it was envisaged that Cyprus would have 330,000 tourists by 1981, a figure based on an average growth of 15%.

"This target was surpassed last year, when the island had 353,400 long-stay visitors" he said.

Foreign exchange earned from tourism is expected to be in the region of £97 m. this year, compared with £70 m. last year.

"The figures show that the CTO efforts for the development and diversification of tourism have been fully rewarded", Mr Andronicou said.

STATISTICS

The statistics for visitors from Sweden, Switzerland, West Germany and some Middle East countries show sensational rates of growth.

The UK continued to top the list of tourist markets, with more than 104,000 visitors. Holidaymakers from Sweden reached 48,300 and those from Lebanon 24,600.

There were also tourists from West Germany (23,300), Greece (23,000), Kuwait (8,000), Switzerland (7,900), Saudi Arabia (7,500) and Austria (7,300).

Other sources of tourism were the United States, Finland, Jordan, Egypt, Syria and France.

The tourist boom comes despite earlier fears that inflation, high fuel costs and depression in many European countries would severely affect the industry.

The figures also show that CTO's efforts for the diversification of the markets have been fully successful. Tourist arrivals from Arab countries (excluding Lebanon) have gone up from 2% before the 1974 invasion to 12% now.

CSO: 4600/59

OPPOSITION TO NATIONALIZATIONS ORGANIZING, UNITING

Paris LE FIGARO in French 21 Sep 81 p 9

[Article by Laurence Allard]

[Text] "The government will make a 'political' decision on the question of nationalizing foreign banks," according to Jean Le Garrec, secretary of state for expansion of the public sector, who made the statement during an interview with the newspaper JOURNAL DU DIMANCHE. "Legally, it is not required to follow the advice of the Council of State."

The government bill originally excluded banks under foreign control from the group subject to nationalization. On Friday the Council of State, to which the bill had been submitted for its opinion, said that it would be inequitable to treat French and foreign banks differently.

So what will be the cabinet's decision this Wednesday, when it will have to adopt the final version of the bill to be submitted to Parliament?

In the meantime, opposition to the nationalizations is becoming more specific. On Friday, for example, investment manager Jean-Jacques Perrody asked the Paris Civil Court to order the Stockbrokers Guild to reverse its decision to liquidate futures operations involving the stock of companies subject to nationalization. He based his request on the fact that spot and futures quotations were suspended on 9 September.

Opposition to the nationalizations is becoming organized. Movements to resist the takeovers are growing, both among the stockholders of the companies concerned and their employees, as the government's plans come to light. But while the stockholders' defense associations are not hesitating to shout loud and strong, the employee defense committees are remaining more timid and cautious. It is true that their interests are different.

Gabriel Renaud, chairman of PRODAC (Promotion and Defense of Stockholders), who is inviting the stockholders in the National Bank of Paris, the Lyon Credit Bank, and the General Company to join his association, says indignantly: "No one could have imagined that the government would renationalize the national banks. That decision proves that in the government's view, nationalization is essentially a dogmatic issue."

For his part, Jean Cesselin, chairman of the stockholders' union at ACFIBAS [expansion unknown], says: "Placing the Financial Company of Paris and the Low Countries in the public sector does not meet the criterion of public need as set forth in the preamble to the 1958 Constitution." The same applies to the nationalization of Dassault-Breguet, according to Dieudonne Duriez Costes, chairman of the defense association for that company's stockholders.

To Court

Jean-Claude Antoine, chairman of the defense association for stockholders in Saint-Gobain-Pont-a-Mousson, says: "We will go to court if necessary." His association has decided to send a circular to all of that company's stockholders.

They undoubtedly will not be the only ones.

The fact is that foreign countries do not seem prepared to accept quietly the nationalization of factories located in their territories but belonging to French firms subject to nationalization. At least legally. And that situation is not without its consequences as far as French industry's cohesiveness and power are concerned. Jean-Claude Antoine also says: "We are in danger of seeing those big companies broken up, as happened in the case of Bata or Leica." When Bata was nationalized by the Czechoslovak Government, only the factories inside Czechoslovakia were nationalized. Not the others. On the contrary, an international business consisting of the firms scattered around the world was reestablished. It is amusing to note, incidentally, that it was a socialist government--with Francois Mitterrand as its minister of justice--that defended the French assets of the Suez Company when President Nasser nationalized it in 1956.

In addition to the very principle underlying the nationalizations, the indemnification method chosen by the government is far from satisfying the various stockholders' associations. That method consists of evaluating stock values based on average stock market quotations. The period chosen for calculating that average runs from 1 January 1978 through 31 December 1980. Gabriel Renaud says: "The method of indemnifying stockholders should be the same as that used in the case of expropriations." And he adds: "Payment would be in cash for those stockholders requesting it. And the only valid evaluation is one based on net assets as determined by an auditing firm."

But before they can become convincing and influence the government's policy, those stockholders' defense associations must get themselves recognized by the government. So far the government has contested their representative status, claiming that the officers of the firms are the only representatives of the stockholders. Gabriel Renaud says: "Our interests are different," and now that the contents of the legislative bill are known, he is calling on those same officers to call a special stockholders meeting.

As soon as the legislative texts have been submitted to Parliament, the association of stockholders at Dassault-Breguet will ask Marcel Dassault to institute a constitutional appeal, since he is a deputy from Oise.

In the Firms

The approach by the associations of employees in the firms subject to nationalization is entirely different. For them, it is not a matter of challenging nationalization. That has already been decided; it is an established fact. On the other hand, it is necessary to protect their working situation, the place where their work is done, the quality of service to the public, employment, and prospects for advancement.

The initiative was taken first in the banks, where the associations that have been established include a growing number of people and are especially active. The employee defense association at the Rothschild Bank mobilized more than 31 percent of the employees in just a few days. And the employee defense association at the Bank of Paris and the Low Countries includes 1,000 of that group's 3,300 employees. Michel Fougea, chairman of the Association for Safeguarding the Interests of Banking Personnel, says: "We hope to form a federation of all the associations that have been established in each bank and to set up local and regional committees."

He adds: "We have met with the associates of Jean Le Garrec, secretary of state for expansion of the public sector, and of Jacques Delors, minister of economy and finance, to advise them of our concerns." Nationalization of the banking industry will bring profound and sudden changes to the French banking system. Subsidiaries may merge to form large state-owned banks, for example.

Cautious but Vigilant

In the firms subject to nationalization, mobilization is only beginning. At MATRA [Mechanics, Aviation, and Traction Company], there is not yet a defense organization properly speaking, but "constructive" meetings concerning the future of the branches are being held.

The employee association at the Marcel Dassault-Breguet aviation firm, which was formed in August, includes 1,700 members. Its watchword is caution and discretion. "We were relatively satisfied to learn that the government will take only a 51-percent interest in the company. That decision leads us to believe that a merger with SNIAS [National Industrial Aerospace Company] is not contemplated and that the specific character of our company will be safeguarded. We are asking the government to consult with us before any plan of reorganization is finally accepted."

While the employee defense associations in the firms subject to nationalization may not consider themselves rightly concerned by the nationalization of their company's capital, they are nevertheless aware of the changes that nationalization may bring to their working situation. They have therefore organized to protect their interests, but are waiting to see exactly what changes will be made on a company-by-company basis before taking action. Between the virulent opposition from the stockholders' associations and the almost total approval by the unions, their room for maneuver is a tricky matter.

11798
CSO: 3100/15

OFFICIAL OPTIMISTIC ABOUT COUNTRY'S ACCEPTANCE BY EEC

Madrid ACTUALIDAD ECONOMICA in Spanish 10 Sep 81 pp 22, 23

[Text] One-Way Trip

The negotiating process for Spain's membership in the European Community is slow and full of obstacles. In the judgment of Raimundo Bassols, the secretary of state for relations with the European Communities, however, it is the only viable and safe way to surmount the crisis and strengthen the Spanish economy.

Tenacity, adaptability, optimism and effort are qualities that Raimundo Bassols considers essential in negotiating Spain's membership in the EEC. If they had not possessed these qualities, Great Britain, Denmark and Ireland, which waited 12 years, would not have joined, nor would Greece, which waited for 5 years to be accepted in the club. For his part, as a negotiator he displays a great deal of both optimism and realism when he asserts: "These are negotiations between two completely sovereign parties with mutual interests. Spain is determined to join the EEC, and Europe has repeatedly expressed its willingness to have a democratic Spain in its midst and its political determination to carry out this project."

But things do not always proceed as quickly as one would like, and these 2½ years that the Spanish Government has been bargaining with the EEC have weighed somewhat heavily on Spaniards, one of whose traits is the desire to have things done as soon as they are thought of.

The 10 Are Not at All Fond of Each Other

To Raimundo Bassols, our membership in the EEC should not become a question of fondness either. It is not a question of whether Europe likes Spain or not. The fact is that the club's 10 members are not at all fond of each other; they bargain on the basis of their own commercial interests. Europe is continually engaged in bargaining. The issue for Spain is to find out whether its interests are in keeping with the community's. Once it belongs to the club, Spain will be a net beneficiary, according to all the estimates by both sides. It is also to be expected that in such major economic negotiations, each party will strive to safeguard its own interests, but not in a bid to

destroy each other, because when the bargaining is over, we will all be living in the same house. All of the members of the community would suffer the economic disaster of poorly conducted negotiations.

In any case, Raimundo Bassols regards the road to Europe as irreversible. Spain has no other alternative. The numbers prove it. Forty-five percent of Spain's imports are from the EEC, and 49 percent of our exports go to the community. Some 58 percent of Spain's farm products are exported to Europe. In comparison, trade with the United States amounts to barely 13 percent in either direction. Trade with Latin America is even lighter, less than 10 percent. Trade with the EFTA countries is not heavy either, 6.5 percent of our imports and 6.7 percent of our exports, and it is even less important with the Eastern bloc nations (1.8 percent of our imports and 2.6 percent of our exports).

Bassols does not regard the dismantling of the EEC as within the realm of possibility either, in spite of the difficulties that it is experiencing. "The breaking up of the community is one of the few things I consider impossible. The EEC has been formed on the basis of crises. But they have been crises of growth, and it has emerged stronger from each of them."

The EEC is currently going through another of these crises of growth, and the negotiations with Spain are being seriously affected by this new difficulty. As our membership date has been pushed back, the initial euphoria has gradually been replaced by skepticism among the Spanish public and above all among businessmen. There is always the danger of discouragement in such lengthy negotiations. Spanish businessmen of course want to know when and how membership is going to come, because their plans depend on the timetable for the negotiations and the transition periods. One of the negotiator's basic objectives is to satisfy them, because all things considered, businessmen are going to be the leading figures in incorporating Spain's economy into Europe.

There Have Been Lulls But Negotiations Continue

The negotiations that began on 5 February 1979 have never come to a halt, and for the time being there is no prospect that they will. The negotiations comprise 15 issues; 5 of them are at a very advanced stage (practically resolved for the final phase), 8 are at an advanced stage (the technical aspects are at a very advanced point, and decisions remain to be made only on political and economic facets), while 2 issues, agriculture and fishing, remain practically untouched, even though two very general documents on agriculture have already been exchanged.

At first glance, the negotiations might look very far along, but the issues that remain to be broached are unquestionably the most controversial. As far as fishing is concerned, there is good news, inasmuch as the Common Fishing Policy, the only obstacle to negotiating the issue with Spain, will hopefully be outlined by October. With regard to agriculture, Raimundo Bassols

concedes that it is much more complicated: "On this issue I am more tenacious than optimistic. France surely forced a pause. Just when we hoped that the delay would be over after the French elections, an additional but not unexpected problem arose. The EEC is facing a budgetary crisis and because of it would like to amend its Common Agricultural Policy (CAP). The French Government has pointed out that it has to develop its own views on these delicate issues and that, therefore, it needs time to think things over, which means that we will have to wait a few more months. My guess is that the French Government will endeavor to acquaint itself with the issue by the European summit meeting in November and that in the meantime Spain's negotiators should address farm problems that will not be affected by changes in the CAP."

The final troublesome issue that has arisen during the negotiations has to do with the implementation of the valued added tax (VAT). During the negotiating session last 13 July, one of the member countries said that Spain should have to agree to implement the VAT as soon as it became a member as a precondition for continued talks on the customs union. Minister Perez Llorca made it quite clear that Spain does not accept preconditions. The most difficult and delicate aspects of an agreement of this nature are negotiable without prior commitments.

More and Better Products

In Bassols's view, consumers are going to be the big winners when Spain joins the EEC. There will be a wider range of products on the market, and some prices will drop due to increased competition. Quality will improve because controls will be tighter and manufacturing standards stricter. Only truly competitive companies will survive; the ones artificially kept afloat by tariff barriers are doomed to fold. A dismantling of tariffs is not that significant to the companies that are prepared to cope with a market of 300 million consumers. If it is carefully carried out, it should not harm Spanish businessmen. In any case, the fluctuations of the peseta are more damaging.

8743
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MOUNTING DEFICITS FORCE GOVERNMENT BORROWING

Madrid EL PAIS in Spanish 27 Sep 81 p 53

[Text] In accordance with the recent revisions of the State Budgets Bill for next year, the state deficit in 1982 is estimated at 697 billion pesetas, and the public administrations deficit is put at 840 billion pesetas. The bill will be submitted to the Cortes next Thursday by Finance Minister Jaime Garcia Anoveros, in compliance with the timetable for the annual processing of the state budgets. The government deficit had so far been put at 740 billion pesetas.

The deficits are initially expected to be financed through some $100 million in foreign borrowing (about 100 billion pesetas, in round numbers) and 142 billion pesetas in domestic government debt issues. These numbers, which could still be modified over the next 3 days, suggest that the Treasury will resort heavily to the Bank of Spain for the upcoming fiscal year.

In the judgment of banking sector experts, the estimated 840 billion peseta deficit for the public administrations is meaningless, inasmuch as the initial forecasts of the Finance Ministry are regularly outstripped by actual developments and are thus unrealistic. According to these sources and in light of the deficit over the past 4 years, the shortfall for public administrations in 1982 will be no lower than 1.1 trillion pesetas.

In 1980, the deficit was initially put at 329 billion, whereas it actually turned out to be 520 billion at the close of the fiscal year. A deficit of 550 billion (435 billion plus another 115 billion from the Official Credit Institute) was announced for this year, and at this point in the fiscal year, late September, the potential actual deficit is estimated at between 810 and 850 billion pesetas. It is the ratio of the government deficit to the gross domestic product (GDP) that makes these numbers worrisome from a historical perspective. In 1977, for example, the deficit amounted to 0.4 percent of the GDP; 1.9 percent in 1979; 3.4 percent in 1980 and it is going to be around 5 percent of the GDP in 1981. The Finance Ministry's forecasts for 1982 place the deficit at 3.4 percent of the GDP, possibly a bit higher (3.7 percent) in consolidated pesetas.

According to budget forecasts, the GDP will be up about 3 percent next year, while prices will rise 12 percent. Private sector borrowing will be up about 15 percent.

The 1982 budgets call for revenues of 2.8 trillion pesetas and outlays of 3.5 trillion pesetas. Personnel expenditures will total 1.2 trillion, up 13.2 percent from 1981. Most of these outlays, 979.5 billion, are earmarked for active personnel.

The first draft of the 1982 State Budgets Bill increases to 250 million pesetas (5 times what it is now) the expenditures requiring authorization from the Council of Ministers and expressly prohibits any expansion of the administrative payroll that entails increased public spending not offset by cutbacks in other outlays.

The bill provides for a 74 percent increase in budgetary contributions to unemployment insurance, which total about 175 billion pesetas, and in compliance with parliamentary pledges, boosts by 102 percent state aid for the pensions of veterans and the families of veterans affected by the Civil War. About 50 billion pesetas will be earmarked for this purpose in 1982.

With regard to current transfers, 1982 State Budget contributions to Social Security are put at 350 billion, while more than 400 billion is earmarked for enterprises operating at a loss (RENFE [Spanish National Railroads], HUNOSA [National Northern Coal Enterprise], etc).

Transfers to local bodies are up 36 percent, with an overall allocation of 158 billion pesetas. Some 275 billion is earmarked for pensioners, and defense spending totals 130 billion (up 33 percent from the current fiscal year).

Tax Pressures Up

Tax pressures will be up about 0.5 percent with the new rise in the business sales tax (ITE), which the Finance Ministry says is necessary to prepare for its replacement by the value added tax (VAT). The VAT is awaiting approval by the Cortes and is a sine qua non for Spain's membership in the EEC.

Cutbacks on 1982 income tax exemptions are also under study. Such changes are in response to continual complaints by bankers and businessmen about the unfair competition that government institutions and public enterprises engage in to attract funds by issuing domestic securities with very favorable terms.

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PARTIES PREPARE FOR ELECTION, FIRST POLLS TAKEN

Brussels LE SOIR in French 30 Sep 81 pp 1,2

[Article: "The Elections Will Take Place on 8 November"]

[Excerpt] On Monday, after the king released Mr Willy Claes from his mission, the meetings of the executive bodies of the parties did not produce anything new. For the Flemish socialists of the SP [Socialist Party - Flemish], the main thing to remember is the congratulations addressed to Mr Willy Claes. In addition, Mr Karel van Miert's friends have decided to emphasize economic and social questions during the upcoming electoral campaign. As far as state reform is concerned, the Flemish socialists are going to develop the position that "those who want services will have to bear their financial costs."

For the PS [Socialist Party - French], the campaign will be centered around the defense of the system of linkage between wages and the index, and around the further development of the state reform.

Among the French speaking social Christians of the PSC [Christian Social Party - French], the leaders are having a tough job fighting against discouragement and a feeling of disaster. They are currently trying to develop a double defensive offensive: against the Socialist Party and against certain elements within the CVP [Social Christian Party - Flemish].

The situation was judged sufficiently serious by Mr Vanden Boeynants' friends to warrant a meeting of the executive committee of the PSC on Monday, or 24 hours earlier than planned. The first volley of arrows in the direction of the PS: "The mission of 'informateur' entrusted to Mr Claes has demonstrated that the Walloon socialists are willing to deal today, within the framework of current affairs, with dossiers they refused to deal with within the government. Mr Mathot is asking a government, which he paralyzed yesterday, to get to work today. This confirms that the position of the PS on the steel industry was nothing more than a pretext to provoke a political crisis. All the more so as the financial problems of Cockerill-Sambre could have been taken care of until the end of the year."

The second volley is addressed to the "hard cases" within the CVP: "We condemn with equal vigor the unacceptable character of the accusations leveled by Mr Eric Van Rompuy against the king. The political parties are there neither to provoke crises nor to complicate them through irresponsible attitudes, but to untangle them." Let us recall that the ambitious president of the CVP Youth had accused the king straight out of having played the socialist card for several weeks.

Finally, the FDF [Democratic Front of Brussels French Speakers] also accepts the idea of early elections, even if they have been demanded by a CVP which "once again has placed itself in the role of head of state." Mrs Spaak's party clearly announced itself in favor of pursuing a state reform limited to the set of articles aimed at in the list established in 1978.

Poll: More Blank Ballots

LA LIBRE BELGIQUE and HET LAATSTE NIEUWS (liberal) have published a first pre-electoral public opinion poll, conducted by the ISCOP [expansion unknown], in the Flanders and in Wallonia, with a sample of 1,084 Walloons and 1,022 Flemish, 18 years of age and over.

The most important piece of information to come out of that poll is the high number of undecided: 30 percent in Wallonia, and 26 percent in the Flanders, and overall 20 to 25 percent of the respondents announced that they would turn in blank ballots. It should be noted in this regard that at the time of the last elections, in October 1978, a total of 8.3 percent of null and blank ballots were counted in the whole kingdom.

At the level of the parties, the outgoing coalition would appear to be clearly losing ground with regard to the October 1978 poll: the PSC (21.8 percent), losing 5.1 percent; the PS (32.6 percent), down 4.1 percent; the CVP (41.3 percent), down 2.5 percent, and the SP (20.5 percent), down 0.9 percent.

This clear expected decline of the traditional parties would benefit primarily the ecologists (up 5.9 percent) and the UDRT [Union for Democracy and Respect for Labor] (up 6 percent). However, both of these groupings would suffer a slight setback with regard to the last survey conducted by ISCOP in June 1981.

The liberals would appear to be on the upswing, in the Flanders as well as in Wallonia: the PRL [Party of Liberty and Walloon Reform] (17.9 percent), up 2.2 percent; the PVV [Party of Liberty and Progress] (19.4 percent), up 2.2 percent. As for the federalist parties, the People's Union would advance in the Flanders, but the RW [Walloon Rally] would decline in Wallonia, down 2.3 percent.

Let us recall that at the time of our survey among the young (October 1980), we had already observed a certain infatuation with the "ecologists" and the "UDRT phenomenon," but also an interest in favor of the RW when compared with the last electoral results. The young people of the age bracket we questioned will be voting for the first time.

8463
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DEFENSE, FOREIGN POLICY, WORLD ECONOMIC CHANGE EXAMINED

Paris PROJET SOCIALISTE POUR LA FRANCE DES ANNEES 80 in French pp 337-360

[Part 3, section 4 of book "Socialist Project for France in the Eighties" by the French Socialist Party, publ by Club Socialiste du Livre, 392 copies, 380 pages]

[Text] An Independent France Which Opens Out Onto the World

Preamble

As opposed to the current chief of state's "globalism," which is multinational capitalism's rhetorical pretext, the Socialist Party maintains that love and respect for one's country are at the heart of genuine internationalism as per the inspiration of Jaures. It is by recognizing a need present in all peoples that the Left is able to make democracy the spirit of peace, to draw out of it amoral force capable of stirring up resistance to servitude and reversing the erosive course of universal exploitation. It is time for socialism to give our country's men and women back a sense of two-fold continuity: The continuity which leads from the small conception of homeland to the large one, as well as the continuity which in a nation's desire for independence recognizes the very requirements for self-management. "Live in the country, work in the country, make decisions in the country"--this cry which without a doubt best sums up the distress of men destroyed by the slump is not a call for isolation and withdrawal. It urges Frenchmen to awaken to the need for active worker solidarity, to refuse to acquiesce in the disembowelment of French society in the name of free trade and the internationalization of the law of the jungle by the big carnivores with outside capital, and to substitute international cooperation based on the solidarity of peoples and exploited classes for the international cooperation of businessmen and guests at "Hilton hotels." It urges them, in a word, to set against the global bourgeoisie's cosmopolitanism the internationalism which nations are only just starting to glimpse. Amid the stucco of false grandeur and the plastic of mass failures, the mythical invocation of a rarefied France and the insidious advent of a homogenized France, the Socialist Party is appealing to citizens for a thorough rectification of their country's foreign policy.

Foreign policy is an external continuation of our choice of society, is fundamental to that choice, and can in no way be considered as a mere add-on to it. The balance between East and West and the imbalance between North and South are what the peace of the world is perched on, and they are the cause of a permanent threat of instability hanging over that peace. Global conflict is only held in abeyance and war between the blocs only kept sufficiently cooled down by means of a terrible runaway arms race and a string of Third World hot wars. This situation puts the peoples of Eastern

Europe on notice to choose between peace and freedom but in Western Europe it only offers the variations of another tyranny: In the heart of Europe, French society is witnessing the extension of capitalist market constraints over the world only to feel them close in stronger on itself. By opening up to the world, something which is necessary, our country is, in the current state of affairs, opening itself up to a capitalism which simultaneously drains it of its substance and threatens to destroy its identify. In the end this only offers France the possiblity of choosing between being edged out or withdrawing. However, the building of socialism in France and the expansion of democracy itself are no less incompatible with isolation than they are with dependence. The Socialist Project is a class choice against exploitation and inequality, a choice which cannot stop short of borders being obliterated by exploitation and inequality every day. The objectives of our foreign policy--to strengthen peace by basing it on collectively organized security and disarmament, to build Europe in a real way on the solidarity of its workers and on resistance to international capitalism as well as resistance to the thrust of Soviet power, to support struggles being carried out in the Third World against imperialism, against the covetousness of the Great Powers, and against the iniquity of the global distribution of wealth and labor--are at the same time the means for France to affirm its people's work and creative abilities, culture, and courage.

That is the meaning of our internationalism for France and for the world; that is the meaning of national independence for socialists and the entire Left. Without the ability to control our own development even the defense of democracy becomes problematical and, it need hardly be said, any pulling away from the capitalist order becomes inconceivable.

That is why the search for autonomy in our development is inseparable from the international prospects for self-management socialism. By guiding our action outside as well as inside our borders, this search for autonomy bases our participation in international cooperation on the class solidarity of those who are exploited and also on the search for peace. The key ideas of this policy are the following:

1. The Socialist Project for France shows solidarity for social struggles in Europe and liberation struggles in the Third World, and it gives priority to the struggle for human rights and to establishing a new world trade organization.

2. It is impossible to come near to achieving these objectives or to set up a genuine system of collective security and of general and monitored disarmament without transcending the polarization of the world in terms of blocs.

3. In order to give itself the means to do that, France, which has the potential, therefore has a duty to maintain and expand the autonomy of its development and of its defense.

4. An active policy of disengaging from the blocs can jeopardize the balances necessary for detente without having the means to replace them. In the world's current state, France's security prohibits it from letting the slightest doubt hang over its determination to honor its alliances or its refusal to let itself get involved beyond commitments expressly subscribed to.

5. Consequently, although the Atlantic Alliance presently remains for our country a necessary counterweight to Soviet power in Europe, it must not serve as a pretext for France's alignment with the stances of imperialsim in the world, nor must it lead France to integrate itself in the European context directly or indirectly into the American strategic force.

6. A genuine European structure must be based on the solidarity of its workers and the will of nations to jointly free themselves from subjection by superpowers. The Socialist Project supports the activity of European Economic Community institutions on each occasion that they move in this direction.

7. Detente and world peace are in large part based on a certain balance of power between the blocs and will remain precarious as long as world collective security organization cannot be substituted for that balance. While in this fact the Socialist Project recognizes a current limitation on its desire to disengage, it cannot give up the idea of unleashing that desire. In actuality no socialist is unaware that while the Soviet Union gears its support for Third World liberation struggles to its own state interests and great power politics, imperialism by nature opposes those struggles withour exception.

8. A new internationalism will necessarily lead France to attach greater importance to relations it will be able to establish with social and political forces which share its concerns. That internationalism involves developing new relationships within the whole of Europe, with Africa, and with the Mediterranean world, but also between the European Economic Community and the rest of the world.

9. France is not a medium-sized power, though it is in actuality medium-sized in terms of area and numbers. Its pivotal location between North and South can give substance to both the nearer term possibility for a real transition towards socialism in the heart of the developed world and the possibility for a break-up of the international capitalist order. In order to inspire our country's foreign policy, the Socialist Project will support developments coming to light in the world aimed at more indepedence with respect to the two superpowers. This evolution is a prior condition for a more distant dissolution of military blocs for which would be substituted a global system of collective security. This process runs the risk of being condemned to stagnate without the active support of a country capable of aspiring to global influence. That role could be France's role. That role should constitute the main theme of France's diplomacy and its activity on behalf of international cooperation. It is an essential element of the success of socialism in France. It explains in and of itself why a socialist foreign policy constitutes one of our Project's priorities.

A. A New Internationalsim

From the beginning, the fight for socialism has been linked to putting international solidarity into practice--solidarity with social struggles, and solidarity with liberation struggles; and history reminds us that each time this practical implementation of solidarity has slackened, the force of socialism in our country has weakened.

From this standpoint, a Socialist Project for France only becomes meaningful by being receptive to the struggles which popular forces are carrying out nowadays all over the world for their liberation. Involving our country in this struggle domination and exploitation must be our foreign policy's "deliberate bias" as it were.

This struggle against instances of domination fits together primarily around the defense of human rights and the right of national self-determination and around building a democratic organization for global trade.

1. Defending Human Rights and the Right of National Self-Determination

This is a two-fold principle:

-Defending human rights wherever they are denied, flouted or threatened, wherever that may be and in whatever form (from South Africa's apartheid to the USSR's camps and psychiatric hospitals and the sexual mutilations inflicted on women in certain countries, to Latin America's disappearances): For the Socialists there have never been and never will be "good executioners." Socialists will carry on this fight with all those who, like them, refuse to be diverted from their objective.

-Defending the right of nations to self-determination, their right to independence and to decision-making freedom: To be sure, the free exercise of self-determination can present some problems since it calls into question status quo situations and some fragile equilibria on occasion. France will make its contribution towards the settlement of those problems but cannot suppress the right of national self-determination. Both the Saharan nation and the Eritrean nation, both the Palestinian nation and the Kurdish nation, among others, have the right to exist.

Of course, the struggle for human rights and the rights of nations begins on our own territory. France will only be heard if it is itself exemplary, particularly in its practices of political asylum and of receiving refugees and immigrant workers. This fight is political (democratic rights), social (trade union rights), and cultural (religious rights, language rights): There is a close connection between the defense and promotion of human rights and the will to undertake and carry out social changes in France and elsewhere.

2. An Equitable Organization of Global Payments

In today's world, hundreds of millions of men, women, and children are deprived of the most basic right there is, the right to eat their fill; hundreds of millions of young people and adults are "condemned" to illiteracy and deprived of the right to knowledge. For these hundreds of millions of human beings it is the right to live a more human life which is in question: Here the fight for human rights links up with the fight against hunger and misery, for the development of every man and all peoples.

The Socialists propose that France take a stand resolutely on the offensive, going well beyond mere humanitarian action.

Hunger and misery will not be vanquished by development except by changing the present international economic system--the capitalist order based on the exploitation and domination of hundreds of millions of human beings--into a new international order based on the independence of nations and their cooperation.

Taking part in this fight for another system of relations between nations--for a genuine world organization which will not be solely economic but will also be social, cultural, and political--will constitute one of France's major foreign policy commitments.

This fight will be fought out on the terrain of international conferences and institutions (particularly UNCTAD [United Nations Conference on Trade and Development]) as well as bilateral relations (negotiation of co-development agreements) and the European Community (Community policy vis-a-vis the Third World and the Lome Convention).

Fance will make a real North-South dialogue one of the priority spheres of activity of its foreign policy.

Of course there is no question of France acting as if it were a Third World country, but, quite the contrary, by providing full assurance of its status and responsibility as an industrial power, it is a matter of France carrying its weight within the developed world in order to make that world move forward, and of seeking out the necessary alliances (particularly via relations built up within the Socialist International: Sweden, the Netherlands, Austria, etc.) in order to stimulate the emergence of a group of countries prepared to enter into a genuine dialogue with Third World countries, with a view to real change.

Therefore, France will take initiatives on behalf of setting up a common fund for the stabilization of raw materials markets in order to rescue them from the free play of supply and demand and of speculation. France will take action as well in favor of debt forgiveness for the poorest countries, of technology transfers which have all due respect for the economic and political independence of the countries involved, of common development of ocean resources--the "common heritage of mankind,"--and of setting up a system organized in a concerted fashion for international planning of production and trade.

Of course these objectives, which match up with those which have been specified by developing countries, both within the "Group of 77" and the "nonaligned nations," are not in conflict with maintaining and even increasing "aid" to Third World countries. In this area France will uphold the commitment agreed to by the governments of the Fifth Republic and to this day never held to, namely a net transfer of 0.70 percent of GNP (not including transfers to the DOM-TOM [Overseas Departments and Territories], which goes without saying).

The course of the struggle against domination and for a new world economic organization also involves a reform of structures and institutions such as the International Monetary Fund and the World Bank, which are dominated by American power and too often act as instruments of U.S. imperialism. Making these institutions "democratic" and reorganizing their internal power and decisionmaking structures will be one of the key elements in building the new order. Taking into account its geopolitical situation, a country like France can make an effective contribution to that.

By knowing how to respond to those hopes, France, for its part, will by finally making a contribution towards fulfilling an expectation: The expectation of the existence of an alternative which is democratic and which for a great number of people is socialist. In actual fact there are many who do not wish to copy the models of authoritarian societies imported from Eastern countries as the way to escape American imperialism.

3. Disarmament, Collective Security and the Future of National Defense

The Socialist tradition is a tradition of peace, disarmament and arbitration of disputes. Socialists, who cling to the memory of the Army of Volunteers and the Commune fighters and who were a party to the Resistance, have taken up arms each time it has been necessary to defend the country's independence.

There is no doubt that defense is military in nature only in the last instance. But thoughtlessness aside, nobody is able to finesse the matter of defense.

France lives in a world of armed peace. The superpower balance based on the logic of deterrence can be challenged, not so much by the desire of those superpowers as by an objective mechanism of confrontation or by the rise of new dangers: The development of internal tensions inside each bloc or excessive arms build-up and proliferation of conventional and nuclear arsenals.

A genuinely dynamic movement towards disarmament would unquestionably imply that the first elements of a collective security system were in place or that nuclear weapons proliferation had taken on sufficient dimensions to compel the superpowers, threatened with losing their monopoly, to let the disarmament question move from rhetoric to reality. The Socialists advocate the collective security route, and therefore they fight against nuclear proliferation.

By the very fact that France is a nuclear power, it is in its power to take initiatives along these lines. That is why our country will undertake to participate in the negotiations underway in Geneva and in the negotiations dealing with the reduction of forces stationed in Europe (MBFR in Vienna) in order to make its own proposals.

France will propose, perhaps in the extension of the Helsinki accords, convening a permanent European conference for the reduction of conventional and nuclear forces and of tensions in Europe. According to Francois Mitterrand's proposal, this initiative should provide for a kind of collective security-type UNCTAD bringing together all countries of the world under the aegis of the United Nations.

While France's commitment on behalf of disarmament is irrevocable, this cannot allow France to forget that it cannot expect to see that commitment shared by others to take care of France's own responsibilities with regard to its defense and alliance system.

The traditional view of threats made the Eastern bloc out to be the sole source of danger. Thus, was justified the orientation of our defense exclusively in that direction. It is essential to expand that view: In fact, within bloc logic itself are included some infinitely more serious threats.

The SALT negotiation, as well as the agreement on the prevention of nuclear war, clearly defined two sanctuaries: American territory and Soviet territory. But if these two territories find themselves protected from thermonuclear exchange--to the extent the accords are honored--that can as a result also mean that others find themselves at their mercy.

In addition, the two superpowers are increasingly agreeing on a joint global view of the world's security. The Soviet defense system corresponds to the integrated defense of the Western system in which Europe is an element of the stakes and is the scene of confrontation.

Nowadays that is pretty much the main dimension of the threat: Seeing Europe transformed into an operational theater on the sole initiative of the superpowers. The strategy of graduated confrontation which is proposed to us by the blocs is the corollary of making sanctuaries out of the two big powers. One might wonder if the real plan of the Atlantic and Soviet headquarters is not to wage war in Europe in the event of East-West confrontation. In this way NATO's recommendations to strengthen conventional forces and expand tactical nuclear weapons would be explained. But as far as Western Europe is concerned, as per former secretary of state Kissinger himself, the moment the automaticity of U.S. protection is not guaranteed and the deployment of an American nuclear umbrella is in question, that step of NATO's takes on a new form--the creation of a European defense subsytem satellite of the American system. The acceptance of this strategy by Giscard d'Estaing significantly highlights its risk. By allowing in theory for the participation of French forces in a battle at the front, he implicitly consents to putting those forces under integrated command.

Staying in the Atlantic Alliance must not mean acquiescing in American strategy. It is true tht our country cannot give up one alliance without having available another alliance or a collective security system negotiated on a European or worldwide scale; however, the Atlantic Alliance, like the Brussels Treaty as well apart from the fact that the latter only covers Europe and the Mediterranean, entails obligations witout fail, but no French government can agree to seeing itself drawn automatically into a conflict in which the country's responsibility and interests are not involved. That is why it is essential to preserve full autonomy of decision-making in our defense, in particular control over its deterrent forces. Real deterrence by means of a third-party power does not exist. The French deterrent is a stability factor for the whole continent now because it is in a position to thwart hypothetical plans for a battle in Europe. That deterrent constitutes a key element in the negotiation of an agreement for collective security in Europe.

While without a doubt the way to collective security is in fact through a decrease in American and Soviet arms in central Europe, it also involves a certain military balance between two poles, one in the East and the other in the West. That balance exists today between the USSR and the United States. But to agree to letting security on our continent in the last instance depend on the balance between the two superpowers lasting forever would be to resign oneself to maintaining the political and social status quo, especially in our country. We cannot support preserving the current military blocs without undermining in advance the very possibility for an original kind of socialist experience in France. But in addition the idea of an independent European defense bumps up against the non-existence of a joint political authority capable of bringing the deterrence to bear without which any defense nowadays is illusory. In the present circumstances, the Socialist Party thinks that the institution of such an authority cannot be anticipated.

Therefore, the only practicable route is still to maintain an independent French deterrent force in good order, that force being an element of collective security as conceived on a European scale.

Contrary to generally prevailing ideas, nuclear force modernization represents a slight portion of our military budget. This is the case especially since, in accordance with the fundamental principle of deterrence, expressed as "from weakness to strength," there is no question at all of matching the arsenal of the superpowers. Moreover, the French deterrent modernized in this fashion would see its effectiveness increased via the current balalnce between the two superpowers, neither of which can accept seeing the part of Europe it dominates fall into the other's sphere of influence. Finally, it is likely that this kind of reorientation of our military policy will only gradually make its effects felt. Aside from the fact that the development of weapons systems is always a long-term matter, one might doubt that the Federal Republic of Germany is ready to abandon American protection today. However, the credibility of that protection has already greatly diminished and will diminish further in the years to come as a result of nuclear parity between the USSR and the United States, already old hat, but mainly because of the development of so-called "theater" nuclear weapons. Germany is increasingly liable to become a nuclear battleground between the two Great Powers.

With the benefit of the preceding observations the party will, when the time comes, have to seize the occasion for decisionmaking by France with regard to possible SALT III negotiations.

Nuclear deterrence is only one element of a wider-ranging concept of defense. That is why the Socialist Party reaffirms its devotion to the principle of national service for everyone and to the idea of the citizen-soldier.

For all that, the party does not fail to grasp that the institution of military service is in a crisis state. Moreover, it is not possible to do everything at the same time within the limitations of a budget slightly more than 3 percent of GNP--to simultaneously maintain a modern navy and air force, an operational overseas intervention force, credible deterrent force, field forces, and finally a conventional army which remains one of the world's top armies in troop strength terms, which thereby takes up the bulk of military funds and whose mission seems to be only to supply fodder for a battle in Europe.

Therefore, our project includes a modification of our defense system, in particular by setting up a people's mobilization force, on the basis of a short period of national service, the same for everyone and open to voluntary service by women.

A modern intervention force and further reduction of troop strength will permit France to fulfill its international obligations if the occasion arises. The democratization of the army, its opening up to the nation, the close interweaving of active duty personnel (volunteers and conscripts) and finally a genuine conscientious objectors' statue will contribute to the spirit of defense which is the mark of free nations.

B. France, Europe and the World

1. The Europe of Workers and Nations

France will participate fully in the European structure. France's role in the world is in the first instance via Europe. But to speak of France in Europe and of wanting a genuine European structure which can only be built by workers is, going beyond the present European Economic Community, to speak of the whole of Europe and therefore of the establishment of closer ties between its two parts which are divided today.

Because Europe is our most immediate environment, because European nations have a common destiny, because the European Economic Community is a reality, and because class struggle in France is of the same nature as class struggle of other European workers--the pursuit of independence for France involves independence for Europe.

In the current situation of the Community countries' social and political forces, a considerable portion of the Treaty of Rome's provisions remains a dead letter. There is no doubt that socialism's perspective is not the dominant characteristic of that Treaty, but the observation must be made that it is the spread of multinational capitalism which has made an almost exclusively market conception of the Community prevail. However, the achievement in France of the Socialist Project will run up against fewer difficulties to the extent that our European environment is less marked by liberalism and Atlanticism. France, involved in the construction of a socialist society, will contribute to the democratization of the Community and will use the latter's institutions for the benefit of channelling together social struggles against unemployment, to reduce working hours, for the control of multinationals, and for the defense of freedoms and the expansion of democracy.

In the part of Europe belonging to the Community, a socialist France will express its rejection of regional imbalances in order to take advantage of all possibilities of reducing regional, social and tax disparities of which multinationals make use for their greater profit. France will pursue genuine democratic planning in the areas in which the European dimension is vital, particularly in a certain number of industrial sectors. For the future of the European structure it is essential to arrest neoliberalism in Europe and to correct imbalances, testimony to which is the functioning of the monetary zone which, under the designation of European Monetary System, threatens to subject the whole set of Community country economic policies to the interests of a single country. France will associate itself with priority implementation of the Treaty of Rome's social provisions. France will make sure of keeping in effect a common agricultural policy which constitutes one of the Community's cornerstones but it will dedicate itself to recasting that policy's clauses in order to substitute taking direct action on the ways production is structured for indistinguishable market interventions. France will also see to it that the Community's enlargement--a logical consequence of the return to democracy of Portugal, Spain and Greece--does not make any worse the overwhelming handicap under which a large number of its farmers in particular are laboring. France will lay down three conditions for this enlargement:

-The first condition will be a radical recasting of the common agricultural policy, including a genuine organization of markets for producers affected by the enlargement as well as setting offices by product;
-the second condition related to industry, allowing sectors which are in difficult situations today to maintain and expand their operations;
-the third condition is a detailed plan for economic support to regions.

The opening up to the south of Europe can be a bridge between the two shores of the Mediterranean, and a socialist France will make an active contribution to that Therefore, it is a matter of making use in determined fashion of all possibilities for cooperation opened up by the Treaty of Rome, while furthering the expansion of trade and industrial cooperation with the entire body of European nations.

This step implies that the rule of unanimity, unanimity being required for any revision of the Treaty of Rome, remain on the books. In the current state of relations between the Community's new member countries, and faced with their problems in defining common policies in vital areas, it will be advisable to see to strict implementation of the Treaty before examining the possibility of a new stage. In fact, as long as Europe remains dominated by capital to such a large extent, maintaining our scope for maneuvering and even expanding it are a mandatory requirement of the Socialist Program.

Whatever attention we must in other respects bring to bear on the smooth operation of European institutions and cooperation between nations, we cannot expect from those institutions the decisive impetus which will open the way to a Europe of workers.

In actuality, the working class and the working world in Europe today, even in the countries into which they are best integrated by capitalism, are increasingly led to question an economic and social system whose tendency is to make them pay for the consequences of a crisis for which that system is responsible.

In a Europe in which capital only integrates workers by increasing the number of unemployed, the temptation to compromise by bartering power for welfare is weakened. At the trade union organization level, the European confederation of trade unions is getting stronger: While it is true that this confederation continues to labor under the handicap of historical divisions of the worker movement, it is nontheless starting to envisage large-scale actions and far-reaching reforms of the economy. At the level of the political organization of the Nine, evolutionary change is showing the outlines of certain convergences on concrete problems. An already promising diversified dialogue with the progressive forces of southern Europe and with the political organizations of the countries of Eastern Europe must be pursued.

2. France and the World

The assertion of a genuine foreign policy, the preservation of our decision-making autonomy, the fight for the defense of human rights, concern for maintaining detente and strict regard for France's commitments will allow a socialist France to develop normal relations with the United States and to promote its feelings of friendship for the American people.

Those same perspectives and the fundamental role played by the Soviet Union in the international equilibrium lead us to develop a policy of friendship with that country. We will seek new possibilities for cooperation with the Soviet Union, as a consequence of our desire to induce it to implement the Helsinki accords in a satisfactory manner, and without giving up the idea of diversified bilateral relations among the other Eastern countries in the slightest. The development of Franco-Soviet trade will be one of the objectives of the coexistence policy which the difference in economic and social systems should not obstruct.

On the contrary, the acceptance of this difference constitutes the foundation of the policy of peaceful coexistence between nations. Therefore, the future of Franco-Soviet relations must above all be conceived of in the framework of collective security and of the structure of a lasting peace in Europe.

There are potential complementarities between West and East. They must be exploited and developed. New ties can be woven between communist parties in power and the Socialist International [IS] member parties in the interest of peace, as has been shown by the recent meetings between Leonid Brezhnev and the IS delegation led by Kalevi Sorsa, in which delegation Lionel Jospin represented our party.

As the Metz proposal emphasized, the idea following the recent Sino-Japanese-American rapprochement of arming China with a view to encircling the USSR would be a serious mistake for the countries of Europe.

While France's security currently rests on its own alliances, our security and European peace also involve Moscow in the constant pursuit of eliminating blocs and in the organization of a Europe of nations.

Moreover, the tradition of Franco-Soviet friendship--even the tradition of France-Soviet alliance in former times--is a constant factor in our diplomacy. Our two nations are equally devoted to preserving the borders inherited from the Second World War and to the idea of Germany respecting its obligations stemming from treaties which ban it from having access to nuclear weaponry.

These convergent factors should make it possible to base the peaceful future of our continent on solid foundations uninvolved in any hegemony whatsoever.

These solid foundations are: Unbroken respect for the sovereignty of nations all over the world, and non-intervention, particularly of a military nature, in the internal affairs of other nations in any circumstances.

There are no extenuating circumstances in Afghanistan as elsewhere for that type of intervention: Such intervention is part of the logic of blocs and is an illustration of the risks bloc logic imposes as a burden on world peace.

The Socialists would remind people that "a nation which oppresses another cannot be a free nation."

Even more than Africa the Middle East and Far East are the regions where world peace finds itself more dangerously exposed to the risk of an uncontrolled spread of local conflicts.

France has the potential for making a contribution towards convincing the nations confronting each other in the Near East that their mutual recognition is the key to a just and lasting peace in that region.

The Socialist Party affirms that France will remain unfailingly devoted to the everlasting existence and to the security of the existence of the state of Israel within secure and recognized borders, in accordance with United Nations Resolution 242. But France will at the same time affirm that the recognition of the national rights of the Palestinians is an essential element of Middle East peace and consequently, in our opinion, of Israel's security. It goes without saying that the recognition of the national rights of a people naturally includes the right to set up its own national entity. In the same spirit we affirm France's desire to respect Lebanon's integrity and to have it respected.

In the whole of Asia, the future will perhaps be dominated to a large extent by the diplomatic turning point marked by the treaty of peace and alliance concluded between China and Japan. There is no cause for France to interfere in the relationships which China maintains with the Great Powers. France will develop a policy of cooperation and consistent relations with China. France must also--whatever the difficulties and circumstances may be--develop its cultural, economic, and if possible political relations with Vietnam. France's activity must aim at encouraging a resolution of the tragic Cambodian problem on the basis of that country's independence and respect for its integrity and sovereignty. Close contact both on the bilateral level and in the Community framework must be maintained with Japan without failing to appreciate the precautionary measures imposed on Europe by that country's commerical expansionism and foreign policy orientations.

In Latin America, as elsewhere, the general principles of a socialist policy will lead France to expand cooperation with countries such as Mexico, Cuba and Venezuela which demonstrate the most resistance to their economic colonization. But France must above all take the initiative in substantial aid to liberated countries (Nicaragua) and countries which will in future be liberated from dictatorship; and in Europe France must take the lead in international action likely to halt the barbarity in the name of "national security" which has been instituted by the military regimes of the subcontinent (Argentina, Chile, Uruguay) following the example given by Brazil.

Also in the Western Hemisphere, the greatest attention must be given to the development of the Quebecer problem. The Socialists regard with particular sympathy the effort of French-speaking Quebecers to escape economic colonization and assert their social and cultural identity. Whatever track Quebec chooses, France will therefore maintain and make efforts to expand its help to that community.

Finally, there are two regions of the world in regard to which history and France's own resources for activity endow France with a special responsiblity: The Mediterranean basin and Africa.

The countries bordering the Mediterranean, which are all linked to our own people by numerous affinities, call for particularly active cooperation on our part. In this regard, a privileged role must be assigned to Franco-Algerian relations. In fact Algeria, owing to its political orientations and the role it has been able to play in Africa, in the Arab World, and more generally within the whole body of non-aligned countries, is for France a partner of choice, chosen on the basis of the principle of mutual respect for independence, the non-alignment perspective, and economic complementarity. For our country Franco-Algerian relations are one of the keys to a Euro-Arab dialogue which must be deepened.

Nowadays Africa is untamed capitalism's favored ground. The governments of the Fifth Republic bear a heavy responsibility in the development of the neocolonial ties which have been woven since independence. The president of the republic demonstrates a particular taste for playing the role of policeman on this continent and for supporting the most backward, indeed the most barbarous and always the most corrupt regimes. In nearly every one of these countries, in nearly every aspect of our relations, France's honor and interest demand that we take the course opposite to that policy.

The historical ties which unite us to Africa make the nations of that continent privileged partners in a form of cooperation which must stop adapting itself to the needs of local oligarchies which themselves serve private interests in metropolitan France. All military cooperation agreements with African governments must be renegotiated. They will expressly stipulate that military assistance can only be requested and obtained in the event of external aggression against those countries.

But in the entire world France's policy must actively support progressive developments (that expression being understood in terms of taking into account local situations) and the process of non-alignment. The counterpart of this reorientation of our foreign relations will be a halt in arms sales and a reduction in our trade with all countries which have fascist or racist practices.

The contribution a large industrialized country which has chosen socialism must make and the support it must give to the Third World are not implemented solely in the bilateral context of relations between governments.

The history of French socialists and the ties built up with European socialists and social-democrats, who for the most part are joined together within the Socialist International, make our participation in that organization an objective given.

The IS, which could not in any event lessen our party's freedom of analysis and action, is still a privileged scene for fraternal debates and joint initiatives. Along these lines, the new attention the IS is paying to socialist and progressive forces of other continents (breaking with the traditional Eurocentrism of the European worker movement) and to the major reoccupations of the contemporary world (disarmament, new economic order, struggle for freedoms and human rights) marks a development which it is our responsibility to encourage. In this fashion our party will retain its membership and at the same time keep its identity and its own specific character. The links built up in this way will promote international solidarity with the Left when it is in power in our country.

Generally speaking, the development of relations between the PS [Socialist Party] and the whole world's trade unionist and political organizations--socialist, communist or social-democratic ones--are a precious means for getting international cooperation to move forward, a means apart from and on another level from that of relations between governments.

9631
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CHANDERNAGOR ON EC: FISCAL, LABOR POLICIES, SPAIN, PORTUGAL

Paris LE MONDE in French 11 Aug 81 pp 1, 5

[Interview with Andre Chandernagor, minister of European Affairs by Maurice Delarue; date and place not given: "An interview with Mr Chandernagor." The minister in charge of European affairs states he favors granting additional resources to the Community and opposes a system of 'free exchangism without limits and restrictions']

[Text] Mr Mauroy's government has made some innovations in diplomatic techniques. While the president of the Republic establishes foreign policy, the incumbent at the Quai d'Orsay, Mr Cheysson, is responsible for "foreign relations" in all areas. He is assisted by two minister-delegates, and no longer by secretaries of state, who participate in all the government cabinet meetings. One of them, Mr Chandernagor, is in charge of European affairs, more exactly Community affairs, an essential aspect of French politics. The prime minister has delegated to Mr Chandernagor the responsibility of presiding over over the interministerial committee for European cooperation and handling arbitrations. Previously the prime minister had reserved such prerogatives for himself. In the conversation below the minister sets forth the government's views on the functioning of the European machine and on the revitalization plan which he intends to link next autumn to the budget restructuring that Great Britain requests. To confront "world challengers" he advocates an "innovative policy," research in leading sectors, industrial modernization, agricultural export linked with a social policy, requiring new resources and the abandonment of "free exchange without limits and restrictions."

"We are not ideologues urging supranationality or non-supranationality," Mr Chandernagor, minister for European affairs, declared. "We take Europe as it is. Before thinking of changing its institutions we shall try to make them work better and above all better coordinate their action."

"The Commission was an organization to take initiatives and stopped being so, since according to certain governments the initiative should come from the Council. But the latter has not always fulfilled that role. It became engulfed

in details and of itself became jammed up. They elevated it by one step, to the summit, with the European council, which itself ended up dealing with details. The machine must be put back on its foundations. The council of ministers and the European council should deal only with real problems and restore a little life to the Commission.

[Question] Nevertheless the decision-making machinery presents a problem. The Luxemburg "arrangement" of 1966 extended the use of the veto to all "very important" questions. What do you think of that?

[Answer] That is no longer the question. Today there is recourse to having a consensus on all questions, even the minor ones. When a subject comes before the council the chairman asks each one what he thinks of it and the reply is "It is not bad, but..." Thereupon each one expresses reserves. You go around the table several times and the reserves increase. Then the chairman says "It is not 'ready' yet," and the subject is put off.

[Question] How can that be prevented?

[Answer] I think that the time comes when one must take a vote even if it is known that there is a minority. Moreover, that conforms to the spirit of the Luxumburg "arrangement." For important questions unanimity is certainly indispensable, otherwise the Community would come apart. But these consultations around the table must come to an end. If a vote were taken on minor problems it would be much more difficult for an isolated delegation to exercise its veto. The texts do not require amending. It is a matter of instituting a new procedure.

--People must be made to admit they have had recourse to a veto.

--That is correct. You know, in discussions of the budget (The Council has always adopted the budget by a two-thirds majority) at five o'clock in the morning what seemed to be a matter of major importance becomes a subject for practical compromise.

[Question] Until now France has practically boycotted the Court of Justice. At best, it ignores it. Are you going to continue that way?

[Answer] I certainly intend to take an interest in the Court. There have been complaints that it functions by obstruction. Since the Council does not fulfill its function and develop common policies, the Court has a tendency to constitute a community according to its views. Since it cannot act positively it acts negatively, but the Council's shortcomings are responsible for this.

[Question] Are you afraid that the European Parliament is tending to increase its powers?

[Answer] Until now there has been a basic contradiction in the French position. The contradiction is to have wanted the elections to the Parliament to be by universal suffrage, but to have added that it will have no more powers. It is true, institutionally, that once elected the Parliament has no more extra powers, but in the budgetary area its powers are considerable.

During these past 2 years conflict arose because of poor coordination between the Council and Parliament. Thanks to supplementary budget votes, Parliament sought to create a reserve. It was stretching the rules. The Council ought to have reacted, but it was unable to reach a decision. The rest is well known: France's refusal to pay, and the Federal Republic's recourse to the Court of Justice. Such litigation would not help matters. It was wise to seek conciliation. Steps in that direction were taken with the last budgetary Council (LE MONDE of 24 July) after mutual concessions were made. Moreover we were able to have a large reserve at our disposal.

The Council's Responsibility

--Have too many credits been voted?

--In the beginning not enough was voted, but in view of the general atmosphere and the monetary situation we know there will be too much when the time comes. Thus it was possible to follow the wishes of some, and for others a commitment was made to respect the principles of good budgetary management. After discussion the Parliamentary representatives agreed a compromise was needed.

--Was not a precedent created? In the future will not Parliament try again to overstep its authority?

[Answer] I hope not, but the Parliament does have a worthwhile concern--to see the Community make progress, too see it fulfill its function. Parliamentary representatives are the bearers of public opinion. They find that these views tend to become disinterested in European construction to the extent that the Community becomes ossified and fails to confront the real problems: the economic crisis, unemployment, etc. It wants to play a dynamic role in solving the real, daily problems confronting the population.

[Question] Ought not Parliament to be more representative?

[Answer] Everything cannot be solved at once. It is a serious matter that the Council, which ought to be an organization for taking the initiative, does not completely fulfill its role.

We are going to try to have it face up to this responsibilty when we pose some problems in the fall, saying: The Community is blocked. There are budgetary problems.

Great Britain is asking for a "just return"--an astonishing concept: if you get back what you pay in, what good is the community? The Community must be enlarged to include Spain and Portugal, and this will require considerable outlays from the regional and social funds. We are also told that the agricultural policy must be revised and new policies formulated, but at the same time we are told it is impossible to increase the resources, to pierce the ceiling for contributions which are fixed at 1 percent of the TAV [value-added tax]!

While we are in agreement about limiting expenses, we nevertheless consider that if the Community develops new policies it must provide itself with the means to implement them.

Europe is confronted with an energy crisis. We are confronted with the extraordinary challenge from Japan and all that derives from that. Europe also has against it the legacy of a world war, including the absence of a European defense. And we come forward in broken ranks! We need a more Community-oriented research policy, an innovative policy in the leading sectors, and an industrial policy. It has already begun in the iron and steel industry, but must we not consider similar measures in the automobile industry, posing problems of reconversion? As soon as you speak of research, innovation, more rational use of gray matter, you bring up social problems.

[Question] Concerning that restructuring of the community budget, what do you think of the Commission's report? (LE MONDE 23 June 81)

[Answer] It points out a few new ways. It says what we say concerning the exceeding of the 1 percent TVA. But that is only a suggestion.

[Question] The Commission pleads for more realism in the field of agriculture, for getting closer to world market prices.

[Answer] We need more than realism when we have large agricultural surpluses, but it is true, in the Commission's report it is pointed out that Community preferences are poorly observed. They pass over the need for a European agricultural export policy with only a few words. A European export policy presupposes a common commercial policy, and not only a common agricultural policy. There we have a grave shortcoming. When we are at the Council table, you come up against a free-exchangism, without limits and without restraints, on the part of some. There are however cases of fierce competition against which the Community ought to have some means of defense. Such liberalism will end up by diluting the Community into a vast free-exchange zone. That is not our way of seeing things. There could moreover be a return to customs barriers within the Community, because of a sudden, inevitable, drawing back, and this would be the end of the Community.

European Social Terrain

[Question] "European social terrain," a phrase introduced by Mr Mitterrand, would make the Community more homogeneous within, the better able to defend itself outside.

[Answer] Absolutely. "Social terrain" is governed by two ideas. First, have the workers participate more effectively in the future of Europe. The Europe of workers is yet to be constructed. They, try to deal with unemployment, reconversions, and a better division of working hours.

[Question] Mr Cheysson declared to the senators that the idea had been favorably received by some of our partners. Why are they?

[Answer] Our proposals for a new departure are not limited to "social terrain," which concerns only those called "the little ones." That is important, above all if we have help in Parliament and in the commission. Victory has not been won, but our partners are beginning to say to themselves that there is an alternative to stagnation.

[Question] Is not "European social terrain" merely an escape, a way to avoid a modern social policy, 35 hours per week, for example, by using our partners' refusal as an excuse?

[Answer] So far as the 35 hour week is concerned, available hours of work must be better distributed, and in any event France will take its own steps, but we will be much helped if our experience is followed elsewhere.

[Question] The community is also running the risk of coming apart at the seams because of the different rates of inflation.

[Answer] That is not a new problem. The Community has always experienced the risk of disequilibrium and this brought some to envisage a Community with different speeds, or with a "variable geometry." One ought to know what that means. For example, could not all the member states cooperate on an equal basis in the leading sectors? The Airbus was built by a few. The European monetary system does not include all the currencies. Transitional measures should also be accepted for expanding the Community. The important thing is to have everyone make progress. "Variable geometry" should only be a temporary excepton.

[Question] Are you laying down conditions for the admission of Spain and Portugal?

[Answer] The Council considers that the Community ought to decide what its agricultural policy will be before discussing expansion. That is not a condition. It is a requirement of the Community vis a vis itself. It should see its own situation clearly before opening discussions with candidates.

The Opportunity of Our Time

[Question] You also found a few specific cases on your desk, awaiting your arrival. Next year will there be a common fisheries policy?

[Answer] That must be done before next year. That is a case that should be examined at the Community level as well as the bilateral level. There is a dispute to be discussed at the Franco-British summit.

[Question] The preceeding government invoked an article of the Euratom Treaty in order to question the clauses on nuclear fuel supply. Will this government make the same request?

[Answer] I have not yet gone into the matter carefully. Let us just say that on both sides there is no wish to create problems.

[Question] There is still disagreement over where the Parliament is to be located.

[Answer] The European Parliament has expressed the wish to conduct its plenary sessions at Strasbourg.

[Question] And that implies the transfer of its offices from Luxemburg to Strasbourg.

[Answer] That problem is the concern of Parliament. To the extent that the wish expressed by the parliamentarians is put into effect, the French government will do all that is in its power to accommodate in the best possible way in Strasbourg all the personnel and equipment needed for the effective operations of Parliament.

[Question] Will you reopen the case of the European Fund?

[Answer] The plan for a European Fund is an important element in cultural cooperation and France has secured agreement for it to be located in Paris. I expect to include it in our measures for revitalization of the Community.

[Question] What about European defense?

[Answer] It is a great problem with great international repercussions. For the time being, defense is situated in a broader context than Europe. I have already stated that in the legacy from World War II there is no European defense. Europe must reckon with the Atlantic Alliance. Moreover, if it is wished to maintain and develop detente, and one must, there must be equilibrium between the forces of East and West.

[Question] What are the most important coming developments?

[Answer] The restructuring and the revitalization of the Community, which is linked to the restructuring. If we stop at budgetary restructuring alone, we will be going toward a shrunken Europe, although there is no future except in an expanded Europe. If we miss this opportunity of our lifetime, our grandchildren would be right to reproach us.

9772
CSO: 3100/991

KKE-INTERIOR CANDIDATES-AT-LARGE, FOR EURO COUNCIL LISTED

Athens TO VIMA in Greek 29 Sep 81 p 7

/Text/ KKE-Int. announced yesterday its candidates for deputies-at-large and the Euro council as follows:

Candidates-at-Large

Levteris Apostolou, National Liberation Front /EAM/ Central Committee /KE/ secretary; Katia Vidali, professor; Tasos Vournas, historian-journalist; Dimitris Dallas, typographer; Maria Gyftodimou Karagiorgi, EDA administrative council member, former EDA deputy (cooperating); Dimitris Maroniti, Salonica University professor; Vasilis Nefeloudis, former deputy of the united KKE; Asimakis Panselinos, novelist; Titos Patrikios, poet; Sarandis Protopapas (G. Kikitsas); Anna Teriaki Solomou, city planner-recorder; Dimitris Tsatsos, Salonica University professor (cooperating).

Euro Council Candidates

Leonidas Kyrkos, KKE-Int. KE executive office member, deputy; Kostas Filinis, KKE-Int. KE executive office member; Mikhalis Papagiannakis, economist; Grigoris Giannaros, economist, KKE-Int. KE executive office member, AVGI editor-in-chief; Manolis Anagnostakis, physician-novelist; Giannis Voulgaris, civil engineer; Aristea Plevri Giannousi, lawyer, member Irakleion (Attiki) Bar Association; Vasilis Gougianos, journalist; Giorgos Gregoriadis, physician, former Irakleion (Attiki) mayor; Grigoris Diamandopoulos, architect, city planner; Giannis Douvitsas, publisher; Manos Zakharias, producer; Takis Kaltemlidis, agriculturalist, EDA administrative council member, former EDA deputy (cooperating); Kostas Kouloufakos (cooperating); Kharilas Mikhiotis, author-publisher; Mitsos Papadimitris, lawyer, president, Central Committee of Greek Political Refugees; Dimitris Papathanasopoulos, teacher, former EDA deputy; Dimitris Petridis, surveyor-engineer; Giannis Potiris, agriculturalist; Dimitris Provatas, economist; Giannis Rengas, surveyor-engineer, member KKE-Int. KE; Dimitris Trakhanis, lawyer, member EDA executive committee (cooperating); Kaiti Tsaroukha, agriculturalist; Mikhalis Khristogiorgos, EDA supervisory committee member, former EDA deputy (cooperating).

7520
CSO: 4621/13

LIBERAL PARTY CANDIDATES ANNOUNCED

Athens TO VIMA in Greek 29 Sep 81 p 7

/Text/ The Liberal Party announced its candidates in various districts as follows:

First Athens: Georgios I. Karamesinis, political scientist; Nikolaos G. Bakaouris, lawyer; Markos Stavridakis, retired major general.

Second Athens: Nikitas K. Veniselos; Mikhail N. Vlastakis, private employee; Nestor Gellis, entrepreneur; Ioannis G. Zervos, economist; Georgios N. Katsandonis, political scientist; Spyros V. Marangos, publisher; Epameinontas N. Pangalos, journalist-publisher; Panagiotis St. Papadakis, lawyer; Emmanouil G. Papadomanolis, lawyer; Georgios V. Roris, syndicalist; Fotios K. Spanos, lawyer-public affairs specialist; Evangelos I. Tsiavos, economist-public affairs counselor; Mikhail K. Fakiolas, economist; Evstratios A. Kharalambakis, engineer-public works contractor.

First Thessaloniki: Nikolaos Apostolou, psychologist; And. Vidalis, retired Social Insurance Foundation /IKA/ director; Khristos Prantsalos, university assistant professor-sociologist; Mikhail Tsanis, psychologist.

Khania: Giannis Daskalakis, lawyer; Vasileios Dingalakis, physician; Panagiotis Klados, lawyer; Mikhail Basios, bank employee; Georgios Railakis, agriculturalist; Manolis Sgouromallis, political scientist.

Rethymni: Pavlos Vardinogiannis, lawyer-former deputy; Georgios Sp. Domazakis, lawyer; Ioannis Kambourakis, retired air force brigadier general; Nikolaos Syllingardos, architect.

Iraklsion: Menelaos Xylouris, lawyer-former deputy; Georgios Parasyris, artisan; Ioannis Tselendakis, merchant.

Lasithion: Andreas Nik. Anatoliotakis, economist-secretary, Public Power Corporation /DEI/ scientific personnel association; Stavros Pretikakis, retired officer.

Rest of Attiki: Dimos N. Botsaris, former deputy; Stefanos P. Nikolou, merchant marine captain; Konstandinos V. Spiliopoulos, entrepreneur.

Kastoria: Stergios Andoniadis, entrepreneur; Georgios Tsetiloklis, furrier-syndicalist.

Khios: Mikhail Papagiannakis, pensioned war veteran.

Xanthi: Papagiotis Th. Kimoundris, entrepreneur; Manolis Lydakis, cooperativist; Tzevit S. Boz, entrepreneur; Uzeir Oglu Romandan, teacher.

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CSO: 4621/13

KODISO-KAE ANNOUNCE LIST OF CANDIDATES

Athens TO VIMA in Greek 29 Sep 81 p 7

/Text/ The Party of Democratic Socialism and Democratic Unity /KAE/ made public their list of candidates as follows:

First Athens District : Ioannis S. Spesmazoglou; Ioannis A. Andonakos, lawyer; Poly Andrianopoulou-Voudouri, bank employee; Konstandinos G. Georgakopoulos, civil engineer; Konstandinos A. Giannoulis, lawyer; Andonis G. Drosopoulos, lawyer; Zoi Karavida-Kalliga, guide; Andonis M. Kouros, lawyer, Athens Bar Association /DSA/ administrative council member; Ioannis Ai. Mazarakis, former nomarch; Nikolaos Manouilidis, gynecologist; Anastasios G. Marinatos, chemist-geologist; Elisavet Kokkoli-Mikheli, archeolosit-guide; Dimitrios A. Brikis, press technician-syndicalist; Aris A. Papagiotopoulos, lawyer, former DSA vice president; Elisavet Karnasiou-Paskhalidou, philologist-archeologist; Theodoros M. Polyzoidis, chemist; Eleni G. Polymili, lawyer; Kharalambos Th. Protopapas; Nikolaos I. Seletos, lawyer; Grigorios Smaragdis, economist; Pavlos G. Spanos, civil engineer; Khristos A. Tzevelakos merchant; Ioannis I. Tsoulias, merchant.

Second Athens: Anastasios A. Anthoulias, civil engineer-publisher; Anastasios N. Argyriou, accountant; Galateia Sakka-Arkhondaki, housewife; Styliani Adamopoulou-Gerondaki, private employee; Grigorios P. Diplaris, professor of commercial law; Paskhalina Denaxa-Ioakeimidou, architect-engineer; Stefanos Th. Karagiannis, artisan; Andreas G. Karaliopoulos, lawyer; Maria V. Kasimati, economist; Koskhaton municipal council member; Kharalambos Kimoulis, electrical engineer; Panagiotis G. Koutsenis, retired air force major general; Georgios Krimbas, Athens University professor; Georgios A. Manikas, physician, member of Athens Medical Society administrative council; Anastasios G. Mattios, merchant marine captain; Aristeidis A. Mitsopoulos, retired lieutenant colonel; Filippos P. Banis, economist; Nikolaos K. Bandekas, electrical engineer; Georgios P. Orkopoulos, agriculturalist; Georgios Th. Papatheodorou, lawyer; Athanasios I. Papaioannou, lawyer; Evangelos Th. Papaioannou, electrical engineer; Anastasios A. Perdikouris, mechanical engineer; Manolis Th. Rounis, author; Margarita Sarri-Simerou, social worker; Aikaterini Patapi-Spanidou, pharmacist; Mikhail I. Tombopoulos, retired air force brigadier general, electrical engineer; Virginia E. Tsouderou, economist; Georgios I. Khager, agriculturalist; Khristos G. Khristodoulatos, lawyer; Themistoklis L. Khrysanthopoulos, former ambassador.

First Thessaloniki: Khristos Levidis, syndicalist; Giorgos Deliyiannis, lawyer municipal council member; Theodoros Kandzoglou, craftsman-entrepreneur; Grigoris

Katsoulakos, syndicalist; Panagiotis Mavroudis, syndicalist; Eleni Mitta, housewife; Kostas Baltatzis, insurance broker; Evtykhia Kharalambidou-Papadopoulou, former bank employee; Stratos Tagaragis, lawyer; Mikhail Khiotakis, former municipal council member.

Second Thessaloniki: Dimitrios Avramidis, farmer; Ioannis Evgenidis, professor, Cooperative School; Zafeirios T. Karoutas, IKA pensioner; Stavros Karypidis, entrepreneur; Vasilios Lostarakis, physician; Stefanos Stefanopoulos, physician.

First Piraeus: Stavros Kalogiannis, lawyer; Ioannis Th. Mitsiopoulos, economist; Konstandinos E. Boutas, electrical engineer; Dimitrios Moropoulos, civil engineer; Evangelia M. Manou, student counselor; Ioannis M. Papas, civil engineer; Frangiskos G. Foskolos, retired merchant marine captain.

Second Piraeus: Theodosios Anagnostopoulos, architect, air force pilot; Ioannis F. Gotsis, worker-technician; Dimitrios Madaros, private employee; Miltiadis A. Manouilidis, retired accountant; Miltiadis A. Papathanasiou, retired rear admiral; Georgios G. Khatziparisis, entrepreneur.

Rest of Attiki: Andonios A. Trivellas, insurance broker; Anastasios N. Frangos, lawyer.

Evros /District/: Georgios P. Papadopoulos, mechanical engineer.

Rodopi: Ali Ameoglu, farmer; Memis Kh. Memis, mosaics contractor; Georgios Nikolaidis, agriculturalist; Panagiotis K. Tselepidis, farmer-syndicalist.

Xanthi: Alexandros Th. Baltazis, KAE chairman; Evangelos D. Zougris, veterinarian; Khasin Tsolakoglou, farmer; Khatzibedel A. Khasan, farmer.

Drama: Themistoklis D. Dimitriadis, retired officer; Khristos A. Kokkinakis, lawyer; Panagiotis I. Mavidis, civil engineer; Panagiotis S. Mavridis, cooperative employee.

Kavala: Konstandinos A. Andoniadis, civil engineer; Dimitrios K. Darlas, farmer; Konstandinos I. Zakharopoulos, tradesman; Emmanouil D. Mylonas, farmer-syndicalist; Aristeidis N. Papadopoulos, tradesman; Konstandinos K. Poimenidis, bank employee.

Serrai: Andonios I. Levendakis, farmer; Nikolaos Kh. Bakharopoulos, accountant; Apostolos S. Papotis, farmer; Vasileios P. Rakindzis, merchant; Nikolaos D. Khavridakis, farmer; Panagiotis I. Khatzipandelis, commercial agent.

Khalkidiki: Georgios A. Velissarios, private employee; Nikolaos K. Moustakas, electrician; Evangelos I. Papakhristou, journalist.

Kilkis: Dimitrios A. Papaioannou, professor; Ioannis N. Tambakis, physician; Kostas I. Triandafyllidis, tradesman.

Pella: Vasileios P. Vasos, farmer; Ioannis Th. Themelis, forester; Lazaros Karasaridis, property owner; Kharalambos N. Tsopanidis, professor; Konstandinos Ev. Frousos, commercial agent.

Imathia: Thomas Th. Liliamtis, carpenter-farmer; Ioannis A. Rotsos, farmer; Ioannis G. Khristodoulopoulos, marble works contractor.

Kozani: Dimitrios P. Kollias, merchant; Nikolaos G. Papageridis, technological engineer; Ioannis D. Parastasidis, lawyer; Khristos I. Trondos, dentist.

Grevena: Georgios D. Petsoulas, farmer-cooperative worker.

Florina: Georgios N. Dimas, cooperativist; Konstandinos S. Kopanidis, cooperative worker.

Magnisia: Alexandros A. Gousis, agriculturalist; Anastasios G. Grammenos, civil engineer; Ioannis A. Mekkas, commercial representative; Argyris Ev. Bitsakos, physician; Damianos V. Saltikis, ophthalmologist; Konstandinos N. Tzouvaras, public affairs specialist; Argyris F. Filippidis, architect.

Larisa: Nikolaos K. Zormbas, economist; Eirini Lytra-Katsigra, gallery owner; Dimitrios A. Kyrozis, chemist-pharmacist; Grigorios A. Nasikas, livestock breeder; Stavros A. Papagiannis, lawyer; Athanasios N. Tzimboukas, merchant; Vasileios K. Tsolias, private employee.

Trikala: Periklis K. Vasios, merchant; Kostas G. Leivadas, lawyer; Konstandinos I. Moutalis, craftsman; Fotios S. Boulogiorgos, farmer; Georgios I. Niarkhos, composer.

Karditsa: Evripidis K. Athanasopoulos, lawyer; Takis K. Kousais, lawyer; Pandelis V. Telios, lawyer.

Fokis: Evthimios A. Mantzavas, lawyer.

Evvoia: Kharilaos N. Makrygiorgos, civil engineer; Leonidas F. Pavlou, pharmacist; Markos A. Foskolos, private employee.

Aitoloakarnania: Zisimos D. Karakhristos, retired officer.

Kerkyra: Karolos Khr. Klimis, historian.

Kefallinia: Dionysios A. Tritsis, journalist.

Levkas: Theodoros A. Kalkanis, lawyer.

Zakynthos: Poulina I. Marneri, archeologist.

Korinthia: Kharalambos K. Vrakhnos, journalist; Anastasios Ev. Darsinos, teacher; Gerasimos K. Dilaras, cooperative employee; Anastasios P. Petropoulos, private enterprise manager.

Argolis: Anastasios G. Karagiannis, retired navy officer.

Arkadia: Georgia V. Bertziou, teacher; Leonidas K. Papas, teacher.

Lakonia: Petros S. Goritsas, merchant; Ioannis I. Daskalakis, IKA employee; Georgios D. Mantzavrakos, accountant-economist.

Ileia: Vasileios I. Angelopoulos, political sciences and history professor; Pavlos D. Mintzopoulos, lawyer; Panagiotis I. Papakyriakopoulos, motion picture operator.

Akhaia: Georgios A. Kanellopoulos, farmer-author; Konstandinos O. Kanellopoulos, farmer-syndicalist; Alexios S. Stavropoulos, president of the Aigion fruits and vegetables cooperative.

Lesvos: Georgios P. Karasideris, retired navy officer.

Kyklades [Islands]: Popi Konstandellou Mandilada, economist.

Khania: Nikos Emm. Papadakis, lawyer; Panagiotis I. Pragiannis, retired officer.

ND Ticket Changes

The ND central administrative office announced that Zisis I. Maralis, lawyer, is added to the Evros nome ticket, while Sotirios I. Kouvopoulos, lawyer, is added to the Ileia nome slate. Also, Alex. F. Kritselis, lawyer-economist, and Sot. I. Kouvopoulos, lawyer, are added to the Ileia nome ticket.

7520
CSO: 4621/13

NEW FOREIGN MINISTER STRAY PLEDGES SUPPORT TO NATO

Oslo AFTENPOSTEN in Norwegian 8 Oct 81 p 3

[Interview with the next minister of foreign affairs, Svenn Stray, by Evind G. Karlsen: "Stray Rejects Policy of Illusion, Says Our Freedom Depends on NATO"; date and place not specified]

[Text] Back in the Foreign Ministry:
- Illusory to believe that Norway can be secure "in our own little corner."
- More active in influencing EC. Norway must not drop out of the European picture.
- Indicate to the Soviets that the "gray zone" in the Barents Sea is not a suitable permanent solution.
- The rightwing government will not proceed alone on foreign policy or security matters--a main objective will be to gain broad national unity for the government's policies.
- Fear atomic war, believe it can be prevented if nuclear proliferation is halted.

NATO cooperation protects Norway's freedom and peace. We can not agree to the continued shifting of the balance of power in favor of the Soviet Union. These are among the main points that the next minister of foreign affairs, Svenn Stray, made to AFTENPOSTEN. Stray announced a more active attitude toward EC--and said that Norway can build a bridge in NATO between the United States and its European allies. Maintaining broad national unity on Norwegian foreign policy will be a vital task, he said.

When the new government takes over next week, 59-year-old Stray will be the minister of foreign affairs. He also held that post in 1970-1971. He will now, as Kare Willoch's closest colleague, play a central and more active political role after 8 years of being opposition president of the Storting. He approves of the change of scenery.

[Question] When you take over again as foreign minister after 10 years, will there be something you will take up again from the period 1970-1971?

[Answer] At that time the big issue was Norwegian membership in the EC. That is not on the agenda today. But how Norway can best ensure close contact and cooperation with all the organs of the community will require our close attention in the

years to come. It is my impression that all political parties understand the importance of that.

National security policies are, as they have been during the entire postwar period, the most important part of our foreign policy. As long as NATO cooperation between the democracies on both sides of the Atlantic functions as intended, our freedom and peace are protected. Within the alliance Norway is in a position to build a bridge between the American and the European viewpoints. I have always personally believed that the performance of that task is an obligation.

[Question] What priorities would you assign to NATO and relations with EC and the Nordic countries, to name a few of the main areas in Norwegian foreign policy?

[Answer] It would be neither possible nor appropriate to set up definite priorities. Not all tasks are of the same importance, but we must strive to solve them at the same time. With the correct deployment of efforts that will be possible.

In connection with national security policy, the forthcoming negotiations between the United States and the Soviet Union are of great importance, and our country is in the picture through the preparatory discussions on that subject taking place in NATO. Specifically it concerns an effort to limit the deployment of nuclear weapons in Europe, but the entire relationship between West and East and the tensions which have arisen in recent years will doubtless come into the picture.

Voices critical of our foreign policy orientation often say that we are obliged to follow the decisions of the United States. The facts are that membership in an organization such as NATO, where all important national security questions are open to continuous discussion and judgment, gives the small member countries an opportunity to influence international developments which they would not have had if they had remained outside.

[Question] Do you fear nuclear war?

[Answer] A nuclear war would be a catastrophe so great that it is difficult to imagine. But if the question is whether I believe the likelihood is great that we will have such a war, then my answer is no, provided we are able to prevent new nations from acquiring nuclear weapons.

But let me emphasize that this does not mean that I take lightly the problem represented by the nuclear weapons of the superpowers. But these powers have demonstrated a high degree of reticence and responsibility in the use of their nuclear weapons as instruments of policy. The coming negotiations aim first of all at stopping nuclear arming, and then a reduction of the number of nuclear weapons on both sides.

It would be wrong to try to convince the people that it will be easy to reach an agreement on that. While I am a moderate optimist, it is because in the first place the United States and the Soviet Union undoubtedly understand that they can not use nuclear weapons against each other without creating mutual destruction, and that therefore it will be in their own mutual interest to stop the continued building of these weapons.

[Question] You have already spoken out publicly on the subject of a possible Nordic nuclear-free zone. Will work along those lines, which according to Gro Harlem Brundtland is now underway in the Ministry of Foreign Affairs and Ministry of Defense, be halted?

[Answer] Not at all. I have criticized the Labor Party and the government which is now leaving for having advocated such a zone before analysis and investigation of the matter was undertaken.

The goal of all work on national security matters is to create a more secure world in which to live. It is an illusion to believe that we in the Nordic countries are able to protect ourselves in a secure corner of our own, independent of whatever happens in other places. Therefore all such plans are meaningful only if they make a positive contribution to the work going on in NATO to achieve a solution in the larger sense.

[Question] Are you alarmed by the new figures which the Americans have published about the Soviet military buildup?

[Answer] As far as I can see there is really nothing new in this. It has been known for a long time that the relative strength in Europe in conventional forces as well as nuclear weapons has moved in favor of the Soviet Union.

But I believe that we can not calmly watch this shift in the balance of strength continue. Therefore there must be no doubt of the willingness of the NATO alliance to carry out the planned strengthening of defenses, if negotiations for mutual arms limitation and withdrawal of forces do not succeed. The negotiations have no hope of success until this is made clear.

[Question] What would you say about Nordic cooperation?

[Answer] The Nordic countries constitute an important area. Not because we have special problems, but because the Nordic people are so close to each other that both common solutions in the Nordic area and common responsibilities toward many international problems seem natural.

[Question] What about our relations with Europe?

[Answer] For the time being there are perhaps no special disadvantages to remaining outside the EC. Our economic interests are largely covered by trade agreements, and cooperation with EC countries in other areas has not been so rigid that we have been too isolated.

But if EC cooperation develops as is now being recommended, things can change. It is therefore necessary that we remain attentive, and actively try to make our viewpoints known in all phases of the decisionmaking process for actions which are taken by the EC. Norway must not drop out of the European picture.

Let me add that this is no easy task. Within the EC there are strong objections to giving nonmember countries formal possibilities to influence the decisionmaking

process. On the other hand Norway has become significantly more interesting as a cooperative country because of our oil and gas resources. The possibilities for establishing stronger permanent contacts should therefore exist.

[Question] There remain several unsolved problems between Norway and individual neighboring countries. Can we expect a prompt meeting between you and the Danish foreign minister on the Jan Mayen conflict?

[Answer] I expect that discussions will take place soon, but not at first at the foreign minister level.

On that issue itself, I will not say more than that it is clear that the new government regards it as a very important task to protect the interests of Norwegian fishermen in this area as well as others.

[Question] Negotiations with the Soviet Union on a boundary line in the Barents Sea were begun when you previously were foreign minister, but are still not completed. When will these be resumed?

[Answer] It looks as though for the time being the Soviets have little interest in real negotiations. As long as that is the case, there is not much that we can do. Experience shows also that during negotiations with the Soviet Union we must be prepared to take whatever time we need. That is how they work.

[Question] On this matter Norway has insisted on the so-called principle of the middle line, while the Soviet Union has demanded a sector line. The famous "gray zone" between them is naturally not a suitable permanent solution?

[Answer] Not at all, and the bourgeois parties were afraid that that settlement would cause the Soviet Union to believe it is unimportant to reach a final agreement. It looks as though we were right.

[Question] Will you travel to the UN this fall?

[Answer] No travel program has yet been arranged. But I do not exclude the possibility that I may go to the meeting of the UN.

[Question] Will the Middle Eastern policy which has previously been followed be continued?

[Answer] Yes, we intend that in the future Norway will continue to make a contribution through the UN to prevent the conflict from again developing into open warfare.

Otherwise the events of recent days in Egypt will cast a tragic shadow. It is my hope that everything which has been accomplished toward peace through cooperation between Egypt, Israel and the United States will not be endangered.

[Question] After this brief overview of parts of your new responsibilities, we would like to return to the foreign aid policy, among other things. Do you see possibilities for Norway to act as a bridge builder between East and West?

[Answer] I think they are very small if we try to act on our own. On the other hand I believe that Norway can make a contribution in the desired direction through discussions with our allies.

In that connection I would like to say that Norway played a rather decisive role in the NATO discussions which led to the Helsinki conference on security and cooperation in Europe. I can perhaps dare say that if it had not been for Norway, it is very doubtful that anything would have come of it.

[Question] Specifically, what will you do to create the greatest possible national unity on foreign and national security matters?

[Answer] It is always a strength for a country to achieve a broad unity in its foreign policy, and especially so for a small country.

Therefore I see it as a vital task to maintain this unity. The method that I believe must be used is regular consultation on foreign policy matters between the government and the opposition, that is between the parties which previously have stood together on the line which Norway has followed.

[Question] In other words, close contact between the government and the Storting, and the least possible solo action by the government?

[Answer] Exactly.

9287
CSO: 3108/5

SVALBARD HEAD OFFICIAL URGES STRONGER STAND TOWARD USSR

Oslo AFTENPOSTEN in Norwegian 6 Oct 81 p 12

[Article from Norwegian Telegram Bureau: "Norway's Attitude on Svalbard Too Defensive"]

> [Text] Svalbard's district governor, Jan S. Grondahl, said that Norwegian authorities have long had too defensive an attitude toward many Svalbard questions and problems. Norwegian government and administration of Svalbard must be firm and effective, the district governor emphasized to the Oslo Military Society on Monday evening. In his speech he rejected a number of Soviet complaints against Norwegian regulations on the island group, and advocated putting the defense forces in closer control of military activity on the island.

"The Soviet Union claims that several recent regulations conflict with the Svalbard Treaty. They say that since they are the only ones conducting economic activity on Svalbard--in addition to the Norwegians--they should have been consulted before the regulations were put into effect. That is naturally completely unacceptable. Such a special arrangement for the Russians would be in direct conflict with the provisions of the Svalbard Treaty," said Grondahl.

Soviet complaints have been received in connection with, among other things, Norwegian safety regulations for oil drilling, adjustment of fees for surveying, plans for construction of an airport outside Longyearbyen and visits to Svalbard by Norwegian naval ships, coast guard ships and Sea King rescue helicopters. The Soviet Union has also refused to recognize formally some of the conservation and protection regulations issued for Svalbard in the 1970's.

"One of the causes for Soviet complaints and negative attitude toward regulations which are clearly authorized by the Svalbard Treaty must be a general suspicion as to Svalbard and the increased Norwegian activity on the island group," suggested Grondahl.

He maintained that Norway indisputably has full and unrestricted sovereignty over Svalbard according to the Svalbard Treaty. Norwegian authorities have a clear right to establish regulations and control actions which they may from time to time find

appropriate. According to the treaty Norway also has a clear duty to make sure that restrictions against military activity on the island group are not violated.

"Those of us who work on Svalbard, however, do not have the necessary military competence to carry out these control tasks alone. It seems clear that we must seek assistance from our defense forces. In my opinion it is necessary, in order that we can carry out our duties in accordance with the treaty, that the defense forces from time to time participate in inspection or surveillance with a physical presence on the island," said the district governor.

"There should never be any doubt about our Svalbard policy and our willingness and ability to live up to the Svalbard Treaty and fulfill the obligations which were assigned to us. Norwegian authorities have during the past 10 years carried out an active Svalbard policy with the clear goal of maintaining Norwegian sovereignty in a convincing manner.

"Until now we have lacked a long-range and unambiguous Svalbard policy which could at least describe what we should be trying to do in which areas and how. For a long time we have had an all too typical defensive attitude toward many Svalbard questions and problems, and this has resulted in our being forced to solve problems after they have arisen. We require a systematic study of Svalbard matters which will result in a long-range tactical Norwegian Svalbard policy, a policy which will make it easier for us to go on the offensive instead of standing with our backs against the wall, waiting for problems to arise," said

He concluded by saying that Norwegian business activity, Norwegian scientific research and Norwegian authorities exercising their duties in a convincing manner on Svalbard are important conditions which must be in place in order to deal with future challenges and to ensure stable and harmonious development in this area, which has steadily come more into the international spotlight.

9287
CSO: 3108/5

COLUMNIST DESCRIBES CURRENT POLITICS AS DISMAL

Lisbon O JORNAL in Portuguese 18 Sep 81 pp 10-11

[Article by Sousa Franco: "On the Pettiness of Such a Policy"]

[Text] It has so often been said already that Portugal has been in a state of generalized crisis that to speak of a minor one is both unpleasant and useless. Moreover, everything which happened last August in terms of national politics was so depressing that silence is the best language. In a crisis which beat all records for the ridiculous--even in the pomposity with which noble things such as patriotism, service and national need were invoked to conceal, albeit imperfectly, the pure personal pettiness and shameless ambition of ministerial or secretarial incumbents--the reaction of our people was again salutary.

In 1975, 1978 and 1978, there were crises in the summer, and the people were attentive. This time they shrugged their shoulders (and it cannot be said that they were at the beach, because more than a third of the citizens were still at work, and another third had to work during a good part of this period. The young people, when asked, are clear in their unvarying response: "They are all the same." "They all exaggerate everything." "There is nothing for anyone," and "they all do the same thing." And an overwhelming proportion, which is concerned, does not believe that politics--such politics--can resolve the problems.

Frequently the ostriches have sought to ignore the actions of the people to these sad scenes put on for them in their name--never, to speak the truth, quite so sad as this August. When Sa Carneiro criticized the political farce at the time, or politicians, he was misunderstood, but in so doing he rendered a salutary service to the democratic system. When Antonio Sergio wrote the devastating pages he penned one day about our parliament, he rendered democracy a service. Had he been heeded and had life been changed, we would never have had a dictatorship. For various reasons, we are not threatened with dictatorship today, and this is good. But if it were to come it would come to a people who are fed up and disillusioned with what they have--although prepared to struggle for their real life.

This silence, this contempt, this ridicule are the worst threats to democracy, for they mean that the collective has turned its back on politics, even that pursued in its name (knowing that in most cases its name is abused, because the dishes from which one can choose at the restaurant are all bad, and what needs to be changed is the restaurant--for the better, not the worse). This silence, this contempt, reveals for the Portuguese people not the normalcy of politics but the lack of any significance in this politics, lack of meaning for the people who, poor devils, should be in a democracy the source and the end purpose of power.

And in addition, both politicians and the government television did much to dramatize the August of our discontent, when young people, adults and the elderly again became uninterested in politics, convinced that nothing good can be expected of Lisbon or the Quinta da Marinha, that politics have nothing to do with them and will not resolve their problems.

The following are some indications.

Zero in Politics

1. For most Portuguese citizens, the lack of significance in government policy originates in the irrelevance of any given political fact--suffered, like natural calamities, with impersonal grumbling, and giving rise to a profound yearning for a "change," very broad in content. When a politician speaks or a burro brays, the reaction aroused is the same: turn away, lower the television. The politician has yielded to soccer as a subject of discussion. He no longer irritates, he is ignored. A political speech is not the focus of contradiction, an object of curiosity, a reason for contemplation or support: it says nothing, provokes nothing. And the speeches most loudly trumpeted by the writers (in the pay of the government or political or economic center of power), those who attempt a poor imitation of the traditional oratory of Salazar in his unequaled formal richness, sink into oblivion more speedily than the others. It does no good to imitate to conceal the lack of authenticity.

2. For most Portuguese citizens, the real problems are there. In a summer of drought and fires and profound economic depression, reminiscent only of 1975, the "political" policy problems stifle us, and the politicians seem to be saying that they did not have time to follow the problem of the fires because of party crises. In other words, politics was not only incapable of creating means of prevention and combating such a crime and punishing those to blame; could not avoid the destruction of forests and works of art; and cannot even keep abreast of what is worrying Portuguese citizens, because it has to deal with government matters. Such a confession, indicative of a situation, does not serve to condemn a single man. Now we see the politicians talking of these problems, and we read about them in the newspapers, but the problem of their credibility no longer arises, because as we have said, no one is listening. The people know that talking does not mean acting--it may be the worst form of not acting. As it has been.

3. On the other hand--whether this involves jealousy, misinformation or whatever--the present politician will fight to the end for those privileges--the privileges of public service--which were supposed to exist prior to and since the April events. Corruption, it is felt, is spreading on all levels. Nepotism, the use of afficials and administrators for partisan purposes, all of this has reached unprecedented levels. Politics appears, on the national and the local levels, to be the world of favoritism, of those who serve each other. Politicians are regarded today, by the majority of Portuguese citizens, as were the right-wing military men in 1974, and those of the left wing in 1975. And if they work, their "work" is equally ridiculous: in 1975 men spent sleepless nights dealing with internal power problems with some national problems mixed in; in 1980 we witnessed the 30-hour-a-week sessions of other sleepless men solely to deal with...the support the various groups must give the others. And the prime minister resigned in order to subdue a minority in his party and to prove one fact: that it was not an alternative. Did he do wrong? At first glance,

yes, because he used a national post to resolve a party problem. But to speak the truth, these things were in such a state--in terms of political personnel, structure, ritual--that had he not done this, he would have fallen soon afterwards. Balsemao can be excused for his errors and acted well overall, in the strict realm of maneuvering, because such a war was waged against his government that he does not appear to have had time to begin to think about this. It remains to be seen whether the war will not continue with the entry into power of the Trojan horse which Balsemao agreed to (or sought?) in this government. What is evil is the political structure which was created, as people are well aware. "What does not make sense is the meaning all this has." False questions prevent the answering of real ones, and perhaps they serve in an effort to divert, concealing the fact that the real questions are dramatically becoming more acute with every passing day. Only...people judge from their own lives. And they know that they were promised worse and they are getting worse, and that the prospects of much worse along this path are real. After 21 months of government, to say that it will begin now would provoke a national horse-laugh--if it were not for the fact that political speeches and the newspapers are inconsequential and have never reached the national level.

4. The lack of significance in politics lies also, in the view of those observing the situation, on the level of political attitudes and values. There is a generalized impression of mediocrity--and the composition of the government (a subject on which I will not linger, because the errors of a structure created again to accommodate individuals have been fully criticized) confirms it. There is a belief that all the cards have been played, and that each maneuver is a bluff struck to win power: "You get out of there so I can have that place." And the view is spreading due to the poor use of power on a moral plane, which is certainly not seen on the highest levels, but is characteristic of so many political individuals--and others--on the second level. But careful--the campaign of crude lies launched by the right wing against Eanes and Mario Soares--not to mention others, like myself, having held I don't know how many jobs with right-wing journals (the governor and manager of the Bank of Portugal, the manager of another bank, an accounting court judge), was in payment for being in opposition then to the socialist government, as I am in opposition to the AD [Democratic Alliance] government.

Today, the spreading opinion concerns other things, serious and irreparable, if indeed, as I believe, they are false. However, they clearly express the negative ethical judgment made of these politics as a whole.

Finally, the hollow complacency of the politicians becomes another characteristic of their image. In the view of the leading strata, the speech by Leonardo Ribiero de Almeida is the shining example of a total lack of ideas. For this same stratum, the promotion of Angelo Correia served as an example of the level party mediocrity can reach. But careful here, because there is danger of error. The shortcomings of Angelo Correia are many, and I am well placed to be familiar with them, but those who think he is stupid or empty deceive themselves, as do those who see his negative image projected to the middle and popular classes, because there is much of acute situational sensitivity in this image and a certain knowledge of the people and of their capacities.

The anthological statement by Cavaco Silva in his adolescent naivete is a compendium of all this emptiness: "I never deceive myself and I rarely have doubts." A university student with this attitude would flunk, but among politicians, this is common, and it is therefore indicative of an attitude the results of which are visible.

5. Inconsistency--today one thing is said and tomorrow the opposite, because of "the national interest"--and the lack of truthfulness--need we give examples?--are two other characteristics the average Portuguese citizen sees in politics. And they also give the insignificance of politics new dimensions on other levels--those of dignity, morality and the level and quality of solutions conceived. Politics has become the world of the "expedient," lacking any hint of the true and the just.

6. The lack of consistence is further the result of the lack of correlation between the political structure--to the greatest extent, the parties--and the social realities. However great the crisis in the British Labor Party may be, the trade unions are there to give it real consistence. However great the corruption among the Christian Democrats in Italy, the heritage of the old Catholic Action has not yet been lost. Here among us, the people do not feel represented by the parties nor by the sovereign bodies, because they constitute an artificial and distorted superstructure, with programs and proposals which do not correspond to the present practice (after all, the CDS [Social Democratic Center Party] is right wing, the PSD [Social Democratic Party] is moderate center, the PS [Socialist Party] truly social democrat, if practice were reflected in the program), which involves power games, not social projects. The majority of Portuguese citizens expected this of the PCP [Portuguese Communist Party], then the PS and then the AD--which proclaimed itself to be a "social project," although this had to do basically with the CDS--and today, they do not believe in anything or anyone.

Everything was tried, everything failed. And everyone knows that there is a high probability that those who are messiahs for the political and technical classes are not for the people and the middle class (only Sa Carneiro has been in that position since his death, but the dead do not govern).

To summarize the pettiness of this policy in the eyes of the people, I think that it has become profound and that if it continues, it demands that we think of democracy not in terms such as those used to date, but in much more radical terms. Democracy is bad because Portugal is worse. But how can Portugal be made better without giving politics a dimension of concrete humanity and national interest, without regenerating these politics?

In the midst of all this, an involuntary disturbing factor, there is hardly more than one single person, in this country which has historically depended on charismatic personalities, who is a realist on the national level, with the image of democracy, precisely because he appears to the people to be honest, courageous, competent, independent and sensitive to the national interest--President Eanes. To some extent, Eanes is thus rescuing democracy for the third time: he first did so, in a military way, on 25 November, and then during the military reorganization, when we was able to correct errors committed at various times as he went along. Then he did so on the political and legal levels, with his intransigent defense of the constitution--which needs revision, but prior to that, observance--against the advocates of the referendum coup. Now he is defending it morally, with an image of dignity and seriousness which served as a shield for the miserable stratum of politicians (even that part of it which attacks him).

Without him, the embarrassment of the people would inevitably come down on the national politicians as a whole. For those who reject, as I do, the whole mythology of providential leaders, dead or alive--and I believe that General Eanes rejects it

too, because he has already given evidence of refraining from adventures which others with less national prestige have embarked upon--and failed--this is of concern. The sirens of the presidential system will again find a way to try to create an atmosphere around Eanes which, when his fidelity to democracy has been established, they can then transfer to Soares Carneiro. There is not much future for those who do not rally again in praise of Eanes, with the main promoters of the candidacy of Soares Carneiro besieging him.

I am not worried for Eanes' sake, but I am about what this contract and this utilization may do to democracy which, despite everything, it is important to preserve, even if to do so it is necessary to clean the Augean stable in the manner of Hercules (as would have been said in the last century).

This situation, which became evident during the August crisis and which is altered not at all by the pseudosolution of the crisis, although this government a little better than the preceding one in terms of personalities, has many causes. I have mentioned so many of them--the main ones at least--that I will only mention the following now:

The economic, social and cultural crisis of domestic origin, which has been given so little thought.

The inadequate democratic preparation of all of us, despite the natural and culturally democratic education of our people, resulting in the urgency of democratic education as preached by Sergio, but which no one is attempting, so many going instead in the other direction.

The insufficient social roots and the juvenile artificiality of the party structures. Only the social forces can create and organize civil society in this field ("liberating it" is nonsense, while organizing it is a necessity).

The shortcomings--lack of maturity, experience, preparation and training--in the 30-40 year old generation, which with a commitment to democracy, or at least uncommitted to the preceding regime, was the spinal column of the new one. Today, the negative selection process discards almost none but the very worst.

The lack of dialogue and of consensual practices and agreement about the regime: even in the constitutional revision, the AD sought to avoid this by means of a referendum. Will the practice of reaching agreement on the problems of the regime and the great reforms to be undertaken be reached after amendment? Will the government abandon the poor copy of the Salazar regime, utilizing not the national values, but only those of the AD? Will the proposed tripartite dialogue toward a social pact--a happy idea which Nascimento Rodriguez is in a position to realize--be able now, after what has happened in this realm, to be implemented by the present minister of labor? Let us see, but I have my doubts.

The lack of agreement on the regime such as to put an end to the elements of hybridism in our society (including not only or even mainly the constitution, but a vast range of problems which I have set forth since 1977, reiterating [line or lines apparently missing from the text here] my proposal on the platforms for the regime, a suggestion supported by PSD at that time? I doubt it, because those who want to govern alone in order to plunder the assets of others will probably have to manage their own

poverty in isolation. And so we continue with governments which--and this is important to note--are already socially in the minority, even when they are not politically, as the present government is (in the interplay of social forces and in its position with regard to the crisis). This is the reason for the lack of a national response, which can only result from a dialogue by all with all and understanding among vast majorities. The Spanish example clearly shows the difference between young democracies and adult ones. Major reforms have as a general rule been the objects of consensus. When they come from a faction (which is rare) they lack stability.

The inadequacies of the political system, which gives a monopoly on "participation" to the parties and encourages the establishment of personal power structures and organic and practical "Leninism" within them. For example, as far as the press is concerned, there are no initiatives coming from the deputies in the parliament, but from the parties (which is wrong in terms of the constitution). The municipal chambers are dominated by the CDS or the PSD (which is profoundly in error), etc.

There are, obviously, external causes: 1. the cultural crisis in Europe and the world; 2. our lag in development (cultural and socioeconomic); and 3. the world economic crisis, which is structural and chronic, but is again in an acute stage.

The current acute stage of the crisis has, moreover, its own characteristics.

a. The AD is already a ripe cadaver. It represented a remake of Portuguese right-wing unity, in the form possible in a democracy and with the updated "pseudocoalition" Salazar had conceived and with which he always governed, from the extreme right toward the center. Despite the changes in 1974-1976, when this coalition came to power it was able to use it forcefully, but now the country is different, and it has neither proposals nor ideas. With Sa Carneiro, as I wrote in January, the form of the coalition is closer to the Balsamao, to the Caetano model, than to Salazarism. This government fully confirms this, because in personnel and even in structure it is the government Marcello Caetano would have liked to have established, even with its two known dauphins. The crisis in the PSD--Medieros Ferreira said it--will also bear out the fact that the Portuguese extreme right wing cannot succeed in coexisting easily with the center, even if it is the center right. It will regard Balsemao as an enemy, as it did with Marcello Caetano. Making no analogies with regard to persons, but rather situations, it is clear, then, why the AD is suffering from an incurable cancer. What might in its time have been positive and characterized by good sense is today outdated and incapable of corresponding to the current composition and situation in Portuguese society, the need to reform this society, and the resolution of the development crisis, more cultural than political, more political than socioeconomic, being experienced by Portugal, the weakest link in Europe experiencing the same or an identical crisis. The rest, the government specifically, does not matter much. To govern well, it would then need....

b. But the opposition says nothing, because the opposition does not exist as an alternative. In this regressive phenomenon, the opposition, too, is moving backwards, like the AD. The PCP continues to cling to the old propositions, to the antifascist myth, to attacks on the PS. The PS has returned to the "PS alone," and had more of a presidential opportunity in 1975 than a chance for credible government in 1982. Through the agency of its leaders, it buried the dynamic FRS, when it might well have tried to reorganize it in positive fashion. It revived the provincial myth of the "PS alone," which provides no laternative, and it is seemingly worse off than the AD on the level of democratic institutions. The AD impasse corresponds to the opposition's dilemma. Will this prove to be the "strategic dilemma" of which there has been talk?

c. Nor does the path lie in a remake of any confused front arrangement in the leftist sector, which would only discredit the separate proposals of each group or individual. The path lies solely through dialogue, and since the PS is neither an alternative today nor is it contributing to becoming one, it must then clearly take responsibility for its own proposals and engage in dialogue in a conscious but not opportunistic search for alternatives. And without excluding from this dialogue the presently existing elements--that is, those in the AD--which have a seriously liberal or even--these are "rare birds," but they exist--social democratic perspective. For this is the path toward the strengthening of the left and center-left, which in the final analysis would otherwise have to turn again toward the path of the FRS--or remain definitively excluded from power for many years.

d. Priority for the reworking of the social fabric, the real regeneration of the political system, the drafting of a national proposal (which cannot come from any partisan force, but only through national dialogue), beginning with constitutional revision and dialogue on the regime, but aiming "high and far."

It is for this reason that civic action has priority over the partisan politics which have invaded the system, plunging it into the mire of insignificance. Only this kind of action can create conditions in which democracy can be the government of the people and for the people, with a field of clear alternatives in the service of the national interest. How can politics be given meaning and made significant? That is the problem. The rest is insignificant.

Postscript: This article was written prior to the debate on the government program and the local elections (Valpacos, Miragaia, Sazes de Briga). These events provide food for thought for those who believe I have exaggerated what I have written about Portugal and democracy. The debate clearly demonstrated two things: no one has confidence (except out of official duty) in the government; however, no one has confidence in the opposition, nor any good reason for such confidence. This is the reason for the abstention, above all among the AD and PS electorates. This is the reason for the PS loss to the APU in Miragaia. Let us learn the lessons provided: people are not stupid, and they do not judge those who are bad to be good simply because their opponents are still worse. Or, to return to our subject, the response to petty politics is a most profound indifference.

5157
CSO: 3101/2

SARTORIUS, BALLESTEROS ELECTED PCE ASSISTANT SECRETARIES

Madrid EL PAIS in Spanish 15 Sep 81 p 13

[Test] Yesterday, the Central Committee of the Communist Party of Spain (PCE) elected Nicolas Sartorius and Jaime Ballesteros as assistant secretaries of the party, on the nomination of the administrative committee. Sartorius, as first assistant secretary, is the first substitute for the secretary general Santiago Carrillo, and Ballesteros, as second, will be responsible for organization.

The joint session of the Central Committee met throughout the day yesterday at the central headquarters of the PCE, and was opened with a report by Carrillo, which, according to party sources, touched on the themes of NATO, the government crisis, and the poisonings from adulterated cooking oil and the resultant deaths, with special attention given to the parliamentary debate on this subject, which begins today.

The report was presented by Santiago Carrillo, and received the clear support of the committee, according to the same sources. Carrillo was also responsible for making the executive committee's nomination for the appointment of several individuals to positions of responsibility, among them the two mentioned, Sartorius and Ballesteros.

Also designated were Simon Sanchez Montero, responsible for training; Francisco Romero Maria, for finances; Ignacio Latierro, propaganda; Anselmo Hoyos, agricultural commission; Juan Francisco Pla, city policy; Enrique Curiel, affairs of State, Parliament and antonomies; and Jose Sandoval, director of NUESTRA BANDERA, the theoretical magazine of the PCE.

Also approved in their positions were the political secretary of Madrid, Adolfo Pinedo, and Jose Antonio Gonzalez Jerez, as director of MUNDO OBRERO, the official party organ.

9730
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POSSIBILITY THAT BASQUE LEFTISTS MAY UNIFY EXAMINED

Agreement on Merger Process

Madrid EL PAIS in Spanish 15 Sep 81 p 17

[Article by Javier Angulo of Bilbao: "Unifying Process for Basque Communists"]

> [Text] With the objective of moving ahead with the creation of a new party for the Basque Left--Marxist, not dogmatic, totally Basque in scope--the EIA (Basque Revolutionary Party) and the Basque Communist Party, on the initiative of the latter, have officially agreed to the opening of a process of merging, which would imply in the specific case of the Basque Communists, their commitment to the organic separation from the PCE, as a step to be taken prior to the possible merging of both forces.

The Central Committee of the Basque Party, urgently convened on Saturday after hearing the news that the Biltzar Tipia (Central Committee of the EIA) was going to meet Sunday to set December for the meeting of the Constituent Congress of the Basque Left [E.E.] the coalition of which the EIA is the main party--during which that political entity would be dissolved, agreed in a vote of 36 in favor, 13 opposed, and 1 abstention, to deliver to the EIA a document in which they requested the postponement of the congress, in order to officially and publicly begin a negotiation period "for the purpose of merging together with other sectors, in a new political organization: Marxist, Basque, capable of uniting divergent (and up to now distant) currents in the worker and revolutionary movement of the Basque country."

The Basque Communist Party will attend said negotiations "with complete freedom and ability to make its own decisions", since it is felt, according to the same document that the party to which they aspire, "will also be independent, Basque in scope, fully sovereign to establish necessary relationships with allied political forces from the whole of Spain and Europe."

In response to the document of the Basque Communist Party, the Central Committee of the EIA on Sunday made public a brief communique in which it affirms that, in light of the proposal of the Basque Communists, "demonstrating their willingness to become part of the project to build a new party for the Basque Left," it is deciding

to modify previous plans for convening the constituent congress of the Basque Left "and to initiate the discussions needed to jointly give backing for the project."

The EIA confirms that in any case, the definitive integration of the Basque Communist Party into the constituent process of the E.E. "would occur only through the dissolution of the Basque Communist Party."

Merger Analyzed

Madrid EL PAIS in Spanish 15 Sep 81 p 17

[Analysis by Patxo Unzueta, "The Result of a Process of Reflection"]

[Text] The agreement between the EIA and the Basque communist party (EPK) to begin the process of rapprochement, which, despite the caution with which both parties are expressing themselves, can only lead to their merging into a new party, constitutes the first concrete step taken in decades to make contact between the nationalist and non-nationalist parts of the Basque Country. That is, the first step towards overcoming the division that, far more than any definition regarding the right-left option, has politically split the Basque Country since the beginning of the century. Herein lies the importance of this initiative, which surpasses any joint considerations.

The agreement is in itself a first result of the open process of reflection within the Basque Left following the elections to the Basque Parliament in March, 1980. These elections highlighted, above all, two facts: the unquestionable hegemony of the Basque Right, and the spectacular degree of abstention, particularly among the workers of immigrant origins. Both facts, revealing the conservatism of Basque society, made doubtful the optimism of the hypotheses of which the leftist forces had based their establishment during the last years of the dictatorship. But they also indicated that both facts were not independent of each other. That is, the political hegemony of the PNV [Basque Nationalist Party] would be inexplicable without taking into account that a large portion of the potential voters from the Left had expressed by their abstention that they were unconcerned about autonomy, which was considered to be an issue of the nationalists.

It was as a result of this reflection that, first in intellectual sectors and later within the parties, that the unity of the Left began to be spoken of as an abojective capable, on the one hand of presenting a model for institutionalization different from what the Basque Nationalist Party could offer, which was accused of "trying to convert the Basque Country into a big 'batzoki'" (social seat of the PNV), and on the other hand capable of interesting the entire labor class in the project of building Basque nationality, and not only that segment of the same class already identified ideologically with nationalism.

This reflection was especially profound, although at first for different motives, in the EIA (Basque Revolutionary Party), and in the EPK-PCE (Basque Communist Party). In the latter, after having been for many years the main party of the opposition, it found itself unable to develop significant political initiatives, given its minimal institutional presence. On the opposite side, the EIA, in spite of having a much more reduced militancy, especially in the unionized territory, became the only Basque force that had seen its electoral potential increase at each new meeting.

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Sartorius on Merger

Madrid EL PAIS in Spanish 16 Sep 81 p 19

[Text] Nicolas Sartorius, first assistant secretary of the Spanish Communist Party stated yesterday that the process of merging the Basque PCE and the Basque Left, is viewed with sympathy and support by the PCE, but that it will under no circumstances accept the liquidation of the communist organization of the Basque Country, allied in some fashion to the rest of the Spanish Communists.

Sartorius affirmed that this, in the first place, affects the Basque Communists, but the PCE as well, and he added that the merger process, with regard to the question of unifying forces that seek socialism with democracy and liberty, and which are Marxist, will always be viewed with sympathy and support by the PCE, which specifically supports the resolutions to this effect from the Fourth Basque PCE Congress.

"But a real merger is one thing, in which the bases participate and programs, ideological principles and organizational forms are clarified, in brief, a common political project, and quite another--and to this the PCE is absolutely opposed--is a superficial or precipitated establishment that may mean the liquidation of the PCE in the Basque Country, a matter we are not going to accept," added Sartorius.

The Communist Assistant Secretary added that, "the problem is whether this process will result in a Marxist organization, as a workers' party allied to a socialist process with all of Spain, or in a nationalist organization of the Left. These unifying processes are positive if they are real, the bases participate, and there is an undivided road."

9730
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DISUNITY AMONG BASQUES SHARPENED BY AUTONOMY POLICIES

Madrid EL PAIS in Spanish 24 Sep 81 p 3

[Article by Tonia Etxarri and Javier Angulo]

[Text] The Basque Left (EE) yesterday asked the cabinet of Carlos Garaikoetxea to pledge to resign "in the event that it cannot prevent the downgrading of the home rule being imposed from Madrid." The request was made during a Basque Parliament plenary session yesterday in Vitoria on general policy, during which debate centered around the scope of the autonomy pacts. For his part, Garaikoetxea reaffirmed the determination of the PNV [Basque Nationalist Party] to cooperate in resolving national problems; he was responding to a charge by Jesus Viana from the UCD [Democratic Center Union].

The demand that the government promise to resign was formulated by the spokesman of the Basque Left, Javier Markiegi, to cap a list of "progressive measures of warning and counteroffensive" that the coalition suggested to the Basque Government as a way of defending itself against a potential voidance of the Autonomy Statute in the wake of the pacts signed by the UCD and PSOE [Spanish Socialists Workers Party]. The proposed measures included not giving in to offers of "anti-Statute exchanges, an institutional call for a mass rally by the Basque people and special emphasis on filing appeals challenging the constitutionality of the laws sponsored under the aforementioned pacts. The president of the Basque Government reminded the session that "we continue to sit firmly at the bargaining table" but he clarified that "we will not tolerate a downgrading of the historic commitment that the statute entailed. There will be no compromise whatsoever nor any commercialism, and the government would resign rather than accept a shameful deal."

Even though the Basque Government is in the midst of a dialogue with the central government to come up with a solution to the dispute over the autonomy pacts, the Basque president devoted the entire first part of his speech, which opened the plenary session, to pointing up the dangers entailed in implementing these agreements in the autonomous community.

Home Rule Regression

Garaikoetxea began by asserting that ("if things are not straightened out") 1981 would have to be remembered "as the year of coup d'etat specters and

home rule regression." He voiced his conviction that the home rule regression predates 23 February and has two main roots: "The questionable devotion to home rule on the part of some government leaders and members of the opposition and the rigmarole that the government and opposition have created with their cunning proliferation of autonomies and their principles of generality, homogeneity, uniformity, simultaneity, etc."

After reviewing the main points on which the Basque Government disagrees with the autonomy pacts and the bills based on them (see EL PAIS, 10 September), Carlos Garaikoetxea indicated his dissatisfaction with the central government's constant assertion that the agreements do not weaken the Autonomy Statute.

Expressing a lack of confidence that a satisfactory solution would be hammered out for the dispute between the two governments, the Basque president reaffirmed his cabinet's determination to defend the spirit and letter of the Autonomy Statute signed in 1979. "We are not forgetting that at critical moments in our history, illustrious politicians like Canovas have gone so far as to tell us such tremendous things as that force, when it is conclusive, becomes a right. And this government would be betraying its people if it did not speak out with all vigor against the metamorphosis of our statute that is being attempted."

Viana Attacks the PNV

Replying to the Basque president, the spokesman of the centrist group, Jesus Maria Viana, accused the Basque Government of "continuing to be influenced by the syndrome of the underground." In his opinion, the Basque Nationalists are continuing to blame Madrid, "and if there is no blame, they invent it." The secretary of the Basque UCD also rejected Garaikoetxea's remark about "the questionable devotion to home rule on the part of some government leaders" and recalled that his party had fostered the change from a centralist state to a state of autonomies. He also denied that the "rigmarole" of the autonomies was created to eventually pare back the Basque statute and suggested that, on the contrary, the PNV "with its stubbornness and veiled threats" could become the catalyst of such a development.

Jesus Maria Viana concluded his address by calling on the PNV to stop complaining and at the same time stressing the need to offer the Basque people hope. "Be sincere," he said, "and admit that 2 years ago you did not even dream of the power and the wherewithal that have been transferred to you." Underscoring his conviction that the autonomy pacts will not weaken the statute, the UCD leader said: "Either we put credence in words or we do not believe anything."

In his speech, Txiki Benegas, the spokesman of the PSOE in the Basque Country, tried to avoid any justification or explanation of why his party signed the autonomy pacts with the UCD and recalling the old saying that "the best defense is a good offense," accused the Basque Government of having failed to achieve the two basic objectives that it has had before it since it was formed: "Stabilizing the political situation in the Basque Country and getting the Basque people to back and trust its political program."

He then mentioned what he sees as the three paths that the Basque Country can take with respect to its future government: independence, home rule "with permanent confrontations with the central government" and home rule "within the framework of an in-depth understanding with the State and in solidarity with democratic Spain."

Benegas accused the PNV of having appropriated the Guernica Statute ("which was a common blueprint for coexistence defended by all parties") for itself and of having negotiated alone with the central government over the past 2 years. "During this period there have only been exclusive and exclusionary pacts between the PNV and UCD, both of which have been unable to resolve problems and achieve a comprehensive agreement on autonomy. This is because the UCD is a national disaster and the PNV lacks a nationwide perspective. "Spain matters very little to you," he said, referring to the PNV; "you make very little reference to the problems and difficulties it it facing. You are concerned only about the problems of the Basque people."

Responding in a clearly angry tone of voice, Carlos Garaikoetxea leveled the countercharge that it is now the PSOE that it signing autonomy pacts with the UCD. "We have made autonomy pacts with the party in power, but you are now making anti-autonomy pacts with them." He then listed the PNV's "reasons for disillusionment" with the PSOE in recent years and specifically mentioned its shifts from its initial stands on issues such as Navarre, Lemoniz and Basque autonomy itself. "It is not true that we have little regard for Spain," Garaikoetxea. "I began and ended my speech by pointing out our unmistakable desire to cooperate in State tasks."

8743
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PCE DIVIDED ON MERGER WITH EE

Madrid EL PAIS in Spanish 25 Sep 81 p 18

[Article by Patxo Unzueta]

[Text] Bilbao--The Central Committee of the Basque Communist Party (EPK) has rejected the proposal from the faction opposed to a merger with the Basque Left (EE) to immediately convene a special congress to debate the move. The plan of the faction opposing the merger seems, in any case, to be to create an internal polarization that will make such a congress unavoidable, which in practice would bring to a halt the negotiations with Mario Onaindia's party.

The negotiations have already begun with the appointment of separate committees to draw up, within a week's time, a document setting forth the current points of agreement and disagreement between the two parties. Meanwhile, the internal polarization has been highlighted at the informational assemblies that have been held since last Thursday. It has become clear at these assemblies that one of the objectives of the proposal to hold a congress right away is to replace Lertxundi, against whom the critics of the party's leadership have directed most of their ill feelings.

Formally, arguments for the proposal are based on the potential contradiction between the legitimacy of the 10th PCE [Spanish Communist Party] Congress and the results of the Fourth EPK Congress. For example, this was the tack taken by the Alava committee, which is opposed to Lertxundi. It tried to pass a resolution that "made a positive assessment of the 10th Congress and that pledged unqualified compliance with its conclusions." The move was probably aimed at disqualifying the Central Committee, which on the 12th had deemed "not satisfactory" the results of the congress, at which all of the proposals submitted by the EPK delegation were defeated.

The Lertxundi faction feels that the special congress should be held only after the debate with the EE, so that a final decision on a merger and its terms can be made on the basis of the proposals stemming from the political and organizational agreements that might be arrived at in the talks, not on the basis of mere presumptions or judgments as to intentions. Therefore, to Lertxundi, holding a congress right away, as proposed by the other faction, would make sense only "if what they want is to avoid discussion and cause a party breakup."

Lertxundi's Explanations

The secretary general of the EPK had an opportunity to explain his views at an assembly of professionals and intellectuals in Bilbao on Monday that was open to former members and independents interested in the merger plan. Lertxundi began by rejecting the contradictions that some spokesmen of the other faction had tried to establish between, on the one hand, the blue-collar sector (the immigrant blue-collar sector in particular), which would be opposed to a merger, and, on the other, the nationalist sectors which, along with the professionals and intellectuals, would support the move. In this regard, Lertxundi cited the favorable stands of markedly blue-collar and immigrant neighborhoods, such as Ocharcoaga, or of various industrial districts in Vizcaya and Guipuzcoa.

This particular comment was apparently designed to counter the remarks by Luis Lopez la Calle, a member of the Central Committee who opposes the merger, to the effect that "the bulk of the blue-collar members will remain the PCE, which is why it is not true that a party with a nationalist tradition is going to merge with another party with a blue-collar tradition."

Lertxundi felt that it would show "a complete lack of understanding to try and evaluate the process now under way from a short-run or narrowly partisan perspective." On the contrary, "this is a long-term project in which the essential thing is not the number of members or votes that the new party gets, but rather the creation of a credible channel, of a plausible meeting place for heterogeneous leftwing forces that have so far ignored each other."

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THRACE ISSUE STRESSED IN TURKISH-GREEK TALKS

Istanbul MILLIYET in Turkish 8 Sep 81 p 8

[Article by Ozgen Acar]

[Text] Athens--While the secretaries general of the Turkish and Greek Foreign Ministries were meeting here yesterday for the ninth round of discussions on the range of problems between the two neighboring nations, the Turkish side stressed the problems of the Turks of Western Thrace and two Western Thrace Turkish members of parliament focused attention on them in the Greek parliament, appealing to four party nations to the Lausanne Treaty, it was learned.

Attending the ninth round of the dialogue, from which no concrete results are expected owing to the general elections in Greece, are, on behalf of Turkey, Secretary General Ambassador Kamuran Gurun, Athens Ambassador Fahir Alacam, Counselor Erhan Tuncel and Foreign Ministry Greek Desk Chief Unal Marasli and, on behalf of Greece, Secretary General Ambassador Stavros Russos and Ankara Ambassador George Papoulias plus other officials from each side.

Although Greek radio and television reported prior to this meeting that the Aegean air space problem would be taken up, it was learned that there has been no discussion of this problem that would lead to a concrete solution, but only an exchange of views within the general framework of many problems.

Turkey did not bring its experts on the topic from the Turkish General Staff and the Communications and Foreign Ministries because it does not expect any concrete results from these discussions in this regard because of the Greek elections. As will be recalled, technical talks in Athens in April broke off in the middle.

On the other hand, the Turkish side stressed the problems of the Turkish minority in Western Thrace in yesterday's talks. Gurun complained that rights granted by agreement to Turks in Western Thrace were not being implemented, giving some concrete examples.

He related examples in which Turks living in the Komotini and Iskece [as published] areas were not only not permitted to build new homes, but were not allowed to make repairs on existing old ones, that they were even prevented from getting tractor licenses, that by the nationalization of Turks' agricultural lands for various reasons, a policy was being pursued of leaving them landless, and that

Turks were not getting the necessary education in the minority schools. He said, moreover, that the change in the Foundations Law in the Greek parliament placing Turkish foundations under the supervision of governors was in violation of international agreements. Russos said that the Greek minority in Istanbul was being directly forced to emigrate from Turkey, that the 80,000 Greeks had dropped to 8,000 in recent years and that Turkey should take measures in this regard also.

Meanwhile, in the Greek parliament, Komotini National Deputy Hasan Imamoglu and Iskece National Deputy Celal Zeybek delivered memorandums to each of the embassies in Athens of Britain, France, Italy and Japan, party nations to the Lausanne Treaty, explaining the problems of the Turkish minority in Western Thrace and drawing the attention of these nations to this matter, it was learned.

The status of Turks recently crossing the Maritza River to seek asylum in Greece is expected to be taken up at today's meeting.

Turkey's Athens embassy requested information last week from the Greek Foreign Ministry on the identities of these persons in order to determine whether they were involved in terrorism in Turkey, asking that Turkish consular authorities be provided the opportunity to interview them in accordance with international tradition.

The Greek Foreign Ministry confirmed receipt of these requests but has not yet replied to them, and they may be taken up at today's meeting also.

Returning yesterday from the meeting of EEC foreign ministers in Britain, Greek Foreign Minister Constantine Mitsotakis received Gurun last night.

The secretaries general resumed their talks after this meeting and Russos hosted a dinner in Gurun's honor.

Prime Minister George Rallis is expected to receive Ambassador Gurun today.

Mavros' Comments

Meanwhile, leader of the Greek Center Front Party and former minister of foreign affairs George Mavros told a MEDITERRANEAN NEWS AGENCY correspondent during a press conference yesterday, "Turkey and Greece need to be friends," and said, "Turkey and Greece could move immediately to economic cooperation and, if they used just the beaches of these two nations together for tourism, could attract approximately 5 million tourists annually without introducing a single foreigner, earning a sizeable foreign exchange income which they could spend for the benefit of their people."

8349
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EREL OFFERS BREAKDOWN OF 12 SEPTEMBER SCHEME

Istanbul MILLIYET in Turkish 11 Sep 81 p 8

[Article by Teoman Erel: "Systematic Analysis"]

[Text] Procedures following the 12 September intervention reportedly were planned in three stages in the National Security Council [NSC] General Secretariat:

1. Operation (action),
2. Restoration (revision and rebuilding),
3. Normalization (return to normal, civilian democracy).

Each stage is marked by certain differences in style deriving from the manner in which problems are approached.

Here different colors are used to indicate whether matters are urgent, medium term or longer term. For instance, red may be used to indicate emergency procedures; other colors such as green and yellow would signify medium or long term.

Another method reportedly used in planning assigns jobs to offices expanding out from the center, the closest in being most urgent and the farther from the center, the longer-term the efforts.

These are the methods usually used by staff officers in planning military matters. However, advantage is taken of other important planning and management techniques of the modern world also, not just the military.

An engineering friend of mine, informed because he was consulted in the NSC General Secretariat on certain areas of his expertise, said:

"Some of the world's newly developed organizational techniques are also being used."

One of the methods frequently referred to in the NSC, then, would be "systematic analysis."

It is fine to learn the systematic and modern methods of analysis, synthesis and planning. Distinguishing the stages with careful timing depending on the circumstances and needs is also positive.

Efforts of this sort preserve the discipline of the strategy. They facilitate advancement toward the goal by the most direct route without getting bogged down in the thousands of problems that crop up every day.

However, one thing must not be forgotten: The rapid advance of modern techniques in the organization and administration of societies is not a panacea. Indeed, certain techniques may remain inadequate if they are used before all the necessary data are in.

This is why a certain flexibility is necessary alongside planning and discipline.

Essentially, experienced soldiers, especially those experienced in warfare, are well aware of the confusion which follows in the wake of new situations which do not conform to expectations.

Success in such circumstances depends on such capabilities as rapid handling of unexpected problems, making quick decisions and delivering solutions even though materiel may be in short supply.

Mobilizing the attention, alertness, flexibility and creativity required in the atmosphere of confusion and emergency of war is just as necessary in solving the Turkish problem and achieving the goal as being able to use modern techniques.

Turkey, and therefore the "Turkish problem," is very intricate and complex. It is a rapidly changing nation of 45 million souls. As pointed out in the "Evaluation of Post-12 September Economic Developments" recently submitted to the NSC, consumer indexes are "misleading" because they do not include certain goods and rents.

From this standpoint, the margin of error in the accounts owing to insufficient data must not be ignored. Indeed, the margin of error should be upped a little.

Our politicians are accused of following a day-to-day policy. It is thought that they ignored plans and programs and acted on the principle "Let tomorrow take care of itself."

This has a certain degree of truth. However, it may be said that the politicians also had cause to show extreme flexibility in our country's low organizational level and in an atmosphere in which it was never known "when," "where" or "how" a problem would appear.

[The answer] is neither in the insensitivity of certain politicians nor in tight adherence to every comma and centimeter of plans and programs which may have been built on insufficient data.

Modern methods and discipline must be mixed in a proper dosage with flexibility.

As 12 September comes round to its first anniversary, we are moving "from operation to restoration" according to the military plan. This is, from taking action to rebuilding.

Or, in the expression I used in an earlier column, from putting out the fire to construction.

We would like to focus attention on one important point in order that the transition from the tension of the operational period to the calm of reconstruction and the climate of measured debate may take place smoothly. Complaints are coming from many quarters. Criticism is growing. It would be well if the channels for bringing them into play could be a little more open in the reconstruction period. It may reduce the tension that may be created on both sides by the army's trying to work on its own with no reliance on civilians. The feeling of security coming from moving ahead with a finger firmly on the pulse of the public may reinforce accomplishments. It will be possible to pass from one stage to the next more easily if the goal of strengthening the structure to restore democracy is pursued through consulting more with the various sectors of society and reaching a common understanding.

It would be more on target, in any case, if the "systematic analysis" method were applied not just according to the data in the files, but by closely observing the varied dynamics of a large society in ferment.

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BROADENED RELATIONS WITH KUWAIT PLEDGED

Istanbul MILLIYET in Turkish 11 Sep 81 p 8

[Text] Amir Jabir Ahmad al-Sabah of Kuwait, in Turkey as the official guest of Head of State General Kenan Evren, left at 1030 hours yesterday aboard his private plane "Kubbar" for an official visit to Bulgaria.

The Amir of Kuwait was seen off by Head of State Evren at a ceremony at Yesilkoy Airport.

Evren's Statement

Head of State General Kenan Evren made a statement at Yesilkoy Airport following the visiting amir's departure from Turkey. General Evren's statement follows:

"The visit to Turkey of the head of our friend and brother state Kuwait, Amir Jabil al-Sabah, is the first visit at the head of state level between these two nations. It gives us great pleasure that this visit at the head of state level should occur in our time. This also shows that the procurement of peace, security and stability in Turkey constitutes a reason for nations which have been unable to make such visits to date to want to make these visits. I had the opportunity on this occasion to discuss world and Middle East topics in particular with the esteemed amir. We established during these talks that our ideas, thoughts and assessments are parallel.

"We are engaged in an effort to conduct our bilateral relations with our neighbors and all the Arab nations without discrimination. This constitutes the basis of our policy. I may say that further development of our reciprocal relations with Kuwait within this framework is a worthy endeavor and especially in respect of seeking areas in which we can cooperate economically.

"I have just learned from the esteemed amir that his coming to Istanbul after a short stay in Ankara prompted misinterpretations by certain circles. Certain circles which would cast a shadow on good relations in this way and hope to take advantage of it found the opportunity here to say that negotiations were cut short and that was why the esteemed amir came to Istanbul. This is exactly what the amir said: 'I also told my ambassador that we had reached agreement so quickly that we finished the talks in 1 day and now I had the chance to see Istanbul, too.' I, too, would say the same thing. In fact, the day of talks we had were

concluded within a great feeling of understanding. And I may say to you that these contacts will continue.

"Furthermore, the esteemed amir was kind enough to invite me to his country also. I was happy to accept this invitation, and I told him that I would return this visit as soon as possible at the first opportunity. It is our firm resolution to develop further the traditional friendly relations between our nations by returning this visit on a future date. I have been unable to make a statement at prior meetings because it was requested thus. Therefore, I thought it well to give you a brief statement today following the departure ceremony."

Joint Communique

An official communique was published on the official talks and it was decided that existing commercial, economic and financial cooperation between the two nations should be developed and a new thrust given to cooperation between the two nations.

International Relations

It was noted in the communique that the two heads of state were concerned over negative developments in the international situation and that they "stressed the need for strengthening the role of the United Nations in the solution of problems."

It was pointed out in the talks that the two heads of state were concerned over deterioration in the Middle East as a result of the Israeli policy of attack and expansion against the Arab people and nations and it was stated that they were agreed that there could be no just and lasting solution in the Middle East until Israel withdraws from the occupied Arab territories and the Palestinian people are able to establish an independent state on their own territory.

The Israeli raid against Lebanon was denounced in the talks.

The Turkish and Kuwaiti authorities remarked on their concern over the armed clash between Iraq and Iran and their support for Islamic Conference efforts toward finding a peaceful solution to this dispute.

The Afghanistan problem was also taken up in the discussions, and the sides expressed their belief in the need for a solution based on respect for the sovereignty and independence of this nation and for the preservation of peace and security in the Gulf region to be the responsibility of the regional nations, stressing the need for this region to be protected from foreign intervention.

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TECHNICAL ASSISTANCE TO UNDERDEVELOPED COUNTRIES

Nicosia CYPRUS BULLETIN in English 26 Sep 81 p 2

[Text] Cyprus is able to offer assistance and technical training to people from the less developed countries, and this despite the violent interruption of the process of its own development by the Turkish invasion in 1974.

The Cyprus Ambassador to France, Mr Petros Michaelides, said in a statement made on September 9 at the United Nations Conference on the Least Developed Countries, held in Paris.

Furthermore, Mr Michaelides mentioned in his statement that "already, a great number of foreign students are following training courses in the fields of forestry, cooperative development, catering and hotel trades, agriculture and fisheries. Our accumulated experience in mass housing, soil conservation, solar energy, water development, irrigation systems, public health and education is available to all who would like to benefit from it.

"We are ready, to contribute in our modest way and to extend our cooperation and assistance to the LDC's in our earnest desire to see that the present wide disparities between rich and poor nations are removed, he said.

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PARLIAMENTARY DELEGATION VISITS MEXICO, CUBA

Nicosia CYPRUS BULLETIN in English 26 Sep 81 p 2

[Text] A Cyprus all-party parliamentary delegation has concluded its visit to Mexico and went to Cuba to participate in the work of the Inter-Parliamentary Council held in Havana.

In Mexico, the delegation accompanied by Cyprus Ambassador to the country, Mr Kyprianou, was received by the Mexican President Mr Portillo.

The Mexican President reiterated Mexico's firm support for a just solution of the Cyprus problem on the basis of the U.N. resolutions and the high-level agreements.

During a dinner given in honour of the Cypriot delegates by the President of the Mexican Federal Chamber of Deputies, Mr Luis Farias, it was decided to establish a Mexico—Cyprus friendship Group in the Cyprus House of Representatives.

In an address during the dinner, Mr Farias stressed the feelings of friendship, love and support of the Mexican people for the Cyprus people and their struggle for the restoration of their rights.

In reply Mr Ghalanos, a member of the visiting Cyprus delegation, expressed, inter alia, the gratitude of the people of Cyprus for Mexico's support and conveyed an invitation of the House President, Mr Ladas, to Mr Farias to visit the island at the head of a Mexican Parliamentary delegation. The invitation was accepted.

CSO: 4600/60

BRIEFS

CULTURAL AGREEMENT WITH INDIA--Cyprus and India on September 22 exchanged documents ratifying a cultural agreement between them signed in Delhi last October. The relevant documents were exchanged at a ceremony at the Foreign Ministry in Nicosia by the Acting Director-General of the Ministry Dr Prokopis Vanezis and the Indian High Commissioner Mr H. Mahajan. Both stressed that the cultural agreement was expected to strengthen the bonds of friendship and understanding between the peoples of the two countries. Mr Mahajan said India wished cooperation with Cyprus in all fields. Mr Vanezis expressed warm thanks for India's support and assistance to the Cypriot people. [Text] [Nicosia CYPRUS BULLETIN in English 26 Sep 81 p 1]

CSO: 4600/63

CHEVENEMENT OUTLINES POLICY ON COMPUTER TECHNOLOGY

Paris ZERO UN INFORMATIQUE HEBDO in French 28 Sep 81 p 6

[Article by Luc Fayard]

[Text] At last Monday's opening session of the Data Processing Convention at Convention Hall in Paris, Jean-Pierre Chevenement presented a broad outline of government action in the field of data processing research and development. Speaking to a full house (about 700 people) whose reactions were favorable on the whole--despite some gnashing of teeth, notably in response to a minor reference to the "ill humor of the PDG's [presidents-general directors]--the minister delivered the expected speech, peppered with shock formulas symbolizing the new orientations. It was a political speech more than an action program, and it enabled the speaker above all to show the measure of his talent and his will to persuade.

The debate that followed, with participation by a number of prominent people,* was turned into a register of grievances in which each speaker preached on behalf of his own chapel. The whispered reactions by the professionals were not without humor: as one software house official remarked, "Now that we have extended our right hand, we must learn to extend our left hand as well."

The first topic taken up by the minister dealt with government efforts in research and development: "There will be no technological pause."

The 1982 budget for the minister of state for scientific research and technology will total 2.5 percent of the GDP in 1985 [as published], compared to 1.8 percent in 1980, or 80 billion francs (in constant francs). Overall, the share going to data processing will increase even more. Credits for the INRIA [National Institute of Data Processing and Automation Research--Rocquencourt] will increase by 39 percent, those for the ADI [Data Processing Agency] by 37 percent, and those for MIDIST [Interministerial Mission on Scientific and Technical Information] by from 50 to 75 percent.

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* Bernard Lorimy (ADI), Jacques-Louis Lions (INRIA), Pierre Lepetit (Thomson-CSF [Thomson-General Wireless Company]), Maurice Papo (IBM France), Francois Salle (CII-HB [International Data Processing Company-Honeywell Bull]), Michel Bossard (CCMC [expansion unknown]), and Andre Felix (SYNTEC [Employers Federation of Research and Consulting Firms]).

The total credits for data processing in the ministry's budget will rise from 400 million francs in 1981 to 600 million francs in 1982. The plan for computerizing society will be allocated a sum of 640 million francs (up 80 percent).

Adding up all of the sums allocated gives a total of 2 billion francs that will be allocated directly to data processing research in 1982.

The second topic: the ways and means of action employed will be broadly based on social dialogue.

Science and Democracy

"The development of data processing cannot proceed outside of society or, even less, against society. It entails close consultation with the users.... Man has less to fear from the tools he creates than from the self-centered social forces and narrow dominant notions that use those tools to enslave other men.... Fear of the computer in itself partakes of the nature of modern obscurantism."

The expression of that new political will was clearly the area in which Jean-Pierre Chevenement tried to be most convincing by taking up some of the themes dear to him as the driving force behind CERES [Center for [Socialist] Studies, Research, and Education]: "Decentralization, pluralism in the schools, a love of contradiction and debate, the search for truth, and a feeling for exactness--those eminent values of democracy are inseparable, in my view, from true scientific and technical progress."

From now on, the scientific attitude is to incorporate the social dimension into technology.

Tribute to Software Houses [SSCI-Data Processing Advisory Service Society]

The third part of the speech was followed with close attention because it was the first expression of the government's official position on France's place in the world concert of data processing.

A ringing tribute was paid to the software houses, which, incidentally, were promised closer cooperation with researchers.

In the field of computers, the minister placed France third or fourth in the worldwide ranking, and he denounced "the backwardness at that level due to faltering political will and too many changes in direction," using as his example the well-known case of the CII-HB.

In Jean-Pierre Chevenement's opinion, it will be necessary to apply to our national and nationalized manufacturer ("nationalization taking, in this case, the form of negotiation") the methods that insured the success of the CEA [Atomic Energy Commission], the EDF [French Electric Company], and SNIAS [National Industrial Aerospace Company]. That statement gave rise to some later comments expressing doubt--based on the fact that the nature of demand is very different in the three cases mentioned (where the market consists in general of only one purchaser: the government) than it is in data processing (which is in a competitive market situation).

As far as relations with IBM are concerned, "a code of ethics must regulate relations between that company and the host country." That is a brief remark whose implications will certainly have to be watched. Maurice Papo, scientific director at IBM France, undertook to recall, on that point, that while 80 researchers from the CNRS [National Center for Scientific Research] recently spent nearly a year at the IBM laboratory in Yorktown in the United States, he knew of no similar activity in the opposite direction.

Existence a Prerequisite to Cooperation

In the field of international cooperation, Jean-Pierre Chevenement's position is realistic: "Before one can cooperate, one must exist." And it reminds one of the position taken by the president of the republic on another subject: disarmament.

The national market, which represents from 5 to 6 percent of the world market, is not big enough to support our data processing industry. It is therefore necessary to establish "balanced agreements" with European, American, or Japanese partners, but "French industry cannot be the retailer of products designed elsewhere or simply an assembler of subassemblies manufactured abroad.... Government aid cannot be used--as has happened--to finance the importation of foreign equipment."

It is within that framework that "the nationalizations must make it possible to give the data processing firms involved the assurance that they have a stockholder who has a long-term strategy, ambitious objectives, and the means corresponding to those objectives; moreover, that policy will not depend on changes in the mood of this or that group. It will transmit power to all the data processing firms."

A priori, then, there will not be a European data processing company of the Unidata type, which some people see as the only solution to the four weak spots mentioned by Jean-Pierre Chevenement: "The excessive conditioning of our manufacturers by the national market, the backwardness in the field of components, the gap in the upper and lower ranges of computers, and the backwardness in peripheral display and printing equipment."

Three Rules of Strategy

Because thinking in this area is still underway, the minister concluded simply by outlining the government's strategy for French data processing, based on three rules:

1. Strengthen the strong points--software and the telecommunications industry--in particular by establishing three computer communications poles centered on MATRA [Mechanical, Aviation, and Traction Company], Thomson, and the CGE [General Electric Company].

2. Insure independence in the field of components, in particular by developing VLSI [very large-scale integration] circuitry.

3. Insure the future of the CII-HB through an investment and research effort that will represent several billion francs between now and 1985.

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END

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HERVE NOTES NEED FOR ENERGY CONSERVATION PRIORITIES

Paris LE NOUVEL ECONOMISTE in French 28 Sep 81 p 44

[Article by Olivier Drouin]

[Text] A massive energy conservation effort, a return to coal and semi-maintenance of nuclear power's share: These are the major lines of the report prepared under the auspices of Minister of Energy Edmond Herve, by Mr. Jean-Pierre Hugon, chief engineer of the mines. Along with the one prepared by the study group presided over by the doyen Maurice Bourjol (which deals with the institutional and procedural aspects), this report serves as the basis for the work of the government, which will define its energy policy on 30 September before submitting it to Parliament for discussion at the beginning of October.

Starting with requirements and proceding to a sector by sector analysis, the Hugon report estimates total French consumption in 1990 as equal to 206 million tons of oil in the case of a weak growth forecast (2.5 percent per year) and 232 tons of oil for a strong growth (not very likely) forecast (5 percent from 1981 to 1990). In comparison, the Eight Plan is based on the equivalent of 242 million tons of oil consumed in 1990, with a growth rate of 3.5 percent. This difference explains why energy conservation, as can be imagined, constitutes the keystone of the Socialist energy policy.

"The energy policy must give absolute priority to rational usage and to controlling consumption," writes Mr. Hugon. "We must launch a collective, massive, resolute and persevering effort." This effort is aimed at saving the equivalent of between 33.7 and 38.2 million tons of oil in 1990 (according to growth scenarios), with the residential and tertiary sector making up the major share. To attain this, the Hugon report estimates that huge investments will have to be made: Between 36 and 50 billion francs each year (while only 11.5 billion overall were invested in 1980 in energy conservation), with 20 to 27.5 billion of it for housing and services. It would therefore be necessary to make the same effort for energy conservation in the 1980's as was devoted in the 1970's to nuclear power. With an advantage: Energy conservation creates many more jobs (236,000 to 330,000 jobs if the enormous financial effort is achieved). And a disadvantage: The decisions, contrary to those made on nuclear power, are the achievement of millions of individuals. "The difficulties which await us are considerable, and concrete results will have to be hard won," recognizes the Hugon report, which proposes an entire battery of measures (100 percent removal from their framework of credits for energy conservation, creation of a national energy conservation bank to mobilize savings, discounted rates, tax incentives, new housing regulations, development of decentralized structures, etc.). Meanwhile, the Agency for Energy Conservation's budget will be increased (1 billion francs in 1982, compared to 660 million francs in 1981).

The second priority is coal. Overall, coal's share in 1990 would not be appreciably different (15 to 17 percent as compared to the 11 or 14 percent estimated by Mr. Giraud). But the percentage of national coal, which cannot yet be calculated, would be much larger. The objective: To first stabilize French production—public assistance to coal mining should be increased by 30 percent in 1982—then to prepare the foundations for new development by giving new impetus to prospecting and by defining a multiannual investment program, for production and for development of applications.

The nuclear power percentage should not vary much: 27 to 28 percent of the energy budget in 1990, as compared to the 30 percent estimated in the Eight Plan. The difference depends on three or four power plants, out of more than 40. The Hugon report indicates that "by limiting ourselves to nuclear plants not affected by the freeze, the power available in 1990 will be sufficient to satisfy consumption of electricity." But, in order to prepare for post-1990 (considering the long construction periods) and to avoid "quashing" industry, it foresees pursuing the electronuclear program until 1982.

Can we both spur coal mining and maintain nuclear power while we are also launching a vigorous energy conservation policy? This is the big question raised by the Hugon report and the one which the televised confused and biased round table discussion on Channel 2 Sunday evening carefully avoided. The obstacles are not only financial. In the production of electricity, an increase in the use of coal conflicts with the use of nuclear power. The French Electric Company is the largest user of coal, but it is buying less and less: The budget estimates tht the coal consumption of power plants will fall from 26 to 14 million tons in 1990. Who will consume the coal? Industry and heating systems will not suffice. The Hugon report recommends the construction of coal-fired power plants (3 every 2 years), but implicitly refers to the possibility of an oversupply of electric power plants in 1990, agreed to in the name of flexibility and of the risk of new world tensions.

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IRI DOCUMENT ON ENERGY CONSERVATION POLICY

Rome POLITICA ED ECONOMIA in Italian Sep 81 pp 69-70

[Article: "A Policy of Energy Conservation"]

[Text] We are publishing as a matter of public interest the following document from the study bureau of the IRI [Industrial Reconstruction Institute].

1

In terms of energy consumption and, therefore, conservation, the IRI group is characterized by:

(A) its size as an energy consumer. It accounts for a little under 8 percent of the national total and draws massively on all the main energy sources: fuel oil, kerosene, natural gas, coal and electricity;

(B) the coexistence within it of a large range of manufacturing and tertiary industries. Some of these use a lot of energy (steel, cement, air and sea transport); others use a relatively modest amount (mechanics, electronics, shipbuilding, telecommunications, etc.);

(C) its importance in planning and producing plants intended to generate and transform energy as well as mechanisms for that purpose, especially those of a mechanical and electronic nature). Thus, the group contributes to the progress of energy technology and to the modernization of a range of products and production processes, which may be expected to reduce the unit consumption of energy and to make use of alternative energy sources in place of those that have become rare or that this country needs to import heavily.

It is thus immediately obvious that the group is directly involved and interested in energy sources and use, and in energy conservation.

2

Taken all together, the IRI group consumed 11.2 million ETP [energy in equivalent tons of petroleum] in 1978. (The figures for 1980 are still being processed but do not appear to show any basic shift in the trend.) The cost was 1.034 billion lire. As for the various sources, coal, which is used essentially in steelmaking, accounts for

46 percent of the group's consumption in terms of ETP. Thus, in 1978, the IRI group accounted for about 70 percent of the national demand for combustible solids.

Petroleum products accounted for about 47 percent of the group's consumption (31 percent liquid products, 16 percent natural gas). This comes to about 4 percent of the corresponding national consumption.

As for electricity, the quota used comes to 5.334 gigawatt hours, which is a little more than 4 percent of the power utility's general production. But it should be remembered that the steel sector is also a large self-producer (4.347 gigawatts in 1978). In general, then, the group used a little less than 6 percent of all the electricity generated in Italy in 1978.

Comparing 1978 to 1973, which was the last year not affected by the energy crisis, it appears that the group has shown a quantitative structural change generally comparable in trend to that of the Italian and European economic system: a drop in liquid petroleum products (down 18 percent) throughout the group and particularly marked absolutely and percentagewise in shipping, the result of alterations in the fleet; increased consumption of natural gas (up 6.4 percent) due to an unchanged rate of use in steelmaking and to increased use among other manufacturers; a notable increase in energy use (up 16.7 percent); and a slight drop in coal (down 4.5 percent).

In the 5-year period under discussion, the group as a whole has shown a decrease in its general energy resource needs of about 6 percent. Considering that in the same period the group's value in constant prices increased 17 percent, it can be estimated that the unit consumption of energy in the IRI group decreased about 23 percent.

3

The appreciable decrease noted partly reflects a change in the nature of the group's assets. In this period, the manufacturing sector showed a slight proportional decrease; service industries showed a corresponding increase. In the production industries, machines, electronics and construction showed a much lower unit consumption of energy than steel and cement. In the service sector, it should be noted that the low value increases registered by air and sea transportation correspond to a consistent increase in that of telecommunications, which uses relatively little energy. Besides, in the case of maritime transportation, we have already noted that the fleet is being modified, the shift being from passengers to cargo.

4

Having said all this, it is also certain that the reduction in the total amount of energy used in addition to a real increase in output is the result of business initiatives aimed at containing costs that have become increasingly acute. Suffice it to say that the general costs that the group had to pay for its energy needs rose from 302 billion lire in 1973 to 1.034 trillion lire in 1978. The percentage of these costs relative to the group's added value in the 5-year period thus jumped from 9.1 percent to 12.3 percent, although unit consumption did, as mentioned, drop about 23 percent.

The following gives a quick summary of the most significant results achieved and of the action being taken in energy conservation in the main sectors of the IRI group.

Steelmaking is a great energy consumer. It accounts for 5 percent of total national consumption and almost 20 percent of energy for industrial use (as of 1978). These high proportions make specific energy conservation measures an important element in selecting production processes. It is well to remember that full-cycle industrial expansion of the IRI group since the postwar era has changed of itself to make the entire sector more balanced on a national scale, especially as far as energy use goes.

In all the group's plants between 1953 and 1978, the consumption of coal per ton of steel produced dropped by something like 38 percent, which is something of an international record.

The effort to make further energy savings has continued in recent years, although it has naturally been affected by the fact that plants have largely been renovated or recently built. The reduction in specific consumption for the entire IRI steel sector was 10.4 percent between 1973 and 1978. By 1984, discounting an increase in IRI group production of 18 million metric tons of steel, a further improvement of 6 percent over 1978 in unit energy consumption is projected.

Also in this field, the group can count on its own tested capacity for research and development. Of work in progress, it is worthwhile to mention the project for using non-cokable energy coal to produce coke by new production processes.

In the group's cement industry, the very composition of the raw materials used, including notably slag from blast furnaces, has always made it possible to use less energy than other producers. The substitution of coal for fuel oil is also interesting from the environmental point of view, because the coal cinders would thus be included in the production process; this is helped by the existence of an adequate external infrastructure.

In the other manufacturing sectors of the group, which use markedly less energy than the foregoing, the action taken to date has been relatively minor, but it has given rise to a series of interesting initiatives.

As for the mechanical sector, the relatively steady composition of production between 1973 and 1978 makes all the more significant the action taken to reduce total energy used by 8 percent and at the same time increase the value added by 3 percent at constant prices.

Some specific projects already identified have been completed, including techniques to recover waste heat, the use of renewable energy sources such as sun and wind (obviously with the hope of extending applications to a much wider area), and the use of total-energy (i.e. for electricity and heat) electrodiesel groupings.

Already in progress or projected by IRI group manufacturers is the application of electricity-steam cogeneration systems and solar systems for producing hot water and air conditioning.

In the service industries, air and sea transport reduced their energy consumption 26-29 percent since 1973:

Alitalia, in tons of kerosene per ton-kilometers: 1.043 (1973), 0.769 (1978).
Finmare [Shipping Finance Corporation], in tons of fuel oil per nautical mile: 159 (1973), 112 (1978).

In the case of Alitalia, the causes of conservation are modernization, a change in the composition of the air fleet, and technical operational measures introduced since the oil crisis, particularly better planning, reducing the time in which engines run while the planes are on the ground, and the altitude and cruising speed of some types of aircraft.

For Finmare, the results may be ascribed especially to recent construction and the altered composition of the fleet from passenger ships to cargo, with a speed reduction on the order of 10 miles per hour. Also contributing are such actions as more frequent careening of vessels and improved combustion efficiency due to more frequent maintenance.

Even in telecommunications, which uses a rather modest amount of energy in absolute terms, steps have been taken to conserve heat (as, for example, in reducing temperatures in unoccupied buildings by automated controls and insulating) and electricity (reduced lighting). Solar energy is also being brought into use for heating and cooling offices and telephone switching equipment. In Cagliari, for example, the new telephone exchange will have a complete, winter-summer climate-control system using solar panels; it will make possible a savings of 400,000 kilowatt hours a year.

Also noteworthy is the action being taken to moderate energy consumption in the large SIP [Italian Telephone Company] motor pool. There are plans to introduce electric vehicles, which will recharge their batteries at night, and vehicles that run on a mixture of benzine and alcohol (Alfa Romeo and Ansaldo have been involved at the planning level).

6

It does not seem out of place here to ask what the group can contribute to the national economy by way of reducing specific energy consumption and, more generally, to limit the use of non-renewable energy sources, especially petroleum. Most certainly the group's manufacturing and technical plant is the greatest national concentration of energy users, whether the energy comes from traditional sources or from nuclear and renewable sources.

A study group for this purpose has been established in Genoa (CESEN, the Energy Studies Center) and a unified organization on plant capacity to convert to alternative energy sources and to conserve energy (ECO, the Integrative Energy Board of AMN [Ansaldo Nuclear Machinery]).

Of international importance are the group's achievements in the solar field: among the most significant are Adrano power plant (1 megawatt), built by the EEC; the concentrator solar plant, for Australia; and one built for the International Energy Agency in Almeria, Spain. Ansaldo has also developed and produced a line of photoelectric cells.

In the field of conservation, we should mention the construction of the Brescia cogeneration plant and the diesel-powered plant for the combined production of energy and heat in Reggio Emilia.

The consistent and diversified presence of the group in the field of electronics makes it indirectly an invaluable instrument in energy conservation policy. In particular, the group has developed high technological and planning capacity in the field of automation and control of remote management and remote control processes and techniques, which, as has been noted, are essential for optimizing the amount of energy produced per unit of fuel in electric plants and in electricity-heat cogeneration plants.

Also important is the components field; suffice it to mention the application of microprocessors in automobiles and the resulting efficiency improvements. Both SGS-ATES [expansions unknown] and Alfa Romeo have been working on this.

7

Heating needs presently account for about 25 percent of national energy use. This percentage is rather high and is due in part to waste and inefficient plant use; it is also due to a certain lack of foresight in the choice of construction materials used in residential construction.

Some time ago, however, the Italstat group launched a two-pronged research program:

(1) to assist planners, on the basis of appropriate studies, to optimize heating comfort with the least energy consumption by eliminating the waste of traditional fuels;
(2) to study the applicability of alternative energy sources to residential construction, with particular reference to solar energy (solar panels and "passive" designs).

Also possible in the short and middle term are applications to the group's own programs, beginning with residential construction in collaboration with Fiat and the cooperatives on the basis of agreements recently reached.

8

It is appropriate at this point to report, albeit briefly, on conservation efforts in the general context of energy as it affects this country and, in more ways than one, the activities of the IRI group. We shall especially consider directions taken in successive government documents in the area of national energy planning.

The evolution that is forecast is worrisome because of the rigidity and fragility that characterize our present social and economic system. They are due to the high degree of dependency on oil to produce electricity; this dependency is without equal in any other industrialized country. Italy already accounts for a third of European oil consumption for electrical production, and it will probably account for more than half in 1985.

The thoroughgoing modifications planned in the energy supply structure are therefore decisive, though implementing them will be a complex matter. These modifications are being planned primarily by ENEL [National Electric Power Agency] for the second half of the next decade: the decision is to resort increasingly to coal and nuclear power.

In this context, it is apparent that an adequate solution to the problem of siting electric power plants cannot be put off any longer, whether these plants be conventional or nuclear. It is also necessary to define clearly how much the energy sources can supply. Specific experience that has been acquired should be put into effect, as Finsider [Iron and Steel Finance Corporation] has done in the area of coal. The same goes for infrastructures for stockpiling and transporting coal.

Energy conservation can play an important role in easing the consequences of developing energy supplies. Quite obviously, the steps taken by industry will be decisive: this sector accounts for more than 2/5 of energy end use.

Yet it must be considered that in recent years industry has made notable efforts at conservation, as has been mentioned, in a response to rising prices. But these results have been obtained mostly by enhancing the efficiency and output of present systems and mechanisms that use energy; this action has so far required relatively limited capital investment. It must be remembered that in the future any further progress necessary will involve increasingly high rates of investment.

Energy conservation, like, for example, environmental protection and sustained technological innovation, are among today's pressing problems, which also include international relations, social requirements that have become inescapable, the necessity to protect this country's competitiveness and prevent its decline in the international division of labor.

These are demands that the market cannot optimally meet, especially because they conflict with one another and thus require political ordering of priorities and the means necessary to make them compatible with the survival and growth of business· these options must avoid discrimination likely to distort competition.

Also, it is hoped that whatever technical contribution political authorities may need for energy conservation will be forthcoming on an equal basis from all qualified organizations.

In this context, IRI is naturally ready to make available the experience of a group that is both a large energy consumer and a producer of apparatus and systems in all domains of energy.

8782
CSO: 3104/11

LAMBSDORFF ON EXPANDING TRADE RELATIONS WITH USSR

Duesseldorf WIRTSCHAFTSWOCHE in German 18 Sep 81 pp 17-18

[Interview: "Do Not Talk About Lost Momentum"]

[Text] Federal Minister for Economics Otto Graf Lambsdorff is betting on new major Moscow projects for German-Soviet trade. In his interview with WIRTSCHAFT-SWOCHE he warns the USSR of the consequences of an intervention in Poland.

[Question] German-Soviet trade relations have lost momentum since the middle 1970's. Will trade continue limping along during the next few years, too?

[Answer] I do not believe that we can truly talk about limping along and lost momentum. Between 1971 and 1975 the volume of our economic relations amounted to DM 30 billion; between 1976 and 1980 it rose to DM 63 billion. Admittedly, in making allowance for price increases, actual growth is not very big. It would be desirable to see a greater rate of growth in trade with the USSR and the East in general.

[Question] What opportunities do you perceive for German enterprises to sell more to the USSR?

[Answer] Mainly in large scale projects. Mainly in the areas of energy, metallurgy and chemistry.

[Question] You mean energy above and beyond the forthcoming natural gas deal?

[Answer] Yes, beyond that deal.

[Question] In this connection, are you thinking about coal liquefaction?

[Answer] The Soviets are extremely interested in coal liquefaction. That is why there will be intensive discussions about coal liquefaction during the deliberations of the German-Soviet economic commission.

[Question] But the Americans are still trying to prevent the natural gas deal or to make it immaterial by making attractive alternative offers....

[Answer] I cannot see any possible offers of the magnitude of the natural gas offer being negotiated by German firms. Certainly, we are most interested in talks with the Americans about coal deliveries and about further development of nuclear energy use. But natural gas--that is what we really need. And America cannot furnish that.

[Question] Has an American delegation already asked to be heard?

[Answer] No, not to date. Besides, the United States is of course aware of the fact that it has itself considerably expanded its own economic relations with the USSR during the last few months. If you look at the figures, you will note that in comparison with German-Soviet trade this year's rate of increase in American-Soviet trade is many times larger....

[Question] ....an increase of 65 percent during the first quarter. How credible is a policy which seeks to impose restriction upon allies while at the same time pursuing unhindered trade itself?

[Answer] This is not a question of credibility. It is in any case credible to the extent that it represents a position which basically provides for free international trade and basically free trade relations between East and West as well.

[Question] If I were to try to dissuade an ally from concluding a pipeline deal and sell pipe myself, there is hardly any consistency.

[Answer] This is indeed reason enough to pose some questions and we will certainly do just that.

[Question] Ever since Afghanistan, for more than 1-and-1/2 years, the United States has been pushing for expanding the Cocom List--the Western embargo list against the East. Until now, the Europeans have objected to this....

[Answer] That is a simple statement, which is however accurate.

[Question] And the delaying tactics?

[Answer] I disagree with that also. On the contrary, in several discussions with the United States I have stated the following: We are anxious to arrive at the speediest and most concrete settlement possible on this Cocom problem. It is not our fault that there has been a change of administrations in the United States and that this requires new concepts to be worked out. Now the discussions have started, and now is the time for substantive positions to be established. And there are of course differences of opinion. As you know, the Americans have previously stated that any deal in excess of $100 million is subject to Cocom. We did not consider this a rational approach. A rational approach must take security policy into consideration. If I want to sell heads of cabbage worth 100 million, that certainly is not subject to Cocom.

[Question] Just when will German exporters know what they may sell to the USSR in the future?

[Answer] I cannot give you a firm date today to which you could hold me.

[Question] Could an expansion of the embargo list be a blow to German-Soviet trade, especially in the area of technology transfer?

[Answer] No; I believe the word blow would be an exaggeration. But that there is a possibility of restrictions in some areas and that restrictions must be expected is common knowledge and this should surprise no one.

[Question] What is your prognosis of the extent of the political risks caused by developments in Poland upon German-Soviet trade?

[Answer] All of us hope that the Poles will continue to be able to regulate and develop their internal affairs by themselves and without extraneous intervention. Should this not be the case,i.e., if there were to be a Soviet intervention in Poland, then economic cooperation between the West and the USSR would be significantly impaired. There can be no doubt about that. The Soviets know this as well as we do.

[Question] Would this entail a unified Western boycott?

[Answer] I am not talking about a boycott. There are of course preparations and thoughts as to the reaction called for by such a situation.

[Question] Trade would not remain at the present level?

[Answer] I am firmly convinced that there would be losses, restrictions and difficulties. This would be unavoidable in such an eventuality.

9273
CSO: 3103/13

MINISTER SIGNORILE INTERVIEWED ON PLANS FOR SOUTH

Rome L'EXPRESSO in Italian 20 Sep 81 pp 161-163

[Interview with Claudio Signorile by S.G., date and location not given]

[Text] Southern Problem/Signorile Speaks

The Southern Development Fund is closing, but is reopening as a public agency, property of the state. It will be called the Agency for Reequilibrium and Development; it will last for 10 years and have at its disposition 5,000 billion lire per year. Its objectives are:

[Signorile] Rome. "This opportunity will not be repeated: such a massive concentration of financial resources for the South, as is now taking place, will not be repeated. We are truly witnessing an historic occasion." Claudio Signorile, minister for the first time but just for "his" South finds his way with robust enthusiasm in the complex meanderings of the financing and the laws for the South.

"So, naturally," he adds, "one must take advantage of the opportunity. The more so because the outlays for the South do not come from transfers nor is it intended to cover indebtedness: they are real investments."

[Question] And also because the situation is explosive, with social and economic collapse...

[Signoreli] "Yes and no. It is complex and contradictory. It is not a matter of endemic underdevelopment, but of uneven development with pockets of historic underdevelopment. Naples is the highest point in this confusion: it is not New Delhi or Bombay, but rather Caracas or Abidjan. The South can be divided into at least four different categories. The metropolitan areas such as Naples and Palermo, with a degenerate development, with incomes that are even high, but with widespread illness and delinquency; and here a third of the southern population lives. Then there are the zones with only a limited variation from the national average, such as Puglia, with 23 percent of the south. Then there are the zones which have a "noteworthy variation," such as Ragusa or Caltanissetta in Sicily, with 20 percent of the southerners, and those with "strong variation," such as Calabria, the 24 percent we need to make 100."

[Question] "Nothing optimistic, then?"

[Signoreli] Just take one revealing fact: in Italy, for every one hundred old-age pensions there are 120 invalidity pensions; in the south, for every one hundred old-age pensions there are twice as many invalidity pensions: two hundred forty. One cannot be optimistic."

[Question] But it is possible to seize the "historic opportunity"...

[Signoreli] "Historic not only for the financing that will be made available, but also because within the next two years all the irrigation projects will be completed that have been under way for many lustrums [5-year periods] and this will profoundly modify vast zones of territory: agriculture..."

[Question] No more monuments in the desert?

[Signoreli] New large industries in the south are not planned in the Montedison plan, nor in the Fiat plan, nor in the ones for state participation enterprises. Today the cards to play are different: as a matter of fact even the historic industrialized areas in the country, in the north, are in difficulty."

[Question] And what cards does Minister Signorile have?

[Signoreli] "There is agriculture, it should be emphasized, and to a very great extent; tourism; and then skipping the traditional phase of industrialization which did not and can not take place, and coming directly to investments in high value-added industries, there is the electronics industry; then, the port system, which provides veritable economic funnels for the hinterland, and includes Naples, Gioia Tauro, Taranto, Brindisi; the complex effort in metropolitan areas; the consolidation of what both public and private enterprise have accomplished; and a very extensive program of vocational training."

[Question] There is much financing for the "historic opportunity. But just how much, exactly?

[Signoreli] One cannot strike a total now. But suffice it to think of the 8,000 billion from the earthquake law, of the monthly spending capacity of the Southern Development Fund, which has reached 400 billion. And the 10,000 billion of the anti-inflation fund, almost one-half of which is intended for the south. That is a great deal, but it is still not enough; I am thinking above all of foreign loans, without which I would not be so optimistic. There is a definite willingness on the part of the European Economic Community--in fact in a few days I am going to the EIB [European Investment Bank] to sign a loan for 250 billion--but above all there is a renewed interest on the part of the United States and Canada in investments in the south."

[Question] There is financing, if all these figures do not remain on paper. But the instrumentalities, the operative instrument, the Fund, closes 30 September. Will it be extended again?

[Signoreli] "Yes, but for very little time--four to six months. And in my opinion the extension decree should include the forms and procedures for liquidating it."

[Question] Then what will there be after the Fund?

[Signoreli] "The 'Agency for Requilibrium and Development'. That is quite a name and it was not selected by chance. In the first place it will be a public enterprise, property of the state. It will have a series of agencies under its authority, finalized, and in time (based on the usual model of the Tennessee Valley Authority of the United States) like the one for mechanization. Its task will be to be a support structure for the state and above all for the region, who themselves will do the planning: two separate functions, and so there will not be that overlapping between Fund and region which had created serious difficulties in recent times."

[Question] How long will this new extraordinary intervention for the South last?

[Signoreli] "The extraordinary investment program will last for 10 years."

[Question] And what funds will the Agency have at its disposal?

[Signoreli] "I forecast an outlay of 5,000 billion per year."

[Question] The Fund is thus transformed into an agency. It changes, but in part it remains the same, since it absorbs personnel and structures of the Fund of today. But today's Fund has many problems: inefficiency and corruption. Let us not forget that the court investigation of the "golden dikes" is still going on...

[Signoreli] "Inefficiency often arises from outside rather than from within the Fund. As for corruption, it is the result of the cumbersomeness of the procedures. When there is a chance to take advantage of one's position, I do not believe there is an honest man. Corruption is combatted by simplification and clarity of procedures, with their maximum self-operating quality."

[Question] By reducing arbitrary action by the bureaucracy?

[Signoreli] "Of course. It is enough to establish time limits for the authorizations that may be granted or denied: it is enough to establish a time limit beyond which, if a bureaucrat has not said no, with explanations, to a proposal, then it is an automatic yes. That is enough to cut off one of the greatest instruments for extorsion: the bureaucracy's absolute control over time."

[Question] And so the Agency will start grinding out its 5,000 billion lire per year, in four or six months. But what will be the purpose?

[Signoreli] Above all, special projects, and no more showers of interventions, and they will be largely delegated to the Regions. In fact, the danger to avoid is carrying out a thousand little interventions, useful ones but unable to change the south radically, and this would render vain what I consider an opportunity that will not be repeated."

[Question] So special projects, then, but what kind?

[Signoreli] "A 10-year program has certainly not yet been carried out. But there are a few good examples of the direction that ought to be followed. For example, at Naples, aside from the intervention because of the earthquake, there is the project for purification of the Gulf, which should be reviewed and reinvigorated; at Palermo there is the intervention in the center of the city which should be finished by the Agency with the Region and Italstat; then there is the port of Cagliari; the Gioia Tauro port which should be the terminus for the Tyrrhenian range to bring Central European products arriving by rail, for example, toward Africa and the Middle East; there should be a great strengthening of the southern railroad system; and perhaps even the bridge of Messina: I favor doing so, it is useful and there are no insurmountable financial problems. It is already being discussed at Brussels. There you have, thus, a few great projects: if they are achieved, together with all the interventions to which I was previously referring, will they not be able to change the South's aspect?"

9772
CSO: 3104/1

PSI'S 10-POINT ANTI-INFLATION PROPOSAL

Rome AVANTI! in Italian 23 Sep 81 p 3

[Text] The main problem for the socialists is employment. But we must not ignore the fact that this problem is particularly acute for the youth, the women and the South. And particularly in the South for these two categories, but also for some of the workers employed by companies in difficulty.

The "pact against inflation" is, in our opinion, directed toward this objective, which involves a resumption of investment and specific policies aimed at safeguarding against unemployment along the lines stipulated in "the socialist proposal." In our opinion, it is very important that there be a fund of 10 trillion lire in the "act against inflation" which will serve essentially to relaunch investment.

The "Third Way": An Emergency From the West

The Italian economy does not deserve to be considered catastrophic, as it has been characterized for years (and is still so characterized) by an analysis of excessive criticisms, by those interested in building up such a negative image that it justifies not so much reformism but rather an undifferentiated and congealing "national solidarity," preparatory to an "emergence" of the Western system known as the "third way."

We should also say that, in such gloomy analyses, two different deformations are superimposed. That of the individual who tends to exaggerate for instrumental reasons; and that of the person who wants everything and right away, even if he is not sure what.

And it is imagined--with provincial vision--that others already have "everything and right away." Never being content can be a stimulus to progress which is fed by a critical attitude. And it has been that way in Italy even in past years. But excessive criticism leads to lack of proper reflection when taking corrective measures. It makes one look too much on high, thus losing one's sense of values and swinging like a pendulum from euphoria to pessimism. The contention that we "are special" is not true, and not acceptable; we are no special, for we share th eproblems and possibilities of economically and socially advanced Western industrialized countries with the difference of a few minuses in the area of efficiency in the public apparatus and territorial equilibriums but also a few pluses in the area of vitality in the small and medium business sector and decentralized energies, even in the South; ther is no truth to the epithets of "inert reality" or "brink of collapse" which some like to proclaim and publicize.

Thus, we are getting down to facts and current problems. The kinds of problems to be considered with the tons and decisiveness already mentioned are those which involve "worrisome" figures, which we shall examine along with remedies already adopted or to be adopted requiring clear ideas as well as a pragmatic approach.

1. Last year's price increases--brought about by the rise in the price of oil, by various automatic features of the system and by the impetus of a growing public debt--reached 20 percent at a certain point, and it looked as though it would reach 25 percent. The increase in the value of the dollar--by one-third in 6 months--could thus bring us to a "point of no return," further aggravated by a drop in the parity of the lira in the EMS [European Monetary System].

A notable indexation was obtained with interventions adopted in the monetary policy and fiscal cash policy; and with interventions on the psychological front (which is not to be ignored) through commitments made in connection with public spending, through the atmosphere of the "pact against inflation" and through self-control in the production and consumption of basic foodstuffs.

The latest figures, those of September in Milan and Turin, show increases equal to or less than 1 percent. Last year the increase during the critical period of the return from vacation was 2.1 percent and in 1979, 2.5 percent. Thus, some progress was made. The 16 percent inflation "ceiling" is now accessible and credible, since the tendential rate of inflation (that is, the rate without further interventions) is about 18 percent. We must know how to influence the results. Each one has his own responsibilities. It is useless to consolidate the psychological atmosphere of deceleration and recovery from inflation. The next few months, per se, are reasonably favorable. But we are helped by a decline in the value of the dollar against EEC currency values (which, however, has its ups and downs in keeping with the forecasts we have repeatedly published in AVANTI! within the past few months). We are also aided by the reflexive trend in the dollar prices of oil and other raw materials. Nevertheless, these are precisely the months which best lend themselves to the preparation of intelligent measures for automatic wage and tax mechanisms. These will be able to show beneficial effects when the world price situation begins to improve and when, for our economy, we shall see a possibility for somewhat sustained growth. Of two figures relative to the question of quarterly automatic wage increases, only 49.4 of the last 14 points went into the pay envelope; the remainder was absorbed in indirect or deferred costs and in taxes and welfare contributions. Taxes and contributions have taken a third of these points. Naturally, this is an average; for workers receiving greater income the percentage was 40 or more. We want to escape this paradox which is costing our economy so much and benefiting our workers so little; or is this subject considered taboo since someone has so decided?

How to Curb the Public Spending Debt

2. At the beginning of the year and figured on an annual basis, the public debt exceeded 12 percent of the GNP (estimated at 410 to 420 trillion lire). Action to limit this debt from a spending aspect, therefore, has three priorities: Current expenditures, expenditures for capital which does not produce income or is antiproductive, and expenditues for capital which directly produces real income (including production facilities and lodgings) or indirectly and multiplicatively (including expenditures for transportation, streets now congested, technological progress and public utility services for the part not financeable through tariffs).

Two methods are possible to curb expenditures: That of cuts pure and simple and that of reducing the state's commitment, automatic or semiautomatic, to the transfer of funds to autonomous payment centers and, as much as possible, providing them with autonomous drawing funds commensurate with their expenditures. Our philosophy leads us to prefer the second method, since it places the responsibility for health service on the regions, local organizations presidential organizations with particular emphasis on self-management inasmuch as it strengthens decentralized autonomous options; after all, that is a self-management principle in the broad sense, for it bestows privileges on the national concept of efficiency and productivity compared with the repressive and apodictic principle of austerity.

1. With regard to health service, the regions would be given the task of establishing tickets for use between certain simple parameters at the top and the (few) simple cases of exemption for the remainder, not resulting from savings.

2. Local organizations would have an autonomous tributary source of income for their various expenditures (the precise form is not determiniative, although we think there is justification for the reformulation of the taxation of real property, tenuous but generalized).

3. The third worrisome figure is that of the balance of payments debt at the present time which --as is known--for a country like Italy which does not have international monetary power nor any gold mine, determines the trustworthiness of the indebtedness abroad when it comes to getting capital for investments--an indebtedness which we maintain with the same simple logic as that of a plant which goes into debt, not being sure of a profit and not losing sight of its cash solvency, offered to offset the current cash reserves.

But it is useless to hide the fact that the current balance of payments has become worse, not only for these reasons (deeds of the Milan court and the like, to speak clearly, putting the pepper on the aristocratic wound). It has become worse because we have lost competitiveness with the automatic wage increases, plus the deferred cost of general and private contracts, plus absenteeism and strikes by public service groups (consider tourism, for example), plus lack of courage in laying off a large number of public and private managers, plus the snobbishness of the Italians who prefer the foreign product. (At UNITA's celebration in Turin there was an elegant photo of Enrico Berlinguer entering a Renault), almost as though it were illustrating that even in this we are proud to be "different" compared to all others who--with similar convictions--prefer their own national product.

a) Some balances of payments of countries with a strong capability of creating open current balances have recovered from the "oil shock" of 1979, termed the second shock and considered greater than the first, even though foreseeable and with appropriate measures for a minor increase in real wages as well as profits and real income relative to productivity.

"With us the theory is quite different." It was not a question of inventing the metaphysics of austerity but only that of explaining the problem of a "real adjustment of 1.5 percent less." Or one can pretend not to pay by endless discussion and the invention of historic agreements and a diversity of methods.

b) In face of the "shock" of the increased oil prices we were symmetrically weak: ENEL [National Electric Power Agency] did not have an automatic pricing system; but therewere the automatic wage and pension increases and other automatic arrangements which placed the burden of increased gasoline and diesel fuel prices on the company's costs and income. Thus, we had a vicious circle of increases which reduced the competitiveness of the costs and produced debts which swelled the inflation of the demand.

c) In our economic system there is a capacity for working in the "intermediate zone": Small and medium businesses, products—even from large firms—which are only moderately advanced, such as the automobile, and electronics for the office and home. It is high time that we look for "imaginary virtures" rather than seeking thingswe know how to make and for which "our virtues" suffice.

Ten Points of a Recovery Plan

And now it is time to summarize and reach conclusions. I should like to do so by using, not 10 commandments, but pragmatically "10 exhortations."

1. Let us keep our feet on the ground. If we save a little more (not much) and work with a little more attention and harmony (not too much) and give a little more room to economic incentive which --humanly--is directly related to economic work, the Italian plant will make room for many so-called "miracles," for it is sound and the will to work is shared by the majority.

2. Let us, therefore, distinguish the poor, the disabled for family or physical reasons, and the extremely serious social crises (a concept to be treated very cautiously, given the rhetoric which broadens everything) from the cases whose fate is in our hands, if we take the trouble to deal with them and there is a minimum of public attention; there was once a motto which said, "He who does for himself, does for three."

Welfare is not free; we all pay for it; 120 million workers and retirees pay for it with taxes, contributions and inflation.

3. Let us give public administrators, politicians and bureaucrats their responsibilities and professional opportunities: All are good for financing a cultural August (with contests, commemorations); a literary-musical September; a group of nurseries with butter and jelly and selected social workers; the state pays with the transfer of "overall funds" which--from year to year--increase in accordance with a preestablished rate; but who pays for these privileges and advantages? And how can there be coherent decisions when the power to spend is decentralized and that of receiving income is vertically centralized?

4. Beginning and proceeding gradually, let us block the infernal machine through which "every new expenditure--if we want to break it down in this manner—is greater than its corresponding allocation." First of all, two concepts do not lead to the principle that, since fiscal pressure on us is very low, it can be increased. But there are other welfare contributions. Moreover, the rates are high and badly distributed. Pedone has described this concept well with the terms "evaders and the ill-treated." With regard to who pays, the workers are foremost; but also many companies; the pressure is great. First, let us try to restrict spending in relation to the GNP; and then let us try to obtain more income while maintaining the same outlay, concentrating on evasions and exemptions. Certainly, a few add up to many; many small tax deductions result in great loss of revenue.

5. Let us give the public administration and bureaucracy of the treasury and interior departments, the public employee, whether plain-clothes or in uniform, pride in "serving the state;" evaluating this personnel, let us seek department heads within the organization, not outside; let us provide them with lodgings when they must work away from headquarters; let us listen to what they want; let us avoid shirking of duty.

6. Let us again find pride in being Italian, even in the purchase of goods and services: It is not true that sweaters with a foreign brand name are "better;" often we make them ourselves and they are given a foreign label. It is not true that we do not know how to manufacture a television set in Italy. It is true that to sell such a set our manufacturers must put a foreign brand name on it. It is not true that foreign cheese is better, or foreign beer; they are only foreign.

7. Let us debunk certain myths which have taken root on the subject of unions. Unjustified absenteeism is not growing, for it saddles the one who is present with the work of the absentee. In Japan absenteeism is very low, because there is a group spirit and the worker is ashamed of the colleague who is absent. But whether or not the arrangement is paternalistic and in keeping with oriental culture, the Japanese worker at various levels "participates" in the running of the plant, in its decisions. Therefore, let us follow the principle of greater participation, the canon of "protagonism" of Giorgio Benvenuto, and let us remember that the first lesson in labor and company policy is that of accounting, not sociology or macro-economy.

8. Let us clearly establish our national priorities, which are—in our opinion—three: Energy, technological progress and the home. And let us concentrate on the resources and, also, the sacrifices. We are not preaching a general line of sacrifices; nor are we even preaching (to tell the truth); but some sacrifice must be made to improve the future in our interest, sacrifices which are also ecological and urbanistic.

9. Public services cost money and must be paid for; if they are not paid for with tariffs and appropriate taxes (of which the so-called tickets are a subspecies), they are paid for with public subsidies. But the company which does not "administer its own balance sheet" or fill its positions from within or handle its own income but accepts direction from abroad is deprived of responsibility and motivation.

10. An active labor policy must be an integral part of the economic policy. The problem of unemployment must be confronted, not only stimulating productive investments in industry and services through a policy of programed supply, but also the problem of inflexibility in the labor market, which is now evidenced by massive unemployment (especially in the South), by excessive labor demand in certain areas (with resultant phenomena in immigration and irregular work) and by an abundance of underemployment in large companies. Hence, the need to establish a labor agency, managed on the regional level, which: a) Gradually takes over the principal functions of guiding and programming the labor market; principally, the hiring and training; b) provides for the hiring of unemployed youth in public utility programs in agreement with the central government and regions; and c) arranges for greater flexibility in the labor market, providing unemployed workers with temporary jobs and requalifying them from the standpoint of skill.

Our economy is very slow, even though the highly negative official production indicators, through the imperfection of the system, almost certainly undervalue the production of the "emerging" economy. Stagnation is the "price" we are paying for stabilization, for lack of anything better. The demand for jobs by workers and good productivity by companies is fundamental for our social and economic future. The broad world of small and medium business cannot live very long in a state of stagnation.

We are particularly concerned by the fact that jobs are available; and here we have the problem of the south. Therefore, as rational socialists, let us remember the above recommendations, if we do not wish to deceive ourselves or deceive others. If not, we shall not be in a position to stimulate investment. Applause too easily obtained is paid for by the workers themselves.

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PROGRESSIVES, RADICAL LIBERALS HOLD ANNUAL CONGRESSES

Glistrup Views Cooperation Prospects

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 6

/Article by "Cb:" "Glistrup Says 'Better a Social Democratic Government Than a Liberal-Conservative One'"/

/Text/ Mogens Glistrup, the leader of the Progressive Party, prefers a purely Social Democratic minority government to a Liberal-Conservative one without the Progressive Party. That is what Mogens Glistrup has told BERLINGSKE TIDENDE. At its national congress in Herning yesterday, the Progressive Party once again offered to participate in a coalition government with the Liberal Party and the Conservative People's Party, and his party thinks that that is the only available alternative to a Social Democratic government.

But if the Liberals and Conservatives persist in rejecting the Progressive Party, those two parties will scarcely be able to form a government with Mogens Glistrup's support. "Naturally, we will look at the actual situation after the next el[illegible], but our experience has shown that a government of Liberals and Conservatives alone will result in bigger foreign indebtedness and a larger amount of unemployment," Mogens Glistrup said. "We want to benefit Denmark with our mandates, and not the opposite. What Poul Schluter did two weeks ago, and Henning Christophersen will do a week from now, is to take out a life insurance policy on Anker Jorgensen's government." In saying that, Glistrup was alluding to the fact that the Conservative provincial council refused to cooperate with the Progressive Party two weeks ago, and that the Liberal Party will hold its national congress a week from now. The Progressive Party's latest offer to cooperate with the Liberals and the Conservatives was not dictated by any great amount of sympathy for the two bourgeois parties.

The Progressive Party's national chairman, Major V.A. Jakobsen, of Aalborg, in his request for cooperation, called the Conservative national chairman, Poul Schluter, "an exhausted old man," and the party's group chairman, Uffe Thorndahl, said that the Progressive Party must face the Liberals and Conservatives with great skepticism. "But we feel such a sense of responsibility to the country that we are willing to enter into negotiations with the Liberals and the Conservatives with a view to forming a coalition government as quickly as possible," Uffe Throndahl said.

The national congress approved, by acclamation, a draft resolution calling upon the party's leadership to invite the Liberals and Conservatives to participate in a program of nonsocialist cooperation. It was proposed by Hans Christian Hojsgaard.

Progressives' Chairman Attacks Jorgensen

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 6

/Text/ The Progressive Party, which often has been accused of consisting exclusively of self-seeking people, now is turning against the Social Democratic Party with the same accusation. Uffe Thorndahl, the chairman of the party's Folketing group, directed violent attacks at Prime Minister Anker Jorgensen and the Social Democratic Party yesterday. "It is extremely tragic that, in a period in Denmark's history when we have very big problems, although they are chiefly of our own making, we have the poorest prime minister Denmark has ever had since 1849," Uffe Thorndahl said at the Progressive Party's national congress in Herning yesterday. "Where broad qualities of leadership, political perception and vision are concerned, Anker Jorgensen is completely lacking in the qualifications which a prime minister should have as a matter of course. He is the only real populist we have had in Denmark, and it is a tragic thing for our country that Anker Jorgensen, with his facile political platitudes, can continue to trick the voters into closing ranks behind the Social Democratic Party."

The Progressive Party's group chairman characterized the hard core of the Social Democratic Party as a collection of the most extreme groups of self-seeking individuals we have ever had in Denmark. He believes that the Social Democratic Party has two groups of superself-seeking people. The larger of the two consists of the people who do not want to work--at any rate, not very hard--and want to play their way through life at society's and their fellow-citizens' expense. For that group--and it includes many hundreds of thousands--the Social Democratic Party is the natural and inevitable choice. There is also the large group of ultraself-seeking individuals which, with a very shoddy and crude program of deception, has fought against the Progressive Party, which has demanded respect for the hard and fatiguing work effort that millions of Danes put forth every day.

In Uffe Throndahl's opinion, the second group of self-seeking individuals in the Social Democratic Party consists of the group to which the Social Democratic leaders also belong: that is, the many people who have discovered that it pays to be a Social Democrat. They are the many individuals who, by following the little red needle, obtain the well-paid positions in the government and the very special advantages which the Social Democratic Mafia secures for its members.

"We are seeing a great many appointments to leading positions in the government where it is obvious that the most important qualification and condition for being appointed is for the individual to be a member of the Social Democratic Party," the group chairman went on to say.

"We are seeing a great many fundamental violations of ordinary concepts of decency and justice--underscoring in a pronounced manner the fact that equality before the law does not exist in Denmark," he said.

Progressives' Chairman Defends Record

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 6

/Article by "cb:" "I Have Pursued a Firm Line"/

/Text/ The Progressive Party's national chairman, Major V.A. Jakobsen, of Aalborg, who was elected last year to succeed the controversial A. Roland Petersen, was honored yesterday at the party's national congress in Herning for the fact that the Progressive Party, at its ninth national congress, at long last appears to be in the process of becoming a functioning unit. The former major, who has a history as an organizer of UN forces in the Congo, says, himself, that he has simply pursued a firm line and followed his nose. Therefore, the party's biggest sensation, organizationally, at this national congress is the fact that the stage has not been set for any big post mortem regarding statutes or personal scraps and accusations of undemocratic conduct.

Still, the party would not be completely itself without attacks on its leadership. Thus, the large western district delivered a protest against interference by the party's executive committee in the election of the constituency's leaders.

Radicals To Seek East-Bloc Parties Contacts

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 7

/Article by Johannes Bundgaard: "Contacts Small Parties in Eastern Countries"/

/Text/ The Radical Liberals have established contact with small noncommunist parties in Bulgaria and East Germany and with the administration in Rumania. The party hopes to build up more and more contacts with parties and organizations in eastern Europe to bring about a dialogue between the smaller countries in the East and the West.

It was the Radical Liberal's national chairman, Thorkild Moller, who spoke of East-West contacts in his report to the party's national congress in Aalborg.

"We have a contact in the Agrarian Party in Bulgaria. This was set up some time ago by the former Minister of Agriculture, Karl Skytte," Thorkild Moller told BERLINGSKE SONDAG. "In the GDR, we now have contact with the Farmers' Party, and in Rumania we have contact with the chief of state, whom Niels Helveg Petersen, the chairman of our Folketing group, and I are to visit this year," he said. "It is the basic nature of these contacts that both parties express themselves entirely freely, so that we have a reasonable basis for assessing each other and learning from each other. We hope and trust that this can be a contribution to a dialogue concerning the reduction of tension in the world," he said.

The national chairman of the Radical Liberals stated, with regret, in his report that the party is seriously short of funds and that extensive attempts to increase the membership had only brought scattered results. He was satisfied with the party's political achievements but warned against uncritical cooperation with the Social Democratic Party, which has an "inexact and variable line" in critical political areas.

Radical Liberals Hit Defense Compromise

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 7

/Article by "lk:" "A Wrong Signal at the Wrong Time"/

/Text/ "If, against the background of the defense program compromise, the government alters its present policy in regard to support of Danish defense from abroad, it will have serious consequences for the Radical Liberals' relations with the Social Democratic Party." That is how Niels Helveg Petersen, the party's Folketing group chairman, emphasized his dissatisfaction with the compromise the Social Democratic Party has entered into with the Liberal Party, the Conservative People's Party, the Center Democrats and the Christian People's Party yesterday at the Radical Liberals' national congress in Aalborg.

"The worst thing about the defense program compromise is the fact that it is the wrong signal at the wrong time. We are going to be included among those who are on the wrong side in the debate which is going on in Europe," said Niels Helveg Petersen in his political speech.

"Militarily speaking, it is unimportant whether we spend 300 or 400 million kroner more or less here in Denmark, but it is not immaterial politically whether we increase our expenditures for defense or stop making expenditures," he continued. And Niels Helveg Petersen stated emphatically that the parties to the defense program compromise must come up with compensation for expenditures made under the compromise if the economic compromise with the Radical Liberals is to hold up.

The defense agreement unfortunately opens up the possibility of an alteration, in principle, of our policy in regard to support of Danish defense from abroad," the Radical Liberals group chairman said, and called for adherence to what the Social Democrats and the Radical Liberals have agreed on up to now--namely, that nuclear weapons and foreign troops should not be permitted on Danish soil.

"What is dangerous today is the lie which says, 'weapons provide security, more weapons provide more security, the neutron bomb provides security and the SS-20 provides security.' We are incessantly being bombarded with the lie that says 'war is peace,'" Niels Helveg Petersen said.

Thorkild Moller, the national chairman of the Radical Liberals, in his speech, deplored the fact that the Social Democratic critics of the defense program compromise had not been able to carry on an ideological debate with their party's leaders recently at the Social Democratic national congress.

"From now on, all that will remain of the Social Democratic peace policy will be Inge Fischer Moller's motion regarding prohibiting the sale of warlike toys, and nothing more. That establishes the standard," he said.

Paper Comments On Radicals' Overtures to SDP

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 81 p 10

/Editorial: "Radical Admission"/

/Text/ The Radical Liberal's national congress was noteworthy because of the analysis Niels Helveg Petersen provided of the political situation. He stated bluntly that the majority of the parties to the compromise is too small and that they are not able to pursue the necessary policy. That is exactly what everybody except the parties to the compromise has been saying for many months. The Prime Minister has been so pleased with his cooperation with the small parties, and the Radical Liberals, the Center Democrats and the Christian People's Party have been delighted over and over again at being able to announce a compromise which is supposed to be able to get the better of the current crisis. But now, a few months after the most recent compromise, cooperation is on the point of breaking up because an admission of not being equal to the task is on the point of being recognized as describing the situation most accurately.

Helveg Petersen's admission has led him to the perception that the Prime Minister must enter into negotiations with other people with regard to a broader program of cooperation on economic policy. He wants both the Liberal Party and the Conservative People's Party to be drawn into a partnership, and it is his hope that such a partnership could hold up for the two years of the present electoral period which still remain. Specifically, he does not want an election, and he does not regard the Liberal Party or the Conservatives as an alternative.

Helveg Petersen is turning back the hands of the clock. After the election in 1979, it was obviously clear that the voters wanted cooperation among the four old parties. It was those parties around which the voters rallied, and the election can be regarded as a challenge to them to get together in facing up to the serious situation in which the country finds itself. But Anker Jorgensen wanted to disregard that. He wants to shift for himself, and he formed his minority government in the expectation that he could find someone to support him. His effort was successful, for he got the three small parties to come to an agreement on long-term solutions. That was unfortunate because the majority had to be so flimsy, and it was also unfortunate because what they were able to agree on, from one compromise to another, turned out to be insufficient. Anker Jorgensen's critical mistake consisted of rejecting cooperation, at that time, with the parties which historically have brought the nation through so much. And the Radicals and others who were so delighted over the compromise bear a considerable part of the responsibility for this.

Can that cooperation be established in the fall? Can the relative strength of the individual parties in the Folketing be altered completely during the electoral period? It does not seem very probable that it will be possible to do that. Two years ago, Anker Jorgensen came through an election which had strengthened him. Now he can look back to a period which has weakened his government and his party. His chances of bringing about a broader program of cooperation have become much smaller. Helveg Petersen's statements indicate that the parties to the compromise are crumbling away. They also give notice that the government will not be able to pull itself through two years from now.

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SCHMIDT, BRANDT AT ODDS OVER PEACE MOVEMENT

Hamburg DER SPIEGEL in German 5 Oct 81 pp 17-19,21

[Unattributed article: "'You Two Don't Own the SPD, You Know'"]

[Text] Open war has broken out between Helmut Schmidt and Willy Brandt. The chancellor is accusing the party chairman of supporting the government only outwardly, while actually creating a mood that is anti-coalition and anti-chancellor. Schmidt is getting support from the party's right wing — and from Herbert Wehner.

Helmut Schmidt passed himself off to readers of the BILD-ZEITUNG as a great liberal.

In an interview, the chancellor appeared to be "deeply" angry over the CDU/CSU's demand that SPD members be forbidden to take part in the Bonn peace demonstration on 10 October: "To want to suppress free expression of opinion by young people is an absurd communist or fascist idea."

But SPD Chairman Willy Brandt has in his possession a confidential letter which belies the government chief's tolerant words.

On 16 September 1981, Schmidt had written a 4½-page letter to the head of the party. In this letter the chancellor draws a direct line from the Berlin riots during the visit by U.S. Secretary of State Alexander Haig to the most recent terrorist attacks and on to the rally on 10 October at the Hofgarden in Bonn, a gathering at which SPD Presidium member Erhard Eppler intends to speak against the NATO missile modernization decision. Schmidt wrote that all this was "anti-American incitement," and that leading Social Democrats were partially responsible.

At the end of the epistle the government head gave his party chairman to understand that he really did not consider membership in the SPD compatible with participation in the Bonn demonstration — that "challenge to the government's policy."

Said the chancellor: "I'm writing you this letter with the urgent request that you call on Erhard Eppler to stay away from the organizers and to keep his name from being associated with [the demonstration]. This should apply to other Social Democrats as well. I leave open the question of what other action the presidium and party executive committee need to take. In any event, it is my opinion that the

presidium must decide to recommend that all Social Democrats stay away from this rally."

Willy interpreted the message correctly: The letter was also a challenge addressed to him. For Brandt had made no bones about his sympathy with the Bonn peace demonstrators: "We do not intend to isolate ourselves from that which declares itself a peace movement."

To postpone the showdown with Schmidt, the chairman canceled for the time being the presidium session scheduled for 21 September. And he did not accede to Erhard Eppler's request that he distribute copies of the chancellor's letter to all presidium members prior to their meeting last Monday. On the day after the election disaster in Lower Saxony — the SPD sagged from 44.9 percent down to a poor 36.9 percent in the communal elections — the party chairman thought it wiser not to bother his comrades with the chancellor's letter on the subject of peace and the demonstration.

So there was no mention of the October rally in the communique. But Brandt had managed to gain some breathing room only for a short time.

On the fringes of a coalition discussion 2 days later — Brandt was not there — parliamentary group leader Herbert Wehner spoke frankly: "The chairman of the SPD is unable and unwilling to get tough with Eppler."

Open war has broken out at the top among Social Democrats. FDP Chairman Hans-Dietrich Genscher's wish that the liberals not be the cause of the collapse of the Bonn coalition government could soon come true.

Without regard for the prestige of the party, the three men at the top are hacking away at one another. The anger and the spoiling for a fight that have built up are now venting themselves in open dispute.

"Chancellors come and go, but the party chairman stays," chant Brandt's associates; and the head of the SPD is acting accordingly. For him, the party's survival interests take precedence over Helmut Schmidt's chancellorship.

Since the leader of the government amassed only a disappointing 42.9 percent for the SPD in the last Bundestag election — despite the ideal opponent, Franz Josef Strauss — the chairman has begun "to look beyond Schmidt to the future of the party" (says a Brandt confidant).

Brandt knows that many SPD functionaries agree with him — people like the state chairmen from Schleswig-Holstein and the Saarland, Guenther Jansen and Oskar Lafontaine, who view the Bonn government's policies as the cause of the party's decline at the state and community levels.

Hugo Brandt, the SPD's chairman-designate in the Rhineland-Palatinate, has this to say about the situation: "Anyone who wants to mobilize the party today has to mobilize it against the government."

Willy Brandt sees himself called upon to save his SPD from a "biological threat" (Brandt). He says the party must not leave the protest movements to the younger generation; it must remain open to supporters of the peace movement, to Alternatives and Greens.

Hugo Brandt says that the party head is "between a rock and a hard place" in this situation. Obligated to be loyal to the government on the one hand, on the other he can win credibility among the new target groups only if he goes against the government in the areas of peace policy, protection of the environment and energy policy.

His antagonist, Helmut Schmidt, perceives that his era is coming to an end. Many Social Democrats have the feeling that the wheeler-dealer of old has lost the reins of power to Hans-Dietrich Genscher, the secret chancellor — in domestic policy as well as security policy.

Schmidt realizes that he is no longer an overpowering figure, that his governing skills are presently being spent on administrative matters.

At a rather late date, he is recognizing that it was a mistake not to clear his government policy with the party, and that it was an error never to have concerned himself intensively with the party's program. Schmidt now sees the danger that his critics within the SPD will shake the foundations of the government. "The chancellor feels that the rug is being pulled out from under him," says one of his advisers.

Schmidt sees as the guilty parties not primarily his declared political opponents — people like Eppler, Lafontaine and Jansen. He believes Willy Brandt is responsible for the fact that his critics were able to become a serious threat at all — the Willy Brandt who he believes is loyal to the government only outwardly, while in reality he goes around making ambiguous remarks aimed at creating a mood that is anti-coalition and anti-chancellor.

Last week Schmidt saw his chance to move against the party chairman. And the right-wing foot soldiers and Inner-German Relations Minister Egon Franke had only waited for a word from the government head before pouncing on Brandt. An honest-to-goodness crisis staff met with Bundestag Vice-President Annemarie Renger on Monday just before the meeting of the parliamentary group's executive committee. The participants were Egon Franke, State Foreign Affairs Minister Peter Corterier, deputy parliamentary group chairman Karl Liedtke and Deputies Peter Reuschenbach and Peter Maenning. The "firemen" (foot-soldier jargon) issued the order to bring Brandt to bay in the executive committee meeting.

Egon Franke released the hounds with a bang as the foot soldier would do: He said that at the peace demonstration on 10 October, Social Democrats would be making common cause with communists to stir up anti-American sentiments. It was his assumption that any SPD member who makes common cause with communists in this manner would have to be subjected to disciplinary proceedings.

Annemarie Renger concurred: Does the 1971 incompatibility resolution still apply — the one which says that no "actions in concert" are allowed between Social Democrats and communists?

The right-wingers called on the party chairman to make an example of Eppler: If he keeps to his plan to appear as one of the principal speakers at the peace demonstration, he must lose his seat on the party presidium.

Deputies have already formulated a corresponding motion for the next meeting of the executive committee; the only thing that remains is for the demand to be submitted formally.

Annemarie Renger expresses her concern over the consequences of Brandt's course in this way: "If we keep 1,000 people in the party, we'll be keeping 200,000 from voting SPD."

The parliamentary group's executive committee session was so stormy that Brandt remarked afterwards that he had never felt so much hatred directed toward him by his own comrades.

Schmidt himself went into action on Monday evening in the presidium meeting. Having just returned from the Upper Palatinate, the chancellor boasted of his popularity. Everywhere he went, he said, he was respected and held in high esteem. The people, especially "workers and ordinary people," stood behind him without reservation. Only in his own party was the business of governing being made difficult for him.

Sneered Brandt to close associates: A week before his resignation as head of the government in 1974, he too had appeared before packed houses and received their acclaim.

Wehner also lined up against the party chief with a single sentence. "I concur with the chancellor's remarks in every respect," said the parliamentary group leader.

Nevertheless, Schmidt is by no means satisfied with his ally Wehner. He is once again charging the old man with not providing proper leadership for the parliamentary group, because close to 60 deputies — and not only declared leftists — have meanwhile openly declared their support for the peace demonstration. Says Schmidt: "Where is there a word from Herbert Wehner on this?"

Schmidt's tactics are obvious: He is trying to make Brandt out to be the representative of the functionaries while presenting himself as the agent of the party's real base. "Party congresses are not the base," says the chancellor — "in no way. And as far as the party membership is concerned, and as far as the electorate is concerned, I feel that I'm on very solid ground."

On Tuesday in the parliamentary group meeting, Schmidt mobilized sentiments against those with university educations, intellectuals and professional critics: "I talk with workers, thoroughly ordinary people — that's the kind of people my family are. They don't understand the SPD anymore. And don't fool yourselves about the mood of our voters when you listen to how your own functionaries are talking."

And then he had this dig for all those who intend to demonstrate for peace at the Bonn Hofgarden on Saturday: "I'll come down hard on any Social Democrat who publicly acknowledges his fear. It used to be courageous to control one's fear. Today it's considered courageous to confess one's fear."

The Social Democrats have become "unbearably whiny," lamented Annemarie Renger. And Helmut Rohde, head of the influential Working Group for Employee Affairs (AfA), remonstrated with the party chairman, saying that the SPD must "not be open to everything and everyone." He said the dialogue with the protesters has already produced "too much of a tilt."

But this time Brandt, who the day before had been taken by surprise by the vehemence of the attacks, was on his guard. He presented a cool defense of his integration policy, noting that in the 1960's he had not realized until very late that the youth revolt was only a symptom of the changes in society.

He said it was right to open the SPD to the protest generation: "It hasn't caused the party to grow duller or weaker." If the Social Democrats sacrifice the young people in order to avoid dissension with their regular working class voters, the SPD will have no future.

Brandt then made it plain that he was prepared to do battle with Schmidt: "I'll tell you people honestly that you won't change me. This can be changed only if you think the time has come to decide who should be chairman of the Social Democratic Party."

Schmidt, for his part, is seeking to break the power of those functionaries and party princes whom he considers responsible for the SPD's troubles. AfA chief Rohde is to help him in this task.

Some time ago the AfA put together an accounting for the party leaders showing that skilled workers and lower-level salaried employees made up 30 percent of the SPD membership, but only 7.5 percent of the functionaries. In the latter category, well-paid civil servants set the tone with 75 percent.

To correct this imbalance, the AfA is demanding that the approximately 3,000 SPD factory groups be accorded the same rights as the local associations. The factory groups, composed mainly of trade union members and shop stewards, could then elect their own delegates to party congresses and propose motions without having to go via the cumbersome route of the local associations — for Schmidt this would constitute a stable dynasty on whose block votes he could rely at party congresses.

Brandt, however, is absolutely determined not to accept a trade union faction such as this: The SPD must not be permitted to waste away into a "holding company for working groups," says Brandt.

At an SPD conference with 500 executive directors and subdistrict chairmen last weekend, Federal Executive Director Peter Glotz sought to build a bridge: He suggested changes in the party structure that would increase participation by all party members in determining the will of the party. In no event, however, must it come to a splitting of the party's elements into factory groups and local associations.

No matter what the outcome of the struggle between Schmidt and Brandt, the tug-of-war at the top will only hasten the downfall of the SPD as a governing party.

The chancellor is convinced that he alone can hold the regular voters; Brandt believes he has to tie in with the Greens and the youth movement on the fraying leftist fringe. In reality, however, both are doing their best to contribute to the disintegration. Instead of seeking a way out of the crisis together, each one is merely rallying his supporters behind him and setting them against the other side.

A member of the executive committee describes the struggle this way: "Like schoolboys, Brandt and Schmidt point their fingers at each other and shout: He's to blame. Each one says he's keeping the party together, while they're both tearing it apart."

Both of them are bringing on the crisis; then they will say that they are the only ones who can make things better.

Scarcely anyone in the SPD still believes that the estranged leaders will pull themselves together again and agree on a common plan. Says right-wing parliamentary group member Peter Reuschenbach: "That's all over; has been for a long time. The fish's head is where the stink is coming from — and I'm not talking about just one person."

Social Democrats are already saying openly at executive committee sessions that the Schmidt-Brandt-Wehner troika "will soon explode, even before 1984." A short time ago Horst Ehmke stepped in angrily as both the chancellor and the party chief were again threatening to resign: "You won't survive this wrangling. You two don't own the SPD, you know."

Meanwhile, Hans-Dietrich Genscher is an interested observer of the tragedy being enacted at the top levels of the SPD. The supreme tactician is already pondering how the liberals can keep all their options open even after a Helmut Schmidt resignation.

The FDP chairman has already hit upon the alternative with which he can avoid ultimately having to get out of the coalition: Schmidt's pupil, Hans Matthoefer. Says Genscher: "He doesn't indulge in SPD politics, you see."

7458
CSO: 3103/27

PARTIES STEP UP SEARCH FOR PRESIDENTIAL CANDIDATES

CP/SKDL To Run Own Candidate

Helsinki HELSINGIN SANOMAT in Finnish 24 Sep 81 p 9

/Excerpt/ The Communist Party and the Finnish People's Democratic League are jointly putting up their own candidate in the next presidential election. The political committee of the Communist Party, that has emphasized putting up their own candidate, did not yet on Wednesday start to resolve who the candidate would be. It is also left open whether the candidate of the two parties will be a communist or a socialist. The political committee emphasized that apart from having a candidate of their own it is also necessary to have an election campaign of their own distinctive kind. The Communists require that the next president of Finland consider as his main task the realization of the Friendship-Cooperation-Aid Pact and the leading of the active, peace-promoting foreign policies of the country in the spirit of the proved principles of the pact, as well as the promoting of the development of the international collaboration, the continuation of detente, disarmament and the resolving of other urgent global problems.

The political committee of the Finnish People's Democratic League took a stand on the presidential debate and their own candidate, in order to dampen and quiet down all the talk about the leftists setting up a joint candidate, or that the leftists would support some progressive bourgeoisie like Ahti Karjalainen already at a very early point.

Holkeri Picked By Conservative Party

Helsinki HELSINGIN SANOMAT in Finnish 25 Sep p 11

/Text/ The leadership and the inner circles of the Conservative Party have for a long time known who the presidential candidate of the party will be: the Conservative Party is entering the next presidential election with its own candidate, former party chairman, bank president Harri Holkeri.

The matter has naturally not been formally decided on, but Holkeri's candidacy was confirmed as a fact at the meeting that was held in Rovaniemi last December.

On 1-2 December of last year, the Conservative Party's committee for international politics met at the Karhunpesa cabin by Pohtimolampi near Rovaniemi. The committee's seminar that lasted 3 days was officially a normal work meeting with international themes.

A large part of the time was, however, used for the discussion about the next presidential election and the Conservative Party's candidate for this election. All the possible individuals and their characteristics were thoroughly analyzed, and the result of that discussion that Holkeri has no competitors, was undisputably clear to all the participants. He was found to be the most competent and the most suitable individual.

Present at the Karhunpesa meeting were the leader of the international committee, Holkeri himself, his successor, chairman Ilkka Suominen, vice chairman Tapani Morttinen, party secretary Jussi Isotalo, former party secretary, director Veikko Tavastila, deputy Ilkka Kanerva of the so-called repair sector of the party, chairman of the youth association, Unto Hamalainen, and committee secretary Mats Kockberg.

The most important issue of the meeting, that was held during the newspaper strike, has been carefully guarded as a secret, but in the inner circles of the party the word has been carefully spread.

As far as is known, it has also been tactfully made clear to those who might possibly see themselves as the presidential candidate of the Conservative Party, that the candidate of the Conservative Party will be Holkeri. The party leadership has said several times that the Conservative Party will enter the election with its own candidate. In the beginning of last June chairman Suominen stated that no common candidate of the bourgeois front is in sight. In connection to this he drew the outlines of the features of the presidential candidate of the Conservative Party. Among other things he is expected to have the proved characteristics of a leader, moral and national spirit--and among all unconditional ability and willingness to carry the foreign policies of the Paasikivi-Kekkonen line.

Party secretary Isotalo explained the matter in the NYKYPAIVA party organization newspaper, which appeared on Thursday: "Our intention is to win the election. We are entering the election with our own candidate, an able conservative, who is meeting the requirements for a presidential candidate both with regard to foreign policies and domestic policies. I do not believe that a member of the Conservative Party can simply become instigated to vote for the leftists."

The ordinary members of the Conservative Party have an opportunity to discuss the president matter on Wednesday, when the party council is having a meeting in Helsinki. The meeting is a regular fall meeting, and it is not expected that any positions will be taken in the president matter. There will, however, probably be a lot of talking about the issue, in connection with the political discussion.

According to the rules of the Conservative Party, the decision about the presidential candidate should be made by the party congress. An extra party congress can, if necessary, be held within a month.

What Kind of a Man Is Harri Holkeri?

Harri Holkeri is a politician with long perspectives, who has also been a politician to make a living. Only three years ago he got his first employment outside politics. On political grounds he then became a member of the board of directors of the Bank of Finland.

Holkeri started out as the secretary of the youth association of the Conservative Party, and when he left he was the chairman of the party. In between he was, among other things, the party secretary. He was a member of the Riksdag in 1970-1978.

During the eight years when he was the chairman he brought the Conservative Party to the Paasikivi-Kekkonen foreign political line and to support the official foreign policies of the country.

The foreign policy matters have indeed been the only matters that have formally joined Holkeri and the Conservative Party together after his chairmanship was over. He has been the Conservative Party's leader of the committee for international politics.

Harri Holkeri is material for the presidential candidacy in so far that he is a long distance skier.

Holkeri has so far in public denied the presidential candidate speculation by stating that the Bank of Finland has enough strong guards to throw out such beggers.

9662
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LE GARREC SEES NATIONALIZATIONS AS 'VERY BENEFICIAL'

Paris LE NOUVEL ECONOMISTE in French 28 Sep 81 pp 46-47

[Interview with Jean Le Garrec by Claude Baroux, Jacques Barraux and Sylvain Gouz; date and place not given.]

[Text] [Question] Why nationalize before defining industrial strategies?

[Answer] The objectives of our industrial policy are clear: reconquering the domestic market, deployment of advanced technology, freeing industrial initiative, particularly in the small and medium-sized businesses. This is why I feel that the criticism implied in your question rests on a misunderstanding. The government has refused to define sector policies before having prepared the necessary back-up, particularly the extension of the public sector and planning. The same people who criticize the order of priorities selected, is reproaching us for wanting to "nationalize the French economy." This is contradictory at the least. If we had followed their advice, it would have been necessary to rewrite, in the abstract, within the confines of the administration, a whole new group of industrial plans. At the time, it would have been legitimate to accuse us of state control. This is not our idea: The industrial policy must be drafted with the economic participants themselves. The expansion of the public sector will therefore be accompanied by contractually established objectives within the Plan, between the state and public enterprises.

[Question] Will public enterprises be able both to serve as economic tools for the government and to retain their autonomy?

[Answer] Any ideal of incorporating nationalized enterprises into an administrative framework is completely foreign to our concept. Production and administration are two different functions which could not be confused without risk to each. Nationalized companies will therefore not be appendices of the administration, but rather living cells with their own life. They will be, to our mind, the spear head of undustrial redeployment.

This means, specifically, that we will give them the means for the long term planning which benefits the organization. That we will free them of the burdens which until now have rendered them prisoners of short term vision, both financial and industrial.

[Question] Why nationalize the banks? Under the current system of regulation, doesn't the State already actually control credit?

[Answer] Since 1945, the government has indeed had effective means of control. But this control--of a type which is more negative than positive--deals with the overall monetary aggregate and not with the structures and the activity of the banking system. Although it is necessary to adequately control monetary variables, we intend to change the behavior of banks with regard to businesses. It therefore appears essential to us to loosen the hold which the great financial powers have over industry and, to do this, there is no other means than to give the state control of the distribution of credit.

[Question] Won't the State be the determining factor on the boards of directors?

[Answer] First of all, the method we have selected is a transitional one until the implementaion of the social innovation law announced by the prime minister last July. We will therefore be able to correct operational defects that experience will bring out. No legal formula alone will eliminate this risk if there is not a firm desire on the part of all participants to maintain the cap. By giving up the system of state controllers and giving representatives of the wage earners the highest responsibilities, the government intends to play self-management and economic democracy to the hilt.

[Question] At what do you estimte the overall cost of the nationalizations? And why have increased it by preferring 100 percent control to 51 percent?

[Answer] Any industrial act is a gamble. I am convinced that the nationalizations--despite the high cost--are an eminently profitable operation for the French economy. Due to what the new public sector will contribute in terms of foreign market share, investments, economic actvity and, therefore jobs. The imporant thing is not so much the sums involved as the role they will play in industrial revitalization.

As to the decision to nationalize the mother companies, and them alone, 100 percent, it first of all demonstrates our desire for clarity and our refusal to examine the lot of each subsidiary case by case. Finally, it expresses our determination to truly free the companies from financial and banking burdens.

9693
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INDUSTRY LEADERS UNITING TO FACE NATIONALIZATIONS

Paris L'EXPANSION in French 18 Sep 81 pp 63-68

[Article by Alain Murcier]

[Text] The Socialist's rise to power has changed the fish bowl environment in which a million French enterprises swim. Has this water been poisoned? Nationalization of the major banks and private industries has been announced. Is this the beginning of the end for "free" enterprise? Five months after the political double bang which tore asunder skies already blackened by a world economic and monetary crisis, industry leaders are still perplexed. Caught unaware on 10 May, they were expecting the worst: pillage by the Socialist supporters of equal distribution of wealth and property. Instead of this, they were faced with government spokesmen who were quite open and who were restraining, as much as possible, the unrelenting rise in inflation and unemployment; they saw Unionists who were full of composure; there was no "Grenelle" with a knife to their throats.

The astonishment past, the leaders of the CNPF [National Council of French Employers] handed over the orders. The power arising from the ballot boxes is legitimate and it is lasting; it must therefore be tolerated. No empty chairs: let us participate, talk to the unions, limit to the minimum the risks of the deadly legislation produced by the pedants with their heads in the clouds. Thus, management did not demonstrate the stubborn opposition that the workers' organizations had feared: there were negotiations on an increase, to be moderated, in the interoccupational minimum growth wage, to be strictly applied this time, and on work hours, it could not be more reasonable. This is now, at the dawn of the new age, management's tactic: go up the line, mark the adversary, risk your neck on what has become shifting ground, where not long ago the prefects and the judges maintained law and order.

The Tax on Wealth

A tactic does not make a strategy. But how can the CNPF define its own strategy when it does not know what the government's is? The government strategy is not yet "coherent;" it is in fragments: a loose rein to Elf-Aquitaine in the United States--a pretty package of billions!--does this mean, for example, that the new administration is adhering to a world industrial policy, does it mean that "even" public enterprises will be free to operate--and the others all the

more so? On the other hand, does the throttling of the Willot brothers indicate that scapegoats are being sought in private industry, despite what Francois Mitterrand says. In fiscal and social affairs, as in industrial matters, the blow by blow does not make a strategy. Everything is still hazy this fall. Things will be clearer, think industry leaders' strategists, when the increased pressure of unemployment gives the president of the republic no alternative but to indicate from which side he will seek a solution. Either to reduce state control, or to pursue it further. In this regard, the announcement of the tax on wealth which will affect production equipment--counter to promises--caused violent reactions in middle-sized companies with personal capital invested.

The CNPF, however, cannot wait indefinitely for the government to call the tune. It is also pressed for time, if only due to the expiration of Francois Ceyrac's term at the end of the year. It must therefore sketch at least the elements of the strategy that the new president will have to implement. We should know the spirit of this strategy when we learn the name of the candidate to whom the organization's executive council will give the go-ahead to solicit the votes of the general assembly in the second half of December. The candidates preferred by industrial leaders, according to our poll (see above), would be, in order: Jean-Luc Lagardere, a pure entrepreneur; Yvon Chotard, a company man; and Alain Chevalier, who combines dynamism and reflection. Who will be the "official" organization candidate? What type of CNPF, with whom as leaders, intending to do what? These are the questions that the candidates, their electorate and the industrial leaders who have the time and the inclination to concern themselves with anything besides settling their payables, are mulling over. A task so difficult, with money rates at 18 percent, that one is tempted to place the responsibility on one's colleagues.

The industrial leaders are effectively giving way, each on his own, the stronger ones pressuring the weaker ones, to a severe war of payments. Taking discounts from suppliers which have not been discussed with them, carrying over payments with all the best pretexts: computer backlog, delays in quality control, unexpected administrative delays. The crisis has gone so far that Francois Ceyrac and Rene Bernasconi, presidents of the CNPF and the CGPME [General Confederation of Small and Medium-Sized Businesses] respectively, made a solemn joint appeal to businesses at the beginning of the summer in an attempt to check the movement. Action had to be taken for fear that the government would stick its nose into these matters as it had been requested to do by entrepreneurs in desperate straits.

The incident brings close two aspects of the true situation of the industrial leadership in France: the lack of solidarity, even in the face of the Socialist "peril," and the lack of unity. There are at least two groups of leaders in this country, those who put their faith in Rene Bernasconi, and those who support Francois Ceyrac. The first is the so-called "real" group, the one made up of the majority of small and middle-sized firms, generally family companies, poujadiste on the fringes, not eager at all to be linked under national agreements, as was seen recently in the case of work hours. For this group, the CNPF is a type of distant and talkative high council, in the hands of the "big guys," cut off from life and corrupted by the "technocracy;" X or Y president of the CNPF doesn't matter to them either way. The other group, which includes the former, exists only by virtue of public power; as the official spokesman dealing

with the government and the workers' unions, it is, due to the media, the only one which counts to the public because it has at its head the "leader of the leaders."

This formulation is as false as it is suggestive. A leader who respects himself, by definition has no one over him. He does want--in general--to contribute to professional associations which can defend his interests, take over the inevitable contacts with the government, and, if possible, condition the competition; similarly, he belongs to the local interprofessional union, a convenient place to test the waters. But the consolidation of these two categories of authority, vertical and horizontal, associations, general unions, federations, confederations, regional or departmental unions, generally escapes him. With greater reason then, their distillation into the authority which covers the whole group, the CNPF. The typical industry leader only perceives the existence of the CNPF from time to time in an appearance by Francois Ceyrac in a television interview, or in an article in a professional journal. There is no supreme leader who has authority over the other leaders, but only a spokesman for proudly independent, numerous (800 unions, 45 federations, 125 professional associations), disparate (the sales volumes represented range from 1 to 100), obsolete (based on one material or product while diversification is the law of business), and progress-opposing (industry officials--between 5,000 and 7,000--are little inclined to change, and the leaders, so they say, do not have the time to be bothered with it) organizations.

In addition to these shortcomings which the members, who claim to be efficiency experts, have put up with until now, the CNPF has not taken account of the shift in the labor force. It is primarily an industrial organization, while services and trade are making up an ever larger share of the economy. Furthermore, the industrialists, who lay down the law around the president, represent the traditional industries--metal, stone, textile--which are often suffering slowdowns and having trouble getting a return on their contributions.

Will last May's political change afford an opportunity to shake off this inertia? If it does not suffice, nationalizations, which are cutting the private sector off from the largest enterprises, will take things in hand. As for the CNPF, they agree at Avenue-Pierre-Premier-de Serbie that "nationalization is a bleeding of men, capital and power."

Men? At the door, Ambroise Roux (age 60), head of the CGE [General Electric Company]. As first vice president of the CNPF, he weighs heavily in the organization's decisions, whether on modifying statutes, or on economic and social orientations. The same is true of Roger Fauroux (age 54) and Jean Gandois (age 50), heads of Saint-Gobain and Rhone-Poulenc respectively, who have contributed to reviving the business approach to economic questions. It is still only a matter of men who operate on the official level.

Capital? One would perhaps not be deceiving oneself too much in supposing that the nationalizations are depriving the CNPF of one quarter of its regular and hidden assets. How is such a severe tapping of resources compensated for when companies, as time passes, are scratching the bottom of their cash drawers.

Power? Under the "old regime," although benefiting from the support of an already favorable establishment, the CNPF was far from laying down the law.

The broad decisions on industrial policy escaped it, and Valery Giscard d'Estaing's masked hostility increased opportunities for confrontation on social security, the professional tax, profit sharing and reassessment of the balance. Under Giscard, industrial leaders could not slow down the insidious socialization of the national revenue, even though, thanks to Barre, they were able to sketch the beginning of the return of the free spirit with the decontrol of prices.

In any case, the power of an industrial leadership "with a leather hide" is considerably lessened. What it will be largely depends on the government's intentions. Although there is no doubt that the government needs a valid spokesman for industry leadership, in other words one who is fairly independent, this independence could be moderated by the bias of the public enterprises. Although not part of the CNPF, the political administration which controls the professional organizations themselves, will the nationalized companies, on the other hand, remain as members of these organizations. First generation national enterprises such as Renault, Elf-Aquitaine or Snias have been members for a long time, and are sufficiently at ease to contribute, should the opportunity arise, to the powerful Union of Metallurgical and Mining Industries. Although well tolerated in homeopathic doses, will the massive injection of public funds into professional associations be tolerated by both professionals in the area involved and by private enterprise as a whole?

The same question arises on the geographic level: in the departmental and regional unions, the local enterprises generally have less weight than the decentralized plants of large companies. The "big ones," in general, avoid placing themselves in the forefront in local industrial affairs, but the decentralization of political power will change the given equations in this question. For now, the debate on the place of public companies in industry associations remains open.

Nationalizations are diminishing the CNPF. In return, they are furnishing it the opportunity for a recentering, from which it could derive new strength. The mistrust which the CNPF currently inspires in the heads of small and middle-sized companies--or most of them--stems from the belief that the policy conducted through some large federations is the policy of the large established companies. The departure of the largest among them will remove these suspicions and will lead a number of rebels (often healthy enterprises operating in new sectors) to join--and to contribute.

Rid of its "big bad wolfs," who were accused not long ago by Mitterrand as a candidate of strangling the small and medium-sized businesses, the new industrial leadership--and this is something--can present a face more in keeping with a new political membership which is aware that the heads of companies have the essential power to hire. This new manner will not be enough to insure cohesion. In addition, it will be necessary to obtain for the various types of manufacturing, a place corresponding to their economic weight. This is not the case today, as the directing force of the CNPF, its executive committee, only has eight representatives of the services and distribution sector among its 35 members. A situation which is all the more paradoxical, since banking and commerce over the years have siphoned off an increasing share of the wealth created by industry. The disintegration of relations between producers and distributors, between banks and companies, owing to the CNPF's failure to be able

to put a halt to it, has reached a dangerous level. Under the current structures, it is not at all assured that the inter-business commission, created by the initiative of the head of L'Oreal, Francois Dalle, age 62, but entrusted to Yvon Gattaz, age 55, initiator of "human size businesses," will reach a lasting settlement. However, the appearance of a new president of the National Commerce Council in the administrative structure of the CNPF, Jacques Dermagne (age 44), who is determined to bury the hatchet, is likely to settle things.

A Necessary Restoration of Balance

The "new CNPF" will therefore have before it two priority tasks: to recenter itself around small and medium-sized businesses; and to give a more equitable place to the representatives of various economic forces (8 out of the 20 new major private French enterprises are commercial.

But it will also be necessary for the CNPF, within its structure, to reorder the balance of professional organizations and regional organizations in favor of the latter. It is a matter of establishing more direct contacts with enterprises which are inacessible through the vertical channels of the federations, which are generally highly centralized. The industrial leadership organization committed itself to this path three years ago by eliminating the FAR [Federation of Regional Associations] which was shielding the base from the summit, and then by creating a committee for the regions. But the CNPF still counts only four "regionals" among the 35 members of the executive council, and only one among the 8 vice presidents: Michel Maury-Laribiere, age 61, head of a medium-sized and prosperous Poitiers tile and brick manufacturing company. The decentralization policy which the new regime is initiating, requires the CNPF to promote, on its part, its regional redeployment: the counterweights must be in place when the time comes.

This is simple in appearance only. Favoring in principle a project aimed at freeing local and individual initiative, industrial leaders do fear a bit that it may turn into "muddy waters"; as much centralization as before, but with an additional administrative layer and heavier regional and municipal tax burdens. And, for the industrial leadership organizations, an old problem will take on new acuteness: the frontiers with their chambers of commerce and industry, provided with funds, who already "are involved in everything" and have the structures all ready for regionalization. Finally, on the part of federation officials, there is the fear that strong regional unions would "increase the tendency to handle everything on the spot" and that "the projects would no longer go through Paris."

The CNPF, gathered around itself and better balanced professionally and regionally, beginning to be seized by the demon of efficiency, is feeling the need to make substantial improvements in the quality and the tone of the information which it emits and which it receives. Something which doesn't do a lot in opaque structures could, in newly arranged organizations, assure better cohesion of management forces. But for what battle? Either the diminished CNPF becomes--or remains--the national center of private enterprise, "the means of defense for the interest of industrial leaders," as Paul Appell, president of Enterprise and Progress describes it. Or--and this is Yvon Gattaz's hope--"it plays another

role: exhibiting the constraints which, under any regime, are imposed on business, whether it be national or private." To him, "business transcends politics, its problem is to integrate itself within the nation without having to be frozen by specific business legislation, whether capitalist, cooperative or mutualist." That this innovative proposition comes from a leader of a medium-sized establishment who built his own business and is a semi-candidate for the presidency of the CNPF does not in any way imply that it will be approved by a large number of small and medium-sized businesses. Nor by the others, so long as the CNPF has had no aversion to associating the national companies in its plan for instituting economic forecasts, Ipecode, in competition with Insee. The public/private barrier is giving way more quickly in deeds than in spirit.

The "Hawks" and the "Doves"

A setback or an opening? It will no doubt be the attitude of the government and economic events which will determine the industrial leadership's strategy. But the "hawks" of private enterprise and the "doves" of conciliation are in agreement in some areas: defending the freedom to operate of companies--on the social as well as the economic level--, maintaining their world commitment, the decontrol of prices. Both could quite as well agree to rebuild a stronger industry organization, more "scientific" says one leader, more "unionist" says another, more "operational" says a third. Each agrees that the organization will be better accepted by its members when it quickly and accurately supplies them with the services that some data banks procure partially from some federations. Each also agrees that the increase in brain power of the various levels in the organization is needed to support the mobile warfare which turning back the political forces will require. Facing the government with a solid backup of facts, enlightening a Parliament dominated by teachers on the realities of the economy, molding opinion even in villages and, simultaneously, retaining maximum initiative for proposals to labor and management: this is the least of what the renewed industrial leadership can establish as objectives. They still, in the face of the attitude to be adopted by the government, will have to devise a strategy.

9693
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NEW PSI WEEKLY 'DIALOGO NORD SUD'

Rome AVANTI! in Italian 22 Sep 81 p 9

[Text] A new international weekly on politics and economics has come out recently entitled DIALOGO NORD SUD: Comrade Michele Achilli, member of the party's directorate and editor of the publication, has illustrated the purpose of this initiative.

"DIALOGO NORD SUD," Achilli said, "intends to cover an area habitually neglected by the Italian press: Information on the problems of international politics. This indifference, which is often shown toward problems of great importance such as the relationship between industrialized countries and the Third World, now decisive for future world peace, is also due to lack of information."

The publication--20 pages in tabloid form and sold at newspaper stands for 1,000 lire--will devote particular attention to a comparison of viewpoints between Europe and the Third World. To assure timely information and a variety of opinions, there is a network of correspondents and commentators both in European countries and in certain key countries of the Thid World (Brazil, India, Mozambique and Mexico).

Comrade Achilli also emphasized that DIALOGO NORD SUD will devote particular attention to Italian initiatives, to "opportunities missed because of our foreign policy which is suffering from old conditionings, and to the perspectives which are opening up for a new role for Italy both in the political and economic spheres and in the construction of new and more equitable international order."

The first edition of DIALOGO NORD SUD, which is now on the newsstands throughout Italy, devotes considerable space to the Polish crisis: To an interesting commentary by Gianni Baget-Bozzo, a timely reconstruction of the evolution of solidarity by Valerio Ochetto, and a pointed discussion on the subject of self-management by Wlodeck Goldkorn, member of the Committee for Social Self-Management (KOR), must be added two interviews with Giorgio Benevnuto, secretary to the UIL [Italian Union of Labor], and Pierre Carniti, secretary of the CISL [Italian Confederation of Labor Unions], back from the congress of Polish free unionism.

The newspaper is composed of news sections divided into geographical areas: Europe, the Middle East, the Americas, Asia and Africa and a section on the economy. In the economy section--still referring to the publication's first edition--there is a long article by Mohamed Khali, head of the bureau of economic and commercial studies of the Chamber of Commerce of African states associated with the EEC, on Algeria's position in the complex negotiations underway with ENI [National Hydrocarbons Agency] on the supplying of natural gas.

The editorial of DIALOGO NORD SUD's first edition, signed by Comrade Achilli, is devoted to the Middle East; after criticizing the intransigence of the United States, Achilli states: "Here it is revealed that Europe's answer is still more urgent and necessary. Europe's heretofore imaninary initiative, which some believe never existed, must take shape in order not to leave room for the current Stangeloves."

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PAPER COMMENTS ON NORDIC COUNCIL AIRING OF 'ZONE'

Helsinki UUSI SUOMI in Finnish 4 Sep 81 p 2

[Editorial: "Nordic Zone"]

[Text] A new page was turned in the history of the Council of the Nordic foreign ministers in Copenhagen on Wednesday. It was the first time that the ministers raised the Nordic nuclear weapons free zone as a major topic, promoting of which is taken seriously in all the participating countries.

Until now Nordic cooperation has been moving along its natural tracks in the economic sector and in development of similar social tradition and culture. Cooperation in foreign policy has been limited to joint appearances in international forums, consultations of the UN policy and trade economic questions. Different foreign political lines and security political solutions have divided the Nordic countries into different camps or put them in the boundaries of these camps, but this division has been fortunate in the sense that it has not prevented discussing common interests on other levels.

The Copenhagen conference of the Nordic foreign ministers has, with a slight exaggeration, spoken the magic words of the official plan for the Nordic nuclear-weapons free zone. The Nordic countries noted--though with reservation--that they are striving towards this, and set their preliminary provisions. Sweden, Denmark and Norway see it as necessary to expand the nuclear-weapons free zone beyond the boundaries of the Nordic countries. Finland in turn would accept formation of the zone within any boundaries.

Thus a difference in stands between the Nordic countries does exist but it is not decisive. The important matter is simply the serious striving towards the establishment of the zone. It is such a strong striving that the NATO members Denmark and Norway took positions against their leading ally the United States while promoting the zone project.

The meaning of Norway's and Denmark's decision is not lessened by the statement by the ministerial council that the discussion on the Nordic nuclear-weapons free zone must not interfere with the disarmament talks at the foreign minister level between the Soviet Union and the United States. The zone can honestly not be separated to be an issue independent of the rest of Europe, which already is full of nuclear missiles of the super powers.

In Copenhagen one single concrete goal for the near future was sketched, to obtain from the Soviet Union a clarification on president Leonid Brezhnev's statement in June on the possible measures in the Soviet territories bounding the zone. Denmark has asked for the clarification from Moscow through diplomatic channels, and the foreign ministers hope that Finland obtains the clarification through her own channels. Hopefully these explicit attemps will bring out the core of Brezhnev's statement, which otherwise, it is feared, will remain only propagandistic in nature.

Rumors and false arguments jeopardizing the zone project were emphasized on Thursday when an American paper told that the Soviet Union is preparing a new missile system for the Arkhangelsk region east of the White Sea. Claims of this nature will not advance the favor for Brezhnev's proposal in the North. Therefore the contents of Brezhnev's proposal must be disclosed.

9718
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COUNTRY SHOULD PLAN TO ENSURE ENERGY SUPPLY IN CRISES

Helsinki HUFVUDSTADSBLADET in Swedish 28 Sep 81 p 2

[Editorial by Bjorn Sundell: "Is Finland Too Vulnerable?"]

> [Text] Our requirement for imported energy increased steadily during the 1970's, and we find ourselves today in a situation where over 70 percent of our energy comes from abroad. We have every reason occasionally to stop and search for answers to the question of how we can reduce our vulnerability and ensure our access to raw materials and energy in a world where stability is not assured, writes Bjorn Sundell.

Over 70 percent of the energy that we Finns use comes from abroad. Recently the Ministry of Commerce and Industry [HTM] released a report which showed how our dependence on imported energy steadily increased during the 1970's despite all the propaganda for more intensive economy and all the talk about the need for switching to domestic energy sources. The ministry's report is based on statistics from the years 1970-78, and even though a certain improvement has happened since then, it is interesting to stop a moment and view the main points of the report.

Energy consumption increased during the 60's by about 6 percent per year. The oil crisis opened eyes enough that consumption increased a bit slower during the next decade: by only 2.8 percent per year. The reason why restraint was not greater was partly because readjustments always take time, and surely also partly because the danger of an oil shortage was never as acute in Finland as in many other western countries. Our agreement with the Soviet Union lulled us into a certain feeling of security, while Holland, for example, during the years 1973-74 saw their oil supply threatened and Swedes seriously discussed gasoline rationing as late as the summer of 1979.

It is true that there are countries which are considerably more dependent than Finland on imported energy--Japan, for example. But in any case the fact remains: during the 70's we let our dependence on foreign energy increase considerably. Most worrisome was the development in agriculture. In 1970, 42 percent of agriculture's energy was imported. The percentage had risen to 61 percent 8 years later.

What was the result of the appeal for increased use of domestic energy sources in the 70's? Looking at the report by HIM, the results were rather meager. The report is based on Nobel-prizewinner Leontief's input/output model. To get a basic picture of energy consumption in industry it was calculated how much energy was used in different phases of the manufacture of a product. For example the production of food products seems at first thought to use rather little energy if one only looks at the consumption of energy by a food products factory. According to the input/output model, one must go farther back, however, to the energy which fertilizer and the rest of the farm demands for production of one kilo of meat. Then the energy consumption immediately becomes much larger. By following every step in production we can clearly see how very dependent our country has become on energy.

HIM's analysis shows that the use of domestic energy increased considerably in only three areas: in sawmills, in the cellulose industry and in the production of heat and electricity. Otherwise it looks as though our dependence on foreign sources has only increased.

The report does not disclose anything following 1978--the statistics stop shortly after that. There has certainly been an improvement. It appears as though oil consumption now, during the 80's, will decline by 8-10 percent yearly. Also there has been investment in domestic energy sources, which also in the long run will give results. But the fact that 71 percent of energy continues to come from abroad shows that we are still vulnerable.

HIM's report also gives an answer to the question of who is especially dependent on imported energy in our country, and the answer is the export industry. During the latest decades, foreign trade has become all the more important. Almost one-third of our GNP is foreign trade, when the export of services is included. Our country has, furthermore, chosen to invest in export of such products that demand much energy in manufacture. HIM confirms that our domestic energy consumption is not excessively high relative to international figures, but that energy intensity is especially high in the export industries. Energy intensity is also significantly higher for export products than for the products which are imported. Finland's prosperity is therefore built on a continued sure supply of energy from abroad. Awareness of our vulnerability has increased during recent years. More money has been expended for oil preparedness stores, and also next year's budget proposal contains increased appropriations for oil storage.

This raises another question: If almost three-fourths of our energy is imported, what about other important raw materials? The forest industry, one of the pillars of our prosperity, is so fortunate as to be able to work with both domestic raw materials and also largely domestic energy. Elsewhere the situation is worse. For example the metal industry is dependent on many so-called strategic minerals. For the near future we are rather well situated, because among other things we have copper, nickel, zinc and vanadium in the ground. Several minerals must, however, be imported, and last week's discussion of closing Rautaruukkis vanadium mine--the only large vanadium deposit being mined in Europe--has again raised the question of strategic minerals. When vanadium mining is halted in Finland we will be dependent on large producers such as South Africa.

Our country lacks real other emergency reserves of other raw materials and necessities besides oil and grain. The government says in its budget proposal that the reserves situation for other raw materials should be studied--the only question is who will pay for the storage costs. The theme is urgent in a world where crises follow each other. Our country has chosen a way which makes us particularly dependent on imported necessities and a continued prosperity must therefore be built partly on work for peace and avoidance of conflict, and partly on readiness so that we are not helpless if the flow of strategic materials should be interrupted. At the same time there is reason to support by all means available the effort toward increased self-reliance which has become stronger in recent years. This applies to both agriculture and industry.

To speak of readiness storage and preparedness for war is neither warlike nor scary propaganda. We should be aware that stable and secure growth is not self-evident, but our dependence on imports is a question which demands continuous attention even though we thus far have managed our raw materials needs very well.

9287
CSO: 3109/15

REDUCTION IN USE OF OIL FOR POWER PLANTS PLANNED

Athens I KATHIMERINI in Greek 7 Oct 81 p 11

/Text/ Public Power Corporation /DEI/ Chairman Raf. Moysis announced the 1981-1992 program which is based on the full utilization of the local energy sources and stressed that as of 1986 no oil will be used in Greece for electrical energy production. Responding to questions, he said that a cost of living readjustment of the electric current price is now under study. He also pointed out that the establishment of an electrical energy-producing nuclear plant was postponed until 1992 under the condition that the same rate of electricity consumption will be continued. He added that in 1982 a 200-megawatt unit will be built in Aliveri. Referring to the oil-using Keratsini power plant, Moysis said that it will continue to be in reserve. With regard to the 1981-1990 program, the DEI official stated the following:

The program provides the establishment of lignite-using and hydroelectrical plants having a total capacity of 5,000 MW. Thus, at the end of the decade the total capacity of the established DEI network will reach 9,800 MW compared to 4,800 MW at the end of 1980.

The program also provides for continuing the utilization of local lignite beyond 1990 until the known reserves are exhausted. In preparing the new program, besides the time periods of 1981-85 and 1986-90, the total period was extended with the help of electronic computers to 50 years (1986-2036). The study showed that it is more profitable to continue the present policy of utilizing lignite than to adopt the alternative suggestion of saving in part or totally the lignite reserves for future generations.

More specifically, the program provides for the establishment during the 1981-1990 decade of 10 lignite-using power stations having a total capacity of 3,000 MW (300 MW each plant) and 10 hydroelectric stations of 2,030 MW total capacity. For implementing the first 5-year program under which the plants now being constructed or bids for their construction are being asked, capital totaling 559.8 billion drachmas or 9.3 billion dollars will be needed.

The systematic effort undertaken years ago to replace imported oil with local energy-producing sources has already started yielding results and the use of oil for producing electrical energy will drop from 37.2 percent in 1980 to 20 percent next year and to nothing in 1986. In contrast, the total DEI production of

electrical energy by using lignite will rise from 66.5 percent in 1980 to 82.2 percent at the end of the decade. The remainder will be produced by hydroelectric plants.

Of the oil units, only the Lavrion plants I and II will be maintained after 1985 as "cold reserve" in order to maintain the energy balance during the years of critical water potential capacity and to meet special cases of energy shortages as a result of possible delays in project completion or of greater /electrical/ load rate increases. In preparing the development program for the /1981-1990/ decade and in estimating the relevant demand, it was assumed that the rate of increase for electric power demand will fluctuate around 5.5 percent annually (for the total DEI grid). This rate is 1.5 percentage units higher than the average rate of increase in the EEC countries.

A broad use of electronic computers and a special program of amelioration were used in selecting the electric power-producing plants and the energy sources. As a result:

a. The use of existing oil-using plants proved to be uneconomical.

b. Lignite-using plants and hydroelectric plants were chosen as more economical and,

c. For the period after 1990 lignite-using units were chosen until the known lignite deposits are exhausted.

Besides the national DEI grid in mainland Greece, the program provides also for two large areas which have developed their own systems: Crete and Rhodes. It should be noted, however, that the Crete system is expected to be connected to the continental grid and that relevant studies have shown that such a step would be economically profitable.

As mentioned earlier, the total capital for investments during the 1981-85 5-year period will reach 559.8 billion drachmas (in current prices). This considerable amount creates automatically the need for loans. This entails an increase in the percentage the loan interests absorb from the sales income to 42.4 percent from 23.4 percent in the previous 5-year period. At the same time, the ratio of DEI's own capital to the total invested capital will also be decreased from 24.6 percent in 1980 to 17.6 percent in 1985.

7520
CSO: 4621/18

GOVERNMENT SUBMITS STRINGENT BUDGET PROPOSAL TO PARLIAMENT

Helsinki HELSINGIN SANOMAT in Finnish 26 Sep 81, p 3, 12, 13

[Excerpts] The State Budget Fmk 65 Billion Ahti Pekkala: "The Parliament Must not Add Expense"

In the spirit of "not a comma must be changed," the government submitted the state budget proposal to the Parliament on Friday [25 Sep]. State Finance Minister Ahti Pekkala's (Center Party) budget shows state expenditure of over FMK 64.8 billion next year, or nearly 9 billion more than this year.

Taxes and fees will not cover the state expenditure, so the state will have to borrow over FMK 6.5 billion. Finance Minister Pekkala was so concerned about the tightness of the budget that he announced: "There are no possibilities during the Parliament hearings of adding to expenditures because borrowing cannot be expanded."

Although state expenditures will nominally grow by 15.5 percent from this year, most of this is due to inflation. The real growth in expenditure is about 5 percent. The budget does not provide for any major social reforms.

Taxation is going to be somewhat tougher next year, as the government is not going to be able to allow the earlier-promised cuts in full.

The making of the budget bill was about to topple the government this year, but it got a reprieve because Kekkonen became ill. According to Finance Minister Pekkala, the budget making will be more difficult next year.

The State Is Giving:

--Tax tables are going to be readjusted by 12 percent, corresponding to the rise in prices.

--All tax deductions will not be fully adjusted, which means that the wage earners will be paying slightly higher taxes.

--Exemptions for interest and rental income will go up from Fmk 1,700 to Fmk 2,500.

--Child benefits will go up by 14 percent at the beginning of October.

--Maternity benefit will go up from Fmk 375 to Fmk 415. Support for children's home care will be expanded.

--Veterans' early retirement provisions will be initiated by degrees at the beginning of October.

--Army draftees' per diem will go up to Fmk 7.75 and 8.25 depending on the length of service.

The State Is Taking:

--The prices of alcohol, beer and cigarrettes will go up by 12 percent.

--Fishing licenses will go up to Fmk 18, and hunting licenses to Fmk 55.

--The gasoline tax will go up by 3 pennies and the tax for other liquid fuels by 1 to 2 pennies per liter or kilogram. Liquid fuels will also go up in price because the precautionary stockpiling tax will go up by 0.9 pennies per liter or kilogram.

--Train fares will go up by an average of 12 percent. However, passenger car taxes will go up by 22.3 percent. Telephone fees will go up by about 9 percent.

--Postage for cards will be Fmk 1.10 next year, and the lowest letter postage will go up to Fmk 1.20.

--Tax for diesel-fuelled cars and trucks will go up by 30 percent.

The Face of the Economy:

--Finland's gross national product will grow by 2 percent both this year and next year.

--The deepest recession is expected to occur at the end of this year and the beginning of next year, after which growth will again pick up.

--On the whole, the economy is undergoing a growth period.

--In spite of an intensification in employment effort, unemployment will increase.

--After two years of maximum growth, Finland will now be dependent on the economic development of the western industrial countries.

--In addition to unemployment, inflation is going to be hard to control. The prices are already going up with a speed that indicates that we are coming close to the automatic index threshold [for an increase in wages].

Finland Now Operating on a Low Burner

The recession has started, the state economy is in a squeeze, there is very little room for maneuver. Expenditures can no longer be expanded, some state benefits will already be cut, and in a year it is possible that more legislated expenditure will have to be cut. The state is now operating on a low burner.

This was the atmosphere on Friday when Mauno Koivisto's government, headed by Eino Uusitalo, submitted the Parliament the budget for next year, which will be the Koivisto government's third year.

Finance Minister Ahti Pekkala characterized it as a "thrifty budget." A year ago, Pekkala's book was called "The Budget of the Parsimonius Mark."

The government budgetary negotiations took an especially long time this fall: 2 weeks and 2 days. The government was already just about dissolve because of the budgetary squabbles, when President Kekkonen's sick leave forced the political parties to make up and forget the dissolution plans for the time being.

The government finally sent its budget unanimously to the Parliament, but the disputes that had raged during the negotiations were still smouldering when the budget was made public on Friday.

Finance Ministers Ahti Pekkala (Center Party) and Mauno Forsman (Social Democratic Party) continue to disagree on whether it would have been possible to increase the state's borrowing. The government groups also had different views on what had been the basic reason for the difficulties in negotiating the budget.

"More and More Difficult"

Acting prime minister, Eino Uusitalo (Center Party) indicated that the budget discussions in the government have been becoming more difficult year by year, and that the basic reason for this is the economic development.

The SKDL [Finnish People's Democratic League] chairman, Education Minister Kalevi Kivisto indicated that the exceptional difficulties behind the budget negotiations were caused by the rivalries in the choosing of the successor for the president. According to Kivisto, the negotiations showed "what kinds of tension the competition for the successor of the republic's president is causing in the cooperation between the Left and the Center."

"However, the Left internal cooperation was greatly aided by the Center Party's leadership bringing the situation to crisis point."

Deputy Finance Minister Forsman said that "to put it mildly, peculiar happenings" took place during the making of the budget.

"Since the government reached an accord over the budget proposal after exceptionally tough negotiations, it is only fair to expect that similar accord will be maintained in Parliament. This will most certainly happen, unless disputes are raised, the bases of which would be altogether elsewhere than in the budgetary proposal itself," Forsman stated.

"Cannot Afford Changes"

Uusitalo said the government is submitting the budget proposal to Parliament with the understanding that there is no money available for any changes.

Uusitalo said he is "quite satisfied" with the budget. In many instances, different parties' views were incorporated, while it was possible at the same time to hold to "a constant volume in terms of the total national economy."

Uusitalo described the future outlook for the upcoming years as somber: the national economy is in a tight squeeze, and there is no likelihood of an easing. Next year, the preparation of the budget will be even more difficult than now.

Also, Pekkala explained that it is not possible to add to expenditures in the Parliament, unless taxation is jacked up and borrowing is expanded in a way that would "lead into a maelstrom of indebtness."

Pekkala's budget has been balanced with a Fmk 6.55 billion loan. "The amount of borrowing gives us reason to worry, and so there is no possibility of adding to the expenditures and debt," Pekkala reiterated.

Pekkala had nothing to promise to those expecting major reforms. Since taxes are not going to be raised, and it is not possible to expand borrowing, the only possibility is to re-evaluate state expenditures and actually make cuts.

Already, in next year's budget, cuts will be made in state support to fire fighters and municipal legal aid activities.

"Debt too Small"

Deputy Finance Minister Forsman completely disagrees with Pekkala on the volume of the state's borrowing. According to Forsman, a 6.55 billion loan is rather too small than too high, considering the present business cycle. "On the other hand, it is of course good that there is a later possibility of more borrowing," Forsman stated.

Forsman regards the budget to be "a fairly good book."

Also Kivisto saw many "positive aspects" in the budget. This is reflected for example in added funds for cooperative development, scholarly research, as well as for artists' pensions and social plans. The concentrated leftwing cooperation prevented increases in sales taxes, expanding tax cuts to industry and re-establishing the health clinic fees, Kivisto cited.

Justice Minister Christoffer Taxell (Swedish People's Party) characterized the budget as essentially "quite satisfactory." Taxell was especially pleased with the increases in tax deductions on dividends and interest income. It encourages people to invest in stocks and housing.

Alcohol, Tobacco and Borrowing to Rescue

The government depends on the accustomed means in patching up the budget deficit. Sizable increases are to be expected next year in the prices of alcohol and tobacco. Liquid fuel prices will go up somewhat less. The rest of the monies are obtained by adding to the state borrowing, which will go up to about Fmk 6.5 billion next year.

State expenditures have been steadily greater than income in the past years, so the budgets have been in deficit. The government emphasized the fact that the cost of managing the national debt will be higher than the yearly borrowing as early as in 1983.

According to the government, cut-backs in borrowing are necessary during the next period of economic expansion. Attempts at cutting back on borrowing were not successful during the now-ending period of expansion.

The government estimates that the total budgetary debt will be Fmk 20 billion this year, and next year, because of amortization, already as much as 24 billion.

Higher Taxes in Spite of Cuts

The taxpayers must be prepared for somewhat higher taxation levels as the state is not going to adjust the taxation basis fully in accordance with the level of inflation. The tax tables have been readjusted as in previous years, but the deductions will stay virtually on the old level. Most deductions have been raised clearly less than the rise in inflation, and no improvement will be made for many deductions.

No major reforms or shake-ups are expected in taxation next year.

The state income tax tables have been construed so that the state income taxes will not go up if the taxable income grows less than 12 percent from 1981 to 1982. That figure corresponds to this year's expected inflation rate.

Readjustments in the tax scales have been made throughout the tables in equal sums. Occasionally, small income earners' taxation has been readjusted more than that of others.

There will also be a 12 percent readjustment in the property tax tables, and the state also promises municipal taxes will be fully readjusted to correspond to the inflation rate.

The government says that the adjustments to be made in the budgetary proposal will be such that income and property taxes will not grow "substantially higher."

9571
CSO: 3107/5

GOVERNMENT'S BUDGET PROPOSAL STRESSES EMPLOYMENT MEASURES

Helsinki HUFVUDSTADSBLADET in Swedish 26 Sep 81 p 2

[Editorial by Henrik von Bonsdorff: "Normal Mediocre Budget"]

> [Text] Finance Minister Pekkala's third can in general be seen as a routine budget of the type which the Koivisto government produced during its time in office. But it clearly represents, with its definite shortages, what is politically possible to achieve with the budget proposal for 1982, writes Henrik von Bonsdorff.

After a 2-year period of rapid growth in our national economy, we are now in an obvious business slump. With approximately these words, Finance Minister Ahti Pekkala presented the main outlines of the budget for 1982. It can be recalled that the same sort of words were heard before, not only in connection with the government's economic report last spring, but also with the publication of the government's proposal for the current year last fall. Economic troubles abroad have caused a certain worsening at home. This time the troubles have continued a surprisingly long time.

But now while there is no doubt that we are experiencing an economic decline, we can glimpse the bottom sometime after the beginning of 1982. In terms of numbers, on several points the outlook is not entirely bad. The GNP for this year is expected to increase by two percent. That is one percent lower than was forecast last year. But at the same time, the number is clearly higher than the average for the OECD area, where the growth narrowly exceeded zero, and in certain larger and richer countries it dropped to a minus figure.

The explanation is that production at the beginning of the year continued to increase in some industries. Growth in the second half of the year practically stopped, but in spite of this, the numerical results for the year were somewhat better than in other countries. Also for the coming year the finance minister's experts anticipate a plus in the GNP of the same size as for 1981, which should continue to keep us near the middle level of the OECD countries. It is expected that recovery beyond our borders, in spite of everything, will begin gradually in 1982, and the effects will counter the negative results of a sinking rate of investment and continued weak consumption here at home.

Also, the results of the balance of trade were somewhat more comforting than what last year's forecasters predicted. Figures at midyear showed a slight plus. And even if exports to the West sank steeply toward the end of the year, a more active eastern trade will bring the yearly trade deficit to about 3 billion, or half of the originally predicted deficit. It is calculated that for 1982 there will be a small surplus in the exchange account, an optimistic estimate partly motivated by the hope that exports to the West will start to resume, and a shocking increase in oil prices of the destructive type that we have seen in recent years will not take place.

The somewhat more favorable predictions in the above areas have still not significantly facilitated the main task of the framers of the budget to find ways to simultaneously stop the rate of inflation and maintain our competitive position while avoiding a catastrophic worsening of employment within the narrow maneuvering room permitted by the financial program of our political economy.

Normally, in a declining situation, an expansive budget with powerful measures for stimulation would be called for. However, that would create increased inflationary pressures in a situation where even now inflation is higher than the average for OECD. Also, the national economy would be exposed to strains for not having solved the demand for largely unchanged gross tax rate and availability of borrowing within reasonable limits.

The mildly stimulating line adopted by the finance minister, which is intended to restrain increased expenditures and reduce government loans as long as possible, is therefore reasonable. As expected, it does not entirely remain within the government's budget. Fortunately, the demands for additional billions which the far left threw on the table were eliminated.

It is also favorable that adjustments of the tax scales and deductions for inflation could be retained in full, and that family political considerations in connection therewith could be observed.

The same can be said of the decision to retain the industrial tax alleviation features for next year, although an increase would have been still better.

Without going further into the details of the budget, it can be noted here with approval that the framers of the budget have invested their scanty resources in sectors such as energy administration, technical and industrial research and product development, and that child day care and public health also received their share. We especially emphasize with pleasure that the appropriation for development aid can finally be expected to reach the level previously planned--toward the goal of 0.7 percent of GNP.

On the other hand, searching questions are raised by the government's grudging treatment of the defense appropriations. The defense force commander points out in a bitter commentary that the increase in that portion--barely 14 percent--is under the average percentage growth in the budget, which is 16 percent. He said that funds appropriated for equipment and material do not even equal the amount of the appropriations for this year. That means that the hasty rehabilitation of the land

forces can not even begin, starting from the reduced level which the parliamentary defense committee recommended. The continuation of such a line will have severely harmful effects on the efficiency of the defense forces. Here the government has drawn money from the wrong place.

On the whole, Pekkala's third can be seen as a routine budget of the type which the Koivisto government produced during its time in office. No surprising and sure ways to economic health are indicated, unfortunately neither does it seem to be capable of solving its central task of recommending a remedy for growing unemployment; something which--it must be admitted--under existing conditions seems impossible.

A number of lucky circumstances have given the government the possibility yet this year of getting off more easily than could have been expected. Prospects for the future indicate that it will not be possible to continue along such a wide road. Margins for financing during the coming 5-year period are so little increased--about two percent per year--that it will not suffice. Our national debt is certainly not yet alarming. But already, with continued loans at the same rate as in past years, the interest and amortization will soon devour all new borrowing. That will require more powerful cuts, economy measures and tax increases so that we can reach a balance.

That is of course no pleasant prospect. And there will be still less pleasant prospects if the present formally united government parties are not able to maintain unity for defense of the year's meager budget, which despite its known shortages still represents what can be achieved politically with the government proposition for 1982.

9287
CSO: 3109/15

NON-SOCIALIST GOVERNMENT TO ADOPT STRINGENCY MEASURES

Oslo ARBEIDERBLADET in Norwegian 21 Sep 81 p 6

> [Text] The Conservative Party's minority government is in for a hard time when the honeymoon is over.
>
> When things get back to normal in the Storting, the Conservative Party must seek support from a Center Party and a Christian People's Party with clear demarcation requirements.
>
> The three parties in the center want to base the cooperation on the parties' common attitude toward the Labor Party government's long-range program. This parliamentary base shows a unity in very general terms, more as a declaration of willingness than any good starting point for cooperation in concrete cases.

The document was patched together at a time when the three parties were trying to sell themselves as the bourgeois government alternative. But that compact unity is merely superficial.

"The only concrete thing the three parties agree on is that the pastors of the sailors' churches will be switched to the state wage scale," Stein Ørnhøi (SV [Socialist Left Party]) said during the debate in the spring.

That was not far from the truth.

When it comes to concrete cases the common attitude will prove to be worth not much more than the peper it is written on.

To this must be added the fact that the Conservative Party's cooperating parties in the Storting have a definite need to stand out separately after their election losses and the breakdown in the negotiations to form a government, which profited the Conservative Party alone.

The parties of the center made it clear beforehand that they would not be guarantors for the Conservative Party in the Storting. Recent developments mean that the parties of the center will by no means feel comfortable in the rôle of passive supporting players, and that the Conservative Party will get to set all the conditions for cooperation.

Wage Settlement

The wage settlement in the spring will be something of a headache. The Conservative Party will be exposed to crossfire from business and strong trade unions. And in the Storting the Conservative Party will get little support for a line of thought in which tax reductions would reduce wage demands.

Reductions in personal income taxes will probably give the greatest relief to the highly paid, and with the center parties' view of the distribution profile in tax-share distribution structure, they will hardly go along with such a coupling of income and financing policy.

Right after that, the farm settlement will be a delicate affair. The Conservative Party and the center parties will hardly be in agreement whether the commodities prices increase plan for agriculture is carried out or not. Here the Center Party has clear special interests to defend. On the other side, the government will encounter a pressure from the trade union movement, which will not feel comfortable with too great a price escalation in agriculture in relation to industry.

8815
CSO: 3108/1

NONSOCIALIST PARTIES FACE CHALLENGES TO COOPERATION

Oslo ARBEIDERBLADET in Norwegian 21 Sep 81 p 6

[Text] The Conservative Party's minority government is in for a hard time when the honeymoon is over.

When things get back to normal in the Storting, the Conservative Party must seek support from a Center Party and a Christian People's Party with clear demarcation limits, having their own needs for adopting well-defined positions.

The three parties in the center want to base the cooperation on the parties' common attitude toward the Labor Party government's long-range program. This parliamentary base shows a unity in very general terms, more as a declaration of willingness than any good starting point for cooperation in concrete cases.

The document was patched together at a time when the three parties were trying to sell themselves as the bourgeois government alternative. But that tight unity is merely superficial.

"The only concrete thing the three parties agree on is that the pastors of the sailors' churches will be switched to the state wage scale," Stein Ørnhøi (SV [Socialist Left Party]) said during the debate in the spring.

That was not far from the truth.

When it comes to concrete cases the common attitude will prove to be worth not much more than the paper it is written on.

To this must be added the fact that the Conservative Party's cooperating parties in the Storting have a definite need to create their own separate identities after their election losses and the breakdown in the negotiations to form a government, which profited the Conservative Party alone.

The parties of the center made it clear beforehand that they would not be guarantors for the Conservative Party in the Storting. Recent developments mean that the parties of the center will by no means feel comfortable in the role of passive supporting players, and that the Conservative Party will get to set all the conditions for cooperation.

If the Conservative Party chooses a slalom course in the Storting, seeking support from the Labor Party one day and from the parties of the center the next, that will be felt as a provocation in the Center Party and the Christian People's Party.

Pushed off to the sidelines, reduced to supporting players when the Conservative Party needs them, they may respond with a poorer climate for cooperation in the national assembly than the Conservative Party has foreseen.

To this must be added the fact that the Labor Party will not stand guarantor when the Conservative Party expects it. Gro Harlem Brundtland said in an interview Sunday that the Conservatives cannot count on any automatic support in oil policy. The prerequisite for the Labor Party is that Statoil and other Norwegian companies be guaranteed a reasonable share. The parties of the center for their part indicated in the joint position an unambiguous resistance to the tempo of oil production.

Another headache for the Conservative Party will be the Progressive Party. Here the Conservative Party has an obvious need for keeping its distance, but the party cannot do much about the fact that the Progressive Party wants to demonstrate far-reaching support, especially in economic policy.

Tax Relief

The Willoch government's first big job will be to revise the Labor Party government's state budget for 1982. A great deal of attention will be focused on the tax reductions announced, and here the expostulations of the parties of the center will be clearly demonstrated.

During the budget debates last year, the parties of the center indicated clearly their opposition to the reductions in personal income taxes proposed by the Conservative Party. The Labor Party's tax plan, which got the Conservative Party's subsidiary support, had an untenably unsocial profile, according to the parties of the center, which presented a tax outline of their own.

The Conservative Party therefore cannot count on adequate support from the center parties during the budget discussions. Anne Olaug Ingeborgrud, vice chairman of the Christian People's Party, warned recently--during the cabinet negotiations.

In their views of taxes on corporations, too, the Conservative Party and the Center parties are quite far apart.

Since the election victory, business cherishes enormous expectations of reductions. But the Conservative Party must expect problems when it has to seek support in the Storting.

During the budget discussions last year, the Conservative Party wanted first and foremost to reduce the investment tax. The parties of the center wanted to maintain that tax and instead reduce the employers' contributions.

This reflects different economic policy positions. The Conservative Party wants first of all to stimulate investment growth, while the center parties' grounds for relief of business are based on district political considerations.

Wage Settlement

The wage settlement in the spring will be something of a headache. The Conservative Party will be exposed to crossfire from business and strong trade unions. And in the Storting the Conservative Party will get little support for a line of thought in which tax reductions would reduce wage demands.

Reductions in personal income taxes will probably give the greatest relief to the highly paid, and with the center parties' view of the tax-share distribution structure, they will hardly go along with such a coupling of income and financing policy.

Right after that, the farm settlement will be a delicate affair. The Conservative Party and the center parties will hardly be in agreement whether the commodities prices increase plan for agriculture is carried out or not. Here the Center Party has clear special interests to defend. On the other side, the government will encounter a pressure from the trade union movement, which will not feel comfortable with too great a price escalation.

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STUDY SHOWS CONTINUED DROP IN YOUTH UNEMPLOYMENT

Oslo AFTENPOSTEN in Norwegian 24 Sep 81 p 36

[Reportage by Trygve Monsen]

[Text] Only 2.5 percent in the 17-19 age group were out of work in April-May 1980, as shown by a study done by the Labor Directorate. This was a decline of 0.5 percent since the previous study, which was done in 1975. One of the reasons that unemployment among youths under 20 years of age has dropped is that 66 percent were going to school in 1980, while 60 percent were going to school in 1975. Two thousand young persons were covered by the job market measures of 1980, and this probably reduced the number of unemployed.

"The study shows that the measures had a positive effect. Unemployment would have been higher today if we had not had the labor market measures," Reidar Danielsen, labor director, told AFTENPOSTEN.

The study, which embraces a representative selection of 10,500 young persons, is the first part of a comprehensive study of the principal employment among 17-19-year-olds in the spring of 1980. Another part, which will come later, in the fall, deals among other things with the youths' background and previous work experience, their parents' economic situation, and the youths' plans for the future. The Labor Directorate is also engaged in a study of how it went with those who were in the 1975 study. They are particularly interested here in finding out what happened to those who were out of work in April-May 1975.

The 1980 study reveals that fewer 17-19-year-olds were employed as compared to the 1975 figures. In 1975, 31 percent of those age groups were employed, while the percentage had dropped to 26 percent in 1980. This means that the number of youths in the work force had dropped from 56,000 to 48,000.

A total of 2.5 percent said that they were unemployed. This means that 4,600 17, 18, and 19-year-olds were without jobs in 1980. In 1975 the number was 5,500. This shows that unemployment among the young has increased between 1975 and 1980 if we look at unemployment as a percentage of the work force.

It was found that the relatively greatest increase was in the number of women who seek higher education. Of the girls in the age group, 69 percent were going to

school as against 59 percent in 1975. Among boys the increase was from 61 percent to 63 percent. The percentage employed is also less reduced among boys. From 1975 to 1980 it dropped from 33 to 30 percentage among boys, while it dropped from 29 to 22 percent among girls.

If we split up the material, we find that 17-year-olds have the hardest time in their encounter with the economy. This is probably connected with the fact that 17-year-olds have little work experience and not much education, either.

It is further assumed that some of the 17-19-year-olds have adaptation problems, and for that reason cannot be classified offhand as unemployed. There are also geographical variations; unemployment is highest in the northernmost counties, while according to the study it is lowest in Buskerud and Hordaland.

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DEVALUATION, TAX, PRICE PROGRAM ISSUED BY GOVERNMENT

Main Points Set Out

Stockholm DAGENS NYHETER in Swedish 15 Sep 81 p 5

[Article by Dick Ljungberg: "The Government's Package Point by Point"]

[Text] The most important points in the economic package presented by the middle parties government on Monday are the following:

a) The value of the Swedish crown will be reduced -- devalued -- by 10 percent against other currencies. This means that imported goods will become more expensive.

b) The devaluation will lead to an increase in the price level by more than 2.5 percent. In order to counteract this and stay below the price clause contained in the labor market agreements the value-added tax (VAT) will be reduced as of 1 November.

The VAT will be reduced from 23.46 percent to 20 percent calculated as a surcharge on the price of the item excluding taxes, and from 19 to 16.67 percent calculated including taxes.

Price Freeze

c) In order that the price increases for imported goods should not spread to Swedish-made ones as well, a price freeze has been imposed until the end of this year. As frozen prices are regarded the prices which were in effect on Friday, September 11.

Exemptions will be granted -- in addition to increased import costs -- for increased costs as a result of the cut in food subsidies.

When the VAT is reduced the frozen prices will be correspondingly lowered.

d) In order to prevent the reduction in VAT from increasing too much, the already enormous budget deficit, about 4 billion of the government's planned 12 billion economy package will be moved up to 1 January 1982.

Further, the special tax reduction will be abolished, which in combination with other tax changes will increase revenue by 1 billion during 1982.

Special Fund

e) The government wants the devaluation to be used primarily for price reductions so that Swedish companies can regain their lost market shares.

In order to make sure that an improved profit situation will result in increased investments and will not give rise to inflationary sliding wages and higher dividends, the government proposes that 25 percent of profits over 1 million during 1982 should be set aside in special investment funds at the Central Bank.

The government also proposes a number of measures which it is hoped will improve the production capability in business and industry:

f) In the law about employment protection (the Aman Law) rights to probationary employment and extra employment during temporary peak work periods are introduced. The duration is set at a maximum of 6 months.

Increased Deductible

g) As of 1983 the government wants to introduce a system of increased deductible amounts in the health insurance. The government is prepared to legislated so that the deductible will be equivalent for all groups in the labor market. The proposal will come this spring.

h) One wants to stimulate the supply of lumber through increased support for regeneration measures and forest roads. The opportunities for depositing in a forest account will be improved.

i) The investment allowance for inventory will be changed after the first of the new year, so that the allowance will be offest with the payment of the VAT instead of, as is now the case, with the income tax. The present investment allowance for buildings will be extended by 1 year.

The special allowance for research and development will be made permanent. Special inventors' accounts will b established, which make it possible to spread income from inventions over 5 years.

Less to the AMS

j) The AMS /National Labor Market Board/ had requested 2 billion for unemployment measures but will receive 600 million crowns. Of those, 200 are earmarked for public investments and 400 million crowns for public works projects. The government points out that 1.5 billion crowns were set aside for employment-creating measures last spring.

k) The municipal governments will lose 800 million in interest income through earlier decisions about changes in payments of municipal tax revenue. The municipalities have asked for compensation from the state, but now there will not be any since the lowering of the VAT will also reduce costs for the municipal governments.

Will Reduce Income for Most

Stockholm DAGENS NYHETER in Swedish 15 Sep 81 p 5

/Article by Malin Holmquist: "Fifty Crowns More Expensive for the Average Family"/

/Text/ The government's move may wind up costing the average family 50 crowns a month more. The illusion of reductions in the VAT will be offset by price increases for oil and gasoline, if the effects of the devaluation are completely reflected.

The National Price and Cartel Office has calculated for the DAGENS NYHETER how price reductions and price increases might affect the economy of a family. On the whole, the VAT reduction and the price increases from the devaluation cancel each other out.

We looked at the situation for an ordinary family. Both adults work, one child is at a day care center and the other one attends school and a recreation center. The family owns a home and a car. The disposable income, after taxes, is 85,000 crowns a year.

It is primarily housing which becomes more expensive. If the full effect of the devaluation is felt, heating the house will become about 500 crowns more expensive over 1 year. The car will also become more expensive; the cost of gasoline will go up again.

Food, on the other hand, will be somewhat cheaper; only one-fourth of what we eat is imported. The lower VAT will result in about a 200-crown cut in food costs annually.

The family will lose about 575 crowns a year, about 50 crowns a month.

And this is the effect of the price increases on some common foods:

	Price now	After VAT reduction
Wheat flour, 2 kilograms	8.23	8.00
Loaf of rye bread, 800 grams	7.67	7.56
Ground beef, 1 kilogram	41.99	40.82
Pork chops, 1 kilogram	41.83	40.87
Milk, 1 liter	3.02	2.96
Herrgards cheese, 45 % fat, aged 3-6 mos.	31.51	30.63
Butter, ½ kilogram	10.52	10.23

Budget Cuts Proposed

Stockholm DAGENS NYHETER in Swedish 15 Sep 81 p 5

/"This Is Where the Economy Measures Are"/

/Text/ In addition to the measures which will affect the pensioners, the government will make cuts in the following areas:

a) Legal aid will not apply to for example marriage contracts, division of property and wills. Saving: 30 million.

b) Advances to newly married couples will be abolished after the first of the year. Saving: 50 million.

c) Student subsidies will henceforth be adjusted only once a year, just as the pensions. Saving: 130 million.

d) Interest subsidies for garages will be discontinued. Saving: 45 million.

e) The opportunity to receive housing loans and interest subsidies from the state for work done by owners themselves to remodel single homes will be discontinued. Saving: 100 million.

f) The municipal regions will lose interest subsidies amounting to 800 million crowns but will instead have reduced costs through the lower VAT.

g) State energy loans to the municipal regions will be abolished.

h) Loans for site leasehold rights to the municipal regions will be abolished. Saving: 150 million.

i) Contributions to the municipal regions for labor market policy will be discontinued. Saving: 60 million.

j) State subsidies to the Community Enterprise Foundation at present constitute 135 percent of the labor costs and will be lowered to 129 percent.

k) The defense allocation will be whittled down by 200 million.

l) Regional policy and transportation subsidies will be concentrated to troubled regions. Saving: 350 million.

Paper Gives Mild Backing

Stockholm SVENSKA DAGBLADET in Swedish 14 Sep 81 p 2

/Editorial: "Devalued Crown and Lower VAT"/

/Text/ It is in the nature of the thing that large operations in monetary policy, such as devaluations, must be kept secret until carried out.

But at the same time it is reasonable that a government should consult or, in any case, inform the opposition in advance. For a weak government, which lacks a parliamentary majority of its own, such consultations are necessary.

At the end of last week the two large parties, the Social Democrats and the Conservatives, received confidential information about the measures in monetary policy, among others, which are to be carried out this week. These plans were made public on Sunday by the Stockholm editorial office of the Social Democratic party press.

An official statement about devaluation may thus be expected today. But according to what the SVENSKA DAGBLADET learned on Sunday evening, the crown will be devalued by

10 percent, the VAT will be lowered by 2 percent (from 19 to 17), 5,500 million in savings measures will be moved up by 6 months, a "ceiling" will be established for indexed increases for pensions, student subsidies etc. beyond the measures already announced. This concerns reintroduction of a few days without benefits in the health insurance plan, the opportunity of probationary employment for at least 3 months and conversion of the investment allowance into direct exemption from the VAT.

It has long been clear that in order to be taken seriously an economic-political crisis program must contain far-reaching proposals dealing with the difficulties of Swedish industry in international competition, problems caused by the excessively high cost level.

The government has chosen not to try to reduce the costs through for example lower wages or lower employer surcharges. As is well known, both of these have been discussed. Instead, the foreign exchange relationship is the target. Swedish export goods are made cheaper, and thereby more competitive, by means of a devaluation.

If this devaluation is sufficiently forceful it should achieve at least part of the desired effect. But the chain reaction of improved cost situation and increased competitive ability, investment propensity and employment needs some time in order to succeed.

A devaluation also affects the price development. Imports become more expensive, the consumers get less for their money. The government now plans to counteract this by lowering the VAT. By so doing one hopes to avoid automatic wage increases as a result of inflation exceeding the limit set in the wage agreement.

This VAT reduction can scarcely meet with undivided enthusiasm. It further weakens the state budget by another few billions, when the government already is burdened by cutting out 12 billion in increased expenditures which the long-term study anticipated, an amount which is nevertheless too small with respect to the need for economy.

The measures the government has now been forced to undertake throw a certain amount of light on all the talk about the "restrained and responsible wage agreement ...."

Start of 'Fall Offensive' Welcomed

Stockholm DAGENS NYHETER in Swedish 15 Sep 81 p 2

[Editorial by Svante Nycander: "The Fall Offensive"]

[Text] The government's crisis plan is broader and more comprehensive than expected. The devaluation of the crown is accompanied by a series of measures designed to make business and industry capable of utilizing the opportunities created by the improved competitive situation. There is quite a lot of so-called supply economics, an effort to make the economy more flexible, to strengthen its ability to rapidly increase production and supply when demand grows.

This includes the new investment allowance and the changes in the Aman Law, which, among other things, mean the right to hire extra employees during temporary peak work periods. This includes several proposals which are aimed at increasing the supply of lumber for the next economic upturn. The government also wants to provide

better tax conditions for inventors ("inventors' accounts") and for the research and development work of the companies.

There are more constraints and bottlenecks in Sweden's economy today than in the 1960's. The effect of a rapid improvement in profitability in business and industry in this situation can turn into price increases, sliding wages and overheating rather than increased production. The government's interest in the supply side is thus well-founded. The goal is that we should be able to take better advantage of the next economic upturn than what we managed to do in 1979-80.

The element which causes worry is the reduction of the VAT. The government has no motive other than wanting to prevent the consumer price index from going through the price ceiling agreed on in the wage negotiations last December. A number of arguments indicated that this measure should not have been implemented.

A country which is forced to devalue always loses some of its international economic reputation. In a devaluation it is therefore important to rapidly restore confidence and create credibility for the new exchange rate, which implies a strict anti-inflationary policy. The 1977 devaluation was undertaken right after a large increase in the VAT and the effect of it remained as long as the restrictive policy was adhered to.

The government believes that lowering the VAT will be compensated for by the fact that certain economy measures included in the 12 billion economy plan will take effect as early as the turn of the year instead of on 1 July next year. For the next budget year the reduced VAT will mean a loss of income, which quite likely will increase the need for economy measures by 5 to 6 billion beyond what has been regarded as necessary up to now. Furthermore: If it now turned out to be possible to move up the economy measures, this should have been done regardless of the VAT reduction. Even so, these measures would have come too late rather than too early.

The proposal to reduce the VAT damages the faith in the state's financial reorganization. If the government suddenly believes that we can afford to feed private consumption in this generous way, people must surely wonder just how necessary it is to economize with social services and security.

The SAF [Swedish Employers' Confederation]-LO [Federation of Trade Unions] agreement stipulates that the hourly wages must be automatically increased if the so-called price ceiling has been exceeded by December. If the extra price increase due to the devaluation were to become 2 percent, the wages will increase by 1.3 percent. As Gosta Bohman points out, it is certainly "unreasonable that a devaluation caused by an excessively high wage level should be allowed to further affect the wages." But the agreement has been written, and no one seems prepared to tear it up. One can also maintain that a wage increase limited to what the price clause stipulates is nevertheless not the most serious threat right now. The danger which above all must be averted is that the devaluation should give rise to an extra wage shift next year. Once investments and exports pick up speed there will soon be a lack of skilled labor. By stimulating general demand the VAT reduction contributes to increase that risk.

The Social Democrats have agreed to the devaluation but have adopted a negative wait-and-see stance when it comes to the VAT proposal. The government has reason to listen to the discussion before the issue is passed on to Parliament. A minority government must show itself to be open to impartial objections from the opposition.

Gunnar Strang (just as the DAGENS NYHETER in yesterday's editorial) called for some form of sterilization or suspension of profits in the forest industry, which previously was already in a favorable position thanks to the high dollar exchange value. The government must think of all the trouble caused by the excessive profits in the forest industry during 1974-75. Proposals for measures are said to have already been prepared. In this area a supplement to the crisis program is needed.

Bank Chief Approves

Stockholm DAGENS NYHETER in Swedish 15 Sep 81 p 1

[“Starting Point on the Road Out of the Crisis”]

[Text] This is the starting point on the road out of Sweden's economic crisis. That is the comment by Central Bank chief Lars Wohlin on the decision to devalue the crown by 10 percent and on the package with the other economic measures.

"This road can also lead to lower interest rates," the head of the Central Bank says, "but we are not there yet."

First, we must reduce inflation and allow the economic package to take effect. After that, we can get a lower interest rate level.

These are Lars Wohlin's comments on the decision to reduce the VAT in combination with the devaluation:

"We cannot just economize our way out of the crisis. We must also stimulate in order to achieve increasing growth.

Through a combination of growth and public economy it is possible to reduce the budget deficit from both ends."

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UNFINISHED TASKS LEFT BY FALL OF GOVERNMENT

Brussels LE SOIR in French 30 Sep 81 p 2

[Article by Guy Depas: "New Taxes, Social Benefits: This Government Will Not Act"]

[Text] The outgoing government is not going to translate its intentions into actions. Special crisis contributions, a ceiling on personal contributions for social security, an overhauling of family allowances, a lowering of the limits on tax splitting and on the reduction of cumulative taxation of joint incomes, all of these measures are being left in abeyance by the political crisis.

Close to 50 billion francs in new taxation and more than 20 billion francs in parafiscal constraints were included in the proposed 1982 budget prepared last month by the Eyskens administration. As they were the subject of a controversy between the socialists and the social Christians, some of these proposals would more than likely have gone unheeded anyhow. But, with the exception of various administrative reforms, the whole project may become null and void because of the fall of the government and the upcoming dissolution of parliament.

Unless a new team, resulting from the November elections, adopts the work of its predecessor as its own -- which would assume the restoration of a "socialist - social Christian" coalition -- ministers and parties will have argued for months for nothing.

As it is very unlikely that it will be possible to sufficiently untangle the political imbroglio in time for a new budget proposal to be submitted and voted on before 31 December, everything leads one to believe that next year will start off peacefully for all tax payers. A relative peace, however, which will obviously not be shared by either the observers of public finances, or the treasury officials, or the civil servants in the tax administration.

For the latter specifically, the situation may become so Cornelian that they may well be reduced to paralysis.

One does not need any other example than the difficulties they will encounter in the declaration of taxes pertaining to the 1981 tax year. Whereas the act of 2 July 1981 (program act) set the ceiling for income to be considered for the implementation of the reduction of cumulative taxation and splitting on taxation of individuals at 680,000 francs, the 1982 budget proposal lowered that limit to 575,000 francs. Furthermore, it abolished the fixed tax allowance of 10,000 francs

applicable to income exceeding 680,000 francs. What standards will have to be considered under these circumstances: those of the program act or those of a budget proposal, the future of which is more than questionable? It being understood that, if the case arises, the new government could still direct its fiscal policy in a completely different direction. Or, it could even give up the continued application of supplementary bandages to public finances, in order to tackle the roots of the disease. And what if "Reaganism" were to become established in our country in a government of an unexpected kind?

Whatever may happen, this is the scope of the measures, the application of which had been agreed on, but which will not be implemented, at least not as long as the government is reduced to managing current affairs.

1. In the sector of direct taxation:

- temporary crisis contributions payable by all incomes, except for the lowest;
- imposition of an indicator tax or a tax on exterior signs of wealth;
- restriction of the reduction of cumulative taxation and of splitting, up to 575,000 francs;
- abolition of the fixed tax allowance of 10,000 francs for incomes exceeding 680,000 francs;
- adaptation of family allowances on the basis of the ability to contribute and of the composition of the household (abolishing the allowance for the first child), and adaptation of taxation for households without children and for single persons;
- inducement, through tax reductions, of an early payment of supplements to the deductions at the source for wage earners and the salaried;
- adaptation of the system of taxation of replacement income (replacing the system of fixed tax allowance with a tax credit on unemployment benefits, etcetera);
- tax memoranda on doctor's bills.

2. In the sector of indirect taxation:

- suppression of the Vandervelde act and imposition of a license for the sale of alcohol in bars;
- implementation of a 17 percent TVA [Value-added Tax] on certain fees of notary publics and bailiffs;
- raising of the TVA on the renting of safe deposit boxes in banks and implementation of a special tax on certain operations carried out by financial bodies;
- imposition of a TVA on televised advertising.

3. In the sector of company taxation:

- taxation of the profits of intermunicipal electric companies.

4. In the sector of the struggle against fraud:

- more rigorous sanctions to penalize clandestine labor;
- development of a statute of fiscal responsibility for tax advisers.

Let us note here that a variety of administrative measures, not implemented or only partially implemented, come under the authority and the political will of the outgoing government. They include, among others: the closest cooperation among tax

administrations; the increased use of data processing techniques (central tax register); the broadening of the inspection framework; the improvement of cooperation between tax and justice departments, etcetera.

5. In the sector of parafiscality:

- removal of ceilings on personal contributions to social security.

6. In the sector of health and disability insurance:

- reduction of reimbursements for medication;
- reduction of reimbursements for physiotherapy;
- adaptation of the list of medical services to be reimbursed;
- transfer of beneficiaries to the system of unemployment benefits.

Let us add here three decisions made in accordance with the act of 10 February 1981 -- the recovery act -- or with the act of 2 July 1981 -- the program act --, whose implementation orders must still be deliberated by the Council of Ministers before they become applicable:

- reduction of cumulative calculation of work disability benefits with other "social benefits" (retirement, unemployment, etcetera);
- modification of the tax system for large group insurance programs and justification of employers' contributions;
- tax system for beneficiaries of job related or executive cars.

To conclude, let us recall that there can be no question of reconsidering -- except after the promulgation of new laws, the initiative for which eludes an outgoing government -- the mass of tax measures implemented in accordance with the program act and the recovery act of 1981, such as: the shift from 16 to 17 percent for the intermediate TVA rate; the implementation of a 6 percent TVA on transactions on the gold market; the broadening and increase of the luxury tax; the increase of excise taxes on gasoline, LPG [Liquified Petroleum Gas], and diesel fuel, cigarettes, bottled water, soft drinks, beer, etcetera. Nor can one reverse the tax breaks on insulation of buildings, the refund of TVA on the construction of new housing, etcetera.

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PARTY ORGAN BEGINS CAMPAIGN FOR CENTER PARTY PRESIDENT

Helsinki HELSINGIN SANOMAT in Finnish 18 Sep 81 p 12

[Text] Center Party Nominee Best Choice

The Center Party main organ SUOMENMAA on Thursday began the campaign for their own presidential nominee. In a highly prominent place, where among other things the weekly reviews of party chairman Paavo Vayrynen appear, the paper published the article by pseudonym P.M. on the presidential elections. The article argues that it would be in the nation's best interests to elect a Center Party nominee for president.

"At present positions are being prepared regarding the choice for Urho Kekkonen's successor in the coming years. From the nation's point of view, it would, no doubt, be best if the Kekkonen majority would take action and elect a reliable nominee, who will execute the Kekkonen line."

The article strongly appeals to the People's Democrats and the Communists. The pseudonym reminds that in 1956 it was the union of the forces of the Rural League and the Finnish People's Democratic League that made possible Urho Kekkonen's election.

"Thanks to this, the Center in its struggle for power with the Social Democrats is not forced to take support from the right wing and thus the harmful split in the political field has been avoided."

In the next presidential elections, however, the forces of the united center and the Finnish People's Democratic League will not be adequate to re-elect a center nominee. According to the author, the additional support can be obtained from the Coalition Party. The pseudonym is, however, concerned of the possibility that the majority of the Communists will stand behind Mauno Koivisto.

"The majority of the Finnish Communist Party faces a serious choice. It is difficult for an outsider to understand why it would ultimately go along with the Koivisto majority. Isn't it so that securing the continuation of our foreign policy is an important question to the communists as well? And isn't it so that the culmination of the controversies in our political life in the recent weeks is just as harmful from the communists' point of view?"

The article does not mention the Center Party nominee by name, but it defines him as foreign political leader who in this duty will have to be "the best and the most secure one of all."

According to the writer, Koivisto does not possess particular experience or merit in foreign policy, It is also Koivisto's disadvantage that his supporters traditionally are opponents to the Kekkonen line and the Kekkonen majority.

The article ends as follows: "We must remember that today and in coming years our near environment is under continuous and dangerous pressures. Our neighbor on the Baltic Sea, Poland will continuously be a central security concern to the Soviet Union, and the continuous development of armament technology and military strategy presents a threat to peace and stability in the Nordic area. Therefore we need firm and extremely reliable foreign political leadership."

"President Game" Premature

In the same Thursday issue of SUOMENMAA also party chairman Paavo Vayrynen's comment appeared. According to Vayrynen , the president game is premature. "I am stressing to the players of the president game that the president of the republic, now due to illness, is temporarily prevented from attending to his duties. Everyone must now give his mental and political support to the president. We hope that he will return as soon as possible to attend to his duties."

The Game Divides The Nation

The Social Democratic KANSAN LEHTI, published in Tampere, thinks that Vayrynen's rigidity in the past weeks' president game has been astonishing.

The paper is also perplexed by the fact that Vayrynen has promised to do everything to have a bourgeois president elected. From the paper's view, the citizens presumed wish to elect president a person enjoying general esteem and is known to be skilled. Party dependency should be secondary, which can be seen in support for Urho Kekkonen, writes the paper.

"Paavo Vayrynen and other ideologists are on a dangerous road trying to create a question out of it which would divide the nation. It seems even more strange that the nomination of a non-socialist is based on foreign policy on which the whole nation actually is unanimous. The regulations of the constitution on president's duties indicate that it is the power in internal policy that makes the president's post attractive to the non-socialists, yet they dare not admit this directly."

Karjalainen Reminisces

In SEURA the acting persident of the Bank of Finland Ahti Karjalainen tells about his summer vacation. Karjalainen traveled to Switzerland where, he said, he walked more in 5 weeks than he did in Finland in 2 years. Karjalainen says he lost 5 kilos.

During his Swiss vacation Karjalainen also put the finishing touches to his book being published soon, compiled by editor Helena Vehkaoja. The book containing thoughts and memoirs is based on Karjalainen's interviews and not on a detailed diary.

"I have not seen it as important to record my thoughts on paper, although thinking of it afterwards that could have been a jolly habit. Once in a while I have been in such a soup and under such pressure that it has been impossible to keep a personal diary. It has been plainly good to forget of a few things."

9718
CSO: 3107/134

COMMUNIST PARTY CHAIRMAN REJECTS SUGGESTION TO BACK CENTER CANDIDATE

Helsinki HELSINGIN SANOMAT in Finnish 18 Sep 81 p 3

[Excerpt] The Communist Party chairman Aarne Saarinen on Thursday evening announced that the communists and the Finnish People's Democratic League will not support the center Party presidential nominee but will present their own nominee.

Saarinen's message came as response to the article which appeared in the Center Party organ SUOMENMAA on Thursday. In it pseudonym P.M. thinks that the Finnish People's Democratic League should stay with the group which elected Urho Kekkonen for president in 1956. Now the majority should elect the Center Party nominee as this would be best for the nation. The pseudonym's view is that the former Kekkonen line opponents are standing behind Mauno Koivisto. "Why is it that the surest and most reliable presidential nominee should be found only and solely in the Center Party circles?" Saarinen questioned in his statement.

"The Center Party's current leadership's recent bows to the right, and their insecure behaviour in general, indicate that the Center Party as such will not guarantee the continuation and reinforcement of the line to the basic interest of our nation during the post-Kekkonen era", Saarinen responded to the SUOMENMAA's article. He hoped of the Center Party "healthy criticisms and actions."

9718
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SUOMINEN PRECLUDES SUPPORT FOR OTHER PARTIES' CANDIDATES

Helsinki HELSINGIN SANOMAT in Finnish 30 Sep 81 p 13

[Text] The Conservative Party Chairman Ilkka Suominen has taken off the gloves from his party in the presidential games. In a closed meeting of his party's Parliamentary group on Tuesday [29 September], Suominen delivered a resolute speech, which some Parliamentary representatives described as "the drill-master's orders."

Contrary to his usual practice, Suominen spoke to the Parliamentary group straight from notes. He commanded his group to form ranks behind the Conservative presidential candidate. No maneuvers in support of candidates of the other parties will be allowed in the Conservative Party.

Suominen did not mention by name other parties' possible candidates, but he clearly warned the Conservatives from slipping off to work for "a certain candidate who enjoys wide popularity." Chairman Suominen expressed a wish that those who do not agree with the Conservative Party's chosen line, i.e. with backing its own candidate, would announce their stand in good time.

Suominen pointed out that the majority which elected Urho Kekkonen in 1956 no longer exists. According to Suominen, the Conservative Party's electoral assembly and its unity will be a strong decisive factor in who is going to be chosen as president.

Suominen reminded the Parliament members that the Conservative Party will embark on the upcoming presidential election with its own candidate with the goal of securing as big an electoral assembly as possible. The beourgeois party that has collected the most electors shall appoint the bourgeois candidate, Suominen stated.

At the same time, he expressed a wish that the Conservative Party members not concede to the requests of others and decide ahead of time who will be voted for in the second and third electoral rounds. He urged the members to only work for the Conservative Party candidate.

Parliamemt Members May Speak

In Suominen's opinion, it is appropriate to mention names when discussing who the party's candidate will be. He did not mention the name himself but said everyone knows his choice. The presidential candidate supported by the party leadership is the former chairman of the Conservative Party, Bank Director Harri Holkeri.

Suominen said he wished that the Conservative Party's Parliament members would participate in the presidential debate in the Wednesday [30 September] meeting of the Party Council in Helsinki.

At the end of his speech, Ilkka Suominen assured his listeners that the bourgeois Finland deserves a bourgeois president and shall get one. If there is any doubt of this, Finland too might be undergoing a Mitterrand process, Suominen was reported to have warned his party's Parliament members.

Holkeri like Kennedy

After Suominen's speech, a general discussion followed, during which many representatives clearly raised their flags in favor of Holkeri's candidacy. It was reported that Mayor Raimo Ilaskivi, who had been suspected of being a possible rival, had declined.

There was a consensus of opinion that the presidential candidate must be political personality whose support has been measured democratically.

Also Governor Erkki Huurtamo's misgivings about Holkeri's only flaw, his young age (44) were declared unwarranted. A Parliament member pointed out that John F. Kennedy was elected president when he was even younger.

The Party Council will discuss the upcoming presidential election today. However, it will not make any decisions. The Conservative Party's presidential candidate is going to be nominated later at an extraordinary party convention.

9571
CSO: 3107/6

KRASUCKI ON SOCIALIST GOVERNMENT, UNIONS, POLICIES

Paris L'HUMANITE in French 8 Jul 81 p 5

[Report on speech by Henri Krasucki to National Confederal Committee of the CGT]

[Text] "Since 10 May," says Henri Krasucki, "things have been happening at a very rapid pace, and have resulted in a complete change in the political panorama of our country."

The new political power is in place. The general outline of its action program is know. The main point of relations between the government and the CGR [General Confederation of Labor] is established. The behavior of employers and of other unions has also been defined in relation to these changes. "We therefore have available a view that is comprehensive and concrete enough for us to dedicate ourselves to thinking the new situation out more systematically and coming up with a better definition of our attitude and our objectives."

Having the left in power, Henri Krasucki goes on, "is quite a far-reaching event, and it deserves to be greeted for what it is, for the hopes to which it gives rise and the possibilities which it makes available. It is an open door to change, even if the construction has to be done in complex conditions, the difficulties of which we are not hiding."

The presence of communist ministers in important jobs "takes on a meaning that has been emphasized, and rightly so, in France and throughout the world." Their presence in the government is "a political act which reflects a deeply altered situation." "It is natural that the CGT, which has incessantly spoken out against anticommunism as a means of creating splits and of disguising reactionary policies and class collaboration, should express its satisfaction on seeing such a long banishment brought to an end." "It is an incentive for all workers and all the left to be confident, and a strengthening element for progressing towards change."

"Having emphasized that, we are in the presence of a whole, with a socialist president of the republic, Francois Mitterand, elected by a unified majority in which the CGT played a direct role. A broad parliamentary majority of the left, to whose election we likewise made a contribution, there being within it an absolute majority of the Socialist Party. And a government with a socialist majority, with Pierre Mauroy as prime minister, and comprising, as we just pointed out, four communist ministers, including a minister of state."

"This is a completely original situation."

Yes, it is Possible to Succeed in Making the Change

The major question for the militants, for the workers, is this: "Is it possible, in these conditions, to bring about a noticeable improvement in the situation of the wage earners and to undertake successfully the change for which we are struggling?"

By way of answer Henri Krasucki analyzes the main facts of the new situation.

"We are in the presence of a popular trend in a very great force, the carrier of an immense will for change."

Employers and the Giscard power set-up would not believe us when we warned them that the situation in which the workers were being placed was unbearable and would not be tolerated. The thing that the majority of our people rejected was not the effort; it was the unemployment, the closing of firms, the injustice, the inequality, the arbitrariness.

"This popular trend very strongly expresses a will for change. But it is made up of many things. All those who want change do not see the same thing, and do not look at it the same way."

"They have very inconsistent ideas and levels of consciousness about the scope of necessary changes, about the pace of changes, and, even more, about the indispensable means that must be put into effect in order for the change to be real, lasting and responsive to a French society that is shaken up by a deep crisis, a basic crisis."

"To some extent, the majority of the people know what they do not want any more, but they do not have a common understanding about what is needed to do something else, in another way, and succeed with it."

"A second point in the situation, the government's program, is not that of the CGT." While there is a very broad area of general agreement, there are also some differences, and there can be divergent opinions.

"Third, the employers, the capital forces are still with us." The "business firm party" is the one that is negative about social progress, the party that clings to the past.

"In the fourth place, France is hand in glove in the Common Market." On this score it is subject to numerous and serious constraints. Furthermore, on the international level, there is American imperialism, and it does not appreciate what is going on in France.

"All told, it must not be overlooked that on the left, from a political and union point of view, there are forces that would be satisfied with a crisis management called 'leftist'."

The CGT must not take a hearts-and-flowers view of the situation, nor harbor any illusions either about the enemy or its union and political partners.

"Taking all these data into consideration, and remaining fully aware of the difficulties, we reply: Yes, it is possible to bring about noticeable improvements for the workers right away and in the near future in several important areas of social, economic and democratic claims."

"Yes, it is possible to get the country started along the path of change, and to succeed in terms of the workers' interests."

"Not only is there no other way to proceed, but it is possible. Even though we see all of the difficulties involved, and caution the workers against all illusions about it being easy. Nothing is going to come our way as a gift, and nothing is guaranteed beforehand."

Reasons for Realistic Optimism

Why this "positive and realistic conclusion"? Henri Karsucki summarizes: The desire for change is so great that it thrusts itself on everybody. The means for this change will also become imperative.

The government will be lead to act in keeping with its commitments. An entire complex and contradictory movement in the life of the country (economic, social, political, ideological) is getting into gear. Whatever may be the illusions and confusion that this movement may involve, the level of consciousness can mature very quickly. The CGT will contribute to that. The workers' action, life, will decide in the last resort.

Even if the international situation remains difficult with agressive American imperialism, things are still going to evolve in the direction of the forces of progress.

While all of these things may make Mr Ceyrac unhappy, they can only have the opposite effect on the militants of the CGT.

No union has done more than the CGT.

"To say that we had something to do with this new situation is to understate the facts," Henri Krasucki declares. In this regard he points out not only the direct appeal to the leftist vote, but all the struggles carried on for years which have brought the desire for change to maturity.

"We are not the ones who spoke of the depressed working class, without resources or combativity."

"We are not the ones who derided the large popular demonstrations, who talked about put-on or makeshift unionism."

"And I know some people who find fault with us now and who in those days held against us these actions which they called activism with no future."

"We are not the ones who were saying: 'The left has had it.' Nor are we the ones who signed reduction agreements and that deplorable agreement which gave a blessing to the layoffs in metallurgy."

"As for us, we were at the head of the movement. We organized these movements. To protect--often successfully--the workers' interests, and also to awaken and mobilize opinion."

"As for us, we publicly told the employers, the Giscardian power machine, that whatever they failed to do on the economical and social level, they would pay for on the political level. And that is what happened."

"Before becoming names of victories resounding among the greatest, Manufrance, Ladrecht or the right to health or Chaix were, along with many others, for long months and sometimes for years, combat flags, loud pealings of bells which awakened, stirred up opinion and brought this simple, major idea right to the top: that's enough!"

"Nobody else in the union movement has done anything comparable to that."

"I am sure that I am the faithful spokesman for the national confederation committee in congratulating on its own behalf and on behalf of this forum the hundreds of thousands of CGT militants of both sexes who freely devoted themselves all these years to organizing these actions and distributing our ideas. Sometimes it was hard, but nothing was in vain, everything served a purpose."

We shall provide support for what is good. We shall criticize everything else.

Where does the CGT stand with regard to a government which it helped to bring into being?

"If you listen to what is being said on several sides, including Edmond Maire's statements, now we are the ones who are lying in wait for the government in a corner of the woods, always ready to make the highest bid at the risk of spoiling everything because that is what would suit the Communist Party, and now we are the ones who renounce our claims to please the government and be its advocate on the grounds that it includes some communist ministers. It even happens that we get reproached for both things at the same time."

"Let's let them indulge in their idle talk. We are simply the CGT. That is what we are entirely, and that is what we intend to remain."

"We set our course on the basis of our union program, of our objectives and in terms of what our partners do."

"We want the government's experiment to be successful. The government has its program. We have ours."

"All of the good things that will be done, in the way of the workers' interests and in the way of real change, will have our support."

"We shall freely state our opinion, and we shall criticize what may seem insufficient or bad to us: that is democracy."

"We are keeping our full identity, our ideas, our objectives, our methods of action. We are not giving up anything, and most certainly not intervention by the workers."

"Our union role is to obtain the maximum social and democratic progress possible at any time for the workers."

"It is also to cause change to advance as far as possible, as we understand it."

"We want to do so with the mass of workers. We take into account, at all times, the real situation."

"Consequently what we have in mind is to be the constructive and free partners of the government of the left and of all its ministers whom we expect to have the same attitude toward us."

"We want to be a positive and stimulating force for change, putting into it our originality, our dynamism, our concern for the workers' interests, and our understanding of the responsibilities which the confidence of the majority of the wage-earners confers upon us."

"We intend to be, with the workers, the weight that supports measures for progress, and the counterweight against insufficiencies or whatever we take to be mistakes."

"Neither go-getters nor best-offer bargainers for the workers' interests. Neither accomodating nor irresponsible. Not necessarily easy-going, but cooperative and always frank and loyal. That is how we intend to be with the government of the left to defend the workers' interests well and to make a success of change."

Some Positive Aspects and Some Insufficiencies in the First Governmental Measures

The CGT has a first general outline of governmental action. Henri Krasucki provides a first evaluation of it.

The CGT notes some positive measures: increases in family allowances, in the old-age minimum, in the housing allowance, the beginning of the creation of jobs in public administration. The CGT includes in these the proposals for retirement at the age of 60 the reduction in working hours. Relations with ministers are better.

But the CGT observes insufficiencies or unfortunate measures: the SMIC [Inter-occupational Minimum Growth Wage], low salaries, retirement, are not enough. The rises in public rates are too high. There are delays: union liberties, for example. The Willot problem has not been tackled, but it is urgent to come to grips with the whole range of industrial problems.

"Our impatience does not go beyond the limits of reason; we realize that a breaking-in period is necessary. Now, on all sides, we are lined up. We must get things under way."

The new relations with the government require quite a bit of adjustment.

"What is required of all the CGT, of all our militants, is no small task: being the positive and independent, constructive and demanding interlocutor of a power of the left and its representatives is something that concerns not only the confederation management, but the entire CGT. It is necessary to learn to do it without skidding in one direction or in another, within hearing range of the workers and with their support, as in everything else that we are supposed to do.

The Employers Have Not Changed

The new context in which the class struggle is evolving does not prevent its existence.

Employers as a body pay little heed to reality, "but it would be a mistake to believe that they have given up their antisocial policy."

Henri Krasucki insists on the employers' desire to interfere with change and, if possible, to prevent it. The structures, the men for the most part, have remained in place in business firms. Hence the need for union action.

"Nothing must be expected from the top. Neither from the government nor from the parliament, even though they may be leftist, nor from just our national conversations even with a progressist power, nor from just our negotiations with the body of employers: the workers' weight must be brought to bear at all times in business firms and in all phases of the country's life. Mass union action by the workers at all levels is an indispensable condition for any progress, for obtaining each demand, for the positive carrying out of each progressist reform."

To proceed with this action workers are stronger today, and, in fact, some meaningful results have been acquired as of 10 May (Manufrance, Ladrecht, etc.).

To the first positive governmental measures must be added numerous salary increases in business firms, cancellations of lay-offs, etc.

Henri Krasucki includes in this new context the CNPF's [National Council of French Employers] change in attitude about the duration of work.

"The major communications media, however, except for "L'HUMANITE", presented the information in an inaccurate way, not hesitating to present the employers' limited backing off as a practically concluded agreement, contrary to the facts and the unequivocal statements of the CGT delegation as well as the other union delegations. The habits of the past are still very much present in the major communications media."

The fact remains that the CNPF was forced into a real backing-off, and that the possibility of a positive negotiation has opened up.

But that solution is still pretty far away. The CGT is insisting on a first stage of 38 hours a week and 35 hours for manual labor, the fifth team, the fifth weeks of leave. It is out of the question for it to accept, in the branches, the restrictive conditions and countermotions which the CNPF wants to send back to this level.

The CGT's Attitude

"Things that were considered impossible yesterday are becoming possible today. Hope is effective only when it is transformed into action to reach concrete results."

What is the nature of the workers' intervention in the new conditions?

"We do not say no to any kind of fight, including a strike whenever necessary; that is normal in democracy; the employers must have no illusions about this, nor must anybody else who would like to impede the progress that is realistic and necessary for social measures and change," Henri Krasucki replies.

Keeping the workers informed takes on the utmost importance: access to television, to radio, and more generally in business firms. Workers have a right to know what is being said about them and how the negotiations are going so that they can form an opinion. "Democracy is a goal and a means of change."

The CGT's objectives remain intact. What has changed is the situation, which provides the possibility of better making them gradually come to life.

While everything cannot be accomplished all at one time, everything that constitutes real progress, a meaningful step forward, must be acquired. We have to be concrete, accurate, adapted to the current phase of things.

Unity With the Other Unions

As for unity among unions, unity of action, "we have every reason to cultivate a clear view of things, without making anything brighter, or making anything look dark. We are available for the greatest possible unity of action among unions with any other union organization, determined to move forward with objectives relevant to the workers' interests."

It turns out, H. Krasucki says, that on the duration of work the CGT is nearer to the FO [Workers' Force] and the CFTC [French Confederation of Christian Workers] than to the CFDT [French Democratic Confederation of Labor], but on many other points, the contrary is the case.

It must be admitted, however, that for the time being the CFDT in most urgent matters is keeping demands toned down. To some extent it is pulling the government downward. Furthermore, the leaders of the CFDT are voicing threats about a rough autumn, while at the same time giving themselves something like the appearance of being the official union. If we had sounded off with just half of the decibels used by the CFDT lately, who knows what all would have been said about the CGT that wants to tear up everything."

The problems of unity of action are not any more motionless than the others.

Looking Toward the Next Congress

The last part of Henri Krasucki's report concerns questions peculiar to the CGT with the forthcoming NCC [National Confederal Committee] in October which will make preparations for the next congress.

Just because we have done a tremendous amount of work, he says, is no sign that we are excused from thinking about our faults. Gaining greater union strength remains a major problem. It is necessary to get nearer to the workers, listen to them, have discussions, so that ideas will flow from them to us, from us to them. "We need to pay particular attention to the militants of both sexes of the CGT who are not facing unusual events, unusually new ones, in conditions which necessarily raise many issues, many questions for everybody.

The democracy that is needed in the life of the country, is even more needed within the CGT. In union life, it is argument, the right to disagree, the spirit of tolerance, but it is also firmness, respect for the organization.

"It is summer now, the vacation period; all the same it is going to be a little different from the usual periods because many things are going to get started and develop during the month of July, and no doubt even during the month of August."

9498
CSO: 3100/989

THEOTOKIS DECISION CAUSES REACTION

Athens ELEVTHEROS KOSMOS in Greek 25 Sep 81 pp 1,6

[Excerpt] A great number of "National Array" [EP] adherents expressed serious reactions to party leader Sp. Theotokis' decision for the party to abstain from the 18 October elections. In fact, reactions increased when the midday newspapers--governmental and non-governmental--reported as nearly a certainty that Theotokis will be included--notably, third in line after Pan. Kanellopoulos and Kon. Papakonstandinou--on the New Democracy State Ballot which is expected to be announced today or tomorrow, at the same time abandoning his previous demands that his associates in EP be included in the coalitions of G. Rallis' party.

The most intense and acute reaction on 24 September was the statement made by Professor Nik. Devletoglou who bitterly criticized Theotokis for his action which he characterized as a "betrayal." With his statement, which is published below, Devletoglou first maintains that Theotokis, with this action and the content of his statements, has written himself off as leader of National Array. He then calls the party adherents and members of the other national organizations "to encircle in a flash the Progressive Party."

Devletoglou's Statement

The statement of Professor Nik. Devletoglou is as follows:

"Spyros Theotokis wrote himself off today with his surprising statements. Completely isolated, moreover, he was in the end turned into a politically non-existent personality. His natural environment is, therefore, New Democracy.

"After he betrayed the ideals of nationally-conscious Greeks--shamelessly deceiving the hundreds of thousands of our faction's adherents when up until a few days ago he was affirming that National Array was going into the elections as an independent party and that his coalitions throughout Greece would soon be publicized--he announced entirely contradictorily just yesterday that National Array will not participate in the elections.

"The betrayal was completed with Theotokis' simultaneous refusal to at least carry out his elementary duty to National Array adherents of making clear for whom, in the end, they will vote. What will the people do? Will they abstain from the elections by the thousands?

"Well, no. In any case, no. In the name of National Array and the hundreds of thousands of its voters and cadres who with me waged the struggle of 1977, I declare Spyros Theotokis deposed from his false title as leader and I call the entire National Array, as well as all the other national organizations without exception, to encircle in a flash and within the day the Progressive Party, accepting the leadership of Spyros Markezinis.

"I also charge to the Greek people that Spyros Theotokis' 'royalism' has until now irreparably exposed King Constantine who remains above parties. At the same time, the entire conduct of Spyros Theotokis degrades and most heavily damages the identity of the modern Greek politician."

Ion. Dragoumis

In addition, Ion. Dragoumis, who had entered into politics in 1977 with National Array in the Athens first electoral district, maintains in his 24 September statement the following:

"Theotokis deludes himself in maintaining, in order to justify the unjustifiable, that 'the present moment is not proper for criticism or assessment of responsibilities....' It is especially proper. And no genuine, sincere and firm agent of EP ideology is disposed to be partial to Theotokis and let him depart undisturbed, in days of a national crisis, for his beloved Switzerland. Theotokis who, by the most unfortunate inspiration, Stefanopoulos took in as an adjutant, is chiefly responsible for the fact that in the 1977 elections EP obtained only seven percent instead of the justly and reasonably expected 15 percent, at least. Likewise, this politician is exclusively responsible for the four-year hibernation to which he condemned EP and its adherents, leaving them as a refuge the columns of ELEVTHEROS KOSMOS and ESTIA. Furthermore, owing also to Theotokis is the repeated drain of EP members who judged his presence as most greviously inadequate and inspiring divergent feelings. He was at any rate responsible for the ludicrous negotiations with Rallis which were carried out without approval and authorization to him by either the EP leadership or its base, while he knew, or should have known, that these would end in a lamentable fiasco and terrible humiliation to EP."

Khr. Rizos and A. Andreoulakos

In addition to the above, it was made known on 24 September that included in the New Democracy coalitions are two men who entered politics with EP in 1977 in Athens, Khristos Rizos, lawyer (in the first district) and Apostolos Andreoulakos, lawyer (in Athens second district).

I. Pesmazoglou on EP

As regards the abstention of National Array, KODISO [Democratic Socialist Party] President Io. Pesmazoglou declared on 24 September the following, among other things:

"The announcement that National Array is stopping its activity and not going into the elections is the completion of the entire operation for encorporating the extreme right in ND. This development reveals that the pure-blooded rightist

character prevails in ND. At the same time, it is shown that the so-called 'expansions' to the center were a vote-soliciting ruse without a political facing.

"Just as sheltering the former EDIK [Democratic Center Union] leader in PASOK, so does sheltering National Array in ND impersonally feed the game of polarization, a game engaged in so that political blackmail on the voters to choose between the two 'duelists' is strengthened.

"Despite all these things, the indications are increasing from many sides that a great part of the people, independent of what it voted for in previous elections, is repulsing this blackmail and imprisonment in party schemes which do not express it. This is because the people firmly believe in multi-party democracy and clearly see that such methodizations are instigated by party self-interest and lead to political impasses."

9247
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MARKEZINIS STATEMENT ON PASOK DANGER CRITICIZED

Athens ELEVTHEROS KOSMOS in Greek 1 Oct 81 p 1

/Editorial/ ELEVTHEROS KOSMOS is a newspaper with principles. Otherwise, its publication against so many persecutions and adversities would be without meaning or political significance. Our readers know that our opposition to A. G. Papandreou and PASOK is a strategic opposition! It is not demagoguery when we say that PASOK wants to take Greece out of NATO and the EEC. We are not unfair when we accuse /PASOK/ of wanting to establish a totalitarian regime. If other parties and newspapers had followed our lead early enough PASOK would not have come to the gates of governmental power. On 21 June 1981, a few weeks before his death and before the date for the election was set, Savvas Kontandopoulos /founder of ELEVTHEROS KOSMOS/ stated in a front page editorial under the title, "To those who want to vote for PASOK: Gentleman, have you thought what this means to you and your children? /It means/ the following:

"Greece has come to the point of having the sad privilege, alone among its friends and allies in NATO and EEC, of worrying and facing deadly dangers for its national and democratic future. PASOK, Papandreou's 'movement,' is now seen at the gates of governmental power--not at the first line of defense, at the 13 percent of 1974, which became 25 percent 3 years later in 1977, and even more in the municipal elections of 1978. There is no reason and it makes no sense to conceal--the opposite is true--that great masses of voters have moved and continue to move over to PASOK. If the phenomenon which was seen in November 1977 in the traditionally conservative farm areas becomes more extensive and general, PASOK will have a chance to reach power, to govern the country. And then? What will happen then has not been concealed by A. G. Papandreou and his lieutenants..."

The article went on to enumerate the...promises given by PASOK: the armed forces, the security agencies, justice, public agencies, ministries, banks will be "hellenized"--by purges. A socialist constitution will be imposed. Many sectors of our economy will be "socialized" properties will be taken away, the drachma will sink... Greece will be detached from NATO and EEC--the national defense will be weakened in spite of the dangers we face on our borders while PASOK will entangle us in the Middle East crisis! The surrender of our educational system to Marxism will be completed--the boy scouts, the girl scouts, the Sunday schools, every kind of national and religious institution will be undermined. The PASOK para-state will be put together, illegal groups will become active (Papandreou interview in NOUVEL OBSERVATEUR, 1 April 1974) in exterminating their

opponents, the foes of "socialization." Finally, the National Liberation Front [EAM], the National People's Liberation Army [ELAS], the Units for the Protection of the People's Struggles [OPLA], the December revolt, the Democratic Army will be recognized as national resistance... Surely there is no exaggeration in all this. Papandreou repeats all these points in many cities--he writes them in his books which continue to circulate! Obviously, PASOK and its policy is a national danger of the first magnitude.

Sp. Markezinis, the leader of the Progressive Party, has a different opinion. He expressed it in ETHNOS, the newly published afternoon newspaper (whose financial sources are--according to a never-denied insinuation by the communist newspaper AVGI--found in Moscow).

What did Sp. Markezinis reply to this question: "Do you believe, as the New Democracy Party claims, that PASOK is a national danger?"

Sp. Markezinis: "I have no trouble telling you that I do not believe that PASOK is a national danger. If I do not agree with its policy and if I am afraid that it may fail if it tries to implement it, and if I think that it is too academic and not down-to-earth in its views, this does not give me the right to accuse it of representing a national danger."

ELEVTHEROS KOSMOS respects and honors Sp. Markezinis. His views and activities are always welcome in our columns. But it is evident that Markezinis' views on PASOK (and as of the moment this newspaper went to press there has been no denial nor any statement that the controversial paragraph of the strange interview was misquoted...) are in total conflict with the consistent, methodical argument presented by ELEVTHEROS KOSMOS and with the unshakable conviction of the nationally-minded [Greeks]. Markezinis committed a most serious political error. It would have been a proper recognition of this newspaper's [struggles] if to the question "Do you believe as the New Democracy Party claims that PASOK is a national danger" Markezinis had corrected [the interviewer]: The pioneering work in noting that PASOK is a national danger was done by ELEVTHEROS KOSMOS and the nationally-minded [Greeks]. We wish that others from the Right and Center, in spite of party differences, had awakened in time to follow them... ELEVTHEROS KOSMOS and all nationally-minded [Greeks] disagree on this point with Markezinis. Our newspaper remains unmovable and irreconcilable in its strategic opposition to PASOK.

7520
CSO: 4621/15

'RED VOTING ALLIANCE' CHAIRMAN SJUE TELLS GROUP'S STAND

Oslo KLASSEKAMPEN in Norwegian 5 Sep 81 p 10

[Interview by 'Ervingen' with Finn Sjue, RV leader]

[Text] The leader of the Red Voting Alliance [RV], Finn Sjue, is a busy man, but is presenting himself for a final interview with KLASSEKAMPEN 9 days before the election. In this interview he discusses some experiences from the election fight so far, and also gives some advice for the activists during the final stretch.

RV has a good possibility for advancement this year, but a lot will depend on methodical work in obtaining new members, he declared.

[Question] But how is it, Sjue, will RV get serious consideration in this election campaign?

[Answer] The answer is yes. Consider the economic policies of RV. It is strange how afraid prominent Norwegian Labor Party election people are for a face to face meeting with us. When RV proves that monopolies and government enjoy life better than ever, in spite of a reduction of actual pay and the closing of hospitals, then they do not know what to say. Up till now, they have attempted to avoid this awkward situation by keeping silent, together with the representatives of the Conservative Party. And it is obvious that it is difficult for the people who claim to represent the working class to explain why it is so natural that the oil companies had nine billion left over last year, while it is quite impossible to get 800 million to prevent a cut in the public health service. So use the next week to advantage, continue the chase.

[Question] But how about defense and peace policies?

[Answer] Consider what is happening regarding the question of nuclear zones. Just a few months ago, it was quite acceptable in wide circles to say that a Nordic zone should only encompass Sweden, Finland, Norway and Denmark. Everything else was "unrealistic." But my impression now is that the tendency in quite many election meetings is quite the opposite: gradually, it is considered very much insane that demands should not be made concerning Soviet nuclear weaponry, which solely and directly is aimed at our country, should be subjected to international inspection in such a zone.

RV for the Neutron?

[Question] But we have learned from various quarters that RV actually supports the neutron weapon?

[Answer] This is, of course, not a pleasant thought? Quite true. I have experienced the same. One example: I was in the eastern section of Oslo a couple of weeks ago when a young girl approached me, saying: "Your party represents many good things. But I fail to understand why you support the neutron weapon." I have to admit that my first reply was: "What was that again?" The girl explained that China is supporting the decision of the United States to produce the neutron bomb. Past sins seemed to be new ones, thnaks to the middle class news media. I then explained our real position. Told her about our initiative to press for a protest across politics. "Do you really mean that?" she asked. "I have to go over to my parents and inform them. They believed the same as I did." Is there any better way to show how important it is to reach out to people--direct and personal--or via radio and T.V.--to break down prejudice against our politics?"

[Question] But do people believe what we are saying about the neutron weapon and our position? Is not there an idea lurking in the back of the mind that RV in reality means something different--because of China, etc?

[Answer] No, my impression is that most people accept what we are saying. I am not talking about hateful NKP [Norwegian Communist Party] shop stewards or scorched executives of the Progressive Party. According to my experience, people like it when we tell them straight out that in this question we believe China to be wrong. Yes, that we are looking forward to presenting our view at the first opportunity when we are to meet the representatives of the Communist Party of China."

[Question] In regard to peace work, it has often been said that anti-imperialistic solidarity has no connection with peace work. Is this an idea which will prevail in the election campaign?

[Answer] Both yes and no. In areas where NKP is not contradicted, and where they say that the NKP is for peace in the entire world and has always advocated peace, such an idea will grow. In such a situation, NKP gets a unique opportunity to prove itself respectable by means of the peace movement and the sincere wish for peace by the people.

But luckily, I am under the impression that this narrow European chauvinism--that war danger solely is a question for us living in Europe--is now under opposition fire, continued Sjue.

The idea that when only we in Europe enjoy peace, then it is not so important. How the people in Afghanistan or El Salvador are doing--this idea is a reactionary outgrowth in the political life in Norway. Our reply until 14 September must be to the contrary, as follows: Mix international solidarity into the election campaign and abolish such European self righteousness, which Moscow none the least is making demands on."

The World and the Election Campaign

[Question] You are getting hot when talking about international solidarity. But what has happened to it in the Norwegian election battle?

[Answer] You may well pose this question. I believe that we in RV could have shown a better face. Although, I believe it typical that RV stands above in regard to two questions which very much concern the third world's fight: we have challenged the political parties to endorse a demand for government support of 25 million directly to the Afghan resistance movement. And we are using our strength and time to unmask the plan to make Norway into a forceful, imperial power. I have not seen, so far, that anyone has dared to defend the dream of bank president Tor Moursund, of a capital export of 600 billions between 1985 and 1995--which means imperialistic capital investment in Brazil, Malaysia and Mexico, which would amount to from 10 to 12 national budgets of this country.

[Question] In view of the fact that you are strongly advocating international solidarity 9 days prior to the election campaign, does this mean that you believe the main issue in RV's election fight to be wrong?

[Answer] No, by no means. Let us continue our economic policies. Let us strongly underline our position as part of the protest movement on jobs. Let us continue the fight for a decent defense and peace policy. What I want to underline is the fact that we--before and after 14 September--are strongly for international solidarity and strongly opposed to narrow, self righteous chauvinism."

Election Fight for Immigrants

[Answer] One example: Oslo RV has produced the first election folder in Norwegian history--in four languages: Urdu, Turkish, Arabic and English. The right to vote in parliamentary elections is demanded after 2 years, as well as abolishing the racist immigration quota and to support Afghanistan. I am saying it like it is, I am really proud that Oslo RV in practice is fighting for blacks and whites to stand together, and that this solidarity be put in the foreground, without keeping an eye to the number of votes in any relationship."

Conslusion: RV is entirely good--the others no good?" "No, we or the others do not have to present RV as a sort of a new "Latter Day Saints Party," which will only renounce its own glory. Not at all! My point is that RV will not adopt the policies in an opportunistic manner before 14 September, but maintain fundamental and important strategic questions, before as well as after 14 September. That will also underline our assertion that RV in reality is the only opposition in this election. I want to emphasize that many, as well as election workers in other parties, share our view. But on the top level this is not being expressed among those parties.

[Question] You mentioned how important it is to firmly maintain long-range strategic views. How about revolution and socialism in the middle of the election fight? Will these questions drown?

[Answer] My impression is mixed. The people of RV make a great and often admirable effort around the country. Yes, that is my opinion. The red banner is sometimes flying high and lively; at other times it is hanging somewhat limp on the pole. I believe it would be better if we worked harder to prove that capitalism is stinking, that socialism is needed, and that a revolution is necessary--that the working class cannot obtain the state power in a peaceful manner by going through parliament."

[Question] But have you not also encountered the following dialogue: "I agree with you in many things, especially what concerns the economy, but the talk about revolution, that is too hard for me to swallow."

[Answer] Yes, of course, but it is a fine starting point in the discussion! My experience tells me that people like discussions, spiced with a little powder and perspective. Are people scared to support our policies on other issues? Not at all. One example!

How in the world will it be possible to solve the great unemployment, also among juveniles, in this country under capitalism? We will fight to support the juvenile struggle for better living conditions here and now. But how will these questions be solved under the capitalistic economy? I learn that such discussions are of great benefit.

The Protest Movement

[Question] To cast a vote according to conviction is consequently good. But to cast a vote for RV, because of support for parts of the RV policies, should not be scorned?

[Answer] No, not at all. Quite the contrary. The protest movements at work sites show that many organized workers are willing to give RV a chance this year, even if they do not see eye to eye with the policies of RV in many respects, not to mention that they are familiar with those policies. I believe also that such a tendency can be found in other parts of the country and there also is a tendency among youths where we have done certain work. To emphasize, RV was part of the protest movement at the work sites, against the economic policies of the Labor Party and the Conservative and so on--this will be extremely important in the final week. But this is not against recruiting votes, based on a broad, political foundation. And do not believe that among the protesters at the work sites, there is not a considerable inclination for insurrection and revolution.

[Question] Many are mad at the Conservatives and the Labor Party, but in spite of this, believe that they for tactical reasons must save the Labor government. But when the Labor Party battle now probably is lost, should not this fact make it easier for some?

[Answer] We must nonetheless hold on to the issue that neither the Conservatives nor the Labor Party would be an alternative for the working class. Of course, there is a difference between the Conservatives and the Labor Party. I should say so. The historical background of the parties tell us, of course, that they are playing different parts today. But these parts are not similar when it comes to exerting dictatorship on the citizenry. The Conservatives will go further in the direction of running Norway like a "store." The Conservatives will lower the investment tax even faster than Labor, and so on, and so on. Nuances are to be found--some important differences are also to be found. But in the big important questions for working people, the two great parties stand mainly for the same. This we must hold on to, because it is true. Therefore we should argue against there being a tactical reason to "save the Labor government"--whether it has a chance to win or lose the election."

Life after 14 September

Some Pauline words in conclusion? Not so many. I believe the RV activists around the country are carrying on a good election fight and they know what should be done. If I should throw in a few words in conclusion, it would have to be the following:

Stick to our main issues.

Combine impartiality with brazen agitation.

Do not let SV [Socialist Left Party] exist in peace--they who increasingly maintain that they shall be a supporting party for Labor and who are hoping that the peace movement will give them "7 fat years"--in a manner expressed by leading representatives.

Attack the reactionary Progressive Party where you may find it--isolate this cancerous tumor from Norwegian politics.

Do not forget the youth struggle--nor the womens' fight.

And emphasize thoroughly to show RV as a part of the protest movement at the work sites, the possibilities are there for good advancement but remember that the consistent recruiting work in obtaining votes which will secure those votes.

Let us remember that there will be no time after 14 September.

Let the may new friends of RV receive a good reception for further cooperation!

9657
CSO: 3108/188

WILLOCH DISCUSSES CONSERVATIVE FOREIGN POLICY, 'ZONE'

Oslo AFTENPOSTEN in Norwegian 14 Sep 81 p 2

[Text] Security, reduced tensions and peace are the main concerns. To obtain this, the countries in NATO must stand together. All resistance towards the Western powers maintaining a trustworthy defense can lead to a decisive Soviet superiority. It could lead to Soviet advances and could result in a worldwide catastrophe everybody wants to avoid. The Western powers must have forces which can measure up to the Soviets. In this manner, peace will be maintained. But the West must also be willing to reduce their forces, as soon as the Soviet Union is willing to do the same.

A zone, free of nuclear weapons in the Nordic area, can only be of real meaning as part of an agreement between the atomic powers, and only if the Soviet Union will make contributions which will limit their capabilities to attack us with nuclear weapons. The number and destructive powers of the Soviet arsenal must be reduced. This can only be obtained by a coalition of NATO powers. Because of this, we must not weaken the combined NATO negotiating powers by single advances which may bungle a combined NATO approach.

It is dangerous to conduct a vague policy of security. It may impair the confidence among the allies and thus undermine the ability of NATO to obtain reduction in armament and prevention of war. The foreign minister has stated the following in regard to nuclear weapons--free zones: "One has deliberately tried to avoid being concrete." The Conservative Party will discuss security policy initiatives with out allies in advance, which may affect the security of the West. And we will restore the old custom of the government debating important problems of foreign policies in confidence among the parties in Norway, before approaching the outside world.

The central goal for Norwegian development would be: work for all.

Defense for the welfare state.

The Conservative Party will conduct a policy designed to obtain a stronger competitiveness and with greater production, which means greater national income. This is necessary in order to provide means to solve both social and other tasks in a satisfactory manner.

Our demands with more emphasis on factual knowledge in teaching, has close relations to our desire for a productive society. Our positive stand in relation to usage of

new technology is another important side of this matter. The same concerns our work to remove unnecessary restrictions and government intervention. Our policy in the work for improved business democracy is geared to the demand of securing efficiency. Less inflation is a condition for a satisfactory gain of productivity. And it is about time to adopt a tax policy which is more friendly towards production.

We will continue the sober line during budget discussions, where each year, we have pointed out possibilities to save billions. We will not plan longer vacations at this time. We do not support irresponsible talks about shorter work hours and earlier retirement for everyone, and the spending of billions before sober measures at Mongstad. Development aid must be increased, but we cannot manage such a speedy action as promised by the other parties.

Our sober line will provide for the tax reductions we propose and will contribute to a stronger, economical growth. Taxes will be estimated in proportion to greater incomes and this will cause greater tax reductions gradually, so that we can carry out our goal for lower income taxes and improved conditions for a greater production. If nothing is done about taxes, the necessary growth will not materialize. And thus, in a few years, there will be more public jobs than at present which we will not be able to solve satisfactorily. Bjartmar Gjerde is right when he says that "oil...has saved us from a crisis similar to the one in Denmark." Even if we would increase growth in another production, "oil for the entire nation" is also a condition that we shall be able to deal with the tasks of the future in a satisfactory manner.

The Labor Party is giving too great of a privilege to Statoil. Great privileges result often in less efficiency, which means less profit for the nation in the long run, compared to what could otherwise be obtained.

The Conservative Party will reap full benefits from Statoil. But the Conservatives will also provide greater opportunities for all Norwegian oil companies. This will provide a healthier competition and increased efficiency in the entire industry. In this manner, the revenue for Norway will be greater.

To build solid democracies was never successful without due consideration of the rights of the owner. The Conservatives will extend ownership rights for the greater benefit of more people:

We will extend housing co-operative ownership. We will strengthen the inheritance law and property rights by altering the laws which regulate the right to use natural resources. We will offer better conditions for voluntary savings. We will work to make it possible for more people to share in industry ownership and preserve the real ownership in private industries. We will strengthen co-operation and democracy in the indsutries and where people live.

For Conservatives, growth in itself is never a goal, but the means of establishing a foundation for a higher standard of living for as many people as possible. The living standard is at the same time dependent on respect for all kinds of qualification, knowledge and willingness to contribute and of cultural difference.

The stand in relation to cultural independence is justified by the Conservative Party demands for cancelation of sale rights for NRK in order to gain more independence in radio and television, to gain respect for private schools as a variation of the school system and greater autonomy for the church.

It is a weakness in our democracy that we still maintain an electoral system which can give socialistic majority in the Storting, even when the three nonsocialist parties obtain an undisputed majority note from the people. The Labor Party has prevented by itself a better election law. There is a simple solution in responding to this undemocratic stand of the Labor Party. That would be to cast a vote for one of the three nonsocialist parties, which, in spite of an unfair electoral system, could result in a nonsocialist majority in the Storting and thus a vigorous, bourgeois government.

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CALVO SOTELO, SUAREZ ATTEMPT TO RECONCILE FOR SAKE OF UCD

Madrid EL PAIS in Spanish 24 Sep 81 p 11

[Text] "The experience of a man who was president of the Spanish Government for 5 years is infinitely valuable." This statement by President Leopold Calvo Sotelo to the EFE agency, after the meeting which he had yesterday with his predecessor, Adolfo Suarez, in the Moncloa, is being interpreted in political circles as an indication of a reconciliation agreement in the Democratic Center Union [UCD]. Calvo Sotelo stated that the meeting with Suarez had been completely satisfactory, "at least as far as I am concerned, because today we finally had sufficient time to talk comfortably." "Suarez and I," the president added, "see each other very often, and we discuss many subjects. We are better friends than some people think, or what they say. In our meetings we talk of what is going on, and of what will probably happen. Since the question of reshuffling the cabinet is neither a real or a probable fact, we have not talked about that."

Adolfo Suarez, accosted by journalists in the corridors of the Congress of Deputies yesterday afternoon, specified when referring to his meeting with President Calvo Sotelo that "this is not the first time, nor will it be the last; it is just one of the many times we have met, the natural consequence of the experience which I acquired during almost 5 years in the government. Calvo Sotelo understands that it is logical to find out what my opinion is on some topics. I give him my loyal opinion on the matters which he brings up, and later he makes his decisions freely, as he finds it appropriate."

Suarez: This Government Must Last Until 1983

"I believe that the Calvo Sotelo government has to last until 1983," former President Suarez also declared, and he added "it must continue for the good of the Spanish people, and I believe that we who have the responsibility of supporting the government must do everything possible so that this will take place." Later he denied that there was a movement to "pen up Calvo Sotelo" within the UCD; and on the subject of independents joining the government, he asserted that the UCD has sufficient cadres to supply any government. With regard to the specific subjects he discussed with Calvo Sotelo, Suarez limited himself to saying that the president has wanted to know his opinion on different questions of national and international policy.

The former president added that he did not believe a Suarist sector existed within the UCD; and joking with the reporters he said: "I am not a Suarist. I get along with Mr Suarez very well--I am one of the few persons who do--but I don't think he is important enough to devote all my activity to him. There are more important matters."

On the subject of the tensions and factions within the UCD, he said that there are sectors of the party which favor a UCD originating in the congresses, deep-rooted in Christian humanism, with an objective for change from a reformist, progressive and inter-class perspective. In contrast, others favor a turn to the right. The centrist UCD has won two general elections and some municipal ones, Suarez stressed, and "it must keep following that road."

Finally, Adolfo Suarez stated that the majority of the internal problems of the UCD can be attributed to appraisals which are being made from outside the party; and he pointed out the advisability of acting calmly. "On the outside they say that the UCD has betrayed the people who voted for it, but that assertion is refuted by data from the latest FOESSA polls."

Convocation of Executive Board

The Calvo Sotelo-Suarez meeting, the one held on Tuesday by the former president with Agustin Rodriguez Sahagun, and those that the latter has had with the president of the Congress of Deputies, Landelino Lavilla, have been going on on the eve of the meeting of the Executive Committee of the UCD, slated to open officially at 11:30 tomorrow, Friday.

The agenda has still not been made public, but EFE, quoting centrist sources, asserts that President Rodriguez Sahagun will bring up for debate and approval the seven-point integration document which, if appropriate, will be examined by the Political Council set for this 28 of September. The document was previously signed by Leopoldo Calvo Sotelo, Adolfo Suarez, Agustin Rodriguez Sahagun, Rafael Calvo Ortega, Fernando Abril, Rodolfo Martin Villa, Pio Cabanillas, Francisco Fernandez Ordonez, Rafael Arias Salgado and Ignacio Camunas. The other two members of the so-called committee of the 12, Oscar Alzaga, chief supporter of the Moderate Platform, and Landelino Lavilla, leader of the critical movement prior to the Palma congress, have not signed it.

The basic compromise being proposed is for the UCD to run as such in the elections, with a combination program drawn up by a representative committee and with some candidates' slots filled by party members. Also it restates the obligation of all UCD members to publicly support the party and the government, and to deal with internal conflicts inside the centrist bodies themselves, especially if they are of a type that are apt to damage its image.

The Executive Committee will also handle the new national rules of discipline. Regarding that subject, Europa Press yesterday reported the definitive dismissal in the UCD of the deputy from Salamanca, Jesus Esperabe de Arteaga, subjected to proceedings for various statements. In a letter to the president of the government, Esperabe declared that he would remain inside the parliamentary group as long as Leopoldo Calvo Sotelo remained in his post. That decision prevented

the UCD from losing its majority in the committees of the Congress of Deputies.

Political observers are taking special note of the new tone being used by President Calvo Sotelo when referring to his predecessor, whom the new tenants of Moncloa on their arrival used to refer to with ironic comments. From this they deduce that the completion of an agreement to patch up the UCD could be next. And that is the first step toward the future remodelling of the government, which will not take place until after the Galicia elections, which are slated for 20 October.

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LO CONGRESS STRESSES NOTE OF MODERATION

Oslo AFTENPOSTEN in Norwegian 24 Sep 81 p 9

[Report by AFTENPOSTEN correspondent Morten Fyhn]

> [Text] Stockholm 23 Sep--In spite of harsh words against the non-socialist government's policy, it is still moderation that has characterized the Swedish LO [Federation of Trade Unions] congress thus far.

The leadership has issued several appeals to industry to cooperate with the trade union movement to restore Sweden's tottering economy. Thursday the controversial question of wage-earner funds will come before the congress, and it is expected that the LO will stand firm on its demand that such funds be established. This will be the LO's compensation for refraining from extreme wage demands and for going along with business's getting a chance for increased earnings that will be used for investments and to safeguard jobs. The LO's newly elected vice president, Stig Malm, made himself spokesman yesterday for cooperation along these lines. Malm is the LO's new star and is expected to take over from Gunnar Nilsson as LO chairman when the latter retires some day, a thing that will not happen at this congress.

The Swedish LO holds a congress every fifth year. This year's is thus the first in the memory of man that has been held while a non-socialist government is in power. This has not failed to set its stamp on the 300 participants in the congress, who are splendidly unanimous in thinking that everything has gone wrong in Sweden since 1976. But at the same time it has been said outright in leading LO quarters that no miracles are to be expected in the Swedish economy after a possible Social Democratic victory in next year's elections.

Both Gunnar Nilsson and Stig Malm have sent out signals to industry during the congress about their willingness to cooperate. So has former finance minister Gunnar Sträng: "Crawl out of the trenches and let us discuss the employees' influence on the economy and take away the blinders that darken our vision," was Sträng's appeal at the opening of the congress last Saturday.

The message was clear: the Social Democrats are not interested in too intense a confrontation on the workers' funds, which industry's foremost spokesmen insist are a direct danger to the Swedish market economy.

The LO congress thus far has not made any unexpected decisions of importance. The LO leadership has had the congress under control with a firm hand the whole time, and has the power to ward off all proposals that could threaten the leadership's authority. There has been no lack of criticism against this authority at the congress, either. A proposal to expand the leadership so that all unions would be represented, however, was definitely rejected by the majority of the congress.

A proposal to insert the words "socialism" and "equality" in the LO's "aims" paragraph was also voted down. The majority of the congress was in agreement with the leadership to the effect that the present formulation that the LO will work for a society based on political, social, and economic democracy is adequate.

The wage policy has occupied a central position, and a sort of new wage philosophy has been adopted. The LO continues to stick to its unified wage policy. But it now wants to draw state and municipal employees into the wage system. Through their union TCO [Central Organization of Salaried Employees, National Government Civil Servants Section], the government employees have also pursued an equalizing pay policy, but there is disagreement between the workers and the salaried employees on the basis and conditions of the unified pay policy. To solve these problems, the LO wants to have a joint wage statistics that equates certain degrees of difficulty in different types of work. To ensure a unified wage policy for the whole job market, the LO also wants to have a coordinating agreement.

The attitude of moderation at the congress also finds expression in the decision not to demand a 6-hour workday for all until there is a basis for it in the Swedish economy. Nor are longer vacations on the LO's list of demands. The national organization has also said no to a proposal to prohibit entirely the employers' resort to lockouts. Instead it was decided to study how the right to use the lockout can be restricted. Neither did the LO want to have a general prohibition of the employers' giving notice to people in so-called wildcat strikes. On the other hand, it does want to have a ban on leaves without pay.

The question of the introduction of new technology was also under discussion at the congress, and some wanted to have a veto right for the employees introduced. The majority went against that. Stig Malm put it this way: "We must take a positive basic view of the advantages that technology can give us."

8815
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BRIEFS

ENVIRONMENT PARTY FORMED--Stockholm 20 Sep [81]--A new political party saw the light of day in Sweden last week end. It is called the Environment Party, and presents itself as a sort of green alternative to the established parties. The founding took place exactly a year after the Riksdag elections, and the new party's aim, reasonably enough, is to exceed the 4-percent limit for getting a seat in the Riksdag. Some opinion polls indicate that this goal may not necessarily be unrealistic. The Environment Party goes in for a decentralized society in which physical and mental health and the balance in nature mean more than material growth, as it is called. The party also rejects excessively detailed regulation, and will instead rely on the individual's initiative and personal responsibility. The not quite completed party platform also speaks warmly of global solidarity, of the need for peace and disarmament, national self-determination, and increased Nordic cooperation. Not unexpectedly, the Environment Party--which hopes to attract those who opposed nuclear power in the plebiscite --supports alternative sources of energy. The party is opposed not only to nuclear power, but also to Swedish uranium mining. The party will also work against concentration of power in Swedish and international companies. The former Liberal Party politician Per Gahrton is among the initiators of the Environment Party, but he will not be its first chairman, since the party will have no central leadership. [AFTENPOSTEN correspondent Morten Fyhn] [Text] [Oslo AFTENPOSTEN in Norwegian 21 Sep 81 p 8] 8815

CSO: 3108/1

NORWAY'S FORCES CHIEF FOR NORTH FEARS SWEDISH WEAKENING

Stockholm SVENSKA DAGBLADET in Swedish 4 Sep 81 p 4

[Article by Ingmar Lindmarker "Swedish Weakening Disturbs Norwegian General"]

[Text] Kirkenes--The Armed Forces Commander for Northern Norway, Lieutenant General Tonne Huitfeldt, has told SVENSKA DAGBLADET that the Norwegians earnestly want the Swedes to take appropriate steps and give proper signals, to that the overall defensive power of the northern Swedish region will not be reduced.

He made that statement in little Kirkenes, which is NATO's last outpost against the Soviet Union in the north. Huitfeldt was there on a final inspection trip before taking over an important position in NATO Headquarters in Brussels in the fall.

"The Swedish defense resolution for 1982 can be critical," Huitfeldt said, demonstrating obvious concern that a change in the level of Swedish defense efforts might increase the temptation for the Russians to march against Norway through Sweden if a critical situation arose.

"Although the Swedish Parliamentary Defense Committee has recommended that the defense of upper Norrland should be given priority, it can become an urgent matter if there are cutbacks in other locations--and in the Swedish Air Force. Looking at the overall picture, that could weaken the preventive capability of the Swedish armed forces in the north, too, and that could reduce the Swedish ability to oppose the Soviet use of your air space," Tonne Huitfeldt said.

Carry Weight

Gerneral Huitfeldt expressed similar ideas before the Swedish Defense Committee this summer. His words carry weight since he is the central strategist in planning the defense of Norway's part of the Northern Cap.

As he guides SVENSKA DAGBLADET's correspondent along the nearly 20-mile-long border, he stresses the common features of Norwegian and Swedish defense in the north. The Iron Curtain is closed there, except for a trickle of tourists from the West and, on the Soviet side, it is encumbered with guard towers and prohibited areas empty of people which are primarily intended to prevent the Russians from leaving their own country.

Perhaps the most powerful military concentration in the world is located on the Kola Peninsula, a few miles inside Soviet territory. It is the system of bases around

Murmansk, which has increased the tension around the Northern Cap.

Attack in the North

"There is no doubt that Swedish defense policy and the strength of the Swedish armed forces have been significantly advantageous for us," Tonne Huitfeldt says. "Ever since 1949, we have been able to count on a secure border to the east as a result of Swedish foreign policy and defense policy. That has made it possible for us to concentrate our defense against what we consider to be the greatest threat —an attack in the north.

"Put more concretely, the strength and potential of the Swedish armed forces have made it less probable that the Russians would try to use Swedish territory to reach targets on the Norwegian coast. That holds true for both the Narvik-Ofoten area and the Fauske-Bodo region.

"And if the Soviet Union were to find it desirable to gain admission through Swedish territory, it would call for a significantly greater concentration of forces. That amounts to an important contribution to the combined deterrent effect in the north.

Free Passage

According to Huitfeldt, the Swedish defensive capability can have a deterrent effect where Finland is concerned. However, he expresses himself more cautiously than other Norwegian military individuals and politicians who have talked about a military vacuum in northern Finland with free passage for the Red Army.

"Although Swedish territory does not actually have to be touched, the Russians cannot know anything definite about Swedish reactions ahead of time," Huitfeldt says. "And if they nevertheless decide to take the risk which the use of Finnish territory implies, they would have to see to it that their flank on the Swedish side was sufficiently secured. "Consequently, the total forces that would be required would be increased, and that would mean that it would be harder to carry out an attack in the north, and therefore such an attack would be less probable.

In the conversation, the Armed Forces Commander for Northern Norway also touched on the subject of the international Kiruna-Narvik highway. It is expected to be finished on the Swedish side next year and on the Norwegian side by 1985 at the latest, but while the Swedish military have expressed misgivings about the highway from the point of view of security, the Norwegians have kept their opinions to themselves so far.

"However, the existence of that highway can entail a greater risk that Swedish territory would be used in a conflict on the Northern Cap," General Huitfeldt now says to SVENSKA DAGBLADET.

"In any case, the road, in itself, represents an increased temptation in connection with a Soviet attack against northern Norway, since an attack along the highway could cut off overland communication from the south with the critical Tromso region.

"Norway's farthest-north forces of any significance are grouped on a level with Tromso," he said. "We Norwegians try to maintain a so-called 'low-voltage' policy

toward the Soviet Union by practically demilitarizing Finnmark and forbidding NATO maneuvers there, among other things.

"The power of that temptation is determined by Sweden's willingness and ability to defend the northern part of the country," Huitfeldt adds.

The general calls attention to the Norwegians' efforts to make defense in the north credible and give it a deterrent force: prestockage of heavy materiel for forces from southern Norway, the grouping of air forces from the south, realistic maneuvers and expansion of the country's airbase capacity.

"We are eager that no changes should take place in the Swedish defense program which would tend to reduce its contribution to stability and deterrence in the north," General Huitfeldt said.

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ARMED FORCES COMMANDER URGES GREATER BUDGET EFFORT

Stockholm SVENSKA DAGBLADET in Swedish 3 Sep 81 p 3

[Article by General Lennart Ljung, the Commander of the Swedish Armed Forces: "An Entirely Different Situation"]

[Text] This fall, a number of proposals will be presented which will be of unusually great importance for the development of the Swedish defense forces. I recently presented a defense program plan for the next 5 years. In the middle of September, the final proposal on peacetime organization is to be put forward, and recommendations on questions concerning aircraft are to be presented at the beginning of October. Finally, there will be the Defense Committee's report, probably in December, at the latest.

It has been hinted that we in the military are trying to put off until later the dates when the Armed Forces Commander's proposals are due, in order thus to postpone by a year making a decision on defense. That is entirely wrong. The insignificant shifts which have taken place in the schedule were caused by technical circumstances connected with the preparation of the reports.

Material Improvements

The defense program plan I submitted to the government is based on earlier studies of the future of the defense forces, and particularly the so-called Armed Forces Commander 80, on which the entire military leadership was in agreement. Agreement also prevails regarding the parts of the defense program plan which now have been submitted.

That plan is to constitute one of the documents on which next year's defense resolution will be based--a resolution which is going to have far-reaching consequences where shaping the defense program is concerned, even in other respects than peacetime organization and questions concerning aircraft, which are dealt with separately. In particular, the defense resolution will make it clear whether our defense strength is to increase or decrease in the future.

On the economic level specified by the government, it has been possible to include insignificant material improvements of our wartime organization in the planning. That applies to all three branches of the armed forces. They help to reduce the gap between our own defensive power and military developments in the world around us.

However, the cutting down of our wartime organization during the 1970's was so extensive that there still are considerable shortages which cannot be made up within the economic limitations imposed by the government's planning. Thus, among other things, reduction of the number of most highly qualified formations is continuing.

An Entirely Different Situation

That negative development must be evaluated against the background of the unusually disturbing security-policy situation in the world around us. It is probable that scarcely any evaluator of the situation would be willing at present, to exclude the possibility of crises or conflicts--even of a military nature--which can have a direct and momentous effect on our own situation during the 1980's.

When the government authorities made the defense decisions which caused a reduced Swedish defensive power in the 1970's, that was done in the hope of improved developments in regard to security policy. "The committee's proposal implies that certain concessions will be made on the question of operational forces over the short term. From the point of view of security policy, the risks connected with this are not greater than can be accepted."

That is what the defense committee wrote in 1972, when great results were expected from the policy of detente. The meaning of what the committee was saying is quite simple--that they thought that defense strength could be permitted to decline for the time being, since they assumed that the world was changing its course and moving in the direction of peace. Thus, defense capability in relation to the rest of the world was reduced--deliberately--during the 1970's.

Now the situation is entirely different. Optimism over detente has been changed into the opposite of optimism. The temporary decline in defense strength has been going on for 10 years. There is every reason to investigate in dead earnest whether continued risk-taking really is appropriate where security policy is concerned under the existing conditions.

Extensive Rationalization

In addition to preparing the planned alternative, which is in accordance with current expenditures for defense, the government has also asked me to look into the consequences of a financial arrangement for military defense which would either be increased by 400 million kronor a year or reduced by a like amount.

An increase would naturally result in greater defense strength. The number of qualified units could be made somewhat larger than when operating on the economic level where the government now finds itself, combat units could be provided with more materiel and training could be improved. In my opinion, such an improved defensive capability is motivated by developments in the area of security policy to a great extent.

Increased expenditures for defense would place heavier demands on the country's economy. Those demands have to be seen against the background of the threat to our national freedom to which the armed forces must be able to respond and the

contribution to stability and peace in the world in which we live which a reasonably strong Swedish defense program can provide.

Attention should also be called to the fact that the armed forces, like no other element of the public administration apparatus, has already carried out a very extensive program of self-rationalization. In 10 years, the number of employees has declined by about 6,000. During the period from 1963 through 1977, defense was the only area of government activity where the volume of financial support declined (by 6 percent). Other areas of heavy public expenditure increased by from 80 to 240 percent during the same period.

Necessary Discontinuations

The question of just how the money is to be spent in the area of national defense by comparison with other areas continues to exist. Specifically, carrying out the defense program plan involves new and extensive rationalization, the discontinuation of units, sharply reduced staffs and administrative organizations, and a considerable lowering of personal ambitions in many cases. I anticipate that we will be able to save on the order of 7 billion kronor in that way during the next 10-year period. When the time comes to make a decision regarding the future development of our defensive forces, there will be good reason to bear in mind the economies which have already been accomplished.

The government has presented a method of planning the financing of the defense program which provides for the setting aside of very limited financial reserves for the five years under consideration. Therefore, planning will depend, to an extraordinarily great extent, upon having a correct system for compensating for wage and price increases. If such a system is not introduced and if, on the whole, the expected economies in the peacetime organization cannot be carried out, large parts of the planned program will be endangered. Consequently, one condition for accomplishing economies will be that quite big reductions will be made in the peacetime organization. The making of such reductions is also motivated by the fact that the number of draftees will drop off sharply over the long term.

Looking at the situation as a whole, it can be a question of discontinuing or transferring from 6 to 8 rather large units. That is a very painful procedure, and chiefly for the personnel concerned. Furthermore, it entails disadvantages in some cases where questions of security within limited areas in regard to mobilization are involved, for example.

Nevertheless, I have regarded taking those steps as entirely necessary. The alternative is to reduce our wartime organization, or its quality, drastically--thereby also reducing our defensive power.

Consequently, we are very deliberately concentrating on our wartime units. It is the surrounding world's perception of their strength which determines whether our defense forces will be able to carry out their primary mission--that of keeping Sweden out of a war. And by that I mean even a war involving nuclear weapons, if such a war were to break out in Europe in spite of all the extraordinarily strong restraining factors which exist.

If our defense program causes a great-power bloc not to attack us during the initial, conventional phase of a military conflict, the chances should also be good that we would not be directly exposed to a possible nuclear continuation of it. Thus, a conventional defense program can even contribute to keeping us out of a war in which nuclear weapons are employed. Consequently, our wartime units should be better equipped with the materiel they require, and they should have more well-trained people. Our readiness should be kept up by a larger number of units which are immediately usable in peacetime, among other things, by an improved readiness for mobilization, by an increased ability to transfer units to and from various parts of the country and by rehearsal-type training which makes the units capable of performing their most important missions immediately after mobilization. The price which must be paid for these improvements is, among other things, cutting back the peacetime organization.

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ARMED FORCES COMMANDER SUBMITS NEW MATERIEL PROPOSAL

Stockholm SVENSKA DAGBLADET in Swedish 3 Sep 81 p 5

[Article by Erik Liden: "Armed Forces Commander Asks for More Money"]

[Text] Armed Forces Commander Lennart Ljung wants to increase the national defense appropriation by 400 million kronor a year, starting next year. In his defense program proposal, submitted to assist the government in deciding on its definitive defense program, he is critical of the Defense Committee's interpretation of international developments.

When General Ljung submitted his 5-year defense program plan, which constitutes the military defense program's financial and organizational basis for the Defense Committee's report in December, to the government on Wednesday, he specifically emphasized the fact that the tense international situation requires increased concentration on defense. According to the Armed Forces Commander, the Defense Committee had not drawn the logical conclusions from its own view of international developments, Sweden's security policy and the shaping of the defense program when it proposed an unaltered appropriation for defense--that is, approximately 17 billion kronor annually.

Since 1960, the defense appropriation has diminished in real terms and in proportion to other government expenditures. That took place against the background of an anticipated disarmament process druing a period dominated by a policy of detente. The general stresses the fact that those expectations were not fulfilled and that, instead, developments in the world around us have moved in precisely the opposite direction.

No Rehearsal Maneuvers

During the last 5 years, from 30 to 50 percent of all refresher maneuvers have been suspended. According to General Ljung, that cannot be allowed to continue. He now wants to call in more than 100,000 draftees to serve in maneuvers of wartime units every year until 1987.

The general also wants to strengthen the wartime organization--that is, he wants to buy more modern materiel for infantry brigades, the Navy and Air Force divisions. He wants to put a stop to the decline in the number of qualified units which went on all during the 1970's.

The armed forces lost 6,000 people during that period. Personnel reductions and dissolving of regiments, etc., are continuing, and at an accelerated rate of speed in some cases, to obtain extra money for the purpose of making purchases from the defense industry.

New Weapons

In the Armed Forces Commander's five-year plan, the Army will have increased mobility and firepower. A Norrland brigade, an infantry brigade and a mechanized brigade will also be organized. The automatic carbine and the sub-machine gun will be replaced by a new firearm. All tanks will be modernized. A light antitank missile will be purchased. New helicopters, as well as a new light combat vehicle, will be provided. New air defense systems will be developed. Floating bridges will be bought to increase mobility. In the Navy, the number of ships will be increased and amphibious battalions will be organized. Sea-target missiles will be purchased from Swedish industry! Missile boats will be produced. Type A 17 submarines will be procured, so that 13 submarines will be operational during the 1990's as opposed to 12 at present. A light coastal missile will be purchased. New mine-clearing ships will be produced at the Karlskronavarv. Older torpedo boats, submarines and mine-layers will be scrapped.

The Armed Forces Commander wants to strengthen the fighter command. Therefore, Air Force Commander Dick Stenberg's request for the purchase of an additional Viggen division--the ninth one--will fall on sympathetic ears. That means 12 fighter divisions during a 10-year period, since 3 divisions of Draken will be retained until 1993. The Transport Command will be augmented, so that it will be able to transfer units throughout the country quickly. Armament will be improved and the Supreme Command and the system of bases will be modernized.

Instructions in October

There will be new radar stations. Airborne radar will be developed. The JAS, either Swedish or foreign, will be developed as a replacement for the Viggen in the 1990's. General Ljung will issue instructions on matters having to do with aircraft at the beginning of October, and he will report on what he wants the peacetime organization to be like on 18 September.

The Armed Forces Commander declares that considerable risks having to do with security policy will still have to be taken, since the number of qualified units is too small in spite of these improvements.

The general's proposal assumes full compensation for wage and price developments. He wants to do away with the net price index which is in use today. A new system of compensation for price changes will be essential for the success of the strenthening measures the Armed Forces Commander proposes. In his plan, General Ljung considers that the government's prognosis for the development of this country's economy is too optimistic.

The Defense Committee, with Gunnar Bjork (Center Party) as its chairman, will now analyze the Armed Forces Commander's plan and give its views on 1 December so that the Riksdag will be able to draw up a new five-year defense resolution in May of next year.

From the Armed Forces Commander's Wish List for 1982-87

The Army

A new Norrland Brigade
A new infantry brigade
A new mechanized brigade

New hand-carried firearms
Modernized tanks

The Navy

More ships
Amphibious battalions
Swedish Sea-target missiles
Missile boats
Light coastal misiiles

The Air Force

A new Viggen division
An expanded Transport Command
New radar stations
The JAS replacing the Viggen

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PAPER BACKS ARMED FORCES CHIEF ON INCREASE REQUEST

Stockholm SVENSKA DAGBLADET IN Swedish 4 Sep 81 p 2

[Editorial: "The Armed Forces Chief's Proposal"]

[Text] In a period of planned economizing, the fact that the Armed Forces Commander, General Lennart Ljung, proposed a strengthening of the defense program in his five-year plan for the first time in 20 years was not merely a cause for a little eyebrow-raising in some quarters. It is important to emphasize that what we are talking about is a strengthening of relatively modest proportions, and by no means a program of rearmament. It is advantageous to reserve the concept of rearmament for use in referring to the great powers. That should be of benefit to the Swedish debate on the defense program.

Now, however, it is not so surprising when the Armed Forces Commander creates a possibility for bringing about a regeneration of the armed forces and increased procurement of military materiel by laying down a requirement for full compensation for price increases. Among other things, General Ljung proposes an additional division of Viggen fighter aircraft, 3 new army brigades which will be mechanized, new submarines and missile boats, new radar stations and the development of the JAS, but without saying whether they would be Swedish or foreign.

For its part, the Finnish Defense Committee proposed a strengthening of that country's defense program. In Denmark, the Social Democratic government and the nonsocialists got together on increasing the amount of that country's resources which would be devoted to defense. Norway obviously is putting its house in order.

The Swedish armed forces play a crucial role in the so-called Nordic balance. If Swedish defense is weakened, other efforts in the North would lose much of their value. In the prevailing world situation and with a shifting of tension toward the northern flank of Europe, it is logical for the Armed Forces Commander to take advantage of an opportunity, not only to present an alternative which is in conformity with the present-day costs of a defense program, but also of considering the consequences of an increase in those costs of 500 million kronor a year.

It is absolutely necessary that there should be a connection between the goal the government sets up for our defense program and the means with which that goal is to be achieved.

During the 1970's, a vigorous cutting back of our wartime organization took place. As General Ljung emphasized in a key article in the SVENSKA DAGBLADET on Thursday,

the point of departure for the defense resolution of the 1970's should be considered to be continued detente. Concessions were made on the question of operational forces over the shorter term. The 1972 Defense Committee put the following words into print:

"From the point of view of security policy, the risks connected with this are no greater than can be accepted." The world situation today is characterized least of all by optimism regarding detente. In the age of television, citizens can study the eruption of increasing tension every day. Reality has reached into the home. It cannot be distorted by the politicians who concern themselves with defense questions. Perhaps the mildest thing that can be said is that developments in the world have moved past the defense committee's predictions at a speed which no one could foresee.

If politicians thought they were taking a risk in 1972, it would be reasonable for them to safeguard themselves with protective measures, in the name of logic, now that the tension situation in the world has become something quite different.

Still, our resources are not unlimited. Therefore it is necessary to assign priority status to combat organization and military materiel, even if that is done at the expense of making reductions in the peacetime organization. Points of view having to do with labor market policy should only be applied to the defense program in cases where it is clear that doing so is militarily justified. Otherwise, that is the AMS's [National Labor Market Board's] area of responsibility.

We cannot complain of a lack of willingness to defend ourselves. The opinion polls which have been carried out have demonstrated that. There was even a certain response in favor of a strengthened defense program in the spring, in spite of the belt-tightening government policy.

The general assumes that if our defensive strength causes a great-power bloc not to attack us in an initial period--that of a conflict with the use of conventional weapons--there should be a good chance that we also would not be exposed to an attack during a possible nuclear continuation of that conflict.

There cannot be any better motivation for strengthening our defense program.

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LUNS STATEMENT, REPERCUSSIONS ANALYZED

Athens TO VIMA in Greek 10 Oct 81 p 3

/Text/ The preelection "present" reserved for the New Democracy Party by Mr. Luns could not have come at a more inopportune moment. At the very moment /Premier/ Rallis--obviously unaware of Luns' statement--was declaring in Mytilini his loyalty to NATO, underlining emphatically that /NATO/ "offers us a feeling of security" and assures "the necessary defense balance in the Aegean," NATO's secretary general questioned the status "of certain Aegean islands" and spoke of problems in the administration of the "Greek-Turkish air space."

When these statements became known to government circles in Athens, there was panic. Rallis, who came back to Athens from Mytilini late Friday night, was flabbergasted at reading the text of the Luns statement and immediately gave instructions--through the Foreign Ministry--to get in touch with Luns "to explain to us his statement."

Of course, the problem was that Luns had already left for the weekend and Athanasiou, Greece's permanent delegate to NATO, was able to reach him only the following day around noon. In a statement (which in the end convinced no one) Luns tried to clarify that the points referring to Greece "had not been quoted accurately."

Regardless of what was or was not said by the elderly gentleman of Brussels--who is well-known for his pro-Turkish sentiments--the fact remains that a whole year has passed since Greece was reintegrated into /the military wing of/ NATO and still the main objective which required this reintegration has not been achieved, namely, the Greek operational control over the Aegean. In other words, what New Democracy appeared to want to avert (namely, the threat of Turkish control over the Aegean on behalf of the Alliance), in the end failed to achieve it precisely because of Ankara's objections.

Today Greece's participation in the military wing of NATO is a mere formality. This would have been unimportant if in the meantime the Turkish objectives in the Aegean had not begun to solidify. The negotiations for establishing a new NATO command in Larisa (which supposedly would prove in practice that the Aegean's operational control is in Greek hands) have been suspended for several months now because of Turkey's negative attitude which comes to prove once again that Ankara did not agree to Greece's reintegration into NATO last October without conditions.

In effect Ankara posed at that time a nonnegotiable condition: Greece could return to NATO's military wing but the status which applied prior to its withdrawal in 1974 (in other words, with the Aegean under purely Greek operational control) would not be restored. This is exactly what is happening as of this moment.

The familiar Rodgers' proposals offered in the end the proper environment for the negative Turkish policy to develop. (Luns, of course, had those proposals in mind when he made his unacceptable statement). At the same time, the Greek government carefully tried to hide the "trap" inherent in those proposals, especially the paragraph which states that the arrangements for the area's (meaning the Aegean) air defense will be decided by the commanders of the Larisa and Smyrna headquarters in cooperation with the NATO commander in Naples.

In this way the status of operational control is being questioned in fact--and in advance--namely, the status existing prior to 1974 when the Greek deputy commander of the Smyrna headquarters was responsible for the entire area covering the Athens FIR /Flight Information Region/ (from the Ionian Sea to approximately our eastern borders).

Ankara, naturally, took advantage of the opportunities offered by the Rodgers proposals concerning the definition of the jurisdictional limits of the new headquarters and insisted that those limits should be moved further west into the Aegean. This, of course, is nothing but an effort to move to NATO level the familiar Turkish demands concerning the air space and the continental shelf, the final aim being the partition of the Aegean.

In this sense, the Luns statement came to remind us that the New Democracy government leaves to its successors one more unsettled national issue: the Greek operational control over the Aegean.

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PCI COMMENTATOR BOFFA ON U.S. DEFENSE POLICY

Rome L'UNITA in Italian 20 Sep 81 pp 1, 17

[Commentary by PCI commentator Giuseppe Boffa: "Is the Reagan Line Really the West's Only Choice?]

[Text] The entire world is today profoundly agitated. I do not believe it is possible to say that any part of the globe is free from this unrest. Never before the present era have we experienced a confrontation of such global proportions (global in the literal sense of the word) among multiple opposing forces. It is, moreover, a confrontation that is not reducible to linear antitheses between two or three clearly dominant tendencies--as might be imagined (and in part actually has been the case) in the past. It is indeed true (and we are firmly convinced of it) that we are no longer in the 1950's.

Entire continents are demanding new rights. Peoples who have long suffered exclusion and humiliation are seeking to assert themselves. These phenomena often find expression in ways that appear unconventional or unacceptable even from the standpoint of mature revolutionary thinking in our country (not to mention conservative thinking). Innumerable ideological and political conflicts accumulate and become interwoven--conflicts that derive from dramatic economic, technological, military and political disequilibriums and from abysmal disparities of wealth and power. These differences--intensified over the years--are today producing critical repercussions (though in diverse forms) in the more developed countries themselves, both in the East and in the West. Regimes which had appeared to be stable--such as the Polish regime--are experiencing a series of traumatic shocks. Even a conservative newspaper such as the ECONOMIST has noted, in recent weeks, a parallel between the crisis in the West and the crisis in the East, and although this newspaper voiced the expectation that the crisis in the West would be the easier of the two to resolve, it was careful not to express certainty as to ultimate success. It is in this world so laden with tensions that these terrifying quantities of monstruous weapons--precisely the ones that are currently the object of discussion--are being accumulated.

Basic Cause

Even if this picture is correct, it is however being analyzed in accordance with conceptions that are completely contradictory. One of these conceptions is that of the new American administration, and we noted an echo of it in Haig's Berlin

speech. It is a conception that was born of a desire to provide a frustrated American nationalism with simple responses based on motifs with which it is familiar. If so much is going badly in the world (according to this thesis) it is due to a single basic cause, one to which all other causes are subordinate and incidental: the USSR, its leaders, its alliances, and communism are to blame. If these constitute the principal factor for instability, then that factor must be redimensioned and brought to reason. Everything else is to be viewed in the light of this priority task. South Africa may well be racist but it is a valuable point of support, and this latter consideration outweighs the former. There may well be unpleasant dictatorships in Central and South America, but these are "authoritarian," not "totalitarian" (that is to say, communist), and it is better for them to remain in power if their places are to be taken by progressive regimes that will no longer view Cuba--supported by the USSR--as an enemy. In the Middle East there are conflicts of more than 30 years' standing, but even these would take a back seat in order that a common front might be formed against the USSR. Faithful to the same logic, Reagan is asking the European allies to reduce the volume of their trade with the East. He even appears to be surprised at the reservations voiced by the allies with respect to his plans for all-out rearmament--and at all their criticism with respect to equilibriums--because (according to this logic) only one kind of equilibrium is acceptable: the kind that allows one to speak to one's adversary from "a position of strength," in other words, endowed with a superiority that admits of no rejoinder. It goes without saying that this conception--formulated with clarity by numerous spokesmen for the new administration--is undeniably characterized by a consistency of its own.

Conceptions Rejected

But are these premises acceptable? One must warn that this conception has little or nothing to do with the criticism--however drastic--of the acts of force that the USSR has carried out, or supported, in Afghanistan or in Cambodia in an attempt to respond (unsuccessfully, it may be noted) to the problems which the complexity of the contemporary crisis was also posing to its own leadership. The revival--by the Soviets--of the theory of two irreconciliably hostile "camps" would appear to be similar to the Reagan concept, despite the perception that they are antithetical by virtue of the fact that one is a compact expression of progress and the other a compact expression of reaction. In this case as well, it would be consistent to strive not for negotiations and coexistence but for the systematic defeat of the opposing camp; it is doubtful, however, that the world's problems would thereby be alleviated.

For more than a quarter of a century, in fact, the basic components of this kind of conception have been increasingly discarded and rejected throughout a great part of the world because they are regarded as a serious source of danger. In particular, they are being disregarded and rejected in many European political circles (and by no means only those of the Left). It is in these circles that conceptions (and therefore analyses) of a quite different nature have been developed. We shall cite only one example. At its congress in Madrid last November the Socialist International put forward a conception which in practice has nothing in common with that of Reagan, namely the conception to the effect that the causes of the serious deterioration of the international situation are to be found not in the behavior of a single wicked protagonist but rather in the "acceleration of the arms race"; in

the "widening of the gulf" between the "industrialized countries of the North and the developing countries of the South"; in the "increasing number of violations of human rights"; and in an economic order that "does not meet either the real needs of the peoples of the wealthy countries nor the elementary human needs of the Third World." The counterproposals that were made in this instance were likewise consistent: detente; disarmament; a new relationship between North and South; support for the people engaged in struggle in Africa and Latin America; profound economic reforms; planning; and negotiated solutions for all disputes with the participation of all parties concerned.

We know very well that the decisions of the Socialist International are not binding upon all its members. We do not even believe that its analysis can be regarded as definitive, because it does not always comprehend the profound, irreversible and srructural character of the unrest that has developed under our very eyes. The solutions would likewise--we believe--require greater courage, imagination and inventiveness. Suffice it, however, to compare the two positions--that of the Reagan administration and that of the Socialist International--to realize that the great political debate which today grips the West involves a conflict not merely between tactical considerations but between conceptions which are fundamentally different (this conflict between the two conceptions is beginning to make headway in America itself). Moreover, the question does not concern the Socialist International alone. If we subject to a similar analysis the conceptions expressed by the Catholic Church through its leading spokesmen (beginning with the Pope) we shall in fact arrive at similar conclusions.

This phenomenon becomes a source of considerably more concern, however, when one attempts to reconcile specific conceptions with the decisions that derive (although in completely logical fashion) from the opposing conceptions. It is not merely a question of consistency, however. The remedies implicit in a given analysis can in fact no longer be regarded as remedies if one proceeds on the basis of an opposing analysis. On the contrary; these remedies will become factors for aggravating the crisis.

The gigantic rearmament plan launched by Reagan makes a measure of sense within the context of its unilateral vision of the world. It cannot help, however, but be viewed as a catastrophic solution by anyone who is convinced that what is needed instead is fewer weapons and that the basic problem to be solved is the discrepancy between North and South, or that the tensions of the world are not the product of a villainous superpower but rather the product of the disputes, of the exasperations, of the very radicalisms inherent in the current world crisis and which the superpowers themselves are increasingly in danger of being unable to control. The Socialist International understood this well when it tersely proclaimed in Madrid: "It appears strange, to say the least, that there are those who believe disarmament can be achieved by increasing arms production."

To be sure, it can also be argued that there is currently no immediate danger of a world war, with the corollary that we would take stock of the danger only when it became immediate and therefore probably irreparable. We would ourselves, however, be helping to aggravate the danger if we did not perceive it from this moment on. The danger derives from--and is intensified by--the accumulation of inadequate responses (or worse still, negative responses) as the crisis deepens and as the

basic causes of the crisis persist without any light visible at the end of the tunnel. Let us offer one final quotation from the Socialist International, which said in Madrid: "It seems clear that in the present circumstances peace is more seriously endangered than it has been at any time in recent years." This assertion is perfectly consistent with the conception of the world crisis which the Socialist International has formulated. In the 10 months since that time the situation has assuredly not improved. No one--I believe--is in a position to maintain the contrary.

10992
CSO: 3104/10

FOREIGN, DEFENSE MINISTER AGREEMENT ON ARMS CONTROL POLICY

The Hague NRC HANDELSBLAD in Dutch 23 Sep 81

[Article: Agreement Reached on the Policy of Arms Control]

[Text] Even before the swearing-in, Ministers Van der Stoel (Foreign Affairs) and Van Mierlo (Defense) had two intensive conversations on the cooperation between both departments concerning the future arms control policy. Because of the ever-increasing interrelation of political and military factors, clear agreements on the cooperation were important in the view of both government members to make policy formation work best. Meanwhile, the agreements have been confirmed in writing. We print the text of them below.

"The ministers of foreign affairs and defense state that the new cabinet will act on questions of peace and security in a complicated national and international situation.

They realize that the policy in the area of foreign affairs and defense must be carried out with the knowledge that--with respect to an essential point, namely whether or not a number of LRTNF (long range missiles) will ultimately be stationed on Netherland's soil--there are varying opinions in the cabinet, and no agreement exists between the factions on which this cabinet is based.

It would be unrealistic not to recognize the danger that ultimately making a decision within certain limits casts a shadow over the outcome of it beforehand. The fact that no decision has been made for the time being on such placements, may lead to a certain passivity in international policy in the Netherlands. This must, however, be avoided. If there is so much essential business concerning security and arms control in the coming period of time within the NATO alliance an active-creative diplomacy is called for.

Then, both ministers make clear the interrelation of the areas of arms control and defense, and the effect of their decisions on each other's areas. They believe that arming and disarming are not subjects which should be handled separately but are essential parts of an integrated national security. The fact that concern for these special parts is more specifically entrusted to various departments and to the ministers who are in charge of directing them, does not detract from the fact that together they carry a special responsibility on this point for a closely integrated policy.

The ministers insist on the viewpoint that where public opinion plays such an important part--and it ought to--in the question of nuclear weapons, much more candor must be practiced as to motives and foundations of this integrated foreign policy than was the case before.

To give shape to the above-mentioned point of view, as well as to create better guarantees for realizing it, they have decided to form a steering committee consisting of both government members and (eventually also on an ad hoc basis) officials to be named by them which will discuss basic questions in the area of defense policy and especially that of nuclear arms and nuclear arms control and taking into account the responsibility of all, it will try to come to an agreement on the policy to be carried out.

The chairmanship of the working committee is alternately filled by one of the two ministers. Officials of defense and foreign affairs take part in the meeting on an equal basis. For coordinating the general government policy, a representative of MP attends the meeting. The steering committee will be formally installed.

The steering committee will deliberate on the policy that will be carried out by the relevant ministers. Especially, the deliberation will be directed to the following:

- The problem of modernization and arms control of nuclear medium range weapons;
- The SALT process;
- MBFR;
- The basis of the defense message to be composed;
- The Netherland's nuclear arms tasks;
- The role of nuclear weapons in NATO strategy;
- Other possible subjects in the field of nuclear weapons and arms control.

The deliberation takes place with full knowledge of all available information. The deliberation is not only coordinated but also analytical and creative. It concerns the concepts which should be at the base of an integrated foreign policy as well as the discussion of possible new initiatives, taking into account existing competencies."

9872
CSO: 3105/2

INTERCHURCH PEACE COUNCIL MEMBER ON NEUTRON BOMB

Rotterdam NRC HANDELSBLAD in Dutch 14 Sep 81 p 7

[Article by L. J. Hogebrink, member of the Interchurch Peace Council as a representative of the Dutch Reformed Church: "Sense and Nonsense in Discussion about N-Bomb"]

[Text] It is amazing how much, in the wave of publicity since President Reagan's latest decision about the neutron bomb, sense and nonsense are still mixed. Yet, the subject 'neutron bomb' has been scoring high on the country's political agenda since the summer of 1977. That the facts have been published regularly and persistently during the last couple of years by the Interchurch Peace Council has apparently been of little help. I'll leave it as to whether the IPC does not cry out loud enough (a reproach not very often heard) or that even renowned reporters in our country have listened to the 'official' report, which in the case of the neutron bomb had the express purpose of covering up the facts.

Five Questions

For the benefit of a meaningful discussion it is necessary to clear up at least five questions:

1. Is it a bomb or a grenade?

Regarding this apparently least interesting aspect some sort of language struggle has been raging in our country. The opponents of the new weapon talk about neutron bomb, the supporters about neutron grenade. The latter group was joined by those who apparently wanted to be objective and thought that the (businesslike) supporters would master their subject better than the (emotional) opponents. But unfortunately, the predilection for the term neutron grenade (not only in the press, but, for instance, also in the Christian Democratic Appeal (CDA) election program) shows poor knowledge of affairs.

Because the new charge for the Lance missile is the most advanced, a nuclear bomb which is carried by a missile is simply not called a grenade. According to the 1981 Annual Report from the American Department of Defense, approximately 340 new charges are in production for the Lance, which have the capacity of enhanced radiation at their disposal. Recent news bulletins talk of 380 charges. A little less advanced is the production of new charges for the 8" artillery. Those are, as well as for the 150-mm artillery (which will get its turn later on), indeed grenades.

At the same time they are mini-rockets because they have, for doubling their range, their own rocketlike propulsion. Approximately 800 are being produced of that type at the moment. The final number of neutron weapons will, after all, be much higher. Moreover, the term 'grenade' is insofar misleading in that it is easily forgotten that in comparison with a light neutron charge of one kiloton, besides the extra high radiation, it still has an explosive power of ten times the total bomb drop which destroyed the center of Rotterdam in May 1940.

2. Has President Carter postponed the production of the N-bomb?

No. The exact text of the presidential 'postponement' of 7 April 1978 contained this sentence: "Therefore, I have ordered the Department of Defense to continue modernizing the nuclear workers for the Lance-rocket and the 8" weaponsystem, through which the option of installment of radiation-increased elements remains open."

'Production'

Carter's decision sounded (politically) as a postponement, but it meant (militarily and technologically) that work on the new charges continued, although for the moment without the radiation-increased element.

In September 1978, the Interchurch Peace Council (IKV) reported that as of 1 October 1978--the new fiscal year--a certain legal barrier would be removed for the likewise start of production of this radiation-increased element and that production would begin. Only according to the new terminology of the Pentagon it would not be called 'production of the N-bomb' because only after the radiation-increased element would be assembled on the new heads--a job which could be completed in the field--could one call it 'production'.

Hardly one Dutch reporter took the trouble investigating these reports. The reason was, I fear, that the Dutch Government kept on denying the reports from the IKV through the intermediary of all ministers involved, even after General Bratton, the highest ranking official in the American nuclear weapons program, confirmed the affair during a telephone conversation with an IKV representative. Two weeks later, on 18 October 1978, President Carter announced that he had formally decided on the production of the new neutron heads and that at the same time 'components' of the enhanced radiation elements entered into production. These were the most important components.

Confirmed

The reports from the IKV were confirmed in detail. Our government showed 'surprise' that the reports received major front page coverage (although they submissively followed the Pentagon's terminology that this production was still no production) and the Second Chamber of Parliament conferred late into the night.

3. Does President Reagan's decision mean that the production of the Neutron bomb will begin?

No, because it was already in production. Those who do not believe the IKV may want to ask American Secretary of Defense Weinberger, who reported on 10 August that production had started a few weeks earlier. Secretary Weinberger was referring to

assembly of the various parts. This was production couched in Pentagon terminology. These parts had indeed been produced earlier (production in Dutch). In conclusion, the production has been exactly according to schedule since 1978, and Carter's 'postponement' has not made any difference.

In fact the following is the case. Last year a bureaucratic fight took place within the Carter government regarding the priority of the neutron bomb weapons program (which is the Army's) in comparison with many other nuclear programs, which are in line especially for the Navy and the Air Force. During the next 10 years the United States will build approximately 17,000 new neutron weapons, which is 4-5 each day. The major problem, however, is the scarcity of 'special nuclear materials', amongst others, tritium. Tritium is the material necessary for the radiation-increased element.

The U.S. Congress cut the knot and a law was passed on 17 December 1980, which ordered the government "to produce and store nuclear materials and the nuclear war head-parts which are necessary for the rapid change of the W70-3 and W79-1 nuclear war heads (for the Lance and the 8 inch LJH) in enhanced radiation weapons."

Sensitivities

During his last days as president, Carter signed this law. However, the new Reagan team recognized the same tritium shortage immediately. Moreover, it was Secretary of State Haig in particular who preferred to drop the subject of the N-bomb for the time being, realizing the sensitivities in Western Europe, in order not to add fuel to the fire of the opposition of the politically more important 572 cruise and Pershing II rockets.

Nevertheless, in June 1981 it was decided to supply tritium for the N-weapon program, and with that the die was cast. In August President Reagan decided that, at this time, the two production lines (new nuclear war heads and enhanced radiation elements) which had been kept separated by Carter for political reasons, were now joined due to political reasons. It is not true that without this decision other nuclear weapon production schedules ran a risk, although it seems that the Army has claimed as such in a moment of concern for the Navy and the Air Force. It is, of course, handier and cheaper to insert the tritium holders for the extra radiation dosage while assembling these new loads. But this decision could easily have been postponed, and that's probably why Secretary of State Haig, who has been in favor of the N-bomb since he was Nato commander, could oppose this decision. Press reporting over the last 3 years, which had failed to see the continuity in the N-bomb program, unfortunately paid little attention to the political meaning of a decision which was, at this time, neither militarily nor technically necessary.

Hours

4. Is it a consolation that the nuclear weapons will be stored for the time being?

No, since the flying time to the European battlefield is a matter of hours. The real decision in this kind of weapons program is not so much the decision of stationing, but the decision of production--in this case the series of production decisions which were not to be called as such.

The 'stationing decision' can possibly be made by the United States during a crisis, a couple of hours before the weapons are put into action. It is not likely, that in such a situation attention will be paid to sensitive points such as whether or not increased radiation levels are present. However, within a few years the problem of replacement of the much antiquated present nuclear loads of the 8-inch weapon will arise. (Unjustly it was reported in this paper several times that for this only conventional missiles are available). In the future only N-bombs can be considered for this. The election programs of the Christian Democratic Appeal (CDA), Labor Party and Democratis '66 are in this case united: No weapons. This will eventually create problems.

5. Is there anything the Dutch Government can do?

Yes, they can make it very clear that this method of forced decision will not be accepted. In his letter, in which he informed the Second Chamber of Parliament, the day after Carter's production decision of October 1978, Prime Minister van Agt wrote as secretary of state ad interim: "A decision for the production of the other essential ERRB parts (the parts of the enhanced radiation elements LJH) has definitely not been made. In order to make such a decision, a separate decision from the American president is needed. We have been assured that in case it would come to that, the Allies will be consulted in good time." This promise, which concerned exclusively the production, does not stand by itself.

Even during the television program "Face the Nation" on 8 March 1981, Secretary of Defense Weinberger declared: "...We will unite these parts and produce the weapon only after complete consulation with our Allies."

Signal

President Reagan does not care one iota about this promise and prefers a confrontation policy with his allies, by which they will be confronted with the bare facts and are expected to accept this cheerfully as 'leadership'. A clear signal that the Dutch Government can set against this is a public address, stating that under no circumstances will weapons systems, which have a nuclear purpose, be released in the Dutch army for the discharge of neutron weapons of this capacity.

Reality in times of crisis will probably be different, but at the moment it is necessary to send a unanimous political signal to the U.S. Congress that we refuse to accept this latest phase in the weapons race and the manner in which the allies are treated.

Some grumbling about 'the late date of information' will just not suffice. Unfortunately, it is feared that after the opening of Parliament it will be evident that the government will, once again, accept the promises of consultation regarding the stationing.

9897
CSO: 3105/187

PS EXPERTS ENERGY POLICY REPORT: NUCLEAR, OIL, COAL, GAS

Paris LE MATIN in French 18, 19-20 Sep 81

[Article by Henri Lauret: "Initial Report Before the Big Debate; LE MATIN Reveals Content of Report Requested by Government From Planning Experts"]

[18 Sep 81 pp 10-11]

[Text] What will be the energy policy for Francois Mitterrand's France? For many long years, the Socialists have denounced the former majority's choices. The slogans "all oil," "all electric" and "all nuclear" were in vogue. Now that it is in power, the government of the Left is setting to work on the major reforms that it was advocating not so long ago, as well as on nationalizations, decentralization and energy policy.

After 3 weeks of the big parliamentary debate on energy which the Socialist candidate had promised his constituents, LE MATIN is able to reveal the content of a document drawn up at the prime minister's request by a group of experts. The latter, directed by Jean-Pierre Hugon, the chief engineer of Mines, collaborated on the drafting of a report by the Energy and Raw Materials Administrative Group, within the framework of preparing the 2-year plan. This document, together with that of doyen Maurice Bourjol, will serve as a basis for the work of interministerial committees. On 25 September Edmond Herve, the Energy Minister, will give the prime minister a final report which will make it possible to draw up the government's proposals before the big debate of 6 and 7 October.

The report on the Plan is the fruit of consultation of 22 socioprofessional organizations, public enterprises, pressure groups and various associations. One hundred fifty pages long, it has the merit of making a cold synthesis of an eminently passionate subject. The reactions to the conservation measures taken by Pierre Mauroy in the nuclear program (Nogent, Cattenom) and the La Hague affair vie in demonstrating this. The interest of this report is particularly that it defines three major political principles: national independence, accommodation of the needs of the French and their economy, and citizen participation in defining policy.

But the reality of the figures on needs and their satisfaction is no less striking. French consumption cannot be drastically reduced without risk of hampering growth, which is already hypothetical. And energy choices are a long term affair. With the exception of energy savings, the Socialists must come to terms with the heritage of the past and the present technical constraints. Hence the report's conclusion that a leading role must be retained for nuclear production. The real choice which seems to be left to the Left today is that of setting to work on the energy of the "post 1990" period.

Preparing for Post-1990

Immediate Halt in Development of Nuclear Industry Would Be Mistake, According to Report

Stating that our needs depend "first on our behavior," then on "the style of economic and social development sought," the report stipulates that the energy policy "must have the objective that supply problems can under no circumstances be a curb on France's growth." The French production system, in particular, is centralized, since it is easier to decide to start up a group of nuclear power plants than to induce households and industry to invest in order to economize. Now, in contrast to a "supply" strategy, the new policy advocates controlling consumption. This constitutes "the best means of relaxing constraints."

The results anticipated for 1990 are thus based on two hypotheses of economic growth accepted by the experts: 2.5 percent or 4.5 percent annually. They are counting on 206 million tons equivalent of oil (MTEP) in the first case and 232 MTEP in the second. And they incorporate the effects of an energy saving policy in the residential sector and tertiary industries as well as in industry.

The table (below) of energy distribution by source gives new proof of the preeminence of fossil and atomic fuels. From 1981 to 1990, coal consumption would thus go from 33.5 MTEP to 31.5 MTEP in the event of average growth of 2.5 percent or to 39.5 MTEP in the event of strong growth. Oil would go from 93 MTEP to 66 or 74 MTEP; nuclear energy, from 19.5 to 57.5 or 62.5 MTEP. The chairmen, themselves dominated by the idea of independence, pay particular attention to the percent contribution of different forms of energy.

In this case the share of oil is seen to have been reduced to approximately 32 percent; that of nuclear energy is between 27 and 28 percent; gas represents 13.5 percent, and renewable energies (including electricity from dams) 11 percent of supplies. According to the two growth scenarios, the modulation of the share of coal is the greatest: between 15.3 and 17 percent.

An initial observation: The results are little different from the hypotheses accepted by the Eighth Plan under Giscard d'Estaing's 7-year term, with two big exceptions. The total need evaluated by the preceding administration on the basis of average growth of 3.5 percent works out to 242 MTEP versus 232 MTEP (at 4.5 percent growth). The difference is undoubtedly explained by the Socialists' determination to impart a more effective energy saving policy. Moreover, with

respect to nuclear energy, the Eighth Plan anticipated a total of 75 MTEP versus a maximum of 62 MTEP estimated by the chairmen. The policy of restraining the nuclear program and the penetration of electricity in the final results, another apparent preoccupation of the new leaders, are to blame for this other distortion.

The totals for 1990 "are not objective" but the products of calculation which make it possible to "ask good questions." They assume that external events will not come to counteract "in a nullifying manner the policy thus undertaken." From the very beginning, the reports emphasize "the areas of considerable uncertainty" in all energy sources and concentrate on oil, nuclear energy and energy savings. Oil, they say, remains a major element in meeting energy requirements from now until the end of the century. But the tensions and hatreds developed, especially by oil price negotiations, leave ominous threats hanging and hence distrust.

This sensible observation led the chairmen to make nuclear energy, which is a source of electricity, a major focus. The control of uses and consumption, they write in substance, postulates a more ambitious policy than that which directed the previous drafting of the nuclear program. "A certain reading of these figures could lead to a decision to halt all development of nuclear equipment immediately. Such a reading would be unwise and erroneous."

"Unwise since it disregards the considerable difficulties and risks which mark the road to be traveled in order to attain the overall objective proposed for energy policy as a whole; erroneous, since the real question is not 'how to realize this objective for 1990' but 'how to work between now until 1990 on building post-1990.'" In other words, the die is all but cast for 1990, and today it is a question of making the decisions to undertake nuclear studies "which will make it possible to adopt a satisfactory pace for the future, beyond 1990."

Halts in progress in the pursuit of the nuclear program, not to mention major accidents (classic, innocuous and repetitive failures, etc.), cannot be ruled out. "That entails the necessity of providing a safety margin in production capacity," the chairmen recommended. This is a way of deciding in favor of the necessity of pursuing commitment to a rational program.

Creating Tens of Thousands of Jobs In Order to Conserve Energy

The energy conservation and substitution program to which the report also alludes under the expression "control of uses and consumption," essentially concerns the residential sector, the tertiary industries, industry and transport. Here, too, of course, two growth scenarios are taken into consideration: 2.5 percent per annum and 4.5 percent. In the first hypothesis, a total of 33.7 MTEP of savings is anticipated for consumption of 179.5 MTEP in the sectors concerned. In the second, the energy savings would amount to 38.2 MTEP for total consumption of 197 MTEP. The most important effort will be borne by the residential sector and the tertiary industries (16 or 18 MTEP). Industry, for its part, will realize a savings of 9.5 or 10.5 MTEP, whereas the transport sector will save 8.2 or 9.7 MTEP.

These energy savings will chiefly be achieved, on one hand by the indirect means of influencing behavior or "promoting uses," and, on the other, by studies and investments. In order to maintain the above cited objectives, it will be necessary to authorize a financial effort of Fr 36 billion per annum as a yearly

average in 1981-1990 (hypothesis 1) and of Fr 50 billion (hypothesis 2). This effort breaks down as follows: Fr 25 (or 37) billion for investments and studies and Fr 11 billion (or 13) for promotion of uses. The Fr 36 billion--which is equivalent to tripling or quadrupling the Fr 11.5 billion invested in energy savings in 1980--would make possible the creation of 236,000 jobs (330,000 jobs in hypothesis 2).

But the report stipulates that such control of energy consumption would necessitate the establishment of an adequate "infrastructure": suitable and stable financing, administrative planning of decisions, organization of the services and trades concerned, training of men, development of innovation.

On the other hand, parallel action would be undertaken in the different sectors. Thus, for example, four types of actions are envisaged in the tertiary industries: maintaining influence on behavior (better application of rules), a reduction in energy consumption on the order of 50 percent in new houses (insulation, etc.), studies on old buildings stimulated by incentive measures (regulatory action, fiscal measures, improved loans), replacement of electrical equipment.

Finally, these economies are simultaneously accompanied by major energy substitutions. An overall rise in the consumption of coal, new energies and electricity would result in a drop in the share of fuel oil and petroleum products in total energy consumption. Thus the following changes are anticipated in the industrial and tertiary industry sectors: an increase in coal and new energies from 8.9 MTEP (in 1981) to 19.5 MTEP (in 1990); an increase in electricity consumption from 44.2 MTEP to 65.5, and a drop in consumption of petroleum products from 44 to 22 MTEP.

Proposals for the Government

Give Preference to "French Energy Sources," Thus Giving New Impetus to Economic Growth

The government proposals of the Energy and Raw Materials Administrative Group will essentially result:

--from analysis of the international situation;
--from the desire to avoid energy becoming a curb on growth;
--from the conviction that any forecast is uncertain.

In the first case, it is a question of "giving preference to the criterion of independence," knowing that tensions will only increase on the world energy scene. Hence the idea of restoring the balance of the relative weight of coal, with a "clear and calculated preference for French coal," of pursuing the "development of a competitive nuclear industry," of being "particularly aware of supply conditions for sensitive raw materials."

A second preoccupation: the energy policy "must contribute to the revival of economic growth" for which the government is praying. While independence means the creation of direct uses and relief from foreign constraints, it also comes from mastery of technologies and the existence of an industry capable of furnishing the equipment necessary for energy conversions (new energies, nuclear energy,

coal, savings, substitutions). Finally, any forecast is uncertain; thus it is advisable to take precautions as best possible against risks and consequently to acquire the necessary "flexibility." Thus electrical production facilities that are 70-percent nuclear powered are "a marginal and instantaneous optimum" but not an optimum in case of unforeseen difficulties.

Another factor of uncertainty is costs. The development of oil prices is uncertain. The cost of importing coal and uranium could depend on the adjustment of supply and demand, which varies greatly depending on the period. This is why the report suggests maintaining "a certain degree of aggregate overequipment in production capacity," especially in electronuclear production, adding, "With regard to the uncertainties of the next 20 years, the cost of overequipment has nothing in common with the total economic cost of a possible breakdown in supply." As a result of the foregoing, the report proposes that the government provide incentives for coal consumption at the EDF [French Electric Company] electric power plants and in industry. In this hypothesis, it is clear that mastery of consumption and sources (coal, renewable energies, nuclear energy, gas, oil) implies action in key fields to which we shall return tomorrow:

--Research and development;
--Associated industrial development;
--Intelligent uses of electricity;
--Mineral raw materials and energy.

1980 Energy Summary
Broken Down By Energy Type

	1981		1990 Croiss. faible (7)		1990 Croiss. forte (8)		(9) 1990 VIIIe Plan Programme Giraud	
	Mtep	%	Mtep	%	Mtep	%	Mtep	%
Charbon (1)	33,5	17,7	31,5	15,3	39,5	17,1	33/28	14/11,5
Pétrole (2)	93,0	49,3	66,2	32,1	74,0	31,9	68/80	28/33
Gaz (3)	24,6	13,0	27,3	13,3	31,0	13,4	42/37	17/15,5
Hydraulique (4)	15,0	7,9	14,5	7,0	14,5	6,2	14/14	6
Energies nouvelles (5)	3,4	1,8	9,0	4,4	11,0	4,7	12/10	5/4
Nucléaire (6)	19,5	10,3	57,5	27,9	62,0	26,7	73/73	30
Total	189,0	100 %	206,0	100 %	232,0	100 %	242	100 %

Key:

1. Coal
2. Oil
3. Gas
4. Hydraulic
5. New energy sources
6. Nuclear
7. Weak growth
8. Strong growth
9. Eighth Plan Program of Giraud

[19-20 Sep 81 p 8]

[Excerpt] Energy: Mastering Supply Sources

> While the seven deputies of the National Assembly energy information mission, presided over by Paul Quiles, visited the La Hague plant yesterday, the Ministry of Energy indicated that the various documents which will serve to fuel the debate will be revealed to the public even before the opening of the debate. It should be noted that the report written by the Energy and Raw Materials Administrative Group within the framework of preparing the 2-year plan apparently constitutes only one of the documents to be added to the file. Its publication, planned for next Tuesday, was moved forward yesterday by the Ministry of Energy.

Nuclear Energy in Its Proper Place

Nuclear energy has constituted the dominant element of French energy policy up to now. It has "considerable advantages which may make it one of France's major assets in the next 20 years." On the other hand, the atom presents specific and serious risks to individual and collective security, risks in management of the wastes produced and risks in the resulting social style. "These risks must and can be mastered." Priority must be given to these problems, the Hugon report affirms.

On the other hand, nuclear energy is the means of electricity production "which may be considered the least expensive for long periods of operation." The cost per kW/hr produced by a power station to be put into service in 1990 and functioning as a base amounts to 16 centimes (since 1 January 1981) for nuclear energy, 26 centimes for a coal-powered plant and 54 centimes for fuel.

The report proposals aim at mastering management of energy sources, guaranteeing security and solving end-of-the-cycle problems (waste management). They advocate, moreover, a change in direction for the nuclear program in order to give this energy its "proper place in the energy picture." The part of the present program which has not been made the object of a freeze is adequate to satisfy electricity consumption on the order of 415 tW/hr in 1990. But the development of consumption after 1990 and the necessity of not "checking" industry inevitably requires a commitment to new power plants during the next few years. The present growth rate of electricity needs varies from 16 to 23 tW/h for 1990; this growth faces the problem of development of electricity uses. Emphasizing the necessity of undertaking a very precise forecast for 1990-2000, the report considers it necessary "to make guaranteeing the reliability of the electricity supply a priority."

The report also explains in substance that the uncertainties associated with the oil supply, for example, leave a threat hanging which militates in favor of overequipment in production facilities.

The electronuclear equipment program "will thus be pursued at this rate in 1982 and 1983," the report concludes, recommending revisable planning of commitments,

for example, bienially, in order to conduct and master the development of nuclear power, taking into account: solutions contributed to the problems of security, disposal of wastes and social style (as initially indicated); the results of efforts on consumption, substitutions and new energies; and the development of foreign constraints (oil, coal, gas, uranium).

New Energies: A Long Road

Three good reasons for developing renewable energies are their high level of independence from foreign sources (a vigorous industrial development policy would even make possible additional currency resources by exporting materials and know-how); their cost, which is beginning to be lower than that of oil sources; finally, their flexibility, which makes it possible to decentralize exploitation and combine renewable energies with other forms of energy.

Nonetheless there is still a long road to travel. For the introduction of renewable energies is still, in most cases, at the experimental or prototype state. Only truly industrial production could give these new energies profitability comparable to that of traditional sources (the price of a solar panel, for example, could be divided by two if it were manufactured in large series). It is therefore urgent that the vicious cycle of stagnation of supply and demand be broken, the Hugon report notes. According to the experts, development should follow three principal axes: delegation of the responsibility for renewable energies to the regional agencies; organization of articulation between centralized and decentralized levels; and support of a long term research effort.

Gas: Taking Over From Lacq and Groningue

In France gas supplies 12.5 percent of primary energy consumption (25 MTEP) versus 15 percent or more for our European neighbors. Now, world reserves are estimated at 70 trillion cubic meters. The figures presented for 1990 are conservative, however: the high estimate is 27 to 35 MTEP or 13 percent of total consumption.

The point is that France must above all resolve its supply problem decisively under conditions of security and reasonable prices, in the report's analysis. The quantities coming from Lacq and Groningue (Netherlands) will be nearing extinction in 1990. Now, the quantities expected from the most advanced gas projects (USSR, Gulf of Guinea) are less than 32 MTEP.

Hence the necessity of increasing the flexibility of the gas chain in order to avoid the danger of a default by Algeria or the USSR, by developing a balanced distribution of users, stoppage clauses and underground stores, among other measures.

It is advisable to continue the diversification effort (Canadian Arctic, Antilles, Middle East, North Sea, Nigeria) by laying the foundations for a balanced agreement with Algeria that is consonant with an intergovernmental codevelopment agreement. Finally it is necessary to find a common strategy with our European partners, to encourage exports to France and to examine closely the possibilities offered by gasification.

Oil: Guaranteeing Refining and Supply

Today oil represents more than half our energy balance. It will represent still more of it--close to a third more--in 1990. Thus it remains an essential element of energy policy. Taking into consideration the necessity of adapting refining to the manufacture of light products and the necessity of surplus production capacity for distillation, the report notes that the French refining industry's financial difficulties are placing the country in a situation of vulnerability. If the necessary investments are not obtained (15 billion between now and 1990), France could be forced to import 15 to 20 million tons of finished products in 10 years.

The Hugon report advocates using the law of 1928, which is an instrument for better diversification of supplies which the two public oil groups have been entrusted with implementing.

Emphasizing the necessity of a policy on stockpiling, the report suggests that a long term industrial policy must be established without delay with respect to refining. "This policy would be based on regulating the contractual prices for petroleum products, which would be stable over time, affording the best transparency and guaranteeing long term coverage of supply and transformation costs."

Coal: Priority and Realism

Despite the necessity of resorting to imports, coal is capable of strengthening the security and independence of energy supplies. But in order to achieve this, French policy must be oriented along three axes:

Priority for French coal. This priority must be made the object of clear and stable long term contractual rules between the government and the National Coal Board. But it is already advisable to reverse past trends by stabilizing production as fast as possible. This is the gist of the budgetary proposals, which provide for a 30 percent increase in public aid to the National Coal Board in 1982. The subsidy for French coal would be fixed at 2.4 centimes per thermal unit, or close to Fr 3 billion at the present level of production. Moreover, the investments of the National Coal Board would be increased to Fr 1.5 billion.

Development of coal users. The future of the coal market, the report explains, depends in the short and long run on consumption in the form of direct combustion in industry and in the collective furnaces of the residential and tertiary industry system (heating systems). The necessary investments must benefit from the same incentives as those provided by energy savings. For a few more years the principal use of coal will continue to be the preferred means of alternate energy production, displacing the use of fuel oil to the maximum.

Control of foreign supplies. The mining operators must retain the objective of controlling production from foreign resources, which is on the same order of magnitude as our imports.

This being the case, the report, while emphasizing the necessity of preparing the bases for new development (revival of prospecting, a long term investment program, training action), also displays realism: "A solid long term policy can be conducted only by giving the greatest attention to economic constraints and [article breaks off here.]

9380
CSO: 3100/1000

NATIONAL ENERGY COUNCIL ACCOMPLISHMENTS STATUS REPORTED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 17 Sep 81 p 40

[Text] The need for a multilateral and deeper study of the energy sector, the need for a systematic monitoring, development and analysis of the extent to which energy influences he economic life of the country, and, finally, the need to map an energy policy which can assure the needs of the country for a long term, and at the cheapest possible public cost, contributed to the creation of the National Energy Council (ESE).

The ESE was established in 1975 under Law 84/75 and was appointed as the highest consultative body of the state on all matters regarding energy and energy policy. The ESE is basically constituted of two branches: the Council, or the totality of members, and the Scientific Secretariat.

The Council has 12 members who, in their majority, come from energy organizations such as the Ministry of Industry and Energy, the DEI [Public Power Corporation], the DEP [Public Petroleum Corporation], the State Refinery, and the Institute for Geological and Mineral Research (IGME).

The scientific and analytical work of ESE is performed by its Scientific Secretariat, which today consists of a scientific staff of the highest level. All members of the Secretariat have done postgraduate work abroad, speak at least one foreign language, have specialized knowledge and experience in advanced energy and technology and methodology.

With such a foundation, the ESE has the potential--if properly used by the government--to play a primary role in the planning and coordinating of a correct and rational energy policy. Let's briefly list the achievements of the ESE in the five years of its operation.

Perhaps the greatest accomplishment of ESE was the writing and publication, in 1976 an 1977, of the "Reports on the Energy Policy of Greece", where, for the first time in our country, there was planned and made public a comprehensive energy policy. Despite the fact that many details have changed since 1977 to date, the basic principles and means of this policy still exist.

From the rich and constructive work of ESE, which covers basic research studies, proposals, preparation of legislative bills, international presentations (DOE [International Economic Committee], EEC, UN), international cooperation, publications, the following are especially noteworthy:

The systematic yearly compilation and publication of data on energy for the entire energy system of the country with a view to the balancing of energy resources.

Studies and proposals for local lignite coal, for example, the definition of "low value" for lignite coal, the exploitation of the medium-to-small lignite deposits for uses other than electrical, gasification.

Studies and proposals for the importation of natural gas; for example, the connection of Italy and Greece with an underwater pipeline (the commissioning of SNAMPROGETTI to do the survey), the problems of consumtion of natural gas by different consumer sectors, negotiations with suppliers.

Studies and proposals for the substitution of imported coal instead of petroleum for electrical power production and industry. Study of the motives which were comprised in Law N.1116/81.

Studies for nuclear power in Greece. Comparison of costs of petroleum, coal, lignite, and nuclear plants.

Studies and proposals for the expansion of the use of synthetic gases in the cities. The modernization of DEEA [Athens Public Gas Corporation]. The creation of small propane gas networks in other cities.

Studies on the feasibility of expanding the use of solar energy systems in Greece. Pilot plants. International cooperation. Study, monitoring laboratories of solar collectors. Model monitoring of solar collectors.

Studies for the exploitation of geothermal energy of low temperature (hot water) in Greece. A network of district heating in Serrai (co-financed by EEC).

Studies and proposals of legislative measures for energy conservation (tax incentives for solar heating plants), Act of Ministerial Council 237/80,Law N.1116/81).

Studies, research, educational programs and preparation of legislation for the improvement of the output of boilers for central heating. Training of furnace operators. Sample measuring of the output of 300 boilers.

A campaign to make the public aware on how to conserve energy in their homes. Television spots to heighten awareness. Leaflets (four-fold, 80 ways).

Activities of the Committee for Energy Conservation in Industry. Publication of pamphlets by EPEXEV [Committee for Eenergy Conservation in Industry]. Visits to various industries; seminars to promote conservation of energy in industry.

Studies and proposals for energy conservation and the subsitution of fuels used in transportation. Diesel and liquid gas fuels.

Studies and proposals on price policy. Electrical power (study SURVEY). Impact of the drop in energy prices on the price index. Criteria for the approval of energy-consuming industries.

Representation of the country at the DOE [International Economic Committee], the energy committees of EEC, UN, etc.

Studies of investment in energy-providing industries. Impact of the drop in the intensive program of investments in energy for 1980-90.

These are some of the main topics which ESE covered and which set the foundations for the planning and implementation of the energy policy of the country. Most of the above studies were prepared by the scientific personnel of the ESE Secretariat.

Other studies yet were contracted out, always under ESE's responsibility, to special study or research teams of other energy organizations or to private individuals, Greek or foreign. The ESE, whose task it is to formulate proposals to the government in a responsible and well-documented manner on all matters regarding energy policy, is quite often forced to resort to the expertise of specialists and let out contracts for studies and other related matters which cannot be carried out by the Secretariat, either because of workload or because the Secretariat does not have at its disposal the necessary, specialized scientifc knowledge on a particular subject on which it is called to report. This possibility was wisely anticipated by N.84/75, the law which created ESE.

In general, we can say that the ESE and particularly its scientific Secretariat have always had limited means as regards the job it has undertaken. It is to be noted that today the staff of the Secretariat consists of 16 individuals, of whom 12 are scientists. Of these 12, two are permanent employees of the Ministry of Coordination, seven are employed under civil law contracts, which are renewed more or less on an annual basis, and three have contracts which are also renewed yearly, but with increasing difficulty. Worst of all is the fact that not a single permanent staff position is anticipated either for ESE or its Secretariat. The result is that all of these young men of ESE with their impressive qualifications, who work diligently and are paid at minimum union salaries, and occasionally much less, and who essentially plan Greek energy policy, do not have any guarantees for the future of their working relationship with the government.

After the publication of Law N.993/81, following the freeze in hiring and the specific prohibition of renewal of work contracts of any kind by the deputy prime minister, 10 of the 12 scientists of ESE are today in danger of finding themselves without jobs.

And we ask: How is it possible for the government to allow its highest advisory body on matters of energy, which is one of the most vital sectors of the

economy, to reach the point of being disbanded? How will the government be able to retain these men or attract others when it treats them in this manner?

For the past year the Ministry of Coordination has been working on a bill which regulates personnel matters in the Scientific Secretariat of ESE. In accordance with this bill the two basic premises for an effective operation of the ESE are created or restored.

First, 22 permanent staff positions of scientific personnel of the highest level are created where, today, not even one exists. These positions will be filled mainly by scientists under civil law contract with a sliding salary scale. Thus, the Secretariat will be able to attract the personnel it needs in order to perform its specialized task.

Second, the power of the ESE to assign under contract, at its discretion, special projects to third parties is put into effect and reinforced. Thus, the potential of the ESE is increased because it can ensure the collaboration of "specialists" for specialized research and projects.

The activities of the ESE to date, which we have briefly listed, give the assurance that this service can be a really up-to-date, articulate, dynamic organization greatly contributing to the planning of energy policy and the coordination of its implementation. A necessary premise for this though is a proper organizational foundation.

Let's hope that the government and the minister concerned will not leave such a significant project as was the formation of ESE half-finished but that the minister will push for the relative legislation, thus, giving this body the support and auhtority it deserves.

9731
CSO: 4621/14

ECONOMIC UPTURN NOT EXPECTED UNTIL 1982

Vienna DIE PRESSE in German 1 Oct 81 p 7

/Text/ No economic upturn is to be expected this year. At best the upturn will begin at the turn of the years 1981/1982 and then proceed rather hesitantly. Exports are going to be the mainstay of business. This time, though, the two economic research institutes differ considerably in their appraisal of Austria's future economic development. While the Institute for Advanced Studies (IHS) projects a 3.2 percent growth rate for 1982, the Economic Research Institute (Wifo) issued a more cautious forecast of 2 percent. Inflation will slacken in 1982, real wages rise slightly.

Differences are also pronounced with respect to predictions of unemployment rates. Wifo assumes an increase next year; the IRS experts are somewhat more optimistic. Still, Wifo director Dr Helmut Kramer points out that even at 2.6 percent the unemployment rate of 1982 will be tantamount to full employment, though by comparison with 1980 (1.9 percent) the situation will definitely worsen. Regional unemployment and employment problems in some job groups are unlikely to diminish.

As regards the forecast of price developments, the two institutes do not differ very much. It is not impossible, though, that inflation will show another temporary rise this year. Next year, on the other hand, the rate of price increases is expected to noticeably weaken.

Real incomes are expected to improve somewhat in 1982. While employees this year will just about break even, they may look forward to a slight rise, about 0.5-1 percent. Generally private consumption is expected to revive a little next year.

Dr Erhard Fuerst, deputy director of IHS, assumes that interest rates will gradually weaken in 1982. As a result entrepreneurs will show increasing readiness to build up stocks and carry out investment projects planned earlier. Wifo, on the other hand, expects investments to weaken next year, because rationalization investments are nearing their end in 1981. At the same time the financial situation of firms is not good and capacity utilization poor, so that expansion investments will hardly be required. At the present time production capacities are utilized to barely 90 percent.

In its first comments the Federation of Industries notes that the revised Wifo forecast is unduly optimistic with respect to the construction industry. The federation points out in this context the announcement of a worsening of depreciation terms for

building investments. As regards the export situation, the rise in exports in the first 9 months of 1981 was due to increased efforts by industry to sell abroad. The federation is rather concerned about the persisting discrepancy between savings influx and the demand for loans because, among other injurious effects, this gap threatens to damage industrial financing.

Indices of the Economic Situation

	Percentage Changes Compared to the Previous Year				
		Wifo Forecast		IHS Forecast	
	1980	1981	1982	1981	1982
Real gross national product	3.1	0	2	- 0.3	3.2
Real private consumption	1.5	0	1	- 0.1	1.5
Real gross capital investment	2.2	0	- 1	- 0.9	2.4
Consumer prices	6.4	7	6	6.8	6.1
Unemployment rate	1.9	2.3	2.6	2.3	2.3
Real goods exports	4.3	4	6.5	5.7[1]	6.5[1]
Real goods imports	6.1	- 4	4	- 0.9[1]	5.8[1]

1--Including statistical difference

11698
CSO: 3103/21

RECESSION IN BUSINESS ACTIVITY CONTINUED THROUGH SUMMER

West Berlin DIW WOCHENBERICHT in German 17 Sep 81 pp 432-435

/Text/ Affected by the difficulties arising from exceptional monetary restrictions and increasing fiscal contraction, accompanied at the same time by steeply rising import prices, the recession in the FRG is continuing in the summer also. The impetus given by foreign demand is the only reason why the total output level is not declining further and has indeed been stable at a point of stagnation since the beginning of this year.

The latest fiscal decisions by the Federal Government will probably act as an additional dampener on economic activity even before taking effect, because uncertainty among consumers has thereby been increased rather than diminished.

With some fluctuations the output of processing industry has been steady at about the same level since the end of 1980. Even so it is about 2.5 percent--distinctly lower --below the corresponding period of the previous year. A look at the development of the real receipt of orders at processing industry since last fall shows that the relative stabilization of production is definitely due only to the strong rise in foreign demand. This is currently almost 15 percent higher than last fall, the lowest level of the past 3 years. On the other hand, domestic orders received by processing industry have not yet bottomed out. To be noted is only the fact that the steep downturn characterizing developments in 1980 no longer continues. Probably the trend of domestic demand would be even more unfavorable if export demand did not provide an incentive for stockpiling by domestic producers.

Internal economic trends, supported only by foreign demand, tend more than ever to produce instability. The development of orders from abroad in the course of this year has shown that the strong month to month fluctuations, caused by occasional major orders and also by speculation about the further progress of D-mark exchange rates, are conducive to frequent doubts about the permanence of this the only mainstay of economic activity. However, the large receipts of orders in July, relatively well distributed over all groups of processing industry, seem to indicate that this support may well continue at least for the coming months, and so may the D-mark exchange rate (benefiting price competitiveness), especially in relation to the U.S.dollar and the yen. This appraisal of the stability of export business is also apparent in the responses of the firms participating in the business poll by the Munich Ifo Institute: On balance export expectations were quite optimistic.

The situation in the construction industry, barely affected by foreign influences, is radically different. The statistically ascertained output trend pointing upward since the beginning of the year definitely belies the actual business situation. In the development of construction output weather factors are decisive. They resulted in a particularly severe cutback of production in winter. The subsequent "normalization" was evidently encouraged further by attempts to some extent to make up the weather-related production losses. The result was an output level exceeding expectations. However, the order stock of firms, measured by its range, has again declined substantially. This will compel further production cuts in the coming months. Considering the large share of the construction industry in the economic net product, this represents a considerable counterweight to the stabilization trends generated in the processing industry.

The factors of economic influence reflected in the basic trend of construction output and real construction investments, that is restrictive monetary and fiscal policies, now evidently also affect equipment investments which had so far been relatively steady: Real domestic order receipts tend now to be on the decline in machine construction and among the producers of electrical engineering equipment, and this is bound to be reflected in the coming months in the real domestic turnover of producers and, therefore, the capital investments of investors.

Stagnating or even declining production lowers the opportunities for advances in productivity in the economic sectors affected, because the utilization of manufacturing capacities as well as of the manpower employed tends to decline as a consequence. At the present time, for instance, productivity per man hour in producing industry is depressed, though it no longer tends to drop--as was the case during the downswing stage last year. That is the main reason for the decided rise in wage costs per item in processing industry, despite the moderate wage agreements negotiated in this year's round of negotiations. Together with the hefty rise in prices of imported previous stage goods, this causes noticeable pressure on corporate profits and, together with exceptionally adverse terms of outside financing, inhibits the inclination to invest.

Severely limited in view of the weak demand are opportunities for passing on higher costs to the customers. True, prices of goods and services for private consumption have shown a sharper rise in recent months; they were 6 percent higher in August 1981 than in August 1980. This, though, hardly reflects the passing on of higher domestic costs. The most pronounced rises were noted in prices of goods with a high input of energy or imported raw materials. That affects not only oil products and natural gas but also electricity prices and energy intensive products from the sectors of the basic materials and production goods industries as well as the consumer goods industries. For products of the investment goods industry, relatively little affected by imported cost inflation, domestic prices were only 4 percent higher at last report than in mid-1980; the trend has indeed been toward a slowdown of inflation, an indication of the FRG's admirable price stability compared with the international economic situation.

The undesirably large increases in consumer prices have by now resulted in a noticeable diminution of real incomes of private households. The rate of price rises in the second quarter of this year, for example, decidedly exceeded the rise in total net wages and salaries paid to employees: The price rise was almost 1 percent higher; this ratio deteriorated further in the summer. That is one of the reasons why

private consumption, in contrast to earlier instances of economic weakness, failed to help stabilize total demand; indeed it is among the elements reducing it. In the circumstances retail turnovers were unable to achieve the previous year's results in real terms; in the past few months they dipped 2-3 percent below them.

As was to be expected, unemployment continued to rise sharply in view of the continuing unfavorable economic situation. In August it amounted to almost 1.3 million, seasonally adjusted to 1.35 million. Unemployment is therefore 500,000 above the low recorded at the turn of the year 1979/1980.

Outlook

There is every indication that the coming months will not witness a revival either. Weak growth and steadily increasing unemployment will therefore characterize developments in the second half of 1981 also. Moreover, the four total economic targets set out in the stability and growth law will definitely be missed. Superficially considered one might believe that the situation--now persisting for some considerable tim--will remain basically the same.

A more sophisticated analysis, on the other hand, leads to the conclusion that the near future will see shifts in the extent of missed objectives. In the first place this will hold true for the foreign trade balance, measured by the balance of the current account. Already in recent months the deficit has noticeably shrunk, following the record amount recorded in the first quarter of this year. We may expect the activation of the balance of trade to continue, because it is due to this development. This will provide more favorable conditions for the trend of exchange rates also: Distinctly lower current account deficits will increasingly allow the determinant "inflation differences" to affect the exchange rate. An early revaluation of the D-mark would not be surprising. But even a stop to the further deterioration of the rate of exchange would be enough to ward off imported price increases and, therefore, yield a slowdown in the rise of consumer prices. It is to be assumed that revaluation of the D-mark will yield a rate distinctly lower than the highest rate of the previous year. The price competitiveness of German firms will therefore continue satisfactory. From this aspect the foreign trade balance and price stability appear less endangered now than earlier.

No such benefits, however, are in view for the remaining two targets. At best we may expect renewed economic growth at an as yet unknown point in 1982; the employment target will therefore be missed to an increasing extent. We can describe as merely vague the hopes that economic policy will make a contribution toward overcoming the weakness of economic growth: True, an improvement in the D-mark exchange rate would help monetary policy (even from the standpoint of the Bundesbank) to provide some scope for lower interest rates. This would be quite important for overal economic trends, because the restraints on greater stockpiling by the producers as well as traders would be somewhat relaxed. However, as regards fixed investments, especially housing construction, any easing of monetary restrictions --even were it to begin immediately--would have rather delayed effects.

In fact we must reckon with greater fiscal restrictions. The cabinet decisions for the 1982 federal budget--affecting also the fiscal policies of Laender and municipalities--show that public demand will be definitely below the potential.

The government will, therefore, behave in a procyclical manner and contribute to the weakness of demand. That is the exact opposite of the stimulation of demand. The major justification for this denial is the argument that demand stimulating measures no longer promise the same success as in the past; that in fact they contribute to the worsening of the situation. No evidence for this doctrine has yet been forthcoming. Admittedly, advanced foreign trade interrelations of any country narrow the multiplier effect of demand political measures. High inflation rates also may adversely affect their results. This second reason, though, does not exist in the FRG now. The fiscal approach now taken must therefore be described as inappropriate. It would be suitable only in a phase of economic overheating, certainly not in a recession. The fiscal efforts for consolidation are proceeding at the wrong time.

Moreover, the measures adopted to do not indicate any restructuring of the types of expenditure important to growth and employment. The hopes of the economic authorities for investment incentive effects seem to be based entirely on the modification of write-off terms. Though this does indicate the beginning of a correct redirection, bot the question of the extent of their effects on profits and that of the duration of the lag recommend a cautious verdict.

Doubts also arise with a view to the equilibrium between the income cuts linked with the planned savings. That applies not only to cuts in the family allowance amounting to a revocation of the recently granted raise. It also holds good for various measures in the sector of public service. It seems that insufficient attention has been devoted to the danger of combined effects on individual employees. Are are bound to be apprehensive of seeing a definite worsening of the income situation in certain cases.

Discussed in connection with the consolidation measures--at least for a short time--was also a program to improve the employment situation, which was to be allocated DM1.5 billion. We cannot feel regret that this mini-program was eventually dropped. If we consider the dimension of public resources really required to revive growth and improve the employment situation, such a program would merely have served as an alibi. After all, going by the planning so far published, the investment budgets of Federation, Laender and municipalities are to be about DM5 billion lower next year than actual corresponding spending in 1981. Required to stimulate the economy would be expansion rather than cuts, at least by the amount which is actually to be cut. It remains to be seen whether, impressed by a rate of unemployment rapidly approaching record levels, fiscal policy will ultimately decide for an appropriate policy after all.

11698
CSP: 3103/25

KIEL INSTITUTE PREDICTS INCREASED UNEMPLOYMENT

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 21 Sep 81 p 6

/Text/ Josef Stingl, president of the Nuremberg Federal Institution for Labor, and the researchers at the Kiel Institute for World Economy (IfW) sketch a pessimistic forecast of the employment situation. Last weekend Stingle stated in a broadcast "Talk from Frankfurt" on Hessen Radio, that a 4-5 year period of drought had to be expected on the labor market, even if economic growth were to revive. He gave as the reason the fact that, while it was possible to predict the growth of native job seekers on the basis of the birth rate, the extent of future immigration by foreign workers could not be foreseen. Basically, therefore, the current difficulties would persist until the end of the 1980's.

In the view of the Kiel economists no economic revival is to be expected in 1982 either. This year the real national product will probably decline by about 1.5 percent, and they consider another decline in 1982 more likely than growth. The annual average unemployment will therefore be about 1.75 million, says an analysis prepared for the 24th Kiel Economic Conference. In the first 8 months of the current year year average unemployment amounted to 1.2 million, 38 percent more than in the comparable period of 1980. The Federal Government expects an average of "only" 1.4 million unemployed for 1982. This prediction is based on a 2 percent growth of the economy.

For the unfavorable outlook the Kiel institute blames, among others, the procyclical behavior of public budgets which have not exerted any positive effect on investments, and considerable risks in the export business. Though the much improved competitive position caused by the real devaluation of the D-mark will still favorably affect exports in the second half of 1981, the adverse economic outlook abroad may well counterbalance these benefits.

The Kiel economists consider it necessary for any lasting decline in unemployment that the rise in real wages should "for several years" lag behind the rise in productivity available for distribution. Fiscal policy could help improve the employment situation by reducing contribution rates and creating more incentives for investment. Of course it would be a prerequisite for the expenses of public budgets to be diminished by cuts in subsidies, greater efficiency in the public sector and the reform of the social network.

Stingl, by contrast, rejects the notion of changing the "matured social security system of the Federal Republic." In this context he disputed any lowering of the

percentage rate of unemployment compensation. After all, he argued, the unemployed worker is also a consumer and affects economic events.

As regards the criticism of the amount spent by his agency on retraining and further education, Stingl said that studies had brought evidence of substantial successes in this field.

11698
CSO: 3103/24

NATIONAL BANK PRESIDENT ON INFLATION, INTEREST RATE

Zurich DIE WELTWOCHE in German 30 Sep 81 pp 19, 21

/Interview with Fritz Leutwiler, president, National Bank, by Wolfgang Winter/

> /Text/ More than 7 percent inflation--and all eyes turn to him. Fritz Leutwiler is aware that "a rather high rate of inflation" will plague us "in the next 6 or even 9 months." And he lays out "a disagreeable scenario"--coupled with a definite recession. At the margin of the world monetary conference in Washington Wolfgang Winter talked with the president of the Swiss National Bank.

/Question/ Dr Leutwiler, you have once again gone to Washington for a world monetary conference...

/Answer/ ...My experiences here are somewhat frustrating. Little progress is apparant in international monetary policies. Moreover the old problems are also the new problems! Tension between the industrial and developing countries, for example. I get the impression that the strong are getting stronger and the weak even weaker --if such a thing is possible...

/Question/ Two years ago, on a similar occasion in Belgrade, you admitted to being positively "ashamed" of Swiss aloofness with regard to multilateral development aid polict, Does our only authorized observer feel somewhat happier at this conference, following the transformation of earlier IDA /International Development Association/ loans into gifts and the creation of a credit line for bilateral aid?

/Answer/ Do you think we project a better image now? We still do rather poorly. IDA* continues to concern me very much indeed. This aid organization for the poorest of the poor is still a good institution.

/Question/ I am of course tempted to use the old slogan "accession."

/Answer/ That slogan is interesting for Bern. Work there is progressing. In the not too distant future the report will be submitted to the Federal Council as requested. Involved is not only the issue of the United Nations but also the monetary fund and the World Bank. It is a ticklish matter for me tc adopt an attitude to an

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* IDA is one of the three organizations of the World Bank

issue which still awaits the opinion of the Federal Council. Let me just say this: From the standpoint of the National Bank accession is not indispensable with respect to purely monetary aspects. However, there are other and entirely legitimate reasons. Among others the appreciation that it would be difficult to explain why Switzerland might join the United Nations but refuse to join in where it would have most to say and contribute.

/Question/ Your answer therefore is not a categorical no, even without new elements at this conference of the world monetary organizations?

/Answer/ The new element is a new American Administration which champions other standpoints: Clearer, more resolute and decided and, in some matters also harder...

/Question/ ...harder, I suppose, in maintaining high interest rates. You have always had understanding for that.

/Answer/ We Swiss must be about the only Europeans who do not join the chorus of reproof for American policy. We do not do so because we simply have no alternative, because we are convinced that this approach, however painful, is the only correct one.

We would prefer to see somewhat lower American interest rates. This would permit us to pursue the same restrictive policy with interest at a somewhat lower level. Here the struggle against inflation will have to be pursued entirely by monetary policy. This means that monetary policy must be more restrictive than would be necessary if it were to receive real support. It also means that interest rates here are higher than they would need to be if monetary policy did not have to carry the whole burden.

/Question/ We now have landed four-square in our domestic interest rate and inflation problem. Before we tackle it, though, another question touching directly on the preceding issues: Our European neighbors after all have no alternative either and yet presume to criticize the U.S.line...

/Answer/ Here I have to tell some tales from school. This criticism, once you look closer, never originates with the group of my colleagues nor--as far as I know --with the German Bundesbank. It is generated entirely by the politicians.

/Question/ That also leads straight back to Switzerland. You are obviously willing to accept a definite pressure on the Swiss economy, though not a severe decline.

/Answer/ Nothing else is thinkable. It is inevitable that there will be a weakening with consequences for employment. I do not believe, though, that there will be a disaster as in 1978, because the dollar situation is totally different now. I confidently expect the new American Government not to allow matters to go so far as in the fall of 1978,

/Question/ Let us consider the rates of exchange. In the few months since May the Swiss franc has gained 7 percent compared to the D-mark.

/Answer/ The current Swiss franc-D-mark ratio is perfectly appropriate. You will surely understand that I was not entirely displeased with the revaluation of the Swiss franc vis-a-vis the D-mark as compensation of the franc's weakness in relation to the dollar. All future development depends on monetary policy. If the Germans were to have the opportunity of somewhat loosening the monetary reins (which they would love to do), while we kept our foot on the brake pedal for some time longer (which we would also do), the Swiss franc could indeed gain more vis-a-vis the D-mark.

/Question/ ...but only, as proclaimed in 1978, until "well beyond 1980?"

/Answer/ We have never taken back this statement. You may therefore assume that it is still valid. Let me say something about the yen. My Japanese colleague told me quite frankly here that the Japanese would prefer to line up with us instead of the dollar should the Swiss franc and the D-mark again strengthen vis-a-vis that currency. And I would not consider a revaluation of the Swiss franc over the yen to be economically warranted. I rather see a group of three--D-mark, yen and Swiss franc--moving along on a parallel course.

/Question/ A word about the dollar. What would happen if it were to decline on its own accord?

/Answer/ If American interest rates were to decline or American monetary policy ease for other reasons--which I do not expect; the American Secretary of the Treasury has reaffirmed here that he fully backs the policy of the Federal Reserve--if, to assume the hypothesis, this were to happen after all, if the dollar were to decline, I do not think that we could exclude the possibility of the Swiss franc's overshooting. In that case we in Switzerland would have to be on our guard and see to it that we do not slide into another trend such as 1978 and are then compelled to pull the emergency brake. However, I cannot assert that we have this under complete control. Considering our policy of restrictions, especially if extended for any length of time, the danger of overshooting is bound to be present.

/Question/ Would could be done better than in 1978?

/Answer/ That needs a careful answer. Quite certainly we will have to reflect a while longer before again pulling the emergency brake after, in the meantime, having drawn up the cost:profit account. We have paid a high price. I do not positively affirm that the exercise would be repeated in no circumstances whatever. I am merely saying it should not be assumed that the National Bank would turn the monetary controls 180 degrees at the first sign of overshooting.

/Question/ Lately your colleage on the board Lusser spoke of an 8 percent or higher inflation rate.

/Answer/ I feel some inhibitions here. Lusser wanted to say that inflation in this dimension can no longer be judged by tenths of percentage points which depend on so many accidental factors. He also meant--and I share his opinion--that we have not yet gotten over the worst of inflation. I do not reproach anybody for a wrong prediction. In that case I would have to reproach myself. I also was too optimistic. I certainly did not expect that inflation mentality would spread so quickly.

In these circumstances forecasts are difficult. In realistic terms we will have to assume that we will have a rather high inflation rate in the present dimensions for the next 6 or even 9 months. This may vary somewhat. But the trend will not be turned around in the next few months, even if the Swiss franc were to rise a bit more, even if we were to keep our foot firmly on the brake.

/Question/ That implies a continuing high level of interest rates.

/Answer/ I am fairly sure that the upper limit has been reached in the sector of short-term interest rates at the current 2-digit rates. I cannot promise, though, that they will come down soon. The movement in the long-range sector, on the other hand, may not have finished yet.

/Question/ Not for mortgages either?

/Answer/ At current fixed deposit rates of 6½ percent and 7 percent a bank obviously cannot allow a 5½ percent mortgage rate to continue.

/Question/ It has already been decided that old mortgages will rise to 6 percent in the foreseeable future, following the increase to 6½ percent of new mortgages.

/Answer/ You said it, and I cannot deny it.

/Question/ Do you think it possible that the next round of mortgage interest rates may occur next spring?

/Answer/ I am fairly sure of that. Unless all indications are deceptive, we should by then have gotten over the worst. Of course--always provided I am not completely wrong in forecasting that we will have not only declining inflation rates by mid-year but also see recessive effects in the economy, for example the construction industry.

/Question/ Hopefully, though, another upward movement in interest on savings will not be excluded?

/Answer/ The rate of interest on passbook savings accounts is at a totally unnatural level, less than half the inflation rate. Nobody disputes that this rate no longer conforms to the market. But who is to move ahead? The major banks which would be best able to do that, are holding back (understandably), because they know very well that any rise in interest on savings would put the cantonal and regional banks under pressure. Nobody wants to make a start. That will result in a delay in raising mortgage interest rates, and therefore is not exactly unwelcome...

/Question/ Another issue is coming up for discussion again as inflation speeds up. I am referring to automatic indexing.

/Answer/ Here also misinterpretations flourish. We were earlier alleged to be opposed to indexing or to wish to impose the burden of fighting inflation on the weakest section of the economy. Obviously that is out of the question. Admittedly, though, we are against automatic indexing as such, automatic adjustment without consideration for economic possibilities. After all, we are quite aware that, whenver

indexing is negotiated, the labor unions are quite prepared to take into account the respective firm's ability to bear the load. Mainly we are of the opinion that public agencies generally, and specially the federation, should not act as pacemakers for automatic indexing with raises wice a year. We have pointed out that a good deal of the present inflation is imported and, whether we like it or not, bound to result in a loss of real income. The question therefore arises how we are going to distribute the loss of prosperity. The moment we have automatic indexing, the impression arises that nobody at all need pay for it.

/Question/ Mr Leutwiler, only a few months ago the National Bank did not wish to tighten restrictive policy. Lately, though, possibly in a fit of nerves, it did just that.

/Answer/ Not in quantitative terms. We did so rather on the lines of psychological warfare. The money supply is unlikely to grow in 1981, and we have known that for a long time. New is the uncertainty prevailing among the banks. We felt that they were relying on us far too much, so now we are keeping them on the hop. They can no longer rely on getting as much money from us at the peak dates.

As it is we have the problem of people getting more and more impatient. We apply the brake and continue to apply the brake, but nothing happens. The same holds true for America and Switzerland. We know all too well how long is the time lag between measures and effect. Even my mid-year forecast at this time is no more than pious hope; we will have to see whether it is confirmed. But, should we not see a decline in the inflation rate next year, we would really have to begin to rewrite some book.s For the time being I do not believe that this will be necessary, but we will have to have patience for a few months more.

It is then that we will have to contemplate two alternatives: The first is that the dollar will continue firm and the Swiss franc relatively weak. In these circumstances we will see less of a recession but also a slower decline in inflation.

The second scenario: The Swiss franc is revaluated vis-a-vis the dollar, the decline in inflation proceeds more rapidly, but the economy suffers more recession. In those circumstances the situation may arrive for the Swiss economy to be confronted with a) even higher wage costs, b) still high interest rates which will not quickly decline, and c) a rising exchange rate of the Swiss franc. That is not an improbable scenario but it is most disagreeable to contemplate. The economy, however, will do well to gear itself to the second scenario.

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KREMLIN'S DECISION-MAKING APPARATUS FOR FINLAND EXAMINED

Helsinki SUOMEN KUVALEHTI in Finnish 25 Sep 81 p 34-37

[Article by Dev Murarka]

[Text] Wehn one thinks of the creators of USSR foreign policy, Leonid Brezhnev and Adrei Gromyko come to mind, as well as the late Nikita Khrushchev and Aleksei Kosygin, together with a few other high-ranking leaders. It is generally believed around the world that when Brezhnev makes a decision, it will be automatically ratified down the line of the power hierarchy, and that's it. Western critics have the notion that the USSR's policies are an impersonal force with very little connection with reality--as if Brezhnev created it out of a void.

But the fact is that the decisions have their basis in an intricate network of fact finders, analysts and ideologists, all of whom have significant roles in decision-making. They are thoroughly knowledgeable in the issues concerning some country, area or other specialty--sometimes from way back when the Soviet Union was only developing the stature of a great power. This tradition is more valuable than people sometimes wish to believe.

The Politburo meetings, normally held once a week, have the final say in decision-making; it is well known that Brezhnev is not in the habit of making personal ad hoc decisions even though, of course, his opinion of the problem in hand holds much weight compared to others.

The procedural system chosen by the Soviet Union epitomizes not only the will of the top-leaders but also the majority opinion created by the political-bureaucratic apparatus. Compared to the United States, it can be said that policy making in the Soviet Union is in this respect more representative of the government and the party, the ruling elite.

Duality of Decision-Making

USSR foreign policy decision-making is complicated by the fact that there are two separate institutions functioning on the higher level. On the one hand there is the Foreign Ministry, which works with foreign powers in the traditional manner, i.e., on a state-to-state basis, and carries out the political decisions. It functions as most foreign ministries do, although--as is customary in the Soviet Union--it is more uncommunicative.

The Communist Party Central Committee's Department of the Foreign Affairs operates with it side by side. It is more authoritative and in charge of formulating foreign policy as a whole, not only in regard to foreign powers but also to other communist parties.

One way to describe Moscow's management of foreign policy is to examine its operation in the Near East for example, as this area is the target of active and extensive attention in USSR foreign policy.

For instance, the Foreign Ministry manages relations with the state of Syria, but the International Department decides what the policy towards Syria is going to be; and it also manages contacts with the ruling Baath Party and the Syrian Communist Party. Similarly, the Foreign Ministry deals with the Finnish government and the state-level leaders, but the International Department deals with the Finnish communists--both factions--and the other Finnish parties.

Relations with other socialist countries are in a class by themselves. The relationships with the states and governments are, as usual, managed by the Foreign Ministry, but the actual responsibility for these countries is carried by a special department which takes care of contacts with communist and labor parties in the socialist countries. This department is headed by the Central Committee secretary Konstantin Rusakov, 72.

Nearly all the top-level leaders are closely involved with making decisions on Chinese and East European matters. In principle, the Foreign Ministry therefore has less responsibility for relations with the socialist countries, whether it is Cuba, Vietnam, Bulgaria or any other.

The International Department is headed by Boris Ponomarev, a 76-year old veteran secretary of the Central Committee and a candidate member of the Politburo. His first deputy, the senior assistant, is Vadim Zagldin. The main responsibility for Nordic affairs in the department is carried by Vitali Shaposhnikov who is also Ponomarev's deputy. Shaposhnikov has held this position for over a decade, from 1970. Near East affairs are run by Karen Brutents who is Armenian and 57 years old; he too is an alternate member for Ponomarev. Brutents is also responsible for Latin America. He has written several books on the problems of developing countries. The alternate members usually send in their recommendations to Ponomarev through Zagladin, although they also have a direct line to their superior whom they can meet with when necessary. Certain officials, who are subordinate to the alternate members, have separate countries as their fields of responsibility. Finland is the responsibility of Stepan Smirnov.

How the Communication Network Operates

The International Department, however, does not operate quite independently. It maintains constant contact with the officials in the Foreign Ministry and obtains all the information that the ministry receives from embassies and other sources. The Soviet embassies abroad are naturally the main source of information. It is difficult to know how the communication network between the ministry and the International Department functions, but certainly the ministry officials meet regularly with the officials of the International Department.

If there is political disagreement, the International Department usually prevails over the Foreign Ministry. In the Soviet Union, the party institution has priority over the government organs, as everything in the country is subject to party rule. However, when Foreign Minister Andrei Gromyko in April 1973 became a full member of the Politburo, he came to be in a higher position than Ponomarev, who has remained a candidate member. This is why the Foreign Ministry now somehow supersedes the Central Committee's International Department, although not in all matters. The International Department takes the lead when it is a question of problems in some country's communist party or ideological issues. In addition, the Central Committee has more members from the Foreign Ministry than from the International Department, for instance many ambassadors are members. Also this strengthens the role of the Foreign Ministry in broader political decision-making.

Andrei Gromyko and His Subordinates

It is obvious that Andrei Gromyko is in a position of great authority and responsibility in the Foreign Ministry. At 72 years old, he has been the foreign minister for a record period of 24 years and possesses impressively prodigious expertise in foreign politics. His very rare press conferences in Moscow are memorable occasions. Without prepared notes, Gromyko answers all sorts of questions, including those on sensitive foreign policy subjects, with wit and precision.

Under Gromyko are two First Deputy Ministers: Georgi Korn enko, 56, who generally manages the U.S. and, to an extent, European affairs, and Viktor Maltsev, 64, a former ambassador to Finland, who is responsible for the Third World and Scandinavian matters. Maltsev is regarded as being very close to Brezhnev. But since matters are ordinarily not of very urgent importance in USSR foreign policy, most of Maltsev's time is normally devoted to Third World affairs; these also include two Near East departments. Since 1973, the deputy minister in charge of affairs has been Igor Zemskov. The responsible official for affairs is Georgi Farafanov, formerly a USSR ambassador to Iceland, and the official responsible for Finnish affairs is A.F. Tishenko.

The Middle and Near East departments have been designated according to USSR terminology, which differs from the Western. Turkey, Iran, and Afghanistan comprise the Middle East department or Sredni Vostok. This department is headed by Vil Boldyrev, just over 60 years old, who was ambassador to India before this appointment. The Near East Department, Blizhni Vostok, covers all Near East countries, also Egypt, which geographically is an African country. This department is headed by Oleg Grinevski, over 50 years of age. Libya, Algeria, Morocco, and Tunisia belong in the First African Department, which is headed by Alexei Shvedov, the former ambassador to Morocco.

The Third Group: Outside Experts

The political power structure has been slowly but surely opening up as it has become more common to consult with institutions outside the ministry and especially with academics in different fields. In Scandinavian matters, this is maybe of no great significance, but for instance the Near East is such an unstable area that it is necessary to draw on all available expertise. The expert who is most often consulted in matters pertaining to this area appears to be Jvgeni Primakov, who has

been the director of the Moscow Institute of Eastern Countries since March 1978. Before that, he was a Cairo correspondent to Pravda, and he has written several works on the Near East.

Routine Political matters and executive responsibilities are the province of officials in the International Department of the Foreign Ministry, but the more serious questions are dealt with through the Politburo and Brezhnev himself. Prior to that, especially if it is a question of the Near East, two other organizations influence the final form of the recommendations. One os the State Security Committee, the KGB, because reconnaissance reports are of vital importance in making decisions about this tinderbox area.

The other institution is the Defense Ministry, not least for the reason that it sends weapons, military advisors and training personnel to several countries in the area. In addition to that, the ministry bears responsibility for defense and military readiness on the southern borders of the Soviet Union next to the Near East neighbors. This ministry also evaluates the strategic communication networks for conflict situations in the area. The Defense Ministry is also consulted in matters pertaining to Finland as Finland has great strategic importance and is bordered by an area where NATO has strong influence and presence.

Finland's Special Position

After this, the matters are forwarded to the Politburo, either on the initiative of the department in question or directly from Brezhnev's secreteriat. One of Brezhnev's older assistants is Samoteikin, a referendary who is responsible for the Third World countries. It is his responsibility to refer all important matters dealing with this area to Brezhnev for his decision. He normally operates through the office of Andrei Alexandrov-Agentov who is Brezhnev's closest personal advisor, but it is also possible for him to contact Brezhnev directly.

Finland has indeed a special position in USSR foreign policy, and it is suspected to be a part of Alexandrov-Agentov's field of personal responsibility, as are relations with the United States, West Germany and a few other countries.

In actual fact, a fairly high number of Politburo members participate in the decisions on the Near East. Besides Brezhnev, these include Prime Minister Nikolai Tihonov, Gromyko, Defense Minister Dimitri Ustinov, and the KGB chief, Juri Andropov. Mihail Suslov is one of the main ideologists and therefore an important and influential figure in foreign policy as a whole. Ponomarev is present as the chief of the International Department but he has no voting rights since he is not a full member.

In Finnish affairs, the division of roles is somewhat different. While Kosygin was alive, he was of course closely involved with everything having to do with Finland. In addition to these above, Georgi Romanov is now included among Politburo members responsible for Finnish affairs. He is the first secretary of Leningrad.

In Middle East affairs, there is a group of Politburo members who are more and more closely involved and frequently consulted. They include the representatives of the Islamic republics of the Soviet Union: Din Mohammad Kunajev, the first secretary of Kazahstan who is regarded as a close comrade of Brezhnev as well as

candidate members Gaidar Alijev and Sharaf Rashidov, the former first secretary of Azerbaidzhan and the latter the first secretary of Uzbekistan. Both Azerbaidzhan and Uzbekistan have ancient cultural ties with the Middle East, further strengthened by the Islamic faith, although this aspect is underplayed in Soviet relations with the area. Occasionally, it is necessary to consult with Marshall Nikolai Ogarkov in matters having to do with Middle East questions. He is the chief of the USSR military forces general staff.

Reception of Visitors

A considerable part of foreign policy activity of course consists in maintaining personal relationships with officials and leaders of difeerent countries. There is in Moscow a well-established tradition regarding these relations, and the protocol is strictly adhered to in most cases. Finland is an exception. President Urho Kekkonen is a more common--both official and unofficial--foreign visitor than many others. He has close personal relationships with some Soviet leaders, although he probably misses Kosygin who was a particularly close friend. But the main rule is that the visitors meet Soviet leaders whose position and status corresponds to their own, unless some special task gives reason to meet a higher-level leader.

This rule also applies to visits of chiefs of state and government in the Soviet Union. Brezhnev ordinarily meets with the presidents, Tihonov with the prime ministers. But there are exceptions. Brezhnev himself carries out the negotiations with for instance the West German chancellor and the Indian prime minister. The same would apply to all prime ministers who are the real policy makers of their governments, for instance England's prime minister. Occasionally Brezhnev also receives visiting foreign ministers if they bring important messages from their chiefs. And he generally meets with the foreign ministers of the great powers after their negotiations with Gromyko.

Urho Kekkonen's Great Achievement

Also other high-level negotiators are treated according to the protocol. If the entourage of a visiting statesman includes for example the country's defense or foreign trade minister, his Soviet colleagues will sit in at the negotiations with their guests. The relative power status of the negotiators and the description of the atmosphere of the negotiations are unfailing guages of the importance of the discussions.

If the negotiations are said to have been conducted in a "friendly atmosphere," it means they have been successful. "Warm and friendly atmosphere" implies an even greater success. But if the negotiations are held in a "matter-of-fact" or "sincere" spirit--or both--, it indicates various degrees of differences of opinion or even major disagreements.

On the highest levels of negotiations and contacts, success of course depends very much on the personalities involved. The mutual relationship evolving between the leaders is very important, especially between Brezhnev and his co-negotiators. It is advantageous if the visiting statesman gives the impression of authority, openness and honesty. Urho Kekkonen is maybe one of the most impressive people in this respect, as his great achievement and merit in the eyes of the Soviet people is that he has been able to win the Soviet leaders' trust by straight-forwardness in both personal demeanor and in conducting Finnish foreign policy.

Regardless of personal qualities, the final criteria that the Soviet leaders apply an evaluating a foreign statesman are his politics and attitudes toward the Soviet state, and the strategic and political significance the country in question has in question Moscow's regard.

Significance of Atmosphere

It is an obvious mistake to think that USSR foreign policy is regulated by Brezhnev's sympathies and antipathies. But it is also important to remember that the dominant atmosphere in the relationship between the Soviet Union and any other country is in equally important factor.

If the relationship has previously been warm, the entire atmosphere and the Soviet dealings with the country are different even if the personal contacts are conducted according to protocol.

1) Konstantin Rusakov, Secretary of the Central Committee
2) Boris Ponomarev, Veteran of the Central Committee
3) Vadim Zagladin, First Alternate to Ponomarev
4) Andrei Gromyko, Foreign Minister
5) Viktor M ltsev, Deputy Foreign Minister, Ambassador to Finland 1974-77
6) Nikolai Tihonov, Prime Minister
7) Dmitri Ustinov, Defense Minister
8) Mihail Suslov, Main Ideologist
9) Din Muhammad Kunajev, Muslim Affairs

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KEKKONEN'S ILLNESS SETS OFF FRANTIC PARTY ACTIVITY

Helsinki SUOMEN KUVALEHTI in Finnish 25 Sep 81 p 46-49

[Article by Antti Blafield]

[Text] On Friday, September 11, it was only "a piece of news." At the turn of the new week, it became "presidential maneuvers," but when a third week came along, it already was a question of "power games."

"The piece of news" was that the President of the Republic had taken sick leave. A result was that once again, the dissolving government was welded back together.

"The piece of news" also changed completely the strategies of the Republic's gamesmen. Everyone now functioned only for the furtherance of the game, trying to garner more support behind his presidential candidate and hoping to win more power to his party and the men in the wings.

Interior Minister Eino Uusitalo, who had kept himself out of the budgetary disputes, now became the prime minister. He assumed his duties in accordance with all the requirements of tradition.

The government contrived a new dispute, this time over regional development policies. The Left and the Center quarrelled earnestly over whether sluggish industrial towns should be handled as part of the development regions or not. The dispute, in other words, was not over whether for instance Imatra should receive aid. Everyone agreed on that, only the mode of aid was under dispute.

This was precisely the same situation as with the budgetary dispute. It was easy enough to agree on the use of tens of billions, but a juicy quarrel was whipped up over a few hundred millions. The outcome could either be a fat war or a thin peace.

Uusitalo now took the role of an arbitrator. He reported day after day that agreement was very near. Useless press conferences followed one another, and the journalists, already exhausted from the previous week, were told the same non-news over and over again.

But the main goal was achieved: Eino Uusitalo, the acting prime minister, was kept in the public eye. The people were coaxed into believing that nothing had changed: the government kept on quarrelling, and a prime minister kept on sighing.

"Mild Critique"

State Finance Minister Ahti Pekkala exited the scene to have a rest.

The finance minister, muddied from the battlefields of the budgetary disputes, no longer interested the press, with the exception of the Center Party news agency Uutiskeskus. Uutiskeskus had an interview with Ahti Pekkala over the bygone battles, and it detected in the finance minister's words "some mild criticism of Mauno Koivisto."

Pekkala, in other words, was kept in the game.

Foreign Minister Paavo Vayrynen appeared to the citizens last week with nothing more to say than that he was going abroad, to attend the opening ceremonies of the UN General Assembly. There too, wildspread quarrelling prevails, so the foreign minister is unlikely to notice any difference in climate.

Another brief appearance by Vayrynen, rather on the stiff side, occurred during the first presidential audience held by his stand-in, Mauno Koivisto.

During this first audience held by Koivisto, the expressions on the faces of the ministers were confused and respectful. It was difficult to find one's bearings: was one now dealing with a former co-minister or not?

Basic Course in Eastern Trade

Ahti Karjalainen started his campaign about the time the "news" came out. No one has admitted that Karjalainen is conducting a presidential campaign; but it hardly appears believable that the interim general manager of the Bank of Finland needs to run around the county polishing up the bank's image.

Karjalainen spoke on Tuesday last week [15 Sep] to the Tampere Paasikivi Society. The invitations announced that the topic of Dr. Karjalainen's speech would be disclosed later.

This cryptic message filled to the brim the cabinet in the Grand Hotel Tammer. The entire northern Hame elite was present.

True to his wont, Karjalainen offered no surprises. He gave a presentation, characterized as a basic course in Eastern trade, the main content of which was that Dr. Karjalainen possesses immeasurable experience and insights in Eastern relations.

On the right of the animated Karjalainen, in front of the audience, sat the "vice president," Kalle Kaihari, who at least according to his own testimony has a good record in collecting needed votes for future presidents.

Vilho Halme, the vice chairman of the highest decision-making organ of the Social Democratic Party, the party council, and the Tampere Paasikivi Society's chairman was left with nothing else to do but thank Karjalainen for a meritorious and memorable presentation.

The surrogate president, Prime Minister Mauno Koivisto withdrew into a presidential remoteness. The prime minister, formerly in the epicentre of disputes, now became a venerable Mr Distant surrounded by security men. His only appearances in public were connected with the presidential official duties.

However, one can always flash out miniature signals. As he descended from the presidential audience on Friday, Koivisto waved his hand to the empty Aleksanterinkatu street before squeezing himself in the state Saab.

During the week, we also had a chance to observe the other side of Koivisto as he went to Tamminiemi to pay a visit to UKK. On the Tamminiemi steps, we witnessed more prime-ministerial humbleness and less vice-presidential authority.

The SDP [Social Democratic Party] Lost Nerve

As the republic's leaders, also called--rather questionably--gamesmen, were getting used to the new era, the press did not skimp on words. The Center Party's main organ SUOMENMAA came out with a special tour-de-force by casting the first foreign policy stones. TIEDONANTAJA of the minority faction of the communists followed by coming straight out with talk of a new Honka coalition being formed in support of Koivisto.

Towards the end of the week, it appeared as if this one piece of news had thrown the country back to the violent disputes of the mid-1950's. It seemed as if UKK's 25-year long lifework had evaporated in the wind. Only moments earlier it had been emphazized that Finland's foreign policy is beyond all speculations. Now the newspapers were giving space to the wildest of speculations.

The foreign embassies' teletypists had a laborious week

As far as the Social Democrats were concerned, the situation was beginning to be painfully reminiscent of the presidential elections of 1956 and 1962 when K.A. Fagerholm and Olavi Honka were stigmatized as foreign policy misfits. These elections put the Social Democrats into a long period of isolation, and their return to the port of proper politics was painful.

By Saturday, already the chief editor of SUOMEN SOSIAALIDEMOKRAATI, Aimo Kairamo, advised his party comrades to put ice inside their hats to keep their heads cool. The chief editor, known for his abrasiveness, sheathed his hard edge and pleaded that the gamesmen put the interests of the country first and bring about peace. The interests of the Social Democrats would at least be served.

The furtherance of the game and steady flow of news is in the interest of the papers. The country's interest should be that a statesman's accomplishments during a quarter of a century do not go for nothing.

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SOVIET FACTOR IN PRESIDENTIAL MANEUVERS EXAMINED

Helsinki SUOMEN KUVALEHTI in Finnish 25 Sep 81 p 56-57

[Article by Mikko Pohtola: "The Screen of Unity"]

[Text] Is it possible that maybe the greatest achievement of Urho Kekkonen's lifework, national unity, has been only a screen? This skeptical thought insinuates itself into mind as one observes the fierce battle his own party has launched in the past weeks, drawing also others in. The president's illness, even his recuperation leave, are natural parts of any individual's life; and the president of the republic is both a person and an institution.

It has become clearer and clearer that the dispute that was whipped up in the government over the budget was designed to cover up other activity, set quietly in motion somewhat earlier and intended to resplit both the people and the republic: into the Right and the Left, into friends and enemies, into the trusted and the untrustworthy in foreign policy. Mauno Koivisto and Ahti Karjalainen were made into symbols and used as pawns, and later all Finns were to become pawns.

But will the citizens and the other parties, precast as the new pawns, still resign themselves to be actors in this kind of a play? It was already performed once, is now all over; and a long period of recuperation was needed. Aarne Saarinen in fact brought new interesting color into the discussion as he, wised-up by the developments of the spring, now expressed the views of the SKP [Finnish Communist Party] and SKDL [Finnish People's Democratic League] as well as his own negative view of the role written for the SKP.

After what has happened, it is beginning to appear quite funny that the SKP minority faction and TIEDONANTAJA are conducting a campaign in favor of a bourgeoisie candidate; this in fact has attracted attention not only at home but also abroad. TIEDONANTAJA has really something to worry about when, according to its editorial, Koivisto already has won over all the rightwing forces to his support. The newspaper writes: "It is just too bad that all the rightwing forces from all parties are involved in this. It appears that not even the Communist Party is being left outside, because there always are some who look at everything from the point of view of expediency and forget the main issue."

TIDEONANTAJA too seems to have forgotten that until now, in other circumstances it has counted both the Center Party and the Conservative Party as rightwing parties --and that both of these parties have quite clearly announced that they do not

support a socialist presidential candidate, which in this connection refers to Koivisto.

The Open Road

Last week the main organ of the Center Party, SUOMENMAA, saw fit to break down all the barriers. An article, signed by P.M., started like this: "As Urho Kekkonen was elected in 1956 as the president of the Republic of Finland for the first time, he was already very well known in Moscow as a creator of the relationship between the Soviet Union and Finland. He also was known as a man who would direct Finland's foreign policy in such a way that the YYA agreement would be adhered to in all decisions."

The text has been scrutinized and quoted in nearly all Finnish papers, for instance SUOMEN SOSIALIDEMODRAATTI published it in its entirety. The writer may rightly be flattered by all the attention, even though the text is suspected to have been formulated "on a higher level."

Raising up the communists to the top of the temple road already is an attempt now at putting pressure on them, even though the Center Party does not even have a candidate yet; and support is being sought from outside forces. The article makes out that Koivisto is unreliable from the foreign policy point of view, but this claim is not substantiated in any way. A rusted old battle axe has been dug out: "The SKP majority faction faces a serious choice. It is difficult for an outsider to understand why it finally would want to be in the Koivisto camp. Isn't the securing of our foreign policy line an especially important matter even for the communists?"

Moscow's Stand

Both ideologically and physically, time has passed by the minority communists. Their communication channels are also deteriorating, and they are not even capable of noticing new trends in their own circles. The coming closer of international communism and European social democracy was not only a passing breeze of mutual admiration brought about by Willy Brandt, but it is a political reality with steady political influence.

In the past, the Kremlin made it quite clear which Social Democratic or other politicians did not enjoy the trust of the FCP. But that was a long time ago. For example, the statement by Leonid Brezhnev to the Finnish Social Democrats about the possible negotiations on the Nordic nuclear-free zone was not influenced only by the captivating smile of the DEMARI [SOSIALIDEMODRAATTI] chief editor. It was a hand extended to the Finnish government headed by the Social Democrats, to the SDP as well as the Social Democrats in the other Nordic countries.

Political experts say that it is more than likely thet the Soviets will not allow themselves to be provoked into becoming supporters of either the minority communists or the Centre Party. It is also said that both Mauno Koivisto and Ahti Karjalainen are well known in the Soviet Union, literally from every angle.

Only Two?

One of the peculiarities of the rapidly advancing situation is that, surprisingly, we have two presidential candidates who have been nominated by no party and no organ and who as a matter of fact both deny their candidacies. But as it appears, so it is.

No one has disputed Karjalainen's extensive experience and merits. In relations with the East block, his position as the Finnish chairman of the Economy Commission has given him power that will bring him more supporters as long as our Soviet trade is expanding.

In this suddenly emerged situation--according to Karjalainen, no surprise--the Center Party leadership and press have tried to give the impression both to their constituency and outsiders that Karjalainen already is the nominee to be passed on to the decision-making body of the party, the party convention.

If for some reason it should be necessary to call up an extraordinary party convention, its representatives would be the same as last year in Turku where Johannes Virolainen did not lose by much in an entirely different kind of election.

It appears that the Social Democrats will have the easiest time in nominating a presidential candidate. They don't even need to call a party convention to do it. and as a matter of fact the presidential candidate himself is at the moment in charge of the president's duties.

The Conservative Party faces a much more problematic situation. The party has pledged support to a bourgeois candidate in the final election, and it should be news to no one that this candidate is in fact Karjalainen. However, as the SDP, also the Conservative Party will need a gofer, a candidate who will collect the party-loyalists' votes.

It is not as easy now as it was during the Matti Virkkunen time for the Conservatives to find a candidate from outside the party hierarchy proper. Jaakko Lassila, still an unknown to the public, has been mentioned as a possibility, and although he practically holds two newspapers in his hands, the problems created by one of them will not set the man free very easily.

If the Conservative Party ends up with Harri Holkeri as the gofer of the first round of elections and the SKDL with Ele Alenius, the efficiency of the board of the Bank of Finland would be quite impaired for a time. The comedy of it would be that only one of the central candidates would be from outside the board of the Bank of Finland, namely Jan-Magnus Jansson, the possible candidate of the Swedish People's Party.

On the Look-Out

Prime Minister Mauno Koivisto has chosen as low a profile as possible for the duration of his short period as the surrogate president, for his every movement is now scrutinized with a magnifying glass. With the exception of the party press, his party has kept silent in order to secure him with an opportunity to work in peace

and quiet--and to allow Kekkonen to recuperate in peace. Though it has become clear that Kekkonen will not be Finland's next president, he still is the current one.

The decision on the course of action after Urho Kekkonen's recuperation leave is up to him and his doctors alone, and there is no reason to doubt that our experienced elderly president is capable of making the decisions regarding himself with the same sense of responsibility he has shown when making decisions that have concerned the entire nation and its future during the past quarter of a century.

9571
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NEW CALEDONIA TENSE AFTER INDEPENDENCE LEADER KILLED

Change of Status Demanded

Paris LE MATIN in French 24 Sep 81 p 5

[Article by Philippe Leymarie]

[Text] The funeral of Pierre Declercq, the Caledonian Union general secretary who was assassinated last week, was scheduled for Wednesday night in the village of Conception. All New Caledonian independence movements announced that they would set up roadblocks throughout the island in solidarity with a ceremony coinciding with the anniversary of the country's colonization by France.

On the eve of Pierre Declercq's burial, a funeral procession of 1,500 persons followed for 10 km the independence leader's coffin, which was moved from Noumea to Conception. At the same time, the examining magistrate proceeded to indict a young garage mechanic of European ancestry, Dominique Caron, for premeditated murder. The investigation is continuing to determine whether it was an independent act or a coordinated plan of European "extremists."

With this assassination, the government is facing its first overseas crisis since its establishment in May. But its room to maneuver is limited. On one hand, the right-wing majority of the Territorial Assembly is demanding additional "guarantees" from Paris concerning the safety of the population of European ancestry and keeping New Caledonia in the French Republic: in the absence of such guarantees, the trend in favor of "Rhodesian-style" independence could grow within the country.

On the other hand, Melanesian independence advocates--supported by a faction of Europeans, whose leader was Pierre Declercq--are trying to induce the government to consider a radical change in the territory's status. This is the significance of the "national" funeral held yesterday for Pierre Declercq, according to Kanakan custom and in a climate of general remobilization of the Melanesian community.

Terrorism, Independence Questions Raised

Paris LE MATIN in French 28 Sep 81 pp 16-17

[Article by Maurice Szafran]

> [Text] Ten days after the assassination of Pierre Declercq, the general secretary of the Caledonian Union--the island's main independence organization--tensions have still not lessened in New Caledonia. Authorities actually fear serious new incidents in coming days between the most hard-line members of the European and Melanesian communities. Several fights broke out yesterday in Canala, one of the electoral districts of the independence movement. Security police were dispatched to the site; today will be particularly tense. But the police investigation being conducted by Commissioner Genthial, who came here specially from Paris, seems to be making progress. Dominique Caron, a 20-year-old mechanic who was arrested on the day after Pierre Declercq's murder, has been indicted. Although he maintains that he is innocent, a bundle of ever mounting evidence is against the young man. But investigators are still puzzled: was this the independent act of a fanatic or did a terrorist organization plan and carry out this political assassination?

Noumea residents have been deprived of alcohol for 4 days. This decision, made by Claude Charbonniaud, the territory's high commissioner, is an event here because alcohol, just like the wilderness, the sea and arms, is one of the key features of Caledonian life. And this ban is a perfect example of the constantly mounting uneasiness among the island's officials. One week after the assassination of Pierre Declercq, the general secretary of the Caledonian Union, a strange atmosphere dominates Noumea and the rest of New Caledonia's 400 km. Each side is watching the other, as though they were actively organizing, and the least incident, if only a quarrel caused by "drunkards," could set off riots and brawls, gunfire and bloodshed.

But the police investigation seems to be making rapid progress, which should reassure some of the population. When Interior Minister Gaston Defferre made the decision, on the day after Pierre Declercq's murder, to send for Commissioner Genthial, Sixth Division chief at the Criminal Investigation Department's central headquarters and in charge of matters involving political terrorism, reactions were at least softened in Noumea: "They really think we're dumbbells in Paris," a downtown merchant grumbled, "Our police are thus incompetent. It is as though I were sending for a surgeon from the mainland to take out my appendix ...."

However, the vast majority of the Melanesian population, as a result of disappointments, does not have confidence in the local police, nor do independence leaders and several magistrates. "They have suppressed too many stories; they were too involved with the former government," a local figure acknowledged, who did not hesitate to openly display his "antisocialism." Christian Burck, one of the Caledonian Union's leaders, stated: "I would have never agreed to meet with a policeman from here. I saw Genthial on neutral ground and I have to admit that under Giscard they would never have found the murderer and that we would all have been cut down like flies, one after the other." Commissioner Genthial became so conscious of this local

antipolice psychosis that he worked in close cooperation with the examining magistrate, Francois Creze, and with policemen who still had good reputations in the country. That's all. The DST [Department of Territorial Security] has apparently been kept out of the matter and Noumea police have been assigned to less important tasks.

The results have been dramatic so far. A young 20-year-old man, Dominique Caron, has been indicted. Although he repeats over and over that he is innocent, there are very serious charges against him. Several witnesses have told the police that he openly and repeatedly expressed his intention to "shoot down Declercq." The weapon found at Caron's residence--a 12-caliber riot gun rifle--is identical to the one used against the independence leader; the shells, of a very special type, are also similar to the ones removed from Pierre Declercq's body. They were purchased from the island's only arms dealer. An important detail: the dealer imports only 800 of them a year. Caron was one of his few and principal customers. Furthermore, Caron cannot prove his whereabouts between 2000 and 2215 hours on the Saturday that the crime was committed. Pierre Declercq was killed around 2030 hours. One magistrate told us: "Caron says that he drove around Noumea for 2 hours without meeting anyone. That is not very likely. And above all, reports have been made against the accused. We have learned from a reliable source that 1 week before the crime, he tried to make an agreement with a man known on the island for his anti-independence views. The conditions of the agreement: to shoot down Declercq. Frightened by Caron's proposal, the man reportedly went to the police and was not taken seriously."

But Caron's trail is not totally convincing. Probably because of its extreme simplicity. A resident of New Caledonia for about 15 years, the young man has worked at the Suzuki plant for a long time. This company is part of the Lafleur group, one of the largest on the island, denounced by independence advocates and leftists as being "mainly responsible" for white colonialism against the indigenous population. Dominique Caron put up posters for RPR deputy Jacques Lafleur, the Lafleur group's boss. He bragged about it. These occupational and political ties between Pierre Declercq's alleged assassin and the main enemy of a party of the Caledonian people add to the ambiguity. "They want to smear Lafleur," his many friends in Noumea contend. "Lafleur is not directly involved in this affair, of course," the independence advocates reply, "but Pierre Declercq died as a result of the climate of intolerance which Lafleur imposed on the island."

Thus the wildest and most unverifiable rumors are of course circulating in Noumea, from street to street, from cafe to hotel. Some "Caldoches" (European residents of New Caledonia) are reportedly organizing a mock OAS [Secret Army Organization]. They are armed. That is known. They have money. That is known. The assumption is thus foreseeable. These rumors have obviously reached the ears of Commissioner Genthial. The examining magistrate has even opened an "investigation against X ... for criminal conspiracy and violation of arms regulations." The investigators clearly want to determine whether or not such a possibility of terrorism is emerging under the skies of New Caledonia.

"I don't believe it," an independence advocate of Caldoche origin stated. "Small groups have been formed, possibly ready to act, in every backwoods village. But in my opinion, there is no unified command."

Also according to the same unofficial sources, for example, Dominique Caron belonged to the so-called "motorcycle" group. The members of this group trailed independence leaders, noting their schedules, habits and idiosyncrasies in detail. Were these reports merely intended for their own use or did they reach the desk of a mysterious leader? The examining magistrate, Creze, has promised to provide clarification and information in coming days. Two items are significant in this connection: the investigators have reportedly obtained a "list" of the men to be killed. And this list obviously included the leaders of the independence movement. Declercq was first on the list. He is now dead.

Moreover, and without any apparent direct connection, several extremely wealthy colonialists held a meeting 1 month after Francois Mitterrand's election, during which they considered the possible forms of "resistance" to the socialist government. They talked about establishing a free radio station and a new newspaper. Did they limit themselves to these political projects? The investigation will also try to clarify this.

Everyone here is aware that action must be taken, and quickly. Because the supporters of a strategy of tension are most active on both sides. If some Caldoche groups have refused to consider a new social, economic and political redistribution, the supporters of Kanakan independence are not disposed to show any more moderation either. A recent communique from the Caledonian Union also put a damper on the visit of the French delegation which had come to attend the funeral of Pierre Declercq: "Two legal entities are confronting each other, the Kanakan people and the French Government, which has not taken a position on the demand for independence. Because of this situation, the French Government is responsible for the assassination."

Laurent Cathala, the mayor of Creteil, a deputy and the Socialist Party's DOM-TOM [overseas departments-overseas territories] official, did not conceal from the Melanesians with whom he spoke that he considered that analysis totally unacceptable: in private, he even confided that sooner or later his party should express itself clearly on this demand for independence. In his opinion, this idea actually excludes the white community of New Caledonia and that is obviously unacceptable. "The French Government must speak out strongly and clearly," Stanley Camerlincq, a government adviser of Giscardian allegiance, stated. "We want to know whether or not we are considered French. If so, we must not be abandoned ...."

"What will Mitterrand do?" is the question constantly being asked by New Caledonia's lower-class whites, those who have been there for generations, who do not have a lot of money, who are simply attached to this island, who would not know where to go in the event that .... Among the opposition, the socialists had made the Caledonian Union their preferred dialogue partner. Now that they are in power, things have changed. Henri Emmanuelli, secretary of state for DOM-TOM, has visited New Caledonia. He quickly grasped the complexity and specific nature of the island. Restore a lost unity and power to the Melanesians? Obviously. Propose structures to create a multiracial society? A dream ... but how? Always more questions, unanswered for the time being.

In Canala, one of the electoral districts of the Kanakan independence movement, roadblocks have increased for several days. They have led to incidents, even as recently as last night. The Caldoche "backwoodsmen" have withdrawn to their estates. They

no longer dare to go out. The Kanakan leaders of Canala held a meeting 24 hours ago. They reportedly made an important decision, perhaps with tragic consequences: to expel those whom they have dubbed "undesirable," certain white colonialists noted for their anti-independence commitment. The Kanakan leaders were supposed to take action this morning. The Caldoches will obviously not be driven out without reacting. There can be no mistake: on this occasion, the Kanakans are challenging the France of Francois Mitterrand first and foremost; in a way, they are forcing it into a corner. Will socialist France be forced to dispatch the CRS [State Security Police] into the New Caledonian wilderness? This is the paradox today. If the government does not react, the Caldoches will lose confidence in "their country," France; if the government represses the excesses of the independence advocates, they will scream that they have been betrayed. In New Caledonia, a double trap is on the verge of slamming shut.

11915
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NEW CALEDONIAN INDEPENDENCE ACTIONS; LAND SEIZURE

Paris LE MONDE in French 29, 30 Sep 81

[Article by Alain Rollat]

[29 Sep 81 pp 1, 10]

[Text] Following the assassination of Pierre Declercq, general secretary of the Caledonian Union (independence movement), on 19 September near Noumea, tensions are still acute on the east coast of New Caledonia in the Canala area, where police reinforcements were dispatched on Sunday evening, 27 September. Following numerous incidents which took place in that area during the past week, the police made six arrests. Three organizers of the Caledonian Union were taken to Noumea on Sunday evening. To put pressure on the government, whose acknowledgment of the Kanakan people's right to independence they are demanding, the area's independence leaders asked the local population on Sunday morning to occupy the estates of certain farmers of European ancestry, whose ownership they are challenging. Beginning today, our special correspondent is providing an analysis of the situation in that overseas territory.

I. The Canala Rebels

Canala--A dusty hell, the road winds for 50 km through the mountainous backwoods of the island's interior. Near the east coast, it runs into a small luxuriant valley with as many flowers as a garden. The tricolor flag, signaling the existence of a police station, flies on a bluff overhanging a group of scattered houses whose ochre roofs of rusty sheet metal pick up the setting sun's golden reflection.

There is little activity in the streets. The village is quiet. Yet it is here in Canala that the heart of the Kanakan revolt beats. Since the assassination of the Caledonian Union's (UC) general secretary, Pierre Declercq, tension is more acute here than anywhere else. There were about 40 rifles at the first roadblocks erected on 20 September. Australian tourists were threatened. Livestock belonging to European backwoodsmen have been killed and their houses have been hit with volleys of buckshot.

It is a miracle that no one has been injured so far. The approximately 150 Europeans in the region have lived in fear for a week.

This tension is not accidental; on the contrary, it is the result of a deliberate destabilization attempt. If Canala is today the most activist constituency of the independence movement, it is not by chance.

The level of politicization of the Melanesian community, numbering more than 2,000 persons divided into 17 tribes, is particularly high for the simple reason that most local workers have received extensive training in political militancy as a result of their participation in trade union life. Almost all of them earn their living in Kouaoua, one of the SLN (Societe Le Nickel) mining centers, located about 30 km to the north.

Nightfall. A mass has just been said at the church in Pierre Declercq's memory in the presence of local UC leaders. At their urging, the population assembles in front of the mayor's office. There are more than 300 persons, highly disciplined and in an almost perfectly square formation. Several benches have been provided so that the oldest people can sit comfortably. One of the benches gives way under the weight of a group of young men, almost all unemployed since completing their military service 2 years ago. The crowd bursts out laughing for a moment.

Mr Eloi Machoro starts to speak. A member of the Territorial Assembly, in which he represents this region, assistant general secretary of the UC and a teacher by profession, he has the reputation of being one of the "hard-liners" of his party's leadership. Tall, gaunt, with a thin reddish moustache, his voice is confident. He explains that the people of Canala must continue to play a leading role in "the Kanakan people's fight for independence. And now. Other Kanakans are watching first to see what we will do. Thus we must stay mobilized."

He summarizes the position taken by the Independence Front, in which the UC, the main faction, is combined with other separatist parties (Kanakan Liberation Party, United Front for Kanakan Liberation, Melanesian Progressive Union, Caledonian Socialist Party, Socialist Kanakan Liberation): "We have asked the French Government to recognize the Kanakan people's right to independence. Only such recognition can restore calm. If we obtain this recognition, we will not say that we will have independence next year. We will be free to choose the time, since that will mean that the socialist government will help us to prepare for such independence. We will wait 2 weeks for Mr Mitterrand's reply and in the meantime we will refrain from taking severe action. But we will not suspend all forms of action. The safety of the people here does not depend on us, but on the French Government's response."

The territorial representative gave orders: "The responsibility for our actions is not individual but collective. If someone is bothered by the police, he must refuse to go to the police station without advising his chief. The police must no longer enter the territory of tribes without the authorization of their chiefs." He also gave advice to those who frequent bars: "You must stop getting drunk in town, because the police will take advantage of the fact that you are on a public street to arrest and beat you."

A delegation of 17 tribes was established on the spot. Tomorrow it will inform the police that from now on the territorial area of the tribes will be considered "inviolable": Kanakans are subject to "customary" authority before being subject to French law. The various spokesmen express this view.

Cleanout

The new militant assembly met the next morning on Sunday, 27 September, in the mayor's office, this time in the presence of independence representatives from Thio, La Foa and Bouloupari, three other communities in the center of the island. Mr Machoro then announced that the Canala militants had decided during the night to immediately take action again to put pressure on the government.

The various delegations were urged to take part in occupying the estate of a neighboring backwoodsman, Mr David, 8 of whose cows and 2 of whose horses had already been killed. The territorial representative said clearly that it was a question of intensifying the independence movement's influence in the Canala area and driving out Europeans considered undesirable.

"The reconquest of New Caledonia will begin with our region. When our area has been cleaned out, we will move on to Thio, La Foa and Bouloupari. Each tribe will draw up a list of the people who will have to leave. We will have a test of strength. Everyone must be aware that we are determined to shoot if necessary."

Traumatized, having become de facto hostages of the surrounding Melanesian majority but too small a minority locally to put up the least resistance, the European backwoodsmen of Canala take refuge every night in the police station, where they spend the night. They all have only one desire: to know where they stand. The village grocer, a town councilman and second-generation "Caldoche,"* said: "We are sick of this! Let's put an end to it! Let the government take a stand and finally say what it wants."

The murder of Pierre Declercq, the first political assassination in the history of New Caledonia, has only accelerated the implementation of the strategy devised by the Independence Front following Mr Francois Mitterrand's election as president of the republic--a plan whose first stage consisted of establishing a "parallel" administrative structure: division of the territory into eight independent regions, each with a regional executive council assisted by a customary council, itself subject to a "national" council.

A minority throughout the territory, where it received only 34.42 percent of the votes as opposed to 58.06 percent for "national" parties (i.e., those against independence) in the territorial elections of July 1979, the Independence Front decided to take tougher political action beginning on the east coast, where it is in the majority. It was in that area, which corresponds to the first electoral district, whose representative is UC Chairman Roch Pidjot (a PS member), that Mr Francois Mitterrand defeated Mr Valery Giscard d'Estaing in the first round of the presidential

*Colloquial expression for New Caledonians of European stock.

election (5,108 votes against 2,591), whereas he was decisively beaten on the west coast and in Noumea (the electoral district of RPR deputy Jacques Lafleur), where the European population is concentrated (6,110 votes as opposed to 20,880).

The split between the two sides seems irreparable. Urged by his Melanesian electors to come out in favor of territorial independence, Mr Mitterrand is urged to say exactly the opposite by the local political majority. Summarizing the feelings of most Europeans, the weekly CORAIL, closely associated with the RPR, wrote in its latest issue: "The hour of truth has thus arrived. It will remove all ambiguities willingly maintained until now about the only issue ultimately involving the majority of Caledonians apart from mainland political conflicts which have affected the territory: the French Government's affirmation of its determination to keep New Caledonia French. The restoration of essential confidence lies there and nowhere else."

A Desperate Situation

Caught short by this crisis which it did not expect so soon, for the time being the government, through its spokesman, Mr Henri Emmanuelli, secretary of state for overseas territories and departments [DOM-TOM], is confined to an uncomfortable position: on one hand, he maintains that there can be no political solution outside the "democratic framework," which remands the independence advocates to the law of majority vote; on the other, he has announced a voluntarist policy of economic and social reform, unwelcome by the Europeans, who hold the economic power, and considered inadequate by the main independence groups.

"The socialist government is very nice, but the economic and social measures which it is proposing will not make us forget our demand for independence," Mr Machoro emphasized.

The leaders of the Caledonian Union prefer to refer to the position of the PS on other political issues: "Mr Mitterrand cannot approve of the Palestinian people's demand for a homeland and ignore the Kanakan people's demands."

They also make two other specific references, recalling a joint declaration of the PS and Independence Front, signed on 9 November 1979, between a delegation led by Mr Pidjot, and accompanied by Pierre Declercq in particular, and a delegation of the PS Executive Committee, led by Mr Pierre Beregovoy.

This text states in particular: "The Socialist Party and the Independence Front condemn the colonialist policy which the majority is following in New Caledonia, which means in particular the opposition to political emancipation .... The Independence Front has expressed the Kanakan people's just demand for independence and its determination to assure basic human rights after independence. The Socialist Party has expressed its full solidarity with the Independence Front in its fight against the policy of the right and has reaffirmed its determination to support and guarantee the Kanakan people's right to freely decide their future."

They also mention, in a document distributed during the presidential election campaign by the socialist candidate's supporting committee, a speech delivered by Mr Mitterrand to the National Assembly on 23 November 1979 in connection with a question put to the minister of the interior: "During this final quarter-century, we have experienced

enough problems of decolonization to be familiar with the despair and anger of people who no longer know to whom to turn, or if they do, find neither consideration, good will, vigilance or understanding on the part of their dialogue partner, the French Government. Thus we reach a desperate situation which, I can guarantee you, will precede a situation of confrontation. You may tell me that the Kanakan population is today ethnically a minority in New Caledonia. That is possible, but such an argument is inadequate after learning how immigration imported from both the mother country and neighboring countries has been facilitated. But we must bear in mind the fact that all Pacific countries, including Australia, polled by the Independence Front have endorsed the demand for independence. Thus we will be faced with a situation which I warn you will necessarily be extremely tense and perhaps dangerous if it should develop. To what extent must we concede to the demands of the Independence Front? You will judge for yourself. We, the Socialist Party, have already taken a position."

For the Canala rebels, not given to subtle differences and changes, the conclusion is simple: Mr Mitterrand must unambiguously confirm this previous position.

[30 Sep 81 p 9]

[Text] II. The Final Defense

Noumea--A modest backwoods house near Gelima on the east coast; the owner, a second-generation "Caldoche" who owns a general store, is not eager to talk: "Above all, don't mention my name!" He fears for his safety and that of his family. The most harmless of his remarks, erroneously reported or interpreted, could aggravate his troubles with independence advocates, who are a majority in the area. He showed us the impact of buckshot "adorning" the wall of his living room, above the television set. "When two shots were fired through the glass door the other night, they were not meant to kill, of course, but three pieces of lead pierced the wall barely 20 cm above the sofa where my wife and I were watching television."

If the police do not intervene to restore order, he is ready to leave the area. Moreover, he considers the situation "too bad for there to be any hope of everything returning to the way it was before." "Whether or not there is a vote, the Kanakans will gain their independence by force, if necessary," he said; "The process is now too far gone. They will fight to the death."

His neighbor, with a swarthy complexion, agrees in silence. He is a farmer. He was born on this land 52 years ago and until now has lived in harmony with the tribe on whose territory his 219-hectare ranch is located. He is not a gentleman farmer at all. With only 200 head of livestock, he is still a modest rancher in New Caledonia. He does not understand why independence advocates fired on his car and want to drive him out. "We are ready to sell everything; we will not be killed for a piece of land," his wife said, who willingly spoke in his place, "but provided that we are paid for it." Would she agree to live here in an independent Kanakan state? "With what assurances? As in Rhodesia? Have you seen the results? No, we are too tired to try again."

Farther away, another backwoodsman says that he is ready, if necessary, to try the adventure of independence "without violence," especially since he is quite accustomed

to the Melanesian environment, whose customs he shares: "Many Melanesians, even among independence advocates, would gladly compromise with the Europeans, for they know that this is the only solution, but now they are overridden by certain factions," he said. Several pigs were stolen from him recently: "Honestly, I don't see the harm that I have possibly caused around me. If that keeps up, this area will be the first in New Caledonia where there will no longer be a single European."

Reclusive and hard-working, these quiet pioneers are not like the "cowboys" of the large estates on the west coast, who say that they are ready to "smash the Kanakans" and whose belligerent character finds even more intense expression since the ratio of forces is locally more favorable to the Europeans. Yet they are the first victims of the demand for land reform, a recent demand which has become an essential feature of the independence movement.

The land issue is undeniably the most serious of the inequalities characterizing the territory's social organization: less than 2,500 European owners possess more than 340,000 hectares, where more than 24,000 Melanesians live on 163,000 hectares of reservation.

The basic goal of the Independence Front, total recovery of the land, derives above all from religious motives. Thus a high official wrote: "For the Melanesian, the land is much more than his life-style and the soil that feeds him. It is the land of his ancestors, an extension of himself, to which he is attached by extremely strong symbolic and mysterious ties of affection. It is a part of him. It is his most precious possession, that vital part of his social and psychological organization, of which colonization seriously deprived him in the last century. The Melanesians have not forgotten what they feel is a theft and an injury."

The clash of two civilizations, an impossible dialogue: on one hand, the fundamental value of personal effort and the worship of private property, on the other the primacy of tribal life and the worship of indivisible ancestral land.

Two legitimate entities are confronting each other at a political impasse: the original legitimacy of the Melanesians and the moral legitimacy of a European population born of the hell of prison, deportation from the commune, colonization often more wretched than victorious. Manichaeanism does not fit New Caledonia.

Thus it may be asked whether the apparently irreconcilable nature of these positions does not eliminate all hope of a "just" decolonization succeeding in New Caledonia.

Fist on the Table

Visiting the territory for the first time, Mr Henri Emmanuelli was disgusted: "I saw things that were unacceptable, especially for a socialist .... The colonial situation exists there in a very real way .... The indigenous population has been oppressed to the advantage of the white government .... The autonomy status has favored economic and social conservatism .... It is high time to fully rectify the economic and social reality."

Among the "unacceptable things," the new secretary of state for DOM-TOM noted not only the financial situation but also the control by a handfull of rich families,

including that of the leader of the "national" majority, Mr Jacques Lafleur, RPR deputy from the second electoral district, over all economic life and the existence of a tax system based almost exclusively on the collection of indirect taxes. In more picturesque language, this could be expressed as follows: "In New Caledonia, we are equal in sharing poverty, but never the pie," as noted by the weekly CORAIL, closely associated with the RPR.

This is not to mention local labor legislation, which is governed by a 1952 code, by virtue of which, for example, the right to strike is legally recognized only following a seven-stage procedure lasting a minimum of nearly 2 months.

It is obvious that any attempt to transform New Caledonian society implies comprehensive action, both political, economic, social and cultural. The government has expressed this ambition. Mr Valery Giscard d'Estaing had already noted this during his Pacific trip in July 1979: "France's image must not be tarnished anywhere as a result of a colonial period," he said, "that is why New Caledonia must be a land of brotherhood, justice and progress." The first step in this direction, the start of the land reform prepared by Mr Paul Dijoud, and aimed at returning certain land to Melanesians, is still in its infancy.

Is the socialist government in a position to succeed where Mr Giscard d'Estaing failed? The former chief of state set up majority political supporting structures within the Territorial Assembly, in which the two "national" factions (Rally for Caledonia in the Republic and Federation for a New Caledonian Society) have 22 seats as opposed to 14 occupied by independence supporters. Mr Emmanuelli does not have any real local political ties. He nevertheless pounded his fist on the table: if the Territorial Assembly does not adopt the necessary reforms before the end of 1982, the government will impose them.

The voluntarism of the secretary of state may well meet with enormous inertia, however. That is why the Socialist Party's priority political goal is to establish a supporting structure for itself in New Caledonia. Mr Laurent Cathala, the party's national delegate to DOM-TOM, who went to Noumea to attend the funeral of the Caledonian Union general secretary, has made various contacts intended to lead to the establishment, by the end of October, of a New Caledonian socialist party distinct from the PSC (Caledonian Socialist Party), which is part of the Independence Front.

Toward a "Lebanese" Situation?

The operation is centered around two men: 34-year-old Max Chivot, a member of an old "Caldoche" family, a former organizer of the Union of Caledonian Youth and one of the first people, in 1976, to broach the subject of multiracial independence, and Mr Guy Mennesson, general secretary of the Trade Union of New Caledonian Clerks and Workers (USOENC), the private sector's main trade union. "We will have a difficult task, but we can attract people who will acknowledge that there are now two dilemmas: that of the status quo and that of independence as conceived by the Independence Front," Mr Chivot said. "The Independence Front has demonstrated, particularly in Canala, that it can be effective and can dominate certain areas, but not the entire territory.

"Thus a 'Lebanese' situation is in preparation, with independence enclaves where the Independence Front has a large majority and zones controlled by anti-independence forces. For unlike other Pacific territories, Melanesian independence advocates, in view of the ratio of forces, will not be able to drive out whites from New Caledonia. We are moving toward a deadlocked situation, which may last a long time, since the socialist government will prevent unrest by sending in police if necessary, against both whites and Kanakans."

For the time being, the new party will devote itself to preparing and implementing the structural reforms planned by the government. But its ultimate goal will also be to prepare for the territory's independence, which seems inevitable to many non-Melanesian New Caledonians. Mr Chivot stated clearly: "Apart from structural reforms, we have an historic role to play: to make white Caledonians accept the idea of independence. This is also in the interest of Kanakans, for if white Caledonians do not agree to independence, the Kanakans will not have it, or they will have it after a bloodbath. Even the most moderate members of our little team admit that independence will come one day and that we must prepare for it. This 'third-way' strategy is intended to prepare for an independence that will preserve the rights of each community."

Mr Cathala has in turn tried hard to clarify the position of the mainland PS. "If the French Government believes today that there is no majority in favor of independence, that does not mean that one day there may not be a change in the status as a result of a majority which could develop in this territory," he explained. "Things are not static. No one can confiscate a people's future for 5, 10 or 20 years. Who can say today what the Caledonian people's future will be? No one can know the path that they will choose in a few years."

The PS national delegate to DOM-TOM asked the Caledonian Union, the main independence group, to specify its position concerning its concept of Kanakan independence, "which seems to exclude a significant part of the Caledonian population." "For us socialists," he said, "the movement to emancipate an entire people must be carried out on the basis of the social conditions of men and women living in this territory and not on the basis of religion or ethnic groups."

Thus the debate on the content of possible independence is open. The problem for the socialists will be to make the Independence Front accept this; the front is currently demanding unconditional independence, with only the timetable being negotiable. Even if the socialists do not say so openly, it is actually a question of holding out an incentive to the Independence Front. That amounts to proposing a strategy of a gradual departure from the colonial situation, a strategy that would make it possible, in the intermediate term, to assemble a majority in favor of multiracial independence, particularly within the Territorial Assembly, which is up for reelection in 1984.

If the new socialist party of New Caledonia manages to obtain the confidence of part of the population of European ancestry, it could become a valuable election ally for the Independence Front. For the time being, dialogue is still difficult. The LKS (Kanakan Socialist Liberation) Political Bureau, whose leader is Mr Nidoishe Naisseline, territorial representative and customary chief, said that it was "astounded" at the statements of Mr Cathala, in which it sees "a denial of the colonial situation."

But all of these prospective considerations will prove to be vain if the socialist government, in the meantime and despite its isolation, does not manage to break down the resistance of elected officials of the local majority so that these radical reforms can be adopted, without which any attempt to provide a final defense against current passions would be unrealistic.

11915
CSO: 3100/22

MARCHAIS ON INFLATION, UNEMPLOYMENT, FISCAL POLICIES

Paris L'HUMANITE in French 16 Sep 81 p 4

[Speech by Georges Marchais to National Assembly]

[Text] We are publishing below the full text of the address by Georges Marchais to the National Assembly:

"Mr Prime Minister, ladies and gentlemen:

I will not linger over the motion of censure put forward by the opposition. It is but the laughable reaction to another infinitely more significant motion of censure: that put forward by French men and women last May and June, putting an end to 23 years of unshared domination by the right, and manifesting the desire to see a new policy undertaken.

Just as we played our full role in this victory, we are contributing today with all our strength to the work of essential change. On all levels--in the government, in this assembly and everywhere in the country--the communists are working actively and loyally for renewal.

It is therefore to this end--contributing to the success of change, which dictates all our activities--that I want to set forth to you the basic observations which underlie our government activities.

You know that we view the assessment of the first months of this government's existence as favorable. Our assessment takes into account both the picture painted by the activities of the new majority in favor of universal suffrage; the legacy left by the disastrous policy of the preceding regime; and finally, the weight of external constraints, particularly those resulting from the economic and monetary policies of the United States.

The Main Priority--Reducing Unemployment

Within this context, we regard the first steps taken and the first decisions announced--in particular those which you, Mr Prime Minister, have just described from this rostrum--as positive.

The very depth of the crisis, the breadth of social and national needs, the adamant resistance of the employers to change--all of these things require vigorous action. French men and women dismissed Mr Giscard d'Estaing so that effective solutions could finally be provided to the serious problems of the country. And first of all, naturally, to the most painful, the most crucial problems--unemployment and inflation.

The accelerated rise in prices, particularly in this period as the school year begins, strikes harshly at lower income families, and is tending to offset the slight rise in consumption noted following the social measures approved by the government. At the same time, unemployment is continuing to increase. The arrival of 250,000 young people looking for jobs on the labor market and the reduction in industrial jobs which the owners continue to impose even pose a threat of additional deterioration of the situation.

This is why the alarm must be sounded. The situation is serious and worrisome. But we can state, proof in hand, that it is in no way fatal. We can improve it substantially, provided that we decide on the appropriate measures.

To this end, I set forth overall solutions, on behalf of my party, in the course of the campaign for the presidential elections--solutions which in our view retain their full value, with a view to promoting new growth for France and thereby gradually to relieve our country of the burden of unemployment.

This is the same goal we are pursuing today. We are doing so, naturally, within the framework of the choices made by the French people, and at the rate and in accordance with the methods resulting therefrom. But we are pursuing it with determination, with the firm will to produce concrete results which will really improve the situation. It is very clear: the employment battle, the battle to overcome unemployment is for us communists the priority of priorities, the number one goal of our activities.

And this is why we are very pleased, Mr Prime Minister, that as you have just noted, the government has decided to make this issue the axis of its policy. You spoke in this connection of a number of measures which we believe represent as many bearing points for advancing along this path. The owners, the banks and their right-wing spokesmen do not support them, rather raising fierce resistance to them, as we have seen today in this debate. This is, I would say, in the nature of things. It is yet another reason not only not to halt the action undertaken but to accelerate it. The employment battle will only gain ground through a resolute battle against capital and its waste. We will wage that battle.

Halting Enterprise Shutdowns

This is why, in order to contribute to a great national discussion which you have launched by your statement, that I want on behalf of the communist group to put forth some concrete proposals which will make it possible to strike a fatal blow against unemployment immediately, and then to force it back in enduring fashion.

Naturally, the first of these proposals has to do with halting the shutdowns of enterprises and dismissals. The owners today are continuing to throw workers into the streets when the law of profits so demands. The forms of temporary employment are multiplying. This is intolerable. We propose to establish the right of enterprise committees to suspensive recourse to the public authorities and regional agencies against the shutdowns, thus making it possible to move, in the widest possible concert, toward a search for positive employment solutions.

It is necessary also to advance along the path of a policy which will put an end to the continuing decline in the income of family operations, and which will provide effective aid for young farmers wishing to establish themselves and farmers in difficulty. This is necessary in order to put an end to any further unemployment in this sector, which is particularly seriously affected.

Job Creation Measures

The second complex of proposals concerns the creation of jobs. The first efforts of the government in this sector must be taken into account. This is the case in particular with the 100,000 new jobs in government which the plans call for between now and 1982. Obviously, the absorption of unemployment requires above all the creation of very large numbers of industrial jobs.

In order to take a significant step in this direction, the expanded public sector must provide a bearing point beginning now. New investments and the launching of projects for the development of public enterprises would provide thousands of additional jobs. In addition, the public sector should be able to provide vocational training to 100,000 young people, without delay, to assure their employment.

In order to finance these measures, it is necessary to turn to the banks. They have available colossal sums which should be placed in the service of the task of effecting the recovery of our economy. This is why we propose the floating of a compulsory loan with the banks and financial institutions, and a rate of between 8 and 10 percent.

Creating industrial jobs, secondly, means relying on local and regional life. We think that it is necessary, within the framework of decentralization of national life, to undertake a survey of employment and economic activity region by region and branch by branch, making it possible to update our understanding of regional and national needs. Such a step, with the workers and elected officials working together, would make possible the efficient extension in time of the launching of the new energy policy announced by the government, and promotion of the development of such sectors as as metallurgy, chemistry, textiles and the automotive industry.

We are not unaware that some enterprises are experiencing investment difficulties. The recent government decision to reduce the cost of credit substantially represents an improvement for them, from this point of view. For our part, we suppose that the PME [small and medium-size businesses] be paid the 5 billion per year in aid for investments decided upon during the preceding 7-year term. But we do not want to be guilty of any naivete. We are too familiar with the earlier practice of flooding enterprises with public funds to finance their redeployment abroad and their dismissals in France. How many billions were paid out thus without resulting in the creation of a single job? Thus it is necessary to link any payment of public funds closely and systematically with a guarantee of actual creation of stable jobs in sufficient numbers in the enterprises concerned. And to guarantee this, democratic procedures for the control of the use of this public aid and the credit granted must be established.

In order to create jobs, it is also necessary to launch the major equipment policy which the country needs. In this sector too, the government projects--from the abandonment of the Guillaumat plan to the rehiring of the 40,000 assistant teachers employed last year--represent positive bearing points. For our part, we propose that the construction of 100,000 low-cost housing units, financed by the Department and Consignment Office and by the budget.

It goes without saying that such a relaunching of national and regional economic activity requires that the domestic market be won back. It would thus be well, in our view, to limit excessive and abusive imports, with the choice to "produce French."

Unemployment Related to Inflation

The improvement of the job situation and the resumption of production require the development of consumption, that is to say the purchasing power of the French citizen. It is in this way that we can assure the greatest economic and national efficiency for our national collective.

For our part, we support the CGT [General Confederation of Labor] proposal to increase the SMIC [interoccupational minimum growth wage] by 10 percent immediately, and to embark upon a new wage policy designed among other things to improve the situation of the most neglected workers and to maintain the producing power of all.

In this connection, it would be best if the negotiations undertaken or to be undertaken in the public and nationalized sector were to reveal in an exemplary fashion the will of the government to launch national economic recovery on a healthy base. We must act in such a way that these negotiations reflect maintained purchasing power and a substantial improvement for the most needy categories.

The same is the case with the work week, which should, thanks to the numerous jobs very happily created in the public departments, be the focus of vanguard decisions leading rapidly to the 35-hour work week and forcing the employers in the private sector to yield on the work week issue and to create hundreds of thousands of productive jobs simultaneously.

The battle against unemployment cannot be separated from the battle against inflation. The government has taken steps to control the most flagrant abuses. The goal of reducing inflation to 8 percent has been put forth. Such an aim is realistic, on the condition always that energetic battle be undertaken against the confusion and speculation which the employers, as well as some middlemen, engage, and on condition that a policy of cost truth be pursued, making it possible to get at the very root of price formation.

In the short run, if we do not demand the freezing of all prices as a systematic measure, we do believe that it would be desirable to establish control with the participation of the trade unions and associations, which would be reflected in price fixing or penalties in cases of abuse.

Greater Tax Equity

In order to reduce the difficulties which burden the lower income families and to correct the economic situation, a real battle must be undertaken against the screaming instances of social injustice. In fact, despite the steps taken or announced by the government, it is not possible to overlook the fact that France is one of the most inegalitarian nations anywhere.

A capital levy has been ordered. We are delighted. But it must indeed be recognized that the rates established--from 0.5 to 1.5 percent--will bring in only a limited yield, probably less than the 5 to 6 billion franc figure forecast. On the subject of this tax, as well as all the other fiscal income of the state, I would draw your attention to the need for measures against tax fraud. Is it not--and obviously, it is not the workers who are responsible for it--estimated at about 60 billion?

Similarly, the first steps planned in the matter of direct taxation, income taxes and taxes on enterprises do not seem capable in themselves of leading to a higher yield in public finances and greater economic efficiency, particularly with regard to the creation of jobs and substantial progress in the matter of tax equity. We continue to believe that, with the double concern of ensuring greater social justice and achieving mastery of inflation, more rigorous immediate steps must be taken against the privileged.

In this connection we propose the following:

First of all, heavier taxation of enterprises, particularly the banks, insurance and oil companies. It is possible immediately to increase the taxation of bank sums deductible for medium and long-term credit; to reexamine the excessively liberal system of fund payments by insurance companies; to review the world profit system of the multinational companies; to tax oil refining companies which have a balance of 21.5 billion as a price fluctuation fund. This provision, which was never required, is simply the result of successive deductions from the value of oil product stocks. Even if only a part of this sum were subjected to the tax on companies, it would bring in several billion francs.

Thirdly and finally, we propose that a speedy end be put to the numerous tax privileges of the preceding regime, and in particular to announce an end to the privileges related to the Monory law on savings.

Bold Steps Against Capital

Thus we see that whether the issue is unemployment, inflation, or tax equity, successful change requires the use of bold means to attack the dominance of capital and to give the workers the means to get national economic life out from under the demands of profit.

Mr Prime Minister, you have just spoken of the government's projects in the nationalization sector. Naturally, everyone knows that we have defended the concept of a substantial broadening of the field of nationalization. We continue to regard this proposal as legitimate in terms of the necessities. But as I said just now, we direct our activities within the framework of the choice made by the French people. In this connection, we are aware of the fact that the commitments made on this point by the president of the republic will be kept without delay. The nationalization projects on which the government has decided are moving in the proper direction. Naturally, the maintenance of private interests in the affiliates of the large groups inevitably entails some problems. Within the framework of the governmental proposals, we hope that everything will be done to ensure that nationalization becomes a basic method of achieving new economic and social efficiency. It should also be reflected in the democratic management on the top group level as well as in the basic affiliates. It should guarantee the workers and their representatives new rights, particularly on the boards of directors.

Worker Participation--the Key to Success

In the final analysis, it is here--in the active and deliberate participation of the workers, of the citizens--that the key to success lies. We are only at the very beginning of the process of change. The development of this process, affecting the

social, economic and political changes France needs, cannot be done solely from the top down. Change can only succeed thanks to the action of the living forces in our country.

As I have indicated throughout this explanation, the employers have not abdicated. Bankers, financiers, speculators and heavy capitalists affiliated with the right-wing politicians are using every means available to them to counteract the task of renewal undertaken, to thwart nationalizations, to limit the rights which the workers may claim in the future, and to destroy the national potential--in a word, to bypass the majority choice of the French people and continue the profit-king policy which plunged our country into crisis. Well, then, they should know that they will always find the communists in their path. When it comes to the pretensions of the employers, we will under all circumstances support the workers in their struggle for their jobs, for their wages, for their rights.

It is thus, through the action of the popular movement, that we will guarantee the success of what has begun--the upsurge of the country.

In conclusion, I would like to explain to the National Assembly the feelings inspired in us by the arrogant attitude and the Cold War speech of the American secretary of state, General Haig, in Berlin the day before yesterday.

A Role Equal to the Position of France

We are indignant and concerned. Indeed we are aware that Mr Reagan and his associates do not hesitate, in their attempt to intimidate democratic opinion, vastly to exceed the limits which their responsibilities as leading statesmen impose upon them. They are quite willing to play with fire.

But they must not nurture the senseless hope of pushing the world decades backward. They must come to their senses: we are no longer in the era when their predecessors or their counterparts could decide on war or peace at their whim.

What better illustration of the development of the balance of forces in favor of peace could there be than this mass uprising, throughout all of Europe and even the United States itself, of peaceful men and women legitimately disgusted by this obstinate determination of the American leaders to step up international tension by every means? These fighters for peace from the most varied sectors, be it in the FRG or Great Britain, the Netherlands or Scandinavia, are expressing their views in multiple forms by the millions. The breadth of this movement is constantly increasing, day after day.

In view of this situation, the French Communist Party is of the opinion that France can play a role equal to its importance by making its voice heard to halt any attempt to return to the nefarious policy of the Cold War, and to maintain a situation of peaceful coexistence, cooperation and dialogue, in the search for peace and disarmament. To this end, every effort on its part will not only be consistent with the best traditions of our people, but will constitute a particularly positive reflection of the changes which have come about in our national life. There is no doubt that on the level of the world as a whole, we will be heard.

Everyone is aware of the great importance the communists attach to the great contemporary problems of peace, security and disarmament. For this reason, we are happy that in this sector as well, a clear agreement has been reached with the Socialist Party.

In this connection I will recall the terms of this agreement, signed between our two parties a little less than 3 months ago: 'The two parties support the international action of France, within the framework of respect for its alliances, for peace and gradual disarmament and with a view to the simultaneous dissolution of the military blocs, guaranteeing the balance of forces in Europe and the world and the safety of each country.'

It goes without saying that we are more than ever prepared to carry out this commitment in life.

We must not lose sight of the fact that hundreds of millions of human beings throughout the world suffer from hunger, and that the insupportable scourges born of underdevelopment create an urgent duty for the more advanced nations to provide aid and solidarity. Under these conditions, our country can play the role which befits it by refusing to allow the American leaders to take the heavy responsibility of relaunching the armaments race, the most dangerous and ruinous venture of our time.

I thus insist on stating solemnly to this body that the communists are ready to play their full role in implementing a great policy of peaceful coexistence, international cooperation, disarmament and peace. We are aware that by advancing concretely and rapidly along this path, we will be responding both to the profound wishes of our people and to the hopes which the experiment undertaken in our country arouse among the peoples of the world.

We Stand Resolutely in the New Majority

One last word: all that I have just said makes it clear that the communist deputies stand resolutely with the new majority, for the sole purpose of contributing to the success of change. This is of course why we will not vote for the motion of censure put forth by the right wing, which bears such a heavy responsibility in the crisis situation being experienced by our country."

5157
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PROGRESSIVE PARTY WOULD STOP FOREIGN AID

Oslo ARBEIDERBLADET in Norwegian 25 Sep 81 p 23

[Commentary by Harald Bekken: "Carl I. Hagen's "Christian Values Party"]

[Text] The most audacious statement made during the election campaign came from Carl I. Hagen. Without blushing, he said on television: "The Progressive Party is based upon Christian values." To be sure, misuse of the term "Christian values" is not an unknown phenomenon. To Nasjonal Samling [Quisling's party] the guarding of Christian values was a principal theme. The regime in South Africa also claims that its policies are based upon Christianity. And now we have Carl I. Hagen.

What he said is an illustration of the most classical misuse of "Christian values": The values are first and foremost made into personal values: Do the best you can, take care of those close to you, be kind and good. This individualization of ethics is good enough as far as it goes--of course we should be kind to one another: But in its purified form, it becomes mortally dangerous, being blind to social connections; blind to the consequences of our attitudes. History describes an endless series of individuals who in the name of goodness and Christianity caused misery and distress. They wished to stay with the Christian ethical values. They never understood that the social system for which they worked had nothing but scorn for Christian values because its consequences were injustice and social need. But let me conduct a somewhat more concrete test of Mr Hagen's "Christian" party. In Christian ethics it is above discussion that the two following criteria, among others, belong in any discussion of Christian values.

1) That one is on the side of the weak groups.

2) That one has global perspective and feels responsibility for human beings beyond our own borders.

The Progressive Party fails in both categories. It is tempting to illustrate the first with the affair that led to the party's first candidate in Troms being severely embarrassed in a radio broadcast. On the local question hour, he was asked about his party's program plank to the effect that farming must be left to the market economy, and that subsidies and government support programs would thus be abolished. The program leaders said that this would mean, as everybody knows, that farming in Troms, mainly small farms, would break down. However, the man from the Progressive party would not agree that the small farms were to be abandoned, thereby trapping himself: This was not according to the party program. "Yes, yes," he burst out then, "I haven't read the entire program, of course."

That response is not easily forgotten. The consequences of the program of the Progressive party would necessarily be destruction of the remote regions and sparsely settled areas of Norway, with all the resultant social and human problems.

And the Progressive Party wishes to stop all state aid to the developing countries. This is adequate evidence of the party's failure when it is measured against its responsibility felt for fellow human beings in the Third World.

What we are left with is not only a demonstration of Mr Hagen's ineptness with words, but also proof that the party chairman's word amounts to cheating: The party's program is demonstrably in conflict with Christian values. Within the church there is increasing evidence that the church in the opinion of many should make its ethic and its engagement more concrete and over a broader spectrum. Even before this Storting election, there have been some who have thought the bishops should have issued an encyclical. The encyclical that could have been written could have been a rejection of the Progressive Party on the basis of its reactionary be-sufficient-unto-yourself philosophy. Bishop Aarflot, will such a concrete encyclical, with names mentioned, perhaps be issued before the next Storting election?

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CSO: 3108/3

UPDATE ON SDECE DIRECTOR MARION'S STAFF CHANGES

Paris LE MONDE in French 26 Sep 81 p 25

[Article by Jacques Isnard]

[Text] More than 3 months after his appointment to the position of director general of the SDECE [Foreign Intelligence and Counterintelligence Service], Mr Pierre Marion has reshaped the directing staff of the French intelligence services, disengaging himself from associates of his predecessor, Mr Alexandre de Marenches and promoting certain senior officials recruited mainly from the military.

Unlike Mr de Marenches, who is now a councillor of state, Mr Marion did not take office as director general of the SDECE surrounded by close and loyal associates from overseas posts to whom he could have assigned sensitive positions of responsibility on the directing staff of the Service, as had his predecessor. Many officials actually had the feeling that their new director general was a loner, whose appointment had taken him by surprise and was owing, in part, to the existence of personal and almost ideological ties of long standing with the minister of defense.

Mr Marion began by questioning the need to maintain the position occupied by his departmental staff director who was also deputed to act as head of the service in the absence of the director general. This position had been occupied since 1977 by the same official, Mr Michel Roussin, former artillery officer, who became a gendarmerie officer in 1964 and, after a period of duty on the staff of the prime minister, was integrated into the prefectoral administrative corps.

By reason of Mr de Marenches's extensive travels on official business, Mr Roussin necessarily came to wield, within the SDECE, tremendous influence over the very operation of the service and to gradually occupy in it a predominant position which the reliance placed upon him by the director general had served to further enhance. It was this situation which undoubtedly brought Mr Marion around to reexamining the role of a departmental staff director and to promote Brig Gen Jacques Sylla Fouilland, chief of the Intelligence Research Division, to the rank of director with deputation to act as head of the entire Service in place of the director general of the SDECE in the latter's absence or incapacitation.

A graduate of Saint-Cyr, holder of a parachutist certificate and of a technical certificate (languages) in higher military instruction, Gen Jacques Sylla Fouilland, 54, has headed the SDECE's research activities since the departure, 1 year ago, of Gen Alain de Gaigneron de Marolles. Prior to that he had been chief of the military sector of Studies and Analyses and, for 2 years, assistant to the director general of the SDECE.

General Fouilland's promotion is accompanied by some changes in the SR [Research Service], which comes under his authority within the Information Division.*

Thus, Col Rene Crignola, 60, chief in the SR in charge of management of the "human" objectives (foreign agents) handled by the station chiefs in accordance with government intelligence plans, has been transferred to Section 2 (reserves) with the grade of brigadier general. This decision is considered a promotion by many officials in Information who, however, have always deplored the authoritarianism and sectarianism of their hierarchic boss. His assistant, Mr Alphonse Lecoq, a civilian, will be the acting chief temporarily.

According to some officials stationed in Paris, other personal advisers of Mr de Marenches's time on the SDECE's directing staff have either left or are in the process of leaving, such as Mr Rene Dalmas, civilian administrator, a graduate of the ENA [National School of Administration], and Dr Yves Beccuau, who occupied the position of psychotechnical adviser to the director general without being the official head of the Medical and Psychotechnical Services of the SDECE. It is around these two names that, rightly or wrongly, most of the discontent on the part of many officials over the past 5 years of Mr de Marenches's tenure has centered. They were accused of interfering too frequently and in too authoritative a manner in the running of the SDECE, without being sufficiently responsive to the opinions of the specialists.

On the other hand, Col Jean-Albert Singland, 52, chief of counterintelligence since 1980, has been named official representative to the general directorate. Armed Forces Inspector Gerard Delbauffe, assistant to the director general, will handle problems of personnel, programs and organization, while Service Chief Michel Kuhnmunch will head the Financial and General Affairs Division. Lastly, Col Georges Grillot, 52, will continue as head of the "Action Service," although this former disciple of Gen Marcel Bigeard and creator of the famous "Georges commandos" in Algeria has, in the past, carried out frequent purges in his service to maintain the strict orthodoxy demanded by the previous septennate. The "Action Service" has frequently contributed to the success of many logistical missions in Africa.

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* The Research Services comprise the SR strictly speaking, counterintelligence, Service 5 or radio monitoring service, "Action Service," etc.

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CSO: 3100/8

MORE POWERFUL VERSION OF ARIANE PREPARED BY ESA

Paris LE MONDE in French 26 Sep 81 p 26

[Article by Jean-Francois Augereau]

[Text] The Board of Directors of the ESA [European Space Agency] for the Ariane Rocket Development Program must address the matter of the Ariane-4 rocket on Friday 25 September. This rocket is intended to enable the Europeans to continue competing with the Americans through 1985-1986. An initial project was submitted at the start of spring. It is now being weighed against a second project which is favored by the CNES [National Center for Space Studies]. To stay on schedule and commence work as planned in 1982, an ESA decision must be forthcoming shortly, in the form of a vote by the Board between now and the end of October.

Only a very short time ago, everything seemed ready. The only thing lacking was the green light from the interested European countries to undertake at the beginning of next year the development program of a European state-of-the-art launcher designated Ariane-4. In its current configuration, Ariane does not actually respond to the needs of the satellite users. Moreover, its promoters have decided to build versions with higher performance characteristics than the current launcher--Ariane-2 and Ariane-3--capable of putting payloads of 2,000 to 2,400 kilograms into transfer orbit (200-kilometer perigee, 35,800-kilometer apogee).

The experts feel that more powerful launchers will be needed beginning in 1985 to put heavier and larger satellites into space than those the industrialists are planning to produce by then. According to this viewpoint, the Ariane-4 rocket, the first giant of the family, must provide a response to that need.

A few months ago, a complete set of specifications for this vehicle, which is to be "Europe's war-horse" in its challenge to the U.S. hegemony in this domain, was submitted to the ESA (LE MONDE, 5-6 July). Today, there is a new project in the hands of the Agency. Were the engineers completely mistaken? The putting into question of projects of this vast scale only 6 months away from the kick-off of initial operations is a rare thing.

The fact is that the new specifications look less like a complete discarding of previous concepts than a reshaping of the launcher made necessary by its inability to fill only certain market niches. It seems that criticisms in this sense had

been formulated since March and Ariane-4 was considered too powerful hence, financially disadvantageous, to clients for lighter missions, and lacking in a comfortable margin of power for heavier ones. What would be the point in offering to put 2,800 kilograms of payload into orbit where a mere 2,100 kilograms would suffice? How, on the other hand, could a client be offered a guarantee to launch simultaneously two satellites requiring performance characteristics suitable for payloads of over 4 tons?

First Stage

These considerations, in the view of all those involved in the development of Ariane, dictated a new approach, and a new set of specifications, drawn up in large part by the Preliminary Projects Division of the CNES, was finally completed. Borrowing from Ariane-2 and Ariane-3, the new launcher takes their second stage and increases the thrust output of its Viking motor to 58.5 atmospheres--versus 53.5 atmospheres for the 19 June shot--as well as their third stage equipped with a souped-up cryogenic motor. Partly because of this, the weight of hydrogen and liquid oxygen required for its operation increases from 8 to 10 tons.

From this standpoint, the new project is no different from the one submitted in July. The entire change is in the first stage. The technicians had in fact envisaged adding to the first stage of the launcher, elongated for the purpose, a fifth Viking motor. Solid-propellant booster rockets, two or four in number, could if necessary offer, according to the mission, additional blast-off power, thus providing to a certain extent a made-to-order launcher.* For the engineers, however, this approach, although a good one--it was adopted in the specification for the new Ariane-4 launcher--involved the drawback of a costly overall redesign of the first stage of the rocket.

In the new proposal, the first stage, with its four motors, is maintained, the sole modification being an increase in the thrust of the motors, obtained, as in the case of the second stage, by increasing the thrust output and elongating by 4-5 meters the structures to accommodate the 205-210 tons of propellant needed for blast-off. A paradox to beat all paradoxes, a launcher thus configured would be incapable of blasting off because it would be too heavy!

What then? Simply reduce its weight by only partly filling the reservoirs of the first stage (160 tons). In this case, the rocket, taking the designation A-40, can carry up to 2,100 kilograms of payload. Beyond that, the reservoirs of the first stage would be totally filled, but the lack of power at blast-off would be made up for by a variable array--variable in number as well as type--of booster rockets. According to the requirement, 7-ton solid-propellant boosters (P version) or liquid-propellant boosters (L version) equipped with Viking motors, fueled by

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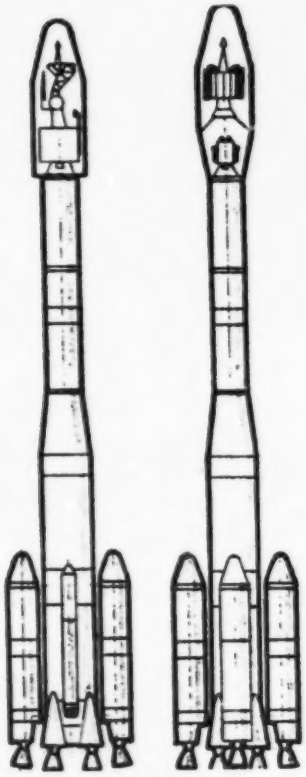
* Very-high-performance versions using 8-ton, then 12.5-ton, in place of the planned 7-ton, solid-propellant pellets were considered. But their design ran into technical problems.



Shown above are the two most powerful models of Ariane-4 in its newest configuration. The one on the left is equipped with a combination of liquid-propellant booster rockets--the larger ones--and solid-propellant booster rockets. Different models of liquid-propellant boosters are still under study: Droppable and, possibly, recoverable (12 meters high, 2.3 meters in diameter) and non-droppable ones (19 meters high, 1.9 meters in diameter). The final choice has not yet been made.

38-40 tons of propellant, could be added. Thus, the user could be offered a choice of six launchers covering a wide range of payloads from 2,100 kilograms (A-40) to 4,170 kilograms (A-44.L).

Will such a program be favorably received by the Europeans? Being, as it is, more flexible, this plan should satisfy the Europeans from the financial standpoint if, as its backers claim, it remains within the ceiling of Fr 1.1 billion provided for the previous plan. It should also satisfy them from the standpoint of economic fallout, in that it involves a larger number of industrial contracts that are not subject, a priori, to automatic award. Will these arguments suffice to persuade the undecided? The next few week should tell us. But one thing is clear, at least for the management of the Arianespace Company, which is responsible for marketing the launcher: A speedy decision is essential and an Ariane-4 test launch must be carried out in September-October 1985 in order to be ready in 1986 to respond marketwise to the needs of the users.

9238
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END

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30 October 1981

West Europe Report

No. 1843

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WEST EUROPE REPORT

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SOCIALISTS' GLINNE ON TNF, ZERO OPTION, NUCLEAR-FREE ZONE

Brussels LE PEUPLE in French 30 Sep 81 p 2

[Article by Ernest Glinne: "Marching for Peace"]

[Text] The Socialist Party's national committee and district federations have once again approved a recommendation that their members and supporters march for peace. This latest peace march is to be held in Brussels on 25 October under the sponsorship of the National Action Committee for Peace and Development (CNAPD), a multiple grouping of organizations comprising several socialist movements including the Movement of Young Socialists and the Socialist Movement for Peace and Development (MSPD), 20 Galerie du Parlement, Box 19, Brussels 1000. In addition, on the international socialist level there is a steadily increasing number of meetings and initiatives aimed at de-escalation. These include: exploratory visits to Moscow by Willy Brandt and then by Michael Foot; repeated meetings by governing bodies of the International, the Union of EEC Socialist Parties, the European Parliamentary Group; etc. The main concern everywhere is simultaneously to promote justice beleaguered by established disorder, enhance and defend democracy in all its forms, and--above all--maintain mankind's chances of survival.

We do, of course, regret that the watchwords adopted for this 25 October demonstration are lacking in consistency, clarity, and direct correlation. Was this meant to allow each participating group to make its own particular choice among these slogans? If so, it is incumbent upon us to explain why and how we shall participate as our country's socialists.

First of all, we irrevocably place ourselves on the side of those who support democracy, pluralism, and necessary solidarity with those political systems in which the governed elect, control, and remove their governors. In the wake of the "technological breakthrough" achieved in Russia by the SS-20 missiles, we agreed at the 8 December 1979 meeting of our General Council that, from a military standpoint, "the Soviet Union, by modernizing its medium-range nuclear weapons aimed at Western Europe, makes it necessary for the Atlantic Alliance to take appropriate action either to preserve or to reestablish a stable balance." We have always viewed negotiation as the ready-made method of establishing such a balance at a minimum level, whereas any attempt by one side to achieve superiority over the other must be denounced, no matter how this attempt may be made and regardless of whether it is either openly announced or disguised.

Consequently we consider the coming opening of negotiations between the U.S.A. and the USSR to be a fundamentally positive development. Yet both negotiating parties will have to prove thier sincerity.

Furthermore, we consider it intolerable to discuss the issue of Euromissiles in Europe over the head of Europeans and without their participation when the targets are on their territory! Pierre Mauroy was right when he said recently--in a lecture given at the Institute for Advanced National Defense Studies, as reported in LE MATIN, 15 September 1981--that "for the United States, Europe may well be merely one rung on the ladder of violence and not one of the supreme defensive aims. Such an eventuality would be unacceptable to the French. Such an eventuality should make Europeans ponder the prospect of a unified political system possessing an independent defense."

Zero Option

The SS-20 missiles are not simply a modernized version of the SS-4 or SS-5 missiles. The SS-20's represent a tremendous "qualitative leap forward" and yet their production and actual deployment in the East have continued at a rate which no pacifist demonstration has disturbed... For us, there is a difference between the already deployed SS-20's and NATO's programmed 1983 response with Pershing 2 and cruise missiles. Genuine de-escalation is the verified dismantlement of all SS-20's threatening us in exchange for the nonprogramming of their Western equivalent. One side's removal of its deployed missiles and the other side's cancellation of its plans for deployment of similar type missiles, correctly summarize and express, under the term "zero option" employed extensively by FRG pacifists, our own views. Both sides must break the complicated mechanism that is beginning to foul all hope. We must, of course, denounce the sinister joke which alleges that missiles are good or bad depending on which side they are located. All parties involved must examine, thoroughly study, and accept any serious offer aimed at eliminating the SS-20's and their counterparts.

It is self-evident, as so accurately stated recently by the International, that the two superpowers should refrain throughout the world from actions that tend to breed distrust and tension: Central America, Southern Africa, Afghanistan and Poland might well become the graveyards of our last illusions!

Our position on neutron weapons was defined as early as 8 October 1977 at our congress in Spa. We are opposed to their very production. The nuance which distinguishes our position from that of our French comrades is not as great as it would appear, inasmuch as on 25 June 1980, the PSF's executive committee stated: "While it may be advisable to modernize our capability of firing warning rounds and give ourselves the means of studying and mastering neutron weapon technology, we do not, however, agree with the decision to produce and deploy such weapons, a decision that would, under present circumstances, result in making us participate in the future nuclear battle, contrary to the strategy of deterrence which socialists have adopted."

A 'Nuclear-Free Zone'?

Much could also be said in support of our firm desire to obtain universal recognition of conscientious objection and a reduction in the length of military service as well as in conventional forces and weaponry. Will the Vienna Conference [Mutual and Balanced Force Reductions negotiations] ultimately make some progress on these matters?

As for the establishment of a "nuclear-free zone" in Europe, the PS has not taken a stand to date on this issue in spite of the brief mention of such a concept in the Socialist International's Paris communique. It goes without saying, however, that to be discussible, this very concept must cover territory that extends as deeply to the East as it does to the West. There is an obvious tie-in between this concept and the Vienna Conference, inasmuch as the West's tactical nuclear weapons counterbalance the Warsaw Pact's clear-cut superiority in armor as well as conventional forces and weapons.

The 25 October peace march's antecedents and aftereffects will help to further enlighten Belgian public opinion on a crucial issue. Similarly, the election campaign should compel candidates to commit themselves on this issue. For its part, the Socialist Party did not await the new political conjuncture before devoting a substantial part of its effort to peace, a difficult challenge and supreme stake.

8041
CSO: 3100/33

ZERO OPTION SEEN AS INCREASING ATOMIC THREAT TO NATO TERRITORY

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 18 Sep 81 p 6

[Article by Wolfram von Raven: "Dream of Zero Option--Renunciation of Counter-armament Is Only an Ideal"]

[Text] The shrill accompanying music of the demonstrations and riots in Berlin could not drown out the fact that Helmut Schmidt and Alexander Haig were endeavoring to hit upon a course of action on which they could agree. Precisely because the anti-American emotions in our country are escalating so drastically into a pro-Soviet campaign, the two statesmen had to feel that they were being forced to present a pattern of harmonious cooperation to make it clear that the common interests shared by Bonn and Washington continue to exceed the number of points on which they disagree by a considerable amount.

But have Haig and Schmidt now agreed that the negotiations regarding medium-range weapons are to be conducted with the "zero option" as their goal? Both of them have touched upon this subject, but both of them indicated--although their respective statements were worded with diplomatic circumspection--in their own way that they actually regarded such ideas, perhaps as theoretical models of conceivable ways of thinking, but not as possibilities in any practical way. The U.S. secretary of state was able to express himself with direct clarity on this point, while the German chancellor had to steer a middle course, making use of indirect intimations--with an eye to his party, which considers the double decision of NATO, to the extent that it still supports it at all, more or less as only a vehicle for agreements on the limitation of armaments.

Well, then, what would or could the preliminary conditions necessary for a "zero option" have to look like? If the Soviets were willing to scrap the whole lot of their land-based weapons--that is, the missiles of the SS-4, SS-5 and SS-20 types, which play the major roles in the debate concerning the counter-armaments program--the members of NATO doubtless would have a hard time putting their program into practice in which the Americans plan the deployment of missiles of the Pershing 2 and Tomahawk types in Western Europe, for in the discussion the fact is usually disregarded that the East's advance armament program was not only carried out with respect to both the air-based and sea-based weapons with ranges of between 1,000 and 5,000 kilometers but also with respect to those of other categories which, in the same manner, constitute a nuclear threat to the western part of our continent, such as the following, for example:

--With respect to the long-range weapons of the SS-11 type, which, in fact, have an intercontinental effective range but are directed exclusively against targets in continental range; they apparently are now being replaced by missiles of the SS-19 type, which are suitable for intercontinental as well as continental ranges.

--With respect to the short-range weapons of the Frog, Scud and Scale-board types, whose effective ranges--depending upon where they are stationed--are sufficient to cover targets in Germany and its neighboring countries; in the meantime, their places are being taken by missiles of the SS-21, SS-23 and SS-22 types, which considerably extend the radius within which missiles can be used.

If the dismantling of the Soviet medium-range weapons of the types which have been described had to be purchased with the abandonment of the building up of American medium-range weapons, such a "zero solution" of the missile problem might increase the threat to NATO territory, and especially to German terrain, rather than reduce it. Then no adequate deterrent instruments belonging to the United States would be available to the alliance to oppose the specific intimidation instruments of the Soviet Union. In such a situation, the only remaining capabilities the United States would have would be either to strike the USSR immediately with long-range weapons or to direct NATO to initiate a battle with short-range weapons which would devastate Europe on both sides of the Iron Curtain while at the same time sparing the sanctuaries of both of the world powers.

Alexander Haig knows that, but so does Helmut Schmidt, so that heading toward the "zero option" can perhaps be considered as a tactical means to be used in negotiations where both of them are concerned but must be eliminated as a target of security strategy. Washington, which aligns itself with NATO's security concept, therefore might not strive for the abandonment of armament but for a limitation of armament. Consequently, it might try to convert Moscow to a serious solution of the problem which would give equality of defensive capabilities to both sides, thus ruling out inequalities which would grant the East offensive capabilities against the West. Therefore the NATO plan for renovation of the armaments program would be limited to 572 missiles right from the start, although the enemy's advance armaments program already musters four-and-one-half times as many warheads and explosive charges for bombs, at present, where land-based, sea-based and airborne weapons for medium ranges are concerned--that is, they show no indication of a tendency to be satisfied with what they have.

The neutron bomb, which naturally was touched upon in the German chancellor's conversation with the U.S. secretary of state, has scarcely anything to do with all that. In fact--as was announced four years ago--it is to be brought under negotiation sometime and someplace, but it is not a subject of discussion in the conversations now being initiated with the USSR by the United States. Being only suitable for use as short-range weapons, things of that sort only serve as ammunition for the Western deterrent effort directed against the Warsaw Pact's multitudes of tanks, which the enemy uses for intimidation purposes, not just in the nuclear but also in the conventional sphere. Therefore that weapon would perhaps fit into the framework of an agreement between West and East which would be concerned with a limitations of armaments in this field.

Therefore the decision to produce the neutron bomb did not require any consultation with the Allies, but such a consultation would be necessary if it were intended to deploy it in the Allies' countries. Alexander Haig has given assurance of that again and again. Also, Washington's action in producing the weapon and then initiating consultations in NATO when it became a question of deploying them was exactly in conformity with Bonn's recommendations, which were presented to its partner a number of times in 1977 and 1978 by Helmut Schmidt. The excitement which is being stirred up in our country gives evidence of defective memories, and it also reveals the existence of hypocrisy. Since we can't come to a decision for or against its deployment, should we want to be the ones who would have to say "yes" or "no" to the production of that confounded weapon?

9258
CSO: 3103/14

POSSIBILITY OF SOVIET NATURAL GAS FOR WEST BERLIN

Bonn DIE WELT in German 29 Sep 81 p 1

[Article by Mk/dey: "Soviet Natural Gas for West Berlin Too?--Moscow No Longer Has Objections Against Including the City"]

[Text] Moscow--West Berlin's chances of being connected to the new gas pipeline from the USSR have improved. The Soviet government no longer has any basic objections against including the city in this energy pool and promises to give favorable consideration to all incident problems. Yesterday a paragraph to that effect was included in the final minutes of the tenth session of the German-Soviet Economic Commission in Moscow.

Current negotiations concern branching off to West Berlin 1 billion cubic meters of natural gas out of the 12 billion which are destined for the Ruhrgas AG under the new gas pipeline deal.

According to the German delegation, West Berlin has lately shown increased interest in such a project. However, it has not yet been officially determined how the gas pipeline will be routed to Western Europe from the Yamal peninsula in Siberia. Still, there is increasing evidence that the Soviets have decided in favor of a southern route through Czechoslovakia. There is no confirmation of whether events in Poland have solely caused the Soviet government to abandon the northern route through Poland and the GDR, which would have made it easier to connect Berlin. But this is likely.

Should the southern route be chosen, the best solution for Berlin would be a dead-end line from Czechoslovakia. Another possibility would be a new pipeline from West Germany to Berlin.

It is not yet certain whether this project can be implemented. The Berliner Gas AG has of course emphatically expressed its desire to extend its gas holdings in this manner, since the construction of new producing plants is being opposed by the environmentalists. However, the city does not yet have a suitable gas storage tank.

Meanwhile, no date has been set for signing the natural gas pipeline agreement. There is a great disparity in the cost projections of the two parties, for the gas itself as well as for the compressor stations.

Asked about American misgivings, Federal Minister for Economics Otto Graf Lambsdorff indicated that they are not of a strategic nature. Both governments have once again indicated their desire to conclude the agreement as soon as possible. In the fall, the Western allies plan to discuss an expansion of the list of goods which may not be exported to the USSR (the Cocom List).

Deputy prime minister and chief of the Soviet delegation Leonid Kostandov admitted that certain difficulties had been caused by a tightening of rules following the Soviet invasion of Afghanistan. But, he said, this could not deter the USSR's development. He held out some prospects for "new major projects" in future German-Soviet economic cooperation beyond the gas pipeline agreement. In this context, he made particular mention of coal processing in the Siberian Kansk-Atchinsk basin.

While this billion DM project still is, to quote one of the members of the German delegation, "a vision on the horizon," it nevertheless is already challenging the imagination of several West German bidders.

9273
CSO: 3103/32

PAPER SEES GOVERNMENT SUBSIDIES FAVORING FLANDERS

Brussels LE PEUPLE in French 29 Sep 81 p 2

[Article by Yves Lac: The Weight of Statistics Against Flemish Bad Faith"]

[Text] A favorable wind (not necessarily for the country's north) has deposited in our office a note intended for the office of the Regional Economic Council of Wallonia, concerning national sector fund allocations.

In a note dated 7 September 1980, the CERW [Wallonia Regional Economic Council) estimated in effect a distribution among the regions, of government aid to the national sectors for 1980, with the exception of the steel industry, for which it has not yet been possible to find valid figures in the 1980 budgets because of the successive decisions made for that sector.

1977-1980

Since it is always difficult to back up a comparison of this kind with statistics from just one year, the CERW, pursuing its investigations, did the same work as before although this time for a spread of 4 years. The statistics (given in millions of francs) in the table below thus cover the period of 1977-1980. They are particularly significant.

Sector	Flanders	Wallonia
Hollow glass for packaging	128	254
Steel industry	8,900	16,500
Textile	1,800	880
Shipbuilding	31,100	-
Coal industry	37,800	7,800
Nuclear energy	8,200	1,300
	87,928	26,734
	(76.7%)	(23.3%)

The Future

For the future, we may note the following elements:

(1) The 1979-1984 merchant marine reorganization plan involves 29,980 billions exclusively in favor of Flanders;

(2) The textile and clothing industry reorganization plan for 1981-1985 calls for various types of financial expenditures through a loan in the amount of 34 billions.

Considering the duration of these loans, a portion of the expenditures will have repercussions on the budgets beyond 1985. The cost of this plan, estimated by the minister of economic affairs, for the years 1980-1985, is 14,304,000,000.

A portion of the 20 percent of the funds in this plan has been claimed by the Walloon Region but it is doubtful that it will get that money. The structure of this fund and the closing of enterprises in this sector, still observed in Wallonia after the plan's adoption, do not work in favor of this demand.

(3) For the coal industry, subsidies come to something like 12 billions in 1980. They will be slightly higher according to the 1981 budget. Furthermore, the management of the Campine mines is looking forward--at current prices and costs--to the reduction of the operating loss per ton amounting to 1,861 francs in 1981 down to 1,414 francs in 1985. This estimate is particularly optimistic and the operating loss (at least 10 billions) should be covered by the budget.

On the other hand, the "White Book" by the little red man from Limbourg is in favor of keeping up a Belgian production figure (in reality, we should say "Flemish") of 7 million tons of coal exclusively in Campine (the closing of Roton, so dear to Jean-Maurice Dehousse, has been planned for 1982 or 1983).

It is therefore not too daring to multiply by five the amount of 12 billions calculated in 1980 in support of the Campine mines and by three the amount of 1 billion estimated for the southern basin.

(4) The steel industry reorganization plan, adopted in September 1978, called for 42 billion francs for the mills in Wallonia and 14.3 billions for the mills in Flanders. This plan was adjusted in May 1981. The various support sections of the CERW are at this time trying to update the various components (capital contributions, subsidies, interest allowances on loans, and convertible obligations) for these amounts.

Conclusions

In general, it is realized that the differences mentioned here cannot merely have arisen by chance. Have they been "orchestrated" by some mastermind or at least by the ministry of economic affairs?

Some people are in support of a regionalization of the national sectors. Reading this note, we can better understand the motivations that inspire them. In the meantime, perhaps an incontestable balance sheet of this aid for the national sectors might be drawn up by way of opposition and perhaps negotiations might be conducted to demand the repair of the injustices of which Wallonia has been a victim.

5058
CSO: 3100/42

BUNDESBANK PRESIDENT ON CHANCES OF LOWERING INTEREST RATES

Hamburg DER SPIEGEL in German 5 Oct 81 pp 46, 49, 50

/Interview with Karl Otto Poehl, president, Bundesbank, by editor Wolfgang Kaden, conducted on the occasion of the World Monetary Conference in Washington/

/Text/ /Question/ Herr Poehl, is there any prospect of the horrendously high interest rates coming down soon?

/Answer/ It is difficult to make any prediction in this respect. After all, the level of interest rates in the FRG depends not only on our decisions but on those of other countries also. There are indications, though, that general conditions for the FRG are improving, and we will therefore have rather wider scope. In particular I am referring to the improvement in our current account.

/Question/ This coming winter unemployment is expected to climb to well above 1.5 million. Finance Minister Matthoefer says that the best economic program in this situation would be lower interest rates. However, such admonitions do not seem to make much of an impression on the Bundesbank.

/Answer/ I agree with Herr Matthoefer. It would be altogether desirable for interest rates to decline. On the other hand the Finance Minister and I also agree that a decline does not depend on us alone.

/Question/ Could you not help matters along a bit? Could not the Bundesbank have provided some relief at least in the week before last, when the capital market interest rates began a downward slide?

/Answer/ It is true that the situation on the foreign exchange market has eased somewhat...

/Question/ ...The D-mark has gained quite considerable strength vis-a-vis the dollar.

/Answer/ Yes, but it would be wrong to immediately react with lower interest rates, we might thereby arouse expectations which could well be disappointed.

/Question/ You will therefore continue to stand by without doing anything?

/Answer/ You may be sure that we will use any scope for lower interest rates, provided it appears to be lasting.

/Question/ Your critics say that you have certainly gained scope for action after the substantial weakening of the dollar--in the course of just a few weeks the U.S. currency lost 20 pfennig. And in fact every day you delay the switch-over may cost thousands of jobs.

/Answer/ The improvement in our foreign trade situation is not really complete. Should we deviate from our line too early, we might well put the ultimate success of our policy at risk.

/Question/ What do you mean by too early? The rapidly rising unemployment figures virtually compel the fastes possible action.

/Answer/ I also view the trend of unemployment here as well as in other countries with the utmost concern...

/Question/ ...That sounds like the typical politician's phrase.

/Answer/ Oh no! I believe that increasing and lasting unemployment could in the long run involve considerable social and political stresses in the industrial countries. But we will not achieve a higher rate of employment by lighting a brush fire, possibly by lower interest rates and spending programs. In the end that could propel us into an even more precarious situation. We have seen examples in many countries which pursued this kind of policy after the first oil crisis. We will achieve a higher rate of employment only when we manage to resolve the fundamental problems of our economy.

/Question/ Which are?

/Answer/ I mean the fundamental shift in foreign trade terms. We must adjust to higher energy prices, improve our current account, and that is possible only if we export more and consume less at home.

/Question/ Something which is already happening to quite an extent.

/Answer/ Quite so. I believe that we have advanced a good deal in this process of adjustment. That is demonstrated by the favorable development of exports, the substantial energy conservation efforts. If we continue with this approach, positive consequences for employment are bound to follow. The increase in exports supplies more jobs than a spending program involving DM1-2 billion.

/Question/ Nevertheless you continue to prescribe blood, sweat and tears?

/Answer/ Considering the standard of prosperity achieved in the FRG phrases like "blood, sweat and tears" are totally inappropriate. After all, last year we still saw an increase in real incomes. This year also real incomes are unlikely to decline, or if so by very little.

/Question/ The Bundesbank has argued for more than a year that the FRG must remain attractive for capital investment and therefore orient itself to the high foreign

level of interest rates. If not, international capital would leave or bypass the Federal Republic, the D-mark weaken. Is it not rather difficult to explain to federal citizens that they must pay impossibly high interest for their mortgages, overdrafts and investment loans due entirely to foreign trade developments?

/Answer/ These connections are in fact complicated and not easily explained. Still, I feel that most citizens understand the goal of the Bundesbank, that is to maintain confidence in our currency.

/Question/ You boast of broad approval of your policy. It seems to us that you exaggerate somewhat. At least the labor unions are totally opposed to your high interest policy.

/Answer/ I regret that very much, because I think that our policy will, in the event, benefit employees most. If we were to allow more inflation, employees would be the ones to suffer. How would the labor unions look to their members if we had a much higher rate of inflation at the end of the year--in other words if the trade unions had clearly failed to meet their declared target of maintaining real incomes?

/Question/ You did not succeed, though, in persuading the labor unions.

/Answer/ That is unfortunately true. I understand that the unions are worried about the rise in unemployment. But it is quite wrong to think that a less restrictive monetary policy could buy more employment.

/Question/ Not only the trade unions oppose your policy. Possibly even more important from your standpoint is the growing resistance by the Social Democrat Bundestag fraction.

/Answer/ It is decisive for me that the Federal Government supports our position. We cannot make our policy dependent on the opinion of individual deputies.

/Question/ That answer seems rather disingenous. SPD deputy Wolfgang Roth who has campaigned against the Bundesbank line for months, has attracted a considerable following in recent weeks.

/Answer/ I do not know whether you are right. If so, I will have to bear it. He can certainly not make me abandon a line which I consider correct.

/Question/ Do you have any understanding for the disappointment of many Social Democrats with Bundesbank President and Social Democrat Karl Otto Poehl? Many of your colleagues in the party accuse you of executing a policy which has resulted in the highest unemployment for decades.

/Answer/ The Bundesbank president and his colleagues on the Central Bank Council must do what the law commands, that is look after the stability of our currency as far as that is at all possible in an inflationary environment. Besides, I must reject the accusation that Bundesbank policy has resulted in the high unemployment figures. Unemployment is the result of structural changes which our economy must cope with--in line with the economies of all other industrial countries--subsequent to the two oil price explosions.

/Question/ You are also being criticized by respected economic research institutes. They reproach you with looking far too fixedly at exchange rates and keeping interest rates unduly high. The bank of issue, they argue, should have had no qualms about letting the exchange rate drift down further. After all, the cheaper the D-mark, the better the sales opportunities of the export industries. Higner exports would eventually equalize the current account, causing the D-mark rate to rise yet again.

/Answer/ I consider this advice dangerous and unrealistic. By declaring that it is indifferent to the rate of exchange of its own currency, a bank of issue would offer an invitation for getting rid of that currency. This would be well-nigh fatal in view of the D-mark's importance as a reserve currency.

Incidentally, the economists tend to offer very different and sometimes mutually exclusive advice. When reviewing total economic development, the Council of Experts, for example, criticized our policy for not resolutely enough defending the D-mark exchange rate.

/Question/ One of the main reasons for your attitude is the high interest in the United States. Does not this imply rather somber prospects? It seems as if interest rates in American would continue high because the Reagon Administration is obviously not able to cut the capital needs of public agencies.

/Answer/ I hope you will not be proven right, and that the U.S.Government will be successful in its efforts to reduce budget deficits. And I hope that interest rates will then drop in the United States.

/Question/ That, however, is no more than a pious hope.

/Answer/ Right, but there are some reasons for this hope. The U.S.rate of inflation is on the way down and the American economy in the early stages of a recession. Still, even continuing high interest rates in the United States need not necessarily imply high interest rates in the FRG. We have the example of Japan. Japan was successful in overcoming foreign trade difficulties, and that has given it scope for considerable reductions in interest rates. Such a development is quite possible in the FRG also.

/Question/ In the mid-1970's, when state secretary in the Finance Ministry, you yourself--a convinced adherent of John Maynar Keynes--intended to change the FRG's economic policy. At that time unemployment had climbed above 1 million for the first time in decades. Nevertheless expensive employment programs were enacted. Now the government believes it can do without them. What has changed?

/Answer/ Like many other young economists I also was a champion of so-called overall control of the economy, a concept which was expressed in the stability and growth law. I am not among those who now believe that all this was wrong, and that "supply-side" economics could resolve all our problems. Only the situation now is totally different from that in 1966 and 1975.

Our problem is not the lack of domestic demand. We are therefore unable to cope with our difficulties by higher government debts and deficit spending.

Our problem is the need to adjust to a changed foreign trade situation and restructure our economy. Besides, the stability and growth law does make provision for the case of a disruption in the foreign trade balance.

/Question/ According to you and the Bonn Goverment an employment program would be inappropriate. At the same time you keep interest rates high. Government economic policy, fiscal as well as monetary, has therefore abdicated its role in the fight against unemployment.

/Answer/ Certainly not. You are now talking in terms of a recession like that of 1966 or 1975, and assume that the stagnation could be overcome with the classic tools of economic policy. I, on the other hand, assert that we can cope with this stagnation only by improving our foreign trade status.

/Question/ In fact this still means that the Federal Republic must be armed for new export battles, our citizens make do with a smaller rise in prosperity or even shrinking real incomes.

/Answer/ You are rather overdramatizing events. You are right, though: We can maintain our standard of living only by exporting more. Don't forget that we are spending roughly DM40 billion more this year on energy imports than even 3 years ago. Or, to take another example, FRG citizens spent some DM40 billion this year on foreign travel. We hold the world record in this respect. All this we can afford only if our economy continues to be efficient and competitive.

/Question/ And that means the Germans, especially the government, should consume less?

/Answer/ Here as well as in other countries the government's share in the social product has risen sharply in the past 10 years. We cannot continue in the same way. We need investments to raise our productivity.

/Question/ Of course meaning also that public deficits will have to be further reduced?

/Answer/ Budget deficits have risen enormously in virtually all industrial countries. In some European countries they amount to 10 percent of the national income. That makes it much harder to finance industrial investments and is a prime reason for the high level of interest 4ates.

/Question/ In that case interest rates must be expected to remain high next year also?

/Answer/ Well, the Federal deficit is to be reduced this year from about DM35 billion to about DM27 billion. If that happens, the scope for lowering interest rates is going to be wider. In any case the budget decisions are a step in the right direction.

/Question/ Herr Poehl, we thank you for this interview.

11698
CSO: 3103/30

NEED TO EXPAND INNER-GERMAN TRADE RELATIONS SEEN

Duesseldorf HANDELSBLATT in German 18-19 Sep 81 p 7

/Article by Birgit Breuel, Lower Saxon minister for economics and transportation: "To Realistically Use all Opportunities"/

/Text/ Following the extremely successful expansion of inner-German trade in 1980, it will now be necessary to stabilize it. Opportunities for further growth are restricted, because the GDR evidently wishes to (and must) prevent another increase in debts to the West. In addition the competition on the GDR market has become more severe by the arrival of new competitors such as Japan. Nevertheless, GDR representatives indicated quite clearly at the Leipzig Autumn Fair that they expect respectable growth in future also.

It will, however, be difficult to achieve such growth unless there are improvements with regard to factors which adversely affect the inner-German exchange of goods. The GDR's claims for the conclusion of reciprocal and compensation transactions still impede the further progress of German/German trade, especially because it frequently calls for more than 100 percent rates of repurchase of GDR products. This makes such transactions extremely difficult for small and medium firms. The GDR would be well advised to cease from these practices in view of the equilibritum in the balance of trade with the FRG such as it achieved in 1980. They are almost incomprehensible from a practical standpoint.

Unfortunately difficulties for medium firms in German/German goods trade are more likely to increase unless there is a new agreement on the interest-free overdraft allowed the GDR (swing). If it is not, the swing will be reduced from DM850 million at the end of 1981.

In the short term these difficulties might involve the firms being unable to promptly obtain payment from the Bundesbank. This might result in liquidity problems and financial gaps. For the GDR a reduction in the swing would lead to considerable general disadvantages. If, in such a acse, it were to continue overdrawing its account, it would either have to pay far higher interest rates or forego deliveries badly needed by its economy.

It is imperative to preserve German/German trade as an economic bracket and basis for further cooperation between the two parts of Germany. It would therefore be desirable to enter into actual negotiations about the swing as soon as possible and also to discuss other cooperation projects such as the planned electrification of the

railway network or the construction of a brown coal power plant near Magdeburg. Furthermore talks should begin about the possibility of cooperating in third markets, both with respect to production and trade as well as expanding manufacture under licence.

Of course there is a connection between economic and political relations. The latter are now strained by the increase to DM25 in the minimum exchange and the expansion of the groups obligated to such exchanges. Despite the great significance of inner-German trade per se for the development of reciprocal relations, the human problems must not be forgotten when contemplating the future of this trade. Travel and visits are the core of the Germany policy.

To make any headway I consider it necessary as a first step to cancel the increase in the compulsory exchange and the inclusion of pensioners. It would, however, be a mistake to make the extension of the swing and, for example, the cancellation of the compusory exchange a precondition of negotiations. On the other hand we should be careful not completely to disconnect these issues.

Moreover, it would be possible to ease border traffic. Possibilities are an extension of the period of stay from 24-48 hours, the establishment of additional border crossings, the free choice of border crossing, simplification and shortening of the application and border procedures. Further negotiations with the GDR should deal with the extension of tourism.

The German/German relation cannot be dealt with outside the context of the entire East-West situation. However, sober consideration and realism call for the best possible utilization of the opportunities available for reciprocal relations.

11698
CSP: 3103/26

NATIONALIZATION SEEN FORCING MORE RISKS ON BANKS

Paris LE FIGARO in French 12-13 Sep 81 p 12

[Article by Olivier Bastouhl]

[Text] A renowned expert sends us anonymously his point of view in response to the articles published in LE FIGARO, 5-6 Sep.

The nationalization of nearly all private banks under French control may surprise the observer since the banks in question grant only 15 percent of the loans and collect only 11 to 12 percent of the deposits. Several explanations have been offered: the first is the lack of action of the authorities in the existing system and the difficulty, for the latter, of influencing the credit policy of the banks.

This explanation is astonishing since the authorities already dispose of a wide range of possible actions on the banks.

1/ The CNC (National Credit Council) obliges them to declare to the Banque de France in details the risks they take and to submit a report for all transactions of 25 million.

2/ CNC regulates the interest rates for loans--just now shown for savings certificates--as well as the financing modalities of hire purchase.

3/ Finally and especially CNC initiates the very strict rules of credit ceilings. No doubt this last policy is comprehensive. Nonetheless, it is used for selective purposes by the strategy of exceptions.

4/ The Banque de France exerts a very exact action on credit policy by the conditions it imposes when refinancing banks, requesting in exchange for its support the surrender of certain assets to the exclusion of others. In fact the Banque de France is one of the few central banks to closely examine the financial situation of firms, one by one, before agreeing to refinance the loans granted to these businesses. Also, its policy of interest rates is by no means uniform.

5/ According to a study by the Banque de France, 44 percent of all loans are guaranteed by the state and are subject to specific procedures. This is an

enormous proportion, due in part to the proliferation of para-public credit institutions (Savings Bank, National Bank, Land Bank, Agricultural Bank, S.D.R. etc).

6/ Finally, through CODEFI and CIASI entrusted with the auditing of firms in trouble, the Treasury exerts an obvious influence on banks. Of course the supervision exercized by the Bank Control Commission has to be added to the whole complex.

Given the possibility of multiform intervention by the state in bank affairs, it has become impossible to understand at all the behavior of the banks unless one knows the activity of the authorities that restrict, constrain and determine their work. To say furthermore that it is indispensible to nationalize the private banks in order to give direction to credit is tantamount to saying that the administration is incapable of making use on the one hand of its direct influence on 85 percent of loans issued and on the other of the important means of action it possesses otherwise. Why doubt its ability to master the problems of credit? In that case why nationalize the private banks?

A second explanation: the community of banks should be forced to take more risks, to become the permanent support of industry, to reduce the demand for collateral securities, notably of real estate.

In other words, French banks are supposed to exhibit three faults: they refuse to finance industry, to take risks and they are too expensive.

If that explanation is correct, if French banks are directed by incompetents; how is it that the French banking sector managed to build up abroad, where competition is free, the second largest world network after the USA?

Furthermore, how is it that in the matter of services, the French banking system is responsible for the biggest surplus of our budget?

Can one reasonably blame the banks for having refused internal loans while rationing has been imposed on them more and more strictly for the last ten years and while, moreover, everybody complains about the run-away banking debts of French businesses?

Can one reasonably blame the banks for making too big a profit while the financial structure of French banks is the weakest in the Western world and while the Bank Control Commission has been obliged to take authoritarian steps to reinforce it progressively?

When one knows the considerable extent of personnel expenses in the total running costs of the banks, is it to be understood that the government rapidly will ask the banks to lay off personnel?

Can one blame the banks for setting high rates when the authorities stop at nothing in order to maintain the rate of the monetary market and the cost of lifting the credit ceiling to high levels?

Is it possible to ask the banks systematically to risk the funds entrusted to them by depositors?

At the end of the year will the latter agree to see their accounts reduced in proportion to the losses the banks have sustained?

It is obvious that a bank cannot at the same time increase its risks, reduce the cost of its loans and maintain the security of its deposits.

Bank revenues are derived from a clear margin between the cost of money and its sale price. It is a difference of interest rates from which managing costs are deducted (essentially personnel salaries).

When a banking debt is not made good it means a loss in capital whose amount widely exceeds an interest margin.

This explains why an extremely small increase in the loss rate is enough to put a bank in the red. Besides, the net profit of the banks represents only a minute percentage of the capital loaned, particularly in France.

Therefore the whole argument consists in deciding whether the bank directors must or must not assume responsibility for their institutions. Up to now, they have managed to do it in France better than anywhere else by practicing a kind of risk-spreading among their customers. Of course one could think of other solutions: for instance, going to the taxpayers. In that case, would not direct state aid to business be better? At least the situation would be clear and it is not apparent what bank nationalization would add to it.

Besides, when a member of the government is asked how he forsees that the banks, at the same time, will be able to increase their risks, reduce the cost of their loans and maintain the security of deposits, he invariably answers that the problems will be studied after nationalization; that shows how clearly they are linked.

For some, therefore, nationalization appears not only as utopia, but also as a myth and an ideology. Reason and thought do not enter into it. It would be an outdated element of a prophetic message.

For others, it is a means of providing the maximum of jobs for the faithful in the socialist party. For others again the true intention of the socialist party is to impose political criteria on the distribution of loans and they suggest that the modifications planned for the SDR charter, where regional communities will from now on be able to participate, let the cat out of the bag.

To be honest, the three theses are by no means incompatible.

8696
CSO: 3100/6

NATIONALIZATION, STATUS OF SALARIED WORKERS VIEWED

Paris LE FIGARO in French 14 Sep 81 p 7

[Article by Charles Haquet]

> [Text] Conversations between employees of nationalizable businesses are very lively as may easily be imagined. First there are the wage earners of prosperous companies. They ask themselves if hard-won salaries and benefits will be maintained and if they do not risk being absorbed by worker categories whose wages are stingily fixed by a far away minister. But there are also wage earners who belong to firms in difficulty and who welcome the prospect of avoiding a layoff; for many of them it is the miracle of the secure job that is on the horizon. Those most involved in trade union activities--notably the militants in the CFDT [French Democratic Confederation of Labor] and CGT [General Confederation of Labor]--gird their loins to seize "this historical opportunity" which will allow them to have more power granted to workers.
>
> For them, the nationalization of 1945 hardly benefitted the employees of the enterprises: "The condition of the conveyor belt worker in a nationalized firm has not been improved, they say, in comparison with that of his colleague who stayed in the private sector."

Naturally the trade unions are divided on the reforms to be achieved as, for many, it is necessary to stay within certain limits, notably those of the "total trade union power" in the factories, as practiced in the Eastern countries where the tyranny of the regulators and foremen of the union manifests itself essentially by a ruthless increase in work rhythm as told by workers of people's democracies and as shown in an excellent book by the only Hungarian intellectual banned by his government, Miklos Harazti.

The trade union sections of nationalizable companies have been working frantically--some for many months--on the reform plan that they want to see pushed through by their associations. All these studies envisage a real

participation of workers and managerial staff on three levels of business: in the workshop, in the "decentralized" factory, outside the Parisian center and of course in the decision making organizations of companies such as the board of directors.

This week, the day after the Council of Ministers, the CFDT published a communique to make it known "that nationalizations could achieve their complete efficacy on the human plane and also on the industrial, commercial and financial plane only if workers could intervene in everything relating to their working conditions, notably by the launching of workshop councils..." The term "workshop councils" raised some fears in industrial circles. However, if one listens to trade union delegates, it appears that the proposed structure would dispose of limited powers which in no way would block a management decision. In fact it gives workshop and office personnel an opportunity to speak out on their own working conditions: work organization, working hours, hygiene and security problems, studies of efficiency and performance in production, permanent training, participation in machine choice with obligatory consultation with users before investment choices etc. Following the Swedish practice, the trade unions hope to change the attitude of the wage earner who, as soon as he can exert a direct influence on his own work, becomes more motivated. "Can time thus spent--it can be 2 percent of working time--be considered as wasted: no, answer the trade unions if it is recognized that the industry with the industry with the highest performance, Japan's, gives prominence to consultation. They add that "the bonus consists in seeing the workers accept the new technologies, the new machines, which will have been worked out and developed together. Reactions of rejection in the face of a new machine are known: for example the strike of the PTT [Post, Telegraph, Telephone] center Paris-Brune was caused by an abrupt modification of equipment and working conditions. When important technical changes are underway this idea ought to be considered."

A second point of intervention: the case of salaried workers in a decentralized unit, separated from its social center. They demand--reflecting events in new industrial plants in the United States--that the research facilities be planned near the assembly lines.

In this electric company for example, workers have told us they were surprised to see studies relating to maritime products being made 600 km from the sea... The first claim of decentralized plant personnel is no more to be considered as second-rate establishments. Incidentally there is at present a conflict between a firm making television sets that are completely competitive with Japanese ones, and its employees who are indignant to see the mass production of the video disc which could insure regional prosperity, given to foreign countries.

To Be Aware of Evolution

Finally the wage earners want to be represented at the top. Each trade union organization recommends "its" formula. For some the administration boards of nationalized companies should be made up one-third by members representing the state, one-third by personnel delegates, one-third by representatives of local communities, the Plan, consumers or user associations etc. With others the formula of "business councils" is dominant: offshoots of managerial staff and wage earners which would be under control of another organism consisting of

public authorities, the Plan, users, local communities, etc. Some would easily go as far as "the trade union takeover," others, the majority, would be content to give the employees the possibility to be aware of the evolution of the firm, whatever it may be: "Only by the presence of State Mobile Police cars in the streets of Longwy were the steel workers aware that their plants were closed, and that is inadmissible," says this delegate.

Beyond the numerous problems which will arise, what will be the statutes for the personnel? An entirely new constitution or, on the contrary, the maintenance of present collective conventions in the different branches of activity--the main preoccupation still is the role of nationalizables in the economic revival, regional and national--and of the place accorded to white and blue collar workers. "If there must be a socialist director or foreman instead of the present director and boss who decide everything in our place, without consulting us, there is no point in nationalization." These chemical workers who wish that the next law on nationalizations includes rules which might not be adopted once the state of grace is passed perfectly sum up the situation.

8696
CSO: 3100/6

MONORY SEEKS TO UNITE OPPOSITION TO NATIONALIZATIONS

Paris LE NOUVEL ECONOMISTE in French 14 Sep 81 pp 104-105

[Article by Jean-Marc Biais: "Nationalizations: The Stockholders Awakening"]

[Text] They asked for cash compensation, but they will receive bonds depreciable over 15 years. This decision has not satisfied stockholders who are regrouping to defend their interests. Their leader is the father of the law that was to reinvigorate the financial market, former minister of the economy, Rene Monory.

In the past, stockholders have not used their ownership rights much. The Socialist government's nationalization project has stirred them from their silence. Associations to defend the interests of those who will soon be "expropriated" have been formed in most of the nationalizable industrial firms and banks.

These scattered batallions will soon find a flagbearer in Rene Monory. The former minister of the economy is preparing to launch, within the next few days, an association for the defense of savers. "I have a moral debt to the people that I led to the stock exchange," he confided to LE NOUVEL ECONOMISTE. "I have received many letters from small stockholders wondering what they should do. I could tell that these people were worried, and I think the time has come to create a political trigger that will crystallize this movement. I do not want, by the way, to limit myself to the problem of nationalizations. We of course must focus on the problem of compensation, but my goal is much broader: to defend savings in general and all the small stockholders, whether they bought their stocks directly or through SICAV [Variable Capital Investment Company].

After the stock which followed Francois Mitterrand's election, stockholders gradually regrouped and organized. The first to do so were those of the French Commercial Credit Bank (CCF). By 10 June, three of CCF's stockholders, Christian de Clarens, an insurance agent, Aldo Peaquin, a small building contractor, and Paul Schmitz, former financial director of Lafarge, had sent a letter to 33,000 holders of registered securities. Their call was heeded. In a few weeks, more than 8,000 people joined. "Jean-Maxime Leveque's positions make us aware earlier and more clearly than others to the problem of nationalizations," explained Schmitz. The movement first caught on in the banks, but the awareness grew a litte more slowly among industrial firms' stockholders. However, the latter are today almost all organized. In all, about

20,000 stockholders have been mobilized, some of them foreigners (especially for Paribas). "We hope to seen have 100,000," estimated Philippe Gorre, one of the leaders of UDDAP (Union for the Development and Defense of the Private Stockholder), the federation of all the groups. "The vacation period was not good for us, but everything is starting up again. Mobilization is widespread. There has even been the birth of a real militancy among the stockholders. People are volunteering to put up posters..."

An involvement which contrasts with the passivity that characterized stockholders until now. In 1973, ANAF (National Association of Stockholders of France) was created, and in 1977, PRODAC (Association for the Promotion and Defense of the Stockholder). But these two organizations never had more than several thousand members. "We came up against the supreme indifference of the stockholders," Gabriel Renaud, former advertising agent and founder of PRODAC, admitted with bitterness. "Most of our activities failed. For example, in 1977 we got only 125 memberships for the Committee for the Defense of Stockholders of Steel Industry Companies, when 300,000 households were affected."

The stockholders' awakening would not have been possible if the different associations' founders had not benefitted from the total support of the management of the firms in question, of the banks and of all the financial intermediaries, which had not been the case previously. "Company managers looked on us as heretics," explained Renaud. "They did not give us any help. It was therefore quite difficult to get hold of the records in order to contact the stockholders."

But for the last 3 months the doors have been wide open. Banks and stockbrokers have been drumming up the holders of negotiable bonds on deposit with them. Some associations have even made use of the firms' official channels of information. Such was the case of ASCOBA (Association of Stockholders of the Banking Company Firms), where the membership application was slipped between the pages of the brochure that the president, Pierre Besse, sends to his stockholders each year. The latter, however, deny that they have been manipulated. The change in the clientele of transferable securities since the law of July 1978 also explains this change in attitude. According to the survey published by COB (Commission of Stock Exchange Operations) in April 1981, more than 1 million households have used the possibility of tax deduction that it proposed. Of this number, 550,000 were buying stock for the first time. This influx of new blood resulted in a slight lowering of the average age (almost 11 percent of stockholders were under 35 in 1979 vs. 9.3 percent in 1977), and, moreover, in reaching the working population (78 percent of the new stockholders are "active," with a preponderance of employees, especially mid-level managers, and of manual workers). This new clientele will certainly be quicker to respond than retirees, traditional holders of securities. The opinion of Bernard Missoffe, president of ASCOBA, is this: "The present movement is a result of the general movement of consumer awakening."

The associations should not let up the pressure after the government publishes the outline of its bill. Stockholders are asking for cash payment, but they will only receive 15-year depreciable bonds which could be indexed to the bond market.

A few companies will receive special treatment. For example, the state will acquire only 51 percent of the capital of Matra and Dassault. However, it has not yet been said how this takeover will be affected (increase in capital, takeover bid,

public offer of exchange...). For the financial companies of Paribas and Suez, former stockholders will be able to repurchase, under yet to be determined conditions and on the basis of their compensatory securities, the industrial investments previously held by these holding companies. As of Wednesday afternoon it was not known if the face value of bonds was to be calculated solely on the basis of the stock exchange rates of the last few (3-5) years, or if a firm's assets would also be taken into account. Only stockholders in the steel industry firms no longer have to worry about their fate: the state will be satisfied to change the claims it has on these companies into capital participation.

9720
CSO: 3100/987

PASOK'S SOCIALIZATION PROGRAM AFFECTS STOCK MARKET

Athens EPIKAIRA in Greek No 687,1-7 Oct 31 p 23

/Article by Ap. Strongylis: "Stock Market and Socialization"/

/Text/ With the price of a Bank of Greece share at 11,800 drachmas (compared to a 23,100 average in 1980) and of the National Bank at 10,300, the stock exchange is experiencing its worst days both in terms of prices and in terms of the general "climate" of the market. The latter is affected now by the electoral atmosphere which pushes the stock market index (shown in the table below) to its lowest levels. In addition we have the issue of socialization which is included in the PASOK program. Socialization enters the picture in the sense that the stock prices for those companies which are included in the socialization decline even more either because of rumors or as a result of the fear of the owners who rush to sell their stock thus further depressing prices.

Stock Market Index

The Stock Market Index with 1964-100 base year has developed as follows (average level):

Year	Banks/Insurance	Industrial/Commercial	General
1965	99	108	105
1971	636	393	481
1972	1,540	881	1,124
1973	2,280	1,305	1,605
1974	1,773	1,325	1,488
1975	1,562	1,138	1,303
1976	1,591	1,180	1,329
1977	1,937	1,226	1,484
1978	2,160	1,138	1,510
1979	2,041	952	1,384
1980	1,724	842	1,163
1981	1,478	736	1,006
(25 Sept)	1,489	683	976

It appears that those who sell under those conditions are likely to lose because in the event PASOK wins the election, there would not be much to socialize among the companies whose stock is traded in the stock exchange, and in any event socialization does not mean confiscation. PASOK has earmarked for socialization the credit system (banks), insurance companies, energy and public utilities, mass transportation and communication, large ex-import companies, large mining concerns, large shipyards, steel mills, cement and fertilizer companies and the pharmaceutical industry.

Companies in the Stock Exchange

From these sectors, we find in the stock exchange almost all banks, 4 insurance companies, 4 cement companies, 12 mining and 8 chemical concerns. Almost all banks are either state-owned or under state control; the insurance companies (except one) belong to banks and among the chemical companies one part already belongs to the state.

These facts show that the sectors scheduled for socialization are already under state control. The banks which constitute the backbone of the stock market represent more than 60 percent of all stock exchange transactions as stated in an article by stock market expert D. Stergiou. Taking out of the 14 banks the 3 which are private (Credit, Crete and Labor) the percentage of participation in stock exchange transactions is approximately 56 percent, that is, more than half. The stock value of the bank shares represents 54 percent of all stocks in the market, exceeding 20 million widely held shares.

Moreover, the net profits of banks represent approximately 50 percent of the profits realized by all the companies traded in the stock exchange, while dividends constitute 50 percent of the total, too. If we were to add the insurance companies /owned by the banks/ these percentages would be even larger.

The share of the banking sector in the stock market becomes obvious when it is compared to the cement companies which come next in line with the following percentages of participation:

In transactions	11 percent
In profits	9 percent
In dividends	10 percent

A large part of the shares of the four cement companies is held in the portfolios of state banks, insurance organizations, etc.

Phobia

These data show that as far as the stock market is concerned, 80 percent of the sectors earmarked for socialization are already (in one way or another) under state control. It is not precisely known what kind of socialization is planned by PASOK. Be that as it may, shareholders and especially small investors will certainly be compensated if the shares change hands. For this reason, small investors should not fall victim to fear or some clever manipulators and sell their shares at any price. The stock market suffers from many ills which affect stock prices much more than the so-called socialization.

7520
CSO: 4621/17

INFLATION, BALANCE OF PAYMENT PROBLEMS ANALYZED

Athens EPIKAIRA in Greek No 687,1-7 Oct 81 pp 24-25

/Article by K. Kalandzis: "Lower the Thermometer of the Two-front Disease"/

/Text/ Both major parties competing in the 18 October election evidently share two common concerns: inflation and the balance of payments. Both sides admit that the two problems are critical but they disagree on the causes and the possible future prospects.

The visible agony of the government is to "hold the line" and avert a worsening as much as possible and with whatever means until the critical date at the polls, at least "to limit this unacceptable demagoguery which so greatly excites the naive," to quote a source speaking to EPIKAIRA.

The inflation rate was held down, thanks to the sacrifice suffered by the budgets of public enterprises and agencies (Greek Telecommunications Organization /OTE/, Public Power Corporation /DEI/--in part--Railways Organization of Greece /OSE/, Athens-Piraeus Electric Railways /ISAP/, Electric-Powered Buses of the Athens-Piraeus Area /ILPAP/, Olympic Airlines, etc.) which resulted from not increasing their rates commensurate with their costs. During the first 8 January-August months the consumer price index showed a 9.6 percent increase compared to 13.7 percent during the corresponding 8-month period. Barring unexpected developments--emphatically states Coordination Minister Giannis Paleokrassas--the target of 20 percent for the entire year will not only prove realistic but feasible.

Declining Demand

It appears that demand is also declining. This does not facilitate uncontrolled price increases except in the case of some commodities (feta cheese, meat, etc.) where demand often appears to be inelastic.

An indication of the softness is provided by the data concerning the development of the balance of payments which since July has shown certain signs of improvement marked primarily by a slowing down of imports.

The table on the next page, for the next 7-month period, shows that the July improvement does not fully succeed in changing the basically unfavorable picture except possibly in the final deficit of the current transactions balance where we find a reduction of 34 million dollars compared to the same period last year.

FOREIGN EXCHANGE BALANCE
(Current Transactions)
January-July (7 Months)
(In millions of dollars)

	1981	1980	Change
1. Imports	6,746	6,365	6%
2. Exports	2,932	2,405	21.9%
3. Balance of Trade	-3,814	-3,961	-3.7%
4. Invisible Earnings	3,427	3,222	6.3%
5. Invisible Payments	1,208	888	35.8%
6. Net Earnings (4-5)	2,221	2,334	4.8%
7. Current Transactions Balance (6-3)	-1,593	-1,627	-2.1%
8. Capital Inflow	945	1,367	-30.4%

It is worth noting that in July imports declined by approximately 120 million dollars (or by 12 percent compared to an 18.5 percent increase in July 1980). The decline is not primarily due to fuel imports but, for the first time, to other imports of consumer goods (23 million dollars).

By contrast, exports continue to rise slowly (3 percent) resulting in a reduction in the trade balance deficit in July by 132 million dollars and trasnferring the positive effect on the 7-month balance of trade which, as shown in the table, improved by 147 million dollars.

Debt Is the Cause

The development is not equally positive in the case of invisible transactions. In July invisible earnings were about the same but payments increased by 100 million dollars resulting in a 113-million-dollar decline in the balance of net earnings during the 7-month period (as shown in the table also).

The main cause of the decline is not a decline in earnings which even increased during the 7-month period as shown by the following detailed data (in millions of dollars):

Invisible Earnings	1981	1980
Tourism	886	844
Maritime	1,125	1,009
Emigrants' Remittances	544	557
Other	872	812
Total	3,427	3,222

The decline is due to the invisible payments which increased by 318 million dollars, the largest part being in the form of interest payments for foreign loans (172 million dollars), insurance premiums, commissions, etc.

Government borrowing from abroad was limited by 235 million dollars during the 7-month period. The Bank of Greece borrowed only 254 million dollars compared to 563 million dollars during the corresponding 7-month period last year.

We may also note that the inflow of private business capital has continued at approximately the same rate (249 million dollars compared to 264 million dollars last year) as did the capital inflow for real estate purchases (286 million dollars compared to 298 million dollars last year).

For the first time in many years the country's foreign exchange reserves have fallen below 1 billion dollars (909 million dollars) because "part of it was invested in oil" (500,000 tons), according to Paleokrassas.

7520
CSO: 4621/17

LOWER BUSINESS PROFITS, HIGH UNEMPLOYMENT SEEN FOR 1982

Rotterdam NRC HANDELSBLAD in Dutch 15 Sep 81 p 7

[Article by Eduard J. Bomhoff, professor of monetary economy at the Erasmus University in Rotterdam: "Loss in '81, Even More Loss in '82, No Employment Opportunity Without Profit Opportunity"]

> [Text] Just as in Poland, Dutch commerce as a whole must either not replace obsolescent machines or take on more credit in order to be able to pay suppliers, employees and creditors. The average business is operating at a loss in 1981 and will operate at even more of a loss in 1982. Therefore the additional natural gas profits still cannot be spent on "doing nice things for the people," but instead returns to business must first become positive again. If a "profit opportunity policy" is not practiced for a few years, the "employment opportunity policy" must indeed fail.

A few figures from the macroeconomic estimate are quite enough to show the decline of the Dutch economy in 1981: unemployment is rising from an average of 250,000 last year to an average of 375,000 this year and business's "capital quotient" has dropped from 7.5 to 4.5 percent. Even those who are not afraid of becoming unemployed themselves yet should consider what unemployment means to those who are directly affected by it. Then it must become clear that unemployment is our most serious economic problem, and that Vice Premier Den Uyl is right to want to evaluate every measure undertaken by the new cabinet of which he is a part on the basis of its effect on employment.

Capital Quotient

The figures about business's capital quotient which I mentioned above are never given as much attention as the unemployment figures, and that is why I am writing.

The capital quotient states what percentage of its net income Dutch commerce has available for four different kinds of expenditures: 1) interest costs on bank credit and other borrowings; 2) expansion investments; 3) corporate taxes, and 4) dividends to shareholders.

For the total of these four points, 7.5 percent of corporate income was available in 1980, and this year 4.5 percent. The capital quotient of Dutch industrial corporations is even lower than the average and was estimated by the Central Planning Bureau (CPB) this year at, let us say and write, zero percent. The capital quotient 8 years ago was still 19 percent.

Greater Losses

The director of the CPB, Professor Van Den Beld, and his staff estimate that the capital quotient will drop further from an average of 4.5 percent now to 3.5 percent in 1982. Just as in 1981, that will not even cover the--obligatory--interest costs, so that the average Dutch business must either borrow more in order to pay the interest on already outstanding debts or just decide not to replace aging machinery.

This development is particularly ominous because the CPB expects international commerce to increase next year. In the past, increasing world trade meant more profits for Dutch business. Now the further decrease in the capital quotient means that losses will simply increase. And then we are not just talking about what the papers call the spectacular losses of big business, but of a negative return for Dutch commerce as a whole, including the 600,000 self-employed, including those farmers remaining in the Netherlands.

Sinking Ship

Business's unheard-of loss position, according to the CPB's calculations, means that the number of jobs in business will decrease further and that unemployment will continue to rise at practically its present rate to about 500,000 by the end of 1982. I think that this figure is the most impressive of all of the figures which have been thrown at us recently.

And that figure about the jobless--we are talking about people--catches the eye more readily than the prognosis for a technical accounting term like capital quotient. Still, we are not doing the present and future unemployed any service by merely staring at the tragic results of the bad developments without thinking about the causes.

When a ship begins to sink, the most urgent question is not how many passengers are in danger of drowning, but where the hole is under the waterline and how to close the watertight bulkheads.

Subsidies

Dutch business as a whole is operating at a loss and expects even greater losses for 1982. Employment must continue to decrease until the remaining businesses can break even again.

What is the government doing about that, and what more could the government do about it? One method would be to support loss-producing businesses with tax money and furthermore to subsidize new investments. If we evaluate such measures on the basis of their effect on the individual supported business, then naturally employment is saved and perhaps even more work is created. However, the real point is the result on the economy as a whole, and at a capital quotient of 10 percent, for example, that may well be favorable. But at a capital quotient of 3.5 percent on the average

and 0 percent in industry, the running labor costs eat up approximately the whole net income. This leads to the following conclusion: Even if a businessman should get a new machine at half price, there remains the risk that still--just as is the case with the machines already present--nothing will be left over for interest, redemption and expansion--to say nothing of dividends.

Why then should a business want to take the additional risk and expand?

If, for example, a taxi company were to calculate that the income would be taken up entirely in wages, gasoline and service costs, then a governmental subsidy for the purchase of a new vehicle no longer provides any comfort. In addition to that is the fact that subsidies for capital costs change the price relationship between men and machines in favor of the machines. As a result, production is further automated, and given the current unemployment that cannot be the intention.

Investment Projects

If there is to be more employment again, then in my opinion the relationship between expected proceeds and risk must return to that of about 8 to 10 years ago, and on that account the capital quotient must increase from 3.5 to about 15 to 20 percent. Then many more investment projects will become possible again, and postwar Dutch history shows that at capital quotients like that there is always enough invested to keep unemployment low.

Research by Dr J. Keus into individual businesses confirms that profitmaking businesses still continue to expand, while employment continues to decrease proportionately as the business runs at a greater loss. In this study it is of secondary interest who is entitled to the remaining profit in the long run: share holders, employees, pension funds or oil sheiks.

Now that business as a whole has to expect losses in 1981, with even greater losses in 1982, without any prospect of improvement after that--a situation which has not ever presented itself since the war--it is unfortunately not possible to improve employment, by for example, spending the additional natural gas proceeds on "nice things for the people."

All additional means should, in my opinion, have to be spent to reverse business's loss position into a positive return, for as long as that has not happened the only certainty will be of more business failures and further retrenchment. There are 3.5 million Dutchmen working in the private sector. Their future depends on whether the average return there lies just below zero (as it does now and will next year) or becomes positive again.

Lever

Natural gas proceeds and other employment monies which are spent in order to bring about a reversal in average profitability exert a tremendous leverage on future expectations per guilder spent.

As soon as those have become positive again, economic growth can begin again, and only with economic growth is it possible to set the governmental budget in order again as well as to make room for new governmental tasks.

First the economy must be repaired; then the governmental budget will naturally come out right again, as well. Attempts to restore the budget first, while business returns are still negative (England) are almost as dangerous as the opposite policy, in which the collective sector is expanded while the foundation of the economy is not sturdy enough to carry it (the Netherlands up until a short time ago, France now).

Reorganization

In two other areas, policies can be pursued which are of great service to the economy and therefore to employment. First, it is necessary that the collective sector, including the social security system, be reorganized. In that area the Millions Bill contains good news. Indeed, it seems as though the social security system will be approached differently.

The chest is too heavy for the floor, and instead of looking around for a different, more fitting piece of furniture, up until now there has only been some sawing and shaving. But now it seems as though this practice will give place to a wiser modus operandi:

"In the development of policy variants, careful attention is to be paid to the manner in which governmental care is organized in other, comparable countries and to data concerning the quality of that care in those countries." (Millions Bill, 1982, page 50) In view of the fact that the CPB primarily restricts itself in accordance with the law to the prediction and charting of production in the Netherlands, the Ministry of Social Affairs and Employment will have to get the job of analyzing the social security system and the operation of the job market here and abroad. The fact that unemployment in Austria, for example, is still not 3 percent is attributable primarily to a different system of social security. In Austria the unemployment benefits are certainly low, but they are compensated for by a high children's allotment. There are also needful lessons to be learned from the FRG (apprentice system, health insurance money regulation) and from Sweden (additional schooling for adults).

Information and discussion about that is much more fruitful, as I see, it than the ritual and insubstantial debates on the question of precisely how much those who earn one, two, three, and four times the median income will have to give up. The Millions Bill promises that in the future changes in social policy will be based on comparisons with foreign countries. With that, the perspective is created for the first time that we will be able to take a couple of big steps ahead instead of taking a small step back each year. All of that sawing and shaving has been tried for years and what help was it?

Labor Market

Finally--and perhaps most importantly--the operation of our completely deadlocked labor market must be restored. In this respect it does not help at all that now, once again, the discussion is being focused on the average expected wage increase, and the question of whether that ought to be reduced by a central wage reduction. The average wage increases too quickly because the average productivity is not rising enough, and as soon as we formulate the question in terms of productivity, it becomes clear that a central decree from The Hague cannot alter the case very much.

The rate of increase of productivity must be increased, but that cannot be done at a meeting of the SER [Social and Economic Council], but by clearing out the obstructions in the labor market.

A pair of examples:

The CPB writes that the demand for professional training directed toward business has increased sharply. This calls for a good apprentice system--like that in Germany--not only in industry but also in the provision of commercial service industry.

Business can finance this training only through subsidies (to be made up from higher tuition fees) or by means of lower youth wages. That sounds hard, but it is more important that young people who do not become students like many of their contemporaries also be able to invest in their future.

The problems in the housing market mean to many who own their own homes that they can no longer afford to move (transfer taxes, collapsed prices). For those who rent, there are, if possible, even more problems.

It remains practically impossible financially for an unemployed craftsman from Gronningen to move to Gouda, the corner of the Netherlands, where unemployment is the lowest but where the housing market is very poor. Production in Gouda, therefore, cannot rise very fast, and as a result both wages and benefit payments are higher than they would be if the housing market worked better.

Wage Regulation

As difficult as it is to tackle the problems in the labor market and the closely related housing market directly, still I would expect more of that than of central intervention in wages. To be sure, that is much handier administratively, but it is no means to improve our economy and the rate of increase in productivity. In my opinion, wage regulation for 1982 can only be defended economically if true improvements in the labor and housing markets could not take effect as early as next year. Because of the time, one more wage regulation may well be necessary, but let it be the last one, for it is not really good news about employment in the future that 3 more years of wage decrees can be expected.

It would only be good news if on Sovereign's Day of 1982, along with the Macro-Economic Estimate a sort of "International Social Comparison" were published by Social Affairs and Employment, to include a policy plan for the social security system, technical training, the apprentice system and the housing market. It is along that path that profit opportunity and therewith employment opportunity will have to be restored for the remainder of the 1980's.

6940
CSO: 3105/3

DEN UYL PROPOSES PLAN AGAINST UNEMPLOYMENT

Rotterdam NCR HANDELSBLAD in Dutch 21 Sep 81 p 1

> [Text] The Hague, 21 Sep--Wage earners will have to pay in 1.5 percent of their wages to finance the employment plan and social security payments, said Minister Den Uyl (social affairs and employment), Saturday evening [19 September 1981] on KRO [Catholic Broadcasting Association] Television.

Earlier that day he had already announced that he would keep on reducing the income differentials: he will continue to oppose those who say that there has been enough leveling.

During a talk period within the framework of the PvdA's [Labor Party's] "Red Saturday," he also said that "leveling remains unavoidable because there is less to distribute."

According to Den Uyl, the wage moderation of 1.5 percent per year for everyone will produce about 3 billion guilders per year for the treasury: of that, the minister needs 2 billion to help finance unemployment benefits. He wants to use 1 billion for the employment plan which must be begun within 1 year.

Den Uyl estimates the cost of that plan at 4 billion guilders per year. About 1.2 billion will have to be paid by Esso and Shell. Den Uyl wants to increase the state's share of NAM [Netherlands Natural Gas Co] in which both of these oil companies participate.

According to Den Uyl, if the situation remains constant Esso and Shell will have more than 4 billion guilders per year between them from the extra proceeds from oil and gas, and one-third of that must go to the treasury.

According to a letter from former minister Van Aardenne to the Second Chamber (13 July 1980), Esso and Shell will make 2 billion per year each in additional profits over the period from 1980 to 1984 inclusive. Thus Den Uyl's plans mean that Esso and Shell will have to pay in more each year than their additional profit.

This morning the two companies refrained from comment on Den Uyl's statements. It is not clear to them whether the minister meant 1.2 billion [guilders] per year or 1.2 billion over the coming 4 years.

Minister Terlouw (economic affaris) also did not comment this morning. "He does not want to enter discussions with his colleague via the media. They will do that Friday in the ministerial palace," according to a spokesman for economic affairs.

Den Uyl wants to get the remaining 2 billion for the employment plan from further alterations (about 1 billion), while the banks, insurance companies and financial institutions will have to cover the remaining 1 billion.

6940
CSO: 3105/3

ENVIRONMENTAL GROUPS PREPARE FOR ELECTION

Brussels LE SOIR in French 11/12 Oct 81 p 2

[Article by Guy Duplat: "The 'Ecologists," a Diffuse Movement Which Is Trying, With Difficulty, To Structure Itself"]

> [Text] Who are the environmentalists and who are those who are running in the elections? It is very difficult to answer this question simply, because the ecology movement in Belgium remains so diffuse and fluid. Numerous groups and small groups feel they are "environmentalists." A great many people feel close to the "green" ideas. But this aspiration of part of the population to another outlook, to another life, is still not very formalized and not very structured.

A first section of the ecology movement is represented by the Interenvironmental Associations of Wallonia, Brussels and Flanders.

In Brussels, the Interenvironmental Association is managed by Rene Schoonbrodt and unites nearly 100 neighborhood committees. Their themes: the city and the inhabitants, public transportation, the fight against the expansion of EEC buildings. Struggles which should be seen in an institutional context. Limited but specific objectives.

In Wallonia, the Interenvironmental Association with Francois Roelants, concerns itself more with problems related to water, natural preserves and nuclear energy. This association is the spokesman for the Walloon Action Front against the nuclear power stations of Chooz, which brings together members of numerous political parties and unions.

At another level, we have the "Friends of the Earth," divided into two groups. First of all, the ASBL [Nonprofit Organization] of the "Friends of the Earth" itself, which exerts pressure against nuclear energy, for the respect for the environment, etcetera. Non-violent, and legalistic, these members have been trying for years to regroup the "green" forces under their political list: "Ecolo." They are the ones who are at the root of the movement which will run in elections in every district.

In Brussels, in addition to the "Friends of the Earth," there is the free network of the "Friends of the Earth," which shares the same objectives as the other group but wants to be less dogmatic, more spontaneous. It is behind the counterfeit tram

cards operation, which have been distributed in Brussels for a year now to protest the cost of public transportation. It is the network which chartered a train of Belgian volunteers to clean up the Breton beaches following the shipwreck of the "Amoco Cadiz."

Roughly speaking, the first "Friends of the Earth" want to be more structured, with a strong control over the actions of its members, whereas the others want more freedom of action.

Anathemas

Next to these main movements, there exist numerous small groups who claim to be "environmental." On the right of the political spectrum, we have the brown bread merchants, the friends of the animals, the protectors of the green spaces, etcetera. On the left, the anarchists, the more violent groups such as those who last year damaged the ship "Andreas Smith" in Zeebrugge, or others such as the "Madly Dynamic Daily Cyclists."

All these groups have difficulties rubbing shoulders with each other, and sometimes utter reciprocal anathemas at each other.

In Flanders, the equivalent of the "Friends of the Earth" led their list "Agalev" into the last elections and will do so again this year. Environmental groups are also very numerous here, from "The Green Cyclists" to the VAKS [expansion unknown] and the BRAC [Federation of Religious Anarcho-Communists?].

As Olivier Delleuze, vice president of the Interenvironmental Association of Brussels put it, "there is no common ground between the aspirations of the people and the bad organization of the ecology movement; it is the opposite of the communists. We must try to structure the movement. The differences in points of view are both its strength -- it can expect strong popular support -- and its weakness -- it remains ambiguous about numerous problems."

The first ecology lists appeared in 1976 in the municipal elections. In the legislative elections of 1977, there were lists in Wallonia and a list in Brussels. In 1978, there were two of them in Brussels (Ecopol and Ecolog). In the 1979 European elections, only one list remained, "Ecolo," which obtained 5.1 percent of the votes in Wallonia and in Brussels.

The "Ecolo" movement, which submits lists everywhere, has the support of the Interenvironmental Associations and obviously that of the ASBL of the "Friends of the Earth."

Its leader is Paul Lannoye. A physician and former member of the Walloon Rally [RW].

In Wallonia, the preparation of lists should not pose too many problems, even if there might be dissident lists in a few districts.

Brussels Battle

In Brussels, on the other hand, the battle is "total." For months, the "Ecolo" movement had been negotiating the preparation of a single list for Brussels with the Brussels ecologists. But they set one condition: Luc De Brabandere, the leader of the free "Friends of the Earth" network in Brussels, who had been at the top of the Ecopol list in 1978, could not appear anywhere near the top of the list. This exclusion became complete later on: his name could not appear anywhere on the list. Official reason: for several years, Luc De Brabandere had no longer resided in one of the 19 Brussels municipalities.

In reality, this exclusion was the result of personal squabbles with Paul Lannoye and of a different understanding of environmentalism. The Brussels battles should produce a multiplication of lists in Brussels.

The "Ecolo" movement will submit its list, probably headed by Olivier Delleuze, 27 years old, and, let us recall, vice president of the Interenvironmental Association of Brussels, or possibly Francois Roelants from the Interenvironmental Association of Wallonia.

Those environmentalists, who are disappointed by the exclusions from the "Ecolo" movement, could join the "Radical Party." This party, which has ties with the Italian "Partito Radicale" of Marco Panella, is known. For several months now it has been conducting "shock" actions against hunger in the world, against the gendarmerie sheets and in favor of the decriminalization of abortion.

The Radical Party, to which the "Ecolo" movement had offered second place on the list, claims to be "disgusted" by the intolerance of the movement and is thinking about submitting its own list, which unites all the alternative forms of struggle in Brussels: ecologists, feminists, non-violents, libertarians and others. Luc De Brabandere could run there.

In addition, there will in all likelihood be an ecology list from the right: "Ecolog." The ecology movement of the "right" does exist. In France, it can be estimated that one-third of the ecology votes in the first round of the presidential elections were cast for Valery Giscard d'Estaing.

If we also add a "Direct Democracy" list at the instigation of Michel Graindorge, we can see that there may well be a multiplicity of lists in Brussels which all, more or less, hunt on the same land. Which, among other things, could be dangerous for the "Ecolo" movement in Brussels.

8463
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FDF/RW COMMON TICKET CAUSES DISSENT IN RW

Brussels LE SOIR in French 6 Oct 81 p 2

[Article by J.v.H.: "FDF-RW, A Common Abbreviation, But the Walloon Party is Breaking Up: P.-H. Gendebien is Resigning"]

> [Text] The approval, Saturday afternoon, at Namur, by the Office of the RW [Walloon Rally], of a common abbreviation with the FDF [Francophone Democratic Front], with a view to the coming elections, led to the resignation of Deputy Paul-Henry Gendebien. Senator Yves de Wasseige likewise resigned from his post as secretary-general but did not leave the party. Former chairman Gendebien took with him 18 members of the office (out of 163), including especially two vice chairmen, Mr Paul Nopere (Soignies) and Mrs Marie Caprasse (Liege). They are believed to have the intention of joining the "independentists" and the ecologists.

A five-point resolution was passed in the federation office which met under the chairmanship of Mr Henri Mordant.

The first of these points asked the assembly to approve "the abbreviation FDF-RW for its presentation in the affiliated slates." There was a call for an immediate vote and the outcome was 91 "yes" and 70 "no" with six abstentions.

Following this vote, Mr Gendebien immediately submitted his resignation to Mr Mordant. He left the room, followed by his friends.

As for Mr Yves de Wasseige, he declared that he had set himself the task of maintaining party unity. "I can see," he said, "that I did not pull it off and consequently ask the chairman to relive me of my position." That position was then taken over by the former secretary-general, Deputy Joseph Fievez who will hold this job temporarily until the next party congress. Mr de Wasseige also said that he would not have his name placed on an affiliated slate but that he was ready to show up on a slate of the RW itself.

The Various Currents

The other four points were then adopted by 110 votes in favor, 34 votes against, and three abstentions. The RW believes: "That the election campaign must promote the economic, social, and cultural programs spelled out both by the party congress and

by the institutional accord signed on 17 January 1981; it reasserts the autonomy of the FDF and the RW, particularly regarding the control exercised by each of them over its own election slates; after the elections, it decides to hold a congress to analyze the strategy pursued and to be pursued by the party; it stresses the need for working out election slates which will reflect the different currents in the party."

We note that among those who followed Mr Gendebien are the officials in charge of the regional offices of Soignies, Verviers, Western Hainaut, and Thuin.

Mr Gendebien Forming a Cartel With the "Ecologists?"

In an announcement released to the Belga news agency, Mr Gendebien declared: "The FDF has managed to put one over on the RW." He declared that he was on the side of Brussels but he said that he was convinced that the merger between the FDF and the RW is not good for those two parties. He noted: "The desire of the FDF to turn the RW into a satellite, the absence of a clear understanding between the two parties, a serious mistake on the institutional level (the choice of the community to the detriment of the regions), the desire to continue to negotiate and possibly to govern with the Flemish parties, and finally the abandonment of the ideas of social progress contained in the 1976 RW manifesto."

In conclusion, Mr Gendebien indicated that "for him, the Walloon fight continues." And "I will say how in a few days."

Let us point out that Mr Gendebien had already declared, during an earlier meeting, that he would leave the party. He repeated that it is useless to discuss institutional issues within the national framework. "Belgium is finished," he repeated.

On the other hand we learned that Mr Gendebien and his friends have for quite some time already been discussing with the leaders of the ecologist movements to draw up cartel slates with them. If no agreement is worked out, they are thinking of putting themselves on the "Wallonia--Econology" slates.

Finally, we must recall that Mr Gendebien is also an European deputy and, quite paradoxically, that he was elected in June 1979 on a common FDF and RW slate. At the time, he had even campaigned with Mrs Antoinette Spaak. Mr Gendebien so far has not revealed whether he would or would not resign from his office as European deputy.

5058
CSO: 3100/45

LIBERALS' DE CROO ON PARTY'S ALLIANCES, ECONOMIC POLICY

Brussels KNACK in Dutch 16 Sep 81 pp 20-23

[Frans Verleyen and Johan Struye interview Herman De Croo: "A Liberal Party is the Labor Union of Democracy"; date and place not given]

[Text] Next month PVV [Party for Freedom and Progress] President Willy de Clercq's statutory term of office will come to an end and he will be up for reelection. He is not too happy that Chamber member Herman De Croo is running against him. Although De Croo tried to be as courteous as possible without hurting anybody, his analysis of what modern Flemish liberalism ought to be contained a lot of criticism. He is not so enthusiastic about all the cutbacks because he does not believe that people are getting too much, but that institutes are getting too much. He deplores the more or less historical split between liberalism and socialism in Belgium. In an inspired interview he said that it had only benefited the CVP [Catholic People's Party].

Question: In the role of chairman what can you do better than De Clercq for liberalism?

Herman De Croo: The liberal current is undoubtedly doing well in Belgium and in Flanders but it must penetrate deeper. However, to make the PVV more attractive we should really make a liberalism for active persons our goal. The challenge of the day is that we have two categories of people: taxpayers and people who live off this tax money. The balance between taxpayers and taxeaters is now so upset that the payers are trying everything to lighten their burden. They work illegally. They promote a parallel economy. They avoid overtime to get away from even higher taxes. In short, they are cutting down on their contribution to economic recovery. The taxeaters on the other hand, try to safeguard their position by defending themselves against the political democratic principle of quantity. The opponents are fighting it out from these two logical positions which neither side chose voluntarily and both are unhappy about. To solve the situation we must choose from two options. Either we believe with Mitterrand and the socialists that we create more happiness with even more government intervention to smooth out the conflict between taxeaters and taxpayers, or there is nothing else to do but increase our economic prosperity and enrich our society to restore the fragile balance. That is my choice but it will only work if the draft horses are really given free rein. The pressure on the wagons which carry the economy of our society forward should urgently be spread out over more wagons. I am afraid that present Belgian policies are actually impeding this process so deserving of encouragement. The system discourages people instead of encouraging them. The urge to work hard, to perform overtime and promote progress is even penalized. I see nothing but masochistic measures.

Question: Can your PVV become the driving force of such a movement? Why is it currently failing to do so.

De Croo: Our shortcoming is that not all Flemish liberal forces are behind the PVV. Too many things are slipping through the meshes of our net. We do not attract enough people who should be supporting us and we catch too many who do not belong in our system. We are even looking for support where it cannot be found. That diminishes our credibility. I notice that a portion of the liberal forces is active in a section of the CVP, I see liberal economists on the ramparts of other parties. There is a lack of confidence because too large a section of liberal dynamics in Flanders is not represented by the Party for Freedom and Progress.

Question: How far to the right do you have to extend your recruiting? Or don't you find that opportune?

De Croo: I am not a rightwing politician. I often find the left excessively generous and incompetent, and the right, generally speaking, not generous enough and also not too competent. But this is not our dilemma. If we are the credible alternative and we receive encouragement from the electorate in this respect will we then be able to do our job? If we are too slow we will be left behind. If we do not make our move, we become superfluous. Under Martens' third government we proved without realizing it that we did not feel up to our task. We lost it all. There were more expenditures than we should have allowed and less cutbacks than ever before, while all incentives were swept away. The elimination of cumulative effects, of ceilings; not even an alibi appointment remained. Our jumping horse is handicapped by the fact that the public seems unconvinced that it wants to jump over the hurdle.

Question: Government expenses went up by almost 25 percentage points when Minister Willy De Clercq developed his program legislation under the first Tindemans government. Are you not also affected by the stigma of cooperation with such nonliberal actions in various governments? The PVV youth is seeking a more scientific backbone for the movement, why is the PVV not concentrating on this point with more deliberation?

De Croo: I have faith in the actions and ideas of these young persons but this is something they acquired too recently and it is still too fragile. The days that they sued each other in court for money are fortunately over but it was only 4 years ago. Our party is perhaps an old horse in need of a new saddle. However, half a million Flemish voters should be treated with a certain degree of care. One should not hit a horse with a whip, it could become unmanageable. I am afraid we would stumble if we took off with a totally new ideological tenor. In Kortrijk I helped set up the youth program but it contains an electoral and structural risk. If too much red hot liberalism is poured over the local big shots we must also reckon with, the fire could go out completely. At 44 years of age, I feel like a hinge between courage and self-control. I still have enough impetuosity but I have already learned some horsemanship.

Question: Your present chairman is now campaigning in a down-to-earth and populist manner. He brings his diet proposals on the market place: "Make the state leaner." But there are so many markets in Flanders that he will probably never be finished. Is not the PVV's Achilles' tendon its lack of scientific liberalism?

De Croo: A party chairman should not be like a bell which must be struck constantly to let it ring. My party is to me not just an opportunistic and temporary phenomenon but the political expression of a fundamental choice within the society. It is not my duty to sell a cause but to realize the convictions of a group of people with a detailed vision of society.

Question: How can a Flemish liberal party convince people that it is capable of changing things?

De Croo: Nothing will change just because the PVV wins the election. That is not the point. The question is whether the people can believe that with the PVV change is possible. The leader of a political formation or a government should be like yeast in the dough forcing change to the surface. It is a handicap that the Flemish are such introverts. They must be motivated to express themselves, we must force ourselves to think multinationally.

Question: Are there still possibilities in the Belgian political scene?

De Croo: If I did not believe that, I would be sailing surfboards in California for the rest of my life. I believe nevertheless that there is something in this nation of small shopkeepers, jealous people, grumblers, sermons, and all things human. This is also the nation of the people of Burgundy, of the men who created Brugge and Antwerp, Bekaert and Cocerill, and the streetcars in Heliopolis and the entire world. We are flabby, like a rubber band which has been overextended. We must tighten our slingshot again. The world is overflowing with money. We must let the Arabs come to us.

Question: As candidate for the chairmanship, you are asking for power. And there you are, confronting your king with 400,000 unemployed, a deficit of hundreds of billions of francs on the balance of payments, and just as much in foreign debts redemption payments?

De Croo: Next year we can no longer borrow funds; we should therefore concentrate all our efforts on foreign trade. Selling, services, brains management, products. We must strengthen the competitiveness of our exports, help push our products, subsidize if necessary, put all relations to work, Prince Albert, everybody, let us go. There is a lot of psychology in economics. All that excess money in the world falls into the hands of those who create the impression they are going to put it to work. The Arabs can not go on spending it, why not offer them the investments they are seeking? Take offshore banking. In exchange for a small percentage, a country behaves as if certain funds are nonexistent, that they are not entering or leaving the country. Just like bankers who convince young and intelligent families to invest their money; funds will be received if one only creates the impression that one is rising from the grave. I am sick of a society of palliatives like the one we have created, with all those bandaids on all those wooden legs and the mentality of Job on his dung heap.

Question: Do you dare to advertise slogans? Prosperity in 6 months?

De Croo: I hope that we will have confidence in ourselves within 6 months, I really do. I believe in the rear-view mirror. We have little influence on what will happen between yesterday and tomorrow. We are a small nation of small entrepreneurs and small profittakers. We let the state give us everything we wanted, greedily we sucked its nipples. That cow has no longer any milk. Nevertherless, we are full of possibilities and dynamism which we neglect because we were absorbed in that cow.

Question: How are you going to change that mentality with 1 million government employees?

De Croo: We cannot ignore that, but must convince the other people who must pay that it is not such a heavy burden, that that obstacle can be overcome. Now everybody wants to be under that udder because people are afraid in an economic sense. I believe that a nation can be put back on its feet by developing the correct balance between certainty and uncertainty. I am talking about confidence. People can only be enticed to take a step into an area of uncertainty if they are confident that such a move is not too dangerous.

Question: That is the way Jesuits do it.

De Croo: Exactly. I am a man of Burgundy, a product of a Jesuit education, and that gives me a somewhat different perspective of our limits. We prefer counterreformation. Our society is now overinsured, like flowers given too much water. Only somebody who inspires confidence can get the uncertainties moving again and use them as levers.

Question: "Belgium swings again." How do you get that on the front pages of the world press?

De Croo: Tell the New York chamber of commerce that France presents the risk of socialists, Holland has its demonstrators against bombs and Germany is full of zealots who will again turn to the East in an unguarded moment. The following methodology cannot be faulted: they must come to Belgium with their branches.

Question: When in 1954 the Van Acker government was formed,the responsible press wrote that the "left" had won. The country was paralyzed by poverty, the fifties were the start of the policy of expansion. In that time of crisis, a coalition of liberals and socialists remained in power for 4 years. That good old coalition was later mysteriously dissolved, contrasts between liberals and socialists became polarized on the basis of economic principles. Has the founding of the PVV caused this split with the left?

De Croo: It began with Lefevre-Spaak. I believe it was in 1961 that the socialists became hoodwinked by the so-called leftwing of the CVP. That process is still going on. Exactly the most leftist socialists are still being taken in; in all their work sessions they are even encouraging this attitude and praising it as the only thing to do, the truth, and life itself.

Question: How did the CVP succeed in causing such lasting disunity among all other political parties?

De Croo: Safety in togetherness is the name of that perscription. The most amazing thing is that since 1954 the CVP has lost 52 seats in Flanders and Wallonia, it is the loser on points but lets everybody believe that it is winning. When the CVP still had 106 seats in parliament it brought the minorities of socialists and liberals together. A blue and red front with combined slates in Limburg and Luxemburg emerged. That is only 20 years ago and it was at times already so during the nineties of last century. The CVP made then its most clever move and up till now the socialists have been holding the bag. To deceive the world, the Christian democrats split into two parties and they keep playing this role with virtuosity. They have one wing to

placate the liberals and another to lure the socialists to their graves. Once in a while these wings even succeed in taking over our parties by injecting their ideas. We have shown better resistance than the socialists, who became inflexible in their comfortable government positions. They made the government their fief, they hold onto that portion of the government machine they are used to controlling, they cannot even get along without their ladder of appointments. They have become a party of professionals; they can only play as professionally paid players. Because we have not been in power often enough we are less attached to such paraphernalia. Chairman Grootjans was the first to react. He understood very well that the CVP moved along two sidewalks at the same time, one for the rich and one for the poor. Under such conditions Grootjans thought of creating a center for the classless. Because the CVP, which dares to call itself the political center par excellence, does not really have a center. It has a leftwing and a rightwing, but not a center. Its policy is to first arrive at an arrangement between its two sides and then to talk to the world. But they have nothing to say any more, that difficult exercise has come to an end. The CVP cannot permit itself to express its opinion on any sociological problem, not even on abortion. Only under Wilfried Martens did the CVP appear to gain a little, nevertheless it had to take a 25 percent loss. It had 106 seats under du Bus de Warnaffe, under Leo Tindemans only 81 seats are left. But that did not faze the party, it invented the Egmont trap and regionalized this nation. In a unified Belgium 107 seats were needed for a majority. Now that the country is divided into two parts a majority in one-half of the nation is enough to be the boss. Formerly 107 seats were needed to take command, but the CVP is now doing so with 59 candidates. Cleverly played, but it remains a violation of democracy that one-quarter of the votes can dominate the whole nation. Spitaels, the product of Jesuit education, (coming from me this does not have to sound pejorative) with his pitiful 32 representatives is allowed to assist the boss. We are now saddled with two minorities in complete control of the rules of the game.

Question: But not even in Germany can a coalition of socialists and liberals be kept together. Is there no alternative for this Christian democratic minority which so cleverly divides its opponents into nationalists, bureau-socialists, and boutique-liberals?

De Croo: What this country needs if for the CVP and PSC [Christian Social Party] to be relegated to the opposition. Not only would it be good for the country but also for the CVP itself, but that is not my business. If I would be allowed to hold something against Willy De Clercq and some of my friends it would be that they ran our party in such a way that an alliance with the socialists has become difficult. With the modest means at my disposal I have always fought against one-sided criticism of socialists and my conduct in the School Pact Committee always reflected this attitude. I am convinced that liberals can only breathe freely if alternatives are possible. I do not want to be the coachman of the CVP coach. After a century and a half of domination by the Catholic party I have been able to establish a coalition with the socialists in my municipality, that is quite an achievement. For a nation, it is sociologically not right for the same party to remain in power for a generation. I will do my honest best to change that. I am telling you this with peace of mind and after due deliberation.

Question: Including the contributions in the budget, our nation spends 600 billion francs on social policies. That requires an enormous redistribution mechanism. Do you want a reduction in these expenses?

De Croo: That is an old-fashioned way of thinking because it is not the point. The reality is that next year there will not be 600 billion francs and yet we will have to spend them. The big question is where do we get that money. It is therefore nonsensical to have a life or death fight for a shrunken portion, even the winner will get less. It is our task to find a system allowing us to make more money available for everybody.

Question: As a liberal do not you say that these expenditures are wrong, ill-advised?

De Croo: I am looking for more profitability, and I want it materialized. It is unfortunate that redistribution does not move money from one pocket to the next, it goes via a third pocket and that makes it too expensive. Our systems of redistribution (welfare, funds, union, pension funds) are like steam locomotives with only 40 percent energy from a ton of coal. The rest evaporates through walls without proper insulation. Our systems of health care, education, etc. must become as efficient as possible.

Question: As a liberal are you asking that the welfare state be abolished?

De Croo: If abolishing the welfare state would be a handicap for improvement of our prosperity, I would be against it. It is, however, less a matter of slimming down the welfare state than giving it more muscle with retention of its present size. No weight reduction but body building. I am not possessed by a spirit of retaliation based on the idea: They got too much in the past, we are now in a crisis, we are delighted to take it away from them. Why shall I deprive a widow of her 12,000 franc pension? I am not so convinced that a lot of people are taking advantage of the situation, I believe that there are too many mechanisms. Why do we need so many clinics, universities, schools, roads, organizations, etc? We have reached the point where the recipient of social benefits has become the alibi for the structures themselves. We should not fight the recipients of welfare but the institutions which have usurped the power of the state's decisionmaking bodies. It is, therefore, a much more difficult fight. Paris has 3 scanners, but there are 22 scanners for the entire population of Belgium of about the same size. Who is profiteering? Not the people who are being scanned. Liberalism of the left means to me that my party will not become the spokesman of a certain class as opposed to another class. I do not want a liberal party in the name of certain interest groups, against another party representing a different kind of group egotism. A political party is the syndicate of the electorate, the labor union of democracy.

Question: Are not you tainted by Israel, by Mobutu, by all the big money you pursued all over the world?

De Croo: My law office is my living. Have you asked my friend Anciaux of the Volksunie [People's Union] who his patients are, and if that would be known, what their illnesses are? I do the right thing for my clients and their businesses and it is my mentality to enrich the country. I say to the sons of my clients: young man, go West. Is not it better for everybody concerned that my income consists of the small fees a thousand different clients are paying me for my work than that I would, for instance, be the wage slave of a particular syndicate? I do not have a boss. I take pleasure in my independence. I do not even need a political career for a living. On the other hand, my income is much smaller than some gold finches are making in government jobs and associated services. I am prepared to present a written statement of my financial and business connections to the parliament if it were required of politicians. It is 10 years ago since I was in Israel for

the last time, I also happen to admire the way they solved certain problems. That takes care of that. As far as Zaire is concerned, I believe that 35,000 jobs and net earnings of 22 billion francs per annum after deducting development assistance payments are worth maintaining the ties with those people. I have nothing to say about its government, Prime Minister Martens is the expert. Zaire is our best window on the world. If President Reagan would ever ask for Brussel's opinion it would be about Zaire. Zaire is the balloon which lifts our basket over the world. If we value the importance of our ties with the rest of the world, we should not turn our backs on Zaire. Would any liberal in the whole wide world turn his back on Belgium because Mark Eyskens is prime minister here and not Herman De Croo? Because our king belongs to the House of Coburg instead of Habsburg?

Question: Would you mind telling us quickly again the other wrong things you are so in favor of?

De Croo: With pleasure: NATO, even the missiles, and, if it becomes unavoidable, also the neutron bomb. In the company of Henri Simonet and Francois Mitterrand, I am apparently not leading the ultrarightists. I consider atomic power plants as indispensable during the transition phase; nobody builds more of those than Comrade Brezhnev. The missiles appear to be cultural impediments only to people who sing hymns on German Days of the Church. I am only interested in the fact that our Russian friends only understand discussions with opponents of equal strength. When those men in the Kremlin stamp their boots I do not want to jump to attention. That is my style.

10319
CSO: 3105/1

KOHL CANDIDACY MADE UNCERTAIN BY RIVALS SPAETH, STOLTENBERG

Hamburg DER SPIEGEL in German 28 Sep 81 p 20

[Text] Gerhard Stoltenberg announces his position that Helmut Kohl should not automatically become the candidate for chancellor in the event the Bonn coalition collapses prematurely.

The minister-presidents of the Laender with CDU governments wanted a grand appearance and got it. The Second German Television network [ZDF] celebrated something last Friday that had not happened for 4 years, a live broadcast from the Bundesrat.

"The ZDF is, after all, a Laender institution", commented Schleswig-Holstein's Gerhard Stoltenberg suggestively.

The savings debate in the Bundesrat became a parade of Christian-Democrat stars. The Baden-Wuertemberg government chief, Lother Spaeth, for example, performed as a far-seeing politician and financial expert with an iron savings hand. Stoltenberg, the man from Kiel, used the occasion of the broadcast to lay bare the federal government's 1982 budget proposals point by point.

The provincial Union Christians' show had deeper meaning. They wanted to demonstrate to the electorate and to the liberal-social government in Bonn how opposition based on solid substance should be conducted. Beyond that, the local chieftains wanted also to give their party chairman and opposition leader in the Bundestag, Helmut Kohl, a lesson and get some publicity for themselves at his expense.

For on the subject of the savings draft proposed by the liberal-social coalition, nothing special had occurred to Helmut Kohl, the "unknowing among the knowing" (SUEDDEUTSCHE ZEITUNG). The CDU chief had by no means demonstrated that he was the man with the competence and the charisma to attract the Free Democrats to change over to the side of the Union at the time of the most serious crisis the SPD/FDP coalition has had up to now.

On the contrary, in a situation in which a collapse of the Bonn coalition never appeared nearer, Kohl's competitors no longer consider themselves bound by an understanding reached shortly after the last Bundestag elections. The CDU leader had extracted a promise from the members of the executive committee of his party to postpone the contest for a new candidate for chancellor until 1983.

Franz Josef Strauss showed his gratitude at that time when, thanks to Kohl, his election defeat drew no harsh words from the CDU. If the Union should receive an opportunity to name the chancellor before 1984, Strauss gave public assurance that "in accordance with old parliamentary custom, he should be the chairman of its parliamentary group". That such promises were no longer valid was made clear by economic expert Stoltenberg in a conversation with DER SPIEGEL last week. Highly praised as his dream chancellor by the liberal Federal Economic Minister Count Otto Lambsdorff, Stoltenberg nevertheless declared "that we should avoid allowing ourselves to be talked into a debate on personalities by our critics or even our friends."

But he himself started one immediately. He is not interested in an automatic selection whereby Kohl would be chancellor following a premature coalition collapse. He let it be known that in that event another could be chosen. "The parliamentary group must reach its decision democratically if the government falls.... It would certainly be highly questionable if I were to announce a result at this time."

And, "should the coalition in Bonn collapse, the question of the selection of the members of a new federal government must be discussed trustfully and openly."

Stoltenberg did not mention the candidate Stoltenberg: "I'll leave that to others."

After long hesitation, the 52-year-old North German is venturing out from behind his dunes because he sees his time coming. Chancellor Helmut Schmidt is wearing himself out, Kohl's reputation is crumbling, Franz Josef Strauss and his CSU, Stoltenberg believes, support him.

As early as 1975 Richard Stuecklen, who was at that time still the leader of the Bonn CSU land group, implored the man from Kiel to offer himself and thereby to obstruct Kohl as a candidate for chancellor. But Stoltenberg did not have sufficient confidence to do so.

Strauss now claims that he would "not have gotten into the act at all" in 1980 if the CDU had not first chosen Ernst Albrecht from Niedersachsen as their candidate but had named Stoltenberg as the challenger to Helmut Schmidt.

While Albrecht poutingly denied the Bavarian his help in the election campaign and for that reason has poor standing in the CDU, while Kohl all too routinely delivered his obligatory support, Stoltenberg joined Strauss' shadow cabinet despite the prospect of a Strauss defeat. The CSU is in debt to Stoltenberg.

But he still hesitates to go all the way. A compromise would indeed be preferable to him. He is prepared not to campaign against Kohl in the election of a new CDU chairman at the party congress in 1983 if Kohl, for his part, is willing to grant the Schleswig-Holsteiner the honor of being the candidate for chancellor.

As for his rival Spaeth, Stoltenberg has no need to concern himself for the time being. "I'm not aiming at '84 at all", the Baden-Wuertemberg minister-president told DER SPIEGEL on Thursday last week. First he would like only to increase his reputation as a financial expert and at the same time also strengthen his ties to Count Lambsdorff.

Spaeth is playing for time. The Stuttgarter "does not al all exclude" the possibility that the CDU chief might once again succeed in becoming the candidate for chancellor as in 1976, because Kohl has wide support from the party rank and file. The preference for the experienced loser is self-serving. "Other posts do not interest me at the present time," said the Baden-Wuertemberger.

But "I'm of course not saying that with respect to '88".

9827
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SPAIN WOULD PULL OUT OF NATO IF NO PROGRESS ON GIBRALTAR

Madrid EL PAIS in Spanish 9 Oct 81 p 11

[Article by Pablo Sebastian: "Perez-Llorca Claims That Spain Will Leave NATO If the Decolonization of Gibraltar Is not Achieved"]

[Text] Yesterday, the Foreign Affairs Commission of the Congress of Deputies authorized the government to conclude Spain's affiliation with the North Atlantic Treaty. The authorization, which must be ratified by the Congress Plenum, brought a final end to 3 days of debates on the form and essence, and on partial questions regarding that affiliation. In the final session yesterday, the discussion was concentrated on very specific topics. At it, the minister of foreign affairs, Jose Pedro Perez-Llorca, claimed that, "Spain will leave NATO if, once it is in the Atlantic alliance, the decolonization of Gibraltar does not progress." Moreover, the government did not agree to include Ceuta and Melilla in the affiliation protocol.

In a resounding speech at the conclusion of the morning session of the Congress Foreign Affairs Commission yesterday, which ended the debate (prior to the Plenum) on the government's request for authorization for the affiliation with NATO, Minister Perez-Llorca declared: "The Government has decided to take the risk of going ahead with the NATO process, despite the fact that the solution to the problem of Gibraltar is pending." The minister said that, by entering NATO, the government would "make the Gibraltar fortress jump," and noted that when this is achieved it would be counterproductive to try to set up a prior barrier to this bold attempt; criticizing and countering the arguments of the opposition, which is demanding prior recognition by all the NATO countries (especially the United Kingdom) of Spanish sovereignty over Gibraltar before entering NATO.

The minister wagered heavily, and began threatening the possibility that Spain might leave NATO if, once it was in, the Gibraltar issue remained blocked.

The debate on Gibraltar, as well as that on the defense of Ceuta and Melilla in the Atlantic context and that on the guaranteed, definitive denuclearization of Spain, have been the key issues that have marked in particular the so-called partial amendments underlying the question of affiliation with NATO. Amendments gained by the government and its centrist party, as on previous occasions, with the staunch assistance of the Democratic Coalition and the sporadic backing of the Catalon n Minority; also, amendments which have obstructed the progress of the difficult NATO debate through the commission, one which is now awaiting the Plenum of Congress.

With regard to Gibraltar, the Socialist opposition, plus the Communists, Andalucists and a mixed group represented by Blas Pinar, have been opposed to Spain's joining the alliance before London, with the rest of the NATO countries, recognizes Spanish sovereignty over the Rock. The arguments on behalf of this previous recognition have been quite varied: In the first place that, according to the Spanish opposition, Spain cannot join a military alliance wherein one of the members has its territory occupied by an armed base; second, that, in the event of an attack on that base, and according to Article 5 of the treaty, Spain would have to defend it, despite its being under British control.

Minister Perez-Llorca and Deputy Javier Ruperez spoke in favor of joining NATO without the prior solution for Gibraltar. The minister brought up the threat of leaving, adding that he firmly believed in a rapid solution to this problem within the context of the alliance. The deputy stressed that it would be easier to resolve this issue within NATO, and that Spain was not joining the alliance to resolve exclusively individual issues, but rather to organize its defense.

Ceuta and Melilla

After the minister's "threat to leave NATO" the Atlantic issue detracted priority from another partial discussion presumed to be the leading one at the session: Ceuta and Melilla. The opposition demanded (as Turkey and France had done in their time) that the government include in the protocol for affiliation with NATO some reference to the need for the alliance to cover the defense of both Spanish North African jurisdictions, which Article 6 of the Atlantic Treaty omits, stating that NATO's territory is that of Europe and North America, as well as the waters and islands located north of the Tropic of Cancer. In other words, Africa is left out of the territory, and therefore Ceuta and Melilla are. The executive could not respond to this claim.

Minister Perez-Llorca confined himself to hinting that the direct or indirect mention of Ceuta and Melilla in the protocol for affiliation might cause uneasiness and problems with Morocco, and simultaneously internationalize the conflict over the claims of both jurisdictions. The minister, and then the deputy from Melilla, Garcia Margallo, considered themselves satisfied with the articles of the treaty which mention the defense of the member nations, without specifying territory.

Minister Perez-Llorca announced that, in the negotiations arranging for Spain's association with the alliance's integrated defense system, and once it was in NATO, the government would recommend that the matter of the defense of these jurisdictions be made quite clear. He also announced the creation of an ad hoc committee to follow those negotiations regarding the Spanish option in the defense framework. The opposition retorted by stating that the government was refusing, a priori, to obtain a guarantee that others had obtained.

Those strong points made by the minister were included in the draft resolution approved by the Foreign Affairs Commission, authorizing affiliation with NATO, in the form of recommendations. They state that Spain wants a guarantee of defense in view of the world crisis and the poor progress of the Security Conference in Madrid; they ask

that, in the negotiations on Spain's entry into the military organization, all the territory, both peninsular and extra-peninsular, be taken into account; they state the government's desire that progress be made in solving the problem of Gibraltar and in the negotiations with the EEC; and they confirm the creation of the aforementioned ad hoc committee.

Apart from these topics, the only other resolution that has flourished in the debates (with the backing of UCD [Democratic Center Union]) was the one submitted by the Catalonian Minority on behalf of not installing nuclear weapons or storing them in our territory. This amendment from the Catalonian deputy, Joaquin Molins, brought on a short debate on nuclearization. The opposition claimed that it did not trust the government's promises, and Felipe Gonzalez stated that the amendment excluded the passage of nuclear weapons through Spanish territory.

2909
CSO: 3110/17

NATO ENTRY ANALYZED EXTENSIVELY

Lisbon NACAO E DEFESA in Spanish Jan-Mar 81 pp 173-199

[Lecture delivered on 11 March 1981 by Mr Sanchez Giron, at IDN, on "Spain and NATO"]

[Text] The most promising areas of the needed Spanish military reform, that is to say, those which would lead to the modernization of the Armed Forces and to an increase in the armed power of the state, until it is converted into a respectable entity in the European context, will be covered if the present government's program is implemented and if the resistance and obstacles that we shall examine herein, in connection with NATO, in other words, leading Spain to participate in the collective defense of the West, are surmounted. The military consequences of those new expectations may be summarized in this proposition: The war for which the Spanish Armed Forces must prepare is a war of coalition.

To maintain that Spain should prepare for a war of coalition may seem to smack of quixotism in an alliance that is not exactly typified by its inclination to consider the dangers facing it as challenges which demand a coordinated, unified response, and wherein the collective military stance, at least up until now, has been little more than the sum of the fragments of defense of each one of the members. Not even the leading nation in the alliance, the United States, has shown any remarkable signs of addressing the imperatives and demands of a war of coalition, despite its historical experience during this century, when it has had to fight four wars (two World Wars, one in Korea and another in Vietnam), in coalitions. One could cite many examples of this apparently insurmountable tendency toward continuing to regard general war in terms of individual national defense, in the same spirit with which the allies reaped so many disasters at the beginning of the two major European conflicts. We in Spain also have, to a slight extent, that hesitancy toward considering defense in collective terms. We might cite the instance of the joint Hispanic-North American staff called for in the treaty with the United States, which clearly relates to the cooperation of the two states for their mutual defense, in the context of Western defense, through the use of the expedient of the NATO doctrine, something that has been resisted by the American leaders who continue to view the problems of planning defense in the "zone of common interest" from a bilateral standpoint. This is a position reducing the potential of the treaty which, moreover, is confirmed and backed by the attitude of the Spanish command which, surely prompted by a lofty desire for political neutrality, does not deem it feasible to accept all the consequences contained therein relating to the matter of defense in the context of the Atlantic alliance.

But let us return to the proposition that Spain needs to prepare for a war of coalition. The first reason supporting it is that the war in which the existence or non-existence of an independent Spain might be at stake would be one wherein the two blocs would confront one another; this would, of necessity, be a war of coalition. The second reason is that the most dynamic factors which are transforming the Atlantic alliance, in accordance with the Long-Term Defense Plan, are the very ones which heighten the quality of coalition in the allies' military position: interoperativeness, standardization and streamlining of weapons; pre-positioning of material supplies; compatability of the doctrines on the use of force and (finally) the appearance of tactical manuals devised for multinational coalition forces; the creation of unified defense commands; the systematization of electronic communications, command and control networks; a trans-Atlantic "two-way street" in the manufacture of weapons, etc. Each and every one of those allied action programs entails considerable reforms in NATO's organizational structures, and also involves major opportunities for a more productive and rational investment of the resources allocated by the national states for defense. How could it be doubted that, with Spain joining the alliance at the present time when those programs are starting, the forces of modernization will have a strong effect on the military improvements undertaken in our country?

But the most important reason is unquestionably the one relating directly to the very heart of national defense; that is, to the latter's raison d'etre. Either Spain prepares to wage a war of coalition under good conditions, or the coalition will wage that war at Spain's expense, and even on its own territory, as has been observed repeatedly in history, with the war of succession to the throne of Spain, the postrevolutionary periods with their alternate phases of war and alliance with France, followed by the war of independence. Furthermore, recall how even the civil war in 1936 lent itself to abuse of authority or interference on the part of the foreign forces which were aiding both sides, undoubtedly taking advantage of military weaknesses in the opposing forces; or recall the enormous amount of oppression and pressure that took place against the security and welfare of the Spanish people during World War II. Because, although it is true that to fight in a coalition is most advisable when a country cannot escape from an international crisis, to join the coalition without being prepared is a disaster second only to defeat.

The activating principle of the doctrine of the war of coalition can only be that of preservation, to the limits that are materially and humanly possible, of the strategic unity of the Spanish area (or the Iberian area, if you wish, and if Spain's defense interests can by reconciled with those of Portugal, which seems to be quite clearly necessary). Spain's entry into NATO should not serve to dismember or reduce that ideal unity, putting Spain's Atlantic dimension in the realm of the allied Atlantic command, and its continental dimension in the orbit of central Europe; but rather to reinforce it, stressing the unique nature of the Spanish contribution, consisting of the provision of land resources and protection, and simultaneous maritime and continental backing for the generous Portuguese establishment in the Atlantic for the defense of Europe, as a single integrated function, like two sides of the same coin.

If we wished to put all these considerations into a perspective of operativeness, upon the actual entry into the alliance, we could establish the following points, which are only tentatively outlined.

1. The Hispanic-North American zone of common interest [ZIC], the planning for the defense of which is incumbent on the joint Spanish-U.S. staff [EM], demarcates approximately the geographical zone in which the zone of Spanish responsibility would be created within the alliance. Moreover, all of it is essential to the defense of Spain, and it is of reasonable dimensions for actual defense, within the bounds of our country's capacity.

2. The ZIC and IBERLANT, in which continental Portugal and Madeira are included, could be the embryo of a newly created Iberian command, with special responsibilities involving command and organization for Portugal and Spain.

3. Transcending Hispanic-North American and NATO planning, and apart from the collective Spanish-Portuguese responsibility resulting from the notion of a war of coalition, there is Spain's individual responsibility for its defense requirements in regions not included in the NATO area: facing Maghreb and the ocean areas located south of the Tropic of Cancer, which are irrevocably a defense zone for Spain. This dimension would be of particular concern to Spain, and would not fail to find the most complete backing from other allies equally concerned about African stability and the security of the Middle and South Atlantic.

But let us now proceed to study various areas which are components of the Spanish defense problem, in the order established by the basic axis around which Spain's international security has revolved during recent decades: the agreements with the United States.

Criteria for the Future Treaty With the United States

The treaty of friendship and cooperation between Spain and the United States will still be in effect for more than half a year. On 26 September 1981, 5 years after the exchange of ratification instruments, it will be replaced by a new treaty, or extended for another 5 years. The third possibility: its mere expiration and the resolution of the present types of relations between the two countries, is precluded as unrealistic.

A realistic starting point to dilucidate this problem should be adopted now: The Spain of 1981 is not the one of 1976, when the treaty was signed. At that time, Spain needed the backing entailed in the treaty to begin the process of political transition with international credentials. In 1981, Spain should be a country in a position to take by itself whatever credentials it deems fitting as a fully entitled and practicing member of the community of Western nations, because of having surmounted direct challenges to its democratic institutions. Mature decisions are expected of Spain today, for the simple reason that it is equipped to make them, something which was not the case previously.

The terms of the option must be analyzed and criticized, so that the decision that is made will be mature. For this purpose, the first thing that must be done is to stop seeing in the treaty a vicarious, substituting form of the traditional and by now impossible Spanish neutrality, a flaw in vision that still affects small sectors of the governing party, some of the Armed Forces and, in particular, the opposition. We must be serious: Let anyone who believes that Spain should be a neutralist country say so overtly, and devise political and military solutions which would

allow for neutrality; but let him not persist in claiming that the treaty with the United States is sufficient to make Spain's affiliation with the Western world compatible with the traditional Spanish neutrality, and that a higher degree of commitment is not feasible. The treaty with the United States is an outright denial of neutrality.

A quick examination of the structure of the treaty will enable us to observe that it cannot last another 5 years if it impersonates Spain's neutralist tradition.

Basically, the treaty calls for a series of services of a strategic type from Spain to the United States, in exchange for certain military counterparts and a sustained political support from the United States for Spain. This, the essence of the treaty, constituting the substance of Hispanic-North American relations since 1953, cannot conceal a certain bareness that afflicts it: The bilateral relationship is not a perfect relationship for mutual defense; it is not an alliance. To cover the bareness, a series of more or less dignified packages have encased it. The first one is that of the military counterparts, including donations of $85 million over a period of 5 eyars, investments totaling $50 million in the alert and control system, certain leasings, and advantageous sales of material and loans for the purchase of weapons amounting to $600 million. In the economic package, the United States "will try" to improve its economic and trade relations, with Spain achieving the status of a beneficiary nation in the general system of preferences established by the commerce law; and loans amounting to $450 million will be made available. The scientific and technical package includes programs of various kinds and a donation of $23 million. In the cultural and educational package, certain programs have been expanded and $12 million has been donated.

For example, the treaty calls for direct donations amounting to $125 million to be made in 5 years. The smallness of this figure does not warrant the view that it is adequate compensation for the Spanish contribution to the defense of the West. It is increasingly less justified to accept donations in exchange for military services. If a country compromises its security, it cannot do so for economic reasons, as if it were selling a commodity. It must have more powerful reasons for doing so; furthermore, only if the latter exist is it justifiable to receive donations. It is those reasons which concern us. Moreover, it is more than doubtful that Spain could obtain donations in a new treaty; the American Congress is ready to reduce further still the number of new recipients of aid which, at present, in addition to Spain, consist of the Philippines, Portugal, Turkey, Greece and Pakistan.

Access to loans for the purchase of weapons deserves a separate paragraph. The coverage provided by $600 million benefits only a small portion of the present and future purchases, which are gaged in billions of dollars. In addition, the loans subject the purchases to red tape and delays which annoy the Spanish Armed Forces, who prefer to deal directly with the manufacturers.

In all other respects, in what is contained in the other packages, there is nothing that could not be obtained as part of the normal cooperation between two friendly countries associated by the Hispanic-North American declaration of 1974. In the commercial area, the situation has improved very moderately, although there is still a serious deficit. Hence, it would not appear that the treaty with the United States is irreplaceable from a purely material standpoint. We could do quite well without it, and we would not have to render services which certainly align us with the United States, thus compromising our security.

But the treaty is not confined to give and take. It was intended to be something more than that. We have already mentioned its significance in support of the political transition; and now let us deal with some military aspects which are not measurable. Both the support and these military aspects are closely linked; in fact, these aspects are the embodiment, the materialization of the political support offered to Spain. Let us look at this. The treaty is presented as the framework for Spain's eventual entry into the Atlantic alliance. That is how we must interpret Article V of Supplementary Accord No 1, when it states that the Hispanic-North American Council "will have as one of its fundamental goals to attain the development of a suitable coordination with the North Atlantic Treaty Organization." In addition, the treaty creates a joint staff, whose mission will be "the preparation of plans that harmonize with the existing security arrangements in the North Atlantic area." It will also be responsible for "facilitating coordination between the Armed Forces of Spain and the United States, as well as other forces engaged in the defense of the North Atlantic." What other forces are there in the North Atlantic, except those of countries which are members of the alliance? Furthermore, the joint staff is a unique experiment: For the first time in our history, there are combined in it Spanish military commanders and other foreign ones, for strategic planning. All this was meant to enhance the nature of Spain's link with the United States, so that it could be shaped into a treaty, and not merely an agreement such as those of 1953, 1963 and 1980; a treaty that would attempt to bring Spain into the club of Western democratic nations.

If the new treaty with the United States is meant to retain a certain consistency and political reliability, and to show military coherence, it cannot confine itself to repeating or reformulating the same idea, the same intention with respect to the Atlantic alliance. If the "girl" (NATO) is already willing to fall into our arms, she cannot be told that we are actually only interested in the introduction and stimulation, but not in the consummation. It would be ridiculous.

Therefore, the treaty must go further, taking the necessary political leap, or else go less far , making a substantial change in the course of our international policy. What it cannot do is be extended.

How could it go further? There are two ideal methods for this: converting it into an instrument of military access to NATO, paralleling political and diplomatic access to the Atlantic alliance; or extracting a defense treaty from the United States. The latter expedient is completely utopian; it would be ridiculous to expect the United States Government and Senate to accept a new defense treaty apart from those established during the 1940's, one of which is the North Atlantic Treaty, wherein Spain certainly fits perfectly.

Or else the treaty must go less far. With the donations gone, and the meager material content of the other American contributions demonstrated, both countries would become embroiled in a painful haggling, which would spread all kinds of doubts about Spain's intentions and its notion of the position that it can and should hold in the West.

The Future of Hispanic-North American Relations

After the pertinent inquiries made by this observer, the following assessment may be made of the future of Hispanic-North American relations following the expiration of the treaty.

1. No negotiating position of an official nature exists either on the Spanish or the American side. This has been brought about by the recent change of administration in the United States and the Spanish Government crisis.

2. There is a desire to continue the bilateral relationship, although the Spanish Government has given the Americans notice that they must abide by the 3-month prior notification before the expiration of the treaty, set forth in Supplementary Accord No 6 (Article IV), for the withdrawal of their equipment and personnel within the period of a year.

3. The Spanish side has let it be known that it does not want the mere extension of the treaty for another 5 years, but rather new negotiations for a new agreement.

4. Both the Spanish and the American sides would agree to extend the period when the treaty is in effect for 1 year, in order to provide sufficient time for the negotiation of the new agreement or treaty.

5. However, the extension of the treaty for 1 year poses problems involving ratification and appropriations.

a. The ratification problems result from the fact that the treaty in effect calls for a 5-year extension, but not one for just 1 year. Neither side considers this an unsolvable problem.

b. The appropriations problem stems from the fact that those allocated for the treaty now in effect have already been approved and ratified by the U.S. Congress. In the view of the Spanish side, another year of extension would require the appropriation of new funds, which would have to be approved again. The "feeling" of the U.S. Congress concerning this possibility is not known. In any event, it is a declared intention of the new American administration not to make "grants" on the basis of military treaties.

6. One of the Spanish complaints about the operation of the treaty is the unsatisfactory fulfillment of Article IX of Supplementary Accord No 6, which states: "The government of the United States expresses willingness to accept promptly the proposals for the transfer to the government of Spain of technical data on equipment and materials required for production in Spain of certain defense items." The complaints relate to the American attitude toward the transfer of technology.

7. The American side tends to detract significance from the agreements on economic, scientific and technical, cultural and educational cooperation as a non-substantial part of an essentially defense treaty. Hence, it must be understood that the Americans would be satisfied with an agreement which guaranteed them the use of Spanish facilities, without further additions of other types, which could be included in separate agreements. They are also of the opinion that the body of

provisions accompanying the treaty to lend it a civil coverage is no longer meaningful to a country which has declared itself willing to join the Atlantic alliance.

8. The issue of Spain's entry into the Atlantic alliance will change Spain's relationship with the United States although, in the opinion of both sides, entry into the alliance is compatible with some Hispanic-North American agreements for the continuation of the facilities granted to the United States. However, the American side would find it very difficult for the bilateral relations to become formalized in a treaty if Spain belonged to NATO; because that would be tantamount to reduplicating commitments for the same purpose. The Spanish side expresses concern over the change in the American counterparts, as a result of Spain's entry into the alliance; because the ones given in the form of a donation would be lost.

In the opinion of this observer, the chief counterpart which the Spanish side would request in exchange for the renewal of the agreements on facilities and the possible loss of the financial advantages of the treaty now in effect would be a guarantee of, and increase in transfers of technology. Hence, it may be anticipated that certain difficulties that have cropped up thus far in the technological area would be dispelled in favor of Spain, putting the latter on an equal footing with other NATO countries.

9. Both sides consider it unlikely that the new agreement or treaty will mention in its text a certain type of aircraft, as the one in effect does, specifically referring to the F-16.

10. With regard to the future of the institutions which, under the aegis of the treaty, organize the military cooperation between the two countries (Hispanic-North American Council, military committee and joint staff), the American side is of the opinion that, in the event of Spain's entry into the Atlantic alliance, they would not make sense, because the North Atlantic Council and the military committee are the natural forums for the allied relationship, and the bilateral relationship is dissolved in them.

11. As for the future of the Hispanic-North American joint staff, there would appear to be an American tendency to assign priority to NATO's organizational requirements and to observe in the endeavors of that joint staff a mere theoretical treatment of areas which NATO has already fully developed. Of course, the Spanish side does not appear to share that view, because it thinks that NATO has not made a planning effort for the zone of common interest on which the joint staff is working.

12. The planning of the Hispanic-North American joint EM has been concentrated on the following points:

1) Maritime defense plan of the zone of common interest (ZIC).
2) Air and land defense plan for Spain.
3) Plan of degrees of alert ("force readiness").
4) Organization of the command in the ZIC. Particular Spanish objective promoted by Spanish members of the joint EM: to create a joint command for the entire ZIC, which would serve as a nucleus for a new command in the event of Spain's entry into NATO, with a substantial improvement in the present organizational structure of the NATO commands, particularly insofar as ACLANT and IBERLANT are concerned.

5) Contributions from Spain to the defense of the West. The advantages of the joint EM lay essentially in the inadequacies of the NATO plans concerning the part of the world near the Iberian peninsula.

As a result of the foregoing studies, a series of "guidelines" ("outline plans") has been devised for air defense and antiamphibian operations, as part of a general guideline for defense of the ZIC.

The endeavors of the joint EM do not affect, and are not related either directly or organically to the planning carried out on the merely national level by the joint chiefs of staff of Spain and the United States. Those of the joint EM are merely "concurrent" and "parallel" endeavors, and do not have operational or organizational results concerning the national defense system of each country. It is to some extent a conceptual planning.

The Joint EM and NATO

The joint EM has not become the planning instrument parallel to the NATO planning instruments, owing to American timidity and Spanish lack of insistence. The Americans have been reluctant to provide liaison with NATO, out of fear of political repercussions, and Spain has not requested it, despite the fact that Article V of Supplementary Accord No 5 allows for the appointment of liaison officers in the American general headquarters which are in agreement.

On the basis of past experience, it may be said that General Haig, when he was supreme allied commander in Europe, stressed the importance of the joint Hispanic-North American maneuvers. The position assumed by the Spanish side of the joint EM was that those exercises were only significant on the basis of the development of the joint plans in the ZIC.

In the area of international logistical cooperation, a joint logistical backup plan is being devised which will serve as supprt for the also joint operational plans proposed for the defense of the Zone of Hispanic-North American Common Interest defined in the current agreements with the United States, by joint Hispanic-North American forces in the event of war. The complexity of the matter has prompted the convocation and holding of conferences and meetings between the staffs of both countries, coordinated by the joint staff, all in accordance with the strategic stipulations contained in the Spanish joint strategic plan.

The Current Concepts of Critical National Security

The prospect of Spain's entry into the Atlantic alliance has not constituted the fundamental direction of the present concepts of Spanish defense. The latter continues to be conceived, to a decisive degree, in terms of defense of Spanish territory and air and sea space. Although there has been no indication of a public nature as to the content of the joint strategic plan devised by the joint chiefs of staff, which must still be approved by the government, there is not the slightest indication either that would warrant the view that the main trend of defense thinking, aimed thus far at mere national defense, has undergone any substantial change or expansion.

Moreover, there has been noted on levels of command close to the joint chiefs of staff a tendency toward retrogression with regard to the implications stemming from the endeavors of the joint Hispanic-North American staff, with a view toward the expansion of Spain's participation in the defense of the West, and the possibility of Spain's entry into the Atlantic alliance. On the basis of these tendencies, Spain would only have to maintain good military relations with the United States, which would assume, on an exclusive basis, all the defense functions associated with Europe and the West; and Spain would engage in the safeguarding of its national interests and protection against potential threats against its borders and boundaries (threats which, furthermore, have traditionally been thought of in modern Spanish military thinking as coming from northern Africa), cooperating with the American forces only within the limits of the zone of common interest, and for the sole purposes of the bilateral treaty,under the actual scrutiny of the Spanish command concerning any potential use of the facilities granted by Spain to the American forces.

If the experience of the Spanish contribution to the defense of the West during the past few decades might be categorized as one of "conditioned solidarity", could we perhaps be witnessing an impetus of military orgin toward "restrictive solidarity"? If this were so, that tendency would require a very stringent revision.

That necessary revision would have to relate, first of all, to a concept the expression of which is being intensively attempted as representing the security interests and determining the military strategy of Spain: the by now famous Baleares-Estrecho-Canaries axis. The revision would have to be geared not so much to discussing the validity of that concept as to qualifying it. Because what doubt could there be that what occurs throughout that axis is of vital interest to Spain; but also, what doubt could there be that there are a great many other strategic axes and fulcrums through which Spain's vital interests could be determined decisively. For example, if one claims the importance to the entire West and hence to Spain of maintaining a favorable balance in the Middle East, how can this vital interest be explained in terms of such an axis? It is simply that the axis does not explain anything, nor can one infer from it any strategic or military function that is relevant to the specific problem of the Middle East.

Similarly, if Yugoslavia's independence and neutrality should be jeopardized in the post-Tito transition, what significance would the axis have?

The validity of the axis is justified only if one means that a considerable Spanish military effort should be expended on it, but not if one claims that Spain's security depends on it. Its security transcends the very small scope of the axis, and is directly related to the total security of the West. Attempting to confine Spain's area of security to the Baleares-Estrecho-Canaries axis means accepting one of those dangerous freezes that often occur in strategic military thinking, such as the idea of a linear defense based on walls or Maginot-type fortifications. That freezing is also unbefitting a society established in a space open in quadrants to the seas, oceans and continents; and is rather suited to countries endowed with desperately constrained geostrategic conditions, such as the Federal Republic of Germany, where advanced defense throughout the entire danger-line is an inexorable necessity.

All this is relevant, because it is necessary to arrive at the unavoidable debate on security with a clearcut notion of the type of response that stems from a certain perception of the international environment and the dangers hovering over it. From a proper perception one infers the adoption of a correct military position, with all that it means politically and economically. Spain is on the verge of taking a qualitative leap in the arrangement of its Armed Forces, particularly through the modernization of its Air Forces and, on a lesser scale, the reinforcement of the Navy. It is also faced with the dilemma of having to continue the mediocre link with the United States, the overall strategic significance of which will only decline in a merely bilateral context, as it has been doing very rapidly in less than 2 years, or pursuing the path of the Atlantic alliance, whereby it would progress toward a strengthening of its strategic function, also affording Europe the opportunity for a substantial revamping of its defense, with greater depth and breadth.

It is not difficult to infer the military consequences of a correct strategic assessment. One need only observe models that are evident to us. It befits us here to consider the decisive trend toward the formation of forces capable of being projected overseas which now dominates the military thinking of France and the United States, to cite the two closest examples. France now has a force of 50,000 men capable of being projected; 25 warships are constantly patrolling the Indian Ocean between the Cape and Djibouti; and in another 2 years France's overseas intervention force will number 100,000 men. As for the United States, there are currently three divisions organized as rapid deployment forces; there will be six in 1982, and nine in 1986.

In citing these examples, there is something which we do not mean to say, namely, that Spain should make an effort comparable to that of those two countries, which would be simply impossible from an economic and material standpoint. What we do mean to say are two quite different things: 1. that the modernization of the force should be carried out primarily, and its capacity for projection should be increased; and, 2. that the strategic role which Spain might play would be completed by its inclusion in an alliance with a material and economic capacity to project power on a global scale, in the defense of interests which, in the end, will coincide essentially with Spanish interests.

In short, what is suggested by all this is the need for taking another step beyond what for the present is the latest development in Spanish military thinking, consisting of speculation about the Baleares-Estrecho-Canaries axis, and for coming to grips with the general strategic situation wherein that military has its important, but modest tactical role.

The Defense Policy

After having briefly described the main features of, and the contradictions inherent in a certain type of Spanish strategic thinking, which is deeply rooted, we must comment on the formation of criteria that are giving rise to the advent of a national defense policy. The latter is unquestionably the accomplishment of the democratic governments established since 1976, and is, most particularly, the result of the personal impetus given by the vice-president for defense affairs, Lt Gen Gutierrez Mellado, and the first civilian defense minister that has ever existed in Spain, Agustin Rodriguez Sahagun.

What is being attempted to shape in Spain as a defense policy is something that is called in the ministry's jargon a "political cycle of defense." This has been implemented through instructions issued initially by the defense minister, establishing the major features of the nation's military and non-military potential. On the basis of those instructions, three goals are sought, for which three different entities are responsible: 1. the joint chiefs of staff prepare the joint strategic plan; 2. the various civilian ministries devise partial plans contributing to the mutual defense effort; 3. the general secretariat of economic affairs of the Defense Ministry establishes the high-level logistical plan.

The materialization of this exercise is a good example of rationality and planning, but, unfortunately, not all the elements participating therein operate with the same efficacy and output, attesting once again to the serious flaws in coordination and governing that have typified the various governments of former President Suarez.

The joint strategic plan (PEC) has already been completed, and is awaiting the government's approval. The PEC has been devised in accordance with the national defense guidelines, producing two initial documents: 1. the strategy guideline, devised by the joint chiefs of staff; and, 2. the planning guideline, devised by the joint staff subordinate to the joint chiefs of staff. In the strategy guideline the branches of the Armed Forces are asked to determine the strategic areas especially associated with each one of them; in the planning guideline, the branches of the Armed Forces are asked for the documentation that they must contribute for the coordination of the individual efforts of each of them.

Those documents are joined by a third one, devised by the joint chiefs of staff, with the aid of the intelligence services, namely, the "intelligence estimate" in which the dangers are considered. On the basis of those dangers, the strategic objectives to be attained are calculated; in other words, there is a description of "what is going to be done." In accordance with the strategic objectives, the lines of action to meet those objectives are established; in other words, there is a description of "how it is going to be done." Once the lines of action have been established, the resources necessary for each one of those lines of action are studied. The sum of those resources materializes in the determination of the "joint force objective" which is converted into an economic quantification. Thus, the joint strategic plan ends in a programing for the 1980's which, according to well informed sources, will culminate in the allocation of 3 percent of the GNP for defense spending by the end of the decade.

Of the three aforementioned elements leading to the defense policy, only one, the joint strategic plan, as we have said, is finished. The other two elements are lagging considerably, especially the one involving the non-military contribution to defense, which was supposed to be devised by the civilian ministries; undoubtedly because of the increasing paralysis suffered by the Spanish administration after the major political efforts that led to the approval of the Constitution, the calling of general elections that gave victory to UCD [Democratic Center Union] and the internal wars among the various UCD factions.

Another key element in the military reform in Spain was to be the economic-industrial sector of defense, assigned to the General Directorate of Armament and Material. The civilian defense minister has not succeeded in making that General Directorate a

powerful instrument for military reform, for two reasons: 1. the isolation of the military manufactures from the managerial techniques typical of civilian industrial competitiveness, since with but few exceptions all those industries are affected by the corporative interests of the various branches of the Armed Forces, a situation that is particularly evident in those of the Navy; 2. the personal isolation of the civilian defense minister in an agency of the administration wherein all the personnel, except for that minister himself, are military; and hence it is impossible for him to form his own staff with complete freedom.

These merely descriptive comments on the current status of the reform in the defense structures may be summarized in the following conclusions:

1. The joint chiefs of staff have proven to be a necessary organ for attempting to overcome the corporativist tendencies of the various branches of the Armed Forces, but with limited success.

2. There is imperviousness and indifference in the civil administration regarding the requirements and demands of defense.

3. In order to arrive at a definitive formulation of the defense policy for the next 10 years, far greater civilian authority needs to be exercised over the military entities, to reduce the latter's innate tendency toward the preservation of prerogatives and areas of individual interest.

4. The technical and professional inability of the previous UCD governments to perform this task has now been exacerbated by the uncertain paralyzing effects brought on by the recent military coup.

5. Only a fully restored civil and political authority can give a new impetus to military reforms that will unblock the path toward a genuine national defense policy.

6. The announced desire of the Calvo Sotelo government to have Spain join the Atlantic alliance cannot help but be preceded by a series of well defined formulations of defense policy; and this can only be enunciated after a vigorous adjustment of military reform.

The Military Policy and the NATO Option

There is nothing in the plans which comprise Spanish military policy that is aimed specifically at the possibility of Spain's entry into NATO. Whether Spain enters or not is something which has not yet appeared as a preliminary and organizational objective of the Spanish Armed Forces. However, the possibility of joining NATO is being fostered by some objective plans for modernizing and adjusting the military instrument, which in any case are taking place without the NATO horizon. We shall attempt to describe some features of the initiatives which, in their time, would foster the Spanish Armed Forces' access to the integrated commands of the Atlantic organization. On the national level, exercises have taken place in the three areas: land, sea and air, in an attempt to progress in the coordination and joint presentation thereof.

On the international level, combined exercises have been held with the United States, France, Germany, Italy and the United Kingdom.

In the general headquarters of the joint chiefs of staff a section called that of "exercises" has been set up, which is responsible for contributing to the coordination of the combined exercises and for offering ideas on the concept of joint-combined exercises, aimed at verifying the combined plans and guidelines; in other words, at operating in the international area.

In short, general instructions have been drawn up establishing the "regulations for the coordination and unification of the national and international exercises carried out by the FAS [Strategic Armed Forces]."

The increase in operativeness that is being sought through the exercises has been supplemented by measures being prepared for the rejuvenation of the command cadres; because, as the former vice-president for defense affairs commented, "We are one of the oldest armies in the world." The bill entitled "Creation of the Active Reserve Status and the Establishment of Ages for Transfer to Retired Status" may represent a slight progress in bringing the average ages of the Spanish officers and commands closer to those predominating in the NATO armies. At present, the retirement ages are as follows:

	Retired	Reserve
Lieutenant general	B 66	70
Division general	B 64	68
Brigadier general	62	64
Colonel	60	64
Lieutenant colonel	58	62
Commander	56	60
Captain	54	58
Lieutenant	52	56

Each of the three branches of the Armed Forces has undertaken a program to provide resources for combat, which is the focal point of their future structure and formation.

The Navy is still progressing with the formation of its naval combat group, with an aircraft carrier as a main vessel. The Air Force has adopted as a factor for development the future combat and attack plane which in the middle of the decade is due to replace the F-4 planes that currently constitute the backbone of Spanish combat aviation. The Army does not have a program that defines its future dimensions as precisely as those instruments of the Navy and Air Force; but, generally speaking, it may be said that this factor has materialized in the reinforcement of the three existing divisions, and completing them, while providing the armored division with a second mechanized brigade, the mechanized division with a second motorized brigade and the motorized division with another brigade. Considerable efforts are being expended to improve the mountain forces and the paratrooper brigade.

A deliberate search is being made to develop the cohesive element in the three branches of the Armed Forces, through the formation of joint commands. One hundred fifty officers or more have already taken the joint command training courses.

Spain has been spending about $124 per capita on defense (1979), a spending that compares favorably with that of countries such as Italy, Luxembourg, Portugal and Turkey. Although it is to be assumed that in the event that Spain joined NATO it would receive a recommendation to increase its defense spending, we must consider the fact that it is the European country which has increased that spending most rapidly since 1972, registering an index of 387 percent, followed by Belgium, with 349 percent, and the rest of the alliance countries.

While the effort made by Spain to increase the defense appropriations, which were long neglected by the governments of General Franco, is commendable, what is more subject to warranted criticism is the structure of the spending. During the 3-year period 1976-78, Spain assigned an average of 61.8 percent of the military budget to salaries for personnel. However, the item involving personnel pay has been improving with the passage of years, according to the following scale:

1976: 62.3 percent; 1977: 61.4 percent; 1978: 61.8 percent; 1979: 59.1 percent; 1980: 55.1 percent.

An elementary indicator such as that of the distribution of human forces among the three branches of the Armed Forces is not critical, although it does not fail to hold a certain significance: 76 percent of the human forces belong to the Army, 13 percent to the Navy and 11 percent to the Air Force. This structuring is similar to that of Greece and Turkey, countries with an obvious military predominance of the Army. Inasmuch as that indicator is not wholly significant, it must be supplemented with others reflecting the weaponry and material with which the different branches are equipped. If the tank is taken as the symbolic weapon of the Army, we find that the Spanish one shows essential imbalances in comparison with those of the ones we have already mentioned, Turkey and Greece. For example, in 1979 those countries had 2,800 and 1,340 tanks, while Spain had only 860. As for the absolute number of tanks, Spain ranks in seventh place in comparison with the European countries in the Atlantic alliance. The low Spanish figure does not mean so much that the Army is actually underequipped with armored resources, as that it is overequipped with human resources which do not always find a productive application to modern combat facilities. Because what doubt could there be that the tank plays the same primary role in Spain that it plays in the defense of countries such as Greece, Turkey and the Federal Republic of Germany, located opposite the very front line of the Warsaw Pact?

With respect to air facilities, Spain is also underequipped with combat planes of all types, ranking seventh among the European countries, with 214 aircraft, after Turkey (339) and Greece (257).

A better situation is shown by the Navy, which ranks third in the number of main combat surface units, and sixth with respect to other units apart from submarines, ranking eighth with respect to the latter.

There has been a great deal of speculation about the expense that entry into the Atlantic alliance would represent for Spain. The leftist opposition uses as one of the arguments against it the need to at least double the defense budgets if Spain joins the alliance. Nothing seems to support this presumption. Direct statements by the former supreme allied commander in Europe, General Haig, indicate

that the spending from the civilian budget would represent $10 million for Spain, and the infrastructure spending would not exceed $50 million per year. The latter figure is highly questionable, since Spain would make a considerable infrastructural contribution from the outset, currently represented by its large bases where the Americans have facilities, as well as by a major network of oil pipelines and air alert and control systems.

The lines along which the restructuring of the Spanish Armed Forces must be directed in any event, to increase their military power and efficacy, coincide very definitely with the potential lines for maximum operativeness of the Spanish Armed Forces within the Atlantic alliance. Those lines consist basically of: 1. a considerable increase in the financial resources assigned for material, weapons and maintenance, and a concurrent reduction in personnel expenses, something which can only be carried out over a long period staggered in time; 2. a substantial transfer of resources from the Army to the Navy and Air Force; 3. an increase in overall operativeness through the capacity to project armed power, something which demands the provision of naval and air transport and attack facilities.

The difficulty in carrying out these lines of action, which are absolutely essential to a society that must defend itself far beyond its natural borders, is obvious, in view of the sociological and moral entrenchment of the Army in the very heart of Spanish history. Random, unofficial polls on the status of opinion among the various branches of the Armed Forces regarding the issue of Spain's entry into NATO show the Army to be more reluctant, and the Navy and Air Force more in favor, with a genuine enthusiasm in the concrete instance of the Navy. Those same polls also show that the high-ranking Army officers seem inclined toward the alliance, by a certain majority, whereas the younger commands are opposed, by a slight majority; which seems to reflect a very different degree of perception among those groups of what constitutes the real end goal and raison d'etre of the branches of the Armed Forces: defense, which is no longer possible in "national" terms in our day. Understandably, this is more clearly observed by the men with greater training and experience, and that is why they appear more inclined toward an alliance-related solution.

International Difficulties for Spain's Entry Into the Alliance

Thus far, we have not met with any invincible resistance to Spain's membership in NATO, not even in the reserved attitude of the high-ranking military authorities responsible for submitting their military-strategic assessments to the government, especially if the government appears decided to take the alliance option. Nor has any obstacle appeared on the part of the Americans.

A problem of an international type is that of Gibraltar. As you know, Spain has a claim to Gibraltar backed by the pertinent United Nations resolution, based on the principle of territorial integrity, after the principle of self-determination of peoples upheld by Great Britain had been defeated. Great Britain has pledged to the people of Gibraltar not to transfer its population to another state without the consent of the people of Gibraltar. The people of Gibraltar have the features of a small community, whose reason for existence in a geographical area and whose way of life stems historically from the presence, first, of a naval base, and later, of an air and naval base, in a geographical and human environment. The study of

Gibraltar's economy clearly indicates that the people of Gibraltar will never agree to be transferred to Spanish sovereignty. It so happens that Spain does not want sovereignty over the people of Gibraltar, but rather the retrieval of the territory. Naturally, the people of Gibraltar are concerned over their destiny as a community in the event that the territory in which they are settled should cease to be British and come under Spanish sovereignty, knowing as they do that the essence of their way of life would be affected upon the disappearance of the British military presence and, in particular, by the large investments that make it possible for the working population of Gibraltar to be employed part of the year.

Although the official British position is that the United Kingdom has no particular interest in maintaining itself in Gibraltar, apart from the desires of the population, there has been constant evidence that the reasons of a strategic nature are preeminent, and constitute the real reason for the existence of a presence which would appear to be very expensive for an England that is drastically reducing its social programs. Let us observe some of that evidence: The chief of the naval base, Rear Admiral Pritchard, commented at a military celebration in 1980 that Gibraltar offered the advantages of being an anchored aircraft carrier, a splendid observation post and a supply and repair vessel in the Mediterranean. Also last year, the "admiral of the fleet", Lewin, noted at the Rock that Gibraltar's importance nowadays was perhaps greater than it was during World War II. Finally, the Lord of the Privy Seal, Sir Ian Gilmour, recently said in Madrid that Gibraltar's strategic value "may be noted by merely glancing at a map, a value which is no greater for Great Britain than for its allies." Every one of the reminders of the strategic importance of Gibraltar is sweet music to the ears of the people of Gibraltar, and another spur for continuing to say, "British we are, British we remain."

The manner in which the British present the problem is essentially fallacious, because the desires of any population can only corroborate the maintenance of the conditions which allow it to exist as such a community. One cannot see how Spain could attract the population of Gibraltar to itself except by improving the British economic offer, and of course this seems increasingly far removed from its material possibilities with each passing day, in addition to the fact that it is unnecessary for the base at Gibraltar to be kept at its current level of operation.

But NATO needs Spain, or at least needs the facilities which Spain is currently making available for the defense of the West through the agreements with the United States. It is here that the issue of NATO appears as a fitting occasion to help solve the problem, because since Gibraltar is a base essentially in the service of NATO, its infrastructure represents, as a counterpart, a major financial asset in favor of Great Britain, an asset that makes it possible for the latter country to meet the financial needs of the people of Gibraltar with great latitude. If Gibraltar is a NATO base, how could it be doubted that the welfare of the Gibraltar population, which lives on and for the base, would not be a problem that could be foisted onto Spain, but one that could be fully assumed by the alliance?

There is really no reason not to be able to reach a solution that would include the preservation of the desires of the people of Gibraltar insofar as it would be compatible with the necessary reconciliation between the interests of the Spanish and British states, for the greater benefit of Atlantic solidarity.

Now then, if it is impossible to proceed toward a solution by this means, voices will not fail to be raised in Spain, and not necessarily from the left, against an alliance which does not help to resolve an historic dispute that has irrationally alienated two great and important European peoples. The issue of Gibraltar might perhaps even be mingled in the question of the renewal of the agreements with the United States for the use of facilities on Spanish bases. In fact, if Spain should join NATO, an essential part of its military and strategic contribution would consist of continuing to make facilities available to the American air and naval forces. Thus, if the matter of Gibraltar is mingled with the course of action giving Spain access to the Atlantic alliance, it should also be mingled with the course of action involving the renewal of the treaty with the United States; because, otherwise, the alliance would procure from the Spaniards, through the bilateral treaty, the essence of what is of interest to it. It would be inconsistent to refuse to join the alliance on account of Gibraltar, and to continue giving the latter the usual military appropriations, through the auspices of the Americans. The conclusion seems obvious: The agreements with the United States should not be renewed unless the issue of Gibraltar is on the way toward a solution, preferably and particularly within the framework of NATO.

No other major difficulty of a strategic-military type would hamper Spain's entry into the alliance, if we could perhaps cite the reservations voiced on various levels in Spain concerning the installation of nuclear weapons systems in Spain. This issue is being handled with a certain amount of superficiality and misinformation, in the heat of the European debate on the Eurosystems. What appears obvious is that Spain has sufficient targets for Soviet nuclear weapons, as has been inferred from the official strategic doctrine of the Armed Forces of the USSR, regardless of whether allied nuclear weapons are housed in its territory or not, and regardless of whether they pass through it or not.

In any event, it seems reasonably unquestionable that the issue of the installation of Eurosystems in Spain has no grounds and is not backed by the real capacities and radiuses of action of those weapons, which would not reach preferred targets on Soviet territory from Spanish emplacements.

The Difficulties of a Political Type

As everyone knows, the Spanish center and right political spectrum is totally in favor of the Atlantic solution, while the spectrum of leftist forces is steadfastly opposed. The analysis of the positions of the various parties could be subjected to expansion and discussion, but let us for now focus on the problem in its constitutional terms. In fact, Article 93 of the Constitution authorizes the concluding of treaties whereby the exercise of authority derived from the Constitution is assigned to an international organization or institution. Defense is, of course, an example of this type of authority. Such treaties must be approved by an organic law, which requires the approval of an absolute majority of the congress of deputies. The votes from UCD, combined with those of the right-wing Democratic Coalition and of the nationalist parties, PNV [Basque Nationalist Party] and Convergence and Union of Catalonia, insure a majority of nearly 190 votes, while the sufficient absolute majority would be 176 votes. The leftist opposition, fearing the approval of the alliance treaty by an absolute majority, upholds the proposition that Spain's

access to NATO should be approved by a national referendum, because it constitutes a political decision of special significance which, according to Article 92 of the Constitution, "may" be put to a referendum consulting all citizens. Naturally, when the left seeks a referendum, it is counting on its capacity for mobilization concerning highly emotional issues, such as security, the atomic threat, peace and disarmament, which would be triggered in the referendum campaign.

In his investiture speech, President Calvo Sotelo announced that the government proposes to join the Atlantic alliance through an organic law; in other words, through approval by an absolute majority. This statement forced the opposition leader, Felipe Gonzalez, to announce that if the government put Spain into NATO by an absolute majority, the Socialists would have it taken out, also by an absolute majority, when they were governing. Calvo Sotelo's position was, however, subsequently modified by his promise to examine the question of the Atlantic alliance in consultation with the other political forces; but this, unquestionably, does not mean that he will seek consensus for a decision of that significance.

Spain Together With Portugal in the Atlantic Alliance

Spain perceives with gratification the positive attitude assumed by the Portuguese Government and Armed Forces toward the possibility of Spain's entering the Atlantic alliance, to fill a space wherein Portugal has been contributing highly important strategic capital. It also notes with gratification that a serious dialog has already been started, based on stringent analyses, such as those made by this center, submitted through the writings of such personages as Brigadier Mario Firmino Miguel and Prof Medeiros Ferreira, to mention only those with whom I am most familiar.

Both have put forth extremely interesting ideas: Firmino Miguel, through his studies on the intrinsic values of the strategic unity of the Iberian peninsula and its adjacent archipelagos; and Prof Medeiros Ferreira, through his analyses of the varied strategic functions performed by the Iberian area on the European scene, as a result of the technological and political changes.

If Spain enters NATO, both countries will have a new problem: how to shape their military and strategic position regarding their defense needs within a NATO framework structured according to patterns which are partially already established and, of course, resistant to change. In my opinion, the Portuguese perception of national defense adheres, in essence, to the defense of the triangle comprised of peninsular Portugal-Azores-Madeira, while the main core of the Spanish concept of defense revolves around the Baleares-Estrecho-Canaries axis. What can be said about all this?

In my view, not very much, but at least something substantial:

1. The Portuguese perception of that country's own security is particularly relevant to Spain.

2. The Spanish perception of that country's own security should also have particular relevance to Portugal.

3. The designing of organizational patterns of space to be defended within the alliance should be incumbent primarily on Spain and Portugal, and secondarily on the main ally, the United States, and a secondary but usual ally in the area, Great Britain.

4. The entire organizational problem could be solved in the light of the real capacities for presence, in specific areas; in other words, in operational terms.

5. The real capacities that exist and the priorities essential to the national interest, rather than determinations of a geographical nature, should constitute the main organizational guide for any mutual plan for the Iberian defense space. Although, in the naval area, Spain is a country with greater facilities than Portugal, nevertheless, Portugal's national unity depends, with the same stress as in the case of Spain, or more, on the naval aspect.

6. The ideas of encouraging Spain to play a more continental and European role within NATO, and Portugal to play a different one that would be more maritime and Atlantic, could become factors for differences. It would appear more advisable to have mutual consultation and a common understanding of the extent to which the two countries can, either separately or jointly, carry out the missions which, from a strategic standpoint, would be assigned to the Iberian space, and the demands that would be imposed on the real capacities installed in that space. Through such a consultation, it would be possible to arrive at an assessment of the exploitation of the strategic assets of all kinds located in the Iberian space, and the mutual placement of the military resources present, as a shared asset. With this combined viewpoint, the problems of a jurisidictional nature and those involving the organization of the command seem like secondary issues, like pieces of a puzzle which fall naturally into their exact place.

Thank you very much.

2909
CSO: 3110/17

LUNS STATEMENT ON AEGEAN ISLANDS, AIR SPACE DENOUNCED

Athens EPIKAIRA in Greek No 687,1-7 Oct 81 pp 17-18

/Text/ If Andreas Papandreou's PASOK needed one more effective boost in the 18 October election sweepstakes, it suddenly received one last week in the form of a statement by the most authoritative source on the Atlantic Alliance! NATO Secretary General Luns, responding to a question by the French News Agency, questioned the status of the Greek islands in the Aegean and of the Greek air space!

As expected, the statement caused a storm of indignation and anger in the Greek press, the political world, and the citizens in every political camp. Party leaders as well as Vice Premier Averof rushed with statements (published below) to denounce /Luns'/ action and to exploit politically the incredibly anti-Greek positions of the NATO official.

Following representations on the part of Greece's permanent delegate to NATO, /Luns/ rushed to a denial. "Mr. Luns did not question the status of the Greek islands in the Aegean (EPIKAIRA comment: The French News Agency created this out of the blue!) and when he spoke about the 'Greek-Turkish' air space he really meant the Greek air space"(!)

As happens in such cases, the denial did not satisfy anyone, except that it kept up necessary appearances, but the statements achieved in full--according to the universal assessment of the political world--the purposes they certainly were designed to serve. The damage was done.

From that moment on an agonizing question is being pondered by the political world and by the ordinary citizens in Greece as well. What was Luns' real purpose? Whom did he want to hurt with his statement? Political leaders and the press rushed to give reasons which were either superficial or inspired by strong political passion and election-time expediency. "The message has been received," A. Papandreou said in Ioannina. "Mr. Luns tries to save the New Democracy Party in the coming election," said Il. Iliou. "Unconcealed intervention in our internal affairs," wrote the opposition press.

Such impressions were understandable since Luns in addition to his anti-Greek positions had not missed the opportunity to express NATO's concern over a possible PASOK victory in the election. These views appeared at least on the surface to be directed against PASOK while favoring the New Democracy foreign and defense policies.

This interpretation, according to experienced politicians, would be reasonable if that was all Luns had said; in other words, if Luns had simply said that NATO is concerned about the problems that may emerge in NATO's southeast sector in the event PASOK forms the next government. But he said more, while setting the dynamite of his anti-Greek positions.

From this point on, the first agonizing question regarding Luns' real objectives emerges. Is it possible that he, the NATO secretary general, does things which, especially on the eve of an election, lead directly to and provoke an increase in the anti-NATO and consequently anti-American feelings /in this country/? Is it only a tremendous gaffe of this well-known anti-Greek, pro-Turkish leader? Or is it something more which--taking advantage of the election--is being hatched against Greece?

The political editorial board of EPIKAIRA decided to contact legitimate and experienced political personalities in the country and foreign policy experts at various levels. The results of this study on the possible interpretation and consequences of the Luns statement are given below, without direct reference to specific individuals.

Most of our interviewees agreed that the Luns statements caused a new wave of anti-NATO and anti-American feeling in Greece. "At a time when we try to forget and to tone down the resentment and the consequences of this blind and short-sighted pro-Turkish policy of the Americans and NATO, naturally for the sake of our long-range national interests and for the sake of Western defense against Soviet expansionism, at the very same time the most official spokesman of the Atlantic Alliance pours oil on the fire and, with provocative views which, as we known, do not correspond to reality, pushes the Greek people toward an extreme opposition to NATO, we cannot find an easy explanation for this," said one of the most calm and moderate politicians.

This may be so, but should we rule out that Luns "said something just for fun" with no intention of causing unrest? Was it simply a gaffe? "To accept this view," a foreign policy specialist told us, "would mean that Luns, NATO's political leader, is a virtual idiot and does not understand that such a statement on the eve of an election would be like dynamite aimed at the political parties that support the Atlantic Alliance. Regardless of his questionable pro-Turkish attitude Luns could not possibly make such a gaffe without realizing it."

"Luns usually reflects the fundamental American positions on European questions," another expert told us. He has repeatedly been used to floating views that the Americans do not want to adopt officially. He is not speaking casually. Always he has some target."

Satanic Scenario

What then was the target of his statement? To harm PASOK and thereby strengthen New Democracy? Almost all our interviewees rejected this interpretation. Because they said PASOK's anti-NATO orientation is neither secret nor an insult to its followers. Nor are the PASOK followers likely to be impressed and vote for New

Democracy only because Luns or NATO believe that "if A. Papandreou wins the election the situation might change dramatically against NATO in this area," consequently, what is left from Luns' incendiary statements is not his reference to PASOK; it is the senseless expression in an electoral period of anti-Greek positions which caused a new wave of anti-NATO and anti-American feeling. Why?

To this inexplicable "why" our interviewees either remained silent or, some reluctantly, others hypotehtically, expressed a very strange interpretation, a "satanic scenario" which, however, appears to be the only possible explanation for the objective of the Luns' statement.

/The explanation given is that/ the "pro-Turkish lobby" in the Western world, which is made up of those who are paid supporters of Turkish chauvinism and also of incorrigible narrow-minded politicians and military men who often lead the American leadership to irreparable errors and losses; that this lobby, on the occasion of the Greek election, would like to see a Greek government hostile to NATO and the Americans.

For this reason, the pro-Turkish Luns may gave been pushing PASOK to more anti-American and anti-NATO positions, and the Greek voter away from the parties which believe in the Atlantic Alliance. Indeed, this is an imaginative and satanic scenario.

"From the very first day a government hostile to NATO and the Western world would come to power in Greece, Turkey would become the only stronghold in the area, receiving piles of money and supplies--which the conspirators may have a personal interest in--while the Turkish views on the Aegean will prevail totally without ruling out even more painful consequences." This is the most advanced interpretation given by a political leader who accepts the idea of a "satanic scenario."

The Details

The incident in detail took place as follows. Last Friday, NATO Secretary General Luns was asked by the French News Agency, among other things, about the situation prevailing in NATO's southern sector. He replied according to a summary published by the Athens News Agency /as follows/:

"Almost a whole year since Greece's return to NATO's military wing the related problems remain unresolved, especially the status of the Aegean Islands, the command of the Greek-Turkish air space, and the American bases in Greece." While the Greek parliamentary election is less than a month away, the NATO secretary general said:

"It is evident that if Papandreou wins in the election, the situation might change dramatically against NATO in this area." PASOK, one may recall, favors Greece's gradual withdrawal from NATO.

The reaction from the Greek side was immediate:

a. PASOK's Chairman A. Papandreou was the first to respond, followed by the leaders of the small parties who called Luns' statement unacceptable.

b. Immediately after that, Averof expressed his reaction, followed by a government source.

c. On Sunday Luns corrected his statement.

d. The corrected statement, too, became the subject of critical commentary on the part of the opposition.

"Incredible"

Papandreou said in part: "It is certainly incredible that Luns considers 'the status of certain Aegean Islands as being open to question' or that 'the administrative control over the Greek-Turkish air space is also open to question.'

"We inform Luns that the Aegean Islands and the Aegean air space are Greek and not Greek-Turkish.

"We know that the present government is a service cabinet and cannot undertake new initiatives. But we believe it is a national duty for the cabinet to denounce unequivocally the Luns statements which undermine our nation and our sovereign rights.

"With regard to the Luns predictions on our country's course following PASOK's victory, his comments constitute a flagrant intervention in our country's political life and are therefore considered unacceptable."

Averof said: "At last I have the opportunity to agree with PASOK Chairman A. Papandreou. No Greek government ever accepted the fact that the status of the Aegean Islands is not clearly determined by documents of international prestige and recognition.

"The same applies to their air space. I believe that the Luns statement was not accurately reported. Because Luns was for over a decade minister of foreign affairs in the Netherlands and cannot be unaware that these official international treaties are in force.

"In any event, Greece has on its side, with regard to the status of the Aegean Islands and their air space, both the international rules and the material force needed to keep them in force."

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TRADITIONAL, MODERN CONCEPTS OF NAVAL STRATEGY ANALYZED

Aldershot NAVAL FORCES in French Vol 1, No 4, 1980 pp 80-84

[Article by Vice Admiral Pierre Lacoste, French Navy, senior military advisor to the prime minister: "Prospects of Modern Naval Strategy"]

[Text] This article expresses the author's personal opinions and does not necessarily reflect the official views of the French Navy and Ministry of National Defense.

The issue of the role, tasks, and future of navies in the modern world raises many difficult questions. The arms race, the technical revolutions in warships and weapons, and, above all, the world's politico-strategic evolution in this age of nuclear weapons of mass destruction, all make it increasingly difficult to transpose the lessons of history. World War II is the most recent naval warfare reference available to naval experts. Yet can that war still serve as a valid example from which to determine the possible forms of future combat operations at sea and prepare naval forces for the opposition they are likely to face?

We shall first review how World War II reconfirmed the validity of traditional concepts of naval strategy. Then we shall highlight the importance and impact of the revolution brought about by strategic nuclear-powered submarines.

The main effect of the existence of deterrent forces is to make the outbreak of a major naval conflict improbable. Nevertheless, because the possibility of direct clashes between navies cannot be ruled out, we shall offer a few assumptions on those factors that might be most decisive in determining the outcome of naval battles.

World War II naval warfare history is an excellent illustration of the soundness of the geopolitical and strategic concepts of the Anglo-Saxon school of thought. A few examples are enough to remind us of this.

Great Britain's ability in 1940 to hold out, by itself alone, against German military power was unquestionably due to its insular situation and to the resources it received, via the seas of the world, from its own empire and from the industrial might of the United States. Germany's strategic naval objective could only be, quite obviously, to interrupt shipping of supplies to the British Isles via the Atlantic. Indeed this was the goal of German submarine warfare against British ships and convoys. At the same time, the magnitude of the stakes involved amply justified the gigantic effort made by the British in developing effective antisubmarine warfare countermeasures.

The Mediterranean theater offers us another example of naval strategy. Pursuant to its imperial tradition of the "route to the Indies," Great Britain considered it vitally important to maintain its lines of communication through the Mediterranean basin. Germany, however, which did not receive all of the help it could have expected from its Italian ally when one considers Italy's exceptional geographical location, attempted with the campaigns of its Afrika Corps, offensive operations in Greece and Crete, and various episodes of the battle for Malta, to achieve success in the direction of Egypt, a victory that could have been decisive in determining the outcome of the war.

Beginning in 1942, the entry of the United States into the war and the vicissitudes of operations in the Pacific provided new examples of grand naval strategy. Looking at World War II from a geostrategic viewpoint, the American continent was comparable to an island on a global scale, and the United States seized the torch of "master of the sea" from England. The United States had to cope with its enemies on two fronts: the African-European front and the Pacific front. Air and naval forces were the dominant factor in the war in the Pacific. The aircraft carrier dethroned the battleship, the main combat ship of previous wars. Air supremacy became as decisive a factor in the war at sea as in the war on continental battlefields. At the same time, massive amphibious operations introduced a new way of projecting seaborne power against land targets and territories. The victorious conduct of American combined air and naval operations confirmed the soundness of the principles applied by the U.S. Navy which had not forgotten the precepts of Admiral Mahan who held that the determining condition of success is destruction of the enemy's main force.

In Africa and Europe, control of the seas was definitely the reason the Allies successfully carried out their large-scale strategic envelopment, a maneuver based on amphibious landings designed to establish beachheads in North Africa, Sicily, and then in France. Having won the lines of communication battle, the Anglo-Saxons were then able to draw from their immense overseas resources by using the world's sea lanes, not to mention the considerable seaborne support they furnished Soviet Russia.

Remarkable technical advances were made in all forms of naval warfare. New weapons, new equipment, such as radar, for example, radically changed combat conditions. Yet if we look at the situation through the strategist's eyes, we see that combat operations were, all things considered, but a further illustration of a classical pattern, namely that of a war between naval powers and continental powers. In the clash between the "master of the sea" and the "master of the land," the former's objectives simply stated are: control of the seas enables the naval power to keep open the sea lanes over which supplies and reinforcements are forwarded, in other words, perform the navy's logistical task. This control of the seas also enables the naval power to use ocean spaces as it pleases in applying seaborne amphibious and air forces against the resources and territories of its continental adversary, in other words, perform the navy's strategic maneuver task.

For that matter, NATO's naval strategy is still based directly upon the general pattern of World War II, namely open lines of communications and the projection of power. In the event of war in Europe, deployment of American military power would depend upon open sea lanes across the Atlantic. Strategic maneuvers on the northern

and southern flanks of the European peninsula would greatly depend upon the naval and naval air forces organized around American aircraft carriers.

Conversely, Soviet Russia's naval strategy consists in "challenging" the west's mastery of the seas by aiming simultaneously at the latter's ocean shipping and combined naval and naval air attack forces. Naval expansion programs on each side since 1945 have been consistent with this pattern, the outstanding feature of which is the extraordinary effort made by the USSR to build a combat force on a scale equivalent to the force deployed by the United States.

This pattern is altogether incomplete, however, insofar as it excludes the momentous transformation which has taken place since World War II, namely the introduction of nuclear forces of mass destruction into the arsenals of the world's great powers.

In 1944, V-2 rockets, the first ballistic missiles, were launched against London.

In 1945, the first atomic bomb was detonated above the great urban center of Hiroshima, instantaneously causing as much damage and as many casualties as a raid by hundreds of bombers.

In 1958, the "Nautilus," the first nuclear-powered submarine, cruised under the North Polar Ice Cap.

The new capabilities provided by technical revolutions in the field of explosives and delivery vehicles gave the United States initially, and Soviet Russia soon thereafter, access to intercontinental-range weapons capable of inflicting damage on the enemy to an extent incommensurable with the destruction caused in previous wars. Total war would henceforth no longer spare the "rear areas," a nation's entire population would be held hostage. The growing awareness of this terrifying danger to potential enemies produced the phenomenon of deterrence which became mutual once the initial monopoly of the United States changed into a relative balance in the nuclear arsenals of the two superpowers. Lastly, the possession of strategic nuclear forces by a medium-size power enables that power, even if its conventional and nuclear forces are incomparably weaker than those of the superpowers, to exert a "weak versus the strong" type of deterrence, insofar as the stakes involved in a war would be disproportionate to the risk of massive destruction of the potential aggressor's territory.

In the seas, the nuclear-powered submarine is the concrete fulfillment of the theretofore unrealizable dream of all submariners, namely the capability of remaining submerged indefinitely without having to resurface. The combination of this new ship, capable of remaining invisible and elusive in the depths of the ocean, with the nuclear-armed ballistic missile gives the strategic forces an additional powerful dimension. In fact, while it is conceivable that missile silos and likewise nuclear bomber bases might be destroyed by a preventive "counterbattery" strike, submarines on the other hand are shielded from such an attack. They are, therefore, the essential "second strike" weapon and represent assurance that the aggressor could in no case avoid retaliatory strikes against his homeland.

Without nuclear submarines, the risks of preventive destruction of strategic arsenals might tempt and incite an aggressor to get the advantage over his adversary by launching a first strike. The certainty, however, that a retaliatory second

strike would always be possible prohibits a potential aggressor from pursuing such a line of reasoning. As a result, naval forces find themselves assigned a new and absolutely vital task, and the oceans, like space, have assumed a new importance in maintaining the strategic balance and deterring total war.

What conveivable effects will this new situation have on assumptions about wars at sea and on the patterns of future naval strategy?

We should first note that while armed conflicts have practically never ceased throughout the world since 1945, on the other hand there has been no naval warfare. Except for a few engagements between coastal or regional forces and also the amphibious and force-projection operations in Asia (Korea and Vietnam), navies have not clashed in combat. Violence at sea has been curbed. Soviet combined naval and naval air forces have been able to expand prodigiously and gradually deploy throughout all the seas of the world without creating any serious incidents. This lack of violence is attributable to deterrence. Just as the major powers have thus far done their utmost to avoid direct confrontation between their armed forces and to maintain their territories in a status of inviolable "sanctuaries," they are likewise carefully avoiding making any overt attack on each other's maritime interests and starting an open conflict.

In the interests of clarity, we shall refer in the remainder of this article to direct and indirect strategies. The term "naval direct confrontation strategies" covers strategies employed by opposing naval forces as part of a major conflict between large navies, whereas "indirect strategies" refers to those strategies corresponding to a minor mode of employing armed power at sea.

Naval Direct Confrontation Strategies

It is not our intention to examine opposing forces for the purpose of making a comparative survey of the naval capabilities of each of the blocs. We shall, however, try to show how the principal technological advances in naval armament may probably effect the form and conduct of battles at sea.

Until the recent past, naval operations were conducted in three spaces: under the sea, on the surface of the sea, and in the airspace above the sea.

Since the advent of satellites, a fourth space now participates in naval operations. New means of observation, navigation, and communications give sailors the capability of maintaining surveillance over immense areas, pinpointing their position at sea with almost absolute accuracy, and communicating directly and securely under all conditions.

The main change in undersea warfare since the end of World War II is indisputably the application of nuclear propulsion to attack submarines. The latest antisubmarine warfare development is the progress made in underwater detection of very low frequency acoustic vibrations.

In combat operations on and above the surface of the sea, naval surface-to-surface sea-skimming missiles give even small ships the firepower and effective fire support range formerly available solely to very large ships.

The above examples are some of the most characteristic. Actually there are four pronounced major trends in the very broad spectrum of weapon systems and equipment: greater power, greater speed, greater range, and greater reliability.

Greater power: New weapons are much more powerful than those of preceding generations. Aircraft can carry 10 times the tonnage in bombs and missiles than 20 years ago. Rapid-fire guns have tremendous rates of fire and expend impressive amounts of ammunition. And above all, the introduction of nuclear explosives has made it possible to develop weapons that, pound for pound, are millions of times more powerful than conventional weapons.

Greater speed: Some ballistic and antiaircraft missiles fly at 6-7 times the speed of sound. Aircraft now have speeds of Mach 2 or Mach 3. Nuclear submarines travel faster than surface vessels. Increased speed reduces reaction time and demands ever increasingly efficient automatic controls and systems to respond to threats and replace or supplement human capabilities.

Greater range: attack aircraft and missiles have ranges of tens [as published] indeed even hundreds of kilometers. Observation satellites provide a global view and it is now possible to communicate instantaneously from one end of the world to the other.

Greater reliability: Precision guided missiles can unerringly hit their targets. But technical advances achieved in weapon systems are also making these systems more and more reliable and more and more automated.

What conclusions should be drawn from these above reflections? We shall limit ourselves to three. In the event of direct confrontations between naval forces, the decisive role should be played by the following: the nuclear-powered attack submarine, electronic warfare, and the attack-protection dissymmetry.

The nuclear attack submarine has such all-around assets and offensive capabilities that it appears to be the likely successor to the aircraft carrier as the capital ship of tomorrow's navies. Against this submarine, antisubmarine warfare forces and other means of protection seem quite inadequate. Especially when the new long-range, sea-skimming underwater-to-surface missiles are added to its arsenal of offensive weapons.

Electronic warfare is an omnipresent factor. It is no longer possible to plan the slightest naval operation without considering its electronic warfare implications. Combat forces must reckon with electronic warfare's innumerable techniques and tactics in all of their tasks: detection, communications, attack, and defense; in all mediums: under and above the sea; and at all levels: operation of weapon systems, basic tactics, or conduct of operations.

The attack-protection dissymmetry is an established fact confirmed by experience. Formerly, in the confrontation between battleship and gunfire, the battleship sometimes held out against the gunfire. Today, however, new offensive weapons have such power, speed and accuracy that they systematically tend to outclass protective systems. This is true with surface-to-surface, air-to-surface, and air-to-air missiles, and also with homing or wire-guided torpedoes. But this is also true on the strategic level with the basic dissymmetry produced by submarine-launched strategic intercontinental missiles.

Nevertheless, it does seem quite difficult to carry very far any logical reflection on the conditions of modern naval warfare because such rationalization quickly leads to contradictions or inconsistencies the moment we exclude nuclear weaponry.

As for tactical nuclear weapons, it is sometimes said that their employment in naval battles could be less fraught with consequences than their use in land battles. It is true that the fallout on or under the sea would have little effect on civilian populations. But the taboo on the use of this type of weapon is still very strong and we cannot see what tactical advantage could justify violating it and thereby running the risk of escalating very quickly to strategic nuclear weapons with their attendant irrational and unforeseeable consequences. If two great powers wage war against each other at sea to protect a vital interest, lines of communication or to resist invasion, why bother to sink convoys or destroy aircraft carriers when it is easy to destroy naval bases or ports of debarkation with a single bomb?

This is a very difficult question to answer, and for that reason it is advisable to give the greatest possible thought, above and beyond any total war scenarios, to the conditions under which more limited confrontations could take place, and also to all the possible ways naval forces could intervene in the indirect strategy's multiple scenarios.

The Sea and Indirect Strategies

The world is the scene of countless forms of conflict: ideological, racial, power, border, interest-related conflicts, etc. All of these conflicts do not degenerate into wars. Nations become involved in "economic wars" and "trade wars" without eventually resorting to armed force. Wars of subversion and revolutions do not necessarily draw regular armies into the fray...

Indirect strategies enjoy a privileged status in that they are not covered by either the rules of conduct or the voluntary restraints which the great powers have imposed on themselves out of fear of nuclear escalation. Military violence of limited intensity is also geographically restricted to theaters far from their national sanctuaries.

To protect their external interests, to furnish aid to "clients" or to their threatened allies, to avoid the dangers of any destabilization of a regional balance, the great powers resort to air and sea transports plus the presence of naval forces. Indirect military strategies are, therefore, synonyms of "external actions" in a world where power factors are becoming increasingly multipolar, and where, as a result, the oceans retain prime importance.

It so happens that navies are highly suitable for movement in a crisis situation and for participating effectively in the implementation of indirect strategies. This is due to the nature of the international environment in which they operate as well as to the type of actions for which they are trained and with which they are ordinarily confronted.

The open sea is an international space which is uninhabited but accessible to all. It could be the scene of limited clashes between "professionals" without thereby affecting populations or violating borders. It will be noted that the naval forces of potentially hostile nations are accustomed to meeting and passing each other at sea and of maintaining surveillance of each other's movements. As a result, they

have acquired a certain number of habits and reflexes which facilitate a subtle interplay of threats or deployments while avoiding dramatic consequences.

In peacetime, navies conduct a whole range of maneuvers that meet the indirect strategy's requirements exceptionally well.

For example, intelligence and security missions are conducted continuously at sea. Maritime patrol aircraft, submarines, electronic facilities are used in peacetime to maintain surveillance of sea approaches or else to reconnoiter for their own forces when the latter are deployed on the high seas. Daily training makes sailors highly proficient in the performance of these tasks for which they have developed tried-and-true tactics. There are manifold possibilities offered by the great maneuverability of naval forces, thanks to the mobility of ships and aircraft and to the ease with which they can be concentrated or deployed in a very short time.

This maneuverability also permits shifting from a potential threat to more concrete, but still limited, actions in response to the adversary's hostile moves. Because of the reversible and gradual nature of these actions, the publicity given to them or, on the contrary, the secrecy that may be maintained about them, it is possible to keep tight control over all responses to the adversary's unfriendly or hostile acts. This capability presupposes that the operating forces have highly secure, reliable, and efficient command, communications, and control systems.

Strict subordination of military forces to political authorities is absolutely essential in crisis situations, and everything must be done to prevent incomprehension and misinterpretation. This also presupposes information and intelligence of excellent quality, an unambiguous definition of the rules governing the use of equipment and of the rules of engagement for weapons (in self-defense, for example), all factors which condition attitudes and their perception by the adversary. Lastly, if acts of war were to be committed at sea at the end of a process of threats or retaliation, these acts could, in spite of everything, retain the character of clashes "between professionals" for whom war is one of the "occupational hazards." Moreover, such clashes would, at worst, be less fraught with consequences for world peace than armed conflicts of the "peoples war" or "total war" type.

In conclusion, the employment of naval forces, including naval aviation, in a crisis situation and according to the various conceivable indirect strategy scenarios, encompasses a very broad range of possibilities and corresponds to the principle of "making a show of force so as not to have to use it" or of carefully regulating the use of force while always retaining control of its limits.

This variation of the dialectic of deterrence is richer in possibilities, more flexible, and not as brutal as the dialectic of nuclear deterrence. Naval forces are, of course, not alone in contributing to such deterrence. The deterrent's air force and army components also have a part to play. But that part is frequently at a higher level of escalation because the action then leaves the neutral environment of international waters thereby shifting the fighting to national territories and endangering civilian populations.

The navies of today and tomorrow have, like yesterday's navies, the primary mission of fighting victoriously at sea. But the introduction of long-range ballistic missile-launching nuclear submarines has added an altogether new mission to the

traditional missions of battle fleets. At the same time, the terrifying prospect of mutual disaster that total war would bring about, prompts political and military authorities to consider a very wide range of defensive and offensive deterring actions adapted to the various possible types of international crises while still remaining below the threshold of global war.

As we have seen, naval forces have a manifold capacity for maneuvering in this type of situation. Consequently they should be adapted to the new conditions of global strategy so as to be able to play an effective part in crisis management and in defending their country's superior interests.

8041
CSO: 8119/083

CGIL-CISL-UIL POSITION ON DISARMAMENT

Rome CONQUISTE DEL LAVORO in Italian 14 Sep 81 p 19

[Text] The Federation of the Italian General Confederation of Labor (CGIL), the Italian Confederation of Labor Unions (CISL) and the Italian Union of Labor (UIL), addressing itself to the latest developments in the nuclear rearmament race and to the backdrop of tensions behind them, expresses the workers' great concern and stresses the urgent need to take concrete initiatives and make concrete gestures that will restore a spirit of dialogue and the practice of negotiations.

The CGIL-CISL-UIL Federation is aware of the fact that today detente can only be based on mutual security, balance of forces and controls. Nuclear rearmament can never be considered a means of defense because atomic weapons are always only instruments of mass destruction and can at best serve as deterrants and at worst as a means of retaliation.

The CGIL-CISL-UIL Federation deplores the fact that, beyond the identification of the responsibilities of the two blocks, and given the existence of NATO's decisions about the installation of Euromissiles in the context of the beginning of negotiations, negotiations have not yet begun and have been put off until an uncertain and unspecified future date.

The CGIL-CISL-UIL Federation is of the opinion that the government's decision to place the Euromissiles in Comiso was untimely, as precedence should be given to the need to verify, through negotiations, the possibility of obtaining an adequate reduction of the new missiles on the trrritory of the USSR aimed at Western Europe instead of to the installation of Euromissiles.

The CGIL-CISL-UIL Federation, therefore, strongly reaffirms the need for these negotiations to begin at once, without further delay, with the direct participation of Europe, which must be part of the negotiations rather than the passive subject of the negotiations, since serious consideration is being given to atomic warfare "limited" to our continent. Europe has a vital stake in overturning the present thinking behind the arms race and turning instead to reason and politics, in the name of Europe's very survival.

This commitment is all the more urgent now that, with the decision of the United States to produce the neutron bomb, an uncontrollable arms race has been unleashed again.

The CGIL-CISL-UIL Federation affirms, on the contrary, the need to stop an arms race which, although it is conducted in the name of security, brings diminishing and increasingly precarious security with an increase in the nuclear arsenal.

The CGIL-CISL-UIL Federation hopes for gradual and controlled but effective disarmament so that we can begin to transfer to the only just war that can exist on a global scale--that against underdevelopment and unemployment--the resources and capital, the equipment, the technology and the scientific knowledge now wasted on armaments, and this with the prospect of a new relationship between North and South.

The CGIL-CISL-UIL Federation, convinced that even justified concern should not and cannot lead to resignation, pledges the organizational structure of the trade unions to mobilize the workers and factory councils to express their wish, on this basis, to oppose the escalation of nuclear rearmament, to demand an early beginning of negotiations, and to affirm the values of peace founded on justice, respecting the independence and rights of all peoples.

The CGIL-CISL-UIL Federation is of the opinion that Europe should have a decisive voice in ensuring peace and security on its own continent, and asks the Italian government to take firm and productive steps in all forums to promote the beginning of the necessary negotiations.

The CGIL-CISL-UIL Federation considers it indispensable that a joint effort be made by European trade unions in favor of detente and disarmament, which can give rise to an analagous and equally dialectic contribution by East European trade unions vis-a-vis their governments.

9855
CSO: 3104/376

PROBLEMS OF SUBSIDIZED INDUSTRY GROWING

Zurich NEUE ZUERCHER ZEITUNG in German 2 Oct 81 p 17

[Reporting from Brussels, the author finds Belgium trapped in a vicious circle of subsidies and forced to cover losses in the steel industry with foreign loans.]

[Text] The Belgian Government fell last week on the issue of rehabilitation of the Walloon steel industry. Formally the issue was a simple matter of procedure, the Walloon socialists wanted to have a firm commitment of at least 12 billion Belgian francs for the Cockerill-Sambre steel concern before they would agree to discuss any other government issue. In principle the Christian Democrat and socialist government coalition partners were in agreement on the need for these credits. In mid-May, on the brink of a similar crisis, they had reached an understanding on the broad outlines of steel policy. But deep differences underlay the haggling over the credit negotiations. While the apprehensions of the Christian Democrats about the promised billions in subsidies were continuously being refueled by the unfavorable development of the steel market, the Walloon socialists were not ready to accept any kind of adjustment in the plans which would take account of raw reality. In the once established capacity of 8.5 million tons per year for the Walloon steel mills they see a sort of vested basic right and refuse to be distracted either by the protests of the European Commission or by unfavorable market prospects.

'National Economic Branches'

The steel industry is one of the five so-called national economic branches which were excepted from the politico-economic regionalization of Belgium. The "national" character of these five sectors, coal, steel, textiles, ship-building, and hollow glassware, is not molded on their uniform distribution throughout the country but rather on their unsound structures which make their survival without state subsidies impossible. Since coal, textiles and ship-building are strongly concentrated in the Flemish north while the deathly ill steel mills and hollow glassware production lie primarily in the Walloon south, the "national" sectors also furnish yet another topic in the troublesome language quarrel. Each subsidy in the north inevitably generates a "compensatory claim" from the south and vice versa.

Hardly a month passes in which the Flemings and the Walloons fail to thrust new calculations in each other's face on who is really getting more from the national subsidy pot. Thanks to the Flemish hard-coal mining industry which annually

produces 6 or 7 million tons at a cost which is almost twice the delivered price of comparable coal from foreign sources at the Port of Antwerp, the pendulum is swinging strongly towards the north. According to the calculations last spring by Economic Minister Willy Claes, a Flemish socialist, from now until 1985, 99 billion francs in state assistance are designated for the Flemish north and 54 billion for the Walloons. In Flanders 56 billion Belgian francs will be put into coal-mining, 27 billion in the textile industry, 15 billion in the steel industry and 0.85 billion in ship-building. In the Walloon region 38 billion Belgian francs are designated for the steel mills, just under 8 billion for the textile factories, 5 billion for the last remaining colliery and 2.8 billion for the production of hollow glassware. As a result of the steel decisions of last May, however, a whole string of additional billions must be added, primarily for the Walloon side. Moreover these figures do not include hundreds of millions of francs which are continually being stuffed ad hoc into bankrupt enterprises outside the "national" sectors by regional Walloon and Flemish administrators.

Theory and Practice

Except for hard-coal mining the conversion and rationalization of the affected industries are officially cited as the goals of most subsidies. The European Commission, which is scheduled to deliver its judgment of the Belgian steel and textile plan, seems to have serious doubts as to whether these goals will in fact be served by state assistance. For home consumption, however, the Belgians have a justification at hand which they use when the numerous reports by experts show hardly the slightest glimmer of hope for the enterprises being nursed by tax money, viz., maintenance of jobs. Many industrial managers even go so far as to argue that as long as the subsidies per job remain below the level of unemployment costs which would otherwise be borne by the state, this is a "good deal" for the government. They do this with virtually no regard to competitive distortion since competition in the Belgian case is mainly foreign. Belgian steel mills as well as textile factories produce 70 to 80 percent for export.

On the Brink of the Abyss

In the long run not only direct competitors in the same branch but the entire Belgian economy has to suffer from the squandering of tax money on production facilities without any future. Enterprises are groaning under tax and social burdens which are among the highest in Europe. Despite this the finance minister has for years been unable to raise needed funds from regular revenues or from loans in the domestic capital market. The credits obtained abroad are escalating rapidly from month to month. The government no longer shrinks even from covering losses in the steel industry with a foreign loan which must be paid off at almost 19 percent. The oppressive interest burden and the monetary risk of foreign credits alone are driving the national budget deficit inexorably upward. Its inflationary financing and the already above average high cost levels have drawn the economy into a vicious circle from which only drastic measures can extract it.

Instead of working on such measures the recently fallen cabinet, up to the prime minister, was occupied almost continuously with the installation of steel managers, the closing or keeping open of antiquated rolling mills or the negotiation of credit conditions. While the Walloon socialists regarded this as one of the most important tasks of government, the Christian Democrats saw in it only a time-wasting diversion from the true problem of a basic cure for the economy. This conflict had to lead sooner or later to a resounding collapse. It remains to be seen whether a decisive turn can be achieved after the elections which have been moved up.

9827
CSO: 3103/19

GOAL DEMANDS NATIONALIZATION OF ALL CREDIT, NOT BANKS

Paris LE MATIN in French 19 Sep 81 p 15

[Article by Maurice Seguin: "The Obstacles Were Foreseeable"]

[Text] The Council of State has handed down its opinion on the bill on nationalizations. Although no official announcements have yet been made on the tenor of this decision, we know that there are a number of legislative and constitutional reservations, whether involving the fair, prior compensation of shareholders or foreign interests in companies to be nationalized. Maurice Seguin, a specialist on the subject, sets forth all these problems and stresses that the "nationalization of banks is running up against obstacles today that were not adequately anticipated and gauged before starting the project."

The main goal behind nationalizing credit is to give the democratic power the means to allocate credit for useful investment. This is "here and now" a monumental task. The Socialist government has the lofty ambition of transforming French industry so as to make it more enterprising, more dynamic, and more able to play France's hand in a changing world economy. It intends to do this by using structures and procedures that are compatible with its other basic objectives, namely, democratization of the decision-making process and regionalization. There is no more urgent task to accomplish, for it is by developing our industries and companies and by their adaptation to today's world that the painful problem of unemployment will be effectively and finally resolved. The new 2-year plan will be put into effect very soon. It will be nothing more than an academic exercise if the financial means to implement it are not available.

Banks are to be nationalized in order to nationalize credit.

A Bad Start

But this project has gotten off to a bad start. It was announced as though it were to take place before nationalization of the main industrial groups, but today the nationalization of banks is encountering obstacles that were not adequately anticipated and gauged before the project was started.

Among the immediate complications is the problem of defining the limits: the line between banks and institutions that are "nationalizable" and those that are not; and,

within each nationalizable bank the line between those activities to be nationalized and those that are not. Relations with other countries are creating other difficulties in carrying out a design which was undoubtedly conceived in overly simple terms: these relations were perhaps taken into account as possible sources of trouble in the sense of the presence of foreigners in France and the presence of French people abroad. Compensation poses problems of evaluation and of method of payment, and the solution could be more costly than was earlier thought. The rules of the constitution and the clauses of various international treaties, which were probably drafted more or less knowingly to hamper the progress of any socialist government, make one weigh the risks of litigation. It would be unfortunate if the operation, as justified as it may be in the eyes of the social and political majority, were to disturb our relationship with certain countries and dampen the flourishing climate of confidence within the country itself and in financial circles that has marked the first few months of the new government's term.

Further complications could crop up later, when it comes time to outline the exact role reserved for foreign banks in France, the status of small banks that will remain private, and especially the division of power between the nationalized banks and the vast sector of mutuals (farm credit banks, mutual funds, people's banks), Won't the government encounter even more problems than before in differentiating between its role as manager of an expanded public banking sector and its role as guardian of the entire banking sector, whether public, mutuals or even private, as limited as the latter may be?

Finally, as essential as it may be to restructure the new nationalized sector, it will not be done painlessly, especially for the personnel, but also for customers.

The time has now undoubtedly come to ask what is the meaning of the obstacles currently encountered in preparing the project.

If we go back to the initial objective--to nationalize credit so that it may be channeled into productive investment--then we cannot help but note that by nationalizing private banks (or, if not all private banks, at least the most important ones), we run the risk of nationalizing what does not have to be nationalized and of not nationalizing everything that should be nationalized.

In private banking, there are in fact activities that do not need to be nationalized: international foreign currency transactions, frequently carried out with foreign customers; portfolio management activities similar to the activities of securities brokers, which were specifically mentioned by the prime minister in his speech on 8 July as not to be nationalized because of their nature; discount and very short-term credit activities of secondary interest in comparison with the major problem of investment and its long-term financing, and so forth.

In summary, when the major private banks, and only they, have been nationalized, large portions of the credit sector, as it should be understood, will have been left out, including the following: investment credit; the small private sector that remains private; the vast sector of mutuals, including farmers' mutuals, whose activities today go beyond farming and rural affairs; agencies specializing in long-term credit, such as for example le Credit national and le Credit foncier, and so on.

Perhaps the complexity of the banking and parabanking system as it exists today in our country was not adequately considered and, because of that failing, perhaps we are running the risk of sidestepping the main problem: how to nationalize credit?

This question must first be boiled down to the issue of exactly what is the credit that must at all costs be nationalized.

Obviously it is not all credit. Discounting commercial drafts or financing impulse purchases of household goods or automobiles by public or private institutions are of little importance to the Socialist government.

The main thing in their eyes is that the terms and rates are regulated so that the public has easy access to them and at the best possible prices.

What is important to the Socialist government is that credit for productive investment is distributed on the basis of the Plan's objectives, according to truly democratic decision-making processes and in keeping with the principle of regional decentralization, so rightly honored by the government ever since the beginning.

Selectivity, regionalization, democratization, and planning, these are the guidelines for determining how to distribute medium- and long-term credit to firms in the new socialist society.

Nationalizing Credit rather than banks

Once the problem is clarified like this, it is easier to arrive at the best solution. This is to nationalize only medium- and long-term credit, but to nationalize it completely.

To do this, the credit nationalization law should transfer a percentage to be determined of all monies collected as deposits by all banking institutions of any king to a national fund and to regional funds which would meet the requirements of democratization, regionalization and planning. These monies, which would earn interest at a standard rate to be determined by the National Credit Council, would be used by the national and regional funds to finance investments of public and private companies in the form of medium- or long-term credits.

It is not necessary in this article to set the precise amount of the portion of bank and parabank deposits to be earmarked for this new agency, just as it is not necessary to describe exactly the main operating and especially management rules of this new instrument. Studies such as the ones on "transforming" bank deposits into long-term financing means by Francois Bloch-Laine already pointed out the potentialities of such a system 20 years ago. Let's just indicate--to get a better idea of the plan--that if the percentage of total deposits earmarked for the fund were to be fixed at 15 percent, the new agency would have assets of 200 billion francs available to channel to investments on the basis of the Plan's directives.

Some people may regret that it is no longer essential to nationalize the largest private banks with this solution. Might not the symbol of what they represent continue to exert its influence?

This is obviously a risk. But do we need to fear this when the major instrument of their power, long-term credit, has been taken away from them? Moreover, in increasingly egalitarian socialist country, aren't they bound to take second place more and more as collectors of deposits, in the face of the large national banks and mutuals?

Won't the powerful and dynamic mutuals sector and the major national banks, once they are democratized, play an increasingly powerful role in forming public opinion? It is very possible that, in a few years, private banks will quite naturally speed up their withdrawal from the domestic market in order to specialize more and more in foreign activities. In any case, the threat of nationalization should certainly continue to be felt and strict and effective controls should of course be imposed on them.

Since people's minds are focussed now, out of habit, on the nationalization of the large private banks, it would be easy to lose sight of the issues. It is time to design a socialism in this area that is both French and timely. To nationalize credit, there are other options than the ones that have been focussed on exclusively. The time has come for the advisors working in the office of the president and in the ministries, whose socialist convictions and competence are unquestionable, to contribute to the government something other than variations on old themes.

Didn't the head of state and the prime minister instinctively determine where the true problem lay? It is the expression "nationalization of credit" and not "nationalization of banks" that has cropped up in their pre and post-electoral statements again and again. The message addressed to French socialists by the leftist American economist, Lawrence Klein, winner of the Nobel prize in economics, and published in LE NOUVEL OBSERVATEUR last August 24 was also in this same vein.

It must be demonstrated today that the men in power are using their imagination in this critical area, according to the mandate of our people last May and June.

9805
CSO: 3100/18

CEYRAC SEES NATIONALIZATIONS AS 'TRAGEDY FOR FRANCE'

Paris LE POINT in French 21 Sep 81 pp 58-59

[Interview with Francois Ceyrac by Maurice Roy: "Nationalizations Are a Drama for France"]

[Text] [Question] The prime minister has said that the "ball" is in your court. Are you going to throw it back to him?

[Answer] I don't want to wage a war of words. I think that the present situation demands a more serious approach. It is useless to "throw back the ball" today.

[Question] Do you see a gloomy economic outlook?

[Answer] It is important to bear in mind that the international economic situation is no easier today that it was at the beginning of the year. I think it is even worse. Any policy that tended to ignore the power and ruthlessness of international competition would be dangerously unrealistic. The situation in France has unquestionably deteriorated further since 10 May because of the sudden sharp rise in the cost of credit.

[Question] We had to respond to the increase in the U. S. rates.

[Answer] No. It is too easy to blame the Americans for the French policy of expensive money. The American rates were high well before 10 May, but the French rates didn't budge at that time. If it was necessary to correct the range after 10 May, it was because something happened, because the relationship of trust between France and other countries changed. It then became necessary to defend our currency. Today people say: "It's the Americans' fault!" It would be too easy to say tomorrow: "It's the employers' fault!" These are not reasonable attitudes. We shouldn't always be looking elsewhere for excuses for certain imperfections or contradictions in our policies.

[Question] Isn't the expensiveness of money an excuse for employers as well? Pierre Mauroy has noted that investments had dried up well before 10 May.

[Answer] It is true. Investments had already declined in proportion to the decrease in firms' financial results. But do they think that the dramatic rise in interest rates can have a favorable impact on investors' projects? Do they think that the profound structural changes, either decided or announced, are likely to give French investors the necessary security and confidence?

[Question] What are these changes that are paralyzing investors?

[Answer] First, of course, changes in fiscal policy. Since the start of the summer, there have been changes in two directions that come together. On the one hand, an increase in taxes for the highest income brackets; an exceptional increase in 1981, a ceiling on deductions for dependents and an unemployment tax that will affect not only large income-earners but also the income of middle-level executives. Every day we are told that you have to make the rich pay. However, you will notice very quickly that that doesn't mean anything because there will not be enough "rich" to cover the huge amount of additional expenses. We will therefore have to make the less rich pay, or in other words more and more brackets of taxpayers. Now we have to be careful not to discourage those who are starting businesses and sticking their necks out.

It is even more critical, however, with the tax on plant and equipment. We were promised that this tax would not be touched. That is not the case. Have the authors of this law realized that it is impossible to separate the entrepreneurs from the firms? The owner of a successful family business is constantly reinvesting in his business and he could not meet this new tax liability except to the detriment of his business, thus putting it in danger. This tax is a very costly mistake. And at the very moment that the tax on plant and equipment is applied, the prime minister declares that he is interested in the problems raised by the transfer of small and medium-sized firms! There is an astonishing lack of consistency between the two projects.

[Question] Countries like Germany or Switzerland, however, have a tax on capital, and their companies are not doing so badly.

[Answer] The French tax is progressive and could be as much as three times the German rate. As for the Swiss, their taxes on business are not in the least comparable to ours. If they would like to change with us, we would be interested! As for nationalizations, this is a tragedy for France. Some people have not yet actually become aware or realized that we are no longer protected by customs barriers as in 1936 or in 1945. Today the future of our country, its purchasing power, and its independence depend very much on its ability to cope with international competition. We have devoted much time and effort to building an "ocean-worthy" industrial and banking fleet for ourselves. That is not done in a day. But it can be undone very quickly.

[Question] Nationalization is popular, however.

[Answer] Certainly, but that's because a dramatically cut-down and intellectually incorrect version of this operation was presented to the public. For instance, they referred back to the nationalizations of 1936 and 1945 to justify the 1981

ones. But there are no bases for comparison--neither political justifications nor economic justifications.

[Question] Some national companies can be given as examples.

[Answer] Yes. But did they show the French people a balance sheet of what it cost--of what it cost them--to have them operating satisfactorily today? Let an impartial official draw up the accounts and then we'll see. They are nationalizing in fact because in 1934, the CGT [General Confederation of Labor] plan already provided for nationalizations and because mythical images such as "the wall of money" and "the control over financial powers" continue to feed certain political ideologies, without anyone bothering to see if they have any relationship with the situation in 1981. We are living on the basis of fictionalized history. Mr. Mauroy mentioned the example of Austria. Do we have the right to accept a comparison of this sort? Tomorrow will we be referring to the Republic of San Marino?

[Question] Didn't we already have a partly government-run, partly private economic system that the prime minister called detestable?

[Answer] Does that mean that we have to opt for a decidedly government-run economy? Certainly no country in the Western world is entirely liberal. In all the great modern countries, there is coordination between the government and industry heads. But there is a huge difference between that and what has been done for the first time in an industrialized country, namely to extend government control over all credit and most of industry. There is a fear that this could bring French industry down on its knees.

[Question] Don't you think that the measures adopted by the government to boost the economy or help small and medium-sized businesses will be effective?

[Answer] Of course, industry must be prevented at all costs from dying of starvation.

The prime minister is in fact proposing a series of measures to aid small and medium-sized firms, some of which have been known for a long time. Moreover, the prime minister is aware that only gains in productivity will make it possible to finance the additional jobs, and that men will not be able to work less unless machines work more. We agree completely with these facts. Now they have to be put into practice.

[Question] The prime minister has also promised you "a climate of negotiation and not confrontation."

[Answer] We have always defended contractual policies. People tend to forget that it was the CNPF [National Council of French Employers] that, as early as 1978, suggested the negotiations, on the length of working time, that it appears are about to conclude. But it would be remarkable if labor unions were to imagine that anything is possible today. Mr. Krasucki has already said, that employers should understand that everything has changed and that they should "be reasonable." I will

return the compliment: being reasonable should involve precisely recognition of the fact that the arrival of the Left in power has not in any way changed the requirements of international competition. These requirements unfortunately are missing from the prime minister's speech.

[Question] Are industry heads on the verge of resigning then?

[Answer] Not at all. They want to make their companies run. They are slaving away without stop. But they are worried about the contradictions in the government's policy which, on the one hand, provides some assistance to firms and, on the other, overturns the economic structures of the country. On this point at least, the ball is not in our court, but in the government's.

[Question] Are you aware that you are the only opposing force in France today?

[Answer] We are neither an opposing force nor a force of cooperation, but a group of leaders who intend to maintain their independence.

[Question] Aren't you somewhat alone?

[Answer] What is not perceived today will be perceived all the more tomorrow, with the lesson of time. The truth always wins in the end.

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INDUSTRY HEADS CONFUSED, ANGERED BY GOVERNMENT'S STANCE

Paris LE POINT in French 21 Sep 81, pp 53-57

[Article by Martine Leventer: "Employers: Between Anger and Dismay"]

[Text] "Help us," is what Pierre Mauroy is saying in substance to business leaders. Have they heard him? And what have they done since 10 May?

Is Pierre Mauroy all of a sudden involved in a love-hate relationship with business leaders? When the prime minister gave his frank and serious address to the deputies from the Assembly rostrum last Tuesday, there was no mistaking the message: this long speech, read monotonously, was for the most part directed to business leaders. It was indeed them whom he was trying to seduce with his words which were alternately appeasing, reassuring, convincing and encouraging--and which concealed a whole message prepared just for them.

What exactly did the prime minister, apparently so full of good will, say? "The government never believed that jobs could be created without or against business heads... With the Left in power, business leaders have something the Right could never give them: a social climate of negotiation, as opposed to confrontation, and planning that maps out the future."

And he went on to say: "Business leaders who are getting upset should take the time to listen to us. They should form their opinions on the basis of our actions and not on the basis of their prejudices.... They can and must continue and increase their efforts. We are determined to help them in this.... The economic policy we are implementing respects business' initiative and decision-making freedom."

In short, "to boost growth, the French people must first be reconciled with their industry..." And, as this speech demonstrated, it is the business leaders with the power! Why? Because, as Pierre Mauroy goes on to say, "the government is well aware that it is the small and medium-sized businesses that form the very thread of our economic fabric and play a decisive role in the battle for employment... The ball is in their court."

What better way of saying that the team in power has finally sized up the problem: the fate of employment is entirely in the hands of business leaders. When their monthly employment capacity is close to 200,000 jobs, the 60,000 civil

service posts anticipated in a 6-month period are just a drop in the bucket! And who else would mete out the wealth that the government is trying hard to redistribute if not these same businesses? The government has finally yielded to this overwhelming evidence--but, unfortunately, most French people still do not see it. As a recent survey by QUOTIDIEN DE PARIS shows, according to 55 percent of them, it is the government that plays the decisive role in the employment battle; employers in the private sector only come second (15 percent). An incredible misunderstanding!

For Pierre Mauroy, the question is: how in the world to win over business leaders? The words dotting the prime minister's speech clearly demonstrate that the person speaking is less of a scorned lover than a general who was appointed by Francois Mitterrand to conquer unemployment and who senses that his infantry (the "strike forces" as Jacques Delors refers to industry heads) are not following him.

If all of these overtures and pledges of good will amount to a rather anguished cry to "rally to my side", it is because the juncture is critical. Four months after the Left took power, the economic indicators are still desperately in the red. In one year, industrial production (excluding construction) has gone down by 6.1 percent. Investment in industry is doing a free fall (its volume could decrease by more than 12 percent this year!). The number of bankruptcy petitions filed per month has gone from 1,500 to more than 1,700 and unemployment, which was growing at an annual rate of 5.7 percent last summer and 13.3 percent at the beginning of 1981, is now at 26 percent. Not to mention high interest rates, the franc's fainting spells or the disturbing behavior of price indices. It is obvious that the heavy machinery of the French economy is still jammed. It is not surprising that they are hastily calling industry heads to the rescue: it would be very nice if they would put some oil in the works.

Pierre Mauroy's speech is actually not the first appeal made to small businessmen. The government has been making overtures to them for months. First it decided to defray part of the increase in welfare costs resulting from the increase in the SMIC [Interoccupational Minimum Growth Wage]. Then in June, Jacques Delors offered them additional special credits at favorable rates to help them in their long-term investments and at the same time cash assistance through the CODEFI (departmental financing committees). Banks have lowered their discount rates. Credit ceilings have been lifted.

Month after month, a boost is given to these various measures, which have not been greeted as enthusiastically as expected, despite Jacques Delor's exhortations. "There won't be any unreasonable welfare measures in the fall. Invest, work, buy machinery, help us create jobs," he urged. It seems, however, that the expected mobilization did not occur.

So the great tenors of the government are out there singing their songs of enticement. On 19 August, following the council of ministers, it was learned that François Mitterrand had stressed "the need to bring industry heads in on the drive to create jobs." "The desire to do business must be rekindled in France and the image of business heads must be restored. They shouldn't be treated as scapegoats. We must show confidence in them so that they will participate in the effort to create jobs," said Pierre Bérégovoy, secretary-general at the Elysée.

On 5 September at the Douai fair, Pierre Mauroy continued with the same song: he urged industry heads to "assert themselves and their ambition and imagination," and said that he hoped that "businessmen would give the best of themselves for the good of the nation and for their own satisfaction!"

Alas! The choir of the Left is not singing in unison. Discordant voices are unpleasantly deafening the delicate ears of the very people who were supposed to be charmed, and who have not yet forgotten Jacques Delors' words that "you are not going to prevent François Mitterrand from getting elected to a 7-year term by practicing a doomsday policy or Pierre Mauroy's statement at the time of the Willot affair that "we will show no mercy for unscrupulous or incompetent industry heads."

Consequently, it is not hard to imagine the effect of the terse statements made by a Jean Poperen: "A certain number of leaders in the economy seem particularly bent on winning the bet on our failure and in the process would not hesitate to help contribute to it." Or the effect of Claude Poperen's (PCF) attack on "the attitude of employers who are still little inclined to put an end to their policy of breaking industry." Or further, the effect of Georges Séguy's words denouncing "the stubbornness and arrogance of some industry heads," or of Henri Krasucki's speech to the CNPF [National Council of French Employers] to the effect that: "You represent the class that once built industry--at the cost of harsh exploitation and terrible tragedies. And it is you who are trying to destroy it." Well they might murmur a few nice words after that....

And then there are the facts. After having had to pay the increase in the SMIC and the taxes on their overhead, and to swallow the bitter pill of a discriminatory amnesty bill pardoning labor union representatives but not employers, industry heads looked with dread at the arrival of the tidal wave of nationalizations ("punishment for your shortcomings as managers," according to Henri Krasucki).

Finally, they were really shocked at the recent announcement of a tax on wealth that extends to plant and equipment. "This tax is suicidal for medium-sized businesses and their employment," responded immediately--with a lot of support--Yvon Gattaz, president of ETHIC (movement for industrial and commercial businesses on a human scale).

In short, the call of the sirens is losing much of its strength behind the cacophony of words and facts evident in the past 4 months. "We are being subjected to hot and cold showers," complain business heads all over the country. This is obviously not the best way to carry on a romance completely against nature. For, let's face it, here are the socialists calmly asserting that they want to break with capitalism, and at the same time asking the people who are its very essence to help them defeat it! What a paradox!

The surprising thing in the end is that employers have reacted to this bizarre situation rather coolly, aside from a few "shouting matches" here and there to protest accusations of "economic sabotage." This is evidently no honeymoon. However, after having been in a groggy state for some time following an election which did not go as anticipated (even worse: after having supported Giscard to the end, the

CNPF then started talking about the spectre of "collectivism" threatening "free society..."), employers are making the best of a bad situation.

On a number of occasions (lowering of bank rates, employment agreement, reducing the work week), their professional organizations have willingly played the role of driving belt between the government and their troops. Their leaders, with François Ceyrac at the head, assert and reassert that they are not practicing a doomsday policy, and they give good marks to the current government when its policies go in the direction they want.

This obviously did not prevent François Ceyrac last week from pointing out some "groublesome contradictions" in the governmental speech, or René Bernasconi, president of the CGPME (General Federation of Small and Medium-Sized Firms), from complaining about the "vagueness" of Pierre Mauroy's program.

But there is a whole world between these organizations haunting the corridors of the ministries and the men who are shaping the French economy day by day in their jobs. There are 2.7 million of them, mainly small businessmen who employ more than 14 million workers in industry, commerce or the services. It is this "base," that feels unloved and mistreated, if not threatened, that the prime minister was directly addressing.

How are these heads of small and medium-sized firms reacting? And how are they behaving, particularly? This is what LE POINT has tried to find out by interviewing them all over France.

Well, it is evident that most of them are not as relaxed as Jacques Stern, president and director-general of SESA, a particularly dynamic computer company, it's true, in which CGE [General Electric Company] (the group to be nationalized) has a 45 percent share at the moment.

"Nationalization of the CGE? I find a certain moral there, and it doesn't concern me. I am not expecting any changes for my company. And, with all our international activities, I have not received any negative reactions from abroad," he said. As for the tax on wealth, "it doesn't create any serious metaphysical problems for me. I hold 35 percent of SESA. I do not know either what it is worth or if that would be considered as my capital equipment. I will have to find the money to pay, that's all!"

"We are continuing to expand, invest and even to create jobs," added Jean Mawet, president and director-general of OZONA (children's clothing). This Normandy company has continued in fact, crisis or not, to double its turnover (125 million francs in 1981) every 3 or 4 years. "Of course we are a little more concerned about the future..but I can't imagine that the team in power wants to break industry. They are beginning to become aware of a certain number of things and, in my opinion, they will be persuaded to moderate some of the measures announced."

As for the recreation industry, some are looking forward to the prospects. "Paid vacation, the fifth week, reducing work time, all of this is very favorable for us," explained Gérard Brémont, present and director general of Pierre et Vacances, which builds and develops rental housing. At the end of the summer he launched new programs and hired new workers, but not, however, without some doubts about the development of the French economy and the attitude and pocketbook of the private investors he is addressing.

In fact, even the most dynamic are feeling some pangs as they continue to forge ahead--such as Lilian Buzzichelli, who heads a firm of 700 persons specializing in heavy handling equipment and who created 50 jobs this year. "Please don't discourage business leaders!" he exclaimed. "They are asked to develop their businesses, but how are they going to pay the tax on wealth if, after a difficult year, they don't show positive results?"

And what about the others? Since, unfortunately for the team in power, there are not that many optimistic leaders of small business. The general tone is much gloomier, if not neurotic. "I know some people who have sent their wives to have their babies in Switzerland so that their children are not born in a 'totalitarian' country--it's incredible!" confided a Parisian industrialist, who has seen a good number of his peers saving, looking for investments abroad and making plans to leave the country.

"Many people are saying that they are going to sell out their business and leave for the United States," confirmed the owner of some stores, "but I haven't seen anyone do it yet." Yes, but those who had ideas of expanding have all the same stopped all hiring, "especially since workers can no longer be laid off"--and have cancelled any projects to buy out other firms. "I am biding my time to see what the government is going to impose on us in the way of new wage costs."'

Jean-Marc Penchinat, building of vacation housing in Languedoc-Roussillon, is clearly sounding the alarm by publishing a full page notice in LE MONDE last Wednesday. "I wanted to give my views on the government's current policy, which seems to me to be way off course! They are nice and honest men, but all their pretty words and good intentions are going to lead to a result that is diametrically opposed to what they want! What good is it to try and win over business heads, if you walk along with a big stick behind your back that you take out and use three times a week?" Not to mention--in no special order--nationalizations, the tax on wealth, and the necessarily increased pressure of the tax burden to finance a budget deficit "that is an open pit!"

However Jean-Marc Penchinat is especially critical--and here he is joined by a good number of industry heads in other areas--of "a fantasy policy that is ignorant of market realities." The first thing to do, he says, is not to destroy existing companies; how many are living off wealthy customers? Not only are the people earning 100,000 to 200,000 francs a year psychologically paralyzed, but bankers are increasingly refusing to give them housing loans. "A new operation for me is 80 to 100 people on the job and as many at my suppliers. Since I cannot change to a low-cost housing program overnight, that will mean 200 more people out of work, no matter what Mauroy says!"

In fact, what do the small business heads think of what Mauroy says? Did his appeal last Tuesday change their attitudes? Aside from a few obstinate grumblers--"It is not because he is patting our backs that we are going to lick his hand!", or "They are embracing us from one side, and bashing us over the head from the other!"--recognition of the role of business heads has apparently been appreciated everywhere. What is positive is the government's unquestionable good will towards small and medium-sized companies, is the essence of what those interviewed said. Some even talk about the "moving" speech. In short, the message got through.

Even better, many have even acknowledged that "there are some interesting points in Mauroy's proposals, particularly the possibility of increasing equity capital. But...."

"...But for all these proposals for aid or loans, we never know whom to turn to, and most applications are rejected. We frequently have the impression that we have before us a gold mine that we cannot exploit." (Victor Thomas, Bretagne-Manutention, 500 employees, Rennes).

"...But all this boils down to promising us 20 cents if we create jobs, and to hitting us for one million elsewhere, with the tax on wealth." (René Lévêque, ORDO, company selling office equipment, 280 employees).

"...But the new measures favoring jobs are going to increase the price of products and make us less competitive" (Edouard Daher, vice president and director general of a maritime shipping company employing 1,000 people).

"...But Pierre Mauroy has just taken the old system and improved on it" (Pascal Sittaro, Lithotype L-Druet, specializing in posters and signs in les Bouches-du-Rhone, 75 employees).

"...But although I am satisfied with 10 percent of the program, I am skeptical about the rest. And who is going to pay for all this?" (Alain Géraud, head of a family business that distributes farm machinery in the Greater South-West).

"...But companies need more freedom and confidence than aid" (Pierre Thomas, 200 employees in construction).

"...But without decreasing our costs, without the freedom to hire and fire, how can we think about creating new jobs" (André Juven, president and director general of a general mechanical company in Caluire, 40 employees).

And everywhere--everywhere--the same themes: "Will the government keep its promises on the power of workers in companies? It is impossible to manage a business if everyone has his nose in it;" "We are still in the dark, we are waiting for concrete information;" "Why the carrot and the stick? Why are they taxing plant and equipment? This is an anti-employment measure!"

And this is the most serious threat to the government in the coming months: virtually none of the small business owners interviewed planned to hire or invest. And not because they are unhappy with government policies--they are still under the spell. No, what is frightening then is the economic situation, and not just in France where the announced recovery has not been felt.

"They appeal to our sentiment, when it's a question of economics!" complains an irritated head of a construction material company. "Barre also said in 1977: 'Don't be gloomy! Invest, create jobs!' But business leaders invest, whatever their political views may be, if they have a market to invest in. I don't have one: I am reducing my investment by 70 percent next year. It is not even a question of profit, but just of sound management!"

"Of course, business leaders are suffering from a certain neurosis," admitted this Parisian industrialist. "But their fears and their wait-and-see policy has less to do with the government's attitude than with the economic situation. And I haven't met anyone who is convinced that this government is going to solve the problem!"

The neurosis will pass. What this owner of the Prisunic stores, George Meyer, said testifies to this: "I am to the right and very anti-left. So I will use any excuse to blow up. The Right presented things more attractively; the Left is clumsy. But I have the feeling that things are going to settle down, that confidence will come back after a period of adaptation. France is rich and it has always bounced back. There is no reason to panic; we are still not a communist country, after all!"

So there remains the economic situation. And here no magic words and no whispers in our ears will change the hard reality of numbers. For industry heads, finally, it is still and always will be that that counts. This is undoubtedly a difficult message to get across to an Assembly where the new majority is all too often totally ignorant of the business world.

Seven Measures Designed to Seduce

Operation seduction: the prime minister is making eyes at the small and medium-sized businesses. During his speech on Tuesday, he in fact solemnly set forth a few ideas designed to "win over" more than one industry head. No less than seven measures:

--Strengthen the financial structure of small and medium-sized businesses (their equity capital) by distributing participatory loans at attractive rates;

--Promote the creation of firms by simplifying formalities and by increasing the possibilities of tax deductions;

--Reform the system of regional development subsidies and loosen the regulations governing occupational tax exemption;

--Increase aid for innovation by increasing the aid credits and by encouraging small and medium-sized businesses to hire research workers;

--Provide special aid to all small firms (less than 25 employees and a turnover less than 10 million francs);

--Lower the obstacles to firms' transfer;

--Improve the investment aid arrangements to encourage companies to modernize their production equipment (but without affecting employment).

We would add to that the "employment solidarity contracts" which will benefit employers who seek to create jobs by various means (decreasing the length of the work day, early retirement, part-time work, etc.).

Thus there is a lot of satisfaction offered to heads of small and medium-sized companies who are seeing their long-standing demands largely taken into account. Will it be enough to make them forget some thorny issues?

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CENTRAL BANK PRESIDENT HITS U.S. MONETARY POLICY

Rotterdam NRC HANDELSBLAD in Dutch 28 Sep 81 pp 1, 13

[Report of a lecture by Dr Jelle Zijlstra, president of The Netherlands Bank and of the Bank for International Payments on 27 Sep 81 at the annual meeting of the International Monetary Fund and the World Bank, report by Kees Calje, HANDELSBLAD editor]

[Text] Washington, 28 Sep--The United States can learn some more from the Netherlands with regard to limiting monetary growth. That was the message of Dr Jelle Zijlstra, president of The Netherlands Bank, at a lecture he held yesterday in the midst of the activities of the annual meeting of the International Monetary Fund and the World Bank.

Zijlstra, who steps down at the end of this year as president of The Netherlands Bank and of the Bank for International Payments (the central banks' central bank) reported that in the United States an attempt is being made to gain control over monetary growth by indirect means. The Federal Reserve, the system of central banks in the United States, limits the amount of cash on hand the banks have. That leads to higher interests, which means the banks have to limit their granting of credit.

Zijlstra: "This monetary policy has recently been exposed to heavy criticism and to a certain extent that is understandable. A monetary policy which drives interest rates up to 20 percent when inflation is 10 percent, which drives up the exchange rate and which has an adverse effect internationally simply calls for criticism, even disregarding the preoccupation with the weekly monetary growth figures, which causes the expectations with regard to the rate of interest to become unstable. I find it hard to believe that this technique of monetary management is the best available."

In the Netherlands (and in France as well), monetary growth is controlled not only by indirect but also by direct means, according to Zijlstra. The Netherlands Bank is empowered--it last made use of this power from 1977 to the middle of this year--to forbid the banks to lend more money when lending credit threatens to get out of hand, unless they compensate for this with long-term funds.

In other words: granting credit is limited insofar as it leads to monetary growth. Therefore an increase in the demand for credit leads to a higher capital-market interest rate. Unlike the situation in the United States, in the Netherlands the short-term interest rate (money market) remains lower than the long-term interest rate (capital market).

Zijlstra says, "Experience demonstrates that the Dutch policy has resulted in a reasonably effective control of the money supply."

Zijlstra also stressed that the exchange rates cannot be left to their fate. (The U.S. monetary authorities have for months been refusing to take any steps to stabilize the dollar.) He regretted that the system of fixed exchange rates was abandoned in 1973. According to him, a devaluation of the dollar and an upward valuation of gold would have been enough.

The president of The Netherlands Bank called it "frustrating" that the gold in the vaults of the central banks--at the market price, 66 percent of The Netherlands Bank's total reserves consist of gold—cannot be put to use. Therefore in his opinion the industrialized countries must study how they can regulate the price of gold to such an extent as to permit the central banks to buy gold from one another.

Zijlstra called upon the United States to make the dollar exchangeable (convertible) for special drawing rights (sdr's) of the IMF. Only then can the sdr become the center of the international monetary system.

Finally, before expanding upon monetary management, Zijlstra called that management itself necessary but insufficient. Limiting monetary growth, according to Zijlstra, is necessary, but a fiscal policy and a wage and price policy are also indispensable.

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MERGER OF TWO TRADE UNIONS SET FOR 1 JANUARY

Rotterdam NRC HANDELSBLAD in Dutch 29 Sep 81 p 13

[Text] Amsterdam, 29 Sep—Chairman Wim Spit of the NKV [Netherlands Catholic Workers Federation] spoke of "dying in order to live again," Chairman Wim Kok of the NVV [Netherlands Federation of Trade Unions] spoke of "a hasty transfer into a much bigger train which has already been broken in properly." With that, the definitive step was taken today in Amsterdam towards the merger which takes effect 1 January of the NVV (about 700,000 members) and the NKV (700,000 members) into the Netherlands Trade Union Federation (FNV).

The first day of the merger congress dealt with the disbanding of the two participating labor federations. That gave rise to extensive historical reminiscences, but also to a broad view of the future. At the disbanding of the NKV, Wim Spit went on from his "bad attack of nostalgia" to the much broader and more penetrating field of activities surrounding the wage and labor specifications.

Stirring up the Catholic past, Spit said emphatically, "The FNV rightly ought to provide space--and it does that wholeheartedly--for the social and economic vision of convictions of belief and life to the extent that they affect the workplace and the policy questions and answers of the FNV as a labor movement."

At the noon session of the NVV federation meeting Wim Kok praised the "courage and determination" with which the NKV has held fast to the merger line, despite the dissappointing decision of the CNV [National Federation of Christian Workers in the Netherlands] not to participate in the big federation.

"The formation of the FNV, however, was an adventure with more than normal risks for the labor federation NVV as well," according to Kok. "And in 6 years we have come incredibly far."

This merger of labor federations with Catholic and social democratic backgrounds, which is spectacular even from an international viewpoint, was accorded much attention this morning. There were representatives and speeches from delegates from international labor federations.

Mathias Hinterscheid, general secretary of the European Federation of Trade Unions, for example, said in his speech of salutation that he very well understood that the

accent of policy still rests with national concerns and those of the individual branches of industry. "But this buildup from the ground must be extended internationally, into Europe," he felt. He made reference there to the international problem of Ford and to the steel portfolio which affects Hoogovens.

In the full RAI [Bicycle and Automobile Manufacturers Organization] convention room, there were also union representatives from Poland, Israel and a number of European countries, who later in the afternoon saw the passage of the notarial act by which the FNV "assumes all assets and liabilities of the NKV and the NVV."

Quite a lot of work is still awaiting the congress in the coming days, including work dealing with the FNV constitution, proposals for a nurturing union to provide for a "balanced buildup of the FNV," the problems of the working woman, the inclusion of the NNV [expansion unknown] women's union in the federation, and last but not least the determination of FNV policy for the short term and middle term.

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KETENCI ADDRESSES NEW UNION LEGISLATION

Istanbul CUMHURIYET in Turkish 8 Oct 81 p 5

[Editorial by Sukran Ketenci: "The First Steps"]

[Text] By the time this piece is printed, Laws 274 (Unions) and perhaps 275 (Collective Bargaining) will have been promulgated.... It remains impossible to discuss the preparation and character of these two laws because they have been withheld from public scrutiny. However, according to preliminary information, even if there are certain restrictions on the exercising of rights, these laws do protect the pluralist union system.

On a normal legislative calendar, Laws 274 and 275 would have been put on the agenda only after the major legal adjustments that shape democracy like the Constitution, elections and political parties.... We believe that the difficulties encountered in the union arena, employer-employee relations, and during the transition period prompted lawmakers to change the calendar.

The activities of DISK [Confederation of Revolutionary Workers Union]-affiliated unions have been suspended completely while those of TURK-IS [Turkish Confederation of Workers]-affiliates have been suspended in crucial areas. It is not enough to protect workers' social and economic rights through the advance system, rulings by the SAB [Supreme Arbitration Board] and Regional Labor Directorates and Martial Law Command oversight.

The link between impartiality at every level of the administration and being able to shorten the transition period is evident day in some concrete development. [sentence as printed] The problems of work sites that await solution have been heaped on Regional Labor Directorates and Martial Law Commands. Presentation before the SAB of a second collective bargaining agreement is highly objectionable not just because the will of a party cannot be exercised but from the standpoint of exploiting agreements and deception.

It is objectionable for unions to resume their activities before changes deemed necessary are made in the union and collective bargaining laws. But the resumption of union activities is on the agenda after the legal changes are made and without waiting for the transition to a civilian administration. It is nevertheless true that there will exist within the framework of the new laws a special transition period for the resumption of union activities. We think that during the 3 to 5 month transition period it will be possible, first of all, for union general councils to operate as well as for unions to make changes in their charters and organize, both within the framework of the new laws.

At this point, the situation of those unions whose activities were completely suspended appears to us to be a problem. A trial has yet to convene for DISK leaders held in custody or under arrest for the last year. The debate still rages over which court is competent to try the case concerning DISK's closure. It is now out of the question that these two matters can be settled by the starting date for activities geared to fashioning unions in conformity with the new law.

Allowing some unions to operate while maintaining the prohibition against others is tantamount to punishing union rank and file, not union leadership which has been called for an accounting before the court.

We want to stress our belief that lawmakers will arrive at a solution which, at the least, shall not come to discriminate between various union rights to the extent Law 2364 did, and that all unions will be granted the right to general council and charter changes in accordance with the new law.

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FLEMISH SOCIAL CHRISTIAN RENEWAL GROUP PROFILED

Brussels KNACK in Dutch 2 Sep 81 pp 20-23

[Article by F.V.: "Seven Voices in the Belgian Wilderness,"]

[Text] For a few weeks we have been aware of the existence within the CVP [(Flemish) Social Christian Party] of a think-tank which calls itself the Society for Christian Democratic Renewal. It consists of six men and one woman and has drawn up a discussion report in which a broad view of the current Belgian situation is unfolded. The piece is dated 11 July 1981, which was perhaps a symbolic gesture, but it came to be distributed in the last week of August.

Since then, the reopening of the domestic political season has not been made any less complicated, neither for the short nor for the long term. First and foremost there is the fate of the Eyskens budget for 1982. Unusually stiff criticism has been heard from the four parties which form the coalition concerning the government's budget plans. That from the PSC [(French-speaking) Christian Social Party] corner is the clearest: the budget must be reworked or this partner will withdraw [from the governing coalition] right away. In the mean time, the CVP is preparing for its very critical meeting on 6 September, at which no punches will be pulled. There is no less dissatisfaction among the Walloons: There the labor unions have asked Chairman Guy Spitaels's socialists within the government for a socially less hard budget, in which the moderation would not weigh so one-sidedly upon the wage earners. The most cautious still seem to be among the SP [(Flemish) Socialist Party], although even there the members of the youth group (just as within the CVP) have nothing good to say about the plans by which the Belgian national economy is to be saved next year.

Besides the budget matter, there are a few other dormant questions and uncertainties. It is still not definitely known whether CVP Chairman Tindemans will really become the chairman of the European Parliament in the new year. Because of that, there is a vague threat of a battle of succession in the air, and with no more certainty, the participants in that battle include three members of the society mentioned above. Furthermore, former prime Minister Wilfried Martens has just ended the quarantine period following his departure as prime minister. He, too is very critical of the coming financial and social governmental policy, because he feels that the pay-up philosophy of this coalition is too weak. Also, he is of the opinion that the application of national reformation (in its version of August 1980) is really being boycotted by this government. The new instruments for forming political and economic districts are simply not being enacted. It is to be feared that shortly this will lead to much confusion.

Finally, everyone remembers the skeptical commentary of CVP Minister Robert Vandeputte (finances) on his own budget. Less than a month ago he expressed himself about the improvisation and lack of penetrating research from within the cabinet concerning its budget plans. Thus the opposition to it comes not only from a broad front on the outside, but also from within the governmental machinery itself. That will be grist for the mills of the parliamentary opposition. And in that respect, it is also expected that the Chamber and the Senate will be called back early from recess to lend direction to the unceasing crisis on the Wetstraat.

In all of this confusion and in part because of the silence of Chairman Tindemans, the call of the seven CVP renewers has been heard remarkably clearly. Their text truly reflects the total desperation of the professional political class, and it is eloquent. The seven ("samurais," or even "dwarfs") belong to the generation which falls directly between Martens and the current CVP Youth. That is a generation which is now ripe for power and thus has some weight behind it. Five of them (Huyghebaert, Van Rompuy, Bevernage, Van Den Brande and Lenaerts) belonged to the active youth movement of the years from 1973-1977. Three are representatives (Lenaerts, Madam Tyberghien-Vandenbussche and Van Den Brande). Carl Bevernage is a successful lawyer and associated with the party paper ZEG. Herman Van Rompuy, as the former assistant to Gaston Geens in finances, is also an acute and almost sarcastic party ideologist. He directs the CVP research service Cepess, and is the best writer in the society. Law professor Hugo Vandenberghe was an advisor to the Tindemans cabinet and is trying for influence in the Leeuwens chapter of the CVP, where there are such heavyweights as Mark Eyskens and Gaston Geens. Of the seven, only Luc Vanden Brande belongs to the Christian labor union group. The others belong to the other wing of the party, or strive manfully to remain independent. In all respects, this is a colorful society both party-politically and ideologically. in which Jan Huyghebaert, the former chairman of the CVP Youth, currently has the most clearly defined position: he is the alderman for the Antwerp harbor.

These seven friends have known one another for many years, and together have discussed and written their cry of alarm over the past months. Sitting around our editorial table, they absolutely denied that they would form a kind of faction or internal club within the party (certainly not with an eye to succeeding Tindemans). They do not at all want to play the dissident, and just for that reason they sent their discussion report to the CVP chairman first. They do delieve that their numbers will increase unstoppably if desired, and do not want, as Carl Bevernage put it, to form any "constituted body" within the CVP. Therefore they do not even have a chairman or any bylaws. Their report is shrill and clear, but it is not so radical in any single component that it would deviate from the broader CVP doctrine. The lady and the gentlemen have drawn up their political worldview in five long paragraphs.

1. They are gasping for an open atmosphere in politics. They understand that the 1980's are bringing in a mighty revolution, which will set the tone for the following decades. They feel that they are witnessing the "political, socioeconomic, ecological and moral downfall of Flanders," and therefore want to bear witness to their disquiet. Herman Van Rompuy: "The catastrophe is at hand, and we want to prevent it even now and in a grand operation. In any case, the people will remember that we spoke up after the fall." They are no longer afraid to think, to speak or to act in this blockaded society.

Blockaded: economic world war with unstoppable third countries, Japan and a North America which is truly renewing itself. Aging population, crippled bureaucracy, growing unemployment, unbearable budgetary situation, group egoism, irresponsibility, lack of serious leaders, policy as a collage of compromises. . . . "the country is languishing into impotence. Our people are tired of the lies they hear from all sides. New paths are available. The hard part is doing a right aboutface."

New vitality can only be found in an open society, however, without party political arbitrariness and with much more widely distributed power. Societies where there is hope naturally experience new growth in welfare and employment and even in the fields of literature, the arts, sports and recreation. "After all, vitality is indivisible." It is now frozen in a closed society, where perhaps there has been some leveling of the distribution of income, but where there is an even greater inequality than before: that between those who are employed and those who no longer are or never have been. Despite all manner of billion-franc programs, hundreds of thousands of citizens live below the limits of economic respectability.

To turn the tide, there has to be no polarization between the political parties, because we have seen the sorry result of that in some European countries. The CVP remains the best instrument to oppose the utter downfall of everything as a party of unity.

2. Under the heading "More Work and Less Ideology," the society dreams of a rapid return to full employment. That is possible, despite the circumstances and despite our discouragement, but only if short shrift is given to the ideological taboos that cripple our politics.

Hugo Vandenberghe: "The time has come really and truly to bury the '60s. To put an end to the ideologizing of every problem and to moralizing. To seek out reality with new objectivity, and only reality."

Referring more than once to the Japanese model, the society gives a long list of practical hints: more part-time work, gradual retirement, recycling periods during the career, raising the level of technical education, research and industrialization of knowledge, the atomic power plants must not be used unbridledly in areas which are not particularly associated with energy. "The society is not convinced that a second phase of the nuclear program is already under way." The general line consists of "on the one hand, less consumption both private and public, and, on the other, of more investment in the knowledge of technology. Today's investments are tomorrow's chances for consumption." Business must be able to make more profit. "A country cannot be prosperous if its businesses are poor." That raises the call for radical cost reductions in every area and for negotiations to that end at the level of the individual business itself.

Fiscal pressure and government regulation destroyed 250,000 jobs in business over the past 6 years, while in the same period, the state financed 150,000 new government jobs. According to the seven, that is absurd, even budgetarily. A drastic savings plan must put an end to any borrowing abroad within the next 2 years. We now borrow 120 billion [Belgian francs] abroad per year. That savings plan turns upon the limitation of the number of government officials, the requirement for internal financial responsibility for all possible public services, the application

of the profit principle with respect to the use of utilities, reforming social security to disassociate replacement income from the individual and calculate the benefits or replacement income by the family, a rollback of the support for coal and steel which will otherwise cost 100 billion francs over the coming 5 years and new budgeting and management technologies which would put an end to the current "amateurism." "For there is no such thing as budgetary fatality."

3. The society also had a shot at the increasing rigidity in international relations. Although it shares the "aversion" many have against a number of new kinds of weapons, it does not want to opt for Western military weakness. In view of the military growth of the Soviet Union, negotiations on arms limitations can still be carried out, but if so, from a position of strength. Therefore: loyalty to NATO, the major EC commitments and other forms of Atlantic cooperation.

4. The seven authors of the discussion report deal extensively with the weakness of our apparatus for making political decisions, through which responsibilities become vague and disappear. The constitutional reform has been no help in this regard, it has even been termed a "historic mistake" in this crisis period. The commantary tensions continue to increase. This makes a renewed national industrial policy impossible, because a mortgage such as, for example, the steel dossier "sacrifices the future, which is insupportable." When asked, Luc Van Den Brande goes quite far in this. He believes that even the option of a total break between Wallonia and Flanders, including defense matters and monetary policy, must remain open. "We are now engaged in the process of bringing the central government's 80 percent share closer to the federalized 20 percent. It would be better to reverse the relationship radically and leave only 20 percent of governmental matters with the national government...." According to the society, the people must be given the chance to speak out again about the form of government, particularly in view of the fact that the reforms already instituted are incomplete and not very efficient. The operation of the national government ought to be adjusted: the role of the prime minister would become a sort of chancellorship and the parliament must be able to demand the discharge of individual ministers without a total cabinet crisis. Parliament must be able to escape from the executive power's permanent blackmail. It is now "dead." A means to facilitate governing coalitions exists in instituting voting thresholds: below a given minimum, small parties which whittle away at politics would not gain access to the legislative chambers. Further, an end should be put to the politicization of the magistracy, for "the degradation of the security and the objectivity of the law continuously undermines our democratic freedoms." The same applies to the administration. "Politicization is the most modern form of intolerance and injustice."

5. Is all of this the CVP? The fall program of 1945 is still in force. From within, the party is still healthy, constructive, tolerant and solidary. "Every good, practicable proposal is accepted there" (Van Rompuy). It is in the triangle: party/parliament/government that everything goes wrong. There the unity of action is sick. The CVP ministers do not adequately comprehend the strength of their party. Herman Van Rompuy: "socialogically speaking, 60 percent of the Flemish people think the way we do. The CVP stands as a model for what Flanders is and can be. Unfortunately, Flanders is not Belgium. In national coalitions of twice two parties, the CVP has only one-fourth of the power. That produces a builtin disillusionment. If we are to govern in coalition with the socialists, it must be

from a persuasive position of power. They are our natural coalition partners, but the CVP must not weaken its positions gratuitously. The CVP is an enduring governing party which has led the country for a century. Its psychological possibilities are, therefore, greater than those of the other parties, which are never certain of the following cabinet period and therefore must achieve their own aims more greedily and impatiently." If they want to prevent the CVP from fulfilling its natural leadership position, they must not sacrifice a single one of its principles for that. "The CVP must once again set its program above participation in the government at any cost. Besides, profitarism is based upon opportunistic politics."

"With the courage of its convictions," (Lenaerts) let the CVP remain Flemish, European and superior, above the day-to-day struggle for importance. The society is very averse to "this topicality, by which today's interests, the momentary advantages, are shamelessly assigned priority."

That is "the pathology in which politics is currently practiced." The internal party apparatus of the CVP can be improved and democratized by the direct election of at least a majority of the party office holders and by limiting the number of ministerial cabinet members in the highest party structures.

So much for the discussion report. It met with quite a good reception and has rightly been given some attention. The question remains, however, whether it will disappear "into the cellars of Tweekerkenstraat," along with other famous CVP papers. Belgian political parties are not particularly accustomed to the procedure which this "society" (a more neutral term could not be found) has practiced, certainly not when such sharp criticism for the party's own ministers is contained in it.

On the level of day-to-day reality, however, the seven constitute a rather commonplace signal. Their action takes place against a background of a government which no longer has any program because of the fundamental political duality in its midst. The country is waiting for something. Objectively, it is waiting for elections in which nothing can be cloaked any longer in classical campaign tricks. The only question is how long the political class will hold out in continuing to refuse such elections. That class is still arranged along the lines of force from the Egmont period, while the political debate has long been concerned with something completely different. The silence on this matter by the higher officials in the Wetstraat makes it very difficult for anyone to make a useful prognosis. In all of this, Prime Minister Eyskens seems to have convinced himself, with his considerable powers of persuasion, that he will fight for his cabinet and his budget. He has bluntly launched a counterattack, with harsh words for his critics both inside and outside his own party. The fear of elections by both the higher monetary and economic circles and almost the entire party political milieu can help him there. Leo Tindemans's position, too, gains him a little time. Even those closest to him are wondering dazedly whether or not the time has come for the question of his successor.

The only thing that is clear politically, even according to the contentions of the seven, is the inappropriateness of the socialists as practical coalition partners for the CVP as it now wants to be. Herman Van Rompuy calls the socialists "a negative and destructive force." Vandenberghe softens that to "an unstable partner." Lenaerts accords them only a prosaic administrative role: "Socialists are good at setting up telephone connections."

This forced marriage cannot continue to radiate its barrenness on the country's legislation. The seven are right about that. What they are lacking, though, is a thinkable method of getting the historical break with the traditional Belgian welfare state translated into any procedure whatsoever of elections, consultations, royal palace, formation, governing platform, The political parties, after all, are opposed to one another more fiercely and more emphatically than ever before. They want to count noses. That would cause little disturbance if that counting could be done soon, well, and quickly. The Society for Christian Democratic Renewal seems to want very much to bring about this ritual. It even has a few secret weapons up its sleeves. Jurist Hugo Vandenberghe calls up the image of a Flemish society which can liberate itself from Wallonia by short-circuiting that district juridically. It would be perfectly possible, after all, to have the Flemish Council promulgate a number of decrees which would cut off completely the ties with Wallonia. That is possible, even up to the unthinkable, because the parliamentary democracy of Belgium does not now have at its disposal any constitutional organ (any supreme court) which is empowered to revoke any unilateral commonatary resolution at all. That is the absurd level to which Flemish-Walloon blackmail has risen. The frustration of this possibility calls for politicians of unparalleled caution.

Think what you will of the seven, they are floating on a deep undercurrent in Flanders. They can get the majority of the people behind them with simple techniques of persuasion. They will do that all the more fervently, because under the existing circumstances time is working against the CVP. Its following and the cohesion in its own ranks is shrinking from day to day. According to the usual polls, that phenomenon is acting even more severely against the PSC in Brussels and Wallonia. If a release is not offered speedily to all of these historically extraordinary tensions by means of elections, the accounting will be all the more ruinous later on.

6940
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PROCEDURAL, POLICY CHANGES AT GREENS' PARTY CONGRESS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Oct 81 p 3

/Article by Friedrich Karl Fromme: "The Greens, Almost Unfortunately, Are on Their Way To Becoming a Genuine Party — The Offenbach Party Congress"/

/Text/ Offenbach, 4 October — On Sunday at noon, the presidium of the Greens' Federal Party Congress beseeched the delegates to please be somewhat reserved about bringing up "GO" motions (which means point of order, a favorite means of gaining the floor at any time at party congresses and steering the deliberations in a given direction). A decision had been made beforehand to limit the floor to 5 minutes for candidates for the presidium, the offices of treasurer and secretary and for the other members of the executive committee. One delegate termed this "force" (the very worst of words for the Greens) and demanded 10 minutes. The presidium asked for consideration of what a 10-minute presentation by every single candidate would mean. The party congress reflected, and each delegate perhaps even performed a few calculations: 25 candidates at 10 minutes each would have meant more than 4 hours of conference time. The main issue of the congress, a "peace manifesto," had not yet been settled — on the contrary, a committee had spent a sleepless night over a compromise wording for the single "sticking point" (Greens language) left over from the previous day. And Sunday at 1600 hours was the time set for the party congress to end. That very morning, an older delegate had put through a motion declaring that the deadline had to be observed strictly and unyieldingly. He said that he and several others had to be at work on Monday morning.

Things had gone pretty much the same way on Friday afternoon, right after the congress had opened. The issue then was whether the party congress should take buses (that had already been hired — suspicion of manipulation) the next day, Saturday, to Alsfeld in Upper Hesse to pay a visit to the SPD Party Congress in progress there regarding the Frankfurt Airport's west runway that is scheduled to be built in accordance with the wishes of the Hesse State Government under Boerner (SPD). The opposing view was this: After all, people had come to Offenbach to decide on a peace manifesto and to elect an executive committee. The following suggestion was unceremoniously tossed in by a group of young delegates among whom several enjoy the advantage of an "alternative" life style financed from one source or another: Then we'll just stay in session longer on Sunday.

The Alsfeld action was rejected at first. The "GO" again helped bring another vote, and behold: the Alsfeld action went off as planned. It was found in retrospect to

be "terribly good," in the words of Baden-Wuerttemberg State Legislature Deputy Hasenclever, who is waging a valiant campaign to defend his cheerful, slightly alternative-style charm against the charge of belonging to the establishment. He described to the congress the mood that prevailed in Alsfeld as one which was indeed free of force but which nonetheless exuded the spirit of a "violation of the rules."

Nevertheless, of the round dozen panels that were supposed to spend Saturday morning preparing party congress resolutions on the "Peace Festival" — and which were told in consolation that half the congress would not be traveling to Alsfeld — just one held its meeting: the one on the subject of "Christians and Peace." Pastor Zink, who leans toward the Greens, set a theological tone, saying that a small, earnest group made up of older people and young people searching for "inner meaning" in an impressive way made this panel look like nothing but any bible group in any church congregation, and that Erhard Eppler of the SPD would have felt right at home here. Just the night before, his white hair parting in the middle and falling around his face in agitation, Zink had told the party congress he was going home, because he had come for some serious discussion, not to listen to endless procedural debates. But he stayed nevertheless.

And he was not wrong. For in spite of everything, the party congress proved to be "more normal" than its three predecessors in the 1980 Bundestag election year: Karlsruhe, Saarbruecken, Dortmund. There were clearly fewer bundles of overnight things than usual against the walls of the conference hall. It is true that none of the delegates wore the traditional politician's uniform of the gray, or even blue, three-piece suit, but the truly colorful figures were absent. Also absent was the supply of alternative nourishment outside the conference room. People were content with the customary food offered at party congress halls, and some probably brought something with them as well. Alcoholic beverages were not supposed to be served in the conference room, but many a delegate brought in his beer from outside. This time, too, the vast majority of the approximately 600 delegates were young people; those in their sixties were in the minority. Middle-aged people were almost non-existent at this party congress, and wherever one was encountered, he made a somewhat awkward impression.

The Greens have come closer to the image of a regular party, with all its advantages and disadvantages. Indeed, they occupy seats in two state legislatures (Bremen and Baden-Wuerttemberg). Even though the parliamentary group in the Bremen State Legislature keeps its distance from the Green Party, there are still some cross-connections — just as there are with the Berlin "Alternatives" who are represented in the Chamber of Deputies. The party has seats in a number of communal parliaments, most recently in Hesse and Lower Saxony. "Fighting" words like those to the effect that soon they would be in every parliament met with openly enthusiastic applause at the congress — it was much easier for the delegates to call it a "party congress" than it had been earlier.

To be sure, the party has also come closer to the traditional parties in that differences in viewpoint can be brought under the mantle of vague compromise formulas. It would be biased to interpret this party congress's approach to "peace policy" as mere opportunism in the sense that a topic was sought and found which promised to reassure the younger portion of the audience, a topic which also helped mask antitheses because of its — as may be assumed among the Greens — fundamental

positiveness. But something like this certainly came into play; in addition, there was of course the need of a party whose self-confidence has been strengthened to make itself heard now in the area of foreign policy as well.

There was agreement that the party is against NATO's nuclear arms modernization plan. With some difficulty it was halfway agreed that attention should also be drawn to the Soviet Union's armament effort. But the attempt to accuse the Americans of an advance arms buildup out of a desire for world supremacy was headed off only with difficulty. There was, however, a lengthy argument about whether to demand that the Bundeswehr be abolished immediately or whether there ought to be only a gradual reduction of the defense effort. This battle was fought with all the tricks typical of parties, and it ended with nothing but a thinly disguised confession of indecision.

A further characteristic of parties emerged here. There was doubt about whether a delegate who spoke out against the call for immediate abolishment of the Bundeswehr -- in the sense of a radical pacifism, that is -- was doing so because he favored this himself or because he thought, or pretended to think, that it might play better to "the people out there." His concept of "social defense" -- in brief, he means the promise of civil defense action in the event of war -- appeared to be curiously split. On the one hand, "social defense" was the last, somewhat utopian, position in a phased downgrading of defense. On the other, "social defense" served as justification that defense should immediately cease to exist (abolishment of the Bundeswehr now, in other words). Consequently, the Offenbach Green Party Congress fought to the bitter end over a concept as unpopular as that of "social defense." The radical pacifists, like resolute minorities in other parties as well, demonstrated in the Green Party that they know how to lead the majority around by the nose.

7458
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CONSEQUENCES OF SPD LOSS IN LOWER SAXONY COMMUNAL ELECTIONS

Hamburg DER SPIEGEL in German 5 Oct 81 pp 34,37

/Text/ Following the SPD debacle in the communal elections, the Lower Saxony FDP is swinging toward the CDU. For Minister-President Ernst Albrecht, this has a "significance that reaches beyond the present."

Wilfried Hasselmann, state chairman of the CDU in Lower Saxony, thought he was in another world when he saw the results of the communal elections between the Ems and the Elbe: "Just like the Bavarians."

Karl Ravens, state chairman for the Social Democrats, felt quite differently: like one who "is swimming upstream" and has been swept downstream with his entire party.

The Free Democrats, who went into the election "geared toward people instead of numbers," came out on the short end once again but with first-class people, and they are already in the process of adjusting their compass to a new heading.

In Lower Saxony, where the Sunday before last a scant 5.4 million citizens had to choose new city parliaments, district legislatures and community councils, the Social Democrats met with disaster. Statewide, they slid 8 points from 44.9 percent in the communal elections 5 years ago to all of 36.9 percent — nearly 13 points in Delmenhorst and Oldenburg.

Where once the "red Guelph," Hinrich Wilhelm Kopf, held sway as a matter of course, and where Social Democratic majorities were widely considered impervious to the storm and native to the territory, the Christian Democrats have now "reached and broken through the 50-percent sound barrier" for the first time, as CDU government head Ernst Albrecht was able to state, beaming once again.

With a total of 50.2 percent (1976: 47.3 percent) — "tremendous," said Albrecht — the CDU took the majority away from the Social Democrats in 11 of 47 districts and non-district-affiliated cities, including Braunschweig and Osnabrueck. In three cities — Hannover, Salzgitter and Wilhelmshaven — and in two rural districts, they pulled even, so the SPD retained its absolute majority only in the East Frisian district (city of Emden, rural district of Aurich) and a relative majority in five other rural districts.

Both the winners and the losers saw primarily one reason for the voting shift: the trend, which has long since ceased to be a comrade. Resignation was the mood among the comrades on the SPD Presidium, which was receiving reports from Lower Saxony: No matter where the election had been held, the result would have been the same.

The Social Democrats saw "a dual opposition" (SPD Federal Executive Director Peter Glotz) at work in addition to the CDU: on the one hand, disappointed regular voters who did not vote and "stubbornly stayed home"; on the other, "a considerable number of younger voters," who voted against Strauss in the Bundestag election — for the SPD, in other words — but who now voted Green, Alternative or a variety of parties.

To be exact: 91.4 percent of the voters of Lower Saxony went to the polls in the 1976 communal elections; this time only 76.2 percent voted. And the Greens, who had not yet put in an appearance then, garnered a good 5 percent this time under various labels — probably most of them from the ranks of the SPD.

The fourth party upset the traditional three-cornered relationship of the established parties, wherein each could get along with either of the others — the same as in Berlin, but in an even more complicated manner.

While in Berlin a CDU-minority Senat can function against the SPD and the Alternatives only so long as it is tolerated by the FDP, nothing can happen without the Greens in Hannover for instance. Says Ernst Albrecht: "An especially difficult case, an impossible situation."

In the city of Kurt Schumacher, where Social Democrats have been able to depend on absolute majorities since the end of the war, they are now stalemated. SPD and CDU each will have 28 seats on the next council, and the FDP and the Alternatives are in a 4-and-4 stalemate. Meanwhile, the sole DKP man in this city hall is in a position to checkmate.

When in November it comes down to who elects whom as chief mayor — whether it will be Herbert Schmalstieg (SPD) again or Hans-Walter Koenig, a CDU member and plant physician at the Conti Works — Hannover SPD man and Professor Peter von Oertzen thinks the decision will be made "in the secrecy of the polling booth."

In the aftermath of the communal elections, stalemates like these will also prevent customary majorities elsewhere in Lower Saxony — in the cities of Salzgitter and Wilhelmshaven as well as the rural districts of Peine, Hildesheim and Schaumburg. Everywhere, says Ernst Albrecht, "people are going to have to do a lot of talking with each other, and I mean all around" — this will be quite difficult.

On the other hand, "in nine-tenths of the cases" that Albrecht has in mind, it could go one way or the other — even "in 95 percent."

One way: Namely, the minister-president sees the FDP downright "called upon to go with the CDU in dozens of situations" throughout the state — everywhere where it still needs someone in order to get into a position of power.

The other way: For many Lower Saxony Free Democrats, the election result rendered superfluous any discussion of which side would be backed by the party in the future

— the party having had no representation in the state legislature since 1978. Deputy State Chairman Walter Hirche tacked into the wind: "We're going to have to gauge the overall weather picture."

More and more liberals think it is going to be increasingly difficult to maintain their own balance on the arm of the SPD. The FRANKFURTER ALLGEMEINE has already issued this warning: "One can...easily fall down oneself if one's companion is losing his footing on a slippery sidewalk."

The council has already taken this to heart in Lueneburg, where the CDU was left with a mandate amounting to less than an absolute majority. As early as the Monday following the election, the FDP, which had hitherto been allied with the SPD there, was ready to make the switch. The three FDP councilmen saw themselves "called upon to enable the strongest political group to take responsible action," just to "avoid conditions like the ones in Berlin," explained an FDP city hall politician.

To be sure, things could have turned out differently: 15 SPD members of the council, the 3 from the FDP and 4 Greens would have had a majority as well, but this option was not even discussed.

The official party position, quite to the liking of Ernst Albrecht, is that the Lueneburg solution is viewed as a model. Says FDP Deputy Chairman Hirche: "It's always simpler with one partner than in a three-cornered relationship."

This new unity also showed up in Braunschweig, where the FDP similarly does not want to work as part of a trio with Social Democrats and Greens but prefers to support the CDU, which otherwise would be unable to govern.

The changeover in city halls that had been "red" until now is not only of local importance. The change of sides by the FDP, acknowledged Lower Saxony government chief Albrecht, "has a significance that reaches beyond the present."

State legislature elections will be coming up this spring. According to his calculations, the liberals — already of a conservative bent — will then preserve control for him against the Social Democrats and Alternatives.

For Albrecht, the significance of the CDU victory and the FDP switch reaches all the way to Bonn. Now that his party associate and colleague in Kiel, Gerhard Stoltenberg, has just suggested himself as a candidate for the chancellorship (SPIEGEL, No 40, 1981), Albrecht sees new strength for himself as a fellow candidate.

But unlike Stoltenberg, his only response to questions about his Bonn ambitions is a smile: "I have no need to respond."

7458
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LEGALITY OF BERLIN EVICTIONS DEBATED

Hamburg DER SPIEGEL in German 28 Sep 81 pp 32, 25, 38-39

[Article: "Are Raiding Parties Entitled to Self-Defense?--The Confused Legality of Evictions"]

[Text] After the police were dispatched, Berlin's Internal Affairs Senator Heinrich Lummer was well prepared with arguments in favor of clearing the occupied buildings. The issue, he said was "the security of the constitutional state;" the "protection of the rights of property owners" and "the necessary right of modernization." Where building repair crews are "standing in front of the door," said the Christian Democrat in justifying the action, the squatters had to leave.

Slogans of this sort, which are based more on political opportunism than on legal considerations, are hardly suitable for justifying the legality of the police action. Alfred Emmerlich, Bundestag SPD legal expert, criticizes that in the pro and con arguments about evictions the "legal aspects have been obscured rather than made clear." The legality of the situation is confused besides.

Berlin's Prof Fritz Eberhard, coauthor of the basic constitutional law, accords to the squatters a "constitutionally sanctioned right of self-help" for the attainment of their objectives. Regensburg's law professor Friedrich-Christian Schroeder feels that owners are entitled to use "private force against illegal actions" against their property.

This looks like a standoff and blurs the role of public law enforcement--when may the police intervene, is it even required to do so, or is it prohibited from acting?

The political parties have argued ever since houses were seized about criteria to be satisfied prior to an eviction. Is it sufficient to merely fulfill the legal prerequisites? Or must political and psychological considerations play a role also? As was the issue in Berlin, could the risks of forcible eviction carry greater weight than acceptance of squatting?

Last April, administrative courts informed the SPD/FDP Senat then in power that the balance between a legal eviction notice and the risks of executing an eviction were of special importance in implementing the action--a consideration which is a prime example for describing the differences between old Berlin policy and the new Senat inclinations.

In a lawsuit in which the "APH Projektgesellschaft fuer Hausbesitz mbH und Co. KG" attempted to force Berlin's prefect of police to clear the house located in Kreuzberg, 45 Mittenwalderstrasse of squatters, the upper chamber of Berlin's administrative court denied the motion of the owners. The judges decided that the police had "no obligation" in the matter.

Basically, the decision read, it was up to the prefect of police "whether or not he clears the illegally occupied premises and if so, when and how, in his best judgment." His officers could only intervene when "the argument is restricted to the point that only one decision, i.e., to clear the premises, appears to comply with the law." However, inasmuch as other means of resolving a conflict are available (e.g., a peaceful "overall solution of the problem"), there were no prerequisites for a "socalled reduction of judgement to zero."

In April, when SPD Internal Affairs Senator Frank Dahrendorf was still in office, eviction did not take place. Two months later, under his successor Lummer, it did. The new man in Schoeneberg city hall interpreted the decision not as an encouragement to look for non-violent solutions, but rather as a challenge to use force as soon as he could detect no more room for maneuvering. As far as Lummer was concerned, "there was only one question: when?"

Apartment house owners, in calling on the police for help against squatters, take the stand that a punishable offense is to be dealth with. According to paragraph 123 of the penal code, tresspass is committed by a person who "illegally penetrates into the living quarters or peaceful property of another person or who, while staying there without authorization, refuses to leave upon being asked to do so by the owner."

However, legal experts state that this law, written during the last century, does not cover the modern squatter. The former FRG constitutional law judge, Martin Hirsch, would grant him "differentiated treatment." And Muenster's law professor, Erich Kuechenhoff, is of the opinion that the owner, "in letting housing space remain vacant in violation of social obligation, himself destroys his entitlement to protection by the law." Says Kuechenhoff: "If a house is not being used, there is no such thing as trespassing."

This type of thinking has not caught hold in the legal establishment. Judges sometimes dismiss complaints by apartment owners because of negligible culpability or hand down work sentences to youthful squatters. Classification by the Federal court (BGH) still serves as the guideline. As far as the Karlsruhe judges were concerned 6 years ago, there was no question: squatters are to be sentenced for trespassing.

There is more: because inside an occupied building in Hamburg there were "offensive weapons in the form of split bricks and field stones" prepared for action, and "doors and windows were barricaded with planks, boards and chicken wire and the stairway barred with a nail-studded plank," the BGH elevated the squatters to "criminal assembly" status.

Even if squatters are accorded criminal status the police need not necessarily intervene. Every police action is subject to "prohibition of excess" as described by the constitutional court: the criteria of "necessity" and "relativity" are to be observed. All these are of course elastic concepts which leave considerable latitude to the law enforcers in their decision on what to do and what not to do.

In Goettingen the public prosecutor issued three search warrants based on information that inside the occupied building there were "fireworks and Molotov cocktails being prepared," as Chief Prosecutor Klaus Kutzer put it, and that "fugitives from justice" were present.

However, since there was a likelihood that "in Goettingen shop windows would again be smashed if we were to enter these premises," Kutzer said that the public prosecutor "agreed not to execute the search warrants in view of the principle of relativity."

In Berlin too, under the social liberal regime, the police refused to conduct searches in occupied buildings. This put it at loggerheads with the public prosecutor who cited the population's request to "live in peace under the law," as Chief Public Prosecutor Dietrich Schultz put it, which made it impossible to "further delay certain measures."

If it comes to dealing with punishable offenses going beyond trespassing or even, as was the case in Goettingen, to foil possible arson, then reticence on the part of the police, in the words of Munich administrative judge Klaus Vogel, "approaches the lowest permissible limit whose violation is tantamount to neglectful inactivity by police authorities."

However, if it is simply a case of evicting squatters from empty houses which have been approved for demolition, then the right to intervene by law enforcement organizations is restricted. Prosecution for complaints about trespassing takes place only, as indicated in paragraph 376 of the penal code, "when this is in the public interest."

And the police is obliged to protect private interests and property only, as most Laender laws state almost verbatim, if othersise "law enforcement would be thwarted of significantly hindered" and if "judicial protection cannot be obtained in a timely manner."

Attempts by the owners of occupied houses to force the police into conducting eviction actions were therefore unsuccessful. Berlin's highest administrative court for instance denied such a request made by an apartment house development company because "refusal by the police to act was not based on faulty judgment," since it was based on the assumption (later proven correct) that eviction would be "followed by severe riots with considerable danger to the life, welfare and property of many uninvolved persons throughout the city."

In some locations police authorities referred property owners who came to them for help to the judicial process. If the property owner then obtains an eviction notice which he wants to execute, the police must be on hand if the squatters refuse to comply with the terms of the warrant.

But recourse to the courts is usually fruitless. This is because the complainants must provide the names of persons whom they want to evacuate their property--a practical impossibility considering the constant comings and goings of the squatters.

The owner of an apartment house in Hannover who could get nowhere with the police and who went to court was unsuccessful there as well. According to the Hannover

Land court the requested temporary injunction against a "variable number of 20-100 persons" in the housing rehabilitation project was inadmissible, since it was completely lacking in "possibility of verification."

Things are easier for complainants who want to remove disturbing elements from waterways. Duesseldorf's Land court last year issued a temporary injunction against "ten persons, identity presently unknown, who are currently disturbing shipping traffice aboard two floating rafts attached to the pilings of the complainant's loading ramp located at Rhine river kilometer X," disregarding the difficulty in delivering the warrant by the process server.

Since official help is frequently unavailable, property owners have been known to take matters into their own hands. In Aachen a building rehabilitation enterprise called in a private raiding party, which duly chased the squatters out and then used axes and sledgehammers to make the building uninhabitable. This raised the question as to the limits of self defense in the case of endangered property.

The civil law code (BGB) specifically permits self defense. Thus, paragraph 229 BGB provides that "if official help cannot be obtained in a timely manner," for "purposes of self help" it is permissible to destroy an object, to apprehend a fugitive or to overcome resistance. According to paragraph 859 BGB, the property owner may "immediately upon displacement of the culprit reoccupy the property."

Legal authorities consider the possibility of giving access to judicial means like self help and self defense to the layman to be fraught with danger. Warned penal code commentator Reinhard Frank: "Should anyone ever take it upon himself to make use of these rights to their fullest extent and ramifications, we could be faced with nearly intolerable conditions."

Hamburg law professor Wolfgang Hoffmann-Riem worries that if professional eviction troops march in, they make use of self defense rights which "because of most citizens' helplessness have purposely been generously conceived; this could result in the creation of positions of power in competition with the state itself."

9273
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BENVENUTO SAYS FACTORY COUNCILS 'NOT REPRESENTATIVE'

Rome LA REPUBBLICA in Italian 25 Sep 81 pp 1, 27

[Interview with Giorgio Benvenuto, by Giorgio Lonardi: "Democracy is not Functioning in the Factories"]

[Text] Milan--"Let's be frank. The factory councils are no longer representative." Giorgio Benvenuto, UIL [Italian Union of Labor] secretary general, has joined the controversy on terrorism and the unions, which is estranging the confederations. The UIL leader avoids tough language, he does not call anything into question, but neither does he use half measures. "In UIL we have made an investigation and found that 90 percent of the delegates are workers while 10 percent are white collar employees. Yet, the effective relationship is 60 to 40. But we have to go farther and see who these worker delegates are."

[Question] Who are they?

[Answer] Mostly men from the lowest levels. The specialists are a small minority. You can say that at least half of the Italian workers are not represented. For a union that wants to speak for everyone, this is a very serious matter.

[Question] In other words, you want to disband the factory councils and go back to the internal factory commissions, is that right?

[Answer] That's insane. In 1969 I fought against the internal factory commissions in behalf of the councils. But don't forget that at that time and until the early 1970s, the councils were really representative. Everyone took part in them--assembly line and specialized workers, technicians, and white collar employees. People talked together, they discussed issues. You saw this in the meetings, too. There was real participation.

[Question] And now?

[Answer] It doesn't exist any more. That is why I want to fight to make the councils an instrument of democracy again. Why, for example, is there no [national] council statute? Take Alfa Romeo, Fiat, and Italsider, to mention only these three great industries; their election methods differ completely. But the same thing is true elsewhere. The lack of a single statute simply provokes negative results.

[Question] What negative results?

[Answer] Generally you vote for the delegate in the homogeneous groups. But then, what happens?

[Question] Yes, what does happen?

[Answer] Very often a group if isolated so that a delegate will be elected just to thwart someone else. The men around De Gaulle, like Pompidou and even Giscard, built their own [power] groups deliberately to penalize the leftist candidates.

[Question] And something similar is going on in the Italian factories....

[Answer] In some of them, yes. That is why a uniform standard of procedure would guarantee democracy and greater participation.

[Question] And then?

[Answer] In some cases you would have to resort to the secret vote. I think of what happened in Turin when Lama, Carniti, and I were denied permission to speak. It was a disturbing experience, and not only because of the violence.

[Question] What advantage does the secret vote offer?

[Answer] Apart from violence, I have observed incredible things. People who oppose this or that vote against their convictions anyway. They are intimidated, pressured, frightened. In some cases, these offenses can be eliminated only by the secret vote.

[Question] Which brings us to terrorism. UIL in Lombardy has issued a document linking modification of the council system with the war on the Red Brigades.

[Answer] I should like to clarify that, and I think I also speak for my Lombard colleagues. We of UIL have been worried for some time about the council crisis. Certainly the question of terrorism has shown the need to prevent infiltration, for one thing. New problems are added to the old ones.

[Question] What do you suggest should be done?

[Answer] Reject the blackout. If we want to win the war [against terrorism], we must know who the enemy is. And we must provide security to the factory employees. I have UIL friends at Alfa Romeo and Petrolchimico in Marghera who have been threatened. In other plants, too, you will find an oppressive climate of intimidation. You can't, of course, ask anyone to risk the fate of Guido Rosso, but neither should everybody keep silent and just look around.

[Question] Do you have a problem with infiltrators?

[Answer] This is a matter we want to study attentively. At UIL we are going to hold a conference on terrorism; whatever suggestions come up we will convey officially to CGIL, CISL [Italian Confederation of Labor Uions] and FLM [Federation

of metalworkers]. For one thing, we will ask for some kind of union check before any delegate to the council is endorsed. Moreoever, if any member is accused of terrorism, he must be suspended from the organization as a measure of caution.

[Question] Some people accuse UIL of taking pot shots against the PSI. In effect, they are saying that, beginning with Lombardy, that's the game you are playing, and that the debate on the councils is only a cover for you socialists to seize the maximum control in the factories.

[Answer] That's ridiculous. Are you joking? It's the same imputation people made against you whenever you spoke badly of the DC during the time of national unity; you were accused of being anticommunist. But unfortunately, many union members stopped doing that in 1969. Yet here we are in 1981, and many things have changed--to begin with, the factory councils.

[Question] Then you agree with the Lombard UIL's view of terrorism, which provoked CGIL's denunciations, first, of all by its Lombard secretary Pizzinato....

[Answer] I can understand the anxieties of our Lombard colleagues, who stand in the front lines of the battle.

Thus speaks Benvenuto. But signs of disagreement within UIL are in evidence. For example, the metal workers who met in Lavinio to review the situation in the country protested Lombard UIL's viewpoint. But the language is prudent and faithful to the purest union style: UILM [Italian Union of Labor--Metalworkers] is asking for a "pronouncement from the central organisms of the confederation." This is easily translated into these terms: we are not in agreement with you, and we suspect that you want to tear down the factory councils. The metal workers' leaders in Milan also evince some "perplexities," nevertheless they go along fairly well with the regional chiefs.

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END

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PAPER ATTACKS 'SENSELESS' NUCLEAR-WEAPONS FREE ZONE

Reykjavik MORGUNBLADID in Icelandic 19 Sep 81 p 20

[Editorial: "Senseless Discussion of Nuclear Weapons"]

[Text] When members of the People's Alliance say that we must "take part in the Nordic discussion" on nuclear-weapons-free zones in the Scandinavian countries, they are merely saying that they themselves will be accepted by the minority that considers it sufficient for world peace if the Scandinavian countries unilaterally tell the Soviet Union that they will not defend themselves all out if attacked. The senselessness of this "nuclear discussion" has finally been confirmed in the parliamentary elections in Norway.

During discussions with Scandinavian government representatives, the deputy foreign minister of the Soviet Union, Igor Semskov, who is in charge of Scandinavian affairs, has not been willing to reveal what the Soviet Union has in mind when nuclear-weapons-free zones in the Scandinavian countries are discussed. However, he has said: You in Scandinavia must reach an agreement as to what you want and then you should come to us in the Kremlin. Of course the Kremlin would prefer a unilateral declaration from the Scandinavian countries on a silver platter and in that respect they are betting on the People's Alliance and other similar political movements.

But what government in Scandinavia has taken the initiative for the coordinated stand that Igor Semskov considers necessary? When nuclear-weapons free zones were discussed at a meeting of the Scandinavian foreign ministers in Copenhagen early this month, they were initiated by the Norwegian Government. The Norwegian Labor Party lost support, among other things, because people lost confidence in its foreign and defense policies. The People's Alliance's colleagues in Norway have tarnished the reputation of the Labor Party. It was in order to please this dangerous minority group that the outgoing government in Norway started to make dubious declarations about a nuclear-weapons-free Scandinavia. The new government in Norway will not initiate discussions on a nuclear-weapons-free zone in Scandinavia among Scandinavian governments. The Swedish foreign minister, Ola Ullsten, has stated that it is a violation of Swedish nonpartisan policy to unilaterally declare a nuclear-weapons-free zone. The Finnish Government wants to proceed slowly in this matter; it does not like

to be seen as taking orders from the Kremlin. The Danish prime minister, Anker Jorgensen, is not interested in discussing the issue any further. Prime Minister Olafur Johannesson gives no indication of an initiative by the Icelandic Government.

"The nuclear discussion" will of course continue.among leftists in all the Scandinavian countries. It is part of the fear propaganda that these parties consider necessary, and its aim is to convince the public that the Soviet Union is less dangerous than the atomic bomb. However, the implication is that the Soviet Union will drop the bomb on the Scandinavian countries.

8743
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BRIEFS

DECISION ON ENERGY ALTERNATIVES--Energy Minister Poul Nielson said that by the middle of the 1980's a decision must be made as to whether the next power plant in Denmark should be powered by coal or nuclear power. "We are not under pressure to decide on nuclear power because there is enough capacity. The next expansion of electricity production must occur by expanding and constructing heating and power plants around the country where there is room for them. That will bring us somewhere into the 1990's," the energy minister said. He added that there is no either/or choice to be made in the future decisions on power plants. "We could also build more Asnaes plants. It is possible that Asnaes 5 will be the plant of the late 1990's. I have stressed earlier that there is no question of postponing the decision on nuclear power. But we are in the situation of having freedom of action and may not have to decide on the next big plant until the mid-1980's." With regard to the public's attitude toward atomic power in Denmark the energy minister said it would be quite important whether the people were asked before or after the government had approved safe nuclear waste storage. The energy minister also said that the actual supply situation and the future possibility of using uranium from Greenland will greatly influence whether or not nuclear power seems "attractive." [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 6 Oct 81 p 11] 6578

CSO: 3106/5

PUBLIC PETROLEUM CORPORATION PRESIDENT INTERVIEWED ON OIL SEARCH

Athens BUSINESS & FINANCE in English No 161, 26 Sep 81 pp 2-5

[Interview with Professor Zachos, president of the Public Petroleum Corporation [DEP]]

[Text] It has been with considerable difficulty and anxiety that normal production has now been reached at the Prinos oilfield in Kavala. Full production, of 25,000 barrels a day, is expected to be reached in a month or two, when all ten productive drills come into operation. (At present, there are five of the ten working). A further eight drills are in use to keep up the water pressure, which in turn will maintain pressure on the oil, and so ease extraction.

It is well-known that Greece is one of the most oil-dependent countries in Europe, with an oil bill that totalled $ 2.982 billion in 1980; one of the most negative influences on the balance of payments. It is with considerable satisfaction therefore, that the Public Petroleum Corporation (DEP) and indeed the entire country can now witness the first fruits being harvested of many years of effort, and hard work, against what occassionally appeared to be almost overwhelming odds.

Business and Finance spoke to Professor Zachos, President of DEP, on the company's present and future plans.

Professor Zachos first outlined some of the major difficulties that the company had to face in bringing Greek oil to the surface. When exploitation of the Prinos field first began, it was discovered that the natural gas that is associated with the oil, was a combination of hydrocarbons, which is useful to man, and hydrogen sulphite (H_2S), which is absolutely lethal for all forms of plant and animal life, and is totally destructive and corrosive.

TRAGIC DEATH OF FRENCH EXPERT

In the long and costly process of recovering the oil and at the same time avoiding the dangers of H_2S, at least one life was tragically lost. It was that of a French expert in the field of oil exploitation, working for an extraction company that had similar deposits, with the same gases, in Laque, in France. Confident in his own knowledge and experience, but perhaps not realising the density of the lethal gas, the man opened the hatch, and immediately was killed as the deadly vapour engulfed him.

In the attempt to rescue him, an American worker was also rendered unconscious by the fumes, and although he was saved, the other life was lost. In the words of Professor Zachos; "We were terrified. We knew how limited our own experience was".

Quite apart from the ghastly effects of the fumes themselves, there was also the problem of transportation of the gas. Underwater pipes, such as are used in the North Sea, are of little use, as the gas has such a high corrosive ability, that there is the danger that the pipes will rupture, the gas escape, and the entire sea be contaminated, bringing complete destruction to all forms of marine life.

Research therefore had to be conducted into the corrosion, then the construction of corrosion-proof pipes, coated inside and outside with a protective agent, and then finally lowered into place. The problems hardly exists at all for the North Sea engineers, as H_2S is not present.

Finally, the Professor himself went

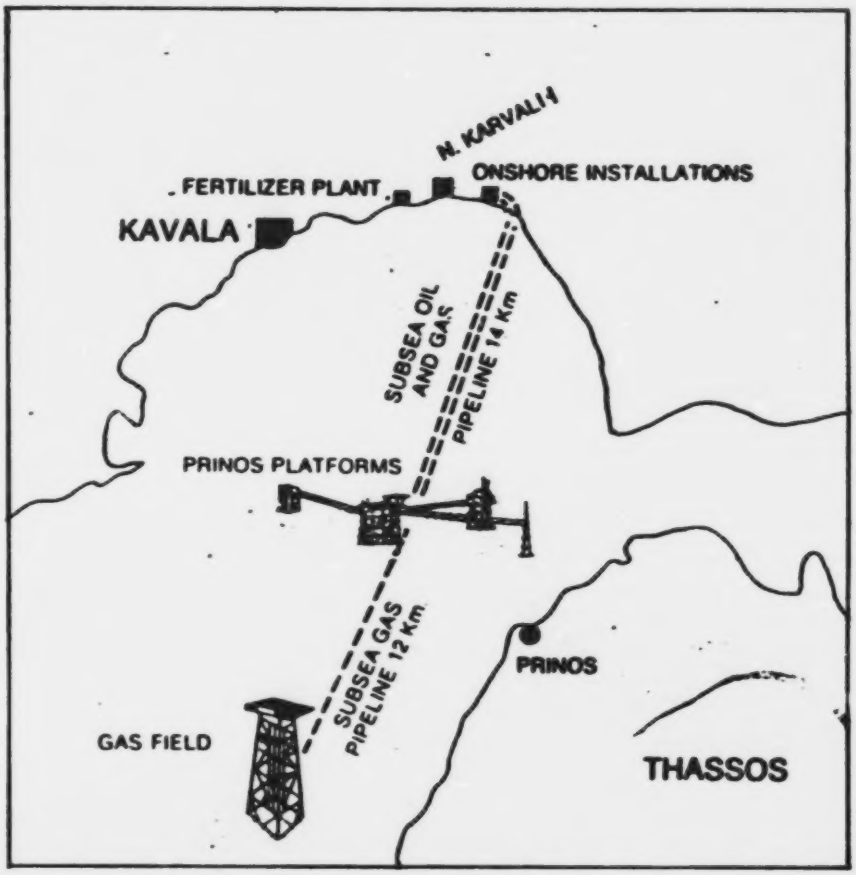
to visit Alberta, Canada, where 52 such deposits exist, in search of a solution. At his invitation, the most sophisticated expert in the field, Professor Govier came twice to Greece, to study the problem here, and find a solution for it. His initial suggestion was that the Clauss Method be used. With this method, two units are constructed, and the gas is separated into its two parts of hydrogen and sulphur. The cost of this would have amounted to some $ 25 million. However, it was turned down by the Professor, because only 95% of the sulphur was actually contained, and the other 5% was burnt off in the atmosphere, converting to hydrocarbon dioxide.

This gas is not in itself poisonous, but it does have disastrous effects on the environment, eating away stone, marble, and other building materials. So a further development was given to the Clauss Method, where, at a cost of a further $ 20 million, the percentage of sulphur released into the environment was reduced to only 1%, and burnt and scattered over a wide distance, its effects were negligible. This, finally, was done, but the Professor pointed out that the ordering, testing, and eventual installation of the equipment was extremely expensive, and time-consuming, the whole project taking three years to complete.

As Professor Zachos said, "We had no intention of establishing new methods – we sought the world over to find the existence of similar cases, to see how they had solved their problems. Today, we have overcome this particular one, but as you are well aware, there are always difficulties and delays. If you buy a new car, you are sure that the vehicle is a good one, and that the mechanism is sound. But nonetheless, there are minor technical hitches and breakdowns, before it settles, and begins to run smoothly, We are speaking here now not of a new car, but of a huge installation, of $ 500 million. But now things appear to be settling, and regular production has finally begun".

PRODUCTION

Loading the first petroleum, therefore, and producing the first chemically pure sulphur and hydrocarbon gas, constituted a major triumph. These by-products were sold to a nearby phosphoric fertiliser plant, that had to make alterations . . . its own, as it had hitherto been burning mazut bought from the refineries. An overland, pipeline was constructed, from the oil wells to the plant, just another hurdle that had to be overcome in the path to production.



The Prinos oilfield and South Kavala gas field

Gas, benzine, found off Katakolo.

Following a search that lasted almost three years, by DEP in co-operation with the Romanian Company Rompetrol, considerable exploitable deposits of gas and natural benzine have been found off Katakolo, in the Ionian Sea, at a depth of 2,400 metres. According to a statement by Minister of Industry and Energy Stefanos Manos, the Katakolo reserves are four to five times greater than the North Kavala gas deposits.

This deposit is estimated to amount to 20,000 barrels a day, and as stated by DEP President Professor Zachos, and Managing Director Mr Bikos, during their visit to the floating drill last week, there may be oil at other spots too.

Optimism is justified, they said, but added that hard work is also needed, as well as further tests, expenses, and time, until the economic viability of exploitation is proved. The present target is to determine the extent and the depth of the deposit. However, prospects are good. DEP and Rompetrol have carried out three drillings with encouraging results. According to experts, there is oil to a depth of 5,000 metres.

The offshore Katakolo findings open favourable horizons for the discovery of other deposits and hydrocarbons in the Ionian, and prove that the Ionian is an oil-bearing area.

Professor Zachos said that in addition to the main deposits at Kavala, there is another deposit, much smaller, and with only an estimated five or six years of life, that is expected to produce another 2,000 barrels a day, bringing the total, when full production is reached, to about 28,000 barrels. This smaller deposit has presented few technical difficulties, is already in production, and the gas from the field, which was released in a single drilling, was free of the deadly H_2S.

THE IONIAN DEPOSITS AND THE «ZACHOS CONCEPT»

As the Professor pointed out, it has been well known since Ancient times that Western Greece and the Ionian Sea – the coasts of Epirus, Zante, etc., were oil-bearing. The "Spring of Herodotus" has been releasing a trickle of petroleum into the sea since the time of that great historian, and Homer mentions the coating of tar on the keel of the ships that passed through those waters. Going by the history books alone, the Professor estimates that between eight and nine million tons of petroleum have flowed into the sea since those times.

Other evidence of the presence of oil in that area has been based on more modern science. Road construction in Epirus has released oil, for example. In 1962, in co-operation with British Petroleum (BP), DEP carried out a test drilling, and found oil – good oil – at a depth of 3.5 metres. However, at that time, exploitation was uneconomical, as oil from the Gulf was still cheap at $ 1.50 a barrel. Further exploration was therefore decided against.

However, the "Zachos Concept", as the geologists have jokingly termed it, was the Professor's personal conviction that this region was oilbearing, and that the oil here could, and should, be exploited economically. During the 1954 earthquake in Cephallonia, he had personally witnessed oil springing from the cracks in the earth that had occured as a result of the quake. The argument against exploitation in this area had been that the oil was at such great depths that extraction would be difficult and costly. But the Professor's conviction that this was not the case, led finally, to exploration of this region.

In his own words, the exploration of this area has been time-consuming and expensive, but he has been proved right (See box). First geological studies had to be carried out, and geological maps drawn up. Then a micropaleontological study had to be made, to determine the location of the deposits. DEP then bought seismic equipment from the US, to carry out seismic tests, and then called in the top American seismic research company to carry out their own tests, and confirm the DEP findings.

These tests have resulted in a complete picture of the structure of the area, but it was realised that operating on DEP resources alone, they would need fifty years for production to start. It was for this reason that foreign participation was invited, but on the grounds that DEP continue to hold at least 51% of the rights, and continue with its own programme, regardless of the activities of the other company.

A drilling vessel was chartered – the best of its kind – from Denmark, at a cost of $ 100,000 per 24-hour period, and the drilling team worked day and night, knowing that a single hour's delay would result in massive and unwanted expenses. Drilling actually started in the Gulf of Kepariissia, and gas and condensated benzine have been located in the Katakolo Sea, but further tests are still being done, the team greatly encouraged by the results so far.

The production process in this area, involves the construction of huge cement 'stoppers', that have been perforated in such a way that the oil and gas that there is can flow out. The presence of oil and gas is definite, although the extent of the deposits has yet to be confirmed. But, as the Professor said, "We are pursuing these investigations in this area with a vengeance."

THE AGREEMENT WITH AGIP

Concerning exploration in the Ionian, DEP has drawn up a most favourable agreement with the Italian company Agipgas. Under the four year contract, Agip has agreed to spend at least $ 25 million in the first two years, and at least $ 25 million in the second two years, in the search for exploitable gas and oil deposits in the area of Paxi. "Agip", the Professor said, "has considerable expe-

rience from its own activities in the Adriatic, from which we can greatly benefit." If exploitable deposits are in fact found, DEP still holds 51% rights, and will pay for 51% of the exploration expenses. If nothing is found, then the expenses will have been borne solely by Agip.

However, as has been announced within the last week, exploration is already proving fruitful. Professor Zachos particularly commented on the excellent relations and co-operation that DEP enjoys with the Italian company.

ROMANIA– A NEIGHBOUR TO LEARN FROM

"Romania," the Professor said, "was the first country to find oil in Europe, and their oil production in fact began 110 years ago". As he said, Romanian oil, and oil found in the Balkans in general, tends to be in small deposits, scattered over a wide area, and is therefore difficult to extract. "But the Romanians realise the difficulties that they face, and they struggle very hard."

"In Greece, we will have in full operation 10 drillings, and from these ten, we will get 25,000 barrels a day; that is, 2,500 barrels from each drilling. From each of their land drillings, they receive only 250 barrels a day.

"They have been at work on the oil extraction for 100 years, and they make new drilllings every year. In 1980, for example, about 2 million metres were drilled, one million productive, and one million research. They have a total rate of between 200 and 300 barrels a day."

"There are many benefits for Greece in the co-operation that we have with Romania. Not only do they have over 100 years of experience in this field, compared to our five or six, but they also have in their country, a similar rock formation. Moldavia, in Romania, for example, has a similar rockbed to Epirus in Greece. And the areas north and south of Ploesti have a structure similar to the coast of the Ionian Sea. It has been my pleasure to visit that beautiful country, accompanied by the chief Romanian geologist, and I have visited their installation. I have a very strong personal belief in the importance of importing Romanian technology and experience. They have a lot to offer us".

As we mentioned at the beginning of this article, it must be of immense satisfaction for all concerned, to see Greek oil finally flowing from Greek land. It is a source of pride and wealth for the whole nation, that has been made possible through the efforts of men like Professor Zachos, and so many others, too numerous to mention, who have made the production of Greek oil such an important part of their life's work. To all those thousands of men who have been involved in however great or small a measure in the production of Greek oil, the nation owes its thanks.

CSO: 4600/71

BRIEFS

OIL PURCHASE PACT WITH USSR--Yesterday a contract was signed in Moscow for the purchase of the following quantities of oil products from the Soviet oil company Sojuznefteexport in 1982, according to a news release from the Ministry of Commerce: 160,000 tons of black oil, 70,000 tons of gasoline and 100,000 tons of gas oil. The news release indicates that this is the same amount of gasoline and gas oil as the present contract calls for, but the black oil is up from 110,000 to 160,000 tons, which will take care of the country's black oil needs next year. Furthermore, the news release says: "Recently the Soviet oil company agreed to deliver 70,000 tons of black oil in addition to the negotiated volume for this year." Under the contract, the price is based on the Rotterdam market, plus an additional fee for the special qualities of the black oil. In current prices, the total value of the contract is a little less than $90 million. The contract was reached in the name of the Ministry of Commerce and was then handed to the oil companies. Representing the ministry, the negotiating committee consisted of the ministry director, Thorhallur Asgeirsson, department manager Jon Julisson, and on behalf of the oil companies, the directors Indridi Palsson, Vilhjalmur Jonsson and Thordur Asgeirsson, as well as department manager Arni Thorsteinsson. [Text] [Reykjavik MORGUNBLADID in Icelandic 19 Sep 81 p 15] 8743

CSO: 3111/1

EC COMMISSIONER PISANI ON DEVELOPMENTAL AID

Brussels LE SOIR in French 4-5 Oct 81 p 8

[Article by Benedicte Vaes: "Pisani Challenges Haig's Arguments: 'Pure and Simple Commercial Speculation Is Fatal for the Poor'"]

[Text] "I have the deepest concern for the evolution of the African continent. Between now and the year 2000 its population will double and during that same period its self-sufficiency in terms of food may drop from 60 to 40 percent. And 25 million hectares are in the course of becoming deserts."

Edgard Pisani's tone was serious, worried. Claude Cheysson's successor to the post of EEC commissioner for developmental aid for the first time disclosed an outline of his strategy. By assuming the most crucial angle of attack: hunger in the world. He makes no secret of the fact: The commission has no intention of putting on the monetary shoes of the American administration. Its objectives are clearly more generous.

The food situation in the Third World is deteriorating. The population explosion is without let-up increasing the number of mouths to feed but available quantities of food are not increasing. And bigger oil bills are mortgaging food imports. Two other factors play a major role in this situation. Deforested, cleared, exhausted too quickly, soils deteriorate allowing deserts to pursue their merciless advance. Rural areas are also impoverished in terms of people: The big cities with their hopes, or rather their illusions, of employment drain off the poor from the countryside, who, almost mathematically, find themselves even more miserable in the urban suburbs. The number of African urban residents has quadrupled in 25 years (57 million today) and may again quadruple between now and the year 2000.

High Time

Mr Pisani has also decided to concentrate European efforts on two agricultural objectives that are linked to one another: to combat the encroachment of the deserts and deforestation, and to improve scientific research on food crops. It is the export (or "income") crops, that directly serve our economies, which have up to now harvested all the fruits of technology.

Almost nothing has been done to improve the yield of grains, which provide the essence of the diet, in terms of both calories and proteins, of the people of the

Third World. The commission's "research" department, headed by Commissioner Davignon, has just decided to allocate a line of credit to rescue agriculture and health research organizations dating back to colonial days. It was high time.

But deaths due to hunger are not holding off until long-term projects are completed. The commission has also decided to grant exceptional aid for food. One and a half billion Belgian francs will be allocated, particularly for grain shipments to the most underdeveloped countries — those whose per capita domestic income does not exceed 5,000 Belgian francs a year. The "approved distributor" will be the FAO, an international organization dedicated to combatting hunger. It will receive over 100,000 tons of grain to fill its emergency food reserves, which enable it to intervene each time the process of extermination due to malnutrition is speeded up because of drought, cyclones or war.

Europeans, Make Another Effort...

And lastly, Edgard Pisani pleaded vigorously for Europeans to loosen their purse strings a bit more. During the Paris conference in September, the "hunger countries" (the PMA or underdeveloped countries) asked for a contribution from the wealthy nations of about 0.9 percent of their GNP.

Pisani proposed an increase in the EEC contribution at the rate of 0.01 percent more a year. This is not really too much to ask for.

Charity with One Hand, Profit with the Other

Aside from contributing their share in this way, it is also a question of demanding of the countries of Europe that they exercise more rigor in tracking down the factors that sabotage development. Of what use, indeed, is it to offer charity with one hand if the other refuses to sign an international agreement on wheat trading?

"Pure and simple commercial speculation is acceptable for the rich, but fatal for the poor," Pisani said. Retorting harshly to remarks by the American secretary of state, General Haig, who had called for "aid through trade," he lashed out: "We do not agree to delivering the fate of people into the hands of economic forces because we believe that policy has a role to play in the organization of the world."

Among his sympathetically received warnings Pisani did not forget the farmers: "Stop," he in essence said to them, "feeling that your problems can only be resolved by the increased production of certain products (like sugar), which stifle the fragile efforts of the Third World."

11,466
CSO: 3100/34

INCREASE IN INFLATION TO HARM EXPORT CHANCES

Brussels LE SOIR in French 1 Oct 81 pp 1, 2

[Article by C.F.: "Runaway Prices Would Deprive Belgium of Its Last Trump Card"]

[Text] An inflation rate of 12 percent: This is what Belgium can expect if, in the months to come, the rise in prices maintains the same pace attained last July. Of course, if we compare the score for September with that of 12 months before, the rate of climb has stabilized at 8.4 percent. But as of May we had not gone beyond 7 percent during the prior 12 months. And between these two dates the temperature [of the economy] steadily rose: The index "took on" 0.83 of a point in June, 2.46 points in July, 0.74 of a point in August and 1.44 points in September.

Are we playing our last economic trump card, losing that control over prices which alone would permit Belgium to compensate, in the eyes of the world, for losses in value as heavy as a record unemployment rate, an endemic public deficit, the drop in production and the sluggishness of foreign trade? In government circles it is maintained that Belgium is holding on to its options and, all considered, continues to conduct itself "as well as" its neighbors on the inflation front. Nevertheless, this problem is still a very current one. And events like the hike in the price of bread, announced for tomorrow, and the lifting of the freeze on prices can only give rise to new questions.

After having in April frozen all prices for 2 months in the context of a fragile monetary situation, in June the minister of economic affairs established a system of "selective freezes" which expires today. It is being replaced by the usual, flexible enough but constraining system, which forces producers to wait for 3 months, and the opinion of a commission formed to apply an announced rise in prices. In the case of a dispute, the minister of economic affairs has retained the right to step in and settle the matter. Specialists explain that a pure and simple price freeze can only be temporarily effective in order to deal with specific instances of unrest.

And where are we now? Every Belgian who does his own shopping knows that since last summer, new taxes have placed a considerable burden on household costs. But at the Ministry of Economic Affairs they are explicit: Taxes that have been in effect since July have not altered the course of inflation by as much as 1 percent. Now in 3 months time prices have risen by 3 percent. What accounts for the difference between these two figures is the rise in the value of the dollar, reflected in the prices of imported raw materials, and, oddly enough, of oil.

The fault of the dollar? In support of this explanation we might bring up the ups and downs of our neighbors, prisoners like ourselves of the rate of exchange for greenbacks. In August the inflation rate exceeded 7 percent in Germany, came close to 8 percent in the Netherlands and rose to 6.8 percent even in prudent Switzerland.

But this does not explain everything. And it is not necessarily calculated to reassure Belgians, whose pocketbooks will in the months to come be subjected to a severe strain. Naturally, in the event of a price boom a government of "current affairs" can adopt emergency measures. But the "real" price policy, the one aimed at imports, transparency of costs and an intermediate term, is once again paralyzed. With regard to prices, as in other matters, we are walking a tightrope.

Bread on the Rise

The price of bread will go up on Thursday: 2.50 francs for the large household loaf (1 kg), the fancy loaf (900 grams) and the enriched loaf (800 grams), and 2 francs for the same categories of bread, but in 500, 450 and 400-gram loaves, as well as for the 600-gram loaf of enriched bread.

11,466
CSO: 3100/35

PRIME MINISTER OPENS FOLKETING WITH ADDRESS ON JOBS PROGRAM

Copenhagen BERLINGSKE TIDENDE in Danish 7 Oct 81 p 7

[Article by Lisbeth Knudsen: "Anker Jorgensen Sets the Stage For A Job Action Program For Employment, For Several Years to Come"]

[Text] A new action program for the next several years with the aim of increasing employment in the private sector was the main message of Anker Jorgensen's opening speech at the Folketing yesterday. The program goes many counts beyond the political policy agreement with the Radical Liberal Party, Center Democrats and the Christian People's Party. Instead, the intentions expressed in the prime minister's speech closely correspond to the work being undertaken in a joint committee of the government and the Danish Federation of Trade Unions.

The primary aim in a strengthened effort, to cover several years, will be to maintain and develop the gained improvements in the competitive capacity so that new work places will be created in the manufacturing industries.

The leading element in such a policy must therefore necessarily cover distinct improvements in the financial terms, primarily through supply of capital at considerably lower interest. The government therefore plans to submit a proposal for coherent finance reform for investments in both the trades and industries, agriculture and construction, as well as in the other manufacturing industries.

"The administration feels that issue of indexed loans should undergo such a reform," said the prime minister in his speech. He avoided mentioning the disagreement between the administration and the compromise parties about the arrangement of the finance reform.

"A development of the production capacity and economic support in our society will, in the long run, be required so that the savings derived by giving tax breaks to certain funds can be converted into real buying power for future pensioners. The investments by insurance companies and pension funds in new work places will, according to the administration's understanding, be the best guarantee against inflation for future pensioners. The administration is therefore studying how it can best be secured that the intermediaries of pension funds and insurance companies can, to a reasonable extent, contribute to the financing of new work places through the new finance reform," stated the prime minister.

Other parts of the prime minister's program for the next several years dealt with public investing in selected projects that would promote employment and save foreign currency, uphold the standard of living of general income but continue implementation of the excise tax tightening by 2 billion kroner. He pointed out the various taxes levied on industries, the job creation program, a better distribution of the existing work hours and, finally, the distribution of surplus, "It is the administration's understanding that a developed job action program to extend over several years requires unity and balance in an all-out effort. Part of this unity is, therefore, that a reform of the pertinent surplus distribution be started," he said in his opening speech.

Regarding political cooperation the prime minister said: "The administration's point of departure is to build further on cooperation that has been established between the Social Democrats, the Radical Liberal Party, the Christian People's Party and the Center Democrats. But the government invites all parties, all sections of the work market and all industrial organizations to cooperate for a strengthened effort for employment."

9583
CSO: 3106/7

PAPER CRITICIZES PRIME MINISTER'S JOB PROGRAM PROPOSAL

Copenhagen BERLINGSKE TIDENDE in Danish 8 Oct 81 p 10

[Editorial: "Economic Castles in the Air"]

[Text] In his opening speech in the Folketing on Tuesday, the prime minister made much of the administration's overall intentions in the economic and political sector. Much is being done, he declared, and he stated, among other things, that the main corner stone in the administration's efforts had been to maintain and develop the improvement of competitive capacity by 15 percent, which was reached in 1980-81. In connection with that he further pointed out that the parties in the labor market negotiated a settlement this spring which—in Anker Jorgensen's words--is to a great extent characterized by the consciousness of the country's economic possibilities.

However, the fact remains that a considerable part of the improvement of competitive capacity is the result of a development in the foreign exchange circumstances in 1980-81 in which the administration had no input whatsoever. Furthermore, it is doubtful how lasting this improvement will turn out to be.

In addition to this, it might have been expected that the prime minister had read, among others, the 6-month economic overview which was just being made public by the Economic Secretariat under the auspices of the Ministry of Economics. In there it is stated that there is talk about transition from "a very moderate wage development through 1980 to an increasing upward trend through 1981 and 1982." While the hourly rate for a trade union member rose by approximately 9 percent during 1980, the rise during 1981 was estimated at 10.5 percent; and in 1982 the rise is forecast at 12.5 percent, to which will be added an increase of various employer contributions corresponding to a half a percent wage increase.

The question is what happened to "the consciousness of the country's economic possibilities" based on this background? It is of no consequence for the businesses that will have to pay the higher wages that the acceleration of the wage increase tempo is to a great extent to be blamed on the installment payments cost-of-living. When the agreement results in the spring were being praised, it was really being maintained that the wage increase would be reduced to well under 10 percent.

But when now in 1982 the Secretariat is talking about a "massive" cost-of-living installment payment—four in all, each one increasing by 90 ore per hour--then the

prime minister, who has expressed wishes to improve the competitive capacity and the employment in the private manufacturing industries, should have had a few words to say about that and a proposal to submit in that respect.

But not one word came from Prime Minister Jorgensen who instead proceeded to talk about economic castles in the air about so-called job creating projects, shorter work hours, the economic democracy scheme and the artificial capital intervention arrangements.

9583
CSO: 3106/7

FINANCE MINISTER OFFERS REPORT OF CAUTIOUS OPTIMISM

Copenhagen BERLINGSKE TIDENDE in Danish 6 Oct 81 p 5

[Article by Lisbeth Knudsen]

[Text] "The government and its economists are touching up the prospects for Danish economic conditions with unrealistic assumptions and forecasts on the months ahead." That was the opposition's reaction in Folketing to the economic report presented by Economic Affairs Minister Ivar Norgaard yesterday prior to the opening debate in Folketing on Thursday.

Ivar Norgaard said the report from the economic secretariat of the Economic Affairs Ministry gave rise for moderate optimism with regard to an international upturn in 1982, a 4 percent increase in the Gross National Product and improved employment opportunities.

The economists' report is worded very cautiously. Some of the assumptions concerning developments abroad are stability in the exchange rate of the dollar, a calm development in raw material prices and a gradually declining interest level, especially in the United States. If these assumptions are not borne out the anticipated upturn will be in danger, the economists say.

The economists estimate that developments abroad will affect Denmark and that increased private consumption against the background of a slight increase in real income will have a positive effect. The government economists are also counting on sizable investments in the oil and gas sector. An increase in housing investments is expected and an upswing in business investments is also expected after a sharp decline this year.

Government economists expect almost unchanged unemployment levels in 1982 compared to this year and that means around 250,000 people out of work. There will be an employment increase of 30,000 in 1982--first and foremost in the public sector--but at the same time there will be a sizable increase in the number of those seeking jobs. Only if this influx is smaller than economists currently predict will there be an immediate improvement in the employment situation.

The balance of payments deficit will rise in 1982 to 16 billion kroner compared to an estimated 14 billion in 1981. The increased balance of payments deficit is due primarily to the sizable investments in the oil and gas sector in 1982.

Economic Affairs Minister Ivar Norgaard said yesterday that the government feels it can live with this rise in the deficit in 1982 even though it goes against the government's declared goal of eliminating the balance of payments deficit sometime in the 1980's.

Conservative political spokesman Palle Simonsen said in a comment on the report that there is nothing optimistic in it. "There is no indication of an improvement in employment and the balance of payments and the only thing taking care of jobs will be increased employment in the public sector. But there is no sign of real expansion of investments in the public sector."

Uffe Ellemann-Jensen, Liberal political spokesman, said that the only bright points in the report are based on very meager hopes that the international economy in Denmark's immediate vicinity is starting to thaw up.

6578
CSO: 3106/5

BUDGET MINISTRY ECONOMISTS ISSUE LONG-RANGE FORECAST

Copenhagen INFORMATION in Danish 29 Sep 81 p 5

[Article by Henrik Heie: "Budget Ministry Economists: Substantially Better Economy in 1993"]

[Text] Conditions being growth abroad, energy prices and productivity.

If the conditions that the Budget Ministry economists use to base the so-called "middle course" of the Danish economy are maintained, we can foresee substantial improvements by the mid-eighties. By 1993 we should have succeeded in reducing the foreign debt considerably, have full employment and considerable increase in real wages.

But the economists have also calculated two alternative paths, "low growth course" and and "high growth path" if the basic conditions on which this is based turn out to be relatively more and more unfavorable than in the middle course. The most crucial factor will be the size of international economic growth; how much energy prices will rise in relation to prices of industrial goods along with how rapidly labor productivity will rise, particularly in relation to the size of investments and technological development.

External Conditions

The middle course is decided by an annual growth in the real GNP of the OECD countries, which is expected to rise from 1 percent in 1980-81 to cover 2-2.5 percent until 1985 and to 3 percent in 1986-93.

An average for 1981-93 is a little over 2.5 percent which is half of the growth of the sixties but almost the same as the average for the seven slump years 1974-81.

In the low growth alternative the growth is set at 1-1.5 percent lower per year and in the high growth alternative 1-1.5 percent higher than in the middle course.

The energy prices will presumably rise 6 percent more than the prices of industrial goods during the low growth alternative; 4 percent during the middle course and only 2 percent during the high growth alternative.

Finally, it is presupposed that the work productivity in the private sector will rise the least during the low growth alternative and most during the high growth alternative. Compared with GNP and employment, productivity rises 2 percent per year during the middle course; 1 percent less during the low growth alternative and 2 percent more during the high growth alternative.

Less Foreign Debt and Unemployment

Added up, these differences in these assumptions will have a great impact on the situation in 12 years. Foreign debt, which will be reduced to 7.5 percent of the GNP during the middle course as opposed to 26.7 percent in 1981, will only have dropped to 19.9 percent during the low growth alternative but will have almost disappeared during the high growth alternative (0.3 percent).

Unemployment, which was 7 percent in 1980, will go down to 2 percent during the middle course in 1993, and further down to 1.4 percent during the high growth alternative which can be compared to the low figures of the sixties.

However, during the low growth alternative, unemployment will have risen further, to 8.9 percent in 1993, which corresponds to well over 260,000 unemployed. (None of the figures include the growing number of pensioners.)

The disposable real income for the average wage earner will almost not rise at all during the low growth alternative--only by 0.4 percent per year--while the wages will rise by 1.2 percent during the middle course and 2.0 percent during the high growth alternative.

The calculation examples, as the economists themselves label them, are of course, also based on whatever economic policy is being pursued. During the middle course, it is assumed that the same economic policy will continue into the mid-eighties, [illegible] real disposable income, cutting back the private and public consumption from what it is now--the so-called policy of improved competitiveness. When the balance of payments is thus sufficiently improved, there will be room for the possibilities of gradual rise in consumption for the individual wage earner.

During the low growth alternative, the tight economic policy will be firm during the whole period for the sake of balance of payments. During the high growth alternative, the real wages will, on the contrary, be able to grow quite drastically; but if the goal of repaying all the foreign debt is to be reached, the finance policy will gradually be tightened in order to curb the rise in private consumption.

The final result for the average wage earner would be, according to the calculations, that the consumption possibilities in 1993, during the three types of progress alternatives, will be respectively 5 percent, 20 percent and 30 percent greater than during 1973-74 (which be economists use as comparison, although real wages peaked later).

In all three progress alternatives, the Ministry of Budget has calculated that the average work hours will be lowered by 1 percent per year.

North Sea Oil

Furthermore, it is assumed that the North Sea oil and gas will play a considerable role as a source of foreign currency income. It is assumed that from 1985 the net income from these sources will amount to 1.6 percent annually of the GNP which will be a direct improvement of the current amount of the balance of payments.

This estimate can be upset, however, if an increased investigation is launched, which in the first round will reduce the net foreign exchange profit but later would increase the profit.

More Government Employees

Even though the main aim of the economic policy in the eighties is to bring resources from the domestic industries and the state over to the balance of payments industries, the government's share of the wage earners' volume nonetheless grows from 27 percent in 1980 to 30 percent or more in 1993.

The reason for this will mainly be that there exists the presupposition for a very strong increase in productivity, particularly during the high growth alternative.

Public consumption will be at 60 percent above the 1973/74 level in 1993; and even 80 percent above during the high growth alternative, which can be compared with the above-mentioned lower rise in real wages.

The total private consumption will, however, in relation to today until 1993, rise more than public consumption, except during the low growth alternative.

9583
CSO: 3106/7

STATISTICS OFFICE SEES INCREASE IN EXPORT COMPETITIVENESS

Copenhagen MANEDS BORSE in Danish Oct 81 p 21

[Article: "Export: Market Profits Regained"]

[Text] Despite the slackening in the international economic activity, exports still remain at a surprisingly high level. The latest figure from the Danish Statistical Office shows that exports rose by almost 2 percent real during the first half of the year. The export of animal products and industrial products rose by 7 percent and 2 percent respectively. Included in industrial exports is an increase in the sales of intermediate products and consumer goods amounting to 3 percent, while the sale of investment goods dropped by almost 2 percent.

On the face of it, this development seems to confirm that Danish industrial life, is now in full swing of regaining the market advantages that existed in the seventies. This is, however, not the case. This development is more a sign of the fact that the skyrocketing dollar has helped the Danish economy gain a foothold in a series of new, and up to now unexplored, markets. The reason for this is that the whole export increase is concentrated on countries outside Europe, that is to say, in areas where the dollar is the totally dominant trade currency. The dollar's sky high rate has strengthened the competitiveness of Danish industries in these markets and the industries have now understood how to make use of the situation. Figured in kroner and orer, the export to the underdeveloped countries rose well over 50 percent during the first half year. The USA took about 40 percent more; Canada 45 percent more and export to Japan was more than doubled. This impressive growth is, however, primarily due to the high exchange rate of the dollar. Within the last year, the dollar has gained 35 percent against the kroner, so the quantitative export increase to countries outside Europe has barely risen above 10 percent.

On the other hand, sales in our traditional markets were not as good. The EC countries and the rest in EFTA, that is to say, primarily Finland, Norway and Sweden, took about 70 percent of our total export. It is here that we are preserving our foothold. During the first half year the real export to the EC countries dropped by approximately 4 percent, and in general remained at the same level to the EFTA countries.

The import reflects clearly the slowdown in the domestic demand. In total, we imported 12 percent fewer goods during the first half year. With the exception of raw materials for agriculture, there was a drop in all other types of goods.

The troubles of the auto industry are reflected in a real drop of 33 percent in the import of transport equipment; the troubles of the construction business are reflected in a drop of 22 percent in construction material. The import of investment goods was 20 percent lower and oil imports were reduced 13 percent due to high energy prices. The import of consumer goods dropped by 7 percent.

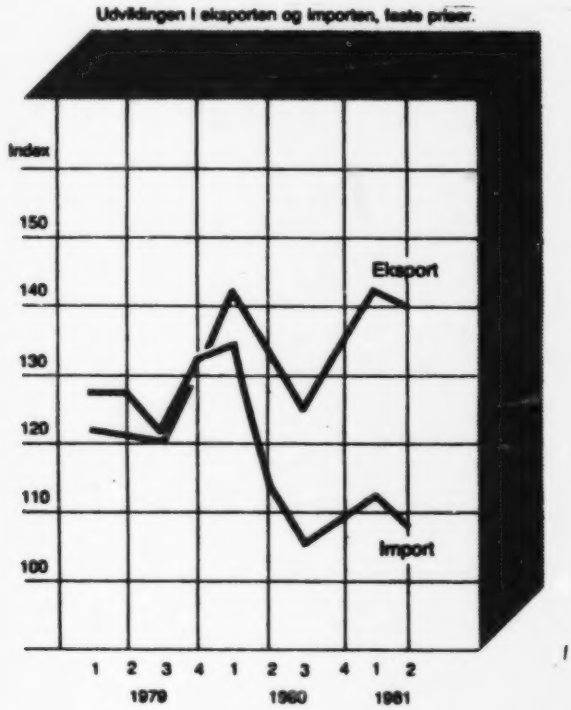
Figured in kroner and orer, we imported goods worth 60.9 billion kroner during the first 6 months of the year, as opposed to 57.1 billion kroner during the same period the year before. The export amounted to 55.8 billion kroner as opposed to 47.3 billion kroner in 1980. The deficit in the balance of trade amounted to 5.1 billion kroner.

There are many indications, however, that the favorable development in the trade figures will hardly continue throughout the year. The drop in imports was especially great during the first half year as a result of a general cut in industrial stocks.

Rebuilding of the stocks in connection with an upswing, although weak, in domestic demand, will again increase the import need.

In the short run, the export prospects are not bright. The economic situation continues to be very weak in our traditional markets, and although a lesser upswing in 1983 is forecast, it will hardly be felt in our export possibilities until very late in the economic upswing. A considerable portion of our industrial export is investment goods, that is to say, products that are only in demand when the economic activity reaches a certain level. It is therefore normal that the trade figures become worse during the first phase of an upward swing of economic activity. A total trade deficit of approximately 8 billion kroner during the second half year seems realistic, which amounts to a deficit of well over 13 billion kroner for the year, or 2 billion less than 1980.

Developments in export and import, firm prices.



The export is still at a surprisingly high level. It is primarily sales to the underdeveloped countries and Japan and North-America that is going fantastically well. That is, first and foremost, due to the strong dollar. Trade with the rest of the EFTA countries stagnates while the export to the EC countries drops.

9583
CSO: 3106/7

1982 BUDGET NOW EXPECTED TO SHOW DEFICIT OF 40 BILLION

Copenhagen MANEDS BORSEN in Danish Oct 81 p 22

[Article: "The Budget: Denmark's 1982 Deficit Greater Than Estimated"]

> [Text] One reason being that there are calculations for only one cost-of-living allowance until January. More likely that there will be two.

The budget deficit is climbing with record speed and much faster than was originally feared. This year the state will have a deficit of about 30 billion kroner, or 11 billion kroner more than was budgeted. In 1982 the deficit will reach 40 billion kroner. And it should be observed that this is just the deficit of the management proper. If the expenses of the State's bond purchases for the Social Pension Fund is figured in it, as well as the deducation of domestic debts, the State will have a total deficit of 80 billion next year. The gross cash deficit will be approximately 60 billion kroner this year.

The accelerated deficit of the state finances is not a typical Danish phenomenon. All the Western industrial countries are plagued by the same problem. Our deficit is, however, considerably larger than in the other countries. During 1982 the gross deficit of the national purse will correspond to 16-18 percent of the GNP. Only Belgium is in a similar situation. In most of the other OECD countries the deficit is 4-8 percent of the GNP.

In other words, the state has landed in a profit pinch. Income is lagging and expenses continue to skyrocket with no letup. The 11 billion kroner budget excess this year is thus the drop in the budgeted income amounting to 4 billion kroner, along with the fact that the expenses are 7 billion kroner greater than originally calculated.

On the income sheet there are 2.8 billion kroner less in personal and corporation taxes than was budgeted, and despite (or perhaps because of) the excise tax increases, the direct taxes and excise taxes yield 1.4 billion kroner less than was expected. It is especially the income from the value added tax, registration fees and the tax on gasoline that has failed.

On the expense sheet, it is mainly the accelerated unemployment that carries the main responsibility for the budget excess. The expenses for unemployment compensation jumps this year to almost 16 billion kroner or 2 billion kroner more than

originally budgeted. To this is added an extra 400 million kroner for the pension system, which, according to the minister of labor, has become an unexpected success. Incidentally, the success costs almost 5 billion kroner a year.

Of other unforeseen expenses, 500 million kroner to support the troubled agriculture may be mentioned, 400 million kroner extra for pensioners, 600 million kroner to the Steel Rolling Mill and finally 700 million kroner extra to employees.

In other words, the state's operational deficit will be 40 billion kroner in 1982 or 10 billion kroner greater than this year. The reason for this is first and foremost that the interest expenses of the state increase by 6 billion kroner, or to 20 billion kroner. The total national debt is close to 120 billion kroner.

Finally, the agreements in the spring gave the civil servants a greater salary increase than the employees in the private sector. That means that compared with the previous years, the salary expenses of the state now increase more rapidly than the income from the tax revenue.

Much indicates, however, that the state operational deficit will be somewhat greater in 1982 than budgeted in the finance bill. In the first place, the tax increases of 2 billion kroner that were decided during the May settlement are calculated into the Finance Bill. Secondly, the Finance Bill presupposes that the cost-of-living index figure for January will only release one cost-of-living allowance, although everything indicates that the cost-of-living index will release two.

1 Statens drifts-, anlægs- og udlånsbudget

2 Mia. kr., årets priser og lønninger	1980 16 R	1981 17 FL	18 Skøn juni	1982 19 FFL 20
3 Statens andel af kildeskat m.v.	40,9	48,7	46,3	53,4
4 Afgifter	63,3	70,6	69,3	76,0
5 Selskabsskat, renter m.v.	14,6	15,3	15,6	18,0
6 Renter af statsgæld	- 9,5	-13,7	-13,9	-19,9
7 Nettobidrag til EF	- 2,6	- 2,9	- 2,9	- 3,1
8 Indtægter i alt	106,7	118,1	114,3	124,4
9 Arbejdsløshedsdagpenge	11,0	13,1	15,2	16,7
10 Generelle tilskud	19,5	22,3	22,4	25,6
11 Øvrige nettoudgifter	94,1	103,8	106,6	121,9
12 Udgifter i alt	124,6	139,2	146,2	164,3
13 BAU-underskud	17,9	21,1	31,9	39,9
14 Bruttokasseunderskud	49,1	52,2	61,8	78,4
15 Nettokasseunderskud	30,3	28,0	37,8	48,0

Key:

1. State budget for operation, investment and lending
2. Billion kroner; year's prices and wages
3. State profit from withholding tax
4. Fees
5. Corporation taxes, interests
6. Interest of state debt

[Key continued on following page]

7. Net Contribution to EC
8. Total Income
9. Unemployment Funds
10. General subsidies
11. Other net expenses
12. Total Expenses
13. DAU-deficit
14. Gross Cash Deficit
15. Net Cash Deficit
16. Expenditures made
17. Expenditures to Date
18. Estimate
19. June
20. Appropriated
21. The deficit of the state finances will be at a record high in 1982

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CSO: 3106/7

BRIEFS

EXPECTED BUDGET DEFICIT INCREASES--The estimate for the 1982 budget deficit is increasing at a steady rate even before the Folketing has passed the new budget. When the budget proposal was prepared this spring, it was assumed in the Ministry of Finance that there would be a deficit in the investment budget; the operation budget and lending budget amounting to 39.3 billion kroner total. Yesterday, the minister of finance delivered a budget review to the Folketing where it states that the deficit estimate must be revised to 41.4 billion kroner. The reason for this is, among other things, a rise in unemployment. Also, with respect to the deficit this year, the Ministry of Finance had to make a revised estimate. When the finance budget was submitted this year, it was assumed that the deficit would be 16.3 billion kroner. The current estimate is, however, 33.1 billion kroner. The gross cash deficit will be 63 billion kroner according to the most recent estimate from the Ministry of Finance. The Liberal Party has--on the basis of the new estimate for the finance budget this year and the changed estimate for next year--decided to demand an independent debate on the budget proposal for 1982 after the opening debate today. Normally, no one speaks during the first reading of the budget proposal after a long opening debate. "The Liberal Party cannot follow the usual procedure that the finance budget be only treated as a side issue during the opening debate where everything else is taken up," says Bertel Haarder who is the spokesman for the Liberal Party's finance committee. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 8 Oct 81 p 12] 9583

CSO: 3106/7

ANOTHER LOOK AT MITTERRAND'S 'NEW INDUSTRIAL CONTRACT'

Paris L'USINE NOUVELLE in French 1 Oct 81 pp 60-61

/Article by Rene Le Moal/

/Text/ By devoting the first part of his press conference to industry, Francois Mitterrand wanted to show the importance he attaches to it. Reconquest of the domestic market, a boost to investment: what private industry has not done, according to him, the government is going to attempt, with the help of the large nationalized firms, as well as small and medium-sized businesses.

A solution to unemployment is being sought through a boost in economic activities which, in the current crisis situation, only the government can provide. It has already made its first move (on consumption) by injecting 17 billion into the economy since 21 May. But it's not enough.

So the time has come for another boost--this time to investment, and not just any investment. But here are the facts: private French capitalism has failed in its task on this point (quantitatively and qualitatively), and there is little hope that it will recover. Thus the government has to take over, at least in those sectors where France must maintain a presence and its independence, or whenever a "monopoly" becomes dangerous. Hence the need to proceed with nationalizations, which could be extended after another national election and which in no way precludes direct intervention by the government in this industry or that.

Private enterprise and the traditional capitalist initiative have by no means been laid under an interdict, but they are now preferably confined to small and medium-sized businesses, which have been made sacred again, as a counterbalance. These businesses, spared the more advanced socialist experiments and excessive costs, (like in Japan), will not suffer from a lack of official verbal solicitude, either financial or administrative, since it is felt that they have enormous potential for creating jobs and products. Yet they will have to work for the general interest, according to the Plan, and as determined by the Treasury if owners reinvest a share (to be determined) of their income, instead of "pocketing it" and "making themselves rich."

A Strict Concern for Efficiency

This is the reasoning behind government action from now on. It relates to a certain idea the president of the Republic has of modern society, but also to a strict concern for efficiency. It further relates to a certain French tradition, which explains

the rather weak reactions on the part of the public to what is the beginning of an important turning point, to say the least. "Nationalization works in France," Francois Mitterrand has said. This is not always the case elsewhere. It will work that much better when, thanks to full control of credit, managers will be relieved of the worry of finding money and, secondarily, of making a profit--which would only be transferred to the government.

If there is any break--although Francois Mitterrand did not mention the word socialism--it is in these two concepts that it would lie. In the idea of a division of labor between big business, which the government felt compelled--morally and by necessity--to take over, and small business, left to the people provided they agree to give up profits and the idea of becoming too big. And it also lies in the solidarity contract that links the entrepreneur--all entrepreneurs--to the government, to the nation, and to the president of the Republic, as the three are inseparable, "at least for 5 years." Of course, everybody in France was aware of the fact that the attentive assistance of the ministries was both a requirement and a sign of success for the large companies, whose shareholders, if they had the misfortune to be numerous, were really consulted only at the time of capital increases. As for the heads of these companies, it never occurred to them that they were not working for their country. All of that was not official, however: now it is, and it is even in a doctrine, in a contract with strict rules clearly spelled out.

The contents of the contract are also quite clear: they indicate as a top priority the reconquest of the domestic market, on which French goods have lost 5 to 6 percent in the past 5 years. The previous government did not really believe in this possibility, although it considered it to be economically desirable. Now it is receiving the supreme patriotic guarantee. Motorbikes must again be manufactured. But the reconquest also becomes the conquest, since we are now supposed to pit ourselves against the most powerful in areas we have never before entered, such as microprocessors.

All those who watched with distress as French industry gradually lost jobs, factories, products and GNP points will be delighted with the emphasis solemnly placed on industrial development, quite rightly judged indispensable for a balanced society. For the president of the Republic, who was reputed to be ill at east, began his press conference with this subject, after all. The supremacy given to industry over the tertiary sector--a dangerous craze of some previous advisors--was also noted. We can also be pleased that Francois Mitterrand assumed a relatively strong growth, following the objective possibilities as assessed by international observatories. Changes of this sort, at such a high level, are full of significance, and we wait with interest to see what will happen.

An Overall Industrial Plan Now Urgent

The "new industrial contract" may initially be warmly welcomed by at least some of those who will be implementing it. Industry is industry, business is business, neither right nor left, and the only real question is whether the time is right for them to develop rationally, harmoniously and efficiently, given their goals. But this is precisely where questions may arise...

The nationalized groups do not in and of themselves make up the hard knot needed for a "third industrial revolution." And there are still some large private companies left in France--whose heads must be concerned about a small comment by Francois

Mitterrand that "the billions which are trying to shelter a hundred" among them. So it is urgent to have an overall industrial project that both defines and distributes strategic activities, but that also reorganizes the relationship between research and industry, for instance. And there is the need for a "charter of rights and obligations" of national companies vis-a-vis the government and vis-a-vis all those affected by them (let's not forget subcontractors!). Renault has become such a myth in this regard that it is important to know whether it is a model or an actual case: the choice, if it is to be realistic and useful, requires a questioning of accepted ideas and will therefore not be as easy as one might think.

The employment problem will be one of the items in this charter. Rhone-Poulenc, like the steel industry, still has too many employees and lay-offs are planned. Is this fact consistent with that of being "the show-case sector for new society relations," which it seems now is not even the case with Renault, according to the CGT [General Confederation of Labor]--or at least not in Sandouville. Thus a "pact between the legislature" and the labor unions is needed, but it is easy to imagine the difficulties in implementing it and its political impact.

Who is going to take over for these dazed and victimized employers at the highest levels? Will they call on the traditional technocratic and elitist groups (polytechnicians and inspecteurs des Finances*), or will they leave a place for those who more simply have "something special to offer," as Francois Mitterrand said? The answer will determine the degree to which these companies become part of the civil service, and thus will affect how dynamic they are. It is awaited impatiently by engineers, technicians or managers from less prestigious schools, whose training, jobs, status and career will, it is assumed, be considered together to some degree.

How will the expropriated shareholders be replaced? The government, with 100 percent participation here and 51 percent there, and indirect participation elsewhere--more than ever an inventory of all its holdings and possessions is going to be needed to know the regime we're living under--will, it is hoped, know what it has to do to prevent the fiefdoms that it knocked down from cropping up again. The relationship between private savings and industry, however--a partial success of Rene Monory, a gloomy failure of his predecessors, and the idée-force of Mr. Delors--has still only been the subject of a few confusing declarations of principle. Today less than yesterday industry will not be rebuilt with Sicav [variable-capital investment companies]. And tomorrow, what good will the Stock Exchange be? Francois Mitterrand's projects require enormous sums of money: where and how will they be found without conditions?

What is the logic behind the large projects that are named as desirable? The tunnel under the English Channel (100,000 jobs), the west or north TCV [high-speed trains], the universal exhibit (300,000 jobs) have been more or less made official, whereas the Rhine-Rhone canal and the modernization of our ports, to name only two, are not mentioned in the speeches. The "Caullian" epithet, bandied about extensively by part of the press, tends to cast our industrial heritage--at least in contrast with this period--into oblivion, which is all the more surprising since at this very moment La Villette is being destroyed and people are wondering whether Concorde...

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*Graduates of two prestigious French schools

We can find a Japanese inspiration--albeit perhaps unconscious--behind these steps. Even the famous consensus is not missing, translated in French by the term solidarity. But in Japan, the private appearance of firms is maintained, and the opportunity for competition is sacred, just as is the devotion of workers and their unions to the company. The struggle for foreign markets is especially considered as essential. Francois Mitterrand, who did not speak about that, never once mentioned the word competitiveness. He rejects the international division of labor and does not want French groups to be "internationalized." Will this nationalism lead to a new foreign investment policy or indeed to protectionism? Is it consistent with our means, our commitments, our need to conclude alliances and invest abroad?

"I live at the Elysee, in a gentle society of just people" (Virgil, "The Aeneid," book V), said Anchises as he appeared in a dream to his son, Aeneas, who had stopped in Sicily. He still had to undergo many trials before reaching Rome. Although it was attractive in its initial premise--social growth through industrial development--Mitterrand's economic policy is still just a rough sketch that has yet to be given a shape and that could create a storm when implemented. And it is disappointing for its backers, because of the obstinacy of economic and human, national and international realities. It is hard to see how he is going to get rid of inflation, as discrete but also as strong as the wife of Sultan. Probably destined more to another century (he himself said so), he might, if he lasts, only find his builders beyond the current generation of administrators, because of the fictional look of his economy. These are the people needed to prevent, in the words of Francois Mitterrand himself, "a divorce between business and the Socialist government."

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INDUSTRY MINISTER DREYFUS INTERVIEWED ON NATIONALIZATIONS

Paris LE POINT in French 5 Oct 81 pp 68-69

[Interview with Pierre Dreyfus, minister of industry, by Jean-Pierre Adine and Martine Leventer; date and place not specified]

[Text] He is said to be a moderate and therefore reassuring. "Me a moderate? But I am an enthusiast!" is the smiling retort from 73-year-old Pierre Dreyfus, former PDG [president-director general] of the state-owned Renault firm and now the new minister of industry. It is also said that he has now been converted to the dogmas of the new government. In any case, here he is in charge of a difficult task: that of carrying out the nationalization of 12 groups of firms and organizing a new industrial policy.

As one sees him looking so frail in his gilded armchair and listens to him dream about 12 repetitions of the Renault miracle, one begins to doubt his chances of success. But perhaps as a result of his charm or his conviction, he has apparently managed to get a number of his ideas accepted by the government. Here he explains those ideas--for the first time--to Jean-Pierre Adine and Martine Leventer.

LE POINT: You are the minister of "nationalizable firms." But you have been keeping quiet since you took over. Why?

Pierre Dreyfus: I have never talked much in my whole life. I like to do things and then talk about them.

Question: Everyone is still asking this question: what is the purpose of all these nationalizations?

Answer: In my opinion, a nationalized firm must be a pilot--a pole of development or a trainer. As it develops, it must try to pull a number of other firms in its wake. Let us take the example of Renault: back in 1955, Renault began planning its expansion and informed a great many of its suppliers of its plans so that they could keep up. So it tried not only to make money itself, but also to contribute to the general growth of the economy. In doing so, it took risks that often went beyond those that would be taken when managing a private company's assets. It had government support, of course.

Allowing for the time it takes to do that, and along with a little luck and a lot of know-how, the big nationalized firms will also be able to become poles for stimulating the French economy.

Question: But wasn't that already the case?

Answer: No. Some of those groups were managed "in the French style"--with too much attention to hanging on to what they had. And that, incidentally, is true of a great many French firms and banks.

Question: As you have just said, the nationalizable firms will require a great deal of know-how. That brings up the question of competent people. Where will you find them?

Answer: The main role of a boss is to know how to select his team and raise his firm's general level of competence. It will be necessary to find men who know how to do that, since it is the Council of Ministers that will be responsible for naming the top managers in the nationalized groups. It is not easy--not easy at all, I admit that. That is why I don't want to be rushed; I need to be given time.

Question: On the contrary, isn't it necessary to speed things up once again?

Answer: In any case, I will have a respite, since managing directors will be appointed after nationalization takes place. That is a way of preventing the intermediate period from being one in which things just drift.

That being said, I am not saying that I am going to succeed everywhere. But my job during my 20 years at Renault consisted basically of selecting men and then pushing them. That's what I will continue to do.

Question: And once those men are appointed, how will you protect their autonomy with respect to the government?

Answer: I think I have thoroughly convinced Francois Mitterrand and Pierre Mauroy that the state-owned firms must be given the freedom to succeed. I told them: "An industrial firm must be able to act freely; you appoint the man responsible and meet with him throughout the year. His activities are carried on within a general framework, but management is his business. When you find that he is slipping, you cut off his head."

This presupposes that those appointed have a taste for independence and risk taking.

Question: But aren't you going to take advantage of the nationalizations to impose restructuring on the firms?

Answer: Several of the firms are having problems that they would prefer to solve with other firms. The nationalizations will enable them to join together in considering more worthwhile strategies. But I felt that it was entirely premature on my part to question them on that point. I simply asked the top men in those groups what their objectives were for the coming years within the framework of several scenarios. That will be our starting point for discussion. But the initiative must come from

them. You know, a merger is not really successful unless people are convinced of the need for it.

Question: You also have the job of designing a new industrial policy. What will it be like?

Answer: Its basic objectives will be the fight against unemployment, the competitiveness of the firms, and the reconquest of the domestic market. No sector or interrelated group will be regarded as secondary. It is necessary to encourage creativity, innovation, and initiative wherever they exist. Incidentally, the government has adopted general measures on behalf of small and medium-sized industry. In particular, it has provided for regional aid to enable them to solve their problems with capital.

Question: But are there priorities?

Answer: The major sectors being closely examined at present are those in the area of high technology, where France's presence is indispensable (electronic components, data processing, telecommunications, space, chemicals, machine tools, project study and development, and so on); those in which French industry is competitive but needs to be strengthened (automobiles, electrical engineering, mechanical engineering, and materials); and lastly, those where winning back the domestic market requires a thorough change in strategy (furniture, toys, textiles, and electronics for the mass market).

Question: What a huge program! That is like saying that everything is a priority.

Answer: I will let you in on something: as soon as we announce that we are going to concentrate on a particular industry, there is a general wait-and-see attitude on the part of both the company heads and their bankers. The only way to avoid that attitude is to say that we are going to intervene everywhere!

Question: Are you going to create "plans," at any rate?

Answer: If you are expecting me to say that the government is going to give such and such an industry so much money over so many years under certain conditions, you will be disappointed. What we are trying to do is to bring together voluntarily a certain number of economic agents to see what they can do together. We will have action programs more than plans.

Question: What does that mean?

Answer: We will seek the advice of many people: company heads, unions, researchers, technicians, and so on. But not in the form of a roundtable! We don't want each individual to feel compelled to play a role. In fact, we will see which initiatives are interesting. We will help them. But we will keep tabs on how government credits are being utilized. That is an innovation.

Question: When it gets right down to it, aren't your action programs very close to the sectoral plans of the previous governments?

Answer: No. The sectoral concept has obvious limits. There is industrial solidarity, meaning that there are important ties between the one who manufactures a product and the one who makes the machine used to manufacture it. In electronics, for example, there has been an obsession so far with the product--the "gadget." Today we know that the real problem lies in designing and manufacturing that gadget. Much of our competitiveness will therefore depend on the machinery used to manufacture electronic components. If we continue to buy it abroad, we are in danger of always being one war behind.

In short, our action programs will be centered more on interrelated groups than on specific sectors. And of course, they will vary considerably from one field to the next. Because international constraints, the speed of technological change, and the availability of men vary enormously from industry to industry.

Question: The availability of men?

Answer: Of course. That is a tremendous problem. For example, the textile industry needs to be put back on its feet and given new impetus. At the moment, I can't find anyone to take over. Most company heads have been resisting it for years.

Question: The new government talks constantly about winning back the domestic market. How far will you be able to go?

Answer: It is very obvious that there will always be imports and exports in this country. But we have lost our foothold in a certain number of sectors--and done so dramatically--even though, and this is both maddening and stupid, the domestic market is among the best in the world. Just think of all that could be done with a powerful domestic market: imagine, for example, what leverage social security could provide in dealing with the medical industry.

Question: Yes, provided that we have a "made in France" mentality. How does one go about distilling a little nationalism in France?

Answer: It will require some clever solutions, and that will take some time. Look at what we have just decided to do in the furniture industry: there is an agreement for the voluntary limitation of imports that was signed by both the manufacturers and the distributors. In time, we hope to see it result in foreign exchange savings equivalent to a good 1 billion francs. Then it will be the turn of leather goods, footwear, and textiles.

It will also be necessary to combat a pernicious view of things that is very widespread among us. People have convinced themselves that German products are sturdier, Italian products are prettier, and Japanese products are more clever. But what does that leave for us?

Question: And what will our European partners think about all that?

Answer: We have made no secret of it: we have to play for time. We have told them so and we will tell them again.

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BANK OF GREECE FOOD BALANCE REPORT PUBLISHED

Athens BUSINESS & FINANCE in English No 160, 19 Sep 81 p 19

[Text]

The Statistical Bulletin of the Bank of Greece gives the information on the Greek food balance (imports and exports), as is shown in the table.

The Greek food balance over the last few years has hardly been positive, unless tobacco is taken into account. This is not a drawback in itself, as tobacco is non-edible, but it is an agricultural product of great value. Even following the post-war shift of tastes towards the Virginia brands and blends, Greek tobacco exports did not suffer substantial losses, and in 1980, accounted for over 20% of the total of Greek food exports.

For a good many years then, the external balance of agricultural products has been positive, thanks to the post-war innovations in agriculture – new methods, the extensive use of fertilisers, and the cultivation of new varieties.

1979 was the first year in which there was a deficit in the food balance (including tobacco.) It was only of insignificant size, in the order of 3% of the imports. In 1980, the deficit more than doubled, and an even larger deficit is anticipated for 1981. If nothing changes, this tendency will in the future produce an ever increasing deficit, with all the undesirable effects of this on Greek agriculture.

This situation reflects severe shortcomings, on the marketing side in particular. The loss of the USSR citrus fruit market to the benefit of Italy is a good example of this.

It has been said that Greek membership of the EC will magically solve the problems of Greek agriculture, and that other Europeans will begin to use Greek olive oil in their cooking, and to eat Greek currants, peaches and oranges. The truth is that Greeks are now drinking German (yes, German!) orange juice. European agriculture, with its huge surpluses and the use of aggressive marketing methods will easily penetrate the Greek market. Considering the Greek taste for foreign foods, a shift in preference could easily occur.

For us, the problem of Greek agriculture is twofold. On one hand there are the inefficiencies in production, and on the other, there are the out-of-date marketing techniques.

Low productivity and bad planning are the main problems of production, while marketing standards remain unacceptable. Efforts should be concentrated first and foremost on the marketing side, as an almost virgin field guarantees immediate and large returns. Then, the organisation of production, invariably accompanied by large capital placements and the programming and planning of cultivation will definitely raise productivity to acceptable levels.

The whole matter is an urgent one. Indecision and delays may cause irrevocable damage to highly sensitive national resources.

1980 External Food Balance (in thousand $)	
EXPORTS	
1. Currants & raisins	159,368
2. Olive oil & olives	95,868
3. Wines and spirits	52,863
4. Fresh fruit	173,359
5. Preserved fruit & vegetables	152,042
6. Fruit juices	88,822
7. Other	254,620
Total	*926,942*
8. Tobacco	194,511
Grand Total	*1,121,453*
IMPORTS	
1. Basic Foodstuffs	1,029,587
2. Other	169,405
Grand Total	*1,198,992*

CSO: 4600/67

PAPER HITS THORODDSEN GOVERNMENT'S ECONOMIC POLICIES

Reykjavik MORGUNBLADID in Icelandic 20 Sep 81 p 20

[Editorial: "The Glamorous Image of Gunnar Thoroddsen"]

[Text] The prime minister is an expert in making glamorous images and in making things look different from what they really are. This strategy's weak point has always been the failure to sustain that image for any length of time. Eventually, it collapses and stark reality is revealed. This is what is happening now.

The government has set a political goal of bringing inflation down to 40 percent from 60 percent last year. In order to achieve this over a short period of time, it has been willing to sacrifice much. It has sacrificed the groundwork for state-owned businesses as well as the groundwork for the employment sectors. It has also been willing to worsen the people's living conditions for the same purpose. Everything has been sacrificed so that the government can make the following statement by the end of the year: We have made progress in our battle with inflation; inflation is down to 40 percent. The government will doubtless be able to show this figure by the end of the year. It would not have been able to do that if President Reagan Reagan had not come to its aid. That he did indeed, and generously. His economic policy has strengthened the U.S. dollar, which has further enabled the fishing industry to cope with the halt in the devaluation for the major part of the year without having to bring activities to a standstill. However, the flaws in this glamorous image of Gunnar Thoroddsen are beginning to appear.

In the recent past, the public has listened to industry leaders describe their difficult position. The leaders of the SIS [Iceland Cooperative Union], who cannot be accused of animosity towards the present government, have stepped forth and described the emergency situation in which the SIS-operated industry finds itself. The spokesmen of the FII [Federation of Icelandic Industries] have warned all year long about the consequences for industry of the government's economic policy. Once, the People's Alliance policy towards the sectors consisted of reinforcing the "national" modes of employment, i.e., agriculture, fishing and general industry. Now that the People's Alliance controls the Ministry of Industry, industry is faced with enormous difficulties,

whereas the import trade is flourishing. Some time ago, that would have been considered newsworthy!

The industry, which uses European currencies in its exports and competes with the imports paid for with these currencies, is no longer the only one complaining about a poor operating position.

The situation in the fishing industry and in fish processing has become very bad. The freezing plants are running a 6-10 percent deficit. Going by the lower figure, this comes to about a 20 billion new kronur annual deficit. Some of the freezing plants are about to close down, as MORGUNBLADID has indicated for the last couple of days. Decisions about fish prices lie ahead. Kristjan Ragnarsson, the head of LIU [National Alliance of Fishing Vessel Owners], thinks that fish prices have to be increased 13 percent to make the fishing fleet break even. Fish processing that runs a 6-10 percent deficit cannot withstand a 13 percent rise in fish prices. The position of the fishing industry is such that at least three trawlers lie at anchor in their harbor at the same time as new vessels are being imported. The freezing plants in the Westfjords, which have prospered for many years, are in such bad shape now that they have asked the fisheries minister to join them in discussing the situation. In addition to this, there are new wage negotiations coming up that will inevitably demand some wage boosts. Interesting that this should be happening at the same time as we are having a prosperous year. Our market prices have been high. The position of the U.S. dollar has brought increased income for us, which was not expected at the beginning of the year. Even so, Gunnar Thoroddsen's glamorous image is falling apart. Why?

It is falling apart because the government has not tackled the problems of the employment sectors and the economy. It has kept the employment sectors going by taking cosmetic measures and with sleight of hand, which can work on a temporary basis but not in the long run. It will be interesting to see what cosmetic measures Gunnar Thoroddsen will resort to in order to restore his glamorous image.

8743
CSO: 3111/1

BRIEFS

FOREIGN BORROWING UP--Long-term foreign borrowing by the Treasury and the Development Fund for this year far exceeded previous estimates. For the first 7 months, loans amounted to about 226 million kronur. In comparison, we could mention that 75 million of the anticipated 200 million kronur had already been borrowed at the same time last year. An investment and loan plan for 1981 calls for long-term borrowing of 289 million kronur, which means that most of it, 226 million kronur, has already been borrowed over the first 7 months, as mentioned above. Long-term foreign loans amounted to 5.94 billion kronur by the end of 1980. According to the average exchange rate, this is a little more than 35 percent of the total annual GNP. The ratio was 32-24 percent during the 4 previous years. The investment and loan program for 1981 assumes that this ratio will rise to 36-37 percent, but according to current trend, it can certainly be expected to go a bit higher. In conclusion, we would mention that foreign import loans have increased to some extent recently over previous years. [Text] [Reykjavik MORGUNBLADID in Icelandic 27 Sep 81 p 2] 8743

CSO: 3111/1

SABANCI DISCUSSES ECONOMY, LISTS COMPANY'S GOALS

Istanbul DUNYA in Turkish 31 Aug 81 p 4

[Text] Sakip Sabanci is chairman of the board of directors of the Haci Omer Sabanci Holding Corporation. Recently he said that the primary responsibility of Turkish entrepreneurs will be the "realization of investments that will aim towards the creation of healthy internal and external markets as well as the production of goods that are competitive within a quality and price conscious world market."

In addressing a meeting of general directors of companies affiliated with the corporation, Sakip Sabanci said that in the years to come the emphasis would be placed upon exports and agricultural investments. He continued by saying that "In the past, the fashionable trend towards industrialization as well as the sweet dream of becoming an industrialized nation have caused us to neglect the agricultural sector in our investments." Saying that this situation had now become apparent Sabanci stated the following:

"By 12 September 1980 the 'economic train had derailed.' Those who have been in charge since that date are trying to put the train back on its tracks. If the train is to cover any distance, it is essential for it to be replaced on its tracks."

In addition to this, the older track must be replaced if the train is to run any faster and a new high technology locomotive with lower operating costs must replace the old locomotive. The railway cars must be overhauled and new cars must be added...

But one must not forget that the high priority task as well as the most difficult task is that of replacing the existing train on its tracks.

It is very useful to assess developments since 12 September 1980 in this light. Assessments or interpretations of numbers alone may not reveal a very satisfactory outlook. A little patience is necessary.

New responsibilities confront the Turkish entrepreneur in 1981:

The first stage of our responsibilities involves a rational use of existing production capabilities and the bringing about of healthy as well as plentiful production;

At the second stage of our responsibilities we must face the task of moving towards investments that will enhance quality, lower production costs, overcome bottlenecks and make possible quick increases in production capability through moderate initial costs.

Our primary duty however, is the realization of investments that will aim towards the creation of healthy external and internal markets as well as the production of goods that are competitive within a quality and price conscious world market. Only new investments can bring about the increases in production and supply that we have been yearning for.

The special circumstances of 1981 and the difficulties inherent to a transition stage make it impossible for large new investment projects to receive prompt attention. One must not forget however that social as well as economic factors make it impossible for us to indefinitely postpone new investments.

Those who are in charge in Turkey must take into consideration not only the rising expectations of a population of 45 million, but also the fact that Turkey's population is currently increasing by 1 million each year.

Each morning, 3,000 more people are born and join our table. In the future we will be confronted with the task of providing work opportunity for 3,000 additional people each day.

As someone who has assumed heavy responsibilities within the industrial sector as well as an entrepreneur, I am hopeful for Turkey's future.

I have confidence in the future. After years which in general may be declared as having been wasted, those who have shouldered the responsibility of managing the government have undertaken things that could not have been achieved within a normal political framework. Adjustments within the tax system, the investment market, municipal revenues and labor management relations stand out as examples.

We can be very proud of the constructive attitude adopted by those who bear the responsibility of managing the state. Individuals as well as institutions are reassured by their positive willingness to promptly correct any errors that may be brought about by rapid reorganization. I trust that our situation will improve with each passing day if we evaluate the positive as well as the negative within our past experience. We must join forces, fully utilize all of our resources and work day and night. We expect that friendly nations will support our good will as well as our convictions and intense efforts.

We have had limited experience with development, industrialization and democratic government. In assessing the problems we face as well as the policies and efforts we undertake, friendly nations should demonstrate understanding. In 1981 and in years to come, it is very important that friendly nations adopt policies that will detract from and not add to the difficulties confronted by Turkey.

As the chairman of Sabanci Holding's board of directors, I wish to state that our goals are greater production, higher quality production and lower cost production.

We are determined to undertake a great effort during 1981 to export a greater share of our own production as well as a greater share of Turkish products produced outside of our corporate group.

As a group of Turkish entrepreneurs, we are seeking to provide greater input into the development of the country by producing more, providing job opportunities to more individuals and by directly or indirectly paying more taxes to the state. As citizens, this is our sacred duty.

In the years to come, the question of exports will constitute the first item on our agenda while the question of agricultural investments will be the second.

The fashionable trend towards industrialization as well as the sweet dream of becoming an industrialized nation have caused us to neglect the agricultural sector in our investments.

It is an achievement to detect an error or to discover a mistake.

In the period to come, we are determined to pay greater attention to agricultural investments and to integrated agricultural projects.

9491
CSO: 4654/165

INDUSTRIALIST STRESSES IMPORTANCE OF MIDDLE EAST MARKET

Istanbul DUNYA in Turkish 5 Sep 81 p 8

[Text] Omer Cavusoglu is one of the founders of a conglomerate of companies known as the Kozanoglu-Cavusoglu Corporate Group. Cavusoglu believes that while Turkey is intensively active in the economic sense within Middle Eastern and Arab countries, the economic progress achieved in this area is far from being adequate. He said: "Turkey should be as active in soliciting membership in the Arab Common Market as she has been in seeking entry into the EEC. Once this is achieved, development in all fields will be greatly facilitated."

The statement was made during a panel discussion organized by the Kozanoglu-Cavusoglu Corporate Group and entitled "A Turkish Model for Cooperation in Foreign Construction and Contracting, National and International Banking, Imports, Exports and Transportation." Speaking on behalf of his corporate group, Cavusoglu said that the companies within the group focused on construction and contracting work through the use of a centralized model. He added that this model was similar to export models used by South Korea and Japan.

Cavusoglu said that the process of obtaining a letter of guarantee remained as the principal obstacle facing companies involved in foreign contracting work. He added that some improvement in this situation is currently being felt. Cavusoglu said that the lack of communications, travel opportunities and promotional efforts could be cited as heading the list of factors preventing an expansion of export and contracting activities towards the Middle East and Arab countries. He said: "When the companies move in the direction of attempting to remedy these shortcomings, they will find out that the nations of the Middle East and Africa constitute very important markets for Turkey."

Ali Solmaz, a representative from the Kozanoglu-Cavusoglu construction group said that the total value of business ties already secured or in the process of being secured in Libya had reached $1 billion. He said that early this year his firm had issued a statement predicting a figure of $2.5 billion. Solmaz added: "In addition to firm ties worth a billion dollars, we could, should we choose to do so; undertake one or two new construction projects. If we did this, we would have contracts that are worth another billion dollars and this would mean that we would have reached the figure mentioned in our predictions."

In reply to a question, Cavusoglu maintained that there was a need for state regulation in managing Turkish exports. He said:

"Until now, the state has served as a source of guidance in Turkey. The state serves a similar purpose within the Japanese or South Korean models. This however is not sufficient in the case of Turkey. While in the past the state has attempted to play an entrepreneurial role, such attempts have consistently met with failure. As concrete examples of this I can cite the losses incurred by the State Hydraulic Affairs Directorate General on its Libyan investments, the failure of the State Highway Department to complete a 40 kilometer road also in Libya and in spite of assistance provided by ENKA, as well as the failure of Emek Constructions to obtain a single project grant in Libya. If in Turkey the state is not successful in playing the role of entrepreneur in view of its primarily regulatory role, it should assume a more active posture in providing guidance. As Turkish constructors working abroad, the greatest problem we face is one of obtaining adequate service from foreign consulting firms. Through bilateral agreements with foreign countries, it should not be difficult for our state to assume the responsibility of providing these services. Such a development would facilitate not only construction, but would also boost the export of construction materials designed to Turkish standards as well as other products."

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CSO: 4654/165

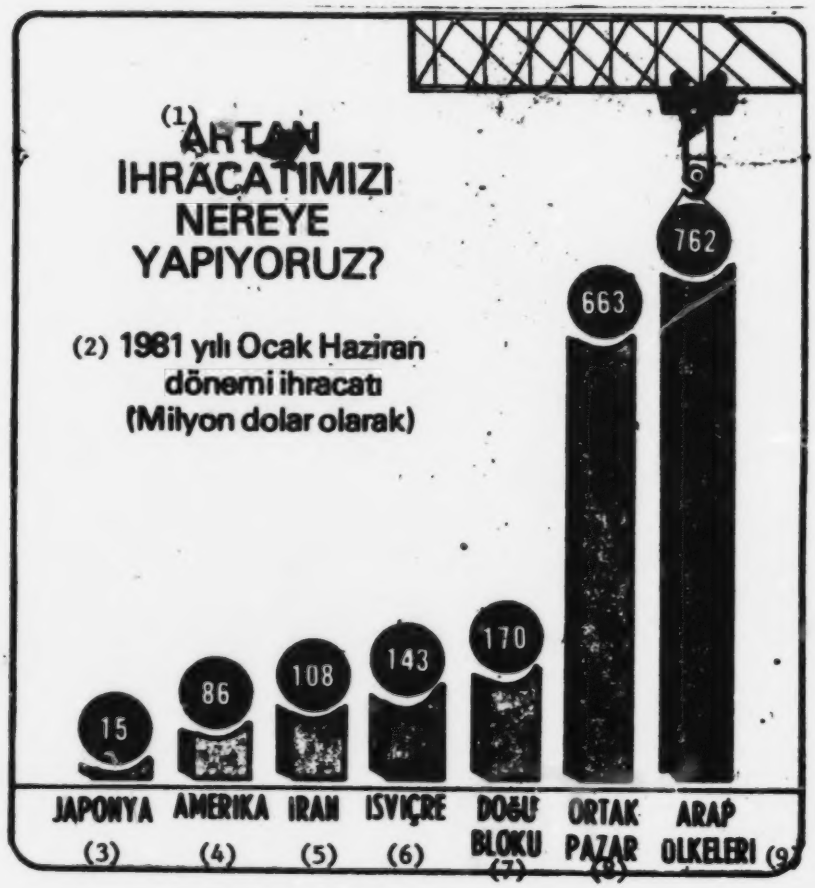
RECORD LEVEL OF EXPORTS TO MIDDLE EAST COUNTRIES NOTED

Istanbul GUNAYDIN in Turkish 24 Aug 81 p 5

[Text] During the first half of this year our exports have increased by 50 percent in comparison to exports during the corresponding period for last year, and climbed to a figure of $1.957 million. For the first time ever, Arab countries accounted for a larger share of our exports than Common Market nations. While our exports to Arab countries stood at $762 million for the first 6 months of the year, our exports to the 10 members of the Common Market only reached $663 million during the same period.

In previous years, the Common Market held the largest share of our exports and in turn sold goods to us on a large scale. While 43.2 percent of our exports during the first 6 months of 1980 were destined for the Common Market, the figure for the corresponding period of this year has dropped to 33.9 percent. The Arab countries accounted for a share of 19 percent of our exports during the first 6 months of 1980. For the first 6 months of this year this figure has risen to 39 percent. Our exports to the United States and Japan remain at an extremely low level. These two countries are home to the world's largest number of consumers.

The Ankara Agreement of 1963 constitutes a decision for partnership between Turkey and the Common Market. In spite of this, Turkey has not received appropriate attention from Common Market nations in matters pertaining to exports. In addition, Turkey has been confronted by measures to obstruct her exports. Agricultural products such as tomato sauce, noodles, olive oil, citrus fruit and grapes are subject to high taxes that vary from day to day. While such products are potential Turkish exports, Common Market nations prevent such exports by levying taxes. As a result, as illustrated by the graph, while the Common Market's share of our imports has remained unchanged, there has been a decline in its share of our exports.



Key:

(1) Where Do We Send Our Growing Exports?
(2) Exports for the period January-June 1981 (in million $)
(3) Japan
(4) United States
(5) Iran
(6) Switzerland
(7) The East Bloc
(8) The Common Market
(9) Arab States

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CSO: 4654/165

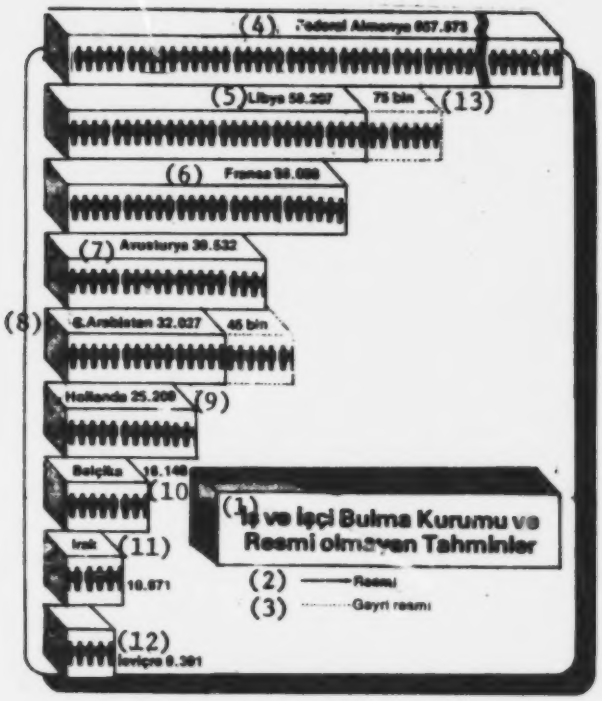
NUMBER OF TURKISH WORKERS IN LIBYA REACHES 75,000

Istanbul DUNYA in Turkish 14 Aug 81 p 8

[Text] The Labor and Employment Organization Directorate General has indicated that it has processed the sending of 9,831 workers to Libya in the period January-June 1981. According to the organization, the number of workers employed in Libya through its auspices stands at 59,207. It is estimated however that up to 75,000 Turkish workers are currently employed in Libya. This figure includes workers recruited through private companies as well as those who are working illegally.

The figures provided by the organization indicate that since 1961 a total of 934,036 workers have been sent abroad through its auspices. Of a total of 18,387 workers sent abroad during the first 6 months of 1981, 9,831 went to Libya while 4,731 went to Saudi Arabia. This has brought the total number of Turkish workers working in Libya through the auspices of the organization to 59,207 while for Saudi Arabia this figure stands at only 32,027. It is estimated however that there are up to 75,000 Turkish workers in Libya and 45,000 in Saudi Arabia. These figures include workers recruited through private companies as well as those who work illegally.

During the first 6 months of this year 132 workers were sent to West Germany where the largest number of Turkish workers currently live. On 1 July, the total number of workers sent to West Germany through the auspices of the Labor and Employment Organization Directorate General had reached 657,573. Of the 18,387 workers sent abroad during the first 6 months of this year, 2,833 went to Iraq, 162 to Switzerland, 137 to Australia while the remaining 513 (exclusive of those who went to Libya and Saudi Arabia) were sent to other countries. According to data provided by the Labor and Employment Organization Directorate General, West Germany is followed by Libya and Saudi Arabia in having the largest number of Turkish workers. Among the countries employing the largest number of Turkish workers the statistics list France with 56,038 persons and Austria with 39,539.



Key:

(1) Numbers of Workers Sent by the Labor and Employment Organization Directorate General and Unofficial Estimates
(2) Official totals
(3) Unofficial totals
(4) West Germany
(5) Libya
(6) France
(7) Austria
(8) Saudi Arabia
(9) The Netherlands
(10) Belgium
(11) Iraq
(12) Switzerland
(13) bin = thousand

9491
CSL: 4654/165

ERRATUM: The following is a corrected version of a translation which appeared on pages 37 and 38 in JPRS 79261 of 21 October 1981, No. 1836 of this series.

DANGER OF RENEWED INFLATIONARY SPIRAL NOTED

June Inflation Figures

Istanbul GUNAYDIN in Turkish 31 Jul 81 p 5

[Text] The inflation rate, after having reached 4.5 percent in January and 2.2 percent in February, and having declined by 8 percent in the months of March and April, climbed to 6.4 percent in June, raising the specter of a yearly inflation rate attaining 50 percent.

This year marked the second highest June price increase in the past 9 years, next to the 7.2 percent monthly rate in 1979. Monthly inflation rates in Turkey always tend to rise in the first 2 or 3 months of the year, level off in mid-year, then pick up steam again, especially after September.

Monthly inflation rates for the 8 years since 1973 show an average inflation rate for June of 1.2 percent. During those same years, the average inflation rate for the first 3 months after June, that is, July, August and September, was 6.1 percent. The average inflation rate for October, November and December for the past 8 years, however, rises to 9.4 percent. Thus, usually starting in June, prices seem to step on an escalator.

Taking past price trends into account, if prices continue to rise at the present rate, the total for July, August and September will be 11.6 percent and, by the same token, October, November and December will average 15 percent. The 1981 inflation rate, therefore, would exceed 48 percent.

Meanwhile, authorities note that rising prices of liquid fuel and industrial raw materials in June brought the month to a close at 6.4 percent inflation. "The increase in these goods will inevitably reflect on food prices in the months ahead. Thus it is seen that the year will close out with inflation at around 50 percent." they say.

Inflation Subsequent to June in Past Years

Year	June Inflation Rate	July, August September Average Inflation Rate	October, November December Average Inflation Rate
1973	0.4 %	8.6 %	9.1 %
1974	3.2	3.6	1.6
1975	1.9	0.2	6.0
1976	0.9	0.2	5.6
1977	1.2	9.9	11.6
1978	1.8	11.3	8.1
1979	7.2	9.9	18.2
1980	2.8	5.2	14.6
1981	6.4	--	--

Source: Ministry of Commerce Wholesale Goods Price Index

Indicators Cited

Istanbul GUNAYDIN in Turkish 31 Jul 81 p 5

[Text] Professor Feridun Ergin, teaching member of the Istanbul University Faculty of Economics, said, "There are indicators showing that price activities will gain speed in the fall." Noting that emission, that is, the printing of money, has increased and that the price of foreign exchange has risen, Professor Feridun Ergin went on to say:

"Increases are being seen in all costs. The indicators make one think a renewed inflationary spiral likely."

Professor Ergin stated that it would be hard to make a firm estimate as to what the inflation rate woul[illegible] but that long-term estimates indicated spiralling prices. "It may be sai[illegible] the inflation rate will be approximately 50 percent by the end of 1981," he said.

8349
CSO: 4654/145

PSC'S NOTHOMB VIEWS ELECTION, ATTACKS SOCIALISTS

Brussels LE SOIR in French 15 Oct 81 pp 1,2

[Commentary by Charles-Ferdinand Nothomb, PSC member of parliament and former minister of foreign affairs: "The Socialists Are Leading Wallonia into a Dead End"]

[Text] Every president of a party participating in a government coalition has a strong negative power: he can block the government or cause it to fall.

Everyone who has been a party president knows this power, but also knows its limits. Because, while one can prevent things from being done, one cannot with such an attitude build a policy or bring about government decisions.

Barely a few months after having been elected to the presidency of a party which does not, by itself, have either the power or the right to commit Wallonia, Guy Spitaels did not resist the temptation to block the national economic policy or the temptation to use that negative power. For several months he impeded the overall economic policy measures necessary for the country's recovery. In September, under the pretext of wanting to gain a few days for the tackling of the steel industry file, he wanted to block all activities of the national government and lead to the dissolution of parliament.

Thus, the PS [Socialist Party - French] has prevented, until the formation of the next government, all national policy actions, such as the regional policy, which are so very necessary in an economic crisis of such length as the one we are in, and for a region with as many problems as Wallonia.

Hence, the role of the Walloon socialists in Belgium and in Wallonia could be characterized simply as follows:
- Things are going badly;
- The socialists do not want to change anything;
- Thus, things will go even worse.

Once the crisis had been provoked, the PS chose the easiest possible diversion: shift the controversy to the community level instead of formulating the economic policy problems as they should be formulated, in realistic and concrete terms.

Indeed, what would be easier, if one wants to avoid a debate among the Walloons on the economic policy, than to offer community slogans and to provoke a flight toward such slogans as federalism, if not seperatism, and even to invoke the so-called ill will of the European Community with regard to the Walloon steel industry.

It is a flight, and the "Master in one's own house" slogan, which was invented by the FDF [Democratic Front of Brussels French Speakers] for Brussels, thus causing the city so much harm, and which was picked up by the socialists, is definitely equally harmful to Wallonia.

As a matter of fact, to master one's fate and one's future, does not mean to withdraw into oneself, nor to want to limit oneself to being master in one's own house. What is required is to be able to influence one's fate there where it is being decided, that is to say to a large extent also outside of one's region.

Of course, the political ability of the Walloons must be practiced intelligently within the framework of the regional policy to be developed by the regional institutions: in this regard, the PSC [Christian Social Party - French] views are more open to the future than are those of its former socialist partner.

But the Walloons also have and will have a more significant influence on the national government. To galvanize this national influence by concerning oneself only with regional problems, or worse yet, by axing a whole industrial sector, such as the steel industry, is to forget that our future lies as much and more in the new industrial sectors (from aeronautics to telecommunications). It is also to forget that general economic factors, which can be influenced by the Belgian state and its international role, also have an effect.

Are the socialists forgetting that the Walloon aerospace industry depends on the long term contracts which Belgium has concluded? That the position of the Belgian franc and the competitive position of our economy have a greater influence on Wallonia than any regional measure? Are they forgetting that 80 percent of the production of Cockerill-Sambre depends on foreign markets? That a realistic European policy is the best safeguard of the future of the steel industry?

Are they ignoring the influence of the Walloons in national and international organizations?

I can testify to the damage caused, in a series of international negotiations, by the development of a political crisis in Belgium. It impedes ongoing progress, which is necessary to Belgian interests, and thus also to Walloon interests.

A few years ago, when we committed ourselves to a collaboration with the socialists in the area of regionalization and of the Belgian government, I requested, and was granted by the then partner, the assurance that Walloon interests would not be tackled on the basis of slogans or on the basis of sudden impulses, but that one would think before acting, and that in appointing those Walloon officials most important to the economy -- and specifically in the area of public industrial initiative -- one would make sure that the people would be nominated on the basis of their technical abilities and not simply on the basis of their past history as party people. I have observed that recently -- whether in the steel industry or in the Regional Investment Company, or elsewhere -- the socialists have given preference to people whose loyalty to the party was more important than their technical abilities.

Not only is the Socialist Party behaving badly in Wallonia and leading Wallonia badly in terms of its regional interests, it also makes poor use of the influence of the Walloons in the national and international areas. In addition, it gives Wallonia a reputation which does a disservice to the region.

If the socialist president wants to lead his party into a dead end, then it is his party's business if it decides to follow him there, but he has neither the authority nor the right to lead Wallonia into a dead end.

The Christian Social Party conducts a policy for Wallonia which is both resolutely regional and attends to the realistic influence of the Walloons in the national and international areas. If it comes out of the upcoming elections strengthened, then it will be able to put matters back on track while maintaining the necessary diversity and decentralization within Wallonia, which the socialist leaders have tried in vain to destroy.

8463
CSO: 3100/63

SINGLE-TAX PARTY CONGRESS ELECTS NEW CHAIRMAN

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 81 p 5

[Text] Single-Tax Party Policy Unchanged Since 1919

The superordinate goal of the Single-Tax Party remains as it has been since the party began in 1919 the introduction of a total land tax to replace the income tax and this basic principle was not disturbed during the party's national congress in Skive over the weekend.

In a resolution approved almost unanimously by the congress the party proposed a change of course to deal with the fact that Denmark is on its way toward national bankruptcy that would include reducing the treasury deficit, the introduction of a land tax and the phasing out of state guidance of business life.

In the area of current policy the party noted its support of the nonsocialist parties' demand for the elimination of exclusive agreements as well as the wage-earner funds' and pension funds' purchase of shares in private businesses. Political spokesman Ib Christensen said that the only possible solution to Denmark's political crisis is the formation of a broad coalition government.

The Single-Tax Party was divided in its stand on defense and security policy. After a debate Saturday evening that lasted several hours the congress voted that the party's leadership, the party council, should now consider whether Denmark should apply for the protection of the United Nations, thereby also resigning its membership in NATO. This was preceded by a debate for and against NATO and a number of speakers pointed out that Single-Tax Party members are far from united in their view of this question.

The party leadership and the national congress rejected any idea that the Single-Tax Party might make itself available to the government and the compromise parties and Folketing member Ole Flygaard who was criticized earlier for "selling out the party's land tax ideas" was also criticized for a statement that the Single-Tax Party should replace the Center Democrats in the compromise party group.

Party Elects 27-Year-Old Chairman

At the Single-Tax Party congress in Skive this weekend the youngest national chairman so far was elected, 27-year-old Poul Gerhard Kristiansen. He succeeds Lars

Fredsted Kristensen who after 3 years as chairman wanted to use more time on his job and his family.

Poul Gerhard Kristiansen is a student of history and religion in Arhus and he has served as national secretary for the youth organization of the Single-Tax Party, DRU.

The new chairman belongs to the party's pacifist wing but is regarded first and foremost as possessing organizational talents which he unfolded as chairman of the party's organizational committee.

The new national chairman is taking over just as the party's membership figures are shrinking below 2000 and an organizational rally will also be his highest-ranking task.

6578
CSO: 3106/5

WEIZSAECKER INTERVIEWED ON STATUS, PROBLEMS OF WEST BERLIN

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 2 Oct 81 p 3

/Interview with Richard von Weizsaecker, governing mayor, West Berlin, by Alois Rummel/

> /Text/ The latest events in Berlin indicate that the new CDU Government's honeymoon has most certainly come to an end. Skeptics are indeed asking whether the city is even governable at all.

/Question/ Mr Mayor, the first 100 days of your rein seem to be distinguished by calm, steadiness and the self-confidence of the new Senat. I deliberately say "seem," because political realities in Berlin are very different: Continuing disorder, insecurity, new riots, one person killed, the vote of nonconfidence in the assembly--not against the entire Senat but two senators. After 100 days of von Weizsaecker Government do you think that Berlin is governable at all?

/Answer/ We have taken over a distressing heritage. The consequences were early elections and the formation of a Senat from the former opposition. I made a point of saying in my policy statement that no miracle solutions should be expected in a few weeks or months. Problems often need as much time for their resolution than for their generation.

The increase in initially peaceful demonstrations getting out of hand and becoming violent caused us--consonant with our proclamations--to clear those occupied buildings which it was appropriate to clear for legal and housing considerations. We did this to defend the law in this city and therefore also the creation of the basis for the most important housing measures of the immediate future. We began calmly and deliberately by refusing to launch a night and fog action and instead stating quite clearly what we were out to do, we signaled our readiness for talks, offered alternative accommodation and plainly described out housing goals. In the course of defferentiating within the squatter scene it was necessary, however, to take action against those who are unwilling to enter into any discussion. The overwhelming majority of the Berlin public back us, actually people had gotten quite impatient waiting for us to come to a decision.

/Question/ Herr von Weizsaecker, let me put the question once more: Do you feel that Berlin as a city inmidst the GDR can still be saved for the future?

/Answer/ I am quite sure it can. Not only is it possible to govern Berlin, the city will also regain and strengthen its attraction, an attraction which, in turn, used to provide the basis for the worldwide interest in and commitment to Berlin.

Many large metropolitan areas have acquired a reputation of ungovernability. I have just returned from New York. Five years ago people moved out of New York in droves. In the meantime a counter trend has developed. I do not mean to compare Berlin with New York; Berlin is smaller, and it has problems not present in New York. I am firmly convinced, though, that public confidence in the Senat will grow with every month--transcending party lines--, thereby creating the climate necessary for us to cope with the problems of this city.

/Question/ I am following on your policy statement and projecting it on the 100 days of Senat and government Richard von Weizsaecker. At the time you said that Berlin needs a new political dimension. What is this new political dimension to be like, how can the Berlin public be made to realize that it is once again worth while to live here?

/Answer/ Our most important contribution must of course be the resolution of our city's problems. After the Four-Power Agreement (the benefits of which we certainly welcomed), the impression has tended to arise in Berlin as if we were now living at the margin of international and German events, as if there were nothing but unsolved problems, as if we had been left to stew in our own juice. That is an objective error. Nor does it match the appraisal in the capitals of our protecting powers or Eastern Europe.

We continue to live at the intersection of international developments in the East-West network of relations. U.S.Secretary of State Haig quite deliberately chose Berlin as the place to announce his declaration of principle to the Europeans. A few weeks from now the British Foreign Secretary will come here, and I went to America for the same reason: I am certain that we in Berlin have experience to contribute.

Within the framework of our foreign affairs representation by the Federal Government, which we gratefully acknowledge, it will be necessary clearly to display the specific Berlin viewpoint. The more we look at this incorporation and function of Berlin within the scope of international affairs, the more this will ease the settlement of our city's problems.

/Question/ Once upon a time Berlin was the turntable between East and West; it was designed to be a Western display window to the East. In my experience Berlin residents no longer think so. Will Richard von Weizsaecker's Senat be able to revamp this perspective?

/Answer/ To begin with let me point out that we need to remember the basic terms of this Atlantic cooperation with respect to that which allies us to America, the power which, together with Britain and France, daily guarantees our freedom and security, with respect to that which we need in our relations with America: Readiness for defense on the one hand, active Eastern policy on the other. These two are indivisible.

That is the only way to safeguard the foundation and goals of the Atlantic Alliance. It does seem to be as if this were something which might be more acutely felt in Berlin and more credibly championed in America than is sometimes done by many senior politicians in the Federal Government and the Bonn coalition parties.

/Question/ Could you be a little more precise, please? How may Berlin's politics in matters Germany and Eastern affairs be more clearly articulated and filled with a new meaning--at any rate better than before?

/Answer/ On the 20th anniversary of the Berlin Wall the Senat commemorated this event. I proclaimed our attitude on behalf of the Berliners: My phrase that not war but peace only should originate on German soil reflected my conviction that we need to take these seriously: That no more shooting should occur at the Wall, and that the increase and expansion of the minimum exchange must be canceled because this contradicts the meaning and goals of the Four-Power Agreement.

Moreover, and always considering what the Germans in East Berlin and the GDR really want, we must at all times endeavor to advance active relations with the other part of Germany, especially when and where this costs money. Upon contemplating budget decisions, therefore, Berlin must advocate that--despite the necessary cuts--we still have some money to spare, which may do some good to our compatriots on the other side, even if this must be done via their government.

It would indeed be a misfortune if we in the Federal Republic of Germany had money to spare only for our own benefit, no longer also for items of interest to our compatriots on the other side, simply because they do not have their own lobby in the Bundestag. To make our voices heard on this topic, that is one of the functions and tasks of Berlin with reference to German affairs.

/Question/ In the near future, probably late this or early next year, the Federal Chancellor will visit East Berlin. How and to what extent can you, in your capacity as governing mayor of Berlin, affect the organization and, of course, the possible results of this visit?

/Answer/ We are constantly in close contact with the Federal Government regarding the current status of inner-German relations and, consequently, the preparations for such a meeting. From our vantage point in Berlin we must (and in a comparable situation by predecessors did the same, even though it was not always convenient for the Federal Government) urge primarily that what must prevail is anything which affects people directly as well as their free movement, in other words the observance of treaties and promises. We will therefore most resolutly urge the cancellation of the expanded and increased minimum exchange.

Furthermore I have always advocated for Germany policy first of all and later also for Eastern policy as a whole that we should be ready and able to discuss a wide range of reciprocal relations, including possibly culture and economics, science and technology. As regards security, defense readiness must be in the first rank.

/Question/ Herr von Weizsaecker, Berlin used to be a symbol of freedom. Your new line, however, can be effective only if fully understood by the Berliners. I have often had the impression that a section of Berlin residents by now is simply resigned

to developments. According to my observations the necessary activation and motivation of Berliners is lacking. Do you have any suggestions how to get over this apathy?

/Answer/ I am unable to agree with your appraisal. Of course a lot of people are perplexed--and more than that--about the repeated acts of violence which, in the margin of demonstrations, result in threats to property, violence against the person in Berlin. So far the cooperation necessary by all responsible political forces here in the assembly and the sociopolitical forces outside has not arrived at the point which will take the wind out of the sails of violent dissenters and anarchists.

We have not yet advanced far enough in the public--and especially parliamentary--debate, nor in the discussions with the opposition. As far as the SPD is concerned I cannot but accuse them of fulminating against violence in public on the one hand (and I fully believe in their sincerity), yet on the other of providing the "movements" with ever fresh arguments designed to encourage them and eventually lead to more violent actions in the margin. I am sure that this policy of as well as will result not only in a test of strength within the SPD but necessarily also in the gradual paralysis of Berlin, and that is what we must overcome.

/Question/ Herr von Weizsaecker, is it your understanding that the Berlin public really appreciate what you are saying?

/Answer/ Let me say that I am sure I am better understood with every passing week. Let me remind you of the events of the past week in connection with the clearing out of squatters: Despite the general concern about the terrible and tragic accident which occurred, we have received unprecedented public encouragement the next day. People came to city hall, they telephoned and wrote us that we should continue this approach because--coupled with the utilization of all opportunities to openly handle disputes--the return to a peaceful discussion responds to the wishes of virtually all Berliners, regardless of party affiliation.

/Question/ The parliamentary opposition here in Berlin accuses you personally as well as your interior senator of having insisted too much on the letter of the law and not reacted politically in view, especially, of the squatter situation.

/Answer/ In my opinion the parliamentary opposition and Dr Vogel, its chairman, would have done better to keep silent precisely with regard to this case. While he was in office the incidence of occupied buildings rose from 29 to 167. As a result the problem grew to an extent and assumed a seriousness which we now have to tackle. I consider it praise to be told that I am concerned with the letter of the law. As an accusation from the lips of a former Minister of Justice it sounds particularly surprising. Of course I do not dispute the opposition's right to criticize and submit the motions it considers appropriate. They should not, though, count on finding an echo among the public, because they in fact caused the abuses we must now confront.

/Question/ Mr Mayor, there is such a thing as a Berlin line, drawn up by your predecessor but agreed by you. You are now being accused of having abandoned this policy. Is that so?

/Answer/ The opposite is true. The Berlin line requires us to clear buildings so as to carry out the necessary measures wherever repair work or other housing measures are indicated, where the public prosecutor recommends prosecution, or offers of negotiations and alternative settlements are rejected. Herr Vogel, my predecessor, proclaimed exactly the same intention but then failed to follow through. We made the announcement also, but in contrast to Herr Vogel, translated our decision into resolute action.

/Question/ Squatting can ultimately be abolished only if sufficient housing is built in Berlin. You promised to build 50,000 apartments in Berlin by 1985, that is by the end of your term of office. Is such a promise actually capable of fulfillment?

/Answer/ As we stated in great detail in our policy declaration, we will have to alter the fiscal basis and emphasize the need to promote the construction of privately owned homes without reducing public housing construction. The resources of the government do not suffice to entirely bridge the discrepancy between the actual rentals paid and the costs of new construction. Commitment to housing construction must therefore be made attractive once more to private investors. That problem is not confined to Berlin.

/Question/ Herr von Weizsaecker, you know very well that you have no majority in the Berlin assembly. You are dependent on the good graces of the FDP, actually just sections of the FDP. In such conditions and judging by your experiences is it really possible to carry out a program and one day call on the voters to judge its implementation?

/Answer/ A government is not upheld by affection or good will. It is upheld by election results. And the election results read that my party got 48 percent, the old SPD/FDP coalition less than 44 percent. Consequently it was clear that the obviously stronger party had to get the opportunity to form a government and to govern. These circumstances will remain valid for the entire legislative term. The mathematics will not change. Of course we must endeavor to carry out a policy which is credible, comprehensible and acceptable even beyond party lines. That is in any case a suitable guideline when we consider the problems to be settled in Berlin. After the first few months of office I think that it is quite possible to govern on this basis. The first and most important steps were the budget measures by which we in Berlin--and I claim this without fear of exaggeration--sets an example to other federal Laender also. Now we are ready to tackle housing and employment issues.

/Question/ I admire your optimistic view of the FDP. Is it really possible, as you say, to assume that there is a kind of silent agreement, albeit no coalition; that relations with the Free Democrats are getting slightly warmer--to put it cautiously?

/Answer/ I think we all gain experience together. After all, we are not dealing with unreasonable monsters; we discuss problems and not only are getting used to one another but also appreciate that the intentions of the Senat are, in the present circumstances, the best for the city. Whenever we are wrong, we are of course quite ready to correct our approach.

/Question/ It seems that it was not easy for you personally to take root in Berlin. There are some critics of your style of leadership even in your own party. How do you yourself assess your relations with the Berlin CDU?

/Answer/ I do not know what exactly you mean by critics. I grew up in Berlin, was stationed here while in the armed forces. After the war, it is true, I did not live in Berlin but I have visited here innumerable times. If I am at home in any city at all, I am at home in Berlin. Now I have been in politics here for 3 years. It is a great challenge and I am giving it all I have.

It is only proper for a popular party such as ours to have differences of opinion. Moreover the Berlin CDU had to get used to hold political responsibility on its own. I am quite aware of the fact that, as the spokesman for this task, I occasionally make demands which are not necessarily convenient. But I am sure that we are working together smoothly and must say a lot of things would go more easily in our time and our country if other government parties were as cohesive as the Berlin CDU.

11698
CSO: 3103/38

ABILITY TO 'HANDLE RUSSIANS' NEEDED FOR KEKKONEN SUCCESSOR

Stockholm DAGENS NYHETER in Swedish 8 Oct 81 p 18

[Article by Kaa Eneberg]

[Text] Helsinki--It now seems likely that the people of Finland will go to the polls in January to elect a successor to ailing Urho Kekkonen, now 81 years old.

This should really be taken care of earlier than that according to Finnish constitutional experts DAGENS NYHETER spoke to. No one believes the president, who is having trouble with his memory and thought processes, will ever be able to resume his duties.

The criticism has been in the air and Justice Minister Christoffer Taxell of the Swedish People's Party felt he had to declare that a lengthy leave of absence due to illness is by no means illegal or a bad thing for Finland. It is simply as if the president were taking a long trip.

The president's illness, which has been acute for a month now, has created a peculiar and unreal political climate in Finland. The popular president is in seclusion at his home, "Ekudden." They are all holding their breath, hoping the president himself will resign. That is an opportunity everyone wants to give to a man who successfully led Finland for 25 years. But communications with the sick president are limited. A less charitable theory concerning his isolation, heard from both politicians and bureaucrats, is that the Center Party, the president's own party, wants to gain time before the next election by means of the extended sick leave.

Dismissal

In theory the popular Social Democrat, Mauno Koivisto, could dismiss Urho Kekkonen if it is felt he cannot handle his job. The taciturn former dockworker is now Finland's acting president with the same broad powers as any other president of Finland.

But firing a man so deeply rooted in the hearts of the Finnish people would be regarded as an outrage. It wouldn't give Koivisto any points in the presidential conflict which has already begun.

Instead Mauno Koivisto visits "Ekudden" at long intervals, doesn't say a word to the press and gathers points for his low profile.

Those standing watch at the big Soviet Embassy building on Fabriksgatan, a stone's throw from the harbor, are also being discreet. When the president became ill Ambassador Sobolev had to cut short his vacation and return to his observation post. Incidentally he is the only foreign delegate who has personally seen the sick man--an indication of the importance Finland assigns to its friendship with the Soviet Union.

In Finland no attempt is made to conceal the close ties with the Soviet Union--both political and economic.

Handling the Russians

In the preliminary stages of the presidential conflict everyone is concentrating on a discussion of the ability of candidates to "handle the Russians," as the popular expression goes.

"President Koivisto" is completely cut off today from the house of parliament, the magnificent columned building on Mannerheimvagen where political discussions are taking place at top speed. A Finnish president is not allowed to influence elected representatives and is thus welcome only as an invited guest on ceremonial occasions.

But the other leading characters in the drama can move freely there in the building where the new president will be elected ceremoniously in January or February. There one can see Koivisto's swordbearer in the conflict, Social Democratic Party chairman Kalevi Sorsa, in conspiratorial conversations in the cafeteria. One can also see Johannes Virolainen, the speaker and ousted Center leader many Center voters, but not the Center leadership, would like to see as president.

But this is not true of Ahti Karjalainen, the old foreign minister, whom the Center leaders are trying to promote. He is director of the Bank of Finland in the heart of the city. He will soon go to Moscow in his capacity as Finland's chairman of the Russian-Finnish Cooperation Committee--a trip certain to give him points in the conflict.

Decision

During the president's extended sick leave, which lasts until 10 November, a decision is expected concerning the presidential election. Kekkonen's studiously demonstrated improvement--with sauna baths and promenades--is regarded as leading up to a letter of resignation.

Under the constitution an election can be held 75 days after this is done, counted from the first day in a month. This is seen as possibly meaning 75 days from 1 November--a suitable Sunday in mid- or late January.

The people of Finland don't elect their presidently directly as is done in France. Instead 300 so-called electors, people entitled to cast votes, are elected. They can be members of parliament but as a rule they are not.

The Riksdag continues to work and in theory is not affected by the presidential election. The multiparty government, now headed by Center Party man Eino Uusitalo, will not be affected either.

Three Ballots

In an ordinary presidential election the electors have a month in which to select a president. But not in this election in the middle of a presidential term. Now the electors must assemble as quickly as possible in the house of parliament to vote on a president in a single highly dramatic day. They will cast their votes in three different ballot counts. These ballots are secret but in the electoral campaign the electors usually promise to vote for a definite presidential candidate.

The parties have been engaged in selecting their own candidates for some time before this. It is almost part of the system that even small parties present a candidate who falls by the wayside after the first round of voting. But the compromise candidate the little Swedish People's Party chose to back, political scientist Jan-Magnus Jansson, is a special case. If none of the "big" candidates get the necessary 151 votes the electors might decide on a "dark horse" at the last minute. It has happened before in Finland.

Swedish Papers Tasteless

Mainland Swedish newspapers have not shown good taste and sensitivity when it comes to President Kekkonen's illness in the view of the major organ of the Social Democrats, SUOMEN SOSIALIDEMOKRAATTI. They have behaved in an unworthy fashion, according to that paper.

In Helsinki the editorial remarks of SUOMEN SOSIALDEMOKRAATTI caused something of a stir. Many wondered why the paper censured the Swedish press in general and neglected to mention that the criticism applied primarily to the evening papers, including LO-owned [Swedish Federation of Trade Unions] AFTONBLADET.

6578
CSO: 3109/16

POLITICIANS ASKED TO EXERCISE MODERATION IN PRESIDENTIAL RACE

Helsinki HUFVUDSTADSBLADET in Swedish 2 Oct 81 p 2

[Editorial by Jan-Magnus Jansson: "Moderation of Urgency"]

[Text] Moderation is needed both in judging the daily situation concerning the president's illness and in preparing the election campaign which is already looming, writes Jan-Magnus Jansson.

In the discussion which has raged since the news of President Kekkonen's illness became known, the human aspects have been noticeably overshadowed by the political.

It is the fate of all people eventually to be afflicted by the destructive processes of old age and illness. But the large majority of us are privileged to pass through these processes as private individuals, far from the bright lights of public life. When it happens to a person in high public office, especially an internationally known statesman, he does not enjoy the same protection. His illness can have widespread consequences, and is therefore followed day by day in the media. It can not be otherwise. In spite of this, a person in such a position should also be allowed the same consideration which is normally given to a person who becomes ill.

In the case of Urho Kekkonen, a man who has always placed special emphasis on physical and mental health, the descriptions of ill health portrayed in the official bulletins create a tragic picture. It is something that we all have reason to reflect upon.

So much for that. On an entirely different level are the legal and political consequences if the president is determined to have "permanent deterioration," as it is called in the constitution. In such a case, still according to the constitution, election of a new president shall take place "as soon as possible."

"As soon as possible," according to the opinion of experts, is a strictly binding formula. It means that no delay beyond that which is necessary for election technicalities is permitted. There is no allowance for political deliberations.

In practice this means, according to the legal experts, that the election should take place on the Sunday and Monday immediately after 75 days have passed since the

cabinet determines that the president has "permanent deterioration." At least the election can not be significantly postponed after that.

The election law recognizes only elector candidates, not presidential candidates (one can of course ask himself if that is practical). The parties can not count on any special delay for nominating presidential candidates. Actually all the parties concerned could probably manage to complete the nominating process within the prescribed time. Another thing is that it would probably not be easy to "sell" a nominated candidate in such a short time. Here we again come up against the fact that the question of the existing president's successor has long been taboo as a free topic of discussion. This nervousness among politicians is, however, understandable.

Another central question which has been discussed in several stages in the legal literature is how "permanent deterioration" of the president should be established. Strictly speaking only a doctor's certification is required, after which the cabinet approves the measures which are necessary in order for the election to be held (mainly determining the days for voting for the electors). In both cases when the president departed before the end of his term--Kallio and Mannerheim--the president himself requested retirement because of illness.

It appears that the cabinet's possibilities of proof are strictly limited. As for proof of "deterioration" there is dependence on the doctors' votes, possibly in conjunction with the president's own initiative. The time of the election is, again according to the interpretation given to long-established constitutional words, that the election shall be held "as soon as possible." As of course it should be in a nation governed by law, the time for political testing--or pressure--should not be too long.

Since President Kekkonen's sick leave expires on 10 October, a decision one way or another must be made next week. It has been intimated that the decision could be to extend his sick leave for one month. Considering the weight of the decision, further extension is not unreasonable. At the same time it should be made clear that an irreversible situation is being created. The legitimate need of the parties to prepare for an election means that they must set their machinery in motion. It is important that the election take place in such a way that the results of President Kekkonen's 25-year efforts to create national unity around foreign policy are not destroyed. Foreign policy can and should be discussed in the election, since conduct of foreign policy is seen as the president's most important concern. Such a discussion can, however, be carried out by comparing the candidates qualifications and merits in foreign policy without hitting below the belt. There is reason to believe that foreign countries, especially the Soviet Union, have been convinced that our foreign policy during Kekkonen's time has become so fixed and so all-embracing that the change of the person in the president's post would not have the same dramatic character that it would have had 20 or 25 years ago. If we are successful in holding the discussion on such a positive level, the election, which under any circumstances will be hard, will be reduced to "normal" proportions. That also means that political cooperation after the election and the painless transfer from one regime to another is facilitated.

9287
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FOUR TAISTOITES SUSPENDED FROM COMMUNIST FRONT PARTY

Stockholm DAGENS NYHETER in Swedish 9 Oct 81 p 23

[Article by Tor Hognas]

[Text] Helsinki, 8 Oct--Four opposition members of the parliamentary group of the Finnish People's Democratic League were suspended from the group Thursday until the end of November. The four belong to the so-called minority wing in the communist party.

The move is believed to be leading up to a total split of the communist party against the background of the burning presidential issue.

The formal announcement said that the four were disciplined because they went against a group decision on an issue involving the introduction of street taxes for property owners. The majority backed the government's proposal while the four opposed it.

The whole thing is really the result of a 15-year-old rift in the party. Eleven of the parliamentary group's 35 members have been in constant opposition on most issues. It did not help that the party congress passed a resolution this spring calling for reconciliation.

Disagreement is especially marked on the presidential question.

The minority has conducted a propaganda campaign for Ahti Karjalainen of the Center Party despite the fact that the communists will go into the campaign with their own presidential candidate.

The minority questions Mauno Koivisto's ability to handle the nation's relations with the Soviet Union and attacks the left-wing socialists in the People's Democratic League who are ready to vote for Koivisto instead of Karjalainen in the presidential election.

The minority received a warning in the spring; now four members of parliament have been suspended. No one knows what will come next but many people think all those who balk will be kicked out of the party.

The four who will be forced to remain outside the fellowship for a while are Pauli Puhakka, Marjatta Stenius-Kaukonen, Marja-Liisa Salminen and Seppo Toiviainen. We can expect other members of the opposition faction to go for a while as soon as they go against group decisions.

The People's Democrats (communists and left-wing socialists) will play a really decisive role in the upcoming presidential election. One can say that the candidate who has the support of the People's Democrats is sure to be elected.

Therefore the Social Democrats are hoping the majority communist electors will support Koivisto.

The Center Party is on the same mission, trying to get the People's Democrats to back Ahti Karjalainen, the man party leaders think will be nominated.

But Aarne Saarinen, chairman of the communist party, has not yet made any commitments. That is why he has long been irritated that the minority group was supporting Karjalainen and condemning Koivisto.

The chairman of the People's Democratic League, Minister Kalevi Kivisto (left-wing socialist) has said that one might well back Social Democrat Koivisto.

Pauli Puhakka, who was suspended, thinks Saarinen is trying to make it impossible for the minority to nominate its own electoral candidates (it is the 300 electors who elect the president).

The nomination period for electoral candidates will probably be over before the four are reinstated. And more minority communists could be suspended for a while in the next few weeks.

Party friends in the Soviet Union have prevented an open split in the Finnish communist party. But observers believe that Saarinen has now had enough and intends to purge the rebellious minority regardless of what comrades in Moscow say.

The party whip will be cracking this fall. The minority must yield or go, spokesmen for the majority say.

President Kekkonen's condition is unchanged, the president's office announced on Thursday. There has been no change since the last health bulletin was released on Monday. The president has gone for a walk every day, it was said.

The next bulletin will be issued this coming Monday. People in parliamentary circles expect the issue of Kekkonen's departure to come up in the next few weeks so that the electoral election can be held on 17-18 January 1982.

6578
CSO: 3109/16

GOVERNMENT'S INDEMNIFICATION METHOD CONTESTED

Paris LE MATIN in French 17 Sep 81 p 6

[Article by Denis Pingaud]

> [Text] Yves Flornoy, manager for the stockbrokers, does not agree with the government proposals. The indemnification of stockholders will be made by the payment of debentures redeemable in 15 years, bearing an interest indexed to that of state loans and whose face value will be equal to the average market prices of "bought back" stocks over the last 3 years. The Council of State, indeed, would not challenge the legal principle of this formula. But it could draw the attention of the authorities to the method of computation, violently challenged yesterday by Yves Flornoy, manager for the stockbrokers.

The stockholders of "nationalizable" companies should now know what to think about their fate. Indeed, the Council of State is to pronounce its opinion, in plenary session, about the indemnification formula upheld by the authorities in the rough draft of the text on nationalization. This draft anticipates particularly "repaying" the owners of nationalized firms by the remittance of debenture bonds whose face value would be equal to the average, over the last 3 years, of the market prices of stocks "recovered" by the authorities. These prices, in the present case, would be those "fixed on the settlement market between 1 January 1978 and 31 December 1980."

The principle of referring only to market prices to determine the value of the debentures was not legally challenged by the experts of the Council of State's finance section. These experts, on this exact point, should be followed by all their colleagues, which would avoid the government's having recourse to the other formula--recommended by the Market Transactions Commission (COB)--which consists of taking as the basis for computation a "basket" of criteria, among which are market capitalization, of course, but also the net assets and the trading results. This system has the drawback of substantially complicating the computations and thus lengthening the time limits for settlement of indemnification.

The Council of State could still show it is sensitive to the arguments of those who consider the government plan "unfair," as soon as the sole recourse to the criterion of market prices has been accepted. In other words, the reference to

the last 3 years is not necessarily the most "just." This is what was clearly stated yesterday by Yves Flornoy, the manager for the stockbrokers, who, for the first time, entered the battle to question, covertly, the methods of indemnification planned by the authorities.

"The dispossessed stockholders would be robbed," Flornoy stated, "if the repayment were less than the average value of the prices for the first 3 months of 1981 increased by 54.4 percent." Why 54.4 percent? Because, during past years on the Parisian market, the average offering price of the OPA's [Public Offer to Purchase] to companies was equal to the value of the prices for the last 3 known months, plus 54.4 percent. Therefore, there is no reason, Flornoy essentially believes, for the state not to pay this price to "buy back" the companies that it intends to nationalize.

Problem: this method of computation leads to a result, for the value of the debenture remitted to the former stockholders, clearly higher than that which is reached by applying the government formula. The difference, according to the stocks, fluctuates between 20 and 50 percent--which makes the holders of "nationalizable" stocks grind their teeth. The Council of State could thus recommend to the authorities "adjusting" the computation of indemnification to keep away any recourse to law regarding the value of the debentures that will be remitted to the former owners.

However, the government will not be at the end of its troubles. As for the threatened stockholders, they are not yielding. "We are not at all in agreement," they explain at the Union for Defense and Development of Private Shareholding (UDDAP), "with the fact of exchanging our stocks against debentures. This is contrary to all practices in all countries. And can you imagine a single board of directors that would accept having a repurchase made on the basis of a price clearly below the real value of the company?"

9545
CSO: 3100/1001

COUNCIL OF STATE RESERVATIONS ON NATIONALIZATION

Paris LE MATIN in French 17 Sep 81 p 6

[Article by Roselyne Koskas]

[Text] Its committees opposed placing under the state's guardianship Suez and Paribas industrial assets and asked for adjustment for foreign banks. The Council of State, convened in plenary assembly, today must give its opinion on the government's plan to nationalize five industrial groups and almost the entirety of the banking system. Yesterday the various sections of the Council of State and, remarkably, the finance committee, which "advised" the government's text, have issued some recommendations that risk causing a resurgence of the debate on nationalizations. Indeed they challenge the principle of extending the public sector to the Suez and Paribas groups or, more exactly, to their industrial patrimony. And they express reservations about the threshold of 1 billion in deposits chosen to define the sphere for nationalization.

"The figure of 1 billion francs in deposits is arbitrary and involves discrimination in the treatment given to foreign and French banks." The opinion of the finance committee is clear. The government's plan cannot stop there: the threshold must be raised or the banks owned by foreign financial powers must be nationalized also. To increase from 1 to 3 or 4 billion francs the limit beyond which the French banks would be nationalized would remove from the sphere of nationalization only a few small banks (Bank Hervet, Bank of Brittany but also, of course, Bank Rothschild) and would place under public control only 90 percent of deposits --a slight difference. Contrarily, nationalizing the foreign banks would significantly change the government's purposes. More than 135 new institutions would be affected. This idea--which on Tuesday came from the finance committee of the Council of State--for the present has not won favor from certain experts at the Elysee and at Matignon. It has the disadvantage, it is emphasized here and there, of "making enemies for us" of the whole international banking community. "Surely we would see the appearance of lawsuits, contested cases and even--why not?--some receiverships of French bank property," remarks a bank specialist.

It is, however, on the principle of retrocession to the private sector that the state advisers are most opposed to the government. In its draft--in article 30--

the government indicates its intention not to keep the industrial assets of the Suez and Paribas financial companies and to return them to the market. They even say that a time limit--1 year--would be fixed, and that the transaction would be conducted by the former stockholders. "Why, in this case," the Council of State asks essentially, "nationalize that which should be handed over to a private concern? Why disrupt structures that, in a very short time, will have to reacquire their original character?" This reasoning, already well known, states that it would be better first to sort out the banking and industrial shares of Suez and Paribas that would have to be brought under public control, and leave all the rest to the former stockholders. Logical? This formula is, at any rate, spurned by certain colleagues of the president of the Republic.

"Most certainly, retrocession must be achieved. The prime minister, moreover, emphatically promised this. But retrocession must be modeled on two principles and on these two alone: we must not give back shares in the new public industrial sector (Paribas' shares in the CGE [General Electricity Company] or those of Suez in Saint-Gobain-Pont-a-Mousson, for example); neither must this remittance to the private sector serve as a pretext for the reconstruction of new business banks."

"Retrocession will be made without shock," adds another adviser. "Because we will return these shares gradually over a period of time, above all being careful not to concentrate too many of them in the same hands."

Thus the government's position remains unshakeable. "The suggestions and advice of the Council of State do not surprise us," adds a government expert. "They are stating hypotheses that we have for the most part studied during these last months. We are therefore going to study them again." These ideas do not at all question the plan to nationalize the CGE, Pechiney Ugine Kuhlmann, Saint-Gobain, Thomson, Rhone-Poulenc, nor even the banks and with them Suez and Paribas. These last two companies will barely be able to plan to study better the impact of nationalization on their international division and to negotiate better with their foreign partners the preservation of or separation from their joint subsidiaries.

"The Council of State," recalls a lawyer, "is the government's legal adviser. Its advice is not binding." The Council of Ministers, which will meet one last time on 23 September on the nationalization issue, will let it be known if the president of the Republic will be influenced by this advice or not.

9545
CSO: 3100/1001

PS POLICIES DRAW CLANDESTINE IMMIGRANTS

Paris LE MONDE in French 8 Sep 81 p 46

[Article by Francois Ernen-Wein: "Hide-and-Seek Games in French-German Woods"]

> [Text] Since the end of the month of July, the strip of forest bordering on the German frontier--in Bas-Rhin and Moselle--has been the scene of a rather strange migratory movement: at least 500 persons, mostly Pakistanis, plus Turks, sometimes with success, tried secretly to sneak into France. In spite of stepped-up surveillance by the air and border police and support from a CRS [Republican Security Companies] company, which came as reinforcement, the movement is continuing although it is declining somewhat. The authorities estimate the number of successful attempts at 30 percent.

In the region of Wissembourg, not a week passes without the gendarmerie or the customs people intercepting secret immigrants who have come from Germany and who, on foot, in groups of threes or fours try to cross the "green border." The Lauter, a little creek which, from the foothills of the Vosges Mountains, constitutes the border between these two countries, can be crossed in just one jump. Quite often, hikers pass from one side of the border to the other without even realizing. This is an ideal place for secret attempts.

For a month now the struggle has been underway here between German customs officers, French customs officers, and police officers, on the one hand, and the secret immigrants, on the other hand. All morning or late into the night, there is a tremendous hide-and-seek game going on through the woods and in the cornfields. Once the element of surprise is gone, the advantage is systematically on the side of the police officers. Those who attempt the jump almost never resist the authority. When one of the members of the group is take, the others frequently surrender. These Pakistanis or Turks, who hope to put an end to their precarious situation in Germany by going to France, are then taken back to the border and turned over to the German customs officers.

On the Way to Paris

This movement began when the FRG press announced two decisions by the French government: on the one hand, political asylum granted to Mr Bani Sadr, and, on the other

hand, "the extreme good will" on the part of the administration regarding clandestine workers. A rumor originated in the Pakistani community in Germany: hope sprang up and grew and departures to France began seriously on 27 or 28 July. For those who are most often political refugees in the FRG and who are more or less under house arrest, the temptation is great to join those who seem to have more clemency. This is especially true so long as their provisional status in Germany prevents them from engaging in any wage-earning work in return for an allowance of DM 500 (about Fr 1,300) paid by the Bonn government.

After successfully getting across the border in the northern part of Alsace, the destination selected most often is Wissembourg, and then, by train, to Strasbourg, and finally to the Paris region which in almost all cases is the final destination. As a matter of fact, none of them can, in all logic and for the time being, hope to improve their situation in France. The terms of the ministerial circular are very clear: without even going into detail, it establishes, as a prior condition, presence in France since at least 1 January 1981. But even though there are some disappointed returnees who go back to the FRG, the consequences of this rumor continue to make themselves felt. On top of all that, the penetrability of the border in the north has been reduced so that for the past several days we have been observing attempts in the southern part of Alsace, via Switzerland. Two vehicles were intercepted while they were trying to pass a post that was very rarely used; this happened at 0600 on last Thursday, in Werntzzouse, in Sundgau (Haut-Rhin). In the vehicle were eight Pakistanis and two Indians who were trying to take their chances without visas. They said that they were coming in search of work in the Lyon region.

One of the characteristics of this movement is that it is mostly spontaneous. There are probably no underground railroads, as it were, such as they are frequently found among clandestine people. The job of "line passer," which is sometimes done by certain taxi drivers in border towns in the FRG, is also a rather marginal thing. In return for a fee between Fr 500 and Fr 2,000, the cabs pick up emigration candidates in the big German railroad stations in the region. They take them to the "green border," pointing out the way to them and then they pick them up in France again after having gone through a guarded frontier post, empty and in the most legal fashion in the world. It is however possible that the activity of these "taxis" diminished considerably since the gendarmerie intercepted one of them while carrying three Pakistanis who had just crossed the Rhine on board a canoe at Celtz (Bas-Rhin) on 6 August. The frontier runner is now being prosecuted by German justice.

While the existence of border checks seriously reduced attempts at border crossing, these attempts nevertheless do continue. Those "super" secret people in effect, after successfully crossing the border, can hope that the French authorities will consider their case because they did manage to cross the border and because of their numbers. This would explain why other groups of immigrants in Germany have for several days now been expressing growing interest in France, after the Pakistanis and the Turks.

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RIGOUT: YOUTH UNEMPLOYMENT, TRAINING, PLACEMENT

Paris L'HUMANITE in French 24 Sep 81 p 4

[Interview with Marcel Rigout, minister of vocational training, by Bernard Frederick; date and place not specified]

> [Text] Unemployment, particularly among young people, and the country's future as well make vocational training a basic issue. In answering our questions, Marcel Rigout here elaborates upon what he intends to do now and later to help give every young person a trade and a job and to train "the workers of the year 2000."
>
> Within the government, every effort by the Ministry of Vocational Training is aimed at this objective: "to someday eliminate the ossifying division of tasks between an 'elite of decisionmakers' and 'a mass of order followers.'"

[Question] At your press conference on 3 September, you announced that this autumn would see the opening up of 55,000 trainee positions. It has been said here and there that what they amount to are "Raymond Barre trainee jobs" without Barre. Do you agree?

[Answer] No. We absolutely do not want to set up "parking lot trainee jobs" as was done under the previous regime, and our proposals are in no way "corrected copies" of exercises done by the previous government. Our concern is to enable everyone to have a job. That is why my first task was to propose immediate measures for meeting the expectations of hundreds of thousands of untrained young people who are looking for a job--often their first job. It should be realized that 200,000 young people leave the school system every year without training.

So we decided to make 55,000 trainee jobs available this fall.

In order to properly meet the needs of youth training, there will be three types of training:

First, 15,000 positions will be set aside for young people with no training who are the victims of unemployment, who are faced with many social problems, and who are on their way to dropping out. We are offering them long-term training programs for

vocational placement and social integration that may include a second stage leading to certified qualification.

The events at Venissieux illustrate the urgency of such a measure. And 15,000 positions are a first step. My objective is to double or even triple that number as soon as possible. Forty thousand positions will be reserved for young people leaving the educational system with some degree of general training but without complete vocational training.

This would apply, for example, to young people with a BEPC [Elementary School Diploma] or a baccalaureat level. With adaptations to suit the individual's particular level, those positions will enable the young people to acquire a certified vocational qualification. We also intend to go much further in the future as far as the number of positions in those training courses is concerned.

Lastly, special training courses will be provided for young people with vocational qualifications who need to adapt to a particular job.

Of course, the 55,000 training positions that I have just mentioned are not enough. They are part of the whole series of employment measures decided on by the government last summer. All those measures combined will involve 650,000 young people, including in particular aid for the hiring of 125,000 apprentices and training assistance in connection with 100,000 on-the-job training contracts.

This represents a sizable effort by the entire government. It is resolutely aimed at training people and putting them in jobs throughout the rest of this year and the first half of 1982.

[Question] You have said that you want to set aside 60 percent of the trainee positions for women. Why such a quota?

[Answer] That is a decisive political decision. It is in response to a very fair request by Mrs Roudy, minister delegate to the prime minister in charge of rights of women, and it fits in perfectly with our concerns. There is nothing demagogic or voluntaristic about it.

Participation by women in training courses is currently very low. In 1980, they accounted for 29 percent of all trainees (excluding the employment pact). So there is a lot to be done. The reasons for that low rate of participation are of various kinds: there are family or financial circumstances and problems related to inadequate training or the hours involved. Moreover, within the firms, the employers have organized most of their training programs with executives and supervisors in mind. So the hourly and clerical personnel--that is, the women--have not been given the opportunity to benefit from vocational training. The lowest level of participation by women (25 percent in 1980) is found in programs financed by the firms.

Access to vocational training is every individual's right, and this means that we must adopt specific measures on behalf of women to remove the numerous obstacles they encounter. It is also necessary to increase the range of skilled training available to them.

[Question] What connection is there between the plan of action thus adopted since last summer and the plan presented to Parliament by Pierre Mauroy last 15 September?

[Answer] Here I would like to explain an important point: the measures presented to the National Assembly last 15 September on behalf of the government are in addition to the initial plan of action that the government has decided to call its Plan for the Future of Young People.

It is extremely important to bring it to a successful conclusion--to insure its success.

Concerning the new measures announced by the prime minister on 15 September, I will dwell on only one point: the placement of young people between 16 and 18 years of age. This involves moving toward the establishment--parallel with the public educational system and in close collaboration with it--of vocational training schools that would employ totally new and decentralized formulas for training young people between 16 and 18 years of age who are already out of school and who have no skills.

[Question] Can you explain what the vocational training schools will consist of?

[Answer] That is important, and it is necessary to be clear. At the request of the government and in close cooperation with the Ministry of National Education, we in the Ministry of Vocational Training are working to come up with specific proposals on that point.

What is involved? Every year for the past 7 years--and again last June--200,000 young people have left the educational system without any vocational qualifications and often with a very low level of general education. That is one of the dramatic and underlying flaws inherited from the rightwing governments.

We support the determined effort by the Ministry of National Education to combat "scholastic failure" and reform education. This is extremely critical. Because in the long run, we must succeed in "drying up at the source" that stream of young people showing up on the job market with no skills. That is why the government plan provides for a considerable effort aimed at technological training through a supplementation and reorganization of the school map. But we must also adopt exceptional measures for unskilled young people between 16 and 18 years of age who are already on the job market. They cannot wait.

So the vocational training schools will in no way be a sort of "educational system B." And they will not encourage young people to leave the school system early. On the contrary, by mobilizing all the existing training centers, and notably by mobilizing the entire potential of the public school system and developing private efforts that may be put to work by communes, regions, firms, professional associations, and so on, it will be a question of offering those teenagers a flexible framework within which they can acquire vocational training in accordance with a pedagogical system that combines theoretical training with on-the-job experience.

[Question] Are all of the measures you have just mentioned part of a plan for the longer term?

[Answer] Of course. As regards the vocational training of young people in particular, I have made a number of suggestions to be included in the 2-year interim plan that will be drawn up by the government.

This involves making it possible for all young people to acquire the knowledge and know-how they need for successful vocational placement and social integration. It is therefore a question of having a policy that is aimed resolutely at qualification and stable employment.

We therefore want to do the following in consultation with the other ministries:

1. Reform the apprentice system, which remains a specific form of vocational placement.

2. Replace the Legendre Law on alternating training programs with a legislative framework corresponding to the needs of young people.

3. Develop three major types of vocational training programs: training for social reintegration, qualification training, and preparatory training for the trainee's first job.

4. Modify the on-the-job training contract to allow the possibility of a first stage in which the labor contract would be for an indefinite period of time.

We also want to develop or assist in the development of more original initiatives. With the nationalizations, for example, there is going to be a vast group of state-owned industrial and commercial enterprises. So we will suggest that contracts covering several years be concluded between the government and those enterprises for accepting, training, and placing a regular number of young people. And going further, we will suggest that the Ministry of National Education move toward innovative experiments with the LEP's [expansion unknown] or general vocational lycees associated with large state-owned enterprises.

At the same time, it is a matter of tackling indispensable issues concerned with equipping France with modern vocational training tools. For example, it is advisable to reorganize, and in some cases recast, many technological diplomas and recognized qualifications in order to keep vocational training up to date with today's technological changes.

For the young people, in short, it is a question of taking up what I have called the "challenge of qualification" by reducing the burden we have inherited--and this will include exceptional measures--and by restructuring--in close liaison with the reform of the school system--the conditions for high-quality vocational training for all young people.

[Question] Is there a connection between your proposals and the report that Professor Schwartz is going to submit to the prime minister very shortly?

[Answer] Professor Schwartz received an assignment from the prime minister: to submit a report on studies and proposals for the vocational placement of young people between 16 and 21 years of age. He has done his work in complete independence, and

that is as it should be. He has received help from my associates whenever he has asked for it. He will submit his report very shortly, and I have no doubt that it will contain a wealth of ideas and proposals. It will be up to the government to make the political choices out of what it accepts, and then the ministries concerned will have to draw up the best practical arrangements for putting them into practice. It will all be done within the framework of the guidelines set forth in the economic and social policies already established in the government program. So it will constitute a not inconsiderable enrichment.

[Question] Is a special effort going to be made on behalf of vocational training for adult jobseekers?

[Answer] We are currently studying all the arrangements with a view to better mobilizing the entire training apparatus existing in France, because a training effort has its place in the battle for employment. We will help to train jobseekers wherever new hiring or new activities make the training of workers necessary. Incidentally, a special effort must be made to help the unemployed who have no skills. The 1981 finance bill, and later the 1982 budget, will help us to increase the volume of training activities in comparison with previous years.

We are also concerned to improve conditions for trainees. Under the 1982 budget, we will be able to improve the pay of trainees, who currently receive at least the SMIC [Interoccupational Minimum Growth Wage].

[Question] You have established three task forces that will make proposals for reforming and reviving adult vocational training. How are they getting along?

[Answer] They are in full swing. The first report on their work may be presented during the second week of October, and you can understand that I do not want to anticipate the conclusions of a dialogue that is still going on.

But I can point to a few major areas for reflection.

The wage earners received the right to continuous education in 1971, and it is now necessary to go on to the national duty to organize and really open up that right. This will depend on systematic action by the government and the enterprises to promote lengthy training that will really impart skills and lead to better jobs. Moreover, that effort must be part of a determined struggle against social inequities. Industrial workers and the least skilled workers are currently the worst served. That must change. It is necessary to move toward a genuine social advancement of labor and of the skills of female workers and clerical employees in keeping with technological changes. It is necessary to prepare the 20 million productive workers that France is going to need.

The second element is economic democracy. In a firm today, the management prepares a training plan and simply submits it to the works council for the latter's opinion. Here I want to state my conviction that if we want new French growth, economic democracy will have to be not just an end, but primarily the means of achieving it. What this means specifically, to begin with, is that the vocational training policy must be actually prepared through a contractual process in which the workers and their representatives will have the real means for influencing the content of the training

activities suggested and then adopted. This is not a matter of the "right of veto." It is necessary to reach the point where the workers exercise their right to be active partners in the actual drawing up of the plan.

The third element is financial transparency. Vocational training now represents considerable sums of money that are provided through the government budget and the tax of 1.1 percent on firms. We must achieve better control over the utilization of those funds. In my opinion, that can be done through more systematic worker participation in the management of the organizations collecting the funds. Better utilization of the funds now being collected would in itself make considerable progress possible. But there are other measures to be envisaged in the firms, the departments [political subdivisions], and regions.

Then there is the problem of training instructors and that of their status. In the diversity of training organizations, the status of most instructors is precarious. I trust the Ministry of National Education to reduce their precarious position in the schools under its control. I also encourage the union organizations to negotiate one or more collective agreements that will clearly improve the training and the working and job conditions of instructors in private organizations.

[Question] Aren't the current disparities in training structures a handicap? What place does the public training system have in your plans?

[Answer] There is currently a very great diversity of training organizations. That may be an asset. But the coherence between those structures must be better organized.

As far as the public service is concerned, the problem is one of fostering its role at all levels. It must not be afraid to compete with other structures. But the basic problem is one of giving the public structure the means to play its full role in every area of initial and continuing vocational training, including training at a high technological, scientific, and industrial level. In my opinion, such advanced training must have its place in the universities.

There is also a unique organization called the AFPA [National Agency for Adult Vocational Training]. It will be advisable, under the prompting of the Ministry of Labor, to reform and decentralize that organization. The AFPA must play an important role in the training not only of jobseekers but also of wage earners by adapting its activity to the needs of the job pools and of regional development. It must be the object of an independent reform as a training organization.

I will add, lastly, that we must seek new coherence between the training organizations and their activities. In particular, that coherence could be improved by the concerted preparation of plans for vocational training by region. We are currently studying that question.

[Question] Vocational training is often criticized for being utilitarian--for not making enough room for general culture and the training of the citizen. Do you agree with that?

[Answer] It is true that the concept and orientation of vocational training under the successive governments of the former regime made it simply a tool for adapting

the worker strictly to the organization of production. There was no question of providing training capable of equipping a person to develop his aware participation in his work, but rather to train him as quickly as possible within the frequently narrow confines of what was directly profitable to the firm. That concept has not been abandoned, incidentally, and some company heads continue to follow that path today.

But that is an erroneous way of thinking, and it is not the choice of the Ministry of Vocational Training. No, as far as I am concerned, I resolutely choose qualification--that is, quality training with a lofty content.

The practical application to production of the rapid advances in science and technology requires the training of ever greater numbers of highly qualified workers capable of playing a new role in all the processes. Economic efficiency and the future of the country impose such an orientation on us.

But we are also making that choice for human reasons. The fact is that we must do away with the specialized worker who is riveted to his assembly line for life, has no prospects for the future, and is doomed to carry out the same repetitive, exhausting, and dangerous tasks.

It is actually a matter of integrating vocational training, with its high scientific and technological level, into the building of each individual's personality. So it is necessary to do away with the outdated and crippling view that sanctions the gulf between "general culture" and "vocational training."

The modern world calls for a thoroughgoing revision of what is called general education by including with it the whole of technical and technological training. In return, vocational training must be capable of providing the workers with a broad range of knowledge--which is, incidentally, the condition for acquiring solid qualifications.

[Question] You have stressed several times the links between vocational training and economic growth. Specifically, how do you envision the establishment and strengthening of those links?

[Answer] Let us be clear: either the new French growth that we want will be centered on a decisive effort for training and high-quality and mass vocational training and qualification--particularly for all productive workers--or it will not. And we are behind in this area, not only in comparison with certain socialist countries such as the GDR, but also certain developed capitalist countries.

Specifically, I see this effort as moving in four directions:

1. A total reform of vocational training for young people. I have already discussed this point.

2. The development of new methods of vocational training linked to the creation of new activities. Experiments are already underway in a region such as Rhone-Alpes, and they must be expanded.

3. The concerted establishment, within the framework of the plan, of voluntary actions by occupational branch and in keeping with today's technological changes. Those

actions must give priority to unskilled industrial workers such as the specialized workers so that they will be able to take their place in new industrial and technological developments.

4. A new dimension of social responsibility in vocational training. We want the workers to be able to participate in all aspects of their firm's operations, discuss the application of new investments, take part in drawing up new forms of work organization, and so on. We must engage in a step-by-step preparation of the future participants in self-management. This depends specifically on the development of new aptitudes, because it will someday be necessary to eliminate the ossifying division of tasks between an "elite of decisionmakers" and a "mass of order followers." That is the path, both inevitable and exciting, to new French growth.

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PARTIES REASSESS POSITIONS AFTER ELECTION RESULTS

Bondevik: Christians Seek Cooperation

Oslo AFTENPOSTEN in Norwegian 6 Oct 81 p 13

[Text] The Christian People's Party must define itself as a party of ideas while at the same time behaving in a realistic political way to get as many of its policies as possible carried out. The Christian People's Party will take its share of the responsibility for following up in the new parliament on the ideas agreed on by the Conservatives, the Center Party and the Christian People's Party in their joint statement on the government's long-range program. The party's parliamentary leader, Kjell Magne Bondevik, made this clear at a meeting in Tune, Ostfold, yesterday.

Yesterday's speech was the first made by Bondevik since the election and in that context he felt it was appropriate to outline the future tasks and strategy of the Christian People's Party. He made it clear that in addition to the party's own program they would follow up on the joint statement. Bondevik expected the Conservatives would do the same. In Bondevik's view this would provide a solid basis for a good policy backed by a Storting majority in a number of areas.

"The Christian People's Party will not try to overturn the Conservative government. On the contrary we will be prepared to cooperate with that government on the basis of the joint statement to get as many of our policies as possible carried out. Of course we cannot give any 'blank check' to a minority government to do anything it wants to outside the framework of what we agreed on in the joint statement.

"However I am banking that a Conservative government will be wise enough not to provoke the Storting majority in areas in which it knows this will create problems. Therefore cooperative conditions in Storting in the future will depend to a large extent on government plans," said Kjell Magne Bondevik.

On the basis of the joint statement Bondevik pointed to ten issues where he anticipates the Conservative government will take the initiative:

Bills must be submitted to Storting on amending the abortion law to give better protection to the unborn. At any rate bills must be presented on more numerous and more effective measures to prevent abortion.

Changes are needed in family taxation with the aim of improving the economy of families with children.

The earlier Storting debate on the alcohol report should be followed up. And the reforms in the state church agreement should be followed up too. The Norwegian State Church must have better and freer working conditions--spiritually, economically and administratively.

The status of private schools should be secured.

Changes should be made in nursery school policy, including the addition of a Christian objectives paragraph to the law.

The NRK [Norwegian Broadcasting Corporation] monopoly should be loosened up.

More relief is needed in company taxes to insure full employment.

Plans should be made to reduce growth in the energy consumption sector with the goal of stabilization by the 1990's. There should be a new Storting report on oil policy that would provide among other things a basis for re-evaluating the extraction tempo set by law.

Norwegian aid to developing countries should be stpped up.

Of the role of the Christian People's Party in Norwegian politics Bondevik said that the party would primarily be a party of ideas but at the same time a party that wants to have as much of its policy as possible carried out.

Bondevik means by this definition a party that plans its practical policy on the basis of a total ideological foundation. Bondevik said that there is no doubt there will be a great need for such parties in Norwegian politics in the future.

Liberals' Dilemma: Cooperation, Profile

Oslo ARBEIDERBLADET in Norwegian 10 Oct 81 p 6

[Article by Olav Eilertsen]

[Text] In the shadow of the two "big" middle parties the Liberal Party also suffered a sharp decline in this election. Seen in relation to expectations and prior support in opinion polls the defeat for the Liberals was both larger and more surprising than it was for the two other middle parties.

In the 1977 Storting election the Liberals received 3.2 percent of the votes, in the county council elections of 1979 the party went up to 5.3 percent--but now it has slipped back to the 3-percent range with 3.9 percent.

Therefore in his summing up of the election results in AFTENPOSTEN Helge Seip wrote of the middle spectrum parties: "Hardest hit of the three was the Liberal

Party which lost a quarter of its votes and is now close to the 3.5 percent level it had in 1973. Votes at the 1979 level would have given five seats, now the party will have only two."

And people within the Liberal Party do not conceal the fact that the election was a real disappointment. A support level of 4.5 percent was seen as a desirable minimum before the election and in a commentary after the election the party chairman remarked a little bitterly: "The way things are developing we'll have to be grateful for the status quo--we came close to being eliminated from the parliamentary map and that would have been a catastrophe for the party."

Reasons

What are the reasons why the Liberal Party came so close to this catastrophic situation in the election? The party itself puts a large share of the blame on the fact that the Gro-Kare debate dominated the election campaign far too much. There was a polarization between the two big parties and the Liberal Party fell outside. In addition the party feels Liberal campaign moves received too little attention in the press and on the broadcasting media.

But at the party office it was also admitted that the Liberal Party's unclear stand on the government issue probably had an effect on voter support. "We probably didn't clarify this properly to the public and perhaps we could have worded our stand more clearly," said Hans Hammond Rossback himself in a moment of self-recognition after the election.

Middle Alternative

The background is that for too long the Liberals trumpeted the so-called middle alternative as a government possibility. This did not have great credibility when we knew at the same time that both KRF [Christian People's Party] and SP [Center Party] had pledged to negotiate with the Conservatives on forming a government, a prominent Liberal says now. When the party was finally forced to take a stand on the existing government alternatives it came down on the nonsocialist side. The main argument for supporting a government that would be dominated by the Conservatives was that "the Labor Party needs to be replaced because it has been in power too long." This argument made little impact on potential voters and far into the party's own membership ranks the reaction was strong to this indirect Liberal support of the Conservatives.

Green Policy

Some commentators also feel the green policy is on the way out and that this was a major reason for the Liberal election defeat. Others feel the opposite, that the Liberals put too little emphasis on the specific "green" element in their campaign, thus falling between two stools. It is quite clear that the party's profile in areas such as industrial and oil policies emerged poorly in the campaign. "Indecisive Liberals" popped up again in political commentary columns. In this connection one cannot avoid some debate on personalities. Party chairman

Hans Hammond Rossbach had a hard time gaining re-election in his county and the decline there was very clear. Both inside and outside the Liberal Party there are now many who think the party chairman conducted a poor campaign. He never succeeded in recovering from the gaffe on TV at the beginning of the campaign when he was stripped by Bjorn Hansen of "Election Review."

Strong forces within the party are already working for the succession of Odd Einar Dorum as party chairman and TRONDERAVISA has supported his candidacy on its editorial page. Dorum was not re-elected to Storting this time but he has stayed at Lovebakken for the time being as group secretary. There is much to indicate that he could be the one to save the pieces that are left of the party.

What Now?

It is characteristic of the Liberal situation after the election that the party has been entirely outside the media picture. And it is here that the Liberal Party's biggest headache lies at the moment, as far as its leaders are concerned. Even though the party is returning to Storting with the same number of representatives its influence there will be substantially weaker. In an opposition dominated by a strong Labor Party with SV [Socialist Left] and the Progressives in the wings the Liberal Party will definitely be a parliamentary dwarf. The Liberal Party itself believes the solution to this dilemma will lie in placing more emphasis on major differences. Their working style in Storting must be revised and work on details must be turned over to other parts of the party apparatus. The green special issues will return to the spotlight. Within the party the dominant question now concerns the view that the reason for the election defeat was a more diffuse green profile. It was taken too much for granted that people were aware of the party's green profile.

Spokesmen for the party also think the so-called middle alternative should be dusted off again. They think that both KRF and SP must have burned their fingers sufficiently on their cooperation with the Conservatives. "Therefore we are viewing the possibility for a strong middle cooperation in the time ahead with great optimism," leading figures maintained.

Liberal Stance

The party does not flatly reject more formalized cooperation with the Labor Party either but for now it will wait and see. The party's stand on this matter will depend entirely on how the other middle parties evaluate such cooperation. All in all it is quite clear that the Liberal Party must take into account its relations with other parties in the upcoming parliamentary session. The party depends on cooperation to get its views heard, but at the same time it must be careful to present the profile of an independent party. How the Liberal Party handles this balancing act will determine the party's fate in the next election. The "catastrophe" Rossbach referred to was not far away in this election and could come closer in the next one.

Center Party Lost Third of Support

Oslo ARBEIDERBLADET in Norwegian 30 Sep 81 p 6

[Article by Nils Ottar Ask]

[Text] The poorest election result since the war.

This harsh fact will be laid on the table when the Center Party's national committee gathers this weekend to discuss the political situation after the election. It is small consolation that the party lost only one seat in Storting compared to the last election. It is a fact that the joint lists were what saved the party from falling below 10 representatives.

Of course the national committee and party deputies will agree that all forces must now unite in winning back voters but how this should be done--which strategy to choose--is a question on which there are divided opinions in the ranks of the party. The disagreement concerns the party's relationship to the Conservatives.

The decision-making organs of the Center Party tied themselves to the Conservatives before the election. And in the unsuccessful government negotiations after the election the Center Party expressed willingness to go along and constitute the parliamentary basis for Willoch's straight Conservative government. But even though the Center Party has already committed itself to act as a supporting player to the Conservatives in this parliamentary period there are things that indicate that the earlier demands of the "Hedmark guerrillas" on detaching the Center from Willoch & Company will be revived in some parts of the party. The newly-elected Center representative from Hedmark, Ragnhild Queseth Haarstad, said in an interview with ARBEIDERBLADET last week that the Center decline was due primarily to the strategic tie with the Conservatives.

"I think we have reached a point when we should take time for a few rounds of discussion on strategy. If we want to revive the Center Party and the middle spectrum we should hold these discussions now. We must discuss our choice of routes," Haarstad emphasized.

Lurking Danger

Statements from other SP delegates show that Haarstad is not alone in this belief but the party's supporting role in relation to the Conservatives, already decided on, will reduce the chances of doing much in a concrete way. The party must take its political credibility into consideration and therefore it cannot turn its back on what it has promised. Party chairman Johan J. Jakobsen & Co. probably see the lurking danger--that many voters could get an unclear concept of SP and therefore turn their backs on the party. The Liberals in particular will probably see the opportunity here and utilize the situation.

Dangerously Close

Center voter support in this election was 6.7 percent--a decline of 1.9 percent from the last Storting election. SP has not had such a low level of support since the war but the loss of seats was held to only one in comparison with the 1977 election and thus the party will have 11 representatives in the new Storting. But three of these 11 seats are last-place seats and two would probably have been lost if the party hadn't been part of a joint list.

If one looks at the percentage of votes one sees that the party is dangerously close to the limit that would have produced a sharp slide in the distribution of seats.

Unable to Hold On

Why the Center Party is losing support is naturally a question party officials are pondering and trying to find answers to. According to the basic material of the political opinion polls it is known that half the voters come from farms and villages. The other half is evenly distributed between salaried employees and blue-collar workers. The surveys also show that the salaried employees and blue-collar workers were responsible for the steady increase the party had until the top Center election in 1973 which resulted in 21 representatives in Storting. And this gain was not insignificant in view of the fact that the farm population declined by two-thirds over the last 30 years. The EC struggle was undeniably a good time for SP with respect to voter support. But after the EC period SP was unable to hold onto its new voters. They went back to their old parties, primarily the Labor, Conservative and Liberal parties and the 1977 election gave SP only 12 representatives. And today it is again mostly the primary branches that give the party its most loyal group of supporters. It ie estimated that SP today has half the potential vote in the primary branches.

Which Strategy?

The SP leadership is well aware that the party has no future in becoming a more pronounced farmers' party again. The electoral base in the primary branches is declining steadily. The strategy will probably be directed toward voters who supported the party from the middle of the 1960's to the middle of the 1970's. Surveys also show that many who left the party after that time still list SP high on their list of second choices.

But the dilemma is how to get hold of these people. The three middle parties, SP, KRF and the Liberal Party, all used different strategies during the election campaign. And all declined in relation to the election 2 years ago. The middle spectrum parties fell between two stools. They were unable to make an impact with their issues. The voters regarded the election as a choice between a continued Labor government and a Conservative regime.

Clear Demand

The Labor Party's feelers to the middle parties on the possibilities of future cooperation are apparently not being followed up by SP. People there point out that the party went into the election on the basis of replacing the Labor government and that as part of the Conservative government's parliamentary base the party could not turn around in this period. But both SP and KRF are making clear demands to the Conservatives on getting something back in return for being supporting characters. And by this the middle parties mean it is up to the Conservatives to see to it that the parliamentary base for the Willoch government lasts out this election period.

Center Party Awaiting Conservatives' Policy

Oslo AFTENPOSTEN in Norwegian 5 Oct 81 p 5

[Article by Kjell Harberg]

[Text] Hamar, 4 Oct--"We are going into an exciting political period. We will wait and see what happens." The political strategy of the Center Party is that simple, at least in the short run, as formulated by party chairman Johan J. Jakobsen after the party national committee meeting in Hamar last weekend. The party is leading up to this wait and see position in the conviction that although the immediate future of the Center Party naturally depends on what the party itself does, what other parties do may be even more important. And this applies first and foremost to the Conservative Party in its government position, according to the predominant thinking among Center county chairmen, county secretaries and its new Storting group.

Now the debate in the Center Party--at least when the word cooperation is brought up--is not entirely without swordplay. But despite the efforts of some districts to animate the party behind a strategy at this point that is based on getting rid of any ideas of government cooperation with the Conservatives before the next Storting election, there is no doubt that pary chairman Johan J. Jakobsen has the vast majority of the national committee behind him when he now approaches a parliamentary session in which the Center role will be to demonstrate "objective cooperativeness toward the ruling party," as Jakobsen himself put it.

In the national committee meeting debates this time there was a slight geographic shift from the east to the west side of Mjosa when it came to the center of opposition. In the forefront of the move for a new strategy "independent of the Conservatives" stood newly-elected Oppland representative Lars Velsand who naturally received praise from likeminded colleagues in Hedmark and some other areas, including the Center press. But according to Jakobsen's own summing up of the 2 days of debate the national committee as such made it clear that the Center Party pledge to help the country gain a nonsocialist government is binding even in a postelection period dominated by disappointment and dejection over the election

results. But, said Jakobsen, the party is now prepared to shrug off this disappointment and start work in preparation for the next crossroads for the party: the municipal and county council elections 2 years from now.

When Johan J. Jakobsen after the national committee meeting confirmed that the "analysis" of the election results, the government negotiations and the future prospects differed somewhat this also means that different views came up at the "mini-congress" on what the Center Party should have done in the government negotiations. Only a few days after the election the Hedmark section of the party called for national committee discussion with the aim of preventing the Center Party from going into a three-party government. On the other hand a handful of speakers favored the idea that the party should have considered the possibility of entering a two-party government with the Conservatives simply to utilize the political platform cabinet membership can provide. But a clear majority of the national committee backed the party chairman's line--that the talks broke down because of the Christian People's Party's stand on the abortion law and the Center Party had no choice but to take that into consideration.

How will the Center Party act toward the Conservative government? As mentioned the key phrase is "objective cooperativeness" based on the commitment the party feels to the formation of a nonsocialist government. But Jakobsen also stressed another commitment--to the Center program and the 165,000 voters who still remain with the party. This commitment, Jakobsen said after the meeting, was "strongly underlined" in the debate.

And the party chairman described the future "working program" like this: "We cannot commit ourselves today to fixed solutions in regard to the government question before the next election. We must gain experience in the new situation that has arisen. Much depends on how the cooperation will function but after the debate by the national committee the leadership is giving no signals on a new strategy. We'll have to wait and see."

But in some areas the Center Party won't wait. The national committee approved a statement that the North Norway railroad line should be extended and that funds must be set aside in next year's budget for such things as preliminary planning work. A challenge to the coming Conservative government since incoming Traffic Minister Inger Koppernaes has already indicated opposition to extension of the line. But this issue will not be unopposed in the Center Party. It is known that the party's leading traffic policy man and chairman of the traffic committee for many years, More and Romsdal representative Arnold Weiberg-Aurdal, agrees with the new cabinet minister and disagrees with his own party.

Next, according to Jakobsen, the Center Party will put all its efforts into changing the election law or preferably the constitution with respect to Storting elections. The minimum requirement is that the first distribution figure in calculating seats be set lower and the party also likes the system of ballot alliances rather than the current system of joint ballot lists.

Brundtland Announces Labor Party Measures

Oslo AFTENPOSTEN in Norwegian 5 Oct 81 p 3

[Text] "We must renew the Labor Party and we will set our goals high--200,000 members. It is now 'on the level' that the Conservatives have more members than we do," stated secretary Ivar Leveraas in a conversation with AFTENPOSTEN after the Labor Party's national committee meeting. Leveraas told us that they are aiming at making a big showing on 1 May 1982 under a joint Nordic slogan. "A fine manifestation of the labor movement and of our emphasis on Nordic cooperation. In this country we in the opposition will have the clear objective of regaining government power in 1985.

"Now we have assessed the postelection status of the Labor Party. Our policies didn't get through adequately and didn't make enough of an impact," Leveraas said.

"We have the political basis in the party's program and in the Harlem Brundtland government's long-range program. We will solve the organizational aspect with an organization that covers the entire country, among other things--we're only eight towns short of this goal! We must be on location when new communities are set up, we must go out to job sites and places where young people gather. In addition we will put more emphasis on internal education--and on our external profile both centrally and locally. Now we're turning our gaze toward the 1985 Storting election with the national congress and the local elections in 1983 as important 'midpoint station.'"

What would he emphasize as weak aspects of the party?

"We must realize that our entire organizational form, our working pattern and our methods of communication were established under entirely different conditions than we have today. Now people have many more available activities than they did in the past. If people are to become involved in organizational and political work we must have something to offer--something that appeals to the needs of the individual to be able to participate in a fellowship and to be heard.

"In addition, as I mentioned before, it is weak when the country's biggest 'voter party' is no longer the biggest 'membership party.' We're not good at looking people up outside our own meetings. We have big unsolved tasks with regard to young people, employees in service branches and people in the cities.

"I might add to this that the election results were a powerful reminder that the future strength of the Labor Party will be decided largely by the way in which we manage to solve the party tasks in the cities.

"Another decisive 'battle' will be fought over young people, as party chairman Gro Harlem Brundtland pointed out. We must make an effort there," said Leveraas, "and make a special push at schools, high schools, universities and military establishments.

"Of course we must also make a stronger impact on the job based on close cooperation with the union movement at all levels. I think the task will be much easier when people see that in practice the change in government will mean among other things that directors of the Industrial League and the Shipowners' Association move into the ministries in roles once held by LO [Norwegian Federation of Trade Unions] deputies."

In other words, the Labor Party is attacking the job "hammer and tongs"--with a set cohesive leadership?

"I don't think anyone will deny later on that 8 years in the government position--as a minority--has had negative effects on the relationship between the party and its members, among other things because the government became the political fulcrum. But nothing is more destructive to this relationship than internal unrest. Now we will plan all our work in such a way that a basis for such unrest does not emerge again, and we'll be working in close and open cooperation with the union movement. We must utilize our chance to revitalize the party organization, to inspire, involve and activate people.

"And politically we're going to work in a period in which nonsocialist cooperation fell apart at the very beginning, in which the nation will be ruled by the first Conservative government since 1928. We're starting our work in the firm conviction that the best breakwater against a Conservative wave is a Conservative government!

"But even though we know better than to underestimate the value of the fiascos and woes of others the only thing we can really rely on is the fruit of our own work and efforts.

"Therefore I won't give party deputies and members any prospect of a postelection rest," the secretary of the Labor Party pointed out. "We're facing hard, systematic and goal-directed work, politically and organizationally."

What about the suggested joint Nordic May Day demonstration in 1982?

"The occasion is that the Nordic Labor congress will be meeting in Sandefjord next summer. The agenda will be tied of course to our tasks and challenges in an uneasy world. The Nordic party secretaries feel the same spirit should mark May Day throughout the Nordic region, including a joint slogan for all Nordic lands. At the same time this will demonstrate our will when it comes to Nordic cooperation!"

Vow From Liberal People's Party

Oslo AFTENPOSTEN in Norwegian 5 Oct 81 p 3

[Text] The Liberal People's Party will not be disbanded at this time. Proposals to that effect were not presented during meetings of the party's central and national committees in Oslo on Friday and Saturday.

Party chairman Gerd Soraa told NTB that the national committee had asked the central committee to appoint two committees to deal with political strategy and organizational matters.

These committees will prepare the party's work and the aim is that their recommendations will be discussed in detail at future national committee meetings.

6578
CSO: 3108/4

SOCIALIST CONGRESS CONCLUDES ON APPROVAL OF WAGE-EARNERS FUND

Palme Changed Stand on 'Zone'

Stockholm SVENSKA DAGBLADET in Swedish 30 Sep 81 p 2

[Article by Carl Bildt: "Palme, the 'Zone' and Our Threatened Security"]

[Text] In a long, moderately uninteresting but well-meaning speech by Olof Palme at the Social Democratic party congress on the so-called peace question, a point was included which is worthy of further discussion.

We have known for some time that the Social Democrats stand behind the demand for a Nordic nuclear weapons-free zone without any reservations. The fact that they are going to push that demand, with big gestures, in an attempt to take over the leadership and make use of the so-called peace movement which now is being built up, with links to various leftist groups, was also nothing new.

But what was new was the fact that Olof Palme now was willing to admit what he had denied previously--namely, that a Nordic nuclear weapons-free zone could be inconsistent with the neutrality policy we have pursued up to now.

Previously, when other people pointed out that certain types of commitments which could be included in an agreement on such a zone were hardly consistent with the interpretations we had given to the policy of neutrality up to the present, their statements were received with a snort of derision. Now Palme suddenly admits that that is the case, but he naturally hastens to add that other zonal arrangements would have to be chosen.

It should have been clear much earlier that an agreement with the superpowers on a Nordic nuclear weapons-free zone might contain elements which would be hard for a neutral country to accept. The very reason for the policy of neutrality which has existed up to now is the fact that it is only we ourselves who determine its contents and wording, and the fact that we also, by that means, want to reserve freedom of action for ourselves where the taking of action in a specific critical situation is concerned.

Experience during the periods when our country's neutrality was put to the test has taught us the importance of standing firm on those principles.

An agreement on a nuclear-free zone which contained direct or indirect instruments of control would be an agreement giving the superpowers, toward whom we should behave neutrally in a critical situation, a quantity of direct influence over vital portions of our security policy. It is not difficult to imagine how the possibilities of such a capability could be exploited.

The mere existence of an agreement which could be terminated on very short notice implies an ability to influence our actions. For example, the Soviet Union could claim that certain security policy dispositions in Sweden or other Nordic countries increased the danger of nuclear war, and that consequently the result would have to be that the zonal agreement would be terminated.

The ability to apply pressure which is implied here should not be underestimated.

Those responsible for Soviet foreign policy have indicated quite clearly that the Soviet Union would try to include such control mechanisms in an agreement.

In the August issue of the official periodical INTERNATIONAL AFFAIRS, the following is stated quite clearly: "The Soviet Union considers it necessary to establish effective control over the various countries' observance of the obligations they accept as part of the agreement on a nuclear weapons-free zone."

And it should be pointed out that the so-called Committee for a Nordic Zone Free of Nuclear Weapons expressly calls for the establishment of such a control instrument. The fact that the Swedish Peace Committee, which is loyal to Moscow, is one of the active groups behind that committee is not exactly surprising.

Olof Palme now has admitted that certain control arrangements and obligations of that kind cannot be consistent with a policy of neutrality. But he chooses to remain vague where answering the question as to how far one can go in accepting concrete obligations with respect to the superpowers without compromising the policy of neutrality is concerned.

One crosses a boundary line somewhere, but where is that boundary line located?

Against this background, the fact that Palme, in his speech, charges us moderates with enumerating various difficulties regarding a nuclear weapons-free zone in such a way as to give the impression that we are just making a lot of excuses, is a very strange accusation. When dealing with zonal arrangements which are inconsistent with neutrality, is it not our ultimate obligation to take every detail of that discussion with all the seriousness our policy of neutrality calls for?

How harsh should that accusation be if, on the other hand, we were willing to sweep all details, all difficulties and all principles under the rug on a question which has distinct repercussions where the policy of neutrality is concerned?

Olof Palme's speech implies that it is possible that a new discussion can take place of obligations with respect to the superpowers such as would be consistent with the policy of neutrality which has existed up to now. That discussion must be conducted in dead earnest.

Bringing about peace and security in an unsettled world is not a matter to be decided by competition between different opinions, the abandonment of opinions or persistence in holding certain opinions. No question is more important than that of peace, but for that reason it is also a question calling for prudence rather than breathless enthusiasm.

The Swedish policy of neutrality and the pattern of stability which has gradually been established in the Nordic area during the last three decades have made an effective contribution toward guaranteeing a certain quietness in our corner of the world. We should guard and protect that policy and that pattern of stability.

Being willing, as something called for by election campaign tactics, to reconsider everything and make it appear that something new, different and fundamentally better can be brought into being overnight would be to commit an unpardonable mistake.

Stability should not be sacrificed at the altar of rhetoric.

'Fund' To Be Election Issue

Stockholm DAGENS NYHETER in Swedish 1 Oct 81 pp 1, 6

[Text] The "International" was sung in unison when, after three and one-half hours of debate, the Social Democratic Party's congress said 'yes' on Wednesday to the proposal concerning wage-earners' funds. The harmony with the LO [Swedish Federation of Trade Unions] congress's resolution the preceding week was perfect.

"At last, direct instructions to be conveyed to the election campaign workers on the wage-earner's fund," was the comment of many delegates, for, if the Social Democrats come into power in the 1982 election, they intend to submit a fund proposal to the Riksdag during the following 3-year period. A proposal on profit sharing starting in 1983 is needed in the fall of 1982 to facilitate the difficult wage negotiations.

The critical comments at the party's congress referred primarily to the fact that questions of power and influence had moved too far into the background. A good deal of anger was also directed against the "campaign if inflammatory agitation" against the funds being carried on by industrialists.

Gunnar Strang won his most recent big political match. Once again, the radicals in the party were compelled to surrender. There will be no socialization of the private commercial banks even if the Social Democrats take over the political power next year.

But Strang, who left the party leadership the day before, had to play a tough match against the Youth Federation and former young people's leader Bosse Ringholm. Nearly 10 years ago, Strang warned the radicals against "leaving their rumps bare." Now Strang said that bank socialization was not "specific radicalism."

The congress voted and Strang won by 209 votes to 125. But a move against nationalization was decided upon in spite of everything.

In brief, the fund proposal which the leadership of the Social Democratic Party now has been authorized to continue to work on looks like this:

Twenty-four funds will be established--one in each administrative province. They will receive money as a result of an increase in general supplementary pensions scheme charges and also by sharing in the profits of all joint stock companies.

The funds are to invest their money in shares of all sorts of companies. They will be allowed to buy shares anywhere they want to in Sweden.

One demand that is made of the funds is that they shall provide a "normal" yield. That yield is to go to the AP [expansion unknown] funds to support the pension system. That is called "individual linking" with the funds. Additional linkings of that kind can be considered.

At the beginning, the fund managements are to be chosen by the trade unions, but later on elections with everybody who has general supplementary pensions scheme poings being entitled to vote are conceivable. Other models can also be imagined.

'Fund' Could Polarize Parties

Stockholm DAGENS NYHETER in Swedish 4 Oct 81 p 2

[Editorial by Olof Kleberg: "The Comrades' Congress"]

[Text] "Why did you go, comrade?" the Lagorna singing group from Umea asked in a concluding song at the Social Democratic Party's congress in the Folkets Hus in Stockholm yesterday. Yes, comrades had been enticed to leave the party by promises of new jobs and no nuclear power.

"It was a mistake, comrade," the group sang, and concluded with: "We will win again, comrade!"

That is how many within the party still feel, and many who left it during the 1970's are believed to think the same thing, if one is to trust opinion polls. Disappointment over the Center Party's unfulfilled promises and the policies of the various nonsocialist parties have driven many voters back to Social Democracy.

The congress was a manifestation of unity in regard to the guiding principles the party leadership drew up in its "Sweden's Future" crisis program and the resolution regarding wage-earner funds.

As Olof Palme expressed it in his closing speech, it was a "low-voiced" congress. One can express the same thing more critically. It was an entirely smoothed-out meeting where the party leadership kept the delegates in check almost without exception and where the delegates themselves, for the most part, presented messages on views or opinions in their party districts but debated with each other infrequently.

But it is not enough to say that. If one stops there, one misses the significance of the week-long assemblage of 350 delegates from all over the country. The party's active members now seem to be united, generally speaking, on an alternative

government in anticipation of the 1982 election. The economic difficulties and the nonsocialist parties' unsuccessful attempts to attract more of a following always gives the Social Democrats big hopes of winning back the power a year from now.

Furthermore, there is the fact that, for the first time since losing control of the government in 1976, the party can present a proposal on how Sweden should get out of the present critical situation with which all members are in agreement. Criticism of the party for having just opposed what the nonsocialist governments propose too much—whether it was a matter of devaluation, increasing the value-added tax, borrowing money or economizing—that criticism has also been heard within the Social Democrats' own ranks.

The active members feel that the party now has overcome its hesitancy with regard to the wage-earners' funds, which got the election campaigns into a muddle in both 1976 and 1979.

Certainly, the party leadership wants to win the election on "everyday questions"—unemployment, increased prices, the housing problem and the economizing in the social sector. But a greater amount of confidence that they now will actually be able to handle a campaign debate on the funds successfully can be observed.

The future of the Social Democrats is not all that clear and spectacular. The social bonds in Swedish society continue to be loosened, and consequently the natural process of voting with the other members of one's social class is loosening up, too. The Social Democratic base is no longer as firm as it once was.

The voters are very flexible. That was evident in public opinion during the scant year from the fall of the first Falldin government in 1978 through the balmy days of the Liberal Party government in the spring of 1979 and on to the election in the fall of that same year. A lot can happen before September 1982.

Even if the principles behind the Social Democrats' funds have now been laid down, a number of question marks remain. How shall the executive committee be chosen? Should unionists get involved at all? How can it be guaranteed that the funds ill satisfy the demand for a good yield? How can one be sure that wage-earners' organizations will be moderate in their demands for wages if they become co-influential through the funds?

These and other points on which there is a lack of clarity can also make voters who are not opponents on principle of any form of collective fund dislike the idea of supporting the Social Democrats.

Another serious difficulty where the active members of the party are concerned is the antagonism between industrial employees and government employees. That antagonism was clearly expressed in the debate during the congress on the program which is intended to deal with the critical situation in Sweden. Local government politicians and delegates from the public sector took the program's talk about sharp restraint in the government and the towns to provide scope for industrial investment very lightly. How is that antagonism to be bridged over during the election year when the party's local action program is being drawn up?

Olof Palme characterized the party congress as a congress of the outstretched hand. By that he meant that the party is willing to discuss the crisis program and funds with outsiders. Fine, but that is not going to happen on the Social Democrats' conditions without any more ado. Dialogue, rather than authoritative commands, is what is required in a political debate. No party, by itself, is going to get Sweden out of its present crisis.

It would be salutary if the coming election year did not become a year of ruthless confrontation between the right and the left. As can be seen in the news section of yesterday's DAGENS NYHETER, the government intends to counteract that by working out an intermediate alternative of its own.

Over the short term, the Conservatives and the Social Democrats can win in a confrontation, but Sweden would be the loser over the long term.

Palme, Bohman Join To Threaten Government

Stockholm DAGENS NYHETER in Swedish 6 Oct 81 p 6

[Commentary by Sven Svensson: "Politicians Collect Votes and Do Not Bother about the Country"]

[Text] A confrontation for big stakes--that is what is going to be the result in the new Riksdag which is convening today. All parties are concentrating on collecting the largest possible number of votes in the 1982 election and not bothering about how the country is getting along.

No matter how the 1982 election turns out, cooperation is called for across the dividing lines between blocs so that Sweden's economic problems can be resolved. The non-socialist parties cannot take care of that by themselves, and neither can the Social Democrats. Sensible, long-term decisions which will strengthen Sweden's ability to compete require that arrangements across those dividing lines be made.

Such cooperation is more remote today than it ever has been during the last 10 years. The attempts which have been made to break through those dividing lines between blocs have turned out negatively in every case from the parties' points of view. It has always been most profitable to remain outside--to oppose something or someone. Both the Social Democratic and the nonsocialist bodies of voters have usually reacted with their gut feelings.

The Hage Epoch Was the First Attempt

The Hage epoch was the first serious attempt to break through bloc politics and create majorities capable of taking action. Things did not go very well for Gunnar Helen, the cooperation engineer, who resigned.

During more recent years, too, attempts have been made to achieve broad, cooperative arrangements. The most authentic attempt of that kind was concerned with working out the 1978 energy policy after the three-party government had broken down over the charging of new nuclear power plants. The Liberal Party and the Social Democrats got together to build 12 nuclear power plants, a concession by the Liberal Party, which wanted to have 11 nuclear power plants.

Then the reactor accident occurred in Harrisburg. On that "crazy Wednesday," Palme decided to accede to the call for a referendum to salvage as many votes as could be salvaged before the 1979 election. The Liberal Party government pulled a long face after its compromise with Palme and swallowed its annoyance.

The second attempt was concerned with the agreement on taxes in the spring between the Social Democrats, the Center Party and the Liberal Party for 1983 and 1984.

When the agreement was submitted, Kjell-Olof Feldt (Social Democratic Party) said that the middle parties had capitulated to the Social Democrats.

The Social Democrats could not give the moderates any better support, although Feldt's primary purpose was to defend the agreement against his own voters, and as a matter of fact there certainly was a need for that.

Who capitulated to whom is disputable. It is entirely clear that the Center Party and the Liberal Party agreed to a year's postponement with reductions in the tax rate on increases in income, in conformity with a Social Democratic demand.

On the other hand, the Social Democrats had agreed to large reductions in those tax rates for civil servants. That is hard for LO [Swedish Federation of Trade Unions] groups to accept when the meaning of the agreement gradually appears in plain language.

And now, although it is somewhat overshadowed by the dispute over the value-added tax which is attracting so much interest at present, we have suddenly seen the inception of a new kind of coalition--a reddish-blue coalition--between the Social Democrats and the moderates.

The ill-assorted pair of Palme and Bohman united in a joint call to move toward a shortening of the period for submitting motions concerning value-added tax reductions, and also, for the time being, in opposition to the value-added tax reduction itself. It will be interesting to see how long this linking of interests will hold together.

Crude and Heartless Melody Is Approaching

But Thorbjorn Falldin also is not idle where sounding the call to battle is concerned.

In interview after interview, Falldin has attacked Palme's wage-earners' funds; he has called the fund proposal socialism of the kind which exists in eastern European countries and warned against switching over to a planned economy.

We will have to see how long merely saying "no" will last. Since politicians cannot economize and since industrialists are not allowed to have big profits for the wage-earners, some sort of fund to take care of the need for capital is needed.

Olof Palme describes the SAP [Swedish Social Democratic Labor Party] congress which was just concluded as the congress of the outstretched hand.

At present, there is nothing that is said from speakers' platforms or in interviews which would indicate that the Social Democrats, or any other party, would be ready to stretch forth their hands in the face of the electioneering which is already in its infancy. Experience with cooperation across the dividing lines between blocs has been negative everywhere.

According to Palme, the SAP congress's melody was low-voiced and calm. The signs in the sky indicate that the election campaign's melody will be unusually crude and heartless. The struggle is for power, and the end justifies the means.

Possible Referendum on 'Fund'

Stockholm DAGENS NYHETER in Swedish 3 Oct 81 p 1

[Text] "A referendum on wage-earners' funds is conceivable, but that is not a matter of current interest at present. First, the fund question has to be discussed intensively right up until the election. For us, it will be a question of standing guard against socialism along the frontiers." That is what Prime Minister Thorbjorn Falldin said in an interview with DAGENS NYHETER.

"After the congresses of the Social Democrats and the LO, it is clear that they want to bring about a basic change in Swedish society by means of the fund proposal," Falldin thinks.

"The Social Democratic Party and the LO have written in their program that they desire a socialist society," he said.

9266
CSO: 3109/17

BRIEFS

VINKA TRAINER ENTERS SERVICE--The Finnish-built training aircraft Vinka entered full service on Thursday at the air force school at Kauhava. The school now has 12 Vinkas, and all 30 aircraft which the air force has ordered will be in service in the spring. The air force school also placed its British-built Hawk simulator in service on Thursday for training the pilots who are going to fly the Hawk aircraft. The air force ordered the prototype Vinka 8 years ago, and the first flight tests were made several years ago. The delivery agreement between Valmet and the air force was signed in 1977. The first aircraft was delivered last year. When all the Vinkas are in service, the present training aircraft Saab-Safir can be scrapped. The French Fouga Magister will be used for advanced training until 1985, when it will be replaced by the Hawk. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 2 Oct 81 p 15] 9287

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West Europe Report

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ENERGY ECONOMICS:

ITALY'S NATIONAL ENERGY RESEARCH PLAN

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WEST EUROPE REPORT

No. 1846

ENERGY ECONOMICS:

ITALY'S NATIONAL ENERGY RESEARCH PLAN

Rome RASSEGNA PETROLIFERA, various dates

[For details on National Energy Plan see JPRS 77855, 16 April 1981, No. 1735 of this series, subtitled "Energy Economics: Italy's National Energy Plan for the Eighties"]

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ITALY'S NATIONAL ENERGY RESEARCH PLAN

Energy Research Plan Outlined

Rome RASSEGNA PETROLIFERA in Italian 22 May 81 pp 428-434

[Text] Scientific Research Minister Romita last Wednesday presented an outline of the "National Energy Research Plan." The new "plan" is more than 230 pages long and is closely tied to the objectives of the "National Energy Plan" drafted by the Ministry of Industry; it will become a strong policy instrument after approval by the Cabinet. In this issue of our magazine we are presenting the first part, Section A. General Considerations.

Section A. General Considerations

Chapter 1. Origins, Motivation, and Ultimate Purposes of National Energy Research Plan

After hearing the report from the scientific and technological research coordination minister, the Cabinet on 14 September 1979 assigned the former the task of drafting the PNRE (National Energy Research Plan) for the 1981-1985 5-year term.

The minister's initiative sprang from the consideration that energy research is being carried out in Italy by the CNR [National Research Council]--through the Final Energy Project--as well as the CNEN [National Nuclear Energy Commission], the INFN [National Institute for Nuclear Physics], from the university regarding the research agencies ENEL [National Electric Power Agency], the ENI [National Hydrocarbons Agency], the IRI [Industrial Reconstruction Institute], and the EFIM [Manufacturing Industry Holding and Financial Company] concerning industry with government participation and, finally, private industry.

These agencies have as a matter of fact for quite some time been pursuing informal coordination through frequent contacts which the officials in charge of the various programs have among each other.

The need to supply the executive agencies of the country at any moment with precise and up-to-date human and material resources available and mobilized in this fundamental sector of research means that this coordination must be established formally

from the moment of initiative planning and must continue throughout this entire effort.

This is why, an effort better to define the objectives, which can be pursued during the 5-year period of 1981-1985 and to make the Italian presence more effective in international organizations (IAE, CEE, CCMS-NATO, OECD), would take shape in terms of substance, rather than prestige, the minister therefore proposed the following:

"To coordinate all of these activities in an energy research program (PNRE) which would be developed during the 1981-1985 5-year period and within which the individual agencies could work according to their respective institutional assignments in close collaboration among each other in order to maximize the results in short-range and medium-range terms."

The Cabinet realized that "the implementation of the PNRE requires the following resources: the continuation of the PFE-CNR during the 1981-1985 5-year term; stepping up the research activities of the CNEN, the ENEL, and the ENI."

A study group, shared by the scientific and technological research coordination minister was established as "the instrument necessary for the preparation of the PNRE and for its management."

Chapter 2. Methodologies for PNRE Preparation

The then minister, the Hon. Vito Scalia, took steps to appoint the members of this study group, to set up and to establish it in formal terms through DM [Ministerial Decree] of 3 January 1980; a technical secretariat was then established in that study group.

Two preliminary efforts were immediately launched:

The first of these consisted in a survey of research activities in the energy sector now in progress in the course of program development, or under study on national territory as of 31 December 1979;

The second one consisted in launching a vast consultation effort among the operators in the sector in order to draft a series of documents on the contents of the PNRE and on the necessary resources.

On 29 May 1980, the then minister, the Hon. Vincezao Balzamo, took cognizance of the completion of the Scalia Commission's work and through DM of 29 May 1980 established a smaller study group than the earlier one and assigned it the task of drafting the final proposal for the PNRE.

This Commission, reconstituted by the Hon Pier Luigi Romita, through DM [Ministerial Decree] 8.1.81, turned in the final document on 15 February 1981 after having had to wait for the publication of the PEN (National Energy Plan) by the Ministry of Industry.

The PNRE must in fact be considered as an instrument for national energy policy as spelled out in the PEN.

The current methodology for the preparation of the PNRE must guarantee the maximum level of participation. As a matter of fact, through the "survey" further described in terms of its main characteristics, we provided an opportunity for a vast number of operators--through the distribution of many thousands of copies of an information sheet--to let us know which of their initiatives are in the course of implementation, in planning, or under study.

Through the activities of the study groups we were able to get the reactions of the research agencies, the universities, the central and peripheral administrations of industry with public and private capital.

Chapter 3. Energy Research Census in Italy

On 3 January 1980, many thousands of copies of a paper "to obtain data on research in progress, in planning, and under study" were sent to the agencies involved in energy research.

The purpose of this step was to collect the largest possible number of information items useful in presenting omissions in the preparation of the PNRE.

The operators in the sector responded to it very favorably. The technical secretariat of the study group charged with preparing the PNRE received 1,100 response sheets (one for every research project in progress, in planning, or under study) coming from about 300 outfits (public research institutions, central and local public agencies, industrial establishments with public and private capital).

In order to facilitate the analysis and interpretation of this vast and interconnected documentation, it was considered necessary to place the data in a file on a computer, adapting in each specific case the interrogation and processing programs which the information research institute in Rome worked out for the Final Project of the CNR.

We note that this initiative, in addition to quickly attaining the above-mentioned goals, constitutes the first operational instrument of the PRNE. As a matter of fact, since the program has now been started, this effort can be combined with data pertaining to all operational activities and this can be dynamically connected with the half-yearly research progress reports; this will make it possible to act on the basis of the issues involved and it will give us knowledge, in real-time terms, so as to pursue the coordination effort which is after all the fundamental mission of the PNRE.

Taking a panoramic look at the data emerging from the processing of the information cards, we can derive some information of a general nature. If we set the overall expenditure commitment at a figure of 100, then personnel above all will take a share equal to 43, the remaining commitment will be distributed in almost equal increments among investments (29) and planning and construction of plants (28).

Applied research (50.1 percent) prevails over basic research (2.2 percent) and demonstration plants, by virtue of their dimensions, will take about twice as much money (31.3 percent) as the amount requested for pilot plants (16.4 percent).

Out of the about 8,000 operators involved or probably involved during the coming 5-year term (still based on the data obtainable from card processing), 60 percent consist of researchers (28 percent) and engineers (22 percent). The spending, per man-year, comes to about 23 millions, a figure which seems to be rather small but which is explained by the fact that the costs do not show the salaries for personnel already paid by the state. If we take this figure also into account, then the expenditures per employee should rise to 30-35 million lire per year and per man.

The average duration of research is about 40 months and these activities are carried out mostly in the north (69 percent) with a share of 21 percent in the center and 10 percent in the south and the islands.

If we finally look at the percentage distribution of expenditures already made as of 31 December 1979, from the viewpoint of energy sources, we find the following breakdown:

Fossil fuels (natural gas, petroleum, coal, shale, and bituminous sand, as well as derivative products) 23 percent;

Nuclear energy (fission and fusion) 35 percent;

Biomass energy (urban and agricultural waste, land and water energy crops) 3.3 percent;

Renewable energy (solar, geothermal, wind, water power, marine) 16 percent;

Research involving several sources at the same time (22.7).

Chapter 4. PNRE and PEN

It seems a good idea now to clarify the links existing between the PNRE and the PEN in terms of the typology of contents.

In the PNRE we have grouped the actions that represent the phases of research and advanced development of component products and new processes and technologies closely tied to them which can be transferred to industrial production over the next decade. To achieve a real industrial takeoff in innovative products and processes, we will however also need actions involving development, planning, experimentation, and preindustrialization which, down-line, would combine the innovative process and which would be placed within the PEN, to follow the PNRE in terms of time; the PEN thus completes the entire cycle of innovation which, extending from specifically goal-oriented (and basic) research and from the first development phase (PNRE) is concluded immediately up-line from the industrial developments for the purpose of launching an innovated product or component in production which would contribute the reduction of consumption and the rationalization of energy sources.

The PEN (in the November 1980 version) was drawn up to attain the following five main objectives:

(a) Reduction in energy demand from 220 to 200 Mtep [million tons of petroleum equivalent] through the adoption of an active savings and efficient energy utilization policy in all consumer sectors;

(b) Reduction of current dependence on petroleum to 50 percent of the total energy requirement by holding down imports of crude to about 100 million t, developing the use of alternative and competitive sources, above all coal, nuclear energy, gas, and renewable sources;

(c) Maximum possible recourse to domestic energy sources;

(d) Reduction of risks concerning energy supply through diversification not only of sources but also of supplier countries and the creation of adequate strategic reserves;

(e) Technological and supply policy choices which would promote the Italian industrial system by improving and selling its own products and systems on the international market.

These general objectives were expressed in the following aspects leading up to 1990 in terms of "supplies per source" and "description of final use" (Table A and Table B).

Table A. Meeting Primary Energy Source Needs in Italy in 1985 and 1990 (Millions of tep [Tons of Petroleum Equivalent])

3) Fonti Primarie	1979	1985	1990
4) Petrolio	100,6	115,4	103,4
5) Combustibili solidi	11,4	17,7	36,0
6) Gas naturale	22,9	28,9	37,0
7) Idro-geo (1)	10,0	10,5	11,6
8) Nucleare	0,6	2,0	10,0
9) Altri rinnovabili	—	0,5	2,0
10) Importazioni energia elettr. ed extraidraulicità (2)	2,3	—	—
TOTALE	147,8	175,0	200,0

Key: (1) Regarding hydroelectric power output, the data refer to the output figure which can be achieved through natural contributions alone, under conditions of an "average" hydrologic year; (2) The figure given for 1979, in addition of considerable imports of electric (1.2 Mtep), includes the increased hydroelectric power output due to a particularly large water volume and the production of pumping plants; 3--Primary sources; 4--Petroleum; 5--Solid fuels; 6--Natural gas; 7--Water and geothermal (1); 8--Nuclear; 9--Miscellaneous renewable sources; 10--Electric energy imports and additional water volumes (2).

Table B. Final Uses of Energy in Italy (Millions of tep)

	1978	1985	1990 (obiettivo) 10)
3) Alta temperatura	21,1	22,8	24,0
4) Media temperatura	7,4	8,0	8,2
5) Bassa temperatura	31,0	32,7	34,4
	59,5	63,5	66,6
6) Carburanti (1)	22,8	27,5	31,5
7) Energia elettrica obbligata (2)	11,7	17,2	21,9
8) Totale usi finali	94,0	108,2	120,0
9) Totale fonti primarie	147,8	175,0	200,0

Key: (1) Excluding maritime and aviation fuel storage and including for agriculture and industry; (2) 860 kcal/kwh; 3--High-temperature; 4--Medium-temperature; 5--Low-temperature ; 6--Engine fuels (1); 7--Mandatory electrical energy (2); 8--Total final uses; 9--Total primary sources; 10--Target.

The PEN expresses the investments--at constant lire--which are necessary to achieve the above-mentioned target figures and the incentives which the "public central system" should provide in order to attain the high predetermined savings levels (Table C).

Table C. Investments and Incentives Provided by PEN in Billions of Lire (at 1980 Value)

	triennio 81/83	periodo 84/90	81/90 15)
1)Attività mineraria idrocarburi e ciclo petrolifero	5650	11500	17150
2)Gas naturale	1700	1600	3300
3)Carbone	1150	9950	11100
4)Nucleare	2350	10400	12750
5)Idroelettrica	1200	3900	5100
6)Geotermia	300	700	1000
7)Rinnovabili (solare, ec.)	350	1050	1400
8)Trasmissione e distribuzione dell'energia elettrica	3800	8500	12300
9)TOTALE	16500	47600	64100
10)Residenziale	750	2250	3000
11)Agricoltura	50	50	100
12)Cogenerazione	80	170	250
13)Industria	750	1650	2400
14)Trasporto	1200	2050	3250
9)TOTALE	2830	6170	9000

Key: 1--Hydrocarbons mining activities and petroleum cycle; 2--Natural gas; 3--Coal; 4--Nuclear; 5--Hydroelectric; 6--Geothermal; 7--Renewable (solar), etc.; 8--Electric energy transmission and distribution; 9--Total; 10--Residential; 11--Agriculture; 12--Joint generation; 13--Industry; 14--Transportation; 15--3-year period.

The PEN reveals a more determined awareness of the need profoundly and rapidly to modify the national energy system since it is quite clear that the effects of innovations introduced can manifest themselves fully only during the last years of this decade or, perhaps, during the next decade.

The PEN furnishes guidelines that can orient the priorities under the PNRE:

(a) the effort which the plan calls for in the matter of diversification of sources undoubtedly introduces important elements of flexibility in national energy supply; further forms of flexibility will however be obtained through adoption of technologies capable of improving the effiency of the energy transformation, distribution, and utilization process; other important sources finally can come from the availability of technologies designed to use energy materials of declining quality or those materials which are difficult to treat;

(b) It is interesting to know that the plan's objectives include the objective of making technological and supply policy choices which would promote the Italian industrial system in terms of improving and selling its own products and systems on the international market; this objective in particular is of decisive importance regarding the priority choices in the field of energy search;

(c) Another important criterion in guiding research activities consists of an analysis--although perhaps a rather broad one--of the energy aspects for the nineties.

In this respect, the PEN does not quantify the overall energy need for that decade but considers it highly probable that "the basic scenario outlined for the eighties will continue even for the following decades with qualitatively similar characteristics."

In this sense, the policy aimed at the progressive reduction of the Italian energy system's dependence on petroleum and, more generally on hydrocarbons, will undoubtedly be boosted and intensified; therefore it looks forward to progressively increased recourse to the nuclear source concerning electric power generation and coal conversion systems regarding the satisfaction of some of the currently necessary uses of petroleum. Finally, the savings and renewable sources exploitation policy will inevitably have to be based on the availability of more sophisticated and complex technologies in view of the fact that the most profitable and the simplest actions will in all probability already have been completed during the eighties.

From the present PNRE, the energy plan requires the identification of research lines, of action instruments, the definition of roles, as well as all of the necessary compatibility studies both regarding the PEN itself and the general directions for support to research, and finally the country's economic and financial policies.

To this end the PEN does not consider the expenditures necessary which the enlarged public sectors will have to come up with in the matter of energy research, either in terms of investments, or in terms of incentives.

There are however areas of possible overlap between the PEN and the PNRE especially regarding the policies and actions to be undertaken in the field of energy savings and efficient energy use (Chapter 4 of the PEN).

These possible overlaps essentially involve the following:

The demonstration programs,

Incentives for development and for technological innovations.

From the viewpoint of financial estimates, the elimination of these overlaps appears relatively simple because, moreover, the demonstration programs and the incentive for development constitute essential instruments of support and guidance for research activities; it seems necessary to achieve maximum possible coordination when it comes to implementing the PEN and the PNRE in these two areas in particular. In any case, the parts of the PNRE which are devoted to this point have been checked out and coordinated with similar indications in the PEN by way of a first approximation. Regarding the financial commitments, independently of the organizational structure which will then have to be provided for expenditures and for the necessary studies of a technical and economic nature, we tried, to the extent possible, to eliminate any potential duplications; consequently, the financial estimates of the PNRE can, without any significant errors, be added up together with those of the PEN.

Chapter 5. The PNRE in the International Context

A national research program on energy must be strictly tied in with energy policy, with the technological potential, with natural resources, with industrial growth objectives, and with the overall economic resources of the country for which it is being prepared.

This condition in general does not make it possible to transfer all this from one country to the next, in other words, not only the programs, but also the individual research topics unless we have first verified congruence with the diverse local situation.

In spite of that, the supranational dimension of the "energy" problem makes it necessary to check the compatibility of national programs with the research and development strategies worked out by the appropriate international agencies which Italy has joined, that is, the IEA, an offshoot of the OECD, and the EEC.

Since the EEC has subscribed to the strategy of the IEA, we think that we should refer only to the latter.

Before going on to an illustration of this strategy, it is a good idea to note that the congruence of the PNRE with the PEN is a first guarantee of compatibility of the PNRE with the international tendencies. The PEN as a matter of fact takes into account the country's international commitments in the matter of energy policy.

The CRD (Research and Development Committee) of the IEA in 1976 started the development of a program calling for the study of technological-energy systems, using a special study group (Steering Group for Energy R & D Systems Analysis) and the laboratories at Juelich in Germany and Brookhaven in the United States. So far, 15 countries[1] and the EEC have joined this initiative.

The final report of the CRD on this activity[2] was submitted to the Committee of Ministers of the Agency (Governing Board) in May 1980 and the board in the meantime has decided:

To adopt a strategy in line with the "accelerated scenario" (in other words, to provide for an intensification of the effort designed to speed up the introduction, on the international market, of new energy technologies so as to reduce the imports of petroleum);

To consider the research and development strategy of the IEA as a guide in establishing the national priorities and financing levels, and to determine the priorities for initiatives within international collaboration in the IEA itself;

To give the CRD the task of periodically checking the congruence of the national programs with the IEA strategy;

To invite the Consultative Committee for the Coal Industry to develop the new technologies that will help promote an accelerated expansion of the production and use of coal.

The strategy worked out by the IEA is based on the following assumptions:

Modest and gradual decline in economic growth rate;

Continuing rise of real prices for petroleum and energy in general;

Substantial reduction in the growth of the needs of the final users of energy through an increase in efficiency in the various uses of energy.

The strategic outlines of the agency are expressed by the priorities listed in Table 1.

Table 1. IEA--Strategy of Research and Development Group in Energy Field

General priorities of technologies (1)	Exploratory R & D	Testing to scale for pilot plants	Demonstration	Sale
Priority 1				
Final uses:				
Conservation, traction transportation systems	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	
Conservation, plants in buildings (mostly heat pumps)	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	OOOOOOOOO OOOOOOOOO
Conservation in industry	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Residential and commercial buildings, solar heating and cooling	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	
Production:				
Improvements in gas procurement (methane)	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Improvements in crude procurement	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Tar sands and bituminous shale	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Conversion:				
Advanced converters for nuclear reactors	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	
Alternate fuel for transportation	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	
Fast [breeder] reactors	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	
Coal liquefaction	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	
Key support technologies for complete utilization of existing energy systems:				
Coal technologies for environmental protection (including atmospheric pressure bed)	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Coal mines	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Nuclear reactor safety	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Nuclear fuel cycle	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO
Priority 2				
Production				
Geothermal (hydrothermal) energy	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	
Conversion:				
Combined cycle (including gasification at low calorific power and pressurized fluid bed)	XXXXXXXXX XXXXXXXXX	XXXXXXXXX XXXXXXXXX	OOOOOOOOO OOOOOOOOO	

[Continued on following page]

[Continued from preceding page]

General priorities of technologies (1)	Exploratory R & D	Testing to scale for pilot plants	Demonstration	Sale
Fuels from biomass	XXXXXXXXXX XXXXXXXXXX	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO	
Gasification at high calorific power	XXXXXXXXXX XXXXXXXXXX	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO	
Priority #				
Final uses				
Electric cars	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO		
Production:				
Geo-pressurized methane	OOOOOOOOOO OOOOOOOOOO			
Wind energy	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO		
Priority 4				
Production:				
Hot dry rocks, geothermal energy	OOOOOOOOOO OOOOOOOOOO			
Ocean energy (tides, wave motion, conversion of thermal energy from oceans)	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO		
Electric energy from solar energy	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO		
Conversion				
Fuel cells	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO		
Fusion (2)	OOOOOOOOOO OOOOOOOOOO			
Gasification at medium-low calorific power	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO		
Magnetohydrodynamics	OOOOOOOOOO OOOOOOOOOO			
Nonfossil systems for hydrogen production	OOOOOOOOOO OOOOOOOOOO			
Underground coal gasification	XXXXXXXXXX XXXXXXXXXX	OOOOOOOOOO OOOOOOOOOO		

(1) The priorities apply to countries of the IEA, taken as a group, and they do not apply to any country in particular; (2) Fusion is included in priority 4 because it will not soon be available (2020); however, considering its potential vast contribution and its long period of assertion, sufficient efforts should as a matter of fact be made to develop this technology.

XXXXXXXXXX XXXXXXXXXX = current situation; OOOOOOOOOO OOOOOOOOOO = objectives to be attained.

This table, it must be emphasized, applies to all member countries but as a matter of principle it does not apply to each of them. Depending upon the individual national situations, as a matter of fact, the order of priority may require even radical changes.

For example, the exploitation of geothermal sources, which has priority 2 for all of the countries of the IEA, has priority 1 for Italy where this source is abundant.

We must also realize quite clearly that not necessarily every country must "tackle" all problems or all aspects of various problems.

In this connection, an accurate examination of the national programs of the principal countries belonging to the IEA will be necessary during the executive planning phase for the activities through which the PNRE will be specifically expressed, precisely in order accurately to establish the status of research in the various sectors and to spell out the scope and quality of the Italian effort.

In order to clarify this aspect better, we have introduced, in Section B of this volume, set aside for the proposed research efforts, in every chapter, that is, a paragraph stating the international tendencies for the sector considered.

Chapter 6. Summary of PNRE

In the light of the points made in the preceding chapters, the PNRE, in spelling out the strategy for the development of energy technologies, calls for an indication of the action priorities so as to render the steps that become most necessary operational in a short time.

The scale of priorities for energy technologies was constructed on the basis of those which most likely can supply the largest quantities of energy at costs compatible with the objectives of maximum energy security.

In general terms, the analyses which follow in section B were prepared on the basis of establishing the priority categories for the various energy technologies in the light of the following main criteria:

Estimate--within the context of the current status of knowledge--of the possibilities of economic and technical success of each technology;

Connection of individual technologies with current capacities of research instruments existing in Italy;

Ability of various technologies to respond to domestic industrial capacities;

Possibility of dissemination on national territory and international markets.

Nevertheless, because of uncertainties connected with future predictions, we cannot overlook those technologies which, in the light of the above criteria, would turn out to have a low priority (for example, nuclear fusion).

The amount of money to be used for research and development in the individual technologies therefore is a function not only of the degree of priority but also of its status of development. This may mean that a technology with a high priority which however is still in the exploratory phase can take less financing than a technology with a low priority which however is in a more advanced demonstration stage.

Section B which follows is divided into the following six fundamental sectors:

(a) Fossil fuels (Part I),

(b) Nuclear energy (Part II),

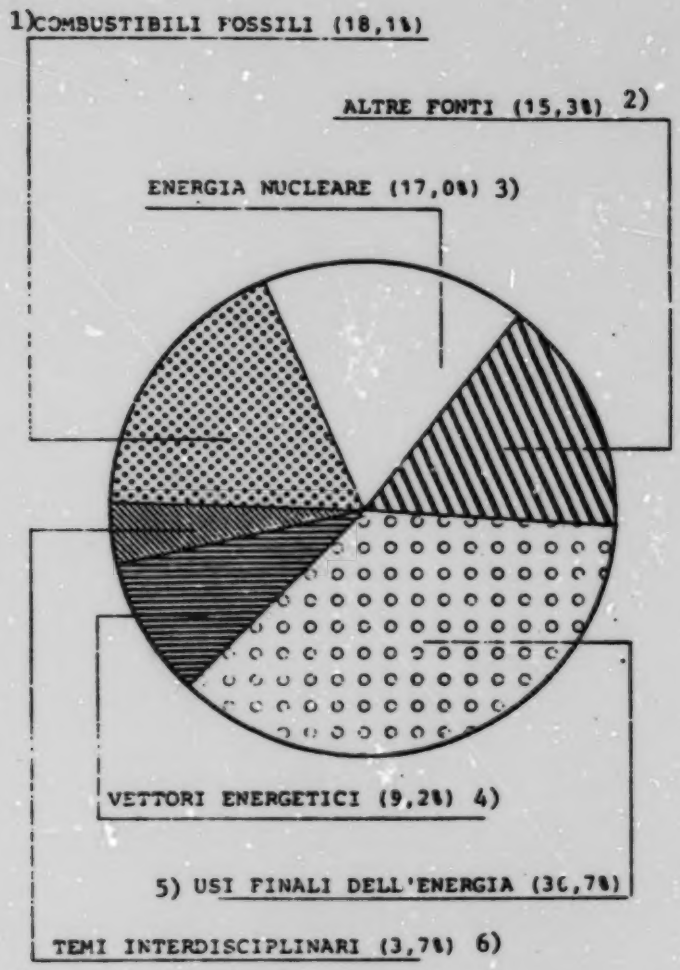
(c) Other energy sources (Part III),

(d) Final uses of energy (Part IV),

(e) Energy carriers (Part V),

(f) Interdisciplinary topics (Part VI).

Every sector includes several aspects each of which is taken up according to an organizational pattern which provides for the following: premise, state of the art in Italy, with indication of main operators and description of time activities; international trends; research and development lines; choice criteria; research topics proposed and pertinent expenditure estimates; responsibility for action to obtain objectives.



PNRE Expenditure Distribution. Key: 1--Fossil fuels (18.1%); 2--Other sources (15.3%); 3--Nuclear energy (17.0%); 4--Energy carriers (9.2%); 5--Final energy uses (36.7%); 6--Interdisciplinary topics (3.7%).

The overall expenditure amounts to about 2.95 trillion lire, including both public and private activities.

Table 2 is a summary of expenditure estimates for each sector and the percentage rate out of the total anticipated spending volume.

Table 2. Expenditure Estimates in Billions of Lire and Percentages

	G) Miliardi	% dei capitali sulla H) parte	% della parte I)
A) Combustibili fossili (parte I)			18,08
1) Carbone	411,8	77,29	
2) Idrocarburi	121,0	22,71	
TOTAL	532,8	100,0	
B) Energia Nucleare (parte II)			16,97
1) Fissione	500,0	100,0	
TOTAL	500,0	100,0	
C) Altre fonti di energia (parte III)			15,34
1) Energia Solare	140,0	30,97	
2) Biomasse	60,0	13,28	
3) Rifiuti	30,5	6,75	
4) Energia Eolica	35,0	7,74	
5) Energia Idraulica	8,0	1,77	
6) Energia Geotermica	60,0	13,27	
7) Fusione	113,0	25,00	
8) Biotecnologie	5,5	1,22	
TOTAL	452,0	100,0	
D) Usi finali (parte IV)			36,66
1) Usi agricoli e zootecnici	15,0	1,39	
2) Usi civili ed edilizia	250,0	23,15	
3) Usi industriali	400,0	37,04	
4) Usi nei trasporti	410,0	37,96	
5) Energia e territorio	5,0	0,46	
TOTAL	1.080.0	100,0	
E) Vettori energetici (parte V)			9,23
1) Produzione di energia elettrica	40,0	14,70	
2) Trasporto, accumolo e distribuzione dell'energia elettrica	127,0	46,70	
3) Trasporto, accumolo e distribuzione del calore	65,0	23,90	
4) Utilizzazione dell'idrogeno	40,0	14,70	
TOTAL	272,0	100,0	
F) Temi interdisciplinari (parte VI)			3,70
1) Modelli energetici e Banche dati	48,0	44,04	
2) Problematiche socio-economiche	4,0	3,67	
3) Legislazione e normativa	7,0	6,42	
4) Ambiente e salute	50,0	45,87	
TOTAL	109,0	100,0	
J) TOTALE GENERALE	2.945,8		100,0

Key: A--Fossil fuels (part I), (1) Coal (2) Hydrocarbons; B--Nuclear energy (part II), (1) Fission; C--Other energy sources (part III), (1) Solar energy, (2) Biomass, (3) Waste; (4) Wind energy, (5) Energy from water power, (6) Geothermal energy, (7) Fusion, (8) Biotechnologies; D--Final uses (part IV), (1) Agricultural and livestock uses, (2) Civilian uses and housing construction, (3) Industrial uses, (4) Uses in transportation, (5) Energy and territory; E--Energy carriers (part V), (1) Electric energy generation, (2) Electric energy transportation, storage, and distribution, (3) Heat transportation, storage, and distribution, (4) Hydrogen utilization; F--Interdisciplinary topics (part VI), (1) Energy models and data banks, (2) Fiscial-economic problems, (3) Legislation and standards, (4) Environment and health; G--Billions; H--% of capital in part; I--% of part; J--Grand total.

Chapter 7. Transfer of Knowledge

To spell out the transfer actions, we need a preliminary listing of the various users who must work with the research findings; the time frame, the methods, and the quality of actions as a matter of fact vary tremendously depending upon whether we are dealing with a single user or a collective-type user.

In the PNRE, we undoubtedly are mostly concerned with group users who want to acquire the technological product; this can be presented as the result of various proposed action sectors.

Concerning the transfer of results from a more detailed examination of the action lines, we can assume the following:

(a) Actions pertaining to sectors in which the public administration is the direct recipient of the research product (transportation, geothermal sector, nuclear industry, electric energy transmission);

(b) Actions dealing with sectors which require standardization on the part of the public administration to have a real effect on the community as a whole (buildings, territory);

(c) Actions involving sectors where the standardization activities of the public administration can work toward rapid acquisition by the particular community (agriculture, renewable resources, waste).

In the first case, the transfer problem does not come up or assumes a connotation which is entirely unique, whereas research activities are carried out in close contact, if not directly, with the public agency or the public administration that also has the task of guaranteeing the daily handling of the problems that research is working on.

In the second case, the situation is more complex and undoubtedly makes it necessary to take ad-hoc action to produce a larger fallout from the research results. The ratio between economic return and investments generally reveals such dimensions (above all in terms of the time necessary for amortization) that the action of the individual user would be difficult to carry out if it were not supported by concomitant promotional efforts (high price of goods, instruments to provide incentives or to remove incentives, technical standards).

Implementing actions of this kind however is very difficult not only during the action phase but above all during the planning phase; as a matter of fact, to organize the instrument properly, we must in detail know all of the features of the system which we wish to work upon.

The transfer role in this case assumes the double function of informing the individual user as to the benefits which may derive from the acquisition of particular technologies and at the same time to understand and promote the formation of a request addressed to the public administration for the supply of suitable instruments that provide an incentive.

At the same time it is necessary to arrange for an information and indoctrination effort on the part of the appropriate public administrations; in particular one must develop the basic information instruments (white books, manuals, state of the art reports) which constitute the necessary support for any effective action in terms of standardization.

Among the information instruments we must however make special mention of the supply of data on research projects underway and/or in planning for the twin purpose of presenting and regrouping the novel aspects of the individual sectors and at the same time give the interested operators the most up-to-date possible picture of current activities and trends.

The use of "data banks" for energy research is one of the basic instruments necessary for this continuous updating and for quickly working out synthetic examinations for every specific sector. In this context we must recall the activities of the PFE of the CNR concerning documentation of research in the energy sector and the positive results deriving from the first investigation promoted by the MRST [Ministry of Scientific and Technological Research] concerning energy research in Italy.

The establishment of "research censuses"--with a possibility of classification by research subjects--can also supply effective support for the decisions to be made in the transfer process, especially regarding the specific projects in a particular sector.

In the third case, we come to the classical problem of transfer and hence of relations with the individual user, although the implementation of effective interaction with the public administration continues to be very important. The almost complete absence of both government and private initiatives in the technology transfer field (with the subsequent absence of specialists), the serious failures of the research sector--these most emphatically point to the creation of a central macrostructure which would inevitably lead to the formal establishment of the nth useless if not harmful agency.

It is undoubtedly preferable to think in terms of the establishment, within the various agencies in which the research efforts of the PNRE will be organized, of small groups (two or three persons) with the task of establishing operational contacts with all of the agencies directly involved in the technological promotion of enterprises (industrial and agricultural organizations, worker categories, chambers of commerce, etc.). The transfer operation as a matter of fact implies the launching of as many, also delicate operations (here we might merely think of the cost-benefit estimates) that necessitate the intervention of multiple structures with considerable financial resources, with the assumption of risks, and--this is an extremely important factor--the confidence of the user.

For the purpose of an effective transfer policy, there is one thing that is of fundamental importance and that is the direct involvement of the private sector in this process, not only for a fair distribution of tasks between the state and the private sector, but also to make sure that the introduction of innnovations in a company will always involve a voluntary act which will use government intervention only in the form of standards or financial incentives.

It will therefore be the task of the individual small groups, in their sector of competence, to pursue continuous contact with these organizations in order to supply them with detailed information, to provide support for their action, and to collect energy research requests for the possible formulation of research projects.

Similar contacts will have to be established with the public administrations which are interested in updating their information on the state of the art at the proper time, along with requests for the formulation of standardization project, the definition of particular research efforts, and the acual arrangement of these activities as such.

It will also be necessary to provide for an effort designed to interconnect these little groups in order to promote the coordination and strengthening of the individual initiatives. In this case likewise, this task could be assigned to no more than two persons and the definition of the operational methods will have to be correlated with the coordination structure under the PNRE.

It furthermore appears necessary to make further use of energy models in terms of actual supplies and future strategies which would gradually furnish both the demand and the supply in the energy field (here we might recall the activities carried out on "Energy Technology Systems Analysis" under the IEA and the activities on "Analysis of Energy Systems and Strategy Studies" by the EEC).

Once the necessary data have been acquired, these models in turn will periodically furnish a picture of the existing situations and will complete the information necessar to stay within and verify the guidelines of the PEN.

In order to continue to develop this sector, it will be necessary to create various coordination structures and to establish ad-hoc study groups to handle and organize this entire effort.

In the light of these considerations, the MRST will continue the work it started with the first survey on energy research, drafting a new questionnaire, among other things in line with the indications furnished within the IEA and the EEC, to be distributed and compiled annually.

FOOTNOTES

1. Austria, Belgium, Canada, Denmark, the FRG, Japan, England, Ireland, Italy, Norway, New Zealand, Spain, the United States, Sweden, and Switzerland.

2. "A group strategy for energy research development and demonstration," IEA, OECD, Paris 1980.

Role of Mineral Fuels

Rome RASSEGNA PETROLIFERA in Italian 29 May 81 pp 453-458

[Text] In this issue we start the publication of Section B of the PNRE pertaining to the first part and involving fossil fuels (coal and hydrocarbons).

Section B. Part I. Fossil Fuels

Chapter 1. Coal (CB)

1.1. Premise

The prospects for more accentuated use of coal, recently also stressed by the governing board of the IEA, in many countries throughout the world has stimulated a renewed commitment to research in all phases of the coal cycle extending from the development of mines, transportation, and distribution to direct burning and conversion into liquid and gaseous products.

In Italy likewise the PEN calls for a major increase in coal consumption for energy use. Besides, prospects for a reopening of the Sulcis mines with coal having a high sulfur content necessitates the solution of many problems and the introduction of new technologies for the kind of use of coal which would be both economical and nonpolluting.

All of this calls for a major research and development effort so as to enable the country, during the time frame established by the PEN, to attain the desired level of diversification in energy supplies. In particular it is necessary to solve complex problems of an environmental and logistics nature.

1.2. State of the Art

1.2.1. Main Operators

The main research operators in the coal area and the pertinent activity sectors are as follows:

ENI--Mining development; Sulcis coal; logistics; coal conversion;

ENEL--Combustion; environmental problems; advanced utilization techniques;

IRI--Logistics; use of coal in steel industry; combusion systems and effluent control;

CNR--Use of ash, coal and oil mixtures, technological problems pertaining to combustion (studies carried out under the PFE).

1.2.2. Activities in Progress

The consumption of steam coal in Italy in the past was very small and was reflected by a limited research effort which only recently assumed new scope and broadened its horizons, looking forward to more extensive and less conventional uses of coal.

The research now in progress concerning the use of coal for steam is aimed at the following objectives:

Fluidized-bed combustion;

Better environmental compatibility of conversion plants;

Utilization of ash;

Transport of coal suspensions in pipelines;

Preparation and burning of mixtures of fuel oil and coal;

Studies and research efforts were launched more recently on the gasification and liquefaction of coal, on removing the polluting gaseous products in coal-fired power plants and from the fuel cells, and on eliminating (irreversible) submicronic particles.

Concerning metallurgical coal, research is now in progress aimed at the production of coke from coal grades which are less in demand and which are less expensive than those now used.

1.3. International Trend

Both the countries that have coal and the countries that import coal are looking to this source to guarantee the diversification of supplies and to reduce the foreign exchange outlay for energy imports. We expect as a matter of fact that international steam coal trade will, between now and the end of the century, increase from 55 million to 300 million tec [tons of coal equivalent] per year.

On the international level, the techniques used in coal mining development, both above-ground and below-ground, are well developed. But research is being pursued for the purpose of improving mining safety, increasing productivity, and refining coal through the elimination of sterile components.

Concerning transportation and distribution (maritime terminals, loading and unloadings systems, large and small tonnage vessels, barges, railroad cars, unit trains, coal pipelines), the technologies are almost ready. It is nevertheless necessary to continue a major effort in terms of analysis, planning, and construction if we want to develop the international steam coal market through adequate reception and distribution systems in countries such as Italy which currently do not have any such thing.

For the conventional use of coal--direct burning--the technologies are now available and now being used widely. The as yet unresolved problems deal with ecological requirements, such as the progressive decline in the specific sulfur emission, as well as ash and nitrogen oxide. New systems of desulfuration of fumes and new combustion methods, such as fluidized-bed combustion, are being developed, above all to permit the use of coal grades with a high sulfur content. Finally, to increase the possibilities of using coal in existing plants, research studies and demonstration efforts are now underway concerning the burning of mixtures of fuel oil and coal which may contain coal up to 50 percent.

Particular importance is assigned to the technologies for the conversion of coal in gaseous and liquid products which are more easily distributed and used.

Among the various coal conversion techniques, gasification plays an outstanding role because of the variety of products and applications involved.

Gas with a low calorific power, which is obtained by gasifying coal in the absence of air, can be used for the production of electric energy through combined cycles. This technology is in the development phase, for example, in Germany and in the United States.

Gas with medium calorific power, which is obtained by gasifying coal in the absence of air enriched with oxygen and which can be transported economically over medium distances (up to 100 km), can be used not only to supply electric power plants and industrial complexes but also constitutes the most worthwhile raw material for the production of chemical derivatives, especially ammonia and methanol, and liquid products for the transportation sector (methanol and higher alcohols, gasoline).

From gas with medium calorific power we can finally, through methanization, obtain a gas with a higher calorific power, replacing natural gas (SNG), which can be distributed in the currently existing networks.

The versatility of gasification and the prospects of application which can be detected in medium-range terms in recent years stimulated intensive research which has made it possible to follow up the first-generation processes (Lugi, Winkler, Koppers-Toztel) with a series of more advanced processes, some of which are already very close to the commercial scale. Plant laboratories are also studying promising third-generation processes, for example, rapid hydrolysis and catalytic gasification.

There is another technology which is recognized world-wide as being of considerable potential interest; this involves the liquefaction of coal. The production of a synthetic crude (or gasoline) from coal can as a matter of fact permit a more flexible transition from petroleum to coal, both using the existing transportation and distribution structures and permitting the upgrading of poor coal (Sulcis).

In the development of conversion technologies we in particular detect a clear search for cooperation on the international level; as a matter of fact, the technical and financial risks connected with the development of these technologies are such as to justify the establishment of corporations.

Legend for Symbols Used in Section B

T.XX.1

Research topic; code; subject; number of research topic (variable); research (variable)

ST. = Subtopic
Example: ST. 1/1 = Subtopic 1 or Subtopic 1 [as published]

Code for type of research: B--Basic research; A--Applied research; S--Development; D--Demonstration.

1.4. RS&D [Research, Development, and Demonstration] Development Lines

1.4.1. Choice criteria

The PEN establishes the following objectives regarding coal. Rapid increase in steam coal consumption from the current figure of 5 million t to 55-60 million t in 1990;

Reactivating of Mining Development of the Sulcis basin;

Policy aimed at obtaining coal supply sources from abroad;

Early establishment of infrastructure for importing and distributing large quantities of coal;

Study and solution of environmental problems connected with coal use;

Development of new technologies, particularly those for the conversion of coal into liquid and gaseous products, also through participation in international programs.

In line with these indications, five research, development, and demonstration have been spelled out.

The first topic"Sulcis coal"(T.CB.1), subdivided into four subtopics, takes into the account to the fact that research, being aimed a specific industrial activity must with a high technological level also by acquiring the necessary knowledge from abroad. This i particular applies to mining activities (ST. 1-CP. But in theory also the others such as "refinement of coal" (St. CB. 1), "utilization and gasification" (St. 3-CB 1), and "Transformation of synthesis gas" (St. 4-CB.1). The last two subtopics, here concentratingon the "Sulcis" problem, will be pursued further in depth and will be developed in the research topic entitled "Transformation of coal into products with greater mobility"(T. CB.4).

The topic "Logistics" (T. CB. 4) is devoted to the analysis and optimization of imported coal receiving and distribution systems; this topic also proposes the study, planning, and development of essential component of such systems and pertinent machinery.

The third topic, "Reduction of Polluting Agents and Employment of Residues" (T. CB.3) tackles the ecological problems closely connected with the generalized use of coal. Other than the development of specific technologies; removal of power [dust] (St. 1-CB3), desulfuration (St. 2-CB.2-CB.3), use and disposal of ash St. 4 CB-3)--consideration was also given to the development of equipment (St. 3-CB3) and processes (fluidized-bed combustion) (St. 5-BD.3) which, through the improvement in efficiency and output in general, indirectly are supposed to attain the same goals.

In the previously mentioned fourth topic entitled "Transformation into more mobile products"(T.CB.4), we propose the study and development of coal transport in the form of suspensions with water or other carriers (St. 1-CB.4) and coke in a watery solution (St. 2-CB.4). The two important subjects of gasification (at low calorific

power, with St. 3-CB. 4, and medium and high calorific power, St. 4-CB.4, and of coal liquefaction are all taken up. In both of these sectors, Italian research will have to tie in with what is happening in the other industrialized countries not only to reduce the technical risks but also to redistribute the certainly tremendous financial risks.

Finally, in the fifth topic, "steel industry applications" (T. CB.5), there is a proposal for three subtopics aimed at perfecting known and introducing new technologies.

1.4.2. Research Topics Proposed

T.CB. 1.--"Sulcis" Coal

St. 1--Mining activities, development of machinery and instruments (A--S);

St. 2--Coal refining, washing and pretreatment systems (A--S);

St. 3--Utilization, gasification, demonstration modules of industrial size (500 t/g) (D);

St. 4--Catalytic transformation of synthesis gas into oxygenated products for gasoline or medium distillates (D).

T.CB. 2--Logistics

St. 1--Technical-economic analysis of coal supply and utilization system in Italy; location and user consumption, origin, means of transportation, and route analysis (A);

St. 2--Engineering for coal reception system in Italy, elements for planning the standard terminal (A);

St. 3--Engineering for the coal distribution system in Italy, optimization of distribution system (A);

St. 4--Transportation system components; planning and construction of prototype of transportation equipment and technical-economic research on use of unit-assembly ships and continuous unloading mechanisms (A--S)

T.CB. 3--Reduction of pollution agents and use of waste

St. 1--Dust removal systems; pulse generators and improvement of geometry of electrodes and generators themselves in electrostatic precipitators, new filtration systems (B--A).

St. 2--Desulfuration; second generation processes (processes which regenerate and minimize the resultant products);

St. 2/1--With double alkalis (B--A);

St. 2--Disposal of resultant sludge (A--S).

St. 3--Development of apparatus;

St. 3/1--Burners (reduction of emissions, study of flame and heat profile in frame) (B--A)

St. 3/2--Treatment and movement (A--S);

St. 3/3--Generators (boilers); vibrations, "on-line" regulation, heat exchange and dynamic performance (A);

St. 3/4--Safety devices (A).

St. 4--Use and disposal of ash; civilian, industrial, and agricultural uses (A--S--D).

St. 5--Fluidized bed;

St. 5/1--Demonstration plant (D);

St. 5/2--Support plant (D);

St. 5/3--Application in industrial generators, feasibility (A);

St. 5/4--Fluidized bed, feasibility (D).

T.CB.4--Transformation into more mobile products.

St. 1--Mixtures of fuel oil and coal;

St. 1/1--Separation of mixture (A--S);

St. 1/2--Utilization of mixture (A--S);

St. 1/3--Critical components (A--S);

St. 2--Transportation of coke in watery solution; decay of coke-making properties (A--S).

St. 3--Gasification at low calorific power;

St. 3/1--Demonstration plant; production

St. 3/2--Demonstration plant, utilization (combined cycles) (D).

St. 4--Gasification at medium and high calorific power and transformation of synthesis gas;

St. 4/1--Fuel cells (B--A);

St. 4/2--Third-generation processes; rapid and direct hydrogenation; catalytic gasification (B--A);

St. 4/3--Gasifiers on pilot and industrial scale (A--S);

St. 4/4/--Critical component testing circuit (A);

St. 4/5--Production of liquids (from synthesis gas) (A--S);

St. 4/6--Use of methanol in domestic heating (D);

St. 4/7--Use of methanol and oxygenated products in industry (D);

St. 4/8--Use of ash in industrial sector (D);

St. 4/9--Use of ash in civilian sector (D);

St. 4/10--Use of ash in agricultural sector (D).

St. 5--Direct liquefaction;

St. 5/1--Analysis of principal demonstration projects (A);

St. 5/2--Participation in demonstration projects (A--D);

St. 5/3--Second demonstration processes; research and pilot plants; (B--A);

St. 5/4--Liquefaction with techniques borrowed from petroum technology (A).

T. CB. 5--Applications in steel industry

St. 1--Operational and thermal improvement of coke-making batteries (A).

St. 2--Use of non-coke-making coal grades in the charges of coke-making batteries (A).

St. 3--Injection of mixtures of fuel oil and coal into the pipes of the blast furnace (A).

1.5. Expenditure Estimates

Table CB is a compilation of the research undertakings proposed under the heading of "Coal" and gives an expenditure estimate for each of them.

The table tells us that:

Expenditures for studies and research amount to 100 billions while those for demonstration projects will take 312 billions so that the total spending volume, over a period of five years, will amount to 411.8 billion lire.

It is difficult to come up with general criteria in defining the level of public financing for the various research undertakings also because the latter often differ considerably in terms of technical and economic risks. However, we believe that it would be a good idea if there were joint financial participation by the

proposing agencies in the laboratory research activities while the public contribution should be greater in projects of a demonstration nature.

For this sector, finally, we consider it necessary to provide for the creation of a research and demonstration activity center (A1--CB) which would also make it possible to work in cooperation with the existing specialized institutes. The center would have devote itself to theoretical studies (for example, petrography and geophysics), tests to describe coal characteristics, and development work on the "bench-scale" and demonstration levels, technical advances in combustion, gasification, and direct and indirect liquefaction. The center should first of all concern itself with mining techniques and advanced techniques for the exploitation of deposits, such as, for example, "in-situ" gasification.

Spending for the "center" thus to be established is indicated in Table CB under the pertinent heading while the costs of the demonstration and pilot plants, which might possibly be put up with the center and which could be managed by it, are indicated under the respective item headings.

Table CB--Compilation of Research Topics and Efforts Proposed in the "Coal" Sector (CB) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics, Actions	Type of Research	Expenditure
T.CB.1	Sulcis coal		
ST.1-CB.1	Mining activities	A--S	137
ST.2-CB.1	Coal refinement	A--S	
ST.3-CB.1	Utilization and gasification	D	
ST.3-CB.1	Transformation of synthesis gas	D	
T.CB.2	Logistics		
ST.1-CB.]	Technical-economic analysis, coal supply and utilization system in Italy	A	15
ST.2-CB.2	Receiving system engineering	A	
ST.3-CB.2	Distribution system engineering	A	
ST.4-CB.2	Research on transportation system components	A--S	
T.CB.3	Reduction of pollution agents and use of waste		
ST.1-CB.3	Dust removal	B--A	40.25
ST.2-CB.3	Desulfuration of fumes		
ST.2/1-CB.3	With double alkali	B--A	
ST.2/2-CB.3	Disposal of resultant sludge	A--S	
ST.3-CB.3	Development of apparatus		
ST.3/1-CB.3	Burners	B--A	
ST.3/2-CB.3	Treatment and movement	A--S	
ST.3/3-CB.3	Generators (boilers)	A	
ST.3/4-CB.3	Safety devices	A	
ST.4-CB.3	Use and disposal of ash	A--S--D	
ST.5-CB.3	Fluidized bed		
ST.5/1-CB.3	Demonstration plant	D	

Table CB [Continued from preceding page]

Code	Topics and Subtopics, Actions	Type of Research	Expenditure
ST.5/2-CB.3	Support plants	D	
ST.5/3-CB.3	Application in industrial generators (feasibility study)	A	
ST.5/4-CB.3	Pressurized fluidized beds (feasibility study)	A	
T.CB.4	Transformation into more mobile products		
ST.1-CB.4	Fuel oil and coal mixtures		189.55
ST.1/1-CB.4	Mixture preparation	A--S	
ST.1/2-CB.4	Mixture utilization	A--S	
ST.1/3-CB.4	Critical components	A--S	
ST.2-CB.4	Transportation of coke in watery solution	A--S	
ST.3-CB.4	Gasification at low calorific power		
ST.3/1-CB.4	Demonstration plant	D	
ST.3/2-CB.4	Demonstration plant (combined cycles)	D	
ST.4-CB.4	Gasification at medium and high calorific power and transformation of synthesis gas		
ST.4/1-BC.4	Fuel cells	B--A	
ST.4/2-CB.4	Third-generation processes	B--A	
ST.4/3-CB.4	Small and medium dimensions gasification	A--S	
ST.4/4-CB.4	Critical components testing circuit	A	
ST.4/5-CB.4	Production of liquids	A--S	
ST.4/6-CG.4	Use of methanol, heating	D	
ST.4/17-CB.4	Use of methanol, industry	D	
ST.4/8-CB.4	Use of ash in industrial sector	D	
ST.4/9-CB.4	Use of ash in civilian sector	D	
ST.4/10-CB.4	Use of ash in agricultural sector	D	
ST.5-CB.4	Direct liquefaction		
ST.5/1-CB-4	Analysis of main demonstration projects	A	
ST.5/2-CB.4	Participation in demonstration and pilot projects	A--D	
ST.5/3-CB.4	Second-generation process	B--A	
ST.5/4-CB.4	Liquefaction with petroleum techniques	A	
T.CB.5	Steel Industry Application		15.0
ST.1-CB.5	Operational and thermal control of coke-making battery	A	
ST.2-CB.5	Non-coke-making coal grades	A	
ST.3-CB.5	Oil-coal mixture injection	A	
A1-nB	Establishment of coal research center		15.0
	Grand total		411.8

1.6. Specific Responsibilities and Measures

The development and demonstration efforts indicated above for this sector must be coordinated by the ENI, for the nonelectric sectors, by the ENEL for the latter [electrical sectors], and by the IRI for steel industry uses. Here provision has been made for cooperation by the entire domestic industry establishment both with government and private participation.

Through the final "Energy" project for the 1981-1985 5-year period, the CNR has been given responsibility for basic and applied research, using university and industrial facilities as well as those of the agencies mentioned and its own facilities.

IRI, ENI, ENEL, and CNR will have to establish an ad-hoc coordinating body which furthermore will periodically have to report on the state of program progress and it will have to propose any possible modifications in the program in the light of gradually developing experience. The organizations mentioned can then participate in the proposed coal research center which might possibly be organized in divisions for technology and/or practical applications.

Chapter 2. Hydrocarbons (Ch)

2.1. Premise

Although there have been consumption shifts toward alternate forms of energy, hydrocarbons in the world-wide energy scenario will for a long time to come be the main source of energy supply. Although the demand for hydrocarbons may percentage-wise decline in the overall energy balance, it will go up in absolute terms at an estimated 30 percent between 1978 and 2000.

Political-economic considerations regarding supply prospects indicate that the non-OPEC output will have to be increased considerably to keep up with the anticipated hydrocarbon consumption increase.

This will require a tremendous research effort on topics aimed at more completely exploiting the currently available hydrocarbon production sources and to identify new and vaster areas to be worked.

The research efforts will therefore be concentrated on topics characterized by heavy risks which will call for tremendous financial commitments and therefore also adequate incentives from the public authorities.

2.2. State of the Art

2.2.1. Principal Operators

Among its institutional missions, the ENI is charged with the development of research in the field of hydrocarbons, engaging in activities aimed at the discovery and utilization of these sources in Italy and abroad.

Research activities are aimed at topics concerning discovery, production, and utilization of hydrocarbons in the various application sectors. Other domestic operators are cooperating in some research undertakings.

The development of advanced research in Italy is important since possession of our own technologies can facilitate access to the resources of producing countries which require more highly developed technologies.

2.2.2. Activities in Progress

We now present the general research topics, indicating the principal activity sectors of the ENI and the other operators.

Exploration

Given the particular Italian geological situation, which is among the most complex in the world, hydrocarbon exploration in Italy essentially boils down to applied research not based on standard technologies.

The research lines pursued involved both interpretation of seismic data:

Repeated deconvolutions,

New geophysical technologies,

Employment of transversal waves in reflection seismics,

And the interpretation of data acquired during drilling,

Preparation of well "logs" and stratigraphic correlation between wells.

Drilling and Production

The major efforts currently being made by the petroleum companies are oriented toward the solution of problems connected with situations that are becoming increasingly tough and difficult from the environmental and geological viewpoints in the drilling fields and in deposit development.

In this context we are in particular pushing the following activities whose pursuit is included in the proposed research topics:

Exploratory drilling and development of deposits in difficult environmental situations (deep off-shore, swamps, forests, stormy seas, etc.) or difficult geological situations (depths of more than 7,000 m);

Assisted recovery;

Development and upgrading of unconventional hydrocarbons;

Heavy oil.

Hydrocarbon Transport

For the transport of liquid hydrocarbons, research currently underway is oriented toward the perfection of existing technologies.

Regarding on the other hand underwater gas pipelines, research is in progress for the purpose of innovating the techniques for the construction and repair of pipelines out at sea, in particular:

Development of construction techniques and launching of vessels equipped with "rocket-propelled pipe-laying devices";

Employment of a flexible pipeline which can be flattened also;

Remote-controlled pipeline repair work through automatic stations;

Testing systems for pipes in deep water;

Feasibility studies for large-diameter pipelines operating at high pressure.

The continuation of these activities is included in the research topics proposed.

Hydrocarbon Refining and Use

The main lines according to which research is currently being developed are as follows:

Studies on the development of quantitative and qualitative requests for petroleum products from the domestic market in the light of anticipated variations in consumption and availability of hydrocarbons;

Studies on development of techniques and systems of refining toward lighter products;

Studies on the use of components of non-petroleum origin to be added to some products in order to increase availability (fuel oil and coal mixtures, "long section" for diesel motors, methanol-gasoline mixtures, etc.).

2.3. International Trends

In view of worldwide hydrocarbon needs and currently available volumes, a major research effort has been developed on an international level.

Here are the main lines:

Expansion of the hydrocarbon supply base, using resources which are more difficult to reach (crude from tertiary recovery, off-shore deposits at great depths and in the Arctic, heavy and viscous crude, bituminous sand and shale);

Reduction of time required for discovery and start of production at new deposits with particular emphasis on off-shore deposits from which a growing share of crude will have to come;

Perfection of prospecting and seismic data interpretation methods;

Improvement of movement of hydrocarbons, in particular, natural gas, which--although it is a resource equivalent to petroleum from the viewpoint of reserves--for technical reasons is involved in international trade only on a very reduced scale;

Increase in the yield from the use of hydrocarbons.

2.4. RS&D [Research, Development, and Demonstration] Line

2.4.1. Choice Criteria

In defining the priority research and development directions we took into account the particular situations existing today in the hydrocarbons sector both from the viewpoint of utilization and from the viewpoint of supply.

There are many research topics which can be proposed. They involve the various phases of the hydrocarbon cycle such as exploration, production, transportation, and distribution, as well as refining and utilization.

To spell out the choice criteria, research topics can be subdivided into two major categories:

(a) Topics for which, within the petroleum industry, there is a consolidated research activity, conducted with in-house funds; a typical example here is the development of deposits in which the AGIP [National Italian Oil Company] has been involved for some time. For these topics, AGIP is planning directly to take on most of the expenditures although in some cases financial support from the EEC is planned;

(b) More advanced research topics, characterized by high risks, calling for an innovative and very intensive technological effort whose development can draw impetus from time incentives, particularly regarding the initial feasibility and planning study phases as well as the demonstration and pilot plant activities.

It is believed that only the research programs under category (b) can be inserted into a national energy research program. This approach was also adopted in the energy research plans of other countries; for example, the energy research program of the DOE allocates only $97 million to the hydrocarbons sector, corresponding to 2.6 percent of the 1980 budget; larger funds--$815 million--have been allocated to energy conservation in the various sectors of hydrocarbons utilization.

In line with this, we will confine ourselves to indicating--within the various phases of the petroleum cycle--the research topics which entail a particular risk and financial commitment.

The positive development of this research effort can yield benefits for the national energy system in terms of either an increase in available national resources or easier access to the resources of the producing countries or better utilization of imported resources; furthermore, in some cases, the possible perfection of technologies could produce a fallout of an industrial character, opening up new export

opportunities. The research efforts proposed in some cases involve the development of activities already undertaken within the scope of research programs in the petroleum industry.

They are divided into four topics:

Production of hydrocarbons (T.CH.1),

Assisted recovery (T.CH.2),

Hydrocarbons transportation (T.CH.3),

Refining (T.CH.4).

There are other topics which involve hydrocarbons, especially regarding their utilization (coal-oil, methanol, long cut [section], heavy gas-oil, etc.). These topics are not proposed in this chapter since they are presented later in other chapters.

2.4.2. Research Topics Proposed

T.CH.1. Production of Hydrocarbons

St. 1--Study of problems connected with drilling at great depths in the presence of high pressure and temperature (corrosion, well-head, completion, etc.) (A).

St. 2--Study on fracturation, hydraulics, orientation of fracture, and acids delayed to stimulate the production of little-permeable rocks (A).

St. 3--Feasibility studies on off-shore production systems, in relation to the depth of the ocean bottom, the geographic and meteo-oceanographic situation, and making off-shore components not available on the market (A).

St. 4--Acquisition of techniques for installation and operation of an underwater storage system at a depth of 1,000 m and more (A).

St. 5--Study and planning of systems for exploitation of marginal off-shore deposits (A).

St. 6--Use of synthetic fibers with mechanical characteristics similar to those of steel in the off-shore petroleum industry (A).

St. 7--Feasibility studies on gasification of coke with a high sulfur content obtained from coking heavy crude (A).

St. 8--Study of advanced geophysical and seismic prospecting techniques also with field tests (A).

St. 9--Feasibility of study of an advanced prospecting method (A).

St. 10--Study of prospects and processes for the utilization of bituminous shale and sand (A).

T.CH.2--Assisted Recovery

St. 1--Identification of processes for generation of activated tension in deposits through interaction between petroleum and injected substances (A).

St. 2--Study of process designed to assist in the production of petroleum, for example, reduction of viscosity of crude in deposit through microbiological inspection [injection?] (B--A).

St. 3--Identification of substances suitable in promoting assisted recovery, for example, low-cost production of activated tension agents and polymers (A).

T.CH.3. Hydrocarbon Transportation

St. 1--Development of techniques for the construction and launching of underwater pipelines by means of ships provided with "rocket-equipped pipe-laying mechanisms" (A).

St. 2--Development of a device for underwater digging by means of extremely high-pressure jets for the purpose of burying underwater pipelines (A).

St. 3--Study and construction of new system for mechanical connection which will permit simple repair of underwater pipelines (A).

St. 4--Study and construction of an automatic repair station, remote-controlled and coordinated by computer, for repairs on underwater pipelines (A).

St. 5--Perfection of a national operational system for the removal of accidental contamination due to hydrocarbons in the Mediterranean area (A).

St. 6--Study of laying pipes in very deep water.

St. 6/1--Feasibility study on system for laying pipes in very deep water according to the "J" method (A).

St. 6/2--Planning and construction of a means for laying and testing [pipes] (A).

St. 7--Planning and construction of a turbine derived from the aviation industry for use at compression stations for gas pipelines (A).

T.CH.4. Refining

St. 1--Feasibility study on possibilities of using coal in refinery (A).

2.5. Expenditure Estimates

Table CH compiles the research undertakings proposed under the heading of "hydrocarbons" and gives estimated expenditures for each of them (for a total of 121 billion lire).

This expenditure volume involves innovative research topics characterized by heavy risks and by a considerable technological commitment whose development can derive impetus from time incentives.

Regarding on the other hand the traditional topics, on which the petroleum industry has been pursuing various research activities for quite some time, no financial commitment is proposed under the PNRE.

2.6. Responsibility

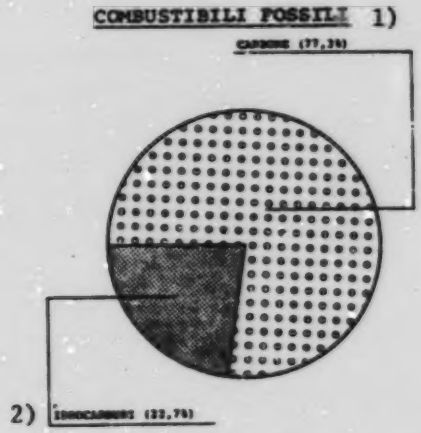
Responsibility for the implementation of research topics in the industrial sector should primarily rest on the ENI and its establishments along with the intervention of other, both public and private operators, in some particular research efforts.

Table CH. Compilation of Research Topics Proposed in the "Hydrocarbons" Sector (CH) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.CH.1	Hydrocarbons production		13.7
ST.1-CH.1	Drilling at great depth	A	
ST.2-CH.1	Hydraulic fracturation	A	
ST.3-CH.1	Off-shore production	A	
ST.4-CH.1	Underwater storage	A	
ST.5-CH.1	Exploitation of marginal off-shore deposits	A	
ST.6-CH.1	Use of synthetic fibers in off-shore activities	A	
ST.7-CH.1	Gasification, coke from heavy crude	A	
ST.8-CH.1	Advanced geophysical and seismic prospecting	A	
ST.9-CH. 1	Advanced Prospecting	A	
ST.10-CH.1	Bituminous shale and sand	A	
T.CH.2	Assisted Recovery		3.5
ST.1-CH.2	Generation of activated tension in deposits	A	
ST.2-CH.2	Assisted recovery methods	B--A	
ST.3-CH.2	Low-cost production of activated tension agents and polymers	A	
T.CH.3	Hydrocarbons Transport		101.4
ST.1-CH.3	Underwater pipelines	A	
ST.2-CH.3	Underwater digging	A	
ST.3-CH.3	Mechanical linking of underwater pipeline	A	
ST.4-CH.3	Automatic repair station	A	
ST.5-CH.3	Elimination of accidental contamination	A	
ST.6-CH.3	Pipe-laying in deep waters		
ST.6/1-CH.3	Pipe-laying with J method	A	
ST.6/2-CH.3	Planning and construction of pipe-laying equipment	A	

[Continued from preceding page]

Code	Topics and Subtopics	Type of Research	Expenditure
ST.7-CH.3	High-yield turbine for gas pipeline	A	
T.CH.4	Refining		2.4
ST.1-CH.4	Use of coal in refinery	A	
	Grand Total		121



Fossil [Mineral] Fuels. Key: 1--Coal (77.3%); 2--Hydrocarbons (22.7%).

Nuclear Energy Program Activities Described

Rome RASSEGNA PETROLIFERA in Italian 5 June 81 pp 471-481

[Text] In this issue we continue our presentation of the PNRE. We present Part II concerning nuclear energy and first four chapters of Part III covering the other energy sources (solar, biomass, waste, and wind).

Part II. Nuclear Energy

Chapter 1. Nuclear Energy from Fission (EN)

1.1. Premise

The nuclear energy sector presents some special features which are particularly relevant for the definition of a national energy research program.

It must be kept in mind that overall responsibility for research, development, demonstration, and industrial promotion activities is assigned to the CNEN which works in close collaboration with the various research and industry operators.

The CNEN programs therefore have significance in terms of overall action in the sector because, on the basis of the pertinent funding, both public and private

industrial establishments are also working, in addition to the CNEN. Another feature of development activities in the nuclear field is the technological dimension and the cost of the individual project (this figure in particular comes up in the case of construction of prototype reactors) which spring both from the date of maturity of the sector and from the intrinsic requirements for orienting research toward the dimensions of the power plant since it is almost never possible to resort to the particularly simple simulation of processes for the use of modularity logic.

The developments of operational capacities through actions conducted in industry itself is aimed at a close, if not immediate market and must therefore be directed toward the construction of prototypes as one of the most effective instruments in achieving industrial promotion.

One must also consider that, in the Italian situation which features such severe contrasts, the role of the intelligent vicariate of the real market sector--involving the functions of research, development, and industrial promotion--makes sense only for a definite period of time and with a view to projects which will shortly become productive.

It is on the basis of these considerations that the PEN inserted the various activity lines provided for under the 1980-1984 5-year plan of the CNEN, approved by the CIPE [Interministerial Committee for Economic Planning] on 29 April 1980, into the corresponding program areas, that is, proven reactors, fast [breeder] reactors, and fuel cycles. This choice was expressed by the inclusion of the pertinent expenditures within the scope of the overall funding allocated by the PEN to the nuclear sector. The figures given here should therefore be considered exclusively in the nature of a reminder, for the purpose of illustrating the financial dimensions of the activities listed, and will not be included in the total necessary to carry out the PNRE.

1.2. State of the Art

1.2.1. Principal Operators

It is important to underscore the fact that the roles of the various operators in the sector (ENEL, ENI, CNEN, Finmeccanica [Mechanical Engineering Finance Corporation], FIAT, and other public and private components of the component-making industries) have now been sufficiently clarified. The line of agreements on the industrial level, initiated within the project systems, will progressively extend to the component-making sector. This clarification also facilitates the definition of research and development activities by almost reducing duplication of effort there.

1.2.2. Activities in Progress

The activities in progress in the CNEN are oriented toward the classical program areas, that is, industrial promotion and further developments of light-water reactor safety analysis; construction of the Cirene reactor; technical-economic systems safety evaulation and technological development of components for fast reactors; construction of the PEC [fuel element testing] reactor; fuel cycle; environmental and human health.

It is necessary once again to call attention to the fact that the progress status of the most important projects and their degree of interdependence with the current industrial activities (this is true of Cirene and PEC) progressively involves a major degree of rigidity in some basic choices.

This rigidity moreover guarantees a certain continuity for the projects through the attainment of specific and useful results.

(a) Regarding industrial promotion and white-water reactor safety analyses, the main action lines are being pursued in collaboration with the ENEL regarding some of the specific aspects, with the system industries of the Ansaldo Group (AMN [Ansaldo Nuclear Machinery], Sigen-Sopren) and the component industries (such as FIAT, Ansaldo, Belleli, Nuovo Pignone, Nuclear AGIP, and others).

(b) In building the Cirene reactor, the client function is performed jointly by the CNEN and ENEL which takes care of 25 percent of the expenditures. The actual job is entrusted to NIRA [Italian Nuclear Company for Fast Reactors] (of the Ansaldo Group) which acts as main contractor while manufacturing activities are performed by Ansaldo, Elleli, etc.

(c) For the technical-economic and systems safety evaulations and for the technological development of components for fast reactors as well as for the construction of the PEC reactor, activities are being carried out with NIRA (which acts as leader of the Italian component makers who have supplied components for Superphenix-1) and with the principal component makers (Belleli, Ansaldo, FIAT, CMI, Tosi, Nuovo Pignone, Nuclear AGIP).

(d) In the area of the fuel cycle, where the CNEN works in cooperation with Nuclear AGIP Company, of the ENI Group, which is responsible for domestic fuel operations, activities involve both the phases up-line from the reactor and those after irradiation.

The activities are carried out not only in cooperation with Nuclear AGIP but also through the contribution from specialized engineering and component groups (such as the Nuovo Pignone Company and others).

1.3. International Trends

We know that all the other principal industrialized countries have for some time already been pursuing initiatives which during the eighties will lead to a noteworthy contribution from nuclear energy to meeting energy needs. It suffices to report that, in 1985, the electric energy share produced by nuclear methods will be 56 percent in France, 41 percent in Sweden, 35 percent in Spain, 30 percent in Switzerland, and around 20 percent in Japan, the United Kingdom, and the United States. The corresponding value planned for Italy by that same date is only 4 percent. The entire Italian commitment therefore must be compared to the commitment being made by the other countries to the nuclear sector at the moment of the corresponding development stage. Italy is in a rather delicate phase now which must necessarily lead up to a period of growth in this sector if we do not automatically want to drop out.

Th international cooperation trends are sufficiently clear right now. In the proven light-water reactor sector, the current licensing scheme will evolve toward a system of technological development agreements (the licensor and several licensees will cooperate on standardization and the improvement of the output) in a commercial context featuring the strong defense of domestic industry on the domestic market, with competition among individual enterprises or more probably among groups on the market of the nonproducing countries. In the fast reactor sector, leadership is currently held by the French (in cooperation with the Italians and the Germans) and this will be confirmed for a certain period of time pending decisions and subsequent actions by the United States, since the main technological competitors (Japan and the Soviet Union) will not really be such on the commercial level. In the fuel cycle sector, above all down-line from the reactor subject to greater dynamics, there is perhaps a fluidity which springs from the possible equilibrium between the various components: the strategic significance of reprocessing, the problem of nonproliferation, the effects of scale on the cost of plants, a general trend toward technological cooperation, activities involving conditioning and above all the systematic handling of radioactive waste.

1.4. RS & D Development Lines

1.4.1. Choice Criteria

Regading the choice criteria, activities essentially pursued the same objectives as those contained in the program areas mentioned under point 1.2.2.

Nevertheless, in the course of 1979 and 1980, there were some modifications made in the sector programs consisting not only of a change in the general program directions but also rather to a greater extent in the change of emphasis among them (for example, in the context of activities concerning reactors there was heavy emphasis on light-water reactors and in particular there has also been further stress on activities dealing with environmental protection and human health); here we might further mention the reduction in the dispersion of routes pursued within each area (for example, regarding the fuel cycle, efforts were concentrated on some specific technologies); here we also come to more effective coordination among actions conducted directly by the CNEN within its own establishment and activities carried out in cooperation between the CNEN and industry, within industry itself, in a more precise expression of basic technological research activities (here we might mention the initiatives aimed at making available to the country those scientific services which already exist in the laboratories of the CNEN and those that might be developed as part of a logical concentration on higher-grade technological lines).

Concerning the individual projects or routes, we might recall some substantial aspects here:

(a) Industrial promotion and further development of light-water reactor safety.

The basic assumption adopted here is that, in the context of diversified recourse to all of the possibilities other than petroleum, the nuclear source will be used through the start of construction on two units of 1,000 MTU, each year. This rhythm takes into account the construction capacities of the Italian industrial

system (this potential is perhaps a surplus one but must be compared to the overall operational nature of the system involved which, obviously in addition to the ENEL, includes various government agencies, especially concerning authorization and the necessary infrastructure facilities).

(b) Construction of Cirene reactor (support research).

The significance of the Cirene reactor must be evaluated in the light of its contribution to strenghtening the operational capacity of Italian industry and sustaining the possibility of existing on foreign markets, in other words, domestic industry, the electric power agency, and the research agency have made it possible for the Cirene reactor to be in a position to achieve a significant success especially for the foreign market.

(c) Technical-economic and systems safety evaluations and technological development of components for fast reactors.

Recourse to fast reactors in Italy is a long-term prospect. But we must nevertheless keep in mind both the strategic significance of this energy option, which is being pursued almost by all of the technologically advanced countries, and the position earned in the international context by Italian industry through participation in the construction of Superphenix-1. The upgrading previously obtained from Italian industry through activities with the PEC and more generally the entire fast reactor program enabled it to enter this high-grade industrial sector and to acquire new and precious experience.

The activities under the CNEN plan in this sector tend to involve technical-economic and system-safety evaluations as well as to develop the most significant component technologies. A twin purpose is being pursued here: on the one hand, to permit a similar participation by Italian industry in the next construction effort in France involving Superphenix-2 (and more generally, construction projects abroad) and, on the other hand, to acquire the direct and complete information elements necessary for a meaningful decision on the construction of fast [breeder] reactors in Italy, when we are ready for that.

(d) Construction of PEC reactor (supporting research).

In the context of its outlined development of Italian research on technology needed in fast reactors, we might mention the construction of the PEC reactor as a specific demonstration of the capacities of the entire system involving CNEN, industry, the electric industry operations, and the control organ in terms of autonomously putting together (with marginal foreign support), a system working with fast neutrons. To this significant point regarding the PEC we must add the fact that it is an information and knowledge supplying instrument concerning the performance of plants of this type and their most important components, particularly, the fuel element which determines the economical operation of fast reactors. In the international context it is also vital to have available, during the second half of the eighties, an instrument such as the PEC since by that time we can no longer expect the Rapsodie reactor, which currently is used as an instrument for testing fuel elements, to be operational.

The mechanical completion of the plant is scheduled for 1985 while an additional period of 2 years will be necessary for the perfection of the PEC as a research tool.

(e) Fuel cycle.

For the phases up-line from the reactor, a relative reduction of the effort concerning uranium enrichment, through conventional technologies, is planned since current available enriched uranium quantities make it possible to meet the anticipated requirements up to 1995, on the basis of the above-indicated assumptions; on the other hand, research activities pertaining to new technologies (enrichment via laser) will be stimulated.

For the phase down-line from the reactor (irradiation), it is indispensable to step up current activities quite considerably. The plan proposes to formulate--concerning reprocessing--a general project for an industrial plant; this will mean, for the first 5-year period, the acquisition of specific experience in actual operations through the pilot plants of the CNEN, particularly Eurex for demonstration runs on fuels for the thermal reactors and ITREC [fuel reprocessing and remanufacturing plant] for tests on components of specific importance to the fuel coming from fast [breeder] reactors. Regarding the final phase of the cycle, it has been planned to build plants for the conditioning and disposal of radioactive waste, to be set up near the pilot plants, as well as experiments pertaining to the future industrial plant. Parallel to this, activities are being pursued relative to the geological and environmental characterization of sites for the definite placement of waste thus conditioned.

(f) Environmental protection and human health.

There is an ever-growing demand in the country for an overall capacity of the system designed to assure environmental protection and human health in the context of industrial activities. The CNEN has stepped up its own research efforts in this area also in view of the circumstances that protection, environmental, and safety methodologies developed by the agency, on the basis of institutional tasks, have and will in the future even more so have significant applications also outside the nuclear sector.

(g) Safety objective.

We did not think it advisable separately to explain here the research activities pertaining to safety as a program area by itself. This decision does not conflict with the great importance attached to that objective quite obviously but rather evidences the priority assigned to it as a reference parameter for all of the individual above-mentioned program areas. As a matter of fact, apart from the actions already indicated and aimed directly at environmental protection and at the protection of human health as well as those dealing with the function of authorization, control, and surveillance over nuclear safety and health protection (not expressly mentioned here because they cannot be classified as research and development activities), a good share of activities involving LWR, those aimed at the processing and disposal of radioactive dross, as well as many actions involving fast reactor technologies (particularly the construction and operation of the PEC reactor which

will provide decisive experimental knowledge for fast reactor safety, with the emphasis on the fuel element) are aimed at the development of safety and protection conditions, systems, and technologies.

(h) National scientific services

Another program objective which cuts across the various above-indicated areas involves the effort to give the country the necessary scientific services under the CNEN as fallout from the effort devoted to the nuclear sector. One of the factors slowing down the country's technological development has been excessive sector development with duplication of effort, insufficiency, and waste in management; we must absolutely do away with the old logic, based on the self-sufficiency of each sector, which tends to isolate a large part of the production compartments of small and medium industry from high-technology services.

Making scientific services available for users outside the agency, also in sectors different from the energy sector, appears to be a contribution to the solution of these problems, such as, for example, materials technology, laser technology, and ionizing radiation metrology.

In the specific context of the national scientific services but more in general for all of the various activity lines, we must be more systematic in pursuing the effort of upgrading and utilizing the research capacities also present in structures different from those which traditionally operate in cooperation with the CNEN. This applies particularly to research activities working in the universities and research organizations which are not specializing in the nuclear field or which so far are not present in the nuclear field.

1.4.2. Research Topics Proposed

T.EN.1--Industrial promotion and further development of LWR safety.

St. 1--Central Planning,

St. 1/1--Development of operating knowledge,

St. 1/2--Project standardization,

St. 1/3--Nuclear island;

St. 1/4--Development of knowledge for licensing.

St. 2--Component production:

St. 2/1--Primary components and "internals,"

St. 2/2--Fuel charges,

St. 2/3--Heat exchangers,

St. 2/4--Instrumentation,

St. 2/5--Other components and minor components.

T.EN.2--Construction of Cirene (supporting research).

T.EN.3--Technical-economic and systems safety evaluations and technical development of components for fast reactors.

St. 1--System development;

St. 2--System and components interface;

St. 3--Technical and technical-economic evaluations pertaining to components to assume guarantee for the system in dealing with the client;

St. 4--Components for construction project aspects;

St. 4/1--Construction project,

St. 4/2--Development of workshop design;

St. 5--Nucleus planning;

St. 6--Development of manufacturing methods (including compatibilization between construction projects and manufacturing processes);

St. 7--Development of nucleus elements, both fuel and non-fuel.

T.EN.4--Construction of PEC reactor (supporting research);

T.EN.5--Fuel cycle.

T.EN.6--Environmental and human health protection.

St. 1--Construction of infrastructure facilities and operational capacities for prevention and control of environmental contamination;

St. 1/1--Study and verification of environmental contamination from nuclear energy;

St. 1/2--Research of distribution and circulation of stable and radioactive tracer elements in the atmosphere, in the hydrosphere, and in the food chain, and geochemical characterization of natural fluids;

St. 1/3--Determination of dose deriving from radioactive contamination of environment and food chain;

St. 1/4--Research on method of transfer of contamination in the environment;

St. 1/5--Characterization and classification of typical marine coastal ecosystems.

St. 2--Construction and operation of a national service for the processing, confinement, and disposal of medium and low radioactivity waste.

St. 3--Study of biological effects of radiation, of methods, and instruments of radiation protection, including management and development of infrastructure facilities involving the metrological and dosimetric service.

St. 3/1--Metrology of ionizing radiation;

St. 3/2--Dosimetric research and services;

St. 3/3--Biological and pathological effects and evaluation of risk connected with small doses of radiation;

St. 3/4--Research on action mechanisms of radiation and biomedical applications;

St. 3/5--Metabolism and toxicology of radionuclides and conventional contamination agents.

Table EN. Compilation of Research Topics Proposed in "Nuclear Energy from Fission" Sector (EN) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Expenditures
T.EN.1	Industrial promotion and further development of LWR safety	92.8
ST.1-EN.1	Central planning	
ST.1/1-EN.1	Development of operating knowledge	
ST.1/2-EN.1	Project standardization	
ST.1/3-EN.1	Nuclear island	
ST.1/4-EN	Development of knowledge for licensing	
ST.2-EN.1	Component production	
ST.2/1-EN.1	Primary component and "internals"	
ST.2/2-EN.1	Fuel charges	
ST.2/3-EN.1	Heat exchangers	
ST.2/4-EN.1	Instrumentation	
ST.2/5-EN.1	Other components and minor components	
T.EN.2	Construction of Cirene reactor Supporting research	45.3
T.EN.3	Technical-economic and systems safety evaluations and technological development of components for fast reactors	
ST.1-EN.3	System development	
ST.2-EN.3	System-component interface	
ST.3-EN.3	Technical and technical-economic evaluations pertaining to components for assumption of guarantee for system in dealing with client	
ST.4-EN.3	Components for construction project aspects	
ST.4/1-EN.3	Construction projects	
ST.4/2-EN.3	Development of workshop designs	
ST.5-EN.3	Nucleus Planning	
ST.6-EN.3	Manufacturing method developments	
ST.7-EN.3	Development of nucleus elements, fuel and non-fuel	
T.EN.4	Construction of PEC reactor, supporting research	
T.EN.5	Fuel cycle	
T.EN.6	Environmental and human health protection	
ST.1-EN.6	Infrastructure facilities and operational capacities for prevention and control of environmental contamination	
ST.1/1-EN.6	Study and verification of environmental contamination from nuclear energy	
ST.1/2-EN.6	Distribution and circulation of stable [established] and radioactive tracer elements	
ST.1/3-EN.6	Determination of dose deriving from radiation contamination of environment and food chains	
ST.1/4-EN.6	Method of transferring contamination in environment	
ST.1/5-EN.6	Characterization and classification of typical marine coastal ecosystems	
ST.2-EN.6	Construction and operation of a national service for the processing, confinement, and disposal of medium and low radioactivity waste	

[Continued from preceding page]

Code	Topics and Subtopics	Expenditures
ST.3-EN.6	Biological effects of radiation, radiation protection instruments, metrological and dosimetric service infrastructures	
ST.3/1-EN.6	Metrology of ionizing radiation	
ST.3/2-EN.6	Research and dosimetric services	
ST.3/3-EN.6	Biological and pathological effects	
ST.3/4-EN.6	Action mechanisms of radiation and biomedical applications	
ST.3/5-EN.6	Metabolism and toxicology of radionuclides and conventional contamination agents	
ST.3/6-EN.6	Management, national laboratory animal center (Zooculture)	
ST.4-EN.6	Study and characterization of environmental parameters influencing the placement and planning of nuclear plants	
ST.4/1-EN.6	Seismotectonics and [illegible in photostat] geological evaluations	
ST.4/2-EN.6	Behavior of terrain and other environmental parameters	
S1.EN	National scientific services	27.1
	Grand Total	500

St. 3/6--Management of national laboratory animal center and infrastructure facilities for production of animals for research and zooculture;

St. 4--Study and characterization of environmental parameters influencing the placement and planning of nuclear plants,

St. 4/1--Research on seismotectonics and subsequent site studies and project evaluations,

St. 4/2--Research on behavior of ground and other environmental parameters influencing the construction of plants;

S1--EN--National scientific services.

1.5. Expenditure Estimates

Table EN shows the estimated expenditure items (500 billion lire) for the 1980-1984 CNEN five-year plan for each of the above-indicated program areas; these amounts can be considered to be a reasonable estimate also for the period 1981-1985 if they are expressed in 1980 lire.

We want to call attention to what we stated under the heading of "premise," relative to the fact that these funds have already been explicitly provided for in the PEN and therefore are shown here only for information and as a reminder.

Part III. Other Energy Sources

Chapter 1. Solar Energy (Es)

1.1. Premise

In this chapter we will cover research activities considered useful for the direct utilization of solar energy aimed at conversion into thermal energy at various temperatures, into electrical energy (or mechanical energy), and finally into refrigeration.

This coverage takes into account the role already assigned to this energy source under the PEN and the level of scientific and technological development achieved in Italy and generally in the other industrialized countries.

Special traditionally "solar" problem complexes which however have a broader significance are more correctly placed in other parts of this section of the PNRE. This is true for example of "passive architecture," which has been placed in the chapter entitled "Technology of Final Uses," in Part IV. "Final Uses of Energy and Energy Carriers."

1.2. State of the Art

1.2.1. Principal Operators

The principal research operators in the solar field and in related activity sectors are as follows:

CNR--All sectors,

CNEN--Photovoltaic, passive, active components,

ENEL--Production of electric energy through thermal and photovoltaic means,

ENI--All sectors,

IRI--All sectors,

Private Industry--Flat panels and concentration panels, refrigeration.

1.2.2. Activities in Progress

The major effort in recent years has been made in the RS & D field operating with total public support, that is above all through the PFE of the CNR with financing which has been increased during the 1976-1980 5-year term to reach the current level of about 4 billion lire per year. The industrial initiatives are also beginning to become important above all regarding participation in the construction of demonstration plants completely or partly financed by international agencies.

Moving on now to a more detailed examination of the state of the art in the field of solar energy, we will be working on various levels on the road toward industrialization, depending upon the sector.

(a) Production of low-temperature heat. This is a sector in which we are now close to a competitive capability, at least regarding the production of hot water for hygienic and sanitary uses. We now have several industrial operators involved here and the market (with the help of the incentives proposed by DDL [draft bill] 655) seems to be capable of starting a real industrial effort although many, by no means easy problems of industrial organization and market organization remain yet to be tackled. RS & D in the sector involved materials and above their resistance over a period of time, methods to improve the efficiency of collectors (selective surfaces), utilization of low-temperature solar energy in various and complex systems (combined utilization of heat pumps; special civilian uses; inclusion of collectors in housing construction; heating and environmental air conditioning; etc.).

(b) Production of medium-temperature thermal energy with distributed concentrators. Here we have a separate industrial activity (particularly at Ansaldo and FIAT) where the prospects point to the coming start of activities in a market partly backed up with incentives; RS & D above all involves concentrator technologies and, in the second place, systems studies.

(c) Generation of electric energy through thermodynamic conversion. Domestic industry is involved in important international undertakings (Adrano, Almeria) in addition to commercial initiatives (which may be limited in number, of course); the short-term prospects in this sector are based primarily on demonstration plants to be built with international cooperation and funding. RS & D involves heliostats, receivers, main motors, and systems.

(d) Generation of electric energy through photovoltaic conversion. Here we have some national initiatives (both under the PPS [State Participations] and in the private sector) in the field of manufacturing and systems; an enterprise with private capital was recently established and its purpose is to produce solar silicon with a completely innovative process, with prospects of sales in medium-range terms. The demand here is partly the result of incentives and we have a possibility here for an industrial takeoff in this sector; this take off can take place also in line with the dimensions of the relatively limited demand deriving from the modular nature of the manufacturing plants. One as yet unresolved issue, which entails the risk of stifling industrial initiative, consists of the availability of semifinished products (solar silicon) which, under the current market situation, may be very scarce in 1985. The ENEL-CNEN undertaking is of major significance; it comes within the context of the bilateral agreement between Italy and the United States, consisting of the construction, within 4 years, of an 1-Mw photovoltaic plant located in Puglia; to this we can add various other initiatives partly financed by international organizations, for a total output capacity of 1 Mw. RS & D here involves advanced materials, innovative processes for silicon, systems, and solar radiation collection technologies. In this sector we can observe a certain imbalance between advanced research (whose products will be saleable after 1990) and industrial development in the sense that the latter is deficient with respect to the former and also with respect to the situation on the potential market in the immediate future.

In this field we must note the activities of some CNR laboratories which have been working for many years and which have international prestige, although in conjunction with industrial undertakings in this sector.

More recently but perhaps decisive in bringing about the tie-in between advanced research and industrial development, we have the commitment of the CNEN as part of its industrial promotion function also in the sector of renewable sources and the recent commitment and programs of the ENI in the photovoltaic sector.

(e) Refrigeration. There is little industrial activity in this sector; the RS & D activities are also relatively modest and concentrated above all on the study of absorption cycles under the PFE of the CNR.

Compared to the international situation, we observe that what happened in the solar energy field can also be repeated in other fields; the RS & D activities in the most advanced industrialized countries (above all the European countries) are strongly goal-oriented and closely tied to the production efforts as such and to entrepreneurial initiatives although this is not necessarily expressed in the subordination of the former to the latter. While the domestic situation need not look with envy upon the international situation among individual RS & D topics, of course in the proper proportion, the general picture is quite different and more disharmonious. Between RS & D and the entrepreneurial initiatives, there are often very few connections and we can observe a strong presence on the research level which is not paralleled by adequate industrial development and viceversa, in some sectors, where promising industrial initiatives are not sufficiently backed-up by research and development activities.

1.3. International Trends

Looking at the largest industrialized countries in Central and Northern Europe (France, Great Britain, the FRG), we observe that only the utilization of low-temperature solar energy (mostly for hygienic and sanitary uses) is included in the prospects of medium-term energy policy (1990). In spite of that, at least regarding France and Germany, a noteworthy commitment is underway toward industrial development which has broad public financing support also in the field of photovoltaic conversion, on the triple front of basic materials, manufacturing, and systems engineering. The objective is to be present in a massive fashion on the export market, above all going to the less developed countries, a market whose potential in the opinion of some people may come to as much as 100 Mwp per year from 1985 on, to meet the anticipated supply conditions.

In the thermodynamic conversion sector, initiatives are limited to a few demonstration projects of major dimensions and technological content, to be carried out with international cooperation, in view of the high technical and financial risks.

In the United States on the other hand we can observe a vast number of undertakings both on the business and industry level and on the RS & D level; here we must recall a reorientation of the photovoltaic conversion program which took place during 1979, following an analysis by a study group of the American Physical Society which led to a reduction in funding for demonstration projects in favor of

a major research and development effort above all in the field of materials with high conversion efficiency.

1.4. RS & D Development Lines

1.4.1. Choice Criteria

The future RS & D commitment in the field of solar energy must on a priority basis be aimed at achieving a more harmonious equilibrium between entrepreneurial initiatives and RS & D activities; this is an objective which is imposed both by the needs for achieving appreciable results in terms of energy policy in short-range and medium-range aspects (above all in the sector of low and medium-temperature heat production) and by the suitability of activating industrial initiatives based on technologies with a high manufacturing content and systems engineering aspects for which there is a promising export market. This implies that the public agencies responsible for public funding efforts in the solar field must accept the task of launching an industrial promotion policy in terms of both financial and real incentives on the demand side, coherent with the objective of better working out the RS & D activities for production purposes, both inside and outside the enterprises. In particular, public support for development and demonstration activities must no longer, as happened in recent years, be used in order completely to cover all expenditures; instead, it must increasingly be limited to an only partial coverage so as to seek the commitment of enterprises through their financial participation in spelling out programs that will be congruent with the successive entrepreneurial initiatives and with the potential of the market.

From the viewpoint of content, it is believed that the priority directions of RS & D must be as follows:

Production of low-temperature and medium-temperature heat (T.ES.1) with a prevailing development and demonstration commitments and with basic and applied research activities confined to materials to be newly utilized in the sector as well as the study of integrated systems; we also need research on panels following two subobjectives:

Panels for the production of hot water at low cost and with simple installation;

High-yield panels for heating and air conditioning.

The generation of electric energy through thermodynamic conversion (T.ES.2) in this case likewise with a predominant development and demonstration commitment to be obtained preferably in the area of international cooperation in progress now; research activities above all in the sector of materials, receivers, and main motors;

Generation of electric energy through photovoltaic conversion (T.ES.3) with RS & D activities in the sectors of materials, semifinished products, components, and systems, with priority for low-cost and medium-yield materials and materials at high cost and with high yields;

Refrigeration using solar energy (T.ES.4) with research and development activities for the absorption cycles, the innovative cycles, and refrigeration systems using irradiation.

1.4.2. Research Topics Proposed

T.ES.1--Generation of low-temperature and medium-temperature heat.

St. 1--Low-temperature and medium-temperature flat panels;

St. 1/1--With high yield, selective strata, and medium cost (S),

St. 1/2--At low cost and low temperature (D),

St. 1/3--Medium-temperature (S--D),

St. 1/4--Integration in housing construction (S),

St. 1/5--Reliability in housing construction (A).

St. 2--Concentrators;

St. 2/1--Linear (D),

St. 2/2--Point-shaped (S--D),

St. 2/3--Optimum configuration (A);

St. 3--Uses in industry (D),

St. 4--Integrated low-temperature systems (for example, with heat pump) (D),

St. 5--New materisl (A--S).

T.ES.2--Generation of electric energy through thermodynamic conversion.

St. 1--Materials (for example, glass with a low iron content) (B--A);

St. 2--Receivers (S);

St. 3--Main motors (A--S);

St. 4--Planning systems and subsystmes (A);

St. 5--Study of extremely high-temperature thermodynamic systems (B--A);

St. 6--Participation in international efforts (IEA, EEC, etc.) (D).

T.ES.3--Production and utilization of electrical energy through photovoltaic conversion.

St. 1--Development of innovative processes in the production of solar semi-conductor material (especially silicon),

St. 1/1--Innovative material (D--A),

St. 1/2--Increase in size (A--S),

St. 1/3--Preparation of semi-finished products (flexible films, tape [ribbon]) (A--S);

St. 2--Development of innovative processes in manufacture of cells and panels (A--S);

St. 3--Development of low-cost and highly reliable conventional components (S);

St. 4--Planning of utilization systems (A--S);

St. 5--Small-power demonstration plants (up to 10 kw) (D);

St. 6--Medium or high-power demonstration plants (D);

St. 7--Development of technologies using innovative material (A--S);

St. 8--Photovoltaic systems with concentration (study and planning) (A--S);

St. 9--Demonstration plant with concentrators (D);

St. 10--Participation in international efforts (IEA, EEC, etc.) (D).

T.ES.4--Refrigeration using solar energy.

St. 1--Absorption cycle with low-temperature fluid (A);

St. 2--Innovative cycles (A);

St. 3--Subsystems with innovative and conventional cycles (S).

T.ES.5--Refrigeration through irradiation.

St. 1--Innovative processes (B--A):

St. 2--Demonstration plants (D).

1.5. Spending Estimates

During the 1981-1985 5-year period, public financing in the solar energy field is estimated to come to 85 billion lire (1980), including 60 billion lire for efforts with partial public support and 25 billion lire for efforts with complete public support. It is believed that public support should be partial, as indicated in the preceding point 1.4.1., regarding all development and demonstration undertaking. In view of the generally not very advanced state of solar technologies, it is estimated that, in efforts with partial public support, on the average, the funding

to be taken care of by the federal government comes to 50 percent of the total expenditures; this means that the total RS & D investment will amount to 140 billion lire (1980), including 85 billion lire from public funding and 55 billion lire to be taken care of by the enterprises. These figures do not include the incentives from the demand side, possible public efforts in the typically industrial field, industrial promotion for the sale of products, and financing and support efforts by international agencies.

Table ES shows a breakdown, by sectors, of the funding and the overall investments during the 1981-1985 5-year term (in billions of 1980 lire). Concerning the climatic data, it is necessary to boost the National Weather Service according to the procedures worked out by the PFE of the CNR. In this connection, please see Chapter 2, Part IV.

1.6. Responsibilities and Special Steps

Action responsibility in RS & D programs is assigned to public research agencies, the CNR and the CNEN, as well as the universities. In accordance with the 29 April 1980 resolution of the CIPE, the CNEN is given primary responsibility for all efforts implying industrial promotion activities. The CNR is responsible for implementing a finalized research and development program based on total public financing in which the institutes and centers of the CNR and the research groups under the universities and the enterprises will collaborate.

Table ES. Compilation of Research Topics in "Solar Energy" Sector (ES) and Pertinent Spending Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditures
T.ES.1	Medium and low-temperature heat generation		40
ST.1-ES.1	Flat panels		
ST.1/1-ES.1	High-yield	S	
ST.1/2-ES.1	Low-cost and low-temperature	D	
ST.1/3-ES.1	Medium-temperature	S--D	
ST.1/3-ES.1	Integration in housing construction	S	
ST.1/5-ES.1	Reliability in housing construction	A	
ST.2-ES.1	Concentrators		
ST.2/1-ES.1	Linear	D	
ST.2/2-ES.1	Point-shaped	S--D	
ST.2/3-ES.1	Optimization of configurations	A	
ST.3-ES.1	Uses in industry	D	
ST.4-ES.1	Low-temperature integrated systems	D	
ST.5-ES.1	New materials	A--S	
T.ES.2	Electric energy generation through dynamic conversion		12
St.1-ES.2	Materials	B--A	

[Continued from preceding page]

Code	Topics and Subtopics	Type of Research	Expenditures
ST.2-ES.2	Receivers	S	
ST.3-ES.2	Main motors	A--S	
ST.4-ES.2	System and subsystem planning	A	
ST.5-ES.2	Thermodynamic systems	B--A	
ST.6-ES.2	International efforts	D	
T.ES.3	Electric energy generation through photovoltaic conversion		75
St.1-ES.3	Semiconductor materials production		
ST.1/1-ES.3	Innovative materials	B--A	
ST.1/3-ES.3	Increase and size	A--S	
ST.1/3-ES.3	Preparation of semifinished products	A--S	
ST.2-ES.4	Innovative processes in cell and panel manufacture	A--S	
ST.3-ES.3	Development of conventional components	S	
ST.4-ES.3	Utilization systems	A--S	
ST.5-ES.3	Small-power demonstration plants	D	
ST.6-ES.3	Medium and high-power demonstration plants	D	
ST.7-ES.3	Technological utilization of innovative materials	A--S	
ST.8-ES.3	Systems with concentration	A--S	
ST.9-ES.3	Demonstration plants with concentrators	D	
ST.10-ES.3	International actions	D	
T.ES.4	Refrigeration with solar energy		10
ST.1-ES.4	Absorption cycle	A	
ST.2-ES.4	Innovative cycles	A	
ST.3-ES.4	Innovative and conventional subsystems	S	
T.ES.5	Refrigeration through irradiation		3
ST.1-ES.5	Innovative processes	B--A	
ST.2-ES.5	Demonstration plants	D	
	Grand Total		140

Chapter 2. Production, Collection, and Conversion of Biomass for Direct and Indirect Energy Purposes (EO)

2.1. Premise

The term biomass refers to any organic substance of vegetable and/or animal origin on the levels of production, residue, byproduct, or waste, regardless of whether

it originates from the agricultural and forest sector or from the technological transformation sector dealing with the output of the sector itself or finally, the distribution and final consumption sector.

In this chapter we will take up the aspects pertaining to the production of biomasses aimed at making available a renewable energy source and, specifically, with relation to forest cultivation, hydroponic crops, also for the purpose of purifying waste waters and, finally, cultivation efforts which by virtue of their characteristics of simplicity and energy content look promising for cultivation on marginal land.

By indirect energy purposes we mean those objectives which--although they do not contribute to the available energy volume--do make it possible in various ways to achieve a reduction in needs and better exploitation resources.

The biomasses consisting of residues or waste of a vegetable and animal nature will be taken up in the following Chapter III. "Energy Utilization of Residues and Waste."

2.2. State of the Art

2.2.1. Principal Operators

Interest in this type of research is rather recent in Italy.

The principal operators are the CNR, the CNEN, the university institutes and some public and private industrial groups (ENI, IRI, CTIP [Technical Petroleum Industry Companies], FIT, Montedison), as well as the experimental institutes of the Ministry of Agriculture and Forestry.

2.2.2. Current Activities

In view of the recent interest in activities in progress in this sector, activities carried out so far have been more of a propedeutic nature (for example, the research of the PFE-CNR on the production ethanol) or of a sector character (experimental activities of CNR, CNEN, FIAT, etc.).

2.3. International Trends

On the international level there is strong interest in this sector of energy research.

Activities are in progress not only in the developed countries (for example in the United States, Brazil, France, Germany, Israel, Holland, and the countries of the East) but also in developing countries (China, India); the research efforts are heavily differentiated to take into account the social-economic and geographic situations in the various countries; they are in proportion to the contribution--generally marginal but nevertheless always worthwhile--which the development of this sector can provide for the energy independence of each of them.

2.4. RS & D Development Lines

2.4.1. Choice Criteria

The research efforts proposed were selected on the basis of the following criteria:

Congruence with the national social-economic and geographic reality;

Possibility of soon acquiring the kind of knowledge that will permit measures capable of causing fallout on the operational level;

Minimizing the modifications in existing systems required for the implementation of the measures to be undertaken.

2.4.2. Proposed Research Measures

T.EO.1. Rationalization of forest cultivation and tree-cutting.

St. 1--Genetic improvement of forest crops (B--A);
St. 2--Efficient use of existing forests (A);
St. 3--Identification of new forestation areas and establishment of new forests (A);
St. 4--Methods of treatment, including mechanized methods, for forestry systems and their effects on the forest ecosystem (A--S);
St. 5--Lumber industry methodology and methods for transformation of products as well as pertinent equipment (A--S);
St. 6--Demonstration activities (D);
St. 7--Planning, implementation, and experimentation involving small and medium-capacity generators supplied with wood and/or multifuels (A--S).

T.EO.2. Production of biomasses through removal of organic charge from organic flowback [waste].

St. 1--Selection of vegetable species suitable for phyto-purification and pertinent thermal and nutritional requirements (D--A);
St. 2--Collection methods (S);
St. 3--Identification of areas suitable for production (A);
St. 4--Study of uses (A);
St. 5--Pilot plants (A);
St. 6--Demonstration plants (D).

T.EO.3. Production of biomasses with a high energy content suitable for development of marginal lands.

St. 1--Species search (B);
St. 2--Experimental cultivation projects (A);
St. 3--Analysis of energy and biological values (A);
St. 4--Study of cultivation systems (A);
St. 5--Cost-benefit studies (A).

2.5. Expenditure Estimates

For expenditure estimates, reference is made to Table EO; the expenditures come to 60 billion lire.

It is believed that the ratio between public research efforts and industrial research efforts should be 2/3 and 1/3.

Table EO. Compilation of Research Topics Proposed in Sector of "Production, Collection, and Conversion of Biomasses for Direct and Indirect Energy Purposes" (EO) and of Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditures
T.EO.1	Rationalization of forest cultivation and tree-cutting		35
ST.1-EO.1	Genetic improvement	B--A	
ST.2-EO.1	Efficient use of existing forests	A	
ST.3-EO.1	New forest areas	A	
ST.4-EO.1	Treatment methods	A--S	
ST.5-EO.1	Lumber industry methodology	A--S	
ST.6-EO.1	Demonstration activities	D	
ST.7-EO.1	Wood-fired heat generators		
T.EO.2	Production of biomasses for phyto-purification		20
ST.1-EO.2	Selection of species	B--A	
ST.2-EO.2	Collection methods	S	
ST.3-EO.2	Identification of areas	A	
ST.4.EO.2	Study of uses	A	
ST.5-EO.2	Pilot plants	A	
ST.6-EO.2	Demonstration plants	D	
T.EO.3	Development of marginal areas		5
ST.1-EO.3	Search for species	B	
ST.2-EO.3	Experimental crops	A	
ST.3-EO.3	Analysis of energy and biological value	A	
ST.4-EO.3	Study of cultivation systems	A	
ST.5-EO.3	Cost-benefit studies	A	
	Grand Total		60

2.6. Responsibilities

The CNR and the university institutes as in the past will have to concern themselves primarily with basic research in support of specifically goal-oriented research activities being carried out to a great extent within the experimental institutes

of the MAF [Ministry of Agriculture and Forestry], the laboratories of the ENCC [National Cellulose Paper Agency], and the research group in industry. All of these activities together will be carried out with the direct participation of the final users of the research results and hence with the regional organizations and the professional agricultural organizations; the CNEN will be used as a link between applied research and industrial and agricultural entrepreneurs.

Chapter 3. Energy Utilization of Residues and Waste (ER)

3.1. Premise

In this chapter we will consider research activities which it has been suggested, might also be conducted in the energy utilization sector, in the case, likewise, involving the direct and indirect use (see Paragraph 2.1., Chapter 2), of agricultural, industrial and urban residues and/or waste.

The volume of materials which might possibly be involved in an at least partial recovery to about 150 Gkg/yr from industrial activities and about 14 Gkg/yr from urban waste. Right now, only small quantities (7 percent of urban waste) are treated and this treatment is not always the best from the energy viewpoint. For solid urban waste alone we can see that disposal today is handled according to the following methods:

Dumping 79 percent; composting 3 percent; recycling 2 percent; incineration without heat recovery 11 percent; incineration with heat recovery 5 percent.

Looking at industrial waste, utilization is partial and certainly not optimal; the most worthwhile types among this type of waste include the following: spent residues from olive pressing, sugar, mashing waste, milk serum, metals from blast-furnace and foundry slag, textile industry floss silk, and waste from industrial processes.

The same can be said for agricultural waste (straw from cereal crops, corn husks, residues from potatoes, tomatoes, and beets, prunings from vines, and animal waste) only partly used as fodder and fertilizer.

In general however we do not even have an accurate picture of what portion of those residues and wastes is worth recovering for energy purposes.

3.2. State of the Art

3.2.1. Main Operators

The main operators in this sector so far have been the PFE of the CNR, in cooperation with public and local agencies (companies under city control), university institutes, the ENEL, and industrial establishments with public capital (IRI), as well as private agencies.

3.2.2. Activities in Progress

The activities in progress in the PFE-CNR primarily involve surveys designed to yield information of quantitative and merchandising character (urban and industrial

waste, organic agricultural and livestock waste, as well as food industry waste), experimentation with differentiated collection methods, production of "compost" (fertilizer), production of biogas from waste and sludge, and pyrolysis of solid urban waste.

Likewise in progress are combustion experiments (involving waste and coal) in cooperation with ENEL, along with research on the environmental impact of the use of waste for energy purposes.

Activities in the urban and industrial waste sector (cardboard, packing materials, etc.) are under way also in the various category associations and the several agencies.

Table ER. Compilation of Research Topics Proposed in Sector of "Energy Utilization of Residues and Wastes" (ER) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditures
T.ER.1	Description of residues and wastes		2.5
ST.1-ER.1	Agricultural and livestock residues and waste maps	A	
ST.2-ER.1	Industrial residue and waste maps	A	
ST.3-ER.1	Urban waste maps	A	
ST.4-ER.1	Energy description	A	
ST.5-ER.1	Identification of most promising sector	A	
T.ER.2	Experimentation with processes and components	25	25
ST.1-ER.2	Optimization of incineration processes	S	
ST.2-ER.2	Utilization as fuel	S--D	
ST.3-ER.2	Perfection of "compost" processes	S	
ST.4-ER.2	Biogas production processes	S	
ST.5-ER.2	Biogas from controlled discharge	A--S	
ST.6-ER.2	Pyrolysis processes	A	
ST.7-ER.2	Hydrolysis processes	A	
ST.8-ER.2	Separation and recycling processes	S	
ST.9-ER.2	Protein recovery	B--A	
T.ER.3	System optimization	A	1
T.ER.4	Environmental impact	B--A	
	Grand Total		30.5

3.3. International Trends

In this sector likewise research activities on the international level are very lively, both among the industrial countries and the developing countries.

In some sectors (biogas production, pyrolysis, production of ethanol from organic waste), some industrialized countries (the United States, Brazil, etc.) are making a tremendous effort already on the industrial level.

Other countries (China, India) have developed systems of a family nature which stress reliability and simplicity of handling in order to achieve efficiency.

Nevertheless, as in the case of biomasses, the energy utilization of residues and wastes mostly is of a regional character; this presupposes close congruence between the solutions adopted, on the one hand, and the real social-economic and geographic situation of the area involved.

3.4. RS & D Development Lines

3.4.1. Choice Criteria

Energy utilization is tied not only to the need for identifying even modest contributions to the effort to meet national energy needs but also makes it possible to come up with a no less urgent solution to the problem of waste disposal and the elimination of agricultural, industrial, and urban residues.

The approach adopted in the choice of research projects proposed therefore essentially involves the following:

Determination of problem's dimensions in quantitative and qualitative terms;

Identification of technologies which can be implemented in short-range and medium-range terms;

Optimization of treatment cost-benefit ratio;

Maximization of direct and indirect recovery of energy content, with "indirect recovery" here meaning the recovery of all materials that can still be used for the purpose of not losing their energy production content;

Minimizing the environmental impact.

3.4.2. Proposed Research Topics

T.ER.1. Qualitative, quantitative, and geographic description of residues and wastes.

ST. 1--Maps on residues and wastes of agricultural and livestock origin (A);
St. 2--Map on residues and wastes of industrial origin (A);
St. 3--Urban waste maps (A);
St. 4--Energy description of residues and wastes (A);

St. 5--Identification of action sectors most promising from energy viewpoint (A).

T.ER.2--Experimentation with treatment processes and components.

St. 1--Optimization of incineration process (S);

St. 2--Utilization of fuels obtained from pretreatment of residues and/or waste in coal-fired thermoelectric power plants, in cement factories, and in tunnel kilns for making bricks (S--D);

St. 3-- Perfection of methods for producing "compost" from waste and organic refuse (S);

St. 4--Development of processes and components for biogas production (S);

St. 5--Collection and utilization of biogas from controlled discharges (A--S);

St. 6--Experimentation with applicability of pyrolysis processes and residues and/or waste of various types (A);

St. 7--Experimentation with hydrolysis processes, including enzymatic, from organic byproducts, particularly cellulose-containing byproducts (A);

St. 8--Development of processes and components to improve the separation and recycling of materials with a high energy content (cardboard, glass, aluminum) (S);

St. 9--Recovery of protein of organic byproducts (B--A).

T.ER.3. Optimization of overall system for energy utilization of residues and wastes (A).

T.ER 4. Environmental impacts of technologies for the energy utilization of residues and wastes (A).

3.5. Expenditure Estimates

Table ER shows the anticipated expenditures for the various research topics. They come to a total of 30.5 billion lire.

It is believed that the burden should be borne entirely by the federal government in view of the particular situation in this sector.

3.6. Responsibilities

Responsibility for coordinating research activities, it is believed, should be assigned to the CNR in cooperation with CNEN and ENI.

Chapter 4. Wind Energy (EE)

4.1. Premise

Wind energy is included among renewable energy sources and is the energy which, in the light of the current state of the art, seems to be closest to being able to compete with the traditional sources for the generation of electric energy at least in those places which present favorable wind characteristics.

The use of this energy source in generating electric power however is still in an experimentation phase which is not very much advanced and it is therefore impossible at this time to obtain any reliable data on the technical-economic yield from wind-motors.

It must also be kept in mind that Italy is not in a very favorable situation from the wind viewpoint since few areas with strong and constant winds have been identified.

4.2. State of the Art

4.2.1. Main Operators

The problems connected with the use of wind energy are being studied in Italy by various agencies and industrial establishments.

The ENEL is involved in the development of and experimentation with wind-motors for the purpose of acquiring experience in converting wind energy into electric power.

The CNEN is interested in the industrial promotion of wind-motors while the CNR, in the context of the PFE, is essentially engaged in basic research (anemology and air-motors).

Among the domestic industrial establishments, FIAT and Finmeccanica (AMN, CESEN [Energy Studies Center], Aeritalia) are involved in acquiring knowledge pertaining to systems for the conversion of wind energy into electric energy or mechanical energy.

4.2.2. Activities in Progress

Italian industry over the last two years has developed experience in the planning phase involving modern, highly efficient wind-wheels with a diameter of 4-5 m particularly suited for use in isolated situations and for water pumping.

Larger units (50 kw), with advanced aerodynamics and mechanical characteristics, are also being built.

ENEL is working on an extensive and diversified program which includes the following main points:

Construction (already started) and operation of a testing station for wind-motors and a wind-power center, located in Sardinia, consisting of ten medium-sized wind-motors (capacity 50 kw, rotor diameter 13 m), made by Italian industry;

Launching of a vast research program carried out in cooperation with Italian industry, with the possibility of also getting international cooperation, with the objective of developing large-size wind-motors (with a capacity of 2-4mm Mw);

Experimentation with small-sized wind-motors (2-5 kw) intended to supply scattered houses of isolated communities, possibly in combination with other renewable sources.

Under the PFE of the CNR and with the cooperation of the principal agencies, an anemological analysis is now underway for Italian territory, aimed at the identification and description of localities suitable for the installation of wind-motors; industrial research on wind-motors has also been financed.

4.3. International Trend

In the United States, the DOE is involved in a vast wind energy development program which calls for experimentation with wind-motors, both with horizontal and with vertical shafts.

Concerning wind-motors with horizontal shafts, the DOE, through NASA, has already installed or experimented with machines between 100 and 200 kw; it is currently installing machines of 2-2.5 Mw and, for 1983, it is planning to install wind-motors with a capacity of 4 Mw.

In the field of wind-motors with vertical shafts, research is being conducted above all in the Sandia Laboratories where experimentation is in progress on various prototypes.

Likewise noteworthy in the wind energy sector are efforts made by United States private industry which has developed various large-capacity machines (2-4 Mw) along with others having a smaller capacity.

Prototypes with a capacity of 3 Mw are in an advanced construction stage in Germany and Sweden; a feasability study has also been completed in Germany on a single-blade machine with a capacity of 5 Mw, with a rotor diameter of 145 m (installation scheduled by 1985). Important research programs are also underway in Denmark, Holland, and the UK.

4.4. RS & D Development Lines

4.4.1. Choice Criteria

In proposing research topics, consideration was primarily given to the objective outlined in the PEN, according to which it will be necessary to build the first large-sized wind-motor prototype over the next 3 years.

Consideration was also given to the need for Italian industry to develop an adequate production capacity in this sector so as to be represented on the international market which over the next 5 years should attain rather considerable dimensions.

4.4.2. Proposed Research Topics

T.EE.1. Study, planning, and construction of a prototype wind-motor with a unit capacity of 2-4 Mw; continuation of current activities (A--S).

T.EE.2. Completion of wind analysis of Italian territory (A).

T.EE.3. Small and medium-size wind-motor demonstration plants (up to 50 kw) (D), also for the purpose of acquiring elements for T.EE.1.

4.5. Expenditure Estimates

The expenditure estimates, broken down by topics, are given in Table EE and come to a total of 35 billion lire.

The share to be handled by public research comes to about 75 percent.

Table EE. Compilation of Research Topics Proposed in "Wind Energy Sector" (EE) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditures
TEE.1	Large-capacity wind-motors	A--S	16
T.EE.2	National anemological analysis	A	3
T.EE.3	Small and medium-capacity wind motors	D	16
	Grand Total		35

4.6. Responsibility and Specific Steps

Industrial research will primarily have to be handled under the initiative of the ENEL and the manufacturing industry establishment in this sector.

Public research will partly be included in the initiative of the CNR which, through the PFE, will operate in cooperation with the universities and industry, and partly the CNEN, acting as industrial promoter, operating in close conjunction with industrial research programs.

It is furthermore necessary at the proper time to boost the national weather service so that we may have a systematic collection of data and their processing according to the procedures worked out by the CNR, PFE.

Water Power Development Situation Analyzed

Rome RASSEGNA PETROLIFERA in Italian 26 Jun 81 pp 529-537

[Text] We are here completing Part III on other energy sources, taking up water power energy, geothermal energy, nuclear fusion, and biotechnologies.

Chapter 5. Water Power (EI)

5.1. Premise

The conversion of water power into electric power is currently being accomplished with modest losses; the overall yield from the most modern power plants is close to 90 percent.

It has been possible to arrive at these results thanks to the noteworthy progress made in the construction of electrical and water-power machinery and the considerable increase in the unit power of the turbine-alternator groups.

In view of the degree of maturity achieved in this technology, we do not anticipate any major improvements for the future. Research in this field must therefore be directed essentially at improving the reliability of systems and their compatibility with the environment.

Regarding energy recoverable from the ocean (tides, wave motion, marine currents, and temperature [thermal] gradient, this is not of practical interest to Italy because of the peculiar characteristics of the Mediterranean; in any case, some projects in this field are included in the feasibility study for the Final Project of the CNR on Marine Technologies.

5.2. State of the Art

5.2.1. Principal Operators

The principal operator in Italy in this sector is the ENEL which is getting cooperation from university institutes and from specialized industries.

5.2.2. Activities in Progress

Research currently being carried out by the ENEL involves the following:

Study of new governors for hydraulic turbines;

Study of tank and dock level regulations;

Study of static and dynamic behavior of dams;

Automation of static safety surveillance for dams;

Models and procedures for optimum operation of valley plains;

Protection of forced-draft ducts against unexpected losses;

Nonstationary behavior of hydraulic machinery;

Studies on multiple utilization of water resources;

Studies on solid river transport;

Microseismic aspects of hydroelectric basins;

Geothermal and geomechanical surveys;

Impermeabilized and protective materials;

Studies on structural materials.

The ENEL is also engaged in action to automate some small hydroelectric power plants in order to reduce their operating costs which is extremely high. For this purpose, the electric power agency has developed original devices for the automation of operations which are already being used in more than 350 hydroelectric power plants, some of which have a capacity of several hundreds of kw.

5.3. International Trends

In this sector, Italy holds a position of technological prestige and vast experience.

The international trends are therefore in line with activities currently underway in Italy which in many cases provides consultation services for third countries.

Regarding energy that can be recovered from the sea, projects have been carried out and studies are underway in countries along the ocean shore which present characteristics that would justify financial commitments in this field.

5.4. RS & D Development Lines

5.4.1. Choice Criteria

Regarding the research directions to be proposed, it seems useful to continue all activities now in progress which can permit ever greater utilization of hydroelectric resources.

It is furthermore considered opportune further to pursue studies pertaining to the possibility of recovering dissipated energy in accordance with the falls at the bottom of irrigation canals, the discharges from irrigation reservoirs, and the discharges from water pipelines.

5.4.2. Research Topics

T.EI.1. Continuation of current research (A).

T.EI.2. Recovery of dissipated energy according to falls at the bottom of irrigation canals, discharges from irrigation reservoirs and from water pipelines (A).

T.EI.3. Ocean energy; feasibility studies and continuation of data collection (A).

5.5. Expenditure Estimates

The overall expenditure for the above-mentioned research during the 1981-1985 5-year term can be estimated at around 8 billion lire and the breakdown among the various topics is given in Table EI.

All of these expenditures are of course understood to be handled through public research.

Table EI. Compilation of Research Topics Proposed in "Water Energy" Sector (EI) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Spending
T.EI.1	Continuation of current research	A	5
T.EI.2	Recovery of dissipated energy	A	2
T.EI.3	Energy from the sea	A	1
	Grand Total		8

5.6. Responsibility

Responsibility for the above effort, it is believed, should be assigned to the ENEL in cooperation with the CNR.

Chapter 6. Geothermal Energy (EG)

6.1. Premise

It is a good idea to point out here that the research efforts to be outlined involve research aimed at innovation, that is to say, research for new methods, new apparatus, and new systems--not the search for endogenous steam, that is, exploration, which instead is something that is connected with production.

The innovation research effort involves above all the phases of the production process, from the prospecting of surface areas to drilling, to the digging of the wells and all the way to the cultivation of geothermal fields and the construction and management of plants.

Right now, the only geothermal systems from which we are getting anything on an industrial scale are the hydrothermal systems; the exploitation of these systems is not necessarily tied to the production of electric power but can--whenever favorable conditions are encountered--entail the direct utilization of geothermal heat for domestic, industrial, and agricultural uses.

The geothermal energy developments program is today based on systems of this type which have already been identified or which can yet be identified over vast areas of national territory; they are characterized by the most differentiated forms capable both of electrical utilization and thermal utilization. In addition to the hydrothermal systems, we have other types of geothermal systems, such as the dry hot rock systems, the magmatic systems, and the geopressurized systems which represent potential energy resources.

For these systems however it is still necessary to demonstrate the technical-economic feasibility of heat extraction and it is expected that their utilization on an industrial scale will take a very long time.

6.2. State of the Art

6.2.1. Principal Operators

Ever since it was founded, the ENEL has been engaged in research as a necessary support for activities aimed at the identification and utilization of endogenous fluids.

As we know, according to the 23 December 1975 CIPE resolution, exploration and cultivation activities pertaining to geothermal resources on Italian territory are being carried out by the joint venture represented by ENEL and AGIP, excluding zones in the four Tuscan provinces of Grosseto, Livorno, Pisa, and Siena, where the ENEL continues to operate autonomously. In geothermal research activities likewise, the ENEL and the AGIP are working out a joint-venture agreement spelling out the principal research topics which the two agencies intend to pursue and the various methods of cooperation.

The CNR is also currently involved actively in geothermal research through the international geothermal research institute and the Geothermal Energy Subproject of the PFE which, in turn, involves the universities, scientific agencies, and industrial establishments.

6.2.2. Activities in Progress

To get a general reference frame we will, in a summary fashion, indicate the main activity sectors (which generally in turn are broken down into several research topics) in which the above-mentioned agencies are now operating, along with the purposes which they intend to view.

It should be emphasized that many research projects are being pursued in cooperation with foreign agencies (here we might mention in particular the agreement between the ENEL and the DOE in the United States, covering various aspects of geothermal research) and that others are being carried out with EEC financing.

A first activity sector, which involves the ENEL, the AGIP, and the CNR, consists of the perfection of geothermal prospecting means whose ultimate purpose is the improvement of the success ratio of drilling and hence a speed-up in the attainment of results.

Another important sector involves the physics and engineering of reservoirs being carried out within the context of the agreements between the ENEL and the DOE, on the one hand, and AGIP and Chevron, on the other hand.

These studies will permit both a better evaluation of reserves--thus leading to better utilization projects--and improved use of the reserves themselves, after the plants have been put up.

ENEL and the Geothermal energy subproject of the CNR are working actively in the field of stimulating sterile wells by means of fracturation; using this system in the Larderello area, it could even be possible to recover by no means negligible reserves of thermal energy which today are beyond reach as far as practical use is concerned.

Since the development of geothermia is tied mostly to the development of hydrothermal systems using available water, it is important to acquire new technologies for the extraction and treatment of fluids from dominant-water fields. In this sector, ENEL is conducting a series of research and demonstration efforts in the Alfina and Cesano fields.

Another very important topic tied to the exploitation of dominant-water fields is the possibility of accomplishing--without any damage to the environment--the reinjection of large quantities of fluids into the subsoil. All agencies interested in geothermia, especially the CNR, are today working intensely on this topic; the CNR can rely on the coordinated effort of IRSA, IIRG, and the SEG [Geothermal Energy Subproject].

A sector which currently involves all operators consists of the study of compatibility of geothermoelectric power plants with the environment, particularly regarding the emmission of gaseous effluents into the atmosphere.

Another important study field right now involves the perfection of methods of converting, into electrical energy, fluids at lower temperature and in particular between 130° and 150° C; this is being done mostly by the ENEL.

All of the research activities mentioned so far involve mostly hydrothermal systems with a depth of up to 3,000 m.

Since 1978 however an experiment has been underway in the ENEL concerning the exploration of horizons below 3,000 m; this undertaking will make it possible to improve technologies and knowledge in the field of deep drilling. In the field of dry hot rock systems, the ENEL--on the basis of the previously mentioned cooperation agreement with the DOE--is pursuing the most advanced experiment which is now in progress in the United States; this is being handled by the Los Alamos Laboratory.

Finally, in the sector of magmatic systems utilization, the CNR and ENEL have been working since 1977 within the context of the agreement with the DOE.

The current average annual expenditure for innovation research in the geothermal sector is on the order of 7 billion lire.

6.3. International Trends

Italy, as we know, was the world's first country to use geothermal energy for the generation of electricity at Larderello and therefore has unique experience in this field.

Another country which, although it got into the geothermal field rather late, has acquired noteworthy competence, is the United States of America whose territory contains the world's biggest geothermal field (the geysers in California).

Along with Italy and the United States, many other countries (such as Japan, Mexico, New Zealand, the Philippines, Iceland, etc.), can point to important geothermal achievements and still other countries are working out development programs to use this energy source.

The greatest competence however undoubtedly is to be found in Italy and in the United States; the geothermal program of the United States therefore can provide useful reference in spelling out the objectives under the PNRE.

The above-mentioned plan provides broad range for research activities and the main sectors considered involve the following: physics and engineering of reservoirs, drilling technology, technology of extraction and conversion of geothermal fluids, and materials study.

These are sectors similar to those provided for in the Italian geothermal plan; among other things, many research topics, as we recalled earlier, are being handled in cooperation with Italy on the basis of the ENEL-DOE agreement.

Under the United States program, some demonstration plants are being planned or are already under construction, aimed at the utilization of fluids with a high salt content or medium-temperature fluids.

Furthermore, as we just mentioned, the world's most advanced experiment is underway in the United States regarding the use of dry hot rock in which Italy is participating on the basis of the ENEL-DOE accord.

After the Los Alamos Laboratory succeeded in building an artifical circuit capable of supplying 5 Mw thermal, plans call for the continuation of the experiments up to a thermal capacity of 20-50 Mw.

Finally, the United States is also active in the sector of geopressurized systems which were discovered in large numbers in the course of petroleum prospecting in the Gulf coast.

6.4. RS & D Development Lines

6.4.1. Choice Criteria

In spelling out the priority research and development directions consideration was given to the objectives of the PEN which, by 1990, calls for an electric energy production from geothermal sources, amounting to 4 billion kwh/yr and the utilization of geothermal fluids, for thermal uses, up to a value corresponding to 100,000-300,000 tep. The attainment of these objectives is also tied to the solution of numerous problems which still obstruct the development of hydrothermal systems using dominant water and the perfection of new systems to speed up geothermal exploration and the development of the fields.

We also took into account the need to uphold the prestige of Italian engineering worldwise so as to facilitate exports in the technological sector and thus to have an opportunity in part to recover the expenditure made for the acquisition of new knowledge.

The proposed research effort in many cases represents the development of activities already in progress and in any case are quite in line with the existing potential and competence.

6.4.2. Proposed Research Topics

T.EG.1. Improvement of basic knowledge on geothermal systems (origin of deposits, genesis of fluids, behavior of fields) (B).

T.EG.2. Updating of estimates of geothermal potential on Italian territory on the basis of the movement of data processing methodologies and elements to be progressively acquired starting in 1980 (A).

T.EG.3. Improvement of (geological, geochemical, and geophysical) prospecting technologies in order to reduce the current mining risk involved in geothermal operations (A).

T.EG.4. Improvement of technologies for the utilization of medium and high-temperature sources for the production of electric energy as a function of the type of resource, with particular emphasis on dominant-water systems with high temperature and high salinity, in any case stressing the integrated fall [cascade] use of heat prior to the disposal of refuse (A).

T.EG.5. Improvement of technologies and materials (types, cement, and sludge) for drilling deep wells (A).

T.EG.6. Utilization of medium and low-temperature hydrothermal systems for thermal purposes. This effort includes market surveys to identify the characteristics of potential users, to come up with a cost-benefit analysis, along with demonstration projects, identification of the type of action to be given public incentives in order to cover the mining risk (D).

T.EG.7. Research activities for the utilization, in economic terms of every form of resource, with particular emphasis on transportation, heat exchange, etc.).

T.EG.8. Interaction between environment and geothermal activities, both regarding the effects deriving from fracturation and from re-injection of refuse [reflux], and regarding the immission of gaseous effluents into the atmosphere (A).

T.EG.9. Identification of site potentially suitable for artificial extraction of heat (hot rocks, magmatic rocks) (A).

T.EG.10. Perfection of techniques to stimulate existing sterile wells (artificial saturation of deep impermeable formation) representing a rather tight spot in handling artificial systems (A).

6.5. Expenditure Estimates

Table EG shows--for each of the research topics listed in the prior point--the proposed expenditures for public research (20 billions). For the planned industrial research efforts (40 billion lire)--given the high rates out of the total expenditure volume--a private contribution equal to two-thirds of the figure (26 billions) has been requested.

6.6. Responsibility--Necessary Steps

Responsibility for public research actions in the geothermal sector rests with the CNR as the research agency already qualified to handle this matter; the CNR will work through SGE and IIRG with the cooperation of the universities, the scientific agencies, and industry, not excluding the ENEL and the AGIP.

Industrial research will mostly be pushed by the ENEL and the AGIP as the managing agencies in the geothermal sector; but the manufacturing industries will be asked to contribute their share regarding machinery and systems for the treatment of fluids.

It is believed that it would be a good idea if the action of the ENEL, the AGIP, and the CNR were to be coordinated by a specially established committee, something which is already being done now anyway.

But it is noted that the current structures operating in the basic research sector (the research institutes and the universities)--although they do have the necessary scientific training and satisfactory instruments--are not able to operate on schedule, as required, due to shortages of personnel, funds, coordination, etc.

It is therefore considered indispensable that:

(a) The CNR as soon as possible boost the IIRG in order to enable it to work more conveniently in the sectors of its own competence and that it boost some sectors of the Italian universities, where activities in the geothermal field have already been started, by assigning more personnel;

(b) The SEG of the CNR be extended to a second phase where it would be able to continue in particular the indispensable effort of selling practical applications pertaining to the medium and low-temperature systems, as well as to provide an incentive for the acquisition of the knowledge necessary for the use of artificial systems;

(c) A law be passed early, pertaining to the regulation of the discovery and use of geothermal energy which would assign the proper significance to the relationships that must be worked out between government-owned industrial establishments and research outfits and which would spell out an active role for the local entities and the regions in particular in the management of medium and low-temperature energy resources.

Table EG. Proposed Research Topics in "Geothermal Energy" Sector and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.EG.L	Improvement of basic system knowledge	B	6
T.EG.¶	Domestic geothermal potential	A	4
T.EG.3	Prospecting methodologies	A	7
T.EG.4	Technologies for the utilization of medium and high-temperature sources	A	7
T.EG.%	Deep-well drilling technologies		
St.1-EG.5	Materials	A	7
St.2-EG.5	Technologies	A	
T.EG.6	Utilization of low and medium-temperature hydrothermal systems	D	10
T.EG.7	Utilization of resources in economic terms	A	3
T.EG.8	Interaction with environment		11
St.1-EG.8	Fracturation and re-injection	A	
St.2-EG.8	Immission of gaseous effluents	A	
T.EG.9	Identification of sites for artificial heat extraction	A	1.0
T.EG.10	Stimulation of sterile wells	A	4
	Grand Total		60

Chapter 7. Nuclear Fusion (EF)

7.1. Premise

Research on nuclear fusion is designed to lead to the construction of an apparatus capable of producing energy by using the light nuclei fusion process (for example, deuterium and tritium). Nuclear fusion uses lithium and deuterium as fuels; they are available in large quantities and in a uniform manner on earth. Fusion furthermore has a noteworthy potential for the attainment of a high degree of acceptability from the environmental viewpoint.

It is anticipated that experiments currently under construction and those to be operational as of 1982 can provide an experimental demonstration of the scientific feasibility of fusion during the eighties.

To complete the research program and to put together a plant which would demonstrate the full feasibility of this undertaking from the engineering viewpoint and which would likewise provide valid information on economical operation, safety, and acceptability from the environmental viewpoint as far as fusion is concerned, we will need another 25-30 years. Current estimates indicate that this program will call for financing of around 15 trillion lire plus the employment of 3,000 technicians.

From what we have just said, we can see that the "fusion undertaking" cannot be handled by a single European country and perhaps not even by the EC alone when we keep in mind also the fact that we still have today a degree of uncertainty

concerning the attainment of ultimate success which, we repeat, must be seen in terms of the achievement of an energy source with broad acceptability both from the economic and the environmental viewpoint.

In this situation, a country, such as Italy, has no choice other than to get into the community program. This choice is certainly much more difficult to "handle" than the choice involving independent research which however, when looked at with a critical eye would turn out to be rather chancy and doomed to cause Italian research to slip to the provincial level. This integration will enable us to acquire knowledge above all of a scientific type, deriving from community experiments and ruling out duplication of effort and thus cutting expenditures under the national program.

In the context of the EC, all activities aimed at nuclear fusion (in other words, calling for the completion of basic research on plasma physics above all carried out in a university setting) will be carried out within the scope of the association between Euratom and the national agencies (generally those in charge of nuclear research). Euratom's function to coordinate all European activities on fusion has been approved in the decisions of the cabinet on multiannual programs presented by Euratom. This coordinating function is being carried out primarily by a series of agencies in which all countries, in addition to Euratom, are represented. The programs of the various associations must go through these organizations which are furthermore expected to handle the task of at least giving "priority action" status to the most significant projects, with important consequences also in terms of financing. Euratom as a matter of fact is participating with a contribution of 25 percent in the research expenditures, except for priority actions which are being financed to the tune of 45 percent.

7.2. State of the Art

7.2.1. Principal Operators

The CNEN and the CNR, both of them in association with Euratom, are operating in the fusion field in Italy.

The CNEN is the chief operator since its program, carried out at the Frascati Center, covers more than 80 percent of the Italian effort.

The CNR operates primarily with two units: the plasma physics laboratory at Milan and the ionizing gas center at Padua.

Activities among the three agencies are coordinated within the Management Committee of the Associations and by a coordinating committee made up of the directors of the three laboratories and the director fo the Euratom fusion program.

7.2.2. Activities in Progress

There are two lines of approach to fusion which are being pursued at the Frascati Center: magnetic confinement and inertial confinement.

In magnetic confinement we use low-density plasmas (corresponding to about 0.001 percent of atmospheric density), confined by magnetic fields for time intervals on the order of seconds and we mostly use machines of the Tokamak type.

In inertial confinement, we use plasmas with extremely high density (equal to or more than up to 1,000 times the density of solids), confined by the very inertia of the plasma particles for extremely short intervals of time (about 1 billionth of a second). To obtain these plasmas, the most promising route to go today would seem to be implosion of microspheres of deuterium-tritium due to the effect of high-power laser light pulses.

A. Magnetic confinement: the main activities are as follows: Tokamak FT (Frascati Tokamak). It went into operation in 1977 and was built entirely in Italy with the collaboration of industry; it is currently one of the most advanced in the world and can hold on to a significant position for several years provided it is boosted as part of a version currently already being planned (FT-Upgrade). The most important development involves the introduction of a method of supplementary plasma heating through the use of a radio-frequency source. Right now, work is being completed on a source capable of transmitting a power of about 1 Mw to the plasma.

Plasma Focus. This is an experiment which produces a plasma with thermonuclear parameters but in a small volume and with high density.

Jet. The Frascati Laboratories are used in participation in the Jet Project now under construction at Culham (Great Britain). This is a Tokamak of large dimensions, costing about 300 billions (1980 prices); its first, base output phase will be completed by 1983. It is financed to the extent of 80 percent by Euratom, 11 percent by Great Britain, and the rest by member countries. (The direct Italian contribution is equal to about 1 percent of the project cost).

This participation is arranged in the following two aspects:

(a) Participation in project and construction of machines; a group of 15 Italian technicians is participating here (out of a total of 105 personnel coming from continental Europe) also in positions of major responsibility (about three of the six technical divisions are directed by Italians); Italian industry has received significant and high-grade orders (about 13 percent of the total, excluding building construction);

(b) Participation in experiments with the machine; so far, two important diagnostic methods (amounting to a total of about 2 billion lire) have been assigned to the CNEN-Euratom Association which will have to be handled entirely at the expenditure of Jet; this activity will require between six and eight expert PhD's.

Superconducting magnet. As for the more technological aspects, which are also of interest in reactor terms, in addition to the previously mentioned radio-frequency heating system, there is now underway a noteworthy program for the development of superconductor magnet is for machines of Tokamak type. Two big magnets are now being built (diameter 1.5 m) with NbTi conductor, entirely developed and built (for the first time) in Italy. These magnets are part of a test facility which will be assembled in Switzerland in cooperation with a Swiss and a Dutch institute.

With this test facility it will be possible to make magnets made up of the most advanced conductors (NbAl for the CNEN) capable of producing bigger magnetic fields than those now attainable with NbTi.

B. Inertial confinement through laser: the main activities here are as follows:

Neodymium, two-beam lasers with 2 x 200 J energy, 2 ns, primarily for physics objectives. The experiment, whose entry into operation is planned for the first half of 1981, has the main purpose of obtaining conclusive information on one of the crucial aspects of laser function (target geometry and implosion dynamics).

The Co_2 laser, whose current energy can come to as much as 50 J, 2 ns, also for technological objectives, making it possible to bring this laser to the highest energy level.

The direct expenditures (excluding personnel and general expenditures at the center) for research in the CNEN program were about 50 billions during the period of 1976-1980. About 60 researchers are employed here. That comes to about 8 percent of the community program (excluding jet).

The Milan laboratory of the CNR is concerned with the physics of the Tokamak machines, with particular reference to radio-frequency heating. The Milan laboratory right now is also involved in a collaborative effort on the Ignitor Project. A medium-dimension Tokamak (Thor) is in operation at the Milan laboratory; basic studies are being conducted with it on the physics of confinement and a method for radio-frequency heating on the basis of cyclotronic-electronic frequency will be experimented with here. The Frascati Laboratories are cooperating in this undertaking by preparing the power components of the plant.

The CNR laboratory at Padua is concerned with the physics of toroidal "pinch" and has built a machine which constitutes the most advanced experiment operating in Europe today in this field. This line is in many ways complementary to the Tokamak line and can furnish valuable information on the best magnetic configuration to obtain the best exploitation of the machine's magnetic energy.

The CNR laboratories are using about 30 researchers and the direct expenditures for research (including research personnel but excluding general technical services) were about 4 billions during the period of 1976-1980.

7.3. International Trends

On the international and the European levels, the vast majority of efforts is concentrated on the Tokamak approach. In particular, about 80 percent of the efforts in Europe have been concentrated on the Tokamak line. The remaining 20 percent are subdivided among stellerator, toroidal pinch, and inertial confinement.

In the choice among experiments with mostly physics objectives, preference is being given to those that are capable of producing a plasma with parameters (some, if not all) similar to those of a reactor.

It has been required that the experiments reveal a greater degree of flexibility and reliability also to make sure that the investments necessary--for competitive experiments--necessarily are on the order of several tens of billions.

In the European field, similar to what has been done in the United States, a "review panel" has been established which is to recommend a medium-term strategy to Euratom, examing the various approaches to fusion. The result of this effort should be available by the middle of 1981. The technological and plasma engineering problems which are of interest in reactor terms have become the central element of program discussions in the most important domestic and international agencies. This is why these problems are emerging ever more clearly and this is why we realize that, talking about "the feasibility of fusion," without taking up some of the problems, may be a rather risky thing if we want to outline a role for fusion in connection with the problem of energy supply. The DOE is moving along the line of this trend.

It intends as a matter of fact to establish a fusion engineering center one of whose most important objectives would be to build a Tokamak machine (Fusion Engineering Device--FED) which, in the structure, to the point that could be reasonably accepted, would incorporate reactor technologies but which would also serve as a test bench for components, especially those of the casing which envelops the plasma where the energy from the neutrons is deposited and where the breeding of tritium takes place. The construction of this machine would start in 1983-1984 in order as soon as possible to get some crucial information in the field of engineering which would lead to strategic choices with all of the necessary caution. This guideline, which was suggested by a special "review panel" was recently spelled out (in October 1980) in a law passed by the United States Congress which establishes as "national goal" the attainment of full demonstration of fusion (via Tokamak) as a source of electrical energy by the year 2000 with an expenditure of around $20 billion.

Regarding inertial confinement (laser), we must remember that research in this field can be of military interest both for the applications of laser systems and for basic knowledge that can be acquired by studying the process of target implosion. In relation to this, there is opposition, within the EC, from France and Great Britain who are trying to have this research effort promoted and financed by Euratom. The Community's Cabinet has decided that a very modest effort (13 million accounting units during 1979-1983 five-year term) allocated to this research and that any real and proper compression experiments be excluded and that the effort be confined to studies on interaction between light and matter.

There are two civilian laboratories in the EC which are working in this field, that is, Garching (West Germany) and Ecole Polytechnique (France) with roughly comparable efforts.

From the viewpoint of physics, the most promising results seem to come from the use of short-wave lasers (1 mu or less); they however are still limited, in terms of reactor use, by rather low efficiency levels (around 1 percent) the complexity and limited liability of components. From the technological viewpoint, gas lasers seem to be more worthwhile and among these, today, those using Co_2 whose wavelength however is around 10 mu; at this frequency, the lock-in of the beam's energy on the target seems to be worse. With a better prepared target outline one could overcome this obstacle. More generally the efficiency of compression is influenced decisively

by the geometry and makeup of the target; as a matter of fact, on that score, the civilian laboratories in the United States are most reserved.

Some believe that research in this field--at least the kind of research that is done by civilian laboratories--has not yet reached the stage of maturity attained by the Tokamak units. However, an accelerated effort is underway especially in the United States where the plants, ready by 1985--whose energy comes to Kj--could demonstrate the balance between energy in the laser ray and nuclear fusion energy.

7.4. RS & D Development Lines

7.4.1. Choice Criteria

The national effort, in terms of skilled personnel and funding, will be dimensioned in relation to the European effort above a critical threshold which will make it possible:

(a) To be a "partner" in the Community program which produces "required" knowledge and which would not just "maintain" a level of competence or conduct "follow-up" research;

(b) To be able to derive a "fair return" from the community enterprises to whom we in Italy also contribute financially;

(c) To be able to participate in community undertakings with our Italian specialists, without thus compromising our domestic Italian program;

(d) To make plants on such a level as to enable the domestic industry, which makes them, to upgrade itself also on the international level and to acquire competence in technologies of interest in reactors.

The current Italian program is definitely below this critical threshold not so much in funding but more in skilled personnel; the personnel force must urgently be increased substantially and the personnel increase must be properly planned; for example, we are not even able to meet the requirements listed in (c).

Most of the efforts have been concentrated on a single approach (the Tokamak approach) which supposedly is the most promising and the most strongly pursued so as to enable us to be competitive on the Community level both in terms of quality and in terms of range.

We have identified an approach to alternate fusion (the laser approach) in contrast to the main approach where we might make a competitive effort in terms of quality but not necessarily in terms of scope, so that we may be ready to get into this market assuming there is a change in the outlook.

There are two main reasons behind the choice of laser fusion as an alternate approach:

(a) The laser approach to fusion is substantially different from the Tokamak approach and its prospects are independent of the development of research on Tokamak;

(b) At the Frascati Center, fusion with lasers represents one of the application of a vaster program of power laser development.

The prospects for a substantial development of this line within the EC are uncertain. In the current situation regarding resources available in Italy, it does not seem possible for us to make an effort in this field which would be quantitatively competitive on the international level (particularly with reference to the United States); but it can and must be competitive on the Community level.

In making our choice among activities to be conducted in the field of magnetic confinement, compatibility with the quality, productivity, and reliability of equipment and resources used (personnel, services, infrastructure facilities) is of fundamental importance.

In the choice of apparatuses for primarily physics objectives we are looking to conducting experiments which:

Will recognize the requirements for competitive physics research in the community context with the adoption of technologies applicable to future greater undertakings involving fusion or going into other fields of industrial concern;

Will reveal ever greater reliability so that they may be adjusted to the requirements springing from growing complexity and cost of apparatuses;

Will not be technologically risky if they require a majority commitment of available resources or if the technologies to be employed do not offer a good probability of future applications;

Will reveal adequate flexibility in coping with the inevitable unforseen events of a scientific and technical nature in the behavior of plasma for the machine itself.

In the choice of apparatuses with primarily technological objectives, we prefer the technological areas which:

Can have an industrial fallout (for example, radio-frequency superconductivity, physics of surfaces, power laser, etc.);

Can become essential in big machines for fusion in information-level programs.

In this way we could be sure to give a technological program the kind of continuity and prospects which alone can attract interest also among domestic industry.

The final fuel of a reactor is a mixture of deuterium and tritium.

In an experiment with tritium, there are three types of knowledge which can be acquired and which are specific in connection with the presence of tritium:

(a) Physics of a plasma with nuclear heating;

(b) Technology of tritium and pertinent safety problems;

(c) Technology of remote handling necessary above all for the induced radioactivity in the structures.

Conducting an experiment involving the extensive use of tritium would take up most of the Italian effort on fusion and would probably require the election of a site different from Frascati where the use of tritium in several grams (10^5-10^6 Curie) would be possible. At this new site it would be necessary to concentrate the principal activities on fusion, following a trend also pursued in other countries (the last of which, in terms of time, was France). The impact of a choice of this kind is quite evident: new major investments close to 100 billions, at high risk and even more so if at reasonable risk and reduced utilization of current equipment for fusion; only partial recovery of current personnel used for fusion and therefore probably necessary large-scale new hiring; attainment of an acceptable level of scientific productivity not before 6-8 years after start; substantial conversion of current Frascati Center to new activities.

The decision to conduct an experiment involving the extensive use of tritium would have to be made in the context of long-term planning which at the same time however would be very flexible because, during this decade, we will get a large volume of information which might point to making changes in our choices. This decision is not only risky but would entail a considerable degree of rigidity for our programs and would absorb an excessive portion of the Italian effort, leaving other research areas, especially technological research areas, uncovered although we may have better prospects of future development there.

The question to ask ourselves at this point is whether there is just one choice to follow, assuming that it is practicable, so that Italy may continue to play a proper role in Community research on fusion.

From the physics viewpoint, we find that, during the second half of the eighties, JET will have a plasma with tritium. Our Italian researchers certainly can have access to this experiment and therefore the knowhow on the physics of a thermonuclear plasma would at least be partly obtainable. This experiment could be significantly complemented by a limited operation with tritium using the FT Upgrade machine if we should not have the capacity to make plasma with thermonuclear diameters consisting of deuterium and if we should not be able to attain the reliability required from the technical viewpoint.

From the viewpoint of tritium technology and pertinent safety problems and with a view to knowledge transfer above all to Italian industry, it would be much more useful to have a tritium laboratory (similar plants are under construction in the United States, the USSR, and Japan) where the entire tritium cycle (extraction, purification, containment, and handling) could be studied with quantities and ways of interest in operating a reactor.

From the viewpoint of the "remote handling" technology, a significant experiment for reactor purposes can be conducted above all on accessible machines and therefore large-size machines (of the JET type); with small and therefore compact machines, remote-handling can be much more limited and can be arranged to fit in with that particular machine.

7.4.2. Research Topics

T.EF.1. Magnetic confinement.

St. 1--Powered version of the Tokamak FT (FT-Upgrade) with additional heating up to 8 Mw and current in plasma up to 1.5-2 Ma; the main objective is the demonstration, in deuterium, of the attainment of plasma conditions to the breakeven point (in other words, balance between thermonuclear power produced and heating power) (B);

St. 2--Successive utilization of FTU plants [Frascati Tokamak Upgrading) with a deuterium-tritium plasma in such quantities that would create limited technical, safety, and environmental problems and would therefore be feasible at Frascati (B--A);

St. 3--Development, in the CNR laboratory in Milan, always in closest cooperation with the Frascati laboratories, of basic research activities on advanced radio-frequency heating methods and participation in larger-scale experiments in the program at Frascati (B);

St. 4--Setting up activities on toroidal pinch at Padua both through in a big undertaking to be carried out at Culham also with the collaboration of Los Alamos (United States), and by boosting the current machine (ETAB II). In this way Italy, with a relatively modest effort, can hold on to an advance position on a line which could make an important contribution through the choice of an optimum magnetic configuration in toroidal machines (B--A).

T.EF.2. Experimentation with "JET."

St. 1--Preparation of significant experiments to be conducted with JET, including preparation of diagnoses (B);

St. 2--At Frascati, with the collaboration of domestic industry, develop technologies with a secure future, such as super conductivity, radio frequency, interaction between plasma and surfaces, diagnosis for big and radioactive machines (JET) which would enable us to be involved in the planning, construction, and use of future big enterprises on the international level (B--A).

T.EF.3. Laser Fusion

In the context of this program we must try to reconcile high-grade physics research with technological developments in which we must involve Italian industry.

A laser plant using neodymium is now being built for laser fusion experiments. For more technological development, we chose the CO_2 line which is more efficient and which gives us a broader application spectrum. We are transferring this technology to domestic industry.

T.EF.4. Experimentation with the use of tritium.

7.5. Estimated Expenditures for the Fusion Program during the 1980-1984 5-Year Term

Table EF shows the research topics and the pertinent expenditures (113 billion lire).

Table EF. Compilation of Research Topics Proposed in "Nuclear Fusion" Sector (EF) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Spending
T.EF.1	Magnetic confinement	B	88
ST.1-EF.1	Powered version of Tokamak FTU	B	
ST.2-EF.1	Use of FTU plant	B—A	
ST.3-EF.1	Radio-frequency heating methods	B	
ST.4-EF.1	Activities on toroidal pinch	B	
T.EF.2	Experimentation with "JET"		4
ST.1-EF.2	Preparation of experiments	B	
ST.2-EF.2	Collaboration with industry	B—A	
T.EF.3	Laser Fusion	B—A	18
T.EF.$	Experimentation for use of tritium	B—A	3
	Grand Total		113

For this sector we consider it necessary to promote--in an Italian center which already has the basic knowledge and the infrastructure facilities--or at the Ispra Center, the construction of a laboratory for tritium technology and to develop long-lasting and broad-ranging technological programs such as those involving materials subject to a high particle flow, plant safety, neutronics, technology of the blanket surrounding the plasma where the breeding of tritium takes place, and energy recovery (B—A).

7.6. Responsibility and Special Steps

Responsibility for developing the fusion energy source in cooperation with international agencies must rest with the CNEN. Within the CNEN centers, we must carry out the big programs and build the big equipment units.

The most necessary and urgent steps influencing the implementation of the described programs are two in number:

Significant increase in technical-scientific personnel with college degrees; it is necessary to double the number of researchers (from 60 to 120);

Different labor relationships permitting differentiation according to responsibility and skill level, to be competitive on the labor market.

The CNEN should, by way of an understanding with CNR and the universities, promote vaster interest in plasma physics and it should do this on specific topics which do not require big equipment units; this also includes interest in fusion technologies and the study of fusion reactors systems. These activities will not only

serve as support for the big programs but will also help in training personnel, in giving researchers more mobility, and in expanding and deepening the culture in this field which in Italy is on a lower development level than the other European countries.

For this purpose it would be necessary among other things to be able, in the simplest way possible to use some administrative structures, such as:

(a) Cooperation contracts which would permit mobility for researchers;

(b) Research contracts for CNR groups and university institutes;

(c) Sending researchers from the Italian universities to European research centers, using the Euratom funds earmarked for this purpose;

(d) Research doctorates in physics and plasma engineering.

The participation of Italian industry in projects of interest in fusion research must be further stepped up. The guidelines issued by the CNEN for the program choices described in Paragraph 4 assign adequate priority to the requirements for improving the quality of domestic industry.

During the implementation phase it is necessary to broaden the planning responsibility of industry, in addition to the construction responsibility which it already has today, in order to enable it better to compete with the industries of other countries especially when it comes to getting orders for community undertakings. The interest of industry, not only in Italy but also in other countries of the Community, is focused on the supply of components, even though they may be complex ones. The time does not yet seem right in Europe for the involvement of industry on the level of expanded systems (for example, the complete Tokamak machine); fusion is still in an area of excessively rapid evolution and it is therefore far from the kind of setup that would be required by industry (with the exception of Japanese industry which for many years has been involved in the planning and construction of complete Tokamak plants or even complete diagnostic systems).

In spite of this, in the process of getting the Italian establishments involved in this effort (necessarily on a high technological level, with their own know-how) it seems a good idea right now to identify the outfits that are available when it comes to gradually developing their own competence on the system level in close conjunction and coordination with the activities of the CNEN.

Chapter 8. Biotechnology (EB)

8.1. Premise

The contribution to the energy balance sheet deriving from biological systems today for the most part is entrusted to the utilization of biomasses (see Chapter 2). The current limitations can be significantly resolved through the development of biotechnologies. Here, the energy sector constitutes one of the most recent gains which however is confined to the basic and applied research levels. However, as it appears above all from an international comparison, this development is considered

capable of significantly contributing to the domestic energy balance over the next 10-15 years.

The basic premise for the development of energy biotechnologies consists of the use of very advanced systems and biological techniques such as industrial microbiology, genetic engineering, the techniques of immobilization and stabilization of biological elements (cells and/or cell components in polymeric matrixes.

These technologies in part acquired both on the research level and on the industrial level through sectors different from the energy sector.

It is therefore necessary to promote:

(a) Greater diffusion of methodologies also to specific professional training programs;

(b) Adaptation of technologies to the particular requirements of energy production.

8.2. State of the Art

8.2.1. Principal Operators

The research is being conducted on a rather fragmentary level above all by the public research agencies (CNR, CNEN) and in the universities.

The ENI (Assoreni) is also developing some programs in this sector while other public industrial establishments in this country are able to supply components.

8.2.2. Activities in Progress

The CNEN is active with its programs on the enzymatic hydrolysis of cellulose, alcoholic fermentation, anaerobic digestion, and more recently on the biolixiviation (disulfuration) of coal.

The CNR and the universities in some agencies and laboratories are conducting research connected with energy biotechnology, particularly on the production of microbic biomasses and energy conversion by microorganisms.

Assoreni is conducting research and development programs on the technics of biocatalysis through industrial processes and production of hydrogen by photosynthetic batteries.

8.3. International Trends

All of the major industrialized countries in recent years developed complex programs, generally with public financing, in the sector of biotechnologies for energy applications.

These programs have one feature and that is that they are derived from more general programs in the industrial biotechnology sector in which the United States, Japan, Germany, Great Britain, and France are now heavily committed in research, with

considerable investments in the industrial sector (for example, Tanabe of Japan, Tate and Lyle in England, etc.); many patents have been developed here.

The EC itself is promoting research projects in biotechnology including also energy applications.

8.4. RS & D Development Lines

8.4.1. Choice Criteria

By way of introduction we must note here that, regarding this sector, we are not yet able to come up with quantitative estimates on possible contributions to the energy balance sheet because all activities, as we stressed earlier, are still on the basic and/or applied research level.

The proposed research topics will therefore be considered as programs aimed at checking scientific and technical feasibility and professional training for skilled operators.

8.4.2. Proposed Research Topics

T.EB.1. Production of Fuel from In-Vivo Biological Systems

St. 1--Biophotolysis of water (B--A);
St. 2--Fixation of nitrogen (B--A).

T.EB.2. Production of fuels and electrical power potenials from in-vitro biological systems.

St. 1--Photosynthetic production of hydrogen (B--A);
St. 2--Photovoltaic cells with biological elements (B--A);
St. 3--Biomimesis: synthesis of chemical complexes simulating biological energy functions (B--A).

T.EB.3. Professional Training

8.5. Expenditure Estimates

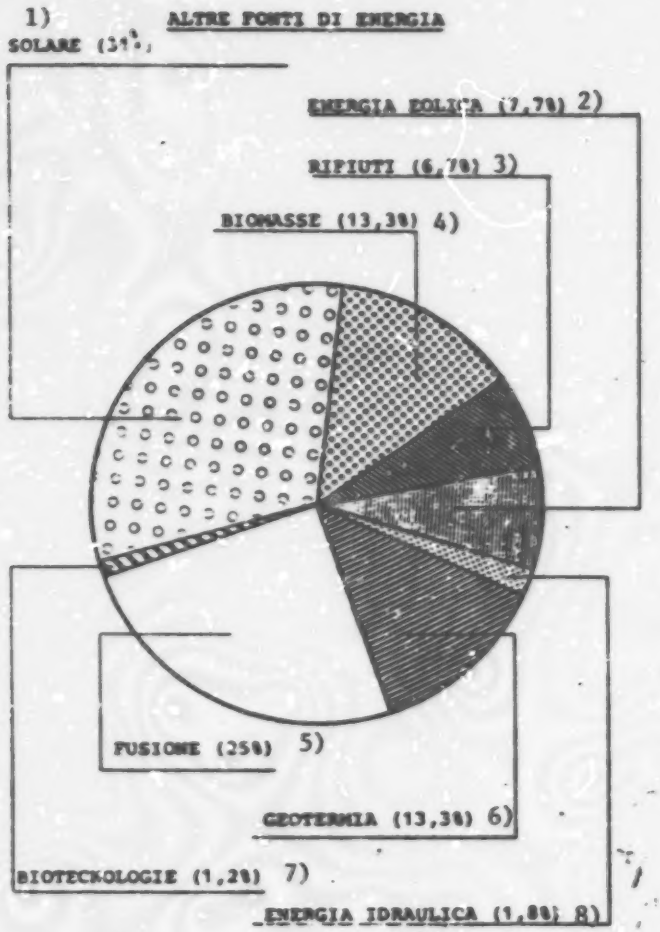
The total public expenditure comes to 5.5 billion lire.

8.6. Responsibility and Special Steps

Since this involves research of an interdisciplinary character, it is believed that it is up to the CNR to assume the responsibility for the coordination of operators in the sector.

Table EB. Compilation of Proposed Research Topics in "Biotechnology" Sector (EB) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.EB.L	Production of fuels from in-vivo biological systems		1.5
ST.1-EB.1	Biophotolysis of water	A--B	
ST.2-EB.1	Fixation of nitrogen	A--B	
T.EB.2	Production of fuels and electric power potential from in-vitro biological systems		3
ST.1-EB.2	Photosynthetic production of hydrogen	A--B	
ST.2-EB.2	Photovoltaic cells with biological elements	A--B	
ST.3-EB.2	Biomimesis	A--B	
T.EB.3	Professional Training		1
	Grand Total		5.5



Other energy sources. Key: 1--Solar; 2--Wind energy; 3--Waste; 4--Biomasses; 5--Fusion; 6--Geothermal; 7--Biotechnologies; 8--Water energy.

Final Uses Described

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[Text] In this issue we start the publication of Part IV of the PNRE as expressed by chapters on agricultural and livestock uses, civilian uses and housing construction, and industrial uses.

Part IV. Final Uses

Chapter 1. Agricultural and Livestock Uses (UA)

1.1. Premise

It seems certain--on the basis of initial Italian sector experiences and results of more advanced studies conducted abroad--that direct energy consumption (fuels, electric power) and indirect energy consumption (fertilizer, pest control agents, seeds, etc.) in agriculture, as well as those directly found in the sectors of transformation, distribution, and final consumption, are capable of extensive reduction.

A necessary premise for any action aimed at holding consumption down is a detailed knowledge of the structure and entity of such consumption, something which we today only have an overall and rough knowledge of.

For an overall energy balance of the system we must consider together the consumption of the agricultural enterprises, the consumption connected with industrial processing, that is, by typically agricultural industries, such as the dairy industry, the wine industry, the oil industry, and the initial processing industry (canning and milling) and finally consumption pertaining to the sale and preservation of products.

1.2. State of the Art

1.2.1. Principal Operators

The principal operator at this time is the CNR (PFE, agricultural mechanization, and containers), supported by university institutes, the CNEN, and the experimental stations of the MAF. Some industrial establishments with public and private capital have also been doing sector research in this field.

1.2.2. Activities in Progress

These primarily involve information-gathering surveys of limited range as well as experimental efforts aimed at checking on the suitability of using nonconventional energy sources or systems (solar, geothermal, combined production of heat and electric energy) in particular cases.

1.3. International Trends

Studies designed to analyze the relationship between agriculture and energy have been conducted in the United States, Great Britain, Israel, and France. These studies evidence the regional characteristics of the problems and are extremely useful in defining a methodology for approaching the problem.

It must be noted that the interest in all these studies goes beyond employment on the national level and extends to the acquisition of knowledge applicable in the context of relations with developing nations.

1.4. RS & D Development Lines

1.4.1. Choice Criteria

The Topics proposed below take into account the information requirements expressed in the premise, the current technological development of the sector considered, and the need for obtaining results already in short-range and medium-range terms.

1.4.2. Proposed Research Topics

T.UA.1. Definition of energy requirements of the system consisting of agriculture and various consumption items in terms of time and space, for a production study and for the determination of energy sources.

St. 1--In agricultural establishments (A);
St. 2--In transformation processes (see also UI Chapter 3, Part IV) (A);
St. 3--In sales (A);
St. 4--In conservation (A).

T.UA.2. Quantitative expression of energy savings which can be achieved in the agriculture-consumption system and identification of subsystems with improved product-consumption ratio (experimentation).

St. 1--In agricultural establishments (A);
St. 2--In transformation processes (see also UI, Chapter 3, Part IV) (A);
St. 3--In sales (A);
St. 4--In conservation (A);
St. 5--Genetic and physiological improvement (B--A).

T.UA.3. Definition and optimization of integrated systems in the service of agriculture and the rural sector (A--S).

1.5. Expenditure Estimates

The expenditure estimates, broken down by topics, are given in Table UA. They amount to a total of 15 billion lire.

We propose a distribution among public spending and industrial spending equivalent to 2/3 and 1/3.

Table UA. Compilation of Proposed Research Topics in "Agriculture and Livestock" Sector (UA) and Pertinent Expenditures Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.UA.1	Definition of Energy requirements		1.5
ST.1-UA.1	In agricultural establishments	A	
ST.2-UA.1	In transformation processes	A	
ST.3-UA.1	In sales	A	
ST.4-UA.1	In conservation	A	
T.UA.2	Quantitative expression of attainable energy savings (experimentation)		10
ST.1-UA.2	In agricultural establishments	A	
ST.2-UA.2	In transformation processes	A	
ST.3-UA.2	In sales	A	
ST.4-UA.2	In conservation	A	
ST.5-UA.2	Genetic and physiological improvement	B--A	
T.UA.3	Definition and optimization of integrated systems	A--S	3.5
	Grand Total		15

1.6. Responsibility

It is believed that the CNR should be responsible for coordinating these research activities.

Chapter 2. Civilian Uses and Housing Construction (UC)

2.1. Premise

The PEN provides a saving of 5.0 Mtep for the decade 1981-1990 in the final consumption of energy in the form of low-temperature heat, 1.2 Mtep for medium-temperature heat, 3.3 Mtep for high-temperature heat. Furthermore, 2.1 Mtep in savings are planned for necessary electric energy consumption. The first of these objectives primarily involves housing construction, the second and third primarily involves industry, while the last one is distributed among industry and civilian consumption (in other words, once again housing).

This involves a grand total of 15.1 Mtep, equivalent to 20 Mtep from primary sources; this is certainly not a negligible objective and it does require significant supportive research activities.

In this chapter we will also consider industrial buildings.

2.2. State of the Art

2.1.1 Principal Operators

Right now, the promotion, financing, and coordination of research in this sector are the responsibility of the CNR which has been working through the PFE, in

cooperation with the university institutes, the government economic agencies (ENEL), industrial establishments with state participation (ENI, IRI) and industry establishments with private capital (FIAT, Zanussi, Montedison, etc.).

2.2.2. Activities in Progress

Research in progress, carried out within the PFE of the CNR, involves the following:

Experimental and numerical research on existing building systems;

Statistical surveys on the thermal situation regarding building heat in Italy;

Experimental research on energy savings in plants for the production of hot water;

Research on methodologies of calculation and simulation for newly constructed buildings;

Weather data processing;

Research on components;

Research on the construction process.

2.3. International Trend

The international trends in the sector are difficult to summarize in view of the multiplicity of points involved and the programs.

We may however note that, on the level of the IAEA, a series of implementation agreements is now in progress and these are rather indicative in this connection. They involve the energy analysis of residential and commercial buildings, energy measures involving commercial buildings, studies on ventilation, research on heat pumps, plan for new residential systems, and checking out pilot solutions.

In addition to the points already mentioned, particular importance is being assigned in the EEC countries to research on new insulation techniques and materials, the development of high-yield boilers, the combined production of electric energy and heat on a small scale.

2.4. RS & D Development Lines

2.4.1. Choice Criteria

In spelling out the priority research and development lines, consideration was given to the already mentioned objectives stated in the PEN.

However, since research and development activities are destined to influence energy policies beyond this decade, the objective of a further energy savings of 8-10 Mtep Mtep/yr by the end of the century was considered quite realistic. Such an objective calls for further reductions in Italy's annual foreign-exchange outgo which comes to 2-2.5 trillion lire (at current crude costs) and even greater savings for the final user.

In this field, investments are very heavy while savings materialize only during a certain portion of the year so that the economic return is slow. Research activities therefore are essential in order better to identify the current solutions under the various conditions of typology and weather, as well as of course for the development of technologies, which are most promising from the economic angle.

The research efforts must be accompanied by a sustained program of incentives for the diffusion of already ripe solutions, including the investments provided for in the PEN.

2.4.2. Proposed Research Topics

T.UC.1. Energy savings in buildings (residential and tertiary sector).

St. 1--Energy analysis of construction and management process involved in buildings (A),
St. 2--Characteristics of newly-designed buildings,
St. 2/1 -- Passive architecture (A--S--D),
St. 2/2--Plants (A--S--D),
St. 2/3--Regulation and control systems (A--S);
St. 3--Energy restoration of existing buildings,
St. 3/1--External and internal insulation (A),
St. 3/2--Conventional and unconventional systems (A),
St. 3/3--Regulation and control systems (A);
St. 4--Systems and instruments for capillary management of energy (A);
St. 5--Lighting technology studies (A);
St. 6--Holding electric energy consumption down (lighting and electrical household appliances) (A);
St. 7--Infiltration, air exchange, and mechanical ventilation (B--A);
St. 8--Development of advanced plant components (A--S).

T.UC.2. Energy savings in industrial buildings.

St. 1--Energy analysis of building construction and management process (A);
St. 2--Development of building insulation technologies and components (S);
St. 3--Energy optimization of systems combining building and air conditioning plants (A).

2.5. Expenditure Estimates

The expenditures estimated for this sector come to 250 billion lire and are shown in detail in Table UC.

The industrial contribution will be limited substantially and will not be more than 10 percent.

2.6. Responsibility and Special Steps

Considering the recent resolution of the CIPE on the role of the CNEN and the experience acquired by the CNR within the PFE, the responsibility for research efforts should be assigned to the two agencies with the following subdivision:

Applied research under the responsibility of the CNR;

Development research and demonstration under the responsibility of the CNEN.

The CNR will mostly have to use the competence developed in the universities and its own research agencies; the CNEN will have to use mostly contributions for the industrial establishments in the sector, from the public structures involved (IACP), from builders and from housing construction cooperatives, of course in addition to its own.

The task of providing the link between field activities and the CER [Residential Housing Construction Committee] is to be handled, by law, by the CNR regarding standards. The allocation of funds provided for under Law 457 is considered a priority matter although it is within the industrial requests included here.

Finally, as we noted in Chapter 1, Part III, it is necessary to boost the existing services and possibly to create new ones for the handling of data banks.

Table UC. Compilation of Proposed Research Topics in the Sector of "Civilian Uses and Housing" (UC) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics, Actions	Type of Research	Expenditure
T.UC.1	Energy savings in buildings (residential and tertiary)		200
ST.1-UC.1	Energy analysis of construction and management process	A	
ST.2-UC.1	Newly-designed buildings		
ST.2/1-UC.1	Passive architecture	A--S--D	
ST.2/2-UC.1	Systems [plants]	A--S--D	
ST.2/3-UC.1	Regulation and control systems	A--S	
ST.3-U.1	Existing buildings		
ST.3/1-UC.1	Insulation	A	
ST.3/2-UC.1	Plants	A	
ST.3/3-UC.1	Regulation and control systems	A	
ST.4-UC.1	Capillary management systems and instruments	A	
ST.5-U.1	Lighting technique studies	A	
ST.6-UC.1	Holding electric power consumption down	A	
ST.7-UC.1	Infiltration, etc.	B--A	
ST.8-UC.1	Development of advanced plant components	A--S	
T.UC.2	Energy savings in buildings (industry)		50
ST.1-UC.2	Energy analysis of construction and management process	A	
ST.2-UC.2	Development of insulation technologies	S	
ST.3-UC.2	Optimization of building-plant systems	A	
	Grand total		250

Chapter 3. Industrial Uses (UI)

3.1. Premise

As we reported in the preceding chapter, the share of energy savings, which the PEN hopes to get from industry, is something like 1 Mtep, equivalent to about 50 percent of the total.

In this sector, efforts undertaken can produce considerable results in a shorter time than in connection with the other civilian uses but the variety of aspects of the problem initially means that RS & D activities must be very well developed and must be considerably differentiated in relation to the various industrial typologies.

3.2. State of the Art

3.2.1. Principal Operators

During the 5-year period of 1976-1980, the CNR operated in this field in a rather limited manner (PFE) with the cooperation of public and private industry.

3.2.2. Activities in Progress

Studies were conducted within the PFE of the CNR pertaining to the rationalization of some production processes with the cooperation of domestic industry (FIAT engineering, FIAT Research Center, Ansaldo, AMN).

The expenditure commitment never exceeded several hundreds of millions per year.

Other CNR activities that can be included in an industrial rationalization program involve heat pumps and combustion processes.

The CNEN only recently launched specific activities in the energy savings sector in industry through two main lines:

Diffusion of techniques already ripe in medium and small enterprises, training of energy experts, energy surveys, demonstration efforts;

Development of savings technologies in the industrial sector through new products and/or the adaptation of existing ones to the various types of uses.

The development sectors include the following: joint generation on a small and medium scale, heat pumps for various applications, recovery of process fluids, low energy consumption processes.

It should be noted in each case that research efforts have already been pursued autonomously by industrial establishments especially in the "intensive energy" sector. The diffusion of applications was slowed down by the shortage of funds for this specific service.

3.3. International Trends

On an international scale likewise, activities in this field reveal rather serious delays, as pointed out on repeated occasions also in official reports, for example, the annual reports of the IEA.

On the other hand, it is difficult to survey and correctly group activities which often are involved in the normal routine of industrial innovation. Within these limitations we can say that, in the EEC countries, the prevailing activities involve the analytical study of energy flow, heat exchange, heat generation (high-yield boilers), optimization of processes, and development of new production processes.

3.4. RS & D Development Lines

3.4.1. Choice Criteria

In spelling out the priority research directions, we based ourselves on the objectives furnished by the PEN and on the realization that, by 1990, we would have to achieve an energy saving in industry on the order of 10 Mtep/yr. This would make it possible to save something like 2.3 trillion lire per year at 1981 prices and it would make Italian industry and products competitive; this is necessary to preserve and improve Italy's position within the international division of labor setup. Moreover in this sector, the return on investments is fast; hence, the possibilities of applying research results is great, considering higher utilization factors when compared to those we get in connection with other uses, plus an increased inclination toward deciding upon new investments with a deferred return on the basis of cost-benefit studies.

3.4.2. Research Topics Proposed

T.UI.1. Experimentation activities in the field of information and training, initially in support of small and medium industry.

St. 1--Perfection of methodologies for energy review (energy audits) (A);

St. 2--Analytical studies on energy balance sheets and flow in production processes (A).

T.UI.2. Survey activities pertaining to innovative processes and/or technologies and/or modifications of existing methods in high energy intensity sectors (metallurgy, chemistry, steel industry, cement industry, paper and cardboard industry, food industry, etc.).

St. 1--New Processes and/or technologies,
St. 1/1--Heavy fraction ethylene (A--S),
St. 1/2--Improvement of electrolytic processes (S),
St. 1/3--Combination of endothermal and exothermal processes (A--S);

St. 2--Modification of existing methods (A--S);

St. 3--Reduction of materials in products (A--S);
St. 4--Products oriented toward recycling (A);

T.UI.3. R & D activities on subsystems and components.

St. 1--Recovery exchangers (A);
St. 2--Automation of processes (A);
St. 3--Recovery with organic fluids (A--S);
St. 4--Industrial heat pump (A--S);
St. 5--Industrial joint generation systems (A--S);
St. 6--Low-consumption components (A--S);
St. 7--Study of correlation between energy consumption, microclimate, and quality of work environment (A).

T.UI.4. Analysis of economic and organizational consequences of various types of action on national level (A).

3.5. Expenditure Estimates

Regarding the activity areas essentially earmarked for sectors where the energy intensity is not high and where we are dealing with a situation of generalized use, we will need 200 billions.

For specific processes of industries with high energy intensity we estimate 200 billions for the initial effort compatible with the objectives of the PNRE; but they will be examined in the individual sector plans for the industrial compartments involved (metallurgy, chemistry, steel, etc.). Some special actions however may be evaluated in the context of ad-hoc programs (Law 675) and/or within community efforts.

Overall, the expenditure estimates come to 400 billion lire (Table U1).

3.6. Responsibility

Given the characteristics of the sector and the peculiar nature of proposed actions, we can identify the following responsibilities:

The CNR is to be responsible for applied research activities;

The CNEN is to be responsible for development and experimentation activities, with the exception of the portion pertaining to the final uses of electrical energy, for which the ENEL must be responsible;

The category association and the special agencies (IASM, FORMEZ, etc.) for the link between CNR, CNEN, INEL, and the various production situations;

The industrial groups should be responsible for activities in sectors with high energy intensity.

It is furthermore believed that it is urgent to pass the horizontal plan on energy savings provided for in Law 675 and that special research, development, and demonstration projects be identified in the context of the new measures to be taken for the South.

Finally, we must speed up the passage of Bill 6. .

Table UI. Compilation of Proposed Research Topics in "Industrial Use" Sector (UI) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.UI.1	Experimentation activities (information and production)		30
St.1-UI.1	Perfection of review [audit] methodologies	A	
St.2-UI.1	Energy balance sheets and flow	A	
T.UI.2	Innovative technology processes and/or modification of existing processes (sectors with high energy intensity)		200
St.1-UI.2	New processes and technologies		
St.1/1-UI.2	Heavy fraction ethylene	A--S	
St.1/2-UI.2	Improvements of electrolytic processes	S	
St.1/3-UI.2	Combination of endothermal and exothermal processes	A--S	
St.2-UI.2	Modification of existing methods	A--S	
St.3-UI.2	Reduction of materials	A	
St.4-UI.2	Products aimed at recycling	A	
T.UI.3	R & D activities on subsystems and components		160
St.1-UI.3	Recovery exchangers	A	
St.2-UI.3	Process automation	A	
St.3-UI.3	Recovery with organic fluids	A--S	
St.4-UI.3	Industrial heat pumps	A--S	
St.5-UI.3	Industrial joint generation systems	A--S	
St.6-UI.3	Low-consumption components	A--S	
St.7-UI.3	Correlation between consumption, microclimate, and environmental quality	A	
T.UI.4	Analysis of economic and organizational consequences	A	10
	Grand Total		400

More on Final Uses

Rome RASSEGNA PETROLIFERA in Italian 24 Jul 81 pp 606-611

[Text] Section B, Part IV. Final Uses

Chapter 4. Uses in Transportation (UT)

Note

Energy is used in a large volume in the highway, railroad, maritime and air transportation sectors. Each of these sectors represents a special problem complex quite diverse in terms of quality and quantity from the others. It is therefore necessary to take up this matter in a separate fashion for each sector.

4.2. (S). Highway Transportation

4.1. (S). Premise

Here we are going to take up the problems of research and innovation which are connected with the improvement of the highway transportation system and its continuous adaptation to the changing and unforeseeable energy conditions surrounding it. Special importance will be assigned to an examination of the entire transformation chain extending from energy deriving from primary sources (petroleum and alternate sources) all the way to the wheels of vehicles on highways.

Furthermore, since energy consumption in the use of transportation equipment is far greater than consumption connected with the manufacturing process, greater emphasis was given to research topics concerned with the design of vehicles themselves, rather than the accessories and the production methods; among the latter we essentially took up problems of adaptation to the new requirements which will come up over the next several years as a direct consequence of innovations in the product itself in terms of alternate materials utilization.

4.2. (S). State of the Art

4.2.1. (S). Principal Operators

The major portion of research activities conducted in Italy has been involving and is involving the huge industrial complexes of the FIAT, Alfa Romeo, and ENI groups, etc. These have been using and still are using the cooperation of university research facilities, both domestic (CNPM in Milan, the Motor Institute of Naples, the polytechnical schools of Milan and Turin, the CSM, etc.), and foreign ones. Although limited to some research topics, cooperation between industry and the universities was considerably increased under the PFE of the CNR which, among other things, had the job of preparing a census of human resources and equipment available today in Italy for this research area.

Research groups made up of several companies have also been working, although with some difficulty, above all in the fuel fields (FEEMAS), sometimes in conjunction with similar groups consisting of international members.

In the tire field, considerable activities are underway on the international level through Pirelli. In the Turin area we have many scientific and technological centers under important companies (Pininfarina, Italdesign, SIRP, RTM, etc.); they normally develop projects on a commission basis for the big industrial enterprises, including foreign ones. Just recently, study groups were set up to work on vehicles, industrial establishments, and companies of various origin, such as Ansaldo, ENEL, etc., in conjunction with new research topics on alternate propulsion systems (electrical and hybrid).

It should be noted however that the basic technologies involved in the vehicle sector are extremely numerous and also varied widely among each other since there are many different subsystems and components making up a vehicle (car, bus, industrial vehicles); this is why research activities related to this technology are distributed over numerous industrial establishments which, together, constitute a fundamental element for the development and competitiveness of the vehicle sector.

Recently, the regional and national entities charged with preparing systems for the highway infrastructure on the territory of the country have gone into research activities in cooperation with the research institutes of the CNR and the industrial establishments in order to tackle the problem of mobility above all in the urban areas, exploring improvement solutions both in terms of viability plans and through the utilization of systems for traffic control.

4.2.2. (S). Activities in Progress

Let us present a summary listing of research projects in progress in the principal automotive vehicle industry establishments and let us group them by technological directions. The need for all of them to be competitive on a market of international dimensions which is in a process of rapid homogenization necessitates the adoption of research lines which are very similar to each other.

The main topic groups can be subdivided as follows:

(a) Engine propulsion system

Reduction in fuel consumption and chemical and noise pollution through redesign of current engines and transmissions without making any major modifications in the production equipment (for example, shape of combustion chamber, electronic control of combustion, improvement of organic yield from lubricants, etc.);

Basic studies on new internal reciprocating combustion engines and diesel engines to spell out their maximum yields and their adaptability to alternate fuels (combustion model making, experimental tests also on entire vehicle fleets);

Practical application studies on supercharging, particularly for diesel engines, to increase the power density and the output together with an effort to hold consumption down and to reduce gaseous and noise pollution;

Development of modular engines with dividing up of active cylinders as a function of the vehicle's gear speed requirements.

Basic study on continuing feats with possibility of electronic regulation (construction of prototypes and experimentation on small series, for example, FIAT Ritmo, etc.).

(b) Body and Components

Redesign of structure and of various subcomponents to reduce the weight, without drastic modifications in production equipment.

Practical application studies for new materials for nonstructural parts (plastic parts) and to lighten mechanical and structural members (Al and Mg alloys);

Diagnostic procedures on cars to improve active safety, comfort, and maintenance methods.

(c) Tires

Reduction of wear and tear due to rolling motion so as to improve consumption;

Productive life [tire life];

Alternate materials in mixtures to reduce energy contents in production.

(d) Alternate Propulsion Systems

Totally electrical traction for urban commercial vehicles, with batteries in vehicle and energy recovery during braking.

4.3. (S). International Trends

The automotive industry and particularly the auto industry as such quite some time ago took such dimensions that it could pursue its strategy lines only in an international context. As a matter of fact, for industries of such dimensions, it is no longer conceivable to operate both technologically and economically in an exclusively national framework.

For quite some time now therefore engineers have been comparing their own research lines in the international field (congresses, research agreements, etc.). The same thing was not done with respect to economic policy and standardization pursuits, with subsequently negative effects on the competitiveness of Italian industry which had to operate in a social economic context that was less favorable than that in the industrially more advanced countries.

The international trends in this sector, regarding technology, coincide with the research directions spelled out in Italy since they are drafted together and in synchronism.

In comparison to other industrialized countries we must however consider the dimension of financial resources devoted to the research and development program and the action time frame for such programs. As a matter of fact, compared to the tremendous subsidies which the governments of the United States, Japan, France, and

Germany have for a number of years been giving to industries in this sector (which here is viewed in terms of all of its aspects, such as vehicles, components, materials, fuels, etc.), along action lines aimed at increasing their competitiveness and hence defending an industrial sector of fundamental importance, similar initiatives in Italy in the past were modest and the premises for launching major and incisive efforts were created only recently.

Starting therefore with the observation of a certain delay on the part of the public operator and considering that it will be difficult in Italy to attain financial intervention levels comparable to those of the more advanced countries, it appears inevitable that we must concentrate our research and development efforts on a limited number of activity fields which for the most part will be centering around the vehicle itself (design and processes plus production technologies).

Taking into account all of this, it will be necessary to finance the R & D programs on a priority basis with a view to the innovation of the vehicle and its components, as well as the connected technologies and processes, in order to develop all of the competence necessary in the domestic industry so as to design and build new vehicles with competitive features.

4.4. (S). RS & D Development Lines

4.4.1. (S). Choice Criteria

To define the research topics and their priorities we must consider the many factors which influence the automotive vehicle industry in relation to the energy crisis which began in 1973 and as a consequence of the difficulties on the world market which is affected by saturation phenomena in the industrialized countries, phenomena which are not sufficiently compensated by the increase in the demand of the developing countries.

We can substantially indicate the following points as being the most important in channeling research activities since they summarize the requirements connected with the foreseeable technical evolution and since they spring from market requirements:

Energy consumption of vehicles and, in long-range terms, their adjustment to possible alternate energy sources;

Utilization of materials other than those currently used to reduce energy consumption (that is, transformation energy and energy used in means of transportation, including the reduction in the weight) and/or for ecological and supply reasons;

Need to get into the production process as such for technical reasons to promote adjustment to the development of the product as such and to hold down and/or reduce production costs, at the same time, in a compatible manner, keeping up with the growing requirements aimed at promoting a change in the work environment to be pursued also through the adjustment of professional standards and skills to the changed and more complex working conditions;

Ever more widespread adoption of laws to control the complex phenomena of pollution and to improve the quality of life above all in metropolitan areas.

It follows from this that, on the basis of the points mentioned above and for the considerations stated in the preceding point, the research lines along which our resources should be channeled will have to be oriented toward the development of competence and capacities connected with "integrated planning" of the vehicle as a whole, in other words, as a system, as well as its components, and the perfection of related production technologies. It will therefore be a good idea to push the commitment toward activities of a system type, at the same time concerning ourselves with promoting the training of highly skilled personnel to the maximum degree.

4.4.2. (S). Research Topics

T.UT. (S).1. Reduction in vehicle consumption.
St.1.--Reduction in weight (A);
St. 2--Improvement in overall engine output (A);
St. 3--Optimized fuels (A);
St. 4--Improvement in engine transmission (A);
St. 5--Improvement in mechanical yield and reduction in motion resistance (A);
St. 6--Proportioning the vehicle system and its parts (A).

T.UT. (S).2. New types of thermal engines supplied with alternate fuels.
St. 1--Innovative fuels (A);
St. 2--Studies on combustion processes and on thermodynamic cycles (B--A);
St. 3--Innovative motors and electronic control (S).

T.UT. (S).3. New materials for automotive vehicles (lighter weight).
St. 1--New metallic materials for structural elements (design and production) (A);
St. 2--New reinforced plastic materials (design and production) (A);
St. 3--Materials for high temperatures (B--A).

T.UT. (S).4. Development of electrical highway traction.
St. 1--Electrical vehicles for commercial urban use (S);
St. 2--New bimodal vehicles (thermal traction and electrical traction) for urban and suburban use (S);
St. 3--New transportation systems (A);
St. 4--New batteries (A).

T.UT. (S).5. Development of information science and infrastructure.
St. 1--Reduction in mobility needs (A);
St. 2--Traffic control (A).

4.5. (S). Expenditure Estimates

The expenditure estimates, detailed by topics, are given in Table UT (S) [please see last installment].

They amount to a total of 270 billion lire. The public financing share is about 65 percent.

4.6 (S). Responsibility and Special Measures

The program outlined in the preceding point represents a rather respectable objective.

In particular, recent activities carried out within the Final Project of the CNR on Energy and Transportation and those pertaining to feasibility studies prepared in relation to other public funding to finance RS [Research and Development] (IMI [Italian Credit Institute], EEC) evidenced the existence of a certain shortage of funds available today in Italy for research on highway transportation, both in industry and in the university institutes.

In summary, there are few researchers who are prepared for this kind of research work, especially not in coordination with activities to be carried out in several specialized laboratories; the available equipment is also modest particularly regarding the university institutes.

The universities furthermore do not seem to be able in a short time to train new researchers who most often require long periods of training in industry before they can get into real research activities.

Right now, only industry has the kind of knowledge needed to define the present situation and the best research lines of the future and this is also due to the international dimensions that characterizes the "automotive vehicle" as a product.

A distribution of responsibilities for the implementation of programs outlined in keeping with the current situation of technical and scientific competence therefore would look something like this:

Research projects pertaining to engine and vehicle prototypes would have to be assigned to industry establishments as the main contractors; the various research institutes and universities could participate in this work as subcontractors;

Research projects relative to medium-term basic scientific exploration should be agreed upon between the CNR, industry, the university and research institutes, and should be assigned to the latter as main contractors.

At the same time the following actions appear necessary:

Preparation of an "ad-hoc" plan to improve research equipment, especially for medium-range basic research, at the university institutes;

Definition of a policy to recruit new personnel, including the recall to Italy of skilled researchers and the training of new human resources, both in the university institutes and among industry; it would be necessary to study timely incentives both on the professional level and on the economic level;

Promotion of a certain degree of research personnel mobility between industry and the universities to promote the right kind of exchange of professional experience;

Giving personnel with a high scientific level, who came up through the ranks in the factories and universities, an opportunity for cross-training; the award of such titles as "outside consultant" to university professors and "acting professor" to managers from industry or some such titles could for example be a part of the training effort not only during the last years of academic education but also during post-graduate specialized training courses;

Promotion and support for the establishment of research centers also in small dimensions with the participation of foreign organizations in order to establish centers of exchange on an international level in Italy; these centers should be the place most suited for periodic international congresses, for seminars presenting reports on special research areas of specific interest.

4. (F). Railroad Transportation

4.1.(F). Premise

The following considerations concern railroad transportation, both long-distance and suburban or metropolitan, with particular emphasis on electric traction.

This orientation is justified by the fact that, in the railroad transportation field managed by the State Railroads, about 92 percent of the passenger and freight traffic volume is moved by electrical traction and the same can be said about the rail networks operated on a concession basis.

On the other hand, the transportation sector consumes 17 percent of the primary consumption volume (1979 data) and of that figure only 4 percent (in other words, 0.68 percent of the total consumption volume) consist of consumption for railroad transportation as a whole (electrical operation, diesel, and steam).

4.2. (F). State of the Art

4.2.1. (F). Principal Operators

(a) Executive Agencies

In addition to the State Railroads we must consider some of the electrified communal transportation companies and railroads operated on a concession basis.

(b) Railroad Equipment Builders and Other Outfits

Ministry of Transportation (FS [State Railroads] Company, material and fraction service, electrical plant service, experimental institute);

EFIM [Manufacturing Industry Holding and Financial Company]-BREDA Railroads, composite materials center, Augusta Group, Light Metal Institute (Alumental) concerning technologies involved in the use of light alloys and composite materials;

FIAT Research Center;

FIAT, products sectors and railroad systems;

ANSALDO Grouping concerning on-board propulsion equipment and auxiliary services; electrification and power supply plants for contact lines; signal systems, control systems, traffic automation and optimization;

Ercole Marelli and Tecnomasio Italiano Brown Boveri, above all for on-board equipment;

CSST (Transportation Systems Study Center), Rome;

CESIT (Mass Transportation Systems Study and Research Center), Naples.

To these operators we must finally add some university institutes.

4.2.2. (F). Activities in Progress

Generally, the current RS & D activities in the railroad field are capable of yielding by no means negligible results in terms of holding electric energy consumption down although they are not aimed at energy savings objectives. We are talking here particularly about activities involving the following:

a. 1. Analysis and planning of transportation, control, and traffic management systems.

a. 2. Reduction of traction work through maximum reduction in weight of rolling stock and reduction in resistance to motion through the design of new types of railroad cars with aerodynamic shapes.

a. 3. Studies and practical applications aimed at energy recovery to be pursued not only in facilities currently in operation but also in those which will be put up in the future and whose objectives will be the traction system, the power supply system on the ground, and optimization of the power supply network.

The research to which point a. 1 can give rise for savings purposes already in short-range terms will produce further results in medium and long-range terms.

Studies in this sector were started by various operators. In particular, the CNR has been working in the mechanical energy recovery sector, although not specifically in the railroad field.

4.3. (F). International Trends

In the context of the effort to lighten rolling stock, the status of knowledge abroad is practically comparable to the Italian status and is aimed at the study and construction of light-alloyed structures for cars destined for the metropolitan and suburban networks and high-strength or inoxidable steel structures for the railroad cars properly speaking; this orientation can also be detected in France, Switzerland, Germany, and Great Britain. We think that the results obtained in the complete railroad car with all of the necessary equipment and accessories can be further and considerably improved.

Concerning energy recovery, this is being done on a broad scale in the single-phase electrified network, both with an industrial frequency (50 Hz) and on a railroad frequency (16-2/3 Hz); this is being done with traditional equipment and with more modern electronic equipment.

In the standardized DC network, there is no recovery, with the exception of the most recent projects (some of which are still in progress) involving subways, for example, in Sao Paulo, Rio de Janeiro, and Caracas.

In the latter case, informed engineers expect that during braking, we can recover at least 75 percent of the train's kinetic energy for braking speeds between 80 and 60 km/hr.

4.4. (F). RS & D Development Lines

4.4.1. (F). Choice Criteria

The trend in the international field toward growing attention to more efficient use of energy in the railroad sector makes it appear to be a good idea in Italy likewise to launch research programs aimed in that direction.

These programs however will be inserted into development programs already in progress, programs of more general significance and essentially aimed at enabling Italian industry to reach the quality levels already attained in other countries.

This requirement is particularly strongly felt in the current situation where we are witnessing a revival of wheeled transportation on an international scale which, among other things, opens up export prospects of considerable interest to Italian industry.

Concerning the repercusions which the energy research lines proposed here can have on energy consumption in Italy, it must be kept in mind that consumption in the railroad transportation sector represents only 0.68 percent of the total consumption volume nationwide.

Consequently, energy savings, which would also be noticeable in this sector, can have little effect on holding the country's total consumption down.

In spite of this, the research proposals advanced here appear to be worthwhile also from the angle of energy savings since the savings objectives, which seem possible in this way, are certainly not negligible in terms of absolute values.

4. (A). Air Transport

4.1. (A). Premise

The following concerns activities in the aviation field which have the effect of holding energy consumption in the air transport system down.

More specifically, the activities--in addition to the improvement energy efficiency in air transport equipment--also involve the optimization of management aspects

for airport infrastructure facilities and line services since in this way it is believed that we can achieve by no means negligible energy savings.

On the other hand we did not consider the R & D activities pertaining to the introduction--into the infrastructure facilities and into airport establishments as such --of low energy consumption design solutions, nor did we consider systems which use renewable energy because they more properly concern research areas covered under other chapters in this PNRE.

It must also be noted that we did not take into consideration those R & D activities which spring from and are justified within the specific area of military programs in view of the significance and different approach which energy problems assume and require in the military field.

4.2. (A). State of the Art

4.2.1. (A). Principal Operators

Research activities, both basic and applied, are being carried out in Italy by a complex of centers, institutes, and laboratories under the CNR, the Defense Ministry, the universities and the major public and private companies operating in this field. Italy on the other hand does not have a research agency whose functions and activities can be compared to those in countries that have a significant aviation industry and that have public research centers or centers supported by public capital (such as NASA in the United States, RAE in Great Britain, ONERA [National Office for Aerospace Studies and Research], and NLR in Holland).

Investments for research--which are not easily identifiable in overall terms because of the way they are scattered--are being made essentially by the CNR, the Defense Ministry, and the public and private companies operating in this field (Aeritalia, EFIM-August Group, Alfa Romeo, FIAT AVIO, AVIO, etc.).

Concerning personnel employed in research activities, excluding the Italian Air Force and taking into account only personnel employed by government agencies and by public and private companies, we estimate that the figure comes to around 4,000 persons.

In the field of research and studies dealing with aspects of a management and organizational character for the air transport system, we not only have the Ministry of Transportation and the Ministry of Defense but also Alitalia concerning the optimization of air transport services, and the airport management companies (Italaeroport and SEA). Various other scientific establishments are operating in support of this effort mostly on the university level and scattered throughout Italy.

4.2.2. (A). Activities in Progress

In an initial analysis we can essentially identify the following research areas:

(1) Management aspects on the infrastructure and service level, both on the ground and in flight. This first research area can be broken down into the following topics:

(a) Airport infrastructure, which here means movement areas (runways, taxiways and parking areas, aprons); infrastructure facilities for internal services within the particular air facility as well as those used for passenger and freight traffic.

(b) Planning of flight services, in other words, the establishment of an organizational structure for in-flight services permitting the optimum adjustment of the transportation demand to the supply with the subsequent improvement of aircraft utilization coefficients. This topic interacts with the airport infrastructure components and with the facilities and procedures for in-flight assistance [flight safety, flight control], as well as the configuration of the airport network as a whole in conjunction with the territory as such.

The procedure for optimizing services on the various national and international levels furthermore involves all of the production factors engaged in the development of services, such as equipment, personnel, and production organization as well as the structure of the airport network.

(II) Industrial Aspects

This area essentially involves those research topics which can deal with aircraft in their various structural components, such as materials used, engines, components and systems, fuel, as well as aircraft design aspects as such.

It must as a matter of fact constantly be kept in mind that there is a need for shifting the country's production efforts toward products with a more advanced technological content while at this time Italian exports center around traditional products which are quickly rendered noncompetitive due to manpower costs.

In pursuing the objectives necessarily springing from the energy crisis, the aviation industry can carry out a technology promotion effort thus producing a fallout for other industries (transportation in general, electronics, materials, etc.).

Research in this area is not only required in the light of the energy crisis but is also necessary to be able to participate in international cooperation which can satisfy a market such as the aviation industry market (aircraft, engines, and equipment).

4.3. (A). International Tendency

The increase in petroleum prices had a major impact on the process of aircraft development for civilian uses.

Civil aviation as a matter of fact over the next several years will be facing ever greater difficulties in terms of costs and difficulties in terms of fuel supply also do to the fact that fuel of petroleum origin will continue to remain the most important fuel in the air transport sector.

This has brought about a real "reawakening of the evolution of the commercial aircraft" which had remained almost stagnant for the past several years.

This, for example, has led to the introduction, at the end of the seventies, of so-called "wide-body" aircraft which combines the better yield from the new engines with a slight reduction in cruising speed and a noticeable increase in transportation capacity.

The attention given to the aspects of energy savings involve not only the technological evolution of the aircraft as such but also of the infrastructure facilities and the organizational development of the entire air transportation system so as to prevent the loss--by a different route--of the energy efficiency gains which can be obtained from aircraft.

More specifically, with reference to the development of aircraft, the R & D activities of the major aviation industry establishments essentially involve the following areas:

Aerodynamics

Adoption of supercritical wings for high-speed subsonic aircraft;

Control of laminar flow on wing surfaces and tail assembly surfaces and adoption of increased-lift flaps (flowing and aspiration) with an efficiency improvement estimated at something like 20 percent;

Adoption, for helicopters, of blades with advanced aerodynamic profiles and improvement regarding aerodynamic resistance;

Definition and optimization of yields of various components and engines; definitions of temperature profiles in relation to materials adopted.

Materials and Systems

Use of superalloys with increases in the quality coefficient of between 5 and 15 percent;

Wide-spread use of composite materials with a plastic matrix (carbon fibers, kevlar, boron, beryllium, steel) both in secondary and primary structures, in the fixed-wing and helicopter fields, with an empty weight gain of 5-15 percent, equivalent to an energy improvement of 5-6 percent;

Improvement in characteristics of ceramic materials (synthesized silicone carbide) for turbine vane [blade] and nozzles;

Improvement of manufacturing technologies, of structural glueing, and of welding with obvious repercussions on weight reduction.

Power Plant

Modified versions of current engines, with weight and thermal output changes, in short-range terms already allow us to look forward to general improvements in energy efficiency of 10-15 percent;

Further improvements in specific consumption (5-10 percent) are expected for engines with new aerodynamic design of higher-yield components;

Improvements in efficiency are also anticipated in the turbofan area (5-10 percent) and subsonic turboprop engines (10-15 percent).

Equipment

Regarding equipment items, research in progress points to the introduction of high-pressure hydraulic starters whose operation will be triggered by electrical signals.

Use of optical fibers for transmission of signals on board, hence, with the subsequent reduction of size and weight, plus greater flight safety due to the absence of electromagnetic interference.

Radical simplification and subsequent reduction in weight, with respect to the instruments in the cockpit, deriving from the use of integrated digital avionics.

Concerning management aspects, activities are essentially aimed at better utilization of air space and optimization of airport system organization, obviously keeping in mind the fact that energy savings constitute one of the many factors involved.

4.4. (A). RS & D Development Lines

4.4.1. (A). Choice Criteria

The research activities which are important in the aviation sector to achieve energy savings involve the following areas:

Analysis and planning of transportation, control, and traffic management systems;

Research and development of air transport equipment with lower energy consumption.

Research activities in the first area can in short-range terms be expressed in a saving in overall air transport consumption. The attainable saving involves not only the operation of the particular aircraft (reduction of waiting time after landing, improvement of in-flight procedures, etc.) but also consumption in airport systems (reduction in passenger transfer, rationalization of baggage sorting and transportation systems, etc.).

R & D activities involving aircraft instead have more long-range effects and in any case are difficult to estimate regarding the reduction in Italian consumption in this sector.

Their effect as a matter of fact is being measured in the light of what Italian industry contributes to the construction of aircraft which constitutes the nation's aircraft inventory as a whole.

It must also be kept in mind that Italian consumption figures include data on the aircraft of other nations which make stopovers in Italy while they do not include the fuel load taken on abroad by Italian aircraft.

R & D activities involving aircraft however are decisive in boosting the Italian aviation industry.

This boost is indispensable to sustain the current growth process in Italian industry and to complete its integration with the aircraft industry of the other countries through participation in common development programs for new products.

4.4.2. (A). Research Topics

T.UT.(A).1. Air traffic planning and control
St. 1--Rationalization and optimization of airport systems (A);
St. 2--Rationalization of air space use (A);
St. 3--Identification of optimum fleets and definition of maintenance procedures (A).

T.UT.(A).2. Technologies of air transport equipment
St. 1--Fluid dynamics;
St. 1/1--Vehicle (A),
St. 1/2--Engine (A);
St. 2--Use of fuels with specific additions (A);
St. 3--Materials;
St. 3/1--Weight savings with emphasis on output (A),
St. 3/2--Increase in output (A);
St. 4--Reduction in specific engine consumption (A);
St. 5--Equipment (A).

4.5. (a). Expenditure Estimates

The expenditure estimates broken down by topic are given in Table UT (A) and amount to a total of 170 billion lire.

The public research share comes to 65 percent of the total figure.

4.6. (A). Responsibility and Special Action

Concerning management activities, responsibilities will obviously be assigned to the airport management companies regarding research in area 1, to the Transportation Ministry and the Defense Ministry regarding research in 2, and to Alitalia concerning research in area 3.

The above-mentioned organizations obviously will fall back on the competence existing in the university structures and the CNR, as well as in the components and systems producing industries.

In particular we must keep in mind here the research guideline effort to be made by the government as such, also in the light of the fact that research activities must be properly tied in with the investment programs provided for in medium and long-range terms regarding the ground facilities.

We must furthermore stress the particularly important coordinating role already played by the CNR through the PFT (Final Transportation Project) and the CTA (Air Traffic Control Projects).

With reference to the latter, we must determine the advisability of establishing a second final project which can adequately develop all of the research approaches that emerged in the first one.

Regarding development activities concerning aircraft (airframe and engines), responsibility is obviously held by industry.

The development factor as a matter of fact, in the aviation field, is an essential and decisive phase in any new program since the high degree of dynamics in the aviation technology progress in any new program necessitates the introduction of innovative technologies as compared to earlier programs.

As for special actions, the establishment of the following two centers is particularly important in this connection:

The CIRA (Italian Aerospace Research Center),
The CSFT (Turbomachine Fluid Dynamics Experimental Center).

The objective of the CIRA is essentially to contribute to enable the Italian aerospace industry, during a reasonable interval of time, to achieve operational parity as compared to the other European aerospace countries.

Investments on the order of 100 billions are estimated for the center, to be made over a span of 6 years, and 400 persons are to be assigned to the center's staff.

The 20 July 1979 CIPE resolution concerning the special applied research project in the South called for an allocation of 40 billions for this center to cover the first 3-year phase of the program for the establishment of the structure and for personnel training.

Maritime Transportation Policies and Plans

Rome RASSEGNA PETROLIFERA in Italian 4 Sep 81 pp 650-656

[Text] 4. (N). Maritime Transport

4.1 (N). Premise

The "energy" topic is of particular importance to maritime transportation; 60 percent of the ship operating costs (excluding depreciation and financing expenditures) consist of fuel.

The shipbuilding industry, which builds engines and even more so the outfitters, therefore studied and in part implemented procedures aimed at saving energy.

Some of these procedures call for considerable technical-scientific progress and experimentation with new design and technological solutions which will be spelled out in the passages below.

To present a clear estimate of the cost-benefit ratios connected with energy research and development activities applied to maritime transportation, we must

consider two different aspects: energy consumption in the sector and the shipbuilding market.

The improvement in the ship's energy output can become a worthwhile element in support of the commercial efforts of the Italian shipbuilding industry which, as we know, has for years been operating in a very unfavorable international situation.

In particular, regarding energy consumption in this sector, we must keep in mind that maritime transport presents some evident intrinsic supranatural "vocation": while vessels flying the flags of other countries arrive and depart Italian ports, Italian ships, for third parties, sail along lines which do not touch any Italian port and bunker storage is not subjected to any restrictions or compensation agreements. With reference to the Italian situation alone, therefore, it is difficult to figure out how energy consumption figures for maritime shipments are to be spelled out and, regardless of the definition, an estimate here is extremely complicated.

Considering the fuel that is annually used in Italy to resupply merchant vessels, independently of their flag, and assuming that there were "implicit compensation" we can say, in a first approximation, that consumption for maritime shipments involving the country by way of guidance would account for something 0.5-0.6 Mtep or 0.4 percent of the national consumption, out of the total national energy consumption volume.

4.2. (N). State of the Art

4.2.1. (N). Principal Operators

Practically all competence in the matter of shipbuilding is concentrated in the IRI-Fincantieri Group through its operational companies, Italcantieri and Cantieri Navali Riuniti for the maritime portion and Grandi Motori Trieste for engines.

In the Fincantieri Group we also have CATENA (Naval Engineering Study Center). And then we have various institutes and groups in the CNR.

4.2.2. (N). Activities in Progress

The parameters which most directly influence the energy efficiency of ship propulsion can be broken down into three major areas: speed, hull and screw, and power plants [engines].

It is known that the operating speed has a considerable effect on fuel consumption; it has been the subject of initial efforts as the cost of bunker oil went up; there are somewhat extensive studies which--taking into account the various elements involved in the formation of costs in relation to speed--take up the problem of reducing it so as to minimize the overall operating costs.

The problem of improving the hull's efficiency in general is not new and significant results were achieved over the past decades in this field; here it might suffice to recall the wide use, in the most recent construction projects, of bow bulges, of hulls with semi-casings, and of large-diameter screws.

Finally we must recall the influence, on consumption, of the roughness of the hull; if we have the dimension of a hull we can say that, for a ship which is "well-defined" in surface terms (average roughness still around 100 mu), an increase of 10 mu in the roughness requires an increase in the power output of something like 1 percent to maintain the same speed. Considering this fact and the higher fuel cost, careening today is frequently done higher than in the past and so-called "self-polishing" varnishes have recently been developed and placed on the market.

The merchant ship engine situation now is dominated by the diesel engine and to explain this widespread use it suffices to recall the low specific consumption and the modest variability in this broad range of engine power.

The ship diesel is already today a very efficient engine; but that does not mean that there are not many studies now in progress in this connection regarding the diesel engine for other uses (especially automotive uses); there is a significant room for innovation here especially regarding the "motor-fuel-regulation" system.

4.3. (N). International Trends

The tendencies which we can detect here can essentially be broken down into two major families:

Improvements in the refinement of current technologies and design of the ship as "energy system";

Study of and experimentation with new propulsion systems.

While the first line offers interesting practical application prospects, the second one looks very problematical. One special chapter in this connection is represented by a partial return to sail propulsion, often with combined function together with the usual power plant. Progress made in calculation and electronic controls, combined with progress in the field of aerodynamics, contribute to some interesting prospects in this direction.

4.4. (N). RS & D Development Lines

4.4.1. (N). Choice Criteria

The basic choice criterion here is the protection of the competitiveness of domestic products.

4.4.2. (N). Research Topics

T.UT.(N).1. Engines
St. 1--Optimization as a function of reduced speeds (A--S);
St. 2--Use of pure fuels (A);
St. 3--Improvement in efficiency (A);
St. 4--Total energy systems (A--S).

T.UT.(N).2. Hulls more responsive to reduced cruising speeds (A--S).

4.5. (N)). Expenditure Estimates

The expenditure estimates broken down by topics are given in Table UT (N) and amount to a total of 12 billion lire.

The public research share comes to 50 percent of the total.

4.6. (N). Responsibility

Development activities are the responsibility of the shipbuilding industry which will avail itself of the existing scientific knowledge in the public research agencies.

Basic and applied research activities on the other hand can be coordinated and guided by the CNR in the manner now worked out in the final projects.

Table UT (S). Compilation of Research Topics Proposed in the Sector of "Uses in Transportation--Highway Transportation" (UT (S)) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.UT (S).1	Reduction of vehicle consumption		47
ST.1-UT (S).1	Weight reduction	A	
ST.2-UT (S).1	Improvement in overall engine output	A	
ST.3-UT (S).1	Optimized fuels	A	
ST.4-UT (S).1	Engine transmission improvement	A	
ST.5-UT (S).1	Movement resistance improvement	A	
ST.6-UT (S).1	Proportioning of system and parts	A	
T.UT (S).2	New types of thermal engines	55	
ST.1-UT (S).2	Innovative fuels	A	
ST.2-UT (S).2	Studies on combustion processes	B—A	
ST.3-UT (S).2	Innovative engines	S	
T.UT (S).3	New materials		114
ST.1-UT (S).3	Metallic	A	
ST.2-UT (S).3	Plastic	A	
ST.3-UT (S).3	For high temperatures	B--A	
T.UT (S).4	Electrical traction development		50
ST.1-UT (S).4	Electrical vehicles	S	
ST.2-UT (S).4	Bimodal vehicles	S	
ST.3-UT (S).4	New transportation systems	A	
ST.4-UT (S).4	New batteries	A	
T.UT (S).5	Information and infrastructure development		4
ST.1-UT (S).5	Reduction of mobility needs	A	
ST.2-UT (S).%	Traffic control	A	
	Grand Total		270

Table UT (F). Compilation of Research Topics in Sector of "Uses in Transportation--Railroad Transportation" (UT (F)) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.UT (F).1	Transportation system analysis		8
ST.1-UT (F).1	Transportation system analysis, planning, and management methodologies	A	
ST.2-UT (F).1	Railroad junction traffic control and management systems optimizations	A--S	
T.UT (F).2	Possibility of lightening vehicles		7
ST.1-UT (F).2	Optimization studies	A	
ST.2-UT (F).2	Prototype construction and experimentation	A	
T.UT (F).3	Traction work reduction	A	3
T.UT. (F).4	Electronic starting devices		10
ST.1-UT (F).4	Studies on supply systems		
ST.2-UT (F).4	Electronic equipment analysis for energy recovery	A	
ST.3-UT (F).4	Existing equipment transformation	A	
	Grand Total		29

Table UT (A). Compilation of Research Topics Proposed in Sector of "Uses in Transportation--Air Transport" (UT (A)) and Pertinent Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.UT (A).1	Air traffic planning and control		10
ST.1-UT (A).1	Airport system	A	
ST.2-UT (A).1	Air space	A	
ST.3-UT (A).1	Optimum fleets	A	
T.UT (A).2	Equipment technologies		90
ST.1-UT (A).2	Fluid dynamics		
ST.1/1-UT (A).2	Craft	A	
ST.1/2-UT (A).2	Engine	A	
ST.2-UT (A).2	Fuels with specific additions	A	
ST.3-UT (A).2	Materials		
ST.3/1-UT (A).2	Weight saving	A	

[Continued from preceding page]

Code	Topics and Subtopics	Type of Research	Expenditure
ST.3/2-UT (A).2	Increased output	A	
ST.4-UT (A).2	Specific consumption reduction	A	
ST.5-UT (A).2	Equipment	A	
	Grand Total		100

Table UT (N). Compilation of Research Topics Proposed in Sector of "Uses in Transportation--Maritime Transport Output"(UT (N)) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.UT (N).1	Engine		10
ST.1-UT (N).1	Optimization due to reduced speeds	A--S	
ST.2-UT (N).1	Use of poor fuels	A	
ST.3-UT (N).1	Efficiency improvements	A	
ST.4-UT (N).1	Total-energy systems	A--S	
T.UT (N).2	Hulls more responsive to reduced cruising speeds	A--S	2
	Grand Total		12

Part IV. Final Uses

Chapter 5. Energy and Territory (UP)

5.1. Premise

The utilization of energy and the possibility of rationalizing such utilization will depend on the organization of human activities in the territory itself.

It is therefore a good idea to examine, by way of summary, the correlations existing between energy and planning for the territory as a whole.

5.2. State of the Art

5.2.1. Principal Operators

At this time, the CNR, which is availing itself of the cooperation of the university institutes, the public and private industrial establishments, and local entities, is operating in the sector.

5.2.2. Activities in Progress

The main activities in progress involve the integrated management of energy in the territory and the contribution which a knowledge of the energy system can make to correct territorial planning.

5.3. International Trends

Within the IEA, the above-mentioned topics in recent years triggered considerable interest and many countries (the United States, Germany, Greece, etc.) have launched research on the national level.

5.4. RS & D Development Lines

5.4.1. Choice Criteria

Here are the choice criteria:

Perfection of methodologies for an approach to the problem of optimizing the uses of energy in the territory, to be used by the planners;

Checking the possibilities of savings deriving from such optimization.

5.4.2. Research Topics

T.UP.1. Continuation and completion of research activities on the integrated management effort in the territory to work out an approach technology (A).

T.UP.2. Identification, systematization, and acquisition procedures concerning data necessary for the description of energy uses in the territory (A).

T.UP.3. In-depth development of contribution which the study of the energy system can make to the development of areas with limited resources; utilization of demonstration plants (A).

5.5. Expenditure Estimates

The expenditure estimates for this activity are broken down by research topics in Table UP; the total is 5 billion lire, all of which is to be taken care of through public spending.

5.6. Responsibilities

Responsibility in this sector should be assigned to the CNR and CNEN who operate in cooperation with the university institutes, specialized companies, and local agencies.

Table UP. Compilation of Research Topics in "Energy and Territory" Sector (UP) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.UP.1	Integrated management of energy in territory	A	1
T.UP.2	Identification, systematization, and procedure for data collection	A	1
T.UP.3	Areas with limited resources	A	3
	Grand Total		5

Part V. Energy Carriers

Chapter 1. Production of Electric Energy (VP)

1.1. Premise

This sector has achieved noteworthy technological maturity. But the fundamental fact remains that RS & D must be continued in order to make sure that the nation's output will be up-to-date.

1.2. State of the Art

1.2.1. Principal Operators

The principal operators in this sector are ENEL, CNR, and national industry backed by public and private capital.

1.2.2. Activities in Progress

Research on the main components of electric power plants (turbines, alternators, etc.) is generally aimed at improving efficiency and reliability.

In this field, ENEL is pursuing numerous research projects many of which are being carried out in cooperation with domestic industry.

We must in particular recall here the research project, launched by the ENEL together with Ansaldo and Tosi, with the purpose of acquiring the technologies necessary for the establishment of the low-pressure section of a steam turbine for nuclear power plants with 1,320-mm blades.

The research program, launched by ENEL in cooperation with Italian industry, concerning the superconducting alternator is a part of the new technology demonstration projects.

The purpose of this program is to obtain elements regarding the advisability of making a prototype of an alternator with superconducting rotor winding with a size on the order of several tens of Mva and to install it possibly in the ENEL grid.

Research conducted so far and the interest in these practical application undertakings were included in the final project of the CNR on "Superconductivity" for which funding was allocated.

1.3. International Tends

Since we are now dealing with consolidated technologies here, the research activities of the nation's electrical outfits are essentially aimed at improving the reliability of plants and guaranteeing environmental compatibility.

1.4. RS & D Development Lines

1.4.1. Choice Criteria

As we said earlier, research for the most part involves technologically "mature" systems and components; the objective is to improve the product and to adapt it to the special requirements of standardization and employment; for products made under license, the ideal also is to secure and incorporate the knowledge deriving from license operations so as to permit active relationships with the licensee.

The importance of this type of research generally springs from the need for the Italian industry to keep up with the technological evolution in the sector on a worldwide level and to maintain and possibly improve its competitive capability on the export market for domestic products.

1.4.2. Research Topics

T.UV.1. Steam turbines and associated cycle (A--S).
T.VP.2. Turboalternators (A--S).
T.VP.3. Gas turbines (A--S).
T.VP.4. Existing power plant regulation and control systems (S).
T.VP.5. Advanced power plants (A--S).

1.5. Expenditure Estimates

The expenditure estimates, broken down by topic, are shown in Table VP and come to a total of 40 billion lire.

The public research share comes to 60 percent of the total.

Table VP. Compilation of Research Topics Proposed in the "Electrical Energy Production" Sector (VP) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.VP.1	Steam turbines and associated cycle	A--S	15
T.VP.2	Turboalternators	A--S	10
T.VP.3	Gas turbines	A--S	5
T.VP.4	Regulation and control	S	5
T.VP.5	Advanced power plants	A--S	5
	Grand Total		40

1.6. Responsibility

This essentially involves industrial research which should mostly be handled through the ENEL and industry.

The action of the CNEN for the development of big machines for nuclear plants is particularly important here. Because of the specific nature of the operation involved here, they can be made part of industrial promotion programs for the nuclear sector.

Consideration is also being given to the action of the CNR in connection with basic research.

Part V. Energy Carriers

Chapter 2. Transportation, Storage, and Distribution of Electric Energy (VE)

2.1. Premise

(a) Transportation

Research in the field of electrical energy transmission with UHV is important in Italy above all regarding the search for solutions which would protect the environment while at the same time facilitating the construction of adequate transmission lines capable of providing maximum freedom in the placement of electric power plants.

In some countries of the world, the transmission of electric energy may be considered as an alternate source since it makes it possible to utilize energy sources so far not used because they are located very far from the consumption centers (for example, hydroelectric resources or coal).

Regarding in particular the environment, the adoption of UHV will make it possible to maximize the concentration of energy which can be transmitted in a given part of the territory.

(b) Storage

Under this heading we will consider all of the storage facilities which are suitable for successive recovery in the form of electric energy, both directly (in the case of batteries) and through mechanical energy.

Storage activities of this type, which at this time reveal possibilities of significant application, are as follows:

(a) Storage of potential energy of large masses (pumping plants);
(b) Storage of compressed air;
(c) Storage of kinetic energy (flywheels);
(d) Electrochemical storage (batteries);
(e) Storage in superconducting magnets.

(c) Distribution

The investments which the electrical power industry operator makes in the distribution sector constitute a significant portion of the total investments; research activity aimed at both technical and economic optimization of distribution systems is therefore important.

2.2. State of the Art

2.2.1. Principal Operators

(a) Transportation

As the operator of the nation's electric system, the ENEL promotes and coordinates reserach programs on the transformation of electric energy and on its own (or through its research institutes, such as the CESI), takes care of the portion including research programs involving systems and plants.

Research on components is being done by domestic manufacturers whom the ENEL moreover offers its own cooperation and assistance, particularly regarding the supply of testing equipment and experimentation with various prototypes.

(b) Storage

As the operator of the Italian electric power system, the ENEL has, since its establishment, been involved in research activities on energy storage, both in the form of systems studies, carried out by using the proper mathematical models, and through specific research on individual types of storage facilities.

Considerable attention is being devoted to this issue by the CNR, essentially through the various technologies subproject under the PFE, and this in turn involves the universities, the scientific organizations, and some of the most important Italian industrial establishments (such as Ansaldo, FIAT, Pirelli, etc.).

(c) Distribution

As the operator of the nation's electric power system, the ENEL promotes and coordinates research programs on electric energy distribution.

Similar efforts are being carried out by the city-controlled companies.

Research on components is also being done by domestic manufacturers whom ENEL offers its own cooperation.

2.2.2. Activities in Progress

(a) Transportation

In the field of AC, UNV power transmission, the ENEL, in cooperation with the CESI and the principal Italian manufacturers in this sector, is involved in a vast research program called "Project 1,000 kv."

The purpose of this research program is to obtain the knowledge necessary to go into a major technological innovation, that is, the introduction of a new level of voltage on the order of 1,000 kv which the development of the electric power system will require for Italy and for Europe during the nineties.

Following the completion of the project's first phase (1971-1976)--which consisted of the study of possible technical solutions to be adopted for the UHV system and within which an experimental program was carried out at Suvereto (LI). The second phase of the project is now in full swing; the various technical solutions proposed for the UHV components will now be checked out on a full-scale basis.

Concerning DC transmission, Italy does not have much experience since we only have a single transmission plant of this type (the link between Sardinia, Corsica, and continental Italy partly in the form of an underwater cable and partly on-line); it has been operating since 1964 and its conversion station was built on the basis of foreign technology. Domestic builders so far have not been interested in this activity field although some big foreign builders have already acquired noteworthy experience here.

Research activities carried out under the "Project 1,000 kv" so far have involved a total spending of about 25 billion lire. For the first phase (costing roughly 6 billion lire) we had IMI financing to the tune of about 3 billion lire; for the second phase a financing request for about 70 percent of the expenditures was submitted to the IMI [Italian Credit Institute].

The industrial establishments participating in Project 1,000 kv furthermore on their own conducted research projects running parallel to those provided for under the Project with a total spending figure of about 5 billion lire.

(b) Storage

The storage of large-mass potential energy (pumping plants) is now routine practice in electric power system; research activities carried out by the ENEL in this field however essentially are aimed at improving the efficiency and reliability of plants and their compatibility with the environment (study of underground excavation behavior, study of evaporation losses, estimation of ecological effects, etc.).

In the field of compressed-air storage, the ENEL is building a demonstration plant using a natural reservoir discovered at Sesta, in the Larderello area, in the course of geothermal prospecting.

The project provides for the air to be compressed to a pressure of 20 atm abs, with a plant currently in the construction phase, to be followed, after a series of tests on the dynamic performance of the reservoir, by the installation of a gas turbine with alternator, having a capacity of 25 Mw. If the demonstration plant were to confirm the economy and reliability anticipated for this type of storage, the reservoir itself could permit the installation of plants with a considerably larger total capacity (preliminary estimates go as high as 800 Mw).

In the field of kinetic energy storage (flywheels) studies are underway, with the PFE of the CNR, concerning the application of flywheels for metropolitan transportation also in relation to the introduction of recovery--by electrical means--of the braking energy of trains.

Under the PFE of the CNR, power electronics equipment and various types of machines (engine/generator to be connected to the flywheel) were also studied and built.

Pirelli furthermore has built a demonstration plant which can also serve as test station for flywheels with a diameter of up to about 2.5 m and 10,000 rpm, while the CISE has developed prediction models for the study of the behavior of facilities in which the flywheel will be installed, plus the subsequent optimization of its characteristics.

In the electrochemical storage sector, research is being done on the use of batteries, both in the storage station with the electrical system, and in electrical vehicles.

Some battery makers in particular are conducting research designed to improve the output of lead-acid storage batteries, while high-temperature zinc-bromine-type advanced batteries are being studied as part of the PRE of the CNR.

The ENEL is also completing the installation, at the CESI, of a testing system capable of subjecting batteries to thermal, mechanical, and charge as well as discharges stresses, such as those that might arise in the batteries of an electrical vehicle or in the stationary batteries employed for storage in the grid.

Research in the superconductivity field in being carried out in Italy essentially under the "Superconductivity" Final Project of the CNR.

Concerning practical applications, activities are above all aimed at the development of superconducting alternators; research on storage in superconducting magnets is not yet significant.

(c) Distribution

The principal activities in progress here involve the standardization of components, the perfection of technical data banks on distribution, the development of interaction equipment, the remote control of grids, the study of underground cables with extruded insulation, and hardware distribution.

2.3. International Trends

(a) Transportation

Studies on the electrical energy transmission system using UHV constitute one of the priority areas in the field of electrical research in many foreign countries, first of all the United States and the Soviet Union.

Concerning AC transmission, the maximum voltage used so far on the transmission lines is 765 kv; but there are four experimental plants at this time for the study of UHV with characteristics similar to those of Suvereto. Three of these plants are in the United States (AEP-ASEA Project, BPA Project, EPRI Project) and one is located in the USSR (experimental station at Bely Rast).

Concerning DC transmission, lines are already in operation in some countries and under construction in other countries with voltage figures from +100 kv to about +500 kv.

In the UHV field (equal to or greater than +600 kv), the USSR announced the start of the construction of a +750-kv line in central Russia and plans call for the construction of others in the future; research is being conducted at the experimental plant in Leningrad, exploring voltages of +1,200 kv.

(b) Storage

In the sector of pumping plants, research in progress worldwide is similar to what is being done by the ENEL.

In the compressed-air storage field, we must above all mention the approximately 300-Mw plant of VH Untorf (West Germany) which recently came on line and which represents the first industrial facility of this type of storage; the air is compressed to about 70 kg/cm^2 in two caverns dug into an artificial salt dome with a capacity of 300,000 m^3. Research on compressed-air accumulation is in progress also in the United States (EPRI) and in England (CEGB).

Regarding the storage of kinetic energy (flywheels) research currently in progress in various countries is above all aimed at experimenting with new types of materials (glass fiber, nylon, etc.) which would permit greater specific energy storage.

Interest in electrochemical storage is rather strong worldwide and numerous research projects are currently in progress with a view to both utilization in storage stations and the employment of these systems in electrical vehicles.

Considerable attention is being devoted to the improvement of lead-acid batteries while regarding advanced low-temperature batteries, development work is in progress in the United States on the zinc-chlorine battery which has already been checked out in a 50 kwh model; Redox systems, which store energy in metallic ion solutions, are being studied on the laboratory level (NASA in the United States and the Battelle Institute in Switzerland).

Among high-temperature batteries, zinc-sulfur batteries are most frequently studied in the United States.

(c) Distribution

The problems to be faced by the electric industry operator in the distribution sector are similar in all industrialized countries which is why the international tendencies are in line with activities currently in progress in Italy.

2.4. RS & D Development Lines

2.4.1. Choice Criteria

(a) Transportation

Concerning AC power transmission, it is believed that the development of "Project 1,000 kv" involves major advantages not only for the ENEL but also for Italian industry in this sector. In addition to enabling the ENEL to go into the introduction of a new voltage level on the order of 1,000 kv, this project will also bring

important collateral advantages regarding the technology of lower voltages and this will also apply to the possibility of exporting Italian electromechanical industry products, at the very moment when transmission systems with a voltage of more than 420 kv are being tremendously developed worldwide.

Concerning DC transmission, it is considered necessary that Italian industry acquire the knowledge and technology necessary to catch up with the big international groups operating in this sector.

(b) Storage

In proposing research efforts in the field of storage units, we above all took into account the fact that they represent a way of energy saving, both when they are used to recover energy that would otherwise be lost, and when they are used to permit the functioning, at constant capacity, of an energy generator which supplies a variable load in terms of time (in this latter case, the investments necessary to meet a certain energy need are reduced through an improvement of the overall efficiency of the system; this in turn leads to an energy saving). In view of the importance of energy conservation in the current energy situation, research on storage units will be continued also in those cases where the basic criteria--which were assumed for the definition of the research time frame to be proposed--are not completely complied with.

In the light of this we can say that, looking at compressed air storage, consideration was given to the objective of economically using this type of natural storage facility in the future Italian electrical power system as an alternative to the tradicional pumping plants. This application is important also concerning the prospects which this might open up for Italian industry on the international market.

Regarding electrochemical storage, we kept in mind the reference contained in the PEN, calling for widespread and growing use of electrical vehicles until we reach an output figure of about 5,000 units per year, over the next 10-15 years.

In proposing investments for this type of storage, we also considered the possibility of developing an Italian backup industry; in that case however it will be absolutely necessary for that industry to be tied in with foreign industries which are more advanced in order to avoid wasting its efforts on followup research.

(c) Distribution

The research topics were spelled out in the light of the following main objective: cost reduction, size reduction, better management of loads to save energy; and more efficient use of production plants.

2.4.2. Research Topics

T.VE.1. Electrical energy transport (Project 1,000 kv).
St. 1--Completion of experimental tests on components (A);
St. 2--Construction of pilot plant (A--S);
St. 3--Operation of pilot plant (S).

T.VE. 2. Electric energy transport (DC).
St. 1--Acquisition of technological knowledge pertaining to all components of a high-voltage plant, with particular reference to the thyristor valves (a);
St. 2--Construction of an experimentation with components (A--S);
St. 3--Pilot plant (S--D);
St. 4--Acquisition of knowledge and technology for construction of complete UHV plants up to 1,200 kv (S).

T.VE. 3. Large-mass potential energy storage (S).

T.VE. 4. Compressed-air storage (SESTA Project) (D).

T.VE. 5. Electrochemical storage (A--S).

T.VE. 6. Miscellaneous storage methods (kinetic and magnetic).
St. 1--Feasibility studies on mobile applications (subways) and fixed applications (industrial) (A);
St. 2--Development of materials and prototypes (S);
St. 3--Study and development of conversion apparatus (A--S);
St. 4--Flywheel testing stations (S).
St. 5--Superconducting magnet storage (A).

T.VE. 7. Components developed for primary high-voltage distribution networks and for secondary medium-voltage and low-voltage networks (A--S).

(This topic involves the development of compact apparatus for distribution cabins, the development of new types of cables, the study of new types of supports, etc.)

T.VE.8. Automatic management systems for grids and users (A--S).

(This topic includes the remote reading of meters, remote-control facilities for grids, etc.)

2.5. Expenditure Estimates

The expenditure estimates are shown broken down by topics in Table VE and amount to a total of 127 billion lire.

The public research share accounts for 70 percent of the total.

2.6. Responsibility

(a) Transportation

Project 1,000 kv is being developed by the ENEL in cooperation with the principal Italian builders in this sector, as we mentioned earlier under Point 2.

A similar organization would seem advisable also for the research program on DC transmission.

(b) Storage

Responsibility for public research efforts in the storage sector considered in this paragraph rests with the CNR which will operate through the PFE with the cooperation of the universities, scientific outfits, industrial establishments, and the CNEN.

Industrial research will be the initiative of the ENEL (above all regarding the storage facilities to be inserted into the electric power system) as well as the industrial building establishments.

(c) Distribution

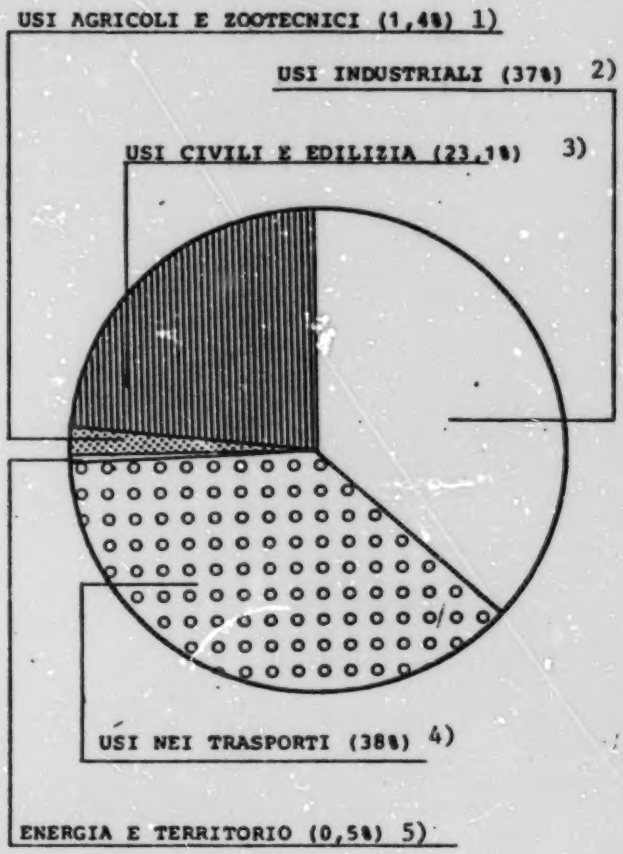
Responsibility for research efforts must be assumed by the ENEL and the city-operated companies; in the case of some of them, cooperation with some of the principal Italian builders in this sector will be necessary.

Table VE. Compilation of Research Topics in Sector of "Transportation, Storage, and Distribution of Electric Energy" (VE) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.VE.1	Transportation (Project 1,000 kv)		22
ST.1-EV.1	Completion of tests	A	
ST.2-VE.1	Pilot plant	A--S	
ST.3-VE.1	Operation of pilot plant	S	
T.VE.2	Transportation (DC)		25
ST.1-VE.2	Acquisition of knowledge on components	A	
ST.2-VE.2	Component construction and testing	A--S	
ST.3-VE.2	Pilot plant	S--D	
St.4-VE.2	Complete UHV pilot plant	S	
T.VE.3	Potential energy storage	S	5
T.VE.4	Compressed-air storage	S	10
T.VE.5	Electrochemical storage	A--S	40
T.VE.6	Miscellaneous storage (kinetic and magnetic)		10
ST.1-VE.6	Feasibility studies	A	
ST.2-VE.6	Materials and prototypes	S	
ST.3-VE.6	Apparatus and prototypes	A--S	
ST.4-VE.6	Flywheel testing station	S	
ST.5-VE.6	Storage in superconducting magnets	A	
T.VE.7	Components developed for distribution networks Primary low-voltage and secondary medium-voltage and low-voltage distribution networks	A--S	8

[Continued from preceding page]

Codes	Topics and Subtopics	Type of Research	Expenditure
T.VE.8	Automatic network and user management systems	A--S	7
	Grand Total		127



Key: 1--Agricultural and livestock uses (1.4 percent); 2--Industrial uses (37 percent); 3--Civilian uses and housing construction (23.1 percent); 4--Transportation uses (38 percent); 5--Energy and territory (0.5 percent).

Italy's National Energy Research Plan

Rome RASSEGNA PETROLIFERA in Italian 11 Sep 81 pp 680-687

[Text] In this issue we conclude the complete publication of the National Energy Research Plan.

Section B. Part V. Energy Carriers

Chapter 3. Cumulative Transportation and Distribution of Heat (VC)

3.1. Premise

Here we will take up the problem complex of combined electricity and heat generation in the civilian and tertiary sector, the transportation and distribution of heat at temperatures of less than 150° C, mostly for heating the environment and hygienic-sanitary water, generated in combined local production plants, tapped by big thermoelectric power plants, and recovered by industrial plants.

The common element in all of these systems is the organization of a subdivided heat demand which can be met by using various types of facilities and technological solutions, all of which are characterized by reduced energy consumption when compared to the simpler solutions (widespread use of boilers) and/or the diversification of sources of primary energy used.

Regarding the direct accumulation of heat (latent or noticeable), we must also mention the lines of research on which one must concentrate: short-term accumulation, medium-term accumulation, seasonal accumulation, and accumulation by means of reversible chemical reactions.

3.2. State of the Art

3.2.1. Principal Operators

The principal operators in this sector were the companies under municipal control (especially the one in Brescia), public and private enterprises, and the CNR [National Research Council] in cooperation with other research institutions (universities and the CISE).

3.2.2. Activities in Progress

While the combined generation of electric energy and heat in industry is rather widespread in Italy (the electric energy produced in combined plants in industry in 1978 came to 13 percent of the nationwide electric power demand and 21 percent of the industrial demand), the same is not true of the civilian sector where the only major initiative in this respect is located in Brescia, with an urban heating plant that services about 8 million m^3 of built-up space, supplied by a joint-generating power plant; the planning for the Brescia system was begun in 1971 while the construction of the network was started in 1974; all of this was handled by the local municipal utilities company which did not get any public research funds (except for marginal aspects and only in the most recent years). Various other initiatives are in the process of implementation or planning or feasibility study (Reggio Emilia, Turin, Venezia-Marghera, Mantua, La Spezia, Milan, Pavia, Pisa, Modena, etc.): some of them were able to get public financing for the feasibility study and executive planning through the PFE [Final Energy Project] of the CNR.

Initiatives financed by the CNR involve the study and planning both of total energy systems for complexes with special energy demand characteristics (particularly, hospitals) and for residential or urban generation and distribution systems, as well as finally for long-distance heat transportation networks.

In these research and planning activities there were involved above all the municipal companies and local entities, major energy outfits (ENEL [National Electric Power Agency], particularly through the CISE, and the ENI [National Hydrocarbons Agency], the latter in a relatively modest form), plus engineering companies both in the public sector and in the private sector.

3.3. International Trends

The transportation and distribution of heat for civilian uses has for many decades been widespread in the countries of northern and eastern Europe (particularly the Soviet Union, Czechoslovakia, Poland, Denmark, Sweden, Finland, and the FRG); heat supply through combined production plants has become widespread more recently particularly in Denmark, Finland, and Romania. The Danish program is quite noteworthy; the ultimate purpose is further to expand the diffusion of the heat distribution networks until it will be possible, by the year 2000, to cover 35 percent of the heat demand for heating and civilian uses.

The annual duration of the heating season is particularly long in the countries mentioned; that was naturally the most important element in determining the development of a system which, against minor operating costs and, therefore, lesser energy consumption, however does involve considerably higher costs in terms of capital assets.

The fuel price rise has shifted the economic convenience limits and consequently other countries with a more temperate climate are likewise hurrying to go into a wider dissemination of heat transportation and distribution networks. France very recently on 15 July 1980 passed a law pertaining to heat networks, contemplating various procedures, also for the recovery of heat discharged by industrial plants; heat networks are viewed with little interest in Great Britain for many different

reasons, among which we might mention the relatively low level of housing density and the recent widespread use of heating plants, many of which are electrical, that is to say, they prefer other solutions regarding the rationalization of energy consumption for civilian uses (for example, heat pumps).

Regarding components (pipes, exchangers, generators, etc.), the normal technological development process is now underway, the kind of process which we can expect in a technologically mature field but whose market is continually expanding; this development is naturally more pronounced in the countries of the northern area which have a greater tradition in this sector.

3.4. RS&D [Research, Development, and Demonstration] Development Line

3.4.1. Choice Criteria

The involvement of public funding in RS&D in a field which is substantially mature from the technological viewpoint and which will be the first to get financing for practical implementation (it is assumed that DDL [Draft Bill] 655 will be translated into law within a few months), must have the following priority objectives:

The definition of the demand market through feasibility studies especially in those cases where the institutional operator may run into special difficulties in tackling the problem (for example, hospitals, small local communities, etc.);

The formation and organization of the supply through the assignment of feasibility study contracts to engineering enterprises and companies; one reasearch line might involve the study of the transportation and distribution of water discharged from condensers in standard thermoelectric power plants working in a closed cycle, with return to the river. This study would be conducted as an alternative to joint generation because cold transportation is considerably less expensive.

Public financing for RS&D in the field of feasibility studies for heat production and distribution systems will be granted in keeping with the characteristics involved, with the following order of priority:

Reduction of consumption of petroleum derivatives,

Reduction of natural gas consumption,

Reduction of energy needs.

RS&D support efforts will have to be carried out in currently operating plants so as to set them up in a manner suitable for making significant information available regarding the planning and operation of other systems.

Financing will furthermore be provided for R&D on heat transportation and distribution components, on the problem complex of total energy system makeup with small and medium dimensions in the national electric power network, on the further development of the planning aspects and the methodologies used for cost-benefit studies for the various efforts to be make, on the makeup of new sources (solar, wind, etc.) within total-energy systems.

Regarding actions in the field of storage technology, research is being planned in an effort to improve the economy of systems already in use (short-term storage, several hours), basic research (medium-term storage, about 15 days), practical application studies for the use of the characteristics of the Italian subsoil (seasonal storage, summer storage for winter use), and finally long-range surveys on a series of reactions (storage by means of reversible chemical reactions) which could be followed by research activity on the most promising solutions up to the practical construction of a pilot plant.

3.4.2. Research Topics

T.VC.1. Feasibility Study (S).
T.VC.2. Instrumentation and Automation (A--S).
T.VC.3. Distribution and Transportation System Components (A--S).
T.VC.4. Thermal Storage;
St.1--Short-Term Storage (A--S);
St.2--Medium-Term Storage (B--A);
St.3--Seasonal Storage (A);
St.4--Storage by Means of Reversible Chemical Reactions (B--A--S).
T.VC.5. Makeup of More Energy Sources (A).

3.5. Expenditure Estimates

The expenditure estimates are shown broken down by topic in Table VC and amount to a total 65 billion lire.

The share for public research comes to 60 percent of the total.

3.6. Responsibility

Primary action responsibility for the RS&D programs rests with the CNEN [National Nuclear Energy Commission] and the CNR; the former is given responsibility for the coordination of feasibility studies and for a portion of the miscellaneous research projects, with particular reference to those which imply industrial promotion efforts.

The CNR is responsible for the implementation of a finalized research and development program, completely supported with public financing, in which the institutes and centers of the CNR and research groups under the universities, as well as enterprises and agencies, would cooperate.

Table VC. Compilation of Research Topics Proposed in the "Heat Transportation, Storage, and Distribution Sector" (VC) and Pertinent Expenditure Estimates (in Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.VC.1	Feasibility studies	S	10
T.VC.2	Instrumentation and automation	A--S	5
T.VC.3	Distribution and transportation system components	A--S	15
T.VC.4	Heat storage		29
St.1-VC.4	Short-term storage	A--s	
St.2-VC.4	Medium-term storage	B--A	
St.3-VC.4	Seasonal storage	A	
St.4-VC.4	Storage by means of reversible chemical reactions	B--A--S	
T.VC.5	Makeup of more energy sources		6
	Grand Total		65

Chapter 4. Use of Hydrogen (VI)

4.1. Premise

Among the assumptions as to guaranteeing the kind of energy development which will depend less and less on petroleum and other fossil fuels (coal, natural gas), a possibility is coming up for using also synthetic fuels, including hydrogen.

The chemical, physical, and energy properties of the latter justify interest in it to the fullest extent.

In theory, hydrogen could represent the simplest solution to the problems currently arising from other fossil fuels in terms of the political and strategic use made of them by the producer countries.

This is why we do not even have the problem of exhaustion here since it is one of the main components among countless constituents, such as water, where it is present to the extent of 11 percent by weight.

The various hydrogen production processes require energy in various forms (thermal, electrical, light) which is why its energy use has a different impact, depending upon the energy sources which we made up-line. In this sense it also considered one of the means for storing energy.

Hydrogen is furthermore an indispensable constituent for the crude refining industry (cracking, reforming, desulfuration) for the float glass industry, for the pharmaceutical industry, for the animal and vegetable oils and fats industry for food use, for various processes which require particularly reducing atmospheres.

4.2. State of the Art

4.2.1. Principal Operators

The principal operator in this sector is the CNEN which has begun to draft initiatives for R&D programs in 1979, inserting them into the more general energy storage programs.

4.2.2. Activities in Progress

The only Italian R&D program for the energy use of H_2 is the one by the CNEN which we mentioned earlier.

The real problem regarding the energy use of H_2 is that it must be produced synthetically; at current costs, that would be extremely disadvantageous. Nor is it possible to recover it as gas, directly from the atmosphere, because of its low concentration ($5x - 10^5$ percent). The activities currently essentially revolve around the development of the use of hydrogen as an energy carrier with particular reference to production, storage, and distribution methods for that fuel.

4.3. International Trends

Looking back to the data of September 1980, put out by the International Energy Agency, on the countries (Belgium, Canada, EEC, FRG, Japan, the Netherlands, Sweden, Switzerland, and the United States), which participate in the research and development program on the production of hydrogen from water, the total H_2 demand in those countries, it is believed, could increase roughly by a factor of 12-17 compared to the current one during the period between 1985 and 2025.

This signifies an annual average growth of about 7 percent, including 8-10 percent for direct energy use, 8-9 percent for indirect energy use, and 3-3.6 percent for nonenergy use.

By the end of the period now under consideration (2025), 85 percent of the entire hydrogen produced in the above-mentioned countries would be used for energy consumption (16 percent directly, 69 percent indirectly) and would have a progressive effect on total energy consumption.

Due to the industrial uses mentioned earlier, we do have H_2 production technologies which are consolidated and this is why R&D activities have already been planned in the industrial sectors involved.

The R&D commitment tends to be directed toward production methods involving water cracking.

4.4. RS&D Development Lines

4.4.1. Choice Criteria

The interest which all industrially highly developed countries have regarding the assumption of the energy use of hydrogen quite readily justifies a stronger commitment toward this source as far as Italy is concerned.

R&D activities should be arranged according to some fundamental objectives:

Increase in and development of existing technologies;

Installation of demonstration plants;

Improvement in the development of studies for the production, storage, and distribution of hydrogen;

Establishment of an Italian hydrogen group which would keep track of all of the problem complexes inherent in this energy carrier.

4.4.2. Research Topics Proposed

T.VI.1. Updating of statistics on production and consumption (A).
T.VI.2. Studies on H_2O electrolysis;
St. 1--Systems with solid polymeric electrolyte (A);
St. 2--Systems with solid uranium electrolyte (A).
T.VI.3. Planning, construction, and management of prototypes of 10-100 kwh electrolyzers made up of hydride storage systems (A--S).
T.VI.4. Feasibility studies for systems to be used in the thermolytic cracking of water (solar energy storage) (A--S).

4.5. Expenditure Estimates

The expenditure estimates are shown broken down by topic in Table VI and come to a total of 40 billion lira.

The expenditures will be taken care of mostly through public research.

4.6. Responsibility and Special Steps

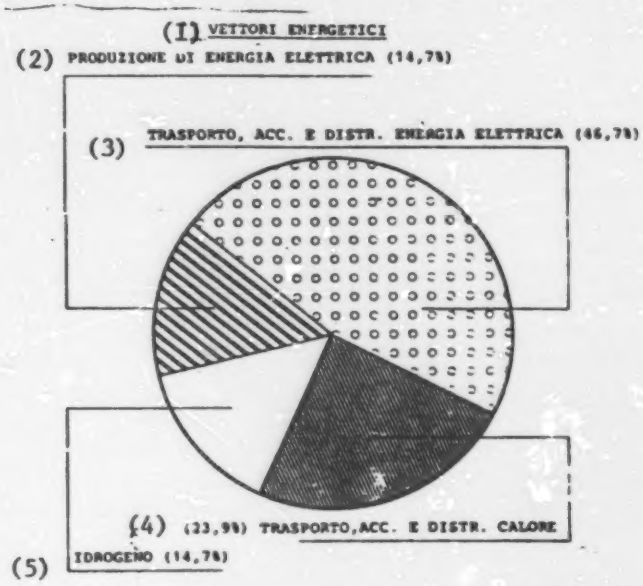
Every Italian commitment in the sector must start in analogy with what is being done on the level of the IEA. The establishment of an Italian hydrogen group, made up of public research agencies (CNEN, CNR), as well as the electric energy production and distribution outfit (ENEL), the gas distribution outfits (SNAM [National Gas Pipeline Company], ITALGAS, and city-owned companies), the crude refining industry, the petrochemical industry, the public and private companies involved in hydrogen production, storage, distribution, and utilization problems, is therefore necessary and this group must constantly maintain contacts with the international context to meet the requirements of industry and energy development in this sector.

Because of the specific interests deriving from their institutional tasks, it is necessary to assign to the CNEN and the ENI the task of organizing the operation of the group, in addition to its representation in the various international agencies (IEA, EEC, World Hydrogen Conference).

In addition to spelling out the framework for the current production and consumption of H_2, the group must promote and coordinate research and development activities regarding the energy use of hydrogen.

Table VI. Compilation of Research Topics Proposed in "Hydrogen Utilization" Sector (VI) and Pertinent Expenditure Estimates (in billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.VI.1	Updating of statistics on production and consumption	A	5
T.VI.2	Studies on electrolysis of H_2O		10
St.1-VI.2	Systems with solid polymeric electrolytes	A	
St.2-VI.2	Systems with solid uranium electrolytes	A	
T.VI.3	Planning, construction of electrolyzer prototypes, 10-100 kwh	A--S	15
T.VI.4	Feasibility studies for thermolytic cracking systems	A--S	10
	Grand Total		40



Key: 1--Energy carriers; 2--Electric energy generation (14.7 percent); 3--Transportation, storage, and distribution of electric energy (46.7 percent); 4--Heat transportation, storage, and distribution (23.9 percent); 5--Hydrogen (14.7 percent).

Section B. Part VI. Interdisciplinary Topics
Chapter 1. Energy Models and Data Banks (IM)
1.1. Premise

In this chapter we will take up the topic of energy modelling, considering general supply and demand models and their makeup.

We are also going to take up the entire problem of the establishment and utilization of banks as an indispensable support in various sectors (climatic, meteorological, statistical, etc.).

1.2. State of the Art

1.2.1. Principal Operators

The CNR, the ENI, the ENEL, and the IRI [Industrial Reconstruction Institute] and more recently the CNEN, in addition to the university institutes, have been operating in this field.

1.2.2. Activities in Progress

Energy modelling is relatively little cultivated in Italy; this point was formally dropped from the PFE of the CNR although modest modelling activities, limited to specific subjects and sectors, financed by the CNR, were in fact coordinated by the PFE; the CNEN recently has devoted some funds to that and should, for the EEC, increase the Medee model (developed by the IEIE at Grenoble) for Italy. Company and sector-level models (ENEL, ENI, IRI, and other major enterprises) have been developed but are not public domain, nor do they cover the entire energy topic complex. An example of an energy model for Italy consists of collaboration in the WAES (Workshop on Alternative Energy Strategies, conducted by the MIT) between 1975 and 1977, the research and development division of Montedison and the Institute of Energy Sources Economy of Bocconi, Milan.

Concerning the data banks we must mention the activities carried out under the PFE of the CNR through the various subprojects (solar, energy savings in building heating, waste, ecological research, mobility in the traction field) in the area of data of acquisition and processing methodologies (in this connection see also Chapter 2, Part IV).

1.3. International Trends

Energy modelling activities are rather well developed in Europe, although to a lesser degree in the United States. In general, there are academic or public research institutions which devote their work to this effort and which support the respective governments. Here we should note the activity of the IIASA (international institute for applied systems analysis, Laxenburg, Austria), in which Italy also participates. The IEA is also operating in this sector.

1.4. RS&D Development Lines

1.4.1. Choice Criteria

For model-making it is necessary to develop one or more models for the energy demands which will be sufficiently well-organized so as to permit planning on the level of geographic areas (regions or groups of homogeneous regions); that would involve one or more demand models, so prepared as to be capable of being combined with the demand models and permitting the estimation of the penetration of new sources.

Model activities must make optimum use of existing resources and must not be concentrated in a single center; it is generally preferable to have two models of smaller dimensions rather than a single complex model and that is true above all in a country with little experience in this field.

Regarding the data banks on the other hand we look forward, in a short time, to starting an effort that would be organized in various ways and which, on the one hand, would boost the already existing centers so as to consolidate the know-how already acquired, and which, on the other hand, would stimulate the birth of new specific uses in various sectors, such as solar, wind, geothermal, biomasses, territory, coal and hydrocarbons, transportation, electric energy utilization, heat utilization, and legislative and environmental problems.

1.4.2. Research Topics

T.IM.1. Energy demand models (A).
T.IM.2. Energy supply models (A).
T.IM.3. Combination of demand and supply models (A).
T.IM.4. Establishment and starting of data banks (A).

1.5. Expenditure Estimates

The expenditure estimates are given here broken down by research topics in Table IM and they amount to a total of 48 billion lire, to be taken care of entirely by public research.

1.6. Responsibility

Regarding model-making, the action and coordination responsibility rests with the CNEN which will have to resort to resources existing in the country, particularly in the CNR, in the universities, in the research institutions and in the energy agencies; with the help of the results, it will have to support the departments of the Ministry of Industry which are responsible for energy planning.

Regarding data banks, responsibility partly rests with the CNR and partly with the promotion outfits of the centers to be newly established in the various energy sectors (ENEL, ENI, CNEN, industries).

Table IM. Compilation of Research Topics Proposed in the "Energy Models and Data Bank" Sector (IM) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Type of Research	Expenditure
T.IM.1	Demand models	A	4
T.IM.2	Supply models	A	2
T.IM.3	Combination of both types of models	A	2
T.IM.4	Establishment and start of data banks	A	40
	Grand Total		48

Chapter 2. Social-Economic Problems (IS)

2.1. Premise

The objective of diversifying energy sources and completely reviewing the utilization of this resource cannot be attained without consequences on the social-economic level.

This is therefore an important investigation sector.

2.2. State of the Art

2.2.1. Principal Operators

At this time there is no organic research activity going on in this sector in which university institutes (for example, the IEFE of Bocconi) and some companies of national significances have become active.

2.2.2. Activities in Progress

These generally are studies which take up particular aspects of the problem, casting light upon the influence of the energy crisis on one or the other industrial sector or, more generally, macroeconomy studies.

2.3. International Trends

This is something that has been taken up by all industrial countries with a vast literature covering all levels of the problem. International organizations, such as the OECD (IEA) and the EEC, are active in this sector.

2.4. RS&D Development Lines

2.4.1. Choice Criteria

Energy research must necessarily be tied in with the vaster and more comprehensive economic and social research efforts and it must therefore seek to come up with studies that present analyses of broader scope, in which the energy problem is included in the social-economic thought tendencies, as well as economic studies which will bring out the methodological aspects. But there is one important caveat here: energy research, in view of the emblematic nature of the problems which it is called upon to tackle, must also contribute to the evolution of economic-social studies, in other words, it must stimulate a critical and therefore innovative rethinking of economic-social thought, to the extent that, through energy research, we can point up alternatives and development possibilities which the prevailing patterns of economic and social theories have not adequately considered or are unable properly to evaluate.

It would however be wrong to start with the assumption that relationships between energy research and economic-social research run only in one direction, thus underestimating not only the iterative aspect, but also the holding role which energy

research can play in bringing out the limitations and hence also the inadequacy of economic and social thought in tackling the problems posed by energy research itself.

2.4.2. Research Topics

T.IS.1. Study of relationships between economic growth and energy consumption (A).
T.IS.2. Evolution of relationships between processing countries and countries which have raw materials (A).
T.IS.3. Methodologies of cost-benefit studies with reference to environmental impact (A).
T.IS.4. Critical analyses of evolution of organizational systems, of control or evaluation of business and industry decisions as well as investment choices (A).
T.IS.5. Social acceptability of big energy conversion plants, public opinion information methodologies, and decentralization problems (A).
T.IS.6. Estimation methodologies for supply planning and trends in penetration of electric demand as compared to energy demands (A).

2.5. Expenditure Estimates

The expenditure estimates are shown broken down by research topics in Table IS and come to a total of 4 billion lire, entirely taken care of through public research.

2.6. Responsibility

The research programs will be coordinated by the CNR and for the most part will be carried out within the university environment; a portion of them, especially regarding topics of interest in short-range terms, will have to be stimulated and handled by the CNEN.

Table IS. Compilation of Research Topics Proposed in "Social-Economic Problem" Sector (IS) and Pertinent Expenditures Estimates (Billions of Lire)

Code	Topics and subtopics	Type of Research	Expenditure
T.IS.1	Relationships between economic growth and energy consumption	A	1
T.IS.2	Evolution of relationships between transforming countries and countries which have raw materials	A	0.25
T.IS.3	Cost-benefit analysis methodologies	A	0.25
T.IS.4	Critical analysis of evolution of organizational systems	A	0.25
T.IS.5	Social acceptability of big plants	A	1
T.IS.6	Estimation methodologies	A	1
	Grand Total		4

Chapter 3. Legislation and Standards (IL)

3.1. Premise

This activity is fundamental for the complete translation into action of the results emerging from everything that has been done in the other sectors.

The attention which therefore must be devoted to this activity goes beyond the entity of resources that must be made available.

3.2. State of the Art

3.2.1. Principal Operators

In addition to the institutional operators (ministries, energy agencies, CNR and CNEN, concerning technical standards), this sector is active in the field of university research; over the past 2 years, the PFE of the CNR has been working on the cognitive level.

3.2.2. Activites in Progress

A PFE-CNR report is now in print on the Italian legislative situation. In the context of the PFE-CNR likewise various activities of a technical standard character are in progress. The CNEN is working in the nuclear sector.

3.3. International Trends

The other industrialized countries are also recognizing the extreme importance of this sector; a critical review of the steps decided at the time is already in progress in many countries.

3.4. RS&D Development Lines

3.4.1. Choice Criteria

The legislative branch and the public administration need specific support in energy matters for everything regarding both legislative activities and standardization so as to implement an energy policy taking into account all of the gains, both technological and cognitive, which are of concern to the national energy system. For some topics of tremendous significance (such as, for example, the case of environmental standards), more and different administrative agencies must become involved in drafting standards; in the research efforts outlined here, it is therefore necessary to make reference also to the results obtained in disciplinary fields which are quite different from energy (particularly, medicine, biology, physics of the atmosphere, etc.).

3.4.2. Research Topics

T.IL.1. Various standards pertaining to diffuse energy uses (housing construction, heating plants, electrical household appliances, transportation equipment, etc.) (A).

T.Il. 2. Environmental standards and repercussions on the output of energy transformation plants, both centralized and diffuse (A).

T.IL. 3. Review of procedures for the approval of the construction of big energy conversion plants; environmental impact balance sheet [statement] (A).

T.IL.4. Analysis and rationalization of procedures involved in the approval of big electric energy production plants (A).

T.IL.5. Review of legislative and administrative norms in the light of new energy policy direction (particularly with reference to the use of solar, wind, and geothermal energy, to heat transportation and distribution systems, to the recovery of heat discharged by industrial plants, to the utilization of unused salts in water, etc.) (A).

T.IL.6. Institutional aspects of energy problem with particular reference to the competence of the various levels of government (central, regional, local) and their relationships (A).

3.5. Expenditure Estimates

The estimated expenditures are broken down by research topics and are shown in Table IL; they come to a total of 7 billion lire, to be taken care of entirely through public research.

3.6. Responsibility

Action responsibility for the aspects most directly linked to legislative and government standard activities rests with the Ministry of Industry which will call upon the CNEN, the CNR, and the universities for help; concerning aspects tied to technical standards, the CNR will be responsible.

Table IL. Compilation of Research Topics Proposed in the "Legislation and Standards" Sector (IL) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and subtopics	Type of Research	Expenditure
T.IL.1	Miscellaneous energy standards	A	1.2
T.IL.2	Environmental standards	A	1.2
T.IL.3	Review of approval procedures	A	1.2
T.IL.4	Analysis and rationalization of approval procedures	A	1.2
T.IL.5	Review of legislative and administrative norms	A	1.2
T.IL.6	Institutional aspects	A	1
	Grand Total		7

Part VI. Interdisciplinary Topics

Chapter 4. Environment and Health (IA)

4.1. Premise

Here we are going to consider three research efforts aimed at the following:

(a) The improvement and rationalization of methods for analyzing environmental modifications produced particularly by production plants and the utilization of energy sources, including domestic faciilities and transportation vehicles;

(b) Completely preventing the direct destruction of life in the energy production processes;

(c) Reduction and, where possible, elimination of emission of harmful ash into the environment, also, where applicable, with methods of accumulation and successive storage in safe places for this type of ash if it cannot be used.

This does not cover research on environmental decontamination methods, except in special cases directly connected to the generation of energy by big, centralized plants. Decontamination in general is part of a vaster environmental plan which is necessary but of which only a portion deals with energy.

4.2. State of the Art

4.2.1. Principal Operators

The principal operators are the CNEN, the ENEL, the CNR, and the Higher Health Institute.

4.2.2. Activities in Progress

Because of the rather loose legislation pattern in Italy regarding pollution problems, the research pertaining to item (a) was developed particularly only by big outfits such as CNEN and ENEL for institutional reasons. The CNEN has developed tremendous competence on problems of nuclear plant safety; the ENEL has above all been working on conventional power plant safety. The CNR and the Higher Health Institute partially developed programs aimed at determining facts on damage to human health deriving from environmental pollution but without particular emphasis on the contribution coming from the spread of such pollutants by the producers of users of energy as such. There is little industrial participation in environmental research programs (in some cases there is even real resistance to going into that) and university research is fragmentary.

4.3. International Trends

The country which, more than any other, has developed public and private research programs in this field certainly is the United States. For objective reasons, that is where more than half of the world's environmental pollution takes place and public opinion was inevitably bound to impose careful and sometimes strict

legislation whose coverage is becoming tighter all the time. The European countries have embarked on the same road for some time now, headed by Sweden. Research in the United States and Sweden covers the entire range of environmental energy, industrial, domestic, and transportation pollution.

In the narrower field pertaining to item (a), above, noteworthy results have been achieved in the field of thermal pollution, the reduction of SO_2 from combustion, and the precipitation of dust.

Much remains yet to be done regarding nitrogen oxides, the treatment of coal (extraction, conversion, transportation), the problem of eliminating radioactive ash, the destruction of water life in the areas around electric power plants, with open-cycle water cooling, the ever growing aspect of noise pollution, etc.

In addition to the contribution to the solution of these problems, research is much advanced in Europe on fast superconverter reactor safety, where the CNEN is one of the protagonists.

4.4. RS&D Development Lines

The choice criteria pursued were essentially determined by the particular relevance for the objectives of the PEN [National Energy Plan] and by the current capacity of research instruments. The market prospects are not easily estimated since this to a great extent involves technological research of uncertain outcome. The latter however--because of the economic impact in case of success that would lead to patents--does prevent specific international market prospects today and domestic market prospects tomorrow, after the desired improvement of legislation. The proposed research actions here are divided into three parts: technologies, biomedicine, environmental physics. But it is necessary to present two premises here:

(1) Already contained in the PEN: it is above all necessary to have a framework of the competences existing in Italy and, where applicable, to create new ones through the further increase in expenditures which may derive from that;

(2) A certain portion of the research on technologies is already contained in parts of the PNRE [National Energy Research Plan] dealing more specifically with the production and saving of energy: for example, the gasification of coal makes it possible to eliminate SO_2, produced by coal-fired power plants; the energy saving due to remote heating will reduce the thermal pollution of rivers and the gas and dust pollution in the cities, etc.

Here we therefore will refer to those research topics which are not already explicitly contained in the other parts of the energy plan.

4.4.1. Research Topics

T.IA.1. Technologies

ST.1--Possible treatment and utilization of radioactive materials (for example, radiation pile) (A);

ST.2--Safer methods for depositing radioactive ash (with particular emphasis on the Italian geological situation) (A);

ST.3--New methods of determining environmental radioactivity (A);

ST.4--Elimination of dust and SO_2 in combustion in domestic or small and medium plants (A);

ST.5--Elimination of nitrogen oxides and carbon monoxide in high-temperature combustion (A);

ST.6--New methods of determining pollution from smoke and/or combustion gas (A);

ST.7--New methods for defending water life in the vicinity of big electric energy production plans cooled with open-cycle water (A);

ST.8--Methods of reducing pollution from petroleum dumping into the environment (A);

ST.9--Reduction of noise pollution (A).

T.IA.2. Biomedicine

ST.1--Long-term effects of nitrogen oxides at various concentrations on living things (A);

ST.2--Long-term effects of coal dust and ash at various concentrations on living things (A);

ST.3--Effects of acid pollution of aquifer strata on living things (A);

ST.4--Rate of dust and combustion gas development in the production of tumors (A);

ST.5--Analysis of overall impact and of its evolution in terms of pollution time at realistic rates of radiation and combustion on the most common ecological systems in Italy (cities, plains, hills, lakes, etc.) (A).

T.IA.3. Physics of the Environment

ST.1--Time evolution of environmental distribution of pollution around pollution sources (A);

ST.2--Planning of environmental pollution survey networks (A);

ST.3--Survey of climatic variations in cities and in areas set aside for big energy production or utilization plants (A);

ST.4--Changes in ecological system caused by hydroelectric power plants or by big pumping basins (A).

4.5. Expenditure Estimates

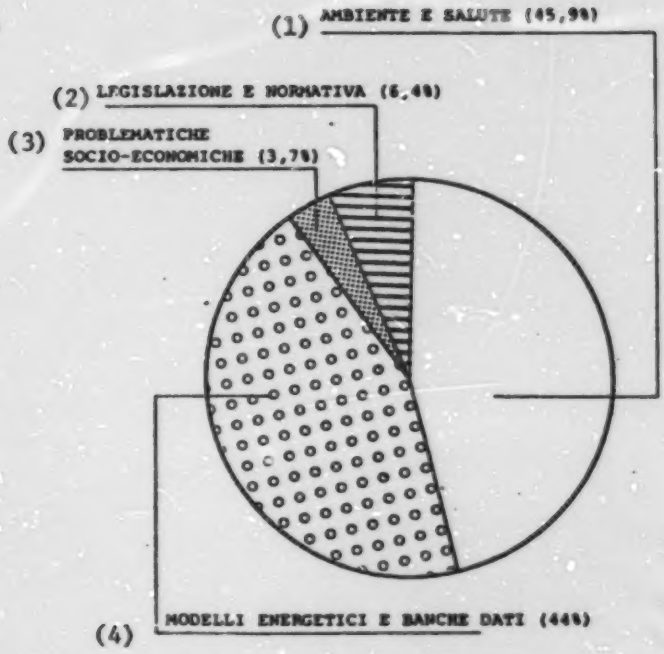
The expenditure estimates are shown broken down by topics in Table IA and come to a total of 50 billion lire, to be handled through public research.

4.6. Responsibility

Responsibility for the above actions will have to be shared among the CNR, CNEN, the ENEL, and the Higher Health Institute, which will operate in cooperation with the university institutes and with public and private industry establishments.

Table IA. Compilation of Research Topics and Subtopics Proposed in the "Environment and Health" Sector (IA) and Pertinent Expenditure Estimates (Billions of Lire)

Code	Topics and Subtopics	Types of Research	Expenditures
T.IA.1	Technologies		35
ST.1-IA.1	Radioactive materials treatments	A	
ST.2-IA.1	Radioactive waste deposit	A	
ST.3-IA.1	Environmental radioactivity survey	A	
ST.4-IA.1	Elimination of dust from small plants	A	
ST.5-IA.1	Elimination of NO and CO	A	
ST.6-IA.1	New pollution survey methods	A	
ST.7-IA.1	Defense of water life	A	
ST.8-IA.1	Reduction of pollution from petroleum	A	
ST.9-IA.1	Noise pollution	A	
T.IA.2	Biomedicine		10
ST.1-IA.2	Long-term effect of NO	A	
ST.2-IA.2	Long-term effects of coal dust	A	
ST.3-IA.2	Acid pollution effects on strata	A	
ST.4-IA.2	Dust and gas effect on tumors	A	
ST.5-IA.2	Overall impact analysis	A	
T.IA.3	Environmental physics		5
ST.1-IA.3	Environmental pollutant distribution	A	
ST.2-IA.3	Survey network planning	A	
ST.3-IA.3	Climatic variation survey	A	
ST.4-IA.3	Ecological system variations	A	
	Grand Total		50



Interdisciplinary Topics.
Key: 1--Environment and health; 2--Legislation and standards; 3--Social-economic problems; 4--Energy models and data banks.

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END

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NUCLEAR DEBATE, PETROLEUM DEPENDENCY, ENERGY OPTIONS

Paris LE MATIN in French 28 Sep 81 p 14

[Article by Andre Giraud, former minister of industry]

[Text] The new parliament will soon begin its debate of the energy policy in general, and nuclear policy in particular. The commission responsible for informing the deputies and senators about this issue did not deem it worthwhile to question Andre Giraud, the former minister of industry, who was one of the main architects of France's nuclear policy during the 7-year term of Giscard d'Estaing. Andre Giraud does consider it wise to testify on such a vital issue, however, and he has chosen LE MATIN as his forum for making this statement public.

The policy expressed by the new president during his campaign is based on two propositions: "a policy for the independence of France, saying 'yes' to nuclear energy, but not to the all-nuclear approach." I can easily support these two propositions. The first one, for obvious reasons. And the second, because the "all nuclear" approach has never been anything but a grossly distorted slogan, shouted by opponents of nuclear energy to distort and criticize the policy implemented. So let's get rid of this myth, and the debate will only gain in clarity.

But behind these two general propositions, there may be a better or a worse course to follow. The actions taken so far would suggest that the worse course has been chosen. The freeze of the nuclear program is costing money and is encouraging opposition, although this freeze is perfectly useless, even if the program is changed. The only decision made to date--to stop Plogoff, one of the best nuclear sites in France--shows that more weight is being given to the rocks hurled by demonstrators than to the votes cast by Brittany's elected officials.

The Socialist Party, with a strong majority in the assembly, holds in its grasp the outcome of a debate which I will pay it the compliment of still believing that it would like to guide in accordance with the nation's best interests. So I will say to this party: this debate cannot consist of confronting the positions of the right and of the left, as if oil and gas were on the left and electricity were on the right. This debate is a matter of national defense and of the economy. As General de Gaulle used to say: "It is France which is at stake here." The election is over now. You no longer have the excuse of not having access to all the information. You are now accountable to the nation.

This is the heart of the problem. All of our road transport, the major part of our industrial activity, and a large proportion of our comfort are dependent on oil. And at the same time, 90 percent of the French petroleum supply comes from the Middle East and from North Africa. OPEC holds 85 to 90 percent of the international oil trade. So it is hardly possible to change this situation in any substantial way. And it is a situation which our diplomacy cannot afford to disregard. A petroleum policy is still needed. But we must, using every means possible, seek to liberate France from oil threats.

The way we do this must preserve for our nation its best possible opportunities for progress and development. That is what the French people want, and in general, a certain increase in our energy consumption is to be expected, even if there is some dispute about the magnitude of this increase. On this subject, the technocratic controversy about the ratio between economic growth and the rise in energy consumption is not worth a great deal, in relation to common sense: the French people do not want to be short of energy. They would not forgive their leaders for having organized energy shortages and higher prices, the trademark of underdeveloped peoples, because of a doctrinaire mentality. We should not forget the widespread protests of the nation about the great electricity shutdown on 19 December 1978. A responsible government cannot allow itself to fall too far short in its forecasts, using the pretext that the outer limit of the experts' optimism is not necessarily impossible to achieve.

We must, therefore, program on bases that are realistically possible to achieve, for it would take 10 years to correct such a mistake after it is found.

Our first recourse against an energy threat obviously lies in trying to get along without energy. This is called energy conservation, and everyone is in favor of it. After eliminating the most glaring

wastes, we are now in the phase of adapting existing facilities and of creating new forms of energy usage. This is where any progress will come from now on, and such progress will be slow. To hasten it, the government can act in one of two ways: by regulation or by financial incentives. I don't think much more can be gained by regulation. There are already voluminous regulations, some sections of which would delight the heart of a satirist. It is simply not possible to multiply hassles and controlers, and to create a truly restrictive rationing system, on the pretext of avoiding the rationing that would have to be implemented in case of an oil crisis.

As for subsidies, since I am not in the administration any more, I could call for still more subsidies, leaving it up to Mr Fabius to deal with the problem. But I won't do that. There is a level of subsidy beyond which it becomes more expensive to save energy than to obtain it, and our economy can not allow itself to indulge in any more waste.

The Share of Coal in the Energy Panorama

Our present coal consumption (50 million tons) exceeds all the national production figures issued by both sides: 10, 15, 20, or 30 million tons. So it isn't our national production which limits our use of coal, but the existence of a market for this coal. Coal isn't used for household heating any more, and we are not going to return to the days of the coal bucket. We will gradually have to reconvert our factories, which will take both time and money, and try to develop collective coal heating systems, which is as time-consuming and expensive, but which should be encouraged by the law on district heating systems passed by parliament in 1980.

Inside the coal market thus available, a second debate may arise: what portion of this coal should come from French territory? Producing coal in France is unfortunately a dangerous and difficult job and in most of our mines, it is ruinous. Certainly, we must maintain the jobs of the miners presently employed, and coordinate coal cutbacks with the industrial reorganization in some regions. But when these two conditions have been met, let's not be naive. There is no justification for paying much higher prices for energy in advance, in order to protect ourselves from possible price increases later. The world coal industry is just beginning an expansion which will be a large one. This summer I visited two mines in the United States; together, these two mines produce more coal than the French Coal Company does, and with 712 people. Let us seek rather, with our men and our methods, to take our place in this industry, as we have managed--a little too late, unfortunately--to take our place in the petroleum industry. Won't we be proud to make the French Coal Company a new ELF [petroleum] group?

Underground coal gasification is another problem. This process offers both great interest in terms of developing coal reserves that can not be mined, and great technical difficulties. The program that has been begun is of high quality. It should be given the increased funding needed to carry it out, but its eventual success will not bring about any production during this decade.

Although the cost of gas will from now on be at least as high as petroleum, it is still reasonable to use it in order to improve the diversification of our supply sources. But we cannot afford to lose sight of this objective. I will solemnly draw parliament's attention to the fact that we have reached the limit of tolerable dependence. We know, since this happened in 1980, that this supply can be interrupted. Gas storage is not easy. We will have nothing to fall back on if the quantity we lack exceeds the percentage of consumption corresponding to facilities which can use another form of energy. The government knows this figure, which I think it is better not to make public. And I think we can hardly improve our diversification before several more years have elapsed. All these factors limit our use of gas.

An Opportunity for the Administration

Renewable energy sources deserve our close attention. We know that hydroelectric power can hardly be developed any further, and in any event, it would not be desirable to sabotage the beauty of our wild rivers in order to squeeze a few more megawatts from them. Geothermal energy has gotten off to a good start and will make a valued contribution to our energy supply, and solar power may gradually come to make another contribution, through the use of solar water heaters, air conditioning, and intelligent architectural design.

But these contributions will only come about very gradually, for it takes 50 years to renew the housing stock.

My personal conviction is that the best way to use solar energy is by exploiting growing plants--this is commonly called biomass.

In fact, no economic solution has yet posed any serious challenge to the dominion of "king oil" in the heart of its power: operating automobiles. Progress in biology, chemistry, and agronomy indicates that a solution is near, and if we work hard and with the same political determination that has prevailed until now for the nuclear program, I am convinced that 25 to 50 percent of our fuel consumption could, between now and 1990, come from a source other than petroleum. For the new administration, this is a marvelous opportunity to make its personal contribution to the energy liberation of our nation.

The administration will have to be very careful to select only good projects. Some proposals that we hear of, which are technically poorly designed, could be drains on the budget and could discredit this promising approach. I will mention in passing, in order to respond to a fear that is sometimes expressed, that, in this modern version of natural fuels, the percentage of agricultural land used would be limited, and might bring about some reconversions that would be of value to our agriculture.

Nuclear Power: What is Its Risk?

Then there is nuclear energy, which is neither an angel nor a devil. It is certainly, and by far, the most economical of all the energy sources we can use, and it is practically entirely of national origin. We do import uranium, and some people think these uranium imports could become a new source of dependence. This is a mistake. Our own reserves would be sufficient for all the power plants in the program, but we wanted, by importing while we could, to make our own reserves last longer, while at the same time contributing to the development of Africa. Moreover, our stock amounts to enough for a 5-year period of consumption, compared with a 3-month supply for petroleum products.

Starting now, nuclear energy is going to enable us to replace more expensive methods of producing electricity, and the cost of electricity in relation to other energy sources has already begun to decline. This is an important boost for our economy, and will help to reduce the electricity bill, especially for people of modest incomes. It is also beginning to spur on the industrialization of France, just as hydroelectric power in its day helped to develop the aluminum and ferrous alloy industries, and France's coal industry helped to develop the steel and mechanical industries.

So, where is the problem? Why would it be good to build a 60,000-MW nuclear capacity, and terrible to build a 67,000-MW capacity?

One surprising argument which is put forth is that we would have too much electricity. This is indeed surprising, since--without even mentioning that the very same people were accusing the government of lack of foresight at the time of the great electricity shutdown in 1978--it is this electricity production capacity which is by far the most powerful weapon we have, along with energy conservation, for attacking the use of petroleum for household and industrial heating (and the two methods combined will not be too much). We have turned this weapon over to our successors: it is now up to them to make good use of it.

So long as nuclear power plants were not in operation, any increased electricity consumption meant increased oil consumption. This is no longer true today. Nuclear power will now enable us to do without oil in producing electricity in a France which consumes less electricity per capita than most of the other major countries. With the price differential increasing, this will stimulate the consumption of electricity. This is a trend we had slowed down, and one which the new administration should now encourage.

Concern about nuclear power is a problem, and there are only two reasonable attitudes to use in dealing with this concern: understanding and firmness. Firmness in response to those minorities which would like to impose their will and their form of society by means of violence; and understanding for all those who, very legitimately, want, as they have a right, to know what the truth is.

The difficulty is great, because the problem is a highly technical one, because nuclear energy has had two terrifying uses, and because the debate has begun on a poor footing: is it possible to reduce the risks to zero? The answer to this question cannot be a positive one, any more than it can for any other human activity. Then, what are the risks? It is now generally agreed that in normal operation, nuclear energy is particularly clean and safe. No fatal accident has yet occurred. But everyone says: yes, but what if the "big accident" happened? This is a problem I often pondered over when I was responsible for nuclear energy.

There is no perfect solution. If Plogoff were to be replaced by coal-burning plants of an equivalent power, during the 25 years of their life, these plants would consume 300 million tons of coal (300 million!). Based on statistics, we can calculate how many deaths (from accidents, silicosis, or mine cave-ins) would be caused by mining this amount of coal. The figure is of the same order of magnitude as the one for the most serious nuclear accident that can be imagined, but in the case of nuclear energy, the probability of such an accident is minimal.

There is another debate about the issue of fuel reprocessing. The nation should realize that many studies have been done, primarily in the United States, since President Carter attempted to ban it, in order to determine if it were possible to do without fuel reprocessing. It is now clear that reprocessing is the only valid way to handle these irradiated fuels cleanly, by extracting the nuclear wastes--whose quantity is extremely small--and by placing them in the best possible form of storage. In so doing, we can recover almost the equivalent of our present national uranium production.

Once the Super-Phenix breeder reactor is operating, there will be time enough to decide what follow-up to give the breeder program. We should, however, be aware that if we use the French uranium reserves in breeders, they would represent more energy than all the oil in Saudi Arabia.

Spectacle vs. Serious Issues

Now I want to say a word about the problem of administrative procedures and information. It was the complication of procedures, and nothing else, which halted the American and German programs, without either country actually wanting or deciding to do so. Our administrative procedures have already reached a minimum and irreducible level of 547 days. We must be careful not to favor the spectacular over the serious issue, and the multiplication of appeals--a favorite weapon of the minority who oppose nuclear energy--to the clearcut nature of the democratic decision-making process.

As for keeping the public informed, we must do everything in our power to improve this. Professionals in the field know that there are two ways of keeping information concealed: either to say nothing, or to drown the public with too much information. The antinuclear people prefer the second method, because it is easy to make incomprehensible information seem frightening!

Let me make one point clear: any government that would do such a thing as agree to make the report on the La Hague plant public would deserve blame, for everyone realizes that the technology for producing plutonium must not be made public. And any government, in order to win popularity, that would agree to make all safety service reports public would be culpable. Just as a prosecutor wants to be able to check out his suspicions without seeing them published in a newspaper, so safety inspectors must be able to work in a calm atmosphere. If not, they will not write down their suspicions until these suspicions have been confirmed. And safety will be lost as a result.

After making these two comments, let me say that yesterday when I was in the government and today when I am a private citizen, I have always found that every time information has been made available in a comprehensible and objective way, it has decreased public worries about nuclear energy.

And finally, the debate seems to be inclined to arouse the old specter of a parliamentary technology evaluation office, despite the manifest failure of the U.S. attempt at such a system. Parliament can question anyone it wants about these issues. Why should it set up a few experts as a new technocracy?

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PROSPECTS FOR NEW TRADE UNION FEDERATION

Amsterdam ELSEVIERS MAGAZINE in Dutch 3 Oct 81 p 43

[Article by Dieudonnee ten Berge: How Wise Is the FNV?]

[Text] This week the Netherlands Federation of Trade Unions and the Netherlands Catholic Workers Federation will officially merge and become the Federation of the Netherlands Trade Union Movement. Something which has been in existence for years will be legally confirmed. At that moment the Catholic workers movement formally ceases to exist. The socialist organization will only have changed its name.

The merger of NVV and NKV is in the first place based on practical financial reasons. The industrial unions and centers were financially struggling for their existence. In enterprises and businesses they were fighting rationalization but for themselves they found it a good method to keep their heads above water. With one million members it would simultaneously develop enormous power. That has been a bit disappointing although it is verbally succeeding in making one believe otherwise.

The FNV's political contacts are very one-sided. Since the labor movement is not only fighting for the basic interests of its members but is also increasingly involved in activities to change the structure of the society, this is strategically not very wise.

Contacts with the Labor Party are friendly and good but with the biggest political party, the CDA [Christian Democratic Appeal], the largest trade union federation has no contacts to speak of. Of the 48 members of the CDA fraction in the Second Chamber only Steef Weijers is still a member of an FNV union. This is exactly where the last NKV leaders made a historic blunder.

Soon after the infamous Night of Schmelzer of October 1966 many Catholic union members severed relations with the KVP [Catholic People's Party]. The KVP was classified as rightist and therefore anti-employee. There were quite a few labor leaders in the group of Christian radicals. Originally the PPR [Political Party of Radicals] also got its leaders from the NKV. Later, when the radicals changed their course towards the CPN [Communist Party of the Netherlands] and PSP [Pacifist Socialist Party] the NKV supporters did not follow them and loudly proclaimed that Catholic workers should just vote for Uncle Joop [Joop Den Uyl]. Chairman Wim Spit and wage expert Herman Bode became disenchanted with Christian policies.

In the beginning Jan Mertens, Spit's predecessor, came also under extreme pressure to break with the KVP. Mertens, on the other hand saw great dangers for the labor movement in this radical attitude of his erstwhile comrades in arms. Mertens resolutely repudiated a radicalization process of the Dutch labor movement. An appointment to state secretary was his award.

But it was Wim Vergeer, KVP chairman prior to Mertens, who sent the NKV straight into socialist arms. He became chairman because nobody of stature wanted that job after Van der Stee resigned. Vergeer was eager. Vergeer's term of leadership was definitely not one of the KVP's most brilliant. Vergeer could not rely on broad vision but did so on a remarkably simple formulation of not entirely matured ideas of political and social relations. Vergeer was against the socialists. Why was of later concern. Without adequate study he called the NKV program of principles marxist nonsense. The bishops were of a different opinion and proclaimed it a well formulated piece of work with a good presentation of the Catholic vision of man as worker. The KVP also did little to correct somehow the interrupted relations behind the chairman's back. One of the few who did so was Piet van Zeil, presently state secretary of Economic Affairs and Vergeer's successor. However, when Van Zeil received the chairman's gavel, Spit a his followers were no longer in a mood to cooperate. The KVP was, for that matter, so busy with the birth of the CDA that Catholic workers were left to their fate. Higher and medium level personnel, united in the Union BLHP, not wanting to follow the road to the socialist stronghold, left the NKV and moved on independently. The Union has now become part of the master organization under Henk van der Schalie, but it is really no longer playing a role of importance on the ground stage of social relations. In the meantime the NKV lost its contemplative and quieter members.

The Catholic police union and teachers union joined the CNV [National Federation of Christian Workers]. However, then chairman Jan Lanser did not have the vision and flexibility to attract more NKV unions. If he had seen fit to persuade his NKV colleagues to join an equivalent union federation standing shoulder to shoulder with the CDA there would definitely have been a chance.

Whatever was left of beautiful, perhaps sentimental feelings between the NKV leadership and Christian democratic politics disappeared under the first Van Agt government. The FNV followed over the years, albeit always half a year behind, the social economic vision of the cabinet. The persons in charge of Social Affairs, Wil Albeda and Lou de Graaf, both coming from the CNV, took care of that. Of course, for the sake of the members, Kok and Spit had to create a common enemy and scape-goat: Dries van Agt, for 4 years the most maligned Dutchman. Once when he lashed back and denounced undemocratic behavior in certain actions, the FNV stoned him in public. CDA and FNV drifted farther apart from each other. Even informal contacts hardly existed. The CDA did not dare stand up to the FNV loudmouths, the FNV top had no respect for the Christian democratic attitude of placating both sides.

In the meantime the new giant FNV and its strongly grown brother CNV must now try to play such a role in social economics that the workers can identify with their representatives. Exactly in times of economic decline and social uncertainty a strongly organized labor organization is more than needed. A lot of wisdom is therefore required from FNV and CNV. Wisdom to stear clear of polarization, to

work together with politicians and employers towards recovery of the economy. There are still chances enough but discord could ruin them. It is therefore to be hoped that there will be enough solidarity, also within the FNV, to present one common front. The solution cannot be found in overly aggressive statements to satisfy one's own following. Such statements release emotions which are later hard to control. With the PvdA [Labor Party] in the government the FNV has every chance to exert its influences on the government's policies in the coming years. To antagonize those policies would be a sign of weakness.

10319
CSO: 3105/13

CALLS FOR CREATION OF MUSLIM COMMON MARKET DISCUSSED

Istanbul DUNYA in Turkish 11 Sep 81 p 1

[Text] It is becoming apparent that in addition to business circles, the government is providing support to a proposal for the creation of a "Common Market" between Islamic countries. Constructors and exporters who have had past success in expanding toward Middle Eastern countries are among the leading proponents of the idea.

Certainly, Turkey would have interests in placing its effort toward greater economic ties with Islamic Middle Eastern countries within the framework of a formal organization. Other nations who are attempting to enter the Middle Eastern and North African markets are also moving in the direction of establishing a political foundation. In comparison to other countries, Turkey certainly enjoys cultural as well as religious advantages. Within the overall framework of multi-faceted economic relations however, such cultural and religious advantages constitute only one aspect among many.

The notion of a "Common Market" brings to mind the example of the European Economic Community. One must not forget however that the geographic, economic, historic, political and cultural foundations that constitute the EEC are very different from the foundations upon which a prospective "Islamic Common Market" would be based. The idea of a "united Europe" is the product of the "Age of Enlightenment" and dates back to the 18th century. It took two centuries for the idea to become reality. Even then, the final result was not in the form of a single United Europe but rather in the form of two unions known as the EEC and CEMA.

The EEC is based on the Rome Agreement of 1958 which calls for the eventual creation of a European State. What has been achieved so far is a customs union between the member states. This customs union was achieved in response to a need for greater markets. It was implemented by joining in conformity with the dictates of market economies the domestic markets of countries that had attained comparative levels of economic development.

Is it possible to claim when speaking of an Islamic Common Market that the potential member states of such an organization are advanced enough and structurally similar enough to form a customs union comparable to the EEC? What is more urgent for the Arab world, which constitutes the core among Islamic nations,

is the formation of an Arab Union on the political front as well as the formation of OAPEC [Organization of Arab Petroleum Exporting Countries] and the economic integration of Gulf States on the economic front.

While the notion of an Islamic Common Market should not be discarded, it would prove useful to recognize that this could only be an objective that could be achieved in the long term, following a progression through certain intermediate steps. The development of existing bilateral ties between Turkey and Islamic countries, the revitalization of joint organizations such as the Islamic Development Bank and the Islamic Data Bank based in Ankara as well as the establishment of similar organizational structures would be tantamount to taking the intermediate steps in question.

9491
CSO: 4654/174

'ARAYIS' HITS 'EUROMONEY' AWARD TO TURGUT OZAL

Ankara ARAYIS in Turkish 5 Sep 81 pp 5-6

[Text]

The EUROMONEY magazine has just distributed this year's Oscars in economics. According to news items that have appeared in just about every Turkish newspaper, Turgut Ozal has been selected economist of the year. It also appears that Turkey has been placed at the head of a list of countries "that have attracted attention by becoming the scene of positive developments."

Regardless of the field of achievement, every award ceremony leaves in its wake the sad as well as the happy. While award winners and their supporters rejoice, those deemed unworthy try to act as if they have fully accepted the verdict. Sometimes however, they display their jealousy behind closed doors.

To one side of this human tragedy stands yet another group composed of masses of silent individuals who stay away from awards, who are content to watch from a distance and who have never been deemed worthy of an award. They read the books that receive awards, watch movies that receive Oscars and look at the front pages of newspapers and magazines to see each year's outstanding achievers.

Granted, the award presented to Turgut Ozal is not like those given to movies or novels. This time, the award concerns more than just those who go to movies or keep abreast of the world of literature. "Economist of the year" is an award that encompasses an entire economy. Consequently, it is of interest to all who make up the silent masses.

We have nothing to say about the award received by Turgut Ozal. After all, the decision belongs to EUROMONEY magazine and the Turkish people were not part of the jury. Nevertheless our country did receive some mention in the Western press at a time when the latter had covered Turkey with a blanket of silence.

Whether the Turkish people will find it easy to accept the award that EUROMONEY has given Ozal is a different question. At this time the masses are likely to declare themselves as candidates for the award. The masses believe that it is they as consumers who are worthy of awards for having survived Turgut Ozal's award-winning implementation of the economic measures of 24 January. They do not think that Ozal himself should win any awards.

The fact that EUROMONEY magazine has selected Turgut Ozal to be the economist of the year is a good illustration of Western economic mentality. This mentality perceives the economy solely in function of production or sales and has seen its operation when various international organizations imposed upon Turkey the economic measures of 24 January. It cannot be said that this mentality will achieve any increases in production.

In reality, economic viability is a function of four processes: production, conversion, distribution and consumption. An economy that cannot ensure a fair distribution of resources or that cannot protect the consumer, will find itself unable to resolve societal problems. Regardless of the high levels of production that such an economy might offer, substantial and long festering wounds would be opened within the societal fabric.

Individuals such as Turgut Ozal observe the economy exclusively from a perspective of production and in due course ignore distribution as well as consumption.

The processes of distribution and consumption are indicative of the social content of an economy. It is only within these processes that the economy stops being a tool and becomes the embodiment of an objective.

Consumers are the silent heroes of these two processes. We do not know whether it is necessary to define a consumer. Consumers make up the largest economic group on earth. Every individual is a consumer from the moment of birth. Regardless of age, sex, race, belief, occupation or place of residence every individual is a consumer.

Naturally, not every income group can equally participate in the process of consumption. It is natural that an individual earning 100,000 liras or more per month will not have the same attitude toward consumption as an individual striving to raise a family on 5,000 to 10,000 liras per month. The truth of the matter is that a very large proportion of people living in Turkey must wage a great struggle to provide for their daily existence. These people are now trying to move ahead on an obstacle-littered path defined by the economic mentality of 24 January. In today's conditions these people are the first to come to mind when we think about consumers.

Protecting the consumer is one of the most important responsibilities of a socially oriented state. The issue of price is the first to come to mind when one thinks about protecting the consumer. In countries with a low rate of inflation, controlling prices is more a question of regulation at the distribution level. However in countries such as Turkey where price increases are determined by economic decisions taken at a governmental level, the issue of consumer protection assumes new dimensions.

In such countries and as in the case of the economic measures of 24 January, prices are allowed to rise on the pretext that "prices should be determined independently" while wages are artificially frozen. This results in the upset of any existing balance between prices and income.

Immediately following the economic measures of 24 January, prices of basic necessities affecting the lives of millions of people have increased from between one and a half to six times. To argue that there has been a decrease in the rate of price increases during subsequent periods is not very impressive from a standpoint of consumers who have had their wages practically frozen for a long period of time. The reason for this is that the decrease in the rate of price increases came along at a time when prices had already reached levels that could not be borne by consumers.

Millions of people in Turkey do not have the opportunity of expressing themselves on the matter of the award received by Ozal. Turkey has no strong consumer organizations, and political parties which could serve as important instruments to express public opinion have had their activities banned along with other institutions. But those who have read books concerning the development of capitalism in Europe following the Industrial Revolution, understand very well the plight of the people who in those days had left their lands to come to work in the cities. Humanity recalls that in those days the founders of capitalism had demanded "production and still more production." However, that era is now

recalled as the period of "savage capitalism," as a time when capitalism could toss aside a human being as if discarding a piece of paper.

A century has passed since the era of savage capitalism. As we approach the year 2000, it is shameful to select as "economist of the year" a man who is trying to impose upon the masses conditions from that long gone era.

If anything, it is the Turkish people that should be chosen economist of the year as it attempts to pursue its existence under such difficult conditions.

9491
CSO: 4654/174

INCREASING TROUBLES FOR KREISKY'S NEAR EAST POLICY

Vienna DIE PRESSE in German 13 Oct 81 p 3

[Article by Anneliese Rohrer: "Arafat Is Causing Difficulties in Domestic Politics--How Will Kreisky Get Out Of the Dilemma?"]

[Text] "The scope of the federal chancellor's politics is defined by the KRONEN-ZEITUNG headline the following day and the date of the next election. He has no use for anything more profound." This, in essence, is what a middle-generation Socialist said in private conversation a short time ago. A reminder occurred a few days later when the headline read "Kreisky Breaks With Arafat." Only after a remarkable delay of some days, had Bruno Kreisky decided, after all, with this dissociation to reflect the mood in the SPOe [Austrian Socialist Party] and probably also among the people as a whole.

Events followed one another in rapid succession last week, and there is every indication that within the SPOe the limit of what could be tolerated in the question of the Middle East was reached. Too much had happened at the same time. As late as Tuesday, the chancellor had mourned at length the assassination of his personal friend Anwar al-Sadat but had not found any words condemning the jubilation, also already known, on the part of his friend PLO chief Yasir Arafat over the very same assassination.

A few hours later Minister of the Interior Erwin Lanc, unequivocally for the time being, identified Municipal Councilor Comrade Heinz Nittel as a victim of the federal government's--in other words, the chancellor's--Middle East policy with his dramatic announcement that the arrested synagogue assassin Palestinian Husham Rajih had murdered Nittel. Whereas before that step on the part of Lanc it had been at least still conceivable to support all the other theories about what was behind the murder of Nittel, "the evidence," as it were, now showed that "one of us" (as Kreisky said in May) would have to die over Austria's PLO policy.

In the SPOe itself, the negative reaction to Kreisky's attitude had already ceased to be curbed in the days following the attack on the Vienna synagogue in August. Particularly in leading OeGB [Austrian Trade Union Federation] circles, vociferous statements of dissociation had been made when Kreisky had sharply attacked Israel immediately after the attack. Minister of the Interior Lanc at that time, in a DIE PRESSE interview, gave a brief glimpse of the real mood in the SPOe when he said that he "like hardly anyone else in the party" fully supported the chancellor's Middle East policy.

But the sum total of events--the murder of Nittel, the attempted arms smuggle at Schwechat Airport and the hasty expulsion of the Arabs arrested at that time, the role played by PLO representative Ghazi Husayn who kept making it known at Vienna cocktail parties that he could hardly cope any longer with the chancellor's constant contacts, the synagogue attack and now the "incomprehensible" jubilation by the PLO over Sadat's death--all that had now become too great an intraparty and domestic political liability.

Already shortly after Sadat's death a week before, leading SPOe politicians had pointed out "that the people out there" simply found Arafat's jubilation "incomprehensible" and that it would now be even more difficult to make them understand the past Middle East line. Moreover, it was pointed out, Kreisky during the wave of horror at the death of Sadat, mourned everywhere as a hero of peace, could not outline or explain his real opinion about the failure of Sadat's efforts. It simply was necessary to give a sign.

In the SPOe the fact is no longer being disputed at all that as a result of the events of the past few months Austrian foreign policy concerning the crisis area of the Middle East has reached an almost insoluble dilemma. It is being said that the policy is right--that is, peace in the Middle East, if at all, can be achieved only by including the PLO--but that the understanding for this within the country is decreasing all the time. Therefore the belatedly announced "consequences"--for the time being, no official PLO representative in Vienna and hardly any contact with Arafat--are also primarily meant for the internal use of domestic politics.

8790
CSO: 3103/33

FRANCOPHONE SOCIALISTS HOLD PRE-ELECTION CONGRESS

Events at Congress

Brussels LE PEUPLE in French 5 Oct 81 p 2

[Article by C.L. and D.C.--passages enclosed in slantlines printed in boldface]

[Text] The PS [Flemish Socialist Party] held an important congress yesterday morning at the Rayon de Soleil at Montigny-le-Tilleul, during which the broad lines of the party's campaign platform were to be ratified, and the consensus reached by the party's different factions, which unanimously supported the speech made by the party president, Guy Spitaels, was to be consolidated. We note that this congress was held under the dual chairmanship of Ernest Glinne and Francoise Gadenne, as the party wanted to show by the presence of a woman in a position such as the vice-presidency that it wants to move closer to those whom in the past it has all too often tended to neglect.

A large crowd of party militants was present, and after the opening formalities Guy Spitael's very substantive speech took the congress rapidly to the heart of the matter.

The PS president analyzed the overall political, social and economic situation, which led him to define the possible orientations of the country's future political structure and, quite naturally, to defend the federalist option which the party has espoused since 1947, as Guy Spitaels pointed out.

The Socialist-Christian Socialist coalition had to break down, said Guy Spitaels, because of two overriding causes: the drift to the Right of the Social Christian Party, and the perpetual community conflict.

The PSC [Christian Social Party-French] and the CVP [Christian People's Party-Dutch] have since the new year began embarked on a drift to the right, the orator said, a drift illustrated by several important events: the PSC congress at Floreffe, which threw into question the progressive policy of the government, the silence in which the Christian Democratic wing of the PSC (largely dominated by CEPIC [Political Center of Christian Independents and Cadres]) is plunged, the prime minister's contacts with the liberals and the Christian Socialist offensive against the budgetary decisions of 6 August.

With respect to the community conflict, the deterioration in relations between the parties crystallized around six explosive issues: the regionalization of administration, the future of Brussels, nominations for the Belgian Foreign Trade Office (the Monfils affair), defense of the Walloon aviation industry, issues that are smoldering in various sectors and the steel industry fight.

Guy Spitaels forcefully pointed out in that connection that the Christian Socialist policy was one of sabotage, particularly with respect to Brussels, of bad faith, of conducting a war of nerves: the Monfils affair, for example, having led to a CVP reprisal targeted against the Savings Bank, an institution which has 8,000 agents and manages 800 billion [Belgian francs] and which still does not have a board of directors!

The PS president, however, acknowledged that the final straw was of course the steel industry question. Here it was a story of nothing but obstruction and delays, and increasing inequity in the treatment given the North and the South.

/"The political reality has certainly been one of two separate financial paths, to the detriment of the steel industry in Liege and Charleroi,"/ said Guy Spitaels in summarizing.

Specific Objectives

/"It was all of this together which led by on 13 September, in my debate against Mr Tindemans, to ask the question: 'Would it not be better for each to be master in his own house?'", /the orator explained, thus getting around to the matter of defining the party's economic and social objectives.

Then he discussed the socialist commitment to defending indexation, to the preservation of a positive social climate in businesses and in the cities, based on real social justice and solidarity among all citizens.

Guy Spitaels rejected any cutbacks in social security and pleaded for preservation of the linkage between welfare benefits to the consumer price index and to well-being.

On the subject of taxes, the PS president insisted on the fact that his party does not want to increase the tax burden but wants more social justice. What the socialists denounce, he said, is the obvious complacency with which large-scale organized fraud is viewed.

As for lowering the costs of doing business, he pointed out that one of the factors which urgently needed attention was the cost of energy, a problem regarding which the Belgian state had shown itself incapable of producing a coherent policy. And, in order to protect small and medium sized businesses from the discrimination of which they are the victim, Guy Spitaels called for regulation of financial intermediaties, particularly in connection with the exodus of capital and with tax fraud.

Restoration of Federalism

After an interesting summary of the road traveled by the PS in search of a trilateral federalism, and after noting the current paralysis of the Belgian state, Guy Spitaels emphasized the fact that naturally the party would have to go back to its initial options of trilateral federalism.

/"The PS is presently the only one of the major francophone parties,"/ he stressed deftly, /"to unequivocally support a Brussels region, in opposition to the PSC and the PRL [Liberal Republican Party-Walloon], which call for merging the Walloon region with the French community, thereby pointing toward a bilateral federalism."/

Guy Spitaels next defined the five major principles for the protection of Brussels, principles from which the PS, he said, will not depart: Brussels must be endowed with institutions and powers to which it is entitled by the Constitution; it must have the same powers and organs as the other regions; its unique financial problems will have to be taken into account; there can be no partial solutions to the problem of Brussels, which excludes the unilateral offer of guarantees to the Flemish people in the Brussels region without an overall solution to the Brussels problem.

We note that at this point in his speech, Guy Spitaels was warmly applauded by the members from the Brussels federation.

From Federalism to Autonomy

The PS president then set about deciding what should be understood by the notion of federalism. It certainly must not go as far as autonomy or independence, he said. Federalism as the PS sees it should be along the lines of the federalism practiced by Germany or Canada, which consists in allowing the provinces themselves to manage their economic resources without jeopardizing the security of the state, foreign affairs or the currency.

The question for the PS is one of deciding on a basic line of action, without necessarily going into the streets or engaging in sterile negotiations.

The PS president went on naturally to appeal broadly to women and men of the Left, whether they be secular or /Christian,/ without however falling into the same mistake as the CVP, namely monopolizing power.

/"Those who come join us will be fraternally welcomed; we do not claim any monopoly and we know that tomorrow we will have to join forces. Our French community will not accept any 'diktat,'"/ was Spitaels' forceful conclusion, which was greeted with warm and long applause by an audience which was entirely won over and determined to take action on the basis of common and progressive goals and in an environment of newly restored unity.

Other Speakers

The first speaker after Guy Spitaels was the deputy mayor of Charleroi, Emile Henri, who is president of the Union of Municipalities and Communities. Henri

spoke on the question of appropriations for the communities, which at this time are biased in favor of the municipalities with Christian Socialist majorities.

In Emile Henri's opinion, federalism must bring more stability to community government, which through management in depth is in accordance with socialist options.

Guy Cudell, on behalf of the Brussels federation of the PS, endorsed the decisions made by President Spitaels, particularly the option of trilateral federalism, permitting Brussels to remain a full-fledged region.

Guy Coeme, secretary of state for the Walloon region, denounced the current water policy which favors Flanders. He also urged protection of Walloon's water. G. Coeme also spoke on protection of the environment. People as young as 18 years of age will be voting on 8 November. They are sensitive to environmental considerations. It is important for these kinds of problems to be among the party's basic concerns.

In the opinion of Jean-Maurice Dehousse, minister of the Walloon region, there is a real need to come up with solutions for Walloon and Brussels that will help sustain both of those communities. Also, he stressed the repeated interventions of the Walloon region to help communities facing catastrophic financial problems. This shows the importance of the region having sufficient resources to enable it to carry out the responsibilities which have been entrusted to it. He also denounced the sabotage which has prevented implementation of the August 1980 parliamentary bill on this subject.

Anne-Marie Lizin, a deputy in the European Assembly, expressed her concern about the status of the Walloon steel industry, whose productive capacity is periodically threatened. Etienne Davignon deplored the fact that the European Commission barely 2 days ago, in the course of an official meeting, had defended the idea of returning to a definition of productive capacity that would be injurious to the Walloon steel industry. One is in any case astonished that this should come from a Belgian commissioner.

She also declared her support for the decriminalization of abortion and for a policy of bilateral disarmament.

Jacques Yerna spoke primarily about procedural questions. While he may agree with Guy Spitael's presentation, he feels nevertheless that the campaign platform the bureau is going to articulate implies some political choices. He asks, therefore, that these choices not be made solely by the bureau, but rather that as many militants as possible participate. He also asks, therefore, that at a minimum a general council be convoked to debate the campaign platform and take positions on the subject.

"There Is Nothing But Well-Being"

On behalf of Socialist Youth, Mr Bartholmoe presented the position of youth. He also spoke of the future, which is in their hands. And he concluded by firmly

supporting the position taken by various speakers in support of decriminalizing abortion.

Senator Jacques Hoyaux chaired the committee responsible for drawing up the resolution of the Socialist Federation of Charleroi; he explained its general outlines. In this way the Charleroi Federation showed its support of moral values, education and continuing education.

/"Well-being is necessary,"/ said Jacques Hoyaux; /"but it is not enough!"/

He also spoke /against/ the rekindling of a policy of rearmament and /for/ balanced and generalized disarmament. Regarding internal policy, the senator from Charleroi insisted on continual and unbroken firmness, rejecting the thought of getting mired down in dilatory procedures, in the effort to rapidly bring about achievement of the goal of a Walloon political authority that would be efficienty organized and have adequate financial resources at its disposal.

The following speaker spoke on behalf of South Luxembourg, whose economic and social problems are especially sharp.

/"I recognize,"/ he said, /"that we have always been able to count on the help of the socialist ministers, but that has not been enough to restimulate employment, for we have seen a series of obstructions coming from Christian Socialists in the government."/

After crossing swords on behalf of the public industrial initiative, the speaker concluded by approving the fact that the electoral campaign would be based on defense of the steel industry, but regretted the fact that South Luxembourg has been waiting for years for a solution to its problems.

Pillory The Right

Next came the turn of the representative of socialists from Belgium's Germanophone community.

/"The new Article 59,"/ he said, /"has still not been passed. The efforts of the PS in this matter have not been crowned with success. The next parliament must immediately move ahead with the revision of Article 59."/

In the view of that speaker, membership of the German language community in the Walloon region is the sine qua non to achievement of an effective economic and social policy.

/"We are counting heavily on the full support of the PS in the efforts we are making,"/ he concluded.

B. Pierunek, of the Mons-Borinage Federation, issued forth with an imposing indictment of the Right, which is not in the least concerned with salvaging Walloon, which believes the workers are making too much and that the jobless are profiteers, and which is blocking regionalization. If the policies of the

Right are followed, social advances will be squeezed out before the measures it calls for bring about some hypothetical economic recovery. In the opinion of the Mons-Borinage militant, the current electoral compaign is not simply a repetition of previous campaigns. The hour of decision has come, and it is essential to win by a large majority in Walloon.

/"Our platform,"/ he continued, /"must be a veritable contract with the citizen."/

The citizen, moreover, must be given a voice through the successful democratization of political, economic and social life.

This ended the series of speakers. Ernest Glinne then gave the floor to Guy Cudell, for the reading of the proposed resolution, after mentioning that the bureau would examine on Tuesday Jacques Yerna's proposal to submit the campaign platform to a general council for approval.

Several amendments were offered, including amendments by Herve Brouhon, Jean-Maurice Dehausse, Irene Petry (who wanted the resolution to be less specific on the federalist option in order to leave the bureau more flexible in its decisions), and the representative of the Germanophone socialists. These observations were largely taken into account, and as a result the resolution was adopted unanimously with one abstention (that of Irene Petry). The text is published below.

Congress Resolutions

Brussels LE PEUPLE in French 5 Oct 81 p 2

[Text] The Congress of the Socialist Party met 4 October 1981 at Montignies-le-Tilleul, under the chairmanship of Ernest Glinne and Francoise Gadenne.

After hearing the report by Guy Spitaels, president of the Socialist Party, [the Congress:]

--noted the drift to the Right of the Christian Socialist family of parties and all the obstructions that led to the resignation of the government, especially:

--the manifest determination of the PSC/CVP to support continual community conflict by refusing to respect commitments made;

--the refusal of these parties to come to a solution on a number of issues vital to the future of our regions, among them regionalization of administration, the problem of Brussels and the steel industry.

Noting

--that the Walloon steel industry, just like the collieries of Campine, should benefit from the totality of assistance called for in the 1978 reconversion plan, with the objectives of assuring an installed productive capacity of 8.5 million tons, job protection and restored competitiveness;

--that the party is opposed to any policy which would harm the workers by threatening the linkage of their wages to the [consumer price] index; or by attacking social security, especially by reducing social outlays for the most impoverished;

--that a simplification of tax regulations and effective policing of large-scale fraud would make the tax system more just;

--that a revitalization of industry does not imply a reduction in the standard of living, but rather more effective management and a reduction of energy costs--by rational utilization and a reorientation of energy sources--for which the PS has called for 2 years now, without obtaining an answer from the central government;

--that the Brussels region must without delay be given the institutions and authority to which it is entitled under the Constitution just like the other two regions, taking into account, however, the provisional character of its current geographic boundaries.

In the same spirit, the problem of Fourons must be handled, with respect for the wishes of the people concerned.

UNDER THESE CONDITIONS CALLS FOR

/--a federalization of the Belgian state by the acquisition of national powers./

The current regionalization should be completed and strengthened, especially by expanding jurisdiction into five hitherto national sectors (the steel industry, textiles, coal, molded glass, and naval construction and repairs), into the whole domain of energy policy, into research grants for industry, agriculture and major infrastructure, especially port infrastructure;

/--the creation of a strong, regionalized public credit sector,/ indispensable for the financing of any economic and industrial activities in the regions.

--rejection of the assimilation of the Walloon and Brussels regions into a French community which must hold onto its uniqueness but without infringing on the legitimate aspirations of the two regions which compose it, particularly their right to exist.

--giving each community responsibility for organizing its own educational system;

/--the unequivocal defense of the uniqueness of the Brussels region and the Germanophone community;/

/--a union of the Walloon and Brussels Left,/ both secular and Christian, in order to create the political conditions for change, with concern for fairness and respect for each side's philosophical commitments.

In this spirit of solidarity and fraternity, the Socialist Party intends to work resolutely to keep alive the hopes for the future of our regions and our communities.

In the same spirit, the party intends to give priority to the goal of re-absorbing unemployment, especially among youth and women.

The Congress of the Socialist Party which was held at Montigny-le-Tilleul on 4 October 1981 adopted the following resolutions:

The Congress is concerned about the resumption of legal proceedings against women and doctors who have practiced abortion under appropriate medical conditions, and declares its solidarity with them.

It wants the party to pursue its struggle for the decriminalization of abortion to a successful conclusion.

The Congress, saddened by the upsurge of policies and statements supporting the pursuit of a policy of worldwide rearmament,

--raises its voice against such a waste of effort, financial resources and raw materials;

--reaffirms its conviction of the need for universal and balanced disarmament and belief in the priority of a policy of social and human development;

--calls on its militants and supporters to participate massively in the big demonstration 25 October in Brussels. [The PS federal secretaries will give detailed instructions on this subject).

9516
CSO: 3100/58

CAMPAIGN DEVELOPMENTS IN FLANDERS VIEWED

Brussels LE SOIR in French 22 Oct 81 p 2

[Article by Jacques van Hoorebeke: "In Flanders, The CVP Is Flirting With The Liberals To The Benefit of Socialists And The Volksunie"]

[Text] In Flanders, two parties currently stand out: the CVP [Christian People's Party] and the PVV [Party of Peace and Progress]. Leo Tindemans' party is trying to gain new credibility by blaming the Walloon Socialists entirely for the current crisis and presenting a much more liberal platform than in the past.

Willy De Clercq's PVV is hoping to become the second largest party of Flanders this time. In the outgoing parliament, the CVP had 57 seats, the SP [Dutch-language Socialist Party] had 26 seats and the PVV, 22. The Flemish Socialists are somewhat traumatized by the regional emphasis which their elder brother, the PS [French-language Socialist Party] has given the campaign. In this connection, it is striking to note that the three traditional parties are ignoring institutional problems. Their attitude should help the Volksunie.

In Flanders (as elsewhere in the country) parties are realizing how little prestige they have with the public. This is particularly true of the CVP which has been in power for 25 years.

Presenting his campaign platform, Tindemans told us that he still drew crowds to his meetings but he was struck by his listeners' skepticism and the type of questions asked. "People no longer believe in politics," he told us.

Liberal Ideas in the "JET" Plan

The CVP campaign platform has been named the "JET" plan. The three letters stand for youth, economy and the future. This plan stresses the economic problems in particular. It is distinguished from previous ones by its marked turn toward liberal ideas. The CVP in particular would modify our index system and proposed a series of measures: public financing reform, a tax cut for companies and transformation of economic expansion laws.

This plan which can be "accepted or rejected"--and the CVP says it is not afraid of an opposition plan--does not seem to be very negotiable with the socialists. On the other hand, with the liberals, "there would be ways to negotiate," we were told, "although differences exist, especially about a tax cut by allowing married couples to file separate returns ["decumul"] and the famous revenue sharing." For the liberals, the Social-Christians are ready to water down their program in many respects. The liberal wind blowing over the CVP seems to have convinced even its most influential left-wing members. Deputy Jan Lenssens, considered the leader of the ACW (MOC [Christian Workers Movement]) in parliament said in an interview with "Spectator" (Democrat-Christian weekly) that "a member of parliament who primarily defends the workers' interests will have a greater margin for maneuver in a government with the liberals than in a government with the socialists."

The 1982 Budget: The Slate Is Erased

The CVP has another problem in future negotiations: the 1982 budget, an explosive subject if ever there was one but one rarely discussed during this entire campaign. "For the moment, the slate is erased," said one observer from Two Churches Street. "However, things must be very clearly spelled out before the CVP forms a government. Thus, negotiations might last a long time as in Holland. All the i's must be dotted and we must know where we are going. Otherwise, the country will go bankrupt."

De Clercq disagrees totally with such a procedure. He believes on the contrary that one must move very quickly. "The country can no longer wait," he said. "If there is agreement on some fundamental major principles, a government can be formed very quickly."

He acknowledged, moreover, the liberal ideas in the CVP plan, "but," he hastened to add, "a party which helped socialize the economy of the country, whose preferred ally has always been the PS, which has continually increased the state's control in all areas, is this a credible party? If the CVP want to become liberal, I am the first to rejoice."

Pacifistic Socialists

The liberal drift in the Social-Christian ranks should, in one way, help Flemish Socialists. The SP could attract part of the Democrat-Christian left. In an interview with "Links" ["The Left"], Freddy Willockx, SP minister of the PTT [Posts, Telephone and Telegraph] said: "The problem of our political life is that with the PVV, we know with whom we are dealing; this is never clear with the CVP: it publicizes empty slogans, offers no alternative and is largely responsible for the loss of credibility in politics."

Yet Karel Van Miert's party seems somewhat shaken by the avant-garde positions taken by the Walloon Socialists on regional matters. He fears a backlash. Thus, he tries to reassure the troops by saying: I do not want to be Spitaels' errand boy and I never will be!"

The platform of the Flemish Socialists stands out from the other Flemish parties' in certain ways which attract youth. This is the "Van Miert phenomenon" which we discovered in recent reporting on Flanders. (See in particular "Le Soir" of 25 October 1980 and 14 March 1981.) Attracted by events in West Germany, Van Miert is in fact advocating clearly pacifistic positions on rearmament. He opposes missiles and the neutron bomb. He says he also is against the purchase of the new American F-16 planes. The recent, similarly negative statement by the Flemish interdiocesan pastoral council on the matter disturbs the CVP greatly; the latter issued a communique which, to say the least, was awkward.

The SP emphasizes "an offensive policy for recovery" in economic and social matters. It says it is ready to discuss the index but on the condition there are certain guarantees in other areas.

The Parties' Silence on Government Reforms

The three major Flemish parties are strangely discreet, if not completely silent about regional matters. The PVV platform, for example, does not mention it. When asked about this omission, the chairman only said: "We must eat dinner before dessert." By their discretion, the old-line parties want to show that they are not getting involved, so they tell us, in the regional powerplay unleashed by the PS in the steel matter first and then about the Flemish School at Comines next. This strategy of the political giants does not prevent the Flemish papers from headlining, day after day--with pathos--all the trials and tribulations of the fate of the Comines school. The Volksunie should benefit on election day.

This also allows Dr Anciaux's party to take more radical positions and call now more than ever for the formation of a Flemish nation.

Among the small parties which will try their luck on 8 November 1981, there is the Communist Party which has never gotten off the ground in Flanders. As in 1978, the Flemish Block which won one seat is on the ballot, as is "Agalev," the ecology movement. The RAD [Respect for Work and Democracy], the Flemish equivalent of the UDRT [Democratic Union for Respect of Labor], a single party with a common platform for the whole country has put up candidates in most districts. The antitax party still does not appear to have enough resources except in the south of the country.

9479
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'SPIEGEL' REPORT ON DECLINE OF SPD IN CITIES

Hamburg DER SPIEGEL in German 5 Oct 81 pp 26-29, 31-32

[Article: "The Trend Is Comrade No More"]

[Text] When Social Democrat Herbert Schmalstieg, chief mayor of Hannover, left his house at 10 pm Sunday before last to go to City Hall, all did not seem lost yet.

Whereas, the news about the trend of the results of the Lower Saxony municipal elections had indicated heavy losses for the SPD, results had yet to come in from the workers' districts of the capital--Linden, Ricklingen and Misburg--where the Social Democrats had virtually always obtained 65 percent of the vote.

Soon thereafter all hopes were dashed. In the city from where Kurt Schumacher had rebuilt the SPD after the war, where Noske and Ollenhauer had pursued their politics, the Linden workers too were now abandoning the party. The losses amounted to 10.9 percent, and the vote for the 29th mandate which would have insured Schmalstieg's reelection in advance, fell 700 votes short in the end. The SPD had obtained 43.2 percent of the vote, the CDU 42.4 percent.

In Hannover, where since 1954 the Social Democrats had never yet received less than 50 percent of the vote, there now suddenly was a tie with the CDU, while four council seats went to the FDP and another four to the Greens. "What was I supposed to do?" Schmalstieg asked himself at a loss--and did "nothing at all."

Yet, sensational though the decline in votes looks, the comrades long since ought to have got used to this misfortune, for on the FRG electoral map Hannover by now is no more than one spot among many.

For years the cities have been areas where the SPD suffered losses. At the places where politics are supposed to be closest to the heart of the citizen and where the Social Democrats traditionally had appeared to be at home, red city halls were changing their color one after another.

Some big municipaltiies slipped from the Social Democrats' hands--such as the Bavarian capital, Munich, where at one time Vogel had resided with 77.9 percent of the vote but where 3 years ago, when the SPD candidate managed to get a mere 39.2 percent, the CSU's man, Erich Kiesel, came to power, with the CSU, gaining an absolute majority at the municipal council elections.

Or take Frankfurt, where in 1977 "dynamite Rudi" Arndt had to make way for the Christian Democrat Walter Wallmann and where this year the SPD, which at one time had enjoyed an absolute majority, lost another 5.9 percent, obtaining 34 percent of the vote.

In May the CDU was victorious in Berlin, which had been in Social Democratic hands virtually without interruption since Ernst Reuter's times. A mere 38.3 percent had been left over of the downright dream total of 61.9 percent Willy Brandt had obtained there.

Duesseldorf, capital of North Rhine-Westphalia, was lost as long as 2 years ago. There the SPD only barely missed getting 50 percent, and with a substantial 47.6 percent Christian Democrat Kuerten relieved the SPD's Bungert as chief mayor. In Stuttgart Social Democrat Peter Conradi was defeated by Manfred Rommel, son of the marshall.

But it was not only in the big cities that the SPD went downhill; smaller cities too, one after the other, came under the supervision of the CDU. In Offenbach in Hesse, the Social Democrats in the 1977 municipal elections slipped from 56.2 to 44.1 percent, while the CDU added 12.9 percent and won, and in Wiesbaden it dropped from 50.8 to 40.6 percent, with the CDU gaining an absolute majority.

Unrestricted domination was also wrested from the comrades in numerous large Bavarian municipalities. For example, in Regensburg in 1978 only just 36.6 percent remained of the 52.7 percent which the Social Democrats had received in 1966.

And one after another, they sometimes simply could not grasp what was going on. Becoming metaphysical, CDU Land chief Alfred Dregger could not regard the SPD disaster as anything but "a miracle, simply a miracle." As far as Social Democrat Freidhelm Farthmann, minister of labor in North Rhine-Westphalia was concerned, what had happened just was not credible: "Surely these liberal cities open to the world should be our strongholds."

In those places where the fortresses are stll being held, things are also already aflame. In Cologne, for instance, where the SPD predominated in the municipal assembly with a sure 57.4 percent in 1964, the advantage over the CDU has shrunk to per mills. In Kassel the comrades after their poor result in the municipal elections last March had to form a coalition with the Greens to stay in power.

With dramatic rescue actions, Bonn headquarters is trying to help the party friends in jeopardy. If previously Social Democratic municipal heroes who, like Willy Brandt or Jochen Vogel, had gained a reputation in their municipality had gone to Bonn to assume higher offices, they now have returned to the emaciated urban parties again.

Hamburg, where the SPD is in a considerable crisis, is to be defended by former State and Education Minister Klaus von Dohnanyi against the CDU's smart Leisler-Kiep. The rescue trip by Bonn Justice Minister Vogel has already failed: He was unable to hold Berlin against CDU politician von Weizsaecker.

"In municipal elections it becomes clear what a party still possesses in the way of electoral substance," says Manfred Guellner, formerly with Infas [Institute for Applied Social Sciences] in Godesberg and now director of the Statistical Office in Cologne, and joint author with Comrade Ursula Loeffler of a study about "SPD and the City."

And indeed there are quite a number of indications that the SPD's Guellner is right when he says that a "waning municipal electoral confidence in the SPD, by way of a trend, also means weaker Bundestag election results." An advance or standstill on the part of society, bethinking oneself or wanting reforms--all this generally manifests itself first in the cities. And it is there that social adversities are first reflected in disgruntlement, whether it is a case of unemployment or health care, school problems or transport constraints.

If that is reflected in the vote, it amounts to a great deal, for about one-third of all FRG citizens live in 68 cities with more than 100,000 inhabitants. And fewer and fewer of these are governed locally by the SPD; the trend is not a comrade anymore. According to a challenge issued by Baden-Wuerttemberg Land Chairman Ulrich Lang, one needs "to newly discover the priority of municipal politics."

It is time this were done, the chances are, for in quite a number of cases the debacle of Social Democratic municipal government can be traced back tens of years.

The extent of voters abandoning the Social Democrats is documented by adding up the municipal election results in the cities. The SPD advantage over the CDU and CSU, which in the mid-sixties amounted to a robust 23.1 percent, has shrunk to 6.3 percent--a swing of the pendulum of 16.8 toward the CDU and CSU. According to election expert Guellner, "things are going downhill almost automatically as far as the party is concerned."

In Berlin and Frankfurt, where elections have been held this year, this swing has been downright dramatic. In the sixties the Berlin Social Democrats were 33.1 percent ahead of the CDU, and the Frankfurters 22.4 percent. Now the CDU leads in Berlin by 9.5 percent, and in Frankfurt by as much as 20.2 percent--a shift of 42.6 percent in all in favor of the Christian Democrats in about 15 years.

Despite all this, one does not hear a lively debate about the question as to why the party which at one time took a stand for politics that have a direct bearing on everyday questions, and scored by far the greatest electoral victories as a result, now finds itself at the losing end in this very field.

What is indisputable is that national and Land politics--and, in the final anaysis, also the ideological frictions in West German society--play a role in municipal elections. Like all politicians in inclement weather, the chief mayor of Saarbruecken, SPD National Executive member Oskar Lafontaine, blames the city losses primarily on the "overall political situation." And Herbert Schmalstieg too thinks this has now been confirmed again--for instance, by that "summer spectable" in the Bonn coalition, "which took an impossible course."

Social Democrat Guellner, on the other hand, is convinced that in the past 10 years only "the coupling of municipal elections with Landtag and Bundestag elections has prevented a lowering of the SPD share." He says: If purely municipal elections

had been held in Hannover in the seventies, the SPD losses and CDU gains would have become apparent before 27 September." And even Schmalstieg does not simply want to dismiss the idea that it is not by any means just those at the top that are always to be blamed for every misfortune in the municipalities. "The SPD became big in the cities," he says, "but since the time that it began to be responsible for the federal government, it has pushed municipal politics into the background."

SPD Senator for Science in Bremen Horst Werner Franke refuses to believe that in heavy weather in Bonn the cities also find themselves going downhill. "We are also wondering about it," he comments on the municipal horror figures," and I find that the reasoning according to which we have to pay for the discontent in Bonn is simplistic."

The SPD senator thinks he is noticing a "sociopsychological occurrence"--with the people perhaps being gripped "in part by a kind of fear for their life and existence and either not voting at all or voting conservative."

Many analyses suggest that it is primarily the SPD that is hit by abstention from voting in municipal elections, which in any case generally suffer from small voters' participation--particularly since the workers, who continue to provide essential SPD support in the cities, tend to abstain from voting.

This, however, does not explain the SPD city electoral losses that have been going on for decades, any more than does the appearance of the Greens. No doubt these are increasing the trend, but they did not exist at a time when Social Democratic majorities and mayor's posts already were being lost one after another.

And long before existential fears occupied the minds of as many citizens as they do these days, did strata of voters quarrel with the SPD without whom that party cannot rule either in th cities or in the country.

Social changes in big municipalities have been causing trouble for the Social Democrats in all municipal elections in the past 10 years. In so-called service centers such as Hamburg, Bremen, Munich, Cologne, Hannover, Duesseldorf, Stuttgart and Frankfurt, already between 1950 and 1970 the workers' share had dropped from 50 to 37.7 percent, while the quota of white-collar employees and civil servants had risen from 34.9 to 52.3 percent.

In the beginning this did not do any harm to the SPD. On the contrary. Specialists and middle-class people who had made it as well as young climbers and women were the ones who nationwide "in the early seventies caused the most movement in the SPD," according to Klaus Liepelt, the head of the Institute for Applied Social Sciences close to the SPD.

But judging by the particularly high SPD losses in almost all service centers, it appears that this potential increasingly is refusing to deliver in municipal elections. As Social Democrat Guellner explains, the social changes, as a result of "modified claims and levels of expectations as regards communal care," are having a greater effect on municipal elections than on "grand policy."

It may well be that voters of tha ilk also react more strongly to the checkered war scenes presented by the Social Democrats in important big municipalities. In Munich, for instance, a fierce dispute between right and left raged for 7 years.

Top man Vogel finally left the "system changers" and went to Bonn, and under leftwing Rudolf Schoefberger, subdistrict chairman at the time, they then went after the remaining "replete curbstone setters' wisdom of veteran municipal politicians."

The Munich SPD has gone through five executives since 1969, and the present federal executive manager, Peter Glotz, did not manage either "to wrest the knives away from those opposing one another."

The Cologne Social Democrats kept the voters' interest awake in a similar manner in the last decade. At one time the rightwing was victorious and simply dissolved the subdistrict executive of the Juso's [Young Socialists]. Then, in 1973, the leftwing suddenly supplied 29 or 30 delegates at a district party congrss. A little later the rightwing of the party started a successful comeback under subdistrict chief Guenter Herterich. "Now comes the whip," the chairman called to his oppoinents among his party comrades, while these considered "Comrade Herterich to be a crocodile."

Moreover untoward goings-on among party officials brought discredit on the party. "The SPD in Cologne no longer was interested in anything but themselves," a Duesseldorf government member sums it up; "everything was in a turmoil."

Turbulence has also shaken the comrades in Berlin in the past 10 years. When after the building of the wall the situation had normalized and the citizens found out that they were living in quite an ordinary city, it became apparent that something of a mutual-benefit society had made itself at home in the comfortable rooms of this municipality.

Social Democratic officials were playing checkers with jobs and projects. Bureaucratization was putting in an appearance. Municipal scandals and mismanagement damaged the image of the party, and the SPD became the subject of conversation when it was a question of bankruptcies in the millions, such as that of the Steglitz Kreisel and, finally, of the Graski scandal, where pledges were bandied about and which brought down Mayor Stobbe.

Surely the Social Democrats also overdid it with large-scale building projects in Frankfurt--an ugly proliferating concrete district where, on top of it, the SPD had a hand in the demolition of venerable houses and their replacement by dull office high-rises. SPD politicians were gaining a reputation of making common cause with land speculators. Chief Mayor Arndt with his idea of blowing up the Opera ruin acquired the nickname "dynamite Rudi" and then, after all, made reconstruction plans--which his successor, Wallmann, with a lot of money but to the delight of many Frankfurters, has now put into practice.

When the shirtsleeves mayor finally also began getting interested in the "outlines of old townscapes," with modern facades in historical surroundings affecting him "like myself as the second from the right in a fairy ballet," it was too late. An exaggerated school reform in Hesse and a handful of scandals in which Social Democrats were involved had done additional harm to the party and apparently had primarily frightened the city population.

This was the kind of poor impression the SPD was making in many places at a time when city government became increasingly difficult and the term ungovernability made the rounds. Liabilities in the residential environment and commuting, problems with children or with old people, less money and more bureaucracy--"in the tangible details," Karl Ganser, Social Democratic professor and urban planner in the Duesseldorf Land government says sarcastically, "the brilliance of the grand perspective took flight."

It was worse. Often it turned out that Social Democrats, to whom the postwar citizen above all had conceded competency in practical municipal work, were not doing so well in coping with tangible details either.

As SPD analyst Guellner says, "the basic needs of the masses" were ignored, and "the needs of minorities among the members" were raised to the status of a guiding idea. Guellner tries to demonstrate this as far as automobile traffic is concerned, which is in bad repute among many Social Democrats. He says the SPD must "take note of the fact that at present the automobile in the consciousness of the broad electoral strata continues to be regarded as a very positive expansion of mobility both as far as work and as far as leisure is concerned. The rich certainly find it easier to do without a car than the poor."

While "avoiding environment-destroying excesses," Guellner warns, one must "continue to insure the use of a car by Social Democratic voters." By "merely following a strategy of ingratiating oneself" with the Greens, "not only quite a few regular Social Democratic voters among the workers" are scared away "but also many middle-class voters."

Along this line Mainz SPD Municipal Councilor Klaus Rein says that "political majorities too deserve to be respected." Altogether, says critic Guellner, the party has lost contact with the citizen in the cities, and thus also lost sight of his true concerns. Increasingly the municipal SPD is "occupying itself with illusory problems of the social superstructure."

It does appear possible that the break in the membership structure of the SPD, the competition between the teachers' generation and the comrades attending to the routine party work to push each other out of the way, has been damaging to the commitment for everyday affairs.

Mainze Chief Mayor Jockel Fuchs now is "shocked" that local party bodies are "increasingly occupied with overriding questions" at a time when the citizen "often has quite different worries"--for example, about "when at long last the sports arena or the school will be completed." Formerly, complains Karl Trabalski, member of the executive of the Duesseldorf SPD, "Care for old people and education were debated in the local party," whereas "today the subject is the SS 20." He says: "We have been in every theater of war, but we have not concerned ourselves enough with local issues."

Meanwhile it is clearly apparent that there are Social Democratic misgivings about the fact that the comrades in many places hardly care about whether there will be a letup in the crisis concerning the disposal of nuclear waste but instead now only debate such momentous subjects as detente with the East.

On behalf of the Baden-Wuerttemberg SPD, which is constantly losing votes in the areas of urban population concentration, a study commissioned by the executive states that the party is presenting "the profile of a leftist liberal party primarily addressing the political minorities and one to be trusted as a party of the opposition rather than as a governing party."

As long as 6 years ago, Peter Glotz came to the conclusion that "the Social Democratic parties in the big centers of population are reacting to the pressure of problems of the present with a sharp turn toward the left or, as some say, toward the irrational." Hannover's Schmalstieg now finds that one must "not constantly talk about protection of the environment unless one insures jobs at the same time." But the SPD election strategist is also bothered by the fact that recently it has been the Greens and the Checkered who annihilated Social Democratic majorities.

The balancing act between the new party generation and the veteran comrades, the regular voters from among workers and employees, on the one hand, and alternatively disposed young citizens, on the other, now is also constituting a liability for such staunch leftists as Bremen Senator Franke. While there is sympathy in the party for squatters, he says, "street battles between masked figures and the police are something that frightens the citizen, of course."

According to him, "the conservatives have a much easier time there." He himself feels "this damned split personnally." On the one hand, he says he supports reforms in the colleges, but on the other hand he has to "call a halt" at his Bremen University "and occasionally slap some people's hands."

At the base the conflict then sometimes manifests itself the way it did recently in the Cologne-Dellbrueck party organization. There a young comrade came to the evening meeting and announced that henceforth he would only pay half of his membership fee to the party, and the other half to peace movements, for the SPD was a war party anyway. When an old comrade later talked about his son having been able to attend the gymnasium thanks to Social Democratic education policy, the gathering laughed at him.

"The arrogance of many college graduates and students" in the party is "intolerable," says a report by the Essen SPD discussing frictions among the city's Social Democrats

"A new beginning" is what Cologne SPD chief Rainer Maedge pleads for, for his part, "or else we will experience our own Munich." But the fact that the comrades in the south have not yet experienced everything by a long shot is indicated by the latest polls there. According to them, the SPD will no longer be able to retain the comparatively poor 37.7 percent it gathered last time but only 23 percent and perhaps just 17 percent.

Bremen's Franke is at a loss. Things "cannot be blamed entirely on the failure of chief mayors or simply on Bonn," he says. Perhaps it is just that "at present Social Democracy does not accord with the consciousness of a great number of people."

8790
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PCI'S MILANI ON RELATIONS WITH BRAZIL CP, PT, PMDB

Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Oct 81 p 9

[Text] "The battle to be fought in Brazil is the political battle, the battle of ideas," believes Communist Senator Armelino Milani, the Italian politician who has come to Brazil most often in the past 18 months. Born in Pavia 49 years ago, he was in our country on four different occasions during that time. Member of the Italian Communist Party [PCI] Political Secretariat, "Lino," as he insists on being called, is one of the principal collaborators of Secretary General Enrico Berlinguer, of whom he is a most faithful disciple.

This time Senator Armelino Milani came to Brazil to attend the first National Convention of the Worker's Party [PT] held a week ago in Brasilia. The politician spoke to reporter Pedro Del Picchia during his short passage through Rio de Janeiro before embarking to fulfill some party commitments in Argentina, from where he will return to Italy where he is awaited by an important meeting of the PCI Central Committee which will begin in coming days.

In this interview, Senator Milani explains why his party maintains such good relations with the PT and denies there is a break between the PCI and the Brazilian Communist Party. He praises the serenity of Luis Inacio da Silva but warns of the danger of radicalization within the PT.

The Italian senator expressed optimism with respect to the process of Brazilian democratization and believes that the struggle by the opposition in Brazil at this time must be political, in the field of ideas. This, however, does not make him "discard in principle" other forms of struggle. "Hypothetically," he explains, "if another dictatorship such as that of Mussolini were to appear again we would not hesitate in taking up arms in defense of democracy."

FOLHA: How do you, who came to Brazil four times in the past 18 months, view the progress of the political situation in our country?

Milani: I think it is a situation which is truly progressing toward the reestablishment of a democratic system. We note that development through several signs: first, because there is a widespread political debate in Brazil today; second, because the government party and the military leaders of the government themselves declared and never denied that this is the process and that the move is toward general elections; third, because it is significant that for the first time since 1964 a civilian is replacing President Figueiredo during his illness.

However, parallel to those positive developments of the democratic process, contradictory incidents are noted such as the imprisonment of unionists and peasants in the Northeast, the imprisonment of two French priests in Goias, the nonestablishment of full union freedoms, the fact that the majority of the unions still have appointed leaders and, primarily, the fact that the draconian National Security Law is in existence, which as long as it exists will not allow the establishment of a full democracy. However, despite all that, the democratic process advances.

FOLHA: What dangers could block that process?

Milani: The danger could be, for example, an external one if the international situation were to become worse and lead to a more severe confrontation between the two superpowers with the resulting initiation of new regional conflicts in the world. However, there is also an internal danger for the democratization process if a Brazilian political force or forces are in too much of a hurry in the battle for the establishment of a full democracy or for the achievement of reforms, thus provoking reactions by the military forces which still have great power. The entire armed forces wing which is "more open" would be placed in an embarrassing position if Brazilian political forces were to seek to move along certain paths under the illusion that a road could be shortened, which on the contrary will be long and difficult, for arriving not only at a full democracy but at the realization of a type of society which will finally be able to resolve the gigantic problems afflicting millions of Brazilians, particularly the most humble and disinherited people of this great country.

FOLHA: Do you believe the PT is running the risk of behaving like that hypothetical force which could try to move faster than history?

Milani: I believe there are some radical sentiments within that young party, the PT. However, that is natural. After all the PT is a party in formation and it has not traditions as yet, not even a tradition of errors or of successes and experience. That is why sometimes it is possible to commit the error of practicing a dangerous radicalism. I must say, however, that after attending the first national convention of that party I did not receive the impression that the leadership group advocates radicalized positions. On the contrary, the closing speech by Luis Inacio da Silva showed a serious, pondered and discreet position on the need to move, not by trampling reality, but step by step toward the establishment of democracy and the resolution of the great Brazilian problems.

FOLHA: Why does the Italian Communist Party maintain special relations with the PT?

Milani: We are Marxist party and the PT is not. This is the main difference of an ideological nature. The PT is a young party that has not yet adopted a specific ideology, which is even proper at this time.

FOLHA: Is the Brazilian Communist Party no longer a valid interlocutor for the PCI?

Milani: Unfortunately the PCB is still an illegal party and this is a serious void in this process of redemocratization in Brazil. I believe that if there is no legal recognition of the Communist Party, this democracy will always remain limited and incomplete. It is not true that the PCI and the PCB do not talk to each other. Relations with Brazilian Communists, despite the difficult conditions under which they have operated for many years, have always existed and we want them to continue. Many of the Brazilian Communist Party members have political and ideological positions on socialism in this country and the world similar to those sustained and proposed by the PCI. What happens is that the PCB is not the only one to whome the PCI talks in Brazil.

FOLHA: Does the PCI maintain some type of relationship with the Brazilian Democratic Movement Party [PMDB]?

Milani: Truly the relations with the PMDB are minor. We had some very formal meetings with PMBD leaders, with the vice president, Teotonio Vilela, for example. But they were always very fortuitous, never organizational, contacts.

I believe the responsibility for that situation should not be attributed to the PCI. We want, and we would be honored, to maintain relations with that group also but we believe that it is up to the PMDB to seek those relations. At any rate, we believe the PMDB to be one of the basic forces of the process of redemocratization.

FOLHA: Why does the PCI, which has an obviously reformist program and policy, insist on calling itself a revolutionary party?

Milani: Because to want to change the present structure in a capitalist country such as Italy means being revolutionary. The revolutionary in 1981 cannot be considered in a restrictive sense as he who carries out the revolution. We believe that even though a peaceful revolution can also be the accomplishment of great structural reforms in our country which would involve the most important sectors of Italian life such as industry, agriculture, education and health. We believe that the resolution of these great problems from the point of view of benefit to the working and popular masses would become a revolutionary act. That is why we consider ourselves a great revolutionary party because the accomplishment of those gigantic reforms truly means the accomplishment of a revolution. And we are revolutionaries, primarily because we do not advocate a future which will maintain the exploitation of man by man. We advocate a government of the great majority, the popular masses, and against a government of elites.

FOLHA: The PCI was one of the first forces to take up arms against the fascist dictatorship. Today the Italian Communists are waging an exclusively political struggle. Do you absolutely discard the hypothesis of taking up arms once more?

Milani: No type of struggle can be discarded in terms of principles. If a regime such as that of Mussolini were to reappear in Italy--and I do not believe that is possible but I cite it as an example--it does not seem to me that there would be any other alternative but to take up arms. But against those who speak,

those who use written and oral propaganda, those who advocates ideas, we believe it is fair, necessary, even a duty, to oppose our own battle of ideas. We even believe that from our point of view the battle of ideas is democratic and revolutionary.

FOLHA: As far as you are concerned is the battle to be fought in the Brazil of today the battle of ideas?

Milani: Yes, because there is the real possibility today--I do not know about tomorrow but it exists today--for carrying forward the battle of ideas, acquiring more and more consensus and support. Against certain ideas of the great Brazilian capitalist bourgeoisie, the proletariat, the middle classes and the democrats who make up the group of parties which make up the opposition, must oppose their ideas, their programs and their activism so as to convince people to make choices which will strengthen the democratic battle, thus obtaining the great consensus needed for changing politics in this country.

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PCI LEDDA'S REPORT ON PROBLEMS OF WORLD PEACE, DEVELOPMENT

Rome L'UNITA in Italian 6 Oct 81 p 7

[Report by Romano Ledda: "PCI Proposals for World Peace and Development: North-South, Disarmament Role of Europe"]

[Text] In submitting for discussion and for approval by the CC [Central Committee] a comprehensive proposal for instituting a solution to the pressing problem of underdevelopment--said comrade Romano Ledda, initiating his report--we shall address one of the decisive knots of the international crisis, the unraveling of which is the key to many aspects of the outlook for economic development and world peace.

It is our conviction indeed that the North-South problem has assumed a central relevancy in the political and economic problems that are upsetting the international order. One need only note the Middle East crisis and its interleaving with the energy problem to understand the vastness of the problems involved in the justifiable demand for a new international economic order.

We have mentioned peace and underdevelopment. But underdevelopment and its extinction are to be understood not as a just debt to be made good toward the starving people of the world but rather as a requisite condition to our own development. Hence, the proposal we shall submit involves a new and different view of world development; and it associates itself with the hard economic policy lines and choices the nation is currently being called upon to address. I believe--and this is one of the senses of this document--that Italy--an Italy that is moving farther and farther away from a certain international division of labor--can easily see that our proposal for a new relationship with the South, within the framework of a worldwide solution to the problem, goes directly to the heart of the problems of industrial reconversion, of planning and of a new type of development, on all of which our approach is based.

We are well aware and openly admit that this is not an easy undertaking. But based on the document we plan to submit and discuss with the social, political and ideological forces--not only the Italian ones--we think we can help further the sensitizing of the Italian and European workers movement through a decisive-struggle approach.

Our comrades will see our proposals, will question them, and will debate them. By way of this report I shall try to furnish some of the elements that comprise our proposals and bring them within the international context in which this report is submitted.

The international situation continues to be critical and strained, and the peace continues to be seriously threatened. It is the subject of much debate and it behooves us to clear the air of groundless polemics. We are not doomsayers who say: "We are on the verge of war."

Local Conflicts Multiplying

We say realistically and with carefully considered alarm that the chances of war are dangerously increasing. And not because the Americans or the Russians want war, but because international life has reached an overall historic crossroads in the relations among the states and among human beings that imparts to the current crisis a structural character.

I shall cite just four points that underscore the gravity of the situation.

First. Relations between the United States and the Soviet Union have never before reached a level as low as the current one, unless it was--though with different characteristics and in a different world context--during the harshest moments of the cold war. There is now an open contraposition. There are fear, suspicion and mutual distrust. There is even an incommunicability of language that frequently prevents the signals being sent from one of the powers to the other from being received and objectively evaluated. Today, the dialogue has recovered--and I shall return to this point--but the elements of controversy continue to predominate and to constitute a powerful factor of uncertainty in the world situation.

Second. Local conflicts are spreading and multiplying. The world has never heretofore in this postwar period known a tension as widespread as the current one or seen as many focal points of local wars flare up simultaneously. And with two characterizing innovations: Each conflict tends immediately to take on worldwide implications, to involve and contrapose the great powers to one another, to the point where even the internal crises of this or that country--I cite the most currently relevant: Iran and Poland--immediately become the cause of new world tensions. And the other innovation: The spread of the use of force, the emphasis on military means rather than on policy-level negotiations and diplomacy.

Third. There are the dimensional aspects of the economic crisis that is now having a disruptive impact on political relations among the states. One need only consider the issue of energy raw materials and the dangerous translation of that issue into a problem of military security rather than one of cooperation and mutually advantageous exchange. The entire Persian Gulf matter appears to me exemplary in this regard.

Fourth. Then there is the arms race, which is in large part a reflection and a consequence of the political uncertainty in which the world is living, but which itself in turn generates further uncertainty. A vicious circle has been established in which world tensions generate renewed rearmament, and renewed rearmament generates new world tensions.

These four points--although others could be added--are sufficient to expose the roots of the crisis in which detente finds itself and the contrapositive emergence of a trend toward its militarization, by considering an upward scaling of military power as a basis of and frequently a substitute for diplomacy. Truly, it is difficult to deny that there are threats to the peace. None of this has come about suddenly and spontaneously. The growing disorder, the instability and the ungovernability of international relations, the convulsive state that contradistinguishes the international situation of these last several years, are not the upshot of a sudden fit of madness among the states or of the human race, but are rather expressions of structural phenomena that have already been examined.

The resolutions adopted at the party's 15th Congress, followed by comrade Pajetta's report, then by the Central Committe's debate in 1979, and comrade Berlinguer's most recent speech in Torino have marked out analytically the path being taken by the changes in world realities, by its new problems and by the often stark alternatives, toward the imposition of a new system of international relations, a new world political order and a new economic order, as a solid basis for peace. Our comrades will find ample references in this regard in the rough draft on peace and development which they have received.

I shall therefore limit myself summarily here to a brief listing by headings of these processes that are helping us understand what is happening and why it is happening: A decline in the centrality of the big powers, not in terms of their weight or, above all, their military power, but rather in terms of their growing inability to manage, unassistedly, the governance of international relations. The disarticulation, in both East and West, and frequently the fragmentation of what until a few years ago could be defined as homogeneous and solidly united camps. The advent of new operators on the world scene: new nations, new nation states, small but also large ones--China for example--and medium ones endowed with new powers--one need only consider in this regard the oil producing countries. Nor could I overlook those commonly referred to as the new factors emerging under a religious profile--Islam, for example--and a social one: women and youth. And the latest in the form of political, ideological and social alignments specific, for example, to the Central American struggle for liberation. And lastly, the growing demand for democracy and participation, for emancipation and for justice, that is shaking up the international system.

In sum, there is a vast agitation that is imparting to the world forms that Togliatti would have called polycentric and that we today call multipolar. But the fact is that all of this continues to meet with opposition in the form of the deep-rooted rigidity of the hierarchies on which international relations have been built. This gap between "real world" and "legal world" produces crises and instability.

A purely ideological approach to this multiform reality and to the multiplicity of views it expresses serves little purpose. There is no white on the one hand hand and black on the other between which one may choose; there is a sum total that one must understand and shed light upon. I say this because there are always the strong pressures that come from one side or the other demanding that we draw up acritically, in battle order, and based on unequivocal judgements and Manichaean choices, a list of the factors in the crisis and the respective required responses.

Our reading of the world reality and of the growing nature of its complicacy is more laic, more materialistic. In the draft we are submitting we state the force with which imperialism opposes a real change in the present order. We also go, and indeed must go, into an open examination to update, to renovate, our understanding of imperialism and to define more completely its current manifestations. After all, 60 years and more of revolutionary and liberational struggle have not been for nought. But I believe that no analysis can properly exclude the materialistic factor, the class factor or that of an inequitable and unjust world order.

But here I would like to propose a question calling more for a political judgement, a judgement within the terms of reference of the international crisis, a judgement that could not be more complex.

Does not some of the responsibility for the present international crisis fall upon the USSR as well? This is a much debated question--in the party as well. The answer is positive and warrants some consideration, also because this evaluation is the subject of open debate in world public opinion, including that of socialist countries like China, involving viewpoints with which we do not agree.

It is well that we clear the field of the debate, of the clutter of a propaganda that is becoming obsessive. A major campaign is under way to show that the Soviet Union has surpassed the United States as a military power, upsetting world balances--I do not mean the European ones, which I shall take up later--in its own favor and thus becoming a menace to the world. Actually, the world strategic balances are well established and will probably remain so for some time. The new reality that has emerged over the years just past is actually that the USSR has attained militarity parity with the United States as regards its ability to intervene globally in every area of the world. This is what the United States is not willing to accept, "hindering the USSR from becoming a superpower, seeking to relegate the USSR to the role we certainly do not want to play: that of number two in the power scale." These were the words of Cyrus Vance when he resigned as Secretary of state during the Carter administration because of dissents that involved this analytical point as well.

Our Criticism of the USSR

Our criticism of the USSR is of another nature and has to do with its foreign policy of the past several years.

At the end of the Vietnam war, there was in the United States a wave of second thinking and a crisis, the emergence of a more cautious, less aggressive mentality averse to direct interventions, and the start of a reassessment of the scale of the American role in world affairs. In a confused, uncertain, contradictory way, this was the signal being flashed as the Carter administration came into power but was later extinguished, drowned in his oscillations and weaknesses that were unable to cope with the struggle which had opened up in the United States as well.

The question is whether the Soviet Union actually understood the significance of that moment in its relations with the United States. And more generally whether it recognized the broad openings for political initiative created by the dynamic

effects of the American defeat in Vietnam. I am thinking of two such openings above all: The value thus restored to nonalignment and the change that was taking place in North-South relations, opening up the possibility of a concrete start in the building of a new world order. And secondly, the possibility of launching a new drive toward detente that on the one hand would overcome the stalemate that was already evident in the detente process, which has now been reduced over the period of the last few years to the military sphere alone, and that on the other hand would overcome the inherent limitations that were already evident in an oversimplified conception of detente, seen only as a bilateral agreement.

And one might ask whether this lack of comprehension by the USSR did not give rise to the choice of a foreign policy that has gradually eroded confidence in political initiative--the last major initiative taken was that of the 1975 Helsinki Conference -- in favor of the instrumentality of force, by seeking to gain new positions and to expand its sphere of influence; by frequently considering the ratio of military power and military alliances as substitutes for the self-sustaining processes of development and liberation. Whether it did not, in other words, result in the choice of the way of power politics, of consolidation and of expansion of its own politicomilitary bloc, as the more valid and more secure instrument of international initiative, thus making the USSR prisoner of a logic that has culminated in the Afghanistan intervention, which has contributed in no small part to the exacerbation of the international situation, to a subsequent crisis of detente, to serious problems for nonalignment, and to the erosion of those relationships between the socialist countries and the underdeveloped countries as a whole that had been one of the positive characteristics of this postwar period.

Reagan's Adventurism

Seen in a historical and political context, the USSR's reasons may have been many: old visions of encirclement, the severity of the break with China and fears of a policy aimed at isolating the Soviet Union, the open attempt to exclude the USSR from the Middle East crisis, the wearing down of the detente process that had set in during the 1970's in the United States. But this cannot be used as an escape hatch to elude judgement on our part of the responsibility the USSR bears in regard to the current crisis. It is with the same objectivity of judgement that we view today the Reagan administration's aggressive dynamism as one of the most disturbing and dangerous factors in the international situation. This case also lends itself to the seeking of historical and political reasons. It is not easy for the United States to accept and understand the rebellion of a periphery that no longer wants to be dependent on it, the loss of a world supremacy, the end of the myth of an American exceptionality. These are bitter pills that take a long time to swallow: Awareness of a new relationship between the United States and the world will come in complex forms. And certainly, account must be taken of how the United States--and not only the United States--may have perceived and interpreted the Soviet activism of the last several years. But the fact remains nevertheless that Reagan's response to these problems is adventurist and reactionary.

There is the unyieldingness of the confrontation with the USSR which I have cited above, consisting of continuous tests of strength, of a contrapositional tack that puts to question again the accords achieved during the 1970's.

There is an open and unmitigated attack on the world's South that is now taking shape on all terrains and in all spheres. Support of the dictators and of the most reactionary regimes of Africa, Asia and Latin America. A stepped-up deployment of military forces with growing demands being made upon the Allies to pick up a share of the burden. Outright refusal to negotiate at all on underdevelopment, defining the latter, as Reagan did at the IMF, as a "rhetorical division" between rich and poor. The characterization of every struggle for freedom as international terrorism and hence the transfer of every one of these struggles into the already bulging controversy between East and West. There is the bald attempt to bring the Europeans into line, to restore an undisputed American economic, political and military supremacy. Within this same framework, there is--and it is not a secondary consideration--the call to form new political and social lineups designed to carry the banner of monetarism and of freedom of the marketplace, thus eliminating not only any and all socialist trends but also the trend toward Keynesianism which is being called one of the great maladies of the last half-century. Then there is the arms race, as a corollary to power and bloc politics. And lastly, there is the disappearance--even as a term--of any further plan for detente. It is not by all means certain, of course, that this design will succeed. This is because of its inherent contradictions; because the United States no longer has the power to be at one and the same time the banker and the policeman of the world; because we are certain that a dynamic society such as is the American one has within itself farsighted forces capable of understanding the new and hence able to stand up against the tendencies being manifested by the Reagan administration.

But there is no time to wait. And if there is agreement on these analyses--and this is also subject to debate in this CC--the question is: What is to be done, what road is to be taken to ward off the dangers, and what forces are to be put into the field?

I fully understand the vastness of the span of the question. It may be said that something occurs every day on which a position and an initiative must be taken: from El Salvador to the Polish crisis, from South Africa to the Middle East, from Afghanistan to Southeast Asia; indeed, the span is extremely vast. And it is not my intent here to again go over the evaluations, judgements and clear positions we have already expressed authoritatively on all these questions.

What I wish to do is merely to focus attention on a few central, prioritary questions--if I may be permitted the use of this term--politically immediate questions on which work can begin in terms of movement, and on which there can be a debate in this CC to orient the party as to the content and the lines to be followed in renewing the struggle for peace.

There is an important point to be decided; it has to do with the agreement between the USSR and the United States. This also involves a debate. I do not believe we can occupy the position of one who complains because there is no agreement

between the superpowers only to turn around and complain again when that agreement is reached. I believe all the forces of democracy and of peace are interested in working toward attainment of that agreement and toward ensuring that it is a positive one. World tension would be substantially eased by it. What we are thinking--if the analysis we have developed so far is valid--is simply that an agreement between the two superpowers is no longer sufficient in itself to ensure the complete stability and peaceful governability of the world. It is an essential condition for the renewal of detente, but to be truly fruitful it must provide that detente with new bases--bases that are inseparable from a profound democratization and articulation of international relations and from a genuine start toward the solution of the world's most urgent structural problems: its political and economic ones.

Within these terms of reference, it appears to me that the problem of arms control must flank the North-South problem as appropriate terrain for political initiative.

I shall not waste time, comrades, in technical dissertations and in a controversial debate on what is to be considered military balance. The problems are first and foremost political. We have made our position very clear, unequivocal and not unilateral. In the current situation of international crisis, we consider it a basic condition that present balances be respected, and regard their alteration, by whichever side it has been made or shall be made, as further grounds for perturbment. This is the debate that is now going on regarding the European Theater. We have therefore held since the beginning and continue holding as of now that there must be a negotiation that takes into account all the perceptions and concerns of the interlocutors, that restores the balances wherever they have been altered, and that genuinely addresses a reduction in the levels the balances had attained. Clearly, then, the negotiation must involve all Euromissiles: SS20 Pershing, Cruise.

Two Determinative Problems

The negotiation between the United States and the USSR has now gotten off to a timorous start and we are glad of it, especially when we think of the 2 years that have been lost. But two determinative problems are pressing. The first has to do with the timetable of the negotiation. A resolution passed by Socialist International on the 25th of last month fixes a precise time limit within which the result of the negotiation can be considered positive: not later than 1983, so as to avoid the installation of the missiles in Western Europe. Well, we believe the negotiation could proceed, I would say, even more rapidly, if the political desire is there. I would like to cite an authoritative voice being heard these days coming from the FRG, commenting on the negotiation: "The most important thing is that the political aspect of the question take over the negotiation before the experts have a chance to take positions that are not politically acceptable." And this brings us to the second problem: What is Europe doing? Is it awaiting the outcome of the negotiation? Is it delegating the matter to the United States and the USSR? Is it limiting itself to, in the best of cases, exerting pressures? Or should it--and we must fight for this to be done--demand that it participate directly in the negotiation, with the right to submit independently its own agenda of issues to be negotiated?

We have held a debate recently in the Chamber which all our comrades have followed closely and I shall not therefore repeat here the criticisms we expressed through the interventions of comrades Pajetta and Rubbi with regard to the performance of the Italian government, the contradictions that have sprung up among the political forces and within the forces themselves, and hence as to our own unitary initiative in this respect. Permit me solely to point out that it is futile for us to agree in words on objectives, timing and European participation in the negotiation if we then proceed in the manner of Comiso, which deprives us of all contractual power and limits Europe's effective negotiating autonomy.

The problem of timing and of Europe's presence has become in recent months the basis of an initiative that must be pressed, continued and made an initiative of the masses.

In August, we had in Italy the development of an important movement that is now reaching the level of the movement for peace that has developed in Europe over the past 1 and 1/2 years. Our comrades will of course tell us this. I think it can be affirmed as of now, however, that this is not a minority movement or one of protest. In Europe, it has already brought about governmental positions, such as those of the Belgian and Dutch governments. In Italy, it has rallied broadly-based and real forces; one need cite only the Catholic world. Its driving force has already taken on an articulated and at the same time unitary character, and it has already provoked a broad ideopolitical debate that has shaken the political and social forces and has therefore had a political impact. Is it yet, however, a movement of the size and suitability demanded by the graveness of the problems? Is there not much yet to be done? We must evaluate these aspects as well in this CC, to see what further contribution we can make to its development.

There is a basic problem to be examined: The general question being put, not in the abstract but in the concrete, is whether the threatened use of nuclear weapons must be accepted as a permanent fact with which we must learn to live. This question--the atomic factor--had been put to rest in years past, for reasons we have stated many times over. Now, not by mere chance, it is surfacing again in the public awareness.

A Fateful Threshold

Indeed, we are at a fateful threshold. And not only because of a fearful waste of resources in a world situation that demands them for more sensible uses, but also for qualitative reasons. Unless a renewed arms race--that is, the production and development of a new technological generation of nuclear weapons, many of which are now ready and others of which are under study--the world will be subjected to new structurally and inherently destabilizing processes. In place of security there will be a generalized insecurity. In place of a balance of terror, already very fragile, we will have an imbalance of terror. The world and the superpowers had laboriously achieved in past years an agreement and a code based on the monitoring of weapons, their controllability, their dissuasive nature--the famous concept of deterrence. Today, all of that is in danger of being, and in part has already been, blown to bits. The demarcation between conventional and

nuclear weapons is rapidly vanishing, as is that between tactical nuclear and strategic nuclear weapons. There is now talk of limited nuclear wars, symbolized by the N-weapon, and of learning to live with the fact that sooner or later, perhaps with the advent of further technological improvements, one of the powers may be tempted to feel that it can inflict a decisive strike upon the other without having to suffer a reprisal. Let us add to this the horizontal nuclear proliferation that is taking place, with dozens of nations in possession of, or in line as candidates to possess, atomic weapons; let us also add the alarming and terrifying advent of the new chemical weapons. This will give us a better understanding of the dark and dangerous tunnel mankind will be entering with the start of a new arms race.

We must stop it before it is too late. And it can be done--and this is the dramatic innovation--if we can overthrow the logic that has heretofore governed the entire question of arms and security.

This is the reason, and above all the reason, why we consider unacceptable the proposition of an independent European nuclear rearming that would not only mean a greater allocation of resources, which on top of it all are lacking, to military expenditures, but would also signify Europe's resigned acceptance of the logic that must be destroyed, thus further jeopardizing the chances of detente in Europe itself.

It is terrifying to hear the number of voices--a great many of them representing world authorities, but also those repeating the same thing ad infinitum in the halls of our Parliament--accrediting the old Roman saying: "If you want peace, prepare for war"; if you want security, arm further; if you want to negotiate, you must do so from strength; almost saying that negotiation itself has no part in the security of relations among nations.

I do not know but what that saying may have been valid in the past, but certain it is that it is insensate in our nuclear era, because it exacerbates mutual distrusts, spreads uncertainty, and increases warlike temptations beyond the volitional constraints of everyone, because, objectively speaking--and this is the other major innovational aspect--military technology development increasingly eludes political control. This is another reason for the extreme importance of the birth of a movement, as widespread in Europe as it is in Italy, that wants to take back into its hands the issue of peace and war, that says that private citizens also have the right to know and the duty to intervene.

It can astonish no one that the magnitude of these problems has resulted in an explosion of radically rejective positions, proposals for unilateral disarmament, opinions of the most diverse natures, which may or may not be shared, and many of which we ourselves do not share, but which express the full awareness and--and why not?--the fear of what is now occurring. This confronts us with a serious problem that I would like to state in these terms: Our ability to effectively coalesce the realism of the immediate proposals we are making with the more general objective of a ban on tactical and strategic atomic weapons and of a gradual, balanced and controlled reduction of conventional weapons that will bring their levels down to strictly defensive proportions, bearing in mind that none of us is so naive as to believe that problems of defense and security will no longer exist.

New Ideas on Cooperation

Within the framework of this concept it will then be possible to study the timetables and set up the immediate, intermediate and long-term objectives--the tests of good faith, denuclearized areas, resumption of SALT 2 negotiations, etc--that cannot be planned in the abstract but that are inherent parts of the real movement it will be possible to generate. The point to be established is whether or not we are in agreement with this overall view interleaved as it is with new conceptions of security and new ideas on international cooperation. And whether a movement for peace during the 1980's should not have as its own this vast horizon in order not to exhaust itself in fortuitous protest and to avoid the dangers of illusory flights into the future.

This, after all, appears to me to be the sense of the "peace culture" about which so much is being said.

We can already anticipate some objections and accusations of abandonment of the choice that has already been made with respect to Italy's current alliances. We reiterate clearly that it is not our intent to undertake any action whatever unilaterally, either as regards disarmament or as regards our remaining in the Atlantic Pact. We maintain that the existing politicomilitary blocs are, within the precariousness of the present international situation, still a delicate instrument of stability, in the East as well as the West. And that unilateral actions disruptive of these balances--the entry of Spain into NATO, for example, would be one--contain more dangers than advantages. Thus, we are not being bound by any neutralizational intent. But by the same token, we must ask ourselves and debate whether it is reasonable to maintain that the blocs must continue to exist forever and that any view of a different future extending beyond the limits of these blocs must be considered a danger. We must ask ourselves and debate whether, though still remaining within one of the blocs, we must not oppose the rationale itself of blocs, particularly when--as is the case in the current situation--that rationale is a duality: Internally, a stern discipline that subordinates the weaker allies; externally, a frontal contraposition of one bloc against the other.

There is in fact a problem that is developing in the West as well as the East--in the West, with the setting in of complications and controversy in inter-Atlantic relations; in the East, with the Polish crisis--that cannot be eluded: that of refitting the blocs to the reality of their internal articulations, that of the legitimacy of internal dissent with respect to political and military options, in sum, that which could be called a laicization of the blocs. This holds true for the Warsaw Pact as well as NATO. I will cite just two examples with regard to the latter: It is not sufficient in this sense not to retreat from our position that NATO's character must be defensive. We must also repulse all pressures to extend the initiatives of blocs that are European--in our case, NATO--beyond established historic boundaries. What security would there be for Europe were NATO to become involved in the Middle East crisis? And from a more general standpoint, What would be the resulting relationship between Europe and the world's South? In reality, only the recognition, on our part, of politicomilitary blocs as a fortuitous circumstance of world history, and the recognition, on their part, of an effective internal articulation within themselves, of their own geographical limits and of their defensive character can be the basis of an alliance among equals.

In dealing with the seriousness of the current international crisis and with the alternatives arising from it, Western Europe is called upon to assume specific and independent responsibilities. It is not so much, and for that matter not solely, a matter of defending egoistically the positive results that detente has produced on the European terrain, which, however, be it understood, cannot be expected to last if world tension is exacerbated or prolonged. The stakes, rather, are substantially higher. What are at stake are Europe's margins of independence and of security itself, which would be drastically reduced, if not altogether compromised, were the rearmament race and the contraposition of East and West to prevail. And without a new cooperative relationship with the world's South, hence without the beginning of a solution of the problem of underdevelopment, we can hardly expect to find a solution to the gaps and forms of decline--suffice it to cite the steel industry as a whole, the basic chemicals industry, the textile manufacturing industry--that the new international division of labor and the other areas of capitalistic competition are introducing into the European productive apparatus. The overturning of current international trends is therefore in Europe's general interest, that of all its countries--an interest that coincides with the objective of a democratic and peaceful evolution of international political and economic relations.

There are stirrings in some governments, in the political forces, in public opinion, of an incipient awareness of the positive function Europe could fulfill as an active co-promoter and actuator in the steering of a new international course.

It can nevertheless not be denied that this awareness is still very tenuous, uncertain, and that when confronted by decisive moments--the most recent meeting of the IMF, for example--Europe divides and yields.

In effect, Europe is more a potentiality than a reality. The European Community is foundering in crisis. Unable to go beyond the framework of a customs union based on free trade, even the limited forms of integration it has managed to achieve heretofore are being eroded by a ground swell of protectionism, an upsurge of nationalism, each country for itself in loose order. National policies have the upper hand, and this is not without consequences on the economic and political terrains, as much for our most powerful ally as for our East European interlocutors as for the world's South. To put it in the simplest of terms, what is lacking is a permanent and united European interlocutor with whom to address, negotiate, and give life to a new policy.

We cannot close our eyes to this fact. It is not to weaken but rather to strengthen the European choice that we must rivet together, as a fundamental political objective of our initiative, knowing that it is a political objective to be put together piece by piece, to be won by way of planning and of arrays of force, in the heat of a fierce struggle on a European scale between the forces of progress and the forces of conservatism--a struggle that day after day makes itself felt, with the outcome still very much an open prospect, as is evident from the important victory of Mitterrand and the Left in France.

Our struggle must be developed, and not only in the European Parliament but also in our National Parliament and throughout the country, into a cohesive, constant and concrete force acting upon the coordination of the foreign policies of nations within a stable framework of European foreign policy, each respectful of its alliances but autonomous with regard to its orientations and choices. One might ask, for example, not only what the value would be today, in immediate terms, of a decided action by Europe in regard to a global North-South negotiation, a unitary intervention of its own in the problem of armaments, but also an open-dialogue initiative of its own with all those forces in movement outside the blocs, and especially the the movement of nonaligned nations, to make space again in the international political spectrum for a dialectic that will avoid the risk of being seduced again by the logics of power and bloc politics.

The Objectives of the Left

There must be an intensification of our political and movemental initiatives toward a coordinated European strategy in the industrial, hence the commercial, spheres, at least in those sectors in which the place occupied by the nation is insufficient; I have in mind energy, telecommunications and informatics, avionics, bioengineering, in sum, all the high-technology industrial sectors. Without this economic hinterland, there is no way the European currencies can survive in the absence of solutions to the problems that have been discussed herein.

The responsibilities and the tasks of the European Left in this regard are vast. It behooves us also to not ideologize the situation and to recognize that the Left has not made of Europe the terrain of a unitary initiative of its own. The divisions, the diversities of positions, do not demarcate communists on one side and socialists and social democrats on the other; on the contrary, they cross over into all components of the workers movement and even penetrate individual parties. Here also there is therefore an objective to be attained , a force to be built up. But it is not a matter of starting from scratch. And if we maintain and convey the awareness that the European choice is not one of many but the only and necessary one, if we work on the basis of concrete platforms, on the basis of programs and not ideologies, if we base our work on an objective analysis of the crisis and its causes, overturning all old schemes and all of them together, then Europe's Left can truly be the political leader of a renovated, more united Europe that with its economic, technological and cultural resources can become an active agent in a new political lineup and a new world economic order.

The North-South, disarmament, the role of Europe: These are the three terrains--and interactive terrains they are, for that matter--on which which we propose to work, with the prudence of realism, but also with the force of new ideas equal to the problems of the 1980's.

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SOCIALIST INTERIOR MINISTER VAN THIJN ASSESSED

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[Article by Rene De Bok: "Study of the Weight of the New Ministerial Team: Ed Van Thijn X-Rayed"]

> [Text] The Van Agt II cabinet includes seven first-timers: Van Dam, Van Der Louw and Van Thijn of the PvdA [Labor Party], Van Mierlo, Terlouw and Zeevalking of D'66 [Democrats of 1966], and Van Dijk of the CDA [Christian Democratic Appeal]. ELSEVIER begins a consumer study this week of the quality and weight of the new leadership. Determining factors for the final score are: 1. qualifications and experience, 2. character traits, 3. image, 4. authority within the present coalition, 5. position within his own party, and 6. pattern of expectations of the outside world. Each area is accorded the same weight, measured on a scale of 1 to 100. The PvdA Minister of Internal Affairs, Dr Ed Van Thijn, is first.

Qualifications and Experience

From the beginning, Dr Ed Van Thijn has been recognized as one of the most brilliant representatives of the post-war generation of socialists. He is undoubtedly the most zealous student of the Den Uyl school. And yet, he can be categorized as one who received the call late. He has no history in a socialist youth movement like the AJC [Labor League of Youth] nor even in the FJC (Federation of Youth Groups), in which Hans Kombrink climbed up to the lower peaks of the PvdA. Not until he was 25 years old did Van Thijn join the PvdA. After 2 years he became a member of the staff of the scientific office of the PvdA under director Den Uyl, the Wiardi Beckman Foundation. His background: the HBS-B [secondary school] department of the Amsterdam Lyceum and a study of political science in Section A of the Municipal University. By way of the Wiardi Beckman Foundation he quickly became involved in a number of political activities. Den Uyl was always his great model.

Because of his background, Van Thijn's voice came to be taken seriously. He suggested election strategies, was employed in campaigns and analyzed election studies. For 20 years, Van Thijn has been a member of every body in the PvdA which has been engaged in thinking out election campaigns.

Van Thijn is the man who thought up the magic word "Turning Point '72." He wrote the introduction, "Turning Point for a New Policy, a New Order, a New Democracy." In '77, he was the brain behind the "Forwards" program, this year he thought up the slogan "Back to Work."

Van Thijn has sampled every nook and cranny on the political battleground. In '62 he became a member of the Amsterdam municipal council, once again in Den Uyl's footsteps, then alderman. After '65 Van Thijn was the Labor Party delegation chairman. The wooly years of the '60's made great demands on the PvdA's political balance, and particularly on Van Thijn. But that was not his only job: in the party bureau he was directly involved in the disturbances of the Cals/Vondeling cabinet. As the then-standard-bearer Vondeling's right hand, Van Thijn recorded the minutes of the socialist ministers' confidential meetings. At the same time, he was the organizational focus of the contacts between the ministers, the PvdA's executive council, and the leadership of the delegation.

After the council elections of '66, Van Thijn also opted for the Second Chamber. In '67, he became Den Uyl's campaign director, which gave him the title: "The Man Behind Den Uyl," a characterization he came to detest more and more over the years.

He has never denied his politico-logical background. He published like a fanatic and was one of the compilers of the report: "The Vote That Counts," about the desirability of constitutional reform. In the '60's that resulted in a legislative proposal by the PvdA, D'66 and PPR [Political Party of the Radicals] for the prime minister-elect, which, for that matter, disappeared into a deep valley. During the Den Uyl cabinet and the '77 cabinet formation, Van Thijn was the PvdA delegation chairman in the Second Chamber. After the formation of the Van Agt I cabinet, the negotiator Van Thijn lost a bit of ground, but he never fell by the political wayside. The political significance of the author of "Diary of a Negotiator" is too great for that. In the '71 shadow cabinet, Van Thijn was minister of transportation and waterworks; now, 10 years later he has penetrated to Internal Affairs.

Score: Qualifications and Experience: 83

Character Traits

"I am just a bit precise." That is how Ed Van Thijn has described himself more than once. There is no arguing with that. Van Thijn answers every appeal; he goes to work conscientiously, strives for completeness and shading; he seldom arrives anywhere late. He is a sharp annotator of political events. He is overzealous at that and always filled with the idea of joining in. That stimulates him to extra efforts and to alertness to pitfalls. Two deeply felt experiences form the foundation of his political career: his traumatic wartime experiences and a short but violent period in France from which he derived his stimulus to political involvement as a follower of Mendes-France. His wartime experiences--twice imprisoned at Westerbork, 18 undercover addresses--infected him with a permanent fear of the decline of democracy, with the fear "that by squandering out democratic order we could get less democratic systems in its place." This trauma caused him to begin studying political science, it also brings him to the forum of national politics,

the Second Chamber. He succeeds in avoiding the evils of fanaticism and political blindness through two characteristics. Van Thijn is loyal, but he insists on an independent decision. On the other hand, he believes in the socialist case, but he is also able to balance the weight of his convictions. That is what gives him his great credibility. He even says, "I believe in independence, within the party choice." And along with that, "Expressing an independent opinion just to be noticed does not appeal to me. Political exhibitionism does not appeal to me."

Van Thijn is a person who has few personal enemies; he is esteemed--again, by both friend and foe--for his devotion, his integrity and not least for his loyalty. He is therefore suited to work in a team situation, as long as the mutual solidarity is not based on fiction but on reality. If Van Agt succeeds in cementing the gaps in his team, then Van Thijn's loyalty to the Van Agt II cabinet will be beyond doubt; if it remains a grumbling, happenstance combination, then Van Thijn's loyalty to his own party following, party leadership and party council may very well become more important. His loyalty to the interest groups with which he will meet as minister of internal affairs is beyond question. As early as 1969, when he was worrying over the City of Amsterdam's financial deficits, he let slip something of his view of the job of a minister of the interior. Speaking of the minister of that time, Beernink, he said, "As minister of internal affairs, his job is to watch over the weal and woe of the municipalities. He ought to fight for the municipalities. But he is weak; he is a donothing who avoids the problems."

One facet of Van Thijn's character cannot go without mention, and that is his unstoppable urge to make himself felt. His entrance into the ministerial palace is the absolute highpoint of his political career to him, for which he has been waiting for years. That urge to make himself felt can be kept in check, as Van Thijn has shown, so long as the frustrations in his work do not become unbearable. Thus this remains an uncertain factor in the Van Agt II cabinet.

Socre: Character Traits: 77

Image

When Ed Van Thijn became the [PvdA] delegation chairman in the Second Chamber, DE TELEGRAAF wrote: "Van Thijn, who is rather timid and amiable by nature, succeeds the ambitious and somewhat gruff Dr Den Uyl." Within the year, DE TELEGRAAF corrected the picture. Van Thijn was no longer "timid and amiable," but "arrogant and presumptious." The reality is complicated. In private, Van Thijn sometimes comes over as rather timorous; he does not push his political viewpoints. In his public behavior a completely different Van Thijn surfaces. Van Thijn possesses a definite ability to sell his ideas. In 1966, when the PvdA lost 2 percent nationally, in Amsterdam the PvdA scored a .5 percent gain. That could be attributed to a personally directed campaign, in which Van Thijn went out into the street with a microphone, plowing through all of Amsterdam hunting for potential PvdA voters. His campaign was supported by advertisements in the papers, in which Van Thijn himself was represented as a man of the people.

There are two sides to Van Thijn's image. He shows up better in front of a politically motivated audience than in front of a crowd which is barely interested in politics. In political debate, he is quick, alert, sharp and able to express a

complicated matter clearly in words. Still, he appeals more to intellectuals, semi-intellectuals and those who rank themselves in one of those two groups, than to the masses of the labor movement. His academic background continues to be determinant in favor of an analytical manner of reasoning.

He is afraid of the popularization of the position of minister. He considers eating pea soup in the popular diners or kicking off the first ball to be a waste of time. Therefore the defense of his policies in the Second Chamber will be easier for him than presenting himself to the public. In the March, 1976, SOCIALISME EN DEMOCRATIE, he wrote: "The number of hours ministers spend in crisis centers dealing with the nth hostage situation, boycott action or civil disturbances increases constantly. (. . .) While the major lines which determine our future are drawn up in the big economic power centers, the ministers, members of parliament and civil servants run themselves ragged chasing incidents." Thus that is not Ed Van Thijn's style of presentation.

Even though there is no doubt of his debating skill, it does have a beauty mark. As long as Van Thijn has the opportunity to find words for his viewpoints in peace and quiet, "Den Uyl's shield-bearer" is the image of patience and stability. But as soon as he meets stiff opposition, there is a hidden risk factor in his outward behavior. He is then inclined to dispense with his amiability in favor of somewhat aggressive opposition, which rather quickly comes over as arrogance. His tone becomes fiercer, he becomes somewhat convulsive in his posture and defense. The medium of television, in particular, shows this metamorphosis precisely. In this area, Van Thijn could learn a lesson from the present prime minister, who almost never falls out of character. If Van Thijn succeeds in restraining his irritability, his sensitivity to criticism, his image will become one of his stronger points.

Score: Image: 64

Authority within the Present Coalition

In the CDA/PvdA/D'66 coalition, Van Thijn is one of the few socialists with very little inherited debt in the area of dogmatism. Along with Van Der Stoel, Van Kemenade, Van Dam and Van Der Louw are former members of the New Left. Even Den Uyl has often been forced to raise party politics to first priority because of the zealous activities of his rank-and-file. Van Thijn is less burdened by that. If ever he gets the freedom of action, he will find it easy to make the position of statesman his own. That characteristic accords him the goodwill of Van Agt in the coalition, and of Terlouw as well. In the last cabinet formation, Van Agt considered Van Thijn to be too big to become the minister of internal affairs. In his "Diary of a Negotiator," Van Thijn writes that Van Agt was not at all interested in becoming minister of internal affairs himself. "What do they ever do there, anyway?" he asked. I protested, "Quite a lot," and began my summation, which I had made so often in my thoughts. "Do you know," I said, "if we get internal affairs, I am the candidate for that."

"Do not do it, Ed," said Dries. "In all friendship, you are too big for that job."

Even though within the PvdA Van Thijn has always been the inventor of the polarization ideas, in order to make the contrasts in Dutch politics visible to the

voter, Van Thijn is not the man to ride party-political hobby horses at all costs. In 1967 he spoke out once about the conditions a demonstration ought to meet in his opinion. Those were: not blocking traffic, no injury to people, no damage to goods, no thoughts that are in conflict with socially accepted rights and freedoms. As far as Van Thijn was concerned, "Johnson Murderer" could not pass muster for official toleration. One of the Kritiese University's writings called Van Thijn a product of a "critical convent school."

He can build up his authority in this coalition through the nuances which he weaves into his positions. Van Thijn often expounds upon the economic power differentials within the current system of production, about power concentration in the development of technology, which affect human freedom. But he is not over-insistant, the collective provisions [system of social security benefits, etc.] are not holy; he is not anti-business, not anti-profit. Van Thijn is more inclined to stand above the parties. Because of that he would be a fitting mayor of Amsterdam, presumably better than Wim Polak, who was named to that position.

In the coalition he can be the adhesive between the more dogmatically oriented socialists and the fearful Christian Democrats. As middleman, as negotiator he has a certain amount of say with each party involved. And it is doubtful whether Den Uyl can fulfill this function better than Van Thijn. Until a few years ago, Van Thijn's freedom of movement was still limited by his relationship with Den Uyl. Van Thijn continued to be Den Uyl's disciple. Since then there has been every indication that this role no longer suits him. As the PvdA delegation chairman in the Second Chamber he already showed signs of that: "We are not Den Uyls' errand boys."

It is perceived within the PvdA that Van Thijn's reasonability is not without hazard for the socialist contribution to the Van Agt II cabinet, especially because opposition leader Wiegel has designated Van Thijn as the star of the cabinet in advance. That was done with the idea that if they praised Van Thijn, the unity of the socialist bloc would be broken. If Van Thijn could be maneuvered into that position, the possibility could not be excluded that he would be isolated.

Score: Authority Within the Present Coalition: 74

Position Within His Own Party

Characteristic of Van Thijn is the strength of his position in the political establishment: the party summit and the [Chamber] delegation. But elsewhere his position is undermined. In the party leadership and the party council there are socialists who view Van Thijn's reasonable socialism askance. Van Thijn continues to be accused of not having involved himself enough in the 1960's in the renovation process within the PvdA. It is said of him that even then he stood above the party. Van Thijn has never countered that; he has even admitted it himself in so many words. He lost his turn in the game of "Put It All on the Red" because he wanted to be loyal to his job as the chairman of the [PvdA] delegation in the Amsterdam council. Van Thijn felt that the New Left's challenge to the party was not compatible with that. "It would be hard for me to challenge myself." And even though joining the New Left in those days was a guarantee of a speedy career in the party, Van Thijn held himself aloof. Too aloof, many thought. Van Thijn has since

added a few arguments to his motivation: he also had his reservations about the New Left on account of the personal attacks on Den Uyl, the secret agreements and the denunciations of nonmembers of the New Left. Nonetheless, his position today is marked by the line of demarkation which was drawn in the 1960's. For many who attend the PvdA party congress Van Thijn is a representative of the Hague circuit, not a man of the barricades, not a man who forces concessions from the political opponent through inflexible negotiation.

The result of the negotiations Van Thijn came up with after a long tug-of-war was voted down by the party council. Van Thijn saw that in part as a personal letdown. He found out that the rank-and-file is more impressed by rigidity on principle than by a talent for concluding compromises, is more taken with slogans than with a treatise on the renovation of the democratic system. That rank-and-file has never been particularly impressed by Van Thijn's written visions. And it has been heard several times from the rank-and-file that Van Thijn would just have to join the D'66 if he is so eager to see the district system and the direct election of the prime minister be instituted. And because of that, one of the most brilliant socialists of the post-war generation has never been appreciated in his own circles. When Den Uyl became prime minister in 1973, voices were heard from among the rank-and-file not to designate Ed Van Thijn but Jan Pronk as the PvdA delegation chairman in the Second Chamber. Because the goodwill Van Thijn enjoyed in the party summit and near summit, he was spared this letdown. His reasonably stable position of today is therefore based almost entirely on the support of the party leadership of the PvdA. The fact that Van Dam, Van Der Louw and the secretaries of state Stemerdink and Kombrink also support his position gives Van Thijn the assurance that he is not teetering on a seesaw. However, should Van Thijn deviate a bit too noticeably from the PvdA route of march, then there will be problems once again in the rank-and-file concerning Van Thijn's socialist behavior.

Score: Position Within His Own Party: 65

Pattern of Expectations in the Outside World

The reactions of the outside world to Van Thijn's conduct as minister of internal affairs are determined by three factors: the emphases he sets in his policies, the tactics of which he makes use, and the goodwill upon which he can count.

The emphases Van Thijn places will generally be defensive in nature. Van Thijn does not particularly want to become involved in the polarization between the municipalities and the national government personnel. Van Thijn will deal primarily with matters which are generally not subject to much opposition. Thus the number of jobs in government for which a security clearance is required will be reduced. Control of the intelligence services will be expanded. Police training and procedures will be altered in cooperation with the Ministry of Justice. Van Thijn will hazard an attempt to support the big municipalities in their attempts to create order out of financial chaos. In his tactics with respect to the noisy rank-and-file of the civil servants' unions, Van Thijn will show an indulgent side. He had scarcely paid his respects to Queen Beatrix before he sat down with the chairmen of the five civil servants's federations for the first informal talk. "The meaty question," said Chairman Lammert Post of the Christian civil servants' federation CFO [Christian Federation of Government Personnel in the Netherlands], "is what

Van Thijn is going to do with the proposals which the previous cabinet made in the budget." And he added, "At any rate, his first statements were encouraging."

Post inferred from that that the threatened reduction in civil servants' pensions was postponed for the time being. "As early as 1978, Van Thijn pointed out the danger of a polarization between the civil servants and the rest of the Netherlands, employed or not." In the past years, Van Thijn has repeatedly opposed the civil servants policy.

After the 1981 Millions Bill had appeared, Van Thijn promptly reacted: "Once again the Millions Bill makes short shrift of the trend [wage and price compensation] policy. The trend policy was intended to guarantee an evenhanded treatment of the employees of both government and business. Certainly it would be a sad thing if the government as an employer were to push off its financial problems one-sidedly on its own employees. Unfortunately the Van Agt/Wiegel cabinet does not shrink from that."

It is clear that a civil-servant ideologue like Dutman can correspond better with Van Thijn than with Wiegel. The goodwill Van Thijn enjoys is connected with the communications difficulties between Wiegel and the civil servants' [union] leaders. In 1978 Van Thijn criticized Weigel and considered the strikes to be permissable. But that goodwill can change quickly when Van Thijn, too, sees that the bottom of the treasury coffers is coming in sight.

A somewhat different situation arises in the relations between the minister and the police personnel. Leen Van Der Linden's Police Union is moderately positively inclined towards the new minister. But it is very much in doubt whether that will ever get off the ground. As yet the personnel are still a little unaccustomed to the sight of the first socialist minister in the Ministry of Internal Affairs. If problems arise right away in the maintenance of public order, the minister's path looks as though it leads through a minefield.

Score: Pattern of Expectations of the Outside World: 62

The average score of Minister of Internal Affairs Dr Ed Van Thijn, rounded upwards, is 71. From that we can draw the conclusion that Van Thijn will not wind up in the danger zone very quickly.

6940
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BASQUE COMMUNIST MERGER DETAILED, ANALYZED

Madrid LA CALLE in Spanish 22-28 Sep 81 pp 12-16

[Article by Alberto Elordi]

> [Text] On 13 September the Central Committee of the Basque Communist Party made public a letter to the EIA(Basque Revolutionary Party), suggesting that the two parties begin negotiations to create a new party based on a merger of the two organizations. The "Biltzar Tippia" (chief governing organ of the EIA) replied to the Communists with a laconic note in which it accepted the PCE-EPK [Spanish Communist Party-Basque Communist Party] proposal to postpone the Euskadiko Ezkerra [Basque Left] [EE] Constituent Congress, at the same time congratulating itself on the latest suggestions of the Basque Communist Party with respect to the national situation and other questions.

Reaction to this exchange of communications has been diverse. The Communists, who have had difficulty maintaining an internal balance since their Fourth and last Congress gave rise to two factions, are divided. On the one hand are those who obtained the majority in the Congress and as a result have taken a direction in keeping with their political line. On the other are the minorities in the Congress, who nevertheless have solid positions of power on the Basque Workers Commissions. Among the first--who are more sensitive to the national question, favor a greater autonomy with respect to the Spanish Communist Party and, finally, lean toward a merger with the Basque Left--are the secretary general of the party, Roberto Lertxundi, and the majority of the upper and intermediate cadres of the party. Among the second--closer to the party tradition favoring the maintenance and strengthening of ties with the PCE and hostile to the plan to merge with the EIA--are Tomas Tueros, secretary general of the CC. OO. [Workers Commissions]; former party chairman Ramon Ormazabal and a good many of the veteran workers leaders.

There have been no negative reactions in EIA to the unity project. The plan is being discussed in assemblies open to party members and sympathizers and, by all indications, it is being received sympathetically. The public statement of support for the plan by Jose Ignacio Mugica Arregui, an outstanding former

member of ETA [Basque Fatherland and Liberty Group], who in the last EIA assembly spearheaded the most nationalistic positions, has been important to this plan. The rest of the Basque political forces have responded with silence to the plan for the EIA-EPK merger. Through the enigmatic silence of the Herri Batasuna [HB] [Popular Unity] one can sense a certain unrest, since the possibility of the formation of a new leftist party in the Basque Country might cause it to lose important electoral support. The Basque Nationalist Party, which appears to have considered the unity plan a natural development, might also fear more serious competition from the Left. Nor have the Socialists made any statement about the plan. In any case, today's silence appears to herald tomorrow's noise. No doubts that if the party is created without any further shocks, nationalist campaigns against it will worsen, particularly in view of its Marxist character.

Still In the Air

When the Fourth PCE-EPK Congress overwhelmingly passed a resolution proposing a rapprochement with Basque Left which would result in an organic merger, there were few, both within and outside the party, who took it literally. At first reading, the decision of the Basque Communists was interpreted as a sort of enunciation of good intentions, a statement of principles or simply a maneuver aimed at transforming the image of the PCE-EPK. However, the minority faction tried on that occasion to obstruct the agreement and finally succeeded in introducting a corrected version which referred to unity agreements with the Basque Socialists, in addition to those with the EIA. In this way the minority faction tried to dilute the solidity of the positions taken by the majority, toning down the unity policy in a broader connotation, in spite of the fact that "any unity agreement with the PSE (PSOE) [Spanish Socialist Workers Party] was, a priori, very risky and even unworkable.

Those who did indeed take the resolution very seriously were the members of the majority faction and, particularly, the new leadership that came out of the Fourth Congress. The timid contacts established by the rank-and-file organizations of the EIA and PCE-EPK continued to multiply throughout last spring, resulting finally in official meetings which reached their apogee after the vacation period. At one of these meetings, then, as we have said, the decision was made to invite EIA to join a unity process, and it was finally made public in documents mutually and previously agreed upon.

In any case, in spite of the fact that Roberto Lertxundi had the green light from the PCE-EPK Central Committee to go ahead with the initiative, reactions to his proposal were unexpected. Some organizations, among which are some of those on the left bank of the Bilbao bay area--a traditional bastion of the Basque Left--some of the members from Alava and outstanding workers' leaders like Tomas Tueros have charged that the Central Committee's agreement is contrary to the statute and as a result they are demanding a new Congress to resolve the dispute. Actually, this faction does not oppose the principle of the merger, but only the way it is being carried out. It does not admit the possibility that the PCE-EPK might become independent of the Spanish Communist Party, as the Central Committee's document indicates, much less the idea of the party's dissovling itself in a new group. For this faction,the EIA-EPK merger would only make sense if the party headed by Mario Onaindia should change its positions

substantially, coming closer to the traditional positions of the Basque Communists, including maintenance of the EPK's organic ties with the Spanish Communist Party.

Ready for Elections

However, objective conditions do not appear to favor this unity plan of the minority faction of the PCE-EPK. Weakness at the polls, isolation and EPK's tendency to fragment into small groups do not appear to be arguments of any weight when the merger is negotiated. Along with this weak position, the EPK is shaken by a profound crisis which, if it does not result in a regenerating plan to broaden its perspectives, with sufficient clout to recover its lost positions and cause a growth effect, would end up being solved with new divisions and the loss of effective members.

Perhaps for this reason, Roberto Lertxundi and the majority faction of the EPK have decided to speed up the plan for unity with EIA. If, on the contrary, the unifying plan were postponed indefinitely, the EPK would run the risk of losing once and for all a large segment of its rank-and-file membership, the majority, already exasperated by the endless confrontations with the minority faction which have been taking place since the Fourth Congress.

Another question which has had a decisive influence on the EIA-EPK merger plan, no doubt, is the favorable circumstances which would result from the Basque Left Constituent Congress. This decision to change the Basque Left electoral coalition into a party was made by EIA in its last assembly, at which it also decided to dissolve itself, thus facilitating the constituent process. Therefore, actually, EIA does not exist as a political party. The EPK Central Committee, in turn, has decided to take advantage of the occasion to join the Basque Left constituent process. Therefore it has asked EIA to postpone the Basque Left [sic] Congress in order to facilitate the process, a proposal which has been accepted by that organization.

It has also been said that what precipitated the EIA-EPK decision on unification was the notice of certain upcoming, early elections, which could have forced the "matrimonial plan" among the groups headed by Mario Onaidia and Roberto Lertxundi so that they might face the contest with greater possibilities of success. There has been no lack of those who have deduced from this rumor that the unity project might be supported by the Right for the purpose of weakening the position of the Spanish Communist Party. Both questions appear very doubtful, malevolent and, in the second case, simply unreasonable.

Another determining factor in this process is the position to be adopted by the Spanish Communist Party toward the unity plan. The first reactions, still unofficial, appear to confirm that Roberto Lertxundi's decision was not well received at Santisima Trinidad, headquarters of the PCE. According to Nicolas Sartorius, deputy first secretary of the PCE, unity with the EIA was suggested on the spur of the moment by Roberto Lertxundi. Without opposing the idea of the merger, Sartorius asserted that the EPK's detachment from the PCE and its self-dissolution are difficult for the leadership of the Spanish Communist Party to accept. However, the official reaction of the PCE has been cautious up to

now. A first meeting has been held by representatives of the EPK and the PCE, but it ended without any official communique, in anticipation of another meeting which will take place on 26 September. They do not discount the possibility that the Spanish Communist Party may decide to retain the PCE-EPK, in spite of the fact that it might lose one-third of its members. To that effect, Roberto Lertxundi has said that the new party born of the EIA-EPK unification would establish more suitable relations with the national Left and perhaps for that reason the secretary general of the EPK is trying to convince his comrades in the PCE leadership of the wisdom of building bridges with the new party, thus to facilitate things in the future. Generally the event has been received with real enthusiasm by those sectors of Basque society which have been struggling for decades to overcome the division between nationalists and non-nationalists, in the various leftist groups and even among those who are affected by the historic division between communists and socialists. And among these reactions, the decision of the PSUC [Unified Socialist Party of Catalonia] leadership to support the initiative is outstanding, given its importance and its possible long-term effects. Nor has there been any lack of condescending reactions, such as that of the deputy for Basque Left, Jose Maria Bandres [name not clear in original], who has spoken of lending a hand to the EPK "to build a national Basque party." The enthusiasm of some members of EPK, in turn, makes it appear that they are inspired by the idea of bringing to the Basque Country the first secretary general of the party and historic leader, Juan Astigarrabia, who after occupying the post of transportation minister in the Basque government of Jose Antonio Aguirre was expelled from the EPK, accused of bowing to nationalist policy, although he was later rehabilitated.

8735
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ROADBLOCKS TO POSSIBLE MERGER OF BASQUE COMMUNISTS SURFACE

Madrid EL PAIS in Spanish 1 Oct 81 p 3

[Article by P.U.]

> [Text] Two weeks after the announcement by the Basque Communist Party (EPK) and the EIA [Basque Revolutionary Party (chief component of Euskadiko Ezkerra [Basque Left]) of the start of conversations aimed at an eventual merger of the two in a new political party, the entire process is threatened by mutual distrusts which surfaced after the first few movements toward a rapprochement.

The standoff was caused by the distribution of a communique from the Executive Committee of the Spanish Communist Party (PCE) in which, after indicating its "agreement on general lines" with the process undertaken by the EPK, certain conditions are included which in spite of their moderate tone have caused a sharp reaction by Basque Left. This party is now demanding peremptorily a series of explanations which, "should they not be satisfactory, would cause EIA to demand postponement of the conversations now in progress." The note from the PCE Executive Committee--the result of a meeting on Saturday with the EPK leadership--includes, along with a series of obvious points--such as that the respective rank and file must have a role in the process, or that the debate must be open, so that difficulties may be explained and overcome--a reference to the expected Eurocommunist character of the new party resulting from the merger. This reference--the one which principally irritated the EIA--is based on the resolutions of the Fourth EPK Congress, whose line of argument rests on the fact that the content of a given political line is more important than the initials which identify that line. Given the evolution of EE [Euskadiko Ezkerra], the possibility was considered of a policy which might be called Eurocommunist and would be developed from a party such as the one resulting from the EPK-EE merger.

Greater EIA Evolution

If the present positions of both parties are compared with those they defended on the eve of the 1977 elections, it appears evident that it is EIA, and not EPK, which has evolved more fully, and precisely in the sense of approximating some

of the essential components of what is customarily called Eurocommunism: renouncing insurrection, crucial consideration of the role of freedoms, the complementary character of the institutional way in relation to mass mobilization, etc. EPK, in turn, has evolved in the sense of accentuating the character of an autonomous political framework that the Basque Country has acquired because of the implementation of the statue, at the same time taking into consideration the state dimension of any evolution toward socialism.

Shift in Position

In spite of that, the reticence of some sectors of EE with regard to the merger has been emphasized recently in the repeated inclusion in its communiques of expressions which tend to interpret that process as an exclusive result of the EPK's drawing closer to EIA positions and forgetting its own evolution.

That is the reason for the characterization of the Basque Left reply as "arrogant and disproportionate" yesterday in Bilbao by circles favorable to the merger. It is possible, however, that this time the coalition led by Mario Onaindia may not have measured accurately the scope of its shift in position, since Roberto Lertxundi, in turn, facing serious difficulties within his own party, found himself forced to reply to the effect that the attitude of the EE executive committee was "childish and irresponsible" and accused it of "creating artificial problems by placing stones on a road which in itself is already difficult enough."

A few hours after these statements were broadcast by radio, Ramon Ormazabal, president of EPK and chief representative of the current opposed to Lertxundi, made public a statement in which he came out in agreement with the conclusion of the EIA communique, to the effect that it is necessary "to postpone the conversations until we arrive at a satisfactory explanation" as to whether or not it is a question of creating a party which is "not Eurocommunist and not related to the PCE" and whether or not they are in agreement "in the prior dissolution of the EPK in order to participate in the EE Constituent Congress."

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MODERATE ECONOMIC PLATFORM EXPECTED TO GAIN AT PSOE CONGRESS

Madrid ACTUALIDAD ECONOMICA in Spanish 24 Sep 81 p 18

[Text] The moderate ideas on economic subjects championed by the present leadership of the PSOE [Spanish Socialist Party] appear to be winning out over more radical ones. The three papers presented by Madrid, Barcelona and Seville, which clearly have a social democratic coloration, are coming out ahead of the Marxist ones--headed by that of the Guipuzcoa group--by a wide margin.

Unless a sudden uprising of the most radical portions of the Spanish Socialist Party takes place, everything indicates that the economic report which will be approved by the 29th Socialist Congress--21 to 24 October--will be characterized by the idea of continuity. The "socialist economic strategy," a document drawn up by party experts on the occasion of the vote of censure of the government, has served as a basis for preparation of the reports produced by three of the most important socialist groups: Madrid, Barcelona and Seville. The absence of any paper referring to general economic policy among the nine reports presented is one sign that the party apparatus is in control of the situation.

However, the report presented by Guipuzcoa--said to have been drafted by Deputy Carlos Solchaga, which the person in question has himself denied--departs considerably from the positions held by the party leadership, and is thought to be the most hard line on the subject of nationalization, a policy on which the PSOE has up until now maintained a moderate position.

Against Private Property

The Guipuzcoa report reads as follows: "Sectors which may be or have deen declared to be in the public interest--national banks, insurance, basic energy, steel and chemical industries, information, etc.--shall be subject to special nationalization procedures, which shall be carried out under regulations designed for functioning in accordance with the general interest." And the regulatory formulas proposed are: the presence of government representatives, the limitation of capital participation, the control of market speculation, and the real pressence--within limits--of the State or of the autonomous communities in the capital of society.

The purchase by the State of the community shares would be done in a special way. "It should be affirmed that purchase of all the shares by public entities sometimes does not have positive features. In the first place, huge expenditures would have

to be made, and once the amount of the purchase was in the pockets of private persons, they would be able to again become the owners, or what perhaps would be worse, the creditors of the public entities, if the investment were in bonds or other forms of credit."

The papers presented by Madrid, Barcelona and Sevilla, which are exactly the same, support a moderate policy in the area of nationalization, which would only affect enterprises which are clearly of public service. On the subject of energy, another controversial topic, the officialist report comes out in support of "increasing the use of primary energy only in the same proportion with GDP increase." As for the choice among the different forms of energy production, the three are together in asserting that "Spain's demand for electric power can be met until the end of this century without the need for any nuclear contribution, even taking into consideration a rate of increase in consumption as high as 5 percent."

Public Enterprise

The public enterprise policy which will come out of the 28th Congress may well be predicted from the paper presented by the Asturias group, which was another surprise. The basic idea inspiring the wording of this point in the report says that "public enterprise should accomodate itself as far as possible to the laws of the marketplace and of competition," and it points out the need to create a Law for Regulation of the Managerial Public Sector, departing from the patent form of the Public Enterprise Statute. Also to be noted is "the comparison between the public and private sectors, which must be placed on the same level of economic activity."

As a result of this point, the report says that "conditions should exist in the public sector which would facilitate managerial performance: autonomy, responsibility for actions."

The authors of the report visualize the presence of a "holding company," which would act as a "cushion between the enterprises and the administration," with "the typical functions of a private 'holding company.'"

8131
CSO: 3110/17

BRIEFS

NUCLEAR MISSILE LEAK ALLEGATIONS--For the past several days, dead fish have been drifting ashore along the coastal strip stretching from Magosa [Famagusta] to Yeni Erenkoy. The fishing office in Magosa reports that since several days ago, complaints on this score have increased and that dead fish, particularly of the Orfoz and Sorgoz [Translation unknown] types present a great danger from the standpoint of the public's health. Meanwhile, it is alleged that the fish kill was a result of the joint maneuvers carried out by the Soviets and the Syrians and was caused by poisonous substances coming from the nuclear warhead bearing missiles. The Magosa municipality has taken the matter in hand. It calls on the public to refrain from eating the fish which are drifting ashore. [Text] [Nicosia HALKIN SESI in Turkish 6 Oct 81 p 1]

CSO: 4654/32

LARS 2 SYSTEM DELIVERED TO BUNDESWEHR

Bonn WEHRTECHNIK in German Sep 81 pp 58-61

/Text/ On 1 July, the light artillery rocket system 2 (LARS 2) was turned over to the Bundeswehr at the Baumholder training grounds in the Rhineland-Palatinate. LARS 2 consists of a 110mm rocket launcher mounted on the 7-ton gl second generation truck, the rocket artillery fire control unit FERA complete with maintenance gear MES II and III as well as light artillery rockets. All three components given to the army constituted new hardware and software or re-developed, improved or completely overhauled hardware.

In late 1956, the engineering firm of Sommerkorn, which was founded by Nobel Dynamite among others, began work on a light artillery rocket system. Several proposals were made but it was the 36-barrel rocket launcher submitted by the firm of Wegmann that was ultimately selected. In the late sixties, the Bundeswehr procured 209 such systems mounted on Magirus-Deutz Jupiter trucks from Wegmann. The rockets were developed and for the most part produced by Nobel Dynamite.

After the system had been in use for more than 10 years, after more than a million kilometers had been logged and about 100,000 rockets had been fired, it was decided to modernize the system and to give it a major overhaul. The chief contract for the development of LARS 2 was let to Rocket Systems, Inc, a subsidiary of Nobel Dynamite, AEG and Honeywell, which was dissolved in the spring of 1981 after completing its job.

Launchers

Delivery of the 209 reconditioned launchers began in December 1980 in monthly instalments of 8 to 18 units. Wegmann's production sequence is divided into four main segments: dismantling and examination of all components; overhaul of components depending on damage on the basis of work orders issued by quality control; manufacture of new components; assembly, commencement of operation, performance test.

The new elements of the system are the following: The 7-ton gl, 6x6 M.A.N. truck which serves as the system's carrier; a frame connecting the truck to the weapons unit; the launcher's entire system of cables and wires; the rocket aiming, testing and firing unit (REPAG 2) specially adapted to rockets to be fired with subcaliber ammunition; the data processing unit half of which is situated in the

launcher itself with its receiver and its main and subsidiary display screen on which the FERA firing and command signals are received, displayed and processed.

The rocket launcher's ground supports were redesigned as were the special tool kits MES 2 and 3 and the telephone system.

FERA

The second new component of LARS 2 are the completely new FERA fire control units, designed by Contraves in Switzerland and in Germany and built by Contraves Germany. 50 such units are on order. FERA, mounted on a 5-ton gl truck, 4x4, has the following components, housed in a cab linked to the truck by a connecting frame: a guidance unit; a Doppler radar unit with telescopic antennas; a data processing unit; an energy supply of its own; a telecommunications system and a data transmission unit.

The maintenance equipment for FERA includes an MES 2 set installed on a VW bus and an MES 3 set housed in a cubicle aboard a 5-ton tmil truck, 4x2, and a multipurpose assembly on a 2-ton tmil truck 4x2.

FERA's mission is to compute the ground commands for the pilot shots according to position reports and firing orders taking meteorological data supplied by FERA into account; transmission of ground commands to the ground launchers via computer; computation of the trajectory of up to four pilot rockets with homing devices; computation of firing orders for all launchers based on a comparison of intended and actual trajectory; transmission of firing orders to all launchers; execution and transmission of countdown.

Rockets

The "old" LARS 1 had used the following rocket types: dummy rockets, training rockets and smoke rockets all manufactured by Diehl; DM-11 fragmentation rockets with percussion fuses and DM-21 fragmentation rockets with ground clearance fuses manufactured by Nobel Dynamite; also, as a kind of forerunner of the new generation of rockets, the DM-701 Diehl mine ejection rocket with a warhead containing eight AT-1 anti-tank mines.

The following new rockets will be used as part of LARS 2: the DM-711 mine ejection rocket, manufactured by Nobel Dynamite, containing five AT-2 hollow charge mines which drop to the target by parachute after ejection from the rocket.

The AT-2 mines, which are also used in the mine launcher system and in the medium artillery rocket launcher MLRS, are released upon contact of the sensor wire and upon pickup. At the end of the preset time on the ground, the mine self-destructs.

Then, there is the DM-28 training rocket, a new version of the obsolete DM-15 smoke rocket. The redesign of the warhead is being executed by Buck, whereas the munitions depot at Simmersfeld is responsible for dismantling and reassembling the rocket and overhauling the packing cases.

Finally, there is the DM-39 radar homing rocket with a radar reflector housed in the warhead manufactured by Felten & Guilleaume. It is used for pilot shots for calculating the actual trajectory with the FERA unit.

The LARS 2 are assigned to the artillery regiments of the 12 German divisions. Each artillery regiment has a rocket artillery battalion composed of two batteries of eight LARS 2 and two FERA each.

9478
CSO: 3103/47

BONN INCREASES DEVELOPMENT AID TO POOREST COUNTRIES

Bonn DIE WELT in German 24 Sep 81 p 11

[Article by Heinz Heck: "Bonn Now Helps the Poorest Countries Most"]

[Text] Bonn--In 1980 the FRG increased its contributions to the poorest developing countries (LLDC) to DM 986.4 million from DM 899.5 million in the previous year. In absolute figures, this makes the FRG the largest contributor to those especially needy countries. Public grants to all developing countries increased by 4 percent (DM 246 million) to almost DM 6.4 billion.

These are two of the most important statements contained in a FRG memorandum entitled "German Development Policy, 1980" which was published yesterday. Member countries annualy submit to the Organization for Economic Cooperation and Development (OECD) in Paris a detailed report for the annual analysis by its Development Committee (DAC).

Said Minister for Economic Cooperation Rainer Offergeld in connection with submitting the report: "The great contributions to the Third World by the FRG play an important part in securing the peace. Because wherever proverty, hunger and misery exist, social and political unrest and conflict follow, which in the long run may constitute a danger to world peace."

The positive development in Bonn's contribution is described as the result of a disproportionate increase of the development budget. Its share of the FRG economy is said to have grown from 1.8 percent in 1977 to 2.5 percent in 1980--an indication of the increased significance accorded by Bonn to North-South politics despite economic and financial difficulties.

The simultaneously observed increase in expenditures by the private sector from DM 6.3 to 10.9 billion (an increase of 73.4 percent) is considered by Bonn to be a significant contribution to economic and technological progress of these countries. Total expenditures (private and public) have therefore increased by DM 5.9 billion (43.9 percent) to a total of DM 19.2 billion and amount to 1.28 percent of the GNP.

Together with the 1981 development budget of DM 5.84 billion (an increase of 8.8 percent), in addition to the rest of the public funds, this year's production volume (ODA) may for the first time exceed the DM 7 billion mark and at the same time again reach 0.44 percent of the GNP (0.43 percent in 1980).

During the last few years Bonn has improved and simplified the allocation process for bilateral cooperation. As of this year there will be a new demarcation between monetary and technological aid; this will result in involving only a single executive agency for each separate project.

In view of increased aid to the LLDC it does not come as a surprise that aid promises to Africa and Asia have markedly increased while those to European and American developing countries have significantly decreased. As to economic areas, German aid mostly benefits energy production, communication and transport, as well as agriculture, forestry and fishery. However, the share of agricultural aid projects for 1980 has decreased from the previous year from 17.2 to 12.2 percent.

The FRG regards mixed financing, i.e., a mixture of financial aid and commercial credit, as an "important instrument" primarily for reinforcing a transfer of resources to progressive developing countries.

The percentage of multilateral payments of total public expenditures has stabilized at 35.5 percent since 1979, after continuous increases in previous years. However, Bonn has not insisted on a minimum or maximum percentage for this share. However, the FRG considers continued ongoing support to these institutions to be of special importance. At the same time, it recommends increased participation by OPEC, especially in the World Bank, to generate larger creidts for energy production.

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END

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PARTIES' VIEWS OF ANTI-TNF MARCH GIVEN

PM291643 Brussels LE SOIR in French 25-26 Oct 81 p 2

[Report by Francis Unwin: "The Euromissiles in the Campaign: Some Parties Are 'Marching' With Reservations"]

[Text] In today's deeply divided Belgium there is at least one point on which all the political parties, in the north and in the south, agree, with the possible exception of the Belgian Communist Party [PCB]. All regard foreign policy as a subject without great electoral importance. This includes the question of the deployment of the Euromissiles in the country from 1983, although it once nearly sparked off a government crisis. The social and economic problems, with their omnipresent community backcloth, are bound to be their main concern.

However, Sunday's national demonstration is seen by some of these parties as a possible means of winning over a few thousand voters. The Socialist Party [French-speaking] [PSB], the Belgian Socialist Party [Flemish] [BSP], the Francophone Democratic Front [FDF], the Walloon Rally [RW], the PCB and the Walloon and Brussels Christian Democrats have given it their official support, and young members of a few other parties will probably be seen marching. After all, who is not against nuclear proliferation and for peace?

Certainly not Foreign Minister Nothomb who, in a letter to the organizers, says that he subscribes to most of their appeal and adds that this appeal defines objectives which are and should be those of Belgian diplomacy (for, until evidence to the contrary, there is always a Belgian diplomacy as there are always Red Devils) [a soccer team]. But the minister picks out "a factual error" in the document when it notes that "the Soviet SS-20 or the American Pershing II missiles will in no way increase the European peoples' security but instead introduce an unbalancing factor." He points out that the document presents the two nuclear weapons as if they were already deployed with 750 nuclear warheads in position. Therefore, he said, the demand should be for the dismantling of the SS-20 missiles, which would result in the nondeployment of the corresponding American missiles. This is obviously enough to justify Mr Nothomb's (pleasant) refusal, but a number of Social Christian voters will nonetheless be in Brussels on 25 October: mental reservations do not necessarily prevent participation in Sunday marches, as is sometimes seen in Les Fourons.

The "Flemish big brother," for its part, has taken an unequivocal stance, notably in a statement by Mr Tindemands to the Royal Higher Defense Institute: Although it is absolutely essential to maintain the balance at the lowest level, it is also necessary to start by restoring it, the Christian People's Party [CVP] noted in substance--this from a party which declares itself to be Atlantic (in other words favorable to the negotiations which will open in Geneva on 30 November) and recalls that the Soviet Army comprises between 3 and 4 million men who do 3 or 4 years' military service. Having said that, the Flemish Social Christians also say they are 90-percent in agreement with the marchers' objectives.... Nonetheless their reply contains an indirect criticism of the appeal published last Sunday by the interdiocesan council, which recommended unilateral disarmament, albeit in a rather confused way. Moreover, it has not been adequately stressed that the interdiocesan council includes representatives of private bodies and that, although the bishops attend its meetings, they are not entitled to speak or vote. Monsignor Daneels, one of those silent observers and not an unimportant one, was anxious to point out that he left the meeting before the council's appeal was drafted.

Liberals Without Any Complexes

The liberals have no complexes. They follow the two-track NATO decision of December 1979: deployment of the Euromissiles and negotiations with Moscow.

The Democratic Union for the Respect of Labor also takes a very simple stance. "We have not yet discussed the project," we were told. And yet the Pershing II and cruise missiles are free....

In the PSB the Eurostrategic missiles have already claimed one victim in the shape of Mr Henri Simonet, but he has apparently survived his wounds.... It is also thought that they might be an electoral weapon (of limited range) and the party will be present on Sunday. Mr Spitaels expressed regret at Mr Reagan's recent statements, "which are likely to seriously damage relations between the United States and Europe." Does this mean that there is any question of reconsidering our foreign policy? They will not go that far, but will merely go as far as the Boulevard de L'Abattoir, the demonstration's unintentionally symbolic terminus. It is there that we find the fundamental ambiguity of the march... and of the approach of a PSB which ought to know that its voters, like many others, are probably more divided on the question than might be thought.

Mr Van Miert Not Aline in BSP

Among the Flemish Socialists Mr Van Miert and Mr Tobback are, so to speak, keeping their powder dry and, all in all, they would probably prefer not to have to use it. The BSP has not yet taken a stance absolutely ruling out any deployment of missiles in Belgium any more than it opposes our NATO membership. Mr Van Miert had occasion to explain that in our newspaper offices 1 year ago during a debate with Mr Jean Gol. He stated that, even if Geneva failed, the Belgian Government must reserve the right to assess the situation before taking a decision on the deployment of the 48 cruise missiles which we are supposed

to accept from 1983. This conflicts with the letter which Mr Martens wrote to Mr Brezhnev at that time to inform him that, if the negotiations did not succeed, Belgium would take the measures agreed with its NATO partners (which did not prevent him from telling the Belgian Radio and Television French Service at the same time that we were not "NATO's robots"). Indeed the Belgian "attitude" (we do not officially have a position but an "attitude": one example among many of our government's inability to take a clear stance), consists in subscribing in advance to the results of the Geneva negotiations in the hope that it will be possible for them to lead to the famous "zero option" or, in any event, to a reduction in the number of missiles to be deployed. Mr Van Miert refuses to subscribe in advance. But he is not alone in the BSP. For instance, Mr Willy Claes has never been seen to grow very heated over the Euromissiles.

Since its economic and community program is not very different from the CVP's, the BSP can take advantage of Sunday's demonstration to assert its "individual image" somewhat, especially in front of the cameras of Dutch television, which has a considerable audience in Flanders. In this respect a march without speeches is probably less dangerous than a speech without a march. This ultimately serves the interests of the factions present in each Belgian political party.

This may explain the subtle attitude adopted on the subject by parties which claim to be primarily community parties, like the FDF. Like everybody they are for peace and controlled disarmament, but they prefer to talk about other things.

The RW, despite its "progressive" options, also has other priorities.

As for the PCB, it is, of course, opposed to the Pershing II and cruise missiles, but also to the SS-20 missiles. Should the latter be dismantled? The question could be put to its very orthodox liege militants, because there are factions in the PCB too....

CSC: 3100/90

ARREST OF ARAB 'TERRORIST' IN SALZBURG

AU301110 Vienna ARBEITER-ZEITUNG in German 30 Oct 81 p 3

[Tessa Prager report]

[Summary] Vienna, Salzburg (AZ)--For the first time in Europe the presumed organizer of a terrorist attack has been caught--28-year-old Jordanian citizen (Bahij Younis), who was arrested by Vienna police antiterror specialists in Salzburg on 28 October. Police are convinced that (Younis) was the organizer both of the assassination of Vienna City Councilman Heinz Nittel on 1 May, and of the attack on the Vienna Synagogue on 29 August. In his apartment police discovered not only firearms and explosives--2 Kalashnikov submachine guns, 10 pistols including 2 of the Makarov type that was presumably used in the Nittel shooting, hand grenades and 5 kilos of modern plastic explosives--but also the passports of the two synagogue attackers Rajih and Marwan. As is known, these two terrorists had told police after the attack that they had to deliver their passports to their "case officer" when he handed them the arms for the attack.

From information obtained in the questioning of Marwan and Rajih, police succeeded in tracking down (Younis) in Salzburg, detectives had been waiting for him to show up at his Salzburg apartment for days, and when he finally did appear there on Wednesday evening he was taken completely by surprise and did not offer any resistance. He was taken to Vienna for questioning, which started Thursday noon. As no one can be certain that all the Abu Nidal terrorists in Austria are now in custody, the interior ministry has ordered the strictest security measures to forestall any attempt to liberate the terrorists.

(Younis) is believed to have been in Austria since 1979. He enrolled at Salzburg University as a political sciences student and rented an apartment there under an assumed name without, however, actually living there. He had also rented a second place where he mostly lived when he was in town but was not registered with the police. It was in the latter apartment that he was arrested. He made frequent trips abroad, especially to the FRG where he is believed to have important contacts.

CSO: 3103/64

LOCAL GEOTHERMAL, SOLAR, BIOMASS PROJECTS

Local Initiative More Realistic

Paris LE MATIN in French 8 Oct 81 p 24

[Article by J.G. G]

[Text] As late as 1990, the renewable energy part of the total estimated 232 million tpe consumption will only amount to 14 to 15 million tons of petroleum equivalent. This is the estimate used in the program introduced in the Assembly by the energy minister Mr Edmond Herve. Those who were counting on the Socialists to accelerate the use of alternate sources of energy will be disappointed by the minute improvement made to the "Giraud Plan" which used an estimate of 10 to 12 million tpe's from a total of 242 million. "Diversification" and "regionalization" are two key words in Mr Edmond Herve's speech which have been for many years at the center of the case in favor of the development of alternate energy sources. Development toward which the new government, as the preceding one, seems to exercise (at least in the short term) a certain prudence, if not skepticism. Today as yesterday, the government does not seem ready to give them their chance, to encourage individual regions to define their own resources, to assist and encourage local initiative and experimentation. In short, they don't seem ready to take up the wager. Whereas the obstacles and limits leading to a reduction in the ambitions in areas such as wind or active solar energy are now better known, we also know that other areas offer wider perspectives, such as the use of biomass or geothermal energy. It remains necessary to develop means that match the possibilities.

In Veynes, in the Hautes-Alpes, a municipality has demonstrated that solar energy could be more than just a back-up source. In Mimizan, in the Landes, the Gascogne Papermills have shown that the industrial use of biomass could be very rapidly profitable. Finally, in the Ile-de-France region geothermal energy is about to emerge in a spectacular manner through its use to heat complexes of two to three thousand dwellings or more. From these three examples examined in LE MATIN, it appears that local initiative could contradict the official estimates and that the objective of the Solar Energy Commission (20 percent of the consumption in the year 2000 should be covered by renewable energy sources) may not be realistic.

Ile-de-France Geothermal Success

Paris LE MATIN in French 8 Oct 81 p 24

[Article by Jean-Marie Clavier: "Geothermal Energy: Another Underexploited Resource"]

> [Text] Of all natural resources capable of contributing to a new energy equilibrium, hot water from underground deposits is probably one of the easiest to use and the most rapidly profitable. The "Giraud Plan" anticipated that between now and 1990, the number of dwellings using geothermal energy as a source of heat would increase from 15,000 to 45,000, which represents a savings of a million tpe. Today, this objective appears small considering the possibilities already explored. Geothermal energy is particularly well adapted to the problem of large apartment complexes and is the object of more and more local initiative, as demonstrated in the Ile-de-France region which has important deposits of hot water, and where its development could be very fast.

Even the most astute experts had been underestimating. At Orly (Val-de-Marne) during the night of 16 to 17 September, after about 40 days of trial and error, water erupted from the ground. The measured temperature was 77°C at the bottom of the natural reservoir and 74°C at the well head. The best that had been anticipated was a temperature varying between 65°C and 70°C.

This unexpected result confirms the benefits anticipated from geothermal energy. As a matter of fact, the existence of hot water deposits in the sedimentary underground rock formations in some regions has been known for a long time. However, the idea of putting them to use has only come up in the last few years. Oil exploration takes precedence. Thus, the first experimental drilling performed in Melun-l'Almont, Villeneuve-la-Garenne and Le Mee-sur-Seine goes back no further than 1975. The Paris region seems to be privileged in this area, thanks in particular to the Dogger deposit. It is estimated that this deposit alone contains about 60 percent of the geothermal energy potential for the whole country. This is a non-negligible consolation for the Ile-de-France region whose energy dependence becomes heavier every day. Considering the importance of its energy consumption, the region is bound to resort to increasing diversification. The current direction of the energy policy of Mr Mauroy's government confirms this necessity. All conditions are therefore met for a large effort in the area of geothermal energy.

The handling of a geothermal well does not present any technical difficulty. It requires two wells for each operation. The first is used for the extraction itself, and the second to return the used, and therefore cooled, water to its original source. Since it is salty, it cannot be returned to the environment, used for irrigation, or poured into rivers.

It is obvious that geothermal energy cannot be considered as a miraculous source of energy. It can only be used as complementary source subject to some limitations. Thus, its use is especially appropriate in the case of large apartment complexes

including at least 2,000 to 3,000 dwellings. Its use results in a savings of about 1 ton of petroleum equivalent per dwelling per year.

The main characteristic of geothermal energy, from an administrative and financial point of view, is that the initiative of the operation is left almost entirely to local communities. The main contractor is usually a municipality, or a group of several municipalities. They are often prompted, to be sure, by other interested local partners such as Low Cost Housing authorities or community groups. But this taking of responsibilities by local governments can also result in delays caused by local political considerations.

In any case, a series of financial assistance measures and subsidies has been instituted, particularly in the Ile-de-France region. Local governments most often assume the financing for preliminary studies concerned with the identification of appropriate sites. The public regional establishment gives out loans amounting to 20 percent of the cost of the first drilling. These loans are automatically transformed into grants in case the drilling is not successful. Finally, the government assists, through the Energy Savings Agency and the Geothermal Energy Committee, to insure that in case of failure, the main contractor is 100 percent covered.

As we have seen, this will probably not be the case at Orly. Thanks to the use of geothermal energy, the transformation of the original furnace for the 5,392 apartments managed by the Low Rent Housing Office of the Paris Area and housing about 20,000 people should result in savings of 10 percent on heat for the first year and 40 percent for the 20 years of anticipated full usage. Three thousand apartments will be ready for the 1982-1983 winter, which will represent a decrease of some 2900 tpe on fuel consumption.

Geothermal operations have been multiplying in the Paris area in the past 2 to 3 years, particularly in the eastern area where water in the underground deposits is at the highest temperature. The Essone area has already been at the forefront as a result of drillings in Montgeron and Bruyere-le-Chatel (at the Atomic Energy Commission laboratory). This example will be followed by the new city of Evry for 2.390 dwellings and for the various installations of the canal ZAC. Anticipated savings: 3,690 tpe. A similar effort is underway in the Seine-Saint-Denis area. At Aulnay-sous-Bois, the use of geothermal energy falls within the scope of a "home and social life" operation designed to enhance the image of the 3,000 collective Low Cost Housing dwellings at the Rose des Vents complex in the eyes of those who live there (see LE MATIN 29 Aug). Drilling of a new well has just started at Clichy-sous-Bois.

Still in the Ile-de-France, other projects will soon be started at Acheres, Meaux, Ris-Orangis, Marne-la-Vallee, etc. But the list is not closed. In the region alone, it could be possible to work something like 200 profitable geothermal deposits, and a more accurate evaluation of the possible sites is currently being made. Strangely enough, it was not administrative delays or financial arrangements which slowed the proliferation of drillings, but the lack of machinery. Already heavily used by the oil industry, drilling equipment is currently in the throes of inflation to an astounding level. With the result that the cost of drilling a well has jumped from 6 million to 14 million francs in 2 years!

Solar Village, Industrial Zone

Paris LE MATIN in French 8 Oct 81 p 25

[Article by Michel Franca: "Veynes, 3,400 inhabitants, has become the capital of solar energy in 6 years. An exemplary transformation which allowed the village to prosper again.]

> [Text] At Veynes, a village in the Hautes-Alpes department, about 100 houses are already equipped with solar collectors built by a company in the village. The sun is also used to heat the water in the swimming pool, the school, agricultural greenhouses, and campgrounds, and the town government has just started the first solar industrial zone. Within 6 years this community, which was threatened with economic starvation, has started living again and is now a solar capital asset. This conversion can serve as an example.

Madeleine Roux belongs to this category of women who never really grow old. She is elegant, a bit coquettish and at the age of 60, has retained a young look. A municipal counselor since 1960, the mayor's assistant since 1965, she has been for the last 20 years a part of the government in a municipality controlled by the Left and dominated by the Communists. For a long time she was a militant in the PCF [French Communist Party' and then, she says with a bit of tongue-in-cheek:" I found myself outside, in between two chairs."

In 1975, Veynes was dying slowly but surely. Between the 1968 and 1975 census, the population had decreased 10 percent. Unemployment had appeared and stayed. Companies had closed down and the young people were leaving. The origin of this economic disaster was the decline of the railroad yard. Located at the intersection of the Marseilles, Valence and Paris, Grenoble, Gap, and Briancon lines, Veynes occupied a strategic position on the railroads. The electrification of the network killed it. The SNCF [National French Railroad Company] razed the depot, closed the training center, and life disappeared.

"We tried moving in the direction of tourism, says Madeleine Roux. The ex-deputy from Gap, Mr Pierre Bernard-Reymond, who also was secretary of state, wanted us to sign a local area contract. The budget which was offered amounted to 100 million old francs (1 million francs) to be shared between 50 communities, which meant 2 million only for each. This was a miserable amount and we refused. I then proposed to the municipal council to go into solar energy. Ecology was in fashion and I was very interested in the new sources of energy. Needless to say, this proposal did not raise any enthusiasm. I nevertheless got 10,000 francs and founded an association in 1976, it had 70 participants. Among them was the major and several local elected officials, a law student, Mr Michel Chardon, and a plumber, Mr Bernard Trion."

This is how Mrs Madeleine Roux and her friends became solar energy pioneers. In 1976, they organized the first solar energy rally in Veynes, and started a competition for the best looking solar home. They received 83 answers. The winner, Mr Michel Gerber, is an architect at Fitou, in the Aube department. The construction of the house was delayed somewhat for lack of money and the municipality agreed to provide land at a very good price and also promised to handle the financing. It should be completed any time.

In 1978, Mr Michel Chardon started a company for the construction of solar collectors. The company is known as STA (Advanced Techniques Company). On its part, the association continues to multiply information campaigns. Mr Bernard Triton serves as an intermediary to private individuals. Little by little, reluctance breaks down and solar energy gains in credibility and becomes a part of every day life. Thus, the municipality agreed to install 220 collectors to heat the swimming pool in the summer and the school in the winter. A horticulturist installed 100 of them to heat his greenhouses; a hotel keeper installed six to provide hot water for his rooms. Two campsite owners and the village butcher converted also. Soon, contagion spread and about 100 houses, or about 1 out of every 20 were converted to solar energy, using collectors provided by STA, which experienced a remarkable expansion. "We now have 15 employees says Mr Michel Chardon, 13 in Veynes, and 2 in Creteil near Paris, where we just opened an office. We build about 5,000 collectors a year and we have sales agents throughout most of the country. We also export into Italy."

In Veynes, solar energy does not only provide work for STA. An architect, several plumbers, and an ironmonger are also directly involved in installation and maintenance of solar installations. "During the current year, says Mr Noe Trinquet, the communist mayor of Veynes, we have been able to save 300 tons of fuel." This represents more than 600,000 francs which, observes Mr Michel Chardon, can be recycled into the town economy."

The Veynes people who use solar energy can also consider themselves lucky that their installations are built to last. The STA company builds reliable products. Its collectors are guaranteed for 10 years. "We have the most expensive product on the market, says Mr Michel Chardon, because we have made a commitment to quality. In the long term, the user benefits. He is certain not to have to repair or replace his equipment every 3 or 4 years, which is appreciable if you consider that, considering the savings obtained, the equipment can be written off in 5 years at most."

As far as the municipal council is concerned, they are now thoroughly convinced and they have just started a solar industrial zone. This will be the first in the world. It will be spread over 3 hectares. Hot water will be supplied from a battery of solar collectors and an industrial and domestic wastes processing plant. Four companies have already signed up, and a fifth has shown interest. But the future is also dependent upon government policy. Mr Michel Chardon hopes that promotion and development of solar energy will be strongly encouraged and supported. Only in this conditin will he be able to expand his operation. To the skeptics who are still doubtful about solar energy and point out to the exceptional sunshine conditions in Veynes (2,500 hours per year), he answers that, provided the means are made available, his village will cease to be an isolated case and will become an example with a considerable following.

Biomass Fuels Paper Mill

Paris LE MATIN in French 8 Oct 81 p 25

[Article by Philippe Escande: "Biomass: The Successful Test of Paper Mills in Gascogne"]

[Text] De-centralization of energy sources, diversification of supplies: these are the two main points of a policy favoring

renewable energy, some examples of which, still too rare at the industrial level, point to the efficiency of the methods in the field. In this regard, the use of biomass seems particularly promising. This is shown especially in the experiment attempted by the Gascogne Paper Mills, in the Landes area.

In Mimizan, in the heart of the Landes forest, the Gascogne Paper Mills, third paper mills in France employ about 11,000 people. The importance of furnaces in paper mills, make them especially energy hungry. Thus last year, the fuel consumption amounted to 26,000 tons. The annual bill for such an amount of fuel has doubled in 2 years and now amounts to 41 million francs. Faced with a strong competition, and with such a high dependence on energy, the company management decided to attempt a biomass experiment. The first problem was: What to burn instead of fuel? Whereas the Landes forest constitutes a fantastic biomass reserve, it is not possible to use the trees, already used by the paper industry and by wood panels manufacturers. The choice was then made to use stumps which, until now, were claimed by nobody. After confirming through forestry specialists that pulling out stumps presented no ecological risk, the company ran into another difficulty: the lack of machinery adapted to this job in France. It was then necessary to import this sophisticated equipment from Sweden, and this represented the greatest part of the investment. Industrial operation then started with the assistance of technicians from the Solar Energy Commission (COMRES). In order to obtain maximum profitability from the operation, the plant was equipped with a steam regeneration and a gas burning system. The result of the experiment is spectacular. It will insure the company's independence from oil within one year. The total cost of the operation amounts to 12 to 15 million francs, with the annual cost of processing the stumps amounting to about 30 million francs. On the basis of the current oil bill (41 million francs), this results in an amortization of the operation within 1 or 2 years, followed by a savings of about 10 million a year with respect to the oil consumption.

Besides the financial advantage, Mr Jacques Baratier, a member of the board of directors of the Papeteries de Gascogne, who attended the solar energy meetings on 25-27 September, points out the advantages for the region in the area of employment (stump recovery), and the reduced vulnerability of small and medium businesses to variations in the external markets.

6445
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NEW PROSPECTS FOR LIGNITE REPORTED

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 41, 8 Oct 81 pp 58-59

[Article by G. Papanikolaou]

[Text] The exploiting of the country's small lignite deposits is being considered, by way of the use of gasification units which will be set up near such deposits.

According to reliable reports received by OIKONOMIKOS TAKHYDROMOS, tests on the quality of the lignite samples from these deposits have already been made, and these have yielded satisfactory results.

These deposits, totaling about 10 million tons of lignite, are dispersed throughout almost all of the Greek area, and thus they cannot be developed by the DEI [Public Power Corporation], since the quantities needed for the operation of a power plant having a power of 350 megawatts would come to 120 million tons of lignite.

It is argued that with the establishment of gasification units near the small lignite deposits, the energy needs will be served of the residents as well as of the industries in the surrounding area.

The cost for the establishment of such a unit is figured at $45 million, and the thermal efficiency of this unit can reach 70 percent.

Initial contacts have been made already between appropriate Greek agents and foreigners with respect to investigating the implementation of a relevant program for establishing gasification units in our country.

It is noted that this method is being applied very extensively in many European countries, and especially in Czechoslovakia, where about 50 gasification units are in operation at present. In these units, a technology is being used which has been tried out for 20 years now and which has come to be regarded as a classical technology by this time.

These units are connected up to the nation's gas network, where they supply fuel to household and industrial consumers.

One of the most important advantages of the method of gasifying lignite deposits is that by this method a thermal-efficiency rating is achieved of about 70 percent,

whereas in the conversion of lignite into electricity, the thermal efficiency is scarcely 30 percent.

A typical self-contained unit for the gasification of lignite has raw-material requirements amounting to 1,360 tons of lignite daily, with it being able to produce 1.4 million cubic meters of gas.

Small to medium-sized deposits of this sort exist in the following regions of Greece.

Extent of Deposits (in millions of tons)

Area	Certain	Probable
Serrai	6	100
Amyndaion	13	30
Amyndaion	62	40
Florina	40	100
Florina	130	
Ellassona	1.6	90
Agras River	50	-
Agras River	-	25
Perdikos	200	-
Kyni	4	8
Central Evvoia	2.5	4.5
Pyrgos	-	40
Rhodes	5	-
Koroni	12	-

In the Provincial Towns

Fuel gases are a source of energy which is almost non-existent in Greece. The fact that no substantial deposits of natural gas have been discovered in our country so far (but perhaps Katakolon is opening up new prospects) has prevented this source from playing a relatively large role in our energy economy, as it does in almost all of the developed countries.

The only areas on which interest has focused in this sector have been the maintenance and modernization of the coal-gas network of the Athens Public Gas Corporation (DEFA), and the possibility of importing natural gas from abroad.

In the immediate future, the DEFA network will be supplied with gas which will be produced by cracking naphtha at the Aspropyrgos refineries. But because in this way the basis for supplying fuel to the network is that of a petroleum-derivative raw material which is expensive in itself, the large-scale development of such a network cannot be planned on, since something of this sort would increase instead of decrease our country's dependence on petroleum. At the same time, the produced gas would be inexpedient economically. Thus any large-scale future development of the Athens network cannot be based on the above technology.

On the other hand, from previous studies which have been made it is evident that natural gas must be imported in amounts totaling at least 2 billion cubic meters annually (equivalent to 2 million tons of petroleum) in order for its cost to be competitive. But it is very difficult, if not impossible, for us to absorb such a large quantity, especially at a time when there is no infrastructure in our country for the consumption of gaseous fuels, nor even the means for their storage.

When we consider that if we were to import this gas, about $500 million would be required for the transport facilities as well as other large investments for the creation of the networks--at a time in fact when the price for natural gas has drawn close to the oil price--then it becomes obvious that at present the importing of natural gas into our country on a massive scale is a very difficult decision to make.

An alternative solution in the use of gaseous fuels would be the creation of new networks of a relatively small size in provincial towns. These networks would be furnished with either a mixture of air and liquid coal gas or a gas which would derive from the gasification of nearby deposits of lignite. Such networks would meet the needs of not only domestic and commercial consumption, but also some of the region's industrial consumption.

According to data of the National Energy Council, the most important advantages to be derived from the gradual creation of gas networks in suitable areas are the following:

1) Precisely because the networks will be small, the requisite investments can be realized more easily in all cases.

2) The gradual creation of small networks in various towns will make it easier to build a national network in the future, thus facilitating also any future importing of natural gas.

3) It will be easier to exploit any small deposits of natural gas which may be discovered in the country (Katakolon).

4) The existence of gas networks in provincial towns will constitute an incentive for regional development and industrial decentralization.

5) In those areas where the networks will be created, the problems of atmospheric pollution will be decreased.

6) In many areas, the demand for electric power at peak periods would be smoothed out, with beneficial results for production and for the DEI networks.

7) The operation of these networks could be assigned to agencies of local self-government, in cooperation with banks or even with legal or private persons.

12114
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FINANCE MINISTER ON ECONOMY, BUDGET, TAX REFORM

Vienna ARBEITER-ZEITUNG in German 21 Sep 81 p 3

[Interview with Finance Minister Salcher in ARBEITER-ZEITUNG reporters Ilse Brandner-Radinger and Eva Pfisterer: "No Talent for the Leading Role in 'The Spendthrift'"]

> [Text] Since the last closed cabinet session, he has been called "the Scotsman from the Tyrol." This does not bother Finance Minister Salcher: in no way would he be able to play the leading role in Raimund's "The Spendthrift," he said in an interview by Ilse Brandner-Radinger and Eva Pfisterer for the AZ [ARBEITER-ZEITUNG]. Moreover, as of the beginning of next year the thrifty minister with a heavy hand intends to implement accountability: "If we discover that the necessary accounting has not been submitted, a tax estimate will be made, and it is up to the taxpayer to prove that this estimate is not correct. So we're planning to reverse the present burden of proof," the finance minister announced.

[AZ] In the French parliamentary debate, Austria was described on Tuesday as an economic miracle which has higher growth rates, high average income in comparison with the EC, minimal unemployment, little inflation and a strong currency. But in listening to the opposition one gets the impression that the domestic economy is collapsing due to sheer taxation policy.

[Salcher] Objective data cannot be refuted. After Japan and Norway, Austria has the highest rate of investment. That does have to be said if one is talking about the investment climate in Austria. Our full employment policy has been successful for the last 11 years. We are among the nations with the lowest unemployment figures. The schilling is among the hardest currencies. In a comparison over the last 10 years, only the Swiss franc has become stronger. The franc and the yen are about equally strong compared to the schilling, and all other currencies have lost strength. The economic situation, seen relative to the other countries, is therefore good, and I wouldn't conceal that we also have some worries--regionally, relating to individual industries and in the balance of payments.

[AZ] What are the reasons for the high investment level, and what does all the gloomy talk by the OeVP [Austrian People's Party] mean, which of course takes advantage of the supports and also invests?

[Salcher] Sure, that's the intrinsic contradiction. The big opposition party makes gloomy predictions, and the people who conduct business like to take advantage of the investment opportunities. Our tax law is aimed at promoting indirect investments. In the budget there are also incentives for direct investments. We have a new program--the top investment program. Applications are pending for 2.7 billion schillings, and we are going to review them all. In 1974/75, at the time of the first oil price explosion, dwindling demand was replaced by increasing public demand. The day before yesterday, the federal government passed an investment program of more than 660 billion schillings over the next 10 years. So, all of that indicates a positive investment climate.

Budget Policy Is Redistribution Policy

[AZ] To a socialist finance minister one also puts the question of whether he also understands financial policy to be redistribution policy.

[Salcher] Financial policy--budget policy--is redistribution policy when one thinks of the many areas that are publicly supported. The health system and the educational system from the elementary school to the universities, housing construction support, support for individuals in particular. These are examples of how redistribution functions: so that through taxes, through assessments, those who earn less are given more. If a couple has two children, one in elementary school and one on the higher level, then it would take an income of 27,000 schillings for the taxes to cover just the costs of education. This shows how redistribution takes place in practice.

[AZ] There is a slightly increasing tendency toward unemployment. Will it rise in our country as well? Will there then also be sufficient money to promote investments or for a public spending policy?

'Fighting for Every Job'

[Salcher] Looking at the 1982 federal estimate, the funds to support the labor market have not been reduced but have increased. At 2.4 percent, unemployment is still a proud full-employment figure in our country. Naturally, we are concerned when unemployment increased by .2 percent in one year. In a time of structural change it is indeed sometimes unavoidable that jobs are lost. But Chancellor Kreisky--and with him the government and all who bear responsibility--are fighting tooth and nail for every job, so to speak, and I believe that that is the essential difference between us and all other countries.

[AZ] About the bond market: how heavy a burden does the recent issue suspension place on the budget? That the capital market was not refloated--was that due to animosity from some of the people in the credit system?

[Salcher] That can't be described as animosity. The credit system, which is represented only in the Capital Market Committee, naturally has business management

interests to take into account. And the role changes are very difficult indeed. If one suddenly finds oneself on a capital market advisory board, then the adjustment from business-management reflections to overall economic considerations is often difficult. Consequently, it's not animosity but a balancing of what can be expected of the individual banks and what is necessary for the capital market. The burden on the budget is from zero to very insignificant. That can be disregarded.

'An 11.5 Percent Rate of Return for Bonds Is Insupportable'

[AZ] How high was the rate of return in your last proposal?

[Salcher] The Capital Market Committee is there in order to advise the finance minister, not the other way around. That's the starting point. When Managing Director Vranitzky, the chairman of the Capital Market Committee, reported to me that in informal preliminary talks a bond interest rate of 11.5 percent was mentioned, and in such a manner that it had to be assumed that the Capital Market Committee would also not decide anything else, I thought that an interest rate of 11.5 percent was simply insupportable for many reasons relating to the overall economy. I therefore was of the opinion that if nothing else comes out, then the Capital Market Committee does not even need to meet--11.5 percent is simply insupportable.

[AZ] An industry statement says that the blocking of the capital market has dried up the credit supply for many productive investments and that even Investment Credit, Inc., which lends 3 to 4 billion annually for investments in industry, could no longer refinance.

[Salcher] Investment Credit would never have brought such a volume onto the bond market, but it must be said again. No matter how small an issue is, if its negotiated at 11.5 percent, it will influence the secondary market. Interest rates on the secondary market will rise. That happens for all bonds, because the market quotation goes down. Enormous balancing problems are the result. And if Investment Credit, Inc., had negotiated something like 500 million schillings, it would certainly have noticed the necessary devaluation requirements on the other side of the balance.

[AZ] After the closed cabinet session you were characterized as "the Scotsman from the Tyrol." Does that disturb you?

[Salcher] That doesn't disturb me at all, because at a time like this expenditures must be closely scrutinized, in particular if they're urgently necessary; we've just made a 10 percent cut in the subsidy catalog. I had friendly skirmishes with nearly every ministerial colleague of mine. I really don't think the description of "Scotsman from the Tyrol" is detrimental. I could certainly never play the leading role in "The Spendthrift" by Raimund. That wouldn't be my nature at all, and it would also damage the Republic of Austria.

[AZ] You have announced that the coming budget will be put through without tax increases. However, at the beginning of your time as finance minister you were of

the opinion that, in connection with an extensive tax reform, certain tax privileges should be scrutinized with a magnifying glass, among others the deductibility of certain forms of insurance.

Thinning Out the Catalog of Privileges

[Salcher] The example is rather poorly chosen, because it's a matter of many privileges. We have the magnifying glass. We're working intensely to thin out the catalog of privileges. That's how we intend to make the tax legislation more equitable, simpler and more readily grasped. But this is a job that will take some time, and here I'd like to say that I spoke with the chairman of the Tax Reform Commission just yesterday. This commission will be working very hard. It will certainly produce a result that will have solid substance, as early as next year, even. It's not a matter of taking anything away from anyone, but when a colleague of mine, Magistrate Haas, has proved that the tax base is so undermined by thousands of exemptions that without them we could cut the tax rate in half, then you see the route we have to take, the scope for decisions which lie ahead of us. Zero exemptions will not work, because some are unconditionally required socially. But not all exemptions should be maintained. It's not a matter of obtaining tax revenue, but of lowering the tax rate a little, which is spared in the case of exemptions.

[AZ] When do you think a major tax reform could be implemented?

[Salcher] Tax reform is a permanent process. It isn't something one can dispose of with a deadline, for once the 1981 Tax Amendment Law is in parliament, work is already under way again for the next deliberations in the area of taxes. I will certainly have the first report by my experts in my hands by early summer 1982.

[AZ] You have said that in the fall you will discuss the regulations of deposit rates; more precisely, the part of the interest rates set by the institutions themselves.

[Salcher] A working paper is now ready which contains a bill to amend the Financing Law. It is aimed at the regulation for deposit rates, for interest on advance payments and for the basic interest rate. Here as well there are naturally various opinions according to the point of view and balance sheet situation of each credit institution--opinions which, it should be noted, cut straight across party lines.

[AZ] How much more do you have to polish the budget work?

[Salcher] The budget is finished. There's only one big problem, and that's the state employee negotiations, which take a big bite out of the budget, as you know. A 1 percent increase in pay means 1.11 billion schillings in extra expenditure for the federal budget estimate. So we really have to think about how to enter into these negotiations. Reference will be made to the argument about job security in public service. And it will be pointed out that the retirement fund contributions for a much lower ASVG [General Social Security Law] pension are higher than the employee contributions in public service, seen from the viewpoint of the public employee. And it will be seen that, to use a popular expression, the social

symmetry is not disturbed, that the groups with the lower incomes in some cases must not be tied in with percentage increases, which in absolute amounts work to the advantage of the higher groups.

[AZ] You anticipate that accountability will produce substantially more income for the budget. How is this to be controlled and carried out?

[Salcher] The way to carry it out is clear; the legislative bill is ready. We're going to polish it just a little more. Make it closer to reality. Control will be guaranteed by way of a special auditing task force.

[AZ] Are you planning any new threats of punishment?

[Salcher] No, no new penalties. The penalties in the Federal Tax Code are entirely sufficient.

[AZ] Up to now, tax fraud has not been felt to be particularly disgraceful, although the threat of punishment existed and auditing was done. How can the taxpayer be motivated to change his thinking?

[Salcher] It's not the taxpayer who is addressed here, but every citizen. It's a matter of regarding the state not as an anonymous enemy but as a community institution. This opinion has largely been lost, and cheating this community is more of a gentleman's crime. But we have already built something into the accountability requirements. If we find out that the required accounting is not being submitted, a tax estimate will be made and the taxpayer must prove that this estimate is not correct; this will be very difficult for him without accounting records. So we're planning to reverse the present burden of proof. And that ought to be stated very clearly.

11949
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DELORS SEEN MAKING 'GENTLE' ATTACK ON INFLATION

Paris LE NOUVEL ECONOMISTE in French 12 Oct 81 pp 38-42

[Article by Jean-Pierre Sereni: "Inflation: 'Delorism' to the Test"]

[Text] First step: to calm prices; second step: to slow down wage increases. Mr Jacques Delors is making a gentle attack on inflation, with two trump cards: support from Bonn and cooperation from the labor unions.

First we had the Mauroy plan attacking unemployment, and now we have the Delors plan to attack inflation. In less than 3 weeks, the government has thus launched two battles in the fervent hope of waging the same war. The first battle was imposed by its majority: unemployment is traditionally the number one enemy of the Left and the labor unions that support it. The second battle was dictated by circumstances. Thirty months after the franc joined the European Monetary System, it found itself overvalued in relation to the currency of our primary trading partner, the West German mark. It has been apparent for several weeks now that a decision would have to be made. But what would be the domestic measures to accompany this necessary adjustment in the European parities? None of the traditional measures usually adopted in such cases to check inflationary fallout--such as reducing budget expenditures or tightening credit--could be used. Consequently they had to resort to the unpleasant but inevitable measure of freezing prices--temporarily and partially--with the near certainty that there would be a burst to catch up once the tax period was over. To prevent this, Jacques Delors thought up a great scheme based mainly on one of the rare advantages he has in his struggle against inflation, the cooperation if not the support of the labor unions. He repeated to the representatives of the large workers' associations who filed through his office on rue de Rivoli Tuesday morning that "We must detoxify the French economy," using arguments and promises bound to win over the most skeptical ones. In order to stop the wage-price race, this time they are beginning with prices, and especially with the solemn promise that the purchasing power will be unaffected. "We no longer have to curb nominal wages by putting pressure on the purchasing power, as in the time of Raymond Barre," explained someone in the economy minister's entourage. "We can do the same thing in real terms but at a lower nominal level." To be more specific, the scheme will slow down workers' hourly annual rate of wage increase from roughly 14.5 percent to about 12 percent beginning in 1982, and will therefore touch off a virtuous wage-price spiral where the easing of one will bring on that of the other, until annual price and income increases have been brought down below the 10 percent mark. Isn't this an ambitious, if not to say a utopian, exercise at a time when the French system is

approaching another fateful mark of 15 percent? Perhaps, but in this formidable challenge in which French employment and the political future of the new majority also have stakes, Mr Delors is not without some trump cards, both domestically and internationally.

Ever since Francois Mitterrand arrived at the Elysee, the Paris-Bonn axis has seemed to develop a serious split--a question of temperaments and doctrines. The Centrist Giscard and the Social Democrat Helmut Schmidt held similer economic views, whereas the political views of the French socialist leader would instead separate him from his German counterpart. All the same, at the annual meeting of the International Monetary Fund in Washington last week, the French and the Germans once again remarked on American indifference to their problems. Have the unprecedented leaps and bounds of the dollar put the European currencies in a bad position? "Good heavens, we can't do anything about it," explained Treasury Secretary Donald Regan to his counterparts at great length. It seems as though he has completely forgotten the commitment made by his country in 1975 to limit to a minimum sudden changes in the dollar. It was the same situation with interest rates.

Resistence

The only response to the unpredictable dollar and its vagaries is to quickly bring the European Monetary System into line so as to strengthen its capacity to resist. The two finance ministers, Hans Matthoefer and Jacques Delors, reached a hasty agreement on the size of the readjustment between the French franc and the deutsche mark, about 9 percent with each side going part way. On Friday evening an emergency meeting of the European experts on the Monetary Committee was called for the next Saturday, and a meeting of the Council of Economy Ministers for Sunday. When the French-German plan, which called for the lira and the Belgian franc to join with the French franc among the currencies to be adjusted downward, was introduced, it met with cries of protest. Robert Vandeputte suddenly realized that he was no longer the minister. Hadn't the Belgian government resigned 2 weeks ago? So he could not sign. His Italian colleague, the Christian Democrat Nino Andreatta, also refused to keep Mr Delors company. Since its 6 percent devaluation last March, the lira has been holding well and the exchange reserves of the Banca d'Italia have increased to the tune of 1 trillion lire a month.

Germany's support kept the French minister from being entirely alone, and a final concession by Mr Matthoefer led to agreement: the deutsche mark would be revalued by 5.5 percent, and the franc and lira devalued by 3 percent. Mr Delors left Brussels Sunday evening with a big smile. The competitiveness of French goods on the West German market, which the brand new Observation and Forecasting Center in the Ministry of Foreign Trade follows closely, has improved by 8.5 percent. In contrast, the aggressiveness of German exporters on French and Italian markets has declined.

Why a "gift" like this, which is sharply criticized by German industrialists in the mechanics, textile and clothing industries? Last Monday morning, the Minister of Economy, Otto Von Lambsdorff gave the answer from West Berlin: "Without that, there would have been government measures taken against German exports...."

After the improvement recorded since the start of the year vis-a-vis our other main competitiveness vis-a-vis Germany and the mark zone this time should stimulate our exports and thereby contribute to the economic upswing that has begun in France. Some French exporters from across the Rhine had increasingly compressed their margins, and others had forsaken the German market. At Peugeot, the narrowing of the margins weakened the network of dealers, many of whom shifted to the more generous Japanese. The result is that Japanese manufacturers have seen their sales to Germany increase threefold since 1978, to the detriment of their French and Italian rivals.

The reconquest of the domestic market should also normally be aided by Sunday's monetary realignment, but a number of German industrialists had taken the precaution of increasing their stock in France. At Volkswagen, the 1 July rate is valid until the end of the month. "The increase will be staggered," explained Michel Le Paire, Director of Volkswagen in France, "4 percent in November and probably 3.5 percent in the spring of 1982." In the household appliance sector, the situation has remained very calm, for other reasons. "The Germans offer top-of-the-line products," said someone at Darty. "They make the 'Rolls Royce' of dishwashers, for instance, so 10 percent more or less...." Several reputed German brands are manufactured in France. "That doesn't change anything for us. We follow the French prices," confided a stove salesman. Sooner or later, however, the "8.5 percent operation" will have repercussions on German exporters' schedules, which will give the price advantage back to their French competitors, it is hoped at Rue de Rivoli.

Finding itself in a better position on its market and on the export market, French industry should, in these circumstances, experience an upswing. Hence the possibility, discussed discreetly in the office of the Economy Minister, of reducing somewhat the budget stimulus. There is no question--at least for the immediate future--of officially going back to the spectacular budget of Mr Laurent Fabius introduced barely 3 days before the devaluation. Isn't this the centerpiece of the Prime Minister's anti-unemployment plan? But execution of this budget next year could bring some surprises. An easing of prices by more than what the Forecasting Department estimated (12.9 percent), based on the assumption of continued price freedom, would reduce budget revenue and especially the VAT [value-added tax]. At the same time, stricter controls over civil service salaries, which absorb 70 percent of the government budget, would make it possible to reduce expenditures (+ 28 percent). Finally, 15 billion francs have been "put in reserve," taken out of the investment and anti-inflation chapters. An interministerial committee to regulate public expenditure, under the prime minister, is in charge of clearing expenditures. Monies should be spent "at the most opportune time," according to the secretary general at the Elysee, Pierre Beregovoy--unless they are not spent at all. In summary, on Wednesday the Council of Ministers reinvented the Current Action Fund. Aside from this rather uncertain prospect, as attractive as it is unrealistic, Mr Delors has decided to cling with his last strength to the 3 percent stop-gap." The 95.4 billion franc budget deficit is now a ceiling for all public expenditure, for the State and for local governments, social security and unemployment funds. They account for precisely 3.02 percent of the 3,154 billion franc GDP [gross domestic product] anticipated for 1982.

The other strong point of Delors' plan is monetary. Finished are the norms for increases in the money supply! "The 10 percents fixed by Mr Barre at the end of 1980 were not realistic," they say at the Finance Ministry, where the former prime

minister has been accused of "voluntarism"--though it may never happen again. The new rule is qualitative--the liquidity of the economy must be maintained without increasing it, and in a way that is neither lax nor strict.

Realism

Such a soft policy would have been unthinkable a few years ago at the height of monetarism. But when you add the setbacks to the disappointments, the zeal has receded somewhat in all Western countries, and mere realism will perhaps impress foreign markets just as much as a strict but unrealistic norm. In coming weeks, everything is going to hinge on price developments. "If public opinion feels or anticipates an increase in inflation, everything would be ruined," warned a socialist deputy from the Midi. The 4 October readjustment had the automatic result, however, of increasing the cost of our imports. Thanks to the Germans' show of good will, that limited the devaluation, and the change of the French franc in relation to the dollar is minor--barely 2 percent at the beginning of the week. The oil bill shouldn't be increased by too much. But it is mainly the plan whose main features were unveiled Monday by the economy minister that will be responsible for preventing any slippage of domestic prices.

Despite the friendly pressure of political friends who are instinctively if not philosophically in favor of the price freeze and controls, Mr Delors has resisted the temptation to exercise "total control." After returning in September, a number of the new socialist deputies, however, received the anger of their electors at the summer price surge (1.2 percent in August) like a slap in the face.

The selective and temporary freeze involves a 6-month freeze in services at the level of 3 October, and a freeze of importers margins and the necessary ingredients for a French breakfast (bread, milk, coffee, butter, sugar, margerine). They affect the index and even more the idea consumers have of price increases.

Businessmen and industrialists are subject to a less strict regime. The former have purely and simply been forgotten, while an annual rate for price increases of 8 percent, beginning in the fourth quarter of 1981, has been recommended to the latter group, until a decision is made for each branch that will make it possible to refine this basic indicator. Why this generosity? It would have been poor timing psychologically to adopt at the same Council of Ministers meeting an industrial price freeze and the measures favoring the small and medium-sized business, two steps that the ministers of economy and industry have been niggling over for almost a month. The annual volume of participatory loans is going to be tripled, the fiscal regime of newly established firms will be loosened, credits of the National Agency for the Valorization of Research will be increased by half, and finally subsidized investment loans will be distributed by Credit national, whose portfolio was already increased from 13 to 17 billion francs in June and is now raised to 22 billion. These loans, valued highly by firms, could be less popular during the last quarter, since their interest rates are supposed to go from 14.75 percent to 17.40 percent to reflect the higher cost of resources collected by Credit national on the financial market--unless the government decides to make up the difference.

The services sector, which furnishes almost one third of the GDP, is the main victim of the Delors plan. It is of course paying for certain excesses of the last few

months. In one year, private sector rates are going to increase by 16.2 percent, and even by 23.4 percent for the item "beauty and clothing services." Hairdressers, dry cleaners, and restauranteurs have, it seems, abused the freedom given services at the end of 1979. Unless, that is, they were just making up for lost time going back as far as price controls, as their professional representatives, Mr Rene Bernasconi (CGPME [General Confederation of Small and Medium-Sized Businesses] and automobile repair), Francis Combe (bakers), and Robert Delorozoy (Chambers of commerce) assure us.

The freezing of prices for services will not be easy to enforce. The Competition Directorate, in charge of applying the controls, has less than 2,000 employees to watch over half a million firms. Their task was already difficult and not always efficient prior to 3 October. In Lyon, taxis have increased their fares by 56 percent since 17 September, despite fines.

This question of control does not have only psychological implications. In the official plan, the price freeze on services should theoretically offset the inevitable excesses of industry prices and thus help calm the entire French price system.

In the event it is ineffective, the credibility of the entire price-wage operation will be jeopardized, in spite of Mr Delors's friendship with the labor unions.

Housing: Rents "Under House Arrest"

A freeze on services but not rents: real estate is enjoying a special regime, but will soon be under "house arrest," with indexing to be limited to 80 percent of the increase in the INSEE [National Institute of Statistics and Economic Studies] construction cost index. These are the provisions of the new bill governing tenant-landlord relations, the main features of which Mr Roger Quilliot, minister of housing and urban affairs, will soon be presenting to the Council of Ministers.

This bill provides for recognition of the right of tenants' associations, collective agreements, and an end to abusive increases. These are measures that will make some people gnash their teeth, but will be accepted by all in the end. Some provisions, however, could reignite a quarrel that the bill was supposed to settle. From now on there is open warfare on a critical point: occupancy of the premises. "We will fight it to our dying breath," assures Mr Pierre Morel, president of the Parisian Chamber of Landlords.

In the government's current bill, the term of the lease (the tenant can always leave before expiration) cannot be less than 6 years. This is the first subject of disagreement. Representatives of landlords proposed a more flexible arrangement, terms of 3, 6 or 9 years at the tenant's option, with the rent varying according to the term of the lease. The second subject of controversy concerns the landlord's possibilities of recovering his apartment. The bill only provides for two possibilities of repossession: before the end of the 6-year term, for his personal use or the use of his family; and the second, after the 6 years, provided he has "serious and legitimate cause." Just the same, the landlord could sell his property during the first 6 years--but occupied, that is, at 20 to 30 percent less. A particularly bitter pill!

France is not inventing anything new in this area. Italy, for example, has already tried out an even stricter formula. The experiment was a failure. The Italian landlords repossessed their rental housing "for family reasons." The result for young couples was that they could no longer find anything to rent and so were forced to buy, which encouraged speculation and price increases. At a time when Mr Quilliot wants to give a boost to the construction sector and produce more than 400,000 housing units a year, isn't there a danger of alienating the 2 million landlords--individuals or institutions--that lease 5.2 million units?

French-German Trade: Margins before Prices

There was a sigh of relief by French exporters at the news of the devaluation of the franc and the revaluation of the deutsche mark. "If the franc is not devalued, we will close our sales office in Germany," said the director of a French company to his banker 2 weeks ago. "For the past 18 months, French inflation has been galloping twice as fast as in Germany. The gap should have been closed a long time ago," complained a manufacturer of handling equipment.

Can we expect therefore an upswing in exports to our primary trading partner? This upswing is more than desirable since our trade deficit with Germany is growing dangerously large: 16.8 billion francs in 1980 and already 9.4 billion for the first half of 1981. French companies will first have to take advantage of the devaluation and lower their prices. But this isn't always their intention. In the automobile sector where our exports to the Federal Republic fell by 27 percent in 1980 and have not recovered in 1981, manufacturers are first thinking about restoring their margins. "We have been flattening our margins to remain competitive on the German market for almost 2 years," reminded someone at Renault. The only exception is the Renault 9, that will be marketed in Germany next month at a price that reflects the new exchange rate. At Peugeot, someone added that to compete with the Japanese in Germany, "we would have to be able to lower prices by much more than 8.5 percent."

It's the same tune in other industrial sectors, and especially the chemical industry (whose export business to the Federal Republic amounts to nearly 15 billion francs a year). "The devaluation is above all going to enable the parent company in France to rebuild its margins and thereby improve its competitiveness, and perhaps later on to invest," explained Mr de Krassny, director of Rhone-Poulenc GMBH at Frankfort, which sells various chemical products on the German market. "In the chemical industry, it is the Germans who set the prices," commented someone at PUK, whose Ugine-Kuhlmann subsidiary also sells chemical products in Germany. "If we lower ours, BASF, Bayer and Hoechst (the three big German chemical companies) will trigger a price war." Mr de Krassny feels, however, that "the monetary readjustment could give the French an opportunity to improve their penetration on the Dutch (the guilder is revalued by 5.5 percent like the mark) and Austrian (the schilling is almost always 'pegged' to the mark) markets."

Mr Heinz Schunk in Cologne, who has successfully marketed the Cantalou brand of French chocolates in Germany, admits that he could lower his prices and that his clients, and especially the large Kaufhof stores, are already asking him to do so (he buys in francs and bills in deutsche marks). "But our competitors are not sleeping either. If I lower my prices, they will do the same." What some French companies are not saying, is that they have large stocks in Germany and do not even see how they could decrease their value.

1.5 Percent Increase in Farm Prices

France is increasing guaranteed farm prices fixed in Brussels in ECU by 1.5 percent, so that it won't have to create compensatory monetary amounts (MCM) which would have acted as export taxes. The measure satisfies farmers. However, processing industries, some of which have retail prices frozen for 3 months, are feeling the pinch. The situation could become particularly tense in the dairy sector where producers have already been asking industry and commerce for the 12.5 percent rise passed last spring in Brussels. They are going to ask for 14 percent. But the absence of the MCM has the advantage of being the least penalizing step for a sector that exports one-third of its output.

Since guaranteed farm prices are fixed in Brussels in ECU, if the monetary readjustments of last Sunday had been automatically applied to them, they would have been increased by 3 percent in France and reduced by 5.5 percent in Germany. For Paris, it would have meant giving a strong boost to inflation, unthinkable at a time when decisions are being made to control certain "sensitive" food products more closely and, more generally, to tighten control over distribution margins. For Bonn, it would have been an affront to farmers.

In August 1969, Mr Giscard d'Estaing, a minister, encountered this problem at the time of the 12.5 percent devaluation. At that time he chose not to raise domestic farm prices. At Germany's request, he invented "positive" compensatory amounts: export taxes bringing the French intervention price up to the German price level when the goods crossed the border. We know the rest: the system upset trade flows within the EEC, penalizing French exporters.

The system has been under reform for 2 years. At the beginning of April, they almost saw the light at the end of the tunnel. The MCM's were abolished in France, while in Germany the MCM's--which instead act as export subsidies--were set at 3.2 percent. Unlike France, the other EEC countries decided to increase their MCM's. Thus the Germans agreed to freeze their farm prices and enjoy the positive 8.3 percent MCM. This is understandable since MCM's act as export subsidies for them. In any case, the measure is temporary. In April when guaranteed farm prices in ECU are normally fixed, the MCM could again be partially demobilized in Germany.

Experts project a 10 percent increase in ECU, which will have only half the impact on German farm prices because of the 5.5 percent mark revaluation and will in turn make it possible to reduce the German MCM's to 2.8 percent. At the same time, the French will add to that 1.5 percent left over from the devaluation, which will assure farmers a 11.5 percent increase.

9805
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LORRAINE REGION'S ECONOMY IN URGENT NEED OF HELP

Paris LE NOUVEL OBSERVATEUR in French 12 Oct 81 pp 58-59

[Article by Claude Bunodiere: "Five Priorities For Lorraine"]

[Text] While spending 2 days in Lorraine, President Francois Mitterrand will have the opportunity to see close up some of the thickest industrial files of the day. All of which, or almost, call for urgent decisions.

Neither a distribution of alms nor miraculous announcements; even before the trip the Elysee has warned that the first regional tour of the president is primarily for "listening" and "dialogue."

Fatigued with plans and promises for 10 years, the people of Lorraine are not at the outset hostile to this formual. They arleady know that of the 12,000 jobs promised in the automobile industry 4,000 will probably never see the light of day. Of the 1,450 jobs announced in 1978 by the "Vosges Plan," 1,100 are still listed as "certain" but only 600 have actually been created.

And rather than fight for prompt measures, the heads of enterprises seem today particularly inclined to mount the parapets to appeal to principles. "Help invest in productivity if you want to create jobs," the boss of the Lorraine bosses, Mr Pierre Lajoye, ceaselessly reiterates.

This does not mean that here and there a few boosts by the state for new industries would not be welcome: such as the establishment by the American Computer Vision group, first in the world in computer-assisted orders, to launch the Brabois "technological pole" at Nancy. Or the Mitel file (1500 key jobs for the Vosges), if Thomson and CIT-Alcatel really want to yield a little room to this competitor of the Canadian telephone.

Textile. Boussac: after the 1500 jobs already lost in 1978, 11 units and 4000 wage-earners are waiting to learn their fate. Montefibre: 650 people hardly assured of their future after the end of December. Testiles in the Vosges (50 percent of the potential national cotton industry) hovers on the brink of disaster. "Eighteen hundred people in less than a year in the spinning mills and knitting mills despite 280 millions in investments since 1978," estimates Mr Charles Colin, secretary of the Eastern Textile Trade Union Syndicate. The situation is identical in knitting and spinning. Needless to say, the 30,000 wage earners of the textile

and garment industry in the department won't miss a word of Mr Mitterrand's speech on the "textile plan." He will have some instructive examples at his fingertips. Like the Tenthorey enterprise (750 people, a turnover of 140 million francs), which specializes in velvet and is located at Saint-Eloyes. Considered by its brothers in the industry as "almost a model plant," its investment efforts (150 million in 3 years) make it one of the most modern knitting and spinning complexes in Europe. But the drop of the dollar in 1980 and the flare-up of imports of American velvets which followed will nevertheless leave it with "heavy losses before amortization" at the end of 1981.

Steel Industry. The debate over nationalization has long since ceased to excite the people of Lorraine. On the other hand there are three questions on everyone's lips both at Longwy and at Seremange:

1. When production of steel has just dropped by 24 percent during the first 8 months of the year and new reductions in the work force seem inevitable (5000? 7000?), what will be the industrial strategy of the new nationalized groups?

2. Since the idea of a merger pure and simple has been abandoned, just how far will the "rectification of boundaries" go between USINOR and SACILOR, and even with the ARBED?

3. What room will be made for Lorraine in the investment program compared with the units "on the water" set up at Fos and Dunkerque?

At SACILOR-Sollac the priorities are clear. In sheet products a steel-works, two "magnificent" continuous casting units and a coke-oeven are right now providing steel for obsolete rolling mills. With regard to long products, at SACILOR Gondrange the continuous casting unit put into service last August 18 at present supplies only one-third of the steel works. It would be logical to modernize these plants "all the way." The probable total bill: 10 billion in investments over 5 years.

At USINOR the more modest goals lie between 1.2 and 1.5 billion a year, But where? Even when improved, Lorraine's USINOR plant is still not hemogeneous. And the productivity of the complex (still 7 to 7.5 hours per ton) is still fettered by under-utilization of capacity and by the "nomadization" of products throughout the region.

Iron Mines. Eighteen million tons: this was the fateful threshold according to the experts. It will be reached this year, instead of the 22 million tons initially envisaged and the 28 million extracted last year. For 6 years, with production and work force reduced by more than half, the Lorraine low-grade ore (90 percent of French production) is collapsing. At the end of 1981 five additional pits will have been shut down, and probably 900 jobs eliminated.

Deprived of customers by the rout of the steel industry, victim of the victorious competition of foreign ores richer in iron (60 percent compared with 32 percent), is this low-grade ore still worth mining? Some 4000 survivors are ready to fight to prove it.

Nuclear. Lorraine's stake in sections 3 and 4 of the Cattenom power plant is quite clear. Lorraine consumes about 9 percent of the energy used in France. It is the leading region in consumption of industrial energy. But it produces only half of what it needs. Sections 3 and 4 (an investment of 10 billion) would almost assure its independence and would enrich the treasuries of the local communities. The local people therefore approve of the plant.

Coal. The maps of Lorraine coal have never looked so good. Two-thirds of exploitable French reserves are there. In early 1981 productivity reached 4,700 kilograms per man day compared with 2,000 in Nord-Pas-de-Calais. With 1,050 million in state subsidies in 1980, the HBL [Lorraine Coal Mines] consume a quarter of the national total devoted to coal, while they account for only half of the production.

It remains a fact that to regain a "reasonable" production level of 15 million tons, starting from the probable 10.8 million tons of 1981, much time and money will be necessary. "Technically, 7 to 10 years are needed between the discovery of a deposit and efficient extraction," they emphasize at the collieries headquarters. "Financially the opening of a new site requires an investment of 2 billion to produce 2 million tons a year. Socially, every additional million tons requires 2,000 hirings per year, assuming that at the end of one year one out of every two men abandons underground work."

Priority should be given to the Houve site, where, since last June the most efficient coal-cutting machine in Europe has been operating and where a virgin deposit of 47 million tons offers good possibilities for mechanization. Priority should then be given to reopening Faulquemont.

The organization of the work will also have to be discussed. The mining of the pits 6 days out of 7 alone, instead of the present 5 days, would increase production by 13.5 million tons. The shift of the teams directly at the cutting face could lead to the formation of four teams. Labor negotiations have not begun, but they will be decisive.

6108
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AUTOMOBILE INDUSTRY SUFFERS HEAVY LOSSES

Rome L' ESPRESSO in Italian 11 Oct 81 pp 209-215

[Article by Tullio Fazzolari: "Car Sickness"]

> [Text] Crisis worsens. In 1981 Fiat and Alfa has lost more than 200 billion lire. But the reality is much worse. Exports have crumbled; market is soft. And if the government does not intervene...

Rome--The news from the front is bad. The forces of the Italian automobile industry are still holding their ground here and there. But in 1981 the crisis continues to advance and to produce new victims. And the losses can be summed up in a few, dramatic figures. They are the negative reports that the principal industries of the sector must make at the end of this year.

Fiat, according to forecasts by some bankers who know its affairs well, runs between 250 and 300 billion in industrial losses. The Fiat auto budget, however, is going to be something else. After having carried out the reassessments permitted by law, it will close the year with a deficit of a little more than 100 billion lire, slightly less than the 130 billion lire losses in 1980. However, the latter figure already included the price (about 120 billion lire) of the unfortunate Fiat adventure in the Spanish SEAT [Spanish Passenger Automobile Company, Inc]. The 1981 losses, however, are entirely Italian.

And the Alfa Romeo fares no better. Smaller than Fiat, Alfa Romeo almost succeeds in equaling the Turin company at least in terms of deficit. Its 1981 budget will close in the red for a total of 90 to 100 billion lire, about 30 billion lire more than the company had forecast in its strategic plan of rehabilitation. Regarding the smaller companies, events are more important than figures. The Nuova Innocenti, for example, seems destined to go through one of the darkest periods of its history and is fighting to survive.

But the list of losses for the Italian automobile industry is much longer and goes beyond the budget figures. All the symptoms of a worsening crisis are present. The starting point is the number of automobiles produced. From January to July 1981, before the plants closed for the summer holidays, Italian firms produced 884,000 automobiles. In the first 7 months of 1980, that figure was 1.26 million. Therefore the decrease is 13.9 percent. And the Industry Ministry's forecasts are not much rosier. At the end of this year, automobiles

produced in Italy will total 1.27 million against the 1,445,000 produced in 1980 representing a decrease of 12.5 percent.

But a still more serious symptom is the collapse of exports. In the first 7 months of this year, Italian automobiles exported totaled barely 271,000, against the 406,000 in the same period in 1980. This is a drop of 33.3 percent. Again, forecasts are not hopeful: In 1981 we will sell only 350,000 automobiles abroad, that is to say 160,000 less than in 1980, with a drop of 31.05 percent.

This is a heavy blow, first of all because the automobile firms are losing ground on foreign markets. In Germany, France, Great Britain, the demand for automobiles has dropped on the average by from 4 to 5 percent, but demand for Italian automobiles has contracted much more. Fiat gained somewhat in European countries, but the Alfa remains crushed by Mercedes and BMW competition. But the decrease in our exports is more dramatic because we continue to import at the same level and more than we did earlier. Of 100 automobiles sold in Italy, more than 40 were built abroad: About 497,000 vehicles, of which 124,000 were Renaults, 64,000 Fords, an equivalent number of Volkswagens, 53,000 Citroens, etc. Italy held its own in the face of the massive foreign decrease. It is still the only country in Europe that is in an expansive phase. Following the 1980 boom (1,715,000 vehicles sold), the first months of 1980 continued to be positive. From January to August, 1.22 million vehicles were sold representing an increase of 2.48 percent compared with last year. But already the experts foresee that, in the final 4 months of 1981, there will be a dangerous reversal of tendency which will eat up all the good results of the preceding months. And, in the end, according to estimates by the Interior Ministry in 1981, no more than 1.72 million vehicles will be sold.

And that is not all. Our deficit in automobile exports over imports has now touched a warning level: Almost 1.4 billion lire is the deficit in the first 7 months of this year against 320 billion in 1980. Vittorio Barattieri, the Industry Ministry's director general for industrial production and chairman of the Automobile Committee says, "And the situation is much more alarming. It is considered that until 3 years ago the automobile sector enjoyed a strong credit status in foreign trade. Now, instead, we are proceeding toward a deficit of 2 trillion lire [as published]. And it is not conceivable that a "processing" nation such as Italy, after it imports petroleum, wheat and meat could begin to import such a massive number of automobiles. After all, the explanation is simple: The European markets are in a state of crisis and the main firms belonging to the EEC dump their unsold automobiles on the Italian market at very competitive prices."

And there is another problem for our automobile plants. Ettore Massacesi, president of Alfa Romeo, says, "We are forced to maintain a policy of low prices without making allowances either for rising costs or inflation in order not to lose ground to foreign markets." If inflation has risen by 20 percent, the prices of Italian automobiles have not risen more than 10 percent. All this must be paid for. Each point that is not recovered to counterbalance inflation, for example, means Alfa will get 20 billion lire less in receipts, about 1 percent of gross sales. But it is impossible to push prices up. This was tried with the Alfasud and the effect was felt immediately: Sales rapidly dropped by 20 percent.

Another sign of crisis: Unsold vehicles held by dealers. Alfa has about 40,000, the Fiat almost 20,000 more. But the worst is still ahead of us. For 1982, according to Fiat analyses, "The forecast is for a progressive shrinking of the market which should decrease demand by between 1.5 and 1.6 million vehicles." Following the decrease of foreign automobiles, a drop in the Italian market also is announced. What effect will this have on national firms? That the Earning Aid Fund will once more threaten thousands of workers in the sector. Fiat has already adopted it for 19,000 persons. Alfa is preparing to request it for an additional 4,000 to 5,000 before the end of this year.

And what about the future? Economist and ex-industry minister Romano Prodi says, "We cannot be optimists. The same things have been said for the past 2 years about the automobile industry; plan follows plan, but then nothing is done, while abroad the governments have intervened in time by financing technological and innovative research. In Italy, instead, the firms are abandoned to their own resources. If they are saved, the credit goes to them alone." But in order to save themselves, they need thousands of billions of lire in investments, they must make new vehicles and improve their plant. Fiat, for example, will invest 1 trillion lire per year until 1985. But in order to be competitive from 1985 onward, much more will be needed and above all state aid will be required. And the Italian firms have already made a reckoning: 1 trillion lire per year for research and technological innovation for at least 5 years. Otherwise the automobile industry with 1 million employees (including satellite industries) risks the same fate as the steel industry. That, is bankruptcy.

6034
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RELATIONS BETWEEN FLEMISH SOCIAL CHRISTIANS, CHRISTIAN UNIONS

Brussels KNACK in Dutch 7 Oct 81 pp 37-45

[Report by Toon Lowette: "The Trade Union Waits and Raises Suspicion"; passages in slantlines published in italics]

[Text] The ACV [Confederation of Christian Trade Unions] will not block a further neo-liberal [wage] curbing policy. However, an important counter current is arising in the christian trade union movement which does not agree with the views of the CVP [(Flemish) Social Christian Party] and which is looking for a separate, progressive way out. Is it only DE MORGEN which writes that, or is something really stirring in the christian union movement; are there really any progressive individuals who are impatiently waiting to submit their more clearly defined views?

The Confederation of Christian Trade Unions has always had representatives in prominent positions in the government. Besides Minister Jos Chabert, former Prime Minister Wilfried Martens was also trusted by the ACV. Now Mark Eyskens is the man at the top of the CVP in whom the christian union movement is putting more and more faith. Is it only Manu Ruys who claims that in DE STANDAARD, or is the typical ACV joke /"Why has the union movement become so quiet? They used to have demands; now they have Eyskens "/ correct?

The economic crisis has stricken many institutions. The labor movement too has found out that things aren't what they used to be. Nowadays a trade union doesn't fight for more [benefits], but it secludes itself and only fights a return to less [benefits]. The trade union now fights primarily for work, a prime example of a defensive attitude. The mechanism of the labor organizations has not yet become completely accustomed to the processing of that information. Certainly not the christian union, for that group has never distinguished itself by its sharply defined economic profile. Within the christian political movement there are many splinter groups: the farmers, the middle class, the workers. Although the ACV for many years formed a united front with the socialist equivalent, that is now a few years past. And reunification for the struggle is less likely than ever, even though it might only be a matter of differences in opinion on the wage index, tax fraud, child support and government initiative.

Those various groups of the CVP are called /positions/. The Social Christian Party is a positions party in which each group has a voice through extremely

varying practices. That voice is most clearly present when there are elections at the municipal or national level. Then there are polls and voting lists which are composed on the basis of how the positions are represented. And the voters are urged, by means of printed material of the party and the candidates, to give their vote to the candidate of their particular position. In the agenda committee of the CVP, the agency which determines the internal discussion material of the party, the chairmen of the various positions are also consulted.

The voice of the positions is less clear at congresses, for example. There the more general party standpoints are taken and the various shades of positions are not emphasized. Moreover, congress techniques are usually rather opaque -- in other organizations as well. One can't really call it direct manipulation by the congress attendees, but a former prime minister who announces himself as candidate chairman at an emotional moment, thus getting the leadership of the party with applause -- as Leo Tindemans did in 1979 -- certainly could have had the enthusiasm of the congress crowd in his favor. After the fun, however, comes the hangover, and the question of who actually had hoped for the influence of his position in appointing the leader.

In the CEPESS, the educational service of the party, representative positions are hardly noticeable. CEPESS is a mechanism for political notes, with an exclusively neo-liberal tone for the last few years, and it is also a recruiting area for cabinet collaborators.

The voice of the positions ultimately is no longer noticeable at all in the CVP youth, where any differing opinion has been stamped out by the aggressive liberal policy of Chairman Eric van Rompuy.

Outside of those structures, an important factor is the growth of those without a position. For several years more prominent CVP members have been pictured as being independent from the interest groups. They are the /pure ones/. Just as Charles-Ferdinand Nothomb is supposed to be that in the French-speaking sister party PSC [(Walloon) Social Christian Party], some of the most important /pure/ CVP politicians are Leo Tindemans, Mark Eyskens and Herman van Rompuy.

The presence or absence of a voice for positions in the various party branches is of course a determining factor in discussing political subjects. Also when, for example, the /Company of Seven/ for christian-democratic renewal -- which is identical to the bureau of the CVP youth of 1974 except for one person, goes to press with a document, do decisions that are made on indexing, [wage] curbing, the family, the fiscal policy, social security, peace, and other matters depend on the representation of positions or the influence of those without a position.

The way things have been going in the past few months, the neo-liberals clearly have a free hand in the CVP. The /Prosperity through Courage/ [slogan] of 4 years ago is being emphasized more than ever, and in the spring a different version came about: /Change Fear into Hope/. The labor movement indeed has its conservative wing, but on the average the trade union and its allies don't care too much for the conservative style. Thus there is a clearly noticeable uneasiness. /"The labor movement is in an impasse"/ says a prominent ACW [Christian Labor Movement] member. /"The ACV doesn't make proposals, but waits, and judges after the fact.

'Let people solve problems themselves' is an old adage of christian religious politics, but that can be interpreted as self-determination or as liberal individual initiative. In the CVP there is now movement in that direction. The Company of Seven incapacitates the apportionment economy and naively points at big, nameless powers which are the cause of the crisis: the State, Capitalism, the Trade Union."/ The ACV adopts a waiting attitude. /"The trade union has become a discussion factory"/ says a trade union executive. /"In numerous government bodies the brains of the trade unions are being absorbed."/ Many people find that dangerous -- not one discussion partner wanted to be identified with his statements -- a caution which will become clearer later on. By shifting the responsibility for decisions to the government, the risk arises that any decision whatsoever can be made, as long as someone is willing to propose it and push it through. In view of the impasse, the trade union -- which doesn't show its colors -- can join it with the attitude "they're finally doing something," without proposing an alternative.

The way out of that uneasiness is not simple. One is playing at two levels at once. One solution would be dependence upon the degree of political clarity. The Catholic Workers Union [KWB], as well as the Catholic Workers' Wives, the organizer of local organization life for several hundred thousand members, did indeed get to work with sharply outlined plans, with standpoints on tax fraud, on the solidarity tax and on many other subjects. For example, the KWB is against the simple slogan-like solution of the crisis through a redistribution of wealth among families, companies and the government, in which the KWB finds that the mutual redistribution among families is being neglected. Meanwhile, the ACV is supposedly working on a lengthy document which draws up a socio-economic line for the trade union, which differs from the CVP line on many points. The most recent ACW congress in 1979 did indeed propose that the resolutions should be regularly tested with political practice, but there are not enough congresses and opportunities to do that. And if there should be a national strike in between -- such as the Friday strikes in 1976 -- then all the unsolved frictions would again show up strongly on that occasion.

The nature of the labor movement itself is the second level at which a way out of the uneasiness must be found. The ACW is a complex organization. Besides Jef Houthuys's trade union there are Bob van den Heuvel's Regional Association of Mutualities and Hubert Detremmerie's Cooperative Savings Bank BAC. Many other movements are under the broad umbrella of ACW (chairman Willy d'Have), such as the KWB, the KAV [Catholic Workers' Wives], the KAJ [Catholic Labor Youth] and others, as well as service organizations such as travel agencies, pharmacies, advertising agencies, consumers cooperatives, printing offices, newspapers, publishing companies, insurance companies, etc.

In the local branches it has often been clearly outlined what the ACW is and what it is not. Especially where the CVP is considerably involved in political mandates, the various positions, including the ACW, are represented in the posts. When the CVP is not able to send many representatives to the municipal council or to parliament, the rule of opportunity is in effect. There the ACW will support the candidate of a different position in whatever manner if there is no room for its own position. Thus in the national parliament there are politicians with

a clear ACW label,and in the government Ministers Steyaert, Coens and Dhoore are known representatives of the labor movement.

Others become ACW trusted men only after many years. Wilfried Martens was already prime minister when the ACW carefully took him into its confidence. About 10 years ago Martens was one of the advocates of progressive front forming and thus it was understandable that the ACW turned to him. The best example of an ACW trusted man in the government, however, is Jos Chabert. He became that after Jos de Saeger withdrew from national politics. Chabert does not have his roots in the labor environment, however. But supposedly he was able to be of service to organizations for social tourism such as Intersoc and Vacation Pleasures -- and that counts, of course.

The membership -- the ordinary militant -- knows the real politicians of the movement as well as the other ones. He knows the difference between people who grew up in the movement and those whom his organization supports after they have achieved a position of power. When Leo Vanackere, provincial senator for Brabant, died a few years ago, the executive of the ACV pushed Ignaas Lindemans, head of the ACV educational service, ahead to occupy the vacant seat. Lindemans is a popular figure in the christian labor movement, partly because of his pronounced pacifist attitude (Pax Christi [Catholic Labor Movement]) and the invention of the third labor circuit, now called BTK [Special Temporary Cadre].

In spite of pleas by Jean-Luc Dehaene, at the time Prime Minister Martens's chief of cabinet and by Willy d'Have, it was decided to co-opt Frans Cornelis as senator. Because of his age, that man will probably have been a senator just once, and he got that job as a reward for over 20 years of activity in the movement. An /end-of-career/ man is thus preferred over people "from the outside."

In Louvain the local ACW branch has been in commotion for months over the question of whether Mark Eyskens can be the ACW's trusted man or not. For the Louvain branch he might be able to become that for the sake of the political opportunity mentioned above, but that does not mean that he has been accepted nationally. Eyskens is /without a position/. The membership knows that his first reaction is not that of the workers' interests. He originates from the high middle class, and from a scientific and financial environment at the national and international level. DE STANDAARD's calling him an ACW-politician certanly doesn't simply make him one.

Out of the uneasiness of the ACW position, out of the feeling of no longer being represented adequately in the CVP, grew the function of Rik Kuylen. Kuylen is a CVP senator and was the national secretary of the ACV. He is now the liaison man between the CVP and the ACW members of parliament. He is seated in the party bureau of the CVP and maintains contacts with the party services and cabinets. In addition to direct contact of top figures from the trade union and other organizations with government members and the party, Kuylen has an important function, since the relations between the party executive and the trade union executive have not been too good, especially since Leo Tindemans took office. Among his ACW members of parliament there are a handful -- such as Tijl Declerq -- who present themselves first as ACW members and second as CVP members, but nevertheless, the

rule of ethics applies to all of those in the party. They were elected for the CVP and thus they have to stick to the guidelines of the Tweekerkenstraat [CVP headquarters] if certain votes are critical in parliament.

The problem of the labor movement is that there is hardly any renewal taking place in the political administration. In the past the KAJ was the typical recruiting base for ACW politicians. Now the young executive no longer wants to play along. /"Many of my colleagues are willing to work vor the ACV, but not to furnish lowly service to the party,"/ says a trade union executive./"Interesting people go to the SP [Socialist Party] or to the CVP youth, and even to the PVV [Party of Liberty and Progress]/.

In the training of salaried staff and trade union secretaries the party-labor movement relationship is indeed discussed thoroughly. They go into discussions on the old relationship and the tensions that brings along. Higher up in the hierarchy it is rapidly becoming clear that everything must remain under the christian umbrella, that the interests of the workers can best be represented by a broad, socio-political party, and that a separate party of christian workers does not have a chance politically. Also, that the principle of solidarity remains in effect and that whoever engages in politics for the labor movement is identified and mandated as such. At that level considerably less discussion is possible.

Even so, there is still an active undercurrent which does not get on too well with the permanent tension between its own organization's workers' interests and the so-called common interest defended by the political party. The choice of joining up with the CVP is a long-term option with the possibility that it may be regularly thwarted by short-term interests or ideas. Any form of dissent from the long-term choice is not appreciated. The problem is being described as "very delicate." "Dissent toward the CVP is always interpreted on the political level, and most likely by the political opponent," it is said, and that undermines the daily work.

In the Walloon sister organization /Christian Workers' Movement/ [MOC], that problem is being approached in a completely different manner. The relations between Christian Democracy and CEPIC [Political Center of Christian Independents and Cadres] are much more clearly defined. There one attacks the other sharply, even in his own trade union paper LA CITE. Moreover, some prominent MOC members are politically active in other parties, such as the FDF [Francophone Democratic Front]. /"In the CVP itself the political climate is more liberal, and a separate initiative, such as the Company of Seven, is possible,"/ says a staff member, /"but in the ACW it is dangerous to openly go it alone."/ From now on that is less true with respect to Flemish-Walloon relations. Statutorily, regional committees have been founded in the past few weeks, and the three regional bodies now can take separate standpoints with respect to regional matters. For that matter too, there was a whole period of underground work, in which the internal balances had to be carefully weighed, ultimately still resulting in, for example, the organization of a study day on regional problems, against the desire of the chairman.

All other matters are being followed carefully, especially if they have a political tone. Publications written by ACW- or ACV staff members in magazines such as DE NIEUWE and DE NIEUWE MAAND are regarded with more and more suspicion. For that matter, all ACW people except one disappeared from the editorial staff of the NIEUWE MAAND. That has a lot to do -- as admitted also by other members of the DNM editorial staff -- with the preponderance of the politically roofless and the university-educated in the editorial staff. It is no longer the meeting forum for the progressive front runners from the two big religious political groups, which was the case 10 years ago. The subsequent dismissals of the ACW editorial members of DE NIEUWE MAAND indeed had something to do with the letters of the chairman to some members, with warnings that they were unfaithful to the union movement. /"By writing the naked truth about some things, the forum itself was given the cold shoulder and was endangered."/ says one of the former editors.

The soft pressure undoubtedly leads to forms of self-censorship which are not at all to be found, for example, in the open back-and-forth writing between various currents and opinions in the Dutch parties and union movement. The membership paper of the ACW is the VOLKSMACHT (900,000 copies), which primarily offers service and summarizes the standpoints of the movement for the members. The paper HET VOLK wants to be more than just a house organ, but it is curious that one never sees a detailed social report in a paper with an owner like that. The feature articles, especially those of Jef Claes and Leo Marijntsen, have obviously been written in the CVP headquarters, to the annoyance of many interviewees. When a few months ago Jef Anthierens was appointed editor in chief at SPECTATOR, the weekly paper of the HET VOLK group, about 30 staff members expressed their surprise to Jef Houthuys, the chairman of the board of directors of HET VOLK, about the new editor in chief. He was reproached especially for his membership in Protea, a Flemish-South African contact club defending Apartheid, and for his collaboration in pronounced rightist papers.

The monthly DE GIDS OP MAATSCHAPPELIJK GEBIED [Guide in the Social Area] is clearly the mouthpiece of the progressive ACW wing. Although it is primarily distributed within the organization, the standpoints of the GIDS editors sometimes find ample resonance in libraries and in the welfare sector. In the quiet of the goal-oriented paper with the small circulation, neo-liberal standpoints and their practice are systematically aired, also and most certainly if there is something from the CVP. The progressive ACW wing is also represented to a considerable degree in the formative centers of the movement.

Although it is already a delicate matter to bring the relations between the labor movements and the party up for discussion, the setting up of meeting grounds for those of a different view is even more delicate. After the ACW congress of 1979, which emphasized solidarity with the weakest, the Congress Decisions Task Force was established. It became a lobbying group without stature within the ACW. The KWB, with approval of important top people, wants to see the congress resolutions put into effect, which is a logical desire if one doesn't want to continue the same package of demands at every congress. Therefore the WKB wants to reanimate the political committees at the local level and speed up the old, slow process of awakening political consciousness. Out of that, a sharper political

line has grown which almost unavoidably has to clash on various points with the compromises of the positions party. In order to be able to realize the objectives, the WKB also remains completely faithful to the movement. /"They have the trust of a big part of the leadership,"/ the leader of an ACW branch told me. /"They are thought to have completely honest intentions. Statutorily they don't exist, but stimulating a clear description is useful. Some more conservative leaders don't trust them at all. After all, they're more effective than groups such as the Christians for Socialism."/ Meanwhile the WKB has asked ACW-oriented Member of the Chamber Luc van den Brande to explain his support to the neo-liberal Company of Seven to the group. And careful attempts are being made to set up a day of reflection in December.

For the very near future, we are keeping in mind the salient fact that the ACW will participate extensively in the national demonstration for disarmament on 25 October. Last year participation was rejected, but now the Flemish bureau of the ACW, after several weeks of deliberation, spoke out in favor of /"a convincing participation in the manifestation"/ in order, together with the organizers, to turn it into /"a demonstration by the people."/ For the first time in many years the labor movement has opposed itself in a strongly outspoken manner to the political line of the CVP. In fact, the party has by no means subscribed to the standpoints with respect to disarmament which will be carried along on the demonstration signs. Or: how the peace problem could be the beginning of trouble in christian religious politics.

8700
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NATURE OF NEW ANTI-AMERICANISM, PEACE MOVEMENT ANALYZED

Munich SUEDDEUTSCHE ZEITUNG in German 19-20 Sep 81 p 4

[Article by Dieter Schroeder: "Emancipation From America?"]

[Text] History is not a pleasant burden—and it is even less so when it comes to German history. A third of a century has passed since the war, and there are many who find it difficult to imagine how the fall of the united German state came about, dragging Europe into the abyss and leading to the meeting of two new world powers on German soil, where they remain today. We cannot extricate ourselves from the constraints of this history. Willy Brandt was reminded of it when he complained in the presence of French President Mitterrand about the heavy hand of the new leaders in Washington. He was given the cool answer that it was, after all, a consequence of the war.

Even our powerful neighbors to the east have not forgotten these consequences. They are willing to defend, by force if necessary, the part of Europe and Germany which fell into their hands as a result of the war and for which they were granted something in the nature of a title and deed in the Treaty of Moscow and the Final Act of Helsinki; Poland is a recent example. The fact that the East Europeans and East Germans would like nothing better than to shake off Soviet hegemony needs no explanation. An interpretation is certainly necessary, however, for the mood which has arisen in the FRG and which extends from impatient criticism of the United States--which to date has been looked upon as a friendly protective power—to neutralism and--although it only applies to a small minority—a total rejection of the values it represents.

Unfathomable Peace Movement

An interpretation is very difficult because there is no common denominator for the confusing multiplicity represented by this trend. No direct connection can be established between the terrorists who shot at General Kroesen and the peaceful segment of the anti-Haig demonstrators in Berlin, and even less in the case of such critics of U.S. foreign policy as Willy Brandt and Egon Bahr. The terrorists are the group that is easiest to interpret. They are the misguided remnant of the student rebellion that arose in protest against the Vietnam war. Herbert Marcuse was their spiritual leader. In his view the American values of freedom, democracy, law and order were only "dirty" words, a hoax which justified the use of force. The terrorists are trying to use this idea to gain the sympathies of those who have again been seized by doubts about the United States.

The peace movement, however, is much more unfathomable. On one hand, there are those who fear that a continuation of rearmament will lead to the outbreak of a nuclear war; on the other hand, there are the moralists, particularly in the Protestant churches, and the "Greens," who consider armament a waste of resources which could be put to better use in the service of the poor and hungry. These groups certainly represent the majority, particularly among the youthful supporters who, after 35 years of peace and freedom, can no longer recognize those values which Alexander Haig thinks are worth dying for. Nevertheless, the number of leftists is also growing. Rudolf Bahro is their spokesman, and during the FDP peace forum--referring to the Germans "on both sides of the border between blocs"--he stated: "Under the sign of the peace movement, the Germans are acquiring the right to emancipate themselves from the tutelage of the conquering powers...."

This group is a remarkable, special case because it combines the antinuclear movement with neutralism and the national question and also promises a way out of the entanglements of German history. There is as yet no indication of how tempting this call might be for a disappointed young generation that is looking for its own identity, rejecting the heritage of its grandfathers and fathers; it must, however, be carefully watched. Nation and peace--it is a combination which never before existed in German history and which could provide a new legitimacy to the left as its advocate. The nation should not be entrusted to the Right, Guenter Grass said recently. It is true that leadership by the Right has not produced particularly good results for the nation. But what does the Left have to offer other than vague and fuzzy ideas?

German Remoteness From Reality

Even more than the terrorist attacks on Americans, such aspirations could call into question the loyalty of the FRG as an alliance partner. Their remoteness from reality is a typically German characteristic. It is a fact that the conquering powers are codetermining our fate, and even the 35 years that have passed since the war cannot change this fact. An attempt to win over our European neighbors for any changes will meet with icy rejection, as is demonstrated by the example involving Mitterrand--although Willy Brandt is not even suspected of sharing Bahro's views.

Without doubt, the emergence of such ideas has been accelerated by Reagan, Weinberger and Haig; all three of them have let it be known again and again that, as far as they are concerned, arms control as a mainstay of the policy of detente is of secondary importance without corresponding favorable behavior by the Soviet Union. The result is increased fear of an intensification of the arms race and a hardening of bloc borders. The dislike for the conservative United States, however, is not restricted to superficial political motives. In the eyes of many Germans, the unifying tie between the United States and the bourgeois democracy that was formed on West German soil after the war--a historical stroke of luck--has worn thin. The American feeling of happiness goes back to the pioneer days, with the individual as the standard of measurement; as far as the Germans are concerned, the community has always been more important for their feeling of happiness within themselves and with the world. In the eyes of the Germans, who, as faithful followers of Hegel and Marx, are seeking a higher goal while history is perfecting itself, Anglo-Saxon capitalism and mercantilism cannot save the world from its evils--from

the fetishism of growth, waste of resources, environmental pollution and the growing gap between the poor and the rich. This explains why the criticism of America is intermingled again and again with overtones reflecting anticivilization and anti-Western sentiments.

No Escape From History

But the political relationship with the United States has never been uncomplicated. At the end of his term in office, Adenauer was plagued by the worry that Washington might go over his head and come to an agreement with Moscow; under Erhard, doubts began as to whether America's guarantee of nuclear protection was credible; and Brandt as well as Bahr wanted to use the process of detente initiated by Nixon and Kissinger to get as much as possible to satisfy German interests. The Germans gained the most during this process, and now they have the most to lose as well.

As far as these interests are concerned, many people no longer consider the United States as a protector but as a threat--and this applies not only to fringe groups. Politicians like Brandt and Bahr, who have been the strongest supporters of our right of codetermination when dealing with the Western protective power--not least in the hope of thus picking up some of the diffuse longing for peace and avoiding a serious shake-up within their own party--must be more careful than ever before to avoid the obliteration of the boundaries that separate dangerous illusionists from pacifists, nationalists and neutralists. There is no escape from history for which oneself is to blame. The United States remains--in spite of everything--the only protective power for this democracy, which is still worth defending.

8991
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BUNDESTAG PARTIES FACE UNCERTAIN FUTURE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Sep 81 p 12

[Article by Claus Gennrich: "Abyss of Uncertainties in Bonn"]

[Text] Bonn, September--Bonn politics is marked by disorganization. Two members of leading organizations of both parties in power, Social Democrat Eppler and FDP Executive Committee member Borm, will probably not meet with any opposition when they join communists in the near future to support openly the participants of a "peace demonstration" against the security policy of the government and the Western alliance. The parties can no longer find the strength to draw clear lines, not even when violent acts occur, as happened in Berlin. The Union is united, at least with respect to security policy, but internal dissatisfaction with the leadership of the parliamentary group has led to occasional periods of nerviousness. In spite of their pretense of harmony, Union Laender leaders are quarreling about their influence in Bonn and flirting with hopes for the future. They are expecting an end to the Bonn coalition; not even everybody in the SPD and the FDP feels that at some time in the future it is altogether impossible, although at the present time it still seems highly unlikely. Insecurity and annoyance are alternating and stirring up problems. The voters are unwilling observers.

The aftereffects of the budget dispute are not only shaking up the SPD, which has to deal with complaints by the trade unions. Even the FDP has been visibly shaken. During last summer's discussions, parliamentary group chairman Mischnick got along better with Wehner than was considered appropriate by some other members of the FDP leadership, especially since Wehner angered not only Lambsdorff but also Genscher with his invectives against the "economics count." Mischnick's willingness to give in without delay to the SPD's wish to exempt the child-support program from budget cuts interfered with Lambsdorff's plans. FDP parliamentary group leaders in Laender parliaments supported Mischnick's initiative in favor of the Social Democratic proposal to make this change. When Lambsdorff sounded an angry warning that nobody should rehash the compromise package, he was aiming at the Social Democrats, but he also meant Mischnick.

Now Matthaeus-Maier, the FDP budget politician, has taken a position against Lambsdorff. Prior to that, without mentioning any specifics, Frau Schuchardt from Hamburg had expressed special concern that the FDP's austerity policy could offend the coalition partner. Colleagues in the parliamentary group and most of the members of the party leadership felt that her attitude was too much aligned with the

SPD. The FDP has to recognize the "Sylt Circle"--which gets its name from a Berlin bar--not only when Frau Schuchardt speaks or Deputy Hoelscher; State Secretary von Schoeler and, occasionally, his Minister Baum are also loosely connected with this group. On the opposing side is not only the circle surrounding Wurbs, vice-president of the Bundestag, but this time probably also Lambsdorff and Hoppe, the deputy chairman of the parliamentary group.

The concerns of the FDP go beyond the budget dispute. When Genscher is annoyed at Frau Schuchardt, he may feel that she is not the only one who, because of her ties to the SPD, will restrict his freedom of action in case he should consider it desirable afterall to make a change in the coalition. When looking beyond Borm at the FDP functionaries from Schleswig-Holstein and Bremen, his uneasiness might even be greater. What is happening here is that Eppler and the left wing of the FDP are coordinating their efforts in opposition to Genscher's foreign policy. Many FDP leaders are not so much concerned about the approaching SPD party congress in 1982, although there is a great deal of talk about it, but they shudder when they think of the congress that will convene a year later. Presumably a decision will be made at that time about the stationing of modernized Western missiles in the FRG. If the NATO stationing resolution is not approved by a majority of the SPD--the way things look today, it is possible if not even probable--during the 1983 congress, which will convene at the worst possible time--shortly before the Bundestag election--it might be too late for the FDP: It would then be difficult for the FDP to leave the government. And it certainly would be impossible for the FDP to address the public on the day of the election, declaring its intention to change partners--it would be a devastating assessment of its past and present government activities. The prospects for Genscher's party get even dimmer when the list of dates for Landtag elections is considered. In Bonn there is constant talk about the fate of the coalition and the hopes of the Union and that a decision will come within the next 13 months. During the same period, regional elections will take place; the highlights will be Hamburg and Hesse. The FDP fears that it will not be returned to parliament by Hamburg. And it is possible that the FDP will be faced with a two-thirds Union majority in the Bundesrat if the CDU should be victorious. If the FDP should lose the election in Hesse as a result of the downward trend for the SPD, it will almost be impossible for Genscher to make a switch without opening up the old wound of the "defection party."

A descent in the coalition whirlpool would hardly be sufficient reason for a change if the Social Democratic partner had not demonstrated by that time that it had itself abandoned the basic points of coalition policy. The trauma of "defection" is interfering with the rason d'etre of the small third party and its role as a creator of majorities. Expectations are now directed at the SPD: Will the development of this party appear consistent with a bail-out by Genscher? If this should occur, it would have to happen within the next 13 months. Otherwise Genscher will no longer be able to lock the door, behind which lies the abyss of a loss of the majority by the coalition in 1984 resulting from the entry into parliament by the "Greens." Something else looms behind it, something which Genscher fears just as much: If not a Union majority, then a grand coalition between CDU/CSU and SPD.

Lately there has been evidence among the Union leadership of an expectation that, following the 13-month period, a furor could erupt within the CDU and CSU favoring a grand coalition, although reason would advise against it. There is much talk about the disappointment that ambitious parliamentaries are experiencing; one election

after another and many years of their lives are passing by and they have never held state office. This Union eagerness for office is in sharp contrast to the longing felt by Social Democrats who would like to take refuge in years of opposition, removed from responsibilities. Nevertheless, one can also hear groans from Social Democrats who feel that an alliance of the center would be a good thing afterall, even if it meant cutting off the extreme left-wing fringes of the SPD.

The Union is beginning its preparations for a fight with the FDP--in case Genscher stays with Schmidt till the election. Then the Union's election campaign will strike at the third party with utmost severity--unlike earlier times. If the FDP does not "bail out," it will become the enemy of the Union. Kohl's most recent Bundestag address was already an indication in this direction.

The SPD is exposing its unprotected flank--which is security policy--to attack by the Union. For the foreseeable future, the course for debate in Bonn has been established: Kohl has declared an end to the basic agreement among the parties on foreign policy issues, agreement that had just been reaffirmed after the last election. Dangers of neutralism are being contrasted with protection by the United States--the key words of the next election campaign are taking shape. Eppler and Borm are supplying the ammunition.

For the time being, however, Kohl is looking suspiciously at Stoltenberg; nevertheless, he seems certain that the man from the north will not campaign against him when the candidacy for the chancellorship is at stake. As far as Land politics are concerned, Albrecht feels that he is superior to the head of small Schleswig-Holstein, but he is tied to Lower Saxony. Spaeth and Vogel from Mainz are not hiding their amibitions to rise in the more distant future. All of them are exploiting Bonn's Bundesrat stage to prepare their entries. Nevertheless, the Union appears united compared to the coalition. The Union does not have a man like Brandt, who as chairman of the party wants to integrate the left-wing fringes and in the process is losing ground in the right-center. And in contrast to the SPD--where Vogel is scaring off Berlin workers and trade unionists, where Apel is fighting difficulties in his own office and Matthoefer is unable to follow his ambitions for reasons of illness--the Union has too many rather than too few candidates for a very uncertain future. But shortage and surplus are coming together: in Bonn's lack of effectiveness.

8991
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STOLTENBERG ON NATURE OF OPPOSITION, COALITION

Hamburg DER SPIEGEL in German 28 Sep 81 pp 21-25

[Interview with CDU Deputy Chairman Gerhard Stoltenberg by SPIEGEL editors Dirk Koch and Erich Boehme; date and place not specified: "The Situation Requires Much Self-Discipline"]

[Text] SPIEGEL: Herr minister-president, if you have lately been aware of a rustling sound, it can only have been the cloak of history. Has the CDU missed its opportunity to grab that cloak, to force a change of administration in Bonn with the help of the FDP, and, failing to bring this about, at least to help it along?

[Stoltenberg] To be sure, the cloak of history, as far as the government and coalition crisis is concerned, certainly rustled in Bonn for a few days. But in my opinion the FDP at no time showed a unanimous and firm resolution to change the coalition. We are experiencing a dramatic process of an increasing estrangement and disenchantment between the governing parties and a decrease in their ability to provide a valid solution to the present grave problems involving financial and economic policy.

But beyond some tentative signals, the FDP showed no readiness to form a new coalition with the CDU/CSU.

SPIEGEL: Wat this not just as much the fault of the CDU/CSU: Did it not exert too little pressure on the FDP, because the alternative of a Kohl chancellor chancellorship was more than the FDP and the population could stomach?

[Stoltenberg] I must disagree with that opinion. After our election defeat our first important task was to fashion the CDU/CSU into an effective and active opposition for the present new election period. The deep conflicts within the Union--which some feared and others hoped for--did not come about. We may in effect state that, despite some errors committed in the past, the cohesion within the CDU/CSU has greatly improved and that it forms a very good basis for our common politics. This was demonstrated by the impressive success in the Berlin election and will again be demonstrated by the forthcoming election results in Hesse and Hamburg.

It is our joint objective to strengthen and consolidate this increasing trend of public approval.

[SPIEGEL] Is it not too modest a program to maintain the Union's self-confidence after the lost election and the abdication of chancellor candidate Strauss? At this moment the coalition in Bonn is in trouble, and this should really be the opposition's classic opportunity to come up with alternatives.

[Stoltenberg] The political and programmatic alternative is gaining visibility in Bonn. We are, after all, just at the beginning of the lawmaking process concerning the federal government's stringent financial proposals. It is the prevailing judgment of the commentators that the Union's political position is being impressively demonstrated in the Bundestag debate. The same is true for the Bundesrat.

[SPIEGEL] Please forgive us if we quibble with the opposition. But this is not, after all, the SPIEGEL's invention—if you consult the newspapers published during the last three-four weeks, you'll read that an admittedly weak government has been faced by a still weaker opposition without adequate programs.

[Stoltenberg] I am persuaded that the text of the position paper and individual proposals by the Union, promulgated last Friday in the Bundesrat, demonstrate a most impressive alternative.

[SPIEGEL] Give us an example, if you please.

[Stoltenberg] We are of the opinion that the federal government's proposals contain no solutions for solving the actual problems. Contrary to all promises made by Genscher and Lambsdorff, there is a continuation of the wrong policy of massive increases in taxes and levies. Since the Bundestag elections, the coalition's decrees and proposals have caused a DM 15-billion increase in the tax and assessment burden.

The unavoidable cuts are unfortunately not enough to put state finances back on a sound basis. That is why we take the unusual stance of proposing further specific reductions. In this we differ from Wehner's and Schmidt's procedures in 1966 during a relatively smaller financial crisis under the regime of then chancellor Erhard.

[SPIEGEL2 Are we wrong in thinking that there was as much of a crunch when the Union proposed its cuts as was the case when the government did likewise? Where would you make cuts beyond that?

[Stoltenberg] During the first CDU/CSU parliamentary group session in Bonn after the summer recess, there was a discussion as to the extent to which our own ideas should be specified following a debate of basic issues at this time....

[SPIEGEL] You cannot have been pleased with this debate....

[Stoltenberg] ...this event which, in retrospect, was but a brief interlude, has in my opinion been overly dramatized by some critics. After all, as long ago as

14 September we, the leading politicians of the parliamentary group and the minister-presidents of the seven Laender where the Union is in power, had in Berlin uniformly decided upon the program on which the Budesrat decisions are based.

The specific proposals which we approved in the Bundesrat will bring about additional savings of DM 2-3 billion after 1982. In addition, they challenge the federal government to take further legal initiatives which we would specifically expect to cause possible savings of DM 7-8 billion. No opposition in the history of the Federal Republic has achieved anything like that.

[SPIEGEL] We must contradict that. This does not constitute an achievement by the opposition in Bonn that is being belatedly acknowledged; rather, it is an achievement by the minister-presidents of the Laender. The sad spectacle which we witnessed in early September was based on the fact that opposition leader Kohl had no program whatever in his desk drawer—rather, he noncommittally presented generalities based on Franz Josef Strauss's Sonthofen recommendations.

[Stoltenberg] I consider this a distortion of the facts.

[SPIEGEL] Then how do you explain the fact that the Bonn opposition's minister-presidents are having to help out by way of the Bundesrat, the constitutional body?

[Stoltenberg] That is a misrepresentation of the actual facts. First of all, there had been considerable changes in the government's program from early August until well into September. For instance, during the last evening session immediately prior to the parliamentary group's deliberations, there was a sudden decision on additional tax increases; also, far-reaching changes were made in the initial decisions in the course of spectacular arguments. We were forced to arrive at an overall evaluation of some 50 legal interventions on the part of the federal government within just a few days. The CDU/CSU opposition in the Bundestag and the Union-governed Laender achieved consensus on the main thrust of their evaluation and alternatives.

But it was clear from the very beginning that the Laender have their own responsibilities in such matters. They must take more vigorous action in the detailed analysis of individual items and in elaborating specific proposals than would be fair to expect from the opposition in the Bundestag.

[SPIEGEL] Where does the opposition sit, in the Bundestag or in the Bundesrat?

[Stoltenberg] We must give consideration to the differentiated constitutional tasks of these bodies. The CDU/CSU Land governments have never considered themselves to be an extension of the opposition.

[SPIEGEL] Your argument is self-contradictory. On the one hand, you do not consider yourself an extension of the opposition. On the other hand, you are exactly that if your machinery is the only one that can accomplish things which the constitutional opposition cannot achieve. The constitutional body known as the Bundesrat has the legitimate task of developing alternatives to the budget. But that has nothing to do with the task of the opposition.

[Stoltenberg] Our opposition is not restricted to our role as CDU/CSU Land politicians. The constitution requires us to cooperate more closely with the federal government within the Bundesrat than is incumbent upon the opposition. This is particularly true when dealing with a chancellor who constantly and openly declares in parliament that he has no need for the opposition.

[SPIEGEL] The Bundesrat alone was able to develop a somewhat credible counterprogram to that offered by the government.

[Stoltenberg] Thanks for the compliment.

[SPIEGEL] It is at the same time a slap at the position represented by Kohl, Kiep and the opposition group in parliament. Why was the Union unable to seize the opportunity offered to it? Did it have to atone for the fact that after the Bundestag elections, after chancellor candidate Strauss's abdication, the conflicts were merely papered over and that Kohl was agreed on as the smallest common denominator?

[Stoltenberg] I completely disagree with your judgment of this matter and the person of our party chairman. After the lost Bundestag election we had, mindful of our mistakes of past years, a comprehensive, very open and friendly discussion among the leading CDU/CSU politicians. The effect of these talks, which do not require detailed public commentary, is a positive one for our common cause.

The result of these talks, which essentially were devoted to political (or, in present parlance, strategic) problems of the present four-year term, was that we plan to avoid unnecessary debates about personalities. Despite all the turmoil in the coalition, we had to, and still do, insist that for the current election period we have been given the role of the opposition in Bonn. In those talks this signified that someday we will resume discussing personalities during the campaign for the 1984 Bundestag elections.

[SPIEGEL] And what happens if you are called upon in the meantime?

[Stoltenberg] Obviously, the deep crisis within the coalition has inevitably led to considerations, speculations and commentaries in Bonn's Bundeshaus as to the Union's stable of personalities, just in case the coalition did not survive. In my opinion it is more likely that this weakened coalition will remain intact rather than fall apart within the next few months. As a result of this, we want to avoid getting into a debate about personalities, as some critics and even friends would have us do. It would be inappropriate at present.

[SPIEGEL] Do you agree with Franz Josef Strauss's statement that Kohl must and should become chancellor in case the coalition breaks up during the current legislative period?

[Stoltenberg] Helmut Kohl enjoys great confidence within the party group in the Bundestag and in the party. To that extent, Franz Josef Strauss's statement has merit. But I have no comment on any commentaries beyond that.

[SPIEGEL] Does that mean that if the coalition were to fall apart, you would first have to discuss personalities in order to offer the public a leader? Kohl's ticket is not necessarily valid for the duration of the legislative period?

[Stoltenberg] Good parliamentary procedure and the understanding within our party clearly dictate that if the coalition should break up during this election period, the Bundestag parliamentary group elects the politician who is to be federal chancellor; for practical purposes, this would probably mean within a new CDU/CSU-FDP coalition.

[SPIEGEL] You are saying that the chancellorship for Kohl is not automatic?

[Stoltenberg] If the case arises, the parliamentary group must make its decisions in a democratic manner. I am not even a member of the group. Any statement I would make here would be most problematic. But I repeat: Helmut Kohl enjoys broad and solid confidence within the parliamentary group.

[SPIEGEL] Gerhard Stoltenberg's hat has been removed from his head by Graf Lambsdorff and thrown into the ring, in a manner of speaking. He has publicly designated you as the FDP's dream candidate, the only one with whom he can imagine a CDU/FDP coalition government. Would you be prepared for this?

[Stoltenberg] During the summer recess, I was visited here in Kiel by the chancellor, the minister of finance and the minister for economics.

[SPIEGEL] The first two don't interest us all that much.

[Stoltenberg] The last one provoked a lot of speculation, resulting in big headlines to the effect that here we had discussed in secret the program and the personalities of a new coalition. All I can do is deny this.

[SPIEGEL] You talked about the weather.

[Stoltenberg] No, we talked very openly and very objectively about upcoming economic and financial decisions. Exactly the same was true about the preceding talks with Chancellor Schmidt and Minister of Finance Matthoefer. But the supposition that we discussed the personalities of a possible CDU/CSU/FDP coalition is simply not true.

[SPIEGEL] We never said as much. We are simply referring to statements made by Graf Lambsdorff to SPIEGEL and other journalists to the effect that he could imagine a coalition with the CDU only if Stoltenberg were to be chancellor.

[Stoltenberg] I have never read any such statement; neither in your magazine nor in any other publications.

Then you will have to read more carefully.

[Stoltenberg] No verbatim quotations giving chapter and verse. But some of those involved are vehemently denying it. Let me make it quite clear once more: this

question was not the subject of my talk with Graf Lambsdorff, and I am not aware of any similar offers or desires on the part of other FDP politicians; certainly not in terms of any discussions held with me.

My intention is to continue my duties as minister-president in the next few years. Should the coalition in Bonn fall apart, the question of candidates for a new federal government must be discussed both confidentially and publicly.

[SPIEGEL] To repeat: there is nothing automatic as to who would then be the candidate for the chancellorship?

[Stoltenberg] As far as my own decision, there is no such thing as automatic. I have learned that one must avoid speculation on personnel. This situation also demands a high level of self-discipline.

[SPIEGEL] The people of course have a right to know what kind of personnel alternative exists.

[Stoltenberg] I am not making any claims. I persist in my opinion that the premises about which we are arguing do not exist. I am still unable to discern that the party leadership and the FDP parliamentary group leadership are working toward a change in coalitions. We will be unable to answer the questions you raise until such time as the FDP decides to bring about a change in the coalition, or if the Social Democrats want to withdraw from the coalition as a result of their internal conflicts.

[SPIEGEL] This is a ridiculous game. The FDP would surely make a change dependent upon the personality situation in the CDU, while the CDU would base the personality situation upon the FDP's desire for change. Thus there could be no possible solution prior to the 1984 Bundestag elections.

[Stoltenberg] Graf Lambsdorff has repeatedly stated--in an interview with you and on other occasions--that under present conditions he considers the possibility of a change in the coalition to range from zero to minimal.

[SPIEGEL] He is jumping out the window--the basement window--o- ly because of Bluem and Geissler; not because of you.

[Stoltenberg] That may well be the case; I can't judge that. I must stick with the public statements, and they don't provide any clue for a coalition change during the next few months.

There are of course some processes that can get out of control. That's true. We're aware of the fundamental differences between the two governing parties as set down in the record. I am aware, as you are, that the defense policy and arms modernization debates are likely to produce new explosive situations. I am also aware that throughout the country an increasing number of Social Democratic regional organizations and deputies are voicing their desire to escape from this unpopular governmental responsibility.

But there is no change in the desire for power on the part of the Social Democratic leadership, though Messrs. Brandt, Wehner and Schmidt agree on little else. And that is why we cannot build our political strategy on the assumption that there will be a change of government within a few months.

[SPIEGEL] What other candidates, besides Kohl and yourself, will be members of the group from which the Union will have to choose its 1984 candidate for the chancellorship in 1983?

[Stoltenberg] I don't wish to speculate about potential candidates for the chancellorship, because this would run counter to the time schedule I have described. You are well aware that the discussion and evaluation of politicians in this context can produce certain conflicts, and that at the least it could impair the friendly candor necessary for close cooperation. I'm sure you have no such intentions.

[SPIEGEL] Oh, of course not.

[Stoltenberg] Today the CDU/CSU has within its ranks a number of individuals who are suitable for filling top offices within federal politics. This would be true for my friends Ernst Albrecht and Richard von Weizsaecker, among others. It is true for a few others as well.

[SPIEGEL] Does Franz Josef Strauss belong to this group, too?

[Stoltenberg] This is still true for Franz Josef Strauss as before. But I have no idea as to whether these individuals are prepared to make themselves available for the 1983 selection for the top job in 1984.

[SPIEGEL] Is that true also for Gerhard Stoltenberg?

[Stoltenberg] Well, I have certain reservations about presently describing myself as one of the Union's leading politicians.

[SPIEGEL] All you have to say is "yes."

[Stoltenberg] I leave that to others.

[SPIEGEL] In this context, one might get a sneaking suspicion that the crown princes you have named may not be averse to letting Herr Kohl in Bonn block a change from FDP to CDU, to enable those of them who still have to undergo elections in their respective Laender to gain some extra time.

[Stoltenberg] No; the point of departure is quite different. We have of course learned some lessons from some of the conflicts and adversities since the 1960's. We would be in bad shape if we didn't draw some conclusions from them for our common efforts and our cooperation. We agree that prior to the 1984 Bundestag elections we must make the requisite decisions, including those about candidates for top positions, in a convincing manner, as has occasionally been the case in the past.

[SPIEGEL] You don't want to call out "Here I am" prematurely. That's one thing you have learned. The other thing probably consists in not introducing the candidate too late.

[Stoltenberg] I believe that the third year of the election period is the appropriate time for the opposition.

[SPIEGEL] In other words, after the 1983 Landtag elections?

[Stoltenberg] It has nothing to do with the Landtag election schedule.

[SPIEGEL] You and Albrecht have some difficult obstacles to overcome.

[Stoltenberg] This would be true from the Union's point of view even if the Landtag election dates were different.

[SPIEGEL] You may remember that Herr Genscher engaged in relaxation exercises in relation to the Union in the middle of the last legislative period. The result: in some Landtag elections the FDP was punished for this by the voters.

[Stoltenberg] It is true that during the last election period Genscher caused occasional expectations of a possible change in the coalition. But this very experience now causes us to be extremely careful. The FDP chairman, a most talented politician, indeed occasionally develops the attributes of a great artist. This is admirable from a professional standpoint; but it is difficult to assess politically.

[SPIEGEL] For such a small political party to change the coalition is an audacious undertaking. In your experience, should a coalition be changed at the beginning, at the end, or in the middle of a legislative period?

[Stoltenberg] In my interpretation, the FDP leadership's public pronouncements mean that at present it is emphasizing its ties with Chancellor Schmidt more strongly than its ties with the SPD. Doubtless, a large part of the FDP parliamentary group is beset by deep doubts as to whether it is still possible to come up with an effective government policy jointly with the Social Democratic party. But the major inhibitions for consequences arising from such doubts probably lie with the middle and lower leadership echelons of the party. And this restricts the leadership's freedom to maneuver.

Your question as to the timing for the FDP to bring about a coalition change that would be most beneficial to itself is an interesting one. But I have a little trouble in answering it.

[SPIEGEL] In mentioning Schmidt's name, are you hinting that perhaps the moment for initiating a change coincides with the time of a possible change in chancellors?

[Stoltenberg] Should Schmidt's position become untenable as a result of the growing campaign against him, then the coalition would be in acute danger. But then

again, it is conceivable that the next SPD Federal Party Conference might come up with some compromise formulas that would gain time for the party.

[SPIEGEL] If the coalition stays intact until 1984, would the CDU/CSU again have to conduct an election campaign aiming for an absolute majority?

[Stoltenberg] That is the primary election objective. But among the significant changes in recent months is the fact that apparently a fourth party grouping is evolving. I have never shared the opinion that after the Bundestag elections the Greens or the Alternatives would be condemned to insignificance. I'm not surprised that in communal elections, and probably also in Landtag elections, there is new impetus for Green, multicolored and Alternative movements. As things stand today, it is not totally unlikely that they will even be represented in the next Bundestag.

[SPIEGEL] You have mixed emotions about that?

[Stoltenberg] Exactly.

[SPIEGEL] On the one hand, this would be a vote of no confidence against the established parties; on the other hand, you would gain a majority at negligible expense.

[Stoltenberg] The expense is never negligible. To obtain 48 percent in Berlin, or perhaps even in Hesse in 1982, would be a significant achievement. But it would constitute a change in the maneuverability of possible coalitions.

[SPIEGEL] Would you consider it a simple observation that only a CDU/CSU/FDP coalition, with the SPD as the opposition party, could save the present three-party-system?

[Stoltenberg] The Social Democrats are still attempting to stifle these forces. But this is only exacerbating conflicts within their own ranks. I can discern steadily increasing differences between the political ideas of trade union members of a Social Democratic bent (not only in Bonn, but especially in communal and Land politics) and those of groupings adhering to Green and Alternative ideas.

[SPIEGEL] Are you considering the possibility of a Berlin-type election result on the federal level in 1984? What might the consequences be of such an event for party and government composition in the Bundestag?

[Stoltenberg] A Berlin-type election result is quite possible in other elections prior to 1984; not in terms of percentage, but rather in its impact or political significance, i.e., in its proportional weight.

[SPIEGEL] And what would happen if there were to be a diminished Berlin-type result, i.e., neither SPD/FDP nor CDU/CSU/FDP would gain an absolute parliamentary majority because of the strength of the Greens, Alternatives or any others?

[Stoltenberg] That is hardly likely. As of today I can see the possibility that we will defeat the SPD by a very large margin in most of the forthcoming Landtag

elections and also in the 1984 Bundestag elections. This would provide an arithmetic possibility of a coalition between CDU/CSU and FDP. But at this stage this is of course still speculation.

[SPIEGEL] You cannot imagine a Grand Coalition?

[Stoltenberg] Personally, I have fairly good memories of a Grand Coalition in my capacity as a federal minister in the Kiesinger cabinet. I am also of the opinion that in historical retrospect it will be judged more positively than was the case in the recent past.

But when I look at the fundamental changes in the SPD's self-image, in its political determination and in its composition, I cannot see the possibility of a Grand Coalition in the foreseeable future, except in the case of a true national emergency.

9273
CSO: 3103/16

COALITION WAVERS ON TANKS FOR SAUDI ARABIA

Hamburg DER SPIEGEL in German 12 Oct 81 pp 17-19

[Article: "Tank Exports--'A Schizophrenic Situation'"]

[Text] Chancellor Schmidt and his deputy Genscher are playing a muddled and confusing game over the export of arms. While, for the time being, they do not want to supply any Leopard tanks to Saudi Arabia, they intend to supply self-propelled guns from German-British-Italian production. In the SPD and FDP, opposition against the new export rules if forming.

The session was almost over, and the ministers were already preparin to leave, when seemingly in passing a delicate subject was quickly taken care f. Once more, Friday week before last, the Federal Security Council was dealing with arms exports.

The people in Bonn had received a request from London. The Britons were asking the FRG Government for approval for their selling to Saudi Arabia some self-propelled guns on whose development they are working together with Germans and Italians.

Foreign Minister Hans-Dietrich did not like that kind of deal. Such supranational armament projects, he said critically, lead one into peculiar situations. What the FRG did not want to supply itslf, it was compelled to allow other countries to supply. It was difficult for it to make use of the right of veto which it had been assured by treaty. "A schizophrenic situation," said Genscher.

But the chancellor did not go along with the objection. He told his deputy that there was nothing schizophrenic about it. A couple of lost world wars and the crimes of the Nazi regime simply had put the Germans in a special historical situation. It therefore was "logical for others to supply whatever we do not supply."

That ended the discussion, and the approval for the expert was given. When, starting in 1985 the German general contractor Rheinmetall will start assembly line production of the PzH [self-propelled gun] 155-1 (the military abbreviation for the 43-ton piece of equipment), which can fire 155-mm projectiles with a 30-kilometer range, the Saudis, via London, will have a part in it. An intriguing detail is that the gun carriage consists of parts of the Leopard tank.

A consolation prize for the rich oil state to which Helmut Schnidt so far has refused to supply the desired Leopard 2's?

It looks that way, for the chancellor and his foreign minister have had a mysterious change of mind. Whereas in the past Schmidt and Genscher vis-a-vis their party friends have consistently advocated that, "in the national interest" (Schmidt), the Federal Republic should satisfy Saudi Arabia's desire for German Leopard tanks, they now behave as if they had written off the project once and for all.

In the Federal Security Council the week before last, some participants in the session said amazed, the two behaved "as if they had agreed to supply nothing to the Saudis " Though not spelled out, the denial could be gleaned from the conversation so clearly that Economics Minister Otto Graf Lambsdorff interjected with concern: "We really have to think about how to explain that to the Saudis."

Lambsdorff's misgivings are premature: actually the Leopard deal has not been canceled but only postponed.

What is embarrassing for the people in Bonn is that the game of confusion over German aramament exports was being staged at the very moment when the assassination of Anwar al-Sadat threw the Middle East area into new uproar. Schmidt and Genscher realize that after the Egyptian's death Saudi Arabia has become even more important to the West than it was before. "Sadat," says one government official," was a concrete cornerstone, and now that he is dead, all there remains is sand."

Despite reassuring remarks after a stop in Cairo last Wednesday, Genscher too cannot rule out the possibility that overnight there will be eruptions of new conflicts in the Middle East with unpredictable consequences, perhaps forcing the federal government once more quickly to change course and, for example, to supply the Leopards after all.

All the more awkward is the impression created ex post facto by the denial to the Saudis which Genscher made public the week before last--of all things, an Arab soil, during a stop in the Gulf Sheikhdom of Qatar en route to Peking. Without having been asked and under no pressure, the minister announced at a press conference with the authority of a Delphic oracle: "We are not supplying arms either to Israel or to any ather countries of the Middle East, and I foresee that there will be no change in this." Shocked by the excited reaction, the usually clever tactician backtracked as quickly as he could, having his staff deny the fact that he had had "a particular deal" in mind or had preempted any decision by the federal government.

Back in Bonn the chancellor made known his surprise at Genscher's rash remarks. "Schmidt is mystified," said a member of the government commenting on Genscher's utterance, adding, full of mockery over the foreign minister's faux pas, that "perhaps he let himself be taken in by the genius loci."

The rumored ambiguities about the tank deal are increasing the SPD-FDP displeasure at the chancellor's delaying tactics. Normally a man of quick decisions, Schmidt, with ever new evasive shifts has been postponing a decision on whether or not the Saudis should receive Leopard tanks. And yet it was clear from the start that in the current situation no majority for the deal could be obtained either in the SPD or in the FDP. An early refusal to Riyadh would certainly have done less harm to Schmidt's prestige in the Middle East than his inglorious vacillation of the past few months has done.

Gencher's statement demonstrated to the whole world last week the impotence of the federal government in a key German foreign policy decision. The two coalition leaders continue to be convinced that it would be right to conclude the Saudi deal, but they are afraid that in addition to the row about counterarming and economy decisions the government cannot afford any further conflicts with the members of their parties.

At the same time, however, Schmidt and Genscher have seen to it that when the opportunity presents itself they will be able to enter into the arms deal again. For while the SPD and FDP are still deliberating in working groups in parliament about how to prevent arms exports to countries outside NATO as far as possible, the government has already completed its new guidelines. And what the specialists from the concerned ministries have figures out reads as if it had been specially drafted to show Schmidt and Genscher the way to the sale of tanks to Saudi Arabia.

In detail the draft about which the Federal Security Council plans to make a decision in early November provides for the following:

--No supplies of arms to "areas of tension" as a matter of principle. Such areas are countries "in armed confrontation or countries where there is an acute risk of armed confrontations erupting."

--The Federal Security Council can decide on exceptions if there are clear "overriding reasons of security or alliance policy."

--In that case, the supplies must contribute to "promoting the regional balance, thus reducing tensions and insuring peace."

--There has to be a "sufficient guarantee" that the arms will be used "only for the defense of the receiving country or the pertinent region." The FRG therefore demands an "official statement as to the final destination" and promises to institute "strict measures" of control.

--The export of arms must "not lead to the creation of additional jobs"--in other words, not create any new capacities in the armament industry.

One provision, particularly close to Economics Minister Lambsdorff's heart, permitting the export of arms also for the "existential insuring of energy and raw material interests," has been dropped, but it appears clear that the security of the Federal Repuplic, as a member of the government put it, "also includes economic security."

When on Thursday the week before last, Economics Under Secretary Dieter von Wuerzen explained the new draft before the FDP parliamentary "armament exports" working group, the deputies, according to one of the participants, duly believed that the "matter had been taken care of," for all too clearly does the government draft repeat the arguments which Helmut Schmidt has used whenever he wanted to convince his social democrats of the need for the tank deal.

Before the SPD Bundestag deputies, the chancellor had pointed out time and again that it was in the security policy interest of the Federal Republic as well as NATO militarily to strengthen the pro-Western-oriented Saudis.

According to another Schmidt argument, the Federal Republic must contribute to the "balance not only in central Europe but also elsewhere in the world." And, appeasing the Israel lobby in his party, the chancellor said that the German Leopards would not be employed against the Israelis; rather they would serve for the Saudis' defense against radical neighbors in the south--for example, the People's Democratic Republic of Yemen.

But when an FDP parliamentarian asked Under Secretary von Wuerzen what the concrete significance of the new guidelines were as far as the Saudi deal was concerned, Genscher interrupted saying, "there is no need whatever to talk about that here," because the chancellor had made a decision about it.

Asked for an explanation by the amazed deputies, Genscher elaborated saying that a delegation of the American Jewish Committee had come to see him at the Foreign Office in mid-September. It too had asked him about how he stood in the matter of the Leopard deal, and, as always, he had replied in a cautious and differentiated manner. Thereupon the visitors had smiled and said that the chancellor had already told them that there would be no arms for the Saudis.

Not letting on about his bewilderment, Genscher said, he had requested the minutes of the conversation between Schmidt and the American Jews. And, sure enough, it was just as the visitors had said.

However displeased Genscher showed himself before his Liberals about the chancellor's going it alone, he agrees with him on one thing: at present it would be impossible to put over the tank deal in the coalition parties. Only, Genscher wants to keep open the option for himself of agreeing with the Saudis after all a few years from now.

The SPD working group on arms exports headed by Egon Bahr has not yet been able to formulate its attitude toward the government guidelines. Unlike the Liberals, the Social Democrats have not seen the paper as yet.

But one thing is already clear: the comrades intend to permit the arms export only if FRG and NATO security considerations so dictate. As for supplies to countries outside NATO, they additionally demand the right for parliament to participate in the decision.

Some months ago already, Karsten Voigt, SPD chairman of the Foreign Affairs Committee, issued a warning about the revolt at the base, saying: "Helmut, you can't have both--the twin decision and arms exports."

Genscher sees it the same way. Tuesday before last, he agreed with Schmidt, saying: "Mr Federal Chancellor, you must not open up any secondary theaters of war." The coalition has to concentrate on the fate of counterarming and the economy program.

And yet, it has long ceased to be a question of just the Saudis' wishes for arms. At the Foreign Office there is an already completed treaty about 100 tanks and armored personnel carriers for Malaysia, the value of the order amounting to more than half a billion marks. A total of 400 Condor armored transport vehicles in a version which is not regarded as a weapon had been authorized previously.

The Chileans can depend on the two submarines promised them. While the chancellor had promised his upset comrades to look around for another buyer, none has been found. The Howaldts-Werke and Deutsche Werft are making speedy progress with building the submarines, and Chilean naval officers began tending to the construction already 2 months ago. If the government still wanted to stop the project, the FRG would be liable for 200 million marks in damages.

The ambiguities are upsetting the customers, but Helmut Schmidt can ask them to be patient. If the new guidelines of the government for arms exports are passed unchanged, the chancellor will be in a position to make up the promised deliveries at any time--provided that the coalition parties will then go along.

So the chancellor's experts dispute the fact that Schmidt, who has given his word to the Saudis, has broken his promise. Says one government official: "They will get something--not as much as they want and perhaps no Leopard 2's, and probably not before quite a few years, but they are going to get something.

A Schmidt confidant who enjoys special prestige among the Arabs refuses to console himself with such vague predictions. SPD Deputy Chairman Hans-Juergen Wischenwski says about the vacillation in the coalition: "I feel betrayed.

8790
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POLICY ON MILITARY, ECONOMIC AID TO AFRICA

Paris DEFENSE NATIONALE in French Oct 81 pp 171-174

[Article by Bernard Guillerez: "Jean-Pierre Cot in Africa: France Must Concentrate its Efforts on its Traditional Friends"]

[Text] Even in the context of the Third World, in which our diplomatic leader showed his interest by going to Mexico, Algeria, and India, three poles of nonalignment, France's African policy is to remain very active. At the Elysee, President Mitterrand has already received in audience several African heads of state, in addition to sending personal messages on various occasions to some of his counterparts on the black continent. At the same time, his advisers Guy Penne and Regis Debray were visiting Africa, notably Angola. But the new direction of our African policy was indicated most clearly by Minister of Cooperation and Development Jean-Pierre Cot in four important visits to Cameroon, Ghana, Senegal and then Nigeria, visits during which his statements had additional impact since they put to rest certain ambiguities. On each occasion, Jean-Pierre Cot made a broad review of the continent's urgent problems: Chad, Libya, southern Africa, Western Sahara, and also, certainly, the French military presence.

One statement, in Accra, drew particular attention: "We must decolonize cooperation." Jean-Pierre Cot went on to explain later in an interview for the Dakar daily LE SOLEIL that we should decompartmentalize cooperation by broadening it to cover the problems of Africa as a whole. The minister thereby applied to his own area of responsibility President Mitterrand's concept of "considering the continent as a whole." His itinerary also concretely demonstrated his intentions by showing that the initiative in the direction of the Anglophone countries (and also, no doubt, the Portuguese) will be continued. A time comes, as Pascal said, when "we must see the thing with a single glance." However, this approach must not lead to a dispersion of action, and Jean-Pierre Cot made a point of stating this provisio: "France does not have the means to assure to all of Africa extensive and significant government aid. It must therefore concentrate its efforts on its traditional friends." It is evident that a systematic broadening of aid would harm these countries and be to the detriment of the weakest states. Hence the attraction of concentrating aid somewhat on specific countries or sectors. The minister of cooperation thus demonstrated pragmatism during his first African tour.

There is nothing more healthy for destroying idealistic confusions than recognizing reality and adjusting to it. In Nigeria, Jean-Pierre Cot spoke about eliminating some general tensions which had developed over the years because of France's

orientation toward the Francophone countries and the presence of French troops in Africa. Specifically on this latter point, the minister stressed that the reason for this military presence was the need to avoid creating the "situation of a vacuum which would immediately be filled by others and would cause a destabilization." In his interview for the Dakar LE SOLEIL, Jean-Pierre Cot elaborated on this subject. He pointed out that no African state which had signed defense agreements with France had requested withdrawal of French troops from its territory or a halt to military cooperation. He continued: "If ever a state does want to change matters, we will promptly withdraw our troops and stop our military cooperation, because to continue it would then be interference." Also, the minister revealed that arrangements had been made so that French troops "could not in any situation become involved in any way in a country's problems of internal security, maintenance of order, or repression." Speaking further on this issue, Jean-Pierre Cot gave assurance that the centers of decision-making in regard to military cooperation would not be removed, but that this cooperation could not be maintained in case of bad policies or excesses. However, despite this, neither the usefulness or reputation of this cooperation could be called into question, the best evidence of this being the African leaders' desire to have it continue.

Taking advantage of his stop in Lagos, Jean-Pierre Cot visited the headquarters of the Economic Community of West African States, ECOWAS, where he stated that "France will help the organization in achieving its objectives." We know nothing further in this connection, but it is worth recalling that in May, in Freetown, the ECOWAS member countries decided to establish a defense force composed of units from each army and under the command of a defnese council. The protocol was then signed by 13 of the 16 states. One of the questions raised by certain states concerned the future of French bases in West Africa. It was certainly not on the agenda of this trip to reach a conclusion in this regard; however the indications provided by the minister on the role of French troops stationed in Africa should enable African leaders to better define this problem that concerns them. There are some apprehensions which are based only on supposed intentions. Jean-Pierre Cot said that the best approach is simply to steadfastly look at the facts without being distracted by the strong rhetoric: an observation which has general value, even though directed to the issue of Chad and Libya.

France and Nigeria have developed a strategy for joint actions to try to resolve the Chad issue, providing that any solution must be primarily African.

The French minister's statement gives an indication of the Paris-Lagos agreement in this area. Both sides believe it is necessary to demonstrate "firmness to contain the Libyan ambitions;" ambitions which are partly "bluff," it is stressed. Jean-Pierre Cot has said: "France will not sell a single additional gun to Libya until it gives proof of its peaceful intentions, particularly in Africa: this decision has been in effect since 21 May." France's approval for the intervention by Senegalese forces in Gambia on 30 July during the unsuccessful coup by Samba Sanyang against President Dawda Jawara can undoubtedly be seen in the context of the Libyan activities. The coup effort, no the first of its kind, led Dakar and Banjul to consider a confederation, Senegambia. To the French minister of cooperation, Gambia's security is related to Senegal's security, and Gambia's economy to Senegal's economy, it would by hypocritical not to recognize this; a further evidence of the realism adopted in France's African policy to avoid the crises created by inextricable situations.

Also evident was the convergence of views of Pierre Mauroy's government and the African leaders about southern Africa, although Jean-Pierre Cot did remain somewhat reserved on the issue of sanctions against Pretoria: "France remains rather skeptical in regard to their application because, historically, voting of sanctions has never settled much in international affairs; such a decision has an effect only on principle." the cooperation minister believes. He also stressed that the sanctions vote must gain approval of all permanent members of the UN Security Council. We have seen that there was no result from Angola's complaint at the end of August about South Africa's military incursions. Thus there remains the diplomatic solution, and in Lagos Jean-Pierre Cot came out as an ardent supporter. affirming that it represented perhaps a unique opportunity to achieve a settlement of the Namibia problem by peaceful means. To this end, it is necessary that the contact group of five Western countries no break up; France is volunteering itself as the group's dynamic element.

Likewise, the French Government wants to be a factor for progress in the relations between the European Community and the African states associated in the Lome Convention. This is why Jean-Pierre Cot during his first trip to the continent endeavored to refine French and African views on economic matters, particularly raw materials. It is a question of shaping a coherent policy on these issues in order to develop concrete measures, committing all parties and not giving rise to the disillusionment which has in the past been the sequel to the rhetoric of some international conferences.

However, we are dealing here with an area where bilateral policy, indeed even Euro-African cooperation, is treading a narrow path, given the present worldwide economic disorder. Goals are more difficult to select and adhere to, if not to publicize. Jean-Pierre Cot was well aware of this when he stated in LE MONDE on the eve of the UN conference on the LDC's[1] (least developed countries) in Paris: "The important thing is to have attainable objectives. I am not sure that grandiose statements about doubling or quadrupling aid are very realistic. That may be an inciting statement. So much the better. But the whole record of overall objectives does not inspire optimism....We must be precise in our ideas about what can be an effective development strategy, participating in the pursuit of a new international economic order."

Don't sacrifice the concrete for a few grand principles, this seems to have been the attitude of the minister of cooperation and development after his contacts in Africa. The development concept expressed recently by certain circles of thought in the Socialist Party seemed nearer to the ideas defended by the developing countries than to the views expressed during the summer by Jean-Pierre Cot. By calling for realistic dossiers, the government shows awareness of the reciprocal interests of Africa and France. In Dakar, did not Jean-Pierre Cot use as an example the fact that for every job eliminated in France because of imports from southern markets, five jobs are created there through development of economic activity? However we must not delude ourselves: harmonizing trade and cooperation requires as much tenacity as insight. In rue Monsieur they don't seem to deny this, not "the importance of the contact personnel" in Africa.

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1. Editor's note: This was written before Francois Mitterrand's speech to the UN conference on LDC's at UNESCO. In this speech the republic president announced that France had decided to make up for its delay and to reach in 1988 the target of 0.7 percent of the GNP set by the United Nations for government aid to the Third World.

9920
CSO: 3100/69

PCF UNIT SENDS NUTRITIONAL, MEDICAL AID TO VIETNAM

Paris L'HUMANITE in French 29 Sep 81 p 8

[Article by Michel Strulovici: "A Nutrition Research Center for Children; French Popular Aid Finances It"]

> [Text] Vietnamese children, like all children in developing countries, experience malnutrition and dietary imbalance. This situation is aggravated, particularly in agriculture, by the effects of 30 years of war the country has undergone.

It should be recalled that these difficulties were made even more serious by the total halt of food assistance by the large international organizations. Infant malnutrition is therefore increasing despite the efforts of Vietnamese authorities. Because of this situation doctors of the French Popular Aid, in collaboration with French and Vietnamese specialists and with the agreement of the Vietnamese minister of health, have developed a program of child nutrition.

Its setting up began the first part of June at Ho Chi Minh City. The program has three essential aspects: construction of a center for undernourished children, the surveillance and prevention of children's nutritional deficiencies. French Popular Aid [SPF] (SPF, 9, Rue Froissart, 75003 Paris, CCP 654-37 Paris, Telephone: 278-50-48) set aside 500,000 francs of the 2 million to complete the whole program, after preliminary studies conducted by doctors Bereziat and Taugnan. On 17 September the first mission, composed of a doctor, a laboratory worker and a technician from CNRS [National Committee for Scientific Research], departed with the laboratory material needed for the Number 2 Children's Hospital of Ho Chi Minh City.

Madame Hoa's energy

This establishment was selected because a group for pediatric research, led with considerable energy by the former minister of health of the GRP, Mme Duong Quynh Hoa, has already been functioning there for several years. SPF's action, under the circumstances, is exemplary. While such a center ought to have EEC support only Popular Aid has taken charge of it because of the ostracism of Vietnam. It is also examplary because the program seeks to use available natural resources to the greatest possible extent and develop rehabilitation projects based on them, thus making it possible to treat the worst cases of malnutrition as soon as possible.

The effort undertaken has no time schedule, but is carried out as a part of development assistance with long-term productive effects. This effort could give quick results if contributions received permit the experiment under way to be completed.

To contribute to this program French Popular Aid is selling "solidarity shares" valued at 100, 200, 300, 500, and 1000 francs. These shares do not produce dividends but will have an immediate effect on the health and development of thousands of Vietnamese children.

9772
CSO: 3100/41

MARXIST RESEARCH INSTITUTE, PUBLICATIONS REVIVED

Paris L'HUMANITE in French 29 Sep 81 p 9

[Article by Arnaud Spire: "A New Stimulus for Marxist Research"]

[Text] The IRM [Institute for Marxist Research] presented its revival program Saturday.

The announcement of various initiatives taken by the Institute for Marxist Research to revive its many activities and make the public aware of Marxism in its most recent evolution was received with satisfaction by the hundred researchers who make up the active core of that institution. Francette Lazard, IRM directress and member of the political bureau, accompanied by Antoine Casanova and Jacques Chambaz, members of the Central Committee, on Saturday presented the content and the form of these steps for discussion by historians, linguists, philosophers, biologists and other researchers present.

The revival of the Institute for Marxist Research manifestly responds to a social need felt acutely by all researchers inspired by Marxism.

The political change of 4 months ago has considerably changed the conditions of ideological struggle. However, ideologists of the right and those of the false left, even if they have adapted to the new situation, still treat living Marxist research with the same silence. However, with the political change the time for boycotting scientific thought and of false prophecies of the death of Marxism ought to have passed.

The IRM will organize from now until December a series of study meetings to assist in the necessary transformation of ideological terrain and the purifying of the theoretical and philosophical situation.

The subjects planned have something to stimulate work under way of researchers involved in Marxism. First, namely "The French Working Class Today." Reflect on "The History of the Party," as a subject of knowledge, the new concept that historians of the IMR have of it and the "Problems of Methodology" which it causes.

Other subjects have also been announced. "The New World Order;" "Technology, Science, Production"; "Materialism and Questions of Truth"; "Practices, Attitudes, Outlooks." All these questions illustrate the originality of the IMR as a research institute. The latter is obviously closely linked with the revolutionary party.

The interest in spreading and better establishing the IMR at the regional level is to be shown particularly by holding of study meetings at Lille on the subject "Regional Crisis in France in Crisis."

Mutuality Hall, 3 December

If there is a tendency today in the world of research to underestimate considerably the contribution of the revoltuionary party to Marxism in particular and to scientific effort in general it will be completely contradicted 3 December by the holding of a large public gathering at Mutuality Hall, intended to promote the IMR's concept of relations between the development of French society and scientific research. It will be an act of struggle for the place of Marxism in today's France. In fact, scientific research and our country's researchers have everything to gain by a development of French Marxist thought. Finally the various reviews and research notes serving as a basis for publication and communication about the work of IMR researchers, and others, will be renewed and developed. The review "La Pensee" should be revived on the occasion of its December issue. The IMR research notes "French Society" should be published soon. "French Society" is in addition to "Materialism," "International Research" (whose second issue has just come out), and to "Issues," the research journal of "Economy and Policy."

Thus the revival of IMR's internal work goes hand in hand with the development of its public activities. The coherence of the step marked in December 1979 at the Bobigny meeting can clearly be discerned. The step corresponds to a strategic, long-term orientation: the irreplaceable contribution of the revolutionary party to Marxism and scientific research in France.

9772
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WEST GERMAN, SWEDISH SOCIALIST LEADERS SUPPORT PASOK

Athens TA NEA in Greek 13 Oct 81 p 5

[Interview of Olaf Palme with Giannis Kapsis and Willy Brandt with Vasos Mathiopoulos]

[Text] Two more socialist leaders, the president of the West German Social Democratic Party and former chancellor, Willy Brandt, and the secretary general of the socialist party of Sweden, Olaf Palme--although they were careful not to make any statement which could be considered interference in our internal affairs--stress their solidarity to PASOK [Panhellenic Socialist Movement] and the assistance which a PASOK government could expect after the elections.

In exclusive interviews granted to TA NEA they maintain, among other things, the following:

Willy Brandt: "The Greeks sovereignly decide who will govern their country. One in my own position must not create the impression that he is interfering in the electoral struggle of another country. But we are not indifferent to those things happening in Greece. I have known Andreas Papandreou personally for many years. In fact, in recent years we have had increased contacts and exchanges of viewpoints. We met in Athens when I was there and he came to visit us in Bonn. But our meetings also extended to third countries--for example, in Paris during the ceremony of Francois Mitterand's assumption of the presidency. And I want to affirm that I am absolutely sure that the European socialists will accept him as a governor with feelings of deep friendship. This is because all have an interest--whatever community they belong to, or will in the future--in amicably cooperating with the government which the Greek men and women will promote. This is especially valid for the German Federation, but also for the other Europeans."

Olaf Palme: "...And we will certainly keep on expressing our solidarity to PASOK and will continue our friendly relations at all levels.... We have always expressed our solidarity. This does not mean that we interfered. We think of it as expressions of assistance and solidarity to persons who have the same basic viewpoints about society as our own...."

This positioning of the two leaders only a few days before the elections and two weeks after the interview of French President Francois Mitterand acquires special gravity since it shows that the socialist forces of Europe not only feel a solidarity to the struggle of PASOK but also are decided to actively give assistance to a government--the government of 19 October--of Andreas Papandreou.

This assistance, which was also displayed at the first steps of the French socialist government, is able--as Brandt observes (in the interview which we publiished yesterday)--to discourage every reaction.

The interview with Olaf Palme is as follows:

Question: Mister president, in a few days the Greek people will go to the ballot boxes for one of the most critical--as everyone acknowledges--electoral reckonings. In view of this fact, would you perhaps like to address any message to the Greek people who have close bonds of friendship with the Swedish people, particularly Swedish socialists?

Palme: Greece is the cradle of democracy. In this country were born many of the ideas which are vital for our culture and civilization. The primary meaning of government by the people comes from Greece. It was for this reason that our criticisms were so intense when Greece was under the yoke of the dictatorship. We suffered with our friends and rejoiced with them when democracy returned. Now we are satisfied that for yet another time the Greek people will be able to elect its leaders and this shows the might of Greece as a state.

PASOK

Question: Today, in its pre-electoral struggle, PASOK has the affirmed assistance of all the socialist parties of Europe. Does this fact mean that we are able to look for a wider cooperation of the socialist forces of Europe, independent of possible differences of viewpoints on certain subjects?

Palme: The power of our parties arises from the fact that they are independent parties and that we all have our own characteristic elements. We do not have identical viewpoints on all of the issues. We know, however, that together we represent the strongest political force in Europe. At the moment when the two great systems--capitalism and communism--are facing a crisis, democratic socialism is appearing more and more as a third force throughout the world.

Mitterand's Victory

Question: Do you believe that President Mitterand's electoral triumph also helps the socialist parties of other countries, like Greece, in their struggle to gain power? And will the PASOK victory--pictured as certain--strengthen the general tendency for a socialist Europe?

Palme: Mitterand's victory much encouraged all the socialist parties of Europe. The progress which our friends in Austria, Germany, etc., noted refuted the viewpoint that a rightist wind is blowing in Europe. But the victory in France was an important landmark for the whole world. For us in Europe it is terribly significant that there is a socialist president in France and a social democratic chancellor in West Germany.

The Reactions

Question: The ascent of the French socialists to power caused certain reactions from the economic circles of France. These reactions were neutralized with the

aid of the European socialists, particularly those in Germany. Do you believe that the PASOK government would be able to expect such aid if analogous reactions were noted?

Palme: Certainly we will continue to express our solidarity to PASOK and will continue our friendly relations on all levels.

Question: From your personal and international experience, what must be the first measures and actions taken to deal with reactions and a climate of fear domestically in a country which will be governed by socialists for the first time?

Palme: It is important for a strong control to be ensured in administering the country and for matters which are significant--the protection of democracy, the struggle for full employment and social justice--to be promoted.

Question: Your trip to Greece, announced a short time before the elections, is being interpreted as support to PASOK's struggle for victory in these elections. Beyond this moral aid and reinforcement, would the socialist party of Sweden, and you personally, be able to give other, more specific aid to a socialist government, and what would this be?

Palme: We have always expressed our solidarity. This does not mean that we interfered. We think of it as expressions of aid and solidarity to persons having the same basic viewpoints as our own. And this solidarity saved many lives in critical situations.

Detente

Question: How do you view the question of detente between east and west and how do you think it must be pursued?

Palme: The process of detente was valuable for the peoples of Europe. Human contacts increased, trade grew and detente offered a feeling of security. We must not lose this. It is clear, however, that we are living in a very dangerous period. For this reason, it is important that there be many who speak the language of common sense and prudence. And it is important that there be a public opinion which is in support of detente. The various talks about disarmament acquire a considerable significance for this purpose.

The Middle East

Question: The mediating role which you have taken in the Middle East makes you perhaps the most qualified political leader to answer the question of whether in the frameworks of a socialist Europe a peaceful solution to the Middle East problem could be pursued and obtained and nuclear weapons be removed from Europe....

Palme: The solution to the Middle East crisis must be achieved by the interested peoples themselves. Israel must become aware that the Palestinians are a people and that they have the right of existence and a homeland. And the Palestinians must acknowledge Israel's right to exist. If these things are acknowledged, then a practical solution to the problem can be found. I am certain that such a solution exists, but time is needed, and patience, in order for it to be achieved. In

recent days we observed an aggravation of the crisis. As for the need for denuclearization, I believe in it. The idea of a zone free from nuclear weapons has the warm support of the Scandinavian people. But the problem is not easy. Two of the Scandinavian countries are members of NATO and must be in a position to reconcile this participation of theirs with the fact that they are a part of the zone. In addition, there is a need for the Soviet Union to make certain concessions. Such problems are difficult to solve, but the political willingness exists and for this reason I believe it is possible for a solution to be found.

The Missiles

Question: One problem which is creating certain differences of viewpoints among European socialists is the issue of the missiles. What is your party's position on this issue?

Palme: We are in favor of a Europe free from nuclear weapons. The process must certainly be in stages, but at any rate the goal of deliverance from the thousands of nuclear weapons now deployed in Europe is reasonable.

Accord of the Socialists

Question: Particularly with the prospects opening up for the European socialist parties, could one anticipate an accord between the socialists of the north and those of the south in order for a common socialist journey to be charted?

Palme: The socialist parties can help significantly, but above all the peoples of the north and south must approach each other more and must perceive their common interests. It is indispensable for us to work for a mass transmission of sources and to apply the crisis program which we proposed to the Brandt committee. One of our proposals was the carrying out of a summit conference which will soon occur in Mexico. Even though the signs from Reagan's United States are not very positive, I hope that some progress will be noted in Cancun.

9247
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PSDI'S INCREASING POPULARITY ANALYZED

Rome L'ESPRESSO in Italian 11 Oct 81 pp 24-27

[Article by Renzo di Rienzo: "Problem: Why Is Longo Successful?"]

> [Text] Incredible as it may seem, there are at least five specific reasons that explain how the party survives on the scandals and even prospers by them. Here is a detailed analysis.

Rome--The plot against Pietro Longo was prepared in every detail 4 months ago on the eve of the administrative elections. It was to burst out in a swift, expert summary trial. The main charge was to be: to have dragged the PSDI [Italian Social Democratic Party] to defeat because of its relations with Licio Gelli. The sentence was to be: ejection from leadership and temporary replacement by Assistant Secretary Ruggero Puletti, who some time later was to turn over the party leadership to Michele Di Giesi, a formidable votegetter in Puglia and heavy thinker in the plot. The plan failed in only one detail, it is now said by Longo's friends: That fated Sunday of 21 June chosen as the operation's D-day, the PSDI gained ground in every city where voting had taken place and the next evening Pietro Longo, more starry-eyed than usual with excitement and surprise, appeared on television screens to thank the voters who had saved him from the "moral lynching to which he had been exposed." They had also saved his job.

Following that unpleasant time, Longo regained full control of the party. He was comforted in this also by the many letters of encouragement he received--as happens to him in the best moments of his career--that is, when he launches a good proposal for pensioners or attacks those who want to squeeze the homeowners. Aldo Moresi, Bellinzona art critic, wrote in, "Permit me to express to you my highest admiration for having justly refused to listen to the appeal of the prophets of doom and to resign from the job of PSDI secretary which you have ably held for many years with farsighted policies and a high sense of duty." Savona lawyer Umberto Ramella wrote: "In this muddled atmosphere in which unfortunately we now debate, you were the only political leader who, in the name of our glorious party, fearlessly denounced the dark maneuvers of the Communist Party. In concert with certain clericoleftist forces, that party does not lose a minute to seek the destabilization of the little that still remains of what is honest, moral and--why not--sacred and heroic."

In effect, Pietro Longo, who was proudly back in the saddle, did not lose a minute to shoot arrows against the Spadolini government, to threaten fire and flame if anyone tried to put a tax on second homes, promising in passing, even earlier-than-scheduled elections. Finally, in mid-September he struck the decisive blow: He called a meeting of the executive and after having assured full support by Giuseppe Saragat, he asked for a vote on a document that in fact put an end to the cohabitation of social democratic councillors in those red councils in which PCI strength is preponderant.

Revolt of the Councillors

This immediately emerged as the most daring move of his political career, coming immediately after the meeting with Licio Gelli at the Excelsior [Hotel]. The Roman federation which already was negotiating with the PCI and the PSI [Italian Socialist Party] to rebuild the red council, was split; the Genoa federation ignored the decision and sought authorization for the election of social democratic councillors for the city administration. Di Giesi headed the dissidents, sent his men to outlying districts and created panic among those dozens of councillors who militated in leftist councils and did not want to lose their jobs. He enjoyed a spectacular success: After a rapid calculation, the leftist group that 1 year ago under Pier Luigi Romita accounted for about 15 percent of the votes, now under Di Giesi's guidance, controlled at least 25 percent of the members of the Central Committee. In any case in a short time there was a head count and a battle developed precisely on this subject.

Why did an astute and cautious man like Longo challenge the very powerful party of the councillors? It is not paradoxical that precisely Saragat's party, the most pro-American and anticommunist existing, is about to be split over the communist question. And what chance does Di Giesi have of succeeding? Finally, why did Longo suddenly decide to come to grips with the left wing of his party?

Giorgio Laura, for 5 years mayor of Bordighera by virtue of PCI and PSI votes, and now promoter of the admission of the social democrats into the red council of Genoa, gives this explanation: "Longo is impatient and is making a mistake. At least on the point concerning the councils, where his decision in any case constitutes a complete reversal of the line so far followed. We nevertheless decided to become members of the city council for two precise reasons: The first is that in creating a solid front with the PSI we obtain from the communists a number of council positions which the PSI by itself could never have achieved; in the second place, because the elections confirm, if there was any need for it, that this cooperation of the PCI so far was very good for the two socialist parties. Wherever we are members of councils with the PCI our votes increase while the PCI loses. Evidently power may weaken the PCI, but certainly not us. Longo knows these things very well and until 2 months ago he approved them. Now what has happened? Where does this sudden shift to the right and this accentuated anticommunism come from? I can only advance two hypotheses: Perhaps he was in serious difficulty among other things because of the P2 affair, and he had to seek the support of certain party bigwigs who now make heavy demands on him; the second hypothesis is that he is preparing for early elections and wants to base them on more rightist positions, but so far as I know it was never a good idea to imitate the Liberal Party."

The Network Theory

The PLI [Italian Liberal Party] is often referred to as an example to be rejected. For the social democratic leaders, the temptations they must absolutely avoid are political consistency [as published], direct opposition, loss of positions of administrative responsibility, and isolation. In brief, everything that made the PLI substantially an opinion party. Giuseppe Averardi is a member of the PSDI Secretariat, has been a member of the Chamber of Deputies for 20 years, has headed the organization office and the public relations office and, in short, is one who knows everything about the party. "What occult force has permitted us to survive all the accidents that happened in these years? We survived because our party, after the DC and the PCI, is the one that most jealously guards its grass roots units. Pannella may get 3 percent of the vote in one year, and the following year 10 percent, and then fall to slightly more than zero. This can never happen to us so long as we have the grass roots network. A total of 6,475 of our members have been elected to top positions, that is, senators, deputies, regional, provincial and city councillors, of whom 248 were mayors. To this must be added the election of 6,800 to second-rank positions, which include all those who obtain, through party support, positions in city-controlled agencies and in public enterprises. Each of these becomes a real political force; if he is capable, he brings hundreds of votes with him. What other explanation is there for the election of Ennio Borsi to the Rome Council with all those votes if not because he was an administrative director of ACEA [Rome Water and Electric Company]? This means that so long as we keep the 48 secondary level jobs we presently hold in Rome, we will always preserve our electorate. And every time the administrative elections go well, the political elections also go well because our social position is strengthened, the elements of the grass roots network becomes thicker and so long as this holds, even a hurricane such as P2 cannot destroy us."

But, it is objected, is it not somewhat limiting to let all of a party's sex appeal derive from the ramifications of the shadow government?

"The vertical fall of a party's prestige cannot be denied; Berlinguer did not invent it. To this must be added the end of the ideologies, the clouding of all ideal values, the obfuscation of the image of certain guide nations, of the foreign models. Therefore, what always remains unchangeable are the mayor, his local power, and if you want to survive you must concentrate on this."

The Social Democratic Population

In addition to the rank-and-file network--very effectively theorized by Averardi--Longo has, from the time he became secretary, known how to create around the PSDI even a sort of public opinion, even though it is tied to very specific themes and in the defense of very special interests. "Home and pensions, pensions and home," these are the themes that are most attractive and which probably have permitted the PSDI over the past 3 years to rise from 3.5 percent of the vote to about the 6 percent obtained by projecting administrative election data of the past June to the national level. And the great campaigns on pensions and home have changed, even though slowly, the social composition of the social democratic electorate. Doxa [opinion polling organization] reports that for a

few years the most numerous social group among the PSDI voters has consisted of pensioners (from slightly less than 15 percent 3 years ago to 21.5 percent). This group is immediately followed by housewives and employees with equal electoral weight (both represent 18 percent of the electorate). Finally and surprisingly there is a respectable representation of workers (14 percent), while the number of students is very low (4.7 percent). And what about the subproletariat?

Enzo Collio, head of the PSDI local units, says, "In every large northern city a considerable part of the subproletariat that recently immigrated is attracted to our party, as to other parties that control the levers of power. These are neglected people who obtain a party card in order to find work, to try to become integrated in the large cities. There is nothing to be ashamed of in this since the parties also serve to solve these problems." The component that is very low in this party is that of peasants and farmers which totals slightly more than 3 percent. Senator Anselno Martoni maintains that this is due to the one great error committed by Saragat. Saturated with Marxist culture, he underestimated the vitality of the peasants to the advantage of the proletariat and the lower white-collar bourgeoisie. And yet, it is precisely at Molinella, a large agricultural city of 13,000 inhabitants, 30 kilometers from Bologna, in the heart of the red region, that the social democrats have an electoral fortress: They have been in the majority since the postwar era and they have a solid grip on the city administration with all the levers of administrative power. Mayor of this city for more than 30 years, Martoni explains that "the power of the social democrats comes from the fact that in 1949 the Molinella socialist democrats bought up land belonging to three private small farms. Naturally the communists did not like this. They sent more than 10,000 of their members to induce us to join in a farm strike. We were attacked and ridiculed; they told us that the land was not to be bought but to be expropriated and that was all. But we resisted and won out also because the PCI here at Molinella faced a crisis several times. Their first great defeat came with the Soviet occupation of Hungary; now the leadership cadres are occasionally changed and they try to recoup. But we inflicted the most recent defeat on them in the elections a year ago when we gained the absolute majority of votes."

This Molinella cooperative which bears the name of Giuseppe Massarenti, an outstanding figure in Emilia socialism, today owns 2,300 hectares of land, has 3,000 members, a cultural club, a local radio station, a mountain resort, gives textbooks free to all Molinella students, and sells land for private homes at a very low price. In short, it is an economic power and an inestimable source of votes for the PSDI. And from here, how do they view Longo's decision to break the alliance with the PCI? Senator Martoni replies, "It is very good." There is one fact that can be of comfort to Longo's strategy and it is supplied by the Bologna Cattaneo Institute: According to a recent survey based on political affinity, it appeared that those who voted on 21 June for the PSDI would have voted by a very large margin for the DC if they had been prevented from voting for the PSDI. This means that the rank and file is much more moderate than the party cadres, which is willing to engage in all kinds of acrobatics to maintain a council position.

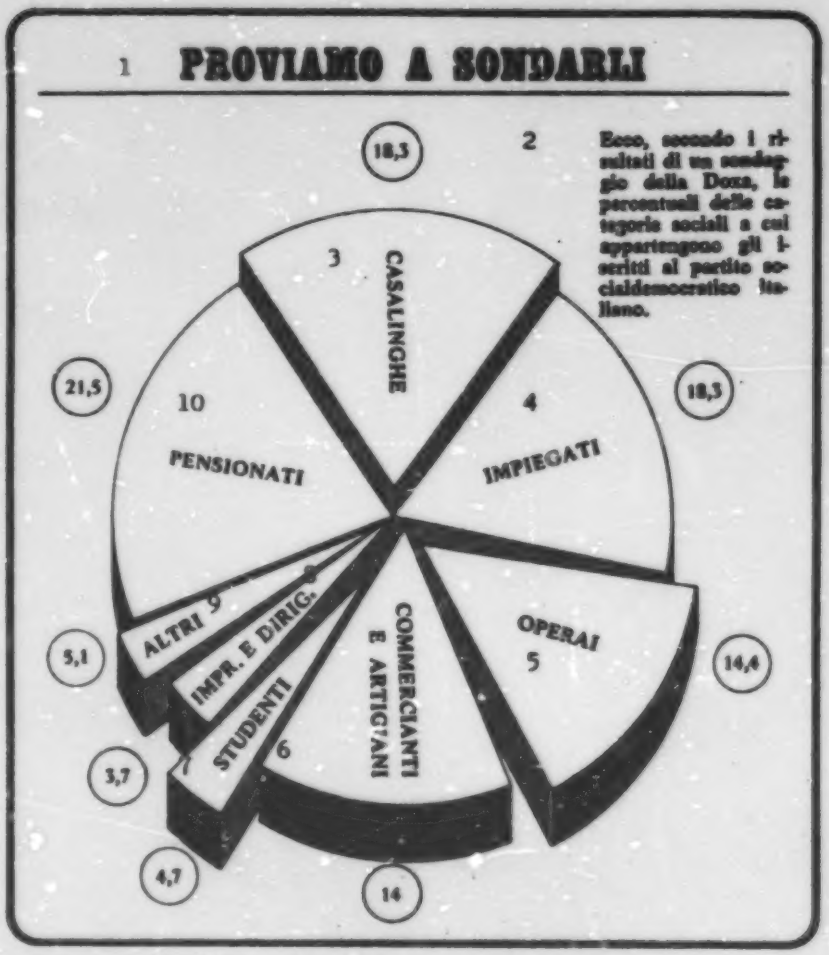
The Great Brotherhood

Opinion party versus the councillors' party: There is a suggestion of another key to the reading of the present conflict within the PSDI. There is a risk of moving on to a muddy terrain and nevertheless it cannot be ignored that many of the Social Democratic Party's affairs can be traced to the deeds and misdeeds of Italian Masonry. When Longo's name appeared on the Gelli lists, Francesco Siniscalchi, an ex-Mason who revealed to the courts many mysteries of Masonry, came out saying that there was absolutely no reason for surprise because the PSDI was born from a rib of the great eastern [rites]. Some say that the origin of the split in the social democrats in Palazzo Barberini was a trip by Ivan Matteo Lombardo among American Masons who warmly encouraged the split and said they were ready to give substantial help.

In the book, "In the Name of the Lodge," to be published soon, Gianni Rossi writes that in the political elections of 1963 the then Grand Master Giordano Gamberini, a social democrat, circulated among the Masonic lodges a list of 80 candidates to be voted for, among which were 15 PSDI leaders. Five years later, the list of names was even more numerous, among the candidates of the then Unified Socialist Party the names called to the attention of the brotherhood were: Beniamino Finocchiaro, Alberto Ciampaglia and Francesco Fausto Nitti. In June 1976, Grand Master Lino Salvini sent a circular to the Tuscan lodges to urge warm support for Antonio Cariglia, ex-group leader in the Chamber of Deputies and now member of the European Parliament together with ex-Minister of Health Luigi Mariotti, for the PSI. In his book, "The Italian Masons," Roberto Fabiani supplies this list of PSDI members of parliament who are also Masons: Lupis Cariglia, Orlandi, Tanassi, Preti and Righetti. The foregoing list confirms what Siniscalchi has been saying for some time: "After Saragat, no one has become secretary of the PSDI without receiving the benediction of the great eastern. Perhaps the only exception remains the case of Pier Luigi Romita, but it has been seen that he did not keep his position for very long."

There is no longer any doubt that the clash is beginning to take place even in this area; to a LA REPUBBLICA newspaperman who a few days ago asked him whether Longo would not have done better to resign as soon as his name appeared in the P2 list, Di Giesi answered: "Write, no comment." It happens that today all the Masons mentioned above are ranked alongside Longo and they constitute the nerve center of the most determined anticommunist right of the PSDI, while Romita's group has been included in that of Michele Di Giesi, who proposes a revitalization of the policy of national unity and even of collaboration with the PCI, if necessary, to defeat the DC hegemony. Thus a battle of the knights has been announced.

[Chart and key on following page]



Key:

1. Let Us Try to Survey Them
2. Here, according to a survey by Doxa, are the percentages of social categories to which members of the PSDI belong.
3. Housewives
4. White-collar workers
5. Skilled workers
6. Businessmen and artisans
7. Students
8. Entrepreneurs and executives
9. Other
10. Pensioners

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SURVEY OF PEACE MOVEMENT ORGANIZATIONS, LEADERS

Amsterdam ELSEVIERS MAGAZINE in Dutch 26 Sep 81 pp 70-85

[Article by Rex Brico: "Peace By Any Means -- Profile of a Movement"; passages enclosed in slantlines, printed in italics]

[Excerpt] One of the oldest peace groups in the Netherlands is undoubtedly the Church and Peace organization, with headquarters in Amersfoort. It was established in 1924 as an association of Christian pacifists from primarily reformist circles. They still form its staff and as such provide extensive information with regard to non-violence and training in it. Within this framework they publish, among other things, pamphlets for which a large outlet is found primarily among discussion groups. These pamphlets have titles such as "Do Not Believe in Violence" (discussion materials about the bible, the church and anti-militarism), "Non-violent by any Means?" (a discussion of liberating violence), "Arms and Nuclear Weapons" (a reaction to the aid offered by the Reformed synod), "Social Protest in Israel and in the Church" and "Non-violent Preparedness" (a new model in the struggle against injustice). It was on a study day of Church and Peace, in 1975, that the initiatives originated which would shortly thereafter lead to the establishment of the World Council program to resist militarism. And it was Church and Peace which first supported the IKV [Interdenominational Peace Council] campaign /Help the world get rid of nuclear weapons, beginning with the Netherlands/. The 3,000 to 4,000 members, which currently make up the membership of Church and Peace, are as radical politically as in the church. Under the leadership of Harry Zeldenrust, they have a strong share, especially from a qualitative point of view, in the Dutch peace movement.

Another old, but not nearly as radical group is the Pax Christi Netherlands, the official peace movement of the Roman Catholic chuch. The Dutch group sprang in 1948 from the Pax Christi Internationalis, which was set up in 1944 in France. Until a few years ago, this international group was led by our Dutch Archbishop Cardinal Bernardus Alfrink. In 1976, Cardinal Alfrink turned over the Dutch branch to Bishop H. Ernst of Breda. Except for this bishop, the management of Pax Christi consists of 24 members, who are elected for a 3 year period at a general meeting of the members. Pax Christi has 10,000 members and another 20,000 associate members, of whom 80 percent are Catholic. They include many priests, teachers, medical personnel, and students in theology and the social sciences. In terms of age, these members belong primarily to the 20 to 35 group and the above 60 group. The cause of this remarkable phenomenon? Secretary Guy Dilweg OFM [Franciscan Order] said: "Catholic senior citizens are often more involved in the problems of peace than their children. This is noticeable, for example, in such papers as LEVENSVENSTER

from the Catholic Union of Senior Citizens Federations. They sometimes include very radical writings on these problems. But also in the letters we receive, in which concern for children is often the reason for the involvement, while those children themselves are absorbed by their career." In terms of milieu, Pax Christi is a typical middle class movement, and aside from the senior citizens the average educational level of its members is HBO [High School] and VWO [Advanced Scientific]. The middle aged and older ones among them specifically have strong church ties.

Pax Christi Netherlands fulfills a double function: first of all, it is a member, in the name of and with the specific sanction of the Dutch bishops, of the Interdenominational Peace Council; secondly, it tries to arouse more interest in and awareness of the current problems of peace within the catholic ranks. Within this framework, and in view of the publication of the "Pacem in Terris" encyclical from Pope John XXIII, it issued in 1963 the document "On the Way with Pacem in Terris." Edited by Dr Marga Klompe and Dr Geert Ruygers, several independent experts participated in it. This report represented the beginning of the more political and socio-critical thinking which has characterized Pax Christi Netherlands since then. It also led to Pax Christi taking a hand in supporting conscientious objectors.

A recent academic dissertation, quoting this movement, noted: "Pax Christi takes a critical stand with regard to, and, when necessary, against established thinking and actions in order to produce and maintain a change in mentality, based on existing relationships, as conditions for necessary new international relationships." It was partly this attitude which in 1979 led Pax Christi to submit an advisory report to the bishops, in which it took a position in support of the above mentioned IKV campaign. As a matter of fact, the IKV had turned to all the churches participating in its consultations with the question of whether those churches were willing to go along on the -- after all controversial -- road the IKV had taken with its campaign. The opinion the bishops then requested from Pax Christi resulted in the above mentioned report. Before giving the IKV an answer, the bishops decided to ask for the opinion of the Roman Catholic religious community on the subject. To this effect, they sent the report, together with a few questions, to a large number of organizations and groups in the areas of education, welfare, missions and trade unions, as well as to meetings of church deans, diocesan pastoral councils, councils of priests and individual members of parliament, teachers of religious studies and polemicists. In addition, about one-third of all parish administrations in the Netherlands received the report, depending on the bishop concerned. All these individuals and bodies have to send their response back before the end of this year, after which an evaluation will be conducted by the secretariat of the Conference of Bishops with the aid of experts. Partly based on this, the bishops will formulate their response to the IKV in the spring of 1982.

What does Pax Christi expect from this? Its president, Bishop H. Ernst, commented: "What I hope and expect from it is that it will at least produce an awareness of the problems involved; that those people who are generally not very interested in such macro-ethical problems, or who are afraid of them, or who out of a sense of powerlessness take a passive attitude toward them or push them aside, that those people become aware of their responsibility and do not dodge these problems." Doesn't the bishop also hope a little for a certain result? "Actually, I am hoping for something more basic. The fact that a slogan, simply because it is more concrete, mobilizes people better than general explanations; this has become pretty clear recently, I think. And even if the choices ensuing from our consultations are not exactly the same as the ones behind the slogan, then the mobilization would

still be a considerable gain. Because this would form the breeding ground on which more concrete results become possible. From the very beginning I have taken the following position: support that slogan unless you know of a better solution. In itself, this slogan is not gospel. What is primarily involved is the direction in which we move."

Pax Christi Secretary Guy Dilweg expressed himself somewhat more concretely. "I believe that there is great sympathy among the Roman Catholic majority for the IKV breakthrough, greater even than among the Reformed and the Calvinists," he said. "Recent surveys have borne this out. Hence, the least that I expect is that the bishops will express their support for unilateral initiatives in general. I also expect very strong support for the work of the peace movement, partly because of the agitation which has been directed against it lately. A great deal will depend on whether this evaluation will consider emotions, which do not choose or motivate, as signs of foreknowledge, that is to say as direction indicators. In other words: that primary emotions will be experienced as more important than the sociologists generally want to consider them." Does he share Bishop Ernst's opinion that the process of consciousness raising is the most important? Guy Dilweg: "I expect that after these consultations, the debate will go on and that Roman Catholic Netherlands will not go to sleep. In this regard, I have great expectations specifically for the religious orders, which are very eagerly participating in the ongoing debates."

IKV Secretary Mient-Jan Faber also remains non-committal. Faber: "There is a great deal of good will among the middle and intermediary Roman Catholic cadres with regard to the IKV proposal. The main problem is to bridge the great distance from there to the parishes. Political pressure on the bishops is much heavier than on the synods of the Reformed churches. The Pax Christi report had barely gotten out, before De Jong, Schmeltzer and Neumann were standing on the cardinal's doorstep. I don't believe that you can expect a unanimous decision. The mutual bond is too weak for that. However, what can be hoped for is that something will happen in the dioceses. In Haarlem, for example. Or in Breda. I also hope in Groningen."

The previously mentioned document "On the Way with Pacem in Terris," which was published by Pax Christi in 1963, also had another effect. Indeed, it pleaded for a common approach by the churches to the peace problem -- on an ecumenical basis then. In the wake of the resulting discussions, in 1966 the three large churches -- Roman Catholic, Reformed and Calvinist -- established the Interdenominational Peace Council. Within a few years time, six small religious denominations joined the IKV, specifically: the Baptists, the Evangelical Lutherans, the Evangelical Community of Brethren, the old Catholics, the Remonstrants and the Quakers. The relationship between the IKV and the churches was set up in such a way that, on the one hand, it cannot be detached from the churches; the churches appoint the members of the council (or the executive), specifically: the Roman Catholic and Reformed churches each appoint five members, the Calvinist churches four, the Remonstrants and Baptists each two, and the remaining four each one; the churches share in paying for the maintenance of the administration and make channels available for the dissemination of materials. On the other hand, however, the IKV was given the room "under its own responsibility" and "without binding the member churches," to take a stand and determine a choice of position. It was partly because of this that the IKV was able to play a pioneer role, but on the other hand this is limited by the loyalty of the participating churches and the support of the local and regional rank and file. Specifically, in recent years this pioneer role

has led to reproaches for one-sidedness. Indeed, opponents of the activities of the IKV would like to see the IKV as a general council, which would bring together all possible opinions in the churches. "But," said IKV council member Laurens Hogebrink, "then the IKV could never have become a peace movement, but would have remained a talking shop with clipped wings. A definite and necessary one-sidedness is enclosed in the mandate of the IKV. As a matter of fact, it was born out of a concern for too much armament, not for too little." In addition to advice, information and consciousness raising, the IKV mandate also involves: "to recommend appropriate action to interested parties" and "to conduct discussions with the authorities and other administrative cadres in society." That is to say: play both a role within the churches and a political role.

Years ago, the above mentioned council of 22 church representatives established an office or secretariat, where currently, however, seven permanent workers, three conscientious objectors and a varying number of volunteers can barely keep up with the work any longer. The reason for this lies in the /Help the world get rid of nuclear weapons, beginning with the Netherlands/ campaign, which was unanimously agreed to in 1977 by the full council. This decision did not come out of the clear blue sky: in the 1976 IKV-VREDESKRANT, darkness and despair were characteristic, and during the following winter numerous and forceful discussions were held on how to break the feeling of powerlessness at the base. Hence, the campaign was the result of a growth process.

Since it was launched, the campaign has founded 400 local groups -- referred to as /IKV core groups/ --, which have placed themselves behind the slogan and witness to it in discussions among themselves and in public discussions, in newspaper articles, demonstrations, talks with local churches, the union movement, schools and political parties. Each of these core groups, which are located all over the country, consists of approximately 15 to 20 members, but the less organized rank and file of the IKV is much larger: the newspaper IKV-BERICHTEN has a circulation of 20,000 copies, the yearly IKV-VREDESKRANT of 400,000.

How is all of this financed? Professor Alting von Geusau, from Tilburg, recently suggested that something is not right with that IKV financing. However, it is completely public and virtually anyone can check up on it. The IKV secretariat is financed by the combined churches as well as through a yearly financial campaign with the whole mailing list. The IKV campaign is financed partially by church contributions, church collections and private contributions. The salary of IKV Secretary Mient-Jan Faber, who works half-time for the IKVOS -- Interdenominational Training Mission for Development Cooperation --, is carried proportionately by both bodies. In the latter function, Faber receives NCO [expansion unknown] subsidies, but not as IKV secretary. Thus, we will have to wait for concrete explanations from the Tilburg professor.

In the nature of things, the actual /council/ cannot maintain direct contact with all those 400 core groups. This occurs via an intermediate staff, which consists of five work groups, usually led by a council member. Thus, there is a /Core Group Advisory Work Group/. Each of the 15 regions, in which the IKV Netherlands was divided, includes 1 or more core group advisers, who maintain contacts mutually among the core groups within his or her region, between the central /council/ and those core groups, and via other advisers with core groups elsewhere in the country. The work group meets once a month. Then there is the /Political Action Work Group/, which considers responses which the IKV could give to political events,

such as for example proposals for nuclear free zones and the like. This work group provides the core groups with, among other things, political models to discuss. The /International Work Group/ maintains contacts between the council and foreign bodies and groups (World Council, /Aktion Sühnezeichen/, etcetera, etcetera), but also between the core groups and those groups. At the present time, it is promoting an endless series of speaking engagements abroad and vice versa. Then there is the /Churches Work Group/, which takes care of contacts with the nine participating church bodies, and finally the /Peace Week Work Group/, which spends half a year developing positions for the next religious peace week. During such a peace week, the IKV always issues a large quantity of material in the form of newspapers, magazines, pamphlets, and the like. Hence, this work group holds the most substantive discussions; it could be called the brain trust of the IKV. Leaders such as Ben ter Veer, Mient-Jan Faber, Laurens Hogebrink, Jan ter Laak and Harry Zeldenrust are members of it.

Now, what kind of people are members of this cadre, and specifically of the core groups? Dr M.-J. Faber: "First of all, I believe that the movement includes all ages and that not a single age group really stands out. Very few are members of a political party, but they obviously do have their preferences. They are primarily in the corner of the PvdA [Labor Party], the D'66 [Democrats '66] and the PPR [Political Party of Radicals], but fan out in both directions, hence both toward the CDA [Christian Democratic Appeal] and the PSP [Pacifist Socialist Party]. Approximately 95 percent of our members have a church affiliation, but they are distributed over all the church denominations. I suspect that the hard core is primarily Reformed, but specifically in the last 2 years we have grown substantially in the Catholic South. A goodly number of core groups originated in discussion evenings on the so-called /blue booklet/, on the basis of which the pastoral letter of the Reformed church on nuclear armament was prepared."

"The statements from the Reformed synod, from the general meeting of the Remonstrant Brotherhood, and from the synod of the Evangelical-Lutheran church, of course also represented a tremendous encouragement for the many thousands who give the campaign form and substance. The Reformed churches always made their decision somewhat more slowly, but are often also more radical in their statements than the others. In the spring of 1982, they will give their views on a report, which is being produced under the leadership of Von Meyenfeldt and in which the IKV comes up for discussion. The main problem, which also involves the core groups directly, is that the churches are experiencing a profound reconsideration of their relationship to the state and that various theological conceptions clash here. When a Reformed synod, for example, takes a critical stand against a government policy, there are those within that same church who will immediately oppose this. And this is reflected at the level of the core groups, in their contacts with the local churches. All of this is connected with a conflict over direction, and that is a growth process we will have to weather."

A man who largely agrees with all this, is Dr A.L. van Schelven (67 years old), former history professor at the Twente Technical College, and for a few years now adviser to eight IKV core groups in Overijsel and Gelderland. From his own, direct experience he noted that most of his core groups grew out of a church related environment. "They are often people who are also involved with other (church related) organizations, such as World Store , missionary and development work, Amnesty International, etcetera. Generally speaking, you could say that they are people who, based on their religious convictions, have become alarmed by the increasing

threat of war and based on this concern have committed themselves to a core group. In turn, they often represent a kind of rank and file of worried people, who do not organize themselves but participate in the thinking and provide financial help. Most of the people in our core groups vary in age from 30 to 50 years. There are few really young people, and political activists are not or rarely found there either. Some core groups are primarily Reformed, others primarily Catholic. Occupations vary from social education teachers, Carmelite fathers and nurses to mid-level executives and assistant managers of an engineering plant. Intellectuals do predominate, but we have much fewer students. Politically speaking, the emphasis is on the PvdA and the PPR, but we also harbor members of the CDA, of the AR [Anti-revolutionary Party] persuasion. We have only a few members of the PSP and I have never encountered any members of the CPN [Communist Party of the Netherlands] at all. Most of the members of IKV core groups give a very moderate and not very fanatical impression. They clearly belong to the peace movement because the Lord has tapped them on the shoulders."

Things are somewhat different, however, in Friesland where Aggie van der Meer, together with a few others, advises 30 core groups. Also speaking from her own, direct experience, she noted that the core groups there include a goodly number of border cases and not church affiliated people. "They are often people who have left the church with pain and difficulty, because they no longer felt at home there. Peace work represents a new framework for them, in which they can live their faith. This is why they are no problem with regard to other, church affiliated, members of the core groups, but sometimes they are with regard to the churches, which have a hard time accepting them. They include all ages and have occupations such as secondary school teachers, elementary school teachers, housewives, farmers, civil servants and nurses. Most of the members have a secondary education, but there are still quite a few manual laborers among them. Party politics is not discussed very much among them. Only when it was a question of being for or against Den Uyl, did some heated discussions take place. Overall, the groups make a moderate impression."

All of this should show that the inclination of the religious peace movement really is religious and as such represents a wide variety of people; Church and Peace, Pax Christi and IKV, set the tone but do not provide the whole picture of the Dutch peace movement. As a matter of fact, there is a whole range of non-church related organizations which are working for peace. In addition, for a few years now there has been a religious counter-movement which concerns itself with peace problems.

The second category includes the Interdenominational Committee for Mutual Disarmament [ICTO] as well as the Bible and Peace Problems Foundation. Neither one has, unlike the IKV and Pax Christi, any official ties with any church denomination, but they harbor primarily Christians. They are members of the Free Calvinist and the Christian Calvinist churches, as well as of the extreme right wings of the Reformed and Calvinist churches (synodical). As such they also have a large number of supporters in the Calvinist Union.

The SHALOM-KRANT, which is published yearly by the Bible and Peace Problems Foundation as a counterpart to the IKV-VREDESKRANT, is edited primarily by a small group of journalists connected with the Evangelical Broadcasting Company [EO]. Printed in a 235,000 copy edition, it is sent free of charge to reformist churches. The editorial staff does not adopt a common stand with regard to nuclear arms problems, but the paper is very homogeneous in its theological points of departure. Hence,

the paper is more oriented toward theology than practical politics and in this it translates the EO views on the bible and on biblical action.

The ICTO was established 2 years ago in Hogeveen and has developed from there into 33 local groups, with a total membership of 2,000. They do make use of the SHALOM-KRANT, but whereas the latter reflects thoughts from within their own circle, the ICTO publications give tne impression of fighting the IKV more than nuclear armament. Partly because of this, the relationship between the two groups is not flourishing. The ICTO selection committee includes preachers from the above mentioned churches as well as members of parliament of the VVD [People's Party for Freedom and Democracy] and the right wing of the CDA.

The category of non-religious peace groups includes first of all the Joint Council Stop the Neutron Bomb/Stop the Nuclear Arms Race. This council was founded in the summer of 1977, at the initiative of a few members of the CPN, specifically Nico Schouten. They wanted to break through the narrow political framework and conduct a broad peace action detached from the CPN. The latter did not succeed. Partly due to a not completely uncritical attitude toward Moscow, they managed to win a large variety of peace activists over to their activities. Among these, for example, were a large number of VU [Free University] students, who saw in these activities a practical realization of their religious convictions. The council organized a very successful signature gathering campaign against the neutron bomb in 1977-1978, for which people of various tendencies, among whom were a large number of church members, took to the street. The council has work groups in more than 100 Dutch cities, which are generally very active. Together they represent many thousands of supporters, depending on the activities they organize. The council also publishes a monthly bulletin.

Another important non-religious peace group is Women for Peace. This movement was first started in 1976 in Switzerland, by Aline Boccardo. The Dutch branch came out of a work group of the Roman Catholic broadcasting pastorate in Amersfoort, where women belonging to various peace groups thought that the Dutch peace movement functioned far too much in an abstract male manner and thus worked to raise thresholds. In July 1980, they set up a so-called core group, which has been meeting regularly since then. This core group organized several work groups, such as a /work group for international contacts, a work group with the peace movement, a government and politics group, a study group, an action work group/, etcetera. Wome for Peace holds a yearly demonstration in front of the Peace Palace in the Hague in remembrance of Hiroshima. Support for this group has recently increased so massively, that it was compelled to set up its own secretariat.

Other non-religious peace groups include: Women against Nuclear Arms, which organized a torch procession to the parliament in 1979; Peace and Security Council - Armed Forces [VVBK], a group which, in spite of strong counter-pressure from the Ministry of Defense, brings nuclear arms under discussion in the army; and the Union of Conscripts [VVDM]. Finally, there is the so-called Platform for Radical Peace Groups, in which the following cooperate: It Can Be different, the above mentioned Church and Peace, the Union of Conscientious Objectors [VD], Swords or Plowshares, the Foundation for Information on Active Non-Violence [SVAG], the Work Group for Peace - Limburg, the Quaker Peace Group and the Baptist Peace Group. This cooperative organization of smaller radical groups has several thousands of supporters and has been strongly growing recently.

If a peace movement, and specifically the IKV, were to be ideologically influenced, then this could be done in two ways: from the outside by means of cooperation or from within by means of infiltration.

To start with the first one: there is no doubt that the IKV (and Pax Christi naturally also) maintains contacts and even cooperates with birds of a completely different feather, if it believes that this would serve its own goal without, however, affecting its own identity. This occurs within a /negotiating body/, which meets once every 4 to 6 weeks. In addition to the IKV and Pax Christi, members are: the political parties CDA, PvdA, D'66, PPR, PSP and CPN; the Humanist Union, the Joint Council Stop the Neutron Bomb etcetera, the VVDM and the FNV [Netherlands Trade Unions Federation] as observers. When the IKV, because of its task, is standing with one foot in religious life and with the other foot in politics -- which is in the nature of things if it wants to be able to exercise influence there in the name of the churches -- then it is obvious that the IKV would maintain numerous and strong contacts with politicians. This sometimes occurs officially, but often also informally. Thus, for example, a whole series of conversations took place between the IKV on the one hand, and the PvdA and the CDA, the two parties with the most church members, on the other. So far, no problems. But why should the CPN also be a member of such a negotiating body? Dr M.-J. Faber: "The CPN is not a forbidden organization in the Netherlands. And we definitely do not want to return to the time when the CPN was kept out of all possible associations -- (such as broadcast time: editor). Besides, the CPN participates in all kinds of parliamentary groups in which the CDA also participates." But this is also true for the VVD, and this party is not a member of the /negotiating body/. Dr Faber: "We also asked the VVD to become a member, but they refused. And not because the CPN is in it, but because the VVD takes a completely different stand in terms of nuclear armaments."

In addition, there is the fact that parties, such as the CPN, the PvdA, the PSP and the PPR, advocate certain concrete goals which, with some regularity, are also the goals of the IKV. The same is true of a group such as the Joint Council Stop the Neutron Bomb etcetera. It is obvious then that they would demonstrate together as occurred several times in the past. Remember the demonstrations against the neutron bomb. Or those against the NATO modernization decision at the end of 1979. Also remember the upcoming large /21 November demonstration/ in Amsterdam, in which all the peace groups mentioned in this article as well as five political parties will participate. In these circumstances, such a /negotiating body/ is of significant practical importance. Laurens Hogebrink commented: "The fact that you are working hand in hand for certain goals, does not at all mean that you support each other in other aspects. Of course, in terms of common actions all participating parties have an effect on what happens. But this is in turn limited by the other parties. The CPN, for example, knows what's what when the formula is determined. But the PvdA would really not allow itself to be carried away by this. If there were to be any influencing going on, it would certainly not be possible in this manner."

How then? Through infiltration from within? This was suggested by the above mentioned report from the American /House of Representatives/. And this specifically by means of the Christians for Socialism [CvS] group, which is supposed to have a decisive influence within the IKV core groups. But who are those Christians for Socialism?

The CvS is a group of a few hundred nominal members, whose hard core of 10 to 20 individuals indeed includes several members of the CPN. It cannot be denied that outwardly this core sometimes gives a fanatical impression, a phenomenon which is not uncommon when people with a strong Calvinist orientation acknowledge certain aspects of Marxism. However, one also has the impression that the CvS has little influence outside its own circle. The one place where this influence will probably be felt in the end is in academic instruction. As a matter of fact, CvS breeds high level theological generations, honed through thorough internal discussions. But this is quite different from proficiency in terms of party politics. "For this," an insider told me, "the CvS is far too impractical."

This does not alter the fact that the CvS would like to have an influence on the IKV, either through its central bodies or through its core groups. But whether this will succeed is another matter. Anyone scrutinizing the newspaper OPSTAND or other CvS publications attached to reports for such evidence, does definitely not get that impression. There the IKV, for example, is constantly and painfully opposed to the Joint Council Stop the Neutron Bomb etcetera, which according to the CvS functions with much greater conformity to Marxist pragmatism. A few quotes from OPSTAND No 4, 1980: "The documentation and information from the IKV and the mass action Stop the Neutron Bomb -- via canvassing, personal talks, market and house visits, etcetera -- brought millions of Dutchmen to their feet and resulted in a parliamentary majority..." (As if there were not 400 active IKV core groups.) Another quote: "The well known slogan of the IKV cannot be directly achieved and is thus, politically speaking, not workable. (...) The Stop the Neutron Bomb, however, is achievable because of its limitation." Elsewhere in the same issue, the CvS accuses the IKV of excluding political analysis and cooperation with non-believers (which probably means communists). In a report dated February 1980, the CvS bitterly reproaches the IKV, because it does not want to cooperate with the Moscow oriented Christian Peace Conference and prefers cooperation with GDR churches, which are anti-socialist! And so forth, and so on. What does all of this mean? Laurens Hogebrink commented: "It is naturally obvious that the hard core of the CvS has more in common with the Joint Council Stop the Neutron Bomb than with the IKV. But the CvS has also noticed that the IKV has much more influence than the Joint Council and it tries to throw bridges in our direction. But neither the IKV staff nor the national /council/ includes anyone from the CvS."

And what about the core groups? Dr Van Schelven stated that he has never encountered anyone in his core groups of whom he even suspects that they may be a member of the CvS. "I would have noticed such an infiltration of communist ideas sooner or later, whether in our own core groups, or if anyone had ever mentioned it at the national meetings of all advisers. Actually, the accusation does not surprise me. It is not an unheard of phenomenon for criticism of the existing order or disorder to be silenced with the communist lable, just as criticism of the existing order or disorder in the Eastern bloc is disposed of with terms such as capitalism or imperialism. Look at Poland, look at the dissidents in the Soviet Union."

Aggie van der Meer does admit that there are some members of the CvS and also some members of the CPN among the members of the core groups she advises. "But they take very moderate stands with us," she said. "But then we do emphasize that as members of the IKV we follow the IKV line, nothing more and nothing less. That there is no room here for the dogmatic lines of, for example, the CPN or the CvS. Thus, with regard to those kinds of members, we expect a certain degree of self-limitation. But this has not caused a single problem up to now. It is openly

talked about and there is no question of the CvS or any other organization putting its stamp on us. Besides, their numbers are too small for that."

Finally: what does Bishop H. Ernst think about the idea of the religious peace movement being "orchestrated" by Moscow? The bishop commented: "That is absolute nonsense; I see that simply as insinuations. It is a very bad method, but it happens frequently that someone or something which one wants to fight is turned into a caricature. This is what happens when one claims that the religious peace movement is orchestrated by Moscow." But what does the bishop think, for example, about people such as NATO Secretary Mr Luns who say that the peace movement plays into the hands of Moscow? Mr Ernst responded: "You have to look at this much more carefully. For example, it was not only the peace movement but also our Council of Churches which opposed the neutron bomb. Well, it is known that Moscow is also opposed to it. Should one as a church give up one's point of view because it runs parallel to that of Moscow? If your point of view is justified and you have good arguments for it, then I don't believe so. In the final analysis, you didn't take your stand under the influence of Moscow, but because you have good reasons for it. But then you shouldn't give it up because Moscow thinks the same thing."

And yet, Christians are often criticized because in concrete cases their striving runs parallel to that of the Marxists.

Monsignor Ernst noted: "That is stereotype thinking, whereby the subject is taken out of its actual context. During the last world war, Christians and communists fought together in the resistance. Now you turn this into a stereotype when you say: this plays in the hands of the communists. The same applies to Christians and Marxists who are fighting for a certain program in Latin America. Or when Christians and communists demonstrate together against the neutron bomb. Then you are demonstrating for something you both agree on, while you disagree on other things. But they should not be confused with each other."

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STRAY'S ARTICLES IN FOREIGN POLICY JOURNAL REVEAL VIEWS

Oslo ARBEIDERBLADET in Norwegian 6 Oct 81 p 6

[Article by Thor Viksveen: "Strongly Conservative Foreign Policy Politician"]

> [Text] The choice ov Svenn Stray as foreign minister in the Willoch government was the decision that caused the most wonder in political circles. Both his administrative ability and his knowledge and attitudes on foreign affairs have been questioned. Any minister and government must be judged by their actions and there is therefore no reason to let the axe fall even before Stray has taken his place in the foreign ministry. We shall therefore at first merely advance some impressions of the foreign policy expert Svenn Stray as he has himself formulated his viewpoints in recent years.

ARBEIDERBLADET has reviewed foreign policy debates in the Storting in the last few years. In recent years the Storting representatives have discussed the most central international conservative and traditional foreign policies that show little preference for initiatives of any kind and see as their main task that of giving Norway a low profile in the international arena and always within a strict NATO framework.

Detente

The most burning question at the present time is disarmament and arms control. During the foreign policy debate of 7 February last year Stray commented on the policy of detente. Referring to the fact that the Soviet Union enjoys great superiority in conventional forces, he said:

"The best service one can render for security and peace in Europe is therefore to undertake steps to correct this imbalance in conventional forces. Thus far, the will to do this has been slight. If one were to express a hope it would first and foremost be that this attitude is now changing." At the same time Stray advocated an increase in "the size and firepower" of our own defense forces.

In the debate Stray did not show any special confidence in the policy of detente.

"The policy of detente has brought the Soviet Union great advantages. At the very least, the existing borders in eastern Europe were given de facto recognition. The West has silently watched the Soviet Union build up its relative strength," he said.

In the same debate Stray threatened the Soviet Union with punitive economic measures and lessened relaxation of tensions unless that country inproved conditions for its dissidents. Internationally, opinions are very divided on linking these problems together. It is regarded as a very conservative attitude. Stray said:

"If the Soviet Union desires to change its course (in its attitude toward human rights) the simplest and clearest way of signifying this is changing its attitude toward its own dissidents. The concrete measures the Western world would undertake to show its disapproval and demonstrate that aggression does not pay would naturally be to see to it that the advantages granted the Soviet Union on the economic and technological levels and would not continue to benefit that country. What our country does in this matter plays no very great role perhaps, but it is important that we go along to demonstrate a common front."

In a foreign policy debate later in the year (5 December, 1980) Stray called a spade a spade, saying: "The nature of the military preparations the Soviet Union has undertaken in recent years indicate that the goal is that of becoming the world's dominant power."

Against this advancing threat Stray thought there was a prescription to be followed:

"Unfortunately, unity among our allies on both sides of the Atlantic has not been pronounced in recent years. Norway should always see as its foremost foreign policy task to seek to promote such unity, both because it is a prerequisite to realistic negotiations on a broad international level and because it is so important to our own security," said Stray.

The Middle East

In Svenn Stray Israel will gain a close ally in the West. In several foreign policy debates he has announced strong support of Israel and severely attacked the PLO.

"It cannot be denied that the PLO is a terrorist organization that employs terrorist methods" (Storting, 1 February, 1977.) "I would say that if the PLO has the welfare of the Palestinian Arabs in mind, not primarily Isra----[typographical errors, line of type missing] a lasting, peaceful solution in the Middle East)....Since the PLO does not do this one must unfortunately say that it strengthens the suspicion that other goals than peace with an Israel with the right to exist within secure borders are strived for by the PLO. Any appeal to our country to be a spokesman for the PLO being recognized, fully or in part, as a negotiating partner in a peace conference I can...[more lines of type missing in source]...is present [sic] (Storting, 5 December, 1980.)

Africa

In connection with the end of Smith's white regime in Rhodesia, Stray expressed viewpoints on developments in Africa and on the efforts for national liberation by the guerilla movements.

But if Norway is the choose sides (in the question of which liberation movement was to be supported in its struggle against the Smith regime) it must at all events be to support those among the blacks who as long as possible seek a solution by peaceful means.

This was said on 27 November 1978. This "extremist Marxist movement" subsequently took over the government of Zimbabwe, and Prime Minister Mugabe paid an official visit to Norway as recently as last week.

The movements Stray was so eager to support proved willing to enter the famous zebra government in the transition period. The black representatives were never anything but hostages to a continuation of the Smith regime's last convulsions.

But the liberation struggles in southern Africa continue. Stray has staked out the course: "Therefore the support Norway is to give in southern Africa--be it economic, political, or moral--must be support of the moderate forces among the oppressed, those who really work for freedom and equality for all who live in that part of the world." (Foreign policy debate, 28 November, 1977.)

This is only a small selection of statements made in recent years. The impression one gains from Stray's attitude on international questions is that we are faced with a verbose, conservative, traditional foreign policy politician, little given to reflection. Coming months will show if we are wrong.

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PCE EXPLOITS DIVISIONS ON NATO ENTRY

Country Divided

Madrid EL PAIS in Spanish 20 Oct 81 pp 1, 13, 14

[Text] According to the results of an opinion poll conducted by Sofemasa exclusively for EL PAIS, more than half of Spaniards, 52 percent, are of the opinion that Spain should not join NATO. The poll results disclose that, in principle, only 18.1 percent of those queried claim to favor entry into the Atlantic alliance, while 20.6 percent decline to express a view on this option, and 9.3 percent make their decision contingent on the possible terms for membership in the Western defense system.

Moreover, the poll reveals that 69 percent of Spaniards think that whether or not the country joins NATO should be decided by a referendum wherein popular participation of 73.4 percent is anticipated. Of the potential voters in this national consultation, 44 percent have decided to vote against entry into NATO, whereas 13.9 percent are willing to vote in favor of the Atlantic option. The definite abstention in this convocation is 8.7 percent, and the number of those undecided or currently unwilling to express an opinion is 25.9 percent. Only 2.4 percent claim that they would vote as they are told.

The issue of Spain's entry into NATO is cited as a priority concern by only 3 percent of those polled, who consider unemployment as the most urgent problem to be solved (54 percent), followed next by terrorism (10 percent).

The poll also deals with the possible reaction of the Spanish electorate to a call for general elections. The results accrued from the poll disclose that 40 percent do not know how they would vote, would vote as they are told or would merely abstain.

Although the poll had not been planned as a preelectoral survey, two of the variables used (ideological status of those interviewed and party for which they intend to vote) make it possible to note a considerable decline in expectations for the Centrist vote, and a moderate increase in support for PSOE [Spanish Socialist Workers Party]. One also infers a certain amount of loss in Communist votes, a slight gain for Popular Alliance [AP] and a minor setback for the nationalists.

The fundamental argument of those favoring Spain's entry into NATO is that it would improve Spain's military defense, prevent our country's isolation and benefit the Spanish political situation. Those who express opposition to the membership put

forth primarily economic reasons, noting that the price of the operation is very high, as well as expressing fear of the implication in a possible war.

Coinciding with the debate on Spain's entry into the Atlantic alliance, and in view of the undeniable significance which this decision holds for the Spanish people, EL PAIS assigned the Sofemasa company to take an opinion poll on this issue. The results thereof are described in detail on this and the three subsequent pages, following the advance results already given last Sundary.

The question of Spain's entry into NATO is by no means one of the priority concerns of the Spanish people, nor is it one of the problems that must be resolved most promptly, according to the evidence from the responses given to two concrete questions. For, once the integration process was brought up, most of those polled feel a need to be consulted, and in some cases demand further information.

At this point, some Spaniards seem to know what the North Atlantic Treaty Organization is. Some confuse it with other international agencies, such as the United Nations or the European Economic Community; while 39 percent describe it as a military pact for the defense of the West, and another 29 percent give less accurate or correct answers, although they seem to have some idea of what it involves. But there is a third who known nothing at all about what NATO is, and who give no response whatsoever to this question. A large portion of those polled express opposition to Spain's belonging to NATO, and another considerable percentage would vote against it in a referendum.

Concurrently with the information relating to NATO, this poll also affords an idea of the status of national political opinion, and its reaction toward potential elections. The most prominent aspect is that most Spaniards have no clearcut ideas on the subject, and the percentage of those who completely refuse to express an opinion on this matter is close to a fourth.

The poll was taken with a sample of 3,009 persons, sufficiently representative of national opinion, during the period from 2 to 9 October.

Technical Record of the Poll: Ad hoc study, with a questionnaire especially designed for this poll. Sampling system: random; with proportional stratification by regions and size of habitat. Size of the sample: 3,000 interviews for a maximum error of approximately 1.8 percent on the national level (at 95 percent probability). Interviews held: 3,009 (valid after supervision and control of 25 percent of the field work). Universe: men and women over 16 years of age, residing in any location on the national territory (peninsular and insular). Selection of those interviewed: Totally random, through a random extraction of: sampling points (230 towns); routes (starting points within the towns); dwellings (entrances, floors and households); and individuals to be interviewed. Field work team: 70 interviewers, 10 coders and five control chiefs. Date of activity: 2-9 October 1981. Technical administration of the study: Sofemasa's Opinion Studies Division. Statistical processing: through the use of the SAS simple cross tabulation at Information Computation and Processing Center (CTI), Madrid.

The vast majority of Spaniards, 69 percent, consider a referendum necessary to decide on whether or not Spain should join the North Atlantic Treaty Organization (NATO), according to the results of an opinion poll conducted for the newspaper EL PAIS. The same poll shows that 73.4 percent of the Spanish people would participate in the national consultation, and that 44 percent of the voters would cast their vote against membership in NATO. On the other hand, only 9.9 percent of the citizens consider it up to the government to decide on the Atlantic option. The poll also indicates that, in a referendum, the percentage of those voting in favor of NATO would be 13.9.

Only 3 percent of the Spanish people regard the question of whether or not to join NATO as a priority issue in Spanish politics, as disclosed by the poll, which shows that, in principle, 52 percent of the citizens oppose entry into the Atlantic alliance, while 18.1 percent are in favor of the possible adherence. Also along general lines, the poll indicates that 45.2 percent of those interviewed think that participation in the Atlantic Pact would have negative effects for Spain, while 14.8 percent believe that the membership would be positive.

Other conclusions from the survey reveal that 67.7 percent of Spaniards think that they know what NATO is, and 26.4 percent are unknowledgeable on the scope and significance of this organization. One also infers from the poll that 83.8 percent know that Spain does not currently belong to NATO, while 1.2 percent think that Spain already belongs to the Atlantic alliance.

The poll also points out that 29 percent of those who voted for UCD [Democratic Center Union] in 1979 are opposed to Spain's joining NATO. In addition, it shows that 52.3 percent of these Centrist voters want a referendum in which a total of 71.8 percent of the UCD electorate declare themselves willing to participate. In the popular consultation, 27.1 percent of those who backed the Centrist candidates in the 1979 elections would vote against NATO.

On the other hand, those who voted for PSOE in 1979 follow the guidelines of their party: 74 percent declare themselves opposed to joining NATO, 82.2 percent call for a referendum, 84.1 percent declare themselves in favor of participating in the voting of the popular consultation, and 71.7 percent would vote against NATO in it, while 7.4 percent would vote in favor of it.

Six Key Questions

The poll conducted on NATO is based on a total of 3,009 interviews, representative of the Spanish population. In them, a total of six key questions were asked, in the order given, as follows: Do you know what NATO is? Does Spain belong to NATO now? Do you think that Spain should join NATO? How do you think entry into NATO should be decided? Do you think that entry into NATO would be positive or negative? How would you vote in a referendum on NATO?

All these priority questions are supported by other questions explaining the previous ones with regard to the reasons for the different options. For example, the supplementary questions relate to such points as: Why should Spain enter NATO or not? or, on what should entry into the Atlantic alliance depend? or, finally, what aspects of the possible entry into NATO do you consider positive or negative?

The results of the poll reveal as the most categorical concrete data that 69 percent of Spaniards want a referendum held on whether or not Spain should enter NATO; as opposed to 9.9 percent who consider this a prerogative of the government, or 6.2 percent who think that the decision on this matter is incumbent on Parliament exclusively. Other very low figures indicate that 1.6 percent think that the king should decide on this matter, and 0.8 percent think that the Army might bear responsibility for the option.

The average in favor of the referendum (69 percent) is repeated equally throughout the entire national territory, with the exception of the Canary Islands, where only 50 percent call for a referendum. The archipelago is one of the areas most in favor of the government's proposition, although also in a very small minority. The men are more in favor of the referendum (73 percent) than are the women (64.8 percent).

According to ages, the youngest individuals would be most in favor of the referendum.

A total of 58.9 percent of those polled with elementary schooling favor the referendum, while over 74 percent of those with elementary, intermediate, secondary or higher education are in favor of the consultation. According to ideological position, the poll stresses that, of the leftists queried, 85.5 percent want the consultation, as do 53.5 percent of those in the center, and 42.2 percent of those in the right of the political spectrum.

Intention to Vote in a Referendum

The second important item of information learned from the poll, in view of the large majority in favor of a referendum, is the general intention of voting in a possible national consultation. The poll shows that 73.4 percent of the Spanish people are willing to participate in a national consultation on NATO; which is a high percentage in comparison with other popular consultations already held in Spain since democracy went into effect. The definite abstention in this consultation amounts to 8.7 percent, while 12.2 percent have not yet decided on their possible participation. Only 1.8 percent refused to tell what they would do in the event of a referendum.

In connection with the intention of the vote, it must be noted that 44 percent of those voting would cast their vote against entry into NATO; which, once the abstentions are eliminated, would mean a real figure of 48.3 percent of the vote opposing membership in the North Atlantic Treaty. On the other hand, the number of voters in favor of NATO amounts to 13.9 percent which, with the abstentions also eliminated, means 15.3 percent of the real votes. The percentage of undecided persons in this vote would be 25.9 percent (28.4 percent without the abstentions); while 5.1 percent did not reply, preferring to withhold their opinion.

The geographical distribution of those voting for and against NATO, with the abstentions eliminated, reveals greater opposition in Madrid-downtown zone, with 60.5 percent of the votes opposed, followed by Levante-Murcia, with 54.5 percent; the Basque Country-Navarra, with 53.9 percent; and Catalonia, with 50.9 percent. The other regions stand between 40 and 50 percent, except for the Canaries, Baleares and Aragon, which show a negative vote of 34.6, 38.5 and 39.8 percent, respectively.

Relatively prominent in favor of NATO are Extremadura (25.3 percent), South Castilla-La Mancha (21.5 percent), Aragon (21.3 percent) and the Canaries (18.5 percent).

The highest degree of abstention would occur in the Canaries, with 19 percent.

According to sex, age and social status of voters against NATO, the survey offers the following results: Of the men interviewed, 54.3 percent would vote against (always with the percentage of abstention eliminated), and 41.8 percent of the women would vote against. The highest percentage against NATO according to age relates to those between 21 and 34 years old, with 57.1 percent. Finally, it is the middle class that is most opposed to NATO, with 53.4 percent, and the lower class is the one with the highest percentage of undecided (31.7 percent).

Favoring NATO are 18.3 percent of the men and 12.2 percent of the women. The social class most in favor in the percentages of the poll is the upper class, with 35 percent.

Finally, in this category, the poll notes that those who would vote most in the referendum are the citizens with a diploma and higher education, with 82.1 and 83.2 percent, respectively. It also indicates that the ideological position of the votes against NATO would be mainly on the left, with this sector showing a figure of 76.7 percent. The largest number of voters favoring NATO are in the area of the right wing option, with 51.7 percent.

Favoring or Against NATO

Apart from the general intentions to vote in the context of a referendum, the poll makes an overall assessment of those favoring or against Spain's entering NATO, which offers the following results in response to the question: Should Spain join NATO?

A total of 18.1 percent of Spaniards express approval of joining the Atlantic alliance. This average percentage records its highest figures in Extremadura, with 28.8 percent; South Castilla-La Mancha, with 27.1 percent; and the Canaries, with 25 percent. The number of men in favor is 19.8 percent, and that of women is 16.2 percent; and those between the ages of 16 and 21 years are the ones most in favor in these percentages, ranging from 21.9 to 25.3 percent. The upper social class, with 36.6 percent, shows the highest level within the sector that is of the opinion that Spain should enter NATO; a sector having the most significant support among the citizens with elementary schooling, numbering 21.2 percent. The ideological position of those most in favor of NATO is concentrated on the right, with 52 percent, followed by the center option, with 35.4 percent.

A total of 52 percent of Spaniards express opposition to joining NATO, with the downtown-Madrid area the most opposed, with 63.4 percent; followed by the Basque Country-Navarra, with 58.6 percent; Extremadura, with 56.6 percent; Levante-Murcia, with 55.5 percent; and Catalonia, with 54.3 percent. The percentage of men opposed amounts to 57.2 percent, and that of women, 46.3 percent; and the ages most opposed fluctuate between 18 and 34 years, with nearly 60 percent. The largest number opposed to NATO belong to the middle class, with 55.8 percent. The highest level opposed occurs among those polled who have intermediate or higher education, with 61.9 percent; followed by those with a diploma. Based on the ideological option of those queried, 78.3 percent of those from the left are opposed; 27.4 percent of those from the center are opposed; and 19.5 percent of those from the right are opposed. Those who describe themselves as apolitical, totaling 47.8 percent, express opposition.

On this point regarding whether or not there should be entry into NATO, 20.6 percent of Spaniards do not answer or refuse to take a stand and 9.3 percent state that their option would depend on internal Spanish and international conditions, as well as on the possible economic and military effects of such membership. This 9.3 percent group is maintaining its doubts, awaiting possible responses to these questions.

In any event, and always from a general perspective, 14.8 percent of Spaniards think that Spain's entry into NATO would have positive effects, while 45.2 percent claim that it would be an option negative to Spanish interests. In response to the question about the possible effects of entering NATO or not, 27.7 percent refuse to make a statement, while 12.3 percent say that it would depend on the terms for such an entry.

In reply to the questions: Do you know what NATO is? and does Spain belong to NATO? the poll results show that 67.7 percent of the Spanish people know what NATO is, and 83.8 percent confirm the fact that Spain does not belong to the Atlantic alliance. On the other hand, 26.4 percent say that they are unfamiliar with NATO, and 1.2 percent believe that Spain already belongs to the Atlantic alliance.

The Political Parties and NATO

Finally, the poll obtains the opinions of the citizens in this NATO debate on the basis of their status as voters in 1979 for one political party or another. In brief, and with respect to the two most representative political parties, UCD and PSOE, the poll gives the following results:

In response to the question as to whether or not Spain should join NATO, those who voted for UCD in 1979 state that they favor the Atlantic alliance in a proportion of 31.3 percent, with 29 percent opposed to the entry; while 15 percent of the Centrist followers make their position contingent on the possible details of the adherence, and 24.4 percent refuse to make a statement.

Still in reference to those voting for UCD in 1979, the poll shows that 52.3 percent of them want a referendum, in which 71.8 percent of the Centrist voters would participate; with 27.8 percent declaring themselves in favor of NATO in the consultation, and 27 percent opposed to Spain's joining the Atlantic alliance. A total of 37.4 percent say that they do not know how they would vote, and 4.2 percent give no answer regarding their position in the referendum.

Those who voted for PSOE in 1979, for their part, making the following statements: In principle, 74 percent of the Socialist voters think that Spain should not join NATO, and 7.5 percent say that it should. Also, 7.5 percent place conditions on their position toward the entry, and 11 percent do not answer.

A total of 82.2 percent of the Socialist voters favor a referendum, in which 84.1 percent state that they are willing to participate; 71.7 percent would vote against NATO, and 7.4 percent would vote in favor of it.

	Total %	Sex: Men %	Sex: Women %	Age: 16-17 yrs %	Age: 18-20 yrs %	Age: 21-34 yrs %	Age: 35-44 yrs %	Age: 45-54 yrs %	Age: 55+ yrs %	Political Position: Left %	Political Position: Center %	Political Position: Right %	Political Position: Apolitical %	Vote in 1979 Election: NS-NC* %	Vote in 1979 Election: UCD Voter %	Vote in 1979 Election: PSOE Voter %
Would vote Yes	15.3	18.3	12.2	24.6	18.0	12.9	13.9	15.1	17.0	7.2	30.3	51.7	11.6	11.1	27.8	7.4
Would vote No	48.3	54.3	41.8	51.5	53.4	57.1	41.3	45.1	36.3	76.7	23.9	15.3	41.1	36.5	27.0	71.7
Would vote blank/ what they wanted	2.8	2.1	3.5	-	2.4	2.3	3.5	3.4	4.0	1.5	3.0	1.4	4.0	4.0	3.6	2.5
Does not know how he/she would vote	28.4	20.7	36.8	20.2	23.5	24.2	35.1	30.2	34.6	13.2	37.0	30.6	36.7	37.5	37.4	17.0
No answer	5.2	4.6	5.7	3.7	2.7	3.5	6.2	6.2	8.1	1.4	5.8	1.0	6.6	10.9	4.2	1.4
Total:	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Does not know-no answer

Do you think that Spain should join NATO?

	Total %	Andal. %	Arag. %	Astur. %	Balear. %	Canar. %	C. Nor Leon %	C. Sur Mancha %	Catal. %	Cent. Madrid %	Estremad. %	Galic. %	Lev. Murcia %	Basque C. Nav. %
Yes, it should	18.1	15.2	22.2	21.5	20.3	25.0	17.2	27.1	18.8	15.3	28.8	21.9	14.7	13.4
No, it shouldn't	52.0	50.4	45.2	45.4	44.4	35.0	44.3	50.3	54.2	63.4	56.6	44.2	55.5	58.6
It depends	9.3	9.4	12.8	5.6	12.9	8.0	9.8	11.6	13.5	5.8	1.1	8.2	8.9	7.6
Does not know/ no answer	20.6	25.0	19.8	27.5	22.4	32.0	28.7	11.0	13.5	15.5	13.5	25.7	20.9	20.4
Total:	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Do you think that Spain should join NATO?

		Sex		Age						Social Class			Schooling			
	Total %	Men %	Women %	16-17 yrs %	18-20 yrs %	21-34 yrs %	35-44 yrs %	45-54 yrs %	55+ yrs %	Upper %	Mid. %	Low. %	El. %	Pri. %	Dip. %	Inter. High. %
Yes, it should	18.1	19.8	16.2	25.3	21.9	15.3	19.1	19.4	17.3	36.6	18.7	15.1	13.8	21.2	20.6	20.9
No, it shouldn't	52.0	57.2	46.3	57.3	60.1	59.8	45.6	48.4	39.5	44.1	55.8	50.9	46.3	52.8	56.9	61.9
It depends	9.3	9.8	8.7	6.6	7.0	9.4	10.4	8.5	10.8	7.5	11.4	8.4	8.4	9.5	10.3	9.7
Does not know/ no answer	20.6	13.2	28.8	10.8	11.0	15.5	24.9	23.7	32.4	11.8	14.1	25.6	31.5	16.5	12.2	7.5
Total:	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Political Position

	Left %	Center %	Right %	Apolitical %	No answer %
Yes, it should	8.7	35.4	52.0	14.9	14.7
No, it shouldn't	78.3	27.4	19.5	47.8	41.1
It depends	5.9	14.2	11.5	11.6	7.6
Does not know/ no answer	7.1	23.0	17.0	25.7	36.6
Total:	100%	100%	100%	100%	100%

How do you think Spain's entry into NATO should be decided?

	Total %	Andal. %	Arag. %	Astur. %	Balear. %	Canar. %	C. Nor Leon %	C. Sur Mancha %	Catal. %	Cent. Madrid %	Estremad. %	Galic. %	Lev. Murcia	Basque C. Nav.
Referendum	69.0	66.2	71.7	67.0	68.5	50.0	68.1	73.6	71.8	70.9	70.0	71.6	68.3	71.6
Government	9.9	7.7	11.9	13.6	14.8	10.0	15.3	12.4	10.2	11.1	12.2	5.9	5.7	10.0
Parliament	6.2	5.0	5.1	3.4	7.4	5.0	2.9	5.4	7.1	8.1	6.6	8.6	8.4	4.3
King	1.6	0.9	2.5	4.5	-	2.0	4.3	0.7	1.4	0.5	2.2	3.1	1.0	0.4
Army	0.8	1.3	1.7	-	-	-	1.0	0.7	0.2	1.1	3.3	1.8	-	0.4
Other replies	3.4	1.5	3.4	3.4	3.7	7.0	1.4	0.7	4.3	3.6	1.1	2.7	5.7	6.7
Does not know/ no answer	9.1	17.4	3.7	8.1	5.6	26.0	7.0	6.5	5.0	4.7	4.6	6.3	10.9	6.6
Total:	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

How do you think Spain's entry into NATO should be decided?

		Sex		Age						Social Class				Schooling		
	Total %	Men %	Women %	16-17 yrs %	18-20 yrs%	21-34 yrs %	35-44 yrs %	45-54 yrs %	55+ yrs %	Upper %	Mid. %	Low. %	El. %	Pri. %	Dip. %	Inter. High. %
Referendum	69.0	73.0	64.8	81.3	82.7	77.5	63.9	60.6	53.5	63.3	74.7	65.5	58.9	74.1	78.3	75.9
Government	9.9	9.2	10.6	4.6	5.5	6.1	11.8	12.4	17.0	11.0	8.4	10.7	13.1	9.6	6.8	5.4
Parliament	6.2	6.9	5.4	4.6	3.7	5.4	7.1	7.2	8.0	18.0	7.0	4.5	4.0	5.3	8.8	11.4
King	1.6	0.8	2.4	0.6	1.8	1.0	2.0	2.1	2.2	-	0.8	2.4	2.5	1.1	1.2	0.2
Army	0.8	1.3	0.4	0.6	0.6	0.7	0.4	1.5	1.0	0.5	0.8	0.8	1.1	0.7	0.7	0.2
Other replies	3.4	3.3	3.5	1.3	1.5	3.5	5.3	3.0	3.9	4.0	3.9	3.3	2.9	3.6	2.2	5.2
Does not know/ no answer	9.1	5.5	12.9	7.0	4.2	5.8	9.5	13.2	14.4	3.2	4.4	12.8	17.5	5.6	2.0	1.7
Total:	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Political Position

	Left %	Center %	Right %	Apolitical %	No Answer %
Referendum	85.5	53.5	42.2	68.9	61.4
Government	2.8	18.1	24.8	10.8	9.5
Parliament	3.5	15.1	14.2	4.5	4.6
King	0.6	2.1	3.1	1.5	2.7
Army	0.4	0.2	3.1	1.0	0.8
Other replies	2.9	2.1	3.1	4.0	4.4
Does not know/ no answer	4.3	8.9	9.5	9.3	16.6
Total:	100%	100%	100%	100%	100%

Economic Considerations

Madrid EL PAIS in Spanish 20 Oct 81 p 16

[Article: "Spaniards Explain Their Reasons for Entering NATO Or Not"]

[Text] The individuals who think that Spain should belong to NATO support this position with reasons of an economic nature: 5 percent think that it would improve the Spanish economy and that jobs would be created. According to some of the replies obtained, we would have an economy of a developed country, our country would receive more economic aid and industrial development would be spurred.

Another sector (33 percent) of those in favor of NATO think that it would improve the military defense of Spain, and that we would have more military assistance. Some think: "We must defend ourselves from the enemies, from communism, from the nations of the East, from Russia;" and "it will be a paratrooper who will hold back the Russian tanks" and it would serve "to improve and Europeanize the military" are other reasons given.

There are also replies to the effect that "democracy would be consolidated" and "it would facilitate access to the European Economic Community." "If we do not join NATO we would be left alone," is another point made in the responses involving a set of ideas on Spain's lone status or the risk of isolation. It is also claimed that "neutrality is impossible."

The arguments opposing Spain's entry into the Atlantic alliance are far more numerous, as was to be expected, because the percentage opposed to that possibility is very high. The main reason is an economic one: 22 percent of those who claim that Spain should not join think that "it will prove very expensive," that "this money should be used for more necessary things," and that "the costs of maintenance for the bases are enormous." "It is a useless, unnecessary expense" is a remark repeated constantly, and opinions were also obtained to the effect that "it would not help to create more jobs."

The second set of reasons relates to the risk of a world war, which is mentioned in one way or another by 21 percent of those opposed to the entry. "Out of fear of war, we would end up in a war," "we would be doomed to enter a war and to make war," or "let them kill themselves" are some of the responses. Proverbs were resorted to by many of those polled; in this concrete instances, some used the one that says "the oven is not ready for buns" [this is not the proper time].

The maintenance of balance between the military blocs is the third major reason (12 percent): "Neither in favor of Russia or the United States," or "we would be confronted with the other bloc" are some of the remarks summarizing that opinion. It is also claimed that "Spain has been neutral in two world wars, and should remain the same."

PCE Arguments Against

Madrid MUNDO OBRERO in Spanish 9-15 Oct 81 p 4

[Editorial: "NATO, the Government Against the People"]

[Text] Never before, until now, has there been evidence in the Cortes Palace of such a disregard on the part of the government for the very principles of its legitimacy. A constitutional government, which should have as its starting point recognition of the people's sovereignty, it is making a mockery of the Constitution, is not heeding the people's wishes and is crushing any political opinion that differs with its declared interests.-

The government is making a mockery of the Constitution by not regarding Spain's entry into NATO as one of the issues of "particular significance" stipulated in Article 92, and by rejecting the possibility, which in this case is an obvious necessity, of calling for a consultative referendum whereby the citizens could express their views concerning the termination of traditional Spanish neutrality and our nation's alignment with one of the two major blocs. It is, thereby, also mocking a considerable portion of its own electorate which, when a majority minority cast its votes for UCD [Democratic Center Union], did not do so for the Atlantic alliance, or for either of the two major military alliances.

The party's leaders in the government have proven that they lack any type of political memory and, by precluding the possibility of a referendum, they are denigrating the kind of electoral consultation (they go so far as to call it "assembly democracy") which has been legitimized by the Constitution itself, and which is used regularly by all the democracies when faced with major political options.

There is a mockery of the Cortes itself, on this occasion, when every parliamentary precedent in our Congress has been broken. Despite the importance of the issue, they reject any extension, including those technically essential in order to make it possible to complete a report which the government itself has submitted in an incomplete, hasty form.

They do not hesitate to misrepresent the truth, or to blackmail the public. Whereas, a few months ago, the UCD leaders themselves were talking about not joining NATO until the entry into EEC had been resolved and sovereignty over Gibraltar retrieved, now the Centrist leaders are disregarding or overlooking the need to join the Community institutions and are becoming the first Spanish Government in over 2 and a half centuries willing to negotiate the issue of sovereignty over Gibraltar. To make all this acceptable to the public, they are, on the one hand, brazenly passing off what is merely a military pact as the panacea for our political ills ("it would reduce the risk of entanglement") and our economic ills ("it would end our isolation in the West"), and as a remedy that would protect us from terrorism and cure us of all social ills.

On the other hand, they reject as impossible any solution other than their obsessive proposal to join NATO: Neutralism would be impossible, although Spain has been neutral in two world wars, and a growing number of countries are now neutral and nonaligned. In their opinion, the defense of Spain would be impossible without our membership in a bloc when that very integration does not protect this national sovereignty, but rather causes us to be used on the basis of the interests of one of the two great powers.

They are thereby disregarding, not only the Constitution, the people's wishes and the Cortes, but also the Armed Forces themselves, which they consider incapable of defending our sovereignty, in conjunction with our people.

And for this purpose they do not hesitate to use all the elements of the current situation in Spain, including the attack on the destroyer "Marques de la Ensenada" recalled by Minister Oliart in a debate on NATO, as if the terrorism were aimed against this entry. They forget that NATO has by no means caused a reduction in the series of attacks in member countries, such as Turkey; they are being deceitful if they attempt to seek solutions beyond our borders for problems that must be solved from within, by everyone. Even the image of the monarchy is being subjected to manipulation in the operation, making the royal visit to the United States coincide with the discussion in the congressional plenary session.

As we are writing this, the discussion in the Foreign Affairs Commission has not yet ended. Whatever its results may be, or those of the plenary session, the government must realize, from the outset, that the people's desire is to remain dissociated from war efforts and to strive for peace. To act against the people's desire will weaken not only the government, but the entire democracy.

Carrillo Against Entry

Madrid MUNDO OBRERO in Spanish 2-8 Oct 81 pp 10-15

[Article: "The Peoples of Spain Do Not Want to Join NATO"]

[Text] In a packed stadium, with over 70,000 in attendance, and heard over the loud speaker system by the thousands attending the celebration, the secretary general of the PCE [Spanish Communist Party], Santiago Carrillo, delivered the address last Sunday to conclude the political aspects of the PCE 81 celebration. The political leader from Madrid, Adolfo Pinedo, made the introduction, with a tribute to Simon Sanchez Montero, who had performed this mission on the previous occasions of the celebration. Adolfo Pinedo also described the celebration as an expression of the solidarity of the people of Madrid, and the peoples of Spain, with the various peoples who are fighting directly for their liberation and for progress. Santiago Carrillo was often interrupted during the course of his address by the applause of the audience, especially when emphasizing the people's rejection of Spain's entry into NATO, and in his criticism of the action of the minister of foreign affairs in particular, and of the government in general, as well as when he reaffirmed the party's desire to engage in politics, disregarding those who, for one reason or another, have lost patience.

"I want to open my remarks this afternoon by joining the salute that Pinedo has just given to the delegations from the Communist Parties, and the liberation and solidarity movements, which are sharing this celebration with us in an affirmation of the brotherhood which unites all of us struggling for liberty, democracy, socialism and liberation for the peoples of this earth, regardless of any differences that may exist.

"And I also want to salute, of course, those thousands of comrades who have arranged this celebration, working night and day, without wanting anything, without wanting to engage in a political career.

"In fact, those comrades are the true strength of the PCE, and we leaders and personages can pass, we can leave or enter, and nothing happens; but if we lost that strength then the Communist Party would be really debilitated.

NATO: The Government's Lack of Dignity

"This year's party celebration is primarily a demonstration to state that the people of Madrid and the peoples of Spain do not want to join NATO.

"And in discussing this topic, I must begin by condemning the spectacle of disgrace and lack of dignity shown by the Calvo-Sotelo government in the manner in which it is dealing with the issue, and also in its essence. And I must charge that UCD has broken its commitments. With Suarez as its spokesman, UCD said that the government would propose entry into NATO when there was a broad national consensus, and that consensus has not occurred. There is no consensus for joining NATO. On another occasion, Marcelino Oreja said that they would propose entering NATO when Gibraltar was returned to us and when we saw the doors of the Common Market opened to us.

"And they have not returned Gibraltar to us, nor do they intend to return it to us. And this minister of disgrace that we have in foreign affairs has met with Lord Carrington, the British foreign affairs minister, and has not even dared to speak to him about Gibraltar. In addition to which Mr Haig, the secretary of state for foreign relations, has not deigned to receive this man who represents Spain and whose name is Perez Llorca.

"But the most serious matter is that now, breaking all his previous commitments, this Perez Llorca is telling us quite the opposite: that when we are in NATO they will give us Gibraltar, and they will open the door of the Common Market to us. And Perez Llorca knows that he is lying. He knows that this is not true. In any case, he knows that what may happen is that Gibraltar will become another NATO base on our territory.

"And the gentlemen from UCD not only renege on their promises. Today, I read Sahagun's speeches in Galicia, opening the election campaign: Do you believe that he told the Galicians to vote for UCD so as to enter NATO? He didn't say a word about NATO! And during the election campaign in Galicia they will promise a great many things which they will not comply with later; but they will try not to talk about NATO, because they know that the Galicians do not want NATO.

"But it must also be stated here that the Basque Nationalist Party [PNV] did not mention NATO either when it sought the votes of the Basques. And now its representatives in the Madrid Parliament are bartering with the UCD government and voting for NATO, expecting some unknown benefits that the UCD government might give to PNV.

"And the same thing holds true for CiU of Catalonia. And it must be said that those parties misuse the vote of the citizens who gave it to them, but not so as to enter NATO. It was given to them to protect their interests; it was given to them in the belief that they would do so. And now, we must actually help them to understand that it is not those parties which are really protecting their interests; that there are other parties. Those parties are on the left and ranking first among them is the Communist Party of Spain.

The Constitutionality of a Referendum

"But UCD has also made an improper interpretation of the Constituion when it refuses to convoke a consultative referendum in order to learn what the Spanish people think

about that issue; it is misusing it because, in Article 91, the Constitution states that consultative referendums may be convoked for issues of great political significance.

"And I wonder what issue could be more politically significant than learning whether there will be nuclear weapons here controlled by the Americans, which could be launched at any time to the other side, and receive an overwhelming response of nuclear weapons from the other side, as well.

"What issue could be more politically significant than learning whether our boys are are going to serve in this country, to defend this territory, or whether they are going to be shipped to Turkey, Germany or the Indian Ocean, where the interests of NATO summon them?

"What issue could be more significant than learning whether our Army is going to be headed by a Spanish command or by a foreign command, a command that has no direct connection with Spain?

"What issue could be more significant than that? But, why don't they want a referendum? They don't want a referendum because they know, and the polls taken to date prove it, that if there is a referendum, the majority of the Spanish people will say, with us: 'No, to Spain's entry into NATO.'

An Issue That Is Not a Party One

"And that is not an issue of the left, center or right; because if, unfortunately, the day came when the nuclear bombs fell on our territory, the nuclear bombs would not ask this or that person whether he voted Communist, Socialist, UCD or Center. They would annihilate and pulverize us all alike.

"And that is why, in the polls taken to date on the question of entry into NATO, 20 percent of the UCD voters have said that they do not favor entering NATO, and 29 percent of the Popular Alliance, despite the fact that Mr Fraga is also a NATO enthusiast, have said that they do not favor entering NATO.

"And they do not favor entering NATO because the NATO issue is not a party issue, I repeat, it is not an issue of the left or right; it is an issue of peace or war; it is an issue wherein all of us Spaniards of all ideas are at risk.

"But, in addition, these gentlemen from UCD always act with delay. It could be said of many of them that they became democrats with delay; but also, they propose joining NATO when the most diversified forces in Europe are thinking that there should be a loosening of the bonds which unite Europe with that aggressive, dangerous, 'cowboy' policy headed today by the United States, which could lead Europe and the world into a genuine disaster.

"For example, France, during De Gaulle's time, left the NATO military treaty, and there are no NATO bases in France. And I would ask our French friends here who, I understand, defend their policy, with which we sympathize, against the possible pressure from the United States, please not to defend themselves by telling us Spaniards to join NATO; not to defend themselves by complicating our lives; but to defend themselves in some other way, as they wish, but not in that way.

"And, at the same time, in Greece, in the elections which will take place very soon, it seems clear that the Socialist Party will win, and that the Communist Party will rise. And if PASOK wins in Greece, and the left wins, they have already announced that they will remove Greece from NATO.

"And the Dutch Government has been virtually refusing to have nuclear missiles installed on its territory. And in the Federal Republic of Germany, a powerful mass movement is demanding denuclearization. And in Berlin, something unimaginable a couple of years ago, over 50,000 youths demonstrated against General Haig's presence. And Chancellor Schmidt himself is requesting an agreement on denuclearization between the United States and the Soviet Union, because he knows very well that a nuclear war would mean the total disappearance of Germany from the map.

"Five Scandinavian governments are also negotiating for denuclearization in their countries. And at this time, when the idea of the need for an autonomous European policy, for a policy outside of bloc, is advancing in Europe, the Calvo-Sotelo Government is offering Spain, and the only argument is that Spain could not be neutral in a new world conflict.

"But he does not tell us why we could not be neutral; and he will not tell us that, because there is no serious reason. If Spain was neutral in the first two world wars, it has all the more reason to strive to be neutral in the event of another world war. But, furthermore, the essential problem is to prevent world war. And world war is not prevented by strengthening and expanding the military blocs. World war can be prevented with the struggle of peoples to put an end to the military blocs, to put an end to the military bases abroad and to put an end to the dreadful and costly arms race.

Our Right to Life

"And when we say this we are defending the interest of Spain, we are defending the interest of peace, we are defending the lives of our fellow countrymen, our children and our youth. We are defending the right of this people to live, the right of this ancient people not to disappear. We do not want a nuclear war which would destroy human life in Europe with Euromissiles and neutron weapons, so that they would later come to repopulate us from America, or wherever it might be, to build a new society and a new life on the ruins of ours.

"We want to live, we want to continue to act. Yes, there is unemployment; yes, there is injustice; yes, there is poverty; yes, this society must be changed; but the first thing is to defend the life of each one of those comprising this society.

"And the Europeans and we Spaniards realize that this sad government (sad, because we have a president who does not laugh, and some regard that as a virtue), this sad government that we have, sad from the standpoint of Spain's dignity, wants to put us into NATO at a time when all Europe is aware of something that might be very serious. The Americans want to install Euromissiles here; they have manufactured, or are going to manufacture the neutron bomb, with an obvious intention: to make Europe the terrain for the next war; to keep the next war, like the first and second, from affecting United States territory; to let us Europeans be the ones who perish and the ones who disappear.

"In view of this, a government conscious of Spain's interest would have to take an overt stand in the area of a policy of neutrality, in the area of a policy of struggle to put an end to the military blocs, and in the area of a policy of peace. That would have to be the policy of a genuine democratic government in this country.

Against NATO, a Legal Campaign

"Friends and comrades, I want to tell you that no one thinks that Spain's entry into NATO has already been decided. The battle has begun, and we shall wage it until the last minute; and there is still a great deal of time for that battle. And we shall not wage it in Parliament alone. We shall wage it on the street, and we shall wage it with the means given us by the Constitution. And I want to tell that government which has already adopted repressive measures, in some instances,against those who engaged in a campaign against Spain's entry into NATO that it is wrong, that the defense of Spain's not joining NATO is perfectly legal, and that the one acting outside of the law is the one attempting to repress a legitimate, democratic campaign such as the one being carried out by PCE and the left in this country.

"We shall demand a referendum, and 2 days ago PCE announced that our organizations have collected over half a million signatures which, according to the Constitution, would be necessary to hold a referendum. And we shall collect more, we shall collect a million and more; and we hope that the Socialist comrades and all those who are concerned over the life and future of Spain will collect many. And, when faced with these millions, this government, which is also a tottering and weak government, will not be able to remain insensitive, but will have to end up taking them into account.

The Perpetual Right Moves

"But one wonders why so much haste and so much lack of dignity in connection with this issue of NATO. I think that the answer is simple: The present government is very weak. The ruling classes in this country, accustomed to commanding without an argument and without liberties, despite the fact that they are still hegemonic, think that the only way of consolidating the power of the right in Spain lies in a merger with the American interests, those of the multinationals, those of various de facto powers in this country, also including the most reactionary banking and business owning sectors(and in this respect there is the recent speech by Mr Ferrer Salat); and, as a political representative of that bloc of oligarchical, reactionary forces, a party that is even more to the right than UCD; because, dear friends, to that right, UCD, and we already know what UCD has done, is too democratic, too Red and too revolutionary.

"That is the perpetual right in this country which is attempting to reorganize and to recover power; that is the maneuver of the great right which Calvo-Sotelo has tried to lead, the great right which is not resigned to the existence of a free democratic activity in this country.

"We, and herein lies one of the difficulties of this situation which I know comrades often do not clearly perceive, we, after 23 February, made efforts to strengthen the civilian power in this country; because, aside from center or left differences, the need to reinforce the civilian power, that is, the power of the organs elected by the people, and to prevent other powers from supplanting that power by force, is a real, obvious need. And we proceeded to the National Employment Agreement, and we

intend to oversee its fulfillment; and if it is not fulfilled, we shall charge that with all severity. We have participated in the first phase of the discussions for the Autonomous Pact, and we were ready to normalize the procedure for the creation of the state of the autonomies. But when we saw that what was being attempted with the so-called Autonomous Pact was to reduce and limit the autonomies of Catalonia, Euskadi, Galicia and other peoples of Spain, we said: 'We are not signing that, because it is in contradiction to Title 8 of the Constitution.'

Garrigues Walker, a Man of the Trilateral

"We are ready to do everything to defend the Constitution, to strengthen the civilian power and to consolidate democracy; but, of course, with that desire which inspires us, we shall not allow the ploy to make the great right combination and to consolidate that great right in this country. And that is why we expose this maneuver and say that, although Mr Garrigues Walker may be a nice person, who appears very well on television and in the press, the entry of Mr Garrigues Walker into the government, as an independent or as a member of UCD, it doesn't matter, has not lent that government any more democratic features; because Mr Garrigues Walker represents the interests of the American multinationals and the interests of American capital in this country. And Mr Garrigues Walker is, we must not forget, a man of the Trilateral, and sometimes people who, owing to their past, appear more to the right, are considerably less to the right than Mr Garrigues may be.

"We shall cooperate in strengthening the Constitution and establishing this democracy, but we shall say no to the game of institutionalizing the power of the great right in this country, a great right which has no sense of the national quality, which has no sense of the interests of Spain; and a great right which is willing to yield, as Mr Perez Llorca has done at those international meetings, to yield unconditionally to the power of the foreign imperialists. And they have made great claims concerning their dignity when the USSR expressed opposition to Spain's joining NATO. Very well. And why not do so also when Mr Haig convokes the Arab leaders in Malaga, as if it were Santo Domingo, to give them instructions?

The Mistake of Early Elections

"At the present time, there is talk of the possibility of early elections. We claim that early elections would be a serious mistake and that things are all right now; that when the one-color UCD governments are exhausted because they are weak and because they lack a parliamentary majority, they resort to the procedure of early elections, which are an element of attrition for democracy, and an element of destabilization under the present conditions. We are opposed to early elections, and not because we fear the results of those elections affecting us, but rather because we do not think that we can risk elections in this country every day.

"What is needed which UCD does not want, which the Americans do not want, but which nevertheless has been needed in this country for some time? We need a government with a broad parliamentary base that will have a majority in Parliament, that will have a majority in the country and that will have the authority to govern without engaging in political bartering every day, as UCD has to do.

"And there are some who claim that, if that broad-based government were formed, it would be impossible to ascertain where the left and the right were. I think that what matters to all of us today is that democracy become consolidated, that there be a government which really deals with the problems of unemployment and the crisis, that there be a government which really deals with the problems of the universities, education and culture, that there be a government which really governs, working on the problems affecting the people now. And if they act well, those who comprise it and those who back it will have the people's confidence. But when one does not know where the left is and where the right is, is when one has the impression that, in matters such as the poisoning of the rape oil, there is a fix, the truth is not being told, and there is no demand being made to tell the truth, when one does not know where the right and the left are is when there is ambiguity on issues such as that involving NATO; when one does not know where the left and the right are is when agreements are not concluded in daylight, before the public, telling from 'a' to 'z' what has been agreed upon. This is the risk that the left might have, and not that there is a government in which the left and the center forces are combined to consolidate democracy and to cope with the social, economic and cultural problems of this country."

Major Trend Toward PSOE

Madrid EL PAIS in Spanish 20 Oct 81 p 16

[Article: "65% of Those Polled Do Not Know What Party They Would Vote For, Refuse to State Their Preferences or Would Not Vote"]

[Text] If general elections were held now in our country, confusion would be one of the main characteristics of the position of Spaniards toward the consultation. Of those queried, 39.8 percent do not know how they would vote, would vote as they were told, or simply would not vote. Those refusing to answer the question number 27.7 percent. With such data, the already decided intentions to vote represent a small percentage of the total sample; and hence, to some extent, this must be considered a prediction of what would happen, in spite of which the rising tendency of the Socialist vote is clear.

The poll had not been actually intended as an electoral survey, and therefore the majority of the questions were not aimed at clearing up the unknowns in that area. But two of the variables used (the ideological position of those interviewed and the party for which they intend to vote) afford a general idea of the situation. The questions were asked in the following order: What is the ideological position assumed by the subject of the interview, from the extreme left to the extreme right; what party did he vote for in the last general elections; and what party would he vote for now.

Perhaps the most surprising thing is the decline in intentions to vote for the Democratic Center Union, as well as the fact that those polled stated that they had cast their vote in favor of the Centrist party in 1979 in a lesser proportion than that corresponding to an accurate reflection of what occurred in those elections, wherein UCD came out ahead of PSOE. The reason for this may underlie the fact that some of the Centrist voters chose not to answer.

But the tendency is clear, insofar as UCD is concerned, with regard to the reduction in its voting loyalty. A little over a third of those who supported this party have decided to continue doing so, and nearly 40 percent do not know what to do now, apart from some slight shifts to AP and PSOE.

The intention to vote for PSOE has not increased greatly, but the loyalty of its electorate is far greater (73 percent of the Socialist voters would vote for PSOE again). The possible shift of Socialist votes to UCD is almost negligible, and the number that would shift to the PCE is very small (less than 1 percent); while 15 percent of the Socialist electorate does not know what to do now, and there are small percentages with other replies.

A truly significant item of information is that the loyalty of the Communist electorate has declined to levels far lower than those of the Socialist electorate, thus changing one of the leading political features of the Communist Parties competing in elections in Western countries. In this instance, that loyalty of the Communist vote stands at 56 percent. Nearly 9 percent of those who voted for the PCE would now vote for PSOE, 14 percent have decided to abstain and another similar percentage say that they do not know what to do. A very small percentage (1 percent) would now back the Communist Movement.

This level of electoral loyalty in the Communist Party is comparable to that of Popular Alliance, and the latter's is even somewhat greater. But the most significant point in the case of the latter party is that nearly a third of its electorate expresses indecision or does not answer.

The Votes for Nationalist or Regionalist Parties

There is less reliability in the results of the poll relating to nationalist or regional parties, because the samples used in the territorial areas in which they operate were, understandably, rather small, since this was a poll on a national scale. It may be noted only as orientation that a decline was observed in the intention to vote for nationalist parties which are very well entrenched or which have responsibilities in autonomous governments (Convergence and Unity, Basque Nationalist Party, Socialist Party of Andalusia); while, on the other hand, there was an increase in that of parties which are less well known or without autonomous responsibilities, such as the small nationalist forces of Galicia. Also by way of orientation, it should be noted that Herri Batasuna, the leading force of the Basque radical left, seems to have increased its backing in the Basque Country, in contrast to slight declines for Euskadiko Ezkerra and the Basque Nationalist Party.

It is highly important to stress the magnitude of the fringes of the electorate that are undecided, do not intend to vote or refuse to answer the question about their political preferences. Those who do not know what to do, intend to vote blank or prefer to abstain number over 40 percent of those polled, and those refusing to answer number close to 26 percent. This is a typical situation indicating the status of political opinion during recent years in Spain, although it perhaps seems more acute now because of the fact that no electoral convocation has been proposed yet. The only positive item of information is that the abstention seems to have declined.

Left and Apoliticals, Predominant Ideologies

As for the ideological position of those polled in the political spectrum, the table given on this page shows the various answers expressed in a very distinct manner. The political interpretation of these data depends, of course, on the reader's criteria. Nevertheless, some hypotheses may be put forth:

A third of the country has a position on the left if we consider, jointly, the answers indicating adherence to the center-left, left and extreme left.

The second bloc in numerical importance is that of the apoliticals. The latter are located in geographical areas such as Extremadura, Baleares, Aragon, the Basque Country and Castilla-La Mancha. They comprise a considerable portion of the youngest group of those polled,and there are many apoliticals among the middle and lower classes, with low income and medium-level schooling (diploma).

The center of the Spanish political spectrum includes 12 percent of the sample polled. It is difficult to determine whether this implies a clearcut "pure center" tendency, although the poll would seem to indicate this; because possibilities were afforded for a center-right or center-left distinction.

The right, considering those adhering to the center-right, right and extreme right as such, includes slightly over 7 percent of the spectrum.

Parties Which Those Polled Voted For and Parties Which They Will Vote For (%)

	Vote in 1979	Will Vote For in Next Elections
PSOE	15.3	17.4
UCD	14.0	6.1
PCE	4.6	3.3
AP	1.6	2.2
CiU	1.5	0.7
PNV	0.6	0.4
PSA	0.5	0.3
UN	0.4	0.6
HB	0.2	0.3
EE	0.2	0.1
B Galician	0.2	0.3
Other leftist	0.5	2.0
Other rightist	0.1	0.2
Other regional	0.5	0.3
Did not vote/will not vote	13.0	12.5
Will vote blank/as he is told	1.0	0.9
Does not remember/Does not know	6.6	26.7
Refuses to answer	24.1	25.7
Could not vote	4.1	-
Was not of age	11.0	-
Total:	100.0	100.0

Ideological Position of Those Polled (%)

Extreme left	1.8
Left	18
Center-left	12.8
Center	12
Center-right	3.4
Right	3.2
Extreme right	0.7
Apolitical	28.4
Does not know	4.9
No answer	14.8

Basque PC Against Carillo

Madrid YA in Spanish 15 Oct 81 p 13

[Article by Luis Maria Landaluce: "Open Rebellion of Basque PC Against Carrillo"]

[Text] Bilbao--There is maximum tension within the Basque Communist Party in view of the open split that occurred after the start of the process of convergence with EIA [Basque Revolutionary Party], aimed at establishing the Basque Communists and the "Abertzales" [Patriotic Group] in a single party with the name Euskadiko Esquerra [Basque Left].

The meeting held in Bilbao on Tuesday night by the plenum of the Basque Communist Party Central Committee only served to criticize the recommendation made by the Communist Party of Spain. It ended during the early morning hours and, while it was under way, the dissidents left the room. An agreement, regarded by some as historic, was made to dismiss Ramon Ormazabal as president of the Basque Communist Party and leaders in the category of Federico Martinez and Tomas Tueros, members of the executive committee, "to lend consistency to the Central Committee's executive organs" and to start action to expel the 11 signers of the convocation for the meeting planned by the dissidents in Sestao on 25 October. Also suspended were the three signers belonging to the Central Committee of the Basque Communist Party, Miguel Camio, Pablo Garcia and Felipe del Corte. Four members were appointed to replace them, and Juan Infante and Julian Presa, also advocates of the convergence, were named administrators, with legal-economic powers.

The dismissed president, who does not accept the decision, did not take long to react, emphasizing that, "The Central Committee has engaged in Stalinist practices of the worst kind, starting purges." Everyone expects the final response to be given by Santiago Carrillo.

Moreover, the decision by the secretary of the Central Committee of the Communist Party of Spain, asserting that the Basque Communist Party has excluded itself from the statutes, was harshly criticized by Roberto Lerchundi. He is of the opinion that the Communist Party of Spain is pretending neutrality by giving the same treatment to the Central Committee of the Basque Communist Party and the dissidents opposed to its policy, thus placing itself on the side of the minority, "in a policy which, while claiming unity with other forces of the left, no doubt aspae,

principle of its Eurocommunist strategy, has made it impossible with procedural speciousness and conditions also based on principles of other 'principles', such as Eurocommunism and the steely hegemony of coercion. It is a beautiful Democratic Center interpretation, interpreted from Madrid."

The Communists who were expelled, on the other hand, expect to continue being Basque Communists. Ignacio Latierro stresses that, "the EPK leadership is fostering the break with the PCE."

PCE Disavows the Penalties

It should be pointed out, at this juncture, that the secretariat of the PCE Central Committee has called a meeting for 22 October, in accordance with Article 38 of the statutes, to be attended by the PCE Central Committee and the PCE-EPK Executive Committee.

According to a note from the PCE Central Committee, this position "is in overt contradiction to our recommendations;" and, at the same time, it disavows these penalties and dismissals, "which can only worsen the risks of a split within EPK."

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SPANNOCCHI VIEWS PRESENT, FUTURE OF ARMY

Vienna OESTERREICHISCHE MILITAERISCHE ZEITSCHRIFT in German Sep-Oct 81 pp 353-360

[Article by Emil Spannocchi: "Today's Army--Means and Problems"]

[Excerpt] The Army in 1981

During the 1960's we became aware of the fact that we had to reach new shores if we did not wish to lose our sense of values and self-confidence. Many of us, at least the deep thinkers, had in the meantime realized that the army as a political instrument had to be made to serve the political objective of neutrality. And this had to be done specifically, "using all available means" including military resources, in the interest of preserving peace, even though the rest of the world is engaged in politics of military catastrophes.

That this was possible even in an extremely violent environment had been proven to Europe and the rest of the world by Switzerland, using principles and behavior which were valid at that time.

I am emphasizing "at that time," because Switzerland had managed to thrive in a strategic and technological world which then underwent almost complete change after Hiroshima. From that moment onward, the values of individual factors of the great strategic game had changed completely. In an incomprehensible manner technology had changed everyone's requirements, including those of the small neutrals. It became more than evident that by using conventional defenses, the small powers could not only not deter the great powers' aggressive intentions, but that it would thereby exacerbate them--that, in fact, such a defense concept employing traditional tactics could only accelerate self-destruction. It would be the aggressor's ideally programmed scenario.

What to do then? This provided a learning opportunity for the thinkers in the Federal army, to include political strategy of the most recent past, as practiced by the likes of Tito, Mao, Che Guevara and Giap. They served as examples of successful practitioners; but this was of course to be extrapolated to the Austrian dimension into a new, homemade category by way of analysis, selection and supplement.

The realization which could be arrived at by taking into account the position of a technological and numerical underdog was that there must never be a final decisive battle, because it could only result in utter and complete defeat. The alternative

was not to win the battle, but to retain control of the area; area control which must never be finally abandoned in any location. The objective of enhancing an overall effect of time lost was to be attained through a mixture of statics, only partially used by one's own potential, and mobility in the use of operational units in small engagements.

This theoretical model which mathematically averted absolute defeat and replaced it with a series of operationally time-wasting individual defeats which were not genuine and individual successes and had some theoretical credibility to begin with. More credibility in any case than Leonidas and his Thermopylae or the "second battle of Duernkrut." If that was acceptable, everything else became merely a matter of implementation, though followed by a mass of consequences.

A new socialist government gave this implementation the green light. We are not amiss in doubting that this was done from any sense of enthusiasm for the inherited army. Such feelings certainly did not conform with the new government's internal structure and its leaders. But the new government was as much aware, as had been its predecessor, of one fact: neutrality politics in Europe's political world could not be played by private rules without an army.

The new government also regarded standardized and valid international and national law to be a principle of neutral behavior with credible and measurable value inside our area. Thus a credible army was necessary also. Initiating a counterproductive 6-month period of military obligatory service would however have been a pacifist dream of Austrian wishful thinking, which the government had to recognize as being unusable for this country in the international power play. It came therefore as no surprise but rather as a sign of political responsibility, that the government had recourse to the new area defense model and thereby to a militia-like remodeling of its army. It was for them the deus ex machina which established a bridge between the unrealistic 6-month conventional service period and the objectives of preserving the peace in the Austrian national territory, which could also use military resources to practice an overall policy of neutrality.

This has been accomplished, the requisite tasks being specified as follows:

- area defense doctrine,
- militia-like remodeling of the armed forces and
- to begin with, a readily available trained force.

Those were the objectives specified by the political authorities; a breakthrough in political responsibility for the mission and real responsibility for its implementation.

Since the readers of this magazine are sufficiently familiar with what follows, we will only indicate the highlights of what we, as loyal servants during the roughly 9 years since receiving this primarily political mission, were able to accomplish. The operationally ready force has not reached its permanent manpower ceiling of 15,000. There just was not sufficient manpower available. We all know that we attained only 60-70 percent of personnel and 80-90 percent of materiel. The alternative which the army was obliged to offer as a stopgap was a personnel mobilization within about 12 hours. This may be sufficient based on motivation from prior military training, provided the political warnings are observed at the same time.

The militia, in Austrian terms the Landwehr, together with the ready force which, according to the 1979 government decree is scheduled to reach 186,000 by 1986, currently numbers about 175,000. It is therefore on schedule.

Equipmentwise we are doing considerably better, considering Austrian circumstances, as we must always emphasize. In that area of conventional weaponry which is accessible to us, we have caught up significantly. A few examples: we have about 500 cannon firing emplacements throughout the country; in addition, we have more than 500 heavy barricades. We have replaced all our motorized combat vehicles with the Kuerassier and the M-60 series tank; we are in the process of reequipping the last battalion with the M-60A3 model. Our antiaircraft cannon have been replaced with the Skyguard system. The most modern combat rifle available to Western infantry has either been introduced or will be in predetermined annual increments. During that same period we have replaced the entire military motor pool with modern Austrian vehicles. We have introduced modern uniforms and have made considerable progress in the infrastructure.

But basically all this was not enough. To paraphrase Grillparzer, we know that we are hesitatingly moving toward half our objectives with half our resources on half a road. But the army command will not permit its accomplishments to be belittled. Why? Because we Austrians are used to emphasize our complexes and thereby are in the habit of belittling our achievements; we not only minimize our successes but, more significantly, given an undervalued impression to the rest of the world of the army's participation in ensuring neutrality.

It is evident that the army, with exceptional tenacity, has loyally come halfway--to stay with our "halfway" terminology. We have year after year attained possible and attainable intermediate objectives while complying with political tasks, in an exact and orderly manner. We have done so even when the budgets previously agreed to by the political leadership were provided in a hesitating and partially unwilling fashion. We did what we had to do and are fully satisfied that we have made progress in accordance with the peace preserving contribution of Austrian neutrality. Of course we made mistakes too; but they were made in the execution and were unavoidable in the framework of a large organization involving thousands of individuals. But these mistakes were relatively small ones.

Being presently engaged in a reorganization which cannot reach its first intermediate objectives until 1986, we maintain that we could have done somewhat better if the government had provided us with the resources necessary to attain the objectives it had outlined for us. Here we are clearly aware of an uneven relationship between the mission and the means to fulfill it.

To summarize today's intermediate balance sheet, let it be said that the army has been fundamentally reorganized toward the attainment of new objectives and that it has fulfilled its annual goals of expansion and growth;

- that it has clearly defined the principles of area defense in zone reconnaissance and that it is able to implement these principles with the available organizations and units;

- that it has produced planning appropriate to the various mission requirements;

- that it is competent to deal with the problem of zone reinforcement and is implementing it in accordance with plans to the extent of available resources;

- that it is competent to deal with the mobilization problem in every detail, at least within the indicated time frame;

- that it has made considerable progress in improving the infrastructure and

- that it believes to be able to deal with the enormously complex problem of training cadres for the militia army according to a time phased plan.

While engaged in the reorganization, the army dared to examine the validity of the entire model by way of a major practical exercise (RVUe 79) at a decisive stage, as the point of no return was being reached. To its consternation it now finds that this highly successful exercise is, after the fact, hardly considered successful because of some of the usual mistakes which are taken for granted under field conditions. But we have dared to do it and are proud of the good results obtained.

I am making these positive statements because your average Austrian is in the habit of vacillating between two basic statements: "Austria erit in orbe ultima" (roughly translated as "we will remain number one") and "this too is likely to fail."

This paper concerns itself with providing a balanced report. What is still missing and what problems we will have to deal with will be listed in the remainder.

Roads to Tomorrow

If we had already finished our task, we would not have to look for them. But we have not finished--not by a long shot. We frequently lose sight of the fact that the ongoing reorganization is the most fundamental change of direction as to objectives and content which the Austrian armed forces have had to contend with since introduction of compulsory military service. The goals yet to be achieved are subject to at least the following three problem areas:

- shortness of lead time;
- human factors in accomplishing the task; and
- the truly extensive restriction in the availability of resources.

First, the lead times, which we must come to grips with. We indeed started reorganizing the army into the militia system during the entire year of 1973. Even if everything proceeds on schedule, the prescribed organizational setup will only be reached after 12 years to an effective extent. Not until 1985 will the reorganized old units of the readiness force and the new ones of the Landwehr be in the desired manpower and training status. We must therefore realize that we have come only half the distance and that we cannot do anything about this except to make the best possible use of the available time. In doing so, we must evaluate the experience gained to date from mistakes and lack of achievement. This surely represents a true but unavoidable weakness in comparison with targets which we must reach.

Only one thing should be avoided at all costs: a change of direction. The ongoing reorganization has passed so many hurdles that it would surely be derailed if the goals were to be changed. Every young candidate for the general staff knows that tenacity is one of the most essential leadership principles. Later in his career, as an experienced and responsible officer, he must bear this in mind. During the last 7 years our army has gained credibility with the population to a surprisingly great extent. Especially the understanding of the desired goals for the attainment of external security, using realistic means, has led to an integration of army and the civilian population which could hardly be imagined in the early days of the second Federal army. This has been proven by every opinion poll, thereby confirming the success of the military leadership's efforts to synchronize military and societal development.

But this credibility must not only be maintained, but even strengthened during the necessary and allocated time period which still lies ahead of us. This means that the army cannot afford to let the months and years pass by in a routine manner. It must have the opportunity of dealing with its own problems arising from its tasks. The most important among the still permissibly existing credibility problems is the complete acceptance of the task of maintaining neutrality.

Too many of us, along with misleading interpretations by the mass media, base our attitude toward the Federal army upon the fact that it would never be able to prevail in a defensive war against NATO or the Warsaw Pact. This simply ignores the fact that our basic attitude is this: our neighboring powers' dominant interest must be to see us fulfilling our obligation of maintaining neutrality. This however means going all out, and it must sadly be pointed out that in concentrating to date upon the two ground level dimensions we have sorely neglected one-third of our obligations toward the Austrian sovereign territory--in case of emergency, such neglect would be downright cavalier and punishable. In the existence of the sovereign Second Republic, our sovereignty and duty to preserve neutrality has been challenged only in the third dimension: our airspace. Not in a single instance were we able to respond to this with the means at our command. This will most certainly remain the case until our army reorganization is finally completed--surely in cases of international tension and certainly in case of a crisis.

If we fail in a case of that sort, which we must in today's situation, we would unavoidably move toward the end of our neutrality because of our inability to fulfill our mission. However, by knowing this present state of affairs and failing to upgrade our military instrument during the grace period prior to 1985 for the preservation of neutrality, we would see our land army being dragged into a role which it should have avoided at all costs. This would render today's army useless. Not only the billions which have been spent during the last years would have been a total waste. Who could assume responsibility for another blood bath--perhaps this century's third--or a shameful capitulation, because we would have accorded a higher priority to today's small concerns than to tomorrow's demcratic freedom?

Today's government has the duty of assigning priorities to our national concerns and thereby the responsibility which will entitle it to demand total obedience of the Austrian army in accordance with its laws. In other words, good use must be made of the remaining time span for reorganization. Apart from the almost routine continuation of the expansion of the army, if it is to serve the purpose of protecting neutral peace, this must take place quantitatively and qualitatively in a

way which will ensure the army's ability to accomplish its neutrality preserving function in a manner appropriate to probable events.

Let us turn to the manpower problem. We hope to keep in step with it as we have until now, and hope to continue to do so for the next 5 years, unless the minimum necessary means for this are dramatically reduced. That is a quantitative statement, which so far has no qualitative justification whatsoever. We can see satisfactory improvement in the professional cadres with the officers and with the majority of noncommissioned officers. Our overflowing military schools bear impressive witness to that. The frequently still worrisome inability to deal with the Landwehr's militia tasks must be considered as growing pains. We will overcome them, given the necessary time. Our Swiss friends, masters of neutrality, had after all 160 years in which to accomplish this. Perhaps we will be granted the opportunity to use those 12 years to make use of a successful yesterday to produce tomorrow's parameters. Nothing of a sensational or impossible nature remains except a serious devotion to self-improvement.

The Landwehr cadre unfortunately presents quite a different picture. We certainly have, despite all expressed pessimism, been able to provide this cadre quantitatively for our organizations and units within the reorganization timetable. Qualitatively, however, we were simply unable to stick to the schedule with the required training times. Much remains to be done in this respect, and this deserves maximum emphasis from the purely military standpoint, namely, to satisfy the unusually large voluntary participation by this militia and reserve cadre with functional, standardized training schedules.

I am not sure whether or not the officers and noncoms have fully recognized their heavy responsibility in dealing with this task. I may be guilty of an injustice if I give vent to my suspicion that the older generation is still oriented toward the past. The change of generations in the regular officers' corps has just about been completed. Is that the case also in officers' associations? In the noncoms' associations it is mostly the noncoms' generation of the second Federal army which sets the tone. In officers' associations, the reserve officers' generation of the new army should exercise leadership, because it is more familiar with the new army. This should take place under the watchful eyes of the old reserve officers, to whom the new army is greatly indebted, especially in their function as sounding boards.

Assignment to permanent Landwehr regiments and other permanent organizations has to date not been done sufficiently with militia requirements in mind. This however should and must be the case. The present breakdown into more or less autonomous provincial groupings runs counter to hierarchical army structures and therefore counter to the army's required flexibility; its militia cadres are not merely the army's appendages--they should be its pillars. Here we should look across the borders to learn something positive from the Swiss, the world champions of militia employment.

Another area where we still have a lot to learn is internal information. Public information for the benefit of the civilian population we have so far handled quite well. Our G5/S5 organization constitutes an instrument which has performed very well in the relations between our PR officers and the public.

However, internal information and education activities are performing poorly. The impenetrability of the different layers of our great institution, upwards and downwards, is amazing. We often give the excuse, sometimes justified, that we cannot make up for lack of education in families and schools during the 6-month obligatory military service period. That is certainly correct, and this task of education for the preservation of the state is not ours--God preserve us from being designated as the "nation's school."

But this does not relieve us of the state-oriented informational obligation during the months in which the young men train with us. There is not all that much for us to tell them. We are an army and all we need to impart to our draftees and young cadres is their army's peace preserving task; the possibility of accomplishing their protective mission on behalf of the objective of neutrality; and the self-confidence they must have so as to view our army as not being at all bad on the international scale. It would be sufficient merely to do away to a certain extent with the Austrian inferiority complex by knowing what we have--what weapons, what units, how many soldiers and what tasks. But who is doing anything about this? Not nearly enough people, unfortunately; and this represents an extensive area of challenge, the responsibility for which must be given to the young and youngest officers as teamleaders. We simply have not understood this yet, even though it is a key task for making the civilian population fully understand its army.

There is one other thing we are doing badly--at the top ranks of our leadership. Our relationship with the political scene is still far from satisfactory. The politicians bear a heavy burden and we soldiers must serve a duly elected government in absolute loyalty. Fortunately, we do not have any traditional political aspirations as was the case in the Weimar Republic or other direct input to political power. But this does not relieve us of the obligation to represent this army as experts in its legitimate requirements.

A "mute army," as still desired even today by many, among them political leaders, was an essential part of totally undemocratic times. It was appropriate then, and no one should condemn it in retrospect from an entirely changed point of view. But today we live in a liberal-democratic environment whose preservation must be our task-oriented main mission. But this means that within the framework of loyalty and obedience to the government, we have our own voice and it is our duty to make it heard in an appropriate manner.

Responsibility for such appropriateness lies squarely on the shoulders of the military leader. He must not be constantly talking, nor should he constantly remain silent; his is the often difficult task of objectively acting or giving his opinion when tempted by democratic conditions to lean toward opportunism or to career-furthering servility. Mistakes and temptation remain a constant challenge. Only if we ourselves preserve the value of the army as a peaceful instrument will we be able to make the most of our opportunities due to the respect we have earned with our real accomplishments.

Let us now turn to the last, always relevant, problem area: materiel. We can accomplish all our tasks if we receive the necessary funds. But apparently such a fundamental statement is too facile. The generations of our fathers and grandfathers set fire to half the world with the slogan "Butter instead of cannons." It

is the mark of Cain of a dictatorship. The army must therefore integrate itself with the priorities of a living democratic environment. But in doing so, it must constantly point to the limits beyond which it would be unable to fulfill its mission. And that mission is given to the army by the government. Its exact wording must be observed.

In its defense policy area, the present government has ordered the army to attain by 1986 a circumscribed and exactly defined level of expansion and effectiveness. These are our orders and we must do all we can to accomplish this task. But this decree is a two-way street. As experts we can calculate the consequences in terms of construction and arms and equipment systems. We have clearly restricted ourselves to the principle of deterrence by conventional means. We have also specifically stated the estimated cost beforehand. Should these relatively modest financial requirements (in comparison with international scales) be unavailable, at the latest in the 1981 budget, then the goals to be reached recede into unreachable distances. But for this one cannot blame the army which has made every effort to at least partially fulfill the mission entrusted to it.

As a basic requirement for area defense we have started a flexible fortification of our defense zones--are we to halt this? We have initiated a very complex system of dividing our annual draft complements into combat soldiers and system maintenance crews which, under present circumstances is the only possible way. Should we change this due to budget shortfalls and if so, how? To attain by 1986 the goals set not by ourselves but by the government, we have given preference to small caliber units and postponed acqusition of the requisite heavy materiel to a large extent--how much longer do we have to do this, and from which moment on will the newly organized units suffer a loss of morale as a consequence?

All these are very difficult problem components which this loyal army must not, and cannot solve by itself. If it is thus prevented from fulfilling its mission, the political leadership must publicly admit this by changing its directive because we must not be made to take any action which might serve to deceive ourselves, but certainly not the rest of the world. But the value placed upon our resources by the world which has an interest in our preserving our neutral peace is a prerequisite for the acceptability of our neutrality. We are not the ones who formulate the rules of coexistence; it is a joint task for all concerned, including Austria. No pacifist idealism is of any use in this. Deceit through shortcuts in international law according to our own judgment can only lead to contempt by the family of nations in which we live, and thereby to guaranteed failure of all our peaceful and freedom-directed goals, should an emergency arise--and that could happen any day without our being able to do anything about it.

To put it almost simplistically: if we want to have a neutrality-oriented and therefore peace preserving army (apart from the fact that we have signed a contract to that effect), we must pay the minimum necessary cost within the framework of cost effectiveness. If however, in the estimation of the political leaders, the support of some other resource becomes more important, we must not continue to pretend. Apparently you cannot have both. The decision is not up to the army, but to the entire population by way of its elected representatives. The army would then have to comply with the decision subsequently. But, it is to be hoped, not in the role of a discredited entity. We surely would be unable to survive this,

because the military instrument's morale would crumble as a result of internal loss of credibility. We can fulfill our oath of service to its limits only with our morale intact.

At the present time the military expert is unavoidable faced with the following set of impressions:

- It has become increasingly clear to the people and the government that Austria cannot participate in the spiral of West-East military high technology, even if it wanted to. This is true in view of such buzz words as money, neutrality treaty, know-how, etc.

- The total alternative would be the total absence of a military establishment, which is being called for (apart from identifiable communist agents) by equally inexpert, almost touchingly idealistic "useful idiots" (Lenin's expression, not mine). They are not even aware of the immoral nature of their demonstrations ("demos"). Starting with the foreign word "Bullen" [derogatory term for policeman] and ending with street tactics, it has all the frightening aspects of anti-Austrian objectives. To disavow our army is to serve foreign masters.

- We, the army, have come up with a credible in-between model. It lies somewhere between overkill and nothing at all. Only half a loaf? Certainly; historically we have been no less successful this way than have other European states.

- But to have "half size" objectives you need at least "half size" resources. If even those are denied the army because other problems take priority, then it is destined to lose its raison d'etre to a significant extent because of an ineffective equilibrium--the state saves more than 12 billion, but has to bear the consequences.

- There can hardly be any argument about these consequences: they would be the fate of a people without security.

- "Half size objectives:" true, the army has defined them and they were approved as tasks by the political authority, followed by "half-size" resources appropriate to the new objectives. Those are the crossroads where we find ourselves today. The political leadership must admit this rather than always remain silent. It must in this way respect the decision by the "demos"--meaning, in this context, by the people--by way of its reigning body, the government.

Final Remarks

Meantime there can be no argument that the army's reorganization toward the doctrine of area defense and a militia was a compelling necessity and that it will enable us to meet the challenge of our young history of neutrality. The Federal army has to date done good work in implementing this reform, even if we have made mistakes which we may correct within the next 5 years. Integration has shown good progress because our people has understood what we are trying to accomplish and is in agreement with it.

We are in need of a constantly evident rank order of our ideological, political and material requirements in our society's catalog of priorities to enable us to accomplish the mission which has been consigned to us.

And finally we need the assurance that we will be able to use the 5-year period remaining for completion of the army reform calmly (as far as we are concerned) and without a change of course. This will enable us to reach our goals and to safeguard our country in these turbulent times with all the means at our command.

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WEST EUROPE REPORT

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STATESMEN INTERVIEWED ON DISARMAMENT, NEUTRON BOMB

Caglayangil, Gunes, Birgi Interview

Istanbul TERCUMAN in Turkish 3 Oct 81 pp 15, 16

[Panel discussion with Ihsan Sabri Caglayangil, Turan Gunes, Muharrem Nuri Birgi, moderated by Taylan Sorgun; opening passage omitted summarizing post-World War II political developments; passages enclosed in slantlines printed in boldface]

[Excerpts] Participants
Ihsan Sabri Caglayangil
Born 10 July 1908. Attended Ankara, Istanbul and St Joseph High Schools. Graduate of Istanbul Faculty of Law. He is a 30-year veteran of state service and was governor of six provinces over a period of 15 years.

Elected senator from Bursa in 1961, retaining this position until 12 September. He served as minister of labor and many years as minister of foreign affairs. He was elected to be Speaker of the Republican Senate. He served as acting President of the Republic from 7 April 1980 until 12 September 1980.

Turan Gunes

Born 1922 in Kandira. Attended Galatasaray High School. After being graduated from the Istanbul Faculty of Law, he obtained a doctorate from the Paris Faculty of Law. He was Constitutional rapporteur in the Constituent Assembly after 27 May. He has served as professor of Administrative Law at the [Ankara] Faculty of Political Science. He entered the Assembly as Kocaeli National Deputy in the 1973 elections. He was minister of Foreign Affairs in the 1974 Ecevit government and Deputy Prime Minister in the 1977 Ecevit government.

Muharrem Nuri Birgi

Born 1907. Attended Galatasaray High School. Joined the Ministry of Foreign Affairs after graduation from the school of political science and the Geneva Faculty of Law. He has served as ambassador of various nations. He was Turkish Permanent Delegate to NATO. He has also served as Foreign Ministery Secretary General.

He had participated in various international conferences. He retired in 1972.

Taylan Sorgun: It is natural that events in our world both develop and pivot rapidly. It is equally natural that a summary such [as I made of post-World War II developments] is impossible for the events occurring now from one day to the next.

Just in recent weeks, we have seen that the two superpowers are once again coming together.

Mr Caglayangil, would you now explain your views on these developments and disarmament and what Turkey's major policy in this regard is.

Caglayangil: In the single party period, matters of foreign policy were conducted according to the desires and goals of those in power, to such an extent that foreign policy was subject to the whim of the leader, depending on whether he was rash or far-sighted, cautious or a defender of the status quo. The people were not closely concerned with the details of foreign policy.

It was after the multiparty system came into being that public opinion on foreign policy matters began to form.

As for disarmament, this topic has not spilled over beyond the circle of diplomats, technicians and those intellectuals interested in foreign policy because it has neither been the subject of interparty debate nor a point of controversy at the ballot box. With this in mind, I appreciate TERCUMAN's opening the topic to debate.

This being the case, I think it well to take up the problem and describe it from the beginning. What is armament-disarmament? From what need did it spring? I would like to start out by briefly answering these questions. /Disarmament is an ongoing and widespread search for peace in the world./ Two world wars occurred within 20 years mankind was sacrificed by the millions and the byproduct of these ruinous and destructive wars was the horror of the atomic bomb.

Faced by this catastrophe, the international community set out in a desparate search to secure lasting world peace, and the first thing they did was to establish the United Nations Organization in the light and knowledge of the experience of the League of Nations. /The first resolution passed by this organization on 24 January 1946 had to do with disarmament, and this was no coincidence./

Disarmament efforts are carried forward today in a multilateral body such as the "Armament-Disarmament Committee" in Geneva under UN auspices, in regional planning such as the mutual balanced force reduction in Central Europe and at the bilateral level such as the Soviet-American strategic arms limitation. The disarmament efforts of various organizations are discussed each year at the UN General Assembly, the Geneva Committee's report is reviewed in this forum and the necessary resolutions passed to accelerate progress.

Introducing order to disarmament efforts has not been easy. The East and West Blocs were unable to reach a unity of view on disarmament throughout the United Nations' first 10 years.

To date more than 20 agreements have been concluded, both internationally and bilaterally between the United States and the Soviet Union. However, none of them, except the ones banning and envisaging disposal of biological weapons, touches on topics to procure true disarmement such as the reduction of arms. It is today quite hard to regard United Nations' resolutions on the matter or deterants as having ensured "Detente"...peace. /Peace still has its firm place in the hopes and desires for the establishment of an effective and balanced security system, and war its place in the relations between nations./

/The general appearance of our time is that of a fierce arms race. Military spending of the world's nations exceeds $500 billion annually. This is an alarming figure. Every minute of our lives, $1 million is being spent on things military. To make a comparison, this amount is equal to 1 year's GNP of 65 Latin American and African nations. Or to the money spent on education by all the world's nations. The resources allocated by all the world's nations for health services are only about half of what they spend on the military. "The money we spend to save life is half what we spend to destroy it." As for the aid which the developed nations are so proud of giving to the deprived countries, it is only one-fifteenth of military spending. Whether it is correct to call this aid is another matter since arms sales by the industrial nations to Third World countries alone constitute 75 percent of world arms trade. Aid by the rich to the poor is cancelled out and then some by the sale of arms. The cost is that high. There is also the other side of the coin. In the world today, 570 million people do not get enough to eat, 2.27 billion people are deprived of pure drinking water, 1 billion people live in unsanitary conditions. Despite this, world states are spending $1 million per minute on the military, and this sorry picture does not end with the above examples. There is one thing that we must not forget: The primary condition for international security is a sound economic order. This perpetuation of the arms race sabotages economic development movements and entrenchment of the new economic order desired in the world./

Straits

When, in addition to this, we look at the matter from the angle of "nuclear weapons," we see ourselves faced with catastrophic possibilities impossible to ignore. According to recent publications of the Stockholm International Peace Research Institute, /more than 130 nuclear weaponry accidents have been confirmed within 30 years. That is about 1 accident every 3 months./

/I mention this because we have still taken no measures whatsoever in this regard on passage through the Straits./ I would like to say that the danger most dwelled upon in considering the dangers of the arms race is that any accident may trigger a nuclear war and this is always a valid concern. On about 20 occasions to date, American and Soviet submarines armed with nuclear weapons have collided, sometimes in American and sometimes in Soviet territorial waters. /Despite all these distressing precedents, no possibility is seen of slowing down the proliferation of either nuclear or conventional weapons. Many strategic, political and economic reasons and interbloc competition continually fan the arms race. The more the race heats up, the more precarious international security. This situation creates new anxieties and new arms races.

It becomes a vicious circle of arming. Unfortunately, no general world opinion can now be formed on the dangers of this arming. As long as no remedy is found for arms proliferation and as long as no order is introduced into the proliferation and

control of nuclear arms in particular, the world's daily-growing insecurity and the possibility of the use of nuclear arms for ill by increasingly violent "terrorist" movements have the potential for disasterous consequences./

Disarmament and Us

I would like also to discuss briefly the major outlines of the traditional policy followed by the various governments of our republic in connection with disarmament. /Turkey does not believe that a full and general disarmament can be realized without putting an end to the arms race./ Disarmament may be brought about through far ranging and constructive discussions in which nuclear and conventional weapons would be taken up together in a concrete, balanced and realistic way. Achieving this goal will be possible only by establishing an effective international system of inspection. Each government must be truly receptive to such oversight. At the same time, disarmament must not endanger the security of any nation. It must be possible to find an international climate in which each state can realize its development in peace and security. As arms proliferation stems from international insecurity, all nations, especially the powerful states, must refrain from actions which upset the balance. The best way is to approach disarmament stage by stage with a sincere belief. We have always upheld this view and have tried to place our support and make our contribution in the international arena for disarmament. And finally, I would like to discuss a psychological point. We are a militaristic people. Even in parades, we derive an infinate sense of security and pride from seeing our heavy and expensive weaponry go by. Our gun is virtually our best friend. This is why disarmament does not come very easy to us.

Essentially, in nations where the level of education has not yet reached the desired point, there are those who worry that disarmament efforts would weaken the public perception of national defense and power and cause negligence. Even certain enlightened people are carried away by the fear that disarmament efforts would create results contrary to "national security".

/However, the goal of disarmament is not the elimination of military forces or the unconditional abandonment of weapons./

To consider disarmament the ruse of a hunter wanting to catch his prey unawares is not an astute view.

Arms and Economy

Sorgun: Mr Gunes, Mr Caglayangil looked at the disarmament problem from a general angle and drew a picture of disarmament in saying that the East and West Blocs have been unable to reach a unanimity, giving a wide-angle view of the negative results on mankind. Why have the East and West Blocs been unable to reach unanimity on disarmament despite all these talks?

Gunes: I would like to add a few points to the outline that Mr Caglayangil drew to complete the picture and express my views. In my opinion, disarmament in general carries with it two separate problems. One is unclear arms and the other is the weaponry called classic or conventional arms. Nuclear weaponry is, in particular, a byproduct of World War II. Therefore, the limitation of conventional arms, that is, the problem of disarmament or arms reduction which was at issue at the time of the

League of Nations is a problem which began earlier than nuclear limitation. Indeed, this began prior to World War I. There were agreements before World War I. For example, efforts to ban use of "dumdum" bullets and, to use an ironic term, to "humanize warfare" started at that time. Essentially, there is one important difference, I think, between conventional weapons and nuclear weapons. /Conventional weapons are made to be used. Nuclear weapons, however, are made essentially in order not to be used./ In other words, nuclear balance would be procured by preventing war--one side's attacking the other--through an intrinsic fear of these nuclear arms. Therefore, it is a question of two kinds of disarmament. I would like to touch on one further important point, if I may before going a little further into this topic: /What it has become necessary to bear in mind in disarmement is the very close relationship between arms and the advancement of science and technology./ Mr Caglayangil rightly explained what arms proliferation has cost today in human terms. /It took centuries for man to give up the bow and arrow for the rifle. Yet the development of an arms technology now at a cost of billions of dollars is an industry requiring enormous investment over a 1 or 2 years span and is, therefore, a very costly, ongoing industry. At least a part of the arms-exporting nations today, France for instance, in order to build weapons conforming to modern technology and modern warfare techniques, even for defense purposes only, has to export some of them and the French economy does not have the resources to pay for an arsenal appropriate to France and which would stay in France. It is because of this that the "arms racket" has become a necessity even for the nations which manufacture arms for self defense./ I believe that this is one of the reasons for such proliferation at least of conventional arms in the world and why nations and states are so burdened with this expense.

Also we are not the only ones who love our weaponry as a militaristic people. All the newly-formed poor and disadvantaged states take deep pleasure from seeing these shiny tanks and missiles go by. How good or necessary these arms are for them is another matter altogether.

East-West and Neutron Bomb

Now I will get to your question about arms or the limitation of arms between East and West. Conventional arms, in a way, were made to be used and nuclear arms not to be used. I do not want to say, though, that the goal of nuclear superiority is not to get the best of the other side. /However, I think that the tendency to intimidate the other side and get it to do what you want through nuclear superiority is an important element in nuclear balance, or imbalance./ When disarmament problems arose at the end of World War II, it was an important problem usually between East and West (and, of course, it still is between the West and the Soviet Union). At that time, /the Russians, for example, claimed that any serious control could not be reconciled with the character of the state. Coming to 1981, the validity of this claim or this fear has been completely destroyed./ The resources available to both states gave reason for partially dispensing with arguments over inspection and sovereignty and since then it has been possible to conclude the famous SALT agreements. I may say also that technological developments made certain agreements on nuclear arms possible. If the states had not had these control resources, I do not think any agreement such as the SALT agreements would have been possible...between East and West or between the United States and the Soviet Union (because these two states are the ones in whose hands nuclear power resides). /However, fraught with difficulty, it is possible to reach agreement on nuclear arms, to find a common ground, it would seem./

Sorgun: Are the points of agreement you mentioned producing results?

Gunes: There is no doubt that through the SALT agreement other agreements can be reached to secure a balance between the two states parallel to development of the nuclear arsenal as I just said, because even though America is taking a harsher stance than in Carter's time, it has sat down at the table again, as you also pointed out. /It is possible for the two sides to reach a specific agreement on nuclear, or long-range nuclear, weapons, because both sides today have an arsenal sufficient to annihilate the other side. Any increase after this will reach a point of overburdening these nations economically./ Either one of them can sit down and make an agreement knowing what cards the other holds. These agreements are being implemented, too. An essentially unresolved point is the one between conventional weapons and nuclear weapons./ Not to get off the track, but the fact that nuclear weapons are not made to be used, or the inability to use them, is a factor that in a way increases the danger of war, /because when the two sides face a situation where nuclear weapons cannot be used, they are forced to rely on conventional or classic weaponry. That is, the conventional arms race will continue as if the other weapons were not in existence. The iffy question is one involving weapons which are neither weapons to destory big cities nor able to be considered conventional weapons. This is a point over which all the fuss is taking place right now. The thing called the "neutron" bomb, the Pershing missile which has the world at loggerheads and has prompted big campaigns, and on the other hand, the SS 20's which the Soviets have placed in Western Europe. Reaching agreement here is very difficult. And in fact, these are seen as elements inspiring fear in both sides and which could destroy the balance between the two sides. Agreement on these or the inability to reach agreement on them is the factor that increases or decreases the likelihood of war. Can agreement be reached on these matters? I do not think so. In other words, both sides will continue the buildup, I think, in this gray area between these two large categories. In fact, the Russians brought in new SS 20's to replace their old missiles. The result was a corresponding replacement of their weapons by the West as theirs would be considered outmoded also.

Warsaw Pact and NATO

Although the limitation of conventional or classic weapons is an important issue between the two blocs, it is necessary to look at events realistically. It is an effort of almost 70 years duration, from the League of Nations to the United Nations. Various efforts have been made, but without success so far. The horrifying scene that Mr Caglayangil evoked is familiar to every nation in the world. People of intelligence lay out these figures before the statemen, but no positive results have yet been achieved in this regard. As for the situation between the "Warsaw Pact" and "NATO", nothing has come of the years of negotiations in Vienna. Efforts such as nuclear or conventional arms balance in Europe, and the concept, called "detente" of no confrontation in Europe and reduced or limited weaponry, which has now lost something of its currency, have still not engendered security for world peace or from Turkey's geographic standpoint.

Let us suppose, whatever the outcome of global negotiations and even though few steps have been taken, that the possibility of war in Europe were lessened by the Helsinki accords or even that agreement were reached between the NATO nations and the Warsaw bloc on classic weapons, nuclear balance and what I called the gray area. This may mean taking the contention and competition between the two blocs to other regions. In fact, it may be said that while European disarmament and the SALT agreements are

taking place, the Middle East is suddenly seen as an important tragic area. Arms competition is shifting to the Middle East. In fact, it is obvious what is happening in Afghanistan. Consequently, I am afraid that a local disarmament or arms reduction agreement would endanger other regions of the world.

Warmongering

Sorgun: Mr Gunes, you said that arming puts a great burden on national economies and therefore they have to sell arms. Of course, those nations are also forced into arms consumption in order to buy new arms. Claims have been made from time to time, springing full blown from such ideas, that certain nations are warmonering. Indeed, it has been suggested that regional wars come about in this way. What are your views on this?

Gunes: In my opinion, no such thing could be said. These weapons are bought quite in vain. If the states ripe for war are quarreling with each other, we do not see it. On the contrary, we see much more intrastate than interstate contention. Moreover, the economically developing nations which buy these very sophisticated weapons (this mean nations with a high literacy rate and their own currency and stamps) will have no opportunity to use them. That is, it is highly doubtful that many nations which have the money and buy these fantastic, multiple-strike weapons from the nations having a large arms industry will be able to use these arms. This is like an amateur who knows nothing about taking pictures, but buys a new camera every time he walks by a photography shop. However, I think that the idea of selling these arms to create provocation is pertinant to the international conflicts precipitated by the large arms dealers prior to World War I, but is not very applicable today. Essentially, nations will buy these toys whether at war or not; they consider it a question of honor.

SALT Inconclusive

Sorgun: Mr Birgi, on which points do you agree or disagree with Mr Caglayangil and Mr Gunes and what is your general view on the matter? Also, what, in your opinion, are the basic causes of the arms buildup?

Birgi: I would like to begin with a little story. I attended a conference in England 1.5 months ago. The topic of all international meetings at present more or less centers on disarmament and the arms buildup. The sense of this conference was this. They were saying, "Don't go telling us the dangers of the Soviet Union, don't try to explain how terribly expensive the arms buildup is. We know these things. What we expect from you is [to learn] what ought to be done." In fact, this was an original program. Many conferences spend their time on the various aspects of what is wrong. However, the things said about what ought to be done are so speculative or so academic that a lot of them just disappeared on the wings of rhetoric. However, let me admit now that perhaps 1 percent of the results expected from that conference could be carried out. Why is this true? What I would like to say is this: Mr Caglayangil put the problem with extraordinary clarity. There is nothing to add to this melancholy picture. Disarmament experiments up until now (I am excluding the time of the League of Nations because then they called disarmament by another name) have had no positive outcome. The ongoing "mutual, balanced" arms reduction conference in Vienna is approaching its tenth year. And the "balanced" part of it has been taken off the agenda by the Soviets. They have made the problem into one of "arms reduction" alone.

Even so, the talks have not progressed. SALT has drawn a blank. SALT-I was accomplished. SALT-II has been shelved for various reasons. Getting them back on the agenda is another matter. That is, disarmament efforts to date have not been successful. I am not saying this to be pessimistic; it is the facts. Why is this so? This is the point I want to emphasize. If I were still in the foreign service, perhaps I would speak more cautiously. But I have been retired for some years now and I believe that I should speak rather candidly, though certainly I have no intention of becoming irresponsible. There is one state whose name is mentioned little or not at all here. I would like to name it--the Soviet Union. /The disarmament question today has taken the shape of rearmament,/ because the Soviet Union continues to arm. At the same time, the free states are engaged in an effort to bring it to its knees, sometimes taking the initiative, sometimes taking advantage of existing opportunities. Mr Gunes said that agreements had been concluded and their observance can be considered sure. /Experience to date has shown that the Soviet Union has no respect for its own signature./ This is obvious from both its "slipperiness" in agreements and its failure to observe as seemingly academic an agreement as the Helsinki accords.

In this situation, a virtually new disarmament theory is emerging. We call this "disarmament through armament." During the Carter and especially Nixon administrations, the desire to gamble on detente arose. None of it took root unfortunately. Why didn't it? In response to the Soviet Union's failure to honor its agreements and arming itself tooth and nail, there was, unfortunately, a lot of psychological and political pot boiling taking place in the free world, that is, on our part. These affairs were once dealt with at the government level. Today, the disarmament problem has been politicized and (I say this not as an insult) prostituted.

When I say this, they say:

"Then you are a fascist, you oppose democracy." Yet it is necessary not to confuse democracy and demogoguery. Democracy is an extremely delicate tool and it must be cared for as such. If this is not done, /democracy becomes (in the Soviet terminology) a "cannibalistic institution."/ Now I would like to tell you a little about the analyses offered at an Atlantic Institute conference I attended 5 or 6 months ago by a gentleman who once worked in the Soviet Union and has now taken refuge in the West, today being a professor at the Institute for Soviet Studies. This person says: "Is the socialism meant by the Soviets the same socialism of /Willy Brandt,/ of Dubcek or of Tito or Berlinguer? No!" "Why not?" one asks and he says: "The clearest expression of the socialism they mean would be a worldwide Warsaw Pact. Though Soviet communism may seem unsuccessful here and there, this is because it is not worldwide. When communism is universal, it will work."

Peaceful Coexistence

The greatest enemy of this Soviet socialism with its universal goal is the United State of America. America is certainly a powerful obstacle for the Soviets to overcome. Therefore, they are trying to concentrate all their destructive powers on the United States. According to Soviet thought, it is necessary to crush this enemy by using any and all means short of war. In answer to the question of why war is excluded, Vonslenski replies: "Because war is always a risk. Consequently, the Soviets will not take the risk of going to war as long as less dangerous possibilities exist." And when asked what these possibilities are, Vonslenski gives this answer: "It is well to take note first of all that the Soviet definition of 'living

together in peace' is quite different from the West's. For Moscow peaceful coexistence /is ' a part of the ongoing struggle.'/ As long as peaceful coexistence is a part of the struggle, since the West is sgrong militarily, it is necessary to take advantage of their political and psychological weaknesses. They are trying to exploit the contradictions in Western imperialism. They promote this policy by trying to establish on the one hand bipartite Soviet-American leadership while, on the other, trying to instill anti-Americanism in Europe. In overall policy, the Soviets exploit the qualities of Western democracy, because in their view, Western democracy has self-destructive elements." (And this is my point.) Vonslenski again lists the self-defeating elements as follows:

"The West's allowing Soviet parties is part of this problem. Others are its tolerance of emerging organizations and then its inability to deal adequately with terrorism." Again, distorting certain principles of democracy, he gives the fourth as: "The West has taken liberalism to the point of overindulgence. So based on these, the Soviets wait, hoping for the collapse that will serve their purposes without going to war."

Now, comparing this thesis with events in the West, it is seen that the Soviets' guess is not off the mark. Let us take an example. The "neutron" bomb that Mr Gunes just mentioned is perfect for this propaganda. However, the neutron works on the vector effect. This is being played up as if it were the most horrible instrument of destruction ever invented, the worst thing that ever happened to civilization. Negative criticisms are being published, in our press also.

Neutrality

Sorgun: Mr Birgi, the thing about the weapon is that it kills people but does no harm to the structures people have built. This is roughly how the weapon is being described. So this is one of the aspects in the propaganda mill.

Birgi: However, this is not the problem. The neutron bomb is primarily an antitank weapon. If James Bond were going to kill a man inside his car with a ray of light, he would do it with a weapon like this. That is, the man inside the tank is lost but nothing happens to the tank. However, this weapon is no worse than those which destroy homes and entire nations, but more important, it is no worse than the SS 20. So in that case, why is all this propaganda being conducted against it? It is being used in the sense that "it would be useful to let the propaganda grow that the United States built these weapons and is trying to impose them on Europe." So "neutrality" movements have begun in Europe because of this and, perhaps, even among us also. You understand the degree of apathy in that a movement for the neutron [as published; neutrality?] has emerged in Britain and the Netherlands even though the Soviet Union has made no move to limit its arms and is building up every day. They are saying: "Let us begin 'disarmament,' then the Soviet Union will be 'ashamed' and stop 'arming.' They will refrain out of politeness, they are basically good people and will say, 'Let us stop the arms buildup, too!'" So in order to get this universally accepted, it is necessary to work on it and show America as different within the NATO alliance. Disarmament is now at these impasses as a consequence. Being at these impasses, the Reagan administration is reasoning like this. "We are in favor of disarmament negotiations with the Soviets. But first, as NATO allies, we must bring the complement of our arms up to the level of the Soviets' and sit down at the negotiating table under equal conditions. That is, 'If you want peace and amity, be ready for war.' In any

event, these arms will be ready for placement in Europe in 1983. Let us go ahead with negotiations until 1983 and if they are fruitful we will stop [our arms buildup]; if they are not fruitful we will continue to manufacture arms!" America has finally made this compromise and announced that a meeting will be held by the end of 1981. So this is what the talks you first mentioned turn out to be. Europe's status as to conventional weapons is far below that of the Soviets, so the United States is telling Europe: "Promise that you will increase your defense budget by 3 percent annually and do this so that at least you will have a few more tanks. Then you will not need nuclear warheads." Europe, on the other hand, says: "We need 'social and economic' measures right now. Therefore, it is impossible for us to do what you ask." This is the kind of psychological impasse at which the problem now stands. How are we to get out of it? I believe that it is especially necessary to enlighten public opinion in Europe now. And this demands boldness. There are pressure groups in every country. Yet, 50,000 people do not speak for 25 million or 30 million. Exposing this fact is of primary importance. Therefore, the issue must be boldly put before the public. In addition, it is absolutely necessary to reach arms parity with the Soviets. There will still be problems that demand solution if action is taken along these lines. Mr Gunes just said:

"A new type of weapon is emerging between the two arms systems which is a combination of the nuclear deterrant and the conventional arms that can be used." Then I think it is necessary to develop these weapons. They are neutron type weapons. It is impossible to get any results from negotiations if you have no leverage to deter the threat of the other side.

NATO-Turkey and Pressure Groups

Sorgun: Mr Gunes, Mr Birgi says that the SALT agreements are inconclusive, that the disarmament problem has become an armament problem and that the world arms buildup was caused by the failure of the Soviet Union to honor its agreements. He adds that the term "peaceful coexistence" is a part of the struggle for the Soviets. In addition, he suggests that disarmament is being prostituted, that small pressure groups are coersing society in a variety of ways and that this cannot be considered a democratic movement. What are your views on these matters?

Gunes: Mr Birgi said that a 1-percent result was obtained at the conference in England. If this is a result, it means a much bigger result than I have seen on disarmament in my lifetime of some half-century and I would be very happy with it. The Soviets are continuing their arms buildup. This is true. I would like to add one more thing. Just as industrial institutions cannot say, "This factory is enough for me; I can take care of my wife and kids," but have to expand, the superpowers in a way must also expand or increse their global influence because of their super-status, their great size and power. /We may be overly concerned with Soviet expansion, but this is what being a superpower is all about, be their ideologies what they may./ But this is a fact of life. This makes them neither notorious nor vulgar; one cannot fume at them: "Why are you insisting on this vulgar growth?" or "Why are you trying to increase your influence?" Everybody should try to take measures against this in his own way. In fact, the republican governments in Turkey have for many years embraced the Atlantic Treaty and NATO integration vis-a-vis the expansion of its neighbor which it sees as a greater threat to itself. As for the problem of pressure groups, if there is any topic being debated among world public opinion today, there will be pressure groups in Turkey trying to influence the problem also. There is only one nation or group of nations in which these topics are not brought into the open and these are, in fact, the communist nations or those under dictatorship.

In a democratic nation, that is, in nations and regimes run according to the will of their citizens, it is necessary, unavoidable and useful to have these things out in the open. Turkey is determined to live within a democratic regime. It is a nation which debates the right and wrong of problems before its people and has taken as its goal to live by striving for the best. This is the beggest difference between the society we call Western society and that we call the Eastern Bloc. It is impossible for us to do that. Our existence is threatened also. As a consequence, we have the same weaknesses that exist in the West and which that Soviet professor pointed out in his expose. We cannot eliminate these weaknesses and still carve out a Western way of life, because these elements, which from time to time do constitute weakness, are each an inseparable part of our views on society, mankind and life. It is because of our commitment to these elements with their inherent weakeness that we do not accept a specific regime and try to defend ourselves against that regime. It is not a question of strengthening ourselves as a democratic world by totally eradicating these elements, that is, looking like those others in a way. We have undertaken this route, believing from the beginning that if there are people in democracies who would have the courage to show it as it is, when public opinion is informed of what is right in respect of our own essential beliefs, the right, not the wrong, will be accepted. In fact, there are communist parties and currents [in Western nations] rather dependent on the Soviets. /The Western world is a complex world of many elements./ For example, there is a trend not to force military service upon those who do not wish to kill, who do not wish to perform military service for reasons of religion or philosophy, and laws to this effect exist. Doubtless, such a law is conceivable neither in Pinochet's Chile nor in the Soviet Union. Western nations cannot avoid passing such laws just because they do not exist on the other side. By avoiding it, Western society will essentially cease to exist. However, the ability of the "West" or "democracy" to defend itself among all these complex issues depends on the existence of politicians with the courage to speak only the truth or diplomats who tell the truth. I believe that we will find the right path. In fact, examples of this are appearing. /For example, there is now a socialist head of state at the helm in France, but he has said, "The balance between the Soviet Bloc and the West has been destroyed, it is necessary to rebuild this balance." His saying this prior to the election did not prevent his winning the election./ In fact, the prime minister of another Western state, Prime Minister Schmidt of Germany, has rather adopted this idea. For this reason, I do not believe the weaknesses of the West are overpowering. I think that the ability to protect our own way of life and its effectiveness can be procured without destroying the philosophical system in which we believe. I would like to say in respect of raising national defense spending by 3 percent that it may stem as much from another concern of Western statesmen as it would from a lack of courage. Before a great economic crisis leads to war in the West, within itself, or to interbloc war, there is a need to think about how it would serve the Soviets or communism and whether adding a few or a lot of tanks to their own military forces would compensate for the social conflicts that such increased spending would bring about. /The Soviets have very important weapons besides nuclear and conventional arms which, like seeping moisture, eventually carve a path. They are economic discontent, conflicts and developments in societies./ The Soviets have spread throughout the world since World War II, excluding the military intervention in Afghanistan, not just because of the economic difficulties in most countries, but by the development of certain aspirations. For example, American lost the war not because of any injustice or lack of arms but because it did not take into consideration the conditions of the masses in many countries, because it did not heed these developments in society. I think this is the case in the Middle East. I do not think it can easily fill the position it has

lost in the hearts of societies with tanks and rifles. In that case, the balance between the two superpowers is not nuclear balance or balance of conventional weapons. There are psychological, economic and social factors of equal importance. I do not know who flies an airplane better, an American pilot or a Soviet pilot, but I think the Soviet Union is better at the other things I am talking about.

Common Defense System

Sorgun: Mr Gunes, do present world conditions make a collectivist defense system necessary or not?

Gunes: I would like to answer this from Turkey's standpoint. For example, France has nuclear weapons. Will that in itself defend France or solve the problem of leaving NATO integration and remaining an Atlantic member? That is France's business. Next door to this big a state, Turkey cannot defend itself alone and therefore, has taken its place within a collective defense system. Is this American imperialism over us? This is a problem in which a great deal of rhetoric and theorizing takes place throughout the world. I would say that it is not that big a deal. On the contrary, it is quite simple. I would say that it is being next door to a very large state. A French sociologist has a saying about the Africans. According to one of their superstituions, crocodiles do not eat men. But, eating something else, evil spirits, demons and devils enter the crocodile and then the crocodile attacks and eats men. Let us say that our neighbor has no ill intent. But since I do not know when evil spirits will enter people, I try to defend myself with partners since I cannot manage on my own. The problem seems this simple to me.

Sorgun: Mr Caglayangil, where do you agree or disagree on the problems which Mr Gunes and Mr Birgi have brought up?

Shouldn't a New Order Be Established?

Caglayangil: There are many points on which I agree for the most part with my colleagues. Mr Birgi sees the problem as a sign of an "ideological conflict." Why can the East Bloc and the West Bloc not agree? It is ideology. There are differences between the Eastern mind and the Western mind. I became aware of this at the first Islamic Conference which I attended. One group looks at an incident and sees it differently from another group. The East-West divide is not a geographical division. It is a question of understanding. As this ideological difference causes conflict, Mr Birgi's contention that "if you want peace, be prepared for war" is correct. If agreement with the Soviets is desired, one must first prove to them that one is not weaker than they. To sit down at the negotiating table otherwise would be to weaken the trump cards we hold. It is also impossible not to share Mr Gunes' views on our own way of life. /The world is split today like a watermelon. The Soviet Union has used communism well as a question of development, but it has said, 'I will destroy the illusion called the state, making it imperceptible in society.' Instead, it has established a worse despotism than under the czars./ We, too, have said that we will bring about a liberal system in our development to implement social justice better than communism. However, we have been unable to prevent the excessive wealth of some or to establish full social justice in all systems? So what would be the distinction between democracy and communism? Can we not find a system beyond this which takes the advantages of both and eliminates the disadvantages? I doubt it. If such a situation came about, this conflict would be weakened.

Finding such a means of government does not require an absolute philosophy. Even a small state could discover such a means of government for itself. Until that time, it is better to act courageously since they have their own way of life and we, the West, have ours. This is what I was talking about when I first brought up the question of public opinion. There is no public opinion on this matter. And this conversation we are having is an opportunity for such. This arms race is going to go on.

Russia's Attitude

Sorgun: Mr Birgi, what are your views on raising the defense budget 3 percent and the example about crocodiles' not eating men?

Birgi: I did not say that problems should not be debated publicly. I said that a leader should be able to channel them. A courageous leader says something is wrong if it is wrong and right if it is right. Democracy has to be as finely tuned as a watch. A great deal of discipline is involved in deomcracy. This discipline prevents abuse for the purpose of exploiting democracy. And it is necessary to find the proper degree of this discipline. /Mr Gunes said that those who do not wish to go into military service in some nations do not have to. This is debatable. This is not the case in all democratic nations./ For example, air traffic controllers went on strike illegally in the United States. Others were immediately brought in to replace the strikers. This is democracy in action. The Soviet Union exploits this kind of action in the West from time to time, occasionally even throwing those who are open to democracy in doubt. This means that democracy is a delicate instrument which is kept running by the care and maintenance it requires. As for the 3-percent defense budget increase, this has economic aspects. Economists are saying that the level of prosperity in Europe will be such that, despite present inflation, a 3-percent increase will not be a shock to progress. So we still have here the question of courage in the face of demagogues and a matter of leadership.

/Mr Gunes' example of the crocodile is a fine one. Unfortunately, however, the devil is in the corcodile. It is not a question of "if he enters"; he's there. The Soviet attitude toward us has at times made this clear./

Mr Caglayangil spoke of the ideological clash. Kremlin watchers also say, /"ideology has now been placed in the background in Soviet policy. Now there is a direct need for universal dominion." Mr Gunes said about arming that "this is a characteristic of a big state."/

Caglayangil: This is a structural imperative. It is in its nature. This is what Mr Gunes was trying to say.

Gunes: Yes, I should have said it was in its nature. I said that to make it clearer.

Birgi: I went to China not long ago. A Chinese person told me: "There are two imperialists in the world. Russia is the bad imperialist, America the good one." It is possible, at the lowest denominator, if you will, to look at it this way. But, in any case, when one speaks of imperialism, it is impossible to put them both on the same level.

Here, again, there is mention of the failure to realize social justice. That is something that comes from God. Suppose we gave everyone the same amount of wealth; in 6 months, there would be rich and poor again. Social justice must be sought in another form. It is giving everyone the same opportunities.

Sorgun: Such as civil rights and the right to live, of course.

Birgi: /Equal opportunity. On the other hand, I am sure that Mr Caglayangil's idea of paradise is a far cry from mine. Therefore, though keeping our eye on the ideal, we must not forget to keep our feet on the ground./

Third World

Sorgun: Mr Gunes, how do you now see the status of the Third World nations which I mentioned at the beginning?

Gunes: Poverty is poverty with all that the word implies. The world is in great imbalance today. Economic imbalance came even to the poor nations, as everyone sees, with the last oil crisis. A large part of the nations we call the Third World nations gained their independence after World War II. Of course, they have thoughts and perceptions imposed upon them by their histories. Since no remedy can be found for disarmament under present conditions--and we all agree on that--I would say this about the Third World. /I just said that there are certain psychological and economic factors which will perhaps be much more important in the future of the world than isolated weapons and strategic principles./ I think this is especially true in the West's relations with the Third World today in that the Western world, especially the United States, is in no way stressing these weapons as it should. The problems, hardships and ideals emerging from the histories and daily lives of any one of these countries have been enriched over the years and they are different from the states reduced to the point of wondering whether the Soviets will attack and take them over. I think that the biggest mistake of the West and the United States today is seeing these Third World nations or African, Asian and even South American nations outside either bloc as points of high strategic value and asses them from the standpoint of a strategic defense plan. I think this because the problems they have, as Mr Caglayangil revealed in the figures he gave earlier, we are experiencing in a democratic society. The Soviets coming, changing our way of life, taking us captive: these problems may exist for them, but remotely. However, they have problems closer to home. As long as the Western world approahes the Third World nations with the scenario I just mentioned, it will suffer steady loss. Let me make one point. A foreign minster once came to the Council of Europe Assembly (when the Syria and the Soviet Union were enjoying close relations) and said: "Territories belonging to my own country are under Israeli occupation. This is my problem today. All right, I will make an agreement with the Soviets to save these territories--albeit also pledging to change my country's way of life--because this is perhaps what will get them for me" (I relate this as an example of behavior in the Third World). We have to take the status of the Third World nations into account. The children of today may be the adults of tomorrow. When one eats and another looks on, all hell breaks loose.

Sorgun: Mr Caglayangil, how does the status of the Third World nations look from where you sit?

Caglayangil: God created the world for men. We added flags and borders later. If this world is the property of all mankind, 25 percent of the world's population consumes 75 percent of the world's income. And 75 percent of the population gets 25 percent of the income. The Third World, then, is the group that consumes 25 percent. And they justly say, "We are all inhabitants of the earth. God created us that we might inhabit this earth. If you take 75 pieces of the pie and leave me 25 pieces, where will this end?"

Sorgun: Could we not also expect this situation within states, Mr Caglayangil?

Caglayangil: Such situation do exist within every state. And so that is social justice.

Birgi: I completely agree with what Mr Caglayangil has said about the Third World as to human sensibilities. Certainly, they should benefit as much as others from the blessings of this world. Mr Gunes indicated that aid to the Third World should not be from the standpoint of disarmament alone. This is also true. However, I would like to point out that Western aid to the Third World is not being made from the standpoint of disarmament alone. Haig's statements now about Third World nations are drawing a lot of attention. The West is the only one helping the Third World today. Only promises come from the Soviets. The arguments in the Western world will continue. These are the facts of life.

Western Mistake

Sorgun: Mr Gunes, you deserve a change to respond to Mr Birgi's comments. May I ask your views?

Gunes: There are states or societies which are neither in the Western world nor members of the Soviet bloc. What I would especially like to say is this. Let us try to understand better what the Western world is. The West is not just a rich and democratic nation. It is a civilization. It has a way of life, a philosophy. It has a belief system. This belief system is Christianity. Turkey is a nation which has overcome this problem, but in recent weeks young journalists in Turkey have asked why we oppress Syriacs and the Armenians in Turkey and why we do not permit them freedom of religion. Answers were duly given them and this is what they were told: Certain freedoms have been restricted in our country, unlike your country. For instance, mystical religious orders are banned, but we do not complain about this. And, the orders which are banned are Islamic ones. We do not even get involved with Christian sects. You pick out one thing about us because it is something you can identify with. Although we do not have such a problem, the Western world sees certain societies and states as closer to itself through its own economic beliefs and system of culture and civilization and for military considerations. If it does not consider it necessary as a defense of its own system that other nations uphold similar ideals (these are developing nations), I may say there is danger of losing these ideals after a while. Let us look at the Israeli question in this light. You will admit that there was suddenly a state called Israel established on Arab territories. The West took it under its wing and, paying no attention to Arab reactions, it fancies saying that the Arab world, would defend democracy to the end along side the Western world. What am I trying to explain is this. Beyond the mistakes the West has made on disarmament the mistakes it has made in connection with these societies are even more important. It is here that, the West's principal vulnerability vis-a-vis the Soviets or communism shows itself.

Sorgun: Mr Birgi, Mr Caylangil, might I ask your views on these last comments by Mr Gunes?

Birgi: I agree with them.

Caglayangil: I agree with these last comments, too.

Sorgun: In this open forum, we have expressed views on "disarmament" and the "neutron" weapons. It was suggested, in pointing out that SALT has been inconclusive, that even 1-percent agreement on disarmament would be of great importance. Another view was that a new system of government should be found beyond the two major systems to ensure lasting peace in the world. In this connection, it was pointed out that the neutron bomb is not as horrible a weapon as claimed, that weapons more devastating in human terms exist today and that the neutron is even a less deadly weapon than SS 20 missiles. On the other hand, it was said that the West's approach to the Third World nations was only in terms of their strategic importance, ignoring psychological and economic factors, and that this is working against the West. The view was also expressed that the Soviet Union's failure to honor its agreements was the reason for the failure to achieve results on disarmament.

Kamran Inan's Views

Istanbul TERCUMAN in Turkish 3 Oct 81 p 15

[Excerpt] [Profile]

Born in 1929 in Bitlis. He was graduated in political science and received a Doctor of Laws from Geneva University. Entered parliament as Bitlis JP senator. He is married. Speaks English, French and Italian. Now serves as ambassador [to Washington].

I appreciate the interest and courtesy shown by your distinguished newspaper in receiving my views from afar on disarmament and the controversy spawned by the U.S. decision to manufacture the neutron bomb for its own defense. I shall do my best to be helpful in the technical framework.

It is not easy to squeeze into narrow columns two topics so broad, sensitive and subject to differing assessments as disarmament and the neutron bomb, nor to summarize them without omitting major elements. Both are being debated worldwide and serious differences of opinion exist. A sound assessment can be made only with an objective approach.

Worldwide reaction to the American administration's decision to manufacture the neutron bomb can be explained by two factors. First is the tension in international relations and second is that this decision was made in a democratic country where even the most sensitive defense problems may be openly debated. President Carter made the same decision in 1978 and later changed his mind, but it did not cause this much reaction. At that time, emphasis was being given to stationing neutron warheads in Europe, and West Germany had even stated that it was ready to accept them.

Neutron Bomb and Its Qualities

The difference between the neutron bomb--Enhanced Radiation Warhead--and other nuclear warheads is that it is weighted on the side of radiation. This weapon does not have the destructive force through explosion and high heat that other nuclear bombs have. On the other hand, its radiation effect is 10 times higher than that of other bombs. Another feature is that in the tactical-strategic classification of arms, it fits

most easily in the tactical category. It is not dropped from airplanes. It is launched using short- and medium-range rockets and is for defense exclusively. It resembles conventional weapons in this respect and is a bridge between the two categories. The purpose for its manufacture is said to be to correct the imbalance in conventional arms. A sizeable number of essays and articles has come out in recent weeks on this topic in the world press. There are also books: "The Neutron Bomb," written by S.T. Cohen, "Eches a la Guerre," written by S. T. Cohen and March Geneste and "Ila Bombe a Nautronsi," published by Pax Christi. The controversy pro and con over this weapon must not make us forget the fact that the explosive force of nuclear arms now existing in the world is 1.3 million times that of the Hiroshima bomb. Just as the neutron bomb is not the worst in the world arms inventory, whose destructive force grows along with technology, I am afraid that it will not be the last, either.

Unprecedented Arming

Armament and disarmament actually begin with the history of man. They have been debated throughout history. Obviously, approaches and interpretations are subjective. The difficulty arises from terminology and function. There is the destructive, annihilative role and aspect and there is the protective, safeguard role and aspect. The weight given to one of these aspects depends on one's point of view and philosophy. Those who shun responsibility and find it difficult to accept reality dwell rather on the first aspect of armaments and contend that they should be reduced or got rid of. On the other hand, those who accept responsibility—not so much being in responsible positions as having a sense of responsibility, those who accept reality stress the second aspect of arms. They put in the forefront the security of life, the individual charged with protecting their existence and independence, and the nation. The present world scene shows that the second of these two theses debated throughout history, that is, realism, is dominant. Today the world is in an unprecedented arms race. Defense spending exceeds $1 billion per day. Although there are many who dwell on the economic and social aspect of this figure and who point to other areas in which it could be used to advantage, the fact is that this figure and the arms buildup are steadily growing. All countries, whether strong or weak, are in this race. Just as developing nations set aside large sums for arms, a nation like Sweden, which is neutral and a leader in disarmament, supports a modern army and is developing a defense industry. Likewise, Switzerland, whose neutrality is accepted worldwide, puts serious stress on defense, implements a citizen-army system and manufactures and exports arms. Indeed, there is a Defense Materiel Pavillion at the Swiss National Fair now in progress in Lausanne.

Our Situation

Disarmament is the constant on the agenda at the United Nations and in international relations. On the other hand, the arms race is the reality of the day. To be able to understand and accept this requires accommodations of an ideal realism. We, especially, have many reasons to be realistic.

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COUNTRY'S ENERGY RESOURCE POTENTIAL EXAMINED

Istanbul DUNYA in Turkish 15 Sep 81 p 7

[Text] Today, the primary resources used in our country for the production of electrical energy are water, petroleum, hard coal, and lignite. We also have resources that are not yet being utilized to produce electricity. They include asphaltite, bituminous schist, uranium, thorium, and geothermal energy.

The point that must be remembered when speaking of Turkey's primary resources as noted in the preliminary plan is that the numbers that are given are the quantities that are known today. With new research and analyses, changes in the figures regarding reserves must be expected. An example is the evaluation of hydroelectric power potential. While the 1975 Hydroelectric Power Potential Report published by the TEK [Turkish Electric Power Enterprise Directorate General] cited economic potential at 75 billion kilowatt-hours, the 1979 report raised the figure by 33 percent, to 100 billion kilowatt-hours. For this reason, numerical values in reports of the related organizations should be taken as the lower limit.

Hydroelectric Power Potential

Studies demonstrate that water is the most plentiful resource. The DSI /State Hydraulic Affairs Directorate General/ and the EIE / Electric Affairs Institute/, domestic organizations, and the EDF / European Development Fund?/ and the OECD, foreign organizations, have conducted studies to determine our hydroelectric power potential and have reached differing conclusions. The official report states that hydroelectric power potential that can be utilized economically is 100 billion kilowatt-hours per year.

Turkey's gross hydroelectric power potential determined entirely by the hypsographic profiles method is 51,271 megawatts and 449 billion kilowatt-hours per year. Hydroelectric power potential that can be used from the technical standpoint has been set at 34,840 megawatts and 130 billion kilowatt-hours per year. Using these figures, the economic hydroelectric power potential is calculated at 26,016 megawatts and 100 billion kilowatt-hours per year.

Lignite

Studies conducted to date have determined that lignite exists at 241 locations in our country. At 96 of these sites, visible, probable, and possible reserves total 5.3 billion tons. Of these reserves of 5.3 billion tons, whose minimum thermal values generally range from 1,000 to 4,800 kilocalories per kilogram, 3.2 billion tons lie in the Elbistan river basin. basin. Because Elbistan lignite is not used in industry or for heating due to its characteristics, the major portion will be utilized in the production of electrical energy. A large proportion of the lignite reserves is in the hands of the private sector. It can be said that, because scientific research to determine these reserves has not been carried out, data on reserves can change and the figures can increase as new investigations are made. At this time, it is estimated that total lignite reserves in our country amount to 5.6 billion tons.

Petroleum

Retrievable reserves of petroleum, whose known reserves are very limited, total about 57 million tons. Petroleum potential, as noted in both the general plan and the electrical energy plan, is a long way from answering the needs of the nation. For this reason, the electrical energy policy based on petroleum is being abandoned. No power plant that burns fuel oil other than the existing 680-megawatt power plant has been placed in the plan.

Bituminous Schist

Studies that have been conducted have determined that bituminous schist with minimum thermal values of 1,000 kilocalories per kilogram can be used at thermal power plants and that bituminous schist reserves in our nation total approximately a billion tons. With these reserves, it is possible to establish a 850-megawatt thermal power plant.

Geothermal Energy

A 225-megawatt power plant to produce electrical energy using geothermal energy has been considered. However, because the necessary research studies have not been carried out adequately, geothermal energy cannot now be considered a resource that can be taken advantage of in producing electrical energy on a long-term basis.

Uranium

It is very difficult to say anything sound about uranium using the data we possess about reserves in Turkey of this mineral, which is necessary in nuclear power plants.

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CSO: 4654/1

STUDIES FOR AKKUYU NUCLEAR POWER PLANT CONTINUE

Istanbul MILLI GAZETE in Turkish 11 Sep 81 p 4

[Text] Ankara (AA)--MTA [Mining Research Institute] Deputy Director General Ismail Seyhan reported that geological studies that are in progress for the nuclear power plant that will be built at Akkuyu, Silifke on the Mediterranean Sea will be completed by the end of the year.

MTA Deputy Director General Seyhan noted that work in the Silifke-Akkuyu area has been underway for a long period of time and that several foreign firms are conducting studies in the region. He said:

"Great strides have been taken in research in this region. Geological studies are almost completed. Work will be finished by the end of the year. However, whether or not a nuclear power plant will be established will be determined after these studies are made."

MTA Deputy Director General Seyhan announced that the construction of a second nuclear power plant is being considered for Sinop and that geological mapping studies have been begun there.

In the meantime, Sinop Governor Muzaffer Yuzgec provided information on the topic of work being carried out in Sinop by an MTA team. He said:

"During the investigation within Sinop's boundaries, the MTA team will determine if the town lies within an earthquake zone. The results of the studies will depend on the seismic report."

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ECONOMY MINISTER FORECASTS REAL ECONOMIC GROWTH IN 1982

Copenhagen INFORMATION in Danish 6 Oct 81 pp 1, 10

[Article by Henrik Heie]

[Text] Economic Affairs Minister Ivar Norgaard says the upturn has begun. In 1982 unemployment will start to decline and real income will rise.

The long awaited and proclaimed economic upturn has already begun in a modest way and will be really noticeable in 1982 if we are to believe the government's economic secretariat. The day before the prime minister's opening address to Folketing, Economic Affairs Minister Ivar Norgaard presented the latest economic survey from the secretariat, dated October 1981. The basic tone is optimistic, though the optimism is restrained.

The government economists say that the market recession of 1980 has now ended and may have been replaced by a weak rise in demand and production. For 1982 they are expecting a real economic growth of 4 percent compared to a decline of 1 percent this year. Total demand will increase somewhat more so that the deficit in the balance of payments will increase from around 14 billion kroner this year to around 16 billion next year. "That is a small increase and a temporary one which the government can live with," said the economic affairs minister.

Decline in Unemployment

The economic secretariat believes it can detect signs that the strong rise in unemployment has been replaced by a stabilization in the unemployment level for the last 5 or 6 months, although the level has been fairly high. At the same time the information now available suggests that after the substantial declines of the past year employment has been on the rise again since spring.

But housing construction and business investments continued to decline and are probably just reaching the bottom now, the report stressed.

Upturn

Ivar Norgaard pointed out that there are both physical and economic reasons to expect an upturn in 1982. Among the physical reasons he referred to the rising

production of oil and gas in the North Sea which will lead to a sharp increase in investments and the improved harvest this year.

The economic prospects have improved because the international market will have a favorable influence on the Danish economy. This in turn will affect employment so that eventually it will outweigh the new additions to the labor market, causing unemployment to start declining by the middle of 1982.

The economic affairs minister found many factors leaning in the direction of an improvement in the international market, so that "it makes sense to count on such an improvement."

The exchange rate of the dollar seems to have stabilized and the prices of energy and raw materials have steadied somewhat. Finally, a decline in international interest rates is expected, starting with lower interest rates in the United States (Ivar Norgaard is so sure this will come that he that he offered to bet that interest levels, expressed in the American "prime rate" will have decreased 2 percentage points by the middle of 1982).

The upturn will provide room for increased Danish exports, especially in the sector of industrial products, but also in the area of agricultural products.

If no change is made in economic policy in Denmark the decline of disposable real income in the last few years will be replaced by a modest rise. For example, LO [Danish Federation of Trade Unions] workers have had an average decline of disposable real income of about 4.5 percent annually in 1980 and 1981 but in 1982 they are expected to have an average increase of half a percentage point for 1982 as a whole.

"Then there won't be an election?" someone asked at the press conference.

"There won't be any reason for one, at any rate," Ivar Norgaard replied.

6578
CSO: 3106/9

GOVERNMENT ECONOMISTS FORESEE LARGE WAGE INCREASES IN 1982

Copenhagen INFORMATION in Danish 10-11 Oct 81 pp 1, 20

[Article by Henrik Heie]

[Text] Government economists expect sharp wage increases in 1982. It is anticipated that some of the decline in real wages will be reversed in 1982.

The government's own economists expect something like a wage explosion in the spring which would offset some of the loss in real wages in recent years and stimulate demand.

INFORMATION has learned that this is the background for the warnings the prime minister has issued recently against making too much use of the so-called commitment paragraphs when they become applicable again at the beginning of next year. Anker Jorgensen said this most recently in his opening speech to Folketing.

"It is important that developments don't run away from us when the so-called commitment paragraphs go into effect again. A sharp income development would create new problems for economic policy."

The prime minister's plea--or threat--is based on the reports of the government's economic secretariat and the Budget Ministry. Both of these groups issued economic evaluations this week--in the form of the secretariat's semiannual economic survey and the ministry's report on the budget.

Accelerating Wage Development

Both publications expect wage developments to accelerate dramatically in 1982.

After the end of wage negotiations this spring it was claimed that the new contracts would result in a pronounced moderation of wage developments with annual increases of 6, 7 and 8 percent in 1981-83.

But the economic secretariat now says that total hourly earnings for an LO [Danish Federation of Trade Unions] worker in 1981 will rise 10.5 percent or somewhat more than in 1980 when the increase was just under 9 percent.

A contributing factor is that three 90-ore cost-of-living increments were added on this year. In 1980 there was only one cost-of-living increment, 60 ore, falling due. The cost-of-living regulation alone accounts for about half of the total wage increase and contractual improvements account for almost all the rest.

Through 1982 it is estimated that total hourly earnings will rise 12.5 percent. Now the government economists expect that two times two cost-of-living increments will take effect, corresponding to a total wage increase of almost 6.5 percent.

Mounting Wage Drift

The economic secretariat's survey also says:

"It must at the same time be expected that the tempo of wage drift will increase compared to 1981 when the suspension of the commitment paragraph comes to an end at the beginning of next year to be replaced with new rules for negotiations on increases in the minimum wage area. There isn't much basis right now for estimating how strong this effect will be--among other things the continued pressure on the employment situation and the massive release of cost-of-living increments can affect this. Here we are estimating a wage drift of 5 percent compared to barely 4 percent this year. Finally it is estimated that contractual improvements, including the agreement in many contracts to raise the payment for weekday holidays, by 1/2 percentage point as of 1 January 1982, will contribute a good percentage point to wage increases."

In addition the secretariat points out that wage costs will be affected by the substantial increases in the employer contribution (ATP [General Supplementary Pension Fund] and early-retirement payments).

Real Wage Decline for All Groups

On an annual basis an increase of 10 percent is estimated from 1980 to 1981 and of 12 percent from 1981 to 1982 in the average hourly wages for an LO worker. Due to extended vacations however annual income will rise only 11.5 percent in 1982 compared to 8.5 percent in 1981.

Earnings for salaried employees rose sharply throughout 1981 and in the fourth quarter were 13.5 percent higher than the year before. Last year the corresponding increase was only 7.2 percent and from the fourth quarter of 1981 to the fourth quarter of 1982 the increase is expected to be 11.5 percent. On an annual basis we are talking about a continued rise from 7.5 percent in 1980 to 10.9 percent in 1981 to 12.5 percent in 1982.

Finally the incomes of pension recipients are rising more evenly. On an annual basis the income of a single general pension recipient rose 9.9 percent in 1980 and is expected to rise 9.7 percent in 1981 and 11.5 percent in 1982 compared to the previous year. For a married couple receiving the pension the increases for 1980 and 1981 are somewhat larger.

But up to and including this year increases in nominal incomes have not prevented a decline in disposable real wages--what is left after taxes and inflation--for all categories of wage earners and pension recipients.

On an annual basis the decline in disposable real income has been 4.7 percent in 1980 and 4 percent in 1981 for an LO worker (working full-time). For salaried employees the decline has been 6.4 and 2.5 percent respectively and the figure for a single pension recipient was 2.2 percent in 1980 and 4 percent in 1981. Married pension recipients have had a real income decline of 3.5 percent in both 1980 and 1981.

Decisive Shift

But--in the view of the economic secretariat--there will be a decisive shift with an end to the drop in real wages at the end of 1981 and a subsequent estimated increase for all groups. The improvement in disposable real income is expected to rise throughout the year, according to the secretariat. The gains will be strongest for the group receiving pensions--from 2.5 to 4 percent--partly because there will be substantial tax relief for this troup.

The gain for wage earners will vary between 1/2 and 1 percent.

However the economic secretariat stressed the uncertainty connected with this evaluation especially on account of the many changes in the tax system.

Delayed Effect

It should be added that part of this change in developments is a result of the payment of cost-of-living increments after a delay of many months. When the sharp price increases in the spring of 1981 result in cost-of-living increments in the fall of 1981 and the spring of 1982 while price hikes moderate there will be a certain compensating effect for the real wage declines that have already occurred.

But since the cost-of-living compensation is very inadequate only a small part of the real wage loss will be made up for in this way.

And this will happen only if the government refrains from using wage developments as an excuse to tighten up tax policies once more.

6578
CSO: 3106/9

BUNDESBANK SUMMER 1981 REPORT ON STATE OF ECONOMY

Munich SUEDDEUTSCHE ZEITUNG in German 18 Sep 81 p 29

/Article: "State Standing Aside During Adjustment Process"/

[Text] Frankfurt (own report)--In its economic report for the summer months of 1981, the Deutsche Bundesbank [central bank] is taking critical issue with the role of the treasury: To date, that body has given little support to the overall economic process of structural adjustments. In spite of it this year's adjustment process has made more progress in the area of foreign trade than could be expected at the beginning of the year. Nevertheless, an improvement in the employment situation will occur only is existing problems are taken care of more speedily. Critics are reminded by the Bundesbank that a premature about-face in the area of credit policies would presumably have been interpreted as a capitulation on stabilization policies.

The recession that was widely feared for 1981 did not materialize, the Bundesbank writes. Stagnation of the real gross national product, however, accompanied by continuing growth of the production potential, led to a recent decrease in the use of capacities as compared to last spring. As a consequence, the employment level could not be maintained in spite of continuing progress in productivity. But the bank of issue calls attention to this point: A considerable number of those added to the group of people looking for work are persons who are entering the labor market for the first time, primarily German young people and foreign youths are already residing in this country, as well as immigrants from abroad.

The large volume of orders from abroad led to the expectation that the domestic economy would continue to receive support from exports. The tendency to save money seemed to decline somewhat, but not until after the middle of the year when interest in buying consumer goods--especially automobiles--was revived. In spite of a practically stagnating production--which has been evident for quite a while--and a declining use of capacities, there has been no significant breakthrough when it comes to investments, as was the pattern of earlier cycles.

Increased Upward Pressure on Prices

Prices continued to rise, mainly because imports have become more expensive. During the last few months, consumer prices rose at an annual rate of approximately

6.5 percent. Considering the 18-percent increase in prices for imports in July, it becomes clearly apparent that it would have been disastrous to follow the advice of some critics of the Bundesbank and disregard the decline in the exchange rate of the German mark. Following a downward trend of prices for raw materials and the stabilization of the German mark against the dollar, it is hoped that the pressure on prices from abroad will be reduced.

Reading between the lines, one gets the impression that the Bundesbank deplores the fixed parties of currencies with those of "EC countries that are experiencing higher rates of inflation." The reduction in the balance-of-payments deficit--which started 4 months ago--is the first partial success that has been achieved in the adjustment process. But there must be further steps. The international competitiveness of the German economy must be improved permanently, because it must be able to get along without help from a devaluation of the German mark and absorb a sudden change in this respect. This is because the German mark is fundamentally in a firm position.

In matters of adjustment, to date little support has come from the area of public finances. It is expected that the absorption of productive forces by the state will continue to increase in 1981, while a long-term reduction would be more appropriate considering the structural problems. The Bundesbank argues as follows on the budget proposal that has just been agreed upon: Totally aside from the fact that the new set of figures will inevitably contain some risks, the necessary consolidation for the economy as a whole would be endangered if further legislative procedures did not find ways to balance changes in one area with adjustments in another one. The Bundesbank visualizes risks in the assumptions of next year's economic development and the unemployment that is connected with it.

The Bundesbank has kept its own credit policy on a moderate course. In its opinion, neither relaxations nor increased restrictions were in order. In recent months, approvals and grants of credit by banks have lost some of their dynamism, and the increase in the nonbanking money supply has also slowed down a little. Considering these circumstances, the Bundesbank felt confident that the posibilities of an overwhelming shift in prices has already been sufficiently limited, and thus, for the time being, the latitude for price increases on the domestic front was at best very small.

Uncoupling Not Possible

Finally, the Bundesbank presents the prerequisites necessary for a relaxation of its credit policies: A longer-term reduction in domestic interest rates to levels lower than those offered abroad must not take place until confidence is restored in a permanent stabilization lead for the FRG and its ability to continue in the adjustment process. As a consequence, there has been no room to date for a painless strategy of uncoupling from foreign currencies, especially the dollar. In the meantime, the hope is justified that continuing results in the stabilization effort will in the long run not be without influence on the exchange rate as well as the interest level.

8991
CSO: 3103/10

COMMUNIST YOUTH CHAIRMAN DEFENDS DISRUPTIVE-TACTICS PLAN

Copenhagen INFORMATION in Danish 14 Oct 81 p 5

> [Text] DKU [Communist Youth of Denmark] is making its controversial catalog of ideas on communist participation in peace movements public.

Members of Communist Youth of Denmark, DKU, dressed as American "leathernecks," will take part in military happenings, especially at educational locations, in an effort to activate young people to participate and become involved in peace movements.

This appears in the so-called "catalog of ideas on the struggle for peace," prepared almost 2 years ago by the Copenhagen division of DKU for use by members all around the country. A copy of the catalog came into the hands of BERLINGSKE TIDENDE, leading to this headline in that paper's Tuesday edition: "Young Communists to Terrorize Schools--Specialists in Terror Volunteer."

This presentation led DKU leaders to respond with a press release objecting to attempts to "cast doubts on the peace activities of young communists."

Shock, Chaos, Tumult

Ole Sorensen, chairman of DKU, brought a copy of the famous catalog to INFORMATION on Tuesday. The "terrorist actions" referred to are described in it like this:

"Shock, confusion, fear, chaos, tumult, show, etc. All are ingredients that can be included in untraditional actions to get people's attention so it is easier for one to put one's views across.

"DKU leathernecks are a concept many young people at educational institutions here and there will encounter in the near future. This corps of leathernecks can be obtained on request from DKU to terrorize an educational setting. The corps will arrive at the time designated and carry out a tumultuous action. For example five well-trained DKU people will storm the cafeteria in full military fighting uniform (U.S. look). Speaking Danish-American they will overpower active union or student council people (you). After that a directive will be read aloud, explaining in reactionary terms why there is a state of emergency and troops from

the 'Free World' (the United States) on Danish soil. Then the masks will be removed and the attention that has been gained will be utilized to explain the details of the upcoming Danish defense compromise and perhaps other things as well.

"This action can be used when a peace group is being started or as a way of clarifying our policies."

Peace Committees

The DKU catalog recommends the formation of independent youth groups in connection with local peace committees. In several places it is clear that DKU regards the Cooperation Committee for Peace and Security as "its" organ in the peace movement without excluding other organizations. Under the heading, "How Do We Develop Peace Committees?" we read:

"Several local peace committees have become bogged down in long discussions on resolutions, on whether or not to join the Cooperation Committee. There is only one piece of advice to be given on that--drop the discussions. It isn't essential for us that they be members; let practice show which of the nationwide committees is best at combatting arms buildup and unifying the forces for peace. In the same way a peace committee does not have to be set up with a very formal and stiff structure, with long by-laws and so forth.

"But it is important that peace committees not turn into discussion clubs for those who are already more or less politically organized. And one can avoid that in only one way--by getting some activities going that will involve more people in the work. Without denying the necessity of political discussions we must suggest activities on any basis on which agreement can be reached and get the local groups and committees out of their holes."

Attempts to Divide

That DKU does not view competing peace organizations very positively is apparent from the catalog's presentation of the movement No to Nuclear Weapons:

"No to Nuclear Weapons was set up as a counterweight to the Cooperation Committee and because a peace struggle with the communists 'lacks credibility.' In reality this is an attempt to divide us because we have a lot of influence--in their opinion. For the most part they issue very sensible materials."

To INFORMATION DKU chairman Ole Sorensen stressed that the proposed actions with DKU people dressed as leathernecks could not be presented as terrorist actions:

"We are talking about 'happenings' aimed at making young people aware of the dangers in Danish participation in NATO cooperation with the United States. This form of action has already been tested in several places, most recently in Vejle where people were reported to the police but later were released," said Ole Sorensen.

6578
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COMMUNIST PARTY CHAIRMAN SAYS YOUTH TACTICS NOT APPROVED

Copenhagen BERLINGSKE TIDENDE in Danish 20 Oct 81 p 6

[Article by Jens Thomsen]

[Text] The young communists' so-called catalog of ideas concerning terrorizing Danish school children by attacking active school council members and popular teachers was not inspired by the Danish Communist Party. Danish CP chairman Jorgen Jensen told BERLINGSKE TIDENDE today that on the contrary they had warned the young communists against preparing false letters and carrying out "leatherneck actions" in the schools.

"We don't believe in the value of such methods. People become fearful or restless as a result of such actions. I realize that it is tempting for our young people to use forms of action that are different from the usual thing in their effort to be heard but these should not be overplayed.

"Uniforms should be used only if it is noted from the beginning that a demonstration is involved. We also oppose false signatures since official letters should not be counterfeited unless it is stated that this is the case," added the Danish CP chairman, thus taking sharp exception to the catalog of ideas and DKU [Communist Youth of Denmark] chairman Ole Sorensen's action forms which he does not feel have anything to do with terrorism but are comparable to "peaceful street theater."

But the courts have taken a different view. Recently the chairman of the communist students was fined by Copenhagen City Court after his organization sent out a letter purporting to be sent by the armed forces command in Vedbaek. The letter was addressed to several dormitories in Copenhagen and stated that the dormitory rooms would be evacuated so they could be used to quarter foreign (American) troops.

The DKU executive committee recently issued an account of the recent criticism of young communists' so-called peace work. It says among other things that DKU's young members around the country have carried out "leatherneck actions" hundreds of times but that "no people have come to harm during the actions and no inanimate objects have been destroyed."

CSO: 3106/9

PAPER COMMENTS ON GOVERNMENT PROBLEMS WITH LABOR, FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 16 Oct 81 p 8

[Editorial: "When the Claws Came Out"]

[Text] A prime minister who changes his ministers every year is not doing well. A party which changes its leadership every year is not doing well either. The maneuvers of the past 24 hours within the government and the Social Democratic Party can be seen as one more indication of the concern caused by Anker Jorgensen's activities. He does not control his government, and he does not control his party.

The postal scandal in itself--dramatic as it is--should not have led to the clash that it did. Much can be said about Jens Risgaard Knudsen's management of the situation in the postal service, but it must shatter the nerves of many social democrats that the minister first had two members of his own party undercut him, and then the prime minister with his henchmen by his side placed him in a situation where he could see no other way open than to resign. It is not the first time that the prime minister has allowed party members to flay each other, but he himself has never before used his claws so openly. It should not surprise Anker Jorgensen as party leader if he can more and more detect a public lack of confidence in his ability to lead the party and the government.

While things went so badly that the postal scandal became the reason for this attack, the explanation is to be found in a fundamental problem, which the social democrats have found in recent years to be a steadily heavier burden.

It concerns the relationship between the party and the labor union movement. The traditional and formal close cooperation was given a death blow when Anker Jorgensen formed a government with the Liberal Party, and it has not been possible to set up a government during the economic crisis with which the labor unions will live up to government demands. It is of great importance for the future of the Social Democratic Party that the dissatisfaction in the labor union movement does not increase, and it is vital that it does not come to something resembling a rupture. But the postal scandal has caused the labor unions to react sharply to the policies which the government is conducting based on decisions of the Folketing. There is a clash with the government, which wants to stop the increase in costs, and which will use the means at hand--reduced service, shorter open hours, etc.--to reach that goal. It is a strong union, and if it turns against the government the risk is great that

there will be a reaction which will hit the social democrats hard. This development was for foreseen by Anker Jorgensen, and he is now bearing its consequences.

But the prime minister can not be certain that this is the way for a solution of the postal conflict, and he can not be certain that the requirements for savings can be met. If it is proved that he has chosen the easy solution, then he has not found any solution.

9287
CSO: 3106/10

DEBATE ON FOLKETING INAUGURAL SPEECH REFLECTS 'WEAKNESS'

Copenhagen BERLINGSKE TIDENDE in Danish 9 Oct 81 p 9

[Editorial: "Debate Without Hope"]

[Text] The Folketing is the foremost assembly in the kingdom. Whatever happens there is of great importance for the development of society, and should be of interest to every citizen. But this is not the case. The opening debate yesterday, which formally dealt with the condition of the kingdom and the government's program, should have been a high point of parliamentary activity. But it was not. It was a debate which the parties considered important--in view of its position on the parliamentary calendar, and parliamentary tradition. But it was not a debate on which the public could base their expectations, and no expectations were fulfilled.

The coalition parties decided in advance to hold off the threat of an election by proposing an agenda at the start of the debate which would bring them together. And the general debate about the condition of society could not bring up new matters for consideration or point out differences of opinion as to what is wrong. The government's program in the opening speech was drawn up in such a way that it could not be considered aggressive. On the contrary, it was marked by such a lack of precision that the parties' answers contained very little of interest. It is difficult to criticize the voters if this debate happens to slip by them as a largely indifferent input to the political procedure. And there is more than usual political interest in this, because some can overcome their natural reluctance to pay attention to what 10 parties are saying during such a debate.

There are, however, two main impressions from the debate which the voters should try to retain. One main impression is that the debate again confirmed that the government, in spite of recognizing the serious nature of the situation, is unable to propose a clear policy which can help take the country through the crisis. The government is not able to use the occasion to defeat the votes of no confidence which for weeks have threatened the social democrats. The other impression which should be noted is that the concessions for cooperation by the radical left, in which it is such a prominent participant, are not capable of solving the tasks before it. Niels Helveg Petersen explained that the economic problems are so great that cooperation is required from the Social Democratic Party, the Liberal Party, the Conservative Party and the Radical Liberal Party, and that these four parties should all act promptly.

Government weakness and the corresponding lack of strength of the coalition parties are the factors which, in the coming weeks and months, will be decisive for events. It will be difficult to restore to the Folketing--and to the public--a definite confidence that a basis is being established for correct policies.

9287
CSO: 3106/10

SINGLE-TAX PARTY CONGRESS ATTACKS MP GROUP FOR COMPROMISING

Copenhagen BERLINGSKE TIDENDE in Danish 4 Oct 81 p 7

[Text] Single-Tax Party searching for a new profile. Sharp criticism of Folketing group. Fewer members and less money.

Denmark's Single-Tax Party is searching for a new and more attractive profile than the one now being shown to the public. The party wants not only to advance economic proposals, it will also appeal to the feelings of people.

That was one of the conclusions in the debate on the party's activities at the party congress yesterday at Skive.

At the same time the congress sharply criticized the party's five-man Folketing group for compromising the party's basic idea, namely that income taxes should be untied from land taxes. The Folketing group was furthermore warned against probing around among the coalition parties' issues at the expense of the Single-Tax Party's issues. A theme of future policy, said the departing chairman, Lars Fredsted Kristensen, is that Denmark is in a "cold, social democratic time." "One needs only to ask the elderly, who cry in their sleep in nursing homes, if they are satisfied with the social democratic way of buying welfare. Our position is that people should have more responsibility for themselves. But we are seen by the voters as a rather cold party, always talking about economics, so we will talk more about people's feelings."

During the debate on the activities of the Folketing group at Christiansborg the Folketing group, and especially the party's member of the Folketing Finance Committee, Ole Flygaard, were criticized very sharply by, among others, the party's two great ideological figures, director Knud Tholstrup and farmer Jens Kirk. Knud Tholstrup warned--referring to the Folketing group's recommendation for an income tax reform last year--against forgetting the land tax idea as the main position of the party, and Jens Kirk accused Ole Flygaard of having "stolen" the recommendation for income tax reform from Kirk and others, and then totally destroying it. He used the word "deceitful" about Ole Flygaard, who also was not present during this portion of the debate. The political spokesman of the group, Ib Christensen had to step in with a statement to the participants to "come down to earth." "One would think that the people will flock to us if we will only put forth the right recommendations. The truth is that no matter how we, in the past many years, have advanced

recommendations on the land tax, we have been totally repulsed by the radicals and the social democrats, even though they have the same thoughts in their party platforms."

The number of members of the Single-Tax Party is declining, their treasury is weak, and activity in the regional parties is far from satisfactory.

This was shown by the organizational information released at the Single-Tax Party congress yesterday at Skive. In 1978 the number of party members was 2,600 and this year it was down to 2,000. Income was 25,000 kroner lower than the 319,000 kroner which was budgeted.

Against this background the party's national secretary, Herluf K. Munkholm, called on the party's representatives to at least have formalities and positions in order around the general assemblies, and to reply to letters from the national organization. Furthermore, he called on the party's Folketing group to be sure that the Minister of Education contributed to orientation materials in the schools.

Because of the dismal situation the party will furthermore consider whether its Folketing candidates should be drawn up centrally by all the members. The one who made this recommendation, Frank Helbo of Arhus, said that it would strengthen the members' feeling of influence and thereby increase membership.

Another speaker maintained that the party is not doing enough to tell the people that the idea of the land tax is to do away with income tax, and it was recommended that the words for "land tax" be eliminated in favor of "land leasing."

9287
CSO: 3106/10

POLL REVEALS STRONGER TREND TOWARD POLITICAL POLARIZATION

Copenhagen BERLINGSKE TIDENDE in Danish 4 Oct 81 p 1, 11

[Article by Lisbeth Knudsen: "Center Democrats Prefer an Immediate Election to a Disheveled Prime Minister"]

> [Text] Gallup poll says Social Democrats [S] would lose five seats, Conservatives [K] would gain seven and Center Democrats [CD] would drop out.

"In this political situation there are now only two possibilities: a Folketing election or a disheveled and weak prime minister back in a continued coalition. So we might as well have the election now." So said the chairman of the Center Democratic Party's Folketing group, Arne Melchoir, to BERLINGSKE TIDENDE on Sunday. He said that the CD would like to come to a coalition party meeting with the prime minister on Wednesday, but he refused to take part in discussions on an expansion of the coalition before the prime minister publicly renounces his speculation on an election.

According to a Gallup poll, an election now would mean that S would lose five seats, while K continues forward in the voters' favor and would gain seven seats. The Radical Liberal Party [RV] would lose one seat and the Progressive Party [FKP] two. The Communist Party [DKP] would be represented in the Folketing with four seats, and CD on the other hand would drop out.

"The reactions that I have received lately do not show that Gallup gives a valid picture of the results of a coming election for CD. But it must be clear for all to see from the Gallup poll results that when we directly recommend to the prime minister to hold an election, that eliminates any suspicion that we will give in to the government soon," said Arne Melchoir.

The group chairman for CD said that it was "monstrous and shameless" for the chairman of S, Knud Heinesen, to say last Friday that it is "the government's unified employment plan" which is at stake, and that a solution was made impossible by statements from Arne Melchoir and not election comments from the prime minister.

"There is no employment plan other than that agreed upon by the coalition in May, and CD agrees with it in detail. But we do not want to be puppets for Anker Jorgensen," said Arne Melchoir.

Only cooperation between the four old parties--S, V, K and RV [Radical Liberal Party]--would give a decisive majority in the Folketing after an election now. This is shown by the latest Gallup poll which measured the voters' opinions of the political parties on the exact day last month when Prime Minister Anker Jorgensen threatened to call a Folketing election. That happened in a speech to the congress of the Women's Labor Union on 27 September.

The present coalition parties--S, RV, CD and KRF--would lose their majority in an election, according to the Gallup poll. Together with the left wing the social democrats could not get a majority either. A bourgeois government would not be able to govern without the cooperation of both the Single-Tax Party [DR] and the Progressive Party [FKP], or with the Social Democratic Party.

The coalition parties would together lose nine seats if the election were held now. V and K together would gain six seats--and the left wing, consisting of SF [Socialist People's Party], VS [Socialist Left Party] and DKP would gain five seats.

The new Folketing would have exactly 10 parties as now, but CD would be out and DKP would come in again. In the Gallup polls the communists have not been represented in the Folketing since the social democratic voters established a record low in April this year before the new May coalition of RV, CD and KRF. The powerful setback for the Social Democrats in September has again caused communist representation.

Seats

Based on the Gallup poll the Sunday BERLINGSKE TIDENDE has calculated the allocation of seats in the Folketing. Not included are the two members from Greenland and two members from the Faeroe Islands.

	Gallup	Present
Social Democratic Party [S]	63	68
Radical Liberal Party [RV]	11	10
Conservative Party [K]	29	22
Single-Tax Party [DR]	5	5
Socialist People's Party [SF]	12	11
Communist Party [DKP]	4	0
Democratic Center Party [CD]	0	6
Christian People's Party [KRF]	6	5
Communist Workers Party [KAP]	0	0
Liberal Party [V]	21	22
Socialist Left Party [VS]	6	6
Progressive Party [FKP]	18	20

Political Index

Question: Which party would you vote for if there were a Folketing election tomorrow?
(Polling period 12-27 September 1981)

	23 Oct 1979 pct.	Mar 1981 pct.	Apr 1981 pct.	May 1981 pct.	Jun 1981 pct.	Aug 1981 pct.	Sep 1981 pct.
S	38.3	36.7	33.4	36.0	37.7	36.7	35.2
RV	5.4	5.5	5.6	5.3	5.5	6.0	6.2
K	12.5	13.4	13.8	14.4	14.1	15.7	16.5
DR	2.6	2.7	2.5	2.2	2.8	2.1	2.6
SF	5.9	7.6	6.6	8.5	6.3	6.5	6.9
DKP	1.9	-	4.0	-	-	-	2.3
CD	3.2	2.2	2.7	2.0	-	2.0	-
KRF	2.6	2.5	2.6	2.6	2.8	2.1	3.1
KAP	0.4	-	-	-	-	-	-
V	12.5	12.5	13.6	12.8	12.9	13.0	12.0
VS	3.7	4.0	2.7	3.8	3.6	3.4	3.6
FKP	11.0	11.6	12.5	10.6	10.7	10.4	10.2
Other*	-	1.3	-	1.8	3.6	2.1	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Parties with less than 2 percent of the voters

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BRIEFS

ALTERNATIVE COMPROMISE SUPPORT URGED--The Liberal Party chairman said the country's largest party is handicapped. "The three cooperating coalition parties are now going through the same experience that caused the Liberal Party to give up its cooperation in government with the social democrats," said the Liberal Party's former foreign minister, Henning Christophersen, yesterday at a meeting in Abenra--arranged by the North Slesvig Liberal Party. "The alternative to the social democratic government must be broadly based cooperation among a number of nonsocialist parties. The social democrats have neither the desire nor the ability to reach necessary political decisions. The country's largest party is handicapped and needs a long rest on the opposition benches," said the liberal chairman. He continued, "The Liberal Party does not want to rebuke the three cooperating parties for choosing to try, but we are not surprised that things worked out as they did." [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 4 Oct 81 p 11] 9287

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EC LEADERS WARN GOVERNMENT ON IMPLICATIONS OF A WITHDRAWAL

Copenhagen INFORMATION in Danish 20 Oct 81 p 4

[Article by Stig Albjerg: "EC Offensive to Hold On To Greenland"]

> [Text] EC Commissioner Dalsager, EC Parliament Member Eva Gredal, and the chairman of the EC Commission Gaston Thorn have been busy telling the Greenlanders that they will have hard times if they vote themselves out of the EC in the referendum next February.

If Greenland decides to withdraw, and is successful in getting an arrangement of association with the EC, it will not in any case be an OLT [expansion unknown] arrangement, which Greenland's government and EC opponents on Greenland are aiming for.

Danish EC Commissioner Poul Dalsager gave a clear message to Greenland's Landsting in Nuuk (Godthab) on Thursday.

The OLT arrangement, which applies to a number of British, French and Dutch overseas possessions and territories, gives duty-free status to all products of interest to Greenland, first and foremost fish products, with limited possibilities for grants.

"But the existing duty-free status for fish products is accepted by EC with the knowledge that the export of existing OLT areas is insignificant. Greenland's export of fish products is, on the other hand, large," said Poul Dalsager to Greenland's Landsting.

Greenland's Welfare

Commissioner Dalsager said, "An eventual request for an OLT arrangement will be met with a demand for revision of this point.

"Another matter that will be considered if Greenland applies for an OLT arrangement is the level of welfare in Greenland, which is higher compared with other countries and areas which are included in existing OLT arrangements," said Dalsager.

He also drew attention to the fact that the contributions now being paid under the OLT arrangement are much less than the contributions now being paid to Greenland.

He pointed out that Greenland's possibilities for getting an OLT arrangement, as it is known today, will encounter significant problems.

EC: A Risk

Whether or not it will be possible unfortunately can not be said beforehand. That is a risk which Greenland must take," said Dalsager.

"But if Greenland decides to withdraw from the EC, the door will be open. Nothing will be done by the EC Commission to hold on to Greenland, if the people of Greenland find that it is best to leave the association. They must make that decision themselves," said EC Commissioner Poul Dalsager, adding that he and the commission naturally would prefer to see Greenland decide to remain in the EC.

Harsh EC Fact

In an interview with RITZAU BUREAU [RB] in connection with the visit to Greenland, Poul Dalsager said, "It is a harsh fact that it can not pay to withdraw from the EC. If Greenland has an arrangement corresponding to the EC arrangement for dependent countries and territories outside Europe, the so-called OLT arrangement, the support would be of such little importance that it would not be a reasonable alternative to membership in the EC."

Dalsager said that the possibilities for reaching an OLT arrangement "by and large are very small."

The most important thing for Greenland in connection with an OLT arrangement is duty-free status for Greenland's fish products in the EC. But Dalsager points out that Greenland's fish export is very much larger than that of the other OLT countries and that EC will therefore consider Greenland in a different light.

"I know that a number of countries are very cautious about giving Greenland assurances of anything, because their own overseas areas are under the existing OLT arrangement," said Dalsager.

Dalsager would not name the countries, but it is generally known that large member countries such as West Germany, Great Britain, Holland and probably also France have this opinion, according to RB from Nuuk.

Dalsager said further that an arrangement of association for Greenland would require unity among the 10 EC member countries.

Loss of Prestige for EC

EC Commissioner Dalsager told RB that neither the EC Council of Ministers nor the EC Commission has ever discussed what could happen if Greenland withdraws from EC. But RB reports from Nuuk that "the various EC countries have, however, like Denmark, not concealed the fact that they prefer that Greenland remain within the EC."

"It would be a loss of prestige for the EC if Greenland withdrew, and the talk of Greenland's withdrawal is met with wonder by the other countries. They find it

difficult to understand that Greenland wants to get out, while other countries are pushing to get in," said Dalsager to RB.

Preferred Claim in EC

"The attitude of the EC Commission toward Greenland is that the country is in the category which has a preferred claim to, for example, distributions from the regional fund and the social fund. EC is interested in supporting Greenland on Greenland's own terms. That lies behind the idea of the regional fund contributing to the development of the different areas according to their own wishes, and this of course becomes grant money only after application from the country directly concerned," said Poul Dalsager.

When Greenland, together with Denmark, became a member of the EC in 1973, Greenland received special arrangements, which in particular had importance for fishing. These arrangements expire in one year's time. But according to RB, Poul Dalsager will not say which possibilities Greenland has if it remains in the EC.

"But as the Danish commissioner I have an entirely clear perception of what I can do for Greenland if it remains in the EC. On the other hand it will be very difficult to speak up for Greenland if they are outside," said Dalsager to RB.

Punishment Expedition

After Dalsager's visit to Greenland's Landsting, RB reported that "it is clear that it would not pay to withdraw from the EC, but Dalsager emphasized that there would not be any punishment expedition against Greenland."

"It is Greenland itself that creates these difficulties, if the country decides to withdraw," said Dalsager, who has no doubt that "it will be difficult for Greenland outside of the EC."

In that connection Dalsager named the People's Movement Against EC in Denmark, which is very active on the question of Greenland's withdrawal: "The People's Movement Against EC is using the Greenland question as a political tool in its own fight in Denmark, but it has at no time mentioned possibilities of obtaining the funds which Greenland will lose if it withdraws from the EC," said Poul Dalsager.

Eva Gredal in the EC

The DEUTSCHE PRESSE AGENTUR reports from Strasbourg that the socialist group in the EC Parliament has designated former social minister Eva Gredal as member of a group which will work across party lines in the EC Parliament for Greenland's continued membership in the EC.

This group will work to set forth the advantages Greenland has with membership in the EC, according to a statement from the socialist group during a session of the EC Parliament in Strasbourg.

Gaston Thorn: No Promises

RB reports from Brussels that the chairman of the EC Commission, Gaston Thorn, denied on Thursday that a promise would be given that Greenland could negotiate for a special development agreement, if it decides to leave the common market.

Thorn said in a written reply to EC parliament member Eva Gredal (Social Democratic Party) that "the commission has never expressed an opinion" of a future relationship with Greenland.

Eva Gredal had referred to newspaper articles which said that Greenland would be able to negotiate with the EC and a number of countries in Africa, the Pacific and the Caribbean which have made fishery arrangements advantageous to Senegal and Guinea-Bissau.

EC Numbers

According to RB, Thorn said in his answer that 76 percent of Greenland's fish products are sold in the EC, and that the value of the export was 1333 million kroner in 1979.

That number is too large. Because Greenland exports about 300 million kroner worth of fish products per year, of which half are shrimp.

The main recipient of Greenland's fish products is the EC country Denmark. Only one-third goes to other countries.

In his reply to Eva Gredal the chairman of the EC Commission, Gaston Thorn, said that since Denmark became a member of the EC in 1973, the EC agricultural fund supported Greenland fishing projects with a total of 16 million kroner, of which 4 million were for building ships.

The Tax Will Rise

RB reported Friday from Godthab that the tax percentage for the Greenland land tax would increase from 3 to 12 percent, if Greenland loses the contribution from the EC.

This was was concluded from the calculations conducted by RB against the background of the latest figures for tax receipts by the Greenland treasury, and the expected contribution from EC to Greenland this year.

The total contribution from EC to Greenland for 1981 is expected to be about 185 million kroner.

According to the Greenland government's budget proposal for 1982, every percent increase of land tax will give an income to the treasury of 20.7 million kronor.

If the 185 million kroner is to be obtained through the land tax, that means that it will increase from 3 to 12 percent. The total tax levy--both municipal and local land tax--will thereby in most of Greenland rise to over 30 percent.

Divided among about 30,000 taxpayers in Greenland that will amount to an increase of 6,000-7,000 kroner per year.

The Greenland association of EC opponents, ANISA (supported by the government party Siumut) has recently stated that the Greenland living standard will not be disturbed if Greenland withdraws from EC, but it is not yet clear where the replacement for EC contributions will be found.

The Danish government has repeatedly emphasized that Denmark can not continue to keep Greenland compensated, according to RB.

At Least 130 Million Kroner

In a white paper on the situation between Greenland and the EC, which the Greenland government has worked out for the referendum of 23 February, it said that "self-government will find and carry out incomes or savings of at least 130 million per year."

The white paper says that the amount will be larger if there is not, as recommended by ANISA, agreement on an association arrangement with EC after Greenland's withdrawal. Or insofar as the agreement reached does not give the same possibilities for loans from the EIB, the European Investment Bank, as during membership.

The head of the government, Jonathan Motzfeldt, chairman of Siumut, will not talk about eventual tax increases in connection with withdrawal from the EC, but he told RB that "at the moment we are investigating how it will be possible to obtain money."

EC Contribution Increases

There is no doubt that a withdrawal from EC after the February referendum will give Greenland serious economic problems.

In the trade between Denmark and Greenland, twice as much value (about 1 billion kroner) is moving to Greenland as from Greenland to Denmark (about one-half billion kronor per year).

Greenland's problem with leaving EC consists roughly in that before membership in the EC the Danish treasury supported Greenland society, but after EC membership an increasing part of the support was channeled through EC--or to say the same thing in a manner more friendly to EC, the EC sends increasing contributions to Greenland.

200 Million Kroner For Houses

The situation makes clear the conflict which Minister for Greenland Affairs Tove Lindbo Larsen's visit to Greenland recently disclosed. A municipality (Nuuk) negotiates with the EC Commission, without the Danish government and the EC Commission suggesting the possibility of an EC contribution to building housing in Greenland, even though the EC Council of Ministers has not yet given the green light to EC financing of housing. Also, housing in Greenland can change over from receiving grants from Denmark to receiving "EC grants."

During his visit Minister of Greenland Affairs Lindbo Larsen said that Denmark will give an additional 200 million kroner to housing in Greenland. The money will be enough for 1,000 houses, which is a large amount in Greenland where about 300 houses are built per year. (There are a total of about 12,000 houses in Greenland).

The minister's conditions for contributions to increased housing construction are that the Greenland government and the local governments pay two-thirds of the 1,000 houses which are over the construction already agreed upon.

EC Regional Fund

ATUAGAGLIUTIT/GREENLANDSPOSTEN reported that Minister Tove Lindbo Larsen said in the Greenland Landsting that "the EC regional fund must enter into the financing."

ATUAGAGLIUTIT/GREENLANDSPOSTEN wrote that the Danish government will eventually go to the EC, but the promise of the 200 million kroner is still in effect, regardless of whether the government gets the money from EC or not.

How will it go with, for example, contributions to housing construction in Greenland if the EC Council of Ministers decides to allow EC to go into housing financing, and Greenland withdraws?

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EC MEMBERSHIP ISSUE DEBATED AS REFERENDUM APPROACHES

Helsinki HUFVUDSTADSBLADET in Swedish 22 Oct 81 p 7

[Article by Sigyn Alenius: "Greenland--Disagreement Over EC Membership"]

> [Text] Copenhagen--Eleven members of the Greenland home parliament, the Landsting, want Greenland out of the EC when the referendum is over on 23 February. Ten members want to remain in the EC. Membership in the EC means money for Greenland, and the question is how the balance has developed in recent months.

The question has become all the more controversial as the day of the referendum approaches. Greenland politicians are beginning to perceive that it will be difficult to create the form of association with EC which they previously counted on if Greenland withdraws. Greenland was counting on a cooperative agreement of the type that the EC used to give to developing countries with very weak economies. Within the framework of such an agreement Greenland could keep the contributions which now go to the island from the EC regional fund and from the EC bank.

Lately a number of the 10 EC states--primarily West Germany--have clearly emphasized that Brussels can not count Greenland as a developing area because the Greenland standard of living is too high. The income per citizen is significantly higher than, for example, Ireland's, which is considered to be an average EC member.

Decision Based on Fish

Greenland's interest in withdrawing from the EC has its roots in the desire of the fishing and seal-catching population to freely decide over their waters. As it is today, all EC fishing waters are common, and fishing quotas are assigned by the EC commission in Brussels. This is a system to which Greenlanders are opposed. They have certainly previously had the right to fish everywhere they are capable of fishing, but such an agreement with EC is objectionable to Greenland. It is not known what will happen in the future, but under all circumstances the Greenlanders themselves wish to decide who will fish off their coasts, and how much.

Within the population the large majority has until now been for leaving the EC. When Greenland entered together with the rest of Denmark in 1973 a test vote was

held which showed that 72 percent of the population was opposed. Greenland entered in spite of this because at that time the island did not have self-government. Greenland has now had self-government for more than a year and thereby has the possibility of voting itself out. Among politicians the balance for and against EC is about even. There are two large parties: the Siumut, which is against EC and has 11 seats in the 21-seat Landsting, and the Atassut, which wants Greenland to remain. Money will be decisive in the end. Greenland now receives 200 million Danish kroner per year. The money goes first and foremost for infrastructural purposes--electric power, harbors, roads, etc.

No Compensation

Prime Minister Anker Jorgensen has clearly stated that the Danish nation will not pay the contributions which the EC now pays. Greenland already costs Denmark 1.4 billion kroner per--money which will of course continue regardless of membership in EC.

Supporters of continued membership in EC are saying on Greenland that the island can not stand on its own legs economically. If Greenland must be dependent on someone, why not Europe? The alternatives are the United States and the Soviet Union.

9287
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BOURGES COMMENTS AT LENGTH ON NATION'S DEFENSE POLICY

Paris LE MONDE in French 15, 16, 17 Sep 81

/Series of 3 articles by Yvon Bourges, RPR senator for Ille-et-Vilaine and former minister of defense: "What Policy for France?"/

/15 Sep 81 pp 1, 12/

/Text/ Mauroy Promises to Develop the Military's Nuclear Arm and Keeps the Term of Military Service at One Year

France will modernize its strategic and tactical nuclear armament and, for the time being, it will keep at one year the term of draft military service which will be made more operations-oriented. That is what the prime minister, Pierre Mauroy, announced Monday morning 14 September at the Institute for High National Defense Studies (IHEDN) after having mentioned that the institution was the heir to the College for High National Defense Studies established in 1936 by Leon Blum.

You will read below the beginning of a series of 3 articles by Yvon Bourges, former minister of defense, who has made a point of recalling here the broad outline of defense policy during the last presidential term.

What Policy for France?

I. Priority for Submarines

The choice for our strategy was really made by General de Gaulle in 1966 when he put the nation's armed forces back under the sole authority of the French Government. That decision followed from having our first nuclear weapons available and from the fact that the possession of that kind of weaponry by its very nature implies being able to use it freely. The decision was also, even principally, a response to the feeling the founder of the 5th Republic had about the role and authority which France ought to have in Europe and in the world. Nuclear weaponry gave France the means to have that role and authority. That is without a doubt one of the main elements of General de Gaulle's legacy. That is being discovered by his most recent successor as the latter settles into office and, as is only right, shows no seeming desire to deprive France of the independence nuclear weaponry assures France in international relations.

Still considering that France's security is linked with that of Europe, and justifiably so, we are continuing to be a member of the Atlantic Alliance. To commit our military alongside the Allies requires a specific decision of our government according to what analysis it may make of the threat. That is why our forces are no longer filling a "slot" within the Allied troop disposition. That is why our participation in joint defense classifies our troops as reserves in Atlantic pact forces. We have set up missions for liaison with NATO's principal command echelons to facilitate our pre-engaging alongside our allies, should the time come, since effectiveness requires that a data and communications network be set up on a permanent basis. Regular contacts of our staff headquarters with NATO's as well as training maneuvers sustain the relations thusly defined.

Our involvement in the alliance is not lessened by the fact that our nuclear weapons are national in character. Owing to the fact that France is in Europe and that its security is linked with its European environment, France adds to the alliance's military capability even more because of the uncertainty connected with the independent character of French decision-making than because of French military potential. Moreover, too many comments made in this regard would have one believe that a broadened sanctuary concept might be substituted for the national independence concept of our deterrence policy. There has been none of that.

This situation does not spare us the necessity of making a direct contribution to the alliance via the support of our conventional forces. This support must take into account the whole of the situation to which it would expect to respond, and therefore must take into account a hypothetical extreme threat to our freedom and security, which implies that the involvement of our army fits into the deterrence process. That is why our armed forces are equipped with tactical nuclear weapons the use of which represents the last warning. The significance of that warning remains the same whatever the characteristics of the weapons. The decision to equip our armed forces with neutron devices depends on a number of elements of a technical, financial and political nature. That question is posed for us in unique terms as a function of our policy and our particular responsibilities and therefore comes up on a separate basis from the debate concerning the presence of American neutron weapons on the continent of Europe.

Strategic weapons--weapons for direct reprisal on the attacker's territory--cannot themselves be the sole expressing of deterrence policy. The stakes are of such a serious nature that one should not minimize the risk of skirting the situation via limited attacks which create a serious imbalance--attacks which at the outset do not directly jeopardize the country's independence. Anyone who has thought about the situations which the political authorities might have to face and about the consequences of nuclear involvement cannot be unaware of the need for warning which from the start is the way a sense of determination is asserted: the deterrence process cannot be cut short without risk. That is why the policy of "all or nothing," which is to say the all-nuclear strategy without anything supplementing it except forces providing coverage for French territory, is not acceptable. That is because it is not realistic and what it embodies undermines the credibility of deterrence which must remain intact.

Two Basic Ideas

The value of the deterrence policy of a country like France rests on two basic ideas:

1) Being able to hit the attacker's territory to an extent such that the resultant damage is genuinely intolerable: This necessary requirement is met when the number of weapons being delivered makes it possible to reach the desired level of destruction; there is no need at all to go further. That is why we do not have to amass endless quantities of nuclear weapons.

2) The complementary requirement has to do with the capabilities of delivery vehicles and weapons to break through enemy defenses and deliver the required destructive power on enemy soil.

Three components aim to achieve this two-fold objective.

The first French nuclear force was made up of about 40 Mirage IV's which are to remain in service until 1985. A squadron of 15 planes is slated to have new adaptations in order to be equipped with ASMP (intermediate range air-to-ground) thermonuclear weapons launched at an appreciable distance from their objectives. This decision is without prejudice to the possibility of maintaining a nuclear strategic air force in the last decade of the century. The cost of modern airplanes is such that it does not seem realistic to contemplate making up such a force out of one specific aircraft. It is from the standpoint of a multi-purpose combat aircraft built with our usual partners--West Germany and Great Britain--that it seems to me we can look forward to a solution. To my mind at least the strategic air force issue had not been closed.

It was in 1971 when the "Redoubtable" entered into service, the first submarine in the strategic ocean force (FOST) which General de Gaulle had set at a first-generation contingent of five ships.

Missile-launching nuclear submarines (SNLE's) carrying nuclear bombs and able to cover very great distances constitute a system which is particularly suited to the deterrence policy of a country of France's size. Operating outside France's national territory it represents a threat which is always real. One might well consider that it will remain the most important means of implementing deterrence from now until the end of the century. As I see it, strengthening the fleet of these submarines and improving their weapons make up the priority segment of the nuclear programs.

Research and experimentation underway were making it possible to expect new small-scale thermonuclear weapons to be built by a 1985 deadline. A missile could be equipped with several of these and they could be scattered timewise and location-wise in order to thwart enemy defenses. With this M-4 weapons system France is rising to the technological level of the United States and USSR forces. In order for these new missiles to be loaded, a significant reworking of the existing SNLE's had to be carried out. This was a much preferable solution to building SNLE's of a new type because the cost was less, but most of all because it was the solution which made it possible to have the most potential available in the shortest periods of time. Starting in 1985 one modernized SNLE outfitted with 16 M-4 missiles was slated for entry into service every 18 months. Under these circumstances the construction of a 6th SNLE, the M20 type (present missiles have single megaton warheads), was halted in 1976 in order to replace it in 1978 with the construction of a 6th SNLE of the M4 type. From the time that SNLE was to be in commission the first batch of M4's were to be carrying missiles with multiple dispersible warheads; building them by 1985 represents a very remarkable technical feat. None of the people who know this field can question the validity and importance of these decisions. And it is this program which is underway.

What should the make-up be of the strategic ocean force, an essential component of the country's deterrence?

Many figures have fairly thoughtlessly been put forward. Response is a product of precise data. It is a question of determining the amount of damage to be inflicted on the aggressor in order for it to be large enough to be intolerable and deter him from aggression. Taking into account possible losses in launchers and weapons one determines the numbers of weapons and missiles needed. Within the useful life span of the other strategic components, and as a result of the uncertainties hanging over them, it is mainly the submarine force resources which are to be considered. Armed forces staff headquarters has carried out studies on the composition of the FOST making estimates for a reassessed level of damage to be inflicted, and it submitted its conclusions in June 1978.

These conclusions were the source of the decision made 2 months later to produce the "Inflexible" in the M-4 version and to refit 4 1st-generation SNLE's from 1985 to 1990. Those conclusions also entail replacing the "Redoubtable" after its standard term of service is over and increasing somewhat the number of SNLE's. Thus, in spring 1980 I had proposed to the chief of state launching a seventh SNLE.

With 7 SNLE's, 2 undergoing major overhaul or grounded for maintenance, we will be able to have 5 SNLE's in an operational cycle: 3 of them on continuous patrol at sea, the other 2 capable of joining them on short notice, and on very short notice in periods of tension. Therefore I appreciated the fact that Mr Hernu--whose part in Mr Mitterrand's and the majority of the Socialist Party's acceptance of nuclear deterrence policy is well known--made that proposal in turn to the president of the republic and that on 24 July on the occasion of his visit to Brest Mr Mitterrand announced the decision to build that seventh SNLE.

A Successor to Pluto

Because the submarine force will maintain its relative advantages for a long time and because we are capable of building a system at a quite satisfactory technical level, we must pay particular attention to building as soon as possible an SNLE fleet capable of wielding the threat of our response at the appropriate level. This ought to be the priority of military programs of the 1980's.

The ground-to-ground strategic component is the last one to have entered into our nuclear forces, but it is nonetheless an element which must be maintained and renewed in the future. The assumption that it may be possible to detect SNLE's at some as yet unknown point in the future makes the existence of such a component necessary. The only way of lessening the risk of surprise destruction of land launch sites by a first strike lies in uncertainty as to missile siting.

Several systems can be considered: mobile missiles moved by vehicles on roads or by airplanes or missiles being moved in underground tunnels whose exits are not visible. Studies have been carried out and quantified for these various possibilities. The choice of a system depends on technical, financial and political considerations. Since everything cannot be undertaken at the same time, I considered for my part that priority ought to be given to strengthening the ocean strategic force.

Regarding tactical nuclear weapons, the role assigned to them results in a limitation of their numbers. The air-launched weapons program is underway: the ASMP missile which will come into service during the next few years in our air force and naval air arm is well suited to the mission of those forces and can also be used by the strategic air fleet.

Talking about theater weapons, it is necessary to replace the Pluto. Limits to its use make that imperative. The Hades system has been accepted in principle to succeed Pluto: its range and charateristics give greater and more useful latitude in its use. Increasing the number of units equipped with it has not been anticipated on account of strategic doctrine. On the other hand, the system is capable of accommodating nuclear weapons with intensified radiation (neutron weapons) if it is decided to equip our forces with them.

/16 Sep 81 p 11/

Do Not Break the Momentum Benefiting Conventional Forces

/Text/ The first question which was being asked regarding our land forces concerned their organization. Financial constraints had necessitated a system which differentiated three categories of forces: field forces for the European theater; interventionary units for foreign theaters of operation; and so-called territorial defense((DOT) regiments which, lacking operational structure and decent resources, made up a national guard, more static than dynamic, more than a military force. Thus there were two armies.

One can well imagine that the better officers and NCO's balked at DOT assignments; I am convinced that the feeling that military service was useless, prevalent among many draftees, was the result of this situation. In the area of effectiveness there is no valid justification to be seen for this split. The reorganization of the army undertaken as of 1975 unified the types of force units, trimmed the command structure, prevented instances of subordination to several superiors, and redeployed regiments all over the whole country. This reorganization is characterized by the versatility of units, a greater mobility, and greater capacity for adaptation. It was carried out from 1975 to 1980 by General Lagarde with exemplary determination and rigor, and it has been a fundamental element in straightening out the situation in the army and in improving our military potential.

It seems essential to me not to jeopardize this reorganization. The reconstitution of lightweight units cut out for regional defense (which certain people recommend due to considerations extraneous to military objectives) as distinguished from units "formed into military divisions" with more genuine capabilities--the former accommodating draftees and the latter being reserved for professional military men--would seriously lessen the army's value without real savings in return, and it would dangerously impair the credibility of our military system.

An Important Effort

The reorganization of the regular army was accompanied by a parallel reform of reserve units which, with respect to regiments derived from regular units, has borne fruit: rapid recall near their place of residence for reservists; equipment and weapons being maintained on a permanent basis by the regular unit, and a doubling of local defense

defense capabilities by modern units facing any infiltration or parachute landings. It has not been possible to cap this effort at the same time by more extensive use of reservists in national defense missions and to form regiments of covering troops in the framework of territorial military divisions.

The second aspect of this effort to make the army more valuable was the area of its weaponry. There were glaring and sometimes serious shortages. I have never understood how the military recovery effort managed to provide so much fodder for a campaign which aimed at deluding people into believing that we would have been sacrificing the nuclear forces via that effort. What a lot of percentages and figures were put forward against me, when the truth of the matter was simple but creditworthy: we were making an effort on behalf of both the nuclear forces and conventional forces because in spite of economic difficulties we were making an important effort for our defense. The projections of programming decided on in 1976 were broadly held to, the few recorded delays (in particular 155 GCT [with large train arcs] howitzers, AMX 10-RC Moulineaux tanks, Famas 5.56 rifles) being due to technical difficulties in perfecting the weapons or the industrial tooling.

There is no question that the army's operational capabilities in 1981 are far superior to what they were in 1974. Much remains to be done, starting with finishing the programs which have been started up. New programs will have to be completed--including certain major ones, like the future battle tank which will replace the AMX 30 in the 1990 time horizon and we have been looking for a solution to that with a Franco-German tank. This has been given momentum which must not be broken.

Navy Renewal

Regarding the navy, the problem was that of replacing obsolescing ships and having logistical and combat resources available to meet modern requirements.

The need for a coherent program of new construction was not being discussed. Since the military programming law of 1976 did not adequately size up the problem, I undertook to go further. In the course of a visit he made in Brest to the Atlantic Fleet on 7 November 1977, Giscard d'Estaing decided on establishing a navy renewal plan looking ahead to the year 2000. It was presented in June 1978 to the Defense Council and to a great extent has been initiated over the last 4 years. The program includes a fleet of 112 combatant ships, 26 auxiliary ships and--a plan decided on in 1979--11 maritime surveillance ships.

The extent of the effort made to catch up is shown by the following figures:

--Funds allocated to new construction in the fleet quintupled from 1977 to 1981;

--The average yearly tonnage of ships on order which was 6,300 tons from 1964 to 1975 went to 9,300 tons for the years 1976-1981; and,

--Vessels representing more than 70,000 tons are under construction in 1981 (16,920 of which is specifically under the 1981 budget), which is nearly a quarter of the present fleet size.

The share which has been apportioned these last few years to the navy, which is slightly higher than what the 1976 law anticipated, must not be reduced if we want to have a navy at our disposal able to carry out its missions, as is essential.

Let me be permitted to express a desire here: that the first new aircraft carrier receive the name of "Charles-de-Gaulle." The "Clemenceau" could not have a more appropriate successor. Admiral Lannuzel and myself had proceeded on that philosophy. May our choice be that of the government when the hour of decision arrives!

A last word regarding the navy: it is necessary to increase the troop strength of this branch of the armed services, in officers, petty officers and enlisted men. The fleet's operational capability and the strategic air force's development require it. This process has been started off during the last few years by the creation of jobs which are budgeted for and by improvement in career paths.

Nowadays it is for the air force that important decisions looking ahead to the year 2000 will have to be made.

Launching the Mirage 2000 responded to the need for a superior aircraft capable of succeeding Mirage F-1's. The choice made in 1975 was made in the concern to give our aircraft industry further assets. New materials, electrical aid for flying, a weaponry system adaptable to defense missions as well as attacking the ground or reconnaissance, computerized means of navigation, and Doppler radar are technologies which the Mirage 2000 has made it possible to master. These are valuable gains in terms of how valuable our aircraft industry products are.

The problem of choosing the combat aircraft for the future has already been posed. Thinking about this choice is still going on both among manufacturers and in the air force weaponry office and staff headquarters. The investigation into cooperating with West Germany and Great Britain which I launched in 1977 comes under this area of concern. I know the huge difficulties which are posed by cooperation of this kind, difficulties first in defining, building and then in getting a joint aircraft flying, an aircraft with fairly extensive capabilities. This would however be the most valuable future road to take for Europe's aircraft industries and it would have an exceptional impact in the military area. Is such a plan still possible? In any case, a national solution would be costly. Would a national solution make it possible to have available a combat aircraft with all the desirable capabilities? The status of the Mirage 2000 is such that it provides time to explore all possibilities.

Transall

It is well known that the problem of long distance military air transport has been sharply posed since 1975. Following the refusal of the United States Government to let us have about 10 C-141 Starlifters, we decided to start remanufacturing the Transall with an improved model. Twenty-eight were slated for the Military Air Transport Command (COTAM) as reinforcement for the 51 Transalls it already had available. Since the new model Transall is able to cover 7,400 km non-stop and 9,500 km with inflight refueling (compared to 5,500 km in the original model), it makes it possible to meet our immediate needs and gives the necessary respite for working out a satisfactory solution, taking into account the number of planes needed and unless there is sufficient European cooperation, ought to be acquisition of the new military transport plane which the United States is considering starting to build.

I had also directed another search towards a solution of this kind, the search for an airplane for airspace surveillance to strengthen the Centaur and Aladdin radar network.

During the past 6 years, the protection of air bases and aircraft weaponry in terms of missiles and means for taking countermeasures have been the subject of sizable programs which have indisputably increased the value of our air force capability.

/17 Sep 81 p 5/

A New Army

> /Text/ In his two preceding articles the former minister of defense recalled the effort already undertaken in the modernization of the strategic ocean force and the momentum given to the reorganization of conventional forces from Giscard d'Estaing's time (LE MONDE, 15 and 16 September).

Conscription, which is bound up with republican France, is an expression of the nation's defense spirit. There is no doubt that the presence of France's young people in military service gives our army extra spirit which is valuable to it.

The prime justification for the military service obligation is active participation of young Frenchmen in the national defense. If there were not to be such active participation, it would be simpler and above all more honest to reconsider the matter of conscription and confine ourselves to the professional military. Many proposals to shorten military service only refer to conscription as a matter of principle while in actuality they resign themselves, via schemes which are quite illusory with respect to military effectiveness, to a military career alongside which draftees would play a small part. However, by doing their year of service draftees make a very useful contribution to our military system. One only has to look at the number of combat billets filled by draftees, jobs often involving sophisticated equipment, to realize this.

It would be desirable for combat or operational weapons crew jobs to be offered as extensively as possible to draftees, but one cannot ignore the extent to which these possibilities are limited or the need to provide for jobs which are less military in an immediate sense but are nonetheless just as useful for the activity and smooth functioning of the armed forces. Finally, it must certainly be recognized that military service represents the contribution of young people to the nation, in the style of a tax, and that the abolition of that obligation would, whatever certain people claim, be translated into an increase in the financial cost of the armed services, unless there is a reduction in their troop numbers such that in actual fact we would have to give up having an independent defense policy.

For it is not true that France has an army of big battalions. The army with its 300,000 men can field 160,000 combat troops. Is that really too great a number for a country like ours faced with the commitments it has?

An Imposition

If you want draftees to effectively participate in the missions of the armed forces, the length of the term of military service is a function of two criteria: on the one hand, a period of training sufficient for useful servicing of equipment, and, on the other hand, guaranteeing the continual operational readiness required of each unit. I

do not say that the 12-month figure is crucial. I do make the observation that it corresponds well to those two requirements and fits fairly well into the professional life of young people. It is the most prevalent average period of military service in Western Europe.

The ways in which military service is performed are obviously of primary importance. It is often said that draftees get bored or experience a feeling of uselessness as soldiers. The year of military service is clearly an imposition and is resented as such: being separated from personal attachments and friendships and the interruption in professional activity explain this, all the more so because the education draftees received up until that point provided hardly any preparation for an understanding of civic obligations and even less for an understanding of the virtues of patriotism.

In performing his service the draftee has barely any time in which to get bored. It is more the inactivity and emptiness of evenings and weekends in an unfamiliar town where he has no friends which are the basis of the feelings of uselessness and boredom. In September 1980 the president of the republic had asked for a new effort to be undertaken to build various sports facilities in garrison locales as well as to increase socio-cultural activities, so that periods of free time can be the occasion for personal enrichment and development. This effort relies heavily on action on the part of officers and NCO's, and also on the energizing role which can be played by draftees, a lot more of them than might be thought capable of getting interested. What is better than statements, and what a better perception of military service depends more on, is understanding and dedication on the part of members of the military community and most important of all the officers and NCO's.

One can unquestionably talk about the French Army of 1981 as a new army. Since the end of the Algeria war, an enormous amount of thorough work has been accomplished by the command level and by the officers and NCO's. Officers and NCO's along with French society as a whole are living through evolutionary changes, even upheavals, which are taking place. And they have been able to shift to dealing with new forms of behavior without jeopardizing the essential requirements of combatant service.

In 1975 I applied myself to translating those ideas into new general discipline regulations with which to characterize the military service, regulations in which strictness and discipline had to be absolute and certain amounts of leeway were permitted in what was done in normal life. These were mainly important reforms which have been accomplished during the last 6 years: better communication within the armed forces and making officers and NCO's sensitive to internal information requirements, setting up flexible and varied participatory structures, and teaching methods in training being adapted to social conditions and the technical nature of the equipment.

In this area one cannot feel that everything is accomplished and that there is nothing else to do. I am quite convinced that the opposite is the case, just as I am convinced of the necessity, in the process of any reform, of respecting the special nature of a combat institution and the constraints imposed by that nature.

For our armed forces to have the necessary resources requires that sizable funds be dedicated to them. The military expenditures portion of the government's budget has regularly and considerably declined since 1963 with the end of the Algeria war. However, the financial resources granted to the armed forces have been too modest starting in 1969. A drastic reduction in military expenditures followed 1968 and continued

beyond that time until the lowest point was reached in 1974 with a defense budget corresponding to 2.9 percent of GDP. In order to make sure of an increase in funding for defense corresponding to an increase in real purchasing power and make it possible to catch up, the government program planning law of 1976 provided for an increase of 0.09 percent of GDP for the military above and beyond the growth in national product. Over the period of the first 5 years of that programmed planning, this commitment has been held to, subject of course to a variation in economic parameters not moving 1981 too far from initial forecasts.

It was essential to reverse in this fashion the trend which had caused operating expenses for the armed forces to steadily grow (to 60 percent of the military budget) to the detriment of the capital budget. That reversal is just what has been accomplished since 1977.

This two-fold effort will have to be continued beyond 1982. I was the first one to appreciate how, in increasingly difficult economic circumstances, the basic principles of the effort provided for by the 1976 law had not been jeopardized and how the increase in military funding had been in accordance with what was projected. I do not doubt that the necessary pursuit of the defense effort will be as creditable in the future as in the past. For more progress must be made in taking more out of the national product for defense. The studies which I conducted showed that this increase must in fact be continued up to 1990 in order to carry out the coherent defense policy the basic ideas of which I have just repeated here. Technical progress entails an ever growing increase in the cost of ever more sophisticated weapons. For the countries of Western Europe, this is a worrying situation, since if they fail to master the new technologies themselves, they will be placing themselves in a state of military, industrial, and political dependence. Since the needs and capabilities of Europe's principal nations are similar, it is clear that unless each one on its own account is able to manufacture the whole set of weapons it is in everyone's very real interest to agree to make them together and share the responsibility. It is because I am convinced of the absolute necessity of uniting the efforts of European countries that between 1975 and 1980 I took an increased number of initiatives, especially vis-a-vis Germany and England. Nearly 20 plans for programs of common interest were accepted in this way. It is evident that in my opinion the defense policy instituted by General de Gaulle, and which has unfolded since then with remarkable continuity, must be carried on. Analysis of the situation in the world and the ways in which it is evolving, even the most recent ones, underline the major interest France has in persevering in a policy which genuinely guarantees national independence, allows our country to maintain its standing in Europe, and gives it the potential for carrying out desirable actions to support its interests and friendships. I imagine that if the new government is not seeking to noisily innovate in this area it is because it has realized just that. It is quite fortunate that since the subject was hardly gone into during the electoral campaign, the candidate who is now president, who was already won over to nuclear deterrence, does not have any commitments which can hamper him. And Mr Hernu has had the courage to recognize that one of the few specific points in the socialist program--limiting draft military service to 6 months--was not feasible.

Not Giving Up

The fact remains that even keeping up this continuity is going to require decisions of great importance and that it is precisely on the basis of those decisions and the orientations they will represent that it will be possible to know and assess the

president's and his government's defense policy. The most obvious commitment will of course be making a regular effort to seek financing. In the absense of this effort there would be another kind of price to be paid via a weakening or alteration of our military capabilities: the erosion of our role in Europe and in the world.

I would like to hope that this effort will not discourage the new government, for its own sake as well as ours, from working for disarmament. In spite of the above-mentioned effort there is no question, if I have correctly understood the statements of Messrs Mitterrand and Hernu, of giving up working for disarmament, since the reality and effectiveness of our military policy constitute an important precondition for the credibility and authority of our action in the disarmament area, contrary to utopian assertions regarding unilateral disarmament.

Involvement in political life only has meaning through what it allows to be accomplished for one's country or fellow citizens. Therefore it is understandable that the nearly 6 years I spent heading the Ministry of Defense were particularly exhilarating ones for me. Also, knowing the attention Mr Giscard d'Estaing paid to defense and not forgetful of the trust with which he honored me, I could not help thinking about him on the evening of 14 July when I was noting that at least in the defense area the Socialist Government was not standing aloof from the work of its predecessors. For the army which France's people cheered that day and on which the new leaders congratulated themselves did not owe anything to an inspired 7-week period: it was in fact the army which for 7 years we had been preparing for France.

9631
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SEGUY ON CGT DEMANDS FOR PERMANENT CHANGE

Paris L'HUMANITE in French 9 Oct 81 p 5

[Speech by Georges Seguy at CGT National Confederal Committee meeting; date not given]

[Text] The National Confederal Committee of the CGT [General Confederation of Labor] has just concluded its meeting in Paris yesterday evening after 3 days of exceptionally intense discussions. Henri Krasucki's report provoked a large number of comments and heated exchanges. The historical period we are now going through made the debate a uniquely valuable one. This indicates industrial workers will be participating enthusiastically in preparations for the congress. The discussion was very open, sometimes contentious, but great unanimity (all except for four abstentions) obtained with respect to approving the lines of the report presented by Henri Krasucki on behalf of the confederal bureau, along with the proposals it contained about preparations for the 41st Congress. It was in the same spirit and in the same unanimity that the CCN [National Confederal Committee] approved the proposals of the confederal bureau which were presented by Rene Lomet in regard to "democratic organization of the pre-conference debates." Here is the speech given by Georges Seguy at the concluding session of the National Confederal Committee meeting.

Henri Krasucki's very detailed report proposing the main themes for discussion and focal points for reflection about the 41st Congress leads me to make a short concluding speech.

The discussion which followed the report showed the CCN is in broad accord with the direction proposed. It is now up to the confederal bureau, the executive committee, and the committees responsible for drawing up draft language for the congress, to get to work on the basis of the decisions made at this meeting of the CCN, as proposed by Rene Lomet.

Indeed, everything centers around the question of how the CGT is going to make its contribution to the process of change to which the country has been committed since 10 May.

From this point of view there is continuity, but in completely different conditions from those which the 40th Congress was facing.

The 40th Congress had to define the strategy appropriate for mobilizing all the workers in the struggle, in order to defeat the economic and political domination of big capital, in order to oppose the Right, in order to rise above divisions, with clarity and lucidity, in order to open the way to change.

It has accomplished its mission, not without being subjected to a critical analysis of prior inadequacies or mistakes, an analysis over which it is pointless to dwell except to recall the main lesson it drew from the experiences: "Change comes about through the conscious and responsible commitment of workers to the struggle."

That lesson has lost none of its value.

The Door To Change Is Open

The 41st Congress is going to take place in very different circumstances:

The victory of the Left has seriously shaken the dominion of big capital, the Right has been thrown out of the government, the door to change is open.

Early significant steps have even now already been taken in the direction of social, economic and institutional reforms which show positive progress toward more profound change, necessary for real and lasting social progress.

But it would be illusory to think that everything is now going to move forward inexorably, and that for change to be victorious all that is needed is faith in the government of the united Left.

When the prime minister gives assurances that the policy of the government is aimed at leading to safeguarding purchasing power, raising the wages at the bottom of the scale, creating jobs, shortening the work-week, advancing retirement age and expanding the rights of workers, we are appreciative and we approve.

These objectives, which constitute a bare minimum, may be attained, in the short term, despite the heavy burdens left by the Right.

The CGT continues to expect these commitments to be kept.

On the other hand, recent rumors of a return to wage controls (which in the past have left a bitter taste) are arousing serious concern among the workers. It must be understood that the CGT will not countenance the reestablishment of a system conceived to benefit employers to the detriment of wage-earners.

Our worst disappointments have come from sitting back passively in the hope that everything will fall from the skies, and it will be no different tomorrow if we cannot convince the mass of workers of the necessity of getting into the struggle so their demands, and the reforms implied by them, are translated into realities.

In the present situation, more than in any other conditions, underestimating the forces opposing change can only favor the schemes of those who continue to want to turn the clock back.

The majority of the Left is far from having accepted, in its totality, the idea that it is absolutely necessary to give government the economic means to carry out a policy of meaningful social progress and that this requires a substantial amputation of capitalistic privileges.

European and international pressure will continue to be exerted to prevent France from moving forward on a path which would weaken--indeed, provoke a break with--the imperialist front.

Support of the Workers Indispensable

But the strongest resistance to change comes from the employers.

Big business is the big loser in the popular tidal wave that threw the Right out of power.

It will do anything to protect its economic position and reestablsh its political dominiation.

This is why the Leftist government has nothing to lose by forcing the employers, all the profiteers, to restore to the national community, and first of all to the workers, what they have extracted over long years.

The growth of the profits of the big capitalist companies justifies many more substantial inroads than are provided by the measures thus far decided.

If the government works resolutely in this direction, it can count on the support of the entire CGT.

On the whole, all these factors added to the underlying crisis which continues unchecked in the capitalist world show the degree to which vigilance is essential and the involvement of the workers mandatory. The class conflict between the upper middle class and the working class--while unfolding under new conditions since 10 May--is no less sharp than before. The difference is that the balance of power has been significantly altered in favor of the common people, a stratum in which the working class has a decisive role.

The current government has an imperative need for the support of the workers, if the reforms and transformations necessary for the economic and social equilibrium of society are to be achieved, to endure and not to be a disappointment.

In today's France, almost 50 percent of that support comes from CGT, in terms of organized labor. This unique national circumstance, which does not fail to alarm the class enemy, gives a measure of the responsibilities we have to shoulder to keep moving forward.

And the best contribution we can make to positive change, beyond our constructive role in all the negotiations under way or in the future, is to transform the great hope born in the victory of 10 May into a conscious, irresistible force, in such a way that the process of change becomes irreversible until it has opened up the prospects for socialism in France.

Those on the Left who are sincerely motivated by the will to move forward on the road to democracy and social progress have no reason to fear this commitment of the workers; on the contrary, they have every reason to be glad of it.

Similarly, it is in their interest for the most widely representative trade union confederation in France not to lose its independence, which cannot be separated from its class positions, by listening to the siren song of reformers who preach leftist crisis management based on consensual class collaboration at the expense of the workers.

It is important for the CGT to fully assume its role in the service of the workers' interests, whether in any individual case that means being a partner or an opponent, a source of ideas or a source of action. It is this flexibility, this ability to be ourselves no matter what the conditions, which we must acquire.

And it must be recognized that this kind of skill is all the more difficult to master because we have never had a similar experience.

This is why we should not prematurely throw stones at those of our comrades who are still having problems in this situation.

In the Most Democratic Way

The 41st Congress and the debate which precedes it offer us the chance to answer the questions the workers are asking about CGT's position, its strategy, its ideas about the present and the future.

That debate should contribute to raising the consciousness of our militants, our union members, and the workers and encouraging their mobilization and their lucid and responsible commitment to the struggle for change.

This is why it is in everyone's interest to design it in the broadest, most democratic way possible.

It was this concern which Gerard Gaume expressed. Beyond open discussions, which cannot be the final aim of democracy, it is desirable for the unions to organize the debate in the most appropriate fora: Congresses, general assemblies, for example, as we have always supported in ths past; as for the way in which the results of their deliberations should find expression in the confederal congress, we would be overstepping our prerogatives if we tried to impose one single rule on everyone; it is up to them to assess, in accordance with their by-laws and the special conditions of their field, what would be the most democratic manner in which to conduct, conclude and follow-up on their debate.

It is not enough to say and keep repeating "it is necessary" for democracy to flourish; I am certain that our comrades are doing their best, but it is still necessary for our organizations to be functioning well.

An In-Depth Discussion

I think that we can all be pleased by the fact that the discussions here at the CCN have been in-depth and that they permitted everyone to assess the nature and extent of the divergences which for a long time have put certain comrades in opposition to the orientation of CGT.

There is, for example, the case of Jean-Louis Moynot, who before the 40th Congress and after it as well, proposed--by the note communicated to you--a platform different from the one which emerged from the 40th Congress.

It would have been better if that had been fully out in the open.

I do not propose to respond point by point to the ideas he endorses, but I will permit one allusion: Re-read issue No. 1,078 to PEUPLE giving the account of the CCN of 23 and 24 January 1980; you will find there the gist of a speech I made in reply to Jean-Louis Moynot's at the same CCN.

It is true that I did not cite him by name, and that was probably a mistake, for I subsequently observed that not all the members of the CCN realized to whom my remarks were responding: Today, every comrade is in a position to know what is going on.

It is desirable for the debate, once begun, to unfold peacefully, in a manner appropriate to reflective thought, without any "a prioris" or hidden designs.

Comrads Rousselot and Prampart have shared their deepest thoughts with us; as one can see, the gulf which separates their orientation from ours is profound.

I could say a great deal about their remarks, but I will confine myself to one aspect which perhaps explains the fundamental nature of their disagreement.

Among other criticisms, they accuse us of elevating principles of class to the detriment of the mass character of our organization; but the two terms, class and mass, are inseparable from our concept and practice of revolutionary trade-unionism, as Joseph Jacquet forcefully emphasized.

If our elders had distinguished the two, it is probable that conception would not have prevailed so completely within the French labor movement.

Should We Follow the Fluctuations of the CFDT

The same basic question, in fact, is found in the divergence over united action.

Why complicate what is simple? In regard to united action by the CGT and the CFDT [French Democratic Confederation of Labor], it is clear that in times when the influence of the ideology of class struggle has been strong in the CFDT united action increased, and in times when such influence declined, there was less unity of action.

To follow the fluctuations of a partner for the sake of unity at any price would lead us to de-emphasizing the struggle of the working classes, when the partner moves away from class struggle.

If, in order to safeguard the 1966 CGT-CFDT accord, we have ceased our denunciation of the Leftist adventurism with which the CFDT was opportunistically flirting, we would have been creating problems for ourselves in the future. I know some people who still regret not showing as much firmness as we did.

The unity of action of the 40th Congress, the spirit of openness which emerged, the impetus it gave to democracy in the CGT, have nothing to do with opportunism.

We are unified, open, democratic, in order to consolidate the position of class unionism in our country, which is the major prerequisite for an enhanced capacity for working class action.

It is because of all this that we must hold our discussions in such a way that the 41st Congress will give the CGT, at this point in its history and in its struggle, the means of taking still more meaningful action.

This requires loyalty and mutual respect in debate.

In that spirit, I recognize the right of all comrades to have and to express disagreements, but I will not tolerate the tactic of appropriating a passage here, another sentence there, to try to get the secretary general to endorse, in self-defense, ideas of which he does not approve.

This practice of scavenging, if it were to resume, would bring a categorical reaction on my part.

Similarly, I hope that my personal views will be absolutely dissociated from the debate we are beginning.

This meeting of the CCN has provided us with what we need so that preparations for the 41st Congress can begin.

We are all going to work together to get ready for it, and, as far as I am concerned, I certainly intend to participate actively in it.

I am convinced that we can expect a congress that is no less audacious, innovative and victorious than the last one, for the greater good of the workers.

9516
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MITTERRAND'S PCF MINISTER RATIONALE DISPUTED

Paris LE FIGARO in French 14 Sep 81 pp 1, 6

[Article by Annie Kriegel: "The Weight of the Communists"]

[Text] Nothing ever turns out the way one expects it to. It was expected that the Left would obtain victory by its union. Not at all: The united Right in 1974 as in 1978 defeated the united Left, or a too recently disunited Left. It was necessary for the rupture of the union of the Left to appear definitely irreparable for the Right, henceforth lowering its guard and overcome by carelessness, to break up. Thus, the disunited Left defeated the disunited Right.

It was also expected that the victory of the Left would be almost equally divided between its two compnents. Not at all: The victory of the Left was essentially based on a severe electoral defeat of its Communist component. It is this defeat itself, acquired after the first round of the presidential elections, which articulated the dynamics of victory to the Left. In the end it was more especially by the votes they gave to Francois Mitterrand and to his friends in the second round of the presidential elections and in the second round of the legislative elections that the communists powerfully ensured the victory of the Left by losing (involuntarily!) many votes in the first round of the presidential and the legislative elections.

However, if nothing ever turns out as expected, everything ends as it was foreseen: The government of the Left includes four Communist ministers.

It was F O [Workers' Force] which underlines the seriousness of the fact, in the most solemn terms. It was only after the test of force which the movement of semi-insurrectional strikes of autumn, 1947, had been that the C G T - F O [General Confederation of Labor - Workers Force] was born out of the revolt of a C G T faction against communist hegemony and domination over the workers confederation in the Rue La Fayette.

More evasive was the challenge of the guardians of the Gaullist tradition. Wasn't there an apparent continuity--from the decision to bring the communists into the government of General de Gaulle in 1943 to the decision to bring them into the Mauroy government in June, 1981? This was pure sophism. In 1943 the Soviet Union was our ally. In 1981 France and Western Europe face only one potential military threat: That which could come from the East. Now, isn't the credibility of this threat (on which is based the capacity of a democracy to provide itself with the means for its defense)--weakened by the single fact that it is regarded as acceptable

to bring communist ministers to take part in vital decisions? Even worse: These are ministers who belong to a party whose fidelity to Moscow was reaffirmed vividly after the visit which Georges Marchais made there in 1980. Hence the paradox: Whereas it was considered that the communist parties of the large Western European countries would regain the path of democratic legitimacy, provided they become "Eurocommunist" in outlook and enter into a process of internal renovation, on the contrary it is the party which has ostensibly refused to practice that kind of mini-dissidence which reaches the objective.

Did Francois Mitterrand nevertheless play the game by arguing that, having succeeded in brutally reducing the electoral support of the PCF [French Communist Party], nothing would stop him from dealing a new blow at the Party--this time by imprisoning it in the nets of government action and solidarity? The argument has some force, but it has three weaknesses.

1) First, nothing proves that the communists, whose electoral percentage was brought down to 16 percent but who are authorized to spread out from above in the channels of the state, are not benefitting from a better social grasp on things than communists who would have maintained an electoral percentage of 20 to 22 percent but who would be kept carefully on the sidelines. The capacity of state power (if it is democratic) to change things is always overestimated, but its resources in the art of influencing, intimidating, persuading, and corrupting men are always underestimated. It is enough to observe how, under cover of "dialogue" the positions of power in public enterprises, as in the private sector, are filled in an accelerated way.

2) We would then need to be assured that the communists, if in effect they have lost the battle for the management and control of the union of the Left, have not largely preserved the gains obtained between 1969 and 1977 in the preparation of the platform and program of the Left. Don't let the propensity of socialist leaders to a certain kind of anticommunist or antisoviet exhibitionism give us any illusions. The radical course which the socialist experiment, apparently spontaneously, with its general orientation and in many of its subsidiary aspects, dependent on Marxism pure and simple, has taken would be unintelligible if it did not have its source and did not draw its consistency from communist proposals and projects which had served as a basis for the negotiation of the former common program. It has been hastily alleged that by signing the political agreement of 4 June 1981 the communists have gone to Canossa.

Another misapprehension: The text of the agreement is a masterpeice, either of innocuousness or of ambiguity. In fact, the Socialists could not enclose the Communists in a network of constraining formulas unless they enclosed themselves with them. Now, we know that the president is anxious to keep his hands free.

3) Finally, it would be necessary to believe that the Communists, once they accepted the grant of four ministerial departments, would by the same act renounce their freedom to maneuver. That's going too far. Charles Fiterman, in announcing that the four ministers, of whom he is the leader, were not the rpresentatives of their party, clarified things. For this meant that they were the only ones to come under government solidarity.

Did the Socialists have a more modest ambition: That of acquiring at a modest price a certain period of "social peace"? Isn't this what happened in 1945 when, in effect, the PCF employed itself for nearly 2 years in placing the accent, in addressing its working class troops, on the reconstruction of the country, rather than on the satisfaction of the claims of the workers? However, today France is not engaged in rebuilding itself. The fact remains that there has not been, as in 1936, a premature social explosion. However, this is to forget that the blazing fire of the 1936 strikes in no way resulted from an initial communist decision. Furthermore, the socialist experiment under way does not have as its driving force and for the largest part of its legitimacy the exasperated power of a proletariat on the march or a workers movement in battle order. It is rather, as it already was in May, 1968, an affair of a radicalized petty bourgeoisie. For this it is enough to observe what were the professional categories which boiled over as soon as the events of 10 May [1968] occurred.

That does not mean that the CGT, for all of that, is going to remain inactive. Henri Krasucki has announced the program. Leaving the CFDT [French Democratic Confederation of Labor] to compromise itself in a process of integration into the state apparatus--a process which very much resembles the transformation into auxiliary police of the "official" trade unions in the countries of Eastern Europe--the secretary of the CGT has restated "the independence" of his organization. Moreover, counting on the same CFDT, conversely, to take upon itself priming the pump of the social movement with dreamy "qualitative" claims, he is holding himself ready to jump on the wheel in order to appear once more as the hard but reasonable and solid partner, above all concerned with concrete benefits.

Georges Marchais certainly recognized that he had "problems." However, they are of various kinds and are not to be confused. He has the basic problems facing the whole socialist camp regarding the contrasting record of the past 60 years. He also has long-term problems confronting the whole Western European section of the international communist movement, in the face of Western modernity. However, above all and for the moment he has the immediate problems posed to a communist party by its participation in a socialist experiment which it does not control after not having viewed it as desirable and considering that the party believes that the failure of the experiment is unavoidable. Now, in this regard Marchais has two recent points of reference. One of them is totally negative: That of the Chilean Communist Party, which did not know how to disengage itself in time from the Allende type of adventurism and which was crushed while Chile itself, once it was destabilized, went from one extreme to the other.

There only remains in such a situation a meager amount of consolation: The occasion given to international communism to lead a world campaign against "fascism." The other point of reference is, on the other hand, exceptionally positive: That of the Portuguese Communist Party. When the April revolution was in its ascendancy, the Portuguese Communist Party was able to move definitively into the socialist camp all of the former Portuguese empire in Africa. In the period of decline of the revolution the Portuguese Communist Party knew how to disengage itself in time and become again the principal force of the Left of a Portugal which had gone peacefully to the right, whereas the Socialist Party fell all by itself from its high position and its eccentricities (in the proper sense of the word).

5170
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NAVAL CHIEF DISCUSSES BUDGET, NEW WEAPONS

Helsinki HUFVUDSTADSBLADET in Swedish 22 Oct 81 p 4

[Article by B.: "Missile Boat 80 Pleases the New Vice Admiral"]

> [Text] "It is extremely important for our naval defense that project Missile Boat 80 is moving ahead," said the commander of naval forces, Vice Admiral Jan Klenberg. "We of course share the problem which is common to all branches of the forces, a severe shortage of personnel, and the current budget proposal does not include a single new billet. But I hope, together with the generals from the army and the air force, that the appropriation, already cut by the parliamentary Defense Committee, will actually be realized."

Missile Boat 80 is a fighting craft of 280 tons, of which the prototype was completed on 1 September, and is now being tested with the idea of a prompt order of three more units which with the prototype will comprise the first of three planned flotillas.

The missile boats will replace partly the old escort ships--of which Uusimaa has already been scrapped and Hameenmaa converted to a minelayer--and partly the old motor gun boats.

The project was begun in 1976 in PFK 2, in which Klenberg was the secretary general, and the employment package of 1978 gave the navy an appropriation of 90 million kronor, of which about half went to the production of the prototype.

"As to mine craft, the situation is quite good since the new Pohjanmaa was delivered, Keihassalmi was overhauled and Hameenmaa was converted. The problem lies in a lack of firepower," said the admiral.

"We have four missile boats of the Tuima class, purchased from the Soviet Union in the 1970's, with considerable fire power, but the gunboats are old. Of 13 boats of the Nuoli class, the third is just being scrapped; and 6 will serve through the 80's.

"Project Missile Boat 80 is vital. It is going to require over 500 million kronor during 1982-86, but it will be worth it. In the current budget bill the amount is not more than 10 million kronor."

Two Hundred Men Needed

The shortage of personnel is of course conspicuous in all the armed forces when it comes to technical personnel. In the navy there is also a shortage of instructors.

"Every time new recruits arrive at Obbnas, we must scramble together temporary instructors from different places, actually stopping ships to obtain people.

"It is really not a matter of such great numbers: about 200 billets need to be filled. One hundred officers, engineers, technicians, staff personnel and civilians, and 100 recruits."

Since the escort ships of 1100 tons are being "divided up," so to speak, in units of 280 tons, could that not mean that more people will be needed?

"Somewhat more. But primarily more qualified people ashore, in the shops and depots. The technology is becoming all the more sophisticated, the maintenance more demanding."

More Sea Duty

The admiral finds it unfortunate, especially against the background of the increased technical demands, that so much of the conscripts' time is spent on such fruitless tasks as guard duty and labor such as sweeping the barracks yards.

"We have plans for a new training system which will give the conscripts a greater chance for sea duty, primarily for more practice in the jobs which will be theirs in time of crisis."

You have participated in the work of the Conscription Committee, what is your view of today's conscripts?

"They are good people. Especially in the navy, where we have three or four times as many applying as we can accept. They are mostly conscripted from the coastal areas in Aboland and Nyland. And we also take all the restaurant cooks that we can find--food preparation on board is almost entirely in the hands of the conscripts."

Staff is Moving

Jan Klenberg is 50 years old today and is a newly promoted vice admiral, the third since Finland became independent. He has possibly 10 years remaining in the high naval post, which was also occupied by his older brother Bo. But not 10 more years in the old brick hovel on Skatudden?

"No, at the beginning of 1983 we expect that the staff will move out to Drumso, to the building which will be vacant after the departure of the Leadership Institute. It is a good building, and is well located in relation to Otnas, but it is of course a bit sad that the naval tradition on Skatudden will end. Here the first naval school was set up in Engels' fine barracks in 1836, and in this brick building the naval staff has functioned ever since Finland became independent.

"All we will leave behind are names like Navy Street, Fleet Square, Admiral's Street..."

Thanks to the Islands

There are also naval traditions among Klenberg's family, sea captains on both his father's and mother's sides. Behind the vice admiral's desk there is a model of Suomen Joutsen; Klenberg is, along with Commodore Erik Wihtol, the last on active duty who sailed aboard the former schoolship. Altogether he has completed 70 months of sea duty, between his job in the National Defense Council, the Naval Bureau of the Main Staff, as leader of defense schools and as commander of the Main Staff.

He had good cooperation with civilians both in courses on the total defense and in the parliamentary Defense Committee, the activities of which he found very useful.

And he also uses HUFVUDSTADSBLADET to send greetings to the civilians:

"A hearty thanks to those who live on the islands in the southwest who were so understanding during the large fall maneuvers in the seas around their islands!"

9287
CSO: 3109/23

OFFICER ON ARMY GROWTH, MANAGEMENT, MORALE PROBLEMS

Paris LE MONDE in French 7, 8 Oct 81

[Article by Paul Dalou, pseudonym of regular French Army field grade officer]

[7 Oct 81 p 10]

> [Text] It is essential to recreate in France those conditions conducive to giving the operational effort precedence in army units over organizational administrative and technical duties. Muscle has to be restored to an institution meant for combat. At the same time, social science researchers must be allowed to investigate the army for the purpose of more effectively rediscovering its "intricate machinery" and specificity. Such is the diagnosis made by a regular army field grade officer--whose anonymity we shall respect--in a series of two articles on what he personally calls the French Army's "growth crisis."

The French Army is an organization in an organizational crisis situation.

As a corollary, it is plagued by a command crisis. The signs thereof are still relatively inconspicuous. Subordinates claim that "activities are frantic" and blame this on the "multiplicity of priorities." Superiors semiconsciously try to quell this latent discontent: "Calm down, this grumbling must stop!"

In reality, army officers and NCO's have probably reached the limit of their capacities. General Bigeard has called the army "a fine mechanism." It is, however, a mechanism that is becoming more and more complex. Organizational tasks, the management and administration of resources and requirements are becoming difficult to handle. These take up a great deal of time and energy to the detriment of operational activities.

Some officers are aware of all this, but in the battle it would take to correct the situation there is undoubtedly more to be lost than gained. Commanders at each echelon attend to the priorities of the moment and play it safe: don't make waves!

The recent political change is liable to cause a stir eventually, provided that change gives rise to imposition of an additional overload on organizations. The resultant dissension will not be political. It will be occupational. It will originate in the tension already existing within the army's officer and NCO corps.

With its characteristics specific to the military environment, this crisis is similar to the one experienced by complex commercial firms stricken with technical and administrative gigantism. Michel Crozier has opened the way to analyzing this condition by his books, particularly "L'Acteur et le Systeme," published by Seuil in 1977, and "On ne change pas la societe par decret" [Society Cannot Be Changed by Decree], published by Grasset in 1979. We have used one of his methods of reasoning to outline briefly a few descriptive and thought provoking observations on the mechanisms producing this tension within the office. and NCO corps.

A few years ago, the army initiated a now irreversible process of modernization and adaptation to the civilian environment. In so doing, it failed to provide itself with the informational tools enabling it to control the complex decision-making and organizational phenomena such a change was bound to produce.

Military decision-making centers have employed a form of idealistic and administrative logic in dealing abstractly with each of the new problems posed by the technical, economic, cultural and social environment. With their strictly regulation view of orders executed promptly and unquestioningly, their sole approach has been to devise a cascading series of rules, regulations and reforms affecting the most varied fields of activity, and then funnel them through a simple chain of command--division, regiment, company, platoon--organized for war and not for dealing with civilian society's frames of mind. Implementation of each of these decisions has quite naturally produced its share of perverse effects, thus creating new problems that have been handled with the same methods. As a result, the technical-administrative machinery has gradually begun to race and overheat.

At the Neck of the Funnel?

At the neck of the funnel, the regimental commander and his unit commanders, trained to take action by following ideal standing operating procedures, and ignorant of the very structures of the social sphere on which they are supposed to act, now find themselves confronted with a multiplicity of tasks, all having priority and often contradictory. As a result, their primary mission of training combat troops is gradually being downgraded.

They must not only manage and administer personnel requiring more and more careful handling, see to the operation and maintenance of increasingly decrepit or increasingly sophisticated equipment, but must also meet the demands of fussy higher echelons concerned primarily about not "rocking the boat."

Their exercise of command and methods of instruction must be participative at a time when higher echelons are becoming increasingly authoritarian and centralized. They are required to inform a population which filters messages through mechanisms that scarcely conform to the pettifogging rules ordained by directives from higher headquarters. They are required to palliate shortcomings of the educational system; socially uplift their personnel; combine boldness and security; promote public relations at a time when security regulations are transforming casernes into ghettos; manage financial resources; transform regiments into "energy conservation agencies;" enforce highway safety; organize the mobilization of reservists who are supposed to organize their own mobilization; organize and participate in the punctilious production of "ceremonial shows" that delight the notables and entertain the crowds,

but in which the soldier is now no more than the anonymous atom of a gigantic corps de ballet.

Radial Structure

Superimposed upon this meshwork of nonoperational activities that mark a regimental commander's daily routine are the "major activities"--extracurricular projects and tasks, maneuvers, field training, etc.--ordered by higher headquarters. These are no doubt necessary to troop training, but the increasing complexity of their organization is beginning to consume excessive time and energy, thereby limiting the margin of freedom left to the regimental commander and his subordinate unit commanders.

Civilian society is trying to shorten the work week and thus increase a worker's free time. The army in its organizations is more and more frequently reducing the off-duty time of its officers and NCO's for whom 50 hours a week is not enough to really accomplish the missions with which the nation has entrusted them.

In spite of everything, the system is working! Thanks to the availability of these officers and NCO's, but also because the overload at the neck of the funnel has produced an imperceptible change in the chain-of-command organization.

Division and regimental headquarters and staffs are increasingly limiting themselves to planning, organizing, coordinating, managing, and administering requirements and resources. Despite the expanding bureaucratic ramifications of their work, they manage only periodically to design, guide, conduct, and inspect the instruction and training of the troops. This basic command prerogative is delegated to subordinate echelons, companies, platoons, whose production is becoming autonomous.

This is a borderline pattern toward which the army organization is reportedly leaning. This theory, which still needs to be studied and tested, calls for a radial organizational structure that would replace the traditional pyramidal structure. In the center, a technical-administrative organization established around the division or regimental commander would attempt to absorb the overload; on the periphery, separate units would take combat actions, without real supervision by higher headquarters.

Unrest

Young officers and NCO's, being relatively sheltered, are succeeding in communicating their spirit and forming, in one year, better-developed young men who have acquired some experience with weapons and are accustomed to physical exertion and life in the field. But being inadequately advised and supervised, and restricted by tight security regulations, these officers and NCO's are imparting an approximate type of military training: the latter might not meet the standards required to form "warriors" who will not be neutralized the first time they are exposed to combat. With all due deference to our country's cultural authorities who readily criticize barracks life, it is not the substance of military service that is to blame but the social, cultural, economic and technical conditions surrounding that service: those conditions absorb all energies at the expense of the service's substance.

As for the argument of "time lost in the regiment" advanced by the ruling--leftist-technocratic-bourgeois--ideology, it has in no way improved the situation: without having ever examined that argument's validity by subjecting it to critical objective analysis, army decision-makers merely responded by stuffing the "funnel" with peremptory incitements which only served to increase unrest in the regiments. Now at last, there is indeed no time to lose in calming the atmosphere.

[8 Oct 81, p 15]

[Text] "We have become panic-stricken in the face of the complexity of a system we no longer control."* Examination of two factors will help us understand this panic: our misunderstanding of reality, and the workings of our individual strategies. In our societies where administrative and technical systems are highly developed, organizations have become so complex that most of their basic premises are beyond individual experience. New discoveries are called for, discoveries of our own societies.

Yet the military institution, that corps of more than 300,000 men, has no research agency worthy of the name. The decision-maker's only informational tools are commissions, administrative reports, and a few authoritative opinions. We are unaware, for example, of how a troop unit really functions, and there is no attempt made to study methodically the effects of its periodic personnel turnover. One-sixth of the unit's operating personnel are replaced every 2 months, one third of its officers, NCO's each year, the commanding officer and his principal staff officers every 2 years! What firm could withstand such labor turnover?

Schizophrenics

Unaware of the characteristics of the system on which we are going to have to act, we military do not have an intellectual instrument enabling us to detect even roughly the threats our plans and our decisions may ultimately face. Leadership and command training in our officer schools is still largely confined within the ideological palace of a consensual society. In this tumultuous military society where hierarchical cleavages have always provoked phenomena of tensions, conflicts and revolts, there is total ignorance of social dynamics, of the "mutual implication" of phenomena, of the tendency of individuals to be different, of the existence of various forms of power, of social stratifications, of the "authority-contestation" couple, of the force of social imaginaries, etc., all of which are at work throughout the community.

Because of intellectual deficiency, we military are becoming schizophrenics. We fulminate against the complexity and incoherence of a "system" that our unawareness and our inordinately linear or superficial methods of reasoning are helping to maintain.

We can't see the forest for the trees. We believe we are being concrete when we reason on the basis of what things appear to be. But our surface decisions only stimulate the underlying phenomena. In so doing, they produce a continuous secretion of problems. Ultimately the pernicious effects of bureaucratic creations impact each other inside the "implosive" volume of the troop unit.

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* Michel Crozier, "On ne change pas la societe par decret."

It is up to the regimental commander and his officers and NCO's to make choices, hence to finesse. But beyond the discourse on operational priority, who will dare commit the offense of administrative or technical negligence? Who will take the risk of neglecting the procedural rules with which the military institution shields itself in its distressful anxiety about "waves" and their impact on an opinion that is not very public but nevertheless feared?

For, contrary to an idealistic view of command, there is no commander whose action is independent of the context within which he operates. To account for this interaction between the individual and society, Michel Crozier proposes the concept of "strategy."*

In this way, we can briefly identify in the army a dominant type of "command strategies" which consists in putting more emphasis on the operational capability's environment and resources rather than on the operational capability itself.

In most regiments, operational activity--instruction, training, maneuvers, aid to the civilian population, etc--does not give rise to any sanctions: no exceptional promotions, nor citations, nor punishments, nor distinctive signs or symbols of the exploit. Heroism is no longer proclaimed in the present tense. It is viewed in the past tense inside display cases in museums or regimental trophy halls. Regimental histories have been blank for more than half a century with for certain units the bare parenthetical reference to the so-called "colonial" wars. In the absence of blood, the sweat shed in fighting "white tides" [avalanches] or "black tides" [oil slicks], the exhaustion after slogging in mud, snow, and the cold are not worthy of any honors.

Operational activity is not urgent. Competence or incompetence in its performance have hardly any chance of being severly criticized or winning official recognition. A commander will not be inclined to direct his energy and resources to this field of activity in which the stakes are low.

On the other hand, he regularly receives urgent requests from higher headquarters in connection with such varied matters as lavish parades and reviews, administration and management of materials and facilities, organization with its literature of directives and memorandums, the budget, internal investigations, sanitation and all types of security precautions, and all court martials and their torrent of mounting correspondence. Through these requests, the receiving commander concretely perceives the priorities of his higher headquarters, no matter what the actual intentions of the latter's commander may be.

Unless he has financial resources which make him indifferent to these institutional pressures, it is in these nonoperational fields of activity that the military leader will tend, unconsciously more often than not, to seek opportunities that give him

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* We shall summarize his method of reasoning very roughly by considering that the behavior of an actor expresses a choice through which "he seizes opportunities within the requirements imposed upon him (concept of "strategy"), "with a view to improving his situation" or maintaining and extending his capacity to act (concept of "power").

some promise of achieving success. Because the slightest "wave" in such matters will be viewed as inefficiency, he will, therefore, take no risks. He will run to put out all fires at the expense of the operational aspects of his duties from which he does not expect, except for possible special duty pay or allowances, any specific remuneration.

Thus, with the exception of young leaders who are probably still guided by heroic images or sheltered from the technical-administrative machinery, the military are creators and purveyors of a mechanism that drains their energy for a purpose they will never admit, namely to retain or improve their "influential connections" and eventually reap a few rewards, whatever their nature may be.

Two Armies

Their conduct fits quite normally in the logic of an organization the energy of whose members is absorbed to alarge extent by concern for its environment or by the management of its means of production. An example of this was the complete freeze on operational activities brought about by the recent election campaigns. But this cannot be surprising. How many highly promising military leaders study the problems of public relations, personnel management, budget planning, etc., and conversely, how many devote themselves to the crucial problem of troop training, particularly in urban areas?

This extremist analysis of "strategies," which must be considered as factual data without crying shame, should be attributed with all of the nuances commensurate with the context. At the other extreme, we find in Southern France, within the so-called "intervention" regiments, a completely opposite dominant type of "strategies," because of the employment conditions of these units. By tradition, but also because current events tell them that tomorrow they may be engaged in combat operations and become heroes, red beret or green beret commanders objectively perceive operational activity as an urgent and priority matter regardless of the press of their nonoperational activity. Their expedient--consistent with their primary mission and their training--is to allocate their resources to operational activities with a view to foreseeable engagements and possible resultant rewards. Two armies and two types of "strategy!"

There are no immediate solutions for avoiding this shift from the "operational" to the "organizational." It is incumbent upon the more clear-sighted leaders to take cognizance of their ignorance and employ a method of critical reasoning in analysing their own tasks and actions in a foresighted effort to eliminate any possible perverse effects. With this in mind, they must create everyday conditions conducive to restoring the importance of the "operational" in the eyes of their subordinates: build up heroism, grant some relief from technical-administrative requirements, from sacrosanct security, etc. The risk of a blighted career, or exceptional rewards if their bold venture has a bandwagon effect: such is their gamble.

In the long run, we must learn to reason differently. A considerable research effort on our own military society is imperative. Through the social sciences, and always by approximating the human quest, we must rediscover the military individual in action within a military community in action so as to better control that wild mistress, our army. Yet will we have the courage to open the army and its communities to the researcher? What is involved here is the entire status of the social sciences in the army and, more so, in the nation.

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RESTRUCTURING OF NATION'S CHEMICAL INDUSTRY PROJECTED

Paris L'USINE NOUVELLE in French 8 Oct 81 p 83

[Article by Claude Goudier: "The Plan for Chemistry"]

[Text] As anticipated, the nationalization of Rhone-Poulenc and Ugine-Kuhlmann Chemical Products (PCUK) is going to provide an opportunity to the new government to restructure our chemical industry. It will be a real upheaval, since with six companies, they are planning to create two large homogeneous groups.

With Rhone Poulenc and PCUK, a subsidiary of Pechiney-Ugine-Kuhlmann now government property--the fate of Roussel-Uclaf is not yet decided--they are going to join four large companies which are either nationalized or linked to the government, i.e., CdF-Chimie (from the Charbonnage [coal] group), Entreprise miniere et chimique (EMC) [Mining and Chemistry Company], ATO-Chimie (the chemical firm of the French oil industry) and Chloe-Chimie, a company grouping Rhone-Poulenc's interests in the petrochemical industry around the Total and Elf-Aquitaine groups. This means that practically all the large basic chemical firms are going to be under government control.

An industry practically without a history, the French chemical industry occupies a respectible position in the world and is rather highly sophisticated. Its financial performance, however, is mediocre and its structure is poorly adapted for the purposes of competition. There are too many companies and for some, activities are poorly balanced.

If this sector is left in its current condition, say specialists in the PS [Socialist Party], it will be another steel industry situation in a few years. Thus, in a report submitted to the ministers of industry, finance, planning, etc., a specialized committee has proposed that these six companies be brought together to create two large groups. One, let's call it group A., would be formed around Rhone-Poulenc, and the other, group B, around Cdf-Chimie, which would mean the break up of PCUK, EMC and Chloe.

When it first met, the committee had in mind to create only one large group of the size of the English ICI, [Imperial Chemical Industries, Ltd.] but, on the basis of what the celebrated Clappier report recommended at the time, it opted for two groups, the main idea being that subsidiaries of a similar nature--as competitive as possible--would be set up.

Briefly, around Rhone-Poulenc's basic chemical industry in group A a "chlorine" subsidiary would be set up with PCUK. Chloe and EMC electrolysis facilities and with their vinyl polychloride production units downstream, adding to that all of PCUK's halogen chemistry and its inorganic chemistry and oxygenated water derivatives.

On the basis of the Generale des engrais (Gesa) [General Fertilizer Co.]--a specialized division of Rhone Poulenc--a "compound fertilizer" subsidiary would be established, with the assistance of EMC's potassium and binary fertilizer industry. There are plans to add to it Texas Gulf, a large American producer of phosphate and sulphur recently acquired by Elf-Aquitaine. EMC would also bring in Sanders, its subsidiary specializing in animal nutrition, and its bicalcium phosphate production unit so that, together with methionine, of which Rhone-Poulenc is the leading producer in the world, and lysin, an "animal nutrition" subsidiary could be formed. In group A there is a "fibers" branch, a "fine chemistry" branch (rare earths, silicones, special products) and a "plant protection" branch, current divisions of Rhone-Poulenc.

The main petrochemical intermediaries needed for group A's activities will be supplied by Lavera (Chloe) and Feyzin (ATO, PCUK, RP) steam cracking equipment.

In group B, at the center of which is CdF-Chimie, there are the Gonfreville (ATO-Chimie), Dunkerque and Carling petrochemical plants, with the polyolefins and styrenes downstream from these facilities. This conglomerate will set up an "expendable plastics" branch (Cdf-Chimie +ATO + Chloe).

Since CdF-Chimie is the largest French producer of ammonia, it will be the core in the B group for a "simple fertilizer" subsidiary, part of a larger subsidiary based on the chemosynthesis of gas, including methanol, formol, adhesives and binders.

Still in group B, PCUK's dye industry and a branch of the Lorilleux-Lefranc group (a large producer of ink) will join the paints and ink division of CdF-Chimie. The fine chemistry business of PCUK will go in this group so as to balance the activities and bring in a research nucleus which is missing in CdF-Chimie.

As for the pharmaceutical part of Rhone-Poulenc and PCUK with Pharmuka, the working group does not want to create a "French pharmaceutical industry" around Sanofi of Elf-Aquitaine. The medical division of Rhone-Poulenc will go in group A and Pharmuka will join Sanofi in group B. This was decided so as to have the same structure as the large German groups which are prototypes for this kind of conglomerate.

The working group thus intends to make our chemical industry more competitive by "doing away with the sterile competition that currently exists among these companies. The real competition is foreign chemical firms," it said. It has formulated two objectives, among others: 1) the chemical industry should no longer be linked with oil but should be the oil industry's customer, as is the case with Dow and Hoechst; and 2) these new structures should be set up quickly, without any layoffs, so as to generate productivity gains as fast as possible.

Attractive on an intellectual and industrial plane, this project is far from being risk-free (we will come back to this). It will be hard to play "mechanic" with factories of different worths. But more than anything, the impact of a reorganization of this sort on manpower and management will require authority and explanations at the lower levels and at the tip.

9805
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JAPAN'S SPANISH INVESTMENTS WILL PERMIT INROADS IN EEC

Madrid ACTUALIDAD ECONOMICA in Spanish 1 Oct 81 pp 54-56, 61, 63, 64

[Article by J.M.V.: "Growing Japanese Investments in Spain"]

[Excerpts] The interest of Japanese businessmen in the Spanish economy has been expressed by major investments over the past 5 years, including those of Nissan. With 1982 as the horizon year, new remittances of Japanese money are about to arrive in Spain, creating enterprises and selling products in a larger market called the EEC

The Japanese presence in Spain will usher in a new era in 1982, based on the experience of Japanese enterprises which, from the end of the decade of the seventies, have been betting on the future of the Spanish economy. An important part of the $5 billion which Japanese enterprises each year invest abroad will go to Spain. The year 1980 was a year of big and surprising transactions—how could we forget the 2.8 billion pesetas which Nissan paid for 36 percent of Motor Iberica?—and 1981, although not strong in investments, represents the maturing of earlier years and the preparation of other no less spectacular developments.

Japanese investments in Spain, amounting to more than 50 percent of the capital of the enterprises between January 1980 and July 1981, came to somewhat more than 181 million pesetas. In 1980, 73 millions were invested—not counting the Nissan transaction—and during the first 7 months of 1981, incoming Japanese money reached a figure of 108.3 million pesetas; these figures are very small compared to the 572 millions recorded a year earlier. There has even been a case of disinvestments: It involved the Tei-Jin textile company which decided to return to its Japanese winter quarters after several years of associating with Brilen in Barcelona.

"Neither the decline in investments, nor the fact that this disinvestment took place can be used as arguments in pointing out that Japanese investments are dropping Spain as a country of destination. What is happening is that the flow of investments is never uniform; instead, there are periods when the money is left to mature, while, over there in Japan, other companies are planning to go into Spain." These remarks by Yasuyuki Fujishima, commercial attache at the Japanese Embassy in Madrid, dispel any doubt regarding the new horizon which can open up for Japanese money in Spain during the next 3 years.

Toyota, Toshiba, Hitachi

The interest of Japanese industrialists in Spain is clear. The seminar which was held this week in the Canary Islands--Spanish-Japanese business cooperation committee meeting--was attended by more than 100 Japanese businessmen, headed by Shigeo Nagano, one of the legendary business leaders of that country.

Like other countries, Spain is a target for Japanese investments abroad. "Japanese investments abroad are becoming more sophisticated as the country's industry acquires greater experience on that score," said Madrid Jetro delegate Yasuo Kuroda. Indeed, it has been possible to observe that Japanese investments in modern production plants or leading key industries are growing faster than those made in less developed countries, such as Southeast Asia or the Middle East. This is why, according to Kuroda, "there is no reason to believe that Spain would not be such a target."

On the other hand, what interests does Toyota have in participating in a joint venture with SEAT [Spanish Passenger Car Company, Incorporated]? Why is Yamaha ready to flood the European market with motorcycles made in its Spanish plant? These are not two isolated names. Other big outfits in Japanese industry are studying their entry into Spain; Toshiba and Hitachi did not conceal the existence of something which for the time being is only a project; National Panasonic, already established in Catalonia, this year will step up its investments to launch its new stereophonic equipment plant, and the establishment in Spain of Japan's biggest auto parts maker--these are three events which bring out the real existence of the Japanese approach to the Spanish economy.

There is no final date for investments transactions by Japanese enterprises in Spain. Japanese businessmen, like those from any other country, want to be sure about the profitability of the investment and they are worried about the future of Spain. Will Spain join the EEC? Will Spain opt for a Western economic model, apart from the ideology that the government might pursue? How can one overcome the financial problems of the economy of Spanish enterprises? These three questions, among others, are on the agenda of Spanish businessmen meeting in Santa Cruz de Tenerife. We must not forget that Japanese business strategy is planned in medium-range and long-range terms; this is why figuring the unknown and the expectations becomes an exercise of vital importance for them.

"Before deciding to invest in Spain, we must analyze the situation on the Spanish market which at this moment is rather depressed," Kazuiko Sakata told ACTUALIDAD ECONOMICA. He is the deputy counsellor of Honda Espana and he said that one year after his company decided to open a distribution network for the motorcycles it makes. The men from Honda are ready to get into the market with the 125-cubic centimeter motorcycle, trying to bring a new product philosophy to the user: the motorbike as a basic transport vehicle. Between January and May 1981, Honda took 2.8 percent of the domestic motorcycle market, in spite of the fact that it only sold the 125-cubic centimeter line. By the end of 1981, Honda sales--beginning in September 1980--had reached a figure of 350 million pesetas.

Japanese investments in Spain*
Key: (*) Investment authorized to the extent of more than 50 percent, in 1,000 pesetas; 1--Totals. Source: Embassy of Japan and in-house study.

There Is Strength in Unity

Although Spain is one of the countries which Japanese industry considers to have an important grow potential, Japanese enterprises with branches in Spain or with the intention of establishing branches are trying to open up new channels and new markets for their products.

"Industrial cooperation and collaboration between Japanese and Spanish enterprises in third-country projects is something that remains yet to be tried although some important steps have been taken," the Japanese commercial attache in Spain told ACTUALIDAD ECONOMICA. One of these steps is open collaboration between Mitsui and a Spanish company for the subcontracting of a portion of the refinery facilities which the Spaniards are building in Dumai, Indonesia.

For Tadashi Yasuda, president of Mitsui, "this type of relationship with Spanish enterprises is a part of our own business policy: seek collaboration with enterprises in the country where we are so as to obtain joint benefits." Between March 1980 and March 1981, Mitsui channeled a business volume of close to 12 billion pesetas, making it the first-ranking Japanese "sogo shosha"--or general business company--in Spain.

Although they call themselves general commerce companies, the activity of the sogo sosha outfits goes far beyond the traditional patterns of export and import. This is what Yasuhiro Nakai, president of another big sogo sosha, Mitsubishi Espana,

calls "off-shore business, where we associate with Spanish enterprises to contribute machinery and equipment for projects of Spanish or Japanese enterprises in third countries."

Trade--Third Way

This system will be vital in maintaining the level of trade between Japanese and Spanish enterprises. The difficulties deriving from the current bilateral trade agreement--as a consequence of what the Japanese consider excessive protectionism on the Spanish side--can be removed only with the help of this "third way" of joint cooperation in third-country projects.

Spanish-Japanese trade relations are currently marked by the negotiation of a new trade treaty in which, in the opinion of Yasuyuki Kawashima, "we should considerably reduce the number of Japanese producers barred from entering Spain." During the first half of 1981, Spanish imports of Japanese products came to around $210.5 million while Spanish exports to that country came to $194.7 million.

With balance as goal, Spain imports consumer products and capital goods with high added value from Japan. Spanish exports to Japan--which are covered by a system of general preference--are found in the sectors of food, furniture, tapestry, and ceramics. However, at the end of 1981 it is possible that Spanish exports may have suffered a major drop compared to 1980; prices of fish on the Japanese market went up considerably and that, combined with the drop of the yen, has considerably slowed down the purchases of octopus and squid.

Hence the stagnation in the trade statistics which is to be neutralized through the opening of various fronts in so-called industrial coopeartion.

"Proof of both industrial and commercial interests on the part of Japanese businessmen as far as Spain is concerned consists of the numerous visits which they are making to Spain," said Ignacio Blanco, deputy manager of the Jetro office in Madrid. In just one year of operation, Japan Air Lines transported 87,000 passengers from Tokyo to Madrid and various delegations of Japanese businessmen have been interested in taking a close look at the Spanish economy and its enterprises on the spot.

Growth Loans

Another clear symptom is the speed with which Japanese banks have established themselves in Spain through branches or through agencies. Until 1979 only the Bank of Tokyo operated with an agency which starting in September 1980 was turned into a branch. Mitsubishi, Sumitomo, and Daiichi Kagyoo opened agencies at the end of 1979 and the same was done December 1980 by Sanwa Bank, Fuji Bank, and Industrial Bank of Japan.

Most of the activities of Japanese banks established in Spain are aimed at a search for foreign financing for Spanish enterprises. It is a rare occasion when a Japanese bank is not present in the transactions involving loans arranged in foreign exchange for Spanish enterprises, both private and government. The Bank of Tokyo even participates in loan transactions made in pesetas.

As far as Yoshiaki Makino, general manager of the Bank of Tokyo in Madrid, is concerned, "we are in the midst of an effort to cooperate in the search for financing on foreign markets for Spanish enterprises but we are not individualists and we want to collaborate in this effort with the rest of the Spanish banking industry."

Japanese banks with agencies do not become directly involved in financial transactions but assume the role of middlemen in the search for loans on foreign money markets. Seiichi Tamura, representative manager of the Fuji Banks, in Madrid, told ACTUALIDAD ECONOMICA that "there is a large number of Japanese companies interested in learning the characteristics of the Spanish financial markets and we help them." Fuji Bank proved to be very active in Spain last year; it was the lead manager in the granting of the international loan to the ICO and participated in credit support transactions for Iberia, Eniepsa, and Aucalsa, not forgetting the international loan for the Kingdom of Spain.

Yuichi Shibata, deputy manager of the Mitsubishi Bank in Madrid, believes that "the appearance of loans given in pesetas can diminish the activity of Japanese banks." However, his bank has proved to be very active in handling loans in foreign exchange for Spanish enterprises. The last Mitsubishi transactions involved managing the $125-million loand for Iberduero after having acted as manager in the loan for the Kingdom of Spain.

Loans given by Japanese finance companies to Spanish companies came to $300 million during the two-year period of 1976-1977 and rose to $350 million in 1978. In May 1981, Japanese banking had participated in more than 20 loan transactions for Spanish enterprises, with a total cumulative volume of close to 75 billion pesetas.

Target: EEC

Japanese businessmen established in Spain almost unanimously among their scenarios for the decade of the eighties figure on Spain joining the EEC.

Winning community markets is an absolutely necessary objective in the strategy of the big Japanese industrial groups and they consider Spain as a platform and that is something which goes beyond theoretical assertions and is becoming reality. Yamaha, for example, has no factory is Europe and nobody should be astonished that it has decided to establish its operation center in Spain on the ashes of the defunct Sanglas. The presence, in Spain, of Fujitsu, associated with Secoinsa, has enabled the Spanish enterprise to improve its products, to get the benefit of very advanced technologies, and to plunge into other markets, such as the Mexican and Portuguese markets. "The Japanese are aware of the importance of new technology and in Spain they are making models only 5 months behind the original start of production in Japan," Jose Navio, the deputy advisor to Secoinsa told this weekly.

The possibility that Toyota--one of the giants in the world's auto industry--might sign an agreement with SEAT for the manufacture, in Spain, of some of its models, testing for the European market, only confirms the excellence and expectations which Spain's future in EEC opens up for this business operators. The arrival of Toyota is being interpreted in some business circles as a response to the operation carried out by Nissan in January 1980 in acquiring 36 percent of Motor Iberica.

Along with automobiles, the electronics sector is also one of the big areas of interest in Europe. Looking toward 1984, we are certainly justified in saying that 1982 can be the year of departure for new investments. The commercial attache of the Japanese Embassy in Madrid believes that this is so: "There is no doubt that Japanese investments in 1982 in Spain will be more than this year. My country's businessmen have confidence in Spain--for example, they were not afraid after the attempted coup d'Etat on 23 February--and all it takes for the project now in the study phase is to get the green light in their respective enterprises for carrying them out."

JAL Brings Tourists

Just one year after the opening of the airline from Madrid to Tokyo, it carried 8,300 passengers to the capital of Japan and 87,000 Japanese passengers to the capital of Spain. Masunori Yoshimoto, general manager of Japan Air Lines for Spain, confirmed the Japanese interest in Spain: "Passenger traffic between Tokyo and Madrid had increased 30 percent ever since the new direct line was opened and it grew 10 percent between Madrid and Tokyo. This is slow but persistent growth."

To support this trend, the men from JAL, in cooperation with the Spanish tourism office in Tokyo, will next November launch a campaign to promote their flights to Spain, coinciding with the 30th Anniversary of the company's founding and the 20th anniversary of flights to Europe via the North Pole route. In November likewise the Madrid--Tokyo run will change its stopover airport, which until now has been Copenhagen, and will instead touch down at Amsterdam. The new reclining seats are now ready for the promotion flights in the first class of the JAL "Jumbo" which will reduce the number of seats to 22.

The new JAL president Yusumoto Takagui, who took over last June, is very much interested in promoting flights to Spain. We must not forget that JAL is the world's second-ranking company in terms of passengers carried and the first-ranking company in freight transportation. "In any case," said Yoshimoto, "we are going to have to wait several years to get the Madrid--Tokyo run to operate profitably because right now the average occupation is 100 passengers from Madrid for an aircraft that has 360 seats."

Japanese Investors

(1) Empresa española	(2) Inversor japonés	(3) Inversión (millones pts.)	(4) % sobre el total del capital
Motor Ibérica	Nissan Motor Company	2.800	36
Acerinox, S.A.	Nisshin Steel y Nissho Iwai	2.500	25
Secoinsa	Fujitsu	2.500	25
Brilen, S.A.	Teijin Co. Ltd.	1.500	49
Sinor-Kao, S.A.	Kao Soap y Sinorgan	1.000	50
National Panasonic	Matsushita Electric	1.000	94,7
Bandesco	Tokio Bank	930	2
Nachi Industrial, S.A.	Fujikoshi Corp.	500	35
Aleaciones de Metal	Mitsubishi Shoji Kaisha Mitsubishi Metal	300	100
Yoshida Española	Yoshida Kogyo	300	100
Fujitsu España	Fujitsu	285	100
Laboratorios Miquel	Otsuka Pharmaceutical	163	100
National Cofrigo	Matsushita Reiki	146	50
Cítricos en Conservas, S.A.	Marubeni-Meiji Seika	100	30
Aznárez Industrial Navarra	Sanyo Electric	90	37
Marubeni Iberia	Marubeni Shoji Kaisha	84	100
Cros Kansai, S.A.	Kansai Paint Co. y Nissho Iwai Co.	70	[illegible]
Promotora de Inversiones	Marubeni	60	20
Hispano Sony	Sony Corp.	160	50
Altapesca, S.A.	Tokyoku Kyokayo	[illegible]	[illegible]
Mitsui & Co. Europe	Mitsui & Co. Ltd.	[illegible]	[illegible]
Zonum, S.A.	Mitsui Bussan	[illegible]	[illegible]
Eurotron, S.A.	Sanyo Electric	[illegible]	[illegible]
Nissho Iwai España	Nissho Iwai	[illegible]	[illegible]
Folgnera-IHI	Ishikawajima	[illegible]	[illegible]
Onara, S.A.	Itoh-Chu Shoji, K.K.	[illegible]	[illegible]
Eguzkia NHK	NHK Springs	[illegible]	[illegible]
Nachi Fujikoshi España	Fujikoshi Corp.	[illegible]	[illegible]
Manipulación y Pesca	Tokyoku Kyokayo	[illegible]	[illegible]
Taiyo España	Taiyo Gyogyo	[illegible]	[illegible]
Diego Nippon, S.A.	Nihon Suisan, K.K.	[illegible]	[illegible]
Mitsubishi España	Mitsubishi Shoji Kaisha	25	100
J. Osawa	J. Osawa Co. Ltd.	16	100
Dennis Nakakita, S.A.	Nissho Iwai y Dennis Nakakita	[illegible]	[illegible]
Melco	Mitsubishi Electric	[illegible]	[illegible]
Creative Tour	Japan Creative Tour	[illegible]	[illegible]
Koyo Española	Koyo Seiko	[illegible]	[illegible]

Key: 1--Spanish enterprise; 2--Japanese investor; 3--Investments (millions of pesetas); 4--Percentage of total capital.

The Waters Are Running in Their Beds

(Trade with Japan in Millions of Dollars)

LAS AGUAS VUELVEN A SU CAUCE

(Intercambios comerciales con Japón, en millones de dólares)

(1) Años	Export.	Import.	(2) % Cobert.
1970	26,3	146,8	17,9
1971	40,6	113,9	35,7
1972	52,3	175,3	29,8
1973	72,4	142,6	29,9
1974	105,2	346,2	30,4
1975	93,1	393,1	23,7
1976	139,4	679,0	20,5
1977	117,5	587,0	21,1
1978	193,2	506,2	38,1
1979	366,6	594,3	61,6
1980	281,0	845,0	33,0
1981*	139,4	361,7	38,5

(*) Cifras del primer semestre.
Fuente: Dirección General de Aduanas.

Key: 1--Years; 2--Percentage of coverage; (*) Statistics for first half of year; Source: General Customs Directorate.

5058
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SAARINEN: SOCIAL DEMOCRATIC PRESIDENT ACCEPTABLE TO USSR

Helsinki SUOMEN KUVALEHTI in Finnish 16 Oct 81 pp 64-66

[Interview with Antti Blafield: "Votes on Sale, but the Price is High"; date and place not given]

> [Text] This interview attempts to find only one answer: Who will gain the trust of the SKP [Finnish Communist Party] in the presidential election, or, in reverse, whom does the SKP consider to be untrustworthy?
>
> This is a fatal question for Finland as Aarne Saarinen says: "We are president-makers."
>
> It is always possible that Aarne Saarinen is right.

In this interview, Aarne Saarinen told us how he, a communist prisoner's son, became a member of the Helsinki Stone Workers Union in 1934; how he already adopted the communist line as his own before the wars; how on the eve of the ears he tried in vain to establish contact with like-minded comrades, had to decide for himself and take up arms against the Soviet Union; he he was registered as a member of the Communist Party in 1944; how the following year he became a functionary of the Construction Workers Union; how he fought the Social Democrats in the labor movement; how he became the chairman of the Construction Workers Union in 1954, member of the SKP Central Committee in the early 1960's; a member of the political committee in 1964, the SKP chairman in 1966; how he helped Vaino Leskinen to find contacts with USSR leaders.

How he, as early as the 1930's, became acquainted with Arvo Turtiainen, whose poem "Saliini," published in 1939, is one of his favorite poems:

"You work 8 hours a day, you sleep for 13 hours. You take 3 hours to eat and to tell woman stories on the side of your bed. When I say to you: Friend, if only you read something at least, your life goes for nothing, then you answer: When you live like this, you get it all yourself. Saliini, Saliini, do we have to change the world for your sake?"

Saarinen

[Question] "Will the SKDL [Finnish People's Democratic League] presidential candidate be Aarne Saarinen?"

[Answer] "At least so far I have not uncategorically refused. I don't want to shy away from responsibility. The situation is difficult. We are having great trouble in finding a candidate who would bring about at least a formal unity in his wake. And we will not be able to find anyone whom everyone would think the best possible."

"We have a search committee of 8 people. Some potential candidates have been dropped because they refused: Anna-Liisa Tiekso and Governor Paavo Aitio, the latter for reasons of health. There are many other potential candidates. Kalevi Kivisto is a strong one, especially in the SKDL organization. The Socialist Student Union has proposed Eino S. Repo. Arvo Aalto is one alternative. There has been talk of Anna-Liisa Hyvonen. Even Olavi Hanninen's name has been mentioned."

[Question] "How about the time after the electoral college has been chosen, how will the votes be used then?"

[Answer] "We will certainly be among the president-makers also in the next election. We feel we will get great friends in these times from both the Social Democratic and Center Parties. We have had meetings and will continue to have them. I find it natural that if our help is needed, we won't sell it cheaply."

"We start from the premise that an agreement has to be made guaranteeing the continuation and further development for the cooperation between the Left and the Center on the basis of the YYA [Friendship, Cooperation and Mutual Assistance] Treaty."

[Question] "In other words, an agreement on the continuation of the Left-Center cooperation will actually have to involve an agreement with the Center Party?"

[Answer] "We are negotiating with both."

[Question] "Is it possible, however, that the SKDL's internal dissension will lead to a situation where the role of the decision maker will evaporate as the SKDL votes split?

[Answer] "Yes, it is. We have not yet discussed how we will take care of this problem in actual practice, but we must demand of our electoral candidates that each of them will support the decision made within the electoral group."

Virolainen

[Question] "Arvo Aalto has said that both of the Center Party candidates, Ahti Karjalainen and Johannes Virolainen, are problematic. Do you agree?"

[Answer] "Every person is problematic in a way or another."

[Question] "Does this mean that Virolainen's relations to the East are not right and that Karjalainen has a drinking problem?"

[Answer] "It could mean that, but Karjalainen has now been for many months just as sober as Virolainen [who is a teetotaller], so in this respect it is a tie."

"Virolainen of course has the night frost period against him, mainly that. But it was such a long time ago, and the situation was so different then that it should not be a burden for him any longer."

Karjalainen

"Many people in politics use alcohol, I do too. It only has different effects on different people. I am glad Karjalainen does not have that problem now. If only one could be certain of these matters."

[Question] "The cooperation between the SKDL and the Agrarian Party [now Center Party] in 1956 and 1962 was specifically cooperation with the K-Line [Kekkonen-Line]. Karjalainen is a K-Liner. Before any other considerations, shouldn't the tradition of cooperation demand that a K-Liner will be elected?"

[Answer] "It is not a question of the person only. A person can prove to be a disappointment."

"I have emphasized many times that we will base our choice on whether the person in question can be trusted sufficiently. I admit of course that this will be difficult to determine. Until then, we will be praising our own candidate."

Vayrynen

[Question] "What broke the traditional SKDL and Center Party axis?"

[Answer] "During Korsimo's time, the Agrarian Party went so far left that it was scary, as Korsimo put it himself. At that time, the battle over the Paasikivi-Kekkonen line did indeed unite the People's Democrats and especially the K-Line wing of the Agrarian Party."

"The foreign policy aspect is not so important any longer. The domestic and economic policy problems have come more to the surface. Disputes over these matters have distanced us. The numbers of small farmers and forest workers have diminished. The Center Party has integrated itself with industry, specifically forest industry. The present Center Party leadership is in the habit of boasting over its good relations with industrial bosses. The chicanery of the Center Party chairman has irritated us. Also, the Center Party seems to feel that it needs to go so far to the right as not to leave any room for the Coalition Party to grow."

"On the other hand, we see the continuation and further development of the cooperation between the Left and the Center as important and I have the impression that the Center Party leadership also wants to continue cooperation."

Koivisto

[Question "Can we say any longer that an SDP presidential candidate is not to be trusted in foreign policy matters?"

[Answer] "No, we can't; that has to be admitted as far as the Social Democratic Party is concerned. But the SKP certainly has contributed to the SDP's changing

its attitudes towards the Soviet Union since Tanner's time. As far as I can understand, besides the SKP, the SDP has a good and trusting relationship with the Soviet Communist Party."

"As far as the person is concerned, all individuals have their own special characteristics. Will power and trustworthiness are individual characteristics."

"I have earlier expressed some of my doubts with regard to Koivisto. Well, this is not in the least based on my doubting that Mauno Koivisto is on the Paasikivi-Kekkonen Line, and that he is willing to operate in accordance to it. I would not put anyone under suspicion as far as this willingness is concerned. But I do know that although pretty well all the parties and their significant representatives proclaim that they are on the Paasikivi-Kekkonen line, that forces nevertheless exist, both within the Center Party and the Conservative Party, and to some degree also in the Social Democratic Party, that are not sincere in this respect. They even display extremely prejudiced and hostile attitudes towards the Soviet Union. There is some insincerity and even actual negativeness towards the development of good relations between Finland and the Soviet Union. Only this is far beneath the surface, even if some dribbles sometimes ooze up to the surface. It is a question of different interpretations of the YYA agreement and of a desire to interpret it in a way that is not correct, at least not correct according to our understanding."

"I am somewhat concerned that if we choose as the president a person who is not sufficiently strong, independent and decisive, these covert forces might take advantage of the situation and the opportunities."

"But we must remember that no candidates have been nominated yet."

[Question] "But it appears likely that Mauno Koivisto will be the SPD candidate, doesn't it?"

[Answer] "It is likely that the Social Democrats will nominate Koivisto as their candidate, but we must remember that the electors are not bound to the candidate. It is clear that no party alone can choose the president; cooperation and coalitions are required. Only after the electors are chosen can we start to speculate what the final result will be."

Jokinen

[Question] "Why do the two factions of your party have such different opinions of Koivisto?"

[Answer] "I presume that the TIEDONANTAJA's opinions are based on a real worry, a fear that Koivisto will be chosen, a man whom the TIEDONANTAJA editor-in-chief does not seem to trust at all; he thinks it would be fatal to elect him."

[Question] "You don't share this concern over him, do you?"

[Answer] "At least not to such extremes."

[Question] "Is it not annoying that different papers of the same party write in such extremely differing ways?"

[Answer] "We have actually been trying to put a damper on all this, most recently in the political committee on Wednesday [probably October 14]. And I have noticed that chief editor Jokinen has practiced some self-criticism also. It appears that his own men have chastised him a bit, and this seems to have had an effect."

9571
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CONSERVATIVES' HOLKERI COMMENTS ON PRESIDENTIAL RACE

Helsinki SUOMEN KUVALEHTI in Finnish 9 Oct 81 pp 70-72

[Report on interview with Harri Holkeri at the Bank of Finland by Antti Blafield: "President's Sick Leave Mixes up Harri Holkeri's Plans. 'I Have a Feeling I'm Being Squashed behind a Wall'"; date of interview not given]

> [Text] Harri Holkeri has been drawn into the presidential game without his own consent and without decisions by his party. "I have a feeling I am being squahsed behind the wall."
>
> "The presidential election has to be run so that it will prove Finland is a healthy Nordic democracy. To this end, I will exert influence, no matter what my role will be: that of a presidential candidate, electoral candidate or an irritated former party leader."

Harri Holkeri originally had quite a different plan of action for the Conservative Party in the presidential election, and he has not yet abandoned this plan completely.

"I and my friends have been trying to figure out the Conservative Party's next presidential candidate. My objective was that the party nominate its own candidate for the 1984 election and that I support this candidate." Urho Kekkonen's sick leave mixed these plans up. A group of 'certain' presidential candidates popped up in public, uncredited by any parties' official organs. The apparent supremacy of the Social Democrats' Mauno Koivisto also impelled party leaders and other party members to make up their minds about the possible presidential candidates.

"Ilkka Suominen said, quite rightly, that the Conservative Party is in no hurry to choose its own candidate. Things have moved ahead at rather a brisk pace."

However, even the Conservative Party's chairman had to get involved in the matter of naming the candidate. Suominen reprimanded his party's "Koivistomen" in the meeting of the party's Parliamentary group and the Party Council meetings. He required all to rally behind the party's own candidate. Suominen also talked about his own candidate, without mentioning his name. This was generally interpreted to mean Harri Holkeri.

Holkeri has also been endorsed among others by the governor of the Kymi province, Erkki Huurtamo, by Helsinki Mayor Raimo Ilaskivi and Parliament representative Eero Lattula. Lattula made his endorsement in a newspaper advertisement, in a manner of United States' presidential elections where Congressional candidates try to obtain additional glory for themselves by using the name of the party's presidential candidate.

Holkeri does not divulge his own candidate. "If I gave out his name now, he would certainly not accept."

Political Heavyweights

In his aphoristic book "Kotimaani ompi Suomi" [Finland is My Home-Country], Ahti Karjalainen characterizes the atmosphere of the Bank of Finland as "timeless." No doubt the description hits the mark. Behind the electric doors of the bank board quarters, time is only measured by the footsteps of the vigorous-looking guards on the blue-carpeted floor, and at the other end of the long corridor by the wandering steps of Mauno Koivisto, the acting president. Behind the guards' backs is an "aquarium," the glass-walled meeting room of the board. Here the political heavyweights, Holkeri, Ele Alenius and Karjalainen, together with two technocrats, Pentti Uusivirta and Rolf Kullberg, take measures of those who wrestle in the daily political arena, the members of the Council of State.

"I have sometimes joked that this is a political shelter job, but that is not true. All the members of the board are experts, some of us only have additional background in politics. I regard my own education for instance to be sufficient." Holkeri holds an M.A. in political science. Before being appointed to the Bank's board in 1978, he was for 8 years the chairman of the Parliamentary Bank Commission which supervises the bank operations. Rolf Kullberg is the other M.A. on the board besides Holkeri; Uusivirta is a lawyer, and the others hold doctorates.

Harri Holkeri came to the board as replacement for Paivio Hetemaki; he actually took over Hetemaki's desk. Both Holkeri and Hetemaki had been appointed to the position by Urho Kekkonen.

"Without doubt, the appointment to the board of the Bank of Finland involved a major change. Although it did not make life easier, I have had no cause for regrets. One doesn't need to fear here that people come from behind and vomit into your shirt. People here know how to behave. Here no one plays the presidential game."

One of the characteristics of a tornado is that the eye is quiet. All the former politicians on the board of the Bank of Finland are possible presidential candidates.

"The bank would function just as well even if many board members were presidential candidates. The bank functions day and night in all circumstances." Holkeri's tasks include "administrative and personnel matters, branch offices and currency supervision."

"There are no presidential candidates here. At least I have not heard that there are."

"Unpleasant Scheming"

Harri Holkeri has not yet been subjected to particularly rough treatment in the presidential game. So far, the discussion has mostly involved the Social Democrats' credibility and reliability in foreign policy matters.

"And I hope indeed that my personality will not be tarnished too badly."

"What I have seen so far of the presidential game has not been particularly pleasant. I am sure that those who work at the Bank of Finland do not want it to continue like this. This way, the outcome can be terrifying."

"In my opinion, all those who are capable of exerting influence should try to secure a democratic process. All abnormalities should be uprooted. The present game is a sign of weakness of character."

"If this process is now interfered with, we will lose an awful lot as a nation. This is why all influential groups must participate in the presidential election with full effort, openly and honestly; and we must let the final result come about on this basis. I will be exerting an influence for my part with this in sight, no matter what my role will be."

"My objective is that the process will be as natural as possible, so that it will be also understood abroad that we did it ourselves. The elections have to be managed in a way which proves Finland is a healthy Nordic democracy."

"It is natural that there is an inquisitive public debate going on. However, this has generated unpleasant conniving behind the scenes. Our foreign relations are now in better shape than ever before in Finland's history, and our internal development has boosted us up into a splendid position. It now appears that the national strength of character is being tested."

"You cannot extract from me a comment on Koivisto, Karjalainen, Jansson, Kivisto, Alenius—not even on Paavo Vayrynen. I do not wish to do anyone the disservice of praising them publicly."

"I also agree with Kalevi Kivisto in that there are no presidential candidates whose personalities would present a foreign policy problem."

"SDP [Social Democratic Party] Scare Tactics"

It appears peculiar that Holkeri praises the splendid position of our nation, for the Conservative Party has been in opposition for 15 continuous years, with the exception of some few government officials.

"The fact that the Conservative Party has not held ministerial positions is only the formal side of the matter. After all, the ministers of the other parties fear the growth of the Conservative Party, and so they do what the Conservative Party wants."

However, the Conservative Party undeniably yearns for government participation. It was said in connection with the 1978 presidential election that by supporting Kekkonen, the Conservative Party would prove itself suited for government. Now there is talk that by supporting a nonsocialist, that is, primarily a Center Party candidate, the Conservative Party might finally gain an entrance into the government.

"Presidential elections and the question of government participation are not commensurate matters."

"There are two reasons for the opinion that the Conservative Party will only be collecting votes for the Center Party candidate. First, that is what the Center Party is wishing for; and second, it is scare tactics created by the Social Democratic Party. Both are wrong. There can be no second or third rounds of voting [in the electoral college] without a first. Imagining anything else is just conniving behind the scenes and shows that the citizens' ability to assess matters is being underestimated."

Harri Holkeri strongly believes both in the chances and appropriateness of a Conservative Party candidate. "We have a splendid historical example from the time before Kekkonen of how a Conservative can build trustful relations with the Soviet Union and how this also happened in a circumstance when everything had gone to pieces." Juho Kusti Paasikivi was the Conservative Party's chairman before the wars.

"We must remember that we are not choosing a general European statesman to succeed Kekkonen, but only a born Finn. The constitution prescribes nothing more."

The Conservative Party and the CPSU

Harri Holkeri himself last visited the Kremlin during his Parliamentary period when he was on the Parliamentary Board for Foreign Affairs. [Question] "Wouldn't it be wise for the Conservative Party to establish a steady relationship with the Soviet Communist Party?"

[Answer] "You must ask the Conservative Party about that. Creating a relationship is always a two-way operation. The expediency of it is determined on both sides, neither in Finland nor the Soviet Union alone. In theory, it is quite possible that this kind of relationship will be established."

In addition to supporting Kekkonen, the Conservative Party has demonstrated its trustworthiness in foreign policy by active participation in the Paasikivi Society, which was founded in 1958 to support Urho Kekkonen's re-election.

Harri Holkeri joined the Paasikivi Society "some time in the 1960's," and he is now in the leadership. "According to Finnish consensus, the Paasikivi Society has an unofficial political support function. It now has widened its scope from the drawing of lines in foreign policy to other political arenas as well."

In the quiet dignified atmosphere of the Paasikivi Society, a national unity has been conceived which has served to cover up differences of opinion about applications of the foreign policy line. Harri Holkeri sees little to criticize in either the foreign policy line or its applications.

However, there is one weak spot: "Developmental aid should be managed better. There is a far-reaching consensus on this."

An aspect of foreign policy debate is also the president's position, his authority and length of service.

"The debate on restricting presidential authority is a sad sign of the times. When the president is on a sick leave, we start a discussion on restricting his authority. It might be in order to restrict the length of service, but in my opinion, the authority has been successfully defined in the constitution."

Apparel and Health Habits

With Holkeri, the thoroughly polished image entered Finnish politics. The diction is clear, the gaze steady, the hair is in order, and the suit is blue.

"I like blue. I also wear other colors, but people don't notice this, I guess they don't recognize me in other colors. I once asked mother to knit me a yellow sweater but didn't wear it. I looked like a scarecrow in it."

Holkeri is also a health enthusiast. Comparisons have been made in the Conservative Party with others who are in good condition and have risen to high positions.

[Question] "How much did you ski last winter?"

[Answer] "I don't discuss my personal interests. Last winter, a journalist asked the same question, and the following morning his paper had a headline saying that Holkeri "boasted" he had skied so and so many kilometers. Some eat long lunches, others ski longer. People in responsible positions are wise to take care of their physique."

There was discussion in papers last spring over whether "people in responsible positions" should ski during working hours. It was observed in this context that Holkeri is very eager to check on the Rovaniemi branch office [in Lapland].

"I have skied during working hours, and I have slept during working hours. My work day is 24 hours long. We must be ready to serve at any time of the day. That is why we don't punch clocks."

Holkeri has also been compared in the Conservative Party both publicly and privately with John F. Kennedy, who defeated Richard Nixon in the U.S. Presidential election of 1960.

"That was a reference to age." Holkeri is 44 years old. "Otherwise it is not an apt comparison, at least if one considers the families' economic backgrounds. Besides, he had dark hair, I have blond."

"I have said, trying to make a joke of it, that there are strapping guards here [at the bank] who will throw out all those who come to apply for a position as a presidential candidate. That worked for quite a while."

"However, I have not said anything about whether I will use the kitchen door or not in order to escape if they come to my home."

"Ilkka Suominen gave me his arguments regarding the present situation. I told him he only appealed to my sense of duty, but no more. Ilkka answered that he understood that."

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CSO: 3107/12

VAYRYNEN: SDP PRESIDENT WOULD GIVE PARTY EXCESS POWER

Helsinki HELSINGIN SANOMAT in Finnish 3 Oct 81 p 10

[Article: "Koivisto's Election Would Bring Excess Power to Leftwing"]

[Text] According to Center Party Chairman Paavo Vayrynen the election of a leftwing president would mean excess power for one party in the country. Also it would result in dividing the political arena in half and an increase in conflicts between the parties.

According to Vayrynen excess power for the leftwing is a consequence of the fact that the influence of the Social Democrats, in particular, will increase too much since they already have the strongest postition in the labor unions and are the largest party in Finland.

Vayrynen, who spoke in Kemi on Friday, considered a safer solution to be the election of a president belonging to the political center, preferably a Center Party candidate.

The election of a leftwing president would be a remarkable situation in a country in which approximately 60 percent of the political constituency according to the most recent opinon polls belongs to the center and the rightwing, stated Vayrynen.

According to Paavo Vayrynen the present balance between the center and the Social Democrats is a most fortunate alternative from the point of view of the country.

Foreign Policy, A Question of the Individual

According to Paavo Vayrynen the presidential elections with respect to domestic policy are to a great degree a partisan question. However, from the point of view of foreign policy the election of a president is primarily a question of the individual and not a partisan question.

Since the management of foreign policy is the most important duty of the President of the Republic, a candidate's characteristics should be compared and evaluated from that point of view, stated Vayrynen.

"Naturally, all other essential points of view should also be presented in this discussion," added Vayrynen.

In Vayrynen's opinion the fact that all the candidates being considered by the most important parties represent the Paasikivi--Kekkonen line makes the foreign policy discussion easier in connection with the presidential election. Therefore, there is no danger that a conflict detrimental from the point of view of the country will arise in these discussions.

"It is, for example, very clear that Finland, for its part, will continue the YYA [Friendship, Cooperation, and Mutual Aid] Agreement regardless of whom is elected president after Urho Kekkonen," explained Vayrynen.

However, there is still reason to discuss the points of emphasis and nuances of foreign policy according to Vayrynen since "various understandings of the essence of the Paasikivi--Kekkonen line are appearing on Finland's broad political map".

Candidates' Policies Out Front

In Vayrynen's opinion the electors should know what is the understanding of each candidate regarding Finland's foreign policy and in what form the Paasikivi—Kekkonen line will be continued if the candidate in question is elected.

Vayrynen also demands that there must be a discussion of the candidates' qualifications for managing foreign policy. In his opinion the discussion so far has been slanted since we have only been able to evaluate the Social Demcrats' "probable" candidate, Mauno Koivisto.

In his speech Vayrynen answered SDP Chairman Kalevi Sorsa's speech to the SDP Diet faction meeting on Thursday. Sorsa stated, among other things, that Koivisto was involved in the creation of the SDP's foreign policy platform and can certainly be trusted with respect to foreign policy. Sorsa warned against rock throwing since it could result in a split between the Social Democrats and the Center Party.

Vayrynen felt bad that the assessment of the foreign policy attitude of candidates is being used as "a foreign policy weapon". What is even worse is that the emphasis on foreign policy in connection with the presidential elections is being used to blacken the reputation of a certain candidate, explained Vayrynen.

10576
CSO: 3107/9

POLL SHOWS GAIN FOR SOCIALISTS, LOSS FOR CONSERVATIVES

Helsinki HELSINGIN SANOMAT in Finnish 3 Oct 81 p 11

[Article: "Opinion Poll Shows SDP Support Growing"]

[Text] According to the most recent polls Social Democratic Support is on the increase. Among the largest parties the growth of support for the Conservative Party has come to a halt and the popularity of the Center Party remains the same. According to the poll support for the SKDL [Finnish Peoples Democratic League] has fallen off.

According to the poll requested by the newspaper AFU and conducted by the Taloustutkimus [Economic Research] Company 26.1 percent of the voters would now vote for the Social Democratic Party. In the last local elections the party received 25.5 percent of the votes.

The Conservative Party has a support rating of 22.7 percent. The last election results gave 23.0 percent of the votes to the Conservative Party. The Center Party's support is now 18.9 percent and was 18.7 percent in the last local elections.

The SKDL is supported by 15.5 percent of those who participated in the poll. Last fall's elections gave 16.6 percent of the votes to the SKDL.

Support for the small parties remains approximately the same, but it is predicted that the popularity of the Rural Party will increase.

In the study 4.4 percent of the voters support the Rural Party while only 3.0 percent gave such in the last elections. Support for the RKP [Swedish Peoples Party] is 4.4 percent while in the last elections it was 4.7 percent and support for the Christian League is 3.6 percent and in the last elections it was 3.7 percent.

It is predicted that support for the Liberal Peoples Party will continue to decline since among those polled 2.8 percent expressed support for the party. The last election results indicated 3.2 percent support. In the study the Small Farmers Party received 1.4 percent support, in the last elections 0.5 percent.

No changes are predicted in the power relationship between the socialists and nonsocialists since it seems that the increase in support for the Social Democrats

is taking place at the expense of the SKDL. Among those participating in the poll 41.8 percent supported the socialist parties and 58.2 percent supported the non-socialist parties.

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BRIEFS

SAARINEN LASHES OUT AT TAISTOITES--SKP [Finnish Communist Party] Chairman Aarne Saarinen, who has gown impatient with election articles by the Taistoite minority of the Communist Party, demanded a decision from the Taistoites on Saturday. According to Saarinen the Taistoites must either join the ranks or leave the party. Saarinen presented his proposal in the chief organ of the SKDL [Finnish Peoples Dmocratic League]/SKP, KANSAN UUTISET. According to Saarinen the Taistoites must now make a decision between unity in the Communist movement or division. "Speculation must come to a stop and we must embark upon a unified election front or the minority must go its own way," emphasized Saarinen. Saarinen considered the writings in the Taistoite organ TIEDONANTAJA to be sabotage and detrimental to the election support of the Communist movement. Saarinen reminded the Taistoites that only the parties can nominate candidates in the presidential elections. SKDL Chairman Kalevi Kivisto (People's Democrat) has answered TIEDEONANTAJA's argument according to which the SKDL does not have any relations with the East, stated Saarinen. "As far as the SKDL's relations with the Soviet Union are concerned, the SKP minority has been the prime factor in hindering the development of the development of these relations," continued Saarinen. According to Saarinen it is contemptible to present arguments about relations with the East from within the SKP since the SKP is the SKDL's most important member organization. Saarinen marvelled at how TIEDONANTAJA researchers could imagine themselves to be in an election alliance in an organizaton whose relations with the East are not in order. Saarinen pointed out that the Communists have participated in all postwar elections in the name of the SKDL. According to Saarinen consistency would require of the Taistoites that they group behind Ahti Karjalainen (Center Party), for example, since "his relations with the East are argued to be in order". Saarinen hoped that the work group working on a presidential candidate for the SKP and the SKDL would soon be able to make a proposal. SKP Chairman Saarinen stated he would be happy if the candidate were a Communist, "but it can also be someone else". The main issue in Saarinen's opinion is that the candidate enjoys the greatest possible trust, support, and respect. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 4 Oct 81 p 7] 10576

PS EDITOR: DEFENSE BY NEGOTIATIONS, THIRD-WORLD ACTIVISM

Paris ESPRIT in French Jun 81 pp 36-49

[Article by Patrick Viveret, editor-in-chief of FAIRE: "Peace and Liberty"]

[Text] Has the struggle for peace, or--to be more modest--against war, become, for the Europeans, contradictory to the struggle for liberty? This, in any case, is what one is led to believe by the confrontation between the two major currents of opinion that have emerged from the aggravation of international tension.

As always, a conflict like this cuts back and forth across the political families within each country. Giscard d'Estaing centered a good part of his election campaign on the theme of peace, stressing the record of his policy toward the USSR. In this area, his best ally was the French Communist Party, while in the camp of those who denounced complacency toward the Soviet empire were Francois Mitterrand and the main part of the socialist left, plus some of the sectors of right-wing opinion. In Great Britain, one of the fundamental causes of the Labour Party split was the adoption of the unilateral nuclear-disarmament position by a majority of delegates. In the FRG, Helmut Schmidt is confronting a part of his party's left on the question of the deployment of the Pershing missiles in the FRG, but is himself being criticized by others of the West who say his Ost-Politik is far too timorous vis-a-vis the USSR.

One could cite many more examples, but the important thing is to bring out the essential tendency of these two main currents so as to determine their degree of pertinence. It will be noted that they are both related primarily to the USSR. The main purpose--but for reasons that can be very different--of those who give priority to peace is to protect Europe from a nuclear war and to maintain a position of compromise and status quo with the USSR. The second current denounces the risk, in such an attitude, of Finlandization or self-Finlandization, evokes the Munich precedent to show its danger, and accepts--by choice or by resignation--the logic of rearmament and of a strengthened integration of the "Western camp."

From Deterrence to Limited War

The debate has become so intense today because, unlike the previous decades, the hypothesis of a nuclear war in which Europe could once again be the theater (or one of the theaters) is being evoked, by both the military and the politicians, no longer as a strictly theoretical situation but as a real possibility. There are several causes of this dramatic evolution, and I would like to review three of them briefly.

The first is the reappearance, since the Soviet intervention in Afghanistan, of a situation of direct confrontation between the United States and the USSR that had not been experienced since the Cuba crisis in 1963. The Afghan invasion is not, of course, the only explanation that can be given for deterioration of relations between the two superpowers--a deterioration that was already considerable. But it very clearly marks a crisis of United States confidence in the system of detente, heightens an already very strong feeling among the Americans that the USSR is well on the way to achieving military superiority, and is creating the political conditions--as verified by the subsequent election of Reagan--for a considerable revival of the arms race.

The second source of tension results from the failure, over the last 20 years, of the struggle against underdevelopment. Far from being conquered, it has worsened, thus creating sources of growing tensions in the Third World, favoring the emergence of dictatorial or totalitarian political systems which themselves view war as the best distraction from their internal problems. And adding the fact that the rebalancing of power brought about between the industrial countries and the oil-producing countries of the Third World has further aggravated the situation of the underdeveloped countries that are deprived of this precious raw material, we have today the conditions for a constantly more explosive situation. It is what Dom Helder Camara has rightly called the danger of the "P bomb"--that is, the poverty bomb. Since the increasingly numerous conflicts have the double characteristic of being less and less controllable and more and more the stakes in struggles between the Soviets and the Americans, the tension between the two superpowers is thereby heightened.

A third source of uneasiness--the most serious source--is that this aggravation of tension is occurring in a period marked by a very profound crisis in what it is customary to call nuclear deterrence. Not that this deterrence ever functioned in a pure state. Soviet strategy has remained founded more on the concept of eventual /use/ of nuclear weapons than on that of deterrence. The United States has long since abandoned the strategy of automatic massive reprisals and has developed the concept of "flexible" and "graduated" responses adapted to the nature of the threats and aggressions. But on the whole, the governments, as well as public opinion, remained guided by the idea that the enormity of the human and material destruction caused by a nuclear war constituted for any aggressor a sort of guarantee of suicide by reprisal that would prevent him from going to that extreme.

I am not debating here the earlier merits of this concept of peace by balance of terror, which I have personally never agreed with. I am content to note that this system has been in crisis for several years and that one hears political and military figures more and more often citing possibilities of "limited nuclear war" without being taken for dangerous madmen. The uncertainty, since the appearance of tactical nuclear weapons, about the dividing line between nuclear armament and conventional weapons has a lot to do with this, of course. Military strategy has had, as always, to chase after technology: the miniaturization and precision of the new nuclear weapons have given greater credibility to the "anti-forces" strategies (based, that is, on destruction of the adversary's military potential rather than his human potential, as is the case with the "anti-cities" strategies). On the other hand, the protection and civil defense of populations--which formerly appeared not only

unimaginable but contrary to the logic of deterrence, with each country offering, in a way, its civilians as hostages to the adversary power as proof of its nonaggressive intent--is now considered indispensable: the Americans are trying to catch up to the Soviets in this area, and when it was in power, even the French right, which had always refused to consider the problem, has since discovered uneasily that Sweden or Switzerland is infinitely better-prepared than we to protect their populations from the fallout of a nuclear war. In short, it is all as if the American and Soviet political and military chiefs had followed the direction indicated by Raymond Aron when he wrote, in 1962, "Paix et Guerre entre les Nations" [Peace and War among Nations] (Calmann-Levy): "It is war that must be saved," he noted at the time; "in other words, the possibility of armed-forces combat between states, and not the eternal peace that must be established by the constant threat of thermonuclear holocaust."

The whole problem is to know what would be meant by the limited nuclear war which Henry Kissinger made himself the U.S. theoretician of in his book "Nuclear Weapon and Foreign Policy" and the hypothesis of which was recently evoked again by Alexander Haig, and how far it would go. As always, military strategy is bordering on Utopianism when it imagines, at the extreme, "clean" nuclear wars that would produce infinitely fewer human victims than the last World War. This is the eternal idealistic error of the strategists who believe that a war could be conducted rationally and who ignore passion, accident, misunderstanding and errors of judgment. Who can assert that a nuclear war, supposedly limited at the outset, would not degenerate rapidly as soon as capacity to control escalation, politically and militarily, proves difficult? More than in any other form of conflict, the law of going to extremes defined by Clausewitz runs the risk of having no counterweight against it, at least so long as a power has the feeling that it can win a decisive advantage--or at least avoid a risk of defeat--by going on to a higher degree of escalation.

One sees how, in the face of the rise of the perils, strong currents of opinion are generated, in this Europe already torn by two World Wars, to oppose the risk of another slaughter. The problem is that this struggle against war seems to limit its ambition to preaching a status quo that serves the interests of the USSR quite well. The USSR, in effect, intends in this way to obtain endorsement for its intervention in Afghanistan and for the deployment of its SS-20 missiles, which are capable of destroying, in a first strike, an essential part of the military potential in West Europe. On the other hand, one notes a defeatist climate in many sectors of public opinion, a climate that is expressed quite clearly in the results of the poll of Frenchmen commissioned by the hournal ACTUEL that revealed "that in case of Soviet invasion of France," 63 percent of those polled preferred negotiation to resistance.

Such attitudes, which doubtlessly are not those of our compatriots only, feed--not without reason--the reaction of the adverse current, which cites the Munich precedent, recalling that capitulation increases the risks of war by giving the adversary the feeling that he can push his advantage with complete impunity. The denunciation of the "Finlandization"--even the "self-Finlandization"--of West Europe, the theme of "defeat without war," the assertion that it is an entire civilization based on freedom that is in danger today: these are the strong points in a line of argument that defines itself, on both the left and the right, as "anti-Munich."

Hence the value of the arguments involved (reality of risk of war and extreme probability of its monstrosity, on the one hand, and on the other, the reality of the

threat of capitulation or of self-Finlandization in the face of totalitarianism) only aggravate--at least in the first analysis--the tragic dimension of the dilemma of peace or liberty that we evoked at the beginning of this article.

However, I would like to show that this dilemma is far from being so well-established and exclusive as the public debate today would seem to make one believe. I believe, in fact, that a determined struggle for defense and extension of the democratic phenomenon needs to be based on a parallel effort to limit the risks of war.

Capitulation or Rearmament? A False Alternative

The Munich reference is well-founded only if the desire for peace is effectively expressed by a blindness to the nature of the Soviet totalitarian phenomenon. In such case, indeed, moral capitulation may precede political or political-military Finlandization. And it is true that there is reason for uneasiness when one notes the extent to which the notion of a USSR "encircled and on the defensive" still convinces considerable sections of the European left. However, as Pierre Hassner rightly noted in a special issue of FAIRE devoted to examination of the Soviet threat,[1] "the encircled-country complaint, which has been a specialty of the Soviet Union since its creation...changes meaning fundamentally depending on whether it corresponds to the situation of a regime that is prey to civil war and foreign intervention or to that of an empire by which other powers, such as China or Europe, might just as legitimately consider themselves to be encircled."

The militant reaction from the left or the far left against the Soviet imperialism in Afghanistan or in East Europe has never reached yet--in France, for example--the level, a justified one, that it reached yesterday against the American intervention in Vietnam or today against the United States' attitude in Central America. Quite recently I read a piece by a director of the CERES [Center for (Socialist) Studies, Research and Education], Georges Sarre, stating that for the Socialists, it was out of the question to carry on "anti-Sovietism." An astonishing restriction. On what principle should the Soviet empire escape our vigilance and our condemnation. To what point will the USSR have to take its expansion and oppression before the left stops nurturing complacency toward it? As for the right, the phenomenon that can lead to the same attitude is even clearer: it is quite simply the fear inspired by that military giant that leads the partisans of law and order in their respective countries to want to stay in the good graces of their menacing neighbor.

The anti-Munich line of argument is therefore well-founded in calling for greater vigilance and in recalling that democracies prepared to close their eyes to totalitarian oppression will purchase their tranquillity only at the price of abandonment of their liberties. It is further necessary for the struggle talked about to be clearly a struggle of democracy vs totalitarianism, and that the means democracy provides itself with in this combat not bring about its own destruction, by other ways. But these two conditions are obviously not met if one observes the American version of the "anti-Munich" attitude. I apologize for pointing out a few very obvious banalities here, but the systematic and Manichean character of the present debate makes it necessary to explain carefully some facts that one might have thought had been well-understood for a long time.

That the defense of democracy does not constitute rather the guarantee of American foreign policy is proven by a superabundance of facts: from the destabilization of

1. Nos 45-46, July 1980, 48 rue Ste-Anne, Paris 2e.

Allende to support for the terrorist dictatorships and totalitarian regimes of Latin America, together with Kissinger's Iranian policy and Reagan's support for South Africa, it is clear that the United States does not hesitate to thwart democracy whenever it seems contrary to its interests.

Furthermore, the new Reagan administration has been quick to cancel the few effects produced by the "human rights policy" inaugurated by Jimmy Carter, in Latin America especially. In "geopolitical" terms, as one says, one may find that the new strategy of the American empire vis-a-vis the Soviet empire is more or less effective today than yesterday. But this has little to do with the problem of the struggle between democracy and the totalitarian phenomenon. Little, but not nothing: it is this that creates the problem, for otherwise it would suffice to curse the houses of both imperialisms and resuscitate neutralism. The difficulty comes obviously from the fact that there is no "pure" struggle between democracy and totalitarianism, but rather interaction between this struggle and the confrontations of powers and of empires. But from that point to identifying democracy with the Western camp and totalitarianism with the Soviet bloc alone, there is a step that is all the harder to take inasmuch as the growth of Soviet penetration and pressure in the Third World in recent years is due largely to the errors, the blindness, and quite often the crimes of American policy in most of those countries.

In our initial dilemma of peace and liberty, it would therefore be singularly abusive to identify the defense (and even more, the extension) of democracy with a closing of the ranks of a Western camp of which the United States would have regained leadership. What is more, the only policy proposed to us for resisting a totalitarianism that is identified with the Soviet system alone is reduced to a military strategy of pure rearmament and a strategic policy of "defense of the West." It is here that the argumentation of the pacifist currents on the left is particularly strong. For the logic of rearmament coupled with a crisis of deterrence and affirmation of the hypotheses of limited nuclear war could very well take the world--and perhaps Europe first of all--to catastrophe.

What, indeed, can the hypothesis of a nuclear war signify from the point of view of defense of liberty? Wouldn't its very conduct require dictatorial structures? For carrying on such a war means first of all, for a government, deciding who will survive, in view of the very low or negligible degree of protection of the civilian populations in most of the Western countries. How could such decisions, which would have to be taken in a few minutes, preserve a democratic character in the very countries that would be claiming to defend liberty? And what, moreover, would be the meaning of the massacre of several millions of civilians of a totalitarian state, since--even more than in a democratic system--they can be considered not responsible for their government's decisions? France is proud, we are told, of the credibility of its strategic nuclear force, which is now capable of destroying 150 Soviet cities. Here we are, then, at the peak of absurdity from the point of view of struggle against a totalitarian system: making the victim of this system--that is, its own people--the No 1 target. (But one can breathe more easily about the fate of the members of the Soviet military and political elite, who will have an infinitely greater chance of escaping it!)

From whatever angle one views the problem--unless, as we said earlier, one goes along with the Utopian ideas of a clean nuclear war, limited to a simple exchange between military forces--nuclear war will represent a considerable regression for

humanity and for democracy. It is therefore not a useless exercise to ask further questions before accepting the false dilemma of defense of peace leading to capitulation or defense of liberty resulting in Western rearmament and preparation for war.

How to Struggle against the Totalitarian Phenomenon?

It is false to identify the struggle for democracy with a strategy of rearmament of the Western camp. It is false to identify the struggle for peace with acceptance of a future Finlandization of West Europe. On the contrary, I believe that the democratic revolts within totalitarian systems, as well as the struggle of the national movements against the empires, need, for their development, a limitation of the risks of war on an international scale. First of all, because any situation of East-West confrontation favors not a struggle of liberty against oppression but rather a strengthening of the superpowers as regards their respective camps and the organizing of alliances that are totally foreign to democratic criteria. One sees clearly what interests, in terms of power, can lead the United States to establish a chain of alliances ranging from South Africa to China. But unless one views the world as black and white, such a policy has hardly any more to do with democracy than Soviet support for Cambodia or for the PLO has to do with a humanitarian desire to give a people the right to revive or to obtain a territory.

It can happen, of course, that American interests coincide with the interest of liberty, just as it may happen that Soviet interests serve national liberation movements. But these indirect advantages count for little when compared with the negative consequence for human rights and the rights of peoples entailed by the reappearance of East-West polarization. Who can fail to see that any aggravation of international tension, especially if it increases the plausibility of a nuclear war, strengthens the states, and principally the dictatorial and totalitarian states? For such tension produces fear in the populations, and this fear is the states' best argument both for claiming that they are the only guarantors of their people's security and for forbidding any internal dissidence that would play into the adversary's hands.

What can the Soviet citizen--even one hostile to the regime--hope for, if a nuclear war were to become a clear risk, except that his own state should be capable of protecting him? Take the example of the millions of Poles engaged in a formidable liberation struggle against oppression. What could they do in case of nuclear war? And what would NATO do? Would its general staff decide to spare Warsaw, whose revolt is recent, but to wipe out Budapest and Prague, which have again become satellite-capitals of the empire? It is clear that one is courting absurdity if one projects the reality of the nuclear military scenarios: the struggle for liberty can fit the mold of pure force only if it perishes by the hand of the very ones who claim to defend it. That is why I agree, on this point, with Paul Thibaud's analysis[2] regarding the necessity for a use and an interpretation of detente that are different from one another.

Detente, or--to talk like the Soviets--"peaceful coexistence," is of course eminently illusory if it is based on belief in a gradual liberalization--and one carried

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2. In ESPRIT, January 1981.

out by their own doing--of the regimes of East Europe. It can even lead to moral and political capitulation if it rests on fear by the democratic European nations in the face of the Soviet military colossus and expresses their indefinite acceptance of its domination over East Europe. But who is forcing us to make this defeatist use of detente? On the contrary, why not consider that pushing back the risks of war in Europe creates a climate more favorable to democratic and national subversion of the Soviet empire? The USSR has never considered that peaceful coexistence prevented it from carrying on ideological struggle, from giving material and political support to the anti-imperialist movements. On what principle should the democratic countries have to choose an all-or-nothing strategy?

As Claude Lefort has correctly shown, a totalitarian system is not automatically immobile and exempt from contradiction.[3] There are struggles of classes, of power, of nationalities, of culture in the USSR, and even more in the countries that live under its thumb. But precisely what they need, in order to expand and assert themselves, is that the state not be able to constantly invoke an enemy threat so as to ensure its own power. A totalitarian system, be it of fascist or Soviet type or--more recently--of Latin American type, is a system based on a state of permanent warfare, both within and beyond its borders. Everything that partakes of the logic of war reinforces it. And inversely, everything that pushes back that risk increases--potentially and not automatically, it goes without saying--the difficulty the system has in stifling within it the many contradictions caused by its centralization, its wastage, its oppression.

It is striking to note the wide gap between the sophistication of the Western military strategies and their extreme poverty in analysis of the Soviet system. This is all the more paradoxical a fact in that it is known more precisely today that the only sector of the Soviet system that really performs well is that of the armed forces. On practically every other level--economic, social, the nationalities, cultural, religious--the regime is suffering sharp setbacks and has to deal with growing problems.

Therefore one can, without possessing the strategic genius of a Lenin, identify all these "weak links" and define flexible and decentralized strategies that help to weaken them further! But no--it is all as if the core of the Western strategy emerging today were based on the only really strong link in the whole chain, the military link. What is more, a position is deliberately being taken in an area where a democracy is by definition weaker than a totalitarian system, and those in which the flexible, decentralized character of a democracy (and one that is nourished by a diversified and abundant flow of information) could offer excellent instruments for subversion and destabilization are being ignored.

In reality, quite a few American political and military strategists who are at the bottom of this policy seem to me to be fascinated themselves by the logic of force and by the advantage that a totalitarian organization of power procures to one in this area. It is significant, for example, that Henry Kissinger was, at bottom, extraordinarily attracted by a USSR that he described as "led by men with iron wills," possessing "a greater moral firmness, because of the fact that they are ready to run more risks, both physical and moral," while he accused the West of being peopled by

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3. Ibid.

"intellectuals without convictions."[4] And it is true that in the area of pure force, a democracy, unless it denies itself, is less effective, for it has to organize different wills, establish a minimum of coherence between its means and its ends and, to put it succinctly, deal with people--something that a totalitarian system, by its very nature, dispenses with. But the problem is to know what we want. Is it the force of the empire of the West against the empire of the East? In such case, the strategy of a Kissinger or of a Haig is probably the right one. But as in Orwell's prophetic book "1984," we should not be surprised if, in the long run, "Oceania" is governed by the same principles as "Eurasia"--that is, by the law of "Big Brother."

If, on the other hand, our choice is for a defense and extension of democracy, then that struggle needs a relative climate of stability, and in any case, of an international state of nonwar. First of all because this fight for liberty cannot be identified with defense of an alliance or an empire, since totalitarianism is far from being exclusively Soviet. Secondly, because, as I have pointed out, the democratic or national subversion of a totalitarian system or of an empire requires, in order to have an effect on its internal contradictions, that they not be cancelled out by permanent preparation for a state of war. In other words, the struggle for peace, or at least for limitation of the risks of war, the search for negotiated agreements, the denuclearization of certain regions of the world or at least a restraining of nuclear proliferation--these things, far from being contradictory to the struggle for liberty, constitute, on the contrary, essential conditions for it. The Polish movement needs peace in order to ensure itself a sufficient margin of manoeuvre within an empire whose existence it cannot (and does not want to) forget, for the time being. And Central America can escape the alternative of military terrorism or Castroism only if each struggle against a Somoza-type dictator does not immediately become an element of American-Soviet conflict.

It is clear that Europe has a decisive card in its hand in a strategy of that type, for the very fact of its having lost its empire leaves it freer in its movements vis-a-vis a pure logic of power. Europe can support the necessity of a Palestinian state without, for all that, challenging the existence of Israel. It can aid Central America or Mozambique economically while at the same time supporting the Afghan resistance and aiding Poland. In short, Europe can make a political trump card of its military weakness, by encouraging, with a certain number of Third World countries, the creation of an axis oriented primarily toward development, maintenance of peace and extension of democracy. Such an approach does involve objectives and tendencies, to be sure, and I am not so naive as to believe that a European strategy could miraculously escape the logic of power, the weight of the empires and the pressure of state interests. But as a global tendency, such a policy--which would have the advantage of being based on the double aim of aspiring to peace and to freedom of the various secotrs of European public opinion, rather than opposing them to one another--seems to me, on the whole, more realistic and less suicidal than preparation for the next "war to end all wars."

What Forces to Rely On?

I am not unaware of the difficulties of an international policy that would make limitation of the risks of war the condition not of a fearful status quo but of a far

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4. On this point, see the analysis by William Shawcross in his book "A Tragedy without Importance," devoted to the American war in Cambodia.

more aggressive struggle against the totalitarian phenomenon. Supposing that you are right, I will be asked: what forces can you rely on for carrying out such a policy? And what means will you use--in defense, for example--if you refuse to play the pure game of force, even as you make bold to adopt a far more aggressive attitude toward totalitarianism?

What forces to rely on, then? First of all, obviously, on those which, as of right now, have taken up the struggle against the totalitarian phenomenon, and in the first place, the dissident social and cultural forces in East Europe. For while it is true that the democratic struggle could not take the Soviet empire as its sole target (to be convinced of this, one need only look at an Amnesty International report), all the same, it is the USSR that most clearly combines two phenomena that are encountered separately elsewhere: the imperialist phenomenon and the totalitarian phenomenon.

It is also in the Soviet bloc--and this is an additional danger--that the ideological reference is strongest, not only in order to justify the government within the bloc but also to legitimize it outside. In most countries of the world, the Chilean and Argentinian regimes, for example, which represent another version of contemporary totalitarianism--a sort of military-religious remodeling of fascism--are not taken for anything other than what they are. This is not the case with the USSR, which, thanks to its revolutionary reference, has available to it, through the Communist Parties, a formidable network of support for its policy (or at least for damping the criticism in what is usually called Eurocommunism).

It is therefore a fact that Soviet totalitarianism is today more powerful, more complete, more highly ramified, than any other totalitarian or dictatorial system, be it Chinese, Latin American or African. That is why the struggles, the democratic revolutions and the national resistances that are shaking the very heart of the Soviet empire are in all respects decisive and should receive the active support of all the democratic forces in the world. What is called for in this domain is to roganize a resistance, a pressure, a solidarity at least equal to those of the struggle against the American intervention in Vietnam. As one sees, there is still work to be done!

Setting such an objective supposes that one is capable of mobilizing forces for the job in the civilian societies of the democratic countries: sectors of public opinion, trade unions, parties, associations, etc. The principal advantage of the democratic systems is indeed the richness of their civil societies, which are not totally absorbed or oppressed by the state. It is paradoxical to note, though, that most of the time this potential force is immobilized in the struggle against the totalitarian states, while the communist systems, which have only three instruments for action--the nation-state, the party, and the communist movement in the world--have learned how to make effective use of the three, acting especially in the area of public opinion and of the civil societies of the democratic countries. The international policies of the democratic countries, on the contrary, are usually--with a few rare exceptions, such as Sweden--exclusively state policies, and consequently doomed to all-or-nothing strategies: either detente and refusal to upset the status quo, or to the contrary, interstate crisis and preparation for state of war.

I do not, of course, claim that an international strategy can be based exclusively on a mobilization of public opinion. I simply note that this is an area that has

been left lying fallow in the struggle against totalitarianism and that it is urgent to take the means for acting in it. It is further necessary for the citizens of the democratic countries not to be given the feeling of a contradiction between their desire for liberty and their rejection of imminent devastation by war. For so long as they do not understand this essential datum, the "anti-Munich" people will be able to continue grieving over the defeatism or cowardice of Western public opinion; this will not change very much the justified fear that the peoples have of nuclear war.

If, on the other hand--and here we arrive at the policy that the European democratic states could put into practice--a joint action were carried out on the double terrain of limitation of the risks of war and of support for the democratic struggles in the world (including an attack on their causes by a new development strategy aimed at the Third World), I believe it would be possible to mobilize actively a sizable proportion of the political and social groups that structure the political and social life of the democratic countries.

There is no contradiction--quite to the contrary--between negotiating SALT agreements and supporting the Polish movement. On the contrary, the fact of trading off Poland for El Salvador or Cuba, as the Reagan administration appears to be doing today, aggravates the Salvadoran situation without aiding the struggle of the Poles at all. Likewise, a negotiated limitation of the arms race has every chance of depriving the USSR of its principal argument for making the peoples whom it oppresses pay for its guns to the detriment of their butter.

One could cite many more examples of what a more "subtle" strategy on the part of the Western countries could provide if they understood effectively how to place the defense and extension of democracy at the heart of their international policy. This would suppose, of course--and this is the second difficulty that we encounter--having military policies that are not totally contradictory to this type of objective.

I noted above the particularly "counterproductive" character, from the point of view of defense of democracy, of military strategies that are essentially based on nuclear armament. It must be added that the end result of this weapon system is the complete demobilization of the populations as regards the problems of defense. The more nuclear this strategy is, the more it is founded on the "all or nothing" approach, as in France, the stronger this demobilization is. It is, in short, a natural result, since the citizens are habituated to the following alternative, which is not propitious for preparing resistance action: either you are definitively protected by nuclear deterrence, or, if nuclear confrontation should by ill chance occur, you will all be wiped off the map. A considerable imbalance is then produced between the power of the armaments, on the one hand, and on the other, the weakness of a people's will.

Now the principal threat that totalitarianism makes against peoples, the one that all the dissidents have described to us, is first of all a threat against wills. To achieve moral capitulation: that is the main objective of totalitarianism. That is why the USSR is encountering such difficulty in subjugating the Poles, who--in contrast to the French case, one might say--are expressing a will to fierce resistance even when their military power is nil.

At bottom, in wanting to reduce military strategies to the pure logic of force, the principal Western countries have forgotten the basic definition that Clausewitz gave of war, which, he said, is "an act of violence intended to force the adversary to submit to our own will."

Democratic Subversion and European Culture

To work out defense systems that would have the double characteristic of limiting the use of pure force (especially anything that involves the massacre of millions of civilians) and of relying heavily on will to resistance: such, in my judgment, is the principal strategic problem of the democratic nations.

This involves, as I recognize, a radical reconversion, which takes time, a profound transformation of the means and objectives of defense, an education of the citizenry on the Swedish or Yugoslav model, a serious civil-defense policy, and protection of the populations comparable to what has been done in Switzerland, for example.

For nuclear powers such as France, the choice is a particularly difficult one, because of the priority assigned to nuclear weaponry for the last 20 years.[5] But for most of the European nations who do not want to, or cannot, provide themselves with nuclear weapons--and who do not mean to place themselves under American protection only--it is an option that seems to me less dangerous and more consistent with democratic logic and the setting-up of a European nuclear defense.

For at bottom, the problem is the question of what Europe wants to be. Is a "third bloc" to be set up, a new political and military superpower, on the basis of the economic prosperity of West Europe? Or are we to draw off from the crucible of nations and cultures that this space extending from France to Poland constitutes the best that Europe can offer to this world that is ours today, a world in danger of death: a culture.

If the democratic movements of East Europe have such importance for us, isn't it precisely because they are forces of /civilization/ and democracy that are emerging in a universe governed more and more by the law of /militarization/ and totalitarianism? It is necessary, as Jan Patocka wrote in this admirable text written before he committed himself totally in the struggle for liberty in Czechoslovakia, to "get out of the century of war."[6] For man at the end of this 20th centruy has now acquired mastery over his collective death.

"Today, the definitive violence, the verity of human history, is moving, more or less like a satellite, over your heads, capable of putting an end to all human history in the blink of an eye if we indeed want to.... In an essential aspect, our planetary society, all of humanity for the first time gathered together, finds itself in the same situation as the most fragile and most unprovided primitive societies. It can self-destruct at any instant." This text is by Rene Girard. In my judgment, he expresses aptly the radically new way in which the problem of a nuclear

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5. Although the Socialist left in government has recently rallied to nuclear deterrence, it will be capable, I hope, of showing imagination and courage in this direction.

6. Cf ESPRIT, January 1981.

war would be posed today: such a war would no longer be just a war of /men/ against /other men/; it would be a war of /man/ against /man/, one in which humanity would be the material and spiritual stakes.

In this regard, the destruction of humanity by totalitarianism and/or by war relates to the same principle at bottom. And in the face of this danger, the true struggle for liberty is that on which humanity is founded and which therefore cannot enter into the deadly game of the pure logic of force. On this basis, democratic subversion against the totalitarian phenomenon is simultaneously a rejection of war and the enunciation of a culture that teaches us not to despair of man.

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HASSNER ON NUCLEAR DETERRENT, ECONOMIC AID IN DEFENSE POLICY

Paris ESPRIT in French Jun 81 pp 50-61

[Article by Pierre Hassner: "Defense, Human Rights and Detente--Fragments of a Dialogue with Patrick Viveret"]

[Text] Patrick Viveret's article inspires in me both nearly entire and sometimes enthusiastic agreement and a certain feeling of malaise, even of irritation. The agreement relates, of course, to the aims and the general inspiration. How can one help but proclaim, with Viveret, that it is necessary to fight both for peace and for liberty, or to join solidly with the oppressed in both the Third World and in East Europe? But he goes beyond that. When Viveret denounces the intellectual and moral sluggishness of a Reaganite right that conceives no other response to the Soviet Union than the military one, that of a left which still refuses to look the totalitarian phenomenon and its Soviet incarnation squarely in the face, that of a French political consensus that has rallied to a nuclear strategy which has always been immoral and which is becoming less and less credible, he is vigorously extending a line of thinking by which ESPRIT is putting itself in the vanguard of an awakening of consciousness which, on account of its often being still in a minority position, is therefore only all the more urgent.

But if I speak of malaise, it is because, beyond a few disagreements on details, Viveret seems to me, on each of the points in his eloquent pleading, actually to leave out (apart from reference for form's sake) the element that constitutes the very structure of the international world--that of the balances and imbalances of power. But here as elsewhere, it seems to me that one can command nature only by obeying it and that one can repel hostile constraints only by recognizing them. If the left has so often lacked policy in the international arena, it is because that arena, based on inequality and rivalry of interests, is fundamentally contrary to its values of equality, universality and fraternity. Bending these structures--by making use of their faults, their interstices, their weakest links--to the advantage of our values implies the search for a strategy both firm and flexible, one that is capable of weighing the forces and currents on which to rely, the alliances and compromises to decide on. But this task, an approach that would take refuge in the historical responsibilities and the long-term prospects, runs the risk of failing if it does not give a clear answer to the political question par excellence: what is to be done, here and now?

And it is here that my malaise tends to change into irritation, for Viveret's whole discourse presents the risk, on the basis of an inspiration that is fundamentally

antitotalitarian and solidly backs East Europe, of obscuring a fundamental reality that all the victims of Soviet imperialism know well and which they ask us to reply to: the rise in power of this imperialism, and its increasingly expansionist character, manifested by the invasion of Afghanistan and by the immense military effort, mainly nuclear, symbolized by the SS-20 rockets and carried on with greater vigor than ever during 11 years of negotiations on reduction of armaments. Thus he seems almost to suggest that the efforts to reestablish the balance--notably at the level of medium-range missiles--constitute a danger for peace, and in the great debate raging in the FRG and in The Netherlands over the Pershing II's and the Cruise missiles, his sympathies would seem almost to be with the immense unilateral-disarmament campaign in which unconditional pacifists and partisans of the USSR are working together, whereas all the messages that reach us from the victims of the latter fo in the other direction.

This does not mean that these messages are necessarily correct. If 16 out of 18 French voters in Kabul voted for Marie-France Garaud, this does not mean that an antitotalitarian strategy has to be sought in Garaud's direction. Nor should the undeniable popularity in East Europe of the Reagan attitude toward the USSR blind us to the danger that the American policy in Central America gives the USSR an alibi. But they should simply remind us of Machiavelli's warning about unarmed prophets. Being weaker but talking louder can doubly appease both our antimilitaristic and our antitotalitarian conscience, but runs the risk of neither serving nor safeguarding peace, nor of defending our liberty, nor of helping others to win theirs. This is indeed the lesson that we are taught by the failures of President Carter, even if the "successes" of President Reagan have the effect of making us regret them.

As a footnote to--rather than in opposition to--Viveret's article, here are a few remarks on some specific points that he takes up.

On the "Graduated Defense of Human Rights"

The first one dealt, correctly, with an area in which I agree with him when he notes today a regression in Western reaction (in all senses of the term): that of support for the tyrannical regimes in the Third World. Here too, though, one must be aware of the complexity of a problem in which the North-South dimension and the East-West dimension, the anticolonialist revolution, the imperialism of the multinationals and Soviet totalitarianism, human rights and the geopolitical equilibrium, are inextricably opposed and intermingled.

Everyone in the West, and in any case all governments not blinded by the narrowest Manichaeism and egotism, and the entire democratic left, would prefer to see, in the Third World, governments that would be devoted to economic development, would respect human rights, and would not go over to the Soviet Union. Such governments are rather rare! That on the one hand this is largely the fault of the past and present errors of the West, and that on the other hand the aim of any policy in the Third World should be to correct this situation so as to avoid the triple dilemma of regimes that are pro-West but archaic and tyrannical, independent but anarchical and fanatic, modernizing but bureaucratic and pro-Soviet: I am 100-percent in agreement with Viveret on these points. The fact remains that meanwhile, here and now (a particularly urgent here and now in the case of Pakistan or the Persian Gulf, for Oman and Saudi Arabia, for example, or for certain African regimes), the West, Europe, France, find themselves dependent for their energy supply or their military security

on feudal regimes that are both repressive and fragile, that are doomed in the long run but whose short-term successors are very likely to resemble, if not Karmal, at least Khomeyni or Qadhdhafi. Should one be disinterested in them, so as to let history take its course? Should they be supported--and against whom? Against the Soviets, against their regional rivals, against a popular revolution? Or on the contrary, should one take the side of a popular revolution beforehand? I see no satisfactory a-priori and universal answer to these questions.

In any case, I see two answers that it is important to fight, and that bring us back to the problems of East Europe. There has for a long time been, on the left, an historicist answer which is still that of the communists and of certain Third-Worldists: attacks on human rights are to be condemned if they are made by reactionary regimes, and they are excusable or inevitable on the part of regimes which either (an argument used by Regis Debray) have not yet built a state, and therefore a right, or (an argument used by the communists) are already building socialism.

Today the Reagan administration is proposing to us the mirror image, on the right, of this theory. Starting from the correct distinction, emphasized by Hannah Arendt, between authoritarian and totalitarian regimes, it justifies support for the dictators of the right, even when they violate human rights, by the idea that they are partial, fragile, and destined to be left in the dust by economic progress, and it justifies unconditional opposition to any communist regime by the idea that, being totalitarian, it is irreversible, being incapable either of evolving or of being overthrown.

One should, of course, oppose both this historicism of the right and the historicism of the left, on the level of vigilance and witness as well as on that of moral condemnation and humanitarian action, an unconditional defense of human rights under all regimes and in all latitutdes. On the level of political judgement, it is clear that disregard the nature of regimes, but it is no less clear that one cannot equate a terrorist regime such as that of El Salvador or Guatemala, busy wiping out its own population, with a conservative authoritarian regime such as that of Kaiser Wilhelm's Germany, or even that of Caetano, any more than one can equate a declining communist regime on the defensive, such as Poland, or even Hungary, with Stalinist or Hitlerian totalitarianism.

While the movements of public opinion and of solidarity have the duty to denounce impartially all the breaches of human rights, the governments should indeed apply, as Jean-Pierre Cot put it, a "graduated defense of human rights"; but this defense should be inspired, on the level of political evaluation, by a distinction among at least four types of regime--that is, among the nondemocratic regimes, those which are communist or anticommunist, but also, among both groups, between terrorist tyrannies and conservative oligarchies.

Finally, such a defense cannot avoid taking the geopolitical factor into account, in one sense or another. It is clear that a government's means of action for influencing another government's policy in the matter of human rights vary in accordance with the degree of economic or military dependence of the one on the other. The West's means of action vis-a-vis its own peripheral allies or the periphery of the socialist camp that depends largely on capitalist aid are not the same as toward an ally (such as Saudi Arabia) or an adversary (such as the USSR) whose strategic position, resources or power enable it to resist or reply by counterpressure.

Relativizing Deterrence

This discussion of the constraints of balance lead me to the second subject, that of /nuclear deterrence/. This is a topic that ESPRIT has taken up in a courageous and original manner on several occasions, notably in Manuel de Dieguez's articles and in the debate on strategy n the April 1981 issue. I agree with these discussions, and with that of Viveret, in considering that nuclear deterrence by threat of "demographic" or anti-city reprisals--that is, by threat of slaughter of innocent populations--raises both the problem of credibility and an extremely serious moral problem.

Secondly, I consider, as they do, that the French consensus in this regard has demobilizing effects on the will to defense of the French, and I add that it is all the more suspect in that it has been brought about by the rallying of the left to the least defensible--because the most abstract and most rigid--version of deterrence, the one based on massive nuclear reprisals against any attack, even a conventional attack, while the very idea of raising the question of what would happen if deterrence failed is considered a crime against the noble idea of it.

Thirdly, I think that the present stage of military technology (improved precision, thus enhanced counterforces capacity) and of political relations (intensification of the East-West conflict) leads, on the contrary, to increasing prominence for the problem of nuclear armed forces in terms of strategy of use, which is one of the sources of the rebirth in many countries of the movements for unilateral nuclear disarmament.

But it seems to me that each of these points expresses only one of the facets of the nuclear dilemma, or of what R. Aron calls the antinomies of deterrence, and that in each case, forgetting the other term leads to a dogmatism as dangerous as that of the upholders of the official doctrine.

First of all, deterrence by hostages or by mutual destruction is certainly impossible to accept in the long term as the foundation of the world's security, but the fact remains that it has indeed prevented World War III so far. If, in contrast to the war of the two Koreas and that of the two Vietnams (in the ending of which, for that matter, a certain nuclear threat seems to have had a part), the war of the two Germanies has not occurred, and if, contrary to Asia and Africa, Europe has remained the continent of peace, how can one help but think that the presence of nuclear weapons has had something to do with it?

Secondly, the French doctrine of nuclear deterrence rests perhaps on bluff, and certainly suffers, in its canonical form, from neglect of what the English historian Michael Howard calls the forgotten dimensions of strategy (notably the social dimension); but it cannot rightly be accused of being responsible for the French people's insufficient will to defense. While a celebrated LE POINT poll shows that the French people, even as they accept the deterrent force, are hostile not only to the idea of a president's using it but also even to his threatening to do so, a no less celebrated ACTUEL poll shows that they would also resist a Soviet invasion by force of arms. On the other hand, it is precisely in the nonnuclear countries of North Europe that the military budgets are decreasing and antimilitarism is developing, whereas in France, the corresponding tendencies are practically absent.

This, added to the USSR's great conventional superiority and to the fact that its strategy and military apparatus combine nuclear weapons and conventional weapons, seems to me to condemn the idea of a purely conventional defense of France or of Europe, be it of the "World War II" type or of the "guerrilla warfare" type. Europe is not comparable to Algeria, Vietnam or Afghanistan from the point of view of the geographical conditions or the attitude of the populations.

Thirdly, Viveret appears to me to exaggerate enormously both the novelty and the plausibility of the risks of limited nuclear war. Conceptually, he falls into the same error as the upholders of the French nuclear orthodoxy, by separating deterrence and use radically, whereas the foundation of deterrence is credibility of use if deterrence should fail.

The Soviets, for their part, have never made such a separation. Contrary to what certain American alarmists, such as Richard Pipes, suggest, this does not mean that the Soviets are preparing to wage nuclear war with the aim of winning it, but it does mean that they think that the best way to prevent it--therefore, the best deterrence--consists in being the strongest, and therefore in a position to win it. In simple terms, their effective possibilities are beginning to get dangerously close to their concepts.

If the Americans, after trying for 20 years to convert them to their own concepts, are trying today to adopt the doctrine of the Soviets, the result may be a dangerous race for superiority, but also a greater credibility of deterrence. In any case, historically, the idea of limited nuclear war dates from the end of the American nuclear monopoly--that is, from the beginning of the 1950's (Kissinger's book that Viveret quotes from dates from 1957), and it is the inevitable corollary of the double rejection of capitulation and of suicide. I believe, with Viveret, that it amounts today to a Utopian idea, but (in view of the progress in discrimination and control) less so today than yesterday and perhaps more so than tomorrow.

For the immediate future, contrary to the Soviet propaganda, I think that the installation in the FRG of American missiles capable of reaching the Soviet Union, far from making a limited nuclear war on the European continent more probable, actually reestablishes the connection between the territory of the two great powers and that of the two Europes and the credibility of escalation, and therefore of deterrence.

In the longer run, I believe that in a world in which nuclear proliferation cannot fail to extend over the coming years, nuclear weapons cannot be eliminated either in general or from the defense of France and of Europe, but their role can be reduced, and that mutual genocide or suicide can and must, instead of being the alpha and omega of strategy, be pushed back to the ultimate limit--both uneliminable and irrational--of deterrence. Deterrence must more and more be based on other formulas for balance, notably active defense (antimissiles) and passive defense (civil), with nuclear weaponry itself being only the last recourse, at the conclusion of an escalation which, from a French and European point of view, is necessarily faster and more ineluctable than from an American point of view.

In this perspective, I agree with Viveret in thinking that negotiation on reduction of strategic weapons and, more generally, exercise of control over the armament are indispensable; but I think that he is outrageously optimistic about their effectiveness and that in particular, the sentences in which he considers Western rearmament as a factor for war and a "negotiated limitation of the arms race" as "having every

chance of depriving the USSR of its principal argument for making the peoples whom it oppresses pay for its guns to the detriment of their butter" are totally unacceptable. They quite simply overlook the fact that these negotiations have been going on since 1969, that during that time the American strategic budget decreased spectacularly from 1965 to 1976 while the Soviet budget increased regularly, that the only disarmament agreement effectively (although provisionally) concluded concerns a weapons system, the antimissiles, that the Americans have shown they could set up more effectively than the Soviets, and that on the contrary, Carter's unilateral renunciations of the B1 bomber and of the neutron bomb have not been followed by any symmetrical measure on the part of the USSR. How can one help but conclude, with Helmut Schmidt, that the only chance for a negotiation with the Soviets is to put on the line, in a credible manner, the very weaponry that negotiation is supposed to reduce or eliminate?

For A Conditional Detente

And that brings us to the third problem, that of the relationship between defensive military balance--Western or European--and what concerns us most in this issue: /active or offensive detente/ vis-a-vis East Europe. Viveret opposes a European nuclear defense, in which he sees the beginnings of a "third bloc," of a new "political and military superpower." I am tempted to reply to him: if only! If only the danger for Europe lay in its strength and not in its weakness! Viveret would like to make this weakness a strength, on the moral and cultural level, and have it contribute to an active or offensive detente, aimed at destabilization of the totalitarian system to the East. But he does not seem to see that the condition for an offensive action is the securing of one's rear.

I have written elsewhere (in "Holding the Two Ends of the Chain," in COMMENTAIRE, Spring 1981) that the best way for West Europe to avoid Finlandization was to work for the Finlandization of East Europe. But the reciprocal idea is no less true: to work toward Finlandizing others, one must begin by not being Finlandized oneself. Finland is a courageous country that has known how to maintain its democratic system in a geopolitically unfavorable situation; but on the one hand, it can do so only within the shelter of a Nordic, European and Atlantic equilibrium maintained by others, and on the other hand, the precariousness of its situation prevents it from doing anything that might be interpreted by the USSR as a provocation. Far from spreading the good word in the communist countries, it finds itself prevented from translating Solzhenitsin.

Viveret seems to believe that West Europe can compensate for a deficit in defensive military power by a boldly stepped-up political offensive. Actually, such an offensive would immediately run up (as, for that matter, Nicaragua's proselytism in Central America did in the face of the Reagan administration) against the big neighbor's injunctions to cease the provocations or unfriendly conduct.

While the maintenance or restoration of a military balance in Europe (as well as energy independence vis-a-vis the East, for that matter) seems to me therefore to be a condition that is not a sufficient one, of course, but is absolutely necessary for peaceful action of engagement in the evolution of East Europe, nevertheless I agree with Viveret in thinking that such action has far better chances of happening effectively within the framework of an atmosphere of detente than within one of confrontation.

On the one hand, what could deter the Soviet Union from invading Poland is above all the resistance of the Poles themselves; it is also the fear that the United States could take advantage of it in order, for example, to invade Cuba; but is also, without a doubt, not to lose the political and economic prospects offered to it by detente, notably in its relations with the FRG and France.

On the other hand, the contacts between societies on the other side of the wall and the iron curtain, the circulation of goods, people and ideas, which play an indisputable role in the evolution of a country such as Poland or in the internal situation of the GDR are, no less indisputably, facilitated by detente. This justifies to a certain extent the concern, especially strong in the FRG, to preserve detente against the storms battering it. This concern inspires the notion of divisible detente, or separate European detente, that Schmidt and Giscard d'Estaing embraced just after the invasion of Afghanistan and that Soviet propaganda grabbed hold of.

Patrick Viveret seems to find some virtue in this notion. For my part, I find it acceptable only to the extent that one notes its conditional character clearly and one makes this conditionality an instrument of political influence. In other words, our attitude toward detente should not be fixed once and for all in either one direction or the other, and in particular, it should not be totally independent of Soviet behavior either outside Europe or, still less, in East Europe.

As regards the conflicts outside Europe, it is clear that the West Europeans cannot either hope to generalize them, in the name of an indiscriminate globalization such as the Reagan administration seems to want to practice, or ignore them out of provincial indifference or from fear for themselves, or even for the oppressed of East Europe. "One cannot punish the Russians in Berlin for what they have done in Kabul," said Egon Bahr in June 1980. But the real question is whether the fear of being punished (we or the East Germans) in Berlin or elsewhere should prevent us from reacting to the invasion of Kabul by aiding the Afghan resistance or by calling the USSR to account.

If one thinks, as does a very interesting text published in the bulletin of the Polish KOR, that the invasion of Afghanistan is the sign of a Soviet expansionism that constitutes the principal threat to world peace, one will conclude, with it, that "it is futile to hope to preserve islets of detente in the middle of local aggressions," that "a local detente in Europe is impossible because the USSR is a global power pursuing a global strategy," and that the No 1 priority is to push it back even if, in the short run, the oppressed populations of East Europe have to suffer for it ("Saving World Peace," BULLETIN D'INFORMATION DU KOR, 1, 35, 1980 [*]).

Between this heroic position and the opposite attitude so well described by Goethe[1] there is room for a policy aimed at maintaining and consolidating both the achieve-

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1. /"A second citizen:/
   I know of nothing better, on Sundays and holidays,
   Than to talk of wars and combat
   When, way off there in Turkey,
   The peoples fight one another.
   One sits by the window, sipping one's glass,
   Watching the brightly colored boats slipping over the water;
   Then one comes back happy to home in the evening,
   Blessing peace and peacetime." ("Faust," Part I)

[*] [Translation at end of main article.]

ments of detente in Europe and the world equilibrium on which its security rests. This policy should aim both at aiding the Afghan or Eritrean resistance and at maintaining in Europe the dialogue with the USSR and cooperation with the countries of the East, by showing by our firmness on the former level that we would not hesitate to upset the latter, depending on Soviet action in Europe.

It is precisely Soviet action that poses the most delicate problem. Once one has set aside, a priori, the attitude of those (more numerous in the Western right than is thought) who want nothing to move in East Europe, or if things go too far, who want the Soviet Union to intervene so that no doubts arise as to the totalitarian nature of communism and the illusory character of detente, there remain two attitudes that seem dangerous to me:

--One of these attitudes, symmetrical with the one above, is that of many socialists and social-democrats, especially in the FRG but also in France, for whom anything that irritates the Soviets (whether rearmament in the West or popular movement in the East) is susceptible of endangering peace and the immediate and long-term progress of liberty, and who therefore want nothing to move on either side, at least not openly.

--The other attitude, on the contrary--that of Viveret-- consists in taking advantage of detente for destabilizing the Soviet regimes, and in the last analysis, the Soviet empire. While the first attitude is the most agreeable one to the USSR, the second is the one it fears and denounces most, the one most likely to make it react, certainly against the East Europeans but also against the West Europeans, especially if they are in a state of military weakness.

By excess of egocentric prudence or by excess of noble-hearted adventurism, both attitudes run the risk of jeopardizing both peace and liberty. Peace and liberty can only be defended together, as Viveret says, but by a policy which, while obeying the same dynamic inspiration as his own, takes more account than he does, in both its defensive and offensive aspects, of Soviet power.

Here we are at the decisive point--that of concrete measures. What are our means of action, what are our strategies for aiding the fight of the peoples of East Europe? Here too, Viveret appears to me somewhat incorrect in his criticisms and vague in his proposals. Quite rightly, he considers that "the main advantage of the democratic systems lies, indeed, in the richness of their civil societies, which are not totally absorbed or oppressed by the state." But quite bizarrely, he finds that "the international policies of the democratic states are usually--with rare exceptions, such as Sweden--exclusively state policies, consequently doomed to all-or-nothing strategies." It is not necessary to subscribe to the demonology of American capitalism in order to recognize how many non-state resources are mobilized by it, how much its influence--either that of the United States or that of the West--is exerted, directly or indirectly, through thousands of economic and social channels, from the action of the big foundations such as the Ford and the Rockefeller or that of the trade unions, to the widespread effect of the cultural models through the media or consumer goods. Just in East Europe, how can one overlook the essential role of Radio Free Europe or the social effect of the rock groups in Czechoslovakia or in the GDR? On the diplomatic level, the achievement (a disappointing one, of course, as even P. Gremion and Karl Birnbaum show here) of Helsinki is indeed that third basket whose meaning is the irruption of civil society into international negotiation.

All this is insufficient, of course, notably as regards the level that Viveret rightly stresses--that of mobilization of the sectors of public opinion. At the level of the governments, progress has been made (if one compares the attitude of the West toward Poland in 1980 with that toward Hungary in 1956 and Czechoslovakia in 1968); but there still is not a strategy that coherently links, as Birnbaum asks, security, economic interdependence and human rights. I think that the central element, which Viveret practically does not speak of, is economics, which can be of service in three ways: forming bonds that encourage the opening-up of societies; granting advantages, but discreetly linking them to reforms; and threatening sanctions in case of repression. The whole point is to succeed in making it a political instrument instead of being its prisoners. While the combination of immediate humanitarian aid, conditional long-term aid, and deterrence by threats of economic sanctions seems to be functioning fairly well with Poland at present, other examples, such as the wheat-embargo misadventures from Carter to Reagan, or the FRG's hesitations, shows that there is still a lot to do.

As for our personal role, for us who do not have access to the state decision centers, it is both more modest and more ambitious than that of the states. We can and should, more than they do, address ourselves directly to the moral, social and political forces of the Eastern countries, beyond the "legal countries" at which, up to the present, the governments have tended to stop.

Finally, amid the prudence of the states, the ignorance of public opinion, and the risk of indifference of both the ones and the other, we must remind ourselves constantly--and this is indeed the purpose of this issue--of the current pertinence of the following judgment: "For so long as West Europe was fully confident in itself and was confident that the future was coming only as the continuation of its progress, it could permit itself not to be concerned about East Europe; but today it finds itself in an entirely different situation." That judgment was made by Herzen in 1850.

To Save World Peace[1]

...To justify the invasion of Afghanistan, the Soviet spokesmen have had recourse to the argument of "true internationalism," which should not be content with words of encouragement but should act when the victims of imperialism call for help.... This argument goes much farther than the famous Brezhnev doctrine on sovereignty as limited to within the Soviet bloc. Moscow now usurps the right to intervene militarily anywhere in the world that there are victims of imperialism--and it is up to the Soviet rulers to decide who is a victim and who is his spokesman. If this expanded Brezhnev doctrine affirms the new strategy of the Soviet rulers, one may proclaim, with full responsibility for what he is saying, that the threat of a Third World War is at our doors. That is why we find ourselves facing a /veritable fight to preserve world peace/.

In our country, houses have arisen from the ruins of our cities. Our children play around crosses that honor the memory of the killed and murdered. There is no need to teach the Poles love of peace and fear of war. We understand the deep concern of

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1. Excerpts from BULLETIN D'INFORMATION, No 1, 35, 1980, published by the KOR.

the true defenders of detente who are fighting in the West to keep there from being other areas of conflict, more hostility and less dialogue: we understand and share their feelings. But we firmly oppose any myopia that would reward an aggressor and only encourage him to go on. It would be short-sighted to think that detente with the USSR could have a local character and be limited, for example, to Europe alone. This is not a question of dogma; a local detente is impossible because the Soviet Union is a world power governed by a world strategy. Its expansion can be contained only by a world counterstrategy of the allied powers.

In East Europe, we are not the only ones with this opinion. The Western politicians would be wise to listen to the voice of the nations subjugated by the USSR. They would be struck by the fact that the entire opposition in East Europe, including the Soviet opposition, unanimously calls for firm action in response to the aggression against Afghanistan--action that should not be limited to futile protests, as was unfortunately the case in Czechoslovakia in 1968. It is entirely remarkable that a response to this aggression would presumably provoke an immediate reaction on the part of the Soviets, a new lowering of the iron curtain, increased difficulties for our subject countries, and certainly a harder repression against those who protest. Aren't we, then, acting like stubborn hostages encouraging their friends not to give in to the blackmail?

Let us reply to this objection.

You have certainly heard such talk, and you will hear it again. The more servile an East European government is toward Moscow, the more its diplomats, its envoys and official spokesmen maintain that the Soviet Union must not be provoked and the Kremlin irritated because we would be the first to pay the price--we Poles, the Czechs, the Hungarians, etc. Yet we encourage you: call firmly and tirelessly for the Soviet troops to be withdrawn from Afghanistan, for the divisions to be recalled and for this aggression to cease; put the pressure on in all possible ways to force the Soviet leaders to withdraw from Afghanistan. You have many means for doing so--more than you realize, and incomparably more than the spiritual heirs of Munich say.

This is the only real chance for saving the hopes for world peace.

And despite the servile defeatists, this is our only chance, the only chance of the hostages. The prisoners' condition does not become easier when they are joined by another prisoner. But when one of them is freed, all take heart, for the ending of the jailers' omnipotence marks the beginning of liberation for the imprisoned....

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CHANGES IN SOCIALIST, COMMUNIST ELECTORATE ANALYZED

Paris POLITIQUE AUJOURD'HUI in French Summer 81 pp 4-21

[Article by Jean-Marie Demaldent: "'81: The Great Turning Point"]

[Text] "Upheaval," "tidal wave": Big words are indeed thrown around, but they are none too strong. The left went from 49.8 percent of the votes on the first ballot of the legislative elections in March 1978 to 55.72 percent on 14 June 1981. The Popular Front had shifted only some 400,000 votes (or about 2.2 percent) compared with the 1932 elections. It is true that the comparison is not valid when one goes by the overall figures for the left.

In 1936, the left started from a clearly majority position[1] and the shock effect of 1936 mainly stemmed from the fact that the left went into the election united and that its internal structure had been profoundly modified: The PCF nearly doubled its votes, the SFIO [French Section of the Workers International (French Socialist Party)] held fairly steady, while the radicals lost almost one-fourth of their voters.

From Collapse of the PCF to Division of the Right

On 26 April 1981, on the evening of the first ballot of the presidential elections, the left, viewed as a whole, did not seem to have made significant progress. Its different candidates represented 46.79 percent of the votes, scarcely more than on 5 May 1974 (45.94 percent). And yet, the geological upheaval was already underway! It had begun with a veritable "earthquake" within the left, causing the abrupt collapse of the PCF (from 20.6 percent in March 1978 to 15.34 percent for Marchais), who lost nearly one-fourth of his voters. This collapse brought on an initial thrust of the PS [Socialist Party], since Francois Mitterrand (without the votes of the MRG [Leftist Radical Movement] was already winning 25.84 percent. One could justifiably think that not all the votes lost by Georges Marchais had gone over to Mitterrand from the first ballot and that a substantial number of communists had preferred to abstain, refusing to back the sectarian policy of the PCF, without thereby resolving to vote immediately for its leftist rival.

The right, slightly weakened, appeared to be profoundly divided. Valery Giscard d'Estaing watched his score drop from 32.6 percent in May 1974 to 28.31 percent,

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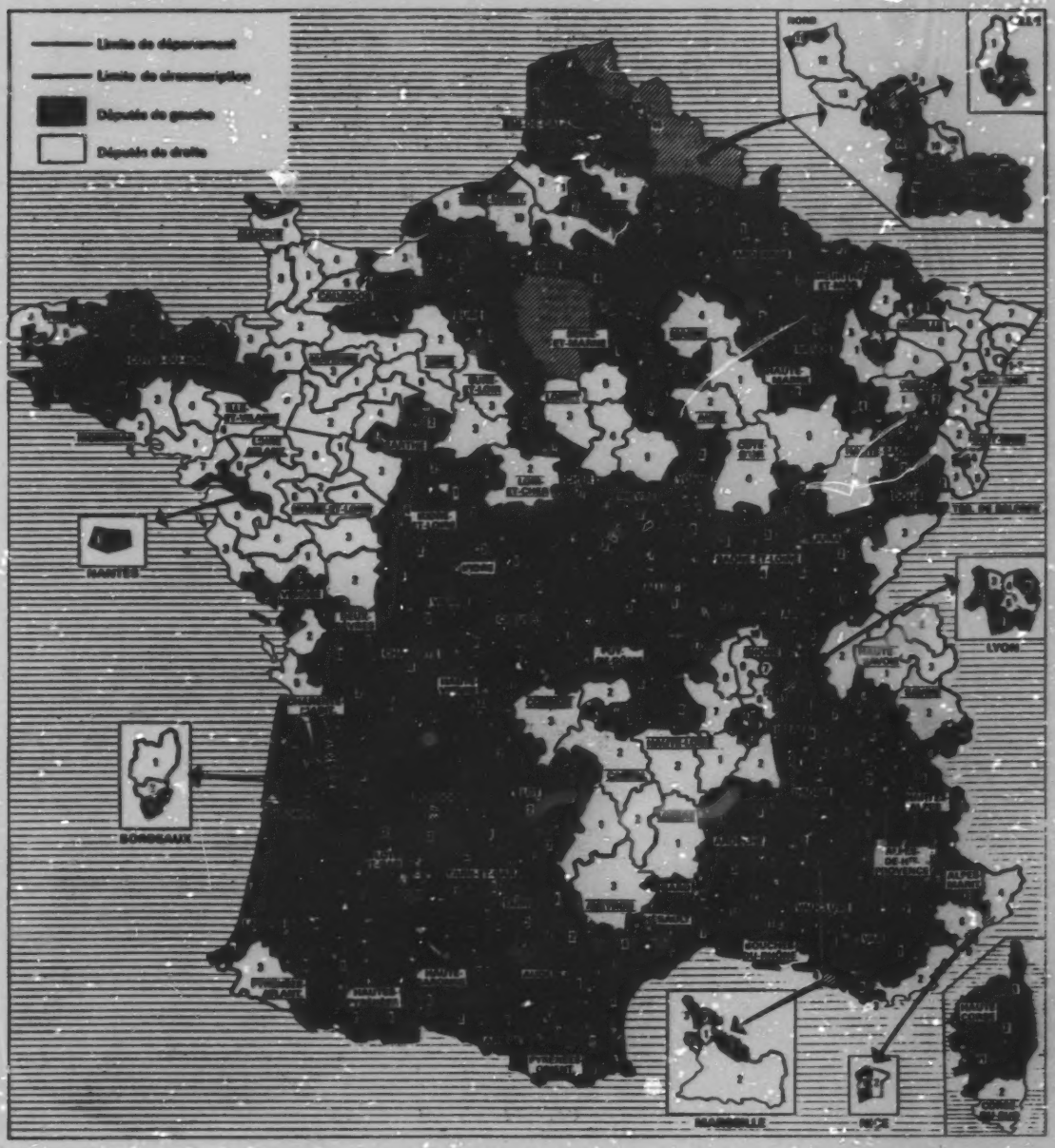
[1] By adding the communist votes to those of the socialists and radicals, the left represented 54.2 percent of the votes in 1932.

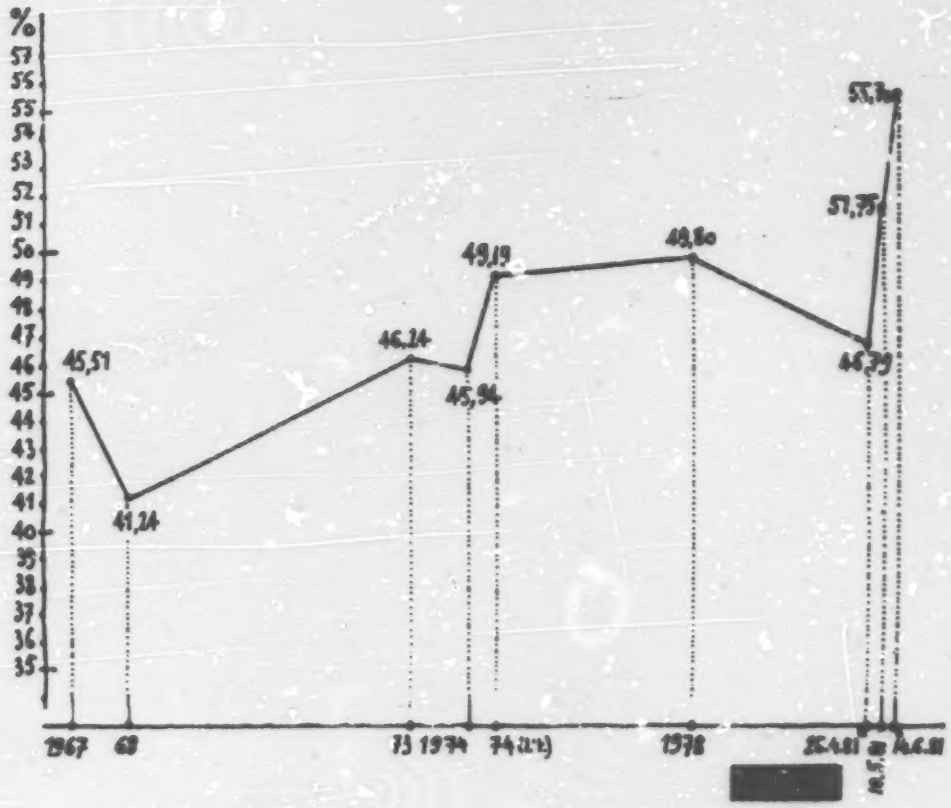
The Socialist Wave Has Submerged France.



Limite de departement-department boundary
Limite de circonscription-district boundary
Deputes de gauche-Leftist deputies
Deputes de droite-Rightist deputies

or only 2.47 percent more than Mitterrand. Jacques Chirac registered good results (17.99 percent), much better than those of Chaban Delmas in 1974 (15.11 percent), despite the candidacies of Michel Debre and M. F. Garaud. The campaign for the first ballot had been particularly tough between the two rightist leaders, to the point that on the evening of 26 April, the RPR [Rally for the Republic] candidates paraded before the television screens smiling, vigorously refusing to mobilize their voters behind Giscard d'Estaing, despite the urgent appeals of the latter's supporters.

Finally, one could legitimately think that Brice Lalonde's voters would shift more to Mitterrand on the second ballot, considering habits and the political context. The "tremor" within the left changed everything: Among the abstainers and among the rightist voters dissatisfied with Giscard d'Estaing, it reassured those who hesitated to vote for Mitterrand on the second ballot. By bringing Mitterrand closer to Giscard d'Estaing's score, the first thrust of the PS helped the mobilization of the leftist voters. The victory had become credible.



Rising Percentage of the Left

12 March 1978: PS + PC + MRG
+ Extreme Left

26 April 1981: Mitterrand
+ Marchais + Crepeau
+ Ms Laguiller + Mrs Bouchardeau

14 June 1981: PS + PC + MRG
+ Extreme Left + Misc. Left

(Percentage of votes is figured based on votes cast.)

The PCF tried hard to justify its failure by invoking the argument of the "useful vote," made worse by its absence from the first ballot in 1965 and 1974. It also blamed the "manipulation" of the media (it will be recalled that Chirac had openly proclaimed the dream of eliminating Mitterrand on the very first ballot, which the media did in fact totally leave out). However, he had to clearly encourage his voters to cast their ballots for Mitterrand on the second ballot, even if he did at the same time hope later to get back the communist voters who had anticipated that appeal. Consequently, the left's results were generally good (although Mitterrand registered losses in certain large communist cities (1,029 votes in Ivry, for example).

Participation on the second ballot rose by 4.77 points and the increase clearly went in favor of Mitterrand.

Giscard d'Estaing did not retain his vote potential from the first ballot (49.29 percent), winning only 48.24 percent).

On the other hand, Mitterrand exceeded his vote potential from the first ballot everywhere and the gains were between 13.67 points (Correze) and 1.83 (Charente-Maritime: It would appear that not all the votes of Michel Crepeau, mayor of La Rochelle, went to the socialist candidate).

These gains come from the abstentionists, a massive carryover of ecologist voters, but also, from Chirac's voters: Mitterrand's gains in Correze (up 13.67) show this, and in general, Mitterrand made better headway in the heavier Chirac areas (Paris, Creuse, Correze, and so on). Between the two ballots, the Chirac machine persisted in refusing to mobilize its voters on behalf of Giscard d'Estaing. It will be recalled that on 27 April, Chirac was content to say that he would "personally" vote for Giscard d'Estaing, but that the presidential elections were not the occasion for withdrawal: "On 10 May, every individual should vote in keeping with his conscience." On 6 May, he naturally emphasized the "risks of the election of Francois Mitterrand," but without asking his voters to go for Giscard d'Estaing.

The postelection poll made by LE NOUVEL OBSERVATEUR reveals a 27-percent drop in Chirac voters on the second ballot (including 11 percent abstentions, 16 percent to Mitterrand). But it would be an error to attribute this phenomenon only to the personal political action of Chirac, as claimed by Raymond Barre and Giscard d'Estaing. Actually, that action reflected very divisions within the voters of the former majority which the effect produced by the collapse of the PCF helped worsen. One polling institute even calculated that the shift of Michel Debre's voters was worse than that of Chirac's followers.[2] And yet, Michel Debre's candidacy looked like a Giscardian maneuver and Debre, like Chaban Delmas, did not spare any effort to mobilize voters behind Giscard d'Estaing.

The truth is that the 26 April earthquake and the 10 May victory destroyed all balances, opening the way to the leftist tidal wave and the dizzying thrust of the Socialist Party on 14 June. The communist collapse was confirmed, although it was attenuated somewhat (16.18 percent): Out of the 86 outgoing communist deputies, 46 would be beaten by socialists. While the PCF beat the PS in 144 districts in

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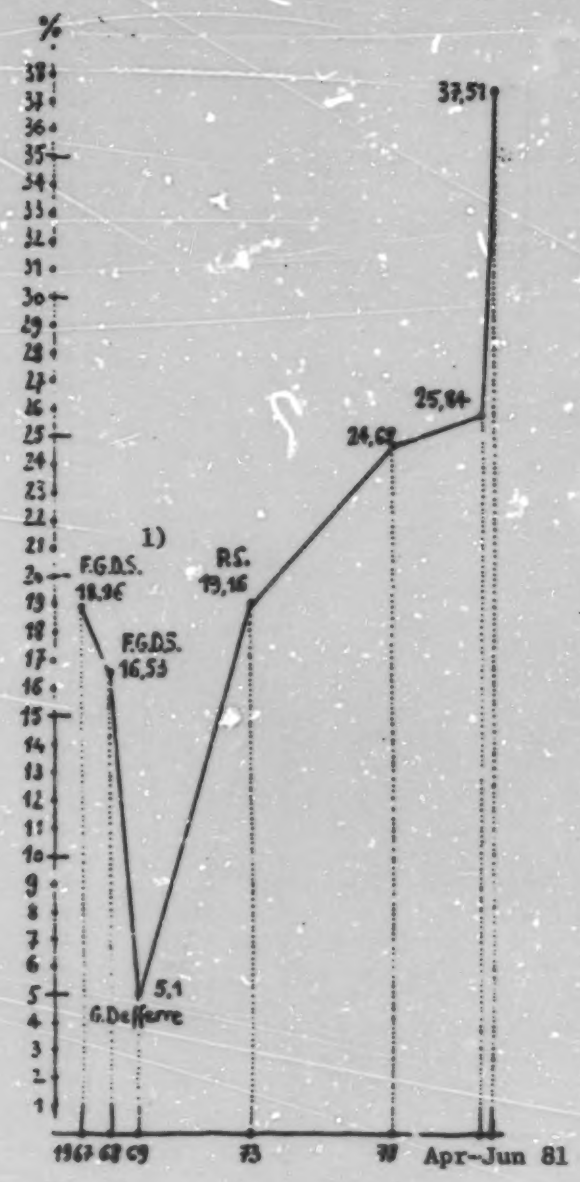
[2] The results in Amboise, where Debre is mayor, seem to confirm this hypothesis.

1978, it would henceforth be overtaken by the PS in 401 cases (and came in first in only 65 cases).

Brilliant Rise of the Socialist Party After 1973



Key:

1) FGDS [Federation of the Democratic and Socialist Left]

Evolution of Socialist Voters

The abrupt "geological upheaval" of 1981 must not make one forget that the way had already been laid by movements of longer duration.

"Nationalization" of PS Voters (1967-1978)

If, over the years, the PS had not succeeded in "nationalizing" its voters, Mitterrand would have had no chance of winning in the presidential election (see Table 2).

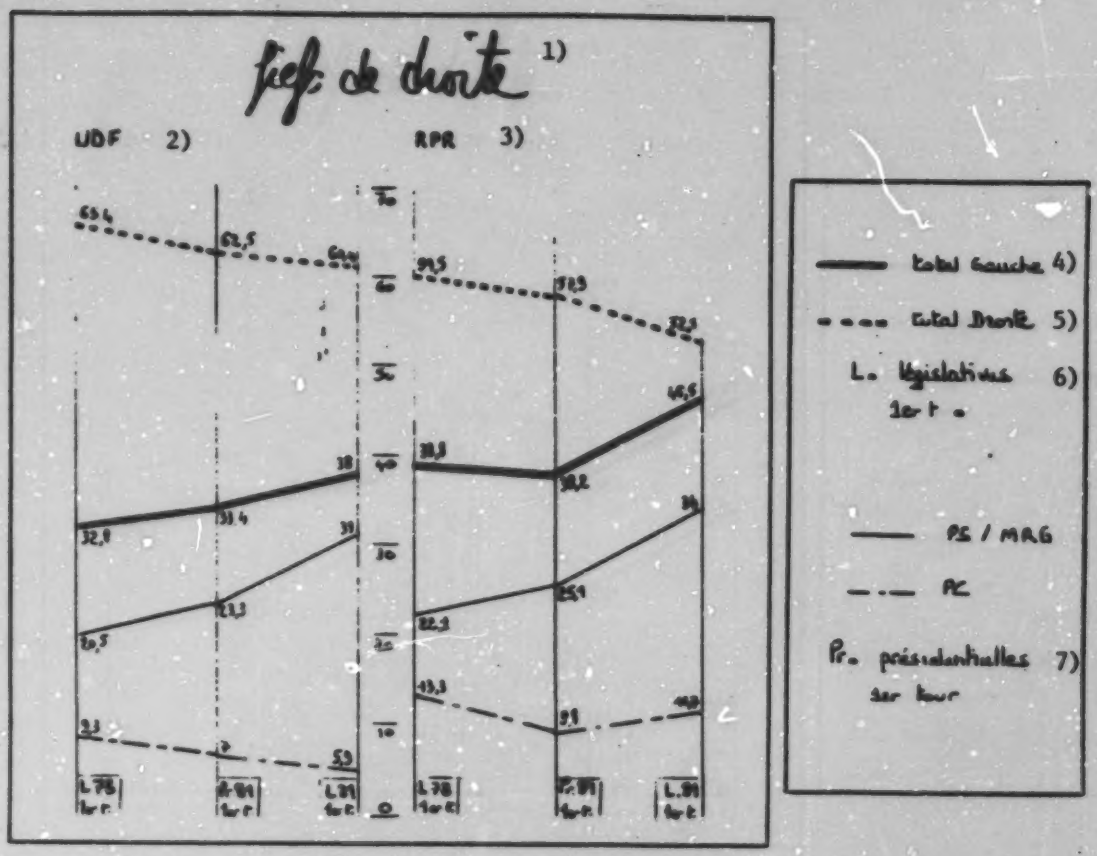
In 1967, the FGDS voters (18.9 percent) were concentrated in a few fiefs intersected by deserts: The FGDS gathered fewer than 15 percent of the votes in 33 percent of the districts. It had good results in the regions of Nord, Provence-Cote d'Azur, Languedoc-Roussillon, Midi-Pyrennees, Aquitaine (Dordogne and Landes), Auvergne and Limousin. It was conspicuously weak in Alsace, Lorraine, the Parisian region and in the Breton and Norman west.

Evolution of PC and PS Votes in Percent, by Region

	P.C.F.					P.S.				
	1967	68	73	78	81	1967	68	73	78	81
ALSACE	9.10	7.20	7.80	7.00	3.23	8.70	9.00	12.40	20.20	30.80
AQUITAINE	17.80	18.50	17.50	18.70	14.11	27.20	26.80	26.40	30.80	44.42
AUVERGNE	20.40	18.90	20.20	19.20	14.72	26.60	24.80	24.40	27.00	40.72
BOURGOGNE	21.30	18.20	19.20	18.20	13.29	30.00	25.80	26.00	29.50	41.66
BRETAGNE	17.10	15.60	15.40	14.80	9.74	9.20	7.30	17.20	24.80	39.88
CENTRE	21.80	20.40	21.40	20.70	14.41	16.90	17.00	18.70	24.00	36.54
CHAMPAGNE/ARDENNE	23.30	20.30	22.80	22.80	17.77	18.70	17.20	20.70	23.00	32.98
FRANCHE-COMTE	15.10	12.10	14.00	14.50	9.83	26.80	23.40	27.40	30.90	41.39
LANGUEDOC/ROUSSILLON	28.80	25.20	28.70	27.80	24.92	24.80	24.80	27.40	25.40	37.90
LIMOUSIN	31.30	29.50	29.80	30.04	20.16	29.10	28.80	26.30	24.40	35.10
PAYS DE LA LOIRE	14.00	10.80	11.80	12.20	7.38	13.60	14.80	19.10	24.80	37.54
LORRAINE	19.00	15.40	16.80	16.80	11.86	10.80	10.80	19.30	26.20	40.88
MIDI/PYRENEES	16.40	14.30	16.20	18.00	12.82	30.20	30.00	31.80	34.20	48.36
NORD	28.80	24.90	27.00	27.70	23.72	28.00	26.00	28.80	28.20	40.16
BASSE-NORMANDIE	12.20	10.10	11.80	11.10	7.11	12.10	9.80	17.80	23.20	39.57
HAUTE-NORMANDIE	26.30	24.60	25.70	28.60	18.31	15.20	12.10	16.80	22.80	33.18
PICARDIE	27.50	25.80	28.00	27.70	23.09	18.80	16.70	18.80	21.80	33.88
POITOU/CHARENTES	19.80	16.40	18.00	17.10	11.88	18.80	19.10	21.10	27.80	44.91
PROVENCE/COTE D'AZUR	27.80	26.30	28.20	28.30	22.81	22.10	17.80	22.30	20.80	37.16
RHONE/ALPES	21.00	18.60	19.70	18.60	14.58	18.80	16.80	20.90	25.20	38.10

Since 1973, the PS, using younger people, has made steady progress in its target areas. It harvested the first fruits of this work in the 1976 cantonal elections and in the 1977 municipal elections, it would win in Brest, Rennes, Angers, Poitiers and so on, at the head of leftist union lists.

In 1978, the areas where it did not exceed 15 percent amounted to only 19 districts (4 percent). It is present everywhere, in Brittainy, Alsace and Lorraine, the Parisian region. New strongholds were created: With the MRG, it gathered between 20 and 30 percent of the votes in 54 percent of the districts.



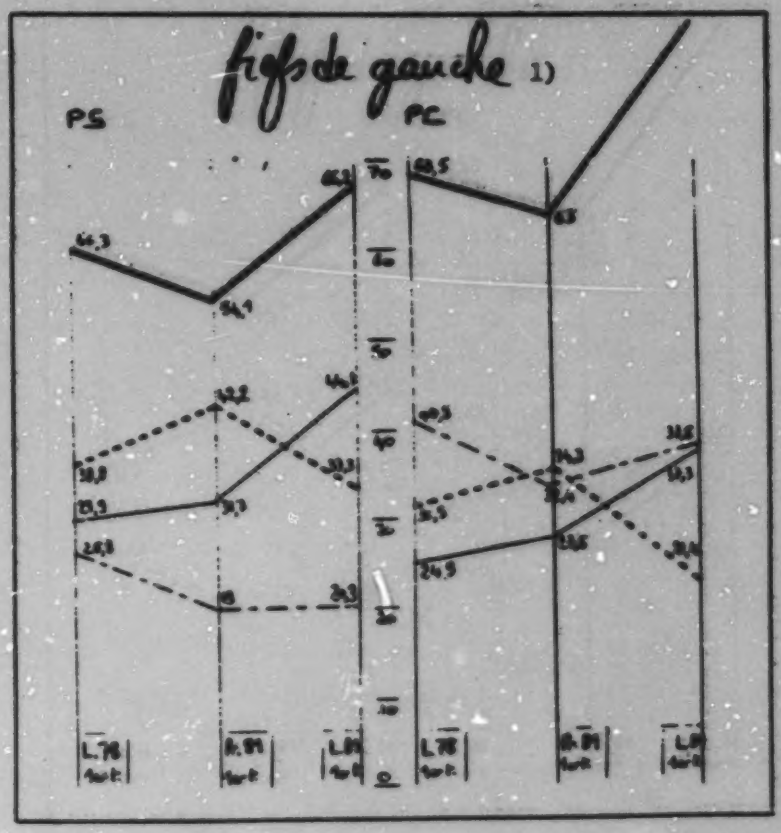
Key:

1. Rightist strongholds
2. French Democratic Union
3. Rally for the Republic
4. Total left
5. Total right
6. Legislative elections, first ballot
7. Presidential elections, first ballot

Erosion of Former SFIO (1967-1978)

During the same period, however, it continued to watch some of its old SFIO fiefs dwindle. In 1973, it had not regained all the SFIO votes in the central region, Nord, Aquitaine, Limousin and Auvergne. Its double movement of erosion did help the majority (mainly the "reformers"), insofar as certain SFIO voters rejected the alliance with the communists behind the Joint Program, and in the PCF (mainly in Bouches du Rhone, Nord and Haute-Vienne), many leftist voters doubted the socialist credibility of the former SFIO officials. In 1978, this movement was confirmed and in some cases, even grew worse: The PS lost ground in Provence-Cote d'Azur (to the benefit of the majority), Languedoc-Roussillon and Haute-Vienne (to the benefit of the PCF). On the other hand, it exceeded 25 percent in new regions (Lorraine, Rhone-Alpes and Poitou-Charente).

Leftist Voters Based on Type of District [legend previous page]



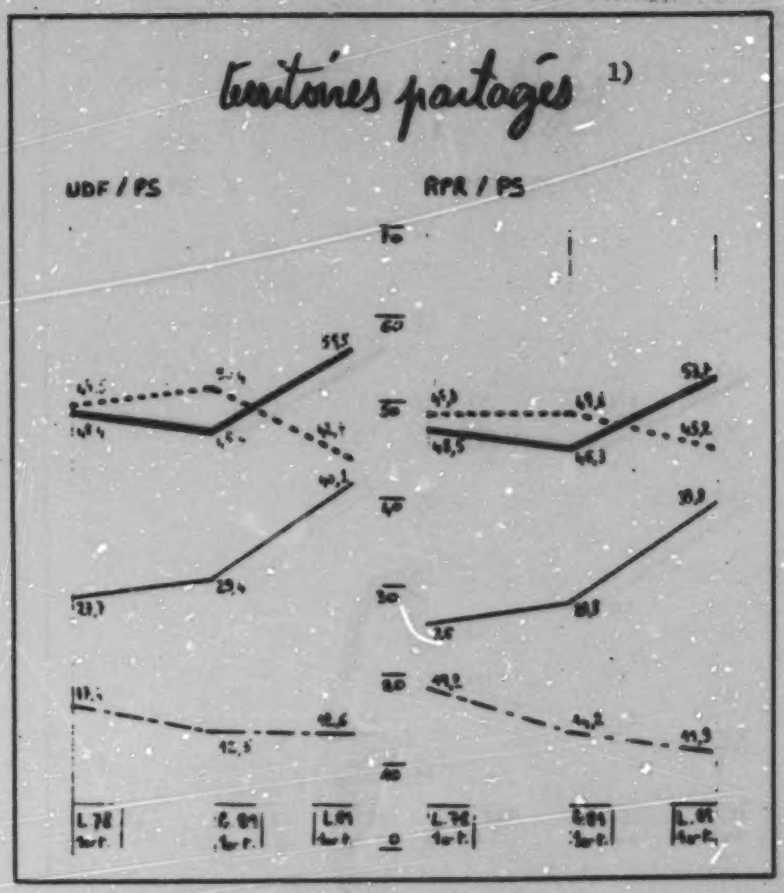
Key:

1. Leftist Strongholds

26 April

On the first ballot of the 1981 presidential election, the PS continued its progress in its target areas. In the west, its thrust continued, particularly in Finistere (up 2.89 percent), Ile-et-Vilaine (up 2.56 percent). It conquered the 20-percent barrier in Manche (up 2.72 percent) and in Vendee (up 1.98 percent). Its push was even more remarkable in the east, where it gained 4.12 percent in Bas-Rhin (from 17.92 to 22.04 percent). It was good in Haut-Rhin (up 2.15 percent), Moselle (up 2.4 percent), Meurthe and Moselle (up 1.46 percent), and tremendous in Haute-Marne (up 7.29 percent, from 20.68 to 27.97 percent).

Above all, the PS managed considerable inroads in the Parisian region. In Paris, it went up 7.83 points; in Hauts de Seine, 5.21; in Seine St Denis, 5.03; and in Val-de-Marne, 4.54.



Key:
1. Shared territories

In the old SFIO fiefs, the downward trend was halted in Provence-Cote d'Azur and Languedoc-Roussillon. On the other hand, it resumed in Pas-de-Calais (down 2.03) and Nord (down .15).

14 June

The 26 April collapse of the PCF helped win rightist votes on 10 May. On 14 June, the movement assumed full scope, especially since the surpassing of the 50-percent barrier on 10 May tipped the scale. The PS plus the MRG leaped from 28.05 percent (Mitterrand plus Crepeau) on 26 April to 37.7 percent.

This gain of 9.65 percent did not only hurt the right. The PS also took votes from the PSU [Unified Socialist Party], the extreme left, and the ecologists, who caved in. The essential gains hurt the right, which lost 4.7 percent between 10 May (48.24 percent) and 14 June (43.5 percent).

All the obstacles that still prevented the PS from converting its progress in target areas into seats had been overcome. The PS won the five seats (up two) in Cotes du Nord, took six out of eight in Finistere (gain of four), two seats in Morbilan (gain of two), two seats in Ile-et-Vilaine (up two), one in Manche, one in Orne, two in Calvados (gain of one) and one in Vendee. In Alsace, it won two seats (it had had none). It went from three to thirteen seats in Lorraine, from two to eleven in Paris, won four seats in Seine-St Denis (gain of four), three in Val-de-Marne (gain of two), the four in Essonne (gain of four), four in Val d'Oise (up three) and four in Seine-et-Marne (gain of three).

At the same time, it made substantial progress in its old fiefs that were more or less threatened with decline. It progressed considerably in Provence-Cote d'Azur (up 16.36) and won 12 points in Nord, 11.31 in Languedoc, 10.7 in Limousin.[3] In general, it won more with respect to its average progress (up 12.8), where it had already exceeded 25 percent of the votes in 1978: Lorraine (up 14.7), Rhone-Alpes (up 12.9), Midi-Pyrennees (up 15.15), Aquitaine (up 13.6) and Poitou-Charentes (up 17). The exceptions were Franche-Comte, Nord, Languedoc, Auvergne and Bourgogne.

The regions where the PS now exceeds its national average are Nord, Lorraine, Franche-Comte, Rhone-Alpes, Midi-Pyrennees, Aquitaine, Poitou, Brittainy, Basse-Normandie, Bourgogne and Auvergne. The regions under the national average are Picardie, Champagne-Ardennes, Alsace, Haute Normandie and Limousin. In the two regions where the PS is the least strong, it has over 30 percent of the votes (Alsace and Haute-Normandie).

In 1981, it is in the "noncommunist leftist" fiefs that the PS is making the most progress (14 points). In the communist fiefs, it is gaining an average of 6.7 points. In the UDF fiefs, it is making less progress (up 5.8) than in the RPR fiefs (up 12). In the shared territories, it is gaining 12.4 points when facing the UDF and 13.8 when it faces the RPR. It is in these districts that the PCF drop is the greatest (down 7.3).

Evolution of Communist Voters

Before 26 April: "Historical decline"?

For the communists, the abrupt collapse of 26 April (loss of one-fourth of its voters) was confirmed, even if it was, as we have seen, very slightly attenuated (from 20.6 to 16.18 percent, or 4.42 percent). It was this collapse that chronologically engendered the entire 1981 upheaval. It is that collapse that must be

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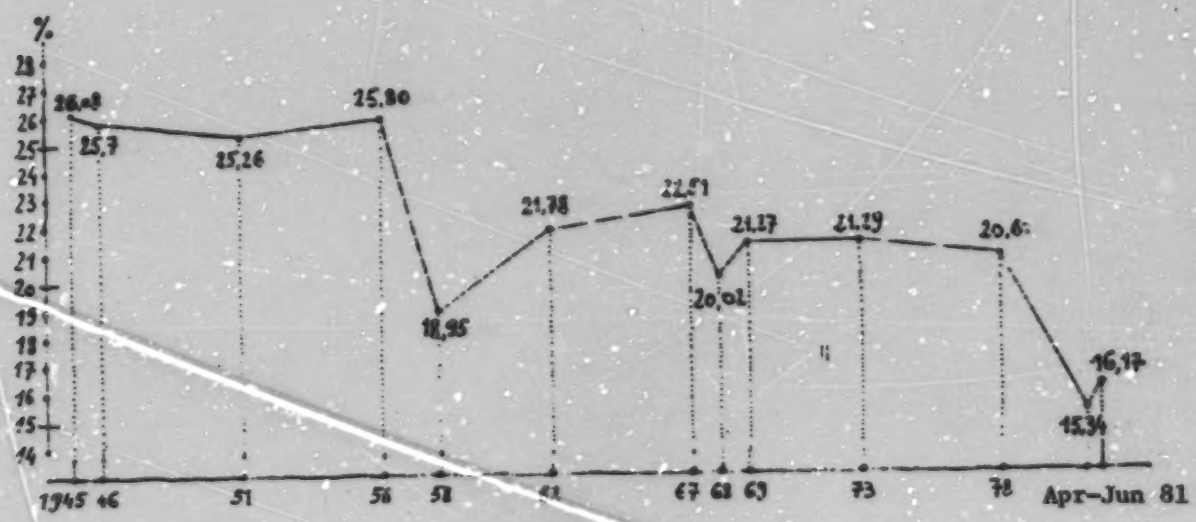
3 The old SFIO map and the new PS map complete one another. Moreover, the "target area" label [terre de mission] generally used by commentators does not always have the same pertinence. Gains along the coast of Nord, for example, can also be considered as reconquests of old bastions which the PSU (St Brieux, Morlaix) had won over after 1958. In Mulhouse, the PS regains the seat occupied by one of its rightist turncoasts, Muller. It is a district far from being bereft of tradition: Salomon Grunbach was already its SPD [Social Democratic Party] deputy before the war of 1914.

closely examined, but it must be viewed in a longer context. Furthermore, it should be noted that the issue of the "historical decline" was already debated at length on the public scene before 26 April.

The PCF remained nearly stable throughout the Fourth Republic, representing one-fourth of the electorate (1945: 26.08 percent; 1956: 25.8 percent). In 1958, it was the main victim of the great upheaval that came about. Reduced to 18.8 percent, it lost 4.85 points at one stroke. While it naturally has not remained at that low level, it will always be very far from regaining the percentages enjoyed under the Fourth Republic. In 1967, at its highest level, it peaked at 22.51 percent.

The Union of the Left did not help it as much as it did its socialist partner, which was beginning its ascent. In 1973, the PCF did not regain its 1967 score (down 1.22). The 1977 break changed nothing and tended to heighten the erosion (20.6 percent in 1978). In 1978, it clearly lost its place as the front-ranking leftist party to the PS (without the MRG, the PS was 22.7 percent).

The communist voters seem very stable, almost insensitive to circumstantial fluctuations, a "rock," but a crystal rock at that, one lacking flexibility. Resisting fluctuations, it erodes slowly, but breaks or cracks suddenly, at a stroke (see 1958, 1981). Whence its curve resembling a staircase. During good periods, it tends to stretch out a bit beyond its strongest bastions, but when a sudden crack appears, it is reduced to a few closed, homogeneous fortresses from which it cannot be uprooted.



The PCF's zones of strength are the Parisian region, Nord, Picardy, Provence-Cote d'Azur, Languedoc-Roussillon, Haute-Normandie, Limousin and, in the central region, Cher and l'Allier. It has areas of extreme weakness: Alsace, the Loire country,

Basse Normandie (under 15 percent). It is weak in Aquitaine, Franche-Comte, Brittainy, Midi-Pyrennees, and mediocre in Lorraine and Poitou-Charente.

During the last period, it lost ground in the Rhone-Alpe region (from 21 percent in 1967 to 18.6 percent in 1978, when it did not exceed the poor 1968 score), in Bourgogne and Auvergne.

It is declining in its weak zones where the PS is making progress (Basse Normandie, Brittainy, Alsace), but in the central and Parisian regions as well (in the Parisian region, it lost one-tenth of its votes from 1973 to 1978). The movement also affects the most reliable bastions of the Paris "red belt": In Gennevilliers, Nanterre, Saint-Ouen, Saint-Denis, Choisy, Ivry-Vitry, and so on, it lost five points from 1973 to 1978. The same can be said of the new Essonne suburbs. Comparatively speaking, the movement is more noticeable in the suburbs than in Paris itself, despite the exodus of the working population from the capital.

This decline helps the PS. It should be noted that the PCF tends to lose more wherever the PS has headed union municipalities since 1977 (Rennes, Brest, Poitiers, Angouleme, Valence, Montpellier, Roanne, Chartres, and so on).

It stands firm wherever it has held the leadership of the municipality since 1977: Beziers, Saint-Etienne, Reims, St Quentin, Bourges, and so on.[4] In the 1979 cantonal elections, it lost ground in the most proletarian fiefs of the Parisian region (Romainville, Montreuil, Ivry, Gonnesse) or the provinces (Sotteville-les-Rouen and Darnetal in Seine-Maritime, for example).

On the other hand, the PCF tended to gain on the PS in the oldest SFIO fiefs: Limousin (Haute-Vienne); Languedoc; Provence-Cote d'Azur. In Nord, it ran away with positions in 1973 and 1978.

Collapse of 26 April Does Not Cover 14 June Collapse

On 26 April, the heaviest losses of the PCF were in its zones of strength (over 20 percent). With only a few exceptions (the Alpes Maritimes, Val d'Oise, Meurthe-et-Moselle, Hautes-Pyrenees, Loire, Nord, Hautes-Alpes), in the departments where it exceeded 20 percent in 1978, it lost over 5 points. The weak zones stood up better, with the exception of Tarn-et-Garonne, Yvelines, Finistere, l'Ain, Charente-Maritime and Paris.

The PCF generally lost the least where its base had not been established long (examples: Lozere, Haute-Loire, Mayenne, Haut-Rhin, and so on). The worst losses were the bastions. Marchais lost between 12.75 points and 8.12 in Cher, Seine-St-Denis, Haute-Vienne, the eastern Pyrenees, Gard, Allier and Somme. It lost less in Bouches-du-Rhone (down 6.56) and Pas-de-Calais (down 6.79), but a great deal in the Parisian region: down 6.43 in Paris, 8.10 in Val de Marne, 8.46 in Hauts de Seine, 9.87 in Essonne and 10.69 in Seine-St-Denis.

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[4] Which was generally confirmed in 1981. While Lamblin, communist mayor of Reims, failed, Le Meur and Balmigere were reelected in St Quentin and Beziers, and the communists took back Bourges and St Etienne at the expense of the right (Deniaux and Durafour). In older communist municipalities, they sometimes failed, as in Sete, for example.

We know that Georges Marchais blamed the typical "useful vote" of the presidential election, made worse by the fact that in 1965 and 1974, the PCF had called for a vote for Mitterrand from the very first ballot.

In a way, this analysis was not entirely false. The losses registered by the PCF on 14 June do not have the same geographical configuration as those of 26 April.

The PCF tends to do much better than Marchais in districts where it is "credible" — that is, where it lost the most in the presidential elections. (The single exception: Cher, where it lost 8.5 percent compared with 1978.) It even managed to surpass its 1978 percentages in 22 of the 86 districts where it had the outgoing deputy, which did not prevent it from losing 46 seats to the PS (it won 4 from the right).

In its explanations, the PCF points to three phenomena: a stronger PS thrust than the PC thrust; a high rate of communist abstentions; and a vote on the first ballot for the PS, by the rightist voters, in order to eliminate the communist candidate when the UNM [Union for a New Majority] candidate had no chance.

This third phenomenon has undeniably occurred very frequently, but it is never easy to define in figures. In many cases in which the outgoing communist deputy was beaten by a socialist, the latter did much better than Mitterrand on 26 April and the UNM candidates much worse than Giscard d'Estaing on 10 May, and the socialist candidate did not win all the leftist votes on the first ballot on 21 June, while the UNM candidate saw his percentage increase greatly. But how is one to isolate the percentage of voters voting for the PS on the first ballot in order to eliminate the PCF and for the right on the second ballot, considering the fact that the percentage of abstention is clearly lower on the second ballot and that the rightist leaders try to mobilize abstentionists?

Nevertheless, how else can one interpret many cases? For example, in the 7th district in Bouches-du-Rhone, Marchais beat Mitterrand (10,323 votes to 8,381). On 14 June, Mrs Porte (PCF) was beaten by the PS by 300 votes. The UNM collapsed, but won 13 percent on the second ballot, although the abstention rate remained the same.

Return to the PS of Old SFIO Seats

Among the seats lost by the PCF, some had only recently been won away from the PS in old declining SFIO fiefs. As we have already seen, this socialist decline has ceased and the PS has often even achieved a very strong thrust in these districts. It is therefore taking back from the PC the seats it lost. In the Department of Haut-Vienne, one finds a spectacular and significant case of this type.

With 33.78 percent of the votes in 1978 and the three outgoing deputies, the situation of the PCF looked solid. On 26 April, Marchais lost 9.92 points. But on 14 June, the communist candidates made nearly the same score percentagewise as in 1978 (down .39 points). However, they lost two seats. In Limoges, Mrs Constans (PCF) won 2,881 votes more than Marchais, but she was beaten by a socialist who obtained 4,569 more votes than Mitterrand, while the UNM collapsed. This district

is an old SFIO stronghold lost to the communists in 1973. The same is true of the 3rd district (Limoges-Bellac). Jouve, the retiring communist deputy, improved upon his 1978 percentage, but lost the seat that went to the PS. Until 1967, it had been the district of a very typical SFIO notable, Longequeue. On the other hand, Rigout (PC) was reelected without any problem in the 2nd district (Rochechouart-St Junien). But this district is very different from the other two. It is a traditional communist rural area (since before the war) and Marchais was far ahead of Mitterrand on 26 April.

This phenomenon is quite frequent insofar as the PS has regained its ascendancy in the former SFIO strongholds where it was losing ground to the PC, on the one hand, and to the majority, on the other. For example, it occurred in Avesnes (21st district) and Maubeuge (22nd) in Nord, in the 5th district in Pas-de-Calais (southern Boulogne), the 8th in Bouches-du-Rhone (Marseille), the 2nd in Gard, and so on. It nearly happened in Sarlat (Dordogne), despite the progress of the retiring communist deputy compared with 1978, in the old district of the extremely famous Robert Lacoste (the PC is ahead of the PS by only 33 votes). The case is sometimes surprising and assumes the look of a family affair. In Marseille, Tassy (PC) won the seat of Masse (PS) in 1978, as the latter did not run. On 26 April, Marchais was ahead of Mitterrand and on 14 June, Tassy would be beaten by Masse's son.

Very Uneven Process

The collapse of the PC is very uneven, even within a department. Let us take the example of Seine Maritime, where the PCF lost 3 out of 4 seats. On 26 April, the collapse was particularly noteworthy (down 9.14 points). On 14 June, Roland Leroy (PC) managed to win 1,527 votes more than Marchais, without succeeding in joining his socialist rival. The same phenomenon occurred in Maronne to the detriment of Privat (PCF), although the socialist won 1,583 votes less than Mitterrand on 26 April. The case of Dieppe is a little different. There, Bourgois (PCF) lost 10 points compared with 1978 and scarcely improved upon Marchais' score, while his PS rival won 5,898 votes more than Mitterrand, despite many minor leftist candidacies and thanks to the UNM collapse. It would appear that the retiring candidate pays for a disavowal of the extremist attitude of the PCF during the great fishing conflict with the mayor of Treport, who had tried to seek more conciliatory solutions. On the other hand, the mayor of Le Havre, Duromes (PCF), won easily. In this district, Marchais beat Mitterrand by 6,300 votes. The communist positions remain intact while everything collapsed all around.

Highly Differentiated Process

It is not possible to study here the case of each strong area of the PCF, in particular, the Parisian region, where the process of breakdown is highly differentiated, district by district, in each department.

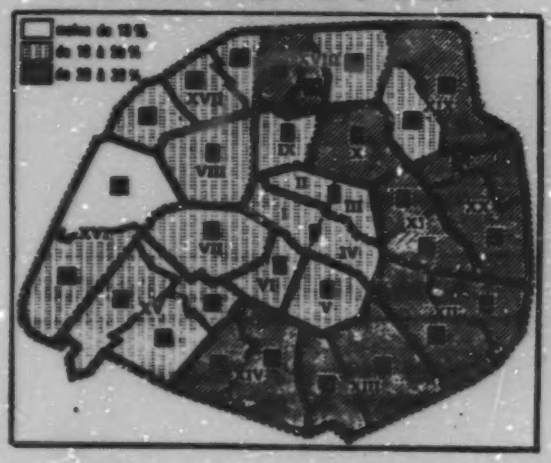
For example, in Seine-St-Denis, the three communist deputies reelected from the very first ballot are doing better than in 1978 (St Denis, Bobigny, Aubervilliers). In Bobigny, Niles even won 5 points. These are the oldest communist fortresses (1924). With a score lower than what they had enjoyed in 1978, Odru and Asensi

1936 Election Picture in Paris and Suburbs

Key:

1. Communists
2. Leftist republicans
3. Independent radicals
4. Socialist Union
5. PUP [expansion unknown] members
6. URD [expansion unknown]-conservatives
7. Radical socialists
8. Independent socialists
9. Taken from H. Dubief: "Le Declin de la IIIe Republique"

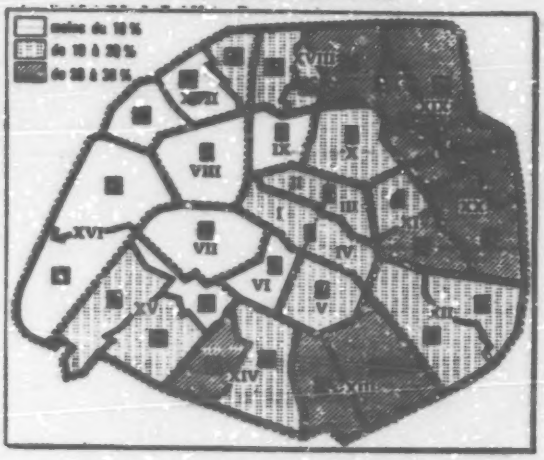
Communist Collapse in Paris (Percentage of votes based on number of votes cast)



In the 16th district in Paris, the Constitutional Council nullified the March election. On the first ballot of the partial election that followed, the PS obtained 33.01 percent.

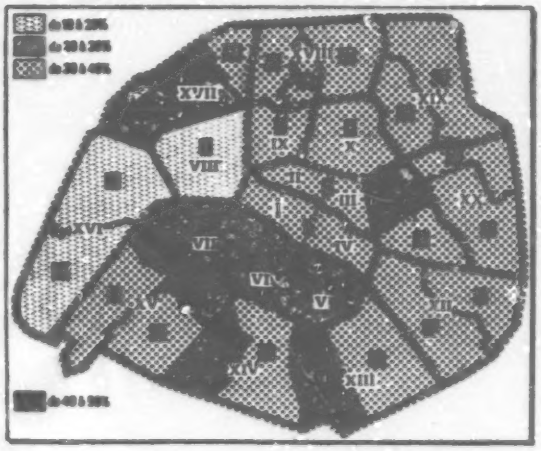
Communist Collapse in Paris (cont.)

12 mars 1978 : P.C.

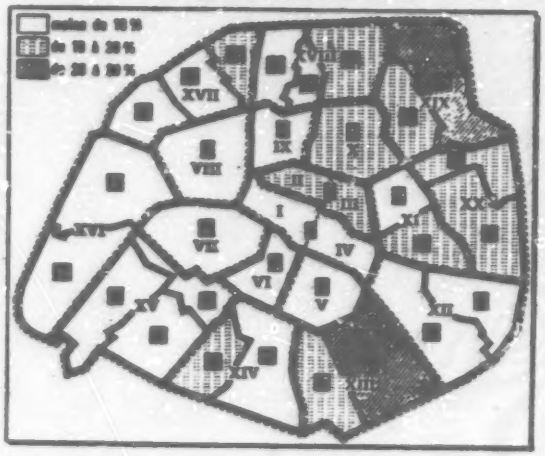


In the 16th district in Paris, the Constitutional Council nullified the March election. On the first ballot of the partial election that followed, the PC obtained 19.33 percent.

14 juin 1981 : P.S. + M.R.G.



14 juin 1981 : P.C.



were reelected on the second ballot in Montreuil and Aulnay (postwar conquests). On the other hand, the communists lost in Epinay (very symbolic!), Fajon's old district, while Marchais beat Mitterrand by 1,400 votes. The process was different in Bondy, where Gouhier was beaten by Veronique Neiertz in proportions identical to those of the 26 April ratio of forces. The case of Gagny is still different.

We know that in every election, Mrs Goutmann (PCF) was barely elected on the second ballot. On 26 April, Mitterrand beat Marchais by nearly 70,000 votes. On 14 June, Mrs Goutmann was overwhelmed by his PS rival by over 12,000 votes.

Among the PC bastions, those in Hauts-de-Seine seemed to hold up better. All the incumbent communists were reelected. In Essonne, this "new suburb" where the PCF enjoyed success, it suffered a veritable disaster, without losing more percentage-wise than its national average. It lost its three seats to the PS, which won the 4th district (Arpajon-Evry), by taking it away from the right. The communist base did not hold in this "new suburb," where the weight of the "wage-earning" intellectuals was undoubtedly decisive.

Working Hypotheses by Way of Conclusion

This study needs to be completed by a sociological approach to the voters and districts that we cannot produce here. POLITIQUE AUJOURD'HUI will return to these questions in its coming issues with different detailed studies. (Concerning the PS, see Colette Ysmal: "The Communist Hypothesis Weighs on the Socialist Voters," in POLITIQUE AUJOURD'HUI, Nos 7-8, 1979, p 15-19). A 1979 study came to the following conclusion concerning the socialist voters: They "reproduce nearly perfectly the structures of the French population: scarcely more heavily male and younger than the average." In this, they were distinguished from those of the PC, which mainly includes workers, and from those of the rightist parties, which are older, more heavily female and concentrated on farmers, management, the retired. After the 1981 tidal wave, one should ascertain whether the PS still reflects the French society so accurately, a feature that explained its relative nebulousness, its "catchall" aspect and its strong sensitivity to circumstances.

According to the postelection poll (IFOP [French Public Opinion Institute]) published after the presidential election by LE NOUVEL OBSERVATEUR (No 864), 33 percent of the workers reportedly voted for Mitterrand on 26 April, compared with 30 percent for Marchais. In 1978, an identical poll gave to the advantage to the PCF (37 percent compared with 26 percent for the PS). The same poll invalidates certain diagnoses. For example, it was claimed that the PCF lost many votes among the young people, but Marchais clearly won out in the 18-24 category (26 percent), while Mitterrand had his worst percentage in that group (22). On the other hand, Mitterrand achieved excellent scores among voters between the ages of 25 and 34 and 35 to 45 (27 percent in both cases).

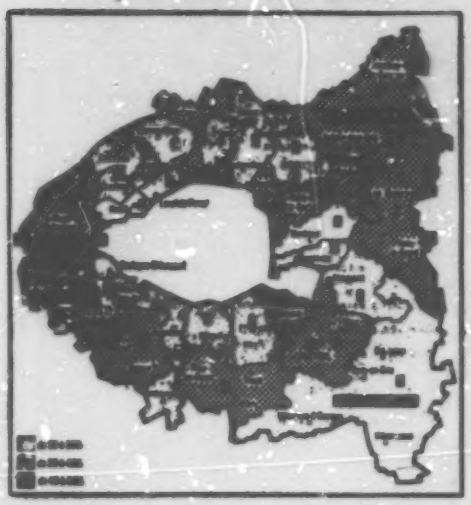
One hypothesis deserves to be more thoroughly studied with the aid of other polls. The repetition of a certain rhythm in recent election upsets is intriguing: 1945, 1958, 1981, 23 years between each, representing a political generation.

Political personnel changed with the new Chamber. All observers have noted the high number of teachers (53 percent) among the newly elected members from the PS and the reduction in the number of ENA [National School of Administration] graduates. In reading the short biographies of numerous newly elected deputies, published by LE MONDE, one is struck by the number of those who, considering their age, their professional milieu and first political affiliations (the number of former PSU [Unified Socialist Party] members is considerable), have necessarily

"Small Crown"

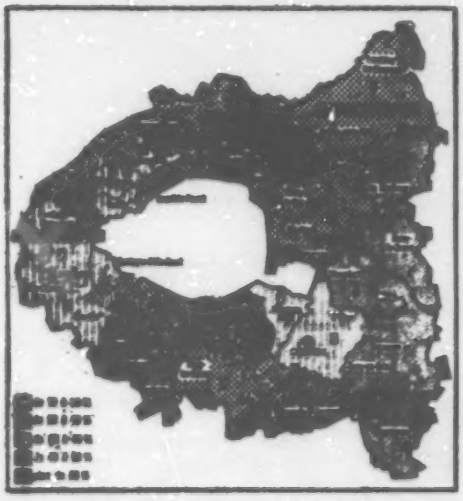
12 mars 1978 : P.S. + M.R.G.

14 juin 1981 : P.S. + M.R.G.

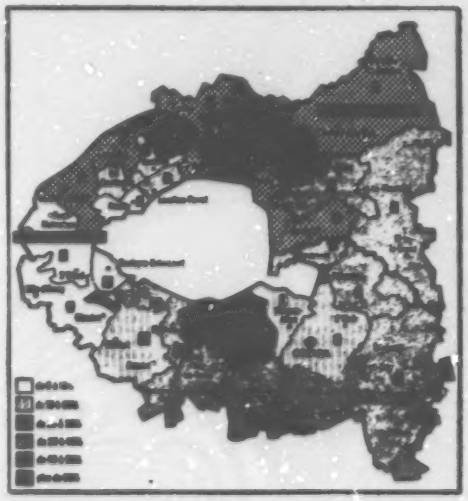


(Percentage of votes is based on number cast.) In the 9th district in Seine-Saint Denis, the Constitutional Council nullified the March election. On the first ballot of the following partial election, neither the PS nor the MRG had candidates.

12 mars 1978 : P.C.



14 juin 1981 : P.C.



In the 9th district in Seine-St Denis, the Constitutional Council nullified the March election. On the first ballot of the following partial election, the PC obtained 49.25 percent.

And the "Large Crown"

12 mars 1978 : P.S. + M.R.G.

14 juin 1981 : P.S. + M.R.G.

(Percentage of votes is based on the number cast.)

12 mars 1978 : P.C.

14 juin 1981 : P.C.

* The PC had no candidate.

lived close to the events of May and June 1968. This generation is no longer frightening[5] ("the tranquil force"). The weight of this generation among the "actives" is considerable and those who lived through 1968 close up or at a distance could neither be overcome by the fear which the apocalyptic speeches of the leaders of the right tried to arouse, nor believe in the "revolutionary" PCF having broken with the PS because it had allegedly "shifted to the right" in order to get back together with the old demons of the social-Mollet "third force."

The outrageous trade unionism and the about-face of the PCF against the "intellectuals seated at their desks" were scarcely made to entice them, nor were its positions on drugs, morals or the immigrants (it is a generation that has often heard it said, or said itself: "French or immigrants, it is the same fight"). Those between the ages of 18 and 24 have not at all had the same background and they were much less insensitive to Georges Marchais' arguments.

The NOUVEL OBSERVATEUR poll also shows that the division in the right cannot be reduced to Chirac's "betrayal." Valery Giscard d'Estaing is far ahead (36 percent) in the over-65 category and his voters are by and large women. Chirac's voters are generally in the "active" category. The fact that many farmers left Giscard d'Estaing for the former minister of agriculture is not very surprising. On the other hand, it would appear that the leadership class did definitely abandon Giscard for his rival. In the category made up of upper-level management personnel, the liberal professions, manufacturers and big businessmen, Chirac won 36 percent, compared with 24 percent for Giscard d'Estaing. In other words, there was a process analogous to that which gave the advantage to Giscard d'Estaing to the detriment of Chaban-Delmas in 1974. It is a shame that LE NOUVEL OBSERVATEUR did not divide up the answers to the question, "Were you surprised by Mitterrand's election" by professions (53 percent surprised; 4 percent with no opinion). It is difficult to believe that the leadership classes decided in that way because they were reportedly convinced in advance of Giscard's likely defeat. Was it a vote of sanction or did the right believe that, considering the split in the left, it could treat itself to the luxury of a real "primary" with an incumbent president, which does not have the same consequences as when it is a matter of two new candidates (as in 1974)? One should also wonder about the decline of the working-class voters behind the right.

Finally and above all, one should closely examine the discernable social changes (development of wage-earning mass, of the wage-earning middle classes, urbanization, and so on), which were underlying causes of May 1968 and quite likely, the subsequent election movements. Monographs would undoubtedly help clarify the upset in the spring of 1981. One can immediately see the benefit that could be derived from such studies on Brittainy and the Parisian suburbs, which are not at all homogeneous (the new suburbs, such as Essonne, do not resemble the old ones such as St Denis, and the old suburbs themselves are changing in highly differentiated ways).

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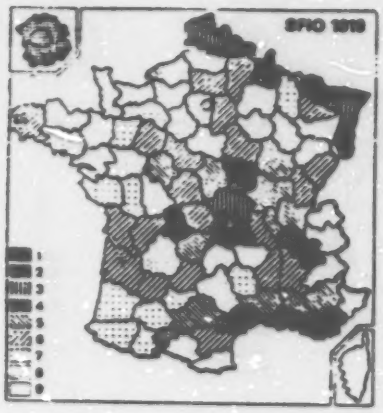
[5] But it was at the price of a certain integration.

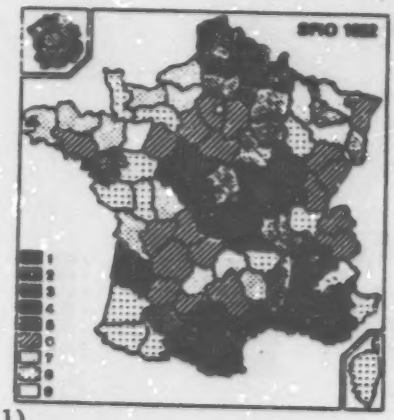
Evolution of SFIO and PCF Votes

Before the formation of the PCF, it was the SFIO that mainly had the votes of the workers, even if previous to 1914, its election progress was characterized more by an extension to other strata of the population than by a strengthening of the base in the industrial regions. Nord, Pas-de-Calais, the Parisian suburbs, Bouches-du-Rhone, the Limoges region, the northern region of the Central Mountain Range constituted the strongholds of the SFIO (see maps below).

What changes have been brought about by the formation of the PCF? Initially, votes were split between the SFIO and the PCF. The PCF won many workers' votes in Nord (one-fourth of those registered maximum), Aube, Gard, Haute-Vienne, but the difference between its votes and those of the SFIO (9.3 percent of those registered voted for the PCF in 1928; 6.8 percent in 1932) and the very clear weight of the SFIO in Pas-de-Calais (from 25 to 30 percent) and on the northern edge of the Central Mountain Range would indicate that the PCF did not have all the workers' votes from the SFIO. It was essentially in 1936 that there began to be an election connection between the working class and the PCF. By doubling its votes, it nearly caught up with the SFIO, but its votes were mainly concentrated in worker regions, the districts of greatest worker concentration (see maps).

The division of the worker regions in favor of the PCF is clearer after the war: a strengthening of the already old sectors (30 to 35 percent in some sectors of Nord) and an expansion to border zones (see map). But in the industrial east, the PCF scarcely exceeded 19 percent (less than the MRP [Popular Republican Movement].





1)
1 - 35% et au-dessus 2 - 30 à 35% 3 - 25 à 30%
4 - 20 à 25% 5 - 15 à 20% 6 - 10 à 15%
7 - 5 à 10% 8 - 1 à 5% 9 - Néant 2)
Extrait de La reconstruction du PS de Jude. 3)

Key:

1. 35% and over
2. 0
3. From "La Reconstruction du PS" by Jude

1) 2) 3)

Extrait de F. Goguel (op. cit.)

Key:

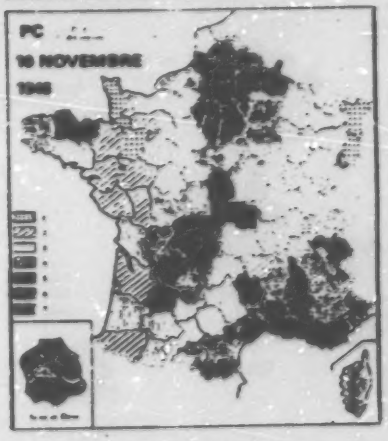
1. 0 - Combined PC-SFIO votes
2. Under 5% of registered voters
3. From F. Goguel (Op.cit.)

1) 2)

Extrait de Jude (op. cit.)

Key:

1. Under 5% of registered voters
2. From Jude (Op.cit.)



Extrait de F. Goguel (op. cit.)

Key:

1. From F. Goguel (Op.cit.)

The existence alongside the bourgeoisie and the working class of a large group of traditionally known as the "petty bourgeoisie" has always posed complex problems, both theoretical as well as practical, for the socialist movement. For a long time, they were dominated by the farm question and that of the class struggle in the campaign. The evolution of developed capitalist societies has taken some of the edge off this question, without thereby solving it completely. But it caused others with the numerically extensive development of white-collar workers, civil servants and technicians.

The mere enumeration of these categories in France today makes it possible to see the scope of the problem, with white-collar workers representing 22 percent of the active population, engineers, management personnel and technicians 15 percent, teachers and the intellectual professions 7 percent, farmers 6 percent, small merchants 4 percent, artisans 3 percent and the liberal professions 1 percent, or all together, 58 percent, compared with 34 percent for the working class.

Proportion of Population Working in Industry

	1828	1866	1906	1936	1954	1975
Pourcentage d'ouvriers dans la population totale	quelques centaines de mille	8% 3 millions	15% 6 millions		14.5 6.4 millions	18.7 8.2 millions
Population rurale	80%	70%	59%	50%	44%	27.7%
Population totale de la France	31.8 millions	36 millions	40.5 millions	41.8 millions	44 millions	52 millions

Key:

1. Percentage of workers in total population
2. A few hundred thousand
3. Rural population
4. Total population of France

Workers in Censuses of 1954, 1962, 1968 and 1975

	Number				Annual rate of Variation			Structure			
	1954	1962	1968	1975	1954-62	1962-68	1968-75	1954	1962	1968	1975
OUVRIERS	6 489 871	7 080 790	7 705 752	8 207 185	+ 1.1	+ 1.5	+ 0.9	33.8	36.7	37.8	37.7
Contremaîtres	3 052 953	306 142	362 218	443 306	(1)	+ 2.9	+ 2.9	15.9	1.6	1.8	2.0
Ouvriers qualifiés		2 286 459	2 630 012	2 985 885	(1)	+ 2.4	+ 1.8		11.9	12.9	13.7
Ouvriers spécialisés	1 816 285	2 394 102	2 670 328	2 948 880	(1)	+ 1.8	1.4	9.5	12.5	13.1	13.6
Mineurs	239 155	191 588	144 696	73 440	− 2.7	− 4.6	− 9.2	1.2	1.0	0.7	0.3
Marins et pêcheurs	54 865	48 061	43 344	38 280	− 1.6	− 1.7	− 1.8	0.3	0.2	0.2	0.2
Apprentis ouvriers	201 310	251 044	258 208	108 690	+ 2.8	+ 0.3	− 11.8	1.0	1.3	1.3	0.5
Manœuvres	1 125 323	1 583 394	1 597 920	1 812 725	(1)	+ 0.2	+ 0.1	5.9	8.2	7.8	7.4

[Key on following page]

Key:

1. Workers
2. Foremen
3. Skilled workers
4. Specialized workers
5. Miners
6. Sailors and fishermen
7. Apprentice workers
8. Laborers

11,464
CSO: 3100/54

BELATED SOCIALIST VICTORY; FUTURE POLICIES ANALYZED

Paris ETUDES in French Aug-Sep 81 pp 181-189

[Article by Jean Legres: "The New Socialist Majority"]

[Text] Interpretation of a great political upset exposes an observer to two kinds of temptation: either to give exaggerated importance to the role and mistakes of some prominent persons who seem to dominate the controversy, or to minimize the event excessively by making it the necessary link in a long-term inescapable evolution.

The victory of Francois Mitterrand in the presidential election and of the socialists in the legislative election (in the spring of 1981) enabled the left to come into power for the first time since the establishment of the Fifth Republic, in 1958. These victories mark, undoubtedly, a turning point in France's political history. It is not easy, for all that, to analyze the many factors that made that abrupt change of majority possible.

An Almost Total Surprise

In order to understand the present situation well, it is advisable, first of all, not to reconstruct the past in the light of the present. Before the first round of the presidential election, socialist success did not seem likely either to political circles or to public opinion.[1] Moreover, the leftist party leaders agreed, in private, that their party members were mobilizing very little for the campaign, because the stakes seemed to be uncertain. A gloomy right, skeptical socialists, disoriented communists, that was the climate before 26 April. Francois Mitterrand's success certainly resulted in part from the surprise effect that paralyzed Giscard's strategists. It is also interesting to observe that the men who forecast most consistently defeat of the outgoing president were the Gaullists close to Jacques Chirac. They were better placed than anyone for feeling the dissatisfaction of a fraction of the voters of the former majority whose transfer to the left carried the decision.

Valery Giscard d'Estaing's Mistakes

Since 10 May, a number of press articles have thrown light on the mistakes and errors of evaluation by Valery Giscard d'Estaing.[2] The fact that, in the first round, he obtained only 28 percent of the votes proves clearly that a large number of the French people, beyond the traditional political divisions, disapproved his

manner of governing. Without bringing up here the details of his 7-year term, it can be believed that the outgoing president committed both a strategic mistake that diminished the number of his voters and behavior errors that tarnished his image in public opinion.

When he was elected in 1974 by a very narrow margin, Valery Giscard d'Estaing obviously was duty bound to strengthen his voter support base by consolidating his ascendancy over the conservative coalition that supported him and by seeking to win over at least part of the socialists who had almost defeated him. Now, after 7 years of erratic maneuvers, he had definitely alienated a sufficiently large number of Chirac voters to put him in difficulty and he had not achieved the slightest modus vivendi with the PS. In order to change a political situation blocked and dangerous for him, he would have had to modify rapidly the rules of the game by restoring the proportional system for municipal and legislative elections. This would have made it possible both to reduce the weight of the RPR [Rally for the Republic] and to separate the PS from the PCF. Because he failed to accomplish this kind of reform, he could not expect to assemble around new men a body of voters increasingly uneasy over the worsening of the economic crisis and the increase in unemployment.

Besides, the lack of a political opening had been accompanied, during the last 3 years, by a change in the president's behavior, which disturbed public opinion seriously. It seems that, after the unexpected victory of the majority in the 1978 legislative election, Valery Giscard d'Estaing judged that the French people wanted a conservative and even monarchical style of government. This mistake, amazing in a man who had always stated that France should be governed in the center, showed that he himself and his close advisers had lost contact with certain realities.[3] Because he had abandoned his trips to the provinces and had stopped replacing his advisers and his ministers, the president had voluntarily confined himself in a small circle, very remote from the movements of a society whose calm was deceptive. With regard to Jacques Chirac, he realized that rightist voters wanted a lightening of the countless administrative protections more than the fallacious security promised by the "Security and Freedom law,"[4] and Francois Mitterrand felt that the majority of the French people wanted a certain degree of change. The fact that 37 percent of the voters feared Valery Giscard d'Estaing's victory compared with 32 percent who feared Francois Mitterrand's victory, immediately after the first round,[4] was an unmistakable sign of the weak popularity of the outgoing president. In spite of his frequent appearances on television, the president seemed distant, too absorbed by foreign policy and especially too little concerned over the employment crisis.[5]

A Merely Belated Alternation

Once these personal factors have thus been taken into account, and they are important, the structural evolutions expressed by the voting in May and June 1981 must also be taken into account. The lesson that can be drawn from them seems to be quite clear. With the action of political alternation, the consolidation of a large Socialist Party and the weakening of the Communist Party, France's situation considerably resembles the situation of the other Western European countries, with the exception of Italy where conservatives and social democrats are contesting for the power. Thus, the term of a process of normalization is probably reached that started in 1962, when the Gaullists succeeded in federating

all the conservative forces unter their authority, and it continued in 1969 and 1974, when Georges Pompidou, first, and then Valery Giscard d'Estaing, incorporated several center opposition factions in that coalition.

With this assumption, the socialist victory in May and June 1981 finally made it possible to structure the left in a manner commensurate with the organization adopted by the right during the last 20 years. In their future election campaigns, both coalitions should face each other with approximately equal chances, because experience has just proved that alternation is possible.

One fundamental question for the future still must be asked, but its answer is not easy to find. Why did France take so long to adopt Western Europe's political pattern that the coming into power by the socialists in Paris seems almost to be an anachronism in Bonn, Vienna, Stockholm or even in Madrid? And is this evolution an irreversible phenomenon or is it still fragile?

The "Long March" of the Socialists

It seems that the weakness of the SFIO [French Section of the Workers International], between the Liberation and 1971, was due primarily to two factors. On the one hand, the lack of ties with a large labor union federation, while in the other European countries labor unions have traditionally furnished the socialists with the worker rank-and file and the executive personnel needed for their expansion. On the other hand, the considerable tactical mistakes made by leaders who were not capable of grouping, in 1945, the leftist forces emerging from the Resistance Movement and, after 1958, the leftist forces opposing the Gaullist Movement. By not succeeding in embodying either the change or the workers' grievances, the SFIO declined and left the field free to a Communist Party whose number of voters certainly did not express the revolutionary desire of the French People.[6]

Starting in 1958, the ineffectiveness of the SFIO was still more inexcusable, because the difficulties of the PCF and the changes in French society should have enabled it to attract a considerable mass of voters. In fact, the socialist leaders did not succeed in taking advantage of the new data that they never analyzed in earnest. After the May 1968 crisis and the catastrophic setback of the presidential election in 1969, only a man coming from the outside, in this case Francois Mitterrand, could reestablish a new socialist party.

The venture undertaken by Francois Mitterrand in the Epinay Congress, in 1971, was bold, but, as is realized better today, it was based on solid social realities. Everything has been combining, for the last 20 years, to increase the number of voters of the social democratic type: rapid urban development, development of industry and services making France a country of wage-earners (80 percent of the active population), the decline of religious influence, women's emancipation, a younger body of voters. As a recent study showed, the left is sociologically in the majority in France[7] and the fact that it has been excluded from the national government until now was a real anomaly.

Nevertheless, the French people hesitated for a long time before turning the government over to the socialists. In 1974, Francois Mitterrand was defeated by an extremely narrow margin by Valery Giscard d'Estaing. In the 1977 municipal elections, which seemed to be a general rehearsal for the 1981 elections, the PS won

several dozen towns with over 30,000 inhabitants and affirmed itself as the largest party in France, but, in the 1978 legislative election, it underwent a check and won only about 15 seats.

The Traditionalism of the PCF

The reason for these fluctuations in public opinion is undoubtedly the result, to a considerable extent, of the role and behavior of the Communist Party, because this party has exercised, without always wanting to do this, a determining influence on the destiny of the PS.

In 1969, the Communist Party leadership might have profited from the collapse of the SFIO, in order to occupy at least part of the place of the SFIO on the political chessboard by giving itself a liberal, reformist image, in imitation of what the Italian Communist Party has succeeded so well in doing. Nevertheless, adoption of that kind of line of conduct would have required of the PCF leaders an effort of imagination and boldness that was beyond their reach. They preferred to adhere to their traditional behavior, to be attached to keeping their worker voters and to seeking an agreement, on their right, with a socialist movement weaker than they. This choice was based on the implicit conviction that, in the future, the behavior of the French people would be the same as in the past. Now, the changes in society ruled out precisely that kind of stability. The various elections since 1971 showed that the PCF would hardly profit from a union of the left, differently from the PS. Its voters remained stable on the whole, because the constant attrition of its position in its strongholds in the Paris suburbs was compensated by a certain amount of progress in the less urbanized departments in the south and center of France.[8]

Instead of attempting to analyze in depth the reasons for which their party did not succeed in attracting new strata of voters who were turning very naturally toward the PS, starting in 1977 and without ever saying it clearly, the PCF leaders adopted a new line very critical with regard to the socialists and whose objective was, without doubt, to restore the uniformity of the party's worker rank-and-file, as well as its supremacy within the left. In fact, this change in orientation was made with singular clumsiness[9] and it ran too obviously up against the good sense of the voters who could not believe that a victory by the socialists was as dangerous for them as Valery Giscard d'Estaing's remaining in office. The inconsistency of this step, pursued stubbornly for years, and the feeble prestige of the party, diminished still more by the withdrawal of a number of intellectuals, produced effects exactly opposite to the intentions of the PCF leaders. A few months before the presidential election, some communist deputies were hoping, privately, for a crushing defeat of candidate Georges Marchais, in order to put an end to a policy that they regarded as suicidal. In their opinion, the results of the 26 April election and then of the legislative election confirmed the fears that they had been nourishing for a long time on their party's decline.

The sharp decline of the PCF, which, after having fluctuated between 19 and 21 percent of the votes cast since 1958, dropped to 15-16 percent, played undeniably a determining part in the coming into power by the socialists, because the socialists ceased appearing, in the eyes of public opinion, to be the possible hostiges of the communists. Thus, it appeared that the only way for the left, in France, to come into the government is by association of a strong PS and of a week PCF.

Thus, the sociological changes in society, the patient work of the socialists and the repeated mistakes by the communist leaders combined to make a government authority that the right, wornout and split, no longer succeeded in defending change hands. Many observers, however, question the lasting nature of this transfer. Is the decline of the PCF permanent? Is the PS destined to become the dominant party during the present decade? How is the right, which is now undergoing the painful experience of being in the opposition, going to reorganize?

Although the reasons leading one-fourth of the communist voters to desert their party to take refuge in abstention or to fly to assist Francois Mitterrand's victory are perceived rather well a posteriori, it is more difficult to draw the long-term consequences from it. The communist leaders certainly hope to recover part of their troops, when they are disillusioned by the management of a government subject to the hazards and the wear and tear of government. Nevertheless, this recovery is in no way guaranteed. The great lesson of the April and June 1981 elections is that many communist voters believe, from now on, that it is more effective to vote socialist in important elections. This concern for effectiveness may lead them, in the future, to continue to lend their support to the PS in case the right should threaten to return to power, and they will be still more inclined to this choice, if the PCF leadership does not succeed in restoring a prestige badly tarnished by its past behavior. Therefore, the Communist Party is threatened, for the first time since 1945, by a process of edging out similar to the process that took place in European countries like Belgium or Austria right after World War II. In order to be ensured of avoiding this, it must exploit the mistakes of the socialists, without giving the impression of betraying them for the benefit of the right; it must stop the decline in members and votes of the CGT [General Confederation of Labor], its main support, and it must break free from Soviet policy. That is a difficult task, involving a thorough renovation of the present leadership team.

Therefore, the fate of the PCF is intimately connected with the fate of the Socialist Party. This party, as political science students have pointed out, has become a "catchall" party whose voters are a rather good reflection of the composition of French society and whose score is comparable to the score of the Gaullist party when it was dominant: 37.6 percent of the votes cast, a figure identical, almost down to the decimal, with the one obtained by the UNR [Union for the New Republic] in 1968. This state of affairs is consistent with the practice of the institutions of the Fifth Republic and seems to agree with the wishes of public opinion, which has always wanted the president to have a government majority. The Socialist Party also beneits, as has already been pointed out, from the advantage of embodying, better than any other, the aspirations of a population in which the proportion of city-dwellers and of wage-earners is from now on entirely preponderant.

A Future Full of Traps

The PS, which is well installed in power and is supported by solid bases, has, therefore, strong assets for playing a dominant part in French politica. activity during the present decade. Nevertheless, several dangers threaten it and may put this recently acquired hegemony in question.

The most formidable enemies of the Socialist Party are, perhaps, those who are within it. This vast movement, which was built up on the basis of a series of contributions, is still very heterogeneous. Extremely different, even antagonistic, philosophies and feelings coexist in it. It would be surprising if it avoids, during the next few years, the kind of conflict between reformists and "hard-liners" that has torn the German SPD and the British Labor Party apart.

The new government's dilemma is probably all the more acute, because its victory was achieved only by capturing the votes of a large number of center voters who may swing to the right again, if the government goes too far in change, while too cautious a behavior risks estranging the communist voters recovered by Francois Mitterrand. Therefore, he will have to maneuver as accurately as possible and the persistance of the economic crisis will not help him carry out his plans.

Finally, the right retains a considerable force that may be increased rapidly by all the dissatisfactions caused by the leftist administration. Nevertheless, if the mechanisms of the French political system are not changed during the next few years, it may be thought that the chances of the opposition will be all the greater if it succeeds in reorganizing around a man with the stature of a president of the Republic. The experience of the Giscard 7-year term also shows that a president can govern effectively only if he comes from the largest formation in the majority coalition. There is no doubt, in fact, that the war of attrition waged between 1976 and 1981 by the RPR against Gicard d'Estaing and his minority party, which was the UDF [French Democratic Union], strongly hindered the credibility of the government at that time. For the time being, only Jacques Chirac has the necessary qualifications for leading the opposition to success one day. Nothing says, however, that he can retain this privileged position. Now, until the right can settle satisfactorily the matter of its leadership, its chances will be weak.

At any rate, the new majority is, save an unforeseeable upset, in control for 5 years. Therefore, it has the necessary time for consolidating its ability to govern and to make the country accept lastingly a socialist system that would succeed the conservative synthesis worked out during the 1960's by Charles de Gaulle and Georges Pompidou.

FOOTNOTES

1. Immediately after the first round, 50 percent of the French people still believed in the victory of Valery Giscard d'Estaing, compared with 22 percent for Francois Mitterrand (IFOP [French Public Opnion Institute] poll, LE POINT, 2 May 1981.

2. In addition to French press articles, it will be profitable to read the overall analysis by Stanley Hoffmann, in the NEW YORK REVIEW OF BOOKS for 10 June 1981.

3. At the beginning of 1981, it was currently heard predicted, in Giscard political circles, that the outgoing president was assured of a victory with a large majority and that Jacques Chirac would not exceed 10 percent of the votes.

4. IFOP poll, LE POINT, 2 May 1981.

5. Forty-four percent of the French people blamed him for not having been able to fight effectively against unemployment (SOFRES [French Oopinion Polling Company] poll, LE NOUVEL OBSERVATEUR, 1 June 1981).

6. In the 1956 legislative election, the PCF obtained almost 26 percent of the votes and the SFIO 15 percent, or exactly the reverse of the results of the 26 April 1981 voting. See, on the history of the Socialist Party, the very instructive book by Hugues Portelli: "Le socialisme francais tel qu'il est" [French Socialism As It Is], French University Presses, 1980.

7. J. Capdevielle, "France de gauche, vote a droite" [Leftist France Votes to the Right], National Political Science Federation Presses, 1981.

8. It is important to review the conclusions that Professor Charlot drew, 8 years ago, from an analysis of the PCF results in the 1973 legislative election: "A solid party, on the whole. But a party that is losing speed. It is clear that the party's results in the first round in 1973 are not such as to reassure its leaders." (Jean Charlot, "Communist Stagnation," in "Quand la gauche peut gagner" [When the Left Can Win], Alain Moreau, 1973, pp 106-113).

9. No overall explanation was given to party officials, as is proved by the testimony of Henri Fiszbin, at that time head of the Paris Federation.

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END

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23 November 1981

West Europe Report

No. 1857

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OPINIONS ON MEASURES FAVORING 'REPENTANT' TERRORISTS

Bill Favoring Cooperative Terrorists

Rome L'ESPRESSO in Italian 13 Sep 81 pp 4-7

Comments on "Repentant Terrorist" bill by "Minister": "Repent and We Shall Become Friends"]

[Text] There are those who regard the bill favoring reprentant terrorists as a legal monstrosity and there are those who defend it with drawn sword. Let us see here how that bill came about, how it should operate, with what arguments it is criticized and with what ones it is supported.

Friday 28 August. It is the first ministerial cabinet meeting after the holidays, which almost none of us had taken. It was hot. There was a very ticklish topic on the agenda: the repentant terrorist bill. There is a desire to help terrorists who talk, to find a system for having them come out of prison. I know that yesterday here, in the prime minister's headquarters, the prime minister discussed it at length with the minister of Justice, the Christian Democrat Clelio Darida, and with the delegation heads of the other government parties. They told me that Rino Formica was there for the socialists, as well as Michele Di Giesi for the social democrats and Liberal Party member Renato Altissimo. I continue to call them delegation heads, although Giovanni Spadolini does not like this. He says that they are only ministers in his government and that suffices, that every so often they participate in extended informal meetings. He is trying to give the impression that he is not affected too much by the parties. At any rate, aside from questions of form, before entering into the cabinet meeting, I was informed that yesterday an agreement was reached on a bill that Darida was now about to explain to us. And precisely those whom I call delegation heads are to inform their party colleagues concerning the agreement.

Rino Formica is the most diligent one. As always, his is an activism bordering on restlessness. Darida's report was level, linear, calm. It is felt that he is at ease among articles of the law code and cases of law, as law experts say. He explained to the many among us who are not particularly trained in law and penal procedure what the mechanism invented by the bill for freeing those terrorists who collaborate with the judges are. Darida constantly repeated the concept that the state will grant ample clmency only to those who help justice. Virginio Rogoni, minister of Interior, often nodded his head affirmatively while Darida was speaking.

He seemed to me to be the one most convinced. We all realized that the measures that we are about to approve are exceptional, are serious. Darida also said that explicitly, reminding us that they will remain in force for 3 years, no longer. And he pointed out to us that helping repentant terrorists is one of the few courses that we have for putting terrorism in a state of crisis and for defeating it. It continues to be, however, a difficult, distressing problem. This morning, however, there was no atmosphere for a great debate.

Calogero Mannino, a Christian Democrat, minister of the Merchant Marine, tried to stir it up a bit. At first, we all were somewhat surprised. We were not expecting a speech by him. Mannino stated the problem. He asked himself and he asked us whether it is right to define a repentant terrrorist only as one who collaborates with the judges and not also one who merely disassociates himself from armed struggle. Cannot renunciation of terrorism really suffice for the state to grant further attenuating concessions, in order to facilitate as much as possible the reincorporation of those who, although guilty, have abandoned clandestinity? His speech convinced few. Even he, a Christian Democrat of the Carlo Donat Cattin faction, did not seem to believe thoroughly in what he said. Spadolini was in a good position. He replied immediately after by pointing out the importance that great repentant terrorists have had in the struggle against terrorism. The bill specifies differences in treatment between important repentant terrorists and petty repentant terrorists. That exceptional clemency provided only for important repentant terrorists cannot be extended to everyone. Renato Altissimo also stated that he was of the same opinion. Rather, he was still more drastic. He maintained without any moderate terms that the bill in its present form is the extreme point at which the state can arrive. And perhaps, he pointed out, it is already something more. We must not exaggerate. These are concepts also repeated by Di Giesi. And we all agreed. Although it was not so lively, the discussion lasted rather a long time. It was lunch time. We adjourned the cabinet meeting for about half an hour. Giovanni Spadolini feels perfectly at ease as the new occupant of the prime minister's headquarters, among servants and frock coats. When the meeting resumed, Darida still was making the initial report. This time it was on prisons. The situation is dramatic. Prisoners have now put the sexual problem at the head of their list of grievances. Darida discussed it at length. I was impressed by his premise, as a sensible man. He said that he must almost do violence to himself, to his ideas as a strict man (he did not say Catholic, but it is understood), in order to tackle the problem. He hastened to add, however, that he was well aware of the importance of the request and he invited us all to make a thorough evaluation of its implications. In short, he seems to be a possibilist. It was a discussion that, I believe, we shall resume soon. After a period of reflection that does not seem very easy to me.

Practicality of Clemency Discussed

Rome L'ESPRESSO in Italian 13 Sep 81, p 4

[Article by "N.A.": "Repentocracy"]

[Text] If anyone expected the bill on repentant terrorists to pass without giving rise to discussions, controversies, objections of various kinds, he is seeing that he was wrong. It could not be otherwise. Terrorism, as is usual with every serious

disease, deadens the "nerve center" of public opinion. It is evident, however, that in this case a residue of lucidity persists.

Jurists whose attachment to republican institutions is well known, like Amadei and Galante Garrone, have brought to light the dangers of this bill. A few more can be added to their perplexities. For example, the concept of "repentance," in its ambiguity, seems to belong more to the sphere of religious sentiment than to the realm of legal certainty. And then, the very possibility of bestowing a compensation "in kind" on repentance expands the discretionary power of the judge beyond traditional limits.

But in judging the bill, a criterion prevails that tends to be critical: the criterion of utility, that is to say, that practical policy that has been governing the activity of states ever since they have existed (and therefore much before the term practical policy [Realpolitik] existed. There is no doubt that the piecemeal clemency exercised up to now with regard to repentant terrorists has had positive effects in the struggle against terrorism. It appeared to be, rather, the only deterrent available to an otherwise defenseless repressive mechanism. But it was precisely a piecemeal, obsequious clemency, tied to case by case and, therefore, all the more deeply arbitary. Now a proposed law is replacing this system of indulgences. It is presented as a step forward that (after due discussion and with desirable improvements) will probably be accepted as a lesser evil, perhaps with the implied advice to hold our nose. And let us hold it hard. It is not a question of hypocrisy or of a desire to save the soul, easy in people who do not have the burden of governing. It is a question, rather, of the distress of those who see the state of law become a state of necessity and--may God not will it--democracy become repentocracy.

Repentant Terrorists After Release

Rome L'ESPRESSO in Italian 13 Sep 81 p 6

[Interview with Francesco Spinelli, socialist, under secretary of Interior, by P.V.B.]

[Text] Rome--What will repentant terrorists do once they have been released with the Spadolini bill? Where will they go? Who will protect them? The bill provides for a witness protection program placed under the CIIS [Interministerial Committee on Intelligence and Security], while the CESIS [Executive Committee for Intelligence and Security Services], that is to say the secret services, will decide how to the protect repentant terrorists released from prison. And the secret services, according to the bill, will be able to act "even contrary to legislative provisions and currently effective regulations." A license to protect repentant terrorists even in violation of the law.

We talked about this with Francesco Spinelli, a socialist, under secretary of Interior and former under secretary of Justice. At that time, during the Forlani government, he concerned himself thoroughly with the problem of repentant terrorists.

[Question] What will the security services do with repentant terrorists released from prison?

[Answer] It is possible to think of a number of solutions capable of guaranteeing their safety. Change of identity, change of residence, search for a position to work in Italy or abroad.

[Question] But where will they go? What countries will accept them?

[Answer] I think that the matter should be handled completely by the secret services with interservice collaboration.

[Question] Therefore, with agreements outside the normal diplomatic channels.

[Answer] I should really say that they would, although, obviously, because those services are under the executive branch in each country, relations would be established between governments, although in an informal manner.

[Question] Some persons have even mentioned plastic surgery to make repentant terrorists unrecognizable.

[Answer] That might be a solution. In America, in the 1930's, during the struggle against gangsterism, it was much used. At any rate, what matters is to have these persons come out of prison. For them, that is the most dangerous place.

Repentant Terrorist Release Controversy

Rome L'ESPRESSO in Italian 13 Sep 81 pp 6-7

[Article by Pietro Calderoni: "Hot, Lukewarm, Cold"]

[Text] Rome--On Friday afternoon 28 August the ministerial cabinet approved the most ticklish and most anticipated bill in recent months. It is a question of the "Measures for Constitutional Defense," in other words, of a measure intended for favoring repentant terrorists. Eighteen articles ("too many for a measure desired to be approved in a very short time by Parliament," Jurist Guido Neppi Modona remarked immediately) providing very great reductions of sentences and even the release of those terrorists who decide to collaborate attively with the courts. Discussions and controversies arose immediately. Let us see what is involved.

Among the most authoritative speeches by those who have declared themselves in favor of the bill without putting forth too many questions was one by a judge from Turin, Giancarlo Caselli: "It is the first concrete formulation. It is a well-considered, realistic solution to an extremely complex problem." But Caselli also insisted on pointing out the perhaps most innovative feature of the bill. "It is important," he said, "that a concrete differentiation be made finally between the various categories of repentant terrorists. For example, article nine, referring to the petty repentant terrorist, who has indeed told everything but with objective limits of a rather reduced conscience." Guido Neppi Modona also agrees with Caselli's analysis and stresses the importance of that article on petty repentant terrorists.

The most drastic in his condemnation of the measure in behalf of repentant terrorists is Paolo Rossi, former president of the Constitutional Court. He stated that "the law is necessary, but it is unconstitutional and certainly severely jeopardizes institutional prestige." He concluded: "It should be made very clear that once the emergency is over, this illegality should also come to an end!"

Stefano Rodota pointed his finger at one article in particular, article four. This article specifies that those who abandon terrorist organizations before their arrest and who have committed only accessory crimes are not punishable. "That kind of rule is based," he stated, "at least on an ingenuous view of terrorist organizations. It seems obvious to me, in fact, membership in an armed party is something very different from membership in a political party." Therefore, Rodota, the skeptic, concludes that membership in the BR [Red Brigades] seems somewhat unthinkable without a "test" or at least coinvolvement connected with terrorist activities, like letting out an apartment or stealing an automobile. Consequently, article four should be changed and should grant impunity also for those above-mentioned minor crimes that once more coinvolve the figure of the petty repentant terrorist.

There was discussion also on articles five and six. These articles specify--article five--a suspended sentence for a terrorist who makes a certain contribution to justice, and article six, the one most criticized, states that once an important terrorist has made a full confession he can be released immediately by the same judge who has taken his confession, that is to say without having had his case heard in a trial. "These two provisions," Salvatore Senese, member of the Higher Council of the Magistracy and former secretary of Democratic Magistracy, denounced, "are extremely dangerous both because exceptional clemency to those who have committed very serious crimes cannot be granted without supervision by the collectivity, and because the accusations made by repentant terrorists against codefendants must be made publicly in confrontation with the codefendants and their defense attorneys." In this connection, one of the judges most expert and experienced in the field of terrorism, Ferdinando Imposimato, pointed out how more than once "repentant terrorists" had brought up persons who after all had nothing to do with terrorist organizations. "The assumptions provided by this bill," Senese insisted therefore, "sound abstract and bookish, without any connection with the reality of terrorism."

Giarcarlo Caselli, one of the defenders of this bill, also insisted in stressing an article that does not convince him much, the ninth article. This article talks about revocation of a sentence of life imprisonment and cutting the sentence in half for those terrorists making "full confession." But exactly what does it mean? "Confession can be understood as a statement that concerns only the terrorist himself," Caselli wonders. "And, in fact, summons as a codefendant involving third persons is something else." But then what does "full" mean? Does it mean only reporting one's own crimes? A hideout? Other accomplices? "It would be better if the statement were specific," the Turin judge requested.

Some persons have thought of overcoming the many difficulties in the law by assuming a measure for a pardon granted by the chief of state. The first to suggest the idea, very recently, were a Rome judge, Domenico Sica, and Ermini Pennacchini, a member of the Christian Democratic Party, chairman of the parliamentary Secret Services Supervisory Committee, but the article by Silvano Tosi in the NAZIONE gave rise to a small "case." In fact, Tosi wrote that in order to keep the magistracy outside of the "mess" of legislation in behalf of repentant terrorists,

recourse might as well be had "to the institution of pardon by the chief of state, a political and not a legal act." The article made Sandro Pertini furious. After consulting with his closest collaborators, he telephoned to Giorgio Bocca to express his opinion to him: "If anyone thinks that the president of the Republic will solve someone else's conflicts and faults with a pardon, he is mistaken," the president stated.

Terrorist Prisoner Release Discussed

Rome L'ESPRESSO in Italian 13 Sep 81 p 7-8

[Article by Pier Vittorio Buffa: "How One Becomes an Ex-culprit"]

[Text] Rome--Peci, Sandao, Barbone. These are the most famous repentant terrorists who have disassociated themselves from the armed struggle and have collaborated actively with justice by pointing out hideouts, revealing names, describing murders and woundings in the greatest detail. For them, the bill by the Spadolini government means freedom in a short time and even without too much formality, assuming, obviously, that the bill is passed by Parliament.

Therefore, a law prepared for liquidating a debt with those who have already collaborated, but especially for dropping effective hooks into terrorism. Anyone who decides to hand over his weapons and to abandon armed struggle will surely find in it a rule applicable to him and that will be able to guarantee him substantial reductions of sentence or even a suspended sentence and, therefore, freedom in a short time.

Let us then imagine what vicissitudes can be experienced by a still active terrorist who may want, however, to abandon armed struggle and take advantage of this exceptional law.

There is a leader whose name has been known for some time by judges and against whom several arrest warrants have been issued: homicide, kidnaping, voluntary injuries, automobile theft, subversive association, armed gang. If he should not decide to disassociate himself from the armed struggle, no one would remove life imprisonment from him and before the Spadolini bill, even if he should repent, he would have to stay in the penitentiary for at least 12 years. But now there is the exceptional law.

Therefore, the head of Red Brigades decides to turn himself in to the police. It does not matter whether he turns himself in directly or is arrested in spite of himself. What matters is that, once in prison, he talks, tells as much as possible, acts, perhaps, so that some action already planned by his column will be blocked by the police and the carabinieri. In that way he ensures special treatment for himself. If the criminal court trying him regards his collaboration to be sufficient, it will be unable to sentence him, altogether, to more than 10 years in prison. But let us proceed in an orderly manner. Once arrested, the BR member is heard by a judge as soon as possible. He makes his first confession, states his readiness to collaborate and has everything recorded: names, addresses, future plans of the gang. Once the official record has been closed, the more critical phase is entered. In fact, at this point, a hearing judge must evaluate the degree of collaboration offered by the repentant terrorist. If the collaboration

is good but not "exceptionally important," the judge can do two things: either continue the hearing normally keeping the BR member in prison, or request the criminal court to release the terrorist on bail.

If, on the other hand, the "repentant" terrorist has made an "exceptional" contribution, the judge can, also in this case, do two things: either await a court hearing normally, or immediately request the criminal court to hand down a completely new sentence in our legal system, a sentence of suspension of holding for trial. Once the request has been received, the court must request an opinion of the public prosecutor attached to the Appellate Court. The high-level judge, in turn, must address the Ministry of Interior, before stating what he thinks, in order to obtain the "necessary information," that is to say, in order to learn, in short, if the former BR leader may be a threat to law and order once released.

If everything goes along smoothly, the "repentant" terrorist must only have a little patience, must wait for the various opinions to be handed down, in order, then, to be notified of the finding that suspends his holding over for trial. If he is not already free on bail, the gates of the prison are finally opened for him. But let us suppose that the criminal court decides not to suspend holding him over for trial. The hearing continues normally, with the terrorist free or in prison, until the day of the trial in court. In court, the criminal court can also forgo, here, sentencing the ex-terrorist with another completely new formula: suspension of a guilty verdict. On the other hand, in case the court has before it a repentant terrorist who has not made an exceptional contribution, it must sentence him, but it can order that the sentence not be executed. In both cases, the former column leader is free and if he does not commit other terrorism crimes, no one will again dig into his past as a murderer. The secret services will think about him, will protect him, perhaps will promote his expatriation (see the article by Francesco Spinelli, above).

What happens, however, if, instead of a leader, with homicides and woundings on his conscience, who decides to disassociate himself from the armed struggle, he is subordinate, a person who has indeed participated in the armed ganga but who has not committed serious crimes personally? For him, if he collaborates, there is an ensurance at any rate of impunity, regardless of whether he is arrested or whether he turns himself in spontaneously to the nearest police station.

Up to here, for top leaders, the rules for terrorists who have not yet been tried and who have not yet been found guilty. The law, however, specifies special treatment also for those who have already been found guilty and sentenced who decide to change their attitude and instead of continuing to declare themselves political prisoners help the police and the courts in the struggle against terrorism. The prison gates will also open up rather rapidly for them, because the appellate court for the place where the prison is located can decide to grant parole revocable only if the repentant terrorist commits other terrorism crimes.

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DEVELOPMENT PLANS, INDUSTRIAL POLICY, UNION ROLE

Paris LE MATIN in French 16 Oct 81 pp 6-7

[Interview with Pierre Dreyfus by Jean-Gabriel Fredet, Roselyne Koskas, and Denis Pingaud: "Pierre Dreyfus: To Renew the Dialogue Between State and Industry"; date and place of interview not specified]

[Text] In an interview with LE MATIN, the minister of industry defines the functions of the new national enterprises and the role assigned to their future managers.

"Like Pierre Mendes-France, I have a one-track mind. I deal with questions one at a time. And I solve them one at a time." Today, the most important question for Pierre Dreyfus, 73, former boss of Regie Renault, now minister of industry, is of course that of nationalization.

"This hard-headed pragmatist," (in his own words) approaches this essential reform unassumingly. He does not try to impress you with words.

The new rules of the game? They are quite clear. "Too often," Pierre Dreyfus believes, "the large companies have been managed as if they were an inheritance. The game would consist in achieving maximum profits so as to distribute the highest possible dividends. This policy, although commendable, was not necessarily in the best interest of the nation. We need a new way of reasoning. If a national enterprise makes money, that money should be reinvested so as to benefit the community as a whole. Even though it must show in its financial statements that it is properly managed, it should not overlook the fact that its function is primarily to take the risks which private enterprises cannot take, for instance to invest even when the time does not seem right."

The managers of the new national enterprises? They should above all "have character and also understanding, and of course they should be accepted by the enterprise itself." Pierre Dreyfus likes to recall that this is how his successor at Regie Renault was appointed. Some 100,000 "Renault people" agreed on the person of Bernard Vernier-Palliez who, in his own way, was the "square" boss incarnate.

The appointment of the half-dozen managers which Pierre Dreyfus will submit to Francois Mitterrand's approval early in January will of course reflect a certain need for innovation. But it should not amplify the unavoidable upheaval which already accompanies the nationalization process.

True, the task of these new managers will not be simple. They will have to "recenter" the strategy of the leading firms. They, and they alone, will have to decide whether to continue in certain so-called traditional sectors (such as glass for Saint-Gobain and non-ferrous metals for Pechiney) or else to venture in certain leading industries. Their suggestions will be examined by the minister. Which means that the final decision will be taken jointly.

Another occasion for a dialogue with the authorities: the development of plans for the enterprises. There again, inflexibility is excluded. "Such a plan," Pierre Dreyfus states, "must be done with pencil in one hand and eraser in the other." Although unfortunately too few enterprises already have one, such a plan should be the bible of the new managers. And it should also hinge on the [national] Plan--which also covers a five-year period--under an agreement with government authorities.

The expansion of the public sector goes hand in hand with the defining of a new policy to aid the enterprises. In this respect, Pierre Dreyfus's ideas are simple. The existing mechanism is thorough enough. It will need only to be clarified and, above all, made more dynamic. To this end, "we must make sure that a greater proportion of this aid is distributed locally." This will be the task assigned to two men in key positions: the interdepartmental director of industries, and the financial manager. These two field-men, who will report respectively to Pierre Dreyfus and to Jacques Delors (the two teams are now working hand in hand), must bring the manufacturers and the administration closer together. "Since we have neither enough men nor enough money," Pierre Dreyfus concludes unassumingly, "such a cohesion is more necessary than ever."

[Question] One of your objectives is to reconquer the domestic market. But the "worldwide economic war" (these are the words of the president) implies a simultaneous opening up to foreign countries and foreign investments...

[Answer] These objectives are not contradictory. To encourage manufacturers and distributors to enter into agreements to reconquer our markets in those sectors which are especially susceptible to the penetration of imports, that is not taking a protectionist approach. When you resign yourself to the disappearance of such and such a segment of a given line of production, you take the risk of sacrificing the whole line. To reconquer the domestic market does not mean that we are going to withdraw behind our borders, on the contrary. Consultations between manufacturers and distributors, for instance in the furniture industry, make it possible for our manufacturers to recover a strong domestic market. And we know that an exporting industry must be supported by a domestic market that is large enough. Otherwise, it is doomed to one-time operations on foreign markets. All this is not due to a reflex of fear. We are merely stating that in many cases, provided that our production is automated, we shall become fully competitive again, even in labor-intensive industries, provided also that we undertake a new effort to be creative.

[Question] Will the managers of the future national enterprises have to base their development plans on the reconquest of the domestic market?

[Answer] These plans must take three government's objectives into account : the reconquest of the domestic market, of course, but also employment and aggressive exportations. Of course, each enterprise has its own characteristics and its own internal requirements. But the future managers are expected to show ambition and a prospective view. By the way, I was surprised to discover that some large French enterprises did not have a plan!

My experience as a manager has brought me to think that nothing can be done in the industry unless we have long-term well-defined industrial objectives on an international scale, with a full-fledged technological program and corresponding investment plans. The model which has seemed to me to be the most suitable is that of sliding five-year plans including employment, wages and job-training forecasts, which must be drawn up by the enterprise manager. This does not conflict with the national economic Plan.

[Question] It is not incompatible with the national plan?

[Answer] On the contrary, this plan will be a privileged instrument of consultation and consensus. I believe in movement and therefore in the possibility of shuttling between the [national] Plan and the plans of the enterprises, and therefore of making adjustments whenever facts dictate to do so.

[Question] How will you resist the urge to play Lego with the operations of the various national enterprises?

[Answer] The best protection against the urge to play Lego or any other kind of Meccano--which is sometimes ascribed to the state as a shareholder--lies in the autonomy of national enterprises. The authorities then do not have to order such and such summary and short-sighted reorganization, but they must convince the managers (whom they trust) that such a reorganization may be justified; this method offers better guarantees. We must also underline that a strong industrial fabric cannot be created from a puzzle of tools and plants. What you need is motivated men, a consensus on strategy, and this shows clearly the limitations

of state interventions. As a rule, reorganization proposals, I will say that again, should originate from the managers of the enterprise considered; the state should stick to its role of providing guidelines and suggestions, and acting as a catalyst.

[Question] Do you think that certain groups which are to be nationalized will have to "recenter" and cannot continue as conglomerates?

[Answer] In the case of multiple-activity enterprises which have the characteristics of conglomerates, a recentering, if necessary, may result from strategic orientations adopted in agreement with the state. It is not necessary for national enterprises to overdiversify away from their main lines, but it would be unrealistic to conceive enterprises essentially devoted to a single sector of activity. Industrial life is in perpetual motion, and aggressivity often consists in achieving sufficiently diversified strategic reallocations so as to stand on more than just one "foot."

[Question] It is said that the government wants the national enterprises to become "social showcases." To what extent will the unions be associated to the management of these leading firms?

[Answer] Workers will be represented on the board of directors of national companies. Therefore, they will be fully informed of the condition of the enterprise, its development, its investment plan, its projects. They will also have an opportunity to take part in the decision-making process. As for the role of these enterprises as "social showcases," I would like to stress a point which, although apparently banal, I feel is important. We shall make sure that the right to unionize and its corollary, consultation, the policy of concluding union agreements, become realities. Based on this, we think--and I have had some experience in this field--that imagination and the will to progress will make achievements possible both in the organization of labor and in the reduction of working hours, and in the planning of new social acquisitions and the exercise of new responsibilities. As for the latter, it could apply both to unions and to the management of enterprises.

[Question] What standpoint will you adopt with regard to the "strategic industries?"

[Answer] Our interest in a given sector is not a fad. What counts for us is that every line of production in every sector is reinforced, from the training of the personnel down to the availability of specialized equipment. There is no such thing as noble sectors; France has good chances even in the so-called traditional industries. Therefore, we shall give just as much support to the textile industry as to the machine-tool industry, to the furniture industry as to the data-processing industry.

[Question] Is that enough to define an industrial policy?

[Answer] An industrial policy consists above all in developing our industrial assets and the cohesion of our industrial fabric at a time when competition is intense and aggravated by the world crisis.

It is of course essential to continue our research and development effort in the sectors which offer future prospects, for it would be unacceptable for France not to play a part in the industry of tomorrow. The industries involved are more particularly the data-processing and the "life" industries (office equipment, bio-industries, etc.). But it is equally important to take care of the more traditional industries which account for most of the industrial employment, for two reasons:

- First, because it is necessary. The French employment situation requires that we take the offensive in all directions, and the French industrial fabric is not so strong and developed as to enable us to weaken whole sections of it through indifference to the "deconcentration" of activity. Although useful, deconcentration must remain under control.

- Then, and this is the main reason, because it is possible to do so: the name of the solution is investment, modernization of industrial equipment and programmed valorization of the synergistic effect along a given line. Thus, the downstream sector--distribution--can make major contributions to the textile or to the furniture industry as long as the upstream sector--production--is brought to the productivity level of the international competititon.

This modernization, these investments, will not eliminate jobs: they will merely displace jobs towards higher levels of qualification as long as professional mobility is adequate. In this respect, it appears that the machine-tool, engineering and automation sectors must be given priority.

[Question] What about those enterprises which have problems?

[Answer] We must beware of the urge to save them at all costs; any contrived rescue will skew the markets and eliminate jobs in other units. But there is no great correlation between bankruptcies and enterprises which are structurally doomed. In addition, certain leading firms occupy a core position in a whole sector; if they were to fall apart unexpectedly, it would be the end of all the enterprises with which they had business relations. Survival at first, followed by reorganization, may prove to be the more economical course for the nation as a whole.

[Question] What policy will you adopt with regard to public subsidies?

[Answer] The allocation of public subsidies to the industry should be based on the following principles:

- To provide our industry with the means to accelerate its modernization and development in view of the difficult competitive environment.

- To improve the moral standards involved in using public funds through a strict follow-up of the subsidies alloted [one line missing] of a centralization which alone can guarantee that they are consistent.

- To study projects on an overall basis, at enterprise level, or even at sector level in certain cases, so as to gain a clear idea of all strategic alternatives, with respect both to the choice of technologies and to the modes of financing.

- To simplify the procedures by reducing the number of "tellers"; by selecting, whenever possible, a "single representative" to deal with the enterprise, to manage inter-administrative coordination and to take part in all decisions; by defining clear objectives and official criteria for all procedures concerning the small and medium-size enterprises.

[Question] Do you expect the two large French oil companies to ensure the energy supply of our country?

[Answer] Our energy policy aims at ensuring a safe supply at the lowest possible cost. To this effect, it stresses diversification: diversification of the operators, of the origins of our imports, of the types of energy. The two French-owned companies must play an essential role in this respect.

Traditionally, the international energy markets, and more particularly the oil markets, have been dominated by a few large firms of anglo-saxon origin--the "major oil producers." With CFP [French Petroleum Company] and SNEA [Elf-Aquitaine National Company], our country enjoys the same possibilities of access to major oil sources as companies formed with non-French capital, without finding itself in a position of dependency toward the latter. In fact, as the Hugon report stressed, the objective which has traditionally been assigned to the two French operators, viz. to secure long-term resources equivalent to French consumption, remains unchanged.

As for the diversification of our oil supply, CFF and SNEA must be given a privileged mission, for two reasons:

- First, because certain producing countries wish to work with them, either for political reasons (because they are French), or often because, due to their high technological level, they can ensure the exploitation of oil resources which are difficult of access or require a special treatment (offshore fields, heavy oils), and are qualified agents for the transfer of technologies and for technical cooperation.

- Second, because, as French-owned companies, their natural role is to contribute to the safety of our oil supply.

Finally, both must play a role in reducing French dependency on oil.

Both have already become large gas, even coal, operators. But they are also interested in new energies, solar energy for instance, and in traditional energies, such as wood, and are developing their activites in energy-saving technologies. As long as these developments do not interfere with the initial role of these companies as oil suppliers, they should be encouraged.

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FISHERIES MINISTER CONCERNED OVER STOCKS

Oslo AFTENPOSTEN in Norwegian 21 Oct 81 p 9

[Article by Ulf Andenaes]

[Text] Reykjavik--In many ways it was the outsider who won last summer when Vigdis Finnbogadottir knocked out her three male opponents in the Icelandic presidential election. Not only did a woman go to the top in an otherwise quite male-dominated environment. In addition her three opposing candidates all had long careers behind them in politics or official activity. Vigdis on the other hand had a background in cultural life and had scarcely taken part in political activities previously. That was no handicap, as it turned out since the landed the election victory with a good 33 percent of the votes. Her predecessor, Kristjan Eldjarn, had also been primarily a man of culture. She herself was one of the best-known women in the country. Family background also plays a large role on the island of the sagas--her father, Professor Finnbogi Thorvaldsson, was a prominent figure at the university at Reykjavik while her mother had made her mark as chairman of the Icelandic Nurses' Union for a whole generation.

It took some time before the established politicians managed to catch their breaths after the election of the new president. This was especially true of the leaders of the conservative Independence Party who had not entirely forgotten that at one time she had demonstrated against the American NATO base at Keflavik.

The importance of this should not be exaggerated since the president of Iceland has no real power. Like her predecessors in the office she has refrained from making political statements following her election.

It was also soon apparent that Vigdis was an asset as well in the sense that the election of a richly-endowed female personality to the presidential office made Iceland known around the world. One can still find critics who say that she is just too informal in her official duties and that it is important for a small country to create some ceremony around the post of chief of state. Even so her position is strong. Many of those who voted for an opponent last year now admit that she has been a good president for Iceland.

Around her she has a cabinet of men only and the Allting is almost totally male. In the past the role of Icelandic women in state government has been mainly

played behind the scenes. Vigdis hopes that her election will help to change this situation.

The government at her side is one of the more unusual of its kind. The prime minister, 70-year-old Gunnar Thoroddsen, is a veteran from the conservative party who defied party colleagues to head a government that also contains parties from the center and left, including the communists. Thoroddsen's own party colleagues make up a lonely opposition. His break with the party majority added new bad blood to the rift among the conservatives who had previously been the major political trendsetters in Iceland for most of the years since the war.

Thoroddsen's role as prime minister seems to be to serve as a kind of arbitrator among the other parties in the government coalition.

The eternal controversial issue in Iceland, the Keflavik base, has been put on ice for the time being since both opponents and supporters of the base are included in Thoroddsen's government. The other recurring themes in the nation's political debate--namely inflation and fishing resources--are main issues on the agenda however. The government did well with inflation for a time since most of Iceland's foreign exchange revenue is in dollars and the increased value of the dollar acted to protect the Icelandic kronen.

Things are worse with regard to fishing. Catches by Icelandic fishermen, the foundation of the country's economy, have long since reached their top level as far as responsible depletion is concerned. Iceland's Fisheries Minister Steingrimur Hermannsson told AFTENPOSTEN that they are now conserving and replenishing the fish population, something that became possible after Iceland acquired full discretion over a 200-mile zone. The question is whether the fish have not already been depleted excessively. Icelanders will probably have to reduce their catches if the fish are to survive. But such limitations can have dire consequences for Icelandic business and community life. Without reductions the consequences a little further down the road could be even worse.

A report recently issued by an Icelandic researcher pointed out that catches in the country's waters are smaller today than they were 25 years ago, despite the fact that the fishing fleet has doubled in size during that period and has become much more expensive to operate. A report from the state research council in Reykjavik concluded that the Icelandic fishing fleet must be cut in half in order to operate as a paying concern.

The big unutilized resource that could offset a stagnation in the fisheries is energy from waterpower and volcanic thermal heat. But at the moment very little development can be detected in this area.

If the resource basis for the nation's unusually onesided economy fail the consequences will be so serious that the country's independence could be undermined. This is a threat that could turn out to be more real than the threat to independence some profess to see in the Keflavik base.

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NEW FINANCE MINISTER PRESTHUS DISCUSSES TAX CUT CHANCES

Oslo ARBEIDERBLADET in Norwegian 13 Oct 81 p 12

[Interview with Finance Minister Rolf Presthus; author, date and place not given]

[Text] The Conservatives can't promise any tax relief next year. But public budgets are slated for drastic cuts anyway. The Conservative government cannot accept a tax increase and thus it must cut back on public measures amounting to 1.8 billion kroner. We won't find out where the Conservatives are going to get these savings from until the beginning of November.

This appears from the inaugural interview ARBEIDERBLADET had with the man who will become finance minister tomorrow, Rolf Presthus.

[Question] Can you promise now that there will be tax reductions next year, Rolf Presthus?

[Answer] It is quite clear that we will propose reductions in the Labor government's tax bill. But the amount will depend on how much it is possible to reduce growth in public spending.

[Question] But it has been indicated that it will cost 1.8 billion kroner just to maintain the present tax level. Where will the Conservatives find this money?

[Answer] It is impossible to answer that now, because the new government has not seen the budget bill before today. Now we must meet in order to find out the extent to which it is possible to reduce public budgets. I think we can make some gains simply by making public activities more rational and more efficient. We will start in on this process this year but substantial budget consequences won't be possible before 1983.

[Question] The Conservatives did promise 7 billion kroner in personal tax relief over a 4-year period. Aren't you afraid Conservative voters will be disappointed if they don't get any tax breaks in 1982?

[Answer] The voters know it is impossible to implement a big tax relief program this fall. Changes that really help won't come until next fall.

[Question] This year's Labor Party budget proposal is clearly more austere than last year's. Do the Conservatives feel it is justified to tighten up this budget even more?

[Answer] Every year we have heard during the budget discussions that the Labor presentation is the only responsible one. Subsequent events have demonstrated that this kind of presentation is questionable. The fact that the 1982 budget is more austere than the 1981 version does not mean it can't be tightened up further.

[Question] When can the new government present its alternative?

[Answer] I have checked into what happened when the government changed 8 years ago, as well as the shift 16 years ago. The budgets were submitted on 1 and 2 November respectively. We should work according to a comparable timetable.

[Question] You say that you cannot make big changes in the budget but in his budget speech Ulf Sand said such a presentation of the situation is erroneous.

[Answer] I think Per Kleppe has a better basis for evaluating the situation and when he presented the Labor Party's amendment proposal the last time there was a shift in government he said: "A government that has to revise an already completed national budget in a few weeks has no chance to have its views permeate all parts of the budget."

[Question] The Labor regime presented a price forecast of 10-10.5 percent. How large will the price increase be under a Conservative government?

[Answer] For 1980 the government started with a price forecast of 6 percent. We ended up with 11 percent. Last year we counted on 11 percent and ended up closer to 14 percent. There is no reason to believe that the new forecast is any better than the previous ones. What is certain is that the plan of the Conservative government will insure a lower price increase than the plan presented by the present government.

[Question] How will you manage that?

[Answer] The most important thing is that lower personal taxes will create an opportunity for a wage settlement that will insure purchasing power without big nominal increments. Wage hikes will be smaller and prices won't have to increase so much. In addition as soon as possible we will implement measures to stimulate savings.

[Question] What about the price freeze? Do the Conservatives have a plan ready to meet the problems that will arise as soon as the freeze is lifted at the end of the year?

[Answer] Like the present government we have not worked out a separate plan. But we feel it is natural to meet the different factions in working life to discuss how to deal with this situation and how to work out an income policy cooperation for the spring.

[Question] Do you have anything to offer the factions or do you agree with the present government that there is no room for separate plans involving the national budget in connection with the spring contract settlement?

[Answer] The government has chosen a sensible line here--one that has not been followed consistently in the past. Our main contribution to the spring settlement is that we will do something about taxes. As soon as we get in position we will get in touch with the labor factions.

[Question] What about credit policy, will the Conservative government follow up the strict plans of the Labor government in this area?

[Answer] When finance policy is slack it requires a tight credit policy. Our goal is to implement a more normal finance policy so we can do something to liberalize credit policy. But that is not something that can be done overnight, and therefore there is no room for drastic changes in the immediate future. But we will be getting in touch with credit institutions to discuss these matters.

[Question] There is a lot in the plan presented by the Labor Party that harmonizes well with the middle-party alternative from last year. Do you now expect it to be harder to get the support of the middle-spectrum parties in Storting?

[Answer] It is interesting to see how the Labor Party has moved closer to other parties since the middle of the 1970's. However it is natural for us to use the joint report as a starting point. There is agreement there on a number of points in the economic policy.

[Question] Has the latest budget presentation from the Labor Party made the situation more problematic for the new finance minister?

[Answer] No. Norway's main problem is that the economy is developing the wrong way. It is this situation that makes it harder to take over as finance minister, not the more tactically-influenced economic plan.

[Question] Traditionally the finance minister is the government's chopping block; are you looking forward to taking over that job?

[Answer] No, I can't say I'm looking forward to that eagerly. I know too well what I'm getting into. But I view the job as a challenge and in that way I think it will be interesting.

6578
CSO: 3108/10

POLL SHOWS ONLY 17 PERCENT WOULD INCREASE FOREIGN AID

Oslo AFTENPOSTEN in Norwegian 30 Oct 81 p 3

[Text] Norwegian development aid is at the proper level. That was the feeling of the majority of those asked in the big AFTENPOSTEN/Norwegian Opinion Institute poll on aid to developing countries. Adequate, said 53 percent, should be reduced, said 28 percent while 17 percent wanted more Norwegian aid to developing countries.

The interviewers asked this: Do you think aid to developing countries should be increased, that it is adequate or that it should be reduced? The responses of the approximately 1000 people interviewed went like this:

Response	Total	Men	Women
Should be increased	17	17	17
Present level adequate	53	51	56
Should be reduced	28	31	26
Don't know	1	1	1

The distribution of answers by age showed that those in the youngest age group (all those interviewed were over 15 years of age) were the greatest supporters of increasing Norwegian aid to developing countries. The distribution of answers looked like this in the various age groups (should increase/adequate/should decrease/don't know): Under 30: 26/45/28/0; 30-59: 15/55/30/1; over 60: 11/60/26/3.

It was also clear that the greatest support for increased development aid was in Oslo and Akershus rather than in the rest of the country. In these two counties 24 percent wanted an increase compared to 13 percent in the rest of the eastern part of the country, 18 percent in Sorlandet/Vestlandet and 15 percent in Trondelag/North Norway. On the other hand the desire for reduced development aid is clearly stronger in the eastern part of the country aside from Oslo/Akershus than in the other regions. This was the distribution with regard to the desire for reduced Norwegian assistance: Oslo/Akershus, 24 percent; rest of the eastern region, 34 percent; Sorlandet/Vestlandet, 25 percent and Trondelag/North Norway, 29 percent.

Distribution according to income produced slight variations but with a small increase in favor of reducing development aid as incomes rose.

Those interviewed were divided up according to residential area and political sympathy and the distribution of answers went like this:

	Response			
Distribution	Increase	Adequate	Decrease	Don't know
Total	17	53	28	1
City dwellers	22	51	25	2
Town and village residents	20	49	30	1
Sparsely-settled areas	11	57	32	1
Political sympathies:				
Labor	14	60	25	1
Socialist Left	40	53	7	
Progressive		39	61	
Conservative	10	50	39	1
Christian People's Party	35	47	14	4
Center	11	61	28	
Liberal	31	58	11	

Among those who feel that Norwegian development aid reaches its intended destination 29 percent supported an increase, 61 percent felt the current aid level is adequate and 10 percent wanted a reduction. Naturally enough the figures were somewhat different among those who did not believe the aid reached its proper destination: 11 percent wanted increased aid, 49 percent found the current level adequate, 39 percent wanted a reduction. A similar distribution is found if the answers are divided up according to whether or not the respondent believed the aid recipients can make use of the assistance.

In the morning edition of yesterday's paper we presented the first part of the poll which asked whether we should share our surplus with developing lands, if the aid goes where it should, if the recipient can make good use of our aid and whether we should solve our own problems first and thus can't afford to aid developing countries.

The Norwegian Opinion Institute interviewers asked the above questions first in half the interviews, followed by the question as to whether our aid should be increased, reduced or continued at present levels. The other half had to start by giving their opinion about the size of the development aid before being presented with the questions mentioned above. There are some differences in the replies given by the two groups but they are not large enough that it can be said that it made a difference that half the interviewees had to take a stand on the amount of aid first while the other half did not.

More figures from the AFTENPOSTEN/Norwegian Opinion Institute poll on Norwegian aid to developing countries will appear Monday in the morning edition.

BRIEFS

KARJALAINEN ON NUCLEAR-FREE ZONE--An agreement for a nuclear-free zone in the Nordic countries or in the whole of Europe would considerably increase the possibility that these areas would be kept out of a nuclear war if a major war broke out. This is the view of Bank of Finland acting Chief Director Ahti Karjalainen. Karjalainen was one of the speakers at a meeting marking the start of UN Disarmament Week in Helsinki on Friday [23 October]. Karjalainen pointed out that President Urho Kekkonen's 1963 proposal for a nuclear-free zone in the Nordic countries has been winning increasing support in the other Nordic countries, especially among public organizations. Karjalainen also noted with satisfaction the energy with which organizations, schools, institutes of learning and individuals have taken part in the preparations for disarmament week. It is clear that these activities are doing more to unite people across ideological and social boundaries than in the past, Karjalainen pointed out. The theme for this year's disarmament week is a nuclear-free zone in the Nordic countries and in Europe. All major political parties, trade unions and church organizations are lending their support to the disarmament week. [Excerpt] [PM051223 Helsinki HUFVUDSTADSBLADET in Swedish 24 Oct 81 p 7]

CSO: 3109/33

WILLOCH PLEDGES NATO WILL BE BASIS OF SECURITY POLICY

Oslo AFTENPOSTEN in Norwegian 16 Oct 81 p 3

[Text] The Center Party and the Christian People's Party are positive about the government's inaugural declaration in the initial situation, it appears from statements from the leaders of the two parties. The parliamentary leader of the Labor Party, Gro Harlem Brundtland, said the most obvious thing was the lack of concrete proposals for restraint in finance policy. Carl I. Hagen of the Progressive Party expressed disappointment at the declaration while Stein Ornhoi of SV [Socialist Left] said it was remarkably lacking in substance. "Not very concrete," said Hans Hammond Rossbach (V [Liberal]).

Prime Minister Kare Willoch on behalf of the government read the inaugural declaration in Storting at 1200 hours yesterday. It appeared from the declaration that the government will base its policy on the joint statement from the Conservative, Christian People's and Center parties as well as on the Conservative Party program.

In the area of security policy it was made clear that NATO membership is the basis for Norway's right to rule itself. The armed forces will be strengthened on the basis of the recommendations of the Defense Commission. The base and nuclear policy will remain the same.

The government wants Norway to give at least 1 percent of Gross National Product for development aid and emphasis will be placed on increasing the developmental effect of the aid.

A central goal for government policy will be to guarantee work for everyone as well as to secure and further develop the welfare state. To attain these goals the government feels it is necessary to restore growth power to the Norwegian economy.

The declaration states that Norwegian authorities will have complete administration and control over activities on the Norwegian continental shelf. However the government will review oil policy to avoid unnecessary centralization and concentration of power. The Oil Directorate will be strengthened and the position of Statoil will be evaluated.

Laws and regulations that limit the freedom of action of towns and counties will be revised to ease the work of the towns and counties in limiting their spending increases.

Socialization of banks will be ended and no legislation will be submitted on more public representation in private firms.

The government will not introduce a fifth vacation week.

The government will promote proposals to end the monopoly of NRK [Norwegian State Broadcasting Corporation].

In a comment on the declaration Labor Party chairman and parliamentary leader Gro Harlem Brundtland said that it is hard to find any clear political profile in the declaration. She said that they had not shown how joint costs could be reduced on a single point. Neither did they say how room could be made for the tax relief on which the Conservatives based their entire election campaign, a pledge that was repeated in the declaration.

"We'll have to wait and see. A lot is left unanswered in the declaration but we would expect such answers to be forthcoming in the government's budget bill," said Gro Harlem Brundtland.

The parliamentary leader of the Center Party, Johan J. Jakobsen, thought that in several important areas the declaration hinted at a policy that would have the support of the Center Party.

"This applies among other things to the central tasks of fighting price hikes, restoring competitiveness and thus guaranteeing a wellrounded business sector in our country. The Center Party also views it as valuable that the declaration promises to strengthen the status of the family, simplify public administration, distribute power and provide more protection for property rights," said Johan J. Jakobsen.

Kjell Magne Bondevik, parliamentary leader of the Christian People's Party, stressed that he was looking forward with anticipation to the concrete follow-up of the declaration since that is what will be decisive. He said that the Christian People's Party is prepared for sensible cooperation with the government on the basis of the joint statement on the long-range program.

"The Christian People's Party is looking forward with great interest to the proposals to change the abortion law which the declaration indicated will come in a Storting announcement," said Kjell Magne Bondevik.

The Progressive Party's parliamentary leader, Carl I. Hagen, found the declaration as a whole fairly toothless. He was disappointed that the Conservatives had not indicated much more clearly which changes they intend to recommend and which concrete tools they intend to use.

SV's Stein Ornhoi felt the declaration is remarkably lacking in substance. He said that though it is full of common bourgeois phrases it says nothing concrete about what kind of policy the Conservative government will pursue.

Liberal Hans Hammond Rossbach said the declaration is not very concrete and that the most interesting thing about it was the things that were not mentioned.

6578
CSO: 3108/12

PAPER SEES PROGRESSIVE PARTY OBSTRUCTING WILLOCH

Oslo AFTENPOSTEN in Norwegian 17 Oct 81 p 2

[Editorial]

[Text] Some people have probably noticed that the Progressive Party, in lovely harmony with the Labor Party incidentally, is one of the strongest critics of the Willoch government's inaugural speech. In view of the fact that many nonsocialist voters voted for Carl I. Hagen and his men, among other things trusting that they would support a Conservative government, it might be useful to clarify even now that the "support" of the Progressive Party consists of sowing discontent and distrust in reference to that very government.

That comes as no surprise to us. The Progressive Party has long realized that the future of this protest and discontent party lies in undermining confidence in the Conservatives. Political strategy is being mapped out precisely along those lines.

With a systematic undercutting activity in the immediate future the Progressive Party hopes to be able to profit greatly from the problems the Conservative government will run into. Of course a minority government can't expect to have all its political aims fulfilled and the compromises Willoch will be forced to make will as a rule be at the expense of what many regard as "good Conservative policies." Everybody knows that Hagen's party is speculating on just that. Quite blatantly, too.

Even so most people probably expected that Carl I. Hagen would show a minimum of patience which is undoubtedly proper in the present political situation. But in his eagerness to score points on behalf of his party he was simply unable to keep himself under control. In his comments to the press and on the radio he has accused the Conservatives of not wanting to live up to their campaign promises and he thinks he can justify that by the fact that the government has not stated in detail all the proposals it intends to present in various specific areas. Hagen feels the government should have been that concrete in its inaugural address.

Anyone with some insight into political and parliamentary conditions knows that Hagen's criticism is totally wide of the mark. The aim of a government address

is not--and never has been--to present specific proposals but to draw up the main lines of the policy the government intends to pursue. And that is precisely what the Willoch government has done--and in a very complete government declaration at that, providing a strongly stressed description of political goals and priorities. On this basis the government will then come back to Storting with its concrete proposals. In the first round this will involve among other things a series of changes in the recently presented national budget, one of them being a new tax plan that in itself will require several pages if it is to be included in a government declaration. There will also be a spate of bills that will come as part of the general clean-up the government will conduct in the spring in the now-famous jungle of laws. Several of these proposals will come as early as the next few weeks.

To put it mildly it sounds odd and of course quite unreasonable when Carl I. Hagen seems to think the government should go into details about these moves just a few hours after the government has changed hands. That is not the way to conduct profitable political activity. One can only deplore the fact that a party leader doesn't know any better than that.

6578
CSO: 3108/12

OSLO PAPER ON USSR'S 'HUMILIATION' IN KARLSKRONA

PM050913 Oslo AFTENPOSTEN in Norwegian 3 Nov 81 p 2

[Editorial: "Sweden's Gain"]

[Text] In addition to the political, diplomatic and military humiliation the Soviet Union has had to bear in the last week, yesterday afternoon there came further degradation in the field of seamanship. The grounded vessel outside Karlskrona sent up distress rockets when the wind rose, and Swedish ships floated it and towed it further into the archipelago. At this point the interrogation of the captain had finally begun--onboard a Swedish naval vessel outside the restricted military area where the submarine should not have been in the first place.

All in all this is now approaching the limit of what a superpower can tolerate prestigewise after providing the world's press with one of the decade's most popular photographic models. People like to talk of honor and power in naval contexts. They are probably doing so in muted tones in the naval base at Kaliningrad at present.

It is a long time since an episode of this type has gotten in the way of a country's diplomats and foreign politicans to such a degree. It is not all that unusual for official Soviet claims to diverge a little from the actual facts. But Captain Gushin's accident came almost at the same time as the Soviet press was complaining of serious attacks on Sweden's neutral status--by the United States. Their point of departure was U.S. Defense Secretary Caspar Weinberger's recent visit to Sweden. The differences between him and the Soviet submarine captain are many. The most important is that the Russian had not been invited.

The fact that the Soviet Union's military leadership pursues a policy which does not accord with the interests of its neighbors cannot surprise very many people. Several of them, including Norway and Sweden, have also taken steps in the matter. What is more regrettable is that here the Soviet Union is following a course which harms its own real interests--not only because it torpedoes the assurances of respect and friendship and the wish for the Baltic to be a "sea of peace," but because it places a superpower in the pillory. There is not enough room for free initiative in the Soviet Union, especially not in the country's armed forces, for it to be possible that the captain set course for Karlskrona all by himself. If he was unable to leave his grounded vessel without orders from Kaliningrad, he could not have navigated as he did without instructions from high-ranking officers who obviously think that violations of sovereignty are wholly in order.

On the whole Sweden's handling of the affair deserves praise. Defense Minister Torsten Gustafsson could perhaps be reproached because he took things so very calmly, and especially because he said at the weekend that the use of force against the submarine was out of the question. In such situations it is better to let the other side flounder in the greatest confusion about what possible steps to take. But so far the Swedish Government has achieved what it wanted--it has received an apology, it has brought about an interrogation, yesterday evening it still had the submarine in its possession, and it can let the affair drag on for a few more days if it wants to. These are nice gains--and all of them at Moscow's expense.

CSO: 3108/15

DIFFERENCES BETWEEN GONZALEZ, GUERRA DETAILED

Madrid DIARIO 16 in Spanish 19 Oct 81 p 9

[Text] Felipe Gonzalez and Alfonso Guerra look to public opinion like the perfect tandem running the Socialist Party. The facts, however, are otherwise. Their personalities are at odds; they disagree politically more than is publicized; they do not share advisers, and their friendship is said to be quite lukewarm.

These disclosures appear in the book "La otra historia del PSOE" ["The Other History of the PSOE" (Spanish Socialist Workers Party)], by Fernando Barciela.

The bond between Alfonso Guerra and Felipe Gonzalez seems indestructible at the moment. There is a strange harmony between these two individuals, who are, nevertheless, different in human terms.

They have disparate family and social origins, and therein lie many of the reasons for their differences. Neither of the two comes from the upper middle class, but Felipe is the son of a well-to-do cattleman, while Alfonso's father was a blue-collar worker saddled with a very large family. Young Felipe was not wealthy, but his father's cattle business gave him the opportunity to study. Nothing, or almost nothing, was lacking in their home.

Alfonso Guerra's home knew what tragedy was. Alfonso had no fewer than 12 brothers and sisters, 2 of whom died. One of his sisters was felled by tuberculosis, a disease that wealthy residents of Seville had no problem curing. They could not afford expensive drugs or a stay in the sanatorium up in the mountains among the pine trees. When the PSOE's current number two man was an infant, his father was just a humble swineherd who over the years and through hard work succeeded in becoming a master foundryman. Alfonso was the only child in the family who was able to pursue his studies, and he did so with scholarships.

The Good Boy and the Bad Boy

The fact is that for one reason or another Alfonso Guerra and Felipe Gonzalez have disparate personalities. For years there was a somewhat popular theory that divided up roles between the two leaders. Felipe was supposed to be the plesant, sensible fellow, the statesman. Guerra was supposed to be the bad boy, the sarcastic troublemaker, the agitator of the radical socialist masses.

It was just a theory, however. They were, in fact, not pretending; that is the way they are. Felipe Gonzalez is much calmer than Guerra; he has a more liberal disposition and is therefore capable of listening for hours on end to experts without trying to convince them that he is the one who is right.

Alfonso Guerra has to be right all the time. His enemies accuse him of being a "know-it-all." He is not too fond of listening; his nervousness does not allow it. He does not stop until his position is accepted, and he defends it with the enthusiasm of a man possessed.

Felipe lets everyone do his job. Alfonso Guerra wants to do and organize everything. He is the one who draws up the lists of candidates for the executive bodies and at congresses. He even sticks his nose into financial matters.

Felipe Gonzalez dislikes personal confrontations. Alfonso Guerra not only does not dislike them; there are even those who say that he derives very intense pleasure from them. Felipe does not know how to say no. Guerra has no fear of the word. He can face off with crowds of people without looking worried. He has politically crippled personal friends of Felipe Gonzalez like Carlos Zayas and Miguel Boyer without Felipe himself having had the courage to bring this to his attention and to have him rectify it.

Felipe is relatively tolerant with his adversaries, at least on personal terms. He is capable of separating the person from the political circumstances. That is impossible for Alfonso Guerra. Most of his political enemies have wound up being personal enemies. The major political "cadavers" are almost exclusively Guerra'a doing. He did not want Txiki Benegas to be on the Executive Committee just because he had taken the liberty of criticizing him. He hurled Luis Gomez Llorente into the "ghetto" of the political benchwarmers just because some papers began speaking of him as the number two man. He had it out for Miguel Boyer because he exerted a "pernicious influence" on Felipe Gonzalez, and he went about making life difficult for him in Parliament.

Two Ideologies

There are also political differences between the two, stemming precisely from their personal ones.

Some party leaders have even been propagating a theory that could be called "the theory of the counterbalance," to put it in scientific sociological terms. It runs like this: Alfonso Guerra's presence beside Felipe counterbalances the secretary general's rightist notions.

The fact is that on an impressively large number of occasions Guerra has had no chance to influence his friend and boss. He has come up against previously made decisions and accomplished facts. Felipe Gonzalez's statements in 1978 to the effect that the party had to abandon Marxism as its official and sole ideology did not sit at all well with Alfonso Guerra, and they were apparently inspired by Miguel Boyer, one of Guerra's major adversaries. Guerra himself, however, was not involved in the matter at all.

Guerra did not agree either that Felipe Gonzalez should resign at the 28th Congress. He did not think that the position papers and resolutions of the delegates to the congress were that extremist. Guerra tried everything he could to stop Felipe from resigning, but he paid no attention to him and got his way: he resigned.

Furthermore, Alfonso Guerra has never accepted the idea of a coalition government with the UCD [Democratic Center Union], a party that he is not at all fond of. Nor has he felt good about the policy of coordinated efforts. Nevertheless, he has wound up accepting it all. "And if one day he stops agreeing with Felipe," says a critic and one of the party's most important leaders, "he won't face off with him; he'll merely walk out of the PSOE."

A Lukewarm Friendship

A great many people have the notion that Guerra and Felipe are inseparable comrades. That is not the case. There were times when the natives of Seville were a very closed group, but you have to go back to Seville to see them like that. The big city estranges people. Felipe and Alfonso might go months without having lunch or dinner together, and they see each other very little as friends of course.

8743
CSO: 3110/33

GONZALEZ DEFENDS MODERATE LINE, ATTACKS FOES ON RIGHT

Madrid EL PAIS in Spanish 22 Oct 81 p 19

[Article by Sebastian Garcia]

[Text] Felipe Gonzalez, the secretary general of the PSOE [Spanish Socialist Workers Party], spent close to 2 hours outlining what the party's Executive Committee has done over the past 2 years and repeatedly stressed the difficult times that democracy in Spain is currently going through. In view of these difficult times, the party must give priority to national problems, even above its own, in the judgment of the PSOE leader, who responded to criticism of socialist moderation by calling on people to look at the positive side of the ledger too: the fact that we have a democratic system. Felipe Gonzalez began by analyzing the outcome of the elections in Galicia, ascribing Popular Alliance's victory to good work by Fraga's party and to the fact that "since 28 February 1980, the UCD [Democratic Center Union] has been paying for its confused and at times arbitrary policies that camouflage a defense of interests with an often obscure message."

In any case, he congratulated the Andalusian and Galician peoples for having consolidated their autonomies and described the PSOE's growth in Galicia as "so-so but encouraging."

He also extended congratulations to France and Greece, whose elections, in the opinion of the Socialist leader, disprove the theory advanced by the Right when Reagan won in the United States, because instead of a conservative tide, there has been a move towards social change.

After reviewing the party's history and asserting that those who fought for socialism over the past century would agree with the party's previous stands, the secretary general said that the PSOE has undergone unprecedented growth but is now at a standstill. He denied that it has moved to the right in recent times, inasmuch as it has defended the interests of the workers in union and municipal policy, which are cornerstones of the socialist line.

He asserted later on that the trauma of the 28th Congress, "caused perhaps by the clash between ideals and realities that Tierno talks of," must be overcome, so that the party can expand its membership again and open up to society, especially since the Right is moving towards the formation of the so-called "broader Right," "which we have a duty to break up with the force of reason and the majority vote of the people."

Still discussing party problems, Felipe Gonzalez voiced his regret that some people were not in attendance, "because although I think they have their reasons, I believe that they ought to be heard in a living, dynamic party." This remark triggered the first outburst of applause for a speech that the delegates did not, in general, receive too warmly. Gonzalez repeated his appeal to dissenters "to take part in discussions and not seek refuge in excuses."

"There are unquestionably shortcomings," he went on to say, "such as our longstanding internal centralist policy, or the distortions that have arisen in the process of federalization begun years ago, as well as the danger that the new situation might weaken minority representation. In any case, there must be in-depth debate."

Implant and Consolidate Democracy

In outlining the party's situation in the world, Felipe Gonzalez said that the world crisis is "unprecedented and still little known." Its main actors are two superpowers whose societal models are alien to us, neither respecting the freedom of the individual nor truly sympathizing with the suffering of the poor. However," he pointed out, "it is also a crisis of values." After mentioning the main developments in world politics, he pointed out that the socialist victories in France and Greece were due to realistic platforms, not to a radicalization, as has been said.

The PSOE secretary general broached politics in Spain by first stressing the need to implant and consolidate democracy and cautioning that no one should lose sight of the difficulties and dangers of pressures for a return to the past and of terrorist violence. "We have to give priority to this need, even if we have to subordinate our party's interests to the interests of Spain as a whole, which today entail the consolidation of freedoms and democracy."

He reminded those who have complained "that our moderation has dampened social mobilization" that "others have been more aggressive and they are disappearing from the political map," acknowledging, however, that they are partly right, "because expectations outpaced realities. But they should also acknowledge our role on the other side: the existence of democracy, in a situation in which we are becoming the only political force capable of guaranteeing its stability," he added.

Given this picture and "in light of the increasingly aggressive moves of the Right, I emphasize that ours must be a 25 or 30-year program, because it is absolutely necessary for the PSOE to grasp the historic dimension of the changes that Spain requires after 150 years of right-wing rule, which means that we cannot change everything in 4 years."

As the country's main liabilities, Felipe Gonzalez cited the weakness and ongoing crisis of the UCD administration, the unresponsiveness to the problems involved in the economic crisis, the terrorism-coup dialectic and the lack of

political will to undertake an administrative reform, as well as neglect of educational and cultural problems and, in general, all of the social issues that bear on the well-being of the people.

The PSOE secretary general then claimed that a fiscal counterreform was under way and that, in general, the Right wanted to undo the few reforms that have been carried out. In this vein he justified the motion of censure against the Suarez administration as an attempt to denounce its performance and to identify with the feelings of the people, and he endorsed the strategy of the UGT [General Union of Workers] and the signing of the National Employment Agreement.

Gonzalez described the attempted coup d'etat on 23 February as a shameful and worrisome historic landmark; "however, it was just the surfacing of an idea that has been around ever since our democracy emerged, an idea that has its roots in an oligarchical segment of our society that is utilizing sectors of our security forces and our Armed Forces."

A coup, he said, is a permanent, latent danger that the Right is manipulating, "but the right wing does not have to caution us because we Socialists can see clearly too." According to Gonzalez, the danger will persist if the government is weak, because "only a policy of change can ward off the danger of a regression. I do not share the theory that it would be better to halt the advance of socialism. On the contrary, democracy could depend on a socialist victory at the next election and on our will to change things."

Gonzalez then explained the policy of coordinated efforts and negotiations in dealing with the country's problems, a continuation of the socialist policy of broadening the base of the civilian government as much as possible after the coup, and he criticized the government for being unwilling to undertake an administrative reform. "It has failed to do this because the Right does not rely on grassroots support; rather, it relies on controlling broad segments of the populace through the administration."

The Socialist leader described the National Employment Agreement as a shunning of the neoliberal temptation, and he spoke out against the CEOE [Spanish Confederation of Business Organizations] for having failed to observe the pact and for having attacked the government's budgets after the workers did their part. With regard to the budgets, he said that the PSOE would attempt to demonstrate in parliamentary debate that the CEOE cannot find fault with them because 90 percent of the deficit is earmarked for support of private enterprise. In short, he accused the CEOE of wanting to "oligarchize" economic power.

In conclusion, Felipe Gonzalez cautioned that no matter what the socialist program is, "the Right will be against us, because it is worried that the traditional relationship between economic power and the administration would be shattered." Therefore, he said, its strategy will be to stir up tension, which must meet with a calm, firm response. He ended by referring briefly to foreign policy, especially the well-known reasons why Spain should not join NATO, and by stressing a long-range approach to the socialist platform.

8743
CSO: 3110/33

NEW ORGAN TO REPLACE MILITARY SECURITY GROUP

Paris LE MONDE in French 23 Oct 81 p 34

[Text] The minister of Defense, Charles Hernu, has decided to abolish Military Security (SM) which was officially responsible for surveillance of "interference and all kinds of subversive activities" in the French armed forces, on the national soil or outside the country's borders.

The minister of Defense, when on Wednesday 21 October he received Maj Gen Michel-Antoine Jorant, the director of Military Security who had come to talk with Mr Hernu about his budget draft for 1982 which amounted to 28.25 million francs (18.20 percent higher than 1981), announced to Maj Gen Jorant that he intended to abolish the SM in its present form, and he asked him to prepare, within one month, proposals for reorganization.

As officially introduced, Mr Hernu's plan, once the SM is dissolved, in accordance with earlier commitments made by the Socialist Party, is to create a new service to be called the Board of Protection and Defense Security.

The SM, which is the legatee of multiple institutions whose birth actually goes back to 1872 with the formation shortly after the Sedan defeat of a military counter-espionage service, was created in its present form in April 1961. It has several missions: to ensure the protection of personnel, documents, equipment and institutions "against interference and subversive activities of all kinds," the command being the sole judge, permanently, of the disciplinary or judicial measures to be taken.

Therefore the SM's principal responsibility is to protect military secrecy, conduct investigations of the qualifications dossiers of personnel (professional, contingent, or civilian) entitled to know "protected" national defense information, to protect so-called sensitive points of the territory against potential sabotage and, lastly,, to search for causes of deteriorating morale.

For this reason the SM was led to develop appreciably its liaisons with the main information services in France (General Information, Territorial Surveillance Board, the National Gendarmerie and the Department of Foreign Documentation and Counter-espionage) in order to collect from them information considered to be useful to the armed forces. This collaboration went so far as to include individual bulletins and notices that each service concerned is authorized to consult.

The officers and noncommissioned officers of the SM, posted in France, overseas and even across the Rhine in the French forces in West Germany, are subject to the rules common to all of the military, and they have no criminal investigation power.

Although investigations by the SM made it possible, for example, to discover the perpetrators of thefts of military equipment in many units, or to intercept in time foreign agents who were attempting to recruit French soldiers, for several years the service has found itself being accused of exceeding its authority while developing an improper concept of the extent of its missions.

This was especially the case with numerous career officers or conscripted men who were systematically suspected for their political or labor union opinions, for the reason that those opinions did not seem orthodox to the SM's investigators. Unfounded accusations were often made, therefore, against soldiers who felt that they were victims of a genuine witch hunt.

A Different State of Mind

On several occasions, when budgetary discussions were going on in Parliament, Socialist representatives demanded that the SM be dissolved, proposing to abolish its credits.

It is the intention of the minister of Defense to write a new decree, instituting a directorate for protection and defense security, which will be responsible, less for surveillance of all personnel than for protecting only those goods, personnel and civilian installations deemed to be "sensitive" for defense. "If necessary by decreasing the number of active personnel in the former SM," a member of Mr Hernu's entourage explains. "A different state of mind should be instituted in the armed forces."

In the communique he issued on Thursday morning, 22 October in Paris, the minister of Defense states that "the number of investigations conducted by this new Directorate for Protection and Defense Security (PSD) will constitute the exception. These investigations will no longer be conducted with regard to persons, but rather with regard to the objectives whose access deserves protection.

8946
CSO: 3100/89

PAPER COMMENTS ON SOVIET SUBMARINE'S ACTION OFF SWEDEN

Oslo AFTENPOSTEN in Norwegian 30 Oct 81 p 2

[Editorial]

[Text] If the affair with the Soviet submarine off Karlskrona were not so serious one could dwell on the very entertaining elements in the Soviet explanation that has been presented. The navigation equipment broke down and the sub was damaged far out in the Swedish archipelago. It then ended up accidentally on a bar in a prohibited area just outside a Swedish naval base.

Before turning this elaborate account over to the proper person--as far as we can see this would be the Norwegian comedian, Harald Heide Steen, Jr--we might recall a Russian folk saying: lie, but lie with moderation. Here instead we have an explanation lacking in moderation--and totally lacking in imagination. It is a downright insult to one of the Soviet Union's neighbors which has tried hard to pursue a correct neutrality policy toward the superpower. Similarly the route of the sub was a grave violation of Sweden's territorial waters and thus of Sweden as a nation. The gravest violation in peacetime according to the country's defense chief.

The episode is also an unusually clear reminder that Soviet reassurances about respecting the sovereignty of neighboring lands and thus the body of agreements that regulate relations between states cannot be relied on. There are not many more serious charges that can be made against a government for in the final analysis world peace depends on respecting such agreements. It is the very credibility of official Soviet statements about Moscow's interest in having orderly relations with neighboring states that has been shipwrecked on the rocks off Karlskrona.

After the episode--and especially after the report that another submarine had been spotted in Swedish waters yesterday--it is more difficult to brush aside previous reports of submarine sightings as daydreams, visions and imagination. This applies to reports from Norwegian as well as Swedish waters. For it is not easy to believe that this is the only time a Soviet submarine has been within the territorial limits of a Nordic land illegally. Since half a day went by between the time the sub went aground and the time it was discovered it is easier to assume that much could be done to step up security, at least in the waters close to vital Swedish military facilities.

One can't be any friendlier with a neighbor than the neighbor wants you to be, as they say. The episode in question here has already had the first consequences for Sweden's relations with the Soviet Union. A sharp protest, a resolute no to a cool Soviet request that they be allowed to pull the sub off the shoal themselves, and a cancellation of a planned visit by the defense chief to Moscow in about 3 weeks. Such reactions are absolutely in order. A price must be paid when a land acts as the Soviet Union has toward its neighbors. If the episode leads to Moscow realizing in the long run that decent behavior usually gives better results than unrestrained espionage and unchecked violations we see a chance for positive effects. But we are faced with an old and worrisome pattern and in the past the Russians have chosen to make violations even more serious by adding insult to injury.

6578
CSO: 3108/11

OSLO PAPER WELCOMES INCREASED DEFENSE EFFORT

PM051701 Oslo AFTENPOSTEN in Norwegian 29 Oct 81 p 2

[Editorial: "Our Most Important Task"]

[Text] The efforts we jointly make to create a safer and better society would be of relatively limited value if we did not also pay attention to the most important of all national tasks--keeping our defenses in order. Fortunately among responsible parties in Norway there is no disagreement that a government's foremost task is to preserve the country's security. Of the utmost importance in this context is the work to prevent war. We must see to it that at all times we have a defense which makes a potential attacker find an attack on our country so little tempting and so costly in military terms that he desists. For this reason the maintenance of a credible and effective defense force is the best contribution we could make to an active peace policy. Nor should we forget that it is the necessary feeling of security which is the point of departure for our work for detente and disarmament.

The new government's inaugural declaration stated that the armed forces will be strengthened on the basis of the recommendations of the Defense Committee. This will necessarily mean that defense spending must be increased, a natural consequence of the proposal, for example, put forward by the conservative. Christian people's and center parties in last years' budget debate, to raise the defense budget by 4 percent instead of the Labor Party's 3 percent. We therefore expect that the government's revised draft budget will accord with this objective. Defense Minister Anders C. Sjaastad more or less confirmed this in an interview with AFTENPOSTEN when he stressed that the strength buildup in the areas close to Norway and the shortcomings in our own defense forces today necessitate an increase in the real budget growth rate every year if the defense forces are not to be weakened.

An important precondition for Norwegian base policy is that our own defenses should be strong enough to prevent, or--if misfortune should strike--to resist an attack "until help arrives." This coincides with one of the cornerstones of Norwegian security policy in general, namely that Norway should be able to receive effective support from our allies in an emergency. We have long been aware that developments in the field of arms technology will make this task more difficult, and it would be irresponsible to ignore the fact that our territory, especially in the north toward the Norwegian Sea, is especially vulnerable. We must admit this and draw the correct conclusions, which must be turned into practical policies.

Our defense endeavors must be seen in the light of the fact that the Soviet strength buildup in the north over the last 10 to 15 years has increased the Soviet Union's chances of cutting off reinforcements for Norway. If we did not do something, our defense capability would actually be reduced. We must attach increasing importance to being able to receive reinforcements in a satisfactory way. The stockpiling of allied materiel in peacetime, the reinforcing of air base defenses and the renewal of equipment in all branches of the defense forces all form part of a concentrated plan designed to maintain a credible defense system.

The new government should see it as a particular duty to step up our efforts in this field.

CSO: 3108/15

NEW ANTI-SUBMARINE LISTENING DEVICES DEVELOPED

Oslo AFTENPOSTEN in Norwegian 30 Oct 81 p 8

[Text] "The Norwegian defense system would have acted exactly the same way as the Swedes have done up to now if a similar submarine problem had turned up in our waters," defense chief Sverre Hamre told AFTENPOSTEN. He said that Swedish and Norwegian defense systems have kept in running contact for the last few days. Hamre has personally been in constant touch with the Swedes on the submarine issue.

Is it technically possible to guard against foreign submarines coming undetected into narrow waterways such as a Norwegian fjord for example?

"It is quite possible to make sure that something like that won't happen from a purely technical point of view but it is a question of money and budget priorities," said General Hamre.

Is it conceivable that 14 hours could go by after it ran aground along the coast until it was discovered in Norway too?

"I have a hard time believing that. The coastal population in Norway has shown repeatedly that it is observant and reacts quickly. It would be very extraordinary if it took such a long time in the same kind of situation in Norwegian waters," Hamre said.

He did not want to speculate about the motives the Soviet submarine might have had for being in Swedish waters. From some concrete cases in Norway a few years ago it is known that Soviet submarines have been used to put agents and supplies ashore. After that time there have been some occasions when the armed forces felt 100 percent sure of having made contact with submerged foreign submarines but these were not identified.

The defense chief called the Soviet conduct in Swedish territorial waters "incomprehensible" and he expressed amazement that they had penetrated an area that is also subject to military restrictions.

Norwegian defense will keep a close eye on further actions and reactions according to Hamre who expects that all the information will be studied in context later on in order to learn from the episode.

Hamre did not wish to comment on whether Norway had stepped up its readiness in any way.

After earlier submarine episodes in Norwegian waters the Defense Research Institute developed a special sonar. Due to lack of money it was not put into production, research leader Henrik Nodtvedt of the Underwater Research Division told AFTENPOSTEN.

"The intention was to make the sonar cheap enough that the armed forces could afford to buy and operate it. But it didn't work out that way," Nodtvedt said.

Only one prototype of the sonar has been built which can be laid in narrow waterways by helicopter. The listening device is placed on the bottom where submarine listening conditions are best. An antenna attached to a buoy on the surface sends the signals to shore where they can be analyzed. The research institute finished the prototype 2 years ago.

Nodtvedt stressed that the so-called "deployable sonar" is intended for surveillance in limited areas of military interest. It will never be practically possible to keep track of the entire 2500 kilometer Norwegian coastline he said, pointing out that even surface vessels can penetrate Norwegian waters without being spotted if they are not detected by the customs service.

Defense headquarters revealed that in the last year the armed forces have received 15 reports from people who thought they had seen foreign submarines. None of these reports could be confirmed.

6578
CSO: 3108/11

RIKSDAG CRITICIZED OVER USSR SUBMARINE INCIDENT

PM061707 Stockholm SVENSKA DAGLADET in Swedish 30 Oct 81 p 2

["Defending Freedom"]

[Text] The primary task of the Swedish Armed Forces is to protect the country's and people's freedom and to preserve peace. Making our foreign policy--that is, nonalignment in peace aiming at neutrality in war--credible is also part of this overall objective.

It is of the utmost importance for Sweden to maintain this credibility in peacetime too. This means that both the West and East must be able to assume that Sweden can protect its territory. The West must know that the East cannot make use of Swedish territory for hostile acts in its direction, and likewise the East with regard to actions from the West in its direction.

Our defense capability is of significance not only for ourselves.

If Sweden's defenses do not come up to scratch, the Nordic balance would be so seriously disturbed that the stability which has prevailed in our part of the world would be seriously jeopardized.

It is against this background that the serious Soviet violation of Swedish territory, which was also a protected area, is to be seen. Are our defenses credible when it is possible for a foreign submarine to maneuver into difficult waters and only be discovered after many hours?

This is a question which the Swedish people are not alone in asking themselves. The answer is of crucial importance to our credibility outside our borders too.

The violation of our territory can be said to be unprecedented. But we must also ask the question: Are our resources so limited that restricted areas too are enticing destinations for unwelcome visits?

It is primarily the politicans who must answer this question. The armed forces' objectives are fixed by the Riksdag. But has the same Riksdag granted the armed forces the resources which correspond to the objectives?

Obviously not.

Our long coasts are difficult to keep under surveillance. Not every section can be patrolled continuously. But the navy must nevertheless be able to count on enough resources to prevent border violations in vital areas and to show such strength that foreign powers refrain from trespassing rather than being tempted to do so.

The navy has not been given the necessary resources. Not even the millions geing poured into the shipyards to help them out of their crisis are being used to improve the navy's surveillance capacity.

Do not blame the navy. Blame first and foremost the politicians who have not even used the support given to the shipyards to strengthen the defense forces' credibility.

For the Swedish people the events in the archipelago outside Karlskrona have come as a rude awakening, a very real reminder that Sweden too finds itself in an area where the superpowers face each other and tension can increase rapidly. The strategic importance of the North Calotte has increased. Southern Sweden and the exits from the Baltic have a similar importance. Central Sweden is another interesting area.

The talk of the Baltic as the "sea of peace"--is this even suitable on the demonstrators' placards?

Next year a far-reaching decision will be made. The Defense Commission finds itself in the final stages of its work. Would it not be possible--instead of taking the drama in the Blekinge Archipelago as a cause for internal dissension--to create--in the best sense of the word--Swedish agreement on defenses which are allocated sufficient resources for the tasks which our people entrust to them through the Riksdag?

If not, the politicians should know that the citizens will not make do with verbal expressions of our defense capacity instead of material ones which are our primary contribution to the Nordic area as a region of peace.

CSO: 3109/33

DC'S FANFANI ON POPE'S THIRD ENCYCLICAL

Rome L'ESPRESSO in Italian 27 Sep 91 pp 167-179

[Interview with Amintore Fanfani, former acting president of Italy, senator, Christian Democratic Party leader, by L.Z., date and place not specified]

[Text] L'ESPRESSO: What impression was caused by the reading of the new encyclical of John Paul II on someone, like you, who has been writing on the present-day social crisis for some time now?

Fanfani: My first impression was one of very pleasant surprise, owing to the importance of the subject, to the authoritativeness of its treatment and also because 3 days earlier I had delivered a lecture in the Canadian University of Sudbudy precisely on the obstacles hindering a solution to the crisis raging in the world and on the method of reducing them by stressing observance of the principles of participation.

L'ESPRESSO: What obstacle are involved?

Fanfani: Those obstacles--as the pope points out--are already evident within the capitalist system (coupled with democracy) and within the collectivist system (combined with dictatorship). Important considerations on the ideological faults inherent in each of the two systems are developed in the extensive encyclical devoted to "man's work." And it states what mortifications have come from them to man, intent on his labor to devel the work of creation.

L'ESPRESSO: Have the two systems not actually had some merit?

Fanfani: Aside, at this time, from the great merit had by democratic capitalism in contributing to and expanding political and economic freedoms, while dictatorial collectivism has not done likewise in this field, both systems have corrected in a different way and with different degrees of intensity preexisting shortcomings with regard to production and redistribution of goods, but they have generated others. In fact, the optimistic faith in the free working of human instinct has not been confirmed as fully as Adam Smith and his followers had predicted. In the opposite camp, planning at the top after general expropriation has not given rise to all the improvements predicted by Karl Marx and the practical implementers of his doctrines. And the mistakes by leaders in the democratic capitalist area and dictatorial collectivist area must not be overlooked: power designs, defense concerns, internal protests, international disputes and conflicts, have diverted

capital, labor, discoveries from the path of development to the path of the armament race. Thus, both are drawing aways from the objectives that should theoretically be of primary importance.

L'ESPRESSO: Are these shortcomings without remedy?

Fanfani: From time to time, history points out the mistakes that we make, but that is of no use, if we do not learn from history how to correct what does not work.

L'ESPRESSO: And how can this be cone?

Fanfani: By assisting persons in charge to find time for the pertinent remedies and, therefore, by reducing their other concerns. The most serious of these concerns are instability of world order, upsetting of international equilibrium, the danger of starting serious clashes because of mistaken calculations on the success of one's own surprise initiatives or on the other's capability of holding out. Since 1962, after the tension over Cuba, a truce has, in fact, been made and has even produced good results. If governments extend it with suitable agreements on armament limitation, they will have two great possibilities for removing international causes of friction and for providing for internal reforms. In the first field, with the participation of all those concerned, it will be possible to reach understandings on control of two dangerous conflicts: the conflict with regard to energy (especially oil, but also nuclear energy) and the conflict concerning relations between north and south on the development of backward areas. In the second field, the truce will make it possible to initiate appropriate reforms in the democratic capitalist area and in the dictatorial collectivist area. By intensifying participation in political and economic decisions, these reforms should enable every man to make a contribution of his powers as a citizen and as a worker to development, now made possible by the third industrial revolution announced by scientific and technological innovations, especially in the field of automation, of miniaturization and of data processing. Anyone who persists in believing that something can be done cannot help being pleased by the line of the new encyclical and by the persisten apostolic fervor of John Paul II. It is to be hoped that the new document will offer an opportunity for useful reflections by those who are seeking the innovations needed for making the state, party, labor union and social institutions more consistent with man's well-being.

L'ESPRESSO: You mention labor union organizations. Well, what lesson might labor union organizations derive from the enclyclical? Please mention one.

Fanfani: In order to be consistent with that leeson, then, establishment of specific associations also of technicians and middle-level executives with specific interests and positions of their own to propect should be promoted within the scope of the system. I note that in the last few days, in England, the trade unions have precisely decided to establish in the craft unions a specific place for technicians. If I am not mistaken, in Italy the labor union federations opposed the possibilities of development of association that flourished a year ago after the march of the forty thousand in Turin. The importance of a general application of the principle of participation is emphasized in the encyclical. This participation, applied to the various sectors of the world of labor will be all the more

effective and constructive the more consolidated it is. But I realize that this is not pertinent to the topic now being discussed, but rather a matter that concerns the internal organization of the labor unions.

L'ESPRESSO: Still with reference to the encyclical, how could those who are now negotiating the anti-inflation agreement go along with its recommendations?

Fanfani: There are no specific recipes in the encyclical for solving particular government problems. Our attention is called, however, several times to the validity of some principles whose observance would make it possible to perform labor not only as an activity to be performed in the interest of the one performing it or of the one requesting it, but also as an activity incorporated organically in the whole of the nation's society and even of all human society. This reminder of the reality of a national or even worldwide consortium in which every individual labor activity would be an integral part leads to a resultant meeting between the various conflicting requirements, in order to arrive at their adjustment to each other, finally attaining the great objective, to which the pope calls attention several times, of a general collaboration by all in a better utilization and in an improvement of the labor efforts of every man.

L'ESPRESSO: Let us assume application of the encyclical's guidelines to a concrete case, for example, to the negotiation in progress at present between the labor unions, employers and government for an anti-inflation agreement. How could the enclyclical's recommendations be implemented? In what provisions might they be expressed?

Fanfani: By recognizing a happy medium for each problem, or by sincerely seeking a solution that will ensure adequate remuneration without jeopardizing development and definitely greater participation by each national company in an exchange and in an integration on a worldwide basis that will not promote subsequently making the rich richer and that that will not subsequently make the poor poorer.

L'ESPRESSO: But let us take more specific aspects. Let us take the discussion on wages and wage indexation and let us single out, by way of example, one of the proposals being discussed, the proposal, for example, of labor unionist Marianetti who suggests a modification of the present pay envelope--broken up into a hundred incomprehensible and often illogical items--and to base wages on four fundamental items: a) amount of guaranteed minimum wage, b) an amount with reference to the family burden, c) an amount with reference to the quality of work, d) an amount with reference to productivity. Now, is or is not that kind of proposal in line with the encyclical?

Fanfani: Yes. Reference is made in the encyclical to protection of man's preeminence in all his faculties. This protection is achieved precisely by ensuring a remuneration adequate for individual existence both in the active phase and in the phase of forced inactivity (owing to reasons of health and age), familiay requirements, for personal ability in the field of work, and for a contribution to an increase of productivity.

L'ESPRESSO: What kind of company emerges from the guidelines of this encyclical? A mixed economy company? A comanaged social-democratic company in the German manner? A self-managed company? Or what else?

Fanfani: In general, newspaper headlines have presented the papal document as disapproval of certain features of capitalism and of collectivism together and as a proposal for a third way. I find in the encyclical that the pope did not mention three systems, two actual systems and a hypothetical one. Concerning the two systems now in effect, he admitted that they are being carried out differently depending on the times and the geographic areas in which they have taken shape. Precisely this mention of differentiations might lead to saying that the pope invites a careful observation of the various methods of carrying out the original individualistic or collectivistic plans, in order to avoid general approval or disapproval of overall experiences with errors, but also with significant achievements. The papal document did not invite a preference of specific forms already in operation witOout having made an analytical study of the areas and the historical moments in which those choices were probably made. But he gave some general rule guidelines to be observed, so that man may never be trapped in the variation of the systems--I again repeat the pope's words--in his activity as a working participant in the development of creation, with the use of the faculties with which he is endowed, of the right to life to which he is entitled, of the right to freedom, which allows him to engage in activities useful to him and to the collectivity to which he belongs.

L'ESPRESSO: In short, the pope asks more forms of participation of the capitalist system? And what does he ask of the others?

Fanfani: A year ago, at the end of August, when I was speaking precisely of the Gdansk events, I took the liberty of stressing their positive aspect, interpreting them as an aspiration to a more intensive participation by the Polish citizens in political activity and by the Polish workers in company and national economic activity. Consistent with all that I have often been repeating for years in speeches and in various publications, last Sunday I confirmed, in a lecture in the University of Sudbury that observance of the principle of participation in the choices of concern to the individual is not only a guarantee of freedom for the individual, but also of effective operation of the political and economic communities to which he belongs. The fortune of democratic capitalism is considerably dependent on being paired with democracy. The misfortunes of collectivism depend considerably on being paired with dictatorship. The defects of democratic capitalism reveal, however, that it has to intensify application of the rules of participation in politics, just as it needs a more significant start in application of the rules of participation in the field of economics. And with regard to the dictatorial collectivist system, certain typical differentiations inside Yugoslavia, the events in Poland, several reform proposals repeated several times by Brezhnev in his speeches, reveal that this system is suffering from a lack of participation by workers and the organizations in which they are associated in planning, in economic choices within the company, and while awaiting the final promises of Marxism, meanwhile there is a lack of any conquest that the opposing democratic capitalist system has had the wisdom of carrying out with regard to freedom.

L'ESPRESSO: Mister President, you have mentioned a third way. The pope has spoken of a third way. Berlinguer has also spoken of a third way.

Fanfani: The newspapers attribute to the pope his having spoken of a third way, just as, some time ago, they attributed to Berlinguer his seeking it. I, too, have always maintained that it was wisely necessary to observe in practice the functioning of the two leading systems predominating at present in the world, in order

to reject choices that have proved to be unsustainable, on the basis of the lesson of history. If a third way is found with this method, then I, too, say that the men sponsoring it give appreciable proof of a spirit of observation and of a keen desire for improvement, owing to love of justice and also of freedom.

L'ESPRESSO: There are those who regard the pope's encyclical as an outdated analysis, antiquated matters with regard to the reality of the third industrial revolution.

Fanfani: The first industrial revolution, which started between the end of the 18th century and the beginning of the 19th century, was based primarily on the first applications of steam, on the introduction of machines and on the unscrupulous use of manpower. The second industrial revolution, from the end of the last century to several decades in this century, resulted from the development of professional education and the very large-scale use of electricity. With regard to the third industrial revolution, in progress longer than we normally imagine, the developments will depend on electronics, on automation, on computerization. These innovations will confront us with a very serious problems that occurred already at the time of the first industrial revolution, when machines reduced man's employment and, therefore, gave rise to the problem of unemployment. Intensive use of the above-mentioned devices will shortly lead to an intensification of the old problem. At the beginning of the first industrial revolution, Ricardo gave encouragement to hope by predicting that the production of new devices would bring about a recovery to productive activity of the unemployment of the first phase owing to the new machines. Certainly also in the mature phase of the third industrial revolution this will take place, but beware of the transition period. It will be the critical moment in the third industrial revolution. The papal encyclical shows awareness of this point.

L'ESPRESSO: The pope also refers to the North-South relationship. Everyone talks about the North-South relationship, but no one ever does anything to solve this problem. Rather, right now, this Pannella has been really fasting for the last 20 days and no one records the fact.

Fanfani: Every time that I meet Pannella, I insist cordially that he not fast, but rather that he devote all his physical and intellectual strength to suggest to us practical ways for bringing about a great negotiation between all the peoples of the world, the rich who already produce and the poor who are waiting to see their labor and their income increase. The conferences in which the granting countries decide "we shall do this, we shall do that," have not produced appreciable results so far. It is necessary to apply the principle of participation also in the international field and admit to the negotiation table the people who can give and the people who have to have.

L'ESPRESSO: A world government would be necessary.

Fanfani: On Tuesday evening, when I was finishing reading the pope's encyclical, I concluded precisely that a world government is needed. But until that happens, it might be possible to intensify more the requirement for coordinated worldwide negotiations. In other answers also that I have given in this interview I have emphasized the following: give the men who are to be engaged in the reforms of their respective systems--either capitalism, or collectivism--a truce that will

make it possible to deal with these internal problems. This truce can be achieved, first of all, with a negotiation concerning armament reduction, in order to restore tranquillity against the fear of aggression of of other similar ventures.

Negotiation in the field of world equilibrium, in order to stop the armament race, will provide the necessary tranquillity to the various countries to think of improving their respective systems by correcting them, as was said above. And it will provide a way to tackle two other negotiations, without which the truce would not last and at any rate would be subjected to a severe test. The first negotiation is the one pertaining to energy. We cannot continue to witness unmoved the decisions of the oil-producing countries that shake up the present systems in both areas every 4 or 5 months. It is necessary to introduce some order, to incorporate partial negotiations with a vaster negotiation with the participation of producers of oil energy, producers of other forms of energy in competition with oil and consumers of all kinds of energy. Wherever this negotiation is not started and is not followed through thoroughly, the nuclear armament truce will be short-lasting and will give rise to some disturbing operations two examples of which were the preamble to World War I and World War II, first the steel, and then the power clash.

The above-mentioned negotiation for guaranteeing the truce will need another negotiation, the one between North and South. That is to say, between rich countries that do not know where to invest well, in order to be tranquil, and poor countries that no longer know of whom to beg, in order to be able to use their labor energy for bread and new progress. But this also must be a negotiation participated in by every country holding wealth and by every country holding labor.

L'ESPRESSO: Do you wish to say something else?

Fanfani: I thank you for having offered me an opportunity to speak of the very timely new papal document and with that to point out to the Committee of the Fifteen, preparing for the assembly for renovation of the Christian Democratic Party, serious problems that neither the Committee of the Fifteen nor the assembly can solve without concrete, well-thoughtout proposals. That is not for the purpose of guaranteeing new power for the DC [Cristian Democratic Party], but rather for having it contribute to a defense of democracy and to an earnest promotion of new progress.

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PARTIES GIVE STAND ON ANTI-TNF DEMONSTRATION

Brussels LE SOIR in French 25/26 Oct 81 p 2

[Article by Francis Unwin]

[Text] In today's profoundly divided Belgium, there is at least one point on which all political groups, in the North and South alike, with the possible exception of the PCB [Belgium Communist Party], agree. Everyone agrees that foreign policy is not of great interest to the voters. And that includes the question of the installation of Euromissiles in Belgium starting in 1983, even if it did almost bring down a government. Social and economic problems, with the ubiquitous problem of the communities in the background, must certainly be their basic concern.

However, Sunday's national demonstration is perceived by some of these groups as a possible means of conciliating several thousand voters. The PS [Flemish Socialist Party], the SP [Dutch Socialist Party], the FDF [Democratic Front of Brussels French Speakers], the RW [Walloon Rally], the PCB, the Christian Democrats of Walloon and Brussels have given their official support, and the youth in several other parties will probably also participate. After all, who could favor nuclear proliferation or be against peace?

Certainly not Mr Nothomb, the minister of foreign affairs, who, in a letter to the various organizations, declared his support for most of the text of their appeal and added that it articulated objectives which are, and must be, those of Belgian foreign policy. (For, until it is proved otherwise, it must be assumed that Belgian foreign policy still exists, just like the Red Devils [a soccer team] still exist.) But the minister points out an "inaccuracy" in the document where it notes that "neither the Soviet SS-20's nor the American Pershings are going to improve the security of the European people in any way, but on the contrary they introduce a destabilizing factor." He notes that the document treats the two nuclear installations as if they were both already deployed, with 750 nuclear warheads in place. What should be demanded, he said, is the dismantling of the SS-20's, which would lead to the non-installation of the corresponding American missiles. This obviously sufficed to justify Mr Nothomb's (friendly) refusal, but a number of Christian Socialists will still be in attendance on 25 October in Brussels: mental reservations do not necessarily preclude participation in Sunday demonstrations, as we see from time to time in the Fourons.

As for the "Flemish big brother," he has committed himself unequivocally, notably by Mr Tindemans' statement at the Royal Advanced Defense Institute: if it is absolutely necessary to maintain balance at the lowest possible level, then it is first necessary to re-establish it. This is the substance of the position taken by the CVP [Social Christian Party], which calls itself Atlanticist (in other words, it supports the negotiations starting in Geneva 30 November) and points out that the Soviet Army has between 3 and 4 million men serving 3 or 4 years on active duty. Even so, the Flemish Social Christians also claim to be 90 percent in favor of the objectives of the marchers...Still, their response contains an implicit criticism of the appeal published last Sunday by the Interdiocesan Council, which in a rather confused way urged unilateral disarmament. It has not been sufficiently stressed, however, that the Interdiocesan Council is composed of representatives of private voluntary organizations and that, while the bishops attend its deliberations, they do not have a voice in the debates. One of those silent observers, by no means the least important, Mgr Daneels, has let it be known that he walked out of the meeting before the council's appeal was adopted.

Unambiguous Liberal Position

On the liberal side, the position taken is straightforward. They endorse both the December 1979 NATO decisions: installation of the Euromissiles and negotiations with Moscow.

The position of the UDRT [Democratic Union for the Respect of Work] is also simple. "We have not yet," they say, "considered the proposal." All the same, the Pershing-2's and Cruise missiles are gratuitous....

In the Socialist Party, the Eurostrategic missiles have already felled one victim, Mr Henri Simonet, but he has apparently survived his wounds...The thinking is that they might become a (short-range) political weapon, so they will attend Sunday. Mr Spitaels has expressed regret at Mr Reagan's recent statements "which do serious harm to relations between the United States and Europe." But are they sufficient cause for reconsidering our foreign policy? They will not go that far--only as far as Slaughterhouse Boulevard, the unintentionally symbolic terminal point of the demonstration. And this is indeed wherein lies the fundamental ambiguity of the march...and of the position of the PS, which must know that the voters in its ranks, like many in other parties, are probably more divided over the question than people think.

Mr Van Miert Is Not Alone in the PS

Among the Flemish Socialists, Van Miert and Tobback are, so to speak, keeping their powder dry, and in light of all the circumstances doubtless hope they will not have to make use of it. The PS has not yet taken a position in absolute opposition to the deployment of the missiles in Belgium, no more than it contests our membership in NATO. Mr Van Miert had occasion a year ago to discuss this in the pages of our newspaper, during a debate against Mr Jean Gol (see LE SOIR of 4 October 1980). He said that, even if negotiations in Geneva fail, the Belgian Government must reserve the right to assess the situation before making a decision on installation of the 48 Cruise missiles we are supposed to receive starting in 1983. This stands in contradiction with the letter Mr Martens sent to Brezhnev at the time to inform him that if the negotiations did not reach a successful conclusion Belgium would take the steps agreed upon with its NATO partners. (This did not, however, prevent him from telling

RTBF at about the same time that we were not "NATO's slaves.") Indeed, Belgium's "attitude" (we do not have an official position, only an "attitude;" this is only one example of the inability of our governments to make clear decisions) consists therefore in endorsing in advance the results of the Geneva negotiations, in the hope that the results will be either the famous "zero option" or at least a decrease in the number of missiles to be installed. Mr Van Miert himself refuses to endorse it in advance. But he is not alone in the PS. Willy Claes, for example, has never shown himself to be very excited about the Euromissiles.

The PS, whose position on economic and community affairs is relatively close to that of the CVP, can use Sunday's demonstration to reinforce its "image" somewhat, especially on Dutch television, which is widely viewed in Flanders. And, in that connection, a march unaccompanied by speeches is doubtless less dangerous than a speech unaccompanied by a march. Every faction in each of Belgium's political parties stands to get something out of it, in the last analysis.

This might explain the cautious profiles assumed on the issue by groups like the FDF [French-Speaking Front] which rest primarily on a community base of support. They are there, like everyone else, in favor of peace and verifiable disarmament--but they would rather talk about something else.

The RW [Walloon Rally], despite its "progressive" position, also has more important fish to fry.

As for the PCB, it is certainly against the Pershing-2 and Cruise missiles, but also against the SS-20's. Must the latter be dismantled? One might pose the question to its very orthodox militants from Liege, for the PCB also has its factions....

9516
CSO: 3100/75

BOLSTERED INNER STRENGTH AGAINST ARMENIAN TERROR

Istanbul DUNYA in Turkish 26 Sep 81 p 3

[Article by Haluk Ulman: "The Only Solution is Strength"]

[Text] Fatal attacks on Turkish representatives and missions abroad by Armenian terrorist organizations have been picking up in intensity recently, the latest example being the raid on our consulate general in Paris the other day by four Armenian youths.

What immediately attracts the attention in this regard is that the Armenian attacks are usually carried out in West European nations -- except West Germany -- by terrorists who go there from somewhere else. There have been some in certain U.S. cities in the past; in fact, our Los Angeles consul general and his assistant were killed, but this was not an organized action but an isolated act committed by an Armenian who lived there. Aside from that, Armenian activities in the United States have been demonstrations rather than killings.

Why do the Armenians choose West European nations, especially France, Switzerland and Belgium, for their inhumane behavior? It cannot be said, in any case, that the police of these nations are asleep or the judiciary organs cowardly, because both the police and the judiciary can be very effective if they want to. It may be true that terrorists are able to penetrate the borders of those countries more easily. Our travelers to Europe are well aware that many bordergates here are pass-throughs for foreigners -- except for Turkish citizens, unfortunately. The basic reason, however, is that the officials and the public of these nations are either indifferent toward Armenian activities or else view them as justified or, at least, with understanding.

Another factor behind the wild growth of Armenian terrorist organizations in recent years is that they have begun to find a varied rooting medium in the Middle East, that is, opportunities for training and establishing home bases. It is now a fact known by everyone that the latest incidents were carried out by terrorists based in Lebanon. One reads between the lines in the press that they are connected with the terrorist organizations in Turkey. It is understandable that those whose goal is first to tear down the Middle East and Turkey and then rebuild them according to their own wishes would see the Armenian activities as useful to this end and would support or even contribute to them. There must be another reason, however, for the mistaken attitude of the Western nations, all of whose interests require the existence of a strong Turkey.

This may even be attributed to the existence of Armenian communities in those nations who always denounce the Turks, who try to make a past war out to be a pogrom, who have the material wherewithal to influence the news media and even may be able to get the politicians on their side through the power of their votes. Now there has also been added to these influences the support and contributions of the Greek Cypriots who have been trying ever since the Cyprus Peace Operation to find other outlets for the bitterness of their defeat. However, the indifference, or understanding, shown by the West European nations towards the Armenians must be sought more in Turkey's absence than in the Armenians' presence in those places... in its absence as to language, religion, culture and economy and now also, for some time albeit temporarily, its absence from the political institutions.

The reason that the European Parliament was able recently to adopt the resolution on the Aegean Sea so controversial in Turkey is not, as thought, either Greece's competence or our incompetence, but this lack of our presence.

Rectification of this absence goes down the road of economic strength, and, if indeed we believe in the need to be a part of the West, down the road of taking our place there once again as a Turkey with a strong social, political and economic structure and a high level of culture and thought. Let us just succeed at this and then see whether, first of all, Turkish consulates can be raided with impunity and no fear of punishment.

8349
CSO: 4654/19

NEW OIL AND ENERGY MINISTER HVEDING DISCUSSES POLICIES

Oslo ARBEIDERBLADET in Norwegian 10 Oct 81 p 6

[Article by Jan Ove Ekeberg]

[Text] "I was shocked by the death of Anwar Sadat. In my opinion he was one of the greatest statesmen of our time. I am afraid that there can be new unrest in the Middle East after this murder."

Vidkunn Hveding is knowledgeable not "only" about oil and energy after spending years as adviser to Kuwait, he also knows a lot about the Middle East and international politics. As incoming cabinet minister he says, "The new government wishes to direct a large portion of the income from the North Sea right into the state treasury. It is not good that this is being done now through Statoil. If this administrative task is taken away from Statoil, the situation will be easier both for them and the authorities.

"An important task for Statoil is to obtain income for the state which it would be unreasonable for a private company to acquire. Hence we use, among other things, a sliding scale which gives Statoil the right to expand its share in a field which appears to be particularly promising. The Conservatives are in complete agreement that such income shall go to the state, but we wish to funnel it directly to the national treasury and not into the company Statoil. With the cooperating parties in the Parliament, the Christian Peoples' Party, and the Center Party, the new government will consider how this will actually be done."

[Question] As a matter of fact there is probably the greatest similarity between the Conservatives and the Labor Party in oil policies matters. Are you concerned about problems with the above-named partners?

[Answer] No, but it is true that, with the exception of the view in regard to Statoil, the distance between the Conservatives and the Labor Party in individual matters has not been great. The differences are deeper in regard to matters of principle. We have committed ourselves to close cooperation with the Christian Peoples' Party and the Center Party in petroleum policies, and we intend to do so. Then we shall see if the Labor Party will go along with some or perhaps several of the individual matters which will be taken up in parliament in the near future.

Statoil

[Question] Why will the role of Statoil in the North Sea be reduced?

[Answer] It is a misunderstanding to believe that the role of Statoil as an oil company will be reduced. We want to keep a strong and vigorous Statoil which will be capable of keeping up with the big foreign companies and will make its contribution to a unified oil situation in Norway. What we want to do is to take from Statoil the responsibility of absorbing enormous common income on behalf of the state. We want to separate the two responsibilities and thereby give the company greater freedom of action.

[Question] How do you think they look at it in Statoil?

[Answer] I don't know. But I do know that, if I were in the top echelon at Statoil, I would feel relieved to get the same businesslike freedom as the other companies, in preference to encountering political roadblocks in business questions.

[Question] Is political insight lacking at Statoil?

[Answer] Absolutely. The Labor Party's understanding as to what kind of political views one can have in a state-owned company is quite exaggerated. When the mixing of business and state control is reduced to the extent we are advocating, one will be far less dependent upon such an insight which in any case would

Tempo

[Question] Do you, as the incoming minister of petroleum and energy regard the objective of 90 million tons of petroleum as a moderate and desirable rate of exploitation, and do you then anticipate having problems with the Christian People's Party and the Center Party, who desire a slower pace?

[Answer] I do not regard the figure of 90 million tons as particularly important. We came up with that figure in 1974, and many things have changed since then. The figure was, of course, also only intended originally to be a possibility. The important thing for me is what requirements the activity in the North Sea will put on Norwegian resources, how the income therefrom will be divided, and the impact of the whole thing on the economic life of the community and on society. The Conservatives and the two centrist parties agree that this basic situation must be thoroughly studied and a basis established for evaluating the pace of petroleum activity.

[Question] Can we expect a more intensified search for oil and gas in the northern region?

[Answer] Yes, we do actually want to increase the pace of exploration in the northern region so that we do not have to make plans in the dark. It is obviously too early to say when actual construction will start, but we should regulate our activity in the south, so there will be a possibility for constructing the fields in the north at the end of this decade if the exploratory drillings up there provide a basis for that.

Atomic Energy

[Question] When you resigned as general director of the Waterways Electricity Board of Norway in 1975, one of the reasons was the lack of political desire to investigate atomic power. Will atomic power be investigated now?

[Answer] No. There is not the same pressure today to expand power production as in the beginning of the seventies, when all policies were based on a continued strong economic growth. The slower growth in the use of energy now is related to the greatly increased cost of that product. This means that we can stretch out our use of hydroelectric power; we have the means and time to wait in regard to atomic power. Thus, we can see the experience of other countries with atomic power.

[Question] Does what you said regarding increasing hydroelectric power further mean that the expansion of hydroelectric power will be accelerated under the former general director of Waterways and Electricity Board of Norway?

[Answer] No. There will be an expansion but not an accelerated one. When the consumption of energy increases more slowly, it does not mean that we won't expand, but the expansion can proceed at a slower pace.

[Question] Your party, the Conservatives, in its program calls for a division of the Waterways and Electricity Board of Norway. Do you see a need for this?

[Answer] I see the need for separating the handling of waterways concessions from planning regarding the expansion of the waterways system. There is a saying about making the goat fit the size of the oats bag. But I want also to say that in practice it has worked well because the Directorate of Waterways has maintained a high degree of independence.

[Question] The Young Conservatives interpret the platform statement to mean that not only the Directorate of Waterways but also the state power plants will be separated from the Board of Waterways and Electricity of Norway. Do you share this view?

[Answer] No. I do not see the same need for state power plants as for the Waterways Directorate. Supplying electricity is by its very nature a monopoly; the market and competition in the normal sense do not apply in this area. I do not regard the activity of the state power plants as a business operation. Hence, I do not think that such a separation would have any great significance.

6893
CSO: 3108/9

MINISTRY FORESEES SIGNIFICANT ROLE FOR SUN, WIND ENERGY

Oslo AFTENPOSTEN in Norwegian 27 Oct 81 p 49

[Article by Georg Parmann]

[Text] New energy sources can contribute significantly to Norway's energy requirements in the future. This is apparent from the source material which the Oil and Energy Department (OED) has gathered in connection with implementing the parliament's instruction on new energy sources. The material on the possibilities of wind power is the most positive. The conclusion is that conditions are good for developing wind power in Norway and that wind power will be competitive in the foreseeable future.

The basic material also is promising in regard to utilizing biomass and the sun as energy sources in Norway. In regard to wave (tidal) power, where up to now Norway has made its biggest research and development effort, the preliminary report is, on the other hand, not particularly encouraging. According to evaluations made by the Waterways and Electricity Board of Norway, power derived from waves on the basis of Norwegian principles, will at the very best provide current at a price of about 2.50 kroner per kilowatt hour. This is in the basic material which OED has received. However, new price studies will be made, and these should be ready in December. According to what AFTENPOSTEN has learned, the investigations show a 50 percent reduction in the price from the three Norwegian wave-power projects. But, even if this price can be reduced still further, it will be some time before electricity produced by wave power can demonstrate itself able to compete, for example, with heating power generated from burning coal.

According to the report which evaluates the possibilities of utilizing wind energy, wind power plants, which could produce between 12 and 32 TWH (billions of kilowatt hours) annually, could be built. The price would be between 19 and 50 ore per kilowatt hour produced, most likely just under 30 ore. This means that wind power could be competitive.

The report on solar energy indicates that this source of energy can already be utilized today in certain fields, for example, in warming water in swimming halls, sports' establishments, and the like. Solar energy has a significant potential for warming houses, but the price of available systems is at present somewhat high. The calculations are based on a kilowatt hour price of between 55 and 65 ore. New answers in the solar energy field will be able to push prices down. In this

connection, the so-called integrated solutions have a particular interest, that is to say, solutions in which the solar energy system is built in as part of the construction of the building.

There is also a special report which evaluates using solar cells to produce electricity in Norway. Here, too, the conclusion is surprisingly positive. A drastic price reduction in solar cells is anticipated.

Biomass also can be a significant source of energy in Norway, if the figures in the basic report on this energy resource prove true. Biomass includes all forms of renewable organic matter such as wood, straw, the manure from domestic animals, biomass in water (algae) and peat. The most interesting prospects for utilization appear to be long-distance delivery of heat based on burning bark, straw, chips, and on compost heat.

It is difficult to judge what the new energy sources taken as a whole can mean for Norway in the future. That will be one of the things for the department to evaluate in complying with the instructions from parliament. One thing is certain, and that is that Norway is only at the starting point as far as research and development of new sources of energy are concerned. Many projects are, at the moment, only ideas or at the testing stage; and money and time are needed to develop new sources of energy. It is, however, clear from the basic material which the OED has that the possibilities are there.

6893
CSO: 3108/9

STATOIL OFFICIAL: NINETY MILLION TONS ANNUAL PRODUCTION SEEN

Oslo AFTENPOSTEN in Norwegian 20 Oct 81 p 15

[Text] An optomistic estimate of the total reserves of oil and gas on the Norwegian continental shelf total 12 billion tons. A yearly production of 90 million tons can thus be maintained until far into the 22nd century. Vice Admiral Henrk Ager-Hanssen, director of state oil, gave this prospective on Norwegian oil activity in a lecture before the autumn conference of the Soviety of Norwegian Economists on Monday.

The geologists calculate that the reserves south of 62 degrees latitude are at least 4 billion tons. If it is assumed somewhat optimistically that the continental shelf north of 62 degrees latitude, which is over seven times larger than the shelf in the south, has twice as much, a total figure of 12 billion tons is reached.

Ager-Hanssen did not exclude the possibility that price developments in regard to oil in the next 3 to 5 years may be weaker than the general price rise, that is to say, a decrease in the so-called real price of oil. But it is hardly likely that such a development will characterize the decade of the eighties seen as a whole. Indeed, he said that a very moderate increase in the need for oil can lead to demand pressures in the last half of the eighties.

It is hardly likely that further technological developments in the energy sector will result in alternatives to oil and gas which will be able to complete price-wise with the resources of the Norwegian continental shelf. This is the view of Ager-Hanssen.

The price level for oil and gas will gradually come to equal the levels of other energy sources. But the price level of energy supplies which could replace oil and gas are considerably higher than the current price level for these sources. Ager-Hanssen said that the production of oil from coal will perhaps be profitable when oil prices reach to $50 to $60 per barrel level.

The increase in cost in connection with the exploitation of finds at steadily deeper sea depths are such that the profitability of such finds is strongly tied to a further increase in the market price for gas and oil. Ager-Hanssen maintained that the utilization of such finds will also entail significant technological challenges which will require the Norwegian development to be in continual interaction with developments in the international oil industry.

The next big construction project on the Norwegian continental shelf is the so-called "Gullblok." Investment costs for the first phase are calculated at 18.5 billion in 1980 kroner. Ager-Hanssen said that, at an assumed prive of 175 kroner per barrel, the investment costs will take 21 kroner, operating costs 34 kroner, taxes and fees 100 kroner, while the companies want to have 20 kroner at their disposition. These figures are undiscounted values expressed in fixed 1980 kroner.

6893
CSO: 3108/9

DGSI DIRECTOR'S VIEWS ON INDUSTRIAL STRATEGY AIRED

Paris L'USINE NOUVELLE in French 22 Nov 81 p 86

[Article by Alain Pauche]

[Text] It is with modesty, but also with precision that Pierre Boisson cautiously commented on some of his responsibilities and tasks in the huge office occupied until a few weeks ago by Jean-Pierre Souviron, director general for industry--an agency abolished and replaced by the General Directorate of Industrial Strategies [DGSI].

Charged with overseeing, on behalf of the Ministry of Industry, the coordination of actions undertaken by the various ministries, the director of the DGSI develops the guidelines of industrial policy and advises his minister on the strategies to be implemented. "Everybody is making industry policy, and it is therefore necessary to coordinate and extract compatibilities." As a corollary, Pierre Boisson has the job of ongoing analysis of the general operating conditions of industrial activities, of proposing adaptations, and of promoting new industries. "We have no miracle solutions," he points out, "but we are sensitive to what I call the biology of enterprises: why does one enterprise develop and not another? Hence the importance of listening in on industry."

The director of the DGSI also has the task of stimulating the regional activities conducted by the industrial directorates of the ministry (Dime [probably DIME: Directorate of Mechanical, Metallurgical and Electrical Industries] DIELI [Bureau of Electronic and Data Processing Industries], DICTD [Directorate of Chemical, Textile, and Miscellaneous Industries], whose autonomy and sphere of activity are strengthened; to coordinate the activities in favor of the PMI [Small and Medium Industries]; and to assume responsibility for engineering, which is revealing as to the role which this new directorate should play. "This sector is very important because of its influence on the whole industrial fabric," observed Pierre Boisson, who insists on "the struggle being conducted abroad by engineering to conquer markets."

Also attached to the DGSI are the Industrial Property Office and the Study and Forecasting Center directed by Christian Stoffaes. Pierre Boisson is also president of the CODIS [Committee for the Development of Strategic Industries], "a reception and assistance apparatus which is kept in good shape but which I am going to improve."

Coordination Rather Than Use of Authority

One can see that the director general for industrial strategies could well become one of the most powerful high officials in the country, as were Jean-Pierre Souviron and Gerard Thery, former director of telecommunications. We would bet that Pierre Boisson will not misuse it.

This native of the Jura, who knows how to "keep in the background with public and private enterprises" and who says that he prefers "coordination to the use of authority," nevertheless knows what he wants: "I am obsessed by action over the intermediate term...but just the same I do not refuse to think of the long term."

He adds: "One can do one's thinking in terms of sectors and channels so as to come up with relationships between enterprises. This is our work, but it is not all of our work."

A head mining engineer, 46 years of age, Pierre Boisson is a former student of the Polytechnique (1955) and of the School of Mines (1957). Before heading the geology and ores section of the Ministry of Industry in 1967 and acting as secretary-general of the Directorate of Technology, Industrial Environment and Mines in 1971, he spent part of his career in Algeria. He was technical adviser of the director of industrialization in 1962, and deputy director-general of the National Iron and Steel Company in 1965 and negotiated with the Soviet Union, Italy, and the Federal Republic of Germany for the resumption of construction of the Annaba plant. He was director of development in the BRGM [Office of Geological and Mining Research] in 1973 (evaluation of mineral discoveries), and was appointed 4 years ago director-general of the French Mining Company, a subsidiary of the BRGM.

6108
CSO: 3100/86

BRIEFS

TRADE WITH SOVIET UNION--The head of the Soviet trade mission in Greece, Mr Valentin Novakovski, called on Minister of Commerce Nikolaos Akritidis yesterday and discussed topics related to the development of trade exchanges between the two countries. Mr Novakowski told Mr Akritidis that the Soviet Union is ready to implement the agreement on the purchase of Soviet oil in 1982 which provides for the supply of two million tons. [Text] [Athens ATHENS NEWS in English 31 Oct 81 p 9]

NO PARTY ON INVESTMENT LAW--The main opposition New Democracy Party, in an announcement yesterday, defended Law 1116/81, providing incentives to investors as a "complete, harmonious blueprint" for encouraging investment efforts. The law, the New Democracy statement said, uses rigorous criteria in evaluating proposed investments, and has the advantage of drawing half of its budget from the EEC's Regional Development Fund. EEC aid, the announcement said, is estimated to reach 1 billion drachmas in 1981. With PASOK's coming to power, the statement continued, investors were waiting for positive signs from the new administration in order to continue their efforts. Reports about freezing of subsidies granted under the law, however, have discouraged investors and have slowed down to a halt investing activity, the announcement added. [Text] [Athens ATHENS NEWS inEnglish 31 Oct 81 p 9]

EXPLANATION FOR HUGE DEFICIT--New Democracy circles, responding to a government announcement on the state of the Greek economy, said late Friday that the deficit of 119,085,000 was caused by subsidies paid for farm produce and expenses incurred for unexpected events, such as the earthquakes. The circles added that there was a suspicion that what was being said about economic chaos was meant to prepare the people for large-scale new taxes. After pointing out that the deficit of 119,000 million dr. was much lower than the figure PASOK had quoted during the election campaign, the circles clarified that 20,000 million dr. had been spent as a result of the earthquakes, another 17,000 million to make up for the revaluation of the dollar, and several million of dollars for the purchase of three million tons of oil. [Text] [Athens ATHENS NEWS in English 1-2 Nov 81 p 4]

CSO: 4600/110

INDUSTRIAL GROWTH MARKED; AGRARIAN SECTOR IN DOUBT

Istanbul CUMHURIYET in Turkish 13 Oct 81 p 5

[Report by Osman Ulugay]

[Text] The significance of the agriculture sector in Turkey has been stressed on many occasions recently. Leading Turkish industrialists such as Sakip Sabanci and Vehbi Koc have repeatedly emphasized the importance of the agrarian sector and have expressed their intention to invest in that area. Institutions like TUSIAD [Turkish Industrialists' and Businessmen's Association] have initiated advertising campaigns stressing the importance of agriculture. Meanwhile in various forums, such as the "Ataturk and Agriculture" seminar which started yesterday, attention is paid to the importance of agriculture and measures are sought to utilize more effectively the agricultural potential of Turkey which, as it has often been said, is one of the seven countries in the world which can feed itself.

It is a fact that the agrarian sector maintained its growth rate--even if only to a limited extent--in the period from 1978 to the present--during which time the industry and trade sectors suffered serious setbacks--and thus prevented Turkey's gross national product (GNP) from suffering larger declines. Taking 1978 as the base year the index of the contribution of the industrial sector to the GNP has dropped from 100 to 95.1 in 1979 and 92.2 in 1980. In the trade sector the corresponding numbers for 1979 and 1980 are 97.1 and 93.9 respectively.

The contribution of the agrarian sector, on the other hand, has risen from a base index of 100 in 1978 to 102.8 in 1979 and 104.5 in 1980. As a result of the ability of the agrarian sector to maintain growth during the crisis years it has been possible to keep the decline in the GNP at 0.4 percent in 1979 and 1.1 percent in 1980. If the agrarian and construction sectors had declined at rates similar to those of the industrial and trade sectors during 1979 and 1980 Turkey's national income would exhibit sharper drops and the country would face a more severe case of impoverishment.

The estimates of the State Statistics Institute [DIE] for the 1981 GNP reveal a complete reversal of the trend of the past 2 years; while a speedy expansion is foreseen in the industrial and trade sectors, figures show that the agrarian and construction sectors have entered a stagnation period. In its July estimates the DIE had forecast growth rates of 6.8 percent for the industrial sector and 5.5 percent for the trade sector. In its September estimates announced last week, the DIE has increased these figures to 8.2 percent for the industrial sector and 7.1 percent for the trade sector. Among the subsectors of the industrial sector the growth rate

estimate for the manufacturing subsector has risen from 6.9 percent in July to an incredible 8.4 percent in September, while in the energy subsector this figure has been reduced from 7.3 percent in July to 6.7 in September. Despite these optimistic forecasts, however, it is to be noted that industrial output for 1981 still remains below 1978 levels.

The growth rate for the construction sector is estimated at only 0.8 percent. It is estimated that the Gross Domestic Product will rise by 4.0 percent in 1981 and that the Gross National Product, with the contribution of import generated incomes, will rise at a real rate of 4.4 percent.

According to September forecasts of the DIE the least favorable developments are expected in the agriculture sector. The estimated growth rate for the agrarian sector in 1981 has been reduced from 0.9 percent in the July forecast to 0.5 percent in September. DIE officials have attributed this drop to declines in the output of potatoes, sunflowers and tea leaves. Whereas the DIE's September forecast assumes the wheat crop for 1981 at 17 million metric tons the general opinion is that the wheat crop will be between 13 and 14 million metric tons. In the event these estimates turn out to be correct, it is reported that even the estimated 0.5 percent growth rate will not be possible to realize in the agrarian sector.

This stagnation in the agrarian sector, which has shouldered the brunt of the economy in years of hardship, must be evaluated as a "serious warning." For years no radical reorganization effort was undertaken in the agrarian sector because of political reasons. It is to be recalled that the elements that kept the production going in the agrarian sector were low expenditures and attractive support prices. Consequently one must take into consideration that if subsidies are reduced agricultural production will be adversely affected. Therefore reorganization measures must be phased in without delay while expenditure and price subsidies are reduced or eliminated altogether. Delays in action in this matter can cause the emergence of the possibility--no matter how distant--of Turkey being unable to feed itself and facing a rising unemployment problem.

Development Index of Various Sectors in National Income (1978 = 100)

SECTOR	1979	1980	1981*
Agriculture	102.8	104.5	105.0
Industry	95.1	92.2	99.7
--Manufacturing	93.6	89.8	97.4
--Energy	104.1	107.5	114.6
--Mining	104.5	106.5	113.5
Construction	104.2	105.0	105.8
Trade	97.1	93.9	100.6
Gross Domestic Product	99.1	98.4	102.3
Imported Income	152.9	115.8	157.7
Gross National Product	99.6	98.5	102.8

*September estimates for 1981 figures
Source: State Statistics Institute

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ULUGAY REVIEWS IMF POLICY, ITS CONTRADICTORY IMPACT

Istanbul CUMHURIYET in Turkish 19 Oct 81 p 5

[Article by Osman Ulugay]

[Text] The complaints and requests of our businessmen and, in particular, our industrialists that have gradually gained prominence in recent weeks center around three basic issues. Our industrialists would like to have examined the topics of dealing with inflation, henceforth, not harshly, but in an "agreeable" manner;of revising the monetary-credit policy to ease, at the least, the financing problems of the sectors that are in serious difficulty; and of looking at the situations of firms that cannot direct their products abroad. They would like all this to lead to the possibility of broadening, to a great extent, domestic demand. If these measures are not taken, it is reported, firms that are experiencing and will experience serious financial problems may fall into situations that are not wanted at all and may drag various other firms along with them.

In an environment that generates these requests, the expectations from the Turkish economy in the near future can also show diversity. It can be seen there are still those who miscalculate and expect the monetary-credit policy to be relaxed, the domestic market to be rejuvenated, and the good old days to return. In this respect, careful examination of the report prepared by the IMF to be discussed with Turkish officials in December bears great importance. The report is of the quality to provide a more accurate perspective to the optimistic statements of some officials and the optimistic expectations of some labor leaders.

The complete text of the IMF evaluation just recently came into our hands. It points out that a large percentage of the economic program Turkey promised to apply in the first half of 1981 was carried out, but stressed that "official foreign aid and commercial foreign credits were much lower than estimated." It notes that rising international interest rates have also increased the burden of Turkey's interest indebtedness and states, "Even if there is noteworthy progress in the second half of the year, it is clear that net capital and resources for 1981 will remain far below what had been sought when the 1981 program was prepared. Furthermore, the

possibility that foreign resources will be limited further in 1982 can be seen on the horizon. All of this makes it necessary for Turkey to intensify its stabilization efforts." (IMF Report, page 7)

The report clearly states what is meant by the IMF's words, "intensify stabilization efforts." In summary, the IMF wants Turkey to:

1. Tighten up its monetary policy further. Hold currency demand to a level such that there will be a nominal revenue increase of 45 percent at the end of 1981 and such that a further decline in inflation in 1982 can be ensured.

2. Allow for no concessions at all in its fiscal policy and refrain from increasing public expenditures in particular.

3. Limit the public resources appropriated to the KIT [Public Economic Enterprises] and reduce these organisations' deficits by making frequent price adjustments.

4. Pursue a variable rate-of-exchange policy, speed up the process, and strengthen measures that will ensure that existing resources will be channeled to sectors directed toward foreign sales. Introduce measures that will discourage sectors directed toward the domestic market.

5. Firmly maintain policies that limit wages in order to control inflation on one hand and to keep down costs of production directed toward foreign sales on the other hand.

On various pages of the IMF evaluation, which notes that the private sector's net investments fell by 40 percent in the past 3 years and that unemployment has risen to 15 percent, the importance of diverting resources from the public sector to the private sector is discussed and the need to reverse the trend of declining private investments is emphasized.

When we place the IMF evaluation and requests side-by-side next to our industrialists' requests, an interesting contradiction comes out. The policies proposed, taking into account the shortage of foreign resources in particular, by the IMF, which seeks the strengthening of the private sector in Turkey as in other countries, are seen as being the type that will strain to the breaking point and even topple a considerable portion of the private sector.

There is no doubt that it is not the IMF that is responsible for the establishment of unplanned industries in Turkey. For this reason, in the face of policies set down as conditions by the IMF that will leave out in the cold and spell the end to unsupported structures in these industries, it is necessary to stop and ask if it is the IMF or if it is something else that is guilty. In fact, another point that must be considered is whether or not a model other than that designed by the IMF and similar organizations can be developed in order to straighten out the economy of

Turkey, whose opportunities to secure foreign resources are, as the IMF clearly states, extremely restricted. Those who are prepared to dig the graves for a portion of our industry when carrying out the IMF proposals should probably be thinking about other alternatives as well.

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DINCKOK DISCUSSES HIS WORK ETHICS

Istanbul DUNYA in Turkish 3 Oct 81 p 2

[Report by Gulcin Telci]

[Text] This week our guest is Raif Dinckok, the owner of one of the largest textile establishments in Turkey. Those acquainted with the industry will immediately recall the enterprises associated with Dinckok's name: Aksu, Akal, Dinarsu, Aksa and side operations of these great factories.

Raif Dinckok says: "To have a successful career one must first like his field of work; one must like what he is doing."

And then?

"Being attached to one's work like one's child is the principal strength for work. Moreover, the greatest, inexhaustible capital of the business world is honesty. The loyalty of a businessman to his signature or even to his word is more important than capital which represents the strongest force in business. It may not be possible to tell whether the capital of a businessman or an industrialist is increasing or decreasing, but any businessman who makes a wrong move in business life will always have a question mark hanging over his head whenever it is remembered that 'he took this false step in the past,' even if he becomes very successful later on. Therefore the greatest, inexhaustible capital of a businessman is the care and sensitivity he can attach to his signature and his word. It is within this framework that he can prepare his place in the future."

An Effort Begun In Early Life

Born in 1912, Raif Dinckok entered business life while he was still a student at the School of Commerce. About those days he says:

"I entered the world of commerce at the age of 22. While going to school I used to derive great pleasure from working at my father's firm during holidays. At that time my father was in the ready-made clothing business.

"At 22 I went into business independent of my father. At that stage I was doing contracting work. Right before World War II, in 1938, around the time of Antakya's

merger with Turkey, the Ministry of National Defense awarded me the biggest contract I had had till then. My assignment was to supply clothing and equipment for a guerrilla organization which would insure Antakya's merger with Turkey. Although these preparations were made Antakya merged into Turkey without any need to form this organization.

"After the Property Tax [a tax levied on non-Muslims living in Turkey in 1946] I was in the center of the textile business. I built my first textile factory in 1951. I entered the textile industry with the 'Aksu' plant we built in the Bakirkoy-Veliefendi area. At the time there were 200 workers employed at Aksu. Today that enterprise alone employs more than 3,000 workers.

"We have now built several plants in the textile field and in other related fields. Some of these are joint stock companies open to public ownership. The industrial installations which I direct and administer employ a total of 8,500 employees. I am the Chairman of the Board of Directors of Aksu and my son Omer Dinckok, is my deputy."

Aksa, Akal, Dinarsu

Later on Raif Dinckok provided information about the industrial installations he built after Aksu:

"Of these installations, Akal is Europe's most modern acrylic yarn manufacturer. The factory produces yarn out of acrylic fiber. The company was established in 1974 with stock ownership open to the public. Currently 1,500 workers are employed at the factory and a major portion of its production is exported to markets abroad; the remainder is marketed in Turkey."

The Akal factory is managed by Raif Dinckok's eldest son, textile engineer Ali Dinckok.

Let us hear about Aksa, the Acrylic Chemical Industries, Inc., from its founder, Raif Dinckok:

"The factory began production in 1971. We began our efforts to build the factory in 1968. We imported its machines from the Italians. This factory produces the raw material used by the entire textile industry. This material is used in the textile industry in place of wool. It is as durable and as insulating as wool and it can be used in more lively colors in all types of textiles as well as in carpeting, curtains and other knit products. The factory is the largest in the Balkans and it rates fifth in the Western countries.

"As a result of continuing strong demand from abroad, we are now working to double the capacity of the plant. We have already obtained the export guarantee and incentive documents. We will realize our objective within 2 years. Our products are acrylic fiber, tow and tops. We export our products to Western countries, such as Italy, France and Germany, as well as to Iran and Egypt. The quality of our product is better than those produced in Western countries. As a result we are facing a strong demand and we have no difficulty in marketing our entire production which is 50,000 metric tons a year. Of that 30,000 metric tons are consumed as raw material by around 200 domestic textile industries. As I said previously, we have obtained the necessary documents to raise our capacity to 100,000 metric tons to meet the

continuing demand from foreign markets and our expansion efforts are under way. Aksa is also a joint stock company with share ownership open to the public. The company was established through the partnership of Is Bankasi and the Industrial Development Bank."

Devaluations

As a result of Turkey's economic confusion in the last few years, Raif Dinckok has had to suffer the problems many other Turkish industrialists have encountered. During the initial expansion of Aksa he had to pay 550 million Turkish liras in payment of a $10-million World Bank loan instead of the originally planned 135 million Turkish liras because of the intervening series of devaluations. Fortunately, today's figures make this "exorbitant" payment easy to forget. Says Dinckok: "In current figures, a plant like this cannot be built in our country for less than 12 billion Turkish liras and it would be 5 years before it went into production."

Among Aksa's experiences is the complaint filed by the Italians to EEC authorities. Dinckok told us the story:

"Most of the Italian acrylic plants are state-owned. Some time ago they filed a complaint with the Brussels headquarters of the EEC claiming that we were dumping our product at a price lower than cost. Acting on that a three-man EEC investigation team came to our plant and checked our books. In the end they reported to the EEC that we were selling our product at a profit."

Raif Dinckok gave the following information concerning Dinarsu which was established in 1954:

"At that time we used to manufacture cloth only. In 1968 we began manufacturing yarn and carpets. We are still producing yarn, carpeting and blankets. Currently the carpet industry is paralyzed and consumption is at a low. The chief reason is the sluggishness in the construction sector. In order to maintain full-capacity production we are emphasizing exports. We are hoping that we will expand carpeting exports in 1982. In order to maintain full capacity production and a viable working order we must force the export gates; we must force them open. Since no industrialist can personally embark on such ventures, success in this field is possible by the formation and smooth functioning of well-organized export institutions.

"Six years ago we established an export company which would handle the products of similar establishments. Today we think this company is understaffed. Still, in 6 years we have raised our exports from very low levels to $23 million in 1980. We had planned an export target of $50 million in 1981 and we will realize that objective. For 1982 our target is $70 million.

"As our exports increase we can easily channel our raw material products to our industrialists and our end products to our consumers without having to raise inventories."

It appears that Aksa is also eyeing exports. According to Raif Dinckok, this establishment is exporting goods worth $5 million in addition to meeting the entire domestic demand. The comapny offsets its imports with its exports and thus saves foreign exchange.

On the subject of qualities he seeks in executives he works with, Raif Dinckok said:

"In colleagues that I will work with I seek a good level of education, knowledge of foreign languages and an ability to work with pleasure on responsibilities assigned to them. This is necessary for their own success as well. Among people that we work with unsuccessful ones are exceptions. On the other hand, people with exceptional abilities have managed to reach the peak of their respective professional branches by producing more efficient and productive work and by showing that they can handle bigger responsibilities. Such staff member constitute a significant force and support in the success of businessmen like ourselves."

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CRUCIAL RESTRAINTS PLACED ON COTTON EXPORTS

Istanbul CUMHURIYET in Turkish 7 Oct 81 p 5

[Report by Mehmet Yapici]

[Text] Adana--Ekrem Koseli, the Secretary General of the Adana Commodities Exchange, has stated that Turkish cotton exports are becoming increasingly difficult in view of the prices in foreign markets.

Replying to our questions on the issue, Koseli said that cotton prices have been declining on the expectation that there will be record harvests around the world and particularly in the United States. Noting that the current price of cotton is as low as 136 cents per kilogram Koseli said:

"In addition to the expected 5 million-bale rise in the U. S. cotton output, a decline in demand for the commodity in some European countries caused a drop in cotton prices. Cukurova type cotton currently sells for 136 cents in world markets. However, these prices are far below the current 62-lira floor price currently in effect in Turkey. This means that it is impossible to deliver to foreign markets cotton bought at the floor price; there is a large price differential.

"In order to facilitate cotton exports the deduction of 16 Turkish liras per kilogram of cotton applied toward the price support and stability fund must immediately be eliminated. Even that may not be sufficient. In that event other steps must be taken. Unless this course is taken there can be no cotton exports."

The Executive Board of the Adana Commodity Exchange has requested the chairmanship of the Monetary and Credit Committee of the Prime Minister's Office to seek a solution to the problem. Noting that the world cotton prices are continuing to fall, the request says:

"It is observed that competing nations are selling their cotton in accordance with world market conditions and that if we are late in entering the market and making sales it is certain that we will lose orders for the immediate future (October and November) to our competitors.

"As a consequence of the continuing gap between the domestic and the world price of cotton our exporters cannot make inroads into foreign markets. In addition to the negative effect it has on the exporter this situation can lead to such grave consequences as the flooding of the domestic market and the ensuing threat to the value of the producer's crop.

"In the light of the situation we have tried to explain above we respectfully request necessary decisions and actions in connection with the elimination as soon as possible of the price support and stability fund with the aim of securing some conformity between the domestic and world cotton prices and in order to facilitate the timely export of our cotton under best conditions as well as to prevent the collapse of the domestic market and losses to the producer."

Meanwhile, it was learned that cotton traders are withdrawing from the Cukurova buyers' market as a result of the low prices in foreign markets. As a consequence of this trend, CUKOBIRLIK [Cukurova Cotton and Citrus Fruit Agricultural Sales Cooperative Union] is now the sole cotton buyer in the area. The seeded cotton harvest is expected to be around 700,000 metric tons in Cukurova and the South-Southeastern region. It is asserted that CUKOBIRLIK, as the sole buyer, will not be able to handle this load.

Circles close to the cotton market state that CUKOBIRLIK, which will come under heavy pressure during the purchasing period, does not have the capacity to process such large amounts of cotton and that it will not be able to marshal the exports all by itself.

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PERMISSION AWAITED FOR NEW EXPORT BANK

Istanbul CUMHURIYET in Turkish 8 Oct 81 p 5

[Report by Meral Tamer]

[Text] Speaking for the Turkish Export Bank, which is waiting for permission from the government to start its operations, Hayrettin Erkmen, chairman of the Enterprising Executive Council, said that the bank they are going to establish will be a specialty institution and that it will not accept deposits.

Stating that an official application for the establishment of the Export Bank was submitted to the government on 27 March, Erkmen said that they have not yet received a favorable reply to their request since the government is currently working on new guidelines pertaining to the establishment of banks. Erkmen said that they had originally planned to start banking operations around the beginning of 1982 but that in view of the delays they have put off their plans.

Erkmen pointed out that the Turkish Export Bank, for which preparatory work is under way, was started with the initiative and encouragement of exporters who are seeking foreign markets for their products and who, however, do not have the support of banks and large exporting firms. Erkmen added that the export credits to be extended by the bank will carry lower interest rates than those supplied by other banks.

Speaking about the type of operations to be undertaken by the bank, Erkmen said that their goals are to find new markets for exporters, to maintain the continuity of existing markets, to finance exports with credits and to reduce exporters' risks to a minimum through the introduction of an export insurance system.

Erkmen mentioned as future goals the establishment of warehouses and entrepots in new markets for Turkey such as Libya and Saudi Arabia and the introduction of a well-trained and effective foreign exchange service to protect the exporter from losses resulting from currency exchange rate differences when convertibility is introduced. Erkmen said that their objective is to provide fast and efficient banking service--except for bureaucratic obstacles arising from export regulations--adding that with the aid of computer systems to be installed it will be possible for a customer of the bank to learn in 20 minutes how to realize an export transaction.

Speaking about the capital structure of the bank, Erkmen stated that the total capital will be around 2 billion Turkish liras, that the bank will be a partnership consisting of 181 members each contributing between 1 million and 20 million Turkish

liras, that half of these partners are export companies and that the other half is made up of exporters and export oriented producers and carriers. Noting that the share of each partner in the bank is limited to 10 percent of the total, Erkmen said that preference toward the industrial or the agrarian sector is not being contemplated and that, however, most of the partners so far are operating in the agriculture sector.

Erkmen noted that their banking operations will be based on a broad telex and computer network as well as other modern equipment, a limited number of branches and a small number of well-trained personnel. He added that the bank will have its headquarters in Istanbul, that branches were planned for such export centers as Izmir, Mersin and Samsun as well as Gaziantep, the grain center of Southeastern Anatolia, and that the total number of the bank's branches will not exceed five or six.

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ELECTRICITY CUTBACKS TO BYPASS EXPORTING COMPANIES

Istanbul CUMHURIYET in Turkish 12 Oct 81 p 5

[Text] Izmir--CUMHURIYET Aegean Bureau--Private companies with export commitments are now under a protection plan by the Turkish Electric Power Enterprise (TEK). These companies which number around 100, will be exempted from power cutoffs until their export commitments are fulfilled. It has been learned that the plan will be put into effect through an arrangement between TEK and local governments.

Taking into account the reaction of industry chambers against the power restriction program begun 1-1/2 months ago TEK decided on a special program. Considering that a preferential treatment program without any criteria would be too broad-ranging, TEK decided that exports will be taken as the basis for preferential treatment of industrial firms. Consequently only firms which have export commitments of at least $5 million and which can substantiate their claims through the Central Bank will be eligible. Initial results of the program, which began last week, indicate that around 100 companies in Turkey are currently included in the program described as "close protection." These companies will be exempted from power cutoffs in the period of carrying out their export commitments.

TEK officials noted that although the companies under protection, in principle will be exempted from scheduled power cutoffs there can be unforeseen breakdowns in the national grid. Consequently a special dialog will be established between production units and local governments. With this objective in mind a special procedure was decided upon for larger municipalities. In the event there is a power shortage in the national grid these municipalities will be able to ask firms under protection to shift their work hours.

Another point that is interesting in TEK's decision to relax the power restriction program is its permission to larger companies to produce their own power. TEK officials said applications on this issue are being studied and that a reply will be forthcoming in at most 1 month.

In the course of our investigation to learn about the position of the firms under protection, officials of the Aegean Industry Chamber and the Eskisehir Industry Chamber confirmed the close protection program.

TURYAG's Energy Production

Meanwhile, TURYAG [Turkish Oil and Oil Products Corporation] became the first company in Turkey to be permitted to produce power in its own plant. Kamil Haznedar, Secretary General of TURYAG, stated that the required permission was obtained from TEK and that their energy unit will go into production around the beginning of October.

Commenting on the issue, Haznedar said that TURYAG is one of the companies included in TEK's "close protection" program. He added that despite the protection plan they have decided on producing their own power in view of their expectation that in the long term "restrictions" will continue. According to information received the TURYAG energy unit, which will operate at the Turan installations, will have a capacity of 1,300 kilowatts which is sufficient for TURYAG's production needs. Secretary General Haznedar said:

"We evaluated the issue over a 5-year development period. As a result we found this decision necessary. Although we are producing our own energy we are implementing the government's energy saving measures to the letter. For example, TURYAG no longer has any lighted displays. Moreover, working hours have been shifted to off-peak hours."

As is known the law governing the establishment of TEK does not permit independent power production by private companies. However, it was learned that this law is based on a capacity of 1 megawatt and that companies wishing to produce power beyond this capacity will be granted permission to do so.

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GROWING EUROPEAN PACIFISM: CAUSES, FORECAST

Paris LE FIGARO in French 6 Oct 81 pp 1, 2

[Article by Alfred Fabre-Luce: "Cry of Alarm"]

[Text] On its home ground the United States is actively working on weapons intended for the defense of Free Europe, weapons which many Europeans do not wish to receive (according to a recent poll, 71 percent oppose the neutron bomb in the FRG). Neither do those Europeans contemplate strengthening their own military cooperation effort. So apparently they want neither to be defended by the United States nor to defend themselves together. Are they already resigned to throwing in the towel? One might well ask, but they are not asking that of themselves. This whole situation is absurd.

In May, on the eve of an apparently local event—the legislative elections in the Netherlands—, I reported here the rapid growth of pacifism in Western Europe. In fact that Dutch election constituted a new stage in the process which us underway. Today it is once more on the occasion of a local event that I must draw attention to this contagious spread.

This week the British Social Democratic Party is holding its first congress. A poll gives this new party plus the Liberal Party 40 percent of the vote in the next legislative elections if they run as allies before the general electorate. Now then, the Liberal Party has just opted a motion opposed to setting up Euromissiles on British territory which were planned for by a NATO decision. Will people who yesterday were Labor Party members dare to adopt a less progressive stance on this score than Liberal "centrists"? And if they do, will the alliance between democratic socialists and liberals, broken up over such an important point, still be credible?

But for today let us just fix in our memory this extraordinary development in public opinion which has not occurred in Great Britain: Labor and Liberals are openly opposed to a decision which is the test of Atlantic fidelity these days. To be sure, the Conservatives are standing fast. But they are given only 25 percent of the vote in the next election. Only 2 years ago Chancellor Schmidt was saying that the FRG was prepared to accept the new American Euromissiles on German soil if another country "on the continent" accepted them also. Great Britain, already a nuclear power and a pillar of NATO, was not even being taken into account: its loyalty seemed assured. Reminding oneself of this makes it possible to assess how much the situation has deteriorated.

Since the small Western states are faltering to a greater or lesser degree, the "other" country on the continent on which the Bonn Government can rely is Italy. In fact, Italy has provided for a site (in Sicily) where Euromissiles could be set up. But this plan is provoking the same regional opposition among our neighbors as is seen in other countries. Moreover, it is a question of a site "yet to be constructed" (while the German sites already exist). So, for these political and technical reasons, one might wonder if Italy will be in fact prepared to implement NATO's decision by the projected time (1983).

Brezhnev's goal is to get the Western countries to completely "give up" the idea of installing Euromissiles capable of effective counterbattery against the Soviet SS-20's in return for a mere "reduction" in the number of those SS-20's or a "shift" in where they are based on Soviet territory. Whatever the details of the agreement, the USSR would ultimately be preserving the means of destroying Free Europe's defenses with no possiblilty of reaching Soviet territory with similar missiles from Europe. The Kremlin would most likely give up that demand if it found itself faced with genuine Western cohesion. But that cohesion only exists on paper.

All Western governments bear their share of responsibility in this disarray. Let us start with Washington's. While Ronald Reagan was asking the Europeans to accomodate mobile missiles on their soil, he was giving in to the American voters of Utah and Nevada who found the installation of similar missiles on their territory disturbing. Now then, those American states are less built-up than is Western Europe, so the problem presented to them was lees difficult to resolve. The White House has now come back to the idea of refitting fixed sites while awaiting a future solution which will perhaps be merely a redistribution of missiles among permanent silos, vehicles being moved around, aircraft, and submarines. In Europe a solution could be found as well, if people wanted to take the trouble. But American election-oriented maneuvering has not provided a good example.

France inveighs against the threat of the SS-20's but does not anticipate either returning to NATO or backing up NATO's response by expanding its own tactical nuclear weaponry. Thus France finds itself in the slightly ridiculous situation of being a Marius on the wharf in Marseilles harbor cheering his fellow stevedors on to work without lending them a hand.

It is time to utter a cry of alarm, because that cry an still be heard. In the FRG the German socialist party's defeat in a recent regional election seems to herald success for the Christian Democrats in the next elections and a swing by the Liberals towards an alliance with them, which could mark the beginning of a new era. In Great Britain young pacifist militants are attempting to impose their extremist views on more reasonable leaders in the Social Democratic Party as well as in the Liberal Party. Will we see those extremists triumph in the Social Democratic Party this week as they triumphed in the Liberal Party? Let us hope instead for an ebbing of the tide which could spread to the Liberal Party and allow its leaders to recover lost ground. In France a clearer awareness of its danger might lead President Mitterrand to become less sympathetic to the fairly soft compromise he was thinking of before the presidential election and to become more clear-cut in his European policy.

I said that the opposition to Euromissiles is to a large extent the activity of European young people. However, this is not really a conflict between generations.

Older people represent to their juniors what the latter "themselves" will be thinking before too long. (Western Europe has lived through this sort of business before, between 1936 and 1939). Let us imagine what might be the sequence of events by extrapolating from the present facts. Let us suppose that Western Europe finds itself without "theater weapons" and in addition dependent on Soviet natural gas. The USSR would then take advantage of its superiority to present new demands (of a military, political or cultural nature) which people would have trouble seeing as acceptable, even those people who had unintentionally caused them.

In order to prepare public opinion for what is necessary in order to put things right, the public must be made aware of a fundamental fact which it tries hard to ignore. If central Europe were to become a zone of Soviet influence, the fear felt by Germans today would come over Frenchmen as well. They too would start to say that the presence of nuclear weapons attracts danger rather than keeps it away. It is better to state things frankly as they are: the commitment of the United States on behalf of Europe's defense and France's all-out nuclear commitment to its own defense are both uncertain; but if they were to really be mutually supportive of each other, they would create the maximum security we can hope for in a troubled world.

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FRENCH, EUROPEAN DUTY TO PROVIDE SELF-DEFENSE

Paris LE MATIN in French 9 Oct 81 p 13

[Article by Thierry de Beauce, specialist in international problems, author of "Desir de guerre" [Desire For War] and "La France dans le troisieme conflict mondial" [France in the Third World War], Hachette publishing house,: "The Taboo on European Defense"]

> [Text] The assassination of President Sadat seems to have given rise to deep-seated anxiety in Western public opinion. Furthermore, some go so far as to say that "World War III" has now begun. That is an extreme assessment. Nevertheless, the uncertainties which hover over the Near East as well as the tensions which those uncertainties can drag into East-West relations and the North-South dialogue make the European defense issue very topical again. It was recently brought up by the prime minister, Pierre Mauroy, who said that the European partners should reflect together on their defense. Here is the view of Thierry de Beauce, a specialist in these problems.

The East-West conflict is settling in to stay. Detente has lasted a long-time. Politicians are getting themselves set up to do away with it: there is the Brezhnev succession as well as the American outburst. When international relations go in for paranoi, new arms programs match the political escalation. The worst, because it is believed in, becomes a certainty and any respite is a measure of hope.

In a more insidious manner, the North-South conflict increases the areas of risk which are so many Balkan hotbeds spread all over the surface of the globe. Driven to the brink of despair, peoples will surrender themselves to suicide as well as regimentation. Though the wealth of some seems extravagant, there is no sign of help for the poverty of the others.

Faced with so many encircling threats, Europe has given up. It makes itself subject to strategies in which it is not involved: is Europe going to accept the supremacy of the Soviets in tactical nuclear weapons, in conventional deployments, or more simply in the will to win? On the other hand, is Europe going to be subjected to American rearmament and serve as a battleground because of risks which are out of its realm? Just like it did at the high points of the Cold War, the rise of a kind

of hireling pacifism is responding to the resurgence of Atlanticism. German "neutralism" goes together with British conformism. Stuttering along, history is repeating itself, but Europe continues to keep its distance.

However, Europe is the number one affected party. Europe is dependent on the Third World, the Middle East and Africa for its energy and raw materials supplies and, to a greater extent, for commercial outlets. It relies on East-West balance for the right measure of security. Americans have some margin for maneuvering available to them which makes their guarantees rage as less valuable. But Europeans do not have that choice. In all conflicts which are taking shape they are on the front line with recourse to nothing but their cleverness.

Speaking diplomatically, Europeans can fill the conceptual void which too often makes Reaganite analyses into an incarnation of Cold War Manichaean doctrines. In the Middle East people are aware of this and would prefer not to have to content themselves with face-to-face encounters with America, and do this by finding a possible counterweight in a European policy. Therefore, the president of the French Republic's trip to Riyadh had significance of that kind. In Africa there is uneasiness about overhasty condemnation of progressive regimes, the terms and attractions of American friendship, and the rival crusades which beckon to the two big powers.

There remains the problem of defense. A quantitative assessment of the military forces which Europe has available does not justify all kinds of pessimism because it is a matter first of all of a problem of logic. Europe and its neighboring areas, integrated into American strategy, require protection in proportion to the balance which they guarantee. But if they were relatively disconnected from that strategy--which would be no obstacle to their maintaining essential loyalty to their alliances --they would be positioning themselves in a different set of balances. The USSR would have to take this relative disinvolvement into account.

European independence defined in this fashion comes under neither neutralism nor the spirit of Munich; quite the contrary. By asserting its own strategy, Europe would be demonstrating its will to defend itself and to agree to make the necessary efforts. The logic of French deterrance would be rediscovered on a broader scale: this is changing the perspective in which it is seen in order to alter its balance.

The Euromissiles affair is a good example in this regard. The Americans treat it merely as a particular condition of their stragegic dialogue with the USSR: Europe is only one stake among others in the continuing overall negotiation between the big powers. In this kind of context, the countries of Europe are justified in disassociating themselves from a rivalry which is beyond their realm. The build-up of weaponry on their territory does not mean much any longer in the face of the limited objective that weaponry represents. It would be better to bring the debate back down to the scale of their own defense and not to confine their military role any longer to the subordinate levels of an intercontinental escalation.

Aided by a more autonomous policy, Europe, paradoxically, becomes less threatening: one can take its war aims into account and reckon when they will be on the defensive.

Constructing a European defense is at the heart of this readjustment. Of course the kinds of wariness and emotions such an idea would summon up are well known:

Soviet fear and American contempt, if not mistrust among Europeans themselves. France, for its part, might find the insular strategy principle of its deterrence--which has been reaffirmed several times--incompatible with an orientation towards a European expansion of nuclear responsibilities. But none of that justifies Europe's strategic passivity.

By making reference to the notion of European defense at the Institute for High National Defense Studies, the prime minister has triggered a kind of revolution in spite of the cautiousness of the reasons given for that reference: outside the usual rules of thumb of military doctrine, a different policy is being sketched out which does not give up anything we have achieved. France could contemplate putting into a broader perspective her patient efforts at military coordination, discussion with the FRG about nuclear strategy, and bringing together arms industries, but could also contemplate renegotiation of the Atlantic Alliance and a new allocation of responsibilities among Europeans. The Germans, more uneasy than ever about the uncertainties of the American guarantee and not very keen on self-Finlandization, are ready for that kind of discussion.

Before the First World War those Frenchmen who wanted revenge on Germany and were rebuilding their army in obscurity used to say, "Think about it always but never talk about it." Those who believe in Europe have made too much use of that same refrain. Thirty years after the CED [European Defense Community] quarrel, and in a very different context, France, which has become the largest--or the only--military power in Western Europe, has a duty to lift the taboo. When wars are brewing there is urgency. All too soon from now it will seem too late to summon up our wills.

9631
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POLITICAL, ECONOMIC, LINGUISTIC PROBLEMS OF BRUSSELS

Brussels LE SOIR in French 19, 20, 21 Oct 81 p 2

[Articles by Jean Lienardy]

[19 Oct 81 p 2]

[Text] "The Brussels problem": Another one of those expressions in Belgian political jargon that veils more than it reveals. And it veils it well, considering the innumerable tribulations of every kind it has already caused in our country's political life.

Defining the problem as merely an institutional question is somewhat glib; there is also--if not before anything else--a whole socio-economic dimension, one which is felt all the more keenly by the people of Brussels because our country continues to suffer from economic crisis.

Initially we will examine the various aspects of the economic problems facing Brussels and its environs. We will not distinguish between the 19 central parishes and the 6 others on the periphery which also enjoy "facilities": Because the problem cannot be ignored simply by crossing a boundary line. Then we will look at the institutional aspects of the problem. Finally, in the third article, we will review the positions taken by the various francophone parties on the whole range of "Brussels and environs questions."

To look at Brussels from a socio-economic point of view is to examine several sets of factors. All are not equally important, but their impact and combined development make for a kind of portrait of Brussels and its environs, one which is by no means "generally positive."

What are these factors? (1) First of all, because there can be no economic life without it, there is the population. Next come the engines of the economy, that is, industries and enterprises. Finally, there are the resources disposed of by the enterprises for operations and growth, including investment and assistance from the state.

A Population Declining and Aging

The population of Brussels has several deficiencies: It is declining, and it is also aging. And one of the thorniest problems of this great urban center is the presence of a large number of foreigners, which only reinforces Brussels' demographic uniqueness. Compared with the other two regions of the country (Flanders and Walloon), the birth rate of Belgians in Brussels is the lowest. At the same time, the birth rate among foreigners in Brussles is twice as high as among the Belgian population as a whole.

With respect to the death rate, Brusselites have one of the highest in the country; resident foreigners have a death rate 3 or 4 times lower than the Belgian population as a whole. This related to the age distribution of the foreigners, who are much younger. But one immediate consequence is apparent: The population of Brussels as a whole has to support a much heavier social burden as a result of the proportionally higher number of people no longer in the job market.

The economic crisis we are going through has led--especially since 1974--to an overall decline in available jobs in Brussels. This does not count public sector employment. Thus, between 1974 and 1978, industrial jobs declined by some 20.5 percent, while employment in the building trades went down by around 23 percent. At the same time, the overall number of workers receiving unemployment compensation increased by...217 percent. It must be added that the distribution of economic activity between the three traditional sectors (primary, secondary--manufacturing industries--and tertiary--services) is highly skewed in Brussels, by comparison with the other two regions of the country. Leaving aside the primary sector because of its negligible size, the distribution is 78.1 percent tertiary, against 21.9 percent secondary. By comparison, Flanders is 52 to 48 Walloon 57 to 43.

Vulnerable Businesses

Is the perhaps dangerous predominance of the tertiary sector in Brussels the only peril faced by the busineses in the metropolis? Two factors should be considered: First, the size of the businesses, and second their increasing number. Contrary to what is widely believed, the number of big businesses in Brussels is proportionately larger in Brussels than in the other two regions of the country. Defining a small business as one which employs 1 to 49 people, a medium-sized business as one which employs 50 to 99, and a big business as one with 100 or more workers, we see the following regional distribution (in percentage terms): Brussels: 94.40, 2.63, 2.97; Flanders: 96.35, 1.89, 1.76; Walloon: 97.14, 1.48, 1.38. For the country as a whole, the breakdown is: 96.28, 1.88, 1.84.

Brussels' predicament is thus all the more a cause for concern to the extent that the economic crisis has brought about a higher rate of demise among medium and large businesses; particularly since the demise of businesses, and therefore jobs, is not offest by the creation of small businesses. Must one deduce from this that the entrepreneurial spirit is dying out more rapidly in Brussels than elsewhere?

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*A very detailed analysis of Brussels' various problems has been carried out under the supervision of Professors Anne-Marie Kumps, Francis Delperee and Robert Witterwulghe, under the title "The Future of Brussels", published by Publications des Facultes Universitaires Saint-Louis.

Short Shift

Analysis of the region distribution of investment shows that between 1964 and 1976 Brussels' share steadily declined, going from 9.1 percent to 5.1 percent; during the same period, Walloon's share also declined, from 39.2 percent to 31.4 percent of the national total, while Flanders increased from 51.7 percent to 63.5 percent. All these figures underscore trends which seem only to be increasing in each of the three cases.

With respect to assistance from the state, one must note first of all that Brussels has not benefited from all the economic expansion legislation; it has only been able to get full benefit from the law passed 24 May 1959 making credit more accessible to the middle class. But the real distribution of this assistance between the regions shows that Brussels has not really gotten its full share, considering the relative distribution of small and medium-sized businesses in the country (Flanders 54 percent, Walloon 30 percent, Brussels 16 percent between 1970 and 1978). In fact, Flanders received 62 percent of the guaranteed loans provided for in the 1959 legislation, compared to 28 percent for Walloon and only 10 percent for the Brussels region.

Brussels has gotten the same skimpy piece of the pie in the assisted investment in the secondary sector, where in 1978 Flanders received 71.9 percent (even though it has only 59 percent of the businesses in the sector). Walloon received 22 percent (with 29 percent of the sector), while Brussels had to be content with 6.1 percent of the assistance, while its share of the nation's secondary sector was 12 percent.

There are certainly many dry statistics and inter-regional comparisons, all of which lead to the same conclusion: Brussels' socio-economic state of health is hardly glowing. But, as in any illness, if strong medicine is required, it is nevertheless equally essential to avoid giving the patient something that will kill him, or leave him broken and further weakened. Doubtless one should also ask another question: Does "ailing Brussels" not require special treatment, special medications different from those administered to the other regions of the country?

[20 Oct 81 p 2]

[Text] "Imagine the father of a family who cuts two pieces out of the holiday cake and immediately gives them to the older sons and then turns to his youngest and says: "And now we are going to talk about your share!" This is the image used by Professor Francis Delperee of UCL [Catholic University of Louvain] to describe the results of last year's institutional reform as they affect Brussels and its environs.

> Whether the issue is drawing its boundaries, the operation of its institutions, or the budgetary and administrative resources it must have to carry out its responsibilities, the Brussels region is still a question mark.
>
> What we are accustomed to call the "Brussels issue" is one of those ghosts which haunt Belgian political life and adorn its political posters, a Pandora's box which the politicians balk at opening but to which they all claim to be the only one in possession of the key.

While it was forgotten in the August 1980 regionalization, the Brussels region is still very much alive. After all, the famous Article 107 paragraph of the Constitution in the very first line enunciates it clearly: Belgium comprises (Editor's note: Yes, the verb is in the present tense!) three regions: The Walloon region, the Flemish region, and the Brussels region. And the amended text of December 1970....

For the time being, since the lawmakers must still decide on the territorial boundaries, the Brussels region only consists of the 19 parishes of the Brussels bilingual capital administrative district.

The Difficult Problem of Optionality

Where does that leave the parishes on the outskirts? One must first of all distinguish between those that have linguistic facilities and those that do not. Certainly, both belong to the Flemish region; but, because of the large French-speaking contingent, the parishes of Drogenbos, Kraainem, Linkebeek, Rhode-Saint-Genese, Wemmel and Wezembeek-Oppem have been given special status: Both in teaching and in their dealings with the administration, the French-speakers may use their own language instead of Dutch. Can such an arrangement, very controversial in Flemish circles, be maintained indefinitely? In the event the six parishes enjoying optionality are made part of the Brussels region, some Flemish citizens may well say that what used to be an exception was now becoming the rule.

After all, there are many proposals as to the future status of Brussels: Some speak of a "European district" which would be justified by the place our capital occupies in Europe: In a sense, we would be a little Washington in a regime the constitutionalists themselves hesitate to describe as federal. Others would like to see Brussels attached to Walloon. Still others want special status but along the lines of what is already in existence in the North and the South. This too has problems.

There Are Districts...And Districts

Naturally, the regional organs still to be created for Brussels should be filled with/elected/representatives. Now the Brussels electoral district does not have the same boundaries as the administrative district: Add to that the Hal-Vilvorde ward, which is made up of precisely those six parishes with optionality. So, must we expand the boundaries of the Brussels region to coincide with the electoral district, or the reverse? The economic condition of Brussels, which we examined in a previous article, would doubtless argue for expansion, unless one is prepared to doom the region to slow suffocation.

You Said Guarantees?

Once the boundaries are drawn, the Brussles region must still be provided with institutions. Then we are back again to the old problem of the relations between the communities, since one of them believes itself relegated to minority status. And demands guarantees. What kind? Minimal representation in a future regional assembly? An "emergency brake" which could be pulled by the members of that community to block any proposal which, in their opinion, infringes on their interests? Veto rights within the regional executive? All these possibilities are open at the regional level alone.

The list could be expanded at the leve of the parishes: Some have proposed the creation of the position of vice-burgomaster in all of Brussels' parishes, or even a minimal number of deputy-mayors, no matter what the electoral ratio of the communities. These are only a few examples among many; it is not ideas that are lacking, but solutions.

What Resources for What Responsibilities?

Beyond the strictly juridicial aspect of the problem there loom other questions: What financial and administrative resources would the Brussels institutions have? In budgetary terms, so long as the region is not legally organized there will be no regional taxation in Brussels: The budget will be funded only by an appropriation voted by Parliament and distributed among the three regions in accordance with the following formula: Walloon, 39 percent; Flanders 52 percent; and Brussles, 9 percent. That formula takes three factors into consideration: Population, land area nd taxes on individuals. But have Brussels' unique responsibilities--as the capital of the country and the headquarters of a number of international institutions--been provided for in that appropriation?

Similarly, with respect to administrative resources, the question arises as to what linguistic arrangements will exist in the future regional bureaucracy: Bilingualism in the agencies and employees, which is what we have now in the Brussels capital region, or bilingual agencies and unilingual employees?

Who Decides Things in Brussels?

But beyond matters of the budget and bureaucracy, what jurisdiction will it have? At the regional level, some of the issues are regional development, environment, housing. In the absence of a regional assembly, it is the House and Senate that retain the decision-making power.

Community type issues should be divided according to whether they are "cultural" or "personalizable" (those relating to individuals). As examples of the former, we can cite the fine arts, radio and television or continuing education; of the latter, health policy or assistance to individuals.

In both categories, the institutions which, by reason of their activities or their organizational structure could be considered as francophone or Dutch-speaking will depend on their corresponding community assembly. With respect to institutions which are considered to belong to both communities, only the national Parliament will have jurisdiction. But however it is resolved, Brusselites will see the decisions on matters of direct concern to them made by bodies in which they remain a minority: The question of an assembly for Brussels itself thus stand sharply out in need of resolution.

The Brussels question most certainly remains one of great complexity. This is even further reinforced by what one might call the "rebirth" of emotional commitment to Brussels itself: Some people both in the North and in the South jumped too quickly to the conclusion that the apparent indecisiveness of the Brusselites could be exploited to conquer the central region of the country. The compromise on Brussels--as questionable as it is lame--to which the regionalization of August 1980 has led is clear proof of this. And it cannot be said that one will ever forge past an obstacle by indefinite retreat from it. Putting things off until tomorrow, resolve is weakened. Unless, indeed, that is the object....

[21 Oct 81 p 2]

[Text] Every self-respecting campaign platform has at least one section devoted to Brussels and the Brussels region. Each one has its own little idea, and each platform elaborates a plan or strategy, often prefaced with the statement that of course nothing can be done without dialogue or negotiations of some kind. Paradoxically, however, all the parties insist on the urgency of solving the "Brussels problem."

This is not the only contradiction: For example, while the president of the PS [Flemish Socialist Party], Guy Spitaels, emphasizes the close ties which Brussels and Walloon should have in a federal Belgium, voters in Brussels are seeing the walls in the capital city plastered with signs for Henri Simonet, who heads the PS list in the House and proclaims: "Let us save Brussels and Preserve Belgium" with a sweet scent of unitarism....

For the PS, five fundamental principles must guide the search for a solution to the "Brussels problem." In the first place, there can be no question of leaving the problem indefinitely in the hands of commissions. Next, the status of Brussels should be the same as that of Flanders and Walloon, in terms of institutions, authority and resources. Third, the region's boundaries, presently in provisional status, should be redefined: According to the PS, that redefinition must take into account economic viability, sociological consistency and zones where the two communities interpenetrate.

The francophone Socialists intend to address themselves "resolutely" to the problems posed by the francophone presence in the outlying parishes of Brussels: About 100,000 people on the outskirts are expressing a preference for belonging to the Brussels region, and the PS believes that they should be granted that status along with the rights appertaining thereto: That is all they have to say about enlarging the boundaries of Brussels.

The fourth principle maintained by the Socialist is the need to give the region and its parishes adequate financial resources. These resources should among other things take into account Brussels' responsibilities as the capital city and headqarters of European institutions, according to the PS, as well as the unique financial condition of the parishes in the Brussels region. Finally, the French socialists are opposed to any "piecemeal approach" to the Brussels "problem."

We would further note that the PS is in favor of the elimination of the metropolis as a governmental entity, whose jurisdictional authority and employees should be transferred to the region and/or the parishes. Also, the Socialists are calling for the establishment of bilingualism in services and unilingualism among employees in the local and regional agencies situated in Brussels.

Liberals in Favor of Referendum

In the opinion of Mr Gol's liberal reformers, the organization of the Brussels region should take into account Brussels' special situation. It is at once a great city, region, the capital of Belgium where both Flemings and French-speakers live, and the capital of Europe. Brusselites should have the same rights as other citizens,

according to the PRL [Party of Reform and Liberty], and they themselves should manage the affairs of Brussels proper. In the liberal view, it is necessary to facilitate a harmonious development--at all levels--of the Brussels metropolitan area. The boundaries of the Brussels region, they say, should be established in accordance with the freely expressed preference of the inhabitants; which means resorting to a referendum.

FDF: "Master in One's Own House"

"Brusselites, be masters in your own house!" Such is the slogan the platform of the FDF-RW [Democratic Front of Brussels French Speakers-Walloon Rally] is trying to promote as a "strategy for autonomy." FDF-RW no longer wants "regionalization by devolution;" rather it wants to build Belgium (if possible) from the bottom up, rather than from the top down. According to this plan, Brussels and Walloon first need to gain autonomy. Then, Brusselites and Walloons will discuss the merger of various functions. The next stage: Negotiation between Brusselites and Walloons, on one side, and Flanders on the other, over what matters should be dealt with jointly. Any district close to Brussels and Walloon that wants to can join it by voting to do so: This would apply, among other things, to the case of the parishes on the outskirts, but they are not the only ones affected by this FDF-RW proposal, which is serious about breaking out from the "yoke."

The status of other French-speakers living in Flanders will be negotiated with Flanders, according to FDF-RW on a basis of reciprocity with the status of Flemings in Brussels. According to FDF-RW, autonomy for Brussels will also make it possible to reduce taxes, to recoup more of the revenue for Brussels and thereby to stimulate economic activity and create jobs.

In the socio-economic field, FDF-RW supports a special policy for Brussels. For example, with respect to job creation, it calls among other things for assistance to small and medium-sized enterprises, which are especially numerous in Brussels. Autonomy will also, according to the parties headed by Ms Spaak and Mr Mordant, make it easier to resolve the problems posed by urbanization and defense of the environment, just as it will encourage the development of an autonomous and responsible teaching system as well as better organization of sports and cultural activities.

According to the PCB [Belgian Communist Party], what the Brussels region needs to tackle its problems is its own resources and institutions, democratically responsible to its inhabitants. The Communist Party thus proposes direct election by universal suffrage of a regional council set up on the proportional representation system; lists of candidates would be linguistically homogenous, francophone and Dutch-speaking. The regional executive would be elected by the council and be responsible to it; within that executive, each linguistic wing of the council would be guaranteed a minimal representation, in accordance with a formula to be worked out, and members' powers would be equitable distributed.

As an organizational principle for running an autonomous community, the PCB proposes that in any situation which only concerns one of the communities, that community should exercise sole jurisdiction and decide the measures to be taken on behalf of the interests of its Brusselite members. An overall accord between the Brusselites of the two communities would also establish an equitable division of the current bi-community institutions between the two communities. Finally, with regard to

the boundaries of the Brussels region, the communist party believes that this problem, along with that of the rights of French-speakers on the outskirts, should be tackled by negotiations broadened to include representatives of the other two regions.

UDRT: "Provincialist"

The UDRT [Democratic Union for the Respect of Work] has consistently, through the votes of its president, Mr Hendrick, shown its opposition to the state reform of 1980: One of the first arguments advanced being that those most directly concerned, namely the citizens, were not consulted. For the UDRT, it is illusory to try to create a full-fledged region out of 19 parishes which have no economic head-room and, moreover, are virtually insolvent. According to Robert Hendrick, an intelligent state reform could be based simply on the provinces, which have an elected assembly, an executive and administration which has already proven effective; this, according to the UDRT president, would be a happy solution to the Brussels problem, assuming the Brabant provincial administration is completely bilingual.

As for the PSC [Christian Social Party], it seems determined to emphasize the socio-economic aspect of the problems. Thus, among the main priorities endorsed by the French-speaking Social Christians we see regional development, improvement of daily living conditions and economic renewal.

This renewal, according to the PSC, can come about through stimulating the economic function of the capital per se, for example by supporting small and medium-sized enterprises or by looking for broader economic horizons. The Social Christians are also concerned with Brussels' international role and development of its tourist sector.

Convergences?

On the subject of institutions, the PSC endorses making Brussels a full-fledged region. The boundaries of that region should be established by a law passed by a special majority which would provide guarantees of linguistic rights for the six parishes with optionality. In any case, the Social Christians favor a region which is equal under law and equivlent in institutional structure to Flanders and Walloon; a region which would also have the financial resources necessary to normal operations; and finally a region endowed with adequate institutions and capable of carrying out its functions, i.e., an elected assembly with its executive arm that would be endowed with a regional administration and para-regional bodies.

According to the PSC, the negotiations which must lead to the defining of Brussels' status cannot be successfully carried out unless French-speakers are all united; such convergence of views on the part of all the francophone parties also being necessary to guanantee them their rightful share in the state and in their combined control over their destiny within the French community. It should be noted that within the PSC certain trends to thought converge on the concept that [line apparently dropped] return to the provinces (whose number would be increased to 11) should serve as the base for a future Belgian state.

As we have seen, there is no lack of ideas, on the part of the various political parties, on how to get Brussels out of the "deep freeze." Consensus seems to be developing on some points, but not on a broad enough front; in other words, while

all the parties agree on the importance of an essential dialogue and indispensable negotiations, one may well ask whether that kind of initiative can go very far. Without taking the time for discussion...while recognizing that time is pressing.

Moreover, here we have given only the positions taken by francophone groups. These "suggestions" have still to be debated with those coming from their mandatory interlocutors, the Flemish parties. And it must be realized, then, that negotiating the fate of Brussels is really not going to be accomplished by means of amiable drawing-room chitchat, as confused voters may well imagine....

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CAGATAY ALLEGES 'SOME COUNTRIES' READY TO RECOGNIZE TFSC

Istanbul HALKIN SESI in Turkish 16 Oct 81 p 1

[Text] Prime Minister Mustafa Cagatay criticized the policy pursued by the Greek Cypriots toward the positive, sensible, and comprehensive proposals submitted on 5 August.

Cagatay announced that, if it is decided that it is possible for the Turkish Cypriot community to be able to protect its own existence through a decision to be independent, a decision of declaration of full independence can be made.

Cagatay, who asserted that, when making such a decision, the situation within our region and in the world will be studied and evaluated, noted that an important decision such as this one that deals with the fate of the Turkish Cypriot community will be submitted to the federated assembly for its approval.

Decision Can Change

Cagatay reported that, if it is seen to be appropriate to make a decision other than this one in the interests of the community, the federated assembly will review the current decision and alter it as necessary. Answering a reporter's question as to the economic benefits declaration of independence would bring to the Turkish Cypriot community, Cagatay said:

Foreign Aid

"The amount of aid given the Greek Cypriots today cannot be depreciated. Foreign aid, which is provided to benefit all of Cyprus, but which is channeled entirely through the Greek Cypriots, exceeds $30 million. A state that is recognized in the international sphere has the right to direct its own economy. A state that is recognized in the international sphere can benefit from these opportunities, can find the opportunity to overcome, to a great extent, economic difficulties. At this time, we are deprived of this."

State Will Be Recognized

In response to a question, Prime Minister Cagatay said that there are countries ready to recognize an independent Turkish Cypriot state and that information he has received and analyses that have been made indicate that there are other nations that will recognize an independent Turkish Cypriot state.

Embargoes, Usurpation

Prime Minister Cagatay went on:

"The Greek Cypriot side is giving, in advance, evidence that it will not come to an agreement, that it will pursue its own political goals with a policy of embargoes and usurpation. The Turkish Cypriot community cannot be expected to resign itself endlessly to the difficult conditions resulting from a failure to reach a solution to the Cyprus problem, to repression to the point of certain collapse, and to the effects of the unreliable Greek Cypriots' destructive policy. We see that the Greek Cypriots, unable to succeed through guns, are striving to do so through social and economic pressure on Turkish Cypriots and through the application of political blockades. It is the duty of the Turkish Cypriot community not to fall into the Greek Cypriots' trap. This trap seeks to destroy us as a community."

Central Bank

Prime Minister Cagatay reported that, for political reasons, a central bank that could allow the Turkish Cypriot community to manage its own economy and that would give it the opportunity to issue currency has not been established. He said that the use of the Turkish lira as the monetary unit creates several specific difficulties that affect our daily lives and economy.

Council, Consultation

A reporter pointed out that the Greek Cypriots formed a national council in order to pursue their own causes and asked whether or not the Turkish Cypriot leaders have also considered establishing such a council. Prime Minister Cagatay responded by saying that he will hold a consultation on this subject with the opposition parties.

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MITTERRAND SUMMIT ADDRESS

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[Speech by French President Francois Mitterrand given 3 November to open French-African summit conference in Paris]

[Text] At the end of your last annual meeting you agreed to meet next in Zaire. If France is your host today, it is because I personally wanted to receive you all in Paris during my first months in office, as a mark of my own and the French people's interest in and friendship for the peoples of your continent.

We owe this change to the extreme courtest of President Mobutu, who kindly agreed that our meeting be organized in my country, giving me cause to thank him for a gesture that merely postpones our visit to him.

So I should like to extend a very cordial welcome to you all, heads of state, heads of delegation, delegates, observers and guests, who have accepted to join in this conference. The fact that a larger number of countries are present this year opens up new prospects, by making for a richer exchange of ideas and stronger mutual understanding between our peoples.

As far as I am concerned, although it is the first time I am participating in your meeting, I feel I am no stranger among you.

I have long been keenly interested in your continent, in fact, I view it with great humility, for its peoples, traditions, geography natural resources, problems and hopes are so varied that the most informed of observers must make a constant effort of adjustment and can never be sure of grasping everything and understanding completely.

Having often visited your countries, having shared in the past in the responsibilities of French policy in Africa and, at difficult moments, contributed to the emancipation of the peoples of former French Africa, in short, having identified part of my life with that of your continent, I have learned that only the Africans themselves really know and understand Africa.

I am all the more conscious of this from having had the advantage, in the recent but also the distant past, of meeting quite a few of you and more especially those who were my colleagues in various assemblies. Your Doyen, friendly President Felix Houphouet-Boigny to whom I should like to pay friendly tribute here, is well aware of the community of ideas, the common battles, the solidarity and friendship these memories call to mind.

Today Africa has come of age. Its countries, or almost all of them, have joined the concert of nations and their voices are heard a little more clearly every day in the international institutions. Africa has realized the weight it carries and its importance. It knows that it too has a message to convey to the world, not, of course, to the effect of eluding its problems or those of its peoples: it simply asks the others to recognize and understand these, and to help solve them in the framework of major negotiations. In so doing, as I see it, Africa is only demanding more justice, respect and freedom for its states as for its peoples.

France has changed her policy in many respects since 10 May. You are not unaware of it, experienced as you are in world politics and particularly French politics. I know how interested you are in the positions of our new political leaders and in the man to whom the French have entrusted the conduct of their affairs for seven years.

I have not yet been able, since taking office, to meet in person all those who are here. And I know that you are naturally asking yourselves questions about our foreign policy, not only because in some cases, as I have said, there are long-standing ties between us, but also because our destinies are still closely interlinked, if only through the bilateral relations France maintains with many African countries, either directly or via the European community.

So I very much hope that you will leave here in a few days time with a better knowledge and understanding of our international objectives, the spirit in which they are formulated and the means whereby they are pursued.

We would confine ourselves to debating our specific problems at this conference, but I think that, considering the authority of the leaders gathered here and the importance of our responsibilities, we have another duty: to discuss together the problems of the world, for you and we form a large part of this world and must have our say in its affairs, not simply think of ourselves as the leaders of our own patches of the planet.

I considered, at all events, that I owed it to persons of your rank and distinction to speak of the general problems, without confining ourselves strictly to those one might call African or French problems.

But I should like to insist above all on two points which are really two guidelines: Firstly, France thinks that Africa will only find its proper place in a world that respects the independence of nations, rejects interference and has means of warding off conflicts and defending peace. Secondly, Africa has a part to play in the efforts to rebalance the world economy between rich and poor.

I shall tell you how France wants to set the example by reverting to her true calling, the one that leads her, as I have just told you, to act through a universal message.

Naturally, this policy France means to conduct or wishes to promote can be pursued to the full only in a world at peace. In this connection, given your responsibilities, the state of east-west relations cannot be a matter of indifference to you, even though we usually conduct our relations in the north-south framework.

Of course you wish that the relations between the two superpowers would never impinge on the problems that are primarily yours. You wish the controversies on east-west realtions would not obscure development questions, and France does not accept this any more than you do. But we have to take account of world realities.

When France had to deal with the problem as we did in Cancun--I shall come back to that in a moment--or as we did in a joint declaration with Mexico on El Salvador, our meaning was indeed that it was not up to the east and the west to settle everything, to decide everything and organize the world around that one problem. Important though I know it is, of course.

On this matter, France has taken up clear positions. Allow me to recall them in simple terms: If the balance of force in the world were upset, peace would be endangered.

For several years each of the superpowers has been seeking to increase its military capabilities, thinking that this was the way of preserving its security. There can be but one step from seeking security to seeking domination. That step must not be taken, this is why I have not hesitated to alert French and European public opinion whenever I have perceived a threatening imbalance. It is why France, a full and wholly sovereign member of the Atlantic Alliance--a defensive alliance in a strictly defined geographical area--but not a member of the NATO integrated military organization, approves of the decisions designed to achieve equality of military and strategic capabilities, but while dreading the arms race once all the cards are on the table, the necessary negotiation will have to get under way.

France means to remain freely in control of her own capabilities which guarantee the independence of her decisions. She is in favor of all forms of negotiation between the superpowers, as well as of those that may take place in the United Nations organization or its specialized institutions, providing that the discussions start from clear premises, which is the prime condition for a frand and, hopefully, fruitful conversation.

Your objective is to prevent Africa from becoming the arena for external rivalries and contradictions of interest.

This is also France's viewpoint and she intends, needless to say, to respect in all circumstances the sovereignty of states and the will of peoples. In particular, she is willing, in this spirit and when such action is in accordance with OAU decisions, to lend assistance and provide the means of guaranteeing your sovereignty.

It is on these terms that the principle of noninterference, so often evoked and so often flouted, will recover its true significance.

Africa and France have a long common history. It was not forged without difficulties or confrontations. Nonetheless, I am convinced that, as the years went by, our peoples learned to respect and like each other. And we want to preserve and even expand this friendship in order to give it its true proportions.

Allow me, having spoken of the problems of east-west relations, to examine also a few of the conflicts currently disturbing Africa, without forgetting the many local conflicts or rivalries of which we must always beware.

One of the most disquieting conflicts currently disturbing Africa concerns the independence of Namibia. After consulting her traditional friends, France decided, at their request, to remain in the group of five and discharge within it the tasks set by the United Nations organization, whose resolution 435 we unreservedly approved.

We are at present developing our efforts. We consider that our presence in that group must not serve as an alibi for interminable negotiations and that a precise timetable must be laid down. For instance, we think that Namibia's independence should be achieved by 1982.

You are all familiar with the second cause for concern: the current situation in Chad. France's policy consists in supporting President Arap Moi, the OAU chairman, in his efforts to help settle this problem. As I said again in Cancun, the reasonable action is to provide the inter-African force that will establish the conditions enabling the legitimate government and President Goukouni Oueddei--whose presence among us I welcome--to conduct his country's affairs and reorganize the Chadian National Army. France, with no preconditions whatsoever, has granted her aid for the reconstruction of Chad, which like all of us, wants unity and independence.

In Western Sahara, the third difficult point, we welcomed the king of Morrocco's initiative and the wisdom of the participants in the two Nairobi conferences that found ways of achieving a possible settlement, so necessary for all concerned, based on the right of the populations involved to self-determination. Here again, France supports the OAU's policy and will back the current efforts in the hope that they can produce results as quickly as possible.

Yes, gentlemen, as you can see, I am broaching in the context of general policy the problems we regard as difficult on which we would probably ourselves need to compare our points of view, but this is indeed what I want to do. I mean to talk to you as friends, as brothers, as the men in charge of your countries, each in the same capacity, and therefore to hold our discussions as between leaders exercising major responsibilities in world affairs.

How could I fail to mention the near east, liable at any moment to blaze up on Africa's doorstep? I shall say just a word about our policy: Israel's existence having been recognized in international law, the means this implies, namely secure and recognized frontiers, must be ensured. Similarly, the Palestinian people will have to have a homeland on which to build their chosen state structures.

Those are the main guidelines of France's external policy in that part of the world.

As you can observe, France is not inward-looking. She seeks to contribute her own answer--that of solidarity--to the economic and monetary problems that determine the future of our peoples. But who can uphold his rights without mastery of his economic development?

Cooperation for development is bound up with the most crucial question of our time. I am convinced of this. It is the fundamental dimension of our policy. We reject the selfish and short-sighted each man for himself and the market for all attitude, north-south relations must be better balanced and governed more decisively by the principle of solidarity.

Between north and south, to let market forces determine everything is to let those who are strong shift the burden of the crisis onto those who are weak. It is to give to international speculators, who regulate commodity rates on the basis of their anticipations or interests, solely their selfish interests, power of economic life and death over millions of cocoa, coffee, sugar, cotton, timber, jute and other producers. It is to subject the development efforts of young nations to the hazards of blind forces.

To rebalance north-south relations is in the first place to accept to discuss them frankly and globally between equals. In Cancun, France pleaded for the resumption of global negotiations in the United Nations, not within the coterie or chapel of a small number of co-opted countries. The problems of food self-sufficiency, energy security, stabilization of commodity rates and industrial expansion must be debated as a matter of urgency.

France will not await the results of global negotiations before taking action. I announced at the United Nations conference on the least advanced countries that my country's public development aid to the poorest nations would be increased to 0.15 percent of its gross domestic product by 1985. As for overall public development aid, it will be doubled, from 0.35 percent of the gross national product, by 1988.

I don't think that there is any contradiction between wanting simultaneously to rescue France--herself in the tempest of the world economic crisis--and her friends the African nations from stagnation, in wanting to combat jointly the most shocking inequalities in France and in relations between peoples, in north-south relations. I would even say that all this forms a whole, perhaps even one and the same theory, one and the same concept of the world and humanity. Yes, in a world where resources are under-used, France and Africa can help each other to achieve full employment of their capacities.

But while undertaking to increase considerably her public development aid, France also wants to alter its logic. The tragedy of under-development will not be solved by introducing cultures or export industries geared to unsuitable technologies and exclusively angled towards the developed countries markets. Rather than this trading capitalism, we should be aiming for an agricultural and industrial development that made the most of human and natural resources and gave priority to satisfying the vital needs of the population.

The food sector is of prime importance. France is ready, and these words will be heard beyond this room, to cooperate with all those who might want her help in developing food crops, training farmers or extending rural infrastructures, but she well knows what are the limits of her means. In any case, without wanting for these structural reforms to get into full swing, she will step up her food aid, where necessary on a multi-annual basis, and she will appeal to the others for a bigger European effort.

Regarding energy, balances of payments and development capacities are encumbered by heavy oil bills. The Nairobi conference showed that all the countries had potential energy resources, sometimes considerable ones, from hydro-electricity, wood--by using biomass--and solar energy, but that a great deal of capital was needed to exploit this potential. In Cancun, France usefully promoted, I hope, a proposed plan to finance third word energy investments through the world bank. In any case, the African countries that wish to develop a strategy for energy self-sufficiency can rely on our support.

As for stabilization of commodity rates, it is a top priority, as I said earlier. France is a party to the lone agreements, that excellent system operating between the European community countries and sixty-one African, Caribbean and Pacific states. In this framework, France is vigorously supporting the Stabex program to stabilize export revenue. The object of this program is to palliate the damage done by staggering and completely erratic fluctuations in rates. Further up the line, France approves of the United Nations integrated program, and I announced in Cancun that we--France--would sign the agreement of June 1980 which will bring into existence the common fund, designed to stabilize the rates of eighteen basic products.

Agriculture, energy, raw materials: These are three sectors where concrete initiatives must replace repetitive speeches.

We are meeting this year in even greater numbers than ever before: Our circle has widened, a fact I think we all welcome. I would like you to know how pleased I am to see you, in some cases to meet you again, to get to know you better and to have a most serious discussion about our problems.

I wonder whether we shouldn't give our annual meeting a title more in keeping with the new frame of mind in which it is held, a more apt definition. It is not fitting to join together a continent and a country in a title, even though that country is mine and I hope, of course, that it plays an outstanding part in our discussions generally. I suggest that we think this over together.

While I attach particular importance to France's voice being more clearly heard on the international scene, I also know that you expect even more of us.

I shall summarize: Respect for our differences must be coupled with the closest and most active solidarity between us. Each of us is free as to his attitudes and objectives. Each must be able to conduct his own affairs himself. But it is a good thing, now and again, to join forces on what unites us. We may be better heard elsewhere. At all events, you can be sure that I, for my part, shall forcefully and resolutely see to it that we are.

I am convinced that our conference will give our efforts new momentun, and I repeat that, here in Paris, in France, in this room, the French people are glad to welcome you.

CSO: 3120/14

JOSPIN: PS-GOVERNMENT RELATIONS, ROCARDIANS, PCF, POLICIES

Paris LE MATIN in French 9 Oct 81 pp 4-5

[Interview with Lionel Jospin by Didier Buffin & Alexis Liebaert: "The State Does Not Have the Right to Make Us Renounce Our Principles;" date and place not given]

> [Text] The energy debate in the National Assembly, along with the debate over immigrants, has shown that relations between the PS and the government were not without their problems. In an interview in LE MATIN, Lionel Jospin, first secretary of the PS, discusses this problem. He also talks about the Rocardians and their fate in the party, his concept of relations with the PCF and the activities of the Right.

[Question] Why did the leadership of the PS decide on a Jospin-Mauroy alliance at the last meeting of the executive committee?

[Answer] There was no Jospin-Mauroy alliance. All the same, there is no law against the first secretary of the PS having good relations with the head of a government which contains quite a few socialists. Especially if it is a spontaneous move on both sides. But in terms of preparing for the [party] congress, there is no Jospin-Mauroy alliance. We have moved to enlarge the majority that came out of the Congress of Metz.

[Question] Under those conditions, why push away the Rocardians?

[Answer] The comrades to whom you allude have botched things up pretty badly. They wanted so badly to be invisible that they have only made themselves more conspicuous. They were so insistent about the fact that they were in agreement with us--even though there were a number of points on which we differed--that one wondered why. Did they think that these differences would be used as a pretext to keep them out of the leadership of the party? If that is the case, they were wrong. It would have been much simpler, to my mind, for everyone to state his positions straightforwardly, and then come to a consensus. It would seem that there is no longer any reason for discord. Yet I hear rumors of contention! So, what can you say...?

[Question] Does it seem to you that the Rocardians are being sincere in their support or only taking a tactical position?

[Answer] At this point in time, I will say that if the congress goes well, their support will have been sincere. I want to believe in it.

[Question] Did Francois Mitterrand personally advise you to come to the agreement with Pierre Mauroy?

[Answer] Honestly, that is an idea we were capable if coming up with on our own. Francois Mitterrand is careful not to intervene like that. On the other hand, he is very anxious to see the PS play its role vigorously. He wants to avoid being isolated in ivory towers. He certainly remains politically and emotionally attached to the men and women who were close to him for 10 years in the PS. I think that he thought an enlargement of the party majority was desirable. We have talked about these things together. But he does not dictate anything.

[Question] Does this mean that, if Michel Rocard had been named prime minister, there would automatically have been a Jospin-Rocard synthesis?

[Answer] There is no automaticity in either case. Remember that at the meeting of the executive committee on 12 September I called on each side to present its drafts. We had discussions with faction B and faction E, and came to a compromise. Discussions with faction C did not get off the ground, because it no longer offered positions of its own. On the other hand, they continued to exist as an autonomous and cohesive group. I think this is what has complicated things. But who says not everyone will endorse the final synthesis, when it seems there is no political discord?

[Question] Shouldn't the party by-laws be changed to reflect this new situation in which the factions have officially disappeared?

[Answer] The factions have not yet disappeared, I know. Despite the existence of a single draft, they will continue in existence right up to the congress. The problem is whether, after that, we will be able to begin a process leading toward real merger. That will depend on political developments and on decisions made by the various sides. The by-laws--the party statutes--should be the expression of the realities and not a substitute for them. That is why, at this point, I do not think it opportune to go lawmaking.

[Question] To finish on this subject, is it not a fact that one of the ultimate objectives of the congress is to significantly diminish the following of the Rocardians?

[Answer] Not at all. The only thing I wanted, along with other comrades who alongside Francois Mitterrand held major responsibilities in the party, was for us to be able to wield a majority on the executive committee. This is a guarantee of stability. We wanted to get it by the votes of the militants in favor of the direction we endorsed. We were not given the option of contradictory votes. That is fine. But neither could we be asked to give up everything. We continued to press our demand. If people thought we were asking too much, the militants should decide. Now it is a question of reaching a consensus, in the federations and at the national level, without alienating anyone important. With the exception of a few elements, that should not be a problem.

[Question] As between the PS state and the "regimented" party, which way will the Socialist Party pursue?

[Answer] To hear you talk, we have only the choice between two evils. We do not want to colonize the state, and the PS, by the very way it operates, cannot be a "regimented" party. If it became that kind of party, it would die. We are already beginning to understand, with the debates on immigrants, energy, and tax officials...that what is under way is a complex dialogue, most often harmonious, but sometimes more difficult, between a living party, accustomed to debating, and a government which is necessarily concerned with efficiency and dispatch. Both have in common the desire to implement the proposals of Francois Mitterrand which were ratified by the presidential elections.

We must be suspicious of simplistic formulations and focus our attention on this living process which will give birth to a new way of using the institutions of the Fifth Republic.

[Question] But your freedom of maneuver is not limited by the weight of presidential authority and the use that Francois Mitterrand can make of "the national interest?"

[Answer] In talking about Francois Mitterrand you refer to the national interest. Buy why do you not speak of the interests of socialism? True, Francois Mitterrand is the embodiment of the state, because he is the head of state, but it is also true that the socialist victories in May and June 1981 were made possible by the popular wave of support that rallied to his side. Look at the decisions he has made since his election! It seems to me that he has been no less loyal to the interests of socialism than to the interests of the nation.

Practical realities in international affairs, for example, might in fact lead him to assess the advisability of certain actions differently from the party. I remember that when we protested against the arrests in Morocco, Francois Mitterrand told me, half-jokingly and half-seriously, and with full understanding of our position: "All the same, I am not going to let you get us in trouble with all the heads of state." I infer from this that the party will have to take on an international teaching mission, to convince various foreign heads of state that we are not under a one-party system and the party is not the state. The state does not have the right to make us renounce our principles; the party has a responsibility not to ignore certain realities.

[Question] You say the state does not have the right. But does it not have the power?

[Answer] I do not believe the men running it desire to do so.

[Question] How do you view the critical factor of communist support for and participation in the government?

[Answer] We are governing together with the PCF. But that does not mean that our differences with it have disappeared, particularly with respect to the speed of change and the assessment of the economic realities.

I have several problems with the budget. But with respect to the options embodied in it (economic growth, reduction of inequalities) and the means for financing it (taxing wealth and high incomes, but also an attempt at wider solidarity), the budget is based on the concepts espoused by the PS during the electoral campaign and endorsed by the people. "Make the rich pay:" this was Georges Marchais's rhetoric. The voters have decided. It is quite natural for differences to continue to exist, but we are bound by a contract. And that imposes obligations on all who signed it.

[Question] Does that mean you find it natural that the PCF should resort to criticism?

[Answer] Yes. Why should it abstain? So long as it does not contest the basic options and does not affect governmental solidarity.

It goes without saying that the communists cannot be the only ones to exercise the right to criticize. The very fact that they criticize, even in a limited way, establishes our own right to criticize them.

[Question] Especially when they exclude Henri Fiszbin and 29 of his friends?

[Answer] As first secretary of the PS, I want to continue to be circumspect about that affair, which in the first instance is an internal issue among the communists themselves. It shows that the evolution of the PCF is not yet complete. Its form of organization, its concept of internal democracy, the way it positions itself within French society--all these questions remain unresolved in that party, it would seem. Regarding Henri Fiszbin, my colleague on the Council of Paris, I will only say one thing: I have not forgotten that, during the period of disunity [of the Left], he was fighting for unity.

[Question] Do you not share the fear of a number of socialists that the PCF leadership may plan to void its contract with the government in 1983, when the municipal elections come around?

[Answer] I am not Nostradamus. I do not think we have absolute certainty before that date, nor do I think we are in absolute jeopardy after it. In choosing to participate in the government, the PCF leadership made a reasonable decision. I do not see at this point what might lead it to modify its decision. It is up to us Socialists to conduct ourselves in such a way that its decision remains the most reasonable one.

[Question] You do not believe the differences of views held by moderates and maximalists within the government could lead the government toward a sort of "centrism" that would accentuate the divergences between the parties?

[Answer] There again you are defining our political orientation in terms of its extremes: a dangerous maximalism and a moderation which is always a little bit shameful. And even if we escape those two dangers, according to you we would fall into a centrism which is apparently equally in vain. And, for that matter, what makes you think there are moderates and maximalists within the government, other than corridor gossip?

Our economic and social course, our concept of transformation, have always been middle-of-the-road: institutional reform, the real and gradual change of society by stages, taking into account economic realities and working for the long-term.

[Question] So you view as a plus the fact that ministers with very different priorities are working together?

[Answer] Yes. But I am not sure that the same priorities come out on every issue. It has always angered me that people assume we in the PS are obliged to take certain tactical positions or that people pigeonhole us in advance in some particular category.

If one wants to make an intelligent, well-adapted decision about a complex problem, it seems to me that it is important for a decision-making body to line up the possibilities, propose various solutions, impartially examine their advantages and drawbacks, before making a choice. Must I draw a picture? Well, on the question of the nationalizations, some said: we are going too far, and it is going to create a problem of confidence, while others said: we are not going far enough, and it is going to create problems of control. This is good. Afterward, one makes the choice.

[Question] The inevitable compromises you have to make with economic reality do not weaken your ultimate commitment to break with the capitalist system?

[Answer] Let us not play theologians! The nationalizations themselves, for example, are a rupture, but also a compromise. Every rupture is a compromise. One might even say that, over a longer term, that break will result from a succession of compromises.

[Question] At what pace?

[Answer] The rate of change must be economically sustainable and socially accepted. It is the aim of our politics to achieve that.

[Question] Do you fear that the Right, now that it has been beaten at the political level, will try to get back on the economic level, for instance by means of support from employers?

[Answer] Some Rightist leaders have identified themselves so much with the power they held that they are unwilling to go along with the change that has come about. But the Right is also divided, it has to deal with leadership problems, it is in serious trouble, to say the least. Look at Jacques Chirac's press conference. Not a hint of a program!

France does have privileged social classes that have great power in everyday life. If they are interested in political matters, let them make use of the Rightist parties. But to venture forth openly with economic weapons on the terrain of politics would run the risk of leaving themselves vulnerable.

The employers are always talking about their economic function. They have often spoken of industry as a production site the neutrality of which must be respected. It would not be reasonable to expect that they should be the first to forget that today.

9516
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PS DEPUTIES' ROLE, GOVERNMENT RELATIONS ANALYZED

Paris LE MATIN in French 9 Oct 81 p 4

[Article: "Party-Government: A Balance Difficult to Find"]

> [Text] How does a Socialist Party [PS] with an absolute majority in the National Assembly and some of its leaders holding the key positions in the state go about designing and implementing the path to follow? Neither a state party nor an opposition party, the PS would like to be an idea party listening to the voice of France. In that connection, it might be of some interest to take a look at PS-government relations since the victory of the Left.

On 21 June, the night of the second round of the legislative elections, the PS and its 266 deputies found themselves thrust into a position for which they had been preparing for 10 years without ever really anticipating it would become a reality. Party documents of all kinds and statements of position by party leaders, from the Congress of Epinay in 1971 right up to the eve of the presidential election, had largely concerned themselves with the conditions necessary for coming to power, as well as the substance and timing of the reforms to be undertaken once the Right was beaten. On the other hand, they were scarcely ever concerned with the question of what kind of relations would exist between a PS which had an absolute majority in the National Assembly, a Socialist in the presidency, and a Socialist prime minister.

The issue of party-government relations emerged as soon as the first Mauroy government was being put together. The choosing of ministers and cabinet members, many of whom came from the PS leadership, certainly impoverished the party, a number of the people close to Lionel Jospin--such as Jean Poperen, Paul Quiles and Michel Charzat--being given responsibilities. Along with this, it quickly became apparent at the fall congress at Valence--leaving aside the opposition between Mitterrandists and Rocardians --that the issues would center on the definition of the relationship between the party and the government. Two articles, one by Paul Quiles (a Mitterrandist) in COMBAT SOCIALISTE, the other by Michel Charzat (CERES [Center for Socialist Studies, Research and Education]) in LE MATIN, contain quite differing views on this point. The first secretary, Lionel Jospin, for his part maintained his intention of not making the PS a "state party," but rather a force in the domain of ideas. Subsequent events may have cast doubt on that claim. Pierre Joxe and Louis Mermaz, two of the men closest to the president, and moreover men who hardly have the reputation of being unforceful, took positions, respectively, as president of the Socialist Group in the Assembly and as president of the National Assembly.

Did the Elysee fear that a hypertrophied group, consisting for the most part of inexperienced deputies, would drift into incoherence or spontaneous initiatives? Indeed, the government had to move quickly to come to terms with the deputies, who were determined not to abandon their legitimacy as elected officials in their own right. The make-up of the Assembly's committees was the subject of delicate negotiations, not only among the three component parts of the Left, but also among the four factions within the PS. The budget report, in July, gave the deputies a chance to play their role as proponents. We recall, among other things, the initiative of taxing gifts and allotments at the instigation of Christian Pierret, secretary of the finance committee. Similarly, it would be the Socialist deputies (the Suchod amendment), supported by the Communists, who would extend the statutory amnesty to employer sanctions.

The basic question, however, remains: what freedom of action does the party really have in relation to the government? Given the balance of power, does it not, in the last analysis, have to yield? Two issues, immigrants and energy, shed light on the real degree of freedom of action the PS has. In the case of the former, the party's executive bureau, judging the Defferre proposal on foreign workers to be too restrictive, delegated Mauroy supporter Bernard Derozier to plead the party's case. The subsequent internal debate was finally to be resolved by a meeting of the executive bureau, Gaston Defferre accepted several modifications, but on the whole his ideas prevailed. The executive bureau endorsed it by unanimous vote, but for the first time we saw a test of strength between the party and the government.

The second issue was energy. It seemed certain on the eve of the Socialist Group's meeting that a majority supported the recommendations of the Quiles report (only four nuclear allocations instead of six, and suspension of the expansion of the La Hague reprocessing plant). However, an internal vote showed otherwise (106 votes against, 43 in favor and 18 abstentions). Voting in the plenary session, however, the Socialist deputies adhered strictly to party discipline. What happened? After hearing Pierre Mauroy and Edmond Herve, Jean-Pierre Chevenement. Pierre Dreyfus, Laurent Fabius and Jacques Delors...the Socialist legislators lined up in support of the rationale propounded by the government.

Whether out of discipline or reasoning, the Socialist Group acted completely in the spirit of the institutions of a Fifth Republic established on the ruins of the multi-party system; and the last word still belongs to the executive branch, in dealing its parliamentary majority.

"Our role should be to explain government policy, but we should also bring news back, to let the government know how the French people are reacting to a governmental decision," explained Lionel Jospin last month at the PS "parliament days." If the Socialists are in fact playing fully by the rules of majority solidarity, it still cannot be denied that their influence as a pressure group cannot be ignored. We know that it is now obligatory for ministers to go explain their policy not only to the parliamentary group but also to the executive bureau. We also know that it was as a result of the personal intervention of Lionel Jospin (on behalf of the party leadership) with Francois Mitterrand that the unemployment tax for government employees was averted.

9516
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ALGERIA'S BRAHIMI COMMENTS ON PARIS TALKS

FMO50957 Paris LE MONDE in French 21 Oct 81 p 4

[Paul Balta report: "Brahimi and Rocard Agree on 'Global' Approach to Cooperation"]

[Text] Minister of Planning Abdelhamid Brahimi, the first Algerian leader to make an official visit to France since Mitterrand's election and even since the trip in January 1980 by Mr Benyahia, chief of Algerian diplomacy, was due to continue the talks he began Sunday with his opposite number Michel Rocard on Tuesday 20 October. He was also due to meet Messrs Delors (economy) and Dreyfus (industry) during the day and then have a last conversation with Pierre Mauroy Wednesday morning before returning to Algiers.

We are exploring what is possible and approaching the problems in terms of our planned objectives for developing bilateral cooperation was the gist of what the two ministers told us. As Algerian leaders have always done, Brahimi proposed the "globalization of subjects" rather than a sector by sector examination. He welcomes the fact that, for the first time, he has found understanding, which he sees as a "new attitude."

"I think it is virtually the only way to succeed," Rocard told us in this connection, but he did not conceal the fact that the question of gas, entrusted to the two "wise men"--Jean-Marcel Jeanneney and Hadj Yalla--remains the most difficult to resolve. For their part the Algerians note that Gaz de France must not make the same "error" as in the early seventies, when it deemed Algeria's demands too high, so that Algeria ended up dealing with the American company El Paso at a higher price. Michel Jobert, then Elysee secretary general, deplored the fact that the French experts had not been more far-sighted.

The Algerians also note that the French quote the price of Dutch gas as a reference, but forget to say that this is within the framework of the EEC and is accompanied, for this reason, by certain compensations. On the other hand, they stress, Norwegian gas is 30 percent dearer, Mexican gas sold to the United States is just as dear as Algerian gas and Abu Dhabi gas supplied to Japan is indexed to oil prices.

The Basis Of "Exemplary Relations"

"We must not just look at amounts spent but take account of several factors and their repercussions on immigration, unemployment: culture and so forth," Brahimi told us. Thus Algeria wants to help in building 100,000 or even 200,000 homes per

year, and France could take part in this on a large scale. "Diverse cooperation in a new style is only possible if the short-term transient view is abandoned," Brahimi stressed.

"If a certain number of existing problems are resolved rapidly, globalization could ensure the success of Mitterrand's visit on 30 November and 1 December by giving Franco-Algerian relations a new model character on a solid and durable short-term, medium-term and long-term basis," Brahimi continued. According to him, such relations "will not fail to influence the north-south dialogue in a positive direction."

"Apart from the traditional spheres, we are exploring all the spheres of cooperation where there is room for innovation," the Algerian minister concluded, while Rocard expresses the hope that the ground will be sufficiently prepared between now and the end of November to allow the two heads of state to define the new directions for bilateral cooperation. Mitterrand's visit, moreover, has been under serious preparation for several weeks by French ministers who have been to Algiers and by experts from the two countries meeting in the two capitals.

CSO: 3100/107

PCF PAPER HITS FRENCH ROLE IN SINAI FORCE

PM061025 Paris L'HUMANITE in French 2 Nov 81 p 1

[Yves Moreau editorial: "Four Europeans in Sinai"]

[Text] The Paris, London and the Hauge Governments will today announce a decision similar to the one which Rome announced on Friday, namely the dispatch of military contingents to Sinai to monitor the implementation of the Camp David agreements which provide for Israeli withdrawal from the last third of this Egyptian desert next April.

These agreements, reached between the United States, Israel and Egypt, included the deployment of UN forces and observers in Sinai. But the United Nations had not even been consulted on this subject, and such an initiative was certainly not likely to receive its agreement, since too many of its members clearly did not want to be associated with measures stemming from agreements they condemn.

Thus it was initially decided that Israel and Egypt would appeal to states willing to send troops to Sinai. "Volunteers" did not pour in, since aside from the United States only the Fiji Islands responded to this invitation.

So, anxious to avoid such a political failure, Washington made new approaches to its allies, notably when Mr al-Sadat died. It was this which prompted the decision, taken not by the ten common market governments but by only four of them, those of Italy, France, Britain and the Netherlands--the six others merely "taking note" of it, the Greek Government's reservations in particular having prevented agreement on a more approving statement.

In the near east the pledge given by the four West European Governments is sparking off not only regrets but strong criticism. Arab League Secretary General Chedli Klibi deplored the "moral backing" thus given to the Camp David agreements which "have demonstrated their inability to solve the central near east problem, namely the Palestinian problem." Similar reactions have been recorded in Lebanon, Iraq, Libya and Iran.

An official Syrian communique, referring implicitly to the declaration adopted by the EEC in Venice, sees the four's decision as a "dangerous turning point." Syria stresses the "serious repercussions which this line will have on Arab-European relations and on Europe's role in seeking a just and all-embracing settlement in the near east."

The question will certainly be put to the Arab summit in Fez at the end of the month.

What can France stand to gain from jeopardizing the credit it enjoys in the Arab world in this way? It is even less understandable since the near east is not part of the North Atlantic Treaty's Zone of Application, and consequently it is not possible in this case to invoke obligations stemming from our alliances.

Moreover Mr Reagan's policy toward the near east conflicts too much with the right of peoples and is too dangerous for international security to deserve support.

As in the past, and possibly even more than before, this policy consists primarily in supporting the Israeli Government, however instransigent it may be. For instance, President Reagan's last message to begin includes an explicit promist to ensure that Israel maintains its military and technological advantage. This in no way prevented Mr Begin from replying by protesting against some remarks by Secretary of State Alexander Haig which he considered too favorable to Prince Fahd's Saudi plan. According to the Israeli prime minister that plan is merely "a medley of extremist decisions."

As can be seen, Mr Begin's hostility to any prospect of an overall settlement contrasts with Yasir 'Arafat's attitude. Indeed, the PLO chiarman has twice deliberately pointed to "positive aspects" in the Fahd plan.

The reason that Mr Haig is stating in Washington that he wants to "encourage some points in the Fahd plan" is that the United States particularly wants to break the relative isolation in which it has stood in the near east since the Camp David agreements. This is also the political significance of the supply of AWACS radar aircraft to Saudi Arabia and, more generally, of all the American efforts to give that country the position of leader of the so-called moderate Arab states.

President al-Sadat's death probably helped speed up the reexamination of U.S. policy in the near east. The Camp David framework on its own now strikes Washington as too narrow.

It is doubtful, to say the least, that this is a good time for France to become involved in the Camp David process.

"Since Camp David is now having difficulty in extending its diplomatic sphere, other means must be sought," Francois Mitterrand said on 24 September.

It is to such a search that France ought to devote its efforts. It should not strive, as Washington is doing, to find new openings for a so-called pax Americana, but a real peace in keeping with the rights of all peoples and consequently beneficial to France's friendships in the near east.

CSO: 3100/106

COORDINATION, FINANCE, OTHER MINISTERS ASSUME DUTIES

Athens I KATHIMERINI in Greek 22 Oct 81 p 7

/Text/ The new Ministers of Coordination and Finance Ap. Lazaris and M. Drettakis respectively and Alternate Coordination Minister G. Pattakis arrived yesterday noon at their respective ministries and assumed their duties.

In his first contact with reporters Professor Ap. Lazaris said that "our first task will be to get ourselves informed, to find out how things stand. Then we shall have regular and systematic contacts because the ideological credo of the movement /PASOK/ is to enlighten the people on all problems." He added:

"I'll be telling you not only about our successes but about our failures as well and especially about the problems the people must be aware of. We are fully conscious of the great responsibilities and problems we are shouldering. At the same time, however, we are optimistic."

Coordination Minister Ap. Lazaris made it clear that "the updating of the appropriate ministers by the services themselves does not mean that the government has no plans. It simply means that much will depend on the true state of the economy." He then said that he will immediately start contacting the productive classes.

On the other hand, Finance Minister Manolis Drettakis announced that he will keep the people constantly informed on the true state of affairs and underlined that for the moment the important thing is to find out what the real situation is since the outgoing minister failed to update him. Outgoing Finance Minister Milt. Evert turned over to Drettakis the administration of the ministry, while former Coordination Ministry Secretary General Str. Stratigis handed over /to Lazaris/ the respective ministry. Tsovolas and Dimosthenopoulos also assumed their duties as deputy finance ministers.

Minister of Agriculture

"The new policy does not start off in a void. It will develop on what exists, on what you have built," said Agriculture Minister K. Simitis to the ministry's employees on assuming his duties yesterday noon in the presence of Deputy Agriculture Ministers K. Alexiadis and G. Moraitis and the ministry's Secretary General Stavrou. He added that "PASOK's program is ready but it represents a general guideline which must be reexamined every moment and put into practice. To be implemented, in other words, it needs your support."

He emphasized particularly that the criteria of the new leadership of the Ministry of Agriculture will not be narrow nor partisan. He pointed out that they will be meritorious and that "what is necessary in order to proceed properly is the free flow of ideas, the democratic dialogue, the will to support our view."

Earlier, outgoing Minister of Agriculture Athan. Kanellopoulos, after thanking the employees for their cooperation, said that the new minister is an outstanding professor and has long political and professional experience. He also expressed his absolute certainty that Simitis will promote the ministry's task especially in the agrarian sector which, he said, our country greatly needs. Finally, he wished Simitis and the deputy ministers success because he absolutely believes that the new minister's success will be the country's success.

Ministry Director General Angelos Zakharopoulos welcomed on behalf of the personnel the minister and deputy ministers and expressed their warm wishes and their wholehearted support in the task the new ministers are undertaking.

Giannis Iosifidis, president of the Panhellenic Union of Civil Service Agriculturalists, also welcomed the minister and deputy ministers and in his remarks said: "On behalf of the union which is the backbone of the ministry, I welcome you and wish you success in your task. We shall support you and we shall always struggle hard for the modernization and progress of our agriculture. We proudly and officially declare that we greet with special interest the change and democracy."

Ministry Secretary General Stavrou also welcomed the new minister and his deputies.

Minister of Industry

Minister of Industry and Energy An. Peponis on assuming his duties yesterday asked for the cooperation of all employees in implementing PASOK's program. Referring to issues concerning the personnel, he said that all employees will be rated according to their efficiency and their will to work. He added that he is certain that "all employees will respond to the appeal for cooperation and that those very few who refuse to do so will be dealt with through existing regulations."

Deputy Minister D. Pitsioris also greeted the employees. The new minister and his deputy were introduced to the employees by S. Manos, retiring minister of industry.

Minister of Commerce

Ar. Kalantzakos, outgoing minister of commerce, handed the ministry over to his successor, Akritidis, yesterday noon. In his acceptance remarks Akritidis said: "The meaning of the /election/ mandate is hard work in order to realize the program we presented to the Greek people." He also asked for a grace period in order to obtain full information concerning the ministry before deciding on the policy to be followed for implementing the government program.

The Minister of Labor

"I wish you success in your task." With these words, retiring Labor Minister K. Laskaris handed the ministry over to his successor, Ap. Kaklamanis. Earlier,

Laskaris bade farewell to the assembled employees of the ministry whom he asked to serve the new minister with the same zeal and devotion.

Kaklamanis, after receiving the employees who congratualted him, met with reporters and assured them that he will cooperate with the press in enlightening public opinion.

7520
CSO: 4621/31

'NATIONAL RESISTANCE' TO PARTICIPATE AT 28 OCTOBER CELEBRATIONS

Athens ELEVTHEROTYPIA in Greek 24 Oct 81 p 13

[Text] Interior Minister G. Gennimatos, referring to the 28 October celebrations, stated on 23 October that the government, with its decision, wishes to honor National Resistance which was united against the conqueror in the period 1940 to 1944. We believe, he added, that this decision will be respected by all because, as the premier also stressed, our purpose is to unite the Greek people, not to divide them.

During his meeting yesterday with journalists, Minister of Public Order Io. Skoularikis was asked what would be his ministry's reaction if there were parades or wreath-layings by National Resistance organizations during the 28 October celebratory program, which does not provide for parades by these organizations but only wreath-layings by the mayors and parish presidents on National Resistance's behalf. In answer, Skoularikis made the following statement: "I do not think there will be any problem at the 28 October celebrations."

KKE Interior

The KKE Interior Central Committee Executive Office issued the following communique on 23 October:

"The KKE Interior welcomes the announcement made by Premier A. Papandreou about recognition of the epopee of National Resistance and thinks that the final complete and clear legislative settlement of this problem will be an historic step for the democratization of the country and for its future journey forward with the active participation of its people. Specifically for this reason, we think that the 28 October celebrations must occur in a spirit in accordance with this announcement. The decision that National Resistance will be honored this year throughout the country is a positive step in this direction. Also, the interior minister's suggestion that such a celebration not be made partisan is absolutely in accordance with the national character of this anniversary. In fact, we think that any forces that engage in such partisanship will have a serious responsibility. However, this does not mean that those organizations associated with the Resistance (resistance and political refugee organizations) should be excluded from the celebrations, as well as other organizations which wish to honor it. We think that the government must find positive solutions in the above spirit."

EDA

It was announced by the EDA [United Democratic Left] Executive Office on 23 October that:

"EDA welcomes as a supreme national action the recognition of National Resistance and this action particularly honors Greece's new democratic government. The Right committed a great national crime by persistently ignoring the Greek people's resistance epopee, not only for the continuing national inspiration of younger generations but also because it deprived Greece of one of its strongest advantages in its international relations. Rallis' reactions, which are based on an act of the junta, are nationally unacceptable. Our National Resistance is one of the most heroic pages of Greek history and its justification is a national imperative."

Resistance Organizations

The movement "United National Resistance 1941-44" in its telegram to the premier, Interior Minister G. Gennimatos and ERT [Greek Radio and Television] General Director G. Romaios first seeks the repeal of Law 179/69 which characterizes the Security battalions as National Resistance and expresses the hope that National Resistance will take the appropriate place in educating the new generation. Second, it states that it will lay wreaths centrally and, through its branches, throughout Greece in honor of the heroes of the National Resistance and will participate in all the 28 October celebratory events. Third, it recommends that the struggle of National Resistance also be honored on the 28 October holiday by ERT with special programs.

With its statement, the movement "Women in the Resistance" welcomes Premier And. Papandreou's declaration concerning recognition of National Resistance and seeks for the injustices against its strugglers to be rectified and for the right of free repatriation of political refugees to be recognized.

G. A. Mangakis

Professor G. A. Mangakis, who took part in the 1941-44 resistance, stated that it is very correctly accepted for mayors to lay wreaths on behalf of National Resistance, but this cannot impede representatives of the Resistance participating at the celebrations.

From Salonica

As his entourage affirmed on 23 October, Salonica Mayor M. Papadopoulos will lay a wreath as representative of Salonica's resistance groups of 1941-44, but at least two mayors of greater Salonica are refusing to comply with the interior minister's related circular.

In his telegrams to the ministers of interior and northern Greece as well as the nomarch of Thessaloniki, Mayor of Skyai Pan. Afalis (KKE) states: "I believe that the wreath-laying on 28 October belongs to the worthy strugglers of National Resistance and as such the layings in our munucipality must be done by the representatives of the National Resistance branch in our municipality."

The mayor of Polikhni, Eleni Papapanagiotou-Mitavtsi, who also belongs to KKE, sent a similar telegram to the same recipients.

In greater Salonica there are two more mayors who belong to KKE, St. Dionysiou (Evosmos) and Khr. Tsakiris (Stavroupolis), who up until late last night had not revealed their intentions.

In its statement, the Salonica local committee of the movement "United National Resistance 1941-44" expresses "deep satisfaction about the new government's decision" to recognize the Resistance but it adds: "It is indispensable for the interior minister's related instructions to be amended so that the direct participation in the yearly 28 October celebrations of National Resistance organizations, who are its rightful and genuine agents and expressors, is possible."

The government decision for recognition of the Resistance is welcomed by a statement of the student league of Civil Engineers of Salonica University which, at the same time, "denounces the unacceptable civil-warlike statements of political representatives of the Right who were taught nothing by the verdict of the Greek people and their isolation on 18 October 1981."

9247
CSO: 4621/35

MORTEN STEENSTRUP, WILLOCH PROTEGE, GAINS STORTING SEAT

Oslo, NORGES HANDLES OG SJORAFTSTIDENDE in Norwegian 11 Sep 81 pp 22-23

[Article by Hans Chr. Finstad: "The Banner of Revolt is Conservative-Blue!"]

[Text] And the standard-bearer in this case is Morten Steenstrup, the 28-year-old from Vestfold who is sure of having a seat in the Storting after the election. As presumably the youngest regular member of the new extraordinary Storting, he is replacing Odd Vattekar, who has become the district governor in Vestfold. Steenstrup is described as daring and energetic--the coming star of the Conservative Party, who is Willoch's heir apparent. That is a prediction he himself regards as a poor one. Nevertheless, he admits to being fervently ambitious for a political career. "A revival of forward movement and enthusiasm for one's work" is written at the top of his banner.

This man is 28 years old today.

He obtained his bachelor of laws degree in 1976 and his M.A. 4 years earlier, with political science and sociology as his major subjects. While going to school, he was employed full-time as a journalist for the illustrated newspaper NA for 3 years and was employed by MANNSKAPSAVISA for one year. He was editor of the Young Conservatives' paper EXTRA for 2 years and was chairman of the Young Conservatives in Vestfold for 2 years. He was elected to the town council of Tonsberg in 1975. He served as deputy section leader for his party for 4 years and was re-elected in 1979. He is a section leader in the Conservative Party now and is a member of the executive committee of that party in Vestfold. He is the alternate for the Conservatimes' Vestfold seat during the current session of the Storting. He also has had the experience of being elected by popular vote. In the Storting election in September, he gained a sure seat as a member of the Conservative ticket. He will replace Odd Vattekar, who now has become the district governor in Vestfold.

His name is Morten Steenstrup. There is no doubt that he will occupy a regular seat on the Storting benches beginning on 1 October 1981--in all probability as the youngest regular member of the new extraordinary Storting.

A "Successful" Young Man

Those who know the young, politically daring and energetic man from Tonsberg assert that, in Steenstrup, the Conservative Party has gotten a young man for whom it has very great expectations. He now is beginning in earnest a political career which can carry him all the way to the top.

He has been nurtured on good conservative politics since earliest childhood, and his most closely-related forbears include leading, nationally-known politicians. Ancestors of his on both his mother's and his father's side who were very closely related were among the people at Eidsvoll. But Steenstrup asserts that it is not out of respect for his ancestors and family tradition that he now is seeking his fortune in active commitment to politics, but rather his interest in social questions. For that reason, he wants to be involved in shaping the future in the spot and in the forums where the most important decisions are made.

In many ways, Morten Steenstrup must be regarded as a "successful" young man. The only goal of his he has not achieved as yet is that of getting the position of chairman of the Young Conservatives, but he adds with a smile that he is glad of the defeat now. If he had gotten the chairman's job when the opportunity was available, he would scarcely have been looking forward to a career in the Storting. At present, he can say that fate was on his side when he did not become the chairman or a member of the national executive committee of the Young Conservatives a few years ago.

Likes To Work

He meets us in the Storting, relaxed and without any indications of having just done several hours of hard work in a lawyer's office in Sandefjord and then ridden the train to the capital city. He thinks it is quite incomprehensible when we cautiously ask whether his career up to now has been due to the fact that he works for 25 of the day's 24 hours. He admits that he likes to work hard and single-mindedly, to be sure, but that is nothing to thank him for because he thrives on that. He does not intend to comply with the provisions of the working conditions law, and he is glad that the law which politicians meant for other people where the right to work is concerned does not apply to politicians themselves. But he adds that the provisions of that law show how sick our society is. For example, young people who are supposed to build houses and need money--they do not have permission to make an extra effort themselves if the employer has more than enough jobs.

We ask whether Steenstrup thinks that the entire working conditions law is simply idiotic. He doesn't want to go that far. On the contrary, he gives his support to some of the paragraphs of that law but he advocates changing certain provisions, including those concerned with working hours.

Coming Star

"Some of the people who know you assert that you are a coming star in the Conservative Party. Some go so far as to claim that you are Willoch's heir. What do you think yourself?" he was asked.

"In the first place, I feel small with respect to the job which awaits me in the Storting. What some journalists have suggested regarding my future political career I regard as a poor prediction," he said.

"What is it that attracts a 28 year old into the Storting--a young man who has every chance to make a significant contribution in the press, as a jurist or perhaps in the Ministry of Foreign Affairs?" he was asked.

"The society of tomorrow occupies my thoughts," he replied. "I do not want to sit passively by and let others make the decisions. I want to fight for the ideas I have and the Conservative Party has. I admit that I had a choice--either to concentrate on politics or a profession. Consequently, I chose the Storting, although I fully realize that an individual representative's chance of exerting an influence is limited and that he can only do so through the party and committee work."

Safety and Freedom

"You speak of the society of tomorrow. Do you have any ideas about what the future holds for us--I almost said 'what the future holds for us where good and evil are concerned'?" he was asked.

"In the first place, the election on 14 September is important just because it is concerned with the shaping of our future--your future and mine. If the Labor Party, together with the Socialist Party of the Left, gains a majority in the Storting, expansion of the government will be continued at the expense of the private sector of society. New hindrances will be put in the way of initiative and eagerness to work. But the worst thing about such a policy is that it takes the right to be different away from us," Steenstrup said.

"Also the right to fail?" he was aksed.

"We must build up a social safety net nobody will fall through, but safety must be combined with freedom to make one's own choices--the right to determine one's own working day," he replied.

"It is said that good Conservative politicians only concern themselves with oil and have less interest in the fate of small businesses. What shape do you want our society to have where economic policy is concerned?" he was asked.

"We must concentrate on the small and medium-sized concerns. They make it possible to carry out the necessary decentralization of society," he said.

"Well, isn't that the Center Party's policy?" he was asked.

"No, that is the Conservative Party's policy. If we are able to generate a sense of responsibility in every individual, I also believe that a nonsocialist government will be able to restore our economy's ability to compete," Steenstrup said.

A Warning Shot?

"Is a sense of responsibility enough?" he was aksed.

"No," he replied. "We must get rid of a number of restrictions and provisions of regulations which interfere with the individual's pleasure and desire to move forward at present. That and an altered taxation policy are precisely what are needed to restore enthusiasm for work, a secure conditions of prosperity and full employment to our society."

"If the Labor Party and the Socialist Party of the Left win the elction, will we drift into a socialist society?" he was asked.

"Yes."

"Is that a warning shot you are firing?" he was asked.

"No. We are experiencing a development toward a more and more centralized society where the state gains more and more power in all areas and has more and more to say. More and more things depend upon the government's approval. Power is centralized in an 'elite'--that is, politicians and the public administration," he replied.

"Who actually holds the power?" he was asked.

"The bureaucrats," he replied. "When such a development is going on, the public administration actually wants to be beyond political control because the politicians--those who are awake--will not have a chance to perform their function of checking up. Society will become more and more complicated. The tendency is already clear."

"The people elected by popular vote will lose control?" he was asked.

"Not on paper, but in actuality."

"In other words, we will drift into a mock democracy?" he was asked.

"I would prefer to say a sort of artificial democratic stage setting which causes people outside the bodies elected by popular vote to gain power and authority," Steenstrup answered.

Who Has the Power?

"In your opinion, who has the power in our society at present?" he was asked.

"That's a good question," he said. "Some time ago the Labor Party appointed a so-called committee for explaining the question of power. The purpose was clear."

"What was it?"

"It was supposed to prove that private industry, banks and insurance companies made the decisions. The conclusion the committee came to was a disappointment for the people who had appointed it. The report was almost pigeonholed, as a matter of fact.

"At present, it is hard to say who has the power. The Storting could have had the power, but it has given its right to exercise control to the bureaucracy through empowering laws," Steenstrup replied.

"It is claimed that the young people are afraid of the future at present. Do you feel anxiety yourself?" he was asked.

"That worry is concerned with security policy and the balance of power between East and West--rearmament and the realization that more and more countries soon will manage to obtain nuclear bombs--countries with little in the way of tradition and political stability," he answered.

Balanced Disarmament

"Are you afraid the battle of Armageddon is coming?" he was asked.

"No, but I am concerned over current developments. An important task during the coming years will be working for reciprocal, balanced disarmament. But we must not let emotions get the upper hand, so that we find ourselves supporting unilateral disarmament efforts, for they are something that only increases the danger of war. I am also concerned over the policy the left wing of the Labor Party is pursuing. It is their intention to weaken Western cooperation with regard to defense," Steenstrup said.

"Are they Moscow's errand boys?" he was asked.

"Unquestionably they are idealists, but the consequence of their policy can be the opposite of what they are striving for," he replied. "It can tempt the Soviet Union beyond its ability to resist. Let me also emphasize the fact that a guarantee given by the Soviet Union to one of its neighboring countries is not even worth the paper it is written on. There are many sad examples of that."

"Do you also stigmatize the Labor Party's 'new' security policy now?" he was asked.

"In any case, I am disappointed in the Labor Party's moderates. They prefer, at present, to keep their mouths shut, so that they will not cause problems during the election campaign. The result is that the left wing of the party has free play now. That does not promise well."

"On the whole, I have the feeling that our prime minister is sitting on a boiling pot in the Labor Party. Instead of trying to get steam out of it, he is trying to suppress all disagreement. But now and then it bubbles up."

"An interesting phenomenon is the fact that there also are individuals in the Labor Party now who refuse to express their opinions to the press. They don't want to make scratches in Gro's varnish."

"But what will happen when the Storting election is over?" he was asked.

"Perhaps Gro Harlem Brundtland will manage to sit on the pot until the election is over. Nobody knows what will happen after that."

Go into Apprenticeship

"What do you want to do as a Storting representative?" he was asked.

"I expect to stand at the very end of the line when representatives are chosen for committees. I will have to go into apprenticeship. But I will naturally also look for jobs both inside and outside of the Storting," he said.

"Of course you do have ambitions?" he was asked.

"Naturally," Steenstrup replied. "To be elected to the Storting and then to do a decent job."

"But what committee are you aiming at?" he was aksed.

"If I could choose freely, it would be the industrial committee," he said.

"To rescue industry in Vestfold?" he was asked.

"Vestfold in one of the very few districts which continues to have profitable industries. But when even our concerns are beginning to have trouble now, what difficulties must industries in other parts of the country be having to struggle with at present?" Steenstrup answered.

"Can you give a good explanation of what has caused the revolt of the young people, drug addiction and acts of violence, etc." Who has erred?" he was asked.

"Fortunately, it is a small minority of the young people who have lost their foothold. The lack of jobs and proper training opportunities unquestionably are among the chief reasons. School policy--such as is being pursued at present--is also to blame for the fact that we have many losers in our society at present. We have built up a theory--a school which everybody is compelled to go through. The schools offer too little opportunity for variations--within the practical fields, for example. The students with practical aptitudes do not get a chance to develop.

"The Labor Party believed that everybody wanted to be equal. The schools were to make Norway a socialist society by running everybody through the same channel. Now they have discovered that the result is not socialists but a large number of loser. Consequently, school policy has to be changed as quickly as possible. Opportunities for training must be offered which are adapted to the students. It is not the students who should be adapted to the schools.

"Furthermore, enough jobs must be created. That can only be accomplished by increasing our ability to compete." Steenstrup said.

Blue Young People's Revolt

"Have you never had a desire yourself to take part in the revolt of the young people?" he was asked.

"Revolting became the fashion before my time," he replied.

"That was a red revolt. This revolutionary generation--if one can use such an expression--and to which I belong--has gone the opposite way. It is a blue revolt now. We have revolted against the nursemaid mentality. We want a chance to choose. We say 'no' to any development which deprives us of the fight to develop ourselves and make an extra effort it we want to."

"What is paradoxical is the fact that, just at a time when we never before in our history had this many young people in a better position to make their own decisions, they are deprived of the right to make those decisions. The young people of today are reacting to that."

"But the Labor Party does attach great importance to the so-called right to codetermination--democratization. How can that be reconciled with the assertion that the Labor Party is depriving the young people of the right, or the opportunity, to make independent decisions?" he was asked.

"I agree that that sounds inconsistent. The Labor Party identifies itself with the slogan "democracy in everyday life." But the Labor Party's version of democracy does not give the little man any chance to share in decisions regarding his place of work--as it is so prettily designated--but the power is to be transferred to the organization. The Skytoen committee's recommendation is just a frightening example of that. It is as if that proposal were tailormade for the top-ranking shop stewards in the trade unions. The purpose is to have more and more lines running from factories to the Youngstorg in Oslo--the LO's [Norwegian Federation of Trade Unions'] stronghold," Steenstrup said.

To Work Against Myself

"Does the form our democracy has today fit the future we are moving toward?" he was asked.

"Ostensibly the Storting has the power, but it does not really have it the way things are developing today. That is frightening. It is dangerous for democracy that decisions very important to society are made by the Storting just before summer vacation begins, being pushed through the committee and the 'main hall' without being given proper consideration. We have many examples of that during the present session of the Storting. This causes alarm."

"Do you think that the Storting is having less and less to say?" he was asked.

"Of course, nobody wants to admit that he is not very important, so those are bold words," he replied.

"How will you try to work against that development yourself?" he was asked.

"I will begin with myself--that is, I will work against myself as a politician. That, in turn, means that I want to reduce the government's power and return power to the people. Therefore I also will try to nullify a number of the empowering laws we have today," Steenstrup said.

"What are the politicians' primary tasks?" he was asked.

"They should put the framework in shape--draw up the rules of the game--provide information on which processes are to be used and see to it that the rules are obeyed," he said.

9266
CSO: 8139/0194-B

POLL SHOWS MAJORITY OPPOSES UN MEMBERSHIP

Zurich DIE WELTWOCHE in German 28 Oct 81 p17

[Article: "Oui Against No"]

[Text] At the very moment that the government is preparing to submit to the federal council and the Swiss people the proposal that Switzerland become a member of the United Nations, a poll shows that a majority of the Swiss people is against it— the result being 37 percent against, 33 percent for and 30 percent undecided. But Western Switzerland came out in favor of it.

These are the most important findings of a representative sample poll conducted by the Isopublic Institute on behalf of DIE WELTWOCHE between 14 September and 1 October 1981. It is the 13th such poll since 1970.

As against the October 1980 poll, the number of those favoring U.N. membership rose from 32 to 33 percent. The number of those opposed to it dropped from 39 to 37 percent, and the number of undecided increased from 29 to 30 percent. These shifts are within the range of possible statistical error but may also be harbingers of a change in attitudes. Thus, if one takes an extremely optimistic view of the results, they might represent a silver lining on the U.N. horizon.

In fact, there have been two major changes of opinion since the first poll in 1970. In 1972 and again in 1978, those in favor were dominant whereas in 1975 and again in 1980, those against carried the day.

If one takes only those into account that actually had an opinion and would thus be most likely to express it at the polls as well, the number of those in favor rose from 45 to 47 percent since October 1980 while the number of those opposed to U.N. membership declined from 55 to 53 percent.

As it did last year, Western Switzerland came out in favor of U.N. membership again in October 1981. This time, the result was 37 percent pro and 26 percent con as against 35 percent pro and 33 percent con a year ago. The German part of Switzerland, on the other hand, underscored its opposition, if anything— this year's result being 32 percent for and 40 percent against as compared to 33 percent for and 40 percent against a year ago. Thus, there has been a marked difference between the German and the non-German parts of Switzerland on the question of U.N. membership for some time.

No Big Ovation for Proposal

In 1981, just like a year ago, those in favor were in the majority in the bigger towns and the opponents were ahead in small towns and villages.

The most notable shifts as compared to last year occured in different age groups. Last year, those in favor and those against each totaled 36 percent in the group up to 34 years of age; this year, the opponents were ahead by 35 percent to 32 percent. But among the older age groups, opposition declined somewhat. In all, the differences among the various age groups have become somewhat blurred.

In view of the fact that the number of undecided reached its highest level this year with 30 percent, the possibility of surprises cannot be exlcuded for the future.

These poll results cannot really serve as a basis for predicting the outcome of the plebiscite on U.N. membership. The outcome will depend on the world situation at the time the referendum takes place and on the opinion climate which will be created once the government actually makes its proposal public. At this point, the only thing that can safely be said is that the Swiss people will not break into wild applause about it.

9478
CSO: 3103/81

OTRAG LEAVES LIBYA, FUTURE UNCERTAIN

Hamburg DER SPIEGEL in German 2 Nov 81 pp 74, 76, 78

[Article: "Extravagances with Qaddafi"]

[Text] On the heels of violent internal dispute the Munich rocket construction firm Otrag has left Libya.

The countdown went off without a hitch. Right on schedule, at 11:20 am local time on 1 March 1981, the 12-meter long rocket left the launching pad at the oasis of Sebha, 800 kilometers south of the Libyan capital of Tripoli, and rose skyward.

The launch was extravagantly hailed by officials of the "Orbital Transport and Rocket Ltd" of Munich as "one more important step along the way toward commercial use of the Otrag carrier rocket system for transporting satellites and cargo vehicles in space."

But those who financed the desert undertaking were none too happy.

The successful launch made the 1,500 or so "silent partners" who had invested some DM 170 million in the tax shelter company since 1974 quite uneasy. They thought Otrag's Libyan adventure a bit too daring.

Libya's neighbors were afraid the Germans might be constructing rockets —possibly to be equipped with nuclear warheads— for Muammar Qaddafi, Libya's eccentric head of state.

The Egyptian foreign minister, Kamal Hassan Ali, lodged a protest with the FRG, calling it "a serious threat to peace."

Once again, the firm was under suspicion of not merely being a harmless "moving and storage company in space" but a clandestine military operation. Once before, in 1979, Otrag had had to vacate a large test area in Zaire.

At that time, Soviet chief of state Leonid Brezhnev raised the possibility that the Germans might be engaged in testing military rockets there. Both chancellor Helmut Schmidt and the then French President Valery Giscard d'Estaing prevailed upon Zaire's President Mobutu Sese Seko to cancel Otrag's lease.

The rocket firm's financiers were annoyed to find that Otrag's founder, Lutz Kayser, had once more chosen a questionable partner to link up with. "These extravagances with Qaddafi were never discussed with us beforehand," says Arno Gerisch, an adviser of Carl E. Press, a Frankfurt moving firm executive and Otrag shareholder.

Following the Libyan desert launch, the Otrag partners called for Kayser's resignation. In late September, he was forced to relinquish his 74 percent share in the company, which is tied to the silent partnership group, and turn it over to the partners' advisory board by whom it would be held in escrow. Frank Wukasch, the technical head of Otrag, and Otrag's business manager, Helmut Billen, both resigned in proceedings before the registry court and were subsequently installed as the "emergency board" of the stock company. After that, Kayser was out at Otrag.

Not only the "escapades in Libya," as Gerisch calls them, had taken the financiers' breath away. They were even more upset when they took a look at the books. The rocket firm was just about to take a nosedive. Otrag had outstanding debts amounting to about DM 500 million— a tidy sum for an enterprise employing no more than three dozen people at last count.

Kayser had always been one to throw around with millions. By the end of 1978, after three successful launches, development costs had already reached DM 465 million. Of this sum, DM 190 million went to Zaire for leasing the proving grounds in the province of Shaba.

As early as at the end of 1974, Kayser already took godd care of his own interests, selling his "inventor's rights, patents and know-how" to the company for DM 150 million.

That was a great deal of money for an idea that did not even originate with Kayser. The principle of the rocket type which Kayser used to attract investors had been worked out by German space pioneer Johann Winkler in the late twenties: a basic element consisting of two liquid propulsion tubes would be built up into carrier rockets of any size whatever and the projectile's flight would be controlled by regulating the thrust of the individual elements.

Technically, the system is obsolete because the Kayser rocket's payload to dead weight ratio becomes more unfavorable the larger the rocket gets— the bundled tube elements growing heavier and heavier.

Nonetheless, Kayser took the money— and not only for rights to the basic principle. It did not bother him that many of the inventions he sold to Otrag turned out to be useless. The guidance system he called ingeniously simple —windshield wiper motors were to be used to regulate the thrust of the tubes— was a particularly conspicuous failure.

Thus far, Kayser has collected some 15 million in cash; the remainder of the rights fees were to be paid out to him in annual instalments.

Now, however, Kayser will have to do without at least a part of the millions still outstanding. The advisory board and the board of directors of the debt-ridden firm came up with a "stabilization settlement." The creditors agreed to relinquish 70 percent of their claims. The firm can now enter the sum of DM 350 million in the books as a "stabilization profit."

Kayser did not come out of this settlement unscathed. Still, after the partial relinquishment of claims, he will still be entitled to some DM 40 million— provided Otrag ever becomes solvent again.

Zaire alone refused to play along in the Otrag bailout; it still has a claim for DM 70 million in leasing fees for the test area pending. Negotiations aimed at reducing the claim are to take place in early November.

The Otrag financiers will still have to throw good money after bad; millions more are needed to provide the funds for the "stabilization settlement."

But those that are being hit are by no means paupers. Some of the silent partners are quizmaster Wim Thoelke; Stuttgart publisher Ernst Klett and the estate of Willy Kaus, the one-time owner of the Metzeler tire company.

In all, another DM 13.5 million were pumped into the ailing firm this year; but the partners had no choice. If the tax shelter undertaking had gone bankrupt, the tax authorities would have slapped fines amounting to millions on the shareholders. The tax savings so far, which permitted the high-earning Otrag shareholders to finance Kayser's rocket experiments, would have been due in case of bankruptcy and the shareholders would have been liable.

Last month, the firm put "circular letter 11.1981" which contained some "good news" for the silent partners. "The continued existence of Otrag is assured," it said.

But compared to Kayser's extravagant predictions of "overall sales amounting to DM 30 billion over the next two decades" the continued existence of the firm has a somewhat more modest look about it. The super-rocket which was to lift satellites into space no longer has a chance. The rocket with four propulsion elements, tested in Libya, now is to be placed on the market as a high-altitude research rocket for scientific purposes.

But there is no launch site for it as yet. The new head of Otrag, Wukasch, does not want to risk further experiments in Qaddafi's backyard. The Otrag has already left the desert site. At present, the Otrag management and Brazil are discussing the possibility of testing the rockets there.

But in these talks it is turning out to be a serious handicap that Otrag has the reputation of being in the arms business. It also now appears that Kayser's activities in Libya were by no means as harmless as he always made them out to be. "What he did in Libya," Wukasch now admits, "could not be tolerated by the board of directors of a German corporation."

Several features of the rocket model testfired in Libya seem to point to less than peaceful uses. The newest version was said to have been equipped with swing wings and control jets. This would provide for more accurate target guidance— a superfluous device for use on a simple research rocket.

After departing from the German tax shelter enterprise, Kayser could feel free to continue working on the rocket, without political qualms and at Qaddafi's expense— but not without risk to himself. The Israelis would not be likely to stand by and let the German rocket expert work away for long.

9478
CSO: 3103/79

BRIEFS

MERGER OF TV NETWORKS--YENED TV network is to be merged with ERT at the beginning of December and will be renamed ERT 2 or Channel 2. This will be officialized by an expected Presidential Decree following Cabinet proposal. An earlier law dating back to 1975 had never been fully worked on. The new channel will have a very different character from the old YENED and is described as being cultural, informative and recreational. The merger of the two TV networks will be one of the first acts of the new government. Meanwhile the whole programme is being examined by the Director of the Prime Minister's Legal Service Georgios Kasimatis in collaboration with the competent authorities in the Ministry to the Presidency, ERT and YENED. According to government plans there will be a joint management responsible for the news bulletins of both channels. There is already a proposal to have at least one bulletin (that of 9 p.m.) extended to cover current affairs and events more fully, while the second channel will have more condensed bulletins. The new channel which will succeed YENED will contain more cultural and educational programmes and better quality serials. [Text] [Athens ATHENS NEWS in English 3 Nov 81 p 4]

PRESS OFFICERS RECALL--About half of the approximately 172 Greek diplomatic personnel working in Greek Embassy press offices all over the world are being recalled for economy reasons and to streamline the service, Press Undersecretary Maroudas announced. Noting that press offices cost the Greek public $6 million last year, Mr Maroudas said countries such as Romania and Bulgaria have no press offices at all. And there are also some glaring inconsistencies, reportedly, such as the fact that there is only one press and information officer in the Greek Embassy in Moscow, whereas there are four such officers in The Hague. [Text] [Athens ATHENS NEWS in English 3 Nov 81 p 4]

TOURIST ORGANIZATION, FUTURE STATUS--The future role and functions of the Greek National Tourist Board (EOT) is one of the major subjects being dealt with by the new government. According to authoritative sources, the most widespread view is that the best solution would be for the ministry of Finance and temporarily also, the Coordination Ministry, to take over the organizations' competencies. The same sources report that EOT will be transformed into a staff-based firm which will study the positive and negative aspects of tourism and will develop local tourism. One change that is considered imminent is the decentralization of EOT, especially since a large percentage of tour operators work in the provinces. Offices abroad will be reorganised and there is also a possibility of local large tour-operators participating in the expenses involved in advertizing their regions. Care will be taken to make sure that staff rights will not be violated when the decentralization process is underway and new bonuses are expected to be implemented for the more productive staff. There is also a chance of the Athens Festival and other international cultural events coming under the auspices of the Ministry of Culture and Sciences. The government has stressed that it understands the economic significance tourism has for the country. [Text] [Athens ATHENS NEWS in English 31 Oct 81 p 4]

END

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No. 1859

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WEST EUROPE REPORT

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FINANCE MINISTER JAKOBSEN FORESEES TOUGH WAGE TALKS ROUND

Copenhagen BERLINGSKE TIDENDE in Danish 29 Oct 81 p 6

[Article by Bent Bjorn Christensen: "Finance Minister: We Want Contact With Business"]

[Text] Finance Minister Svend Jakobsen is nervous about pay developments and ability to compete in the new year, but urges all those in business to use their working tools.

"Contact between business and government should be further expanded. In addition to the contacts in specialized sectors, there should be a more direct running dialogue on business and labor market policies for several years in the future. Subjects such as working hours, profit sharing and protection of competitive ability are natural ones to be considered."

That was said by Finance Minister Svend Jakobsen in a conversation with BERLINGSKE TIDENDE before next week's local conference in Slagelse, where he will participate as one of the speakers.

"It frequently happens that ideas are thrown out for debate which unfortunately are often promptly rejected. This applies to subjects such as working hours and profit sharing. It would be useful for both the government and business if together they could discuss possible solutions, future prospects, etc. Some misunderstanding and uncertainty could naturally be prevented by a dialogue."

Will Speak About OD [Economic Democracy]

"Will social democrats then speak on the question of profit sharing?"

"Decidedly. First, businesses should note the differences between the recommendations which we made for OD in 1973, and for profit sharing in 1979. If business could move just a little, we could find solutions.

"We do not believe in profit sharing, but we believe that it is an invitation to business which can protect a lower level of costs. The employee organizations understand that capital should be accumulated in businesses--that there should be a larger profit which can be invested and remain in the businesses. Business should on the other hand understand that employees are not completely satisfied with the ownership of the increased accumulations of capital.

"If business understood this point, it would be significantly easier to keep the pay increases down, which will be so difficult during the 80's. There is a need for a massive combined input, business can not solve the problems alone. They would then have collaboration, and a lower wage development would be accepted than if they fought their way with power. We also recognize that society as such must contribute with favorable economic conditions. There is thereby established a number of cooperative arrangements, carried out through business tax reductions and so forth, and we are ready to strengthen the manufacturing sector."

Fear of a Race Between Wages and Prices

"It is very difficult, however, to get agreement to such a policy by the millions of employees who contribute their production, but who believe that the result must be shared, and not go exclusively to the owners."

"Are you nervous about the time after the start of the new year when the wage talks are again set in motion against the background of the large price increases that have taken place?"

"Not only the finance minister, but everyone should be nervous that we may create the same situation as in the 70's, when Danish wages and prices were in a constant race, which weakened our competitive ability and caused us to lose our share of the markets."

See Problems in Everything

"There is also much understanding of the problems in the labor union movement, but it is important that we not get into situations where prices develop as a result of domestic increases which are greater than cost increases which have been caused from abroad. If some businesses earn greater profits after the lifting of restrictive price laws, it will undoubtedly lead to the employees also earning more."

Svend Jakobsen emphasizes the need for greater cooperation among the community, politics and business.

"We can solve the problems if we want to. I naturally feel that Danish business, like business in other countries, has very difficult working conditions, but there is a difference between attitudes abroad and here at home. Danish business makes the government guilty of all problems.

"I wish that people were more willing to pick up their tools and say that employees, communities and businesses are ready to make as large a contribution as they can. Unfortunately some sit back in their chairs and just complain about the desperate conditions."

"Does the government believe that its good intentions are harmed by mistrust?"

"The organizations believe that all problems begin with the government. People are afraid that we want to direct the details of business. Perhaps there are some who want to do that. Perhaps there are also some social democrats who have that goal, but it is not the goal of the government or of the Social Democratic Party. We

just want to ensure that whatever support is given has the greatest possible effect. We have that responsibility to the taxpayers.

"There are differences between the attitudes of the organizations and their members toward arrangements helpful to business. The organizations are worried about everything new, while the members diligently use what is offered."

The Small and Medium-Sized Will Be Helped

"Can one find his way in the bureaucracy?"

"For a small business the necessary minimum of paper work is difficult, but by setting up technological information centers in the counties we have tried to create opportunities for help and guidance in technology, economy, accounting, etc. In the government we have mostly had the small and medium-sized manufacturing firms in mind in making the different support arrangements. We are not always successful in correctly arranging so that a specific group of companies derive the benefit of support. There is a tendency for especially large and well-organized businesses to also utilize certain arrangements, even if the politicians' intentions were otherwise.

"We continue to strive, however, to get hold of the situation. Progress will then really begin..."

9287
CSO: 3106/15

BRIEFS

FARMERS WORRIED OVER BANKRUPTCIES--Top agricultural leaders now openly express fear that the cloudy political situation will result in an election before Christmas. Therefore the Agricultural Council this afternoon made a number of new demands for immediate easing of liquidity to stop the wave of forced auctions, while waiting for an overall solution. The new requests were published following a 4-hour directors meeting in which the results of a negotiation earlier in the day with Minister of Agriculture Bjorn Westh were discussed. Agriculture wants immediate extension of the framework for cheap state-guaranteed loans, short-term loans to cover the December period, and introduction of the so-called negative income tax, by which farmers would get money from the state if they have a deficit. The demands were brought up to date in an ombudsman's report on new forms of financing. The report, published yesterday, concludes that no new arrangement concerning refinancing of agriculture's enormous debt can be made for one year. In the meanwhile a four-figured number of farm properties will be sold at forced auction, and the top agricultural leaders will not tolerate this politically. At yesterday's meeting the leaders succeeded in setting aside the internal fight over the right to speak on behalf of the industry. The fight grew up last week when the agricultural chairman, Hans O. Kjeldsen, accused the dairies and packing houses of disloyalty because they delivered their own crisis recommendations to the government without the other industry leaders. [By Carsten Steno] [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 22 Oct 81 p 1] 9287

CSO: 3106/15

FIRMS STEP UP EFFORT TO SELL ADVANCED TECHNOLOGY TO USSR

Helsinki UUSI SUOMI in Finnish 21 Oct 81 p 17

[Article by Jukka Luoma: "Finnish Firms Offer New Technology to USSR"]

[Text] Moscow--The latest Finnish technology is being offered for the exploitation of Soviet energy resources at the oil and gas industry exhibit, which was opened up in Moscow on Tuesday.

The Finnish contribution is connected with two points of emphasis in Soviet energy extraction, the more efficient use of already excavated oil fields and the exploitation of Arctic resources and mineral wealth.

Rauma-Repola's Witermo exhibited oil excavation equipment based on steam operation at the exhibit in Sokolniki Park, and Wartsila exhibited boats for the Arctic project. The exhibit organized by an English firm is the largest exhibit organized by foreigners in Moscow in years, and it included approximately 250 firms from 14 countries.

"The Soviet Union's own ministries in this area of industry selected the equipment to be shown at the exhibit so that one would expect that this is the equipment in which they have a particular interest," stated a representative of the exhibit.

More Efficient Exploitation

The more efficient exploitation of oil fields is very evident in the five-year plans for the Soviet oil industry. The industry has experienced some setbacks, difficulties in obtaining pumping stations purchased from the United States, among other things.

In reporting on the plans of the oil industry the economic newspaper EKONOMICHESKAYA GAZETA stated in April that "in order to maintain production at a high level", the plan is to replace the procedure based on water pumping used so far with a more efficient gas procedure in the vast Samotlor field in Western Siberia.

According to assessments published in the West in pumping oil by means of water more than half of the oil remains in the earth, even 70 percent of the estimated or possible amount of oil. According to the plan in addition to the 2,300 bore holes already being pumped by the more efficient gas method, 4,200 more holes will

be transferred to the gas method, and production from these wells should increase from 22 million tons to 58 million tons.

It is calculated that the steam method used in the United States and Western Europe brings out even 90 percent of the oil in the earth since the heat pumped into the earth makes the oil in the rock more fluid.

An exceptionally efficiently insulated pipe network developed in the United States and boilers designed in West Germany are used in the Rauma-Repola equipment. This system is considered suitable for the fields in the European part of the Soviet Union.

10576
CSO: 3107/14

BRIEFS

VAYRYNEN URGES INCREASED AID--According to Foreign Minister Paavo Vayrynen (Center Party) Finland intends to achieve the 0.7 percent development cooperation goal established by the UN. At the Diet's development cooperation seminar on Tuesday Vayrynen stated that the Foreign Ministry will present a decision in principle to the government on this matter in the near future. According to Vayrynen development cooperation funds should be increased by equal amounts annually so that 0.7 percent of the gross national product will be achieved by 1988. He stated that the purpose of this decision is that the Diet, for its part, will reinforce this goal in connection with the discussion of the state budget. According to Vayrynen the government has previously determined that the goal is to achieve 0.32 percent of the GNP by 1982. This level will be reached in next year's budget, he stated. Vayrynen also discussed the quality of Finland's development cooperation, which he says can withstand even critical international scrutiny and comparison. In talking about the quality of aid Vayrynen emphasized the need to improve Finland's contribution to the development of rural areas in developing countries. He confirmed that Finland has been rather weak in this area and is bringing up the tail in the statistics of the OECD with respect to funds directed at the development of rural areas. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 21 Oct 81 p 8] 10576

CLOSER TIES WITH CEMA--There are plans to further increase the multilateral economic and scientific-technical cooperation between Finland and CEMA. This became evident at the 9th session of the Finnish and CEMA Cooperation Commission, which was held in Ulan-Bator, Mongolia. The Finnish delegation under the direction of Foreign Trade Minister Esko Rekola returned to Finland on Saturday. According to the recommendations of the commission cooperation will be increased in the areas of foreign trade, machine building, chemistry, transportation, and science and technology, among other things. As far as foreign trade is concerned the commission confirmed that trade and economic relations between Finland and CEMA-member countries has developed favorably. From the minutes of the meeting it becomes evident that commodity exchange between Finland and CEMA-member countries amounted to approximately 4.3 billion rubles last year. Also the development of cooperation in the area of machine building has continued favorably. On the basis of a recommendation of the cooperation commission multilateral scientific-technical agreements, which deal with three ship building projects, the development of a complete food packaging line, hospital equipment, and sodium carbonate boilers, were concluded this year. The commission decided to hold its next meeting in Helsinki next year. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 25 Oct 81 p 36] 10576

MINING ACTIVITIES, STATISTICS REPORTED

Exploration of Crucial Point

Athens BUSINESS & FINANCE in English No 165, 24 Oct 81 pp 1-10, 12-14

[Text]

Greece's deposits of minerals and ores are considerable, although they remain largely unexploited. Over twenty varieties of minerals and ores are to be found in the country, and each new exploration reveals new large deposits.

The production of various minerals has increased over the years, and income in both local and foreign currency has also risen rapidly. All the figures in the sector show a dynamism and enormous possibilities for development especially in view of the fact that the quantities extracted and exported represent only a small fraction of the existing deposits. Local processing, which has progressed in promising ways over the last 20 years still has wide margins for growth. This is necessarily so, because of the sizeable difference in export earnings between raw and processed minerals.

Until 1975, State intervention was feeble, but since then it has become more extensive and decisive. It now covers not only exploratory activities, but also local processing, particularly in the underdeveloped sector of metallurgy. Also, a new legislative framework for the activity of the private sector was created.

Such initiatives have not always been welcomed by private interests. On a more general level the basic question is whether state intervention will continue in the same direction, or whether it will expand and take over the development of the whole sector? Which of these two alternatives leades to the best exploitation of the country's mineral wealth, within the framework of overall economic development, remains a moot point.

Greek membership of the EC, and the freedom of European companies to explore and exploit the Greek mineral wealth, will create a new framework for the activities of the sector. Other factors which will influence this new reality are high energy costs, and the continued world economic recession. The sector must be ready to adapt itself to the new conditions that will arise in the near future. The State policy that will be applied will be decisive for the development of the sector and the country. There is little time left: all the circumstances indicate the need for rapid solutions.

HISTORICAL PERSPECTIVES

The Greek geological area belongs to the Alpine oryctogenetic zone. The main characteristic of this zone is the existence of a wide variety of useful ores, in deposits of varying size. Most commonly found are small and medium sized deposits, but there are also a number of large deposits. In Greece, one can find all three categories of useful ores: metallic, nonmetallic, and fuel primarily in small sized deposits – at least by international standards. The existence of this wealth was first realised after the Second World War, when a more thorough and systematic study of the Greek subsoil was initiated.

This research, which has not yet been completed, has proved that although Greece is no Eldorado, there are many important ores in adequate quantities,

which could contribute to and support, the industrial and economic development of Greece.

Though mining activity in ancient Greece was considerable (e.g. marble from Pendeli, copper and iron in Lavrio, iron in Seriphos, gold in Pageon etc.) interest in the subsoil of the country did not manifest itself till after the First World War and the Greek State did not actively pursue the development of the secondary sector till after the Second World War. It is interesting to note that in the interwar period, both proved and possible deposits of all kinds of ores increased considerably.

The major part, though, (80-90%) of exploration activity has been carried out by Greek private companies, while the Greek State, has participated through such companies as IGME, ΔΕΠ, ΔΕΗ and the National Polytechnic School. The lack of central co-ordination, and of an efficient organisation for the exploration process, as well as the bureaucratic structure of the above State organisations has contributed to the non-completion of the exploration activities. The construction of a geological map, which was started after the war, for example, has not yet been finished.

Another aspect of the problem is the way in which the exploitation of the mineral wealth has been carried out. The basic criteria in evaluating the importance of one exploitation policy over another in connection with their contribution to the country's economic development of the country, is the degree to which the extracted minerals are processed within the country. In other words, how many stages necessary for the final production of the finished goods are carried out within the country. A high degree of processing at home entails greater value added and is an indication of vertical integration of production, a characteristic of a developed economy.

The policy that was followed for many years during the post-war period was characterised by a low degree of local processing. The major part of the extracted minerals was exported unprocessed by both Greek and foreign companies. The only aim at the time was to earn as much foreign currency as possible. The lack of a broad industrial structure, and of a planned policy for independent economic development were not helpful features though over the last two decades, important steps have been taken in local processing mainly of bauxite, nickel and magnesite.

However, for most metals, the degree of local processing remains very low. This is an indication of the possibilities for further development of the metallurgy industry, which is a key factor in integrated industrial development.

Various other problems have arisen, such as finding ways in which to make exploitation more efficient and to increase its contribution to the industrial development of Greece, the forms in which State intervention can take place, and the role of the private Greek and foreign companies.

A PROFILE OF GREEK MINERAL WEALTH

According to the exploration that has so far been carried out, the existence of about fifty different ores on Greek territory has now been proved. For various reasons, most of these ores have not been exploited. These reasons include insufficient knowledge of the extent of deposits and high exploitation costs.

In Greece, there are about 1,100 privately owned registered mines, and about 150 state-owned mines. Of the privately owned mines, about 110 are functioning, and another 550 are being explored, or are to be exploited in the future. There are various reasons why the others are not functioning at all.

Because exploration activity is not centrally co-ordinated, and is carried out separately by private companies and the State, there is some controversy over the size of proved and possible deposits of several of the ores. Another cause of controversy is the new discoveries that are constantly being made, and the disagreement that exists on how rich a deposit must be for it to be considered economically exploitable.

Table 1: Proved and possible deposits of ores in Greece, and production 1969 and 1979

Ore	(1) (a) Proved deposits	(b) Possible deposits	(a)+(b)	(2) Production 1969	Production 1979	1979 production as % of total
Auxite	10	20	30	–	–	–
Asbestos	–	–	100	–	–	–
Antimonite	–	–	5	–	–	–
Baryte	–	4	4	74.4	11.08*	0.04
Bauxite	150	500	650	1,905.3	2,914.9	2
Dolomite		unlimited		–	–	–
Magnesite	130	80	210	577	1,058.2*	1
Lignite	3,000	2,000	5,000	6,732.7	21,698.1*	0.7
Manganese ores	–	–	25	7.3	56.7*	0.4
Copper ores	–	–	80	–	–	–
Mixed sulphide	10	20	30	295.7	721.3	15
Iron ores	–	–	20	–	–	–
Nickel; ferrous ores	300	1,000	1,300	501.4	1,685.1*	2
Pyrite	10	12	–	–	–	–
Emery	–	–	11 m^3	7.1 m^3	7 m^3	1
Talc	–	–	–	6.1	–	–
Fluorite	–	–	–	–	–	–
Gold	–	–	–	–	–	–
Chromite	1	3	4	60.6	87.1	2
Gypsum		unlimited		271.6	507.1	–
Sulphide	–	–	1	–	–	–
Pozzuolana (Santorini earth)		unlimited		496.3	1,345.1	0
Kaolin	5	10	15	47.0	52.1*	0.001
Pumice stone	–	–	100 m^3	375.2 m^3	1,088.1 m^3	1
Marble		unlimited		64.2 m^3	153.8 m^3	0
Bentonite	120	100	220	206.8	375.7	0.04
Perlite		unlimited		148.6	193.7	0
Peat	–	–	35-4,000	–	–	–
Uranium	–	–	–	–	–	–
Cement raw materials		unlimited		–	–	–
Geothermia	–	–	–	–	–	–
Oil	19	–	–		30,000 barrels a day est. for 1982	
Underground water		unlimited		–	–	–
Salt		unlimited		94.3	124.7*	–

(1) Figures in the first three columns are given in million tons (unless otherwise stated)
(2) Production figures are given in thousand tons (unless otherwise stated)

* Statistical data for 1978
– No statistical data available
Sources: KEPE: Economic Development Programme (Mines and Quarries) 1976-80
TEE: Greece Mineral Wealth 1st Conference 15th - 20th May 1977

Table 1 gives an outline of the proved and possible deposits of various ores as well as their production for the years 1969 and 1979.

To complete the picture of Greek ores, mention must be made of the existence of some ores for which exploration continues, but for which exploitation has not yet begun. Some of these are radioactive ores, such as uranium, rare ores, such as tandalium, rare earths and iron ores, such as iron vanadium, and titanium, light metals such as magnesium, and others such as gold, silver, zinc, etc.

DESCRIPTION OF THE SECTOR

The first two rows of Table 2 show that during the period from 1971 to 1979, both the number of companies and the number of persons employed in the sector decreased. However, gross production value more than tripled. This was more the result of increased prices rather than increased production quantities, as can be deduced from an examination of Table 1.

The value of consumed materials increased steadily, particularly after 1974, when fuel prices rose rapidly. Gross value added increased at a corresponding rate. Productive investment in the sector went up very rapidly, especially in 1977-78, because of Government expenditures for oil exploration. (About 1.5 billion drachmas). Fixed capital investment increased during this entire period mainly because of increased state investment, which was greater than investments of the private sector.

Finally, Table 2 shows long-term credits to mining industries, which, over the years, covered an increasingly higher percentage of the private sector's investments. After 1977, this percentage rose to over 90%. This explains why the ratio between net worth and total assets in the major firms of the sector is between 1:2 and 1:4, as shown in "Guide to Greek Industry" by ICAP.

Table 3 completes this brief picture of the sector, by showing the development of the sector's production, in quantities, by index.

EXPLOITATION OF GREEK MINERAL WEALTH

Vertical integration and problems

The exploitation of a country's mineral wealth is a problem of great national importance. The way in which this problem can be solved depends on the long-term economic policy that will be followed. In formulating such an economic policy there are some general questions which inevitably arise. Thus one has to determine the extent to which the exploitation of those mineral deposits which are not unlimited should be carried out now, or in the future? Will the importance of certain ores decrease or disappear altogether if technological substitutes take their place? When is the best opportunity to exploit a certain ore in order to maximise the benefits for the country? Should the aim be to maximise the foreign currency earnings or some other variable?

Apart from these general questions, which decide the overall direction of economic policy, it is generally agreed that the mineral wealth of a country is one of its most important resources, and that the exploitation of these resources must be carried out in such a way that the country receives the maximum benefit.

These benefits can not be estimated only in terms of annual incomes, but also in terms of the indirect consequences and opportunities for the country's industrial development. Raw metallic minerals are the basic requirements for the development of the metallurgy industry. Metallurgy is the heart of the industry which supplies the rest of the industrial sectors with metals for the production of finished goods. So the first stage, which is the extraction and enrichment of the raw material, opens possibilities for the development of the next stages, which are metallurgy, and the finished goods industry. In other words, for the vertical integration of the sector and the increase of value added for the economy as a whole.

In the developed western countries, the support and continuation of their industrial development was greatly helped by the importation of raw materials from Third World countries. In Greece how-

Table 2: The size and activity of the sector, 1971-1979*

	1971	1974	1977	1978	1979
Number of establishments	154	157	133	131	–
Average number of employees	13,246	16,410	17,546	15,730	–
Gross production value+	2.836	6.117	10.321	11.716	–
Value of materials+	–	1.633	2.639	2.758	–
Gross production+ value added	–	4.422	6.829	7.995	–
Productive investment+	1.970	2.621	3.853	6.494	–
Fixed Capital Investment:+					
Total	1.981	2.482	3.765	4.908	7.202
Private	1.892	2.180	2.283	2.236	3.914
State	0.089	0.302	1.482	2.672	3.288
Long-term credits to+ mining industries	1.260	1.513	2.003	2.249	–

* No stone or marble quarrying included
– No statistical data available
+ Figures given in billion drachmas

Sources: National Statistical Service of Greece
Ministry of Industry and Energy. Bulletin of the Mining Activities in Greece for 1976
Confederation of Metallurgical Industries. 1980 Report

Table 3: Development of the production of the sector, 1973-1979, by production index

	1973	1974	1975	1976	1977	1978	1979
Production Index	133.3	136.0	132.6	143.2	148.8	144.8	155.2

Base: 1970=100
Source: National Statistical Service of Greece

Table 4: The extent of vertical integration

Ore	Sufficient deposits	Extensive exploration needed	Technical research underway	Vertical integration in stages (1)	Possibilities for further development
Alunite	*	–	–	–	Chemical Industry
Asbestos	*	–	–	1,2	
Antimonite	–	*	–	–	Metal production
Barytes	*	–	–	1	Expansion, increased exports
Bauxite	*	–	*	1,2,3	Second alumina, and aluminium plant
Dolomite	*	–	–	1	Production of MgO with seawater
Magnesite	*	*	*	1,2,3	Expansion
Lignite	*	*	*	1	Production of fertilizers, and energy
Manganese ores	–	*	–	1	Import substitution
Copper ores	–	*	*	1	Increased exploration
Mixed sulphide	*	–	*	1,2	Zinc and lead industry
Kaolin	*	–	–	1	Import substitution and standardisation
Iron ores	–	*	*	2	Import substitution
Nickel ferrous ores	*	–	*	1,2	Expansion new plant for nickel and stainless steel
Emery	–	*	*	–	Increased exports, standardisation
Perlite	*	–	*	1,2	Increased exports, standardisation
Uranium	–	*	*	–	Production of uranium
Pyrite	–	*	–	2	New sulphuric acid plant
Chromite	*	–	*	1,2	Production of stainless steel and ferrochrome
Gold	–	*	–	–	Gold production
Bentonite	*	–	*	1	Increased exports
Marble	*	–	–	1,2	Increased exports, and standardisation
Pozzuolana	*	–	–	–	Expansion
Gypsum	*	–	*	1,2,3	Production of building materials
Fluorite	–	*	–	–	
Heavy metals	–	*	–	–	Discovery of new deposits
Rare earths	–	*	*	–	Discovery of new deposits
Phosphorites	–	*	–	–	Intensive exploration and exploitation
Pumice stone	*	–	–	1	Increased exports

(1) Stage 1: extraction, and in some cases, enrichment
Stage 2: metallurgy
Stage 3: production of finished goods

Source: KEPE: Economic Development Programme (Mines and Quarries) 1976-1980

ever, such possibilities do not exist. Thus, the existence of local mineral wealth is a great advantage to the industrial development of this country.

Every step in this direction necessitates the expansion of vertical integration in the exploitation of mineral wealth. Until today, exports of Greek minerals amounted to about 50% of their gross produced value, which shows the external orientation of the sector. Vertical integration has not gone far enough to cover the greater part of production. The metallurgy industry is not broadly developed, with the exception of a few cases such as bauxite, magnesite, and some other ores.

Table 4 attempts to present a picture of the extent of vertical integration in the sector, and of the possibilities for further development. The first column of the table shows all those ores that have been found in quantities sufficient to justify industrial exploitation. The second column shows all the ores for which extensive exploration is needed, in order to find greater quantities. The third column presents those cases for which some kind of technological research is underway in one or another of the processing stages.

The fourth column shows under the headings 1, 2 and 3 the stages which exploitation has reached. Column five shows the possibilities for further development in the sector, with the aim to achieve a higher degree of vertical integration.

As can be seen from this table, vertical integration has progressed further in bauxite, where bauxite, alumina, aluminium and finished goods are all produced. Since only a small part of the produced bauxite is locally processed today, and since there exist possibilities for increased production, expanding international demand for aluminium and alumina justifies the expansion of the existing alumina and aluminium plants, as well as the building of a second plant.

The major problem in building such plants is the monopoly and imposing power exercised by the international cartel, a fact which makes the sale of alumina difficult. In the case of aluminium, high energy consumption is also a constraining factor.

Another ore for which local processing has progressed quite far, is magnesite. From magnesite, dead burnt magnesite, caustic magnesia, etc. are produced, and technological research in this branch is already well advanced. Because of the high quality of Greek magnesite, there are considerable possibilities for expansion, if exploration reveals new deposits.

In nickel ferrous ores, local processing has gone quite far, and there are possibilities for the production of stainless steel and ferro-nickel. Lignite is used by the Public Power Corporation (ΔΕΗ) as fuel for the direct production of electricity. This process could be made more efficient, and the mineral could also be used for the production of fertilizers. A plant for asbestos production has been started, although the demand is less than the capacity of this plant.

The processing of other minerals such as marble, bentonite, perlite, chromite, etc., has begun, and there are possibilities for further development and expansion. Apart from the energy problem, which concerns only a few ores, a major problem in processing is the lack of adequate private or public institutions with the ability to carry out the exploitation of the mineral wealth. In recent years, efforts to create such institutions have been undertaken and success has been proved in some cases. In fields where private companies have not acted, the state has taken initiatives, by creating institutions like ELEVME which aim for the development of local industries in order to carry on local processing. These efforts are at their initial and most difficult stage.

Another problem is the lack of specialised middle-level personnel who can operate the highly advanced machinery and equipment. This problem is the result of the low standard of middle-level technical education in Greece. There is a gap between the needs of modern and advanced technology and the education that is supplied. Because of this, the biggest companies in the sector have their own personnel training programmes.

The situation for top-level personnel is much better though, mainly because of the good number of highly-qualified graduates from Greek and foreign universities and technical colleges.

IMPORTS AND EXPORTS

As a producer of many of the important minerals, Greece has no need to import large quantities. Minerals imported are

mainly lead ores, coal, iron ores, oil, phosphorates, and a few others in insignificant quantities. The needs of the existing metallurgy industry are amply covered by local raw mineral materials, with the exceptions of the cases mentioned above.

However, the needs of the sector for machinery and equipment are considerable, and make up a major part of high investment requirements, as shown in Table 2. As this highly technically advanced machinery is not produced in Greece, between 80% and 90% must be imported. The most important role that the sector plays in the national economy, is in the field of exports. As in every growing sector, exports are of decisive importance for continued expansion. In this way, the limited size of the local market is overcome. For a sector such as this, in a market such as the Greek one, which is, in some cases, limited or even non-existent, exports are essential for its expansion. This explains why most mining companies have thrust out in this direction.

In assessing these efforts, it must be said that the results have been significant. The volume of exports of mineral and metallurgical products (marble and cement are not included) rose from 2,380,032 tons in 1969 to 3,608,936 tons in 1979, ie. by 50%. Of metallurgical products, (alumina: 229,300 tons, aluminium: 73,000 tons, and nickel: 17,900 tons) these, in 1979, made up 320,200 tons. During the same period, the value of exports increased five-fold in terms of drachmas, and tripled their value in dollars. Clearly, this increase was mainly the result of rising prices for the products of the sector on the international market, secondly only a result of increased volume.

In total, exports of metallurgical and mineral products in recent years have made up about 15% of total Greek exports. It should be pointed out, however, that although the export volume of metallurgical products is only 10% of the combined metallurgical and mineral exports in terms of value it is over 50%. This is an indication of the importance of metallurgy in the economy as a whole. Table 5 shows the export value of the products of the sector (excluding marble and cement), in order to show the true size and importance of the sector.

Table 6 shows the exports of the main minerals and ores during 1975, (volume) and 1980 (volume and value). It also shows the three main export markets.

As can be seen, the most important destination for Greek mineral export. is the European Community. The main exception is bauxite, which is exported almost exclusively to Romania and the USSR. The reason for this is to be found in the processing methods of Eastern Europe, which are better suited for Greek bauxite. Greek bauxite is not well-suited for the 'tropical plant' that is used in the EC countries. Greek ores are also exported to other countries in the world, but in smaller quantities.

STATE POLICY IN THE SECTOR

Until the Second World War, the interest of the Greek state in the mineral wealth of the country was almost non-existent. This field was not considered important for the country's economy, and real interest began in the post-war period.

One of the first actions of the state was the establishment of IGEY (Geological Institute for Underground Research), with the help of UNRA. This institute began work with the aim of finding out and estimating the country's mineral wealth. Another important action was the creation of the PPC and the exclusive reservation of all lignite deposits for its needs. The state also contributed to the exploitation of the mineral wealth by facilitating the initiatives of the private sector.

State intervention in the sector intensified and became more active after 1974. Two new institutions were created, The Institute for Geological Research (ΙΓΜΕ) for exploration and research activity in minerals, and ΔΕΠ (Public Petroleum Corporation) for oil exploration. Some land areas were secured for the activities of ΙΓΜΕ. ΔΕΠ undertook oil exploration throughout the country, in most cases in co-operation with foreign firms. New agreements with foreign firms were signed with the purpose of promoting in every way possible, exploration activity in this field. High energy costs dramatically increased the importance of speeding up these efforts. Concerning the exploitation of mineral wealth, the state played for the local processing of building plants for the local processing of certain minerals. Through ELEVME and ETBA, some processing plants have been built, and others are being planned for the future. These efforts have been undertaken in part of the metallurgy

Table 5: Exports of the sector excluding marble and cement (Value in million drs, unless otherwise stated)

Year	Minerals & Ores	Metallurgical products	Total value	Total value in '000 $
1971	1,324.8	1,901.3	3,226.1	107,180
1972	1,476.3	2,356.6	3,832.9	127,352
1973	1,928.8	3,633.8	5,562.7	187,170
1974	3,438.8	4,842.2	8,281.0	275,119
1975	4,055.9	4,847.6	8,903.5	275,831
1976	4,792.9	5,728.5	10,521.4	285,218
1977	4,428.9	5,879.8	10,308.7	277,047
1978	5,455.7	6,826.7	12,282.3	331,061
1979	7,211.2	8,595.3	15,806.5	359,240

Source: National Statistical Service of Greece

Table 6: Exports of main minerals and ores, 1975 and 1980. (quantities given in thousand tons, value in million drachmas)

Commodity	1975 volume	1980 volume	1980 value	Main destinations
Natural magnesium and carbonate	393.4	423.8	4,093.3	W. Germany, Italy, Yugoslavia
Clay (Kaolin, bentonite, etc.)	352.0	485.4	489.2	Canada, Italy, Sweden
Sulphur	10.0	2.0	16.9	Bulgaria United Kingdom
Natural barium, sulphate and carbonate	83.4	55.2	164.3	USA, Nigeria, Saudi Arabia
Pumice stone	251.2	405.2	134.8	W. Germany, USA
Aluminium ores (bauxite)	1,594.6	2,340.2	2,120.5	Romania, USSR, France
Chromium ores	19.3	32.3	176.0	W. Germany, Italy, Yugoslavia
Manganese ores	2.9	0.7	5.3	Spain
Lead ores	13.0	39.1	1,960.1	Italy, Belgium, United Kingdom
Zinc ores	26.1	44.7	427.9	Italy, Bulgaria, Belgium
Iron pyrites	19.8	22.6	4.9	Kenya, Bulgaria
Emery	3.6	2.3	3.9	Italy

Source: National Statistics Service of Greece

sector, where private interest is considered insufficient.

Strict legislation concerning the restoration of the environment and the prevention of mining activities in forested areas has been approved. Law 1116 regulates tax exemptions for grants for certain kinds of investments. Such grants are also given by the EC. There are also reductions on interest rates paid for investment for exports. The creation of the necessary infrastructure, and the supply of medium and high-level personnel is another field in which the state has acted. Future state policy in this sector depends on the programmes of the main political parties.

According to its programme, New Democracy will intensify exploration activity for both mining and oil. In mining alone, it plans to spend 2.5 billion drachmas per year from 1982 to 1985. In processing, it plans to build new plants for the exploitation of new minerals. For PASOK, the basic aim is the nationalisation of the big companies in the sector, and a private or co-operative function for the smaller companies, which are going to operate under national control. The intensification of exploration and research activity and the promotion of the exploitation of the mineral wealth for the purpose of promoting vertical integration and the country's industrialisation are other important points on its programme.

THE EFFECTS OF EC MEMBERSHIP

Because of their high level of industrial development, the EC member states are important consumers of mineral raw materials. However, most minerals and raw materials are not produced locally, and are consequently imported mainly from Third World countries.

In recent years, these countries have begun to create international organisations such as OPEC and CIPEC with the aim of achieving better prices for, and control over their products.

This fact is worrying for the Europeans, who have accordingly attempted to economise on their use of raw materials.

The European metallurgy industry, mainly through daughter companies, imports large quantities of minerals for metal production. In spite of using both imported and local minerals, they are still not self-sufficient in some basic metals. Table 7 gives a picture of the degree of self-sufficiency in some metals for the EC countries.

Greece produces considerable quantities of some minerals which the EC needs to import. Statistical data given by the Greek Association of Mining Companies (EME) shows that Greek production of bauxite for 1977 was higher than that of the other EC countries together. (See Table 8).

Table 7: Degree of self-sufficiency in the EEC.

Commodities	% of self-sufficiency
tin	51
aluminium	43
zinc	42
lead	39
copper	35
phosphate	0
nickel ores	0
CR ores	0

Source: EC Information Bulletin, No 8, 1977

Greece also produces considerable percentages of magnesite and magnesite products, bentonite, perlite, chromite, lead ores, etc., and most of these exports are destined for EC countries.

In conlcusion it must be said that Greek mineral wealth is of great importance to the EC, especially when transportation costs are also taken into consideration.

Greek entry into the EC, amongst other things means that EC citizens are free to explore Greek territory. Greek mineral legislation is not in agreement with these rules, and must be adapted to meet the new conditions since this type of activity is forbidden to foreign nationals. So far, this adaptation has not yet begun to be implemented. For the biggest Greek companies, EC membership will not have marked effects, because these

Table 8: World, European and Greek production of bauxite, alumina, aluminium and nickel in 1977 (in million tons)

	bauxite	alumina	aluminium	nickel
World production	85	30	14.2	0.8
Gk production as %	3.41%	1.5%	0.91%	2.2%
European production (E&W)	17.6	9.0	6.2	0.3
Gk production as %	16.48%	5.22%	2.08%	9.24%
EC production	2.0	3.4	2.0	0.05
Gk production as %	–	13.8%	6.49%	34.52%
Greek production	2.9	0.5	0.1	0.02

companies already operate under competitive international conditions.

The situation is quite different however for the smaller companies. It will be difficult for them to survive and grow under the new competitive conditions. Most of them will either be taken-over or will be forced to enter into partnership agreements with European companies, especially since the likelihood of new discoveries is quite high.

The Community also finances part of the exploration activity, and this contribution will be important and encouraging for the exploitation of the mineral wealth.

The EC will not be interested in developing the second stage – that is metallurgy, as their own very highly developed metallurgy industry is not working at full capacity, and there is probably no need for new industries in this field. On the other hand, for Greece, it is necessary that a Greek metallurgy industry be developed, and state efforts over the last decade have been made in this direction. Under Community conditions, it may sometimes be difficult, but not impossible, for Greece to implement her own economic policy.

EC membership creates problems, but also presents new opportunities. Which of these will be the dominant factor for the country depends on the policy followed, and the government's ability and effectiveness in realising its plans.

CONCLUSIONS

The survey has shown, through statistical data, that the known mineral wealth of Greece is quite considerable. Experience has shown that if exploration activity continues in a better organised and more systematic way, the mineral wealth will prove to be even greater.

Exploitation of the mineral wealth began many years ago, with the main purpose of maximising foreign currency earnings. During the last ten years, important steps have been taken towards local processing. The country's membership of the EC is a new factor which is going to influence the direction of the exploitation of the mineral wealth. The international economic recession is another factor which, in different ways, will also influence the exploitation of the various minerals.

Today, the future development of the sector is at a crucial point. A well-organised and centrally co-ordinated exploration and research activity is needed in order to estimate the volume of each mineral and evaluate its importance to the country's economic development. Local processing and a broader development of metallurgy as a strategic sector for the economy must be promoted. The need for large resources for exploration, and the building-up of local processing, a complete and long-term strategy, and activity on an international scale, demand an active state role in adequate forms and initiatives, to maximise utility, and promote the country's industrialisation.

Success of Recent Years

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[Article by G. P. Canellopoulos, mining engineer, metallurgist, president of Scientific Society of Mineral Wealth Technologists: "Greek Mining and Metallurgy: the Success of Recent Years"]

[Text]

The mineral wealth of Greece has been the subject of studies, exploration and exploitation for thousands of years, according to the historical period and its needs. The oldest scientific evidence is Theofrastos' work "On Stones", which was written more than 2,300 years ago and which dealt with mineralogy and metallurgy.

Greece has shown an economic interest in the evaluation of mineral wealth at least since the time of Homer. Later on, this wealth supported the economic and cultural greatness of Athens. As one can see, mainly from the exploitation of the Lavrion mines, which contained great quantities of silver, Pericles' age showed a great interest in the evaluation of the mineral wealth.

After this period, however, the exploitation of mineral wealth was of little importance. There was only a small production of gold, silver, lignite, asphalt, iron ore etc. until the end of the last century when mining restarted at Lavrion and, after that, at Serifos (iron ores) etc.

In modern Greece, it was only in the post-war years that greater and more rapid development began in all of the sectors; that is, in scientific exploration, research, mining exploitation, etc.

Initial progress was greater than might have been expected. The reasons are not entirely clear. Was it the State that realised the importance of the mineral wealth in the economic development of the country or was it the initiative of the private sector, which at that time had a wealth of able and active businessmen or was it perhaps the objective existence of adequate conditions and a suitable infrastructure? Were there other circumstances, or was it the combination of some or all these factors? The only certain thing is that mining developed considerably during the period after the War.

RESEARCH

The results of exploration have been impressive. So far, 3,500,000,000 tons of lignite 200,000,000 tons of bauxite according to conservative estimates, and 1,000,000 tons according to more optimistic opinions have been discovered at Ptolemais, Megalopolis, etc. Equally 200,000,000 tons of mixed sulfides have been located with a considerable content of silver at Chalkidiki, and tens of millions of tons of asbestos deposits have been identified in Zidani (Kozani) etc.

To those we can add the recently discovered oil and fuel gas deposits of the Thasos area, as well as the geothermal energy on Milos island, both of which give some hope for the future in this time of high energy costs.

Greece also possesses vast quantities of very good quality marble which comes in a variety of colours.

Further exploration has revealed considerable quantities of ores and minerals such as chromite, perlite, pozzuolana (Santorini Earth), emery, bentonite, dolomite etc. In smaller quantities, ores and minerals such as: baryte, silica, kaoline, manganese, iron ores etc., have also been discovered. Apart from these, a beginning has been made towards the discovery of new known and unknown deposits, such as boric salts, heavy minerals.

Considerable progress has also been made in the geological study and exploration of the country primarily through the creation of geological maps, as well as

with the scientific research carried out in University laboratories and private institutions. Both have provided practical applications of international standards. Furthermore some progress has been made in the study of enrichment methods that makes possible the exploitation of other poorer ore deposits.

PRODUCTION

The mining production from discovered deposits is operating at a high level. The following examples are characteristic: lignite production is in excess of 25,000,000 tons per year, of bauxite 3,000,000 tons, of magnesite 1,000,000 tons, of mixed sulfides about 1,000,000 tons, of marble 170,000 m^3, of ferronickel ores 2,000,000 tons per year and of oil between 25 and 30 thousand barrels per day.

This production is of considerable volume and the need to increase its value has led to integration. That is: to enrichment, metallurgical processing, final products and standardisation.

Another important step has been the application of modern methods already used for exploitation in the more developed countries, and after adapting them to Greek conditions.

ORE DRESSING METALLURGY AND INTEGRATION

a) Ore dressing

Greece has progressed considerably in the treatment and enrichment of ore and minerals. Except in those cases it is not necessary, there is no mineral today that is not enriched. Great enrichment installations have been constructed in all the mines for the various ores such as magnesite (Euboea, Chalkidiki) with advanced technology and adequate capacity, mixed sulfides in Chalkidiki, chromites in Skoumtsa and Volos, bauxites in Parnassos etc. Large installations have also been constructed all over Greece for the preparation of marble final products.

There has also been considerable progress in other processing, mainly of asbestos (Kozani), perlite (large installations on Milos), bentonite, kaoline, lignite, marble, and, more recently, of Greek oil in Greek refineries.

b) Metallurgy

The metallurgy sector is also developing rapidly. At present, Greek metallurgy includes:

– iron and steel production, with two small blast furnaces with a capacity of 800,000 tons and many other plants for steel processing.
– installations for hot rolling with a capacity of 2 million tons (two thirds of which is for long products and one third for plates) and for cold rolling with a capacity of 350,000 tons which is expected to double in a few months.
– A ferronickel metallurgy plants at Larymna, with a capacity of 27,000 tons of nickel which uses Greek nickel ferrous iron ores and has created its own internationally recognised technology.
– Alumina plants of 600,000 tons and aluminium plants of 150,000 tons capacity using Greek bauxite.
– Installations for the production of 80,000 tons of caustic magnesia and 350,000 tons of deadburnt magnesite, with advanced technology.
– Modern cement plants with a capacity of 12,500,000 tons.
– A lead plant at Lavrion with an annual capacity of 18,000 tons.

There is also a ferrochrome plant under construction with a capacity of 30,000 tons which will exploit the country's chromite ores.

c) Integration

The attempt to promote the vertical integration of the sector, has led to the creation of an industry for finished products.

Large plants for the processing of aluminium produced from the Greek aluminium plants in Aspra Spitia, are now producing aluminium profile and other products.

Plants for finished copper products (for example cartridges) have also been constructed.

It should be noted also that big plants are under construction for the production of final products of magnesite and deadburnt magnesite (bricks).

EDUCATION

In the field of education and training, faculties for mining and metallurgical

engineering have recently been established at the National Technical University of Athens. These faculties supply both Greek and foreign industry with well-educated engineers. Three geology faculties have been created at the Universities of Athens, Patra and Thessaloniki.

EXPLOITATION

During the post-war period, a network of six big mining concerns was created. These are the lignite section in the Public Power Corporation, the Skalistiri concern, the Eliopoulou-Kyriakopoulou Enterprises, the Larymna mines, the mining section of the Hellenic Fertilizers Company, the Public Oil Enterprise. Similarly twelve large metallurgy industries among which we can identify (Chalyvourgiki, Hellenic Steel, Aluminium de Grece, Larco, Viohalco, French Company of Laurium mines, the metallurgical section of the Skalistiri concern in Euboea), as well as 4 large cement companies, (Titan, Heraklis-Olympus, Chalkida Cement, and Chalyps), have provided a good part of the country's industrial sector. Many medium and small size companies for the exploitation of various ores, minerals, marble and industrial minerals have also been established.

STATE ORGANISATIONS

On State initiative, institutions and authorites have been created for the further development of exploration, research, exploitation, technology and for the planning of future mining. Such institutions are:

– ΙΓΜΕ (Institute of Geological and Mining Research) which was established in 1976 (as a continuation of the old IGEY) and with a staff of 1,000 personnel (280 of which are scientists) and a budget of 1 billion drachmas. Its activity is in exploration, research, development of new technology etc.

– The "Greek Nuclear Energy Committee" which is responsible for the development of nuclear energy.

– ΔΕΠ (Public Oil Enterprise) which has the exclusive responsibility for oil exploration in the Greek territory as well as for cooperation with foreign firms in oil exploration activities.

– ΕΛΕΒΜΕ (Hellenic Industrial and Mining Investment Corporation) which was established in 1975 with the purpose of exploiting the mineral wealth and developing heavy chemical industries.

– ΕΣΕ (National Energy Council) which is responsible for the formulation and implementation of a national policy in this field.

In this brief review I have attempted to outline the work that has been done in the sector. Of course, under different conditions, the progress might have been greater. My aim has been to assess the progress made so far. And under these conditions, the progress has undoubtedly been impressive.

As a result of this progress:

– The country has arrived at a point where 25% of all Greek exports come from the products of the mineral wealth.

– Greece has been accepted as a full member of the EC (some say on account of her mineral wealth).

– Half of the consumed energy is provided for by Greek energy sources (lignite, oil, fuel gases).

– Greece is the only country in Europe producing the strategic alloys ferronickel and ferrochrome from its own deposits.

It is a considerable achievement, and it is to be hoped that future generations will continue this progress more intensively in all the fields of mineral wealth.

CSO: 4600/108

YOUTH HURT WORST AS UNEMPLOYMENT CONTINUES RISE

One of Five Jobless

Stockholm DAGENS NYHETER in Swedish 18 Oct 81 p 8

[Article by Bo A. Ericsson: "170,000 Youths Unemployed This Year"]

> [Text] Before this year is over about 170,000 youths--about one-fifth--will have been unemployed for a more or less long time. According to an AMS [National Labor Market Board] estimate, 30,000-35,000 have been unemployed 2 or more times, and 20,000-30,000 more have had relief work of some kind. At the same time the number of teenagers will reach a record level in the so-called youth hump next year. That will make the competition for jobs even harder than it is today.

There are now 61,000 unemployed youths in Sweden. That is the largest number in present recorded statistics. The situation is the worst for teenaged girls. They have an unemployment rate of almost 16 percent.

Labor market researchers say that despite the high figures, there is a danger that real unemployment may still be underestimated.

For example, a significant number of the youths who are in higher secondary school would prefer to have a job if they could find one. At the same time there are also thousands of youths in relief work.

In all of Western Europe today youth unemployment is a scourge which is getting worse. During every recession since the beginning of the 1970's the level of youth unemployment has increased. The intervening periods of prosperity have only created marginal improvement.

The reason for this is partly that the countermeasures taken were not comprehensive enough or did not work, and partly the long-range changes in the labor market: higher educational requirements, reorganizations, changed attitudes, the gap between school life and working life, increased births, etc.

Altogether, these factors have led to an increased division between those established in the labor market, those who have a job, and those who are on the outside trying to get in--the youths, for example.

In Sweden it seems that youth unemployment has lately acquired several new features:

- No longer does it only hit those who are lacking in education--even youths with a higher secondary education are lining up today at the public employment offices.

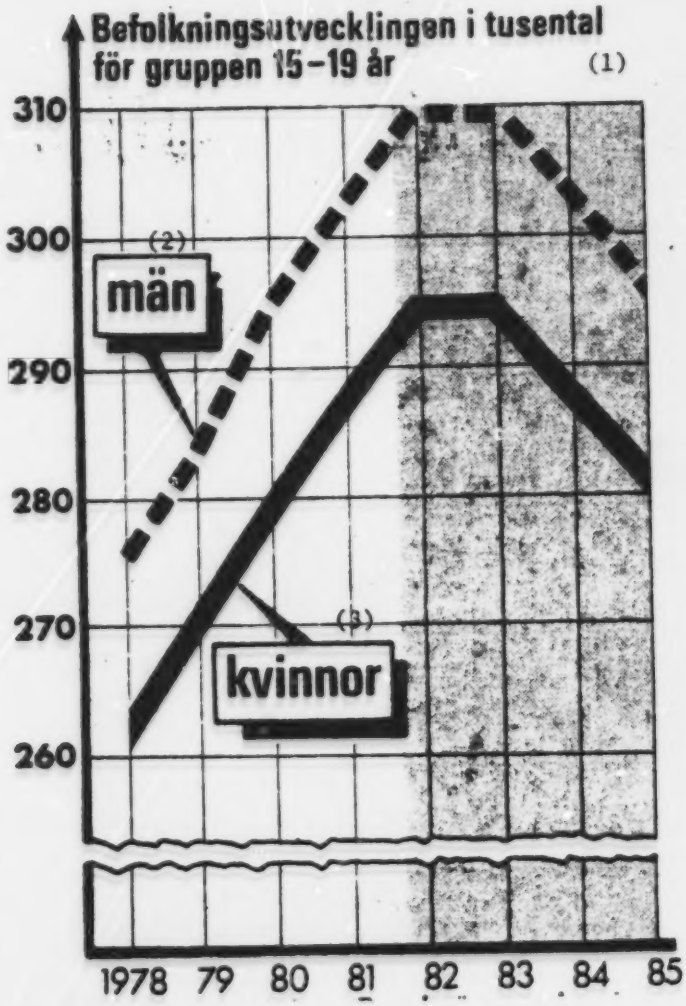
- The time of unemployment has become longer--more than one-fifth of the jobless youths today have been unemployed 3-6 months.

- Unemployment has increased in the youth groups--the situation has worsened mostly in the 18-19 age group, while the 16-17 age group is more involved in school.

- Unemployment can no longer be controlled by measures such as relief work, because the available resources are not sufficient.

Caption: This is what the teenage hump looks like. In the next 2 years Sweden will have a record number of youths in the 16-19 age group.

Key: 1. Population growth in thousands for the 15-19 age group.
2. Men
3. Women



Parties' Youth Wing Leaders Comment

Stockholm DAGENS NYHETER in Swedish 22 Oct 81 p 7

[Article by Bo A. Ericsson: "Party Youth on Subject of New Jobs--'Entire Generation Does Not Believe in the Future'"]

> [Text] Abolish the ATP [General Supplementary Pension System] grants for youths under age 25, strengthen the youth guarantee of work or education until age 21. Create a requirement for government-owned businesses to employ apprentices, increase occupational training and put pressure on employers. Expand higher secondary schools, give AMS [National Labor Market Board] the requested billions, create special contact centers for youths... These are some of the measures that political party youths today consider necessary to stop the record youth unemployment. At the same time several youth groups fear that continued high youth unemployment can undermine the confidence of the young in democracy, and risk political extremism and violence.

Stig Malm, deputy chairman of LO [Federation of Trade Unions], said at the LO congress, "For perhaps the first time we now have an entire youth generation which believes that the future can only be worse. For many youths the first experience with the labor market and the adult world is that they are not welcome, they are not needed. This is a dangerous situation.

"We can already see some tendencies. Youth revolts have always expressed themselves with aberrant clothing and appearance. But the serious aspect of today's Sweden is the apathy and antisocial attitudes which are now combined with dyed hair and abnormal dress. Youths do not talk about how they want to change society. Instead they demonstrate a complete indifference which, sooner than we think, can find expression in increased violence, abuse, racism and rioting."

Today a total of 61,000 youths are unemployed. Before the end of this year 160,000-170,000 are expected to have been unemployed for a more or less long time--30,000-35,000 of them 2 or more times.

DAGENS NYHETER asked two questions of the political youth leagues and their chairmen about measures against youth unemployment, and about its effects.

The first question was: "What measures should be taken today to reduce youth unemployment?"

Here are the answers to that question, somewhat shortened.

Gunnar Hokmark, Conservative Party Youth League: "The most important general contribution is to restore confidence in the future and enthusiasm, both in the youth and in business. Therefore, among other things, the threat of employee funds must be removed and the market economy reestablished. To attack the specifics of youth unemployment the following should be done:

"Schools must give training so that young people can take with them useful knowledge to their working life, and must make demands so that they are prepared for the demands of working life. The schools must also offer freedom of choice in education so that school years are stimulating for all.

"The opportunity for trial employment should be increased. Opportunity for apprentice training in businesses should be increased at the expense of different AMS work which is often a dead end. The wage costs of youths should be reduced by lower employer fees for younger employees."

Yngve Sunesson, Center Party Youth League: "The basis must be a general policy for creating employment. Furthermore the areas which are hardest hit must be especially helped by greater tax equalization and increased regional investment. A stronger investment should be made in domestic fuels.

"Local authorities and county councils must take greater responsibility for guaranteeing employment, education or training for youths. The youth guarantees should be expanded to cover all youths up to age 21. In each locality youth centers should be established so that young people's contacts with schools, employment offices and local businesses can function more easily.

"ATP grants for youths under 25 should be abolished. Higher secondary schools should be expanded so that all can get an education and sandwiching of courses should be introduced."

Peter Orn, Liberal Party Youth League: "More jobs must be created, and that demands mainly investments in industry. In order to achieve this some form of employee fund suitable to the market economy is necessary. Additional support for small business is also necessary.

"It is surprising, to say the least, to see how various constructive suggestions risk being torn apart by unrelenting arguments between the political blocs. Therefore unity in politics is one of the most important investments in the future.

Furthermore we must put pressure on the employers. Now they have greater opportunities to introduce apprentice training, among other things. It is immoral for businesses not to take advantage of these opportunities.

"And it is also necessary to expand the higher secondary schools so that they can take in all the youths."

Jan Nygren, Social Democratic Youth League: "Youth unemployment is a consequence of the general employment situation. Society can not, as today, passively watch the development of Swedish industry without taking control through such things as public purchases, investment in research, development, expansion, guaranteed supply of capital and employee influence through employee funds, and ensuring that our basic industries are planned branch by branch.

"In order to correct acute youth unemployment, money is needed. AMS has asked the government for 2 billion, and is getting 400 million! AMS must receive the 2

billion unconditionally. SSU [Swedish Social Democratic Youth League] has presented a program to meet the increasing unemployment among youths which contains a number of concrete recommendations about how local governments can create work and training. Let me only mention the need for higher secondary schools which can take in all who apply, plus the need for relief work."

Stellan Hermansson, Communist Youth League: "We demand that relief work be immediately reinstated, that government-owned businesses be ordered to hire apprentices, that higher secondary education and labor market training be expanded and that the state support local governments so that they can guarantee employment for youths.

"Furthermore housing construction must begin immediately, Swedish industry must be greatly improved with an offensive government industrialization program. To succeed with this and create permanent jobs for youths also requires a struggle against the power of the economic minority and the speculative economy."

The second question asked of the youth leagues was this: "Is there a risk that the increasing youth unemployment in Sweden can also lead to different forms of antisocial activity, political extremism, increased violence?"

Conservative Party Youth League: "Yes, there is a risk of such developments. Work means a contribution to society and a feeling of 'giving satisfaction.' That feeling will not come if one is unemployed. The bitterness which then comes easily is not cured by more jobs in a few years."

Center Party Youth League: "Sweden has a tradition of settling conflicts without violence, and the youth leagues can play an important role in guiding the natural feelings of hopelessness and powerlessness of the unemployed youths to constructive work in obtaining employment, for example by starting up cooperative businesses.

"Often youths which are active in organizations find it easier than others to get jobs, and that is why it is an important task for the youth leagues to bring the unemployed youths into their activities."

Liberal Party Youth League: "Working together with others is the foundation of mankind's self-esteem. Now a tragedy threatens to take place before our eyes: that an entire generation of youths is going out into the adult world with a feeling of hopelessness and apathy.

"This is threatening to undermine their confidence in the opportunities in a democracy to create conditions for a meaningful life. This has happened throughout Europe. We see the results partly in the form of frightening terrorism, partly in the form of increasing youth brutality as a meaningless way to express protest. It should be a warning to Gosta Bohman and others who would use unemployment as a means of rebuilding the economy."

Social Democratic Youth League: "The answer is emphatically yes! A hardening labor market can lead to such reactions. England is an example of what can happen when policies fail and prove to be incapable of solving the problems of the people.

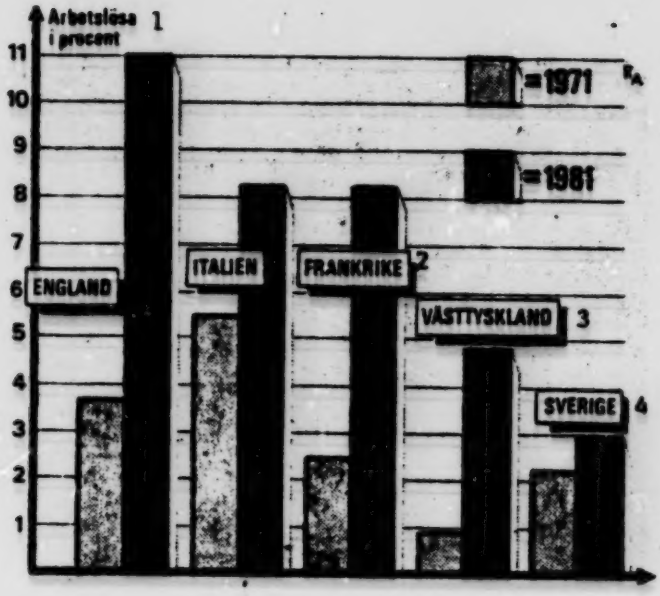
"But it should be sufficient to point out what unemployment means for individuals in the form of social and economic problems. To lose one's job and working comrades, to perhaps be forced to move to a new social environment is argument enough to demand full employment."

Communist Youth League: "The risk of problems with the youth in Sweden is a dominant threat of the 1980's. Joblessness and housing shortages, commercialization of leisure time in combination with social disarmament can certainly lead to a youth revolt of the type that we see today on the continent.

"We are working now together with VPK [Left-Party Communists] to create a 'Youth Alternative for the Future'--a program which shows that there is an alternative to passivity, melancholy and apathy."

Caption: These are the curves which are frightening. It is the teenagers who today have the highest percentage of unemployment. Teenage girls, the hardest hit group, reached almost 16 percent last month. Youth unemployment exists today in all industrial countries, and has increased each year since the beginning of the 1970's.

Key:
1. We are powerless!
2. Hundreds are fired.
3. Paper mill closes
4. Sawmill closes
5. Furniture factory bankrupt
6. 16-19 years



Caption: The total unemployment in Sweden is lower than in most Western European countries. But at the same time there is hardly any other European country which depends on AMS measures as much as Sweden. Without these, Swedish unemployment would probably be about twice as high as it is today. The youth share of unemployment is almost half of the total.

Key: 1. Unemployment percentage
2. France
3. West Germany
4. Sweden

Virtually All Industry Sectors Affected

Stockholm DAGENS NYHETER in Swedish 27 Oct 81 p 10

[Article: "Jobs Decline Throughout Industry"]

[Text]Almost all branches of Swedish industry expect further reductions of personnel during the next 6 months. This was announced by the final business barometer published by the Institute of Economic Research on Monday. The largest reductions of personnel are expected in the lumber and cement industries.

Swedish industrial activity declined more than expected during the third quarter. That applies both to production and orders received. Mainly it was orders from the domestic Swedish market that declined more than expected.

In their judgment of the future the firms do not expect any large changes. It should be pointed out, however, that the barometer's survey was published before the devaluation and the other economic-political measures.

Even before the devaluation industrial firms showed a certain optimism over the question of orders from abroad. A number of heavy industrial firms expect more frequent export orders. This includes parts of the manufacturing industry and the iron and steel industries.

Good for Automobiles

The forestry industry, however, is more pessimistic about orders. Especially pressing is the situation within the lumber industry, where the order situation in September was the worst in many years. In the lumber industry restrictions on production are expected in more than half of the firms, and two-thirds of the firms report risk of reduced operations during the winter. Sawmills and carpentry shops are the worst hit.

One bright spot in the barometer is in the transportation (automobile) industry. Here the firms expect increased orders and increased production during the next 6 months.

The transportation industry is also the only industrial branch which does not expect reduced employment during the next 6 months.

The employment plans of industry are altogether negative. Within the forestry industry, for example, a reduction of both workers and officials is expected during the fall and winter.

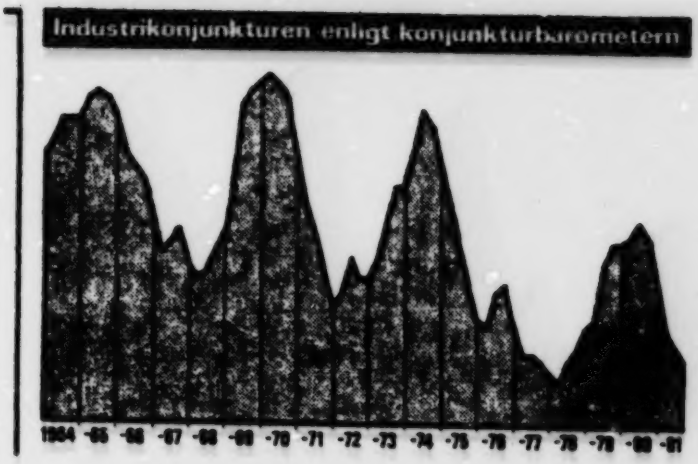
The heavy manufacturing industry hopes for an increase of export orders. And for the domestic market the barometer shows hope that the decline in orders will ease during the fall. Production plans for the manufacturing industry show, however, largely unchanged production and some further reduction in the number of employed.

Shipyards Weak

The shipyard industry expects continued decline in orders during the remainder of the year. During the first half of 1982 the shipyards expect, however, to have unchanged production compared with the same period of this year.

The textile and clothing industry expects a certain decline in production during the first half of 1982, and employment will decline. Personnel reductions have been announced for both workers and officials.

The chemical and plastic industry expects increased orders from abroad. It is mainly the chemical firms which are positive on the matter of export expectations. A certain increase of production is anticipated, but employment will still go down.



Caption: Industrial Activity According to the Business Barometer

9287
CSO: 3109/31

EUROPEAN PACIFISM: GROWTH, RATIONALE, ALLIANCE THREAT

FRG: Anti-Reaganism; Church; Ecologists

Paris LE MONDE in French 20 Oct 81 p 7

[Article by Claire Trean]

[Text] West Berlin--The premonitory signs had been increasing for a year. The arms race was becoming a topic of debate, especially among the Socialist youth organizations (the "Jusos"). The list of signatures was growing at the bottom of the "Krefeld Appeal"--a document on behalf of disarmament that was drawn up last November by the German Peace Union (DFU), whose ties with communist groups are no secret from anyone. But it was in June, during the Evangelical Church Congress, that the movement's real kickoff occurred. That church meeting immediately turned into a political forum. It booed Minister of Defense Hans Apel while 100,000 people demonstrated in the streets of Hamburg at the behest of the Protestant young people's peace committees.

From that point on, there has not been a single institution that has escaped pressure from its rank and file to take a stand. There is talk of peace--or of what is now being viewed as its antithesis, the arms race--in the newspapers, schools, churches, unions, and political parties. Retired generals are adding their voices to the concert. Chancellor Schmidt has been compelled to engage in an exegesis of the Sermon on the Mount from the New Testament. Sections of the DGB--the powerful German Trade Union Federation--are drawing up plans for converting the arms industry to civilian production.

On 13 September--another high point in the movement--70,000 people gave General Haig a tumultuous welcome in the streets of West Berlin. "It is only a minority," said President Carstens. In any case, the crowds of Berliners who were acclaiming Kennedy 18 years ago stayed home. In the SPD [Social Democratic Party of Germany], some of the troops are champing at the bit, and acts of insubordination toward the chancellor are increasing among the staff. The "Friedensinitiative" (peace committees) now number in the hundreds and reach into the most remote rural areas, and there are dozens of disarmament petitions because of the desire not to be associated with the Krefeld Appeal, which is too marked by its origins. The major weeklies are participating in the orchestration, some by printing maps of the "secret" NATO missile installations, others by printing front-page headlines on the "programmed hell" or the beginnings of World War III. The windows of leftist bookstores, once filled with theoretical works

dissecting Marxism or the consumer society, now display brochures with such edifying titles as "Building Peace Without Weapons," "Better Red Than Dead," and "Can World War III Be Prevented?" Fear has unquestionably cemented the movement as a result of the idea, suddenly revealed to Germany, that it could be chosen as the field of confrontation between the superpowers.

New Wind From the West

The decision to deploy Euromissiles dates from 1979, and at the time it did not arouse public protest. All or almost all the components of the movement were, however, already present in West German society: 1) an antimilitarism as old as the FRG that provides the--very numerous--troops of conscientious objectors; 2) a Protestant Church which is pacifist in the theological sense but which now--because it did not speak loudly enough during Germany's dark hours--is willingly embracing militant action; 3) masses of young people for whom West German normality does not offer many occasions for excitement and who have become politically disenchanted by 10 years of leftism; and lastly, 4) the economic austerity into which the FRG has just entered and which provides additional vindication for those wanting to increase social expenditures at the expense of military spending.

The new tone in Washington was all it took for the movement to become aware of itself and begin recruiting supporters from ever-widening sectors of the population. The FRG was belatedly discovering that medium-range missiles in Europe would enable the United States to destroy Soviet targets without the danger of a counterattack on its own territory. The savior--the U.S. ally--was suddenly becoming the possible source of calamity.

Anti-Americanism? No, anti-Reaganism, is the unanimous response from the ranks of the pacifists. Relations between Bonn and Washington were already somewhat strained during President Carter's time. But in the public's mind, a strong desire for independence has replaced a carefully maintained distance. Reagan's extolling of an uncompromising and tough United States has awakened the anti-Americanism that had been the battlehorse of the leftists during the 1960's. Moreover, Reagan's language and his Manichaean view of the world are no longer acceptable to those West Germans who have specifically benefited from the Ostpolitik in their relations with the GDR. Even if they do not dispute the fact of Soviet military supremacy, it is not there but in Washington's language opposing it that they see the source of a possible conflict. The U.S. decision to produce the neutron bomb has reinforced their fears.

In view of those circumstances, General Haig could hardly expect a warm welcome in West Berlin. One of his remarks--"There are things worse than war"--was the final exasperation. It is still quoted in pacifist circles as an example of unbearable arrogance. As paradoxical as it may seem in West Berlin, the United States is no longer regarded as the protector by a strong current of public opinion, which no longer intends to be lectured to by Washington.

"Everyone by his own Hearth"

In the same city, but on the other side of the wall, the party daily devotes its entire front page to fulsome praise of the demonstrators in the Western Sector, who are not bothered by it. Does this indicate thoughtlessness or misunderstanding? In

any case, the communist bogeyman has faded away remarkably. For the supporters of the "alternative movement," old-fashioned anticommunism has had its day. Having become allergic to ideologies, the alternative movement that grew up under the Berlin Wall has developed an "everyone by his own hearth" mentality that it attributes to the other side as well. For the alternative movement, Afghanistan is as far away today as Vietnam was close, 15 years ago, for the student movement.

Participation in the peace demonstrations by the DKP [German Communist Party] or other movements of communist allegiance worries the leaders of the churches and the parties more than it does the rank and file. Pastor Albertz, a former SPD mayor of West Berlin, says: "Their motives are not ours, but what does it matter as long as we are seeking the same goal?" He draws attention to the very weak numerical strength of West German Communists and alludes to the virtue of tolerance. In the SPD, the supporters of disarmament keep their distance from the "K" [communist] groups but demonstrate side by side with them. The party leadership, concerned to preserve party unity as far as possible, has so far avoided excommunications of its members.

The Protestant organizations are unquestionably the spearhead of the movement. Men like Pastor Albertz in West Berlin or Pastor Eppler, who is a member of the SPD Presidium in Bonn, represent them in the political institutions. The debate has been less clear-cut on the Catholic side, where the hierarchy sticks to the principles expressed in Pope John XXIII's encyclical "Pacem in Terris." But the Pax Christi movement and the 650,000 members of the Catholic youth organizations did not wait for episcopal blessing before jumping into the movement.

Theological arguments aside, two major groups are taking shape: one going beyond the rejection of Euromissiles to advocate the denuclearization of the FRG or of a part of Europe, and the other hoping--while also protesting the continuing of the arms race--for a redefinition of the FRG's defense policy within the framework of the Atlantic Alliance.

The first group includes the ecologists, who constitute the most highly structured group in the alternative movement and whose fight against military nuclear power is a logical consequence of their fight against civilian nuclear energy. The movement's considerable experience and its ability to mobilize a wide range of public opinion on specific issues through the "Buergerinitiative" (action committees) have been a considerable asset to the peace movement. Its rejection of nuclear weapons is total, but for the moment, that rejection is not accompanied by an equal effort aimed at formulating any alternative proposals, as it is in the case of nuclear energy.

In other sectors of the alternative movement, the political talk of the blocs is rejected outright. Refusing to argue about East-West relations, these groups simply point to the "immeasurable absurdity" to which those relations have led the world. These people believe in the advent of an authentic way of speaking that will be of the people rather than the politicians. When asked if that is not a naive illusion, they answer that they are militant supporters of a "concrete utopia" and that everything accomplished in West Berlin by the alternative movement seemed impossible at the beginning.

Close to that feeling are certain leftwing intellectuals who point out that one cannot simultaneously want peace and help pile up weapons that carry within themselves

the threat of annihilating the planet. Revealed in their words is the outline of a neutralism that is recurrent in the FRG's history.

As far back as 1968, Egon Bahr, who was then an official in the Ministry of Foreign Affairs, was devising, like others before him, a plan for the dissolution of the two alliances and their replacement by a security system for Central Europe. That scenario would have led to the reunification of Germany. For most of the apostles of a denuclearized Europe (whose contours, incidentally, are vague), disarmament today must be unilateral, and the FRG must be the pioneer.

Others, less ambitious, reject the name of pacifists. Like General Bastian, they hope to limit defense capabilities to the strict minimum and challenge the equilibrium theory, which says that deterrence cannot work except within a balance of power.

Splits in the SPD

The last SPD Congress endorsed the deployment of new missiles only on condition that the SALT 2 agreements be ratified and that negotiations on medium-range weapons in Europe be undertaken by Washington and Moscow. Very quickly, however, as a result of changes in the international situation and the absence of any foreseeable progress on the second point, party members of Parliament such as Karstens Voigt were asking that the debate on the NATO decision be resumed. A gap gradually developed in the rank and file between traditional Socialist militants--oriented toward trade union action--and those who, along with other leftwing forces or the church movements, were committing themselves to disarmament. Deputy Oskar Lafontaine disputed the idea of Soviet military supremacy. And in the SPD Presidium, Erhard Eppler proposed that the deployment of new missiles be postponed until the conclusion of East-West negotiations. Party Chairman Willy Brandt, while trying to to check the two extremes, claimed to support the policy of detente and let it be known that that policy was jeopardized by the government's defense policy.

Brandt was the architect of detente and also father of the integration policy within the SPD that enabled the party to co-opt part of the extraparliamentary protest of the 1960's. Today that same policy could enable it to co-opt part of the pacifist protest. Schmidt matches that--especially on the issues of defense and energy--with an authoritarian attitude that is becoming increasingly irritating within the party. This conflict between the two men on the nature of social democracy will be superimposed on the Euromissile issue during the congress in Munich next April.

A vote of distrust in the chancellor on this issue would be suicidal for the Social Democrats. The reason is that the coalition's survival depends on the ability of the liberal party (the FDP [Free Democratic Party]) to tolerate the SPD's leftwing. While the young democrats and some leaders of the SPD--such as Borm--have joined the movement against Euromissiles, they can count on scarcely one-third of the liberals to stand up to a leadership that is standing firm on implementation of the NATO resolution.

For their part, the Christian Democrats cannot remain indifferent to the peace movement, if only because of the role being played in that movement by the churches. The recent proposal made to Washington by Mayor Von Weizsaecker of West Berlin that it give up the idea of deploying neutron weapons in exchange for the withdrawal of Soviet

tanks from the GDR demonstrates a degree of sensitiveness by the most liberal wing of the CDU [Christian Democratic Union] to the disarmament movement. It is obvious, however, that a coalition between the liberals and the CDU would not contemplate challenging the NATO resolution on Euromissiles or even modifying it. If the coalition were to collapse, it would be suicidal for the SDP, but it would be even more so for the opponents of those weapons.

Will the Social Democrats go that far? Some members--Pastor Albertz, for example--hope to continue the fight, even at that risk. And after the spring congress is held, another question is waiting: will the peace movement experience the same ephemeral career as its predecessors, or is the wave such a ground swell that any government in the future will have to take it into account?

Great Britain: Unilateralists Gain

Paris LE MONDE in French 21 Oct 81 p 7

[Article by Daniel Vernet]

[Excerpt] London--They are still there, perched on their soapboxes in a corner of Hyde Park and preaching nonviolence, announcing the end of the world, or denouncing the atom bomb as the last metamorphosis of the Antichrist. But pacifism is not only an argument for Sunday orators: it is a very strong feeling, expressed or latent, that runs through all segments of British society today as it did before World War I and World War II.

It is not a fringe movement as it is in other European countries, and it involves more than just small extreme leftwing political organizations or small nonviolent groups whose ideals attract more friendly feeling than support among the mass of people. It is institutional pacifism in the sense that it is the quasi-official doctrine of major parties and respectable movements. The fact that certain official institutions have taken pacifism under their wing no doubt explains why street demonstrations against the presence of U.S. rockets have so far not been as widespread in Great Britain--even though Great Britain is concerned in the highest degree by cruise missiles--as they have in its neighboring countries on the continent.

Pacifism, neutrality, and anti-Americanism: although the debate centers on that trilogy, it is not presented in exactly those terms. Here it sets the "unilateralists" against the "multilateralists"--that is, those supporting unilateral disarmament by Great Britain, or even the West in general, and the advocates of international negotiations which would make it possible, through reciprocity agreements, to lower the threshold of military confrontation between the two blocs.

In that sense, the debate is even more radical than elsewhere. The unilateralists are reviving a very British tradition and are not impressed by arguments advanced by people like David Owen, former secretary of the Foreign Office, who recall that before 1939 such a policy was called appeasement and that on the eve of the Munich meeting, the pacifists wore badges proclaiming "War we say no."

By presenting himself as an "inveterate and incurable pacifist," Michael Foot received an ovation from the Labor Party Congress, which this year, following the unions

and the Liberal Party, confirmed its stand in favor of unilateral nuclear disarmament. The defense policy has been one of the most controversial issues within the Labor Party ever since 1945. Today Labor wants to revive the campaign of the 1950's, when it demonstrated with shouts of "ban the bomb." Helped on by the economic crisis, the slogan has changed: "Work, not bombs" is the cry proposed by the party spokesman for international affairs, who feels that the Labor Party must become "the political instrument of unilateralism."

The pacifist wave has also won the field in the union movement, which feels that in this period of economic crisis, the government has better things to do than invest billions in the arms industry. The unions are naturally concerned to protect employment. But they are proposing a plan for converting industry, creating new civil service jobs, and increasing investments in public facilities. Japan's example leads them to feel that the countries spending the least on defense are the ones that experience the highest productivity and beat all export records.

Morality and Fear

The stands in favor of unilateral disarmament have more than a mercenary aspect, however. Their prime dimension is moral. Great Britain must not participate in that "immoral" action which consists of destroying "thousands of innocent civilians in other countries at the press of a button," explains the chairman of the Labor Party peace movement. The country will increase its credit in the eyes of the world by setting an example, if only by giving up this or that type of nuclear weapon or refusing to allow U.S. cruise missiles on its territory.

The churches are not insensitive to those arguments. None has taken an official stand on behalf of unilateral disarmament, although the secretary of the Methodist Conference has publicly--but speaking only for himself--supported it. But the Catholic and Methodist press is opening its columns to debate between readers on the subject. In the official Anglican Church, there is pressure in the same direction from the rank and file. The Council of Anglican Churches has already said that "the doctrine of nuclear deterrence based on mutual destruction is shocking to a Christian conscience."

Noble sentiments are not the only thing at issue. The fear of being the preferred target in a nuclear confrontation plays a not inconsiderable role in the hope--or illusion--that the country can sit the game out. The decision to deploy new U.S. medium-range rockets in West Europe and former President Carter's Directive No 59 on nuclear war have obviously revived the discussion concerning Europe's place in the balance of power and the strategy of deterrence. One young Labor Party member says: "If the cruise missiles are to be used at the 11th hour, we will not live to see the 12th hour."

And another adds: "They told us in the 1960's that we had to accept the bomb because its effects were so horrible that no one would dare to use it. And now the Americans are talking in earnest about using it in a limited nuclear war--limited to Europe, naturally." The unilateralists present another practical argument against the multilateralists when they say that the negotiations conducted over the past 20 years or so have not led to any results because no one trusts the others and each one is waiting for his neighbor to take the first step. The Labor Party peace movement feels

that to break that vicious circle, one nation must have "the courage and good sense" to agree to a small reduction in its armaments and continue in the same direction if the other side responds in kind. Professor Thompson, who is one of the most prominent leaders of the Committee for Nuclar Disarmament in Europe (working in close collaboration with the Bertrand Russell Peace Foundation), feels that unilateralism is itself based on "reciprocity." He admits that if NATO gave up its Pershing 2's and cruise missiles and the USSR did not instantly halt the deployment of its SS-20's before reducing their number, "the unilateralist movement in the West would lose all popular support."

Dismiss Both Superpowers

The reasoning involved is based on a very great distrust of the United States and a sometimes idyllic view of Soviet policy. The spokesman for the Transport Union explains: "Nuclear deterrence is neither credible nor independent." It has little regard for the sovereignty of Great Britain, which has become a plaything in the hands of the Americans, since they can unleash a nuclear holocaust from British territory without asking anybody's permission.

The hardliners draw from that a conclusion which does have logic in its favor: Great Britain must withdraw from the Atlantic Alliance's integrated military organization. In support of their thesis, they sometimes refer to the example of General De Gaulle, forgetting that France's withdrawal from NATO was followed by an unprecedented defense effort. The Labor Party, which rejected withdrawal from NATO by a very strong majority, proposes no defense policy other than the unilateral gesture that will so impress the Soviets that it will induce them to reduce their own arsenal.

The majority of the Labor Party's members undoubtedly "have no illusions about the totalitarian nature of the communist regime," but they see the Soviet Union entangled in its own difficulties and incapable of thinking beyond the frontiers of its empire. One out-and-out unilateralist explains: "Brezhnev has too many problems at home for him to want to invade Great Britain." And Tony Benn, leader of the Labor Party's leftwing, points to the example of Poland: it has no need of U.S. bases on its territory to resist the USSR.

Strong in that certainty, British unilateralists dismiss both camps. Professor Thompson says in substance: "We are caught between two military machines, and we don't have to choose one over the other." It is he who produces the most coherent if not the most convincing alternate policy. He wants a neutralist Europe which he prefers to call "independent" and "nonaligned." According to him, that hope is common to trends of opinion running through all the political parties, and it is winning approval from an increasing number of Britons. Beyond the "abstract debate" between unilateralists and multilateralists, it is necessary to work for a real and immediate disarmament in Europe by creating small denuclearized zones that might gradually spread in order to "push back" both superpowers and force them to negotiate, he says. The small and medium-sized nations of West and East Europe would thereby gain in autonomy. Also according to Professor Thompson and his Committee for Nuclear Disarmament in Europe, that goal could be achieved through an alliance between the pacifist movements in the West and the human rights movements in the East.

When asked about the Labor Party's unilateralist stands just prior to the latest Franco-British summit meeting, [French Minister of External Relations] Cheysson said: "Meaning that Great Britain would no longer be one of the foundations for defending our civilization? That it would be indifferent to what happens to the others? I cannot imagine that." There is no doubt that if the Labor Party came to power, it would moderate its position by seeking, as Michael Foot is doing, to take the "multilateralist" decisions by the Socialist International as its model. The fact remains, however, that in a Great Britain which glories very little in its own deterrent force, the temptation to pull out of the nuclear game between the superpowers is widely shared, even if it is not usually expressed in the street.

BENELUX: IKV Pressures

Paris LE MONDE in French 22 Oct 81 p 7

[Article by Claire Trean]

[Excerpt] The Hague--In a small building in a quiet neighborhood of The Hague, Mient Jan Faber, the young secretary of the Interchurch Peace Council (IKV), is redesigning the world with all the assurance of a speaker hardened to questions from skeptics. He says that it is necessary to "recolor Europe," see to it that the approach to the continent is more "relaxed," and leave "bipolarism" behind. The IKV's message to the European peoples is this: do it yourself--assume your responsibilities the best way you can, wherever you are. There is bustle at the organization's international secretariat, which is awaiting a visit by U.S. senators, preparing for the arrival of representatives of the East German Evangelical Church, preparing to send a delegation to the big peace demonstration in Bonn, and organizing a sort of twin-city program with British local governments that have joined together in the "free your own village" movement to oppose the deployment of any nuclear weapon on their territories. M.J. Faber remarks in passing: "From the French side, despairingly enough, there is nothing."

Active preparations are also underway for the big rally in Amsterdam on 24 November, where the Dutch Government will be asked to flatly reject the deployment of 48 cruise missiles in the Netherlands. Participation in that rally alongside pacifist organizations, whether church-related or not, by the small extreme leftwing parties and also the Socialist Party, Left Radicals from Democrats '66, and, on an individual basis, members of the CDA (Christian Democratic Appeal), gives one an idea of the impact of the peace movement in this country. Those three parties were part of the government which was formed in September following over 3 months of difficult negotiations but which resigned on 16 October because of disagreements on economic matters. At the request of Queen Beatrix, the same three parties are currently trying to reach new agreement on the formation of a government so as to avoid calling the voters back to the ballot box.

Established in 1966 by nine churches and financed by them, the Interchurch Peace Council has done its work so thoroughly that it is on the point of winning its battle of the Euromissiles. In 1977, the IKV launched a campaign on the theme "Nuclear weapons out of the world, beginning with the Netherlands." It had considerable success right from the start.

The debate on the neutron bomb was beginning at almost the same moment. The IKV shifted its gun to the opposite shoulder--so to speak--and strongly challenged the idea that the new weapon was usable. It gave the movement a new boost 2 years later in response to the NATO decision on medium-range systems and challenged nuclear deterrence as such, and this time it had the support of the majority of the Dutch. A big step had been taken since 1962, when the Reformed Church--the largest in the Netherlands--had condemned the use of nuclear weapons while refraining from any references to their possession.

Those successes have brought some violent attacks on the peace movement. In statements to the American press, one prominent expert on international relations described it last spring as a contagious and shameful sickness that he named "Hollanditis" to show that the focus of the disease was specifically Dutch. More recently, Joseph Luns, (Dutch) secretary of NATO, accused the IKV of being financed by Moscow and produced a few lines from a CIA report in support of his statements. The affair raised such a hullabaloo that the minister of interior intervened to cut short what he called "slander" and to defend movements of the IKV type, which, he said, "constitute an enrichment of Dutch parliamentary democracy."

As for "Hollanditis," it has spread and become "Europeitis" to such an extent that those who had dug back as far as the 17th century to find the disease's source in the neutralist or Calvinist tradition of the Netherlands have been brought down a peg. Lutheranism and Catholicism have proven themselves on this point over the past few months, particularly in the FRG.

With or Without NATO?

The fact remains that by nature, pacifism is somehow "easier" in the Netherlands than elsewhere. A small country that no longer really claims to weigh very heavily in the concert of nations, especially when it comes to relations between the two big powers, the Netherlands also finds it easier to take liberties, whether it is a matter of condemning human rights violations in the East or of keeping its distance from NATO. Samuel Rozemond, deputy director of the Netherlands Institute for Security Questions (NIVV), adds: "We are on the second strategic line, with the result that we can allow ourselves a few gaps in the hope that others will take charge of defending us."

M.J. Faber uses his country's small size as his starting point for defining Dutch pacifism: "If the Netherlands opted for nuclear disarmament, the international military situation would not change much. On the other hand, it would be very important from the political standpoint, because it would indicate a new direction. We are not putting all European countries into the same basket, and we are not fighting, for example, for the denuclearization of Germany. All we are trying to do is to help the peace movements in the FRG promote a second phase of detente."

The IKV leader continued: "This peace movement must be bivalent. We do not want a Soviet future, and the applause we get from that quarter disturbs us. But we want to get out of the system of blocs. We support both Solidarity in Poland and the opponents of the arms race in West Europe."

The issue of membership in NATO is rarely raised publicly by the movement's various components, whether the IKV, the "Stop the Neutron Bomb and the Arms Race" group established by a few members of the Communist Party in 1977, or the Women's Peace Movement, which represents all the women's organizations from the most conservative to the most feminist. But that silence is due to tactical considerations, because the movement does not want to disconcert centrist opinion. Rozemond says: "The fact is that if we reject NATO's military strategy and the deterrence system, there are few arguments left for remaining in the Atlantic Alliance."

"Joop Atom"

For 2 years that issue has been at the center of debates within the Socialist Party, where continued membership in NATO continues to be approved, but only by an increasingly fragile majority. The fact that many members of a party that is more intellectual and less worker-oriented than in the past now belong to the IKV has made itself felt. Before last May's elections, party leader Joop Den Uyl was so afraid that a majority of his troops would vote for total and unilateral nuclear disarmament by the Netherlands that he laid his position heading the list on the line. The only thing he gained--besides the nickname "Joop Atom"--was that the party finally accepted, at least temporarily, the continued presence of some nuclear weapons in the Netherlands, but flatly rejected Euromissiles.

During the NATO meeting in Brussels in 1979, the previous Dutch Government had adopted a delaying tactic that was also employed by Belgium: approval in principle of modernization, but postponement of any decision on the deployment of new missiles. Officially, the delay was intended to give the East-West negotiations time to succeed. But in fact, Prime Minister Van Agt was not in a position to accept the NATO resolution as it stood, even though he personally favored it. A dozen or so Christian Democratic members of Parliament had voted with the leftwing opposition in favor of a motion condemning Euromissiles. Van Agt, who had not succeeded in putting his point of view across when he headed a center-right coalition, was even less able to do so at the head of a center-left government formed on 11 September with the Left Radicals and the Socialists.

The CDA is divided between those loyal to the resigning prime minister and those of its members who either maintain contact with the IKV or are more or less receptive to its ideas. It is vital to the CDA that it appear as the center party, so it will not take a stand. The attempt begun by the preceding government to get out of the impasse by replacing its more positive attitude toward Eurostrategic weapons with a reduction in the number of short-range weapons--considered less dangerous--was compromised by Socialist participation in the new coalition. For its part, Democrats '66, which is strongly influenced by the peace movements, differs from them only in that it wants to work for gradual disarmament within NATO rather than outside it. Its current position has three points: no "for the moment" to the abandonment of strategic weapons, no "for the moment" to Euromissiles, and yes to the withdrawal, unilaterally if necessary, of short-range weapons.

Whoever he is, the prime minister will have the difficult task of announcing the Dutch decision to NATO in December. A positive response to the deployment of cruise missiles is out of the question. For their part, the peace movements are asking for a negative stand not only on deployment but also on the very principle of modernizing medium-range weapons.

Under such conditions, it is almost certain that the head of the government will simply propose a new postponement of the Dutch decision. If the Allies were to manifest impatience, they would only be precipitating a negative decision that would, for one thing, have repercussions on the SPD Congress in Munich next April. Rozemond says: "The government will play for time, probably on the pretext that the United States has not yet produced those weapons and must in any case deliver them to Italy and the FRG before placing them in the Netherlands. If a coalition of Socialists, Christian Democrats, and Left Radicals continues, no decision will be made before the spring of 1985. Even supposing that the following government accepts the principle of missile deployment around 1986, it would still take at least 2 years to get the bases ready."

Beyond that quasi-victory by the pacifists, the thing that may be more important in the long run is the social phenomenon behind it: the new awareness by the majority of the Dutch that they would not survive a nuclear conflict if deterrence were to fail. Deputy Krohnstamm (Democrats '66) says: "The decisions regarding armaments and security have become democratized to some extent, thanks to the activity of organizations such as the IKV or the media. But as awareness of our possible nuclear fate has grown, fear has also grown. Now we are on the tightrope: how long can people live with that fear? How long can the politicians make decisions? I am afraid that if another defense system or another method of dialogue with the East is not found, the rope is eventually going to break in the years to come."

Scandinavia: Denuclearized Zone

Paris LE MONDE in French 23 Oct 81 p 7

[Article by Alain Debove]

> [Text] The preceding articles have analyzed the successes of the pacifist movement in the FRG, where the current campaign is jeopardizing the unity of Chancellor Schmidt's Social Democratic Party; in Great Britain, where the supporters of unilateral nuclear disarmament are gaining ground; and in the Netherlands and Belgium, whose governments are quite incapable of reaching a decision on NATO's Euromissiles. Scandinavia is not directly concerned by that decision, but it nevertheless plays an important role in the "peace movement."

Stockholm--Former Swedish Prime Minister Olof Palme told the 28th Congress of the Social Democratic Party in Stockholm on 27 September: "The peace militants are not swarms of men and women living in a dream world. There is absolutely no reason to disappoint or sideline a movement of popular opinion that is being expressed throughout Northern Europe in favor of a denuclearized zone.... On the contrary, political leaders must get in step with public opinion and try to find solutions to the problems related to the establishment of a denuclearized zone in our part of the world. This people's mobilization plays a decisive role in making it possible to stop the arms race." At the conclusion of a lengthy debate on peace and disarmament, the some 300 delegates stood to sing a pacifist song: "Last night I dreamed a dream I had never dreamed before. I dreamed of a world without soldiers, a world without guns."

Palme, who hastens to say that he is not a "pacifist" and that he remains a "supporter of armed Swedish defense," did not get involved in such questions until just recently. Perhaps that is because he is sensitive to the ideas developed by Willy Brandt and Finland's Kalevi Sorsa within the Socialist International, and also because he heads the International Commission on Disarmament and Security Issues (ICDSI), which includes representatives from the East and the West. Perhaps also because the pacifist movement is gaining ground throughout Scandinavia and within his own party, where some important members feel that Sweden should set a "good example" by taking unilateral action for disarmament, halting sales of military equipment abroad, and preparing to convert military personnel and research to civilian pursuits.

The fact remains that the pacifist wave reflects a real concern in Northern Europe, even though the area has been regarded as the most stable region in the world since the end of World War II. Growing numbers of Scandinavians are discovering that the Nordic equilibrium is very fragile and that their respective territories will undoubtedly not be spared if there is a new conflagration, since both superpowers are showing a growing strategic interest in the circumpolar region. But that feeling is expressed in different ways, depending on whether one lives in Oslo, Copenhagen, or Stockholm.

Wave of Anti-Americanism

Denmark and Norway are members of NATO but do not allow foreign troops or nuclear weapons to be stationed in their territories in peacetime. Along with Turkey, Norway is the only country in the Atlantic Alliance to share a border with the Soviet Union. Kirkenes in the extreme north is only about 100 kilometers from the base at Murmansk.

A wave of anti-Americanism is occurring in these two Scandinavian countries. That feeling was quite weak during the Vietnam War, but it took on new life with NATO's decision in December 1979 to deploy new missiles in West Europe, and it increased later with the announcement that the neutron bomb would be produced. Membership in the alliance is being challenged here because it does not provide a real guarantee of security, as many thought it would. The small countries, say the pacifists, are hostages and pawns at the mercy of the military blocs.

Some Social Democrats in Denmark belong to SAM--the association of Social Democratic antimilitarists. Others have set up the Never Again War movement. One of its organizers is Deputy Jytte Hylden, who says that the only way to prevent war, especially for the small states, is to establish better cooperation between peoples. She says: "We must get to know each other better. The Russians and the inhabitants of the countries in the East want peace as much as we do."

In Norway, a former Labor Party minister and diplomat, Jens Evensen, caused a great uproar in the spring of 1980 when he sharply criticized the Oslo government's decision to permit the stockpiling of U.S. military equipment on Norwegian soil to facilitate intervention by a brigade of 10,000 Marines in case of conflict. He wrote: "It is necessary to put an end to this. The superpowers have no right to determine our future.... Our governments must clearly explain to them what we expect from them. We small countries have a special responsibility. We must create a suitable climate

for the start of new dialogues. Many people are disillusioned. But I ask you: what does the word 'democracy' mean?"

The debate started by Jens Evensen and the Norwegian left provoked violent quarrels within the governing Labor Party and irritation in the U.S. administration, which wondered whether Oslo was not on the point of abandoning its traditional defense policy. A deputy from the Socialist Left Party told us recently: "It is necessary to understand our concerns and our discussions; in the terminology of the Atlantic Alliance, people no longer talk about Norway but about 'NATO's northern flank.'"

Survival of our Children

The women's organizations have played a basic role in the rise of pacifist feeling in Northern Europe over the past few years. As early as 13 May 1978, demonstrations had been organized in all the Nordic countries. About 10,000 persons paraded in Stockholm to protest against the neutron bomb and Swedish military spending. In July 1980, a peace petition signed by over 520,000 women was delivered to UN Secretary General Kurt Waldheim in Copenhagen. In schools and workplaces, post cards showing the peace dove are distributed. All one has to do is affix a stamp and mail them to the addressees--Leonid Brezhnev and Ronald Reagan--whose names are already printed on them. More than 100,000 of those cards have been sent since the first of the year. Answering a call by several Scandinavian and Finnish organizations, thousands of women participated in the "1981 Peace March" from 22 June to 6 August this summer. Starting out from Copenhagen, they were greeted in Paris, to their great disappointment, with what was almost indifference.

One member of the Women for Peace movement says: "In Sweden, women have always been active on behalf of peace. The Social Democratic Women's Federation, for example, vigorously opposed the Swedish atomic bomb in the late 1950's; it was they who got the project buried. Incidentally, women have been the B team in politics for too long. Defense is a very important issue, and we must get involved in it. It is no longer possible just to let everything happen, like spectators on the balcony: the future and survival of our children are at stake."

Many members of all those movements are now approaching 40. They were first active in the "anti-imperialist" struggle to support the NFLSV [National Front for the Liberation of South Vietnam] during the Vietnam War, then against civilian nuclear energy, and now against nuclear weapons. The Swedes seem to feel a need to rally around a "just cause," and today, that cause is the danger of excessive armament.

In this neutral country, which often likes to give the rest of the world lessons in morality, the arguments are certainly based on noble feelings, but they sometimes seem tinged with naivete. An example would be those presented in the campaign "Sweden can begin because it is neutral," a drive started by the Swedish Peace Association, which was founded 100 years ago and which is calling for an immediate halt to weapons exports and the elimination of defense budgets. It is apparently convinced that the whole world will follow.

In fact, four campaigns are underway simultaneously in Sweden at the moment. The Swedish People's Assembly for Disarmament, which has the support of many associations, is demanding a 5-percent reduction in defense spending. The Swedish Peace Association

is demanding the immediate conversion of military defense to organized civil defense. Women for Peace is denouncing the struggle for military supremacy between the superpowers. The fourth campaign, supported by some sections of the Social Democratic Party, is the Appeal for Peace and Survival, which is calling on the superpowers to begin a process of disarmament and condemning all acts of aggression, such as the invasion of Afghanistan.

Most of those movements began and have developed outside the established political parties. But they have now grown to such an extent and their ideas are reported so widely in the media that the political leaders are compelled to take them into account so as not to be outflanked. First result: the Nordic Social Democratic leaders now say they are ready to discuss "seriously" the possibilities for creating a denuclearized zone in Northern Europe. And that is the chief demand being made by all the pacifist organizations.

For the first time, the issue has been placed on the official agenda of the meeting of Nordic ministers of foreign affairs that will be held in Copenhagen in the early fall. That is quite a spectacular reversal, since Anker Jorgensen, head of the Danish Government, was saying not very long ago that the project "was not even worth discussing" because it was so unachievable.

Plan for Denuclearized Zone in Northern Europe

The idea originally came from Finnish President Urho Kekkonen, who in 1963 came out with the plan that bears his name and whose general outline is as follows: to begin with, the Nordic countries agree to establish such a zone. Then they try to obtain guarantees from the nuclear powers that the zone will be respected.

The Norwegians are officially of a different opinion: first there must be agreement between the superpowers. Kaare Willoch, Norway's new prime minister, said recently: "It would be extremely dangerous for Norway and the Soviet Union to sign a document in which the USSR would commit itself not to use nuclear weapons against our country, in exchange for which we would commit ourselves not to authorize the deployment of British or American nuclear weapons here in wartime. Such a guarantee is not worth anything. Every country ever attacked by the USSR had previously received guarantees that it would not be invaded. Afghanistan is the most recent example."

As for the Swedes, they hope that the zone will also include the Baltic Sea, where six Soviet Gulf-type submarines have been since 1978. In addition, they feel that the debate on nuclear armaments in Northern Europe cannot be limited to the Nordic countries alone, because those countries are already denuclearized in fact. They say that it is also necessary to consider the Soviet missiles capable of hitting targets located in Scandinavia. In a statement to a Finnish daily newspaper last June, Brezhnev had let it be understood that on that point, the Soviets were prepared to take "certain steps" in that direction. The Swedish diplomats and a Finnish delegation that recently visited Moscow were not able to obtain the slightest clarification of that remark.

The general opinion is that the pacifist movement should develop further in coming years. And in the case of Norway and Denmark, discussions on the left concerning relations with NATO will undoubtedly intensify. The Social Democratic parties in

Northern Europe have already decided to make 1 May 1982 a day of demonstrations for peace and disarmament. In Sweden, Palme's party (he feels personally that "neutralism and a people's pacifist movement are not to be confused with activity that plays into Moscow's hands, as is sometimes intimated") and the powerful LO [Swedish Federation of Trade Unions]--2 million members strong--have just established the Peace Forum. Presided over by Alva Myrdal, former head of the Swedish delegation to the Geneva Disarmament Conference, that forum will disseminate information and sponsor conferences and hearings. One of its organizers says: "Noble feelings are not enough to make an idea progress. It is also necessary to initiate serious debate and come up with constructive proposals."

In this year 1981, the Scandinavian countries seem to feel that war is a real threat and that their future depends too much on the good will of the superpowers. Public opinion is reacting strongly against the neutron bomb and the deployment of cruise missiles and Pershing 2's. It remains extremely discreet as to the deployment of SS-20's.

Counterarguments: Alliance Questions

Paris LE MONDE in French 24 Oct 81 p 5

[Article by Michel Tatu]

> [Text] The four preceding articles have analyzed the successes of the pacifist movement in the FRG, Great Britain, the Netherlands and Belgium, and Scandinavia. Actually, the campaign in question is making a broad appeal to nationalist feeling and challenging the ties of dependence established by the Atlantic Alliance.

The chief centers of the pacifist movement in West Europe are situated north of a line running from the English Channel to Trieste. France is scarcely affected at the moment, and the same is true in Italy--even though Italy is scheduled to receive its quota of cruise missiles--and there is even less concern in Portugal or Spain, which is getting ready to enter NATO with no sign that its membership is arousing violent feeling on that side of the Pyrenees. Must we believe that a lasting distinction has established itself between a Protestant, pacifist, and antiestablishment North and a Latin, Catholic, and more "conformist"--not to say militaristic--South?

Let us leave it to the historians and philosophers to analyze matters of religion, geography, and even climate in the context of this situation, which is nonetheless remarkable. It will have been noted that southern Germany, notably Catholic Bavaria, has been less affected by the movement than northern Germany, where the majority is Protestant. And the same is true in Belgium, where the French-speaking Walloon half is hesitant in going along with the protest movement unleashed in Flanders, which is also Catholic but which is influenced by its Dutch neighbor.

It should not be concluded from this, however, that the "South" is permanently safe. The indifference with which the Euromissiles are being accepted in Italy is due primarily to the reserve being shown by the Communist Party, which says it is opposed to the NATO decision but which has not felt compelled to unleash a major campaign against it.

For its part, France has been largely spared by the wave, both because of its independence with respect to NATO--which saves it a lot of frustrations--and because of the very firm attitude adopted throughout the whole affair by Mitterrand and his government.

But the latter factor remains subjective. Let that determination weaken, and it would not take much to awaken within the PS [Socialist Party] a certain degree of social democratic pacifism that was only partly put to sleep by the party's very recent conversion to deterrence. And once awakened, it would be joined by the antinuclear movement. Not to mention a more radical leftwing which supports a De Gaulle-type concept of national independence but has a tendency to criticize, in the name of "anti-imperialism," any stand that happens to coincide with one taken by the United States.

The fact remains that resistance to the pacifist wave by the "French breakwater" irritates those behind the campaign. The rally scheduled for Paris on 25 October under the sponsorship of the Peace Movement is intended specifically to test the chances of protest in that respect. That is why it is useful to review the arguments employed most often by the various pacifist movements in the countries around us.

"Power of Example"

It is difficult to linger long over "pure pacifism," which is often religious in inspiration. It is the most honorable thesis--especially in its most consistent variation, which is conscientious objection to military service--and also the most "disarming," if one can put it that way: there is not much one can say against what Mitterrand has called a "postulate," all the more when that postulate is based on faith.

It is simply that no state can ever base its security on a principle that consists of attributing one's own virtues to the other party--and the same applies to individuals. While it may take two to make peace, it only takes one to start a war. While it is understandable that a people's movement should tend, under the influence of its own successes, to overestimate the power of democracy and dialogue, it cannot be forgotten that their power halts at the frontiers separating perhaps not countries but at least systems. Democracies have never converted dictatorships, and unarmed states have never converted their militarist neighbors to pacifism.

That is the very good reason why the same thesis gains nothing from the pseudopolitical adornments sometimes cast over it by unilateralists when they talk about the "power of example." Unilateral disarmament does not change its character by calling itself "bilateral on credit." More specifically, we do not see why the Soviets would destroy their SS-20's after the British unilaterally reject U.S. missiles simply to keep the pacifist movement in the West from "losing all popular support," as Thompson hopes. The movement would then have already rendered the greatest service one could expect from it, and furthermore, there is no reason to doubt that it would rise from its ashes at the next opportunity.

The fact is that the pacifist movement moves far beyond the narrow and relatively stable confines of "evangelical" pacifism, which is based purely on moral principles. The movement would not have succeeded as well as it has if it had not been founded

also--and especially--on fear. One can certainly ponder the role played by the reflexes gained after two generations of peace--with one of those generations having been born into the consumer society with its rejection of the tragic and sometimes of effort. In any case, the specter of nuclear war and its devastations is certainly quite terrifying. What is new is that it is being made to appear that only one camp feels that fear and that at the same time, the entire security system based on deterrence is being called into question.

Today the Council of Anglican Churches can proclaim as much as it wants that a doctrine based on mutual destruction is "shocking to a Christian conscience," but doing so does not change the fact that the doctrine in question prevailed for 35 years and was accepted, in the main, by public opinion everywhere. The Germans, who are now worrying about becoming a target because they will be accepting a little over 200 new U.S. missiles on their soil, seem to forget that they have been living in the midst of some 6,000 bombs and other "tactical" nuclear missiles for 25 years and that their country is certain to be destroyed in a war in any case.

The anxiety has therefore arisen, instead, because as the power of the USSR has increased, the determination to deter it has become assimilated in the public's mind with the idea of "provoking" an opponent who is too strong. It is no longer felt, as it was before, that the purpose of security is to be "neither Red nor dead." The feeling instead is that perhaps it will be necessary to choose between the two and that those responsible for this situation may well be not the Soviets but the Americans, perceived as being the "possible source of calamity," as was noted in Germany.

This reversal of attitude toward the protector is due basically to the campaign now underway. It is worth spending some time over its two aspects: military and political.

1. On the military level, the argument now flying around is the one aroused by the somewhat nebulous remarks made recently by Reagan concerning the prospect of a limited nuclear war. The protesters are saying in substance that the United States wants to remain safe in case of a conflict and that that is why it is deploying the Pershings and cruise missiles in Europe--so as to limit the war from the start to European territory. Even with no aggressive intention on America's part, the argument runs, the gesture is a dangerous one because the USSR will be tempted, in case of an international crisis, to give priority to destroying those missiles threatening it and thus to unleash a preemptive strike on European soil.*

That last argument is hardly convincing. If someday the Red Army were really to plunge into a war in Europe, there is every reason to think that it would begin by taking preventive action to neutralize, whether by nuclear means or not, everything

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* Concerning this argument, the Soviet attitude is ambiguous. On the one hand, Moscow encourages the Europeans to think that they are exposing themselves very particularly and accuses the United States of "egotism." But it gives the Americans to understand that the response will be on American territory. TASS wrote on 15 October: "Washington's illusions as to the possibility of limiting a nuclear conflict to the European theater are extremely dangerous and completely unfounded."

in the Atlantic military system that was standing in its way: the Pershings, of course (it is therefore important they they be mobile), but also tactical nuclear weapons and the conventional equipment that could threaten its advance. So any war in Europe will be devastating, today as in the past.

In fact, the question is not whether the Americans are preparing for a "war limited to Europe" (they say they are not, but it will be more limited for them than for Europe under any circumstances). The problem, instead, is to insure that it will be no more limited to Europe than is necessary. The prospect of a conflict stopping at the USSR's borders would not deter Moscow from jumping into such a venture as much as the prospect of a war that would immediately set the "decider's" territory ablaze. The deployment of Pershings is intended precisely to create the conditions for such a situation, and, as was noted by the SUEDDEUTSCHE ZEITUNG, the "giant killers" who want to do away with "limited war" should therefore be supporting the NATO decision even more strongly than others do.

As far as the United States is concerned, it can point out that it is exposing its own territory more by striking at the USSR with Pershings than by striking at Poland or the GDR with the current tactical weapons. So war promises to be less "limited" for the United States than before. What it does not accept, however, is that this new fact should seriously impair the doctrine of flexible or graduated response that was officially adopted by NATO 15 years ago. On the contrary, the response will be more rigid and more in keeping with the French ideas to the effect that it is necessary to strike at the chief opponent right from the start. And the Euromissiles are simply the U.S. variant, on a European scale, of the deterrent force that France has acquired for defending itself.

2. On the political level, however, the whole situation changes as soon as a foreign power takes charge of the instrument of deterrence. Here is where the anti-American, nationalist, and even neutralist twist to the current campaign in Europe begins to make sense. Inspired in part by fear of the rising power of the USSR, that campaign is also the logical result of a security system based on dependence on a single all-powerful protector and of the very bad habits that this has given rise to.

For a long time the risks were few, and the Europeans became accustomed to the losses of sovereignty imposed on them by the alliance. Today the risks seem greater and the Europeans are balking, but without seeking more responsibility for themselves. It is characteristic that the same people who accuse the United States of wanting to "attack the USSR from Europe" never ask for the very simple guarantee that would ward off that danger: a double-key system that would give their own country the right to veto use of the missiles. And a number of Netherlanders, Britons, Danes, and Germans are talking about leaving NATO's military organization, as De Gaulle did in 1966, but without wanting to put forth the defense effort accomplished at the time by France. In other words, the sudden burst of nationalism made inevitable by the very structure of the alliance is occurring in the worst of conditions--against a background of pacifism and irresponsibility.

It is no doubt inappropriate to overdramatize things, at least where NATO is concerned. The organization was born in ambiguity, and it will doubtless survive the even more serious ambiguity that would result from a refusal by the FRG to accept

the proposed armaments. The United States would hasten to deploy the same missiles on new submarines, and everyone would pretend to be satisfied.

But France would have no reason to be happy, especially if it remains faithful to the European idea espoused by its government. First of all, it will of course have to support Chancellor Schmidt, notably by pushing for East-West negotiation, the only kind capable of getting the decision through, as Mitterrand put it. In the long run, the affair should push France into delving deeper into the European option, which everyone thinks about without ever mentioning it but which nevertheless received a much noted tribute from Mauroy in his speech to the National Defense Institute on 14 September.

European Option

The prime minister invited the Europeans to "think about the prospect of a political body having its own autonomous defense." Was his invitation a real opening or a last-ditch stand that will come to nothing? As the "U.S. deterrent force in Europe," which is what the NATO nuclear program amounts to, clashes with public opinion, would it not be possible for a genuinely European force to take over, retaining the same military advantages but eliminating the political disadvantages?

Doubtless one should not nourish excessive illusions as to such a project's chance of success in current conditions. Nothing can be done without a serious recovery of the spirit of defense among our demoralized neighbors. But the occasion justifies an effort to try to transform the disorganized and frustrated nationalism now troubling them into genuine and constructive European nationalism.

11798
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BRIEFS

GOVERNMENT SETS EC-MEMBERSHIP TERMS--Greenland's self-rule government wants Greenland to continue to receive support and trade advantages through the EC, when or if Greenland withdraws. But the government has only to a very limited extent agreed to give EC countries the right to fish in Greenland's waters. That was one of the conclusions in an explanation of Greenland's relationship to the EC which the head of government, Jonathan Motzfeldt, gave the parliament on Tuesday at the opening of the campaign for the voting on the EC on 23 February. Motzfeldt pointed out that Greenland wants to come in under the so-called OLT arrangement which applies to the overseas territories and former colonies of certain EC countries. Motzfeldt confirmed that EF could claim a fisheries agreement. But only that portion of fisheries would be granted which Greenland's fishermen have no capacity for or interest in. Regarding the possibility of subsidies in an OLT arrangement, the 17 OLT countries have received 100 million kroner over a 5-year period from the investment bank, while Greenland has in 7 years received a loan of 400 million kroner from the investment bank. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 22 Oct 81 p 6] 9287

CSO: 3106/15

SORSA COMMENTS ON SECURITY ISSUES, PRESIDENTIAL RACE

Helsinki SOSIALIDEMOKRAATTI in Finnish 3 Oct 81 pp 14-15

[Article by Seppo Halminen: "Foreign Policy Reputation Becoming Battered In Presidential Race"]

[Text] The SDP hopes that it will be possible to achieve cooperation between the current ruling parties at least in order to continue the YYA [Friendship, Cooperation, and Mutual Aid] Agreement.

This is emphasized by SDP Chairman Kalevi Sorsa in renewing his proposal to continue the YYA Agreement.

He made this continuation proposal already in August a couple years ago. However, it did not catch fire in so-called political circles. Some positive speeches were given, but not with sufficient emphasis.

"What is most remarkable is that Foreign Minister Paavo Vayrynen did not adopt a positive attitude toward this issue," recalls Sorsa.

The YYA Agreement will be in effect until 1990. Why should it be important now already to take actions for its renewal?

"In my opinion it would be beneficial to take actions in time for its renewal in its present form before it expires.

"The YYA Agreement has not only satisfied our security needs, but it has also created a basis for the most important portion of our foreign and even trade policy.

"It is evident that it has also satisfied the needs of the Soviet Union," argues Chairman Sorsa.

The attempts to renew the agreement, however, also have larger scale reasons behind them.

"In a world in which tension is increasing, in which armaments are becoming an ever larger problem, and which is no longer as stable as it was a few years ago, it would be wise to stabilize Finland's position in all areas in which we can accomplish this by our own efforts."

Sorsa wants to pose this question for deliberation in a timely and domestic situation. He points out that it was the Social Democrats who have attempted to reinforce the continuation of Finland's foreign policy by an agreement in good time.

In his opinion there is reason to keep this in mind in the presidential discussion, in which there has been an attempt to cast a shadow on the Social Democrats and their future presidential candidate with respect to the continuation of our foreign policy line.

A Heedless Presidential Race

The chairman of the SDP considers the discussion that has been kindled in the tumult of the presidential race to be rather unpleasant and unfair.

"Evidently it has not been possible to find weapons against the Social Democratic Party and Mauno Koivisto and, therefore, the discussion has embarked on an especially heedless path."

In Sorsa's estimation this unfair discussion can bring inestimable damage not only to our foreign policy reputation abroad, but also to our domestic policies.

"At its worst it can upset the confidence expressed in Finland's foreign policy outside the borders of our country.

"If we make the broad support enjoyed by our foreign policy the subject of speculation in this manner, this becomes a very, very questionable act from the point of view of our foreign policy," complains Chairman Sorsa.

All this can have domestic policy repurcussions, of which the most dangerous would be long-term damage to cooperative relations between the Social Democrats and the Center Party in the opinion of the chairman of the SDP.

"I positively do not understand with what forces the Center Party would support its policies in such a situation. Does it imagine that cooperation between the Center Party and the Conservative Party, to which opportunist leftovers from other parties could give support, could become a political power axis in Finland?"

PYV [Nordic Nuclear Free Zone] Moves Forward

For years already Kalevi Sorsa has had considerable visibility in international politics. He has directed the Socialist International's disarmament work group, which was raised to the level of a council at last week's Paris meeting. With this background he can give an authoritative appraisal of how attempts to create a nuclear free zone are progressing and what significance the Social Democrats have in the accomplishment of this goal.

According to Sorsa's appraisal the last few months have represented an important period of development for the concept of a nuclear free Nordic area presented by President Urho Kekkonen in 1963.

In November in Madrid the world's social democratic parties emphasized the significance of nuclear free zones for the benefit of territorial security. Last May in Bunmersvik's statement the parties of the Nordic countries urged the governments of the Nordic countries to find a common basis for creating a Nordic nuclear free zone.

After Midsummer Day CPSU General Secretary and Soviet President L. I. Brezhnev in a statement to the Finnish Social Democratic Party declared the Soviet Union's support for the decisions and its readiness to contribute to the creation of a nuclear free zone.

"This Soviet position he subsequently reinforced in discussions with Socialist International President Willy Brandt. Brandt reported on these discussions to the leaders of Nordic country parties in connection with a meeting of the Socialist International chairmanship," states Sorsa.

Unified Support From the Social Democrats

According to him the Socialist International will also be important in the future.

"Last Friday the Socialist International's council (bureau) approved a stand in which it welcomed with satisfaction or thus announced its support for the aspirations of Nordic country parties to create such a zone.

"Finally on last Sunday Swedish Social Democratic Chairman Olof Palme announced the very clear and forceful, unreserved support of Swedish Social Democrats for this project at a party meeting of the SAP [Swedish Social Democratic Labor Party].

"Thus what has happened is that the strongest political force in the Nordic area, social democracy, has assumed a unified support for this goal," emphasized Chairman Sorsa.

Through their actions the Social Democrats have made the project of a nuclear free zone also the subject of discussion between governments. In the beginning of September Nordic country foreign ministers discussed this question and each one of them decided to present their own country's points of view.

"Very important developments have also taken place with respect to public opinion. Concern about nuclear war is increasing in all the Nordic countries. Support for a nuclear free zone is increasing at the same rate."

There Is Still Much Work Ahead

Progress has been made. Opinions are maturing. However, Kalevi Sorsa does not want to promise too much too soon. A quick solution is hardly possible.

"This is a big project and there are many problematical questions connected with it. It is important that this work be continued in a purposeful manner."

According to him the Nordic countries must define what they mean by a nuclear free zone, what they can mutually agree upon, and after that determine what they expext from outsiders, particularly the nuclear powers.

The Voice of Nonnuclear Countries To Be Heard

The Bommersvik declaration and the nuclear free zone project have a direct connection with Chairman Sorsa's most recent proposal which he made on Thursday of last week at the Socialist International's council meeting in Paris.

He proposed the convening of a conference of Europe's nonnuclear states. According to his proposal the objective of the conference would be to make public the aspirations and proposals of the nonnuclear states for the purpose of increasing security and promoting nuclear disarmament.

"One of the factors behind my proposal is that uncertainty and apprehension are increasing in Europe. They are increasing particularly in those countries which do not have an opportunity to present their own opinions and which have not been given reasonable information on developments which could, however, affect them in a fateful manner.

"It would be important for even these countries to be able to express themselves and to have their security needs taken into consideration."

Chairman Sorsa states that he has made his proposal in a rather a open form. His particular hope is that it will generate a discussion during which proposals making this concept more precise would be presented. Therefore, at the meeting of the Socialist International's council he did not attempt to open up a discussion much less adopt a decision, but to arouse contemplation. After a period of deliberation a discussion could be initiated.

Continued Negotiations on Disarmament

A proposal on the International's timely disarmament policy was unanimously approved at the Paris meeting of the Socialist International's council.

It forcefully emphasizes the importance of disarmament in Europe and demands decisive negotiations for the elimination of Euro-weapons and the prevention of the deployment of new ones. The council's proposal supports the convening of a European disarmament conference. Finally as a matter of importance for Finland Sorsa emphasizes the fact that the council also welcomes with satisfaction the initiative of Nordic country parties in the creation of a nuclear free zone.

The work of the International's disarmament council under Chairman Sorsa will continue. The next negotiating trip will be made to the United States. The program and date of the trip is now being negotiated.

"The U.S. Government has adopted a positive attidute toward our proposal. In connection with this trip we also intend to conduct negotiations at the UN," states Sorsa.

A decision was also made at the Paris meeting to make a negotiating trip to Moscow. The trip is being planned for the winter depending on the decision of the host country.

Social Democracy Has Strong Influence

Chairman Sorsa considers the significance of Social Democrats in international politics to be considerable as a stable mediator in the relations of the superpowers.

"The social democratic movement carries a rather great political and moral weight. Its strong position in Western Europe is traditional. Recently more and more Third World parties and liberation movements feel an affinity with its ideological family, which is organized in the Socialist International."

The fact that a decision has now been made to initiate Euro-missile negotiations between the superpowers is the best example of its influence in practice according to Sorsa.

"It is above all the result of European pressure and in Europe, on the other hand, above all social democratic pressure."

10576
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SKDL SUSPENDS FOUR TAISTOITE MP'S FOR MONTH

Helsinki HELSINGIN SANOMAT in Finnish 9 Oct 81 p 11

[Article by Ritva Remes: "Street Payment Bill Upset Spring Decisions on Unity, Taistoites Out of Faction"]

[Text] The Communist majority accused Taistoite Communists of cheap propaganda and dismissed four Taistoites from the Diet faction. The penalty remains in effect until the end of November. The Taistoites defended themselves by stating that the party's situation will not improve with a "submit or resign" request.

The majority in the Diet faction of the SKDL [Finnish Peoples Democratic League] suspended Pauli Puhakka, Marja-Liisa Salminen, Marjatta Stenius-Kaukonen, and Seppo Toiviainen from the faction by a vote of 20 to 8. The suspension decision was supported by the majority Communists and People's Democrats who were present. The Taistoite minority opposed the penalty.

Two of those suspended, Seppo Toiviainen and Marjatta Stenius-Kaukonen, belong to the SKP [Finnish Communist Party] Politburo, which in practice directs the party.

The penalty was brought about by the street payment bill. Taistoites, Marjatta Stenius-Kaukonen and Pauli Puhakka, presented changes to the bill in the Diet's large committee. Marja-Liisa Salminen with the support of Seppo Toiviainen proposed at a full session of the Diet that street payments not be collected at all this year.

"A Conscious Search for a Conflict"

"We appealed to our comrades several times not to present a proposal differing from the faction's decision," stated faction leader Jarmo Wahlstrom.

According to Wahlstrom the minority was conscious of the fact that a breach of the decision would result in serious consequences. Apparently, the members of the faction consciously wanted to bring about a serious situation of conflict.

At the faction meeting the Taistoites issued a protest. According to their side of the story they did not promote their own interests in the street payment bill. The party has corresponding decisions on the street payment bill. Also the Diet faction unanimously came out against the street payment bill in the Diet last

spring. Why could not this unity have been continued in October, asked the Taistoites and stated that they are promoting party unity in spite of the penalty.

Faction leader Wahlstrom, for his part, explained that the decisions made during the summer on the street payment bill were made in a situation for the purpose of pressuring the government.

Now the bill in the Diet will postpone street payments until later and the Diet is anticipating improvements in it. The SKDL faction considered it wise in this new situation to support the government's unanimous proposal, continued Wahlstrom.

At an oral inquiry hour Interior Minister Johannes Koikkalainen (Social Democrat) stated after the SKDL faction meeting that the next amendment to the street payment bill will come before the Diet sometime in October.

The bill is ready and according to it local townships will have more rights in determining the amount of payment. According to Koikkalainen a local township can reduce or eliminate payments for low-income people.

Two Competing Diet Factions

Four Taistoites did not dissolve the SKDL Diet faction. The faction and the Communist Party have in reality been divided for 15 years.

When party division began in 1966, Pauli Puhakka was among those who opposed Aarne Saarinen's chairmanship. Puhakka marched out of the congress together with Chairman Aimo Aaltonen, who was not elected as chairman.

On Thursday Puhakka was among those suspended from the group. This is the first time the SKDL faction has suspended anyone. In the spring the Taistoites were given a serious warning when they voted in the social subsidy tax contrary to the decision of the faction.

Over the years the Communist Party has attempted to mend its fences with decisions, appeals, and threats. Even this time Chairman Saarinen gave a severe warning to the Taistoites over last weekend. Either maintain unity within the party or leave, was Saarinen's statement.

Saarinen's appeals were not answered even this time. The Taistoites held to their own line.

According to Jarmo Wahlstrom, the SKDL's faction leader, the Taistoites put the majority in a situation in which penalties could no longer be avoided.

Spring's Detente Was in Vain

The detente that began within the SKP at the spring congress has now only resulted in division and a suspension.

Negotiations are indeed being conducted. Both factions are of the opinion that unity is being promoted on both sides of the barricades.

But both sides admit that there are difficulties. It also seems apparent that the Taistoites who have now been punished will get their share when the conflicts over the budget bill begin.

When Puhakka walked out on Thursday, he considered that there was more behind the suspension than the street payment bill.

Puhakka's thoughts included the presidential elections and more. If the party is forced into a final split, the minority will not be able to name electoral candidates. After that it will become even more difficult to place minority people in the Diet.

Puhakka belongs to that small group of MP's who came into the Diet before the 1970's.

Puhakka became an MP in 1954 at the same time as Political Science Candidate Irma Rosnell and carpenter Pentti Liedes, who belong to the Taistoite faction. Liedes was not a member of the Diet during the years 1966--1970.

Vice Chairman Ensio Laine of the SKDL's Federated Council became a member of the Diet in 1968, Aarne Koskinen in 1970.

And Taistoite workers ended here. Since Koskinen only truck driver Mikko Kuoppa has risen to the Diet, in the last elections.

Those who have come into the Diet in recent elections are Editor Esko-Juhani Tennila in 1975 and Graduate Engineer Marjatta Stenius, who has changed her name in both terms of office. Marjatta Mattson is currently Stenius-Kaukonen.

Since the last elections the Taistoite faction has been joined by Medical Licentiate Sten Soderstrom, Social Science Doctor Seppo Toiviainen and engineering student, Editor Marja-Liisa Salminen.

In these elections the former 13-member Taistoite faction was reduced to 11. The whole SKDL faction has been reduced by a total of five.

In the Diet the Taistoites have been in opposition. The Taistoite faction, which has been opposing the party's government policy, has held its own meetings, compiled its own shadow budget, made its own initiatives and statements of opposition, and voted against the government -- frequently together with the Conservative Party.

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SKDL CHAIRMAN KIVISTO: BETTER KOIVISTO THAN KARJALAINEN

Helsinki HELSINGIN SANOMAT in Finnish 11 Oct 81 p 9

[Article: "Support for Karjalainen Will Take SKDL Vote Elsewhere"]

[Text] Bank Director Ahti Karjalainen (Center Party) is a controversial individual who arouses conflicting thoughts and in addition to admiration arouses antagonistic feelings among the People's Democrats also. This was the evaluation of Karjalainen by SKDL [Finnish Peoples Democratic League] Federated Council Chairman Kalevi Kilpi on Saturday. He believes that a mere suspicion that votes will go to Karjalainen will cause SKDL members to vote for other parties in the forthcoming presidential elections.

In addition to Kilpi, SKDL Chairman Kalevi Kivisto rejected Karjalainen at Saturday's meeting of the SKDL's Federated Council. Kivisto was of the opinion that the SKDL cannot support Ahti Karjalainen at any stage of the presidential elections.

Kivisto emphasized that it is too early except on a theoretical basis to calculate decisive voting positions and the final results of the presidential elections. What is most important at this time is to get as many electoral votes as possible for the SKDL and with them the keys to the final outcome, stated Kivisto.

"I cannot approve -- either politically or morally -- of the manner in which TIEDONANTAJA is making preparations for the elections. That outright flattery which it has practiced with respect to the Center Party's yet unnamed candidate Ahti Karjalainen is not suitable as a premise for the election campaign of the People's Democratic movement and according to my understanding the SKDL cannot at any stage of the elections promote such a final outcome."

"Achievements Must Not Be Eroded"

The conficts between the SKDL's majority and minority in the presidential question came to the surface in the discussion of an internal policy stand, which was centered on the selection of a president. The minority would have wanted to place more emphasis than the majority was prepared to do on the primary importance of foreign policy in the selection of a president. In the final statement it states: "The strengthening of basic foreign policy line based on the YYA [Friendship, Cooperation, and Mutual Aid] Agreement and the accomplishment of a progressive social policy are the most important premises in the selection of the next president. The

leftwing and the center forces should make every effort together to accomplish these goals. In spite of their mutual competitive situation they should act in such a way that the achievements of President Kekkonen's era will not be eroded in the election campaign and the conditions for leftwing and center cooperation will be maintained and strengthened."

"Powers to be Reduced"

In the Federated Council Kivisto presumed that in connection with the change of presidents there could be a discussion of the position and powers of the president as well as of their revision. In his opinion the prime minister could be chosen by the Diet in the Swedish manner. Kivisto would also be prepared to coordinate certain representative initiatives with government proposals and to transfer the president's power to issue decrees to the Council of State.

In Kivisto's opinion the right of the president to dissolve the Diet should be eliminated: the Diet should be able to dissolve itself if it so wants.

In the section on recent events in his speech Kivisto criticized Center Party Chairman Paavo Vayrynen for insolence in the final stage of the government's budget negotions. According to Kivisto Vayrynen imagined himself as one with authority to form the government and offerred SKDL government position to the Social Democrats.

Koivisto in First Place

In the press release on the meeting of the Federated Council Kivisto stated that he will personally give preference to leftwing cooperation and Mauno Koivisto if Koivisto is placed against Karjalainen in the presidential elections. Such a statement of position is not at all considered to be self-evident in the SKDL.

In the Federated Council Kivisto emphasized that the SKDL must in the selection of electoral candidates make certain that the SKDL's electoral group will act unanimously in all phases of the election.

The SKDL's Federated Council did not make any decisions on candidates. They are being considered by an eight-member work group, which intends to listen to the primary and district organizations before making any recommendations. No new names for candidates came up in the SKDL's Federated Council -- even all the previously mentioned names were not brought up in speeches. According to the evaluation of SKDL First Secretary Jorma Hentila, Chairman Kalevi Kivisto's name came up the most frequently. Also mentioned were Eino S. Repo, the former director of the State Radio, Assistant City Manager Anna-Liisa Hyvonen, and SKDL Chairman Aarne Saarinen.

An attempt has been made to find candidates outside of daily politics in the SKP [Finnish Communist Party] and the SKDL, candidates who would be appealing to people other than those most faithful to the party. In the party leadership there has been enthusiasm for Anna-Liisa Korpinen (formerly Tiesko), but she has rejected any overtures.

MP Esko-Juhani Tennila, who is a member of the SKDL's minority, proposed Hyvonen as a presidential candidate at the Saturday meeting of the SKDl's Federared Council. Hyvonen belongs to the majority wing of the SKP. In Tennila's opinion all

the factions of the movement could be placed behind Hyvonen. Tennila states that Kivisto's position on Karjalainen does not reflect the policy of the SKP.

The SKDL's Federated Council will convene again on 5 December, but could even meet sooner if the situation should so require.

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BRIEFS

ENERGY RESEARCH FUNDS--A total of 44 million markkas in appropriations was granted for energy research this year. This year 149 new research projects have been started. In addition to this, this year's funding also includes a total of 80 previously started long-term projects. The emphasis of this research is on energy conservation and the use of domestic energy. The nature of this research is forcefully changing from general reports to concrete technical research and development work, states the Trade and Industry Ministry. This year 22.7 million markkas were granted for research on energy conservation, 17.5 million markkas for research on domestic energy, and 3.8 million markkas for research on other energy economics. The central points of energy conservation research are construction and the use of industrial energy. The central points of research on domestic energy are peat and the use of wood as energy. While 44 million markkas is being spent on nonnuclear research, 12.2 million markkas have been allocated for research on nuclear technology this year according to the budget of the Trade and Industry Ministry. [Text] [Helsinki UUSI SUOMI in Finnish 7 Oct 81 p 27] 10576

CSO: 3107/10

AMNESTY, DEATH PENALTY ABOLITION VERSUS PUBLIC OPINION

Paris LE JOURNAL DU PARLEMENT in French 15-30 Oct 81 p 6

[Article by Suzanne Labin: "The Socialists and the Death Penalty"]

> [Text] As soon as they assumed power, the Socialists rushed to abolish the death penalty. In view of the extreme urgency and greater seriousness of so many other problems--galloping inflation, increasing unemployment, intolerable insecurity and world tensions--the question of the death penalty could have waited for a calm discussion in the years to come. They preferred instead to make first off those decisions which would give them an advantageous position. We will examine the main issues of this problem.

Let us stress first of all that this left, which is giving so many lessons on democracy to everybody, has just run counter to the popular will. In fact, a poll conducted by SOFRES [French Opinion Polling Company] on 8-10 September 1981 shows that 62 percent of the French support retaining this punishment, only 33 percent want it abolished and 5 percent had no opinion. This contempt for the consensus deserved to be stressed all the more so since it is in the name of the people--and not of the deputies--that justice is rendered in criminal matters. Juries are supposed to represent the people.

The argument that a parliament has the right to go counter to general sentiment in the name of a morality superior to that of the common herd is indefensible. Let us merely imagine a similar situation the other way around: for example, 62 percent would have approved the right of the public services to strike, but a parliament of the right would have all the same prohibited it by invoking a higher civic spirit. The left would have screamed against the violation of democracy.

I fully admit that one may rise up against capital punishment in the name of an overpowering sensitivity and because one would want the government to give an example of clemency. However, I cannot support the resort to guile to justify its abolition. As if to claim that the number of murders committed in countries such as France which have maintained this penalty is more or less the same as in countries which have abolished it, such as Spain or Belgium. In France itself, the death penalty has not, so to speak, been implemented for 16 years (nine executions since 1965 and none for the past 5 years). When one considers that a kidnapping case followed by the villainous murder of a child and cases of elderly people

being tortured to death during the course of the theft of their savings have not been punished by the death penalty, the symbolic maintenance of the latter in our code could no longer, in fact, discourage candidates to crime.

More generally speaking, the argument of nondeterrence is specious. It is quite true that there will always be crimes committed regardless of how severe the punishment, but these are crimes committed under unusual circumstances of anger or, as it is aptly put, when the "criminal has lost control of himself." These circumstances form an irreducible fringe from which it is as incongruous to deduce the uselessness of the death penalty as it would be absurd to give up the building of dikes on the pretext that there will always be earthquakes.

It is in respect to all the others, to those who have maintained control of themselves, that we must ask if the fear of the supreme punishment would stop them from premeditating and coldly committing hideous crimes. In this case, the answer is yes; the calculation of risk being one of the basic forces of all human conduct. Everyone, including those lawyers in favor of abolition, instinctively agree in saying that such-and-such a kidnapper returned the child he abducted or such-and-such a ganster avoided firing on police "in order to save his skin." And has not the Socialist Party backed the nuclear strike force (and God knows its effect would be Dantesque) because it is meant to deter an attacker, hence its official name "deterrent force"? And why did Mitterrand and Deferre propose a bill a few years ago calling for the death penalty for drug traffickers? Why, other than that they expected that it would intimidate them? Besides, this has been confirmed in all countries which have instituted the death penalty--Singapore, Iran, Turkey--where drug traffic has considerably dropped after the measure was implemented, at least as far as domestic use is concerned.

It is no less evident that the death penalty would prevent many horrible repeat offenses. Since 1980, a half dozen or so major criminals, who were sentenced for serious crimes and then released, have once again come before the courts for cases of murder. Police estimate the number of recidivists at 8 percent. What is especially of concern to public opinion is the release of terrorists, such as the members of Direct Action who kill innocent people in order to shake the state structure. Jean Marc Rouillan, considered their leader, has once again left prison, as has his companion, Nathalie Menigon, who emptied two clips on police at the time of her arrest, knowing quite well that the death penalty inscribed in our code was no longer being implemented. Police sigh, "They are going to start up again," and they are afraid of even more bloody future terrorist activities. They did not have long to wait before the taking of hostages at the Turkish consulate.

And what bad taste to compare the abolition of the death penalty with that of slavery, as our socialist minister of justice did. In fact, this implies that he is comparing the fate of some particularly horrible criminals who have benefited from all the guarantees of justice to that of millions of decent people who were arbitrarily and cruelly subjugated. And even if he thought that the abolition of the death penalty for assassins constitutes progress in the sense of legal indulgence, how can he dare compare it, in historical importance, to the giant step made by society toward the respect of human dignity when it emancipated innocent slaves?

I repeat that I understand that the death penalty may be abolished regardless of what the disadvantages of it may be for society because of a philosophy of exemplariness and non-retaliation in the exercise of government which desires that justice no longer be sanguinary. In days past, did not the immense majority of our fellow citizens feel repugnance at putting even the worst criminals on the rack, to quartering them and torturing them even though these penalties were even more deterrent in nature than the quick guillotine? So, those in favor of abolition should logically hope that education in morals be substituted for physical penalties in order to reduce criminal temptations. However, our leftists are doing just the opposite. While inveighing against the guillotine, they at the same time curse as reactionary all teaching of civic-mindedness and rules of conduct, and they praise all succumbing to impulses as emancipation. It can be understood that in order not to have to inflict punishment, respect for taboos is being proposed. However, the left wants neither punishment nor taboos.

Neither does it want protection. If, at least, the socialists-communists were to compensate for the loss of the deterrent potential, which the abolition of the death penalty entails, by increasing the means for strengthening the security of citizens. This question, it must be remembered, rightly constitutes, well before the question of nationalizations, one of the major concerns of the people, of the little people whose modest means and lives are the most exposed. So, the defense of this security constitutes one of the prime duties of every state.

However, the left pokes fun at it as a "bourgeois" concept, it noisily cultivates the notion of contempt for "cops" and zealously makes efforts to declare offenders innocent and to lay the blame on society. Never once have we heard the left denounce with any vigor the disgraceful acts of our troublemakers, rapists and killers. The real scandal for the left, to which it has devoted torrents of speeches and documents and to which its Parliament has given its attention well before tackling the question of unemployment, is the fact that the police could demand identity papers from suspect passers-by.

And when, in the face of a permanent deficiency of all safeguards on the life and property of citizens, public opinion, as a last resort, falls back on the hope that the death penalty at least would constitute a barrier, this popular reaction which could be disputed but which is understandable and respectable, is scorned by the left. Badinter, the socialist minister of justice, ventures as far as to describe it as "a reflex of infantile distress."

The socialists should, moreover, refrain from talking about infantilism on the topic of popular opinion since it is because of it that they are in power. If this opposition is "infantile," then the selection it has made of Mitterrand can only be considered infantile.

5671
CSO: 3100/78

BRIEFS

TELECAST ON SHRINES CANCELED--A remarkable program on major pilgrimages throughout the world was supposed to be shown on television the latter part of September. It included five major shrines devoted to major religions--Hindu, Muslim, Jewish and Christian: Benares, Mecca, Jerusalem, Czestochowa and Santiago de Compostela. This program, prepared by specialists and writers, was scheduled to be shown over a period of several weeks. However, this program was suddenly canceled indefinitely. It was evident that for a party in power which claims to be secular, everything which could evoke any spirituality is to be banned. One has only to turn on the television set to be assailed by a flood of propaganda material. Have you noticed that over the past 4 months there is no longer any talk about the war in Afghanistan which the Kremlin wants, at any price, to prevent becoming a second Vietnam on the wrong side. This clause on the recognition of the war in this part of the world was, nevertheless, one of the stumbling blocks of the agreement between Francois Mitterrand and Georges Marchais before the presidential elections. One must expect, for example, many programs on the neutralization movements in Germany on which Moscow is staking much for its propaganda. Roland Passevant and Francois Salvaing, former journalists of HUMANITE DIMANCHE who were recently promoted to editors of the T.F. 1, will especially keep a sharp eye open. [Text] [Paris LE JOURNAL DU PARLEMENT in French 15-30 Oct 81 p 2] 5671

CSO: 3100/78

PROCEEDINGS OF CISL CONGRESS APPRAISED

New Nonpartisan Identity

Rome RINASCITA in Italian 16 Oct 81 pp 7-8

[Article by Federico Rampini: "Carniti's CISL"]

[Text] It is a labor union that appears to be substantially united behind the policy line of the leadership group, has recovered its identity without adopting a partisan stance, and is however subject to strong programmatic pressures and characterized by vigorous democratic debate. The pivotal points of the confederal strategy are self-management; a reduction in hours of work; and establishment of a solidarity fund. The principles of autonomy and united effort were reaffirmed, and a search for new ways of promoting development and combating inflation was initiated.

At its helm is a secretary who carries no party card. A reduction of the workweek, and self-management, are its watchwords. A powerful "lobby" of sworn enemies of the nuclear power stations is active in its midst. No, we are not speaking of the CFDT [French Democratic Confederation of Labor] of Edmond Maire; but this is not to say that Pierre Carniti--reelected secretary general of the CISL [Italian Confederation of Labor Unions] at the conclusion of the national congress held in Rome last week--does not cherish the dream of gradually shaping his organization on the model of that "anomalous" French union.

What is this CISL, as of the time of holding its Ninth Congress? First of all it is the Number Two Italian union, with a membership of more than 3 million workers. It is also a union whose roots in society are quite original in nature. Its members in the various civil service categories, in the schools and in the service sector add up to a total of 1 million workers--equaling the total of its members in industry. And whereas from 1976 to 1980 the CISL membership in industry increased by only 1 percent, its membership in the civil service increased by 4 percent, in the schools by 8 percent and in the service sector by 7 percent. Similarly, in the North (where the CISL has almost 1.5 million members) the union's membership has risen by 4 percent during these past several years, but in the Center (where there are in excess of 500,000 members) the increase was 13 percent and in the South (where the CISL has 1 million members) the increase was 12 percent.

What do these data tell us? First (and obviously), the fact that in those sectors most recently unionized (the civil service, the South) the rates of increase are necessarily higher. Second, that the tendency of the CISL to take root among the white collar workers and in the South is intensifying. Third, that to dismiss this phenomenon as "partisanship," "corporativism" and "corruption" is simplistic.

Let us therefore turn our attention back to the congress: to this "coronation" of Pierre Carniti. The secretary general has in fact imparted to the CISL a unity and a prestige that neither Storti nor Macario succeeded in doing. Moreover, he did so without stepping too hard on the accelerator of partisanship, so that in their final form the motions offer a not inconsiderable gleam of hope for resumption of the dialogue with the CGIL [Italian General Confederation of Labor] and the UIL [Italian Union of Labor]. Unity, it was said to be: and not only because of the ironclad alliance with Franco Marini but also because the confederal secretariat has in recent years--several times in recent years--reworked the entire middle-level leadership from the generational, political and cultural standpoints.

The EUR [Universal Exposition of Rome] congress was characterized by a large measure of democracy. For the first time each of the 1,031 delegates was able to vote not on "frozen" motions introduced by opposing factions but on 40 final motions that could be amended at will. This did provoke some confusion and agitation in the voting on individual amendments, but for the first time the CISL delegates felt that their role was not limited to holding up their green delegate's card from time to time.

In his lengthy report Carniti reaffirmed forcefully and unhesitatingly the key points of the CISL line, starting with the controversial anti-inflation pact which provides for fixing--in advance--the sharp rises in the cost-of-living escalator below the ceiling on inflation agreed upon with the government (on condition that this ceiling is not exceeded by prices, public tariffs, rent ceilings, and interest rates). He recalled that whereas in 1976 83 percent of the decline in purchasing power caused by inflation was covered by the cost-of-living escalator, by 1979 this figure had already declined to 63 percent. To leave the escalator untouched therefore means to stand by as the standard of living of the working masses steadily worsens, provided inflation is not halted.

For some time, in fact, a measure of concern with respect to the Tarantelli proposal has smoldered under the surface in important sectors of the Left (Bentivogli of the FIM [expansion unknown], Caviglioli of the textile workers, Antoniazzi of the Union of Milan). Carniti's strength within the CISL, however, is based on the fact that only he /has a proposal ready/ [in boldface] for discussion or any other purpose. He could have made some concessions, in his report, to humor the Left but was well aware that the Left would not have voted against him in any case.

Charisma or no, Luciano Lama on the other hand did not hesitate to do battle on this point. He first of all argued that even though the cost-of-living escalator is increasingly unsuccessful in protecting worker purchasing power, it does do a /relatively/ [in boldface] better job in protecting the purchasing power of those workers who are in the lowest pay categories. Altering the cost-of-living escalator, Lama said, would deal a blow to those workers who are most vulnerable (Carniti failed to respond to this objection). Moreover--Lama continued--if we are all agreed on the objective of lowering inflation to 16 percent this year, we can

always come to an agreement on the ways to accomplish this objective; but why force the workers to wage a very difficult struggle to recover--in their contracts--what they lose under the Tarantelli proposal?

Disregarding the polemic skirmishes, however, we find that Carniti--in contrast to Pietro Merli Brandini and Eraldo Crea--is in reality anything but "enamored" of the Tarantelli proposal. In the view of the secretary general of the CISL, every economic proposal presented so far to slow down the rate of inflation is weak from the technical standpoint. Pierre Carniti believes that the strength of the Tarantelli proposal derived from its political significance: that the proposal provided an opportunity for a union which had been backed into the corner of the ring to return to the center of the political contest; make the first move so that it might then impose conditions on everyone; and request not the 16 percent ceiling but a total freeze on prices, tariffs and "fair rents."

For this reason--Carniti says--the real objections to the Tarantelli proposal were of a technical rather than a political nature, and behind this proposal the creation of a "social contract" could be discerned. The hostility toward this "social contract," moreover, came not only from the Communist Party (which--as the principal working-class party in the ranks of the opposition--at least possessed the requisite credentials to oppose such a move) but also from those parties of the majority (the DC [Christian Democratic Party] and the PSI [Italian Socialist Party]) which did not wish to allow Spadolini to take the credit for--or to have the exclusive rights to--any such transaction.

Consequently--Carniti reasons--in order to conclude any anti-inflation social contract a political agreement would have to be created between the majority and the PCI [Italian Communist Party]. But can the union afford to sit by and twiddle its thumbs while waiting for the political situation to develop, or is its task instead to dynamize relations among the political parties by sponsoring comprehensive initiatives for struggle? Above all, and in justification of our making the first move and taking the lead to offer our services, Carniti is convinced that if Spadolini has unfrozen the "fair rent" ceiling and opened the way to increases in tariffs and in stamps for medicines, it is because the union has not in any way offered him its services.

On this point, the Left of the CISL (Bentivogli and Antoniazzi in particular) exploited the weakness shown by Carniti in resubmitting the Tarantelli formula. After what Spadolini has done, they said, it would be absurd to enter into any large-scale conference of the workers on the subject of an anti-inflation platform that would also include the proposal for freezing the cost-of-living escalator. We have established the other struggle objectives vis-a-vis the government for the purpose of controlling inflation and have renounced the famous "Point 10" (specifically, the Tarantelli proposal). Moreover, the amendments to the final motion on this issue have introduced noteworthy openings for dialogue with the CGIL in order to decide upon a joint strategy.

Other points in Carniti's report, however, are destined to provoke considerable debate, most notably the chapter on wages. Other than the concept of the "family wage," the wage policy proposed by the CISL for the forthcoming contracts contrasts with two other chapters: the "principle of equality" (a minimum wage equal for all; a minimum old-age stipend; and equal contractual and labor-union rights for all categories, for the public sector, and for the sector of small and medium business) and the issue of "professionalism." Concerning this latter question, Carniti's

report presents--together with some interesting insights--certain dangerous underestimations which were subsequently aggravated by the amendments to the motions. To speak of a mere reconstruction of the wage differentials, Carniti said, is not enough. What are the elements of professionalism? Experience, academic qualifications, responsibilities in respect to production, managerial duties? The report resolves the entire question by calling for a "wage linked to the quality of work," which as an operative formula for the upcoming contracts appears to be somewhat vague, not to mention the excessive emphasis with which the CISL secretary proposes processes for downgrading job classifications while passing over in silence the diametrically opposed processes that are actually being implemented in connection with the restructuration of Italian industry. Accordingly, in an amendment to a final motion concerning the policy of an alliance of the working class with white-collar workers, technicians and cadres, the word "cadres" was simply eliminated.

A stronger and more convincing part of the report concerns a reduction in hours of work--an objective which for the CISL (in contrast to the Tarantelli proposal) is valuable from a strategic rather than a tactical standpoint. Another pivotal point in the CISL strategy is the solidarity fund. The instruments and objectives of the proposal are well known: a deduction of 0.5 percent from the workers' pay envelope to finance a fund to undertake productive initiatives in the South and promote self-management in the advanced tertiary sector, in the distribution sector and in the civil service. This is designed to give the workers an instrument for control of the process of resources formation, with the alternative being (according to the CISL) either a type of development--entrusted to the private sector--that would restrict wages in favor of profits, or a type of development entrusted to public investment accompanied by an intensification of fiscal pressures. The fund, Carniti says, does not exclude planning, the reform of the State Participations, or the role of the banking system, but one cannot wait for Parliament and the public institutions to act. Bentivogli says he is pleased most of all that the decree concerning the 0.5 percent deduction failed, because--he says--it was a /tax/ [in boldface] deducted by the state and of uncertain destination. In the motion concerning the fund, the secretariat intervened and achieved an agreement but at a high price: greater importance was given to planning, to control of investments, to the "first part of the contracts," as Lama had urged. The idea of the "compulsory supplementary contribution" had vanished: the 0.5 percent would come outside the framework of the contributions that are already being deducted from the workers' pay envelope. Moreover, a condition was posed whereby the state would allocate subsidies to the fund to guarantee its solvency and payment of the interest to the worker "members." This is basically the point concerning which the secretariat "paid the highest price" in order to negotiate a compromise with the industrial categories: it did so to save an idea and a proposal which obviously have an important place in the CISL strategy.

A final--and sensitive--issue that enlivened the EUR congress was the question of trade-union unity. There was one passage in the report by the secretariat that could lend itself to rather dangerous interpretations. In substance, this passage called for confirmation of the concept of the /unitary/ [in boldface] delegate, elected by secret ballot and without excluding (as is too often the case) vocational and political minorities. But because this delegate is "unitary" and therefore cannot influence the decisions of the individual organizations (the CGIL, CISL, UIL), a CISL representation "with power to intervene" must be reconstructed

at the factory level. In this formulation the danger is that the delegate will no longer in fact be unitary but will be elected on the basis of his membership in a particular organization, and that he will be more responsive to that organization than to the group of workers which elected him. Also concerning this point, the CISL Left has carried out an important task of mediation (or of a "correct interpretation of the texts," which is the usual phrase). It has forcefully defended the existing structure of the council of delegates and the independence of the council vis-a-vis the confederations.

In conclusion, how has the CISL emerged from this Ninth Congress? It has emerged from the congress projecting the image of a "European labor union" that is searching for new ways to wage a united struggle against inflation, for development and for a new quality of life. What then? After the "intoxication" of his great personal success, how does Carniti view the future? Perhaps this way: the agreement with the government will not be concluded and each side will reaffirm its own positions for partisan reasons, following which unity among the CGIL, CISL and UIL will be reestablished with respect to the contracts (also thanks to the extremely rigid and arrogant intransigence of CONFINDUSTRIA [General Confederation of Italian Industry]), in which among other things the positions of the FIOM [Federation of Those Employed in Metallurgical Industries] with respect to reduction of the workweek will be quite close to those of the CISL. From the strategic standpoint, Carniti probably believes that for a number of years trade-union unity will be unable to make progress unless there is a change in the relationships among the political forces.

Carniti's Personal Triumph

Rome RINASCITA in Italian 16 Oct 81 pp 7-8

[Article by Fabrizio D'Agostini: "What Does This Have To Do With Pastore and Solidarnosc?"]

[Text] It is undoubtedly to Carniti's great credit that he has imparted a unitary orientation to the CISL, and the unitary concepts, objectives and language of the CISL leaders appear to be much farther removed than they are in actuality from those which always--one may say--until a couple of years ago had evoked strongly contrasting viewpoints. What is more important both for the workers and for the labor and trade-union movement is the fact that this unitary orientation is not founded on ambiguity: the views expressed by Carniti concerning the irreversibility of a trade-union policy constructed in concert with the CGIL and the UIL--or concerning a political system and a democracy that are "frozen" to the extent that even the PCI would be a "government party"--appear to make a distinction with respect to the role that the CISL will choose to play as a "political entity" in Italian affairs.

This appears to be the image of itself that the CISL has projected at its Ninth Congress; and if we speak of Carniti it is because we believe that it is he himself--with his personal history and his personality--who has in large part constructed, and made possible, a united CISL and its current policy. In particular, his conception of--and belief in--a direct trade-union role free from intermediation constitute a guideline for all officials of the organization: an organization which throughout a period of 30 years has consistently attempted to impart to trade unionism an original physiognomy distinct from the older (in tradition and influence)

variety of trade unionism: the socialist and communist variety. Only in one sense is the parallel (suggested by Vittorino Colombo) between Pastore and Carniti valid: Pastore, drawing his inspiration largely from the American trade-union model, attempted simultaneously to find some room in the CISL for the big CGIL and to get out from under the very onerous Christian Democratic "mortgage," whereas Carniti, by means of a revival that is not only political but cultural as well, is attempting to restore a strong influence to a strictly trade-union initiative in a society that is in crisis--a society where, for example, the "sea" in which a labor union naturally "navigates"--the "sea" of income distribution--has largely dried up. The parallel does not go beyond this point, because with respect to the role of the trade union and trade-union action the ideas of Pastore and those of Carniti appear to be very far apart. Pastore's trade unionism was naturally subordinated to capitalistic development, whereas Carniti's trade unionism tends (as has been said) "to engage in politics and remain a trade union." It could prove to be very troublesome within the political system, especially for the DC, a party that is quite incapable of playing--except in "collateral" matters--an autonomous role, or having an autonomous presence, in Italian society. The illusion that the situation is not as described has made the attempts of Christian Democratic leaders (with Piccoli in the vanguard) to present themselves as the political and ideological mentors of Carniti's CISL appear to be downright stupid.

In no way is this a paradox: indeed, Lama's forthright polemic, and the welcome it received from the congress and from Carniti himself, suffice to show that the CGIL, CISL and UIL are all "in the same boat" (a boat, to be sure, that is hard to steer) while the quite unsolicited Christian Democratic compliments by themselves reveal how different the course followed by Piccoli's party is from the course taken by the labor union of Catholic inspiration. If this is indeed the way things are it will also be advisable not to underestimate the danger posed to the unitary trade-union movement by the continuing dissension within the federation, and by the inability of (or impossibility for) the movement to translate a policy which regards the workers as protagonists of a solution to the crisis into mass action and into a relationship with the masses. It is likewise advisable not to underestimate the danger posed to the entire trade-union movement by an attack on union autonomy, on the role of the union, or on the decisions of the union. The CISL is indeed not immune to these dangers; quite the contrary. The unitary orientation of the CISL does not conceal the astronomical distance that separates what is said (for example) by the leadership of the FIM from what is said by the leadership of the commercial union with respect to policy concerning union demands and the role of the trade union. These quite normal differences within an organization (differences which clearly do not prevent unity) should inspire in Carniti greater caution in affirming that while there are, in the union movement, a communist current and a socialist current, it is the "trade union" current that the CISL represents--as if a trade-union current could be homogeneous, and as if someone who regards it as communist or socialist were incapable of having his own ideas concerning trade-union autonomy.

In his report Carniti again propounded all the key points (solidarity fund; intervention in the question of the cost-of-living escalator; hours of work) concerning which the CISL seems to want to characterize its own original action in Italian society and in the political system. And he confirmed these points in his conclusions, despite certain authoritative entreaties in behalf of a measure of flexibility. His faith in his ideas is not surprising, or rather, his faith in his proposal to start with

choices that should make possible a unitary movement and unitary action in behalf of the world of labor and, more in general, in behalf of the democratic development of Italian society. It would, frankly, not be reassuring--from the standpoint of unitary tolerance and unitary purpose--if instrumental choices (to enhance the role of the trade union and of the workers) were exchanged for choices of faith. The same is true (again, with respect to Carniti's report and conclusions) of the conceptions expressed concerning the political role of the trade union: once it has been established that this role cannot be challenged and that anyone who would want to return to "collateralisms" and "conveyor belts" would be guilty of self-deception, it is "out of line" to relate this role (as an outgrowth of the very climate at this CISL congress) to the experience of Solidarnosc. The Polish political system is not the Italian political system: the absence of democracy has caused Solidarnosc to assume a completely anomalous role, most likely to the detriment of its own unity and the effectiveness of its action. Here in Italy, the purpose of the "political activity" of the trade union (if the history of the labor movement of the past 10 or 12 years has any meaning) is not to create democracy but to enrich it.

10992
CSO: 3104/27

HOUSING MINISTER VAN DAM PROFILED

Amsterdam ELSEVIERS MAGAZINE in Dutch 10 Oct 81 pp 22-26

[Article by René de Bok: "A Bulldozer in the Catshuis"]

[Text] In the 1960's New Leftist Dr Marcel van Dam built castles in the air for fellow party members; in the disenchantment of the 1980's the new minister of housing is concentrating entirely on down-to-earth matters: housing construction programs for the lowest-paid, rental and subsidy policy, housing improvement. Just to look into a few of Van Dam's side streets. He is not a newcomer in the strict sense; in the Den Uyl cabinet he handled rental policy as a secretary of state. With venom and great tactical insight.

Aptitude and Experience

The experience gained by Dr Marcel Parsival Arthur van Dam, 43, extends to a large number of sectors of public life. He is the son of a policeman from Utrecht, and attended the university in the same city; he first studied to be a notary, then switched to sociology. Van Dam early showed interest in the achievements of technology. He learned to make use of the computer, which was still looked upon with suspicion by many of his fellow scientists. He wrote two papers for his doctoral examination, one on election sociology and one on the deideologization of politics.

His emergence from anonymity was a fact when he revealed himself as a gifted election forecaster. In February 1967 he became flatteringly known as "ballot-box prophet." An authority that he confirmed in later studies in Zwolle, Flevoland, and Helmond. The PvdA [Labor Party] appeared interested in the scientific phenomenon, and Van Dam landed in the Wiardi Beckman Foundation, the PvdA's scientific bureau. An attack on the party hierarchy (secretary of the party committee) failed because the then leader Vondeling put a stop to it, but the hand he eagerly extended toward the television medium was gratefully seized.

Marcel van Dam, the somewhat indolent-looking Utrechter, as the first European TV ombudsman, developed in record time into a national television personality. Van Dam scored higher than the Mounties. With Willem Duys and Mies Bouwman, at the beginning of the 1970's he was top of the bill. Four million viewers were gathered around the television when the Ombudsman came on the screen. The TV

became a strait jacket and Van Dam the registered trade-mark of the little man.

In the Den Uyl-Van Mierlo shadow cabinet a place was reserved for Van Dam as secretary of state for old-age insurance. Together with his friend Koos Postema, he made his entry into the chaotic structure of the Ministry of Housing. In the spring of 1971 in "Koos' Klein Uur U" (Koos's Little Hour U) he launched "the great plan for solving the housing shortage": a part of the wage increase would be put into a building fund which would be used to finance cheap housing. Van Dam called it "a test of national solidarity."

In later years he turned back from this sort of foolhardy ideas. Today he even says he doubts "whether the housing shortage will ever be overcome." In spite of his cynicism, in the Den Uyl cabinet he very quickly developed into an expert of stature, proof against the traps and stratagems of democratic decision-making. Van der Louw, the present minister of culture, recreation, and social work, once said: "Marcel has so much feeling for communication that he weighs the effect of everything he does before the TV." That showed up in his TV cross-examination by the Socratic method: "The Other Side of Equality." Score for ability and experience: 88.

The Van Agt II cabinet has seven first-time ministers: Van Thijn, Van der Louw, and Van Dam from the PvdA; Van Mierlo, Terlouw, and Zeevalking from D'66 [Democrats '66]; Van Dijk from the CDA [Christian Democratic Appeal]. Elsevier is conducting a study of the quality and weight of the new crop. Determining factors for the final score are: 1) ability and experience, 2) character traits, 3) presentation, 4) standing within the present coalition, 5) standing within their respective parties, and 6) standing on the outside. Van Thijn, minister of internal affairs, scored an average of 71, and Terlouw, his colleague in economic affairs, made 72.

Character Traits

The experienced wire-puller Anne Vondeling cared nothing about becoming party chairman in 1968 if he had to take Marcel van Dam as secretary into the bargain. Vondeling considered Van Dam unfit for the job because of "his lack of administrative and organizational experience." So he said. For Vondeling was in mortal fear that Van Dam would blow away his authority, reputation, and political intrigues. In 1973 Van Dam did not get the post of secretary of state for old-age policy in the Ministry of Culture, Recreation, and Social Work [CRM] because Van Doorn, the CRM minister, foresaw difficulties on the personal plane. He feared Van Dam's bulldozer tactics. Van Dam himself makes no secret of that: "I am aggressive by nature and my rage must find a vent."

He is a fierce enemy of false modesty, quasi-propriety, and using cautious language in the diplomatic sphere. When he coolly remarked that Beelaerts van Blokland, the previous minister of housing, was "responsible for the fire with which Secretary of State Brokx got burned," fellow party members protested that "you cannot deal that way with people." Van Dam said: "The same people said: 'How will we get rid of the fellow.' I cannot help it. For my character this is a very difficult world."

Van Dam is a cynic, who has destroyed the New Left's castles in the air one by one. Today he is more interested in cheap housing than in ideological handstands. Few break through the armor of his outward indifference. He himself says: "I do believe that I am a socially sensitive person, but I find it weird that people take you for what you are not--a sort of angel that goes into battle against injustice."

In the Van Agt II cabinet there is a certain uneasiness about the Van Dam phenomenon. Because Van Dam was once the drafter of the anti-KVP [Catholic People's Party] resolution, the CDA ministers cherish a distrust of the housing bulldozer that is hard to get rid of. It bothers some that Van Dam is all too confident that he is right, and there is a horror of the mentality of the dynamic salesman. Once when he had delivered a surprising plea for cooperation with the denominational parties, André Kloos remarked to him: "You will not make yourself popular that way." To which Van Dam answered: "No, André, and that is the reason you would never have said it." His sharp tongue is a weapon that carries the risk of a boomerang effect. Just as his somewhat close acquaintance with the glass is not without its risks.

Character traits: 55.

Presentation

An anti-Van Dam article by Martin van Amerongen in VN [VRIJ NEDERLAND] in 1972 concludes: "If Van Dam, e.g. in 1975, makes such a mistake for the third time, he will have bred such a big reserve of enemies in the years that lie behind him that he will run a great risk of no longer being to survive such an affair. But perhaps by that time the post of director of social service at Bolsward will be vacant."

The idea that is absolutely the sole basis of that view is essentially naïve. Van Dam has many strings to his bow. And one of them is a great talent for the presentation of his political convictions. He was the first to realize that an effective use of the television medium gives a position of power that stands out far above the influence and range of action of the ordinary member of the Second Chamber. Because of his earlier rôle of Ombudsman, Van Dam is now in a position to transmit his message to a large and varied public. In 1971 he was the most popular TV personality after Willeke Alberti; in the race for the Television Ring he got twice as many votes as Mies Bouwman. Van Dam says: "I have not got that feeling for glamour. But people do think: 'That fellow could send you a message.'"

While Jan Schaefer, ex-secretary of state for housing, tried to push his broad figure in the rôle of working class hero, Van Dam directs his presentation to a larger field: with his somewhat broad Utrecht accent he is acceptable to the rank and file, while his moderately intellectual peasant craftiness, his alert verbal performance, and his Socratic debating technique easily win the approval of the so-called intelligentsia.

In the Second Chamber his demeanor was hard and direct. While former secretary of state Brokx did not much care to criticize his predecessor Van Dam, the latter quite calmly let it be known that Beelaerts van Blokland and Brokx left a bankrupt estate behind them. By the force of his words Van Dam can steer a

policy through the Second Chamber that would never have made it without superior presentation.

Score for presentation: 90.

Standing Within the Present Coalition

There are two aspects to the coexistence, peaceful or otherwise, between Marcel van Dam and the Christian Democratic office-holders. One aspect has to do with the anti-denominational tendency of his political views. Nobody will ever forget that Van Dam was the inventor of the KVP resolution. Back when he was a student he was an active member of the KVP. When he became a freshman member of the Second Chamber the break with the past became a reality. Van Dam says: "When I saw in practice the powerlessness of denominational politics I renounced my membership." Even after the Christian Democratic concentration came about, Van Dam made his antipathy public: "The CDA will slowly lose its position of power and die."

Van Dam's early history weighs heavily on his functioning within this cabinet. But although this element is dominant, a second aspect is not without significance: Van Dam does not belong to the category of radicals in the PvdA. On the one hand he is one to push things through; on the other, while not a politician who is blind to the fickleness of public favor, he is not one to wear blinkers and deny every process of change. When from the point of view of pragmatism Van Dam judges that cooperation with the CDA serves the interest of the PvdA, then he opts for it unconditionally. He avoids the trenches of "witness" politics because this form of political activity brings no grist to the mill. He says: "Politics has a close relation to getting into power. And as soon as you are not in a position to get into power, it makes no sense to work with splinter parties. With maybe two, three, or four seats. I cannot see the good of it; I would not go in for it. For whenever I throw myself into something, I hope for results. My activities are always closely related to what I expect to achieve."

When he launched his "solution for the housing shortage," he unexpectedly found Udink, the minister of housing, on his side. To the great discomfiture of Van Dam's fellow party members. Van Dam hardly let that bother him at all: "Everybody that favors the plan is my ally, including Minister Udink. Although I see that some people of the Left seem to feel that if Udink wants the same thing as I do, the goal toward which we are striving can no longer be good. I do not rule out the possibility that that sort of reasoning is partly responsible for the fact that the housing shortage is still our biggest problem."

That sort of utterances reduce the Christian Democrats' distrust slightly. For the rest, Van Dam's position stands or falls by the support that Den Uyl will give him. Van Dam is one of the most important figures in Den Uyl's think-tank, and that being so there is a link between the fates of the two PvdA politicians that Van Dam can well use in his very wobbly position within the coalition.

Score: standing within the present coalition: 54.

Position Within His Own Party

As Den Uyl's confidant Van Dam appears to have a claim to a certain good will withwithin the party. Under the direction of Tom Pauka of VARA [Workers Amateur Radio Association] Den Uyl debated with a Van Dam who constantly assumed the semblance

of one or another political opponent. By turns Van Dam played the rôle of Wiegel, then Andriessen, and sometimes even Van Agt. Den Uyl believed so much in Van Dam's performance that he got genuinely angry at the figures that Van Dam was portraying. In the present PvdA, however, Van Dam's rôle-playing is greeted with suspicion. Some regard Van Dam as deadly tiresome, as a plague; others show little confidence in Van Dam's political backbone. They have seen the New Leftist change into the *Realpolitiker* (German: practical politician).

Van Dam says that his position in the party is undermined by his preference for a voice of his own, an independent style of thinking. "I do not fit so well in this PvdA. You have to be rather uncontroversial. Not utter any deviant sound." Van Dam is of the opinion that a politician must not promise his supporters more than he can deliver. A politician that is always listening for ideas from the rank and file is not worth a straw, according to Van Dam. Van Dam's position is that the PvdA has need of a sort of devil's advocate to test the socialist dogmas fundamentally. And he has a thoroughgoing dislike of the parlor socialists of the PvdA congress who slavishly rally behind the proposal to introduce a 4-day work week, without taking account of the ultimate price to be paid for such a suggestion. Van Dam called the late godfather of the CDA, Prof Duynstee, a breathing-spell in politics, and characterized Lubbers, the chairman of the CDA parliamentary delegation, as a twister. Neither of these remarks was gratefully received in the PvdA. Van Dam says: "I started out on the left in the PvdA. At a certain moment you come to pass for a rightist, although I for my part do not have the idea that I have changed much in my views. Then you almost get the idea that the party has partly pushed beyond you."

Score: standing within his own party: 47.

Standing on the Outside

By his ombudsman program Marcel van Dam built up a good will on the outside that is still paying off. It must not be forgotten, however, that that good will is mostly among the older generations. For that reason it is not surprising that in 1971 Van Dam was asked to take his place as secretary of state for care of the aged in the shadow cabinet. Van Dam's view of the politician's task falls on fertile ground: "The condition for a real renewal in politics is that politicians plunge anew into the daily problems of the voters. Politicans must go back to making house calls."

Van Dam will presumably meet no significant opposition in public opinion; he will have to take into account, however, the fact that interest groups among public employees, the housing societies, the real-estate brokers, or mortgage banks view the new minister sith some reservations. If Van Dam immediately raises the question of tax exemption of mortgage interest at 300,000 guilders, he will be broaching a politically delicate issue that will demand the utmost of his powers and of his good will on the outside.

Van Dam possesses an important support in publicity in the person of Koos Postema. Van Dam's position in the media is stil stronger than in parliament. The opposition will not soon forget how Van Dam attacked the ministers of the previous cabinet, or how Van Dam was involved in a threat of a cabinet crisis under the Den Uyl cabinet. He launched his rent increase proposal on a "like it or lump it" basis, with the unmistakable undertone of the man who is not afraid of a crisis if it comes his way.

The credit that Van Dam is throwing away or squandering in the younger generation is important. Van Dam promised to make building for younger people a principal policy objective. If he does not succeed in that, his credibility will be on the skids.

Score on standing on the outside: 68.

Dr Marcel Van Dam's average score: 67.

8815
CSO: 3105/29

DO AMARAL DEFENDS PARTICIPATION IN BALSEMAO'S GOVERNMENT

Lisbon FOLHA CDS in Portuguese 3 Sep 81 pp 1, 3, 4

[Interview with Freitas do Amaral, deputy prime minister and minister of Defense and prominent CDS leader, by DIARIO DE NOTICIAS, on 28 August 1981]

[Text] [Question] There are those who say that you are going to become a member of the government against your will and that you are only doing this, because, after the development of the political situation, you had no other alternative.

[Answer] I am not entering it against my will. I am entering it of my own free will and almost a week after my decision, I do not regret it. I think that I made the most correct decision and, in that connection, the other alternatives were worse. But the leaders of PSD [Social Democratic Party] and PPM [Popular Monarchist Party] have told me expressly that my refusal to participate in the government, followed by my possible election as president of the Assembly of the Republic, would also be perfectly acceptable.

I believe, however, that, at this time, my membership in the government was the best, but not the only, way of defending the AD [Democratic Alliance].

[Question] Your inclusion in the government is said to imply--in the opinion of some observers--revival of warfare between the AD and Eanes. Is there any basis for this inference?

[Answer] I understand that it has no basis at all. The strategy of the AD with regard to the president of the Republic, after his reelection, was established in a summit meeting held in December 1980. That is the strategy that is being followed and it must continue to be followed.

In short, it consists in the following: the results of the 7 December election must be respected by the AD, but the results of the 5 October election must also be respected by the president of the Republic. There must be institutional cooperation between the organs of sovereignty and especially between the government and the president of the Republic. If General Eanes pursues a personal political project, that activity must be denounced and any invasion of the spheres of competence peculiar to the AR [Assembly of the Republic] or the government must also be criticized. I still believe that this strategy is correct. I have already said and I repeat: I have never defended and I am not defending any institutional warfare.

[Question] Instead of being a factor of cohesion, the presence of the three AD leaders in the government may give rise to internal conflicts by causing a clash of competencies. In what way do they plan to prevent those possible conflicts?

[Answer] It is strange that while two AD leaders were outside the government the criticism came up that things do not work that way. If the three are in the government, then there is speculation that they are not going to get along with each other.

I think that this presence is, in fact, going to be a factor of cohesion, also because it makes three-way meetings possible much more frequently.

With regard to possible conflicts of competencies, I see no reason for them to come up. There will be only one prime minister. The other two leaders will head one or more well-defined departments, although they will certainly be associated by the prime minister in the general orientation of the government. This plan already worked in 1980, although only with two, and it proved its effectiveness.

[Question] Are your relations with Pinto Balsemao cordial, in order to allow good functioning of the government? It is noted that, in the opinion of some observers, you will find it hard to resist the temptation to become the "strong man" of the executive branch.

[Answer] My relations with Dr Francisco Balsemao are of the best and they do not date only from now. I am certain that our collaboration will be excellent.

With regard to the speculation contained in last part of the question, I know that it is now being made by the opposition and it is probably going to continue to be made. It is a traditional method used by oppositions in connection with coalition governments. We must not let ourselves be impressed by those arguments. Insofar as I am concerned, I am acting in good faith and I am not joining the government with reservations. I believe that the AD is strong enough and sufficiently united to overcome successfully those and other attacks that certainly will be made by those who have never done as much or anything better than we.

[Question] Will not your activity in the AD, through participation in the executive branch, give the executive branch a rightist nature, with an accentuation of the conservative component of the AD to the detriment of the social democrat component?

[Answer] I do not see how my participation in the government could contribute to weakening the social democrat component that expressly wanted my membership. And why should I give this government a rightist nature, if I have never been a man of the right, but rather of the center? Christian Democracy is not a conservative ideology, as everyone known, but rather it is thoroughly reformist and even, in some cases--as in present-day Latin America--essentially revolutionary.

The CDS [Social Democratic Center Party], which the socialists regarded as genuinely of the center in the time of the PS/CDS government, has not changed its nature merely by allying itself with the PSD and the PPM.

/Question/ Will the fact that you are entering the government affect your availability in the UEDC /European Union of Christian Democracy/? On the other hand, on entering the executive branch, do you not thus cease being an "AD reserve"? What comments do you have to make?

[Answer] Insofar as I am concerned, I do not regard participation in the government as incompatible with the presidency of the UEDC and the prime minister-designate stated the same thing, when I put the question to him. It remains to be known if the UEDC will prefer to choose a more operational president than I could be as a member of the government. Naturally, my post as president is available to the UEDC.

With regard to the "AD reserve," it is known that it was not for that reason or with that intention that I did not become a member of the government in January, but rather because of consistency with earlier statements. I could much less now stay in the reserve, when the crisis through which we are going is jeopardizing the very survival of the AD. We are in a phase of general mobilization and, in this phase, reserves are not increased. On the contrary, the reservists are called up.

[Question] Was not the farewell praise that you made of Dr Balsemao, which was not well received in the PSD, somewhat hasty, all the more so since the return of the president of the social democrats has taken place?

[Answer] The praise that I made of Dr Balsemao was sincere and was based on the conviction that he has resigned in earnest. If the praise was regarded as hasty only because he returned later, that is an implicit admission that the prime minister was only making a personal tactical play. That was not my interpretation.

[Question] If the PSD "critics" were to resume hostilities against Pinto Balsemao, with you now in the government, what would be your attitude?

[Answer] I think that today the circumstances are very different and that history does not repeat itself. Nevertheless, I have no hesitation whatsoever in answering your assumption. If criticisms of Dr Balsemao while he is head of a government in which I am participating should be involved, I would be in solidarity with the prime minister. If it should be a question of criticisms of the president of PSD I would respect my obligation to maintain neutrality, because I belong to another party. After all, that is what the CDS ministers in the Seventh Constitutional Government did and did very well.

[Question] Do you go along with the statement by Eurico de Melo according to which the previous government was one of transition and of weak memories?

[Answer] It is obvious that all governments are of transition, including the ones that precede and the ones that follow. Sincerely, I find that there is a very important aspect in the recent statements made by Engineer Eurico de Melo. It is the aspect of public support of the Eighth Constitutional Govnerment. With regard to the Seventh Government, it had my support and my party's support. Therefore, it is not up to me to single our positive and negative aspects that are always found in any government.

[Question] You are accused of venerating excessively the memory of Sa Carneiro, attempting in that way to take over as the true heir of the former PSD leader. Do you not believe that missing Sa Carneiro excessively may be fatal to the AD, insofar as AD would only be Sa Carneiro and Sa Carneiro alone?

[Answer] I do not claim to be anyone's heir, but I regard it as perfectly normal--and necessary--to venerate the memory of San Carneiro who was the first leader of AD and who proved to be a great statesman and a great Portuguese citizen. Those peoples who do not cultivate the memory of their leaders, of their saints and heroes are indeed unfortunate!

Therefore, I believe that praising Dr Sa Carneiro, continuing his work, following his example are not manifestations of sad longing, but rather acts of justice and intelligence.

It is not a question of claiming exclusive ownership of a heritage, but of performing the duties stemming for all of us from a political legacy that we must not let die out.

Of course, because the AD cannot only be the memory of Sa Carneiro, it could also not be the forgetfulness of Sa Carneiro. I believe that we all agree on that.

[Question] In your opinion, how can the constitutional revision be processed as fast as possible?

[Answer] The constitutional revision has been processed much too slowly and a great effort must be made to accelerate its processing greatly.

It is not difficult to devise a set of measures to make it possible to proceed faster: more meetings lasting longer, more assiduous attendance by the deputies, more direct involvement in the process by the party leaders, establishment of a precise schedule by mutual agreement, and so on, and so on.

It remains to be ascertained whether or not there is a political desire to act in that way. On behalf of the AD--and especially on behalf of the CDS--I can ensure you that there is. It is up to the FRS /Republican and Socialist Front/ and especially the Socialist Party.

[Question] Do you intend to be a candidate in the 1985 presidential election, presenting yourself to the voters as the AD candidate competing, for example, with Mario Soares?

[Answer] I absolutely refuse to speculate in 1981 on what I shall do or shall not do in 1985.

[Question] Do you believe that this government is going to last until 1984?

[Answer] I have no gifts of prophecy, but I can assure you of three things. First, that this is our objective; second, that it would be very bad for the AD, for democracy and for the country, if that should not happen; third, insofar as I am concerned, I shall do everything possible to bring that about.

[Question] In conclusion, would you discuss the issue of local government elections? Do you believe that the parties should compete separately, or do you advocate joint AD tickets in all the local governments?

[Answer] I think--and that is also the point of view of the CDS--that the AD should compete on joint tickets in every local government. But we are ready to discuss possible exceptions to this general rule, if perhaps the PSD or the PPM bring them up. As you know, Dr Francisco Balsemao proposed to the National Council of PSD, last June, that an agreement should be entered upon between the three AD parties--the so-called "protocol" for local government elections--in which that general rule and possible exceptions to it would be confirmed. This proposal was approved by the PSD and, subsequently, also by the CDS and the PPM.

From the point view of principles, the main idea is, therefore, missing. It still has to be put in writing now. I believe, for various reasons, that the PSD should be the one to submit to its AD representatives the draft of the local government protocol. In my opinion, it would be advisable for that document to be able to be signed by the end of the year. January 1982 is not early for beginning to implement an agreement with a view to elections to be held probably in December. Consequently, the tickets will have to be ready, for sure, in September 1982.

That, however, is not the most important thing. The AD must regain self-confidence and must show that it is capable of remaining united, of governing effectively and of solving--both on the national level and on the local level, the great problems of the Portuguese people: education, health, housing, the economic crisis, improvement of living conditions of the most underprivileged, regionalization, constitutional revision, membership in the European Community.

I am certain that this will happen. And, if it does, victory will be ours. Not only in the 1982 local government elections, but also in the 1984 legislative election and in the 1985 presidential election.

10,042
CSO: 3101/1

MILITARY-RESTRICTED AREAS TO BE FURTHER LIMITED TO FOREIGNERS

Helsinki HELSINGIN SANOMAT in Finnish 17 Oct 81 p 3

[Article: "Movement of Foreigners to be Limited Along Finland's Coast"]

[Text] The movement of foreigners will be limited in the vicinity of military facilities along Finland's coast. In a few weeks the government will define certain "areas important from the point of national security" as restricted areas and at the same time will place limits on the movement of foreigners in these restricted areas.

The restricted areas will include forts along the coast, their nearby waters, and firing ranges. No restricted areas are planned for the interior.

Limitations on movement will apply particularly to boating. Foreigners and foreign boats may move along the channels even in restricted areas, but permission will be required in order to diverge from the course, stop, and anchor. These limits will not apply to the movement of Finns.

With the statute issued on Friday the government received the authority to determine restricted areas and limits. The statute will go into effect next Wednesday already.

The Ministry of Defense justifies these limits by the fact that in recent years officials have observed an increase of foreign pleasure boats in Finnish territorial waters. These hoats have frequently operated against the regulations and "have commited violations of the law in our territorial waters".

The Ministry of Defense notes that international law does not prevent the establishment of restricted areas and in many Baltic countries, in Sweden, for example, such areas have been in existence for a long time already.

10576
CSO: 3107/14

MILITARY OFFICERS, INDUSTRY LEADERS DEBATE MRCA PROPOSAL

Army Chief Questions Adequacy

Stockholm DAGENS NYHETER in Swedish 22 Oct 81 p 32

[Report of interview with Gen Nils Sköld by Peter Bratt]

> [Text] "I do not think it is right to call me a guided missile fanatic, as I think there is more reason to say that those others are airplane fanatics. All I have been trying to say is that we must take a position on the whole problem--planes and missiles--and not just talk about the plane," Gen Nils Sköld says when he explains his views on the MRCA question more fully.

The army chief is seated in the Bastion on the Lidingövägg, Sweden's brand-new Pentagon. It is a stiff, rectangular, modern glass and concrete building, right beside the old K 1, which is military in an old-fashioned, homey way.

In the Bastion the corridors are straight as an arrow and the modules lie tight, tight as cells in a honeycomb, and here war is waged in mathematical formulas and calculations in so-called "Krigspiel."

The army chief has a corner office with a view over the Östermalm sports field, which lies empty in the autumn rain and wind. He talks fast, so that the words sometimes tumble over each other, and concisely. His glance is sharply attentive.

Much Power at Stake

He has once more annoyed many powerful interests with his uncompromising stand. He has emphasized that it is not a question of any private individual opinion, but the result of long discussions and consultations throughout the army staff, but still, a couple of flights up in the same building, in the air force staff, they are swearing about this damned Sköld. His criticism of the Swedish JAS [fighter-bomber-reconnaissance plane; referred to below by the NATO equivalent expression MRCA: multi-role combat aircraft] project involves Sweden's second biggest industrial project--Viggen was actually bigger--and a lot of money, a lot of power, and a lot of prestige are at stake.

Both Planes and Guided Missiles

Thus far only his criticism of the motor has been published, but that, in spite of everything, is just a detail. He himself feels no need to "justify himself"; his arguments are to be found written down in various documents. But for the sake of the public and the politicians he agrees to develop his thoughts on the problems in greater detail.

"Everybody agrees that we must have a system including both planes and guided missiles, but recently only the plane has been discussed, and the other part, how we shall develop rockets and guided missiles and what types we shall have and what the balance shall be between planes and guided missiles, has dropped out of the picture," he says.

JAS [or MRCA] stands for a weapons system that will perform a fighter function, i.e. carry out antiaircraft defense and meet the enemy's fighters, bombers, and cruise missiles; it will also perform a bomber function and resist invasion attempts over the sea and then knock out troop transport planes, unmanned fighters, etc., and also block off communications to the rear and attacks overland, stopping the enemy's flow of military communications; lastly, there is also a reconnaissance function; i.e., where is the enemy and what shall we hit him with?

"It Is Not Just the Motor"

"The fighter function is a starting point, and it must be good enough to be able to take up the fight against the enemy's planes. By the year 2000 the Soviet Union will have planes that are at least as good as the F 16 and F 18 that the United States has in operation today, and the United States will have still better planes.

"In that context I do not consider that the Swedish MRCA project as it has been presented meets the demands that must be made on it. That applies not just to the motor but the demands made on armament, electronics, fire-control system and countermeasures. The Swedish MRCA project has such narrow margins when it comes to carrying extra weight that it has inadequate potential for keeping up with the course of development.

"Before the 1982 defense bill we should know that for a long time to come we shall need planes, especially fighters, but we cannot say now how many planes. There must also be a real possibility of shifting the balance between planes and other weapons, such as coast-defense rockets, antiaircraft rockets, etc. The defense plans will be adopted in 1987 and 1992, and if we commit ourselves now to a Swedish MRCA, that will make it hard to weigh these things against each other."

The Planes Must Be Complemented

Nils Sköld considers that fighter planes are needed for air defense, but that they must be complemented by antiaircraft guided missiles, especially in exposed areas like Scania, Gotland, and the rest of Norrland. Both planes and guided missiles are necessary, but it is necessary to keep the possibility open at all times to adjust to technical developments.

"As far as the bomber function is concerned, it can certainly be taken care of in other ways over the long term, with submarines, with vessels that are concealed in the skerries off the coast and have guided missiles on board, and with coastal guided missiles grouped on shore. And for close combat there can be helicopters

that fire rockets at the enemy, and at a greater distance ground-based rockets with various types of target-seeking devices. That is a long-term question, but the possibility of influencing the balance must be kept open."

He reasons in much the same way concerning the reconnaissance function.

And then comes the main argument. Swedish production of a new plane calls for a large production before it would be economically justified, partly because the development costs are so great. Sköld considers that 200 planes is the minimum. That would cost far more than the allotted 25 billion [kronor]. Such a decision would freeze the future possibilities of changing the balance between planes and guided missiles. Regardless of whether technical development made the plane more vulnerable, less effective, and quite simply obsolete, we would be compelled to continue with these--by that time--unwanted planes.

Sköld cannot claim any more than anybody else to be in possession of the truth concerning future developments. But his point is that when the uncertainty and the risks of a Swedish MRCA are so great, it is better to find a solution by which it is possible to keep our hands free without losing military striking power or incurring increased costs.

"More Jaktviggens"

"If several more divisions of the Jaktviggen are produced--as the Supreme Commander of the Armed Forces proposed in his alternative to the Swedish MRCA--and provided with air-to-sea guided missiles, they can replace the bombers that are going out, and the decision on future plane systems can be postponed until 1987. The replacement of the attack planes would then not need to take place before 1995.

"The air force's strength would be maintained, industry's production capacity would be kept alive, and we would gain time to study how a plane with adequate performance can be procured.

"I believe that Swedish industry should participate at some level, but cooperation with other countries must increase. We can then have a better basis for decisions concerning the balance with coast defense and antiaircraft guided missiles.

"With manufacture under license we should not have to commit ourselves to such large numbers. That way we would retain our freedom of action as between planes and guided missiles and be able to adapt continuously to development, which is moving very fast."

"Capacity and Will"

[Question] Today there are only two Swedish unmanned bombers--the 05 for use against ground targets and the 04 against sea targets. All of the unmanned fighters are foreign. Should we instead develop more Swedish guided missiles?

"I think it is more important for the weapon to be Swedish than for the platform (the plane) to be Swedish. The superpowers have countermeasures against each other's weapons; therefore, weapons of our own are more effective against them. I think it would be a very good thing to have at least Swedish target-seeking devices in the guided missiles, but I cannot say that we have the capacity today to make a Swedish unmanned bomber.

"As far as credibility is concerned, it has to do first of all with our capability of defending ourselves and next with our will to do so. Whether we buy abroad or produce at home does not affect our credibility as long as dependence on the suppliers, e.g. with respect to maintenance, does not affect our freedom of action. And today I cannot see any reason that buying abroad would affect our freedom of action."

[Question] Does the present fighter plane suffice to beat back bombing attacks against the civilian population, or can it only protect our own troops?

"If the enemy flies in low, the fighter will have a very hard job. Suitable guided missiles are to be found only in southern Scania. There is a big gap to fill there.

"Wars Are Not Won That Way"

"But in a war an attacker will want to take the country quickly to keep the main enemy from having time to intervene, and the important thing for us is to demonstrate to the world around us that the enemy will not succeed in gaining his objective so quickly and safely. His air attack will be directed against military targets. Certainly they can come in with bomber fleets--and also with guided missiles--and cause the civilian population great suffering. But there is nothing to be gained by doing so, since they do not reach their goal any easier that way, their goal being to use our country as a base area or as a passage area.

"Experience shows that wars are not won by harassing the civilian population. The Germans tried that in 1940 and 1941, and the Americans from 1943 to 1945 and later in Vietnam. But people do not give up. They defend themselves instead."

"Not Activated Until Near Their Target"

That is how the army chief reasons. He also says that it is our duty to shoot down cruise missiles that pass over our territory. It must be assumed that the nuclear warheads are not activated until they are near their target. Therefore, there will be no explosions when they fall to the ground. We can shoot them down and will do so; we must take the risk, says the army chief.

May our enemies be as rational as Nils Sköld.

Industry Leader Cites Advantages

Stockholm DAGENS NYHETER in Swedish 25 Oct 81 p 5

[Report of interview with Harald Schröder by Peter Bratt]

> [Text] Harald Schröder is head of Industrigruppen JAS AB, a firm that has been formed by the Swedish aircraft industry to carry out jointly Sweden's second biggest industrial project ever, and he is not in the least doubtful:
>
> "I am quite certain that there will be a Swedish MRCA."

Harald Schröder is not an economist or a market researcher, he is a technician--a 56-year-old civil engineer who also directed the Viggen project. He is accustomed to sticking to facts and figures.

But he has had ample occasion to find out that there are also all sorts of irrational and hard-to-assess interests such as politicians, mass media, and public opinion to take into account outside of the world of wind tunnels and strength calculations. For 10 years the question of the next Swedish combat plane has been pushed and shoved and argued up and down and sideways. With no solution reached.

The engineer relies on logical arguments to justify being so optimistic in spite of everything:

"Our offer is very advantageous to the state. It sets a fixed price for developing the first 30 planes and a ceiling price for the rest. The ceiling price is a maximum price. To be able to set a fixed price it would be necessary to know the wage levels and energy prices, etc., around the middle of the 1990's, and since that is impossible we guarantee a ceiling price and offer to negotiate on a lower price when the unknown factors become known.

"And the plane we are offering meets the operational demands the military have set. It is also within the air force's economic limits. So the Industrigrupp JAS has done what the state wanted.

750 Million Kronor in Penalties

"We have given firm guarantees for the plane's technical performance. The state has the possibility of terminating the project at any time if we do not live up to our promises. Then we must stand our development costs ourselves and in addition we must pay a penalty to the state of up to 750 million kronor. That is an unheard-of amount of money."

The JAS plane [MRCA] consists of body, motor, radar, electronics, armament, and countermeasures against enemy weapons. Previously the FMV (Defense materiel Office) ordered the components from the firms--Saab-Scania, Volvo Flygmotor, L.M. Ericson, SRA [Swedish Broadcasting Corporation] Communications, and FFV (United Manufacturing)--and got the final product together.

Now the industry group, IG JAS, is responsible for the whole thing. FMV goes in to various control stations to see that the demands are met. If anything goes astray, therefore, the FMV can stop the project. Then the aircraft industry will be left with 750 million kronor in penalties and with installations that cannot be used.

It is hardly probable that FMV would overlook faults in the project, since a plane that des not function would have catastrophic consequences for defense, security, and neutrality policy. Many have even questioned whether IG JAS has the capability to produce such a complicated system as the MRCA.

"Our Future"

"It is our future that is at stake. The possibility of breaking off the project entails a risk far greater than the amount of the penalty itself. That is the best answer to the question of whether we will satisfy the quality demands. Without absolute confidence in our own ability we would never have signed such an offer," says Harald Schröder.

He refutes the criticism of the motor and the allegation of inadequate development potential as follows:

"Armament and electronics will change rapidly and need to be modernized, but those systems are getting smaller all the time and are a minor problem. On the other hand, increasing space is needed for countermeasures. In the MRCA there is room for 200 liters of new apparatus. The FOA [Defense Research Institute], which has devoted a great deal of attention to the space question, has declared that this is sufficient.

"As concerns the motor, I have amused myself with looking into how much Volvo Flygmotor has increased the performance of the motors in Draken and Viggen. In the one case it is some 5 to 10 percent and in the other 10 to 20 percent.

"Fine Motor"

"In this motor we have a gain of 10 to 20 percent, which according to the manufacturer is the normal development.

"With that I think we can drop this discussion of the motor. It is a damned fine motor, that I can say after Volvo Flygmotor has studied it for a year."

[Question] But what happens if the Riksdag decides in the spring to say no to a Swedish MRCA?

"The problem is that we do not know what the state wants us to do in that case. Will there be manufacture under license, say, or direct purchase of foreign planes?

"The discussion of manufacture under license is incomprehensible. All indications are that that is the most costly alternative. It also means losing our capability for developing planes in this country. That hits not only the military, but also the civilian side. And we are now staking billions [of kronor] on building up a whole new industry."

The development division at Saab-Scania is working with military planes, civilian plances, guided missiles, and space. Today 80 percent of the work is military. The goal is to come down to 50 percent. Saab-Scania knows that the MRCA will be hard to export because of political restrictions and that the MRCA is probably the last big Swedish military project.

To achieve a profitable production of civilian planes the firm feels that it is necessary to exploit the experience gained in the military development. Only Boeing manages to have a profitable civilian production without a military manufacture to boot, according to Saab-Scania.

Saab has a successful cooperation with the American firm Fairchild on passenger planes for short flights with seats for 34 persons.

"We have sold 115 planes, which comes to over a billion [kronor] in export income. That is a measure of what is involved," says Schröder, who comes back to the uncertainty about what will happen in case of a no.

"If it is decided to manufacture another 3 divisions of the Viggen, that will give employment to a few hundred persons for a few years. We have counted on

having over 1,000 employed on the development of the MRCA for a year and a half after getting the go-ahead. What will they do instead?

"Manufacturing intercept missiles would in itself be quite realistic, but it has very little effect on the development side and is no replacement for planes."

[Question] One proposal is to make three more divisions of Viggen and wait until 1987 to decide on the MRCA. Can the IG JAS wait so long?

"No, we absolutely cannot do that. But there is still the question of what we shall do in the meantime. We do not know. The question now is yes or no to the Swedish MRCA, period. If the answer is no, the field is wide open.

"The air force needs development resources to be able to cope, to operate and modernize the planes it has. But we do not know how big a demand the state wants us to supply. Will we get the money to continue the preparatory work on the MRCA more or less as we are doing now? Or will we not be getting an öre 5 years from now?"

As Harald Schröder sees the matter, the great danger in case of a no is that the possibilities of going into civilian plane production will be spoiled. The Swedish aircraft industry will be transformed into subcontractors without a capacity of their own.

In case of a yes, not so much will happen from a personnel point of view. The firm has already adapted itself to the smaller volume that a Swedish MRCA involves in comparison to what the Viggen embraced in its time.

[Question] Ten years of investigation and procrastination without a decision--how do you feel about that?

"We have gotten used to it."

Paper Weighs General's Arguments

Stockholm DAGENS NYHETER in Swedish 25 Oct 81 p 2

[Editorial by Svante Nycander: "The Arguments Against the MRCA"]

[Text] It is not altogether easy to understand how Air Force Chief Nils Sköld reasons about the future combat plane. One might actually venture to assert, with all due respect, that his reasoning does not hang together properly.

For a long time the whole military leadership has declared that it has a common viewpoint on the combat plane's future missions. Nils Sköld himself has always based his thinking on a combined plane system, Swedish or foreign, for pursuit, attack, and reconnaissance (JAS [= MRCA]). In his special statement to the government he talks about postponing the decision. But even then he supports the MRCA idea. To him the pursuit role is the primary one, but the plane system should be capable of being used for bombing and reconnaissance missions, which are "of great operational importance."

In an interview in DAGENS NYHETER Thursday 22 October, Sköld said that over a longer time the bomber function can be taken care of in other ways, e.g. by means of submarines and guided missiles. Similarly, he seems to feel that the reconnaissance missions can also be carried out without the plane. He has thus given up the MRCA idea, insofar as the expression "over a longer time" does not refer to a time beyond the project that is now under discussion. But in that case the possibilities of replacing bomber and reconnaissance planes with other systems have no significance for the choice of the path to pursue today.

Sköld's central objection to the project of a Swedish MRCA is that with it we would bind ourselves to a certain number of planes and so run a risk of getting stuck in a wrong balance between different weapons systems. Perhaps by the year 2000 we shall want to stake more on land-based and shipboard guided missiles and less on the plane? Sköld is arguing for flexibility. If we renounce the ambition to develop a new plane system of our own, we can later decide to procure a smaller number of planes.

The reasoning is correct if flexibility is needed in only one direction. The fewer planes we want to have, the less occasion there is to develop a Swedish system. But if the plane's relative importance should become greater than is foreseen today, the value of a Swedish MRCA will increase instead. In that case new divisions can be supplied to the organization at considerably lower cost than by importing. Perhaps there is something else in the armed forces that becomes obsolete faster than planes? Cannot guided missile development mean that the plane's importance grows, at least as a missile carrier?

Nils Sköld emphasizes the great value of Swedish industry's participating in the renovation of our plane system and feels that "direct procurement should be avoided as far as possible." But according to the reasoning of the supreme commander of the armed forces, manufacture under license is definitely the most costly alternative for the armed forces. As we go down in volume, we very soon approach the point at which manufacture of a foreign plane system under license becomes economically absurd because of the high fixed costs. The downward flexibility that Sköld speaks for thus points toward direct procurement from abroad and so for dismantling the Swedish aircraft industry.

What does the alternative involve from the point of view of security policy? A Swedish system obviously contains many foreign parts, but it still frees us from a number of risky relationships that go with the importation or manufacture under license of a foreign--in practice, American--plane system. We should avoid as far as possible procuring a combat plane that is a copy of NATO's. Especially in view of the long period during which the system will be in use, it is important that we not make ourselves dependent on others more than is necessary.

Within the industry ca. 9,000 persons are employed today on military plane projects. To these may be added several thousand in various state agencies, in wing-level repair and maintenance workshops, etc., who are engaged in development, production, and maintenance. A decision in favor of a Swedish successor to Viggen would make it possible to maintain the greater part of that employment within the country. Besides the fact that we should thus maintain the base for development of the Viggen system, which will be in operation far into the next century, we would provide the possibilities for the civilian aircraft industry to develop.

If we say no, we must build up some other industry that can earn foreign exchange for an imported plane project and create new employment. This is not the main question in the debate about our future military planes, but it is a question that deals in realities.

8815
CSO: 3109/28

SDECE AUTHORIZED 25 NEW CIVILIAN EMPLOYEES FOR 1982

Paris LE MONDE in French 22 Oct 81 p 29

[Text] As it appears in the government documents submitted to the special Parliament commissions for examination, the secret service fund proposed for 1982 and made available to the prime minister or the minister of defense is growing more slowly than the overall draft budget for the State, and in the same proportion, on the other hand, as the increase in the draft financial legislation announced for 1982 over the 1981 public expenditures (accrued from the July budget extraordinary credits). On the other hand, the SDECE [Foreign Intelligence and Counter-intelligence Service] is authorized to recruit 25 new civilian employees next year.

The secret service fund, as tradition has it, is distributed between the prime minister's budget and the minister of defense's budget. It is known that, in fact, although the SDECE's work particularly is interministerial in nature, control of the secret service is entrusted to the defense department.

For 1982, the prime minister will have 31.01 million French francs for the "government" secret service fund (an increase of close to 20 percent over 1981) and 255.11 million French francs in secret service funds "for specific purposes," in other words allotted by priority to the SDECE. The total (286.12 million French francs) is an increase of 18.9 percent over the funds ascribed to 1981. This increase in the prime minister's secret service funds is comparable to the increase (+ 19 percent) in the draft State budget for 1982 as compared with the 1981 public expenditures (including the extraordinary credits approved last July), but it is much lower than the increase expected (+ 27.5 percent) between 1981 and 1982 in initially equal budget structures (not including the 1981 credits).

Modernization

The minister of defense, for his part, proposes in his own expense forecasts for 1982 to grant the SDECE a total budget of 302.94 million French francs (operating and equipment combined), a 13.5 percent increase over 1981. To this amount, which will be submitted for parliamentary approval, must be added the 255.11 million French francs for the prime minister.

In the SDECE budget, the operating expenses are increasing the most rapidly (+ 14.7 percent). Part of this increase (about 2.32 million French francs) is planned to cover the recruitment of 25 civilian information officers (basically third class deputies and researchers) in 1982. The intention of Mr Pierre Marion, the new director general of the SDECE is, in fact, to form a department called general studies, synthesis and evaluation. The SDECE employs 2,500 people, more than half of whom come from the three French armies.

The SDECE's equipment expenditures for 1982, for their part, show a standstill, and even a decrease, as compared to 1981, taking general inflation into account. They are increasing by only 9.67 percent in payment credits and 7.79 percent in program authorization (which are anticipated expenses for equipment orders). Basically, it is a matter of modernizing direction finding and transmission equipment and radio-electronic or data processing capacity. Equipping operations are planned for various centers or service stations, particularly in the Paris suburbs.

9693
CSO: 3100/85

TOULOUSE INDUSTRIES FOCUS ON TECHNOLOGIES RESEARCH

Paris LE MONDE in French 10 Oct 81 p 22

[Article by Catherine Laurens]

[Text] The 300 laboratories and the 5,000 researchers in the Rangeuil complex and the dedication of 10 engineering schools, make Toulouse a pilot city in research and advanced technology. Such scientific potential should encourage companies in the area to be innovative. Some keep a careful watch on the laboratories and use their developments, but they are still too rare (about 60 out of the 2,000 in the Midi-Pyrenee region). SITEF [Financial and Technical Building Company] should be a privileged meeting place for the scientists and the manufacturers.

In 1983 Toulouse will be the European space capital. The city owes it primarily to CNES [National Space Study Center], decentralized in 1971, to space industry companies such as Matra and Thomson, and then to subcontractors such as CEIS [Company for Electronics, Data Processing and Systems], Zodiac and Latecoere.

The Toulouse space center has built and handled the operation of eight satellites. At present it conducts operations control for the Telecom-I telecommunications satellite, the SPOT earth observation satellite, and the SARGOS system, in cooperation with the United States and Canada (for research on equipment in distress) and directs France's scientific space programs in general.

Matra's space division is involved in the integration of space vehicles, and Thomson is involved in the assembly of payloads. In 1985 these two companies will have hired 900 people if the Ariane program goes well.

About a half dozen small and medium-size companies in the area have entered this field. One of them, CEIS, manufactures receiving beacons for the ARGOS positioning and data collection system, used particularly during the last transatlantic flights. CEIS will soon participate in the worldwide SARSAT [Search and Rescue by Satellite] project, in developing receiving stations and beacons intended for maritime or land rescues.

Such success has been possibly only because of close technical cooperation between the company and the CNES.

Similarly, the Zodiac space company has been able to apply techniques developed for the production of stratospheric balloons to the manufacture of rubber boats, an example in itself of the transfer of technology.

More than 1,500 people currently work for the space effort in the Midi-Pyrenees region, and the work involved in these activities, structured around the CNES, will be corroborated by the development of operational satellites, some of which will be intended for export.

"Toulouse is by far the primary French research center in automation; 40 percent of French researchers working in this field are here. The city ranks second in data processing," declares Mr Alain Costes, assistant director of the LAAS [Automation and Systems Analysis Laboratory]. He hopes that the new decentralization policy will enable development of cooperation between the laboratory and small and medium-size industries. "Until now, the researchers were running up against financial problems, but decentralization will no doubt mark the end of Parisianism. The national research programs will finally be able to be actually directed from the province."

Applications

The LAAS, the CNRS [National Center for Scientific Research] lab, employs 300 people. Its mission is to conduct research in automation and electronic components, but significant attention is granted to applications. Thus, in the field of robotics and microelectronics, the lab works with companies existing in the area such as Motorola, SNIAS [National Industrial Aerospace Company], CITEC [expansion unknown, possibly Technical and Economic Interprofessional Center of the North], and Elf-Aquitaine; it is developing efforts aimed at small and medium-size industries: starting at the beginning of next year, an interuniversity lab in microelectronics for students and authorized personnel from small and medium-size industries will be established. Then, a robotics and biotechnology lab will be created.

Teams of Toulouse researchers are integrated within the national ARA [Advanced Automation and Robotics] program and work on robots and flexible labs. They maintain close cooperation with the administration of Renault, currently the primary user of robots in France.

On the other hand, the data processing department at LAAS is working on a national pilot project called SURF [Operating Reliability] which will assist in the design of numerical control systems, particularly for industrial environments. Mr Alain Costes is the director of the project and affirms that Toulouse is the number one center in the world in this field.

The aim of biotechnology is to process material under the control of living organisms or elements derived from them (yeast bacteria, mushroom algae); Toulouse, thanks to the biochemistry and applied genetics research center, and to the biochemical engineering labs at Paul-Sabatier University and at INRA [French Institute for Agronomical Research], is one of the first French centers to tackle microbiological problems. Although the region has available a first-rate university environment in this field, it still suffers from a definite lack as far as industrial achievements are concerned.

One example, in any case, is worth noting: the SETRIC company, with the cooperation of public laboratories, has developed and marketed original products in the field of microbiology, biological engineering, and automation pickups. Among its

achievements can be cited automation of fermenting agents using microprocessors, an enzyme captor, products for use in the veterinary field or in the food industry.

The idea of creating a technology transfer center for industrial microbiology has been decided on and, simultaneously, the nationalized company Elf-Aquitaine has decided to establish a biotechnological research center which should open its doors in 1982. The selection of Toulouse is justified by the existence of a large SANOFI /financial combine for health and hygiene/ research center which is working in cooperation with the CNRS pharmacology and toxicology lab to develop anti-tumor substances.

The very high level scientific environment, the applied research intended for industry, the growth of small companies such as SETRIC are all factors which will raise the Toulouse conglomerate to the highest level in French biotechnology.

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ENERGY CONSUMPTION, IMPORT PATTERNS ANALYZED

Vienna MONATSBERICHTE in German Sep 81 pp 496-501

[Text] Drop in Energy Use

Last year, energy use stagnated and since the early part of this year, it has been declining; storage demand is much weaker than last year as well. In the second quarter, energy use was down by 1.9 percent as compared with 1980 (down by 1.2 percent over the first half of the year) and spring purchases were down by 10.5 percent although fuel reserves were very much reduced during the 1980/81 heating season. The decline in energy use may be ascribed to the high cost of energy, to declining production and to particularly favorable weather conditions. The drop in purchases may be ascribed to greatly increased storage costs (due in particular to high interest rates on outside capital) and to altered conditions on the international energy market. At present, there is a worldwide energy glut which has led to lower prices on individual markets. Although energy costs for industry have risen very sharply since the beginning of 1980 (rising 25 percent during that year and still rising) no above-average drop in energy use per production unit (adjusted to reflect changes in production structure) can as yet be detected. The experience in other countries has been that there is a time lag of several years in the adjustment pattern to changed energy prices. As a rule, the adjustment calls for appropriate investments which, among other things, depend on the financial condition and on prospective profits on the part of the firms concerned. In the second quarter of 1981, industrial production (-0.5 percent during second quarter; -3.0 percent during first half) and industrial energy use (+0 percent; -2.2 percent) were about the same as last year. The recession in the iron and steel industry (second quarter pig iron production was down by 3.3 percent) had a negative impact on energy use while surprisingly favorable production figures in several energy-intensive branches (building materials and ceramics, +2.6 percent; chemical industry, +3.9 percent; food industry, +4.4 percent) pushed energy use up last spring.

Overall stagnation of the economy this year (real GNP for second quarter +1.2 percent; for first half, +0 percent) and the sharp rise in energy prices have led to appreciable cuts in use in the transportation sector in particular. The unfavorable employment picture in transport-intensive areas of the economy has resulted in a decline in demand for goods transport and consequently both to a decline in the consumption of Diesel fuel (-5.7 percent in the second quarter; -4.7 percent for the first half) and a decline in electrical power consumption by the Austrian national railroads. Gasoline prices were raised by 6.3 percent in late February and by another 4.9 percent in early July. Second quarter average gasoline prices

were 16.9 percent higher than last year; as a result, gasoline consumption declined by 2.0 percent. Automobile owners are increasingly reacting to higher fuel costs by cutting down on unnecessary pleasure trips and greater use of mass transport, if available at appropriate cost..

The drop in energy consumption on the part of small users was particularly marked (-5.1 percent in second quarter; -1.9 percent in first half). But, if one takes into consideration both the extremely favorable weather conditions (the number of degree days, which is an indicator for heating purposes, was 16.2 percent lower than in "normal years" and 35.7 percent lower than last year) and the sharp rise in fuel costs (which climbed 13.6 percent since the end of 1980 and were 18.6 percent than during the corresponding quarter last year) the decline in consumption should have been even greater, based on previous experience. It is conceivable, however, that the comparison with last year's figures may be distorted by diverse shifts in storage levels which have not been statistically recorded. This particularly applies to demand for home heating oil. This spring, it appears, fear of further price increases led to large purchases to build up reserves.

Domestic energy prices did not begin to reflect the most recent round of price increases on the world market until the fall of 1979. By early 1981, price increases abroad stopped; but in Austria, they continued until late summer of 1981 primarily because of the rise of the dollar against the Austrian schilling. The prices for mineral oil products and natural gas rose most since last year. Different types of heating oil had risen in price by 27.3 to 50.4 percent in the second quarter as compared to a year ago— gas oil for heating use by 27.3 percent; heavy-grade heating oil by 36.2 percent; medium-grade by 38.8 percent, and light by 50.4 percent; gasoline rose by 16.9 percent— regular by 17.8 percent; high-test by 16.4 percent; natural gas (for small users) by 28.7 percent. The prices for solid fuels have also been rising recently, with the cost of electricity rising least thus far (+8.8 percent in the second quarter). The rise in the dollar exchange rate and the resultant rise in the cost of Austrian oil imports led to a renewed upward revision of the prices for petroleum products (+4.4 percent for heavy-grade heating oil; +4.8 percent for gas oil for heating use; +5.2 percent for regular gasoline and +4.8 percent for high-test). Nonetheless, there was the threat of short supply which resulted in the decontrol of oil prices (excluding gas oil for heating use) starting in mid-September (to run until the end of January 1982). Present prices for gasoline, as fixed by the oil industry, are not quite 5 percent than they previously were. Over the past 2½ years, domestic prices for gasoline have thus risen by about two-thirds; for gas oil for heating use by 100 percent, and for various other types of heating oil by up to 150 percent.

The overall decline in energy demand varied with individual users; with the appreciable change in relative energy costs favoring substitution schemes. Use of coal increased sharply (+8.2 percent in the second quarter; +5.8 in the first half); use of electricity stagnated (-1.4 percent; -0.6 percent); oil consumption declined somewhat (-3.1; -2.5) and natural gas consumption declined sharply (-12.5; -6.3). Industry used much less natural gas, about the same amount of heating oil and much more coal. Small users cut down on natural gas and remote heat even more than on heating oil and purchased about as much coal as before. Only the electricity industry used far less heating oil and natural gas in its caloric power power plants, substituting far more soft coal to generate steam.

This spring, the institute predicted[1] a decline in energy consumption for 1981 by about 1½ percent, a decline in demand for hydrocarbons and an increase in the demand for coal. In addition, it predicted a decline of domestic energy production as well as energy imports, a slight decrease in dependence on imports but another sharp increase in the adverse balance of trade.

Higher Dollar Exchange Rate Adversely Affects Austrian Balance of Trade on Energy

As expected, domestic energy production declined still further. As planned, the coal mines increased production (by 3.6 percent in the second quarter) and the hydroelectric power plants produced more electricity (their production coefficient was 4.7 percent higher than last year and 4.3 percent higher than that of a "normal year"). Nonetheless, it was impossible to offset the decline in production of petroleum (by 9.0 percent) and of natural gas (by 16.0 percent). Due to lower energy consumption and slow demand for reserves, energy imports also declined; but the debit in the balance of trade increased sharply. In terms of thermal value, they fell by 2.6 percent from 176 PJ to 172 PJ but in terms of cash value, they rose by 30.5 percent from 11.5 billion Schillings to 15.4 billion. The rise in import prices amounted to 34.0 percent; the highest percentages being for natural gas (+47.7 percent) and for oil (petroleum and petroleum products rising by 40.5 percent). At present, there is a worldwide oil glut and the export prices calculated in dollars have come down a good deal since the spring. But in Austria, the rise in oil import prices continued until late summer because the Schilling exchange rate losses against the dollar made imports more expensive. In August, the dollar exchange rate was 23 percent higher than at the beginning of the year and 38 percent higher than at the same time last year. It was not until recently that the dollar exchange rate began to weaken somewhat. In late July, import prices for a ton of crude stood at 4.827 Schillings which was 26 percent more than at the beginning of the year (3.836 Schillings) and 225 percent higher than in the spring of 1979 (1.486 Schillings) when the most recent round of oil price increases began. For Austria, the cost of oil imports rose even more sharply than in 1973 and 1974 when prices increased by 189 percent.

Economic stagnation in the Western industrial nations and the sharp rise in energy costs have resulted in lowered energy consumption internationally and a particularly sharp decline in the demand for oil. Energy-saving investments and the substitution of heating oil by other fuels are making themselves felt more and more. Oil prices on the spot market are falling and although the OPEC countries are producing less (-18.8 percent in the second quarter) there still is an oversupply of 2 to 3 million barrels a day— world oil production amounting to 60 million barrels a day. So far, the OPEC countries have not been able to agree on a uniform export price based on the new, altered market conditions and have not fixed production quotas for the member countries. The glut has been instrumental above all in forcing down the high prices charged by the African OPEC members Nigeria, Algeria and Libya. Unless the uncertain political situation in the Near East results in a renewed disruption in the oil supply, the oil glut should continue for a time despite the fact that Saudi Arabia cut production by one million barrels a day to about 9 million barrels in September.

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1) K. Musil, "Austria's Energy Situation-Prospects for 1981" [A Study Prepared for the Ministry of Commerce, Small Business and Industry] Vienna, 1981.

Consumption of Electricity Is Down

Early this year, consumption of electricity stagnated (+0.9 percent in the first quarter); in the spring and summer, it fell below last year's levels (-1.4 percent in the second quarter; -0.1 percent for the first half). The drop in the second quarter is due above all to reduced small-user consumption as a result of weather conditions (-3.1 percent in the second quarter) and to reduced industrial consumption (-0.6 percent) due to the economic situation. Consumption of electricity for transportation increased somewhat (+1.8 percent) and increased sharply for the operation of pumps in storage power plants (+19.1 percent).

Since 1973, consumption of electricity has been growing at a markedly slower rate than before. During the last economic boom between 1967 and 1973, consumption increased at an annual average rate of 7.1 percent— industry consumption rising by 5.4 percent and that of small users by 9.4 percent. Since then, the average annual rate of increase was only 3.7 percent (2.3 percent for industry and 5.5 percent for small users). This marked slowdown since 1973 is probably due above all to the decline of the economic growth rate from 5.9 percent annually to 3 percent. The production and/or income elasticity quotient of the consumption of electricity (being the rate of increase of electricity consumption measured against the rate of increase of the real GNP) actually rose from 1.19 to 1.22. As before, demand for electricity is growing at a faster rate than that of all other energy sources. combined.

In the first half of 1981, consumption stagnated (-0.1 percent;-0.6 percent excluding pump power). Given average weather conditions, no appreciable rise in consumption is expected during the second half of the year. The last time demand for electric power was as weak was during the recession year of 1975. The reduction in power consumption by industry during the first half (-1.4 percent) can be traced to the unfavorable situation in the power-intensive branches; based on the production elasticity quotient of industrial power consumption, this was to be expected. Small user consumption (households, small businesses, farms, public buildings) is likely to have been relatively high. Although they used just about as much power as a year ago (-0.2 percent), a reduction in consumption had actually been expected in view of the 7.6 percent increase in rates early this year and the exceptionally mild winter. If one assumes that 30 percent of power consumption normally go for heating during the first half of the year and if one takes into consideration that the degree days were 6.3 percent lower this year, consumption ought by rights to have declined by just about 2 percent. Perhaps the shift in relative energy costs in favor of household electricity may have induced the small users to turn to electricity for heating, particularly during the "in-between period."

Lively Demand for Solid Fuels

Prices for solid fuels are also rising slowly. Since the end of 1980, prices for coke and soft coal briquettes have risen by 10.9 percent and 12.6 percent respectively. But the price rise is being slowed down appreciably as a consequence of lower demand by the iron-producing industry due to the worldwide iron and steel crisis and prices for coal are rising less sharply than those for heating oil and

natural gas. Demand for coal is still increasing (+8.2 percent in the second quarter; +5.8 percent in the first half). Due to its comparatively low price, coal has gained considerably on the market at the expense of heating oil and natural gas. The power industry in particular burnt more coal and less heating oil and natural gas this year and industry generally substituted low-cost coal for expensive natural gas. The return of coal to industry on a large scale, however, calls for major investments as a rule. Thus far, the share of coal still is relatively small and is likely to increase but slowly.

Oil Consumption Falling, Reserves Being Used Up

Demand for petroleum products continues to decline (-10.7 percent in sales in the second quarter; -7.2 percent in the first half). Consumption is down (by 4.0 and 2.6 percent) and reserves are being used up. Due to the sharp rise in the price of imported oil, energy costs for small customers (as measured by the partial index of the consumer price index for energy products exclusive of fuels) have risen both in nominal and in real terms (as measured against all other goods and services included in the consumer price index) at a faster rate than before (nominally by +16.2 percent and by +6.1 percent in real terms in 1974; by +15.8 and +6.8 percent in 1975 and by +18.9 and +6.4 percent in 1980). For this year, the price rise is expected to be all of 20 percent. In the second quarter of 1981, average prices for heating oil depending on the type were 27.3 percent (gas oil for heating) to 50.4 percent (light-grade heating oil) higher than last year and prices for gasoline were 16.9 percent higher. Demand for motor fuels declined by 3.5 percent; consumption of heating oil declined by 4.3 percent. Heating oil purchases even dropped by 16.0 percent as many consumers used up their reserves or failed to replenish them in the off-season.

Due to weak demand, domestic refineries which had operated at 83 percent capacity early this year were operating at about 70 percent by the middle of the year. Oil consumption abroad declined even more sharply than in Austria. EC-wide domestic deliveries between January and May were down 13.1 percent overall— gasoline was down 3.6 percent; gas oil, 11.7 percent and heating oil, 17.7 percent.and refinery throughput is in a much worse state there.

The drop in natural gas consumption was particularly pronounced (-12.5 percent in the second quarter; -6.3 percent in the first half) as natural gas prices were rising along with oil prices since last year, which resulted in substitution procedures. About 60 percent of the natural gas supply comes from abroad. In early 1979, at the start of the most recent round of price increases, the price for imported natural gas still stood at about 1.90 Schillings per m^3; presently, it stands at about 3.0 Schillings per m^3— an increase of 152 percent. Natural gas consumption by industry declined by 13.4 percent; household consumption by 22.1 percent; power plants and remote heating plants burnt 18.3 percent less natural gas. Only in the petro-chemical industry did the use of natural gas as a raw material increase by 14.6 percent.

Energy Balance for Second Quarter

	(1) Förderung	(2) Einfuhr	(3) Ausfuhr	(4) Lager und Statistische Differenz	(5) Gesamtverbrauch (11) TJ/t	(6) Umwandlung	(7) Erzeugung abgeleiteter Produkte	(8) Eigenverbrauch des Sektors Energie	(9) Nichtenergetischer Verbrauch	(10) Energetischer Endverbrauch
(12) Kohle										
1980	8.381	29.864	80	− 1.341	36.824	19.245	12.421			29.999
1981	8.679	32.909	81	− 991	39.837	19.947	12.481			32.370
% gegen Vorjahr	+ 3,6	+ 7,9	−10,1		+ 8,2	+ 3,6	+ 0,5			+ 7,9
(13) (14) Erdöl und Mineralölprodukte										
1980	15.177	116.842	1.746	−13.189	118.447	118.066	106.240	6.518	12.680	91.422
1981	13.808	96.903	1.868	+ 5.732	114.779	103.159	95.081	5.779	12.787	89.142
% gegen Vorjahr	− 9,0	−17,1	− 4,8		− 3,1	−12,0	−12,2	−11,3	+ 0,5	− 2,5
(15) Gas										
1980	12.474	27.743		− 9.487	34.730	5.906	247	1.064	4.947	34.082
1981	10.473	41.341		−21.484	30.540	4.086	179	879	5.596	30.235
% gegen Vorjahr	−16,0	+49,0			−12,0	−16,3	−27,5	−36,2	+14,8	−13,9
(16) Elektrischer Strom										
1980	39.386	1.708	7.938		32.189	38.385	38.077	689		31.197
1981	40.189	1.192	8.507		32.880	40.196	38.725	785		30.885
% gegen Vorjahr	+ 4,7	−30,2	+ 7,2		+ 2,3	+ 4,7	+ 1,7	+18,1		− 1,0
(17) Fernwärme										
1980							2.661			2.661
1981							2.346			2.346
% gegen Vorjahr							−11,8			−11,8
(18) Insgesamt										
1980	74.419	176.155	9.764	18.944	222.135	178.690	161.646	8.341	17.537	179.331
1981	73.158	171.846	10.232	−16.693	217.678	166.362	148.792	7.243	18.313	174.718
% gegen Vorjahr	− 1,7	− 2,6	+ 4,8		− 1,9	− 6,9	− 8,0	−12,1	+ 4,4	− 2,5

Key:

1. Production
2. Imports
3. Exports
4. Reserves and Statistical Difference
5. Total Use
6. Conversion
7. Production of Derivatives
8. Energy Sector Use
9. Energy End Use
10. Energy End Use
11. Heating Value per Unit
12. Coal
13. Percent Change
14. Petroleum and Petroleum Products
15. Gas
16. Electric Power
17. Remote Heating Plants
18. Total

Energy Balance for First and Second Quarter

	Förderung	Einfuhr	Ausfuhr	Lager- und Statistische Differenz	Gesamtverbrauch	Umwandlung	Erzeugung abgeleiteter Produkte	Eigenverbrauch des Sektors Energie	Nichtenergetischer Verbrauch	Energetischer Endverbrauch
					TJ[1]					
Kohle										
1980	16 938	57 559	175	+ 3.385	77.598	47.380	24.979			55.215
1981	19.994	57.550	140	+ 5.730	82 134	48.994	23.981			57.100
% gegen Vorjahr	+ 12,9	− 0,0	− 13,7		+ 5,8	+ 3,5	− 4,1			+ 3,4
Erdöl und Mineralölprodukte										
1980	34.306	253.097	3.177	− 10.007	254.484	348.793	219.593	12.516	18.943	192.805
1981	27.834	210 876	3.686	+ 13 130	248 156	231.891	204.296	12.691	19.978	187.901
% gegen Vorjahr	− 18,9	− 9,5	+ 16,0		− 2,5	− 7,2	− 6,9	+ 1,3	+ [illegible]	− 2,4
Gas										
1980	37 931	47 281		− 504	84.687	12.844	793	1.686	10.827	60.113
1981	37 144	61 642		− 9.436	79.351	13.010	588	1.561	11.472	53.695
% gegen Vorjahr	− 29,4	+ 30,4			− 6,3	+ 1,3	− 21,5	− 16,3	+ 7,9	− 10,4
Elektrischer Strom										
1980	73.562	5.900	12.959		66.462	65.552	78.230	731		68.440
1981	67.505	5.830	13.180		69.955	67.555	76.622	1.030		68.044
% gegen Vorjahr	+ 3,5	− 2,9	+ 2,5		+ 2,5	+ 3,0	+ 0,5	+ 40,9		− 0,6
Fernwärme										
1980							8.193			8.193
1981							9.071			9.071
% gegen Vorjahr							+ 10,7			+ 10,7
Insgesamt										
1980	154 917	343 716	16.310	− 6.981	475.241	375.449	320.458	15.113	29.570	384.585
1981	141 478	335.700	17 066	+ 9.494	469.575	361.300	314.449	15.252	31.446	375.991
% gegen Vorjahr	− 8,5	− 2,3	+ 4,9		− 1,2	− 3,8	− 4,6	+ 1,2	+ 6,4	− 2,2

Key:

Same as above 1–18

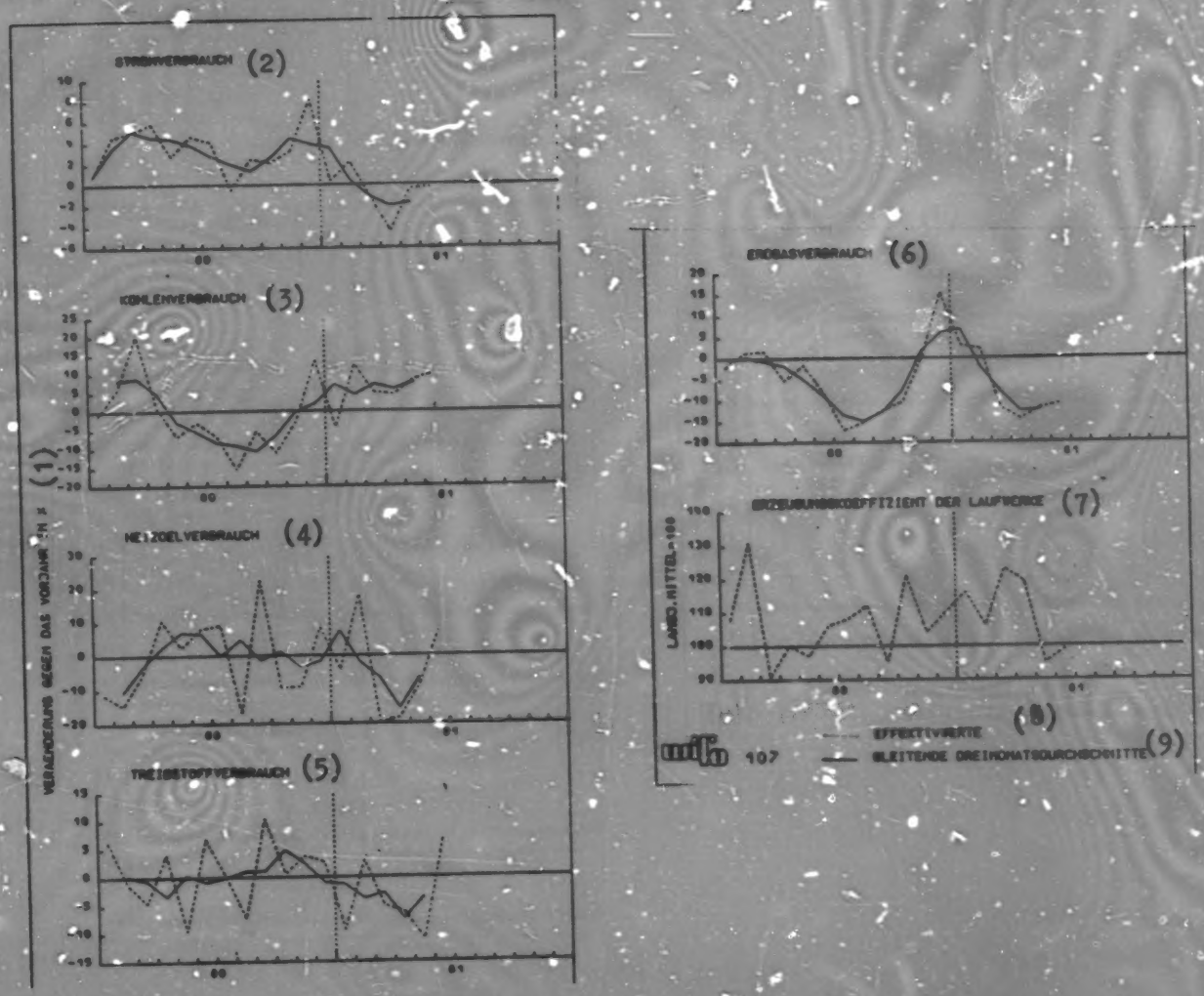
[1] Heizwert je Mengeneinheit (13) above)

Steinkohle (1)	27,6 TJ/1.000 t	Normalbenzin (7)	42,8 TJ/1.000 t	Heizöl (15)	40,9 TJ/1.000 t
Steinkohlenkoks (2)	28,6 TJ/1.000 t	Superbenzin (8)	42,8 TJ/1.000 t	Naturgas (16)	37,1 TJ/Mill. m³
Braunkohle (3)	12,3 TJ/1.000 t	Leuchtpetroleum (9)	43,2 TJ/1.000 t	Stadtgas (17)	22,0 TJ/Mill. m³
Braunkohlenbriketts (4)	21,7 TJ/1.000 t	Flugpetroleum (10)	43,2 TJ/1.000 t	Wasserkraft (18)	4,5 TJ/GWh
Erdöl, roh (5)	42,2 TJ/1.000 t	Dieselkraftstoff (11)	42,9 TJ/1.000 t	Elektrische Energie (19)	3,6 TJ/GWh
Flüssiggas (6)	46,3 TJ/1.000 t	Gasöl für Heizzwecke (12)	42,9 TJ/1.000 t	Fernwärme (20)	3,6 TJ/GWh
		Sonstige Produkte (13)	41,6 TJ/1.000 t		
		Produkte für die Weiterverarbeitung (14)	41,6 TJ/1.000 t		

Key:

1. Hard Coal
2. Hard Coal Coke
3. Soft Coal
4. Soft Coal Briquettes
5. Crude Oil
6. Liquid Gas
7. Regular Gasoline
8. Premium Gasoline
9. Kerosene
10. Aircraft Kerosene
11. Diesel Fuel
12. Gas Oil for Heating
13. Other Products
14. Products for Processing
15. Fuel Oil
16. Natural Gas
17. City Gas
18. Hydroelectric Power
19. Electric Power
20. Remote Heating Plants

Energy Use Statistics



Key:
1. Percent Change Against Last Year
2. Electric Power
3. Coal
4. Fuel Oil
5. Motor Fuel
6. Natural Gas
7. Production Coefficient of Energy Systems
8. Effective Value
9. Sliding Quarterly Average
10. Long-Term Average

Electric Power

	1979	1980 8. Quartal	1981	Veränderung gegen das Vorjahr in % (1)
		GWh		
Erzeugung (2)	10.270	10.577	10.757	+ 1,7
davon				
Wasserkraft (3)	8.236	8.530	8.933	+ 4,7
Wärmekraft (4)	2.086	2.047	1.824	−10,9
Einfuhr (5)	389	474	331	−30,2
Ausfuhr (6)	2.075	2.306	2.473	+ 7,2
Verbrauch (7)	8.584	8.645	8.735	− 1,4

Q: Bundesstromwirtschaft. (8)

Key:

1. Percentage Change Against Last Year
2. Production
3. Hydroelectric
4. Thermoelectric
5. Imports
6. Exports
7. Usage
8. Source: Federal Power Authority

Coal

	1979	1980 8. Quartal	1981	Veränderung gegen das Vorjahr in % (1)
		1.000 t		
Erzeugung (2)	1.081	1.171	1.141	+ 2,3
Einfuhr (3)	1.330	1.140	1.218	+ 6,8
Ausfuhr (4)	3	6	5	−16,7
Lager + Statistische Differenz (5)	−422	−219	−166	
Verbrauch (6)	1.986	2.051	2.186	+ 7,6
davon				
Steinkohle (7)	696	741	762	+ 2,9
Steinkohlenkoks (8)	797	739	779	+ 6,9
Braunkohle (9)	425	438	521	+18,9
Braunkohlenbriketts (10)	96	123	124	+ 0,8

Q: Bundesministerium für Handel, Gewerbe, Industrie. (11)

Key:

1. Percent Change Against Last Year
2. Production
3. Imports
4. Exports
5. Reserves + Statistical Difference
6. Usage
7. Hard Coal
8. Hard Coal Coke
9. Soft Coal
10. Soft Coal Briquettes
11. Source: Ministry of Commerce, Trade + Industry

Petroleum Products

	1980	1981	Veränderung gegen das Vorjahr in %
	1.000 t		(1)
Erzeugung (2)	2.577	2.266	−12,1
Einfuhr (3)	790	570	−27,8
Ausfuhr (4)	40	38	− 5,5
Lager + Statistische Differenz (5)	−319	+ 92	
Verbrauch (6)	3.010	2.890	− 4,0
davon			
Flüssiggas (7)	52	51	− 1,9
Normalbenzin (8)	212	197	− 7,1
Superbenzin (9)	399	405	+ 1,0
Leuchtpetroleum (10)	9	3	−70,7
Flugpetroleum (11)	36	41	+13,9
Dieselkraftstoff (12)	354	371	− 5,8
Gasöl für Heizzwecke (13)	350	386	+ 9,6
Heizöle (14)	1.055	948	− 7,5
Produkte für die Weiterverarbeitung (15)	185	190	+ 2,7
Sonstige Produkte (16)	435	401	− 7,8

Q: Bundesministerium für Handel, Gewerbe und Industrie. (17)

Key:

1. Percentage Change Against Last Year
2. Production
3. Imports
4. Exports
5. Reserves + Statistical Difference
6. Usage
7. Liquid Gas
8. Regular Gasoline
9. Premium Gasoline
10. Kerosene
11. Aircraft Kerosene
12. Diesel Fuel
13. Gas Oil for Heating
14. Fuel Oil
15. Products for Processing
16. Other Products
17. Source: Ministry of Commerce, Trade and Industry

Natural Gas

	1979	1980	1981	Veränderung gegen das Vorjahr in %
		Mio m³		(1)
Förderung (2)	422	338	280	−19,0
Einfuhr (3)	774	748	1.116	+49,0
Lager + Statistische Differenz (4)	−214	−148	−377	
Verbrauch (5)	982	938	819	−12,8

Q: Bundesministerium für Handel, Gewerbe und Industrie. (6)

Key:

1. Percent Change Against Last Year
2. Output
3. Imports
4. Reserves + Statistical Difference
5. Usage
6. Source: Ministry of Commerce, Trade and Industry

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CSO: 3103/69

PROSPECTS FOR NUCLEAR ENERGY IN DISTRICT HEATING

Rome RASSEGNA PETROLIFERA in Italian 2 Oct 81 pp 747-751

[Text]

At Rome University's Nuclear Plant Institute they have already conducted other studies on the feasibility of piping heat from nuclear generators to urban distribution systems.

They have also developed analytical and monitoring instruments used in urban heat distribution systems and used them in, among others, a feasibility study for a district heating system in the city of Aquila and in the design of the district heating system in Rome's "Torino Sud" neighborhood.

On the basis of the "Site Map" developed by the Nuclear Energy Commission (CNEN), a study was recently conducted to assess the prospects for nuclear-generated district heating in Italy. In that study they analyzed, site by site, the major mains for distributing heat, using by far the highest assumption as to the demand for heat from users and for their consumption curve.

On the basis of the presence of a heat distribution system in the cities surveyed, they ran a comparison between the use of large-scale oil-fired central boilers, located close to the cities, and the heat output that would be required from the nuclear power plants, using a suitable tie-in line to the user system (nuclear power plants are generally situated at adequate distances from major population centers).

The work in progress, rather than offering economic comparisons, aimed at establishing a scale among the various sites surveyed, on the basis of the possibility of combined utilization of electricity and heat, for purposes of suggesting -- of course on an equal footing with all other conditions cited -- the most promising sites for nuclear power plants.

For each site they examined the various possibilities for hookups with neighboring towns and cities, then proceding to map the optimum routes on the basis of the amount of demand for heat, the length of

pipelines, and all obstacles inherent in the nature and contours of the terrain. The suitability of each site for district heating was expressed through the most significant parameters, such as: the population within the range of district heating service; the distance from population centers of the site selected for the nuclear power plant; annual heating requirements; and the heating power required.

The rating of the various sites was expressed by an "r" parameter -- cost-efficiency factor -- defined as the ratio between the total reachable population for district heating and the number of households it would be really profitable to serve, as a function of distance from the nuclear power plant to the population center and of climatic [illegible]a for the locality under consideration.

Using the "r" factor as calculated for each site, solutions were chosen which lend themselves best to district heating service from nuclear power plants. Table I shows the sites most suitable for district heating, along with the heating power required, the population to be served, and the annual heat requirement.

The total heat distributed, in case nuclear plants were to be built at each of the sites and assuming that all these plants would provide district heating service, would be 22,000 Tcal/yr for a population of 8.6 million inhabitants with a required thermal capacity of 8,200 MW.

Proposal for a Plan to Build Nuclear Power Plants
Designed to Provide District Heating

The sites shown on Table 1 were reconsidered on the basis of programs put forward by the National Electric Power Company (ENEL), and of the relative figures for electricity consumption in the Italian regions.

Priority was assigned to completion of nuclear power plants on sites located in the regions which are in shortest supply of electricity.

ENEL's program for the 1980-1990 decade calls for installation of at least 4,000 MWe of nuclear power capacity in units rated at 1,000 MWe. in addition to the plant at Montalto di Castro (in upper Lazio) and then, in the mid-term, construction of more nuclear power plants until the desired capacity of 12,000 MW of nuclear-generated power is installed.

ENEL's estimates of the electric power shortfall in Italy's regions, extrapolated to 1990, based on a medium assumption of demand growth and on completion only of the plants under construction and authorized as of 31 December 1978, show Lombardy, Piedmont, Campania, Tuscany, Emilia-Romagna, and Apulia as those most in need of additional power.

Most of this shortfall should be covered by building both coal-fired and nuclear power plants.

Without getting into the merits of the type of plant to build -- nuclear or coal-fired -- the suitability ratings for district heating of each of the sites and the figures on electric power shortfall for the regions made it easy to pick out those sites in which both conditions were met.

For such qualified sites, they ran further assessments of the profitability of the plant, seeking to arrive at an economic quantification of the savings that could be realized. A single exception was made for Lazio, which was included in these considerations even though it is not one of the most power-short regions (one of the reasons for that is that the upper Lazio nuclear plant, authorized by 31 December 1978, was included in the assessment of energy sufficiency), because it has the only site hitherto approved (Montalto di Castro) for building the nuclear power plant.

On the basis of all the foregoing, the following sites were considered:

Trino Vercellese, in Piedmont; Sale, in Piedmont; Cancossa, in Lombardy; Fossa, in Emilia-Romagna; Savia, in Emilia-Romagna; and Montalto di Castro, in Lazio.

With the exception of the upper Lazio plant, already under construction, they posed the assumption of installing, on the above sites, from 2 to 4 nuclear generators rated at 1,300 MW, instead of 2 units rated at 1,000 MW.

In this way, for the combined provision of electricity and heat included, ENEL can reach the targets for the power to be fed into the national grid, in that the power fed in, even when heat is tapped for district heating, will still be on the order of 1,000 MW per pair.

This means that each unit can provide heat up to 1,500 MWt, with a loss of electric power on the order of 300 MWe (from 1,300 to 1,000 MWe).

The greater electric capacity the plant makes available when the district heating system is not in operation can allow for the temporary shutdown of a few oil-fired plants which are among the oldest and least efficient, thus achieving further savings on oil consumption.

Assessment of Savings Realizable from
District Heating from Nuclear Power Plants

Basic Hypothesis

In assessing the savings that could be realized by means of district heating from nuclear power plants, we assumed that the local heat distribution system was already in existence.

Assessment of the saving was not done by comparing the traditional heating system with district heating (the advantages of the latter

system are already apparent to all), but by comparing two types of district heating using different sources:

large conventional oil-fired boilers located close to heat users;

heat derived from nuclear power plants and transported in superheated water (water under pressure at temperatures above 100°C) as the vector fluid, through pipelines into the distribution system.

District heating can be managed using various types of cogeneration plants:

conventional plants with counterpressure steam turbines;

diesel or gas turbine cogeneration plants;

thermoelectric condensation power plants (coal or nuclear-fired) with steam taps to produce superheated water and conventional boilers for heat production alone.

District heating with nuclear power plants and with conventional boilers should represent the two solutions to the opposite extremes, insofar as concerns the cost of a thermal kwh; each of the remaining solutions offers economies lying somewhere between those realizable with the two systems we are discussing.

To determine the thermal capacity requirement, several simplifying assumptions were made: one held that the entire population of the towns close to the site could be hooked up to the system, with requirements depending on climatic conditions. We did not consider the requirements for possible industrial or agricultural use, nor those of small villages lying along the district heating lines.

Coverage of the service load diagram for district heating would be provided for half the capacity requirement by tapping the nuclear plants while the remaining half would be handled by conventional oil-fired boilers.

Since the system by comparison with conventional boilers assumes that 100 percent of the capacity demand would be provided by the same type of heat-generating machine, the assessments of realizable savings were done on a basis of only 50 percent of the capacity demand.

This distribution percentage of demand would in any case be refined and sharpened in each individual case, with suitable optimization studies. The heat vector fluid is superheated water at an emission temperature of 170°C and a return temperature of around 70°C. The choice of high temperatures is justified by the high heat potential and the distances involved. Particular importance is therefore attached to the non-conductivity the piping and the matching of heat distributors. The helpful solution can be chosen from a whole range of specific solutions on the basis of the values of the parameters that characterize the system; as for the pipeline material, we selected a type Api 5L grade

B steel tube, suitable for the purpose and readily found on the market.

For high-capacity transport over a single main where it is not advisable, for either technical or commercial reasons, to use piping with a diameter in excess of a certain value, the plan is to lay a double main, thus achieving a higher level of reliability, even though there may be some increase in costs. The system's design pressure must be held within adequate limits, and therefore the plan, in the case of long lines, is to provide several pumping stations along the pipeline.

Lastly, with regard to plant modifications to adapt it to district heating use, we assumed that these should be provided in the early design phase for the heat cycle of the plant. Such modifications make it possible to tap the heat according to the following plans:

tapping the steam at specific points in the thermal cycle and using steam/water heat exchangers, or:

planning a suitable system independent of the cycle of the main turbine with a counterpressure turbine that uses the hot condenser as heat exchanger for district heating.

Structuring the Cost Items

Estimates of the savings realizable by using the heat from nuclear power plants can be done by comparing the cost of a thermal kwh delivered to the user in the two projected cases: from nuclear power plants or from conventional ad-hoc boilers.

Thermal cost per thermal kwh from the nuclear power plant

Considered in the cost of the thermal kwh are the cost of producing it at the plant and the cost of the pipeline (the cost will, in other words, include transport from where the heat may be produced by ad-hoc boilers).

The cost of a nuclear-generated thermal kwh is thus made up of the following items:

the cost of electric power not produced — which is made up of the fuel consumption required for heat production for district heating; it can be estimated on the basis of the lower electrical power produced while the district heating system is in operation.

With the K ratio between lost electric power and thermal power produced, you can calculate the value of the heat energy generated as a function of the cost of the electric kwh produced by the plant.

The value of K will vary according to the solution chosen for tapping the heat: if you plan from the outset to design the heat cycle for cogeneration of electricity and heat, the value of K can be optimized.

For the assessments of this study we took a medium value of k = 0.2, which is unquestionably conservative in the case of designing an ad-hoc project:

costs for modifications to the cycle and heat-exchange equipment -- these are related to the modifications to the heat cycle and to the heat-exchange equipment required (piping, exchangers, regulation, heavy construction, etc.).

It depends heavily on the technical solution chosen at the outset (heat exchanger or counterpressure turbine) and on the level of thermal capacity required. In the case we are considering we referred to tapping the heat by means of exchangers. We considered joining two nuclear units (from the point of view of district heating, one acts as backup to the other) to guarantee higher system availability; -- costs for building the connection between the power plant and the distribution system: this will depend to a great extent on the kind of pipeline you have selected and on the way it is laid.

In instances where the requirement is for transporting high thermal capacities, special technological problems may arise which will limit the range of solutions from which you may choose: even the terrain and the seismic features of the area may produce heavy impact on many of the cost items. Even so, the cost estimates are very high; they were derived by applying an equation derived from calculations run for typical applications which ties the cost, C, of the product at source to the thermal power transported, P_1 and to the distance, d:

$$C \propto p^{0.4} d$$

-- cost of pumping energy -- heat transport requires electric power whose cost is a function of the range and load loss in the pipeline. Once the pipeline installation design is determined, the pumping costs are easy to find. This can be expressed in each case as a function of the electric power required to transport one unit of heat power.

-- cost for the pumping station (or stations) -- can vary widely on the basis of the plant solution chosen (one or more pumping stations), the number of pumps used, the regulation design, and the ancillary construction.

The cost values shown here are relative to the extrapolation of calculations made on a reference example;

-- operating and maintenance costs -- refer solely to operation and maintenance of the pipeline and of the pumping stations, and are reckoned at 5 percent of the annual plant cost.

Operating and maintenance costs on the heat exchange equipment are associated with those of the nuclear power plant.

Conventional Oil-Fired Boiler

The cost per thermal kwh produced by conventional boilers can be considered as the sum of three factors:

— plant costs relating to the costs of the boilers and the heat-exchange equipment;

— fuel costs — these relate to the incidence of the cost of fuel oil on the cost of the thermal kwh produced;

— operating and maintenance costs — these are a function of the direct costs of maintenance and were assumed to be 8 percent of plant cost per year.

Calculation Assumptions

We took as our reference costs as of June 1980. The results achieved are on the conservative side by comparison with costs right now, in view of the fact that the cost of a thermal kwh generated at an oil-fired plant and that produced by a nuclear power plant has risen since then, and will probably go on rising.

The calculations were made in constant currency, on the assumption that the cost of money was 5 percent, without considering possible price variations.

For the nuclear plant we assumed a 25-year life-span, while for the conventional boiler plant we assumed a 15-year span.

As our cost for an electric kwh, we took the one quoted by the Nuclear Energy Plan (PEN) for 1,000-mwe plants; the difference between that and the cost given for 1,300 mwe-plants fits readily into the margin for error of this calculation.

That cost has risen by 6 percent for plants located on sites distant from the sea, so as to allow for cooling towers. To guarantee a capacity of 1,000 mwe per unit, the maximum thermal capacity obtainable is on the order of 1,500 mwt for each two units, assuming that one will back up the other; a plant consisting of four 1,300-mwe units can supply a maximum of 3,000 mwt.

The thermal capacities required, depending on the size of the population served and on climatic conditions, were deduced from the study.

Heat losses along the pipeline have been overlooked inasmuch as they were taken into consideration in the approximations of the actual calculations.

Comparison of Nuclear-Powered District Heating with District Heating from Oil-Fired Boilers

The cost hypotheses were applied to the 6 preselected sites, in the

two typical designs they might present:

in the first (the Trino Vercellese site) the plant is in the center of the zone to be supplied with heat, and hence its pipelines run out from the plant like spokes, with shorter sections after each tap-in for heat;

in the second (the Montalto di Castro site) -- the plant is at one end and hence the pipeline is a single one, again with regularly decreasing sections.

The cost of a nuclear-generated thermal kwh, shown on Table III, was taken for each site, performing the calculations section by section. The cost items which are the highest are those having to do with the cost of electricity not generated and with the pipeline, as you can see on Table IV, which shows all the cost items relating to the lines to be followed.

In the case of district heating with oil-fired boilers, the estimated cost per thermal kwh consists of the following items:

-- annual amortization of plant: 1.37 lire per kwh-t

-- fuel costs 17.00 lire per kwh-t

-- operating and maintenance costs, 0.10 lire per kwh-t

-- making a total of 18.47 lire per kwh-t/.

Comparing the overall costs of a year's supply of thermal energy in the two cases, we assessed the savings that could be realized by opting for nuclear district heating over what the service would cost if conventional boilers were used expressed in tons of fuel oil (Table V).

Conclusions

Our results underscore the following aspects of district heating from nuclear power plants:

-- it turns out, in the cases we considered, to be invariably feasible from an economic point of view; even in the least favorable case it is a better buy than conventional boilers;

-- for large-scale applications even very long pipelines are cost-effective (for example, the pipeline from Montalto di Castro to Rome), because they let you pocket more sizable savings;

-- the savings that could be realized overall at the six sites we considered by using nuclear-generated district heating come to around 1.2×10^6 tons of fuel oil per year.

In view of the fact that the comparison was made between district heating using conventional oil-fired boilers, there are still more savings to be considered: those obtainable by shifting from conven-

tional heating systems to nuclear-generated district heating, which are indisputably greater, in terms of fuel, than those quoted now.

To this must be added the remarkable fact that niclear-generated energy would be put to uses that, in most instances, are currently dependent on oil. The amout of fuel that could be diverted from such use can be estimated at around 3 million tep, and represents -- if not a net saving -- at least a reduction in our outlays of hard currency abroad.

The sum total of these findings and considerations make the switch to nuclear-generated district heating worth further consideration and investigation, when viewed in the context set forth here of real cost-efficiency and of a substantial contribution to energy conservation.

TABLE I - SITES FOR NUCLEAR POWER PLANTS

2. Plant cite	3. Population potentially served	4. Thermal capacity required	5. Heat requirement in Tcal/yr
6. Total			

TABLE 2 1. REGIONAL ELECTRIC POWER SHORTFALL

2. Regions	3. Shortfall in 1978 (Twh)	4. Predicted shortfall in 1980 (Twh)
5. Lombardy		
6. Campania		
7. Piedmont		
8. Tuscany		
9. Apulia		
10. Emilia-Romagna		

TABLE 3 1. COST PER THERMAL KWH WITH NUCLEAR-GENERATED DISTRICT HEATING

2. Site	3. Cities to be served	4. Capacity delivered (in MWt)	5. Cost per thermal kwh in lire

TABLE 4. 1. TOTAL COST (C_t) IN LIRE/KWH, FOR PIPELINES FROM THE TRINO VERCELLESE AND MONTALTO DI CASTRO SITES

2. Site 3. Thermal cap'y delivered MW 4. Length in km.

5. Pipeline

6. C_1 Cost for lower thermal power produced.

C_2 Cost of plant modifications and heat exchange equipment

C_3 Pipeline cost

C_4 Cost of pumping energy

C_5 Cost of pumping station

C_6 Maintenance costs

6182
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STATE-OWNED COMPANIES IN 'CATASTROPHIC' STATE

Vienna PROFIL in German 19 Oct 81 pp20-24

[Article by Alfred Worm: "'Dramatic' and 'Catastrophic'"]

[Text] On 2 November the OeIAG board of directors is to present a "situation report" to the supervisory board that will stand them on their ears. Towit: almost all the state-owned subsidiaries and sub-subsidiaries are barely making it any more.

When Heribert Apfalter, the general manager of VOEST, predicted that there would be losses in the billions in steel, it was agreed that the ORF reporter had cut the item "so as to distort it."

When OeIAG director-general Oskar Grunewald spoke of a "catastrophic" situation in the state-owned industries, it was agreed that he had been misquoted by a newspaperman.

And when OeVP deputies called conditions in the state-owned industries "worrisome" during a special session of parliament, they were shouted down by members of the SPD fraction who said they were fouling the nest and engaging in doomsday oratory.

PROFIL wishes to juxtapose this display of political fireworks with the following excerpts from the "reports of the board of directors" of OeIAG without any comment of his own. In addition to these, we are publishing "brief reports" by a number of subsidiaries and sub-subsidiaries directed to the parent organization[1] as well as verbatim excerpts from the minutes of supervisory board meetings.

Verbatim excerpts from the report of the board of directors concerning OeIAG operations during the first half of 1981:

1. These are confidential documents which will not be brought to the attention to the OeIAG supervisory board until 2 November.

"The first half of 1981 saw a dramatic decline in income not only in the iron and steel sector but in all others with the exception of the chemical sector. Compared to the first half of 1980, regular income declined by 3.2 billion Schillings and periodic losses increased by 2.4 billion. During the first half of 1980, regular income dropped by only 66 million Schillings.

Since the orders on hand for the second half of the year do not lead one to expect a reversal of this trend, 1981 is due to become not only the worst year yet but also the most difficult to fund. Particularly in view of the continuing high level of investment and of the substantially increased need to finance both inventories and sales, there is a marked decline in the cash flow while the necessary structural adjustments are slow start."

There follows a detailed analysis of the parameters of the "dramatic decline in income:"

The rate of increase in output declined by half as compared to 1980; gross profits declined by almost 3 percent (631 million Schillings) instead of rising, as they did in 1980, by 9.7 percent. Among factors cited as "affecting income adversely," were increased personnel costs (+ 872 million); a sharp increase in the interest balance (by more than 31 percent or 400 million Schillings), and material costs which rose by 1.3 billion Schillings. As compared to last year, cash flow for the first half of 1981 dropped from 3.6 billion to 1 billion Schillings; the value of inventories increased by 15 percent to 5 billion Schillings. Capital resources declined by 2 billion during the first half of 1981 while increasing by 248 million during the same period in 1980. Indebtedness rose by 13.4 billion to 11.3 billion and the ratio between capital resources and outside capital declined to 1:2.5; in 1980, the ratio was 1:1.9.

This Is How the Director-General Sees It

Herewith verbatim excerpts from a report by OeIAG director-general Dr Oskar Grunwald which he made to the OeIAG supervisory board:2

"Overall situation of state-owned industries in 1980:...this is the worst balance we have had in many years...VOEST lost 1 billion, a figure which would have been higher, if the bookkeeping methods in use until 1979 still applied...the process of capital exhaustion is proceeding apace and is only being slowed down by subsidized competition...Looking at the first half of 1981, we are in an extremely difficult situation in terms of profits...we can only weather this crisis, if government economic policy as well as business and labor show a great deal of understanding for our position...As compared to 1979, the situation has worsened dramatically. It is particularly disquieting that there has been no improvement as yet in 1981...In these difficult times, any measure involving structural policy is immediately countered with the job security argument. A high point was reached in the case of the VEW where it became not so much a question of which

2. 66th meeting of the supervisory board on 1 June 1981.

operation could be expected to survive and how many people might find employment but of how many jobs the individual Laender or plants stood to lose. This attitude may be understandable but it by no means makes the work of the board of directors any easier...In the eighties, we will be faced with tremendous competition from overseas the dynamics of which we here can hardly imagine..."

Dramatic Capsule Balances

The following items are taken from the so-called "capsule balances" which give an indication of the financial status of individual OeIAG subsidiaries and sub-subsidiaries as of the first half of 1981 as compared with the first half of 1980 and also with the end of 1980.[1]

VOEST-Alpine:

"As already noted, the 1981 business year is developing catastrophically; it must be termed the worst yet in the postwar period. The most serious aspect of it is that this trend not only affects the steel sector as such but also promising sectors like processing, construction of industrial plant and finished products... Income development in the steel sector is continuing, although at a more negative level. The Linz steel plant is in relatively good shape despite negative sales profits; sales have been increasing since the middle of the year. By comparison, the profit picture at the Donawitz steel plant is catastrophic. With a sales volume of 2.129 billion Schillings, the plant incurred losses of 981 million Schillings equal to a -46 percent profits to sales ratio. Personnel costs overall amounted to 920 million Schillings and there is no relief in sight.../Donawitz is now reaching the point at which it would be cheaper for the enterprise as a whole to continue paying wages while suspending production./ The magnitude of the losses at Donawitz becomes clearer when one compares them to the half-year losses at VEW: Although VEW has 18,000 employees, its losses were less than those of the Donawitz plant which employs 6,000.

Processing: Most losses were incurred by the Kindberg/Krieglach group of plants (252 million Schillings or -31 percent)...The Liezen plant was able to cut its losses drastically from 59.5 percent to 12 percent.

Construction of industrial plant: Chemical plant facilities are responsible for the continuing poor showing, being responsible for two-thirds of the losses of 27 percent.

Losses in finished products sector reported from Linz and Zeltweg plants...losses in central sector reported from Eisenerz.

The financial situation deteriorated drastically due to the loss of profits. Self-capitalization capability came to a dead stop, given a negative cash flow of 380 million Schillings. Foreign capital exclusively responsible for funding of investments...Covering funds ratios deteriorated as did the ratio of self-capitalization to overall capitalization...As a result of sizable customer down payments particularly in the armaments sector, the liquidity picture improved considerably.

Simmering-Graz-Pauker:

Company profits declined considerably both as compared to the same period last year and the first quarter of 1981...Although investment activity has declined sharply as against 1980 due to the conclusion of a number of projects and economy measures, available cash flow did not even suffice to provide a 50 percent cover for increased investments.

OeMV:

Several price increases led to an increase in gross profits by about one-third of the amount attained during the first half of 1980. Natural gas sales rose by 67 percent whereas sales of petroleum products rose by 30 percent. Taxes on petroleum were raised twice and on 1 January 1981 a special tax was introduced. The latter tax could not be passed to the consumer in full as yet; nor was it possible to pass on more than a fraction of the rise in the dollar exchange rate which increased purchase prices by about 1 billion Schillings during the first half of 1981. The company anniversary premium payments to its employees last year amounting to 160 million Schillings notwithstanding, personnel costs rose by another 5 percent this year to 1.8 billion Schillings. In reporting a profit of 90 million Schillings, reserves amounting to 80 million Schillings were liquidated. The sharp decline in regular company profits is a reflection of poorer sales— profits dropping by 32 percent...Since the beginning of the year, the capital situation has been characterized by the abnormal 48 percent rise in inventories to 9.4 billion Schillings...This has led to a considerable need for capitalization and has temporarily confronted the company with liquidity problems...the approved credit limit of 4 billion Schillings was used in full. Outside capital increased by 4 billion Schillings (24 percent) to 21 billion Schillings.

Chemie Linz AG:

Increases in both gross sales profits and output...Profits considerably higher than during same period last year; even some losing products provided modest profit margins...

Elin-Union:

The effects of the air-conditioning project are no clearer now than they have been...But even if they are taken into account, a considerable worsening of the already unfavorable capital structure —the share of the firm's own capital amounted to a mere 7.7 percent on 30 June 1981— may be expected...Both the financial and the capital picture have deteriorated...Profit trends have been extremely unfavorable...Gross sales profits have fallen...Costs for the use of production materials have risen...Outside procurement has increased...Overall personnel costs have grown...The interest balance has climbed...profits are not expected to rise appreciably during the second half of 1981 particularly in view of the fact that plants are not operating at full capacity this year...As a consequence, there is a negative cash flow.

VMW Ranshofen-Berndorf:

Output declined by 8 percent; sales increased by 1 percent. Regular profits continued poor but improved as against losses in first quarter...Since only partial write-offs were gained, there was a negative cash flow of 24 million Schillings (as against -45 million Schillings in 1980)...It is not expected that the poor profit situation can be overcome during the remainder of 1981.

Bleiberger Mines Union:

Profits have improved markedly as compared to 1980 (due to the upward trend in exchange rates)...Balance sheet volume rose by 6 percent as against late 1980...Liquid assets, low as they were at 3.7 million Schillings, declined further to 0.6 million Schillings...Deterioration of capital structure...lessening of share of own capital...Overall, the financial and capital picture has gotten even tighter; profits are catastrophic despite the rise in exchange rate. In the absence of mining subsidies and partnership capital, this marginal alpine enterprise will be unable to hold its own.

Wolfsegg-Traunthaler-Coal Mines Co:

Output rose by 54 percent; gross sales profits by 53 percent...lowering actual losses from 49 million to 44 million Schillings...The deplorable financial condition of the firm is characterized by a negative own capital balance of 13 million Schillings...Liquidity somewhat improved as a result of price increases; but since prices of coal for use in power plants do not meet costs, this practice is tantamount to subsidizing these consumers— which can only be offset by increasing the subsidy for mining operations.

VEW:

As before, the profit picture is marked by declines in sales and output with fixed costs either remaining unchanged or rising. Sales were 375 million Schillings lower than in 1980 and output was lower by 1.02 billion Schillings. Since there are no signs as yet that the market will improve and since the structural adjustments undertaken will further affect this year's operations adversely, it is likely that the 1981 plan losses as revised of 2 billion Schillings exclusive of subsidies and reserve capital liquidations will occur— making an infusion of 2 billion Schillings necessary in order to cover losses alone...Although there was an infusion of the firm's own capital amounting to 900 million Schillings, its catastrophic financial situation hardly changed (share of own capital, 5 percent; indebtedness, 87 percent)...Extreme deterioration of self-capitalization (cash flow down by 721 million Schillings)...Liquidity situation as a whole not really improved.

Boehler AG Duesseldorf:

Profit formation...sharply negative...Decline of gross profits and output. Up to end of third quarter another 100 employees to be discharged...Closing down of rolling mill, releasing still another 800 employees...Given a sales ratio during the

first half of 1981 of only -5 percent, the rehabilitation of the firm should be concluded by 1982 following this drastic personnel cut by almost one-third... Cash flow declined by 104 million to -63 million Schillings.

VOEST-Alpine Tool and Wire:

The negative periodic balance of 101 million Schillings has almost doubled as compared to the same time period last year, leading one to expect record losses for 1981.

Krems Steel Mill:

Like most VOEST-Alpine subsidiaries, the Krems steel mill had considerably lower profits in 1981 due to the steel crisis. The firm's indebtedness is close to half the balance sheet volume...Cash flow, down to one-quarter, is barely sufficient to cover 14 percent of investments which remained at last year's levels.

Vienna Bridge Construction:

In the aftermath of the catastrophic balances in 1979 and 1980, profits have improved considerably during the first half of 1981. The balance for the second half of 1981 will not be as good, since the overall balance will still be negative in spite of an 87 percent increase in sales.

Austrian Shipbuilding Co:

Although additional deliveries of ships were made during the second quarter, profits declined as against the foregoing quarter and in praticular as against the first half of 1980— although that period, too, closed with a negative balance. The shipyards' lack of own capital has a particularly adverse effect on their credit balance...Given a negative cash flow of 25 million Schillings as a result of big losses, self-capitalization of investments was out of the question...

Martha:

Although gross sales profits and output rose by 18 percent each as a result of repeated increases in the price of heating oil and motor fuel, profit formation did not follow suit...In contrast to the positive balance of 1980, there will be a loss this year...Liquidity is good...Full coverage of investments by means of own capital (122 percent).

Elan:

In contrast to Martha, markedly lower profits despite a major increase in sales which will lead to losses for the first time in 5 years...No positive cash flow... liquidity good; full coverage of investments on strength of own capital (165 percent).

Schwechat Petrochemicals:

Regular profits of 42 million Schillings are lower by far than last year...Cash flow covered only a small portion of investments as a result...

Cable and Wire Works Co:

Profits slightly down to 24 million Schillings...Cash flow up; liquidity improved; own capital up; capital structure favorable; financial and capital situation positive.

Austria Enamel-Electrical-Heating Technology:

1981 profits are down due to negative sales yield...Availability of liquid assets lower; capital structure worse; financial and capital situation unfavorable; ratio of own assets to outside capital of 1:7.6 very unsatisfactory...Situation to be even tenser due to investment activity at Knittelfeld plant...

Ennsfeld Caro-Metal Works:

Reduced business volume mainly responsible for decline in output by 14 million Schillings or 10 percent and of sales by 23 million Schillings or 15 percent.

Graz-Koeflach Mining Co:

Net losses of 239 million Schillings could be reduced to 151 million Schillings. Liquidity further improved since end of 1980. If appropriate mining subsidies are forthcoming, a positive balance for the second half of 1981 may be in view.

9478
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COALITION FURTHER WEAKENED BY BUDGET DISPUTE

Hamburg DER SPIEGEL in German 2 Nov 81 pp 19, 21, 23-24

[Article: "People Are Losing Confidence"]

[Text] Renewed disputes over the budget have raised new doubt regarding the capacity of the socialist-liberal team to rule both among the members of the coalition itself and among the public. There was interminable debate about the smallest budget items and both partners' readiness to compromise appears to be at an end. FDP secretary-general Verheugen put it this way: "The reservoir of good will is exhausted."

Normally, minister of education Bjoern Engholm does not have much to say at Bonn cabinet meetings. But last Wednesday, his turn did come up.

He offered an impassioned explanation about why he was unable to accept the DM 100 million education assistance program cut decided upon by the coalition.

Engholm pointed out that the income of 80 percent of the families with mostly more than one child who are receiving this aid is below DM 2,000 and that the cut would hurt "workers' households primarily."

Following several hours of debate, the cabinet decided that Engholm, who had rounded up support among his fraction the day before, would be spared and that some other department would have to absorb the 100 million cut in fiscal 1982.

"Who stands to ready to take his place ?" Helmut Schmidt asked, silently waiting for someone to volunteer. But all those he looked at, lowered their eyes and held their tongue.

A few awkward minutes later, Helmut Schmidt called for a brief adjournment. Now, he said, the fraction chairmen would have to brought in to participate in the meeting.

Helmut Schmidt made use of the break in order to work on his minister for social affairs, Herbert Ehrenberg and when Wolfgang Mischnick of the FDP and SPD fraction chief Herbert Wehner had joined the meeting, Ehrenberg immediately took the floor, saying that he was prepared to cut 100 million from the budget of his federal labor office. "I am extremely grateful to our colleague Ehrenberg for having resolved this conflict," vice chancellor Hans-Dietrich Genscher said with great relief.

The hours of wrangling the Bonn coalition spent on a mere DM 100 million, an infinitesimal part of the overall budget, is indicative of the state in which the socialist-liberal team finds itself after this last round of the cuts for the time being. The Schmidt government has reached a point where a dispute over a few million poses a threat to its continued existence.

"The reservoir of good will is exhausted," is the way FDP secretary-general Guenter Verheugen characterized the events of last week. "Anything that might still do the trick can no longer be compromised on."

Even friends of the chancellor's like Theo Sommer, the editor-in-chief of DIE ZEIT, are finding out that the time has come to cut bait. "The coalition is slowly coming to an end," Sommer said in a valedictory to the Schmidt government last week.

And those in the SPD and FDP who are still unwilling to face the facts were confronted with them at a coalition meeting last Monday that had to decide on how the newest 1982 budget shortfall amounting to DM 7.8 billion could be offset.

To be sure, the social democrats and liberals agreed soon enough on disbursing another DM 3.9 billion in Bundesbank profits and they agreed as well on still another increase in the social security tax by 0.5 percent to 4 percent of gross wages while exempting civil servants and the self-employed who support the FDP from this provision.

But when the time came to find the final billion in cuts, it became apparent that there is not much room left for compromise between the two parties. At the close of the all-day meeting, interior minister Gerhart Baum characterized the proceedings as follows: "We spent hours upon hours looking for 50 million."

Initially, Hans Matthoefer had put an SPD proposal on the table. The finance minister put forward his pet idea once again of increasing the tax on heating oil by 5 pfennigs. In addition, he proposed that the raising of net credits next year should be increased once again despite previous government commitments not to do so and that tax cuts already agreed upon should be postponed.

But FDP chief Hans-Dietrich Genscher immediately demurred. He said he was against tampering with the DM 26.5 billion new debt ceiling already agreed upon. "By now," he added, "that has gotten to be a figure with political implications." And as for tax increases, those were out of the question for the FDP in any event.

At the meeting, a point-by-point discussion took place on ways to look for additional revenues. Even opposition proposals were carefully reviewed, including the one calling for an across-the-board cut in subsidies by 5 percent.

The chancellor was given a report on subsidies and read it off item by item. But in one instance, the resistance of those concerned appeared too strong; in another, the FDP raised objections, and in still a third, the cut in subsidies would have had an adverse effect on that particular branch of the economy. With a resigned air, the chancellor put the 300-page collection listing state emoluments amounting to some DM 50 billion aside again.

Then, there was a proposal supported by the finance minister and the FDP on how to pare down the federal labor office's expenditures by billions.

On behalf of the unemployed for which it is responsible, the Nuremberg office pays monies into the retirement and hospitalization fund which are tied to the individual jobholder's last previous gross wages. The new proposal would have the contributions linked to the unemployment insurance payments instead from now on — which, of course, would lower costs appreciably.

To be on the safe side, labor minister Ehrenberg had had his people look into what the effects of such a measure would be. The retirement fund would stand to lose 3.5 billion a year in the long run and the hospitalization fund would lose 2 billion, he pointed out.

The health insurance system would have to raise individual payments by 0.4 percent. The retirement fund would run out of money by the year after next at the latest. "We might just as well have remained in session," one of those at the meeting said later, "in order to get the retirement scheme back on its feet."

After hours of frustration, the chancellor himself came up with a set of figures. But even these did little to raise the spirits of those assembled. Schmidt proposed that the federal railroad subsidy be cut by DM 350 million and the education subsidy for schoolchildren by DM 200 million.

FDP fraction chief Wolfgang Mischnick argued that cutting the railroad funds would only force the state-owned facility, already deep in debt, to borrow even more on the capital market— which in turn was tantamount to a further hike in the raising of government credits as such.

SPD treasurer Peter Glotz pointed out to the chancellor that cutting assistance for schoolchildren was hardly the way to ensure equal opportunity for young people.

Under the compromise that was reached the railroad funds were not cut; the subsidy for schoolchildren was cut by half or DM 100 million. Instead, the federal labor office was cut by even more (250 million) and the budget committee was asked to come up with another 450 million cut in the overall budget.

In contrast to the previous round of cuts, it was possible to avoid acute danger threatening the continued existence of the coalition by not bringing up long-time issues in dispute such as the cut in unemployment insurance payments requested by the FDP or the SPD-supported employment program. But spirits tended to decline still further and relations between the members of the coalition cooled off as well.

The leaders of the coalition are now beginning to realize how their political infighting and broken promises are making inroads into the good will that remains. Egon Lutz, an SPD social expert put it this way: People are gradually coming to the conclusion that "this government simply cannot add." And FDP fraction chief Hans-Guenter Hoppe says: "The public is losing confidence and withdrawing its approval."

The social democrats are afraid that their most faithful allies, the unionists, might chart a collision course against the SPD. Even now, some union leaders are not restricting themselves to detailed criticism of the job the government is doing but are mounting frontal attacks on the SPD.

If the government retains its present course, Karl-Heinz Janssen, a member of the metal workers union's presidium, said last week, the protection of minorities clause might have to be invoked on the SPD's behalf at the next general elections. The decision to raise the unemployment tax and to exempt public servants and the self-employed from it was "the last straw," he said.

When Schmidt submitted the latest stabilization program to the SPD fraction last Tuesday, his own deputies called him to task for saddling the German worker with tax hikes and lowered social services and with losses in real income both this year and next.

And although the deputies did ratify the coalition agreement in the end, the truce is not likely to last very long.

During the first round of cuts in September, SPD fraction chief Herbert Wehner let it be known that he would bring up the employment program once again in case the unemployment rolls were to swell. And Mischnick of the FDP, for his part, said that his party would continue to insist on further cuts in social services.

Last week, the partners took pains not to remind each other of their differences. Still, they made clear what would happen if unemployment reached two million this winter as expected and if new holes appeared in next year's budget.

The next time there is a budget shortfall, Verheugen said, one would at long last have to institute a "change in the system" in view of the "squeezed-out budget." In other words, under such circumstances, the FDP would insist on further cuts in social insurance.

Speaking for the SPD fraction, Herbert Wehner cited his statement with regard to the employment program. "This proviso still applies," he said, "The matter should be taken in hand in early 1982."

In Bonn last Tuesday, chancellor Helmut Schmidt told members of his fraction that the Germans are facing the most difficult winter in the history of the federal republic.

And that, most likely, goes for the socialist-liberal coalition as well.

9478
CSO: 3103/78

MATTHOEFER CRITICIZED FOR MISTAKES IN WAKE OF 1982 BUDGET

Hamburg DER SPIEGEL in German 2 Nov 81 pp 20-21

[Article by Wolfgang Kaden: "True-Blue Eyes and Faulty Figures"]

[Text] "No member of the government can influence policy more decisively than the finance minister— except for the chancellor." (Hans Matthoefer in August 1979)

A bit tired but otherwise in good spirits, Hans Matthoefer climbed aboard a Luftwaffe Boeing jet at Cologne-Wahn airport the last Friday in September to cross the Atlantic in order to attend the annual IMF conference.

Just before that, he had argued in front of the Bundesrat in behalf of his 1982 budget proposal which, as he himself made believe, would be the last stage in the weeks-long fight over Bonn's fiscal policy.

Operation 82 which had almost wrecked the coalition, seemed to be over at least and when Matthoefer reclined in his first-class seat and took out a copy of the latest issue of DIE ZEIT he even saw that there had been a winner and his name was— Hans Matthoefer.

Was it right, the weekly asked, to refer to him as "Hans Matthoefer Superstar" and then answered its own rhetorical question by saying that the finance minister had come out "stronger in the battle of the cuts."

In fact, there was a good deal that spoke for this assessment. The CDU/CSU praised the minister for making much in his budget address of individual initiative and achievement. The FDP was satisfied with him for having killed the surcharges on wage and income taxes. Even the social democrats, who took exception to some of the concessions he had made to the liberals, were quite taken with the statesmanlike role their man in the finance ministry had played.

Alwin Steinke, Matthoefer's press spokesman and one of the best in Bonn, did not have much additional work to do. When the question of a successor to Helmut Schmidt came up once again following the latter's operation a few weeks later, there was hardly anyone who did not include Matthoefer among the most likely candidates.

Just the same, it all seemed a bit odd even then.

Was he really a savior in a time of distress— this man who up to then had had next to nothing do with financial matters at the federal level ? Or was this not the very man who had been in charge of the federal treasury for the past 3½ years and who was now trying to straighten out the balance sheet he himself had botched as best he could ?

It no doubt speaks for Hans Matthoefer's political acumen that he has weathered the debacle of the billions as well as he has. There is a lot of pooh-poohing and hushing-up and a lot of finessing and doctoring— and the minister who would have to answer for all this is raised to the rank of a candidate for the chancellorship. Indeed, a very able man.

Of course, there has never been an FRG finance minister who did not place his budget in the best possible light or one whose projections completely jibed with reality. But there has never been one whose plans and prognostications were so far off the mark as his and who tried to make it appear that all was well just the same.

It started right away, as soon as Matthoefer moved into the sparse office at the finance ministry in Graurheindorfer Strasse in Bonn in 1978.

"The marked reduction in the raising of net credits is the most significant feature of this year's budget," Matthoefer wrote in the 1979 financial plan. At end of his first full year in office, the most significant thing was a new, additional debt amounting to DM 25.6 billion which was incurred not during a time of need but during the boom year of 1979 when the real growth rate stood at 4.4 percent.

A year later,he was singing much the same tune. "Over the medium term, the annual raising of credits will be reduced step-by-step," he said. But in fact, he raised the debt in 1980; it had by then reached DM 27.1 billion.

But then, after the 1980 Bundestag elections, Matthoefer said that there were no longer any "sacred cows" when it came to cuts— although DM 17 billion in tax reductions and social services had been decided upon not long before. The 1981 budget, the minister with the true-blue eyes said, has a "solid financial basis."

As is well known, savings were not made and gradually it also became clearer that the solid financial basis for the budget did not exist, either. The supreme budget strategist had used figures that were off-target in the case of war victims care, maternity subsidies, of the armed forces and the unemployed.

By late February, a mere month after the 1981 budget was submitted to the Bundestag, DER SPIEGEL learned in Bonn that the finance minister would be unable to make ends meet with the DM 28 billion in new credits included in the submission. DM 10 billion more would have to be borrowed, primarily to meet higher costs to be incurred by the Nuremberg labor office.

In commenting on this figure, Matthoefer said: "Pure speculation without a basis in fact."

But the facts must have been clear to an economist like Matthoefer even then. All the economic experts were saying that there would be a drop in the GNP in 1981. Interest rates kept on climbing; and if there is one thing that economic theorists agree on it is that it takes the economy a long time to recover from high interest rates.

By early May, Matthoefer was getting closer to the truth. He thought the debt might rise as high as DM 34 billion; but even the 34 billion represented a doctored figure.

The budget still contained an item that read "overall reduction in expenditures" amounting to DM 1.9 billion. Just where these 1.9 billion reductions were to be effected, nobody knew then, nor knows now. In addition to that, revenue income had been projected that had long since been invalidated by economic developments.

Week before last, Matthoefer finally admitted publicly what most everyone had known all along. New debts are going to be at least another 4 billion higher.

Pure speculation ?

Next year's budget process is even more distressing. When several deputies, including members of the government coalition, came up with a figure far in excess of the official 26.5 billion in new credits after the first, grueling round of Operation '82, Matthoefer hid behind his parliamentary state secretary, Karl Haehser. "There can be no question," said the latter, of shortfalls running into the billions.

But there was, as Matthoefer was forced to admit just 2 months later. Now was the time for cosmetics, employing higher Bundesbank profits and a surcharge on the unemployment insurance tax.

Even now the budget is still being doctored and retouched. There are hundreds of millions missing that will in all likelihood have to be paid to EEC in Brussels, and there are millions missing which Matthoefer included in the budget as additional revenue coming from higher excise taxes on tobacco, sparkling wine and distilled spirits and so on and so forth.

Tricks, here, there and everywhere. Minister of posts, Kurt Gscheidle, will have to turn over more money to the treasury and will have to raise postal fees in order to do it— which amounts to an indirect tax increase.

Wolfgang Vaerst, the president of the state railroads, will be getting at least DM 3 billion less from Bonn than he needs. He will have to borrow these billions on the capital market and these ought by rights to be added to the new debts incurred by the government.

Matthoefer is Helmut Schmidt's most faithful bondsman and just as the chancellor's focus keeps getting narrower and as he staggers from crisis to crisis, Matthoefer, as keeper of the national treasury, is flying blind as well, running the budget on the monthly instalment plan as it were.

Of course one cannot expect the finance minister to have the gift of prophecy and of course he cannot exactly predict economic developments which, in the end, have a direct bearing on his income and his expenditures.

But— anyone who planned his budgetary planning on a real growth rate of 2.5 percent last September in spite of exceedingly high interest rates and bearish economic conditions worldwide would have had either to cast all available, halfway serious forecasts aside or to enter the wrong numbers into his budget.

Matthoefer's aides are pointing out that it is not the finance minister who is responsible for making economic forecasts, but the minister of economics. Now there really is something to that: when it comes to rose-colored projections, the Lambsdorffs, Matthoefers and Ehrenbergs are pretty much second to none.

But just as Ehrenberg is politically answerable for the deficits in the social insurance coffers (no matter whether Lambsdorff's forecasts were accurate or not) Matthoefer, too, must be held accountable for defects in his budget.

But Hans Matthoefer is a hard man to pin down. The former boxer knows how to roll with the punches and like a true professional, he has a knack for showing no emotion as he sidesteps awkward questions on camera.

Matthoefer tolerance for punishment is unusual even by the rough standards prevailing in Bonn. For that matter, he can dish it out, too, if need be and can be tricky in the bargain. "Anyone who cannot take the heat should stay out of the kitchen," is a lesson Matthoefer learned back home in Bochum.

He is one who can take the heat. Prior to the last Bundestag election, he deliberated for a time about whether to call it quits at the end of the legislative session. He could look forward to retirement in comfort on his pension as a deputy and a minister which is due him since a year ago. But Helmut Schmidt made him stay.

The chancellor knows full well: he will not find another like him.

9478
CSO: 3103/78

TRANSPORTATION FINANCING POLICY: GOVERNMENT, EMPLOYER

Paris LE NOUVEL ECONOMISTE in French 26 Oct 81 pp 72-73

[Interview with Charles Fiterman, minister of transportation, by Philippe Gazier, date and place not given]

> [Text] Charles Fiterman needs time in order to define and implement the new directions in transportation policy. But instead he is up against social and financial realities and forced to deal with crises that will not wait. For brushfires are burning: strikes at the SNCF [French National Railroads] and Air France, resort to safety clauses, etc.

[Question] You wanted time for reflection. Here you are confronted with immediate problems: labor discontent and the first social conflicts, financial imbalances in the state-owned companies. What are you going to do?

[Answer] I am not surprised at the problems we are seeing.

We assume our responsibilities under difficult conditions. The legacy that has been bequeathed to us does not make things easy: there are numerous imbalances, deficits and even serious financial problems. There is discontent, there is marked dissatisfaction among employees.

Setting in motion new directions, making progress on the road of change, is therefore not a simple matter. But, far from seeing in this a reason to fall back, I see this rather as a reason to go forward. In a well-thought-out way, well-considered. Naturally, we cannot do everything at once, especially in the field of transportation, a field which is very unwieldy. But we must go forward!

At the national level, it is a question of knowing how to put the available financing to the best use. Should we throw our full support to exports or to internal development? Is it a question of helping some and not others? The government is making fundamental decisions which are changes from past policies and which are aimed, for example, at making SNCF capable of pursuing its investment program and getting in a position to take on more traffic. Both in terms of freight and passengers.

[Question] The presidents of the state-owned companies with business contracts with the state are coming to you almost all at once to call on you to invoke the safety clauses to alleviate their immediate problems. How are you going to respond?

[Answer] These requests are being studied and require ministerial consultations with Finance and Budget. With regard to the SNCF, it is true that practically all the assumptions that underlay the business contract have broken down. There you have a public sector enterprise which does not enjoy any public financing in carrying out its investment program. It is a sizable program, and it needs to be continued. Now this has forced it to resort regularly to borrowing on the financial market in recent years, while its capital has been virtually nonexistent. This has produced the extremely heavy debt service which encumbers its financial position. Add to that the decline in rail traffic, the freight decline being quite substantial, and the quite anomalously low tariffs one finds in that field.

[Question] Does this mean SNCF is going to have to be bailed out?

[Answer] That is certainly a question which comes to mind, but I cannot say more for the time being.

[Question] And what about Air France?

[Answer] The situation is not completely comparable to SNCF's predicament. Air France has problems, of course, but they are tied to current economic conditions and are relatively limited. The company is in this respect better off, in fact, than many other international air carriers. If I were president of the state-owned company, I would do like Mr. Pierre Giraudet, I would ask for assistance. Next, it is up to the state to study the request closely and take what steps it is reasonable to take.

[Question] How far can you make the taxpayer, rather than the user, pay?

[Answer] Up to the point beyond which the national interest is jeopardized. How do you determine that point? The problem needs closer study, and I would like very much to see the Kahn Commission, recently created at the request of the government, to study the problems in transportation and reflect on these questions in depth. For example, with regard to passengers, to simply maintain as a general principle the idea that the user pays for the service rendered is not enough. If the price becomes such that it has a deterrent effect and impedes normal transportation operations, or even travel itself, then a new balance more deeply in tune with the country's needs must be sought. This implies that part of the costs will be borne by people other than the user. This is a process we must try to control. We are able to carry out a financing policy which does not give rise to excessive costs in the transportation companies; if, at the same time, there is an increase in volume of traffic and continued work on increased productivity, one might then move in such a way as to prevent the gap between price paid and real cost from growing inordinately large.

[Question] Even for home-to-work transit?

[Answer] The problem is different. In my opinion, there is a direct link between this type of transit and production activity, labor, its efficiency, its profitability. This is a very important matter, in my opinion. For the way people get to work, the distance, the ease, the speed, influence their physical and mental condition, their lives and the way they apply themselves. It seems logical to me that one should try for means to encourage development of ways to make the journey more comfortable. Linking home-to-work travel to production costs should be a powerful incentive factor. If the two are completely separated and, strictly speaking, neutral, there is no structuring effect on the travel itself. Similarly, the facilities provided for channeling customers to the supermarkets and other commercial areas should be taken into account in determining the mode of financing this travel. In other words, we must look for ways to create incentives. This could lead over time to the employer taking partial or full responsibility for home-to-work travel. Not just by means of increasing "transportation allotments" to towns with fewer than 100,000 inhabitants, but also by more subtle methods, better adapted to the objectives. Our thinking should encompass the whole of the problem; for, at the Fr 23 per month level for the last 10 years, the transportation indemnity is nothing more than a relic, and limiting the "transportation allotment" to the large cities is unjust and, as I underlined, not enough of an incentive for business. Naturally, the scope and pace of these changes must take into account the overall demands on government policy.

[Question] As soon as you stepped into your job, you denounced freight tariffs as too low. What are you planning to do to fight it?

[Answer] It is true that freight charges are generally too low, because abnormal pressures, going well beyond what should be the rules of competition, had the effect of holding down transportation costs in terms of overall production costs. How to reverse the trend? We will not change things from one day to the next, of course, but I expect to implement a carefully considered set of measures affecting the entire system in such a way that competition--which we intend to maintain--and the free choice of the user can be continued on a sounder basis, with less destructive effects. I intend to implement a policy that is not based just on calculations of short-term profitability in any given isolated activity. For experience shows that in the long run, on the pretext of profitability, enormous imbalances are created which do a disservice to the community. Now what is in the real interest of the community is not just profitability, but also energy conservation, the environment, security, and even reliability.... All these factors must be taken into account in the days ahead in determining the real economic and social cost of transportation. But, once again, I do not want to act in a disorderly way, and under the pretext of resolving one problem here to create another elsewhere, particularly with respect to jobs in some particular transportation subsector. This is why I am banking on economic recovery and renewed investment, as well as creation of new jobs, of course.

9516
CSO: 3100/93

PROFESSOR DRAWS UP ECONOMIC BALANCE SHEET FOR 1981

Istanbul TERCUMAN in Turkish 21 Oct 81 p 5

[Article by Prof Dr Emre Gonensay]

[Text] Upon entering the final months of the year, a rough outline and the major trends of the economic balance sheet for 1981 have begun to take shape.

What has taken place and what types of developments can be expected by the year's end?

First of all, there is a very strong possibility that 1981's rate of inflation will be around 30 percent, which is a great deal below the target of 40 percent. The fact that the prices of wholesale goods for the first 9 months of the year increased by only 19 percent makes this a real possibility. Even if, during the last 3 months we experience the worst, -- a monthly inflation rate of 3 percent -- we still will not exceed an annual rate of 30 percent by much.

Developments in monetary demand support our estimate. The inflationary effect of a rapid monetary and currency issue increase from May through July was observed, and the brakes were put on this increase after July. This is accepted as a sign that a stabilizing monetary policy will be pursued in the forthcoming months as well.

There is no doubt that the decrease in the rate of inflation is a huge success. However, there are also those who claim that price statistics in Turkey are unhealthy and that the rate of inflation is, in fact, much too high. Yet, it is very difficult to agree with these claims, because when we look at developments in monetary demand, -- and we are analyzing this within the framework of Turkey's monetary and price relations for the past 50 years -- it is not possible for the true increase in prices for the 9 months to exceed 20 percent.

Another important success is exportation, which surpassed by a great percentage the goals of the program and which earned more than $4 billion.

By the time we close out the year, we will see that the great majority of our exports have gone to Middle East countries. A problem that could be the source of anxiety within this important change in structure is that these exports have been concentrated on the three nations, Iran, Iraq, and Libya, that are unstable or are likely candidates for instability. In fact, the entire Middle East is, at this moment, a powder keg.

What price was paid to halt inflation to this extent? In other words, where does the problem of a production scarcity, which is the subject of a great deal of complaints, stand now, and what will take place by the end of the year?

Errors in national income estimates and late and incomplete production statistics prevent this topic from being assessed accurately. However, except for a few sectors, it is a fact that there has been an increase in production in most branches. In several commercial goods branches and even in the automotive industry, which is in the position of being the most critical sector, there have been important production increases in the past 3 months.

Unofficial national income estimates raised the 1981 growth rate from 3 percent at the beginning of the year to 4.5 percent at the present time. There are problems in several sectors, and, here and there, production increases were involuntary and were carried out "in order to stay afloat." However, a growth rate of 4.5 percent -- if, in reality, it does materialize -- is a figure about which one cannot complain in the face of current world circumstances.

Coming to investments, by year's end, unfortunately, we will see that we are at a standstill in this area and that we have lost a year. There is no doubt that high interest rates that refuse to fall will have played a major role. The same holds true in America and England. However, this must be accepted as an unavoidable result of setting out on a new track in an economy in which inflation has been braked. Henceforth, we can expect inflation to be reduced to the present level in 1982 along with a fall in interest rates and the Turkish economy to encourage investments in new fields that will be able to be productive in the future.

11673
CSO: 4654/33

PRICE INDEX FLUCTUATIONS FOR 1981 CHARTED

Istanbul TERCUMAN in Turkish 20 Oct 81 p 5

[Text] September cost-of-living indices and wholesale prices for Istanbul and Ankara have been announced.

Fluctuations in September prices as compared to those in August are considered to be normal.

There was a 5.4-percent increase in the month of September in the Istanbul cost-of-living index, which was prepared by the ITO [Istanbul Chamber of Trade]. This was the greatest increase in recent years. However, the Ministry of Trade, which looks at prices throughout Turkey, reported that prices of wholesale goods rose by 2.9 percent from August to September.

The Ankara cost-of-living index, also prepared by the Ministry of Trade, showed a 4.4-percent rise in September as compared with August.

Accordingly, using the September wholesale goods price index, total price increases for the first 9 months of 1981 amounted to 19.2 percent. This figure for 1980 was 69.9 percent and for 1979, 33.4 percent.

Ministry of Trade Cites Monthly Increases

Wholesale goods prices rose by 4.4 percent in January 1981 and 2.2 percent in February. They fell by 0.08 percent in March and April and climbed again in May by 2.2 percent. Inflation indices, which are determined instantaneously through prices of wholesale goods, climbed a huge 6.4 percent in June, but declined to 0.02 percent in July.

Wholesale goods prices increased by 1.1 percent in August and 2.9 percent in September.

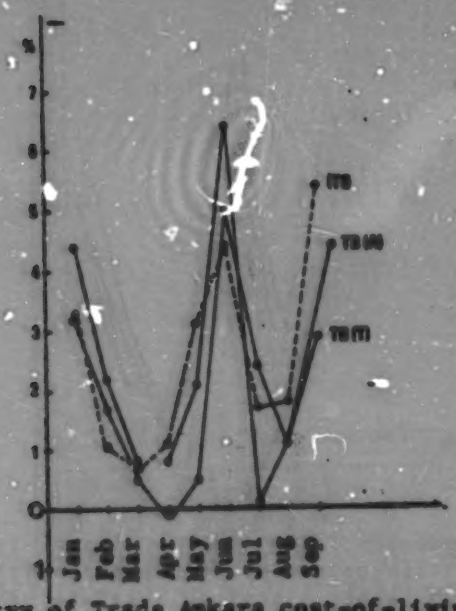
Cost-of-living indices for Ankara as prepared by the Ministry of Trade show monthly increases of 3.2 percent in January; 1.7 percent in February; 0.5 percent in March; -0.2 percent in April; 0.5 percent in May; 5.0 per-

percent in June; 2.4 percent in July; 1.1 percent in August; and 4.4 percent in September.

ITO Cost-of-Living Index

The cost-of-living index prepared by the ITO, which noted the greatest increase in September 1981, rose by 3.3 percent in January; 1.04 percent in February; 0.7 percent in March; 1.1 percent in April; 3.2 percent in May; 4.4 percent in June; 1.1 percent in July; 1.7 percent in August; and 5.4 percent in September.

Monthly Price Increases
(January 1981 - September 1981)



Key:

TB(A). Ministry of Trade Ankara cost-of-living index.
TB(T). Ministry of Trade wholesale goods.
ITO. Istanbul Chamber of Trade cost-of-living index.

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1981 MONEY SUPPLY FLUCTUATIONS EVALUATED

Istanbul TERCUMAN in Turkish 21 Oct 81 p 5

[Text] Figures for money supply and issue for the first 9 months of the year show that, following rapid increases from April through July, there was a return to a stabilizing monetary policy and there was a restriction that was worthy of note in supply and issue from July through September.

Money supply (M-1 on the enclosed chart), which includes bank notes actually in circulation and demand deposits, rose to 802 billion liras at the end of July and fell to 791 billion liras by the middle of September. Currency issue increased to 354 billion liras at the end of July, fell to 339 billion liras in the middle of September, and then leaped to 373 billion liras at the beginning of October. However, a normal climb was seen at the beginning of this month, and another decline is expected for October.

Issue and Money Supply

Calculations based on the first 9 months of the year demonstrate a 21-percent increase in currency issue and a 20-percent increase in money supply (M-1) from the first of the year until the present.

During the same period last year, currency issue rose 41 percent and money supply, 43 percent.

It is necessary, however, to bear in mind when analysing monetary developments and differences in the rate of price increases the fact that the inflation rate for the period from January through September last year was 69 percent and was only 19.2 percent for the same period this year.

Such an analysis demonstrates that, while prices increased by 19 percent this year, money supply rose 20 percent, and, in this way, money supply was barely able to keep ahead of prices.

Experts interpret this as meaning that the true money supply is, more or less, stable and, therefore, that true purchasing power and demand are also stable.

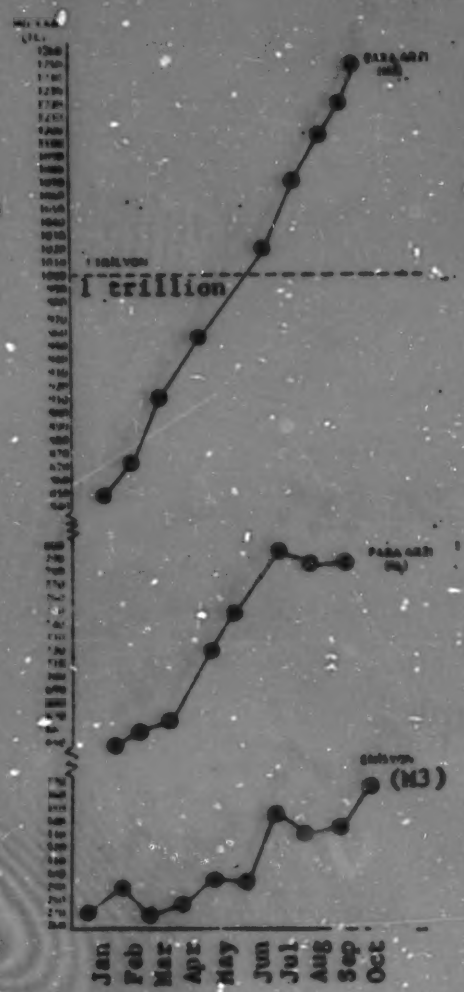
However, true money supply and demand fell continuously in 1979 and 1980. A temporary expansion was observed in the period from April to July 1981.

The situation during the first 9 months of 1981 is described as one in which economic functions were carried out in a "straitjacket."

In the meantime, there has been a rapid rise in money supply (M-2 on the chart) that includes time deposits due to high interest rates, leading to a 52-percent increase for the 9 months.

Money Supply Fluctuations
January - September 1981

Billion
Turkish liras



Key:
M1. Money supply [bank notes in circulation and demand deposits.]
M2. Money supply [bank notes in circulation, demand deposits, and time deposits.]
M3. Currency issue.

11673
CSO: 4654/33

DUTCH D'66, BRITISH SDP PARTIES COOPERATE

The Hague ANP NEWS BULLETIN in English No 79, 31 Oct 81 p 1

[Text] Amsterdam, October 30--The leftist-Liberal Democrats'66 party will expand contacts with the British alliance of Social Democrats and Liberals, D'66 floor leader Laurens Brinkhorst said here today on his return from London.

Mr Brinkhorst, who headed a D'66 delegation to London, said his party and the alliance might later extend these contacts to cooperation within the EEC.

Talks with the leaders of the two British parties had shown 'a surprising resemblance' between the views of D'66 and the Social Democrats (SDP) 'with D'66 being on the borderline' between the SDP and the Liberals, he said.

The D'66 floor leader said cooperation with the British alliance would for the time being remain limited to broader bilateral contacts. In this context an SPD delegate would address the D'66 party congress on November 14.

Problems

Contacts should also lead to extension of the three parties' international relations. However, one problem was that neither the SPD nor the Liberals were represented in the European parliament.

Moreover, the British Liberals were members of the European federation of Liberal parties and would not easily cancel this membership, Mr Brinkhorst said.

Mr Brinkhorst said he was quite pleased that D'66 was the first foreign party to make contacts with the British alliance. He felt that 'this current in Britain should not stop at the borders since it represents a new policy for the 1980s which should go much farther'.

CSO: 3120/16

NEW TURKISH CYPRIOT GOVERNMENT PROGRAM ANNOUNCED

Nicosia K.T.F.D. RESMI GAZETE in Turkish 12 Aug 81 pp 161-70

[Text] Government Program

Of the Government of M. Cagatay, appointed to the Prime Ministry on 14 July 1981 and whose Cabinet assumed office by approval of the TFSC President on 4 August 1981, and read in the TFSC Assembly on Tuesday 11 August 1981:

Mr President, Distinguished Members of Parliament,

I am here to read the program of the TFSC Government formed under my Chairmanship and approved by the Head of State in accordance with article 87 of our Constitution.

First, in offering our thanks and gratitude to our Soldiers and Fighters who paid with their blood for the formation of the Free Turkish Federated State of Cyprus which we have achieved today, we bow our heads with respect in the spiritual presence of our beloved war dead.*

A new era in our multiparty, democratic political life began with the general elections held on 28 June 1981. As known, no political party was able to obtain a simple majority in the Federated Assembly in these elections. As Chairman of the NUP [National Unity Party], the party having the most members in the TFSC Assembly, I was charged by the Head of State with forming a government, and opportunities were sought for cooperation with other political parties, but unfortunately could not be found. It is a fact that efforts to form a government coincided with a most critical stage of the Intercommunal talks. The existence of a government in the TSFC was imperative at this stage. The NUP, most honored by the community's trust and, as a result, having elected the most national deputies, assessed the difficulties of getting together with other political parties to speedily form a government, the urgent need to form a government and our current national and communal interests at this time.

The party, therefore, had no alternative but to carry forth its charge by establishing a minority government.

*Note: The Turkish text here uses Mehmetcik for "Soldier" referring to mainland Turkish forces and Mucahit for "Fighter" referring to Turkish-Cypriot combatants.

The performance of the government we formed with this perception will be completely purged of partisan thoughts and will be such as to unify, not divide, society and to resolve quickly, not put off, problems.

The economic difficulties intensely felt throughout the world since 1978 and created by the economic crisis stemming from the oil pinch still persist and greatly affect the life of society. In view of this, some of the principal and most important goals of our government are to find remedies for economic difficulties, to realize equitable income distribution and fair taxation and, thus, to raise the standard of living and ensure the welfare of the Turkish Cypriot Community.

The support and aid of Turkey the Motherland will show us the way in our governmental endeavors, as it has in overcoming all difficulties, and will be our guide in finding the truth and the light. I submit before you once more our thanks for the sincere aid and support which the Motherland Turkey has provided to date toward the well being of our community.

Mr President, Distinguished Members of Parliament,

Before going into the details of our program, I would like to point out that we accept consultation and cooperation with the Motherland in all areas as a resolute goal. Freeing the Turkish Cypriot Community from its present national dangers and ensuring its political security and its social and economic development are possible by always preserving the belief that it is an indivisible part of the Turkish Nation. Heartfelt commitment to the principles and reforms of Ataturk will constitute the basis of our governmental endeavors. It will be our unswerving duty to put the unity, integrity, happiness and well-being of the Turkish Cypriot Community first in our thoughts and before party concerns, and to take the necessary measures against divisive and discriminatory actions and behavior intended to set citizen against citizen. The unadulterated protection of human rights and freedoms guaranteed by our Constitution is the basis of a free system and a democratic regime; this is our belief. We believe that political parties have complementary duties, whether in power or in opposition.

Our government will realize legal, labor, economic and political change and development in compliance with the principles of the socio-legal state envisaged by our Constitution.

Planned development is a course envisaged by the Constitution. Our government, defining development as a development encompassing political, social and cultural areas as well as economic development, will continue to develop and implement existing development plans and programs in the way best suited to the structure of our society.

Economy

Ensuring better living conditions for our Community and its citizens--the basic goal of the Development Policy--may be accomplished both through the ability to establish a stable state mechanism and authority and the implementation of a consistent and sound economic order.

Our Constitution envisages Planned Development. It is to be implemented in compliance with the 5-year Development Plan passed parallel to it by our Federated Assembly and the annual programs and budgets prepared accordingly. The goal of the plan is to create the potential for rapid economic development in the long term, just distribution of income, increased production output, fiscal stability, an adequate and beneficial balance of payments and utilization of the full labor force in the most productive manner.

Multidirectional and comprehensive economic and fiscal measures will be taken to bring the economy to a sound and self-sufficient level and especially to free it from the constraint of the Southern Cypriot economy.

The equitable diffusion of social welfare will be ensured.

It is our purpose for these goals:

--To take steps to ensure heightened productivity and the prompt and optimal establishment of the land-person relationship, to mobilize production,

--To attain the greatest benefit from investment programs; to take measures and offer guidance on a selective basis in a way that will increase employment and the production capacity of society and will open the way to sound developments in foreign economic relations; to likewise assist in the guidance of private investments,

--To promote the first against inflation, ensure price stability, improve the welfare of the low-income poor, correct the salaries of Public Personnel in keeping with living conditions, establish price-wage balance and make the necessary legal adjustments for these procedures.

--For the purpose of keeping prices down for our people, to continue the most-favored customs treatment for Turkey, increase our economic relations with EEC nations and promote efforts to take advantage of EEC possibilities,

--To boost public revenues and, in order to base public spending on sound resources, to formulate a simple and fair taxation system by amending the tax laws as necessary and make the minimum wage tax-free,

--In public spending, to prevent excessive growth of consumer spending, take measures to ensure effectiveness in public administration, prevent public services from being identified with unnecessary expense and shift spending to production-oriented areas,

--To review the financial and administrative status of Social Security organizations under the new conditions,

--To make the necessary arrangements that enable the performance, in keeping with current conditions, of Central Bank functions deemed necessary to the TFSC economy and that remove problems in currency matters, to take promptly the measures related to regulation of the money and capital market and to establish an Investment Bank to provide investment credits needed by the public and private sectors,

--To raise savings to the level required by the economy, to increase the banking sector's influence on and contribution to development,

--For the purpose of revitalizing the economy and increasing foreign exchange revenues, to go ahead with the necessary measures for the passage of laws to stimulate tourism, foreign capital and industrial investment,

--To make legal arrangements that will ensure the Federated State's control--without being obstructive--of foreign exchange resources so as to promote the sound development of foreign economic relations in the public interest,

--To exert every effort that the TFSC might also enjoy aid from International Economic organizations,

--To take the measures deemed necessary to ensure the required social and economic contributions to our economy by the SEE's [State Economic Enterprises] and for them to achieve a sound structure governed by economic rules.

Agriculture

Every measure necessary will be taken for the comprehensive development of the agricultural sector, the backbone of our economy, and for raising the standard of living and welfare of the population engaged in this sector. The infrastructure and superstructure deemed necessary for the development and improvement both as to quality and quantity of agricultural products will be set in place and legal arrangements will be carried out effectively and promptly.

To this end:

The necessary conservation and improvement of agricultural lands will be accomplished.

The necessary maintenance and repair of existing irrigation facilities will be seen to and the construction of necessary new facilities will be undertaken.

Every measure will be taken to prevent the waste of a single drop of our country's scarce rainfall and to augment our underground and surface water resources to use them to the best advantage.

Care will be taken in the adoption of every administrative and legal measure needed to ensure utilization of both irrigation and drinking water by the rules of conservation.

Irrigation systems and methods will be developed to ensure effective and economical utilization of irrigation water.

Stress will be placed on agricultural mechanization, the provision and widespread use of equipment needed by the producer such as machinery, tools and spare parts and the development of those existing.

Research and development activities will be effectively stressed and prompt measures will be taken for the establishment and operation of an Agricultural Research Institute for this purpose.

Dissemination and exchange of agricultural information will be made more effective, with stress on the education of the producer and efforts to equip him with modern agricultural information.

Production of certified and superior seed will be stressed, with new varieties imported if necessary and appropriate seeds distributed.

Every measure will be taken to develop both open and covered vegetable cultivation, bearing market possibilities in mind.

An effective effort will be exerted to increase present livestock numbers and to improve and increase breeding.

The necessary measures will be taken for the improvement of existing pastures and the development and widespread use of new animal fodders.

Measures will be continued for the effective combat and quarantine of both plant and animal diseases and infestations. Combative methods and the sale and use of drugs will be regulated by law.

Veterinary services will come to the producer's door, with all measures to be increased for instantaneous treatment of infectious diseases.

Careful attention will be given to credit and encouragement measures alongside the development of agricultural infrastructure and the guidance of production according to demand and foreign markets.

Care will be taken to provide agricultural inputs such as medicament, seed and fertilizer on time, in adequate amounts and at suitable prices.

In streamlining agricultural credit methods by making them more practical, careful attention will be given to taking the measures needed to make adequate and cheap agricultural credit available to the producer.

Base prices according to current conditions will be applied to major agricultural products and modern silos will be built for the safe storage of our grain products.

The necessary measures will be taken and laws passed for widespread development of vineyard and orchard cultivation and the establishment of a subsidiary industry.

All efforts will be made to improve, increase and expand our trees suitable for dry cultivation such as carob, olive and almond.

Priority will be given during this period to processing and marketing organizations geared especially to exporting agricultural products.

The necessary measures will be taken to preserve the stability of domestic prices for our agricultural products, and the activities of organizations concerned with agricultural products will be reviewed to improve effectiveness.

A "Meat Industry Association" will be established for the processing and rating of all meat and meat byproducts.

Our State Propagation Farms will be brought up to the level to meet our producers' needs for breeding stock and certified seed.

Water exploration in the new period will be weighted toward new sources of potable water and all resources will be mobilized for this.

Great importance will be placed on citrus production, which accounts for a large share of agricultural production and earns substantial foreign exchange revenues, and for this reason the "salinization" threat to citrus production will definitely be taken up and the Guzelyurt Derivation Project will be realized.

In addition, all measures will be taken for the participation of citrus growers in the pricing and marketing process.

Tobacco cultivation will be shifted to marketable varieties and will be brought up to the level to meet the needs of society in cigarette production. In addition, importance will be placed on the production of crops such as sesame, chickpeas and sunflowers which may be substituted for tobacco and yield the same revenue.

Alongside the protection of our existing forests, areas which have been deforested for various reasons will be replanted, communications and transportation in forest areas will be developed and brought up to a level to meet requirements. National parks and new recreation areas to meet the growing public need will be established.

Ongoing exploration and exploitation of minerals and underground resources will be stepped up.

Legal measures will be taken for a practical Agricultural Insurance taking state resources into account. The meteorological service will be developed so as to provide necessary information for the state's communications, agricultural, water, industrial, tourism and urban planning.

Cooperativism

Cooperativism will be used as a means of increasing production and improving income distribution, raising the standard of living of producers and enabling the low and fixed income groups to fulfill their basic consumer and housing needs cheaply, well and on time. To this end:

State aid and support of cooperatives monetarily, technically and through oversight will continue.

The cooperative movement will be aided and encouraged in order to resolve producers' problems before, during and after production.

Everything possible will be done to support the credit needed for intensive agriculture and the efforts of cooperatives in the purchase at home and abroad and the distribution of inputs such as fertilizer, quality seed, agricultural medicament and agricultural machinery.

A policy will also be pursued of supporting the cooperatives for development of industry based on agricultural products.

The necessary aid and encouragement will be offered for increasing the effectiveness of existing and new cooperatives in the marketing of agricultural products and the distribution of basic foodstuffs.

All necessary technical, legal and material aid will be provided for stepping up the organization of strong parent cooperatives, the smooth operation of cooperatives and cooperative training.

Tourism

During the new period, tourism's share in the national economy will be raised and, by increasing our foreign exchange revenues through attracting more foreign tourists, will contribute to closing the balance of payments deficit.

Increased foreign exchange from tourism will also have a positive effect on industrial, business and agricultural investments and the general welfare will improve as the result of balanced development between these four sectors. In keeping with this major goal:

The necessary measures will be taken to raise standards to parallel demands of foreign tourists, to develop mass tourism through various incentives, to extend the average stay, raising foreign exchange income, and to make tourism a year-round business. Domestic tourism will also be revitalized by providing additional facilities to meet the vacation needs of the populace.

Credit and interest will be eased in order to give direction to tourism investments.

The necessary legal and other measures will be taken to encourage foreign investment in the TFSC under specific conditions.

Business and Industry

Weight will be given to a more liberal system in the business community. Stress will be placed on seeking markets and marketing, the greatest drawback in our foreign trade. There will be continuous cooperation with professional organizations involved with these matters and foreign trade will be developed rapidly through the removal of bureaucratic obstacles.

The use insofar as resources allow of export incentive premiums and international marketing techniques will be basic. Specifically, a major contribution to reducing our foreign trade deficit will be the creation of a National Standards Unit that will encompass the industrial sector and function along the lines of market demand.

The basic principles of our national industry will be to reduce the trade deficit through import substitution and increasing exports in the industrial sector, to place priority on facilities to process the products exported as raw materials and the protection of our local industry.

Branches of industry designated as areas suitable for investment will be opened to investment by businessmen.

The free port will be expanded through additional measures. Measures will be taken to make local industrial products competitive on foreign markets. Bringing existing idle industrial capacity into use will be among these measures.

Necessary adjustments will be made in laws and procedures to vitalize and step up domestic and foreign trade and formalities will be streamlined.

The needs of society for both consumer and investment goods will be met; a conscientious trade and customs policy and effective legal measures will be in place of an effort to prevent blackmarketeering and alleged smuggling.

Electric Energy

Capacities of power substations will be raised to meet the growing energy needs of Kyrenia and the Karpas region.

New power substations will be built to meet the growing energy needs of the Famagusta Free Port Zone and Nicosia, Famagusta, Kyrenia and Guzelyurt.

Public Works and Transportation-Communications

Geometric and physical standards of the existing road network will be improved and asphalting of village roads, intravillage and group village roads will continue.

Famagusta Port will be equipped with the facilities required by international standards and a modern terminal will be built at the port. Also, for Ro-Ro type ships, at least one landing will be provided at an appropriate place in the free port. Kyrenia Port will be improved for tourism. The runway will be extended at Ercan Airport, making it possible for larger aircraft to land.

Efforts will be made to modernize telecommunications services, the necessary technical system will be developed for ship-to-shore radio and the international-level telex capacity will be doubled, adding 160 new lines. Also, pay telephones will be installed for public use in population centers.

In postal services, efficiency of "next day delivery" by centers and branches that home-deliver mail will be improved and new post office branches and stamp vendors will be opened. Promotional TFSC stamps will continue to be placed in circulation.

Health Matters

Social justice and social development will be in the forefront of health services. Our principal goal is to allow all citizens equal access to health services.

Activities initiated to make health services available to the entire society will be continued and the bottlenecks discovered in the past will be eliminated.

In health organization, priority will be given to the public health services, including "preventive medicine," and this service will be made more effective through the addition of a new unit.

In treatment institutions, new services will be opened in areas of expertise now lacking and personnel and equipment shortages will be eliminated.

Staff required to provide our medical services will be trained locally by converting the presently limited facilities of the Nursing-Obstetrics School into a Health College.

Room and board supplements for nurses and hardship differentials for Respiratory and Mental Disease Hospitals nurses will be updated.

National Education

Basic elements in our national education will continue to be "equality and generality," "education for democracy" and "Ataturkist Nationalism." The general goal of our national education is to instill in all students in our educational institutions a national identity and consciousness grounded in Ataturkist Nationalism and Principles, knowledge and skill. In our educational institutions, Ataturkist principles and education for democracy will not be eroded by harmful ideologies of foreign origin.

The basic goal of national education will be to inculcate the national, moral, human, spiritual and cultural values of the Turkish nation and to educate citizens who love and strive for the betterment of their family, country and nation, who believe in a democratic secular and social legal system respectful of human rights, who have a heartfelt commitment to the Motherland, who understand their duties and responsibilities to their country and the Motherland and are able to convert these characteristics into action. The draft of the "Basic Law on National Education," prepared in keeping with this goal and in light of the resolutions adopted at the First Turkish Cypriot Council on Education, will be reviewed mindful of the results from the 10th National Council on Education convened in Turkey in June 1981 and will be speedily passed by the Assembly to be implemented as law.

The stress placed on vocational-technical education will continue and the goal in future development plans will be to raise by 60 percent the number of students attending vocational schools.

Special courses and electives will be offered in General Intermediate Education to encourage students to develop special interests and aptitudes for various vocations. They will be trained as individuals conversant with various vocations in addition to being socially aware, constructive, thinking, and informed human beings.

The full capacity operation of the main and auxiliary units at the Institute for Advanced Technology will be assured with the completion of construction and the workshop-laboratory and with the filling of staff slots.

Measures for the promulgation of equal educational opportunity will be taken such as giving optimal development to the school system, establishing pre-schools especially in rural areas, and distributing and updating scholarships, credit and transportation assistance.

Culture

Development of a native art will be encouraged within the TFSC borders and the effective role of the fine arts in the spiritual and aesthetic development of our people will be revived.

Music and the performing arts, the branches of fine arts most visible to the public at large, and the public institutions which promote them will be encouraged to make a significant contribution to the development of art and culture in our society through serious efforts in keeping with Ataturkist principles. Every effort will be made to increase the number of professional artists and, through the approach of bringing art to the people at the amateur level, to allow our people to produce artwork, making cultural folklore a personal part of their daily lives. Measures will be taken to encourage cultural contact with turkey and foreign nations.

Care will be taken to protect our subterranean and above-ground artifacts and make them into a means of attracting tourism.

Youth

The major goals of our youth policy are to contribute to the integration and training of our youth in keeping with love of country, national values and Ataturkist Principles and to take measures within the framework of effective mass education to help them make valuable use of their free time.

For this purpose, care will be taken in compliance with existing regulations to establish regional sports facilities, to set up sports agencies in certain regions so that sports opportunities will exist nationwide, to increase aid to sports clubs, to expand the scope of assistance and to make our youth competitive with other youth in any sport anywhere.

Clubs and associations will be assisted in obtaining supplies and equipment inexpensively for the mental and physical development of your youth and the valuable use of their spare time.

Construction of the Sports Complex will be completed soon and a Sports Fund will be set up in accordance with the law for the construction of gymnasiums and other sports facilities needed.

A system will be put into operation to monitor the assimilation of our young graduates into the nation and society, their employment status, social relationships and contribution to society; it will also find lasting solutions to

problems in these areas. The activities of associations and organizations which share responsibility in these youth-related matters will be coordinated along the lines of the stated goals.

Special measures will be taken to facilitate the military obligations of citizens of service age living in foreign countries.

Internal Security

Positive results will be obtained as soon as possible in internal security by taking measures needed to serve the people better and eliminate existing defects, and the security organization will continue to be equipped in a modern fashion.

The project to increase existing housing for security officers and members of the national security forces will proceed.

General and on-the-job training will continue to be stressed for security officers responsible for internal security to enable them to best serve the people.

Legal arrangements will be made concerning associations to prevent their engaging in activities outside their original purposes and to permit financial and administrative oversight.

State Economic Enterprises

The State Economic Enterprises will be fully reviewed and the necessary measures quickly taken to make them into more productive organizations which generate resources. Decisions will be made and implemented in keeping with the interests of society concerning faltering enterprises.

Foreign Relations

Ongoing efforts to make the Turkish Cypriot cause better understood and accepted everywhere will be continued.

Peaceful means and methods to political solution will not be abandoned, but our national rights will not be sacrificed; the necessary measures will be taken for the protection of these rights.

To further develop our friendly and fraternal relations with Islamic nations, to continue to protect our rights and status vis-a-vis the EEC and to make our voice heard, whatever the conditions, in the United Nations and other international forums will continue to be our basic goal and the necessary measures in this regard will be taken.

A policy will be pursued in our foreign relations which honors as always the support of the Motherland Turkey and any initiatives which oppose the Motherland or are damaging to it will be avoided.

In the solution of the Cyprus problem, we will continue to reject proposals which go against the will of the Turkish people living in the TFSC, to disregard measures harmful to our security and to oppose any initiative to

overshadow our rights and status as cofounder of the state from which we derive our freedom and independence.

We will continue to support the liberation struggles of our Palestinian brothers within the framework of our general policy of favoring the oppressed and our brothers in religion who are struggling for liberation.

Our basic mission is the continuation of our contacts in order to establish good relations with neighboring states, prevent without discrimination the interference of the blocs in the Cyprus problem, and insure that a system respectful of social and human rights can be established in which the cofounders of the independent, nonaligned, bizonal, bicommunal Cypriot state can live in peace.

Our program includes the establishment of better relations with native Cypriot Turks living outside the TFSC and to give direction to these relations through a symposium to be arranged next year. Opportunities will be provided the children of Cypriot Turks living abroad to become acquainted with their homeland, inexpensive accommodations will be provided so that youths may get together and reciprocal contacts and visits will be encouraged.

Our foreign affairs mechanism for the direction and implementation of foreign policy will be organized at the level required by internal and external circumstances and centers will be opened in various countries to take on the task of representation in the appropriate manner.

Labor

Laws to implement the rights guaranteed to workers by our Constitution will be given priority passage in the Assembly.

Every support will be provided the initiatives begun and to be begun by various organizations supplemental to government initiatives to provide public housing for workers.

Free, continuous apprentice training and vocational-technical training will be offered to allow young workers to acquire a vocation and improve and develop their knowledge, competence and experience; the ability of workers to take equal advantage of this training will be ensured.

Compensation from social insurance funds such as old age, widows' and orphans' pensions and unemployment will be satisfactorily adjusted to current conditions.

Every measure necessary will be taken to protect workers from inflation and to allow them to take their fair share of growing prosperity within a system of social justice.

The state will give its full support to production and consumption cooperatives workers will establish to increase their purchasing power.

Freedom of unionism and the rights of the worker to choose a union freely will be protected and maximum care will be taken to ensure the functioning of the labor-management-government triad through maximum cooperation, understanding and dialog in the conduct of labor relations.

The necessary impartial mechanism will be established for swiftly resolving with a due measure of justice personal complaints which give rise to discontent at the workplace.

Meticulous implementation of the law on rehabilitation and employment of the handicapped will continue.

An essential policy will be the utilization of social security funds such as social insurance and the reserve fund in the national economy for production and employment insofar as fund members are benefited. The necessary legal arrangement will be made for severance pay.

Housing and Equal Property

Implementation of the equal property law will be completed at an early date. Real estate deeds assigned and to be assigned under the land distribution and equal property law will receive priority disbursement.

Implementation envisaged by the public housing law will be actuated by establishing a special fund to promote its resources.

Procedures for providing young people lacking homes lots for home-building from treasury properties will continue in accordance with the law.

Social Topics

Priority will be given the completion of legal arrangements initiated for social, economic, financial and other measures envisaged by our Constitution for the protection and rehabilitation of our citizens who emigrated or suffered direct or indirect damage because of or during the National Resistance of the Turkish Community.

In connection with social services, salaries and assistance given to the poor and needy, the families of war dead and disabled veterans will be given priority revision and updating.

Land entitlements will be given to the children of war dead.

The state will continue to pay for the education of the children of war dead.

Marriage assistance given to the daughters of war dead will be continuously updated.

Priority consideration will be given the establishment of day care centers for the children of working mothers.

A law will be introduced for the hopelessly indebted to bring some relief to this group.

Special consideration will be given the current reform procedure for juvenile delinquents. Efforts will also be made to give material and spiritual support to the elderly and to ensure social welfare.

Public Administration

The Central Government Organization will be reorganized to make it more effective.

Basic policy in reorganization will be to introduce a system whereby public service agencies will provide faster, better quality service at less expense and to ensure that they function within such a system.

The Civil service Law binds the individual rights of our public employees to objective rules, thus carrying out the most important of the basic rules of democratic public administration.

Defects which emerge in implementation of the Civil Service Law will be promptly corrected and salary scales will be revised to provide civil servants a sound standard of living.

The powers of civil and local administrations will be increased to replace overcentralization in public administration. The need to resolve every civil issue in the capital will be eliminated.

Legal arrangements will be made to meet the financial needs of municipalities and other local administrations and to provide them new resources.

Mr President, Distinguished Members of Parliament,

In conclusion, I would like to stress once again that we, together with our great Assembly, will continue to be the guardian in every way of the pluralist democratic order, social justice and superiority of the law guaranteed by our Constitution and that it will be our duty to serve all of our people to the best of our ability in light of these principles.

In carrying out this duty, the principles and reforms of Ataturk and the unity, integrity, happiness and well being of the National Turkish Community will be our first thought and will be placed before any party concern.

It is our obligation to defend and affirm our democracy and our national values which will not be compromised. These values are our freedoms, won by the blood and lives of countless dead, and our national solidarity by which these, our freedoms, are given life. We believe that these values should be incorporated as the least common denominator and basic principles on which our democracy will offer no compromise. We believe these values must be wholly embraced by both government and opposition.

It is within this belief that I respectfully submit that we shall be attentive to dialog with the opposition, reiterating that we shall welcome with respect and certainly benefit from their constructive criticism and admonitions.

8349
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KOHL'S NEW LEADERSHIP QUALITIES SEEN AT CDU CONGRESS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 7 Nov 81 p 12

[Article by Karl Feldmeyer: "Kohl a Hit in Hamburg"]

[Text] The CDU party congress in Hamburg was a daring undertaking— that paid off. There was fear it might turn into a debacle both because of the experiment of inviting 1,500 young people and to debate them publicly in front of the TV cameras without being able to control beforehand whether the dialogue would work or turn into confrontation and because of possible differences that might come up in Hamburg with regard to the goals to be pursued. Both of these worries turned out to be groundless. The party congress was a success, with the secretary-general laying the groundwork and the party chairman taking care of the rest. This time, Kohl left a stronger imprint on the party congress than ever before. He did not content himself with pulling the strings behind the scenes; he assumed a leadership role. And that is something new.

It was not a foregone conclusion that things would work out so well for the party chairman in Hamburg. Quite the contrary— there were indications that he would run into problems. Prior to the party congress, there were some leading CDU politicians who voiced veiled criticism and so both tested the waters and turned public attention on themselves. Was there to be still another in the long series of "disputes among the CDU leadership ?" Kohl can largely credit himself for things not turning out that way. A number of factors contributed to his success and that of the party congress. Kohl took the wind out of the sails of those who were agitating in favor of more discussion of principles by not only calling for an open debate of issues himself but also by setting the tone for the debate with his own opening speech. This speech had a decidedly new cast to it: he did not review, as so often in the past, the CDU policy statements and positions on the basis of pragmatic criteria. Indeed, he looked at the issues from the point of view of whether they were compatible with the value structure and the basic principle that the state must serve the individual and not the other way around. In this manner, he not only took cognizance of the needs of his young critics by going into the question whether and to what an extent political life can be based on ethics; and he also had an opportunity to prove that the central positions of the concrete policies he stands for have a basis in ethics and are not merely opportunistic. He made good use of his day in court.

More markedly and differently than usual, he availed himself of the mandate of leadership as party chairman, particularly in those instances where he felt his own intentions were involved. At the very outset, in his introductory remarks, he made a point of correcting the criteria for debate and future orientation which had been set forth by his secretary-general only two days earlier. Instead, he said, the Hamburg gathering would be marked by tolerance and by the CDU's preparations for the government takeover. The delegates accepted this correction and supported Kohl in his attempt to make it stick during the next few days. Potential critics of the chairman, of which there are some among the leadership at all times for different reasons, preferred to hold their fire in view of this situation.

In fact, they had little opportunity to do otherwise, given Kohl's quiet air of self-confidence in Hamburg. Rarely, if ever, had the CDU chairman seemed more at peace with himself. Judging by the applause on the very first day with which the delegates received his allusions —demonstrating thereby that they are tired of the efforts of individuals to upstage Kohl— everyone could see that open or veiled attacks against him would not work at this particular party congress. No names were mentioned, nor did they have to be, since everyone was well aware of who was being spoken about.

This was what was new at the Hamburg party congress and so was Kohl's easy manner in his relations with the young people. The CDU not only developed the ability to listen to its young visitors; it also proffered interest in them and in their arguments, both those that were well-founded and those that obviously were not. At the most important meeting on Wednesday afternoon, it was not only the seats of the visiting delegates that were filled. There was hardly an empty seat in the sections reserved for the regular delegates and the party rank-and-file. They showed their approval or disapproval by more applause or less, but in no instance by indignation or flagrant contradiction. Kohl, by leading the discussion with a sure hand himself, managed to preserve the relaxed atmosphere which had been created by Richard von Weizsaecker's speech, an impressive, thoughtful presentation true to principle. Among others who contributed to this atmosphere most directly were not only Geissler, but also Norbert Bluem. The way in which these politicians comported themselves gave an indication that the CDU does have a chance of reaching out again with its arguments to those young people at least who are rightly called "critics" in that they have not succumbed to some new panacea.

The Hamburg meeting could not properly be called a topically political party congress, if it had not sent out direct political signals to the other parties as well. The important thing above all was what Kohl had to say to the FDP and what indirect signals he sent them by laying out his plans for getting fiscal policy and the economy back on its feet. His assessment that the FDP will not quit the coalition with the SPD, if the CDU/CSU meets the FDP halfway but only if and when it realizes that the SPD's loss of popularity is affecting it as well was presented for intra-party purposes. It was meant to discount the suspicion that Kohl was treating the FDP with kid gloves because he hoped thereby to bring about a premature end of the coalition. But the sober tone underlying these statements also reflected confidence in a positive outcome of next year's provincial elections and

in the idea that it is no longer the CDU/CSU at this point which is primarily interested in an FDP switch, but the FDP itself.

And it was certainly no accident that Kohl's proposals for getting fiscal policy and the economy back on its feet were identical with the ones Genscher had called both necessary and correct earlier. It was an obvious attempt to show just which parties do agree on the issues at this time.

Another thing that emerged from the Hamburg party congress was that Kohl evinced a strong interest in issues and details in the debate of motions such as was rarely noted during his years in Bonn. Not without reason had he been criticized many times for not having the energy to work out details; but in Hamburg, he did so on at least two occasions. In the debate about a motion on whether the CDU ought to come out for or against cutting school years until graduation from 13 to 12, Kohl unequivocally opted for the cut although the phalanx of ministers of culture, ranging from Remmers to Mrs Laurien, had called for retaining the present 13-year cycle and the majority appeared ready to follow their lead.

Kohl was equally self-assured when a motion came up calling for repeal of the examination of conscience for conscientious objectors and for extending noncombatant service 6 months beyond the term required for military service. In this instance, too, Kohl waded right in and once again took the risk of being voted down as party chairman and to lose out as part of a minority.

This is a way of acting for which he was not noted for a long time and which many people long thought he lacked— many who expect their party chairman to be a real leader and to be up front and not somewhere in the rear. If Kohl could transfer this image to his post as opposition leader in Bonn, he could look forward to the next Bundestag election with confidence.

9478
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MITTERRAND'S PCF MINISTER RATIONALE DISPUTED

Paris LE FIGARO in French 14 Sep 81 pp 1, 6

[Article by Annie Kriegel: "The Weight of the Communists"]

[Text] Nothing ever turns out the way one expects it to. It was expected that the Left would obtain victory by its union. Not at all: The united Right in 1974 as in 1978 defeated the united Left, or a too recently disunited Left. It was necessary for the rupture of the union of the Left to appear definitely irreparable for the Right, henceforth lowering its guard and overcome by carelessness, to break up. Thus, the disunited Left defeated the disunited Right.

It was also expected that the victory of the Left would be almost equally divided between its two components. Not at all: The victory of the Left was essentially based on a severe electoral defeat of its Communist component. It is this defeat itself, acquired after the first round of the presidential elections, which articulated the dynamics of victory to the Left. In the end it was more especially by the votes they gave to Francois Mitterrand and to his friends in the second round of the presidential elections and in the second round of the legislative elections that the communists powerfully ensured the victory of the Left by losing (involuntarily!) many votes in the first round of the presidential and the legislative elections.

However, if nothing ever turns out as expected, everything ends as it was foreseen: the government of the Left includes four Communist ministers.

It was F O [Workers' Force] which underlines the seriousness of the fact, in the most solemn terms. It was only after the test of force which the movement of semi-insurrectional strikes of autumn, 1947, had been that the C G T - F O [General Confederation of Labor - Workers Force] was born out of the revolt of a C G T faction against communist hegemony and domination over the workers confederation in the Rue La Fayette.

More evasive was the challenge of the guardians of the Gaullist tradition. Wasn't there an apparent continuity--from the decision to bring the communists into the government of General de Gaulle in 1943 to the decision to bring them into the Mauroy government in June, 1981? This was pure sophism. In 1943 the Soviet Union was our ally. In 1981 France and Western Europe face only one potential military threat: That which could come from the East. Now, isn't the credibility of this threat (on which is based the capacity of a democracy to provide itself with the means for its defense)--weakened by the single fact that it is regarded as acceptable

to bring communist ministers to take part in vital decisions? Even worse: These are ministers who belong to a party whose fidelity to Moscow was reaffirmed vividly after the visit which Georges Marchais made there in 1980. Hence the paradox: Whereas it was considered that the communist parties of the large Western European countries would regain the path of democratic legitimacy, provided they become "Eurocommunist" in outlook and enter into a process of internal renovation, on the contrary, it is the party which has ostensibly refused to practice that kind of mini-dissidence which reaches the objective.

Did Francois Mitterrand nevertheless play the game by arguing that, having succeeded in brutally reducing the electoral support of the PCF [French Communist Party], nothing would stop him from dealing a new blow at the Party--this time by imprisoning it in the nets of government action and solidarity? The argument has some force, but it has three weaknesses.

1) First, nothing proves that the communists, whose electoral percentage was brought down to 16 percent but who are authorized to spread out from above in the channels of the state, are not benefitting from a better social grasp on things than communists who would have maintained an electoral percentage of 20 to 22 percent but who would be kept carefully on the sidelines. The capacity of state power (if it is democratic) to change things is always overestimated, but its resources in the art of influencing, intimidating, persuading, and corrupting men are always underestimated. It is enough to observe how, under cover of "dialogue" the positions of power in public enterprises, as in the private sector, are filled in an accelerated way.

2) We would then need to be assured that the communists, if in effect they have lost the battle for the management and control of the union of the Left, have not largely preserved the gains obtained between 1969 and 1977 in the preparation of the platform and program of the Left. Don't let the propensity of socialist leaders to a certain kind of anticommunist or antisoviet exhibitionism give us any illusions. The radical course which the socialist experiment, apparently spontaneously, with its general orientation and in many of its subsidiary aspects, dependent on Marxism pure and simple, has taken would be unintelligible if it did not have its source and did not draw its consistency from communist proposals and projects which had served as a basis for the negotiation of the former common program. It has been hastily alleged that by signing the political agreement of 4 June 1981 the communists have gone to Canossa.

Another misapprehension: The text of the agreement is a masterpeice, either of innocuousness or of ambiguity. In fact, the Socialists could not enclose the Communists in a network of constraining formulas unless they enclosed themselves with them. Now, we know that the president is anxious to keep his hands free.

3) Finally, it would be necessary to believe that the Communists, once they accepted the grant of four ministerial departments, would by the same act renounce their freedom to maneuver. That's going too far. Charles Fiterman, in announcing that the four ministers, of whom he is the leader, were not the rpresentatives of their party, clarified things. For this meant that they were the only ones to come under government solidarity.

Did the Socialists have a more modest ambition: That of acquiring at a modest price a certain period of "social peace"? Isn't this what happened in 1945 when, in effect, the PCF employed itself for nearly 2 years in placing the accent, in addressing its working class troops, on the reconstruction of the country, rather than on the satisfaction of the claims of the workers? However, today France is not engaged in rebuilding itself. The fact remains that there has not been, as in 1936, a premature social explosion. However, this is to forget that the blazing fire of the 1936 strikes in no way resulted from an initial communist decision. Furthermore, the socialist experiment under way does not have as its driving force and for the largest part of its legitimacy the exasperated power of a proletariat on the march or a workers movement in battle order. It is rather, as it already was in May, 1968, an affair of a radicalized petty bourgeoisie. For this it is enough to observe what were the professional categories which boiled over as soon as the events of 10 May [1968] occurred.

That does not mean that the CGT, for all of that, is going to remain inactive. Henri Krasucki has announced the program. Leaving the CFDT [French Democratic Confederation of Labor] to compromise itself in a process of integration into the state apparatus--a process which very much resembles the transformation into auxiliary police of the "official" trade unions in the countries of Eastern Europe--the secretary of the CGT has restated "the independence" of his organization. Moreover, counting on the same CFDT, conversely, to take upon itself priming the pump of the social movement with dreamy "qualitative" claims, he is holding himself ready to jump on the wheel in order to appear once more as the hard but reasonable and solid partner, above all concerned with concrete benefits.

Georges Marchais certainly recognized that he had "problems." However, they are of various kinds and are not to be confused. He has the basic problems facing the whole socialist camp regarding the contrasting record of the past 60 years. He also has long-term problems confronting the whole Western European section of the international communist movement, in the face of Western modernity. However, above all and for the moment he has the immediate problems posed to a communist party by its participation in a socialist experiment which it does not control after not having viewed it as desirable and considering that the party believes that the failure of the experiment is unavoidable. Now, in this regard Marchais has two recent points of reference. One of them is totally negative: That of the Chilean Communist Party, which did not know how to disengage itself in time from the Allende type of adventurism and which was crushed while Chile itself, once it was destabilized, went from one extreme to the other.

There only remains in such a situation a meager amount of consolation: The occasion given to international communism to lead a world campaign against "fascism." The other point of reference is, on the other hand, exceptionally positive: That of the Portuguese Communist Party. When the April revolution was in its ascendancy, the Portuguese Communist Party was able to move definitively into the socialist camp all of the former Portuguese empire in Africa. In the period of decline of the revolution the Portuguese Communist Party knew how to disengage itself in time and become again the principal force of the Left of a Portugal which had gone peacefully to the right, whereas the Socialist Party fell all by itself from its high position and its eccentricities (in the proper sense of the word).

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ECONOMICS MINISTER TERLOUW PROFILED

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[Report by Rene de Bok: "Appraisal Report Newly Drafted Ministers; Jan Terlouw and the Mystery of Economic Affairs."]

> [Text] The political leader of D'66 [Democrats '66], Jan Cornelis Terlouw, mysteriously appeared in the Second Chamber 10 years ago. In October '76 he expressed the devout desire to withdraw from politics. Five years later he handles the portfolio of Economic Affairs in the second Van Agt Cabinet. Again as a question mark. Whoever would have expressed the thought a year ago that Jan would be the indicated man for Economic Affairs would have been ignored as a first-hand political dud. ELSEVIER is mapping out Terlouw's political perimeter.

Ability and Experience:

Jan Terlouw's joining Economic Affairs is a novelty. Although among Lubbers, Van Aardenne and Terlouw only the first-mentioned has experienced industrial management from within, Terlouw is the only one among them who is not hampered by a broad basis of professional knowledge in his area. That has both advantages and disadvantages. But the first should not be overestimated. Terlouw has a fresh viewpoint on the subject matter and is not afflicted with the unavoidable hereditary burden which every college-educated economist carries. A doctoral candidate from Tilburg considers the graduate economist from Amsterdam or Groningen as not entirely responsible, and the reverse is also true. One swears by local theoretical pet topics and that does not enlighten the discussion. Jan Terlouw is not burdened by that. To put it more strongly: he is hardly burdened at all, although this is a slight exaggeration. In the parliamentary group, Jan Terlouw has been involved with economic affairs, environment management and the energy policy. In his academic years, economics was his minor. One cannot deny him a certain insight. In a less expert group his ready knowledge in the area of economics could still stand a good chance, but in a discussion with experts he cannot defend himself too well, in spite of having support in his party from people such as Engwirda and Nypels. The question is whether Jan Terlouw, as Minister of Economic Affairs, will be able to stand up to the theoretical artillery which will be fired at him by the current minister of social affairs and experienced economist J. den Uyl.

Terlouw's limited horizon shows up in the manner in which he has so far mapped out the field of economic power. One continually discovers the dominance of his technological background there. Jan Terlouw studied math and physics at the State University in Utrecht. After getting his promotion [acceptance into the PhD program] he worked at the "Institute of Technology" in Cambridge, Mass, later at the "Royal Institute of Technology" in Stockholm. When Terlouw is discussing economic prospects, his emphasis is often on innovation. He already saw himself as minister of technology and said in that context: "The socio-economic policy is completely aimed at the creation of 100,000 new jobs through the recovery of profits and the freezing of wages. I am completely convinced that if one does not let that be coupled with a renovation of products, that essential change will not be achieved." The story about innovation has been slightly pushed into the background the past few years by D'66. And while his predecessor Van Aardenne tried to cut the rot out of Dutch industry with a surgical knife, Jan Terlouw will pursue a more socially-oriented policy, aimed more at the retention of work opportunity and the creation of environment-hygienic conditions. In doing so, he will unavoidably get into a fix: between Minister of Social Affairs Den Uyl on the one hand and his top official of economic affairs, Professor Rutten, on the other hand. Only if he succeeds in getting out of this fix unscathed will his lack of basic knowledge in economy not hurt him. But it does remain a precarious point.

Score for skill and knowledge: 49.

Character Qualities:

Nationalist, realist, pragmaticist. All of these can be applied to Jan Terlouw's character, but always within limits. "People don't know anything about me and it should stay that way," he said to Bibeb of the VN [United Nations].

Clergyman's son Jan Terlouw grew up in an orthodox reformed environment: no bicycling on Sunday, no card playing; radio is the ear and television, the eye of the devil. In his youth Jan Terlouw submissively listened to thousands of sermons; he is still very versed in Scripture but has detached himself from his religious ties. Science became his new faith. In his brain the idea sprouted that scientific objectivity was the cement of the great social edifice. Although at age 25 he was still fascinated by pure science, as he became older he descended to earth from higher spheres. Once he made contact with the earth, he also renounced his second faith, science, as a source of eternal truth. This renouncement of faith automatically led to the sphere of influence of a political party which claimed to have broken off from any dogma or ideology, D'66. Terlouw said about the PvdA [Labor Party]: "The PvdA is professing socialism like a religion." Terlouw's strength lies in distancing himself from petty details of the political business. He prefers general philosophies over the political drills in the confines of the Binnenhof [government building]: "I find the spiritual development of society more fascinating than the economic one." He is against negotiating for the sake of negotiating. He says of himself that he doesn't get wrapped up in politics as much as Den Uyl. He always tries to keep control of himself in all circumstances, always looks for the middle ground and never lets himself be tempted to extremes. It was no coincidence that he was chosen as the symbol of D'66's reasonableness: "I hate fanaticism." But sometimes that reasonableness has a hint of tenacity; the removal of sharp edges becomes a goal in itself. The elimination

of aggression, of emotion, at any price sometimes leads to failures. When Terlouw really gets angry, his mood rapidly turns into temper. As a child he was a hot-tempered little chap who defended himself stoically against the pinching bonds of his religious environment. Those bouts of temper have disappeared, but once in a while his temper surfaces a little: once when Hans Jacobs of the VARA [Workers Radio Amateurs Association] treated him condescendingly, Terlouw promptly resigned his VARA membership and also left the recommendation committee: "I don't believe that a broadcasting company with such a mentality should remain large." But in spite of his short-lived vulnerability to personal criticism, the basic element of his character is very stable.

Character qualities: 82.

Style:

"I am not the type to march with a banner (. . .). I don't open the attack. Perhaps my weakness as a politician is that I am not aggressive."

Jan Terlouw's style has changed considerably over the past 5 years. During his functioning as parliamentary group leader of D'66 in the period of the Den Uyl Cabinet, the diffidence which he had inherited from his stay in the ivory tower of science was still clearly visible. The last 5 years he has become more flexible outwardly in his actions: he preaches reasonableness in a blue blazer and with one hand in his pocket. Sometimes he acts impulsively: "There are new values. Human beings are emancipating. But the old parties present their old answers to the new problems. People think that a new trend is needed in this new period. Democrats '66 is such a new trend, an essential new trend." Terlouw uses neither too many nor too few words, as befits the ideal son-in-law. He has said on occasion: "For every sentence Dries [Prime Minister Van Agt] says, I say three and Joop [Den Uyl] nine." Terlouw once again is in the middle, in the focus of reasonableness. In one element of style he has an advantage over competing politicians. In a period of technological progress the emphasis of Terlouw's style is on a conscious use of the media. When a photographer photographed Terlouw with a cigarette in his hand, the political leader of D'66 understood immediately that this did not fit in with his image. And thus he told the photographer: "I don't want the voters to see me like this. I am an advocate of non-smoking and a clean environment."

He pays a great deal of attention to a TV appearance. His press adviser Ernst Bakker: "Jan looks good on TV for three reasons: he speaks easily; he sells a nice program and he doesn't have a wart on his nose." The appeal of the message is central in that. Terlouw is not a doom-saying politician; he isn't burdened by weighty principles and ideologies, but he propagates in a subdued manner an atmosphere of freedom and happiness without calling for artificial joyfulness. The election prophet of the PvdA, Marcel van Dam, had little praise for Terlouw's style: "Terlouw's strategy is risky. He hasn't thought too deeply about the meaning of politics. He has projected the image that he is a man who keeps himself out of political squabbling. But he has inadequately realized the consequences of that tactic. Politics by definition is conflict, while Terlouw starts from the premise that people don't like that bickering." The facts have proven Van Dam wrong. The hard, biting, conflicting campaign tone of Den Uyl lost, while

the contained style of Terlouw won the argument. As minister of economic affairs that believable tone-setting can only be to his advantage. He lands in the danger zone with his style only when uncertainty on professional knowledge with respect to the field of economic power gets the upper hand.

Score for style: 71.

Position Within the Current Coalition:

The bugaboo of his basic knowledge in the area of economics continues to haunt him, which is also the case with respect to his authority in the current coalition. In the booklet "That Won't Happen," which Terlouw wrote together with his party associate Walter Zegveld, the political leader of D'66 voices his opinion on work opportunity in the eighties. Current Minister of Social Affairs Den Uyl won't have lost much sleep over it. And Terlouw isn't too sure of his ground either with respect to an old hand like Minister of Finance Fons Van der Stee. As a seasoned tax lawyer Van der Stee has a big arsenal of arguments and tricks at his disposal to best Terlouw in the direct dialogue in the council of ministers. Terlouw will often have to consult with the official support battalion or with his specialists in the D'66 parliamentary group. But that doesn't make him stronger in the immediate confrontation. On the other hand, it is unjust to portray Terlouw as a pall-bearer of Den Uyl. On the contrary. On various occasions during the previous cabinet period Terlouw criticized the PvdA's manner of conducting opposition. He concluded that the PvdA voted against CDA[Christian Democratic Appeal] motions with respect to the Specifications'81 debate due to irritation and not because of rational considerations. He did not leave any misunderstanding about a potential rapprochement of D'66 and PvdA: "A D'66 which resembles the PvdA would be senseless and without prospects (. . .). We are not against the PvdA; we are different."

Terlouw scored an important point in the [cabinet] formation discussions when he was able to prevent the portfolio of economic affairs from being used to the advantage of social affairs. By heading off Den Uyl at a crucial moment, Terlouw's authority within the current coalition was considerably strengthened. And to all appearances Terlouw will be able to play a role of mediator in this fighting cabinet between the two extremes of Den Uyl and [Prime Minister] Van Agt. Both Den Uyl and Van Agt are well-disposed toward Terlouw. As symbol of reasonableness he is above suspicion and he is capable of keeping the rebellious troops in the cabinet. His friendship with Minister of Internal Affairs Van Thijn will open up approaches toward compromises which appear to go nowhere in a direct confrontation between Van Agt and Den Uyl. Precisely at moments when the viability of the Van Agt II cabinet will be put to the test, Terlouw will be able to acquire an authority which far exceeds the position he now occupies -- as third wheel of the tandem. In view of the fact that neither the PvdA nor the CDA will be inclined to let the cabinet derail -- in view of the old law: who breaks something pays for it -- such a key role for Terlouw is a realistic possibility.

Score: position in the current coalition: 73.

Position Within His Own Party:

Jan Terlouw's position in his own party is practically inviolable. If one faith is tolerated within D'66, it is the faith in Jan Terlouw. D'66 congresses still are dominated by the charisma of Jan Terlouw. During congress days Jan Terlouw not only appears to be the symbol of the slogan: D'66, the reasonable alternative; Terlouw is the reasonable and only alternative for D'66. There are no candidates who at this moment could take over that role without considerable electoral loss for the '66 Democrats -- not Hans van Mierlo, and even less Zeevalking or Glastra van Loon. Sometimes one can hear signs of a nostalgia for the sixties among the following. But the heroes of the explosive party are either tired or have landed in positions where the explosion of the political system also means the explosion of their own political careers. Hans van Mierlo is a strong proof of that. Another marginal sound is the call for a party constitution. Among members of the old guard, primarily Gruijters is a passionate opponent of that. And Terlouw agrees with him when he says: "In the sixties we said goodbye to our fixities. The other political parties were frozen in their doctrines. I want to warn the congress against an academically interesting but politically fatal discussion." Terlouw's position in D'66 is much stronger than the position of the other political leaders in the current coalition. The freedom left to Terlouw by D'66's advisory council to negotiate as he saw fit in the most recent formation was characteristic of Terlouw's status within D'66.

Although the party leadership is not entirely free of personal frictions -- Brinkhorst, the parliamentary group leader in the Second Chamber, and Minister of Defense Van Mierlo don't always get on, for example -- Terlouw will be supported by the entire D'66 group when he defends his policy in the Second Chamber. Terlouw will have more loyalty than do Van Agt and Den Uyl in their parties. And perhaps even more than Van Agt and Den Uyl together.

Score for position in his own party: 92.

Position Outside the Party:

Terlouw's position outside the party is, in the first place, dependent on the length of his rope. If the facts should turn out to be even more somber than what predictions are now, even Terlouw won't be able to escape an unpopular policy. He has one important advantage: his predecessor Van Aardenne left behind the impression of boogyman. He went too far for the labor movement, and he did not go far enough for employers because the small margins primarily fall in the area of economic affairs. After Van Aardenne, the labor movement sees Terlouw as a somewhat more flexible minister of economic affairs, and employers are not shaking with fear for an anti-employers' policy. Terlouw likes to keep his hands free in order not to let negotiations take place in a preconceived atmosphere of hostility. His pronouncements often have a reflective character, with which the opponents can go in various directions. Vague, in other words.

On wage development which is getting out of hand: "Perhaps one should do more to decrease [the development], but the question is whether one can do that. One has to keep in mind the public acceptance. And one should not antagonize the labor movement too much." His vagueness doesn't date from today or yesterday. During

the budget debates of 1972 Terlouw said: "D'66 is not by principle an advocate or opponent of means of production in the hands of the community in all forms, at all times and everywhere. The growth economy of the last 40 years has made it possible for industrialized countries to catch up with a big part of consumption-lag which existed in a great part of the working population. One must judge that in a positive manner. But everything has its hour and everything under the heaven, its time." A socialist undertone?

When nine top employers aired their complaints on the spoiled business climate in the Netherlands, Terlouw reacted with an adjusted announcement: "The indispensable function of a healthy industry has too often and too easily been neglected. It has often been forgotten that the pen with which the criticism was written and the mimeograph with which the written material was multiplied originated from that same industry." And he said further that "economic growth really is not a very big virtue any longer." Total impression: vague. Vagueness increases room for negotiation when the goodwill emphasis counts more heavily than the suspicion which is created by vagueness. For the time being Terlouw's goodwill seems to have the winning hand. Therefore it is not unthinkable that Terlouw can improve the climate between employers and the labor movement. Unless he discovers that his rope is shorter than what was promised to him. Whether Terlouw can also operate under unfavorable conditions is an open question. He has never yet had to sell an unpopular policy. And there is no guarantee either that he is capable of doing that.

Score for position outside the party: 65.

Final score of Jan Terlouw, rounded off upward: 72.

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CARRILLO, GONZALEZ ATTACK NATO ENTRY

'MUNDO OBRERO' Editorializes

Madrid MUNDO OBRERO in Spanish 11-17 Sep 81 p 4

[Editorial: "Why Nato?"]

[Text] Why join NATO? Why now? What is the government's rush? What is behind this move? Why is the truth about the consequences of this measure being concealed from the people? If the Calvo-Sotelo government's decision is in keeping with the views of the UCD [Democratic Center Union] and its members of parliament, why such fear of a secret parliamentary vote? Why such panic over a referendum in which the people would freely express their opinion?

These and many other questions have yet to be answered. By means of an operation which was carefully prepared in August, the Calvo-Sotelo government is trying to impose its will as though this were an insignificant decision or one which must inevitably be accepted. Instead of a campaign of clarification, we are witnessing a process of disinformation, of concealment of the truth. While Calvo-Sotelo remains silent, wearing his usual sullen, melancholy and indifferent face, Perez Llorca, Ruperez and Oliart make inspired remarks about the wonderful advantages which NATO will bring to Spain. They say that joining the Atlantic Alliance will increase our security and automatically conceal the fact that Spain will become a target of nuclear retaliation in the event of a conflict. They say that after the long period of neutrality, Spain will finally be at the level at which major international decisions are made and do not mention that joining NATO will turn our country into merely a pawn of U.S. strategy by hampering its own individual and independent policy concerning relations with Third World countries and for actively contributing to peace. They swear that such a decision will not mean great expenditures and try to ignore the present situation of countries such as the FRG, with more resources and a higher level of development than Spain and whose economic problems are being aggravated precisely because of increased NATO spending.

By giving this issue priority, the Calvo-Sotelo government is pretending that Spain does not have its own major problems to solve. Apparently unemployment, the economic crisis, terrorism, the dangers of involution, the adulteration of colza oil, democratization of the apparatus of government, the development of the autonomy process ... can wait. Apparently negotiations for Spain to join the European Common Market or the matter of Gibraltar do not deserve priority either.

From the standpoint of Spain's interest, a worse time could not have been chosen. The dilemma over Spain's membership in NATO is dividing Spaniards, increasing tensions and complicating the resolution of today's urgent problems, a process requiring a climate for contrasting opinions, negotiation and cooperation.

In the present international situation, a responsible government would suspend making a decision on this issue. That would be in keeping with Spain's interest and would be a contribution to the cause of peace and detente. We live in a time fraught with dangers. There are many sources of tension in the world. But an alarming factor is developing: Europe is on the road to becoming the center of confrontation between the two superpowers. Until now, such confrontation has been taking place in other areas, with greater room to maneuver for localizing a conflict and finding solutions. The danger is much greater in Europe and such a confrontation could lead to a nuclear world war. The dynamics of the policy of blocs is causing this situation. And the solution is not to reinforce the blocs but to proceed with their simultaneous dissolution, the elimination of foreign military bases and disarmament.

Reagan's current policy, which is in keeping with the strategic goals of the U.S. military-industrial complex, tends precisely to turn Europe into the site of confrontation. The Reagan administration believes that the United States is in better shape in Europe, especially if its policy is supported by European nations. In other parts of the world--and the experience of Vietnam was exemplary--the United States finds itself in worse circumstances.

It is logical for Reagan to be interested in Spain's rapid entry into NATO. This is in keeping with his current aggressive and dangerous policy. It is consistent with the plan to deploy new missiles in Europe, production of the neutron bomb and encouraging the arms race. Spain's entry into the Atlantic Alliance would strengthen Reagan's policy, would partly neutralize the trends of various European governments toward their own independent policies which would keep the two superpowers at a distance. It would be a step contrary to the prospect of Greece's departure from the Atlantic Organization, which is foreseeable if PASOC [Panhellenic Socialist Movement] wins the October elections as expected, or the trend of various governments toward ridding various parts of the continent of nuclear weapons.

From the standpoint of Spain's interest, there is no reason at all for our country to join NATO, much less in the crude, antidemocratic and irresponsible way that the Calvo-Sotelo government is trying to bring this about.

Carrillo Attacks

Madrid MUNDO OBRERO in Spanish 11-17 Sep 81 pp 10-12

[Text] Concerning the poisoning from adulterated oil, Santiago Carrillo confirmed the PCE's participation in the parliamentary debate to be held this week on 15 September. "In this regard, we will unreservedly support the highly justified demands of those who were injured from the use of colza oil and will hold the government responsible for the serious neglect which it has shown and continues to show in regard to such a serious matter." Carrillo described the colza oil incident as "much more serious than terrorism, because it has caused many more victims in a relatively short time." He pointed out that the responsibility "does not lie with just one or

two ministers; the entire government is responsible, beginning with its premier, Mr Calvo-Sotelo." The PCE general secretary made reference to the prime minister's skill in making gestures, of which there has been talk, and added: "But we have not yet seen a serious gesture by the prime minister in regard to this matter, which is so serious and critical for Spain. We will therefore propose solutions and hold the entire government responsible."

Furtively and Treacherously

Santiago Carrillo subsequently referred to the issue of Spain's membership in NATO. "The question which we are asking ourselves, together with the entire country I believe, is: why now, why with such pressure? This approach greatly resembles the furtive and treacherous methods common to some crimes. It is said that the UCD's policy has always been clear and has demonstrated its Atlantic sympathies; I will not discuss this," Carrillo argued, "but I do want to say that while Mr Suarez was in power, he held the matter of NATO in suspension. And Suarez did so because he believed that it was necessary to obtain a consensus in the country in order to join NATO. This consensus has not been obtained and does not exist. Thus there is now a basic change in the UCD's policy. Mr Oreja later reaffirmed the UCD's desire for Spain to join NATO, but announced that the problem of returning Gibraltar to Spain and of Spain joining the Common Market would have to be settled before Spain could join NATO, and thus the UCD has again broken its promises to the country, since neither has Gibraltar been returned to Spain nor have we entered the EEC." Carrillo continued: "Mr Calvo-Sotelo, in discussing Spain's membership in NATO, later announced a meeting with political parties; so far as I know--since he has not discussed this matter with us--thus far he has apparently spoken only with the leader of Popular Alliance. This means that the UCD has systematically broken its promises to the Spanish people concerning membership in NATO and now, furtively and treacherously, I repeat, it is thinking of resolving the matter by means of a vote requiring a simple majority in a parliamentary debate that will not enable the country to get a clear idea of the seriousness and significance of this issue."

Europe as Possible Theater of World Conflict

Concerning Spain's membership in NATO, Carrillo stressed that "it is not so much a question of opposition to NATO as a defense of what we consider to be the national interest and the interest of peace." Immediately afterwards, he thwarted the ploy of those trying to link the PCE to an anti-NATO operation of Soviet character. In this regard, he said that the PCE's position "has nothing to do with the USSR's position. We stated in our congress that the international class struggle will not take place through the confrontation of the two existing world blocs but through their elimination. Thus there is a fundamental ideological and political difference with the official Soviet position." Santiago Carrillo pointed out that proposals had been made to the USSR and the Warsaw Pact countries to take the initiative, even including accepting a schedule for "putting an end to military blocs and military bases." This proposal has so far not received a favorable response, because we are afraid that both the United States and the Soviet Union do not want to eliminate military blocs at this time, and not so much for strategic reasons as for political reasons, for power in spheres of influence in the world." Carrillo said later that he had taken advantage of these holidays to tour nonaligned countries, "to emphasize the PCE's position of nonalignment." He was then asked what was the most important

aspect of Spain's entry into NATO and at this point Carrillo explained the idea that the zone of conflict, which has so far been located in the Third World and certain outlying areas where the contradiction between the two blocs was more acute, is now moving toward Europe. "The European continent is a vital continent and if the contradiction between the two superpowers intensifies, it may cause a world war."

Neither NATO nor U.S. Bases

"In that sense," Carrillo continued, "both the Soviet missile installations and the West's planned deployment of missiles in Europe, as well as the production of the neutron bomb--already underway by the United States, clearly indicate that Europe is becoming a theater of confrontation between the two superpowers. This would simply mean the disappearance of human life in Europe and, with the neutron bomb, the preservation of real power. And afterwards, I don't know whether it would be the Russians or the Americans, they would come to repopulate Europe. But in any case, it seems to me that it is not so important for us Europeans to know who would repopulate our continent afterwards as it is to prevent Europe from being annihilated in a nuclear war." At a time when five northern European countries are banning nuclear weapons, the PCE general secretary noted, Spain, under Calvo-Sotelo's leadership, is deciding to join NATO, "and thus Spain will become a nuclear base. And our frivolous, aristocratic minister of foreign affairs had better not tell us that if Spain joins NATO there will be no nuclear weapons here, because if Spain joins NATO it is obvious that it will assume the commitments of any NATO country and there will be nuclear weapons here. Spaniards should not be deceived; the reality is that at a time when trends toward independence from the two superpowers are becoming more pronounced in all European countries, this is the time that Mr Calvo-Sotelo and his administration have chosen to make our country a member of NATO. I don't know whether anyone has been told why we are joining NATO now," Carrillo wondered, "but I have not yet come across any explanation." Carrillo then proceeded to examine the UCD report on the significance of NATO. "This is a report," he said, "which does not defend membership in NATO. It is a report against the U.S. bases installed in Spain, because among other things, this report states that the cold war has not ended and that Spain would not be safe because U.S. bases would be Soviet targets. And then throughout the discussion, it states that by joining NATO we would not be taking any risk other than having American bases in Spain. Well then, the solution is not to join NATO," Carrillo said, "but to eliminate American bases in Spain and if any conclusion can be drawn from the UCD report, it is exactly that."

Strategic World Balance Upset

On the international level, Carrillo stressed the obvious inadvisability of our country's membership in NATO and argued this position from several standpoints. "Spain's entry would upset the present strategic balance, which is one of the components of this fragile world peace. And one of the things that worries me," he continued, "and worries me a great deal, is that Spain's entry into NATO could indirectly cause, and even justify to a certain extent, the interruption of that very important process of reorganization which has been taking place in Poland in recent months. I believe," he added, "that this factor cannot be underestimated and that if that logic of blocs is being introduced into our continent, Spain's membership in NATO could directly jeopardize the process of reorganization in Poland."

With regard to Spain's domestic situation, the Calvo-Sotelo administration's planned action, according to the communist analyst, would only intensify the many problems "capable of dividing Spaniards." And at this time the issue of NATO "introduces another divisive factor which is even much more serious," Carrillo said. "I doubt very much that it would be possible to continue a policy of agreements between the opposition and the government if Spain joins NATO in the manner in which the government wants it to do so. I doubt that very much. And I refer only to the manner," he added, "because the voting system, requiring a two-thirds majority for approval, has been used for issues much less serious than this and in this instance a simple majority will decide the country's fate. We have demanded a referendum. We consider it essential that such a serious prospective choice be made at least with citizens' approval and regarding this issue, which is not just any international agreement but a much more serious one, in our opinion the constitution would require a vote of the people. We believe that if Spain joins NATO without such a popular vote, that will be a low blow to the country's will and future by an irresponsible government."

Scandalous Policy of Minorities

"We wonder," Santiago Carrillo continued, "about the government's honorable gesture of rejecting what it calls Soviet meddling--in reference to the NATO report. Concerning that gesture, which we could support, we wonder why Mr Calvo-Sotelo's government does not show the same self-respect in regard to constant U.S. meddling in Spanish politics. Why give in to U.S. demands, for no one can convince us in any way that membership in NATO would be in the UCD's interest. We think that NATO membership will make the UCD's problems worse, i.e., that the UCD is hurting itself to some extent by supporting membership in NATO, in view of the prospects of elections which would grant a majority to the forces that have opposed such membership, and that is why the UCD does not want a referendum. Why is the UCD doing that? If it is not in the party's interest, what obligations do Mr Calvo-Sotelo and Mr Perez Llorca have to the United States to make such a serious mistake, even from the standpoint of the UCD? In a situation," he continued, "in which democracy is fragile, with a government that cannot last much longer because it is not strong and stable and whose future is not secure for very long, I wonder why a weak government without authority and without a future is making such a serious decision for Spain." Santiago Carrillo went on to criticize the position "of some parties, such as the PNV [Basque Nationalist Party] or Catalonian Convergence and Unity, which are accepting special government concessions to their policies in exchange for voting in favor of joining NATO. I consider scandalous such action of selling political positions in exchange for concessions, of jeopardizing the future of Catalonia and the Basque region, which are part of Spain's future, for insignificant or even important concessions to their parties' policies."

An Issue of the People More than Anyone Else

"I want to believe that there is still time for all of us to think about this during the days remaining until this matter is discussed and to think seriously before taking any action," Santiago Carrillo said. "We are prepared to stress the need for more thought and to participate in collective discussions with other parties, in a calm and reasonable discussion of this issue, but in the meantime," Carrillo stated unequivocally, "we are also prepared to utilize all the possibilities offered to us by the constitution for mobilizing the masses against a measure affecting the life

of Spain, the life of Europe, which all of us apparently want to lengthen, and the life of the world.

"We are prepared to turn to the people," Carrillo continued, "and to denounce attitudes such as that of the president of the Senate, who has said that this issue is not one for the common people but for the elite. But if there is a world conflict," he emphasized, "a nuclear conflict, those who will die are the common people and some of the elite, although some may perhaps save themselves in fallout shelters, but the common people will die and they are the ones who have more right than anyone to participate in making a decision of this kind."

Carrillo concluded by saying that if an attempt is being made to find scapegoats for the colza oil disaster in the event of a crisis, the PCE would not participate in such a game. "It is not just Mr so-and-so who is responsible for what has happened. If there is a crisis," he said, "the entire government would have to resign and in this country there is a solution, a solution which has already been proposed ...." Carrillo is referring to a coalition government.

Gonzalez Opposes

Madrid EL SOCIALISTA in Spanish 9-15 Sep 81 pp 16-18

[Interview with PSOE General Secretary Felipe Gonzalez by EL SOCIALISTA; date and place not specified]

[Excerpts] [Question] The government's attempt to make Spain a member of NATO, its attempt to introduce private television and the problem of toxic pneumonia suggest a fall confrontation between the PSOE [Spanish Socialist Workers Party] and the government. How far are the socialists thinking of carrying the political confrontation? Could this confrontation affect the agreements on autonomy? Wouldn't the Socialist Party be acting in a contradictory manner by criticizing the government and supporting it at the same time so that it does not collapse?

FELIPE GONZALEZ: There is a definite possibility of a harsh confrontation this fall between the PSOE and the government over some of the issues mentioned. This confrontation could also occur after several months of dialogue and negotiation which have involved not only the government and the PSOE but also, in another area, trade unions, employers and the government. This situation is sometimes not very clear to the average citizen, who does not have an adequate explanation of the facts. You have just mentioned three issues, followed by three questions. First of all, the PSOE is aware that the democratic process is still not strong. In February, therefore, it offered the candidate for prime minister a full-majority government capable of assuring the protection of democratic institutions and dealing with Spain's basic problems: the economic crisis and unemployment; developing autonomous government and fighting terrorism and attempts to overthrow the government. As is well known, this offer was not accepted by the government, which has in turn proposed negotiation on some of these major problems. The Socialist Party endorses the socioeconomic negotiations known as the National Agreement on Employment and also accepts negotiation of autonomy issues and community financing, together with significant administrative reform issues. Our idea has been and continues to be the same. In a situation like Spain's, a great effort has to be made to solve the country's problems through valid agreements while

trying to avoid unnecessary confrontations over nonpriority issues or ones which are not very important for strengthening democracy and modernizing the government and society.

Thus of the three controversial issues mentioned, NATO and private television have been voluntarily introduced by the government without any clear explanation of their applicability or necessity for present-day Spain. The third issue deserves a different approach. We are not going to change the agreements reached on autonomy, administrative reform or financing. We don't want to get involved in dangerous provocations or in unbecoming exchanges between political officials, but we will naturally defend our positions to the end. And there is no contradiction other than the one which the government itself is seeking and which we must accept while trying to clarify what is behind this entire operation.

[Question] But ... what is behind it?

[Answer] With regard to NATO, it should at least be said that we are in no hurry to make a decision--perhaps the Americans are. Why is the government, aware that the issue is dividing Spaniards, provoking a debate in a delicate situation? Why is it ignoring public opinion, saying that there will be no referendum regardless of the number of signatures collected? With problems of unemployment, a political crisis and involutionist threats, why does Spain in 1981 need to become part of a multilateral military bloc?

[Question] Let's get back to the issue of Spain's membership in NATO. The PSOE's campaign, including its slogan "Not NATO Right Now," has been accused of not being very firm or of using nuances to soften the socialists' position ....

[Answer] The party's position is clearly against Spain joining NATO and will not change unless the Spanish people decide otherwise, in which case we would respect their decision. Some people would like the socialists to conduct an anti-NATO campaign so that they could slander or attack us and it annoys them that we are stating clearly and very calmly that in our opinion NATO is a reality in a world divided into military blocs, but that we do not want Spain to become part of a multilateral bloc. Despite this clear and firm position, some people would have others believe that we would accept the decision as a foregone conclusion, reducing our position to a mere gesture. They are mistaken. If we win in 1983, we will bring up this issue so that the decision, of which the Spanish people are today being deprived by the government, can be made under our supervision. In our campaign of information, opposition and demand for a referendum, we have tried to express not only the position of those who are against joining NATO but also of those who are undecided and want to be informed, and even of those who, although they are in favor of NATO membership, want the decision to be made following a citizens' referendum. Finally, we are also speaking to those who believe that there are issues that are much more important for Spain and that the debate on NATO can wait. This shows that we are not conducting a simplistic campaign.

The irritation of certain government neo-NATO-ists over the PSOE's decision to inform the people and to petition for a referendum is peculiar. They have even gone so far as to say that what we are doing is deceitful and that they will make us a member of NATO regardless of the number of signatures collected. I have never seen a more antidemocratic contempt of citizens.

PSOE's Publicity Campaign Against

Madrid EL SOCIALISTA in Spanish 9-15 Sep 81 pp 22-24

[Article by F. C.]

[Text] The slogan of the socialist campaign begun last week to make possible a referendum on our entry into NATO accurately reflects the PSOE's position in trying to stop the dizzying obstacle course which the Calvo-Sotelo government has apparently entered in order to achieve its coveted goal: making our country part of a particular military bloc, at a rather unfavorable time and without any advantage in return.

The method which the administration has selected is the easiest and, in principle, entails fewer problems: parliamentary approval by a simple majority. The other way, i.e., the application of an organic law, would require an absolute majority of both houses of parliament, something which could undoubtedly jeopardize the current prime minister's NATO plans. This risk would derive not only from the opposition of leftist parliamentary forces to Spain's membership in NATO but also from the position that would be taken by the UCD's social-democratic faction, which is part of that party's most progressive wing.

As the PSOE general secretary, Felipe Gonzalez, pointed out during a press conference last week, the administration is prepared to dodge the required obstacles in order to expedite the procedure for our country to join the Atlantic Alliance. Any citizen following, with a little attention, the governmental process of achieving this goal could see that the same Leopoldo Calvo-Sotelo has, together with his administration, started a race against the clock without the essential minimum requirements. "If he could use a decree for joining NATO, he would do it," Felipe Gonzalez said. Actually, as the socialist leader noted, the government's aim is none other than to avoid public opinion as much as possible by rejecting a debate and the ensuing referendum.

Exit as Well as Entry

If the government ultimately manages to smooth the way for Spain's entry into NATO by the simplest and, at the same time, least responsible method, our country's hypothetical exit from that military bloc would be decided by the citizens by a referendum, assuming that the current leading opposition party obtains the necessary governmental means to make that possibility a reality.

"If the government does not accept a referendum now," Felipe Gonzalez said, "the PSOE would be forced to submit that decision to a referendum when it gets the chance to do so. Contrary to what is said, there is no enthusiasm among the vast majority of European governments over Spain's membership in NATO. Not because of such an entry itself, but because of what this implies from an international standpoint. In every European country," Felipe noted, "there has been an increase in domestic tensions in connection with the new Reagan era. European governments are seriously concerned about this. The great paradox is that when one government happens to make a statement against our joining NATO, it is rightly said that this is meddling in Spanish internal affairs. But when someone happens to make a statement in favor of entry, it doesn't occur to anyone to say that this is interference with our sovereignty."

If we look a little further into the procedure which the government party is trying to follow for making us a member of NATO--by means of constitutional article no. 94.1 --we note more paradoxes. Thus, for example, a two-thirds majority in the Chamber of Deputies is required for the members of the RTVE [General Directorate of Spanish Radio Broadcasting and Television] board of directors to make a decision. But in order to join the Atlantic Alliance--a much more important step from the national standpoint--only a simple majority would be required, by no means satisfying the requirement of any organic law.

What are the objective factors causing the government to settle an issue of such political importance so quickly? The average citizen does not know, while opposition political factions make more or less accurate guesses. Perhaps the present secretary of state for foreign affairs, Carlos Robles Piquer, has the answer. He states cheerfully that "the United States is more generous with countries which have agreed to be members of the Atlantic Alliance." According to Felipe Gonzalez, it is obvious "to everyone" that there is American pressure: "Well, I think that the government should know how to handle U.S. pressure in order to protect Spanish interests. I would consider it unfortunate," Felipe Gonzalez said, "for the administration to allow itself to be pressured in this way. The Spanish Government's haste is a haste that is typical of the Spanish Government," he added ironically.

Purpose of Campaign: To Inform

To combat this NATO "fever" from which the present Calvo-Sotelo cabinet apparently suffers, the leading opposition party has started a government-level campaign whose main purpose is to inform the public about everything concerning the Atlantic Organization. As the current PSOE secretary for press and propaganda, Guillermo Galeote, pointed out in the same press conference, it is a matter of offering citizens true and reliable information about the possible consequences of Spain's membership in NATO. "The campaign's slogan--'Not NATO Right Now'--reflects our position as a party and also makes it possible for people with doubts in this respect or with different views to agree with us in the event of a referendum."

The socialist initiative includes publicity coverage providing for 1,325 information booths throughout the country, 125,000 posters, 1 million triptyches, 1.5 million stickers with the basic message and 50,000 informational brochures answering questions which any citizen might have about our membership in the alliance. The most important part of the campaign is concerned with the rallies, meetings and other public demonstrations which the PSOE intends to organize throughout September in every corner of Spain. In addition, thousands of tables would be set up to collect the signatures of people petitioning for a popular referendum.

The announcement made by the minister of defense, Alberto Oliart, concerning Spain's outlay for joining NATO--about 8.000 billion pesetas annually, based on official figures--coincided with the beginning of various public campaigns organized by other parliamentary forces. The PCE general secretary, Santiago Carrillo, thus joined in his party's initiatives from the studios of Yugoslav television. The UCD in turn opened its campaign in favor of joining the alliance, while having to cope with the divisions which the debate over this issue is causing within the party. As for the positions of other groups, they can be assessed clearly on the basis of their conduct in the Assembly of Spokesman, which met last week. When the time came for approval

of the steps taken by the government to obtain membership in NATO, the Mixed Group abstained, while Basque and Catalonian nationalists requested an opinion from the chamber's legal department. Marcos Vizcaya (PNV) voted with the left against referring the membership proposal to the Foreign Affairs Committee. The CD [Democratic Convergence] position has so far been to support the government's initiative, with the exception of the positions of Antonio de Senillosa and Jose Maria de Areilza.

Referendum Necessary

The PSOE is the only party at the present time that is clearly advocating a popular vote to decide on our entry into the Atlantic military bloc. The importance and significance of this issue demands such a solution.

"The people are the ones who must decide," Felipe Gonzalez said. "The vast majority of countries joined at the time that the treaty was signed in a very special situation. Those which have joined since, such as Germany, had a geostrategic situation completely different from Spain's. Even Germany, by such action, recovered part of the sovereignty which it lost following World War II and part of its political autonomy. But Spain's entry into NATO," Felipe Gonzalez said, "means membership in a multilateral military pact of much greater complexity. The issue concerns the security of 36 million citizens and the referendum could therefore be introduced quite simply. It is an historic change with serious consequences and could logically be put to a vote. What is more, we have demanded that if this issue is not directly put to a vote by means of a referendum, it will at least be put to a vote indirectly through a debate in an election campaign. The Spanish people will have to decide whether or not this is an issue which tips the balance of power in one direction or the other," he emphasized.

Opposed Interests

One of the arguments which the government has been using more forcefully--with the minister of defense in the forefront, so that the public will look favorably on Spain joining the alliance, is that of strengthening our defense system against possible conflicts abroad. What the administration has not yet explained is the basis of this argument.

"So far," Felipe Gonzalez said, "no one has been able to provide a single argument that Spain's security would be increased by our membership in NATO. Spain's potential sources of conflict do not even correspond to the Atlantic Pact's potential sources of conflict. The national defense system would therefore be a system that at least does not correspond to the defense system which NATO membership would impose."

With regard to defense policy, Felipe Gonzalez thinks that one of the major problems with bilateral relations between Spain and the United States is that the latter is not totally committed to any conflict of war occurring within our country. "Spain's defense policy," he added, "must be oriented toward potential sources of conflict. These sources do not totally correspond to NATO's potential sources of conflict. The defense system has to be differentiated. Moreover, the bilateral treaty with the United States has always been considered a favor by the latter to Spain. It is time to consider that, in any case, there are opposing mutual interests."

Among the paradoxes which Spain's hypothetical membership in the Atlantic Alliance could produce, Felipe Gonzalez finally pointed out one of an historical nature. "We could sign a treaty and thus be militarily allied with countries such as England, which has a colony on sovereign Spanish soil as a military base. The paradox could be carried to its extreme. British interests could feel threatened by foreign action against Gibraltar and Spain would be obliged by the treaty to take steps to protect British interests. If the government manages to obtain the approval of parliament, we hope that it will do so with enough dignity to bring up, throughout the request for NATO membership, the necessity of the allies' recognition of Spanish sovereignty over Gibraltar. The United Nations has already done this."

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FDP EMPLOYMENT PROGRAM BASED FIRMLY ON MARKET ECONOMY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Oct 81 p 13

[Article: "FDP Policy to Be Firmly Based on Market Economy--Employment Policy Program Defined--'Small Party Conference' in Mainz"]

[Text] Mainz, 25 October--As far as the FDP is concerned, a growth in overall demand is a mandatory prerequisite for an improvement in the employment situation. The key issue for a liberal strategy toward more employment must therefore constitute measures for stimulating private investment, rather than disbursement of public funds. A stable set of circumstances, it is said, is just as important as are incentives for development and innovation and the removal of obstacles to investment.

In publishing its "Guidelines for a Liberal Program to Overcome Unemployment," the FDP has come out unequivocally for an employment program firmly based on market economics. The Main Federal Committee, the top level party executive body between party conferences, which last Saturday discussed these subjects in Mainz, largely approved a proposal by the leadership with a large majority. Supplementary proposals, especially those by the Saarland District, even served to reinforce this market policy based course. In a relatively extensive analytical portion concerning the causes of unemployment, it became especially clear that the neglect of market economy fundamentals, especially the overburdening of employers with salary and social costs in addition to structural difficulties, had significantly contributed to the loss of existing jobs and to an insufficient growth of new ones.

At the end of the Main Federal Committee's session, Minister for Economics Graf Lambsdorff indicated his great satisfaction over the large majority with which the party had supported the market economy position of his program. In a long introductory statement, the minister for economics had already given a brief version of the FDP program. The applause he received indicated, even prior to the start of the discussions, that Graf Lambsdorff's views would be accepted.

The agenda for the Mainz meeting also called for a discussion of the budget. The delegates complied with the request by Deputy Federal Chairman Wolfgang Mischnick, who had opened the meeting in the absence of chairman Genscher who had not yet returned from Cancun, not to enter into a debate of details on that Monday in view of the deliberations of the coalition. The announcement by Federal Minister of Finance Matthoefer on Saturday morning that a DM 10 billion Bundesbank surplus would be available to balance the budget, served to eliminate a potential point of contention, namely whether or not the Federal debt should be further increased.

According to Lambsdorff, an increase in the Federal debt was no longer a theme of discussion for the coalition debates either; the remaining was too insignificant to warrant that, he said.

Nevertheless, the newly issued guidelines state that additional indebtedness cannot be tolerated. The FDP specifically disdains "short-term prosperity" programs, financed by loans or higher taxes, which would have to compete against private investors on the money markerts. Conservative financial policy is considered to be a "basic prerequisite" for establishing credibility which is necessary for an improvement of the economy; "drastic restrictions" in government spending, the guidelines state, are one means toward that end.

Lambsdorff: Salaries Have Increased Too Much

In his introductory remarks, the minister for economics had already mentioned some "sensitive issues," which however must no longer be permitted to remain unmentionable. He was speaking of the distortions in the salary structure, provoked by the large proportion of salary costs in comparison with capital expenditures; exaggerated pay to nonproductive as compared with productive workers; and the temptation of earning more by drawing unemployment compensation while doing unreported work and "other tricks" rather than through normal employment. He appealed to the ethics of all groups concerned; one's own efforts and performance, rather than luck and government decrees, he said, could turn the employment picture around.

In this context, the minister for economics once again challenged the responsible parties to "fix salaries realistically in accordance with the situation." They were well aware of the change in economic conditions; but Lambsdorff considers salary increases of the last 2 years to be too high. "Employers who want to and should make investments, must make a profit."

The proposal concerning a shortening of the lifetime employment span was reduced to a marginal role. Lambsdorff spoke of a "tangential" measure which should be thought about, along with others such as job sharing. The FDP apparently wants to give greater emphasis to a discussion of a waiting period prior to resuming salary payments in case of illness; this would be an important means of making the employers' cost burden bearable once again. However, to implement this, the legal and salary scale policy prerequisites would have to be well clarified in advance.

9273
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FIAT 'WHITE PAPER' ON PRIVATE, PUBLIC INDUSTRY COOPERATION

Rome IL FIORINO in Italian 6 Oct 81 pp 10-11

[Text] Automobile, steel, telecommunications: three plans for the "Italian System." The proposals originated with FIAT and are addressed to the State Participation sector. The idea is a concerted effort to get out of the recession by all the key movers of the economic system.

There are three sectors of the economy among which, according to FIAT, it is possible to construct a strategy of collaboration between public and private enterprise. They are the automobile industry, specialty steels, and telecommunications, all three of them of unquestinable and fundamental importance to the "Italia System."

So as to provide a detailed introduction to its proposals, the Turin automaker has prepared an "explanatory contribution" which sums up the status of each sector and cites some possible guidelines leading to meaningful collaboration in the interests of the nation's economy. What follows is a detailed summary.

The increasingly obvious vulnerability of the Italian industrial system to the new international challenges and the growing understanding, on the part of the government, of the need for implementing a public intervention policy designed more to restore conditions for genuine competition than to perpetuate a system of ineffectual subsidies, make it possible now, for the first time, to take an overall look -- from a proper perspective -- at the problems besetting our industrial system.

The recession in Italy's major industry is a fact to be reckoned with for both public and private enterprise, albeit in different ways and to varying degrees. Discouraging year-end balances, inadequate self-financing, difficulty in protecting market shares, particularly abroad, growing technological dependence, and the need to cut back on jobs are the most visible evidence of the deepening troubles of big business. The endemic nature of this recession, which affects almost all of the major sectors of industry (steel, telecommunications, chemicals, automobiles, etc.), suggests that it has at least some structural causes both in-house and external, which are common to all sectors. A number

of startling changes in the international environment, such as: the dwindling of the initial postwar development cycle in Europe, the collapse of the international economic order based on the stability of the dollar, and the emergence of a new international division of labor have had an intensified impact on our country's productive structure. The disparity in per-capita income between Italy and the other leading members of the European Community has widened appallingly over the last decade.

The causes for this weakness, which reflects our "2-speed Europe," are clearly identifiable: the failure to adopt common policies at the European level consistent with the maintenance of market unity; our own political, social, and labor behavior, so widely disparate from that of Northern Europe; industrial policies which are markedly divergent insofar as support for the processes of streamlining and innovation are concerned; fiscal policies which, in Italy, tend to weigh more heavily on production than on consumption and on industry than on the other sectors of the economy; the overall effects of "retarded development" on the context within which we must operate (the educational effort, the research effort, the efficiency of the civil service, etc.).

In short, the unification of the European market has not been accompanied by common policies and by adequately concerted production. That failure triggered a competition among "national systems" within a customs union, and subsequently an environment very unfavorable for the "Italy Ststem." This was how there came to be a rapidly shrinking market share for Italy by comparison with the other countries, which would have called for expeditious and massive rearrangements to achieve major dimensions within specialized product/market segments. What happened instead was overlong persistence in a dispersive and fragmentary industrial policy, surrendering to recalcitrant behavior on the part of organized labor which made any such rearrangements all but impossible and which, in some instances, provided a ready-made alibi for sporadic conservatism on the part of management.

Clearly, there can be no further delay in reworking the industrial fabric in our country, under pain of seeing Italy's entire productive system dropped out of the European competitive context, which is the only one that can promise the development of corporate dimensions on the scale of those in America and in Japan. Full participation by Italian industry in the new European division of labor must be pursued relentlessly, but also without any featherheaded gun-jumping, like buying up foreign companies which do not fit into a logic of expanding industrial synergy, but tend, on the contrary, to onfuscate and put off facing the structural problems besetting our corporations.

Italian industry cannot aspire to anything but second-level collaboration within the sphere of Europe's industrial restructuring process without first resolving the thorniest of the internal problems that hamper its development.

Any strategy aimed at maximum competitive stance, including a more rational deployment of effort; at achieving greater economies of scale, and at remedying the scattering of financial and managerial commitments

must perforce involve both our major privately owned corporations and the flagships of public enterprise. Collaboration among them is clearly a necessary transition toward fuller insertion of Italian industry into the European context, and it will turn out to be the smoother the sooner the stated goals for State Participation companies are achieved: return to their original reason for being, restoration of their financial health and their ability to attract private capital, adoption of stringent waste-cutting practices by management, etc.

This was the general baseline aupon which the recent agreements between FIAT and IRI were reached, calling for a joint study of the feasibility of plans designed to:

* maximize economies of scale in the automobile industry through agreements to specialize and exchange [parts and assemblies] between FIAT Auto and Alfa Romeo;

* achieve reorganization of the steel industry according to both our national objectives and Community guidelines, with particular emphasis on the specialty steels producers;

* improve the chances for an Italian system in telecommunications through collaboration and specialization agreements between Telettra and Italtel.

These three projects are, furthermore, prime examples of the way the whole issue of competition should be approached in a sector like the automobile industry, where we clearly see the full-fledged phenomenon of the interdependence of the world economy and there is increasing development of intra-sectoral trade across national boundaries; in a sector like steel, where Europe still has a costly surplus of productive capacity that must be dealt with; and lastly in a cutting-edge sector like telecommunications, where there is increasingly obvious need for a European effort in response to the challenge from the most advanced industrial powers.

These three major FIAT-IRI plans come in addition to other agreements which have made it possibile to make Ansaldo the locomotive power in the nuclear area, to give FIAT Aviation the leadership role in military engines and to improve the supply structure in the rail transport sector through further specialization in the basic missions assigned to FIAT Ferroviaria Sevigliana and to Ansaldo Transporti. These agreements were made possible by the common awareness of the strategic problems facing major Italian industry, which is determined to use this means of laying the groundwork so that necessary government intervention in their support will come in the form of genuine and meaningful investments and will not contribute to a continuation of the present welfare policy for industry's basket cases.

We can get out of this recession with a coordinated effort on the part of everybody who helps make our economy run. The unions will have to grasp the fact that true job security lies in the company's ability to

compete in the marketplace, and therefore to refrain from invoking casuistical opposition to block measures vital to plant conversion and to the recovery of incentives to productivity, Clearly this is going to involve high social costs for reconversion. That problem must be faced and dealt with by the political parties and the unions at the national and Community level.

Lastly, the government must lay down specific guidelines for intervention, designed to stimulate, encourage, and support the reorganization processes. Specifically, it must support the specific innivative efforts upon which depends the competitive capacity of significant areas of a modern industrial structure; this is particularly crucial at a time when the great competitive battle is being fought on the ground of technological challenge. Furthermore, only the government can meet the very urgent need to make public spending cost-effective by upgrading the services and the productivity of this tremendous mass of resources. All efforts to increase productivity in private industry will go for naught unless a major portion of the national income created by government spending sets itself the same goals.

If these conditions are met by industry, by organized labor, and by the government, we shall still have the necessary conditions for Italy's arguments on behalf of its claims to carry greater weight and cogency in the Community forum, particularly insofar as concerns completion of the second phase of the EMS with the creation of a European Monetary Fund, expansion of the Community's budget for industrial, social, and regional policy, and the extension of access to Ecu loans on a Community, rather than a bilateral basis.

Just as, at the national level, adoption of integrated industrial strategies constitutes the foundation for credibility for constructive rather than bail-out public intervention, so at the European level Italy's adoption of behavior consonant with its historic decision to join the Ems will provide the necessary premise for an influx of European capital, public and private, in support of believable industrial projects in our country.

Three Ideas for Making Our Steel Industry Work

Over the last two decades the Italian steel industry has grown at a far more rapid rate than those in other countries, propelled by the growth in domestic consumption which has risen from fourth to second place in Europe. Although production has risen faster than domestic consumption, the production::consumption ratio is among the lowest in the Community.

The growth in the steel industry has affected common steels primarily, since its share of specialty steels vis-à-vis the total output was the highest in the Community as early as 1960.

Even today, as a result of the change in classification which took effect in Europe in 1976, granting a broader interpretation of the term "specialty steels," Italy is at the top of the list in degree of specialization.

Furthermore, production of specialty steels in Italy is more decentralized than in other EEC countries. There are in fact no fewer than 65 producers, only 16 of whom produce more than 20,000 tons per year. A significant index to concentration can be found by the quota of the top four Italian producers in the total of specialty steel produced in each country. That share is 70 percent in Germany and 66 percent in France, while in Italy it is 58 percent. The decentralization of the Italian steel industry is particularly costly in those areas of non-alloyed or mechanically alloyed specialty steels, where possible higher volume of production would allow utilization of more economical production technologies.

The low competitive stance referred to earlier is borne out by the annual reports on sales of semiprocessed steels, which shows a steady decline over the years with the steepest decline coming in the higher-priced products.

This scattering, furthermore, is one of a number of fairly important causes for the difficulties encountered in translating the opportunity afforded by the size of the Italian market into improvement in its competitive position.

Actually we find only one Italian producer of specialty steels in a position of leadership at the European level: the microalloy steels in which Insider heads the list, with output twice that of the number-two European producer, Usinor; Piombino turns almost as much non-alloyed steel as does Krupp.

The concentration level is not so much of handicap in the area of stainless steels.

Another aspect typical of the Italian steel industry is the remarkable proportion of electric furnace production to the total of steel poured, which has risen from 40 percent in 1960 to 53 percent in 1979.

The accompanying trend in the cost of energy sources and raw materials used in the electric furnace and in the closed cycle respectively is making the former steadily less attractive by comparison with the latter.

Furthermore, Italy is severely handicaped by comparison with the other Community countries because of the persisting prevalence of oil as a fuel rather than nuclear power and coal.

These built-in factors of weakness, when applied to specific corporate pictures, are readily perceptible in their profitability indices.

If we leave aside the investment financing procedures, which involve indebtedness relationships, with respect to corporate capital, which are abnormal, particularly for the public corporations, at the yield level (before taxes), we find on the whole a better situation for common than for specialty steels. The latter show profits only in situations of high concentration/specialization (mainly in stainless steels.)

The low and still declining competitive position of the specialty steel area looks the more alarming in that it is rapidly making the transition from a relatively closed setting of national markets into one of greater integration.

It is precisely this wider opening of markets that suggests we start looking right now for some kind of integration between Teksid and Finsider, which together constitute Italy's greatest presence in the world specialty steels market.

FIAT steel, which has historically concentrated on products for the automobile industry, has responded to the opening up of markets with a reconversion to the free market, accentuating its concentration on specialty steels. Finsider, on the other hand, which was involved in specialty steel production only for a few heavy production runs, has moved full-steam into the specialty sector in the wake of its take-over of the former Egam companies (Cogne and Breda).

The two majors, Finsider and FIAT, born in an Italian context, now stand in need of a thorough checkout in the European context. Both of them right now display heavy handicaps both in terms of corporate dimensions and in terms of plant design. As for the dimensional problem, integrated management for Teksid Accaiai, Breda, Cogne, and Acciaierie Piombino would bring marked improvement into the corresponsing scale indices with the European leaders in each segment.

As for plant design, a merger between FIAT and Finsider might allow: maximum utilization of the total cycle (Piombino) to produce the the specialty steels for which the electric furnace is not technically or economically indispensable; plant redesign and specialization for the remaining electric furnace capacity of the remaining capacity in the various plants; concentration of rolling production in the most productive plants. This would also make room for a lot of synergy in the research area, not to mention economies in supplying the market: all of these are aspects critical to carving out a niche of its own for Italian-made specialty steels in a context of European and international specialization.

Stated in practical terms, the merger proposal could be broken down into three modernization plans:

1. Making Teksid Acciai's general-purpose rolling-mill lines part of Insider. Teksid's cold-rolled sheet steets in broad widths is an intermediate phase between hot-rolling (which would be made bart of the upstream blast-furnace part of the steel cycle) and processing for downstream end users (like the automobile industry, home appliances, commercial sheet and tubing, etc.).

Compound-laminate cold-rolling in every European country nowadays ends in downstream integration for all producers, as part of an integrated cycle. FIAT's presence in this phase of steel processing was a reflection of its strategic importance to the automobile industry in an economic and industrial context which has long been outdated.

The way the markets are opening up, as well as the reliability rating lately achieved by our nation's publicly owned steel industry, make it feasible today to fit the cold-rolled steel phase into the Italsider constellation: to make it, in other words, part of a more natural matrix for shaping a productive, market-oriented system.

Make Teksid Acciai's wide-sheet cold-rolling operation part of Terninoss. The stainless steel segment these days is the one area in which the Italian steel industry maintains the most advantageous stance. However, as we have already seen, the current fragmentation diminishes the competitive position of a good many firms. Merging Teksid's stainless steel operations with the state-owned steel companies under the standard of of Terninoss -- already far and away the most outstanding company in the industry -- would make it possible for Italy to boast a steel industry of dimensions very close to those of Europe's leading combine (Ugine), and to pocket considerable savings in investment, not to mention simultaneously putting the nation in a better position on the market, especially on the foreign market.

Establishment of a mixed-economy corporation for extra-long special steel products. The plan to reorganize production of extra-long special steels involves Teksid Acciai Speciali, Nuova SIAS, and Acciaierie di Piombino. Piombino, because of its heavy common steel output, might not even be brought into the nes mixed-economy corporation, but might instead retain an autonomous position inside the Finsider conglomerate. It is nevertheless worth emphasizing the point that Acciaierie di Piombino will, in any event, have to act as the vital rallying point for the other two companies in the reorganization process, because they can provide an outlet -- in the lower grades of special steels -- for the closed-cycle process which, for an equal level of efficiency, is unquestionably the more economical.

Implementation of so decisive a program -- and studies are already under way on several possible solutions -- will call for immediate availability of all existing or planned tools for making industrial policy in the steel sector, and especially for granting adequate premiums for capacity cutbacks consonant with Community objectives and with our own national goals.

How To Hone the Automobile Industry's Competitive Edge

Italian automobile production, which in 1967 accounted for 20.2 percent of the European total, slid back to 14.9 percent in 1979. Over that same timespan, French production climbed 23 to 31.4 percent, and Germany's ffrom 32.1 to 38.2 percent. In 1980, under the combined thrust of the astounding expansion of the Italian market (up 19 percent) and the sharp decline in the French and German markets (down 5.2 and 7.5 percent, respectively), Italy's share of total European output gained back about a point. This single datum does not change the profound alteration that has come about in the European supply structure: France and Germany now produce 70 percent of all automobiles, and thus can count on a heavy competitive edge.

The root causes for this performance, which reflects the "2-speed Europe" concept, have long been the subject of analysis and argument. Some of these causes are now abundantly clear: Italy's relative improverishment and consequent shrinkage in the relative dimensions of the domestic market; a market mix that has shifted sharply toward the middle-to-lower market areas, with consequently narrower margins; political, social, and union behavior out of step with that in Northern Europe. A heavy weakening factor, in this context, is the handicap under which Italian makers labor because they must do all research and development work on their own, without access to government programs. According to OECD figures for 1975, overall spending on R&D in the transport sector (aviation excluded) is substantially dependent on market dimensions: if we take Italian spending as a base 100, French spending stands at 151 and German at 217. And yet, if we take the share of public financial backing for all R & D in Italy as a base 100, the French index stands at 489 and the German at 309. Between 1975 and the present, there has been a major increase in government financing for research programs in France as well as in Germany, which unquestionably means that the situation has been considerably aggravated.

The challenges to innovation looming in the present decade render the absence of a public support policy that would put some muscle behind the already limited resources the Italian industry can spare on such investments even more critical.

The relatively limited dimensions of the Italian automobile industry also have an impact on the dimensions of its own input.

The efficiency of that input is weakened on the other hand by excessive numbers of small operations which prevent both achievement of economies of scale and the building of adequate self-financing capital to sustain the processes of technical and technological innovation.

Disparities in the structural makeup of markets hampers efforts to transform the domestic strong-points into European strong-points.

This means that the Italian automobile industry enjoys a sufficiently broad market for compact and medium-compact cars, which, however, find only relatively small market outlets in the Northern European markets, whereas it suffers from a narrower domestic market for its higher-priced cars, the area where FIAT and Ar, albeit with differing missions and corporate reach, are represented simultaneously with production volumes that can barely provide the underpinning for valid international competition at acceptable profit levels.

The weakening of the Italian auto industry can be measured against an index of scale based on relative production volume, which is closely related to profit indices and hence to the rates of growth that can be sustained on a self-financing basis.

As evidence of the effects stemming from the market structure differential, FIAT's index of scale (0.52) is found by averaging an index of scale equal to about 1 in the compact segment ("127"), equal to 0.5

in the mid-size segment (Ritmo "131"), and scarcely 0.3 for the big cars ("132 Beta). Alfa Romeo does not top a scale index of 0.2 in any market sector, accepting on the one hand the difficulty of challenging the mass producers in the intermediate segments and, on the other, the softness of the domestic market for the high end of the line. Overall, the "Italian system" shows a scale index of 0.4 as compared with 0.7 for Germany and 0.55 for France (the French average is affected by Peugot's low index, influenced by a product range that has yet to be combed out since the Peugeot-Citroen-Chrysler merger).

As a consequence, the "Italian system" can draw upon its own financial resources, and hence can count upon a growth capacity of its own, of a scant $1 million, as against an overall in-house financing capacity of the German and French houses of better than $2 billion and $1 billion, respectively. Furthermore, ther German and French companies enjoy a far higher potential of untapped credit since the ratio of individual indebtedness to captial is actually negative for the German firms, and only 0.6 for the French, while for the Italian makers it is well over 1.2.

The Italian industry's sorry competitive stance finds expression in the greater vulnerability of our domestic market to foreign penetration, and to the precarious position of our presence on the other European markets. Actually, in view of the fact that for a mass producer a 4-percent share of the market is the critical threshold for maintaining his distribution structure, we see here in Italy two French makers and two German makers riding comfortably above these levels: (Peugeot and Renault with 10 percent each, and Volkswagen and Ford at around 5 percent). FIAT's share is just barely above the critical threshold on the principal European markets.

For specialized producers the critical threshold is certainly lower but, even in these cases, we can see, by comparison with BMW's share of 2 percent of the Italian market and DB's share of 1 percent, a market share for Alfa Romeo on the major European markets running at less than 1 percent overall.

The steady decline in competitive standing, which has found no response in the exchange rate, has made for easier access by foreign producers to the Italian market, to the point of putting the automobile industry's balance of payments into the red.

Contemplating this critical picture, FIAT's strategy is designed to produce economies of scale within the span of a few years, and hence to boost its own competitive position to the levels of Renault and Volkswagen. Building the entire product range of FIATs on four unitized chassis and moving toward further component standardization will enabke us to consolidate our leadership in the sub-compact and compact field, to approach the production levels of the European leaders in the mid-size range, and to improve our present position at the top of the line.

There are still some critical areas in these latter two sectors, however, stemming from the predicted intensification of the European pre-

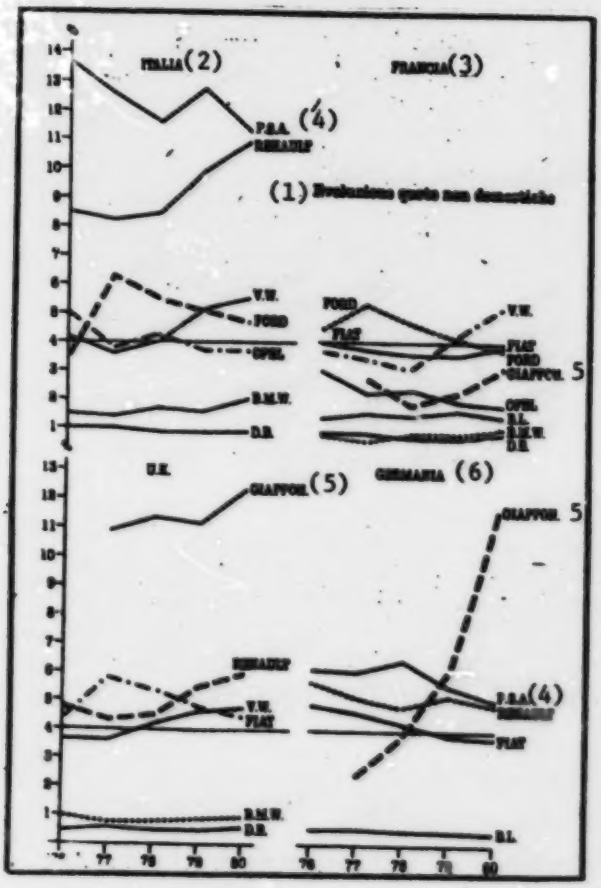
sence of American and Japanese manufacturers, not to mention the the startling disadvantage at which the largeer-size cars are placed as a result of the structural makeup of the Italian market.

Some reordering of the presence of FIAT and Alfa Romeo in these market segments would make possible further improvements in the overall index of scale of the "Italian system".

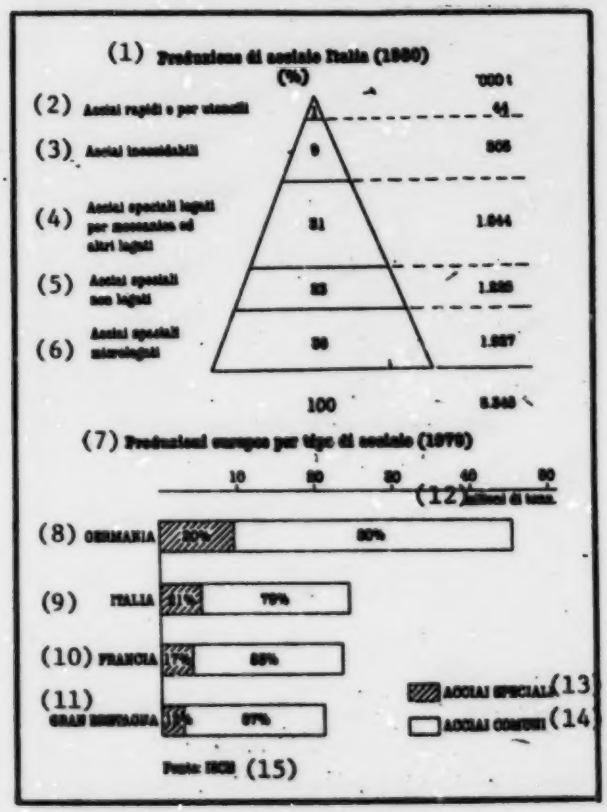
Meanwhile, FIAT and Finmeccanica have started a joint study conducted by joint FIAT and Alfa Romeo groups and designed to study routes to an integrated strategy which, while preserving the individuality and autonomy of both companies, wold make it possible to maximize the competitive position of the "Italian system." The objective both teams have in view is to achieve maximum economies of scale through combining and standardizing production of certain vehicle parts, and consequent production specialization, in those segments of medium-sized cars (where Italy can attain production levels in line with the highest in Europe) and in large-size luxury vehicles (where we could at the very least cushion the adverse impact of our structural handicap).

Any such joint efforts must be such as to conserve the features which differentiate the makes, so as to guarantee the broadest possible market opening through clear differentiation of models combined with ready identification of the maker's image and meeting the demands of every buyer profile.

The notion of cooperation between FIAT Auto and Alfa Romeo, while it does offer an overll solution to the problem of upgrading the competitive stance of the Italian automobile industry, renders still more necessary and still more urgent the adoption of industrial policy measures comparable to those long since taken in the other [Community] countries. It also ensures the effectiveness of government support to lasting insertion of the Italian industry into European and world competition, avoiding duplication of investment and wasteful scattering of resources which would be incompatible with the production levels which could readily be achieved in our country in every area of the market.



Key:
(1) Trends in Nondomestic Market Shares
(2) Italy
(3) France
(4) Peugeot, Inc.
(5) Ford-Japan
(6) Germany



Key:
(1) Steel Production in Italy (1980)
(2) High-speed and tool steels
(3) Stainless steels
(4) Special alloy steels for machinery, and other alloy steels
(5) Special nonalloy steels
(6) Microalloy special steels
(7) European Steel Production by Steel Type (1979)
(8) Germany
(9) Italy
(10) France
(11) United Kingdom
(12) millions of tons
(13) Special steels
(14) Common steels
(15) Source: Institute for Economic Studies (ISCE)

6182
CSO: 3104/21

TURKISH-WORLD BANK RELATIONS, INVESTMENT EYED

Istanbul DUNYA in Turkish 13 Oct 81 p 8

[Article by Veysi Sevig: "In Our Opinion: The World Bank and Turkey"]

[Text] In the latest report on Turkey prepared by experts employed by the World Bank, a decline in investment spending is foreseen. In this report which also includes certain restrictive proposals on the subject of investments to be realized by the public sector, particular emphasis is given to the view that the public sector should be directed only to certain basic industrial fields and to infrastructural investments, while other investments should be left to the private sector of the economy.

The report also emphasizes re-investigating certain investment projects which were targeted for realization with the aid of foreign financing sources, and it enumerates these projects one by one. In the report there are studies concerned with projects which can be considered to be of the highest degree of importance for our economy, such as the fourth Sivas Iron and Steel Complex, the Central Anatolian Fertilizer Complex, the Gezende, Derbent, and Altinkaya power stations, unit "b" of the Afsin-Elbistan Power Station, and the Ankara-Istanbul double line railroad.

One of the most interesting sections of the report, which was marked confidential, is the one dealing with the energy question. According to the view advanced in the report, the numerical estimates indicating an increase in the demand for energy through the 1980's in Turkey have been incorrectly calculated. The World Bank experts who find it imprudent to allocate the limited available resources to energy investments based on unrealistic estimates of demand increase, propose the use of existing resources to complete certain projects of high priority with construction already well advanced.

In addition, according to their view of the agricultural sector, uneconomical irrigation projects make up the majority of investments. This type of investment is nothing more than a waste of resources.

The World Bank report was formulated at the conclusion of studies carried out on the economics of our country. The World Bank and the International Monetary Fund were founded simultaneously, and the two institutions are termed "twins." The bank's functions are to secure credits which will support public works and development activities in the post-war period, to encourage foreign private capital

investments, to contribute to useful investments for the development of world resources, and to meet the capital exigencies of the less developed countries. Before opening a line of credit the bank makes in-depth investigations of the workings of a project. It is acknowledged that credit is extended to those projects which conform to the principles which the bank has adopted. Moreover, in the granting of credit a separate evaluation is made in terms of the economic policies followed by the member countries of the bank.

At regular intervals reports are prepared on the countries receiving aid from the World Bank, which is the world's largest financial foundation, and from the International Monetary Fund. If items worked up as proposals in the report are adopted by the country concerned, the necessary financing facilities are provided that country.

It is known that one reason industry in our country is working at reduced capacity is energy insufficiency. Perhaps the estimates could be in error concerning the quantities of energy which are perceived as being necessary for this year and the coming years. But the plain reality is that there is a large scale energy insufficiency in our country. It is also known that while agricultural production is being advanced in certain parts of our country, in other areas production remains inadequate due to the fact that adequate irrigation can not be provided. Apart from this, it is also extremely difficult to argue that foreseen industrial investments are not suited to the economic realities of our country.

A look at the budget appropriations reveals that in 1980 25 percent of the total budgetary funds were set aside for investments, while in 1981 it was 20 percent. But in order to speed up investment and the awarding of contracts in the last 3 months of 1981, it was decided to add a 130 billion lira supplement to the budget. It was intended that 22.9 billion lira of this supplementary fund would be assigned to departments appearing on the general and subsidiary budget, 105.2 billion lira to the State Economic Enterprises, and a 1.9 billion lira portion to expropriation services.

Preparation of the 1982 budget is currently underway. It is understood that in the investment program for next year's budget the spending of 1 trillion lira for some 7,000 public projects is planned. The budget contemplates increasing investment spending by 49.9 percent over 1981 and at the same time decreasing the number of projects by 15 percent. From studies jointly carried out by the State Planning Organization and the Finance Ministry indications are that 1982 investment spending will be particularly directed toward the completion of unfinished investments and that from among these, emphasis will be given to investments in the energy and mining sectors. At the same time consideration is being given to the suspension of certain projects in 1982. Activities connected with the fourth Sivas iron and steel complex are among the projects which might be suspended.

Ever since the years when Turkey first entered upon the stage of development it has been seeking a foreign source of financing. A country compelled to overcome hard times that now and again reach significant dimensions is forced to resolve the problems involved in obtaining financing for its economy.

In the case that an adequate source cannot be found, the desired investments are delayed. It is well known, however, that in the meantime large expenditures are directed to certain uneconomical investment projects that yield no return. It appears that realities can be seen more easily when the true state of a country and the difficulties of finding foreign resources are evaluated together.

9793
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OZAL EMPHASIZES INFLATION AS PRIMARY PROBLEM

Istanbul DUNYA in Turkish 13 Oct 81 p 1

[Turgut Ozal: "We Shall Continue to View Inflation as the Number One Problem"]

[Text] Antalya (HHA)--Minister of State Deputy Premier Turgut Ozal has stated that, "In the past 20 months Turkey has reached a period which is rather relaxed in comparison with the difficult circumstances in which it had found itself. This year in exports we shall break through the 4 billion dollar sound barrier." In indicating that 78.4 percent of the exports of the first 8 months in 1981 had been routed to Middle Eastern countries, Ozal spoke of how "the main target of our exports is henceforth the Middle East, instead of the West."

Participating in a seminar on "the possibilities of increasing exports of fresh fruits and vegetables," which was organized by the Antalya Chamber of Trade and Industry with the coordination of the Union of Turkish Chambers, Turgut Ozal spoke for almost 1 hour in comparing the situations in Turkey before and after 24 January [1980]. Noting that 20 months have passed since "the measures of 24 January" and that "the operation of 12 September [1980]" is in its 13th month, Ozal spoke as follows:

"In a short span of time Turkey has reached a period which is rather relaxed in comparison with the difficult circumstances in which it had found itself. The leading problems were scarcities, shortages, and stock-outs. Today in Turkey no good whatsoever is lacking. If inflation had continued at 1979's speed, it would have reached 150 percent in 1980. But today the speed of inflation has been slowed to under 40 percent. We saw inflation as our number one problem. and we continue to see it that way. Inflation is the main enemy of those with limited incomes and wages, of the craftsman, industrialist, agriculturist, and honest merchant. Inflation's friends are the black marketeers and all those pursuing dishonest gains. We shall never again return to those days."

A 78.4 Percent Increase in Eight Months' Exports

Minister of State Deputy Premier Turgut Ozal, in indicating that a perceptible increase in foreign exchange income had been achieved with Turkey's exports, said, "According to the figures for the first 8 months of 1981, exports have increased by 78.4 percent. The increase is continuing. We are trying to reach a value of 4.2 to 4.5 billion dollars with our exports by the end of the year. In 1964 the premier of that time Ismet Inonu, upon exports exceeding 400 million

dollars, declared, 'We have broken through the sound barrier.' And I say we shall break the 4 billion dollar sound barrier."

Exports Routed to the Middle East

On the subject of exports Ozal spoke of how Turkey has been linked for many years with the Common Market countries, and then related how "while the Common Market countries' share of our exports was 53 percent in 1978, this fell to 44 percent in 1980, and to 34 percent in the first 7 months of 1981. On the other hand, our exports to Middle Eastern countries are increasing. While the Middle Eastern countries' share of our exports was 17-18 percent in 1979, this jumped to 22 percent in 1980 and 38 percent in the first 7 months of 1981. These figures show that the main target of our exports is the Middle East."

A Balanced Budget

In touching on how one of the major causes of inflation before the 24 January resolutions was the budget deficits, Turgut Ozal continued his speech as follows:

"Another one of the important results of the decisions made on 24 January is that the 1981 budget will be balanced or will be closed nearly balanced with a very small deficit. The budget deficit which stoked inflation in past years will not be an issue this year."

Noting that in 1979 and 1980 the increases in Turkey's national product had been zero and even one below zero, Turgut Ozal told how "the increase in the national product reached 4.4 percent in real terms in 1981. This figure is being pointed out as a great success for Turkey."

Turgut Ozal talked of how Turkey could be saved by achieving a foreign exchange balance and further slowing the speed of inflation which has already fallen to below 40 percent, and he went on as follows:

"In 1982 we are compelled to draw down the rate of inflation even lower--although just how much I have not calculated. Without reducing inflation you will not be able to set the Turkish economy back on track as we want. We must use a full dose of medicine to make the patient well again. We must raise the increase in the national product to 5 percent in the next year. We shall continue to redress the position of those with limited incomes and wages. We shall ameliorate their financial distress. For this reason we are obliged to be deliberate in our actions. If our foreign currency income continues to increase to the end of this year, in 1983 and thereafter we shall have no need for the aid of the other states of the world. Let us work to achieve this in 1982. And if we achieve an increase in our farm products, we can bring Turkey in 1982 to a new high."

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HOUSING SHORTAGE CONTINUES AT CRITICAL LEVEL

Istanbul DUNYA in Turkish 13 Oct 81 p 7

[Hasan Sert, Branch Secretary of the Istanbul Chamber of Construction Engineers, answers DUNYA's questions: "By 1983 the Housing Shortage Will Reach 1.5 Million Units"]

[Text] The questions: 1. Can you determine the dimensions to which the housing problem has grown?

2. Why have the policies established up to now aimed at righting the housing problem been unsuccessful?

3. Will the Public Housing Law be able to resolve the considerable shortage of housing?

4. With the Public Housing Law will the stagnation apparent in the construction industry be ended?

5. What are your proposals aimed at solving the housing problem?

1. Beginning in the 1950's in Turkey a steady stream of migrants has moved toward the big cities both as a result of underemployment's reaching significant proportions in rural activities and as a result of the industrial sector's beginning to fix on an economical structure. These migrations brought about the rapid development around our cities of primitive living areas which we call "houses built in the night." Paralleling this development, housing requirements have grown increasingly important up to our day.

Today the yearly requirement for housing works out to 300,000 units, and when the shortages accumulating from past years are added in, the total need for housing will reach an astronomical figure in the neighborhood of 1.5 million units by 1983.

Even if we suppose that all conditions are positive for now, the production of housing will not be able to exceed 200,000 units a year. So indications are that by 1983 the shortage will be between 700,000 and 1 million units at best.

2. The Fourth Five-Year Development Plan is currently in force in our country. This is to say that development plans have been going on for roughly 20 years, and

with every development plan the state has not been able to accomplish much of anything beyond repeating the same tired statements about how it would meet the housing requirements of the masses, or beyond increasing the credits given to certain organizations. These numbers and the difficult situation which housing production has entered upon today are clearly apparent. The main reason for this state of affairs is the state's failure to adopt a realistic approach to the housing requirements of the people, for schools, hospitals, and other similar social needs. When the Fourth Five-Year Development Plan first went into effect, the private sector's share of housing production was 94 percent, while the state's share in production was to remain at 6 percent. This percentage alone serves to highlight the state's policy on this subject. Side by side with this approach of the public sector to the housing problem, other factors contributing to the failure of any attempt to solve the housing problem were the linking of housing with other consumption goods, the treatment of the matter not as a "service" but as a "product" of the construction industry, and the supremacy in the housing field of the notion that, in accordance with the economic laws of the marketplace, "production will keep pace with demand."

3. Before answering this question, I would like to clarify the concept of "public housing."

By the concept of "public housing"--which has been debated for years in our country, winning widespread attention in public opinion, sometimes with the accent on "communal housing" and sometimes with the accent on "socialized housing," and which today is the point of departure for the new law--one understands "durable and low-priced housing planned in the context of its environment, produced in quantity by inexpensive techniques, and appropriately suited to what people need."

By means of the Public Housing Law which went into effect with its acceptance on 7 August 1981, a significant initiative has been undertaken for ending the housing shortage (which in our country has reached the proportions I indicated above) and for solving the housing needs of our low income citizens.

We can welcome as positive initiatives such articles of the law as the following:

--the inclusion within the scope of the law of at least 200 housing units in places certified by the public works plan and of at least 700 in newly opened settlement areas

--the requirement that those who will be entitled to housing not be owners of any dwelling in settlement areas outside rural areas

--the expropriation of land declared to be a public housing settlement area at a price based on its value as declared in the owner's last tax statement

--the continuing involvement of the Ministry of Redevelopment and Housing for the duration of the construction, and the Ministry's awarding of construction to contractors through a bidding system

--the involvement of certain existing public organizations as producers

--the creation of long-term, low interest credit opportunities

—the law's reserving to the Ministry of Redevelopment and Housing of authority over the evaluation, selection, and organization of the technology which will be introduced to Turkey and used in the production of housing.

Yet it is evident that the law's positive measures will not suffice to close the housing gap. Even if we suppose that current costs will not change significantly, the completion of approximately 600,000 housing units by 1983 when the Fourth Five-Year Plan ends will run to a total cost of something like 576 billion lira.

This is to say that before all else we must have a solution to the financing issue as a foundation for resolving the housing shortage. On the other hand, closing the housing gap is impossible with an arrangement oriented only toward acquiring property outright. No matter how reasonable the cost of housing credit is made, the number of people who can become owners through benefit of credit are still a very small proportion of those who need housing. The reason for this is that an overwhelming majority of those in need of housing are people of fixed, low incomes, and they cannot pay the installments of credit principal and the added interest with which they are burdened. In this situation the state must undertake the production of rental accommodation along with the production of housing which is for outright sale, and it must do this right away. If the Public Housing Law is applied in a manner to solve these kinds of problems, important progress will have been made in closing the housing gap.

9793
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VOGEL'S NEW POLICY SEEN ALIENATING HIM FROM SPD RIGHT

Hamburg DER SPIEGEL in German 19 Oct 81 pp 35-36, 39

[Article: "In Lone Insularity"]

> [Text] As far as a lot of comrades are concerned, the Berlin leader of the opposition, Hans-Jochen Vogel has made it more difficult for himself to reach the position of chancellor. They think he cavots too much with Greens and Reds.

While late in September Hans-Jochen Vogel took part in laying the foundation stone for an international youth meeting place at Auschwitz, dark clouds were gathering against him at the SPD Presidium.

Some of the presidium members were at a loss over the politics being pursued by the Social Democratic leader of the opposition in Berlin. They could not see why Vogel had wanted to ask for a vote-of-no-confidence against CDU Senator of the Interior Heinrich Lummer just because he had ordered large numbers of police to clear eight buildings of squatters.

After all, also in the opinion of many Berlin comrades, Lummer had only put an end to the machinations of persons bent on chaos.

The fact that the otherwise so prudent Vogel of his own volition then retracted his request in turn caused confusion among his friends, who considered that step an incomprehensible and avoidable defeat.

Chairman Willy Brandt sought to appease them, saying that he for one did not want to say anything on the subject before having heard what the person concerned had to say about it. But another member of the presidium would not be swayed from his readymade judgment. "There you can see that he was not getting anywhere," said Helmut Schmidt.

As far as the chancellor was concerned, the abortive vote-of-no-confidence was only the latest proof that the man whom he had dispatched to Berlin as a svaior with a lot of advance praise had gone astray. And like Schmidt, a great many friends of the deliberate climber are irritated and disappointed.

What is the matter with Hans-Jochen Vogel? they ask. Has he gone off to the party's leftwing for good? Suddenly he shows understanding for people with whom

they never would have dealt. Wondering about the peculiar change that has come over him, they carefully dissociate themselves from him.

When the former federal minister of justice moved to Berlin last January to take over the corrupt SPD-FDP administration from Dietrich Stobbe, he was at the zenith of his prestige. While having developed from the boogeyman of the Juso's [Young Socialists] into a highly respected interlocutor of the left, he had retained the confidence of the right.

He had somehow managed to establish himself as a mediator between the two opposing wings of the SPD. He was the only top Social Democrat who could mediate between the leaders in dispute with each other, because he was maintaining excellent contact with all three--Schmidt, Brandt and Herbert Wehner.

While in the cabinet his professorial and sometimes also know-it-all contributions had irritated quite a few people, no one questioned his authority or substantive knowledge. As a result, there was hardly a single top position for which he was not considered a candidate--whether to succeed Willy Brandt, Herbert Wehner, Helmut Schmidt or Defense Minister Hans Apel.

Even FDP chief Hans-Dietrich Genscher, who somehow had never managed to make friends with Vogel, gradually got used to the idea that he might one day have to serve under his strict supervision.

With Vogel's sacrificial journey to Berlin, however--in the opinion of quite a number of comrades--began his decline. At first one could still hear people complain frequently that Vogel was being missed everywhere, particularly as a mediator between the three leading comrades in Bonn. By now, however, malicious things are being said about him by a lot of people, and a little enmity is noticeable as well, especially in the chancellor's camp.

In the view of his critics, this strange bird [Vogel means bird in German] has been too dogged in assuming the wrong kind of roles. While having been concerned with grand policy in Bonn, he is now burying himself in details as leader of the opposition in Berlin.

There are no longer the effective public appearances but a bad press instead: FRANKFURTER ALLGEMEINE makes fun of his "morose face," and Springer's WELT sees him on the "road of misfortune," apparently having strayed "among the imprudent."

If he goes on like this, former friends of his are predicting, people will soon think only of his brother Bernhard, the minister-president of Rhineland-Palatinate, when the name Vogel is mentioned. "He has become insular," says a member of the cabinet, adding even more explicitly: "He is going to seed in Berlin."

Whereas previously everyone was full of praise for his also tending to the left in the party, some now seem to be tired of it, making fun of his inclination to approach a matter, if at all, with all-out commitment.

The overly intent traffic with the checkered, Greens and Reds apparently has rubbed off on him, people in the SPD say sarcastically. The thanks for it, they say with schadenfreude, can be found in an "obituary" by the Berlin TAGESZEITUNG

("TAZ"), which dismissed him as a "prattler" who "exploited" the death of demonstrator Klaus-Juergen Rattav "for the reconciliation palaver." The conclusion: "We are disgusted."

To his supporters of yesteryear the lean Vogel with his much too wide shirt collars, who in endless talks is striving to win over for his party all kinds of alternative groups, does not look like the promising politician he appeared to be at one time. "A statesman does not change things like that," a man close to the chancellor remarked.

Only when it comes to the background of the counterarming debate does this anger become fully comprehensible. The opponents and advocates of the NATO two-track decision are gathering their cohorts for the SPD party congress in Munich, where the intraparty decisive battle about security policy is to be fought in April. As the chancellor and his deputy Genscher see it, the Berlin leader of the opposition has gradually switched to the opponents' camp.

Minister of the Interior Gerhart Baum, who says that "after initial difficulties" he has maintained "very good contacts" with his former cabinet colleague, uses a reference to the fashionable to describe what many Liberals think of Vogel: "It is being presumed in FDP circles that, like Eppler, he will soon be growing a beard."

The chancellor himself was definitely irritated by Vogel for the first time when the latter delivered a speech at the South Hesse SPD district party congress at Hofheim in June. It contained passages which in fact showed a remarkably close resemblance with the thinking of Erhard Eppler, Schmidt's worst enemy in the SPD.

Extremely upset, the chancellor, who dismisses anxiety as weakness, read that Vogel was taking such emotions seriously. According to Vogel, there are "developments in the world" and even "in this country" which "favor anxiety," including the "destructive power of nuclear weapons." Without embarrassment he recommends that one really should make "quite a few of Eppler's ideas" one's own. And borrowing from the title of Eppler's book "Ende oder Wende" [End or Change]. he claims that we will not be able to make do with the past answers much longer.

A few weeks ago, at a meeting of the SPD right organized by Darmstadt Chief Mayor Guenther Metzger in Seeheim, Vogel caused another sensation by openly criticizing the SPD top men. The party, Vogel lectured, must not lose its identity as a result of the politics being pursued by its representatives in Bonn.

At one of the latest sessions of the party executive, there were again some astonished faces. When Hans-Juergen Wischnewski complained about the public stand of the Juso's, Vogel, in his customarily friendly but strict way, asked: "Do you remember saying to me when I was chief mayor of Munich: Can you not be little more liberal?"

To persons close to him, Wischnewski remarked afterward: "I think his dealings with young people and Greens have changed him--and I don't think it is opportunism."

Vogel himself admits to having learned new things in Berlin--particularly the fact (not yet noticed at all by quite a number of people in faraway Bonn) that the situation is "typical."

His credo: The SPD must not simply dissociate itself from fringe groups, whose answers he says "do not all convince him but whose questions are justified." The way Vogel sees it, one can notice in Berlin "the split dividing all of our society, and of course also our party."

The former chief mayor of Munich, who during the first youth unrest in the early sixties still relied on the effect of police truncheons, now would like to keep the party open for the protest generation, just as Willy Brandt has done since that time.

To retreat, he thinks, "would be too simple a solution." That way, he believes, "we would be abandoning the party tradition." He sees that tradition this way: The SPD must constantly try "to absorb the forces urging a change."

In opposition to a climate prevailing among the population but also among comrades, the leader of the opposition in Berlin is trying with great persistence to put these good intentions into practice.

The proposal for a vote-of-no-confidence against Lummer, Vogel thought, was appropriate because the "frontline city Buonaparte" (as "TAZ" has called the senator for the interior) had moved into action with his police even before the talks with the squatters had been completed. And, unlike those in charge in Bonn, Vogel did not elevate the demonstration against the visit by U.S. Secretary of State Alexander Haig as an attack against the most sacred Western values. Vogel called it "madness" to waste 500 billion dollars a year on the "armament race" while "500 million people on earth are going hungry."

Whereas Vogel with such views incurs the displeasure of the chancellor and the party's rightwing, his "echo in the party as a whole is enormous," according to SPD Federal Executive Manager Peter Glotz; "so some people may be cutting off their noses to spite their faces."

And some people even think that it is no longer all that important just whom Schmidt is pleased with, because it is someone quite different--the party--that decides about reputations and also about careers.

So it happened that in early October Brandt ostentatiously stood up for his friend at a conference of SPD officials in Bonn, saying that it would one day "turn out that his basic idea is right--namely, if at all possible, not to allow protests and the potential of violence to coalesce."

In the dispute surrounding Vogel, a basic conflict in the SPD, which has not yet been resolved, has become apparent: Schmidt and his "people favoring clean relations"--the regular party workers--have lost patience with the leftists on the party's fringe. Their worry is that all too great patience, such as is practiced by Brandt, is alienating more and more members and voters of the center. Vying for squatters and opponents of NATO, they think, merely frightens off traditional SPD supporters--the workers. Integration has already become a curse word among the regular party workers.

Vogel's analysis is different. He thinks that while at one time, in the seventies, the theory that the SPD was facing losses only in the center was correct, the danger of inroads on the left fringe has become far greater in the meantime.

In Vogel's view, the party has not done enough to get across to the old Social Democrats the ideas of the new left--for example, also about the limits of growth. If the Social Democrats want to make up for what they have omitted to do, both--the veteran supporters and the protesters--could get together, and could do so also in the SPD.

If this priority objective is not recognized soon, he fears, the worst may soon happen in Berlin, because in that case the conflict would escalate, a rightwing civil guard would avenge the rioters' acts of violence with violence of their own and exacerbate the climate further.

And if the number of unemployed among young aliens continues to climb, he foresees an explosive situation such as occurred in England, where confrontations between colored, juveniles and the police led to a civil war kind of unrest last summer.

Such somber auguries [Vogel-Schau in German: divining the future from the flight of birds] may "seem outlandish" to "conventional politicians," Glotz admits, but Vogel considers it proper to take action immediately to prevent such a development in the first place. His ambitions in that direction are unfaltering.

As is his wont, he is pursuing these ambitions steadfastly in Bonn as well. But he has nothing but contempt for the subject of his chances of becoming chancellor or obtaining other high offices. "The terms in which careers and jobs are discussed in Bonn" have "all along been somewhat alien" to him, he says.

And he adds sarcastically: "Unless the party gains in perspectives, personnel needs will be limited anyway."

8790
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CDU/CSU YOUTH ORGANIZATION TAKES INDEPENDENT STAND

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Oct 81 p 12

[Article by Stefan Dietrich: "A Historical 'Germany Day'?—The Young Union's 'New Independence'"]

[Text] A few minutes after he had adjourned the Young Union's Germany Day at the Cologne Congress Center East, the past and present Federal Chairman of the CDU/CSU Youth Organization, Wissmann, faced the press and announced with satisfaction that he was supported by a large majority in stating that from now on "certain critical statements within the CDU must no longer be dismissed as being personal trial balloons." After leading the Young Union for 8 years and having been a Bundestag member for 5 years, Wissmann really should have known better. He had barely finished his speech when all hell started breaking about his head. CSU chairman Strauss was heard from: "Mr Wissmann and others should be aware that their frantic efforts to make themselves heard, to make headlines at the expense of their party chairman and other Union politicians is considered by many to be nothing less than parasitic publicity grabbing." Strauss advised the CDU chairman to have a confrontation with Wissmann in the party's executive committee. Kohl did just that last Tuesday, immediately after his return from Washington in front of the assembled CDU fraction in Bonn. Deputy fraction chairmen Zimmermann and Dregger participated in the sharp reprimand given to Wissmann. Zimmermann referred to an incomprehensible opening up of "minor wars, which were of no concern to the Union," and Dregger reproached Wissmann for having produced the impression that there exists basic disagreement in Union policies.

What had happened? At the beginning of Germany Day, which this year took place appropriately under the motto "We Want Peace," Wissmann had made an issue of his party chairman's statement that he had experienced the existence of a "popular front" during the peace rally in Bonn's Hofgarten. Without referring to Kohl by name, Wissmann stated that the "popular front" remark was unacceptable. He was not the only one. During the following debate the absent CDU chairman's remark was quoted so many times that his ears must have been ringing. The mildest reproach of all was that he had used the popular front concept in an unhistorical sense. It was said that the CDU was fading away; that it was gambling away its credibility as a party which is seeking to establish a "dialogue with the young people." Much was heard that Saturday afternoon, one week after the Bonn demonstration, about the "arrogance" of politicians and functionaries whose overriding priority was to be in power; also, that they had nothing but pat answers to questions concerning morality and ethics and that they, in addition, showed contempt for the legitimate worries and concerns of the younger generation.

One of the most frequently used words was "differentiate." Minister president Stoltenberg too made use of it when he, after several attacks which he felt included him, entered the debate as a guest speaker. Certainly, he said, one must differentiate between honest pacifists, neutralists and Moscow-oriented communists. But the CDU could not collaborate with groups which would make concessions even prior to the disarmament negotiations with the East, which was the common denominator of the demonstrators represented in Bonn. But the Young Union had no intention of collaborating with the signers of the "Krefeld Appeal" either; only of holding discussions. That was why for the peace roundtable discussion, the spokesman for "Project Reconciliation," Zumach, had been seated next to Baden-Wuerttemberg's minister president Spaeth, one of the prime movers of the Bonn demonstration. This was a hint to the mother party of how, in the opinion of the Young Union, the dialogue with the young people should also be conducted at Hamburg's CDU party conference in November.

Some of the prematurely graying youth functionaries may have had the feeling during that part of the proceedings that they were in the wrong place. But the large majority of the 310 delegates regarded it as confirmation of the fact that intra-party discussions could now be conducted in a more free and uninhibited manner. Several speeches by representatives of Land organizations expressed satisfaction over the fact that the debate was not colored by election campaign tactics nor blunted by forced adherence to party discipline.

There was talk of a "historic Germany Day," of a "new independence." It should be added here that this would be an independence reminiscent of the days of the past; of those idyllic days prior to that strenuous election of Kohl as candidate for FRG chancellor; prior to Kreuth; prior to the election of FRG chancellor candidate Strauss and renewed election campaigns.

The Young Union's Federal chairman swears that since 1976 it has always "done its duty," has largely avoided public criticism of the CDU and, despite a prior dissenting vote, had loyally supported Strauss during the 1980 election campaign. Not until now has the Young Union made use of the general relaxation to once again come forward with its own position.

Last summer the Young Union registered reservations against proposed Union legislation on restrictions of the right to demonstrate. The ban on wearing masks and use of heavy weapons by the police would not serve to remove the causes for youth riots. As to the peace discussion, Wissmann again warned against "driving young people into a political counter culture" and to turn a deaf ear to "questions of conscience" in which people are much more interested today than in detailed counting of weapons. The Young Union also has a position with regard to development aid policy which is not shared by all members of the Union. It demands that development aid be considered a moral obligation, to continue pursuing the 0.7 percent goal, and not to deny support to Third World liberation movements which fight dictatorships with peaceful means. All of the foregoing is to serve a program which would seek to provide a new foundation for a free democracy based on Christian ethics and which should also provide a means for emotional identification of the individual.

The thunderclaps from the top party leadership have for the moment put a damper on the Young Union's mood of uprising. It must be small consolation for Wissmann that

he served as a scapegoat for party colleagues Geissler, Biedenkopf and Spaeth, whose names were not cited. But it remains questionable whether the youth organization will continue to let itself be kept in line and to be trotted out in support of the CDU chairman. Especially after this Germany proposal the Young Union--which previously was considered to be "too tame, too loyal, too career minded," in the derisive words of one of the delegates in Cologne--has found a way to greater self confidence. It appears determined, in its capacity as "the largest political youth organization in Germany" (261,000 members), to become a greater factor in intra-party discussions once again. In Cologne, Wissmann asked that greater support be given to those who in the future would represent the decisions and critical statements of the Young Union in the party and in the fraction. With their applause, the assembled delegates promised to do just that.

9273
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PEACE MOVEMENT SAID TO LACK CLEAR POLITICAL CONCEPTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 13 Oct 81 p 12

[Georg Paul Hefty analyzes the make-up of the members of the "peace movement" and, noting a distinct generation gap separating the main elements, wonders whether the recent Bonn demonstration was a beginning or a high point of the movement.]

[Text] Was the demonstration in Bonn a peak in the "peace movement" or only a preliminary high point which will be followed by others? The spokeswoman for the interdenominational peace council of the Netherlands called for further escalation of the demonstration, still more people in still more places. In Madrid, Paris, Brussels, Amsterdam, and Copenhagen similar demonstrations are expected to take place in the next six weeks. Only someone who is active as a professional "peace worker" can afford the time but evidently there are many who can.

The interdenominational peace council is as a result becoming more and more clearly visible as the focus and instigator of the West European movement. Laughing at themselves the leaders note that people are talking about "Hollanditis" as a sickness whereas it is an infectious healthiness at work. The conflict between the feelings of the affected people and the impression of many observers is reminiscent of the drug scene. And in fact, numbers of participants were reached in Bonn over the weekend which could deceive the leaders of the movement and even the politicians. The truth is, as usual, more refined.

In a representative democracy, mass demonstrations have a subordinate role. Decisions are made in parliament and by the government. This has been understood by those elements of the movment who "put pressure on the government" or who make demands of the government in the more restrained form of calls for demonstrations. The composition of the Bundestag, Bundesrat and Federal Government is determined in elections.

The dependence of individual politicians on the voters is, to be sure, exceeded by their dependence on delegates to the party congress. A crowd of 250,000 people in the Federal Republic is a small quantity in comparison to the total electorate and will not be decisive in the elections as long as there is a rough consensus among the Bundestag parties and their factions on the principles-of-security policy. The roundabout way of exercising influence outside the party system is only partially successful because large elements in the "peace movement" don't want to have anything to do with the parties and because the remainder constitute only splinter groups among the Greens, the SPD, the FDP, the DKP and certainly also among the CDU and CSU. Whatever value accrues as a result of such demonstrations depends therefore not on the participants but on the politicians.

The coordinated and disciplined conduct of the demonstrators showed among other things a downright professional organization. The leaders could not, however, compose the declarations of the "peace movement" on the basis of principles and a program. The call--signed after all by more than a thousand groups--conveys a minimum consensus, nothing more. It is broad enough to demand a renunciation of the introduction of new intermediate range rockets, of the neutron bomb and the double NATO resolution as well as a nuclear-free Europe and disarmament negotiations (outside the NATO concept). There is no consensus as to what should be done with the nuclear weapons already stationed in the Federal Republic, whether the Bundeswehr should be more strongly armed in a conventional sense to compensate for the nuclear weapons to be withdrawn, or whether a German army is necessary at all and to what extent Germany should disarm if the demanded advance concession by the West remains without a friendly response from the East. "The peace movement" thus makes it difficult for the politicians to comply.

The "peace movement" has a generation gap. Pastor Albertz had difficulty explaining this at a closing stock-taking. He could think of nothing else to say but that the grandfathers had always understood the grandchildren and that the fathers had been taken in by the industrial society. But this gap can also be explained otherwise.

The aspirations of the youth are still largely unburdened by experience. Students and young workers are molded by their way of life--indeed how could it be otherwise? Many older people in the "peace movement" impart strategic insights and political knowledge to them. But if the list of speakers at the Bonn demonstration is of high representative value for the whole movement, which cannot be doubted, a division into three parts is discernible: the moral authorities are for the most part beyond an active age from which a return to a responsible role might be likely; in the middle generation only Eppler and the Lutheran Pastor Deile of the "Action Atonement Symbol/Peace Services" remain. The movement should be leaning on both of these parts politically, morally and organizationally. Politicians with their own clout such as from the ranks of those who greeted the demonstrators, are not available, at least not yet.

It is thus understandable that Eppler rejects the idea of establishing a party although it was suggested. The personnel at the top seem to him inadequate. Also, as the chairman of the SPD, he does not want to repeat the mistake of the former CDU deputy Gruhl. He also sees, however, that most of his youthful followers deny themselves to the state. "No state can be built" on refusal to perform military service.

As they did more than a decade ago, the parties must again clarify their stand towards the followers of the "peace movement." The majority of these people from the most varied walks of life and social strata have a tendency toward the extra-parliamentary. If the declarations of the parties on security policy do not change, the followers of the movement will have to decide, in the coming elections, between their aspirations and their everyday pragmatism. Many will, perhaps, stay away from the polls or not even gain access to parliamentary ideas. This would work its way into other areas of social life.

The dimensions of the Bonn demonstration have raised more questions than they have answered. The only thing made manifest was that the "peace movement" does not disturb the inner peace of the Federal Republic and that the political system which is often scorned as being repressive and intolerant, has no desire to destroy the movement.

9827
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PCP ARGUES FOR COUNCIL OF REVOLUTION, CONSTITUTION

Lisbon O MILITANTE in Portuguese Oct 81 pp 7-10

[Article: "The Revision of the Constitution and the Defense of the Democratic State"]

[Text] Importance of the Struggle Against the Unconstitutional Revision of the Constitution

The role of the April Constitution in the consolidation and defense of the democratic state is not yet understood by all democrats, including members of our party.

Even among prominent and responsible cadres there are gross attitudes of underestimation which have had subsequent repercussions on the difficulties involved in, and even the inability to inject the struggle against the unconstitutional revision of the Constitution that the "AD" [Democratic Alliance] parties and all the reactionaries want into the other fronts struggling for democracy, against exploitation, and in defense of the revolutionary liberties and transformations conquered after 25 April.

Two opposing and equally dangerous positions have appeared as justification for the insensitivity and underestimation of many militants. At the one extreme are those who, without saying so expressly, think that everything will be resolved in the Assembly of the Republic, and that it will be the relative positions of the number of deputies from the various parties represented therein which will decide. At the other extreme are those who, also without clearly stating it, think that whatever changes and results stem from the revision of the Constitution, we shall be here to continue the struggle against all the maneuvers and blows of the right and, with the workers and democrats, we shall defend April and end up winning.

The result of either of the two tendencies is that it is not necessary to inject into the party's activity and the mass struggles that are under way on various fronts the cause of the more general and political struggle for the constitutional revision and against the unconstitutional and coup-related revision of the Constitution.

This is a serious mistake which must be corrected rapidly.

In its latest meeting, the Central Committee called attention to this essential point when it stated, specifically, that, "the progress of the workers' and popular movement requires" among other measures, "association (explicit or not) of the immediate objectives with the political objectives of the dismissal of the 'AD' government, the defense of the Constitution and the regime, the holding of elections and a democratic alternative."

Now at the present time the defense of the Constitution entails an awareness of the dangers of its unconstitutional revision, the struggle against the "AD" maneuvers and plan for revision and the need to prevent any dangerous concessions involving the FRS [Socialist Republican Front] revision plan from succeeding.

The Political Power and Interdependence of the Organs of Sovereignty

What are the essential issues closely associated with the constitutional revision? The first is that of the organization of political power; the second lies with the inclusion of the Armed Forces in the state apparatus; the third is that of overseeing the constitutionality of the laws; and, finally, the fourth is related to the establishment of rights, liberties and guarantees, and the inviolability of the revolution's conquests.

The organization of political power alone is not essential as a determining factor. Our national experience would suffice to prove that even the fascist state could, hypocritically and without any great risks, write into the Constitution of 1933 rights and liberties, the national and patriotic nature of the Armed Forces, the independence of the courts, etc. This was because the organization of the political power of the Salazar and Caetano regimes guaranteed, at the outset, that the entire state apparatus would depend on the prime minister, even though there was a government, a president of the republic and a National Assembly provided with powers that they could only ostensibly exercise. In fact, all the power was in the hands of one man and a super-police force, PIDE [International and State Defense Police], which acted under the direct orders of the same chief.

The Constitution could guarantee freedom of speech and association which the law would limit insofar as its implementation was concerned, the decree-law would restrict in certain instances, the administrative directive would determine certain exceptions, the court order would pave the way for administrative types of curtailment and, finally, the order from the dictator Salazar, issued directly to PIDE or to the Censorship Office, would reduce the liberties written into the Constitution to naught.

In other words, the organization of the state's political power, so that democracy may be upheld, demands not only the democratic genuineness conferred by popular suffrage on the organs of sovereignty, but also interdependence of the various organs, so that the powers will be counterbalanced and it will be possible for them to be overseen by one another with respect for the fundamental law, that is, with de facto adherence to the Constitution of the Republic.

It is not enough that there be a president of the republic and an Assembly of the Republic elected in free, democratic elections. It is not enough that there be a government that claims to uphold its program and the Constitution. It is essential that there be balance and interdependence among the leading organs of sovereignty, the president of the republic, the Assembly of the Republic and the government, so that power will not be concentrated, either directly or indirectly, in the government which, free from the inspection and control of the other two organs of sovereignty, would end up becoming an autocratic organ, and a manipulator of the Constitution and the law, having command of the Armed Forces and the police, and with sufficient strength to pervert the elections, the news media and democracy, and eventually attempt to destroy the latter.

A Plan for Subversion of the Constitution

In a young, rather unconsolidated democracy such as ours, it is outrightly dangerous to abolish the Council of the Revolution which, with the revolutionary legitimacy of 25 April, has become a powerful counterbalance, both for overseeing the constitutionality of the laws and for more general supervision of respect for the Constitution, specifically in upholding the interdependence of the various organs of sovereignty through the inspection and control that they exercise over one another, in the exercise of their constitutional and legal powers, and also as a guarantee of the non-partisanized, non-governmentalized endeavor of the Armed Forces in the defense of Portuguese democracy and national independence.

Hence, our party considers the proposal to eliminate the Council of the Revolution negatively, and issues a serious warning against the risks that democracy runs if, in the event of its elimination, special precautions were not taken to maintain the balance and interdependence among the organs of sovereignty, the president of the republic, the Assembly of the Republic and the government. It calls attention to the need for preventing the Armed Forces from becoming governmentalized and partisanized, and being put in the service of the antidemocratic and antipatriotic interests of a government and a possible majority which, in this specific instance, are the "AD" government and majority; in other words, the government and the majority resulting from manipulated elections and representing reactionary forces and parties in the service of the recovery of capitalists, large estate holders and imperialists, and avowed enemies of the Portugal of April.

Inasmuch as all the plans for revision of the Constitution, except that of the PCP, call for the abolishment of the Council of the Revolution, it is important to strive so that such an elimination will have minimal consequences for the balance and interdependence of the organs of sovereignty; so that the Armed Forces' endeavor in the defense of Portuguese democracy and national independence will be assured; and so that the equanimity of the system for overseeing the constitutionality of the laws will be guaranteed.

The "AD" plan is not aimed at these goals. First, it introduces complete imbalance among the organs of sovereignty, depriving the president of the republic of his most important constitutional powers; second, it governmentalizes and partisanizes the state, assigning the government excessive powers and freeing it from any actual inspection on the part of the Assembly of the Republic; third, it makes the Armed Forces completely and exclusively dependent on the party majority which holds the government; forth, it does not guarantee any actual overseeing of the constitutionality of the laws and the fulfillment of the Constitution; and, finally, it paves the way for nullifying the significance of the rights, liberties and guarantees written into the Constitution, by means of inconsistent legislation and other administrative methods.

In short, the "AD" plan is an attempted coup d'etat, by means of the complete subversion of the Constitution and the resultant destruction of the democratic liberties and transformations conquered after 25 April.

The Dangers of the FRS Plan

The FRS plan is quite diverse. But, insofar as the organization of political power is concerned, although it calls for some constructive changes in the reinforcement of the veto powers of the president of the republic and in the guarantee of the requirement for a qualified majority in voting on certain important laws (elections, census, politicoadministrative statutes of the autonomous regions, etc.), the plan does not sufficiently uphold the balance and interdependence of the organs of sovereignty; it does not properly guarantee the Armed Forces' involvement in the defense of Portuguese democracy and national sovereignty; and it does not efficiently safeguard the equanimity of overseeing the constitutionality of the laws and adherence to the Constitution on the part of the organs of sovereignty.

In fact, in the FRS plan, the powers of the president of the republic are drastically curtailed, both as to his power to dismiss the government and the powers relating to the appointment of the military commanders and the ranks of the Armed Forces.

The president of the republic may dismiss the government only in exceptional cases of danger (undefined) to democracy and, nevertheless, with the obligation to appoint a new government immediately. The Armed Forces are governmentalized and thereby partisanized, because it would be incumbent on the government to propose the military commanders, leaving the president of the republic the reduced power to name them, without the authority to interfere in the selection. The legislation and regulations for the Armed Forces would also be transferred to the government's authority.

Finally, the composition of the constitutional court would not afford any guarantees of balance and equanimity, but rather would bring up the possibility of its being dominated by the reactionary right, enemy of the Constitution and of 25 April.

These concessions to the right on the part of the FRS plan, although they are far removed from coinciding with the "AD" plan of subversion, constitute an equal number of other dangers because, if they are maintained without major changes, they could objectively serve the purposes of "AD" to liquidate the constitutional democratic regime.

Unity and Struggle for a Constitutional Revision

Therefore, at its last meeting, our party's CC deemed an agreement among democrats regarding the constitutional revision necessary and, in particular, considered it essential for PS [Socialist Party] to reconsider some of its proposals concerning the organization of the political power.

Such a reconsideration will not be possible if the cause of struggle for a constitutional revision of the Constitution and against the unconstitutional revision that "AD" seeks is not converted into a cause for unity of the workers and democrats, constantly present and injected into all the other fronts of struggle in the defense of democracy and of the economic and social transformations conquered by the Portuguese people after 25 April.

The Communists have a decisive role to play in the battle in defense of the Constitution. It is important that this matter be discussed and probed into quickly in all the party organizations, so as to overcome the lack of understanding and inadequacies.
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CC OF PCP ISSUES COMPREHENSIVE CRITIQUE OF AD ADMINISTRATION

Lisbon O MILITANTE in Portuguese Oct 81 pp 25-31

[Article: "Tasks for the Democratic Victory Over the Policy and Subversive Plan of 'AD'"]

[Text] Document approved at the CC [Central Committee] plenary meeting of 26 September 1981:

At its plenary meeting held on 26 September, the Central Committee of the Portuguese Communist Party [PCP] examined the situation stemming from the formation of the new "AD" [Democratic Alliance] government.

The CC considered the essential aspects of the predictable deterioration in the economic and financial situation and in the people's living conditions, the continuation of the offensive against the revolution's conquests and the foreign policy of submission to imperialism.

The CC warned against the use of demagogy by the "AD" government, and established the position to be assumed with regard to it.

The CC also examined the resumption of the "AD's" subversive, coup-related plan to eliminate the democratic regime, attaching particular importance to the imminent danger of the unconstitutional revision of the Constitution, through an "AD" agreement with PS [Socialist Party].

The CC examined the results of the economic, social and political crisis, and the real possibilities of a democratic alternative, and stressed the urgent need to oust the "AD" government and to hold early elections for the Assembly of the Republic, that would make it possible to form a democratic majority which could serve as a basis for a democratic government and guarantee the complete legality of the revision of the Constitution.

The CC approved a proposal calling for a 5-point platform for common action by the democratic forces.

The CC also examined the problems relating to the unity of democrats, types of action, reinforcement of the unified movements and organizations and reinforcement of the party itself, as an essential force for a democratic alternative.

1. The Formation of the New 'AD' Government, a Serious Mistake That Needs to Be Corrected

The deepseated crisis in "AD" and its government, which led to the dismissal of the Balsemao government, and to the formation of the Pinto Balsemao/Freitas do Amaral government, was the result of an even more deepseated crisis of an economic, social and political nature.

The crisis in "AD" and its government was the result of "AD's" inability to solve the national problems, the worsening of the economic and social situation, and "AD's" impotence for fully implementing its plan, because of the strong, massive, continued resistance from the workers and the popular masses.

The "AD" policy had failed. The status of the country had worsened. "AD" itself, as a coalition, had shown a rapid disintegration, in the shameful display of rivalries, mutual insults, ambitions and conflicts. That crisis put on the agenda not only the pressing need, but the real possibility of removing "AD" from the government and rapidly creating conditions for a democratic alternative.

The CC reaffirms the assessment made by the party regarding immediate fundamental causes which, in this crisis, led not to the removal of "AD", as was imperatively necessary and entirely possible, but rather to the formation of a new "AD" government.

The first was the position of Mario Soares and the PS, systematically defending the formation of a new "AD" government, and thus throwing "AD" (as has already been noted) a life preserver at the very time when "AD" was beginning to be shipwrecked.

The second was the fact that the president of the republic and the Council of the Revolution did not correctly evaluate not only the degree of deterioration in "AD" and the disastrous consequences for the country of the continuation of its policy, but also the new and serious dangers to democracy resulting from the formation of a new "AD" government during a period wherein the revision of the Constitution will take place.

The PCP holds the view that the democratic regime lost an extremely favorable opportunity to reaffirm the value of its institutions and dispel the dangers stemming from the fact that political forces which, contrary to the will of the people, want to destroy Portuguese democracy and set up another dictatorship have established a government and have a majority in the Assembly of the Republic.

This is a serious mistake, which can still be corrected but which, in order to be corrected, needs to be understood by all the democratic forces and by the institutions, in all its potential consequences.

2. The New 'AD' Government Will Worsen the Situation More

The new "AD" government, like the previous one, will not only fail to solve, but will worsen all the major national problems, specifically exacerbating the economic disaster and the deterioration in the people's living conditions.

With the policy of restoring monopolistic capital, the country's economic and financial situation will continue to decline. With industrial and agricultural production

stagnating, and the utilized capacity diminished, stocks of products and raw materials will increase, and there will be a drop in exports and backlogs of orders. It is predicted that the deficit in the General State Budget will amount to 180 million contos, the deficit in the trade balance will total over 200 million contos and the deficit in the balance of current transactions will be 100 million contos. The foreign debt will rise still more (it has already reached 600 million contos), and in annual interest on that debt alone (the funds for which were applied chiefly to consumption and not investment), Portugal will have to pay nearly 60 million contos, a parasitical burden on our economy, hampering development. The extremely onerous agreements with the IMF, and the policy of joining EEC, will mortgage independence and economic development.

The continuation of the "AD" policy with its new government will also mean a deterioration in the people's living conditions.

There will be still more of a drop in real wages (which must be reckoned not only on the basis of increased prices, but also considering the social benefits that have been removed). The revision of the CCT [Workers Coordinating Commissions) and the fulfillment of the lists of demands will continue to be impeded. There will be an increase in the number of business firms lagging in the payment of wages. Under the guise of "disciplining" the workers (whom the prime minister insultingly calls "parasites"), the new "AD" government will multiply the repression in business firms in order to impose a harsh intensification of the pace of work. The shutdown of businesses will continue. The layoffs will continue, and unemployment will worsen. The new "labor legislation" that has already been announced will attempt to curtail fundamental rights and liberties, including the right to strike, and will intensify the exploitation of the workers and the power of management. Women and youth will suffer increased discrimination. The retired, pensioners and the disabled will find their resources increasingly reduced.

The unconstitutional offensive against agrarian reform (in the usual patterns and with new processes) and the offensive against nationalizations (the opening up of the banking sector and other basic sectors to private capital, the turnover of business firms to capitalists, the destructive administration by "AD" managers, cuts in credit, etc.) will not only deal further blows to these two great conquests made by the revolution and to the national economy, but will also increase unemployment and intensify the worsening of the workers' living conditions.

Hundreds of millions of contos will be turned over to big capitalists in the form of indemnification and under other guises, while the local governments are robbed of sums to which they are entitled by the Local Finance Law, and it is claimed that there are no funds to solve the fundamental problems of industry, agriculture, transportation, housing, education, health and the people's standard of living.

Small and medium-sized farmers will find their situation worsened still more, with the new government's complete disregard for the problems of agriculture, with disastrous prices that are not compensatory nor guaranteed, with an increase in the prices of the factors of production, with the difficulties in collection, with increased speculation by the big middlemen, with the growing difficulties in obtaining access to credit and with the attack by the rich landlords against tenant farmers and local leaders, to steal the uncultivated land from the people.

Small and medium-sized merchants and manufacturers will find their interests sacrificed to the policy of restoring the monopolies, and will be stifled with the cuts in credit and high interest rates, and with the shrinking of the domestic market owing to the reduction in the masses' purchasing power.

Concurrently with the decline in the economic situation, there has also been a decline in the cultural status of the Portuguese people. There is increased class selectivity in access to education, a breakdown in the educational system, and an attack against democratic participation. The popular cultural organizations are being blocked; there is still an inability to protect the nation's cultural assets and to use them in the interests of the population; and there is an increase in disinformation, partisanism and cultural deterioration in the great mass media.

Intellectuals and technical cadres will find their living and working conditions worsened and their creativity discouraged; and there will be restrictions placed on their opportunities for giving their work social and national repercussions, with an attempt to reconvert them into executive agents in the service of big capital and imperialism.

The policy of restoring monopolistic capitalism and the deterioration in the economic and financial situation, and in the people's living conditions, are proceeding concurrently with the heightening of a foreign policy of subservience to imperialism, in both the economic realm and the diplomatic, political and military realm, increasing the country's economic and political dependence, augmenting the responsibilities assumed with NATO, giving in to the adventurist demands of the Reagan government, and creating serious risks for the security of the Portuguese people.

3. Current Tactics of the Coup Plan

Upon the formation of the new "AD" government and Freitas do Amaral's entry as defense minister, "AD" is resuming, in a new situation and with new patterns, its subversive, coup-related plan which was resoundingly defeated in the presidential elections of 7 December.

"AD" is pursuing its goal of an assault on, and complete seizure of power, and the elimination of the democratic regime.

In order to attain that goal, it will continue to use the unconstitutional and illegal processes that it has used thus far in the regular activity of the government and of its majority in the Assembly of the Republic. In all sectors of national life, it will continue to adopt measures and make decisions, and have laws and decrees approved, which are manifestly unconstitutional. It will continue its attempt to reduce democratic life in the country by all means, including the limitation of the rights of the opposition parties in the Assembly of the Republic. It will continue the endeavor for systematic destruction of agrarian reform, of the nationalizations and of the workers' rights (an integral part of the democratic regime). It will continue to limit rights and liberties, and to use repressive measures. It will continue to monopolize and manipulate the nationalized news media. It will continue to destroy the reality of the democratic Portugal created by the April revoluiton, and to introduce elements that are harbingers of a new dictatorship into economic, social and political life. However, it will not confine itself to these methods.

As a major activity in the subversive, coup-related plan, "AD" (from the Ministry of Defense with Freitas do Amaral, and from the Ministry of Internal Administration with Angelo Correia) is restarting the military conspiracy associated with the determination of a national defense policy, the preparation of a new military service law, the creation of an intelligence service in preparation for a new PIDE [International and State Defense Police] and, in particular, the revision of the Constitution.

In the hope of succeeding, by means of the revision of the Constitution, in creating conditions that would be far more favorable for the dismantling of the democratic institutions, the total conquest of power and the final liquidation of the regime, "AD" may be prompted to try to avoid decisions and measures that might cause a new crisis in the government which it would not be able to survive.

This situation necessitates consideration of both overt struggle against the action of the "AD" government in its traditional policy, and precautions against and prompt unmasking of the democratic assertions and measures that "AD" might undertake.

4. Unmasking the Demagogy and Demanding Fulfillment of Demagogic Promises

"AD" is aware that the crisis which it is experiencing could prove fatal for it. Hence it is to be expected that, in an attempt to avoid a new crisis before the revision of the Constitution, the "AD" government will use, along with overtly unconstitutional, illegal and arbitrary measures and decisions, demagogic statements, promises and measures, in order to deceive the people, to reduce the indignation and to hamper the progress of resistance and struggle by the masses.

Any potential measures and decisions of the "AD" government favoring the interests of the Portuguese people will not be an expression of its real policy, but merely concessions to which "AD" was forced by the struggle of the workers and the popular masses. They will not be an expression of "AD's" concern for the people's interests, but rather an expression of its fear of defeat, and its inability to crush the combative will of the Portuguese people. Such potential measures and decisions (such as the increase in the minimum wage and the unemployment subsidy, raises in retirement and pensions and a certain pause in the offensive against agrarian reform) will represent serious defeats for the "AD" policy and real victories for the Portuguese people, owing to their staunch resistance.

When confronted with the demagogic statements and promises of the "AD" government, there must be, simultaneously, on the one hand, a steadfast unmasking of the demagogy and its true objectives and, on the other, a demand for the fulfillment thereof, provided it would benefit the workers, the Portuguese people and democracy.

For example, it should be demanded of the "AD" government right now that it actually implement the statements made about the government's fulfillment of the decisions of the Supreme Administrative Court which repealed the turnover of land reserves stolen from the UCPs/Cooperatives and the promises to abrogate the illegal decisions.

Potential demagogic measures, decisions, statements and promises of the "AD" government do not reflect strength, but rather weakness of "AD"; they do not reflect "AD's" confidence in itself, but rather fear of the future.

Potential demagogic measures, decisions, statements and promises from "AD" should not create any illusions about the policy and plans of "AD", but rather should reinforce the struggle against that policy and those plans.

5. An Imminent Danger: the Unconstitutional Revision of the Constitution

The unconstitutional revision of the Constitution plays a decisive role in the subversive, coup-related plan of "AD". In gross violation of the legal terms for the revision (specifically changing areas not subject to revision indicated in Article 290), the "AD" revision plan has two main objectives.

The first objective is to eliminate from the Constitution or drastically change the provisions relating to the revolution's great democratic conquests (workers' rights and liberties, economic organization, nationalizations, agrarian reform), thus paving the way for the complete destruction of those conquests and for the restoration of monopolistic capitalism, and of the economic and political power of the monopolies (associated with imperialism) and the large estate owners.

The second objective of "AD" in the revision of the Constitution is to dissolve the Council of the Revolution and to take away from the president of the republic his essential powers (specifically, that of naming the chiefs of the Armed Forces), thus paving the way for acting, with impunity, to pass unconstitutional laws, to perpetuate the "AD" government, to paralyze the political intervention of the president of the republic or to dismiss him, to destabilize the military institution, to oust the April military and to restore a fascist-oriented hierarchy in the Armed Forces that would lend military support for the "AD's" counterrevolutionary plan.

"AD" is attempting to make the revision within the shortest period of time. Insulting the glorious date of the victorious MFA [Armed Forces Movement] uprising, it wants to have its revision approved in February and put into effect on 25 April of next year, that is, within 7 months.

If "AD" were to obtain the revision that it wants, it would attempt in February to start dismantling the democratic structures and institutions, so as to be able to move to the final phase of liquidating the regime starting in April.

The revision of the Constitution which "AD" wants to make represents a mortal danger to democracy. It is an authentic coup d'etat aimed at the liquidation of the democratic regime. It is a vital matter to prevent that plan from being carried out.

6. The PS-'AD' 'Regime Pact' and the Coup Plan

"AD" alone cannot make such a revision of the Constitution. To change, replace or eliminate any provision of the Constitution requires two thirds of the votes in the Assembly of the Republic, and "AD" does not have that two thirds.

Only with the votes of the PS [Socialist Party] deputies would the revision that "AD" wants to make be possible.

Under these conditions, the PS alliance with "AD" for the purpose of revising the Constitution is an essential tool of the counterrevolutionary operation being carried out by "AD".

The facts (statements by M. Soares and other leaders of PS and "AD", negotiations that are under way and the revision plan submitted by FRS [Socialist Republican Front]) prove that the dangers of that alliance, that "pact", are real.

In the negotiations that are in progress between PS and "AD", Mario Soares is attempting to appear as a defender of the Constitution with regard to the principles of economic organization and citizens' rights and liberties.

But, while "AD" may be involved in those matters, if PS should join "AD" in the Assembly of the Republic (whether on the basis of the "AD" plan or on the basis of the FRS plan) to liquidate the Council of the Revolution, to transfer the powers of the president of the republic to the government (specifically, the appointment of the military chiefs and the administration of the Armed Forces) and to dismantle the provisions for overseeing the constitutionality of the laws, PS will be making a decisive contribution toward "AD's" taking over all the political and military power and carrying out its coup to liquidate the democratic regime (continuing to violate the Constitution, as is its practice).

Therefore, a serious reconsideration on the part of FRS of its positions and its own plan relating to these key areas of the organization of political power has become a pressing need for the defense of the democratic regime.

7. The Crisis Continues: a Democratic Solution Is Required

The crisis of "AD" and of the "AD" government has been temporarily surmounted. But the economic, social and political crisis which caused the crisis for "AD" and its government continues.

Since the causes still remain (the objective worsening of all problems, the struggle of the Portuguese people and the democratic forces, the operation of the institutions), it is to be anticipated that they will lead to a new government crisis and a new internal crisis for "AD" (which is currently acquiring a latent nature).

Because of the deliberate, systematic and gross violation of the Constitution and of democratic legality, because of its endeavor to destroy the democratic changes inherent in the regime, because of its submission to foreign imperialism and because of its plan to liquidate the democratic regime (quite obvious in all its action and in its plan for revision of the Constitution), "AD" has lost any legitimacy for continuing to govern.

It is a task for all democratic forces to impede the destructive endeavor of "AD" in the government and in the Assembly of the Republic, to prevent the progressive deterioration of the economy and of the standard of living of the Portuguese people and an increase in the already monstrous foreign debt that is making Portugal increasingly dependent on imperialism. It is a task to preclude the fulfillment of "AD's" subversive, coup-related plan to liquidate the democratic regime which at the present time is concentrated on the revision of the Constitution.

Despite the fact that the new "AD" government was formed a few weeks ago, the demand for its dismissal and for a democratic solution to the economic, social and political crisis is still quite timely.

8. Democratic Government, Early Elections

The dismissal of the "AD"-Balsemao-F. do Amaral government, the formation of a caretaker government that would uphold democratic legality, the dissolution of the Assembly of the Republic and the consultation of the electorate by holding early elections for the Assembly of the Republic have become goals of vital interest to the people and to the country; goals of deepseated concern to those who do not want Portugal to return to the past of exploitation and oppression which 25 April terminated.

"AD" has lost much of its base of social, political and electoral support. The defeat of the "AD" candidate, Soares Carneiro, in the elections of 7 December has already proven the existence of an extremely large, majority social and political camp that is opposed to "AD" and is opting for a democratic alternative. The great struggles of the workers, the unity of the working class, of vast masses of peasants and other strata of the population revealed in the opposition to the Balsemao government, and the sometimes vertical drops in the vote for "AD" in partial elections of the local governments prove that "AD's" base of support is becoming curtailed day by day.

"AD" has no backing from the majority of the Portuguese people, and has no legitimacy either to continue its antipopular, antidemocratic and antinational policy, or to undertake the revision of the Constitution.

The PCP's Central Committee proclaims that, in such a serious situation, the Portuguese people should be heard; and hence the solution to the current situation demands the holding of early elections within the shortest possible time, under truly democratic conditions; which requires that Portuguese who respect legality must be in the government.

We can be sure that the result of the elections will be the defeat of "AD" and the selection by the electorate of a new majority, a democratic majority, on the basis of which a government which will serve the people and the country must be formed, and on the basis of which the revision of the Constitution will guarantee and reinforce the democratic regime.

9. Essential Points in a Platform for Common Action

At this time of vital importance to the future of democracy, of the Portuguese people and of Portugal, all democrats are dutybound to seek to appreciate the common fundamental objectives and aspirations, with a view toward paving the way for understanding and common action.

The CC of the PCP puts forth a platform of five essential points for the common action of democrats:

1. Defense of the Constitution and of the democratic regime.

2. Defense of the interests of the workers and of the living conditions of the people.

3. Solution to the economic crisis and development of the country.

4. Guarantee of national independence, security and dignity.

5. Defeat of "AD" and democratic alternative.

The CC declares the PCP's readiness, in a profound and candid exchange of opinions, to examine these objectives with all the democratic forces as well as with social forces, making a determination of their concrete essence and of the possibilities for agreement and common action for attaining them.

10. Common Action of Democrats, a National Imperative

Understanding and common action among all democrats and patriots is becoming increasingly necessary as a national imperative.

The Portuguese democrats, if they are united and struggle with determination, have sufficient strength to oppose the antipopular, antidemocratic and antinational policy of "AD" and to defeat its subversive, coup-related plan.

A "new majority" to replace the present majority of "AD" deputies in the Assembly of the Republic and to offer a real alternative to the "AD" policy cannot be the so-called "Central Bloc", that is, an alliance of PS with PPD [Popular Democratic Party]/PSD [Social Democratic Party], with the more or less concealed support of CDS [Social Democratic Center Party]. The "Central Bloc" would necessarily be an alliance in the service of a right wing policy, very close to what has been that of "AD".

Within the space of 2 years, the PS alliance with PSD and CDS has proven that it serves only the enemies of democracy. The preeminent reflections of this alliance at present (convergence of the constitutional revision plans of FRS and "AD", backing for the UGT [General Union of Workers] puppet-federation, and agreements against APU [United People's Alliance] in the local governments, as the case of Loures proves with evidence) are manifestly opposed to the interests of the workers, the people and democracy.

The alliances which serve the people and the country are alliances of democrats, and not alliances of democrats with reactionaries.

The only "new majority" capable of representing a democratic alternative is a majority of democrats, wherein communists and socialists have a major role to play.

The CC once again confirms the PCP's complete willingness to examine with all the other democratic forces and independent democrats all the problems relating to the political situation, the democratic alternative and the formation of a new majority, a democratic majority.

The CC approves the recent initiatives of the Political Commission to the effect of multiplying contacts and exchanges of views with PS and all the other democratic parties and sectors, without exception, including elements within the orbit of PSD with liberal sentiments.

The CC confirms the PCP's insistence in this respect, despite the systematic refusals of the PS secretary general to hold any PS meetings with the PCP. There are many Socialists who are opposed to the alliance with "AD" and who advocate an alliance with the PCP. The policy of unity is the one which best suits the sentiments of Portuguese democrats.

In view of the serious dangers involved in the situation created by the revision of the Constitution, the CC underscores the urgent need for an understanding among all democrats to prevent "AD" from carrying out its subversive plan to liquidate the democratic regime. The PCP stresses the urgent need for a joint study of this matter by all democrats.

The democratic majority does, in fact, exist in the Portuguese society, among the popular masses and the electorate. Unity and struggle can insure victory.

11. Action in the Organs of Sovereignty and the Local Governments

Concurrently with the persistent efforts for common action on all levels (national, regional, local and sectorial) resulting from agreements or convergence among all the democratic political parties and sectors, specifically the PS, it is essential that the political struggle of the most consistent democrats take place immediately, as well as the organization and implementation of the popular struggle of the masses.

The struggle against "AD" and its government and on behalf of a democratic alternative, in defense of the people's interests, the revolution's conquests and the democratic regime, must take place in the diversified ways that the specific features of the Portuguese situation make possible and necessary: action in (or with) the organs of sovereignty, action in the local governments, a direct contribution to the solution of the problems, campaigns for information and explanation, and development of the popular struggle of the masses.

It is essential that the democratic forces continue to engage in persistent action in the organs of sovereignty or with them, as well as in the local governments.

Major tasks in this respect are:

a. Under the terms of the Constitution, to maintain relations with the organs of sovereignty, specifically with the president of the republic and the Council of the revolution, that are responsible for guaranteeing, within the context of the regime, the constitutionality of governmental and legislative action.

b. To take action in the Assembly of the Republic, seeking there an agreement among the deputies from the democratic parties to combat "AD" and, in particular, its plan for an unconstitutional revision of the Constitution.

c. To carry out a persistent effort in the local governments in the service of the populations and in the defense of the democratic local authority, to combat the antidemocratic administration of "AD" where it is in evidence and, with regard to concrete problems and partial elections, to develop the unity of the democrats and bring about the election of APU lists with extensive participation not only of

members of PCP and MDP [Portuguese Democratic Movement], but also of independent democrats and those of other political persuasions, including Socialists. The PCP Conference on Local Power to be held on 18 October is a major contribution from Communists to the improvement of the work in the local governments.

d. To resort to the courts against the illegalities and arbitrary actions of the "AD" government and other authorities, and to demand fulfillment of the decisions that restore democratic legality.

In the activity in (or with) the organs of sovereignty and the local governments, it is the mission of democrats to do everything possible to insure the normal operation of the institutions, with respect for the Constitution and for legality.

"AD" can survive only with unconstitutional and illegal methods and actions. The operation of the institutions and respect for legality doom "AD" to defeat and pave the way for a democratic alternative.

12. The Force and Decisive Role of the Workers' and Popular Movement

The workers' and popular movement, with its mass dynamics, is destined to play a leading role in the evolution of the political situation.

The experience of the Portuguese revolution and 6 years of heroic resistance to the policy of recovery for capitalists, large estate holders and imperialists carried out by consecutive governments proved the force and capacity for intervention of the popular masses in economic, social and political life. If it were not for the workers' movement and the mass struggle, the great democratic changes that have been achieved would not have occurred, nor would the democratic regime have withstood the offensives waged against it from the government by the reactionary forces for the past 6 years.

The mass struggle still has, at the present time, key importance in the defense of the Portugal of April.

A leading role is incumbent on the political parties and their political action in the Portuguese democratic regime. But the social organizations and movements, whose action has often assumed great political significance, have a fundamental role in the progress of the popular struggle of the masses, and wield an increasing influence on the nation's economic, social and political life.

The progress of the workers' and popular movement requires:

a. Reinforcement of the organization, unified nature, link with the masses and mobilizing power of the labor movement, with a reinforcement of all its structures (confederation, unions, federations, syndicates and company labor organizations), and the closest and most direct link between the labor leaders and the masses. Dynamization of the workers' commissions and their coordinating structures.

b. Reinforcement of the organization, unified nature, link with the masses and mobilizing power of other class organizations (of small and medium-sized farmers,

small and medium-sized merchants and manufacturers, intellectuals and technical cadres), as well as of the more underprivileged social sectors, such as retired and disabled persons.

c. The most dynamic, extensive and flexible structuring of the youth and women's movements.

d. Constantly growing participation in the popular movement by all organizations of an associative, social, cultural, recreational and sports type.

e. The development among all antimonopolistic social classes and strata and among all sectors of national life of the mass struggle for immediate, concrete demands associated with the most urgent needs and the most serious problems of the workers and the large masses of the population (wages, cost of living, unemployment, prices, housing, health, education, social security, democratic conquests, rights and liberties).

f. Accompaniment of the ideological struggle with action for immediate objectives.

g. Association (explicit or not) of the immediate objectives with the political objectives of the dismissal of the "AD" government, the defense of the Constitution and the regime, the holding of elections and a democratic alternative.

13. With the PCP, Unity, Organization and Action

The entire evolution of the political situation since 25 April provides irrefutable evidence that the people's interests, liberties and democracy are defended not against the PCP, but with the PCP, as the most consistent, firmest political force that is most profoundly linked with the people and the most determined and mobilizing in nature.

In the eyes of an increasingly larger number of Portuguese men and women, the PCP is appearing as the only great party in a position to be a driving force for the unity, organization and action of the workers and of all democrats to insure the defense and consolidation of the democratic regime and national independence, to defeat "AD" and remove it from power, and to achieve a democratic alternative with a democratic majority and a democratic government.

The remarkable success of the AVANTE Festival is a clear affirmation of the organizing force, the capacity for achievement, the dedicated militancy and the spreading mass influence of the PCP.

The reinforcement of the PCP in all areas of its activity and the progressive spread of its mass influence constitute an essential requisite for the victorious development of the workers', popular and democratic movement.

The CC of the PCP appeals to all militants and organizations to engage steadfastly in the battle for the defense of the Constitution and the democratic regime.

Today, as always, throughout the 60 years of its existence, the PCP is in the service of the people and the nation. In the complex, dangerous situation that

is being experienced, the PCP will do everything to merit the confidence that has been placed in it by a major portion of the Portuguese people.

With the PCP, with other democrats and patriots, with the great and powerful unifying organizations, with the workers, with the popular masses, Portuguese democracy will defeat its enemies and the Portugal of April will conquer.

26 September 1981.

The Central Committee of the Portuguese Communist Party.

Note From the CC of the PCP on the International Situation

1. The Central Committee of the PCP examined the most recent developments in the international situation, the "AD" government's foreign policy and the party's international activity.

The CC of the PCP concluded that, despite the serious threats hovering over the peace, liberty and independence of peoples in various countries and regions of the world as a result of the aggressive, militarist policy of imperialism, the international situation is continuing to evolve in favor of the forces of democracy, national independence, social progress and socialism.

2. The struggle against the aggressive, militarist policy of imperialism, led by the Reagan administration, constitutes a fundamental direction for the struggle of all the revolutionary, democratic and peace-loving forces.

American imperialism has unleashed and is pursuing a frenetic arms race aimed, at all costs, at destroying equilibrium and achieving military supremacy over the USSR and the socialist camp, imbalancing the correlation of forces in its favor, imposing its hegemony on world affairs and curbing and causing a setback in the liberating struggle of the workers and peoples that is experiencing a new, impetuous progress in our day. Through the exacerbation of international tension and the arms race, the most reactionary and militarist circles of imperialism are seeking a solution to the deepseated and widespread crisis besetting the capitalist system.

Under the protection of the campaigns regarding the "Soviet threat" and "international terrorism", the United States is persisting in its attempt to force the installation of its Pershing II and Cruise missiles in Europe. It is attempting to expand NATO's geographical scope and to reinforce this aggressive alliance with the entry of Spain, thereby introducing a new and serious factor for politicomilitary imbalance. It has virtually declared the entire planet a "zone of vital interest" and has appropriated for itself the right the install new military bases and to intervene militarily in the Middle East, Central America and Africa against sovereign peoples and states. It has overtly proclaimed its support for fascist, reactionary dictatorships (such as those in El Salvador, Chile, Egypt, Turkey or South Korea), and it has made use of the Zionists of Israel and the racists of South Africa in criminal acts of state banditry and terrorism, creating extremely serious threats to peace in those parts of the world. It has brazenly armed the Pakistan dictatorship in order to continue the intervention against the Democratic Republic of Afghanistan.

It has taken new, serious steps in its undeclared military alliance with the Chinese leaders, and has organized provocation and overtly threatened sovereign nations such as Cuba, Angola, Libya, Vietnam, Laos, Kampuchea and others. The U.S. production of the neutron bomb is a new, dangerous step in the direction of war which must be firmly denounced. The attempts by the United States to convert Europe into a theater of "limited nuclear war" which would leave North American territory safe from catastrophic destruction, although it is an illusion, involves quite concrete dangers which cannot be minimized.

2909
CSO: 3101/9

MEMBER OF SECURITY AND DISARMAMENT COMMISSION QUITS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Oct 81 pt II p 1

[Article by Solveig Rodsgaard: "The Professor's Farewell to the Government Officials"]

> [Text] Professor Erling Bjol did not derive much from his 10 months on the government's Security and Disarmament Commission (SNU). Now he is leaving the post, and here he tells why.

Professor Erling Bjol has picked up his tools and left the government's much discussed Security and Disarmament Commission, SNU. He said that the commission can not function because it faces an impossible task. The commission can not have an official of the Foreign Ministry as chairman when politically controversial subjects are being discussed.

The chairman of the commission is Ambassador S. G. Mellbin. The other members of the commission are Lector Anders Boserup, Lector B. Heuerlin, Henning Gottlieb from the staff of the Prime Minister's Office, Major M. Clemmesen from the Military Office of the Ministry of Defense and Erling Bjol, who has said farewell with significant effect in both the Foreign Ministry [line apparently omitted in text] and also awakened interest that none have wanted to contest Erling Bjol's expertise. "He is not just anybody," said former Foreign Minister Henning Christopherson. So it also is interesting that in his letter of resignation to the members of SNU he wrote that all the members of the commission do not have a sufficient level of knowledge.

But Erling Bjol does not want to expand further on that remark. He said that the members understand what he means.

Erling Bjol, 62, is a professor and doctor of political science at Arhus University, and for many years has worked in national security and foreign policy. Previously he worked as a journalist, he is chairman of the board of directors of the Danish Foreign Policy Institute, he wrote many books on national security and foreign policy, and he is a well-known participant in current debates on these subjects.

The Nuclear-Free Zone

SNU has had problems since the commission was established 10 months ago. They attracted attention when they decided that their first report would concern the Nordic countries as a nuclear-free zone. That has obviously not been Erling Bjol's cup of tea.

"The decision to take up this subject was made at a meeting in February when I was absent due to illness. So I can not say much about it. I am more unhappy with the manner in which the question has been handled since. I believe that there are a number of questions that I would prefer to have studied in that connection, but I did not get sufficient agreement in the commission.

"There are many questions which in my opinion should be investigated concerning the Nordic countries as a nuclear-free zone. But time after time I have had the feeling that when we approached politically controversial subjects, the desire was to avoid them. And it was primarily the chairman who was against these subjects.

"For example, I would like to have it explained how this entire campaign of a nuclear-free zone arose. It had its origin in Norway in 1980, and I would like to have that further explained. Was it with the Norwegian sea-rights expert Jens Evensen, who really got this debate going, or something about American plans for Norway which we know nothing about?"

Back and Forth

What did the commission do to pass the time?

"Ah, many things can be said and written back and forth about that. When everyone discusses every side, and six people make their opinions known, then it is an international communique that we are dealing with, and that makes the time pass. I believe that it was an irrational way to work, and in any case it is not a method by which I can continue to work. I can use my time in a more fruitful way.

"Fundamentally, I think that the difficulty lay in the fact that when one comes from the background of an official of the Foreign Ministry, and another comes from an academic environment, they see things entirely differently. I was further handicapped by my background in press work, so I have a tendency that when I write something, it is on my own responsibility, and should not be discussed back and forth."

Erling Bjol believes that there is a use for the Security and Disarmament Commission which, independent of the government, would be able to obtain the materials needed for its deliberations.

"Therefore I tried to get the secretariat of the commission used in the correct way. I would have preferred that the secretariat keep itself informed of the international debate on national security policy, disarmament policy and arms control matters. If it kept up with the international press, etc., the material could have been better arranged.

"The Folketing really has no independent expertise. Politicians are referred to the government. So there could really be a good use for an organization of this kind. But I think it is a perverted construction when an official from the Foreign Ministry is made chairman. He is placed in an impossible situation, because he is required to be loyal to the government in office--and Danish officials should be glad of that. At the same time he must be independent in one way or another. And that is difficult to do.

"How should such a commission be built then? Well, look at how the Economic Council is set up. In the first place, there are not more than three members, and in the second place they are not officials. I believe it is a handicap to have a commission of six people. Why did they not want to follow the model of the Economic Council--perhaps because there was a fear that it would become too independent?"

SNU's Meeting

SNU will have a meeting tomorrow. They will then receive a couple of chapters from the report on the nuclear-free zone. But there is still a long way to go before the final report is ready.

Erling Bjol realizes that the commission will have a hard time working.

"What have they previously had to work with? They have been assembled a few times, and will assemble again on Thursday to receive several papers. But until now the commission has really not had a function. I believe that members of the larger commission should have been included in the work."

9287
CSO: 3106/16

PAPER COMMENTS ON 'STORM-TOSSED' SECURITY PANEL

Copenhagen BERLINGSKE TIDENDE in Danish 29 Oct 81 p 12

[Editorial: "SNU in a Crosswind"]

[Text] The Security and Disarmament Commission (SNU) which the government formed last year has been "storm-tossed" during its entire existence. The formation of the commission was made unnecessarily awkward by the assumption that representatives of a free press could be included in a commission the task of which is to advise the government in office. Therefore most of the press representatives who were asked chose to say no to membership. Since then the commission has decided to take the Nordic countries as a nuclear-free zone as its first subject for investigation. That decision is also unnecessarily awkward because the choice of that subject is, to put it mildly, not neutral in terms of political party opinions.

Adding now to these difficulties, Professor Erling Bjol has decided to leave the membership of the commission. His reasons for that step are mainly dissatisfaction with the working procedures of the commission. With impressive haste, the government has found a replacement for Erling Bjol, but it has thereby cut itself off from listening to and learning from the criticism that Bjol has made.

But in the main thesis of the criticism there is material worthy of thought. It is undoubtedly correct that the commission has been and will be handicapped in its work by the circumstance that a professional diplomat was made chairman and that the other members come from, and therefore will protect the viewpoints of different agencies. The diplomat's viewpoint must necessarily be different from the researchers'. The diplomat has a responsibility to the system which he--regardless of his current function--is a part of. Therefore it must be his main effort to ensure that the work of the commission does not come in conflict with the official policy of the Foreign Ministry. Also, the members of the commission who are researchers have interests to watch out for. As individuals they must adhere to the researchers' tradition, which they support. As researchers they must also try to protect their freedom to ask questions and give answers.

SNU is therefore an organization which will have difficulty in surviving, and which in any case can not be expected to work harmoniously. Besides the difficulties which are built in, there are further problems which are related to the political representation in the commission. Instead of finding a rapid solution to the

problem which arose with Erling Bjol's departure, the foreign minister should have given himself time to think through whether the commission is appropriately put together. Experience from past efforts indicates that the mixture of research and administration can make the work of the commission entirely unimportant.

9287
CSO: 3106/16

DALSGAARD NAMED NEW INTELLIGENCE CHIEF

Copenhagen BERLINGSKE TIDENDE in Danish 31 Oct 81 p 2

[Text] On Monday a new chief will take office in the Police Intelligence Service (PET). Criminal Inspector E. Dalsgaard, 52, has been provisionally named head of the service's Criminal Police Section.

For a number of years he was chief of the Criminal Police in Glostrup, where he came after a career in the Personnel Section of the National Police. Dalsgaard was temporarily appointed to the position in the PET because the present inspector, H. M. Lauritzen has been ill for a long time.

The highest legal leadership of the PET continues to be conducted by Master Police Officer Ole Stig Andersen.

Criminal Commissioner Tom Beck was provisionally appointed as daily leader of the Criminal Police of Glostrup, one of the largest criminal police forces in the country.

Caption: E. Dalsgaard, 52, is moving from chief of the Glostrup Criminal Police to the Police Intelligence Service.

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END

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No. 1862

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PARLIAMENTARY DELEGATION TO TALK ON TNF IN USSR

Various Destinations

PM111201 Rotterdam NRC HANDELSBLAD in Dutch 4 Nov 81 p 1

[Unnamed own diplomatic editor report: "Chamber Members Go Reconnoitering in Moscow"]

[Text] The Hague, 4 Nov--At the beginning of December a Netherlands parliamentary delegation will hold talks in Moscow on the issues of arms control and security. As last year, visits will also be made to Paris, Bonn and NATO headquarters in Brussels.

For the last 2 years the chamber's Standing Committee for Foreign Affairs has had the possibility of making a few foreign trips each year.

The delegation, led by J. N. Scholten (Christian Democratic Appeal), will also include A. L. Ter Beek (Labor Party), F. Bolkestein (People's Party for Freedom and Democracy) and H. Schaper (Democrats '66). The aim is to form an impression, through talks in Moscow with a number of important politicians, of the Russian scenario for the negotiations between Moscow and Washington on limiting nuclear arms in Europe. These will start 30 November.

Ter Beek: "The Soviets dismiss the notion that the military balance in Europe has been disturbed. For this reason I would like to see what their view of the balance is. I would also like to hear how Moscow intends to fulfill the zero option."

He considers the beginning of December a favorable time for the visit, because Soviet President Brezhnev will have visited Bonn by this time and the SALT negotiations [as published] in Geneva between the Russians and the Americans will have started in the meantime.

Lubbers Included

PM111203 Amsterdam DE VOLKSKRANT in Dutch 6 Nov 81 p 1

[Unnamed own correspondent report: "Lubbers Will Take Part in Moscow Trip"]

[Text] The Hague--Christian Democratic Appeal [CDA] parliamentary group leader Lubbers will be included in the parliamentary delegation which will pay an orientation visit to Moscow at the beginning of December. The CDA considers that it would be useful for Lubbers to take part because of the urgency of the problems surrounding nuclear arms. Lubbers will be accompanied by another CDA member, two Labor Party members, one member each from the People's Party for Freedom and Democracy and the Democrats '66 and a representative of the minor parties in the second chamber.

The Moscow visit is part of a trip the delegation will make to the NATO headquarters in Brussels and to Bonn and Paris. The second chamber foreign affairs committee is giving the highest priority to this "East-West trip" because it will take place around the time when the Soviet-American negotiations begin in Geneva.

CSO: 3105/36

LONG-RANGE ENERGY STUDY EXAMINES POLICY ALTERNATIVES

Helsinki HELSINGIN SANOMAT in Finnish 22 Oct 81 p 27

[Article: "Energy Costs Represent Worst Threat"]

[Text] In the year 2010 the Finnish housewife will do her shopping in a small electric car. The first tests on the electrification of roads and highways will also be in progress.

In the year 2010 travel to the south will be drastically reduced. Families will listen with their eyes wide open in astonishment when grandfather relates his adventures as a youth on the Canary Islands.

In the year 2010 approximately 140,000 Finns will be without permanent employment. Many will have voluntarily retired and will have devoted themselves to a life of development and a lifestyle that avoids unnecessary consumption.

This is how development is seen 30 years from now by the Finnish Independence Commemoration Fund, Sitra, which on Wednesday published an extensive report entitled "Finland's Economy 2010".

Experts from eight different areas of the economy and Sitra General Agent C. E. Carlson evaluated economic development.

Among the economic areas individual treatment was given to energy, forestry, mining, metal processing, food production, the textile and clothing industry, housing, and health care.

The conclusions are formed into two detailed pictures of Finnish life in the year 2010.

In the first development alternative it is expected that world trade will continue to increase at the "old rate". What is most important from Finland's point of view is that a balance will have been achieved in the world's energy management. The sale and price level of products of the forest industry will have remained stable.

Thus economic growth may continue even if it may not be as fast as in the starting year of 1980.

According to Carlson the future can be predicted in two different manners: by

approaching it gradually or by taking one great leap. Approaching it gradually maintains a better grasp of reality. When changes occur gradually, all their effects are not easily observed.

"When one great leap is taken, the imagination flies more freely. One's feet are free from the ground, but there is a danger that they will not return to the ground.

"Certain bold predictions have turned out to be, if not true, at least astonishingly on the right track, however, several have afterwards aroused only a sympathetic smile," states Carlson with respect to predictions of the future.

Oil Will Continue To Be Imported

In the year 2010 oil will still be imported to Finland at least in amounts needed to ensure the flow of traffic.

Heavy fuel oil developed from the refinement of gas and diesel oil will be primarily used for the needs of industry.

When advantageous prices prevail, fuel oil will also be purchased from the world markets.

The use of coal for the production of electric power will have been reduced and nuclear power will be more prevalent. There will be a greater use for coal in the production of municipal heating in southern Finland and also for the needs of industry.

According to the assessment by Sitra a favorable situation in the procurement of energy will be a result of the fact that technical problems presently hindering the development of nuclear power will have been resolved in such a way that everyone will be satisfied and safety will have been guaranteed to a greater degree than before.

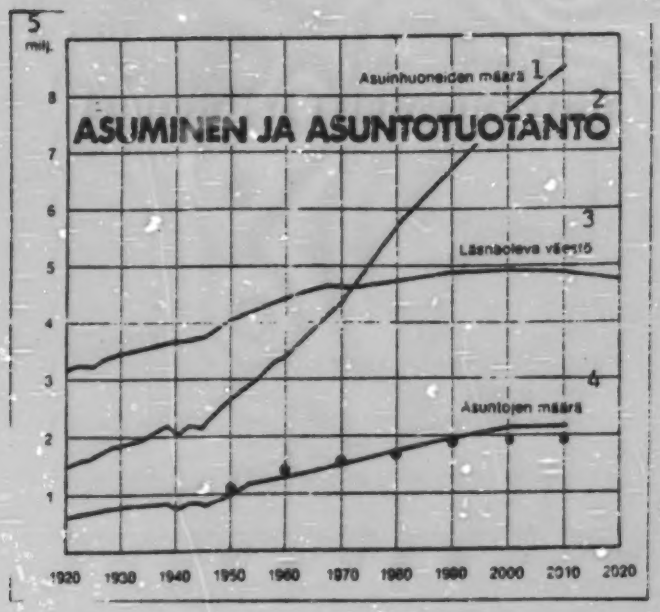
Energy management will have been developed in such a way that it will be more favorable to the use of electricity. The production of domestic fuels will have stopped growing in the year 2010.

Automation Will Continue

Automation and mechanization will continue in the year 2010. In industry mechanized work phases will have been connected with each other in such a way that even the manufacture of relatively short series production will be possible and with a small labor force.

Automation will become especially evident in the metal and clothing industries. The chemical forest industry and the chemical industry itself will have automated their production processes long before the turn of the century.

Electronics will have greatly changed the lifestyle of families. People will leave their homes less for services and the obtainment of information since many professions will be accomplished from the home.



Black balls indicate number of households.

Key:

1. Number of rooms
2. Living and housing production
3. Population
4. Number of housing units
5. in millions

The need for housing will be approaching the saturation point in the year 2010. The emphasis in construction will be on improving quality and basic renovation.

There will be few large public or industrial construction projects, nuclear power plant projects being he exception. There will be a few foreign contracts available, but at a low price.

The concentration of population centers will have been facilitated by the availability of commercial services. The growing demand for banking and insurance services will have been satisfied by means of automation. And there will not have been much of an increase in personnel.

Communications Will Provide Jobs

The number of people employed in communications will have increased slightly more than 10 percent by the year 2010, primarily in the rapidly growing services related to computers and data transfer.

The relative increase in the price of energy will have forcefully affected highway transportation, which will continue to use oil products as its primary source of power.

The ownership and use of private automobiles will have turned downward. Automobiles will be small and economical. Motor vehicles operating on electricity will be used for short-distance transportation.

Long-distance travel will be avoided since computerized systems will offer new counselling and meeting services.

Foreign travel will have fallen off drastically since transportation expenses will have risen at an exceptionally fast rate.

Families will be taking more vacations in their own country. Every family will have a summer cabin for their whole vacation, either owned or rented.

The distinction between traditional newspapers and periodicals will become blurred as the continuing flow of information into the home increases. Information and even complete books will be available from the nearest electronic information center.

The increase in productivity in nearly all areas of commerce and industry and the relatively large structural changes will, however, cause considerable unemployment.

In the year 2010 there will be approximately 140,000 Finns in need of a permanent job.

However, the structure and nature of unemployment will have changed. Now it is felt the most by people over 50 years old. Younger people and better educated will have it easier.

If Growth Comes to A Stop?

The title of the alternative depicting the effects of zero economic growth in the report is "Uphill". The amount of Finland's foreign trade will have been reduced in this alternative, but our country's balance of payments will have been balanced by using more and more wood for the production of energy.

Since the opportunities for increasing material consumption will have become less, the differences in living conditions will appear primarily as charges in quality rather than quantity.

There will, however, be sufficient food and clothing and there will be no perceptible reduction in housing. However, in this alternative the reduction of the work week will have to be abandoned.

Among the means of livelihood industry will have it the hardest since the demand in its traditional export markets will have become weaker. Highly specialized and technically demanding areas will maintain their position best.

Growth in the productivity of agriculture will slow down as it reduces the use of foreign production factors. All surface area will be put to use, and nearly the same number of citizens will make thier living from agriculture.

As far as the energy question is concerned in this alternative it is essential that

nuclear power will not have developed according to expectations. The availability of oil will also be tight and its price will be high.

What is essential for Finland in this phase is that the demand for products of the forest industry will have become weaker and along with this the foreign trade balance will have become worse. An actual lack of material needs will not be experienced, but a self-supporting household will require more effort and labor. According to this alternative there will be 40,000 unemployed in Finland in the year 2010.

If Development Continues at Present Rate, Food Supply Will be Less Certain

Finland's nutritional supply will become less certain if development continues in the same manner as it has in the last few decades. This was the assessment of the Pellervo Economic Research Institute's report entitled "Finland's Food Production Until the Year 2010". A one-sided specialization and a production structure based on imported production factors will increase the vulnerability of our nutritional management at the same time that the world's food problems will continue to grow.

According to the study a change of direction will take place in the development of domestic food production because of changes in the price relationship of those factors contributing to production. The uncertainty of nutritional management will also be increased by a reduction of the labor force. At the present time a full 10 percent of our country's labor force is employed in agriculture and forestry. By the year 2010 the proportion of the labor force in agriculture and forestry will be less than 5 percent.

Such a demographic development would significantly erode the certainty of nutritional supply since there would not be a sufficient labor force available for cultivation in the event of a crisis, states the report.

If present development continues, the number of farms will decline perceptibly and the average size of a farm will more than double. This the researchers consider will offer increasing opportunities for improving productivity and rationalizing production, but, on the other hand, will also cause problems for the producer.

The problems will primarily relate to the capital needs of farms, which the researchers estimate will increase 4--5-fold or rise from the current half million markkas to approximately 2 million markkas, which will increase risks and problems in the funding structure of farms. In the extreme it can mean considerable changes in the ownership structure of farms.

In the study it is emphasized that even a small farm can guarantee a sufficient living especially if sufficient financial independence is achieved and additional wages can be earned from work in the woods and energy production. According to the researchers energy, in particular, seems to offer sufficient additional income opportunities.

The next 30 years will be particularly susceptible to crises with respect to the availability of energy and its cost. In Finland this presupposes an essential improvement in the certainty of energy supply and an increase in the domestic level of energy production.

The researchers believe that the world's food supply situation will be definitely weaker after 30 years. The number of people experiencing hunger will triple, the cost of food will double, and its procurement will become more difficult.

This will presuppose the maintenance of production reserves in the event of a crisis. There should be sufficient land for cultivation and a labor force. The stockpiling of means needed for the production of food should be increased so that consumer demand can always be satisfied and if needed production can continue on the basis of domestic resources.

10576
CSO: 3107/15

CHAMBER OF COMMERCE, INDUSTRY REPORTS ON ECONOMY

Nicosia I SIMERINI in Greek 29 Oct 81 p 11

/Article by Andrcula Taramounda: "KEVE: Dangerous Stagnation in Production"/

/Text/ A dangerous stagnation has appeared recently in our productive potential. In the past 2 years the size of investments in manufacturing has declined considerably and this trend has continued this year also, according to the Cyprus Chamber of Commerce and Industry /KEVE/ which points out the need for radical measures for decreasing unemployment, for combatting inflation and for maintaining a satisfactory rate for our economy's development. The KEVE resolutions state:

In 1981 the inflation rate was somewhat retarded compared to 1980. During the January-September 1981 period the average rate of increase in the retail price index was about 0.8 percent compared to 1.0 percent during the corresponding 1980 period. As a result, the inflation rate during the 12-month period which ended in September 1981 reached 11.3 percent and on the basis of preliminary estimates it is not expected to exceed 11.5 percent compared to 13.5 percent in 1980.

Increase in Unemployment

The continued increase in unemployment in the second half of 1980 is attributed to: the sluggish productive investments of recent years which continue to this day; the lower rate of development in most sectors of the economy and particularly the construction sector where the increase in unemployment is greatest; and the economy's inability to absorb the continually increasing number of new persons entering the employment market.

Even though the trend toward an increase in unemployment is evident in all sectors of the economy, the most disturbing such trend, at this moment at least, appears in the construction sector as a result of the abrupt decline in the developmental rate due to a considerable extent to the credit restrictions the government imposed in 1980. But the reduction of activities in this sector was necessary and has contributed to the cooling off of the economy, to the reduction in the trade balance deficit and to the liberation of material and human capital which, if the government takes the proper fiscal and monetary measures, is expected to be absorbed by the economy's productive sectors. With regard to unemployment in the construction sector and the freed human capital as a result of it, the

government should take all needed measures for its employment either by speeding up the scheduled developmental outlays or through the economy's productive sectors after training and retraining the human capital. Toward this goal the Ministry of Labor, the Productivity Center and the Industrial Training Authority are expected to play and should play an important role. It is pointed out, however, that a necessary precondition for stopping the trend toward unemployment increase in the construction and other economy sectors and for making possible the absorption of the idle labor potential by the economy's productive sectors, the labor unions must accept without further delay the principle of not increasing real salaries and daily wages beyond the rate of productivity improvement.

Combatting Inflation

Other measures which must be taken to combat inflation and to maintain a satisfactory rate of our economy's development under conditions of full employment are the following:

1. Reduction of the public sector deficit by reducing its current consumption outlays.

There is no doubt at all that one of the most inflationary factors coming from within (endogenous) is the large deficit of the broad public sector. This deficit, coupled with the fact it is financed in an inflationary way through borrowing from banks or from abroad, contributes considerably to the increase of the economy's liquidity with the result that great pressures are exercised on the overall price levels.

2. The rate of increase in the real salaries and daily wages as mentioned earlier must be limited within the framework of the economy's possibilities and, as a rule, they should not exceed the productivity's rate of increase.

Labor Cost

The need for limiting the rate of increase of the labor cost per unit springs also from the fact that it is apparent that since 1979 there has been a continuous trend toward worsening the competition of the Cypriot products both in the domestic and foreign markets. We believe that under the present conditions it would be correct to initiate a temporary decrease in the standard of living rate of increase at all income levels rather than to have a possible future and irreparable slump. Moreover, the working people of many countries with which Cyprus is trading are accepting annual increases in salaries and wages which in many cases are smaller than the inflation rate because they realize that they too must contribute to the solution of the many problems faced by the economies of their countries.

Price Policy

In this direction it is urgent, first, to formulate and implement on a voluntary basis an equitable policy of prices and incomes based on objective and rational criteria and, second, to reconsider the principle of price index increases. There is no doubt that the way this principle is being applied today has become one of the economy's most endogenous inflationary factors.

3. A favorable investment climate should be created. Despite the fact that the 1980 restrictive budget and monetary government measures contributed to some extent to the decrease of the nonproductive consumer outlays, in the first 8 months of 1981 the tax measures the government took on 1 January 1981 for stimulating the productive investments in desired sectors of the economy have resulted, thus far at least, in a dangerous stagnancy of the economy's productive capacity. It is mentioned, indicatively, that the size of investments in manufacturing during the past 2 years showed an absolute slowdown and this trend continued during the current year also.

Investments

The importance of maintaining a satisfactory rate of increase in the economy's productive sectors and of reducing the production cost--especially of the labor cost--is immense if we want to maintain and to strengthen as well the competitiveness of our products in the markets here and abroad. We must bear in mind the comparative advantage the products of other countries have over similar Cypriot products because of mass production techniques and application of methods and high technology these countries use in their production procedures and because of the efforts by these countries to overcome the competition of imported goods by imposing quantitive restrictions and by resorting, in many cases, to emergency measures--such as undervaluing their currency--for maintaining the competitiveness of their products.

We believe, therefore, that the situation especially as concerns the investments in desired economy sectors and especially in the export industry must be followed closely. Greater efforts should be made in 1982 by all concerned parties--the government, the labor unions and the employers to cultivate a better investment climate. In this direction we must not overlook the fact that the most important factors which discourage new investments in desired sectors of the economy are: the unfavorable enterpreneurial climate now prevailing in Cyprus because of a coincidence of exogenous and endogenous politico-economic factors such as are the large and continuous increases in production costs and especially in labor costs; the economic recession which plagues most of the countries Cyprus trades with; the decrease in international trade; and the difficulties the Cypriot entrepreneurs face today in their export efforts because of various problems of structural nature, etc. We believe that, if need be, in 1982 the existing incentives should be strengthened and new tax and other incentives of productive activity should be introduced in order to yield the expected results. Also, the trade unions from now on should show moderation and self-control in their demands if indeed they desire to maintain and to improve in the future the standard of living of their members and that of the people in general.

7520
CSO: 4621/51

FORECAST SEES LOWER EXPORTS BY TURN OF YEAR

Helsinki HELSINGIN SANOMAT in Finnish 22 Oct 81 p 27

[Article: "Exports to Fall Off at Beginning of Year"]

[Text] The Industrial Association's third economic barometer for this year is nearly a repeat of the previous ones. "What is most significant in the new prediction is that it is expected that the recession will continue," stated section chief Pirkko Lammi, who presented the economic prospects of industry on Wednesday.

All in all, 57 percent of the enterprises that answered the inquiry conducted by TKL [Industrial Association] believes that the situation will remain as before in accordance with last summer's assessment. A worsening of the economic picture was predicted by 40 percent and 3 percent predicted that it will improve. According to the prediction published in July the corresponding figures were 39 and 4 percent.

The economic barometer of the Industrial Association is published quarterly. This time the poll included a total of 440 enterprises, which represent all the main areas of industry.

A Better Than Expected Development in Industrial Production

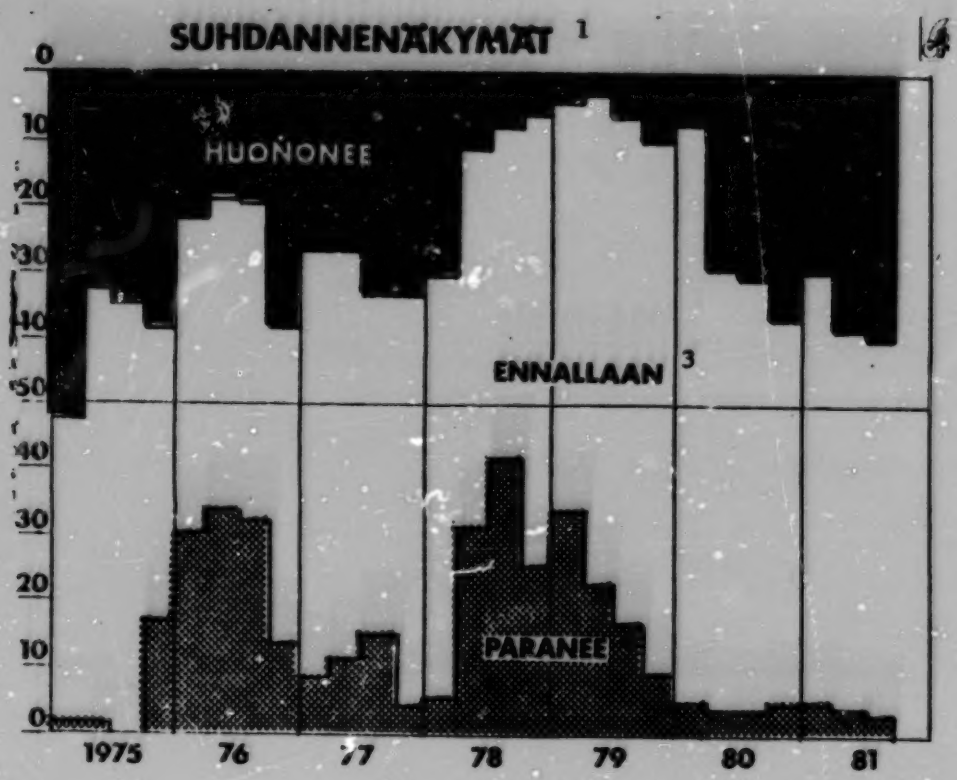
According to the prediction compiled in September it is expected that growth in industrial production as well as in exports will be very slow by the end of the year and will not be uniform as far as areas of production are concerned. At the beginning of next year industry predicts that exports as well as production will decline.

Industrial production developed slightly better than expected in the third quarter of this year. "Production in the manufactured goods industry has fallen off, but metal industry production has remained nearly at the level of the previous quarter and production in other areas has increased somewhat," states the economic barometer.

According to the barometer the prospects for the consumer goods industry appear to be gloomy for the future. Also the forest products industry expects a weakening of its economy as it has done in the previous two barometers. It is believed that production will continue at the present rate until the end of the year, but will decline rather sharply in the beginning of next year.

The construction industry above all as well as the metal industry to a certain

degree believe that their situations will improve in the near future. Among contractors 20 percent expects an improvement, 11 percent expects a weakening of the economic situation, and 69 percent believes the situation will remain the same.



Key:

1. Economic prospects
2. Worsening
3. As before
4. Improving

Lammi considers the general picture of the metal industry formed on the basis of this inquiry a little too optimistic. This she believes could be the result of a certain over-representation of shipyards, which are currently enjoying an economic upswing, among the metal enterprises responding.

According to the barometer the number of orders being placed in industry are now clearly less than the average. However, orders in the metal and construction industries are at approximately a normal level.

At the same time inventories of ready-made products have increased from last year's level as well as the level of the previous quarter in nearly all areas.

Labor Force Has Grown Smaller

Also the industrial labor force has grown smaller as expected. Only the construction industry has increased its labor force. Indeed throughout industry the number of workers corresponds to the average for the previous year, but differences in individual areas of industry are significant, states the barometer.

Exports have done better than expected in the third quarter of the year even though they are less than in the previous year in many areas with respect to quantity. In the beginning of next year it is expected that the amount of exports will decline rather sharply especially in the metal and chemical industries.

Industrial investments continue to be somewhat greater than in the previous year. The investments of large enterprises, in particular, have grown while, on the other hand, growth in the investments of small and medium-size enterprises has come to a halt.

Hasto Demanded Economic Restoration

In the opinion of Counselor of Mining Stig. H. Hasto, who opened the press conference at which the Industrial Association's economic barometer was presented, the current economic situation presupposes the initiation of negotiations for practical measures to improve the economy. In his opinion we have not been sufficiently serious about fighting inflation, for example.

According to Hasto next year's budget also does not accomplish the task of promoting economic development.

It is no longer possible to assume that we will recover from the international recession more easily than others, estimated Hasto. Economic growth this year as well as next year will continue to be exceptionally slow in Finland, and the possibility of a complete halt to growth is not excluded, he stated.

The economic barometer reinforces that picture of our economic situation which has recently come about, stated Hasto. According to him certain recent predictions about improvements in Western markets are based on rather questionable assumptions. Since our competitive ability is not improving, but, to the contrary, is even worsening this year, it is difficult to see how we can acquire a large enough share of the Western markets in order to guarantee, for example, the 6-percent growth predicted in the budget proposal, he mentioned.

Hasto also pointed out that our exports to the East will apparently be quantitatively reduced next year and in many areas even the value of exports will also decline.

Foreign Trade Nearly Balanced in September, Exports to USSR Increased 81 Percent

In September Finland's foreign trade was nearly balanced. The Customs Administration calculated a 170-million markka export deficit while in August it was more than 1 billion.

In the first 9 months of this year exports and imports have become significantly

more favorable for Finland than in the same period of the previous year. In January --September there was a deficit of 700 million markkas. A year ago the deficit had swollen to more than 5 billion markkas.

The value of imports in the period for January--September increased 4 percent while a year ago it increased 40 percent. In recent months the value of imports has remained at last year's level. With respect to quantity, imports for the period January--September were 8 percent less than a year ago.

The value of imported raw materials and other materials necessary for production in January--September was 1 percent less than in the corresponding period last year. However, the value of imported crude oil was 7 percent greater than a year ago. The quantity of oil imported was reduced from 9.5 million tons to 7.8 million tons.

In January--September the value of imported fuels increased by a full one-fourth. This increase was based on increased imports of coal.

The value of exports in January--September increased 16 percent. The increase in the value of exports was primarily based on exports to the Soviet Union, which increased by 81 percent.

In January--September the value of forest industry exports was 3 percent greater than in the previous year. Paper industry exports increased 8 percent, but exports of the wood products industry dropped off 10 percent. The value of exported lumber decreased by nearly one-fifth.

Tobacco Exports Increased

The value of exports by the foodstuffs, beverage, and tobacco industry increased 76 percent. Exports to the Soviet Union increased the most. The value of exported meat, milk products, sugar, and chocolate, among other things, increased significantly. Also the increase in exports of the tobacco industry was forceful.

	September		Change	January--September		Change
	1981	1980	%	1981	1980	%
Imports	5,270	5,133	+ 3	44,816	43,[illegible]25	+ 4
Exports	5,100	4,579	+ 11	44,096	38,[illegible]9	+ 16
Balance	-170	-554		-719	-5,146	

10576
CSO: 3107/15

PAPER ON SOVIET EMBASSY'S MANIPULATION OF OPINION

PM111213 Copenhagen BERLINGSKE TIDENDE in Danish 6 Nov 81 p 10

[Editorial: "The Secretary and His Agents"]

[Text] In a world in which there is a great deal of base behavior, there are certain things which are unchangeable. One of them is the Soviet Union's need to manipulate public opinion in other countries with such means and with such blunted elegance that it sooner or later must expose itself. Another is the presence in our midst of a constant stock of artists who are ideally suited to this purpose and who are invariably set in motion by the Russians every time.

The Soviet Embassy's interference in the public debate on Danish security policy is so gross a provocation that it is almost a caricature of reality. The financing of a campaign of advertisements for a nuclear-free zone in the Nordic countries not only compromises the embassy's leadership and its officials who foot the bill but also the credibility of Soviet policy with regard to the Nordic countries as it has been presented by President Brezhnev. It comes as a confirmation for all those who in the past were unwilling to see or hear that his disguised offer of a Soviet contribution to such a zone was superpower trickery to be used to blind the simpleminded.

The affair surrounding Second Secretary Merkulov and his voluntary and duped agents in Danish cultural life is a classic example of the technique of communist infiltration. In the last 50 years the use of cover organizations and peace slogans has been the standard method of winning broader sympathy for Soviet interests than local communist parties should have been able to enlist in the countries of the West. In the thirties it was called the youth front against war and fascism. In the fifties it was the Stockholm Appeal. In the sixties it was the ban the bomb campaign. In the seventies it became the campaign against nuclear power, and now it is peace movements and nuclear-free zones. The techniques are the same and the people who give their support to these initiatives are also largely the same. A number of them are declared or admitted communists, and you cannot expect anything else of them than that they set themselves in motion every time the local representatives of the Soviet Union call--bearing in mind the international character, organization and financing of communism.

One might expect that other half of Tordenskjolo's [18th century Danish military hero] protesting soldiers who are not communists or at least do not admit that they are would adopt a more critical attitude toward the objectives for which their names and general reputations are being used. They are, after all, a circle of intellectuals who must be assumed to be able to draw a conclusion and interpret an experience. But it is as if the whole of postwar history has slipped past them without their having understood a lot of what has been happening. They are there every time they are asked to display their high-minded anger, regardless of who is footing the bill.

CSO: 3106/21

PAPER COMMENTS ON COLLAPSE OF SDP GOVERNMENT, ELECTION

Copenhagen BERLINGSKE TIDENDE in Danish 13 Nov 81 p 13

[Editorial]

[Text] Of course the election had to come--even though most people will say it should have been avoided. In reality the decision was made when the Social Democrats and the union movement decided to prepare and present an employment plan in fellowship. For it was inconceivable in advance that this plan could assemble a majority in Folketing. And if the government had sought a compromise to get a majority it would have meant breaking with the labor movement. The government was incapable of that, however.

The most remarkable thing is that Anker Jorgensen tried even so to avoid an election by abandoning essential parts of the government's proposal the other evening. The labor movement, his own government and his party deprived him of choosing that way out. And Anker Jorgensen who always thought the important thing was to rule and that what came out of it was less important had to suffer the indignity of being forced into an election.

The responsibility for the election is easy to assign. It did not come because the opposition made a concentrated assault on the government. It did not come because a popular referendum knocked the government out. It did not come because there were no opportunities for extensive cooperation in Folketing. It came for the simple reason that the government was incapable of handling the job it took on. The problems have become too much for it and the total confusion in recent weeks as to what the government had in mind must be labeled as a unique example of total inability to pursue a policy.

It will be an election few people sought and it comes at an unfortunate time. Municipal elections will be held next week and a few weeks later the voters will have to return to the polls. It will seem to many people that it is the same election in two rounds. And there is a risk that the municipal council elections will not be what they should be--elections based on local conditions--but a general rehearsal for the Folketing election. The elections Tuesday should not concern who should rule the country.

But the Folketing election is a fact and from now on the public must keep in mind what is involved. This is an election that should pass judgment on the Social Democratic government's failure to deal with the demanding tasks created by the crisis in society. It is an election that should create a basis for a policy that can combat the crisis more effectively. And it is an election on who should lead the country through this difficult period. The Social Democrats and the union movement will go into combat arm in arm. They will proclaim themselves as the ones who can combat unemployment. But there are others who know that they have demonstrated that they are unable to handle precisely that task. It is this Social Democratic collapse the election concerns.

6578
CSO: 3106/18

SCHLUTER OFFERS A POTENTIAL LIBERAL-CONSERVATIVE PROGRAM

Copenhagen BERLINGSKE TIDENDE in Danish 13 Nov 81 Pt II p 3

[Article by Conservative Party chairman Poul Schluter]

> [Text] Poul Schluter, lawyer, chairman of the Conservative Party and head of the party's Folketing group, outlines the Conservative-Liberal Total Plan for 1982 which represents the joint suggestion by the two parties for a solution to the national crisis.

"What do the Conservatives and Liberals really want?" asked Prime Minister Anker Jorgensen recently. And that is a good question from a government leader who is so devoid of political effectiveness that he wants to get his hands on the private pension funds of a million wage earners and self-employed workers.

The reply from the Conservatives and Liberals is ready. It is called the "Total Plan for 1982" and has now been made public by the Folketing groups of the two parties. The overall plan (HP 82 for short) is the result of close cooperation between K [Conservative Party] and V [Liberal Party]. Its proposals are stern and consistent. But they express the quite necessary political innovativeness we must have if we are to use our forces to solve the crisis instead of exploiting it, as the government has done.

The Total Plan for 1982 has been presented in order to be implemented. Sooner or later--but preferably sooner. It will lead to an improvement of 26 billion kroner in the balance of payments. And to increased employment of 140,000 people in the private sector. Thus the plan is a very important offering to the government if Anker Jorgensen will change course. If the government turns this offer down, the Total Plan for 1982 will become the basis on which K and V as a government coalition will draft employment policy after a future Folketing election.

Of course neither the Conservatives nor the Liberals believe that the wall of restrictions, public bureaucracy, tax pressures and lack of freedom the government has erected around the individual citizen and business life can be broken down from one day to the next. Therefore HP 82 is set up realistically to change course slowly but surely in a healtheir and more optimistic direction. Changes can be made quickly in a number of areas. In other areas it will take longer. But the

important thing is to guide developments toward an elimination of the deficit, a considerable easing of the tax burden--both on firms and on individuals--and checking price increases while giving inspiration and support to firms to start new production and thus create jobs for the far too many idle hands. It should also pay to make an effort, save up and assume more responsibility for one's own existence. Society should not paralyze active people with new bans, restrictions and tax penalties. On the contrary the diligent and industrious should be rewarded. We must also make it clear once and for all that income transfers and free payments are not free at all. We pay for them ourselves. Therefore K and V say the citizens should be allowed to keep more of what they earn. That will provide greater freedom of choice--both for the individual and for society.

The total plan includes six proposals to be passed by Folketing. These involve: 1) a reform of state spending; 2) greater local self-determination over public service levels; 3) a dynamic business tax policy; 4) a reform of the daily stipend system; 5) changes in the assistance law; and 6) a proposal to encourage employment.

In the proposal on state spending reforms we are recommending savings of 14 billion kroner in the 1982 state budget, rising to 22 billion in 1985. The savings are arranged in a sequence that takes into account employment. Investments in new jobs in the private business sector will be financed through savings that will not affect public employment to begin with. Thus in the first years the savings will create the background for tax relief and business renewal amounting to 4.9 billion kroner plus tax deferrals amounting to 3.3 billion kroner. This would mean a reduction in business costs of 5.5 billion kroner. This figure would subsequently rise by about 300 to 400 million kroner a year.

The savings will be distributed over the following areas, among others:

Limiting transfer income payments through changes in the rules for paying unemployment benefits, cash assistance grants, etc.

Changing subsidies for children, limiting the rate of increase in development aid, etc.

Limiting the principle of no payment.

Behavior-regulating savings that will change the public's attitude toward the use of public payments, for instance through raising contributions to unemployment funds and a certain reduction in the daily payment level; limiting the something-for-nothing principle involves a certain amount of behavior modification.

Increasing municipal self-determination with fewer regulations and circulars, and a transition to block grants for social institutions, libraries, leisure-time instruction, etc.

Increasing productivity in the postal, prison and hospital systems as well as in the central administration, limiting the Job Environment Act's regulations on the

11-hour rule, safety and cooperation committee courses and various kinds of advice, increasing emphasis on apprenticeship learning in job training and expanding practical training in a number of other educational lines.

The savings proposals cover a 4-year period. In that way we are giving the administration time to adjust to the new framework through changes in laws and circulars. The personnel reductions involved in this 4-year period can be taken care of through natural attrition without any difficulties, so any unrest among staff members can be avoided.

The aim of municipal reform was to strengthen the influence of the people in local issues. But the reform has been misused. We have seen developments heading in the opposite direction. Municipal self-determination is sharply restricted by a long list of state rules, laws, circulars, proclamations and statutes. Municipal freedom is increasingly turning into freedom to do what the state wants. Therefore the Conservatives and the Liberals propose that municipal self-determination rights be restored. This means that counties and cities are urged via changed requirements in service levels to reduce consumption, increase efficiency and improve utilization of resources.

The funds released by a public spending reform will be used to ease business production costs through business tax relief measures and reforms as well as to reduce personal taxes.

The proposal for a dynamic business tax policy contains 20 concrete steps in all. These include improved depreciation rules, a possibility for deficit refunds, improved opportunities for transfers to investment funds and market-regulating funds and deductions for certain investments in production facilities and tax deductions in connection with research and development. We further propose to eliminate the ability to impose a depreciation tax on business property and to repeal the tax on production land and the capital gains tax on real property. Assets taxes and company taxes should be reduced. Double taxation of stock yields and goodwill taxation should also be eliminated while taxation of major stockholders in stock trades should be eased. Finally there should be an increase in the limits on the transfer of business income to an assisting spouse. These proposals would mean a reduction of about 5.5 billion kroner in total production costs. And this amount will increase in future years. Our analyses show that as a direct result of the business tax proposals alone the balance of payments would improve by 5 billion kroner and employment would increase by 60,000 jobs.

K and V are also prepared for a special effort on behalf of agriculture in addition to the tax proposals, among other things in the form of a state effort to assist agricultural debt reduction in 1982.

As in the past the assistance law will insure that people with temporary problems are helped so their standard of living does not decline substantially. That is humane and responsible. But it is not right to maintain for longer periods a living standard based on social payments that is far above the level enjoyed by

families with average incomes. Therefore we propose that cash assistance cannot exceed the maximum daily stipend rate and that payments be stepped down over a certain period of time. At the same time as cash assistance is provided, rehabilitation support should be offered. If this offer of assistance in regaining job competency is rejected the client should immediately go over to permanent aid. The introduction of social income has meant that there has been serious discrimination against part of the population. Therefore we want assistance for invalid aids and aggregate systems to be made independent of social income. This proposal should also be seen against the background of the totally unreasonable aspects of social income that have made things even more difficult for the parents of handicapped children. These people, on the contrary, have a right to the wholehearted support of society.

The plan also proposes a reform of payments for children to concentrate them on the first 9 years, with special emphasis on the first 3 years of life when the payments would be doubled. On the other hand the parental share in paying for operating expenses at childcare institutions would be raised while at the same time changes in the free place limits would give special consideration to families with small incomes.

A change in the entire legislation concerning daily stipends, job referrals and unemployment insurance is quite central in the total Conservative and Liberal plan. The whole stipend system should be based to a greater extent on the joint responsibility of the individual and the labor market factions for strengthening the insurance aspects in the system. Therefore K and V propose that the daily stipend rules contain a certain basic coverage corresponding to 90 percent of previous income and at most an amount corresponding to the lowest payment on the job market. If an individual wants to be sure of a higher payment he can do so by insuring himself with an extra payment to the unemployment fund. In addition we want the rules about having to accept work that is offered to be tightened up. It should also be made easier for firms to employ new workers--especially young workers. Today new hiring is hindered by the many administrative and bureaucratic rules. We must arrive at a simpler system, for example when it comes to approving apprenticeship and trainee openings. The relatively high guaranteed wage also contributes greatly to the unfortunate level of youthful unemployment. More flexible rules and a special assimilation wage for young people without job training or work experience could get far more young people out on the job in private firms, thus providing them with employment and training that could lead in a short time to a transition to the guaranteed wage.

These elements are included in the section of the plan on promoting employment. We also want the 11-hour rule made more flexible. This very rigid regulation has led to quite grotesque conditions in many places on the job market. We also propose that an individual be able to withdraw his credit from the Wage-earners Cost-of-Living Fund on condition that the money is invested for a 5-year period in a financial institution or the like and thus help to increase capital flow to private industry.

With the Total Plan for 1982 the Conservatives and Liberals want to set a new course in economic policy that will really do some good. The estimates accompanying our proposal document that we can work our way out of the crisis if we will.

6578
CSO: 3106/18

PEACE GROUP QUITS UMBRELLA ORGANIZATION IN PROTEST

Copenhagen BERLINGSKE TIDENDE in Danish 13 Nov 81 p 5

[Article by Kirsten Sorrig]

[Text] Denmark's oldest peace organization, the International League for Peace and Freedom, has resigned from the Cooperative Committee for Peace and Security.

"The resignation is a protest against the circumstance that from a broad movement the Cooperative Committee has become a narrow communist-dominated organization," said league chairman Inger Andersen.

She said that there have been cooperation problems with the committee for some time and that the peace league has been used to support views it doesn't share.

"A concrete example is that we refused to attend a conference because it was too dominated by the Danish CP but the Cooperative Committee put as down as co-sponsors anyway."

The peace league was founded in 1915 as a movement for women only but today it represents 1600 men and women. Politically the movement ranges from the Conservative Party to SF [Socialist People's Party] and Inger Andersen emphasized that the composition across political lines is extremely important for the aims of the movement.

This is also true of the younger movement, Women for Peace, which is also dissociating itself from the Cooperative Committee.

"Our movement goes across political lines and therefore in principle we do not want to cooperate closely with a communist-dominated organization," said program secretary Bodil Graae of the movement.

On Sunday at 1500 hours the International League for Peace and Freedom, Women for Peace, No More War and No to Nuclear Arms are organizing a demonstration outside the Soviet embassy in protest against Soviet foreign policy. The Cooperative Committee for Peace and Security will not be participating in the demonstration.

6578
CSO: 3106/18

POLL SHOWS CENTER DEMOCRATS GAINING BY BREAKING WITH SDP

Copenhagen BERLINGSKE TIDENDE in Danish 1 Nov 81 pp 1, 9

[Article by Solveig Rodsgaard]

[Text] The Center Democrats' clear rejection of a forcible encroachment on pension funds and the party's indifference to Prime Minister Anker Jorgensen's election threat gave a bonus: according to the latest Gallup poll the party would almost double its representation in Folketing and get 11 seats. That is very noteworthy since in the last Gallup poll CD [Center Democrats] had slid out of Folketing altogether.

But CD's top score will not help the compromise parties much for according to the Gallup poll both the Social Democrats and the Christian People's Party declined, giving the compromise parties 88 seats compared with the present 89.

CD's new supporters apparently came from the Conservatives who got a real setback compared to the last Gallup poll. The party declined almost 4 percent and it is now almost at the same level it was in the 1979 election. The Liberals gained a little while the Progressives declined somewhat.

The Gallup survey was conducted in the period 10-25 October, precisely the period when the Social Democrats were being shaken by internal conflict in the Folketing group in connection with Jens Risgaard Knudsen's door-slamming and the uproar in Aalborg where mayor Marius Andersen left the Social Democratic Party. But apparently this did not make much of an impression on the core electorate of the Social Democratic Party. The party lost only 0.1 percent compared to the previous Gallup survey although it is still a good 3 percent below the election results.

Another noteworthy factor is the continued progress made by the communists.

BERLINGSKE SONDAG has calculated the distribution of Folketing seats on the basis of the Gallup figures. The calculations do not include the two constitutionally mandated seats for the Faeroe Islands and the two for Greenland.

Estimated Shifts in Folketing Representation

Political Sympathy	Gallup	Today
Social Democrats	62	68
Radical Liberals	11	10
Conservatives	22	22
Single-Tax Party	4	5
Socialist People's Party	11	11
Communists	5	0
Center Democrats	11	6
Christian People's Party	4	5
Liberals	23	22
Socialist Left	5	6
Progressives	17	20

Political Index

Question: Which party would you vote for if an election were held tomorrow?
Survey period: 10-25 October 1981. Answers in percentages.

Political Sympathy	23 Oct 1979	Apr 1981	May 1981	Jun 1981	Aug 1981	Sep 1981	Oct 1981
Social Democrats	38.3	33.4	36.0	37.7	36.7	35.2	35.1
Radical Liberals	5.4	5.6	5.3	5.5	6.0	6.2	6.3
Conservatives	12.5	13.8	14.4	14.1	15.7	16.5	12.7
Single-Tax Party	2.6	2.5	2.2	2.8	2.1	2.6	2.5
Socialist People's Party	5.9	6.6	8.5	6.3	6.5	6.9	6.4
Communists	1.9	4.0	--	--	--	2.3	2.6
Center Democrats	3.2	2.7	2.0	--	2.0	--	6.1
Christian People's Party	2.6	2.6	2.6	2.8	2.1	3.1	2.4
Communist Workers' Party	0.4	--	--	--	--	--	--
Liberals	12.5	13.6	12.8	12.9	13.0	12.0	12.8
Socialist Left	3.7	2.7	3.8	3.6	3.4	3.6	3.1
Progressives	11.0	12.5	10.6	10.7	10.4	10.2	9.8
Other parties*	--	--	1.8	3.6	2.1	1.4	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Parties receiving less than 2 percent of the vote

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6578
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JORGENSEN WANTS FUNDS FROM BANKS, INSURANCE FIRMS

Stockholm DAGENS NYHETER in Swedish 15 Oct 81 p 13

/Article by DAGENS NYHETER correspondent Ake Ekdahl: "Search for Billions Will Resolve Crisis; Decisive for Jorgensen"/

/Text/ Copenhagen, Wednesday--Prime Minister Anker Jorgensen is now putting his government's power on the line over a financial reform designed to transfer billions from tax-free savings to business and industry. Unemployment today amounts to 250,000 and is shaking the labor government. There is ample indication of a continued increase if countermeasures are not rapidly enacted. The next few weeks may determine whether Denmark will be thrown into a political crisis.

An economic upturn can be glimpsed next year, and the fluctuation in the economy is to be cushioned by inexpensive capital for new investments in business and industry and in housing construction. Jorgensen is trying to obtain a voluntary agreement with the pension funds, the employees' high-cost-of-living fund, the ATP /General Supplementary Pension System/, the insurance companies and the savings funds of the banks that they should place half of their money into stocks, investment certificates and indexed loans. This involves a total of 10-15 billion Danish kroner.

Negotiations are expected to last until the end of the month, while the prime minister makes an official visit to China. All of Wednesday Anker Jorgensen was in a meeting with the ministers in order to try to loosen up the deadlocked position before his departure on Saturday. On his return the political discussions must begin, if the reform is to be implemented after the first of the year.

Challenge

Today there is no indication that the Social Democratic government will win this challenge. The banks do not believe in a voluntary agreement, and a compulsory transfer of inexpensive capital is rejected by the three small non-socialist parties which support the minority government.

Even the government's own minister of economics Ivar Norgaard is doubtful:

"I think it will be difficult to get the banks to agree to a voluntary agreement," he says to DAGENS NYHETER.

"The voluntary part is not feasible because of legal complications for the banks. We have no authorization for that from our customers," says Central Bank director Erik Hoffmeyer.

And if Jorgensen does not obtain a voluntary agreement he will have lit the fuse of an election bomb in a situation where all political reasons speak against a new election.

Poor Economy

The social economy in Denmark is just as poor as in Sweden. By Danish measures the foreign debt, the budget deficit, industrial investments, construction and the interest rate are just as gloomy to read about as in our country. Industrial investments are perhaps even worse: 20 percent fewer this year. About 10 percent of the labor force is without jobs; the figure is even higher among young people.

"But there are glimpses of brightness in the Danish economy. Last summer the foreign trade managed to achieve a 33 million surplus, the first such in more than 20 years. The oil is beginning to come in from the North Sea and the shipyards are doing well."

Turnabout

After 2 gloomy years a survey by the Department of Economics shows a substantial economic turnabout next year. Total growth will be four percent, a large part of which will be for investments in the crude oil production and the gas sector. If nothing unpleasant occurs in the international economy there are brighter days ahead for Danish industry and also for the hard-pressed agriculture, the government predicts.

"The thought is now that we will be able to invest cheaply in business, industry and construction so that we will get more jobs," Norgaard says.

"The major part of the transfer of capital to business and industry will be made by way of index-tied bonds, that is to say bonds in which the interest rate follows inflation according to a five-year plan," he says.

What guarantees does the government have that this money will go to projects which provide new jobs and will not be passed out into a gray market with high interest rates?

Norgaard: "That is no problem. The indexed bonds provide no intrinsic guarantee. The borrowers must indicate concrete projects in order to be able to borrow. Problems may occur, however, with respect to stocks and investment certificates."

"In the long run the wage earners judge the risk for their pension funds to be less than with today's investment in government bonds. There are also guarantees in the wage earners' own interest in increasing employment," in his opinion.

"We have met with understanding for our proposal, mostly in the pension funds, less in the banks, but no one has yet rejected the proposal. We are trying to obtain a voluntary agreement, but it might become necessary to use legislation."

The difference in interest in the reform is based on the fact that the pension funds act on behalf of their members, while the banks lack authorization from their customers to enter into the agreement.

Norgaard believes that the banks would feel morally supported by getting a law to lean against in order to participate in the reform. He thinks it will be difficult to get the banks to agree voluntarily. At the same time he states that the reform is to be implemented on 1 January 1982, regardless of whether this takes place voluntarily or by means of legislation.

This is a system which the Danes are the first in the world to propose.

Central Bank director Hoffmeyer is of the opinion that indexed loans have always had a certain measure of appeal for professional economists, but he warns against all too unrealistic expectations.

He does not see the great advantages of indexed loans and does not believe that they will lead to an upturn for housing construction. There are such large elements of uncertainty for the individual borrower that the system should be introduced on a voluntary basis and not by force.

He corrects the minister of economics and says that the banks do not have a negative attitude toward the government's reform proposal, but he sees the legal difficulties in managing the customers' money.

"I do not believe that the voluntary version can be accomplished. A law must order the banks to inves tthe money, but as far as I can see that is not feasible politically," he says.

He also calls attention to the fact that, to be sure, industry is interested in low interest rates, but not in indexed bonds.

11949
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LO BREAKS WITH SOCIALIST GOVERNMENT, CALLS FOR ELECTION

Stockholm DAGENS NYHETER in Swedish 16 Oct 81 p 22

/Article by DAGENS NYHETER reporter Ake Ekdahl: "Social Democrats Want to Negotiate About the Econony, but LO Demands New Elections Now"/

/Text/ Copenhagen, Thursday--Danish LO /Federation of Trade Unions/ comes right out and demands new elections. This so that the Social Democrats can rid themselves of their dependence on the small parties and build a government on a few of the largest parties.

"New elections now, regardless of whether or not the government succeeds in reaching an agreement with the supporting parties concerning the main question of this fall: that the money in the pension funds will be transferred to business and industry. This is what LO chairman Thomas Nielsen has made clear.

If the Social Democrats do not get enough support in a new election, Jorgensen ought to switch to being an opposition leader, in his opinion.

Bringing about a voluntary agreement with the monetary institutions and the pension funds for turning the pension money into inexpensive loan capital seems difficult. Money is needed to make the wheels turn in business and industry and to stimulate housing construction and thereby end unemployment.

A compulsory law may become necessary but seems impossible to get through Parliament. The supporting parties, the Radical Liberal Party, Center Democrats and Christian People's Party, say no.

"We have made it clear that we want to discuss other methods of solving the problems as well, but today I cannot see any path other than the one we have proposed."

This was said by Minister of Economics Ivar Norgaard, the minister responsible for the loan reform.

Norgaard also points out that during the negotiations the government is open to proposals for changes and that the discussions will not be conducted under the threat of new elections.

"But it is clear that the prime minister always has the power to call for new elections if it becomes necessary," he adds.

An election today would strengthen the conservatives; the Social Democrats would probably become further weakened and in addition risk losing one or more of the supporting parties which are close to the cut-off limit of two percent in Parliament.

A change of political power now would come almost at the same time as Denmark takes over the chairmanship of the EEC, which is considered a particularly inopportune moment, since the continuity required by the economic and foreign policies in the EEC would be interrupted.

There is reason for Jorgensen to first await the Danish municipal elections on 17 November in order to see which way the wind blows. Election gains there may perhaps provide strength for tougher fights with the supporting parties.

The Danish government has kept the Central Bank totally in the dark concerning its latest plans for the transfer of billions from the pension funds to business and industry, according to the TT /Tidningarnas Telegrambyra/.

The new plans may, if worst comes to worst, cause a complete drain of the country's foreign exchange reserves, sources at the Central Bank say to BERLINGSKE TIDENDE.

The government has discussed the plans with most of the top men in the financial world since Friday, but none of the ministers thought to inform the Central Bank, which is responsible for the country's exchange and credit policies.

The head of the Central Bank, Erik Hoffmeyer, does not hide the fact that he feels deceived.

11949
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POLL SHOWS MOST FAVOR LIMITING PRESIDENT TO TWELVE YEARS

Helsinki HELSINGIN SANOMAT in Finnish 25 Oct 81 p 7

[Article: "Only Majority in SKDL and Center Party Would Give President Unlimited Terms of Office"]

[Text] More than half (54 percent) of voting age Finns is of the opinion that the terms of office of the President of the Republic should be limited to two terms. The minority (41 percent) supports current practice.

In a poll requested by HELSINGIN SANOMAT in September--October the Finnish Gallup Corporation surveyed the opinions of Finnish citizens. The devision of opinions is pretty much the same as it was 3 years ago.

At that time HELSINGIN SANOMAT studied this same question with the same procedure and exactly the same question, which in 1978 and again this fall was as follows:

"According to present legislation the number of presidential terms in Finland is not limited. Such limits exist in several other countries. It has been proposed that the term of office of the President of the Republic be limited to two successive terms in the future so that no one individual could be president for more than 12 years at a time. What is your opinion, would such a limit be necessary or is current practice better?"

These two polls conducted with an interval of 3 years can be considered as clearly indicative of the fact that the majority of voting age Finnish citizens has continuously supported the concept of placing limits on presidential terms.

Those in favor of a limit make up the majority in the Conservative Party (67 percent) and in the Social Democratic Party (54 percent) and a minority in the Center Party (46 percent) and the SKDL [Finnish Peoples Democratic League] (43 percent).

Just as 3 years ago the older age brackets were somewhat more for limiting presidential terms than the younger age brackets. The differences of opinion between the various age groups have become less since 1978.

10576
CSO: 3107/15

UNIVERSAL MILITARY SERVICE VERSUS ECONOMIC, DEFENSE NEEDS

Paris ETUDES in French Oct 81 pp 341-357

[Article by Nicolas Polystratu: "Requiem For a Ritual: Essay on Compulsory Military Service in France"]

[Excerpts] When Count de Guibert, a colonel and member of the French Academy, was worrying in 1790 about the tremendous horrors that the nascent "nation in arms" concept might engender,[1] he probably had no idea that two centuries later the draft, which is a most run-of-the-mill ritual, would become such an unmentionable taboo in his own country. In fact, "universal" military service has, in spite of interruptions which have lasted nearly as long as it has been in effect, given rise to such considerable arguments and impasses that the shrewdest politicians as well as the most respected among military officers are paralyzed by it. It is true that the usual literature on the subject--in which too often ignorance is mixed with bias and imperiousness if not ridiculousness, hatefulness or lying--is not written for the purpose of encouraging serious though and change, and neither is the consistent ambiguity among military service, defense service and national service maintained for that purpose.[2] However, it definitely seems that here and there a timid murmuring about the institution is starting to arise, which nonetheless a far cry from the sharp and fundamental questioning a young colonel did not hesitate to recommend in the interwar context.[3] The fundamental problem is that of suiting draft military service to our security policy such as we have envisaged it in this very publication.[4] In order to analyze this porblem we will examine its military, economic and political aspects in turn.

History, Myths, and Realities

....Leaving aside detailed examination of this mythology,[11] it is better to pay particular attention to some of the realities of today's France, realities the consequences of which one rarely sees drawn out and which must be made explicit before dealing with the fundamental problem.

France now has an "insular" strategic situation of which there are only four other examples in the world, none of which is similar to any other. France's strategic area, like that of other independent countries, has three aspects: physical, based on historical and current geography; biological, revolving around the collective person of "France" with its great arteries, organization, economy, energy, and information flow; and finally, spiritual, the area of the "thinking individual and

collectivity" which is based on very complex psychological ideas. Well, France's possession of mass destruction weapons now prevents direct attack on France's physical area, making our country "ipso facto" an "island" unattackable except in the event of apocalypse. The surrounding area then becomes the area for maneuver, movement and communication, the area in which indirect strategy is brought to bear, while France's interior area is more sensitive only to the play of ideological and social subversion.

On the other hand, France has no ground offense plan and since the end of decolonization does not exercise any physical domination over any country whatever, whether one is talking about military and political domination like that which the Soviets impose on several million square kilometers, or economic domination such as the United States is tempted to maintain under pressure from its big business circles.

We have beome a major commercial power without our having really realized it, but we will only remain so to the extent that we understand and live according to that great lesson of the history of the last few hundred years, that "it is the economic and commercial failures who equip themselves with tremendous armed forces, while the economic masters content themselves with controlling the ways and means of communication."[12] By the same token our country has become an industrial and urban power of the first rank. Its working capital, one of the fundamental aspects of belonging to a collectivity, is no longer only land but also enterprise of all kinds--factories, laboratories, agencies. It is no longer possible to apply formulas to France which might have been sound for a nation of peasants, formulas such as Frederick the Great had devised for the Prussian nation.

Two of the most noticeable consequences of this change in France are of a psycho-social nature and are of direct concern to the idea of universal military service. The first is that the child-young person-adult triad has replaced the long-standing child-adult dyad. This substitution, apart from representing a delay in young people becoming mature which is unavoidable in countries as complex as ours, is an expression of a weakening of the people. This falls in the category of something for long term treatment which only the family and the school can provide. Now then, those two forms of education rely in large part on French women. Furthermore, the changing role of women is the second fundamental consequence of changes in society. We will have to give it our attention as well since it calls for very important political decisions.

Led us add some observations regarding the international situation. All underdeveloped nations have adopted conscription (not universal conscription in the majority of cases because of lack of resources). But their purpose is above all else to make conscription). But their purpose is above all else to make conscription a tool for technical, cultural and ideological training since in those countries the army is the only skills pool capable of giving substance to a certain form of national identity. That is not the case in France. As for nearly all non-nuclear developed nations, whenever they have retained conscription systems adapted to their own characteristics, those systems are aimed at protecting their actual territories, and none of these nations makes reference to any kind of "universal democratic law." Except for one who denies reality, there is no common aspect to the security requirements of Sweden, Austria, Switzerland, Israel, and West Germany. Neither do any of them have anything in common with France's.

Having set out for consideration these basic factors of today's situation, we can now examine military service from the standpoint of the capability of the armed forces to carry out the missions required by our security policy, from the standpoint of the impact of military service on our whole economy, and finally, going beyond those two technical issues, the impact it has in its fundamental political dimension which is that of "decision-making."

Compulsory Military Service and Operational Capability

In the face of the "factual" arguments presented by the existence of modern technologies and new weapons systems, and by the places where and conditions under which military operations are most probable, an impartial relativism as to the effectiveness of compulsory military service as such as started to appear among army officers. Unfortunately, they hardly dare or know how to communicate these facts to the public at large, to journalists or to politicians, especially since only reserve generals discuss them,[14] with the exception of General Mery at IHEDN [Institute of High National Defense Studies] in 1976.[13] The air force keeps quiet about this subject: a reduction in its numbers of recruits would present only organization and not effectiveness problems since all of its combat equipment is manned by professionals. On the other hand, the French Navy is, surprisingly enough, the most reluctant to broach the subject. The simple reason for this, it seems, is that since it is the only one of the armed forces whose missions have done nothing but grow for 20 years, it is constantly seeking maximum effectiveness from a workforce which it cannot conceive of being cut and any increase in which would only seem like wishful thinking to the navy.

The significance of these three reactions is to highlight the two aspects of the operational capability of our forces, the qualitative and quantitative aspects, which are sometimes complementary and sometimes conflicting.

Though the qualitative aspect is evident in everything concerning the technical knowledge necessary to run, maintain and use modern equipment, it does not stop there. In order to have a quality army, technical qualification is not enough. You also need qualification based on experience, availability, mobility and emotional stability; this is all the more necessary since modern military operations take place in trickier psychological contexts particularly in what is called external or internal "crisis." Let us take a hard look at reality: it is possible in the space of a few months to train a tank driver but certainly not a soldier, much less one who is combat-ready, to train someone who moves airplanes around but not a fighter pilot, or to train a mechanic seaman but not a specialist in damage control on a combatant ship. It is understandable, and it is for similar reasons, that the average age of astronauts is about 40. War is not a track sport or a passing adventure but it is a terrible situation in which all of the body's and mind's resources are indispensable in order to win with the least human cost. Above all else a modern army needs tough, calm, swift professionals, capable of taking initiatives. This professionalism cannot be satisfied with a short term draft, so it is not surprising to see certain supporters of compulsory service argue for making its term longer. In fact, this would be the only coherent solution for bringing compulsory service and operational capability into line. That is even more the case when the mission of the DOT[15] or also the mission of "deterrence and mobilization of the people" are being considered. How can one believe that young

people of 20 can be brought into action in situations with serious risks when it is not certain that the people thinking out those situations have seen all their implications--nuclear and/or social catastrophes due to the failure of deterrence or to external pressures exploding within the country? Or how can one imagine those young people fighting against tanks in a muclear environment, or maintaining order in internal catastrophes? Trained self-disciplined professionals are needed for this as well, professionals who cannot be trained by a short term of compulsory service. As for training "guerrillas," as certain people suggest, [16] that reflects a certain myth of resistance, a misunderstanding of the circumstances in which that resistance has been carried out, and reflects a strange blending, inappropriate at best, of countries such as Vietnam or Algeria and France.

Even though for most observers the need for quality is not questioned, disagreement sets in as soon as one talks about the numbers of troops necessary for carrying out missions in the three strategies of interdiction, prevention and activation.[17] Decree No 81327 of 8 April 1981, a decree of the kind which is renewed each year after the vote on the budget by the legislature, lets one get an accurate idea of budgeted positions currently allocated,[18] but it does not answer the question other than indirectly since one sees in it that the most important missions are those which call for the least personnel. Letu us add some specifics.

Quantity and effectiveness must not be confused. The Second World War gives many examples of this, two of them very revealing ones. The first, a famous one, is the assessment error by aviators who had illusions about the results of strategic bombings of Germany. The second, less well-known, is derived from a survey of the kind of which Americans are so fond of. During the last world war, out of 100 combatants only 15 used their weapons in the process of aiming at their target, 10 fired out of fear without aiming, and 75 never used them. This is very much like something which has been commented on for a long time, and is found in Guibert and Ardant du Picq, which is that the big battalions are not where the most fighting is done or where there is the most effectiveness but, alas, they are the ones where the most people die.[19] Behind this comparison of effectiveness to quality is regrettable conception of the value of human life, a value which we have often "sacrificed" and which is able to justify all kinds of anti-militarism.

The defense of the demarcated area known as "France" is now no longer provided by the army with a number of divisions but from submarines at sea and Provence silos. That is the army's tragedy. Not yet having gotten accustomed to the loss of that principal mission, an age-old tragedy. Not yet having gotten accustomed to the loss of that principal mission, an age-old mission, the army must now take on jobs as secret police for the French president and to carry out warning strikes with the air force, neither of which require many personnel. This upsetting development is heightened by the army's participation, solely on a reserve basis, in the Atlantic Alliance's counterforce strategy; in that strategy the German Army is the model the French Army would like to emulate, which is pointless. In actuality, the solution to this problem is not to be found in more or less successfully copying foreign armies which have different missions from ours, but rather in the "invention" of a new army.

Interventionary forces too are restricted by a two-fold need. On the one hand at the end of the Algerian war the French legislature prohibited the utilization of any conscript outside metropolitan France or the occupation zone in Germany. Although as a result of the subterfuge of "persons voluntarily committing themselves to

serving overseas" for the DOM-TOM [Overseas Departments and Territories], and via the Benetto Law[20] which mainly concerns navymen, there do exist compromises with the above-mentioned legislative expression of the country's will, the basic prohibition necessitates forming professional interventionary forces. Furthermore, an examination of the situation in the areas which are most sensitive for us, particularly the Afro-Indian area, indicates that there is no need for there to be large numbers of those forces considering the technological, technical and tactical edge that we have. That examination also indicated that this will not change in the near term to the extent that we show ourselves capable of maintaining it.

Finally, the scope of French interests in connection with the ocean is in the process of changing in a profound way, even if the country does not always perceive this. Politicians are more and more aware of this,[21] but the navy, whose missions are increasing, is finding itself pushed to the limit of its material and human resources in order to carry out those missions. Compulsory military service is even less able to supply the necessary personnel since what the navy lacks apart from the professionalism required at sea is officers, which are most sorely lacking.

Alexandre Sanguinetti used to think that it was not possible for a country like ours to have more than 0.6 to 0.7 percent of its population in the military without inefficiency or bankruptcy, except in the temporary event of absolute necessity.[22] For France in 1981 that represents between 240,000 and 250,000 men for the armed forces proper, meaning except for the gendarmerie which is the real force in the DOT and for maintaining law and order. Thus Sanguinetti was in agreement with that daring soul who as early as 1964 did not hesitate to consider it acceptable to have an army of a little more than 100,000, a navy of around 70,000 men, and a slightly smaller air force, on the condition that one was in fact talking about professional military.[23] But even though a solution of this type might, technically speaking, be considered, one still needs to examine not manpower resources, a pseudo-problem which only exists if one wants a professional army of 500,000, but to examine how compulsory military service relates to and affects the economy in order to figure out its true "burden."

Compulsory Military Service and Economics

In general, among the many studies and theories about the economy and defense,[24] one cannot find in France an unemotional or non-theoretical study regarding the cost of compulsory military service, not in annual budget terms which of course have their value as accounting arguments, but in economic data, the only kind which make it possible to shed light on the deciding factors. Consequently, for lack of being able to make an exhaustive presentation of these facts, let us make do with calling for careful consideration of those basic facts which are the easiest to observe.

A country's security, whatever forms it takes, cannot go below a certain level of financial effort. Therefore, studying the cost of compulsory military service cannot have its objective an attempt to reduce the defense budget: not so long ago all parties were agreed that this budget was as low as it could be and they found it advisable in the current international contest that this budget reach 4 percent of GNP and constantly be adjusted to the changing overall situation.

One cannot carry out two policies with the same budget. If the national effort in the defense area is examined over a hundred-year period, leaving out periods of war, one sees that on average it was about the same size. Up to 1961 defense budget

resources financed a mass army policy at low cost owing to unremunerated compulsory military service. If one disregards the growing cost of the modern military equipment which by that time had already drawn Colonel de Gaulle's attention, France's new security policy since the time the country armed itself with nuclear weapons has been requiring increasingly costly equipment and highly qualified, therefore increasingly expensive, personnel. But during this same period we have not given up the mass army concept, and because of that neith one nor the other policy is being properly carried out.[25]

The armed forces are France's top public sector investor and consequently create the most jobs, since the armed forces alone invest more than do EDF [French Electric Company] and SNCF [French National Railroads] combined. That is something of major importance for some 400,000 industrial, management and service sector jobs which are dependent on military orders of weapons equipment, even if one makes appropriate allowance for military exports, and, besides, those exports are only a result of our technological capability.

The 300,000-odd young men called up annually are removed from the national economy in two ways. Because they are not paid they form a massive group of non-consumers, and because their activity is directed towards satisfying internal army needs they are a massive group of non-producers economically speaking. Officially[26] they cost 7 billion francs in the 1981 budget only including expenses for clothing, subsistence allowance, food, everyday upkeep, and maybe training, although there is always fudging on that last item. In actual fact they cost the national collectivity much more because of tangible public property being tied up from which no income is being derived (buildings, land, various stockpiles), because of the accelerated wearing-down of equipment, because of the underemployment of thousands of officers and NCO's in service who are given over to draftee training, and because of the assignment of non-professionals to duties which would be more effectively carried out by a much smaller number of specialists.[27] Of course the armed forces, particularly the army, have already made efforts in all these areas since the end of the Algerian war. Nevertheless, the fact remains that in a developed country what costs the most is people, and draftees are no exception to the rule since expenses in social security contributions, supplies and medical care, energy consumption, and recreation are considerable for a young Frenchman in 1981. A more realistic estimate of the total cost of the draft must be near 12 to 15 billion francs.

It is easy to claim and even to make an unverifiable assumption that doing away with the draft would inherently involve throwing 300,000 additional unemployed into the labor market. This is an assertion which nobody has proved and which conflicts with a number of arguments. The armed forces have experienced a shrinkage of several hundred thousand men starting in 1962. Even though it was asserted that the 1963-1964 stabilization plan's objective was to find a solution for this influx of job-seekers into the French economy, the draft component had only very limited significance in comparison with the problems of integrating Algerian refugees. Moreover, in the event the draft is done away with, the thousands of jobs supported by the armed forces in a multitude of small businesses--tailors, store clerks, bakers, driving schools, construction workers, street cleaners--not only will have to be brought back into the civilian sector but will have to be regeared since they were associated with customers who would be moving into normal economic channels and who would have more consequential means and needs. Finally, turning a whose public domain of diverse infrastructure back over to the municipalities and the state for

their use cannot help but create new jobs via changes that can be made and the development that can take place in that infrastructure. In addition, systematic investment in French industry of the billions of francs which the elimination of the draft would annuallly free up would have a two-fold effect: it would give our military forces the most modern and effective equipment which their missions call for, and it would create a number of industrial jobs which in turn would produce management or service sector jobs.[28]

The draft is expensive and will be increasingly expensive unless the number of people subject to it is reduced more and more, a solution which up to now we have utilized, officially denying the cost involved. The vaious suggestions for making the draft shorter or longer, applying it on a differential basis, having it involve choice or cutting it back will not change anything about the draft and will continue to conflict with acquisition by the armed forces of equipment essential for them to satisfy our security requirements. Furthermore, none of these proposals is accompanied by a financial and economic appraisal, which shows how insubstantial they are.[29] Economically speaking, the only thing which would give fresh arguments to supporters of the draft would mean the country's regressing back towards underdevelopment, but this would also involve giving up an independent security policy.

Of course it goes without saying that things in this area cannot be settled with economic data alone. A country can always spend more or less than is economically reasonable to provide for its defense, and justifiably so. But, in any event, someone is going to pay, and the more significant the area the more painful the auditing of the accounts will be. When it is a question of defense any decision has sizeable consequences. Therefore, in order to round out this analysis the relationships between politics and the draft must be examined since, in the final analysis, it is politicians who are the guardians of the national interests, who are responsible for them.

Politics and Compulsory Military Service

One cannot help being struck by the obvious emotional aspect which is dominant in the raltionship of politicians to the military "issue." It is dominant for various reasons which have to do with geography, history, and the difficulty of grasping the issue, as a result of the many interests involved which distort their views and of the lapse in time since their own personal experiences as conscripts. But to treat this relationship lightly would be a mistake, for it demonstrates a permanent deep-seated connection between the country's collective unconscious and all categories of society. Two excellent short works, Chapter III of the "Livre blanc sur la defense nationale" [White Paper on National Defense][30] and the first part of the work by Xavier Sallantin devoted to the subject,[31] make it possible both to approach the subject's "utopian" aspect in the positive sense of that word, which is to say the objective being sought along with the risks of slipping into the unreality that the word implies--to perceive the difficulties of the draft's everyday management by the government boards which have to deal with it--and secondly to understand the inadequacy of the vocabulary of "revolution" for formulating the problems of 1981. Let us hope that these two works are at least known to those with cognizant jobs or responsibility, and in order to add to them let us try to take up certain basic points which are always neglected.

A politician's first concern is to find a cement and a driving force for his society. In actual fact this is very difficult. The nation or homeland concept is often an ambiguous one since it partakes of both the notion of "organic, natural, objective nationality flowing into the principle of nationalities" and, on a subjective basis, the notion "of voluntary community linked to the right of peoples to self-determination."[32] France, which is the result of a several centuries-old history characterized by a centralizing tendency, has favored compulsory military service for 200 years as the preeminent means of developing the feeling of belonging to a national community and developing defense spirit, althouth, and this is an interesting paradox, France has all the while feared that an overly strong army might be tempted to carry out a coup. The 1959 "Ordonnance sur la defense: [Defense Regulation][33] was written with just that in mind. Unfortunately, the draft, which was attractive in theory has not stood the test of time and has deteriorated for two sets of reasons: one set, easier to discern, resulting from how the country itself has changed,[34] and the other, much older and more concealed, touching the country's "soul."

Polls can be made to show anything. However, they are revealing for what they conceal or show in derivative fashion. Not to attribute too much significance to them, the adverse responses in the latest polls to date on defense[35] show that in a country like ours defense spirit cannot result from a draft, whatever form it takes, but can only result from a "consensus about what France is." Taking the following into consideration--the growing internationalization of all political, cultural, ideological, industrial and legal entities, the phenomenal expansion of the means of disseminating information, the possibilities that exist for travelling to any country at any cost level, the considerable changes affecting attitudes of mind and private and public forms of social and economic behavior, and the growing confusion surrounding the notion of "values"--one is forced to make the observation that no form of compulsory military service, even one which runs the not inconsiderable risk of unavowed totalitarianism,[36] can take the place of education in civics for France's children. This education is the responsibility of their families and schools. It is their schools which make American citizens and British citizens our of Americans and Britons. While their educational model only vaguely resembles our own and we may feel, rightly or wrongly, that our system in France must be centralized, the only profound political justification for a state education monopoly has to do with the function of schools to create French citizens. If schools are incapable of doing this, the army will not be able to make up for their deficiency. A main reason is the result of the significant development represented by how French women have changed, especially over the last thirty or so years. It is young women as mothers, as grade school teachers, and, increasingly, as high school teachers who are the guardians of civic spirit and the national destiny, and nobody gives this a though except for "Mother's Day" speeches and Michel Debre's recurrent statements. He was the only French politician to have really understood this matter and to have expressed it in his proposals regarding national service for women. Unfortunately, the idea of having girls bear arms or make up for welfare system inadequacies cannot work since there is no appropriate language in which to couch it which would be understood by people over forty and especially since there are no solutions which are not perennial reruns of dead ideas. It should be obvious to all French politicians that the less French women feel concerned about the country's future, the less the French people will find to agree on regarding a design for the nation. To achieve this, response must be made to the problem of working couples, to improving national public education,[37] to increasing

the level of unionization among women, and to enhancing the concept of the family. Only these kinds of responses will further the rise of civic and defense spirit.

A final element to take into consideration would be the "fear of a coup," seemingly a constant temptation for a professional army. For a long time observers of good faith have been unconcerned about this argument, including in regard to Algeria.[38] It might be wondered if behind this apparent fear there is not hidden quite another fear, the fear of having to question myths and theories in order to tackle the real problems. Let us also observe, as many other have, that with the gendarmerie we already have at our disposal such a loyal professional army that it is constantly being overloaded with missions. Let us also note that the country could be paralyzed by its trade unions much more easily than it could by "conqured" by its own army's tanks and nuclear weaponry. Finally, let us point out, for it is seldom mentioned, that in today's world it is only conscript armies which are politically rebellious armies. As well as in Africa, Asia and Latin America, this is shown by the recent history of Greece, Portugal and Spain, all countries whose common aspect is underdevelopment in one area or another.

But questioning myths and theories is uncomfortable, especially if they are old and have an almost "religious" origin. That is what one sees in the anxiety arising from a possible loss of the enormous opportunities the conscript army has provided France's government. One day the partially secret history of these opportunities will have to be written, opportunities which up to the 1970's made it possible to make up for shortages, delays and sometimes mistakes in the economy, in health care, and in social and political machinery. The army, an ecnomic adjustment mechanism, has put up with shortages of provisions or lack of quality according to season, has digested surpluses of cauliflower, chickens and other items, has drunk a million hectoliters of wine a year, under strict obligation, has provided professional training for hundreds of thousands of young men who did not have any equivalent available in thier towns and villages, and has taught all those to read and write who are the casualties of a poor distribution of primary school teachers or a bad attitude on the part of parents. It has also provided health check-ups for millions of young French males (too bad for the girls!). It has given then a feeling for sports when no one or almost no one wanted to be concerned about that. It has made up time and again for organizational deficiencies in many sectors of government activity, from the simple rendering of first aid to struggles in disaster situations.[39] Finally, the army has been used to remedy the lack of dialogue and social consensus as a garbage collector, a public transport concern, a PTT [Postal-Telegraph-Telephone] services. And more seriously, and at the risk of partially destroying it, the army has been employed to impose unjust and unpopular measures such as the seizure of clergy property or breaking so-called insurrectionary strikes. The armed forces can be proud of what they have done, with their only concern having been the good of the country each time they were ordered to act. But it has to be stated that this way of governing only puts off to a later date realistic solutions for emergent problems, and this is to the country's greater detriment. Though the use of the armed forces has often appeared easy at the time, its long term result has always been a lost opportunity to make France into a modern country.

This attitude has apparently been outgrown. However, it must be wondered if, aside from the ever present possibility of using the armed forces in a certain number of serious situations (in which a professional army would amply suffice to back up the gendarmerie), there lies behind the unquestioning attachment a large number of the people in politics have for compulsory military service an instinctive way to satisfy a "warped religion" whose roots are buried very far back in the past. Everyone denies

this, but how can one not be struck by the differentiation made between the full-blooded professional and the draftee? What does this differentiation stem from if not from a desire for emotional shock aimed at exorcizing violence, and from the concern to make the country's unity sacred by the offering of an "innocent" victim? While this differentiation may be acceptable in certain situations, one can only be appalled by the intellectual and spiritual regression that it represents and surprised that such discrimination could exist in a democratic country. Of course, we are the talking about a ritual, and as R. Girard points out, "the most violent rituals aim in reality at driving out violence;"[40] in this sense universal military service has played its role.

But any ritual has an origin, and in this particular case it might be feared that the real basis for compulsory military service is "the fear that fathers have of their sons." The human species is the only one in the animal kingdom which at a moment of danger pushes its litte ones forward instead of protecting them,[41] and consistently makes them take part in those "deferred acts of infanticide" which not only are economic but are perhaps in the first instance political, for they make it possible to retain power. There would be material in this for a long study and psychoanalysis would add a great deal to it for us. At the present time it does not seem that many politicians save Great Britain's and those of the United States (this is perhaps the mark of genuine democracy)[43] have grasped the real dimension of this horror. It is time for France to do so; deep down it "knows" that.

It would be presumptuos to assert that in this short study we have examined all the basic aspects of universal military service, especially since issues relating to civil defense service, voluntary service overseas and DOM-TOM [Overseas Departments and Territories] modified service were intentionally left out. Nevertheless, for the first time in 200 year it seems that the combination of the appearance of nuclear weapons, the need for increased operational effectiveness of forces limited in number, the impossibility of financing two defense policies whose burden is growing heavier day by day, and a profound change in society makes it possible to reexamine the concept of the nation in arms with universal military service, without jeopardizing our national security requirements.

One's eyes should not be closed to the problems involved in doing away with this ritual, but they will be less substantial than is being asserted and will be more psycholgical than financial. They will be concerned with the issues of a new balance of our forces and in particular a new organization of the army,[44] as well as the issues of siting of the forces together with inevitable local resistance, laws for freeing up the necessary officers and NCO's, the pace of these changes, the dispatch of overseas volunteers to countries requesting them, at the same time as the issue of training defense cadres for French work equipment; and, overshadowing everything, the training of officers and their place in the French nation must be carefully examined. Other countries have managed this transition successfully. Even if their transition occurred in a simpler political and emotional context in accordance with their own histories, we can also do it gracefully, since if the state is spending billions of francs to train its high-level officials, civilian and military, one might suppose that it is for the purpose of handling and resolving problems at this level.

In the several years needed to study and implement this transition to a professional army, there will be a chance to make all Frenchmen sensitive to the fact that although we more or less provided the world with modern military organization, based

on a "religion of violence" which is as old as that organization, we can also be the first to make the actual disarming of men into a reality by our acquiring the maturity of an adult nation. This is not the unilateral substantive disarmament consistently recommended by certain people: that makes no sense. It is a matter of having the bulk of our young men and women find out that thanks to the work of preceding generations, and to the security which those whose profession it is will provide them, one can serve one's country just as well in business, industry, commerce, the civil service, teaching and politics. "In the Old World France is the only nation to have chosen in its institutions and its armament to be answerable to itself for its destiny, without protector, without provider, without secret double-dealing and without reservation. This solitary destiny, like which there is not other in Europe, might be able to give us a very special political and spiritual position in Europe if we were to collectively become aware of it."[45] Do we dare to make the institution of the French military consistent with the yearning of a whoe nation for concrete proposals? What is basically needed is courage.

FOOTNOTES

1. Comte de Guibert, "Ecrits militaires [Military Writings], 1772-1790," Copernic, 1977, pp 282-284.

2. Cf. "Le service national" [National Service], LA DOCUMENTATION FRANCAISE: NOTES ET ETUDES DOCUMENTAIRES, Issue #4595-4596, 27 February 1980.

3. Charles de Gaulle, "La France et son armee" [France and Its Army], Plon 1938; "Vers l'armee de metier" [Towards A Professional Army], Berger-Levrault, 1934.

4. Nicolas Polystratu, "Politique de security de la France" [France's Security Policy], ETUDES, March 1981, pp 315-329.

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11. Let us point out the myths of the service "tradition," of national unity (this is an insult to the 20 centuries of our country's history), of reaching adulthood, of civic education, and of the resistance.

12. A lesson brought to the fore in illuminating fashion by Fernand Braudel in his writing. Admiral Castex's troublemaker theory has definitely been enhanced by it.

14. General Valentin, General Hublot...in REVUE DE DEFENSE NATIONALE, 1980-1981. General Gallois presses his examination as far as possible in "L'Adieu aux armees" [Farewell to Armies] (Albin Michel, 1976).

13. Institute for High National Defense Studies, 15 March 1976.

15. Operational Territorial Defense (c.f. Decree No 73235 of 1 March 1973). See General Michel in REVUE DE DEFENSE NATIONALE, January 1978. For "deterrence" see Jean-Pierre Chevenement; for "mobilization" see Michel Rocard and Charles Hernu. Also, in particular the last-named's "Pour une defense basee sur une mobilisation populaire" [For a Defense Based On a Mobilization of the People], REVUE DE DEFENSE NATIONALE, November 1974.

16. M. Leman, "Metier des armes ou conscription" [Soldiering or Conscription], STRATEGIE ET DEFENSE, May 1981.

17. N. Polystratu, article cited.

18. JOURNAL OFFICIEL of 11 April 1981: 231,687 professional military aside from the gendarmerie.

19. Guibert, op. cit.; Ardant du Picq, "Etudes sur le combat" [Studies on Combat], Chapelot et Cie, 1904, pp 79-80 and 129ff.

20. It allows a commitment at the end of compulsory military service which can be adjusted in accordance with the particular mission underway.

21. CF. NOUVELLE REVUE MARITIME, Issue No 361 and 362, April and June 1981.

22. "Le service militaire" [Military Servie], DEFENSE ARMEE-NATION, Issue No 11, 1978.

23. Mr X, "Reflextions sur le service militare" [Reflections on Military Service], REVUE DE DEFENSE NATIONALE, January 1964.

24. Cf. J.B. Pinatel, "L'Economie des forces" [The Economics of Military Forces], Foundation for National Defense Studies, Notebook No 5, 1975.

25. Cf. General Gallois, op. cit.; R. Giratdet, "Problems contemporains de Defense nationale" [Contemporary National Defense Problems], chapter VII, Dalloz, 1974.

26. Yvon Bourges, "Defense nationale et service militaire" [National Defense and Military Service], REVUE DE DEFENSE NATIONALE, October 1980.

27. Lieutenant Colonel Menard, "Reflexions sur les institutions militaires" [Reflections on Military Institutions], REVUE DE DEFENSE NATIONALE, August-September 1965.

28. 1.5 to 2 jobs in these sectors in developed countries.

29. Cf. Proposals of Debre (1975-1976 and 1977-1978), Hernu-Chevenement (1977-1978), Lancien (1979-1980), Avise and Hernu (1980-1981).

30. Chapter III: "Le service militaire universel" [Universal Military Service], Cedocar, 1972.

31. "L'Epreuve de force" [The Test of Strength], Foundation for National Defense Studies, Pamphlet No 2, 1975.

32. F. Choisel, "Qu'est-ce que le sentiment national?" [What Is Nationalistic Feeling], ARMEES D'AUJOURD'HUI, June 1980.

33. Regulation 59,147 of 7 January 1959.

34. Mr X, "La crise de l'armee" [The Crisis of the Army], ETUDES, June 1964.

35. IFOP [French Public Opinion Institute]-LE POINT, "Le moral des Francais" [The Morale of the French], in connection with the ENA [National School of Administration] colloquim, 12-13 June 1980.

36. Guy Doly, "Strategie France-Europe" [France-Europe Strategy], MEDIA, 1977. Same author in "Euroshima," MEDIA, 1979.

37. The Toulouse pediatrics conference (1-2 July 1981) is ringing the alarm bell on that.

38. Cf. Pierre Dabezies, "Milices, conscription, armee de metier" [Militias, Conscription, Professional Army], PROJET, Issue No 79, November 1973, pp 1076-1086.

39. The story of the sailor-firefighters of Marseilles is a famous example of this.

40. Rene Girard, "La Violence et le sacre" [Violence and Things Sacred], Grasset, 1972.

41. Let us look carefully at the drift taken by the words of the Marseillaise, a marching song of fathers protecting their sons!

42. Gaston Bouthoul, founder of "polemologie" [study of war considered as a sociological phenomenon].

43. That is what P. Dabezies unwittingly demonstrates, op. cit. pp 1083-1084.

44. FIGARO MAGAZINE's report on the 11th D.P. [Paratroopers Division] (21 March 1981) gives an idea of what is possible. [Translation published in JPRS West Europe Report 77944 #1740].

45. B. Fessard de Foucault, "La France face aux dangers de guerre" [France in the Face of Dangers of War], ENA colloquium, 12-13 June 1980.

9631
CSO: 3100/57

PASOK MAJORITY GOVERNMENT REASSURES THE OPPOSITION

Athens EPIKAIRA in Greek No 690,22-28 Oct 81 pp 13-14

/Text/ However strange it may sound, the truth is that even PASOK's political opponents--with the exception of course of KKE followers--after their initial surprise at the results, must have welcomed with relief the majority received by Andreas Papandreou in the new parliament.

Without such a majority the decisive factor--thanks to the polarizing electoral law--would be KKE today with direct effect and influence on the course and the ultimate orientations of PASOK and, consequently, of the very fate of the nation.

No one must have any doubt on this point. Regardless of the intentions of the PASOK leader and in spite of his statements, in the event PASOK had received a plurality of seats but not a majority it is certain--there are reliable reports on this--that KKE would have offered without conditions its indirect support to a PASOK government. Papandreou would not have the option politically (in front of his followers) but also formally to reject such an offer of tolerance by KKE. Whether Papandreou liked it or not the seats of the KKE deputies would have been empty the day of voting in the parliament and automatically he would have received a majority of those present. At the same time, this KKE gesture would have been accompanied by a KKE statement that the party will grant a logical waiting period to PASOK so that it can implement its campaign promises (NATO, bases, EEC). One does not need much imagination to foresee the course our political and national affairs would take. This is not the only tragic possibility PASOK and our country avoided. The strong majority PASOK has received gives its leader and his associates the necessary time and the freedom of action to plan, according to their assessments, the priorities and the level of measures and changes they want to achieve, without undesirable internal (intraparty) or external (from other parties) pressures.

It is true that this strong majority has given Papandreou complete freedom of action. Perhaps it also gave the PASOK leader the self-confidence to declare that this is "a government of all Greeks" which will move foreward avoiding "every adventure," a statement which in turn contributed to a climate of tranquility, expectation and patience, while waiting for the measures to be enunciated by the PASOK government.

It is true that we are going through a critical turn in the history of the nation and the people. We do not conceal our reservations concerning the socialist

experiments. We believe that our economy and our state structure do not allow a large dose of socialist measures. In other countries the senseless state interventionism might only bring temporary upheavals, recession and stagnation. In our country large doses of socialism could be fatal. The strong majority gives Papandreou time to move forward with caution, with small, steady steps, without sudden moves and contradictory, hasty actions such as those during the preposterous period of the Mitsotakis-Kanellopoulos duo when they so greatly harmed the reliability of the government, the liberal radicalism and New Democracy.

On the contrary, we believe that the time has come to bring about a radical change in the way of thinking, the structure and the functioning of the state and its reliability, in the productivity and effectiveness of the public enterprises and the public utilities, to careful management and respect of the citizen at all levels of his--family and professional--activity, in all of those factors for which the all-powerful, until yesterday, New Democracy lost, and which made the quest for change real and imperative.

Change from the bad past means that the citizen, the student, the employee, the businessman will know what rules prevail not for today but also for tomorrow and for next year so that they can plan their lives and their activities. Change means that every one will know in advance his rights and obligations as a citizen and as a working person and that things will not change from one moment to the next.

But to achieve those goals it is not enough to have the ability, consistency and dedication of the PASOK ministers. Nor is it enough to have the intentions and courage of Andreas Papandreou. It will be necessary to have something else which alone would mean a deep change for public opinion: exchange the old-party mentality for the collective responsibility of the entire government and of the party for actions and omissions by the ministers and other cadres. Sensitivity is a virtue which has long left our political life.

It was unthinkable for the simple citizen that during the 7 years the New Democracy governed the country not a single minister, not a single director of an agency, was considered worthy of...dismissal. Not one of them sinned to the point of being expelled by ND from its ranks in a way that the people could see that the leadership of the party was not incorrigibly accustomed to incompetence and corruption.

This is so significant for sound administration that we have to recall the resounding scandals of the Public Power Corporation accounts where nobody was found to be guilty, the paralysis and chaos of our telephone networks for which the responsible officials of the Greek Telecommunications Organization were judged worthy of praise and had their contracts renewed a few months before the election, the unrealistic and suspect housing act (947) with which this most bourgeois party virtually abolished the right of private ownership. Not even the outcry, raised even inside New Democracy, succeeded in affecting S. Manos, the responsible minister, or his law, even though New Democracy and the reliability of the government had been wounded beyond remedy. It became necessary for the election to come and to see Mr. Manos go down buried under the rejection of the voters, in spite of the provocative spending of tens of millions of drachmas.

we recall all this because they must become a lesson both to the new government as well as to New Democracy, regardless of future developments which will eventually form, we hope, its new face.

PASOK's majority government must have taken seriously into account, we hope, the origin and meaning of many of the votes which gave it its majority. We are sure that it knows well that many--very many--of its voters denounced in this way New Democracy and asked for fresh air to clear the governing of the country. All those people together with its own followers and voters, the first thing they want, before any socialist change, is the restoration of orderly functioning in the operations of government and in the country as a whole.

Is it not true that A. Papandreou himself, during his final campaign appearances, gave priority to precisely these goals, quieting--very successfully indeed--the fears of small and medium-sized businessmen ("the backbone of our economy")?

This self-sufficiency of PASOK, we believe, makes the leader of PASOK and his associates twice as responsible for anything good or bad that is going to happen in this country.

7520
CSO: 4621/39

PAPER VIEWS REPAIR OF CABINET SPLIT

PM161047 Amsterdam DE VOLKSKRANT in Dutch 5 Nov 81 p 3

[Editorial: "Patchup"]

[Text] Through weeks of determination 10 men have been sitting together going through figures and there is now a financial accord for 1982. This feat of handiwork by the informateurs, five ministers and three parliamentary group leaders was only made public today, but what has leaked out so far is hardly likely to augur a confidence-building start for the cabinet, which got off to such a false start a few weeks ago. There is to be substantial borrowing on the open market to finance new house-building plans and it has been decided to adopt the emergency measure of a not inconsiderable tax increase.

Perhaps this is necessary for a minimum of peace in the Catshuis, [official residence of prime minister] but it is to be hoped that the cabinet will drop the term "solidarity levy" for this tax increase. It is possible to raise serious objections to this emergency measure without showing less solidarity for that. And it will only be possible to talk meaningfully of solidarity when it becomes clear what the cabinet is planning to do about the lower income groups and unemployment, also in the long term. Cabinets must be sparing in their use of loaded propaganda terms for their policies, and this also applies to this cabinet.

In fact, the cabinet patchup is only a political one and the extremely laborious way in which this has been achieved since the end of last week does not lead one to support that solidarity within the cabinet has already begun to bloom. On the contrary, there is every indication that Prime Minister Van Agt and Finance Minister Van Der Stee in particular have only agreed to the patchup with great reluctance. The fact that the Democrats '66 no longer stand on their side of the split and that elections are extremely uncertain regarding alternatives to this coalition has probably made a greater contribution to tipping the scales than have juggling with figures or verbal hair-splitting.

Elections and thereafter a government formation process which would last at least into the summer were not an encouraging prospect. Then there would be the question of an adequately strong and well-constructed policy for 1983. But also with the present patchup job, whose durability is questionable, future expectations cannot be that great.

It would have been better if the shouts of "crisis!" had led to a mental attitude in which the cabinet would really have sat down to work something out. The nature and shape of the talks in the last few weeks do not seem to have done this. It would have been better in this patchup attempt if sights had been set a little higher and if the main antagonists in the cabinet had made room for people who were more open to cooperation and were less concerned about preserving their functions as symbols and idols within their own parties.

But the parties did not dare to adopt this approach, just as they showed little desire to dare face new elections; it is obvious that the choice was for the line of least resistance--which never leads very far. And even the small amount of resistance was almost too much for this club. At best, internal peace will have been preserved for a little while and a start has been made on a policy on various fronts for attacking the social, economic and financial deterioration to the degree that is possible. But as yet there is no policy possessing an allure which will move the people of this country to any enthusiasm. In this respect the whole of this government formation process has been a clear failure.

It is sad that indifference to what has been ironed out in The Hague seems to be growing so quickly in the country. An ever-decreasing amount of openness and a lack of all inspiration on the part of the parties and leaders involved lead to a climate in which even bold improvements in government policy call forth little popular cooperation, to say nothing of solidarity. It is this factor in particular which kills any joy over this accord. The political crisis is at least as deep as the economic one.

CSO: 3105/37

PAPER BACKS STRAY'S STAND ON CONSENSUS NEED IN POLITICS

PM060921 Oslo AFTENPOSTEN in Norwegian 29 Oct 81 p 2

[Editorial: "Foreign Policy"]

[Text] The address which Foreign Minister Svenn Stray delivered to the Oslo Military Society on Monday [26 October] evening contains the new Norwegian Government's first foreign policy declaration. It is characterized by sobriety and realism, and by a strong desire to ensure the strongest possible support for the main outlines of Norwegian foreign policy.

From this it follows that the government is aiming at maintaining the continuity of the line pursued by changing Norwegian governments since Norway became a member of NATO. The foreign minister described this objective as follows: "Norwegian foreign policy...cannot and shall not be a matter of party politics, but must be supported by a clear majority of the Norwegian people. Nor can a small country in our position afford to pursue a foreign policy that has a divisive effect. The government will therefore attach the utmost importance to avoiding such a policy."

There is reason to note a similar example this very week: such broad support for foreign policy was a fundamental precondition for the work which Finnish President Urho Kekkonen concluded the day after Stray's speech. Despite the geographical proximity there are fundamental differences between Norway's and Finland's foreign policy orientations--history and the accident of who we have as neighbors have brought this about. But the similarities inside the two countries' borders is striking: We cannot afford to pursue a divisive foreign policy.

Stray also stressed the political agreement existing in the parties' view of our country's relations with the EEC--the expansion of contacts as far as this is natural and possible, without the membership which we rejected in the referendum 9 years ago reappearing on the political agenda. But our connection with a West Europe which is becoming an increasingly important voice in world politics will be a question for political circles in Norway in the eighties, and has already become so for the circles which rejected the idea of membership.

The shaping of our European contacts will call for a degree of patience in foreign policy which does not seem entirely to accord with the Norwegian frame of mind, no matter how slow we are supposed to be. Patience is even more a requirement for settling our relations with the East, with the Soviet Union. Here the previous government did not always give itself the best point of departure--it happened that it allowed itself to become subject to an urgency dictated by domestic political reasons which could in themselves be important enough, but which should have made way for more important considerations. When dealing with representatives of the Soviet Union a fundamental rule is to have plenty of time. If not, the results are poor. Foreign Minister Stray's address shows a realization of this simple but important fact, and this is one of the reasons why this foreign policy overture to the work of the new government holds much promise.

CSO: 3108/19

OSLO PAPER: SECURITY POLICY MUST MEAN DEFENSE DETENTE

PN121457 Oslo ARBEIDERBLADET in Norwegian 10 Nov 81 p 4

[Editorial: "The Conservative Party and Detente"]

[Text] What role will Norway play in European security in the future? How will the country define its position within NATO cooperation? What will be our attitude to the various peace and rearmament initiatives which are bound to come?

There are many questions still unanswered since the Conservative Party came to power. Various signals can hardly be interpreted otherwise than that we have started a reorientation away from the policy which the Labor Party staked out in recent years. We have received the first warnings that Norway will enter the most traditional NATO fold again, in which individual initiatives and independent thinking will be neutralized.

Our country's willingness to shoulder its share of the burden in connection with NATO cooperation has never been questioned by our allies. However, in recent years the Labor Party succeeded in combining this loyalty with an honest desire to use the alliance in the struggle for disarmament and arms control. This dual function--security and detente--assumed an increasingly central place in Norwegian foreign and security policy. Two examples show this clearly. The one is Norway's active participation in combining the decision for the deployment of cruise and Pershing II missiles with disarmament negotiations. The other is the work for the creation of a nuclear-free zone in the Nordic countries seen in a broader European context. Both these issues have created increased interest in peace and disarmament work in western Europe.

Since the Conservative Party came to power there have been few signals about maintaining balance between security and detente in our NATO involvement. The security aspect has been given the dominant place in the statements both from Prime Minister Kaare Willoch and Foreign Minister Svenn Stray. It is NATO's role as a defense organization--as a protection against the other superpowers' ambitions--which has set its stamp on the announcements. We have heard very little about using NATO as an instrument in the service of disarmament and detente.

The prime minister formulated the government's view in the Storting debate on the government's inaugural declaration last week as follows: "Today the Soviet Union is in the process of building up an enormous advantage in nuclear arms in Europe. This superiority must be prevented, because it could lead to catastrophe. But this superiority will not be prevented by demonstrations in the West. Something completely different is needed to pressure the Soviet Union into reducing its forces. This can only be achieved through clear indications that the West will acquire similar weapon strength itself if the Soviet Union does not agree to limiting forces on both sides."

This statement certainly does not leave much room for disarmament initiatives from Norway within the framework of NATO.

Former Foreign Minister Knut Frydenlund, who is now chairman of the Storting Defense Committee, put his finger on a crucial point in the same debate: "But it is also important to be clear that Norwegian security policy is not only a question of military defenses. An essential part of Norwegian foreign and security policy is also the continual work toward detente, arms control and disarmament. There is very fine balance between these two objectives--between doing what is necessary to make certain of adequate military defenses and doing what is possible to bring about through detente and work for disarmament a safer world than military defenses and defense alliances along can give us. The desired all-party agreement will therefore be dependent on the government's full attention to this section of Norwegian security policy."

Thus far Frydenlund. We give our full support to his views. The government has asked for full support for security policy. This support can only be achieved if the line so painstakingly drawn up by the Labor Party is followed. If the Conservative Party is now content on going into the trenches--both literally and metaphorically--it is not certain that broad national agreement will be maintained.

CSO: 3108/19

SOVIET CONCESSIONS ON NUCLEAR-FREE ZONE DEMANDED

PM121027 Oslo ARBEIDERBLADET in Norwegian 11 Nov 81 p 4

[Editorial: "In the Wake of the Submarine"]

[Excerpt] In the debate which has followed in the wake of the events in Sweden it has been possible to note at least two different positions. One represents a sort of cold war mentality which amounts to the view that the Soviet Union must be combatted with all possible means. Because the Soviet leaders are not to be relied on, all agreements with them are valueless.

The other attitude is best expressed by the most fervent peace activists, who stress more than ever before the need for a nuclear-free zone in the Nordic countries. Indeed, they want such a zone at almost any price.

We cannot accept either of these positions. We are opposed both to the cold-warmongers and the peace activists who cherish illusions that a nuclear-free zone in the Nordic area is a sort of 'open sesame.' As responsible Social Democrats we must promote the third position. First, this position must be based on the realization that the Soviet Union is a reality with which we have to live. Second, we must demand clear and verifiable Soviet counter-concessions before the Nordic countries are declared a nuclear-free zone. We would attach particular importance to the word "verifiable." The submarine has again reminded us of the meaning of this word.

All this means that a nuclear-free zone in the Nordic area cannot be established by magic. If negotiations for such a zone do come about they will be long and hard. And they could fail.

Given today's international situation we should not have too high hopes of what improvements can be achieved in the short term. Nor should we have such high hopes about what we--a little land like Norway--could achieve. When all is said and done it is still the superpowers, the United States and the Soviet Union, which dominate the international scene. And initially our hopes are tied to the practical results which these two states can achieve in their dialogue. We may like or dislike this fact. But it is nonetheless a fact.

Given such a prospect we inevitably fall prey to some pessimism. For the deterioration in the international climate is not the responsibility of the Soviet Union alone. The Reagan administration's foreign policy staff have also added their fuel to the fire. Foreign Minister Svenn Stray should not forget to point this out when he arrives in Washington in the near future.

CSO: 3108/19

SOCIALIST LEFT LEADER FURRE LESS ENCHANTED WITH USSR

PM121029 Oslo AFTENPOSTEN in Norwegian 11 Nov 81 p 3

[Text] Socialist Left Party leader Berge Furre made it clear in an interview with the newspaper NY TID that he has gradually altered his view of the Soviet Union's foreign and security policy.

"Both for me and many others a slow reassessment of the Soviet Union has taken place. Those of us who were members of the Socialist Left Party in the sixties saw no danger of Soviet moves against neutral countries. My present view of the Soviet Union is that it is defensive, but that it has a growing desire to push forward its strategic positions," Furre said when asked if events in Sweden had caused him to change his view of the Soviet Union.

Furre pointed to Afghanistan and to a certain extent to Soviet policy in Africa--"and the brutality shown toward allied countries in East Europe also demonstrates an almost boundless desire to make sure of strategic positions in a defensive situation."

Nevertheless, the Socialist Left Party leader stressed that he has not altered his view of the United States as politically and militarily the strongest superpower.

Berge Furre stressed that what happened in Sweden weakens confidence in guarantees from the superpowers, and he thought that the work to bring about a nuclear-free zone in the Nordic countries could become more difficult.

CSO: 3108/19

POLL SHOWS ONLY A THIRD BACK SDP, LO WAGE EARNER FUND PLAN

Stockholm DAGENS NYHETER in Swedish 18 Oct 81 p 5

/Article by Sven Svensson: "One out of Three Says Yes"/

/Text/ More than one out of every three voters finds the proposal by the Social Democrats and the LO /Federation of Trade Unions/ for wage earner funds to be good or very good for the country.

This is shown by a poll undertaken by the IMU /Institute for Market Research/ for DAGENS NYHETER. Almost as many, 36 percent, reject the wage earner funds as being bad or very bad, while 27 percent have no opinion.

The poll was made during the period 7-30 September and is the first in a series up to the election in the fall of 1982. It involves 1,020 voters. The majority of the interviews were made before the LO and SAP /Social Democratic Party/ conventions ended.

The question was: "The Social Democratic party and LO have presented a proposal for wage earner funds. In your opinion, would it be good or bad for the country if this fund proposal were enacted?"

Of those who were asked, 7 percent responded very good and 30 percent quite good; 20 percent say quite bad, 16 percent very bad and 27 percent respond that they do not know.

Of the sympathizers of the two socialist parties, the Social Democrats and the VPK /Communist Left Party/ 59 percent are positive to the wage earner funds and 13 percent are negative. Of the voters of the three non-socialist parties 13 percent are positive and 68 percent negative.

Of the Social Democratic voters 13 percent find the wage earner funds very good and 45 percent believe the proposal to be quite good. Seven percent of the VPK voters find the proposal very good and 57 percent quite good.

Moderates Against

The voters of the three non-socialist parties show no uniform picture in their attitude toward the wage earner funds of the Social Democrats and LO. Opposition to the

The Social Democratic Party and the LO have presented a proposal for wage earner funds. In your opinion, would it be good or bad for the country if this fund proposal were to be enacted?

	Union organizations:			Party sympathy:	
	Total (1,020) percent	LO (286) percent	TCO (147) percent	non-socialist (358) percent	socialist (469) percent
Very good	7	9	7	2	13
Quite good	30	43	29	11	46
Quite bad	20	15	22	31	11
Very bad	16	6	22	37	2
No opinion	27	27	21	20	29
	100	100	100	100	100

The poll was conducted using a nationally representative probability sample of Swedes aged 15-74 years. The interviews were conducted through visits in the home during the period 7-30 September 1981. The number of interviews conducted amounts to 1,020.

funds is greatest among the Moderates and least among Liberal supporters. Five percent of the Moderates find the wage earner funds of the Social Democrats and LO to be very good or quite good, as do 22 percent of the Center voters and 26 percent of the Liberal voters.

Among LO members 52 percent favor the funds and 21 percent are against. Within the TCO [Central Organization of Salaried Employees] 36 percent are in favor of the funds and a clear majority, 44 percent, is against. For SACO/SR [Swedish Confederation of Professional Employees/National and Local Civil Servants' Union] the figures are 21 for and 67 percent against.

Uncertainty regarding the funds is greatest among socialist voters and among women. An average of 27 percent are uncertain, while 29 percent of the socialist voters are uncertain, as compared with 20 percent of the non-socialist voters. Within the LO 27 percent are uncertain and in the TCO 21 percent. Of the men 17 percent are uncertain as compared with 38 percent of the women.

"Do you believe that funds of some other kind should be introduced instead, or should we not have any funds at all?"

This question was put to the voters who were of the opinion that the proposal of the Social Democrats and LO for wage earner funds is bad or quite bad (more than 60 percent of the sample).

Other Funds

Sixteen percent of the entire sample respond funds of a different kind, 39 percent do not want any funds at all and 45 percent reply no opinion. Twelve percent of

the Social Democratic voters want funds of a different kind, as do 17 percent of the Center voters, 19 percent of the Moderates, 26 percent of the Liberal voters and 28 percent of the VPK voters.

Thirteen percent of the LO members, 21 percent of the members of TCO and 31 percent of the members of SACO/SR want funds of a different kind.

It is primarily the Moderate voters who do not want any funds at all. Of the Moderate voters 61 percent reply no funds at all. The corresponding figure for the Center voters is 48 percent, for the Liberal Party 30, for the Social Democrats 22 and for the VPK voters 14. Of the LO members 30 percent want no funds at all, as against 41 percent for TCO and 48 for SACO/SR.

The 16 percent voters who want funds of a different kind were asked to respond to the following question:

"What kind of funds do you want instead of the proposal of the Social Democrats and the LO?"

Forty-three percent reply privately owned funds/individual ownership, 48 percent have other answers and 21 percent have no opinion.

The response to the main question, in which 37 percent support the proposal of the Social Democrats and the LO for wage earner funds, may signify a shift of opinion. The figures have never been at a lower level.

In its report the IMU determined that several polls have been undertaken since Rudolf Meidner in 1975 presented the LO's proposal for a study.

The IMU examined the attitude toward Meidner's proposal in October 1975 and 44 percent of those asked were in favor. One year later, after the change of government in 1976, the proportion of those who said that the Meidner funds were good had dropped to 23 percent.

Loyalty

When the IMU now reports 37 percent positive responses the difference, according to the institute, can be explained by the difference in wording of the question, but a probable explanation is that the results reflect the general loyalty toward the LO-SAP among broad wage earner groups. The meaning is perhaps not entirely clear, in particular since the LO and SAP themselves have chosen to give the wage earner fund proposal a rather diffuse outline, at the same time as they have emphasized their openness to discussions about formulating details.

Polls in which the wording of the questions is connected to the various details seem, according to the IMU, to yield lower acceptance values than polls which treat the proposal in more general terms.

11949
CSO: 3109/29

POLL INDICATES VOTERS LEAVING CENTER PARTY FOR MODERATES

Stockholm SVENSKA DAGBLADET in Swedish 22 Oct 81 p 2

/Article by Hans O. Alfredsson: "Extensive Analysis by SVENSKA DAGBLADET and the Swedish Institute for Public Opinion Polls: 'Moderates and Social Democrats Take Middle Voters'"/

/Text/ One out of every four people who voted for the Liberal Party in 1979 now prefers the Moderates instead. Nearly one out of five Center Party voters had switched to the Social Democrats. Of the Liberal voters only a little more than 40 percent are faithful to their party.

This was shown by a through analysis by SIFO /Swedish Institute for Public Opinion Polls/ based on SVENSKA DAGBLADET-SIFO voter polls for the third quarter of this year.

The analysis is based on interviews with more than 2,000 selected persons. The information in the voter polls was further broken down by sex, domicile, trade union membership and so on.

A comparison between the 1979 election and present sympathies shows that the Social Democrats have the most faithful supporters. Of those who voted for the Social Democrats, 93.7 percent still find this party the best.

	PARTY IN THE LAST ELECTION					
TODAY	MODERATES	LIBERAL PARTY	CENTER PARTY	SOCIAL DEMOCRATS	COMMUNIST LEFT PARTY	NO OPINION
MODERATES	88.7	25.3	14.1	1.4	1.0	15.2
LIBERAL PARTY	1.7	43.3	4.1	.6	2.9	2.1
CENTER PARTY	1.2	2.6	51.4	.9	.0	3.7
SOCIAL DEMOCRATS	2.9	18.7	18.7	93.7	17.4	32.6
COMMUNIST LEFT PARTY	.2	.0	1.6	1.8	68.5	2.7
OTHER PARTY	.8	1.7	3.2	.0	3.6	6.9
NO PARTY	4.4	7.4	6.8	1.6	7.9	37.0
TOTAL	100.0	100.0	100.0	100.0	101.2	100.0

Of the 1979 Moderate voters, for example, 1.7 percent switched to the Liberal Party, while 25.3 percent of the Liberal voters switched to the Moderates, according to SIFO.

Next most faithful are the Moderate voters. Of those who voted for that party in 1979 88.7 percent would do so again today.

For the Communist Left Party the loyalty, measured the same way, is 68.5 percent, while considerably lower figures are reported for the two government parties. Only 43.3 percent of the Liberal voters still prefer that party. The Center Party has lost nearly half of its voters from 1979. Those who still prefer the Center Party amount to 51.4 percent.

'Do You Like ...'

Well, where did the former middle voters go? SIFO's analysis provides the answer:

Of those who voted for the Liberal Party 25.3 percent have switched to the Moderates and 18.7 percent to the Social Democrats; 8.4 percent became independents and 2.6 percent switched to the Center Party.

Of the Center voters 18.7 percent now prefer the Social Democrats (note: the same proportion as for the Liberal Party), 14.1 percent took the step to the Moderates, 16.8 do not feel at home in any party, 4.1 percent now sympathize with the Liberal Party and 3.2 percent have switched to "another party."

Among those who did not vote at all in 1979 32.5 percent, according to SIFO, have now taken a liking to the Social Democrats and 15.2 percent to the Moderates; 37 percent do not prefer any party to any of the others.

The analysis also shows that on a percentage basis more of the 1979 voters left the non-socialist bloc for the socialist bloc than the other way around. The percentage figure is 6.3 as compared to 1.5.

Those interviewed were also asked to respond to the question of whether they could imagine voting for the same party ("do you like the party sufficiently to vote ...") in the next election. For the Moderates 86.4 percent reply affirmatively, for the Liberal Party 77.2, for the Center Party 84.0, for the Social Democrats 89.4 and for the VPK [Communist Left Party] 89.6 percent. The proportion of those who respond with a no is remarkably large for the middle parties; on the other hand, the proportion of undecided is 17.7 percent for the Liberal Party and 12.6 for the Center Party.

The analysis of how sympathies have changed as a function of a large number of different so-called background variables (sex, domicile etc.) scarcely permits any firm conclusions. It is often a matter of changes by tenths of a percent in a sample of a few hundred persons. The results usually also agree well with previously known conditions.

11949
CSO: 3109/29

PAPER COMMENTS ON POLL SHOWING CONTINUED RISE OF SDP

Stockholm SVENSKA DAGBLADET in Swedish 23 Oct 81 p 2

/Editorial: "The Case of the Big Cities (Center, Liberal Parties)"/

/Text/ There is now less than 1 year, or more precisely not quite 11 months, until the 1982 election.

How have the voters' sympathies developed since the previous election?

It is almost banal to have to point out that those who have profited greatly from the inability of the non-socialist majority in Parliament to carry out the mandate of the voters are the Social Democrats. If there had been an election this fall, much indicates that the Social Democrats would have won a victory, possibly with a parliamentary majority of their own.

The Moderates as well would in all probability have been able to record a considerable election success. Happiness over this would, of course, largely be tempered if the non-socialist voting majority were lost due to the weakness of the two governing middle parties, individually as well as together.

As SVENSKA DAGBLADET was able to report yesterday in a SIFO /Swedish Institute for Public Opinion Polls/ analysis of voter trends -- based on all of SIFO's measurements since the 1979 election -- the voters of the Center Party and Liberal Party show a devastatingly high incidence of disloyalty. When only half, as for the Center Party, or even fewer, as for the Liberal Party, of the parties' voters are willing 2 years later to support the party once more, then there is something wrong. With the politics of the parties.

The alternative is, of course, to change voters, which is not that easy.

The extensive SIFO analysis shows with all desirable clarity that something specific happened some time in the late spring or early summer of 1981. He who has a good memory has no difficulty remembering what happened at that time. (The tax settlement between the Social Democrats - Center Party - Liberal Party.)

It is particularly noticeable in the three large metropolitan regions, where the Moderates -- already strong -- have had large gains recently. To be sure, one

should be careful in drawing far-reaching conclusions and making overconfident statements in dealing with absolute percentages when the statistical foundation is fragile, but the trend is unmistakable: in the Stockholm, Gothenburg and Malmo regions the Moderates today have a voter support of considerably more than 30 percent, substantially more than in the election over 2 years ago.

The chief loser in these large metropolitan regions is the Liberal Party. While the Liberal Party's loss to the Moderates since 1979 has been on the order of 3 percent of all the voters -- this is an enormous figure, above all for a party which according to both SIFO and IMU /Institute for Market Research/ polls this fall has the support of a total of only 6 percent of the voters -- losses in the densely populated areas, Stockholm, Gothenburg and in southern Sweden, are considerably greater.

In some sections of the Liberal Party one seems to want to blame the media for this condition. That is probably taking the easy way out, however.

The Center Party has obviously not been affected by the tax settlement in the same way as the Liberal Party. The party's losses to the Moderates between the first and third quarters of 1981 are very marginal, totally within the range of statistical error. The losses from the Center Party to the Social Democrats continue, however.

In this respect "the wonderful night" has least of all become a political gain, in particular since the Liberal Party's losses to the Social Democrats have not decreased either, regardless of the fact that the increase is of a marginal character.

The high public opinion figures of the Social Democrats seem to have been initiated before the Social Democratic - Center Party - Liberal Party settlement. The average quarterly figures for 1981 according to SIFO are eloquent enough: 49.4, 49.0, 49.6 percent.

It can also be determined that all the voters, whom the Social Democrats have won over from people who did not vote in 1979, have made up their minds early about the next party election. On the other hand, the Center Party, for example, surely has a considerable group of voters to try to convince again, people who voted for the Center Party the last time but now say that they support "no party at all."

Are we moving toward a two-party system, such as in Norway?

Here the SIFO figures, just as other surveys, for example the large SCB /Central Bureau of Statistics/ study of the 1979 election, point in different directions.

While for instance the Center Party is very weak in large cities, the party still has considerable strength in Norrland and for example in Smaland, western and southern Sweden, substantially more than the average voter support; in Norrland still nearly 20 percent.

The conversion of the Liberal Party from a pronounced population-center party to a party of the sparsely populated areas -- viewed with regard to the voters -- all over the country seems to continue at an unchanged pace. To the Liberal leadership Gothenburg is a sad example of this development. There, the Moderates -- according to SIFO -- are now nearly three times as big as the middle parties together and four to five timesbigger than the Liberal Party alone.

It would have been consoling to be able to end this analysis of the voters' mobility with a few encouraging trends for the middle parties. Unfortunately, that is impossible in today's situation and all the more deplorable since prospects for a continued non-socialist majority in Parliament after the 1982 election appear anything but bright.

Unfortunately, both of the governing middle parties have none other than themselves to blame for the precarious situation they have put themselves in. That wonderful nights are often followed by nights full of nightmares will once again come true.

11949
CSO: 3109/29

CUBA REPORTEDLY TO OPEN EMBASSY IN ANKARA

Istanbul HURRIYET in Turkish 30 Oct 81 p 11

[Text] Ankara, (HURRIYET)--In response to the opening by Turkey of an embassy in Havana 2 years ago, the Cuban Government has decided to open an embassy in Ankara. A three-person delegation has come to Ankara in order to carry out the preliminary preparations for the opening of an embassy.

The Cuban delegation contacted the Foreign Ministry and has taken steps to rent a building in Kavaklidere to serve as an embassy. After the building is rented and the interior furnished, Cuba's Ankara ambassador will come to Turkey.

Sources say that following Cuba's opening of an embassy in Ankara, relations between this country and Turkey will develop even further.

CSO: 4654/48

USSR SHOULD WITHDRAW SUBMARINES FROM BALTIC

PM101401 Helsinki HUFVUDSTADSBLADET in Swedish 7 Nov 81 p 2

[Editorial by Henrik von Bonsdorff: "The Drama in Gaasefuaerden"]

[Excerpts] Yesterday morning Swedish vessels led Soviet submarine 137 out of Gaasefuaerden in the archipelago off Karlskrona and out to sea to hand it over to the Soviet naval detachment waiting outside Swedish territorial waters. This was the "technical" end to the drama which has been the focus of mass media interest not only in Sweden but also in the other Nordic countries, the Baltic area and far beyond its borders. A drama which, to quote Swedish Prime Minister Thorbjorn Falldin, developed into the most glaring violation of Sweden's territorial integrity since World War II.

The way in which the drama developed on the surface meant that the Swedish Government was hardly able to avoid drawing the conclusion--as the protest note to Moscow states--that "the Soviet submarine intentionally violated Swedish territory with the objective of engaging in illegal activities." The government further declared that the Soviet Government's disregard for a request for clarification on the question of nuclear arms must be interpreted to the effect that Moscow "did not consider that it could deny the presence of nuclear arms aboard the submarine."

The Swedish protest was made in the strongest possible language that can be used in diplomatic contacts, Foreign Minister Ola Ullsten said. And it is also supported by the opposition parties to the left and the right of the government. However, at present Sweden is not considering any further diplomatic action. But it is clear that the climate of relations between Sweden and the Soviet Union will remain frosty for a while.

But the submarine affair may have consequences over and above those affecting bilateral Swedish-Soviet relations. Commentaries in the Nordic press all indicate that the question of a Nordic nuclear-free zone and the power balance in the Baltic, also called "the sea of peace," have been shown in a new light. In Sweden the Soviet Union's submarines have always had a central place in the debate on a nuclear-free north. However, the assumption has been that

there were only the half-dozen or so units in the golf class which have been stationed in the Baltic for the last year. If the whisky class submarines are also nuclear armed--and reports indicate that there are 15 vessels of this class in the region--then it is as Ola Ullsten said "staggering" and shows more clearly than ever how important it is to remove these combat vessels from the Nordic countries' immediate environs.

Denmark and Norway are also taking the submarine incident as proof of the emptiness of the talk about a nuclear-free status. The Willoch government in Norway has in practice already put the question on ice by linking it to initiatives within the framework of the superpower alliances. Since submarines also patrol the Norwegian coasts, the Karlskrona affair will not help to soften attitudes on the Norwegian side.

Of course, it is also possible to turn the argument around and claim that what has happened makes a Nordic nuclear-free zone more urgent than ever. Sweden's Ola Ullsten and Olof Palme hint in this direction. But at the same time they make it completely clear that a condition for progress is that the superpowers too--in this case the Soviet Union--make a real contribution by thinning out their nuclear arsenals and withdrawing their submarines from the Baltic. This problem has proved to be a difficult one to solve in the past. It is scarcely any easier to balance the equation now.

What was submarine 137 doing in Gaasefuaerden?

CSO: 3109/37

DEFENSE MINISTRY ESTABLISHES MILITARY RESTRICTED SEA ZONES

Stockholm DAGENS NYHETER in Swedish 30 Oct 81 p 17

/Article by DAGENS NYHETER correspondent Tor Hognas: "Finland Restricts Freedom of Swedish Boats"/

/Text/ Helsinki, Thursday--As of next summer the unchecked roaming by the Swedish pleasure boats in the Finnish archipelago will be over with. On Thursday the government decided to establish 22 special restricted zones in the Gulf of Finland and in the Archipelago Sea as well as in the Gulf of Bothnia, where the free movement of foreigners will become greatly restricted.

Up to now the large Finnish archipelago has been an Eldorado for pleasure boat owners from Sweden and some other countries. But after 1 April next year there will be stricter regulations.

The Defense Department released information about the matter on Thursday in Helsinki.

In general, the regulation will apply that foreign boats must have special permission to be allowed to stay in the 22 areas which will be marked on the charts. The restrictions concern only foreigners; Finns may move around freely as before.

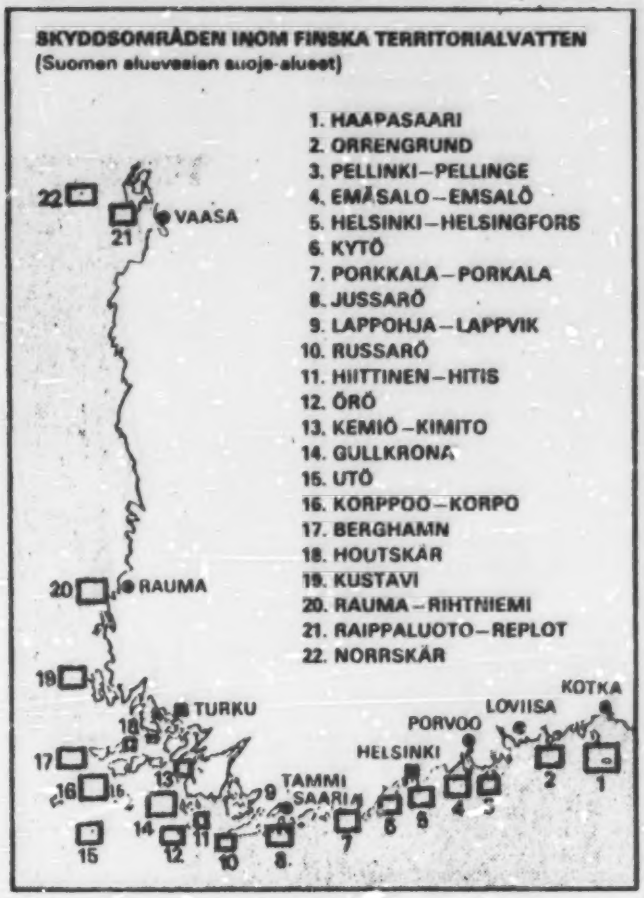
Special permission is usually not needed for sailing directly through a restricted zone along a general navigation channel. But one is not allowed to deviate from the channel or anchor or go ashore. Anchoring or mooring may take place when necessary due to insurmountable obstacles or in an emergency situation, the Defense Department says.

The authorities will indicate places where foreigners may temporarily anchor or moor.

Military Reasons

In practice the use of nearly all the traditional ports in the archipelago will be permitted, Commander Markku Moisala points out.

As an example he mentions Uto, which will become a protected zone. There, foreign boats will be permitted to put into the one protected harbor, but then one must sail through the entire area without stopping.



Restricted zones within Finnish territorial waters

Military security reasons directed the decision. Within the restricted areas are coastal defense installations, the armed forces' training areas and military supply depots. But areas were also included which are poorly charted and difficult to navigate.

It is believed that the Swedes will easily adjust to the system, which is largely the same as in Sweden.

Envy

The authorities also refer to environmental protection. They are of the opinion that the boat people have littered the landscape.

Borje Herold, a Finn who sails in his spare time, is of the opinion that the defense authorities should not refer to environmental protection. The military firing exercises are far from kind to the environment.

Furthermore, he believes that the decision was accelerated by the boat people in Finland, who are somewhat envious of the Swedes.

He also points out that some inhabited islets, for example in the Gullkrona archipelago, will become locked in and will not be able to receive visits from faithful Swedish guests. The Swedish sailors have meant a great deal -- economically as well -- to the isolated population of Salgskar and Knivskar in Gullkrona, and Osterskar in the outer Korpo archipelago.

To what extent the decision was dictated by fear of espionage, the representatives of the defense authorities would not say. But when the studies began there was reference to the radio reconnaissance undertaken by IB /the Swedish Military Intelligence Service/ in Finnish waters a number of years ago.

11949
CSO: 3109/30

PAPER DEFENDS DEFENSE MINISTER'S NEUTRALITY COMMENT

PM060857 Stockholm SVENSKA DAGBLADET in Swedish 4 Nov 81 p 2

[Editorial: "The Defense Minister"]

[Text] In Gaasefuaerden the Soviet 137 submarine lay in place. At the same time Olof Palme stood at the lectern in the Riksdag and called Defense Minister Torsten Gustafsson (Center Party) a laughing stock, something which in actual fact should be seen as a demand for his dismissal. This is, of course, an appealing democratic openness, contrasting strongly with what the Soviet citizen would experience in a similar situation.

The gaity with which the Karlskrona Archipelago incident is surrounded hardly corresponds to a more robust and harder reality. What for Sweden is an unparalleled violation of our territory has also developed into an enormously prestige-filled affair for the Soviet Union.

For the rest of the world parts of the debate between the prime minister [Thorbjorn Falldin] and the Social Democratic opposition leader [Olof Palme] must have seemed unreal against the background sketched above. Olof Palme's accusation--since it was put into print a great deal has happened [the Riksdag question was submitted before the submarine affair began]--was that the defense minister had stated in a newspaper interview that "even though we consider ourselves to be neutral we know on which side we belong" and that "the United States is the major democracy." Palme's question did not concern the defense minister's more recent statements.

What Gustafsson has done is that he has said--albeit in some clumsy phrases--that we belong to the community of Western democratic culture and that we have not committed ourselves to any neutrality with regard to ideology or viewpoint. This is precisely what Tage Erlander [former Social Democratic prime minister], Oesten Unden [former Social Democratic foreign minister] and Olof Palme himself have said so many times, if in somewhat more elegant terms.

When Palme raised his question the attack had an obvious smell of internal foreign policy about it, an attempt to discredit the Center Party's foreign policy credibility. Now, after the last few days' dramatic events, it seems almost macabre that the defense minister should have been guilty of an unforgivable blunder when he somewhat clumsily stated our membership of the circle of democracies:

So if it was lucky for Olof Palme that since the question was tabled the defense minister has really come under fire, partly through his own fault and partly through poor treatment in a TIDNINGARNAS TELEGRAMBYRAA interview. Shapers of public opinion and politicians who do not normally have much time for defense have not been slow to call for Gustafsson's resignation.

As early as Monday [2 November] SVENSKA DAGBLADET stated in its editorial: "That Prime Minister Falldin, once the 137 affair has been wound up, should consider whether the government's composition is the best in all posts." It did so in connection with the defense minister's appearance on the TV-Aktuellt program Sunday evening when he dismissed the suggestion that force might be considered in connection with the Soviet submarine. The recommendation conflicts with the current regulations and even though the government itself has followed all the given rules of action in the 137 affair it is a bit much when Thorbjorn Falldin himself is forced to dissociate himself publicly from his own defense minister.

Through the debate in the Riksdag Olof Palme transferred the responsibility for the defense minister onto the prime minister. Of course such a responsibility always exists. However, after what has happened it can be said that in this respect Falldin's responsibility has become even greater. It is reasonable therefore that Falldin should consider--in his own time--the position of his defense minister, if Torsten Gustafsson does not prefer to do so himself.

But demands that in the middle of an ongoing critical border violation the defense minister should simply vacate his post are hardly likely to appeal to the Swedish people.

CSO: 3109/37

PAPER HITS PALME'S VIEW ON SUBMARINE AFFAIR

PM111545 Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 2

[Editorial: "Palme's Mistake"]

[Text] At short notice the Social Democrats arranged a protest and peace meeting in Sergels Square on Friday [6 November]. The organizers were fortunate in persuading Olof Palme to address the meeting, and this no doubt to some extent made up for the fact that there had not been time to contact any other parties or organizations about taking part as joint organizers.

There is little comment to make about what Palme had to say to the estimated 3,000-strong shivering crowd. The unparalleled violation by the submarine has undoubtedly given rise to a national indignation bordering on anger which Palme better than most can put into words.

Palme's jokes, which probably cannot count on much publicity in PRAVDA, about the Soviet navy's shortcomings and covering both its equipment and its navigational ability gave rise to well-deserved applause.

But when it came to the balancing act between the calls for strong (read: strengthened) Swedish defenses and the desire for disarmament, no clever phrases in the world can hide the fact that Palme is trying to sit on two stools at the same time. For it is impossible at the same time to pat the idealistic so-called peace movement on the back and call for strengthened protection for Swedish neutrality in the present circumstances--namely the circumstances in which the Soviet Union shows no respect whatever for other nations' sovereignty. And it is not exactly the first time that Sweden, for example, has uncovered blatant espionage by the Soviet Union!

Palme undoubtedly has practically the whole of the Swedish people behind him in his demand: "All nuclear-armed vessels out of Baltic waters!"

But the opposition leader is not so on target when he says that if the Soviet Union "now wants to strengthen its credibility, there is no better way than to remove from the Baltic this threat to peace and to the people who live here."

The problem is that the Soviet Union has no credibility to strengthen.

CSO: 3109/37

SWEDISH CP TO USSR: WITHDRAW NUCLEAR-ARMED SUBMARINES

PM101645 Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 6

[Text] Yesterday Sweden's Left Party-Communist [VPK] sent a letter to its sister party in the Soviet Union: Withdraw nuclear-armed submarines from the Baltic!

In the view of the Swedish communists such a step would be a good beginning for a nuclear-free zone in the Nordic countries, and they refer to Brezhnev's letter of last summer. "The letter makes no precise commitments. Now it is time for some," VPK leader Lars Werner said at a press conference Friday [6 November]. "This would be a good way for the Soviet Union to recreate the situation which prevailed before the submarine affair," he said. The letter, which was written by VPK leaders Friday, also asks questions about sovereignty and national independence.

Lars Werner hinted at a split between the political leadership in Moscow and the military leaderships--for example, the one stationed in Kaliningrad. "The state leaders and military leaders are out of step. I honestly believe that this is the case." On the VPK's new congress poster a white dove hovers against a background of red flags. The party will hold its congress in Soedertaelue in 2 weeks. Lars Werner does not agree at all that the submarine affair will make the future more difficult for the peace movement.

"The work on drawing the Nordic countries out of the superpowers' nuclear strategies must continue," he said. However, he added that the VPK has long been advocating popular defense forces with the emphasis placed on border surveillance. On several occasions in the past the VPK has lost the support of the electorate when the Soviet Union has overstepped the mark somewhere.

Lars Werner did not deny this, but gave the explanation: "In the past we accepted uncritically what the Soviet Union said. But for the last 15-16 years we have pursued another line." The CPSU is not invited to the VPK congress 20-24 November. Only communist parties from the Nordic countries have been invited.

At the press conference it was a little unclear whether the Soviet absence, for example, can be taken as a demonstration. On the one hand it was stressed that the VPK is trying different types of invitations. And on the other it was said

that there must be an end to "demonstrative processions" of invited countries such as there had been at earlier congresses. "It is primarily Swedish communists who are to meet and debate. The door to the hall will not be a revolving door for delegations marching in and out." Peace, work and social justice are the congress' three main topics. The market economy must be attacked and broken, the VPK says. The Social Democrats have retreated too much in their proposal for workers' funds. They are not pointing the way to anything new.

The VPK wants to increase Third World aid, and establish a disarmament ministry.

The party also wants to rid itself of its elitist stamp by removing from the party program the phrase which states that the VPK is the working class' most conscious part. "Everyone working for socialism is welcome," they said instead.

CSO: 3109/38

ARMED FORCES COMMANDER LJUNG ON SUBMARINE INCIDENT

PM111141 Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 7

[Unattributed interview with Swedish Armed Forces' Commander in Chief Lennart Ljung: "We Expected Armed Defense of Torpedo Payload on Board"]

[Text] Sweden expected that the crew of the Soviet submarine would defend itself with arms if any attempt were made to get a look at the torpedo payload on board, Swedish Armed Forces' Commander in Chief Lennart Ljung told SVENSKA DAGBLADET in an interview.

He also explained that the investigation of the submarine was completely routine and that the discovery of nuclear devices aboard came as a surprise.

[SVENSKA DAGBLADET] U.S. and NATO experts are now saying that they knew that several vessels have nuclear armaments. Is the Swedish intelligence service so bad?

[Ljung] It is a natural reaction for the intelligence services to say what they have said. Of course, I cannot say what they know and what they do not know, but I have not seen anything like this, and our intelligence service has not noticed this claim before. But there has been some doubt, so perhaps there are nuclear arms aboard such a vessel.

[SVENSKA DAGBLADET] Will the military and security evaluations of the Baltic area have to be revised now?

[Ljung] We already knew that there were six nuclear-armed submarines--the Gulf class--in the Baltic. They are more modern submarines with more modern nuclear arms, and so on. What we have now discovered is that there could be considerably more nuclear-armed submarines in the Baltic than we had supposed. This could be of importance for the evaluation of the Baltic's importance as a base area for vessels with nuclear armaments. It also means, I think, that the exits from the Baltic in the military view will become more interesting. If the Soviet Union or the Warsaw Pact has quite a large number of ships in the Baltic which are in fact intended for use outside the Baltic in the event of war, the possibilities of getting them out will be an extremely important question.

[SVENSKA DAGBLADET] So our chances of keeping out of a war are growing less and less?

[Ljung] It is clear that the risks that they might be interested in Swedish territory are growing. But at the same time I believe that if we are able to keep out of a conventional war we ought also be able to keep out of a nuclear war, because the duration of a nuclear war would necessarily be short. I still believe that it is not necessary to have access to Swedish territory to get out of the Baltic. There are three exits.

[SVENSKA DAGBLADET] Are our defenses strong enough to have a sufficiently deterrent effect?

[Ljung] I think that we have the possibility of maintaining a defense force which has a fairly high deterrent effect, because it is always a question of safety margins for an attacker. The major powers would have to use the major part of their forces against their main opponent.

[SVENSKA DAGBLADET] When you discovered there were nuclear arms aboard the submarine the situation must have changed.

[Ljung] Then all our activities moved into another phase, so that then things took on a much more serious aspect. The first problem we took up was: Is there any risk for the people who live in the area? We soon realized that this was not the case.

[SVENSKA DAGBLADET] Many Swedes are wondering why we have to ask the Kremlin if we can look inside their submarine....

[Ljung] We asked to be allowed to do so--knowing that we would not have been able to unless we either were given permission or we resorted to force. Of course, we discussed all this.

[SVENSKA DAGBLADET] Under the terms of international law do we not have the right to investigate such a submarine?

[Ljung] Here we had an active submarine with a fully armed crew, and there were courses of action which we might have considered which would undoubtedly have led to the use of force, if we had pressed them hard.

[SVENSKA DAGBLADET] So the crew would have been prepared to defend the submarine to the last drop of blood?

[Ljung] Well, I don't know about the last drop of blood, but I think it is quite clear that they would have been prepared to use their arms in certain situations. (According to the agreement with the Russians, the Swedes would be allowed to look at the navigational equipment and interrogate sections of the crew.)

[SVENSKA DAGBLADET] In possible future incidents or border violations will we dare to drop depth charges on foreign submarines?

[Ljung] The modern submarines which have many nuclear arms must be able to guarantee that there would not be a nuclear explosion simply because they were being depth-charged.

[SVENSKA DAGBLADET] But if the nuclear devices are damaged and come into contact with the water?

[Ljung] If that happens, the experts say that there would be a reaction, the water would begin to boil and there would then be a certain amount of radioactivity in the water. This could entail harm to the crew but no long-term damage to the environment.

[SVENSKA DAGBLADET] What will now be done to bring about somewhat tighter defense against violations?

[Ljung] Ever since we had those quite serious submarine incidents last year, I think it was in September, we have been busy improving our surveillance system and improving our capacity for helicopter pursuit, and we have already begun tests with various types of surveillance equipment. We will now continue with this and try to speed things up. I expect that toward the end of the year I will be able to propose future measures in this area to the defense minister.

CSO: 3109/36

TRANSCRIPT OF SOVIET SUB RADIO TRAFFIC CITED

PM181629 Stockholm SVENSKA DAGBLADET in Swedish 13 Nov 81 p 7

[Report by Sune Olofsson: "Moscow Refused to Allow Technical Examination"]

[Text] Moscow radioed a refusal of any Swedish technical examination of the submarine's nuclear torpedoes. This is revealed by the news magazine 7 DAGAR, which eavesdropped on the submarine's secret radio traffic with its home base of Kaliningrad.

A few hours before Prime Minister Thorbjorn Falldin's revelation that the submarine was probably equipped with nuclear warheads there was intense radio traffic to and from the submarine on the short wave frequency of 3198 kilomertz.

The submarine, which was then lying in Gaasefjarden consulted with and received instructions from its bosses, who, according to Soviet diplomats Boris Grigoriyev and Yuriy Prosvirnin, were the "Soviet high command."

With the help of a radio ham in Karlskrona 7 DAGAR listened to the taped radio traffic and today publishes the most important sections.

Prime Minister Thorbjorn Falldin held his press conference at 1630 hours, Thursday, 5 November. At 1300 hours on the same day the following conversation took place. During the conversation Commodore Karl Andersson was on board the submarine waiting to be allowed into the torpedo chambers.

"Facade 140 calling Verner 204."

Facade 140 was the submarine's internal radio call sign. Verner 204 was the other radio voice, probably home base in Kaliningrad.

"Commodore Andersson and an interpreter have come aboard. He said that before the submarine can be handed back a Swedish commission..."

"What sort of commission?"

"...A technical--a technical--commission must come aboard."

"What? What does it involve? What sort of people are they?"

"Technicians."

"Understood, how are things going with Andersson's decision?"

(The voice from the submarine sharpens its tone, is raised and says affectedly) "Call someone who knows what I am talking about to the microphone!"

"Wait."

"A couple of minutes ago Andersson came and said that a technical commission is absolutely necessary. He wants it to be allowed to examine the following things: the forward part of the ship below the waterline to see if there is any damage, the fuel tanks, the rudder and propeller...and then they want to check the torpedoes and torpedo tubes."

"Wait."

Verner 204 replies after a while: "Get in contact with the naval attache (Yuriy Prosvirnin who was than in Karlskrona) and ask him what the conditions are for the release of the submarine. After all, it has already been decided that it will be released. What has changed now? Speak to the naval attache so that things can be sorted out at that level."

"Understood. My personal view is that since their divers have already examined the hull without finding any damage, then there is no point in new examination. But OK... if they want to, they can go down again. But as far as the torpedoes are concerned, we guarantee that everything is normal. We cannot allow the Swedes to inspect on board."

"Understood. Get in contact with the naval attache immediately and tell him this, so he can inform the embassy, they can sort the affair out. Perhaps the ambassador does not know about it. I will pass on the information on this side."

The radio traffic then continued with reciprocal call signs, but no text. However, pulsing, clicking sounds like heartbeats were heard. Some form of coded traffic was being transmitted.

The pulses stop. And Verner 204 resumes: "Can I speak to the old man (the Soviet term for the ship's commanding officer)? Have you been in touch with the military attache?"

"The boss is busy with the talks. Wait a minute and he will come."

The radio voice from Verner 204 now obviously changes. Now the voice is relaxed, calm and unmilitary.

"How are things with your own divers? Are they ready for inspection?"

"I cannot answer that question. The chief is busy."

"Yes, I know the chief is busy."

After a while the submarine responds: "I have informed the naval attache that I have not been given my superiors' permission to allow such an inspection. The naval attache asked to be informed about this permission."

Verner 204 goes on: "You have permission to allow the Swedes to look at those parts of the hull which were underwater, when you were aground; and also the hull near the fuel tanks. It is desirable that Swedish and Soviet divers do this together. As far as the torpedoes are concerned, there is no need to look at them. According to your report you have already done this and everything is normal, nothing has happened. By the way, have you also checked the technical systems?"

"We have checked today. There is absolutely nothing wrong with any of the systems in the submarine."

At 1542 hours a series of four- and five-letter signal groups were transmitted.

There was no inspection of the nuclear torpedoes from inside the submarine. However, Swedish navy experts were able to establish that the submarine was probably armed with nuclear warheads.

At 1627 hours Verner 204 called: "What is the position?"

"We have two tugs alongside, but they have not yet connected any towropes. To port, in the direction we will take, there are four minesweepers..."

Twelve minutes later the Swedish tugs attached ropes to the submarine and it left the restricted military area on its way to Kaliningrad.

CSO: 3109/36

FUTURE RELATIONS WITH THE UNITED STATES, NATO ANALYZED

Athens TO VIMA in Greek 1 Nov 81 p 5

/Article by Giannis Kartalis: "Papandreou Faces NATO and the Americans from a New and Different Post"/

/Text/ And now how will Washington react? This question hovers over Athens nowadays following Premier Papandreou's interview on American television and his meeting with American Ambassador Sterns; the ball now has passed over to the other side of the Atlantic.

Up to now, the only official reaction has been that of (Pentagon "hawk") Secretary of Defense Caspar Weinberger who (based, however, on Papandreou campaign speeches only) stated that Greece's withdrawal from NATO will be "a significant loss" and called on Papandreou "to understand that it is very important for Greece to remain in the Atlantic Alliance."

The fact that Weinberger commented on preelection statements by the new Greek premier and avoided commenting on his recent interview seems to indicate that Washington has chosen for the moment a "wait-and-see" attitude.

This impression is supported by another piece of information that came to light a few days ago: The American ambassador will not go to Washington for consultations until after the new government presents its program to the Chamber of Deputies.

The Greek government as well does not seem to be rushing things, with the statement that it has no intention of acting unilaterally or provoking a confrontation with Washington. This, however, does not mean that the Greek government has not shown clearly what attitude it will take on these two most critical issues in our foreign policy: NATO and the bases.

What is also clear is that the new government combines these two questions into one around a central axis: the demand to have from Washington clear and categorical guarantees of our country's eastern frontiers in the Aegean. Papandreou was categorical on this during his appearance on American television.

"It is," he said last Sunday, "very simple. The American government is the key, the key factor in the Atlantic Alliance; what we want is a simple statement that our borders are guaranteed against any threat from any direction."

But will the Americans provide such guarantees? We know that they refused to give such guarantees during the last negotiations (which were suspended last June) while earlier, in April, 1976, they had stated in a letter by Kissinger that the United States objects to any attempt to resolve disagreements over the Aegean by military action.

There is no question that these guarantees will be at the center of the new negotiations over the American bases in Greece which will start early next year. The attitude of the Greek side on these talks has not only been specified but it is also very significantly different from that of the previous government.

One point is certain: that the new government will reopen the negotiations with the Americans all over again, not from the point they were suspended. This means that these negotiations will be very lengthy.

New Goals

The goals of the new government are as follows:

a. To establish a timetable for the definite removal of the bases. For the time being and for obvious negotiating reasons, the exact time is not being disclosed.

b. To abandon the idea of Greek command of the bases because it is impossible for Greek officers to exercise effective command over bases which are integrated into the wider defense complex which goes beyond the confines of the Greek state; instead, to assure complete Greek control over the activities of the bases to prevent the "outflow" of information toward Turkey (as happened during the crisis of July-August, 1974). This control will also make it possible to prevent use of the bases in an attack against a third country with which Greece has friendly relations, such as the Arab countries.

c. To demand the right for an annual review of the treaty, to be able to deal at an early stage with any problems that may arise in the sensitive sector of Greek national security.

d. To tie the negotiations on the bases to the question of American military aid to Greece and to try to obtain an American guarantee that the balance of forces in the Aegean will be maintained.

As is known, during the previous negotiations the Americans had refused to commit themselves even to the 7/10 ratio using the argument that the Congress is unwilling to accept a certain ratio as a condition in the policy of foreign aid.

The American government agreed to preserve this ratio only for this year, giving to Greece military aid of 280 million dollars compared to 400 million dollars to Turkey.

Nuclear Warheads

The new government further intends to move forward to the immediate removal of nuclear warheads from Greece. The previous government used the subterfuge that

"it would not be proper to reveal whether we have or do not have nuclear weapons on our soil" every time questions on this subject were raised. Papandreou, on the other hand, chose to state clearly that he will ask the American government to remove the nuclear warheads from Greece.

In any event, the subterfuge of the past does not change reality. These nuclear warheads exist in Greece and are stored in various air force and army bases under the responsibility of the American military for NATO. This reality probably provides (some) answer to the question of why there are American officers serving in certain Greek military units which are not regarded as American or NATO related bases.

Three elements must be noted with regard to this issue:

First: These nuclear warheads are designed for "Honest John" and "Nike"-type missiles. There are also atomic bombs that may be carried and dropped by specially designed American aircraft.

Second: The American nuclear weapons stored in Greece are generally considered to be "obsolete" and according to the views of responsible American officials they belong mostly to the 1960 generation. They consist mostly of 8-inch M-422 warheads which--if certain American plans are implemented--are likely to be replaced by warheads of more than double strength such as XM-753/W79-0 and XM-753/W79-1.

Third: Nuclear weapons of tremendous power are possessed in our area by the U.S. Sixth Fleet. This nuclear force includes delivery systems from surface vessels which are under exclusive American command.

The removal of the American nuclear weapons from the Greek soil will end the modernization program for nuclear warheads which has been announced in Washington but has not been implemented as yet.

The new Greek government has the intention of starting talks in Brussels on the question of Greek participation in NATO--a subject which is (also) related to the American guarantees in the Aegean. In his particularly significant TV interview last Sunday (which will be rebroadcast this evening by the Greek Radio Network, ERT) Papandreou had the opportunity to explain one more time the unique place Greece has in the Atlantic Alliance: a country which is not threatened "from the north" (since it has guarantees against such threat) but it is threatened by an "ally" from the east (and it is not given a guarantee against this threat).

Papandreou said in this regard: "The question is what kind of an alliance this is and what Greek interests our membership serves. This is the question that must be posed to the Atlantic Alliance. We plan to pose this question in the near future--I can't tell you exactly when--but soon I believe we'll have a meeting of the NATO members, very likely in Brussels, where this question must be discussed."

On this basis, we should not rule out that the Greek question will be discussed during the next NATO meeting of foreign and defense ministers which is scheduled for the second week of December in Brussels.

At the same time, it must be expected that the government will introduce to the Chamber of Deputies (for rejection) the infamous Rodgers agreement which was the basis for Greece's return to NATO's military wing a year ago.

As is known, this unacceptable agreement questions the Greek operational control over the Aegean with the result that for a year now the jurisdictional area of the new NATO command under a Greek officer in Larisa has not been set (because of the negative Turkish attitude).

The situation prevailing in the Aegean today is outlined by the following:

First: Prior to the withdrawal from NATO's military wing (August, 1974) the operational control on behalf of the Atlantic Alliance for the entire Athens FIR (the area covered from the Ionian to the eastern land and sea borders with Turkey) was exercised by a Greek commander.

Second: The Rodgers agreement proposes that the jurisdictional limits of Greek control (to be exercised by the Larisa command) will be set by common agreement between the Turkish commander in Smyrna and the NATO commander in Naples!

It does not escape notice, of course, that the Turkish insistence to move further west the eastern limits of the Greek area of operational control is only a transfer to the NATO level the known claims Ankara has raised for dividing up the Aegean.

These facts explain why the Greek government wants to secure its position on the Aegean--and also why it has indicated so clearly that the way this question unfolds will affect our country's relations with the military wing of NATO and the future of the American bases.

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LABOR LEADERS CALL FOR NEGOTIATIONS ON NUCLEAR WEAPONS

Appeal to Unions

Rome CONQUISTE DEL LAVORO in Italian 31 Aug 81 p 1

[Article by Pierre Carniti: "To Strike for Peace and Disarmament"]

[Text] Exactly 36 years after Hiroshima in a different August, the nuclear threat looms perhaps more sharply on the horizon of humanity. An escalation of rearmament is in the process of developing and the trade union movement must combat this process in the name of peace and democracy.

In a world filled with tension and conflict, detente is, of course, based on mutual security, a balance of power and respective control.

In this context, nuclear rearmament is considered necessary for national defense. But we are making a dangerous mistake. Actually, atomic bombs cannot defend anything at all if defense means preventing something from being destroyed, life above all. By their nature, they are instruments of mass destruction: They can be used for deterrence and perhaps for retaliation when destruction has already occurred, but not at all for defense.

In particular, today we note that of the two decisions made by NATO in December 1979, the first one, that of deploying Eromissiles, is being implemented. This was justified by the need to reestablish a balance. But the second decision, to negotiate for a balance at the lowest possible level, is still totally entrusted to an uncertain and indefinite future. Indeed, it seems that the concern for negotiation is not at all a priority of the United States, to which NATO also assigned the mission of promoting such negotiation.

And the most alarming thing is that the decision to locate the Euromissiles under American control at Comiso was made without any negotiations even being opened to determine the possibility of not deploying them in return for a sufficient reduction of Soviet missiles already aimed at Western Europe.

It is now essential for negotiations to begin and to begin immediately without any further unjustified delay. This is already 20 months overdue. And it is also essential for negotiations to include Europe first of all, which would otherwise be destined to become only the object of the negotiations when, on the contrary, it is the main party interested in reversing the kind of thinking that allows arms to prevail over reason and diplomacy.

This task is even more urgent following the American decision to produce the neutron bomb, which has made the escalation of rearmament worse.

This dangerous course must therefore be blocked, since a mechanism possibly leading to collective suicide could be set in motion, considering the tensions, fears and challenges involved. Before the dynamics of this process get out of control, a framework for needed negotiation must be established immediately.

An attempt at disarmament or the limitation of nuclear weapons, therefore, always can and must be made, especially during times of increased tension and also to defuse the tension itself. Balanced and controllable solutions at the lowest level must be sought. If we wait any longer, it will be the nuclear rearmament race itself that will make negotiation more and more difficult, if not impossible.

Proposals by Militello, Gabaglio

Rome RASSEGNA SINDACALE in Italian 3 Sep 81 pp 3-5

[Article by Raul Wittenberg: "Mobilization for Disarmament"]

[Text] The first message of protest arrived on the very eve of the August holidays, from the Unified Federation of Ragusa, the province in which Comiso, the commune selected for the installation of the Cruise missiles, is located. Almost at the same time, the Crema federation was urging U.S.-USSR negotiations with European participation for the reduction of Soviet SS20 missiles and for abandoning the deployment of Cruise and Pershing missiles in favor of gradual nuclear disarmament; while European governments refused to permit the installation of nuclear warheads, the Italian Government suspended making any decisions on Comiso. In general, almost all of the country's trade union headquarters were closed for the holidays, together with factories, although they were not bearing in silence the news of rearmament, the U.S. neutron bomb and the worsening of international tension.

Thus a policy of military confrontation dominated East-West relations, with the U.S.-Libyan incident on the Gulf of Sidra serving to emphasize this, while the neutron bomb made feasible a limited nuclear war whose primary "theater" would most likely be old Europe.

This was the complete opposite of the process of gradual and controlled disarmament which the trade union movement has been demanding for some time, while Europe, which is primarily threatened, remains silently paralyzed by the crisis of community integration.

The demand for opening negotiations is beginning to mount. Trade union leaders still in Rome at that time, Zuccherini (CGIL [Italian General Confederation of Labor]) and Gabaglio (CISL [Italian Confederation of Labor Unions]), made statements which were soon followed by those of Carniti, who in CONQUISTE DEL LAVORO called for the immediate start of talks, to which the decisions on Euromissiles and Comiso would be tied. The striking problems of the world economy are also being deprived of enormous resources as a result of rearmament.

But how did we reach this point? How is the trade union movement reacting? We discussed this with Giacinto Militello and Emilio Gabaglio, who are respectively

in charge of international relations for the CGIL and CISL (the UIL [Italian Union of Labor] is represented with an article by its general secretary, Benvenuto, which we have published below: the trade union movement's response on these issues can only be united). According to Militello, the uncontrollability of the world economic crisis "has made war a terrifying but realistic alternative." Opposite thrusts in this direction are meanwhile coming from both blocs. In the East, the 20th CPSU Congress' policy of peaceful coexistence as an essential condition for progressive, revolutionary development is being reversed: such development will continue, however, even at the cost of an increase in international tension. In the West, Reagan is carrying to extremes a policy which already existed during the Carter administration--achieving U.S. world supremacy in all areas, military above all: "The struggle for dominance in the capitalist world even includes nuclear rearmament, pushing Europe and Japan into positions of greater dependence."

In Gabaglio's opinion, the crisis of detente is mainly a result of the policy of rearmament followed by the USSR in recent years and its disturbing expansionist aims (Afghanistan). "But the response," Gabaglio said, "cannot be Reagan's, the escalation of weapons production, the neutron bomb, which makes the unthinkable conceivable: a nuclear war, even if it were limited. Instead of fueling the rearmament race, which above all consumes resources, comprehensive negotiations must be opened. But this does not appear to be the view of the United States, which has not even been willing to acknowledge the positive signs sent out by the USSR." In the meantime, however, the decision on the missiles was made and the CISL agreed to it 20 months ago. "We said yes to the real need to offset the modernization of Soviet (SS20) missiles," Gabaglio replied, "but provided, as specified by parliament itself, that negotiations are opened immediately to determine the actual status of balance or imbalance, with the prospect of not installing those missiles." Today, and Carniti also stresses this point, we are at the second stage of rearmament (establishment of the location where the missiles will be installed), but negotiation, a condition which we consider irrevocable, shows no sign of life. And yet the United States was delegated by other NATO countries to open such negotiations. The U.S. delay in implementing this decision is serious, since negotiation could obviate the installation of Euromissiles and lead to a balance of forces at the lowest level, a balance thus negotiated with Europe participating not as a third force, but alongside the United States, making its independent, nonsubordinate opinion as protagonist be felt. The latter must induce negotiations with the prospect of gradual and controlled disarmament.

Militello proposes strengthening and broadening the agreements reached on these problems by the CGIL-CISL-UIL Federation: negotiations for substantial reduction of SS20 missiles, abandonment of Euromissiles and rejection of the neutron bomb by the Italian and European governments. The two superpowers must, of course, discuss the balance of East-West forces. "But workers must fight for disarmament: this is a factor which could lead to negotiations for a balance at the lowest level. Many steps can be taken toward this end: organizing a people's petition to collect millions of signatures among workers, bringing up the issue in congressional assemblies and in the next meeting which the trade union holds with workers on economic problems." In agreement with Benvenuto, who proposes meeting with the Socialist International and East European trade unions, Militello says that the ETUC [European Trade Union Confederation] can play a role without detracting in any way from national particularities, assuming that all ETUC unions are in favor of disarmament to varying degrees, from some British groups proposing immediate unilateral

disarmament to Holland, which rejects Euromissiles, to the DGB [German Trade Union Federation], which urges negotiation. "The ETUC itself could therefore promote the people's petition through national trade unions so that it could be submitted to community ministers and to individual West European governments. We will then have to call on our own government to be more active and resolute in promoting negotiations. Gabaglio and Carniti are right in saying that the decision on Comiso is serious: the United States is being given a sign that is the opposite of urgent negotiation."

In Gabaglio's view, the mobilization of workers, apart from any propaganda and at the risk of appearing pro-American or pro-Soviet, must have three aims: "making the people fully aware of the current dangers in the present and future situations with the escalation of weapons production; making it clear that peace is assured not by rearmament but by disarmament and by a new international economic order; demanding that the spirit of negotiation prevail in East-West relations. The Unified Federation will have to take independent action of its own to mobilize workers concerning the priority of the negotiations, even through an international organization. The entire ETUC will hold a special Executive Committee meeting on peace, security and disarmament in November and we Italians," Gabaglio said, "will have already been heard during the preliminary committee meeting in September. In its own sphere of influence, the ETUC itself will in turn have to speak out to urge Europe to take action, which makes this a decisive political issue internationally."

View of UIL Leader

Rome RASSEGNA SINDACALE in Italian 3 Sep 81 pp 3-5

[Article by Giorgio Benvenuto: "Uniting with the Socialist International"]

[Text] The value of peace is becoming more and more evident every day in the world, for which it is not a luxury but a necessity, not a goal to be proclaimed propagandistically but an irreversible choice to be pursued through concrete proposals and actions. Thus the technological modernization of destructive forces, combined with the confrontation logic of the military blocs, is causing a dangerous increase in arsenals and is stimulating rearmament while scattered sources of war throughout the world are apparently reviving.

The definitely necessary requirement of a balance among the various areas of the world cannot be based exclusively on military logic; this requirement will be satisfied, or rather planned and implemented at various levels, through negotiation, political debate, economic cooperation and gradual reduction of the instruments of destruction. The lack of a balance actually produces destabilizing effects, causes tension, adds to the climate of suspicion in international relations and increases the dangers of war.

It is therefore necessary to strengthen a culture promoting peace and at the same time to develop an incisive international plan of action. Only in this way will we be able to protect ourselves against the risks of a debate on rearmament and the threat to peace, a debate which could become too involved or abstract, or merely controversial and propagandistic, and could in any case perhaps increase the sense of helplessness in coping with these problems rather than spurring public opinion to do more and to be more conscious of what is at stake.

Thus not a marginal, but a very important role awaits workers and trade unions, who have always been sensitive to the problems of peace among nations. Our commitment must be commensurate with the nature of the issue in question; there is no doubt that we must also act impartially concerning an issue which is perhaps the most important and topical internationally. Peace and development go hand in hand, but as long as the North-South dialogue, economic cooperation, measures to stimulate employment and resolution of the most pressing social problems are superseded by the intensified production of more and more terrible weapons, they will remain a utopian dram. More generally, then, it must be stated very clearly that the production of arms cannot cause the problems of the economic crisis to vanish, but can only provide more and more opposition among the various spheres of influence and blocs.

The restoration of various conditions for moving toward and not away from peace is a problem of today: this is why the appeals for detente and the North-South dialogue, launched by the Socialist International itself on several occasions, cannot be allowed to fail. On the contrary, it should be said in this connection that trade unions cannot disregard the signs, warnings and proposals which the Socialist International has itself acknowledged on more than one occasion and perhaps it is also useful to begin a dialogue for that reason, both through the levels of leadership in that organization and through the ties which it has with worker movements and with developing realities throughout the world. This does not mean neglecting our own areas of influence and international trade union action. In fact, the international CISL must definitely make itself heard, reiterating not only the workers' clear rejection of any prospect of war but also striving to make other guidelines prevail for progress and to combat all poverty and limitation of freedom in the open world debate over the fate of humanity.

But the arms issue is affecting us more and more: even more than in the past, Europe seems to be a delicate and decisive chessboard for world balances. The necessity of opening negotiations on the complex issue of nuclear and conventional arms cannot be postponed and European governments must play an active role in this regard. It is Europe's duty to play a role of its own and EEC countries must now seize the opportunity to be effective partners in this debate, not by calling into question choices already made but by interjecting the full weight of opposition to the growing fever of weapons development, which could affect other countries and situations, instead of considering the matter under control and resolved.

A policy of peace and disarmament must therefore be pursued in order to maintain the process of East-West detente. How can all this be achieved? First of all, by active commitment to a gradual, balanced, negotiated and approved reduction of arms at the lowest possible level, to reestablishment of the balance of power and to present and future comprehensive negotiations. The choices in this delicate area cannot be the sole concern of any one country but rather the result of an international debate not limited by preestablished positions. It must be said, however, that in comparison to this general profile of the current positions of Atlantic Alliance member countries, there is no such real debate among Warsaw Pact countries, which is thus to the detriment of both effective detente and the continuation of broad East-West cooperation.

But trade unions can play a role in spite of this, an important role that will lead to the opening of a debate with the trade unions of Eastern countries concerning these problems, to urge them on and to encourage workers to consider more thoroughly and realistically what it means to have both an unstable economy and a growing desire to settle problems and disputes by military force. A peace offensive must therefore be launched socially to accompany all political and diplomatic attempts to eliminate the disturbing shadow cast on all of us by missiles and other arms production (which is also not adequately controlled; we must instead aim at productive reconversion more closely related to the world's hunger for development). Contact and the intensification of relations among trade unions is undoubtedly one of the first goals to be achieved. In this way we will understand the emerging idealistic tensions of youth and sectors of different faith and inspiration, in Italy and elsewhere, and also prevent the developing awareness of this problem from leading to a process of moralistic denunciation rather than to an attempted course of reasonable and realistic political action and social commitment.

Our country, first of all, and Italian trade unions thus have a great deal to do. In general, we must do everything possible so that the start of such East-West negotiations quickly becomes a reality and concerning us more directly, in Europe, we must immediately consider the question that a credible and lasting strategy for peace must be based on the reestablishment of a qualitative and quantitative balance of forces between the two blocs, which has been changed by the installation of SS20 missiles. And this balance can be established only at the lowest possible level to restore calm in the desired process. Unresolved problems in such matters can only be harbingers of bad news.

More than 35 years of peace in Europe, although difficult, cannot be considered either much or little. They must be interpreted according to the view of those people who escaped the disaster of world war and who asked and demanded that the specter of war be eliminated forever. We know well today that the potential for destruction is such as to reaffirm the hope of that time with even greater force.

11915
CSO: 3104/373

ITALY, FRG INTERIOR MINISTERS ON TERRORISM

Rome L'ESPRESSO in Italian 25 Oct 81 pp 29-34

[Interview with Italian Interior Minister Virginio Rognogni and FRG Interior Minister Gerhard Baum by L'ESPRESSO at the Puecher Cultural Center in September]

[Text] Milan--Last September the Italian Interior Minister Virginio Rognogni met with his West German counterpart, Gerhard Baum, at the Puecher Cultural Center. The occasion of the meeting was the presentation to Rognogni of the Great Cross of Merit of the FRG "in recognition of his part in the two countries' active collaboration in the fight against terrorism." The subject of the private talk which took place immediately after the ceremony was methods for combating armed terrorism. Our reporters were admitted to part of the talks and were able to ask the two men a few questions. This is what was said.

Question: Minister Rognogni, after the kidnaping and murder of Moro in 1978, a crisis arose within the ranks of various groups of Italian terrorists. Why didn't you take advantage of it?

Rognogni: I don't think your comment is accurate. We did take advantage of it. It was, in fact, because of the first breaches in the ranks of the terrorist organization (think of the break between Morucci and Faranda and the Red Brigades during the crisis and of the statements made by Fioroni) that the government prepared legislation designed to promote the dissociation of terrorists from armed groups. Thus we had the Cossiga law-degree in December 1979. After this law was promulgated, the phenomenon of "repentant terrorists" dissociating themselves from their groups made considerable headway: thus events proved that the Cossiga law was valuable. Of course there may also have been an awareness by the terrorists that their political plan of action had failed: this may have been behind their decisions to disassociate themselves from terrorist groups, quite apart from prospects of lighter sentences. But this is important in itself, because it lends legitimacy to legislation for "repentant terrorists." Many members of the Red Brigades no longer believe in their political plan of action. When you are faced with the prospect of being a terrorist all your life, with no future, and without any expectations of achieving what you want, obviously doubts arise, anxiety besets you, you change your mind and the way you chose to spend your life. This was the real cause of the crisis of terrorism.

Question: But now the terrorists have changed their tactics. Don't you think that the Red Brigades, concentrating on social tensions, may be able to achieve a broad base of support among the masses which would make it difficult to combat them merely with the police and the judicial system?

Rognogni: It's true that there are exacerbated social tensions today which could be fertile breeding grounds for violence. Although it isn't right--because it is inaccurate--to always equate terrorism with social confrontation. At any rate, I believe that we can fight this new form of terrorism, which is seeking a social base, mainly by offering the alternative of an alert and rigorous democracy, and therefore policies inspired by high ideals and broadness of outlook. And it isn't just a question of domestic policies, but also international ones, at a worldwide level. The explosion of violence which many countries are experiencing on every continent cannot help but have direct and indirect repercussions on terrorism per se, wherever it manifests itself.

Question: Just what are you referring to?

Rognogni: I am referring to the increasingly acute tensions in hot spots around the world; to regional wars, both latent and overt; to struggles for the conquest of autonomy and independence with ethnic, religious or separatist overtones; to the conflict in the Middle East; to guerrilla warfare; to the resistence--bolstered by political, social and economic conditions in various given situations--with which authoritarian regimes oppose freedom fighters. It is a dark picture that emerges, and the political actions of governments and countries have been unable to brighten it. So, for too long, unsolved problems, and the tensions and anger that go with them, have festered. In the end, all this becomes a focal point, through vague and obscure paths, for the terrorism we are trying to fight here in Europe.

Question: A crisis arose among terrorists in Germany, too, in 1978 and 1980. Could you have taken better advantage of it, Mr Baum?

Baum: There are 30 arrest warrants out for terrorists in Germany now. There are 36 condemned terrorists in prison and about 50 persons detained awaiting sentences. My colleague, Mr Rognogni, has even worse numbers to contend with, unfortunately. But in Germany, too, there have been indications recently of a revival of terrorist activity. There is clear evidence that both the Red Army Fraction and the revolutionary cells are getting ready to exploit popular trends of anti-American protest, the antinuclear pacifist movement and the "house occupants". But as far as we know, neither has been successful.

Rognogni: The terrorists don't have the support of the masses in Italy, either. There is definitely no broad consensus among workers, despite the strong pressure the Red Brigades are bringing to bear on the factories. Trade union leaders are opposed to terrorism; they know that they must act jointly against it. They are starting to question the very use of violent language and the harmful personalization of the things they wish to combat. They are becoming aware of the perverse effects of certain slogans at a time when terrorism can exploit and ride on everything, including protests about the environment.

Anyway the attitude, the au hority and the representative nature of the trade unions remain a strong force on this harsh terrain. There may be a consensus in the factories in favor of the trade unions, but it doesn't extend in other directions.

Baum: In Germany, the problem is how to cut the terrorists off from the oxygen of political and social motivation by offering them food for thought. On the other hand, given the image which the so-called "hard core" of the terrorists has of itself, I think it is impossible to get good results through legal concessions. To accept exoneration from punishment, or even leniency, would be equivalent for these people to renouncing the moral concept they have of themselves.

Question: But there are people who are willing to renounce themselves: the repentant Italian terrorists prove it ...

Baum: We have had some success using persuasion. I won't abandon that method, even if some people make fun of it. As for dealing with arrested people, in our country there are very few concrete possibilities for leniency or lightened sentences. This is for juridical reasons: the law leaves very narrow margins for maneuver. Of course I agree that these margins should be taken full advantage of, and this has not always been done.

Question: Mr Rognoni, you have criticized Italian judges, too, and their use of the Cossiga law.

Rognogni: No, I haven't criticized the judges; I merely said, in connection with a sentence passed under the Cossiga law, that the court could have inflicted a lighter sentence--as the public prosecutor requested. As you know, the Cossiga law provides for a lightening of sentences--to a greater or lesser extent--for terrorists who renounce violence, detach themselves from their groups, and collaborate with the authorities. There have been cases (and not just that of Peci) in which confessions have been made and information given which have enabled the authorities to get exceptionally good results in their investigations. It is for this reason, and at the behest of judges involved in investigating terrorism, that a trend has asserted itself in technical circles among the judicial authorities, among political groups, and in Parliament, in favor of greater legislative incentives for members of the Red Brigades to repent.

Question: On what basis?

Rognogni: The basis is always the same. There are members of the Red Brigades who demonstrate with their behavior that they want to withdraw from armed combat or at least dissociate themselves from their groups and make a final break with terrorism. There is obviously an opportunity here to promote and facilitate this trend whenever possible, by offering incentives.

Question: What kind of incentives?

Rognogni: The bill Parliament is studying now distinguishes between two types of repentant terrorists. First, there is the terrorist who repudiates violence but does not collaborate with the authorities. Then there is the terrorist who does collaborate, revealing the names of other terrorists and giving information about hideouts, terrorist nests, etc. These two different positions have different legal consequences, naturally more favorable for those who collaborate as well as disassociating themselves from their terrorist groups. In both cases, the legislation takes the nature of the crime committed into account. For violent offenders the principle and rule of obligatory punishment remains in force; in such cases provision is merely made for lighter sentences. The legislation does contemplate some exceptions, however ...

Question: What exceptions?

Rognogni: In some cases even violent offenders can escape punishment by getting suspended sentences. These are cases in which the repentant terrorist collaborates with the authorities in a truly exceptional way. So far there have only been 4 or 5 such cases, among the 50 or more terrorists who have collaborated with the authorities in varying degrees. These exceptions are for people who have committed murder but have subsequently left their group, repudiated violence, and helped the authorities in very significant and decisive ways, for example by giving information which enabled the police to break up terrorist organizations and capture whole groups of terrorists.

Baum: In theory I would not be opposed, either, to offering repentant terrorists incentives going beyond what has been offered so far. But it has become clear from these talks that in Italy there is a special reason for setting up legislation like that described by Rognogni. Of course in our country, too, there is evidence of weakenings within the terrorist movement that should not be underestimated and left to themselves. The successes of the police are important too, but it is true that it is the process of internal disintegration that is decisive in overcoming terrorism. At this point the question is whether we can promote that process by conceding some degree of impunity even to murderers. I wonder how the 30 terrorists of the "hard core" would react if I were to offer them this route. They claim that they have chosen murder because of their moral rigor, and I don't think they would discard their convictions like an old hat just because they were promised amnesty. I repeat: I expect all the possibilities offered within our legal system to be exploited. But the idea of compromising with murderers by offering them leniency or perhaps even freedom from punishment is not to be taken lightly. The very concept of the state as a state ruled by the law would suffer ...

Question: There are circumstances which indicate that your opinion about the so-called "hard core" of German terrorism is erroneous. Some of them, for example, have softened up. Maybe more of them would repent if they were offered a line of retreat.

Baum: I don't want an intransigent state. But we Germans, after discussing the Italian solution that "rewards" repentant terrorists who collaborate, have decided not to adopt this solution because it is inconsistent with our juridical system.

Question: But this Italian solution has been put into practice in Germany outside the framework of the law, and that's worse.

Baum: Unfortunately you are right there. But I would like to explain why we don't want a solution that rewards betrayal in a special way. We are afraid that this type of law would not only fail to induce terrorists to desert, but would also create a danger of a possible increase in violence as a result of promises of exoneration.

Rognogni: It isn't a question of providing incentives for betrayal, it's a question of recognizing the fact that there are terrorists who want to talk. It seems to me that it is clearly in the interest of the state to facilitate their confessions. I should add that this law is certainly not the ultimate or even the chief weapon against terrorism; no one ever expected it to be. But it is certainly a very useful, albeit unpopular, tool. For proof of its utility we need look no farther than the Red Brigades' fierce reaction to it and their declaration of a "campaign for repentants."

Question: But with this law Italy is encouraging and cultivating betrayal ...

Rognogni: We should be very honest with ourselves here because our priorities of values are at stake. What the terrorists are endangering is the supreme value of the freedom and lives of our citizens. Reference has been made occasionally to antifascists who refused to betray their comrades in any way even under torture. But the situations are very different. The antifascist, by keeping silent, was making a commitment to life, freedom and democracy. The member of the Red Brigades who is silent remains the accomplice of a crime against freedom, life and democracy.

Question: But shouldn't the state accept the possibility of a person withdrawing from terrorism but nevertheless being entitled to remain an adversary of the present political and social system?

Rognogni: The state certainly does not expect anyone to renounce his or her ideals. Its only duty is to stop the use of violence as an instrument of political struggle. Terrorists are people who engage in politics with bombs. Let them withdraw from armed combat and then keep on expressing all the ideas they like. I agree wholeheartedly that in a democracy no one can ask them to abandon their ideas.

Question: Does the law provide for this type of deserter?

Rognogni: Of course there can be terrorists who disassociate themselves from terrorist groups, repudiate terrorism, but don't want to collaborate with the authorities. Their position is a very respectable one from a moral standpoint, and it is relevant juridically, too, as far as dissuasion from terrorist activities is concerned. The legislation does take this position into account, but naturally to a lesser extent than the case of dissociation from terrorist groups accompanied by collaboration with the authorities, the latter case leading to lighter penalties. There is only one case in which dissociation from terrorist

groups leads to exoneration from punishment under the law, and that is the case of persons who are subject to prosecution merely because of their membership in an armed band and because of related minor felonies (possession of arms, favoritism) and who dissociate themselves from their groups, coming out of hiding, even though they are not wanted by the police.

Question: And in Germany what can induce a man who doesn't want to be a terrorist anymore to give himself up when life imprisonment awaits him?

Baum: I don't want to induce him to give himself up at any price. It's enough for me if he stops shooting.

Question: So he should hide and trust that the police won't find him, count on their inefficiency ...

Baum: The repentant terrorist already has a better chance because by not participating in the preparation of other crimes, he is not endangering himself any more. Obviously the police will continue to search for him. It isn't so much a question of the danger a person represents to society as it is of crimes that must be punished. We're talking about murder, after all. Still, people who dissociate themselves from terrorist groups and then lead lives that don't expose them to danger any more are removing themselves from the sphere of the police's search to some extent.

Question: Pursuant to the new law in Italy, all terrorists who, in the most diverse ways, furnish "elements that can be used to fight terrorism" get lesser penalties. Even those who sign documents exorting their former comrades to desert ...

Baum: What are these elements? An interview or an appeal to one's former comrades to dissociate themselves from terrorist groups can suffice to cancel crimes? The German juridical system prescribes life imprisonment for all murderers. Judges cannot lessen this.

9855
CSO: 3104/31

OPEC COMPETITION SEEN AS THREAT TO NATION'S REFINERIES

Rome IL TEMPO in Italian 20 Oct 81 p 15

[Article by Agostino Meloni: "ESSO Financial Commitment for Plant Diversification; All Oil-Producing Countries Favor Refining"]

[Text] As if problems of oil purchase and consumption were not enough, those concerning refining are also now becoming increasingly grave occurrences. Italy has been importing, for the last 6-7 months, gasoline, gasoil, lubricants, namely finished products. What has happened to the refineries existing on the national territory? Many of these refineries did not upgrade their technical structures because the market in which operators are dealing is uncertain, because of difficulties in securing short-term capital and also due to diatribes linked to the chemical sector.

It follows that failure to make adequate improvements renders them and their finished products so much less competitive that our country is changing from an exporter to an importer even in this field.

The picture becomes even gloomier if seen in the light of international situations which, even now, can be visualized with sufficient clarity. Oil-producing countries, and not only those belonging to OPEC, do not limit themselves to exporting crude oil but are building their own refineries. Within the next few years, OPEC will have a refining capacity of 170 million tons a year, equal to Italy's entire refining capacity.

At this point the situation becomes difficult and the future of refining must be planned differently. Since technologies are in the hands of the industrial countries, refineries which OPEC countries are building are the so-called simple type, namely having the capability of separating from a ton of crude oil only its components which are combustible oil for almost 50 percent and light products like gasoline, gasoil and lubricants for the rest.

As a consequence, the refineries of the industrial countries must be upgraded to more sophisticated techniques in order that they may obtain from the same ton of crude oil a very large quantity of light products and very little combustible oil or initiate the process from the latter rather than from crude oil or produce only light products.

ESSO has taken this road already for some time with its Augusta and Trecate refineries. For years it carried out a conversion process and, as a result, it can now dispose of cracking and lubricating refineries. The advantage is that instead of refining in its refineries 12 million tons of crude oil a year, it treats only 9, plus 3 million tons of combustible oil (all at the Augusta refinery) which obviously costs less than crude oil.

In addition, there are other more advanced systems, like coker for example, that can produce returns higher than those from combustible oil, turning out only light products. The cost of these plants today averages approximately 2,000 billion lire for the treatment of 2 million in heavy products. As one can see, these plants are quite expensive and ESSO is moving cautiously in building one such plant in Rotterdam.

The future, nevertheless, lies along this road. In other words, producing combustible oil through refining processes and then burning it in order to obtain thermic energy is a waste, inasmuch as in its place one can utilize other energy sources like coal and nuclear energy. Instead, it is necessary to obtain the most possible light products to meet the market's growing demand.

ESSO estimated that in 1983 they will spend 430 billion lire for refining processes, two-thirds at Augusts, one-third at Trecate. Of these, 205 billion lire on plants, 125 billion lire to save 30 percent of annual energy, equal to 300,000 tons of oil consumed in the refining process, and 100 billion lire for the protection of the environment.

The Augusta plant, which meets 7.5 percent of the entire Italian oil demand, is on the right track. But if the other refineries operating in Italy or a large number of them do not convert as soon as possible, not only will they become increasingly less competitive with respect to other European and American refineries, they will be crushed by the competition of those of OPEC countries.

9758
CSO: 3104/29

ACCORD FOR POWER PLANT IN ANCONA SIGNED

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 16 Oct 81 p 2

[Text] The talks between the Marches region and ENEL [National Electric Power Agency] based on a memo of understanding signed Tuesday in Ancona will include a section set aside to earmark the construction of a plant, supposedly a thermoelectric plant. The possibility of building a nuclear plant had been rejected due to the frequency of earthquakes in the region. The memo of understanding, signed by the president of the regional assembly, Emilio Massi, and by ENEL's president, Francesco Corbellini, will encourage the further developing of a concrete sense of cooperation based on the following highlights: 1) Organization and development of diversified information plans of fundamental aspects of problems relating to energy; 2) drawing up of program plans for electric plants in proper measure for the region's economic development within the framework of the region's general development plan; 3) coordination of proposals for both the location of electric energy production plants and for those plants which have already been built; 4) evaluation of the regional industrial production capacity as it relates to ENEL's own investments; 5) the study of most efficient ways for optimal and coordinated use of energy: such as research and initiatives for energy savings, development of alternate and integrative sources of energy, combined production of electric and heat energy for civil and industrial uses as well as the multiple methods for utilization of water.

The region's president, Mr Massi, noted that the Marche's electricity deficit is over 60 percent when compared to other regions, and if the situation is not remedied by the end of the 1980's, it will rise to 83 percent. Particular attention should be payed to alternative sources of energy and energy conservation in general: with this in mind, a new memo of understanding will soon be underwritten by CNEN [National Nuclear Energy Commission]. ENEL also, stated Corbellini, is involved in research in integrative funds, however, in the short run it is necessary to find a solution to satisfy the demand for electricity which is quite scarce all along the Adriatic coastline because of the absence of large plants ranging from Porto Tolle (Veneto Region) all the way to Bari. The construction of turbogas plants (one will be built at San Benedetto del Tronto) is too costly and not convenient because their sole purpose is to provide energy needed only during peak hours.

9209
CSO: 3104/32

STATUS QUO ON METHANE PRICES DUE FOR UPSET

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 16 Oct 81 p 3

[Text] Beginning next year, industrial interest groups plan to upset the status quo which had resulted from the accord reached between SNAM [National Gas Pipeline Company] and Confindustria [General Confederation of Italian Industry] on the price of methane for industrial uses. This was stated in an interview with IL SOLE 24 ORE by Luigi Derlindati, president of Assopiastrelle and member of Confindustria's board of directors who has followed, first hand, the lengthy negotiations recently concluded by way of the accord. Derlindati stated that the negotiations will have to start very soon for the conclusion of the new accord to replace the one now in force, which is slated to expire in April of next year.

In stating that the negotiations will be conducted on completely new precepts, Derlindati emphasized that "the formula linking the price of methane with that of heating oil does not correspond to the actual 'caloric equity' and is therefore heavily weighted in favor of SNAM." He went on by stating that if such an arrangement did not work properly in 1978 when the price of heating oil was fixed, so much more reason that it should not work today, due to the prices being monitored.

Derlindati concluded by stating that in his opinion, there must be a change in philosophy of the use of national methane consumption, from which SNAM recently benefitted because of the increase in the value of the dollar. Though stating that he is in favor of earning profits through the distribution of methane, Derlindati believes that native methane should be earmarked for production which results in income and jobs, while imported methane, making use of a differing price structure, should be directed toward domestic uses, which can often be better consolidated and managed.

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CSO: 3104/32

BRIEFS

MEXICAN CRUDE FOR MONTEDISON--Beginning on 1 January of next year, Montedison will purchase crude oil from PEMEX at the rate of 20,000 barrels per day. The crude will be furnished by the petroleum agency of the state of Mexico to Montedipe, a company belonging to the Montedison group engaged in the petroleum-chemistry sector. An agreement formalizing the above was signed a few days ago in Mexico City by the representatives of PEMEX and a delegation from Montedison, led by Montedison's foreign sector director, Pasquale Landolfi. The agreement, which provides the basis for a greater cooperation between the Italian chemical group and the Mexican petroleum authority follows an agreement by which AGIP [National Italian Oil Company] is to receive from PEMEX 60,000 barrels of crude a day for a total of 3 million tons yearly. Deliveries called for by this second agreement will also begin in 1982. [Text] [Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 16 Oct 81 p 2] 9209

IRI'S ENERGY SAVING PLAN--The president of IRI [Industrial Reconstruction Institute], Pietro Sette recently briefed Etienne Davignon, vice president of the EEC Commission on a program of initiatives aimed at reducing by 8 percent the energy consumption of the group's companies. The program calls for a financial commitment of 400 billion lire, half of which is earmarked for the Mezzogiorno. Beside Finsider [Iron and Steel Finance Corporation] which will take up 300 billion lire, other companies involved include Finmeccanica [Mechanical Engineering Finance Corporation], STET [Telephone Finance Corporation] and Fincantieri [Shipyard Finance Corporation]. The aim is to be able to save 850,000 tons of petroleum equivalent. In 1980 alone, the IRI group consumed 12 million petroleum equivalent tons, which was equal to 8 percent of total national consumption. The program, outlined in a document which required 19 months of work, is labeled "Phase 2," to distinguish it from other recent programs which, between 1973 and 1978 resulted in savings of 6 percent of required reserve totals. The new program of activities will be feasible in its entirety only if funds become available from EEC at economically acceptable rates. [Text] [Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 16 Oct 81 p 3] 9209

CSO: 3104/32

GOVERNMENT FUNDING FOR STEEL MERGER DISCUSSED

Duesseldorf WIRTSCHAFTSWOCHE in German 16 Oct 81 pp 18-20

/Text/ After their merger Hoesch and Krupp want the government to fund almost 90 percent of their investments. The Federal Government objects but would like to merge the Salzgitterwerke in the "Ruhrstahl AG" also.

Former state secretary Detlef Karsten Rohwedder, since 1980 board chairman of Estel Hoesch Werke AG, was rebuffed by his former boss. Instead of the expected promise of billions from the public treasury to reorganize his steel plants in Dortmund as well as those of his future merger partner Krupp Stahl AG, Federal Economics Minister Otto Graf Lambsdorff administered a rebuke: "Your proposals are very definite with regard to public aid but very sketchy as to your own efforts."

As it was, the count's admonition to his former subordinate was rather mild. Six days earlier, in a letter to Lambsdorff dated 2 October, Rohwedder disclosed how the major stockholders envisaged refloating the companies after the proposed merger: Almost exclusively with government money.

The Rohwedder letter had figured the investment needs of the future "Ruhrstahl AG" at DM5.07 billion in the years 1982-1987; DM2.49 billion for "replacement investments" and another DM2.58 billion for "investments required for normal operation"--current replacement repairs, complementation and blast furnace deliveries.

At present-day prices the construction costs of a new structural steel plant in Dortmund alone are assessed at DM850 million. Also to be built in Dortmund is a new continuous annealing facility at a cost of another DM200 million.

The managers of Krupp and Estel Hoesch had envisaged the contribution from public funds to be DM4.51 billion--89 percent of the total investment sum. Krupp and Hoesch would like to get DM1 billion as a once-only irrecoverable working fund grant, the remainder as conditionally repayable grants. Rohwedder submitted a detailed plan for the payment orders required from the government: DM1.86 billion next year, DM970 million in 1983 and 1984, the remaining DM1.68 billion in the years 1985-1987. Should costs and profits turn out better, the steel managers reckon that a total of DM3.8 billion from government funds might suffice.

Even on the first reading of Rohwedder's letter, the addressees in Bonn noted the parent company's lack of contribution to the recovery of its subsidiaries. One

senior official complained bitterly: "A firm is supposed to be restored to financial health by public monetary contributions which are no longer consonant with our economic system." He called the requests "positively impudent."

The steel experts among the ministry officials were particularly annoyed by the fact that the profitable further processing departments of the firms concerned were not to be brought into the merged company--memories of the 1968 establishment of Ruhrkohle AG were revived: At that time the original owners offloaded onto the unified company almost exclusively mines which required extensive restoration, hanging on to profitable and valuable property such as enormous parcels of real estate.

Thus predisposed Lambsdorf, Finance Minister Hans Matthoefer and the two North Rhine-Westphalian Land ministers Diether Posser and Reimut Jochimsen received the petitioners from the Ruhr: The board and advisory board chairmen of the steel plants willing to merge and also the advisory board chiefs of the respective parent companies.

The count admonished the managerial ranks: "No repeat of Ruhrkohle, please!" And Matthoefer said gruffly: "You must not think that you can play dirty pool with us."

The federal finance minister also inquired whether the German-Dutch Hoesch parent company Estel (which already in 1980 and 1981 refused to take over the DM600-800 million losses of the subsidiaries) did not after all have a latent reserve of about DM1 billion. Rohwedder denied that.

Annoyed also with the Hoesch and Krupp managements were the employee representatives who, last Thursday night, "irately" (to quote someone present at the discussion) told the ministerial quartet that they had not been initiated in the plans which, after all, would result in 18,000 redundancies. IG /industrial labor union/ Metal executive board member Rudolf Judith complained: "As far as we are concerned, we are still in a complete fog."

At the same time the Bonn people believe in the future benefits of a Hoesch/Krupp merger as the result of the elimination of parallel productions. Federal and Land ministers therefore stated their readiness in principle to make money available from July on via the rather slimmed down federal program of aid to steel--provided the owners show themselves willing to embark on "entirely reasonable efforts" and submit a "tenable, plausible and concrete concept."

Consequently letter writer Rohwedder and his companions were assigned "home work" (to cite a member of Lambsdorff's staff). Before any additional aid is granted the steel bosses are to produce detailed data on rationalization effects, profit expectations, cost development and the attitude of the banks--data which will be checked by the auditors of Treuarbeit AG.

These managers also had to swallow another bitter pill. Before going to Bonn again with outstretched hands, they will have to initiate "intensive discussions" with the distant federally owned Salzgitterwerke to explore the possibility of the latter's inclusion in the future Ruhrstahl AG or at least of close cooperation. Matthoefer who, in his capacity as finance minister, is also the administrator of federal property, considers this the best chance for the federally owned firm to weather the shrinkage of the German steel industry.

Only a few months ago Lambsdorff vehemently disputed the steel subsidies in neighboring European countries because he thought they were distorting competition. He has now resigned himself that sooner or later he also will have to increase government aid. Outwardly, though, he remains a hardliner: "We will not do anything in contravention of the EEC's code on subsidies."

11698
CSO: 3103/87

DIHT PRESIDENT FORESEES PERIOD OF RECESSION

Bonn DIE WELT in German 14 Oct 81 p 11

[Article by Harald Posny: "Wolff: I Cannot Foresee the Famous Silver Lining, Even For 1982"]

[Text] Duesseldorf--In view of only moderate activity in the consumer goods business and further weakness in basic, production and capital goods, the German economy is not looking for a real upturn right away. In the opinion of the President of the German Industry and Trade Day (DIHT), Otto Wolff von Amerongen, we will "continue to come face to face with a recession period during the coming fall and winter." Says Wolff: "Even for 1982 I cannot see the famous silver lining."

In a speech at the DIHT congress in Duesseldorf, Woff based this somber evaluation of economic prospects on the fact that the uptrend in exports which during the last few months served as a pillar of the boom, had to date profited from the pricing advantages of a weak mark. These temporary advantages are in danger of crumbling. Additionally, he said, our most important trade partners' market conditions are, for different reasons, not much better or even slightly worse.

Also, insecurity due to economic policies in foreign countries was a determining factor of the economic climate. As examples, Wolff cited the questionable feasibility of U.S. president Reagan's economic program; the "socializing experiments" in France; and the subsidy craze of a country like Belgium, which has stretched its credit to the limit. Wolff is also afraid of the danger of contamination radiating from Paris, such as price controls, reintroduction of foreign currency controls and transfer of capital, which had previously exerted a direct influence upon the German economy.

Wolff warned against considering the planned long-term trade with the East as a boom producer. However, he said, long-term prospects are not bad, especially if the natural gas deal with the USSR goes through, which would provide foreign currency to Moscow also.

According to Wolff, the FRG Government's economic policy lacks the courage for long-term planning, due to the static thinking of several special interest groups within the coalition. Says Wolff: "What we need is a stability-oriented policy, a well-prepared intermediate term fiscal concept without social policy taboos. The word "unacceptability" should not be used so indiscriminately. The economy is the

least affected by "unacceptability." He reminded his audience of the DIHT proposal for an "Operation Lawnmower," which would eliminate 10 percent of all subsidies. No other group had come up with such a proposal, he said.

As to budget policy, he considers a twin strategy to be necessary: a consolidation of budgets and greater investment opportunity. He considers the budget proposal entitled "Operation 82," no matter whether that title derives from the military or the medical domain, to be fragmentary. Says Wolff: "It is unfortunate if during an operation of any kind the operators stop to ask themselves whether, where, and with what instruments they should operate." He is afraid that the submitted budget proposal would be ineffective.

The DIHT president reproached the government for having given much too little consideration to budgetary risks in view of unemployment, tax revenues and international payment obligations. He expressed doubts as to the validity of certain individual budget items, such as some in the defense area. Also, he considers it questionable whether in 1982 the Bundesbank would again have a DM 6 billion surplus.

Wolff reminded the audience that a growth decrease of 1 percent would result in a tax revenue reduction of DM 6-7 billion. He considered the assumption of a 2-2.5 percent real growth next year to be unrealistic.

For 1982, Wolff predicts even greater budget turmoil and increased damaging vacillation. Says he: "This annual uncertainty over the budget could damage even the healthiest economy."

9273
CSO: 3103/75

INSTITUTES CITE FISCAL POLICY AS CAUSE OF UNEMPLOYMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 27 Oct 81 p 13

[Article: "Warning to Economic and Wagescale Policy Makers--Research Institutes Expect 1982 Unemployment 'Easily' To Reach 1.6 Million"]

[Text] Bonn, 26 October--The FRG's economy is still in a marked condition of weakness. Employment continues to drop. The number of unemployed is about to reach 1.5 million. This is the somber picture described by the five leading market research institutes in their joint fall report. The institutes contradict FRG Chancellor Schmidt's dictum that the reasons for the economic difficulties are primarily based on drastic increases in the cost of energy and on unfavorable world market developments. The market researchers say that equal blame belongs to the wagescale negotiators as well as to economic and fiscal policies.

A majority among the institutes fears an average annual count of "easily 1.6 million" for 1982. This would correspond with 7 percent unemployment. The report estimates actual growth to amount to only 1 percent. Kiel's World Economic Institute even expects a decline of 1 percent, as in 1981, and 1.75 million unemployed. All five institutes jointly express their confidence that there will be an improvement in the economic situation during the coming year. However, there is lack of agreement as to the timing of the turnaround.

The HWWA Institute for Market Research in Hamburg, Berlin's German Institute for Economic Research, Essen's Rhine-Westphalian Institute for Economic Research and the Ifo Institute for Economic Research in Munich are no longer counting on a significant drop in productivity "as of today" and predict a rise during the first half of 1982, "starting approximately in the spring." However, the Kiel institute is of the opinion that the bottom would not yet be reached during the winter 6-month period. It does not see a possibility for an increase in productivity until the second half of the year and a better use of full capacity only by the end of 1982.

"Economize in the Right Places"

Predictions for an upswing during the first half are based on the following assumptions: the revaluation of the mark would put an end to the loss of purchasing power to foreign countries, which had previously strongly depressed domestic demand; there would be a drop in monetary pressure on the economy because the Bundesbank, in view of the improvement in the balance of payments, would

have some latitude for supporting a decrease in interest rates; there would be a decrease in the strong pressure on profits exerted by costs; industries would have to replenish their shrunken inventories if they did not want to risk losing sales; foreign trade would show gradual improvement, with a concomitant effect upon domestic demand. Despite the revaluation of the mark, the FRG would participate in the estimated 3 percent increase in world trade. The Kiel institute is more skeptical in its judgment of world trade development and exports, cites increasing pressure for wage increases and does not see a change in monetary policy.

Economic Policy: The market researchers recommend that the federal government orient its economic policy strictly toward intermediate term requirements rather than to chase after supposed successes. This would be the only way of solving the primary task of creating conditions for self-generated growth and for continuous price stability, with the eventual objective of cutting the recent 6.5 percent rate of inflation in half during the coming year. There should be no new programs of any sort. Such short-term activism would only serve to create an economic flash in the plan. This would be no way to overcome the growth deficit. The employment picture would be harmed rather than helped. The German Institute for Economic Research is of the opinion that it is not enough to improve intermediate term expectations, but that the state has the duty to stabilize the economic situation for the near term by taking appropriate measures.

Fiscal and Budget Policy: The institutes urgently call on Bonn to initiate a durable stabilization of state finances and to create a clearly visible situation. Fiscal policy must divorce itself from transition solutions. The authors of the report consider inappropriate a consolidation of public finances with "a unilateral alignment with the budget deficit." In proceeding with the reorganization, the policy makers must not be tempted to take cycle-favoring measures; i.e., they must not orient expenditures strictly toward the income which is increasing more slowly as a result of market conditions. The decisive factor is "how" to lower the budget deficit, i.e., to make reductions in the appropriate items. It is not enough to stop fraudulent receipt of social security payments; the emphasis must be placed on tightening the social security system. This would be the only way in which the requisite order of magnitude in cost reductions can be realized.

Wage Policy: Four of the research institutes consider it mandatory that wage agreements for 1982 be at lower levels than those of 1981. The Kiel scientists even consider it necessary and feasible that there be no nominal salary increases at all in 1982. The Berliners on the other hand think that wage policies during the last few years are not to blame for economic troubles; on the contrary, they feel that wage policies had proven quite adaptable.

Monetary Policy: The authors recommend that the Bundesbank make a transition to a potential-oriented money supply policy. An increase of 5.5-6 percent in the money supply would constitute a greater increase than during 1981. In the opinion of the institutes, this would not constitute a departure from the Bundesbank's stability-oriented policy.

Budget Balance: For 1981, the market researchers estimate a budget deficit of about DM 25 billion, compared with DM 30 billion in 1980. Next year, they think, the budget should come close to being balanced.

Principal Statistics From The Institutes

Changes (Percent)	1981	1982
Real Growth	-1	+1
Price Increase (Consumption)	+6	+4.5
Number Employed	-1	-1.5
Personal Expenditures	+4.5	+5
Government Expenditures	+7	+5
Capital Investment	0	-1
Equipment	+0.5	+1.5
Construction	0	-2.5
Export	+12.0	+9
Import	+10.5	+5
Gross Income (Employees)	+5	+3.5
Gross Income (Employers, Incl. Investment Income)	-3	+7.5

9273
CSO: 3103/77

RISE OF VICE-CHANCELLOR SINOWATZ VIEWED

Vienna PROFIL in German 27 Oct 81 pp 14-18

[Article by Elisabeth Welzig: "The Reserve Chancellor"]

[Text] As recently as a year ago, his opinion was in demand only in matters of education; now he is getting himself into the headlines more and more frequently. As long as Kreisky is "forced to take it easy," Sinowatz is the boss in the government.

For years, as a bobsledder, bicyclist, conqueror of mountain peaks and crack ping-pong player, he made sure that he stayed close to the people, causing people to smile. Since becoming vice chancellor, Sinowatz perforce has had to try for a new image. As soon as the old master absents himself, the man from Burgenland, whom press chief Hans Pusch at one time peddled as someone unique, of rather nonpolitical but all the more pleasant dimensions, has to wield the government scepter. At the moment the chancellor is ruling not at Ballhausplatz but in Armbrustergasse.

While no one will ever dare doubt Kreisky's presence in spirit, no matter where he actually may be at the moment, even he cannot outwit the demands that his age is making of him. The onetime concentration of power is perforce loosening, with the agenda being divided up ever more visibly. Heinz Fischer, Karl Blecha and Fred Sinowatz have long since ceased working behind the scenes; they are in charge of the deputies in parliament, of the party and of the government for everyone to see.

Of course, always "in close contact with Kreisky." In the past year, however, such contact quite frequently could be established only by telephone to the sickbed.

In March, Kreisky had to undergo an operation on his right eye in the United States. What happened then was described by the WOCHENPRESSE ("How the Power Is Weakening") as follows:

"On 15 June the chancellor was taken at lightning speed to the Rudolfspital [Rudolf Hospital]. Shortness of breath and poor circulation indicated pulmonary edema.

"From his activity in the Steier mark election campaign in September, Kreisky finally returned limping, having suffered an attack of gout.

"A neglected case of the flu, which then developed into pheumonia, has put the chancellor out of action these past few weeks. Another eye operation is pending in the immediate future."

Thus Sinowatz, who used to rub elbows with the people while sporting through the countryside, did not have time gradually to get used to his role of number two in the government but, right after having relieved Androsch, had to stand not only behind Kreisky as his deputy but also up front in his place. A position which he himself--as yet--apparently finds a little eerie. "I think in two halves of my brain, once as minister of education and once as vice-chancellor," he says rather awkwardly in describing his dual function.

While the two dapper heirs-apparent, Poldi Gratz and Hannes Androsch, were consumed in their struggle of competing with each other, stumbling just as ineluctably out of the chess game of succession as they had raced ahead in it at first, the uncouth "peasant" slowly but surely moved up from behind. He was moved up until he came to stand right behind the king, resisting becoming vice-chancellor "with every fiber of his being"--a foil for the grand bourgeois man-of-the world with monarchist features; a petit bourgeois from Burgenland, a fellow whom one does not revere but whom one simply likes.

After the disappointment over the smooth career types scintillating with the eroticism of fame, there is a great need for peace and warmth. In times like these, when the term of "icebound society" has become a slogan of the young , teddy bear to cuddle up with is more attractive than a cold technocrat.

It is hardly likely, however, that the omnipotent father figure of Kreisky can be replaced by a single person. If the heritage were to be divided in the present configuration, a succession in accordance with old family tradition can be expected at Ballhausplatz. No one will oppose the moving up of the easygoing elder brother who has never remonstrated and has always been conciliatory and amicable. A brother who never asserts his rank, who is like you and me, who has his failings and fears and a secret with which he beats all the operators: he has never yet buttoned up completely.

People in the know among the opposition sense a danger behind Sinowatz's open and comradely demeanor. "Good-natured though he is," says Erhard Busek, "he has ideas and objectives from which he is certain not to deviate, at most agreeing to detours."

Whereas rightwing negotiators praise the pragmatist Sinowatz as an "extremely knowledgeable man who will always listen if there are superior arguments" in the words of OeVP [Austrian People's Party] school spokesman Hans Katschthaler), the leftwingers are disappointed at the politics of small steps. But, a mutual reluctance to bite does not permit any really aggressive criticism from that side either. "I've always had a soft spot for him because he looks like a toad that has fallen from the hay wagon," says Peter Turrini, summing up his attitude toward Sinowatz--after having thoroughly given vent to what he thinks about his cultural policies. "Ten years ago I waited for him with a feeling of euphoria. Today the cashing in of my hopes is minimal. The bottom line of Socialist cultural policies is the political caveman mentality of the working class. You cannot dance with the same behind at the proletarian and the bourgeois church fairs. I have positive human feelings for Sinowatz, but in fact all that he could think of was to stand around in a liberal, friendly

and conspicuous way." Instead, the "Alpine saga author" thunders on, he could have refurbished the run-down labor union cultural policies. "There would have been an opportunity for him to pursue a cultural policy via the training of works councilors, but in fact the people there are being trained only for good relations between labor and management."

Sinowatz, who when he was a member of the Burgenland government used to "capture people like an itinerant preacher" (Hellmut Andics), would like to make long-term structural changes. A passionate hiker who tires quickly in parliament, looking like an uprooted tree in the neoclassic halls, Sinowatz prefers to substitute spontaneous human action for verbal fencing. At the Bregenz Festival last year, he took the wind out of the sails of an action opposing the opening by breaking with protocol and taking a walk along the lake with the rebellious Vorarlbergers.

A Catholic in name and a Freemason, Sinowatz likes to philosophize and would have a few things to say, but declares: "It is better for politicians to listen and do less talking."

Sometimes he takes a stand nevertheless, particularly if he can draw on personal experience. Thus commuter Sinowatz, who for 10 years has driven 41 kilometers daily from Neufeld to Vienna and back again, sides with the SPOe [Austrian Socialist Party] women and the OeGB [Austrian Trade Union Federation] leftwing in giving a shortening of the workday preference over an increase in vacation time. Otherwise, the vice-chancellor handles labor union questions with great caution, saying: "The form of leadership of the OeGB will not be the form of leadership of the party."

His attitude is clear and courageous whenever it is a question of putting an end to fascists. Thus he promptly resigned as honorary patron of the OeTB [Austrian Gymnasts Federation] festival in Villach after resistance fighters had enlightened him about the background of the association.

Yet, says Sinowatz's cousin Norbert Leser, "he will have to commit himself more on issues." Attractive though it may be when as minister for education and arts he professes, "I like Grillparzer best at Forchtenstein, because it is over in an hour and a half," and admits without pompousness, "I have a feeling of awe, of a certain humility, as far as the office of federal chancellor is concerned," in the game of succession his position--between left outside forward Josef Hindels and right outside forward Androsch--will have to be defined more exactly.

"He gets going slowly and then flattens everyone like a steamroller," says Burgenland government member Gerald Mader, in charge of cultural matters, about his predecessor in office, and at least Sinowatz's political career has proceeded in accordance with that Sinowatz principle of advance: in a straight line, without any sort of escapade or slip-up (if one disregards his onetime foible for Province President Theodor Kery), he worked his way up in the party. From Burgenland party secretary to Burgenland government member in charge of cultural affairs and then, in 1971, the leap to the Vienna parquet. Having first been under consideration as minister for agriculture, he finally reported to Vienna, with a couple of red Doppler shifts in his luggage, on 21 October 1971 to succeed Leopold Gratz as minister of education.

It has not come to any steamroller kind of flattening of conservative value concepts, however, in his 10 years at Minoritenplatz. Teachers on the SPOe left fringe reproach their minister for having sold his opposition to disputes as readiness to compromise, of pursuing his aims of reform halfheartedly. In the Sinowatz era, they say, Social-

ist school policy has been reduced to such sociopolitical measures as gratis schoolbooks and free public transport for students.

Only FPOe [Austrian Liberal Party] school spokesman Friedrich Peter is under the impression that, in the final analysis, the OeVP has always yielded to Sinowatz. He says: "Having fitted out the two-thirds majority with a kind of educational-policy nose ring, he consistently inflicts on it exactly as much pain as it can be expected to bear."

The threshold of pain in this key sociopolitical field is extremely low. After 10 years of negotiations about an integrated comprehensive school, a middle grade reform is to become reality in 1985--which, Sinowatz opponents claim, with its performance grouping system, in fact really will again produce alpha, beta and gamma children in the Huxley sense.

The Sinowatz type of kid-gloves socialism complements the structural factors in the educational policy sector. Just as in cooperation between labor and management, here too the "quid pro quo" slogan prevails. Not only is Sinowatz suited by nature to coalition and tactical maneuvering, but his ministry constitutes the ideal parade ground for such operations. For one thing, he must overcome in parliament the two-thirds-majority hurdle which the SPOe itself established for the passing of school laws,[1] and, for another, he has to administer a ministry which on the whole he has left as "black" [conservative] as it has been all along. Thus, to a large extent, school policy continues to be determined by an OeVP man Leo Leitner, the department head for general school matters.

Nevertheless, critical educators object mutinously, Sinowatz at least ought to have taken advantage of his popularity to start a public debate. Instead, they say, he has consistently denied the existence of educational policy problems, and in the past 10 years school policy has followed a centralist bureaucratic system which no one realized existed.

Whereas with 95,000 teachers and 300 new schools Sinowatz has created a good infrastructure for 1.5 million students (65,000 teachers for 1 million students in 1970), the proportion of workers' children studying at Austrian universities has dropped rather than risen in his era.[2]

A minister who seldom got into the headlines over a period of 10 years, he was unable to register any sensational successes in his department. His physiognomy, which Austrians at first had to get used to 10 years ago, has its own power of attraction in a period of political insecurity. While still far behind Gratz and Androsch in an IFES image poll 5 years ago, Sinowatz as early as 1979 was the minister to score the highest marks of support, and in December 1980 he ranked second in popularity among politicians--immediately behind Kreisky.

When in June the deputy-in-spite-of-himself for the first time had to take charge of the government in place of the ill chancellor, Kreisky too no longer made any secret

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1 Laid down in the School Organization Law in 1962.

2 Cf Anton Pelinka, "What Remains of Kreisky," in PROFILEXTRA, September 1980.

of his preference. "He stood in for me in an outstanding fashion," he said. "He is one of the most decent and politically best-qualified people I know. He drew my attention when he was still a rising star in Burgenland, invariably in a cool and sober way assigning a backseat to personal considerations.

The nonintellectual exterior hides a highly political man. He has outstanding administrative ability. He has everything, being entirely straightforward and pleasant, and personally one immediately enjoys a good relationship with him. He can be relied on absolutely and has also shown his mettle in difficult times."

"Social democracy was put in my lap," says the modest, sincere man from Burgenland, describing his political ideas and actions. Born in 1929 in the Neufeld Hemp-Jute Factory's housing development as the only child of a mechanic and a woman worker, he cut his teeth, as it were, on a determination not to give up. Having become unemployed during the depression, his father built up a small coal trade and hauling enterprise. His mother became a works councilor. The greatest influence on the education of the later minister of education, however, was exercised by his uncle Josef Csech, director of the Neufeld Workers Library and later (1950 to 1972) the most important postwar mayor of the municipality. It was he who instilled a longing for knowledge into the boy, who talked little and spent a lot of time by himself.

Nevertheless, he later had to repeat a grade in secondary school--though for reasons of illness. In turn, however, he finished in record time his university studies in history and German language and literature (his doctoral dissertation, under Prof Heinrich Benedikt, was entitled "Reformation and Counter-Reformation in the Duchy of Forchtenstein and the Domain of Eisenstadt"). In 1954, the "red" university graduate in Eisenstadt (still "black" at that time) as the new secretary to Albin Dostal the government member in charge of social administration. Perhaps Dostal, a Burgenlander by choice who has gone down in Burgenland history as a "quiet, modest, cultured and highly political man," was responsible for the later Sinowatz style--the fear of simplistic thought patterns, an understanding for different points of view and a cautious approach to problems.

It appears that there are two souls in conflict with each other in this--still thinking--politician. On the one hand, he calls Victor Adler his exemplar, admires the intellectualism of an Otto Bauer and is influenced by socialist thinkers. On the other hand, he realizes that in a bourgeois society he cannot be any more than a reformist administrator of the system, that he cannot exceed predetermined limits. And yet he could have set counteraccents, and in ticklish political questions he ought not constantly to evade the issue by saying that "it depends on the given political situation."

Whether it is the question of leveling incomes or the question of balanced codetermination in indsutry, the vice-chancellor does not like to commit himself and seldom shows his claws.

While it runs counter to his ethical concepts for leading Socialists to become nouveaux riches, support for his party and loyalty invariably take precedence when it is a question of universally known comrades. "Kery is a Socialist but an unconventional person" and "Androsch was 10 years too young when he entered the government"--statements more unequivocal than these, Sinowatz will not make in public.

The philosophizing man from Neufeld, who likes to walk alone for hours in order to find himself again and who makes his best speeches whenever he has forgotten to bring his script and can be entirely himself, has become more self-assured since assuming the office of vice-chancellor. He will, however, be spared now even less than previously the ambivalent way of life of a powerful man who at the same time is a dyed-in-the-wool Socialist.

As early as 5 days before the Opera Ball he complains, "It's awful, I am spared nothing," but, though he detests the jet set, will then put in a neat appearance in tails at the social event. His smart and charming wife, Hermine, whom ignorant blabbermouths sometimes believe to be a girlfriend rather than a beloved spouse, regards such occasions as "official exercises."

The father of two grown children, Sinowatz is convinced that the "inferior treatment of women is a class state of affiars which should be changed." His wife, who "enjoys the pleasant and tries with detachment to cope with the rest," speaks of teamwork in the family, saying: "I am in charge of the menial work, while he is in charge of the lofty. I have reconciled myself to reality and, if only for reasons of solidarity, would not chuck it all." Women's Affairs Undersecretary Johanna Donhnal, she says, lends Sinowatz "the greatest support because he does not represent any threat."

The reality to which Hermine Sinowatz has reconciled herself looks like this: She "married him at 79 kilograms and has gotten more and more husband," but now sees less and less of him. At the same time, however, it is she who represents a place of rest, a refuge, without which one could probably hardly imagine Fred Sinowatz as the balanced personality who is now under consideration as a candidate for the office of chancellor.

His success cannot be explained by listing political facts; it is a personal success that is reflected politically. He has outlasted the brilliant personages because he provided himself with neither mask nor armor. He is a leading politician with whom one would like to have a glass of wine even if one does not want anything from him.

"Sometimes I dream I am in a crowd in the nude and cannot find my clothes"--when Sinowatz talks about that nightmare of his after a couple of glasses of wine, he sounds neither cute nor exhibitionist. This is what makes him the Sinowatz he is, the brother instilling confidence.

8790
CSO: 3103/67

ANALYSIS OF RESULTS OF STEIERMARK ELECTION

Vienna ARBEITER-ZEITUNG in German 6 Oct 81 p 3

[Article by Herbert Lackner: "Steiermark: In the Strongholds of the People's Party the Socialist Party Registered the Highest Gains--Analysis: Overall Trend Toward the Socialist Party"]

[Text] As early as the morning after the dramatic election Sunday in the Steiermark the first results of the analysis became available: The Socialist Party of Austria had achieved gains in all types of communities, particularly in those which had been considered strongholds of the Austrian People's Party. The People's Party lost in both industrial and rural communities. The party suffered its main losses in the industrial communities where it holds a majority.

A comparison of the trends of the last elections of the National Council and the Steiermark Landtag elections which took place just recently provides researchers with some interesting aspects:

In both elections, the voters in equal proportions left the People's Party for the Socialist Party if one compares the same type of communities. In 1979 the Socialist Party also registered its strongest gains in the rural areas and in communities with a strong Socialist Party majority.

To the socialists the most pleasant aspect may be that even in the Steiermark where jobs are of particular importance, the workers view them as the most competent to secure their jobs:

--In industrial communities in general the Steiermark socialists gained 2.43 percent, equalling the overall gain to almost one hundredth of a percent. Here the People's Party lost 0.29 percent.

--In industrial communities with a strong socialist majority the socialist gain was 1.81 percent, while the People's Party lost 0.86 percent.

--In industrial communites with a People's Party majority (amounting to 13,000 votes) the Socialist Party gained the most: 4.38 percent. Here the People's Party took its heaviest losses, i.e., 2.85 percent.

Rural Areas: Again a Strong Trend Toward the Socalist Party.

In the last elections for the National Council the Socalist Party achieved its strongest gains with 1.8 percent. In the elections to the Steiermark Landtag this trend was intensified as follows:

--Overall the Socialist Party gained 3.1 percent in rural areas, while the People's Party lost 2.5 percent.

--The Socialist Party's gain in the 57 rural Steiermark communities with a Socialist majority was 2.95 percent, while the People's Party loss was 2.52 percent.

--In the rural communities with a People's Party dominance, however, the Socialist Party gained 3.16 percent, while the People's Party lost 2.52 percent.

This shows that a trend continues in the Steiermark which will cause more and more concern for the People's Party, i.e., while the socialists are capable of retaining their traditional voters, the number of People's Party core supporters, which include the farmers without any doubt, is dwindling. The reasons are manifold: On the one hand, many farmers who no longer operate their farms full-time, are confronted with socialist ideology for the first time as they join workers in the plants, and then change their voting patterns. On the other hand, even farmers who live off their farms are more and more inclined to vote socialist: The ancient argument of the People's Party that the socialists would take their very last cow out of the barn has totally lost its appeal after 11 years of socialist government.

Free Party Votes Avoided Even Heavier People's Party Losses.

It appears to be a fact that the heavy losses of the Free Party have saved the People's Party from suffering even heavier losses. Even though a Free Party mandate went to the socialists, the flow of votes was different. The rightist Steiermark Free Party lost mainly to Krainer. However, an even larger portion voted socialist instead of People's Party. The Free Party's losses are particularly painful to the mayor of Graz, Goetz; in the Land capital the losses are above-average.

Incidentally, the People's Party saved their 30th mandate by a small margin only. Following a count of the voting cards on Monday it became evident that this mandate of the People's Party is secured by 577 votes only.

9544
CSO: 3103/44

FUTURE OF COALITION WITHOUT SCHMIDT VIEWED

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 23 Oct 81 p 8

/Article by Walter Bajohr: "Who Will Succeed Helmut Schmidt?--The SPD Is Beginning Search for a Successor to the Damaged Chancellor"/

> /Text/ While many Social Democrats are only now beginning to appreciate Helmut Schmidt, the FDP will have to make up its mind whether it would accept another chancellor in the coalition.

One leaderless week has produced a lasting shift in the mood in Bonn. The tense atmosphere prevailing in the coalition parties since the Bundestag election reached a new pitch consequent upon the sudden absence of Federal Chancellor Helmut Schmidt. The internal pressure in the social-liberal alliance has begun to move, although it is not yet certain whether the change is in upward or downward direction. That will depend on the conclusions drawn by SPD and FDP from the chancellor's illness.

Of course Helmut Schmidt has often been absent before, whether disappearing for weeks on end on summer vacations, whether undertaking a lengthy official journey, or whether merely nursing a cold. None of these absences caused much excitement in Bonn. Even though the political waves may have surged very high, as in last summer's conflict about the federal budget: For many of the disputants the mere fact that the chancellor would sooner or later return and remedy the situation represented a kind of reinsurance; in fact it was in the knowledge of this reinsurance that the partners could afford to quarrel.

All this changed last week. Suddenly people are compelled to realize that Helmut Schmidt may be gone at any time, and for good. Only now many people have begun to appreciate how much depends on this one man with respect to the coalition and, even more, the SPD. It is quite irrelevant whether the chancellor is "perfectly healthy" as the Federal Press Office asserts officially, or whether the implanted pacemaker is evidence of serious damage. However great objectively (from a medical standpoint) the endurance of a person who carries a battery-driven pacemaker in his chest, it is a highly subjective matter what the person concerned feels he can do. Helmut Schmidt who never spared himself in his capacity as head of government, will never be quite the same again.

Insofar we will do well to forget the bold face government spokesman Becker put on things in order to fudge the seriousness of the situation. Such maneuvers are part and parcel of the traditional repertoire of anyone charged with publicizing the

government's ability to function. The fact remains that the coordinates of the SPD/FDP coalition must be determined anew. After all, in Bonn it is taken for granted that Helmut Schmidt will give up before 1984 the onerous job of heading a coalition which is drifting apart.

This development is highly inconvenient for FDP chief and supreme tactician Genscher. The liberals missed the opportunity to switch last summer. In the general battle for the budget a shift of coalitions would have been plausible as far as the public was concerned. Genscher and Lambsdorff, though, were not certain whether their party would follow them as a man. The Free Democratic camp therefore opted to uphold the social-liberal flag--together with Schmidt as the only reliable guarantor of the alliance, even in the face of social-democratic storms.

Now, unfortunately, the FDP chief's tactical game has been upset by Helmut Schmidt himself. Especially two imponderables must lead the FDP comprehensively to rethink the situation. For one it is not known how the SPD will react to the chancellor's state of health. Will Schmidt's critics display some self-imposed moderation so that they should not wrong a sick man--although they may earlier have planned a regicide. Or will the disabled chancellor encourage their will to fight and conquer even more? For the other the FDP will have to quickly make up its mind how to behave if Helmut Schmidt should retire next year. If the chancellor were to resign voluntarily, this--in SPD chief Willy Brandt's opinion--could happen only in 1982. Brandt reckons that this is the latest possible point in time for making palatable to the voters the new man at the head of the government before the 1984 Bundestag election. Until Schmidt was taken to the army hospital in Koblenz, the SPD leadership was by no means sure whether the chancellor would last until 1984 or even go on beyond that date. Only if he had been willing to offer himself against at the next Bundestag election would the question of a successor have failed to assume serious proportions.

That uncertainty is now gone: Helmut Schmidt does not intend to keep going beyond 1984; de facto this means that the new man must be presented next year and--should the coalition last--rooted in the consciousness of the voters as the worthy heir to the "iron chancellor" by the time the Bundestag election comes around. Admittedly nowadays even SPD headquarters consider it rather unlikely that they will be able to win the 1984 election--with or without Schmidt. However, they are already preparing for 1988. This issue presents immense difficulties to the SPD strategists because to the outside also they must document their preparedness by finding a successor to Helmut Schmidt. As the party is in disarray, the search for a candidate promises to become something of a torturous exploit. Moreover it remains to be seen whether the FDP will accept the new man.

Since the 1980 election congress in Freiburg the liberal leaders have tied the official intention to continue the social-liberal coalition in Bonn to the unofficially admitted condition that this would apply only with Helmut Schmidt in the chancellery. Due to the fact that last year already the Social Democrats presented anything but a united front, the FDP thereby kept the backdoor open in order not to be nailed to the coalition with the SPD in case the chancellorship were to change hands. Now the liberals must consider whether they would want to continue even without Schmidt.

The Free Democrats hesitancy is also reflected in the fact that the senior leadership advised the party to be sure not to get involved in the inevitable SPD discussions about Schmidt's successor. Genscher himself exercised great restraint when he learned of the chancellor's admission to hospital. Although he would have been entitled to take charge of last Wednesday's cabinet meeting, he contented himself with moderating the session and, on several occasions, emphasized that nothing could be decided in budget matters without the chancellor's presence.

Nor did he intervene when SPD ministers Apel and Haak on the one hand and Schmude on the other clashed on the appraisal of the Bonn peace demonstration. Though Genscher agreed with Apel that the purpose of the demonstration ran counter to Federal Government policy, in the absence of the federal chancellor he avoided openly baiting Schmude who maintains excellent relations with the parliamentary left of the SPD fraction. It appeared as if, without Schmidt, Genscher was reduced to half strength.

It will be all the harder to find a candidate in the SPD acceptable to Genscher. In any case the SPD leadership will be hard put to it to find anyone. Of course the question of succession has frequently come to the fore at other times, but usually it amounted to no more than playing with names and offices. Hans Apel once looked promising; he saw his hopes collapsing as the result of the various disasters in his ministry, for which the Tornado affair stands as the prime example. Furthermore his vehement championship of the NATO modernization program has earned him unpopularity among the SPD left who accuse him of being a cold warrior.

In his days as minister of justice in Bonn, Hans Jochen Vogel seemed to have inherited his luckless colleague Apel's status as crown prince. After his unsuccessful foray in Berlin (imposed on him rather against his will), he lost a good deal of ground. In any case the Free Democrats have major reservations about the Berlin opposition leader who, in the course of the past 3 years, has changed from a defender on the right to--at least--outside left-half.

Moreover, the right in the SPD is displeased with Jochen Vogel's obsession with squatters and alternatives /collective term for single interest splinter parties--translator's note/. On the other hand that certainly does not bother party chief Willy Brandt who desires more support for his integrationist policy than he is able to get from Helmut Schmidt. As it is the SPD chairman would prefer a candidate who is still malleable--of course to his ways. In his opinion, though, such a man must be able to get along successfully with Erhard Eppler's followers without antagonizing the old Social Democrats.

At the present time Eppler's status in the SPD is on the rise again. Since he embarked on the risky flirtation with the Bonn peace demonstration, and the peacefulness of the event confirmed his forecasts, not even Helmut Schmidt is able any longer to simply disregard the unloved opponent. If the Bonn demonstration, at which Eppler was the main speaker, had degenerated into violence, the Svabian's fate in the SPD would have been finally sealed. As it is Eppler has again become someone to be reckoned with.

Even Bonn SPD circles think he might yet have a future in the party. Should he succeed in leading the peace movement within the SPD, quite a few comrades believe he

might qualify for the highest party accolade by the end of this decade, especially because Brandt also is looking for a successor in the medium term, who must be able to satisfy left emotional needs. It has not quite come to that yet but--according to Brandt--the preparations now made for Schmidt's succession can no longer leave Eppler out of the reckoning. Among the party chief's intimates it is said that Eppler's SPD may well be the SPD of the future.

If it were up to the Free Democrats, Finance Minister Hans Matthoefer's chances would be best. He underwent exactly the opposite change to Jochen Vogel. Formerly an outspoken leftist in the SPD, he found himself in "full agreement" (Lambsdorff) with the FDP economics minister at last summer's budget cutting sessions. On the other hand this intimacy with Lambsdorff, considered the bogeyman by many comrades, served largely to discredit him in the SPD. Nor do the liberals really know whether the remarkable change in Hans Matthoefer is to be taken at face value. Nevertheless they might be disposed to go along with him--and that will ultimately decide whether or not the coalition can outlast Schmidt.

Still, Matthoefer himself may not be willing to move into the chancellery. To begin with he too is afraid of the prospect of badly losing in 1984. And secondly his present ministerial job has strained his health also: Matthoefer has been suffering from cardiac irregularity.

It seems the only possibility is that of finding a compromise candidate. Only one name is put forward here: Johannes Rau, minister president of North Rhine-Westphalia. The Duesseldorf government chief is certainly popular while politically uncommitted. He exudes something of that warmth which is Willy Brandt's hallmark, and he is therefore believed able to reconcile the warring factions. But is that enough to steer the ship of state in times of crisis? Nobody claims that he has produced outstanding results in North Rhine-Westphalia. On the contrary, the budgetary difficulties in that Land are worse than in any other. Yet the SPD considers such failures to be minor sins. The supreme consecration would wiple them out. It is not known whether the FPD could make friends with a Federal Chancellor Rau. Up to now has was not even mentioned in the liberal game plans. However, Rau can claim that Helmut Schmidt likes him, let alone Brandt and Wehner.

Whoever will emerge from the magician's hat, one point is perfectly clear: None of them has the status of a statesman. Nor does there seem to be anybody in the SPD who might meet this minimum prerequisite for the office of federal chancellor. The only exception is Willy Brandt, but he is not interested. There could hardly be a more flagrant demonstration of the fact that the party has come to the end of its resources insofar as it is unable to find an attractive alternative to Helmut Schmidt. The chancellor's ill health has thrown a glaring light on this circumstance. Maybe the Social Democrats will at last come to understand that which the FDP has long appreciated: Helmut Schmidt is irreplaceable.

11698
CSO: 3103/89

EPPLER PREDICTS SPD MAJORITY FOR PEACE MOVEMENT

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 12 Oct 81 p 3

[Article by Hans-Joachim Noack: "The New Role of Social Democrat Erhard Eppler; the SPD Presidium Member Wants to Pressure his Party with the Bonn Battalions of Peace"]

[Text] Petra Kelly, the boss of the "green people" would like to proclaim him chancellor. Down with Schmidt...We want Erhard Eppler, "our party friend" (!)--and of course the masses like it. Their approval is loud, as if this were the slogan of the day. Only the person concerned violently shakes his head, but he is evidently amused.

An inserted comment that he does not take particularly seriously, but that is nevertheless more than a joke. No matter how heterogeneous the peace movement is, it needs this man to lead it. It has found by acclamation the one whom it would like to follow.

Erhard Eppler feels solemn in the Hofgarten in Bonn in front of more than 250,000 people. Whereas he has always been in a minority in his own party, here he has a majority. "Start over" and "Encore" ring out as he steps back from the microphones. The people loudly ask him at least to show himself once more, and he rises from his folding chair, spreading the fingers of his left hand.

When he stands up briefly, his manner is not that of a party leader, but his satisfaction is obvious. This member of the SPD party presidium knew before 10 October that provided the demonstration was peaceful, "the following day the political landscape will be transformed"--and now he sees his assumption confirmed. "From the 11th it will be clear that nothing is possible without this movement."

Nothing is working, he states in reference to Bonn and to the coalition which he still intends to support. One may regard this as a declaration of war, but Eppler argues about the "substantive points": it cannot be a law of nature that the East and the West, in the same manner, proclaim their own arming to be inevitable catching up, whereas the arming of the other side is called a megalomaniac effort to increase further a tremendous advantage. "We wish to break this pattern wherever we can--here in Western Europe, in Germany."

In his view "the people whom we are addressing" are in Bonn, since "we voted for this government." His conclusion: if the federal chancellor believes that the peace movement wants to exert pressure on him, "he is right." After all, the coalition has a democratic mandate and that is not a blank check.

A collision course? Eppler answers that his goal is the opposite. He wishes to strengthen the government (which is, after all, "his") but not at the expense of Bonn considering everything "left of center" onerous more than anything else. It has become evident that the Baden-Wuerttemberg opponent of Schmidt is not an SPD outsider who has set out to put spokes in the wheels of the governing coalition, but he believes himself firmly anchored in a wide, steadily spreading current.

In Bonn there is a tremendous demand for Eppler. He does not doubt that "virtually every sixth social democrat" was to be found at the rally. This huge number of people voted with their feet, which cannot fail to have an effect on the SPD and, as he would like to assume, on the chancellor if the latter desires to continue shaping policy.

But is the necessary rapprochement between Schmidt and his opponent conceivable? On the eve of the Bonn rally, the chancellor reaffirmed in a letter of complaint to party chairman Willy Brandt that the "total phenomenon of Eppler" makes him afraid of something terrible happening. "This is a one-sided emotional campaign at the expense of our allies."

In the same letter the chancellor expressed his concern that, due to this same emotional climate, an attempt by groups of participants to storm the Hardthoehe could not be ruled out. This reveals the obvious difference in the way the two politicians assess the situation. What Eppler thinks of as battalions of peace--except, of course, for apostles of chaos--seems suspicious to Schmidt, who can hardly be expected to give up his distrust.

As far as the chancellor's fears are concerned, Eppler's position has improved since Saturday--but is that sufficient to encourage the coalition to cooperate? Or, the other way around, can Eppler imagine that "something might still be possible" with Schmidt if the latter would only be more accommodating? The evidence appears to say that the two will not come together.

That, however, does not seem to preoccupy the former foreign aid minister any more. He does not lose "a moment of sleep" over it, and of late he has looked more relaxed than ever. Eppler appears comfortable in his role. He has accepted it, he has taken the offensive, and he does not intend to disguise his positions for tactical reasons. Even Willy Brandt has not been able to persuade him to talk of "a" peace movement, for the Stuttgarter does not share his party leader's worry that the "strong peace group" within the SPD could be thus undermined. Eppler thinks of it as "the movement"; everything else seems too complicated for him.

He emphatically rejects the conclusion that he plans to leave the SPD. A new party under his leadership? "No way." He can theoretically conceive of a situation in which "this is imposed" on him, but he does not wish it. At the main station in Bonn, he angrily tells a persistent reporter that he is not leaving "because I don't want to."

Why should he if he is correct in his assumption that his support among the rank and file of the party is broadening and could soon bestow a majority upon him? "Just wait..." At least he is "optimistic" about his chances of achieving this goal as early as the first half of the 80's.

There is no disputing the fact that Eppler, who is being acclaimed by the thousands and thousands in Bonn as never before, is counting upon a profound transformation which he has helped to bring about in his party and which he calls a "new beginning." "Just wait..." Some day the socialists would be happy that there were people at the right time who attempted to form "points of crystallization."

He is very sure of his cause, and that determines his style. Without attempting to ingratiate himself with anyone, he also seeks a dialogue with those with whom large portions of the SPD are having tremendous difficulty in communicating because of their fears of closer contact. His credo is: Everybody is a member of the peace movement that wishes to belong to it as long as he "makes this obvious in his daily actions."

An extremely assertive maxim that rejects any administrative principle of selection and that brands all traditional incompatibility as petty and narrowminded.

He is asked whether the party can live with what he said. Erhard Eppler is astonished: He does not think that in the Hofgarten in Bonn he expressed any ideas that could have shocked the SPD.

9873
CSO: 3103/60

NEED FOR NEUTRON BOMB, U.S. ALLIANCE, EUROPEAN DYNAMISM

Paris LE MATIN in French 26 Oct 81 p 13

[Article by Bernard Lambert: "The Reprieve"]

[Text] An assembly for disarmament was held yesterday, under the aegis of the Communist Party, at the Pantin Gate in Paris. The demonstration followed a series of identical mobilizations in several cities of Europe, including Bonn two weeks ago. It was directed as much against the United States as against the arms race; it was also an opportunity for the PCF to stand aloof, on this subject, from the Socialist government.

All of those who are demonstrating for peace in Western Europe are deluded, their good faith being exploited. They are participating in a movement that is purely and simply suicidal.

Today war is haunting all minds. One may wish with all one's strength to reject it and gather together to demand peace. This is instinctive naivete. For war and peace, with the emergence of nuclear force, are no longer paired. That war which sentiment and reason conceive to be due to the old lack of experience no longer concerns Europe. Its traditional form now has a field of application only in civil war (and there is no danger at home) and resistance. But in the latter case it will be too late, assuming there is anyone left to resist.

Everyone knows that the general condition of the planet is catastrophic. However, this is not the time for Cassandras and other Nostradamuses. We must know and understand what can and must be done.

The atomic weapon--it goes without saying, but goes even better with saying--has radically redealt the cards, abolishing in man his warlike virtue. Let those who are nostalgic about a "good war" make no mistake! The stake is to destroy without being destroyed. Any chess-player will understand that the only way is to throw the opponent off balance. And there is no point in deluding ourselves, only two players exist in the world: the USSR and the United States.

Now, in the arms race the Soviet Union has taken a clear advantage. Its SS-20's are making of every European country a trembling and impotent Damocles. And instead of challenging that which threatens it, here is Europe demonstrating against that which alone could defend it.

It has to be said: the European left is that myopic Little Red Ridinghood who can never recognize her own grandmother. Ten years of reflection have not exhausted the Manichean reflex. America is still the theoretical evil, and illusion makes it practical. Illusion, or rather manipulation.

For not to want American Euromissiles is to applaud the Soviet SS-20's. At the end of "The Reprieve" Sartre tells of the crowd that came to acclaim Daladier on his return from Munich with cries of "Long live peace." And Daladier salutes them, while murmuring through his teeth, "the damn fools." I hear the same words behind Georges Marchais' smile before the Pantin crowd.

Because it must be known and it must be said: installing the SS-20's constitutes aggression; that alone is what threatens Europe at this moment. Giscard bears a criminal responsibility: his laisser-faire policy leads to today's escalation. But one question must be asked of the pacifists: why did you wait so long? Why did you not see the danger? Do you have to wait for the KGB signal in Germany?

There is still time to save ourselves. Europe's hope can become the hope of the world. Mitterrand's foreign policy is opening the way. It must find the means. First, within its party, which is the only one capable of explaining clearly. Socialist humanism can neither talk a lot of hot air nor shut its eyes: lyrical illusion always ends up by being strangled by a fascism--and not only a Franco kind of fascism. The tactical alliance with the Americans is the only realistic solution. The neutron bomb must be built. It is obviously the only weapon currently available which makes possible on one hand the effective protection of civilians up to the point when they are victims of a skyful of concrete falling on their heads, and on the other hand makes it possible to threaten the military system as the young soldier, in constant danger of death in the shelter of his armored vehicle, may rightfully wonder about his status. To reject this is to want to be irresponsible.

The support for the Socialist Party will obviously not suffer. We know that this tactical alliance with America--whatever the Reagan who is directing it may be--is hazardous. Strategy wants, and survival demands that Europe be able to depend on itself militarily. It has the means to do so. May the shiver of fear that is running through Europe at last unleash its determination. For the first time in its history there is no conflict going on there, nor can one be envisaged. So let it stop living on the castrating memory of outdated rivalries and let it see itself as it is: dangerously Balkanized. United and strong, that is to say armed and therefore deterrent, it will be able to make its voice heard in the world without there being any need to impose it on the world. Socialist France must conduct this project, aware that the goal is to arm all men, this time morally.

The pacifists themselves are defenseless. They are an obstacle in the path of European dynamism. Let them understand, more quickly than their counterparts of the 1930's, that, faced with overarmament on the part of unscrupulous blocs, they are burying their heads in the sand and accelerating the war while offering themselves as its first victims.

8946
CSO: 3100/114

PEACE MOVEMENT ISSUES PARIS APPEAL; CONTINUES EFFORT

Paris L'HUMANITE in French 29 Oct 81 p 3

[Text] The Peace Movement is launching an appeal to all those who contributed to the 25 October success and all the participants in the assembly at the Pantin Gate to join in the national "Paris Appeal" campaign.

"The Peace Movement is pleased with the success of the national assembly for disarmament that took place on Sunday 25 October, with the support of about 40 national organizations. More than 100,000 persons were at the Pantin Gate; some 25,000 young people took part in the peace march through Paris. Many residents of Houilles, Sarcelles, Palaiseau, Aubervilliers, Malakoff, Ivry joined the thousands of participants from the provinces in the morning.

"The national congress of the Peace Movement had decided in November 1980 to organize this national assembly on the occasion of the UN's disarmament week.

"The Paris assembly was one of the largest disarmament demonstrations ever to take place in France. It fits into the large popular movement that is emerging in Europe, in Bonn, Rome, Brussels, Paris and next in Amsterdam.

"With the Peace Movement, the very large number of participants proclaimed, "We must stop the escalation of nuclear weapons, reduce armaments in the West as well as in the East. Equilibrium and security for all, to negotiate swiftly toward positive results on medium-range nuclear missiles; concerning Europe: Pershing, Cruise and SS-20.

"Starting now, a great national campaign is being launched for the Paris Appeal, having begun at the Pantin rally. Thousands of Frenchmen and Frenchwomen were called upon to declare themselves, looking ahead to the second extraordinary UN General Assembly for Disarmament in June 1982.

"As it has done since the beginning of preparations for the Pantin Gate rally, the Peace Movement is again going to address all political organizations, pacifist trade unions, ecologist unions, to all movements of women, youths, to all those concerned with stopping the arms race, artists, teachers, scientists, to develop a powerful unitary disarmament movement.

"It is calling upon all who participated in the rally, as well as all who contributed to its success to support the Paris Appeal by having it signed and approved in various forms by the population, to join existing peace committees and create new ones."

8946
CSO: 3100/114

CONFERENCE ON FUTURE OF NETHERLANDS ANTILLES

Commission To Study Independence

Rotterdam NRC HANDELSBLAD in Dutch 28 Oct 81 p 3

/Text/ The Netherlands refused to extend guarantees on cooperation to Aruba if the island decides unilaterally to declare itself independent. During the summit conference on the future of the Antilles it was decided that the Netherlands will only enter into a special relationship with Aruba if after independence it continues to cooperate with the other islands on a "solid and lasting basis."

Agreement was reached to establish a committee which will report within 6 months on all consequences Aruban independence might entail. At Aruba's request the conclusions reflect that the report will also give proper attention to a plan on realization of Aruba's independence.

During the summit discussions the Netherlands also brought up independence for Curacao (which is much less in a hurry than Aruba). After tedious and time consuming discussions it was agreed that the committee will also investigate the final situation of the other islands and, in particular Curacao, after Aruba's independence.

Even the Curacao delegation admitted last night that the Netherlands can now play a much more active role in convincing Curacao to declare itself independent from the Netherlands in the near future. It was noted that the Netherlands succeeded in imposing a number of stringent conditions on Aruba as well as Curacao regarding their independence.

The special committee which will be established as soon as possible will consist of seven members, three from the Netherlands and four from the Antilles. Mentioned as Dutch members are ex-premier Biesheuvel who used to be chairman of the Study Committee of the Realm and P.J.G. Kaptein, member of the Council of State.

As soon as possible after completion of the committee's report, a round-table conference will have to decide on the relationship between Aruba, the other islands, and the Netherlands. Curacao was further forced to promise to speed up the transfer of government tasks to islands as Aruba which have a minority position.

Not Dissatisfied

Neither Antillian Prime Minister Martina, nor Aruban leader Beticoe Croes appear to be dissatisfied about the results. Martina declared that the Antillian government

now has the clarity it asked for. Croes said that he was first going to wait for the committee's results, but he showed how happy he was that the signal for independence has now been received. Croes could not give a date for independence. That date must be decided in 6 months, but since the previously mentioned year 1991 is no longer valid, that term should be shortened considerably.

Den Uyl, Minister for Antillian Affairs, stressed that the Netherlands can only maintain a special relationship with Aruba if, after its independence, that island is prepared to cooperate with the other islands on a solid and lasting basis.

Splitting up the Antilles would, according to Den Uyl, make things especially difficult for the Netherlands to enter into a political and financial-economic relationship with the islands. He remarked that the committee should also find out what countries like France, the United States, and in particular Venezuela are thinking about Aruban independence.

Editorial on Risks

Rotterdam NRC HANDELSBLAD in Dutch 29 Oct 81 p 7

/Text/ Risky Adventure

Last Monday at the beginning of the summit conference on the political future of the Dutch Antilles, expectations were modest. Nevertheless, there were some good results. A special committee will explore all the consequences of Aruban independence, but will also take a look at Curacao's future. This last mentioned point especially met with some difficulties since Curacao demands clarity about the position of troublesome Aruba but prefers to surround its own future by a haze.

The committee's task is not a simple one. It is clear already that its conclusions will be more like a cold shower dampening Aruban euphoria with approaching independence that highly appreciated expert advice on the transfer of independence.

At the beginning of the year during the last Round Table Conference it was officially decided that each of the Antillian islands is entitled to decide its own destiny, nobody can, therefore, deny Aruba the right to sever its political ties. And nobody did so this week. The most important wish of the Aruban leader Betico Croes is to obtain Dutch guarantees that after unilateral independence the Netherlands will continue to take care of defense, judicial appeal, and foreign representation for Aruba; this wish was not fulfilled, and rightly so.

On the contrary, Den Uyl straightforwardly told Aruba that it can only claim assistance from the Netherlands if it remains, in one form or another, a part of the Antillian political structure.

Without guarantees, especially in the area of defense, Aruba faces a hazardous future as a miniature nation. To avoid complete defenselessness against every invader, international agreements on Aruba's territorial integrity will have to be reached. In the next few months Minister Van der Stoel will check this out with a few relevant nations.

However, even if he succeeds in obtaining some form of guarantee from, for instance, the United States and Venezuela, Aruba will still face great dangers. What will Venezuela's attitude be if riots break out on Aruba? Will it dispatch troops and, most importantly, will these troops leave in the course of time? It would be difficult to answer this question in view of oil interests and the dominant position of this big neighbor.

In the next few months Aruba must, therefore, carefully weigh the advantages and disadvantages of unilateral independence. The risks and problems, not in the least those connected with social economics and government, appear to overshadow Aruba's understandable reluctance to remain a part of an independent federation of six islands.

10319
CSO: 3105/27

CP PAPER REACTS TO USSR CRITICISM OF REPORTING ON POLAND

Amsterdam DE WAARHEID in Dutch 8 Oct 81 p 1

[Editorial]

[Text] The Soviet weekly NEW TIMES [NOVOYE VREMYA] is of the opinion that the manner in which the Dutch communist daily DE WAARHEID reports on events in Poland "is objectively at odds with the struggle the Polish Communist Party is waging against the enemies of socialism." So the official Soviet press agency TASS reported Tuesday.

NEW TIMES finds it "strange" that the Dutch paper fully backs the free Polish labor union Solidarity and does not pay enough attention to the viewpoints of the Polish authorities. The paper has even reacted with bitterness and disapproval to a statement by the Polish political bureau about the first round of the Solidarity congress, so NEW TIMES writes.

According to NEW TIMES, journalists from DE WAARHEID regard press reports from the East Bloc countries about the developments in Poland, along with messages from the workers in those countries to be "impermissible attacks." Thus, NEW TIMES concludes, DE WAARHEID does regard support for the actions of Solidarity, which is trying to seize power, to be justified.

The foregoing is a report which is currently being distributed by ANP [General Netherlands Press Agency]. Inquiry as to the literal text placed with TASS wire service correspondent Pivovarov was not productive, so that the text of the article is not available. Thus we are required to depend on the report in the bourgeois press, as indeed is more necessary with news from the Soviet Union which is not available in other ways.

If the text were available after all, we would certainly have found room for it today in our section for outside opinions, "The Way I See It," in which differing opinions, criticisms and points of view are given their space.

Of itself, we regard a dialogue on all of the issues of current interest to be very useful, especially if that is carried out in public--a standpoint we have always supported, and most especially in the past, when international feeling for that was still lacking. A debate between Dutch and Soviet journalists is also useful.

The question remains whether the paper NEW TIMES is the most suitable platform for a discussion. NEW TIMES has come more and more to involve itself in discussions in other communist parties, for example, in the Spanish, Italian and French Communist Parties, and in those cases it has done so in a very tendentious manner. This is a generally known fact in the international communist movement.

Stating that the reporting in DE WAARHEID plays into the hands of the enemies of socialism and is at odds with the Polish party is clearly rather an imputation than a form of debate. That kind and style of polemics on the part of that paper, however, is generally recognized, just as is the preference there present for the most extreme simplification of problems and for caricature-like dogmatisms.

We feel it to be of great importance that our editor Andre Reloefs is providing direct reporting from Poland itself, and that Jan De Boo, CPN [Communist Party of the Netherlands], Central Committee member, was able to carry out very openhearted and fruitful discussions with directors of the Polish United Workers Party.

6940
CSO: 3105/19

WILLOCH SAYS READY TO FORM MINORITY GOVERNMENT

Oslo AFTENPOSTEN in Norwegian 21 Sep 81 p 3

/Text/ "We cannot change the political reality that the Conservative Party alone cannot obtain a majority for the party's own proposals," Kare Willoch, the coming prime minister, emphasized to AFTENPOSTEN. He said that if the party comes into a situation where one must admit that the majority in the Storting does not want to go along in the direction to which the Conservative Party is pledged, then a Conservative government cannot continue. But Willoch hopes that the majority in the new Storting will not adopt an attitude that will cause such problems.

Kare Willoch hopes to put through most of the Conservative policy, basing efforts on the clear message of the election. And he thinks that it is important for the Conservatives not to move too many of the most experienced members of the Storting Group over to the administration, because it will be necessary to have them in the Storting--the fate of the government will depend upon a majority in the Storting for the policies the Conservatives want to push through.

After the governmental deliberations of the weekend, among other things after the long conversation with Storting President Svenn Stray on Saturday, Kare Willoch is today ready to form his cabinet list. He feels it is very important to keep it a secret until the king has been informed about which ministers will be named.

AFTENPOSTEN: "When will his majesty the king learn about the cabinet list?"

Willoch: "It is quite clear that in this area if his majesty should want a conversation for orientation on these questions, it is my duty to be at his disposal at any time, no matter what state the preparations have reached." Willoch thinks that it will not be necessary to follow any standard form as far as procedure is concerned.

AFTENPOSTEN: "How many days will it be before the cabinet list is ready?"

Willoch: "I cannot say yet. The most important thing is to get the best possible cabinet, and one cannot allow oneself to come into the situation where the question of hours or days could interfere with this." Willoch definitely denies that the formation of the government is a "one-man job." In the days to come he will consult with leading persons both in the Storting Group and in the party--and finally the whole picture will be approved by the Conservative group in the Storting before the cabinet list can be made public. "I have no illusions about being able to prevent speculations in newspapers. There have already been many of them, you know, some of them quite imaginative. Perhaps this is not so bad, because people can see that as a rule they are not based on inside information."

AFTENPOSTEN: "Will one of the guidelines be that there will only be members of the Conservative Party in the government?"

Willoch: "Up to now I have chosen not to answer any question that can lead to advance identification of, or elimination of, special candidates. I will be content with saying that there is obviously the consideration that one wishes to lead the country in the interest of all and to fulfill the Conservative Party's responsibilities to its voters."

AFTENPOSTEN: "To what dangers do you see a minority government such as the Conservative one exposed?"

Willoch: "I see various dangers, but they must be overcome. One danger is that there can be too large an increase in public expenditures resulting from the new majority supporting proposals for increases in so many places in the budget that together they will be too much. This will also raise a political problem. In each individual case it can look as if it is a matter of modest and necessary increases, and it may be difficult to get a majority against it. But when one adds everything up, the total can be a lot more than is proper in the fight against inflation."

AFTENPOSTEN: "How hard will the Conservatives fight against this, possibly risking a defeat of the government in a vote in the Storting?"

Willoch: "It would not be right to begin to talk about delicate cabinet questions even before the government has been formed. As a minority government, we will be forced to seek cooperation rather than confrontation. But all parties will certainly agree that a government in such a situation is duty-bound to work hard to see that the economic policy does not become the opposite of what the government has the political responsibility to work for."

AFTENPOSTEN: "Can the Conservative government count on putting through the Conservative Party's tax program even though it can almost be sure that it will have other parties opposing it in the storting?"

Willoch: "We will work to fulfill the promises we have made in the election campaign. We cannot change the political reality that the Conservative Party alone cannot create a majority for its proposals. And if other parties should go against us, our task will be to put through as many items as possible from our platform. The decisive consideration will have to be whether our policies prosper with us in the governing position. If we come into a situation where we must admit that the majority in the Storting will not go along in the direction the Conservative Party is pledged to, then a Conservative government cannot continue. But I both hope and believe that a majority in the Storting, on the basis of the election's clear message, will not adopt an attitude that will create such problems in cooperation."

AFTENPOSTEN: "What is the maximum number of members of the Storting Group that can be brought over to the administration?"

Willoch: There are no set limits here, but in the parliamentary minority position the Conservative Party finds itself in, work in the Storting will be of decisive significance. The government's fate will depend upon one's being able to achieve the cooperation that will create the necessary majority for those policies that are to be put through. This means that not too many of the most experienced members should leave the Storting."

AFTENPOSTEN: "How much weight will be put on geographical and other considerations in the creation of the government?"

Willoch: "The most important thing is the qualifications of the members of the government. But with the access the Conservative Party has to well qualified people of both sexes from all areas of the country, it will be reasonable to put emphasis on a reasonable number of women and men."

AFTENPOSTEN: "How many women should there be?"

Willoch: "If I should answer this with a definite number, I would tie up the negotiations too much."

AFTENPOSTEN: "Many are perhaps curious about whether you will do as Gro Harlem Brundtland did and fly around in little jets and drive around with a blue light on the car roof?"

Willoch: "As for the 'blue light': The country's representatives must put special emphasis upon, and have respect for, the country's laws and rules. As for the use of charter planes, one must evaluate the costs in relation to the savings of time. In some cases, it can be cheaper, for example, if there is a group that just fills a plane--and perhaps especially if one calculates the working time saved in the group."

9124
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PER HYSING-DAHL BECOMES PRESIDENT OF STORTING

Oslo AFTENPOSTEN in Norwegian 25 Sep 81 p 3

/Text/ Per Hysing-Dahl will not become defense minister. AFTENPOSTEN's sources indicate that deliberations during the last few days have led to Hysing-Dahl becoming the new Storting president, while Jan P. Syse is a very strong candidate for the chairmanship of the Finance Committee. It is also news that the Conservative Party's second vice-chairman, Astrid Gjertsen, will play a part in the government if she herself wants to. Mrs Gjertsen will give her answer today. There is a certain dissatisfaction among Conservative representatives that Jo Benko has already been selected as the new parliamentary leader before the group meeting next week.

Yesterday, Kare Willoch came much closer in his work of putting together the final government list. In the meantime, there are still some posts that have not been filled, but there is every reason to believe that all the pieces will fall into place in good time for the Conservative group meeting on 1 October.

It now seems clear that the Department of Church and Education will be split in two, and with this, plans will be set into operation that have long been worked on in the Conservative Party. In the party, special attention has been paid to how it will be possible to put through the school-political policies the nonsocialist parties stand for. Today the department is considered too large and unmanageable, with too much power in the hands of "desk pedagogues," who have no political responsibility.

Informed sources in the Conservative Party point out that in discussions of a division of the Department of Church and Education there has been little talk of a division along already existing lines, or of a reorganization that will have to be made if the areas of responsibility are to be transferred from one department to another. It was further pointed out that a certain amount of division has already taken place, since there are two under-secretaries in the department.

In planning his cabinet, it is very important for Willoch to see that the Storting group does not lose too many experienced legislators. In this connection, it will probably be stressed that many a position in the Storting is just as essential as a secretarial post. Examples here are the positions of president, parliamentary leader and committee chairman.

In the Conservative Storting group there is great understanding for giving Kare Willoch a further free hand in connection with governmental planning. Just the same, the group is now expressing a certain dissatisfaction that Jo Benko has already been selected as the group chairman. It was pointed out to AFTENPOSTEN that it is not good in the beginning for one and the same person to have the position of chairman of the party and of group chairman. It was further said that the group itself would have preferred to elect its own chairman.

Willoch's governmental list now contains four women: Mona Rokke, Astrid Gjertsen, Inger Koppernaes and Wenche Frogn Sellaeg. It is already clear that Mona Rokke will be Norway's new minister of justice. Astrid Gjertsen can become the new minister of transportation and communications, while Wenche Frogn Sellaeg is a strong candidate for the post of minister of environmental protection. It can also not be ruled out that she can become the new social minister after the community council member for questions of health and society in Oslo, Martha Seim Valeur, has refused this position for personal reasons.

It is certain that Svenn Stray will be the new foreign minister and that Rolf Presthus will follow Ulf Sand as finance minister. Furthermore, Tore Austad and Lars Roar Langslet will divide the Department of Church and Education between them. Austad will have responsibility for school and church matters, while Langslet will take over higher education and culture. To begin with, Langslet has been named to the so-called Consulting Council in this department.

Yesterday it also became clear that Per Hysing-Dahl, who has been chairman of the Storting Defense Committee for the last 8 years, will not become the new defense minister. AFTENPOSTEN's sources indicate that Hysing-Dahl will become the Storting's new president--a position he will take over from Guttorm Hansen of the Labor Party. This indicates also that the chairman of Oslo's Conservative Party, Jan P. Syse, who only a few days ago was the most likely candidate for this presidency, will now probably take over the responsible position of chairman of the Storting's Finance Committee. It seems to be quite uncertain who will become the defense minister in Willoch's government, but among the names mentioned is Thor Knudsen, recently a member of the Storting's Defense Committee.

Vidkun Hveding will become the new minister of oil and energy, while all indications are that the new minister of industry will be Jens Halvard Bratz if he says yes over the weekend to Willoch's offer. It is assumed that the Conservative Party's Lappland representative, Thor Listau, will be the new minister of fisheries, while Johan C. Loken will become minister of agriculture. The stavanger lawyer Arne Rettedal will also join Willoch's government, probably as minister of municipal affairs. It is still uncertain who will take over the Department of Consumer Affairs and Administration, but a central name in the discussion is the bank official Halvor Stenstadvold.

9124
CSO: 8139/0194-A

ASTRID GJERTSEN NAMED MINISTER FOR CONSUMER AFFAIRS, ADMINISTRATION

Oslo AFTENPOSTEN in Norwegian 26 Sep 81 p 18

/Text/ Astrid Gjertsen will be the consumer affairs minister in the coming Willoch government. It is also clear that the former president of Norway's industrial union, Jens Halvard Bratz, will be Norway's next minister of industry. These two pieces in Kare Willoch's cabinet puzzle fell into place yesterday. The new prime minister will present his cabinet list to the new Conservative Storting group next Thursday.

At first, Astrid Gjertsen refused to be a part of the new government, but when she was approached a second time, she accepted after a period of consideration. According to AFTENPOSTEN's sources, Mrs Gjertsen could have become social minister if she had wanted to, but she chose the Department of Consumer Affairs instead. This department's most important area of work is in prices and wages, kindergarten expansion and in questions of equality. In the last 4 years, Astrid Gjertsen has been a member of the Storting's Committee of Transportation and Communication. Mrs Gjertsen is now also the second vice-president of the Conservative Party. It is also clear that the administrative director of the Grorud Hardware Factory, Ltd., in Oslo, Jens Halvard Bratz, will become the minister of industry in Kare Willoch's new government. Bratz has much experience in working with industrial questions. Among other things, he has previously served as president of Norway's industrial union.

It is clear that the president of the Storting in the last session, Svenn Stray, will be the new foreign minister. Also, Rolf Presthus, who has been vice-chairman for the last 4 years in the Storting's finance committee, will be the new minister of finance. The chairman of the Conservative Women, Storting representative Mona Rokke, will be the new Minister of Justice. Lars Roar Langslet, for many years the chairman of the Storting's Committee for Church and Education, will become minister of culture, since it also seems to be clear that Willoch wishes a division of areas of responsibility in the Department of Church and Education. It also seems clear that the former director of the Norwegian Electric Power Network, Vidkunn Hveding, will take over Arvid Johanson's place in the Department of Oil and Energy after the changeover in government.

The new prime minister, Kare Willoch, will present his complete government list next Thursday to the Conservative Group in the Storting for formal approval. Therefore, it is expected that Willoch's government will finally be established over the weekend.

There is now a great deal of interest about who will become Willoch's minister of defense and who will be the new social minister. The strongest candidate for defense minister, Per Hysing-Dahl, who has been the chairman of the Storting's Defense Committee for the last 8 years, will be the new President of the Storting, following Guttorm Hansen.

According to AFTENPOSTEN's information, the intention all along during the cabinet deliberations has been that the Social Department should be led by a female minister. Astrid Gjertsen, who could have selected this department, chose another instead, and the question is now whether Willoch will find another woman to occupy this position, or whether Professor Leif Arne Heloe, who is considered a strong candidate by many, will receive this ministerial post.

9124
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DANELL NAMED MODERATES' PARTY SECRETARY

Stockholm SVENSKA DAGBLADET in Swedish 16 Oct 81 p 6

/Interview with Georg Danell by Bo Ostlund: "Moderate Party Secretary: Danell Chosen"/

/Text/ Georg Danell, minister of planning in the second Falldin government, will become the new party secretary of the Moderate Coalition Party. This was decided on Thursday by the Moderate party leadership.

Georg Danell -- always the youngest. The youngest to be a minister, and now he will also become the youngest when he succeeds Lars Tobisson as party secretary in the Moderate Coalition Party, the youngest in that position.

Is it an advantage or disadvantage to be young in politics?

"It is something which at least is always noticed," replies Danell, who recently turned 34. "It is of course not an obstacle, but it is perhaps not as common in politics. However, in business and industry 34 years is not an unusually low age. There may perhaps be advantages in the fact that hopefully one has great physical capacity for working."

What is this capacity now going to be used for?

"For infusing new optimism into the non-socialist bloc, so that we will achieve a non-socialist election victory in 1982. This is the most important task facing the Moderate Coalition Party and that is what I will concentrate most heavily on from my new position."

Then all the bridges have not been burned for non-socialist three-party cooperation?

"I do not believe that for a second, or I would never have agreed to become party secretary. Using the 1979 government declaration as a starting point was excellent politics, which formed a good basis for non-socialist cooperation. That is the direction we must work toward. There we have Moderates with great responsibility; we possess great optimism in Swedish politics and that is what we must spread to the comrades in the Center Party and the Liberal Party."

11949
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SWISS CHIEF DELEGATE VIEWS CSCE PROCESS

Zurich DIE WELTWOCHE in German 21 Oct 81 p 9

[Interview by Ulrich Kaegi: "Ambassador Brunner on the CSCE Conference: Chances Risen to 50 Percent"]

Prior to resumption of the meeting of 35 states, Edouard Brunner, head of the Swiss CSCE delegation in Madrid, displays intensive negotiation activity.

[Text] WELTWOCHE: By request of the Soviet government, you were in Moscow last week, and immediately upon your return to Bern you met with the head of the American CSCE delegation. You are also keeping in close contact with the other neutral and nonaligned nations. Did Switzerland want this mediator role?

Brunner: I do not think that, at least at this time, one can talk about a mediator role. It is a fact, however, that in the last 2 weeks I received in Bern the representatives of Great Britain and the United States to the Madrid CSCE conference, I went to Paris on the invitation of my French colleagues, and I was invited to Moscow to discuss bilateral questions as well as problems of the Madrid conference. It is apparent that at the present stage of this conference, the most important participants are seeking a way out of the dead-end street. And as almost always in cases like this, such efforts rely on the good offices of a neutral country. In any case, everyone should know that our country is prepared to propose a compromise formula only if it is convinced of it itself and if this solution reflects its own position. We shall never make our name and our good offices available for an empty compromise. I believe, of course, that we were approached with full awareness of this steadfast fundamental Swiss position.

WELTWOCHE: Does a common interest in continuing the CSCE process prevail, in spite of all the divergent positions?

Brunner: Both sides sincerely desire to continue the CSCE process. One must not forget that this forum is the only place where the 35 European and North American states are meeting to discuss problems of military security, political questions and economic and humanitarian problems. In this sense, this forum is irreplaceable. We must not forget that what is at stake is the security of our continent and the confirmation of and higher regard for the human rights of all citizens. On the other hand, in the present situation this forum is also the only place where an initial understanding between the new U.S. administration and the USSR could be reached very quickly.

WELTWOCHE: The Madrid conference will resume on 27 October. Do you have a compromise formula on hand so as to assist the conference in reaching a mutually acceptable agreement?

Brunner: No. But we have some ideas that could help end the Madrid conference with the adoption of a substantial and balanced document. Hence, much is expected of us as well as of the other neutral nations. This is why we have to be careful and not expend our amunition prematurely. In all West-East conferences, and above all within the CSCE framework, experience teaches us that the powder must be kept dry if we are to assist in framing the final text that all can agree on. The main effort has to be directed toward this goal, especially between 25 November and 15 December. Three months ago, I estimated this conference's chances for success at 25 percent. Now I give it 50 percent.

9011
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GENERAL BERNADINER ON ARMY EQUIPMENT, BUDGET

Vienna PROFIL in German 5 Oct 81 pp 12-13

[Interview with Gen Ernest Bernadiner, Commander, Austrian Federal Army, by Otmar Lahodynsky, date and place not specified: "Defense After 1986"]

[Text] [Question] General, you became Army Commander Spannocchi's successor on 1 October. What are your plans?

[Answer] I should like to place greater emphasis on waging peace--if for no other reason, because operational plans for the event of a crisis have already been firmed up and merely require a certain amount of adapting.

[Question] Your predecessor was accused of having proposed to the politicians the most expensive defense system, but had been unable to implement it either politically or financially.

[Answer] Neither the shortening of the obligatory military service period nor the transition to the militia system had been the army commander's idea. The fact that a militia system would be more expensive than the previous training army system was well known to begin with; if for no other reason than that a significant expansion of the armed forces is a prerequisite of the militia system. In 1986 we will have a 186,000 man field army.

[Question] What will be the eventual strength?

[Answer] A field army of up to 300,000. In addition, there will be about 100,000 people who will be active in support and auxiliary defense units, with the result that in the final analysis obligatory military service in Austria will be used to a much greater extent than was the case for the standing army in the past. If these people are to engage in continuous field exercises, this will cost money. If you have more battalions, you need more equipment. The cost will be proportionally greater.

[Question] But Spannocchi spoke of a threatened financial crunch. How do you expect to implement an army reform with continuously reduced funds?

[Answer] Our past calculations show that the development a militia army in the format required by defense plans will generate an annual increase requirement of about one-half billion schillings. Until now insufficient attention has been paid to this increase. At present I only know that at least the increased rate for 1982 is assured.

[Question] In other words, you are still counting on units which exist only on paper.

[Answer] If in accordance with the national defense plan a new company is established and this company lacks any type of equipment, from shoes to uniforms to weapons, this would constitute a personnel unit existing only a paper. Despite an existing personnel roster listing everyone from the commander down to the last KP, I would be unable to mobilize the unit in case of war because I could neither clothe nor equip it. This situation does not exist as yet. It would prevail if we were forced to accept 1981-type austerity budgets in future years as well. Then of course the military leadership would have to take necessary action.

[Question] Like what? At worst, you could tell the minister that this budget is insufficient to fulfill the defense mission and that you would have to resign.

[Answer] I could do that, but what good would it do? It would be wrong to simply say that because of necessary budget cuts the federal army is unable to accomplish its tasks. What we say is that area defense can at this time be implemented only to a sketchy degree. In any case, we will not be able to speak of fully effective area defense until after 1986. But if we find serious obstacles on our way to 1986...

[Question] But you have already been stopped on that road. The ready operational force still does not have its required manpower of 15,000. There are neither enough reserve cadres nor money. The reservists complain that their equipment is considerably poorer than that of the regulars. How do you expect to remedy these deficincies if you do not get more money?

[Answer] In my opinion that ready operational force in its present status is fully satisfactory. The investors of the ready operational force have defined its mission in only a loose fashion. It is quite possible that within a short time a few modifications will be made concerning that force. The 15,000 men strength is not based on any operational considerations. For Austrian conditions the ready operational force is optimally equipped and trained. It can be mobilized within a minimum of time. There is absolutely no need for every man, down to the last munitions loader, to be a regular soldier on active duty. You are saying that the militia army is at a disadvantage as to equipment and weapons. That is an unjustified statement. The same equipment, in comparable quantity, the same weapons are prescribed for the militia army as for everyone else. Economy dictates that here and there clothing and equipment of prior years must be used up (e.g., the camouflage suit, commonly called the "patchwork rug", which is still of excellent quality and of which we still have thousands in stock). But in time all reservists will be issued sufficient quantities of the olive green all purpose uniform. It would be an act of irresponsibility to simply discard old uniform stocks which are still in good and usable condition just because a new and improved uniform has been introduced. Resupply requirements are not insignificant, in terms of millions; but even if we had an unlimited budget, resupply could not be accomplished within a single year because of qualitative procurement limitations.

[Question] The procurement of interceptor aircraft is also a function of the budget situation.

[Answer] That can only be dealt with by way of a supplemental budget. The fact that such a supplemental budget item would be tied to so-called compensatory deals, equivalent considerations etc. is beyond the military area of competence. The

Federal government must deal with this question. The experts have determined that arrangements with SAAB could be continued until 1987, at the latest. Thus, if we want to think about timely replacement, the time is approaching for initiating procurement of new equipment. After all, it takes several years for the new materiel to be delivered, assembled and put into operational use.

[Question] But in case of war, even 24 interceptors would not do us much good, true?

[Answer] No; in case of war they would hardly be able to protect Austrian airspace to the extent of preventing or impeding penetration by enemy aircraft. Neither 24, nor 3 times that number, nor 10 times that number could accomplish that. Now we could of course say, well, in that case, 1 year more or less would hardly make any difference. Well, that is true. But let me state also that the establishment of the militia army will not be influenced by the procurement of the interceptor aircraft--but the credibility of Austrian national defense would ineed be so influenced. Personally, I am convinced that we will get our interceptors. It is of course obvious that this must be carefully considered at this particular time, when the finance minister is trying to make some improvements in the budget situation.

[Question] Western and Eastern military experts are lately increasingly counting on the possibility of conventional warfare in the Central European area. To what extent has the neutron bomb influenced the Austrian area defense system? Is it not true that our best fortifications and the key zones which we are committeed to defend would in effect be indefensible as a result of the development and the possible use of the neutron bomb?

[Answer] The neutron bomb belongs to the category of nuclear weapons. I am partial to the theory that there will be no nuclear war. Should it take place anyway, one must assume that Central Europe and many other parts of Europe will be affected to such an extent that Austria is likely to suffer its part of the damage. If it should come to that, it will hardly be relevant whether or not the fortifications on the Erlauf River are atom bomb proof. If nuclear war should break out the destruction would be so vast that individual military or civilian entities which survive in shelters would make no difference one way or the other. In a nuclear war the Austrian Federal army would hardly have any opportunity of continuing the battle.

[Question] There are even problems in case of conventional warfare. The antitank cannons which we have installed in the fortifications are, for practical purposes, ineffective against the new generation of tanks.

[Answer] That is a question of ammunition. Ammunition which can penetrate the new type of armor has already been developed. We just do not have it as yet. Ammunition procurement is a financial matter too, in the long run.

[Question] This ammunition is supposed to be manufactured in Austria also.

[Answer] It was developed in France. It constitutes a portion of Austrian-French cooperation in the Kuerassier and ammunition area, but in the course of compensatory arrangements production is scheduled to take place in Austria as well.

9273
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BUNDESWEHR ARMS PURCHASES CRITICIZED

Hamburg DIE ZEIT in German 23 Oct 81 p 18

/Report by Wolfgang Hoffmann: "Intelligence Not in Demand - The Bundeswehr Purchases the Wrong Weapons"/

> /Text/ Billions must be cut off the federal budget. Yet Defense Minister Apel already lacks the money to pay for new weapons. DIE ZEIT investigates why arms cost so much.
>
> Because weapons are purchased at too high a cost, money is lacking for the armed forces to exercise: "Defense or Waste?" (ZEIT No 42)
>
> Due to poor management on the Hardthoehe, arms costs are getting out of hand: "False Economies" (ZEIT No 43)
>
> Instead of purchasing light and modern defensive weapons which are relatively cheap, Bonn puts its faith into obsolete and expensive offensive weapons. Today's concluding report shows that this is wrong from the political as well as the economic aspect.
>
> The political leadership in the defense ministry must rethink its concepts of economic efficiency and meaningful military ideas--however great the united resistance offered by generals and the arms industry.

Defense Minister Hans Apel did not wish to leave a stone unturned in his search for a way out of the pressing financial woes. The minister did not even want to exclude original concepts, superior in intelligence to old ideas, and therefore offered this thought: "The Baltic is an inland sea where every floating target, regardless where it happens to be, may be hit in future from a land base by the appropriate mobile missiles. Everybody can see that such missiles cost a lot less than new warships."

This virtual sacrilege (in the eyes of a German naval officer) seems a perfectly sound alternative as far as the defense minister is concerned. The alternative being a Baltic without German warships. The defense minister is bound to welcome anything which works, especially if it also comes cheap. After all, given that today's weapons are out of range costwise, tomorrow's will be even more so if military men and technicians continue on their merry way.

Not only the nuclear annihilation arsenal grows steadily larger, more complex and consequently more expensive. The conventional weapons which are the backbone of the Bundeswehr are equally affected by the expensive "improvements." Long superseded is the old rule of thumb according to which every generation of weapons costs twice as much as its predecessor. It only persists in German defense white books. American studies, accepted by the Pentagon, ascertained 10 years ago that the price of new weapons systems rises by a factor of 10 in any 20-year period. New computations mention an even higher factor--25.

American weapons expert James Fallows produces the following figures: "In 1944, at the height of war production, the United States turned out 10,000 military aircraft per annum. In the mid-1950's the Pentagon purchased 3,000 aircraft per annum, in the late 1970's only 400. And the 1982 budget allows for less than 230 aircraft.

At the same time it is not even sure that the higher costs also signify better quality. Rumor has it that the German antiaircraft tank Gepard, packed with electronic gadgets, breaks down every 20 hours. In his book "National Defense," James Fallows investigated this aspect of technology. He proved that the combat readiness of an aircraft declines alongside rising complexity. Some 2,500 of the relatively primitive F-5 aircraft were in the air every day; only 250 of the far more complex F-15 manage that feat.

The main reason for the rise in costs is the fact that military men and technicians seem to approach an ideal only dreamed of by perfectionists: 100 percent accuracy. Sepp Hort, defense technology manager at Messerschmitt-Boelkow-Blohm, once said that the payment for a 98 percent rate of accuracy was 6 times greater than for a weapon which achieves only 80 hits out of 100.

If the weapon purchased at a higher price is more effective but the higher price admits of only a smaller volume, the point will at some time be reached when the lack of quantity will cancel out the quality achieved. At that point the cost explosion becomes a security risk.

In fact more and more military men fear that quality may turn into a security risk. German NATO General Franz Uhle-Wettler, for one, arrived at the conclusion that the investments required for the German tank force (currently the best equipped tank army in NATO) bear no relation whatever to their potential efficacy. The dangers scented by Uhle-Wettler lie in the overspecialization of the armed forces. In the judgment of that officer who used to lead a tank brigade, "the current approach has guided our army into a blind alley." The reasons, in addition to logistics and strategic considerations, are financial also "because combat forces are so expensive that we can establish only some of the divisions required and are unable adequately to supply war materiel to even these divisions."

In his study "Gefechtsfeld Mitteleuropa" /Battleground Central Europe/ General Uhle-Wettler does not stop at critique. He proposes a new defense concept which provides for a reduction in the tank force and the reinforcement of antitank capability. Here he follows on deliberations in the 1970's when, for example, French Lt Col Ferdinand Otto Mischke (once on General de Gaulle's personal staff) demonstrated that an "intelligent" antitank concept would not only be better able to resist an offensive by the Warsaw Pact than the so-called forward defense based on the heavy assault tank but would also be cheaper by far.

Strengthening defenses at the expense of assault tanks is also envisaged in a concept developed for the heavy assault tank Leopard 2 by Paul-Werner Krapke, former project manager at the Federal Office for Defense Technology and Procurement. He intends to replace this battle tank of the 1990's by a tank destroyer equipped with guns, and that in a ratio of two thirds tank destroyers to one third assault tanks. For defensive purposes this concept is claimed to be not only perfectly adequate but also cheap. The tank destroyer is at least one third cheaper than the assault tank.

Brigadier Enno Walter, head of the planning staff department at the army command staff, scrutinized Krapke's proposal under a magnifying glass. Although he approved of the tank destroyer, he did not recommend it as a replacement but as a complement to the assault tank. Instead of lowering costs, staff planner Walter wants another cost explosion. Krapke's concept thus threatens initially to become another victim of that military cast of mind which is used to calculate strength mainly by the heavy tank park.

That is bad, not only because it costs a lot of money but also because it makes very little sense from the aspect of defense. Soon heavy traditional weapons will interest nobody except museums. The military future is with "intelligent" missiles --on land, on water and in the air.

The objects of discussion here are not the old-established medium or long range missiles with nuclear warheads, they are field weapons with rocket munition, including small calibers "able to puncture tanks as if they were sardine cans," to cite French Colonel Miksche's pronouncement of many years ago. Paul F. Walker, U.S.adviser on issues involving national security, arms control and Russo-American relations, compares these new precision-guided weapons with David's superiority over the mighty Goliath.

The development of "precision-guided ammunition" began as far back as the 1920's, but it took the technical advances in electronics to achieve that level of precision and automation which will make large conventional weapons obsolete. As to the effect of these systems as antitank rockets, Walker reports from the 1973 Arab-Israeli war: "More than 1,500 Syrian, Israeli, Jordanian and Iraqi tanks were destroyed on the Golan Heights, many by antitank rockets. In 16 hours at the Egyptian front the Israeli tank brigade lost 77 tanks, three quarters of its total stock, in antitank ambushes." And in the course of "a 1972 maneuver in the Federal Republic, American Cobra helicopter gunships, equipped with TOW rockets, 'demolished' an average of 18 Leopard tanks before being hit themselves."

Already antitank rockets can disable most tanks. New advances come so fast and furious that the already favorable cost-profit ratio between antitank rockets and tanks is steadily improving in favor of the rockets. The "single antitank round is getting cheaper because the rockets break up into dozens of small rockets, each of which has its own search-and-destroy system."

Paul F. Walker actually quotes examples: The TOW antitank rocket costs DM15,000, the Stinger antiaircraft missile about DM100,000, and the Harpoon ship-to-ship missile roughly DM1.5 million. An assault tank, on the other hand, now costs DM4 million, a combat aircraft almost DM100 million, a frigate around DM400 million.

Walker speaks of a cost-profit ratio which is striking, even if we include the cost of the mobile launching pad, whether it be a speedboat or jeep, and if we consider that a tank is able to fire 50 or more rounds.

Worldwide Spending on Arms (billion U.S.dollars)

Countries	1975	1979
World total	419	446
NATO	185	192
Warsaw Pact	110	118
OPEC countries	30	34
Third World	71	74
Others	24	26

Source: International Institute for Peace Research. Stockholm (SIPRI) at 1978 prices and exchange rates

Given the enormity of current defense expenditures (bound to rise even further if military men and technicians persist in improving the traditional large weaponry), a change in procurement programs could result in tremendous savings, Walker thinks. And he continues: "Relatively cheap and reliable devices produced in large quantities and easily replaceable will, compared with their combat strength, get cheaper and cheaper; large new carriers of high-quality weapons systems such as tanks, aircraft and ships which require specially trained personnel more and more uneconomic."

Concentration on cheap defense weapons may have political as well as economic repercussions. The military success of a potential attack with conventional weapons such as assault tanks will be increasingly incalculable, even--as Walker shows--unlikely. The danger of a conventional aggressive war will decline, thereby improving the chances of economic resources hitherto used for expensive major weapons complete with inordinate amounts of technology being applied to reduce politico-social tinder.

Former weapons procurer Krapke also cited political benefits for his proposal to use light tank destroyers instead of heavy assault tanks. The tank destroyer is a defensive weapon exclusively and, other than the heavy assault tank, unsuitable for offensive operations. Without losing any credibility as to military presence or strength, the proclaimed political intention that the Bundeswehr is a defensive army would be strengthened both externally and internally. Krapke comments: "That will help to calm down tempers at home and demonstrate to our critical young people that our arms in fact serve a defensive purpose only."

Un fortunately nothing indicates that the generals in Bonn are likely to make friends with the concept of intelligent defense. Certainly Defense Minister Apel has sounded the retreat.

When CDU deputy Manfred Woerner asked whether Apel's remarks on the advantages of missiles by comparison with ships in the Baltic amounted to a new conception for the defense of that sea, the answer was a decided negative. Parliamentary state secretary Wilfried Penner, obviously well briefed by the Navy, said that missiles were being considered supplementary equipment at best. Better suggestions are not in demand, cheap ones least of all.

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POLL SHOWS MAJORITY AGAINST TNF STATIONING

Brussels DE STANDAARD in Dutch 27 Oct 81 p 1

/Text/ Sixty-nine and one-half percent of the Belgian people are opposed to stationing nuclear missiles in the country. So it appears from an opinion poll which IAO /Interuniversity Institute for Advice and Opinion Polling/ conducted exclusively for DE STANDAARD, HET NIEUWSBLAD AND DE GENTENAAR. The rejection was also called unanimous because no significant differences were determined according to the age, profession, income, neighborhood and political preference of those polled.

The poll took place between 14 and 18 October, a good week before the peace demonstration in Brussels.

The question which was put to a representative sample of 1,621 Belgian voters read: "As a result of a NATO resolution, the government must make a decision this year about stationing nuclear missiles on Belgian territory. Are you very favorable, somewhat favorable, somewhat opposed, completely opposed or indifferent to the stationing. The answers are given below.

	Very Favorable	Somewhat Favorable	Somewhat Opposed	Completely Opposed	Indif-ferent	No Answer
Belgium	5.2	13.3	24.1	41.8	13.6	2.0
Brussels	13.0	13.5	15.7	43.0	11.7	3.1
Flanders	1.7	12.9	28.6	39.0	16.2	1.6
Wallonia	7.6	13.8	20.6	45.1	10.9	2.1

The 65.9 percentage of those opposed breaks down into 24.1 "somewhat opposed" and 41.8 "completely opposed." The "advocates" of "very favorable" and "somewhat favorable"--together got 18.5. "Indifferent" and "no answer" amounted to 15.6.

The IAO has ascertained that classification of those polled by age, profession, income, neighborhood and political preference does not indicate any appreciable differences. Parties appear to be more clearly defined than their potential voters.

8490
CSO: 3105/32

COMMENTATOR HITS DEMAND FOR SCRAPPING OF SS-20

Rotterdam HET VRIJE VOLK in Dutch 4 Nov 81 p 4

/Article by Herman Wigbold: "Withdrawal of all SS-20 Missiles is an Absurd Demand"/

/Text/ It is always questionable to admit that Brezhnev is right, but he is: The American demand that the Soviet Union must scrap all SS-20 missiles is absurd. The most absurd is that the Americans even want to demand that this also apply to the missiles which are aimed at China, as a condition for preventing the stationing of American missiles in Western Europe.

It is clear from this once again how dangerous it is that only the Americans negotiate and Western Europe does not sit at the negotiations table. Western Europe has nothing to do with the relations between Russia and China and NATO was not set up to protect China's interests. Russia sees China as an enemy, as China sees the Soviet Union as an enemy and consequently it is logical that the Soviet Union wants to defend its interests in the Far East. It is a subterfuge to say that the Soviet Union then is able to transfer the SS-20 missiles in Siberia to Europe. That is also true for American missiles, for the neutron bomb and for chemical weapons.

But even without that condition, the American demand is absurd. Therefore, it is necessary to again look at the history of the last 20 years.

Far Behind

Hundreds of Russian missiles have been aimed at Western Europe since 1963: SS-4 and SS-5 missiles. In those years the Soviet Union was far behind the United States. America had over 200 intercontinental missiles then, while Russia only had 20 SS-6 missiles. In fact, Russia then declared to the United States: If you start a war, we cannot destroy you, but the price will be the destruction of Western Europe. At the culminating point in 1967, the Institute for Strategic Studies counted 700 Soviet missiles, of which three-fourths were aimed at Western Europe and one-fourth, against China.

During all those years, the western European governments had not gotten very excited about that. They did not need to get very excited about it because they could depend on the United States and because Western Europe was not left alone without protection: There was the British and French nuclear force, there were the American F 111 bombers, there were the submarines assigned to NATO with Poseidon missiles, they were American submarines with missiles in the Arctic Ocean and the Mediterranean Sea.

During the negotiations at the beginning of the seventies between the Soviet Union and the United States about SALT I, the Russians tried to bring up the so-called Forward Based Systems--the bombers etc--plus the British and French nuclear force. The Russians probably did this with some hesitancy because the SS-4 and SS-5 missiles consequently would have to come up for discussion.

However it was the Americans who rejected this. They neither wanted to discuss the British and French nuclear force nor the Forward Based Systems and in 1974 both parties decided to drop the matter.

At about the same time, the Russians began to work on the SS-20 missile. They also had every reason to do so. The SS-4 and SS-5 missiles are considered the most obsolete existing. They are inaccurate and very unreliable. They are filled with liquid fuel which is very dangerous and in a number of cases probably will turn up in their own country after firing.

Replacement

The Russians did what the Americans had already done long ago. They had begun to replace their obsolete missiles at the beginning of the sixties. They replaced the intercontinental Titan missiles with the Minuteman, the obsolete Thor and Jupiter missiles with the Polaris missiles on atomic submarines. Why should the Americans be allowed to modernize their missiles and not the Russians?

Why should the Russians have to remove the SS-20 missiles, while the West leaves the British and French nuclear force, the Forward Based Systems and the atomic submarines in Western Europe fully intact? It would naturally be better if both parties would decide to reduce their nuclear force in Western Europe. That must be the second step. It now is a question of preventing the expansion of nuclear force.

There is a demand which can be made to the Soviet Union. It is that it not increase the number of nuclear warheads aimed at Western Europe with respect to the West,compared with a period before the appearance of the SS-20 missile. Stating it simply: If Russia had 600 SS-4 and SS-5 missiles in 1975, they can now get along with 200

SS-20 missiles because the first missiles only carry one nuclear bomb and the SS-20 missiles three, provided the West does not increase the number of nuclear warheads during that time.

I add that in itself it makes no difference whether the Soviet Union now has 400 or 600 nuclear warheads aimed at Western Europe. The Soviet Union can destroy Western Europe with 400 nuclear warheads, and with 600 nuclear warheads the West can wipe the Soviet Union off the face of the earth, even if the Soviet Union should make a surprise attack. The numbers game which both parties are playing so enthusiastically is, in fact, completely irrational. Enough is enough. But this would be a genuine proposal to reach a solution.

Other Matters

It is an illusion to think that the hawks who are in charge in the United States at the moment are ready for that. The Americans are concerned about quite other things than the protection of Western Europe. They want to outflank the Soviet Union by stationing new weapons in Western Europe, to be able to put the Soviet Union under pressure if a conflict with the Soviet Union threatens elsewhere in the world, and at the same time reduce their own risks by keeping the opportunity open to conduct a limited nuclear war in Western Europe.

All these matters are completely opposed to the interests of Western Europe.

Under the given circumstances there is only one way to protect Western Europe: To make the launching of American missiles impossible by all means. It is the only thing to which the Americans will yield.

8490
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CHEMICAL, BIOLOGICAL, NUCLEAR TERRORISM FORESEEN

Paris LE MATIN in French 22 Oct 81 p 16

[Article by Michel Schneider, head of STRATEGIE ET DEFENSE--passages enclosed in slantlines printed in Italics]

> [Text] This article by Michel Schneider was written before the antisemitic terrorist attack at Anvers which left two dead and 100 people wounded. Michel Schneider, in collaboration with the French Institute for the Study of Controversy, presented a report last February on the various aspects of contemporary terrorism. This project, carried out on behalf of the Foundation for National Defense Studies, approaches the problem of terrorism from a point of view that is both broad and disturbing.

One might speculate that in the years to come the threat of terrorism will take on new dimensions, both in terms of the number of people affected and the techniques used. Traditionally terrorism has consisted of kidnappings, hostage-taking and murders, and techniques such as hold-ups and destructive explosions have been used. In the future, whole segments of the population, and whole branches of the economy, could find themselves victimized by terrorist threats or actions. They would then no longer be police matters, but real affairs of state. Political blackmail would become qualitatively different by assuming a hitherto unknown dimension.

The traditional terrorist arsenal, as deployed by qualified "personnel," is already able to cause considerable damage to people and property. From that point of view the use of more sophisticated weapons for the individual, the use of one-man launchers for short-range surface-to-surface or surface-to-air missiles, and the use of military explosives constitute a major escalation, of course, but fall into the established pattern. The development of "white collar terrorism," making use of skilled and specially trained technicians, directed against data processing systems, telecommunications facilities, energy transport, offshore oil platforms, the manipulation of chemical and bacteriological, even nuclear weapons by these white collar terrorists, constitutes a qualitative change which it is important right now to take into consideration when thinking about what many would prefer to believe unthinkable.

The time when the threat of terrorists using chemical or bacteriological weapons could be dismissed is rapidly approaching an end. It is a real, formidable,

perfectly plausible threat, for it is within almost anybody's grasp. Chemical weapons, either in peacetime or during a crisis, could enable individual terrorists or terrorist bands of the "direct action" variety to perpetrate serious and irreversible misdeeds, sometimes so insidiously that the authorities might be disarmed for a fairly long time without any possibility of retaliation. Toxic chemicals can be manufactured fairly easily at home. The effects can be on a massive scale, affecting an entire population, or targeted with precision on a command post, a submarine team, a telecommunications station, etc.

Moreover, what it is fairly easy to do in the realm of toxic chemicals, with organic phosphorous, for example, it is even easier to do with certain toxins of biological origin: sprinkling /Salmonella/ Typhi stock or the bacilli of botulism, etc., for example, requires few materials, little working room, and only one very careful "technician of fortune." It is "the poor man's weapon." Among the German terrorists who were interrogated a year ago in Paris was a laboratory worker on whom were found documents having to do with the manufacture of bacterial cultures.

In 1976, a student at Princeton University in the United States, John Aristote [sic] Philipps, drew the plans for a nuclear bomb only 50 cm in diameter and weighing 125 pounds. Philipps devoted 5 months to his report. His physics professor had simply pointed him to books that could be picked up by anyone. /"Any terrorist who has a basic understanding of physics could do the same,"/ he said. /"I wanted to draw attention to the question of the safeguarding of nuclear materials."/ In order to actually make Philipps' bomb, a terrorist would only have to steal 21 pounds of plutonium. So, with plastique and plutonium correctly put together, an adroit amateur could very well manufacture a frightening weapon.

Moreover, to what extent are nuclear arms really protected from theft by terrorist groups? Hardly at all, if certain exercises that have been carried out are any indication...Special forces maneuvers in France, as well as in the United States, Great Britain and the FRG, have shown that it is easy to penetrate into nuclear weapons storage sites, in spite of the guards, the barriers and the alarms. These maneuvers might obviously be duplicated some day by members of a bold and well-organized terrorist organization.

Finally, the technical obstacles to the use of nuclear devices would be reduced considerably if the terrorists could count on the help of a government which has reactors and facilities for producing plutonium or uranium-235.

Nuclear terrorism is thus on the horizon. Blackmail of this type will be extremely difficult to fight. A terrorist group could prove it is capable of carrying out a nuclear threat by exploding a device at sea or in a desert area. After such "proof," one can imagine the panic which would seize the population subjected to the nuclear blackmail. Any retaliatory strategy becomes futile when one cannot find a target against which to retaliate. Experience teaches that one successful blackmail leads to another and then another: a nuclear threat by extreme left groups or separatist groups would sooner or later be countered by similar threats from extreme right or nationalist groups.

In that regard, European countries are particularly vulnerable, even though one might think that such blackmail would first of all be directed against one or the other of the superpowers, because the terrorists might be tempted to overestimate their overall power to change some localized situation under pressure of blackmail of this sort. As far as terrorism goes, it is certain that the worst is yet to come.

9516
CSO: 3100/91

'LOUPS NOIRS', ALSATIAN EXTREMISTS, REACTIVATE

Arrest for Bombing

Paris LE MONDE in French 17 Oct 81 p 28

[Article by Bernard Lederer--passages enclosed in slantlines printed in italics]

[Text] Mulhouse--Working in tandem on both sides of the French-German border, French and German police Wednesday 14 October questioned 13 people suspected of having participated in the two terrorist attacks against the Staufen memorial at Thann (Upper Rhine), a concrete Cross of Lorraine 12 meters high and weighing 325 tons. The monument, destroyed on 16 March, had been rebuilt, but was the victim of a new explosion on 20 September (LE MONDE of 18 March and 22 September). Each time, the attack was claimed by "an Alsatian commando group of the Loups Noires [lit. "Black Wolves"], (Elsasische Kampfgruppe schwarze Wolfe), which claimed to be /"fighting against French colonialism."/

The 13 persons were put under armed guard. They were Pierre Rieffel, 53, at whose home in Breitenbach (Lower Rhine) were found arms, munitions and emplosives, and his companion Mrs Christine Dielenzeger, 25; Mr Ewald Jaschek, 58, a watch-maker from Saint-Louis (Upper Rhine) and his wife, Augustine; Mr Rene Woerly, 53, his wife Eugenia and their daughter Christa; Mr Jean-Paul Roesch, 51, a bus driver from Oberhausbergen (Lower Rhine); Mr Romain Schallhauser, 49, also a bus driver, from Marmontier (Lower Rhine); and Mr Henri Ballis, 65, of Colman (Lower Rhine).

The three Germans implicated in the affair are Mr Gerhardt Ratzel, 48, a fireworks-maker from Fribourg-en-Brisgau, his companion Mrs Renate Reinhard, 42, and Mr Dieter Faulhaber, 39, unemployed, of Sigmaringen.

It has already been established that these 13 people, whose cases have already started to come before examining magistrate Jean-Marie Bietiger in Mulhouse, had ties with the Alsatian autonomy movement and investigators are also not discounting the possibility that they may have been in league with the neo-Nazi movement of Karl-Heinz Hoffmann, a terrorist group responsible for a number of attacks, including the one in Munich in September 1980.

Background; Policy; Membership

Paris LE MATIN in French 17 Oct 81 p 17

[Article by Francis Laffon--passages enclosed in slantlines printed in italics]

> [Text] Resurgence of a vast pro-German autonomy movement in Alsace? An isolated movement by a tiny group nostalgic for the Nazi era? Investigators are leaning more toward the second hypothesis, after the arrest of the Loups Noirs (see yesterday's LE MATIN). That underground commando group had among other things twice bombed the Staufen memorial, that symbol of Alsatian resistance to Hitlerism located at Thann (Upper Rhine). Five people were given preliminary hearings yesterday at Mulhouse. Most of them were to be charged that afternoon.

The signature of the "Schwarze Wolfe" (Loups Noirs, in German) appeared for the first time in 1979. During the night of 9-10 October, the Turen monument at Turckheim (Upper Rhine) was damaged by two violent explosions. That obelisk, 15 meters in height, commemorated the liberation of Turckheim by the Allies in 1945. On 11 December, Alsatian newspapers and the prefect of Lower Rhine received a letter written in German and French and initialed by the Alsatian commando unit of the Loups Noirs, whose insignia in German is "EKSW." /"This is the first warning,"/ said the missive, which claimed responsibility for the attack and among other things denounced /"Parisian colonialists."/

The Turckheim action has now been covered by the recent amnesty legislation, as was the fire which in 1976 destroyed the Deportation Museum at Struthof, once a concentration camp in Lower Rhine. Rebuilt, the museum was sacked in January 1979, and those two incidents have never been claimed. The Loups Noirs were apprehended for two more recent actions directed against the Staufen memorial at Thann. An immense Cross of Lorraine, surrounded by pines and overlooking the Alsatian plain, this 325-ton monument was dedicated on 10 July 1949 by General Koening on behalf of the government, in the presence of Gaston Monerville, president of the council of the republic. It was General De Gaulle who laid the first stone of that edifice, which immortalized the heroic deeds of the Alsatian resistance against the German occupation between 1940 and 1945. On 16 March 1981 the cross was brought down by a bomb.

At the scene of the crime was found a letter signed "EKSW" which proclaimed: /"The now destroyed concrete monument was erected by French colonizers to perpetuate hatred against the German nation. We demand German be taught in all our classes. Our province and our language should be ours alone as Alsatians."/ Two days later, five mayors in the region received a warning:

/"We will not remain inactive if you act against us."/ The message urged them /"not to copulate with the central government in Paris."/ The destruction of the memorial aroused very deep indignation in the region. A collection taken up from the local population netted Fr 235,000 in only a few days. That money contributed to building a new cross...destroyed in turn in September. At the scene of the crime, two inscriptions were found reading /"Schwarze Wolfe EKSM."/

The investigation by the regional division of the judicial police seemed to be making progress with the arrest a few days later of four persons linked to the autonomy movement. But they were cleared the following day. The real perpetrators were apprehended Wednesday.

Among the dozen people questioned was a septuagenarian who was peacefully vacationing in the Maritime Alps. A search warrant for his house in Colmar yielded the typewriter that was used to type the commando unit's prose. Most importantly, the investigation led to the discovery of the fireworks-makers. They were professionals, as early clues had indicated. A 58-year-old watchmaker, Ewald Jascheck, whose wife was also indicted, had prepared the timers. Arms and explosives were found in the homes of Rene Woerly, a heating installation man from Albe (Lower Rhine) and Pierre Riffel, 53, a former distiller, also from Lower Rhine. The group also included...a dealer in industrial explosives, whose business is located in Freibourg, FRG, a few kilometers from the Franco-German border. Besides that expert, 58-year-old Gerhardt Ratzel, two other West German nationals were examined and then released /"for lack of evidence,"/ according to sources in Stuttgart.

During the initial questioning, they first refused to be interrogated in French and reportedly declared that they were /"against the Jews, against the Blacks and against French colonialism."/ Riffel, Woerly and Jascheck were members of MRAL, the Regionalist Movement of Alsace-Lorraine. That very rightwing fringe group of the Alsatian autonomy movement gained notoriety from the violently racist writings published in its review ELSA, which were attacked in court by the League of Human Rights and the Movement Against Racism and Antisemitism and For Peace. The MRAL decided to dissolve itself in 1976. Later, the three helped found the Alsace-Lorraine Rally (RAC) whose merger with the rightist youth movement, Alsace (said to be closely tied to the National Front), gave birth to the MPA (Alsatian People's Movement). Last February, the three men were expelled because of their pan-Germanism and extremism. MPA leaders publicly disavowed the terrorists after the attacks on Staufen. Despite the position it has taken, the whole Alsatian autonomy movement has been tarnished by this incident, even if the Loups Noirs appear to be nothing more than /"a tiny group living in the past."/

9516
CSO: 3100/91

BRIEFS

ATTACKS IN CORSICA--Three terrorist bombs were set off yesterday at 1:30 a.m., hitting the headquarters of the National Corsican-Mediterranean Company, the law courts and the business office of Air France at Ajaccio. In all three cases, explosive charges weighing an estimated 50 grams and placed at the front door of the premises caused minor property damage. No individual or group has claimed responsibility for the attacks. [Text] [Paris LE MATIN in French 23 Sep 81 p 12] 9516

CSO: 3100/91

FOUR AUTOMATIC COST-OF-LIVING RAISES SEEN FOR 1982

Copenhagen BERLINGSKE TIDENDE in Danish 19 Nov 81 pt III p 1

[Article by Frank Dahlgaard]

> [Text] Prices continue to rise after the cost-of-living adjustments in the fall. Inflation is not expected to go below 10 percent.

Two cost-of-living raises are sure to fall due in January and unless something is done another two adjustment raises could come in July 1982.

Living Costs Up 12 Percent

This is clear in the wake of the publication yesterday of the monthly price index for October, 117.3, by the Danish Bureau of Statistics. That is an increase of 1.1 points compared to September, corresponding to an annual inflation rate of a good 12 percent.

At the same time the Danish Bureau of Statistics released figures showing that Danish consumer price increases are now uncomfortably high in relation to the situation in other western lands:

In the last 12 months living costs in this country have risen 12.0 percent. Only countries like Norway, France, Italy, Ireland, Portugal, Spain, Canada and Iceland had a higher inflation in that period than we did. But price increases were weaker in Sweden, Finland, England, the United States, Holland, Belgium, Switzerland, West Germany, Austria and Japan.

Just three-quarters of a year ago Denmark was much better situated in the international inflation race (where the important thing is to come up with the lowest price hikes).

Sizable Jump from October

The sizable jump in prices in October comes after a little larger price hike in September--obviously caused by the two cost-of-living increments just paid in that month. The Danish Bureau of Statistics revealed that the latest price hikes

concerned food products to a large extent but that the price increases have also affected a very large number of other product groups.

Prices would actually have to go the other way in the months ahead in order to avoid the release of two more cost-of-living increments. Each increment is for 90 ore more an hour or 156 kroner a month. The two increments will be paid out starting in March 1982 unless the government following the Folketing election intervenes in present contracts.

Inflation Threatening

With no intervention everything suggests that another two increments will be released with the July 1982 price figure. All this would take is an average inflation of 10 percent in the next 9 months.

The Danish Bureau of Statistics also presented figures showing that hourly wages for industrial workers rose 9 percent from September 1980 to September 1981, with wages for salaried personnel rising 11 percent in the same period. Living costs have risen 12 percent in the period meaning that real wages declined.

6578
CSO: 3106/23

MARCHAIS ON PCF, CGT, WORKER ROLE, NATIONALIZATIONS, RENAULT

Paris L'HUMANITE in French 26 Oct 81 p 6

[Speech by Georges Marchais at Renault-Billancourt, 23 Oct 81]

[Excerpts] Speaking before militants in industry, the PCF secretary general emphasizes the importance of the battle for the nationalizations.

Last year--almost a year ago to the day--I launched my campaign as the Communist candidate in the presidential race in a speech to the men and women who work at Renault-Billancourt. Today, once again at Billancourt, I am speaking before the communists of Renault, for the first time since the publication of the proposed resolution for our 24th Congress.

You will all realize this is no accident.

Renault really occupies a special position in the life of our country and in the struggle of our people.

First of all, Renault is a national industry which owes its dynamism and industrial success to an experienced working class which proves its know-how every day, its capacity to work with the most modern of advanced technologies.

Renault is also a collection of great factories where tens of thousands of workers come together in all their diversity: French and immigrants, specialized and skilled workers, technicians, engineers, white-collar workers, employees.

And Renault, finally, is an exceptional experiment in class struggle. It is a powerful CGT [General Confederation of Labor], solidly established, combative and responsible. It is an important and dynamic arm of communism. Its capacity for serious struggle has often put its workers at the cutting edge of progress toward many social victories, and this same capacity now puts them in the forefront of the demand for a new social utility, an economic efficiency which is no longer built on the exploitation of individuals.

In short, at Renault people are in an especially good position to understand why, in every domain, industrial life today is at the very core of the nation's life.

Win the Battle in Industry

In the proposed resolution which the Central Committee has just submitted for discussion to all communists in preparation for the 24th Congress, we say, and I quote: "Carrying the battle to industry, and winning it, must be the number one objective of the whole party." This applies to each and every communist, whether he is a member of an industrial cell or a militant in a local cell.

There are several reasons for this.

The first is that industry is the ultimate battlefield of the class struggle. This is where it is decided whose system will prevail: that of the workers, who bring improvement and development to France, or that of capital, which tears down and lays off people entirely on the basis of profit. This is where the choice is made whether to use the most advanced machinery to alleviate the suffering of people and increase production, or to use it to rivet the workers to their jobs, to make them automatons or lay them off. This is where it is most difficult for democracy to penetrate, while the employers, who all too often still act like absolute monarchs, try to decide everything and make millions of responsible men and women docile and silent subjects. This, in a word, is where the central contradiction of our society is expressed most clearly and forcefully: the contradiction between exploiting capital and the working class, in the work environment.

This is the first reason--and one which goes to the very nature of the capitalist system--why our party has given such importance to the work of communists in industry.

There is a second, which relates to the changes which have stamped recent decades in our country: the industries have a totally different impact on the nation's life today than they did 20 years ago.

First of all, the wage-earning class has grown considerably. Today, 4 out of every 5 occupationally active people are wage-earners. And within that group one must note the growing proportion of women. Some 18 million people confronted with the realities of industry, whether in large or small plants. Thus millions of men and women have witnessed their living and working conditions approach those of the working class, to varying degrees. They have begun to experience the ills of capitalist exploitation, to bear the brunt of the crisis.

These profound changes in our society have naturally had repercussions on the working class itself. Employers have resorted to new forms of exploitation along with skilled workers, they have developed the category of specialized workers, they have increasingly resorted to immigration, they have created new forms of untenured, unguaranteed labor. At the same time, the apparatus of production has been substantially modified. Scientific and technological progress, which the employers could not impede, has accentuated the social nature of production and significantly enhanced the skill level of the labor force. The majority of technicians, employees and even some engineers themselves, increasingly integrated into what we call a real "collective labor force," are today an integral part of the working class, which in its true dimensions represents by itself close to half the occupationally active population.

All these changes put together have thus strengthened the historic role of the working class and given industry, as the pre-eminent battlefield of the class struggle, primary importance. All the political forces in the country have understood this basic fact about the current situation, and they are trying to turn it to their advantage. This is especially true of the employers, who within industry are waging an intense political and ideological battle at colossal expense.

How, under these conditions, could the party of the working class fail to see all the consequences this must have for its own activities and at all costs acquire the means to assume its new responsibilities?

Every communist must realize: it is in industry, and nowhere else, that the battle to meet the expectations of the country and succeed in the work of renewal we have undertaken, will achieve final victory.

Government: Positive Steps

From this point of view, where are we now?

Naturally it would be premature, after only 5 months, to claim it is already possible to make a final judgment on the government's measures.

All the same, a whole set of positive steps are already under way.

This is true at the social level, with among other things the increase in the interoccupational minimum growth wage and various social allowances, the reduction of the work-week, earlier retirement and the creation of public sector jobs.

It is true in economic and financial terms, with the nationalizations, the tax on wealth and the freezing of certain prices.

It is true in terms of democratization, with the proposed decentralization and definition of new rights for workers in industry.

These measures are unquestionably pointing in the right direction, one which will ease the lot of working men and women, which will begin to resolve the country's serious problems. Now you know very well that this and only this is the standard we as communists set in every circumstance: serving the interests of the nation's workers to the best of our ability. This is why we are faithfully making our positive contribution to the process of change that has begun.

This is what our ministers are doing by maintaining, as our proposed resolution says, "unbroken solidarity in carrying out the commitments we jointly made with the Socialist Party [PS]."

This is what our legislators, as full-fledged members of the new majority, are doing. Thus, when the government decided to exempt working-class families at the lowest income levels from taxation, it was the result of a proposal by the communist deputies. It was following the demand I made at the National Assembly, to give joint production committees the right to stay any closing pending appeal, that the president of the republic, at a press conference, announed a positive step in this direction. And you who work at Renault know very well that communist deputies were

responsible for the extension of the amnesty law to workers who are victims of repression, which led to the re-hiring here of our comrade, Michel Certano.

It is, finally, in that same spirit of determination to contribute as effectively as possible to the solving of the serious problems of our people and our country are facing, that communist militants are taking action wherever they may be, as you, here at Renault, are also doing.

The Nationalization Legislation

Now we know very well that these serious problems--unemployment, inflation, harsh working conditions--continue to exist, and they weigh heavily on the workers. The economic crisis in our society continues to make its effects harshly felt. And we cannot escape this crisis without far-reaching reforms attacking the fundamental cause: the domination of capital.

Speaking here at Renault about far-reaching reform, we are of course leading up to the basic problem of nationalizations.

As we know, the debate over the proposed legislation to nationalize Thomson, Pechiney-Ugine-Kulhmann, CGE [French Electric Company], Rhone-Poulenc and Saint-Gobain-Pont-a-Mousson, major banks and the Suez and Paribas finance companies has entered its final phase. Moreover, the first steps have been taken in the steel industry, Dassault and Matra. Finally, the nationalization of the other three industrial groups with special ties to foreign groups should come soon.

Naturally, we are profoundly joyful to see these advances. Especially since we see them as the result of our own proposals, our own struggles. Who does not remember the struggles we waged for nationalization of the steel industry, the strategic subsidiaries like Thomson-CSF, for unity of groups, for the participation of worker representatives on boards of directors--all of these proposals that are included in the new legislation? Besides, one can see, simply from the ferociousness with which big business and the Right have fought the nationalizations and continue to fight them, the historic importance of the upcoming vote.

Proposed Measures Against Financial Scheming

In that regard, I want to lay special stress here on the extreme seriousness of the scheme which have been mounted by the directors and shareholders of Paribas. While the articles of the nationalization legislation concerning banks and financial companies like Paribas were being adopted, financial schemes coming out of one of its Swiss subsidiaries have resulted in 10 percent of the wealth of the financial company escaping nationalization.

This operation proves that the employers are determined to do everything possible to try to sabotage the nationalizations decided upon by the representatives of the nation. At the same time it shows how the procedural maneuvering by the Right in Parliament has in reality no other aim but to buy big capital the time to weave financial schemes of this kind to the detriment of the national interest.

This being so, one can only congratualte the prime minister for his statement, referring to the behavior of the aristocrats who emigrated to Coblence during the

Revolution of 1789, that Mr Moussa, the president and general manager of Paribas, was behaving "like an emigrant."

Under these conditions, considering the gravity of the affair and the urgency of the measures that must be taken, I make the following proposals in the name of the PCF:

First, I propose that a parliamentary investigative committee be created immediately to unravel all the details of this operation and identify all those responsible. At the same time, I propose that new oversight rights be given to the labor organizations so that this type of operation cannot be carried out elsewhere. This is particularly indispensable due to the fact that Mr Moussa, the principal architect, sits on the board of directors of several other nationalizable companies and, without prejudging anyone's intentions, it is unlikely that he is the only party to such connivings to be found in the realm of big capital.

Second, I propose that the indemnification of the Paribas shareholders be reconsidered to take into account this decision which flew in the face of the nationalizations. I propose the same be done with the question of retrocession of industrial assets.

Third, I propose that a governmental mission be dispatched to foreign governments--especially Switzerland, Luxembourg and Belgium--to obtain their commitment to take the measures necessary to stop these maneuverings inimical to the interests of France.

Financial maneuverings to evade the law are not the only way in which the employers and the Right are struggling against the nationalizations. We are already seeing the argument advanced that, whether nationalized or not, it is going to be necessary to export capital, to increase prices, to put pressure on wages and working conditions. The employers have only one aim: profits. And they will do whatever they can to perpetuate its rule, even in the public and nationalized sector, both the old and the new.

To yield to these pressures would obviously go against the very spirit of the nationalizations, which are going to play an essential part in the success of the process of renewal.

The Scope of the Nationalizations

From this point of view it is indispensable to be fully aware of all the additional ways in which the nationalizations benefit the workers and in a wider sense further the process of social transformation which has begun.

In industry and banking, the nationalizations should be useful tools in the service of the transforming movement to create jobs--especially production employment--in order to meet national and social needs, reconquer the domestic market and improve international cooperation.

In industry and banking, the nationalizations should be useful tools in the service of the transforming movement to enhance research and technological innovation, to make vocational training a priority in order to increase the social effectiveness

of production and to create conditions for a new productivity based on improving people rather than crushing them.

In industry and banking, the nationalizations should be useful tools in the service of the transforming movement for social progress and a new participation of workers in the new management of business.

This is the substantial contribution which the nationalizations can make.

"There Will Be No Change For You Without Your Involvement"

So, comrades, under these conditions, I ask the question: how is it possible that at the very moment when the legislation covering these nationalizations is being debated, that right here, at Renault, in this national industry which from any point of view is rightly considered a symbol, we have recently seen, in the current conflict, a stubborn refusal to enter the mandatory negotiations on the legitimate demands of specialized workers and other categories of employees?

This does not put Renault in a good light. What the nation's industry needs is not authoritarianism and increased exploitation of the workers. We saw during the years of Giscard's government what disastrous "results" that had for the workers and for the Renault management itself. What the nation's industry needs is a new social climate that encourages the participation of all, to make it possible to move toward the resolution of those big issues involving wages, job classification, working conditions, rights, and which have been a subject of contention for years. It is only in this way, by making Renault play the vanguard role which is rightfully its own in the field of social progress and democratization, that the nation's industry can reach its full economic efficiency.

One can see clearly under these conditions that by making their full weight felt so as to win the struggle against the resistance they are encountering--as they did again on their Thursday "day of action"--Renault workers are not only on the right road to resolving the impasse but are all the more effectively serving the interests of their industry, the interests of the movement of transformation itself. The involvement of the workers in all the problems that concern them and which our society is facing is not only the road leading to the satisfaction of their demands, but it is the key question we face in moving forward to implement the new policy the country needs.

The specialized workers at Renault understood this when they proclaimed: "Change is also our business." Speaking to them last November in Mans, I said what in my opinion the word "change" means for a specialized worker today. It means, first of all, increasing wages and substantially reducing the work-week. Next, it means recognizing the qualifications, the know-how the specialized workers, the manual laborers and unskilled workers have acquired, and paying them accordingly. Lastly, it means taking the measures necessary to make the work less harsh and more interesting.

After making specific proposals along those lines, I said: "There will be no change in France if nothing changes for you." Today I would add: "There will be no change for you without your involvement."

The Advances Made Possible by the Nationalizations Are Still to Be Won

That is the way to effectiveness.

Already, it was by struggle that the workers of Renault got the company to agree to manufacture a small, low-price vehicle at Billancourt, and to continue manufacturing the "4-L" in its entirety right here, though it was going to be transferred partly to Belgium.

Then, too, it has been by their struggle, by the success of their Thursday "day of action" in which 50,000 workers participated, that Renault workers won a major wage increase and finally won the company's agreement to begin negotiations on the industry's general problems. Permit me to take this opportunity, on behalf of our party, to congratulate all the workers of the Renault management on this initial victory; to express my personal satisfaction at the results, since I myself on 5 October had demanded the opening of such discussions; and, finally, to make an observation:

What a messy business, this dogged intransigence you have encountered in recent weeks: all it has done is poison the atmosphere, create worry and discontent, and engender the loss of production of thousands of vehicles! And, at the same time, what a fine thing it was to see the active and massive involvement of the workers: it made possible a resumption of dialogue, negotiations, the only way to resolve the problems pending and find solutions to the conflict under way that are in the interest of the workers and the nation's industry.

In truth, we see it in everything: the great economic and social advances that the nationalizations may set in motion are not going to fall from the sky into our hands. They will still have to be won step by step. They require not only determined action by the government but also, and inseparably, a day by day, continuing struggle to get free from the shackles put in place by big business and to force changes in the social relationships and the attitu steeped in decades of capitalist management. The real interests of the nation are in the hands of the workers, and at the heart of their actions. The forward march of our society depends in the first instance on their involvement.

The Importance of CGT's Role

All this, in short, only serves to further highlight the importance of the responsibilities which today rest on every working woman and working man and on the class organizations they have been given.

It is true of the labor organizations. You see how the enemies of change are redoubling their attacks now against the classist spirit in the labor movement. You see with what vigor and what venom they are attacking the CGT. It is a sort of unintended homage the capitalists have always paid to the class and mass labor organizations which the French working class has forged through decades of anti-capitalist struggle. Truly, when one looks at everything that is happening today, there is good reason to rejoice at the fact that in France today there is a powerful, active CGT totally independent of the government, the capitalists and the political parties, uncompromisingly defending the interests and rights of the workers, and doing so with full awareness that this is a class struggle!

We already stressed, in a text which we delivered to all the French labor organizations in March 1979, the fact that the PCF is pleased that "the labor movement has continued to play, and plays even more fully today, a role of primary importance in the life of the country." Our pleasure was all the greater because the biggest labor confederation, the CGT--I am quoting from the text--"is based on the same class foundations" and maintains with out party "ties woven by the history of innumerable struggles and joint class positions." It is thus reasonable and healthy for the Communists, "with their sense of their own responsiblities and in respect of the principles of democratic labor, to contribute their own experience, their dynamism and their unbroken devotion to the cause of the workers and the country to the labor movement."

The Critical Question: The Party in Industry

At the same time, everything should inspire Communists to focus even more attention on the life of their party in industry.

I do not hesitate to say that this is a critical question. In that connection, you have doubtless noted that, drawing critical lessons from our past activity, the resolution proposed for the upcoming congress is an urgent appeal for a veritable renewal of our efforts in this field.

Everything I have said before proves, in fact, that the task of every Communist, every party organization, and above all every industrial cell today, is to be there on the scene where and when workers' problems arise, to increase understanding, through their struggles, of the causes of their problems, the solutions that are called for and the class stakes involved in every battle.

The task for everyone, the task for each of us, is to take a resolute part in the political debate that has arisen in the whole country as a result of the great problems faced by our society and our age.

Our task is to express and defend the interests of the working class in all its component parts--from the specialized worker to the technician--and to respond to the legitimate aspirations of all categor es of wage-earners.

The task of the Communists, in a word, is to contribute--and I quote the proposed resolution for the 24th Congress--"to changing the dimensions and the quality of our political activity and our initiatives in the struggle, to further enrich our understanding of current industrial realities, to keep as close an eye as possible on the changes taking place among the wage-earners, and in the working class itself, whose unity calls for incessant efforts."

Naturally, this attempt to make the mass activity of our party equal to the demands of the situation, to promote, as we say, a "new political practice" in industry, must be accompanied by substantial increases in its capacity for initiatives, improvement in organization, and democratic operation, if it is to be effective.

Our own self-management strategy is inconceivable without a growing number of militants with advanced political and ideological awareness, without thousands and thousands of industrial cells capable of rapidly and intelligently dealing with problems that arise in life and meeting them with well thought out, concrete action.

It is inconceivable without a large revolutionary mass party, a party that is enriched by the diversity of its members, strengthened by their conscious participation in the elaboration and implementation of their party's policy.

By such efforts, and only by such efforts, our party will create the conditions both for a resurgence of its own influence and for the democratic advance of our people and our country toward socialism.

9516
CSO: 3100/92

DECREE REORGANIZES ENERGY SECTION OF MINISTRY OF INDUSTRY

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 29 Oct 81 p 4

[Text] In France, governmental authorities have restructured the Ministry of Industry. The outline of the new organization is contained in decree number 81/858 dated 15 September and published in the Journal Officiel on 17 September.

Of particular interest to the petroleum sector is the general management of the Energy and Raw Materials Department and the two management offices it heads: that of Hydrocarbons and that of Gas, Electricity and Coal.

The funtions of the three offices are outlined in articles 6, 7 and 8 of the decree, which stated the following.

The general management of the Energy and Raw Materials Department is tasked with drawing up and putting into effect the government's policies in the sectors of energy and raw materials. It is charged with guiding and coordinating actions originating from the management and service offices which it heads.

It elaborates on and executes those measures aimed at furthering the development and diversification of national production, supply security and national utilization of these resources as they affect the country's needs as a whole.

In this regard, its responsibility is directed mainly toward research, production and supply, investments, commercial policy, prices, salaries and social matters, in cooperation with other ministries sharing their common interest. It is tasked with the elaboration and the execution of such measures which have as goals fuel and raw materials economy and whose aim is the development of heat distribution networks as well as the use of new energy sources such as solar, eolian, biomass and geothermic sources. In that capacity it specifically exercises control over the Agency for Energy Savings, the Secretariat for Solar Energy and, with regard to responsibility to the Ministry of Industry, over the National Agency for the Collection and Disposal of Wastes. It is furthermore charged to act on the measures of control and rationing of energy products and of mineral raw materials decided upon by the government as specified in Article 1, Law number 74-908 dated 29 October 1974, as amended.

The General Management Office is charged with following the activities of the Atomic Energy Secretariat and its branches as it relates to energy production and supply of basic nuclear materials. It ensures the tutelage of the Nuclear

Materials General Company and of the French Bureau for Raw Materials. At its head are the national mine institutes of Paris and St. Etienne.

- The management of the Hydrocarbons Department is charged with planning and carrying out government policies for the supply of crude oil, petroleum products, gas, hydrocarbons, alternative fuels, and development of the petroleum industry including those industries linked to it both in France and abroad.

It draws up and applies regulation and organization measures relating to research and the exploitation of liquid and gaseous hydrocarbon beds.

It defines the regulation and organization measures relating to petroleum products and oversees their enforcement.

It establishes and ensures application of technical and safety regulations of petroleum plants in addition to those relating to the use of petroleum products. It is responsible for administrative and technical tutelage over the Institut Francais du Petrole and over public plants and national companies which rely on that sector over which it has jurisdiction. This includes the branches of the above mentioned organizations.

- The management of Gas, Electricity and Coal is entrusted with planning and carrying out government policy in the sectors of electricity, solid combustible materials and the transportation and distribution of gas. It is responsible for the preparation and application of documents concerning the organization and function of gas and electricity services.

It exercises control over Electricite de France, Gaz de France, la Compagnie Nationale du Rhone and their branch offices as well as state technical control over the amalgam of companies and organizations which are also involved in the management of gas and electricity public services. It is also involved in the management tasks of industrial quality control and safety.

It has tutelage over Charbonages de France, the basin's mines, and their affiliates. It has also been assigned responsibility for statute and social problems with regard to those organizations involved in gas and electricity public services. Together with the management of Hydrocarbons, the Raw Materials and Subsoil Office and the management of Metallurgy, Mechanical and Electrical Industries, it coordinates actions as they relate to the wellbeing of the miner and mining social welfare.

With an ordinance signed on 15 September by Edmond Herve, deputy minister for energy of the Ministry of Industry, authority to sign all acts, ordinances and decisions in the name of the minister, with the exception of decrees, and within the limits of his responsibilities, was turned over to the director general of Energy and Raw Materials, Francois de Wissocq. In case of unavailability, or if the director general of Energy and Raw Materials is incapacitated, the ordinance states that these responsibilities can be assumed by his deputies or by the director of Hydrocarbons, or by the director of Gas, Electricity and Coal.

9209
CSO: 3104/39

BUSINESSMEN FAVOR GOVERNMENT CHANGE

Athens EPIKAIRA in Greek No 691, 29 Oct-4 Nov 81 p 27

/Article by K. Kalandzis/

/Text/ Seemingly, businessmen are not holding their breath after the change of government. On the contrary, they all agree--including the danger-mongers--that the business community received the change very calmly, almost naturally, and waits in a climate of tranquility to hear the specific measures of the new government. This is attributed to the fact that:

1. Many businessmen (and not only the small to medium-sized) voted for PASOK either as a reaction to the previous government or just for the "change."

2. Many believe that the new government will take positive measures to encourage production and investments (because it cannot succeed without it) and at the same time it will limit its radical measures about nationalization to a few families which Papandreou limited to 10 just before the election. There are reports that the first measures to be taken by the government will be designed to strengthen private initiative, control public expenditures, deal with the problem of "heavily indebted" enterprises, and provide credits especially to small and medium-sized enterprises, etc.

In the meantime, the Association of Greek Industrialists /SEV/ addressed itself to the government, saying:

1. That "in the 18 October election the majority of the Greek people" entrusted PASOK with the country's government and that in parliamentary multiparty democracies the government decides and acts with a view to the "national interest" for the benefit of all the people.

2. That the "survival and growth of industry is tied to the prosperity of society. In a crisis both are hurt. For this reason, the positions and goals of industry cannot be different from the legitimate interests of society as a whole."

3. That "our economy faces very acute problems which not only endanger what has been achieved so far but also, if they are not drastically and directly dealt with, will endanger the country's future progress."

4. That "it is imperative to achieve a climate of certainty and calmness."

Further, SEV observed that "it is necessary to define directly and precisely the limits for the expansion of the public sector, state intervention and operational experiments" and that "for risk-taking, it is necessary to clarify the framework of private business initiative."

"A Dialogue of Anti-Dogmatism"

At the same time, Minister of Commerce Akritidis noted that "there will be essential control over prices and cost formation, without turning this into a bureaucratic control over prices or policing the marketplace by "freezing" prices.

"The market will function freely and for this the necessary measures will be taken." The business world awaits these measures together with those which will apply to the entire economy "in the belief that fanaticism and dogmatism (whatever its origin) must give way to realism and a continuous dialogue."

7520
CSO: 4621/41

GOVERNMENT FACES PRE-ELECTORAL ECONOMIC COMMITMENTS

Athens EPIKAIRA in Greek No 691,29 Oct-4 Nov 81 p 25

/Article by G. Katsonis: "Preelection Commitments and Present Tests"/

/Text/ The coming weeks will bring a series of tests for the new government. The rich outpouring of promises during the preelectoral campaign--some characterized as commitments--closed 10 days ago and the strong popular support /given PASOK/ has brought the moment of action.

The new government vessel starts off under auspicious conditions: an ample majority in the Chamber of Deputies, a homogeneous and disciplined government, new personalities in important posts and, above all, enthusiasm and determination.

But the future is to a degree mortgaged to the pronouncements of the past. In the remaining 2 months until the end of the year four items will test the resilience, consistency and potential of the new government. These are:

1. The cost-of-living adjustment of private sector wages and salaries.

2. The cost-of-living adjustment of civil service salaries and pensions.

3. The "indexing" of income tax deductions.

4. An increase in the rates charged by public utilities and public enterprises.

With regard to the first three the government virtually had committed itself prior to the election; obviously, inconsistency is not in its character especially after the impressive endorsement it received. The fourth will result from the course of events although the premier had clearly mentioned it in his speech at Syntagma Square.

Therefore, if the government keeps its word it will increase its already great popularity, but we have no assurance that it has made sure how to offset the repercussions its policy will have.

Two of the above four measures (the cost-of-living increase of private sector wages and salaries and the increase of public utility rates) are mathematically certain to translate into more inflation which may exceed the present level by another 10 units.

The cost-of-living adjustment of civil service salaries and pensions will cause additional expenditures that may reach, if not exceed, 50 billion drachmas to a budget which already has a 60 billion drachma deficit (the first such deficit in many years). The increase in the level of the minimum taxable income will result in a loss of revenue which may exceed 25 billion drachmas. Last year the abolition of the first four tax levels (up to 80,000) enacted when Evert was minister cost the budget approximately 20 billion drachmas.

In spite of the threatening nature of these figures, the new ministers appear to be determined. They belong to those who deal with problems dynamically, not statically, and they seem to imply that they focus their efforts not toward escaping the fulfillment of their promises but on how to neutralize or at least tone down the inflationary effects the implementation of their promises may have.

On the inflation front it appears that they plan to strengthen the supply of goods to slow down the tendency toward higher prices (especially profiteering). This policy will cover both domestic production and foreign imports where the procedures for controlled supply of the marketplace, in stable prices, will be activated.

In the area of the budget there are only two forms of action. The intensification of the battle against tax evasion and the levying of new taxes to increase public revenues. Capturing unpaid tax revenues especially in the case of "big" tax evaders is politically attractive as well. If, however, this effort is extended to some populous and somewhat politically radical professions (and it appears that much room exists in that direction as well) the reaction will be more or less predictable. The same will happen if new taxes are imposed. By bringing back, for instance, the tax on real property, with the exception of houses of minimum value, the extent of revenue recovery will be limited so that the issue becomes political rather than economic.

In spite of all these inherent difficulties the new government has many possibilities, including even postponing delivery of its promises. A "grace period," if sought directly and explained to the citizens with candor and if its duration is specified, will not be denied it by the enthusiastic electoral mass which 10 days ago opened a new chapter in Greek history.

What will eventually be asked of this mass, we will hear possibibly next week.

7520
CSO: 4621/41

GOVERNMENT ISSUES REVISED 1982 BUDGET FIGURES

Rotterdam NRC HANDELSBLAD in Dutch 16 Nov 81 p 3

> [Text] The Hague, 16 Nov--According to the budget, expenditures are to increase in 1982 by 2.238 billion guilders. On the other hand, Van der Stee, minister of finance, has made a number of reductions in the budget prepared by the preceding cabinet, amounting to a total of 1.688 billion guilders.

This is stated in the "Policy Paper on the 1982 Budget," which was presented by Van der Stee today simultaneously with the government's statement of policy.

The increases in spending are mainly the result of what are called "policy intensifications," partly within the framework of the employment plan. A total amount of 1.462 billion guilders is involved here.

At the same time public revenues will decline by 270 million guilders due to the cabinet's decision to raise the gas rate for small consumers not by 10 Netherlands cents, but by 7 Netherlands cents per cubic meter.

Because of changes in the cutbacks that were mentioned in the budget, these measures will yield 415 million guilders less.

The total of the cutbacks decided on by the cabinet comes to 1.063 billion guilders.

Discussion in the cabinet of the final determination of the measures that must be taken to bring the cuts back up has not been completed.

Social Measures

The previous cabinet had put into the budget bill a package of cuts in the field of social security amounting to 1.915 billion guilders. The new cabinet has decided not to carry out a number of these measures or to restrict them.

These changes are dictated by the desire not to let the incomes of those disabled for work drop too low. By these changes the yield for the national treasury is reduced by 315 million guilders.

Thus it has been decided not to eliminate the age and disability deductions from the income tax, but to lower them (yield 175 million guilders). The allowances

Effects on Expenditures by Ministries

The policy announced in the government declaration has the following effects on the expenditures in the ministerial budgets for 1982 that were presented in September:

	Increases (in Millions of Guilders)	Decreases
The Queen's Household	-	-
High Colleges of State	-	2.40
States General	-	1.20
Office of Netherlands Antilles Affairs	-	-
Ministry of Foreign Affairs	-	0.30
Ministry of Justice	17.70	22.70
Ministry of Internal Affairs	36.00	91.30
Ministry of Education and Sciences	150.00	185.30
National Debt	-	-
Ministry of Finance	-	35.20
Ministry of Defense	-	26.10
Ministry of Housing and Physical Planning	403.50	72.30
Ministry of Transport and Waterways	32.50	327.90
Ministry of Economic Affairs	337.00	90.80
Ministry of Agriculture and Fisheries	-	27.90
Ministry of Social Affairs and Employment	304.00	349.80
Ministry of Culture, Recreation and Social Welfare	5.00	56.00
Ministry of Public Health and Environment	150.00	13.80
Supplementary Items	801.00	135.00
Law Regulating Investments	-	250.00
Rounding-Off Discrepancies	1.30	
Grand Total	2,238.00	1,688.00

It must be mentioned here that the Ministry of Housing and Physical Planning will postpone 630 million guilders in payments that were to have been made next year to 1983 and later. If this were not done that ministry would have had to cut back not 72.30 million in 1982 but 702.3 million guilders.

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for recipients of WAO [Law on Labor Disability] benefits above the modal (the so-called "WAM benefits") will be abolished not in 1 year but in 2 years (50 million guilders).

This cabinet will also not go as far as the previous one in overhauling the transport arrangements for the disabled and in measures in the field of support. The cabinet also rejects the change in the minimum wage provision announced in the budget bill.

The introduction of five waiting days for the employer and a reduction in the net sickpay for the employee will yield 1.2 billion guilders.

The contributions of health care to the economy package remains unchanged at 525 million guilders.

The reduction in the state contribution to the general civilian pension fund mentioned in the budget (900 million guilders) is also taken over without change.

The supplementary revenue plan runs to 700 million guilders. This plan includes raises in a number of excise taxes (beer, sugar, cold drinks) and a limited rise in the rate of taxes on wages and incomes.

The reduction in the revenue from natural gas as a result of lower sales and the oil price trend amounts to at least 2.7 billion guilders. The cabinet will have to find compensating measures for a sum of 1.365 billion.

In addition it has been decided to burn 4 billion instead of 2 billion cubic meters of natural gas in electric power plants. This leads to an increase in natural gas profits of 800 million guilders.

Van der Stee expects that the collective tax burden will be stabilized from 1981 to 1982. On the basis of the government program an increased burden (0.4 percent) due to raising the natural gas rate is not taken into consideration.

More than 2 billion guilders will be devoted to the employment program in 1982. With that amount, according to Van der Stee, a supportive effect of approximately 4 billion guilders can be obtained, part of which will be spent after 1982.

8815
CSO: 3105/39

TEXT OF COALITION AGREEMENT ON ECONOMIC POLICY

Rotterdam NRC HANDELSBLAD in Dutch 5 Nov 81 p 3

/Text/ Below are passages from the final "clear-cut agreement" which took shape yesterday evening under the leadership of the cabinet architects De Galan and Halberstadt. These sections are part of the final report--amounting to 45 pages. The compromise which was only reached yesterday involves the question of what must happen if the nonrecurring tax increase for the employment plan ("solidarity levy") is followed by additional pay demands from the trade union movement. The compromise solution is printed in italics in the text below:

Collective Tax Burden and Coverage Plan

In conformity with the governing agreement, the government intends to stabilize the collective tax burden in 1982. This is being achieved with a coverage plan amounting to 700 million guilders, against which individual social insurance premiums--especially the AOW /General Old Age Law/ are limited to 500 million guilders.

As regards providing for the coverage plan of 700 million guilders, the following is specified:

On Monday 26 October it was decided, it is true, to adjust the inflation correction for 100 percent, still of that, 17 percent was subsequently again cancelled. The income from that in 1982 is 290 million guilders on a cash basis. The cabinet decided on last 29 October to fund the rest of the coverage plan envisaged in the field of excise duties on beer, soft drinks and sugar.

In the tight financial situation, it would be tempting to increase taxes structurally. We regard this as highly undesirable and moreover in conflict with the governing agreement. We prefer the large scale introduction of investment wages. Since this demands time and in 1982 still will only provide very modest financing facilities, it is being decided to resort in 1982 to a solidarity levy temporarily and once only for employment. This measure is to supply 500 million

guilders in 1982. This levy will take preferably the shape of an increase of all tax brackets in wage income taxation, with the exception of the lowest (accordingly from the 26 percent rate), by one point during the period 1-4-1982 to 31-12-1982 (see footnote).

/Translator's note: paragraph below is in italics/.

All in all, there is involved in the contemplated taxation measure a question which is not related to the collective tax burden and which accordingly must also not be considered in the termination of it as tax relief for 1983. This measure is being taken on the assumption that a wage reduction will be achieved, in accordance with the governing agreement. If this reduction should not materialize wholly or partially, then the government will have to adjust its policy to the situation which then prevails.

The government will encourage in negotiations about working conditions the inclusion in CAOs /Collective Labor Agreement/, of investment wage regulations which fit in with the resolution on business savings regulations. They proceeded on the assumption that the amounts thus created will partly be available for distribution of work in the branches of business and businesses affected and will partly be obtainable for financing the enterprises concerned. As these regulations are carried out, the government will use a corresponding amount, preferably in the building industry sector, with financing through the capital market.

In each case a nonrecurring extra levy of 250 million guilders will be made in 1982 on the capital market on behalf of construction.

As soon as negotiations about working conditions indicate that investment wages are actually being carried out in the private sector to a considerable extent, a withholding of a half a percent will take place among civil servants for the additional financing of jobs, including part-time in the quarternary sector and projects related to it, with a view to distribution of labor.

Finally the 250 million guilders for measures in the market sector, such as spearhead projects, introduction of part-time opportunities and export facilities will be drawn from WIR /Law on Investment Account/ funds.

Through the above means, an amount of about 1 billion guilders is being raised to noticeably improve employment in 1982. We assume that the temporary financing burden of such a package of measures will be socially acceptable and will not lead to shifting the blame from one to another and consequently to negative economic side effects.

Footnote

Some increase of the BTW [Value-added tax] could be considered as an alternative. Such a measure has especially the objection that a temporary increase is involved here. A small change in the BTW rate which must be again restored after less than a year subjects business twice to a great deal of administrative red tape, namely both in the increase as well as in the reduction after some time. Also the danger that an increase of the BTW rate will lead to a more than proportional upward movement in the price level may not be underestimated. Moreover, the effect on the cost of living will have to lead to such compensatory increases in minimum wages and consequently in social benefits, that the income figure for the minimums of -1 percent, which was agreed to in the governing agreement, is guaranteed. Moreover, a measure in the field of wage and income taxation fits in more logically with the idea of an investment wage than a BTW increase.

8490
CSO: 3105/33

LEFTIST ORGAN: NEW ELECTION MAY NOT YIELD ECONOMY SOLUTION

Copenhagen INFORMATION in Danish 12 Nov 81 p 1

[Editorial]

[Text] Even though the government and its three compromise parties don't want a Folketing election at the moment they are being forced into one. The government's plan for "a stronger effort for employment in 1982-85" contains elements so offensive to the Center Democrats and the Christian People's Party and perhaps the Radical Liberals as well that the risk of being branded as even indirect supporters for this kind of policy could make these parties decide they would rather opt for a quick election.

The municipal elections this Tuesday are a contributing factor explaining why politics are getting away from the politicians in this way. Now, for example, CD [Center Democrats], according to several opinion polls, is likely to have good results from the municipal elections because this party, as a compromise partner with the government, is at the same time a guarantee that the government can't put its "black hand" on the funds in pension trusts. But the government plan states expressly that it will "take up negotiations with the parties in Foleting"--not just the compromise parties, in other words--concerning a policy that will eventually obligate the institutions via legislation to "invest 40 percent of their investment capacity in index bonds as long as the exchange rate does not exceed 100 and to use up to 10 percent of the investment capacity to buy stocks and cooperative certificates, liable lending capital, business loans, interest-producing instruments of debt and construction loans." What does that make the Center Democrats' compromise guideline in the government worth?

Naturally even the hawks in the government, the Social Democratic Party and LO [Danish Federation of Trade Unions] are interested in dissociating themselves from "the black hand" so that some of the other elements in the plan emerge more conspicuously in the public awareness before an election has to be called. The judgment on Mogens Glistrup later this month, Thomas Nielsen's departure as LO chairman next year on 16 February, these things have also played a part in Anker Jorgensen's desire to postpone the moment of decision until sometime next year. If Mogens Glistrup is given a harsh sentence it could hurt the Progressive Party and if Thomas Nielsen is no longer LO chairman it won't matter so much if he goes

around gloating over the fact that Anker Jorgensen is eventually forced to call an election on a clear LO basis and after a break with his support parties.

But the danger with this postponement is apparent from the latest account of how the employment plan came into existence. If Thomas Nielsen hadn't forced Anker Jorgensen at the last minute to stick tight to the basic principles and the close to 15 billion kroner for business activity from pension funds, financial institutions and insurance companies the prime minister would have sold out on most of the financing reform even in advance.

The nation's problems are far from having been solved even if the plan is implemented in its entirety either before or after a Folketing election. The beginning of capital administration, an economic democracy, a cooperation between public and private production, all this is flimsy and uncertain. Many of the promises on uniform rent laws for the entire country, interest taxation, reduction of work hours, paid freedom for education, the youth guarantee, aid for renewable energy and taxation of private funds are unclear.

But they are being mentioned, these hints of a new policy going counter to the one that has driven the country into a situation with a quarter of a million people out of work and an ominous indifference and resignation in almost all camps.

Can the support parties through an economic compromise with the government really give it peace in which to work for this kind of new policy, perhaps together with other parties on the basis of fluctuating majorities for the various proposals, perhaps following a Folketing election? If the support parties just can't go along with this we will have a parliamentary election very quickly. Even though none of them, certainly not Anker Jorgensen, wants one.

When this editorial went to press it was apparent that they could not go along with it even so.

6578
CSO: 3106/23

LIBERALS, CONSERVATIVES SEEN BENEFITING FROM GLISTRUP CASE

Progressive MP's Expected to Bolt

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 1

[Article by Lisbeth Knudsen]

[Text] The day after the high court sentence in the Mogens Glistrup case is handed down--in other words on Tuesday, 24 November--the Progressive Party Folketing group will meet at Christiansborg to discuss a change in the political line. A number of prominent members of the group want a softening of the party's previous critical attitude toward a possible nonsocialist VK [Liberal'Conservative] government coalition. They want--as the election campaign will show--FRP [Progressive Party] to support a nonsocialist government and reject a Social Democratic prime minister. But three simple terms must be met:

An increase in state pensions.

A hiring freeze in the public sector.

A small increase in the tax-free bottom limit.

It is the municipal election victory for the Conservatives primarily that has led several group members to take action against their leader, Mogens Glistrup. He has in the past demanded direct FRP influence before giving the nod to a VK government--preferably in the form of ministerial posts. Group members think FRP will get more out of a compromise than it will with no influence at all.

Group chairman Uffe Thorndahl would not take a stand on the difference of opinions in the party before the group meeting on Tuesday has been held and there the sentence in the Glistrup case could play a large role. He said the VK plan is a much better working basis from FRP's point of view than the Social Democratic plan. He added that FRP wants to have as much influence as possible on the policy to be pursued by a new government--and that FRP will not make political ultimamum demands.

Blocs Stable in Local Elections

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 3

[Article by Michael Rastrup Smith]

[Text] The Social Democrats will lose and the Conservatives and SF [Socialist People's Party] will gain in the Folketing election on 8 December. But there will not be any significant shifts between right and left blocs in Folketing.

That opinion was given by election researcher Steen Sauerberg at the Institute of Social Studies at Copenhagen University. He used the votes cast in the county council election on Tuesday and the figures from the Copenhagen and Frederiksberg municipal elections as the basis for his predictions:

"There are two blocs of almost equal size in Folketing. One consists of the Social Democrats, SF, the communists and VS [Socialist Left] and the other consists of all the other parties. If we compare the votes cast for these two blocs in the county council elections of 1978 and this year there are only minimal shifts between the blocs. In 1978 the leftist bloc received 47.9 percent of the votes which declined only 0.3 percent to 47.6 percent in the election Tuesday. The right-wing bloc, including the Liberals, Conservatives and the small compromise parties, received 50.9 percent of the votes in 1978 and 51.6 percent now.

"This means that the Conservative gains and Social Democratic declines do not mean a shift to the right. The votes that are transferred keep the two blocs in balance. In the right-wing bloc the Progressives are getting weaker and the Conservatives stronger and in the leftist bloc the Social Democrats are becoming weaker while SF and VS are gaining strength," said Steen Sauerberg.

"I think the tendency from the county council election will be sustained in the Folketing election. But a lot can happen in the election campaign with the Center Democrats figuring as the dark horse. Thus in the last three Folketing elections a quarter of the voters did not decide which way they would vote before the campaign was under way.

"The development in the county council election is opposite to the development in the recent Norwegian election. There the right-wing bloc increased greatly at the expense of the leftist bloc because many children of workers voted for non-socialist parties. That is a development we have not experienced in Denmark."

The following shows the vote distribution in percentages between left and right wings--based on county council elections and municipal elections in Copenhagen and Frederiksberg in 1978 and 1981:

Bloc		1978	1981
Left wing	(Social Democrats, SF, communists, VS)	47.9	47.6
Right wing	(Radical Liberals, Single-Tax, Center Democrats, Christian People's Party, Conservatives, Progressives)	50.9	51.6

Bank Chief's Statements Election Issue

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 8

[Editorial]

[Text] Statements by National Bank director Erik Hoffmeyer to the periodical MANAGEMENT have been included in the election campaign in a very lopsided way. The Social Democrats have tried to present the statements of the National Bank director as a clear approval of the government's economic policy course.

It is correct that Erik Hoffmeyer has found that there has been an improvement in the international competitiveness of our businesses, making it possible for industry to regain a share of the export market. It is a bright point that this has happened without giving industry artificial respiration here to the same extent as has occurred in other western lands in the form of state subsidies. This shows clearly that general economic policy instruments aimed at improving the situation for business can have a quick effect in the desired direction.

It is also true that there has been an improvement in the balance of payments. But it should be pointed out that this development has been accompanied by a considerable increase in unemployment. Especially in the private business sector one can expect that around 100,000 jobs will be closed up to the end of 1982 compared to conditions in 1979. There has never been anything very remarkable about limiting the balance of payments deficit by causing unemployment to shoot sky-high. In addition the shift of employment away from the private sector into the public sector won't make it any easier to bring about the strong growth in the private business sector in the years ahead which will be a prerequisite for an approximately simultaneous solution of the payments balance and employment problems.

But the crucial point in the statements of the National Bank director is his indication that 1982 will be a decisive year for the Danish economy since it is now vitally necessary to maintain and preferably increase the improvement in competitiveness.

In this context Erik Hoffmeyer referred to wage developments among other things and he is correct that serious problems lie ahead for the Danish economy in this area. There is a prospect of having four cost-of-living increments falling due next year while the sliding wage system, as we know, is picking up steam again. For example the government's own economists also anticipate a sharp increase in wage costs next year which will really hamper Danish businesses in international competition.

But in its economic policy program the government deals with the economic threat only with meaningless remarks about wage restraint. Instead of basking in alleged praise it would have been better for the government to explain to businessmen and the voters how it intends to solve the serious problems pointed out by the National Bank director in 1982.

Paper Looks at Local, National Elections

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 8

[Editorial]

[Text] The quite unique circumstance that the municipal council elections and the Folketing election are so close together both in actual fact and in the awareness of the voters has led the so-called social scientists to come up with an endless stream of commentaries on and thus predictions of the course of the collective election events. The expertise that has been expressed is far from united. Some experts have warned against drawing conclusions from the municipal elections and applying them to the Folketing election because the political problems and dimensions are so different. Others have maintained that the same tendencies will characterize both elections. Opinions are even more divided when the experts look into their crystal balls. Among the observers advocating the tendency viewpoint there is disagreement as to whether the trend in municipal politics will be reinforced or weakened in the Folketing election.

It is a good thing that research has this kind of opportunity to be presented to the public. But the strong demand for expert evaluations should not lead experts to transform election events into a laboratory where experiments can be conducted. There is special reason to warn that the division between scientifically-based observation and political influence can be very fluid. During an election voters pay attention to the tendencies anticipated in that election and the experts can--whether on purpose or not--influence ideas concerning the trends and thus reinforce them. The vast majority of experts take the necessary reservation and stress the natural uncertainty associated with the outcome of a Folketing election. Therefore it seemed untimely and misplaced when a social scientist affiliated with Aalborg University presented views during the municipal campaign that obviously lacked scientific support but clearly influenced opinion.

When the votes have been added up the Folketing election will be analyzed backwards and forwards. The real research begins when it is possible to evaluate what

happened and not just assumptions of what might happen. The election figures from the county council elections that have been held could--quite without expert interpretation--involve a trend rooted in the consciousness of the voters. For example it must make the leaders of the Progressive Party pause and reflect that the party suffered a sizable election defeat in the former bastion of the capital region while the election went somewhat better in the Jutland counties and on Fyn. And there must be many wrinkled brows in the Single-Tax Party where the threat of political oblivion has moved closer. But the question of whether the tendencies will hold must remain open until the election is over. Voters and election analysis have a mutual interest here.

Liberal, Conservative Chairmen Optimistic

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 7

[Text] "I would like to issue a strong warning against driving the election campaign into a blind alley, concerning only party combinations and discussions of who can work together with whom. The primary task is to create sympathy for a political shift."

So said the Liberal Party chairman in his speech to the party's Folketing candidates at Christiansborg yesterday. Conservative Party chairman Poul Schluter took precisely the same line on the TV news program Wednesday night.

"It is becoming more and more likely that we will have a nonsocialist government after the election on 8 December. The big gains made by Liberals and Conservatives in the municipal elections were a good sign and Prime Minister Anker Jorgensen is isolating himself more and more from one day to the next by attacking all the nonsocialist parties in Folketing indiscriminately," said Henning Christophersen.

"Now the task is to convince the voters of the necessity of the policy that must replace the Social Democrats' plan which has already lost its credibility and which they themselves no longer talk about."

6578
CSO: 3106/24

UNEMPLOYMENT, BUDGET BECOMING LEADING ELECTION ISSUES

Economy Minister Defends Fund Scheme

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 8

[Article by Economic Affairs Minister Ivar Norgaard]

[Text] An editorial article in BERLINGSKE TIDENDE on 16 November, entitled "Ivar Norgaard's Election," expressed dissatisfaction with some statements I made in Folketing during the debate on the government's financing reform, asked for a more detailed explanation and concluded somewhat dramatically by saying that I can no longer delay a choice between telling the truth or openly admitting that I will continue to throw loose allegations around.

The truth is that during the negotiations we in the government listed some major elements on which we wanted to reach agreement after which practical and technical details could be worked out that would be supported by the representatives of the pension funds and the insurance companies.

The goal was to get far enough in the negotiations that representatives of pension funds and insurance companies would agree to recommend the agreement to their members and firms.

But the Center Democrats and much of the nonsocialist press spread unrest on the negotiations daily. There was hardly any misfortune they didn't claim would result from a reform. CD [Center Democrats] went so far as to call any form of legislation a forcible intervention. Since we could enter into a voluntary agreement with pension funds and insurance companies only if legislative changes created competitive neutrality with regard to money institutions, the Center Democrats made it impossible to conclude such an agreement. We offered to talk more to see how far we could come with a voluntary agreement but of course we could not cut ourselves off from any opportunity to resort to legislation.

To use in the negotiations we prepared some working papers that were delivered to participants in the talks. These papers were printed in some nonsocialist newspapers which then embarked on an outraged criticism of some of the contents of the working papers and accused the government of working with loose and sloppily prepared plans.

During the talks we naturally took into consideration the objections made by those we were talking with and therefore we withdrew some of our proposals. This was true of a proposal to allow index-regulated state bonds to be included in the list of investment opportunities the pension funds and insurance companies could put their money into. They could have been used to insure balance between supply and demand if there were periods when there was not enough paper on the market issued by real credit institutions.

This idea did not win support and we abandoned it several days before any non-socialist newspaper dressed it up in sensational terms and presented it as if the big news item was that these state bonds were a vital--perhaps the most vital--element in the government's proposal.

We also presented the idea that investment obligation could include direct loans to businesses in the wrong way. It was the Wage-earners' Cost-of-Living Fund that wanted the investment obligation to include direct loans too.

We foresaw that these loans would constitute only a very small part of the total plan and of course we are just as interested as the National Bank in allowing such direct loans to be included in the agreement only if guarantees could be created that they would not be used to redeem foreign loans.

Of the attitude of the organizations toward the plan I said these exact words in Folketing: "The reality is that all those we talked with were aware that it would be reasonable to move funds from passive investment over to active investment and those chosen to take care of the interests of pension fund members expressed very positive determination to enter into a voluntary agreement concerning such a transfer of funds. So did the Wage-earners' Cost-of-Living Fund and most of the ATP [General Supplementary Pension System] negotiators. The insurance companies also wanted to talk about a voluntary agreement but pointed out that certain conditions would have to be met before they could enter into such an agreement."

Progressives' Tax Plan Seen Popular

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 7

[Text] "Z [Progressive Party] fever is spreading," wrote Finance Minister Svend Jakobsen in an article on the VK [Liberal-Conservative] plan in the LO [Danish Federation of Trade Unions] paper.

"The VK plan is based on massive relief for businesses and owners of capital. The proposals are not meant to guarantee that billions in relief for the present owners of businesses will lead to new investments and production. Regardless of this V and K are allowing people to think that this part of the plan will lead to 90,000 new jobs and an improvement of 9 billion kroner in the balance of payments. The other major element in the VK plan is a policy of strict cuts; 14 billion kroner in 1982 to 22 billion kroner in 1985 will be cut out of the public

sector. One can see the shadows of Bertel Haarder and Glistrup hanging over the selection of the cuts," wrote Svend Jakobsen.

Communist Leader Comments

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 7

[Text] "There is a better way of eliminating all cheating in unemployment funds that would at the same time save a lot of administration. Offer work to everyone."

So said Danish CP chairman Jorgen Jensen in a commentary on the debate over the payment system and the admission of the labor minister that something must be done about the administration of unemployment payments.

"It isn't spare money but the money of people out of work that seems to be the basis of the attitude of the nonsocialist parties when they attack the payment system so strongly. And the Social Democrats partly agree with them," Jorgen Jensen said.

Statement on Guest Workers Ends Candidacy

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 7

[Text] Chief veterinarian A. Th. Riemann is no longer a Folketing candidate for the Progressive Party in the Fjerritslev district. The district's decision came after Riemann was sentenced to 14 days in jail Friday in Hjorring for having made derogatory and discriminatory remarks about guest workers at an election meeting. He had previously been fined 4,000 kroner for making similar statements.

The district will nominate its candidate Saturday. At the moment there are two possibilities, teacher Kirsten Lund of Sindal and Lis Roland Pedersen of Arden who is married to the party's former national chairman.

Schleswig Party To Run Alone

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 81 p 7

[Text] There will not be a renewed cooperation between the Center Democrats and the Schleswig Party. The approaching Folketing election was discussed at an executive committee meeting of the Schleswig Party. The party had worked with CD [Center Democrats] earlier but the cooperation ended when CD would not accept the Schleswig Party's candidate for the 1979 election. CD did not make any proposal to the executive committee meeting on renewing cooperation and therefore the party simply noted that they still wanted to cooperate with a Danish party.

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ATASSUT CHAIRMAN: EC NO VOTE WOULD INCREASE U.S. INFLUENCE

Copenhagen INFORMATION in Danish 6 Nov 81 p 9

[Article by Henrik Heie]

[Text] With no affiliation to EC Greenland could become a plaything according to the chairman of Atassut [moderate, pro-Denmark party].

"The loss of EC subsidies would be a problem for Greenland for the first year or so but how much will we get out of EC in 10 or 20 years? Will EC then behave like the good Samaritan?" asked the Siumut [socialist, radical home-rule party] member of Folketing, Preben Lange, at a press conference Thursday on the upcoming Greenland EC vote. And he added that if EC would not go along with an agreement with Greenland after it pulls out Greenland would have to look around for other possibilities.

Plaything

"One of our strongest arguments for remaining in EC is that it is important for Greenland to preserve its affiliations with West Europe. We have NATO bases that are run by the Americans and if we don't keep up our EC affiliation the American influence will become stronger and perhaps the Russian interest would increase too so that Greenland could become a plaything between the superpowers," responded the chairman of the opposition Atassut Party, Lars Chemnitz.

Chemnitz said that he is sure Greenland could not arrive at a so-called OLT [expansion unknown] arrangement (a special trade agreement) with EC following talks he has had in EC with officials and politicians. But later on he moderated his statements to say it is very uncertain whether Greenland could arrive at such an agreement. He also said it would be hard for Greenland to get along without the 150-180 million kroner in EC subsidies that have been paid in recent years.

Pressure

Preben Lange felt an unjustified economic pressure has been exerted on the part of EC to get Greenlanders to vote yes. The question of an OLT arrangement must be decided after the popular referendum for "one can't bake bread before it has risen."

But we know the bread called EC and the special arrangement for Greenland, retorted Chemnitz who could not guarantee however that the special arrangement would continue even if Greenland remains in EC.

Chemnitz and Lange agreed that the EC vote did not concern home rule and the national community with Denmark.

But Preben Lange said that as long as Greenland is in EC the ocean and the underground areas belong to EC because the Treaty of Rome stated that nations should divide their resources equally. By leaving EC Greenland would obtain the rights to both living and nonliving resources, he said.

Greenex

When the Danish state gave the concession to Greenex it was established that we would have to wait 10 years before Greenland could get a reasonable fee. "We must be negotiating partners ourselves but in EC it is always EC," said Preben Lange.

"The national council should definitely be included in negotiations on Greenex. We are also negotiating partners in EC. And with EC behind us we have more strength than we would have without it," replied Chemnitz.

Preben Lange revealed that Siumut has made an estimate that shows that for each krone EC pays in subsidies to Greenland EC fishermen, especially the West Germans, earn 3-4 kroner in Greenland waters, but Chemnitz rejected the validity of the calculations because they did not take fishing costs into consideration.

Both Atassut and Siumut expect to use more than half a million kroner on the election campaign. Chemnitz said 200,000 kroner had already been collected through contributions in Greenland and in Denmark. "We don't know where the money comes from and we would rather not know," he said. He said the democratic, liberal and Christian democratic groups in the EC Parliament had wanted to support the Atassut campaign. But it was not made clear at the meeting whether the support took the form of documentation and the like or whether it also included money.

Siumut is collecting its own money in Greenland and in Denmark but has been promised support from such sources as the People's Movement Against EC and the "greens" in West Germany, Preben Lange said.

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PEACE MOVEMENT SEEN AS 'GRASSROOTS' DEMOCRACY

West Berlin DER TAGESSPIEGEL in German 18 Oct 81 p 1

[Article by J.B.: "The Challenge"]

[Text] There is no doubt that other Western nations are again viewing the Federal Republic of Germany with concerns which they had thought in recent decades to be no longer necessary. In some instances these concerns go so far as to ask whether the present German government — and any other that may follow — can be capable of any political action at all in the face of what the peace movement is now articulating. Of course it is not that those around us shrink from the word peace — this would mean living with the idea that only bellicose nations and statesmen were on all sides. The disturbing thing is the specific phenomena that are flowing into this peace movement. On the one hand there is the utopian-illusionary element, or the assumption that peace can be brought about by design and as an idea, with no requirement for any concrete, practical policy that must, after all, include a concern for the military balance if peace is to be safeguarded in the real world. Very closely related is the withdrawal attitude, or the idea that one need only remove oneself from political realities, extricate one's country from commitments and also objective compulsions in order then to live more safely, unthreatened. The third point is this: Wherever the peace movement is becoming a real phenomenon, it is becoming one-sided, no matter how much it claims to be against armament policies in both East and West. For knowing full well that requests alone will accomplish nothin in Moscow, the movement demands chiefly that the West cease and desist, assuming that it is exaggerating its own security needs out of a desire for an arms buildup.

Even more perplexing to foreign observers is that many of these concerns are not even being acknowledged. Of course, they are being expressed by degrees — more explicitly in some quarters, more tactfully and discreetly in others. But the fact that they are not being acknowledged as feasible and justified concerns, that the interests of other nations are no longer being included in the world of thought and ideas, is adjudged to be an added element of crisis. It shows a sudden insularity of political thinking, a me-first mentality that is quite frank as well as outspoken. So there is a quarrel with the Federal Republic; once again there is doubt about its ability to be master of its fate politically — in terms of weighing and balancing.

It must not be forgotten in this regard that the confidence of the world around us in the political talent of the Germans has not been in existence very long. If

doubts have been suppressed with respect to the FRG, it is due to two significant political achievements which it has produced in the course of its history. The first: It recognized early on that neither isolated efforts by the Germans themselves nor a kind of historical concerted action would very soon bring the German nation to the point of reunification. It consequently turned to the West, subscribed to the idea of European cooperation and joined the ranks of the Western defense alliance. And the second achievement was this: At a time when international political conditions were favorable, it put its relationship with the East in order on this basis; it decided to establish an ordered modus vivendi with the Soviet Union, with the states of Eastern Europe and the GDR as well. So the policy of the Federal Republic suddenly had two legs on which to stand. If only the pace remained properly regulated, it had to be in a position to bring its interests well in line with those of others; it was accorded international political influence — sometimes encouraged even beyond what was desirable. Now there suddenly seems to be an absence of confidence that good policy can be made on this basis, that our own ideas can be brought to fruition.

Typical of this is the lack of understanding being encountered by the NATO two-track resolution — a resolution that symbolizes exactly the two pillars of German policy. It contains the decision to eliminate a medium-range weapons imbalance that has developed at the expense of the West, employing NATO's own efforts if no other way is possible. On the other hand, it contains the offer to the Soviet Union to negotiate on this range of weaponry, with the goal of arms limitation or possibly disarmament. It can even be said that this negotiation goal is the real theme of the NATO resolution; it is to be an instrument for simply setting in motion negotiations covering an entire spectrum of weapons which — in contrast to strategic weapons or conventional troop strengths — hitherto have never been the object of talks between the major powers, which is why the development of these weapons was allowed to go uncontrolled, especially on the Soviet side. The political goal is to establish equivalency at the lowest possible level. Simultaneous prerequisites for this in the West are both a willingness to act and a will to negotiate. It is of course no coincidence that it is precisely Chancellor Schmidt who was virtually the architect of the NATO dual resolution — Schmidt, who has a keen sensitivity when it comes to handling the two basic elements of Germany policy: namely, binding ties to the West and an openness with regard to a sensible relationship with the Soviet Union. The fact that his position in particular is no longer understood by many indicates how far removed from reality the tasks of safeguarding peace have meanwhile become.

Impartial American observers now concede that the initial rhetoric of the new U.S. administration allowed doubts to arise at first regarding the American desire to negotiate. Its initial actions did not keep to the precept once formulated by Henry Kissinger, according to which the United States should always be so strong that its allies could rely on it, but it must also always appear capable of dialogue and willing to negotiate in terms of the East-West relationship, so its allies would have no fear of the irresponsible use of this strength. Curiously enough, the anxiety evoked initially by the violation of this precept has not been countered by the conviction that the United States, as a democracy, has at its disposal an ample system of checks and balances that forces the correction of any excess, if indeed it does not effect a correction within itself. Thus, in reality a general mistrust of America is indeed to be found in the present movement, and the form that it takes is a sudden lack of confidence in democratic regulatory processes.

Something quite similar can be observed when the peace movement appeals to and turns against its own government and the policies supported by a wide majority in parliament. The peace movement — at least at the moment — is an unformed political force which is making no attempt to conceal its mistrust of political forces that do have form. As a mass movement, it considers itself a kind of "grassroots" democracy which ought to step in for the formed political and parliamentary forces and their government and take the cause of peace into their own hands, since this cause is too serious a matter to be left to these forces. So here as well there is a lack of confidence in the election and selection of political forces in a democratic state, in the decisionmaking and control processes provided by this state. To that extent we actually have here before us a challenge to all political institutions, and these concerned questions must be understood if this challenge is to be weathered.

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SPD, FDP AGREEMENT ON ECONOMY MEASURES SEEN AS COMPROMISE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German29 Oct 81 p 1

/Article by Friedrich Karl Fromme: "State of Suspended Animation as Permanent Solution"/

/Text/ The relapse is generally taken more seriously than the illness, and often it is more serious. But the Bonn coalition is standing before new abysses which, in an oddly conceived attitude of detached reflection, are benevolently being termed "budget gaps." Fine; they talk about it among themselves, they find nothing especially good about it, but they are certain that a solution will be found. Next to this determination, the form which the solution is to take seems almost incidental.

Both partners in the coalition, the SPD and the FDP, had limited themselves to be ing selective in the "Financial Rehabilitation Operation I." Spending was cut a little, and taxes were raised a little -- on the fringes and in roundabout ways. No one was actually supposed to be hurt. FDP Chairman Genscher succeeded in starting a rumor to the effect that the SPD had given in, that the FDP had even managed through persistence to gain a "change in trend": away from an excessive welfare state -- which, to be sure, the FDP had allowed to take its course for 10 years. Genscher and his FDP came in handy to many people in this regard. Coming as an aftereffect was Schmidt's illness, which for several days made it appear to the unsophisticated observer as though Genscher was the real chancellor -- therefore the FDP was the party that was running the government.

Thus the erroneous opinion spread that the FDP, as the much smaller partner in the coalition, had gotten its way on all essential points in the matter of the so-called economy measures. In truth, however, both sides blocked each other in what they actually would have wanted to do if they had acted in accordance with their ideologies (if it can be said that the FDP has one) and with the requisite consideration for their respective voters. Because of FDP opposition, the SPD was unable to resort to massive and direct tax increases. Never mind all the nonsense about a change in trend, the FDP did not succeed in eliminating holes in the "social net" that are susceptible to abuse. Not forthcoming were waiting periods for continued wage payments or perceptible limitations on the abuse of unemployment benefits.

So each side is confronting the other with a "no" that is blocking the two recourses that are theoretically possible. It is true that the public has a short

memory, and that everyone tends in the end to find the circumstances of his life to be not so bad after all. But the FDP, whose chairman Genscher only a few weeks ago used the expression "deader than dead" to describe the SPD's desired increase in direct taxes, cannot now be so quick to come around to a "yes" on tax increases. The means to find a different, better-sounding term for the worn-out "supplementary levy" cannot be so swiftly employed. The SPD, on the other hand, stands there with its "no" on what it calls "rents in the social net." Again the only way out is the bigger national debt that both sides had so emphatically forsworn.

Whenever something is to be withdrawn from areas where social security has turned into excessive security, policy falls into the morass of new difficulties. For when it comes to cuts -- whether in family allowances, housing allowances or unemployment aid -- it is easy for the state to slip into a spot where that which is no longer handed out on one tray is taken off another -- the one belonging to social assistance. Then, however, it is up to the Laender to pay (by way of the municipalities) -- and that means all of them, regardless of which party is in power. The Bonn coalition is in just as difficult straits with Rau's SPD-only government -- even though the latter is restrained in its comments -- as it is with Strauss's government run only by the CSU. This wretched situation goes back to the old failure to cease having the claim to "social assistance" -- as the onetime "welfare" system was renamed in the wake of reform -- appear to be an exceptional case calling for thoughtful consideration rather than almost the result of a free choice accorded everyone to decide whether or not he wished to provide for himself. The coalition parties do not want to admit to this lapse -- not even the FDP, which is so fond of talking about achievement and its just reward -- a lapse that was committed amid the approving silence of even many Union politicians in the euphoria engendered by an apparently never-ending abundance.

Present-day politics has the advantage of being able to withdraw into a fox-lair network of "purely technical" points. The first attempt to "economize" -- an attempt that was already behind the times after but a few weeks -- contains many a hidden tax increase caused by the abolition of relief from a tax burden that has grown to unbearable levels. While the FDP was making noises about a change in trend, it was having to pore over many an unreasonable demand that came down hard on its electorate -- the upper-level white-collar employees and smaller-scale self-employed. The FDP no longer has any leeway for giving in silently to this kind of thing. It ought to try to get the SPD to make what the politicians call the "slash in the social net." But the SPD leadership cannot afford to do this. So the only thing left to do is to prolong the stalemate on the coalition's chess board as long as possible --neither declaring the game to be over nor lining up the pieces all over again -- talking about recourses "unconditionally," but at great length. In other words: The condition of being suspended above the abyss must be presented as a solid solution as long as the public is willing to believe it; only a plunge into the abyss would constitute conclusive proof to the contrary.

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WEAK POINTS BEHIND APPARENT STRENGTH OF COALITION NOTED

Munich SUEDDEUTSCHE ZEITUNG in German 23 Oct 81 p 4

[Article by Robert Leicht: "The Coalition Is Living Off Its Weakness"]

[Text] When it comes right down to it, one can only marvel at the fluctuations of political mood in Bonn. In the first part of September, the social-liberal coalition threatened to break apart over the matter of clearing up a few money items left over from the summer's austerity week. Now, only a few weeks later, the closing of a gap that is 6 or 7 times as large — in the billions of DM — is being approached as though it were a normal, everyday transaction. One may confidently assume in this regard that even then all the participants were fairly aware of the budget risks that any future development would involve.

A retrospective glance therefore shows how unthinking Hans-Dietrich Genscher, Guenter Verheugen and Otto Graf Lambsdorff had been in the middle of August when they launched an all-or-nothing game that had been coordinated neither with the party nor the parliamentary group, and whose outcome had also not been calculated: They drove right into a tunnel from a dead start, so to speak, without checking to see whether was a way out. Moreover, it now turns out that the maneuver of early fall had comparatively little to do with putting the budget back on a sound basis; rather — quite apart from the object of the negotiation — it was designed to expand in one fell swoop the FDP's latitude in terms of coalition policy — indeed, possibly to effect a repolarization.

The present air of (pseudo-) calm can be explained in part simply by saying that the FDP wants this latitude very badly — because the party has virtually none. Moreover, it has diminished rather than grown since last summer — a situation that does not simplify the matter for any of the participants. Probably no one perceived at the time what would have happened to the FDP if the moves in the direction of a split had taken on a life of their own 8 weeks ago — and today only conjecture can produce some notion of what that result would have been. For the moment, however, Genscher has aroused the opposition of sleeping dogs in his party. He is regarded as the propagandist of the plain and simple "shift," with this term putting one in mind only of a general change in party policy, but with no real concept behind it. Added to this is the fact that a simple pronouncement regarding shifts has meanwhile not been enough to bring the budget under control either structurally or economically.

Moreover, things that have happened regionally to the FDP (from Berlin to Mainz and Saarbruecken to Nuremberg), as well as controversies on various themes extending all the way to peace policy, have shown that the rank-and-file -- which their chairman might order to execute a pivoting maneuver -- are not so powerful and united. Adding in the fact that Chancellor Schmidt, because of his operation, is enjoying at least for a time the period of grace accorded to one who is convalescing -- a period that only the most perfidious blackguard would dare disregard -- it is obvious that the coalition's present strength lies in the accumulation of its weaknesses.

Insofar as budget policy is concerned, the shackles of an informal all-parties arrangement resulting from a shared responsibility in the Bundesrat and from the volume of problems have bound the Bundestag parties so closely together that at present absolutely no major shifts are possible inside this web. For this reason alone, it is obvious that right now the opposition would like to postpone the final decisions in the hope that spring will bring back a more explosive tone in the coalition.

Admittedly, time is again working somewhat to the advantage of the coalition as well during this brief grace period: It was not in vain that Willy Brandt had asked in the coalition talks at the end of August for understanding of the fact that the SPD still needed time to adjust psychologically to the difficult austerity measures in the budget. Although the most recent statements by the Social Democrats do not actually sound as though they have made much use of this lull, they were probably issued with an awareness that an all-parties arrangement can, without loss of face, strike compromises that could not be swallowed within the coalition itself.

Of course, if we look somewhat further, into next year, we see a gloomy picture all over again. The reason is that the date of the Hesse Landtag elections is tormenting Hans-Dietrich Genscher like a nightmare, for the Berlin result might be repeated in Wiesbaden. Entry into the Landtag by the Greens (and with more mandates than the FDP) would not only unhinge the SPD/FDP coalition. The CDU could also become so strong that it would simply no longer need the FDP as a playmaker. It is no wonder that Genscher is making every effort to sound out every possibility of making the play in advance, especially since a CDU government in Hesse would in itself totally cripple the social-liberal federal government by way of the Bundesrat.

The FDP has every reason to be nervous -- a mood which necessarily carries over to the coalition as a whole. But this has been and still is the FDP's strategic dilemma: In certain situations it can exert a determining influence, but as things stand it cannot be the one to bring about the situation. Of course, not even the most subtle of tactics will be of assistance here; only a convincing policy can do that. There is still time to demonstrate this in the budget crisis.

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KARJALAINEN DISCUSSES FOREIGN POLICY, PRESIDENTIAL RACE

Helsinki SUOMEN KUVALEHTI in Finnish 23 Oct 81 pp 44-46

[Interview by Antti Blafield with Ahti Karjalainen: "Touring the Precincts, Giving Speeches, Losing Weight and Giving Up Alcohol: Ahti Renewing Himself," date and place not specified]

> [Text] Ahti Karjalainen is the presidential candidate of the Center Party leadership, although names have not been mentioned officially and no one has yet been asked.
>
> As if to order, Karjalainen's aphoristic book came out in the fall, he himself went to Switzerland "on a holiday," he is touring the Center Party precincts' 75th anniversary celebrations, and he has lost weight.
>
> What is this new Ahti all about?

The meeting started a few minutes later than the set time. Ahti Karjalainen's secretary Riitta Toivanen came in to express a wish that we wouldn't concoct an offensive story. "No presidential games."

As the door of the acting chief director of the Bank of Finland opened, the reason for the delay became clear: the SUOMENMAA chief editor Seppo Sarlund stepped out, with Ahti Karjalainen's fresh book "Kotimaani ompi Suomi" [Finland Is My Home Country] in his hand. It was Sarlund's third personal copy already. "But I guess I will be able to draw deeper insights out of it now that I have a signed copy."

Acting Chief Director Ahti Karjalainen wanted still to make the rules of the game clear: "And I will then myself be allowed to read what you report I say. That's what's usually done. I also would not want the editorial office to make additions which will cancel out my words."

Iffy-ing

[Question] If you are called upon to become a presidential candidate, will you be available?

[Answer] I will not answer these iffy questions, since I have not been asked yet.

[Question] What is your opinion of the allegations that the 1973 exception statute was made in order to prevent your candidacy?

[Answer] I didn't even want to be a candidate. I was myself one of the advocates of this statute. It is quite a different matter that others have kept bringing up my name for at least 15 years now. I have myself been busy with other work.

The press always imagines they know much more about our thoughts than we do ourselves. They seem to have no qualms over putting words and thoughts into people's mouths. All media people should find a cause for moral selfscrutiny in connection with how much room is given to free fantasizing of this sort.

[Question] But you yourself have not disclaimed such allegations very eagerly, at least not lately?

[Answer] How can you disclaim them? Nobody has asked me to become a candidate in the past, nor officially at this point either. It is difficult to disclaim what does not exist.

Experience

[Question] You have stated that there are few positions in Finland where one can attain experience in foreign policy. Does this mean for example that the prime minister is not in such a position?

[Answer] It depends very much on the interests of the prime minister, on how much time he devotes to foreign policy. It is in the nature of things that he is quite involved in matters of domestic and economic policy.

However, Kekkonen for instance devoted quite a lot of time to foreign policy when he was the prime minister. In later years, Paasikivi was already an old man, and Prime Minister Kekkonen participated quite a lot in the preparation of foreign policy decisions. But it is naturally the foreign minister who is primarily in charge of these matters.

One can of course get foreign policy experience in different organizations, for example in the Paasikivi Society, Finland-USSR Society and in the Defenders of Peace.

[Question] This statement has been interpreted as an illusion to Mauno Koivisto.

[Answer] I am not alluding to anyone. I only mentioned ways in which one can acquire knowledge and experience in foreign policy. It appears realistic to say that the most experience can be acquired in positions where one has to involve oneself in the preparation of foreign policy platforms.

[Question] You are the Second Republic's longest-standing foreign minister. Are you therefore the most qualified presidential candidate?

[Answer] I did not say that. And I am not the right person to discuss this with, others should reflect on that.

Achievement

[Question] What do you regard as your most significant achievement as foreign minister?

[Answer] It is of course most significant that during the period I was foreign minister, we were able to solve all problem situations so that we live today as we do. We did go through some stormy periods: for example, the beginning of the 1960's, the Honka coalition period and the period after that.

I see as the most positive achievement the 5 to 6 year period when I took part in the preparation of the European Security and Cooperation Conference and in getting it to take place in Finland. I felt great pleasure at the fact that 35 nations gradually came into agreement and that we organized in Finland first the prime ministers' meeting, which I hosted, and then in 1975, the summit conference, which President Kekkonen hosted. It was a long epoch about which one could still write many books.

[Question] So you will have a new book coming out also next fall?

[Answer] I did not mean that, not that I myself would write them.

Role

[Question] Could Finland today take the same role it took in the ETYK?

[Answer] Not the same one, because the circumstances are not the same; but Finland must be active in all realistic peace enterprises, also for its own sake.

[Question] What should Finland's foreign policy be in the increasingly tense international situation?

[Answer] As far as Finland is concerned, the situation is good, and that of course is a proof of the fact that our foreign policy line has been correct. However, in foreign policy, no situation is final, and tomorrow is always different from today. The basic situation is always determined by the geopolitical facts of Finland being situated where it is.

[Question] Your book "Kotimaani ompi Suomi" gives the impression that you are tired, and a pessimist.

[Answer] Being tired is not the same as being a pessimist. I don't feel tired, but I refer in the book at least to some pessimists, for example Mika Waltari. He hardly is the only pessimist when we think of the arms race and its continuation. It can lead to nothing else but a worried state of mind. But nobody has the strength to go on living if one is not basically an optimist and if one does not believe that reason will win out at the end.

Debate

[Question] What is your opinion of the ongoing presidential debate?

[Answer] It is being conducted on many levels, factual and less factual. I suppose that is unavoidable. One can only hope that a reasonably factual level can be maintained. It surely will be to the whole country's advantage.

[Question] Has the vehemence of the debate surprised you?

[Answer] Well, I don't know if it has been so vehement, but it certainly has contained some hysterical elements. It has been excessive, since nothing all that extraordinary has actually occurred. If the debate gets too overheated, the shots can easily go wide of the mark.

[Question] Is the discussion of the Honka coalition's resurgence going wide of the mark?

[Answer] It is useless to compare the present situation with the past, since the times are so different now.

[Question] What should we discuss then?

[Answer] As far as I can see, we should discuss the duties of the president, the demands of the presidency, what this post involves and what it does not involve, and then of course the substance of politics. It is not much of a discussion if we discuss whether we should have a discussion at all. At least partly, we have so far discussed what needs to be discussed and what doesn't. This alleged discussion has dealt with foreign policy, but one should be able to discuss the substance of foreign policy, because, according to the constitution, it is the president who decides the relations with foreign powers.

Power

[Question] Is the discussion on restricting the presidential powers and the length of office now necessary?

[Answer] I cannot say what is the right time. These matters can of course be discussed any time. They have been discussed earlier too, but this has not led to any results.

[Question] What is your personal stand on restricting the powers and the length of office?

[Answer] There must be especially weighty reasons to start changing the constitution. The older I have become, the more respect I have felt for those people who formulated the constitution at the dawn of our independence. It is one of the few constitutions in the world that has withstood all the pressures of time.

[Question] Do you see any such special reasons now?

[Answer] No, I don't.

[Question] Does this also apply to the section where it is stated that the prime minister will act as the surrogate president?

[Answer] I don't see why this would not be natural. The present arrangement is quite functional. This is just a passing state of affairs.

[Question] The history of Finland has an example of a sick-leave that lasted over half a year. It is quite a long period to be "just a passing state of affairs.

[Answer] The Paasikivi-Mannerheim situation passed too, and everything went well. The situation would not be any different if the speaker of the parliament was the acting president. He would then be kept from taking care of the speaker's duties. In that respect, the situation would not change.

[Question] However, the speaker might more easily have a substitute since he has two deputies.

[Answer] The prime minister too always has a deputy. I cannot see that there would be any insurmountable difficulties here.

Alcohol

[Question] How do you feel about the talk of your difficulties with alcohol?

[Answer] It is already a case in point how much everyone knows of my so-called alcohol problems. It has been a kind of tittle-tattle. I stopped using alcohol about half a year ago, so nobody needs to worry about it any more. Besides, I don't think that I have had worse difficulties than many other people in politics.

[Question] How come you alone have been at issue then?

[Answer] Maybe because I have been in the public eye for so long. I am examined closer than many others. I feel that I have not been the worst of the heathens.

[Question] Has this talk had a whiff of a political chase about it?

[Answer] Of course, that is a fact of political life too, this is no secret. Rivals and opponents exaggerate and make matters worse than they are.

[Question] What is your opinion of the claims that the court sentence renders you unsuited to take care of the presidential duties?

[Answer] That is a matter for people to decide. It appears that there is no particular precedent for this matter. It is a question of what each person considers to be important in connection with any particular office.

[Question] Your private life has often been dragged into the limelight. How do you feel about that?

[Answer] I don't approve of, for example, drawing the family into matters of this sort. We all have our work, and the family has nothing to do with these matters. In my opinion, interference with private life is often rude, vulgar and excessive, unless the person himself encourages it. Usually, the object of this can take it, but it tells more of the level of those who resort to using these means.

In our family, we have always tried to keep the children away from the public eye. We have started from the premise that they are not political mannequins but have their own lives.

[Question] What have been some of the great disappointments in your career?

[Answer] Whatever post I have been in, I have had my hands so full of work that I have not had time to be disappointed. I have generally not kept on mulling over disappointments for a long time.

[Question] What is your opinion on the reviews your book has received?

[Answer] I have noticed that the reviews are quite a lot mixed up with considerations of the present political situation. When I started to work on the book I had no idea of the circumstances in which it would appear. It has not been critiqued so much as a book but more as a political product.

[Question] Could a politician expect anything else?

[Answer] I don't know about expectations, but that's how it is.

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POLITICAL CHANGES IN ADMINISTRATIVE POSITIONS PLANNED

Athens I KATHIMERINI in Greek 1-2 Nov 81 pp 1,3

[Report by Nik. Emm. Simos: "Changes of Officers in the Administration Unprecedented in Extent and Depth"]

[Text] The PASOK [Panhellenic Socialist Movement] government is making the public administration partisan to an extent and depth which is unprecedented, accuse factors of the official opposition. And they note that the sole criterion for the mass replacements is not just the political conviction of those removed but mainly the depth of party attachment to PASOK of those newly appointed to the state machinery. This emerges from the fact that the new government is indiscriminately replacing or demoting hundreds of administration officials who had been employed by "New Democracy" [ND] using meritocratic criteria, even though they did not belong to its party arena. The phenomenon, according to the same estimations, is already causing a very active uneasiness which relates not only to the normal functioning of the state machinery but also to the eventuality of erosion of the democratic principles which must govern it.

The government is trying to refute these charges, which are based on real data, with the argument that the purpose of the mass replacements is to appoint persons who will better apply--in "a spirit of party identity"--government policy. Anything but such a good intention is revealed, however, by--aside from the crushing replacements--the way which was chosen to "renew" the state machinery, says ND in contradiction. This is because in addition to the normal--in certain cases--replacement of "rivals" by party friends, thanks to the sensitivity shown by those resigning from the head of public organizations, there are cases of forced resignation, actions which do not always come from the administrative or supervisory board, but often are an "excusable initiative" of pressure groups.

As examples of forced resignation, the ND circles cite the letter which was sent, according to information, to EOT [Greek Tourist Organization] by the new minister to the premier, M. Koutsogiorgas. In this letter, in a rather strong tone, he calls for, "from receipt of this letter," avoidance of undertaking every contractual commitment, executing the proper programming and convoking the official councils. In essence, the letter rendered the EOT heads jobless and forced them to resign, since the government's distrust of them was being directly shown in such a way.

In a letter similar to that of Koutsogiorgas, Minister of Social Services Avgerinos, in the frameworks of replacing hospital administrative councils, forbids the

convoking of official councils as well as appointments, even though the administrative councils are qualified by law to make appointments. As is supported by ND circles, because of the "extreme objectivity of former Minister Doxiadis," there were on the administrative councils of many hospitals members opposed by party to the government faction of that time.

More General Effects

In addition, from another side it is noted that the methods being applied, whose purpose is the greatest possible, in extent, infiltration into the state machinery by PASOK, have justifiably aroused the fear of tens of thousands of employees who do not know to what point the "restructuring" could reach.

The fact that a significant part of the public employees made a "loud-voiced" party switch after the elections is probably not accidental, as Koutsogiorgas himself observed. Many feel that in this way they are safeguarding their service careers. Even though this is a customary phenomenon, it does not stop revealing the fear that partisanizing at high rungs might also touch, directly or indirectly, the unsuspecting, but party-opposed, employee.

In fact, the replacements in the leadership of public services and organizations could transfer partisanizing in depth within the public-employee class, with all the consequences of partisan confrontations and "in service" discriminations.

Certainly, such a thing is also dependent on the way in which the new heads will carry out their duties. But the projected party discipline, which surely touches all those entrusted with application of the government line, could undoubtedly influence the objectivity of the newly appointed presidents, general directors and administrative councils.

In addition, Koutsogiorgas' calling meritocracy an element of the announced "Pentatagon of targets" for the public administration will certainly be put to the test.

What the Opposition Says

Because of this extensive effort for "change" in the public administration, today's official opposition maintains that if the rapidity of the replacements exposes the government to well-founded censures for partiality, it is unacceptable for the unsound charges which PASOK tried to impute to the former government to be used today as justification for placing party friends in all the positions.

As examples of meritocracy and its objectivity, the present "New Democracy" official opposition cites a series of names of factors of public life who were employed by its governments despite the fact that they were opposed by party. ND indicatively reports the following cases:

1. The present PASOK minister of urban planning, housing and environment, A. Tritsis, to whom ND governments had assigned urban planning for Athens and Khania.

2. The present secretary general of the Ministry of Coordination, G. Roumeliotis, who had been engaged in the EEC services of the same ministry.

3. M. Angelopoulos as a governor in DEI [Public Power Corporation].

4. Ang. Angelopoulos as a governor in the National Bank.

5. Poulakos as a deputy governor in the National Bank.

6. Ad. Pepelasis as a governor in the Agricultural Bank.

7. Professor V. Filias in the Social Research Center.

8. Karakatsanis, who former Premier K. Karamanlis had made a governor in IKA [Social Insurance Foundation]. Karakatsanis is also now being reported as a candidate governor of the foundation. The fact that the former premier chose a man of a clearly opposite stance for a large organization like IKA is characteristic of the criteria of meritocracy, not partisanizing, which the ND governments used.

9. Kharissopoulos, deputy governor of the Bank of Greece.

10. A. Livieratos who was deputy governor of DEI for four years.

11. N. Pepelasis, former general director of the Organization to Promote Exports and then of "Greek Exports" Inc.

12. N. Kyrtatos as general director of Olympic Airlines.

13. K. Khondros in ERT [Greek Radio and Television].

14. M. Petropouleas as governor of OTE [Greek Telecommunications Organization].

15. Sp. Soulis as general director of OLP [Piraeus Port Authority].

16. The nomarch of Zakynthos, Th. Vgenopoulos, brother of the PASOK Euro-deputy, who was never bothered for seven years.

17. Former Nomarch Papazarkadas who had remained in his position for five years before resigning and never stopped creating various problems for the government throughout his time of service.

To these names the official opposition also added 12 other present and former nomarchs who were employed by New Democracy governments using criteria clearly above party interests, although it was nearly certain that they were not on friendly terms, by party, with its faction. These nomarchs are G. Theodosios, Th. Bekhrakis, G. Kharalambopoulos, A. Khambipis, K. Kritsinis, A. Karangounidis, D. Kokkinakis, G. Giannopoulos, Z. Tsoungarakis, Tsitsaras, K. Papavlassopoulos and V. Anastasiadis.

In total, ND estimates that it employed approximately 100 officers in the State, the organizations and foundations, using criteria clearly meritocratic and above party interests.

The Present PASOK Officers

To these indicative examples, the present official opposition also adds the cases of G. Varfis, former director general in the Ministry of Coordination and now a PASOK deputy minister, and the former deputy governor of the Bank of Greece, N. Kyriazidis, both of whom had been employed, with increased jurisdictions, during the negotiations for accession to the EEC.

Further, there is reference to the cases of many senior employees in crucial staff departments of the Bank of Greece as an example of the fact that no employee was judged or received hostile treatment for party convictions.

In offering these examples, the official opposition maintains that, despite the things charged by PASOK from time to time, the public administration has not presented samples of partisanizing in its days. This is because no "adversary" was recalled, no measure was made using partisan criteria. In support of this is offered in particular the fact that many times cases of demonstrating party preferences in a provocative manner were perceived in the public-employee class. Characteristically, it is reported that the former minister to the premier, K. Stefanopoulos, had reported to the Chamber of Deputies certain examples of such cases, that is, of qualified agents of the administration who, from various positions, not only exercised party policy, but also pestered adherents of opposing factions and informally benefitted adherents of their own. "Due to sensitivity and sensibility, in order for it not to seem that we were after them, many times we left them uncontrolled," says an old minister.

"Today in one ministry alone, the Ministry of Merchant Marine, about 50 officer transfers are reported as imminent." The former minister ends: "Certainly any attempt to criticize the new government--which justifiably seeks an allowance of time--would be in bad faith, if the government itself did not provide the possibility for criticism. The possibility for such was supplied by the study of the replacements, which by itself designates the real intentions of today's government. The rate of party friends' occupying positions unquestionably exceeds the limits of allowable employment of persons suitable to the government line for its best application. Also it leads to an inexcusable blacklisting which harms basic principles of the normal and democratic functioning of the state machinery by separating the public employee world into our people and 'aliens'."

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KKE POST-ELECTION POSITION ANALYZED

Athens ANDI in Greek No 191, 30 Oct 81 pp 28-29

[Article by Khristos Kyriazis: "After Failure of the Policy of Percentages, Will There Be the Battle of Policy?"]

[Text] KKE is the "great eccentric" of these elections. Normally, in the frameworks of such an occurence, a 1.2 percent improvement in its electoral power would be considered a satisfactory showing, ensuring a decent presence at a time when analysis of the electoral results reveals a sweeping PASOK [Panhellenic Socialist Movement] effect on voters of the traditional Left.

Despite all this, however, the psychology prevailing in KKE ranks is completely the reverse. It would not be exaggerating to call it a psychology of defeat which is being extended to the base as disappointment, despondency and a feeling of emptiness. This is certainly due to the fact that KKE shrank all of its policy into pursuit of the famous 17 percent, a target which was, in reality, apolitical.

In a few words, KKE was indifferent in its electoral tactics to the real problems posed by the elections. It set a very narrow party target when, in fact, achievement of this target directly opposed the greater issue of the clash of democratic forces to the Right. This is because, as electoral results show, its achievement of 17 percent would mean an inevitable inability of PASOK to organize a self-run government, without there being any political presumption for creation of a government of PASOK-KKE cooperation.

Furthermore, since its target of 17 percent was so clearly narrowly partisan, the KKE members and cadres could not view the removal of the Right from the government as a leading success, but rather viewed as a leading failure the non-achievement of this percentage.

It would not be exaggerating, in fact, for one to maintain that this electoral result could mean the definite end of an entire epoch for KKE, that is, the epoch of the non-political functioning of this party. Because, in reality, up to now this party has restricted all of its activity to an endless tautology which it reproduces like clockwork: "Follow me because I am the KKE, I am the KKE so follow me." And to some degree, with the crushing of KKE Interior, this tautology has lost another one of the reasons that allowed it to maintain some functionalism.

Now KKE is obligated not to talk about its existence, but to justify it. In a few words, KKE is obligated to become a party which exercises a policy, that is, a party which has a viewpoint about events and the other forces aside from itself.

The KKE's problem, however, is specifically this: that neither ideologically nor theoretically nor politically and organizationally has it developed the prerequisites for a similar turn, that is, its transformation from a party-machine to a party of political mediation.

Certainly, here and there, in articles by cadres and, more rarely, in central political mediations, even of Florakis, one can sense suspicion about the problem and uneasiness about the stagnation which is being created by the tactic of organizational self-confirmation.

However, the cemented inner-party organization and the opposition of middle cadres, especially agents of the logic of organizing, impede the productive movement of a corresponding problematization. Furthermore, the control of RIZOSPASTIS by Farakos, the "Robespierre" of monolithism, as he is called, daily educates the party in the levelling--the sole-significant interpretation--of facts, the logic of "black and white" and the deadening of criteria and conscious mediation in procedures. But all these are creating, within the new conjuncture, the boundaries of an inauspicious "ghetto" for KKE which ought to overturn it if it is interested in being freed from the odd seclusion which is reserved for it.

It should be noted additionally that, without a change in policy, it will be impossible for it to exercise opposition to PASOK, as with its present coarse analysis, either it will have to serve the Right, also opposing PASOK, or remain silent as a leftist cantor in governmental elections.

It is being said that a congress is already being prepared by an organizational committee headed by Florakis. It is rumored that this time it will be different from the previous ones and "very interesting." We shall see. Does KKE have the ability to surprise?

9247
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D'66 PARTY HOLDS CONGRESS, ELECTS NEW CHAIRMAN

Rotterdam NRC HANDELSBLAD in Dutch 16 Nov 81 p 2

> [Text] Amersfoort, 16 Nov--Saturday [14 November] the D'66 [Democrats '66] congress elected J.M.M. van Berkom as the new party chairman, to replace Dr Zeevalking. Van Berkom, a top official in the Ministry of Education, very surprisingly won, 255 to 235, over the present acting chairman, C. Spigt.

For another important job in the central committee, too, an incumbent had to give way to a newcomer: Pauline van Tets, the foreign affairs secretary, lost with 211 votes to 292 for N.C.M. Wegter, an official of the European Commission in Brussels.

The congress was largely devoted to internal party business, and hardly any questions on current political issues were brought up. A motion expressing regret at the lack of openness during the time of the recent cabinet crisis, of the D'66 parliamentary delegation as well as others, was rejected.

Brinkhorst, chairman of the delegation, had argued that D'66 had to observe the rules in effect with regard to cabinet formations and that in any case no information is to be demanded from an outgoing cabinet.

The congress adopted by a very large majority a motion calling upon all D'66 adherents to take part in the anti-nuclear weapon demonstration in Amsterdam on 21 November. As far as D'66 is concerned, the main rallying cry should be: No new nuclear weapons in Europe, either in the Netherlands or in any other country.

Not Unilaterally

In the discussion it was said that a substantial production of nuclear weapons may be expected not only by the NATO countries but also by the Warsaw Pact. At the demonstration, in which delegation leader Brinkhorst and the new party chairman Van Berkom will take part, D'66 will thus not have to line up, the congress found, in favor of a unilateral rejection of nuclear weapons by the Netherlands or other NATO countries.

Terlouw, minister of economic affairs, denied in a short speech to the congress that there is disagreement within the cabinet between him and Vice Prime Minister Den Uyl. Terlouw admitted that there are differences in views on the approach to

the unemployment problem, but in his opinion that has nothing to do with any quarrel. "I have too great regard for Den Uyl personally for that, and I am too much convinced of the honesty of his intentions," Terlouw said.

The crisis in the cabinet, according to Terlouw, is not to be blamed on a wrong combination of parties, either. "Wiegel may say that the differences with the PvdA [Labor Party] are too great, but that is incorrect. The PvdA is at least trying to do something, even if it does often try in the wrong direction."

"I would rather go along with someone who sometimes gets lost than with someone who always stays at home," Terlouw said. He added that for a party like the PvdA, "which has always been used to running ahead with the flag," it is evidently still somewhat difficult to accept the fact that D'66 has now become a big party.

8815
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NEW CABINET, AREAS OF POSSIBLE CONFLICT VIEWED

Rotterdam NRC HANDELSBLAD in Dutch 11 Sep 81 p 3

[Article by Marc Chavannes: "Fifty-year-olds prepare themselves for conflict"]

[Text] The Hague, 11 Sep--The second Van Agt cabinet has now been sworn in. This comes a full year after the new deputy prime minister J. M. den Uyl was quoted in DE TIJD as saying: "Everybody can see that our policy positions have been so far apart that everybody should view it as a political degeneration if Van Agt and I should happen to take seats in the same cabinet."

Nobody had his own way; it is not a second "Den Uyl cabinet," nor a cabinet that will carry on with the "solid economic recovery policy of the previous cabinet" (as Van Agt, the head of the ticket for the CDA [Christian Democratic Appeal], so invitingly suggested on the eve of the elections). And though it is a cabinet of the composition desired by D'66 [Democrats '66]; the path in that direction has left party leader Terlouw only with fewer illusions: he has not been able to resolve the antithesis between the Big Two, he does not get Brinkhorst in as minister of foreign affairs, and even his predecessor, a controversial party leader, has been made minister of defense.

The environmental policy so dear to D'66 suddenly winds up in the hands of "only" a state secretary.

Quality

Though the formation of the cabinet has taken an entire summer, and the cabinet sets to work in an atmosphere of armed truce, it will not be for want of talent if a falling out occurs. This time the cabinet contains no men who are being rewarded with a ministry on the basis of numerous years of service, and gone are the days of recruiting unknown but talented individuals from outside of politics--a party membership was quickly arranged for these recruited professors or business leaders.

Van Agt's new cabinet consists mainly of politicians of the first rank. In particular, the PvdA [Labor Party] comes in with about the strongest team they could field from the active party politicians: Den Uyl, Van Kemenade, Van der Stoel, Van Dam, Van Thijn, and, recruited from Rotterdam, Van der Louw. D'66 fornishes two co-founders of the party (Van Mierlo and Zeevalking) and the man who, after the group was nearly disbanded, made the idea of a fourth political mainstream into a reality: party parliament leader Terlouw.

The group from which the CDA could and had to choose was larger. Besides the preordained choice of Van Agt as prime minister, there were the former ministers with strong positions in his party, De Ruiter, De Koning, and Gardeniers, together with Van der Stee, a man particularly trusted by Van Agt, and the still rather unknown, but surely not guileless Van Dijk.

The composition of the cabinet is one of 50-year-olds. Besides the prime minister, the ministers Van Mierlo (defense) and Van Dijk (minister without portfolio, development aid) are exactly 50, while Terlouw (economic affairs) will turn 50 before long. The average age is 51.47; Den Uyl (62) and Zeevalking (59) are the oldest, Van Dam (43) and Van Kemenade (44) the youngest.

The common ties of generation and the pervasive problems in the nation will impart a certain unity to this new council of ministers, but the differing political approaches and legacies from the past 10 years guarantee a continuing conflict, which was uncommon during the years of the Van Agt/Wiegel cabinet.

"We will rush from hump to bump," one of the leaders of the new government predicted last week.

Conflict Cabinet

If it is a conflict cabinet, there is expected to be controversy--aside from possible fresh points of contention--at least on the questions of social-economic/financial policy, defense/foreign affairs, and the use of nuclear energy. Furthermore, the crisis in the financing of government programs will strike especially hard at the departments which spend particularly ample amounts of money, while Justice (which is traditionally cheap) demands extra money to maintain the constitutional state.

The greatest conflict is to be expected among Van der Stee (finance), Den Uyl (social affairs, project minister for employment, and deputy prime minister), and Terlouw (economic affairs, and deputy prime minister). Van Agt as minister-president can become closely involved in the shaping of policy in the social-economic sector, but will presumably lock horns with Den Uyl, who intends to play a leading role as project minister for employment.

From EZ [Economic Affairs,], in his function as project minister for technology, Terlouw expects to be able to give important impulses to encourage industrial modernization. The CDA and D'66 expect more recovery of employment in the market sector than from large-scale creation of jobs by the government.

It was no accident that Van Agt, also to strengthen his position in the social-economic debate, has drawn C. P. van Dijk, the financial specialist of the CDA party, into the cabinet. As minister for development aid he does not belong to the group of ministers who in the previous cabinet were called the "Specification Ministers," but within the informal cabinet circuit he should be able to do much to promote the rather coherent CDS views on this point.

Ex-minister Pais (VVD [People's Party for Freedom and Democracy]), who before joining the previous cabinet held a reputation as an advocate of sound government

financing, on the whole, as it turned out, has not lived up to the role of financial expert and staunch economizer closest to his political boss Wiegel. Likewise, the late ex-minister Peijnenburg also was not quite able to function as economic adviser to Prime Minister Van Agt.

Nuclear Weapons

Critics say that as CDA negotiator Van Agt has garnered for his party too few key posts and too many technical departments (justice, agriculture, development aid, public health). But he will not be unhappy with the fact that the complicated Dutch position on nuclear weapons will have to be carried abroad by D'66 member Van Bierlo and PvdA member Van der Stoel. The CDS, strongly divided on this issue, would only have been able to furnish political figures subject to considerable wear and tear; besides, Van Agt had no obviously suitable candidate from his own house.

The question of the new nuclear weapons is difficult energy. In the past few years Van der Stoel, with a not completely rejecting point of view, has assumed a comparatively isolated position in the PvdA party. Only his late conversion to the pure party line apparently has ensured that he again become a minister.

Van Bierlo in the first weeks of his return to the parliament has been forced to spend much time explaining about the many partial positions he took on nuclear weapon modernization while serving on the Advisory Commission for Defense Matters, one of the functions which he has handled since he took his leave of the D'66 parliamentary faction in 1977.

That his departure at that time was not for good became entirely clear from the authority that he radiated last year at the D'66 congress in Amersfoort when he defended a compromise proposal that was more anti-modernization than his own position. It was adopted and put an end to the discord with D'66.

Loyalists

From the political viewpoint, Van Agt has clearly aimed to bring strong and, in his eyes, reliable party associates into his second cabinet. The implication, in simple terms: center and right within the CDA, no loyalists.

On the other hand, Van Agt stripped the parliamentary faction of one loyalist by giving the highly principled Jans de Boer a post as a state secretary in the CRM [Ministry of Culture, Recreation and Social Work]. As a nuclear pacifist in that post, he is not a threat to the nuclear weapons policy. Besides, he has the reputation of being a good organizer.

One of the most important Vonhoff Commission recommendations which failed to be adopted is the conversion of the state secretaries into deputy ministers.

To strengthen the shaping of political decisions in broad outlines within the council of ministers, the commission pleaded for having general deputy ministers, who should be of the same political persuasion as their ministers and should be able to completely take the place of the ministers in the everyday running of the ministries.

Nothing came of this idea because of the so-called "cross-pollination," born out of a healthy distrust, whereby secretaries of state of persuasion A are placed with a minister of persuasion B to try to keep an eye on things. Thus CDA member Deetman sits on Education to see to the intermediate school problem, and to keep Van Kemenade from any attacks on Christian education. One of Van Agt's supporters, CDA member Van de Broek, as state secretary for foreign affairs can keep an educated eye one Van der Stoel's movements. Both D'66 and PvdA hope that the D'66 member chosen as state secretary for environment, Ineke Lambers-Hacquebard, will become involved with handling the abortion policy, which otherwise would rest entirely in the hands of two CDA members: Ministers De Ruiter and Gardeniers.

Ill Health

From the standpoint of publicity, the Labor Party has obtained a number of attractive posts. Van der Stoel may not be smooth, but he is probably better than his predecessor. Van Kemenade is an ardent innovator of education, especially for the disadvantaged. Van Dam can cut a good figure in urban renewal, which is finally being tackled again. And perhaps the most fascinating of all, the nimble former Vara (Association of Workers Radio Amateurs) press chief and PvdA chairman, the sone of a milkman from The Hague who became the mayor of Rotterdam, Andre van der Louw, should be able to extricate CRM from the atmosphere of anxious ill health.

There is one bad thing with all these nice ministries: with the exception of foreign affairs, they are simply the "spending departments" par excellence. And of course there will no longer by any large scale spending. The result is that Van Dam will some day have to demonstrate the underside of his good fortune when it comes to raising rent or contracting out new building projects, that Van der Louw, as he has already remarked, will see his budgeted money mostly depart in the form of public assistance payments, and that Van Kemenade will have to send a sharper pruning knife to the institutions of higher education every year.

Also, Zeevalking (D'66 department of roads and waterways) will not avoid a regular increase in the price of a train ticket, at the risk of allowing deterioration of the railway system.

And what to think of PvdA's number two man, Ed van Thijn, who soon will be obliged to cut back the civil servants' salaries--Wiegel had already explained to him how to do that--and may lead the ME [Mobile United (of Military Police)] to Dodewaard? Van Agt has not dealt so foolishly with plums for the CDS such as agriculture (that is, Minister De Konig), justice, and development aid. Only Mrs Gardeniers (public health) will have to deliver an important contribution in the great retrenchment.

Eliminated

The new cabinet is missing one ministry, that of science policy. As the negotiators candidly admit, this is not because the Vonhoff Commission's proposal to that effect was so compelling, but rather to arrive at the desired distribution of ministries among the three parties.

Accordingly, a rather carefully established (decade-long) national effort to foster long-term acquisition of knowledge in the interest of furthering the development of the economy is coldly and purposefully being abandoned.

The coordination of that effort, which in France and West Germany is the very thing being strengthened, is here being eliminated without thorough consideration because of the political inexperience of the previous minister (Van Trier) and the short-term arrangements which arise inevitably in the Netherlands when forming a cabinet.

Such administrative reorganizations as result from political accidents are not new after all. The CRM ministry once owed its existence to this (and now its survival). While the removal of the secretariate of state for emancipation affairs from CRM to Social Affairs is actually the result of a conscious choice (although far from uncontroversial), the creation of the secretariate of state for minority policy at Foreign Affairs is a very carefully staged payoff for the last party leader which the CHU [Christian Historical Union] had in the Second Chamber, Drs [doctorandus] G. van Leyenhorst, who was unable to become a minister.

Finally, the cooperation between experienced CDA minister of finance Van der Stee and the youngest one in the citadel of power, 33-year-old State Secretary for Finance Hans Kombrink, is interesting and perhaps indicative.

In terms of style and life outlook the two are not directly in line with each other. On the contrary, Van der Stee preferred to browbeat Kombrink in Chamber debates. If they can now work together satisfactorily, their political chiefs can also manage for a while.

9828
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PCE POLICY PLATFORM APPROVED AT PARTY'S 10TH CONGRESS

Thesis 1, International Policy

PM050925 Madrid MUNDO OBRERO in Spanish 16-22 Oct 81 Special Supplement pp 3-8

[Section 1 (International Policy) of theses approved at 10th PCE Congress]

[Text] World Crisis and Dangers of War

The world is experiencing a profound crisis of its system of economic and political relations, moral values and civilization. It is a crisis which is not only affecting the capitalist world, immersed in economic stagnation, unemployment and the wastage of resources, but is also manifesting itself in the socialist countries.

The profound economic crisis which the capitalist world is undergoing stems from the exhaustion of the model of capitalist accumulation which emerged following World War II; a crisis which is exposing the most marked contradictions of a system which has made clear its inability, despite the considerable development of production forces and technology, to offer the world population employment and decent wages, as well as food and social benefits such as education, health, housing and so forth.

In brief, the model of accumulation in a state of crisis and the consequent international economic order have been characterized by the following elements:

(A) A high concentration of production activity in industries heavily dependent on energy and raw materials--industries in which the creation of jobs is very expensive.

(B) The availability of abundant cheap labor resulting from women's involvement in the production process, the rural exodus to the cities and the migratory currents of workers from the poor countries to the rich or more developed countries; all this within a context characterized until 1960 by the difficulties of the workers' movement during the cold war period which enabled the capitalists to keep wages very low and, at any rate, lagging behind the increases in overall productivity.

(C) An imperialist system dominated by the United States, based on an international financial superstructure which turns that country into the banker of

the Western world. The Third World has been a supplier of energy and raw materials at low and stable prices and of cheap labor, at the same time being a guaranteed market for the advanced countries' industrial development. For its part, the international monetary system made every possible international financing operation dependent on the dollar, facilitating the investment of U.S. capital abroad and enabling the United States to impose restrictive incomes and development policies on any country which deviated from the rules imposed by the imperialist center.

(D) An economic policy to tackle the capitalist system's partial and recurring crises based on wage restraint, increased public expenditure and increased exploitation of the countries of the periphery.

(E) The arms race, which has been stepped up over the last few years until it has reached appalling figures, which constitutes an important factor in the international process of inflation.

The current crisis is not an isolated phenomenon but the outcome of a process whose most important landmarks are: 1) The rise of the liberation movements in the Third World and its increasing control over its raw materials; 2) The resurgence of the workers movement at the beginning of the 1960's in the capitalist countries; 3) The loss of absolute U.S. hegemony in both the economic and political fields; 4) The slackening of the construction industry's growth rate in the middle of that decade, and, last, the oil crisis unleashed from 1974 onward.

The crisis and its consequences of simultaneous high levels of unemployment and inflation have upset the basic balances of the model of accumulation which has been described, making clear the irrationality of a system lacking planning in which the private ownership of capital is increasingly showing itself to be incompatible with the social and universalized nature of production, and which the scientific and technical revolution is incompatible with the machinery for the distribution of income and wealth inherent in capitalism.

It is a system which in order to survive maintains neocolonialist relations with many Third World countries, which are subject to hunger, want of every kind and cultural and political subjection.

In view of this crisis, capitalism needs to set in motion a new process of accumulation which involves both the domestic and international strengthening of authoritarianism and an increase in the objective dangers of war. In fact the relaunching of accumulation, from a capitalist and conservative viewpoint, needs in order to succeed an appreciable reduction of trade union strength and, in general, of the strength of all the people's forces--a reduction which will overcome the internal resistance in each country to a recovery of profits based on wage control, increased unemployment, the worsening of working conditions and failure to protect the unemployed, pensioners and so forth. But it also requires curbing the process of liberation of the Third World countries and consolidating the bipolar sharing out of areas of domination and influence in the world, encouraging the escalation of local wars (Africa, the Persian Gulf and so forth), the consolidation of the military blocs and the arms race.

[PM050927] These are military blocs and an arms race which are helping to increase the importance of the military elements in states, at the same time as increasing the importance of these factors over those supporting the civil power in the conduct of national and international policies.

Because of all this, a progressive policy to tackle the crisis must necessarily proceed, as a fundamental premise, from the struggle for peace, disarmament, world detente and the surmounting of bipolarity.

For a Broad Front of Struggle for Peace and Disarmament

At the beginning of the 1980's, the struggle to dispel the threats of a third world war (which would mean the suicide of mankind), defend peace, return to an atmosphere of detente or dialog in international relations and end the arms race is becoming the decisive issue for the communists, the workers and revolutionary movement and all the progressive forces.

In view of the world crisis and the considerable progress over the last decade of the liberation movement of the peoples formerly colonized, the most reactionary sectors of imperialism are aiming at increasing their military power, and intensifying their policy of interventions, acts of aggression and oppression, either openly or with indirect methods. Reagan's election has intensified the predominance of the trend toward aggressiveness, U.S. arrogance, tensions, rearmament and the strengthening of the policy of blocs and division of the world into areas of influence, and is already giving rise to clear acts of interference in Central American countries--in particular, El Salvador.

Imperialism, which by its very nature tends to dominate other peoples and exploit them for its own advantage, to conduct a policy of threats and pressure through military, economic and political means and to carry out a whole series of intrigues and conspiracies to ensure for itself weak and servile governments, is the greatest danger to peace and the peoples' democratic progress.

Vis-a-vis imperialism, the Soviet Union and its military power have represented and represent an undoubted curb, as was seen in the instance of Cuba, and an assistance to the victory of Vietnam and of other peoples of Africa and Asia in their struggle to free themselves from colonialism. However, objective reality forces us to recognize that there are negative aspects in the Soviet Union's foreign policy, and, specifically, manifestations of big power policy, which are clear in the instances of Czechoslovakia and Afghanistan and in acts of interference in other countries' internal affairs. Our criticism of these aspects of Soviet policy falls within the framework of a communist stance aimed at defending peace and the peoples' independence and the world prestige of communism's great ideals.

The existence of two military blocs--on the one hand, NATO, and on the other hand, the Warsaw Pact, irrespective of their historical origins--represents in itself an extremely grave danger to peace and a factor which limits, if it does not eliminate, the nations' real independence.

The PCE does not accept that the class struggle at the international level is manifested in the confrontation of those two military blocs--NATO and the Warsaw Pact.

That conception leads inevitably to the conclusion that either the class struggle will be resolved by means of a third world war, or else it is necessary to subordinate the development of the class struggle in the other countries to the agreements reached by the two blocs.

Under the first of these assumptions, in view of the development of modern weapons, the war would bring not the triumph of the oppressed classes--but the destruction of mankind.

Under the latter asumption, we communists in the developed capitalist countries would be doomed to stagnation and retreat, as to some extent could already be happening now.

For that reason the PCE believes that the defense of peace, the people's independence and the possibility of progress toward socialism depend on the simultaneous dismantling of the military blocs and the disappearance of the military bases abroad, both in the West and in the East.

That aim is being placed increasingly on the agenda because in the present-day world, new and powerful factors--economic, political and ideological--are emerging and developing, which are tending to bring into crisis the bipolar system which has predominated since World War II. The National Liberation Movement has achieved impressive progress on various continents over the last few years. The influence of the Third World and the Nonaligned Movement is increasing in international life. China is becoming an increasingly important factor, and trends toward independence are increasing in Europe.

Another factor to be borne in mind in the international sphere is the new role which the Vatican is currently adopting. The latter, in addition to its support for the confessional parties, is attempting to restore to the church its traditional supranational role, acting as a powerful pressure group and interfering in countries' internal affairs--over the model of education, divorce, abortion and so forth.... This new attitude means a brake on the Christians' struggle in Latin America.

[PM050929] The PCE places at the center of its international strategy the creation of a broad front of struggle for peace. We will mobilize all our energies and means to achieve the convergence of all forces which wish to avert a third world war; save detente and peaceful coexistence; resolve conflicts by means of negotiations; guarantee full respect for the principles of the United Nations and the Helsinki Final Act; stop the arms race and tackle in a new way the problem of controlling and reducing weapons--particularly nuclear weapons; and secure specific and effective measures which will reduce the threats and promote peace and security.

This peace front will make it possible to mobilize extremely broad forces and involve them in the struggle against imperialism's aggressiveness and against the trends toward hegemonism and the sharing out of areas of influence among the largest powers. It will make it possible to advance toward a real democratization of international relations and the creation of a new international economic order based on equity and the mutual advantage of the parties concerned.

Europe and the Left's Role

The crisis is prompting an exacerbation of the contradictions among the principal centers of the capitalist world: the United States, Japan and Western Europe.

The present U.S. policy is stepping up pressure on Europe, on the one hand in order to stimulate and accentuate rightwing trends, and on the other hand to strengthen its dominant position and stop the currents pressing for greater European autonomy.

The PCE believes that to deal with and defeat the rightwing offensive, the West European workers and peoples must tackle a number of shared pressing problems, many of which (the crisis, agriculture, industrial conversion, energy, defense, terrorism, and so forth) cannot be resolved by limiting ourselves to the framework of a single country. It is indispensable to have a European strategy to formulate a progressive alternative to the crisis; to plan for and promote joint actions and achieve a new correlation of forces; to impart to European building a new dynamism that will transcend the domination of the multinationals and monopolies and lead us to a people's Europe.

The PCE advocates Spain's entry into the EEC, mainly because it considers it crucial to have, as other workers and democratic forces on our continent have, a strategy for European transformation--a strategy designed, within the West European framework, to defeat the right, end the monopolies' exploitation and oppression, provide a progressive solution to the crisis, establish an independent position for Europe in foreign policy and advance toward socialism along a democratic path.

At the same time (as our economic thesis explains) we declare our opposition to the way in which the UCD government is carrying out Spain's EEC membership negotiations. We are exerting pressure for membership to take place with guarantees for the Spanish workers' and peoples' interests. And also for a transitional agreement to be established with the EEC countries to place Spanish workers resident in those countries on the same footing as workers from other EEC countries, pending their attainment of conditions of full equality.

The leftwing forces must exert pressure in countries using foreign labor for an end to discrimination against cultural, social, ethnic and other minorities.

EEC life is conducted too much at the institutional level, with little feeling of involvement by the peoples. But, partly as a result of the stimulus from the European parliament, the Council of Europe [Consejo de Europa] and so forth, some degree of European political life is beginning to emerge. We are advancing toward a new system of political relations at the European level and the basic issue is to see whether within this process (and along with relations in this or that country) it is possible to tackle in a new way the problem of relations among socialists, social democrats, communists and other progressive parties--the problem of the unity of political and trade union action of the European left.

Social Democrats have governed in several European countries during this century, for relatively long periods. But in no country have they put an end to the system of capitalist exploitation.

Therefore the present economic crisis is at the same time the crisis of the social democratic policy and solutions. This is prompting the emergence of new trends within the Socialist and Social Democratic parties, within the trade unions, and so forth (very visible not only in southern Europe but also among the British Laborites, in Sweden and in other countries), seeking new ways of dealing with the present crisis.

One of the basic meanings of Eurocommunism is in fact the placing of the issue of relations and unity of action between communists and socialists in a new framework.

In this connection Mitterrand's victory and the forming of the socialist government with communist participation in France and the advance of the left and other progressive forces in Italy, Britain and the Netherlands begin a favorable change in the balance of forces in Europe and opens up new prospects of unity and understanding among socialists, communists and other progressive parties.

It is a matter of formulating a new way, neither social democratic nor based on the "Soviet model," to provide an answer to today's problems and to point to a progressive solution to the crisis and a modern and democratic road to socialism within freedom.

A decisive role within this process belongs to trade union unity. Hence the importance of the workers commissions' entry into the European Trade Union Confederation. But it is also necessary to enhance the trade unions' role throughout European life; to create or intensify trade union ties within the framework of multinational companies; to promote trade union actions at a European level against unemployment, the crisis, and so forth.

[PM 050931] The new social movements are very important factors today in European leftwing unity. Foremost among these are the feminist movement, the youth, ecological, cultural movements, and so forth.

Also the progressive Christian movements or currents.

The current migratory phenomenon in capitalist Europe must be taken into account in the Eurocommunist strategy for integrating and transforming the Europe of the monopolies into the Europe of the peoples and of the workers.

In the PCE's opinion a progressive alternative to the present crisis requires, as a minimum, that the following basic points be tackled:

1. A blueprint for a new model of economic growth that will bring about the kind of international division of labor consistent with world needs and a new international economic order capable of carrying it out.

2. Negotiations and agreement on progress among the communist, socialist, social democratic and other progressive forces to provide an alternative to the crisis. The worldwide nature of the crisis and the growing transnationalization of capital make a joint strategy at a supranational level indispensable.

3. The definition of a new kind of public sector capable of introducing elements of democratic planning into the management of national economies. A public sector that must surmount the real principle of subordination to private capital, which must perform the task of strengthening the new strategic production sectors (foodstuffs, stockraising, utilities), which must find new forms of financing and which must, furthermore, introduce much more effective and powerful measures to correct the distribution of income than the present ones.

4. The exploitation, within this strategy of progress, of existing supranational sectors that display a certain degree of economic integration, providing them with a strategy consistent with the solution of the crisis along the lines indicated.

5. The preservation of an advanced strategy for technology, capable of adapting the rate of introduction of new labor-saving production techniques to the reduction of the working week, the professional restraining of the labor force, the establishment of new gratis and obligatory education methods and systems, the consolidation of adequate and efficient welfare schemes and the general negotiation of agreements on the distribution of the profits of increased productivity implicit in the new technology.

With regard to the situation in northern Ireland, we condemn British imperialism's brutal repressive policy.

In connection with the problems of the Mediterranean, the PCE confirms its desire to continue developing its cooperation with south European workers and progressive forces and with the liberation movements of the northern coast of this sea.

Socialist Countries' Role

Since the 1917 revolution, which as the first socialist revolution in history, the Soviet Union's existence has been a fundamental factor in stimulating the working class' struggles; weakening capitalism; defeating Hitlerism; stimulating the vast liberation movement of formerly colonized peoples; and containing imperialism.

But particularly following the 20th CPSU Congress, the communist movement became certain that at the same time factors of degeneration had emerged within the Soviet state and that their persistence in certain respects implies a discrediting of communist ideas.

The capitalist system has been destroyed in a relatively large number of countries; such countries aim to build socialist systems.

These socialist revolutionary processes have hitherto produced systems of collective ownership, unquestionable social progresses in the fields of health, culture, science, teaching and economic development, but at the same time political systems that do not constitute the self-government of the worker.

It is a fact that these political systems are based on authoritarian and bureaucratic states in which the citizens' freedoms are limited or denied and on the merging of the party and the state and they are therefore a long way from what we communists understand by socialism within freedom and democracy. This indicates that the state ownership of the means of production itself is not enough for socialist transformation unless it goes hand in hand with social self-management, the involvement of the workers and the people in decisionmaking in all fields of economic, social and political life. Without this democratic framework, the periodic crises caused by the dissatisfaction of the workers themselves reflect one of the contradictions that call into question the credibility of socialist ideas as a whole.

At the same time conflicts and ruptures--which cannot be explained from the viewpoint of the interests of the world workers' movement--have emerged between countries in which communist parties are in power. The immediate effect of those negative aspects and of these conflicts has been a weakening of communism's international prestige.

All these phenomena cannot be understood without a theoretical effort of analysis and historical criticism which, in the light of experience, extends beyond the inevitably general approaches of the classics of Marxism, concerning the characteristics and phases of the new socioeconomic phenomenon of the socialist society and all the kinds of contradiction that can emerge within it.

The defense of the cause of socialism and communism at a time when the defeat of imperialism was limited to a single country--the Soviet Union--causes us communists to form a bloc around it in a stubbornly defensive stance. But now that imperialism has been defeated in several countries and capitalist private ownership has disappeared from them and been replaced by forms of collective ownership, it would be negative apart from unnecessary, for us to maintain this stubbornly defensive stance on the political and theoretical plane and there must be a critical stance with respect to this practice based on communist positions, which will help surmount the negative aspects and clearly define communism's real objective for the workers in countries still living under capitalism. Only from these positions of Marxist criticism is it possible to effectively defend socialism and effectively combat the ideological offensive of imperialism, which is trying to destroy all desire for sociopolitical change.

[PM050933] This is why, in its struggle for socialism and against imperialism, the PCE demands and practices total independence from all foreign states and parties, including socialist ones, and it asserts its right to criticize, when it considers it necessary, the positions of this or that socialist state which hinder the progress of our ideas in Spain and other countries and which could even exacerbate international tension and the threats to peace. Its right to criticize this or that negative aspect of the political practice of any of these countries [sentence as published].

One central point in our Eurocommunist ideas is that socialism is inseparable from democracy, freedoms, the involvement of the workers and citizens as a whole and the trend toward the peoples' self-government.

Our aim is not to announce any universal model. Marxism defines no "models" for building the new society. Each country and each revolutionary process needs to develop with its own characteristics. But historical experience shows that, particularly proceeding from the specific development of the production forces, of educational and cultural standards and of the articulation of society, a socialist system needs to guarantee the workers' real involvement in the country's leadership; respect for criticism and the plurality of opinions; and real political, trade union and cultural freedoms--objectives at which, for that matter, every socialist building plan must aim.

Poland's present experience, in all its complexity, is of unquestionable significance and importance in this regard.

We Spanish communists issue a positive assessment of the process of reforms begun in Poland following last year's unrest among workers and the people--a process which constitutes a very important event for Europe and the future of socialism. The reforms that Poland has undergone constitute a substantial and positive change in relations among the party, state and society. We also issue a positive assessment of the ability demonstrated hitherto by the Polish United Workers Party and the majority of Poland's mass organizations to accept this process as a factor in the development and consolidation of socialist Poland.

Furthermore, the PCE reasserts the Polish people's right to determine their own future without outside interference of any kind.

Our struggle in the West against capitalism and for socialism within freedom and the democratization in the Eastern bloc countries are two processes that influence each other mutually.

China, whose international influence is growing, has experienced a process of change not without contradictions, which has sometimes manifested itself in negative aspects of its foreign policy.

At the same time as the PCE asserts its independence and its right to criticize, it strives to maintain its friendly relations with all communist parties and the socialist countries, irrespective of whatever differences exist among them, and to establish new relations of cooperation within observance of independence, noninterference and the absence of any kind of leading center or party, whether explicit or de facto.

For New Relations With Third World Liberation Movements

In view of the recrudescence of imperialism's threats it is now more decisive than ever for the European workers and progressive forces to achieve an understanding and joint action with the Third World liberation movements.

This requires that we Spanish communists step up our action of solidarity, primarily with the Polisario Front and the PLO; with the peoples of El Salvador, Guatemala, Chile, Bolivia, Uruguay, Argentina, Paraguay and Puerto Rico; and with all peoples hit by imperialism, and additionally with Nicaragua and Cuba, which are subjected to continuous threats.

We condemn the state of Israel's policy of aggression against the Lebanese, Syrian and Iraqi peoples, with whom we are in solidarity.

We also condemn the racist South African regime's attacks on the young republics of Angola, Mozambique and Zimbabwe.

We advocate a negotiated and peaceful solution to the present conflict between Iraq and Iran.

We advocate a solution to the Cyprus problem based on the withdrawal of foreign troops and observance of the Cypriot people's will.

We support the Namibian and South African peoples' struggle against their fascist and racist oppressors.

We are in solidarity with the peoples in Indonesia, Timor, the Philippines struggling against terrible forms of oppression.

We defend the cause of Korean unification.

The European Workers' Movement must support and intensify its ties with the Nonaligned Movement, which is one of the major factors of peace in international life.

But the Third World problem is not purely political. Without thoroughly tackling the economic aspects and struggling for a new international economic order, it is impossible to forge strong ties of joint action against imperialism. This new order should be based on the following points:

A. Freer and more open access to technology and the providing of conditions for the backward countries not belonging to the imperialist center to develop their own culture and research.

B. Regulations for international markets in raw materials and energy-producing products, on the other. These regulations must be equal-based and comprise regularity of supplies, automatic formulas to modify prices, world planning of natural resources and of the ecological and biological defense of mankind and guaranteed industrial, technological and financial benefits for the exporting countries.

C. A new international financial system that does not depend preferentially on a particular currency or metal, with a view to establishing a genuine world bank able to issue its own international currency.

D. Rational planning, on a world scale, of agricultural resources and the agricultural and food industry, which will permit more equitable and rational distribution of food reserves and which can tackle the food crisis of the 1980's.

To achieve this new international political and economic order there must be not only a struggle by the Third World peoples but also constant pressure and a constant struggle by the industrialized countries' progressive forces. Working mutually, this strengthening will benefit the developed countries' progressive and leftwing forces too. The cause of the struggle to liberate the Third World is an essential aspect of Eurocommunism.

[PM050935] For a Spanish Foreign Policy of Nonalignment With Military Blocs, Against NATO Entry

Spain's foreign policy, steered by the union of the Democratic Center [UCD], is predominantly one of subordination to U.S. interests and demands.

At present, Spain is being subjected to strong U.S. pressures for it to join NATO. Such pressures are part of U.S. imperialism's plans for strengthening the policy fo blocs, rearmament and military confrontation.

Spain's entry into NATO would mean the deployment of nuclear weapons on our territory and the danger of our total destruction in the event of war. It would imply a loss of Spanish sovereignty; it would place our armed forces under a U.S. high command. It would have disastrous consequences in the political, economic and social fields. Moreover, it would mean breaking the existing balance in Europe between the two blocs (no country has joined NATO for over 20 years) and would thus create tensions and threats of war in Europe and the Mediterranean and, in the case of the Canary Islands, would transform the archipelago into a platform of aggression against the African peoples, seriously increasing international tension in the region. It would jeopardize our position with respect to the Arab countries and the Third World as a whole. Moreover, it would imply introducing an element of division among the Spanish people.

Furthermore, NATO entry would not prevent possible coups d'etat, as has been made obvious in Turkey and Greece.

The PCE reasserts its steadfast position against military blocs and foreign military bases in both the Eastern and the Western blocs, and against Spain's entry into NATO.

It is indispensable that the public be most fully informed on the subject, that there be a debate in the media and that all democratic and patriotic sectors mobilize and reach an agreement to prevent entry into NATO. There are sufficient forces to achieve this if we act resolutely. It is unacceptable under any circumstances that such an important decision be taken solely by a parliamentary majority. This would imply contravening the spirit of the Constitution, since Article 92 establishes the possibility of particularly important political decisions being made the subject of a referendum, in which case we are confident that a large majority of the Spanish people would reject membership.

Furthermore, the UCD government has placed the renegotiation of the bilateral agreements with the United States within the framework of the plan for Spain's NATO entry. This being the case, the continued presence of the existing bases on Spanish territory under the terms of these agreements, which--irrespective of

their legal status--are in fact in the hands of the U.S. armed forces, would only further exacerbate the harmful effects of NATO entry. The PCE therefore declares its clear-cut opposition to the continued presence of these bases.

At such a grave moment in the international situation it is crucial that Spain's foreign policy be aimed at contributing to peace and friendship among the peoples. We therefore urge a policy of nonalignment with the military blocs. Spain has already attended nonalignment movement conferences as observer. This stance must be maintained.

The PCE advocates a Spanish foreign policy that has as its fundamental objectives:

--To recover Spanish sovereignty over Gibraltar by means of steadfast diplomatic action that will oblige Britain to observe the UN decisions, while at the same time carrying out dynamic and intelligent political activity among the Gibraltarian population.

--A resolute policy of EEC membership, while safeguarding national interests.

--Mediterranean policy: the development of friendly relations with the Arab world. Support for actions aimed at the military denuclearization and neutrality of the Mediterranean. The promotion of joint actions among the littoral countries in connection with the protection of the environment and the struggle against the contamination of the sea, while exerting pressure for the implementation of the agreements reached.

--A policy with respect to France aimed at improving relations and resolving pending problems, and especially active cooperation to prevent the use of French territory by Basque homeland and freedom terrorists.

--The recognition of the Polisario Front and the Saharan Democratic Arab Republic. Spain must support the UN and OAU decisions and contribute to a solution that will put an end to the Moroccan aggression, guaranteeing the Saharan people's right to self-determination and independence. Following the king of Morocco's proposal of a referendum at the latest OAU assembly the PCE believes that to guarantee the Saharan people's free expression the Moroccan civil administration's military forces must be withdrawn immediately and the Polisario Front must participate with full rights in establishing the guarantees of the referendum.

--Full Spanish backing for the PLO and the Palestinian people, including their right to create their own national state.

--A Latin American policy that takes into account the need for active solidarity with those struggling for their freedom and against dictatorships, to help the victims of dictatorial and repressive regimes and to guarantee the peoples' independence and democratic freedoms.

--As a specific expression of the policy of internationalist solidarity that the PCE consistently pursues, the Communist Parliamentary Group will strive to ensure that the Aliens Law comprise a political refugee status guaranteeing the rights of those who have had to leave their countries to defend democratic and progressive causes.

--Support for the United Nations, enhancing its role in resolving international conflicts.

--Spain's active involvement in initiatives aimed at setting in motion a disarmament process, above all a nuclear one, and at achieving effective arms limitation and control methods.

We are living in a historical era when the international role of medium-sized countries such as Spain is growing; this lays objective foundations for a democratic foreign policy, which would enable Spain to enhance its prestige, strengthen its security, extend its ties of friendship and cooperation with all peoples, contribute to the new relations that must be encouraged between Europe and the Third World and assist international disarmament, peace and cooperation.

Thesis 7, Spanish Communist Party

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[Text] Thesis 7. The Spanish Communist Party

1. The PCE has played and is playing an important role in the transition period as a political force which is struggling for the consolidation of democracy and its development. It has been able to evaluate the political phase with accuracy, measure the correlation of forces and draw up a policy of concentration which has been an essential factor in the defense of our emerging and fragile democracy and has proved itself to be the most equitable with regard to the interests of the working class and the people.

Within this period, the PCE has been able to achieve its legalization, maintain a considerable capability of summoning people, promote mass mobilizations, hold sizable electoral campaigns, participate in the consolidation of the CCOO [Workers Commissions] and the UAGA, carry on intensive parliamentary activity in defense of democracy, autonomies, the interests of the workers and the modernization of social life; participate with considerable strength in municipal governments and, also, although to a lesser extent, in autonomous and preautonomous organizations; in major problems relating to the strengthening of democracy maintain a political presence much greater than its electoral representation; be an important element in drawing up the Constitution and the statutes of self-management; hold the Ninth Congress in which it affirmed its Eurocommunist policy; play a more important role in democratization after 40 years of clandestine status; and incorporate hundreds of new cadres in leadership groups at various levels.

The PCE has an organized membership of 160,000, a sizable network of committees and cells, of headquarters and places of business, with self-governing parties structured according to nationalities and areas and more than 2 million popular votes which give it their support.

We believe that in a context in which the difficulties and problems are being highlighted, it is only fair to give a correct evaluation of what has been accomplished in order not to overemphasize those difficulties through a subjective approach.

At the same time, it is necessary to point out with courage, realism and self-criticism that the party's development has been proceeding extremely slowly and, at times, accompanied by phenomena of stagnation and political and organizational disintegration. Some of the negative aspects we have are: politicking at the top, the emergence of trends, members dropping out, a weak relationship with the masses, an unsatisfactory relationship between the directorate and the base, and an insufficient adaptation of the organization and its operation to the kind of party depicted at the Ninth Congress. This is largely a product of the political situation but also of the errors, inadequacies and defects of the party, of its directorate.

Although there have been recent international events which indicate a substantial change in the way of progress, such as the socialists and communists acceding to power in France, the general orientation of the present political situation in the world and in Spain is not favorable for us. Moreover, the crisis in the securities market and the deterioration of the standard of living under the present system are sufficient reason to make us aware of the need for change.

The democratic change effected uninterruptedly under the hegemony of the Right, the substantial conservative influence of factious powers, the maintenance of fundamental sectors of the state apparatus without democratization, the worsening of political, social and economic problems resulting in growing discontent and disinterest among the people, the major obstacles to the people's participation and role playing in the country's political life; the persistent fear of becoming involved; the campaign to disparage political parties, especially the PCE: all this is an expression of a nonrevolutionary situation, of withdrawal, of a retrenchment of the popular forces, with hegemony in the hands of the social bloc of the Right and a correlation of forces unfavorable to the Left, especially the PCE.

This does not preclude the real possibility of changing the situation and the important role the PCE can and should play, but it denotes our limitations and the foreseeable rhythm in the process of change. This reality must be taken into consideration in order not to lose ground and be able to face up to the situation and its negative repercussions in our own ranks.

This is a difficult situation which demands that we be firm and persistent in defending the party's policy while simultaneously being determined to correct our own inadequacies.

We must definitely reaffirm the character of our party as being Marxist revolutionary, democratic, in support of the people, struggle and government; progressing through strengthening and developing the party must be one of the central tasks of our activity at this phase. We must achieve a party capable of drawing into its midst the most combative sectors of the working class, the farmers, the cultural forces, the women's liberation movement, all liberating movements, the youth, the revolutionary Christians, and the popular sectors in various Spanish towns who are struggling for their identity and their national and regional freedom. We must achieve a party capable of making our Eurocommunist policy a reality.

We must also delve more deeply into the criticism of the models of the Stalinist and social democratic party, with regard to their concept and practical aspect as well as to their structure and operation, in order to develop a sound explanation of the principles on which our party is founded.

2. The fundamental error made by our party, particularly by its directorate, since legalization is that of making policy at the top for the top. Before there was an objective need to have councilmen and deputies, many party cadres who were working in cells and mass movements served for a time at the top. In this practice, which is to be the essential form of mediation between the PCE and the masses, the work of the cells with the undecided, the mass movements and the social fabric in general--fundamental aspects of a communist party--has been inadequate or very weak. Reversing this trend and succeeding in having the cadres return to the base organizations and mass movements must be one of the objectives of our work in the immediate future.

As a general defect we must also note a decrease in concern for the party as such, its operation and the progress of its development. A defect which in many instances, has been accompanied by a lack of understanding with regard to the party's role, its need as a collective revolutionary instrument to engage in politics.

It is certain that we have had to undertake tasks which are new and outside the scope of our capabilities, various electoral campaigns and work with institutions and people's organizations. These are tasks we have had to perform and must continue to perform. But in our close attention to a number of fronts we have not always attained the necessary balance.

We have a good policy at the general level, but there are weaknesses when it comes to putting that policy into practice at its maximum potentiality, to develop and translate it into concrete work at all levels, due to insufficient attention to the instrument required to do so--namely, the party as a whole. We must see to it that the party as a whole engages in politicking.

In all organizations, committees, militant groups, we must strengthen concern for the party's development and operation, giving it the support it has been lacking and the necessary cadres. We must make progress in the party's development, and this presupposes patience, tenacity and attention to detail. We must be aware that it is a task which requires planning, placing one stone on top of another, in an all-out effort.

3. During this period, trends have appeared in our party with a certain degree of crystallization and these have partially cast doubt on the policy of the Ninth Congress. This has given rise to a considerable amount of work outside the party's regular scope of activity and in violation of our operating norms, of our democratic centralism. These were negative aspects which found expression, among others, in what happened at the Fifth Congress of the PSUC [Unified Socialist Party of Catalonia] and seriously damaged the party's activity and implantation in society.

There were phenomena whose emergence and development, together with our own errors, have, among other factors, led to an erroneous appraisal of the situation and of the real correlation of forces by a sector of comrades; the temptation to

elude that reality on the basis of verbal radicalisms and testimonial positions; the fact that our policy has not triumphed; insufficient awareness of that policy; an organizational life not sufficiently rich and integrative which was not capable of analyzing and generalizing various experiences at work fronts; lack of understanding of the party by most of the new adherents who joined in large numbers after legalization; inadequate training; the existence of a group of cadres and militants with different origins and training whose need for homogenization we already pointed out at the Central Committee's Cordova plenum and which we must resolutely continue to push; without, however, having achieved an accord sufficiently generalized around the Eurocommunist policy drawn up at the Ninth Congress; and, finally, pressures from outside the party being exerted to make us change our policy.

First, we must face up to our party's problems, devising and putting into practice a policy which will satisfy the requirements of the struggle for democracy and socialism in Spain. Essentially, we have that policy, which is in keeping with our best identifying traits: the patrimony of the 60 years of our history, of the effort and sacrifice of many militants; the patrimony of the working class and of the whole of the Spanish people.

Among the PCE's identifying traits is its continous effort to apply creatively the Marxist theory and the experiences of other communist and revolutionary parties to Spain's particular conditions, its international involvement and the historic moment. The struggle against narrowness, sectarianism and dogmatism. Our continuing practice of internationalist solidarity which, at the same time, throughout the history of Spanish communists, has confirmed in the strongest terms their patriotism and the resultant struggle of the PCE for Spain's national interests, its unity and complete sovereignty. Our total independence bears this out and the rejection of interference by any party or state in the internal affairs of another. The defense of freedom and democracy is consubstantial with our strategy of advancing toward socialism and its concept. We must understand that unity, the fulfillment of necessary pacts and a just policy of alliances are essential conditions for advancement and progress. This means unity in the party, unity in the Left--and especially with the socialists--and a broader, more democratic and more progressive unity capable of leading increasingly extensive social sectors toward transformation and change; also to contribute to the effort necessary to overcome the traditional division in the labor movement.

Second, we must deal with the party's problems, putting it in tune with the policy of the Ninth Congress and its amplification in the 10th Congress, strengthening its unity through a broad and frank political discussion and an improvement of the activity of the party as a whole, of its political and organizational life.

4. There has been insufficient discussion and explanation of the party's policy. Discussion within the party is inclined to be too general, abstract and ideological, not always connected with the practical aspects of the cell as a whole or of the organization under discussion.

It not infrequently uses language which is beyond the comprehension of the members as a whole. At times, there is a tendency to repeat the discussion at all levels with the same degree of generalization, rehashing what has already been said, very often forgetting that it is necessary to analyze the specific problem of each level involved.

This method of discussion does not help raise the level of the party or its political homogeneity; it seriously interferes with the contribution of the comrades as a whole and keeps many of them out of the discussion; it does not tie the political discussion in with the definite tasks to be performed so that much of the political analysis is not translated into organized political activity involving the masses; it does not increase our ties, as a group, with reality and with the people.

Concrete tasks are not always included in the daily work and are viewed as though they were carried out, basing the evaluation of the collective and individual activity in terms of the accomplishment of the same.

Often no attempt is made systematically and tenaciously to establish closer and more articulated bonds with the masses, the potential of mass movements.

Tasks involving organization, propaganda and finance, the party press, political training, essential to our activity, are not always treated with the necessary importance.

In the area of political training, we must make a serious effort at all levels, seeking to organize permanent schools for political training in accordance with the possibilities of each organization and each locality.

In conclusion, we must acquire a workstyle, in each organization and committee, based on a continuous contrast between discussion and political practice, with our sights turned toward the application and development of our policy in defense of the people, and this will enable us to draw general conclusions from our experiences and endow the party as a whole and its political line with more support and transformational capability.

5. A worrisome development is the substantial loss of members our party is experiencing, both quantitatively and qualitatively. This development involves not only newly affiliated members but also militants and cadres of various social sectors who had played an outstanding role during previous periods. Attempts to correct this tendency to leave the party, such as the campaign of the 60th anniversary, did not give the expected results.

There are various reasons for the party's inadequacies in the present situation which are bringing about a decrease in militancy, both in affiliation and commitment:

a) Lack of comprehension of the party's role and its need as a collective revolutionary instrument to engage in politics. This has been influenced by a number of subjective factors such as the incorporation of many militants on the borderline of legality or the emergence of many other former militants from mass movements with a resultant lack of experience in the party's internal operation. However, these elements have not been combated with a discussion on the party's role, which causes lack of understanding of the political activity.

b) Inadequacies of our policy pertaining to the masses, defined as:

Lack of unification between the policy of the masses and the institutional policy, with the result that the latter has not received sufficient support from the people and the policy of the masses has developed outside the institutional platforms to broaden its capacity for influence.

Difficulties in unitary policy not being able to count on the presence of other parties in mass organizations.

Too much party supervision over mass movements. Our political strategy--party of the masses, of struggle and of the government--leads us necessarily to consider mass organizations as key elements in the revolutionary process. Their maximum development, the maximum elevation of their organizational level and, therefore, of their autonomy constitute an end in itself, thus shunning all instrumentalization, contrary to a genuine policy of the masses.

Isolation between the policy of the masses and the political life of the party. It appears that the party limited itself to a policy "in general" or "in the abstract" and that mass movements devoted their energies to resolving concrete problems. In the party "there is a lot of thinking and discussion" without entering into concrete problems, whereas in mass organizations "people work" without adequate political coverage. This is a big mistake which deprives the party of its capability of immediate political intervention and mass movements of their final objectives of social exchange and transformation. To know how to combine immediate demands with objectives over the medium and long term and unite action with awareness is the genuine practice of the masses. That is why we encourage grievance and social political mass movements and organizations.

Mechanical application of territorialization. This is conducive to putting an end to the party's sectorial activity. Although this gave a certain amount of operability to the party's organizations, it caused serious difficulty in the construction of a party of the masses, basically affecting the labor and skilled personnel sectors. It reduced the activity of factory groups and obscured the efforts of the party's intellectual workers which, in turn, weakened the labor movement ideologically and politically.

All these factors led to serious consequences such as:

1. Loss of influence in the party of sectors originating in organized mass movements, which caused the leadership to be increasingly more schematic and preoccupied with mechanical aspects of the work than with creative political activity.

2. Unawareness of the importance of the role of intellectuals in their double capacity as influential sectors in the ideological apparatuses of society and the state and as the ideological animators of the party's work, as elaborators of key experiences of the labor movement as a whole

This loss of members had its greatest impact on professional and intellectual sectors, weakening our party's capacity for exerting influence in very sizable areas of the social fabric and making an alliance between the labor and cultural forces difficult, an alliance which is essential to our Eurocommunist project.

There was also a loss of members among the women resulting, in general, from the fact that the party organizations did not think it necessary to explain and deal with the women's problem, with their liberation.

Our party's weak influence among the women and youth is forcing us to replan our work in these basic sectors of our society.

Moreover, it should be pointed out that the party's implantation in Spain as a whole is very irregular and that in extensive agricultural areas our influence is very weak. In many instances, the party's organization in companies and work and study centers has not been given the necessary attention by the committees involved.

Overcoming this situation is an immediate requirement linked to our capability of politicking on the lower level, on the level of the party and the masses, developing democratic participation in our internal operation. We must analyze the experience of organizations which have not only had no loss of members but, on the contrary, have taken on new militants. We must make a more thorough study of the definite reasons for loss of members.

An essential task must now be to recover the militants and cadres who left the party during this period, offering them a political life adequate to their needs and genuine participation useful to their training and relationship with the social sectors in which they find themselves, compatible with their problems and aspirations.

We must renew our best proselytizing tradition based on our communist behavior and image, knowing that a Eurocommunist party must be numerous, influential in all sectors of society. We must swell our ranks with many more workers, professionals, intellectuals and artists, farmers, small and medium-size businessmen and industrialists, youth, women and emigrants. Only thus shall we be able to make a reality of the revolution of the majority, socialism in freedom.

6. We must continue to have our organizational structures measure up to the conditions of democracy, to the characteristics of a party of the masses in legality. However, clandestine forms and methods weigh heavily upon us, in party organizations and in the leadership.

The criterion of territorialization of our organizations has been strictly applied and even with erroneous interpretations, as we mentioned; this has particularly affected factory organizations and militancy among the party's professionals, intellectuals and artists.

In view of the difficulties experienced by territorial forms of organization in attempting to achieve maximum effectiveness and the confusing of political problems and difficulties with those of an organizational nature, the territorial principle of organization has at times been questioned and there are plans to return to old methods now superseded and inoperative in this phase.

Therefore, it is only fitting to reaffirm the general principle of territoriality, that is, organization on the basis of place of work, study or residence as

the site of militancy of the communists of that scope as a whole. This form of organization, adequate for the present phase, for the policy and character of our party, makes it possible to give overall and specific answers to the problems of the people in all areas; it enables the party to penetrate the broadest framework of the social fabric; let us hope that the party will continue to serve as a single group to harmonize the activity of labor and cultural forces, exponents of the social sectors called upon to transform society.

Insistence on territorial organizations has contributed to the party's loss of political influence and to organizational retrocession in such important sectors as education, art and the professional milieu. The specific nature of these sectors, their being widely dispersed, the complexity of the political problems facing them and their sensitivity to cultural and ideological questions did not find, in the cells and territorial committees, a scope of organization and political direction sufficient to assure their orientation and inspire them with a spirit of militarcy. Our party, in turn, will have to make its organizational forms more flexible, trying to find apparatuses which, when suitable, can culminate in the creation of specific sectorial cells in which intellectuals, professionals and artists can analyze the problems of their sphere of activity as such and carry out a policy with greater involvement in those sectors.

7. One of the biggest weaknesses in our work stems from the fact that we have not been able to organize the activity and operation of cells to a satisfactory degree.

To achieve a genuine party of the masses, it is essential to extend our political influence and systematize our organized presence among the working class and at work centers. The leading political role, which, in our political plan, belongs to the working class as the class most involved in Spain's vanguard and national interests, requires strengthening the party organization in companies where cells already exist and creating new ones at hundreds of work centers. This is an essential condition for the party to accomplish its political task among the workers without delegating that task to the union or other mass organizations. In this regard, few company cells have been created during this period, and the existing ones present many inadequacies.

We must consolidate the company cells, strengthening the committees politically, regularizing political and ideological activity among the workers, systematizing proselytism, politicizing their life beginning with union and grievance struggles and an examination of the general political situation, a practice which we must introduce at all work centers.

The existence of thousands of small and medium-size companies should not be an obstacle to our finding forms of organization and relationship of communists working in those companies. In this respect, it will be necessary to become oriented even to the point of creating "groups" of communists in small and medium-size companies, working in harmony with the corresponding territorial cell, making it possible to extend the party's organizational presence to many more work centers.

The communist cell is the base organization of a party of the masses in a given territory or at a given work station or study center. It is the place where militants assimilate the party's overall policy, come into contact with each other and exchange concrete and sectorial experiences relating to a struggle centered around a common plan of action.

In general, the work methods of the cells are very diverse, the product of an unequal process of assimilation of the transition from the old organization to the present party of the masses, territorialized. However, in many instances, the cell is still not taking on its function as a center for the elaboration of the party's political initiative in a given locality, the promotion and orientation of mass activity, the inducement of affiliates to participate in social movements and the concrete implementation of the party's general policy.

The cell must be the place where various demands made by society are analyzed for the purpose of mass effort and institutional action. It must also be a center for cultural life, a stimulator of the party's class consciousness and cohesion and a center for the diffusion of socialist and revolutionary knowledge about questions which affect policy in general or about specific problems. The cell must be the place where the party assumes its function as collective intellectual and educator. As part of its program, it is the cell's responsibility to familiarize all newcomers to the party with the Marxist method of interpreting reality and criticizing capitalist society. The cell must be the first and principal place for training communist militants, beginning with continuous political and ideological discussion, in direct relation to their political work and work among the masses. The cell must assure the dissemination of the concepts of socialism and communism among the workers and other popular strata: their aspiration for freedom, solidarity and equality and their struggle against the concepts of the dominant classes in their field of action.

The ideological task has often been abandoned in recent years, permitting a form of pragmatism to gain ground, which we must combat to assure the party's revolutionary vanguard role. It is not a matter of cultivating an elitist discussion outside the scope of daily political and grievance activity; on the contrary, this educational, critical, propagandist practice must be carried out in close contact with mass and institutional work, with constant concern to enlighten the workers in the form of a class interpretation of the contradictions and conflicts generated by capitalist society.

This cultural and ideological struggle, without which it is no longer possible to achieve our new objectives, reveals the need to introduce profound modifications in the methods of work, discussion and political activity of the cells. We must avoid any tendency toward bureaucracy, routine, the closing of a cell itself or discussions which do not interest most of the members. We must open the party to society, have our regular discussions include the major issues of the political situation, the international context, cultural discussion and events of daily life. We must confront concrete problems, devise grievance strategy and program the party's tasks with regard to mass movements, but also devote organizational and pedagogic efforts to place the party and its militants in position to resolve the complex problems presented by the revolutionary transformation of the

societies of mature capitalism in the present phase of acute crisis. Political discussion in the cell must make the affiliate a knowledgeable militant, identified with the party's policy, defender of the ideals of socialism in all his spheres of activity. To develop this activity, the party must make use of its own news media. Thus, MUNDO OBRERO, NUESTRA BANDERA and other party publications must fulfill a political, cultural and ideological function which will serve to train affiliates and make them instruments of intervention in the political struggle and struggle of ideas based on the party's line and program.

It is a far-reaching task, oriented to place the party in position to direct itself politically to the workers and the people in general to whom the party has everything to contribute but whose principal objective is the political and cultural dynamization of the cells.

Moreover, this concept of a party of the masses, based on the conscious adherence of the militant, on his active political participation, radically different from the top-echelon concept of the party of social democracy, is a substantial element of our strategy, of our struggle to achieve a genuine participative democracy in face of a persistent attempt by the Right and big capital to cast doubt on the party system and attack any form of social organization of the masses.

The organizational forms of a party of the masses must of necessity be flexible to permit the coexistence of different commitments of militancy and facilitate the admittance of any affiliate who shares the party's program and accepts its statutes. However, among their objectives, cell committees must include affiliates in militant tasks. For this purpose, the cell must be endowed with multiple forms of activity for the militants, through committees, study groups and discussion and work groups, and this will provide greater opportunity to interest anyone who is thinking about joining the PCE and enable him to participate in political reflection and in active militancy according to his own capabilities. The committees must have sectorial responsibilities to be able to stimulate these forms of work.

Our party centers and halls must be sources of light which radiate to the outside, which project abroad the party's influence among the masses. They must be pleasant, attractive, open places which carry on activities of interest to the people as a whole.

8. Traditionally, the PCE has not vacillated in its defense of the right of historic nationalities to self-government. Sensitive to this reality on the part of Spain, since 1935 and 1969 the Communist Party of Euskadi and the Communist Party of Galicia have existed in its midst as organizations with their own personality. For historic and specific reasons the Unified Socialist Party has existed in Catalonia since 1936, established through the fusion of four Marxist parties, an independent party with which the PCE has always maintained close political and organizational ties aimed at being a single dominant party in the state, with the same policy, the same general principles and the same organizational principles.

When democracy arrived and the state, made up of self-governing regions, began to be organized in accordance with the Constitution, the PCE promoted the transformation of its regional organizations into autonomous communist parties within the PCE. This status was acquired by the communist parties of the Canary Islands, Valencia, the Balearic Islands, Andalucia, Asturias, Murcia, Cantabria and Extremadura and will soon be acquired by those of Aragon, Castilla-la Mancha and Castilla-Leon.

The PCE is adapting this procedure to Spain's autonomous reality. It is an adaptation which is being improved by the incorporation of federal elements in the party's organization and operation in accordance with the new statutes. Each of these parties has full autonomy to draw up a policy suitable to its community and possesses its own political personality within its nationality, country or region, attempting in this manner to achieve the closest ties possible with the working class, the cultural elements and the progressive sectors of its people. Undoubtedly, this organizational reality can bring about the most active identity with the interests of each of Spain's peoples.

At the same time, this does not belie but, rather, reaffirms the unity of the Spanish Communist Party as a whole, as an organization which conducts politics throughout Spain, with a common directorate, policy and discipline. Spain is a historic reality with a single working class, an oligarchy and a common democratic and revolutionary plan.

The PCE's process of adapting to a state made up of self-governing regions, developed during these transition years, not without distortions, has been one of the most important innovations in the party's life. To combine the principle of autonomy and personality of each of the parties with the affirmation of the Spanish Communist Party as the decisive instrument for democracy and the socialist transformation of Spanish society, avoiding falling into extremes, whether centralist or nationalist, will be one of the keys of the triumph of our policy among the self-governing peoples and in Spain as a whole.

9. Internal democracy within the party is clearly insufficient, although important measures have been taken since legalization to broaden and strengthen it. Progress in the democratization process must be one of the basic objectives of our work. This is not achieved just by seeing that all organizations are elective. A decisive element is to increase the participation of a large majority of members in discussion, in the preparation of policy, in decisions, in the political life and in party activity. Democracy is participation, information, activity by the organization as a whole or of the vast majority. To make discussions more lively, improve the circulation of ideas in the party and increase the clarity of existing opinions, it behooves us to create a permanent free-expression rostrum within the party in which every affiliate may have the right to express his opinions and criticisms with complete freedom.

The constant development of democracy within the party, in turn, requires the implementation of norms of unity of action, the submission of the minority to the majority and the functioning of criticism and self-criticism; in short, of democratic centralism. It is also necessary to eliminate irrational elements which still exist in the party and which constitute the basis of the Stalinist

phenomenon. As a party of struggle and government, democratic and of the masses, with a diversity of opinions in its midst, the PCE requires collective vigilance so that discipline will not deteriorate. As a Marxist revolutionary party which is struggling for the transformation of society through socialism and communism, it combines the broadest internal democracy with respect for the opinions of each affiliate with a consciously assumed discipline.

Therefore, in the approved statutes we read:

"Complete freedom of expression and criticism is a fundamental right which is exercised in a permanent manner through all the party's organizational channels and news organs, the inseparable right of everyone's duty to abide by the decisions of the majority. After discussion and comparison of opinions, to maintain unity of action and political homogeneity, factional activity is not permitted; nor are organized trends contrary to cohesion, discipline and genuine democratic expression."

10. The PCE experience has been open to the transformation of cadres and leaders, even during the Franco era of secrecy. It has always attempted to combine change with the necessary continuity. But it is obvious that at present there must be a substantial change in the party. This change is passing through a phase of democratization and decentralization, through greater intervention of the bases in decisions, through the establishment of an efficient apparatus and submitting that apparatus to the party's general will. It is clear that any change must be carried out in terms of a policy, promoting cadres but keeping them identified with that policy commensurate with their capability and experience, seeking an integrative political homogenization, with a wealth of diversity, of nuances and experiences in its midst, with a capacity for coherence in the work, avoiding improvisation.

In general, substantial changes have been made in the party's directorate organs through the incorporation of new cadres. Considering the party as a whole, there has been a broad process of renewal which has led to the promotion of hundreds of new leaders.

This process will have to go forward at all levels. At the same time, we must see to it that the committees enjoy a high degree of consolidation and stability; without this they will have difficulty becoming experienced and capable leadership organs. Experiences are quite different, but in some organizations the negative idea has predominated that each year the committee or its leaders should be changed on the assumption that this is the most democratic procedure. This practice makes it difficult to achieve a minimum of stability in leadership groups, since the organization in question is considered temporary, thus weakening its effort. Renewal and promotion must be combined with consolidation and collective capability, which is not improvised in a leadership team.

In recent years the practice of creating leadership groups has prospered even at the highest level, confusing prodigiousness with democracy. These committees encountered serious difficulties when it came to organizing their work and permitting their members to have real participation in the leadership tasks, causing frustration and repeated absences at meetings. At times there was also a tendency to create too many leadership groups.

Strengthening the committees at all levels and giving the work committees and cadre assemblies the importance they deserve are an essential condition for better party operation.

Other experiences have not helped improve the collective effort of the policy directorate, the division of duties and the determination of responsibilities.

Leadership groups must combine the highest degree of democracy in their midst with an adequate division of labor and loyalty among their members. A clearly negative aspect which has shown up upon occasion in recent years has been a worsening of personal and group conflict within leadership groups and among the cadres. This practice has been harshly criticized by the party base which has vigorously rejected it. Consolidation and democratic maturity are enabling the PCE to overcome these practices within the party itself and, even moreso, in its leadership groups.

It must also be pointed out that, during this period, the rapport of the party's directorate, including the Central Committee, with the base has not been satisfactory, with the frequent absence of members of upper-level committees in their own cells, thus depriving their regular organization not only of direct information but also of more meaningful discussion. There has been a lack of direct, systematic and frequent presence of members of the directorate in the base organizations. Information released to all organizations and affiliates must also be much broader and more systematic considering the key role such information plays in a party of the masses and a society such as ours at present. In this regard, it behooves us to analyze--for purposes of correction--decisions made by the directorate to consider the continuance of the daily, MUNDO OBRERO, unfeasible.

In general, there is a definite break between the analyses, orientations and resolutions made by the directorate and the manner is which they come to the attention of the base, are assimilated and analyzed.

This inadequate relationship is one of the major difficulties experienced by an efficient political leadership which wants to see the party advance, become homogeneous, facilitate participation by the affiliates, perform as a single unity and put its guidelines into action.

This lack of communication between the directorate and the base has often led to a distorted view of our policy, ignorance of the policy by sectors of the party and, at times, a weakening of some of its aspects--such as those relating to the mobilization of the masses--whose execution is dependent on whether the party as a whole puts them into practice.

Therefore, there is a need to bring the party's directorate and base much closer, to make the base more aware of the activity of the leadership cadres. For this purpose, it will be necessary to improve the activity of the leadership groups whose effectiveness is essential for the party as a whole and be more objective and open in choosing members of leadership groups; to see that the committees are made up of a proper balance of men and women dedicated foremost to the party's political and organization work and being careful to avoid an accumulation of responsibilities by following the guidelines on incompatibilities which we have

somewhat neglected up to now; to take greater steps in the development of a good party apparatus by increasing the number of militants professionally dedicated to that apparatus as one of the key factors in improving the PCE's organization and capacity as a political force of the masses.

The party's activity, independently of the needs which arise from time to time, will require that the party's directorate come up with a plan which will make it possible to evaluate the results of the activities upon completion and facilitate the work of the militants in the concrete tasks delineated in the theses.

Discussion of these questions, weighed against the contributions of all the comrades with their ideas and experiences, will permit us to advance in the improvement of the party's activity, its organization and operation so necessary for the defense of democracy, its consolidation and development, for opening perspectives for a socialist society in Spain.

8568
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POLL SHOWS INCREASING SUPPORT FOR SDP/LIBERALS

PM191213 London THE DAILY TELEGRAPH in English 19 Nov 81 p 10

[Gallup Poll report: "SDP and Liberals Gain Ground as Foot's Following Slumps Further"]

[Text] Public support for Mr Foot as labour's leader has fallen to an all-time low for any post-war party leader, with only one in six thinking he is doing a good job.

At the same time, the social democrats and the liberals continue to gain ground after their victory at Croydon--up to 42 percent, in combination compared with 29 percent, for labour and 26-1/2 percent, for the conservatives.

These are the main findings from the latest gallup poll conducted exclusively for the DAILY TELEGRAPH. Gallup asked:

"Do you think Mr Foot is or is not proving a good leader of the Labour Party?" and the replies were:

	Today	Oct	Sept	Aug
Is	16	27	28	23
Is not	67	54	54	57
Don't know	17	19	18	20

The previous low point for any other party leader was in February 1967, for Mr Heath, also in opposition and as yet untried as a prime minister, when he had the support of only 24 percent of the public.

A minority, 37 percent, of Mr Foot's own supporters think he is proving a good leader, compared with 54 percent, last month.

Replies to Gallup's normal voting question were:

	Today	Oct	Sept	Aug
Cons	26-1/2	29-1/2	32	28
Lab	29	28	36-1/2	38-1/2
Lib	15	13-1/2	11-1/2	13
Soc. Dem	27	26-1/2	17-1/2	19
Other	2-1/2	2-1/2	2-1/2	1-1/2

Another lowest point: the current level of support for the conservatives is an all-time low for either of the two main parties since 1945.

To measure the public's image of the two established parties and the new alliance, Gallup asked: "When deciding which party to support, which of these things do you yourself, look for first of all?" The replies, compared with earlier studies, were:

	Today	1977	1974
Honest, intelligent, experienced leaders	36	47	37
Forward-looking plans for improving our stand	34	36	32
Sound domestic policies for looking after things in this country	33	31	39
Concern for the interests of myself and my family and people like us	28	37	50
Will make the country prosperous	28	32	40
Ability to keep a fair balance between the interests of all sections of the community	25	27	33
A democratic organisation so that party policy decided by the members and is not decided for them by powerful sections	20	21	24
Unity and agreement within the party	19	20	25
Ability to get the support of trade unions and the workers	17	16	20
Ability to get the support of business, industry and commerce	16	14	20
Sound policies for looking after foreign affairs	11	15	20
None of these	5	6	6

The replies to another voting question, where people are specifically offered four possible choices, shows a similar pattern of support to Gallup's standard voting question. Replies to the question: "If an election were to take place tomorrow, and the following candidates were standing in your constituency, how would you vote?" were:

Conservatives	25-1/2
Labour	28
SDP-Liberal Alliance	43
Some other party	3-1/2

Leadership continues to be the most important of the 11 items voters might look for in their party, while the "self-interest" item--"concern for the interests of myself and my family and people like us"--drops from second place in both 1974 and 1977 to fourth place in the latest study.

There has been a progressive drop in the number of responses given over the years, suggesting that the public expects less generally from politicians than they used to, at least on the topics listed.

People were then asked whether or not the statements applied to the Conservative Party, the Labour Party, or the alliance between the Liberal Party and Social Democrats.

The table below shows the net scores from these questions where a plus indicates more people thought the statement applied than it did not, and a minus indicates the reverse:

	Cons	Lab	Alliance
Leadership	- 2	- 9	+29
Sound domestic policies	-21	-10	+15
Forward looking	+ 2	+ 3	+39
Make country prosperous	-14	-20	+16
Concern for people like self	-35	+ 8	+28
Keep fair balance	-30	-11	+22
Democratic organisation	- 4	-20	+37
Party unity	- 9	-67	+30
Supported by business	+56	-41	0
Supported by unions	-71	+71	-10
Sound foreign policies	+20	-19	0

The public's current image of the Conservative Party is in stark contrast with the position 4 years ago. Now on only 3 items does the party score positively, while in 1977 all the scores were positive with the expected exception of trade union support.

By these standards the alliance is off to a good start, scoring negatively only on one of the least mentioned items. One potential problem, however, for the alliance is the relatively high proportion of undecideds, ranging from 24 percent on party unity to 56 percent on foreign policies. This compares with a range of eight percent to 29 percent for the two main established parties.

The details of Gallup's other standard "popularity" questions were:

Do you approve or disapprove of the government's record to date?

	Today	Oct	Sept	Aug
Approve	23	24	26	23
Disapprove	66	62	63	66
Don't know	11	14	11	11

Are you satisfied or dissatisfied with Mrs Thatcher as prime minister?

Satisfied	28	33	32	28
Dissatisfied	66	62	62	66
Don't know	6	5	6	6

Do you think Mr Steel is or is not proving a good leader of the Liberal Party?

Is	64	64	56	61
Is not	17	20	21	18
Don't know	19	16	23	21

This latest survey was based on a nationally representative quota sample of 981 electors in more than 100 districts between 11 and 16 November. The "don't knows" excluded from Gallup's normal voting question amounted to 9 percent.

CSO: 3120/17

COMMENTS ON WALDHEIM'S INITIATIVE REPORTED

Nicosia I SIMERINI in Greek 18 Oct 81 pp 1, 3

[Article by Al. Konstantinidis: "Pro and Con: Waldheim's Initiative and Mr Kyprianou"]

[Text] Mr Rolandis must distinguish his position.

Even though talks began a few weeks ago on the Waldheim initiative, the people have not been officially and responsibly informed on this new development in attempts made to continue the negotiating process.

The idea for the Waldheim initiative began with the determination, following the submission of proposals by the Turks and later of our own proposals, that there was no common point in the position of the two sides and that the negotiations had essentially led to an impasse. The only way to overcome the interruption of the intercommunal talks at this point would have been the personal intervention of the UN secretary general with, of course, the consent of the interested parties. Mr Waldheim was sounded out in connection with this possibility and he expressed his willingness to undertake such an initiative with the presupposition that the two sides would be ready to accept it.

Within this framework and once the two sides had accepted the Waldheim idea, the secretary general of the international organization prepared a few ideas which he communicated to the two sides. These ideas would constitute, if in the long run Mr Waldheim would go forward with his initiative, the basis from which the new phase of intercommunal negotiations would go forth. The Waldheim ideas consist in an attempt on the part of the UN secretary general to find some common ground in the midst of the two opposing sides as concerns both the territorial and constitutional questions of the problem.

What our leadership must question is what would happen in case the attempts to push forward the Waldheim initiative fail. In this case, it is evident that the intercommunal negotiations could not continue and consequently sooner or later would be suspended. The Kyprianou government would then try to bring back the Cyprus question before the UN which would in the long run call the two parties once more to a new dialogue. Perhaps attempts would be made for new talks, and these talks may likely resume in the latter part of 1982...

It is therefore evident that both for tactical reasons and for reasons of substance, it is of interest to the Greek side to have the Waldheim initiative move forward

because only in this way could movement be attained on the Cyprus question and perhaps some progress assured. Failure of attempts to push the Waldheim initiatives would result in having our problem lead to a new impasse which no one can foresee how long it would last.

It seems, however, that the Kyprianou government is going to commit the same mistakes which it committed with the West side which offered during the end of 1978 to constitute the basis for the settlement of the problem through negotiations. At that time, our government had itself requested the Americans to prepare a "plan" for the solution of the Cyprus problem. More specifically, as was revealed to me by a State Department official during my last visit to the U.S., President Kyprianou had requested Carter at the time of his meeting with him in the White House that his government prepare a plan for the solution of the Cyprus problem. Carter accepted and sent Nimitz to Cyprus to become informed and to learn close up the position of the two sides. Finally, the "plan" requested by Mr Kyprianou was prepared and submitted to the two sides. It was evident that this framework favored our side and could have constituted the basis for a settlement of the problem through negotiations. If this framework had been accepted 3 years ago, the inhabitants of Famagusta would now in all probability be in their homes and the Cyprus problem would have showed significant progress.

What happened finally is known to all. Although for quite a few weeks the government did not announce anything, after a lot of time had passed we learned that the plan, which Kyprianou himself had requested, had been rejected for reasons having nothing to do with its contents.

Today there is danger that the same thing will happen with the Waldheim initiatives. Although in the beginning the Kyprianou government encouraged Mr Gobbi in this direction, there are now serious signs that Mr Kyprianou is attempting to subvert the Waldheim initiative either for reasons having to do with his personal plans or because he is not in a position to make decisions. It is here, however, that both the political parties and the collaborators of Mr Kyprianou must take an open and timely position so as to prevent a new political fiasco which could have serious consequences on the course of our problem. The AKEL leadership must take a timely position and condemn the policy which has as its goal the maintenance and perpetuation of the problem.

Minister of Foreign Affairs Rolandis must in this instance proclaim openly his disagreement with the president. He also has the right and duty to do this if he really wants to safeguard the last chance which is being offered to create movement on the Cyprus problem. He himself believes that the Waldheim initiative must be encouraged and must not be permitted to fall into a void because this would cause our problem to regress by 10 years. It appears that Mr Kyprianou has different ideas and is not concerned if our problem were to regress by 10 or 20 years.

Those, however, who are interested, if they are serious, must speak forward. They must speak now before it is too late.

5671
CSO: 4621/24

GREECE'S TIES WITH THE WEST ANALYZED

Athens EPIKAIRA in Greek No 691, 20 Oct-4 Nov 81 pp 17-19

/Text/ The victory of the socialists in the 18 October election was swift and sweeping. Less than a mere one-tenth of the votes had been counted when outgoing Premier Georgios Rallis quickly accepted his defeat and withdrew, maybe forever, from the political stage. Within minutes, the main avenues in Athens were flooded with frenzied young people who waved the green flags of the socialist party, while endless rows of automobiles followed honking incessantly. After 50 years of conservative government almost without interruption, Greece had selected a government of clearly leftist orientation. The hour of the long-hoped for change had come.

PASOK, led by Andreas Papandreou, received 48 percent of the votes compared to 25 percent it had received in the previous 1977 election. The defeated party of the New Democracy received only 36 percent compared to 42 percent in 1977. PASOK won 172 out of 300 seats in the Chamber of Deputies, i.e., a clear majority, but just a little less than the three-fifths majority required to change the constitution.

The result offers some reassurance to Greece's friends in the West. On the one hand, PASOK will not have to depend on the support of the pro-Soviet KKE which received 10.9 percent of the votes, gaining only 13 seats. Also, PASOK did not win such a large majority that it would be enabled to "pass" through the legislature certain constitutional changes desired by its more die-hard cadres.

Papandreou does not intend to seek the support of the communists to change the constitution. The conservative president of the republic, Konstandinos Karamanlis, will be in a position, therefore, to hold back the new government by exercising the limited but useful powers given him by the constitution. He can proclaim a referendum, delay the legislative process and, in extreme cases, dissolve the Chamber of Deputies /and call for a new election/.

The socialist victory shows that democracy in Greece had deeper roots than many imagined. In 1967 the prospect of a sweeping victory by a left-oriented camp (led by George Papandreou, the father of Andreas Papandreou) caused the colonels' coup. This time there are no signs of unrest in the barracks--in part because leading PASOK cadres have cultivated good relations with certain high-ranking officers, and they have also promised to increase defense expenditures.

Nevertheless, the prospects are not so reassuring. Andreas Papandreou since his previous service in power as minister of coordination during 1964-65 showed that he is more adept at sloganeering than in dealing in a practical manner with various problems. He built his party--which he founded in 1974--without the help of experienced politicos. None of the new ministers has been a member of a previous cabinet. The policy he followed in the last few years was anti-NATO, anti-EEC, autocratic and--even more disturbing--rabidly anti-Turkish. At times he gives the impression that he feels as much sympathy for Colonel Qaddafi in Libya as for the West European social democrats.

The two most disturbing points in the PASOK program are its foreign and economic policies. In the past, Papandreou fervently called for Greece's withdrawal from NATO and EEC. During the electoral campaign he made his views less clear on both questions so that it is difficult to foretell what he is going to do eventually. However, the strong optimism that prevailed in Athens last week that he will not withdraw Greece from the West may prove premature.

A year ago, the Rallis government decided that Greece should again place its military forces under NATO's military command--from which it withdrew in 1974--under the "Rogers Plan." The plan proposes to postpone a decision on the sensitive issue as to whether Greece and Turkey should share in the control of the Aegean under NATO command. Papandreou now intends to submit the Rogers Plan to the Chamber of Deputies and call on its members to reject it. If NATO and the Turks do not agree to give Greece exclusive control over the Aegean, Papandreou will be forced, according to his logic, to again withdraw Greece from NATO. He argues that participation in NATO does not serve Greece since it does not offer it any protection against Greece's number one enemy which, in his view, is Turkey. Papandreou will keep Greece, nevertheless, within the Alliance (because in essence all the Greek weapons are supplied by the NATO countries).

The Reagan Administration is even more disturbed by PASOK's pledge to throw out the four American bases on Greek soil. Certain functions of those bases may be transferred in time to Sicily or Turkey. But the bases acquired added importance in recent months because they became a center for observing the events within and outside Libya. Moreover, the bases in Crete constitute a useful facility for the U.S. Sixth Fleet.

Papandreou has said that he is not going to demand the immediate removal of the bases. Yet, it is likely that he will impose certain disagreeable conditions in the meantime. He wants all American tactical nuclear weapons removed and it is said that he wants to forbid all American employees to travel outside the bases. A few years ago he was urging the previous government to accept a Soviet offer, namely, "the promise not to attack Greece" as a reward for the removal of the American bases.

Even under the best conditions, Greece under Papandreou will likely be an unstable member of the Western military alliance. Papandreou views EEC with equal dislike. Now, however, there are fewer possibilities that he will remove Greece from the European community. He will ask President of the Republic Karamanlis to call for a referendum on the question of Greece's continuing membership in the EEC or withdrawal, but the president has the power to veto such a request and he is

expected to do so. But even if the president of the republic allowed the referendum, the result would favor continuing membership. The latest poll conducted on behalf of EEC in June in all its member-states showed that the majority of Greeks (2:1) favor the induction. This was shown by the result of the Greek election for Greek Euro-deputies. PASOK received 7 percent less than the corresponding percentage it received for the Greek Chamber of Deputies while the two parties which supported EEC membership--the Party of Democratic Socialism /KODISO/ of Giangos Pesmazoglou and the Euro-communist KKE-Interior--received six times and three times, respectively, as many votes for the European Parliament compared to the Greek /sic/.

So it is almost certain that Greece will stay in the EEC. Papandreou, however, intends to imitate Britain's behavior in Brussels. It is unlikely that he will ask for a formal renegotiation of the agreement between Greece and EEC but he will try to reduce its contribution to the communal budget and cut down the transitional period for Greek agriculture (and he is to some extent right: in their haste to bring Greece into the EEC, the negotiators of the previous Greek government did not bargain very vigorously).

The major conflict between EEC and the new Greek government will refer to PASOK's interventionist economic policy which will violate all the rules of EEC. PASOK wants to subsidize and expand such industries as steel mills, textiles and the shipyards whose productive capacity EEC wants to reduce. Further, PASOK most likely will impose a cluster of measures to control prices, imports and capital movements. The other EEC partners will not like that.

Greece was not hit as hard by the world recession as most other countries in Europe. But the country's public economy is in shambles. The fiscal deficit is approximately 14 percent of the Gross National Product and inflation is around 25 percent. PASOK's remedy is a mixture of "socialization" of a long list of the most significant industries (i.e., nationalization with a provision for the participation of workers and consumers in decision-making), together with a cost-of-living adjustment of wages and salaries for those working in the industrial sector and higher prices for farm products and higher defense expenditures. This combination appears doomed to push inflation even higher. Papandreou has had an academic career as an economist, but it seems unlikely that he will achieve his promise to stabilize the economy.

The new government wants to introduce certain changes which Greece desperately needs, such as the establishing of a National Health Organization. The absence of good medical care has made illness a veritable nightmare for most Greeks. Even the bourgeoisie has to pay exhorbitant bills to doctors (who seldom pay any taxes). PASOK has also promised to take harsher measures to control air pollution which is destroying the Parthenon and suffocating the Athenians.

The party's promises to reform the country's antiquated bureaucracy played a vital role in its electoral victory. The incompetence and corruption of civil servants has caused tremendous indignation, even in the provinces. In the cities, the favoritism shown by the previous government in hiring civil servants convinced many middle-class voters to support PASOK. Papandreou's group has the intention of decentralizing the governmental services and reducing the powers of the nomarchs. But it would certainly be surprising if the new PASOK people reduce party favoritism in hiring people into the civil service.

7520
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END

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West Europe Report

No. 1865

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LO, GDR UNION DISCUSS DISARMAMENT--NTB--The Norwegian Federation of Trade Unions [LO] and the East German national organization FDGB [Free German Trade Union Federation] favor holding a European disarmament conference according to a statement from a meeting in Oslo between the two organizations. LO and the East German union expect the governments of Norway, East Germany and the other participating lands to do their part in seeing that negotiations on balanced reduction of conventional forces lead to positive results. The two organizations also expressed the hope that the fourth conference of unions in East and West Europe will contribute to insuring peace in Europe and to the development of an atmosphere of trust and cooperation among European union movements, the statement said. The delegation from the East German national organization visited Norway at the invitation of the Norwegian LO. The delegation also met Prime Minister Kare Willoch as well as Gro Harlem Brundtland and Ivar Leveraas, the chairman and secretary respectively of the Labor Party. [Text] [Oslo AFTENPOSTEN in Norwegian 2 Nov 81 p 4] 6578

CSO: 3108/14

'UNITY OF POWER AND ACTION' NEEDED FOR KURDISH REVOLUTION

Stockholm RIZGARIYA KURDISTAN in Turkish Oct 81 pp 20-21

[Unattributed commentary]

[Text] Prior to 12 September the economic crisis in Turkey had deepened as never before while the social crisis reached its absolute nadir. The working class struggle had attained unprecedented dimensions. The national democratic struggle in Turkish Kurdistan had assumed a level that would shake from its foundation the exploitive, repressionist, forced assimilationist tyranny of the chauvinist Turkish bourgeoise that stood at the root of the class struggle. Through the development of a national and class struggle against both Kurdish collaborationist dominant forces in Turkish Kurdistan and the chauvinist Turkish bourgeoise wherein strikes, occupations, slowdowns and boycotts throughout Turkey and Turkish Kurdistan followed one upon another, fascist forces were finally unable to enter a number of localities. The rapidly escalating revolutionary opposition of the masses against fascist forces acting in coordination within and without the country had shaken the bourgeoise state's authority from its foundation.

When discussing the collaborationist, monopolist Turkish bourgeoise order, one cannot ignore the policy of increasing aggression nurtured by imperialists in the world and the Middle East. The vacuum created in the plans of regional imperialism by the disruption of authority in the Turkish state, which is a stronghold of imperialism in the Middle East, the loss of Afghanistan and the collapse of the Shah of Iran's fascist monarchy has greatly alarmed the U.S. imperialists.

In the face of the economic, social, political and conjectural situation that has emerged, U.S. imperialism and the monopolist Turkish bourgeoise fashioned the 12 September fascist junta to stabilize the economy by implementing the "24 January Stabilization Measures," destroy the Kurdish and Turkish revolutionary struggle that shook state authority from its foundation, consolidate state authority upon a fascist structure, and fill the imperialist-gendarmerie vacuum created in the Middle East with the collapse of the fascist Iranian monarchy.

Has the year-old fascist junta been able to accomplish these goals?

The efforts to "stabilize" the economy have been a fiasco. The fascist junta has tried to implement the "24 January Stabilization Measures" with force, brutality and oppression. In keeping with these measures, it has tried to boost production through fascist oppression and force. It has frozen wage hikes by attempting to

abolish collective bargaining agreements. The junta has thoroughly exacerbated the domestic market impasse with new tax laws and by bringing wholesale bankruptcy to both entrepreneurs and small artisans and tradesmen. The boost in production through fascist coercion, the thorough exacerbation of the domestic market impasse through tax laws and continual price hikes as well as the absence of a satisfactory foreign market and the incredible increase in stockpiling have, in fact, unrectifiably disrupted the free balance of supply and demand and deepened the crisis.

All these developments have heightened tremendously the conflict between the collaborationist bourgeois monopolist and the entrepreneur as well as exacerbating the conflict within the monopolist bourgeoise itself.

As the economic crisis deepens, the social life into which the peoples of Turkey have been cast assumes a quality no longer tolerable by society. The shortages engendered by the high cost of living have become torture for an overwhelming segment of society. Unemployment has peaked and the demolition of thousands of shanty towns has left people without house and home.

The politically motivated "stabilization" is transitory and forced in the extreme. The fascist dictatorship has ferociously attacked the revolutionary struggle in order that it can establish "political" stability and thereby "reinstitute" through fascist means the shaken authority of the state. It has shut down all political parties and mass democratic organizations, especially DISK (Confederation of Revolutionary Worker Unions) and TOB-DER (Turkish Teachers' Unity and Solidarity Association). It has denaturalized hundreds of revolutionaries and carried out massacres. It has executed or given life sentences to over a thousand people; conducted mass arrests; and toutured dozens of revolutionaries to death. The fascist regime has filled the prisons with over a hundred thousand revolutionaries and handed out 10-year sentences to thousands. It has erected gallows and executed eight revolutionaries to the present. It has conducted and continues to conduct genocide, attacking the Kurdish people with amassed chauvinism and hatred. No matter how inhuman the oppression and cruelty, it has been and is being applied universally. It is absolutely clear that U.S. imperialism, with its "Gulf Policy" toward the Middle East, wants to use Turkey as a spring board against progressive movements in the region. We must keep careful watch on U.S. imperialist maneuvers to liquidate progressive Arab governments by introducing discord among Arab countries and establishing reactionary blocs via the Camp David conspiracy. At a time when the Israeli Zionists--imperialism's pincers in the region--are mounting bloodthirsty actions against the oppressed Palestinians and the massacres of the Lebanese civilian population are growing, imperialist-Zionist attacks coupled with internal and external plots against progressive forces and governments in the Arab world have served to put an even greater strain on developments.

The fascist dictatorship in Turkey, being compatible with imperialism's aggressive policy in the region, stands ready to undertake new assignments. The acceptance or "utilization" in Turkey of "forces of steel" ready to actively intervene in the region is a new link in the treacherous plan being developed for the area.

The monopolist Turkish bourgeoise, which is occupying a significant portion of Cyprus, wants to convert Cyprus into a "floating warship" for NATO by striving to solve this international problem in keeping with imperialism's interests. All progressive, peace-loving forces in the region must stand up against the fascist

regime in Turkey, which is breeding reactionism within its borders and aggression outside them.

This very real situation has inevitably imposed upon Middle Easterners--already sharing a common geographic destiny--a shared political destiny as well. There is no doubt at all that the collaborationist Turkish bourgeoise, which has attempted to fill the vacuum created by the fall of the fascist Shah of Iran, will inevitably meet the fascist Shah's fate. It is for this reason that all progressive forces in the region must enter a dialogue and support one another. The year-old fascist military junta has not afforded the peoples of Turkey and Kurdistan the slightest economic, social or political relief...nothing but countless tears, incidents of torture and abundant bloodshed for which history will damn it.

No matter how frenzied the fascist military junta's behavior it will meet an inescapable end. No power on earth can prevent this. It is inevitable because of the current global situation, the crisis gripping the capitalist-imperialist world, the new victories the socialist bloc is winning everyday against imperialism, and the daily decimation of another imperialist bastion by national liberation forces and the world's working class. It is inevitable because the peoples of Turkey, Turkish Kurdistan and other Middle Eastern countries are engaged in a vigilant, determined struggle against imperialism, Zionism, reactionism and fascism.

TOILERS OF TURKEY AND KURDISTAN WHO ARE VALIANTLY RESISTING OPPRESSION AND TYRANNY; PROGRESSIVE FORCES OF THE WORLD SUPPORTING PEACE!

There is no doubt that the 12 September fascist junta has leveled heavy blows against the revolutionary struggle of the peoples of Turkey. But it has not been decisively defeated. Albeit temporarily, the enemy--intoxicated with victory--continues to attack our peoples' revolutionary struggle. However, despite all oppression and tyranny, he has not and will not eliminate our peoples' revolutionary democratic struggle. The peoples of Turkey and Kurdistan will face tomorrow stronger and more vigorous for having learned from today. This will confirm victory upon our peoples sooner or later.

Bearing in mind all these very real circumstances, the problem facing today's revolutionary democratic forces with an unprecedented urgency is one of anti-fascist forces creating among themselves a unity of power and action--and gradually an anti-fascist front--to further speed the inevitable downfall of the fascist junta.

DOWN WITH THE FASCIST MILITARY JUNTA!
LONG LIVE THE UNITY OF ANTI-FASCIST POWER AND ACTION!

ALA RIZGARI

T-KDP (K.U.K)
Turkish Kurdistan Democrat Party

TKP (B)
Turkish Communist Party (Union)

TKSP
Turkish Kurdistan Socialist Party

TKEP
Turkish Communist Labor Party

CSO: 4654/58

CONSUMPTION OF PRIMARY ENERGY SOURCES REDUCED IN 1981

Bonn DIE WELT in German 16 Oct 81 p 9

[Article by Hans Baumann: "Significant Reduction in the Consumption of Oil and Natural Gas"]

[Text] Essen--The Association of German Hard Coal Mining Industries has announced a sharp drop in the consumption of primary energy for the first three quarters of 1981, amounting to almost 6 percent. Big losers are petroleum and natural gas, showing a decline of 12.4 and 7.8 percent respectively.

The change in trend on the primary energy market becomes apparent when the simultaneous increase in the use of hard coal and nuclear energy is taken into consideration. The use of hard coal increased from 19.5 to 20.9 percent of total primary energy consumption, whereas the proportion of petroleum declined from 48.5 to 45.1 percent. The share of natural gas dropped from 15.7 to 15.4 percent. Nuclear energy improved its position, increasing from 3.6 to 4.8 percent of total consumption, and the proportion of brown coal increased from 9.8 to 10.7 percent.

The fact that private consumption contributed significantly to this change in structure becomes apparent when the position of light heating oil is considered. Conservation measures and conversion to other forms of energy reduced consumption by almost 20 percent when compared to last year's level. Heavy heating oil also experienced a decline in use. Primarily for economic reasons but also as a result of conversion to other sources of energy, consumption fell by approximately 22 percent.

Even the automobile driver is cutting back. The consequence: The sale of gasoline declined by 6 percent. A contributing factor is the continuing change to diesel-powered vehicles, the sale of which has increased by 1 percent simultaneously.

One of the primary reasons for the heavy losses in the sale of natural gas is the fact that power plants are replacing this energy carrier with hard coal. But industry has also been using less natural gas because of the sluggish economy. The fact that nuclear energy increased its share of total energy consumption by almost 30 percent can be attributed to a decline in interruptions and shutdowns.

The drop in the consumption of primary energy is clearly evident in the effective figures. Total consumption during the first three quarters, for instance, declined from 289.3 to 272.6 million tons of hard coal units, which is almost 17 million tons. The loss was primarily at the expense of oil; consumption dropped by 17.4 million hard coal units to 123 million tons.

It is easy to underestimate the significance of nuclear energy as a component of total energy consumption in Germany. Its share is 13.1 million tons of hard coal units, which, after all, amounts to 25 percent of the extensive German hard-coal mining industry.

Hydroelectric power easily improved its position by moving up from 2.2 to 2.4 percent of total consumption; of course, it also includes the foreign trade balance for electricity.

8991
CSO: 3103/70

FEDERAL ENERGY PROGRAM DISCUSSED

Duesseldorf WIRTSCHAFTSWOCHE in German 23 Oct 81 pp 22, 24

[Article: "Cost as Control Mechanism"]

[Text] The energy program projections to be passed on by the cabinet in early November will once again underscore the control function of the market.

Ulrich Engelmann felt that most of his work was done last Thursday and so he, the top energy expert in Otto Lambsdorff's economics ministry, and his team went on a picnic outside Bonn.

Meantime, the energy experts at the other ministries are still busy working on their proposals for the "third energy program projections." On 4 November, the socialist-liberal coalition cabinet is to pass on these guidelines.

As Lambsdorff's energy experts have put it in the introduction to the draft program, the government would like to continue as well as support "the adjustment process of the German economy to the altered parameters resulting from the extraordinary rise in oil prices in 1979/80."

They started out from the realization that "the adjustment process to the altered energy supply situation by the German economy can indeed be stepped up but can only bear fruit over the long run." The economics minister wishes to arrive at an energy structure for the future without "unacceptable disruptions both in economic and social terms."

The Lambsdorff experts have had political economists determine just how much oil the FRG is likely to need in the nineties, which energy sources will be required to generate electricity for the household and for industry and what the share of nuclear energy in the overall energy equation will be.

In contrast to the previous projections worked out in 1977, the political economists at the research institutes in Berlin, Essen and Cologne were given a free hand this time. They were even allowed to come up with their own estimates of FRG economic growth which has a substantial bearing on the energy projections.

In 1977, the research institutes had assumed an average growth rate of 4 percent for the 1975-1985 period and a rate of 3 percent up to the year 2000. Their present projections are more modest, figuring on an average growth rate of 2.7 percent until 1995. Because of this, consumption of primary energy —such as oil, hard and soft coal, natural gas, nuclear energy, hydroelectric power, underground heat and solar energy— will not reach the level of 500 million tons of hard coal units until 1995. In the second program projection, this eventuality was forecast for 1985 or for 1995 at the latest.

The three institutes estimate that primary energy needs will increase by only 1 to 1.4 percent annually over the next 15 years. "During the past 20 years, the rate of increase was twice that," the researchers say. It is their wish that GNP and primary energy consumption not develop in tandem henceforth and that the economy grow faster than the needs for industrial and household energy. What they would like to see above all is a continued decline in oil consumption.

The institutes believe that this will come to pass during the next few years. In 1980, oil made up almost 50 percent of total energy consumption; in 1995, that figure is expected to drop to 34 percent. By then, only about 100 million tons of oil will be imported by the FRG instead of 115 million today— but the price will then be almost twice as high as it is now.

The big winner in the energy competition is to be nuclear energy, raising its share from the present 3.5 percent of total energy production to 17 percent. Hard coal will increase its share from 19.7 to 22 percent. German coal mines will then be producing 100 millions tons of coal, the only major German energy source.

Natural gas will remain at about 16 percent and soft coal, the researchers say, will decline from 10 to 8 percent. Summing up their findings, the researchers conclude that "the energy supply structure in the mid-nineties will be distinctly more balanced."

The trend can already be detected. The share of oil has substantially dropped (to 45.1 percent) while that of hard coal has increased (to 20.9 percent) and during the first three quarters of this year the share of nuclear energy in overall primary energy consumption was 4.8 percent. The energy experts therefore find that "the government energy policy is the right one." They would like to see "the marketplace continue to dictate energy supply in the future" and only "to intervene for the purpose of support or correction insofar as this is deemed necessary to step up or to mitigate the adjustment process." Price should be the primary control mechanism of the government energy policy.

In their projections, the Lambsdorff experts include a word of support for nuclear energy: "Assured supply of electric power at internationally competitive prices, the replacement of oil and a decrease in the use of gas to generate power as well as environmental and financial limitations on the use of coal raise the need for a substantial increase in nuclear energy in the years to come."

But this is something minister of construction Dieter Haack does not quite agree with. He does not deny the need for new nuclear power plants but he fears that stepped-up construction of such plants would impair the development of remote heating plants. At the present stage of remote heat development, the use of excess thermal energy for heating purposes in uneconomical given the need for large power plants such as nuclear facilities for budgetary reasons. These large power plants, however, are too far distant from the ultimate energy users.

Dieter Haack is more in favor of small power plants, primarily operating on coal, which are close to the energy users. And so, during the first round of discussions about the third projections, construction ministry officials pleaded for inclusion of the small, close-to-the-consumer power plant concept in the new energy program.

In this regard, Haack is in agreement with ideas being discussed by the SPD Bundestag fraction. Erich Wolframm, the head of the SPD task force on "energy and the environment" is in favor of an even more outspoken commitment to coal. Wolframm criticizes the "general statements" being made on the subject of nuclear energy, adding that "they do not help us get on with the debate." Wolframm says: "We must come out and say exactly what we have, what is under construction and what our additional needs are." This also applies to the regional picture. Each citizen should know how many reactors at most are needed in his particular region in order to guarantee adequate energy supplies. This would help make for a substantive debate. "Brokdorf would not have taken place under such circumstances," he says.

Wolframm has outlined his proposals in a letter to the chancellor's office. But whether they will be included in the projections is open to doubt, since Lambsdorff's experts, based on previous experience with other energy programs, took pains to avoid citing concrete figures for their long-range goals. And Wolframm's petition to the contrary notwithstanding, they are likely to stick to their guns this time.

9478
CSO: 3103/106

GOOD PROSPECTS SEEN FOR SCHWEDENECK OFFSHORE OIL FIELD

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 24 Oct 81 p 16

[Article by Klaus Wiborg: "First German Oil at Schwedeneck?"]

[Text] Hamburg, 23 Oct--There is an old saying among farmers that "the bacon is plentiful in Schleswig-Holstein." The most fertile areas of this Land, which is situated between the Baltic and the North Sea, are in the coastal regions. Now it looks as if "bacon" can also be found offshore, at least as far as the petroleum and natural gas industry is concerned. Off the west coast, near Dithmarschen, the oil field Mittelplate was discovered 3,000 meters under the mud flats. In the bay of Kiel, 1,000 meters below the Baltic Sea, a continuation of the Schleswig-Holstein oil field of Schwedeneck was discovered. Considering the many failures in this game of exploration, the consortium German Texaco/Wintershall was lucky to strike out in the Baltic Sea as well as in the North Sea.

Although the difficulties are enormous with respect to a possible exploitation of the larger deposits that were discovered on the west coast (FRANKFURTER ALLGEMEINE ZEITUNG, 17 October), prospects for the Schwedeneck Baltic Sea oil field are much more favorable. It is possible that oil may flow for the first time from an offshore field near the German coast as early as 1983. According to estimates by the consortium, which wants to make its final investment decision by the beginning of next year, 2.5 million tons of crude oil may be found offshore at this location.

As a prerequisite two drilling and production platforms are to be built (at a total cost of more than DM 100 million) and begin drilling at a fixed location approximately 4 kilometers from the Baltic Sea resort of Damp at the mouth of the bay of Eckernfoerde. Furthermore, a pipeline system would have to be constructed, leading from the drilling and production islands to the coast (near Waabs) and from there all the way across Schleswig-Holstein to be connected with the supply line of the Heide Texaco Refinery. The plans are complete, drawings have already been submitted to specialized shipyards. One thing that has not yet been completed is the economic calculation of this first offshore production project of the FRG. An important unknown factor is the future level of interest rates on production.

The expected annual production of approximately 300,000 tons--at current prices for imported crude oil it would be equivalent to DM 200 million--would double the amount of Schleswig-Holstein's present level of oil production. The Land is equally interested in this project and would subsidize production. The consortium is praising the "extraordinary support" by the Land, which was especially needed in the case of Schwedeneck. Conflicting interests caused unusual difficulties for this Baltic Sea

territory; they had to be overcome and compromises had to be made with federal authorities concerning the location for drilling: The field extends into an area of the ocean which is also used by German submarines to practice submerging; it is a shooting range for the Navy artillery and a practice area for Navy pilots. It borders directly on that part of the ocean where live ammunition was dumped after the war as well as on the measuring mile for ship surveyors. Last but not least, it is bordering on a vacation spot and bathing beach, the center of which is "Damp 2000." Many talks were conducted with the Land, with local authorities, spa directors and the Bundeswehr, and apparently they came to an agreement.

Because of the beach, tankers will not be loaded on the open sea but the oil will be transported through pipes; the drilling sludge will be transported by ship and deposited on land. An oil spill is not expected anyway because the deposits, which have been "tapped" for years, are under low pressure. Consideration for the Federal Navy, however, restricts the time available for drilling to a part of the year. Later on, production will be automatically controlled from the shore anyway; no man will be on board of the wave- and ice-resistant platform. The Schwedeneck production will certainly not be cheap. There is no doubt that without the OPEC crude oil price level it could not be considered.

8991
CSO: 3103/71

INDUSTRY MINISTER'S PRESS CONFERENCE ON ENERGY

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 27 Oct 81 p 3

[Press conference of Industry Minister Marcora: "Minister Marcora Sounds an Alarm on the Energy Situation"; in Rome 23 October 1981]

[Text] The following is a summary of the main points made in the press conference held in Rome last Friday by Industry Minister Marcora to announce the conclusion of parliamentary debate on the new national energy plan. Marcora used the occasion to sound an alarm about the Italian energy situation for the months pending equalization of ENEL [National Electric Power Agency] rates and administrative petroleum prices.

Energy

Yesterday (Thursday) evening, the Industry committees of the Chamber of Deputies and the Senate approved simultaneously a resolution on the national energy plan. The vote was unanimous in the Senate; some parts of it were opposed by two radical deputies in the Chamber. I think it opportune that parliament considered the issue and that the debate was intense and constructive. Passing a joint resolution is a new and positive accomplishment. I have the responsibility of implementing the changes suggested in the resolution and in the debate and of presenting the new text to the CIPE [Interministerial Committee for Economic Planning] by 15 June for final approval. Thereupon machinery will be set in motion to transmit the new plan to the organizations involved (ENEL, ENI [National Hydrocarbons Agency] and CNEN [National Nuclear Energy Commission]) and to the regions. In late 1981 and early 1982, the regions will have to locate the sites for new nuclear and coal power plants. Power can then finally begin to be supplied. We are moving toward unified plants with a single power supply, which has so far been the PWR [pressurized water reactor], though continually improved, of course. The plan provides for a total investment of 85.4 trillion lire over the decade (at 1980 prices) plus 120 trillion lire in endowment funds. This is the largest investment program ever planned in this country. For the 1982-84 three-year period, investment will come to 23.2 trillion lire: 6.959 trillion in 1982, 8.565 in 1983 and 7.485 in 1984.

Financial needs for 1982 will be met with 1 trillion lire already on the Treasury's books, provided by law; 1 trillion can come from the anti-inflation fund of 6 trillion lire; 3 trillion from a public debt enlarged by 50 trillion; and 1.5 trillion from planned ENEL rate hikes and installment sales on the foreign market.

At the next meeting of heads of state and government projected to be held in London, I intend to insist that the Italian government ask that a part of the planned financing have access to the Ortoli tax. The new plan provides for a great effort in energy conservation that should make it possible to save 15-20 million TEP [ETP, energy in equivalent tons of petroleum] in the area of renewable energy resources.

The ENEL Situation

After 29 July, 5,600 bids were not let, and 1,128 were not concluded. On 20 October, debts payable and not honored came to 1.188 trillion lire. The ANCE [ANCI, National Association of Italian Municipalities] has requested a grant from the Special Employment Fund for 30,000 workers. In recent months, the situation has been alleviated somewhat by a state loan of 600 billion lire. Treasury payments and, especially, rate increases are still expected.

Petroleum Industry Situation

The president of the French company Total told me yesterday that Total's refineries in Italy will close because they lost 100 billion lire in the first 6 months. Remember now that this company accounts for 7 percent of the Italian market. Even Esso has lost 30-40 billion, and AGIP [National Italian Oil Company] has lost 800 billion (this sum alone would have sufficed to launch the energy plan). The ENI [National Hydrocarbons Agency] already meets 60 percent of Italian oil needs and is thus suffering 60 percent of the losses. The loss on every barrel of imported oil averages 40,000 lire.

Pricing Method

The CIP [Interministerial Price Committee] method for verifying and equalizing prices was scheduled to be implemented by 10 August. Remember that this method is now less suitable for oil companies because it is based on European prices that are less favorable than when the method was instituted. Despite this, it has not been implemented. All credibility has been lost. Investment in refineries has not been made. Thus we are importing benzine and diesel oil. We are no longer competitive. Italian industry cannot be an exception to the rule.

Why The CIP Is Not Meeting

I am part of a collegial government. The chairman of the CIP is the chairman of the Council, and I am the vice-chairman. I have to stick by the policy that the chairman gives me. How can I do this? I can bring these points up in all institutional meetings and call them to the attention of public opinion until it becomes incompatible with my duties as minister. I have been in office only since 28 June, 4 months. I still have the obligation to act as strongly as I can.

What To Do

I will take action. We cannot count on anything. But this cannot go on beyond the beginning of 1982. The time for resignations is not yet here.

8782
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TEXT OF PARLIAMENTARY RESOLUTION ON NEW ENERGY PLAN

Rome STAFFETTEA QUOTIDIANA PETROLIFERA in Italian 27 Oct 81 pp 4-5

[Text of the "Parliamentary Resolution on the New National Energy Plan"]

[Text] The 12th Industrial Commission of the Chamber of Deputies (and the 10th Senate Industrial Commission) declare that:

(1) the National Energy Plan includes projects that are presently scattered throughout the public domain, such as the correlation of energy and growth, the growth of supply and demand as a result of appropriate policies, diversification and balance of energy resources, development of renewable energy sources, planned use of energy, new policies for environmental security and management, and site development support for large electric power plants;

(2) the new National Energy Plan is innovative with respect to the previous one in that it is more complete and balanced, which are conditions for the social consensus that is indispensable to national planning and to a new energy policy that has as its essential objective the reform of consumption patterns, the correction of territorial imbalance, and manpower retraining;

considering that:

(1) the country's serious energy situation, the delay that has been incurred, and conflicts between the various governmental institutions require that trends be completely reversed in coming years in order to make up the time that has been lost;

(2) the primary objectives of national energy policy should include:

(a) guaranteeing the supply of basic energy sources, diversifying them gradually and making them adequate to the growth rate of the gross domestic product [GDP];

(b) improving the energy balance of payments, inasmuch as energy costs are the most serious foreign burden on our economy;

(c) maintaining the qualification and growth of national industry with particular reference to electromechanics in order to increase competitiveness on domestic and international markets and to broaden the productive base and increase employment;

(d) developing technology capable of producing innovations that will insure competitiveness and expansion in the productive and social economic system of the country;

(e) achieving the lowest possible rate of growth in electricity use relative to the rate of growth in the GDP;

the government is charged:

to maintain a policy of diversifying energy sources for the purpose of gradually replacing oil by coal, natural gas, nuclear power and all renewable energy sources as well as promoting energy conservation.

As for individual energy sources:

Energy conservation: Action in this area is taken in the broader context of use policy, which includes the conservation and appropriate use of energy; they will be diversified by individual sectors and will be derived with close attention to cost-benefit analyses not only in terms of conservation but also of benefits produced by productive and occupational activity; this will assure the distribution of heating fuel throughout the country, favor the combined production of energy and heat, further possible consolidation of high energy-consuming activity and new power plants, particularly nuclear plants, and maintaining adequate investment as provided in the Energy Plan.

Renewable energy and local resources: A policy shall be adopted that relies increasingly on renewable energy sources; considering that this policy will make it possible to ease energy demand on large-scale plants, those renewable energy sources shall be given priority that can be soonest brought on the market, by integrating them with traditional sources where necessary; energy sources shall also be given priority whenever they more than marginally meet local and national energy needs. Economic and policy action must also be coordinated according to the place of the energy source in the process extending from scientific research through technological and industrial application to the production, marketing and consumption phase; priority shall be given to experimentation and projects of appropriate scope.

In this context, the government shall shortly present the prescribed decree on research and development of geothermal resources and stress the commitment of the new PEN [NEP, National Energy Policy] to research and experimentation with new technologies.

Finally, water resources shall be maximally exploited for the production of energy and for water reclamation.

Oil: Objectives and actions to be taken shall be defined for the field of research, supply, and distribution of oil and oil products for the purposes of:

reorganizing and upgrading refining to make better use of raw materials relative to the altered conditions of supply;

updating the supply network by 1985 by gradually implementing the central European supply network guidelines, for which the necessary legislative and administrative acts shall be made;

funding research and national hydrocarbon development;

reforming the CIP [Interministerial Price Committee] and the price system, which is the only way in which the petroleum products pricing system can be revised.

Natural gas: A national plan should be implemented for the conversion of homes and industry to natural gas, with the Sothern regions having the highest priority; every initiative should be taken to speed up the first phase of conversion to natural gas in the South by approving at an early date the program for the earthquake zone in Basilicata and Campania.

Coal: Work should be started at an early date on three large coal ports and on the transportation and loading infrastructures, which will make the NEP coal option practicable. This program should take into account the new gasification and liquefaction technologies and the time in which they can be brought into use;

studies should be made on the feasibility of developing an imported coal energy industry in this country;

under the unified program for ENEL [National Electric Power Agency] coal plants, advanced-technology instrumentation and equipment should be installed to eliminate pollution, so that this country may match the standards set in this sector by the more advanced industrialized countries.

Nuclear power: Increased domestic planning and construction capacity must be achieved, and radical improvements must be made in plant management and maintenance in order that operation, production and safety be highly reliable. In the context of the decision on the unified project, it is noted that the agencies primarily use the PWR [pressurized water reactor] system, and the government is urged to open negotiations with licensees for better terms in installation and international marketing.

The Commission also deems it timely that the government monitor national activity in the field of fast reactors as well as on the PEC [expansion unknown] and Cirene projects, not only as they relate to changes in the French nuclear program for fast reactors but also and especially to ascertain what progress is being made.

The government should also define the role of the nuclear plants already extant under the NEP, checking in a timely manner on safety conditions, especially earthquake resistance, and their profitability relative to possible modernization and renovation investment.

Safety and the environment: Appropriate action should be taken to construct an adequate safety system for nuclear and conventional plants; this system should eventually extend to all "relevant risk" plants and should implement the conclusions of the debate on safety that has taken place in this country; it should implement in particular the conclusions of the January 1980 Venice conference on nuclear safety.

Coordinate action should be taken by the ministry of Industry, the regions, affected local governments, and ENEL to promote the use of legislative incentives to bring energy plant sites up to standard.

A study should be made of the possibility of passing "environmental impact" legislation.

The Commission charges the government to draw up a comprehensive plan for reforming institutions that manage energy policy, along the following lines:

(a) the governing bodies shouold be in a position to collaborate and participate actively in all energy options; to this end, an agreement on the national scale should be reached that will make cooperation possible between the interested local governments, regions, and energy agencies; the instruments of this policy would be the Regional Energy Plan to the extent that it is compatible with the options

in question and the directives of the National Plan and as it promotes energy companies' unified and integrated management of technological services in the distribution system;

(b) the role and organization of public energy agencies should be modified according to the requirements of the Plan's objectives. Specifically:

--the ENI [National Hydrocarbons Agency] shall be assigned the role of main supplier of energy raw materials;
-- ENEL should be the main producer and distributor of electricity;
-- the CNEN [National Nuclear Energy Commission] should be the main research and development agency in nuclear and alternative energy sources and related technologies.

In this context, the Commission charges the government in particular to assign:

to the ENI the role of national combustibles agency, especially for coal supplies, and to ENEL what is not covered by the ENI, in all cases coordinating between them in order to avoid conflicting and competitive actions; the duty of checking ENEL's internal structure and organization in light of the NEP's provisions in terms of both vertical organization (general and central administrations) and horizontal organization (departments), and the duty of furthering the legislative and legal modifications necessary to insure ENEL's reliability in exercising both functions, including that of architect engineer for large energy plants;

the ascertainment of the employment and industrial effects caused by NEP investment in the development of the national electromechanical industry, indicating in particular the prospects and direction of production and commercial reorganization, investment, and market shares;

an early submission to parliament of a proposal insuring the unified nature of decisions made in managing the national energy policy.

As for the main instruments necessary to achieve the Plan's objectives, the Commission calls for the full implementation of investments provided for in the NEP, beginning with the financial law and the 1982 provisional budget, indicating especially the sources of financing and the disbursement centers;

the Commission calls on the government to make its price policy uniform and oriented as follows:

toward a balanced and articulated management of prices, so as to contain the rate of inflation, protect social groups and small income groups, and to guarantee income adequate to meet costs;

toward the utilization of taxes as a maximum stimulus to conservation and as a disincentive to secondary users as opposed to those having priority;

toward information directed appropriately to the country's various institutional and administrative structure levels for the purpose of increasing awareness of the constraints imposed by the energy crisis and mobilizing energy users concerning actions to be taken.

The Industry Commission is aware that once the CIPE [Interministerial Committee for Economic Planning] approves the National Energy Plan, sites should be chosen immediately for nuclear plants generating a total of 6,000 megawatts and for coal plants generating a total of 6,000 megawatts, by 31 December 1981; this is to be done by hastening and concluding consultations with the regions on the options in the NEP and by activating the joint Regions-ENEL-CNEN Commission to ascertain pertinent conditions and feasibility.

Thus, the Industry Commission calls upon the government to propose to parliament a plan to enable ENEL to make up the ground it has lost and to revise the criteria for economic evaluation procedures. With full respect to the general economic directive, this should guarantee that costs and profits be gradually brought into a corresponding relationship and that the administration assure its competency as much as possible from a constant relationship with state agencies. In improving its management, ENEL shall endeavor to eliminate waste and uneconomical internal activities.

Finally, the Commission calls upon the government to advise parliament by 31 January 1982 of all actions taken and, at the end of each year, on the progress of the NEP and the actions provided for therein.

8782
CSO: 3104/36

JØRGENSEN GOVERNMENT RECORD EXAMINED

Copenhagen BERLINGSKE TIDENDE in Danish 17 Nov 81 pt II p 2

[Article by Frank Dahlgaard]

[Text] The attempt on the part of the government to bring the growth in the public sector under control has failed. On the other hand, the government has succeeded, during the last 2 years, in reducing the level of real wages and in improving the Danish competitive power. Now, new cost-of-living index supplements and increased wage hikes threaten the improved competitiveness. After the election, the new government will have to repeat the measures of intervention taken in December of 1979, i.e. eliminate the new four cost-of-living index supplements.

Since the last general election on 23 October 1979, the Danish economy has been developing in a negative direction in decisive areas. However, as will appear from the figures of the table, there are also positive features in the economic development of the last 2 years.

First, the positive features of the development since the last general election:

The competitive power of the Danish trades and industries with foreign countries has improved appreciably during the past 2 years, thanks to the devaluation of the krone and the incomes policy. The latest report from the independent Economic Advisory Council states that, from 1979 to 1980, hourly wages increased by 8.1 percent less in Denmark than with our foreign competitors, when measured in terms of the same currency. From 1980 to 1981, this favorable development continued, in that the Danish hourly wages increased at a rate which was 5.4 percent below the increases in hourly wages abroad (still measured in terms of the same currency).

Inflation Down

From 1979 to 1981, the Danish competitive power has thus improved by nearly 14 percent. The result of this improvement has not failed to appear: Danish export products have begun reconquering earlier lost market shares abroad.

Another positive feature of the development is the fact that, despite devaluations and higher oil prices, it has been possible to keep the rate of inflation in Denmark down. The suspension in December of 1979 of three cost-of-living index supplements and the zero position of the price index prevented a wage explosion like the one which occurred after the first oil crisis in 1974-75.

From October of 1978 to October of 1979, hourly wages of industrial workers increased by 13.5 percent. According to the most recently published figures (August 1981), the wage inflation during the last 12 months amounted to 8.6 percent only. The corresponding figures for the price inflation (consumer prices) will appear from the table.

The present situation is, however, that the wage and price inflations are increasing anew, and unless the government intervenes rather quickly after the election on December 8, we shall run the risk of ruining the improved competitive position. Four new cost-of-living index supplements are expected to be released in 1982. To this comes the risk of an increased wage drift after 1 January when the wage agreements will again make this possible.

Foreign Exchange Deficit

There is apparently a need to repeat the intervention in the incomes policy of December of 1979, when 3-4 cost-of-living index supplements were simply suspended. Such measures of intervention will become a major task for the coming government.

The considerable improvement in the competitive power of Danish trades and industries from 1979 to 1981 is not due only to the efforts of the Danish government. The soaring flights of the dollar and the pound contributed a great deal to this improvement. However, the dollar is now likely to fall, which, coupled with the growing Danish inflation, aggravates the need for intervention.

The balance of payments deficit has dropped from 15.3 percent in 1979 to 13.3 percent in 1981. Expressed as a percentage of the national product, the deficit has dropped from 5.3 percent in 1979 to 3.8 percent in 1981. Part of this improvement is due to the increase in exports,(see above). To this come considerable savings in energy, which, of course, is also a positive aspect.

A considerable part of the explanation of the improved balance of payments situation, however, lies in the lower rate of investments in Denmark as well as in the considerable reduction in stockpiles. When the economic upswing occurs, stocks will have to be replenished, and a considerably higher rate of investments will be needed--and imports are then bound to increase, which, in turn, will result in a larger foreign exchange deficit. Part of the improvement in the balance of payments situation is thus due solely to the deep economic depression in this country.

Increased Prices of Shares

Among the positive features are also increased prices of shares. Since the election in October of 1979, the prices of shares have increased on an average

by nearly 30 percent. This is partly due to the very low level to which the prices of shares had dropped by the end of 1979, partly to a higher rate of purchases of shares on the part of pension funds and public funds.

It has been possible to maintain the level of foreign exchange holdings during the last few years thanks to a very high rate of borrowing abroad--particularly on the part of the state.

The negative aspects of the developments during the present Anker Jørgensen administration are alarmingly obvious.

Development in Wrong Direction

In terms of full-time employment, the rate of unemployment increased from 1979 to 1981 by 88,000 persons, and, at the same time, the number of early retirement* beneficiaries increased by 25,000. The number of employees in the public sector increased by 53,000 persons. If to this is added the increase in the number of ordinary pensioners (approximately 20,000 in the 2 years), it is a question of an increase of no less than 186,000 in the number of persons receiving their main incomes from the public funds. By way of comparison, the rate of employment in the private sector dropped by 83,000 persons from 1979 to 1981 (figures of independent economic advisory council).

Simultaneously with this adverse development, the total net external debt of Denmark increased from 79 to approximately 110 billion kroner. Expressed as a percentage of the national product, it is also here a question of an increase in the national debt. The interest payments on this debt will this year be equivalent to the entire expected foreign exchange deficit of well over 13 billion kroner. Without our external debt, we should thus, this year, have a balance of payments equilibrium.

The Big Task

The increase in the rate of interest on bonds is also among the negative features, although the development must here, to a larger degree, be ascribed to the U.S. government rather than the Danish government.

However, the increase in the growth of the public sector, the deficit of the state, and the increased burden of taxation are the responsibility of Anker Jørgensen, and the same thing holds true of the alarming increase in the unemployment rate. An enormous task is here awaiting its solution.

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* [Translator's note: Efterløn (early retirement), a scheme adopted a couple of years ago, available to persons who are between 60 and 67 years old, who have been members of a pension fund for 5 years, and who have undertaken not to be reemployed. The benefits are, at first, the same as normal unemployment benefits but will gradually be reduced to the level of benefits of the national pension scheme.]

STATISTICS SHOWING STATE OF ECONOMY	OCTOBER 1979	NOVEMBER 1981
UNEMPLOYMENT	154,000	242,000
NUMBER OF PERSONS ON EARLY RETIREMENT*	38,000	63,000
NUMBER OF EMPLOYEES IN PUBLIC SECTOR	717,000	770,000
NUMBER OF EMPLOYEES IN PRIVATE SECTOR	1,746,000	1,663,000
INTERNATIONAL COMPETITIVENESS OF DENMARK (INDEX 1979 = 100)	100	113.9
BALANCE OF PAYMENTS (ANNUAL BASIS, BILLION KRONER)	- 15.3	- 13.3
FOREIGN DEBT (BILLION KRONER)	79	110
FOREIGN EXCHANGE RESERVES (BILLION KRONER)	18.7	20.0
OFFICIAL DISCOUNT RATE	11%	11%
BOND INTEREST RATE (BUILDING RATE)	18%	20%
PRICES OF SHARES (INDEX 1 JAN 73 = 100)	92	119
RATE OF INFLATION	11.3%	11.6%
RATE OF WAGE INCREASE	13.5%	8.6%
PURCHASING POWER OF KRONE (IN 1979-ØRE)	100	80
DIRECT TAXATION BURDEN (DIRECT TAXES AS PERCENTAGE OF INCOME)	27.8%	29.5%

Key figures for Danish economy at general election in October 1979 and now. The figures have been taken from the latest report by the independent Economic Advisory Council as well as from the publications of the National Bank and the STATISTICS OF DENMARK. (See text.)

7262
CSO: 3106/22

CENTRAL BANK CHIEF: ECONOMIC MEASURES ON RIGHT TRACK

Copenhagen BERLINGSKE TIDENDE in Danish 17 Nov 81 p 1

[Article by Frank Dahlgaard]

[Text] "The Danish economic measures are on the right track. During the last couple of years, the greatest efforts since 1960 have been made to reintroduce equilibrium in the economy. The year 1982 will be the decisive year for the Danish economy when it will turn out whether the politicians have the courage to continue the economic discipline of the last couple of years."

It is Erik Hoffmeyer, governor of the National Bank, who, in the latest issue of the monthly MANAGEMENT, which will appear today, makes this positive evaluation of the economic policy.

Erik Hoffmeyer points out that the real wages of the ordinary wage-earner during the last couple of years have dropped by 12 percent without any serious unrest in the labor market. At the same time, the Danish krone has been devalued to a more realistic level, and the result has been a marked improvement in the competitive power of the Danish industries abroad. Exports have increased by as much as 15-20 percent in volume since 1979, Erik Hoffmeyer points out.

"We probably are the country in Western Europe that has been pursuing the toughest policy in allowing the international economic recession to have its full effect in this country. We have not, to nearly the same extent as other countries, tried to provide industry with artificial respiration through state subsidies."

The governor of the National Bank continues: "We are now about half way through the adjustment process on our way toward a zero position in the growth of our external debt. Experience shows that earlier political efforts to reduce the foreign exchange deficit have all of them stopped again after only 1-2 years. After the brake has been put on the demand for a while, the forces give way. That is why 1982 will be the decisive year, when it will turn out if the country has the political courage to carry on. The external conditions seem to be relatively favorable for such efforts," Erik Hoffmeyer, governor of the National Bank, points out.

7262
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FRENCH JOURNAL VIEWS FINANCIAL CRISIS

Paris L'EXPANSION in French 16 Oct-5 Nov 81 pp 142,145,147,149

[Article by Philippe Lefournier]

[Text] The French traveler on the other side of the Rhine meets with a unanimous opinion: "You see how bad things are here, and yet you want to do the same thing? You will only repeat our mistakes! Launching into deficit spending is hopeless." The revaluation on 4 October should not conceal the fact that the FRG is in the midst of a financial crisis. The collapse of the deutschmark in 1980 was the indication of that, and it caused real shock among our neighbors. A drop of about 10 percent in the real rate of exchange in 2 years (considering a price rise that has remained moderate) has indeed made German firms formidably competitive again, and a strong turnaround in the trade balance has already begun to reduce the deficit in current payments and justified a readjustment of parities within the European Monetary System.

But that opening in the clouds will not necessarily last, because the internal imbalances remain. The extent of the problems to be solved is illustrated by the interminable discussions within the coalition in power. Those discussions have just produced an "austerity" budget for 1982: after retrenchments amounting to 1 percent of the GNP, it was possible to reduce the federal deficit from 33.8 billion deutschmarks in 1981 (or 81 billion francs, compared to 70 billion for France) to 26.5 billion (or 64 billion francs, compared to nearly 100 billion--officially--for France). Spending will rise by only 4.2 percent in value (27.5 percent in France), and that corresponds to the expected rise in prices in the FRG, meaning that spending will stagnate in volume, while the GNP may rise by 2 percent.

But even that growth is uncertain, and some experts are predicting only 1 percent or even less for 1982. The German economy remains at rock bottom. The latest figures on (domestic) orders for capital goods are down by 20 percent. In Frankfurt, Bodo Boettcher, head of the Electrical Engineering Union, says: "I don't see a recovery before mid-1982." In such conditions, why hit the brakes instead of the accelerator? That is the crux of the problem.

Dr Boettcher explains: "Industry would be in better health if there were a better macroeconomic policy. The country's financial condition is too poor following the erroneous policies we have been pursuing for 10 years." Newspapers in the FRG are full of curves showing the exponential growth of the government's deficit (and thus its debt). The national debate is starting up again with the book published early

in September by Alex Moeller under the title "Schuld durch Schulden" (an almost untranslatable play on words meaning "Guilt Through Debts"). The Germans have not forgotten that Professor Moeller resigned his post as minister of finance in 1971 because he disagreed with Chancellor Willy Brandt's spending policy. His successor, Karl Schiller, also resigned in 1972, warning that it would be dangerous to continue going into debt at that rate--and he was replaced by Helmut Schmidt.

What has happened is what had to happen, say the Cassandras. In a recent study, the IFO [expansion unknown]-Munich Institute asks: "Is the government's indebtedness the cause of the economic crisis or the reflection of it?" People in the FRG are becoming aware that the public deficit has not only ceased to guarantee a recovery but is even bringing on a recession. How? By the fact that the current difficulties with savings are due not to inadequate demand but, primarily, to the inability to provide a profitable supply. In this case, budgetary reflation is making the situation worse by increasing the pressure on the firms.

Deficit Now Structural

Thus the economic policy is moving away from Keynesianism (which favors action to boost demand) and back toward supply-side economics. Conclusion: we need less government. The consensus among German experts is very firm on that point. The Federal Bank warns in its latest report: "If the government were to adopt a more expansionist spending policy, it would be in serious danger of delaying the necessary adaptation by the economy." And the Commerce Bank says: "The government must show austerity (both in taxes and in its borrowing) so as to increase the investment capacity of the firms."

That explains the Bonn government's correction of its course. In its 1982 budget, it has restricted expenditures (a 1-percent drop in the salaries of government employees, a postponement of their next pay raise, a reduction in family allowances, and so on) and granted benefits to the firms (improved rules on accelerated depreciation and the carrying forward of losses).

It must be said that things have been touch and go. This supply-side orientation is something new in Germany, despite the reputation for strictness that our neighbors have and for which they have been praised by men like Raymond Barre. It comes as a revelation to hear responsible people there vilifying the "mess" in the FRG! It all started in 1969 with the victory of the SPD, which has been able to govern in coalition with the liberals (the FDP) under the leadership first of Willy Brandt and then of Helmut Schmidt, who started out as minister of finance. The resignations by his predecessors have already been mentioned. In a report prepared for the BIS [Bank for International Settlements] in March 1977, Heinrich Matthes of the Federal Bank wrote: "The accelerated growth of public spending since the start of the 1970's is in line with official policy, which has sought to satisfy an accumulated demand for reforms, particularly in the areas of education and social security." The rise in government spending has roughly doubled, growing 1.7 times as fast as the national product. It has gotten to the point that nearly half of the national product is now channeled through the government, compared to 39 percent in 1969.

Today it is being said at the Federal Bank: "The history of the FRG provides an example of how quickly a policy of reforms threatens public finance. At first, the

imbalance was concealed by inflation, which increased revenues by increasing the tax burden as a result of the progressive tax. But the burden became unbearable (in the FRG, an average income rapidly falls into the 40-percent bracket), and it became necessary to provide tax relief in 1975--at the precise moment when the recession was knocking a hole in revenues and simultaneously increasing expenditures. Suddenly an enormous gap appeared (64.6 billion deutschmarks for the public sector as a whole), and it was not subsequently reabsorbed. The Federal Bank says: "We never turned back; the deficit has become structural."

Although it ought to have taken steps to strengthen public finance in the medium term (by taking advantage of the--relative--return to expansion), the FRG not only failed to do so year after year but also began playing "locomotive"--yielding, it must be admitted, to pressure from other countries (notably at the Bonn summit meeting in 1978). Raymond Barre confides, however, that "the Germans went at reflation with their usual lack of moderation." Beginning in 1978, tax reduction programs again reduced revenues--and again, recession inflated expenditures, which have constantly been greater than anticipated. The result is that in 1981, the FRG ranks second among the major countries (behind Italy) as far as the public deficit's share of the GNP is concerned (4.5 percent).

Specter of Wheelbarrows

What is remarkable is the speed of the phenomenon: from 1980 to 1981, the increase amounted to 1 percentage point (only the French promise to do better: 1 percent of the GNP in 1980, 2.4 percent in 1981, and now 4 percent in 1982?). So the growth of public indebtedness has been explosive. The debt remained stable at around 18 percent of the GNP in the early 1970's, but it suddenly jumped to 25 percent in 1975 and to 35 percent this year, according to the latest estimates. In other words, its share has doubled in 10 years. It is reaching a level unknown since the bankrupt years between the two wars. Overall, it represents about 535 billion deutschmarks, or 9,000 deutschmarks per capita. The Germans, who do not have short memories, are having visions of a reappearance of the wheelbarrows filled with Weimar Republic banknotes!

But from our point of view, no doubt, the most interesting thing is to understand how the public deficit is not only not activating growth, but actually hampering it. A cumulative phenomenon, debt service now absorbs more than 50 percent of the new credits, and the government was being forced to curtail spending even before its startled leap in preparation for 1982. What has proliferated? Personnel expenditures and welfare transfers. But public investment has stagnated and even declined in 1981. Its share of government spending has fallen from 25 percent in 1970 to less than 19 percent. The result is that the German Government is being extravagant with its money even though it is not carrying out any major capital programs: in the areas of nuclear energy, transportation, aeronautics, and armaments, our neighbors are trailing behind us, and their industry is consequently not well represented in a number of sectors that will be important in the future.

What industry suffers from most, however, is a classic phenomenon: it is being crowded out of the capital market. Since the Federal Bank refuses to finance the government's requirements by creating money (which would be inflationary: the central bank does not forget that it is the "guardian of stability"), government borrowing is drying up the financial markets and putting a strain on interest rates, thus crowding out

private investments. "The size of the public deficit is a hindrance to the desired recovery," notes Dr Matthes. The FRG's capital market is in a very bad way, and before the summer vacation, the Federal Bank had to withdraw its offering of bonds for the Federal Railroad. The railroad, the post office, and the government itself are no longer regarded by banks as first-class borrowers. On the secondary market, securities are offered at well below their issue price, and the public is turning to short-term investments. The latest issue by the Federal Government was at more than 11 percent (almost double the inflation rate!), and it was difficult to place. The banks have many securities on their hands. Having lent at a fixed rate of 6 percent, they are having to refinance at double that, and they are losing their substance. The Commerce Bank, in particular, very nearly went bankrupt.

Extraordinarily Flexible Firms

The rise in interest rates in the FRG therefore has domestic causes, and our neighbors are careful not to heap abuse on the Americans, as we tend to do. And the rise in oil prices is not the only explanation for the collapse of the deutschmark. The reason that the Germans withstood the second oil shock less successfully than the first one is to be found in their policy of deficit spending. Contrary to what happened in other countries (France first among them) and in the FRG itself in 1973, the second oil shock hit an economy that was in the midst of budgetary stimulation. The deficit in the balance of current payments (29.8 billion deutschmarks in 1980--a world record) corresponds more or less to the shortage of domestic savings in the face of the government's voracious appetite for funds. The government has been forced to obtain financing abroad, and from the Arabs in particular. Is it not the gap between supply and demand which proves that the country is "living beyond its means"? Kurt Richebaecher, adviser to the Dresden Bank, is firm on this point: "The deutschmark's weakness and the external deficit are entirely due to the domestic economic policy: to an inflationary expansion of demand."

Dr Richebaecher is optimistic as to the short-term trend of the deutschmark: "It can only go in one direction--up--because the trade balance has completely turned around in volume, thus compensating for the deterioration in the terms of trade. German firms are extraordinarily flexible. When the markets discover that, the deutschmark's recovery may be sudden and sharp, and it will be about time, because the Americans are never going to get away from their high rates. We must stop being at their mercy." The restoration of some degree of autonomy to the deutschmark in relation to the dollar will have the effect of loosening the ties between the various currencies in the European Monetary System, and everyone on the German side of the Rhine expects the franc to be devalued again. The least impatient for that to happen are not French exporters, who say they "are no longer getting by," even at the current rate of exchange.

That unfavorable adjustment to the French currency must not disguise the fact that the basic problems remain in the FRG. The 1982 budget is a move in the right direction, but in fact it has not solved anything. In the medium term, the (federal) deficit will not drop back below 25 billion deutschmarks until 1985. The Federal Bank says: "Like the Messiah, the strengthening will not arrive until the end of time." And even at that, the planning is based on overly optimistic forecasts of growth (3 percent annually until 1985). Actually, revenues will be lower and expenditures higher (because of unemployment benefits). Lastly, the coming cutbacks in

spending are not specified. So everyone expects new discussions: the "austerity" in the 1982 budget is only a beginning! At least it is recognized that steps are being taken in the right direction.

In short, priority in the FRG must go to the reorganization and reorientation of public finance. Otmar Emminger, former chairman of the Federal Bank, warns: "In view of the shortage of capital threatening us, I regard the reduction in budget deficits as one of the challenges of the 1980's." Otto Poehl, the current chairman, admits: "We have pushed the expansion of the welfare state too far." Otto Lambsdorff, minister for economics, concludes: "We find ourselves at the beginning of a new road that will be difficult and rocky."

But it happens that Count Lambsdorff is a liberal and that the SPD does not agree: it says that an alliance with a "rightwing" liberal party is not possible. Willy Brandt has just said: "I am not sure that the current coalition will be able to last through the end of this legislature." So for the first time in the FRG, there is no consensus on a basic economic issue. And the debate is moving into the SPD itself: Hans Matthoefer, minister of finance and a former Keynesian, is said to have "understood," but he has the party's leftwing against him, and the chancellor himself is said to be unfavorable to stringency. What we heard on all sides was this: "Schmidt is not what you think. He is not as tough as he appears!" His absence during the budget negotiations was noticed, as was his speech when agreement was finally reached: he said: "Doing more would be deflationary."

It must be said that the unions (the DGB) are laying down barrage fire against the budget cuts. They want priority to be given to employment and not to the fight against inflation. And in keeping with the canons of Keynesianism, they are demanding "reflation." Their institute (the WSI [expansion unknown]) has published a study entitled "More Indebtedness Is Better Than More Unemployment!" Dr Heinz Markmann, the WSI's director, explains in Cologne: "I am very disappointed by the previous experiences. We have seen the arrival of profits, but not of investments and employment, contrary to Schmidt's 'theorem'! Wage demands in 1982 are going to be much tougher, and naturally, there will be no question of touching the benefits for unemployment, which is likely to affect close to 2 million people this winter."

So if social democracy's sacred cows cannot be touched and if there is no desire to increase taxes, what is going to happen? Social peace and the current coalition ("a mountain-climbing party whose rope is about to break") will probably bear the brunt of those contradictions. Walter Scheel, former president of the republic, is said to be making efforts to attract the liberals to the CDU. But that will not change the fact that even if the deutschmark has been revalued, the Germans must tighten their belts.

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ROCARD PRESENTS INTERIM ECONOMIC, SOCIAL PLAN

Voluntarist, Coordinated Plan

Paris LE MATIN in French 20 Oct 81 pp 20-21

[Article by Francois Gandouin]

[Text] Sustained growth stimulated by a boost in domestic demand and by expanded production capacities mitigating our dependence on imports, and stern anti-inflationary measures: such are--along with work-sharing, income-sharing, and responsibility-sharing--the major features of the interim plan Michel Rocard will submit to the Economic and Social Council tomorrow. It is a hastily prepared plan, but one which already marks, pending the real 5-year plan for 1984-1988, a revival of French planning. Criticized by liberals who accuse it of running counter to "natural" developments, ill-treated by actual developments that did not fail to belie the most cautious forecasts and estimates, such planning had long been losing credibility. So much so that a former President of the Republic viewed it as a "futile dream." This moribund planning's latest mishap, the Eighth Plan, whose death and birth will be recorded simultaneously, looked more like a list of major guidelines than a concrete program for fighting inflation.

In thus reviving economic planning, socialists have also revived a Gaullist tradition. This connection will surprise no one. These two schools of thought consider the multiyear plan to be above all, the expression of a purpose. Far from indulging in technocratic speculations, it must be an instrument for shaping society and organizing change, an instrument especially necessary in a period of confusion and difficulty. Does the present interim plan meet this ambitious requirement? Hastily drawn up under the press of circumstances, it will no doubt be viewed by some as a mere formulation of the same major guidelines defined a few weeks ago by the prime minister and minister of economy. It would be gross misjudgment, however, to limit Michel Rocard's role to one of simply introducing a policy determined by others. More economic than political, more realistic than dogmatic, the plan to be presented tomorrow to the Economic and Social Council definitely bears the personal stamp of the new minister of state for economic planning.

Rocard's proposed guidelines also appear to be the result of lengthy bargaining between the various cabinet ministers concerned. These interdepartmental conflicts required difficult arbitration, particularly on such matters as industrial policy definition, research, financing of social programs, and evolution of the SMIC [Interoccupational Minimum Growth Wage]. After all, one of the main virtues of the planning process

is that it calls for at least some coordination and cooperation between governmental departments and agencies that traditionally tend to pull in opposite directions and consider only their own particular objectives.

The interim plan is definitely meant to be the frame of reference for governmental policy during the next 2 years. The priorities currently established in this plan will govern proposed budget legislation for each of those 2 years. There is absolutely no doubt that compliance with these priorities will be closely monitored by the social partners [labor and employers] who were largely involved in drafting the plan. In fact, each one of the major labor or employer organizations took a more active part than ever before in the preparatory work of the employers commission. Even though they did not reach complete agreement--the CNPF [National Council of French Employers] will, in fact, submit its comments in an appendix to the report on the plan--they can be counted on to see that the final compromise is implemented.

Commentary on Good Features

Paris LE MATIN in French 20 Oct 81 p 20

[Text] There are four determining facets to implementation of the plan.

The first facet is the effort to attain lasting and more rapid growth. This growth is initially based on a boost in domestic demand, and to begin with, in consumption, as a means of restimulating the economy. This effort is simultaneously designed to lay the structural foundation of a more self-contained growth by expanding production capacities required to satisfy increased demand and reduce energy dependence, promoting exports, and recapturing the domestic market. To build these new foundations, we must provide ourselves with the means of renovating our production system: first by clearly defining the respective roles of the public sector and private sector; then by a policy serving imperative industrial requirements; and lastly by promoting research and innovation, and improving the educational and training system. All of this implies giving priority to investment spending.
This strategy's second facet is a program of national solidarity. This means, first of all, resolutely initiating necessary work-sharing and combining it with better income-sharing, in accordance with instructions for coordinating actions to be taken.

The third facet is active public financing this calls for active use--during the 2-year plan--of deficit financing to support economic recovery, initiate a change in the pattern of government spending, and progressively modify distibution of the tax burden.

The fourth aspect is the fight against inflation. This urgently necessary campaign will be conducted simultaneously through monetary policy, improved operation of markets, and an effort to curb jointly price levels and money wages.

Catalytic Role in Restructuring Steel, Chemical Industries

The plan will play a catalytic role in necessary restructurings, particularly of steel and chemical industries. It will make it possible to consolidate and develop other branches constituting the French economy's industrial base, namely energy, electronics, heavy machinery, and transportation equipment.

It will help make more efficient use of natural resources. For instance, the forest products industry will be enhanced by establishment of a large public development pole in its most capitalistic segment (wood-paper) and by that pole's complementarity with existing public forest products agencies.

The plan will have a stimulating effect on the private sector, particularly through cooperation with subcontracting firms and suppliers. Specifically, through its own output, but above all through the programming of its contracts and by the technical support it will be able to give private firms, it will stimulate a boom in machine tools, robots and other types of automation needed to modernize our industrial plant. This will have a beneficial effect on all industrial firms.

The expanded public sector will play an important part in implementing the employment plan through increased production, a shorter workweek, a reformed retirement system, the hiring of young workers, improved working conditions, more equitable job-sharing by men and women, etc.

Nationalized firms will operate within the framework of contracts awarded under multi-annual plans. In conformity with the plan's priorities, contract terms and specifications will set social and industrial development goals for the firms and also establish the pattern of relationships between these firms and the state. Under plan contracts, nationalized firms will enjoy full management autonomy. Such contracts will become effective with the 2-year plan.

Work-sharing: Better Use of Plants

First, the shorter workweek must be compatible with maintenance of production capacities and more efficient utilization of industrial plants. Without such compatibility, reduction of the workweek would increase fixed capital costs and thereby cause firms to lose some of their competitiveness in domestic and foreign markets. This would produce a dangerous chain reaction while simultaneously having a negative effect on employment.

Secondly, work-sharing must be combined with an allocation of productivity gains that is more favorable to employment. This implies moderating growth in the purchasing power of wage earners, productivity gains being apportioned between a shorter workweek and increased wages. Reducing the workweek is actually compatible, within certain limits, with maintaining and even slightly increasing the average purchasing power of the annual per capita wage, because the normal increase in the hourly wage rate as a result of productivity gains should offset, when setting the monthly wage, the reduction in the workweek. Consequently, this moderation in the growth of purchasing power means a rather tight limit on the shorter workweek's medium-term impact on the hourly wage rate.

Five Programs for Everyday Life

The plan's programs relative to everyday life are either national or local. National programs are developed, financed, and approved for implementation by the central government or its decentralized echelons, whereas local programs are developed, financed, and approved for implementation by the communes and departments.

Five such programs are contained in the plan. Two are territorial in scope and directed primarily at certain areas. The other three have a general geographical

application. These five programs are:

1. Programs for the social development of rundown districts and neighborhoods;

2. Priority educational action areas;

3. Development of a more suitable health care system;

4. Increased child rest and care services;

5. Stronger risk prevention measures.

Expand Cooperatives, Mutual-Aid Societies

Complementing its action in behalf of PME [Small and Medium-Size Businesses], the government will support expansion of the social economy sector. This sector has considerable potential for generating additional activities. It consists of cooperatives, mutual-aid societies, and common interest enterprises such as certain management associations.

To provide this support, the government will propose amending the statute governing cooperatives and mutual-aid societies to adapt them more effectively to current economic realities.

Mutual-aid societies will be able to use part of their reserves, according to procedures to be determined, for the support of enterprises within the social economy sector, and without having to apply for a waiver for each transaction.

A capital-stock contributing and loan-guarantee financial agency will be established in connection with other institutions planned for business in the private sector. Funds for this agency will be furnished by social economy organizations.

The social economy sector will be an arena for social experimentation alongside the new public sector. Statutes will be gradually changed to allow the various components greater participation in the daily operation of companies.

To encourage workers and users wishing to become involved in creating these companies, the legal and fiscal rules and regulations for the formation or, especially, the transfer and transformation of existing companies will be relaxed beyond what is already planned for private businesses. The social economy sector can become a testing ground for such new ideas as infusion of capital by the creation of "stock leasing," establishment of a system for "mutualization of economic risk" through result-sharing agreements, etc.

Union, CNPF Attitudes

Paris LE MATIN in French 20 Oct 81 p 21

[Article by Pierre Feydel]

[Text] "The plan is a social compromise for two years in which each person sees his place, his advantages, and his opportunities." That is how Hubert Prevot, the

planning commissioner, described the plan, the result of 3 months of strenuous work, that is to be submitted to the Economic and Social Council tomorrow. Prevot added: "It is the outline of a social contract." Not one of the social partners is really committed by this plan, but all were obliged to participate in its preparation and state their position on the sole synthesis analysis which makes it possible to see what the government's short-term and medium-term economic and social policy will be.

Nobody expected the 53-year old Planning Commissioner Hubert Prevot--a rotund, quick-witted and bluff man--to be satisfied with merely adding up the proposals submitted by the different ministerial departments. A few weeks ago, one of his associates had explained, with a touch of pride, that actually there were only two places from which one could have an overall view of the government's action, namely the prime minister's office in the Hotel Matignon and the planning commissioner's office on Rue De Martignac.

Prevot was appointed to Michel Rocard's staff in early June. The minister and he are old friends. They used to sail together and even once bought a boat together. They have written under the joint pen name of Jacques Malterre. In July, Rocard entrusted Prevot with the plan. A fine gift for this bourgeois, left-wing Christian, enarque [graduate of the ENA: National School of Administration], and civil administrator of finance. But certainly not a safe position. It demands a politically reliable man: Prevot left the PSU for the PS a few years ago. It demands a high-level civil servant capable of committing himself: the new planning commissioner began his government career in Algeria on Paul Delouvrier's personal staff where he handled the financing of operations conducted by anti-OAS [Secret Army Organization] commando units. It calls for a good "conjuncturist" who is also farsighted: he remained for 13 years at the Forecasting Division. The position requires someone who also has a sense of social relationships: in 1974, Hubert Prevot became confederal secretary of the CFDT, economic adviser to Michel Rocard.

Strengthened by all of this varied experience, and having quickly organized his staff, the planning commissioner rolled up his sleeves no sooner had he arrived at Rue de Martignac. His first difficulty was associating the ministries with preparation of the plan. Administrative working groups were formed for the major sectors. Hubert Prevot called this "an efficient organization of government work, because ministerial staffs had to let us quickly know their views and decisions."

His second problem was determining how to have the social partners join in preparing the plan. Instead of increasing the number of horizontal and vertical committees, he formed one large committee in which everyone could expound their views on everything. The committee worked diligently under the chairmanship of Jean Saint-Geours, a 56-year old inspector of finance and the president of Sema-Matra.

The CGT thoroughly played the game. Its economist, Jean-Louis Moynot, came to committee meetings with carefully prepared, detailed, and concrete analyses and statements. He supported reconstruction of France's industrial production system, advocated better recognition of human and social factors in the operation of industrial firms, and called for specific quantitative goals with respect to employment.

Michel Rolant, representing the CFDT, also had a positive attitude. His staff supplied his former comrade Prevot's staff with copious memorandums on work-sharing, organization of negotiations on real wages, industrial policy, energy, etc.

Representatives of the National Education Federation (FEN) addressed themselves to a narrower range of issues. The FEN fiercely defended the public educational system. The plan definitely hopes to use some of the findings of the "Schwartz Report" which recommends that the vocational training system also include some industrial on-the-job training. The FEN does not have a very high opinion of this recommendation.

The FO [Workers Force] fought against shop councils and called for a contractual policy over which the state has absolutely no control. In an appendix to the report, this labor federation explained that, without in any way questioning the quality of the committee's deliberations, it could not ask its organizations to support the conclusions emanating from those deliberations. Nevertheless, Marc Blondel, its "economist," did express satisfaction at the flexible and stimulating character of the socialist government's planning. He did regret, however, that the plan had not taken the form of a program.

CNPF leaders on the large planning committee were pleasant. They too played the game. They, were, of course, completely opposed to the nationalizations and also to any excessive extension of the power of workers. They did, however, accept a shorter workweek, while hoping to organize it as they themselves wished. They were pleased with the government's determination to revive the economy, and also with the promise to stabilize their social insurance taxes. They feared that future social programming might be too constraining. They need a stable social and economic environment. Like the FO, they too attached an appendix to the report. Formerly, under the rightest governments, it was the CGT that used to insist on adding its own comments, as a way of keeping its distance from the government.

After working 7 days per week for 2 1/2 months, the planning commissioner has lost a few kilograms, but he does not mind. His agency is going to play a key role in implementing the new industrial policy. A few ideas have already fared well in the large planning committee. One of those ideas contends that there are no longer "any condemned branches of industry, but obsolete technologies."

Plan contracts concluded between large public corporations and their supervisory ministry will help initiate implementation of the new policy. Developments will be closely monitored by an interministerial committee chaired by Prime Minister Pierre Mauroy, or in his absence by Michel Rocard, the minister of state for economic planning. The committee's secretariat will be provided by the planning commissioner's office. Certain branches or sectors of industry in difficulty will be given very special attention. The social partners, employers and labor union leaders, will also naturally participate in this task.

Indeed, Hubert Prevot is keen on holding regular meetings with them. These meetings will examine all problems relating to income, prices, costs, and the financial position of business and industrial firms. This will be done to ensure that the "social contract," which the plan is supposed to become, does not remain in the outline stage.

Regional Planning

Paris LE MATIN in French 20 Oct 81 pp 20-21

[Article by Francois Gandouin]

[Text] Systematic planning at departmental level? The idea is a surprising one. It is likely to cause many to shrug their shoulders. Some will wonder what reasonable

purpose is served by further complicating what are already complex procedures. Others will reply that there is already planning at departmental level. Such planning is even one of the main functions of the departmental council which in approving the annual departmental budget also draws up a program of government support activities and construction of public facilities, not to mention the famous local contracts ("contrats de pays"). But the proposal made by Jean Ibanez is more ambitious. In fact, Ibanez wants to enhance regional planning by conducting a systematic survey of local needs and projects and their programming, in conjunction with the 5-year plan.

One of the poorer departments, somewhat lost in the foothills of the Pyrenees, and far from major lines of communication, Ariege scarcely ever gets talked about. Yet it might soon serve as a reference by becoming a pilot department for decentralized planning. The architect of this project, Jean Ibanez, 54, Socialist Party member of Parliament from the district of Pamiers-Saint-Girons, has very few illusions about the difficulties before him. He explains the problem as follows: "Drained of its substance by previous governments, planning had lost all ambition about decentralization. It was quite satisfied with hasty, not to say simply superficial, regional consultations. The idea of a departmental plan does mark a sharp break with such a process and as such it runs foul of the usual resistance to innovation." In spite of everything, the operation is now underway. Members of Parliament and the departmental council are already crisscrossing the department from Foix to Saint-Girons, from Saverdun to Tarascon, to meet with mayors, officials of trade organizations, and representatives of labor unions. Their purpose? To make a field survey of needs, but also of unused resources and the local population's aspirations and projects. Ultimately a working group will coordinate all of these data and views and select projects on the basis of their realism and their compatibility with a few major axes of development approved for the department. For a rural department like Ariege, the top priority is to keep agriculture going.

This priority alone is not sufficient, however. Hence the second priority is development of natural resources. The BRGM (Bureau of Geological and Mining Exploration) is conducting an exhaustive inventory of Ariege's mineral resources. Some of these could be mined. Moreover, the number of small hydroelectric power stations could be increased.

The third priority is development of small-business or industrial activities, for example, either by getting industries in the Toulouse metropolitan area to establish feeder plants in Ariege--a move fully consistent with the national plan--or by enhancing the value of local crops by creating "agrofood" industries or having the wood products industry operate at full capacity. According to Jean Ibanez, there was a pressing need to survey, inventory, and program all of these projects, plus many others. But isn't departmental planning liable to further complicate procedures that are already very complex? Will it not needlessly compete with regional planning? Michel Rocard did not shilly-shally in expressing his view: "The state cannot have a hundred interlocutors. For local planning, there is only one level, the regional level." Jean Ibanez told us in response: "There is no disagreement between us and the minister of state for economic planning and development, because we do not claim that departments should be directly consulted by the state. We simply want to enhance regional planning while continuing to maintain our personality."

Under the proposed system, certain projects of "regional interest" included in the departmental plan will be financed with the help of the state and region, while others, more specific to the department, will be financed solely from departmental funds. Inasmuch as the legislation on decentralization is still not complete, it remains to be seen whether the scope of the powers and amount of new resources ultimately allocated to departments will enable them to successfully carry out a project of this kind.

Investment Priority

Paris LE MATIN in French 22 Oct 81 p 4

[Article by Jean-Gabriel Fredet and Denis Pingaud]

[Text] Planning Commissioner Hubert Prevot and Jean Saint-Geours, chairman of the preparatory committee composed of the social partners, presented the definitive version of the interim 2-year (1982-1983) plan yesterday. At the same time, Michel Rocard submitted the plan to the Economic and Social Council. The plan should face its hardest sledding in this council whose members were appointed under the former government. But the minister of state's proposed plan, which gives "absolute priority" to employment, is expected to overcome this obstacle before being ratified by Parliament.

"The best way of regaining our identity prior to a congress that intends to wipe us off the political map, is to strengthen our economic credibility. Such is the objective of the interim 2-year plan. If the plan's proposed measures designed to extricate us from the economic crisis do prove effective, then we are assured of reaping its political benefits." According to this Rocardian expert who was involved in preparation of the interim plan, this economic programming exercise is not entirely innocent. Though one of its objectives is indeed to pull the French economy out of the rut, the other--at least as important--is to assert the personality of a movement relegated to a marginal role for reasons of governmental solidarity.

Essentially what is this plan that will cover the 2 years 1982 and 1983? In the words of Jean Saint-Geours: "Its dominant note is the urgent need to invest." This priority may seem surprising. Until the presidential election, or to be more accurate, until the devaluation of the franc, officials responsible for economic policy placed emphasis on economic recovery through consumption and work-sharing. The novelty of the interim plan is that it affirms, on the contrary, that these two therapies will not be enough to revive the French economy and restore its competitiveness. As for Michel Rocard and his friends, they believe that France must also follow a supply-side economic policy. This means increasing national production capacities as much as possible to avoid the risks of inflationary drifts and reduce dependence on imports.

How can this be done? Conforming somewhat to official policy, Planning Commissioner Hubert Prevot naturally mentioned expansion of the public sector. Pursuing a longer-term policy, state-owned companies can disregard the law of market behavior and invest "countercurrently" in sectors that will not show any profit until several years have passed. But the surest way of restimulating investment is to give decision-makers the financial resources allowing them to proceed with their investment in

equipment and capital goods. This means stabilizing social insurance taxes paid by employers during the next 2 years and increasing the capital stock of corporations.

Yet the choice is not an easy one to make. The fact is that the social insurance systems will show a large deficit for this year and 1982, an estimated deficit of between 15 and 25 billion francs. How can this shortage be offset? One way is to increase the social insurance tax paid by employees. Yet this solution seems hardly compatible with the boosting of consumption through the stimulus of increase in the minimum wage and social insurance benefits. Or another way would be to increase social insurance taxes paid by employers. But this approach appears to be inconsistent with the 2-year plan's goal of providing French industry with financial muscle. For Michel Rocard, however, the choice is clear and imperative: the priority of priorities is investment.

Politically, the choice is not as easy. An interminesterial decision "froze" drafting of the section entitled "Financing of Social Security" that was supposed to be in the final report submitted by the planners. Why? Because the cabinet meeting on this subject will he held on 4 November. At that meeting, cabinet ministers will have to reckon with refinancing strategies that may be contradictory. In the name of solidarity, for which she is officially responsible, Nicole Questiaux [minister of national solidarity] might well argue, along with other ministries, for an apportionment of social insurance taxes, namely a half-point additional tax for employers and restoration of the one point for employees, an increase approved by Raymond Barre in 1979 and then rescinded 3 months before the presidential election.

The social insurance problem is significantly illustrative of the uncertainties hanging over the next 2 years, and consequently over the interim plan's commitments. Without a return to economic growth and major economic equilibriums, action programs are liable to resemble incantations. In fact, Jean Saint-Geours acknowledges that "there is apparently no full assurance of consistency between our objectives and the economic environment during the next 2 years."

Report on Investment

Paris LE MATIN in French 22 Oct 81 p 4

[Report by Planning Commissioner Hubert Prevot, released on 21 October 1981 on the occasion of the submission of the interim 2-year plan to the Economic and Social Council]

[Text] Expansion of our export trade and recapture of our domestic market are ultimately dependent upon the installation of competitive and energy-efficient production capacities incorporating the latest technological advances and backed by able, qualified, and effective leaders, executives, and workers. More often than not, these capacities will have to be adapted to the size of the European market.

Installation of competitive production capacities must not, however, be detrimental to employment. It is important, therefore, to seek a better balance between the combined factors of production.

Such an orientation will be furthered by:

a. Better distribution of the social-insurance tax burden so as not to penalize labor-intensive industries;

b. Return to a more satisfactory scale of interest rates ensuring particularly a real positive return on long-term loans.

c. A shorter workweek coupled with better utilization of plants....

The fact remains that installation of competitive production capacities necessitates a large volume of investment and a thorough renovation of the production system....

Physical or nonmaterial (research, development) investments necessary to achieving the 2-year interim plan's goals must find suitable and adequate financing: the capital stock (net worth) of companies will have to be increased; through the nationalized banks, the credit policy will be made to serve the development effort; and government aid programs will be reoriented.

Investment will be possible only if state-controlled as well as private businesses have sufficient capital (net worth). They will first have to build up this capital from their internal resources by modernizing their methods, improving their overall productivity, cutting their operating costs and overhead (fixed) costs. This capital will also come from external resources: nationalized enterprises will receive appropriations of capital from the state.

Nationalized banks will have to assume a greater share of industrial risks and support the development of industrial firms. The government will ask the banks particularly to expand the number of banks involved in participation loans or offer new forms of venture capital designed more specifically for PME [Small and Medium-Size Businesses] and small-scale industries. These measures will spur increased contractual type investments in the private sector. In addition, the limits on credit at rates discounted by the FDES [Economic and Social Development Fund] will be raised for what are deemed to be priority investments. Selective measures taken throughout the credit control system will enable special preference to be given to investments contributing to energy savings.

The government will endeavor to reduce the proportion of intercompany credit which entails a transfer of taxes from commercial and service sectors to industry, and also within industrial sectors at the expense of subcontractors. The financial position of industrial firms will be enhanced by the transformation of relations between the production system and distribution channels, as well as by development of the forms of bank credit granted buyers.

Lastly, the present system of government aid programs will be clarified and rationalized to support the structural renovation. That system will be subjected to a small number of simple rules. The various types of aid will be reoriented toward the industrial sectors. The system's balance will gradually be shifted in favor of aid for innovative efforts and research and development. A thorough evaluation of the effectiveness of the aid system is to be made at interministerial level.

8041
CSO: 3100/112

BUDGET DEFICIT, STATISTICS REPORTED

Athens TO VIMA in Greek 31 Oct 81 p 1

[Text] The first estimate of the deficit in the management of the public monies by the "New Democracy's" pre-election policy of grants amounts to 119 billion drachmas.

This unprecedented damage to the public finances was disclosed by the minister of Finance, Mr. Drettakis, during yesterday's meeting of the Council of Ministers, who described the economic situation of the nation and made an analysis of the collection of taxes and the payment of government expenditures (management of the regular budget and supplemental accounts for 1981).

After the address by the Minister of Finance, the Premier, Mr. Andreas Papandreou, remarked that despite the chaos which his government has inherited and which is due to the irrational policy and lack of planning by the former government, the obstacles will be overcome with measures which will be in effect until the economy of the country has begun an upward turn.

From what Mr. Drettakis said, it appears that this year the previous government spent 119 billion drachmas over the limits allowed by the State's income.

In essence, the minister said that a sum larger than one-half of the 119 billion was derived from the regular budget.

This means that the expenditures on which the former government so openhandedly embarked, cannot be covered by more than 60 billion drachmas from income taxes expected to be collected this year.

Attention is called to the fact that in July the "Averoff report" estimated that the budget would be exceeded by 50 billion by the end of the year.

Mr. Drettakis added that the remaining deficit will result from the area of consumer goods.

In this area there are included the many subsidies granted to farmers by the State in order for them to maintain a steady income.

These subsidies are paid out in the form of grants.

The producers sell their products to the wholesalers at a set price (usually lower than cost) and collect the difference from the State. In addition, the State buys , at high prices and with borrowed funds, the surplus products which the producers cannot sell and stores them in order to sell them sometime in the future, usually at much lower prices (tobacco, raisins, cotton, figs, etc.).

According to this calculation, the previous government paid out nearly 50 billion above the income of the State in order to attract farm votes.

As explained by Mr. Drettakis yesterday, not included in the 119 billion, for which the present government must now obtain loans to cover , are deficits caused by expenditures for public works and deficits from the management of public enterprises, which will soon be listed and made public.

Organizational Matters

In yesterday's meeting of the Council of Ministers, other general organizational matters were also discussed and in essence it was decided that:

The decisions in the ministries will be made collectively. In the specific conferences there will participate, in addition to the minister, the deputy minister and the secretary general, and the designated deputy-secretary of the Parliamentary Work Section of the PASOK, who will be named immediately after the opening of the parliamentary session.

The Council of Ministers will make a decision concerning the priority and order of the legislative proposals to be referred to Parliament for discussion at the beginning of the session. The premier requested that each minister prepare the legislation falling within his jurisdiction and propose, according to his opinion, the most urgent, beginning with the substantive and general matters.

There will be absolutely no new hirings until December 1981.

There will be three committees "to the Premier" formed, the first two will be chaired by him. In essence, the first will have jurisdiction over matters of defense, foreign policy, and intelligence and its membership will consist of the respective ministers and deputy ministers as well as the premier's advisers. The second will consist of the ministers of Coordination and Finance and the governors of the Bank of Greece, the National Bank, and ETVA [Hellenic Industrial Development Bank], and the economic advisers to the premier. Finally, the third--and the only one which will not be chaired by Mr. A. Papandreou--will consist of the ministers of the other productive ministries and economic advisers. The committees will be formed next week; actually, it is likely that the first--on matters of defense, foreign policy, and intelligence-- will meet by Monday.

Premier Andreas Papandreou also announced to the members of the Council of Ministers that twice a week he will go to the ministry of National Defense. Yesterday morning he had already had a meeting at the Pentagon with the two deputy ministers of Defense, Messrs. Drosogiannis and Petsos and he received the minister of Justice, Mr. St. Alexandris on administrative matters.

1,240 Unsecured Loans Granted by Mr. Laskaris in the Last Days

New, revealing data, which show the pre-election binge of the "New Democracy" on the subject of loan approvals by the Greek Housing Organization, were made public by the minister of Labor, Mr. Kaklamanis. According to these data, in 1981 a total of 11,537 loans were approved, 2,745 of which through the "exempt" procedure. Of the "exempt," 2,299 were approved during the pre-election period at the following rate: in June, 102; in July, 97; in August, 247; in September, 1059; in October (up to the elections), 1,240.

Sixteen billion drachmas are required to cover these loans at a moment when the limit of credit of OEK [Greek Housing Organization] is only five billion drachmas. This over-extension means that, in order for OEK to be able to cover the pre-election "obligations" of the ND [New Democracy] it will need 13 billion drachmas in 1982 and must suspend the granting of new loans. Previous housing loans, whose terms will expire without the funds having been used, will not be renewed.

The ministry of Labor has already ordered an audit of the OEK [Greek Housing Organization] to determine the legality of loans which were approved before the election; those which are found to have been granted illegally will be cancelled. The balance will be covered in stages with credits which will be obtained for 1982.

9731
CSO 4621/42

SHARP DROP IN STOCK MARKET REPORTED

Athens I KATHIMERINI in Greek 1-2 Nov 81 pp 1-2

[Text] The sharp drop on the Stock Market of stocks whose prices and trading have in the past few days reached a disturbingly low level, creates great problems for the government in view of the fact that this phenomenon can be attributed only to internally created factors. Proof of the government's concern is the fact that although the Stock Market is under the jurisdiction of the minister of Commerce, it is the minister of Coordination, Mr. Lazaris who has taken exclusive charge of the matter and the one to whom government officials referred the stock brokers who wished to express their concern.

The drop in stock prices does not appear to be connected to the pre-election statements of the government on nationalization, but to the lack of trust in the investment policy of the government in general.

This is demonstrated by the fact that the drop is not confined (to trading and prices) only for the companies which had been announced were slated to be nationalized, but also in the state-owned or foreign investments which, it had been made clear, will not be affected by nationalization.

Thus, in a comparison of the closing prices of stock on 13 October (pre-election) and on 30 October (post-election), we see that the stock of the National Bank dropped from 10,300 drachmas to 9,500 drachmas; of the Bank of Greece, from 12,600 drachmas to 11,500 drachmas; of Aluminum (a foreign consortium), from 4,200 drachmas to 3,775 drachmas; of Iraklis Cement, from 1,455 drachmas to 1,090 drachmas; and of Titan Cement, from 1,480 drachmas to 1,140 drachmas.

In any case, this fact is not a primary concern of the government, which is busy trying to contain the "inconsistency gap" between pre-election slogans and present government measures without losing control of the situation, a matter whose success cannot be taken for granted.

At the same time, an effort is being made to lay the groundwork for new taxation and an impressive increase in rates by the Organizations of Public Utilities.

The first step is the projection of the deficit in the regular budget so that the former government will be held responsible for the postponement of the announcements of tax relief to "a more appropriate time."

Typical of this effort is the fact that the Minister of Finance, Mr. Drettakis, in making an analysis of the spending in excess of the budget of the Ministry of Education, denounced the government of the "New Democracy" because it had not "foreseen" the earthquakes and had not budgeted the necessary funds for school repairs and the relocation of schools and the sudden increase in value of the dollar which caused an increase in the expenditures for Greek teachers in Germany.

Also, the new director of OTE [Greek Telecommunications Organization], Mr. F. Tsombras, expressed the opinion that the cost of telephone communications in our country is too low and that both rates and charges for new installations must be increased.

Price Increases

According to reports, there will be no immediate announcements of increases in charges by the Public Utilities Organization, but platform statements hinted vaguely at "restoring the health" of public enterprises and organizations. Thus, the certain rate increases for telephone, water, transportation services, etc. are postponed until later. There are those who maintain that, while the announcements should not be made immediately, they should in any event be made before the new year so they will appear in the 1981 price index.

Fuel Price Increases

On the other hand, the price increase for liquid fuels must certainly be considered to be at a rate between 15-20 percent because the cost to the public administration, caused by the exchange rates, surpasses--at today's prices--two billion drachmas per month.

The Market

At any rate, the continuing vagueness of governmental policy and the contradictory statements--either by the ministers or in the pre-election platform of PASOK--intensify the concern of the financial world, prevent planning by business, forbid any thought of investment, and reinforce the efforts to develop a side commerce in a market which is dominated by fear.

As a matter of fact, in recent statements, the minister of Commerce, Mr. Nik. Akritidis, attempted to calm the market by declaring that:

"There is not going to be a price freeze. If it is going to be imposed, it will be in the future, for a definite product and for a predetermined time.

"There is not going to be any intervention in imports, either under the guise of percentage or various duties, contributions, etc.

"There are not going to be any price increases, but merely an extension of controls of the sources determining the cost (i.e. where it has been done to date).

"There is not going to be any change in--only an effort to improve--the system followed in two basic sectors of marketing: meat and dairy products."

At a meeting, which took place yesterday with representatives of market inspectors, no directives were given that would alter the policy followed by the former government.

9731
CSO 4621/45

BUDGET DIRECTOR DISCUSSES 1982 FINANCE BILL, ECONOMY

Reykjavik MORGUNBLADID in Icelandic 13 Oct 81 p 21

[Text] The total revenue of the Treasury for 1982 is estimated at 7.799 billion kronur, yielding a 151 million kronur surplus. The estimated increase in prices and wages, according to the budget, is 33 percent between 1981 and 1982, and finance minister Ragnar Arnalds said at a news conference that he called yesterday to introduce the budget that this figure was far from being realistic as far as the budget's bottom line goes, adding in this regard that the government would get into big trouble if inflation dropped below 33 percent. The estimated figure for the 1981 budget was 42 percent. The finance minister stated that all indications were that the average increase between 1980 and 1981 would be 50 percent. On the other hand, the news release from the finance minister indicates that the increase was expected to be 40 percent from the beginning of 1981 to the end of 1981.

At the beginning of the news conference, the finance minister explained the main figures in the budget and its divisions.

He said that the budget was designed in the same way as previous budgets and that it aimed at equilibrium in the national economy. He said that a slight surplus was indicated, not a deficit. Actually, the budget was close to being balanced. The revenue column of the budget includes indirect taxes of 6.327 billion kronur and direct taxes of 1.355 billion kronur, with other revenue sources amounting to 117 million kronur.

The expenditure tables show consumption and operations transfers of 3.44 billion kronur, overall public consumption of 3.168 million kronur, investments of 484 million kronur and financial transfers of 709 million kronur.

The highest amount of state revenue allocations goes to social security benefits, 2.159 million kronur, followed by education at 1.028 billion kronur, health care at 618 million kronur, the public road system at 566 million kronur, subsidies of 466 million kronur, farming 314 million kronur, the courts and police 285 million kronur, interest payments 264 million kronur, communications other than the public road system 211 million kronur, energy 181 million kronur, housing developments 169 million kronur, payments for life insurance 105 million kronur and other items 1.282 billion kronur.

In connection with the allocation of the state's revenue, the finance minister was asked at the meeting how much money the cabinet and the prime minister's assistant, among others, have said would be put aside for the upcoming wage settlements. Incidentally, last year's budget included a special section for that purpose that amounted to 12 billion old kronur. The finance minister's reply was that the news about such an allocation was incorrect and that there was no such section in the present budget. Then he was asked whether the government intended to allocate funds for this purpose. He said that such funding would continue to be handled by the government. If this were considered necessary, a decision would be made on funding during the discussion of the budget in the Althing. "This is a matter of reallocation," said the minister. The loan tables reveal a plan for raising funds of 1.185 billion kronur in all, of which foreign loans account for 665 million kronur. The finance minister explained at the meeting that the 665 million kronur in foreign loans amounted to only 1/3 of overall foreign loans. It would become apparent that foreign loans will total about 2 billion kronur in 1982, in addition to the loans by various public firms, rural associations and the loans for individual projects. The finance minister said that in spite of this figure he considered the increase in foreign loans to be only 18-19 percent over 1981.

The section "other domestic fund raising," which is estimated at 143 million kronur, includes a loan from the State's Construction Fund, a loan from the Life Insurance Fund for investment, as well as a 3 percent increase in bank deposits.

According to Ragnar Arnalds, the budget calls for a subsidy of 120 million kronur in the form of borrowing from the Central Bank. He said that indebtedness to the bank would remain the same in kronur, however, with the debt estimated at 1.6 to 1.7 percent of the net GNP in 1982.

Ragnar Arnalds stressed restraint in the national economy, but in spite of a tight policy, there would be a considerable increase in grants for certain categories, of which the grant for low-cost housing ranks the highest. The State Treasury's allocation to the Workers Construction Fund increased 48.4 percent over the 1981 budget. A major effort is planned for providing accomodations for the elderly, and the allocation to the public road system is also increased. Furthermore, the government plans to bolster the arts, and the Treasury will double its allocation for that purpose, from 9.3 million kronur in 1981 to 19 million kronur in 1982. When he was asked where cuts would have to be made in order to offset these increased expenditures, he said that it would be difficult to itemize; however, cutbacks would be made in investments funds, and another example would be the reduced number of sailings of the Coast Guard vessels.

When the minister was asked about the news concerning cutbacks in funds to the University of Iceland, he said that it was incorrect. The University would get its regular funds for both faculty and programs and allowance would be made for a few extra positions.

The minister's news release also reveals that drastic changes are not planned in regulations concerning income and property tax for next year. On the other hand, a bill providing for a pay-as-you-earn tax system will soon be introduced in the Althing. This tax bill will become law before the end of 1982. Moreover, the news release states that if preparations go well, a pay-as-you-earn tax collection system will be possible in the beginning of 1983. To this end, the Althing must pass a special law in the fall of 1982 for a taxing ratio in relation to the inflation rate when the system takes effect.

The budget calls for the extension of temporary taxes that were supposed to be revoked by the end of the year, with the exception of a temporary import tax on candy and biscuits, which will be revoked in February 1982. The tax index has been set at 150 points in the bill.

Furthermore, the news release reveals the introduction of a new bill in the beginning of the Althing session, involving changes in sales tax regulations. It is geared towards stricter collection and better supervision of these taxes. A revision of the customs list and import duties is under way.

The 1982 investment and loan plan, whose main points have been completed, has been drafted along with the budget, according to the finance minister. At the conference he said that the plan would in all events be submitted to the Althing before initial discussion of the budget. He said that some of the points had not been finalized, such as the decision about whether to connect the line in Hofn in Hornafjordur/Sigalda, as well as a few domestic financing items.

The finance minister went on to say that he expected that a decision would soon be made about the nation's next powerplant. The plan calls for special loans for powerplants, and the amounts for this purpose would remain unchanged regardless of the decision. The minister's news release indicates that important energy goals would be met this year; however, it is clear that the number of projects will be somewhat reduced next year. Overall investment is estimated at 24 percent of the GNP under the bill, compared to 25.5 percent this year.

Moreover, we can mention that the 6th paragraph of the budget calls for the authorization of an up to 10 millon kronur loan for the air terminal in Keflavik. The finance minister's news release states that it is clear that a decision to construct an air terminal will not be made unless all the ministers agree.

8743
CSO: 3111/2

BUDGET BILL WOULD INCREASE FOREIGN BORROWING BY 90 PERCENT

Reykjavik MORGUNBLADID in Icelandic 13 Oct 81 p 3

[Text] The bottom line on the budget bill that was submitted to the Althing yesterday totals 7.799 billion kronur, a 46.2 percent increase over the 1981 budget of Ragnar Arnalds. Total expenditures amount to 7.648 billion kronur, a 43.3 percent increase over the 1981 budget. Foreign loans amount to 665 million kronur, a 90 percent increase over last year's budget. The budget calls for a 10 million kronur loan permit for the construction of an air terminal at Keflavik airport. Temporary taxes will be extended. Total investment is estimated at about 24 percent of the GNP, as opposed to 25.5 percent this year. Furthermore, allocations for investment funds and loan payments are estimated at 438 million kronur, under the budget, which is tantamount to a 9 percent decline in real value. The tax index for 1982 will be 150 points.

Total revenue under the budget comes to 7.799 billion kronur, yielding a surplus of 151 million kronur. The budget estimates a potential 33 percent rise in prices and wages from 1981 to 1982, but according to the finance minister, this is not a realistic figure in view of the bill's bottom line, as there are many uncertain points in state budget revenue and expenditures, such as the upcoming wage settlements.

Foreign loans will amount to 665 million kronur under the bill, a 90 percent increase over the 1981 budget. During a news conference yesterday to present the bill, the finance minister reported that this was only one-third of the foreign loans. Total 1982 foreign loans would amount to 2 billion kronur.

The budget bill calls for a loan of up to 10 million kronur for the air terminal in Keflavik, and the report accompanying the bill quotes the government's platform concerning the issue, saying that no project will be launched without the consent of the entire government. Morover, it says that along with the 10 million kronur loan permit, the government decided to appoint a three-man committee representing the government to handle the air terminal issue and to make proposals on the use of the loan.

Furthermore, the bill calls for the extension of the temporary taxes that were supposed to be revoked by the end of the year under the law. This is a special tax on offices and stores, a health insurance fee and a special temporary sales tax, all of which will be extended until the end of 1982. The same goes for the regulations concerning the special fee whose proceeds go into the Project Fund for the elderly. On the other hand, a temporary import tax on candy and biscuits will be revoked at the end of February 1982, as the law stipulates.

An investment and loan plan for 1982 has been designed along with the budget and will be submitted to the Althing for initial discussion on the budget, according to the finance minister. The report that accompanies the budget bill notes that there will be fewer projects and that overall investment is estimated at 24 percent of the GNP, instead of 25.5 percent this year. The plan will give a detailed breakdown of overall investments and their financing.

The budget's project allocations total 1.226 billion kronur, a 30.4 percent increase from the budget figure of 1981. In view of an estimated 33 percent average price increase, this entails a 2 percent decrease. The following changes from the 1981 budget are contained in the main sections of these allocations. Projects estimated at 737 million kronur will increase by 35.3 percent, or a 1-1.5 percent increase in real terms. Investment grants total 51 million kronur, a 47.5 percent increase, or an 11 percent increase in real terms. Allocations for investment loan funds and loan payments are estimated at 438 million kronur, or 21.3 percent, a 9 percent decrease in real terms.

The report on the budget reveals that the proportion of the state's expenditures is slightly lower than in the last budget, 28.1 percent as compared to 28.2 percent in 1981. It says that this was made possible by showing restraint, which will be continued. Allocations for investment loan funds, among other items, will continue to be lower than the law permits, and authorization for this cut is being sought in the budget bill.

8743
CSO: 3111/2

FINANCE MINISTER REPORTS SATISFACTION WITH BUDGET LAW

Oslo AFTENPOSTEN in Norwegian 13 Nov 81 p 3

[Text] "I am reasonably satisfied with the budget compromise which we have reached," said Finance Minister Rolf Presthus in a commentary to AFTENPOSTEN. "A minority government can not expect to have its recommendations 100 percent approved by the Storting, but the changes that we have agreed to are not of such size that they will affect the decisive foundation for a more moderate income settlement in the spring," said the finance minister.

"Through tax relief and smaller price increases the foundation is laid for a wage settlement which in the next round can strengthen the country's competitive ability and safeguard jobs. The point of departure for such a round is protected by what happened in the Storting Finance Committee," said the finance minister in a commentary on the budget bill which was cleared late last night.

"Are you satisfied with the nature of the cooperation which you have received in negotiations with the Christian People's Party [KrF] and the Center Party [SP]?"

"The Conservative Party [H] must accept that the two parties need to exert some influence on the final result, and I will say that the result was a reasonable balance of all three parties' desires."

"When will the 1983 budget, which will be the first really conservative budget, get started in the Finance Ministry?"

"That work has already begun in the ministry. What is now decisive is that next year we will have better competitive ability, which will protect jobs, by clearing up tax reform policies," said the finance minister.

The most important change in the Willoch budget is that the child allowance will be increased by 100 kroner per child per year, and the price of cigarettes and tobacco is going up by 5 percent. In return, the conservative "tax package" is supported by KrF and SP. Iron, steel, ferroalloys and the wood products industry will continue to get reductions in electric and oil rates. In a compromise between the three parties the recommended cuts in support for the press and adult education will be 14 million and 20 million respectively less than the H-government wanted.

As to defense appropriations, it seems clear that there will be four percent real growth. KrF has notified H that they will support an appropriation bill which ensures that. Certainly the two parties in the first round will vote to have Unifil funds taken from the defense budget, but that will not get a majority. The two parties will support the Labor Party which wants to share the appropriation between the Defense and Foreign Ministries. The Defense Ministry will again require about 90 million kroner to attain real growth, and the three parties will arrange a majority for that.

The H-government will suffer defeat on the 100 million kroner for Tysnedal, and also on the recommendation for the foreign aid budget.

The Labor Party will in general stand behind the Brundtland government's budget presentation. The Socialist-Left Party wants to strengthen the economies of local and county governments. They also want lower taxes on smaller incomes, and more on the higher. Furthermore they want rent ceilings, increases of the lowest pensions and child allowances.

The Progressive Party [FKP] wants reductions of income tax on the order of 3.5 billion kroner, lower gasoline tax and investment tax, and abolition of the inheritance tax. FKP wants to cut expenditures for foreign aid, press support, adult education, telegram bureau and government power plants.

The Liberal Party [V] favors a gradual replacement of direct taxes by more indirect taxes, and tax reductions for fringe industries and primary businesses. Furthermore V is opposed to increasing rates on collective traffic, and a strengthening of health measures, education and culture. In addition, V would reduce employer fees by one percent.

Kjell Magne Bondevik (KrP) and Sverre Helland (SP)—both chief spokesmen for economic matters for their respective parties—both expressed great satisfaction with the compromise reached with H. Especially the somewhat changed profile of increased allowances for families with children, which is financed with increased taxes on cigarettes and tobacco. This is considered of special importance by the two parties. The same applies to reductions of electricity and oil rates to exposed industries. Both parties believe they have cause to exert reasonable influence on next year's budget.

9287
CSO: 3108/18

FINANCE MINISTER PRESTHUS PRESENTS BUDGET CHANGE PROPOSALS

Oslo AFTENPOSTEN in Norwegian 5 Nov 81 p 5

[Text] "A clear change in course." That is how Finance Minister Rolf Presthus described the changes the government has proposed in the revised budget bill it submitted yesterday. In his finance speech Presthus emphasized that because of the short time at its disposal the government had not been able to make such deepgoing changes as it had wanted to. Most departments will have to accept a budget cut in relation to the proposal of the outgoing government. The main exception to this is the Defense Ministry.

In his finance speech yesterday Finance Minister Rolf Presthus stressed that the short time the government had at its disposal for budget changes made any deep changes impossible. He pointed out that even so changes were made and their number and scope indicate a clear change in course.

Of the work ahead Presthus said that the main job is now to work together and join forces to shift the course of developments.

"To accomplish that it will be necessary to improve the competitive ability of firms in this country," said Presthus. He said that as part of this the government proposed a cut in the growth of public spending amounting to 1344 million kroner. He further stressed that the country cannot afford to implement a fifth vacation week as the Labor Party proposed.

The finance minister also went into the anticipated revenues from oil and gas production. He stated that estimates for the next few years have been reduced sharply.

"In particular I would like to say that the estimate of taxes and fees accruing to the state have been reduced by as much as 40 billion kroner over the 4-year period of 1982-85," said Presthus. He maintained that lower oil exports seen in isolation would lead to a worsening of the operating balance in relation to other countries.

Defense and Commerce are the only two ministries that have not had their budgets cut in relation to the proposal from the old government. But room was found for a few additions to some items in ministry budgets.

The government favors cutting food subsidies by 300 million kroner but the government says there will be compensation for this through increases in the head of household deduction and in state pensions. One of the reasons why the government found it necessary to cut food subsidies is that flour is now cheaper than grain for animal feed. The cuts in subsidies will lead to price increases of 0.3-0.4 percent.

In relation to the current year the government will increase aid to developing countries but will cut it by 160 million kroner in relation to the Labor government proposal. Something new in next year's budget is that the cost of the Norwegian UN forces in Libya, totaling 183 million kroner, will now be charged to the aid budget instead of the defense budget.

This has led to the defense budget rising 91.5 million kroner compared to what the Labor government proposed. The money will be used for materiel acquisitions and storage of equipment for a combined Norwegian regiment in North Norway.

It also appears from the budget proposal that the government will oppose increasing press support by 53 million kroner and that rates for doctor's visits and transportation to hospitals will be increased.

6578
CSO: 3108/14

BRIEFS

INCREASED EXPORTS TO IRAN--Norwegian exports to Iran are growing sharply. In the first 7 months of the year we exported 100 million kroner worth of goods to that country compared to 68 million kroner in the same period last year according to the paper NORGES UTENRIKSHANDEL which is put out by the Norwegian Export Council. The Norwegian ambassador in Tehran reports that Iran's economy continues to show a low utilization of capacity and that imports this year are larger than last year. At present Iran has low foreign exchange revenues from oil due to reduced oil exports but authorities in that country expect to increase this export considerably this year. A proposal to nationalize foreign trade has not yet been taken up by the Iranian national assembly. [Text] [Oslo AFTENPOSTEN in Norwegian 6 Nov 81 p 13] 6578

CSO: 3108/14

DEFICIT SPENDING SEEN AS MAJOR CAUSE OF ECONOMIC CRISIS

Madrid ACTUALIDAD ECONOMICA in Spanish 8 Oct 81 pp 17-23

[Text] The esoteric subject of the budget again occupies economic center stage with the recent introduction of the proposed 1982 State Budget. And now that the most important economic document of the year has come to light, the main topic for this autumn is open for discussion in Parliament. The countdown for the program has already begun; during the coming weeks every political party, every labor federation, every employers' association of any consequence will be drawing up amendments--directly, or through third parties--to present to Parliament or to public opinion.

Some Utopian Forecasts

The rough figures are known, in general terms, although a kind of "national masochism" makes them be repeated once again: in 1982, the public deficit will reach the dizzying heights of around 700 billion pesetas. As the proposed budget itself points out in Article 17, during the coming year total currency in circulation will not exceed 80 billion pesetas, which means that if at a given moment all the currency circulation in the country should be withdrawn, it would only be able to finance one-ninth of the budget.

"It is not that the deficit we face surprises me," commented the minister of finance, Jaime Garcia Anoveros, when the 1982 budget was released to the press, "but it would be better not to have it." In spite of the minister's statement, this historic deficit--which will be financed with a massive inflationary appeal to the Bank of Spain--could easily backfire against some of the macroeconomic forecasts put forward in the bill, which have served as a pattern for the elaboration and fitting together of the amounts in the budget.

Quoting Finance Ministry sources, the documentation attached to the bill makes some forecasts for the coming year which are still more wishful thinking than real possibilities, and which assume a real increase in the GDP of 3 percent. Also, exports of goods and services increase by 6.5 percent, while imports only do so by 1.3 percent. In general terms, private consumption will register an increase of 0.7 percent, and public consumption--always according to those forecasts--will have a growth rate of 3.5 percent. This optimism, within the somber tones of a "crisis" budget, manages to indicate a real growth in demand for 1982 of around 2 percent, and an increase in gross capital formation of 5.1 percent, although it is also true that this will be largely due to an increase in "stocks."

Budget Decisions

Within this shaky framework--there is still no agreement on how much the GDP increased in 1980, and the forecasts for this year range between the 1.2 percent conjectured by the Bank of Spain, and the zero growth forecast by Rafael Termes--other figures submitted, like an inflation rate of 12 percent, or the evaluation of the deficit at around 3.5 percent of the GDP, finally become blurred and lose their credibility.

One thing that is certain is the figure for state expenditures, which in the preliminary consolidated budget shows a balance of 3.570 billion pesetas, an increase of 26.7 percent over the previous year. Revenues, meanwhile, take a step forward, increasing by 20.8 percent over 1981, as a result of a tax burden which in the course of the coming year will exceed 14 percent, 0.6 percent higher than in the previous year. In short, the balance is critical: expenses which are increasing at full speed, a tax burden which is growing at a rate of almost a point a year on an economy which is increasingly more depressed and with less capacity for savings. And all this with a deficit which every year exceeds all the forecasts, even the wildest ones.

The 1982 Proposed General Budget sought to assemble together in its articles and the attachments to it that were developed the whole span of political-economic agreements which were signed during the course of this year: the National Employment Agreement (ANE), signed last 9 June between the government, the two largest labor organizations, and the managerial association CEOE [Spanish Confederation of Business Organizations]; the decree concerning industrial reconversion, and the Interterritorial Compensation Fund born out of the warmth of the Autonomy Agreements. But on the very day it was presented, the Budget would already arouse the wrath of the CEOE, which considered the verbal agreements which had been reached when the ANE was signed to have been superseded.

Rates of Spending

In accordance with the principle arrived at on the occasion of the National Employment Agreement, the 1982 budget once again establishes the principle of containment of current expenditures of public administration. Thus, salary increases for officials and personnel in the services of the state will be limited to 8 percent, with an additional point as an incentive for productivity. On the other hand, the contribution of the state to Social Security increases by 62 percent over this year's amount and covers 15.3 percent of total costs, which will permit reduction of the companies' contribution to Social Security and will result in lower expenses for labor costs.

In absolute terms, the supplementary item contributed by the state to Social Security comes first in the list of headings which involve a major increase in spending (a total of 141.62 billion) followed by the item of salaries for personnel (141.17 billion). However, in relative terms, the greatest increases are registered in the sector of current transfers (42.2 percent), especially the sums earmarked for Civil War pensions (99.7 percent), unemployment (74.4) and Social Security (65.3). In Fact, forecasts of personnel expenses only will register an increase of 13.2 percent, and those related to the acquisition of goods and services (excluding defense expenditures) 12.9 percent.

New items of expenditure have been added this year to the already swollen budgets of past years. They are sometimes combined with a cut in revenues, as in the case of the 90 percent rise in the quota for Social Security's signing up the unemployed,

which will involve a total of 14 billion pesetas. To this must be added another 15 billion for the creation of an emergency fund in the INEM, or 22.4 billion for community unemployment. In all, an increase of 75 percent over the previous year is earmarked for counteracting the effects of unemployment.

At the same time, industrial reconversion will also present its bill during 1982, with a total cost estimated at 32.7 billion, plus another 5 billion set aside for various services. On its part, the INI [National Institute of Industry] will have to contribute 55 billion to cover the losses of its enterprises included in crisis sectors, without taking into account the debt of 120 billion contracted by the state holding in past years, which has recently been taken over by the state, and will be paid off in future budgets at the rate of 15 billion a year. In the sector of production costs, public investment is being maintained at the announced figure of 825 billion, within the framework of the Public Investment Plan. This figure involves an increase which is nominally set at 24.8 percent, which once deflated shows a real growth in public investment of around 12 percent.

Once again, all this will be possible thanks to the growing tax burden, to progressive indebtedness via public debt, and to an appeal to the central bank in the amount of 350 billion pesetas. No one doubts that this appeal for free money will have a price which will have to be paid by everyone, and that it is hardly compatible with various forecasts of 12 percent inflation, linked to a growth in liquid assets of around 15 or 16 percent, which will be higher in the sphere of the private sector, according to the minister of finance.

As a consolation prize within the framework of a somber picture, the 1982 Proposed Budget includes an increase of 2,000 pesetas in every family deduction, the effect of which will be compensated for by a 2 percent increase in income tax rates. On the other hand, to protect declining savings in the domestic economy, a system of tax savings accounts is being set up, with a 15 percent deduction for deposits made for a period of 3 years.

Other tax modifications like the decrease in the luxury tax on automobiles, the promise to hold the line on prices of gasoline and taxes on it--the only changes will be those which derive from the price of crude in pesetas--or the announcement of a rise in the prices of tobacco and alcoholic beverages do not amount to more than "small change" within the framework of the budget, although they may have direct and immediate repercussions on the ordinary expense budget of the average taxpayer.

"An Accounting Concept"

Once again, the real problem is the size of the deficity, which in all probability unfortunately will be pushed by reality to the limit of 1 billion pesetas. The problem is its size, and also how to finance it.

When the budget was presented to the press, the minister of finance stated that "the economic implications of the budget deficit should not make us forget that the deficit is a mere accounting concept." A mere accounting concept, which, however, is going to necessitate an important appeal to the Bank of Spain during the coming year, which is going to result in impairment of the purchasing power of families and businesses. A mere accounting concept, which year after year, closes with figures which are much higher than those initially budgeted, the real impact of

which very few people take the time to measure and determine. "The budget and its deficit," Garcia Anoveros would comment, "are an indication of how critical the condition of our country's economy is, of the need to join our forces against unemployment, of the demand for free and public consumption.... But the danger is that the crisis budget may end up finally causing a crisis with its deficit in the few areas which had remained healthy.

LOWERED REVENUES
(Millions of pesetas)

Sectors	State	Autonomous Administrative Bodies	Central Administration	Social Security	Total
Direct Taxes	1,266,200	35,758	1,301,958	1,941,413	3,243,371
Indirect Taxes	1,141,902	2,588	1,144,490	13,682	1,158,172
Rates and Other Revenues	213,500	49,797	263,297	7,780	271,077
Current Transfers	85,865	343,942	429,807	----	429,807
Capital Revenues	169,846	4,868	174,714	3,477	178,191
Disposal of Investments	180	9,894	10,074	102	10,176
Capital Transfers	----	2,322	2,322	----	2,322
Variation of Financial Assets	2,079	38,452	40,531	17,157	57,685
Variation of Financial Liabilities	422	9,522	9,944	1,033	10,977
Reserves	----	----	----	49,793	49,793
TOTAL	2,879,994	497,103	3,377,137	2,034,437	5,411,574

RECORD-BREAKING EXPENDITURES
(Millions of Pesetas)

Sectors	State	Autonomous Administrative Bodies	Central Administration	Social Security	Total
Salaries of Personnel	1,203,846	138,769	1,342,615	386,379	1,728,994
Purchase Goods and Services	135,494	86,107	221,601	222,744	444,345
Interest	83,891	3,348	87,239	37	87,276
Current Transfers	573,808	513,439	1,087,247	1,656,118	2,743,365
Depreciation	----	----	----	9,367	9,367
Real Investments	342,987	111,015	454,002	51,018	505,020
Capital Transfers	359,329	22,568	381,897	----	381,897
Variation of Financial Assets	19,288	25,639	44,927	16,742	61,669
Variation of Financial Liabilities	58,086	5,110	63,196	654	63,850
Reserves	----	----	----	49,793	49,793
TOTAL	2,776,723	905,995	3,628,724	2,392,852	6,075,576

HOW THE DEFICIT WILL BE FINANCED
(Billions)

Long-term Domestic Public Debt	127
Foreign Debt	100
Short-term Treasury Debt	120
Bank of Spain	350
Deficit	697

A GROWING BUDGET
(Millions of pesetas)

	1982	1981	Increases Amounts	Percent
Salaries of Personnel	1,203,846	1,062,672	141,174	13.28
Goods and Services	135,494	112,409	23,085	20.53
Defense	61,851	47,217	14,634	30.99
Others	73,643	65,192	8,451	12.96
Interest	83,891	57,267	26,624	46.49
Current Transfers	1,247,756	877,240	370,516	42.23
Social Security	358,499	216,870	141,629	65.30
Unemployment	174,400	100,000	74,400	74.40
Territorial Bodies	167,353	135,760	31,593	23.27
Civil War Pensions	48,693	24,382	24,311	99.70
Companies and OAC	184,913	136,902	48,011	35.06
Education Bonus	72,454	57,299	15,155	26.44
FORPPA	34,174	22,982	11,192	48.69
Others	207,270	183,045	24,225	9.39(5)
TOTAL CURRENT TRANSACTIONS	2,670,987	2,109,588	561,399	26.61
Real Investments	342,987	271,806	71,181	26.18
Capital Transfers	486,652	392,689	93,963	21.24(6)
TOTAL CAPITAL TRANSACTIONS	829,639	664,495	165,144	24.85
Variation of Financial Assets	19,288	18,594	694	3.73
Variation of Financial Liabilities	58,086	30,523	27,563	90.30
TOTAL FINANCIAL TRANSACTIONS	77,374	49,117	28,257	57.52
GENERAL TOTAL	3,578,000	2,823,200	754,800	26.73

8131
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POSITION, PROBLEMS OF COMMUNIST PARTY VIEWED

Brussels LE SOIR in French 2, 3 Oct 81

[Article by Guy Duplat]

[2 Oct 81 p 2]

[Text] Is the Belgian Communist Party Now, at Age 60, Nothing but an Anachronistic Monolith?

The Belgian Communist Party has just celebrated its 60th birthday. That is old for a party! Many are even tending to consider the PCB [Belgian Communist Party], with its laughable anachronisms, one of the fossilized remains of the cold war.

The party appears to be composed, it is sometimes said, of people nostalgic for the Resistance, of perverted workers and of young intellectuals in the grip of a juvenile acne crisis.

On the one hand, it is true that the Belgian Communist Party does not carry much weight in our country. While it had more than 40 members in Parliament after the war--the fruit of the Communists' g[illegible]ing role in the Resistance--it dropped off quickly to a supernumerary role. At the moment it has only four deputies (Noella Dinant, Georges Glineur, Marcel Levaux and Louis Van Geyt) and two senators (Robert Dussart and Claude Renard). Nothing to influence our political life with!

But it would be mistaken to brush aside a party which, according to its leaders, has 6,000 members, which is very influential in trade-union circles, which has carried out action in the RBP [expansion unknown] in Antwerp, in the ACEC [Charleroi Electrical Engineering Shops] or in the FN [National Armaments Factory]. A party that supports, from the outside, the majority in the province of Hainaut. A party which, by its analyses and its grass-roots work, quite often serves the Socialist Party and the trade-union movements as a conscience or a guilty conscience.

The Belgian Communist Party is not monolithic--far from it. One can distinguish a split over the Community, a split between Eurocommunists and "rabid Stalinists," a split between the intellectuals, who form the bulk of new members, and the workers, a split between Brussels and Wallonia.

Heavy...

The PCB is the oldest Belgian party to remain united. It is not divided as the Socialists are. According to its chairman, Louis Van Geyt, it owes this to an intern-

al structure that has been very decentralized and federalist for a long time. The Central Committee, composed of 70 persons, is divided, depending on the case, into regional councils--Flemish, Walloon or French-speaking--or into a community council. A structure as heavy as the one that presided over the state reform. And one that obliges the members of the Central Committee to change hats all the time, to their great displeasure. This internal decentralization slows down the decision-making process, but has so far prevented the breakup of the party.

The Communists remain faithful to the idea that one should not deceive oneself about one's enemies, and that, while the specificity of the regional phenomenon is recognized, the enemy remains "the big employers," who for their part "have remained united." But beyond the slogan "Proletarians of all the regions, unite," the community tensions are quite real.

First of all, because the French-speakers are far more numerous than the Dutch-speakers in the PCB (70 percent as against 30 percent). Except for Louis Van Geyt, all the elected representatives are French-speakers. The Walloons sometimes gripe about the party's excessive community balancing or against the "asexual" bilingualism of Louis Van Geyt. Likewise, the leader of the Flemish Communists, Jef Turf, views himself mainly as Flemish.

Communism in Flanders, already very weak, is moreover threatened by the far left. For example, the Maoist group "Amada" got a better score than the Communists in the 1978 legislative elections in Antwerp.

Opening to All Progressives

The second split within the Communist Party divides the Eurocommunists from the "Stalinists."

The Belgian Communist Party has always been in favor of "opening up to all progressive forces," Louis Van Geyt repeats.

Already in 1954--therefore before the beginning of de-Stalinization in the USSR--the PCB had broken the sectarian policy of the cold war and urged alliance with the Socialists and the Christian Democrats. The practical manifestation of this position was in the UDP (Democratic and Progressive Union). Union lists were presented, especially in the Hainaut. And the Communist Rene Noel, one of the spearheads of this action, took his UDP list all the way to the board of aldermen of Mons. Rene Noel has since left the PCB.

At present, the Communists are still supporting, from the outside, the Socialist Party-Walloon Rally alliance that is in power in the Hainaut permanent delegation. And they have cashed in on their support by, among other things, the start-up of a provincial tax reform and by a provincial senator's seat for Claude Renard.

Furthermore, the PCB declared itself resolutely Eurocommunist on the occasion of its last congress. "Which means," explains Van Geyt, "that we subscribe to the democratic way of the European countries, and that we want to take our country's economic and sociological context into account."

But there are nuances as between declarations and practice. If Louis Van Geyt appears as a "convinced Eurocommunist" in the eyes of the Communists themselves, not all of them can say as much.

Liege Seceding?

Eighty-two dissidents sent a letter ot he Central Committee protesting the party's policy.

The party had opposed the Soviet intervention in Afghanistan only tardily and weakly. "We did not react fast," replies Louis Van Geyt, "because the events were far away and took place in winter. We waited to be able to analyze the situation more serenely."

"Not so at all," reply the dissidents, who recall the turnabout that the party had already started after initially condemning the invasion of Czechoslovakia. They stress the prolonged silence of the party after the "racist" attitudes of the French Communist Party. DRAPEAU ROUGE could not send anyone to report on the spot.

The Liege federation is the "reddest." A real worker-type federation, with Juchmes or Marcel Levaux, who approved the Soviet intervention in Afghanistan and calls the armchair intellectuals and ecology "ridiculous." A big federation (one-third of the PCB's French-speaking members), in favor of productivism and defense of the big Soviet brother party at any cost. The Liege federation is almost in open secession.

At the opposite pole are found, especially in Brussels, intellectuals, teachers, who consider that the part is not a church, and who are finding the "new grounds of struggle." Thus, Jacques Teghem, professor in the University of Mons and chairman of the Forest section of the PCB, is a prototype of these "new communists" who attract many young people disappointed by the PS [Francophone Socialist Party]. Despite his record of service, he has not been elected to the Central Committee. Is this a sign of the power relationships within the party?

[3 Oct 81 p 2]

[Text] The Belgian Communist Party, Its Brussels Intellectuals and Its Trade-Union Militants...

The Belgian Communist Party has just celebrated its 60th birthday. In our first article, we analyzed the community and ideological splits that run through the PCB. The party contains Eurocommunists and "rabid Stalinists."

Another split divides the intellectuals and the workers, Brussels and the provinces.

The main part of the membership of the Brussels federation of the PCB is composed of researchers and teachers. The immigrant workers are enrolled in the Belgian sections of the Italian, Spanish or Turkish communist parties.

Jacques Teghem, political secretary of the Forest section, is a good example of these "white-collar" Communists. He converted to communism in the wake of the events of 1968 in the ULB [Free University of Brussels]. "I did not want either the reformism of the socialists or the Utopian jargon of the 'revolutionary avant-garde'." In Brussels, Jacques Teghem carries on a campaign for "greater well-being in Brussels." Public transportation and real-estate speculation are subjects discussed and analyzed in the federation.

The Forest section publishes a small newspaper, LA VIE FORESTOISE. One has to have good eyes to read on the third page that the journal is published by the Communist Party. In Brussels, the PCB manifestly wants to be open. "We are the pioneers of the new struggles in Brussels. Ten years ago already, I fought against the Philips tower," explains Louis Van Geyt. And Teghem and Van Geyt say with one voice: "Internal democracy exists in the PCB in Brussels. We discuss topics in the sections. We prepare for the next party congress 6 months in advance. We are more democratic than the Brussels Socialist Party," the chairman of the PCB adds perfidiously.

The DRAPEAU ROUGE celebration that takes place in Brussels each year is no longer the militants' and workers' celebration. It is a Brussels celebration above all, and it draws on a body of youth and a whole intellectual current that have nothing communist about them. The atmosphere of the celebration is very easy-going. One day, Jacques Teghem sold bottles of wine saying "Eurocommunism vintage" on their labels--a joke not much appreciated by the old ones and the hardliners. "Those aren't things to laugh about!"

"The Trade Unions Have Lulled the Workers to Sleep"

In the Hainaut, the atmosphere is already entirely different. The Communist Party is powerful there. Robert Dussart, senator, is the leader of the workers' action in the ACEC. The Hainaut in the middle of its economic crisis is "worked" by the PCB. And within that powerful federation, Pierre Beauvois is one of the leaders. Another typical case.

The son of Roland Beauvois, director of the Banque Nationale, he too joined the PCB in the wake of 1968. "My friends of that time had chosen the Trotskyites and the Maoists, but when they finished their studies they went into the establishment and became star journalists in the RTB [Belgian Radio Broadcasting and Television System]."

The Communists "vomit out" the leftists, whom they liken to young bourgeois individualists seized with revolutionary frenzy without having done the least bit of serious analysis.

Pierre Beauvois, for his part, persevered when it was considered good form to change sides. This civil engineer occupied himself with sales and purchases of goods with the countries of the East--an important job that enabled him to learn the countries of the East better, and a position important also for the life of the party, since it is said that these trade exchanges are one of the principal sources of financing for the PCB (which is said not to receive a franc from the Communist Party of the Soviet Union).

"We no longer recruit many workers. This is a problem. We must, though, maintain a certain balance between the intellectuals and the workers, but without practicing workerism. The Walloon working class is largely conditioned by the 'golden sixties.' It has been lulled to sleep by the trade unions, who have always said to the workers: 'we are taking care of everything for you.' But in reality, this defense consisted in accepting the closing of factories and the massive layoffs in return for meager financial compensation. In the face of the crisis, the PS has no alternative. But we do have one.

"The forces of the left are fighting for no more than crumbs now," Louis Van Geyt further explains. A different policy is needed--for example, demanding from the banks and the holding companies an obligatory loan of 300 billion that would finance a real recovery policy."

Is the PCB Infiltrating the Trade Unions?

The Communist Party, according to Andre Cools, is sending its spearhead forces into the factories and the trade unions rather than into Parliament. A man like Beauvois illustrates well this desire to "work the base," to organize analysis and reflection on the spot. "The Communist members of Parliament are mainly the spokesmen of the rank and file. They pay their salary over to the party. They put questions as the various sections and federations ask them to.

A few months before quitting the leadership of the Socialist Party, Andre Cools was at war with the trade unions: "You are being infiltrated by the Communists," he fired at Jean Gayetot. How do things stand? Is the PCB practicing "enterism"?

The Communists no longer have their own trade unions and therefore, as a general rule, are joining the ranks of the FGTB [General Federation of Labor of Belgium]. Are they more militant than the others, do they profit from the work of reflection carried on in the commissions of the PCB? The fact is that they often play an important role in the trade unions, but without one's being able to see this as a deliberate infiltration maneuver.

"In relation to our numbers and in relation to our voting strength, our weight within the trade unions is, effectively, considerable," Louis Van Geyt admits. "We are, for example, the best defenders of the common trade-union front. It is when we are influential that it achieves the best for itself."

The Communists, on the other hand, accuse the Trotskyites of infiltrating certain trade-union central organizations such as the CGSP [expansion unknown]-education. There is always miniwar on the far left!

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CSO: 3100/28

SMALL PARTIES' CAMPAIGN PROGRAMS

Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 81 p 8

[Article by Chr. Brøndum and Lisbeth Knudsen]

[Text] Neither the economic program of the Social Democratic Party, nor the platform for 1982 of the Liberal Party and the Conservative Party is supported by the three former coalition parties of the government, the Radical Liberal Party, the Democratic Center, and the Christian People's Party.

The three parties dissociate themselves strongly from the economic democracy proposal involving a central fund and the possibility of compulsory intervention toward pension funds contained in the government's campaign program but, at the same time, strongly oppose the plan of the Liberal Party and the Conservative Party to effect savings of 14-15 billion kroner already in 1982, increasing to 22 billion kroner in 1985.

After election press meetings yesterday with the three coalition parties, it is now clear that the Radical Liberal Party regards a government composed of the Social Democratic Party, the Liberal Party, the Conservative Party and the Radical Liberal Party as the only possibility after the election, and that the Democratic Center and the Christian People's Party will recommend a government composed of the Liberal Party and the Conservative Party or some form of center government.

"It must be a strong obligation on the part of the old parties to seek a permanent cooperation after the election," the leader of the Radical Liberal Party, Niels Helveg Petersen, states. He says that the Radical Liberal Party will introduce defense and security policy matters into the negotiations, if any, concerning a permanent cooperation for a new government after the election.

The group chairman of the Democratic Center, Arne Melchior, yesterday described the idea of the Radical Liberal Party concerning a government composed of the four old parties as utopian.

The group chairman of the Conservative Party, Poul Schluter, says: "I see no signs that the Social Democratic Party after the election will be willing to form a broad coalition government. I previously supported that view myself, but Anker Jørgensen was the one who was most strongly opposed to it. I, therefore, now believe that a government composed of the Conservative Party and the Liberal Party will be the best that we can arrange for the country."

The group chairman of the Progressive Party, Uffe Thorndahl, stated yesterday that the idea of a minority government composed of the Liberal Party and the Conservative Party after the election did not last through the week-end, when the leader of the Radical Liberal Party dissociated himself from the election platform of the two parties. He, therefore, recommended that the Liberal Party and the Conservative Party take the advice of the leader of the Democratic Center, Erhard Jacobsen, to enter into negotiations with the Progressive Party with a view to cooperation with that party.

The Socialist People's Party yesterday appealed anew to the Social Democratic Party to cooperate on employment, taxation and housing policy reforms. "The Social Democratic Party is not a credible party now, but the Socialist People's Party is ready to force the Social Democratic Party to change its course." says Gert Petersen of the Socialist People's Party.

At a press meeting yesterday, the Socialist Left Party stated that the party will prefer a Social Democratic minority government to a non-socialist government, but the Socialist Left Party does not want to act as a parliamentary safety net for a Social Democratic government.

7262
CSO: 3106/22

CRITICISM OF SCHMIDT, SPECULATION ON SUCCESSOR GROW

Bonn DIE WELT in German 21 Oct 81 p 3

[Article by Georg Schroeder: "Many Questions in Bonn, But the Answer Is Up to Genscher"]

[Text] Bonn--"No doubt: The climate this fall--at least according to the general forecast for weather conditions--will be more severe rather than milder." At any rate, these are Herbert Wehner's predictions and nobody in Bonn disagrees with him. The weather on the Rhine is damp and cold. Ministers and deputies are shivering. Even strict discipline--and is there anybody within the SPD who is still adhering to it?--cannot hide the fact that there is a general feeling of helplessness. Greater than ever before.

Certainly: The chancellor made a demonstrative return to his desk. But what will happen next? With or without Schmidt--the enormous problems will remain the same, whether the issue is the economy or finances, foreign or security policies.

The patient Schmidt has been the recipient of much sympathy. It is not only a human but also a political fact. Nevertheless, it is also a political fact that Chancellor Schmidt, who is living with a heart pacemaker, is still a constant target for the attacks by the SPD Left, although at present they are being camouflaged.

Wehner Behind Schmidt

Is the SPIEGEL a barometer of the moon? At any rate, it is conspicuous because this week Chancellor Schmidt is already being buried politically with and without malice: "Once Schmidt's halo fades, what is going to help the SPD to win the elections?" In Rudolf Augstein's opinion the end of the social-liberal coalition is already a sure thing and he thinks: "In the context of parliamentary democracy it is not a disaster. At some time or other it has to happen."

Does it really have to happen? It is literally the question that is currently on everybody's mind in Bonn. Herbert Wehner rejects the idea. Right now he is publicly supporting Schmidt, taking his side vehemently while the internal party quarrels continue between those of the party presidium who are favoring a Schmidt SPD and those who are fighting for a Brandt SPD.

Wehner is concerned with preserving the power for what? But that is the question which is being posed by Presidium Member Erhard Eppler who is becoming more and more vocal on the inside and on the outside. In essence, it was the reason for the most recent dispute within the SPD presidium.

The victory belonged to those who wanted the cake and eat it too. In other words: those who do not want to let go of the power of government but who also want to change government policies.

Can that be accomplished with people like Chancellor Schmidt and Vice Chancellor Genscher? That is the question. Whoever tries to answer it, looks sceptically at three loaded articles that were spread simultaneously last Friday by SPD press services. One was a joyful praise by Deputy Hermann Scheer, dealing with Brandt's policy of detente: "It established the possibility of creating an independent policy representing European interests with respect to the guarantee of peace."

Simultaneously SPD Deputy Helmut Rohde sounded the warning: "The conservative policy of high interest rates, of a high level of unemployment, big differences in income and large cuts in social security are developing into political dynamite."

And since all bad things come in sets of three, we might as well quote the opinion of the "Parliamentary-Political Press Service" about the planned big peace debate of the SPD: "This step is not without risks...It (the debate) cannot remain without repercussions on the attitudes and opinions of the entire party."

Is it now understood why nobody in Bonn expects that Helmut Schmidt will run again in 1984 as a candidate for the chancellorship? Thus one question remains unanswered, one which in reality almost all Social Democrats are asking themselves: When will he resign? If it happens after the talks which have already taken place between Brandt, Wehner, Schmidt and Bahr and which received the blessings of the presidium, the coming SPD federal party congress which will convene in spring in Munich will postpone for 1 year the decision on the NATO counterarming resolution, adopting a more or less worthless compromise in spite of pressure from the left wing of the party.

Resignation in Installments?

Consequently Schmidt does not have to carry out his threat of resignation. But will he also remain deputy party chairman or will he follow Wehner's earlier example and give it up? If he resigns in installments, would that also imply that he would vacate the chancellor's chair in 1983 for a successor who will have to be built up for the Bundestag election?

Whether it is going to be 1983 or 1984, following a lost Bundestag election for the SPD--the decision about the coming government is certainly in the hands of the FDP and that means in Genscher's hands. In other words: The man who follows Schmidt must be acceptable to Genscher. But he remains silent and will continue to do so until the hour of decision arrives.

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NEW POLICIES RAISE CONSTITUTIONAL QUESTIONS

Immigrant Vote, Nationalization, Decentralization

Paris LE MONDE in French 4 Nov 81 pp 1-2

[Article by Jacques Robert, president of the University of Paris II]

[Text] Francois Mitterrand recently said: "The institutions were not designed with me in mind, but they certainly suit my purpose." The meaning is clear. Today it is no longer a question of challenging the institutional changes brought about by the Fifth Republic or of touching the pillars of the 1958 Constitution.

But the foreseeable approval during Parliament's upcoming fall session of a certain number of laws reflecting the "change" may raise delicate constitutional problems. At the moment, it is merely a question of revising the constitution to bring it into line with the new situation. But some people think we could take advantage of the opportunity not only to finally give our constitution the "facelift" it apparently must have if we want to avoid maintaining fictions that undermine its prestige and raise doubts about the value of the written text, but also to review certain provisions that are being challenged today.

Voting rights for immigrants, the law on decentralization, and the coming nationalizations are three issues that are said to require a revision of our constitution in the relatively near future. Things are not all that clear.

On the question of giving foreigners the right to vote in municipal elections, the only text at issue is article 3 of our constitution, which deals with national sovereignty. It says that the only qualified voters are French nationals of both sexes who have attained legal age and who are in possession of their civil and political rights. As a result, it would seem that foreigners--who by definition are not "citizens"--cannot vote. But two separate arguments can be raised against that apparent logic. To begin with, not all elections are of the same kind. And since article 3 deals only with "national" sovereignty, which in France is exercised by the "people's representatives" and through referendums, it can be concluded that the text in question deals only with elections concerned with choosing the people's representatives, and that means national elections. In the strict sense, the chairman of a general council, a mayor, and a municipal councilor are not people's representatives but "locally elected officials."

Moreover, questions of nationality and citizenship fall solely within the province of legislation, so it is not inconceivable that under certain conditions, simple changes in the law could grant certain foreigners the status of French nationals and entitle them to the enjoyment of civil and political rights. That being the case, no constitutional amendment would be necessary.

We feel, however, that unless there is a--doubtful--revolution in our law on nationality and our traditional interpretation of representative democracy, article 3 should nevertheless be amended before giving foreigners the right to vote in municipal elections. There is another reason as well: municipal officials and the representatives of those officials belong to the Senate Electoral College and thus participate in choosing the people's representatives.

On the other hand, the legal text on the rights and freedoms of local communities does not appear to us to presuppose in itself a revision of the constitution.

Article 72 of the constitution is in no way violated by the provisions of the new law. That article simply makes the "government delegate" (there is no mention of the "prefect") "responsible for national interests, administrative control, and compliance with the law."

How is that triple mission negated by the new law?

It is true that the law on decentralization eliminates a priori supervision by the prefect, but cannot the new "commissioner of the republic" take the matter to the administrative court if he feels that a decision made at the commune level is contrary to law, thus insuring compliance with the law as required by article 72?

In the future, the municipal council will be master of its own budget, but if it runs a deficit, the government representative will go to the regional audit office, which will have authority to order the council to correct the situation. If the council does not comply, the government representative will execute the budget. Is that not an eloquent example of the "administrative control" which is also provided for in article 72?

As for the government commissioner, where does it say that he does not represent the national interests, since from now on, he will clearly represent each ministry in his department [political subdivision]?

Lastly, it is difficult to see how the future nationalizations would necessarily entail an amendment to the constitution.

While the Declaration of 1789 does say that property is an inviolable and sacred right that cannot be taken away from anyone except in case of public necessity and on condition that fair and prior indemnification is made, the Preamble to the 1946 Constitution states that any property or any enterprise whose operation has or acquires the character of a national public service or a de facto monopoly must become the property of the state.

Three Categories of Text Requiring Revision

After 23 years of use, however, and in the light of experience, it would seem necessary to give serious thought in coming months to providing our constitution with a genuine "facelift."

That facelift should concern itself with three categories of text.

In the first place, it would be appropriate to eliminate the provisions in our constitution having to do with defunct structures--that is, those concerned with the French Community, since that community no longer has legal existence.

It would be sufficient to remove the following from our constitution: article 1 of the preamble, which lays down the conditions for establishing the community and deals with the nature of its foundations; all of title 12 (articles 77 through 87), which is devoted in its entirety to the community; and all the references to the community that are scattered throughout the constitution (articles 70, 76, 88, and others).

In the second place, it would be important to modify two texts that no longer square exactly with reality--and have not done so for a long time.

Article 5, first of all, which states that the president of the republic "shall, through his arbitration, insure the regular functioning of the government and the continuity of the state." The fact is that an arbitrator is appointed by the parties involved only to settle a dispute, reconcile opposing interests, or see that the game is played according to the rules. And in France, the arbitrator long ago took personal charge of the game.

The same applies to article 21: is the prime minister really the person "responsible for national defense"? There is serious reason to doubt it when one considers that the overall management of defense is entrusted to councils presided over by the chief of state, that the latter is personally responsible for use of the nuclear force, and that in case of serious tension that might lead to military intervention, a "crisis cell" meets at the Elysee Palace under the chairmanship of the chief of state.

On the other hand, there will be no more mention of article 20 in the constitutional texts to be revised, because it seems that with the new administration, and in keeping with the views of a coherent and homogeneous majority, the government must take more responsibility for determining and conducting national policy from now on.

Lastly, the time seems to have come to establish a better balance among the branches of government by restoring to Parliament's houses the role that is theirs in a parliamentary regime, limiting the presidential term of office--which currently is too long--and granting the indispensable guarantees for the independence of the judicial branch, which is the guardian of individual freedoms.

To accomplish that, only a few texts in our constitution would have to be amended, since many improvements can be made through legislative channels alone.

Parliamentary work could be remarkably facilitated simply by amending article 28 of the constitution, which establishes the date and duration of Parliament's two annual

ordinary sessions, and by providing, for example, that each session must last for 4 months.

It would also be appropriate to restrict use of the "bloc vote" procedure outlined in article 49, paragraph 3 to a limited number of times per session (three, for example).

Parallel with that, it should be possible in practice to effect a better distribution on Parliament's agenda between priority debate on bills submitted by the government and the private members' bills accepted by it. Would it not also be possible to facilitate the movement of bills between the houses, reduce the frequency of urgent procedures, and hold less frequent meetings by the joint commission?

To improve the political and legal situation of members of Parliament at the same time, it would be necessary to tackle, once and for all, the problem of individuals holding more than one office at a time and to reconsider the incompatibility of ministerial and parliamentary offices by allowing a member of Parliament who is also a minister to resume his seat in Parliament. That in itself would clear up the complex and ambiguous position of the "alternate." The system of alternates is a curious institution that has never been allowed to really fulfill its role. The alternate has either remained a "stopgap" by automatically giving his seat back to the returning incumbent or become a usurper by trying to retain the seat through the end of that legislature.

In the second place, to avoid the situation in which an overly powerful man remains in power too long, it would be essential either to limit or to reduce the presidential term of office.

Reducing that term to 5 years with the possibility of reelection only to a second term would have the advantage of moving toward the holding of presidential and legislative elections at the same time and thus stressing, by that very concurrence of elections, the notion of a "contract" between the president and Parliament. The two would be forced to stick together until the end, as is done by the President and Congress in the United States.

But Mitterrand is known to be more favorable to a single 7-year term with no possibility of reelection. That arrangement gives the president a longer term of office and saves him from any demagoguery toward the end of his term. There is no doubt that it is not the least perfect of solutions. It keeps us within our republican tradition and guards the president from any temptation and worry in connection with reelection.

It can be added that intelligent use of the referendum would mitigate the possible disadvantage of a term of office that is after all quite long by strengthening the legitimacy of the president at certain well-chosen moments. Alluding to the notion of a "contract" in his first message to Parliament, Francois Mitterrand himself said that "if it became necessary someday to go beyond the commitments we have made, this could only be done by first going back to the people and letting them have the final say."

But that would mean extending the referendum's field of application to all major questions and decisions affecting our collective future, and this, again, would require a constitutional amendment.

Whichever of those two proposals is adopted (one 7-year term or two 5-year terms), a decision will certainly have to be made. Because one was not made at the proper time, Georges Pompidou died in office and Giscard d'Estaing suffered defeat.

Lastly, the independence of the judiciary must be insured.

A first--and salutary--step has just been taken with the elimination of the State Security Court. It is necessary to go further by thoroughly reorganizing the High Council of the Judiciary (in other words, to amend article 65 of our constitution). It must not be forgotten, however, that it remains essential to avoid the temptation to indulge either in corporatist nepotism or in political favoritism and that the independence of a body, organization, or institution sometimes depends more on the conditions in which people are placed than on the ways in which they are appointed.

The Socialist Party has already given much thought to those points. The work published under its sponsorship and entitled "Freedoms, Freedoms" contains excellent ideas and suggestions. So do the premonitory writings of Pierre Arpaillange.

Because the mechanism for revising our constitution is especially cumbersome (requiring passage by both houses in identical terms, followed by approval by a referendum, or, in the case of a bill, by both houses, with the subsequent possibility of a vote by a joint session of Parliament requiring a three-fifths majority for passage), it seems inopportune, or even dangerous, to initiate such a mechanism for a reform that would in fact be only a "minireform."

It is a question of being able to group together the changes that are aimed in the same direction and capable of garnering a broad consensus. This is a question of political skill. But also one of will.

It is known that the government now in power does not lack either.

Article 16 Threat

Paris LE MONDE in French 4 Nov 81 p 2

[Article by Eric Pottorino, law student]

[Text] It was 20 years ago that De Gaulle put an end to the interval in which article 16 was in effect.* That period began on 23 April with the abortive putsch by the generals in Algiers. In the space of 6 months, De Gaulle gathered all powers into his own hands in the name of a "state of necessity" which, in his opinion, justified serious restrictions on freedoms. De Gaulle is dead, but article 16 remains--asleep, it is true, but still there. When they were in the opposition, the Socialists demanded its repeal. What will they do now that they are in power?

"Article 16, which allows the president of the republic to assume all powers, will be repealed." Will that resolution someday be brought out of the files of the left's "common program," where it remains as part of the chapter on freedoms? Now that the

* From 25 April to 30 September 1961.

State Security Court has been eliminated and capital punishment abolished, it would be desirable to repeal the "temporary dictatorship" permitted by article 16 and thus check the authoritarian temptations that a crisis might suggest to a chief of state.

There is a lot to be said about--and especially against--article 16. As inserted in the 1958 Constitution, it is the revised and corrected reproduction of article 48 in the Weimar Constitution--the one that allowed old Marshal Hindenburg to call Hitler to power. De Gaulle demanded the inclusion of article 16 so that there would never be a repetition of the situation that occurred in 1940, when, in his opinion, President Albert Lebrun did not enjoy sufficiently extensive powers for coping with the difficulties of the moment.

However that may be, article 16 is a virtual threat to freedoms and the separation of powers, because the president of the republic, and he alone, can decide whether the conditions exist for invoking it and thus opening the door to omnipotence.

When it was invoked on 23 April 1961 as a result of the putsch in Algiers by a "handful of retired generals," to use General De Gaulle's expression, all the conditions required for enforcing it did not exist. It nevertheless remained in force until 29 September, even though the putsch had failed as early as 25 April and the objective conditions for its enforcement as listed in the constitution no longer existed.

That precedent clearly revealed the dangers of such an article: De Gaulle alone had decided that a "state of necessity" existed, thus hiding his authoritarian inclinations under the umbrella of emergency legality. He took advantage of that period to establish the high military tribunal, under which the rights of the defense were ignored, police custody was extended beyond the term prescribed by common law, and appeal to the Court of Cassation was impossible. Lastly, the irremovability of judges--a constitutional principle--was suspended in Algeria.

None of De Gaulle's successors has ever made use of that article, but its very existence provides a reminder of the Gaullist heritage that might resurface if a president of the republic ever decides that it should. As a result, it is now up to the public authorities to do their full duty by proceeding with a revision of the constitution. Replacing 16 with a provision associating the government and Parliament with the president would constitute a salutary step forward for freedoms. As the philosopher Alain wrote: "There is not a man in the world who, being capable of anything and with no controls, does not sacrifice justice to his passions."

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'DAGBLADID' POLL SHOWING DROP IN PA SUPPORT DISCUSSED

Reykjavik MORGUNBLADID in Icelandic 13 Oct 81 p 7

[Commentary by Staksteinar]

[Text] Communists Losing Support

According to the latest poll by DAGBLADID on the support of political parties, the People's Alliance has lost about five percent of its support since May. Its vote total is now 14.6 percent; the party was supported by 19.7 percent of those interviewed during the newspaper's poll last May. Regardless of whether people rely on these polls or not, the consensus is that they indicate the voter attitudes. There is no doubt that the voters are turning their backs on the People's Alliance. This marks somewhat of a turning point, as previous polls have indicated considerable consistency in support for the People's Alliance, around 19 percent.

It may not surprise people to learn that the backers of the communists have decided to desert them. During the 3 years since members of the party have been assigned ministerial positions, the ministers have been quite willing to break the promises they made before the elections. But how does Svavar Gestsson, the head of the People's Alliance, explain these results? In an interview with DAGBLADID last Friday, the leader said the following: "In a brief assessment this seems to show increased support for the conservatives at our expense. On the other hand, I feel that the meager support for the People's Alliance is shocking and, in fact, an artificially low percentage." It is obvious that Svavar Gestsson is worried about the trend that has developed during the year that he has served as a party leader. Gestsson's evaluation of the situation is that the People's Alliance is losing support to Prime Minister Dr. Gunnar Thoroddsen and that renegades from the People's Alliance view the prime minister as their shelter. Is Gestsson of the opinion that the former supporters of the People's Alliance have joined the opposition?

It is not surprising that various supporters of the People's Alliance consider it natural to support Dr. Gunnar Thoroddsen rather than Gestsson, Guttormsson, Arnalds and Grimsson. The prime minister has not been reluctant to say what great people the communists are. Not long ago, Olafur R. Grimsson, the People's Alliance Althing party leader, announced in the Althing that it was

"delightful" to work with the minister. The members of the People's Alliance are used to discipline and strong leadership. Why should they lean on the servants while the master is said to be their "hostage" and in need of support?

Hermannsson and the Conservatives

The present government was formed as a result of a declaration by the Progressive Party leader, Steingrimur Hermannsson, at the close of the elections in December 1979 and at the onset of the discussions about the formation of the government, which was that he acted according to the motto: "Anything is better than the conservatives." In an interview with VISIR last Saturday, Hermannsson was asked if he agreed that anything is better than the conservatives. His reply is interesting:

"I have always thought that anything is better than the conservatives. However, one must consider whether this applies to oneself or not. There is conservatism everywhere." Thus, Steingrimur Hermannsson is invalidating the statement he made in December 1979, because it was clear at the time that he was referring to the Independence Party. It looks as if he is picking on conservatism, which is closer to him than the Independence Party. Could he be referring to his colleagues within the government by any chance?

Correction

A Reykjavik newsletter last Sunday said that the Progressive Party drafted the policy towards the "myndbanda" revolution, on the government's behalf, as both the minister of education, as well as the head of the committee set up to handle the issue, belong to the Progressive Party. Another column in the Sunday paper reveals that Professor Gaukur Jorundsson is the head of the "myndbanda" committee and was doubtless appointed to the post because of his indisputable expertise in property and authorship rights. We did not intend to attack Dr. Gaukur Jorundsson, an intellectual, by associating him with the Progressive Party in this context. On the other hand, the minister of education appointed another committee at the same time as the "myndbanda" committee, to handle the regulations on the State Broadcasting Service, partly because of the "myndbanda" development.

Meteorologist Markus A. Einarsson chairs the committee. He is an avowed member of the Progressive Party as well as one of its insiders. That is what the Reykjavik newsletter was referring to.

8743
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PCI DIRECTORATE DOCUMENT ON 'DEMOCRATIC ALTERNATIVE'

Rome L'UNITA in Italian 11 Oct 81 p 7

[Text] Working Document for Regional Congresses: The democratic alternative to the crisis in society and in the political system.

1. There is much that is new and unfamiliar in the problems and tasks that face our party and the forces of the left in Italy and in Europe. All too clear are the dangers that threaten a worsening in the domestic and international situation. Equally new, though, are the areas of initiative and the possibilities for understanding and encounter with the political, social, and cultural forces, the needs and the ideas which this same collapse of the old equilibria has set in motion. There are vast reserves of energy and vitality in the country. In the context of this situation, the PCI's regional congresses take on extraordinary political significance.

The debate and the proposals that will emerge from these congresses must not serve solely to define our policy more clearly; they must provide a benchmark, a point of reference for all those forces on the left and elsewhere which refuse to submit without a struggle to the degenerative processes that have begun to work and are even now pulling Italy away from the most advanced and most creative nations and centers, pushing it steadily toward a dangerous decline. The PCI is called upon today, as in other crucial moments, to play a national role. We are the biggest organized party of the people, rich in political, moral, and intellectual energies. We are called not only to resist the forces that would push us backward, but to foster the emergence of a very broad alignment of forces, of a system of political and social alliances that can make a democratic alternative live and work. The conditions are there.

2. The new and unique datum in the Italian situation is that we are witnessing the crisis -- not of this or that government -- but of a 30-year-old system of politics and government whose primary features have been anticommunist discrimination and what is nothing less than an occupation of the state by a single party -- the DC -- which succeeded thereby in building a vast and carefully jointed political and social bloc. Hence derive the peculiarities the state has acquired

in Italy, where its structures and functions have developed partly in response to pressure from the struggles and victories of the masses of the people, yet which here, more than elsewhere, is marred by a management of government which has begotten very grave states of corporatization in the society, of parasitism, and of degeneration in public life. The crisis we face, then, is an exceedingly complex one. It does not stem wholly from the decline of the DC and an obvious political, cultural, and even moral impoverishment of the governing classes. It is aggravated by the disappearance of those objective domestic and international conditions which had permitted the formation of that kind of state and that particular pattern of economic growth. The change is immense. Europe can no longer buy resources and raw materials cheaply; the crisis besetting the advanced capitalist countries is intertwined with a more fundamental global crisis which has not spared the socialist countries. Particularly in a country like Italy, there has been a shrinkage in the margins which made it possible, thanks to steadily increasing public spending, to absorb the thrust from various social classes and to buy their consensus, even though it took waste and mismanagement.

At this point there arises a challenge to fundamental structures and basic attitudes in our social relations and in the area of government. The options are growing more radical, not only in Italy, but all over the west, witness the political permutations -- albeit with opposite outcomes -- that have occurred in France, in the United States, and in England. This is also the issue in the debates and in the elaboration of the socialist forces in Europe. The overriding issue is being stated anew, and in more cogent terms: reforms that will combine democratic participation and efficiency, or renewed restrictions on democracy? Changes or restoration in economic and social relations? In Italy we can clearly see the incapacity of the dominant classes to achieve hegemony, or even a stable and respectable platform for governing. It is no accident that the DC is going through so profound a crisis, or that it is accompanied by storms and travail affecting all of political Catholicism, which must be closely watched. Thus far, however, it has not come up with any viable way out. The fact is that the DC is permanently boxed into rearguard positions vis-a-vis the thrust toward progress and modernization -- witness, for example, the referenda on divorce and abortion. It is in this situation that phenomena of unheard-of gravity such as the rise of hidden governments, parallel with but also intertwined with the formal powers, find the food they need to feed upon. They confirm the traditional alienation and mistrust of large segments of the Italian governing classes toward democracy, but they also reveal their profound lack of confidence in the capacity of the Christian Democratic chain of command to offer the guarantees it once could. That system no longer works.

3. At this juncture, the basic problem facing the forces of the left is that of the proper response to this complex crisis in society and in the dominant political system. Above and beyond the ad-hoc polemics and the artful dodges, this is the real substance of the

wrangling and conflicts that harrow them. What must be done, in fact, is to decide whether the solution lies in snatching bits and pieces of power from a declining DC and taking its place, within the bounds of the old system; or whether we ought instead to set about pointing out and facing up to new options right now. With full awareness that, in this situation, if there is not a renewal of the political system which will make a genuine, democratic change possible (which means putting an end to anti-communist discrimination), there will be a truly grave danger of its undergoing changes in the direction of rendering our institutions and the rules of the political game more authoritarian.

The Italian left cannot abandon its historic mission, which is to see to it that the crisis does not achieve resolution to the right or lead the nation into irreversible decadence. This risk is a real one. We dare not shut our eyes to the fact that there are already powerful thrusts from the right in many areas. Such are the pressures, in the economic field, to subject the public power to big capital, thereby creating in actuality, under the banner of false liberalism, still more bureaucratic and corporative coziness; so are the efforts to cut back on the state's welfare activities; the attempt to blame the working class for the economic crisis and inflation so as to rob it of some of its essential gains; the continual efforts to snip away at the powers and funding of local governments; the attacks on the unions; the anti-southern bigotry; the campaign to restore old notions of the family and of woman's place; and the drive to sacrifice independence and national security and to exploit international tensions and rearmament ever more brazenly for domestic purposes.

4. And therefore it is from profound objective reasons, not from any narrow partisan party calculations, that the need -- but also the real possibility -- for devising an alternative arises. Communists are fully aware that we are going to have to work very hard on this intention, to give it practical and realistic content, and to do it in a way that will not narrow, but actually broaden the political and social alliances of the working class. Regional congresses, too, must work toward this. What seems clear to us is that the alternative must emerge as a new, forward-looking, democratic response to a crisis that involves simultaneously the areas of political relations, of society, and of the state. A response that can never again be the one proffered in the past, in other phases of development and in other national circumstances, by the social democrats. Nor yet can we even contemplate for a moment suggesting eastern Europe as a model. On the other hand, any solution that would lead to the liquidation of our strongholds, our base among the masses, and the most creative achievements of our democracy would be a serious matter and might well wind up in a turn toward authoritarianism. It thus becomes clear that our differences with the PSI are not born of any underestimation on our part of the Socialist Party's role, and that, on the contrary, thinking the way we think about the issues and the tasks facing the European labor movement, they are of the essence. The very analysis we make of the situation and of a crisis which, by its very nature, sets

wholly new processes in motion, does not persuade us to take any moderate stabilization. But, on condition that we see clearly both the new terrain for the battles we must fight together and the grave implications of wrong-headed political decisions. What we do not find acceptable is an analysis of the situation which, ignoring both the gravity and the nature of the crisis, winds up reducing the question of governability to moderate -- albeit competitive -- joint management with the DC. Far from striking at the PSI, its function, and its autonomy, our proposal is designed to get out of this bind, off this suffocating ground, opening up room and committing all the leftist and democratic forces on a more open and more advanced ground, the ground of a quest and an initiative that will deal with the snarls in reform of the political system of the state along with those in the machinery for economic growth, on behalf of a new and higher quality both in our democratic coexistence and in our society.

5. We see no other feasible way to go today. We tried, back in 1976, to deal with this problem by challenging the DC to make a beginning, in a context not of head-on collision but rather of democratic solidarity, at getting beyond a political system that had been frozen by its takeover of the state. That policy (in the course of which we made some mistakes that gave rise to a lot of argument and which were clearly pinpointed and criticized) was not meant to be a deal, but rather a high democratic challenge, one designed to do more than cope with the emergency. It was a challenge to restore public life to health, to renew the parties, to restore lustre to our constitutional rules, restoring Parliament to its central position and aboveboard honesty to the operation of the state. But it was in the teeth of this very challenge that the DC backed down. Initially it resisted in every way it knew, and then, in the wake of Aldo Moro's murder -- it declined any and all discussion of its way of life and its system of government. That is how the policy of democratic solidarity -- which, for all that did yield considerable fruit -- was brought low: because that refusal to make any meaningful change in the management of public affairs and in the political guidance of the nation rendered any solution to the problems besetting the society and the state impossible. Consequently all the incentives which had moved us to try that experiment vanished.

6. It is only now that the consequences of that refusal can be fully measured. To provide a rationale for renewed discrimination against the PCI, [the DC] has closed its eyes to reality and to the needs of the nation. That was their gravest and most irresponsible act. To bolster the argument that collaboration from the PCI was no longer necessary, they alleged that the economic crisis was on the way to solution, and that therefore reforms, plans, responsible intervention, an open and positive rapport with organized labor -- were no longer needed. And in so doing, in fact, it made room for those corporative and speculative pushes that inevitably aggravated all the pinches and skews: inflation continued unabated, and meanwhile there was an accentuation both in the north-south disparity and in the isolation of the Mezzogiorno, as well as in the crisis in strategic, vital sectors of industry which were left to their own devices. The danger that Italy might

hit the economic skids has become a reality. In the more purely political area, the deterioration in relations between the state and the political parties was exacerbated, and here again this did not come about by pure chance or as a result of the immoral conduct of a few individuals. It happened because, in order to obtain the PSI's support and to set aside the notion that the problems of Italian society require an end to anticommunist discrimination, there was a continuation and even an intensification of the government's divisive practices both in the economic arena and in the most delicate nerve-centers of the state, both in the newspapers and in RAI-TV. Thus emerged the risk of starting down a very perilous road: because continuation of discrimination against the PCI in a situation of government crisis and absence of consensus fuels the drive to commit irreparable harm in the sense of making democratic institutions a hollow mockery, of displacing the decision-making centers ever further out of the reach of parliamentary control and constitutional restraints (the secret rulers), and of further spread of corporative and ward-politics practices.

There is the meaning of the PCI's determined opposition. In substance, it has succeeded in joining forces with significant portions of the people and in fending off attacks on the achievements and hard-won rights of the workers. There have been victories, thanks to our crucial support, in battles for civic advancement like the referendum on abortion. Thus far, we have thwarted the intent to smother the yearning for truth and justice surrounding the multiplicity of grave injuries done by 30 years of Christian Democrat rule. We have seen an awakening of the electorate that made it possible to keep a large number of municipal and local governments firmly on the democratic left. The crisis in the DC has worsened, and is now clear for all to see. The first step has been taken in the challenge to its hegemony with the appointment of the first non-Christian Democrat prime minister in 34 years.

7. Even with all this, however, the trend has yet to be turned around. Hence the decision to make the building of a democratic alternative the heart and center of our struggle and of our outlook. The demand for the democratic alternative springs primarily from the finding that the political direction of the nation can no longer revolve around the DC. Nor -- as the facts clearly show -- will any reshuffling inside the present political and governmental machinery help us out of the crisis. The alternative must be first and foremost an alternative to the DC system of government. It must set in train not only a replacement of the cabinet and of political staffs but of methods, of governmental attitudes, of governing classes. It is necessary and urgent to restore a forum and elbow-room to political, social, and intellectual constituencies inside and outside the parties, whom this summit-oriented and congenitally untruthful way of playing politics smothers and pushes out of the process. There is no way in which you can change the relationship between citizens and government without encouraging room for self-management and participation. This is a vital need that is manifest these days not only in the economic field, but also in the

areas of culture, of labor relations, and of the services. It is vital to the very survival of the party system, if the parties are ever again to be the expression -- not of power groups -- but of different political and ideal concepts, of different plans for the nation which can freely meet and compete. The democratic alternative is not, therefore, a mere propaganda slogan, devoid of meaning until such time as it is translated into a government majority. It is a practical policy, one that mobilizes and orients forces, reaches out even into the opposition, does not set itself up in sterile opposition to the other parties, but rather tends to encourage the development of processes of renewal within them.

The road the PSI has chosen has turned out to have no attractive destination. Polemics aside, the time has come to admit that the line of agreement -- albeit competitive agreement -- with the DC, based on the exclusion of the communists, has not worked. The argument that by so doing the PSI was assuring governability and was moving into the center of the Italian situation as the force for possible change (assuming that the PCI was out of the running) has proved to be empty. The fact is that, following this road, the nation's unsolved problems are still unsolved and have actually worsened, and that not even some stability and a modicum of efficiency in the executive branch have been forthcoming. The sole result is that now the DC feels emboldened to blackmail the PSI with the suggestion that it, in exchange for possible concessions, enter into an ironclad agreement in which the clinching clause would be scrapping the whole fabric of left-wing unity in local governments and another for modification of the constitution in the direction of diminished freedom and tending toward authoritarianism. We most assuredly cannot say that this is some new kind of reformism. Even the record the lay-party prime minister is accumulating speaks volumes as to the level of deterioration the political struggle is approaching. He is facing a loyal opposition which openly opposes what cannot be tolerated, but which supports his every effort in the right direction, an opposition that constantly seeks open argument on the issues. But inside the cabinet we see a succession not only of political conflict, but of outbursts and even fisticuffs between ministers, all too many of whom are perceived not so much as helmsmen of the state as as lobbyists for sundry corporative and special interests... and all this in view of another round of early elections. The PCI denounces this way of running a government, and warns that it will oppose another disgraceful dissolution of parliament.

8. It is possible, at this point, with the help of our regional congresses, to reopen a concerted confrontation, going back to a serious, objective, unbiassed reading of the various analyses of the situation and of the nature of the Italian crisis, and hence of the tasks that lie ahead for the left and for the democratic parties, both laic and Catholic. We invite them to share this time of reflection, aware that the attempt to establish a turn to the right is not bound to succeed, and that this is still a wide-open fight. Not only past experience, but the recent record shows that the governability of this

nation is no longer separable from breaking the hold of the DC's machine, from the struggle against the takeover and the degeneration of the state. It ought to be clear, therefore, why we have made and continue to make an issue of a "moral question": it is in no way with intent to accentuate the propaganda element over political initiative and concerted confrontation. Nor yet is it born of any holier-than-though attitude. The plain truth is that it is sheer foolishness to contemplate reform action without first dealing with the problem of curing and reforming the state, and without mobilizing the political and social forces that can, with their active consensus, bear the burden of a very difficult and certainly not painless undertaking of social mobilization, of struggle against the special interests, of severe self-discipline, to make way for the necessary transfer of resources from waste and unproductive consumption to financial muscle for the great, innovative choices that can face up to and deal with the requisite productive reconversion operations and make a beginning at a new quality in economic growth.

It is not possible to shift vast resources out of private consumption and into public and socially valuable consumption, away from financial speculation into productive investment, without first establishing national goals and collective aims, without giving to workers, to the young, and also to forward-looking businessmen a future that is perceived as just, reasonable, and progressive, one that gives meaning to their efforts and their sacrifices. To do this we need a state that is capable not so much of further intervention in the economy as of fostering and encouraging well thought-out productive choices. No struggle to root out the cancer of terrorism can succeed without mobilizing not only the police, but the people's awareness, the consciences of women and of the young, and without creating a political and moral climate that puts some heart into the magistracy and the security people who are out on the firing line, that will enable those forces most loyal to the republic to prevail within their ranks. You cannot hope to restore health to the state or to public life if, instead of turning your hand to the necessary reforms in the administration of justice, you allow intimidation of the prosecutors who are probing political scandals. You cannot restore the political parties if politics is no longer perceived as a struggle of ideas and of great social issues, but is seen instead as the mere management of power by heterogeneous groups oblivious to all ideals. In reality, then, the moral issue is not a moralistic condemnation of everything and everyone. Open denunciation of scandals is needed and must be performed. But the issue we are raising is broader: it is political, it is the strength to probe deeper into reality, to reach beyond the disheartening discovery that too many things don't work any more, and to understand why they don't work, to change the relationship between parties and the state, to forge lasting social reform and to remake our institutions. The denunciation of wrongdoing, the political fray, and the battle of ideas must be interwoven with the quest for convergence around the very issues of restoration of morality and renewal of our more general political stance. In short, we must expand our political horizon and the arena of our united initiative, not in mere words, but by freeing forces hitherto kept sterile and powerless.

9. Out of the regional congresses must come this kind of reforming challenge, clear, strong, relevant to practical reality. This way the communists will speak to the left, to the workers, to young people, to women, to the intelligence of the nation, seeking to enrich and move forward the single great confrontation with all the forces of democracy. With the clear awareness of a shared position and of the necessity for defending common achievements, but at the same time looking with full consciousness at the current divergences, at the objective facts that are their motivation, and at the real processes which must be encouraged to overcome them.

The Central Committee has recently approved a contribution of its own on the problems of peace and economic development which was designed to define the role, the physiognomy, and the place in history of the PCI as an advanced part of the worker movement and of the European left. A role that consists in pushing the left to make itself the interpreter of the need for Europe to assert its autonomous function vis-a-vis the power logic of the two great military blocs. The struggle for disarmament, for peace, and for peaceful coexistence thus takes on new content, a constructive force for building a new world order. The clash between the demands of development and independence among the former colonial countries (beginning with those in the Mediterranean) and the need to begin in the former mother countries in Europe a new kind of economic development based on different patterns of consumption and production are the essential link in an internationalist strategy for peace. This platform expands the boundaries of a movement for peace and international collaboration, guarantees its articulation and its autonomy, and makes possible (indeed brings into being) a deep connection -- not an instrumental one --among the most disparate forces: socialists, Catholics, ecologists, pacifists, and intellectuals.

Worth particular notice, too, is the significance of another major undertaking: the imminent unveiling of our proposals for an economic program around which we can open consultations within the Party and a debate with the other leftist and democratic parties, with organized labor, and with the intellectuals. Here it is helpful to underscore the need for a quantum leap in quality when it comes to the capacity of mobilizing forces, arousing real movements, and broadening alliances. The trends in our economic and social structures are grave and they raise the question as to whether we are not already seeing the start of a decline for Italy that may well compromise its future as a great modern nation. As we look at the heart of the problems we see slowing economic growth and, from some angles, a stagnation in the productive forces, none of which rules out -- on the contrary, it is all intertwined with -- broad restructuring processes. Expansion cannot be left solely to the impressive energies of small and medium industrial and service companies, to the spread of less skilled tertiary enterprise, or to ever more poorly directed public spending.

The truth of the matter is that the nation is lagging behind in critical areas, including those in which the multinational corporations and the big state-owned companies that control scientific research as well as monetary flows, are giving rise to far-reaching restructuration processes and to acrimonious conflicts which will determine the new international division of labor, and Italy's place in it. We are in danger of taking the nation into a state of heavy dependence, into a decline in employment, and into the endless repetition of built-in inflation. These phenomena are aggravating the process of declining skills and narrow divisions among large slices of those still employed. We see a rising tide among broad reaches of young people, of women, of technicians, and of intellectuals of a sense of frustration that stifles their creative potential, and that may well drive increasing numbers of them to seek shelter in the narrowest of special-interest struggles. There are those among employers who hope to win themselves a free hand by attacking some of the fundamental gains wrung from them in recent years by the united workers. The social clash is thus destined to grow fiercer.

If the fight against inflation is to prove effective, it must face up to these problems and take aim, through sound and sober planning, at renewed expansion along different lines. As in all times of deep and far-reaching national crisis, the future of the left lies in its ability to take the lead in this battle.

Only by making itself protagonist in this productive and ideal renewal process can the working class establish the necessary alliances with the broad masses of independent workers, with the middle ranks of professionals, intellectuals, and technicians; and also spy out the grounds for convergence with capitalist forces that do not yearn to see the country degraded and enslaved, who are tired of submitting to the hand-out demands of the special-interest government, and who agree that the social conflict must be fought out on the ground of democracy.

In this overall picture, in this view of the democratic alternative, we raise the issue of a restoration to health, of efficiency, and hence of the requisite institutional reforms as well. It is true that the essential cause of the crisis in our institutions is the prevarication the government parties have practiced toward the state, along with the anticommunist discrimination that has crippled democracy. This, though, by no means excludes the existence of acute problems in upgrading and renewing our democratic institutions. The languid pace and the inadequacy of executive action loom today as the most acute and most deplorably visible aspect of the institutional crisis. This inefficiency is attributable, in large part, to the backwardness of many of our political structures, beginning with the government itself, to a chaotic proliferation of staff, to the withering away of responsibility, and to a skewed relationship with parliament. It is this perception of the organs of government and of the state's apparatus that has fueled the special-interest push and aggravated the difficulties of parliamentary assemblies, where these days the decision-making processes seem too long and repetitive, and

thus robbing them of a clear and reliable audience. And this is what has even further sapped the capacity of the state to intervene in the major processes of productive and social restructuring now going on. It is deplorable to see a trend, particularly on the part of the current leadership of the DC, toward dealing with these problems through new and cloudy devices for tampering with the elections, or by doing away with the secret ballot in parliament, or even through machinery (the so-called constructive no-confidence motion) whose sole purpose is to gag free give and take in parliament. A right response to the crisis calls for a state with the wit and will to concentrate its efforts and its decisions on the essential tasks upon which depend the nation's productive vigor, its basic cultural heritage, and its independence, and which is at the same time capable of delegating a whole string of powers to local jurisdictions, and of fostering programs of cooperation and of social management in production and in the services.

This is also the way to provide consistency and clarity to the whole institutional picture, and to assure that a social and political dialectic -- even though it may be one fraught with conflict -- can be expressed in a way that is both clear and fruitful to the nation.

The principles upon which such a process can and must be based are already set forth in the constitutional plan: popular sovereignty expressed at the ballot-box and through proportional representation; the centrality of parliament (in our view a goal that can be fully achieved only through reform of the present two-chamber system, but which can be dealt with over the short term by regulatory reform); full implementation of the regional arrangement and expansion of the area of self-government for local communities; strict separation of powers and guarantees for their independence; democratic control over public appointments and party financing; reorganization of the executive branch, beginning with the prime minister's office. These are the principles to which the proposals for institutional renewal which the communists have put forward correspond, and which we submit for comparison by all democratic forces.

10. The issue we are raising, in sum, is therefore that of a policy and an alignment of forces which on the one hand will make it possible to face up to and solve the country's real, factual problems, and will, on the other hand, leave room for other democratic forces. Unlike those who cite among the objectives and conditions for the success of their policy our isolation and the reduction of our strength (with what harm to the left as a whole it is easy to see), the democratic alternative tends to provide a new start for the democratic and people's parties, to shift them over to the left no matter where they may stand now. It is not tantamount to an alignment of the left. Not only because there are not enough parties and forces in concert on the left, but because we must gather together a broader range of social and political forces to achieve the basic objective of restoring the country to health and renewing it. It is clear to us that convergence and unity on the left represents the

basic core of a democratic alternative. Yet there is in Italy a vast area of democratic Catholicism which is active in the political and labor fields, in and out of the DC, and more broadly in the organized labor movement. It has a major role to play in the defense and growth of democracy, provided that from that same area there comes a contribution to the commitment that is necessary to defeat the power system and begin a process of change.

Collaboration and unity on the left must be posited on respect for one another's diversity, for one another's autonomy, for the contributions which each party has historically gathered. Of all this we communists are keenly aware, unlike those who demand of us a prejudicial renunciation of our identity. In our view, the differences between our positions and those of the PSI must not be allowed to stand in the way of the constant quest for a single rapport, albeit with the necessary critical debate aimed at solving the problems that face the workers and the nation.

The struggle for the democratic alternative, if it is to be won, must involve all the forces for progress in our society. It must therefore be rooted in movements that can articulate the real needs of the masses and free from servitude to the Christian Democrat power system -- first of all in the Mezzogiorno -- whole strata of the poor, working classes, and whatever sectors among intellectual workers are truly interested in a return to healthy government and in a new pattern for development. Utterly crucial will be the function of the working class, whose unity we must strive in every way to guarantee and develop, pledging ourselves as well, as communists, to make sure that organized labor, in complete autonomy, further strengthen its unity on the basis of a democratic rapport with the workers. Decisive too is the role of the masses of women who, in their struggle for emancipation and liberation, are the standard-bearers for new demands which evoke a broader need for change in society and in human relations. At the pitch things have reached in Italy and all over Europe, we cannot mount an adequate struggle if we fail to grasp the new problems and new needs that are emerging on the issue of development and which are generating both new patterns of alienation and the conscious need for a different, more human quality of life.

11. The tasks that lie ahead for us are very difficult ones, partly because they involve traveling hitherto untrodden paths. Therefore we must eschew any trace of party sectarianism or exclusivity, as well as any form of subordination or passive acceptance of the status quo. The basic character trait of communists must continue to be the intimate tie with the masses, the spirit of inquiry, the openness to debate, and the capacity for putting the interests of the workers and of the nation ahead of personal and party interests. More than ever, we are called upon today to perform a national duty. We could never cope with it were we to foreswear those qualities and that way of life that have made the party different from others -- even from other communist parties -- by its concept of politics, by its single nationwide approach, by its ability to express not only material

needs, but deeply rooted intellectual and moral demands as well. An increase in our capacity for political action includes the need to nourish democracy within our own ranks. The more unfamiliar and the more arduous the undertakings before us, the greater is our need for debate and inquiry directed at understanding reality and the way it is changing. This will call for a practical effort to create patterns of organization and working tools potent enough to heighten the active participation and contribution of our members, making our discussions timelier and calling upon the rank and file to decide which options are viable. Such well-timed and organized participation is an essential condition, furthermore, for strengthening party unity, for defending the party staunchly against attack by its adversaries, for buttressing its fighting capabilities and its readiness to take the initiative.

The effort of renewal we are eager to put forth is great, but it is not an end in itself. It must at all times be aimed at improving the communists' talent for pointing out sound solutions to the problems of the workers and of the nation, and their willingness to fight to get them adopted. Italy has always had, and still has a vital need for a party like this.

6182

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LABOR PARTY COMBINES ACTIVISM, GOVERNMENT ROLE

Rotterdam NRC HANDELSBLAD in Dutch 26 Sep 81 p 7

[Commentary by Marc Chavannes: "PvdA, It Keeps on Fiddling with Unripe Action Ideals"]

[Text] It is once again a matter of adjustments, with two Labor Parties [PvdA]: one in the government and one activist. In the days of Dodewaard they were busily talking to each other.

"The PvdA hopes that the minister of internal affairs will also be willing to make his contribution to the peaceful course for this nuclear energy business, which is very disturbing for many of our countrymen." These comments were made last week by the president of the activist Labor Party (M. van den Berg) to the minister from the government Labor Party (E. van Thijn).

Nice that they are hoping you will do this, and you thought you belonged to the same party.

As long as the PvdA is in the opposition, all is well. That is to say: everybody feels miserable and is preparing for the return to government responsibility. Then it will be possible to put an end to the ghastly administration of the others, then distasteful compromises will have to be made, but then the country's interests demand our input.

Distrust

Finally it has come to pass -- the best people are being summoned from all over to conduct a new policy. What happens? Distrust becomes their fate. The rank and file watch them as if they were turncoats.

It will be interesting to see how the new minister of CRM [Culture, Recreation and Social Welfare], Andre van der Louw, will fare in this unique process his party is once again going through.

Because he was one of the first in 1971 to write that the Labor Party should be more than an electoral association. The ideas which he, among others, formulated at that time have had farreaching consequences for social democracy and thus for democracy in the Netherlands. Ten years of confusion can be partly explained by this.

What Van der Louw wrote (SOCIALISME EN DEMOCRATIE, January 1971) seemed very simple: "I would like to see a PvdA which would simultaneously be a social advice center, a translater of human problems, an action group, an ombudsman, an information center, a platform for electing and 'following' representatives and an electoral instrument."

/Simultaneously/ [in italics], that was the key word. Parties have already had the last three tasks from of old: develop a program of principle, look for people to carry it out and make sure that as many as possible of those people are elected to representative bodies.

Reproach

What Van der Louw wanted on top of that was: to go stand "among the people," to tackle the real problems for and with them. However sincere and attractive all of this may have sounded, it included an unmistakable reproach to the up to then active representatives. This is not a fabrication; Van der Louw wrote: "I want to stress once again how dangerous it would be for our democracy if the political work were to take place primarily or exclusively in parliament." (With parliament he also meant municipal councils and provincial states.)

Since then, the "party in action" has become fashionable. A few years passed before it was determined on paper what exactly the consequences were of this choice, but the idea was attractive enough to get going with it rapidly. The PvdA gave many rebellious youth from the sixties and their spiritual successors a shelter, which provided for their first symbolic necessities of life.

A statement made by Minister of Internal Affairs Ed. van Thijn, who is now being praised by leaders of other parties because of his reasonableness, fits in with the explicit activism which began to characterize the PvdA during those years. He wrote in 1971 (SOCIALISME EN DEMOCRATIE, November 1971): "Polarization is a method of democratization to enable people to vote. But it is more than that. The question of whether one wants that is a vital dividing line in Dutch politics. Polarization is an essential element of the ideology of participation."

That is what is always confusing in the Labor Party: what is more commendable than participation, a participation by members and voters? Compared to the tepid mist hanging over most of the big parties, and which at best is lifted at election time. Hence the question is: how real is this participation and, above all, what is it invoked for?

Participation in party meetings, preparation of congresses -- being a typical homework party, the PvdA has never been short of this. The action watchword became more complicated with the development of action groups within the party, such as the Red Women. And, somewhat less formalized, the anti-nuclear arms lobby. Groups which get involved with a single interest (equal rights for women) or a single goal (all nuclear weapons out of the world, beginning with the Netherlands) and thus do not recognize the balancing function of a political party.

The concept of action party definitely got out of hand when the party leaders called for participation in the "Action week: Dodewaard must be closed." The leaders could not guarantee nonviolence, the organization was in the hands of others, but do go, maybe you will not get hit in the face. Because it really was scandalous: "Dodewaard is still in full operation."

The action party as supporter of actions by others, whose plans, background and weapons are not known. The dangers were noted years ago. In August 1970, J.M. den Uyl wrote in his essay, only the title of which is still quoted, on "The Small Margins of Democratic Politics": "The core of anti-parliamentarism lies in a non-acceptance decided on by the majority." And: "Socialists have every interest in a strong, well functioning parliament, because our democracy is an imperfect and unfinished democracy."

Well, this week this parliament was taking a breather after the formation, and preparing itself for the debates on the government declaration of its own, new administration. But have no fear, decision making was being taken in hand in the fields around Dodewaard. President Van den Berg said that the PvdA had to participate: "The anti-nuclear energy movement mobilizes large groups. Politics cannot ignore this. If you withdraw your hands from it, then you undermine politics even more than if you continue talking."

Undermining

Van den Berg admits that there is some undermining going on. But the contribution he himself makes to it obviously remains out of the picture. He proclaimed PvdA support for the actions in ever weaker terms. The support of which PvdA? The same one which is a member of parliament, and which has up to now, through the mouth of its spokeswoman Mrs Epema-Brugman, taken a moderate stand on nuclear energy? The same one which is tied to a government agreement, which first wants to study the modalities of the closing of the power stations?

In October, the PvdA congress will elect new leaders. The sole candidate for party president is Max van den Berg. It is not surprising that he would rather not see Bart Tromp elected as first vice president, the same Bart Tromp who is currently touring the United States with an erudite article on "what went wrong with the democratization of the Dutch universities."

In this article, Tromp talks about the "institutionalized hypocrisy" which has established new-left ideas in representative bodies (not only in universities). Tromp depicts a PvdA which, on the one hand, acts as if you only have to isolate and confront the right to get your own ideas implemented, while, on the other hand, the party participates in coalition politics in parliament. On the one hand, use or reject rules of law depending on the need, and, on the other hand, let your own leader become minister of internal affairs in a Van Agt administration (and after 3 days give him the feeling that he is "a new Wiegel," an idea which terribly offends him).

Dream Ideology

As long as members of the Labor Party indiscriminately reelect a president who feels at his best when he can warm his hands over peat fires, which he himself has ignited, the dream ideology of the Labor Party will be abroad. Then members, supporters and ministers of the Labor Party will be hard put still to have enough time, attention and credibility left to tackle really burning issues, such as the restoration of jobs.

As Van den Berg's former legislative colleague from Groningen, now member of parliament Wallage once commented: "If we blow along with the activist wind of the day, it will soon become clear that in the seventies we have exchanged the authoritarian fifties, following the rebellion of the sixties, for a big mouth democracy."

8463
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PAPER LAUDS STRAY'S MEETING WITH HAIG IN WASHINGTON

Oslo AFTENPOSTEN in Norwegian 14 Nov 81 p 2

[Editorial: "Useful Washington Visit"]

[Text] Foreign Minister Svenn Stray's visit to Washington was useful mainly because it gave the foreign minister an opportunity personally to orient his American colleagues, Secretary of State Alexander Haig and Secretary of Defense Caspar Weinberger, about the new Norwegian government's attitudes on important national security questions. There is no doubt that several aspects of the labor government's security policies caused uneasiness in American quarters. This especially applied to the way in which the idea of a nuclear-free zone in the Nordic countries was raised and handled. From Ambassador Jens Evensen's questionable initiative, through former Prime Minister Odvar Nordli's New Year's speech, to the debate in the Labor Party on this question.

The Americans' concern was perhaps due to a number of misunderstandings, but now these misunderstandings are removed. During the conversations in Washington Foreign Minister Stray explained that the Norwegian government now believes that it is "best that the idea of a Nordic nuclear-free zone have a rest." The government will--as it has previously said--study the matter further. It concerns a recommendation from the previous government, which should be handled with a certain respect. But if the idea is to be realized, it must happen within NATO and with the full understanding of Norway's allies. That reflects a position which is in full agreement with Norway's national security interests.

The defense of our country is entirely dependent on help from NATO, and above all from the United States. That is a fact which should not be overlooked. The threat to our security can only come from one direction--the east. That is also a fact that should not be overlooked--even less so when there is talk of a Nordic nuclear-free zone. Yesterday ARBEIDERBLADET contained an article which was misleading in more than one sense, which told its readers that Stray had made it clear to the American government that the idea of a Nordic nuclear-free zone was buried with the government of Harlem Brundtland. That is a distorted interpretation of the foreign minister's statement. The idea is not dead, but if it is ever to be more than an idea, it must happen with the understanding of our NATO allies, and in a wider East-West context.

That same article also contains a number of flippant comments which clearly are intended to put Foreign Minister Stray in an unflattering light, both as a person and as a politician. The paper should have spared itself from printing such things--largely because it must have happened in spite of one's knowledge to the contrary. The author cites a statement by Stray that "there is much foolish talk in the debate (about nuclear weapons and strategy) in Europe." That is a statement that can hardly be contested, and parts of ARBEIDERBLADET's article prove that it is true.

9287
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CONTINUED INFIGHTING IN CHRISTIAN PEOPLE'S PARTY

Oslo NORGES SJOFARTSTIDENDE in Norwegian 30 Oct 81 p 6

[Article by Ulf Arvid Mejlaender]

[Text] Continued conflict over policy and personalities is destructive to working conditions and leads to speculations about a party split.

All the predictions that the Christian People's Party would find peace within its ranks as soon as the government question was cleared up have been proven false. A mounting discontent is spreading through the ranks of the party and the wind is blowing so hard at the top of the party that many fear KRF [Christian People's Party] could be torn apart in the long run. Work is hindered in the Storting group by stubborn factions and personal conflicts. Despite the fact that a large majority of the group backs parliamentary leader Kjell Magne Bondevik it has not been possible to neutralize party chairman Kare Kristiansen. The group around the party chairman now believes it is their line that will gain ground among the party rank and file.

It began with a division of jobs in the Storting group. Here Kare Kristiansen won his first victory in a long time--the attempt to outmaneuver him by promoting him as a candidate for Storting president and regular member of the Finance Committee failed. That would have greatly restricted his sphere of activity. He gambled everything on the chairmanship of the Foreign Affairs Committee--and won. But things didn't calm down after these questions were cleared up. The conflicts that erupted during the dispute over government cooperation have left deep scars. The daily work in the Storting group is marked by this. Issues creating conflict from day to day don't have to be big but behind them there always lurks the hunt for power in the party; the guiding hand with a party which at the moment is splitting up in many different directions.

Quarrel Over Speaking Time

As far as we have been able to learn the question of the speaking time for representatives during the debate on the government statement touched off an internal row in the Storting group recently. In a nutshell this concerned who would get to say what--who would get to talk the longest, the party chairman or the leader of

the parliamentary group. Many similar situations could easily arise in the future. There is also a basis for personal stands and moves without prior contacts with the leadership. The Kristiansen faction in the group, which is obviously in the minority, will hardly follow Kjell Magne Bondevik's lead in every single matter, the way the situation has become. This could lead the Christian People's Party to give the impression of confusing vacillation in Storting too.

Naturally enough the situation will also make cooperation with the other non-socialist parties in Storting more difficult. For Conservative group leader Jo Benkow problems arise when he needs to check with the two cooperating parties in advance on controversial issues and wants a straight answer as to what KRF will say. Who should he ask and will he get one answer or several? The tax issue can serve as a relevant example.

Situation Untenable

This paper was told that working conditions are now so poor that it will affect KRF's ability to assert itself in Storting. People close to the party characterize the situation as desperate and say things can't go on this way. A party split has long been indicated but people will probably extend themselves considerably to avoid this. But even so the situation could arise. Much will depend on what happens at the national congress a year and a half from now.

In the Storting group only Asbjorn Haugstvedt and Jorgen Sonstebo now support Kare Kristiansen and his line. And in other official groups there is probably much more support for the line and the people representing the Korvald heritage. This was clearly expressed at the national congress in Tonsberg this spring. A sizable majority favored an ultimatum on abortion there and there was widespread lack of confidence in party chairman Kare Kristiansen.

Many Want a Change

The situation could be quite different among regular party members and sympathizers. When the "rank and file" really got moving and started to speak out when the conflict was raging over government cooperation those who stood for the cooperation line felt they were the ones who had the party behind them. There are several indications that this was correct, the ordinary KRF voter wanted government cooperation without the abortion ultimatum.

After the hope of a government position was dashed Gallup declines and increasing despondency have gone hand in hand. The bottom may not have been reached yet.

The question now is whether this situation can contribute to some changes in local party representatives or, to put it in another way, to what extent the next party congress will differ from the Tonsberg meeting. Is it possible that some delegates who then backed Korvald's ultimatum line might change their minds after 2 years of being exiled to the opposition corner?

Mood May Decide

Perhaps it will be the party leaders' sense of the mood of this congress that will decide some of the moves to be made in the future. Kare Kristiansen has no intention of giving up the fight. If he feels the wind in the party is clearly shifting in his favor a lot could happen at that congress that would lead to changes both in KRF and in the government.

Bondevik's Dilemma

Another interesting factor that will affect things is the relationship between Bondevik, Kristiansen and the rest of the party leadership. The background for the selection of Kjell Magne Bondevik as the new parliamentary leader of the KRF group was an agreement between him and the party chairman about a division of the jobs of chairman and group leader in Storting. At the time this was presented as a principle as much as a practical solution. Therefore Kjell Magne Bondevik will find himself in a difficult dilemma if he tries to take over as party chairman a year and a half from now as many assume he will do. Unless he wants to break the agreement with Kare Kristiansen and presumably the rest of the party leadership as well he would then have to give up his leadership role in Storting. If that happens there will be a conflict for that post too.

It may be more likely that Bondevik and his supporters will reinterpret the principle of job division or move away from it in order to unite them in the hands of Kjell Magne Bondevik.

The Christian People's Party went into the election campaign and then the government negotiations weighed down by internal conflicts on both personalities and political placement. It does not appear that KRF can put these conflicts behind it in this Storting period. At the same time there is a lurking danger of further Gallup poll declines and future election declines and the threat of the big explosion that would split the Christian People's Party.

6578
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UCD'S LOSS IN GALICIA UNDERMINES PARTY'S COHESION

Madrid EL PAIS in Spanish 22 Oct 81 p 14

[Article by Joaquina Prades: "The Various UCD Factions Charge Each Other with the Galician Defeat"]

[Text] The victory of the AP [Popular Alliance] in Galicia has led to strong dissidence in the government party, the UCD [Democratic Center Union]. The followers of Adolfo Suarez are striving to justify their defeat on the grounds that "it is more the government than the party which has lost the elections." The social democrats keep repeating that they have not been involved at all either in the planning or participation in the Galician campaign while the Christian democrats, persuaded that the UCD defeat strengthens their positions, will plan the immediate holding of a special congress.

In the meantime the liberals say that the issue of a special congress lacks meaning if beforehand there is no change in the mechanism of electing the delegates, while the followers of Pio Cabanillas and those of Rodolfo Martin Villa keep, as usual, a prudent silence as they wait for events to develop. The concern, the uncertainty with respect to the UCD's future, and even the possibility of an internal break are nevertheless a common denominator in an analysis by UCD factions, and all of them are waiting for the meeting of the party's executive committee next Friday to see how its members have viewed the defeat and what alternative lessons the two key men of the UCD--Leopoldo Calvo Sotelo, the head of government, and Adolfo Suarez, the party's strongman--have been able to deduce.

The spokesmen of the various ideological factions which make up the UCD had the same approach: To make another faction rather than their own responsible for the electoral defeat and to get someone to look after their own interests. All of them had the following excuse: "We had already been saying this. If they had listened to us the UCD would not have lost." The followers of Suarez are striving to justify the UCD's defeat on the grounds that "we were unlucky with the rape-seed business," or "the ill winds playing on governments which are losing elections in Europe," also recalling that "the major loser has been no other than a Christian democrat, Jose Luis Meilan," or warning that the Galicians "have punished the government's actions or the latter's absence."

In any case, the followers of Adolfo Suarez have been trying to mitigate the significance of the elections, alleging that "the Galician electorate is very special and that what has happened there has no reason to be repeated at the national level."

On their part, the socail democrats are keeping their distance in the face of the Galician setback. "The people have voted for the cohesive right (the AP) in preference to the incohesive right," they affirm, because they are convinced that the [UCD] slates of candidates were "more to the right" than those of Manuel Fraga himself, "with the aggravating factor that they were full of bosses." The only social democrat who hurried to Galicia because of his status as a Galician was former minister Gonzalez Sears who had only one obsession: Not to appear in the newspapers. This means, not to see himself implicated in what Francisco Fernandez Ordonez has qualified as "lamentable planning, which has led to some very logical results."

Like a Soccer Game

This UCD faction is accorded decisive importance if the Galician elections represent an electoral dry run for the whole of Spain. "The fact that the UCD should have lost in Galicia is as if the Real Madrid [soccer team] were beaten by a score of 5 to 1 playing against the Aloneria team in the Bernabeau."

Yesterday the Christian democrats were really outraged. Their analysis was premised on the fact that the votes of dissatisfied UCD voters "were not cast for the PSOE [Spanish Socialist Workers Party], as Rafael Arias says, but rather for the Popular Alliance as we have been predicting since the time of the debates on the divorce law," on outstanding leader of this faction noted.

Now then," he added, "one can see at present what is being invented so as not to concede errors." The instrument for losing elections which the UCD has become in his opinion "will receive another blow in Andalusia, and we shall retain only a portion of Extremadura and part of Castille." But he made even this assumption conditionally. "What assures us that the electoral behavior of such provinces as Salamanca or Zamora, whose social makeup is very similar to that of Galicia, will be different? The final defeat of the UCD, which the Christian democrats consider inevitable if the party does not change, could be avoided "with the holding of a special congress." "We shall request it immediately," the said spokesman asserted, and in the event that those who secured the Palma congress should not be in agreement, "perhaps we are left with no other option but to leave because what we are not going to do under any circumstance whatever is to remain in a party which betrays those who have voted for us, as has been dramatically demonstrated in Galicia."

The liberals, more indifferent to the idea of a special congress "considering that if the umpires are the same, the results will be, too," are more favorable to requesting that the party apparatus, "controlled by Adolfo Suarez, should not be at his service but rather at the service of a program approved by the UCD factions."

In this context of internal rigidification in the UCD, Adolfo Suarez reflected from his Madrid office that his obvious popular charisma is no longer sufficient of itself to win elections. UCD deputies Jose Manuel Otero Novas and Ricardo de la Cierva are targeted by more than one individual desirous of taking them before the disciplinary committee for their alleged campaign in favor of the Popular Alliance, and the Christian democratic leader Oscar Alzaga stressed that the AP candidate for La Coruna where Manuel Fraga's party witnessed the most spectacular surege is a "Christian democrat from the year one."

2662
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UCD'S LOSSES HEAVIEST IN GALICIA'S URBAN AREAS

Madrid EL PAIS in Spanish 22 Oct 81 p 15

[Article by special correspondent Juan Francisco Janeiro: "The UCD Becomes a Rural Party in Galicia"]

[Text] Santiago-- The spectacular defeat of the UCD [Democratic Center Union] in the election of deputies to the Galician parliament which represents the third defeat of the government party in autonomous elections considering that the UCD lost in March 1980 in Catalonia and the Basque region to the Democratic Convergence of Catalonia [CDC] and the PNV [Basque Nationalist Party], respectively, opens the door to any number of conjectures about the repercussions that the results of 20 October 1981 will have on government policy, Galician autonomy, and the UCD organization which until last Tuesday had secured overwhelming majorities in severl earlier elections held in Galicia since the restoration of democracy. The UCD has acquired a virtually rural character in Galicia.

Only the voters in the countryside have remained faithful to the UCD banner whereas the voters in the major cities, who at the general elections of 1977 and 1979 had supported the party in power, now turned to the AP [Popular Alliance]. The AP candidates won in La Coruna, Santiago, El Ferrol, Lugo, Orense, Pontevedra, and Vigo. In all these cities the PSOE [Spanish Socialist Workers Party] has come out second except in Pontevedra, where the UCD followed immediately behind the AP by a slim margin of votes.

The initial interpretations of the UCD defeat in the large cities give as fundamental reasons for its loss the urban condemnation of the government's policy and the management of the Board of Galicia which has been under the UCD's control and has received innumerable criticisms from both the right and the left. Another important factor in the change in the voting trend has been the spectacular campaign which the AP staged without scrimping on funds and with undeniable technical skills which seem to demonstrate the importance of good propaganda to capture votes. It has been obvious that the exhaustive use of Manuel Fraga's image with constant allusions to the fellowship between the AP's leader and the voters has caused greater impact than the weak offering of the UCD.

At no tome did the UCD use posters with the likeness of the head of government. At the general elections of 1977 and 1979 the use of the picture of Adolfo Suarez yielded excellent results for the party. But in these autonomous elections the UCD

side tried to attract the voters with photographs of its leading candidates for each of the provinces, among whom few new faces appeared. They were accompanied by such slogans as "Defend what is your own, Meigas fora, vote UCD." Its proclamations were underwritten by the UCD of Galicia, a fact which probably did not inspire too much confidence in the urban electorate who know better than the people in the countryside the constant internecine struggles among the Galician UCD officials because of the urban electorate's closer connection with the mass media.

Self-Criticisms and Accusations

Mutual self-criticisms and accusations within the Galician UCD have not been long in coming. Businessmen have been charged with openly supporting the Popular Alliance and when it came to looking for those responsible for the defeat, the majority of eyes turned toward Jose Luis Neilan, president of the UCD in La Coruna, a province where the UCD had achieved excellent results in the earlier elections but in which day before yesterday it lost first rank to the AP and the PSOE as the UCD won only five seats compared to nine for the AP and seven for the PSOE out of a total of 22 for this election district.

UCD circles pointed out yesterday that the withdrawal of Meilan from political life seems imminent, something which Meilan himself confessed to some individuals at a supper held recently in Santiago. Last night Meilan's termination as president of the Agricultural Credit Bank was also seen as certain even though this step was probably approved when Meilan, one of the supporters of the moderate UCD platform, abstained from the recent voting held in the congress regarding LOAPA [Organic Harmonization Law of the Autonomous Process]. Socialist sources have noted that Meilan, together with the UCD's spokesman, Miguel Herrero, had a long interview last spring with Manuel Fraga in a city of La Coruna. In turn, Manuel Tojo, director general of the health department of the Board of Galicia, who was vetoed by Meilan as the UCD candidate for La Coruna, noted when he found out about the UCD's defeat: "The provincial improvement of the UCD in La Coruna must begin immediately." What is certain is that the campaign developed by the UCD of La Coruna was not exhaustive, some candidates even refusing to travel to participate in specific meeting while key men needed for capturing votes for the government party went over to the AP in the middle of the race.

Spirits have been more serene in the Popular Alliance. Jose Luis Barreiro, the AP's technical general secretary in Galicia, who presumably will be the AP's spokesman in the autonomous parliament, declared at daybreak yesterday the resolve of the AP to form a coalition with the UCD. The pact, according to Barreiro, cannot be of a temporary nature and will have to have a common program as its cutting edge. In turn, Gerardo Fernandez Albor, the man picked by the AP to head the autonomous Board of Galicia, has limited himself exclusively to displaying his satisfaction with the results and his great concern at the possibility of becoming the head of the autonomous government.

The overwhelming support of the voters for the right nevertheless did not prevent the whole of the left and the nationalists from aggregating more votes in these elections than in the municipal elections of 1979. Nevertheless, these forces received very uneven support individually.

The Socialists increased their votes in Galicia compared to earlier elections. Francisco Vazquez, secretary general of the Galician PSOE, noted that he will stand for constructive but firm opposition in the autonomous parliament. He announced

that his people are satisfied with the results obtained. "We have won after a bloody campaign," he said. Vazquez could not hide, in contrast, his disappointment at the votes going to the marginal socialist forces such as the Historical OSOE which obtained 6,000 votes in La Coruna and the Socialist Labor Party which won over 10,000 votes in the same province.

In the face of the PSOE's advance, one should contrast the defeat of the PCE [Spanish Communist Party], a party which had aspired to win at least two seats but witnessed worse results than in any of the elections held earlier in Galicia. Another force which lost popular support is the nationalist coalition National Popular Galician Bloc [BNPG]-Galician Socialist Party [PSG] which, between 1977 and 1979, had increased its votes threefold.

The other nationalist organizations also won very little support from the voters. The Galician Party [PG], which had sought to be the hinge element in a hypothetical coalition, will not be represented in the autonomous parliament, while the Galician Left [EG] has won only one seat following an imaginative campaign which was even commended by the AP, the surprising victor in the race.

Electoral Evolution of Galician Political Parties

Parties or coalitions	General elections of 1977	General elections of 1979	Local elections of 1979	Results of 1981
AP	148,130 (12.99%)	148,476 (13.67%)	134,631 (12.43%)	302,597 (30.09%)
UCD	606,811 (53.22%)	515,565 (47.49%)	389,879 (36.00%)	275,231 (27.37%)
PSOE	178,172 (15.62%)	184,271 (16.97%)	152,863 (14.11%)	194,750 (19.36%)
BNPG	23,089 (2.02%)	63,747 (5.78%)	70,335 (6.49%)	62,110 (6.17%)
EG	-	-	-	33,443 (3.32%)
PG	-	-	-	32,638 (3.24%)
PCG	24,100 (2.99%)	43,640 (4.02%)	41,038 (3.79%)	29,038 (2.88%)

The seven major Galician political parties have showed unequal evolution from the general elections of 15 June 1977 to the elections for the Galician parliament of 20 October 1981. The Galician Left (EG) did not exist when the earlier electoral contests were held, and the Galician Party (PG) did not run as such in the earlier elections but formed part of coalitions. The only coalition which ran on this occasion was the National Popular Galician Bloc-Galician Socialist Party (BNPG-SPG). The acronym PCG stands for the Galician Communist Party-PCE [Spanish Communist Party].

Election Results by Province

La Coruna Province

Population: 844,505
Void and blank ballots: 7,055
Number voting: 402,416 (47.40%)
Number abstaining: 442,089 (52.60%)

Parties	Votes	Percentage of voters	Seats
AP	128,901	32.03	9
PSOE	95,148	23.64	7
UCE	76,880	19.10	5
BNPG	26,398	6.55	1
PCG	13,519	3.35	-
EG	13,156	3.26	-
PG	11,178	2.77	-

Deputies elected: AP--Gerardo Fernandez Albor, Jose Gonzalez Dopeso, Ramon de Vicente, Ramon Evaristo Castromil, Juan Carreira, Ricardo Perez Queiruga, Juan Luis Pia, Manuel Eiris, and Manuel Moran. PSOE--Francisco Jose Vazquez, Ramon Pineiro (independent Galician), Xerardo Denis Estevez, Antonio Carro Fernandez Valmayor, Manuel Couce, Fernando Martinez Gonzalez, and Angel Teixeiro. UCD--Manuel Iglesias Corral, Pablo Gonzalez Marinas, Jose Castro, Fernando Garcia Agudin, and Antonio Olives. BNPG-SPC--Bautista Alvarez.

Lugo Province

Population: 332,902
Void and blank ballots: 2,898
Number voting: 141,541 (42.62%)
Number abstaining: 191,361 (57.38%)

Parties	Votes	Percentage of voters	Seats
UCD	48,143	34.01	6
AP	43,599	30.80	5
PSOE	22,431	15.84	3
BNPG	11,182	7.90	1
PG	5,933	4.19	-
PCG	2,046	1.44	-
EG	1,271	0.89	-

Deputies elected: UCD--Antonio Roson Perez, Jose Maria Pardo Montero, Flora Veiga Aldariz, Victor Manuel Vazquez Portomene, Angel Rodriguez Vazquez, and Maximino Perez Hortas. AP--Adolfo Abel Vilela, Pablo Moure Marino, Jesus Gayoso Rey, Jose Ramon Cocina Garcia, and Antonio Varela Alvarez. PSOE--Manuel Ceferino Diaz Diaz, Benjamin Casal Vila (independent Galician), and Antonio Edelmiro Gato Soengas. BNPG-PSG--Lois Dieguez Vazquez.

Orense Province

Population: 355,508
Void and Blank ballots: 1,773
Number voting: 144,515 (41.47%)
Number abstaining: 210,993 (58.53%)

Parties	Votes	Percentage of voters	Seats
UCD	62,565	43.29	7
AP	40,869	28.28	5
PSOE	23,612	16.33	3
BNPG	7,485	5.17	-
PG	3,309	2.28	-
PCG	2,901	2.00	-
EG	764	0.52	-

Deputies elected: UCD--Jose Quiroga Suarez, Senen Bernardez Alvarez, Jose Lage Lage, Santos Oujo Bello, Jose Pedro Moreno Gonzalez, Aurelio Domingo Miras Portugal, and Jose Romero Becerra. AP--Manuel Angel Villanueva Cendon, Maria del Carmen Lovelle Alen, Jose Carlos Rodriguez Gonzalez, Jose Luis Garcia Casasnovas, and Tomas Perez Vidal. PSOE--Juan Manuel Iglesias Rivera, Ramon Felix Blanco Gomez, and Carlos Casares Nourino (independent Galician).

Pontevedra Province

Population: 641,300
Void and blank ballots: 5,813
Number voting: 317,097 (49.18%)
Number abstaining: 324,233 (50.82%)

Parties	Votes	Percentage of voters	Seats
AP	89,228	28.13	7
UCD	87,643	27.63	6
PSOE	53,559	16.89	4
EG	18,252	5.75	1
BNPG	17,045	5.37	1
PG	12,218	3.85	-
PCG	10,572	3.33	-

Deputies elected: AP--Jose Luis Barreiro Rivas, Julian Martinez Larran, Mariano Rajoy Brey, Ramon Taboada Soto, Benito Iglesias Cacicedo, Jose Luis Alonso Riego, and Antonio Santiago Pumar. UCE--Francisco Javier Suarez-Vence Santiso, Gerardo Gonzalez Martin, Emma Rosa Gonzalez Bermello, Jose Carlos Mella Villar, Miguel Jeronimo Pineiro Sanchez, and Ramon Lareo Lopez. EG--Camilo Nogueira Roman. BNPG-PSG--Claudio Lopez Garrido.

2662
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FRAGA READY TO FORM ALLIANCE WITH UCD

Madrid EL PAIS in Spanish 22 Oct 81 p 14

[Article by J.P.: "The AP Ready To Come to Terms with the UCD 'Unconditionally'"]

[Text] The AP [Popular Alliance], following its electoral victory in Galicia, is ready to reach an agreement with the UCD [Democratic Center Union] on the formation of a natural majority in the autonomous parliament "without conditions or concessions," according to the statement to EL PAIS made yesterday by its secretary general, Jorge Verstrynge. This natural majority would consist of the union of the two leading regional parties, the AP and the UCD, so that they might rule in stable manner and on the basis of a joint action program. Jorge Verstrynge added that the Galician experience could represent an initial step in the application of this same political formula in the national parliament.

The AP's president, Manuel Fraga, was understandably euphoric yesterday. Despite his weariness from staying up on election night, Fraga was in his office in Madrid first thing yesterday and, among references to the "liquor more than 100 years old" brought from his estate and a number of anecdotes about experiences in the last few days, he gave assurances that the Galician elections demonstrated that "the roles assigned to each of us following the initial general elections: have changed; that the assumption that the Socialists were going to make a sweep, as they have done in France and Greece, is false; that the "extreme left and communism" have been routed in the four Galician provinces; and that the UCD did not secure a desirable showing "despite its having used bureaucratic-authoritarian-sinecure-like methods during the campaign."

"Alliance, yes, if one understands by this the popular meaning of the word," Manuel Fraga said. "We have gone to the villages, towns, and counties. We have shaken thousands of calloused hands, the hands of peasants, and we have seen their problems first-hand in their homes."

Manuel Fraga, after repeating that as of that morning the Galician elections showed that "the system of autonomous provinces can work very well without the nationalist parties," went home to have a meal with his family. He rested comfortably during a 3-hour siesta and returned to his office to await calmly the call of the head of government, Leopolda Calvo Sotelo, to whom Fraga will repeat once more, although from a stronger position this time, his offer to form the natural majority.

2662
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CONSERVATIVES ELECT NEW LEADERSHIP AT CONGRESS

Bohman Was 'Actual Prime Minister'

Stockholm DAGENS NYHETER in Swedish 22 Oct 81 p 6

[Commentary by Sven Svensson]

[Text] With great pomp and circumstance the Conservatives will change party leaders this weekend with church services and the whole thing. The arena will be the Lugnet ski stadium in Falun in the shadow of the big and little ski jumps. Gosta Bohman will bow out with the highest points for style and his successor, Ulf Adelsohn, a newcomer in the tough area of national politics, will sail forward to next year's election under Bohman's protection.

The Conservative national congress will get off to a headstart today, Thursday, but the change in party leaders on Sunday will be the main attraction. For the time being Adelsohn has voluntarily refrained from speaking out in public but on Sunday the intention is to have this political star step foward onto the political stage.

The debut has its interesting aspects, of course. The old will clash with the new within the Conservative Party. Adelsohn as party leader is a daring move that could win points among the younger generation but arouse doubts in other quarters.

Gosta Bohman took over as party leader in 1970 after the worst election in history for the Conservatives. Each election since 1973 has been a personal victory for Bohman and for the Conservatives.

When Bohman bows out at Falun the circle will have made a full turn in a manner of speaking. The Conservatives are back at the figure they had when Admiral Lindman retired at the beginning of the 1930's. The Conservatives are again a party that could sustain government power.

The only thing left for their joy to become complete is to have the Conservatives occupy the prime minister's post once again. But that little flaw doesn't matter much in Bohman's case, for in the three-party government coalitions he has felt and acted like our nation's true prime minister.

Not Innovative in Governments

Bohman has achieved great success with the electorate but nothing suggests that he played a very constructive or innovative role politically in the nonsocialist three-party governments.

Bohman has been the skilful and industrious salesman of the assorted views his young male colleagues provided him with.

Few party leaders have operated with such a double message as Bohman has. In the opposition he promised to cut inflation in half, to clean up state finances and to reduce taxes. In the government position Bohman has doubled inflation, undermined state finances and increased tax burdens.

And the Conservatives would never break up a nonsocialist three-party government, it was claimed. In reality Bohman has brought down two three-party governments.

The most recent instance was the remarkable night this spring when Rolf Wirzen and Kjell-Olof Feldt clashed over taxes.

That night the Conservatives dreamed of a so-called Norwegian situation in Sweden. The Conservatives would shoot up like a rocket in the opinion polls by first eating up the Liberal Party and then dividing the Center Party.

The big surge in the opinion polls which the Conservatives expected never came. Instead the Social Democrats wrested the victory from Bohman's defection.

Partisan conditions are entirely different in Sweden than they are in Norway. The Swedish Social Democrats are less doctrinaire than their Norwegian counterparts and the Norwegian Conservatives are more social than the Swedish ones.

Conservative values in Norway are represented to a large extent by other parties than the Conservative Party, primarily the Christian People's Party and the Center Party.

Conservatives Shouldn't Be Obstructive

The elimination of the Liberals from the political scale after the EC referendum has led to a lack in Norway of a liberal buffer against the Social Democrats. The result has been direct crossovers from the socialists to the Conservatives by the Norwegian working class while at the same time Norway has acquired a right-wing party to the right of the Conservatives.

Nothing comparable exists in Sweden. The power shift in 1976 was due mainly to Center Party raids on Social Democratic voters. One of the reasons why the nonsocialist parties retained their majority in parliament in 1979 was that some Social Democratic voters went over to the Liberal Party.

A prerequisite for a nonsocialist majority after the 1982 election will be the ability of the Center Party and the Liberal Party to regain voters from the Social

Democrats. If the present ruling parties cannot stand up against the Social Democrats, Palme's victory will be assured.

The Conservatives should have a strong special interest in not making it difficult for the middle-spectrum parties to make these inroads. This is a major prerequisite for a return to government by the Conservatives. A straight Conservative government is not a credible alternative as we approach the 1982 election.

Adelsohn an Untested Force

The new party leader, Ulf Adelsohn, is an untested force in national politics even though he was communications minister, ran the Inland Railway and lost the parliamentary vote on Bromma Airport. As party leader he will have an ornamental function until the election since he does not have a seat in parliament. His freedom of movement will also be limited by the fact that at the start he will be surrounded by Gosta Bohman on one side and hawks in the party leadership like Lars Tobisson on the other.

Adelsohn will be confronted immediately with difficult tasks as party leader. The Conservative Party appears to be very united but the differences between conservative and liberal factions will intensify.

Gosta Bohman has tried to transform the Conservative Party into something like a neoliberal party along English lines and the true conservatives dislike this trend. There are those who talk of the crazy right in reference to what happened in the 1960's on the left wing. This will probably lead to a debate already at the Falun meeting.

Three important issues will soon force Adelsohn into the political surf. Within the next few weeks clarity must be created in parliament on the proposed reduction of the value-added tax, on the tax compromise between the two government parties and the Social Democrats and on the planned Swedish JAS military airplane.

These are momentous issues for the Conservatives and for future confidence in the nonsocialist three-party alternative. Adelsohn will have to choose his course quickly if he is to live up to his advance billing from city hall as an engineer of nonsocialist cooperation.

After everything Bohman has let loose on reducing the value-added tax and on the tax compromise with the Social Democrats, both Thorbjorn Falldin and Ola Ullsten have whetted their knives already. The margin of action is very limited for the government parties in the current opinion situation. Each concession to the Conservatives will be viewed as a capitulation but on the other hand each Conservative concession to the ruling parties will also be a capitulation.

Tax Compromise Worse

Thus there is a prospect of a hard duel from the very beginning between on the one hand the hardworking duo of Falldin and Ullsten and on the other Adelsohn and

his seconds, with a laughing Olof Palme sitting in the grandstand, enjoying the whole thing.

It may be possible to handle the value-added tax reduction one way or another--even though Falldin's resignation threat was meant seriously. After a value-added tax compromise in parliament both sides could claim a victory.

The tax compromise is worse since the Conservatives on this point are becoming the prisoners of their own fear tactics. It will be hard for the Conservatives to give ground here but it will be equally hard for Falldin and Ullsten to concede a single millimeter.

If the Conservatives want to be part of a nonsocialist three-party government after the election it will be necessary for Adelsohn to put his hand on the Bible and swear to uphold the tax compromise Bohman condemned so roundly.

If Adelsohn behaves awkwardly Fallin-Ullsten can continue to govern for the time being until they are overturned in parliament and that can happen only if the Conservatives join forces with the Social Democrats.

Paper Weighs Bohman's Achievements

Stockholm SVENSKA DAGBLADET in Swedish 22 Oct 81 p 2

[Editorial]

[Text] It was the Conservative leader himself who in the 1979 election campaign spurt coined the phrase "a blue revolution." But the real blue revolution is the renewal the Conservatives have undergone since Gosta Bohman was elected party leader in November 1970 and the broad popular support the party has gained under his leadership.

The Conservative Party of the 1980's differs in many ways from the party Gosta Bohman took over in 1970. The election setback had eroded confidence in the Conservatives. Differences inside the party divided its forces. Today the Conservatives are the big nonsocialist party. One voter in four sympathizes with them, and in Stockholm the figure is one in three.

How could this truly revolutionary development take place?

In spite of everything there was a platform to stand on: the basic conservative values. There were still devoted party workers. And there were young people who went against the trend in the years of the left-wing wave and joined the Conservatives. But even so it is doubtful that anyone but Gosta Bohman could have so instructively and so vividly clarified the union of conservative values and the moderate liberalism whose guiding star is the liberation of fellow citizens from the authorities and state guardianship.

In a party that was in decline a decade ago there is today not only a mood of self-confidence and belief in the future but also a strong element of mobility. What used to be regarded as a policy for the few has become a program of action for the many. Of course the personality of the party leader was very important in this respect.

Gosta Bohman has often tried to downplay his own role. Without depriving Bohman of the honor that is his due there is good reason to point to an often forgotten factor: the everyday man--to take an expression from the Hjalmarson years of success--identification with the moderate vision of society.

The so-called conservative wave is often described as something due to fate that sweeps over a democracy with the power of a natural force. In reality it involves an active interplay between party and citizen. The message the party stands for is adopted by the average citizen who in turn spreads it further. Instead of a passive acceptance this involves an active action pattern. In this process Gosta Bohman through his personal brilliance and his energetic presentation of the Conservative view of life has made a contribution that would be hard to overestimate.

In addition to that the party under Gosta Bohman's leadership has obviously become capable of sitting in the government. The politician who was judged by some in advance as a cooperative man became in reality the politician who through his stamina and especially his understanding of the special nature of the Center Party paved the way for the nonsocialist majority governments.

Isn't it an irony of fate that it was Gosta Bohman who was forced to break with the second nonsocialist government? It could seem that way. But renewal is not all there is to politics. To inspire confidence politics must also contain a sizable helping of loyalty to promises that have been made.

Part of the strength of such a policy involves being able to say goodbye to government power when this instrument can no longer be used for the line one has pledged to follow.

In conclusion:

Instead of the self-congratulatory congress which the Social Democrats recently concluded the Conservative meeting in Falun should avoid arrogance and aim for the humble spirit indicated by the confidence of the people.

That would best serve the blue revolution.

Defense Plank Disappoints Observer

Stockholm SVENSKA DAGBLADET in Swedish 23 Oct 81 p 2

[Commentary by Axel Waldemarson]

[Text] Our defense and security policy debate is still foundering. This in turn has led to the circumstance that we obviously lack psychological readiness for unexpected situations at almost all levels. An excellent example of this is the recently concluded visit of American Defense Secretary Caspar Weinberger to Sweden. Many misunderstandings, critical statements and exaggerated commentaries, none of which should have been necessary if our defense problems had been the subject of a broad and intensive debate.

A characteristic and valuable result of Weinberger's visit was that it suddenly became apparent to a broader public that we have defense and security policy problems that not only affect us but are the subject of evaluations by the outside world as well.

Obvious efforts to turn national security issues into weapons in domestic policy, the infamous domestic foreign policy in the spirit of the 1960's, are ominous for several reasons. Before the defense policy decision that must be made it will not benefit anyone to have distortions and misinterpretations of where we stand on various matters accompany the debate. This also increases uncertainty elsewhere in the world concerning our intentions.

Of course it is primarily the political parties who are responsible for the fact that our preparedness has been inadequate in various respects. In recent years defense issues of various kinds have been neglected for several reasons. In years when power shifted hands it probably was not regarded as having enough influence on voter trends. But if political organs are unable to formulate defense and security objectives in a unified and stringent manner it is not surprising that misunderstandings arise both here at home and abroad. And has the Foreign Ministry done its job in this area adequately?

Against this background there is good reason for the Conservatives to discuss defense and security policy at the party congress in Falun. In recent Conservative meetings not much interest has been shown in these matters. Things are better leading into this year's congress even though the improvement is modest.

The Social Democratic Party congress was presented with a unified peace and security policy program. From the headlines alone it appears that defense policy is being subordinated to peace efforts and security policy measures. In some way defense as a factor for peace is being pushed into the background. Incidentally there is a small element of the fortified poorhouse: the people who are supposed to step up to defend freedom had to make such sacrifices under nonsocialist governments that this alone is a reason for hollowing out our military strength.

How are the Conservatives at their meeting in Falun going to match the Social Democratic document?

I imagine that the foundation can be taken for granted, the opposite extreme from the Social Democratic defense policy: defense determination emanating from the people must rest on a firmer foundation than the fleeting conditions of the moment.

When that has been said I must announce that the meeting's defense section does not quite measure up to the demands the Conservatives have a right to make. This can be due to a variety of reasons such as the technique for responding to motions and the fact that the revised action program draft must be developed further.

The result will be that the group will adopt a relatively limited defense policy statement in connection with the motions while a more cohesive program will be delayed for another 3 years. The congress should reject this. There is nothing to prevent the preparation of a more distinct defense and security policy program as soon as possible to guide debate and direction.

The brief discussion of defense policy--on the last day of the congress, just before it breaks up the day after the party leader is elected--actually goes against trends within the party. There are more defense motions than there have been in the past. Prior to the meeting ten young Conservatives (well, youth is after all a relative concept and Anders Bjorck whose section on Europe is one of the best portions is hardly a young politician) collected their views on Swedish security policy in a little pamphlet, "Defending Freedom." There is a lot in it that is both instructive and deplorable.

In one respect the Conservatives should follow the Social Democrats, namely when it comes to methodology. The Conservatives should bring peace, defense and security policy together in a broader perspective than the Swedish one alone.

In a future program the protection and defense of democracy in a rough world should of course serve as the entrance to the program--not as something attached to the back door. But that will also require stringency of an entirely different caliber.

I'll just take one example:

"A central goal of Swedish security policy is to try deliberately to preserve stability in the Nordic region and safeguard the region's character as a protected area..."

What kind of nonsense is that? Nothing could be more dangerous than to give the Nordic region the role of being an almost automatically protected area. That is precisely as if we should put our faith in nonaggression pacts and as if the Scandinavian Arctic, that increasingly vital strategic area between the superpowers, lacked any military policy interest.

Actually it is a combination of security policy and defense policy measures that has actively contributed to tension being so low so far in our part of the world; this is not a gift our country has received passively.

Well, let's hope that the scanty remarks devoted to defense motions are due to a general effort to keep voting pressures within manageable levels. Under these circumstances it should be the task of the congress to ask the party board to appoint a peace, defense and security policy task force charged with formulating Conservative standpoints.

It must be freely admitted that this task is more demanding today than it used to be. In the 1934 party program it was actually possible to formulate a completely adequate defense program in just a few words:

"The independence and inviolability of the nation. A satisfactory defense. A system of international law to preserve peace. A Nordic understanding."

This was the first item in the program. One of the Conservative virtues through the years has been to emphasize the importance of peace by giving it a prominent place in the party program. There is no reason to deviate from this admirable practice.

It is to be hoped that a Conservative document would balance Social Democratic thinking. Together with the Social Democratic program it could form the basis for a deep and clarifying debate on peace, defense and security policy.

Party's 'Liberal Revolution' Questioned

Stockholm DAGENS NYHETER in Swedish 23 Oct 81 p 2

[Editorial]

[Text] "Increased competition alone is as incapable of making everybody happy as 'The Internationale.'"

So writes a former leader of the Conservative Party, Gunnar Heckscher, in an article on the Conservatives going into the 1980's--and heading for the party congress that opens today in Falun.

Cautiously but quite clearly Heckscher criticizes the hard neoliberal profile groups within the party want to give the Conservatives. He thinks that much of the neoliberal criticism of the public sector is quite compatible with an active social policy for example daycare homes financed through taxes that could pay for care subsidies or concentration of social subsidies on those who need them most.

"We often criticize socialism for being inhuman," Gunnar Heckscher continues. "But," he stresses, "we should not forget that an individualistic system, brutally applied, can also be inhuman."

And he concludes his critical review: "Such things as the defense of national independence, cultural development and human relationship forms can never be measured solely in economic terms."

Hecksher's article was published in the latest issue of the magazine of conservative ideas, SVENSK TIDSKRIFT, which took the form of a criticism of the party's neoliberal course by people who like to call themselves social conservatives.

"I have never conceived of the party's fundamental attitudes as liberal," writes Erik Anners, one of the party's ideological spokesmen in the 1960's.

He thinks the Conservative Party should be a "general social reform party, not a Manchester liberal business party."

First deputy speaker Ingegerd Troedsson does not think there is anything wrong with the Conservatives' social involvement but sees it as a major defect that the party has not managed to make this involvement credible.

Member of parliament Anders Bjorck feels the party must broaden its political message to cover more than just the economy.

And former undersecretary Anders Arfwedson believes a more critical risk of the "neoliberal revival" is that the Conservatives "will come to be regarded as a party with a onesided economic orientation, with no deeper interest in social, cultural and educational issues."

It is not certain whether the articles in SVENSK TIDSKRIFT are a sign of rumblings in the Conservative membership crater. Party leader Gosta Bohman has claimed for many years that both he and the party are liberal without producing any protests from party activists. In the program of ideas that was adopted at the last party congress in Goteborg in 1978 liberalism was written in, though not quite as clearly as Gosta Bohman had intended.

Now and then in recent years Bohman has talked about the need for a "liberal revolution"--sometimes renaming it the probably more appropriate "blue revolution." The proposed economic program, "New Ways," which the congress will vote on was greatly influenced by the "neoliberal" wave now breaking over the western world.

All this has gone splendidly for the successful Gosta Bohman who has managed to be believable as a conservative while at the same time preaching liberalism. But he and the party leadership did not manage to stake out a social profile that was more or less highly visible in the old Conservative Party, as Ingegerd Troedsson points out.

People in the Liberal Party have studied the Conservative message. Ola Ullsten looked into what Gosta Bohman had been saying in the general political debates as party leader back in 1974. He found a lot of criticism of the public sector and many demands for lower taxes. But nothing about worker democracy, private concentration of power, equality or the poverty of underdeveloped countries.

Party secretary Lars Leijonborg made a similar review this fall of what the Conservative party leadership had said in parliament since 1978. Here too there was nothing about developing countries or equality and very little about social sympathies and human liberation (except from state control). This is a onesided and restricted liberalism, a legitimate social liberal, Liberal Party member of parliament, Daniel Tarschys, concludes in SVENSK TIDSKRIFT.

The Conservative Party is not a reactionary one, as vulgar propaganda likes to maintain. But neither has the party taken much trouble to demonstrate social involvement. And if the neoliberal ideas start influencing the party more consistently it is understandable that the social conservatives are starting to feel uneasy. Motions from the youth group and in more extreme form from the students' group are calling for the congress to make much stronger attacks on the public sector than the party leadership will agree to. But now the party leadership is becoming younger--and it is scarcely going in the social conservative direction. Will the party, as Daniel Tarschys believes, be taken over by the "business school conservatives"?

In times of poor economy it is natural that economic issues are given greater emphasis than usual. But the Conservatives run the risk in their neoliberal gospel directed at material questions of losing both their cultural conservative heritage (generous cultural support, good educational standards) and their social conservative endowment. The economy is not everything, even in a time of crisis.

New Leaders Discussed

Stockholm DAGENS NYHETER in Swedish 25 Oct 81 p 6

[Article by Dick Ljungberg]

[Text] Falun, 24 Oct--Either things will go very well for Ulf Adelsohn as the new leader of the Conservative Party--or else they will go very badly. A more cautious and tenacious middle course would not suit Adelsohn's go-getter temperament. That is how the discussion has gone at the party congress in Falun prior to the party leader shift on Sunday.

The mood is a little nervous as the change approaches. Just 1 year before the election Gosta Bohman and the entire party presidium are stepping down after 11 years of progress.

It is true that most people agree that Adelsohn is the best successor to Bohman that can be found. But people also wonder how much he can handle in the area of national politics after 6 years as roads and finance commissioner in Stockholm and barely 1 year as communications minister.

It is known what Adelsohn thinks of traffic and the economy. But what are his views on such vital Conservative issues as defense and security policy, schools, legal safeguards and the ideal of conservative values?

Ideological questions have played a very modest role in Adelsohn's behavior--and there the contrast with Bohman will be great.

Christian Values

"They ought to get Ulf to say something about Christian values on Monday," sighed a younger member of parliament in the cafeteria serving the congress.

On Monday--at the end of the congress--Adelsohn will make his program statement. The speech has been very carefully drafted. The main writer is Adelsohn himself but it has been read in great detail by the entire old party leadership and polished up by Bohman's old reliable speechwriter.

The speech does not contain any new signals--it is continuity that will be stressed, though in Adelsohn's own way.

The mass media fuss over Adelsohn as a person has alarmed the circle that will be "taking a hand" with Adelsohn. The strategy concerning his assumption of power has been prepared for several months now by a small group of people. The idea is that after the storm in Falun Adelsohn will keep a low profile for a while until the beginning of the year and during the election year.

Unbridled Tongue

The first impressions a new party leader makes are very important--and it is well-known that at times Adelsohn has an unbridled tongue. But on the other hand they are hardened by Gosta Bohman's ability to speak out spontaneously on issues.

Therefore the dual command--with Bohman remaining as chairman of the parliamentary group--could lead to problems. There should not be any differences in their policies and statements.

At party headquarters in Old Stockholm Adelsohn will be sitting with new party secretary Georg Danell. In parliament on Sergel Square will be Bohman and the new first vice chairman, Lars Tobisson.

A special planning group will work closely with them to coordinate work between the two buildings. The group will consist of Adelsohn, Bohman, Danell, Tobisson, Staffan Burenstam Linder who will be leaving his post as vice chairman however and Bohman's constant shadow, Carl Bildt.

Party secretary Georg Danell will have a stronger position in the building on Schonfelt Lane than his predecessor Lars Tobisson had.

Iron Hand

Since former party leader Yngve Holmberg and former party secretary Sam Nilsson drained the economy of the party during their happy period in the 1960's, departing vice chairman Eric Kronmark has kept an iron hand on the money chest--and succeeded in getting the finances straightened out again.

Now Danell will be taking care of finances, personnel and even some policy. This will give him an overall view of where resources should be set in during the election campaign.

But Tobisson will remain a powerful man. He is the only one of the new party presidium (which consists in addition to Adelsohn of second vice chairman Ella Tengbom Velander) with a seat in parliament. He is also a member of the powerful Finance Committee.

Bohman's Boys

Bohman's boys--who now sit in the Grange building on Gustaf Adolf Square--will be split up. Carl Bildt is a member of parliament and will remain close to Bohman. He will also be a new member of the party board.

Speechwriter Olof Ehrenkrona and economic expert Bo E. Karlsson will probably move over to Adelsohn in Old Stockholm.

But in conversations DAGENS NYHETER had with congress delegates in Falun some distrust of Adelsohn was revealed.

Many feel he is being pushed into the party leadership post by a gang of Stockholm buddies. This suspicion reflects the tension that exists between the capital and rural areas even within the Conservative Party.

Since the departure of Eric Kronmark the party presidium no longer contains any farmers for the first time in a long while.

Distrustful

Gosta Bohman used to stress that one should have a solid professional background before going into politics. He himself was over 50 when he became a professional politician.

He distrusts those who go directly from their education into politics--political broilers.

Ulf Adelsohn was 32 when he became city commissioner. Some people have come to his defense by saying that he had been with SACO [Swedish Confederation of Professional Employees] several years prior to that.

But this "professional background" is taken as something of a joke. At that time SACO was a hatchery center for future politicians. Lars Tobisson, for example, was head of SACO's research division at the same time.

Adelsohn Outlines Problems, Policies

Stockholm DAGENS NYHETER in Swedish 26 Oct 81 p 6

[Article by Ake Ekdahl]

[Text] Falun, 25 Oct--"Each Social Democrat we win over is like a 4-point match in the elite series," said the new Conservative leader, Ulf Adelsohn. "In Stockholm the Conservatives are getting voters directly from the Social Democrats. The same crossover should be occurring in the rest of the country," he said.

In a special interview room in the big Falun sports stadium the newly-elected party chairman received journalists on an assembly-line basis. Half an hour for each and every one. He has done his background reading, he has been tuned up by party strategists and is familiar with the standard responses. He referred often to his period at Stockholm City Hall. Adelsohn is an organization man.

The idea is that now he will organize a nonsocialist election victory next year and become prime minister.

The goal is a Conservative Party that is as large as possible. To be part of a government ruling on the terms of the middle-spectrum parties, weighed down by a Social Democratic tax settlement, does not appeal to him at all. Policy can also be influenced by those in the opposition. He learned that at city hall.

"A nonsocialist government that pursues a Social Democratic policy is bad for the country. In that case it would be better to have a Social Democratic government and a big Conservative Party to serve as an alternative for the voters. We have an election every 3 years, you know," he said.

Big Problems

Adelsohn sees big problems in setting up a nonsocialist three-party government next year when the marginal tax reform will be implemented.

"The tax agreement between Social Democrats and the middle parties, arrived at in haste and confusion in a single night, has made conditions for cooperation more difficult. That is the big stumbling block to future nonsocialist government cooperation."

He has a faint hope that the agreement can be toned down.

"They'll have to take public opinion into account," he said.

"The socialists have put the Liberal and Center parties in irons and I wonder if Faldin and Ullsten are starting to realize this. What they thought would be a historic agreement has simply led to harsh criticism being directed at the middle parties. They have lost almost everything and gained nothing.

"The middle would gain a lot by biting the bullet and saying this has gone far enough.

"Maybe we should not expect them to reject the agreement outright but they can't accept it the way it looks now. Then we'll see what we Conservatives can accomplish," he said.

"The primary thing is not a nonsocialist government after 1982, the important thing is what is best for Sweden. In a situation where the middle is close to the Social Democrats and pursues a policy that does not benefit the country it is necessary for the Conservatives to become extremely strong.

"Just think if the Center and Liberal parties get about 17 percent apiece in the election on the basis of a pronounced Social Democratic policy. There would be no reason for us to join such a government coalition."

Prime Minister

If a nonsocialist three-party government should become possible again, in spite of everything, Adelsohn will definitely demand the post of prime minister if the Conservatives become larger than the two middle parties together.

"The voters decide that. Respect for the voters is the flower of democracy. Respect for an election outcome is not negotiable, it is total. The government must be led and coordinated by those assigned to the job according to the wishes of the Swedish people," he said.

Now Adelsohn will go around the country and compete with the Social Democrats on the square and in the streets. Demonstrate the alternatives, figure out how you can save money for the state, he will exhort his audience.

"Right now it is like playing against a Social Democracy that won't come out on the field. They just sit in their room and say everything is wrong.

"What do they want besides their miserable trade union socialism?" he asked.

"In a situation in which the entire Swedish people must work hard and do without the Social Democrats have brought up an issue they have avoided for 44 years. Suddenly, now that they are in the opposition, they have come up with a fund socialism that hasn't been tried anywhere else in the world."

Conservative Party strategists have planned a soft start for Adelsohn. He has been given strict orders not to take the corners too fast in the beginning. Adelsohn admitted that he has worried several times about the possibility that things could go very wrong in the party leader job.

"I know the party may have made a wrong judgment when it picked me. If it does not work out the only thing I can do is say that I can handle a lot of jobs but not this one. In that case resign, that's my motto."

It's not that long ago that Adelsohn rejected any idea of succeeding Bohman. "Why should I disrupt my life? Why shouldn't I be allowed to be myself, why should I have to be on guard all the time, stifle my personal self and expose myself to constant organized persecution?" he would ask.

But now he is in that position; what happened?

"I didn't really make the decision myself. It was a situation where I was sitting in the hopper and suddenly I was down the chute.

"This is not a job I am embarking on with undivided enthusiasm. This is a very big thing, you know."

When the party had decided on him and his wife Lena felt it was the right thing to do and all for the best and his best friend Peder Olin advised him to accept, then everything was clear.

"It means a lot when people you like think you can handle a job," he said.

He has already organized his new life to avoid the organized persecution. Every other weekend off, an evening at home each week and an exemption for all Djurgard matches, as we understand it.

He promised to remain outspoken and happy.

"I see no reason not to enjoy myself when I have time off. Why do politicians complain so much? I don't agree with that."

Hockey with Falldin is fine but no tennis with Ullsten.

"That wouldn't do for him, I've seen Ullsten play tennis, ha, ha, ha!"

Paper Foresees Continued Unity

Stockholm DAGENS NYHETER in Swedish 26 Oct 81 p 2

[Editorial by Olof Kleberg]

[Text] "The Conservative Party--party of the 1980's" is the message from the Conservative congress in Falun. On walls, decals and stencils. The Conservative Party is the one offering the Swedish people freedom from controls and special responsibility. Sunday the party chose Ulf Adelsohn as its prophet.

It is fashionable to be a Conservative. Ulf Adelsohn has a great opportunity to cash in on this modern fashion. The social debate now consists much more than in the past of issues the Conservatives have promoted most consistently: tightening up the public sector, a strong market economy, more quality in education.

But what is there to indicate that this conservative wave will be more durable than the leftist wave in the late 1960's was or the green wave of the early 1970's? The leftist wave left a lot of traces behind it but it has not been revived. The green wave seems to have led mainly to disappointment.

Departing party leader Gosta Bohman made it seem easy in an interview in his new book, "Course Toward the Future?". The conservative wave is based on common sense. It is based on economic realities and on the equipment people start out with. Therefore it will not become weaker. The green wave, on the other hand, was based on feelings and reactions and that is why it has ebbed out. According to Gosta Bohman, that is.

One could just as well say the exact opposite. Awareness of resources and the conservation of the environment are scarcely less sensible than demanding more freedom for market economy forces.

The conservative wave is a reaction on the part of many people against having so much of our incomes go to public activities and social payments and having so much taken care of in the name of the general good.

The criticism does not just come from those who are worst off. There are sensible strains in the criticism of the enormous increases in the public sector and the bureaucratic regulation of business activities. But there are also very emotional and self-interested elements.

It is quite natural that the conservative wave in Sweden has so far received partisan impact among the nonsocialist parties. There is no reason to believe that the conservative wave is based on a political trend that is more tenacious than usual.

Now Ulf Adelsohn is stepping in as the new leader of the Conservative Party. On important points he is liberal within a conservative framework, as he put it at a press conference after he was elected party chairman. The question is whether he will want to appear this way in the future or whether he will prefer to work within a liberal framework with some conservative elements.

Developments in Norway where the Conservative Party is larger anre more liberal than its Swedish counterpart naturally seem to tempt Ulf Adelsohn and the new generation that is now taking over the party. But at the same time as they want their own party to get even bigger, they see a nonsocialist majority as a superordinate goal.

The main objective is to repel the threat of fund socialism, they say. But then they must also reach an agreement with the middle parties. It won't be enough to refrain from bringing down the government on the basis of the value-added tax issue, it will also be necessary to agree on a tax reform.

At the press conference Ulf Adelsohn stressed that in contrast to other party spokesmen, such as former planning minister Georg Danell, he will keep in mind

that the Conservatives in the government last spring wanted an overview of tax regulations. But he also stressed that because of the tax reform it might be very hard to form a new three-party government if the election produces a continued nonsocialist majority.

This evaluation seems realistic. And it can lead the new Conservative leadership to the conclusion that it is better to allow their own party to grow even bigger so that it can take over the prime minister post in the 1985 election.

Maybe in a one-party government like the current one in Norway. But that would eliminate the credibility of the argument that the 1982 election is a fateful one for the existence of the market economy. The Conservative leadership will have to make a decision.

Few clouds can be detected on the bright Conservative sky. One problem though is that Gosta Bohman will continue as the party's main spokesman in parliament and perhaps as the driving force in the election too. The double command could be difficult. Bohman should have been content with the role of elder statesman.

The other problem is that the party leadership and the group around it could be regarded as a group of academic professional politicians who are assembling all the power in Stockholm--the same criticism leveled at the Liberal Party.

But as long as the favorable winds are blowing Ulf Adelsohn should have no problem keeping the party as united as Gosta Bohman did. He has often been presented as superficial, not very serious, untalented. That is a grave underestimation of him. The man now taking over the party is a capable and human politician.

6578
CSO: 3109/27

MILITARY PROVES POPULAR WITH YOUTHS SEEKING SKILLS

Oslo ARBEIDERBLADET in Norwegian 2 Nov 81 p 11

[Article by Inger-Torunn Sjetre: "Not Difficult to Get Jobs for School Students: Defense is Popular"]

> [Text] There are many trades that offer school students a job for one week of their working lives. The defense forces stand high in desirability for the youths. Not all get jobs where they would like them. Most must be satisfied with the offers which come to the schools.

"There has been no shortage of inquiries from businesses and institutions. But it has been a bit difficult to coordinate the student with a job in working life. Not all the weeks are as popular, when seen from school eyes. Some weeks have therefore been full, while other weeks we have had too many offers of working places for students who want to take their annual 'working week'," said advisor Inger Foyner at the Ruselokka School. She has the responsibility for coordinating the placement of students.

"Which activities are most popular with students?"

"It varies greatly from school to school. The students must orient themselves to the offers which come in, and that is mostly jobs in commercial offices and maintenance jobs. We know that many students want to 'do something practical' but it is not easy to find places in hand work and industry."

"Is there increasing interest in jobs in the military for military work week?"

"At all the schools there is always someone who wants to try a work week in the military. It is new and exciting, and the defense forces have many resources and possibilities to offer an entirely different experience than a little boutique. Furthermore it is enticing to have a 'work place' where one can live away from home for a week. But," said Inger Foyner, "one should be careful not to interpret this interest as an expression of increased militarization among the youths. The interest is much too little to begin such speculation."

The practical job training is now being reorganized. The idea is to get a better relationship between the practical and the theoretical parts of work training, and to create better contacts between the school and the local community.

"The goal is that the students should largely come to nearby businesses, and thereby have the opportunity for more permanent contacts," said Inger Foyner.

9287
CSO: 3108/18

BRIEFS

PRE-STOCKAGE GETS FINAL APPROVAL--Norway has notified the United States that we are ready to store American military equipment temporarily in the Vaernes area in Trondelag, according to information given to the Norwegian Broadcasting Corporation by Defense Minister Anders Sjaastad on Thursday. "At the defense ministers meeting in Scotland I informed Secretary of Defense Caspar Weinberger that Norway can now receive the American equipment in provisional storage, and that it can be landed as soon practical and possible," said Sjaastad. He advised that the American Secretary of Defense reacted positively to the information. The location for permanent storage will be designated later. NATO will pay for the construction, but in the meantime the expenses will be covered by Norway. [Text] [Oslo AFTENPOSTEN in Norwegian 13 Nov 81 p 3] 9287

CSO: 3108/18

GOVERNMENT MAY PURCHASE 'TORNADO' FIGHTER PLANE

Madrid ACTUALIDAD ECONOMICA in Spanish 8 Oct 81 pp 14-15

[Article by J.A.: "Turnaround Regarding Future Combat and Attack Aircraft"]

> [Text] There is no allocation anywhere in Spain's 1982 budget for an initial outlay for FACA [Future Combat and Attack Aircraft] as announced at the start. Additionally, the number of planes to be purchased has been reduced from 144 to 96 and a new model has been included--the "Tornado." This is no longer the same FACA.

The three American fighter aircraft--the F-16 of General Dynamics, the F-18A of McDonell Douglas, and the F-18L of Northrop--which have so far competed to enter the Spanish Air Force's FACA program--saw appearing over their heads in mid-June 1981 (see ACTUALIDAD ECONOMICA, No 1, 213) a rival, the "Tornado," a plane resulting from the cooperation of three European manufacturers: Aeritalia [Italian Aircraft Company], British Aircraft Ltd., and Messerschmitt-Bolkow-Blohm (MBB), assembled by Panavia.

At that time, the threat was not sufficiently strong and everything made one think that the European model, despite the fact that it was the one which offered the best price and terms, would fail in its intention to appear on the "short list" (the short list of the program), the preserve of the American models. However, Panavia's possibilities were underestimated among other things because its entry into the competition came through the hands of the PSOE [Spanish Socialist Workers Party], which according to indications of the SPD [German Social Democratic Party] has been trying to add the aircraft in the list of purchases. In June 1981, the entire Socialist artillery was aimed at the negotiation of the 1982 budget where it was intended to wage the battle "with few hopes," according to the comments made to this review by Jose Miguel Bueno, Socialist deputy and an expert in war materiel.

One More Year

But the surprise came with the presentation of the 1982 budget--in the first place, from an analysis of the 409 billion pesetas slated to defense expenditures it can be deduced that the Spanish Government has not planned to purchase the planes in the next fiscal year. But if additionally one further analyzes the Ministry of Defense's budget, one reaches the conclusion that with the 60 billion pesetas slated for the purchase of equipment it is not possible to effect in 1982, as sources close to the Ministry of Defense announced, the initial outlay of the FACA program, which would involve a figure close to 60 billion pesetas. The representatives in Spain of one

of the four companies competing for FACA told ACTUALIDAD ECONOMICA: "It is clear that the Spanish Government does not plan to buy the aircraft in the next fiscal year, otherwise, more funds would have been allocated to purchases."

The suspicion was confirmed to ACTUALIDAD ECONOMICA by a source very close to the minister of defense, Alberto Oliart, who stated: "There are important variations in the FACA program. In the first place the delay will be for at least a year, and no initial payment will be contemplated until the 1983 budget." But there are additional variations and they are even more important. The same source said: "Since the country is not about to witness budgetary good news, the Ministry of Defense and the Cabinet have seen the need to reduce their purchase of 144 aircraft, initially announced, to 96, so that the projected budget may be maintained which in no case should exceed 250 billion pesetas." The third change has been produced, as was already stated, with the inclusion of the "Tornado" on the list. According to the source mentioned earlier, "during this year of review there is going to be assured progress in integrating in the FACA program the "Tornado," a model which meets the goals set by the Spanish Air Force and which therefore meets defense needs. Furthermore, it is one of the most inexpensive models and with the best terms."

Panavia's representative in Spain, who was unable to conceal the optimism prevailing in his entire outfit, told this review that "Panavia is offering to the Spanish Air Force to have up to 40 percent of the aircraft manufactured in Spain." MBB has an 11 percent interest in CASA [Harvesters Suppliers, Inc.], a firm which assembles the BO-105 helicopters purchased from the MBB, while in the political-economic field it offers some indirect benefits--investments, balance of payments, etc.--of up to 120 percent of the value of the contract. But what has been decisive in including the "Tornado" in the FACA list according to a source of the Ministry of Defense "has been the offering of Panavia to add Spain as a full-fledged partner in the European project, which means being included in a business consortium with the most advanced technology in this field, from which Spain can and should benefit."

The firm decision of the government of Leopoldo Calvo Sotelo to accelerate Spain's entry into NATO has been one of the issues which has turned against two American models--the F-18A and F-18L--and favored the "Tornado" and the F-16, there being already 200 F-16's flying in Europe under different flags.

The Sound German Policy

Within the political game which this type of contract entails, very large in quantity and of considerable strategic importance, the policy of the German Government has also been decisive. The strategy planned by the German minister of foreign affairs, Hans-Dietrich Genscher (see ACTUALIDAD ECONOMICA No 1, 213) has been impeccable.

Finally, the visit of Karl Carstens, president of the Federal Republic of Germany, has set the problem against the pleasant background of bilateral relations. The meetings which President Carstens has had with various Spanish officials and more especially those which his defense adviser has held brought the process to a conclusion. At a time which has not been specified, the dispatch of a group of pilots and technicians of the FACA team to test Panavia's models will be announced officially.

However, not everything is sweetness and light. According to what this weekly has been able to find out from sources which customarily maintain contact with members of the Spanish Air Force who understand the FACA program, this new delay has considerably lowered the morale of the team involved in the program and of the Spanish Air Force, both of whom had hoped to have solved the issue in June 1981 and to be flying the aircraft by the end of this year.

The "Tornado," A New Arrival

Item	F-16	F-18A	F-18L	Tornado
Principal manufacturer	General Dynamics	McDonell Douglas	Northrop	Panavia
Operational weight empty	16,400 lbs	20,800 lbs	18,100 lbs	31,000 lbs
Military payload	15,200 lbs	19,000 lbs	20,000 lbs	16,000 lbs
Internal armament	20-mm M-61 cannon firing 6,000 rounds/ minute. Reserve of 515 rounds	20-mm M-61 cannon firing 6,000 rounds/ minute. Reserve of 570 rounds	20-mm M-61 cannon firing 6,000 rounds/ minute. Reserve of 570 rounds	27-mm Mauser cannon
Air-to-air missiles	6 IR [infrared] AIM-9 missiles. Option for AIM-7 radar-guided missiles	2 IR AIM-9 missiles; 4 AIM-7 radar-guided missiles	6 IR AIM-9 missiles. Option for AIM-7 radar-guided missiles	4 Sky Flash and 2 Air Winder missiles
Air-to-ground missiles	14,000 lbs; 5 weapon stations	18,400 lbs; 5 weapon stations	19,000 lbs; 7 weapon stations	MW-1 [munitions dispenser] (4,800 scatter weapons); 12 MK 83 bombs
Power plant	One Pratt & Whitney F-100 engine with 28,800 lbs of thrust	2 General Electric F-404 engines with 16,000 lbs of thrust	2 General Electric F-404 engines with 16,000 lbs of thrust	2 RB 199 Turbo-Union engines with 16,000 lbs of thrust
Radar	Westinghouse unit with look-down and lookup capability	Hughes AN/APG 65 unit with look-down and lookup capability	Hughes AN/APG 65 unit with look-down and lookup capability	Texas Instruments unit with look-down and lookup capability
Maximum speed	Approx. Mach 2	Approx. Mach 2	Approx. Mach 2	Approx. Mach 2.2
Service ceiling	60,000 feet	60,000 feet	60,000 feet	60,000 feet
Internal fuel	6,900 lbs	10,300 lbs	8,500 lbs	10,000 lbs
Range (with 2,000 lbs of armament)	1,500 km	2,000 km	2,100 km	Ferry range: 3,700 km; mission range: 1,400 km
Flight control system	Electric, with rigid lateral control stick	Electric, with conventional con-control stick; mechanical for emergency	Electric with conventional control stick; mechanical for emergency	Electric, with conventional control stick

Item	F-16	F-18A	F-18L	Tornado
Thrust/weight ratio	1.13	1.21	1.40	1.2
Use	Multipurpose fighter plane for the U.S. Air Force	Multipurpose seaborne fighter plane for the U.S. Navy	Version of the F-18A plane for land-based operations	Royal Air Force [Britian] and Luftwaffe [German Air Force]

Source: Spanish Air Force and ACTUALIDAD ECONOMICA's own compilation

2662
CSO: 3110/29

BONN TO HALT INFLUX OF FOREIGNERS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Nov 81 p 1

/Text/ The government intends to stem the further influx of foreigners into the FRG and to facilitate their return home. It intends not to permit the number of 4.6 million foreigners already resident in the FRG to increase any further. At the same time, efforts will be made to have foreigners who grew up in Germany take up German citizenship so as to integrate them into the legal, economic and social system of the FRG. This calls for a limit on additional immigration, as government spokesman Becker reported after a session of the cabinet. If a foreigner born in Germany acquires the rights of a German citizen, he will also have to assume the corresponding duties such as serving in the military. The government does not wish to apply pressure to attain "cultural assimilation," Becker said. But it does expect that applicants for German citizenship both adjust to the German education system and stay in the country permanently. The appropriate draft legislation submitted by the interior minister was not yet ready for approval on Wednesday. Under this legislation, foreigners between the ages of 18 and 21 who have resided in the FRG for 8 years should have the right to apply for citizenship. Becker confirmed that the chancellor had suggested an alternative proposal which combined the offer of citizenship with an "urgent appeal" to return home in case the individual did not wish to become a German citizen.

The cabinet reaffirmed its previous declarations and policies which state that the FRG neither considers itself, nor wishes to be a haven for immigrants. But the government spokesman added that this was not meant to pass judgment on developments over the past 10 years.

The cabinet meeting had been prepared jointly by various ministries and Ms Funcke, who is charge of foreigner relations. The discussions focused on the worrisome circumstance that the share of Turks in particular has innreased. Turks, quite removed from Central European culture, now make 1.5 million of the 4.6 million foreigners in the FRG. Almost half the young foreigners under 18 (who total 1.25 million) are Turks. These foreigners need jobs at a time when there is unemployment in contrast to the period when foreign workers were first called in. The government, so the draft legislation states, is afraid that a further rise in the number of foreigners will, in the absence of their integration, likely lead to a crossing of the threshold "beyond which the discomfort of large segments of the German population will turn into open rejection. The consequences would be social and political tensions endangering social harmony in the FRG."

The cabinet did agree in the form of a policy declaration —not in the form of a law or ordinance or as a matter enforced by the Laender— to stop immigration of family members from non-EEC member countries "by applying all legal means within the framework of the constitution." The government also asked the Laender to deport all foreigners not entitled to remain in the FRG. And finally it asked that more decisive steps be taken to combat the foreigners' black market in labor.

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END

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REVOLUTION URGED IN CONFORMITY WITH 'KURDISTAN REALITY'

Stockholm RIZGARIYA KURDISTAN in Turkish Oct 81 pp 6-7

[Commentary by Roja Vanli]

[Text] The prevailing economic structure (infrastructure), which is the ultimate determiner of social change and development, is inevitably reflected in the superstructure. That is, it will slowly draw the political situation under its influence and direct it.

This situation over time will accelerate and become a fixture in class-based societies wherein balances will be struck. These undulations persist even in classless society.

The exploitive dominate forces are perfectly capable of protecting and consolidating their own class interests. They strive to exert every arbitrary power over the oppressed class, and in so doing their ultimate appeal is to violence (unless it proves unnecessary). To conceal their exploitation they use every means to win over the people. They establish political parties ostensibly to serve the people's interests, but "Establishment parties" do everything to ensure that the thrust of an attack is not at their own power. These forces drag the people into utter confusion.

Capitalism, which is rapidly developing in our country, has enhanced class discrimination. Unemployment has been left to its own devices. Moreover, crises are gripping the village areas. A torrent of rural-to-urban emigration has begun and small business has been confronted by burgeoning big business. Increasing exploitation and oppression have boosted and exposed the working people's discontent with the establishment and, in various strata, impetus has been given to resistance and rebellion (in one form or another but, on the whole, spontaneous).

Thanks to the actions of the Demirel government--U.S. imperialism's guardian--the pre-12 March (1971) anti-imperialist revival gained momentum and speed. These movements, in which young people carried out acts like skyjacking and robbery, obstructed the petit-bourgeois state, rendering it impotent. These movements were also opposed to 12 March. Torture, coersion and carnage were intensified to the utmost. Progressives and patriots by the thousands were thrown into prison. The monopolist bourgeoise had temporarily ensured its control but it could not shatter the ties of the masses with the revolutionary movement that subsequently blossomed.

The governments set up after 12 March (RPP-NSP, the First National Front, the Minority Government, the Second National Front) could not escape these straits and extricate the economy from unemployment, the high cost of living, etc. Foreign debts and price hikes ran neck and neck.

The struggle's development, clarification and expansion were inevitable in this context. The socio-political crisis was a phenomenon observable in direct proportion to the struggle's development. So it was that hundreds of thousands marched on 1 May 1977.

The bourgeoise, of course, was not idle in the face of these developments. To meet its needs, the bourgeoise openly made the NAP an effective force in every area--the state's civil guard. Revolutionaries were perfidiously murdered and provocations made. Agents were infiltrated into revolutionary organizations. It launched or orchestrated every type of propaganda to prevent the emerging movement's integration with the people. (This was only one aspect of the revolutionary movement's failure to integrate with the people; the principal factor was its own defficiencies.) Clearly this is a feature of the overall policy observed by world imperialism.

Indeed, how did such an "emerging" movement come to suffer defeat in the 1980's? What was the problem? What wasn't done?

We have said that the forces of imperialism would resort to any strategem to maintain dominance. They certainly would do and have done this by masking their true face: by using covers to hide behind (like efforts to strengthen and consolidate Kemalist ideology).

The emerging intensified struggle of the people was about to spark an explosion. Never mind the masters, the ordinary people could see this. At this juncture the bourgeoise felt the need to strengthen--in one way or another--the "democratic left" concept. It might have been completely effective in disarming the people's malice and hate for the establishment, ending the crisis and pacifying the masses. So Ecevit became the people's hope--the dove of hope. He too had been invented.

As befitted the mentality of pacifists, compromisers (Revisionists, Opportunists) as well as revolutionary groups and organizations all unable in practice to see the struggle as one for power, they personally supported the RPP, taking their place at its side. They mobilized the rank and file to this end. Yet, the real duty should have been to unmask the "dove of hope" and cease being hangers on. The revolutionary movement did not function as a force. It did not in the best way possible expose the RPP and other parties before the people. (What was being done individually was insufficient.) The reason for this failure was that broad-based groups saw the NAP as the sole danger and adopted that notion as their platform.

An absence of durability and leadership was the principal sign of a fragmentation that--unable to capitalize on existing potential—carried the revolutionary movement to 12 September.

Yes, the crucial factor was the absence of genuine working-class leadership and the lack of a working-class party that embraced and mobilized the masses.

Of course, the struggle in Kurdistan (Northern Kurdistan) was developing along identical lines. Intellectual Kurdish youth saw the true realities of the struggle after 12 March. They started an independent organizational effort based on the needs of Kurdistan and established a brand new structure. The struggle advanced and the Kurdish problem now stands on its own. It has become an agenda item. Naturally these developments were made more complex and unwieldly by the defficiencies and mistakes of the Turkish left and that movement's own sense of reality. The struggle had up to this point been unable to generate its own true leadership; instead, it was laboring within the narrow confines of traditional leadership (the Nationalism and the quadrapartite Kurdistan Democratic Party organizations).

The true goal of the struggle--our struggle--is clearly to create a socialist leadership, speed henceforth the building of a socialist society and secure the region. The basic goal of socialists must be to channel the Kurdistan national liberation struggle to this end. Although the level of development and present condition of Kurdish society obviates this, this must be the goal in the long term. There must be work done to bring this about. (Our movement in particular has exhibited this clarity of purpose by separating from Rizgari.) But general developments in theory have not been quite so in practice. Having a reactionary leadership structure, a large segment of the Turkish left analyzes Kurdistan in light of its own reality. This group sees the problem as one bound up with its own revolution because there is neither trust nor belief in any group operating in Kurdistan. (At the same time, this segment of the Turkish left does not want to recognize its own errors nor see the difference between yesterday's and today's structure, nor pay that change the least bit of serious attention.) Likewise, it also demonstrates that the Kurdish left has been unable to mount a serious effort in this direction unobstructed by the Turkish left.

Developments in Kurdistan--the nightmare of the colonialist Turkish Republic--were followed on a day-to-day basis until 12 September. Bearing particularly in mind developments in other quarters, martial law was declared in Kurdistan and every type of coersion and oppression (its ineffectiveness aside) was applied. The revolutionary movement--like the Turkish left--was confronted with every type of provocation. But it is not mere coincidence that the revolutionary movement's isolation from the Kurdish people and the strains engendered led to its losses at the adventurists' hands.

Despite all this, were the colonialists really that strong? They, of course at that point, were in difficult straits. As we stated earlier, the state had lost a significant measure of its power and authority; parliament had ceased to function; the establishment parties had fallen to squabbling among themselves.

At this juncture either the army through intervention was to resecure the state's shanken authority or the revolutionaries were to emerge as an alternative force. Despite objective conditions, the latter, for reasons already given, certainly could not have acted as a long-term force given their structural defects.

The 12 September military junta has in its own way done what has had to be done. By abolishing parliament it ensured itself complete internal and external control. In no time it arrested thousands of revolutionaries and patriots; carried out murdered here and there. It committed acts of torture, indiscriminately taking

into custody young and old; forbade all unionist struggles and strikes; shut down all mass democratic organizations. The aim was to extirpate the revolutionaries. Nothing got in the way and success came with time.

The monopolist has done everything for the continued development of bourgeoise dominance. At the same time the people have been left to face an exorbitant cost of living and massive shortage. The monopolist has resorted to every sort of tactic to bolster his capital. Interest rates have been decontrolled and everything belonging to the people has been swept up and invested in the banks. He has openly bargained with every imperialist power and may have been able to get part of what he wanted owing to geographic location.

Installing fascism by a bloody coup would have been the height of stupidity in today's circumstances. So fascism devised new tactics, new masks.

In a new guise Evren emerged as the "hope of the people," "the true guardian of Kemalism." He has tried every means to keep this policy on track, even assuming the role of beloved hero. It is not that this policy did not hold up initially. The people, fed up with living in fear of their lives (the revolutionaries were part of the reason for this), thought they were breathing easy. That's how the first phase went. But when the economic situation (political pressure, etc aside) was heaped upon them, the price hikes and particularly the taxes and frozen wages were not and could not have been anything like the people had expected.

On the other hand, the injuries and losses being suffered today by the revolutionary movement are innumerable. Among the characteristics exhibited by much of the political left, the parochial-cliquist mentality, lack of principle, megalomania, the fact that a legal-illegal modus operandi is not actually applicable, failure to learn from the past and--most importantly--underestimation of the enemy, etc are all demonstrable reasons for its defeat.

Everyone is today obliged to see the true situation and reexamine themselves. We are obliged to regain the people's shaken trust in the revolutionaries. The people want this. We must prepare ourselves as an alternative force. All forces must be mobilized each to unity power with action. The movement must take the initiative both to assess itself and the past in light of the "reality of Kurdistan" and forge the unity of power and action as a potent force. In the course of this, illegal operations must be the rule to prevent past errors. There must be constant vigilance in this area. If the unification of power and action can be seriously implemented among these organi-ations, there will be long-term positive developments for the revolutionary movement, in which the working class will become the struggle's true leadership. All efforts must be speeded toward this end.

CSO: 4654/57

IFO REPORT ON TRADE WITH OPEC COUNTRIES

Duesseldorf HANDELSBLATT in German 16/17 Oct 81 p 5

[Article by gw: "Strong Expansion in German OPEC Trade"]

[Text] Munich, Thursday 15 Oct 81--In recent years the OPEC market has become more discriminating and, as a consequence, more difficult; nevertheless, the IFO Institute for Economic Research emphasizes the fact that it is still a very active market, the growth rates of which are still considerably above the world average. During the course of this year, German exports to the 13 member countries of OPEC were especially favorable. Between January and July exports were 43 percent higher than they were during the same period last year.

In July 1981, for the first time in a long while, the trade balance with the OPEC countries even showed positive symptoms. In spite of it IFO cautions against being too euphoric because of this positive development. One reason why it should not be taken too seriously is the fact that the years between 1976 and 1980 had shown that the oil-exporting countries were planning much more carefully and proceeding more cautiously than they had done after the first oil-price jump in 1973. Furthermore, the competition for this attractive market had become much stiffer.

After all, between 1976 and 1980 the FRG had lost a share of the markets in the OPEC countries. While the German share of the total OPEC exports dropped only slightly during this period--from 6.3 to 6.2 percent--the share of imports shrank significantly, from 12.7 to a recent 10.2 percent for 1980.

Restraint in Investments

The negative development with respect to market shares in OPEC imports applies to all OPEC countries except Libya: Only in Quadhdhafi's country the German position improved; imports rose by 2 percentage points to 14.1 percent. On the other hand, France and Great Britain and, above all, Japan as well as Far East developing countries have been able to expand their share of the market considerably.

Even German investments in OPEC countries have experienced a certain restraint. Between 1976 and 1980, OPEC's share in Germany's total foreign net capital outlays remained unchanged at a mere 2.6 percent. At the end of 1975, direct investments by the FRG in OPEC countries that had accumulated since 1952 reached DM 1.07 billion. Five years later they had climbed to DM 1.92 billion.

Almost 75 percent of this net growth of DM 852 million took place in the four countries of Iran, Nigeria, Algeria and Saudi Arabia. The biggest share of the total of the German OPEC investments is concentrated in Iran with 26 percent, in Libya with 19 percent and in Nigeria with 15 percent. By comparison, the interest of OPEC countries in capital investments in the FRG has increased much more.

At the end of 1975, they had invested DM 433 million in German enterprises; at the end of 1980, however, the amount had already risen to DM 1.62 billion, 85 percent of this amount came from Iran. The second-largest investor followed at a great distance. It was Kuwait with DM 108 million; next was Venezuela with DM 27 million.

According to IFO, it would be advisable to make preparations for the future on these markets since the development plans of important OPEC countries will expire in 1984 and 1985. The neglect of past years could be made up in 1982 and 1983.

With respect to long-term planning, it is important for the FRG to pay theater attention to the general shortage of skilled labor and technicians in the OPEC countries. It is in this area that the FRG has an extraordinary advantage and a head start, because its vocational school system is a model which many would like to imitate. Particularly people from developing countries who worked in German companies for an extended period of time later turn out to be the best promoters of German products.

IFO is criticizing the reduction in the Goethe Institute budget in several OPEC countries. New establishments in Saudi Arabia, the sheikhdoms, in Libya and in Iraq have been postponed indefinitely. At any rate, particularly these last few years have shown that economics alone is not the most important thing for the development of the OPEC countries.

8991
CSO: 3103/92

NATIONALIZATION, UNEMPLOYMENT, TAX POLICY RESULTS ANALYZED

[Article by Antoine Cassan]

Paris CONTREPOINT in French 15 Jun 81 pp 9-15

[Text] Any election period gives an economist a mixed feeling of satisfaction and puzzlement. While he is glad to see economic problems right in the forefront, he cannot help remaining doubtful about the way in which they are handled.

To be sure, the absence of intellectual exactness is not a crime; it can even be a rather pleasant shortcoming--when the fate of a country is not at stake.

In this regard, staying strictly within the limits of the field of economics which concerns us, it becomes quite apparent that the Left, on the whole, still has not solved the major contradiction that exists between a generous social policy and undeniable economic constraints.

Let us begin with what is simplest. The famous phrase of Robbins, for whom economy postulates a relationship between human objectives and scarce means, remains perfectly valid. However much Western societies may have progressed, the fact remains that it is impossible to distribute more than what is produced, and that no influence can be exercised on the economic sum total without producing induced effects. It would put us to shame to have to bring truisms like these back to mind, if listening to and reading certain statements did not cause us to have doubts about their obviousness.

The Socialist economic program has often been denounced as being hazy. Attention has often been called to the intellectual extraction and the widely diversified training of the men responsible for carrying it out; however, a certain number of tendencies and specific proposals become apparent, as well as an overall concept, which make discussion possible.

It will be noted that the majority of the possible measures, like the lowering the retirement age or nationalizations, are already a part of traditional but inexhaustible disputes. The problem of their cost has been brought up frequently. In this regard, the position of the current president of the republic--while he was only a candidate--is known. "Giving a figure for it is absolutely out of the question," he declared at the beginning of the campaign[1], specifying at the time of

the debate with Mr Giscard d'Estaing that it was impossible to compare because they "were not taking positions within the same field of dialectics." Therein lies the whole problem. It seems difficult to take a position within the dialectics of "capital output" when it is going to be a matter of taxing business firms, and within the dialectics of "breaking off from capitalism" when it is going to be a matter of setting up several social measures that are burdensome and constitute an attempt upon productivity.

Each measure has a cost and effects. Let us restrict ourselves to studying them within the current economic dialectics, since this is known to us.

Pinpoint Measures Not Adapted for an Economic Crisis Situation

Nationalizations

Is it because everything seemed to have been said about nationalizations in 1978 that they were almost totally absent in 1981? The nationalization of nine large groups is nevertheless explicitly present in the presidential platform[2]. It seems that the Left has succeeded in getting everybody to envisage nationalizations not as an increase in state control aims, but as a presumptively more effective management technique. At the risk of being wearisome, the terms of a debate which is obsolete only in appearance should be recalled. It is not just because the TGV [high speed train] is the honor of the SNCF [French National Railroads] and EDF [French Electric Company] managed to put across a decisive nuclear policy, and Renault's results were not so bad as those of Peugeot that no questions must be asked about the management of the public sector. It then is seen that the cost of it for the nation as a whole is very high.

If comparison on an equal production basis is made, public business firms pay 10 times less taxes, but receive 20 times more subsidies than the private sector[3]. The very widespread idea according to which--under the pretext that their investments increased by 80 percent while those of other firms stagnated--it is probable that national businesses may be more dynamic and may have "stretched" growth switches the terms of the debate the other way around. The fact is that it was the private sector which, through periodic deductions, insured the vigor of the public sector. What is more, draining off a major part of public and private savings, nationalized businesses thus threw the market off balance.

Increasing the nationalized sector therefore could only aggravate the distortions of the existing system.

Even if innumerable problems (indemnification of shareholders, statutes of the affiliated firms of the groups, "spontaneous" nationalization, etc.) are finessed, nationalizations remain, in a large measure, meaningless from the point of view of economics.

First of all national businesses have management constraints that are much less strict than those of private businesses. They are not subject to the same profitability criteria. Let us take the case of Renault, often mentioned as typical. This firm offers, on an equal skills basis, an average salary for workers

16 percent higher than that of Peugeot. That seems like a good point. But from a reading of the balance sheet it can be seen that from 1975 to 1979 Peugeot paid three times more taxes than did Renault. From 1966 to 1975 the taxes paid by Peugeot were about equal to the subsidies which the state paid out to Renault. The prevailing impression is that one of them was maintaining the other. If the whole automobile sector is nationalized, this kind of transfer will no longer be possible. Recourse to a private sector reduced to a mere trickle is becoming, in any case, more and more risky.

In point of fact, one cannot help asking oneself questions about the respective weights of the two sectors. If the minimum program of nine nationalizations is still adhered to, the share of the nationalized sector will go up from 11 percent to 18 percent of the GDP. That may seem reasonable, but it represents, in fact, 27 percent of the active population, 45 percent of exports and 75 percent of research. With credit and insurance, nearly one fourth of French production will come under state control, and during a period of open international competition. Will the French, like the Italians, be inventive enough to get around the unwieldiness of state management and create a parallel market? There is no answer yet.

Retirement at 60 and the 35-hour Week

These two measures interest us not because of their social nature but because they were presented in a plan for combatting unemployment. Now, it does not appear that the very high overall cost of these two measures is responsive to expectations in this area.

Concerning retirement at 60 for men and at 55 for women, the analysis is rather simple. In total this measure concerns about 1.5 million people (1,433,000). That is to say a little less than the current number of job seekers. It would be great to replace one of the groups with the other. But the correlation exists only on paper. People are not interchangeable. An experienced worker cannot be replaced by an apprentice just starting out. Furthermore quite a few business firms would take advantage of this measure especially not to do any rehiring. A study by the Business Institue[4] estimates that for every 150,000 departures for early retirement, hardly more than 20,000 jobs will be created.

Even if this amounts to a pessimistic underestimate, it is not possible to see any more than 400,000 persons hired for 1.5 million departures for retirement. To the extent that this represents one-fourth of the job seekers, this measure could nonetheless be considered worthwhile. Several qualifying statements are in order. First of all, as all investigations on this subject show, if the measure is not carried out authoritatively, only half of the interested parties will benefit from it. That is about 750,000 people. That already makes only 200,000 jobs opened. And then this measure would have a cost. If one figures the difference between the new pensions to be paid (21 billion francs), the loss of dues (9.8 billion) and the savings in unemployment insurance (12 billion), an expense of about 19 billion francs is found. There are two ways to compensate for this loss: increase social contributions or direct taxes of those remaining active or else increase the budgetary deficit by the equivalent of 19 billion, i.e. the additional two-thirds, which does not solve the problem of financing the deficit.

It would perhaps be tiring to go into the same line of reasoning for the 35-hour week. Let it be sufficient to point out the disappointments of the Popular Front as they were exposed once and for all by Alfred Sauvy in his "Economic History of the Period Between the Two World Wars."

After the adoption of the 40-hour week in 1936, unemployment, far from falling back, multiplied twofold. No doubt a tendential reduction in the weekly duration of work (44.4 hours in 1973 as against 40.7 today) can be noted. But it must be recognized that this is above all due to a general decrease in activity. Normally an equivalent gain in productivity must correspond to the reduction in the duration of work. That assuredly would not be the case.

Furthermore, adopting the 35-hour week, even if all European countries did likewise (which is not evident), would remain absurd when one claims to be struggling against the competition of the entire world. As for the idea of "making the machines operate" as a replacement for people, that is more ascribable to sorcery than to realistic study (in the tertiary sector, for example, machines are not what will replace people).

But perhaps it will be said that if nothing is ever possible, there is not much likelihood of progressing very far. The fact is that these measures should not be decreed, even following prearrangement, by setting a single objective (why 35 hours rather than 32 or 38?) valid for everyone. It is "from the bottom" that the carrying out of this sort of objective should start. Everything must be looked at branch by branch, almost case by case. It is perfectly true that a number of business firms would come out better by reducing their staffs and their working hours (that would simply be institutionalizing a common practice), but it is also true that some would suffer from a loss of qualified jobs and from a noncompensated reduction in productivity. It would do just as well to let the businesses themselves decide what they can do, just as they do, for example, for the fith week of paid leave which already exists for half the wage-earners.

Major Income Needed

We have studied only a few of the Socialist measures among those which are most symptomatic of the mistakes which can be made by uniting dogmatism and generosity. But quite a few others could be studied[5]. With the total standing in the neighborhood of 400 billion, i.e. the equivalent of two-thirds of the current budget of the state (617 billion). Even if this amount were spread out over time, the economy would have to have a tremendous absorption capacity.

Pleading the slightness of the current budgetary deficit, Mr Francois Mitterrand envisages enlarging it considerably. So be it, but the operation is not free of limitations or consequences. The deficit for 1980 was 29 billion. It has been estimated at 30 billion for 1981. According to the analyses of the American company, DRI, it appears that if the growth of the GDP does not exceed 0.5 percent and inflation is maintained at 13 percent, this deficit will, in fact, amount to 47 billion. It seems very difficult to go much beyond that. As a matter of fact, there are (up to now) only two ways to finance the budget deficit: the "bank note board" (i.e. through inflation) or borrowing. Unless there is an unusual recovery. Which, with the Socialists' income, does not appear entirely certain.

Before Looking Into This Point, Let us Consider the Fiscal Arsenal

Let us quickly pass over the suppression of fiscal holdings, a measure which will bring in about 3 billion, but which is related to the famous series known as "one-shot rifle." As a matter of fact, if collections for the first year can be imagined, it is, moreover, certain that the savers would turn, as quickly as possible, away from the financial market. The stock exchange would waver a little bit more, and businesses would have a little more trouble finding a way of financing suited to their needs.

Let us likewise pass over the taxing of large fortunes, concerning which the important Ventejol[6] report had already pointed out that it would cost more for collection than it would actually bring in. The unsuccessful experience in taxing surpluses has more than fully informed us in this field.

Once again, let us pass over the direct tax on large incomes, this measure being less important for expected collections (Fr 7 billion, if the maximum rate is put at 90 percent) than for its symbolic value. It expresses hopes for a reduction in inequalities through taxation. All foreign experiences (Great Britain, Sweden) have shown the peril which measures to take the heart out of effort cause society to undergo.

But let us, on the other hand, focus our attention on the tax on the capital of companies. The proposed rate is not given. Nor does Pierre Uri's recent book, "Changing Taxes," provide us with much more information.

In it Pierre Uri envisages neither difficulties of application, nor establishment, nor the ultimate yield. On the other hand, he sets the rate at 1 percent. That is, in fact, a maximum. A certain number of European countries employ this tax at a rate of 1 percent for Switzerland and Austria, and 0.7 percent for Germany and Norway. Bearing in mind its newness in France, if it is desired to limit its repercussions on sales prices or, even more serious, a huge disinvestment, a rate of 0.5 percent can be envisaged. On this assumption, and by mechanically applying this rate to the net inheritance, nearly 17 billion could be recovered. That amounts to an increase of 25 percent in the tax on companies. Drawing conclusions from that can be left up to each individual's imagination.

All of the measures that we have studied have one thing in common. They discourage businesses. Which brings us to the Socialists' key problem: what can possibly be the outcome of a wish to give consumption a fresh start while slowing down production?

Is a New Start Through Consumption Possible?

The Basic Challenge

It is the eternal dilemma already pointed out at the beginning of this article: how to get social reforms paid for by businesses which are likely to be stifled beneath new responsibilities and constraints. On a parallel with taxes and social contributions, operating costs will necessarily increase. Salaries, it is already projected, will be higher. It seems that the cost of energy and raw materials can

only follow a rising curve. Dependence with regard to nationalized bank circuits will be stressed. Self-financing of businesses will approach epsilon, and investment will be lastingly brought back into question[7]. Since at the same time it is planned to strengthen control over the Business Committee with regard to layoffs and to do away with the interim agencies[8], personnel management will become increasingly difficult. Even if there is not a widestpread collapse, a turn towards a sickly and impoverished economy will be all that can be done. The spirit of enterprise, and hence the desire to create wealth, having often been badly knocked about already, will be pared down even further, and France will leave the market of peak sectors where it had acquired a number of enviable positions.

Reconciling the Irreconcilable

To solve this puzzle and satisfy businessmen as well as employees the Socialists have proposed making a fresh start through consumption. That seems like such a simple and generous idea that ill will can be the only explanation as to why it has never been carried out. It is enough just to increase low salaries, and production, to meet the demand, will start up again ipso facto.

If carried out, this concept has very little chance of producing the expected miracle.

Giving the economy a new start through consumption is an interpretation, a mistaken one, in fact, of the Keynesian theory. Keynes, confronted with the problems of his times (i.e. different from ours) wanted, himself, a new start in production, and for achieving it would never have imagined beginning by making the production costs of businesses heavier through salary increases.

What will be the most foreseeable effects? If businesses are asked to pay the oversalary, many of them, especially among the PME [small and medium-sized businesses], will not be able to bear with it. To avoid numerous instances of bankruptcy and unemployment right along with it, it will much more surely be up to the state to finance this new start (through various types of assistance). To find the means of doing so, it will either have to float a loan (risky, and which will weigh heavily on the public debt) or issue paper money in excessive quantities (inflation). From then on, everything is necessarily linked together. In an economy totally interdependent with its neighbors, this increase in purchasing power will have, as its first effect, a considerable increase in our foreign deficit. As a matter of fact, it will either come to bear directly on the purchase of foreign goods (textiles, electrical and household appliances for example), or, to meet the new demand, French businesses will start out by equipping themselves on foreign markets, as the 1975 experience showed, albeit in an entirely different context.

For quite a long time now the French economy has not been living in national self-sufficiency, and all of the external parameters must be borne in mind.

Stuck with widespread inflation, further increased by a gigantic budget deficit, a serious trade deficit, growing unemployment and a more than probable discouragement of private initiative, what can the government do?

Our purpose is not to conjure up France's current (at least up to May 1981) economic situation, but let us say that it would have been desirable to hear the Socialists give their views on the causes of inflation, the roll of the monetary assets, the sociological diversity of unemployment. That would have showed that they had done an analysis of it.

Without that we are reduced to those elements which we possess. Consequently there is a need to be clear: even under the most favorable assumption, one in which everything would happen in the best possible way, one in which the application of the Socialist program would amount to no more than the minimum carrying out of the least dangerous measures, it would lead us to a sort of British laborism, which, it is now realized, has drained England of brainpower more than two wars combined ever did.

FOOTNOTES

1. On Channel 2, 17 March 1981.

2. Measure 21: "the public sector will be broadened by the nationalization of the nine industrial groups projected in the Common Program of the Socialist Program, of metalworking and armament and space activities financed with public funds. The nationalization of credit and insurance will be completed." These nine groups are CGE [General Electric Company], Thomson Brandt, Honeywell Bull, ITT France, Saint Gobain, Pont a Mousson, Dassault, PUK, Roussel Uclaf, Rhone Poulenc.

3. According to the national accounting records for 1979, for a value added equal to 10 percent of that of private business firms, nationalized companies paid Fr 404 million in taxes (against Fr 43 billion for the private sector) and received Fr 30 billion in subsidies (against 15 for the private sector).

4. "Towards a New Approach to Employment" (p. 89), 1978.

5. Let us quote the increase of 50 percent in family benefits (cost: 40 billion francs), the old-age minimum and the benefits to the handicapped put at two-thirds of the average income (67 billion), research put at 2.5 percent of the GNP (19.5 billion). Not counting the purely political measures, of no social advantage, such as the nationalization of private education (22 billion) etc., etc.

6. Report of the Study Committee on a "Tax Levied on Fortunes" presented by Messrs Ventejol, Blot, Meraud, LA DOCUMENTATION FRANCAISE, 1979.

7. For it would be best to destroy the myth of "superprofits" dear to many. Aside from some exceptions of a purely conjectural nature, the curve of profits compared to that of investments [words missing from original] that the former have been wholly reused. Finally, French businesses have done more investing than profit-making.

8. Socialist Project, pp 236 to 244.

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GOVERNMENT COUNTING ON 3.3 PERCENT GROWTH IN 1982

Paris LE MATIN in French 6 Oct 81 p 21

[Article by Dominique Thiebaut: "1982 Growth Up 3.3 Percent"]

[Text] Statistics on the current situation. Administration banks on this recovery. It could even come too fast. "A definite resumption of growth." This is how Laurent Fabius described the "economic assumption" adopted by the budget ministry for drafting the 1982 finance bill. This year, growth will undoubtedly not exceed 0.5 percent. Benefiting from an international environment that is a little more favorable and a resumption of consumption and investments, it should, according to administration estimates, come to something like 3.3. percent in 1982. But the experts today are divided as to whether it is necessary to revive the French economy still in 1982 or whether, on the contrary, one should "cool things down."

Going almost unnoticed amid the hullabaloo created by new taxes and the elimination of anonymity procedures relating to gold, the macroeconomic hypotheses, which the administration presented along with the 1982 budget, nevertheless do deserve another look. They point to a recovery for next year (with an anticipated growth rate of 3.3 percent), quite in contrast to the quasistagnation in 1981; growth this year as a matter of fact will barely exceed the mythical figure of 0 by half a point.

What are the reasons for this relative optimism? The budget minister has arranged them in two "packages." First of all, in international terms, the environment should be more favorable, with an anticipated average growth rate of 1.8 percent among France's eight main foreign partners. This is definite progress after the 0.4-percent drop which we had to record in those countries in 1981.

Specialists are also counting on other positive factors, such as the pursuit of a moderate policy on petroleum prices. They also hope that the return to a certain international monetary system will permit an improvement of the situation without causing us to lose too much of the advantage we hold in terms of competition which we got from the sharp rise of the dollar.

From that viewpoint, the monetary readjustment which took place last Sunday should --by promoting a mechanical return to a more realistic franc/dollar parity--considerably reduce our commercial advantage. What will be lost on the one hand however will, at least for several months, be regained on the other hand thanks to the franc moving up on the mark. All of this should make it possible to reduce our foreign deficit from Fr 65 billion in 1981 to Fr 40 billion in 1982, as a result of an increase of 4.9 percent in French exports.

Domestically speaking, next, the administration expects a recovery of 2.5 percent in household consumption, encouraged by a series of measures aimed at low-income segments, such as the increase in family allowances. It also expects a 3-percent growth (following the 4.5-percent drop this year) in the investments of enterprises other than finance outfits. We will thus not have a complete compensation for the 1981 drop but the thing that counts is that we are getting started again. That should result from direct incentives through financing assistance (primarily in support of the PMI [small and medium businesses]) or indirect measures through the 13-percent increase in the volume of budget expenses.

Funds earmarked for energy savings thus would increase by 55 percent whereas housing would receive substantial government aid. We must also note that the administration very heavily counts on the resumption of private investments rather than on investments in the public sector which are already on a high level. Apart from the size involved, the gross capital formation tied up in housing (in other words, household resources) would grow by 7 percent while among national enterprises it would grow only 1.6 percent. As for the reconstitution of inventories, it should by itself account for only 0.9 percent out of the promised 3.3-percent growth.

All of these estimates must be taken with a grain of salt, as the budget minister admitted by the way. They are in effect based on the hope for a substantial slowdown in inflation. Depending upon the method of calculation used, inflation would be 11.9 percent or 12.9 percent. In the first case, we must in effect consider the price "slippage," that is to say, their development, month by month, over a period of a year, in this case, from December to December; in the second case we take into account the comparison of the averages of 2 years (this is what the national auditors are doing) to determine the general inflation rate. According to these two systems, the figures for this year are, respectively, 14.2 percent and 13.4 percent.

The administration furthermore expects an increase of 2.4 percent in household purchasing power in 1982 (but only 1 percent for nonwage-earners). This would essentially result--according to the assumption in official studies--from the upgrading of social benefits which had climbed by 5.7 percent in terms of volume.

But there is one figure that worries the experts: the savings rate figure. Declining for the past 2 years, it did not improve in 1982 and stagnated around 14 percent as against the usual 17 or 18 percent. Even if the French remaine better savers than their neighbors, this development expresses a change in behavior which is quite worrisome in the long run. This is true especially since this savings decline will be accompanied by a "recovery" budget deficit of 95 billions.

Some economic experts believe that we might be facing the risk of the entire machine beginning to race. This racing during 1982 might necessitate a real cooling-off plan (or whatever you might wish to call it, a plan which remains to be figured out so as not to introduce the idea of a failure of government policy). We have not yet reached that point, other analysts reply, because we have much to make up after years of austerity.

Statistics for Information

	Date	26 Valeur (1)	27 1 mois	28 1 an
ACTIVITE 2				
Indice de la production industrielle 3	30 juin 1981 29	124	+ 0,8 %	— 5,3 %
PRIX 4				
Indice INSEE, base 100 en 1970 5	31 août 1981 30	289,6	+ 1,2 %	+ 13,6 %
Indice CGT, base 100 en 1970 6	31 juillet 1981 31	369,3	+ 1,8 %	+ 16,3 %
EMPLOI 7				
Nombre de demandeurs d'emploi (1) 8	31 août 1981	1 840 300	— 0,5 %	+ 26,3 %
Nombre de bénéficiaires d'allocations chômage 9	31 août 1981	1 301 264	— 2,8 %	—
Nombre d'offres d'emploi (1) 10	31 août 1981	65 400	— 1,8 %	— 21,2 %
SALAIRES 11				
SMIC	1er sept. 1981	17,34 F	+ 3,7 % sur 2 mois 34	+ 21 %
Indice du taux de salaire horaire ouvrier 12 (100 au 1er janvier 1980)	1er juillet 1981	108,2	+ 4,5 % en un trimestre	+ 15,3 %
13 Budget type d'une famille (UNAF)			35	
14 — avec 2 enfants (en francs)	31 juil. 1981	6 004,78	+ 1,80 %	+ 10,71 % 37
15 — avec 2 adolescents (en francs)	31 juil. 1981	7 017,83	+ 1,68 %	+ 10,67 % dep. le 31/12/80
COMMERCE EXTERIEUR 16				
Exportations (1) 17	31 août 1981	48,3 milliards 32	+ 0,6 %	+ 18,6 %
Importations (1) 18	31 août 1981	54,4 milliards de francs 33	+ 0,9 %	+ 14,9 %
CHANGES, BOURSE 19				
Dollar	5 oct. 1981	5,6175 F	+ 0,4 %	+ 33 %
Deutsche Mark	5 oct. 1981	2,5033 F	+ 4,3 %	+ 7,9 %
ECU	5 oct. 1981	6,1744 F	+ 3,8 %	+ 4,9 %
Indice CAC, valeurs françaises, base 100 29 déc. 1961 20	2 oct. 1981	91,8	— 0,9 % 36 en une semaine	+ 15,7 %
TAUX D'INTERET 21				
Taux de base des banques 22	6 sept. 1981	14,50 %	—	—
Taux de l'escompte 23	26 juin 1979	9,5 %	—	—
Taux au jour le jour 24	2 oct. 1981	18,50 %	—	—
CONSTRUCTION				
Indice INSEE du coût de la 25 construction, base 100 en nov. 1953	1er trimestre 1981	630	+ 3,3 % en un trimestre	+ 10,72 %

(1) Ces chiffres sont donnés après correction des variations saisonnières.

Key: 1--These figures are given after correction of seasonal variations; 2--Activity; 3--Industrial output index; 4--Prices; 5--INSEE [National Institute of Statistics and Economic Studies] index, base 100 in 1970; 6--CGT [General Confederation of Labor] index, base 100 in 1970; 7--Employment; 8--Number of job-seekers (1); 9--Number of persons collecting unemployment compensation; 10--Number of job offers (1); 11--Wages; 12--Hourly worker wage rate index (100 as of 1 January 1980); 13--Standard family budget (UNAF [National Union of Family Associations]); 14--With two children, in francs; 15--With two adolescents, in francs; 16--Foreign trade; 17--Exports (1); 18--Imports (1); 19--Foreign exchange, stock exchange; 20--CAC index, [key continued on following page]

[key continued from preceding page]
French values, base 100 as of 29 December 1961; 21--Interest rates; 22--Prime rate, banks; 23--Discount rate; 24--Daily rate; 25--INSEE index for cost of construction, base 100 in November 1953--1st quarter of 1981; 26--Value (1); 27--One month; 28--One year; 29--June; 30--August; 31--July; 32--Billions; 33--Billions of francs; 34--Over 2 months; 35--In one quarter; 36--In one week; 37--As of 31 December 1980; SMIC [interoccupational minimum growth wage]; ECU--European currency unit.

5058
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PSF MILITANTS 'PUSH' GOVERNMENT FOR ECONOMIC CHANGE

Paris LE MATIN in French 6 Oct 81 p 17

[Article by Jean-Gabriel Fredet and Pierre Feydel: "The Change Is Gathering Speed"]

[Text] Review of the week. Limitations of budget deficit and price controls. PS [Socialist Party] militants are "pushing" the government.

"The current situation is not irreversible. After the changeover has taken hold, some of the mistakes made can be corrected." For Jacques Chirac who yesterday returned to the political arena, there is no doubt about that: what one majority has done, another majority can undo. That by the way is the law of democracy.

In the meantime, the last two economic policy decisions adopted by the new team take us into a system which not only has rather little in common with the preceding one (and this is the most logical consequence of the political change) but from which it will be increasingly difficult to turn back. Let us take the budget. Nobody really challenges the administration's decision aimed at making better use of an "accepted" budget deficit in order to revive the economic machine and thus to reduce unemployment. The only trouble is this: accepting an initial deficit of Fr 95 billion as a matter of fact boils down to accepting a "gap" which, by the end of the fiscal year will most likely exceed 130 or even 140 billions. "That is less than our European partners," emphasized the new Keynesians. In so doing they are perhaps underestimating the logic of a deficit of such dimensions. Based on praiseworthy but expensive decisions, this step carried within it a germ that can grow as the years go by--without any trigger mechanism ever being able really to slow the pace down.

Here is another evolution which seems no less irreversible: the return to price controls. By announcing that the "accompanying measures"--scheduled tomorrow to prevent the adverse effects of the readjustment of the franc--will not in any way interfere with the return to liberty, did not Jacques Delors yield to a deceptive illusion? It is true: the temporary blocking of private services, the stabilization of certain sensitive products, or the close watch on distribution margins is not an overall return to taxation. Industrial prices will remain freely fixed. But, by virtue of its breadth, the whole setup very much resembles a wedge stuck in the old system. Freedom of price determination, like freedom as such, cannot be divided.

Should the PS militants systematically keep pushing where economic and social reality resists change? It is rather tempting to oppose officials who prefer to take their time and do things gradually, in contrast to the activists who are afraid that we are not going far enough. The PS parliamentary delegation often seems inclined to push the situation along through amendments. In the administration, people seem more concerned with working out a good cruising speed, the kind of speed which makes it possible not to fatigue the boat too much, to maintain course, regardless of the state of the sea.

Thus we saw Economy and Finance Minister Jacques Delors and Industry Minister Pierre Dreyfus vigorously counterattack so that the new tax setup on estates will not interfere with implements of work. About a hundred small banks escaped nationalization in spite of the moves made by socialist militants in this activity sector.

This week, the debate on energy hints at the same type of conflict. Edmond Herve would like to reduce the nuclear program for the next 2 years to six new reactors, not nine. Paul Quiles, PS national secretary, only wants four. Two more or two less--that is the difference between the supporters of an abrupt slowdown and those of gentle deceleration.

Two reports ordered by the information service of the premier did not please the rank-and-file socialists very much either. First of all there is a report by Professor Schwartz which explains that, in order effectively to reintegrate the young people into the job world, national education would have to change its methods. He is not sure that teachers, who are numerous in the PS, appreciate this kind of criticism of their work. As for the Bloch-Laine report on the laws of the preceding administration, it says: "When we deplore imperfect situations, we do not mean that it would have been possible, without any major difficulty, to produce better ones; nor do we say that, in spite of the charges during the election campaign, it is now possible or perhaps even easy to do everything much better. We were capable of doing things less well or even worse yesterday and we can do the same thing tomorrow." And he concluded: "The means for the future must be invented rather than re-invented."

It would be easy on the other hand to say that the left-wing administration is operating more to the right than the parties supporting it might think. We furthermore observed the inverse phenomenon when the right was in power. De Gaulle, Chaban, and Giscard were suspected of intentions further to the left than their majority. That might speak in favor of a defacto centrism on the part of government action in a situation where there is no real desire for a change. Francois Mitterrand replied that he has time for a gradual change and he also has the determination to pursue it.

5058
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LABOR, MANAGEMENT GIVE VIEWS ON ECONOMIC RECOVERY

Trade Union Federation's Views

Rotterdam NRC HANDELSBLAD in Dutch 15 Oct 81 p 13

[Text] The FNV [Dutch Trade Union Federation] requests the government in the first place to set itself the task of working out an employment plan. The fact that such a plan is not yet in existence, according to Chairman Wim Kok, is not to say one should not set to work regardless.

According to the draft notes which the FNV unions will discuss in the coming weeks with their members, the FNV also wants to come to an agreement with the employers on an employment plant. The elements of such a plan would have to receive a place in the CAO [Collective Labor Agreement] or in a protocol of the CAO.

The FNV holds open the possibility that employees contribute to the financing of investment plans in the form of workers wage concessions for investment purposes. Within the trade union headquarters the question must be more closely discussed how workers wage concessions can best be put into effect practically.

According to Kok, the workers wage concession, even if short term, does not appear likely to be a part of the negotiations.

An introduction of the workers wage concession can be discussed with the FNV however only if it is established that the employees have a say in the money that is thereby released.

Redistribution of work by means of shortening the duration of work can be seen as one of the parts of an employment plan. In order to facilitate the financing problem a little, a temporary wage cost subsidy could be procured for the employers who draw up a plan of redistribution with the trade unions.

Kok acknowledged that the working out of the standards for the gross wage cost development (inflation compensation plus productivity increase) remains rather vague in the note. That comes from the fact that there is still uncertainty over the rising costs of social security. It is not yet known if the government decides to decrease the government contributions to the social funds.

A second problem involves the rising costs which result from incidental improvements like periodic wage increases, promotions, changes in personal status.

Taken on an average, the note says that beside inflation compensation there will be little room for the improvement of the working conditions.

Kok says that for the recovery of the balance in the first place the investments would have to be raised if we want to prevent an intensification of the crisis.

Reductions: The investments according to his opinion are not automatically carried out if the trade unions fail to accept in the negotiations, for example, a reduction of the inflation compensation.

For the FNV the most important demand is that it wants to establish its policy in freedom. That includes that it wants to decide itself if it wants its policy to fit into the government policy.

Industrial Organization's Views

Rotterdam NRC HANDELSBLAD in Dutch 15 Oct 81 p 13

[Text] The Federation of Netherlands Enterprises (VNO) is quite worried about tensions within the cabinet over the financial and socio-economic policy.

Chairman Mr C. van Veen spoke yesterday about differences of opinion between ministers who strive for short term successes and ministers who want long term economic recovery.

Financing the employment plan by reducing the contributions to the Investment Account Act (WIR) or breaking natural gas contracts is in his opinion an absolute denial of an economic problem. Reducing the WIR contribution would mean a silent death blow for many enterprises.

Van Veen named five conditions that cabinet policy would have to satisfy according to the VNO.

In the first place 800 million gulden is necessary for the reduction of employers' social contributions. Then the VNO wants one billion for debt relief by means of raising the capital deductions and 500 million for fiscal concessions in the sphere of export promotion, innovations, and training.

Related to that, the deficit of government financing is to be reduced in order to bring down the high interest rates.

The VNO also wants a review of the energy policy. In particular, the electricity rates would have to rise less. According to Van Veen, the improvement of competition in the economy was offset by the rise in electricity rates in the past three years.

The environmental policy would have to be reconsidered because the enormous cost increase from 70 to 85 percent expected in the coming years will also affect the competitiveness in business.

Finally, the VNO wants to escape government "carping" and the over-abundance of regulations which are moreover subject to frequent changes.

With this working conditions policy the VNO wants very much to put the emphasis on decentralization of the negotiations and the increase of income differences. The VNO rejects further leveling of income. Also the wage structure would have to contribute to the recovery of the operation of the labor market, according to Van Veen.

9872
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KETENCI EYES BILLS GOVERNING EMPLOYEE-EMPLOYER RELATIONS

Istanbul CUMHURIYET in Turkish 1 Oct 81 p 5

[Article by Sukran Ketenci: "Laws 274, 275"]

[Text] The first report on passage by the Council of Ministers of the bills incorporating the changes to be made in Laws 274 and 275 appeared, more or less, in certain newspapers. Whatever the focus of the news that day, there can be no question that any editor, or layout secretary for that matter, should allot so little space to the bills that will shape the employee-employer relations of the future. Nor that concern was expressed over the accuracy of the report or that the report was able to be processed adequately.

Turning to the views of the experts who had received the assignment in the special law committee, we see that they did not not believe the report accurate either. They represent their thoughts in terms having this sense: "Quite a few erroneous reports come out in the newspapers on draft laws. We cannot express opinions on a report when we are concerned about its accuracy. The substance of the report does not seem consistent with the views adopted earlier."

In fact, in announcements about work on the laws concerning unions and collective agreements which will shape the future of labor-management relations and, indeed, of the nature of democracy, our labor minister, Prof Turhan Esener, had spoken of convening the Labor Conference. TURK-IS [Turkish Confederation of Labor], too, had insisted on convening the Labor Conference, but within months the liklihood of convening it grew weak. Rumors had been circulating in Labor Ministry circles that the labor sector would be in the position of being represented at the conference by TURK-IS alone, that no unanimity existed in TURK-IS itself on the substance of the law, that the same differences of opinion existed in the management sector also and that a quarrel would erupt if the Labor Conference convened. For this reason, a subcommittee of experts and scholars was formed with the intent of formulating a sounder set of views and the first drafts were drawn up by this committee. However, after preparation of the first draft, discussions took place between the Labor Ministry and the top leadership of TURK-IS and the Employers' Confederation and it was announced that the views of both sides would be heard in discussion, with the first draft presented for debate.

So, it is a surprise at this stage for the draft law to have been passed by the Council of Ministers without the promised debates having taken place. On the nature of the original drafts, however, the initial reports are baffling if true.

To date, there has been no one who defended the one confederation, one union principle for amendment. We do not know of a single expert or scholar, whether on the subcommittee or not, who defended this view. As far as we can tell from his lectures and books, we do not think Prof Turhan Esener would defend this view either. Though it is true that the TURK-IS leadership had said "Yes" to such a bill 11 years ago to enable the single confederation and its member unions to exist the easy way, it is necessary to underscore heavily that TURK-IS does not defend this view now. That bill was pushed through the Assembly secretly and in cooperation with the political administration of the time. The next thing that happened was the 15-16 June revolt that worried everybody and in which a large majority of the TURK-IS rank and file participated. We talked with hundreds of workers at that time, both before and after, trying to understand the source of such a violent reaction. The issue was not the closing of the Confederation of Revolutionary Worker Unions and the institution of TURK-IS by law or the reaction felt to that. Every worker summed up his reaction in words similar to these: "The larger the unions grow, the more impossible it becomes for the rank and file to influence top administration or to control the union. Our only power against yellow unions, bosses and administrators who sell us out is to be able to leave those unions and choose other ones. The law deprives us of this right."

Everybody defends strong unionism if labor peace and especially worker rights are to be preserved. However, the only way to achieve organized worker unity and strong unionism is to be able to take measures against yellow unionism, nonfunctioning internal union democracy and union bosses. The single-union-by-law not only damages the free union system, it also brings with it as dangerous and risky a business as the support of yellow unions and union bosses.

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CALL MADE FOR MULTI-FACETED DEVELOPMENT OF ENERGY RESOURCES

Istanbul DUNYA in Turkish 28 Sep 81 p 2

[Text] Electric Affairs Study Administration [EIEI] Deputy Director General Suheyl Elbir, stating that the possession of adequate and reliable energy was a primary condition for industrialization and economic and social development, reported that oil's share in energy consumption would be down to 38 percent in 1990. "For this reason, Turkey must increase the share of coal and lignite in total energy consumption as soon as possible," Elbir said.

Speaking at the International Symposium on Geological Engineering, held in Istanbul 14-18 September, EIEI Deputy General Coordinator Suheyl Elbir noted that per capita energy consumption in our country was 31 GJ, much lower than the global average of 65 GJ.

Elbir continued as follows:

"In the distribution by source of the primary energy we produce in our country, anthracite accounts for 11.6 percent, lignite 25.3 percent, oil 12 percent, hydroelectric 14.8 percent and wood 22.1 percent, and we have to import as much energy as we produce from our own resources in order to cover total consumption. Oil accounts for an overly large share of imported energy and the large increases in world oil prices in recent years have put the energy problem among the top items on the agenda of our developing Turkey, as in all the world's nations.

"It is estimated that the share in energy consumption of oil, accounting for 48.6 percent of overall primary energy consumption today and obtained largely through importation, will be reduced significantly in the next 8 to 10 years, dropping to 38 percent in 1990. The concomitant rapid increase in the share in total energy consumption of our coal and lignite resources is unavoidable. Moreover, our country has significant potential in new energy sources such as geothermal, solar, wind and biomass and, doubtless, the parallel identification of these resources in optimum development planning for national energy production and stepping up efforts for rapid utilization of these resources will be very significant contributions. Towards the end of this century, our present national electricity consumption should quadruple, reaching 2,650 kwh per capita annually, and to do this we have to strive for a total power production of 24,150 mw in the next 20 years. This production capacity will be heavily weighted toward our hydroelectric resources, one-tenth of which are presently being utilized."

Elbir noted that, to do this, we would need to build as rapidly as possible new dams and hydroelectric power plants in addition to those now under construction, pointing out that geological engineering has been steadily gaining in importance in our country and throughout the world in the past 15 to 20 years, with the gradual proliferation of publications on this topic exemplified in the emerging need for frequent seminars, symposiums and congresses in this regard. The finest recent examples, he said, were the symposiums on "Landslides and Other Mass Movements" held in Prague in 1977, "Geological Engineering Cartography" held in Newcastle in 1979, "Geological Engineering Problems in Hydrotechnic Structures" held in Tiflis also in 1979 and, finally, "Geological Engineering Problems of Structures on Soluble Rock" held this year. He continued:

"Many of the dams and hydroelectric power plants built to date in Turkey are structures with few geotechnical problems, but soluble rock impacts on most of the dam projects now being studied and under consideration for study from the standpoint of making the most of our nation's hydroelectric potential and the geotechnical problems of this rock will make it necessary for us to build under harder foundation conditions in the future.

"The study of large engineering structures such as dams, power plants and tunnels on soluble rock, karstic limestone in particular, and putting them in project form has been the topic of research at our directorate general for more than 35 years. Many large dam projects planned in the southern foothills of the Taurus Mountains in our Mediterranean region, with its high hydroelectric potential, will be situated on limestone with karst topography up to a specific degree. It has taken many years of testing and opening galleries, geoelectric sounding, test injections, drill tests and follow-up techniques with isotopes at these dam sites and their reservoirs. The most important of these, Oymapinar Dam on the Manavgat River, now under construction on karstic Paleozoic limestone, has required more than 15 years of intensive geological, hydrogeological and geophysical research."

EIEI Deputy General Coordinator Erbil also mentioned the Koprucay Dam, which was to be built on the Koprucay River, also in the Mediterranean region, and for which time-consuming studies had been conducted on the limestone conglomerate, cemented largely by lime, on which it would have been built. He said that the conglomerate was too karstic, that karst continued to appear at depths of more than 150 meters from sea level and, for this reason, the dam was found to be uneconomical at present and had been abandoned. He said, "Our administration began foundation studies in the 1970's for the Kayraktepe Dam on the Goksu River. The dam sites which were under study were abandoned because hydrothermal karst continued to appear in the Permo-Carboniferous limestone during the foundation studies and it was impossible to build a sound injection screen. The research continues at another axis deemed positive at the final project stage."

Speaking of the Kavsak Dam which had been conceived as a key dam on the Seyhan River to provide energy for the Cukurova area with its great industrial potential, on which research had been conducted for years and which was indended to produce 2 billion kwh of energy annually, Erbil said that the project had been abandoned because the foundation of the dam would rest on karstic Permo-Carboniferous limestone and the reservoir would have to be built with a very expensive injection screen besides, and he added that alternative sites were being sought on the same river. He said in conclusion:

"Meanwhile, various dam sites on the Tigris River such as Rezuk I, Rezuk II and Dermah, on which foundation studies were begun in the 1960's, were abandoned because the technology of the time was not adequate to handle the 40- to 50-centimeter thick gypsum levels encountered at shallow depths during exploratory soundings. However, our country is oriented toward completion of the research for a considerable number of dam sites having better foundation conditions and the exploration of dam sites whose technical elements necessarily include evaporitic rock, and certain dam sites on the Tigris River on which such problems impact are being studied.

"As seen in these few examples I have tried to explain, long-term research and detailed studies are necessary for the building of large engineering structures on this type of rock, especially in dam construction, in our country and it is clear that the problems of geological engineering on soluble rock is such as to increase project costs because of the difficulties presented.

"This symposium is important from the standpoint of dam construction and large structures, and I believe that it will add clarity to matters concerned with geological engineering problems of structures on soluble rock and that the presentation and debate here of the experiments and valuable results obtained by the experts who have come from our country and many corners of the world, who have conducted research on soluble rock and who have worked on dam projects and construction will be a valuable exchange of information."

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BEKTAS DISCUSSES MARKETING ELECTROLYTIC COPPER

Istanbul DUNYA in Turkish 24 Sep 81 p 4

[Interview with Cihan Bektas, board chairman of Sarkuysan, an electrolytic copper industry, by DUNYA]

[Text] DUNYA talked with Cihan Bektas, chairman of the executive board of Sarkuysan, a national leader in the electrolytic copper industry.

Bektas asses the general status of this arm of industry in our country and Sarkuysan's place in this sector, expressing his views on the topics of which indsutrialists have complained from time to time since the 24 January decisions went into effect. We present the interview for our readers.

Question: Would you make a current evaluation of the electrolytic copper industry? Also, what is the position of Sarkuysan in this sector?

Answer: Copper, known to be the world's oldest metal, and its alloys have been prominent throughout the ages and became a major component of the advancement of present-day industry, art and technology.

Copper is universal; the rich, 35-percent copper ores obtained through underground and open mining methods were used in times when production technology was backward, yet recovery is possible today even from .05-percent and 2-percent copper ores.

Copper ores are crushed and ground and subjected to copper-enriching methods to produce a copper concentrate containing 18 percent-40 percent copper, thus becoming a commercial-grade copper.

Various smelting methods are applied to obtain blister copper, containing up to 99 percent copper, from the copper concentrates, and we have Black Sea Copper and Eti Bank which take production up to the kilister [as published; blister?] copper [stage].

What we call electrolytic copper, pure copper, is copper with 101 percent conductivity containing a minimum of 99.9 percent copper which may be produced by first firing blister copper and then purifying it by electrolysis. Precious metals, such as gold, silver, platinum, palladium and silenium which raw copper contains, are separated out during the electrolytic refining of copper anodes produced from

the blister copper. Electrolytic copper goes on the market either in the form of cathode copper after electrolysis or, by remelting and applying various production methods, in the form of ba..., filmasin [as published], wire, profiles, pipe and plates. Businesses such as Sarkuysan, Rabak and Elektrobakir perform these functions in Turkey.

The raw copper billets called blisters are refined and drawn into fine wire which is used in the cable and motor industries. We have learned pretty well from various informational media over the years just what energy is. I do not know if I need say that it is through their energy resources that national economies are able to reach a high level, because we all understand this very well. Therefore, installations like this which represent a large investment have put themselves on the line with their capital, technical personnel and their brothers, the laborers and workers. Rabak started out in the vanguard, Sarkuysan came in with the new technology and soon they had achieved capacities to be able to meet the nation's needs.

Black Sea Copper and Eti Bank, which can supply the primary material, blister copper, have followed the program goals and set up programs taking into account the country's needs and capacities and have become able to export if they get the raw materials.

I do not think it necessary to explain what electricity is or what it can do in our world today, because, looking around us, we cannot help but see, hear and understand. And copper, which is its basis, is an even more precious metal today than the gold and silver which we may think of as precious metals.

Sarkuysan started up in 1972 with 1,640 common shares and 100 million [liras] in capital. It made its trial runs in 1975 and began operations by the end of the year. It has raised its 10,000-ton capacity to 40,000 tons and its capitalization to 150 million, enabling it to acquire the modern technology in the field. With its employment volume, it can be proud of creating a field of employment in the country.

Question: Might you have views and proposals on eliminating difficulties in obtaining raw materials in the sector?

Answer: Better results could be achieved in this sector if just the establishments which the state supports such as Black Sea Copper and Eti Bank were supported through efforts allowing them to realize their production programs and providing them credit resources.

Our near neighbors Yugoslavia and Poland today operate at capacities in excess of 200,000 tons. They have resolved their labor problems. They are looking to the outside, exporting. Why should we not make new investments?

There are three primary factors in this sector: capital, labor and nature. Good coordination of this triad must be acquired. We are rich in natural resources. Our known metallic copper reserves are around 3.5 million tons. Despite this, the production level of Eti Bank and Black Sea Copper together in recent years has been 18,000-20,000 tons, and whereas program goals ought to be 80,000-90,000 tons with the contribution of the Black Sea Copper Works, which were established in 1973, it has not been possible all these years.

Considering that our country has a copper deficit of 30-35 tons [as published] per year, if we may say that the average price on the London market is 1,000 pounds sterling per ton of copper, we are taking a loss of 30 million-35 million pounds sterling in foreign exchange per year.

If 2-to-3-years' importation expenses could be got together, the existing production facilities could become more productive and new investments could be made to build new facilities.

The need for copper and finished copper products increases as the need for energy increases. We have an energy shortage. Therefore, this need will get bigger and bigger. In view of the fact that it is imperative that we act in keeping with the plan goals, we must take into account the deficits that will result in the future.

We began the business as amateurs in 1972. Thanks to our enthusiasm and love of country, Allah did not let us be disgraced. Sarkuysan and Sarda Distribution and Trade are proud to have been able to help the state by paying 475 million and 142 million [liras] respectively in corporation taxes for the 1980 business year. Our other subsidiaries will also reach the level to do what they should in the years ahead.

If it were desired to build anew today this large operation which began with 150 million Turkish liras, it would cost 8 billion to 10 billion liras. This is an organization that belongs to the people, to the citizenry. It is work, and we are proud to be able to be of use to the state and the nation with our work.

Question: What are the chances of the Turkish copper sector on the foreign market, its advantages and disadvantages? What is the difference between costs? What are your views and proposals on the sector's export possibilities and export mobilization?

Answer: The sector has no chance at all on foreign markets at domestic prices. However, if it does custom work, it can do some business and may have as much foreign exchange input as chances for work. There is a 100-percent difference between raw material prices at the producer establishments and foreign market raw material prices. This difference comes from costs and the production tax burden.

From the standpoint of costs, the state carries a heavy burden of workers. It is overstaffed. It has difficulty in setting wages and meeting the payroll. Therefore, valuable specialized personnel flee to free enterprise or else to foreign countries.

The cable sector, an offshoot of our business, has better export chances.

The scrap copper market has a wide range of prices on the foreign markets. They can buy scrap copper at low prices and export it to Middle Eastern countries at a good profit.

In copper, the opportunity must be provided to import raw and auxiliary materials, the need for which can reach 100 percent, at the rate at which they are exported.

In trial exports to France, Protugal, Syria and Saudi Arabis, the quality of our finished products was superior, and Sarkuysan has become a viable name among world copper authorities.

Question: What effect does the energy shortage have on the sector? In your opinion, what is the way out for the sector and in general?

Answer: As you know, the primary source of power in producing electrolytic copper is electricity. In particular, our blast furnaces run on electricity and it is necessary that they be kept hot even on days when they are not in production. If they cool down, we can lose up to a month's production. And production is not the only thing we lose; there will be a considerable loss of foreign exchange because of the loss of spare equipment for the electric furnaces, which we import until internally-made equipment can match production.

It is imporsible to speak of energy shortages in an arm of industry working under these conditions, so when energy restrictions occur, our entire staff mobilizes day and night to prevent damage to the facility. Special status should be provided also from the standpoint of electric energy in operations with characteristics like this, because we have an abnormally high electricity requirement in producing to meet domestic consumption on one hand and from the standpoint of encouraging exports on the other.

Question: Does the current tight money policy affect your sector? What are your views on the difficulty in finding operating capital and the credit and financing squeeze? Are you able to consider new investments in the sector? If so, how much, and, if not, why not?

Answer: The tight money policy has made money into valuable stuff, running up its purchase price. The most productive businesses in the world today can do their best only if they have 40 percent net capital and 60 percent credit support. The cost of this 60 percent has grown more than expected in comparison with past years. You are going to be using money at 75 percent-80 percent to get a return. Now you are going to be using petroleum products in a business as supplements to coal and charcoal and their value is going to increase steadily, you are going to be getting expensive credit, the more living conditions change the more you are going to be dealing with the standard of living of your workers, but your sale prices are not going to change. In our sector, we have drawn even with the prices of our raw material producers on the domestic market.

Question: Would you tell us your thoughts on the future of your sector?

Answer: Turkey is a copper country. Electricity provides power for all kinds of industry and copper is what conducts it. I am sure, therefore, that its value will be considered. If we are to compete with modern nations, we have to do this. Moreover, the metal copper has become a factor in terms of which the development of national economies is described. For example, production of electrolytic copper in economically strong nations has reached 10 kilograms per capita, while it is 100 grams or less in less developed nations. I fully believe that copper, as an indispensable metal for the national economy, is being and will be produced in Turkey in keeping with plan goals and through implementation of the world's latest technologies. The horizons of our sector are exemplified in these thoughts.

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OPPOSITION LEADER MOCK'S POSITION, PROSPECTS

Zurich DIE WELTWOCHE in German 4 Nov 81 p 9

[Article by Inge Santner: "Black Loisl Struggling for Power"]

> [Text] Alois Mock wanted a radical regeneration of his People's Party. He was pursuing a long-term program in his search for power. Now the weak Austrian Socialist Party upset his plans. Mock has to improvise, which is not exactly his strong point.

Vienna--Alois Mock, chairman of the Austrian People's Party and thus the leader of the large Austrian opposition party, is unquestionably goodlooking. He is 47 years old, 183 centimeters tall, has dark hair and is still slender in spite of his passion for "all sweets"--which he readily admits--representative of the type that is dashing and full of vitality. He talks fast, he walks fast and he steps on the gas pedal with a certain elan--traveling the distance between Vienna and Paris is nothing, it takes him only 14 hours.

In his personal contacts as well as on the television screen he is accepted immediately, he seems trustworthy and open. One can imagine that he was always at the top of the class and that he was popular in spite of it. You would trust a person like Mock with your wallet without counting the contents. Cynicism, deceitfulness, delight in strikes below the belt, talent for intrigues, in short: the normal characteristics of many career politicians are foreign to him. At times he comes across as touchingly honorable. To date no political opponent has been able to come up with even the tiniest reason to question his character.

Furthermore, there is no question that Mock will grow with his task. Although he has been in politics for a long time--when he was only 34 years old, a curly-haired young man, he was already minister for education--he works indefatigably to improve himself, he reads a lot and he can even listen. Particularly remarkable is the following: Mock, who grew up in an extremely poor middle-class environment and lost his father before he was even born, was only able to pay for his studies with money he earned from vacation jobs. He is one of the few leading deputies in Vienna who speaks several languages fluently.

Consequently, Mock's prestige within his own party is generally recognized. It is unusual that nobody in the Austrian People's Party, which traditionally

experiences a lot of backbiting, is doing anything against the boss, openly or secretly. Everybody is praising him because he is busy as a bee; he works as a member of the team; he is a pleasant mixture between conciliation and toughness. The consensus is that at the present time there is not anybody anywhere who is any better.

Nevertheless, when the question arises as to the prospects of success for Alois Mock, the opinions go different ways. Can the Black Loisl really be expected to lead the discouraged People's Party out of its permanently low position, where it has been for the past 11 years? Does he have enough imagination (not exactly his strong point) as well as sufficiently obstinate power of persuasion (somewhat more likely) to produce an attractive alternative to the socialist government?

When Alois Mock succeeded Josef Taus more than 2 years ago--in July 1979, to be exact--he took over the leadership of a party which was at its lowest point in history. At that time Chancellor Bruno Kreisky was in excellent health and also politically on top. He had just presented the Social Democrats with their fourth election victory (51.3 percent for the Austrian Socialist Party, 41.9 percent for the Austrian People's Party).

As a paradox, this total misery of the party provided Mock with a great personal opportunity: He began his work of rebuilding, convinced that he would have a lot of time. It seemed absolutely certain that Kreisky would again be a candidate when the time comes to go to the polls in 1983. Just as certain seemed to be also another defeat for the People's Party. Therefore it appeared evident that the Austrian People's Party's task was to regenerate the party systematically and make it fit from head to toe for a comeback for the post-Kreisky era. Mock was justified when he talked repeatedly about a "long-term program."

In the meantime, however, many things look different. The glamor of the Austrian Socialist Party is gone, even the magnetism of the chancellor is gone. A chain of red corruption scandals, increasing economic difficulties and unmistakable signs of wear and tear of the team of the Austrian Socialist Party have changed the scene of Austria's domestic policy. Anyway, Kreisky, who is already 70 years old and is beginning to look disgusted, seems to be getting more and more tired of his office. Even the unexpectedly good results of the Landtag elections in Steir were not enough of an impetus to give him new vitality.

All the opinion pools that have been conducted recently place the Austrian Socialist Party below the 50-percent mark. If elections were held tomorrow, the Social Democrats would doubtlessly have to be satisfied with a relative majority and, consequently, they could only continue in power by forming a "large coalition" (Austrian Socialist Party/Austrian People's Party). In case the chancellor retires--it makes no difference whether the reason is age, sickness or disgust--the election result for the "Reds" would even be more unfavorable because they would have to accept an additional loss of between 4 and 6 percent, because that is approximately the number of those liberal intellectuals who during the last decade showed their respect for the upper-middle class Kreisky by voting for his lower-middle class party.

The result of the changed scene: Mock and the Austrian People's Party are suddenly running out of time, and the low standing of the socialists is not automatically producing a high standing for the conservatives. Little can be done with long-term programs, but Mock is less adapt at improvisation. Nevertheless, he must look for his salvation in short-term actions. He must not wait but take advantage of the unexpected weakness of the Left today and tomorrow and convert it into strength for the conservatives in order to do substantially better as early as 1983. If he succeeds, the People's Party can at least insist to be part of a cogovernment, because a losing coalition between the Austrian Socialist Party and the Austrian Liberal Party would be inconceivable. If the Austrian People's Party does not succeed, it will probably remain on the outside for a long time. The Austrian population would get used to a government without Kreisky, even a socialist government.

8991
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VOTERS ASKED TO 'SETTLE ACCOUNTS' WITH SDP

PM231019 Copenhagen BERLINSKE TIDENDE in Danish 15 Nov 81 p 12

[Editorial: "It Is Not Impossible"]

[Text] The election is but a flickering shadow for ordinary people. This is what author Erik Aalbaek Jensen said, and he considers the whole exercise a media event. And there probably will be those who follow the election campaign as if the main actors in it could be arranged on the television screen as an entertaining extension of "Dallas" heroes and villains. But this is not the case, and no one should be in any doubt that the 8 December election is an event whose outcome will contain hard facts which will determine the development of society and the situation of the individual. In the election campaign hodgepodge of disparate elements, which run from the deadly earnest to the grotesque and comic, it will be difficult to grasp the full range. It is easy to fall for the temptation of viewing the whole thing as if the actors--the parties and the politicians--had left the intimate stage of Christiansborg to make the whole country participate in an all-embracing happening in the next few weeks. But this is not the politicians' objective, and the voters must be careful not to fall into the trap of thinking that it is. What is happening and what will happen is real. And for this reason the population must overcome its reluctance to go to the polls yet again and to involve itself in a real assessment of the situation. It is banal to say it, but it is the voters who decide, and they must not imagine that it does not matter what they decide.

Can 10 parties guide the development of society? This is one of the vital questions which the voters must answer for themselves. The immediate answer is no. Looking back over political developments in the last 10 years, you have to admit that an important reason for the Folketing's inadequate functioning is to be found in the fact that it is split into a number of large and small parties. Creating a stable balance in parliament is so demanding a task that success has been achieved for short periods only. And even in the periods when it has been possible, the price paid has been settlements which could only be half-solutions and sometimes not even that. The correct path was often barred by the unreasonable concessions made to small groups which have an influence they cannot refrain from misusing. The recreation of healthy conditions in the Folketing requires that the voters give it a composition which does not resemble a many-colored patchwork rug.

Can Anker Jorgensen still be the right leader for a government which must take initiatives and mediate? This is just as important a question for the voters to answer. Anker Jorgensen has for so long been the dominant leader figure that the question must be raised. And his position is such that the question must be answered by Social Democrats as well as by others. The answer must be given in the light of the experience and impressions gained over a number of years. And for this reason it should be no. The present prime minister who has held the post for so long undoubtedly continues to enjoy considerable popularity in wide circles, which also extend outside the Social Democratic Party. From the beginning he has been respected as an honest, hard-working politician, whose good intentions cannot be questioned. In the eyes of many his relaxed frankness about policy and personalities is a virtue. There can be no doubt that the Social Democrats' success in the last election was to a large extent due to him. But Anker Jorgensen has not been equal to the task of leading the government. He cannot keep control of either his government or his party, and he lacks the ability to guide either the planning or the implementation of the policies society needs. He has gone from one defeat to the next, and his perseverance cannot hide the collapse.

But is there really any alternative? Is there any real possibility that the election will be able to produce a Folketing with greater stability which could formulate and ensure the correct policies in the crisis facing society? Is there another prime minister? The voters are bound to have difficulty in answering these questions positively with any speed. It is difficult for anyone to imagine that the Liberal Party and the Conservative People's Party could win a majority which would automatically give them government power. And it is equally difficult to imagine in advance that other parties could simply be able to secure the formation of a government which would force the Social Democrats into opposition.

The voters might find an answer if they asked themselves whether they believe that other policies are possible. They know Social Democratic policy and its clearly stated shortcomings. They know that the election is being held simply because the smaller parties which support settlements with the government simply could no longer manage to follow policies which were inadequate. And they know that the Liberal and Conservative People's parties have put forward policies which to a large extent are different. In this camp there is no dominant leader figure who is an obvious candidate for next prime minister. But what must be decisive here is that policies exist and that people are available who would stick to them and use them as the point of departure for a new government.

As the election campaign flickers past the voters, they must try to concentrate on the main issues. Thus they will be able to decide to gather their strength in support of the major parties which could stabilize developments. And then they can settle accounts with the Social Democrats, who have not succeeded in carrying out the task with which they were entrusted and with a prime minister who has had every chance but has seized none. And then they can choose a program which will give the country a new government. It is not a hopeless election.

CSO: 3106/26

LAMBSDORFF'S RESIGNATION THREAT SHAKES COALITION

Hamburg DER SPIEGEL in German 9 Nov 81 pp 17-20

[Article: "The Coalition: Face Powder Is No Cure"]

[Text] Minister for Economics Lambsdorff's threat to resign for the sake of credibility has brought new troubles for the coalition. The FDP wants to hang on to its leading representative so as not to lose any middle-of-the-road voters. Brandt recommends a cabinet shakeup to signify a new beginning.

One particular item shook up the agenda of the Free Democrats' presidium session: the somber threats of resignation which Minister for Economics Otto Graf Lambsdorff had permitted some newspapers to spread over the weekend.

According to one of the participants, chairman Hans-Dietrich Genscher confronted the minister last Monday in a "polite, objective, but firm" manner: what he wanted to know was exactly which of his ideas the FDP had failed to implement? Also, what other proposals Lambsdorff still had in mind, and: "What exactly constitutes a lack of confidence?"

The FDP leadership and the party at large were outraged over the economics minister's complaint to journalists that he felt "personally affronted" by the loss of trust and credibility suffered by the FRG government during the last few weeks as a result of its economic and fiscal policies. There comes a time, said Lambsdorff prophetically, when he must ask himself whether his remaining in the government is still compatible with his public and personal reputation.

These strange hints were a hard blow to the members of the coalition who were already staggering from one crisis to the next. Annoyances over the budget, the chancellor's illness, rumors about the resignation of Education Minister Bjoern Engholm--hardly had these actual emergencies been more or less overcome when one of the pillars of the cabinet showed signs of faltering.

The FDP chairman sprang into action immediately after the reading of the agenda. Excitedly he requested an explanation from the troublemaker, conferred with friends by telephone and offered advice to Secretary General Guenter Verheugen concerning the official attitude toward the ministerial disenchantment: "Just don't say anything about it."

This was a sign of helplessness, but still sound advice. There was nothing to retract; Lambsdorff's complaints had been correctly reported and his threats could not be denied. The arch-liberal minister of economics, recognized as being independent and upstanding by his fans as well as by his opponents, is not given to impulsive or even unreasonable statements.

But when a key member of the government really offers to resign, this constitutes a severe blow to the government, as was the case when super minister Karl Schiller resigned in 1972 or Minister of Finance Alex Moeller in 1971: a protest from the highest level against the policies of the government.

This time the mere threat gives proof of the weakness of the coalition. Last May Chancellor Helmut Schmidt had startled all high-spirited cabinet colleagues by indicating that any offers of resignation would be accepted. Now he must accept the fact that within a short period of time not only a man of Lambsdorff's stature, but even a youngster like Education Minister Bjoern Engholm or low-powered cabinet lady Antje Huber are able to make threats with impunity.

Says one of the chancellor's confidants: "All these are signs that the coalition's overall configuration has its weaknesses. In a decent government, anyone who makes public hints of resignation should be fired."

Hardly anybody was convinced by Lambsdorff's explanation to the liberal leadership last Monday. He tried to soothe them by stating that he had not come up with "anything new;" also, that he was not one of those who could find happiness only in politics; he could find other things to do. And, he added, he had lately felt an increasing loss of confidence.

Many liberals are of course sharing these misgivings about the coalition's current image. No stringent economic measures which could truly contribute to budgetary stabilization have been taken. Instead, emergency measures are being proposed: the Bundesbank's DM 10 billion surplus is not being used to repay debts; rather, it is made to plug up holes in the budget. Genscher, whose constant demand for a "turning point" has lately earned him the FDP nickname "Wendelin" ["Turner"] has yet to see progress in this respect.

But this critical self examination is still no explanation for a desire to resign. Still, merely the talk of resignation wreaks havoc enough.

The Free Democrats have for weeks asked that the economy be given greater confidence by an improvement in its framework. Now the minister for economics states that he himself has no confidence in his own government's decisions—not even in his own capability for influencing them.

Party colleagues reported that Genscher had considered Lambsdorff's lament "a slap in the face." To him, it constituted an accusation of the chairman on the part of the minister for economics of having failed to push the necessary decisions through. Says a member of the presidium: "In the middle of the turning point he pulled Genscher's rug out from under him. We have suffered a setback in our credibility building process."

His presidium colleagues reproach the minister for trying to make an escape the minute his situation becomes precarious. At that, they say, he has been much luckier than he deserves.

Being an adroit speaker, he managed to push his responsibilities into the Social Democrats' shoes, as if the minister for economics did not bear any responsibility for the economic mess. Inside the coalition, they refer to him as the "blue sky minister."

What the FDP leadership cannot understand is Lambsdorff's pretense of having been unable to gain acceptance for his persuasive proposals. In the presidium, Genscher and his colleagues tried in vain to find out just what he was talking about in his complaints.

He himself, they said, had made mistakes too: in his economic forecast he had never mentioned the probable 1982 number of unemployed, 1.6 million; he mostly talked about 1.5 million. He had agreed with the government's assumption of 1.4 million unemployed when working on the budget. Lambsdorff should have recognized that an increased number of unemployed would reduce tax revenues considerably.

Even after the discussion by the presidium, the Free Democrats were "puzzled," as Secretary General Verheugen put it, as to what had moved the minister for economics to engage in his surprising, cryptic talk about resignation.

They probably had not noticed that during the arguments about economy measures Lambsdorff had accumulated a good deal of anger.

One of his confidants explains that the Count had attempted with his public remarks about withdrawing from politics to "clear his name" with his friends in business, among other things.

The minister for economics, who had always regarded himself as the spokesman for industry, had lately been on the receiving end of an increasing number of telephone calls from industrialists and managers who complained that he was no longer living up to their expectations.

Lambsdorff was heard to say that "there comes a time when a man ceases to be a marketable commodity;" as an advocate of free trade, he could see his own market value declining. He could see his opportunities disappearing of making a transition from politics to business, from whence he once entered politics after many years as an insurance executive; he felt that he would be less successful in this than had been his predecessor Hans Friderichs, now president of the Dresdner Bank.

Lambsdorff must in effect take responsibility for several markedly erroneous forecasts. Not until early October the minister for economics abandoned his forecast that there would be an economic upturn during the last quarter of 1981; 1982 would see a dramatic growth of 2.5 percent. The experts now count on an actual growth reduction of 0.5 to 1 percent this year and a possible upturn of 1.5 percent in 1982.

"What bothers him," says one liberal, "is this thing with the wrong figures."

During the last few months Lambsdorff was told more than once that such erroneous forecasts were damaging not only to his own reputation, but also to that of the party.

When the FDP's executive committee met in Mainz 2 weeks ago, he was told by the Land Free Democrats that while he was very good at making speeches, he shared responsibility for the mess in Bonn and that he was gambling with the FDP's credibility.

One week later, there were more detailed reproaches from the Bundestag parliamentary group. Several delegates took Lambsdorff to task for his proposal to let next year's public debt exceed the current ceiling of DM 26.5 billion after all. They asked how it could happen that within a few weeks growth trends were disappearing inside the ministry of economics and that 200,000 new unemployed had come on the scene.

Lambsdorff angrily desisted from increasing the debt. But he added threateningly that in case the parliamentary group would ask him in the near future to incur more debt after all, "you can count me out." Said one delegate in boxing ring jargon: "Lambsdorff has been hurt."

Lambsdorff thought of resigning. And when Lambsdorff has a thought, he comes right out with it.

Some people who know the minister well declare that this was merely a temporary weakness in the third round; that now Lambsdorff was back in the ring and would go the distance.

Other liberals are not so sure about that; they mutter that there are other reasons why the minister for economics might consider resigning.

For example, his personal integrity has come into question as a result of the district attorney's office's inquiries about questionable practices with party money contributions on the part of then North Rhine-Westphalia treasurer Lambsdorff. He is of course saying that he would confront a trial, should one take place, with equanimity--accusations of that sort, he feels, could be made not only against him but against many politicians of all parties. But a minister for economics who is accused of tax fraud on behalf of his party coffers could hardly stay in office.

His relationship with Genscher constitutes more problems for the minister. His confidants report that Lambsdorff considers himself left out in the cold by his chairman. Last September the minister is said to have assumed that Genscher too was in favor of a change in coalition with the CDU. But the timid FDP chief apparently missed the critical moment by his ultra conservative tactics and left his man on the right flank exposed.

Whether Lambsdorff's intentions of resigning were to be taken seriously or whether they were a tactical maneuver, he achieved one thing in any case: he forced his party colleagues to exert great efforts to recapture him. Inasmuch as the FDP considers that man indispensable who represents the "turning point" in social policy which Genscher had promoted to be the new party program, Genscher linked his own fate with that of the minister for economics. Said the party chairman in an interview with BILD: "Lambsdorff did not stand alone, nor does he stand alone now or in the future." Rainer Barzel had supported the CDU chancellor in 1966 with similar words, just before Ludwig Erhard was ousted: "Ludwig Erhard is the federal chancellor now and will remain so."

In the eyes of the secretary general Lambsdorff is presently occupying a "key position" too. Even though Verheugen tried to appeal to new voters at the party's left wing not so long ago, his present plans look quite different.

Instead of enticing voters with firm promises for a coalition with the SPD or the Union, the secretary general is now trying to polish the FDP's own image by giving greater emphasis to market economy, self reliance and a reduction in public expenditures; this in an effort to preserve the 10 percent margin gained in the last election.

The slogan for this is the "turning point" and Lambsdorff is its figurehead. Says Verheugen: "The turning point is the crux for the future of the FDP."

But is is open to question whether the turning point remains a viable issue within the coalition with the SPD. As Lambsdorff puts it, "The decisive question for me is whether the things I consider essential can be achieved jointly with the Social Democrats."

The other component of the coalition still hopes that the partnership will continue. While the liberals are more strongly calling for independence and are initiating their withdrawal in stages, leading Social Democrats are urging the chancellor to give the signal for a new beginning as soon as possible.

It was Willy Brandt who proposed to the head of the government that it might be useful for the government to enter next year's Landtag election campaigns with closed ranks.

Tired of dealing with constantly surfacing new crises and alarmed by devastating results of polls about the SPD (33 percent in favor), the SPD chairman thinks that the time has come to boost the Schmidt team and thereby perhaps to overcome low ebb.

The chairman cites a few names: he would be pleased if Horst Ehmke could rejoin the cabinet. In his opinion, Bremen's Mayor Hans Koschnick would be an asset to Bonn, as would be former Hamburg and Berlin senator Frank Dahrendorf.

Brandt sees a treasure trove of talent in Duesseldorf's SPD Land government, especially in Minister of Finance Diether Posser. In his opinion, the Ministry of Economic Cooperation should be headed by a politician who could more brilliantly represent Third World policies than the present incumbent, Rainer Offergeld.

The chancellor expressed reservations to Brandt. There are still too many obstacles to a cabinet shakeup.

Ehmke is looking for a classy ministry, but none is available as yet. A transition of Defense Minister Hans Apel to become parliamentary group leader is blocked because Herbert Wehner is not stepping aside. Schmidt has his doubts as to whether Koschnick would be an asset to Bonn; in any case, the chancellor feels that that the mayor's departure would be a great loss to Bremen. And Schmidt does not want to bring a minister from Duesseldorf into the cabinet if for no other reason than that he does not wish to weaken the only all-SPD Land government.

Most importantly, the chancellor has reservations about the impression that a simple shuffling of posts could improve the somber aspect presented by a strife-torn party.

Scoffs one of Schmidt's friends: "You cannot cure an ailing liver with face powder."

9273
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VARYING MOTIVES, AIMS OF FRANKFURT AIRPORT PROTESTERS NOTED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Nov 81 p 12

[Article by Bernd Erich Heptner: "The Language and the Stones"]

[Text] Wiesbaden, 3 November--Bottles and wooden sticks were tossed at police officers. Store windows were smashed, trash cans were set on fire, the railroad traffic in several train stations was paralyzed--force was used against people and objects. What was happening at the Frankfurt airport after the evacuation of the "hut village" was only partially a protest against the planned west runway. It certainly was also a protest against the state, against the Hessian Land government; furthermore, it was a protest without a goal that was conducted for its own sake and which is used by criminals and chaotic people to find satisfaction; the reason for such violent actions is not sought out but it is found arbitrarily.

Peaceful and violent demonstrations have altogether different motives and goals. First of all, there is the legitimate displeasure or occasionally even an almost blind anger which is felt by many residents of communities near the airport; they do not want to accept the fact that political projects sponsored by the Land or the Federal Government should be realized at their expense, no matter how good the reason. They are of the opinion that the price, the loss of "quality of life" in their region, is too high and consequently it should not be paid.

In addition--intimately tied to the "peace movement"--there are the representatives of the ecology movement, whether they are the members of the extraparliamentary citizens' initiatives or the parliamentary-oriented party of the "Greens," who welcomed the airport project as an opportunity to proclaim the "ecological civil war" and thus gain publicity and additional members for their movement; they are looking to the west runway as a useful symbol in their struggle for political influence and success during the elections (and for Hesse it means the Landtag election during fall next year). And there are certainly also those protesters who want a different kind of a democracy, "close to the grass roots and the common people," and on the other hand there are those who do not want to have anything to do with the state and the constitution of the FRG and who try to discredit both of them wherever they can find an opportunity.

It is the opinion of Hesse's minister of the interior that the German Communist Party, for instance, is heavily involved in the airport dispute.

Naturally, the differences are fluid between the individual groups that are engaged in the protest against the expansion of the airport. Many of the opponents of the runway have mixed motives; the ecological protest and the protest against the established parties in Wiesbaden--who clearly indicated their support for the expansion--is taking place in the personnel union. The enormous diversity of motives that has been unleashed by the project and the interests that in part go far beyond the point at issue--causing arguments that have lasted for months--created a hot topic, and in the process the debate has become more and more heated. It has been a long time since the discussion could be labeled factual and poised. An example is the most recent biased statement by the Protestant Church in Hesse and Nassau as well as the latest edition of UMWELT EXPRESS [Environmental Express], the newspaper of the "Work Group for People's Initiatives," consisting of opponents of the runway.

Because of its political eccentricities and absurdities, this edition of the newspaper is almost of documentary value. It proves the lack of perception and the totally distorted political and constitutional view of the world evidenced by that group of opponents to the runway, which for many months has been making political hay with the plan of the people's initiative and which is headed by Schubart. Frankfurt's director of the magistrate. He calls Hesse's minister of the interior "a terrorist, at least in the spiritual sense."

According to the words printed in the UMWELT EXPRESS, the Land government "finally proved that it does not shrink from openly breaking the law and violating the constitution" when it began to clear the building site; it was stepping on the "democratic will of hundreds of thousands of citizens who in the meantime decided to support the people's initiative. A piece of democracy is dying under police boots, the trust is being destroyed that hundreds of thousands of people have been placing in the institutions of this state. The attitude of the citizens is admirable because they have been opposing the brutal violent machinery for more than a week with completely nonviolent means .... To be sure, the government reconquered a piece of land, but it maneuvered itself into a deep crisis of legitimacy in view of the nonviolent resistance. We will make sure that the government will not survive politically."

In the environmental paper the Land government is accused of "blind rage" and "running amok" and it ends with the following conclusion: "Hesse is facing one of the biggest political and constitutional crises of the postwar years. At the moment the Land government is planning a small coup d'etat against Hesse's constitution. Regardless of the fact that we are getting very close to the successful conclusion of the proposal phase of our people's initiative, the Land government wants to use police-state force to start the beginning of the construction of the west runway."

Such a mixture of demagogic legends and political concepts and language is currently being used in the dispute about the west runway by the most vocal opponents. This type of "argumentation" is really not far removed from throwing stones and bottles. The violence of political vocabulary can quickly turn into violent acts.

8991
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SUCCESS OF CDU'S DIALOGUE WITH YOUTH QUESTIONED

Opposing Views Within CDU

Hamburg DER SPIEGEL in German 9 Nov 81 pp 20-21

[Article: "Standing One's Ground--At their Hamburg party congress, the Union's Christians managed once more to avoid an intra-party discussion"]

[Text] At the end of that memorable day for the CDU, during which it had carried on a debate about peace and war with 509 youthful party congress participants, Lower Saxony's Minister President Ernst Albrecht was glowing with satisfaction. "We are the only ones," he boasted last Wednesday in Hamburg, "who know how to act in unison and engage in frank discussions."

This was an involuntary admission on Albrecht's part that the partially controversial dialogue with young people entails no consequences for the Christian Union: discussion is permitted, but only to the extent that it does not endanger the party's unanimity.

Only a short while prior to the party conference the picture was quite different. In a number of interviews, Union politicians gave vent to their disapproval of the party's policies, not even sparing party chairman Helmut Kohl.

The chairman of the Young Union, Matthias Wissmann, complained that with its strategy of unanimity the Union was succeeding merely in transforming 150 percent loyal followers into 250 percent loyalists.

Minister President Lothar Spaeth of Baden-Wuerttemberg complained of an absence of "intellectual leadership." And North Rhine--Westphalia's opposition leader Kurt Biedenkopf astonished his party with the demand that the CDU would have to come up with an alternative to NATO's strategy of nuclear deterrence.

The CDU's foreign policy spokesman, Alois Mertes, was outraged by this and stated that even Social Democrats Willy Brandt and Egon Bahr had not gone that far.

But the expected change of course did not take place in Hamburg. Instead of engaging in a battle over their policies, the Christian Democrats sidetracked the issue once again. True to its autosuggestion that it did not matter what tendencies were being followed and who would be nominated as a candidate for

chancellor, the CDU did everything in its power to paper over the internal disagreements. Apparently the Christian Democrats fear nothing so much at present as the bad example of the SPD which washes its dirty linen in public.

Helmut Kohl, more than anyone else, took good care that the turning point which he himself pushed for outside consumption would not come about within the party's ranks. At the very beginning of his keynote speech the chairman made it quite clear that anyone agitating for a change in philosophy was committing an act of disloyalty toward the chief.

Without mentioning the name of his disliked secretary general, he savaged Heiner Geissler: "There is no need for us to walk around in distress, worrying about how we can pick up another vote here and there."

CSU Secretary General Edmund Stoiber, sitting at the head table as a suspicious guest, was glad to hear this. His boss Franz Josef Strauss had asked him to communicate this threat to any vacillating members of the sister party: "Anyone who thinks that we have to be flexible so as to pick up a few extra votes at the edges of our voter spectrum is embarking on a disastrous journey which will not be shared by the CSU."

While Geissler avoided open controversy, he persisted in his opinion: "We must be prepared to argue about which way is the correct one."

The CDU is apparently experiencing the emergence of those same disagreements and antagonisms which are plaguing the Social Democrats. Just as Willy Brandt is doing, Heiner Geissler is trying to accommodate the youthful protest generation to a certain extent; on the other hand, Helmut Kohl, like Chancellor Helmut Schmidt, is more concerned with the attractiveness of an image of unanimity.

Under these conditions, the highly touted dialogue with the young people had to degenerate into an informal exercise in accommodation.

The CDU chairman had taken precautionary measures to guard against possible surprises. While, in Kohl's words, the youthful attendees were not "handpicked," they had been so thoroughly screened that troublemakers were excluded. Half of the 509 participants had been delegated by CDU Land and District organizations--mostly members of the Young Union, the Student Union or the Christian Democratic Student Circle. The DGB was represented by its FRG Youth secretary.

The proceedings served as a two-sided alibi for chairman Kohl: for public consumption he pretended that the CDU was better suited for integration than the governing parties; to his intra-party critics he presented himself as a jovial conversation partner with youthful critics.

It appears that the party chairman gave the floor only to young people during the "peace forum," which he himself conducted; he ignored requests for the floor by delegates. His reason for this: as many observers as possible should be given the opportunity of using their right to speak.

The party congress listened to a three-minute cadence of youthful speakers who made their statements, partly critical, partly hewing to the party line. This sort of stage management made it unnecessary for the CDU to make any replies; the Christian Democrats enjoyed the feeling of showing tolerance which did not cost them a thing. The much vaunted dialogue turned into a one-sided hearing.

During the rare instances when acrimony emerged anyway, Kohl left no doubt as to is idea of conversing with critics. When one overall-clad young man confronted the CDU chief directly, saying: "I am asking you, Herr Kohl: what are you doing about retracting the the Popular Front's rebuke of the peace movement?", he put him sharply in his place: "I have no intention of retracting one single word." After all, he said, the SED's western office is pumping DM 5 million into the peace movement every month. Says Kohl: "There are situations where you have to stand your ground."

The entire party is now expected to follow the boss's example. The dialogue with the young people is to continue, said Kohl. Should the Christian Democrats follow the chairman's example, this could only mean one thing: let them talk; wait for coming into power.

Whenever the party achieves that, discipline will once again take precedence over tolerance.

CDU Delegate Interviewed

Hamburg DER SPIEGEL in German 9 Nov 81 p 21

[Interview with CDU Member Ulrich Schroeder, 26, by DER SPIEGEL: "Did Not Get Any Answers." Date and place not specified.]

[Text] SPIEGEL: Herr Schroeder, you are 26 years old, a low student, member of the Young Union and the CDU--one of the 509 young people with whom the CDU sought to have a dialogue at its party congress. Was your attendance worthwhile?

Schroeder: The idea itself was certainly a good one. But what came of it was a disappointment to me. The 500 who engaged in the discussion were not exactly representative of those young people who should have been there. There were no really sharp attacks; most of them had a basically positive attitude toward the CDU. But that is certainly not the mood of the young generation with respect to the CDU.

SPIEGEL: Had the wrong people been invited?

Schroeder: My impression is that two-thirds were members of the CDU, its youth organizations and allied bodies. The ones that should have been here are representatives of the alternative lists, young people from citizens' initiatives, from the Sponti crowd, from the peace movement.

SPIEGEL: Did the party leadership make a conscious effort to exclude the protest movement?

Schroeder: Surely all those were excluded who would have brought an "unpredictable" element to the proceedings. The dialogue showed this: it was well-mannered and formal. Very little could be seen of the young peoples' problems and worries and of the loss of confidence in the parties.

SPIEGEL: In other words, it was not a dialogue, but rather a public relations exercise?

Schroeder: I do believe that it was an honest attempt. The CDU is trying to catch up these days with developments which it had been fighting for a long time. It is beginning to admit that this upheaval in our society--squatters, citizens' initiatives, peace movements--can no longer be contained. And now it is beginning to realize that as a party of the people, as a potential government party, it must do something about this. That is in no way a negative attitude. But if the CDU is really trying to conduct a dialogue, it must be prepared to rethink its positions. For that purpose, it is not enough to merely listen to other peoples' opinions.

SPIEGEL: With the exception of Geissler and Biedenkopf there does not appear to be any readiness to change.

Schroeder: Those young people who attended the congress surely did not expect the CDU to serve as their spokesman. But we would dearly like to see what becomes of this experiment. Helmut Kohl says that the dialogue must continue. Fine, we can have hundreds of additional discussions. But something should change at one time or another. Otherwise it would be a waste of time to always engage in a socalled dialogue only to find that their statements never change, nor their political practices.

SPIEGEL: There would be no need for Kohl to do so, as long as he sees the Union on the upgrade.

Schroeder: I am afraid that as soon as the Union takes over the government, that will be the end of the dialogue. The CDU is not exactly reticent when it comes to mobilizing the police or to tighten the regulations on the right to demonstrate.

SPIEGEL: Do you feel that you have been used as an alibi for the dialogue?

Schroeder: I believe that when a party dares to start an experiment of this type, an invited guest should use this opportunity to let this party know exactly what he thinks about it and what he expects of it. To that extent I do not feel that I have been used. However, having seen how it turned out, I would have second thoughts about participating in another event of this type. We certainly did not get any answers in Hamburg to the problems that really worry us.

9273
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DANISH ELECTIONS PROMISE LITTLE CHANGE

PM191015 Oslo AFTENPOSTEN in Norwegian 13 Nov 81 p 2

[Editorial: "Election in Denmark"]

[Text] The Danes would have preferred to avoid the new elections which have now been called in Denmark. But after Anker Jorgensen's minority government was voted down in the Folketing, as expected, there was no other possibility. This means that the Danish voters will have to go to the polls twice in 3 weeks. There are local elections Tuesday [17 November], and the members of the new Folketing will be elected 8 December.

Every government crisis in Denmark has something in common with every so-called crisis package from the government--they all seem so familiar. It is as if the country's political life has got stuck in the groove of a record--it goes round and round at constant speed, nothing moves from the spot, least of all the political situation, which remains the same in its major features, and the same politicians make largely the same noises. It is considerably worse for democracy if elections are not held at all, and the world can show examples of just this. But it is not good if elections are held too often, especially when, far from leading to a resolution, they instead complicate the political situation.

It is difficult to imagine what the result will be, other than that a new minority government will be forced to tackle Denmark's serious economic problems. It can be assumed that the Social Democrats will soon be as tired of governing as a majority of voters are now tired of being governed--or not governed--by them. Carrying government responsibility without at the same time having the opportunities to govern--because time and again compromises must be reached which weaken the party program--cannot be a tempting prospect after the long and latterly sad career which Anker Jorgensen now has behind him.

This time the collapse was caused by a proposal whose contents were too socialist for one of the many small supporting parties, the Center Democrats. They are a splinter party that broke away at the end of the sixties because it did not like the radicalization which was taking place in the parent party. According to the opinion polls, the party is on its way to great gains, and this was probably one of the reasons why it was particularly tempting for it to say "no" to Anker Jorgensen's request for support.

But this step by the Center Democrats cannot only be ascribed to the opinion polls, even though the Center Democrats are the only ones who think that elections now are an excellent idea. The transfer of billions of kroner from insurance companies and financial institutions with the objective of creating new jobs smacked too much of state interference, which many Danes do not like. Everyone is agreed that unemployment is too high--250,000 in a population of 5 million. But reaching agreement on what is to be done to reduce it seems to be beyond the capacity of leading Danish politicians. And unfortunately there is little reason to assume that this capacity will be improved by the election that is now to be held.

CSO: 3108/20

SWEDISH PAPER VIEWS DANISH GOVERNMENT CRISIS

PM181625 Stockholm DAGENS NYHETER in Swedish 13 Nov 81 p 2

[Editorial by Tore Winqvist: "New Elections in Denmark"]

[Text] The Danes, who vote in local elections next Tuesday [17 November], will have to go to the polls again as early as 8 December. Yesterday in the Folketing Anker Jorgensen's Social Democratic minority government fell. The issue was whether insurance companies, pension funds, banks and the like should be forced to put capital--on conditions determined by the state and at a low rate of interest--into industry and the rest of economic and commercial life.

This time the three small nonsocialist centrist parties, which have in the past accepted a number of modified crisis packages from the government, felt obliged to dissociate themselves from any form of coercion on the private capital market.

The background is fairly reminiscent of the question of Swedish employees' funds. The Danish economy has had even worse budget and balance of trade deficits than the Swedish, and everyone seems to be agreed that investment and employment within industry should be stimulated. But as in Sweden there is a gulf between supporters of the market economy and supporters of if not a planned, then at least a steered economy. And normally Danish public opinion is a shade more market-oriented than Swedish. This means that the minor changes in electoral support will probably favor the nonsocialist parties.

However, this does not mean that the shape of an alternative government is hereby clarified. Glistrup [controversial founder of the Progress Party] on the nonsocialist side would probably not think twice before rocking the boat no matter who takes over the rudder. Opinion polls and the psychology of the Danish voters indicate that it will be the Center Democrats who will make the biggest gains after demonstrating, most strongly among the parties of the center, their opposition to the Social Democrats' still fairly vague plans.

Among the general public there is wodespread weariness with the way the parties behave. This could affect the Social Democrats, who have had to face minor scandals surrounding the transport minister who resigned recently and a couple of Jutland mayors who left the party, but it could also affect the liberals and the conservatives, who forced the election on the country through yesterday's debate and vote.

Compulsory legislation would not create out of nothing the 10-15 billion [currency unspecified] which the Social Democrats had been considering after great pressure from the trade union federation but would mainly transfer them from other sectors. It is true that this would slow down the flight to investment in land, property and other risk-free objects, and this would be a definite advantage. But ordering further borrowing in a country like Denmark, dominated by small firms and long hit by crisis, is hardly the best medicine. With slightly stronger parties in the center it might perhaps be possible to find a Danish solution which would have broader support; but at present the two elections within a month will probably not even loosen the knotty problem of how the country is to work its way out of its stagnation.

CSO: 3109/41

PAPER ASSESSES DANISH ELECTION PROSPECTS

PM191547 Stockholm SVENSKA DAGBLADET in Swedish 13 Nov 81 p 2

[Editorial: "At Martin's Goose..."]

[Text] November is always a critical month for Danish governments; around St Martin's Day [12 November, celebrated with a meal of goose in Denmark and southern Sweden] the crises generally start which end with the government head appealing to the people in an election. In this respect Anker Jorgensen is following tradition now that his government has given up and new elections have been called.

Nor does the announcement of the new elections come as a surprise, even though Jorgensen would presumably have preferred to go to the country in early spring instead. However, his cabinet had no choice. It has struggled along from month to month in constant negotiation with the three small nonsocialist parties which guaranteed the Jorgensen government's continued existence. Their support for Jorgensen has often been more dependent on their fear of new elections than on the contents of the proposals they have supported.

Faced with the threat of 250,000 unemployed and a national deficit of 13.5 billion [currency unspecified], the Jorgensen government has been able to do little but gamble on a fighting program against unemployment as the main issue in the new elections. The strategy is not particularly surprising, especially since the Social Democrats can here--unlike in their previous economic policies--count on the support of the Danish Trade Union Federation [LO]. The unions have taken command.

However, unemployment is only one aspect of Denmark's real problem--an economy which is falling apart more and more. The Jorgensen cabinet has been too weak to pursue a strong economic policy. When Anker Jorgensen has attempted this tour de force--there have been such initiatives--he has been immediately sabotaged by the LO.

Part of the desire for new elections is that the government seemed to think that it had found the philosopher's stone: Danish pension funds and insurance capital. Given a capital market which has ceased to function, policies that inhibit rather than stimulate, and LO's attempts to force the Danish variant of investment fund socialism and economic democracy onto Danish industrial and commercial life, it is hardly surprising that investment has stagnated. Therefore, the government reasoned, let us take capital from pension funds and insurance companies and channel it into the economy.

However, there was a "but": the supporting parties did not agree. This in its turn is hardly difficult to understand. Some 700,000 families have placed their savings in pension funds and 1 million Danes have put theirs in insurance policies. Now their savings would be turned into capital to be risked at a lower rate of interest than they can now earn.

Thus it is perhaps not so very easy to try to conceal under the cloak of [fighting] unemployment actions against the capital people have put aside for their security.

After its years as a minority government the Jorgensen government is exhausted and so fragmented that it is difficult to imagine that even success in the elections would be able to renew the cabinet.

What will the Danes turn to instead?

After the many long years of splits on the nonsocialist side the conservatives and liberals have at last begun to cooperate in a structured way in order to appear a credible alternative government. However, there has been little time to work out and implement the so-called con-lib alternative and it remains to be seen whether it is seen as a reality by the electorate. On the other hand Anker Jorgensen is going into the election with a party with strong internal contradictions and a more burnt-out team of ministers than in the past--and this is an important consideration.

If the voters still insist on electing a Folketing with 10 or 12 parties and with Glistrup's Progress Party as one of the larger parties it will not be easy--no matter where the election victory finally settles--to create the natural majority without which a firm economic policy cannot be pursued.

CSO: 3109/41

BRIEFS

USSR INTERFERES IN FINNISH RACE--On Friday [20 November] Moscow interfered in the Finnish presidential election when PRAVDA--if in somewhat veiled terms--let it be known that Urho Kekkonen's successor should be called Anti Karjalainen. The long article, which can be expected to reflect the Kremlin's views, stressed the importance of the continuation of Finland's present foreign policy course and of its cooperation with the Soviet Union. The article also listed a number of attempts during Kekkonen's term of office to make his work more difficult--including the so-called night frost [allusion unknown] in 1958 which Moscow met with countermeasures in the field of trade between the two countries, which led to the fall of the broadly based government under Social Democrat Karl August Fagerholm. The foreign minister in this government was Johannes Virolainen, Karjalainen's rival for the Center Party presidential nomination. The Kremlin's shameful interference in Finland's internal affairs is not made any more tasteful by the fact that it comes only a few days before the Center Party Congress in Kuopio, where the party will nominate its presidential candidate Sunday [22 November]. Moscow should give some thought to the question of whether the Soviet Union's reputation in the Nordic countries is not already so shabby that it can hardly stand any further stresses, which is to what the stabs at the Finnish presidential election would amount. They could rapidly turn into boomerangs. [Text] [Editorial: "Moscow"] [PM261005 Stockholm SVENSKA DAGBLADET in Swedish 21 Nov 81 p 2]

CSO: 3109/41

TRANSCRIPT OF SOVIET SUB RADIO TRAFFIC CITED

PM181629 Stockholm SVENSKA DAGBLADET in Swedish 13 Nov 81 p 7

[Report by Sune Olofsson: "Moscow Refused to Allow Technical Examination"]

[Text] Moscow radioed a refusal of any Swedish technical examination of the submarine's nuclear torpedoes. This is revealed by the news magazine 7 DAGAR, which eavesdropped on the submarine's secret radio traffic with its home base of Kaliningrad.

A few hours before Prime Minister Thorbjorn Falldin's revelation that the submarine was probably equipped with nuclear warheads there was intense radio traffic to and from the submarine on the shortwave frequency of 3198 kilohertz.

The submarine, which was then lying in Gaasefjarden consulted with and received instructions from its bosses, who, according to Soviet diplomats Boris Grigoriyev and Yuriy Prosvirnin, were the "Soviet high command."

With the help of a radio ham in Karlskrona 7 DAGAR listened to the taped radio traffic and today publishes the most important sections.

Prime Minister Thorbjorn Falldin held his press conference at 1630 hours, Thursday 5 November. At 1300 hours on the same day the following conversation took place. During the conversation Commodore Karl Andersson was on board the submarine waiting to be allowed into the torpedo chambers.

"Facade 140 calling Verner 204."

Facade 140 was the submarine's internal radio call sign. Verner 204 was the other radio voice, probably home base in Kaliningrad.

"Commodore Andersson and an interpreter have come aboard. He said that before the submarine can be handed back a Swedish commission...."

"What sort of commission?"

"...a technical--a technical--commission must come aboard."

"What? What does it involve? What sort of people are they?"

"Technicians."

"Understood, how are things going with Andersson's decision?"

(The voice from the submarine sharpens its tone, is raised and says affectedly)
"Call someone who knows what I am talking about to the microphone!"

"Wait."

"A couple of minutes ago Andersson came and said that a technical commission is absolutely necessary. He wants it to be allowed to examine the following things: the forward part of the ship below the waterline to see it there is any damage, the fuel tanks, the rudder and propeller...and then they want to check the torpedoes and torpedo tubes."

"Wait."

Verner 204 replies after a while:

"Get in contact with the naval attache (Yuriy Prosvirninn who was then in Karlskrona) and ask him what the conditions are for the release of the submarine. After all, it has already been decided that it will be released. What has changed now? Speak to the naval attache so that things can be sorted out at that level."

"Understood. My personal view is that since their divers have already examined the hull without finding any damage, then there is no point in new examination. But ok...if they want to, they can go down again. But as far as the torpedoes are concerned, we guarantee that everything is normal. We cannot allow the Swedes to inspect on board."

"Understood. Get in contact with the naval attache immediately and tell him this, so he can inform the embassy, they can sort the affair out. Perhaps the ambassador does not know about it. I will pass on the information on this side."

The radio traffic then continued with reciprocal call signs, but no text. However, pulsing, clicking sounds like heartbeats were heard. Some form of coded traffic was being transmitted.

The pulses stop. And Verner 204 resumes:

"Can I speak to the old man (the Soviet term for the ship's commanding officer)? Have you been in touch with the military attache?"

"The boss is busy with the talks. Wait a minute and he will come."

The radio voice from Verner 204 now obviously changes. Now the voice is relaxed, calm and unmilitary.

"How are things with your own divers? Are they ready for inspection?"

"I cannot answer that question. The chief is busy."

"Yes, yes, I know the chief is busy."

After a while the submarine responds:

"I have informed the naval attache that I have not been given my superiors' permission to allow such an inspection. The naval attache asked to be informed about this permission."

Verner 204 goes on:

"You have permission to allow the Swedes to look at those parts of the hull which were underwater. When you were aground. And also the hull near the fuel tanks. It is desirable that Swedish and Soviet divers do this together. As far as the torpedoes are concerned, there is no need to look at them. According to your report you have already done this and everything is normal, nothing has happened. By the way, have you also checked the technical systems?"

"We have checked today. There is absolutely nothing wrong with any of the systems in the submarine."

At 1542 hours a series of four- and five-letter signal groups were transmitted.

There was no inspection of the nuclear torpedoes from inside the submarine. However, Swedish Navy experts were able to establish that the submarine was probably armed with nuclear warheads.

At 1627 hours Verner 204 called:

"What is the position?"

"We have two tugs alongside, but they have not yet connected any towropes. To port, in the direction we will take, there are four minesweepers...."

Twelve minutes later the Swedish tugs attached ropes to the submarine and it left the restricted military area on its way to Kaliningrad.

CSO: 3109/42

DEFENSE MINISTER ON SUB INCIDENT, SECURITY IMPLICATIONS

PM190953 Stockholm SVENSKA DAGBLADET in Swedish 15 Nov 81 p 6

[Interview with Swedish Defense Minister Torsten Gustafsson by Ingmar Lindmarker: "Does Not Believe in Nuclear War"--date and place not specified]

[Text] "Temporary moods must not be allowed to determine our security policy," Defense Minister Torsten Gustafsson said.

"Even if the Swedes' determination to defend themselves has been strengthened by the submarine incident it has not brought anything good in its wake."

The defense minister also said that the growing nuclear threat in the Baltic has partly altered Sweden's security position.

[Question] Far inside a restricted military area, while sensitive arms tests were taking place, a stone's throw from perhaps our most important naval base, a foreign submarine ran aground and sat there for 10 hours before it was discovered. How could this happen? Is our defense readiness so poor?

[Answer] It seems strange to everybody. The armed forces commander in chief is looking into why it happened. His report on submarine pursuit will be published in December.

[Question] But how bad are things on other sections of the coast when such things can happen in a hypersensitive military area?

[Answer] We have to admit shortcomings. Submarines are especially difficult to detect. The Defense Committee has also asked for information. We must wait for its recommendations and the commander in chief's report.

[Question] Has the navy been given too little money over a long period of time in comparison with the army and the air force?

[Answer] This is what the navy claims. I would go so far as to say that this is possible. There are technical steps to be taken and a great deal is being put right.

[Question] The two helicopter divisions we have for submarine pursuit are stationed in Stockholm and Goeteborg. Should not the one on the west coast have been moved to Karlskrona?

[Answer] I assume that this will be dealt with in the commander in chief's report. Helicopters are the best means for detecting submarines. I myself took part in an exercise and saw how incredibly effective they are.

[Question] Does what has happened mean that total funds for the armed forces must be increased?

[Answer] Overall expenditure must at any rate not be decreased if we are to meet all the requests which have been made in the wake of the submarine affair. It would cost an awful lot of money to maintain continuous suveillance of the whole coast.

[Question] Would it not be possible to give a more clear indication to Moscow that Sweden will react much more firmly if the violation were to be repeated?

[Answer] This involves weighing up possible actions against the relations we want to have with other countries. There will be a tomorrow. We want to have good relations with the Soviet Union too. Our demands were met, we expect the violation not to be repeated and we have said so.

[Question] Would it not be possible to coordinate military and civilian surveillance along the coasts, for example?

[Answer] Coordination is extremely necessary and will be tried out in the Malmoe area and on Gotland, for example. It would be able to prevent misunderstandings arising as in the submarine affair when a fisherman reported the matter to some place which did not pass on the report to the military.

[Question] According to an article in Saturday's [14 November] SVENSKA DAGBLADET there could be up to 400 nuclear weapons on Soviet ships in the Baltic. How does this affect Sweden's security policy?

[Answer] It is impossible to know how many nuclear weapons there are in the Baltic. But we cannot rule out the possibility that more classes of ship have nuclear warheads than we knew about. This does not lead to any change in our defense and security orientation. But we must take into consideration that the strategic position has changed partially for us and we must think about this.

[Question] Have the risks for Sweden increased in the event of a nuclear war?

[Answer] I am one of those who have never believed in a nuclear war. There would be such unthinkable devastation. We must believe in reason.

[Question] But a war started by accident?

[Answer] That is a risk which does not exist and which would have frightful consequences. In general terms we in the United Nations must work for nuclear disarmament.

[Question] What are the chances of making a Nordic nuclear-free zone a reality?

[Answer] If there are that many nculear arms in the Baltic then the call for their removal becomes much more important on the one hand. On the other there is the new consideration that the Soviet Union, which has talked about the nuclear arms question so much, enters our waters with a nuclear-armed submarine. This does not strengthen Soviet credibility.

[Question] People are speaking of a new national unity and determination to defend the country. Has anything good come from the submarine affair?

[Answer] No, nothing good. The affair has only been discouraging. I assume that people are aware of the situation and that such events as this one are not needed to wake us up. Temporary moods must not be allowed to determine our security policy.

[Question] Do we have good defense forces?

[Answer] Well, one can always wish for more. But we must not let them run down any further; on the contrary, certain reinforcements are now needed.

CSO: 3109/42

PAN-CYPRIAN PEACE COUNCIL CHAIRMAN SPEAKS ON DEMILITARIZATION

Nicosia KHARAVGI in Greek 1 Nov 81 p 5

[Address by G. Potamitis, chairman of the PSE [Pan-Cyprian Peace Council], at an all peoples meeting in Nicosia]

> [Text] Defense of peace, a common subject of all peoples. The production of neutron bombs and all other destructive weapons must cease. Cyprus must be completely demilitarized. We publish below the entire text of the speech delivered by G. Potamitis, chairman of the PSE, before an all peoples meeting held Friday night in Nicosia to protest the neutron bomb.

Once again Herodias is raging. And once again she is agitated. And once again the God of War of the U.S., brandishing not a spear but the frightful neutron bomb, is seeking to disturb international detente and to ask for world peace on a platter. The Hydra of war and of atomic destruction, sometimes with the head of a Carter, at other times with the heads of NATO generals and now with Reagan's mouth, is threatening to burn up the earth and the universe with neutron bombs and other develish means in ample supply by the war plant of the American Pentagon.

In the past, a similar attempt had been made by Carter who, however, under great pressure of world public opinion and demands, was restrained and stopped.

Today, his successor has come on the scene to continue in a more crude manner the frightful task which universal desire had dismissed.

Every year, on 6 August, mournful ringing of bells in the park of Peace Square in Hiroshima remind mankind of the tragedy which cost 300,000 human lives.

For a thousand and one reasons, this tragedy must not be repeated. Because the stockpiles of nuclear weapons existing today surpass in power by one million the atomic bomb which made ashes of Hiroshima and could cause the destruction of every living being on earth 15 times over.

President Reagan chose this ill-omened day, 6 August, to give the signal for the mass production of a new nuclear weapon, the neutron bomb.

Neutron bombs, which the United States is manufacturing at a rapid rate, are destined to be sent to Europe to be used far from the sheltered area of the United States, but right on our own soil.

World War II destroyed and burned Europe while leaving the United States untouched and unscathed.

This is what Reagan wants to do now. He wants to prepare a war and to have America benefit economically from its preparation, but he wants to carry out this war in Europe, far from his country.

Washington is planning a new war which will take place within the territory of others. A war in which the American generals will observe from afar and "in a safe place" the pyrotechnics sent to raze Europe and the Middle East. Ronald Reagan's latest provocative statements which set Europe in an uproar confirm the truth of the language.

Harry Truman did the same with Hiroshima and Nagasaki. In ancient times, Nero did the same, observing Rome burn from the fires he himself and his followers lit.

The French newspaper LE FIGARO inquires: "And what would happen if things do not work out as America is planning?"

The American newspaper THE WASHINGTON POST states: "In a nuclear war with the Soviet Union, it is possible that 80-150 million Americans would be killed outright." The newspaper adds, "These are the secret estimates of the Arms Control and Disarmament Agency," it continues by saying, "And what do those who do the calculating and observe the battle on the first line of fire, in Europe, at a safe distance have to say? They will be obliged to abandon their observation posts and every other observation post located more than 300 miles from Washington."

Forewarning

The Soviet Union has repeatedly warned that those who would begin a "limited" war, as it is being called, must not reckon that this war would remain limited to narrow geographic limits and that it would be a "local war."

Neither does Europe believe in the existence of a "limited" nuclear war.

The head of the British Labor Party has said, "The concept of a limited nuclear war specifically in Europe is stupid." In fact, he terms it "a concept of maniacs." Mr Foot states, "I do not believe that a nuclear war could be limited." Unfortunately, there are maniacs, Mr Foot. Look at Hitler and Mussolini.

In an appeal on behalf of peace signed by 200 West Germans, the following is noted: "At this very moment, attempts are being made to suggest to mankind the criminal notion that a limited war could be carried out, with new rockets, with neutron bombs, with rapid deployment units, etc. To all this, we answer: A limited war cannot be carried out with nuclear weapons. A nuclear war would annihilate all of mankind."

Even if a war were to be limited to European territory, what is the difference for the Europeans? Europe would suffer the unspeakable consequences of a war which would not probably destroy the creations of man, i.e. buildings and factories, but would eliminate human life itself and render life unbearable for those living. Cyprus which has shouldered the dangerous burden of foreign war bases, perhaps more than other countries, runs the risk of bearing all the frightful consequences of a nuclear and/or conventional war.

Offensive Weapon

It is maintained that the neutron bomb is simply a defensive weapon against Soviet tanks which, as is being said, will invade West Europe.

However, if these wild fantasies were true, this would mean that the neutron bomb would be used within the territory of West Europe on which Soviet tanks would approach. In that case, in the thickly populated European cities and the narrow European land mass it would be the unprotected and undefended West European stations on which the bombs would rain destruction and not on the Soviet soldiers who would be protected up to a certain point inside their tanks which could up to a point be rendered impregnable to neutron bombs. It is clear that the neutron bomb is an offensive and not a defensive weapon and is intended to be used in the territory of the Soviet Union in order to cause general destruction on the Soviet people and to leave unscathed Soviet factories which the American and West European invaders would seize intact. However, will all of these pious desires and dreams be realized?

The estimates of the Arms Control and Disarmament Agency to which I referred before cast doubts on the capability of the United States to win a nuclear war.

The President of the United States Government put out one other fable, namely that all of these American military buildups are taking place as if to counterbalance the superiority of the Soviet Union.

Up to now they have been proclaiming that their own military superiority was so great that it could at once destroy any warlike attempt by the Soviet Union. This myth is from time to time denied in statements issued by United States and European leaders.

Lies

They maintain that the United States nuclear stockpiles reveal a gap compared with those of the Soviet Union, a gap which must be filled. And so the military armaments expenditures of the United States are increasing at a rapid rate. And vast and fabulous sums pour into the coffers of the great American companies engaged in the manufacture of nuclear weapons. Vast amounts which come from the hard-earned savings of the taxpayers. The American congressman, Richard Ottenger, said the following concerning the myth of a "military armaments gap:" "Since the public cannot have access to reliable information, it has swallowed the lie, namely that there is a gap in the United States arsenal. And millions of dollars are being spent on unneeded weapons systems."

All of these fairy tales did not succeed in convincing the people of the European countries who vehemently protest Reagan's decision. Even some governments of NATO countries have expressed concern over likely consequences of this decision and generally the warlike stance and provocative conduct of the United States president. Europe is in an uproar.

The Netherlands: Concerning The Netherlands, General Rogers, the American commander of NATO forces, stated that it is probable that The Netherlands might refuse to accept the installation on its territory of "cruise" missiles, as is provided for in NATO plans.

In Great Britain, the Labor Congress took a stand against the installation of such missiles or neutron bombs on British soil and American "Trident" missiles on British submarines.

The powerful peace movements in Belgium, France, Finland and other European countries condemn and protest Reagan's decision. In London, Paris, Rome, Brussels and other European capitals, even in Mexico and Japan, huge demonstrations against nuclear weapons in Europe have thrilled the world.

Even in America itself, the "Movement for Survival in the United States" and 3,000 American signatories condemned the nuclear and other military armaments policies of their president.

The magnificent demonstration in West Germany has shaken the Schmidt government and the world.

In answer to a question as to whether Washington was concerned over this powerful demonstration of the German people, U.S. Undersecretary of State Eichelberger confessed, "I would be lying if I maintained that we were not concerned."

Despite these protests of the people, Reagan and his cohorts are continuing their pressures and their plans.

Toward Total Destruction

Let us all, however, pay attention:

If this continuous effort of these mad leaders were to succeed, the inevitable result would be a world nuclear war and the total and definite end of the earth. An end which will not come normally and quietly. An end which will come as a wild storm leaving in its wake the most violent bolts of destruction, suffering, wounds and sickness where even the worst hell would pale before you.

Mankind cannot endure nor survive a third world war.

Scientists admit and state that a nuclear war would be the shortest of all, but also the last. After that war, life would disappear and silence would prevail over our planet, but it would be the silence and quietness of the tomb.

Yet we are informed that one quarter of the scientists and technicians of the world are engaged in military research purposes. And this at a time when urgent problems such as research on the causes and cure of cancer and other incurable diseases as well as the war on imperialism and hunger which kill millions of our fellowmen, all of this calls for the undivided attention and all the creative actions by the scientists of the world.

Today, mankind and the world run the greatest dangers from the actions, plans and pursuits of a number of individuals.

We note with sorrow that there are individuals--unfortunately powerful ones--who suffer from a serious state of psychopathy and we note disturbances in certain leaders who unfortunately hold the strings to this unrestrained production of new and diversified mass destruction weapons and who unrestrainedly spread war hysteria.

So that mankind might avoid this mad rush to the abyss, so that we may stop once again these paranoiac endeavors of sick leaders, the entire world and all the people without exception must stand up.

However, the peace we all yearn for and desire cannot be achieved through prayers and supplications nor through maintaining a neutral stance.

It is not enough to desire and yearn for peace. We must fight for peace unceasingly on a daily basis.

Peace is a public possession and the defense of peace must be a public affair of all the people.

Alex Lotte, secretary general of the International Federation of World War II Resistance Fighters, has said, "Today when the future of mankind is being threatened, the fight for peace, disarmament and especially nuclear disarmament is not simply an idealistic but rather a categorical order if we want to guarantee the survival of the human species."

Appeal for Struggle

We here in Cyprus, with foreign military bases on our soil, are in danger of suffering the same utter destruction as other peoples, let us join our voices with the broad masses of peoples throughout the world. Let us help in the colossal fight being carried out to save their motherlands because this struggle is a struggle for the salvation of our own motherland.

The World Peace Council is leading the way of this world movement of peaceloving peoples and organizations for peace and disarmament.

With us is Romes Siadra, chairman of the World Peace Council, the great friend of Cyprus, and chairman of the International Solidarity Committee for Cyprus.

Mr Siadra's presence at this meeting shows the significance the World Peace Council attaches to Cyprus and its struggle, and we are greatly honored by it.

We warmly thank Mr Siadra and all the high-ranking foreign friends who are here with us this evening, and we express to them our heartfelt welcome.

Also with us is Louis Aragon, the great French poet. The poetry of France, the soul and heart of the French people has come to hail the struggle of our people for peace and happiness of the world.

In the universal struggle for peace, the common goal of all will be the pressuring by international public opinion of those in authority to cancel the production of the neutron bomb and all other kinds of nuclear weapons.

Negotiations and a return to the SALT treaty proceedings must at once replace nuclear war preparations. We must make an appeal and we must mobilize the powerful forces of the logical people of the world who have a conscience and who have good faith and confidence in a better future for mankind.

We must demand in a most emphatic way that this inflexible and senseless decision to the desires and yearnings of the peoples of the world be withdrawn. The desire and yearning of the people is for logic to predominate, for the stopping of production of all of these dangerous weapons and means of destruction, for disarmament at a normal rate so that peace and happiness might reign everywhere forever.

In this appeal, a strong demand for the complete demilitarization of Cyprus must have its place. The demand will include the withdrawal of Turkish troops from the north and the dismantlement of the British military bases in the south. The Cypriot parties and organizations which founded the Struggle Committee against the Neutron Bomb and Other Nuclear Armaments feel deeply the tragicality of the passing days and their duty to call on the Cypriot people to a common struggle for the success of this holy cause, the struggle for peace. The unanimous desire of our people is capped by the presence of the president of the Cypriot Republic.

On behalf of the Struggle Committee Against the Neutron Bomb, I wish to express our warm thanks.

We welcome the presence of the church in the person of the representative of the Metropolitan of Kyrenia who at the same time also represents His Beatitude. We warmly welcome them.

May your indulgence and patience permit me to conclude with one last quotation from the appeal of the German signatories for peace:

"We address ourselves, above and beyond the frontiers of nations, regardless of their social systems and differences in their beliefs, to all those who bear responsibility with the patient appeal that this new course toward military armaments be stopped and that disarmament talks be resumed at once.

"We call on international public opinion not to become reconciled with this situation, but with greater energy to fight for the maintenance of peace.

"Let us unite our efforts to prevent Europe from becoming a battlefield of a nuclear war for a new and simultaneously last world war.

"Nothing is as serious as the maintenance of peace."

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BONN'S ENERGY PROGRAM STRESSES INCREASE IN NUCLEAR POWER

Hamburg DER SPIEGEL in German 9 Nov 81 p 56

[Text] Bonn remains steadfastly on a nuclear-power course: Because more citizens are going to heat their homes with electricity from nuclear power plants in the future, more reactors are scheduled for completion by 1995 than had been planned hitherto.

The Liberal as much as the partner flew into a rage: "I am the environmental minister, not the minister of nuclear-power promotion" fumed Free Democrat Gerhart Baum. In the opinion of Horst Ehmke, second-in-command of the Bonn Social-democratic fraction: "A provocation."

Both of them were angry at Bonn economics minister and nuclear-power advocate Otto Graf Lambsdorff. Lambsdorff had pleaded openly for a considerable expansion of atomic-power plants 3 weeks ago, in his first draft of the "third updating of the energy program" of the Federal Government.

Moreover the economics minister also annoyed the coalition partner because of "the scented candles on the altar of the free-market economy" which research minister Andreas von Buelow found on every page of the Lambsdorff draft. Ehmke on Lambsdorff: "That man must be crazy."

By Wednesday of last week, when the Bonn cabinet adopted the energy program, the anger had blown over. All at once, Gerhart Baum discerned "clearly the hand of the environmental minister" in it. Nuclear-power sceptics of the SPD and FDP had polished up Lambsdorff's proposal: The result was a "diplomatic achievement," in the opinion of FDP deputy Werner Zywietz.

This broad approval is surprising. To be sure, Baum managed to wring out of his fellow party member Lambsdorff a few self-evident sentences about the priority of safety over economic interests, and to smuggle into the energy epistle a chapter about environmental protection. To be sure, the Social Democrats forced the economics minister to make a declaration of loyalty to the precedence of energy conservation. But at two critical points this view of the energy future loftily ignores the party-congress resolutions of both coalition parties.

In the cabinet resolution, there is not one word about the view that nuclear energy should be used to close only that energy gap left uncovered by coal and oil. According to the Bonn program, the point is no longer that in the absence

of nuclear power the lights will go out. Rather, West-German industry deserves to be generously supplied with ostensibly cheap nuclear power. Meanwhile, von Buelow regards the "residual-need philosophy" as "economically beyond good and evil."

There is also no longer any talk about the proposition that a decision should be made only at the end of the 1980's concerning whether the FRG needs atomic power at all. SPD deputy Harald B. Schaefer, chairman of the Nuclear Energy Commission in the Bonn parliament, realizes by now that "for the Federal Government, a future without nuclear energy is no longer conceivable even these days."

The Bonn Government owes this certainty to a report by three institutes of economic research--a report which has been conveyed by Lambsdorff to the deputies only in excerpts so far. Undeterred by all the criticism and scepticism about growth, the researchers predict for the future an annual growth in real terms of between 2.2 and 3.4 percent. Moreover, they are saying that in the interval between 1978 and 1995 the primary-energy consumption will grow between 1 and 1 4 percent on an average. On the other hand, according to the prophecies of the three institutes the increase for electric power should lie between 2.7 and 3.2 percent annually.

Furthermore, since oil, gas, and coal are to be replaced more and more by nuclear energy for electricity generation, the institutes recommend a briskly paced move toward more nuclear power: The share held by nuclear power in the total energy supply should increase from its present value of just under 4 percent to 17 percent by 1995. This means: Besides the nuclear reactors which are already on line, under construction, or in planning, 11 to 12 additional nuclear power plants would have to be built.

Notwithstanding the resolutions by the rank and file of the FDP and SPD party congresses, the Bonn government is staunchly backing atomic energy. By the middle of the 1990's, a third of our energy consumption should be supplied by hard coal and brown coal, a third by petroleum, and the final third by natural gas, nuclear energy, water power, and other renewable sources of energy. But this requires an expansion of nuclear energy which goes far beyond the residual-need coverage called for by both governing parties.

But the cabinet deems the construction of new nuclear reactors to be essential above all in order to make available fairly cheap electricity. But supposedly this is possible only if more power plants produce electricity in the base-load range--that is, around-the-clock power generation. Since with nuclear power plants the capital expenditures are very high but the fuel costs are very low, the acquisition of new plants is supposedly a paying proposition above all when these are scheduled for continuous operation.

However, the nuclear power plants hitherto planned are adequate for the base-load electricity which is needed on a constant basis. Thus the planning of new nuclear reactors for the base load really has only one interpretation: More nuclear-generated electricity is to be produced than is needed at the present time. But Bonn's thought is that surely customers will be found for this cheap surplus power. In plain words: In the future, there will be an increasing use of nuclear power for heating the nation's homes.

But that is exactly the opposite of the proposal which had been made by the majority of the members of the inquiry commission of the Bundestag in the last legislative period: Not more electricity for the heating market, but energy conservation by means of more stringent specifications for the thermal insulation of residential buildings.

But what party congresses or parliamentary commissions suggest is one thing. What the administration does is quite another matter. When during the discussions some of the deputies asked Lambsdorff for a few relevant documents, the count coolly refused them the desired papers: "This program is the concern of the administration."

12114
CSO: 3103/94

NUCLEAR WASTE PROBLEM OBSTACLE TO BONN ENERGY PLAN

Munich SUEDDEUTSCHE ZEITUNG in German 23 Oct 81 p 3

[Article by "mes": "Criticism of Bonn's Nuclear-energy Plans"]

[Text] Bonn, 22 Oct--In the opinion of Harald B. Schaefer, SPD deputy to the Bundestag, the potential problems in connection with the treatment of radioactive wastes from nuclear power plants do not lend support to any energy-policy course which aims at speeding up the expansion of atomic-power plants. Schaefer, a spokesman for his fraction in the interior committee and the chairman of the parliamentary commission "Future Nuclear Energy Policy," wrote in the SPD press-service publication last Thursday that there has been no headway on the solution to many waste-disposal problems ever since the adoption of the principles announced by the Federal Government in 1980--if anything, these problems have become more difficult.

Among other things, Schaefer stated that it is as uncertain as ever whether the salt dome near Gorleben is suited to be an ultimate storage facility; that the question of the extent to which solid-waste storage facilities may be utilized in nuclear power plants is disputed; and that the construction of an intermediate storage facility is not yet certain. "In view of the true waste-disposal situation, a speeded up expansion of nuclear power plants is definitely not to be recommended," concluded Schaefer, who indicated that he expects the Federal Government to take this into account in the third updating of its energy program.

The deputy said that the drafts of the energy program which had come to light so far would not be appropriate to the situation and also would not be in line with the resolutions which have been made by the SPD and FDP coalition parties.

In its third updating, which the cabinet is to take up at the beginning of November, the government assumes--according to the draft already on hand--that by 1995 the share held by nuclear energy should reach 17 percent. At present, it amounts to 3.8 percent. That is, the 14 nuclear power plants currently in operation are producing about 9,000 megawatts of electric power. About 38,000 megawatts are projected for 1995, which means that, roughly speaking, each year about two more nuclear power plants would have to start operating. According to an earlier calculation by the government, if there is such a development then from the middle of the 1980's on, an intermediate storage facility will be needed for the accumulating nuclear wastes.

The Federal Government is counting on being able to adhere to its "waste-disposal timetable," but recently it indicated in its waste-disposal situation report that if waste-disposal difficulties should arise, the "necessary measures" would be taken--that is, if there are any doubts the construction of nuclear power plants would be slowed down.

12114
CSO: 3103/97

RWE/LECHWERKE TO BUILD NEW NUCLEAR POWER PLANTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 29 Oct 81 p 17

[Article by "GM": "Two Nuclear Power Plants Near Pfaffenhofen"]

[Text] Augsburg, 28 Oct--About 30 kilometers from Gundremmingen, at Pfaffenhofen on the Zusam (rural kreis of Dillingen), a nuclear power plant is to be built which will consist of two units with an output of 1,200 megawatts each. A request was submitted earlier for land-use planning proceedings to commence for both units, and by now these have been completed. But the construction of the two units is to be done in succession rather than at the same time. If everything proceeds normally, the construction of the first unit could begin sometime in 1984. In that case, the expected year of completion would be 1990. Only after that will thought be given to starting construction on the second unit, depending on the demand situation.

This nuclear power plant is a joint project of the Rhine-Westphalian Electricity Works Inc. (RWE), Essen, and the Lech Electricity Works Inc., Augsburg, which is classifiable within the RWE category. The agency responsible for planning and construction is the jointly established RWE/Lechwerke GBR Power Plant. The capital costs are being shared by RWE and Lechwerke in the ratio of 3 to 1, with a corresponding legal allocation of the future use of the generated electricity. On the basis of current prices, a total capital expenditure of about DM 3 billion is estimated for the first unit. Lechwerke's share of this capital expenditure will represent a considerable financial strain for this company. With the RWE, Pfaffenhofen is only one of several planned nuclear-power projects. At present, Lechwerke gets about 90 percent of its electricity supply from its integrated set-up with the RWE, with the remaining 10 percent coming predominantly from water power. It is expected that the first unit will probably contribute 20 to 25 percent in the future.

Although the relevant municipality has registered a protest, the initiators of this project hope to be able to assuage opposition better than was done with the originally considered site of Rehling. This site had led to protests from the nearby city of Augsburg, and in the end it was dropped because of a veto from the military. At that time, there had been a suspicion among the American armed forces that the conventional switching facilities of the nuclear power plant could interfere with the operational readiness of a nearby NATO early-warning installation.

12114
CSO: 3103/97

ECONOMICS MINISTER ON ENERGY SUPPLY, PRICE, PROFITS

Rotterdam NRC HANDELSBLAD in Dutch 10 Nov 81 Supplement pp 3, 6

[Report on interview with Minister of Economic Affairs Terlouw by Ben Grief: "Nuclear Energy Is Not Such a Good Way"; date and place of interview not given]

[Text] Minister Terlouw believes that nuclear energy is not the right way for the Netherlands. Certainly for the next 10 years, there will be no need to build any new nuclear power stations, and even for the period following this he has little confidence in nuclear energy. He expects that it will become too expensive. Invest in energy conservation and quickly convert oil fueled power stations to coal is his watchword, although he does recognize that the unavoidable (environmental) problems related to coal are yet to be solved.

For the time being, the natural gas profits made by Shell and Esso will remain untouched, at least as long as those oil corporations keep their investment promises.

"I don't think that it would be good policy to build more nuclear power stations in the Netherlands, at least not in the foreseeable future. I don't believe we should do it during the next 10 years, and I don't think we should do it later either. Why not? Look, there are enormous objections to nuclear energy anyhow; everybody knows that. I am not thinking only of emotional objections -- it is often reduced to that -- but also of very clear commercial, industrial and economic objections."

[Question] But it does produce rather inexpensive electricity, doesn't it?

[Answer] For a while it apparently produces inexpensive electricity. But what do you think would happen if a real accident were to occur and 20 people were to lose their lives? Twenty people is a very low figure when compared to traffic accidents or to people who die from carbon monoxide or in the mines, I am perfectly aware of that. But what would happen if such an accident were to occur? Then public demand for greater safeguarding of the power stations would be inevitable. The existing power stations would then have to be safeguarded against human mistakes. Those power stations would then have to be fitted with all kinds of interlocks which no longer require any human intervention. This would cost no end of money.

Furthermore, what would happen if next some power stations wear out, are written off, show too many hairline cracks and have to be closed? They would have to be dismantled, stored and guarded. This would make them even more expensive. Now, I don't mean to say that in a number of countries in the world, electricity from nuclear power stations will not remain cheaper than, for example, from oil fueled stations -- one doesn't have any idea at all of what oil prices will be doing either. But I do believe that for a densely populated country, such as the Netherlands -- with its social resistance to nuclear energy, but not only that: also with its opportunities for coal technology, with its deep sea-waters, the European gateway for coal transit in Europe, and with its large supplies of natural gas --, nuclear energy is not the right way to go.

Conversion to Coal

Like his predecessor Van Aardenne, Terlouw believes that it is necessary to accelerate investments in the conversion from oil fueled power stations to coal fueled power stations. According to the minister, the power station in Brossele (not the nuclear power station located there) and two power stations on the Meuse plain would be very conducive to such a conversion, which takes 4 to 5 years. Terlouw noted: "This is not only important for the costs of electricity -- which are drastically reduced --, it also has an effect on boiler manufacturing in the Netherlands. But there are still some problems to be solved."

"These problems involve the area of boiler manufacturing as well as the environmental consequences of burning coal -- what, for example, should be done with fly ash? -- but I will try as soon as possible to get decisions in these areas. For companies, such as De Schelde and Vmf-Stork, this is terribly important. We have an overcapacity in the Dutch power stations; if we were to do nothing for a couple of years, this would mean the deathblow to the Dutch boiler industry. This should be bridged if possible, because a couple of years from now power stations will once again have to be replaced and then there will suddenly be a future again."

[Question] Isn't that a strange way of reasoning? You point to the dangers of nuclear energy, of radioactivity, and at the same time you point to the possibilities for coal. With the technology as it currently stands, there are still great dangers related to coal too, aren't there?

[Answer] Yes, but look -- I was only referring to the costs, purely economically speaking. At the present time, the price per kilowatt/hour produced by a nuclear power station is lower than that from a coal fueled station, and certainly lower than that from oil or gas fueled stations. But in my opinion, 10 years from now this will no longer be the case. Why not? Because I believe that by that time a number of developments will have made nuclear power stations more expensive. Developments such as stricter safety demands, possibly a scarcity of uranium because breeder reactors are developing so slowly, and are so disappointing and so incredibly expensive.

Developments also due to the problems related to the storage of radioactive waste, although this could have a lesser impact on the costs. Hence, from a purely economic point of view, I don't believe that in the longer term, nuclear power stations in the Netherlands are the right way to go.

[Question] You said: we should not build any more nuclear power stations. Does this mean then that we should maintain Dodewaard and Borssele? Is this solely dependent then on the costs of closing, which the Beek committee is now going to study?

[Answer] As far as that is concerned, I am bound by the government agreement. Which means that I cannot make any comment on this now. This study must be carried out. Afterwards I will have to make a recommendation to the cabinet: keep open or close down.

[Question] Do you think that it would be a disaster for the Netherlands if we were to give up the option of nuclear technology?

[Answer] I believe that, economically speaking, that would not be a disaster.

[Question] Where else do you place priorities in terms of the energy policy. On energy conservation, cogeneration, city heating?

[Answer] At the present time, the most lucrative investments to exist at all are those in energy conservation. And yet, manufacturers often do not make this choice, because these investments are often not decisive for the continued existence of their companies.

And yet, these investments often repay themselves the quickest -- in 4 to 5 years. Thus, I believe that it is the task of the government to stimulate this as much as possible.

I believe that there is great potential for cogeneration and in principle I would be very willing to promote this so that it really will happen. That is good for industry and good for energy conservation. However, I am still willing to let it be balanced against other investment possibilities.

Take, for example, a plan like the Lievense plan or plans derived from that. They are somewhat interchangeable. You could throw your capital into such a large Lievense plan, but you could also set up a large program for cogeneration. These choices will have to be made in the near future and some studies still need to be made in this respect. Actually, cogeneration has become important to me.

[Question] Electricity in the FRG is already cheaper by half than in the Netherlands, because the Germans use nuclear energy, water power, coal and lignite. As a result, a number of large Dutch energy intensive industries are getting into a tight corner in terms of their competitive position. What are you going to do about it?

[Answer] We have to establish a legal regulation. However, this requires concurrence from the Ministry of Finance and from Brussels. But, for a number of electrochemical and metal engineering companies (especially those producing raw steel), we must have a transition in terms of electricity prices, otherwise they will die from competition. Conversion to coal fueled power stations could lower the price. But this entails about 4 to 5 years. And then you would still not be competitive with regard to the lignite price prevailing in the FRG at this time.

Secondly, we could do something via rate setting. A decision could be made in the short term on the Coconut report (the report from the Committee on the concentration

of utility companies -- added by interviewer) in order to give the government a better grip on rates. Then you could also conduct an industrial policy with the price of electricity. I think that this has to happen, otherwise it will not be possible to keep those companies alive. But before we get that far, the government will have to provide transition support. Hence, we are trying to develop a regulation which is acceptable within the framework of the EC provisions. It is a very sensitive business with regard to Brussels.

Minister Terlouw does not think that there is any chance of still going behind the decision to increase the price of natural gas for small consumers as of 1 January by 7 cents, exclusive of BTW [Value-added Tax]. That decision is firm. The only thing still being considered is whether a few extra cents should be added as of 1 July.

[Question] Do you think that the natural gas for domestic small consumers should cover the "market value," the value determined by alternatives such as domestic fuel oil?

[Answer] Seen purely from an energy policy point of view, those 7 cents as of 1 January are not sufficient. You get problems with large consumer prices and with the implementation of alternative energy sources. The small consumer price must more or less keep pace. As far as that is concerned, a 10 cent increase should have been recommended. But there is something to be said for doing it somewhat more gradually, for absorbing the shocks. You could say: the small consumer is being compensated via the price compensation, isn't he? This is also true, but this price compensation is a very global instrument and it can really produce a substantial reduction in purchasing power for people renting a badly insulated small house.

Shell and Esso

[Question] I understand that you are not eager to further skim off the profits made by Shell and Esso on Dutch natural gas. However, it now appears that quite a few disappointments are to be expected in terms of the promised investments by those corporations. I am thinking about the cancellation of the Shell/BP [British Petroleum] LPG terminal, about the uncertainty surrounding the coal gassification plant in the Moerdijk. When will the time come for you to talk about those profits anyhow?

[Answer] A week after I got here, I invited Messrs Montijn from Shell and Van Duivenbooden from Esso to discuss thoroughly with them what precisely had been agreed upon. You know about the gentlemen's agreement which Van Aardenne concluded with them with regard to the investment program, which involves 14.5 billion guilders for the period until 1985 and -- tentatively -- mentions another 7 billion guilders for Shell and about 14 billion guilders for Esso in the period after that. I have discussed this list with the Shell and Esso directors and checked whether they allow for any delays.

As far as I can judge at this time, that investment program until 1985 will be achieved. But I did say two things to those gentlemen: that I would keep a close watch on whether it is indeed achieved -- if not, then we will have to do something else -- and that I was pleading with them, in fact expected from them, that with those large sums they will help conduct an industrial policy in the Netherlands.

In other words, that part of that money, preferably as much as possible, will also be used to involve Dutch industry in the investment programs which are being carried out.

Small Margin

Secondly, you can check whether there is any extra money, which falls outside of the investment agreement and could be skimmed off for the state. Well, at first sight there seems to be a small margin. But this margin is not developing very favorably for the oil companies because the dollar price is going down, the market for gas is shrinking, and because oil prices, which also have an impact on the price of natural gas, are developing in such a way that gas profits do not increase much. That issue -- whether there is something extra to be had for the state --, that freedom, remains in existence. I have said that we would continue to keep an eye on that and may eventually implement it if developments justify it.

I consider that a careful policy. Administrations bind administrations. I am not at all as soft toward oil companies as some people have suggested, but I do want to conduct a careful policy and not emasculate the confidence between government and the business world.

Great Deal of Sorrow

[Question] As with the question of the Ameland gas?

[Answer] That business has caused me no end of sorrow, but that is the way it is. If I had a legal means to prevent the pumping of those 5.5 billion cubic meters of natural gas in Ameland, then I would prevent it. I have asked laywers within and outside this establishment: find me a legal means which is not contrary to decent management. Up to now, that means has not been found. I am not going to use an instrument which I myself consider to be contrary to decent management. I refuse to do that, even if I get the whole Dutch environmental movement on my back. I care for the environment, but I care even more for the rights of an individual with regard to the state, even if that individual is an oil company.

[Question] How do you estimate the possibility that Russian natural gas and related orders may really come to Dutch industry? Will the Dutch natural gas serve as a "net" for its West European neighbor countries in case the supply of Russian gas is interrupted?

[Answer] At this point, there is little to say about this yet. It is important that Dutch industry be offered a substantial share of the orders. To assume that the Dutch gas would serve as a net is going too far for me. The Netherlands is already very flexible in terms of gas supplies to neighboring countries. I feel that this must be offset by something. I recently also tried to make this clear to my colleague from the FRG.

8463
CSO: 3105/35

BANK FORECASTS DROP IN PRODUCTION GROWTH TO ONE PERCENT

Helsinki HELSINGIN SANOMAT in Finnish 29 Oct 81 p 35

[Text] The most recent issue of Unitas, the economic forecast of the SYP [Finland's Union Bank] predicts that Finland's overall production will grow by only 1 percent next year, whereas a 2-percent growth will still be achieved this year.

The main credit for the growth belongs to Eastern trade. Without the added export generated by the rising price of oil, the growth would have been only 1 percent so far this year.

In the previous forecast by the SYP, the growth was still estimated to be 3 percent; for the present forecast, this estimate was lowered by 1 percent.

Corresponding forecasts from other countries indicate that Finland's economic growth next year will be among the slowest in the industrial countries.

Unitas predicts that among our most important trading partners, only England will show a lower growth of national production than Finland, that is, zero-growth.

Export volume is expected to grow by 2 percent in 1982. SYP researchers estimated that growth will be 5 percent in the spring of next year, provided Western exports will start rolling along satisfactorily.

The estimate was now lowered because economic recovery in the Western countries clearly seems to be lagging. It appears trade with the East will reach this year's level.

With the exception of sawmills, forest industry's prospects for next year still appear reasonably good. Cellulose and paper have so far been in fairly high demand, the forecast reports.

The Western markets' recession is mostly felt in forest industry export, as all of its main markets are in the West. From January to August, the volume of export in the forest industry sector was 8 percent lower than the previous year. However, its monetary value was 2 percent higher.

The greatest change, however, will occur in exports to the East. Last year, our USSR export grew by 55 percent, and as late as during the January-August period, the growth was still 85 percent. From here on, exports will be held back by our currency situation.

Unemployment up to Six Percent

The average unemployment rate will be 5 percent this year. Next year, it will go up to 6 percent, the forecast predicts.

The worst period of unemployment is expected to be in 1983, but we should be able to avoid unemployment of 1978 magnitude if investment activity stays reasonably high.

According to the researchers, it is distressing that inflation in Finland has persisted on a fairly high level for almost a year. Among our most important trading partners, only Norway, Sweden and France have had higher inflation rates than Finland.

However, the forecast indicates that Finland has good chances of curbing the inflation rate to under 10 percent next year.

9571
CSO: 3107/18

BUSINESS GROUP INSTITUTE URGES HALT TO PUBLIC SECTOR

Helsinki HELSINGIN SANOMAT in Finnish 29 Oct 81 p 35

[Text] The Council of Economic Organizations [EVA] urges in its report "Where Are You Heading, Welfare State?" that the growth of the public sector be restricted to comply with the limits set by the growth of the national product.

The EVA managing director, Max Jakobson, who introduced the report, stated: "On the basis of international experience, a rule of thumb can be established that the market economy system functions satisfactorily as long as the share of the public sector of the gross national product does not significantly exceed 40 percent."

The report, which investigates the future of the welfare state, urges that we "turn off the automatic growth mechanism of the welfare system." According to Jakobson, the process of adjusting to the declining or halting of economic growth forces us to reevaluate the system of various services and income transfers that we have learned to think of as the welfare state."

The problems of the public sector will be central in all Western democracies in the 1980's and 1990's, said Jakobson. According to him, the crisis of the welfare state is, above all else, the crisis of political decisionmaking.

According to the EVA report, the needs of the welfare state that put pressure on the public sector can be satisfied only if the country's economic growth stays reasonably good. Finland's national economy has a chance of achieving a growth rate that is 1 percent higher than the average growth in the OECD countries.

In Finland, the internationally comparable proportion of public expense of the gross national product was at its highest in the late 1970's when it was 46 percent. Since the 1950's, Finland's development in this respect has been much the same as Sweden's.

Speaking to a hundred-member audience at the EVA, Jakobson reminded his listeners of the optimistic times of the 1960's when it was believed that the race between capitalism and socialism would spur both systems to producing more and more material well-being for their people. "However, it appears now that both systems have run themselves off their feet. They have so far stood up badly in face of the consequences of slackening economic growth," Jakobson noted.

According to State Finance Minister Ahti Pekkala (Center Party), who participated in the panel discussion, the principles presented in the report are very familiar to the State Finance Ministry. "Except, up to now, the thankless task of preventing the swelling of the public sector has been mainly left for the finance minister," Pekkala stated.

The chairman of the Conservative Party's Parliamentary group, Pentti Sillantaus, also presented an understandably positive viewpoint of the report. In his opinion, establishments in the public sector should be able to adjust themselves more readily than now to societal change. "For example, job positions that have once been established, should not be regarded as permanent," Sillantaus said.

According to the chairman of the Social Democratic Party's Parliamentary group, Matti Ahde, one would have expected more of such an ambitiously titled report. "The final result shows that even the private sector can become guilty of inadequate efficiency," snapped Ahde.

Jarmo Wahlstrom, the leader of the SKDL [Finnish People's Democratic League] Parliamentary group, expressed his opinion that the entire report is only a grandiose bluff, intended to help in pushing back the public sector where it is possible to substitute private enterprise. The EVA has launched a battle over the 1983 budget," Wahlstrom suggested.

Tiivola Flashed Raising of Interest Rates

The chairman of the organization, Mika Tiivola, who opened the EVA conference, hinted in his speech at a possibility of raising the interest rates. "As far as expenditure is concerned, the Finnish business enterprises are living in a dream world compared to competitors elsewhere. However, circumstances are about to change in this respect," Tiivola noted.

According to Tiivola, decisionmaking connected with capital markets in the large sense has been more significant than is generally believed in restoring and maintaining our competitveness." With this remark, Tiivola did not only refer to the 1977-78 currency devaluations "but also to the interest level and other conditions of the money markets."

In Tiivola's opinion, Finland's international competitiveness can generally be regarded as at least satisfactory at present. "There are still serious deficiencies in some sectors, but the general picture is positive."

9571
CSO: 3107/18

FIRMS INCREASE ACTIVITY IN LIBYA

Helsinki HELSINGIN SANOMAT 2 Nov 81 p 30

[Text] On his return from Libya, Deputy Finance Minister Mauno Forsman (Social Democrat) reported that Finnish enterprises will be getting major contracts from Libya which wants to escalate economic cooperation with Finland.

Forsman participated in a joint commission meeting in Tripoli to discuss economic, industrial and technological cooperation between Finland and Libya.

According to Forsman, the most significant projects, in addition to those in construction, are connected with providing electricity and maps for urban areas in Libya. Libya also indicated that it would be especially interested in increasing agricultural cooperation.

In the electric sector, Nokia stands to get a Fmk 200 million contract if its offer is accepted. Finnmap, which already is involved in projects in Libya, will expand its activities this year by sending additional equipment to Libya.

60 Million Contract for the OMP Concern

Already during the meeting, the OMP [expansion unknown] concern signed a contract for the construction of 15 collection containers for rain water in Libya. The value of the contract is about Fmk 60 million. The firm has previously built similar containers in Libya.

According to Forsman, the Libyans wish the Finns to participate in more agricultural development projects, ranging from foresting to plant improvement and soil studies. The Libyans also need fertilizers, grain silos, and grain products in general. The commission also discussed nuclear power cooperation.

The Libyan negotiators noted that Finland is politically a good trading partner for Libya, and that they are hoping Finland will actively seek contact specifically in the electric sector.

According to Forsman, it is difficult to balance the trade between these two countries. The Libyans offered oil, but found it hard to come up with other import articles.

Finnish export to Libya has grown steadily in recent years. Its value in 1980 was about Fmk 200 million. During the first 8 months of the year, the exports rose to Fmk 147.5 million. Among other things, wooden houses, telegraph poles, furniture, printing paper and different machines have been exported to Libya.

9571
CSO: 3107/17

BRIEFS

HARD-CURRENCY TRADE WITH ROMANIA--Starting next year, freely exchangeable currencies will be used in the trade between Finland and Romania. Until now, the Finnish-Romanian trade has been bilateral, and a clearing account has been used for making payments between the countries. The new trade agreement will put Romania in the same group with market economies insofar as import is concerned. In addition to the change to multilateral treatment, the new agreement contains protection clauses to secure undisturbed development of trade. Last year, the trade between Finland and Romania was valued at approximately 135 million marks. This year, the value of trade is expected to be somewhat lower. In addition to the new trade agreement, cooperation between Finland and Romania is also supported by the 1976 agreement on economic, industrial and technological cooperation. According to this agreement, a mixed commission will meet yearly in order to discuss expanding of trade. [Text] [Helsinki HELSINGIN SANOMAT 2 Nov 81 p 30] 9571

CSO: 3107/17

BRIEFS

MERCHANT NAVY REVENUE--Merchant Navy foreign revenue has been very much DOWN over the past few months according to official figures released by the Merchant Navy Ministry. In comparison with coresponding periods in 1980, September's figures were down 14% and in August this decrease was 9.5%. Nevertheless on the basis of the first nine months of this year in comparison with January-September 1980, a slight increase has been recorded--5.6% or 1,373,000,000 dollars against 1,290,000,000 dollars. Fears are being expressed that if the downward trend carries on the last year's total of 1.8 billion dollars will not be surpassed this year. [Text] [Athens ATHENS NEWS in English 14 Nov 81 p 9]

CSO: 4600/137

TRADE UNIONS, EMPLOYERS DIFFER ON WAGE POLICY

The Hague ANP NEWS BULLETIN in English 12 Nov 81 p 2

[Text] The Hague, November 12--The Dutch trade unions reacted angrily last night to the employers' opening volley for the tripartite wage policy talks claiming it spelled the end of the system of automatic wage indexing.

The national-level talks between employers, trade unions and the government are due to start at the end of this month or early December. They are generally expected to founder.

This would leave next year's working conditions to be decided by trade union' and employers' leaders. They are expected to relegate the talks to the industrial branches.

Employers (VNO) [Federation of Netherlands Industries] leader Chris van Veen told a press conference here yesterday that issues which should be open for discussion at the tripartite talks should include:

--a one per cent cut in next year's cost-of-living adjustments,
--severance of the link between industrial wages and those earned in the public sector. The public sector should set the pace instead of the private sector as at present.
--social security cuts.

The employers leader said he would insist at the tripartite talks that the government meet its commitment not to raise the tax and social security burden, to reduce the financing deficit by one per cent and to finance new policies by terminating existing ones.

Bankruptcy Threat

Mr Van Veen, who had just returned from a regional tour, said hundreds of firms faced bankruptcy if the government did not take more sweeping supporting measures.

The situation was worse than politicians in The Hague realised due largely to high interest and electricity rates.

Electricity rates in the Netherlands had rise by 45% in the past three years as against only five to six per cent in surrounding countries.

The electricity bill of Dutch firms would have been 1.2 billion guilders lower if they had been in West Germany and nearly 1.5 billion lower in France, he said.

Union Comment

Commenting, a spokesman for both the FNV [Netherlands Trade Union Federation] and CNV [Christian National Federation of Trade Unions] trade union federations warned that the Netherlands faced a period of labour unrest if the employers endeavoured to erode the system of automatic wage indexing.

The CNV spokesman said his organisation would not object if workers in the industrial branches were to decide at a later stage to forfeit part of their cost-of-living adjustment to finance the creation of jobs.

But he said that national-level agreements to cut these adjustments would spell the end of automatic wage indexing.

The FNV spokesman ruled out any discussions of more drastic cuts in social security payments and cuts in cost-of-living adjustments.

CSO: 3120/18

MOTIVES OF SCHMIDT-STRAUSS MEETING EXAMINED

Hamburg DER SPIEGEL in German 23 Nov 81 p 21, 22

[Article: "Back Again"]

[Text] On 5 November, a secret visitor entered the chancellor's office through the back door. It was Franz Josef Strauss, the Bavarian minister president.

No sooner had Lothar Spaeth, the minister president of Baden-Wurttemberg completed his long-distance call to Washington than he got another call— this time from Franz Josef Strauss in Munich.

The Bavarian minister president talked about this and that and then finally got to the point. He had just talked to their colleague Gerhard Stoltenberg in Kiel and had heard from him that the government, deep in budget problems, was turning to several CDU minister presidents for help. "I would like to emphasize," Strauss said, "that the minister presidents should not make separate contact with the government."

What Strauss did not know was that Spaeth had just been on the telephone talking to his party chairman Helmut Kohl in Washington in a similar vein, warning him of the sly tactics being employed by the coalition government which was unleashing the two ministers Hans Matthoefer and Otto Count Lambsdorff on the CDU/CSU.

Spaeth thought that Stoltenberg might play ball and warned his party chief accordingly: "Helmut, watch out! Things are not running the way they should. We simply cannot have any special deals struck." But as for Spaeth, he was not really abreast of things, either. On 19 October, the day these telephone conversations took place, Strauss had long agreed to the secret meeting with Helmut Schmidt in the chancellor's office. "On 19 October, Strauss already knew that he would see Helmut Schmidt within the following 3 weeks," an adviser to the chancellor said.

Afterwards, all and sundry feigned ignorance. Spokesmen of the CDU/CSU as well as the government were at pains last week to claim that the initial suggestion for the 5 November meeting had come from the other side. CSU spokesman Norbert Schaefer said that Schmidt had been behind it and government spokesman Kurt Becker said that the original idea had been Strauss'.

Chances are they both wanted the meeting. Strauss had let the chancellor know after the summer vacations that he thought they ought to get together sometime. And Schmidt had a concrete offer for meeting passed to Strauss in early October.

And so Strauss, who had not taken part in a single meeting between the chancellor and the minister presidents for a year, entered the chancellor's bungalow through the back door on that particular Thursday and stayed to talk for 3 hours without Schmidt's party colleagues, his coalition partner or Strauss' CDU partner Kohl knowing a thing about it.

Strauss did not say a word next day when he participated in a meeting with his CDU colleagues at the Rhineland-Palatinate offices in Bonn where they discussed a common strategy for the Bundesrat whose CDU/CSU majority could make a shambles of the government's budget cutting proposals. "He did not let on one bit," Spaeth said later.

When DIE WELT first came out with news of the secret meeting during a trip by Strauss to Japan, there was a great deal of excitement, particularly in CDU/CSU circles.

Both at the Bonn party headquarters and among the CDU fraction, the guessing game began concerning the motives Strauss might have had. Everyone agreed that the move had been directed against Helmut Kohl. "As far as Franz Josef is concerned," one member of the party presidium said, "his 'year of silence' is over." And Norbert Bluem, a CDU senator from Berlin said: "Strauss simply wanted to let people know: I am back."

Following his smashing defeat at the hands of Helmut Schmidt in October of last year, Strauss all but went into hiding in his Munich office and left the stage in Bonn, in an appearance of loyalty, to Kohl. He accepted the fact that his old competitor tried to play the role of opposition leader all by himself, in a complacent manner and that he kept waiting for the FDP to leave the government after Schmidt stepped down and to name him chancellor of a conservative-liberal coalition cabinet.

In pursuing this goal, the CDU chairman could rely on the support of his own party rarely enough, which is tired of all the infighting and would like to get back into power. And no matter whether secretary-general Heiner Geissler was urging him to put new program debates on the agenda or the latter's predecessor Kurt Biedenkopf wanted to see peace policy discussed or Stoltenberg was all for working out a budget compromise with Schmidt— Kohl would have none of any of these initiatives.

Strauss was the only one who would not allow himself to be domesticated. He voiced strong criticism at the CDU party congress in Hamburg and did not let anyone dictate to him on whom he should or should not see. And now that the meeting between Schmidt and Strauss has taken place, Kohl knows that Strauss is not working on his behalf.

As for Strauss, he can reach a meeting of the minds with no one else but the chancellor when they have a real discussion about the larger aspects of world affairs, about the economic challenge faced by the industrial nations or about the international strategic threat.

"It was a typical meeting for both of them," Spaeth thinks. "They wanted to demonstrate that given the present situation the world can only be run by great brains like themselves— regardless of party affiliation. That is the way both Strauss and Schmidt tend to think."

There may well be something to that. The two political old-timers consider themselves to be the greatest, far above the mediocre world around them. Both have never made a secret of their high regard for the other's abilities. Schmidt has often said that there is only one person in the entire country to whom he finds it "intellectually stimulating," according to Becker, to talk.

The official word given out by the chancellor through his spokesman was that he and Strauss had talked about the budget process in the legislature. But that is a half-truth at best.

Of course the chancellor must see to it that his controversial budget stabilization package clears the CDU/CSU-controlled Bundesrat. But that is not enough of an explanation of why the chancellor had Becker characterize the meeting as "strictly confidential." Why all the mumbo-jumbo, if all they talked about were simple everyday matters ?

Of course the chancellor wanted to find out whether Strauss would stick to his opposition to the program of budget cuts. Of course he may just have wanted to see whether Strauss was merely acting tough and might eventually adopt Stoltenberg's line of agreeing to a compromise as long as he could get something out of it financially for his Land.

If the package were roundly defeated in the Bundesrat, the coalition which had a hard enough time putting the budget package together would be faced by still another supreme test of strength. The coalition would then have to come up with new proposals of its own to submit to the conference committee— an undertaking that would jeopardize its continued existence.

The fact is that Strauss did stick to his guns in his meeting with Schmidt. "We are rejecting it all," he said. "You will have to come to us."

But confidantes of Schmidt's seem to think there is more to it than meets the eye. The chancellor, they say, enjoys helping Strauss torment the CDU.

Schmidt realized that Strauss wanted to give Kohl a hard time once again— and anytime it is a matter of expressing one's disrespect for Kohl or finding fault with him, the chancellor is only too happy to join in.

As for Strauss' potential for upsetting things, an adviser to the chancellor said, "we are not unhappy about that at all. Why shouldn't a man from Hamburg act the part of trickster once in a while ?"

But if he tries to do so at the expense of his coalition partner, it may turn out to be a dangerous game.

While the budget negotiations were going on during the summer, Schmidt and the SPD were annoyed when FDP economics minister Lambsdorff tried to find out from Stoltenberg what the Bundesrat was prepared to accept. Thereafter, the FDP was in a position to block SPD proposals at will merely by saying that the CDU/CSU would not go along.

That particular ploy from Genscher's bag of tricks worked at the time. But the chancellor will not stand for a secret coalition between the FDP and the CDU/CSU dictating the principles of socialist-liberal policies in the future. "The FDP was always issuing guidelines on compromises," a friend of the chancellor's was heard to complain. "Who says that it has to be that way ?"

The chancellor knew only too well how telling a blow it would be for Genscher, if he did not tell him about his secret visitor until sometime later.

Late last month, the FDP chairman had queried Schmidt about press reports relating to a planned meeting between him and Kohl. "I merely wish to point out," Genscher had said sharply, "that we are partners in a coalition. That is all I want to say." But even Genscher cannot seriously be afraid of the SPD and the CDU/CSU joining forces in a grand coalition. Everyone in Bonn knows that the SPD would not be able to go through with such a move without splitting up internally and the liberals themselves —on the basis of many conversations— know that Kohl is waiting for Genscher to make his move in their direction.

There is only one man who may still be hoping for the grand coalition and for governing the FRG jointly with Schmidt— and his name is Franz Josef Strauss.

That at least is the way the chancellor sees it.

9478
CSO: 3103/124

WRITER BELIEVES SOVIETS' INTERNAL PROBLEMS TO AFFECT FINNISH RELATIONS

Helsinki SUOMEN KUVALEHTI in Finnish 30 Oct 81 pp 46-47

[Commentary by Rafael Paro: "The World Turning Inwards"]

[Text] SUOMEN KUVALEHTI has invited five experts to write on the challenges for Finnish foreign policy in the 1980's. The articles will appear in five consecutive issues of KUVALEHTI. The series was started by Klaus Tornudd, the acting professor of political science at Helsinki University. His article was published in the 43rd issue of SUOMEN KUVALEHTI.

There are certain signs that the great powers, and also many smaller countries, will turn "inwards" in this decade, fortifying and refurbishing their own internal systems.

According to this assumption, the recent elections in both the United States and France are symptoms of this tendency to return to the traditional bases--despite the fact that the ideological signifiers are different.

The election victories of President Ronald Reagan and the Republican Party depended on their emphasizing the traditional American values. As the voters were faced with growing inflation, unemployment and tax burdens, they were enchanted by promises of reducing the scope of the central administration, promoting free competition, respecting honest work, cutting down on excessive social security systems, etc.

By reinstating traditional American values and ways of life, the voters hoped that the United States would again become an undisputed Western leader and that it would no more need to submit to humiliations as it did in Vietnam and Iran.

The victories of Francois Mitterrand and the Socialist Party in France this year can also be interpreted as a similar return to certain traditions. The strong men of the Fifth Republic, de Gaulle, Pompidou and Giscard d'Estaing, had created a nostalgia for the traditions of the French Revolution and Republic. During Giscard's time, the French values were somewhat deemphasized as there was a lot of discussion on Europe.

However, eyes have been fixed again on France. The republic has to be saved from the grip of unemployment and inflation. The tradition of equality is emphasized, again under socialist symbols.

These signs are fairly easy to recognize, especially in France and the United States. It is maybe the question of a kind of "fundamentalism"--without seeking for further parallels in Iran and other Moslem countries.

For the first time in 53 years, Norway now has a purely conservative government. Signs of change can also be seen in Great Britain. The Labor Party wants to renounce memberships in the EEC and NATO. Even though this desire might not lead to action, it does reflect the prevalent mood. In Sweden, the Social Democrats are returning to the government after a lengthy period of internal self-scrutiny. They serve their new-but-old pitches and warn the voters, for example, against "new liberalism."

All these countries are now battling with the so-called stagflation: economic growth is slow, the state economies badly in deficit, rates of inflation and unemployment high.

Maybe without due cause, many citizen groups put the blame on the free market. Removal of international trade obstacles, so much in vogue in the past few decades, no longer enjoys the old support. There is hardly any talk of integration in the economic sense; only the political considerations prevail. An example of this is Spain's EEC and NATO membership drive.

Reasons for the change of mind can probably be found in the changes that have occurred in the international community. An important factor has been the old colonies' process of independence. After these countries become independent politically, they also try to gain economic independence, and this changes the configurations of international trade.

Free trade between developed and undeveloped countries is full of political pressures. Talk about the industrial countries' need to adjust has become familiar. In reality, this adjustment process is now apparent, in for example, the continuously high unemployment rates of many industrial countries.

All in all, there is reason to ask the question if it is not possible that protectionism, in the large sense, will be a more treacherous threat than nuclear war in the 1980's. If the free trade organizations fail and international trade falters, this might lead the world into the threat of an even greater crisis in the 1990's than what we are now experiencing.

Soviet Direction

If these Western world pieces of the jigsaw puzzle of the future fit each other reasonably well, it seems more difficult to evaluate development in the socialist countries, and especially in the Soviet Union. One has to confront the problems an outsider is likely to have in trying to understand social debate in planned economy countries.

However, it can be assumed that the entrance of the undeveloped countries into the world politics and markets as independent agents will also affect developments in the Soviet Union and other socialist countries, albeit within a longer span of time.

Is the Soviet Union in the process of turning "outwards" or "inwards"?

Finding the right answer to this question is obviously an important matter for Finland, even though the practical consequences might not necessarily be as important for Finland as for many other countries.

If international politics and the international economy become clotted up, and protectionism together with some sort of private sustenance systems become the fashion, Finland and the Soviet Union have reached a level on which the relationship could at least hibernate, maybe even thrive, waiting for better times.

Without reverting to too much wishful thinking, one might assume that, as trade obstacles manifest themselves and the threat of trade wars grows in different parts of the world, Finnish and USSR interests will, however, be co-equal as they have been until now. Finland needs its Eastern trade, especially if the Western markets tumble. It appears that the Soviet Union also is interested in continuing and developing its Finnish trade.

However, this probably assumes that the present Finnish foreign policy line will be continued and that it will be supported by firm domestic peace and understanding. Both in the East and in the West, the believability of our foreign policy line depends on how strong our society is. Excessive aggravation of domestic conflicts also affects the compass readings of foreign policy.

We are in the habit of saying that we can always mind our domestic matters as long as foreign relations are in order. This is, of course, true if we are in a tight spot in international politics. But it behooves to mention that too rough a game on home ground can also unintentionally excite an outside audience.

In the past few years, the Finnish host often has had reason to point out to visiting foreign observers that the Polish and Afghanistan situations provide no clues to the Finnish relationship with the Soviet Union. In Finland, we have a stable society, and therefore no surprises can be expected in how the country will act. Finland is a peaceful, and one might say, a satisfied neighbor. One hopes it will be still possible to use this slogan 10 years from now. It seems that there are good chances it will.

It appears that the Soviet Union will have to cope with certain internal reforms. There appears to be a fairly great amount of pressure to make economic changes. However, because of its centralized power structure, the Soviet reacts slowly to the changing world.

It is often repeated in Soviet propaganda that the time of great upheavals in the world is an opportune time for the victory of socialism. However, during the nuclear weapons era, this might be more of theoretical than practical advantage.

If the world enters into the 1980's in as restless a state as we now have, and detente policies find no strong basis, one would suspect that the Soviet Union would use this time to strengthen its own internal resources. The Soviet Union badly needs to reform its decisionmaking processes in economic policy. An important challenge is also improving the utilization of natural resources. Nutritional self-sufficiency is a burning problem, and also a significant one from the point of view of security policy.

How these problems will be attacked in the Soviet Union is, of course, an important and difficult question. During this decade, important changes will take place in the CPSU leadership. Reforms rather than upheavals, however, are a likely result of this.

Good Services

The fact is that we, the Finns, live with both the East and the West, and maybe with more open contact with both than any other nation. The situation could also be described by pointing out that in a certain way, we have for decades gone along with the two leading superpowers' game on our globe.

But we have not, as many others have, sought for an umpireship in this game. Our input has been couched in terms of an active neutrality policy. It could maybe even be called a positive nuclear neutrality policy, as opposed to a negative one. Negative neutrality policy manifests itself for instance, in accusatory tones in blaming both the United States and the Soviet Union for ineffectualness in the disarmament questions. Instead, we have undemonstratively offered our good services at times we have seen good reasons for it on both sides.

This openness towards the two leading superpowers is one alternative on the European continent for a country which, through bitter experience, has come to the conclusion that it does not want to involve itself in the conflicts of interests between the superpowers.

The other alternative would be a clearer European, specifically Western European, orientation. But historical experience does not encourage us to choose this alternative.

Our independence will be based also in this decade on a consistent neutrality policy. However, often we ourselves, as well as our guests, forget that neutrality in itself presupposes independence.

Stone-hard political will does not make for neutrality. It requires that we cultivate our spiritual and economic resources so that we also have the ability to take care of our own matters by ourselves, independently.

If we cannot mind our economy so we can maintain civil peace and so that essential imports can be covered for with sufficient exports, we will waver in our independence of economic decisionmaking, and with it, waver in our entire neutrality policy--and finally, maybe even our entire political independence.

Also in this decade, the established configurations may change in many corners of the world, making traditional trading more difficult just as the oil crisis caused difficulties in the 1970's. We must have enough sense to project our goals and opportunities sufficiently far into the future--and we must have sufficient patience to endure economic hardships without losing our heads. We must not cause surprises either, for our neighbors or for the rest of the world by taking rides on foreign policy cycles. Our resources of power will never be sufficiently great for that.

[Photo caption] Rafael Paro, 44, is the head of the HUFVUDSTADSBLADET foreign department and articles editor of the paper. Paro started his career in journalism in 1962 as a reporter in the Swedish language evening paper NYA PRESSEN. After that, he has worked as an editor of foreign affairs in HUFVUDSTADSBLADET, again in NYA PRESSEN, and in the Stockholm AFTONBLADET. Paro was invited to his present post in 1966.

9571
CSO: 3107/19

SOVIETS DENY VISA TO CP KAINUU CHAIRMAN KEMPPAINEN

Helsinki HELSINGIN SANOMAT 30 Oct 81 p 3

[Text] Parliament Representative Arvo Kemppainen had to forgo a trip to Moscow on account of visa difficulties. Kemppainen was to have participated in a week-long trip to Moscow by the district chairmen of the Finnish Communist Party [SKP].

Arvo Kemppainen is the chairman of the Kainuu district and the only district chairman who is a member of the SKP politburo. As a politburo member, he would have been the self-evident leader of the group.

The minority communists opposed Kemppainen's participation, and as the group was being organized, they requested that the matter be tabled. Later, an impression was given that Kemppainen would not be granted a visa as the group leader. However, as a rank-and-file participant, he would have had no visa problem.

The matter was discussed confidentially by the Communist Party Secretariat. The trip, which begins on Friday [6 November], will be headed by the SKDL [Finnish People's Democratic League] Parliamentary group chairman Jarmo Wahlstrom.

According to Kemppainen, the reason for the change was the fact that the trip was rescheduled to start 2 days earlier, and the new schedule did not suit him.

The Taistoites look askance at Kemppainen who advocated a switch of the SKP chairman in the organization meeting last summer. Kemppainen is the leader of the northern protest movement and has been a strong critic within the SKP.

9571
CSO: 3107/17

STRIFE BETWEEN CP WINGS IN PARLIAMENT CONTINUES

Helsinki HELSINGIN SANOMAT in Ginnish 30 Oct 81 p 9

[Text] It appears that the Communist Party's minority wing [the Taistoites] will be expelled from the SKDL [Finnish People's Democratic League] Parliamentary group altogether. Already, four Taistoite representatives have been dismissed after they voted against the group decision on the street charges law.

The negotiations for reunifying the group have not proceeded well. The majority wing supports the government's proposals and the minority wing promotes its own changes in them.

The SKDL Parliamentary group took a vote on Thursday [29 October] on tax shelters for industrial investments. The majority decision, 14-6, was in favor of the SKDL supporting the government proposal. The Taistoites, however, wanted to abolish these shelters.

Problems of unification were also discussed in the meeting. According to Esko-Juhani Tennila of the Taistoite faction, it appears that there is no genuine effort to reunite.

The group leader, Jarmo Wahlstrom, responded to Tennila's statement by pointing out that the Parliament discusses laws according to its own schedule and cannot wait for the unification of the Communist Party.

Disputes Aired Next Week

It appears that the final demarcation lines will be drawn next week when Parliament discusses employers' child subsidy payments.

According to the government proposal, the employers will still not be asked to pay child subsidy fees next year. The Taistoites want to reinstate the child subsidy fees to what they were formerly. The Taistoites' stand was expressed by the already dismissed member, Marjatta Stenius-Kaukonen, in her protest statement at the Parliamentary social committee.

The Taistoites were given a serious warning last spring for voting against the group decisions. Some 2 weeks ago, four members were suspended from the group until the end of November, namely Stenius-Kaukonen, Pauli Puhakka, Marja-Liisa Salminen and Seppo Toiviainen, who is one of the Taistoite leaders.

The chairman of the Parliamentary group, Wahlstrom, and vice chairman, Ensio Laine, a Taistoite, will be visiting Moscow soon, and this trip will probably delay the expected expulsion decision by a couple of weeks. The group will have to resort to expulsion procedures if--and when--the minority faction votes contrary to group decisions in the plenums or Parliamentary committees.

9571
CSO: 3107/17

JANSSON'S CHANCE AS DARK-HORSE CANDIDATE EXAMINED

Helsinki SUOMEN KUVALEHTI in Finnish 30 Oct 81 pp 52-54

[Interview by Antti Blafield with Jan-Magnus Jansson: "Jan-Magnus Jansson Might Be the Lowest Common Denominator for the Bourgeois Parties," place and time not indicated]

> [Text] "I might become the common compromise candidate for the nonsocialists if the electoral vote produces a bourgeois majority and if the conclusion is reached that I would be the lowest common denominator for the nonsocialists."
>
> The editor-in-chief of HUFVUDSTADSBLADET is the white knight of the presidential tournament. He has supported Kekkonen and has always been ready to make compromises. So it would be logical that the master of compromises would himself become a compromise.

Jan-Magnus Jansson, 59, the editor-in-chief of HUFVUDSTADSBLADET and the former Swedish Party [RKP] chairman, amounts to more than either the circulation of his paper--about 65,000--or the 10 Parliamentary representatives his party can account for.

The HUFVUDSTADSBLADET interprets Finland for the Nordic countries. It is the daily source of the Finnish perspective for the Swedes, Norwegians and Danes.

As the editor-in-chief of the paper, Jansson is the Great Interpreter. This position has also made him into a central source of information for foreign journalists visiting Finland. In the past few weeks, the stream of foreign journalists has swelled, also in Jansson's old-fashioned, dignified work room. "It is a sign of recognition, of course," he admits.

As a leading politician of the Swedish People's Party, Jansson has been one of the architects of the national unity policy. He is a mediator, a clever finder of back entrances: "Maybe we could to it this way..." In 1962, he pressured the Swedish People's Party to give a free hand to Kekkonen's supporters within the party although the party majority supported the Honka coalition. In 1968, the RKP was already among Kekkonen's supporters, but Jansson gave the dissidents, with Georg C. Ehrnrooth at the helm, the right to work also for the Coalition Party candidate, Matti Virkkunen.

In 1958, Jansson was among the founding members of the Paasikivi Society, and he has also been chosen twice as the society's chairman, once in 1964, as the successor to Wolf H. Halsti, and then again in 1975. When the Paasikivi Society organized and funded Kekkonen's campaign in 1978, Jansson was the society's chairman.

By education, Jansson is a doctor of political science. Before he became editor-in-chief, he was professor of political science at Helsinki University.

His book "Politiikan teoria" [The Theory of Politics] used to be a standard work for students of politology, as Elo's Arithmetics, Setala's Grammar and Collin's Swedish translation exercise book were standard for high school students: not enjoyment, but a must.

In the foreword to "Theory of Politics," Jansson thanked his assistant Ulf Sundqvist, who later became the Minister of Trade and Industry in 1979 and sat down on the self-same chair on which Jansson had sat in the beginning of the decade.

"Easy"

Jansson was appointed Minister of Trade and Industry in Kalevi Sorsa's government in 1973. During his ministerial term, Finland was confronted with the energy crisis. The Finns suddenly wanted to make sure that import of oil from the Arabian Peninsula would be secured. Jansson made a gallant journey to Saudi Arabia and brought with him assurances that oil would keep on coming.

"It was surprisingly easy. The Finnish Winter War had made a great impression on King Faisal. We then carefully had to orient his thoughts to the present situation."

Jansson's ability to forge compromises made him the chairman of three different Parliamentary Defense Committees. These committees laid the groundwork for decisionmaking in our security policy, and they created for the army the strong position it now has in the state administration.

So, Jansson is hardly an alternative. Rather, he represents continuity, arbitration, lack of color: the lowest common denominator.

"It appears that every party will have its own candidate, and in that situation it might happen that I will become a candidate. The RKP needs its own profile and its own alternative, and it is difficult to refuse at this point."

It has been said that the presidential election will be mostly a duel between Koivisto and the Center Party candidate. The question inevitably arises of whether even Jansson takes himself seriously as a presidential candidate.

"The way I see it is that I might be able to offer viewpoints in the debate that are of interest to our entire society as well as to the debate itself. After all, I have acquainted myself both in theory and practice with governmental questions. I also have a clear picture of the president's role. In that way, I do take myself seriously."

"The role of the president is to arbitrate and to balance. He must not direct politics, certainly not domestic politics, very actively, but in a crisis situation he has to act so that the state machinery can be made to function normally."

"The president's role as the leader of foreign policy is here to stay. However, in domestic policy, the role of the arbitrator is also consonant with the spirit of the times, since it is obvious that close direction is not wanted."

"Kekkonen has his own historical role, but I would say that our circumstances are fairly normal now, so that the grip can be loosened."

"All Sorts of Matters"

The Finnish translation of Jansson's selected editorials is coming on the market in book form. In the foreword, Jansson urges the nation to launch a foreign policy debate "as long as it is still possible."

The presidential tournament seems to be ridden by somber men. Karjalainen pictures a gloomy world, Koivisto has talked to the party secretaries of Finland's "marginal chances."

"I am a pessimist insofar that I believe there are a lot of unresolved questions in Finnish society, a lot that is smouldering under the surface."

"Twenty-five years of Kekkone's reign means of course, that all sorts of matters have accumulated. There are psychological frustrations in Finnish society that might break out. This is healthy as such, but all sorts of matters can emerge in this context. Maybe I don't necessarily need to be specific about what these matters are. We will see."

Jansson sees a connection between the covert mood and the popularity of Mauno Koivisto.

"The secret of Mauno Koivisto's popularity is in his personality: he is a clever politician and at the same time gives the impression of not being a politician."

"An anti-political mood is very strong at the moment. People want changes. Many people see in Koivisto a different sort of a man from President Kekkonen, who has been both respected and admired; but his is a special stately genius that people may feel alienating. Koivisto gives the impression of being more of an ordinary person."

Kalevi Sorsa said on 10 October in the AJANKOHTAINEN KAKKONEN [TV current affairs program] that the Koivisto phenomenon is an example of the anti-ideological trend. Jansson's viewpoint is close to Sorsa's.

"Wide support for Koivisto personally does not mean that his party has gained such support. It is not the party that matters. Originally, there was strong opposition towards him even in the Social Democratic Party, but then they noticed that they cannot give up this kind of an electoral trump card."

"Hindsight"

[Question] Has it been right to dam things up and keep so many things covert? Was it the right alternative after all to reelect Kekkonen yet again in 1978?

[Answer] "The solution had already been made when the Paasikivi Society joined the campaign. The role of the Society and my role in it were limited to trying to get people to vote and to clarify the importance of foreign policy."

"It can of course be suggested that it might have been better to give up another term. I feel it is hindsight to say that the decision was wrong. Public opinion was such that Urbo Kekkonen was going to be given a lap of honor."

"We were of course, aware in 1978 that it could transpire that Kekkonen could not see the term through."

"I don't mean that we knew anything alarming about his health, rather on the contrary. Kekkonen was quite well all the way up to his 80th birthday and even after that. But as the presidential term is as long as 6 years, we can, of course, assume that an old man might not have sufficient strength."

"Discussion"

The Paasikivi Society will neither campaign in nor organize for the upcoming presidential election. "It would be impossible, as almost all the candidates are involved in the leadership of the society." The following people, for instance, are members of the commission, the society's highest organ: Ahti Karjalainen, Mauno Koivisto, Eino S. Repo, Harri Holkeri, Jansson.

"However, it is possible that the society's role can become important in the years following the presidential election, as the possibility cannot be excluded that no discussion on the content of the foreign policy line will ensue. As the statement by the Third Parliamentary Defense Committee was being prepared, it already transpired that there are many differing viewpoints among the supporters of this line. As it is likely that we will go through a period of groping, it is impossible that the society's role will expand."

[Question] What is the world like where Finland is groping its way?

[Answer] "I do not believe in any kind of immediate dramatics. I believe the dialogue between the superpowers will continue at least as long as the Euro-missile negotiations continue. I also believe that the Nordic nuclear-free zone is going to be discussed further, but that there will not be any immediate development there. So, I am expecting relatively normal development, unless something surprising happens in Poland."

"New initiatives for securing the peace in Europe probably have no chances of success. I don't see the taking of initiatives as a purpose in itself. One should now concentrate on strengthening the bilateral relations both with the Soviet Union and the Nordic countries and wait for the moment when we can again

continue with the ETYK work. Then of course, there is the dimension of the Third World. Such relations were not established during Kekkonen's time. They should be established during his successor's time."

"Opinions"

"Last week's article in PRAVDA is not, in my opinion, a part of some major league scheme. I would rather tend to believe that the Soviet Union will not meddle, at least not strongly, with this election. Of course, it will comment on it, and this was one of the comments. I would say that PRAVDA, which is the Soviet Communist Party organ, often reflects, especially in its reports from Helsinki, the opinions of the Finnish communists, and maybe specifically those of the minority communists."

[Question] What was PRAVDA commenting on then, the internal state of the Communist Party or the presidential tournament?

[Answer] "It might be that the dailies mentioned in the article --

--HELSINGIN SANOMAT, ILTA-SANOMAT and TURUN SANOMAT--had been chosen because they were suspected of supporting Koivisto."

"I would have maybe been somewhat surprised if HUFVUDSTADSBLADET had been included in this group, although we have sometimes been criticized too."

"HELSINGIN SANOMAT published just before the PRAVDA article a gallup on whom the people want as their next president. Koivisto grabbed 60 percent of the vote."

"I find gallups valuable in themselves, but they should not be published a few weeks before the election. They have too great an influence on people because people like to vote for the winner."

"Gallup was also valuable for those parties that were shown to be unsuccessful. It indicated that especially the bourgeois parties should work hard so that they will not be completely stamped underfoot."

"A common bourgeois candidate would not maximize bourgeois votes. I believe that this alternative is no more possible at this stage. Instead, the bourgeois parties should be in contact with each other throughout the campaign in order to investigate the general tone of the campaign and to come up with a common line."

[Question] Under what circumstances could that line lead to Jansson's being elected?

[Answer] "The first condition would be a bourgeois majority. It is not likely that I will be considered if the electoral college has a leftist majority. Another condition is that after comparing the bourgeois candidates, the conclusion must be reached for some reason that I am the lowest common denominator. Only under such circumstances. I want to emphasize that speculations of this sort are not an essential part of my decision if I decide to assume candidacy. It is most of all the question of the RKP needing me."

9571
CSO: 3107/19

NEW CONSERVATIVE GOVERNMENT'S POLICIES BEGIN TO EMERGE

Oslo AFTENPOSTEN in Norwegian 7 Nov 81 p 3

[Article by Terje Svabo: "Three Weeks With the Conservatives--a New Course"]

> [Text] The new conservative government will reverse a trend in social development. The unfortunate results of many years of social democratic control will be changed. A new tax policy is just a link in that work. It will be just as important to make a clearing in what the conservatives call the jungle of laws. A guiding principle in the work will be to devise balanced teamwork between public and private power and interests. The goal is to let the people decide for themselves whether to eliminate a number of unnecessary and bureaucratic restrictions.

The correct evaluation of the government's future work will be to compare the results with the consequences in case the Labor Party had been able to retain governing power. Changes in the taxes in the revised budget bill illustrate that. The Conservative Party's recommendation includes a decrease in taxes for families with children in the current year, and no changes for other groups. If it were desired to save by tax deductions this could be easier for all. If the Labor Party had remained in power, we would all have had to share the burden of a tax increase of nearly 2000 million kroner.

Comparing the old and the new governments' programs, it is possible even today to see that there will be changes in a number of important areas. Not the least of these is the power and influence of state authorities. The conservative desire to protect the right of private ownership will set the pace here.

By means of changes in the housing rights law the Labor Party deprived hundreds of thousands of people of the right to dispose of their own dwellings. One proposal which can be expected soon from the government is the opportunity to dissolve the detached dwelling rights law if the members of a cooperative society desire it. That means that new groups will be able to own their own apartments.

Revision of this law will be an important task for the government, which has already agreed not to implement the planning laws. The so-called reverse principle in this law is considered by many to be in direct conflict with the Norwegian sense of justice, and moreover an obstacle to new business and initiative.

Starting with the work of the Skyto committee, the Labor Party announced at its congress this year that it must take the initiative for a public investigation of further development of industrial democracy. The Skyto committee advocated the same representation by employees and owners on governing boards of companies. Labor Party Chairman Gro Harlem Brundtland was himself a member of the committee. This recommendation will not be carried out by the conservative government.

Canceling the socialization of banks is an example of the conservative position. Public authorities must surrender the majority on the boards of banks to the owners, but at the same time the conservatives increased the employees' representation in comparison with what the Labor Party government was willing to agree to.

Another example is the newly reheated controversy over employee representation on public boards and organs. The Labor Party leadership continues to support employee representation right to vote in political committees. They wanted to create a representation unlike any other in the country: a majority in a political governing group made up of the people's elected choices could have been voted down on the basis of the employees' voting rights on political questions. This would be a clear rejection of the people's vote. The conservatives have warned of a new law which will protect the employees' right of decision, but not in political matters which are the responsibility of local government.

A one-sided investment in Statoil has stamped the Labor Party's oil policies. The company is now so dominant within the Norwegian oil industry that the Conservative Party believes that Statoil's power position is damaging. The Labor Party has announced that Statoil should develop further. The conservative government agrees that Statoil should play a central role, but wants to distinguish between the business and the administrative tasks. In the cabinet this week the government warned about Statoil's future tasks.

In recent years the Labor Party has been characterized by inner conflict over defense and national security policies. This conflict is partly blamed on a genuine desire for free discussion in the party, but just as much of the dissatisfaction comes from real disunity and lack of leadership. The compromise on nuclear-free zones which was adopted at the congress conceals a genuine rift within the party which is still not cleared up. Representatives of the left wing have made it clear that they expect the party to go further in this work.

For the conservatives the dominant consideration in this question will be our attachment to NATO. The government will reject experiments in the defense and national security policy area. Before anything further happens on the question of a nuclear-free zone it must be clear that such a recommendation is a link in an overall east-west disarmament pact.

The government wants to emphasize consultations with our alliance partners on significant security policy matters. Such a policy means that Prime Minister Kare Willoch, in contrast to his predecessor, will avoid going on clarification trips to other NATO countries to explain what the Norwegian government really means.

The lack of support from youth is a serious problem and a large challenge to the leaders of the Labor Party. A good part of the explanation for this lack of support is because the party stands for policies which large sections of young people do not identify with. Perhaps this has been seen most clearly in school policies. The party program says that increased weight will be placed on informal evaluations of the students. This is a position on which the students themselves disagree. Likewise, Labor Party leadership continues to advocate increased experimentation in school management, and this is opposed by students, teachers and parents.

The new minister of education has already informed school authorities that now character will again be given added weight on recommendations for higher education. It will no longer be a sufficient criterion for entering school that the applicant has reached a certain age.

In this area the conservatives also want to reverse the trend. The revised budget was the first step. How far the party will go during the first 4 years will be determined not by the party alone, but also by the degree of cooperation with the Center Party and the Christian People's Party.

9287
CSO: 3108/16

PAPER DEPLORES LACK OF COOPERATION FROM MIDDLE PARTIES

Oslo AFTENPOSTEN in Norwegian 13 Nov 81 p 2

[Editorial: "A Serious Situation"]

[Text] During the first budget discussions since the bourgeois election victory, the Willoch government is already having difficulty getting understanding of what is needed if we are going to reestablish economic balance. The most serious aspect of the current political situation is that the government's two supporting parties, the Christian People's Party and the Center Party, have not been willing to cooperate to the degree expected of them. It is true that the budget compromise between the Conservative Party and the two middle parties is considerably better than it appeared it would be, but the result is nonetheless weakened compared with the government's original recommendation. As a result the budget for 1982 will be less suitable as a tool in the struggle against basic economic problems, where the bourgeois parties have pledged a unified input.

Before the election the Christian People's Party and the Center Party gave the impression that they wanted to make common cause with the Conservative Party in fighting inflation problems and restoring growth to the Norwegian economy. This is necessary to retain both our social security and full employment. In a time when we no longer have any growth in national income, it follows that we must systematically attack expansion in public expenditures and that price and cost increases in general must be brought to a lower level. So we come to the budget debates in the finance committee, where the first thing that the middle parties want to do is increase expenses and--in order to finance them--recommend higher taxes and fees. And this in spite of all the assurances during the election campaign, and in spite of years of experience that such a policy is ruinous.

It is obvious that a responsible government can not continue to bow to the demands of all the pressure groups--and even less so in the current situation, where consideration of our competitive ability requires us all to show moderation. Sooner or later the Storting must also understand that this must be seen as a whole, and try to get expenses down. At least one should be able to assume that the Christian People's Party and the Center Party will now restrain their demands and instead support the government in its efforts to carry out a new and better policy. After difficult negotiations there was success, as mentioned, in reaching a compromise which the government felt it could live with under the prevailing circum-

stances. But the assumption is that the government's tax presentation will be unchanged, which is a necessary condition so that the income settlement in the spring can be carried out with moderation.

What we have been seeing in the budget negotiations so far emphasizes the responsibility that the two supporting parties have to see that the present government can comply with the wishes of the majority of the voters for a new political course. We can understand that both the Christian People's Party and the Center Party want to distinguish themselves, but that should preferably happen under circumstances wherein the common bourgeois duty to bring order into the national economy is observed. If the two parties place decisive obstacles in the way of that effort, they are risking--as we have previously said--eliminating themselves from further political influence.

In the eyes of the voters it is a matter of political credibility.

9287
CSO: 3108/16

POLL SHOWS ONLY ONE OF FOUR FAVOR UNILATERAL 'ZONE'

Oslo AFTENPOSTEN in Norwegian 14 Nov 81 p 11

> [Text] A majority of almost 60 percent believe that a condition for a nuclear-free zone in the Nordic countries must be corresponding zones in the northern area of the Soviet Union--and only among the supporters of SV [Socialist-Left Party] is there a majority favoring Norway unilaterally setting up such a zone. These also believe that Norway and the Nordic countries alone should negotiate for such zones, according to this week's gallup poll. But among all those asked there was a clear majority who believed that such eventual negotiations should be conducted between NATO and the Warsaw Pact.

Norges Markedsdata took the poll during the last half of September of this year, in a nationwide survey of about 1400 women and men over age 15.

The first question concerned interest in the issue of the nuclear-free zones in the Nordic countries. The answers "very interested," "fairly interested" and "little interested" picked up by far the most, namely 32, 28 and 20 percent of the sample. Supporters of SV stood clearly apart in the first group, with 68 percent. Only 39 percent of Labor Party voters thought they were "very interested."

Six of 10 persons believe that an eventual nuclear-free zone should not be set up in the Nordic countries unless there are simultaneous concessions from the Soviet side, for example corresponding zones in the northern Soviet areas.

The second question by Norges Markedsdata was the following: "If we believe that nuclear-free zones will also apply in an eventual war--what position do you then believe that Norway should take to nuclear-free zones in the Nordic countries; do you believe that we must set a condition that there must also be such zones in the northern area of the Soviet Union, or do you believe that the Nordic countries should unilaterally obligate themselves to keep nuclear-free zones regardless of what the Soviets do?"

Among those who support the Labor Party and the bourgeois parties there is a very clear majority that believes a nuclear-free zone in the Nordic countries depends on concessions from the Soviet side--and also that negotiations on this subject must be handled in connection with NATO's negotiations with the Warsaw Pact.

Sorting the respondents by age shows that the majority for the latter viewpoint is a little larger among the older than among the younger people. Uncertain replies were somewhat higher among women than among men.

	All asked	Political Sympathy					
		A	SV	H	KrF	S	V
	%	%	%	%	%	%	%
Concessions also nec. by Soviet Union.....	59	58	42	68	62	61	62
Norway should unilaterally obligate itself.....	23	27	53	14	19	17	28
Doubtful/don't know	18	15	5	18	19	22	10
Total percent	100	100	100	100	100	100	100

The third question was: "Do you believe that Norway and the Nordic countries alone should negotiate on the nuclear-free zones, or do you believe it is a matter which must be handled in connection with NATO's negotiations with the Warsaw Pact?"

	All asked	Political Sympathy					
		A	SV	H	KrF	S	V
	%	%	%	%	%	%	%
Norway/Nordic countries negotiate.....	17	23	54	7	8	14	23
NATO negotiate.....	69	66	35	80	77	70	74
Doubtful/don't know	14	11	11	13	15	16	3
Total percent	100	100	100	100	100	100	100

Key to column headings under "Political Sympathy"

A - Labor Party
SV - Socialist-Left Party
H - Conservative Party
KrF- Christian People's Party
S - Center Party
V - Liberal Party

9287
CSO: 3108/16

SOCIALIST-LEFT'S YOUTH GROUP SPLITS OVER PARTY ALLEGIANCE

Oslo AFTENPOSTEN in Norwegian 16 Nov 81 p 24

> [Text] The split in SV's [Socialist-Left Party] youth organization, Socialist Youth (SU), will not lead to a new socialist party being established. This was reported by representatives of SU and of the group which was locked out of the organization on Saturday at two weekend press conferences. SU's newly elected leader Oystein Gudim maintains that the split has not weakened the youth organization. The "clean up" in SU was received without concern by the mother party.

On Friday the congress of Socialist Youth in Oslo ended in a split. It happened after a small number of the Oslo delegates were urged to resign from the party. Two-thirds of the delegates supported this decision. When the Oslo delegates--five in all--were not willing to submit to the will of the majority of the congress, it was decided by 64 to 33 votes to close the congress in order to set it up again on Saturday without the Oslo group. After this the delegates from Hordaland, Tromso and Trondheim decided to leave the organization.

According to SU's newly elected leader Oystein Gudim, the Socialist Youth have in reality been split in two for the past 2 or 3 years. At a press conference in Oslo yesterday he said that the two factions have consisted of a majority who have considered it important that SU should be SV's youth organization, and a minority in Oslo who have worked conscientiously to transform SU into a political party alternative to SV. Gudim said, "SU has lately really been the framework for two organizations which have fought each other, and which have widely differing political views. This crippled the entire organization and made it necessary to clear up the situation. The organization had to split, in accordance with the actual political split in SU."

The political conflict in SU primarily consisted of the desires of a minority to give work in the labor unions higher priority than other political work. There has also been much disagreement on attitudes toward youth revolt and the work of the Socialist-Left Party in general.

Oystein Gudim said that the split in SU has not weakened the youth organization. "On the contrary, I believe that the organization, because of the resolution of

the congress, will be strengthened in the long run. And the members who were expelled over the weekend are all--with the exception of the Oslo group, who have conducted their activities during recent years in spite of the opposition of the leadership and the congress--invited to return to SU again. We are confident that many will avail themselves of this invitation," said Gudim.

The group which was expelled from SU said at a press conference on Saturday that there is no basis for forming a new political party such as was caused by the violent conflict in SUF [Socialist Youth League] at the end of the 1960's. At that time the split in the socialist-left youth organization led to the formation of the marxist-leninist AKP [Workers' Communist Party]. The minority group does not recognize the resolution of the congress which excluded them from SU. At the press conference the majority was blamed for power arrogance. "The expulsion came like a bomb to the congress, and it was claimed at that time that the majority had acted in conflict with the by-laws." At a meeting on Wednesday the minority will take a position on further action, and relationships with SV. "It is not possible to compromise with the mother party, although we do not wish to enter any existing party," it was claimed.

Caption: The split in Socialist Youth will strengthen the organization, according to executive committee members Ingrid Skare (rear, left), newly elected leader Oystein Gudim, Jan-Morten Torrissen and Ingunn Taksdal.(Photo:Svein E.Furulund)
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END

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EDITORIAL ON U.S., SOVIET VIEWS OF ZERO OPTION

PM011639 Rome LA REPUBBLICA in Italian 22-23 Nov 81 pp 1-2

[Editorial by Eugenio Scalfari: "Europe Option"]

[Text] The state visit to Bonn marks the start of the close encounter between Brezhnev and the West. It starts with one card less in the Soviet leader's hand--that of the "zero option," which was hitherto his exclusive province, but which now, following Reagan's speech the other day, has been skillfully stolen from him. The president's sally may well be propagandist, as even the most authoritative U.S. commentators admit, but it is not less effective for that.

In any case propaganda is an integral part of politics and diplomacy in a system of public relations now dominated by the major media. And one can be sure that from now on the major mass rallies for peace and disarmament will have to take the new U.S. stance into account. The pacificist movement will gain in equidistance and therefore in effectiveness. But apart from the propaganda used by both sides, how has the negotiating position of the two interlocutors and of Europe--the third and essential element in this complex and dramatic contest--changed?

For one thing, the following definite point has been established: Europe is no longer a "negligible quantity." A large proportion of both superpowers' efforts in recent months has been directed at "shifting" Europe: the USSR in an attempt to win it over to neutralism or at least to increase the disagreement within NATO; and the United States with the aim of muffling every dissonant voice within the alliance and bringing the European governments entirely into line with the State Department and the Pentagon.

Moscow's attempt has failed, nor could it have been otherwise, since the historical, political and economic conditions for a "Finlandization" of Western Europe are lacking. But the U.S. attempt has failed too--and this is a major new factor. Indeed, what has happened is that European pressure has obliged Reagan to make a 180-degree turn. It may be a propagandist change, as people say; but in politics words count and the U.S. administration is now committed to the president's new approach.

It will be recalled that back in late 1979, that is, on the eve of the NATO meeting which decided on the manufacture and deployment in Europe of the Euromissiles, the suggestion was raised on some sides that the alliance governments

issue the proposal of a nuclear moratorium. At that time the suggestion was not taken up. If it had been, it would immediately have blunted the Kremlin's pacifist propaganda weapon and would probably have brought forward the start of the Geneva negotiations by two precious years.

Better late than never. But it must nevertheless be said that if at the end of 1981 the European governments have found the necessary vigor to exert compact and effective pressure on the United States, it is due not to a sudden far-sightedness and a sudden burst of autonomy on the European governments' part, but to the movement of pacifist opinion that has spread throughout Europe in the space of a few months and that is therefore the only real author of the change that has taken place first in the European capitals and now in the White House.

Now one "zero option" is lined up against the other, brandished at each other by Moscow and Washington, the Warsaw Pact and NATO. Is it a game of words? Or do different political and military proposals lie behind the identical slogans?

There is a difference--and a substantial one too. When Moscow talks about a zero option, it proposes the dismantling of all tactical and "theater" nuclear weapons, which means all the Euromissiles, the U.S. nuclear bombers stationed in European bases, the British and French nuclear systems and the missiles carried by U.S. and French submarines. In exchange for this "zeroing" on the West's part, the USSR declares its willingness to carry out a similar disarmament. It rejects the U.S. proposal as unacceptable, however.

The latter, as formulated by Reagan, has a considerably more limited substance: the dismantling of the Soviet SS-20s, SS-4s and SS-5s, in exchange for NATO's abandonment of plans to deploy the Pershing IIs and cruise missiles in Europe. If this first phase is achieved, it could form the basis for further phases of nuclear disarmament.

The USSR maintains that the U.S. proposal would meanwhile give NATO an overwhelming superiority, because Western Europe would cease to be under the threat of Soviet medium-range missiles, while Soviet territory would continue to be within range of the U.S. bombers stationed in Europe, the French and British missile systems and the missiles carried by NATO submarines.

Of course, Moscow deliberately forgets that it too possesses its own nuclear submarines (the recent Swedish incident reminded us of this, if we needed to be reminded) and that in any case if its territory were hit it could always respond with its strategic nuclear force, targeting it at will either at Europe or at the United States itself.

The United States rejects the zero option in the version espoused by Moscow, since in practice it would leave Europe denuclearized in the face of 20,000 Soviet tanks lined up along the iron curtain. But Washington, too, deliberately forgets that this denuclearized Europe would still be supported by the U.S. strategic nuclear system, with its powerful global deterrent force.

Whichever way you look at it, the two superpowers are both hiding behind a torrent of words, figures and acronums, which form a reality that all we Europeans have begun to understand; and the reality is this: both sides would prefer, in the event of a nuclear conflict, that the conflict be limited only to the European theater, without it involving the two "sanctuaries," the two "home countries"--in short, without involving either the United States or the USSR. The nuclear bombs would fall on Western Europe on the one hand and Eastern Europe on the other. But this is the point: in military and strategic terms, is European Russia part of Europe or not?

The question is neither redundant nor rhetorical. In fact it embodies the real nub of the issue that has been troubling both governments and peoples in recent months. Indeed, the United States is separated from Europe by an ocean, which on the one hand increases the difficulty for NATO in providing an integrated defense, but on the other preserves U.S. territory from the threat of medium-range missiles. The USSR, however, borders Western Europe, which on the one hand facilitates any plans it may have for an aggression using conventional weapons and medium-range missiles systems, but on the other renders its European territories vulnerable to the Euromissiles.

If NATO deploys the Euromissiles, a limited nuclear war becomes possible for the United States, but not for the USSR, which would be within the Pershings' firing range. The USSR's only possibility of waging a war limited to Europe is one fought with conventional weapons or with "field" nuclear weapons, that is, warheads used by normal field artillery--and this is in fact the substance of the zero option advocated by Moscow.

As can be seen, it is enough to analyze the two proposals even slightly to realize that the aims of both sides are identical on the following point: both Washington and Moscow are anxious that any future war in Europe exclude their own territories. The diversity of solutions derives from the different geographical and therefore strategic positions of the two "sanctuaries."

Is it possible, despite these terrible difficulties, to start taking some specific step toward nuclear arms limitation? Is it possible to lessen the risk of Europe's becoming a battlefield, the object of "war by proxy" between the superpowers?

There is a possibility, and it is as follows: to establish an initial phase of negotiations that will take into account both U.S. and Soviet concerns and to establish a strict timetable for subsequent phases, which should lead to complete denuclearization and, at the same time, the balancing of conventional weapons between the Warsaw Pact and NATO.

The first phase would envisage the dismantling of Soviet medium-range missiles in exchange for NATO's nondeployment of Euromissiles and the withdrawal of U.S. missiles already on European territory. It should also halt further production of medium-range nuclear bombers on both sides.

The second phase should decide on the withdrawal of U.S. bombers from European bases or their transfer to the "European flag," if in the meantime [West] Europe has created its own autonomous supranational defense body. At the same time a balance should be established in conventional forces in Europe.

At the end of the second phase, the only nuclear deterrent force in Europe would be the French (or "European") force, while there would no longer be any Soviet threat aimed at Europe or any American threat deployed in Europe. As far as nuclear submarines on both sides are concerned, there can be no "European theater" negotiations, since the submarines belong exclusively to the two superpowers' military systems. As such, the problem must be dealt with within the context of the SALT negotiations.

Europe therefore has a major role to play. And a major role can and must be played now also by the East European countries in a position to do so. We have in mind Romania, Poland and Kadar's Hungary. And we have in mind the Western communist parties--the PCF and especially the PCI. Increased pressure from these forces in Moscow could considerably influence the Soviet negotiating stance.

The time has come to mobilize all European energies for peace and for safeguarding the continent. European political unity could even stem from this battle. Indeed, this battle can only be won if Europe is born. Otherwise it is a lost battle.

CSO: 3104/54

BUFALINI'S REPORT ON EUROMISSILES TO PCI DIRECTORATE

LD262120 Rome Domestic Service in Italian 1800 GMT 26 Nov 81

[Text] Another stand by the communist party on Euromissiles has emerged from the meeting of the party directorate. Report by Gian Battista Fenu:

Reagan's position in favor of the zero option and Bonn talks between Schmidt and Brezhnev can be considered as the first bud of possibly possitive negotiations on the problems of disarmament and peace between military blocs. This was the view expressed a short while ago by Senator Bufalini at a press conference at the end of the 2-day meeting of the directorate. Yesterday, the directorate discussed internal affairs and convened the meeting of the Central Committee for the first 3 days of December to discuss the crisis in Italian culture and to propose a recovery project for the country. Today, the directorate devoted itself to the international situation with precise references to numerous hotbeds of tension in the world. A report was submitted in this respect by Bufalini himself.

The new stand adopted by the U.S. president--Bufalini called it "a 180-degree change of course"--was considered by the communist foreign affairs expert to be the consequence of the growing pressure exerted by the European public opinion and pacifist movements, as well as of the threat, feared by the U.S. administration, of almost certainly negative repercussions within NATO and of increased resistance by the U.S. public opinion if the U.S. Government maintained the initially rigid attitude which envisaged Europe as a possible limited theatre in case of a clash between the two blocs.

As regards the Bonn talks, Bufalini noted that Brezhnev in fact did not say anything new but simply repeated what had already been stated a few months ago by Soviet Defense Minister Ustinov, that the Soviet Union was willing to withdraw a not-negligible number of SS-20s from the East European theatre. Perhaps, Bufalini added, Brezhnev went a little bit further by saying that not dozens but hundreds of missiles would be withdrawn.

The PCI representative concluded his remarks on this point by emphasizing the necessity of maintaining in a state of alarm all pacifist movements in Italy and Europe in order to continue constant pressure until the nuclear threat has

been dispelled and defeated. It is now necessary, he observed, to undertake negotiations between the two sides to ascertain the actual position of the East and the West and what the actual density is of nuclear arms on one side and the other.

Noting that hotbeds of grave tension existed in several parts of the world--from the Middle East to Poland, Afghanistan and Latin America--Bufalini expressed particular concern for the situation in the Middle East. In his opinion, this is the most dangerous spot, especially after the failure of the Arab summit at Fes. It was in this connection that he launched a harsh attack on our government's foreign policy, emphasizing that Italy was the first country to offer its bases for the deployment of nuclear missiles and to announce its willingness to send an army corps to the Sinai peninsula. Other European allies and especially West Germany behaved quite differently, Bufalini observed.

CSO: 3104/54

FOREIGN MINISTER REJECTS UNILATERAL DISARMAMENT

The Hague ANP NEWS BULLETIN in English 18 Nov 81 p 1

[Text] Leiden, November 18--Foreign Minister Max van der Stoel told a gathering at the university here today that he emphatically rejected unilateral Dutch disarmament moves.

Unilateral steps would not lead to an autonomous Dutch security policy, but rather to an isolated policy which would thus lose significance and effect, the minister said in a lecture on topical affairs.

He recalled that in December 1979 NATO had opted for a parallel approach of modernisation and arms control, the 'two-track' decision to deploy 572 new nuclear missiles in Europe and start talks with the Soviet Union on a reduction of medium-range weapons.

'I felt and still feel that priority should have been given to the arms control approach. However, international reality is different and that is what counts,' the minister said, calling the two-track decision 'a datum.'

Mr Van der Stoel said that the cabinet's 'security agenda' envisaged improvement in political relations between East and West 'within the limits of what is possible and on the basis of the Final Act of Helsinki.'

Common Voice

He felt the West European countries should speak with one voice on political and military security aspects. They should try to prevent the United States and the Soviet Union from developing the means to eliminate their opponent at one blow, make clear that nuclear weapons are meant above all to prevent war and try to reduce the risks attaching to nuclear armament, he said.

The minister expressed 'great concern' at repeated statements by U.S. authorities that a limited nuclear war in Europe was a conceivable possibility.

Persistent and continuous consultations and negotiations on mutual arms limitation were 'the only way' to get out of the armament spiral, he said.

Mr Van der Stoel said the 'zero option' proposal showed the West was prepared 'to cancel its entire modernisation programme if the Soviet Union removed the threat of its nuclear medium-range missiles.'

CSO: 3120/20

DEMAND, SUPPLY, COST OF OIL FOR JAN-SEP 81

Rome RASSEGNA PETROLIFERA in Italian 16 Oct 81 pp 802-806

[Article: "The Energy Situation"]

/Excerpts/ Summary: The Italian oil situation in the first 9 months of the year was characterized by sales price levels inadequate to cover the costs of the products. This has hurt business economically and has accelerated the private sector's tendency to play an increasingly limited part in the country's economy.

Domestic consumption continued to contract (down 3 percent), a tendency that had already appeared in 1980.

However, the 1981 oil bill, unless costs climb even further, will worsen by about 50 percent over 1980 and reach 28 trillion lire.

Refining has shrunk still further (down 2.3 percent), mainly because of a sharp drop in production for foreign order accounts (down 33 percent). Use dropped to 52 percent of capacity.

Proceeds from sales were less than costs because the CIP [Interministerial Price Committee] was continually late in bringing domestic prices up to the European average and because the pricing method, which pegs prices to the cost of crude, was misapplied.

The market was therefore altered further, as the private sector shrank; as it produced less, more was imported. This weakens the stability and profitability of the system of supply by contradicting the principle under which most of the operators work.

Demand: Even though official figures are unavailable, it is estimated that energy consumption in the first 8 months of the year dropped by about 2.5 percent relative to the same period in 1980. This drop is less than the European average and was caused solely by a slowdown in economic activity (industrial production in the first 7 months of the year showed a drop of 4.5 percent from 1980).

Continuing the trend apparent at the end of the first 4-month period, petroleum consumption at the end of the first 8 months showed a reduction of 3 percent from the same period in 1980.

(A) ITALIA — DOMANDA PETROLIFERA ('000 di Tonn.)

(B)		(Genn/Ago) 1980	(Genn/Ago) 1981	Vs. stesso periodo 1980
—Benzina auto	(C)	8.055	7.988	— 0,8%
Gasolio auto	(D)	6.365	6.815	+ 7,1%
Gasolio riscaldamendo	(E)	7.250	6.535	— 9,9%
—Totali Gasoli	(EE)	14.839	14.686	— 1,0%
O.C. riscaldamento	(F)	2.020	1.960	— 3,0%
O.C. industria	(G)	9.310	8.220	—11,7%
O.C. Termoelettrica (1)	(H)	13.560	13.850	+ 2,1%
—Totale olio combustibile	(HH)	24.890	24.030	— 3,5%
— Altri prodotti	(I)	5.440	5.143	— 5,5%
* Trasferim. al sistema distribu.	(J)	53.224	51.847	— 3,1%
Petrolchimica	(K)	5.140	4.735	— 7,9%
Bunkeraggi	(L)	2.835	2.678	— 5,5%
Consumi/Perdite/Cali	(M)	4.477	4.210	— 6,0%
* Domanda	(N)	65.676	63.470	
Aumento scorte presso consum.	(O)	983	712	
* Totale consumi	(P)	64.693	62.758	— 3,0%
(1) di cui Importazioni	(Q)	3.471	4.931	+ 42,1%

(R) ITALIA-STIMA «FATTURA PETROLIFERA» 1981
(Con elementi di costo congelati ai valori attuali)

(S)	1980	1981 Genn./Ago.	1981 Stima Sett/Dic.	1981 Stima 1981
Domanda mercato interno (Milioni di T.) (T)	95,70 (1)	62,0 (1)	32.0 (1)	94,0 (1)
Costo Cif $/Tonn. (U)	243,40	270,0	260,0 (2)	
Cambio Lit/$ (V)	856,33	1.108,0	1.160.0 (3)	
Costo Cif Lit/T. (W)	200,750	299,160	301,600	
Costo complessivo (Miliardi di L.) (X)	19,200	18,548	9,652	28.200

(1) Domanda per bunkeraggi assunt al 50% per escludere quelle a navi estere, assimilabili ad esportazioni. (Y)

(2) Stima per il mese di settembre. (Z)

(3) Media UIC della settimana 21-25 settembre 1981 (ZZ)

(A) Italy: Petroleum Demand (in thousands of metric tons)
(B) (January-August) 1980/1981; Percent change from the same period in 1980
(C) Automobile gasoline
(D) Automobile diesel fuel
(E) Heating diesel fuel
(EE) Total gasoline and diesel
(F) Fuel oil for heating
(G) Fuel oil for industry
(H) Fuel oil for electric power (see note 1 [Q])
(HH) Total fuel oil
(I) Other product
(J) Transfers to distribution system
(K) Petrochemicals
(L) Bunker crude
(M) Burned/Wasted/Evaporated
(N) Demand
(O) Consumption supply increase
(P) Total consumption
(Q) (1) Amount imported [from (H) above]
(R) 1981 FATTURA PETROLIFERA Estimates for Italy (with costs combined with present values)
(S) 1980; 1981: January-August; September-December estimates; 1981 estimate
(T) Domestic market demand (in millions of metric tons)
(U) Cost in dollars per metric ton
(V) Exchange in Italian lire
(W) Cost in Italian lire per metric ton
(X) General cost (in billions of lire)
(Y) (1) Demand for bunkerage assumed at 50 percent to exclude that of foreign ships, assimilable to exports
(Z) (2) Estimate for December
(ZZ) (3) Average UIC [expansion unknown] for the week of 21-25 September 1981

The Petroleum Bill

As the preceding table shows, the country's scheduled domestic petroleum demand can be projected at about 28 trillion lire (up about 50 percent over 1980), assuming that the dollar cost of a barrel of oil remains at present levels.

The present estimate is slightly less than that of midyear because of the list price reductions of some kinds of crude, but this affects our supply structure only marginally.

Refinery Production

In the first 8 months of the year, refinery activity showed a further slight decrease over the same period in 1980 (use of productive capacity fell to about 52 percent).

This drop is the result of an appreciable recovery of production for domestic accounts and a further sizeable contraction in production for foreign accounts.

As the prospectus (Italian Petroleum Statement) observes, the petroleum balance in the first 8 months of 1981 was characterized by:

--fewer arrivals of crude;

--an increase in the importation of finished and semi-finished products (the latter may be best lumped together with crude);

--shrinkage in all forms of use, except for exports, which were favored by higher profitability on the European markets.

The Cost-Income Balance

The first 9 months of the year were characterized by a net difference between the recovery made possible by price levels and the cost of supplying crude. This difference was caused by both the CIP's restrictive application of the pricing method concerning the recovery of supply costs and the CIP's constant delay in allowing domestic price equalization on administrated products (this caused an average loss of 4-5,000 lire a metric ton over the 9-month period).

Despite stability, such as a slight reduction in crude list prices* [note follows this paragraph], the dollar's increasing value caused a noticeable increase through August in the average cost in lire of imported raw materials and proportionally increased the costs not recovered in income (about 30 lire a kilogram on the average in the first 9 months of the year).

* Official quotations on some types of crude decreased after January; these types involve about 30 percent of imported oil: their effect on the average supply cost can be estimated by considering that the average FOB [fee on board] cost of a barrel of crude (favorably affected by requirements oriented toward lower-cost quality) dropped to $35.30 a barrel in January to about $34 estimated for September. This is, then, a reduction of about 11,000 lire a metric ton, which did not result in a corresponding lower cost of supply because it was more than made up for by a simultaneous increase in the value of the dollar.

It is estimated that the private sector alone lost about 500 billion lire.

The imbalance between costs and income remains, although the situation was alleviated somewhat in September; in the first week of October, for every barrel sold, the recovered cost was $32 as opposed to a $34 outlay on the crude.

Market Variations

The oil situation in the first part of the year had very negative effects on the private oil industry in Italy. The imbalance between costs and income made business increasingly uneconomical, especially for companies whose raw-material acquisition costs were highest, and a slowdown in operations was made necessary in many cases.

This malaise is underscored by a change in the various categories of operators participating in the market, which is evidenced by a further decline in the role of multinational and independent companies and an increase in the market share of consumer importers.

This market change is evaluated as causing increased costs for the country and, to a lesser extent, diversification and, therefore, increased security of supply.

A confirmation of this "change of rôles" can be found by examining the proportional distribution of the various groups of operators in importing crude.

There is a clear trend against the principle of a plurality of operators, and the existence of many operators is reaffirmed in the National Energy Plan as a guarantee of the security and economic stability of the oil supply.

Market Share [in percent]	1980	Jan.-Aug. 1981
Public corporations	39.5	39
Private corporations		
Multinationals	37.5	35
National independents	17	16
Importers	6	10
[Totals]	100	100

[Tables follow on next page]

(A) Italian Petroleum Statement (in millions of metric tons)
(B) Jan.-Aug. 1981 provisional
(C) same period 1980
(D) Supply
(E) Crude (national and imported)
(F) Semi-finished imports
(G) Produced imports
(H) Use
(I) Transfers to distribution system
(J) Petrochemicals
(K) Bunkerage
(L) Consumed, Wasted, Evaporated
(M) Exports
(N) Demurrage (crude and products)
(O) Percentage of crude oil imports
(P) 1979/1980/Jan.-Aug. 1981
(Q) Public corporations
(R) Multinational corporations
(S) National independent corporations
(T) lire per kilo
(U) Italy: cost/income comparison
(V) Average cost of crude oil (FOB)
(W) Recovery in terms of crude
(*) [Note inserted on 2nd preceding page]

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CSO: 3104/41

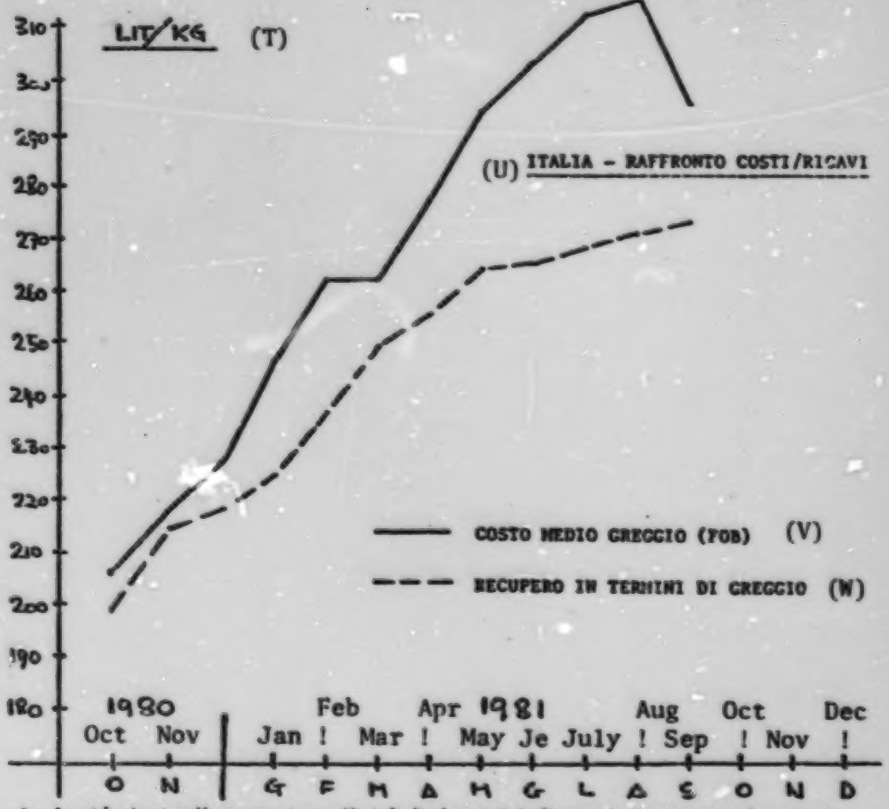
BILANCIO PETROLIFERO ITALIANO

(A) (Milioni di Tonn.)

		(B) Genn./Ago. 1981 provvisorio	(C) vs. stesso periodo 1980
Disponibilità	(D)		
Greggio (Naz.le + importato)	(E)	53,1	— 4,0%
Importazioni semilavorati	(F)	3,5	+ 13,3%
Importazioni prodotti	(G)	11,4	+ 7,1%
		73,0	
Impieghi	(H)		
Trasferm. al sistema di distribuzione	(I)	51,9	— 2,4%
Petrolchimica	(J)	4,5	—11,8%
Bunkeraggi	(K)	2,6	7,1%
Consumi/Perdite/Cali	(L)	4,2	— 6,0%
Esportazioni	(M)	9,2	+ 19,5%
A giacenze (greggio e prodotti)	(N)	0,6	
		73,0	

(O) **PESO % NELLE IMPORTAZIONI DI GREGGIO**

		(P) 1979	1980	Genn/Ago. 1981
Imprese Pubbliche	(Q)	40,5	46,5	53,6
Imprese Multinazionali	(R)	36,5	41,0	36,3
Imprese Nazionali Indipendenti	(S)	23,0	12,5	10,1
		100,0	100,0	100,0



(*) Le riduzioni nelle quotazioni ufficiali di alcuni tipi di greggio intervenute da gennaio in poi interessano oggi circa il 30% della materia prima importata: il loro effetto sul costo medio di approvvigionamento può essere valutato considerando che il costo medio FOB di un barile di greggio (sul quale ha anche favorevolmente inciso una struttura qualitativa più orientata su qualità meno costose) si è ridotto da 35,30 $/b di gennaio ai circa 34 stimati per il mese di settembre. Si tratta pertanto di una riduzione di circa 11.000 lire la tonn. che non si è tradotta in corrispondente minor costo di approvvigionamento perchè ampiamente annullata dall'apprezzamento del $ intervenuto nel frattempo.

DIREKCI DISCUSSES OIL SHORTFALLS, PROPOSED LINE TO IRAN

Istanbul CUMHURIYET in Turkish 15 Oct 81 p 8

[Article by Murat Demiray]

[Text] ANKARA AGENCY -- Turkey has an oil problem. No one denies this. This problem does not stem alone from the fact that we have to import liquid fuel at ever higher prices each year. A series of irregularities in the stages up to procurement, distribution and consumption of oil also contributes to the size of this problem.

Doubtless, there are those who have developed views and proposals for the elimination of Turkey's oil problem or the reduction of its negative effects. Proposals increased in diversification and number especially after the great oil crisis of 1973. How many of them have been put into practice, however, is debatable.

Hilmi Direkci, general secretary of the Union of Petroleum Products Employers [PUIS], is one who has developed a series of proposals for elimination of some oil-related problems. Direkci takes a practical approach to the problem because he is "in the business," presenting some proposals for putting oil administration on a sound footing, creating internal financing and obtaining liquid fuel. Direkci believes that solving the oil problem in Turkey requires a strong exploration fund and a strong administration. He contends, moreover, that building an oil pipeline from Tabriz to East Beyazit is an historic opportunity at present. Direkci says:

"We have an historic opportunity for buying oil through an oil pipeline from Iran today. We buy approximately 1 million tons of oil per year from Iran. This crude oil is hauled from the Persian Gulf at not less than $10 per ton. If weather conditions at sea are favorable, it takes 52 days for this oil to arrive at the IPRAS [Istanbul Petroleum Refinery Corporation] refinery after going all the way around the African continent by the Cape of Good Hope and through the Strait of Gibralter. After processing at IPRAS, it is again loaded on ships and sent to the Iskenderun and Trabzon ports. However, the distance between the Iranian city of Tabriz and East Beyazit is 300 kilometers. An oil pipeline would have tremendous advantages for both Iran and Turkey. At this time, we could easily make Iran's dream of opening a window on the Mediterranean come true."

5 Liras Each for Oil Exploration Fund

PUIS General Secretary Direkci maintains that with a 5-lira "exploration fund increment" per liter added to the price of petroleum products, Turkey's present "ridiculous appropriation" of 7 billion-8 billion liras for oil exploration would be raised to 100 billion liras annually. He says:

"The public cannot oppose this increase. Prices on petroleum products have tripled in the past 3 years. Even though we all complain about it, we have gotten used to living with this fact. Raising the price of a 69-lira liter of gasoline to 74 liras or a 38-lira liter of heating oil to 43 liras is not going to lower the standard of living, nor will it affect the economic balances."

Inadequate Storage

Another aspect of the oil problem is inadequate bulk storage. Turkey's total land and sea storage capacity today does not exceed 500,000 tons.

On the other hand, Turkey has 20,000 tank trucks for an 18 million-ton annual oil consumption. Direkci says, "This is a great waste." West Germany's oil consumption is 5 times higher than Turkey's, but the number of tank trucks it has is around 5,000, he notes.

There is no single mind behind oil affairs in Turkey today. Various irregularities occur because there is no direction. For example, anyone wishing to explore for oil in Turkey, whether foreign or native, can find no one to talk to. Direkci says the following about this:

"One of the biggest problems in oil affairs is, without doubt, the problem arising from the absence of an administration with full powers which can take full responsibility. The oil-related agencies under the Energy and Natural Resources Ministry are completely at odds with one another as regards authority and responsibility."

According to the PUIS general secretary, there are numerous examples of the conflicts and lack of coordination in oil administration. Direkci says that the lack of coordination stems from the lack of a fully empowered organization to take full responsibility, adding:

"The only solution to eliminate all the oil-related drawbacks and to ensure the sound and steady functioning of oil affairs is to have an undersecretary for oil affairs attached directly to the prime minister's office, having full powers and a strong, permanent status allowing him to take full responsibility alone."

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CSO: 4654/37

KRASUCKI ON BUDGET, CGT CONGRESS, POLICIES

Paris L'HUMANITE in French 7 Oct 81 p 5

[Report by Henri Krasucki to the National Confederal Committee of the CGT: "The CGT, Prime Architect of Change Among the Unions"]

[Text] In his report, Henri Krasucki evaluated the 4 months of work with the leftwing government. The 41st Congress is scheduled for June 1982 in Lille.

The National Confederal Committee (CCN) of the CGT, which includes the members of the executive commission and the secretaries of the federations and departmental unions of retirees and administrative personnel, has been meeting since yesterday morning in Paris and will conclude tomorrow evening. Current social problems and the work of the CGT as well as preparation for the 41st CGT Congress, which will be held in Lille from 13-19 June, 1982 are on the agenda.

Henri Krasucki presented the report on behalf of the Confederal Bureau.

On the subject of current problems, the secretary of the CGT declared first of all:

"A vast economic, social, and political field of action has been opened. Work has begun in a number of areas.

"The general direction and trend of what is happening has led us to form an overall favorable opinion and to find a starting point for fruitful union action for workers as well as the country.

"This does not in the least prevent us from seeing or saying what is not right, or not sufficiently right in terms of what is possible, and, therefore, from taking measures to remedy this and coming up with something better.

"This is why we emphasize union action and the action of the workers so much.

"For the here and now and the short term, in the midst of a number of measures which we find encouraging and although many things are moving in the right direction, we must definitely point out our serious concerns and what, in our opinion, is not right."

Some Concerns

Devaluation was among the concerns Henri Krasucki pointed out. Although understanding its justification which resulted for the most part from the legacy left by Giscard, the speaker explained, "The reactionary parties were using devaluation to reduce the purchasing power of workers and those of humble means and to increase profits.

"A leftwing power should act differently. It would be socially unjust and economically dangerous to curtail, in whatever fashion, the purchasing power of workers and, to put it bluntly, this would not be acceptable.

"The firght against inflation," he continued, "cannot be divorced from the fight against unemployment." In this regard he recalled the CGT's proposals.

"We believe that what has been proposed in this area to date does not go far enough, especially after the devaluation."

"More should be taken from the wealthy and from monopolistic profits."

The budget is a second area for concern. "As far as prices, the financial system, and other areas go, there are serious deficiencies."

"We will work for an improved budget, which will leave enough room to make 1982 a better year economically and socially."

"There are also things which are not all right," Henri Krasucki said and cited salary measures. "All workers must see their real purchasing power maintained and low and mid-level salaries and pensions must be improved."

"The government has set the SMIC [Interoccupational Minimum Growth Wage], as well as wages in the public sector and in a certain number of national firms, too low."

"However, it is still possible to correct the situation, and we are available to discuss it quickly."

"It is proper to organize, within appropriate measures, the expression of the worker's will in this area."

Obstacles

"There are," he continued, "certain obstacles which must be eliminated more quickly. It is not surprising that management is opposed to progress, although that calls for the necessary firmness [line missing], but it must also be realized that there are governmental requirements and delays which constrict effective action. This must be corrected.

"Finally, and above all, you cannot ignore the fact that at different levels of responsibility of various management boards, banks, and other nationalized firms, people are clinging to the past and are firmly opposed to the enforcement of positive measures which have been approved."

"When a policy has been democratically determined, when positions and decisions have been decreed, they must be enforced."

Some Concrete Results Already

Henri Krasucki declared that the CGT had noted in the president's press conference and in other statements "observations which echoed our concerns on these questions. We hope that this will be followed by actions.... As for us, we intend to contribute in the best of spirits."

In a number of fields there are concrete results which should be appreciated: Amnesty, the creation of jobs, a new negotiating style in the public sector, and the beginning of an industrial development policy. "These things should be taken into account."

Finally, workers are faced with a certain number of important reforms, already under way or planned, which have significant consequences: Decentralization, nationalizations, new rights, lowering the retirement age, reduction in work hours, continuing education, and democratic reform of the Social Security system and of the health system.

"The prime minister has announced a plan to fight unemployment," said Henri Krasucki. "We have begun to talk about this. We believe that this could be something very important."

"...We will follow all the discussions which will soon come up, and will emphasize the efficiency of creating jobs and ensuring means of control for workers and unions, and examine statutory or collective bargaining guarantees for all categories of workers in question."

"We definitely want to adopt the style and dynamism which will be necessary to obtain the best results and strengthen the CGT."

Approaching the 41st Congress

The second part of the report was concerned with preparation for the 41st Congress, of which the CCN must provide a preliminary outline. The overall work of this session will serve as the basis for the discussion.

"The Congress is 8 months away. In accord with a democratic practice already solidly established, the great debate which systematically takes place over many months within the organizations or publicly in our press will be based on a draft document collectively prepared and presented by the Confederal Executive Commission."

The main themes of consideration will be determined by the CCN, and on the basis of this the Executive Commission will draw up a draft position paper which will be submitted to discussion.

"We thus are undertaking an active, dynamic, uninhibited preparation involving the entire CGT. This is how it should be, in accord with the democratic rules of our organization."

The present report to the CCN organizes the CGT's considerations into six headings: From the 40th to the 41st Congress; emerging from the crisis; the CGT working for change; unity in union action; international action; and the CGT in the eighties.

Henri Krasucki pointed out that the general idea of the 40th Congress emphasized the increase in the desire for change and in workers' refusals to be subjected to austerity and unemployment.

"Three years later, those are the facts.

"The increased discontent, the fights that we have encouraged, and the ideas that we have helped stir up and debate have all effectively resulted in a rejection of the owners' policies and of reactionary parties in power. Universal suffrage has beaten and disowned Giscard, the Right, and the owners."

The Lest is in power, under the conditions that the voters wanted. A set of democratic reforms has been initiated.

"Of course, all of this is happening within a complex situation which is in many ways contradictory. We are now involved in a new process which can lead to truly profound changes. We should therefore be able to foresee, within this perspective, the conditions for CGT action both in the immediate future and in the years to come.

"Have we faithfully adhered to the mandate given us by the 40th Congress?" asked Henri Krasucku. The final reply will be given by the 41st Congress, but "on the whole, yes, we have implemented the policy of the 40th Congress, we have fought in the direction it set forth on the basis of its programs and its ideas. We have done this in relation to actual events to which we have greatly contributed, and we have done this with union partners as they are presently constituted, as well as with various political partners within the framework of ouO respective policies and positions and their changes.

"We have not done this without problems or debates, which is natural, nor without mistakes--who can boast of not having made mistakes?--but throughout these 3 years, all the struggles, all the proposals, all the important deeds that the CGT was responsible forwere done in a timely manner and in the spirit of the 40th Congress."

The CGT has definitely been the union force which contributed the most to the creation of the new situation. "Present at the rendezvous with victory, the CGT is the primary union shaper of the new trend. We are doing all this while remaining ourselves, as grass roots union faithful to our policy positions and class conceptions."

Emerging From the Crisis

Emerging from the crisis through change and transforming society is another area for reflection. Henri Krasucki recalled the analyses of the crisis made by the CGT, which was the first to call for "a French industry" in the face of the political mess and confusion. "We are in a position of making important things happen." Referring to the last Congress, the secretary of the CGT offered some solutions: Assuring employment and a normal standard of living; eliminating the inequalities and incoherences of the capitalist system; giving more responsibility to workers; and installing real democracy everywhere.

"In our opinion," clarified Krasucki, "change is a struggle," He then examined what the class struggle is under the new conditions. Capital has still retained enormous power; there are still hesitant forces in the political and union left; and there is the impact of the international environment. The CGT is continuing to work to advance workers' class consciousness. It will propose solutions entirely independently and encourage employees to take their fate into their own hands.

The CGT has never said that it must get everything right away.

"In some cases it will be a big step, in others a more limited progress that will result in an effective improvement while taking the whole into consideration."

"This is the method of action that we are beginning to implement."

He is pleased with the constitution and with the development of UGICT [General Union of Engineers, Administrative Personnel, and Technicians] for administrative personnel and technicians and with UCR [Confederal Union of Retirees] for retirees.

Public Unity

More than ever before the CGT is declaring itself "for unity in action at all levels and is maintaining its hopes for union unity." But unity in action presumes sufficiently similar positions.

"We are taking into account what exists. We have adopted and are maintaining an open and realistic attitude, not to resign ourselves to the present situation but to advance unity in action and other things."

"In other words, all proposals should be publicly discussed in order to define objectives and means of action with workers and with all organizations that are interested, at all possible levels, first in firms where an agreement can be reached about the subjects, but without ever submitting the proposals to a preformulated agreement."

The political expression of change is the responsibility of the leftist parties ... "We will accept convergent opinions as long as they are for real, and we hope that they will increase among everyone and among all organizations. That said, the criteria for our relationships with each organization depend on realities."

"Lately we have seen serious attempts to return to the cold war through the policies of the Reagan administration," Henri Krasucki continued while touching on international subjects. He pointed out that the CGT is involved in the struggle for disarmament.

He emphasized tha the CGT intends to develop relations with unions in neighboring countries regardless of their conception of union or policy positions. The same holds true for the union movement throughout the world. "We are following with interest, understanding, and independent judgment the progress towards a democratic renewal in Poland and towards a renewal of its union movement. But on the basis of that we will not draw a simiplistic and inexact conclusion covering all experiences which are in reality quite diverse."

The CGT of the Eighties

The end of Henri Krasucki's report is devoted to "the CGT in the eighties."

"The best guarantee for change," he said, "is that the workers have the CGT that they need.

"Things are moving every day and as of now, with the rights already won or that we can win through dynamic proposals, we must establish ourselves, gain a foothold everywhere, develop union life and generally measure up as we should in order to accomplish everything rapidly."

Krasucki encouraged members to think about the weaknesses and deficiencies of the union. In the course of the past 3 years the CTT has experienced a decrease in members and fluctuations in employee elections. "Union life is built on daily events.

"The basis of our activity, our way of life, is the members, elected or not, who have responsibilities and act on the workplace where they conduct themselves like the CGT should conduct itself with the workers."

Union democracy requires a long development. "The most direct democracy possible is that which allows the best contact with members, collective reflection, and decision." He noted that the originality of the CGT is its diversity and right to divergance of opinion, including the right to express it publicly. However, categorical positions are foreign to it. "You must know how to be a majority...and a minority."

"We are going to work together," he concluded, "with all our organizations, all our members, all those that we will put to work. The CGT will be something it has never been before, because it has never had the chance. An all-round CGT, enterprising, alive, uninhibited, faithful to itself and its concepts."

9720
CSO: 3100/98

FINANCE COMMITTEE'S GOUX EXPLAINS NEW ECONOMIC THEORY

Paris LE NOUVEL ECONOMISTE in French 26 Oct 81 p 67

[Article "A New Economic Theory" by Christian Goux]

[Text] The change desired by the French lies mainly in the economic sphere. Everyone is aware and realizes that success or failure in this field will mean the success or failure of the whole government policy.

And it is in this field that the confrontation is boldest, because the Socialists are turning their backs on the previous policy on employment, prices, and currency.

Our policy can be summed up in one great principle: One cannot, in an economy as complex as that of France, attack either inflation or unemployment to the neglect of the other. The only effective approach is the simultaneous one.

This means that we cannot seek to beat inflation by making unemployment increase. Some countries at the present time are applying such a policy. In a country like France, where the mechanisms of indexing are firmly anchored in habit, this would be a dead end.

But it also means that a drop in unemployment must not be obtained by a rise in prices, for this would jeopardize the competitiveness of the economy, and the improvement would be of short duration.

How is all this translated in the economic and financial policy of the government?

In employment, first of all, by a policy of renewing public expenditure suited to reviving the economy. Contrary to the currently fashionable monetarism, the government wants to show that public spending can be an effective weapon if it is well conceived: A 27 percent increase in spending, a net additional increase in the GNP of 1 percent, and priority to everything which affects employment: Aid to hiring, credits from the Business Activity Fund, aid to industry, revival of housing, and conservation of energy. All these expenditures form the basis of the 1982 budget, and they are compatible with a deficit of 95 billion francs, which is still the lowest of all the large Western countries, except for the United States.

On inflation then, the golden rule of the matter is the accounting equation "cost = productivity + price." This means that any increase in cost which is not compensated

by an improvement of productivity results in inflation. No anti-inflationary policy escapes this truth. The previous policy failed by not respecting it: By encouraging the struggle against the increase in real wages, it created the conditions of a stagnation of economic activity which made productivity gains all the more difficult.

But productivity without economic growth means unemployment. One must therefore revive growth in order to limit inflation. The 1982 budget is built around a growth forecast of 3.3 percent, or 1.5 percent more than the average of our partners. To limit inflation to 10 percent annually by the end of next year will be easier with rapid growth.

Concerning currency, finally: The role of a country is proportional to the value of its currency. But a strong currency cannot be decreed. It earns it through the quality of industrial specialization; i.e., through the quality of the products it sells and through the limits which can be set on the dependence on imported products.

Good examples in this field are those countries with the highest industrial performance, Germany and Japan. These combine very good export results with an efficient control of their internal market. And they are countries where planning procedures are genuine, where the collective interest is taken into consideration as a criterion of decisions within the great industrial groups, where bank centralization is a reality. The goals are those which are sought by the government through the nationalizations.

The preceding is the result of government action. But the government cannot do everything by itself. New behavior be economic agencies is necessary in order to solidify the change which has occurred. Neither the inevitable difficulties of implementation nor the resistance observed should make anyone doubt the government's will.

6108
CSO: 3100/94

SAINT-GOBAIN MANAGER EXPLAINS NATIONALIZATION SUPPORT

Paris L'UNITE in French 30 Oct 81 pp 2,3

[An interview with Jean-Pierre Acloque, by Michele Kespi: "Saint-Gobain: Nationalization as Seen by a Labor Union Executive"]

[Text] What is the attitude towards nationalization inside the nationalizable companies? Jean-Pierre Acloque, 46 years of age, an executive at Saint-Gobain and CFDT [French Democratic Confederation of Labor] secretary of the establishment committee at headquarters, answers this question, as well as a few others, for L'UNITE.

[Question] Perhaps you could explain your position and your functions in the company?

[Answer] I am employed by Saint-Gobain-Vitrage [Glass]. This company is not very old (it was established in the beginning of 1979) and it employed 6,028 persons on 1 January 1979, as compared to 4,393 in August 1981.

[Question] How is Saint-Gobain-Vitrage related to Saint-Gobain?

[Answer] It is 100 percent a subsidiary.

[Question] So it is directly affected by nationalization?

[Answer] Yes, that is, the only shareholder of the holding company is the government, and since the holding company is the only shareholder of Saint-Gobain-Vitrage, the control is total.

The Saint-Gobain-Vitrage Company has two activities: production and marketing in France and the area I work in which is coordinating the "sheet glass" business throughout the world, so for foreign subsidiaries in the same field in Brazil, Germany, Belgium, Italy and Spain.

[Question] Exactly what do you do?

[Answer] I am in charge of coordinating the research and development of construction materials.

[Question] To clarify your position for our readers, could you be called an executive?

[Answer] According to INSEE [National Institute of Statistics and Economic Studies], yes, but in the company's own language, no.

[Question] What is your title in the company?

[Answer] I am a department head. In my job I don't give any direct orders to people, but I am responsible for convincing them to act in a certain way.

[Question] How long have you been there?

[Answer] I have been with this company since I started working, i.e., since 1962. I have been in France since 1969. A good part of my career was spent in Germany, in the group.

[Question] This is therefore a company that you know very well and you will perhaps be able to answer the questions people are asking. In Saint-Gobain, for instance, or in Saint-Gobain-Vitrage, more specifically, what were the reactions of workers to the nationalization?

[Answer] The situation of the company is a little unusual: it has suffered a great deal from organizational reforms in the past 2 years. I said a minute ago that 25 percent of the personnel had disappeared in 2 years.

[Question] How did that happen, by economic cutbacks?

[Answer] Yes. There were employees taking early retirement with guaranteed income, and finally people leaving under "licenciement economique" [discharge for economic reasons] at 56 years and 3 months, also with guaranteed income. There was even an agreement with the National Employment Fund in one factory for retirement at 55 years of age. There were layoffs, too.

[Question] What do you mean?

[Answer] Well, people who were laid off at 40 or other ages.

[Question] For what reason?

[Answer] Economic. This was rejected by the factory inspection office, but the ministry accepted it. Finally, less than 10 actually occurred because the people found other jobs. But there was an unusual atmosphere. And what was particularly noticeable, much more than the nationalization, was the difference in the attitudes of the government and the factory inspection office...after 10 May. This was especially apparent at Chalon-sur-Saone, a factory employing 150 persons which was supposed to close down. The entire process was initiated, the decision was made. But it has still not been closed today, and no one knows exactly whether it ever will be. This has no direct connection to the nationalization, but it is just as important!

[Question] Thus there has been a change in atmosphere that everyone is aware of?

[Answer] Yes.

[Question] As for the nationalizations themselves, I assume that there were reactions all the same?

[Answer] Yes. When people talk to me, they say: but you must be in favor of nationalization? I in fact had an opportunity in the central committee (it met right after 10 May, around 25 May) to see both the CGT [General Confederation of Labor] and the CFDT come out in favor of nationalization, and of having it occur as fast as possible.

We had an opportunity to state our position in favor of nationalization. Thus, afterwards, everyone knew my stand and, in view of this, people were asking me, for instance: "Can you explain how this is going to reduce the bureaucracy?", and so forth. This showed that there was a certain concern over inefficiency among the personnel at headquarters. This was the initial reaction.

Then there were some very indirect reactions. We have to go back a bit in time to understand them.

In 1978, there was a whole period of time during which people thought that the Left could win the March 1978 elections. I think that in the Saint-Gobain group, management was expecting to be nationalized and it was more of an unpleasant surprise when they discovered that nothing was happening. They had no alternative policy! Management found itself sort of caught without plans. Its projects, especially in 1977, were based on nationalization after 1978, or in other words it was counting on the fact that industrial policy would be defined jointly with the government and that it did not really have to worry about it very much. When the Left did not win the elections, there was a time when it was floating--which lasted for quite a while, up to the publication of the Nora-Minc report in the middle of 1978 and the reorganization of the group in the direction of computers.

The "old" industries, Pont-a-Mousson as well as the former companies of the Saint-Gobain group, suffered a little from this disaffection. The new measures show great promise, and from this standpoint nationalization is appreciated.

[Question] What do you expect? A new injection of life?

[Answer] Yes. Very little was invested in those old industries which were regarded as industries of little interest, except that they brought in money and they still do! The leaders of those companies have the impression that this will not continue for very long if investments are not made. These old traditional industries do, however, need to be competitive internationally, etc. Otherwise, they will not be the workhorses, as they are called, for very long, but will become horsemeat.

[Question] So nationalization is a driving force in people's minds?

[Answer] Let's say that it would make it possible to rechannel investment to these traditional industries instead of paying for the president's "dancer."

[Question] Have white-collar workers or management reacted in any particular way?

[Answer] Our companies are highly decentralized in principle: Saint-Gobain-Vitrage (6,000 employees in comparison with 140,000 to 150,000 employees in Saint-Gobain-Pont-a-Mousson) is quite small! In theory, the group heading this company is responsible for its policy. But this is just in principle. Important business, investment decisions and also industrial policy and research and development, everything involving the future is actually discussed and then decided on by the group's management. That means that there is someone overseeing, a financial director, and people setting industrial policy for the various entities. People expect the overseeing body to change but not to disappear.

[Question] Are you of the same opinion?

[Answer] Yes. I think that in investment, for instance, or in the general direction of research, there will be no changes and that orders will still be handed down from the level above. In the area of social policy, however, there will be changes. Before there was good management, that is to say it was profit-motivated and people were allowed to do more or less what they wanted. I think that here there will be differences.

This is what happened before. During the time of the previous Saint-Gobain company, it had a certain social image which was somewhat similar to Renault's in other fields. For the past 10 years or so, that is no longer the case, and you don't hear about that any longer. There were business agreements that were very interesting and pretty much on target in relation to what was happening in private industry; for the past 5 or 6 years, though, nothing more has happened along those lines. Thus people are expecting to regain the benefits they had in the past.

[Question] By closer planning?

[Answer] Yes, because of a new social policy--which no longer exists now.

[Question] Have you also noted the reactions abroad?

[Answer] Yes. Rather interesting reactions--in the United States, first. We do not have any subsidiaries in sheet glass in the United States, but we have suppliers, suppliers of materials, etc. I met people who asked questions, but who in the final analysis were not very concerned. Contrary to what is often said, the fact that Saint-Gobain is nationalized does not alarm them.

[Question] And what about the other countries you have dealings with?

[Answer] I had a meeting last week with a manager of a foreign subsidiary. He told me that foreigners in general felt that the nationalization could lead our group to make decisions in favor of the local French companies, to the detriment of local foreign companies. You must bear in mind the fact that in sheet glass, Saint-Gobain is a little different from other multinationals, in that production is entirely decentralized. Each country has the same production units, aside from a few rare exceptions, and is responsible for its national market.

[Question] Which countries show this concern the most?

[Answer] I haven't been to Spain recently, so I can't speak for that country. But the feeling is rather widespread in the other countries.

[Question] The other countries?

[Answer] Italy, Belgium, Germany....

[Question] Are they more concerned than the United States?

[Answer] Yes, but in the United States the problem is not the same since there is no production unit. A French national company will not have any power over the people I met in the Unites States, whereas it will have power over the Italians, Belgians and Germans.

For instance, people are expecting a lot of problems in Germany as a result of co-management. It so happens that the sheet glass companies (and I assume this is true for other companies belonging to the group in Germany, as well) are large enough to be part of the co-managed firms that we have seen since the Socialists came to power. Under this system, decisions are made jointly by workers and management participating in an oversight board on which capital and labor are equally represented. Paradoxically, capitalism is going to be represented by delegates from a nationalized French firm. Thus there could, very indirectly, be confrontations between the German Social Democrats on the one side and the French Socialists on the other. This could be interesting to follow....

[Question] In summary, we could say that in French firms to be nationalized employees are not terribly concerned, that nationalizations do have an effect, that the United States' reaction is calm, but that other countries have shown more concern?

[Answer] Yes, and it is not the change of capital that is important. The fact that the exclusive shareholder changes is not regarded as a determining factor, but the change in the nature of the power in the firm is of interest to everybody. In France, for example, people are delighted with the social changes that could occur, especially at the level of human relationships....

And we as unionists realize that it is up to us to make specific proposals in the factories to bring about the changes.

[Question] After having been in the opposition for years, a complete change in union procedures will be needed, won't it?

[Answer] Well yes.... We will have to use our imagination. Before we were always "reacting": the management in the firm acted and made the proposals, and we reacted. We had no choice. Now we will have to learn to be constructive in our demands: it is no longer a question of trying to find a way through the net, but of trying to change the net! In short, it almost amounts to changing our trade.

9805
CSO: 3100/105

EFFECT OF GUILDER REVALUATION ON ECONOMY

Amsterdam ELSEVIERS WEEKBLAD in Dutch 17 Oct 81 p 27

[Commentary by Prof Dr C. J. Rijnvos: "Revaluation Compels Reconstruction of Economy"]

[Text] The reactions to the revaluation of the guilder were indeed not entirely favorable. The Central Planning Bureau (CPB) calculated that an internationally more expensive guilder would constitute a brake on exports, as a result of which unemployment would be increased by 10,000 to 15,000 persons. That is no favorable prospect, in a country which already has more than 400,000 unemployed. Various political commentaries agreed with this. They used such terms as "a bad business," "disastrous" and "an unfortunate decision." A balanced judgment compels one to place the revaluation decision in a broader framework than has hitherto been generally done.

The criterion for judging the recent measure concerning the rate of exchange is the effect it will have on the economy of the Netherlands in general and on job opportunities in particular. In order to analyze this effect it is advisable to proceed from the situation of the current account in our balance of payments at the present time. This account is--after a number of years with rather sizable deficits--quite positive at the present time. For 1981 the CPB expects a surplus of 2 billion guilders (the surplus in the first half of 1981 already amounts to 2.56 billion guilders). For 1982 the CPB expects a surplus of 10 billion guilders. The 1982 budget bill mentions four reasons for this favorable development of the current account: (1) the increase of the natural gas profits as a result of the renegotiation concerning the export agreements (Spierenburg effect), the increase in the price of oil and the increase in the rate of exchange of the dollar; (2) an improvement of the competitive situation in the years 1979-1981 by a small increase of the wage costs per unit of production in comparison with foreign countries; (3) some curtailment of the expenditures in consumption, in particular in import goods; (4) a limited import of capital goods as a result of the lag of investments in connection with the economic stagnation.

The sizable surplus in the current account cannot be judged entirely favorable, in view of these four causes: the fourth factor in particular is a questionable matter. In judging a balance of payments it is simply necessary to also consider its significance for industry and employment, inter alia. A higher level of investment and a smaller surplus in the current account is undoubtedly preferable to the present situation. It is desirable that the future course of affairs develops in this way. The question now is specifically whether the revaluation may perhaps be a stimulus in that direction.

The prognosis of the CPB was based on reasonably stable rates of exchange, such as those which developed in Western Europe at the end of the 1970's. At the present time the situation has three important characteristics: (1) the interest rate is in general very high. To quite an extent this is a result of the monetary policy, such as is being carried out in Great Britain and the United States. Furthermore, the high inflation in foreign countries tends to drive up interest rates; (2) in various countries with a weak economic structure, such as Belgium, Denmark and Italy, the currencies came under potentially strong pressure. France followed, for economic policy reasons. Until recently this still did not compel rate-of-exchange adjustments, because, with an artificially high level of interest, the external value of the currency was reasonably successfully defended. The high rate of interest served as a brake on the export of capital or encouraged some import of capital, so that, in spite of precarious developments, the relationships of the rate of exchange somehow remained intact; (3) behind a concealing high level of interest there thus developed great national economic-structural differences, which are expressed particularly in differentiated levels of inflation. That situation can be maintained only for some time. At a certain moment the veil of interest disappears and we are confronted with the fact that, on balance, rates of exchange are dependent in particular on the relationship of the national price levels.

Meanwhile the time has come. In the last week of September it was no longer possible, even with an interest rate of 30 percent for short-term credits, to defend the rate of the French franc. Within the European Monetary System supporting operations on an enormous scale were necessary. The interest veil screening the rate-of-exchange relationships disappeared. After a phase with stable rates of exchange a period with a rather serious international-monetary uneasiness began, during which structural economic affairs will be much more significant for the rate-of-exchange development than in the recent past. The rate-of-exchange adjustments have officially introduced this period. They confront us with the fact that the framework of the rate-of-exchange development in Western Europe has been modified, and that is significant for a judgment on the revaluation.

Hitherto, proceeding from the CPB prognosis as concerns the current account, the question asked was how the revaluation should be evaluated. This prognosis, however, took place within a framework of rate-of-exchange development which has meanwhile largely become a matter of the past. Consequently a reformulation of the point of departure is necessary. The question now is what significance is to be ascribed to the upward evaluation of the guilder, in view of the growing international-monetary uneasiness and an increasing significance of structural-economic factors toward the rate-of-exchange development.

In the Western European context the Netherlands is undoubtedly not a member of the weakest group from an economic-structural point of view. Of course we do have our problems. Industrial life is stagnating, unemployemnt is extensive, the collective burden is oppressive, the government has a serious financial deficit and the interest rate is too high. Inflation, however, is still reasonably limited and a new industrial elan seems to be growing, the trade-union movement is--in comparison with foreign countries--a constructive consultation

partner and serious efforts are being made to improve the climate of enterprise. It is specifically in this situation advisable to be careful with the combination of a large surplus in the current account of the balance of payments and a stagnating industrial life. It is this very combination which can readily have a negative effect. For of course the surplus in the balance of payments leads to a proportional increase in the mass of liquidities, or the quantity of money in the country in the comprehensive sense. Hereby, during the first quarter of 1981, already 2.2 billion guilders in liquidities were "imported." Such a course of affairs can readily evoke an expansion of inflation, an increase in costs and then an upward pressure on interest. A favorable balance of payments is then unfavorable for the domestic economy, and it eventually leads to our country coming out into the group of the weakest.

In the present situation it is accordingly necessary to take measures which will prevent too great an import of liquidities and at the same time entail a certain pressure toward economic recovery. In this connection it is interesting to note the difference between devaluation and revaluation. The European Monetary System--so I wrote last week in ELSEVIERS WEEKBLAD--has a peculiar structure. Because a central currency is lacking, there is a direct connection between all participating currencies. In principle a modification in the rate of exchange can be carried out by a devaluation of a weak currency or a revaluation of a strong currency. At first glance the choice between downward or upward valuation seems to be an indifferent affair. There is, however, a difference as regards the effect on the domestic economic relationships. In devaluation a rough measure is adopted in an effort toward suddenly lowering, in regard to foreign countries, a relatively too highly increased price level. This brings on a brief shock, but for the rest generally has few consequences. In contrast, the devaluation, which brings about a rise in import prices, may occasion inter alia the making of extra wage demands and thus bring about an increase in the monetary devaluation. The domestic economy then remains ailing. The situation is different in case of a revaluation.

It is true that the upward valuation of a currency may at first be a difficult task. The prices of export goods rise, which reduces the competitive situation or the profit margin, if the revaluation is not calculated through into the sales prices. These difficulties, however, have a positive side, particularly after some time. Quite differently from a devaluation--so experience teaches--a revaluation contains a certain pressure toward improvement of the cost controls, toward increasing efficiency and as good as possible utilization of the sales and production possibilities. The lesson which must be drawn from this is clear. If a country is confronted with the admittedly precarious combination of a big surplus in the current account, in this case the balance of payments, and a stagnating industrial life, the first government measure called for is a moderate revaluation. This will help prevent too great an import of liquidities, and it will entail a certain pressure toward sound industrial relations. To this extent the revaluation decision deserves a positive evaluation. It should immediately be added, however, that an upward valuation in itself insufficient for the desired economic recovery. It is only a beginning. The revaluation induces one to take even more forcefully in hand than was originally intended the reduction of the collective pressure and the curtailment of the government's financial deficit. It is just such a sequel which will make the revaluation a positive matter.

5742
CSO: 3105/26

INDUSTRY, TRADE UNIONS ATTACK GOVERNMENT PROGRAM

The Hague ANP NEWS BULLETIN in English 17 Nov 81 p 2

[Text] The Hague, November 17--Government policy as outlined yesterday will lead to more business failures next year and a further loss of jobs, Holland's main employers organisation said last night.

Initial comment from trade unions was also critical, although it mentioned some positive points.

The Federation of Netherlands Industry (VNO) predicted a further spate of bankruptcies next year in view of the 'unbearable burdens' imposed on industry.

It said the government had failed to tell the country what should be done and had proposed instead measures which should have been avoided.

Whilst seeking to enlist the cooperation of industry the cabinet was in fact forcing it to the wall and leaving it to fend for itself.

Forget Profits

'As a result of this increased burden a return to profitability is out of the question and the spate of bankruptcies will continue next year, leading to further job shedding,' the VNO said.

It described as unrealistic suggestions that the 1982 net borrowing requirement could be cut to 7 or 6.5% of national income without a change of policy.

The government was not taking into account known setbacks which would increase its borrowing requirement by billions of guilders next year, the VNO claimed.

To put the market sector on a sound footing, it was necessary to keep the net borrowing requirement down to 6.5%, to stabilise the tax and social security burden and keep wages down.

The VNO said it would go all-out to change government policy in tripartite talks with the government and the trade unions on next year's terms of employment, scheduled to start within the next few weeks.

FNV

The Socialist/Roman Catholic FNV trade union federation termed the government's policy programme vague.

It complained the government was taking workers' readiness to make sacrifices more or less for granted without telling them how it planned to restore the economy and employment.

The FNV, grouping more than one million workers, voiced doubts about the proposed 'solidarity tax.' It felt the oil companies should be made to contribute to such a tax which, it said, should spare the lower income brackets.

It raised objections to the government's proposals to cut sickness benefit and the projected seven-cent rise in the cubic-metre gas price on January 1.

CNV

The Protestant CNV trade union federation, grouping some 300,000 workers, was generally critical of the government's employment policies.

It also feared the government was preparing for a series of wage controls which would encroach upon the freedom of pay bargaining.

Among the measures it feared were a one-per cent cut in wage indexing, holiday allowance cuts and lower sickness benefits.

It welcomed government plans to stimulate housebuilding, better industry and energy policies and measures to combat youth unemployment.

CSO: 3120/21

FINANCE MINISTER SEES RISING DEFICIT IN 1982

The Hague ANP NEWS BULLETIN in English 17 Nov 81 p 1

[Text] The Hague, November 17--Finance Minister Fons van der Stee has told parliament that the government's 1982 'financing deficit' (net borrowing requirement) could rise to 21.3 billion guilders, or about seven per cent of net national income.

He said so in a letter to the second chamber, outlining government intentions to amend the 1982 budget which sought to keep this deficit down to 19.8 billions, of 6.5% of net national income.

At the same time Premier Dries van Agt told the chamber in a statement on the government's policy programme that the deficit must not exceed 6.5% of net national income in 1982.

Mr Van der Stee said the government had been faced with setbacks, including substantially lower proceeds than expected from natural gas.

Current estimates were that the proceeds in 1982 would be 2.7 billion guilders, down on budget figures, 1.6 billion due to disappointing sales and 1.1 billion due to U.S. dollar and oil price developments.

Mr Van der Stee did not rule out a further rise by several hundreds of millions of guilders.

Borrowing Requirement

The cabinet, he said, had agreed to go along with proposals (by informateurs Victor Halberstadt and Cees de Galan) to book 1.37 billion now and to reserve 700 million from the proceeds of additional gas sales in 1983 to further offset the setback.

The 'financial deficit,' a key figure in Dutch budget debates, is the public sector borrowing requirement less some four billion guilders needed annually to redeem national debt.

Mr Van der Stee's forecast excludes any effects of international economic developments on the Dutch economy, although he said these are expected to be negative.

New policy plans, including a job creation plan, demand additional funds totalling 2.48 billion guilders, some 1.06 billion guilders of which will come from further economies on existing policies, he said.

The state plans to raise its stake in revenues from small gasfields, which will yield 300 million guilders in 1982, and an extra four billion cubic metres of gas sales will cover 800 million next year.

The government plans to announce a first phase of the job creation plan within four months, Mr Van der Stee added.

CSO: 3120/21

OZAL QUASHES NOTION OF NATIONALIZATION

Istanbul CUMHURIYET in Turkish 30 Sep 81 pp 1, 9

[Text] Washington (CUMHURIYET) -- Speaking at a discussion on "Turkey" at the Georgetown University Center for Strategic Studies, Deputy Prime Minister Turgut Ozal said, "Unlike Western Europe, Turkey does not have a tradition of nationalization." Businessman Sakip Sabanci, also in Washington, spoke, saying that the IMF was viewing Turkey more favorably than in other years. The discussion proceeded on topics oriented toward Turkey's economic problems. Deputy Prime Minister Turgut Ozal gave the opening address, followed in turn by Turkish businessmen.

Beginning his comments with a summary of the 1970's, Deputy Prime Minister Ozal brought the topic around to the 24 January decisions, comparing the 24 January decisions with subsequent economic developments. He said that "liberalization has been introduced" into foreign trade and the foreign exchange regime and that "this liberalization will continue." Speaking on interest policy while taking up the important economic areas individually, Ozal said, "Gold, the traditional source of the people's savings, has now lost its attraction." He said that the Value Added Tax would go into effect in 1938 [as published] and added that the SEE [State Economic Enterprises]'s were being analyzed individually.

Pointing out that, with the measures taken, inflation had been brought under control, GNP had been raised 4.4 percent and exports had improved, Ozal said the following on foreign capital:

"Turkish history as regards foreign investments is rather interesting. Unlike the West European nations, where quite a few industrial establishments have been nationalized over the years, Turkey does not have a tradition of nationalization... Turkey is not much riskier than many West European nations. The SEE's, established in the 1930's, were included in the economy to fill the void in free enterprise which, in fact, was not developed at that time. Essentially, they should have been turned over to the private sector. However, this was prevented by the fact that the ruling parties had a political advantage here. As to foreign capital, Turkey is no riskier than any Western nation. Turkey's sound traditions and social strength make it attractive for foreign capital.

"Despite all these positive developments, we have many difficult jobs ahead. Inflation must be reduced further. Structural changes in the economy must go on. With these structural changes, a new economy will be created in which there is no

question of the irregularities and bad habits seen in the past 5 years. Thus, Turkey will pursue a much more open and externally-oriented economy. The foreign exchange and trade regimes must be further liberalized to keep in step with this new open economy."

Turkey's Washington ambassador, Sukru Elekdag, followed Ozal at the podium to speak of foreign policy. Elekdag said that the factors shaping Turkish foreign policy were Turkey's geopolitical situation, the strong desire for rapid socio-economic development and modernization and the political and moral values of the Turkish people.

Businessmen then summarized conditions in various economic sectors. They expressed their views on topics ranging from banking to agriculture, from mining to foreign trade, stressing their desire to work in concert with foreign capital.

Businessman Sakip Sabanci, who is in Washington in this connection, said that the Turkish economy was greatly improved in comparison with past years, thanks to success in the struggle against anarchy and terrorism and the re-ordering of labor-management relations, which had deteriorated. Sabanci continued as follows:

"Workers have returned to the factories and this is a positive factor in our increased production. Turkey had a perennial foreign exchange shortage, but, thanks to successful progress in foreign contacts, has overcome its supply difficulties."

Sabanci added that the IMF and other international financing institutions were viewing Turkey more favorably than in past years.

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OZAL INTERVIEWED ON 1982 ECONOMIC PROSPECTS

Istanbul HURRIYET in Turkish 19 Oct 81 p 8

[Interview with Deputy Prime Minister Turgut Ozal by Yavuz Gokmen]

[Text] Ankara (HURRIYET) -- Turgut Ozal returned to Ankara from the United States on the eve of Bayram and, after a brief holiday, has set hard to work again. We talked with Turgut Ozal about things economic as 1982 approaches.

If we must be honest, Ozal said at first that he did "not want to talk." The interview you will read was held only at our insistence.

We would like, as usual, to relate some of our impressions before turning the floor over to him. This time, Ozal was different from the usual. He never stopped talking about "the people, our people." What was on his mind was that people should get true value from their savings, which should be used for export-oriented production. He openly took issue in severe terms with advocates of opening the money spigots and lowering interest rates. We discerned a note of reproach behind his matter-of-fact tone. If we were to describe the man Ozal for you, we would say: "A man who is knocking himself out for something he believes in."

He was quite agreeable to having photographs taken but did not want them taken in his swimsuit this time. Everything changes, and so did he. We had the opportunity to see firsthand his artless compassion and observed his sensitivity. At the end his voice trembled as he said:

"Where Turkey can go if we carry straight through the policy which has been implemented since 24 January, even I cannot imagine."

Let us turn you over directly to Ozal now and learn what 1982 will bring. And our comment? To put it plainly: "'82 may be better, but the hardships still will not be over."

Question: Mr Ozal, you have just returned from America. You explained in a general way the contacts you made there and their outcome. Meanwhile, we know that you were engaged in certain important endeavors in Turkey before you left for America. Would you explain in concrete terms the future goals of these endeavors and contacts? In particular, would you clarify a little the topic of greatest concern to our people" "As 1981 draws to a close, our people have, to a large

extent, borne the burden of sacrifice during this year. What does 1982 hold? What will be done for the people, and what will be demanded of them?" What can you say concretely and candidly in this regard?

Turgut Ozal: The question is fitting and proper. I know, however, that the past is easily forgotten. The past, which must be dealt with first in looking to the future, is soon ignored. I do not want to make this mistake. Therefore, I am going to examine the course of the period we are leaving behind before delving into 1982. However, it may be possible to make certain estimates in the course of reviewing the recent past, or more precisely, estimates for the future to be made in the course of reviewing the recent past may be meaningful from the standpoint of proximity to fact.

We may divide the Turkish economy into three sections. The period prior to the 24 January decisions, that is late '79 and early '80; the second period, the 24 January decisions, late '80 and 12 September; and '81. Then we get into '82.

We would do well to approach '82 from behind. The things behind us are easily forgotten. By acting as if certain things existed before, still others are easily put into perspective.

Black Marketeers

Late 1979 and early 1980 show us great disorder and crisis. How Turkey looked from the inside and how it looked from the outside in this period are two different things.

This is how Turkey looked from the inside: The general scene was one of scarcities and privations of extraordinary dimensions and a black market. Inflation which seemed impossible to stem and, in addition to all this, hopelessness. At the same time, it was a period in which anarchy grew out of bounds. It was a time in which factories were closing their doors one by one because of these shortages, but -- let me underscore this -- in which extraordinary black market earnings were the rule of the day. I do not think anyone today would want to return to this period except the black marketeers.

Now let us take a look at how Turkey appeared from the outside. After February 1977, we came up against a situation in which the private sector reached the point where practically none of its transfers could be made, in which creditors could not get their money -- They came and asked for their money. They could not get it. -- and in which new orders were not taken in many cases unless actual payment was made abroad. We were confronted by the unfortunate situation in which short-term loans had risen so high that the state could not even pay its foreign debts.

Actually, the situation in a word perhaps -- and, unfortunately, the word was used in much of the foreign press -- was bankruptcy. Insolvency, bankruptcy, call it what you will, this is what it was.

Therefore, in addition to loan postponements in 1978 and especially 1979 to save Turkey from this situation, a "special aid group" formed in the OECD. The group was formed under OECD Secretary General Van Lennep. The political decision for it

was adopted at Gaudeloupe. You will recall also that the IMF came in at that time as well. For the first time, Turkey concluded an agreement with the IMF. In 1978 and 1979. Unfortunately, no improvement was seen in the economy as a result of all these efforts. Turkey's situation was growing even worse as late 1979 or early 1980 rolled around.

This is how Turkey looked from the outside at that time and this is where things stood as to the outside efforts made to save Turkey because of its strategic importance. Therefore, Turkey's "reliability" at that time was very low. It was in the bottom two or three among world nations. This matter of "reliability" cannot be expected to shoot up rapidly. It is exactly like a merchant who has declared bankruptcy but later corrects his situation. He is going to be looked upon with suspicion by those who give credit for a long time.

Free Market Economy Is Not Law of the Jungle

Now, there was one important goal of the 24 January decisions and the program applied at the beginning of 1980. Heading the list of economic woes that year were the privations and scarcities and the black market. The annual rate of inflation was approaching 150 percent in the latter months. This had to be prevented. Therefore, I think that the first goal of 1980 could be thought of as a kind of "putting out the fire in a flaming building." And I believe that, by eliminating the lack of commodities, scarcities and black market in 1980 and largely reining in inflation, this fire was extinguished and that success was achieved from this standpoint.

The major philosophy behind the 24 January decisions is transition to a free market economy in principle in a given period of time. Of course, we are in this transition process today. The purpose of this free market economy definitely is not, as some people understand and have tried to make it out to be, validation of the law of the jungle. The basic thing here is to take maximum advantage of the constructive power and initiative of our people. I believe that however many economic activities we can direct our hard-working nation into, if we place no obstacles before it and can eliminate the existing ones, the country will be that much better off. And I still claim that the basic force behind the development seen today is the power of our people who are beginning a reawakening. Development is, and will be, the work of our people.

Implementation of this program which was placed into effect in 1980 involves these important points:

1. To eliminate completely a large part of the subsidies coming out of the Central Bank or the general budget and to reduce this to the lowest minimum possible.

2. To elevate foreign exchange rate policy above mere reactionism and to use this policy as a dynamic means, in particular, of increasing foreign exchange revenues in the economy.

3. To encourage savings through a liberal interest policy and, alongside encouraging savings, to prevent exploitation of the saver.

4. To lighten the tax burden on wage earners in particular through tax legislation and, alongside this, to prevent tax evasion. To forestall huge budget deficits with a tax policy based on social justice.

It had not been possible to get a law on this last principle out of the houses of parliament after the 24 January decisions. A big tax package was prepared shortly after the 12 September operation which was approved and enacted in the National Security Council. And I believe that this had been the biggest drawback in implementation of the 24 January decisions. In addition, the drawdown of anarchy in the country and the restoration of security enabled us after 12 September to reach in a shorter time the objectives sought when these decisions were conceived.

Now we come to 1981. This year has been considered the first year of regrouping after extinguishing the fire in 1980 and beginning to develop again. We got through the first 8 months of this year. We have eight 1-month periods and the assessments of them. This puts us in a position to make year-end estimates more easily.

Inflation

There appears to be a strong liklihood that inflation will be under the 40 percent estimated. Inflation is still our number-one problem, as we are always at pains to say. We must spare no effort here. The interests of our wage earners, our farmers, our tradesmen and all of our upright industrialists and merchants lie in drawing down inflation. Those who hope to gain by inflation are, basically, the ones who make unjust profits and the black marketeers.

Exports and Foreign Exchange Income

Exports and foreign exchange revenues were like this for the first 8 months of the year: Our exports rose 58.4 percent according to the chart for the first 8 months. This figure is a tremendous record under present world circumstances. At this rate, our exports will reach $4.5 billion. Other foreign exchange revenues show that worker remittances reached $2.6 billion. Together with other exchange of services, it is estimated that all exchange of services will be around $4 billion, perhaps a little less. Thus we are rather close to balance in what we call the current account, excluding interest on foreign loans (and this is around $1 billion or $1.2 billion). This is a siutation which could not have been predicted 20 months ago.

In obtaining a balance of payments, we were thinking of an annual balance. It has reached the point where it is possible to say today that if the present development tempo keeps up, we will be able to attain the goal of balanced payments in 2 years, perhaps sooner. We could not have said this before. They would have laughed.

Either Ignorant or Devious

Question: Mr Ozal, this point that you have raised in very interesting. According to the figures you gave, the current account will be balanced before long. Yet there seems to be a minus situation between imports and exports. There must be something that needs clarification here.

[Answer] An apt question once again. I do not know what you think, but we have seen recently some criticisms in certain circles about the differences between imports and exports, saying, in effect, "Yes, exports are increasing, but imports are increasing more." Let me say quite frankly that either they do not know anything about this problem or they have the kind of ulterior motives that we have so frequently encountered thus far. I am not about to say anything else to them. Let me explain the problem:

The 1981 import estimate is $9 billion. Imports will come out around this figure, barring any very serious change in the next few months. Imports for 1980 were $7.6 billion, a difference of $1.4 billion. On the other hand, our exports, if $4.5 billion, will have an increase of $1.6 billion over 1 year previously -- our exports in 1980 were $2.9 billion.

This means that, compared to 1 year previously, the increase in imports will be the same as or less than the increase in exports. This kind of import-export eventuality, that is, the increase in exports being more than or, at least, the same as the increase in imports, as I just said, is a first for Turkey.

Moreover, what is more important than import-export balance in a developing economy like ours is the current account balance. Import-export balance in a developing economy like ours is inconceivable anyway. Imports have to be higher than exports for the economy to develop. It has to be this way for a while. The important thing is that the difference at this point be made up by capital movements or exchange of services.

The third important point is economic growth. We first thought that 1981 would be the year for regrouping and the starting point of development. However, it seems that the drawdown of anarchy in the country and the significant restoration of stability in economic activities as well may enable us to achieve a higher rate of development than we thought. Instead of the real declines in national income of 1979 and 1980, it seems that, for the first time, there may be as serious an increase as 4.4 percent in 1981. And 4.4 percent is a very significant development rate in the current global period of recession. I only hope that future estimates would match or raise this rate.

In the two large financial reviews distributed to members at the last World Bank and IMF meetings we attended, Turkey was listed among the top 10 nations as to economic development in 1981. It was first in one and second in the other.

Savings

Let me say one other thing as a fourth point. Savings are increasing rapidly also. Time savings deposits which stood at 100 billion liras at the beginning of July last year, for example, exceeded 450 billion liras in September of this year.

Question: Pardon me a moment, Mr Ozal. I was going to ask you a question about this. Now that you are on the subject, let me ask my question so that you might pull it all together. Savings are increasing. You said that time deposits are up. At one point in our discussion, you used an expression that we found very interesting such as "We will not exploit the saver." Let us put the problem in two parts now:

First of all, business owners are complaining that decontrol of interest has raised credit interest. They say, "We cannot get easy credit." As long as they cannot get easy credit, cost inflation occurs, so they say. These complaints have intensified recently. Moreover, there is an attempt to block the high interest paid by brokers.

The second problem is the point of not exploiting the saver. So:

1. Is it your goal not to exploit the public at the cost of keeping credit interest high?

2. If your answer to this question is yes, how will you allay the fears of those who are complaining? Thank you.

[Answer] Again an interesting question. I was going to get back to this point, too. Let me go into it for a moment. Actually, there are two ways to explain this problem. One is that bank credit interest rates in Turkey are not as high as many are saying when taken as an average. What is high is credit for internally-oriented (that is, not export-oriented) commercial and industrial activities. Credit interest here is 60 percent plus. In contrast, agricultural credit varies between 22 percent and 24 percent. Small business credits are at the same level and export credits are around 20 percent. Investment credits can even be low because of the interest subsidy in general. When we take an average, I do not think the average interest exceeds 35 percent. One of the processes at work here is to take the differences of say, 15 percent in domestically-oriented activities in business and industry and pursue the goal of easing credit for export, agricultural activities, small industrial activities and credit offered by the Real Estate Credit Bank. This, in a very clear way, encourages exports, agricultural activities, small industrial activities and housing. We believe this is the right thing to do.

Exploitation of the People

Question: That is, you take from one to give to another that is supported. Will this continue?

[Answer] I said we believe this is the right thing to do. Why should you stop halfway in something you believe is right?

Now let us get to the saver, that is, the problem of exploitation of the people. Before decontrol of interest, the people's money was being used at very low cost. The people were not getting the share they should have, the saver was not getting his share. The saver was being exploited in a way, because his money was being used at 2.5 percent or 5 percent interest. This time has now passed. Let me put it this way:

Giving the saver higher income increases deposits rapidly and prevents exploitation of the saver. While the interest paid on the 150 billion liras deposited in time accounts at the beginning of July last year was at most 30 billion liras, the minimum gross interest paid on a time savings volume of 450 billion liras as of the middle of September this year is 250 billion liras. You may ask where this

money comes from. I would say that it comes from the banks and, therefore, from business and industry and, as a result, the savers are thus indirectly supplying credit for our business and industry. And, therefore, they are, by all rights, in a sort of partnership.

Question: This is a new concept--partnership. You are saying that people who deposit their savings in the bank are partners in and get a share of business and industry.

[Answer] Yes, that is what I am saying. Actually, to say, "This interest is high, we cannot do business at this rate," is the same as saying, "We are not willing to be in partnership with the people." All right. If you are not willing to have them, then "Raise your net capital, brother," as they say, or find yourself other partners.

Question: Does that finish 1981?

[Answer] Oh no, there are one or two other points that I think are important. This is the first year that industrial products and agricultural products have been neck and neck in exports. This was actually a long-term goal, but it came about in the short term. The Middle Eastern nations have rightly emerged in the forefront in exports.

Another important development, although not adequate -- and I say openly that I do not think it is adequate -- is that wage increases among the low income groups have caught up with inflation for the first time.

Prices Increase with Inflation

Of course, it is a cheap shot to say this here... "No sir, the price of this went up, the price of that went up." Of course, inflation exists, albeit slowed. That prices will go up in an inflationary economy is a certainty. If you cannot regulate prices, large subsidies are necessary. And this brings us to the low point we encountered at the end of 1979.

No one should get carried away; I am not saying we have solved everything. But we are on the right road and we will reach the goal at the earliest date if we stay on this road. What must we do, and what must we not do?

Question: Would you consider these item by item?

[Answer] One, we must be very careful as to inflation. This is a topic without the least bit of leeway.

The second item is this: The subsidy policy must not be restored at any cost. This, too, has grave consequences.

Now let me state the third major item. We must have a balanced budget. We must have a deficit-free budget.

The fourth and last major point is not to use Central Bank resources arbitrarily. Now we can take a look at 1982, or next year.

Ozal's 1982 Estimates

"How far will we bring down inflation? It is not certain."

If we were to say that Turkey is certainly entering 1982 under better circumstances, we would not be wrong. The growth rate in 1982 will be 5 percent. This, again, is a high figure, but a realistic figure. I think that production and exports will continue to increase, though perhaps not at the 1981 rate. That is, exportation will not register increases at the rate of 1981, but it will still be among the world contenders.

1982 will be a year in which a steady gathering of momentum is seen in private enterprise investments as well as public investments. We will again receive an OECD credit in 1982. I hope it will be the last.

1982 will, at the same time, be a year in which foreign banks will begin opening intermediate-term credits for Turkey. Turkey has now begun to gain "reliability." It would have been inconceivable that any other country could gain reliability this rapidly.

Question: Mr Ozal, what, concretely, will be given to the people? Would you explain this?

[Answer] I can talk about this only in general terms at present. 1982 will be a year in which the status of the low income groups, the wage earners, will be realtively improved. Let me say that again. Wage increases of the low income groups will catch up with inflation. We will bring inflation down in 1982 to below the 1981 rate. But how far, is not clear at the moment.

Question: Could we not clarify this a little more?

[Answer] Yes, we could, but the more we say, the more we will see that this is the heart of it right now. We are talking about numbers. In order to say anything, the necessary data must be together. Certainly, we will strive for a better life for our people than in the past few years. We will be trying to do this, but the routes we will take to do it have not been decided upon.

Tax Cut

Question: Did you really say that there would be a tax cut?

[Answer] This is not something I have said; it would be, at best, a fabrication. I have not, till now, said what will or will not be done. It may be necessary to wait until the end of November for this. I said the important thing, and you can be sure that wage earners will be given first consideration.

Question: In other words, will Miss Ayse be able to get married in 1982 or will she have to wait another year? If you recall, I asked you about this in our last interview.

[Answer] Miss Ayse should get married right away. Look at her, she has no husband at the head of her household.

Question: Why do you say that?

[Answer] I am opposed to this change. The head of household is the husband. And our Civil Code is right. This is how I think. Our society is not ready to go beyond this yet.

Macro Level

Question: Shall we continue with 1982?

[Answer] Certainly. It is necessary that we continue in 1982 to eliminate the obstacles confronting the power of enterprise in Turkey. The policy of planning the state economy at the macro level, not the micro level, must continue, because when we look back, it is seen that our people played the major role in the export boom in Turkey in 1981. We must certainly continue to support them, through credit and various ways. Agriculture will again be stressed in 1982. We must not forget that agriculture is the basis of development in Turkey. This does not mean giving less importance to industry. Don't misunderstand that. 1982 will be an important year. From this standpoint, it will be the year which decides the future of state-to-state aid. If our development goes very well, there may no longer be a need for this. Perhaps there is a more important point. We must continue the policy of transition to a free market economy in a decisive way. From this standpoint, our export-import policies must be revised towards more freedom. This should be done in stages. Perhaps it will be necessary to take up the statutes on protecting Turkish currency in a radical way this year and devise a program for liberalization. I think that taking serious steps here is a must. It is necessary that all these things be done without zigzagging. I also believe that they should be done without being linked to individuals.

Question: What do you mean by this last comment, sir?

[Answer] Continuation in this is absolutely necessary whether I am here or not. This is Turkey's only way out. It's the zigzags that lie at the root of the mistakes we have made to date. Policies have been linked to individuals. But I believe that where Turkey can go if we carry the policy which has been in effect since 24 January straight through for 4 or 5 years without veering to left or right, even I cannot imagine.

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GENERAL SURVEY OF TURKEY'S CREDITORS, ALTERNATIVES

Istanbul CUMHURIYET in Turkish 20 Oct 81 p 5

[Article by Yalcin Dogan: "How Does It Look on the Outside"]

[Text] Every action, naturally, has a reaction. And it looks as though the political decisions made in Turkey last week will have world political and economic consequences beyond the usual variety of echoes.

The world economic consequences they generate may be assessed in the reactions of foreign political and economic institutions. The question of what kind of developments may occur now in these institutions may be answered as follows:

--IMF: The International Monetary Fund is the leading proponent of the economic program which Turkey is following. At the moment, no problem exists between Turkey and the IMF. Indeed, an IMF member who came to Ankara last week described the economic indicators, after an intensive work session, as "positive." In other discussions, the $120 million in credit which Turkey is supposed to be given after 30 October was finalized. The existence of any problem between the IMF and Turkey is inconceivable anyway, since a program which was agreed upon jointly is in place and there has been no deviation in its implementation. Moreover, one IMF official in Washington characterized the IMF's position in saying: "Political developments in Turkey are not our concern; Turkey makes its own political decisions. The important thing to us is not the regime, but whether the economic program agreed upon is in force."

--World Bank: It has now become very difficult to provide aid through World Bank channels, not just to Turkey, but to any nation in the world; the recent annual meeting brings significant cuts in aid for developing nations. The World Bank is essentially on the verge of adopting a decision in principle along these lines. However, along comes at this juncture also a report on Turkey. We think that the report, distributed at the World Bank last week, contains certain critical approaches to Turkey's economic indicators. Specific results obtained are assessed as "temporary." This is not to say, however, that such a report would put a hitch in the commitments made to Turkey. Not at all. However, as a general principle, as a rule, it would be realistic to expect hitches in economic credits independently of developments in Turkey.

Despite the fact that these two international organizations are not affected by political developments in Turkey, it does look as though economic institutions in Europe probably will be affected by them. Heading the list is relations with the

Council of Europe. The recent political decisions look as if they will reflect on the outside world after all and especially on the Council of Europe. There is a strong liklihood that Turkey's membership in the Council of Europe may end with Turkey's expulsion from membership. Another development may be further expected here. And that would be Turkey's withdrawal from the Council of Europe. That is, to withdraw itself without waiting for the Council of Europe decision in January 1982. To do this would, in any case, require watching the Ministers' Committee in November to "sniff the wind at the Council of Europe."

As long as we are a member of the Council of Europe, certainly no change would be expected in the existing nature of foreign economic relations. However, if the Council of Europe should generate negative reverberations, the reaction in related institutions may be as follows:

--OECD: Credits obtained in May from the Organization for Economic Cooperation and Development depend on certain agreements. Actual realization of them takes time and some of them are still in the signing stage. Mr Gebert, the German chairman of the OECD Aid to Turkey Consortium, is in Ankara this week. Discussions will reportedly be held on ways to effect and step up the aid promised this year. The OECD is looked upon as "the organization most vulnerable" to political developments. Therefore, Turkey will, in all probability, receive this year's aid, but it may now have difficulty with the OECD in 1982.

--EEC: Most likely, the European Economic Community (EEC) is another organization by which, like the OECD, our economic relations in Europe will be affected. The agreement signed between the EEC and Turkey envisages $800 million in credit in 5 years. Political developments may lead to a freeze in Turkish-EEC relations, a decision the EEC could make unilaterally. If relations were frozen, the $800 million in aid would automatically be postponed.

So what would happen if economic relations with Europe and the European economic organizations were frozen? Turkey would perhaps go the route of obtaining the aid expected from them from the banks of certain Arab nations. In addition to the banks of Kuwait, Bahrain and Saudi Arabia, the names of certain American banks are also being heard more frequently in Turkey.

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CIVIL SERVICE PAY TO BE BOOSTED

Istanbul CUMHURIYET in Turkish 18 Oct 81 pp 1, 7

[Text] Ankara (CUMHURIYET BUREAU) -- The Council of Ministers has agreed in principle that civil service salaries should be raised. The rate and form this would take, however, have not yet been specified, but according to information obtained by a CUMHURIYET reporter civil service pay will be boosted in the 1982 budget. There are two options. First is to increase the coefficient and second is to raise pay by reducing income tax rates. It has not yet been decided which of these two options will be taken. However, the civil service pay increase has been adopted in principle by the government.

Another topic discussed yesterday by the Council of Ministers was the 1982 budget. Figures to be sent to the Consultative Assembly at the beginning of November have not yet been fully worked out. Thus, authorities can give no figures.

The Council of Ministers also considered whether the first installment of tax differentials accumulated in the Central Bank fund for workers who had a collective contract prior to 12 September of 1980 should be paid before January 1982. Again, no definite decision could be reached on this. Discussions will reportedly continue.

At its meeting the previous day, the Council of Ministers adopted five new bills and sent them to the National Security Council [NSC]. These are the Judiciary Bill, the Council of State Bill, a bill on the formation of the Court of Jurisdictional Disputes, a bill on the formation of Tax Courts and the Justice Ministry Organization Bill.

Meanwhile, according to a TURKISH NEWS AGENCY report, the bill amending State Civil Service Law No 657 has been completed except the articles on wages, and the complete bill is expected to be approved by the Council of Ministers next Wednesday and sent to the NSC Secretariat General.

According to the information obtained, the disagreement has still not been resolved between the Finance Ministry, the State Planning Organization and the State Personnel Office over the articles on wages which set the indicator figures, fuel and other supplements and social assistance.

While the Finance Ministry wants the lowest indicator to be 400 and the highest 1,400 or 1,600, the State Planning Organization wants the salary spectrum difference raised from the present 2.7 to 6, and thus the lowest indicator would be 400 and the highest 2,400. The State Personnel Office, on the other hand, accepts neither proposal.

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BIEDENKOPF'S PROBLEMS IN CDU LANDTAG FRACTION DISCUSSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Nov 81 p 12

[Report by Lothar Bewerunge: "Biedenkopf on Trial--Disgruntlement Increasing in North Rhine-Westphalia CDU"]

[Text] Duesseldorf, mid-November--One can hear the crackle, and it seems one can touch it, and yet it is difficult to provide clear evidence of the latest disgruntlement in the North Rhine-Westphalia CDU. One again Rhinelanders and Westphalians are viewing eath other with suspicion. Tough words are being exchanged by Westphalian party chief Biedenkopf and Rhineland party chief Worms--though not words chosen for an open dispute. And Kohl cracks the whip whenever he has a speaking engagement in this Land--not against his "friend Bernhard Worms," of course, but against Biedenkopf.

Anyone who is ready to listen is told by Biedenkopf the story about the rabbit in the familiar old fairytale which is chased to death by hedgehogs in the deep furrows of the soil ready for plowing. Worms for some time has been adhering to another image, according to which leader of the opposition Biedenkopf "is on trial" in the Landtag, where he has been working in place of the prematurely deceased Heinrich Koeppler since the summer of 1980.

These days, when for the first time--and for a period of 5 years to boot--the CDU in North Rhine-Westphalia is facing an absolute SPD majority, there are a couple of truths that can be established for sure. The Rhinelanders cannot and will not reconcile themselves to the fact that the "top man" in Duesseldorf now is a Westphalian--not by birth but as far as the political power structures are concerned. Biedenkopf in turn lacks the warmth of a Koeppler which for more than 10 years allayed a great many tensions in the Land CDU. While Biedenkopf's need for harmony is great, the coolness and remoteness he spreads continues to frighten a lot of people.

The Landtag fraction feels little motivation for political accomplishments. While doubtless wishing to delegate a great deal of the everyday political work in order to involve the deputies in duties and to give them incentives, Biedenkopf in the end virtually does almost everything himself. Someone like him, who quickly grasps complex connections and thinks and expresses himself in such an acute analytical manner, apparently is just not able to tolerate the mediocrity that happens to predominate in any people's party.

There are also topical reasons for the discontent in Duesseldorf. Biedenkopf's excursion into nuclear strategy, his pondering about yearnings for peace in light of the multiple overkill capacity on both sides, has confirmed the opinions all those people in the party who have maintained all along that the man would not and just could not apply himself to his duties at the job he was assigned to.

Yet who could seriously believe that a man like Biedenkopf could be challenged to the full by the job of leading a Landtag fraction which daily produces a dozen of small queries and otherwise shares the fate of the "ruling" SPD fraction--of the Land having run out of money and political activity having virtually ceased accordingly.

In the future too, Biedenkopf will not refrain from voicing his opinion on any political subject preoccupying him. Any attempt to reduce him to provincialism founders on the image he has of himself. He has been offended at Worms' having openly dissociated himself on the CDU Federal Executive, on behalf of the Rhenish CDU, from Biedenkopf's theses on the subject of the peace movement and the nuclear limit situation. Biedenkopf demands that argumentation should precede dissociation. This is not happening, however, and since Worms' political qualifications lie elsewhere, he could not really deliver anyway.

Were it not for the fact that Biedenkopf once again is facing an election, one might dismess such dissonances as unimportant, or even regard them as necessary in party which is intellectually alive, but on 12 December in Werl in Westphalia 100 delegates each from the Rhineland and Westphalia will vote in a secret election on whether Biedenkopf is to remain chairman of the joint Land presidium is a kind of umbrella organization embracing these two organizations, which far and away exceed any other CDU Land organizations in membership. They have to cooperate with one another if they are ever to shed the role of opposition party in the Land. If is an unwritten law that the leader of the opposition in Duesseldorf--formerly Dufhues, then Koeppler and now Biedenkopf--also heads the Land presidium. In other words, in the political jargon, Biedenkopf is the "leading candidate."

The trouble in Duesseldorf now is that at least the Rhinelanders are not prepared to say so out loud at this time. Worms does not see any need whatever to do so at this stage, the view being that one should have no qualms about waiting to see what the power-political trends will be in Bonn next year, or perhaps even the year thereafter, before making any political personnel decisions affecting North Rhine-Westphalia. Biedenkopf in turn resents the talk about his being "on trial."

Worms will run for the post of Biedenkopf's deputy for the next 2 years in the Land presidium elections in December. While the two are certain to be confirmed in that order, the worry is that Biedenkopf once again in a secret vote will receive far less of a vote of confidence than Worms. All those who dare not contradict Biedenkopf openly, and perhaps are also ashamed of being his inferiors intellectually, for years have employed the only weapon they have left--the ballot in a secret vote. Moreover, the Rhenish CDU would like to see its chairman, Worms, elected to membership in the national party presidium under Kohl at the next national congress, regarding this as its due because it is the most sizeable CDU Land organization. Biedenkopf in that case has to be afraid of not being able to compete with Worms, at least as far as election to deputy national chaiman is concerned.

Even though it has not yet been planned this way, it all looks like a disassembly of Biedenkopf in installments. Considering the fact that--the probity of Worms notwithstanding--one cannot detect any political power back of Biedenkopf that is comparable in any way, the carelessless with which the CDU in Rhineland and also in Westphalia is permitting developments to drift in that direction is all the greater. But Biedenkopf is doing his bit to contribute to the confusion, which he apparently would like to be dispelled for good before the end of the year: his Westphalian CDU has got into great financial straits in the past 3 years, with many full-time party workers afraid for their jobs.

The view in Rhineland is that if one cannot keep one's own "house" in order, one is least qualified to have one's claim honored at this early stage to head the entire North Rhine-Westphalia party. There may be some petty considerations as well, but this happens to be the way the party is constituted hereabouts. Biedenkopf sees himself surrounded by hedgehogs. Worms thinks Biedenkopf is stepping on nails he has strewn himself. Anyway, both talk about the risk of injury. They apparently face a dangerous stretch of road ahead in the next few weeks.

8790
CSO: 3103/113

PS CONGRESS: CURRENTS; RIGHTWING; POLICY IMPLEMENTATION

Paris L'UNITE in French 31 Oct 81 pp 2-7

[Report from Sixth Socialist Party Congress, including excerpts of speeches by party leaders and ministers]

[Text] "In Valence today we are witnessing the congress of a party in power, but also the congress of a party that wants to be something other than the government party." That editorial by Paul Quiles in LE POING ET LA ROSE, which the delegates found put before them when they arrived in that immense hall made personal by tasteful architecture, had an impact on them.

And it was before an assembly of militants so spirited and aware of the stakes that all efforts to still their impassioned debates were in vain, that Jean Poperon opened the Sixth Congress of the Socialist Party [PS] at 10:30 in the morning, Friday 23 October. Ten years after the congress of Epinay, the atmosphere of this congress was steeped in memories. Lionel Jospin expressed his pleasure at being in a conference hall which reminded him of the sites of the first meetings of the workers' movement. It is a great hall, with its metallic structures, its pillars painted in bright colors, its speakers' platform on which, for the first time since 1971, Francois Mitterrand was not to be found. A single slogan in big letters was mounted at the back of the platform: "With Socialists, Change Will Succeed."

At 10:30 on the morning of Friday 23 October, then, Jean Poperon, national secretary for external relations and elections, presented his report to the delegates. Slowly, silence fell on the hall. Right at the start, he pledged that "the promises will be kept." "This is what astounds our enemies, what they cannot believe. It is true that this is unusual. But they will have to get used to it. We will do, we are doing, what we have pledged to do, what we were elected to do. Some of the capitalists are pretending to have just discovered the Socialist program--or could it be that the CNPF [National Council of French Employers] thought the program was only a vehicle for getting elected. To the Socialist Party that has been built up under Francois Mitterrand, the program is something to be implemented. But these gentlemen insist on blackmailing us on the question of "confidence." For example, when several comrades, PS deputies, and myself met with some heads of industry in the Lyon region, they spoke to us along these lines: We would have confidence in you, if it were not for the nationalizations, the tax on wealth, the extension of workers' rights in industry. In short, abjure your program and everything will be fine."

"Our answer is straightforward: We are not looking for a war; it is not in anyone's interest; we want accommodation, compromise. But compromise is only possible within the parameters of the democratically expressed choice the French people have in the very recent past voiced twice, and forcefully. It cannot be reached by denying the will of the people. We want discussion, dialogue, cooperation with the representatives of the various economic and social forces, including, of course, employers. But that dialogue can only bear on modalities, conditions, the schedule of implementation of our program, not on the program itself. That question has already been decided. The electoral campaign was over 4 months ago: There will not be a third round of elections on economic policy."

Poperon Sets the Tone

That spirited speech, which drew resounding applause, set the tone for the congress. And so did his reaffirmation that the party and the government are two separate entities. Being a regimented party is also out of the question--being the tail of the dog: "One thing is clear: We have made compromises on our program by making concessions to the heads of induetry. We say here, before this confress, that under the present circumstances the government was doubtless right to make those concessions. There would be no point in sinking the boat by overloading it at the start. But it must be said with no less clarity that concessions cannot be a one-way street. It would be a dangerous gamble to take labor's current moderation for passivity or resignation. That modernization must be taken for what it is: The sign of far-sighted political awareness, of the realization that it is not possible to do everything in one stroke."

The militants liked that kind of talk, and they clamorously applauded it. Throughout the three days during which more than 50 speakers discussed all manner of issues, the decibel level was rather high! And the chair in vain caled for order: People moved around from table to table, people argued, people interrupted, people wandered in and out. The security people were tearing their hair; they were treated like "cops" by certain undisciplined incorrigibles--it was really too much! It was the first congress after the victory: Everyone had much to say and were only quiet when the "star performers" spoke. Even "comrade ministers and future ministers" were asked to return to their seats.... Who can say ther is no debate in the PS?

The good-natured spirit that marked the congress, however, should not be taken for a lack of seriousness about the basic problems with which the delegates had to grapple. The enthusiasm did not hide fear of sabotage from the Right, as Poperon clearly expressed it: We are forced, then, to take it as a fact that the French bourgeoisie only accepts the democratic rules of the game when it is the winner. The business daily LE NOUVEAU JOURNAL dares to write that "the Socialists want to reduce the opposition to silence!" Everyone knows that the opposition can use all the means at its disposal to delay passage of the bills the people of France want, and the opposition is availing itself of all of them. In the face of that attitude, the government has the right, and the time is approaching when it will have the duty, to use all democratically permissible means to insure that the people's will is respected. This is true in Parliament. It is true in relation to a number of high officials in the bureaucracy. It is true with regard to workers' rights. Too many economic leaders--even in the public sector--seem not to realize that anything happened on 10 May. It is time they realize it...or time to make them understand!"

Before concluding: "Nothing can ever be taken for granted, and the Socialist Government itself cannot succeed without the people. But who ever doubted it?"

All day Friday the debate continued. Paul Quiles himself also spoke of the resistance the "new policy" is meeting and will continue to meet. And he spoke of the way to overcome it: "When one runs into an obstacle, either one accepts it at his peril, or one blasts it out of the way. Let me make myself clear! I am not calling for any kind of "witch hunt," that is, the systematic elmination of men and women because of their opinions. We will not do what Giscard did to the RPR [Rally for the Republic] after the forced resignation of Prime Minister Chirac in 1976.

"To the contrary, we must not confuse 'idealism and naivete' (as Jacques Delors said in the National Assembly last Sunday). Idealism is faithfulness to our ideas and particularly to our resolve to respect individuals. It would be naive to leave in office people who are determined to sabotage the policy that has been voted by the French people--whether they are rectors, prefects, leaders in the nation's industries, or high officials. Look at the way Mr Moussa has tried over the last 3 months to oppose the nationalization of his group. I think it was healthy and appropriate for him to resign. You should understand that no one will be grateful to us for leaving all these high officials in the economic sector or the bureaucracy in office, when they are our enemies: We must not be afraid to say so. In politics, to make a gift of this kind is the Convention; rather we must say which ones, and say quickly. This is what we expect of the government, for the success of our policy depends on it."

"Forgetting" the rest of his remarks, most observers wanted to see in the allusion to Robespierre the onset of a Reign of Terror. Lionel Jospin, at the conclusion of the congress, had to remind people that if heads are no longer literally falling into the baskets, it is perhaps in no small measure because the Left has abolished the death penalty! The allusion to Robespierre also gave rise to malevolent interpretations, Quiles' remakrs also being quoted in full: "We must, however, resist the temptation to indulge in sentimentality," he said. "The Right, through its provocations, is trying to push us into confrontations. We must assess the situation objectively and stay committed to our means and ends. The noise of the Right shrieking at the top of its voice is not what should disturb us. I do not see what right the Right has to give us lessons in democracy and tolerance!"

Paul Quiles, in one of the first speeches, touched on the divisions within the party--and at that point, as by a mircle, the hall was silent. Let us say right away: The Valence congress is also the unity congress: A unity in diversity, in the venerable tradition. Quiles said this Friday afternoon: "If we reach unanimity, that should under no circumstances become the pretext for some kind of reconstruction of our recent history. It would be absurd to deny or efface today the differences and disputes of yesterday. If that were the case, we would have to confess that back then nothing was going on but personal quarreling! Valence must not bury Metz in oblivion for mos of us think that without Metz there probably would be no congress in Valence!

"Not forgetting Metz, in my opinino, does not mean keeping alive past quarrels, anymore than the meeting at Valence signals the end of debate in our party. If it wants to remain itself, in other words faithful to its youthful tradition, the party must remain a pluralistic party, in which solutions to all the great problems of our society and our planet can be proposed and debated."

Gaston Defferre gave the theme of unity a new "twist." Adherents of all the party's "tendencies" broke down in laughter together as he described the "disappearance" of "factions" and their replacement by "sensitivities" (a cooler term): "Comrades, people are telling us now that the party no longer has factions, that there are only sensitivities. How refined! (...) Do the factions no longer hold meetings? We know they have been, and quite recently too."

"What is happening? Something important is happening. We have a socialist president of the republic, a socialist prime minister, a socialist-majority government....

"The truth is that factions or tendencies are natural for us as socialists. We are like that, we are like the French people themselves, we are never in total agreement among ourselves (...) There are sensitivities--this word which replaces factions--there are both visible and invisible sensitivities, but they do exist. On the other hand, we must hold on to our solidarity, and as soon as we recognize that there are some basic differences among up, we will be much stronger and more able to keep our solidarity and much more effective; and above all we will not have any more mental reservations, and I think that is indispensable."

The interior minister concluded a speech which began humourously on a note of dead seriousness: "We are condemned to solidarity, comrades. That is the truth of the matter."

"The truth is that we will all win together or lose together. It cannot happen that only some of us win or only some of use lose. And this is not only true for militants, legislators and ministers, but also for those who belong to the different sensitivities....

"Keep telling yourselves that if we win, the future is ours, but if we lose, we will all be undone."

Michel Rocard: "No Right to Fail"

It was also in a very serious vein that Michel Rocard mounted the rostrum Saturday afternoon to say: "We do not have the right to fail." Echoing Defferre--"yes, we will all win or lose together"--he went on to say: "We are never condemned to maintain solidarity: We do so because we have chosen to do so, we do so because we understand the stakes, we know who our allies are and against whom we are fighting."

On Saturday morning Pierre Mauroy talked about the work to be accomplished. Without panic. For "this is socialism's hour. There is much to do, but we have 5 years, we have 7 years. We cannot change France in 5 or 7 months. For the moment, our job is to formulate the main points of our industrial policy and to program social reforms in accordance with the capabilities of our economy. This will be completed in the coming weeks."

The delegates listened attentively to what the prime minister had to say about the actions the government is taking: "In about 2 weeks, the minister of national solidarity will be asked to present his overall plan for social security reform, which will cover both the institutional structure and the resources to be mobilized to insure its financial solvency in 1982, as well as further improvements in social allowances.

"Finally, we will implement the minister of labor's proposals on workers' social rights, for it must be clearly jnderstood that in a country like France, there will be no economic progress without increased social maturity!"

The delegates were touched when Mauroy stated: "The time of rulers is over. Now it is a time for partners....

"We are giving the citizens the chance to manage their own destinies by themselves, we are putting in place the instruments that will make possible real democracy; it is time the French people quite waiting for some central administration to solve their own problems! It is time to give them the means to manage themselves."

They felt all the potential locked in their martial spirit when he reminded them that "change is combat." And he added: "The enemies of change, you must clearly understand, do not in reality have any doubt about the consistency of the government's policy: They have understood it, and they have made their choice. They know that wer are faithfully and consistently working to keep our promises, and working toward full employment, toward justice, toward economic recovery, toward the redistribution of power. And they reject that consistency, because it means the end of their power and their privileges.

"That is the reality, that is the truth...."

Mauroy concluded, without any alarmism, by calling for people to accept their own responsibilities: "As for the forces of vindictiveness, your own collective action will be the decisive factor in dealing effectively with them, for socialism, if I may conclude by reiterating it, will not come about merely from adding new laws and regulations. Of course, good laws and good regulations will be needed, but what is needed from us is a new attitude--furst of all a new attitude toward man's relationship to one another, and also in man's relationship to his machines. This victory will in part be one over ourselves, over our prejudices...."

Michel Rocard also talked about all the qualitative changes the French people are anticipating.

"Is it necessary to be reminded that we have set ourselves objectives that are immensely ambitious? In the first place the French people expect us to repair the damages of the past. We will be judged according to what happends on inflation and unemployment, for this is most serious and most immediate, but in addition our compatriots also aspire to a more just society, where the distribution of money, access to learning and power are no longer controlled by an exclusive and highly privileged class.

"But people in the industrialized world--including the French, along with everyone else--also aspire, more and more, to a better quality of life, they want the natural environment preserved, they want more comfort in their daily round of activities, they want more free time, a more open culture, other forms of recreational consumption than those to which we are bound by existing types of commercializations.

"All these are the reasonable aspirations of the peoples in today's industrialized countries.

"Lastly, and this is perhaps the key to the realization of the other objectives, we are responsible for changing the relation of the individual man or woman to work (...)

"In the long term, the achievement of these objectives will determine whether the socialist transformation we are undertaking in France will have lasting success."

The principal hindrance to transformation: The economic crisis which the minister of planning outlined in detail. He described the "vicious circle into which it has drawn our country." He described the quest for innovation, and posed the question: "I am not sure, comrades, that the party's position on the question of a Leftist monetary policy has yet been fully resolved. There is still work for us to do in all the study committees, for a Leftist monetary policy needs to be based on real social dialogue, in order to apply the right social arrangement rather than prefabricating one in a vacuum. Everything is related to everything else.

"In fact, we see here the whole problem of our relationship to the industrial sector and the employers.

"Prime Minister Pierre Mauroy was speaking about this just now: Unemployment will not be reabsorbed unless the social arrangement is soundly based, and quite possibly this sound basis is being laid right now. But under the present conditions of the balance of power, if we brutalize the apparatus of production, how many more unemployed workers will be the result?"

Chevenement: "We Have the Persistence and Determination"

Jean-Pierre Chevenement also posed questions before an attentive hall: "As Pierre Mauroy was saying just now, we have the persistence. He added: We have the determination. The question I now ask is the following: Is our thinking sufficiently lucid to make change a reality? I think that this congress should enable us to establish the focal points of change, if we do not alow ourselves to get sidetracked.

"You cannot be unaware of the way the bourgeoisie is thinking: It is hoping that with a little laxity, a little inflation, or even with alot of inflation, we will not be able to stop the mounting unemployment and the bonds now existing between the masses of the people and the government will be dissolved.

"This is definitely what the upper middle class is awaiting: That moment when in effect the Leftist government will not longer have support."

For change to succeed, he believes, we must "move forward more quickly." "Moving forward means taking over control" of the state apparatus. But, "if it is therefore necessary for a certain number of changes to take place, let them take place in an orderly and peaceful way. Believe me, it will do no good to replace a group of officials who, rightly or wrongly, are believed to have ties to the previous regime, with people who at bottom think the same way. It is better to take one's time and put in capable, loyal, solid people, people who can work effectively toward making the people's will a reality."

But sterm resolve is still essential for change: "Rigor in thought and rigor in action." In conclusion, Chevenement joked about the notion of a "party in combat boots." "It is perhaps easy to retort that the PS is not a 'party in combat boots.'

But, in all honesty, that is not really the problem. The problem is to work in such a way that the actions of both government and party work together to anchor France to the Left, to change our lives, to really open the way to socialism. That means, dear comrades, more spirit, moe courage, more dynamism, so that this government will truly be your government, so that this regime will be your regime, so that this state will be your state (...)".

Laurent Fabius: "What Is At Stake in This Congress"

Late in the afternoon, Laurent Fabius also discussed the party's role. "Many people," he said, "had a tendency to ask the government to do everything. But in a way this is an illusion, as if the government could do everything, as if it were not itself engaged, at the national and international level, on the same side as those who want change, in a struggle. We must explain this to the French people. We must make them understand that contradictions did not disappear on 10 May, that the resistance is powerful, and, from where I sit, beelive me I can see them in their full dimensions; the first target of the people's demands must be the dominant economic powers. This is a government of the laborers, it helps them, it will continue to help them, but employers cannot acquite themselves of all responsibility just by maintaining a dialogue with the goverment (...)."

According to the budget minister, everything is going to depend on the party. "What is at stake in this congress?" he asks.

"The majority of institutions are in our hands: The presidency, the government, the National Assembly. We have an absolute majority. No institutional accidents should be possible. We have the persistence to succeed, and this will be damned useful as we face the problems ahead.

"The main conditions, and I will even go so far as to say the only conditions, determining whether our policy can by pursued, is thus the cohesiveness of the party itself. This is all the more reason why we should map out a steady course and a clear direction. That is what is at stake in this congress.

"Yes, dear comrades, this is the only thing I do not see changing.

"From the congress of Metz to the congress of Valence, our line cannot deviate, for 2 years ago or 2 years from now it is still a question of holding firm!"

This was also to be the line taken by Lionel Jospin at the conclusion of his closing speech Sunday morning, which was on the subject "We must be the guardians of the program." Everyone in the congress was listening to Lionel Jospin, he had already been talking for half an hour--"Let us avoid excesses," he wasy saying--when a smoke-bomb thrown into the area where foreign delegations were seated cut short his speech. The first secretary of the party, with great composure, asked the delegates "not to give this incident more importance than it deserves." The participants returned to their places with the greatest composure. In the part of the hall where the device landed, there had been a momentary fear that it was a bomb. The bodyguard of the PLO representative threw himself on it to extinguish it. The provocative act, which Jospin described as "in principle a very dangerous action," was claimed by a "committee of amnestied draft dodgers" who, despite the amnesty, are being obliged to fulfill military obligations which they refuse to do. Once calm was restored, the whole congress sang the "International"...and allowed Jospion to finish his speech.

Lionel Jospin Concludes The Congress

"The factions have not disappeared," he said. "But it is true that they have chosen to get together, and not toake political actions." "Was this done because we are in agreement? In large part, yes. Were there some tactical reservations? It is possible, and I accept this. (...) If we are in agreement on political direction, are we also in agreement on working together to implement it in the conduct of the party? It was this latter question which the party needed to answer (...) If we are all in agreement as concerns the PS, then we are condemned to solidarity for the next 2 years."

On the subject of the heads "to be rolled," the first secretary confessed himself "irritated by the unnecessary verbosity with which some people eleborated on this problem." He added: "In the United States, when the Republicans replace the Democrats, the entire administration is swept clean and, under the spoils system, all the heads roll (...) It is true that France has a different tradition and that the comparison with the United States is imperfect (...) It is simply a matter of demanding from the servants of the state, at every level of the hierarchy, loyalty to the policy approved by the people. It is the political system, the government and the Parliament which express the people's will-not a few high-ranking technocrats or the important officials of public sector enterprises."

On The National Scene, We fight For the Government

Lionel Jospin then spoke of the problem of the press, which had previously been discussed by Georges Fillioud and Claude Estier. He said that "if we must totally respect its right to do its job, it in turn must agree to respect us." The first secretary talked about his thoughts on this subject that evening during a broadcast from Valence organized by RTL and LE MONDE: "The PS is not taboo, and neither is the press! The newspapers write what they want, but we have the right to dispute it (...) This is not a question of hurling abuse, and I am against that, but when a paper banners "Ruboish!", unless there is an article on page two on "Sweets" or "Delicacies" or "Kindliness", it is clear that socialist militants are foing to find it unpleasant, to say the least. But, I repeat, I have never hurled curses at any paper and never will I do so."

And, since Lionel Jospion concluded his speech to the congress with a comment on relations between party and government, let us let him have the last word: "I constantly hear it said that the party must oscillate between being a party running the state--in which case it colonizes the state- and a party controlled by the state--in which it becomes the colonial subject. Either I come when Francois Mitterrand whistles, or else Pierre Mauroy jumps when I say call! Neither of these caricatures, these extreme views, is of value to us. We must find the happy medium. We should be guardians of the program. If necessary, we must call on the government to stick with that program, but on the national scene we should fight for it."

9516
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MINOR CHANGE IN STEINER REPORT, HERRERO REPORT ISSUED

Istanbul CUMHURIYET in Turkish 2 Oct 81 pp 1, 7

[Article by Altan Oymen: "Steiner Report Adopted"]

[Text] Strasbourg -- The Council of Europe Political Committee adopted at its meeting yesterday the report and draft resolution, prepared by the committee's rapporteur, Austrian Conservative Member of Parliament Steiner, envisaging postponement until January of discussions on the status of Turkey's membership. The committee made only one change, altering the sentence stating that the Council would bear in mind "developments toward the establishment of democratic institutions in Turkey" to read "developments which may occur."

The change was made upon the proposal of members who said that they were not content with developments so far in Turkey and that it was necessary to await further developments.

The committee's discussions of the report were not as lively as those last May. The most active member of the group opposing the report, the Belgian Dejardin, did not attend the meeting and did not present the motion, of which he had spoken earlier, for adoption of the resolution on Turkey's status at this meeting rather than in January. After hearing criticisms by certain other members, the report was adopted by a large majority, with four abstentions and one opposed.

Meanwhile at the Law Committee, meeting at the same time and still closed to the press, the "statement of opinion" report prepared by Spanish Conservative Presidential Representative Herrero de Minon which follows the basic outlines of the Steiner report met with serious opposition from certain members.

In examining the legal aspects of Turkey's situation, Herrero's report states that it is necessary to "bear in mind the period prior to the military intervention in Turkey." It is noted that "the matters which are being complained of today existed under the old regime also" and that the situation was not much different in the former period, either, from the standpoint of respect for human rights, and passages are quoted from a report published prior to 12 September by Amnesty International. This report, stating that the press is relatively free in Turkey but that journalists censor themselves, contains the view that the people's right to live was nonexistent in Turkey prior to 12 September and that parliamentary democracy was not functioning.

During discussion of rapporteur Herrero's report which he did not attend himself, Swedish Social Democrat Member of Parliament Carl Lidbom said that the report was a political report rather than a legal report and that it contained political assessments instead of reflecting primarily the status of the law in Turkey. He contended that they could not go before the General Assembly with these views.

Spanish Socialist Member Peces-Barba, citing antidemocratic actions in his own country, said, "If the defendents now before the courts for the attempted coup in our country saw this report, they would use it for a defense document."

Danish Liberal Member Bjorn Elmquist also criticized the report on similar grounds.

Italian Christian Democrat Stefeno Cavaliere, however, defended the report. "It is necessary to look at all matters of jurisprudence realistically," he said. He related his impressions from his trip to Turkey and called for the committee's statement of opinion to follow the lines of the report.

The result was the adoption of a resolution as follows by the Law Committee:

During discussion of Turkey in the General Assembly tomorrow (Saturday), the chairman, Englishman Percy Grieve, will take the floor following the Political Committee spokesman's defense of the Steiner report and will recount opinion as it stands in the committee, but will report in conclusion in favor of postponement until January of the final resolution on Turkey.

In adopting the view that these discussions should be put off until January, the Law Committee acted on the rationale that it would be better to hear the impressions of the Council of Europe delegation and take a stance accordingly.

Delegation to Turkey

The trip to Turkey by a mixed delegation from the Council of Europe Political and Law Committees, tentatively scheduled for 23 November, was made final following adoption of the Steiner report in the Political Committee. The delegation will be particularly interested in the work of the Constituent Assembly, will talk with all the authorities and will at once prepare a report for both committees upon its return.

Aside from Law Committee members, the delegation will also include as many officers from the Council secretariat as needed.

Herrero Report

The Law Committee met yesterday to discuss the Herrero report and, though unanimity could not be reached on many points, the section on monitoring the situation in Turkey until January and adopting a resolution after that was agreed on. This concluding part of the Herrero report may be summarized as follows:

1. Political, social and cultural standards in Turkey before and after the intervention should be borne in mind.

2. The resolution adopted should be based on the principles of the European Human Rights Accords.

3. Stress should be placed on the practices applied in Turkish courts and the measures taken in self-defense by citizens who have been mistreated -- for whatever reasons.

4. It is necessary to wait until Constitution-drafting efforts get on track.

5. In formulating opinion, efforts to restore constitutional democracy in Turkey should be borne in mind.

6. For the final resolution, to be adopted as a result of the ongoing efforts since the matter was taken up by the Law Committee and the Council's General Assembly, the outcome of the delegation's trip to Turkey should be borne in mind on one hand and, on the other, developments of the situation in Turkey.

8349
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ULUSU STRESSES INDIVISIBILITY OF NATION

Istanbul CUMHURIYET in Turkish 30 Sep 81 pp 1, 9

[Article by Turhan Salman]

[Text] Siirt -- Beginning a 3-day tour of Southeastern Anatolia, Prime Minister Bulend Ulusu said in a public adress in Siirt, "The efforts of those who would divide us by using tactics such as the Armenian problem are bound to remain inconclusive." Bulend Ulusu arrived in Diyarbakir yesterday morning accompanied by Public Works Minister Tahsin Onalp, Energy and Natural Resources Minister Serbulent Bingol and Village Affairs and Cooperatives Minister Munir Guney. He was welcomed at the airport by the governor, the VII Corps and Martial Law commander and the Second Tactical Air Force commander, then took a helicopter to Siirt.

Cheered by welcoming crowds along the way, Ulusu then went to the province [building], where he talked with Governor Musa Atik and a group of citizens. He then made a public address.

Ulusu pointed out that after assuming office, his government had engaged in a great struggle against anarchy, terrorism and separatism and had achieved a large measure of success. He then said:

"In past years, there has been an effort, for various reasons, to weaken state authority, especially in our border provinces. On the other hand, economic and social problems tended to increase because of the weakened state authority.

"As a result of the decisive policies pursued by our government, peace and security have been restored in our country and economic stability has been ensured."

Stating that "bad times have been experienced in the past here, as in other regions," Ulusu said, "Lives and families were snuffed out by traitors' bullets, but, with your help, those days are now behind us. From now on, look to the future with hope and confidence."

Ulusu said that the feelings of national unity and cohesion which had reached the breaking point prior to 12 September were being reforged, continuing:

"No internal or external group will be strong enough to divide, to shatter this great nation. Just as those who would divide us and tear us away from the Western world of civilization were able to inject us with the poisons of various

ideologies yesterday, they may attempt tomorrow to pursue their unvarying tactics under the guise of the Armenian problem or some other problem. Our geography has made us the target of these attacks and these ambitions throughout history. And may do so in the future. However, those with these ambitions should know that such efforts are always bound to be inconclusive."

Quarters for Customs Personnel

After his speech, Ulusu visited the Brigade Command, attending a briefing there. The prime minister then left Siirt for a tour of the coal and asphaltite works at Sirnak and Silopi and inspection of the Habur bordergate.

In a speech at the Habur bordergate, Ulusu said, "There is a group of people who would like to disrupt our relations with Iraq. They are involved in these manipulations, regardless of where they take their orders."

Ulusu said, "We had received complaints in Ankara that work was not going well at the Sirnak and Silopi coal works and we see from our visit there that our admonitions are being heeded." He said that the service buildings at the Habur bordergate needed attention again. "What has been done is not enough. The most important problem is for the personnel who work here to feel at home here. It is necessary for the personnel to have facilities such as comfortable quarters, such as housing," he said. He continued as follows:

"We will do this on our side, but there are problems on the Iraqi side also. Truck drivers are having some difficulties. I will be talking about this in Mardin tomorrow (today). We are in very close contact with the officials there. Our relations are going very well. There is a group of people who would like to disrupt our relations with Iraq. They are involved in these manipulations, regardless of where they take their orders. I believe we will eliminate this with the efforts we make."

Facility for TIR Passage to Iraq

Prime Minister Ulusu talked for a while with TIR drivers at the Habur bordergate, listening to their problems. The drivers told Ulusu that they were being harassed in Iraq. The Turkish drivers told the prime minister that TIR drivers of foreign countries give pornographic books to Iraqi customs officers to ensure themselves good treatment. Ulusu thanked the Turkish drivers and said that the necessary contacts would be made to resolve these problems. Ulusu also added that drivers would be compensated for damages suffered in attacks in Iraq. Ulusu then left for Diyarbakir.

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TURKISH PRESS COMMENTS ON 'BRIGHT STAR' EXERCISE

RDF Compatability Questioned

Istanbul CUMHURIYET in Turkish 16 Nov 81 pp 1, 9

[Column: "The Truth Behind the Events"]

[Text] Often heard in the world political forum are words used in high policy and global strategy that like sharp swords cut both ways. Sometimes words are dispensed with and current policies are converted into action. Presently a major American Military Exercise is being conducted encompassing the entire west coast of the Red Sea down into the Indian Ocean and over to the Mediterranean and central Africa.

But it goes beyond that. An American military journal close to Pentagon sources has written that the Rapid Deployment Force--which we may refer to as the Mobile Force--deemed necessary for Persian Gulf security, may be based in Turkey. This issue has not been off the news agenda for a long time. Although news sources in Washington and Ankara have long reiterated that the United States has not officially tendered a proposal to Turkey, the topic, nonetheless, heats up with every passing day and serves to reflect Pentagon inclination.

More interesting rumors are plying the speculation market. Circles with over-active imaginations or who prize hypothetical conspiracies assert that Anwar Sadat was assassinated because he destroyed the effectiveness of the Camp David Agreement. When the aura of Sadat, regarded as the hero of a peace agreement that terminated his "combative value," is removed, Washington--free to act--will be able to conduct a new policy in the Middle East modeled on the "Fahd Plan." The "Fahd Plan" has features on which the PLO, Ankara and certain Arab countries would be able to agree.

I wonder how much of these hypotheses are true? And to what extent through large-scale military exercises in the Middle East will the United States pivot from policy to action in its effort to topple the Qadhdhafi government, which it regards as the most radical Arab regime?

It is not easy at present to answer these questions. News and information is scarce. However, fitting Turkey into U.S. policy toward Muslim countries in the Middle East does not appear an easy thing.

There are various reasons for this comment. First, Turkey's heritage and current social structure are obstacles to reconciling its attitude toward the Islamic world with its feelings for the United States. Moreover, Turkey's gradually developing economic relations with Libya, Iraq, Iran and other Muslim countries have reached a level where they impact on Turkish policy. These relations harbor potential.

In summation, at present it is difficult to create in the Middle East an American sphere that could include Turkey within it or establish U.S. bases in Turkey targeted against the Islamic world.

As our father Ataturk said, selling snails to Muslims [idiom: to do something that isn't done] is extremely hard even when you've developed American marketing methods.

'Bright Star' Assessed

Istanbul CUMHURIYET in Turkish 16 Nov 81 pp 1, 6

[Commentary by Ergun Balci: "The Meaning of 'Bright Star'"]

[Text] The "Bright Star" exercise, which has been in the press for days, started with the "glowing statements" of American military officials. News agencies are reporting that American military experts are very optimistic about the exercise. The Associated Press (AP) in a report filed after the exercise began reported that American commanders are very pleased.

That is one side of the coin. But there is also the other side. It may be useful to examine "Bright Star" so as to understand its true meaning.

The military objective of "Bright Star" is to test how effectively the American "Mobile Force" could meet a possible Soviet attack against oil-producing areas of the Middle East.

In this regard no American military expert was as optimistic as we had read in the U.S. press. In other words, there are few who believe that if faced with a Soviet invasion several thousand American troops could be transported thousands of kilometers to be deployed into the region.

The AP was saying on 11 November, "The Bright Star exercise far from demonstrates that when required the United States could deploy large-scale forces to the Middle East." According to AP, former Mobile Force commander General Warner said, "In the event of a Soviet attack, we would have to immediately send at least 2.5 divisions to the region. This is not possible at present. We will be able to attain this force level only after 1985."

According to the INTERNATIONAL HERALD TRIBUNE, there are insufficient transport aircraft to move the large numbers of U.S. troops and weaponry. Of the available 70 C-5 and 234 C-141 transports, only the C-5's can carry Howitzers and medium tanks.

Since American military experts themselves do not accept that the Mobile Force can stop a Soviet invasion of the region, what then is the true meaning of the "Bright Star" exercise that began with such fanfare?

In our opinion one must look not at the military but at the political arena for the exercise's true meaning. The plan to form the Mobile Force started to take shape during the Carter administration following the overthrow of the Shah. At that time the Soviets were not considered to pose a real threat to the region. That is, the primary mission of the Mobile Force was not to safeguard the region from the Soviets but to prevent an Iran-type revolution or leftist uprising in the Gulf countries.

The Soviet intervention in Afghanistan inadvertantly gave the White House an advantage. Thereafter it could be announced to the entire world without fear of backlash that a Mobile Force was being established against a Soviet threat. In fact, work in this area gained a major impetus after the occupation of Afghanistan.

It is certainly an interesting coincidence that the Soviets themselves helped give form to the "Mobile" Force" and "Bright Star," both being vehemently criticized by them today.

The "Bright Star" exercise, in our view, must be examined within the series of developments in the Middle East following the death of Anwar Sadat. In fact, while the participation of around 2,000 to 3,000 American troops was originally planned for the exercise, this figure was boosted to 6,000 after Sadat's assassination.

"Bright Star" can thus be viewed as the continuation of a policy that began with the AWACS sale to Saudi Arabia followed by Washington's infatuation with the Fahd Plan. The Reagan administration is trying to win over conservative Arab countries while at the same time thoroughly ensconce itself in the region by giving assurances to conservative Arab leaders. It is significant that Oman, fearing possible reactions from other Arab countries, asked for a reduction in the American units to be landed on its turf. In accordance with White House policy, everything will be done to strengthen the U.S. position in conservative Arab countries. By extension, Syria and especially Libya are to be completely isolated.

Moreover, it is apparent that "Bright Star" will thoroughly exacerbate polarization in the region. As a matter of fact, Ethiopian Head of State Haile-Mariam Mengistu, asserting that the exercise posed a major threat to the region, wants Libya, South Yemen and Ethiopia to adopt a "joint position." Thus, pro-American Egypt, Sudan, Somalia, Oman and Saudi Arabia are aligned opposite pro-Soviet Libya, South Yemen and Ethiopia. It might be equally valuable to assess "Bright Star" from this angle as well.

Sign of Global Disaster

Istanbul MILLI GAZETE in Turkish 15 Nov 81 pp 1, 7

[Editorial by Hasan Aksoy: "War Star"]

> [Text] America continues pouring the latest weaponry and equipment into Egypt for the Bright Star exercise.
>
> --from the press

"Disarmament Conferences" that have topped the "world agenda" since World War II and statements on the subject have gradually lost their charm. Those who guide events have even proved unable to keep amusing the public in this area.

A significant amount of human sweat--flowing from the people of undeveloped countries into industrialized ones and there concentrated in the United States and the Soviet Union who are preparing for nuclear war--has been used for the arms race. In the shadow of disarmament conferences a weapons potential has been created that alone could annihilate mankind.

It does not seem possible now or in the future to stop this steadily escalating armament.

Particularly in the "New period" which began with the Reagan administration and the Soviet occupation of Afghanistan, challenges and declarations of war--not words like disarmament--have started to draw attention.

At a time when people are still unable to survive and poverty and injustice are dominant, the Bright Star exercise launched by the United States yesterday in Egypt, Sudan and Oman in the world's most sensitive region has, owing to its scope and nature, focused the attention of world public opinion and sparked protests in various countries.

Undoubtedly this event, with its demonstrated propensity to grow, is a worthy starting place for greater scrutiny by world public opinion. In fact, the large amount of weaponry and American troops, already reported numbering 6,000, dispatched to the Middle East on the pretext of this exercise heightens the possibility of a doctine of force wherein the Rapid Deployment Force will convert the Sinai into a "second Israel."

There is no doubt that such beginnings, wherein the Middle East and Africa--having significant historical, geographic and economic influence--could trade places in the world balance, have the power to spark a world war. In fact, the wounds spewing blood in Palestine, Eritrea, Cemina [as published] and the Philippines have failed to be bandaged with any sort of justice, equity or humanity. On the contrary, world peace sporting several new wounds like Afghanistan, Lebanon, the Iran-Iraq war, Chad and Uganda has started losing even more blood.

The active meddling of the KGB and the CIA--particularly with A. Haig as U.S. Secretary of State--in the internal affairs of numerous countries, especially Middle Eastern countries, has become even more bald-faced as the result of reciprocal accusations. These secret organizations that cause nations to tear themselves apart while portraying such struggles--resolved in favor of the active forces--as actions successful in producing a pure, clean, thornless rose garden, are responsible for the dogma stating that the masses outnumber those oppressed.

It is for this reason that our world, constantly losing blood from a body cut to pieces, is entering a far graver situation and various countries are becoming great communities of the oppressed.

Economic exploitation doubly intensifies social oppression.

Within this climate arrogant forces and the children of these forces are leveling their insanity upon our world which has become a powder keg. Reagan administration officials, who recently commented that Israeli aircraft penetrated 160 kilometers into Saudi airspace, irresponsibly stated that "the Israelis do not attach much importance to borders." This is extremely worrisome for every human being in a world ready to explode.

The atomic reactor on the outskirts of Baghdad is bombed for no reason. Should no one show serious concern other than the French firms to receive a new contract, then the oppressed will continue to die, torture will escalate. If no one cares enough to pay attention when borders are violated, if utter chaos amuses everybody, if all the world's conflagrations fail to make anyone reflect apart from the cheers raised by those eager to become "war profiteers," then it is impossible to expect any good to come out of all this.

When taking all of this into consideration, it is useful to follow and ponder this exercise not as "Bright Star" but as a prominent "War Star"; it is at least of some good not being caught unaware by catastrophe.

'Bright Star' Viewed as Heavy-Handedness

Istanbul MILLI GAZETE in Turkish 15 Nov 81 pp 1, 7

[Text] Bright Star-82 began yesterday in Egypt. Participating are 4,000 U.S. troops along with Egyptian, Omani, Somalian and Sudanese units. Although the U.S. states that Bright Star-82's purpose is to protect America's friends in the Middle East and safeguard its interests, certain political circles characterize it as a reaction to the hatred shown U.S. exploitation in the Middle East, the rapprochement between Muslim countries and the stance against Israel.

Egypt and certain other countries backing the United States during this exercise, which began yesterday with a U.S. Air Force para-drop into the Egyptian desert, are being accused of betraying "Islamic Unity."

Moreover, the exercise along with U.S. Secretary of State Haig's rather pretentious talk about Turkish and Pakistani friendship as well as his statement that aid to these countries is indespensible--after every string was pulled to get it--have been interpreted not as demonstrations of friendship but "a political maneuver."

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PUBLIC ORGANIZATION DIRECTORS ASSUME DUTIES

Athens EXORMISI in Greek 14-15 Nov 81 p 11

/Text/ The new directors and deputy directors of public organizations were sworn in and have assumed their duties. Aris Sisouras, professor of business research at Patrai University, is director of the Social Insurance Foundation /IKA/. He has specialized in organizational matters and in social planning, particularly as concerns the health sector.

1. Sisouras is a member of the PASOK governmental health program and a special consultant to WHO work groups. As president of the Committee for Organizing a Health System he is ex-officio member of the National Council for Medical Research of the Scientific Research and Technology Service. At Patrai University he directs the research group in matters concerning the planning of health and social care programs. The group has been assigned the responsibility of preparing programs for outpatient care, for organizing emergency relief, for Emergency Assistance Centers /KAV/, for solving the pharmaceutical problem, etc.

Sisouras, 42, was born in Fokis. He was active in democratic and political struggles during his student years here and abroad. He has been a member of PASOK since its inception with steady participation in activities of local committees and the professional branch of the movement. He is a member of the presidium of the Movement for National Independence, International Peace and Disarmament.

2. Manoli Bendeniotis is IKA deputy director. He is a lawyer specializing in civil and social law and is a special contributor to newspaper and magazines. Born in Troizin, he studied political sciences at the Pandeios Supreme School of Political Sciences /PASPE/ and law at Salonica University. He studied public administration at PASPE, business administration at the Supreme School of Economic and Commercial Sciences and regional development at PASPE's Regional Development Institute. He worked for the Analysis and Planning Committee for the PASOK governmental planning work group for social insurance. A cadre of the Greek Democratic Youth /EDIN/, he participated in the Second Irreconcilable Struggle of 1965-66 and was persecuted by the dictatorship. He is a founding PASOK member.

3. Theodoros Katsanevas is director of the Labor Force Employment Organization /OAED/. He was born in Athens in 1947 and received his doctorate at the London School of Economics specializing in labor and syndicalist affairs. He received a master's degree in labor relations at Warwick University in England and is a

graduate of the Piraeus Supreme Industrial School. He was lecturer at the London Thames Polytechnic School and, on assignment by ILO and EEC, prepared studies on various subjects of his specialty. He has published articles on labor subjects in O OIKONOMIKOS TAKHYDROMOS and other publications. While working at the Center for Planning and Economic Research he prepared a study on "labor relations in Greece." He published the book "Modern Syndicalist Movement in Greece" and is president of the Supreme Industrial School Alumni Association.

Katsanevas was an EDIN cadre before 1967. When the coup took place [21 April 1967] he was arrested, mistreated in front of Piraeus crowds and referred to the military administration. He participated in the counter-revolutionary Democratic Resistance Committee. He was a member of the Panhellenic Liberation Movement [PAK] branch in England and a PASOK member since 1974. He participated in various PASOK activities and especially in the preparation of the program in the employment sector as well as in the area of syndicalism, working conditions and collective bargaining.

4. Georgios Birdimiris, director of the Greek Housing Organization [OEK], is a civil engineer and member of the Technical Chamber of Greece Commission and of the PASOK Committee for Self-Organization and Local Problems [EATOP]. As a student (1958-1963) he was active in student societies and was a member of the League of Greek Democratic Youth. In the First Irreconcilable Struggle he was a member of the Center Union Youth Organization and secretary of the student branch at the [Athens] Polytechnic School. In the predictatorship years he served in the Political Office of Premier Georgios Papandreou. During the Second Irreconcilable struggle he became an EDIN founding member. He was arrested by the junta and detained by the security forces. He was a member of the counter-revolutionary Democratic National Resistance Movement. When democracy was restored [1974] he joined PASOK and served in EATOP and the election campaign.

5. Georgios Psarakis, director of the Farm Insurance Organization [OGA], was born in Arkalokhori of Irakleion, Crete, in 1919 and attended the Supreme Commercial School. He farmed in his hometown and took an active part in trade unionism and politics. A PASOK cadre since 1974 he was a candidate in the post-junta elections and was elected deputy in the Irakleion district.

6. Vaso Papandreou is director general of the Hellenic Organization of Medium and Small-Sized Enterprises and Handicrafts. She was born in 1914 in Valimitika of Aigion and attended the Supreme Commercial School. She did postgraduate studies in London where she joined PAK and became active in politics. She is a PASOK founding member and a member of its Central Committee. She was active in many committees of the movement.

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BIOGRAPHICAL INFORMATION ON NEW BANK GOVERNORS PUBLISHED

Atlens TA NEA in Greek 6 Nov 81 p 3

/Text/ By decision of Premier Andreas Papandreou the appointments of senior officials in various banks were almost completed yesterday. Specifically:

G. A. Mangakis and economist K. D. Georgoutsakos were appointed governor and deputy governor respectively of the National Bank of Greece /ETE/.

Economists N. Skoulas and K. Sofoulis were appointed governor and deputy governor respectively of the National Land Bank of Greece /EKTE/.

Economist D. Khalkias was appointed deputy governor of the Bank of Greece, while V. Kafiris was appointed deputy governor of the Agricultural Bank of Greece /ATE/.

Economist N. S. Agiorgitis and Professor K. Vaitsos were appointed presidents /of the Administrative Councils/ of the Ionian and Peoples Bank of Greece /ILTE/ and the Commercial Bank of Greece respectively.

A common feature of the new governors and deputy governors of the banks is that all hold degrees in economics from known universities abroad. /Following are their brief biographical sketches:/

G. Al. Mangakis
ETE Governor

Professor of criminal law and former deputy, George Alexandros Mangakis was born in 1922. He studied law at Athens University and in 1954 received his doctorate at Munich University. The following year he was appointed assistant professor of penal law at Athens University and in 1969 became full professor. From 1972 to 1974 he taught penal law and philosophy /sic/ at Heidelberg University.

Mangakis participated in the National Resistance (1941-44) and was energetically opposed to the colonels' dictatorship. In February 1969 he was suspended from his professorship and in July was arrested for bomb planting. He was tried with the 34 /members/ of the Democratic Defense and stayed in prison until 1972. When the democratic rule was established /1974/ he became public works minister in the National Unity Government. In 1974 he was elected deputy with the Center Union-New Forces Party.

Vasilis Kafiris
ATE Deputy Governor

He was born in Andritsaina of Olymbia in 1932. He studied economics and law at the Supreme School of Economic and Commercial Sciences [ASOEE] and the Salonica University Law School. Under a scholarship he attended the graduate school of Indiana University in the United States. He taught economics and business administration for 10 years at Indiana University and the Indiana Central University.

During the dictatorship he participated in the struggle against it as a member of the Panhellenic Liberation Movement [PAK] of which he was a key cadre.

K. D. Georgoutsakos
ETE Deputy Governor

He was born in Athens in 1930. He is a graduate of ASOEE and received his doctorate in economics (monetary and credit policy) at Bristol University in Great Britain. He is a Bank of Greece employee since 1959 and has served in the Directorate of Economic Studies. Since 1974 he has been chief of the currency, credit branch and is responsible for recommendations to the bank's administration on matters of currency and credit policy.

Kostis Vaitsos
President, Commercial Bank of Greece Administrative Council

He is professor of political economy at Athens University as well as professor of economic development affairs at Sussex University in England and teaches developmental studies at the same university.

He was born in 1942 and studied economics at Yale and Harvard where he received his doctorate. He also received his MA degree from the Harvard School of Business Administration.

He served as president of the Advisory Council for Scientific Research and Technology and is a senior UN advisor to third world countries on matters of policy and negotiations with multinational companies.

Nik. G. Skoulas
EKTE Governor

He was born in 1930 in Khania. He studied at ASOEE and received his master's degree at Berkeley University in California and his doctorate at Simon Frazer University in Canada.

He served (1958-1963) in the Tobacco Institute. Since 1966 he has been employed by the Canadian government in various positions: in the Statistical Service, the Consumer and Business Ministry, the anti-inflationary council and the Canadian government economic council.

Nik. J. Agiorgitis
ILTE Administrative Council President

He is a 53-year-old economist born in Kastanitsa of Kynouria and graduated from ASOEE and McGill University. He is an executive member of the American Institute of Management and the Canadian Institute of Management.

He works as senior executive of the American Express Bank and the Hellenic Industrial Development Bank /ETVA/ from which he was dismissed by a dictatorship decree. He escaped to Canada to avoid arrest because of his antidictatorial activities. During the occupation he participated in the armed National Resistance and was wounded thrice. During the dictatorship he participated in PAK activities.

Kostas Sofoulis
EKTE Deputy Governor

He was born in 1937 and studied economic sciences at the University of Athens. He speaks English, French, Italian and Spanish. In 1967 he came first among many applicants to the State Scholarships Institute and with a scholarship followed post-graduate studies abroad. He was accepted for the M. Phil /sic/ program at Oxford University's Balliot College but did not enroll because on 22 October 1967 he was arrested and imprisoned for 4 years for antidictatorial activities (1967-71).

In 1974 he served as member of the Ministry of Education and Religions Work Group for studying ways for modernizing education and for social services research. He was employed in newspapers and encyclopedias and served as economic advisor to the Ministry of Coordination. In 1974-78 he served as chief of the economic studies section and in 1978 was appointed assistant to the director general of the Public Enterprise for Town Planning, Housing and Shelter. In 1980 he was appointed professor at Illinois University.

Dim. I. Khalkias
Bank of Greece Deputy Governor

He was born in the Apidia village of Lakonia in 1925. He graduated from ASOEE and followed postgraduate studies at Cambridge University, England.

He served in the Ministry of Coordination from 1951 to 1954. In 1957 he was appointed to the Bank of Greece and served in the Directorate of Economic Studies. In August 1974 he was appointed economic advisor to the Bank of Greece. He is a member of the Committee of Alternates for governors of central banks in EEC countries and has served as alternate governor for Greece in the International Monetary Fund.

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ANALYSIS ON PLANNED ABOLISHMENT OF ENTRANCE EXAMINATIONS

Athens I VRADYNI in Greek 2 Nov 81 pp 5,14

[Text] Sociology Professor Ioannis N. Xirotyris, in a series of articles under the title, "Free Education or Free Illiteracy," which were published in the educational column of VRADYNI a few months ago, wrote:

"Equalization, in other words, equality at every class level of man is impossible; it is a romantic utopia. It is not possible for anyone to democratize the entire spectrum of human activity... For instance, we cannot ignore the principle of worthiness. It is indispensable; it means the quality of life which societies need as much to exist as to develop and progress. It is necessary to maintain the principles of excellence inflexibly. They are indispensable premises for the progress of a State, of a society. Free education for all, within our sociopolitical system, is not a matter of just equality nor a matter of equal opportunity of progress for all. It is a matter of modern Greek demagoguery for the procurement of voters or clients, a deception, perhaps, of social equality. It is a grievous challenge to the substance of democracy, the noise of a token social gesture with an even more grievous dose of hypocrisy".

What Mr. I. Xirotyris, the distinguished educator whose contribution to education is enormous, is stressing--and no one can challenge his objectivity, his impartiality, and his deep commitment to democratic principles--can best be answered by the recent announcements of the PASOK government regarding the educational policy which it intends to follow wherein no choice will be made among children.

Without the Necessaty Prerequisites

As is known, the new government in implementing its "declaration of governmental policy" formulated when it was in the opposition and contained in the "green book," announced, five days ago, that the entrance examinations from junior high school [gymnasium] to senior high school [lyceum] will be abolished as of the current year and, at the same time, the students who failed the examinations this year will also be admitted. The manner for changing the system of final examinations [Panhellenic] is also under study. During

the first meeting with the representaives of the press, the new leadership of the Ministry of Education announced that "Within a very short time--perhaps within 8-10 days--the abolishment of the entrance examinations for senior high school and the admission of those who failed them, will be made official through the necessary resolutions and acts. These resolutions will deal in detail with all the secondary (!) matters connected with the new decree."

The "New Democracy" responded to these statements by declaring that "In this manner, the future of the students is placed in jeopardy. This is true for those who will be admitted to the senior high schools after having passed the examinations as well as for those who will now be admitted without having the necessary minimum prerequisites."

In a communique' answering the "New Democracy," the new administration of the Ministry of Education, among other things, stressed that "The Education Ministry...after a careful study of the data gathered by its agencies, (Ed. note: the fact that the AGENCIES of the Ministry of Education were able to carefully study the data in five days is worthy of admiration!! Unless by "study of the data" the announcement of the new administration of the Ministry of Education means the careful...reading of the "green book" of PASOK) announced the abolishment of entrance examinations for senior high schools and would make the announcement official within a few days. In addition, it announced that a resolution of the 'out-of-school' student problem should be arrived at immediately, before the school year is too far gone, decide what needs to be done regarding this serious matter and face this issue this year.

"The 'New Democracy,'" the new administration of the Ministry of Education reports, "is worried about the 'good' students. We are worried about all students. The educational policy we seek to pursue does not make a choice between students and here is where we differ."

The Creation of False Impressions

This new statement of the Education Ministry provoked a strong response by the "New Democracy" which, in an announcementmade day-before-yesterday, emphasized that "It is certain that the abolishment of examinations for the admission of students to the senior high school will per-force lead to the downgrading of studies and the creation of false hopes for those students who do not have the necessary potential to pursue a senior high school curriculum and their parents." The "New Democracy" says that the question will be asked of the Ministry of Education, "When will these students become aware of their inability to meet the demands of the final examinations or whichever other system of validation, PASOK may study? If at some point they become aware that they have followed the wrong path, deluded by the easiness, which is today given to them, where are they going to turn? To the new type technical schools which they might have attended perhaps?"

Yes or No to the Abolishment

Yes or No then to the abolishment of entrance examinations for senior high school and the admission of those who failed? Our view, which will be analyzed later on with all the factual data, is that, on the one hand, the PASOK is playing demagogic politics in the especially sensitive area of education that have no relation to reality because they change the concept of equality to that of uniformity; on the other hand, the "New Democracy" committed serious errors by sanctioning a type of entrance examinations which were not based on any logical or educational concept.

Certainly is impossible for us to refer in detail to everything PASOK intends to put into practice in view of the fact that it has not yet been made public as to how these issues are going to be resolved (not secondary issues as the new leadership of the Ministry of Education maintains, but primary if not actually "burning") which are part of the new legislation. We will await the decisions first in order to analyze them and to pass judgment with complete objectivity and within the framework of reality. Today, we will simply offer some questions for which the reader can reach his own unbiased conclusions.

"The problem has been studied and we believe that there will be no issue which will substantially impede this decision (the abolishment of examinations), which the Ministry of Education has made, as far as providing classrooms and teachers (for the students)," Mr. P. Moralis, deputy minister of Education, said to the representatives of the press. In order to corroborate his statement, he called to mind the following statistical data from 1977 up to, and including, 1981, concerning the students who finished junior high school, those who took the entrance examinations, those who passed, and the percentage of those who failed. According to these data,

In 1977, 87, 604 students received junior high school diplomas. 81,902 took the examinations and 72,155 passed them. Percentage of failure: 12 per cent.

In 1978, 87,200 students received junior high school diplomas, 83,223 took the senior high school examinations and 72,616 passed. Percentage of failure: 12.7 per cent.

In 1979, 95,434 students received junior high school diplomas. 91,699 took the entrance examinations and 80,316 passed. Percentage of failure: 12.4 per cent.

In 1980, 105,082 students received junior high school diplomas, among whom 100,222 took the senior high school examinations and 85,403 passed. Percentage of failure: 14.07 per cent.

In 1981, (the current year), 117,189 students received junior high school diplomas among whom 110,414 took the entrance examinations and 98,499 passed. Percentage of failure: 10.8 per cent.

As can be deduced from the above, 6,000 students do not choose to continue the second phase of secondary education (senior high school) once they have completed junior high school; in other words, they have finished their mandatory nine-year education. On the other hand, among those who take the senior high school entrance examinations, the percentage of failure fluctuates between 11 and 12 per cent, which is normal.

Competition is Abolished

With PASOK's decision, every concept of competition is abolished. Everyone, those capable and those incapable, will drift towards uniformity which means the loss of individuality and will evolve into "free illiteracy," as Professor Ioannis Xirotyris emphasizes and adds, "This we call democratic equality!!"

Moreover, as of this year, according to the decree of PASOK, with the abolishment of examinations, the 12,000 students who failed them must be admitted. Where will the classrooms be and where will the teachers come from to instruct these students THIS CURRENT YEAR?

Deputy Minister Mr. P. Moralis said, "According to our calculations, there is no danger of overcrowding, but we are prepared to face it." However, he did not explain HOW the problem is going to be solved.

While PASOK was in the opposition, it and the leadership of its lackey, the Federation of Secondary School Teachers (OLME), were complaining about the shortage of classrooms, the unsuitable schools, and the insufficient number of teachers. And there is no danger of overcrowding now?

At this point, we must say that independently of the many mistakes made by the "New Democracy" in the area of education (the most serious of which was to permit its educational policy to be carried out mainly by individuals who were opposed ot it), the fact is that during the five-year period--1976-1981--16,000 new classrooms were made available which is four times as many (4,300) as those available during the 1965-1975 decade, and demonstrates its intention and determination to meet the need for school buildings.

Naturally, this did not entirely solve the problem because it was impossible to solve it. The lack of classrooms has always been an acute problem. With the increase in student population during recent years and the extension, from 6 to 9 years of mandatory education, this problem has become even more acute. But this had already been foreseen by the "New Democracy" government, which planned to build another 16,000 classrooms during the next five years.

Politics of Demagoguery

How is the problem going to be solved THIS CURRENT YEAR now that the student population has increased? And when were PASOK and OLME [Federation of secondary School Teachers] telling the truth? But there is another problem:

Adding 12,000 students (those who failed the senior high school examinations)

during the current school year means that there automatically be required at least 1,500 additional teachers in all courses in the new districts that will be created. Will they be appointed within the months of November or December of the current year? Who is going to teach these students? The teachers we have today? But, (according, after all, to the complaints of OLME up until now) there is an insufficient number of teachers to instruct those students already enrolled.

The questions are simple. The area of education--as we have emphasized--is especially sensitive. And the politics of demagoguery have no connection to reality.

To be sure, the parents--at least the majority of parents--received with satisfaction the announcement regarding the abolishment of examinations and the admission of those who already failed. This is entirely natural and human. Every parent wishes his child to advance in his studies and to be assured of a "piece of paper," whether his child has the potential or not. Whether tomorrow it (this paper) will have any value is besides the point. Today he does not think about it. There is something which is even worse: many students let the announcements of PASOK regarding the abolishment of examinations "lure them to Easy street" and this has diminished their interest in studying. We were told this by parents who were called in by the schools to be informed about the progress of their children during the first two months.

Mass Admission

"... I am curious and perplexed to discover how it was possible to reconcile the decree to promote the students en masse with the scientific fact of the existence of mental slowness in a certain number of students. Can it be true that no one thought about it? And if they did think about it, how is it going to be resolved? (Ed. note. Surely the declaration in the "green book" that "additional tutoring within the public schools is to be given to those students who need it" is so ridiculous and out of touch with reality that only as the epitome of demgoguery can it be said that it will be realized. Here we have teachers who, instead of teaching, say, "Read the next five pages" and PASOK tells us that they will devote extra hours to tutoring?) I think we believe that we are Wisdom's chosen people and this leads us not to face certain things with simplicity, practicality, and reality.

"Thus, I believe, that the promotion of all the students will greatly upset not only the schools, but society in general. And this because the mentally slow (by one or two years) students will not be in a position to follow the courses at the higher level because of their mental condition, and, therefore, they will appear in class as two types:

"Either they will be inactive, non-contributing and incapable nonentities, whose presence in class will go totally unnoticed, or they will be "troublemakers"--undisciplined and anti-social--with the serious threat of carrying out this behavior outside of school, when, because of having been "pushed,"

they finished their mandatory education and senior high school, which they will have entered without examinations; they will by then have caused unhealable wounds... It is impossible for them to have normal reactions similar to those of the majority of the students.

"I do not think that this issue is so simple, even if the number of these students were small. Because we must add to this number, the "others" who will be looking for a pretext to imitate the trouble-makers. We must not forget that we Greeks are 'a little' imitative, plus the fact that the joy of the forbidden delights us and that most of the time we try hard to distinguish ourselves by unorthodox ways and means. Thus, the few evil ones will be followed by many more and this fact requires special attention."

Even Here There Are Responsibilities

As we previously mentioned, if PASOK is today engaged in politics of demagoguery then the "New Democracy" made unpardonable mistakes by establishing a type of examination which was not supported by any logical or educational concept. And this is absolutely true. It was anti-educational and unjust to require a student who obtained high grades, such as 18, 19 or 20, in three subjects in the June entrance examinations and failed the fourth, to be forced to retake ALL four examinations in September while another student who obtained the minimum passing grade, 10, in all four subjects was considered to have passed. This system needed to be changed but not abolished.

The "New Democracy" made many more mistakes on the subject of education. However, problems that PASOK claims piled up in the Ministry of Education are not to be attributed to the "New Democracy," but to many anti-government figures who belonged to PASOK and KKE and who, during the previous admininistration, deliberately undermined its work. Thus, we arrive at today's mass production and the elimination of quality which the present officials of the Ministry of Education want to impose and who ignore, or are not in a position to understand, that, as Sociology Professor Ioannis Xirotyris very aptly puts it:

Demogoguery Even Here

"Excellence with worthiness as a criterion not only does not circumvent equality, but, on the contrary, supports it. Equal opportunities yes, but uniformity of results can never exist. When most people in our country speak about equality, and they speak about it with great pleasure, they do not have the faintest idea about what this equality is or whether a completely equal society could ever exist or how to define the meaning of a society with full equality.

"Today's Greek politicians, when they talk about equality and social justice, know fully well that they curry the favor of the people, that they use demagoguery, as in the case of so-called free education and the equal opportunities for development and its inherent consequences."

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END

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WEST EUROPE REPORT

No. 1871

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PEOPLE'S ALLIANCE LEADER GRIMSSON: ICELAND MUST JOIN 'ZONE'

Reykjavik MORGUNBLADID in Icelandic 29 Oct 81 p 30

[Article by Olafur Ragnar Grimsson: "Nordic Ministers Want to Exclude Iceland"]

[Text] The MORGUNBLADID editorial last Tuesday discussed the stand taken by spokesmen of the "No to the Atom Bomb" movement in Norway in prohibiting Icelandic students in Oslo from participating in demonstrations urging Iceland to join the nuclear-weapons-free zone in Scandinavia. The editorial contends that this exclusion is the result of the Icelandic air base opponents' explanations of Iceland's link with the nuclear weapons system of the United States. Furthermore, the editorial states that Iceland is fully eligible to take part in discussions about nuclear weapons among the Scandinavian governments. The former explanation of the paper is wrong, and the latter is very misleading. Assuming that the readers of the paper want to know the truth, we think it is necessary to give further information about the Scandinavian talks.

NATO-Backers in "No to the Atom Bomb" Do Not Want Iceland to Join

The Norwegian movement "No to the Atom Bomb" is a multifaceted movement whose sole purpose is to oppose Norway's link to the nuclear weapons system of the United States. It includes both the opponents and proponents of Norway's membership in NATO. The latter group wants to continue Norway's military cooperation with NATO allies, which is based on conventional weapons only, and to relieve Norway of all obligations regarding participation in the nuclear weapons system of the United States and NATO. Norway's obligations regarding nuclear weapons call for permission to station nuclear weapons there during times of tension and war and to operate radio transmitters and other military equipment connected with the functioning of the nuclear weapons system in the North Atlantic, especially nuclear submarines.

Since the movement does not take a stand on Norway's membership in NATO, it has gained the support of many NATO backers who make the aforementioned distinction between traditional military cooperation, on the one hand, and nuclear arms cooperation, on the other. Some of these NATO-backers are largely responsible for the foundation of the movement, and its executive board consists of some influential people from their ranks. The executive board is the body that makes policy decisions for the individual demonstrations. According to the movement's structure, the executive board has absolute decision-making power.

There has been disagreement on the executive board as well as in other circles in the movement as to whether Iceland should be included in the nuclear weapons free zone in Scandinavia. The opponents of Norway's membership in NATO, as well as other movement members, want Iceland included in the demand for a nuclear weapons free zone in Scandinavia. The NATO backers on the executive board are the ones who want to exclude Iceland. The main spokesman for the exclusion policy has been Professor Erik Alfsen from Oslo University, who has actually chaired the movement. Erik Alfsen has fought bravely against nuclear proliferation and deserves compliments for his efforts. It has become clear, however, that he is also a staunch supporter of NATO, and that is the main reason for his unwillingness to have Iceland included. Erik Alfsen has always vetoed proposals within the "No to the Bomb" movement to include Iceland. That is no secret. It has been repeatedly revealed in the Norwegian press.

Thus, the air base opponents are not the ones who have formulated the Norwegian exclusion policy vis-a-vis Iceland. This exclusion policy is the demand of NATO backers within the Norwegian movement. The allies of Iceland's air base opponents within "No to the Atom Bomb" want to include Iceland. One of them is Berit As, a former member of Parliament. NATO-backers, however, have exercised their veto power against this proposal.

Norwegian Ministers Want to Exclude Iceland

It is not only the NATO faction within "No to the Atom Bomb" that wants to exclude Iceland from the nuclear weapons free zone in Scandinavia. According to the press, this exclusion policy also prevailed among the foreign ministers of the Scandinavian countries and their representatives at the meeting in Copenhagen in September. Detailed articles in the Danish, Norwegian, Swedish and Finnish press disclosed that the establishment of a nuclear weapons free zone in Scandinavia was the main topic at the meeting and that two Scandinavian NATO members, Denmark and Norway, were to be included in it. The reporters discussed in detail how the membership of the two NATO countries influenced the further development of the issue, and it was clear that the foreign ministers had taken into account their membership in NATO when they decided on their next move.

Throughout the entire discussion, there was no mention of the third country, Iceland. Iceland was clearly kept outside the ministers' definition of the zone. Foreign Minister Olafur Johannesson revealed at a meeting with Icelandic students in Oslo last weekend that he had asked at the conference of Scandinavian countries last month in Copenhagen whether Iceland was to be included in the zone and that he had received only vague answers. It was later revealed that Iceland would not be included. On the other hand, the decision was made to include Denmark and Norway in the zone.

What Olafur Johannesson said confirms what the major newspapers in Denmark, Norway and Sweden have been saying. Iceland is not included in the planned nuclear weapons free zone in Scandinavia. Olafur Johannesson's comments at

the meeting with the Icelandic students in Oslo undeniably confirm the decision to exclude us. It is clear that the foreign minister tried to obstruct the exclusion policy of the other ministers vis-a-vis Iceland.

When he returned home from the meeting in Copenhagen, Olafur Johannesson gave a more detailed account of the foreign ministers' discussions in the Althing Foreign Affairs Committee. That account was naturally more complete and exact than his rundown at the meeting with students in Oslo. According to Althing bylaws, discussions in the Foreign Affairs Committee are confidential.

Unfortunately, it is a fact that Scandinavian leaders want to exclude Iceland from the nuclear weapons free zone in Scandinavia. This attitude must be changed. Icelandic air base opponents have tried to change it. Icelandic students in Oslo have tried to change it. Olafur Johannesson has tried to change it at the foreign ministers meeting in Copenhagen. How about if MORGUNBLADID joined me and Johannesson, the students and the air base opponents and also tried to change this Nordic exclusion policy against Iceland.

Comment from the Editor: Show Patience and Understanding

1) As Olafur Ragnar Grimsson's article reveals, Icelandic air base opponents are being denied participation in the Norwegian movement "No to the Atom Bomb." MORGUNBLADID thought the exclusion was due to the air base opponents' stand on nuclear weapons. We shall not argue with Olafur Ragnar Grimsson about whether the exclusion stems from the air base opponents' demand that Iceland resign from NATO.

2) The title of Olafur Ragnar Grimsson's article is his own and explicitly shows his motivation: to make people think that the entire nation is just as left out of the Nordic discussions as the air base opponents. This effort by the Althing representative is doomed to failure, as his claim is utterly unfounded. Iceland's foreign minister participated in the discussions among Scandinavian ministers in Copenhagen on a nuclear free zone and cosponsored a resolution declaring invalid the unilateral proclamation by the Scandinavian countries that they would never resort to nuclear weapons in their defense and stating that the issue should be viewed in the context of general disarmament developments in Europe. As regards Iceland in particular, it is the policy of the Icelandic Government not to have any nuclear weapons in this country without the consent of the people. Previously, MORGUNBLADID voiced its support for the resolution of the foreign ministers last September and has often declared its support for the policy of the government on nuclear weapons. Moreover, the paper has made an effort to acquit the country of the air base opponents' slander about the presence of nuclear weapons in this country. It is a fact that Iceland is a link in the so-called "Nordic balance." What applies to the nuclear weapons free zone doubtless applies as well to the Nordic balance; charity begins at home. Iceland cannot expect others to fight for its cause. There is ample opportunity for this at the meetings of the Scandinavian foreign ministers, even if freedom of speech for the air base opponents is limited among their allies.

3) Before the end of last week, Olafur R. Grimsson accused MORGUNBLADID of cooperating with the Soviet Union. Is it a coincidence that he himself is asking for a partnership with the newspaper a few days later?

4) At their national conference last weekend, the air base opponents discussed their links with the so-called peace movements in Europe. The discussions were not peaceful, and Olafur R. Grimsson's interest in the matter was the object of debate. If in his efforts to be "in on the discussions" of the air base opponents, the Althing representative considers it to his advantage to twist what MORGUNBLADID writes about defense, then the paper would ask its readers to be patient and understanding with him.

8743
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BRIEFS

HAND GRENADES FOUND--Yesterday at 1445 hours the Kalavasou police discovered two hand grenades in good condition at the Teratsoudi locality in the village of Maroni. [Text] [Nicosia O AGON in Greek 25 Nov 81 p 8]

BOMB EXPLOSION--A powerful bomb exploded yesterday at 1100 hours in front of the business establishment of Stavros Galatariotis on Aghiou Andreou Street in Limassol. The front of the store was damaged and the furniture in the window was destroyed by the resulting fire, which was extinguished by the fire department. The main offices of the Galatarioti company are located above the Galatarioti store. The explosion occurred when Stavros Galatariotis was meeting with newsmen at the RIK [Cyprus Broadcasting Corporation] after appearing on the television program "Meet the Press." He departed the meeting hastily after learning about the explosion. [Excerpts] [Nicosia I SIMERINI 21 Nov 81 p 1]

CSO: 4621/73

NEW TRENDS IN TERRORIST ACTIVITY VIEWED

Zurich NEUE ZUERCHER ZEITUNG in German 11 Nov 81 p 2

[Report by correspondent R. M.: "Unclarified Trends in German Terrorist Underground--Blurred Lines of Distinction Between Right and Left"]

[Text] Bonn, 9 Nov--The question as to the danger represented by rightwing terrorism in Germany has suddenly moved into the limelight again. As many as 31 arms caches evidently established by neo-Nazis were discovered in the Lueneburg Heath 10 days ago, and a couple of weeks before that there was a shoot-out between an extreme rightist group and police in which two extremists were killed. A similar fright was caused last year when there occurred a number of acts of violence which also were connected with rightwing terrorist activities. Let us recall primarily the bomb attack at the Munich Oktoberfest, in which 13 people were killed and more than 200 wounded--in all likelihood staged by an extreme rightist fellow traveler, Gundolf Koehler, who was among those killed. A not insignificant part of the picture of the increase in rightwing terrorist activities, particularly in the past couple of years, was the exchange of fire at the Aargau-German border in late December 1980 in which two Swiss police were killed by the wanted extreme rightist arms smuggler Schubert.

The Arms Discoveries in the Lueneburg Heath

As for the spectacular arms finds in the Lueneburg Heath, there are a great many questions that remain to be answered. There is little doubt but that it was Chief Forest Ranger Heinz Lembke, well known as an extreme rightist, who established the caches which were discovered accidentally by a forest worker driving a wooden post into the ground. Lembke hanged himself in his prison cell shortly after being arrested. After fleeing from the GDR to the Federal Republic in 1959, he had maintained active contacts with various extreme rightist circles for many years. Among other things, he was a member of the German National Democratic Party (NPD), which however since its temporary electoral successes in the sixties has only been leading a shadowy political existence. In the end Lembke apparently played a leading role in the extreme rightist League of Patriotic Youth. House searches have been conducted at the places of residence of several members of this group in the meantime, but no detailed information on the results have become known so far.

Nor has it become clear as yet wher the arms came from which Lembke and his presumed accomplices had buried in 88 wooden chests at 31 different places in the Lueneburg Heath. (The weapons consisted primarily of explosives, firearms, ammunition, grenades and minor quantities of various poisons.) After the discovery there was talk at

first of the arms having come primarily from Bundeswehr [Federal Armed Forces] stocks, but the investigating authorities have stated in the meantime that there is no solid evidence of this. Nor has there been any detailed information so far about what concrete plans might have been made for the use of the discovered arms. Referring to the latest symptoms of rightist terrorist trends, Minister of the Interior Baum in a recent interview outlined the priorities of the extreme rightist scene in the Federal Republic as follows. According to information gathered by the security authorities, there are at present 75 organizations with not quite 20,000 members that may be classified as extreme rightist. The overwhelming majority of these persons--18,000 in number--are part of the so-called organized or legalized extreme right represented by the NPD. About 1,400 persons, composed increasingly of young people in the past few years, belong to various groups classified as militant neo-Nazi. A particularly disquieting characteristic of militant extreme rightism is its recent evidently rather broad international entanglement. According to Baum, about 150 of the 1,400 neo-Nazi activists are classified as "potentially violent."

Growing Potential of Violent Activity

In purely numerical terms, the problem of extreme rightism thus appears to be of rather modest dimensions. Even counting the largely still passive NDP supporters, the 20,000 extreme rightists who the security authorities say exist constitute only 0.03 percent of the 60 million FRG citizens. However, such figures at best show something about the political power of attraction of extreme rightist/neo-Nazi ideas, not about its potential of violence. At least in the past couple of years, the latter obviously has become much more dangerous than might be presumed on the basis of the more or less constant number of supporters.

The same, incidentally, is true of the leftist terrorist machinations in the Federal Republic. There had not been much talk about these after the big actions of the seventies and the elimination of several leading figures, as well as a number of failures after that. Not until the bomb attacks on U.S. military installations and the attempt to assassinate the U.S. supreme commander in Germany, General Kroesen, in August and September, did it become apparent that this type of terrorism has not just petered out but that apparently a new generation of groups of the Red Army Faction (RAF) founded by Andreas Baader and Ulrike Meinhof had established themselves. Thus, differently from the seventies, today extreme rightist and leftist groups are active at the same time in the terrorist underground, and no one can predict which side might stage the next explosion of violence.

Organizational Cross-Connections

One must, however, gradually come to wonder whether it really still makes sense to continue consistently to distinguish between right and left in the German terrorist scene, which is confused in every respect. The parallels and points of convergence between the originally differently structured trends apparently are no longer limited only to the intellectual sphere, and, notwithstanding the many differences in external mannerisms, there exists a common feature of reducing all the bad things in this world with sheer simplification to a single rought enemy pattern. Of greater significance appear to be certain organizational cross-connections which very recently have come to the fore between leftist and rightist terrorist groupings. These lead primarily to the Middle East and to the PLO, with which today evidently both RAF activists and Germany neo-Nazis from the, meanwhile banned, "Hoffmann Military Sports Group" are maintaining manifold contacts. It is with Hoffmann's group that Gundolf Koehler, the presumed murderer of the Munich Oktoberfest, was in contact, and Hoffman himself is under definite suspicion of having taken part directly in the murder of the Jewish publisher Levin in Nuernberg a year ago.

8790
3103/103

MAIN POINTS OF INTERIM ECONOMIC PLAN OUTLINED

Paris L'USINE NOUVELLE in French 29 Oct 81 pp 74-75

[Article by Francois Roche: "The Interim Plan. What Enterprise Can Expect From It"

[Text] Buildup of capital stock, harnessing interenterprise credit, and restructuring of the system of assistance are the key points of the interim plan for the PME [Small and Medium-Sized Enterprises] in a text which otherwise contains no surprises.

Compete conformity with the goals defended since 10 May by the Mauroy government: one cannot expect anything else from the 2-year interim plan drawn up in 3 months and presented last week by Hubert Prevot, commissioner-general of the plan. One finds in this document all the key points of the action of the prime minister and his government: revival of the economy, rearrangement of industrial structures, regionalization, a 35-hour week, etc.

On the other hand the chapters on the role and functioning of the enterprises are richer in information. In this field the planners did not fear to delve quite deeply into details, even if they only rarely provide precise answers to the problems they raise. There remains a complex of exhortations and announcements of measures which give a good idea of the administrations' projects concerning the operation of the PME:

Stabilize the burden of imports and social security contributions. In this regard the plan specifies neither when nor how, but notes that the stabilization of tax pressure on enterprises is preferable to the proliferation of forms of assistance. On the occasion of the reform of local taxation one must expect a certain harmonization of national taxes with the local.

Strengthen capital stock. The government plans to intensify the granting of participation loans, especially to small enterprises. Thus enterprises employing fewer than 25 wage-earners and showing a turnover of no more than 10 million francs will be able to receive such loans to a maximum of 300,000 francs. In addition, the insurance companies will have to use a minimum percentage (not yet fixed) to buy shares of companies not quoted. The same effort was asked of the SIVAC's [Variable Capital Investment Companies].

Improve productivity. Under this rubric the plan indicates, without further detail, the revaluation of the function of purchase an an important means of improving productivity.

Limit the credit of enterprises. This is a point on which the drafters of the plan strongly insist (and one cannot say they are wrong. In periods of crisis interenterprise credit has an unfortunate tendency to drag out interminably. Payment delays of 120 days are not rare today, and these practices severely penalize the PMI [Small and Medium-Sized Industries]. To limit the evil effects, the government hopes to replace progressively the supplier credit with purchaser credit. This implies a revolution in the financial morals of French industry, which will not be achieved without difficulties, for this raises the problem of guarantees. Actually the reserve property clause included today in most commercial contracts guarantees the seller and his banker against the risk of non-payment. If the credit is granted to the buyer, the bank, even if nationalized, will have to seek other forms of guarantees which have not yet been worked out in detail.

Lower the obstacles to transferring enterprises. The intention is good, but there again, there are no other details; the plan simply announces the harmonization of taxation on take-overs.

Encourage the creation of enterprises. This is an original step: the staffs of the large enterprises will be encouraged to create or to acquire PME's, with the guarantee of being reintegrated in their original enterprise in case of failure.

A Plan Which Suffers From Two Major Defects

This is the essence of a ponderous text which at times seems more like a detailed government program than a real planning tool. For this plan suffers from two major defects: the 1982 budget, the content of which is now known, is practically not referred to in it, so that it really could not be taken into consideration until 1983. The second weakness pointed out by Jean Saint-Geours (president of the 2-year plan) in his report: "The lack of a financing diagram translating the main choices and ensuring both compatibilities and realism seemed to prevent relating these choices with others, especially establishing their order of priority..."

The next agenda items are: discussions for about a month in the Economic and Social Council, then reexamination by a Council of Ministers, and finally presentation to the National Assembly between now and the end of the year.

6108
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GOVERNMENT HANDLING OF DASSAULT GIFT DETAILED

Paris LE NOUVEL ECONOMISTE in French 26 Oct 81 pp 86-91

[Article by Jacques Barraux and Philippe Gazier: "Mr Dassault's Gift"]

[Text] Extreme caution is the word. In negotiating a "homeopathic" nationalization, the Mauroy government is trying to preserve the Dassault industrial model. This precaution is all the more important as the group enters a turbulent period.

Marcel Dassault has always liked to hand out gifts. It is part of the legend of the man. But he saved the best for the end of his career: the donation to the government of 26 percent of the capital of Avions Marcel Dassault-Breguet Aviation, a "favor" valued at between 1 and 2 billion francs.

In the coming days, Mr Dassault and government representatives will be at the notary's office finalizing the agreement protocol signed 8 October at Matignon. The prime minister hailed "Mr Dassault's gesture to the government." Already a 20 percent shareholder since 1978, the government has only to buy 5 percent of the Dassault-Braguet shares on the stock exchange to become a majority shareholder. This purchase is in fact not needed to govern: the 20 percent share already held by the government comes with double voting power. With Mr Dassault's gift, the government has 54 percent of the votes without spending a dime. In return the Mauroy government is promising a slow and gradual nationalization.

Has one of the richest men in Europe belatedly developed a soft spot for socialism? "I have never been afraid of the Left," he has repeated to his grandchildren during family dinners on Sunday evenings at place de la Porte-de-Passy. The nationalization of Avions Marcel Bloch in 1936 enabled him to round out his fortune without losing the management of his factories (a businessman, who was none other than the father of Jacques Chirac, advised him at that time to establish what was later to become the Commercial Bank of Paris). The 1981 nationalization shows promise of being even more gradual. For 5 years the government will be content with 51 percent of Dassault-Breguet's capital. Mr Benno-Claude Vallieres, 71 years old, has been confirmed in his position as president and director-general of the firm (at least for a period of time, to ensure the management required by the major American competitors). Mr Marcel Dassault himself will retain the laughable title of "consulting engineer" that he gave himself 30 years ago now, when he became a member of Parliament.

But most importantly, the holding company which has controlled Avions Dassault-Breguet up to now, the SCEMD (Marcel Dassault Central Research Company) will continue to collect dividends, rents and royalties. A 49 percent shareholder alongside the government from now on, SCEMD still owns the patents (filed in Switzerland) and production licenses used by Dassault-Breguet, which guarantees it 3 percent on the sale of each plane. Moreover, as owner of the actual buildings at most of the plants, it will continue to collect rent.

Finally with two directors, Marcel and Serge Dassault (his son), the SCEMD retains the many assets of the group escaping nationalization: Electronique Marcel Dassault, and a large portfolio of industrial securities, among others. The SCEMD--whose financial director is Mr Rene Massing, Mr Dassault's right-hand man for his constant stock exchange transactions--controls Motobecane and occupies an important position in Institut Merieux, chez Paris-France (Radar supermarkets) and Gaz et Eaux (financial company of the Industrial Development Institute).

Because he has always lived in the shadow of the government and has lobbied under three republics, Mr Dassault is indifferent to the dialetics of the Right and the Left. A generous benefactor of the Gaullist Party since 1951, he has in his time openly assisted the SFIO [French Section of the Workers International]. He has also claimed to be a radical socialist and, ever since his meeting with Marcel Paul at Buchenwald, he has always proudly showed off his Communist friends. It is futile to try to place him in a specific circle of political influences. Mr Dassault is the last of those magnates born in the nineteenth century who were powerful and bold enough to place themselves above pressure groups and to dare to get friendly with the government, whether liberal or socialist.

It is clear, however, that the Dassault model has suffered somewhat from domestic and foreign political changes. After the Soviet invasion of Afghanistan and the election of Ronald Reagan as President of the United States, the two superpowers increased their pressure on the world arms market. Countries such as Pakistan now buy exclusively from the Americans. Lockheed, McDonnell-Douglas, General Dynamics and Northrop are trying to reap benefits from General Haig's tough diplomacy. Four adversaries in fighter-bombers is a lot.

Coordination

In the face of this situation, the group has encountered two problems. First it must coordinate its production strategy with the new socialist diplomacy. The Gaullist era of the third alternative created the group's success (France, the third world supplier was equipping countries concerned about maintaining their independence vis-a-vis the two powers). Nothing is changed in principle with Francois Mitterrand, but the international competition promises to be much tougher. For 15 years Dassault has exported two Mirage for every one ordered by the French Army. Can the pattern be maintained?

The second problem is one of size. Dassault-Breguet is one of the few fighter plane manufacturers today that has not tried to become part of a large industrial organization. In the United States, conglomerates such as United Technologies or LTV gradually absorb smaller companies spurned by giants like McDonnell-Douglas or Lockheed. In Europe, government corporations like British Aerospace are imposing a new industrial order in their country. All of this explains Mr Dassault's very

understanding attitude vis-a-vis the Socialist government. Three months from his ninetieth birthday, the founder of Dassault-Breguet seems to be relieved of a great burden. Serge Dassault, 54 years of age, formerly Sup-Aero and now president and director general of Electronique Marcel-Dassault, could certainly legimately hope to head Avions Dassault-Breguet one day. Didn't Marcel Dassault himself say one evening in November 1978 at Antenne 2: "Tupolev has recently died in the East.... Is the successor his son by any chance?"

However, Marcel Dassault has always actually believed that his aviation companies would sooner or later go to the government. Valery Giscard d'Estaing and Raymond Berre had already decided in 1977 to force the purchase of Dassault-Breguet's capital. They wanted to create a public institution to manage the government's interests in both Dassault and Aerospatiale, the prelude to an unavoidable industrial reconciliation. The Council of State, the Finance Committee of the Assembly and Mr Dassault himself were opposed to these plans. SOGEPA (Aviation Management and Share Company), established in 1979, became in the end a simple investment company. The government bought 20 percent of Dassault-Breguet's stock through it, mainly by converting government claims, and received 20 percent of Aerospatiale's shares.

The Plan

SOGEPA had only a 20 percent share in Dassault-Breguet, but its representatives had veto power thanks to the double voting power. General Maurice Saint-Cricq, 60 years old, could therefore make the government's opinion hold sway: Giscard d'Estaing actually began the nationalization process.

Rising every day at 7:30, arriving at his office in "Jours de France" at 9:30, where his secretary Mrs Liliane Carre (a key person in his entourage) waited for him, Marcel Dassault personally conducted the negotiations with the new Socialist government, deliberately keeping his family out of it. The negotiations seem to have been facilitated by a preliminary meeting between General Pierre de Benouville and Gaston Defferre and Jacques Piette. They remained on the ground chosen by Mr Dassault from the beginning: nationalization in stages, the promise of a donation of shares, and no change in the current leaders.

Marcel Dassault usually goes to Gstaadt in Switzerland during August. This year he was in Megeve, where he has just built a chalet (as the altitude did not agree with him, he will undoubtedly not go back there...). At the beginning of August the government commissioner for Dassault-Breguet, Jean-Yves Gourtay (army controller), went to warn Mr Dassault. The negotiations were conducted by Georges Lemoine, the state secretary at Defense in charge of the Matra and Dassault projects, with controller general Jacques Barthelemy, director of his office (see the interview that follows). Mr Dassault was assisted by General Benouville each time. The nationalization of Dassault-Breguet was negotiated like a political agreement, not like an industrial agreement.

The new majority shareholder will undoubtedly need the 5 years planned to decide the future of the company. For if you look at the strategy and means of Dassault-Brequet, the group is nothing less than a small miracle of industrial biology. And the government's current concern with not upsetting the balance achieved by the play of the three forces wisely lined up by Mr Benno-Claude Vallieres is understandable.

- A stable and highly qualified management. On his return from deportation, Marcel Dassault met up again with his friends from the period between the wars: Mr Avllieres (a Sup-Aero recruitee from the classified ads in 1934) and Henri Deplante (a centrist who had worked with him at the research office since 1930). There was also Jean Cabriere (now technical director-general), Jean Rouault (research office), Lucien Martin (head mechanic at the prototype workshop) and Colonel Constantin Rozanoff (who was responsible for test flights and was killed in April 1954). The Ouragan, Etendard, Mystere and Mirage were part of the Dassault line that was designed and manufactured in its entirety by men who were used to working together for several decades and to whom Marcel Dassault gave a broad freedom of movement (there is no real organization chart at Dassault). Moreover, the group very early on made a point of preparing for the turnover in management positions, and young engineers were placed "in tandem" with their superiors in key posts.

- A very special method for piloting the programs. Dassault kept control over the programming. Most of the production was subcontracted to Aerospatiale, Latecoere or Hurel-Dubois. The group was responsible for the final assembly and test flights.

The interpenetration of Dassault's and Aerospatiale's production was one of the arguments used by Mr Barre to support the idea of bringing the two groups together. Are people aware that nearly 60 percent of the Falcon 50, 30 percent of the Mirage F1 and 20 percent of the Mirage 2000 are actually built by Aerospatiale?

Although Dassault directly employes 15,600 persons, nearly 4,000 of whom work in its research offices and testing centers, it provides work for between 40,000 and 50,000 others in the industry, also hiring temporary personnel--not a very satisfactory counterpart to the privileges the salaried workers in the group enjoy.

- Intensive development of families of planes based on the same design so as to make the best use of the basic equipment. Entirely new airplanes are rarely built at Dassault; they prefer to make variations on a model. This is a strategy that highly impressed experts from the Rand Corporation, who came to study the reasons for Dassault's success a few years ago at the request of the U.S. Air Force.

The following are two eloquent examples:

Development of the Mirage III, which had its first flight in 1956 and which generated a whole family of planes up to the present Mirage 50, "the least expensive Mach 2 fighter bomber on the market," according to Mr Vallieres. The descendants of the Mirage III have been purchased by the air force of 21 countries. At "Mirage," the vast, white Virginian style building in Vaucresson that houses the Dassault-Breguet headquarters, an impressive array of models on display in Mr Vallieres' office bears witness to this. About 1,400 planes of the III, 5 and 50 models have been sold in all.

The line of executive jets: the Mystere Falcon 20's (477 sold as of last September 30 and 449 delivered), the small Falcon 10's (217 ordered and 186 delivered), and, the latest model, the Falcon 50 three-engine jet, 179 of which have been sold (and 63 already delivered). In other words a total of 873 aircraft, 636 of which were sold by Falcon Jet Corporation in the United States and all of which are from the same drawing board. The 700th plane was delivered in October. Two more modern and technologically advanced versions (the Falcon 200 and 100), introduced during the

National Business Aviation Association (NBAA) meeting in Long Beach, have just completed an introductory tour overseas. Executive airplanes account for 15 percent of the group's sales today. This is what consoles the group over the bitter failure of the Mercure.

With compact teams of leaders, a proven practice of using subcontractors, and its ability to develop families of planes, can the Dassault model outlast the 15 or 20 men who have embodied it for 35 years and who will be retiring before 5 years are up? The difficult beginning of the Mirage 2000 and uncertainties as to the future of the Mirage 400 twin-engine jet lead us to ask the question. Isn't the government taking over an aging structure? This is what the figures tell us.

Dassault-Breguet has announced that it did a 12 billion franc business in 1981, or only a slight increase over 1980. Dassault is producing one airplane per working day, as it did last year (310 planes of all kinds off the production line last year). year).

The order book is still quite full--even though the level has been declining for the past year and a half. The withdrawal of the "offensive" equipment on the day the Bourget Show was officially inaugurated greatly concer French arms manufacturers. On that day, Mr Dassault pleaded with Francois Mitterrand (the meeting took place at the chalet of the president of the aviation industries group, GIFAS [French Aeronautics and Space Industries Group]): "Mr President, how do you expect me to sell my airplanes if you make me show them without their weapons?"

Since that time, however, the Mauroy government has had the time to dispel these concerns. "The new ministers are excellent ambassadors of French products," noted Mr Vallieres. Charles Hernu, Michel Jobert and Claude Cheysson are considered to be more zealous than their Giscardian predecessors.

Nevertheless, the new product of the Dassault stables, the Mirage 2000, has yet to find its first foreign customer. "I am convinced that the Mirage 2000 will sell," says Mr Vallieres, "because it is a very good airplane. Its flying qualities and maneuverability are even better than what we had counted on. Moreover, many countries are interested in it." Optimistic about orders? At the end of 1982, the French army will take delivery of its first 2000's. "You know, we never used to sell anything for export before the first deliveries to the French government," reminded Mr Vallieres. Now negotiations are in an advanced stage with India--Dassault is ready to transfer 50 percent of the manufacturing to that country (150 orders under discussion, despite a strong counter-offensive by the Soviets)--and with Austria (25 orders anticipated). Iraq, Spain and Greece are also interested in the plane.

The Mirage 2000 would in fact have gotten off to a much better start if Thomson-CSF and Electronique Marcel-Dassault had kept to the timetable for developing a miniature version of a revolutionary type of radar: the RDI or Doppler pulse radar (from the name of its British inventor). RDI is designed especially for low-altitude interception aircraft; it provides surveillance both below and above the aircraft. The American F-15 and F-18 now have it.

Unfortunately, the first Mirage 2000's delivered next year will not be equipped with this radar. To the great disappointment of the French military, they had to make do

with a more conventional device, the RDM (Doppler multifunctional radar). This serious setback, which is in no way Dassault's fault, has been seen as a warning in aviation circles. French arms manufacturers must prepare themselves for a speed-up in technological innovation. This will entail painful revisions in the organization and procedures of the research offices.

With the Mirage 4000 twin-engine jet, Dassault-Breguet has problems of a different sort, this time financial. The leaders of the group decided a short time ago to develop the airplane with their own capital. It was a question of going ahead with the studies on the program of the fighter plane of the future (ACF), a program abandoned by the air force in 1975 in favor of the 2000 single-jet.

Therefore a prototype of the Mirage 4000 was built. It looks like a brilliant aircraft: by its sixth flight--one month after its first flight--it attained Mach 2, piloted by Jean-Marie Saget. Its potential competitor in Europe, the Tornado fighter plane (a joint venture of the English, the Germans and the Italians) took 5 years to do as much!

But who will aid Dassault-Breguet in the 6 billion franc investment needed to complete the program for developing the airplane (not to mention the purchase of equipment)? Here again Mr Vallieres shows firm confidence. "The 4000 meets a need," he assures. "It is the most successful of all the aircraft we have built. It is the only one competing with the American F-14, F-15 and F-18." Saudi Arabia and Iraq are interested in it. And, within the French Air Force, many officers consider it much more appealing than the Mirage 2000. However, it appears that the project could take a long time to get underway.

With nationalization and uncertainties about the new programs, the salaried-staff of the group are far from sharing the optimism of their leaders on the medium-term prospects. And, as always happens in these cases, they are trying to hold on to what they have already achieved. The government as shareholders is going to have to take this into account.

Ever since nationalization was announced, an association to defend personnel was formed. It has 2,000 members, many of whom hold Dassault stock (another reason for the government to avoid upsetting the stock market at the Parish Exchange). Its head is Jacques-Philippe Morel, an engineer at the Saint-Cloud procedures office. The group, which claims to be apolitical, wants to influence the future direction of the company.

The top priority is to fight any attempt by Aerospatiale to absorb the company. At Toulouse-Blagnac, for instance, where the two groups have neighboring factories, Dassault's employees do not hide their concern at the prospects for uniting their company with Aerospatiale. They have two demands:

1. To maintain the benefits already gained, i.e., a Christmas bonus, profit sharing (about one month's salary), return of the distributed shares to the entire staff (between four and fourteen shares, according to the salary), and for management, an "envelope" at the end of May;

2. To preserve the extremely decentralized structure of the group. "As long as the boss and Mr Vallieres are there, we are not worried in the least," assured an an office director in the Saint-Cloud research offices. "But what will happen after that?"

After that, the government will have to appoint a new president and reconsider the entire matter. It will have to draw up an inventory of the projects currently on the drawing boards, and once again take up the problem of relations with Aerospatiale. Can Dassault withstand that American technological offensive alone? After the exchange of "gifts" of October 1981, it is time to come to an exchange of truths.

"Cordial Negotiations"

An interview with Georges Lemoine, state secretary in the office of the minister of defense.

Georges Lemoine, 47 years of age, conducted that main part of the negotiations between the government and Mr Dassault and Mr Benouville. He was interviewed by LE NOUVEL ECONOMISTE.

[Question] The government has nationalized 100 percent of groups with no government dealings and only 51 percent of the two arms companies the most directly in contact with the government. Why this preferential system?

[Answer] For Dassault and for Matra, we have tried to find a way to control the operations which are highly dependent on budget appropriations without in so doing threatening the industrial entities. That's how we arrived at this necessary but adequate level. But the figures were on our side. We were in a good position to know the size of the profits of Matra's arms branch. And during our discussions with Mr Dassault, we know almost as well as he did that a good part of his fortune was built from government orders.

[Question] What was the atmosphere during the negotiations?

[Answer] Tense on some days, but always courteous and even cordial. Dassault had a number of different negotiators. First in July, there were Mr Vallieres and Mr Edelstenne, president and secretary-general of the aircraft company, respectively. With them we had to define the principles to follow. Then we dealt with Marcel Dassault himself, who assisted General Benouville. Out of courtesy to Mr Dassault and because of his age, all the working meetings were held at the Rond-Point des Champs-Elysees.

[Question] Did your working meetings with Mr Dassault change your opinion of him?

[Answer] I discovered two different persons in him. There was the business leader who is trying to make a profit, and there was the head of a family concerned with sound investments. This exceptional man was able to both build planes and companies, making them evolve at the proper times. It was a noble gesture on his part to donate 26 percent of his company's capital. For his part, I think he was very impressed by our idea to establish a foundation that will bear his name and will promote the career of young aviation engineers.

[Question] In your opinion, should the nationalized French aviation industry keep two large aircraft companies?

[Answer] I will answer personally, that to me it is desirable that each research office maintain its independence during the coming years.

[Question] Is there any possibility that the Mirage 4000 will be mass produced one day?

[Answer] The aerodynamics of the Mirage 4000 should enable it to remain in the forefront for years. In future, the improvement of fighter plans is going to focus primarily on their ability to hit several targets and not just one. This essentially involves radar and arms systems.

Dassault-Breguet's Key Figures

	1976	1977	1978	1979	1980
Personnel	14,980	14,819	15,183	15,553	15,843
Turnover*	5,928	5,697	6,321	7,123	10,740
Percentage for export	77	75	76	74	70
Net Profits*	170.7	207.9	245.5	272.2	312.3
Percentage of turnover	2.9	3.6	3.9	3.8	2.9
Percentage of equity	19.1	20.3	16.3	17.4	18.5
Orders received	7.2	12.5	10.5	13.7	9.1
Percentages for export	64	87	68	79	54

*In millions of francs

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'NEO-LIBERALISM' IN NORWAY AND SWEDEN DISCUSSED

Oslo AFTENPOSTEN in Norwegian 31 Oct 81 p 3

[Commentary by Egil Sundar: "The Conservative Wave Will Liberate Strength"]

[Text] The need for ideological renewal in several of the Western world's most advanced welfare societies has in a remarkably short time resulted in a popular movement--a liberal revolt directed against the collectivist guardianship thinking. Like any beloved child, this movement goes under many names, and its ideological content varies from place to place. To take an example close at hand, the Norwegian "conservative wave" cannot without reservations be compared to Swedish neo-liberalism. While the former is characterized and carried forward by soft social undertones, the neo-liberal thinking among groups in the [Swedish] Conservative Party shows a somewhat harder profile--stamped as it is by the market economy as the predominant idea.

It is hardly possible to define precisely the concept of the "conservative wave." It is too complex. This, however, may be another reason for analyzing more thoroughly the reasons why people all over the Western world advance viewpoints and assessments that only 10 years ago were usually regarded as reactionary, or at least poorly adjusted to the demands of the modern human being. It is noteworthy that so few active politicians and political parties have attempted to discover what really has happened. What can the reason be for so many people in so many countries having changed attitudes long regarded as inevitable, and which, in both Sweden and Norway, for example, amounted to a guarantee of a kind of everlasting social democratic rule?

Sociological changes accompanying modern social development have of course played a large role. As is known, society is not what it once was--nor are the voters. A new type of human being is making his appearance at the voting booth. The Labor Party has lost the battle for the young and the white collar workers. And not only that: Einar Forde, Labor Party vice chairman and foremost ideologue, touches upon something very essential when he acknowledges that his party can no longer expect help from background and milieu and in the dominance the party has enjoyed in large sectors of our work force.

Gosta Bohman, since 1970 leader of the Swedish Moderata Samlings-parti [Conservative Party], who at the national congress last weekend turned the chairmanship over to Ulf Adelsohn, has been the driving force in the debate on political ideas in Sweden. The results of his thorough and clear-signted analyses of social developments and

of changes in peoples' attitudes toward perceived and sanctioned truths are now being presented in the book "Course Toward the Future," in which Bohman proclaims a renaissance of liberalism. A liberalism, be it noted, on the basis of the welfare state.

Bohman's message is an expression of the conservative wave, a movement he himself interprets as the reaction to or revolt against a social development that has led to too far-reaching collectivization, politization, and bureaucratization. A social development that has driven the tax pressure constantly higher and made it ever more difficult for the ordinary citizen to maintain the right to manage his own financial affairs. And because the public sector arrogates to itself more and more power, it limits also give people the opportunity to influence the nonmaterial side of their existence. They therefore seek a new community of values, a community on the level of the individual and the human level.

According to Bohman, quantity is not the most important thing to an increasing number of people. Quality is most important. And the concept of quality of life is not unequivocal. It can, for example, mean that it must be rewarding to work. I must get something back for my toil because this would give me the opportunity with a clear conscience to do things that give existence a deeper more meaningful content. I shall have greater opportunities freely to shape my existence without rules, controls and directions by others, be they individuals or authorities. In other words, I can give the concept of quality of life my own content.

The welfare state created a new concept: "The new insecurity." As the new leader of his party, Bohman began to talk about this as early as in the beginning of the 1970s. People felt insecure, he thought, because the collective security policy had proved able to lead to individual insecurity. Among the many who had believed that the development of welfare would provide the safety and security most people seek in life, everyday reality lead to increasing disappointment. Hopes and expectations were not met. In "the new insecurity" one also saw expressed considerable anxiety over developments in the schools, over lack of public security, over bureaucratic coldness, and over economic worries that grew as the taxation system increasingly limited freedom of action. In view of the economic crisis Bohman is convinced that now more than ever we need optimism, imagination, and creativity to make the wheels turn again. What we now need, he thinks, is liberalism in the true meaning of the word. As the realistic politician he is, Bohman does not of course deny the importance of public contributions to people of our times. No more than Kare Willoch does he wish to abolish the welfare state. In reality, the point of departure in liberal-conservative thinking is the reverse. Liberating forces, releasing the power of growth in the economy will create the economic growth necessary to safeguarding and further developing the welfare society. The goal is ability to guarantee the state benefits a socially secure society must have. Willoch's pure Conservative government is faced with the inspiring challenge of making a reality of a policy that in a new way will free economic and human resources. In the opinion of many, this is the only possible way to go if we are to be able to solve the tasks society will be faced with in the 1980's.

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HOPES FOR COALITION UNITY DASHED BY CONFLICT WITH UNIONS

Hamburg DER SPIEGEL in German 16 Nov 81 pp 19, 21-22

[Text] After weeks of bitter dispute over the budget, over measures to relieve unemployment and austerity measures, the coalition parties seem to be ready for an attempt at reaching agreement. But all the conciliatory words are deceptive: The Social Democrats are under pressure from the trade unions, which are calling loudly for employment programs in light of rising unemployment figures. It appears that the big clash has merely been postponed.

Herbert Wehner, reelected for another 18 months as chairman of the SPD's parliamentary group in Bonn, and Wolfgang Mischnick, his Free Democrat colleague, got together for another try.

These two — always on tap whenever the situation looked especially bad for the social-liberal coalition in Bonn — playing their assigned roles and using noble phrases, last week made an appeal for unity.

Mischnick said in a statement for his party group's news service that parties and government, unions and employers must now place the welfare of all above the interests of a few. Said the Free Democrat: "We all need each other more than ever."

Herbert Wehner, normally a shrewish brawler in the Bonn parliament, evoked the "responsibility of each individual party toward the people at large in our divided fatherland" — the Bonn coalition partners were showing a willingness to reconcile after weeks of embittered quarreling.

The liberals took turns declaring that they were quite prepared to compromise; employment programs, which had hitherto been strictly rejected by the Free Democrats, would be tolerated if they did not prove to be too large.

The Social Democrats soothed them with assurances that no one was considering big programs that would cost billions. And they all solemnly affirmed that the state and the government would be lost without social peace and without the support of the German trade unions.

An agitator from the southwest had been responsible for the mild mood in November. The demonstration against Bonn's policies by 70,000 working people the weekend before in Stuttgart — a parade drummed up by Franz Steinkuehler, district chairman of the IG Metall [Metalworkers Union] — served as a sudden reminder to the coalition of how easy it would be right now to topple Schmidt's weakened government.

Even early in the week it had looked — once again — like a breakup. Old wounds had been opened in Bonn by strong unionist words coming mainly from OeTV [Public Service, Transportation and Communications Union] chief Heinz Kluncker in addition to the Swabian metalworkers. Filled with concern "that the unions are going to break with us" (according to SPD Federal Business Manager Peter Glotz), the executive committee of the SPD group in parliament decided on Monday to revert to the employment programs that had been rejected by its coalition partner. Economics Minister Otto Graf Lambsdorff countered for the FDP by saying that "with me there won't be" any such program.

FDP General Secretary Guenter Verheugen gloomily summed up the situation this way at the beginning of the week: "The trains are racing along on a collision course."

A disturbed Hans-Dietrich Genscher, leader of the FDP, wanted to know from the chancellor at Wednesday's cabinet meeting what the recent chatter in the SPD parliamentary group concerning employment programs was all about. Schmidt mollified his vice-chancellor with these words: "Nothing has been decided."

Before the group turned its attention to the real topic of the session — policy regarding foreign nationals — the chancellor came right out with the compromise formula for the most recent dispute over the correct economic policy.

He said the government would have to take a position on unemployment in its annual economic report at the end of January. Schmidt told his ministers that he was open to suggestions on how "the foundations of growth and competitive ability" could be improved.

"But," added Schmidt — addressing this remark to his own party comrades — "they will have to be solidly financed, by reshuffling the budget as a rule." And he had this concluding note for the Free Democrats: "This has to be done without cutting into the supports that hold up the social welfare net."

Schmidt hopes to gain sufficient time by means of the adjournment until January. His colleagues in the SPD parliamentary group will be able to console themselves, the party's own grass roots and above all the unions with the idea that the government will not stand by and do nothing while unemployment possibly climbs to the level of 2 million jobseekers this winter. And the Free Democrats can spread the word that there is to be a continuation of existing economic policy, and that if an employment program should come after all at a later date, it would be financed by neither higher taxes nor new debts.

That same evening, when the chancellor met for 4 hours with union leaders, businessmen and politicians to discuss the plight of the republic, Schmidt once again reassured the representatives of the working man. He said that investment activity is crucial at this time. Equally important, however, is that the unions "not get into difficulties with their special concern over unemployment."

The first thing Schmidt said had to be done was to pass the '82 budget package. Once the annual economic report had been presented at the end of January, decisions would be made on further action.

The chancellor was papering over the truth with his strategy of appeasement. The government's economists will probably not be much more artful by the end of January than they are now, since the fact is that the Federal Republic is in the midst of a deep recession.

This much is certain: The ruling social-liberals do not intend to comply with demands by the unions and segments of the SPD for an "employment policy offensive" (in the words of Helmut Rohde, chairman of the SPD Working Group for Employee Affairs). Schmidt, Finance Minister Hans Matthoefer and Economics Minister Otto Graf Lambsdorff even consider costly government interventions harmful at the present time.

Government economists in the economics and finance ministries have been studying point by point the demands directed at Bonn by DGB chief Heinz Oskar Vetter.

According to Vetter's full-bodied assessment, the Bundesbank [central bank] should reduce interest rates, while employers should stabilize prices and hire 1 million of the unemployed. The state ought to help out with billions of DM, and the unions would support all of this with a moderate policy on wages.

The Bonn economists found this to be a rather abstruse program.

According to their analysis, if the Bundesbank were to reduce its prime rate precipitately, the dollar and other currencies might shoot up again because foreign investors would once again avoid the Federal Republic if possible. Imports — already contributing their 2-percent share to the 6.7-percent rate for price increases — would again become more expensive as a result of the weakness of the mark. Monetary depreciation, an important factor in the negotiation of wage increases, would be accelerated just as the next round of collective bargaining was about to begin.

The idea that business could hire a million additional workers all of a sudden seems fairly utopian to the Bonn economists. Business profits have suffered a sharp decline as it is. Only 80 percent of capacity is being used on the average. The IFO Institute ascertained recently that wherever investments are being made at all, they are usually only for purposes of rationalization.

The economic strategists in Bonn consider Vetter's plan totally dubious when it comes to the economic injections demanded of Bonn.

Even if it were possible to come up with suitable investment projects quickly, despite opposition by the Laender, there is no money. The route that involves a larger debt is blocked — unless Bonn wanted to burden the capital market with still more borrowing and bring to a halt the reduction in interest rates that has just begun. Larger amounts could be scraped together through budget cuts right now probably only at the cost of breaking up the coalition.

So the experts view Vetter's offensive as more of a compulsory exercise aimed at his grumbling membership. At the meeting with the chancellor last Wednesday evening, the DGB chairman made no further mention of his proposal; he took a conciliatory tack instead. Without using the provocative phrase "employment program," Vetter called for joint action by the group: "All of us together must attempt to interrupt the process of growing unemployment."

This calm interlude is deceiving, of course. The higher the climb in unemployment figures, the more pressing the union and SPD people will become in their demands that Bonn do something.

In any event, the Stuttgart protest action cannot be explained away simply by saying that Franz Steinkuehler — who is seeking a seat on the board of IG Metall — is hankering to make a name for himself. Those in Bonn who are knowledgeable about the unions suspect they are slowly preparing for the change in administrations — with the IG Metall leading the way. A timely revolt against the social-liberal government will spare them an awkward and abrupt about-face if the Union should take over in the near future.

And finally, the theory goes, there is also party politics behind this. Steinkuehler, SPD deputy chairman in Baden-Wuerttemberg, is considered the representative of the group in the SPD which favors getting out of the coalition with the FDP.

Their argument is this: The longer the Social Democrats go on bending to the will of their liberal coalition partners, the greater the rift between the working man and the SPD will become.

Last week there were also many Free Democrats who recognized the threat posed to the Bonn alliance by such dropouts. They concede that they have expected a great deal of the unions of late.

Minister of Education Friedrich Hoelscher, FDP, now sees that "we have talked too loudly and too often about waiting periods." Interior Minister Gerhart Baum has perceived a growing willingness in his party to take the unions' problems seriously — to include "overall psychological and social conditions" (Baum).

The social-liberals are planning a few small offerings to keep the unions quiet for now. For instance, Housing Minister Dieter Haack intends to charge all homeowners who built before 1960 under the social housing construction program higher interest rates on their government loans. The DM 3 billion in interest payments and early loan liquidations anticipated in 1982 is scheduled to be used to finance the 30,000 social housing units which the SPD parliamentary group has been demanding for a long time.

Post and Telecommunications Minister Kurt Gscheidle also has something. In the next few days he plans to talk with Finance Minister Matthoefer about boosting the labor force in the postal sector. The SPD group in parliament wants to hire about 6,000 new postal workers. This would of course eat up part of the fee increase that has already been decided — with the danger that another one would have to be imposed in, of all times, the 1984 election year.

As it is, there is still doubt about whether such trifles will be enough to keep the unions quiet. Many in Bonn fear that the big clash is virtually unavoidable: With his empty promises with respect to the date of publication of the annual economic report at the end of January, Helmut Schmidt has gained exactly 2½ months.

Herbert Wehner perceives that the traditionally good relationship between the SPD and the trade unions "is in jeopardy."

The peace achieved on Wednesday in the Bonn coalition lasted precisely 2 days. Then Wehner and Hans-Dietrich Genscher went at each other publicly over future economic policy.

In a newspaper article Genscher urgently warned against new demands for an employment program. Wehner, on the other hand, announced last Friday that the SPD would "come out with an employment program at the proper time" because it is "unavoidable."

7458
CSO: 3103/112

PAPER: SOVIET SUBMARINE SANK GREAT HOPES

Helsinki HELSINGIN SANOMAT in Finnish 7 Nov 81 p 2

[Editorial: "Vessel 137 Sank Great Hopes"]

[Text] Every country carries out activities which it itself considers to be reconnaissance, but which in the opinion of another country is espionage. The more important the strategic significance of an area, the more prevalent are reconnaissance and espionage activities. And the larger the country, the more active and bolder are its reconnaissance and espionage activities. All means are permissible, and there are few rules: one must not be caught -- and if one is caught, even obvious facts are to be denied.

Accidents will always happen, just from statistical probability alone. Thus the incident involving the submarine in the waters just in front of Karlskrona is in itself no surprise. However, what is a startling surprise is that submarines equipped with nuclear weapons are used in routine reconnaissance activities and in waters that are difficult to navigate.

The measuring of radiation is relatively simple. Thus there is no reason to doubt Swedish information that there was a nuclear charge equal to the atom bomb dropped on Hiroshima in the Soviet submarine which grounded itself on the rocks. Moreover, the Soviet Union seems to indirectly confirm this Swedish information in officially announcing that the submarine was equipped with "pertinent armaments and necessary projectiles". Experts have differing opinions on whether the "necessary projectiles" are torpedoes with nuclear warheads or nuclear mines.

Until now it has been assumed that there are no other nuclear weapons in the Baltic Sea except for the Soviet Golf-submarines' nuclear missiles, whose range is approximately 1,200 kilometers. However, the situation is apparently much more gloomy. As far as is known, the Soviet Union has 50 some whiskey V-class submarines of the type that struck ground in the waters off Karlskrona. They are namely submarines designed for shallow waters and not the open seas so that the majority of them is probably in the Baltic Sea.

10576
CSO: 3107/23

PARLIAMENT ACTS TO PREVENT PRESIDENT-VOTE TIE

Helsinki HELSINGIN SANOMAT in Finnish 4 Nov 81 p 3

[Article: "There Will Be 301 Members of Electoral College in January"]

[Text] The number of members in the electoral college will be increased by one or from 300 to 301. This reform will have been accomplished already in the next presidential elections in January of next year.

The Diet's Committee on Constitutional Law unanimously approved this change on Tuesday when the reform also was approved in a second debate of this issue at a full session of the Diet.

Changing the number of members in the electoral college surprisingly caused difficulties with respect to interpretation which seemed to threaten the urgent schedule placed on the enactment of the bill. However, the law will now be enacted in time on Friday of next week.

The Committee on Constitutional Law took a cautious stand with respect to the interpretation controversy and changed only the point concerning the number of members in the electoral college. With this move the committee wanted to emphasize that there was no attempt to make any other changes as a result of the government's proposal.

The Diet's debate on the reform was lengthy. Everyone was of the same opinion with respect to increasing the number of members of the electoral college, but the small opposition parties in particular wanted even other reforms, a direct referendum and a limit on presidential terms.

10576
CSO: 3107/23

KEKKONEN CABLES BREZHNEV TO OFFER REASSURANCE ON RELATIONS

Helsinki HELSINGIN SANOMAT in Finnish 8 Nov 81 p 8

[Article: "Cable From Kekkonen to Brezhnev: Cooperation Will Not Be Eroded"]

[Text] President Urho Kekkonen has sent a personal cable to Soviet President and Party Chairman Leonid Brezhnev. In the cable Kekkonen thanked him for the message he received and offered an assurance that international political winds will not be able to erode the friendship and cooperation between Finland and the Soviet Union.

In the cable Kekkonen also sends congratulations on the occasion of the anniversary of the October Revolution. Kekkonen's cable is as follows:

"I would like to express my heartfelt appreciation and gratitude to you, Honorable Chairman, for the greetings which moved me so deeply. Our numerous meetings and discussions marked by deep mutual trust and in connection with which I have come to appreciate your faithfulness to the cause of peace and to a policy of good neighborly relations remain in my mind.

"My thoughts at this time, after having resigned the office of the President of the Finnish Republic because of poor health, are concentrated on one of the most important areas of my life's work, Finnish and Soviet relations. I feel great satisfaction as a result of the fact that I have personally been able to participate in building the cornerstone of mutual relations between our countries, the Friendship, Cooperation, and Mutual Aid Agreement of 1948. Through mutual efforts freindship between our countries' leaders and peoples and cooperation in keeping with the basic interests of both parties, which the fluctuating winds of international politics are not able to erode, were created on the strong foundation of this agreement. I join you in your conviction that relations between Finland and the Soviet Union will continue to develop on the basis of friendship and cooperation in the interest of the peoples of both countries.

"On the occasion of the 64th anniversary of the Great October Socialist Revolution and this national holiday of the Soviet Union I extend my best wishes to you, Honorable Chairman, for success and prosperity. Through you I also want to send my greetings to the people of the fraternal country of the Soviet Union and wish them continued success and prosperity in their peaceful endeavors."

Also A Cable From Koivisto to Brezhnev

Prime Minister Mauno Koivisto, who is performing the duties of the president, also sent a congratulatory cable on the occasion of the anniversary of the revolution to President Brezhnev. Other cables in connection with the anniversary of the revolution were also sent from Finland: Chairman Johannes Virolainen sent greetings to the chairmen of the Supreme Soviet, Deputy Prime Minister Eino Uusitalo sent greetings to Prime Minister Nikolay Tikhonov, and Foreign Minister Paavo Vayrynen sent greetings to Andrey Gromyko.

In his cable Koivisto assured Brezhnev "that Finland, for its part, will continue to guard and further develop that policy of friendship and good neighborly relations which has been built over the decades in the relations between Finland and the Soviet Union through the joint efforts of the leaders and peoples of both our countries".

Uusitalo's cable stated that "the Finnish Government is profoundly convinced that the friendship and cooperation built over the decades between our countries will be able to withstand the challenges of the future".

Virolainen's and Vayrynen's cables were written in the same spirit as Kekkonen's, Koivisto's, and Uusitalo's cables.

10576
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POLL SHOWS INCREASED CONCERN OVER WAR THREAT

Helsinki HELSINGIN SANOMAT in Finnish 8 Nov 81 p 11

[Article: "Opinions on World Situation More Pessimistic: Three-Fourths Believes Threat of Major War Has Increased"]

[Text] Nearly three-fourths of Finland's citizens believes that the danger of a major world war has increased in recent times. A full 30 percent of our citizens is of the opinion that the danger has "clearly increased". This result was measured in a poll conducted by HS [HELSINGIN SANOMAT]-Gallup in September-October.

Finnish Gallup conducted this poll at the request of HELSINGIN SANOMAT. Opinions on the international situation and security were polled with the same questions as in the fall of 1980.

The results were now pretty much the same as in the earlier poll, but this time opinions exhibited somewhat of a more pessimistic trend.

The most apparent change was reflected in the fact that the proportion of those who see the danger of a major war as having "clearly increased" was increased from 25 percent to 30 percent.

The proportion of those who believe the threat of war has "increased somewhat" was now 43 percent while a year ago it was 47 percent.

The figures together reflect the fact that 73 percent of Finnish citizens considers that the danger of a major war has increased. The figure in 1980 was nearly the same, 72 percent.

In both polls 19 percent considered that the situation has remained stable and 6 percent in both instances believed that the danger had decreased.

The real change that took place in the poll was that the worst alternative -- "the danger of a major war has clearly increased" -- was now selected by a slightly greater number of Finns.

Slight Difference in What Is Understood by Danger of War

The opinion regarding the danger of war was measured by the following question:

"If you consider the present world situation, then how do you look at recent developments -- developments that have taken place in approximately the last 12 months -- from the point of view of a possible major war?"

The results do not reflect significant differences in the opinions of the various age groups. Among those over 65 years of age a slightly smaller percentage considered that the danger of a war has increased. It would also seem that among the constituencies of the nonsocialist parties a slightly smaller percentage than in the leftwing parties considered that the danger of war has increased. The differences are, however, small, around 4--5 percentage points.

"Nordic Situation Remains Unchanged"

Even though the threat of war was seen as having generally increased, faith in peaceful conditions in the Nordic area seem to remain fairly strong as it was in 1980 also.

In this respect opinions were solicited by the following question: "And what about the situation in the Nordic area? In what direction do you consider development is going?"

Among the respondents 11 percent considered that development is taking place in a peaceful direction. Last year 10 percent was of this opinion.

Sixty percent (63 percent in 1980) considered the situation to be unchanged and 27 percent (25 percent last year) considered that development had taken a turn for the worse.

The differences that appeared were so small that they hardly reflect any essential change in public opinion.

On the other hand, in a comparison of social groups several more significant observations arise: among white-collar workers one-fifth (23 percent) considered that we are headed toward less peaceful conditions in the Nordic area. Among blue-collar workers this understanding is held by 30 percent and among farmers 34 percent feels this way.

In a comparison of political parties the Christian League had the largest percentage of members -- 40 percent -- who believe that conditions are becoming less peaceful. The figure in the SKDL [Finnish Peoples Democratic League] was nearly the same (36 percent).

The most optimistic feelings were held in the constituencies of the Liberal Party and the Conservative Party. In those parties only 19--20 percent considered that the situation is developing in the direction of less peaceful conditions in the Nordic area.

"Near East Is An Area of Threat"

The following question was also asked in the poll: "If you consider the world situation from the point of view of a possible outbreak of war, do you have in mind

any specific geopolitical areas which are particularly subject to the threat of war? If so, which area?"

Three-fourths of the respondents was of the opinion that such areas do exist and the largest number of them, more than half, saw a threat in the Near East.

In the answers the so-called oil countries, the situation in Iraq and Iran, as well as Israel came up in one form or another.

Poland, which was considered a sensitive area by 18 percent, seemed to be in second place. Also 6 percent brought up the "central European situation" in general. The same proportion of respondents considered the Soviet Union to be an area subject to the threat of war.

Partially overlapping with the previous groups a number of respondents (15 percent) considered that Europe in general is an area subject to the threat of war.

Even though it would be quite difficult to form unambiguous groups from the answers given, it still seemed that a greater number of the higher educated considered the Near East to be subject to the threat of war.

Farmers, in particular, considered the situation in Poland to be critical. Among them a full 30 percent mentioned Poland while the percentage in other population groups was 15-20 percent.

A few respondents (4 percent) even considered the situation in Finland as subject to the threat of war. In this respect 10 percent considered the Nordic countries in general to be subject to the threat of war.

Poll Was Conducted in September-October

The above-mentioned results were obtained in a poll which was conducted in the interval between 23 September and 6 October.

A total of 1,578 individuals from 101 communities were interviewed. The sampling was compiled in such a way that it was the best possible reflection of the voting age population in Finland.

From the results of the same poll the so-called presidential section, in which the public's preferences in the presidential race were recorded, was published on 18 October 1981 in HELSINGIN SANOMAT.

Opinions Regarding International Security

	Figures in percentages	
Threat of a major war has	1980	1981
clearly decreased	1	1
decreased somewhat	5	5
situation has remained the same*	19	19
increased somewhat	47	43
clearly increased	25	30
do not know	4	2

*In the previous poll in 1980 the the word "stable" was used instead of "same".

10576
CSO: 3107/23

NON-PARTY GROUPS GAIN IN UNIVERSITY ELECTIONS

Helsinki HELSINGIN SANOMAT in Finnish 4 Nov 81 p 10, 5 Nov 81 p 13

[Article: "Nonaffiliated Win in University Elections"]

[Text] Compared to the last elections voting activity fell off slightly in the student body elections of various universities held on Tuesday. According to preliminary information less than 40 percent of the students came out to vote.

As was predicted during the nomination of candidates, the politically nonaffiliated increased their support and the political groups lost positions across the board. The nonaffiliated increased the number of their positions by approximately half compared with the last elections.

The counting of votes in the Helsinki University Student Union continued into the night.

Commercial College: Conservatives Lost

In the Commercial College the bourgeois factions lost three positions and the nonaffiliated gained two positions. However, the Conservative Party is still overwhelmingly the largest faction in the body of representatives.

The leftwing of the nonaffiliated, Christian League members, and the rightwing of the the nonaffiliated each received one position. The People's Democrats and the Communists did not put up any candidates at all so that they lost two positions. The Center Party retained its two positions.

The percentage of those voting at the Commercial College was now 33.1 percent, 2 years ago it was 38.4 percent. The number of those entitled to the vote was 3,800; of this number 1,256 voted.

After an absence the Communists in the Svenska social- och kommunalhogskol returned to the body of representives as their own faction and won five seats. In the last election they were included with the "others". The Social Democrats lost one place, Mitten [Swedish Language Center Faction] gained one additional position, and the independent groups lost five positions primarily because of the change of tactics by the Communists. Among the other groups positions are now held by two factions: the Elevrorels and the F-line advocates.

The percentage of those voting in this small college was now 59.8, while in the last elections it was 67.4. Of the 341 eligible to vote, 204 voted.

Nonaffiliated Gained for the First Time in Oulu

The leftwing lost one position in the student body elections of Oulu University. The affiliated or nonaffiliated leftwing factions received 10 positions and the others received 26 positions.

The fate of one position contested between the Conservative Party and Christian League was still being disputed in the evening. The "Tuhatkunta" faction of the Conservative Party had 10 positive positions and the Christian League two. In the previous elections the Conservative Party held this 11th position. The Christian League had the same two positions before.

The Center Party retained its 10 positions. As a new faction the nonaffiliated group pushed through three representatives. Two of them replaced Liberals who did not participate in these elections and one of them defeated a Social Democratic candidate. The Social Democrats received three positions.

The third largest group is the nonaffiliated leftwing, which received a total of seven positions in the student body elections in Oulu.

The percentage of those voting in Oulu and Kajaani was 32.4.

Subject Organizations Involved in Tampere

There was a slight movement in a nonpolitical direction in the student body elections of Tampere University. Coming in as a completely new participant was the Alternative Democratic Election League, which received five positions and is primarily composed of subject organizations. The People's Democrats and the Communists lost the most or four positions, and the Center Party lost one, while, on the other hand, the bourgeois factions gained one additional position.

The percentage of those voting was 42.3, which is generally the same as in the previous elections.

Results: the nuclear war opposition group, Tyyri, and the nonaffiliated, which are primarily made up of People's Democrats and Communists, 11 positions. The bourgeois factions, the free boomars, and the Christian League together, 14 positions (the distribution of positions was as follows: bourgeois factions 11, free boomars two, and Christian League one), Social Demcrats six positions, the Alternative Democratic Election League received five positions, and the Center Party four positions.

Lappeenranta: Rightwing Won

The Center Party and the Communists did not put up any candidates in the elections of the Lappeenranta Technical College. Bourgeois groups in the student body continued to strengthen their position. The Conservative Party now has 17 positions or an unconditional majority while the rightwing technical students received two new positions.

The independents and the solidarity faction aligned themselves with the rightwing technical students. The independents dropped the number of their positions from five to three and solidarity received one position.

The Social Democrats increased their positions from four to five and the Liberals gained another position in the body of representatives.

The percentage of Lappeenranta Technical College students voting was 61. Third and fourth year students were the most active in the elections.

Elections for the Second Time in Lapland

In Lapland the percentage of those voting in the second election remained rather high although it dropped from last year's 84.8 percent to 70.5. The number of pedagogic students in the new body of representatives is now seven and the number of students of jurisprudence is 13. Those entitled to vote number 460, of whom 324 voted.

The Communists and the People's Democrats lost one position, the Social Democrats retained their three positions, the bourgeois factions gained one additional position, and the Center lost one. One nonaffiliated representative was elected as a new member to the body of representatives.

The bourgeois factions received 38 percent of the votes, the Center 24 percent, the People's Democrats and Communists nearly 17 percent, and the Social Democrats more than 16 percent. The nonaffiliated accumulated 5 percent of the votes.

Enthusiasm Was Weakest in Jyvaskyla

The percentage of those voting in the student body elections of Jyvaskyla University was extremely low, 19.67 percent. The elections did not bring about any great changes. The Conservative Party's Tuhatkunta faction obtained 10 positions as before, Jyvaskyla Center Students seven (-1), Jyvaskyla Socialist Students eight positions as before, Jyvaskyla Social Democratic Students three (-3), Christian League four (+1), Jyvaskyla Liberal Students one as before. In addition to this, the "Riidankylvajat" [Cultivators of Conflict] received five positions and the Honka League two positions.

Parties Lost in Vaasa

Project-81, an election league of the nonaffiliated, advertised its candidates at Vaasa College as "living for the student body" and gained seven positions in the student body elections. Also a new student group called Kielenkaantajat [Translators] won two positions.

All those groups with party affiliations experienced losses. Of the 30 positions available the Conservative Party snapped up the majority, more than half.

The Conservatives won 16 positions (-1), the Social Democrats three positions (-2), Center Party students two positions (-2), and the nonaffiliated nine positions (+8).

The nonaffiliated rightwing, which also participated in the last elections, received

two positions at that time as well as the Liberals and the Christian League. Now all of these were absent. Instead students who labelled themselves "average people's democrats" ran as a new entity.

Situation Remains Unchanged for Social Democrats in Turku

The nonaffiliated factions won and the party affiliated lost in the Turku University Student Body (TYY) elections. The only party to retain its previous number of positions was the Social Democratic Party. The People's Democrats lost the most.

Conservative Party Held Its Own in Joensuu

The nonaffiliated received two additional positions in the student body elections of Joensuu College. Losses were experienced by the Christian League, which did not put up any candidates, and the by the Center Party.

In Joensuu voter activism was of the same degree as in the previous elections, 40.8 percent. Of the 2,704 students eligible to vote 1,106 voted.

The Conservative Party retained its position as the largest faction with nine seats. The Center Party and the Election League of Peace and Progress both received five representative positions. The Social Democrats have three representatives. The Election League of Peace and Progress in practice represents the Sol [Communists], but is found in the group of "others".

Tampere Technical College Body (TTKY) Became Nonpolitical

The representation of Tampere Technical College became nonpolitical. All the political parties lost.

The five positions previously held by the Communists were not defended by one single candidate. Indeed the new living political association, which received eight positions and which calls itself nonaffiliated, includes people from Taistoites to the Conservative Party. The bourgeois front also lost just as many positions and the Social Democrats as well as the Center Party suffered losses.

Voter enthusiasm was down slightly or 48.2 percent.

Results: bourgeois technical students 12 positions, acting technical students (nonaffiliated) nine, the living political association (nonaffiliated) eight, Social Democrats two, Center Party two, and the technical student plebeians (nonaffiliated) two positions.

Positions for Nonaffiliated in Turku Commercial College Student Body (TUKY)

The nonaffiliated won the most or two positions in the student body elections of Turku Commercial College. Correspondingly two positions were lost by the bourgeois faction (TuKaPo), which still overwhelmingly remained the largest faction with 15 positions.

The leftwing primarily classified as Social Democrats won one position and correspondingly the TuKe, which belongs to the Center Party, lost one position. The

percentage of people voting increased from last year's 52.7 percent to 57.7 percent. More than 80 percent of the first, second, and third year students voted.

The nonaffiliated, who won the most positions in the elections, presented themselves as candidates for the first time last year when they immediately obtained three positions. This year five of the eight nonaffiliated candidates won and they increased the number of their votes by 10 percent or the same amount by which the Conservatives lost.

Of the 1,180 student entitled to vote in the commercial college 677 voted. Distribution of positions: TuKaPo (bourgeois faction) 15 (-2), nonaffiliated five (+2), the leftwing group three (+1), and TuKe (Center) two (-1).

YLIOPPILASKUNTIEN EDUSTAJISTOJEN PAIKKAJAKO

	Sol ja Koj	Sonk	Sit.vas.	Loi	Koi	Mitt.	Kok	Krist.	Pkp	Sit.oik.	Muut	Yhteensä
HYY, Helsinki	9 16	8 7	2	1 2	7 9	2 2	15 19	2 4	1 1	2	11	60
JKY, Joensuu		3 3			5 6		9 9	1			8 6	25
JYY, Jyväskylä	8 8	3 6		1 1	7 8		10 10	4 3			7 4	40
KY, Helsinki	2	2 2	1		2 2		16 19	1		1	7 5	30
LAKY, Rovaniemi	3 4	3 3			5 6		8 7				1	20
LTKY, Lappeenranta	2	5 4		2 1	1		20 15			1 5	3 3	31
OYY, Oulu	7	3 4	7	2	10 10		11 11	2 2			3	36
SSKH, Helsinki	5	1 2				8 7					7 12	21
TAMY, Tampere	11 15	6 6		1	4 4		11 11	1 1		2 1	5 1	40
TTKY, Tampere	5	2 4			2 5		12 17				19 4	35
TUKY, Turku		3 2			2 3		15 17				5 3	25
TYY, Turku	10 13	4 4	2		3 4		13 14	1 2		2 4	6	41
VKY, Vaasa		3 5			2 4		16 17	1		2	9 1	30
Yhteensä	46 72	46 52	12	4 7	49 62	10 9	157 166	11 14	1 1	8 12	91 39	434

Distribution of Student Body Representatives

Adjusted new positions are found in the left hand columns of the table. The situation between the Social Democrats and the Center Party is still being contested in the HYY [Helsinki University Student Union]; the fate of the eighth position will be resolved today. The classification of the Finnish Student Union League was used in the grouping.

Key:

HYY = Helsinki University Student Union
JKY = Joensuu College Student Union
JYY = Jyvaskyla University Student Union
KY = Helsinki Commercial College Student Union

LAKY = Lapland College Student Union
LTKY = Lappeenranta Technical College Student Union
OYY = Oulu University Student Union
SSKH = Studentkaren vid svenska social- och kommunalhogskolan
TAMY = Tampere University Student Union
TTKY = Tampere Technical College Student Union
TUKY = Turku Commercial College Student Union
TYY = Turku University Student Union
VKY = Vaasa College Student Union
Yhteensa = Total

Sol ja Koj = Communists and People's Democrats
Sonk = Social Democrats
Sit.vas. = nonaffiliated leftwing
Lol = Liberals
Kol = Center
Mitt. = Swedish Language Center
Kok = Conservatives, bourgeois
Krist. = Christians
Pkp = Constitutionalists, free rightwing
Sit.oik. = nonaffiliated rightwing
Muut = other groups operating under nonpolitical banners
Yhteensa = Total

Nonpoliticals Gain 52 Additional Positions in Student Elections

Wednesday did not bring any changes to the results of the student elections held on Tuesday. The victory of the groups appearing under nonpolitical banners was clear: their positions increased from 39 to 91.

The Communists and the People's Democrats lost 26 positions, the Center Party lost 13 positions, the Conservatives 10 positions, the Social Democrats six positions, the nonaffiliated rightwing four positions, and the Liberals and Christians both lost three positions.

The nonaffiliated leftwing received 12 new positions and Mitten received one additional position.

The voting percentage remained under 40 or only 38.2 percent. Enthusiasm dropped off 4.5 percent from the previous elections.

Governing Body Will Not Be Created Easily

Helsinki University Student Body (HYY) First Secretary Timo Peltovuori (Social Democrat) predicts difficult negotiations with respect to creating a governing body for the remainder of the year since the basis will have to be completely reconsidered.

The nonaffiliated assault created a situation in which the present governing body does not have a majority. The nonpolitical groups received a total of 11 positions in the elections. Of these positions the common students who represent subject

organizations received five, the fraternities two, nonaffiliated Christians two, and foreign students one. Also the language students at Kouvola received one position.

The percentage of those voting at HYY was 40.5.

Technical Students Favored Conciliation Elections

Conciliation elections were favored more than before this year by technical students. At the technical institutions of Turku, Seinajoki, and Raahe representative positions were filled yesterday without a vote. Conciliation elections were held in Vaasa last week already. In Kuopio and Oulu positions were distributed over the last week.

In spite of the conciliation elections in Turku there were fewer candidates than positions so that the representative body had to be filled later. In Turku the nonaffiliated were left without any positions. The Conservatives received three positions less than last time in the distribution of positions and the Social Democrats increased the number of their positions by two.

In Raahe elections were held for the first time. Five nonaffiliated candidates filled the positions of the representative body.

Regular elections were now held in seven technical schools in Forssa, Kotka, Lappeenranta, Pori, Riihimaki, Tampere, and in Wartsila's Technical Institute in Joensuu. The percentage of people voting was higher than in the university elections as was the case before. In three schools a figure of more than 70 percent was reached.

Social Democrats Lost the Most

Among the political factions the Social Democrats, who did not put up candidates in all the shools, lost the most. Also the Communists failed to nominate candidates in some places. The Social Democrats lost a total of eight positions and the Communists five positions.

The Center and the nonaffiliated rightwing each received five positions more than in the previous elections and the Conservatives lost three positions. The most definite political change took place in Tampere where the Conservative Student Organization's Tuhatkunta faction won three new positions.

Otherwise the elections did not produce any surprises. Nonaffiliated candidates appeared in all the elections except for Tampere, but only the independent candidate in Pori declared himself to be in the leftwing camp. In the elections in Forssa all the candidates belonged to various nonaffiliated factions.

Seven Elections Remaining

In the technical institutions elections have not yet been held in Helsinki, Lahti, Kokkola, Jyvaskyla, Mikkeli, Kuopio, and Oulu.

TEKNILLISTEN OPPILAITOSTEN OPPILASKUNTAVAALIT									
Oppilaitos	Sol ja Koj	Sonk	Sit.vas.	Lol	Kol	Kok	Sit.oik.	Muut	Yhteensä
Forssa								9 9	9 9
Joensuu	1 2	7 6		1	4 3	12 13		1	25 25
Kotka	3	5				11 11	14 11		25 30
Lappeenr.	1	2 3			4 3	7 7	3 2		16 16
Pori	6 5	6 7	1		6 5	11 13			30 30
Riihimäki		1					2 3	7 5	9 9
Seinäjoki								9 9	9 9
Tampere	7 8	7 7		3	1	20 17			35 35
Turku	5 5	9 7			1 1	16 19		3	31 35
Vaasa	1 1	1 4			7 6	8 8	4 2		
Yhteensä	20 25	32 40	1	1 3	23 18	85 88	23 18	30 27	21 21

Student Body Elections in the Technical Institutes

The Communists did not put up any candidates at all in the technical institutes of Kotka and Lappeenranta. The Social Democrats did not participate in the races in Kotka and Riihimaki.

Key:

Oppilaitos = Institute
Sol ja Koj = Communists and People's Democrats
Sonk = Social Democrats
Sit.vas. = nonaffiliated leftwing
Lol = Liberals
Kol = Center
Kok = Conservatives, bourgeois
Sit.oil. = nonaffiliated rightwing
Muut = other groups operating under nonpolitical banners
Yhteensa = Total

10576
CSO: 3107/23

INDEPENDENCE PARTY CONGRESS INCREASES SUPPORT FOR HALLGRIMSSON

Prime Minister Airs Split

Reykjavik MORGUNBLADID in Icelandic 31 Oct 81 pp 16-17

[Excerpts] Jonas Haralz took the floor at the beginning of the party congress yesterday afternoon and gave a rundown of the tasks performed by the committee that has been working on a draft of the party congress platform. He said that this was the third time that he had been given this task, and he explained the main points of the draft platform before the congress.

Prime Minister and Deputy Chairman of the Independence Party, Gunnar Thoroddsen spoke next and devoted most of his address to responding to the speech by Geir Hallgrimsson at the inauguration ceremony of the congress yesterday.

At the beginning of his speech, Thoroddsen said that it had been a tradition at the Independence Party Congress to have the deputy chairman preside at the inauguration ceremony but that the leader of the party had decided not to do that this time.

"This is not a major thing; however, it shows the petty thinking that even those in high positions are capable of," said Thoroddsen.

The prime minister went on to say that a couple of weeks ago he had asked to be allotted time on the first day to report on the activities and policies of the government, but he had been refused.

Gunnar Thoroddsen said that Geir Hallgrimsson had made some good points in his speech, especially when he quoted others, such as Jon Thorlaksson. On the other hand, his speech was a constant attack on the people who had followed their convictions and did not settle for the lack of leadership and disintegration that had reigned in the country at the time.

Thoroddsen said that it had been both tasteless and abusive for the leader to make such a speech at the opening session.

"Although the party leader spoke at length about his willingness to make peace, I don't think many people thought his speech was conciliatory," said Dr Gunnar Thoroddsen. The prime minister said that 1½ years had passed since the party congress had agreed in February 1980 to look into every possibility for reconciliation; so far, however, the Independence Party leader has not moved a finger.

Thoroddsen then referred to the reconciliation talks last fall. They were supposed to be confidential, but the chairman had elected to bring them into the media. The only outcome of the talks was a request that the government resign, but the ministers stressed that attempts would be made to take joint stands on all major issues.

Gunnar Thoroddsen said that the problems of the Independence Party were many and complex, that they had not been created during the term of the present government and that it was naive and fanciful for Geir Hallgrimsson to make that assertion, as the problems had far deeper roots and had been brewing over a long period of time. They were connected not only with people and issues but with work habits as well. Thoroddsen said that the present leadership had driven many people away.

Electoral Defeat

"In the spring of 1978 the Independence Party suffered the biggest blow in its history when it lost its majority in Reykjavik. The present government did not exist at the time. In 1978, the party suffered one of its greatest defeats in the Althing election, losing every fifth member there. The present government did not exist then either," said Gunnar Thoroddsen.

He explained further what he considered to be the cause of the present problems facing the party. In this regard, he said that Styrmir Gunnarsson had received more votes in the primaries than Geir Hallgrimsson and that at a party meeting after the 1978 elections its members had decided to resort to tactics of retaliation against him, trying to push him out of every single Althing committee. These efforts were successful.

Then, a few members of the Althing party group wanted to oust Thoroddsen from the chairman's position, but in spite of their efforts and meetings, they were unsuccessful. However, a few Althing members had seen fit to return blank ballots during party Althing elections. A few days later, MORGUNBLADID published an article in which one of the people now running for the deputy chairman's position had said that Gunnar Thoroddsen was completely unfit for the job.

Thoroddsen said that the assertions by Gair Hallgrimsson in his opening speech, to the effect that the problems of the Independence Party would not be resolved until the present government resigned, were entirely wrong, because the problems had existed before the government was formed.

A Tough and Wealthy Group

He said that ever since the present chairman was assigned his position, a tough and wealthy group that is usually called the party property owners society, which has MORGUNBLADID and the party apparatus in its service, had usurped the power of the party.

When emotional Independence Party Althing members criticized the government, Gunnar, Fridjon and Palmi always felt that it was not the ministers of the

Progressive Party or the People's Alliance who were the party's main enemies. "And the leader of the Independence Party has not outgrown the role of a lieutenant for this group, instead of becoming a leader for the entire Independence Party and its followers," said Gunnar Thoroddsen.

Thoroddsen said that no other possibility for the formation of an Althing-based (coalition) government existed at the time the present government was formed. Discussions revealed that Althing representatives were opposed to the idea of dissolving the Althing and holding new elections. When inquiries were made as to whether to form another coalition government without dissolving the Althing, no answers were forthcoming.

Therefore, the solution is not to have the Independence Party's cabinet members resign. That would only lead to disorder, chaos and a lack of responsibility.

Thoroddsen explained the premises on which the present government was based. In this regard, he said that after 4 months of a leadership vacuum in the country, the functions of the Althing were below par, and the nation was on the verge of losing its patience. The chairman said in a speech that discussions on the formation of a government had lasted only 2 months by the time Thoroddsen formed his cabinet and that such discussions had often taken longer. "A comment like that indicates a strange lack of understanding of the responsibility that the Althing representatives and the leader of the biggest party in the country in particular bear in forming a government," Thoroddsen said. At that point the country had in fact been without a government for 4 months.

Thoroddsen said that he wanted to meet with the Althing party bloc after his discussions on the formation of a government had started. He would have proposed the participation of the Independence Party in the discussions, but this was rejected. That decision was a big mistake by the Althing group in his opinion.

Party Problems

Next, Thoroddsen talked about the party's problems and said: "Soon after the government was formed, I declared that in order to make peace and reach agreement within the party, I considered it a fitting idea to assign new people to the leadership, new people for chairman and deputy chairman. I immediately declared that I would not run again for deputy chairman, but the leader stubbornly refused to consider this possibility. Some people seem to look at the post of Independence Party chairman as a lifetime assignment, and some people say that it is harmful for the party to dismiss the chairman, regardless of how many votes he gets. I think there are others who have more foresight and wonder whether it isn't more detrimental to continue with a chairman who is unable to handle his job."

"In all countries with coalition governments, a change in the leadership of a party having problems is taken for granted. Party leadership is not a sacred right that a person possesses as long as his health and age allow.

"I think that after all the setbacks that the Independence Party has suffered, after losing its majority in Reykjavik, after having lost every fifth Althing representative, and after having lost the chance for a major victory in the Althing elections in 1979, the chairman should have resigned, as would have been customary in other countries with coalition governments, and he should have asked others to try their luck. Chairmen have been dismissed when they have not taken the initiative for change themselves in the first place.

"Now, it so happens that more than one of the party's district councils has agreed to urge the chairman to resign. The majority of the Independence Party's Althing representatives were of the opinion that a change in the chairman's post would be appropriate. Some of these people might have given up this idea since last winter and spring, however.

"Nevertheless, the idea of having new people try their luck is unacceptable. The present chairman argues that it will not make any difference if a new person comes along and that it is therefore unnecessary for him to resign. This is not a sound argument. It is clear that a new chairman would consider it his main duty to seek every possible way to resolve the party's problems, which is something that the present chairman hasn't done. New blood in these two posts would, of course, change the situation completely. Efforts would at least be made," said Thoroddsen.

Propaganda About Communist Hypocrisy

Thoroddsen then referred to what Geir Hallgrimsson had said about the communists, that they had been brought into the most prominent positions in government and given control over domestic issues. In this regard, Thoroddsen said that he did not remember ever having ruled out cooperation with another party. He cited the former chairman of the Independence Party, Olafur Thors, as saying that a coalition with the Socialist Party could be desirable under certain circumstances, the formation of the Nyskopunar [new beginning] administration and Thors' wishes in the fall of 1959 when the Vidreisn [renewal] administration was formed.

"It is considered a major crime for us to have formed a government with the People's Alliance, and the harshest attacks have come from the chairman and the party's mouthpiece, MORGUNBLADID. Much of his speech yesterday was about how terrible and barbaric these men were, adding that no contact should be made with them ever.

"In December 1979, Geir Hallgrimsson happened to be assigned the task of forming a government. First of all, he felt that he should form a national coalition government and was very obstinate about this. He considered possible what the rest of us considered doomed to failure in advance, inasmuch as the other parties did not want it and also because such a government would be unable to function.

Most Odd

"But although the chairman of the party used this as a pretext, all the Althing representatives knew that he was first of all trying to form a government with the Socialist Party. MORGUNBLADID started to lay the groundwork for this. The first person to get the ball rolling was Bjorn Bjanarson, a fine person and a foreign policy expert who has not been considered on friendly terms with the communists. He recommended that this route be explored. And then Styrmir Gunnarsson came along and wrote a historic article, which he called historic reconciliations, in which he insisted that this was the time for the Independence Party and the People's Alliance to form a government," said Thoroddsen, waving a photocopy of the article.

Thoroddsen said that it was unconscionable, as well as most odd, for people who demanded and encouraged a coalition with the People's Alliance in December 1979 and January 1980, to now attack the Independence Party cabinet members for working with the People's Alliance. "The only proper word for this is hypocrisy," Thoroddsen said, adding: "I am convinced that if the present government were to resign, and the chairman of the Independence Party given the authority to attempt to form a government for the fourth time, he and his colleagues at MORGUNBLADID would not hesitate to try a coalition with the People's Alliance, if possible."

Hallgrimsson Attacks 'Communist Influence'

Reykjavik MORGUNBLADID in Icelandic 31 Oct 81 p 32

[Text] "Members of the Independence Party! We will not be able to halt one of the most wideranging attempts by the communists in half a century to gain decisive influence in Icelandic society unless we stand together," said Geir Hallgrimsson, the chairman of the Independence Party, in the opening speech at the Independence Party Congress yesterday.

The chairman of the Independence Party was referring in particular to the influence that the People's Alliance has within the government, pointing out that the leaders of the People's Alliance were proud that the present government is more to the left than Olafur Johannesson's administration. Geir Hallgrimsson said that "for more than 50 years the communists and socialists have worked together in organized groups in Iceland; their influence has never been greater." The chairman of the Independence Party gave a rundown of the socialists' attempts in the past to gain complete control over Icelandic politics. He mentioned their attempt to gain power in Reykjavik in 1946, which was halted by a united Independence Party. He referred to their unsuccessful attempts to alter the country's foreign and defense policy in 1956-1958. He recalled that the leftist government in 1971-1974 had come as close as ever to breaking down the foreign and defense policies that the Independence Party had pursued but that this attempt had also been curbed by a united Independence Party and the initiative of brave individuals and idealists among the ranks of the alliance Varid Land [National Defense].

Hallgrimsson said that the People's Alliance held a key position in the ASI [Icelandic Federation of Labor], in the capital and on the Council of State. Furthermore, he said: "An undivided and united Independence Party is the only thing that can thwart the increasing influence of the socialists in our country and curb international communism from abroad."

Comments on Hallgrimsson Speech

Reykjavik MORGUNBLADID in Icelandic 31 Oct 81 p 20

[Editorial: "Geir Hallgrimsson's Challenge"]

[Text] No politician has been as bitterly attacked from all directions as Geir Hallgrimsson. Even leaders of the opposing parties have been embarrassed, saying that he has been slandered. There is only one way out for a politician who happens to be in that position, provided he does not want to yield to the pressure and give up, and that is to take care of unfinished business by explaining his own point of view with honesty and determination. Many a member of the Independence Party has thought that Geir Hallgrimsson has shown a great deal of patience in this regard, that he has not put his cards on the table and said: "Here is where I stand. For the chairman of the Independence Party, the party congress is the right place to do this, and after Geir Hallgrimsson's opening speech, no one can complain that he does not know what it means to be chairman. In his speech he answered the question: Why am I running for chairman of the Independence Party again? as follows:

"If this party congress declares support for the present government, I will not run because it is the duty of the chairman to respect the will of the party congress.

"If our problems were resolved by the resignation of the chairman, I would not run again because the chairman is the most important figure for the Independence Party and its ideology.

"But if the Independence Party is to display the strength that the nation requires, neither the party, nor its chairman, leadership or members can be defeated by stormy weather and yield to threats.

"The opponents of the party should know that the chairman of the Independence Party is not chosen to bend and break in times of adversity and to resign as they demand.

"Our opponents should know that the party's chairman is not appointed to circumvent its democratic rules and majority-based decisions and, thus, the wishes of the rank-and-file."

Geir Hallgrimsson could not have been more clear on this issue. He did not show any ambiguity either when he addressed the spokesmen of the present government within the Independence Party. The people attending the party

congress realize that neither the disarray on Independence Party policies nor the ideas about changing its organization are preventing Geir Hallgrimsson from reaching an agreement with the party's members of the cabinet. His analysis of the disarray is properly aimed at isolating the party from the policies and activities of the government. On the other hand, the members of the Independence Party, as well as the entire country, are waiting for the government loyalists' answer to the following question posed by Geir Hallgrimsson: "What are you prepared to do to unite all the members of the Independence Party at this congress?"

It is most important that the party congress not reflect the disintegration that its opponents have predicted and anticipated. Such disintegration would not only jeopardize the life of the party but all normal political activity in the country as well. The best weapon against a breakdown would be an informed awareness among the members of the Independence Party and on the part of the entire country, as to the attitudes of their leaders, an awareness on which they can base their opinions. Geir Hallgrimsson has defined his terms. He has firmly attributed the party's problems to the people who created them. He spoke on behalf of all members of the Independence Party when he said the following to the government loyalists: "We await your answer here at this congress."

Paper Comments an Internal Rift

Reykjavik MORGUNBLADID in Icelandic 1 Nov 81 p 24

[Editorial: "The Political Core"]

[Text] The Independence Party Congress shows how much energy the party has. In fact, it has so much that other political parties in the country can never keep pace with it. The Independence Party's great energy stems from people in all walks of life and from all over the country, who are as extensively educated as is possible for Icelanders. The party is now at a crossroads. When the government was formed, the party's inner structure and core were damaged. Most of the people who participated in the party congress and doubtless most people in the country want to eliminate this defective party structure, because the party is the core of political activity in the country, and as long as the party is having problems, disintegrating forces abound. Is is worth it to reduce inflation from 60 to 40 percent in 1 year and in so doing destroy the Independence Party?

When the struggle for the 200-mile economic zone was in full swing, and political relations with Great Britain had been cut off, many people in this country loudly criticized NATO, demanding a recall of our ambassador and even withdrawal from NATO if the British military vessels did not halt their aggression and leave Icelandic fishing grounds. Even people other than the traditional opponents of Icelandic independence and security, the communists, voiced this opinion. Geir Hallgrimsson was prime minister at the time, and Matthias Bjarnason was the fisheries minister. They did not yield to these demands, and Hallgrimsson asked people to be careful not to sacrifice major

interests for a minor one; even if the economic zone and its sovereignty were precious, the groundwork for the country's foreign policy, which had so far secured peace and freedom for it, could not be undermined.

This is a recent example, and the current situation is being evaluated at the congress of the Independence Party. From what Geir Hallgrimsson, the party chairman, and Olafur G. Einarsson, the Althing party leader, have said, it is clear that they consider the government, its formation, activities and policies to be the underlying cause of the discord within the Independence Party. The ministers do not agree on this. Gunnar Thoroddsen calls it "naive and fanciful" to evaluate things as Hallgrimsson and Einarsson have done. A question arises, however. When do ministers Gunnar Thoroddsen, Palmi Jonsson and Fridjon Thordarson think that enough has been done in connection with the conflict among the majority of the members of the Independence Party with regard to their positions in the government? For how long will they maintain that the problems of the Independence Party are everyone's fault but their own?

At the beginning of the congress Geir Hallgrimsson challenged the ministers to explain what they were prepared to do to make peace within the party. No reply has been forthcoming as these words went to press. Gunnar Thoroddsen asked in response to Hallgrimsson's question: "Do the people know what they are doing when they want reconciliation talks held on television and radio?" The congress reflected the underlying cause for the disarray within the Independence Party, and some steps were taken to bridge the gap. Geir Hallgrimsson asked in his opening speech what the government supporters planned to do at the municipal elections, to which Gunnar Thoroddsen replied: "The disagreement concerning the administration should not affect the municipal elections." It is up to the government loyalists to live up to this promise by the prime minister. Palmi Jonsson, the minister who has complained the most to other members of the Independence Party about disagreements over issues, said during the congress that the resolution before the congress was for the most part in keeping with the political goals that he had called for in the policies of the Independence Party. We should expect that Jonsson will now approach the people who, according to him , have drawn closer to him.

Gunnar Thoroddsen said: "Governments come and go, but policy remains." Everyone agrees with this. On the other hand, the question could be asked: But what about the Independence Party and the governments that come and go? Can the destruction of the Independence Party be justified in exchange for a 20 percent drop in inflation in 1 year, even though we would then be faced with no sensible solution for inflation? Wouldn't it be more realistic to assume that more progress could be made in the battle against inflation with a united Independence Party behind it? The congress of the Independence Party proves that the core of politics in the country lies within the party. Only by uniting the forces within the party that do not distinguish between the interests of the party and the interests of the country, is it possible to unite progressive forces in Iceland for major initiatives.

This has been so obvious during the half century that the party has been in existence that it should not have to be debated at its 24th Convention. The

attempt to govern the Icelandic nation by baiting and threatening the most powerful political force in the country is doomed to failure. No other Icelandic political party has the energy that the Independence Party has, even when it is not functioning up to par. No other political party is trusted as much by the people as the Independence Party. Those who plan to paralyze the party from within to gain approval and power from its enemies will have to answer for what they do.

Anti-Government Platform Favored

Reykjavik MORGUNBLADID in Icelandic 3 Nov 81 p 48

[Text] The basic platform of the 24th Congress of the Independence Party has been passed unanimously. A second platform plank, which outlines the Independence Party's stand on the present government, was passed by a vote of 700 to 237, with 32 blank or void ballots.

Plank II calls for "determined opposition to the government," challenging the ministers from the ranks of the Independence Party to resign from the cabinet and urging the Althing representatives of the party who have supported it so far to renounce their support. This resolution created a major dispute, and and MORGUNBLADID comments on it on page 17 today.

The basic platform, which describes the party's general policy, states that "the Independence Party is the only political party that can give the nation the leadership it needs." Members and supporters of the Independence Party are urged to unite around national security, individual freedom and rights and a sound, free business climate, which is the precondition for well-being and cooperation among everyone in the future."

Plank II, which caused controversy, states, among other things, that "the policies and activities of the present government are at odds with the ideas of the Independence Party and bolster the power of those who are our staunchest opponents."

Text of Platform

Reykjavik MORGUNBLADID in Icelandic 3 Nov 81 p 29

[Text] The following is the basic platform of the Independence Party's 24th Congress. The participants of the congress passed it unanimously.

Ever since the Independence Party was founded 50 years ago, it has been the symbol of freedom and progress in the country. It has a broad, liberal and partiotic policy of reform based on free enterprise and individual freedom, with the interests of all classes and communities in mind. The party considers it a sine qua non for a healthy community to give individuals and their associations the freedom to operate and to enjoy the fruits of their labor. Furthermore, the party stresses the role of government in safeguarding the rules of the free enterprise system and in guaranteeing social assistance to protect them against contingencies. The party has been the vanguard in the nation's

progress towards national rights and it wants to safeguard the security that is essential for peace and freedom in the country.

Experience shows that the nation has thrived, progress has been more rapid and prosperity has increased most when the philosophy of the Independence Party has prevailed. When the opinions of other parties have taken the upperhand, and restrictions, taxes and all kinds of government interference have increased, the job market has quickly deteriorated and reform has declined. Moreover, the security of the country has been jeopardized due to the ambiguous attitude of these parties.

Grim Prospects in National Affairs

The prospects in national affairs are grim in this country as elsewhere in the world. Progress and prosperity have rapidly increased over the last few decades. Now, however, economic growth has declined; inflation has increased and there is great unemployment all over the world. By the same token, government efforts have intensified without much result.

We in Iceland are bearing the brunt of these changes in spite of the benefits of an increased fish quota due to the expansion of the economic zone and favorable market conditions. It is the duty of every political party to view its policy in the light of these new prospects. The Independence Party has been working on this. Two years ago the party published an economic policy plan, "Renewal in the Spirit of Free Enterprise." Following up on this, we now submit a detailed policy plan for employment, along with papers on other issues.

The Most Urgent Task Is to Stimulate the Job Market

The Independence Party feels our most urgent task is to bolster the job market in the country. If it fails to do so, the groundwork for progress and reform collapses, and an increased number of people will look for livelihood in other countries.

The working conditions of the employment sectors must be improved, and the effort and initiative of individuals and their associations must be encouraged. Business and trade restrictions must be dropped, and healthy competition allowed to prosper. Pricing and foreign exchange transactions must not be controlled. Public expenditures should be revised, and tasks transferred from the state to rural associations, firms and individuals. Individual and business taxes must also be lightened, and all the various employment sectors and firms should operate on an equal footing. The foreign exchange rate must take into account the needs of the employment sectors, and discipline must also be observed because of its effect on prices. Funds for price equalization must aim at their original purpose. Wage settlements must be the responsibility of those who participate in them and must be geared towards protecting the earning power of wage earners as well as employment sectors. A coordinated monetary and financial policy must be pursued. Terms for deposits and loans must provide sufficient incentive for savings so that funds are available where they are most needed. Hydroelectric and thermal energy must be utilized for strong industry. Decisions on new powerplants must be made soon in cooperation

with foreign firms, to the extent that they are profitable and as market conditions dictate.

Daily Wages Should Be Sufficient to Earn a Living

An increased growth rate and higher production are preconditions for Iceland to attain the goal of providing a job for every able-bodied person that yields sufficient income for moderate work hours. Daily wages should be sufficient to earn a living. The general development of the employment sectors and the improvement of living conditions should be encouraged in all parts of the country. In certain temporary difficulties, it is justified for the government to prevent firms from collapsing, thus depriving workers of their livelihood.

The party's policy is based on cooperation among the classes. In the field of employment the cooperation of employers and employees must be enhanced with the aim of increasing the responsibility of everyone involved in the job market. Obstacles to coordination and hard work must be removed, and the new demands of technology and computerization must be met. Job security must also be strengthened, and the eagerness to work encouraged by increased job training and rehabilitation, flexible working hours and improved working conditions.

A healthy lifestyle should be encouraged, and the family structure, which is based on Christian beliefs, should be strengthened. Everyone should be protected in case of poor health and in old age and should have an equal right to vacations and inflation-adjusted social security.

If the above employment and wage policy is successful in increasing production and stimulating the economy, conditions can be expected to improve. At the same time, employment can be secured, cultural activities encouraged and the environment improved. Furthermore, freedom and democracy will be able to thrive, and the unity of the nation reinforced in light of its precious heritage.

National Defense

The Independence Party has always maintained that the defense of the country must always be safeguarded in light of the circumstances in each time period. Those who advocate individual freedom and those who are against it are now struggling both internationally and domestically, as they have always done. The events in Poland reflect the desire of the people to cast off the yoke of socialism, and the invasion of Afghanistan confirms once again that the Soviet Union does not hesitate to use its power when it so pleases. The propaganda crusade that the Soviet Union has recently launched in Europe, especially in Scandinavia, has aroused the fear and gives us reason to warn people against submissiveness.

Unfortunately, it is a fact that Iceland's military importance has increased. The expansion of the Soviet Union continues, and its activities as well as those of Soviet aircraft are gaining momentum in the vicinity of Iceland. It is clear that the defense of the country can only be secured by continued participation in the peace system in the North Atlantic that Iceland helped create. A large majority of the country wants to continue participating in the joint defense of the democratic countries and to take the necessary measures so that we can

live in peace. The Independence Party will do its utmost to achieve unity on the defense issue. It does not think that present conditions allow for a reduction of defense activities that are going on in and around the country.

National Policy

The prospects are grim at the international level, and the country faces major employment problems. The Independence Party is the only party that can give the country the leadership that it requires. Therefore, it is very urgent for the members and supporters of the Independence Party to unite in the struggle for the country's defense, freedom and individual rights, unrestricted and prosperous business activity and for the well-being and cooperation of all for the future. The Independence Party wants to make its policy a national policy for human rights, freedom and democracy.

Plank II

The following is platform plank II of the Independence Party's 24th Congress, which outlines a stand towards the government. A secret ballot was taken on the plank at the congress; 700 representatives voted for it, 237 against, with 32 ballots blank and one void.

The Independence Party Congress feels that the policies and activities of the present government are at odds with the ideas of the Independence Party and bolster the influence of those who are the party's staunchest opponents. This has resulted in increasing difficulties in the job market and in business operations of individuals and their associations. Moreover, no energy and industry policy has been formulated that could serve as the groundwork for future jobs and progress. Only temporary measures have been used against inflation, which is again increasing. Price restrictions have undermined the economy of businesses and institutions, as well as their independence, and have, in fact, had the opposite effect of what was intended. Reallocations between employment sectors represent decades of regression. High taxes have been maintained, foreign loans steadily increased and have even replaced domestic borrowing by Treasury and public institutions. The opportunity for individuals to own their own homes and to control their property has decreased. Government control and interference have increased. The ambivalent attitude of the government on defense issues and the postponement of important measures in that area put the country in jeopardy.

Therefore, the congress declares staunch opposition to the government. The The government's policies and their implementation are clearly not in accord with the basic philosophy of the Independence Party ministers. The congress challenges these ministers to resign from the government and asks the Althing party representatives who have supported it so far to renounce that support. Then, a united Independence Party can form a new government that is based on its policies.

New Deputy Chairman Elected

Reykjavik MORGUNBLADID in Icelandic 3 Nov 81 p 20

[Editorial: "After the Congress"]

[Text] From the time that Geir Hallgrimsson gave the opening speech at the Congress of the Independence Party until it was over, all of the delegates realized that neither disagreements over issues nor ideas about structural changes were the underlying cause of the discord within the party. This was confirmed at the congress. There was unanimous agreement on the basic platform, while radical proposals for changes in the structure of the Independence Party were referred to the Central Committee and the Althing group for further examination. When the Independence Party discusses its problems, there is a strong tendency to put policy before people. Therefore, it must be considered a major accomplishment in creating preconditions for party unity, to have succeeded in reaching unanimous agreement on a general platform. Government backers within the ranks of the Independence Party can no longer contend that they do not speak the same language as the party majority because of party policy.

The party's attitude towards the government was expected to be addressed at the congress. A special no-confidence resolution against the government was brought up. It argued that the congress should consider the policies and activities of the government to be at odds with the views of the Independence Party and that they serve only to bolster the influence of those who are the staunchest opponents of these views. The resolution was widely debated on the last day of the meeting, when Prime Minister Gunnar Thoroddsen defended the government. In spite of his apology, 700 delegates voted for the resolution, while 237 opposed it. Thus, the great majority declared their staunch opposition to the government with the following words: "The government's policies and their implementation are clearly not in keeping with the basic philosophy of the ministers from the ranks of the Independence Party. The congress challenges these ministers to resign from the government and the members of the Althing group who have so far supported it to renounce that support." The majority of the congress delegates thought that as soon as the ministers of the Independence Party resigned, the Independence Party could be united and form a government based on its platform.

Ever since the government was formed, the spears of its members have been pointed at Geir Hallgrimsson, the chairman of the Independence Party. Sometimes these people have spoken as if they had the power to decide who should be the chairman of the party, declaring that they did not like Geir Hallgrimsson at all. It is up to the Independence Party Congress to choose a chairman, and a great majority of the delegates rejected the interference of the government loyalists both inside and outside the party, and thus Geir Hallgrimsson was impressively reelected. His authority to form the leadership of the Independence Party has been renewed in a very graphic way. Hallgrimsson's speech at the inauguration kindled a combative spirit among the congress delegates, which was the pivotal element in his victory over Palmi Jonsson. After the results of the chairmanship elections were in, Geir Hallgrimsson

said that he expected that the ordeal which the members and supporters of the Independence Party had been through would make them stronger in the battle with their enemies and on their path to victory. There is no doubt that this same wish is in the hearts of the party's rank-and-file when they ponder the reelection of Geir Hallgrimsson.

Fridrik Sophusson, an Althing representative, was elected deputy chairman of the Independence Party, replacing Gunnar Thoroddsen. Former Althing representative Ragnhildur Helgadottir and Sophusson vied for the seat of deputy chairman in a spirit of "cooperation and friendship," to quote Helgadottir when the results were announced. Fridrik Sophusson represents a new generation in the leadership of the Independence Party, a generation which up to now has considered its role to be mainly to discipline the forces in power. The new deputy chairman of the Independence Party has been very active within the party for a long time, and there is no doubt that the relations between the leadership and the rank-and-file will be reenforced by his election.

The Independence Party Congress ended without a split between the government opponents and loyalists. The congress has strengthened the position of those who are opposed to the government. This strength enabled them to attempt a rapprochement with the government loyalists, who, however, did not reveal what they were prepared to do to reach a reconciliation. They key question in Geir Hallgrimsson's opening speech, about the desire for reconciliation among government loyalists, has not been answered, but it is clear that their attacks on the chairman of the Independence Party and its policies are pointless if resumed after the congress.

Poll: Thoroddsen, Hallgrimsson Almost Even

Reykjavik MORGUNBLADID in Icelandic 20 Oct 81 p 12

[Text] DAGBLADID has published the results of a poll last Thursday about the support for factions in the parties.

Among the backers of the Independence Party, 58.2 percent did not take a stand, whereas 38 individuals, or 24 percent, said that they would support the "Gunnar faction," 26 persons, or 16.5 percent, the "Geir faction," and 2 persons, or 1.3 percent, the "Albert faction." In a similar poll that DAGBLADID published last May, 41.1 percent said they supported the "Gunnar faction," 32.9 percent did not take a stand, 20 percent supported the "Geir faction," and 5.9 percent the "Albert faction."

Of the 26 backers of the Social Democratic Party, 17 said they supported no faction in particular, 3 said they supported the "Vilmundur faction," and 2 said they backed Kjartan Johannsson and Benedikt Grondal. Jon Baldvin Hannibalsson and Magnus H. Magnusson were also mentioned, and one person said he supported the "rightist faction."

Of the 68 backers of the Progressive Party, 59 did not support any particular faction. Three said they supported the "leftist faction," one mentioned the "SIS faction," and one mentioned Halldor Asgrimsson and Olafur Johannesson in particular.

Of the 43 backers of the People's Alliance, 39 did not support any faction. Two said they supported Svavar Gestsson, one Helgi Seljan, and one said he supported the "democratic faction."

8743
CSO: 3111/5

WILLOCH DENOUNCES LABOR GOVERNMENT'S HANDLING OF USSR

Oslo AFTENPOSTEN in Norwegian 3 Nov 81 p 5

[Article: "Independent of Soviet Union"]

[Text] Somewhat unexpectedly there was something of a confrontation between Premier Willoch and former foreign minister Knut Frydenlund during the exchange following the premier's contribution to the debate. Frydenlund himself took up the matter of the advance stock piling, asking whether the Conservative government, on the basis of the criticism directed against the Labor Party, would now change the decision concerning stockpiling in Trondelag.

Knut Frydenlund referred to the criticism by the Conservatives to the effect that the labor government had shown a yielding attitude toward the Soviet Union. Premier Willoch replied that it was very unfortunate that the former foreign minister himself had used consideration for the Soviet Union as reason for not placing American stocks in Northern Norway.

"This conferred upon the Soviet Union an influence over Norwegian defense measures very problematical to assign to our large and powerful neighbor. The Soviet Union could plead that Norway has earlier acknowledged that the Soviet Union has the right to expectations as concerns our defense measures," Willock said, underlining that this problem will be met by sending stocks for increased forces in Northern Norway, to be used in a crisis situation.

Knut Frydenlund replied that he had never used relations with the Soviet Union as a reason for placing the advance stock piles in Trondelag. Premier Willoch said this was incorrect and promised to show Knut Frydenlund press clippings from his own files to document his assertion.

Thor Knudsen of the Conservatives mentioned the submarine affair in Sweden, saying that what has happened speaks plainly of the importance of effective preparedness--not only on the other side of the border. He stressed that the Soviet violation of Swedish territory is also a reminder of the means employed by the superpower, which are naturally not limited to neutral Sweden.

Tom Thoreson (Labor), Ostfold, asserted that the debate about NRK [Norwegian National Broadcasting Company] tends to become somewhat convulsive, but added that he saw various forms of softening of the NRK monoply as a good thing, because, among other

things, good program-creating forces outside of the institution can be activated. In addition, Thoresen stressed that the Labor Party would participate in the debate on local radio and cable TV in an unprejudiced way. Hans Olav Tungesvik, Christian People's Party, Hordland, would welcome new media forms, but said that the Christian People's Party would give higher priority to local radio and so-called organization radio than to cable TV.

Conservative Hallgrim Berg, Buskerud, severely rebuked the critics of cable TV and satellite TV who have maintained that these cannot be introduced until the entire populace can enjoy them. "This is like complaining that book printing is a nuisance that should not be engaged in until everybody could afford to and would like to buy books," said Berg. Sissel Ronbeck (Labor Party), Oslo, severely criticized the Conservatives because certain signals indicate that the Conservative government will propose reduction of certain state benefits to children and young people and transfer these means to private organizations. Conservative Per-Kristian Foss, Oslo, said the government would not carry out drastic reductions in the so-called Ronbeck Plan.

"On the other hand, the Willoch government has announced a somewhat different view on how the money is to be used," said Foss.

11,256
CSO: 3108/13

CHRISTIAN PEOPLE'S PARTY, CENTER PARTY PLEDGE SUPPORT FOR WILLOCH

Oslo AFTENPOSTEN in Norwegian 3 Nov 81 p 5

[Article: "Kr. F./Sp Promise Support"]

[Text] "The Christian People's Party will make no attempt to bring down the new government." With this clear statement, Kjell Magne Bondevik, the party's parliamentarian leader, showed that the Conservative government can count on support to assure a reasonable degree of stability. Center Party leader Johan J. Jakobsen also declared that his party is backing the formation of the Conservative government, in order in this way to assure the party's influence in policies. Attempts by Labor Party circles to drive wedges into the cooperation among the three parties were rebuffed in the debate.

"The Center Party does not intend to immerse itself so deeply in possible political problems and limitations that we lose sight of the political opportunities the new situation involves," said Jakobsen.

After having heard the main declarations by the Christian People's Party and the Center Party in the Storting yesterday, Premier Kare Willoch had the following to say to AFTENPOSTEN: "It seems to me that the two parties have in a positive way contributed to continued cooperation among the three non-Socialist parties. Nothing has happened that can hurt the cooperation. On the contrary, it has been strengthened.

Conservative chairman and parliamentarian leader Jo Benkow emphasized that efforts have not come to an end to form a government in which all three cooperation parties would participate. "Even though the present government is strong both politically and professionally, we all realize that a government based upon a majority in the Storting is most consistent with our parliamentarian system," Benkow said.

Benkow emphasized, however, that the present minority government must have reasonable working conditions to show what it can do. There is a limit to any cooperation. No government can be forced to govern contrary to the program upon which it has been elected and to which an increasing number of voters attach expectations. The government must now have the time and the opportunity to implement an alternative economic policy, said Benkow.

Benkow thought that though the Christian People's Party and the Center Party had promised to support the Conservative government, it does not mean that the two parties will refrain from marking their special character and causes for which they

stand. "It should be possible to do this without preventing the new government from showing what it can do," said Benkow.

Former Storting president Guttorm Hansen (Labor Party) thought the future prospects of the government should be described as uncertain since Bondevik, while promising not to strike down the government from the right at the same time protects himself by saying his party will engage in its own politics. To top it all, Conservative leader Benkow says there is a limit to the cooperation. Kjell Magne Bondevik replied that in combination with marking one's own political line it is possible to show will to reasonable compromises in matters where they may become necessary. This must apply to all parties, Bondevik thought. In a further exchange Bondevik also hinted that the Christian People's Party might go further in the direction of tax reductions than the party has thus far signaled.

Kare Kristiansen, chairman of the Christian People's Party, thought it worthy of note that the Conservative advance comes at a time when the party is drifting toward the center. Development in Norwegian politics since 1945 have been stamped by a development toward the left. The Conservative wave comes as a reaction to this long-term trend toward the left, Kristiansen asserted, adding that a government change was a sign of health at the present time.

11,256
CSO: 3108/13

PAPER FAULTS VPK'S TRACK RECORD ON EVE OF CONGRESS

PM26153] Stockholm DAGENS NYHETER in Swedish 20 Nov 81 p 2

[Editorial by Olof Kleberg: "VPK--Reliable?"]

[Text] "What has happened?

What has happened?

Inflation is up to 15 percent."

This is how a striking recruitment poster for the Left Party-Communist [VPK] earlier this fall began.

The party has presented demands and criticism which have been effective. Its opposition to nuclear power together with the Center Party and many other organizations gave the VPK contact with new groups of voters. The opinion polls pointed upward.

The election in 1979 was a clear success for the party--over 300,000 voters and 5.6 percent of the votes, the best result since [former party leader] C. H. Hermansson's "Eurocommunist" victory election in 1966. The party retained its share of industrial workers (5 percent) but made gains among white-color workers and students. For the first time a minority of the party's voters were workers (only 41 percent). Employees in the public sector, especially in the health and social services, education and the cultural fields, are beginning to take over.

Everything should be rosy for the VPK which today opens its 26th congress in Soedertaelue. But:

"What has happened?

"What has happened?

The party is down to 4 percent!" [To win representation in the Riksdag a political party must gain 4 percent of all votes cast in Sweden.]

The most recent opinion polls have given this poor result. Perhaps this is a temporary accident. But ever since the nuclear power referendum the VPK has not won the increased support the party strategists had been hoping for.

Of course, there are several explanations why the VPK has never succeeded in becoming even a medium-sized party. The most important one is that in Sweden it is the Social Democrats who are the major workers party. But there are more recent causes. While it is true that opposition to nuclear power attracted many new, primarily young sympathizers to the party, it also weakened the party's position among trade union members and on the shop floor.

The VPK's program of unrealistic policies has given rise to doubts. A price and rent freeze, no value-added tax on food, and increase in house building, shortening the working day to 6 hours, greater support for culture and leisure, 2 or perhans even 5 percent of the GNP in aid to developing countries, and expansion of the public sector.

All this will be paid for by taxes on production and on legacies, fortunes and profits. In an interview in the latest number of Metallarbetaren VPK leader Lars Werner "believes" that the account can be balanced. How many other people do?

Like a seemingly eternal skeleton in the cupboard, the VPK carries around with it its authoritarian Leninist inheritance. This covers its view of democracy, of socialism, of the Eastern European states. This is inevitably a point on which the majority of Swedes have the greatest misgivings. Several motions which have been submitted to the congress show that there are also groups within the party who want to get rid of the skeleton.

But like so many times before, the response from the party leadership is only halfhearted. But ever since C. H. Hermansson became party leader in 1964 the leadership has actually been trying to turn the party into a fullblooded Swedish Communist Party. But this has been done by fits and starts and inconsistently.

Keeping the party together was for a long time more important than making it democratically credible. Not even after the departure in 1977 of the Moscow communists did a clean break with the bad old traditions take place. There are many examples to be found in the book "His Master's Voice," published this fall. The book is at times unfairly critical but for the most part makes a good case.

The party leadership is of the opinion that the VPK is consistent in its criticism of the violations of freedom in the East and in its advocacy of the multiparty system and democratic rights in a socialist Sweden too. But C. H. Hermansson admitted in an article in SOCIALISTISK DEBATT that the party has been unable to analyze the conditions in the Eastern European countries. This is pretty weak--for the communist regimes have existed for more than 30 years, and the Soviet regime for more than 60.

The truth is that the VPK has sometimes been highly critical of the Soviet Union, for example, at the time of the invasion of Czechoslovakia or, more recently, when the submarine ran aground. But such criticism has been isolated, when the party has been forced into it. It has not dared to make an analysis of the Soviet Union as a system.

In the same article Hermansson also regrets that the party has not succeeded in giving a concrete description of how socialism is to be constructed in Sweden. The party has been in existence for 60 years and broke with its declared fidelity to the Soviet Union 17 years ago.

Both Lars Werner and C. H. Hermansson stress that the VPK would preserve the multiparty system, if the party came to power. At the same time Hermansson declared in SOCIALISTISK DEBATT that the party's 1972 program is "correct and satisfactory."

But in that program the party not only declares its allegiance to Marx but also to "Lenin's revolutionary theory" and proletarian internatonalism, another term for Soviet domination. The party is guided by the principle of democratic centralism. All these three symbolic terms were reintroduced in 1972 after [word indistinct] "Eurocommunist" emphasis in the years after 1967. It has not been proposed that the words be scrapped by this year's congress. Lenin's theory is not democratic!

"I consider that it is correct and healthy that the party's members have the opportunity to put forward their personal views in the congress debates without their having the whole time to test these ideas' compatibility with a total strategic and tactical plan," Hermansson writes in SOCIALISTISK DEBATT, and no doubt means this to be taken positively. In what other party in the Riksdag would a leading party representative need to say something like that?

CSO: 3109/53

NAVAL CONSTRUCTION DIRECTORATE'S DUTIES OUTLINED

Paris TAM in French 22 Oct 81 pp 20-21

[Text] The Technical Directorate for Naval Construction (DTCN) is responsible for research, construction, armament, testing, maintenance of ships of the fleet and also munitions, weaponry and equipment.

It directly employs about 32,000 people, at various locations:

--the dockyards: Cherbourg, Brest, Lorient, Toulon, where ships are built and repaired, but also where various research activities are carried out (for example: the underwater acoustic laboratory at Toulon);

--installations not located on naval bases, where production research is carried on in various fields (propulsive devices at Indret, torpedos at Saint-Tropez, and artillery, hydraulic missiles and simulators at Guelle);

--a collection of research and laboratory services based in Paris at the "Technical Service for Naval Construction and Ordnance" (STCAN) which is primarily responsible for: setting standards and general specifications for the navy and supervising the contract research carried out in the various institutions under the DTCN umbrella as well as others in private industry; preparing blueprints for ships and drawing up specifications for each ship; exercising general supervision over naval construction work (and naval ordnance); to provide technical monitoring of equipment in service;

--an overseas base at Papeete whose main purpose is maintenance and repair of ships based in the Pacific.

In addition to its governmental missions, DTCN does contract work for private companies and foreign governmental agencies: naval construction and repair, precision manufacturing, steel-work, etc.

DCAN Cherbourg

The DCAN [Directorate for Naval Weapons and Shipbuilding] at Cherbourg (employing 4,300 people) is responsible on the one hand for construction and arming of the navy's submarines, and also for the upkeep of light-tonnage surface ships based at Cherbourg.

The naval dockyards, where 86 submarines have been built, has completed building five missile-launching nuclear submarines of the Redoutable series and is presently completing work on a sixth; and five nuclear attack submarines of the Rubis class, the second of which, the Saphir, has just been put to sea. With an overall length of 72 meters, the nuclear attack submarine Suaphir has a 2,385-ton displacement at the surface and 2,670-ton displacement underwater. It has been designed for a 60-man team to be able to cruise for 45 days without reprovisioning.

The tactical armament consists of four torpedo tubes designed for launching 533.4-mm torpedos. It will also be equipped with multi-use missiles against surface targets, the SM-39. It can also launch mines.

DCAN Brest

The three main activities of the Brest DCAN (which employs 7,4-0 people) are construction of large ships (the biggest activity), maintenance of surface ships and maintenance of missile-launching submarines (SNLE) [Missile Launching Nuclear Submarines]. Strengthened by its experiences after building the aircraft carrier Clemenceau (32,000 tons), the helicopter carrier Jeanne-d'Arc (12,000 tons) and the missile-launching frigate Duguesne (6,000 tons), as well as many other ships, such as the oil supply-ship La Durance (18,000 tons) and the repair ship Jules-Verne (10,000 tons), (the DCAN at Brest is now involved in construction of a new series of eight Georges-Leygues class C-70 ASM's [Antisubmarine Vessels], of which number four, the corvette Jean-de-Vienne, will be launched in November 1981. The Dupleix, most recently commissioned for active duty, is primarily for antisubmarine warfare on the high seas, protection of naval forces and convoy escort. It can also carry out various secondary missions such as maritime surveillance, overseas representation and support of land operations.

With a length of 139 meters and a width of 14 meters, its displacement is 4,300 tons fully laden.

The C-70-s antisubmarine armament consists of two launch cradles for L-5 torpedos and two Lynx WG-13 helicopters armed with torpedos and grenades.

For antiaircraft defense it has a 100-mm turret, a Crotale weapons system and two 20-mm cannons.

Finally, for surface combat, it has four Exocte MM-38 ramps.

DCAN Lorient

The Lorient DCAN is primarily responsible for research, construction, armament and maintenance of small and medium-tonnage warships as well as maintenance and refitting of submarines.

With 4,200 employees the Lorient DCAN has already built missile-launching frigates of 6,000-ton displacement fully laden (Le Suffren), antisubmarine corvettes (Aconit), three Tourville class antisubmarine frigates, as well as A-69 Estienne-d'Orves class 1,250-ton dispatch-vessels, 10 of the 17 planned by the navy already being in service while three others have been built for export.

In that connection, two A-69's--the E.V. Jacoubet and Cdt Ducuing--were launched 26 September 1981, and the P.M. L'Her finishes its extended voyage in October 1981. The Cdt L'Herminier will soon begin tests at sea of a new low-compression diesel propulsion engine, designed to power future antisubmarine corvettes.

Also, the Lorient dockyards are completing construction of the first Eridan class tripartite mine chaser (CMT).

The CMT-class ships, developed jointly by France, Belgium and the Netherlands, are of the most advanced design and employ the latest technology.

In order to carry out its mission, which consists mainly in detecting and destroying undersea mines and moored mines (submerged mines held in place by a rope), it carries equipment capable of detecting submerged mines up to a depth of 80 meters and at a range of more than 500 meters. Mines submerged to a depth of as much as 150 meters can be neutralized with the help of the PAP-104, a selfpropelled "fist" which drops a charge of explosives close to the mine.

ECAN Indret

The Naval Construction and Ordnance Facility [ECAN] at Indret specializes in building propulsive systems for the national navy. The 6,500 people who work there played an important role in the development of naval propulsion and are involved successfully today in the most recent developments, such as nuclear propulsion, gas turbine propulsion, automation and remote guidance of the propulsion system on ships of the fleet.

The facility is oriented toward hydromechanical systems construction. It has also developed equipment to simulate the primary functions of submarines and surface ships.

DCAN Papeete

The 600 people who make up the personnel of DCAN Papeete are principally responsible for maintenance and repair of naval ships crossing or based in the Pacific, and occasionally ship repairs.

The Papeete DCAN performs valuable support services for the Pacific Experimental Station and the Atomic Energy Commission: maintenance and modification of specialized DIRCEN [Nuclear Experimentation Centers Directorate] ships, frequent involvement in emergency repairs to industrial or military installations, and is directly involved in material preparations for underground tests as well as workshop equipment modification.

ECAN Saint-Tropez

The Saint-Tropex ECAN is almost entirely devoted to torpedos. It designs, develops, builds and continues to monitor them after they are put into service. In this way it has acquired a great deal of experience.

The torpedo, though it has been in existence for more than a century, has been constantly changing, and remains an extremely modern weapon. It is in fact the only device capable of searching for and destroying the most modern nuclear submarines. In order to carry out this mission as rapidly as possible and at very great depths, it must have a high-performance propulsion system, special maneuvering equipment, and a highly sensitive automatic guidance system--and, quite obviously, it must carry a warhead capable of penetrating the veritable armor of a modern submarine hull.

In that regard, the F-17P torpedo, which is multi-mission (it can be launched either from a submarine or a surface ship), illustrates the advanced technology of the Saint-Tropez ECAN.

DCAN Toulon

The Toulon DCAN, the largest industrial establishment of southeastern France with its 8,900 employees, has several distinct missions:

--Maintenance of the ships of the Mediterranean squadron;

--Industrial maintenance and inspection of the aircraft of the naval air force and their equipment;

--Research and experimentation relative to equipment and arms systems for naval forces;

--Construction of harbor craft and light-tonnage floating equipment;

--Maintenance of munitions (conventional surface weapons, submarine weapons, missiles) and some munitions manufacture.

The fleet support mission must be understood in a broad sense, because it includes, beyond maintenance work proper, modernizing and refitting projects which are sometimes very extensive, such as the work presently being carried out on the aircraft carrier Foch. When that refitting is complete, the Super Etendard will have replaced the Etendard, the tactical nuclear weapon, and a new generation of air-to-sea missiles will be in place. In addition, the electronics and habitability of the ship will be improved and modernized.

The aviation division, which oversees major maintenance calls of naval aricraft, is responsible for:

--30 Alize BR-1050's (anti-submarine warfare aircraft);

--39 Etendard IV's and 71 Super Etendards (seaborne fighters and reconnaissance aircraft);

--30 Crusader F-8E's (seaborne all-weather interceptors);

--35 Atlantic BR-1150's (all-weather antisubmarine patrol craft) and the New Generation Atlantic, whose prototype is undergoing its first official tests.
9516
CSO: 3100/104

OBJECTIONS TO INCREASE IN MILITARY SECURITY FUNDING

Paris LE MONDE in French 8-9 Nov 81 p 7

[Article: "The Increase in Defense Credits Is Seen As a 'Veritable Provocation' by the Human Rights League"]

[Text] Before the National Assembly's defense committee, Henri Nogueres, president of the Human Rights League, expressed his surprise at finding that the reform of the Military Security Unit (LE MONDE of 23 October 1981), announced by Charles Hernu, minister of defense, had been entrusted to the present head of the unit whereas there is an official desire to reform its attitude. It is known that Charles Hernu requested Lt Gen Michel-Antoine Jorant, director of the Military Security Unit, to prepare for him within a month proposals for the reorganization of that institution charged with guarding against "meddling and subversive interference of all kinds" in the armed forces.

Under these conditions, Henri Nogueres told the deputies, the sharp increase in the allocations slated for data processing facilities in the Military Security Unit has assumed the character of a veritable provocation. The total budget of the Military Security Unit for 1982 is 28.25 million francs, up by 18.20 percent compared to the allocation for 1981.

The president of the Human Rights League also recalled that the Military Security Unit should be replaced by a directorate, namely, the Directorate of Protection and Defense Security, which should concern itself exclusively with the security of the army and its facilities rather than with "witchhunts."

Yves Lancien, RPR [Rally for the Republic] deputy from Paris, on his part expressed his feeling that the protection of national defense secrets justified the existence of specialized agencies and that it was appropriate for the new Directorate of Protection and Defense Security "to turn its back on certain practices including witchhunts" but that it should continue to perform its important role of providing protection.

2662
CSO: 3100/125

NEW ARMOR-PIERCING ARTILLERY SHELL ADOPTED

Paris LE MONDE in French 8-9 Nov 81 p 7

[Article: "The French Army Adopts the Flat-Trajectory Antitank Shell"]

[Text] The general staff of the French army has decided to adopt the flat-trajectory antitank shell, which is able to pierce all types of armor known to date. Already now the armies of four countries (the United States, the Soviet Union, Britain, and Israel) have such ammunition and theoretically it is the French II Army Corps, whose armored regiments are stationed in the Federal Republic of Germany, which will begin to receive these shells in 1982.

Compared to the armor-piercing shot and the hollow-charge shell in use in most armed forces in the world, the flat-trajectory antitank shell incorporates simultaneously the possibility of very flat trajectory, very short travel time (because of its great initial velocity), and excellent accuracy. The shell looks like a small metal bar with a rear fin stabilizer, made of a tungsten alloy, of smaller caliber than a cannon shell, amd mounted in a sabot propelled by an explosive shell case which fires the flat-trajectory shell.

The flat-trajectory shell has a velocity of 1,500 meters per second (compared to 1,000 meters per second for the hollow-charge shell) and its operating combat range is 1,800 meters (compared to 1,300 meters for the hollow-charge shell). Since its trajectory is flat and its shape is such that it is subject to lesser braking action during its trajectory, it can pierce the armor of a tank at a distance of 5,000 meters. Its piercing effects are the same regardless of distance and its accuracy is great--to within one square meter at a distance of 2,000 meters.

These performance and other characteristics mandate the inclusion of flat-trajectory shells in a modern arsenal. However, such materiel is costly, in the order of 8,000 francs each compared to 3,000 francs for existing ammunition of the same caliber. The capability of the flat-trajectory shell is also inconvenient for peacetime training since only the camp at Canjuers (Department of Var) is able to offer--thanks to its 35,000 hectares of area--the possibility to follow safety parameters imposed during firing exercises.

The flat-trajectory shell will not replace the ammunition already allocated to the armored regiments. Rather, beginning in 1982, it will complement hollow-charge, explosive, flare, and smoke shells. Initially, the armor-piercing shells will be used by the 105-millimeter guns of the AMX-30 tanks, while subsequently the 90-millimeter guns of the Sagaie armored cars and the army's machinegun-mounted vehicles as well as the VCB-90 armored vehicles of the mobile gendarmerie will use these flat-trajectory shells.

2662
CSO. 3100/125

'MILLIYET'S' SAMI COHEN EYES PURPOSE OF 'BRIGHT STAR-82'

Istanbul MILLIYET in Turkish 19 Nov 81 p 2

[From MILLIYET Staff Writer Sami Cohen's Column "A Look At The World," titled: "A Rehearsal for What"]

[Text] In the 1960's we witnessed large military maneuvers carried out in the south of Iran within the CENTO framework.

Taking off from the U.S., C-130's, the most powerful transport aircraft of the time, carried thousands of paratroopers as well as military supplies to the region in the southern part of Iran where the Dezful air base was located.

The American units, which we observed being air-dropped into the middle of the desert were rapidly joining the "fight" against the "enemy" alongside the Iranian forces.

Within 18 hours, these planes, refueled at the bases then located in Spain and Turkey, reached Iran from Turkey and were able to bring units to support the Iranians.

This was the purpose of the maneuvers. In briefings to journalists, it was indicated that in the event Iran were to be attacked (the direction from which Iran, a CENTO member, would be attacked being considered obvious), the U.S. would be able to come rapidly to the aid of the Iranian Army. Furthermore, the hope was expressed that these joint maneuvers would have a deterrent effect on those considering attacking.

Without a doubt, the maneuvers were carried out successfully from the military standpoint. Even the severe sandstorm which we experienced did not hinder the maneuvers. The American and Iranian soldiers tenaciously carried out this 3-day war game in complete harmony.

But later, what happened? First CENTO became a paper organization; then, later, with the overthrow of the Shah, Iran changed direction Khomeyni became the number one enemy of the U.S.; the U.S. carried out an operation to rescue the hostages, but messed it up.

The purpose of the maneuvers carried out back then was to see how the U.S. could protect Iran from a Soviet attack. It is true that Iran today is not under Soviet occupation or influence, but it is definitely anti-U.S.

We recalled all this while following the news concerning the "Bright Star-32" maneuvers which began in the Middle East a few days ago.

The basic purpose of these maneuvers also, from the military angle, is to discover and demonstrate how--with its much more modern resources by comparison with the 1960's--the U.S. could project its military power rapidly into the Middle East. Consequently, this time, in addition to the C-130's, C-5A's and C-141's were able, within 14 hours, to convey 866 soldiers and heavy military materiel from the Fort Bragg base in North Carolina to Egypt, without landing anywhere for refueling.

The [press] agencies, in the first section of these extensive maneuvers which will last until the end of the month and will encompass Oman, Sudan and Somalia, reported on the organized manner in which these soldiers and this military materiel were air-dropped into the middle of the desert.

Undoubtedly, the maneuvers are unfolding very successfully from the military standpoint. Truly, this war game has demonstrated how quickly the rapid deployment force set up last year and given [in Turkey] the nicknam "Mobile Force" could reach the Middle East and assist the armies of friendly countries in the event the need arose.

According to the spokesmen for the "Mobile Force" this was the basic purpose of the maneuvers.

But is this all? Do the maneuvers not have a political aspect and purpose?

There certainly must be.

Right away, let us remember the following: The U.S. is not the only one to have engaged in a show of force. Did the Soviets not just recently send a "rapid intervention" fleet to South Yemen, which is under its influence? And did it not undertake joint maneuvers with Syria?

The purpose of the maneuvers which the Americans are now undertaking is to test how various friendly countries, particularly Egypt, are to be protected in the face of a "foreign attack."

However, in this case, how valid is the assumption that this attack will come from the Soviet Union? Would the Soviets dare to seize the Gulf countries or Egypt with a military attack? Truly, the Afghanistan incident (although conditions are different) has been a warning, but the Iranian example has shown that the West can find itself facing difficult situations without a Soviet military intervention. Today, the future of many mostly Middle Eastern countries is tied to today's regimes; in fact, to the fate of the leaders. How much of a role can the "Mobile Force" play in the preserving of the regimes, in the achieving of stability in friendly countries.

Moreover, as U.S. military specialists admit, the "Mobile Force" does not have the real military power to stop a Soviet attack. A force of a few thousand persons

brought rapidly from the U.S. would not be particularly effective in a widespread hot war.

However, an important purpose of the "Bright Star-82" maneuvers is clearly to issue a serious warning to regional countries "hostile" to states such as Egypt and Sudan, which are friendly to the U.S. (to be frank, Libya in particular). It is true that the Libyans and the "radical" states in the region have followed the Moscow line, characterizing the maneuvers as a "rehearsal for the invasion of Libya." These words aside, it is evident that the U.S. carried out these maneuvers particularly to show that it would not remain passive in the face of an attack originating from that quarter.

In the event this type of maneuvers, in spite of all their "bright" aspects from the military angle, have a "deterrent" effect in the political arena, then they can truly be considered a success.

CSO: 4654/80

THAI PAPER REPORTS ON REFUGEE RESCUE SHIP

BK290319 Bangkok NATION REVIEW in English 29 Nov 81 p 2

[Article by Sutthichai Yun]

[Text] Bonn, West Germany--A ship chartered by a private organization here to pick up Vietnamese "boat people" in the South China Sea has come under severe pressure to stop its operations after the Bonn government has said the various federal states have refused to accept more Indochinese for resettlement beyond the 28,000 quota, according to official German sources and chief organizers of the humanitarian programme.

They told the NATION in separate interviews here last week that the fate of 377 Vietnamese boat people picked up in the South China Sea 4 months ago by the ship, the "Cap Anamur" remains uncertain as the negotiations continued between the Bonn government and Dr Rupert Neudeck, director of the sea rescue project.

Dr Neudeck told the NATION in an interview here: "We have asked the government for the Cap Anamur to operate for 5 more months before we turn the ship into a European venture instead of a strictly West German effort. But so far, every government agency has been passing the buck from one unit to another. It is a very irritating situation."

The ship has picked up 8,807 Vietnamese boat people since it launched its operations in February, last year, with total public donations from the West German people of about DM14 million (about 140 million baht).

A senior official of the German Foreign Affairs Ministry charged in a separate interview that the presence of the Cap Anamur in the South China Sea had served as a "magnate" in drawing more Vietnamese boat people out of their country.

But Dr Neudeck, a radio broadcaster by profession, countered that the accusation was "ridiculous" and had been cited by government bureaucrats "to avoid confronting a genuine problem."

"Let's see whether the boat people will stop coming out of Vietnam when and if the Cap Anamur stops its operations," he said. A senior German foreign affairs

official in charge of Southeast Asian affairs told the NATION that the central government had had to stop receiving new boat people from Indochina because the 11 federal states (Bundeslander) had refused, for the time being anyway to accept new refugees above the earlier quota of 28,000 from Indochina.

"The central government has no authority on this matter. The decision depends on the individual federal states on how many refugees they could take. And for the time being, they have been swarmed by too many refugees and related problems. The Cap Anamur must stop its operations," the official said.

Dr Neudeck flew to Singapore last Friday (Nov 20) to greet the Cap Anamur which was allowed to make a brief port call.

From his residence in Cologne near Bonn, Dr Neudeck told the NATION before he left again for Southeast Asia that he had just received two pieces of "good news."

"First of all, the European parliament, meeting in Strasbourg near the French border today (Nov 19) agreed in principle to accept the Cap Anamur as a European rescue ship and to comply with the plea for more financial contributions. To kick off the move, the mayor of Strasbourg has agreed to accept 5 of the Vietnamese families for resettlement in his area from the group of over 300 boat people still on board the ship," Dr Neudeck said.

"I don't think the central government can maintain its current negative position. The politicians and government leaders are just playing games. They keep passing the buck on and on. But it has to stop somewhere. Everybody here talks about humanitarianism but the government doesn't want to make a move to keep the privately-funded humanitarian drive alive," he charged.

On the government side, a senior official said the temporary halt in the intake of boat people from the Cap Anamur had been caused by other related problems, including the presence of about 4 million foreign workers (about 2 million of them Turkish). Also, in the last 5 years, 100,000 people have sought political asylum. But German officials charged that many of these applicants were merely "economic migrants" seeking better job opportunities in West Germany.

"While they await work permits, the German Government has to pay for their food and clothings as well as accommodation. And we have about 60,000 people in this category at the moment," the official said.

"The influx has simply overwhelmed our country. We just can't cope with them. But then we have written into the constitution that West Germany, for historical reasons, must accept political refugees. We also have a law which specifically says that West Germany is obliged to accept all refugees in distress on high seas picked up by ships carrying German flags," the official says.

CSO: 3120/19

END

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17 December 1981

West Europe Report

No. 1872

Revised Italian Energy Plan for the Eighties

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WEST EUROPE REPORT

No. 1872

REVISED ITALIAN ENERGY PLAN FOR THE EIGHTIES

Rome RASSEGNA PETROLIFERA (Supplement) in Italian 18 Sep 81 pp 1-27

[Revised National Energy Plan submitted to the Interministerial Committee for Economic Planning on 7 August 1981 for decision. For further details, see JPRS 77855 of West Europe Report No. 1735 dated 16 April 1981 "Energy Economics: Italy's National Energy Plan for the Eighties."]

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The new National Energy Plan, whose complete text we are publishing, was submitted to the Interministerial Committee for Economic Planning (CIPE) on 7 August 1981 by Senator Giovanni Marcora, minister of Industry.

It is a question of the revised and corrected text of the plan submitted in his time by Minister Bisaglia in the first months of 1980, subsequently reduced and supplemented with four appendices

by Minister Pandolfi, which was already submitted to CIPE on 26 June 1981 and is now definitively completed and put in final form by Minister Marcora.

The present document will be the subject of a decision by CIPE, just as was true of the previous plans, the ones for 1974-1975-1977. It will also be discussed by the Senate and Chamber Industry Committees.

This plan has already been forwarded by Minister Marcora to industrialist and labor union organizations to hear their possible remarks.

Reasons for a New Plan

1. The present National Energy Plan repeats in substance the version prepared in November 1980. The most important variant is represented by a downward adjustment of the quantitative objectives for 1985 to 1990 pertaining to the total demand for energy, in view of the trend of demand in the last 2 years and of the more updated estimates concerning the probable values of its trend elasticity. Moreover, four appendices devoted to the plan's feasibility factors have been added.

They express the result of 5 months of work and represent a specification of certain programatic actions.

Appendix A contains the list of options for major energy installations. In it, the government indicates to the regions, in the light of the results emerging from the recent survey and consultation phase, alternative possibilities for locating large coal-fired and nuclear powerplants, within the scope of which the regions will be responsible for making determinations under their competence.

Appendix B includes the decisions concerning construction of nuclear powerplants for the present decade made jointly, under government incentive, by ENEL [National Electric Power Agency] as general purchaser and architect, by CNEN [National Nuclear Energy Commission] as industrial development agency and safety and inspection authority, by the industry represented by system and first level component suppliers, by Nuclear ACIP [National Italian Oil Company] as fuel supplier.

Appendix C contains logistics guidelines for installing coal-fired powerplants on national territory, with an initial outline of basic infrastructures.

Appendix D, finally, concerns measures in progress for putting the already built Caorso powerplant in commercial operation in 1981, in order to achieve the urgent objective of increasing available power for the 1981-1982 winter season.

2. The response given by Italy to the problems brought up by the worldwide energy crisis has been inadequate, on the whole, up to now. In comparison with the response made by other industrial countries, Italy's situation is tending in time to become more criticial. A trend reversal is necessary, in order to make the 1980's a decade of vigorous recovery. That will be possible, if a number of actions are implemented rationally by a number of agencies. The new National Energy Plan represents the frame of reference for those actions.

3. Energy plans have become the general rule in response to energy difficulties internationally and in many countries, although with the differences due to the diversity of systems and purposes.

4. Starting in 1973, when the first sharp increase in the real price of oil occurred, a new transition of thw world's energy system began, transition from oil. This transition will be completed when, in a few decades, oil has ceased being the leading source of energy. Two other adjustments occurred in the last two centuries: the first one, from renewable energies to coal; the second, from coal to oil. These adjustments were motivated primarily by factors of economic expediency with a shift from a more expensive fuel to one less costly and with progress in efficiency and ease of use. The third transition is in progress. Abandonment of oil is determined once more by the cost advantage of alternative sources to oil, especially nuclear energy and coal and by their greater availability, although the use characteristics of the new sources of energy appear to be more complex. It is likely that, on completion of the new transition, it will be possible to replace the dominant function of oil with a balanced function of several sources of energy.

5. As early as 1973, international agencies--UN, IEA, EEC--indicated the transition methods and times in progress and recommended that the member countries make the necessary determination for the purpose of promoting transition.

6. During the last 2 years, coinciding with the conflict between Iran and Iraq, which confirmed the traditional political instability of that geographic area, the difference in price between the use of oil and of alternative sources of energy became pronounced. This circumstance stimulated industrial countries to reduce the time of the third transition by making early choices that they would have made later.

7. The requirement for an updated energy plan stems from the characteristics of the new energy situations created in the world and from the evaluation that, in the state of updating of the previous energy plan, prepared on the bases of data furnished by Parliament during the debate on 3-6 October and approved by CIPE in December 1977, insurmountable delays have accumulated in certain important sectors, like, for example, the sector of locating and constructing new powerplants.

8. Energy, a critical resource of countries with a high degree of industrialization like ours, depends on a large number of variables, some of which are beyond national control. In turn, energy intersects a large part of the sectors in which the economic system is organized, affecting them. Moreover, it goes horizontally through industrial policy, from the side of demand to the side of supply, the policy of the territory and environment, the policy of development in the broad sense. A high degree of complexity of the choices making up the energy policy is derived from it. In order to overcome the serious risks of spontaneous dynamics, the choices should be guided by an integrated logic that will take into account the nation's needs, the technological opportunities of the market, the political, economic and social connections.

9. The decision-making system that supports the energy policy is, in a situation of pluralistic democracy, like ours, extremely coordinated. A clear specification of roles is needed. The problem is raised of aggregation of consensus and among

a plurality of agencies. The plan is the instrument for achieving, although interwoven with responsibilities, effectiveness in the decision-making process, consistency with broader guidelines and decisions pertaining to development of the country's economy and progress of the civil society.

10. The time span that measures in the energy sector, the interval between decisions and achievements is particularly long. The connection derived from it is all the more acute in Italy's case in view of the gaps to be filled and delays to be made up. Coordination of actions to be taken in many areas for immediate operations with long-term effects determines the requirements for strategic programing.

11. Therefore, it is necessary for the government to have an instrument, the National Energy Plan, that will propose the following objectives in updated terms and with direct operational projections:

Make possible a joint responsible involvement of political forces, social parties and the civil society and create a consensus on the guidelines and specific choices with regard to energy, also with reference to their overall implication on production and income distribution, on consumption patterns, on the quality of life.

Obtain Parliament's approval of the lines of development to be pursued in the field of energy.

Guide investment decisions by public agencies and economic operators in a framework of compatibility and synergy with the nation's energy strategies.

Represent, with regard to the European Community countries of the IEA, the country's desire in energy matters, also in view of measures pertaining to aids, incentives and joint initiatives.

Finally, give international financial agencies a demonstration of the country's reliability concerning its capability of working to adjust energy production to the requirements of the nation's economy.

12. The structure adopted for the plan is in accordance with a logical sequence consistent with its objectives. The plan brings to light the critical role and the important function of energy and especially the connotation taken by energy, in our country, pertaining to its increase options. It singles out the objectives to be attained in the framework of the challenges that Italian society and its industrial system must face in the next decade. It contains estimates of the amount of demand, reflecting in turn the effect of finalized actions on its rationalization in terms of energy consumption. It correlates with these estimates the relative contribution of the various energy sources to total supply, evaluating their economical and attrative aspects. It prepares specific guidelines for the individual energy sources with an indication of the principal courses of action and of the corresponding feasibility conditions. It evaluates, in an initial approximation, both the financial resources needed for investments in fixed assets, infrastructures and incentives, and the phsycial variables pertaining to plants, technologies, products, and, finally, human resources, knowledgeable and managerial.

13. The plan covers the 1981-1990 decade. For the objectives to be attained in the first 3 years, it is closely tied to the Medium-term Plan. It takes its guidelines, derives the amount of spending for the 1981-1983 3-year period from it and it is a sectoral detailing of it. The reason for the time length of the PEN [National Energy Plan], longer than the medium term generally used in economic policy programs, is primarily tied to the time needed for significant variations in the supply of energy, especially in the form of electricity produced by nonconventional powerplants. Moreover, not much shorter times are required for changes and conversions in the industrial system for purposes of reducing energy consumption.

14. In view to the length of time involved, the high degree of uncertainty characterizing the energy situation starting with its worldwide variables, the large number of objective and subjective factors of which the network of the energy situation consists require the plan to be flexible in its organization and fluid in its validity in time. Far from being a rigid set of expectations and preceptive determinations, the plan is, therefore, intended to be a modular instrument, capable of being adapted dynamically to new frameworks of evaluations, needs, opportunities, connections. As a reference pattern, it will be like a supervision instrument, making possible a constant comparison between the actual progress of the actions and the original forecasts. A natural cadence of organic revision of the plan coincides with the periods of 3-year planning, which is the cadence stated in the 1981-1983 Medium-term Plan. Annual checks will be made of the state of progress of the plan in accordance with the guideline that recently found legislative support with regard to ENEL's programs, with article 2 of Law Number 309 of 15 June 1981,

15. Once the consultation and discussion time has ended and CIPE's approval has been obtained, in accordance with the same procedure followed for the Medium-term Plan, the National Energy Plan will display its effectiveness in the decision-making process and in the behaviors of the various agencies. It will have direct effectiveness on decisions by the government by public administration. With regard to the energy agencies, ENEL, ENI [National Hydrocarbons Agency], CNEN and the respective programs adopted with autonomous responsibility for formulating, the plan will have indirect effectiveness, primarily through the guiding power of CIPE and the directive power of the minister of Industry. With regard to the regions and the local authorities, with the exception of decisions peculiar to the national legislature, the plan will have value as a frame of reference within which decisions of respective competency will be incorporated. With regard to private economic operators, the plan will provide guidelines on modification of energy supply and on actions and incentives concerning demand.

Energy and Development

16. The basis on which the strategy indicated in the present plan rests is the correlation existing between energy and development; more specifically, the conditioning exercised by solution of the nation's energy problem on the country's growth possibilities and rates.

17. The two oil crises in 1973-1974 and 1978-1980 had a profound effect on the course of the world's economy. Their fundamental variables--prices, income, employment, balance of payments--were affected. The real price of energy, affected by the price of oil, quadrupled during the first crisis and doubled again during

the second one, rose rapidly, with the exception of a situational decline that occurred before the second crisis. The increase in the average price of oil was followed by a process of realignment of the prices of nonoil sources of energy. The rates of adjustment for the individual prices were uneven, with a resultant increase in the spread of relative prices.

18. In 1980 and in the first half of 1981, a reduction in oil demand occurred in consumer countries. That gave rise to a situation of abundant supply favored also by Saudi Arabia's production policy. Consequently, a downward adjustment of the highest crudes on the international markets was decided on. Special circumstances contributed to this development: lower consumption in a specially favorable winter season, increase in oil production in non-OPEC areas, economic recession in most of the OECD areas, sharp rise in the dollar the currency in which international oil transactions are performed. In addition to these circumstances, the reduction in demand for oil also resulted from the effects of policies of replacement with other sources and of energy conservation causing appreciable reductions in energy/income elasticity to be recorded.

19. Forecasts on the future trend of oil prices and on the stability itself of supplies are difficult. Much will depend on political events like the situation in the Middle East, continuation of Saudi Arabia's price-control role, reestablishment of a line of cohesion in OPEC. Much will also depend on technical events, like the finding and availability of new reserves in OPEC and non-OPEC areas. It is true, however, that the consumer countries will for many years still be in a situation of considerable dependency on oil. In this situation, it seems wise to maintain as a basic assumption at least a nonreduction in the real price of energy and, therefore, the permanency of the problems raised dramatically by the two major shocks that occurred in the past decade. This was also the opinion expressed in the ministerial meeting of the IEA, in June 1981.

20. The individual countries have undergone the effects of the above-described situation in different ways. In general, the vulnerability of the individual economic systems was and still is all the greater the greater the dependency on imported energy, especially the importation of oil.

21. Although Italy shows a very low annual per capita energy consumption (2.60 tons of oil equivalent, compared with 3.86 tons of oil equivalent on the average in the EEC, including 3.65 in France, 3.95 in the United Kingdom, 4.64 in the Federal Republic of Germany, and an average of 5.08 tons of oil equivalent in OECD), it is in a critical situation, from this point of view, that can be summarized with the following data:

The total consumption of energy developed in the last 25 years at an average rate of 6.7 percent, increased from 29.3 million tons of oil equivalent in 1955 to 146.9 in 1980.

Energy dependency on imports equals 82.7 percent (oil 58 percent, coal 85 percent, methane gas 55 percent), second among the most industrialized countries after Japan.

Oil covers 67 percent of the energy requirements, compared with an average of 55 percent for the EEC and an average of 51 percent for OECD.

Oil imports heavily burden the balance of trade ($10.5 billion in 1979, $19.3 billion in 1980 and an estimated $24.4 billion in 1981) and they contribute preponderantly to causing a negative balance.

22. This results in a situation of exceptional vulnerability for Italy. With some oversimplification, Italy's economy can be described as structurally one crop from the point of view of demand for energy, especially the demand for oil. It is at the mercy of the trend and prices of the world's supply of oil. This situation is symmetrical with the one observed in one-crop economies at the mercy of the trend and prices of world demand. For Italy, the energy factor is a heavy factor affecting economic development. The main quantities in our economy are strongly affected by it: inflation rate, balance of payments, income, employment.

23. The inflationary effect of the increase in the price of oil shows up directly and indirectly. The direct impact is proportional to the importance of the oil sector in the economy and immediately reflects the increase in the price of imported oil. Variations in the exchange rate, also caused by the same oil shock, can make the price increase worse at the origin. Moreover, past experience shows that prices for other energy products follow the trend of oil prices, although with some delay and only partial adjustments. The indirect effect on domestic price levels is tied to the intersectoral repercussions and, especially in the case of Italy, to the indicator mechanisms that provide vehicles for rapid propagation of foreign inflationary stimuli to the domestic price system. It is possible to estimate, with sufficient approximation, the overall inflationary effect exerted on Italy's economy by a given increase in the real price of oil, calculated on the international prices of manufactured goods. It is estimated that an inflationary impact of 20 percent corresponds, in a span of 3 years, to a 100-percent increase in the real price of oil, taking the most reliable assumptions concerning the reaction of internatinal prices for manufactured goods to the same increase. This impact can be mitigated and deferred by a fiscal policy that enables final energy consumption prices to have more restrained intreases in comparison with import prices.

24. The effect on the balance of payments stems from a deterioration of the exchange rates. There also are more complex secondary effects. The decrease in imports of other commodities owing to a slowdown of domestic production activity is added to the reduction in oil imports in real terms, resulting from the conservation and substitution policy. Nevertheless, if the world economy as a whole goes into a recession, exports are also reduced. Finally, with an intensification of domestic inflation, export prices also begin to rise, thus compensating in part for the initial deterioration of exchange rates. Experience of the two oil shocks in the past decade has shown that the response of industrialized countries found expression in a short-lived improvement in the real balance of trade, an improvement, however, compensated by far by a worsening of exchange rates. This seems to be the most likely response also in the future, especially if the price of oil is tied to some form of indicator in accordance with OPEC's proposals. The structural worsening of the foreign connection remains as a sure, constant fact for the case of Italy.

25. The effect on income is also tied to the deterioration in exchange rates. The loss of income directly reflects the increase in oil billing. The inflationary effect on the world's economy is added owing to the fact that the oil producing countries are not able to spend their greater income immediately. The first oil

crisis in 1973-1974 exploded a recession trend, already present in embryo in the world economy, in the serious recession of this postwar period. Enterprise operators reacted by cutting investments in fixed capital and circulating capital, as a reaction to the financial deficit owing to an increase in raw material prices and the cost of labor faster than the increase in prices for finished products. With some variants, the phenomenon was repeated at the time of the second crisis. In Italy's situation, the phenomenon found a specific manifestation. Penalization of our growth tends to be amplified in an economy with a high level of exports by the repercussions of the worldwide recession.

26. The effect on employment is reflected in a slowdown of production activity. In the recession phase, this slowdown affects the fall in productivity growth rates more than employment levels. But it is known that over the long run employment can increase only with an increase in the real product between 3 and 3.5 percent a year. This kind of growth rate is seriously jeopardized by recurrent energy crises. In our case, it is further jeopardized by insufficient national responses to crises of outside origin. Processes of development of tertiary sectors in the economy and of shifting, within the industrial branch, to sectors with less energy intensity may attenuate the negative repercussion on employment. But the shape of the problem in general is still that of a constant threat.

27. The connection stemming for our economic growth from the energy factor prove, therefore, to be rigid and severe. That is true in an absolute manner, but it is also true in terms of relative positions of our economy with regard to other industrial economies.

28. The average cost of electricity is an important component in the costs of production. It is higher in Italy than in all the industrial countries competing with us on the international market. Even disregarding the almost full utilization of hydroelectric resources, the high incidence of fuel oil, compared with more economical sources like coal and nuclear energy, makes the electricity produced in Italy more expensive than the electricity produced in competing countries. This results in jeopardizing the ability of our industrial system to compete in the future. Aside from production using very much energy for which a question of survival is now shaping up, there are many sectors dangerously exposed. Credibility of general recovery programs in sectors like iron and steel making and the chemical sector is tied to the ability to start simultaneously solving the energy problem toward electricity in sufficient quantity and at costs gradually brought down to international levels.

29. Therefore, an energy policy is necessary to decondition our economic growth. That involves proceeding beyond the responses of spontaneous adjustment that Italy's economy has expressed in past years.

30. Adjustments in the demand for energy have alreay been observed. The average elasticity of energy demand in comparison with the gross domestic product has decreased appreciably since the first oil crisis. This quantity was 1.27 in the 1965-1972 period. In the subsequent period, it took on variable and definitely lower values. Excluding the years from 1973 to 1975, characterized by situational fluctuations of considerable size both for the gross domestic product and for the consumption of energy, we have an average value of about 0.6 for elasticity in

the 1976-1979 period. This fact reflects not only the improvements achieved in efficient use of energy, but it also results in a reduction of activity in sectors with high energy consumption, met in some cases by recourse to imported product.

31. Likewise, with regard to supply, a planned, coordinated response is needed, much more than it was possible to make in past years. That is true of supplies, but it is still more true of a basic sector like the supply of electricity, in terms of amount needed to satisfy demand and in terms of the various composition of the primary sources used. It is necessary to go from a situation still characterized by insecurity in oil supplies and from a supply of electricity subject to interruptions in critical periods of the year to more orderly and guaranteed overall conditions.

32. The energy-development correlation is a fact that lies in the reality of things. But it is a determining factor for it to be perceived by the political class, by public administration, by civil society through a widespread energy awareness in the country. Precise awareness that the plan's failure or delayed implementation entails weighty negative consequences to economic development and to the standard of living of the entire country will be a determining factor in the plan's success.

Strategy

33. The present National Energy Plan takes, as unifying principles of the actions that will be described analytically below, on the one hand guidelines of a demand policy and, on the other hand, guidelines of a supply policy. It assigns to the overall strategy resulting from this a connection pertaining to the relationship with man and with the environment as permanent, required point of reference of the plan.

34. With regard to energy demand, the orientation adopted in the plan consists in a policy of stimuli and incentives, extensive and organic, simultaneously to saving and to a rational use of energy.

35. In addition to compressing subsequently demand margins characterized by waste, especially in the civil sector, this policy will call for adoption of innovative technologies for the industrial and civil use of energy, for a rationalization of products, services and production processes from the point of view of their energy content, for respect for a balance between users' needs, quality and quantity of goods, costs and prices of supply.

36. In the industrial sector, improvement of energy efficiency will be obtained by means of methods of saving, effective in the short term. In the second place, it will be obtained by replacing existing technologies with new technologies. This second path requires investments in research and is intended for producing results in the long term, entailing modifications of the production process and partial or total replacement of plants. The innovative effort will be concentrated on those sector with the highest energy consumption per product unit. In these sectors the largest savings obtainable will make a more rapid replacement process possible. Replacement will, in fact, be carried out only when the saving of cost per product unit, obtainable with the new methods, exceeds the cost represented by ascribing to the product unit the share of the costs sustained by the innovation.

37. Modification of the production mix will take place on two levels: on the intersectoral level and on the intrasectoral level. The weight on the total of the gross domestic product of the sectors with less energy consumption will be increased by means of intersectoral modifications, to the detriment of the high consumption sectors. Preference will be given within each sector to those products or segments of the production process involving less consumption of energy in comparison with others by means of intrasectoral modifications of industrial production.

38. Two conditioning factors have a bearing on both reconversion activities, intersectoral and intrasectoral. The first one, of an external nature, is represented by the need for improving the balance of payments. Reconversion activities must take into account, however, the trends of international demand and must be oriented toward sectors and products with a higher degree of competiveness. The second one, of an internal nature, is determined by the production structure existing in the country. It is impossible to disregard the importance and geographic distribution of the physical capital and of the human resources. The human resources are expressed by the manpower distributed territorially and by skills. Any modification policy cannot fail to have a nature of slow adjustment of the actual level to the desired level. The time span will necessarily be longterm. The extent of maneuvering will necessarily be limited.

39. A national policy on energy saving and use should, therefore, affect the entire industrial policy as a permanent strategic factor. Experience of the 1970's warns that the critical characteristic of the West's production system tends to be constantly more the capability and velocity of change compared with changing the general conditions of the economy, which include variations in exchange rates, emergence of new industrial countries, the constantly more rapid alternation of expansion and recession, the microelectronic revolution. Traditional type industrial policies, based on long-term sector plans and on easy credit as the only instrument, show their limitations, because they are designed for heavy sector with a uniform product, which usually are the ones with the highest energy consumption. In a world undergoing constant change, this kind of industrial policies actually fall back on predominantly defensive lines, like defense of the employment levels and defense of export quotas. An industrial policy strongly focused on innovation and oriented toward favoring the changes dictated by the energy factor shapes up, on the other hand, as an attack strategy. Thus it will be possible to balance the very necessary defense of the more traditional sectors with encouragement to the modular, flexible development of the industries operating in sectors with a high growth rate of international demand.

40. A priority line for actions to be carried out emerges from all the foregoing. In the short term, incentive to energy saving, encouragement of research and demonstration of new techniques, support of light sectors, actions stimulated by means of appropriate information drives. In the medium term, primarily modification of the intrasectoral mix. In the long term, modification of the intersectoral mix.

41. With regard to supply, the plan's strategy aims at increasing the energy production capacity from alternative sources other than oil. Therefore, the plan assigns the nature of a residual source to oil. Increase in supply from alternative sources should take place at the maximum rate allowed by the progressive expansion

of the managerial capability of Italy's industrial and administrative system, by the time required for constructing plants and infrastructures, by the availability of total financial resources.

42. The contribution of alternative sources to oil should achieve, in the span of the decade, a considerable variation in their relative contribution with sizable increases in the share of coal, nuclear energy and natural gas. But the actions to be carried out should not overlook any of the alternative sources, including renewable energies.

43. Energy production choices should achieve, in the medium term, a satisfactory average cost of energy in Italy in relative terms in comparison with the cost in other industrial countries. This results in a need for constant checking of the development of energy in other countries. Italy's choices will be adjusted concretely to that development, with abandonment of abstract objectives of optimization of the cost of energy.

44. In the second place, energy production choices should involve a reduction, as great as possible, of the import component in the total cost structure of energy. The effect of imports of energy raw materials on the total outward flow of financial resources toward foreign countries has been exceeding the safety level for some time now in our country. This requires extreme determination in use of any, even the slightest, national resource and in modification of the content of imported sources in the direction of combinations entailing a reduction of foreign exchange outlays.

Primary Sources in the Years 1980, 1985, 1990
(millions of tons of oil equivalent)

	1980		1985		1990	
	Amount	%	Amount	%	Amount	%
Solid fuels	12.4	(8.5)	17.7	(10.7)	34	(18.4)
Natural gas	23.0	(15.5)	28.9	(17.5)	35	(18.9)
Crude oil	98.8	(67.2)	105.4	(63.9)	94.4	(51.0)
Hydro-geo electricity	10.9	(7.6)	10.5*	(6.4)	11.6*	(6.3)
Nuclear electricity	0.5	(0.3)	2.0	(1.2)	8.0	(4.3)
Imported electricity	1.3	(0.9)	—	—	—	—
Renewable sources	—	—	0.5	(0.2)	2.0	(1.1)
TOTAL	146.9	(100)	165.0	(100)	185.0	(100)

* In an average hydrological year and with natural contributions.

45. Finally, energy production choices should achieve the highest possible degree of reliability in energy availability. This will be possible by means of a geopolitical diversifiqation of the areas of origin. Recourse will also be required to a balanced plurality in the technologies used.

46. An effective supply policy must take into account the high degree of dynamics in scientific and technological knowledge determined by the present historic transition of the world's energy system. Therefore, it is necessary to support the process of generation, interiorization and application of the results emerging from the continuous process of technological progress. Therefore, the time of research, development and industrial promotion becomes important.

47. The plan's overall strategy and, in particular, the supply policy are subject to an obligation of a permanent general nature. The energy choices must be such that they will, first of all, protect man and his health. Dangers must be minimized; safety and health protection must be guaranteed as variables independent of any energy enterprise. In the second place, the natural environment must be protected. Compatibility with protection of the ecological values must be taken into account among the rules of feasibility. In the third place, energy choices must respect the overall balance of the territory. Especially with regard to large energy plants, the areas of their installation must be brought back into balance, with collateral actions aimed at complete development of the territory.

48. Safety, environment, territory represent the factors on which consensus is based preliminarily. Therefore, they come under the prerequisites for the actions described in the present plan.

49. Consistent with energy strategy guidelines indicated above, next is defined a quantitative assumption to which the programed development of energy supply and demand should lead in 1985 and 1990. This quantitative assumption presents, with regard to demand, figures for the various forms of employment, including nonenergy uses for completeness. With regard to supply, it indicates different figures for each primary source.

50. The values indicated for the halfway point and the end of the decade are significant as quantitative reference objectives. Therefore, they must not be regarded as forecasts, but rather as goals to be reached. In particular, the objective of programed evolution of demand for 1985 and for 1990 must be regarded as an objective. In fact, it must be realized that the production recovery of energy intensive sectors in a state of crisis at present will involve correspondingly greater energy consumption. This makes the scheduled goals especially important.

51. Although they are faced with various degress of uncertainty, the quantitative objectives indicated take into account a series of conditions of consistency with most important macroeconomic aggregates; compatibility with the technological and managerial resources of the industrial system; congruity with the characteristics and the times of the public decision-making and administrative system; balance, finally, between supply and programed development of demand. The fluid nature of the plan and its periodic updatings will make it possible to adjust the system of objectives little by little. Thus, it will be possible to incorporate in the National Energy Plan the variations that will intervene in factors, on the basis of the world supply of primary sources, which are beyond national control.

52. The quantitative reference objectives provided by the plan are given in tables 1, 2 and 3. They are different for primary sources and form of use and refer in time to 1985 and 1990. In outline form, construction of the tables took place on the basis of quantitative assumptions of programed development of demand for the various forms of energy use. Saving objectives consistent with a more rational use of energy have been calculated, sector by sector, and the formulation of requirements in 1985 and 1990 was arrived at. An average annual growth of 3.5 percent in the decade was taken as an assumption of development of the gross domestic product.

Final Uses of Energy in the Years 1980, 1985, 1990

	1980	1985	1990
High temperature	21.0	21.0	21.5
Medium terperature	7.4	7.5	7.6
Low temperature	29.9	29.4	31.0
Total thermal uses	58.3	57.9	60.1
Fixed electric uses[1]	12.7	16.2	20.8
Fuels (transportation use)[2]	26.6	27.9	30.6
Total final uses	97.6	102.0	111.5
Total demand	146.9	165.0	185.0

[1] 860 Kcal per kilowatt-hour
[2] Excluding bunkerage but including fuels for agriculture and industry.

Energy Production per Source in the Years 1980, 1985, 1990
(millions of tons of oil equivalent)

	1980	1985	1990
Imports	1.3	—	—
Hydroelectric-geothermal[1]	10.9	10.5[2]	11.6[2]
Nucleoelectric	0.5	2.0	8.0
Thermoelectric			
Methane	2.4	2.5	2.9
Solid fuels	4.1	6.7	22.4
Oil products	23.0	31.4	23.8
Total	42.2	53.1	68.7

[1] Conversion of kilowatt-hour on the basis of 2,200 Kcal per kilowatt-hour.
[2] In average hydrological year and from natural contribution.

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(millions of tons of oil equivalent)

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Total final uses	97.6	102.0	111.5
Total demand	146.9	165.0	185.0

[1] 860 Kcal per kilowatt-hour
[2] Excluding bunkerage, but including fuels for agriculture and industry.

53. The reference objectives for the evolution of total energy demand equaling 146.9 million tons of oil equivalent in 1980 are set at 165.0 million tons of oil equivalent in 1985 and 185.0 in 1990. An elasticity of energy consumption with regard to the gross domestic product equal to 0.7 is subject to these objectives. The situation of Italy's energy dependence on oil is, moreover, such that actions for its reduction, primarily saving and replacement of oil with coal and nuclear energy, are still necessary and urgent even if demand should increase at rates lower than the ones indicated and, absurdly, even if demand should be stabilized at present values or be reduced. This requirement releases considerably the principal actions to be carried out from the quantitative estimates of future demand for energy and confirms in any case the full validity of the actions themselves.

54. The figures indicated above are the result of the objectives broken down for the three sectors in which demand for energy consumption is organized: thermal energy, electrical energy for fixed uses, fuels.

55. A reference objective of 60.1 million tons of oil equivalent in 1990, compared with 58.3 million tons of oil equivalent in 1980 has been adopted for energy intended for thermal uses. The almost stable state of consumption, compared with a 3-percent increase in the previous decade, reflects the expected success of the actions of energy saving and replacement in the civil sector (residential and services) for uses of energy in the form of heat predominantly at low temperature, in the industrial sector for uses of heat at high and medium temperature and in the agricultural sector for use of heat at low temperature.

56. For electrical energy, the reference objective of consumption is 68.7 million tons of oil equivalent in 1990 compared with 42.2 in 1980, involving an average annual increase of 5 percent similar to the historic rate of the past decade. In this area, opportunities for saving are affected objectively. The assumed growth rate disregards factors of exogenous origin concerning the energy system, like an increase in the country's degree of industrialization, the process of industrial conversion to electronics, development of consumption patterns connected with a further development of the South.

57. With regard to fuel, the average annual increase in demand stemming from the objective adopted (30.6 million tons of oil equivalent in 1990 compared with 28.6 in 1980) is 1.5 percent. In the previous decade, the average annual growth rate was 8 percent. The more restrained dynamics assumed as objective also reflects the effect of technological innovations that reduce the consumption of fuel per unit of travel.

58. In view of the demand objectives indicated above, the plan anticipates, during the present decade, a sizable evolution of the distribution of energy supply by sources.

59. A comparison between the reference objectives for 1990 and the 1980 situation reveals, for each source, the following variations in the contribution with regard to total supply, including supply intended for meeting demand for nonenergy consumption:

A. Participation by coal in the overall supply increases from 8.5 percent in 1980 (12.4 million tons of oil equivalent) to 18.4 in 1990 (34 million tons of oil equivalent).

B. The participation of nuclear energy shows a 0.3-percent increase in 1980 (0.5 million tons of oil equivalent) to 4.3 in 1990 (8 million tons of oil equivalent). Both for coal and especially for nuclear energy, a subsequent contribution of the percentage quota will occur in the years following 1990 as the result of investment activities started in the time span of the plan.

C. Natural gas will see its share increase from 15.5 percent in 1980 (23 million tons of oil equivalent) to 18.9 percent in 1990 (35 million tons of oil equivalent).

D. New renewable sources, not present in 1980, will represent 1.1 percent of the total supply in 1990 (2 million tons of oil equivalent).

E. The other sources alternative to oil for electric energy production--hydraulic and geothermal--will drop from 7.6 percent in 1980 to 6.3 percent in 1990, with their contribution in absolute value remaining almost unchanged (10.9 million tons of oil equivalent in 1980, 11.6 in 1990).

F. The contribution of oil drops from 67.2 percent in 1980 to 51 percent in 1990. This reduction reflects the residual role assigned to oil. In spite of that, it continues to be by far the largest source.

Its weight in absolute value undergoes a decrease in 1990 (94.4 million tons of oil equivalent) compared with 1980 (98.8 million tons of oil equivalent), reaching a maximum around 1985 (105.4 million tons of oil equivalent) in connection with the commencement of operation of the production plants already ordered that use fuel oil.

It is obvious that any result in terms of replacement of the oil source and of overall reduction of energy consumption that can be achieved with the policies indicated in the plan will give rise to a subsequent reduction in the contribution of oil with regard to the above-indicated figures. This bestows on oil, in fact, the role of a residual source.

60. The evolution of the composition of energy supply as described above results from an effort at reasonable balance made on the basis of a verification of the conditions and times of feasibility and taking into account the experience of other countries. Previous formulations of the National Energy Plan were characterized by the assumption of strongly unilateral objectives, like the objective of a sizable development of nuclear energy. The more balanced and realistic consideration reflected in the quantitative reference objectives by source taken by the present plan indicates a line capable of being followed. But precisely because of this, even in the flexibility of the plan, detours along the way based on an indefinite and improbable search for optimum abstract solutions are to be avoided. On the contrary, the effort should be concentrated on the moment of implementation, once the path to follow has been recognized as reasonable.

61. The tendency to modify the composition of the spread of sources proves to be, from the above-indicated objectives, significantly important. Nevertheless, our situation in 1990 will still differ considerably from the situation that the other leading industrial countries will attain. In that year, Italy's dependence on oil will still be comparatively high. Compared with 51 percent in Italy, it will be 50 percent in Japan, 43 percent in the FRG, 42 percent in the United Kingdom, 40 percent in the United States, 28 percent in France. The gap between

Italy and the other countries will also be sizable with regard to the contribution of nuclear energy and total consumption in 1990: 5 percent in Italy, 7.6 in the United Kingdom, 9.2 in the United States, 11.6 in Japan, 30 percent in France. The contribution of nuclear sources to electrical energy production in 1990 will be 14 percent in Italy, 50 percent in Belgium, 75 percent in France, 36 percent in Germany, 20 percent in Great Britain.

Electricity Production per Source in the Years 1980, 1985, 1990[1]
(millions of tons of oil equivalent)

	1980	1985	1990
Imports	1.3	--	--
Hydro-geo electricity	10.9	10.5[2]	11.6[2]
Nuclear electricity	0.5	2.0	8.0
Thermal electricity			
Methane	2.4	2.5	2.9
Solid fuels	4.1	6.7	22.4
Oil products	23.0	31.4	23.8
Total	42.2	53.1	68.7

[1] Conversion of a kilowatt-hour on the basis of 2,200 Kcal per kilowatt-hour.
[2] In an average hydrological year and from natural contributions.

62. These differences will have a repercussion on the national average cost of energy, especially of electricity, and, therefore, on our industrial system's ability to compete.

63. With regard to electricity, unit costs (lire per kilowatt-hour) estimates of the more important sources--oil, coal and nuclear--that contribute annually in Italy 73 percent to the total supply of electricity, vary widely with regard to the calculation pattern and to the reference assumptions adopted. Economic evaluations made by foreign electricity agencies, like EDF [French Electric Company] in France and CEGB [Central Electricity Generating Board] in Great Britain and by ENEL, show a definitely greater degree of economy of nucleoelectric production in comparison with electricity produced by coal and fuel oil. The cost component pertaining to capital amortization is higher in the case of nuclear energy. Nevertheless, the investments are tied almost exclusively to engineering, manufacturing and construction activities performed in Italy by at least 80 percent. They represent employment opportunities, stimuli for economic activity, enhancement of the nation's labor force, in a top-level sector with fallout also on international markets. The import cost component, that is to say the one tied to fuel, has, on the other hand, little weight for nuclear energy in comparison with coal and fuel oil. The worsening of the balance of trade is almost insignificant.

64. Extensive areas of uncertainty in evaluating comparative costs stem from the evolution of the prices of energy sources. It must be borne in mind that the relative gap between oil and coal prices with equal energy content tends to decrease in the future. That may produce in the future the attractiveness pertaining to the two sources, because the cost of fuel is what determines the advantage of coal in the total cost structure of a kilowatt-hour. Nevertheless, it can be believed that, in the next decade, the price of coal will make it possible to maintain,

reasonably that, in the next decade, the price of coal will make it possible to maintain, although decreasingly, an appreciable advantage of the unit cost of a kilowatt-hour from coal in comparison with the cost from oil. The gap between a kilowatt-hour produced by burning coal or oil and a kilowatt-hour produced by burning uranium should become more pronounced.

65. On the basis of the present price structure, also including sophisticated processes of desulfuration and of smoke abatement for coal, the EDF estimates that the cost of a kilowatt-hour is 25 lire for the nuclear source, 50 lire for coal and 70 lire burning fuel oil.

66. In the above-indicated situation, any effort directed toward increasing the even limited contribution of national resources seems to be necessary. In spite of considerable resources allocated to exploration for hydrocarbons on our territory and offshore, it does not appear to be destined to increase to an appreciable degree. At any rate, it is necessary to intensify research activity, which can give rise to an increase of the national contribution, although in the long term.

67. On the basis of data available at present, an increased contribution of 0.9 million tons of oil equivalent must be taken into account for oil, in comparison with 1.6 million tons of oil equivalent in 1980. The rate of increase is, therefore, lower than the total supply. The national contribution of coal is limited to the Sulcis mines with an extremely low percentage ratio, 2.8 percent of the total for coal. National natural gas does not seem to have prospects for much expansion. In a long-term strategy, there should be a trend toward a gradual reduction of its extraction, in order to assign it a role as strategic reserve.

Actions

68. The actions to be carried out in the decade of the 1980's, in order to implement the plan's strategy, for attainment of its quantitative reference objectives, will be indicated analytically in the following paragraphs. The actions are arranged schematically by primary energy sources. The actions in which the same demand policy is expressed, with a view to conservation and rational use of energy, are also with reference to a source, in this case "possible" and not "real." In other words, energy saving is regarded, possibly, as a source whose use brings a specific contribution to a solution of the country's energy problem.

69. Among the energy uses of particular sources, prominence is given to the production of electricity, which is a sector still subject to expansion, owing to requirements of development and territorial rebalancing. The degree of penetration of electrical energy with regard to the consumption of fuels (hydrocarbons, coal) increased in Italy from 1973 to 1980. This trend will still go on, because the country's civil development is linked to energy forms, like electricity, provided both with high quality and easy distribution possibilities.

70. From this point of view, actions to be carried out with regard to rural electrification take on importance. At the end of 1979, inhabitants in places without electricity service were limited, respectively [sic], to 317,000 with seasonal residence. On the total exhaustion of funds already appropriated, the two [sic] figures will be reduced to 240,000 and 300,000. The present plan provides for

completion of rural electrification and further actions in underelectrified rural areas with a program in which recourse to renewable sources will be especially favored. The pertinent financial commitment is estimated at 540 billion 1981 lire.

71. The programs for modernizing the electricity transmission and distribution network take on equal importance. The voltage of the distribution network depends on the power of the powerplants, on the size of transfers to load junctions, [illegible] on reliability and reserve requirements. Ever since its first programs, ENEL has chosen for continental Italy development of a transmission and intertie network with a voltage of 380 kilovolts. This program is also confirmed for the medium term. In a not too distant future, it will be necessary to go over, in continental Italy, to a higher voltage level, already specified as 1,000 kilovolts. In Sicily and Sardinia, the level of 220 kilovolts seems to be adequate for the powers admitted by the powerplants and the distances over which transmission takes place.

72. The primary distribution networks are developed at voltages of 132-150 kilovolts. This level seems to be appropriate also for the long term. To summarize, the forecast of ENEL investments in the 1981-183 period in the transmission and distribution sector is estimated at around 3.5 trillion [lire].

73. The effort required for improvement of Italy's electrical system is concentrated, however, primarily on production. In the following paragraphs and in the appendices an analytical account will be given of the programs for making the contribution of electrical energy adequate during the span of the decade.

74. In view, however, of greater emphasis on actions in the electricity sector, the actions described below analytically take into account the generality of the forms of use in comparison with the overall situation of the primary sources.

Saving

75. Energy saving, regarded in the light of a possible source of supply, may represent, in 1990, the largest new contribution to Italy's energy balance. The actions that will be indicated have as their general objective of reference a reduction of consumption between 15 and 20 million tons of oil equivalent a year. This reduction [is] disregarded in the total consumption goals (165 and 185 million tons of oil equivalent) forecast respectively for 1985 and 1990. The actual final results and, therefore, the level that will be reached by the total energy consumption in 1985 and 1990 will depend besides on the active saving policies on the trend of the underlying variables, like growth of the gross domestic product, the evolution of oil prices, the reaction to variations in the prices in terms of consumption behavior by enterprise operators and family operators.

76. Attainment of the saving objectives entails a large number of actions, practically in every field of civil and economic activity. Support and incentive measures capable of rationalizing and accelerating the processes of adjustment to the new conditions caused by the energy crisis are more closely tied to national energy planning.

77. The incentive policies discussed here are the specific ones, like the ones approved in Bill number 2382, voted by the Senate and now being discussed in the Chamber, whose appropriations must be regarded as a first installment of the much

larger appropriations scheduled in the present plan. But other incentives are also found in the more general legislation on industrial policy, like Law 675 (the energy aspect is taken up in the finalized sector programs) and like the recent bill providing a fund for technological innovation and further measures for applied research. The close connection between the rational use of energy and the general industrial policy objectives occurs in response to two points: the individual system is supported by increasing its ability to compete and a mass of direct investments equalling three to five times the size of the incentive granted is activated.

78. Specific actions are scheduled for each participating sector. The following four directives are common to various sectors: incentives for changing processes, measures for efficiency control, dissemination of information, price policy.

79. With regard to inventives, they should pertain, in general, to research, innovation, demonstration projects, investments, technology transfer. Coordination of public action on the central, regional and local level takes on special importance.

80. With regard to efficiency control, rules should be devised to ensure minimum energy efficiency and to facilitate the introduction of devices making it possible to save energy. These actions will also have the effect, in not a few cases, of improving access by Italian products to foreign markets.

81. Concerning information, the following should be attended to: development of energy consultation and diagnosis services, training of energy experts, publication and distribution of illustrative material on the various methods applicable for achieving saving, establishment of data banks on energe conservation and on their applications, revision of the nation's energy accounting system, in order to obtain a better definition of the saving potentiality and, therefore, a better coordination and effectiveness of actions. Participation by local agencies, energy agencies and by other ministries in actions to be coordinated or promoted, or both, by the Ministry of Industry.

82. With regard to price policy, an important saving incentive effect will result from a guideline based on the criterion of "long-term replacement costs." More specifically, it will be necessary to operate with verying gradualness.

Revision of the prices of fuels, especially of the relative price of methane and diesel oil as replacements that often display a wide price spread although offering similar performances.

Revision of the price of cogenerated electricity, that is to say of the price paid by ENEL to the "cogenerator," in order to take into account the kilowatt-hour cost in the new plants.

Extension of a multihour system of electricity rates.

83. Now the specific actions are discussed, with their pertinent financial dimension, for the large action sectors: industry, civil residential sector, agriculture, transportation, cogeneration and remote heating.

84. Industry absorbs about 44 percent of the final consumption of energy. In recent years, the growth rate proved to be very restrained: an average annual rate of 1.3 percent, compared with a much more rapid growth of the total consumption of electricity (3.93 percent). However, with the substantial saving already achieved in the sectors with greatest energy intensity (chemical, iron and steel, cement), the application of conservation methods will make possible an average specific consumption reduction of about 10 percent in the industrial sector. That will lead to an annual saving in the industrial sector of 6 million tons of oil equivalent in 1990, indicated for guidance. The main actions to be undertaken pertain to attainment of production processes, adoption of technological innovations, development of demonstration projects, wise management of the use of energy.

85. The total government financing figure needed for carrying out the actions scheduled amounts to about 2.4 trillion lire per the period 1981-1990. Most of it, 2.3 trillion, will go to investment incentive directed toward energy conservation in the industrial sectors in the form of contributions in capital account or loans at a favorable rate. Also included is inancing for demonstration projects. Public incentive may induce a total investment of about 9 billion lire, which should be sufficient to attain the above-mentioned saving objective by the end of the decade.

86. The civil sector absorbs 30 percent of the final consumption of energy. The rate of increase of consumption has been much greater in the household sector than in the services sector, although there has been a slowdown of this trend in recent years. The plans actions provide for a rationalization of the use of energy by means of an improvement in the technical features of building and the performance of heating plants, optimization of the use of electric household appliances, limitation of the use of heating plants, dissemination of information to improve users' habits. In addition, recourse to cogeneration plants and use of renewable sources will be encouraged. Application of these actions will lead to an annual saving of about 3.4 million tons of oil equivalent.

87. Actions in the civil and residential sector require legislative and regulatory intervention, in order to remove barriers and to stabilize standards. In particular, adequate mechanisms are needed to subdivide costs (investments, maintenance) and benefits (reduced expenditures for energy) equally between owners and tenants. Government financing for the proposed actions is at 1.98 trillion lire for the period 1981-1990, in addition to which account is taken of the trillions for incentive of low-temperature applications provided for the "solar energy" sector (discussed in paragraph 167, below). The largest share pertains to incentives for improving existing buildings, with an objective of a 20-percent penetration of interventions by 1990. For new buildings, effective energy conservation action will entail improvements in the provisions of Law 373, although other instruments may be needed in case of more stringent requirements than the ones programed so far.

88. The agricultural sector absorbs about 2 percent of the final consumption of energy. Average energy consumption of the sector remains low owing to the still modest technological development of a large part of the farms. Progress in this direction will, therefore, involve an increase in the direct demand for energy. The need also arises in this sector for reducing dependence on oil by the adoption of saving methods and the use of renewable sources. The saving objective adopted for the agricultural sector is 0.4 million tons of oil equivalent in 1990. Better

maintenance of tractors and machinery and a more rational utilization of fertilizers will be especially encouraged. Allocations scheduled for carrying out the proposed actions in the agricultural sector amount to about 100 billion lire for the period 1981-1990.

89. The transportation sector absorbs about 24 percent of the final consumption of energy. It is characterized by use of motor vehicles and by an average annual consumption for motor vehicles lower than the European averages. The demand for passenger transportation, public and private, is, therefore, destined to increase at relatively high rates, especially in extraurban traffic. Freight transportation will also have a marked expansion resulting the process of industrialization of the South and from decentralization of industrial locations. This traffic will still continue for a long time to concentrated on highway transportation, because of the time and size of the financial commitment needed for a massive development of alternative systems of transportation.

90. The reductions in consumption that can be achieved by 1990 will come from the achievement of a transportation system, from reduction in the specific consumption of the individual means, from an improvement in the driving and maintenance manners of motor vehicles, from diversification of fuels. In addition, regulations must be introduced on the following: control of the energy consumption of all vehicles, appropriate rules for traffic in urban centers, uniformity of components in accordance with energy saving criteria, provisions pertaining to engine emissions and exhaust. Incentives are scheduled for development of prototypes and components of transportation means with low energy consumption and their initial industrialization, improvement of the energy efficiency of all means of transportation, development of recycling of means of transportation out of use. Finally, a series of actions will be planned for improving infrastructures in cities, for the freight transportation system, for air transportation. The saving objective in the transportation sector is estimated at 4 million tons of oil equivalent in 1990. Government financing for carrying out the proposed actions amounts to about 3 trillion lire for the period 1981-1990.

91. In the industrial sector, combined production has had, in Italy, a considerable development, even in comparison with the development of other industrialized countries. In 1979, self-production of electricity in combination reached 87 percent of industrial thermoelectric self-production, equal to 17 percent of the nation's thermoelectric production. In the civil sector, aside from the cases of Brescia and Reggio Emilia, there still are no examples of significant achievements. There is, however, a widespread interest by regional and local adminidtrations causing a consistent future development of these systems to be anticipated. In view of the long achievement times and the economic return, development of combined production is tied to accurate analyses of economic coexistence and the availability of adequate financing. The objective of massive saving attainable amounts to 3.8 million tons of oil equivalent in 1990. Public incentives for carrying out the proposed actions amount to about 500 billion lire for the period 1981-1990. Additional financial resources of community origin will be possible.

Coal

92. The objectives for 1985 previously indicated for coal give the actions to be carried out the nature of an ambitious, binding program. In absolute terms, coal is assigned the major role in the process of diversification of the sources of energy anticipated for the decade.

93. The present annual consumption of coal amounting to 18 million metric tons (equal to 12.4 million tons of oil equivalent) will increase, by way of guidance, to 26 million in 1985 (17.7 million tons of oil equivalent) and to 50 million in 1990 (34 million tons of oil equivalent). The objectives estimated for the middle and end of the decade are tied to an assumption of sustained development, especially for the use of steam coal (by ENEL powerplants, for industrial uses, for civil uses and for coal-oil).

94. The greatest progress to be made is in the field of steam coal. ENEL will have to accomplish the following, in addition to the present coal-fired powerplants with power amounting to 4.79 gigawatts electric:

Convert powerplants burning fuel oil at present to coal, for 3.7 gigawatts electric. Build new powerplants for about 17 gigawatts electric in time to put most of them in commercial operation by 1990.

The number of new establishments depends on the number of standard units of installed power in each one, also with regard to optimization of the costs of energy distribution. It is necessary to decide in 1981 on the location of coal-fired powerplants for a total of 6 gigawatts electric.

95. The increase in coal consumption in the industrial and civil sector is caused predominantly by conversion of existing plants. The objective raises no important technical problems--some sectors have already operated and are completing thorough changes, like the cement industry, for example--but it depends on the incentive system that will be adopted or on autonomous decisions by the administrations with regard to public buildings like hospitals and schools.

96. The major problems to be solved for achievement of the program concern supply, construction of receiving and distribution infrastructures, location of new plants, environmental control, development of new technologies on the use of coal, utilization of the Sulcis resources. By far the greatest effort, because of the logistic complexity required by the use of coal, lies in the sector of infrastructures: a huge financial outlay and, still more, a huge organizational effort.

97. Italy's coal requirements by 1990 are relatively modest, in comparison with world production (3.5 billion tons of coal equivalent in 1979) and with world resources (650 billion tons of coal equivalent). The probably sharp increase in world consumption requires a precise supply strategy with two basic objectives: reliability and price. That is to say that it is indispensable to aim at the following:

At long-term purchase contracts with the best qualified producers and sellers.

At engagement in research and direct production and also by means of possible shareholding participation.

At maximum diversification of the geopolitical supply areas.

Coordination between supply from commercial activity and from mining activity must be stabilized.

98. Achievement of a logistics system of infrastructures suitable for the amounts of coal to be moved, regardless of actions that must be carried out in the countries of origin and that give rise to no smaller problems, involves the following:

Availability of new ships for transportation.

Construction of maritime terminals for servicing ENEL powerplants and other civil and industrial uses.

Establishment of coastal storage areas and development of unloading and moving capacity of small-sized ports.

Suitability of internal transportation structures: waterways, railways and highways.

99. In order to minimize the negative effects stemming from an excessive dependency on the international charter market, Italy will have to increase its own number of large-sized ships for ocean transportation. In order to satisfy the anticipated coal supply, it will be necessary to have--in addition to the present fleets--20 more ships with 50,000 to 80,000 tons gross tonnage by 1985 and 40 more ships with 80,000 to 120,000 tons gross tonnage by 1990.

100. In accordance with a widespread rule of world shipping, one-third of the transportation will be accomplished in owned ships, while the rest is covered with medium- and short-term charters in equal shares. In addition, the availability of smaller ships must be provided for distributing coal to users on the coast and along inland waterways, especially along the Po. The program for making the fleet suitable for the new transportation requirements also is an important opportunity for the nation's shipbuilding industry, which can thus benefit from a considerable amount of orders.

101. Solutions alternative to sea transportation might be found in special circumstances, like coal that can be transported, for example, from Poland by means of a coal pipeline. Technical feasibility studies have been completed. Economic checking remains to be performed. This kind of infrastructure, in any case, can be competitive with regard to conventional transportation systems.

102. At least two large coal terminals are needed in Italy for receiving coal. Also, on the basis of the experience of other countries, they represent the most suitable structures for the supply of huge amounts of coal with large-capacity ocean-going ships. Each terminal will include several unloading points equipped, at the same time, for transshipment to lighters, ships and carriers for distribution by land. The terminals will be for the purpose of handling the requirements of ENEL and of other industrial and civil users and will be located on the upper

Adriatic and in the center-south along the Tyrrhenian coast. The Vado-Savona receiving port will support both terminals. It is capable of supplying the central Ligurian coast and of contributing to the needs of the Piedmont and Lombardy regions.

103. In addition to the terminals, construction of new coal-fired powerplants by ENEL is scheduled, within the framework of the construction program, with appropriate port structures for the needs of the individual plants close to which they will be located. Construction of coastal storage areas is also scheduled. They will be supplied by medium- and small-tonnage ships and will serve for distribution to smaller users.

104. For supplying users located on the Padua Plain, the most interesting solution provides for the use of the course of the Po and of the associated canals. Development of the Padua waterway systems is, moreover, a project with a broader scope, capable of meeting a large number of the area's requirements with considerable positive effects on the entire national transportation system.

105. On the basis of the locations of the leading consumption centers, it will be necessary to improve some rail sections and to acquire specialized cars for transporting coal. In addition, a supply of containers must be provided for motor vehicles for supplying by highway small users at a short distance from the marshaling yards.

106. The choices of functioning and location of the infrastructures are summarized in appendix C. These choices are obviously consistent with the guidelines on the location of coal-fired powerplants summarized in appendix A.

107. A strong endeavor must be devoted to the problems of an environmental nature, tied to the various phases of the coal movement and use cycle. Modern technologies make plants and procedures available that make it possible to contain the effects of coal on the environment within limits definitely below the values prescribed by law. The greater costs resulting from this will be no obstacle to the priority obligation of making the sharp increase in the use of coal compatible with the requirements of protecting health and of respecting the environment.

108. No less attention must be devoted to the problems of coal-fired energy establishments in terms of effects on the territory. Full coinvolvement of regional and local authorities will be a determining factor in their solution. That is the condition for the removal of obstacles to locations, taking into account the fact that coal-fired powerplants have experienced at time considerable difficulties, even with a simpler authorization procedure than for nuclear powerplants.

109. Research work is underway in many countries for the development of new technologies or the improvement of existing ones, for the purpose of expanding the coal penetration sectors. The efforts are being directed primarily toward increasing the output and flexibility of coal combustion. Thus, it will be possible to extend the types of coal that can be used in boilers and decrease negative environmental effects. The most interesting technologies pertain to the use of coal-oil mixtures, combustion with a fluid bed, production of synthetic fuels.

110. Mixtures of pulverized coal in fuel oil (coal-oil) are particularly attractive owing to the possibility of accelerating, in our country, replacement of oil with coal in the present oil-burning boilers. On the basis of studies and demonstration programs in progress, an objective of coal comsumption in this way has been taken on amounting to 0.2 to 0.5 and 0.5 to 1 million metric tons a year, respectively, for 1985 and 1980 [sic; should read 1990].

111. Combustion in fluid bed offers special advantages, because it makes it possible to burn low-quality types of coal and to reduce emission of pollutants by means of retention of the sulfurous anhydrie in the boiler and less formation of nitrogen oxides. In Italy, production of a 15-kilowatt [15-megawatt ?] electric fluid bed boiler in an ENEL powerplant in Sardinia.

112. Much attention is being paid to development of the technology for producing gaseous and liquid fuels from coal. The advantages result from the fact that products are obtained that are less polluting and have a wider range of uses than coal as such. Support and updating of demonstration projects for gasification of coal with low and medium heating power incorporated with thermoelectric powerplants using combined gas-steam cycle and for coal liquefaction should be found in the framework of the present plan. For this last-mentioned technology, Italian industry must not lose the opportunity of being incorporated in international programs. The possibilities of producing and using synthesis gas with medium and high heating power and methanol are also to be followed attentively.

113. In addition to deposits of lignite, being mined at present by ENEL, and some marginal resources of scant industrial interest, Italy's only option in the field of solid fossil fuels lies in the Sulcis Basin. Owing to its importance to the energy sector, the mining development project of that region must be supported and adequately encouraged. Its exploitation began recently. Economically recoverable reserves amounting to 57 million metric tons have been identified in the northern part of the deposit. Mining work is scheduled to start in 1981. At full rate, it will result in a production estimated at 2.8 million metric tons of washed coal a year. This degree of production can be doubled, if exploration of the southern part should produce favorable results.

114. Sulcis coal is a poor-quality coal with a high ash and sulfur content. These characteristics make its combustion in large amounts unlikely without desulfuration. Therefore, a project is now being prepared that, in case of positive results, will lead to the achievement of a production complex for synthetic fuels that will be able to absorb 2.8 million metric tons of washed coal a year in the initial phase. Other projects of an experimental nature are under study, like fluid-bed combustion, that might contribute to giving a positive solution to the problems of utilization of this national energy resource.

Nuclear Energy

115. The objectives assigned by the plan to the development of nuclear energy provide, for 1985, a 1.2-percent (2.0 million tons of oil equivalent) participation in the total supply of energy. For 1990, a 4.3-percent (8.0 million tons of oil equivalent) participation. These goals entail occurrence of the following events during this decade:

Full operation of the Caorso powerplant (850 megawatts electric) (see appendix 4 [sic; should read D]).

Completion of placing in operation of the two 1,000-megawatt electric Montalto di Castro units.

Construction and placing in operation of four more units with 1,000 megawatts electric each.

Acquisition of Italy's share (400 megawatts electric) of the electricity produced by the Superphenix (1,200 megawatts electric) breeder reactor powerplant, built in France within the framework of collaboration between France, Germany and Italy.

116. A period of about 9 years elapses between the location and placing in operation of a nuclear powerplant. The contribution of nuclear energy is destined to increase subsequently up to the end of the century. Therefore, actions pertaining to the construction of additional units that are to go into operation successively by 1990 must be started as soon as possible.

117. Crucial points for achievement of the program are: availability of technologies at a level consistent with the program's objectives and dimension, management of the fuel cycle from supply to disposal of the wastes, location of the plants. The existence of an effective, clear safety systems is a horizontal requirement and, in a special way, a determining factor, for each of the above-indicated points.

118. With regard to technologies, it is necessary to start from the fact that light-water thermal reactors are an affirmed industrial reality, with a high degree of economy and reliability.

In fact, 175 units are in operation with a total power of almost 117 gigawatts electric, an annual production of about 600 billion kilowatt-hours and a cumulative production of about 3.3 trillion kilowatt-hours.

119. Because of its tested collaboration relationships with the major world enterprises, Italian industry is capable of achieving the scheduled nuclear program.

120. The CNEN will carry out demonstration and industrial promotion programs, in accordance with what is specified in the 5-year Plan, in order to support the nation's industry in the process of active managment of licenses; in order facilitate coordination of the development and experimentation activities performed in Italy with similar activities in other countries; in order to enable the nation's industry to have better conditions of competitiveness also on foreign markets. Completion of the 40-megawatt electric Cirene prototype thermal reactor takes on special importance in this framework. It will enable the nation's industry to be better qualified as a potential supplier of entire nuclear systems on the the international level.

121. Achievement of the nuclear program and respect for the dates for the plants to go into operation require an accurate programing the various phases of construction of the new powerplants. The conclusions reached with regard to standardization of the plants, development of a unified program, coordination between the parties participating in the complex construction activity are set forth in appendix B.

122. Breeder reactors are in a advanced phase of the research and development cycle. They require, however, a considerable demonstration and learning effort, so that the possibility of their effective placing in the industrial production of electricity can be verified. Breeder reactors raise a technological challenge to which a knowledgeable and mature response must be given. What is involved is utilization of the energy potential of the uranium source in a much greater degree, by a factor of 50 to 60 times.

123. In Italy, a decision concerning the industrial use of breeder reactors is not of the present moment. First of all, it is necessary to have achieved and administered, for a suitable number of years, a sizable conventional nuclear program, in order to have the raw material--plutonium--required for making up the first fuel loads. It is also necessary to have acquired full mastery of the safety factor. It is, however, important to keep open, in this sector, the option of the presence of the nation's industry that is not subordinate in the context of a system of international cooperation. The following actions pertain to:

Maintenance of systematic, componental participation by industry and ENEL in construction of the Superphenix-1 powerplant.

Participation by the nation's industry in preparation of the reference project of Superphenix-2.

Construction of the PEC [Fuel Element Testing] reactor by CNEN as a research and development instrument on fuel for breeder reators, for experimentation on the safety aspects, for development of the capabilities of the nation's industry. CNEN has recently expresseed itself positively on this subject.

124. Italy's nuclear program in encountering no particular obstacle with regard to supply of the required raw material.

125. Verified uranium resources in the world with reasonable extraction costs amount to around 2.6 million metric tons, the equivalent of about 32 billion tons of oil equivalent, if these same resources are used in thermal reactors, and the equivalent of over 1.6 trillion tons of oil equivalent, if they are used in breeder reactors. Distribution of the deposits is rather widespread geographically. Therefore, coverage of the world's uranium requirements for supplying nuclear powerplants does not form an uncertainty factor.

126. At any rate, Italy has already been ensured of the availability of natural uranium in sufficient amounts to cover its needs up to 1995. In addition to existing foreign supply contracts (13,000 metric tons), it is possible to count on the use of detected national resources (1,500 metric tons) and on other resources that will emerge from ENI's mining exploration now in progress and on the reuse of reprocessed irradiated fuel.

127. Also with regard to enrichment services, availabilities for our country cover requirements up to 1995 and beyond. In fact, in addition to Italy's participation in EURODIF [European Diffusion Agency] (16.25 percent), there are contracts in existence with the United States and the USSR.

128. Access to availability of enrichment services results from the gap between the originally scheduled size in connection with a large Italian nuclear program and the very modest achievements. This involves the tying up of orders amounting to several trillion lire. In view of the "strategic stock" nature of this availability, public financial intervention seems to be necessary for covering the financial burdens generated. On the other hand, actions are in progress for decreasing those tieups. A reduction of Italy's participation in EURODIF (from 25 percent to 16.25 percent) has already been implemented. In addition, an attempt is being made to put part of the available enriched uranium on the market, although the prospects do not appear to be favorable, at least in the short term.

129. There is also an excess national production capacity for the fuel manufacturing phase by thermal reactors. This is because of the already mentioned delays in implementing the nuclear program. The plant of the Nuclear Fabrications Company (a subsidiary of AGIP [National Italian Oil Company] Nuclear) has been activated only up to half its capacity: 200 metric tons of fuel for BWR [Boiling Water Reactor] reactors. In 6 years of operation, it has run with an average utilization facor of about 25 percent. In the future, based on the requirements of powerplants scheduled to be in operation by 1990, the present plant, whose saturation is foreseeable, will be adequate for assembling fuel elements for pressurized water reactors (PWR).

130. With regard to breeder reactors, construction is scheduled, in Italy, of units for producing (2 to 4 metric tons a year) of mixed oxides fuel intended for supplying the Superphenix reactor within the framework of Italy's participation in thos project and for supplying the PEC reactor.

131. With regard to the fuel cycle after use in the reactor, operation of the powerplants provided for by the plan entails solution of problems concerning the following:

Irradiated fuel to be reprocessed.

Low-activity wastes and various kinds of component material irradiated and to be conditioned.

High-activity radioactive wastes to be conditioned and, after surface storage (30 to 50 years), to be placed in permanent storage areas.

132. While awaiting reprocessing, irradiated fuel unloaded from powerplants will be stored in special collection pools, possibly in a centralized place. Then a reprocessing plant must be provided. The plan for national nucleoelectric powerplants has, up to the middle of the 1990's, too limited dimensions to justify installation of a this kind of plant. Meanwhile, reprocessing will be performed in existing plants abroad. At any rate, the following has been provided: execution of the preliminary project for a reprocessing plant on an industrial scale; use of CNEN's EUREX [Enriched Uranium Extraction] plant for pilot reprocessing runs of fuel coming from thermal reactor and use of CNEN's Itrec pilot plant to complete acquisition of knowledge on the reprocessing technology.

133. For low-activity wastes, the problem of temporary storage after conditioning comes up in the short term. Complete activation of the plants of the Nucleco

Company is scheduled for this purpose for conditioning and definitive systematization of radioactive residues with low and medium activity coming from nuclear powerplants in operation.

134. With regard to high-activity radioactive wastes, the problem will come up after 1990 for small amounts, pertaining to fuel reprocessed abroad; at the beginning of the next century, for wastes that will be produced in Italy in the planned reprocessing plant. While, on the one hand, the pilot plants for conditioning the high-activity residues that will be admitted to the EUREX and Itrec plants are already in the planning and inactive experimentation phase, on the other hand research is continuing to locate the geological formation most suitable for final storage of the high-activity radioactive wastes.

135. Location of the plants has been, up to now, the critical point of Italy's nucleoelectric programs.

136. Together with a more mature knowledge of the energy issue, a new readiness to receive nuclear establishments is now emerging. The part played by the regions is contributing in a determining way to this positive development. The most recent phase has seen the coinvolvement and participation of feasibility factors, starting with the site problem, of the nuclear program. Closer relations between regions and local agencies on the one hand, the government and energy agencies on the other hand has made it possible to bring to light the relation between energy and development, in its various territorial dimensions. Regional energy plans are being prepared within the national development plans. Agreemens have been stipulated between regions and national energy agencies. Others are in process of being made. Conditions of consensus for the nuclear option are maturing in this framework.

137. At present, some regions are ready to play host to nuclear plants. Now it is necessary to tackle with these regions the problems of location of specific sites. For that purpose, joint region-ENEL-CNEN committees will have to activates, as has already been done partially, for probing of a technical nature in the soils included on the map of sites and surveys of a socioeconomic nature on the chosen areas. The situation of the options for nuclear establishments is presented in appendix A.

At any rate, the effectiveness and clarity of the response to problems of safety, of the environment and of the territory, to which a separate chapter in this plan is devoted, will be critically important. Also with regard to sites for mining of uranium resources on national territory, the pertinent problems will be solved in the framework of sure guarantees after exhaustive research on safety and ecology.

138. Fusion processes are looming up on the horizon of energy potentialities of nuclear origin. Development of technologies for producing nuclear fusion require considerably long time and sizable investments. The first significant construction of plants for experimentation of the system is scheduled toward the end of the century. Demonstration plants for production of energy may be available in one or more subsequent decades.

139. CNEN's 1980-1984 5-year plan provides for development, within the scope of community collaboration, of Tokamak-type magnetic confinement machines. It also provides, in the inertial confinement fusion sector, for maintenance of a level of activity that will make participation in possible international initiatives feasible.

Natural Gas

140. Natural gas contributed 14.5 percent to covering the nation's energy requirements in 1980. The 1990 objective is to increase that contribution to 18.5 percent. In absolute value, compared with a present consumption of 28 billion cubic meters, the corresponding levels for 1985 and 1990 will be, respectively, approximately 35 and 43 to 45 billion cubic meters.

141. The major problems in carrying out this program are use of national resources, supply from abroad, infrastructures, programed control of the development of consumption in various sector and reliability.

142. The maximum effort will continue to be made in a search for new resources on national territory. For this purpose, it is necessary to adjust regulations to favor the implementation of exploratory plants by public and private industry and and to enable operators to set up funds with reduced taxes for the purpose of reestablishing reserves depleted by consumption. Prospects are not favorable for new sizable findings in Italy. That suggests assigning to existing deposits an increasing role of modulation of annual availability and of the strategic reserve, setting as an objective for the national contribution to be reduced from 13 billion cubic meters (1980) to 7-8 billion in 1985. Greater recourse to national reserves may, however, become necessary in connection with difficulties in the supply of gas from abroad, for technical reasons, market crisis or interruption of supply contracts. This kind of plan is based on a coordinated management of all the nation's resources, including stocks in storage, on development of these resources and also on larger production plants in preparation of new deposits to be used exclusively for supply.

143. Supply from abroad (15 billion cubic meters in 1979), already large, is destined to more than double by 1990. So large an increase may occur, if, in the future, a reasonable competitiveness of gas with the alternative fuels is maintained and it proves, at any rate, to be compatible with the size of the reserves existing in the supply areas. These areas are located by Italy's geographic position and by the links consisting of the kind of economically valid transportation infrastructures (methane pipeline or facilities for transporting liquefied natural gas). These geographic areas indicate the following as leading suppliers: north African countries, western African countries and the Middle East, countries with a socialist economy and north European countries.

144. In the light of existing conflicts and of requirements for geographic diversification and supply reliability, the following is the distribution of supplies from abroad, in 1985, in billions of cubic meters: Lybia, 2-3; Holland, 6; Soviet Union, 7; Algeria, 12; for a total of 27 to 28 billion cubic meters.

145. Coverage of requirements by 1990 also has the possibility of being ensured. Distribution of supply by that time naturally presents greater uncertainty factors:

The increase in requirements, compared with 1985, amounting to about 7-10 billion cubic meters, can be obtained with the contributions of some of the present supplying countries, like Algeria, Lybia and the Soviet Union, or from countries not yet active suppliers, like Norway, Nigeria and still others. The choice has not only commercial aspects, but also political-strategic aspects. In fact, it is necessary to maintain a large number of supply channels for the purpose of reducing vulnerability, which, in the case of natural gas, is especially high for each individual relationship. Moreover, the maximum amount imported from each individual country must be limited in such a way that a possible failure can be handled, for at least 6 months, with national reserves and structures prearranged for that contingency. The possibility of operating in coordination on the European level, especially with regard to supply from the Soviet Union and from North Africa, takes on considerable importance in this situation. A subsequent integration of the European network of methane pipelines may represent a safety factor in this connection.

146. The main infrastructures provided by the plans for acquiring, receiving and distributin natural gas are:

Completion of the Algeria-Italy gas pipeline and its incorporation into the existing national and international network.

Construction of structures on land for transportation and primary distribution of Algerian gas to large users.

Improvement of the existing receiving and regasification terminal and possible construction of new GNL (liquefied natural gas) terminals that would become necessary in case of new GNL imports in addition to the ones scheduled from Nigeria.

Construction of urban distribution networks in the South.

Development of methane pipeline networks on national territory.

Development of storage systems both for purposes of modulation and of establishment of strategic reserves.

147. An attempt is in progress by some producing countries that have found support in OPEC headquarters to bring about a price increase, supporting parity of the calorie cost of gas with the calorie cost of crude oil computed FOB the producing country. Implementation of that kind of point of view, which does not take into account the diversity of user markets or of the greater costs of transporting and distributing gas, would redimension the capability of gas for penetrating the energy market. The lack of flexibility and the size of gas supply contracts in terms of amount of energy and of economic-financial commitment make it necessary to continue a search for better protection by means of the encouragement of coordinated action with other consumer countries in the framework of the European Community, for which Italy may function as a vehicle for African gas, and by means of the crystallization of a consistent community policy with great contractual force and uniformity in the sphere of common interests.

148. With regard to natural gas intended for producing electricity, provision has been made for the construction of turbogas plants with a power of about 800

megawatts electric, under construction or authorized, and some others already planned with a power of 950 megawatts electric. Thus, the power of this kind of plant, to be used to meet peak demand for electricity, will amount to about 2,700 megawatts electric. These powerplants can use diesel oil or gas as alternatives.

149. The methanization of the South, being implemented in the framework of the specific program, takes on special importance. Availability of sizable amounts of natural gas will motivate the location of industries and the changeover to methane by existing ones and may satisfy the energy needs of 3 million families already around the middle of the 1980's.

150. Development of natural gas consumption, in accordance with the indicated guidelines, might turn out, subsequently, to be changed, if it is placed in an anomalous situation of domestic prices incapable of reflecting the cost of substitution of the supply of gas or of alternative sources of energy.

The criteria for determining the prices of gas for the various final uses must be consistent with the guidelines of the plan with regard to energy saving, replaceability or priority of use.

Hydroelectric and Geothermal Energy

151. Hydroelectric energy contributes about 7 percent to covering the nation's energy needs, with a production of about 45 billion kilowatt-hours, equal to almost 25 percent of the total electricity produced. The 1990 objective is to increase this production to 50 billion kilowatt-hours. This entails accomplishment of the following by 1990:

Construction and placing in operation of a large number of the plants that ENEL has singled out as technically possible.

Reactivation of small ENEL electric powerplants currently not used.

Modernization, development and coordination of existing plants, and also construction of more small hydroelectric powerplants by municipalized establishments, self-producers, private companies and various ENEL agencies.

152. The ENEL program for exploitation of the country's residual water resources for energy purposes has come up with the possibility of constructing 73 new powerplants, by means of well-founded analyses. They could yield a natural production of about 7.5 billion kilowatt-hours. Their implementation, within the framework of a rational, multiple use of water, is tied to overcoming difficulties varying in nature and especially local opposition. In the past, for economic reasons, a certain number of small hydroelectric powerplants were inactivated. Under the new conditions of energy economy, six have been reactivated for a total contribution of about 17 million kilowatt-hours. Reactivation of five more has been started for a further contribution of about 14 million kilowatt-hours. Reactivation of 45 more powerpolants, with an average total production capacity of about 82 million kilowatt-hours, is proceeding. This restoration will take place gradually over the years until 1984.

153. In order to promote utilization of small waterfalls, also in a situation of the promiscuous use of water, the following is provided in Decree-Law 2382: liberalization of plants up to 3,000 kilowatts that can be built and operated by private companies and agencies other than ENEL, granting of financial contributions for construction, development or reactivation of powerplants. This additional contribution has also been taken into account in drawing up the 1990 objective.

154. Geothermal energy contributes about 0.4 percent to covering the nation's energy needs. The predominant part of this contribution comes from utilization of the Tuscan basins for the production of electricity: 440 megatwatts electric with the production of 2.5 billion kilowatt-hours a year, equal to about 1.6 percent of the nation's electricity production.

The 1990 objective is to bring the total contribution of geothermal energy up to 0.6 percent of the nation's energy requirements. This entails the following:

Construction and placing in operation of new geothermoelectric power plants for an additional 1.5 billion kilowatt-hours a year.

Formulation and implementation of measures for the utilization of geothermal energy in nonelectrical uses, up to a value equal to 0.3 million tons of oil equivalent a year.

155. Present estimates indicate, for the geothermal reserves suitable for producing electricity, that is to say for the flows that can be extracted at temperatures above 130°C, a power value of 1,000 megawatts electric (including the 440 megawatts electric already exploited). In view of the objective set for 1990 (increase of 200 megawatts), the uncertainties on the nature of the flows in the basins and environmental links must be taken into account. Moreover, the technical time needed for developing the projects, from obtainment of the mining permit to the first production of electricity, is not short. This time is on the order of 7-8 years in the case of so-called steam systems and may extend to or exceed 8 to 10 years in the case of hot water systems.

156. Geothermal reserves with a low enthalpy (that is to say pertaining to fluids extractable at temperatures below 130°C) are large. Their utilization makes it possible to supply heat directly to industrial, civil, agricultural and zootechnical sectors. Utilization of these resources depends not only on the availability of geothermal springs, but also on factors of usability in place, in view of the difficulties in transferring the heat over long distances. The advisability of utilization is, therefore, evaluated case by case, also with reference to other sources of heat available locally (cogeneration, thermal wastes, thermal solar source). Nevertheless, based on verified potentiality (several million tons of oil equivalent) and with reference to possible users, the objective of constructing powerplants, in the decade, for the utilization of geothermal fluids with a saving capability of 0.3 million tons of oil equivalent seems reasonable.

157. With regard to utilization of dry hot rocks, it is difficult to predict the energy contribution that may be obtained from this. Studies have only started and there are many problems to be solved, like promotion of hydrothermal systems and methods of utilization.

158. Development of geothermal energy in Italy requires new legislation directed toward facilitating the obtaining of authorizations for operations and toward specifying the role of local agencies with regard to geothermal fluid uses. Moreover, geothermal energy is regarded as being among the renewable sources for purposes of financing intended for encouraging application in the civil residential, industrial and agricultral sector.

Solar

159. The contribution of solar energy to the energy supply turns out to be about 1 million tons of oil equivalent, at present, by means of using firewood included in the energy balance among solid fuels. The 1990 objective is to increase the total contribution of solar energy, in a wide variety of forms, to at least 2 million tons of oil equivalent.

160. Utilization of solar energy can take place directly by obtaining thermal or electrical energy from solar radiations, and indirectly (wind energy, thermal falls, biomass). The various technologies appear today in ways quite differentiated by degree of industrial maturity, by opportunity levels (utilization sectors, forme of energy produced, amount of potential contribution), by links with dissemination, by economic advisability.

161. Solar technologies are still in a highly evolutive phase. Therefore, there is a requirement for sizable investments in research, more than proportional to the contribution that this source will make to covering the nation's energy needs in 1990.

The National Energy Research Plan, for the 1981-1985 5-year period, provides for expenditures amounting to 265 billion lire. The National Energy Plan, in addition to taking over the research objectives formulated in the PNRE [National Energy Research Plan], proposes to maximize the contribution of those technologies offering prospects of economic validity, by means of encouraging demand of users and industrial promotion. Therefore, priority is assigned to solar energy for thermal uses, to photovoltaic conversion, to wind energy and to applications pertaining to biomasses.

162. The plan aims at a rapid expansion of solar energy for low-temperature thermal uses, especially for the production of sanitary hot water and for use in public and residential buildings and in tourist and sports facilities, with the resultant installation of about 1 million water heaters by 1990. In order to attain this objective, actions will be implemented for encouraging demand and for supporting development of the innovation.

The following are provided for in particular: both incentives in favor of users and promotional activities by ENEL and ENI (consultation, financial advances, and so on), advertising activities and dissemination of information by regions, establishment of a quality control service concerning systems and components, research and development for the production of panels with higher characteristics, suitable for air conditioning applications, actions for the specialized training of installers and reliability of service and maintenance.

The scheduled initiatives include installation of collectors by means of granting incentives and preparation of demonstration programs coordinated between ENI, ENEL, CNEN and industry.

163. The uses of solar energy for obtaining fluids at medium temperature are valuable, but the technologies required are more complicated and expensive (concentration distribution systems). The cost of the energy produced is especially high. The guideline is to maintain a presence in the sector with technological development initiatives and especially initiatives of industrial promotion, in order to reduce costs of production of the system and of its components and to improve efficiency and operational reliability by means of the use of demonstration plants.

164. Production of electricity thermodynamically (systems with towers and field mirrors and system with distributed collectors) is based on well-known and tested technologies. In this sector, Italy boasts of initiatives with absolute international value. High production costs and the relatively modest margins for reducing them, however, cause limited room for development to be anticipated for this technology. Photovoltaic conversion offers more interesting prospects. A strict technological development strategy aligned with development in other industrial countries is needed. The technology of silicon and plants with "flat" collectors with modular size, able to be connected to the electrical network, will be developed on a priority basis. Experimental plants will also be produced and the opportunities disclosed by the international market, especially by the energy countries, will be cultivated.

165. Wind energy presents interesting indicative prospects internationally. Italy's interest is more limited, owing to the scarcity of areas with strong, constant winds. There is, however, room for a coordination experimentation and demonstration program in the field of large mechanical devices with a size greater than 1 megawatt and development of medium- and small-sized machines.

166. In the field the the utilization of biomass for energy, that is to say organic matter of vegetable or animal origin (coming primarily from agricultural compost and not used for food purposes or as raw material for industry), we are aiming primarily a developing those technological applications already mature for applications on a large scale. Some biomasses lend themselves to conversion into biogas by means of anaerobic digestion. This process makes it possible to activate a gas with a high percentage of methane and a residual with excellent fertilization qualities. Therefore, the process also makes possible optimum disposal of organic sewage liquids. Another form of utilization of solar energy is production of alcohols for chemical uses or as substitutes for gasoline in motor vehicles, on the basis of agricultural products and biomass. Incentives are provided for in all these areas for the use and development of adequate demonstraton programs.

It is necessary to develop the structures of CIP [Interministerial Price Committee] and to extend the supervision system to diesel oil. In view of greater certainty for operators, the state will be able to impose stricter rules with regard to supply plans binding for companies and the holding of supplies.

For purposes of ensuring routine management of oil emergency situations resulting from possible unforeseen supply crises, the country should provide itself with an emergency plan for overcoming in an orderly way the serious problems that might arise. Management of the emergency is prearranged in time both with regard to the agencies and the instruments used both legislative and administrative.

Oil

168. There can be no misunderstandings on the need for a binding, innovative oil strategy, although the actions concerning oil have, in the plan, a different sign from the actions designed for the other sources whose contribution we aim at increasing and motivating. Reliability and low cost of supplies and rationalization of uses raise complex challenges requiring a sizable effort by the government and operators.

169. The quantitative reference objectives already indicated, with a reduction of the contribution in the decade from 67 percent to 51 percent and maintenance of consumption by 1990 around the same levels as at present (around 100 million metric tons), leave a role of primary importance for oil. For a long time, oil will still be one of the crucial factors in the country's economy. The actions provided for by the plan, therefore, are strongly binding by nature. They cannot be lessened by the role of closing source assigned strategically to oil.

170. The basic problems concerning reliability of oil supplies are located more in the international sphere than in the national sphere. Export policies of the producing countries, raw material prices, discovery and availability of new resources, political and international crises, unforeseen techniques are only some of the factors acting on an international scale that can cause very strong repercussions in the supply system. Therefore, what is needed is Italian action conducted by state agencies and by public and private operators, according to their respective roles, in order to carry out pertinent actions in the sphere of IEA, EEC and toward OPEC and other international levels, also for the purpose of developing cooperation and common programing strategies of demand and supply with the producing countries.

171. Pursuit of conditions of better economy for oil supplies is basically important to the nation's balance of payments.

172. The following is required for an effective supply strategy capable of ensuring continuity and regularity of flow and of minimizing foreign exchange outlay:

Expansion of research and production activity abroad by means of maximum diversification of geological and geopolitical operating areas.

Diversification of the number of crude oil suppliers. At the same time, a broader and more flexible commercial maneuver will be encouraged internationally that will be capable of handling situational fluctuations and that take into account OPEC policies tending to promote the process of exporting products rather than crude oil.

Search for understandings with producing countries and with their agencies for the achievement of flexible agreements based on the following:

a. On an exchange of raw materials for services, plants, goods with a high technological content, also outside the oil cycle.

b. On actions or participation by Italian industry in local refineries or other activities in the oil cycle.

c. On actions by agencies of the producing countries in the national oil industry for the utilization, possibly in the form of association, of refineries or distribution systems or other sectors.

173. The following are also necessary for purposes of better diversification and flexibility of the supply system:

Evaluation of feasibility and economy and, in a positive case, achieve agreements for long-term supply of LPG [Liquefied Petroleum Gas], and, consequently, the receiving, storage and distribution structure for this product.

Evaluation of the economy of supplies and, in a positive case, achieve agreements for the supply of methane to be used as a complete or alternative fuel on the national market, also with appropriate support actions.

174. New, strong encouragement must be given to oil exploration in Italy.

Geological evaluations concerning the future contribution of domestically extracted crude oil indicate small values for the requirements; a few million metric tons a year. Even in the limited amounts, oil obtainable in Italy has an obvious strategic value. Innovative topics will be pursued from a geological point of view, operational point of view (deep seas, deep drilling) and technological point of view (heavy oils, bituminous schists, advanced recovery).

It will be necessary to adjust current regulations, in order to promote the establishment and implementation of organic, systematic exploration programs and to enable operations to restore reserves.

175. The structures and production capacities of Italy's oil industry will have to be modified, in order to cope with the development of national demand for oil products, opportunities for exports, forecasts of penetration of new foreign products on the Italian and the international markets, the quality of available oil. The following will be especially necessary:

For the refining system:

Making, within the framework of coordinated decisions, of investments for the secondary conversion plants needed for optimizing output toward lighter products, directly from crude oil or by means of reprocessing heavy fractions.

Rationalization of the system, limiting the primary conversion plants and favoring elimination or reconversion of obsolete production capacities.

Adjustments for processing heavy crudes.

For the storage system:

Increase of capacity and flexibility conditions and rationality, developing them in such a way as to handle conditions of operational emergency and of strategic reliability and to meet requirements for an economical system.

For the distribution and logistics system:

Revise the system by means of incentives needed for investments directed toward rationalization of logistic facilities (oil pipelines) and of the network. The objective desired is an increase in the average output per plant, in order to come up to European standards.

176. It is a basic requirement of reliability and operational effectiveness for a number of operators, especially those who have direct access to oil, to remain on the Italian market. It is also in the national interest to admit new supply enterprises directly or indirectly connected with producing countries and the stability of interventions on the market is especially important, preventing withdrawals or insertions motivated exclusively by speculative objectives.

177. Adequate conditions of reliability of oil supplies from abroad cannot be achieved, if the real cost of the supply of raw materials needed by the country is not equitably recognized by the domestic market. The oil price policy should, on the one hand, make a situation of certainty possible for operators present on the market and, on the other hand, with regard to supply plans by the companies.

Safety, Environment, Territory

178. The political decision to guarantee man's safety, protection of the environmental values, uniform development of the territory are inseparable from the energy plan. This decision will not be subordinate either to economic cost calculations nor will it be instrumental in obtaining consensus. It is in accordance with the obligation ratified by the Constitution, especially article 32.

179. Danger, which is structurally tied to every human activity, presents varying intensity and quality in the energy sector, along a scale that ranges from the values peculiar to the traditional industrial activity to the high values connected with nuclear activity. The danger can, however, be controlled. Methods for controlling the danger are known together with the very technologies involving acute degrees of danger and they have brought about, also thanks to the experience accumulated over the years, progressively wider safety margins. Development and full utilization of these techniques are part of the energy program. In particular, with regard to nuclear energy, the CNEN is responsible for developing simultaneously industrial promotion, research and activity of safety.

180. The technology of thermal reactors (using light water and other types) has reached high degrees of reliability from the point of view of safety. The storehouse of knowledge and experience has continued to be enriched in the span of 20 years, during which the cumulative production of electricity by nuclear energy has exceeded 3.5 trillion kilowatt-hours, equal to 20 times Italy's total present production of electricity. This storehouse is available in our country and can further be fed by the constant flow of research and experiments performed and by the operation of plants. The decision to take on a unified project for the package of powerplants provided for by the plan will contribute to a refinement of safety methods.

181. Activity in the sector of safety includes actions of a regulatory and operational nature and in the sector of information.

182. In the field of regulations, Law 185 of 1964 on "safety of plants and protection of the health of workers and the public against the dangers of ionizing radiations resulting from the peaceful use of nuclear energy" will be updated. Account will be taken of the experience obtained during its application, of the internationally established standards, of the recent EURATOM directive concerning radioactive protection, of the evolution of competencies resulting from the health reform.

183. A new discipline will be established with regard to the safety control agency, by means of the establishment of an agency provided with full independence to which the resources operating within the scope of the Safety and Protection Directorate (DISP) of CNEN will be transferred. The competencies of the new agency will be coordinated with the agencies operating under the national health service.

184. Reorganization will be proceeded with for the purpose of a more efficient administration of safety, of the competencies in the hydrographic, hydrogeological, meteorological, seismic and ecosystems analysis sectors, which are fragmented and scattered at present.

185. In the field of operations, encouragement will be given to the research and development effort by CNEN on topics pertaining to safety. CNEN's 5-year plan schedules investments amounting to 250 billion lire in the sector of private reactors. Knowledge resulting from the activities conducted by the EEC on safety and financed by specific community investments will be acquired.

186. Attention will be paid to updating action plans in case of emergency, whose discipline was defined recently. Local health facilities will be prearranged and activated and coordination will be organized between the agencies concerned with handling emergencies, with periodic operational checks.

187. In the field of information, it is necessary to bear in mind that with regard to safety objective measures and actions are not sufficient, but rather they have to be accompanied by a subjective awareness of the safety conditions by the collectivity. Therefore, it is indispensable to make data and documentation on various aspects of safety accessible to the public. Moreover, safety cannot be regarded as guaranteed by the mere issuing of laws and technical regulations. It is the expression of a maturity and a culture that sees the involvement, each one in his own role, of all those who, by legislating, approving, planning, exercising or controlling, are called upon to bear witness to the level of safety with which the dangerous activities are planned, built and operated. With regard to nuclear powerplants, information centers in which the public will have the possibility of becoming directly familiar with data pertaining to safety but that must be a place selected for civil dialogue and discussion of opinions will be essential instruments.

188. The obligation of ensuring man's safety is supplemented with the use of protection of environmental values. Problems of the effect on the environment of the use of various energy sources are particularly important in our country owing to the high population density, to the concentration of production activities and of urban installations on the plains and along the coasts.

189. The situation with regard to regulations, standards and technical control structures in the field of the effect of energy activity on the environment requires a process of updating, rationalization and completion. Account must be taken of provisions of a community nature. The EEC has approved a directive concerning the sufurous anhydride levels of particles suspended in the atmosphere. In addition, another directive providing for "environmental impact evaluations" (VIA) for any industrial project of a certain size is in process of being approved. This second directive prescribes the preparation of specific reports to be submitted to the control authorities and for consultation by the inhabitants of the areas concerned. Therefore, it will also be applicable to large energy production plants. Actions will be carried out regarding the various energy sources: extension of environmental monitoring activities, intensification of studies and experiments on the disposal of residual heat from thermoelectric powerplants, for the purpose of checking on the compatibility of new plants with the aquatic ecosystems and on the reliability of methods of direct discharge into the atmosphere (wet towers, dry systems and mixed-type systems), encouragement of activities for using residual heat in the field of agrothermy and aquaculture, construction of remote-heating networks and promotion of systems of cogeneration of electrical-heat energy.

190. In addition to the aspects concerning protection of the environment, problems arise with regard to the relationships of large energy establishments and the territory.

191. Establishment in a given area including large electricity generating plants gives rise to factors of concentration and polarization that affect the equilibrium of the territorial situation. The plan's strategy provides for rebalancing actions based on the concept of complete development of territories with the presence of many energy facilities. It is a question of making other production activities grow, together with the construction of powerplants, of especially developing agriculture, of improving the territory ecologically, of providing it with more extensive services.

192. Plans for integrated development of territories with large energy establishments will be the responsbility of the regions and the local authorities with appropriations handled by the state budget. After consultation with the regions, amendments to Bill Number 2383 have been prepared for the purpose of providing contributions on capital account in accordance with location decisions and current annual contributions during the operating period of the powerplants. Thus, incentive mechanisms will be created that, far from being a kind of risk indemnity, will open up great possibilities for development and management of the territory.

193. The going into force of the recent law number 309 enables ENEL to promote the establishment of companies or consortia with public and local agencies. It will therefore become possible to establish a company, already budgeted, with participation by ENEL, CNEN and the regions (SITI [Integrated Intensive Territorial Development] company) for the purpose of making an operational engineering instrument of the territory available to the regions and local collectivities. Although the decision-making power of regional and local authorities remains unaffected, the SITI company will facilitate the entrepreneurial initiatives of the state's financial course in the above-indicated manners. That will be able to connect its own action with the action of similar initiatives existing on the regional level.

Resources

194. Implementation of the plan entails a sizable use of resources, in view of which an improvement in the general situation of our economy, especially with regard to its development, will be brought about with a definitely positive effect.

195. Table 4 contains estimates of the total financial resources to be used during the decade in accordance with the guidelines and to achieve the plan's objectives. In 1980 lire, it is a question of over 88 trillion, including the appropriations provided by the National Energy Research Plan (PNRE). The following will contribute to the formation of the required financial funds: the state's budget, the budget of the national energy agencies, EEC financing. The amount for investments indicated above includes a little less than 10 trillion lire for investments abroad by ENI in the oil and natural gas sectors (tables 2C and 2D). The pertinent financing will take place also with special transactions, like foreign to foreign transactions, depending on the specific characteristics of those activities.

196. The state will be directly responsible for the sums intended for incentives for solar energy, saving and rational use of energy (2.98 trillion lire in the 1981-1983 3-year period; 9.38 trillion in the entire decade) to which should be added the more than 2.7 trillion lire for research. The state Treasury will also intervene, indirectly, in supporting the expenditure for investments of the energy agencies. This will be by means of contributions to the endowment funds of ENEL and ENI and financing to CNEN.

197. The largest part, by far, of the resources needed by ENEL and ENI for investments in the energy sector will be derived from their respective budgets, that is to say from the proceeds from electricity sales, from oil products and from natural gas.

These proceeds are tied to system of regulated prices and rates: administered and supervised prices with regard to oil products and natural gas placed on the domestic market by companies in the ENI group, rates for electricity produced by ENEL.

198. Need for an energy price policy that will transfer to the consumers price increases occurring at the origin has constantly been stated in international centers. Also in the case of Italy, with the exception of some arrangement of a social nature and other for limited production sectors marked by exceptional situations, this policy has no alternatives. If it should be decided to follow a different line, price increases not passed on to the consumers would end by burdening public finances, aggravating them with a intolerable additional load to the burdens resulting indirectly from repercussions of oil price increases.

199. Implementation of the energy program has among its assumptions a return to normality of ENEL's economic and financial situation. ENEL's indebtedness has increased to about 18 trillion lire, including 5 trillion in foreign debts. The delay that occurred in adjusting the thermal surcharge, that is to say on the rate component tied to variations in the cost of fuel oil, has caused a huge credit toward the Adjustment Fund. The normal component of the rate is again under tension with regard to the costs of electricity production. The relief derived from

an allocation of 1.35 trillion lire by the Treasury, forming the 1981 share of state contributions to the ENEL endowment fund, will be short lasting. ENEL's viability as a large customer of Italy's industrial system is in jeopardy. It is pointed out that ENEL's investments cover 13.5 percent of all of Italy's industrial investments and 50 percent of the investments of public agencies and of companies with state participation.

General Summary of Investments and Incentives Provided for by the PEN
(billions of 1980 lire)

Investments	1981-83	1984-90	1981-90	1981-80
Coal	1,580	11,220	12,800	412
Nuclear energy	2,410	10,480	12,890	613
Gas	2,180	4,800	6,980	121
Oil	7,845	16,900	24,745	121
Hydro	1,200	3,900	5,100	8
Geothermal	300	700	1,000	60
Electricity transmission and distribution	4,000	8,500	12,500	167
Incentives				
Solar*	330	1,070	1,400	265
Civil saving	540	1,440	1,980	250
Industrial saving	740	1,660	2,400	400
Agricultural saving	50	50	100	15
Transportation saving	1,080	1,920	3,000	410
Cogeneration and remote heating	150	350	500	
Total	22,405	62,990	85,325	2,721
Other saving activities (hydrogen, storage, use of the territory, biotechnics, models, environmental protections)				224

*Including 1 trillion lire of incentives for low-temperature applications in civil uses.

200. EEC financing takes on importance for the development of our energy program. Up to now, it has been possible to have access to the new community instrument (NIC [expansion unknown]) with the application of a discount on interest. It is necessary for the EEC to provide for renewal of the NIC and for an adequate endowment of financial resources. Initiatives, like remote heating, that have already benefited from community aid, will be able to attain more ambitious goals, if EEC's outlay for energy takes on the dignity of a true community structural policy.

201. Human, organizational, managerial, administrative resources fall, in the broad sense, within the framework of the resources needed for implementing the plan.

202. The insufficiencies and bottlenecks of public administration are a critical point. Public administration, which is called upon for tasks of great responsibility and penetrating actions of control, promotion and coordination, can count

today on the rather limited resources of General Directorate of Energy Sources under the Ministry of Industry. The present plan does not propose to tackle the complex problems of a general reform of public administration. It is a question, in a special way, of enabling the General Directorate of Energy Sources to cope with the large number of constitutional adjustments tied to implementation of the plan, covering with its structures sectors like the sector of renewable sources that have no coverage at present except by an expedient.

203. With regard to the high-level coordination needed for implementation of the plan, the formula of the Standing Technical Committee for Energy, headed by the Minister of Industry and consisting of the presidents of the national energy agencies, the director general of Energy Sources and a limited number of experts, still seems to be adequate.

204. Implementation of the plan various aspects: the institutional aspect, the aspect of legislative initiative and the aspect of coordination of the energy policy lines of the public agencies operating in the sector. These aspects, many of which were pointed out during this summary presentation, are presented analytically in the basic document, paragraph 5.7, "Institutional Aspects and Legislative and Administrative Instruments."

The financial allocations required for carrying out the plan will be systematized in a permanent legislative structure, leaving it up to the money bill to provide, year after year, the necessary instruments depending on the logic followed with approval of the 1981-1983 3-year budget.

205. The new plan, which started to be formulated in the spring of 1980, has already devoted ample space to the discussion and verification phase. It is necessary to go, without further delay, to the operation and implementation phase, proceeding with strict continuity. After all, time is the plan's critical resource.

Appendix A

Options for Installing Coal-fired and Nuclear Thermoelectric Powerplants

1. During the recent consultations that took place with the regions, concerning large energy installations, the requirement emerged for the government to submit possible locations for coal-fired and nuclear powerplants. This requirement is to be related to the fact that many regions are about to make their decisions in the framework of regional development plans or, in any case, of specific regional energy plans.

2. Possible locations are indicated in the present appendix, region by region. The following observations must be made clearly:

a. The proposed locations have the nature of options, that is to say of proposals for the decisions that must be made by the regions. As options, they do not have a constructive nature. The regions can tend toward different sites, provided they meet the necessary characteristics and are, at any rate, included on the map of the sites with regard to nuclear powerplants.

b. The decisions do not all have to be made in the immediate future. There is only the restriction of the time limit of the plan, requiring the choice of some sites by the end of 1981.

c. The total power of the powerplants for the proposed locations exceeds the power of the powerplants scheduled to be placed in commercial operation by 1990. The size of the proposals refers in part to the energy supply to be attained in the first years of the 1990's. It has been decided to formulated extensive proposals, both because of the long time interval running between decisions on the sites and activation of the powerplants, and for immediately providing the regions with data for their own long-range planning.

3. Choice of locations proposed for the new coal-fired and nuclear powerplants must be in accordance with two orders of criteria:

The first one concerns the characteristics of the site, which must be suitable for the requirements of installation of a large energy plant; geophysical characteristics of the soil, seismicity, environmental and socioeconomic situation, availability of cooling water, infrastructures for fuel supply.

The second one concerns the functioning of the electric system, which, owing to requirements of service continuity and containment of transportation losses, requires the imbalances between production and demand for electricity in each geographic area to be as limited as possible.

4. The following indications on the type and power of the plants have emerged from the preliminary investigations on the areas capable of having coal-fired powerplant installation and from the results of the "map of sites" prepared by CNEN for the nuclear powerplants. Except for indication on the contrary, standard 640-megawatt units, each, will be installed in the coal-fired powerplants and standard units of about 1,000 megawatts each in the nuclear powerplants.

Piedmont

a. Coal-fired thermoelectric powerplant with two 300-megawatt units at Chivasso (Turin).

b. Nuclear powerplant with two standard units in one of two areas already specified along the course of the Po.

Lombardy

a. Coal-fired thermoelectric powerplant with two standard units at Bastida Pancarana (Pavia) and further units, also coal-fired, with a combined production of about a total of 600 megawatts, including one 300-megawatt unit at Tavazzano and another one to be located in connection with the remote-heating programs.

b. Nuclear powerplant with two standard units in a place to be determined in one of the two areas already specified in southeastern Lombardy.

Veneto

a. Coal-fired powerplant with two standard units in a site along the coastal strip.

b. Nuclear powerplant with two standard units in a site to be determined in one of the two areas already specified in southeastern Veneto.

Friui-Venezia Giulia

a. Coal-fired powerplant with two standard units along the coastal strip.

Emilia Romagna

a. Coal-fired powerplant with two standard units at Ravenna and a third one, also coal-fired, with a combined production of 640 megawatts, to be located also in connection with the remote heating programs.

Toscany

a. Coal-fired powerlant with four standard units, to be located along the Leghorn and Grosseto coast.

b. Nuclear powerplant with two standard units on the Island of Pianosa.

Umbria

Coal-fired powerplant with two standard units to be located in southwestern Umbria, or a nuclear powerplant with one standard unit also in southwestern Umbria.

Abruzzo

Coal-fired powerplant with four standard units, including two at first at Vasto (Chieti).

Campania

Nuclear powerplant with one standard unit along the last stretch of the Garigliano River.

Puglia

a. Coal-fired powerplant with four standard units to be located at Brindisi or Taranto.

b. Nuclear powerplant with two standard units in one of the areas already specified in Salento.

Basilicata

Nuclear powerplant with a standard unit along the Ionian coast.

Calabria

Coal-fired powerplant with four standard units at Gioia Tauro (Reggio Calabria).

Sicily

a. Coal-fired powerplant with three units (expandable to four units), each with a power of 300 megawatts, along the southwestern coast.

b. Nuclear powerplant with one standard unit in one of the two areas already specified in Ragusano.

Sardinia

One or two coal-fired powerplants, with a total of four 300-megawatt units.

5. It should be pointed out, in connection with the construction priority of the plants, with regard to authorization and construction times, that the coal-fired powerplant program makes it possible, if it is started immediately, to handle the serious shortage of electricity forecast in the second half of the 1980's and, at the same time, to proceed with a gradual replacement of oil with coal for thermoelectric protection [sic; should read production]. Therefore, within 1981, coal-fired powerplants with a total of 6,000 megawatts must be located definitely.

6. Nuclear powerplants take a longer time for authorization of the sites and construction. In order for them to be able to contribute, at the end of the 1980's, to covering requirements and to replace oil, it is also necessary, in accordance with the cadences specified in appendix B, for the areas to be specified within 1981, in accordance with Law 393 of 2 August 1975, for at least 6,000 megawatts, that is to say for three powerplants each capable of housing two standard units. In order to specify the large geographic areas in which these first powerplant are going to be located, reference has been made to the size of the shortage of electricity that will occur in each area at the time when those powerplants go in operation. In view of the contributions of the new coal-fired powerplants and of their geographic distribution, it seems necessary to locate, within 1981, four standard nuclear units in two sites in northern Italy and the two remaining units in southern Italy.

Appendix B

Coordinated Program for the Construction of Nuclear Powerplants

1. The plan provides for four 1,000-megawatt units to go into operation in 1990, in addition to the Caorso powerplant and to the one under construction at Montalto di Castro (two 1,000-megawatt units each). In view of the average construction time of the powerplants, it also provides that action will be started pertaining to the construction of further units intended for going into operation after 1990.

2. In connection with those provisions, ENEL (prime contractor and general architect), CNEN (responsible for industrial production and control authorization), the construction industries (suppliers of systems and components) and AGIP Nuclear

(fuel supplier) have agreed, at the urging of the government, upon a program of coordinated actions for the installation of nuclear powerplants. This program ranges from authorization of sites to placing the powerplants in commercial operation.

3. In view of an increased standardization of the plants to be built, the program provides for the development of a single project (unified project), in order to obtain the necessary backing by the control authorities. Adoption of a unified project, that is to say identical for the whole package of the next 7 or 8 new units (with the exception of those few adjustments that may be required in connection with individual sites), makes possible substantial reductions in completion times, owing to the following:

Early authorization procedure and not to be repeated for each plant as a whole.

Rational basis for the activities of manufacturing the main components, identical for the various plants.

Prior organization of the construction activities to be used on several sites with possible integration of the individual programs.

Other advantages can be obtained in the starting and testing phase of each unit, with progressive utilization of the results and experience derived from the first units built in accordance with the plan. Optimizations made possible in personnel training and in management of the powerplants, including handling of spare parts, are not to be neglected.

4. In that kind of logic, standardization implies the determination and freezing of the characteristics of all the machinery connected with the entire "package" and, naturally, choice of a single reactor type. The seven to eight 1,000-megawatt units in the package will be equipped with the same kind of reactors. This choice is to be attributed to the more extensive connections that this reactor makes possible with the European situation, with reference both to an expansion of the potential market for Italian industry and to uniformity of the whole regulatory system characterizing all nuclear powerplants.

5. The program reported in the enclosure was determined on the basis of these premises. It provides the following significant dates:

	End of Authorization of Site	End of Work on the First 1,000-megawatt Unit
First site	31 December 1982	31 December 1988
Second site	31 October 1983	31 October 1989
Third site	31 August 1984	31 August 1990
Fourth site	30 June 1985	30 June 1991

The second unit of each site will be completed with a phase difference of 1 year from the first, in order to optimize use of the facilities in the construction yard.

6. A priority requirement is availability of the sites. Therefore, the regions concerned have to come around promptly to designating the areas in which the specific sites are to be located. In the meantime, steps pertaining to the process of authorizing the sites themselves are to be speeded up. The Ministry of Industry will be responsible for action needed to reduce to the minimum the time for granting ENEL access authorizations to the sites, in order to make the surveys needed for qualifying them. For the purpose of avoiding the possibility of further checks appearing only at the completion of the qualification studies conducted by ENEL, the Control Authority will follow the qualification processes from the very start. In turn, the Ministry of Industry will implement adequate action with regard to the other ministries concerned in the technical investigation, in order to ensure their contribution at the time of designation of the areas by the regions.

7. In view of the need for regulating in the best possible way the relations between ENEL and local agencies in the territory in which the powerplants are to be located, the Ministry of Industry will promote definition of a typical agreement between the electrical agency and local agencies, especially with regard to the most proper utilization of the contributions provided by the laws, for the purpose of the complete development of the territory and for appropriate information on the aspects of safety of the residents and of protection of the environment. Finally, account must be taken of the possibility--within the scope of a revision of DPR [Decree of the President of the Republic] 185, necessary moreover for adjusting the rules to the guidelines adopted by the EEC--of eliminating the first phase specified by article 2 (the "Map of the Sites") and to reestablish the single procedure of the former Item VII (split at present as a result of Law 393) on location by the regions and on the ministerial "no objection" to construction of the plants.

8. An appropriate project structure, using the planning capabilities of ENEL and of the plant-engineering companies in the Ansaldo Group (IRI-FINMECCANICA [Industrial Reconstruction Institute-Mechanical Engineering Finance Corporation]. Guidance, coordination and supervision of all the activities are provided by an ad hoc group, under the ENEL Construction Department, which reports to a management committee in which industry also participates.

9. In order to develop the planning effort fully, it will be necessary to arrive at a more extensive coinvolvement also of suppliers of the principal systems. Adequate ways of purchasing are to be used for preplanning or advance supplies.

10. CNEN will also participate in the project, in that framework, in order to determine sufficiently early opportunities for promotion and support of the nation's industry.

11. In order to ensure maximum effectiveness for development of the Unified Project, it is essential for the Control Authority to follow its preparation, for the purpose of giving the necessary backing progressively as various phases are completed, independently of the availability of sites. In this connection, the Ministry of Industry will have to give the Control Authority a precise mandate. Therefore, the date for updating the rules to be adopted (general criteria, specific rules like technical guidelines, rules for panning mechanical and electrical systems and components), is set with reference to the present international situation. The

backing of the Control Authority will find expression in the issuance of ad hoc technical guidelines that will include the choices made during development of the Unified Project.

12. Freezing of the safety and health protection criteria will immediately follow conclusion of the safety analysis integrated at the plant level to be carried out together with preparation of the Unified Project. The above-mentioned set of criteria and rules must remain valid for the entire package of powerplants (with the exception of unforeseen events that may be substantially important to safety).

13. The [criteria prepared] by the Unified Project backed by the Control Authority and adapted to the first site proposed will serve for the authorization procedure of the first powerplant. The procedure of "no objection" for plants coming after the first one will be based on an overall examination of the adaptations introduced in the plan for the first plant, in order to take into account the various characteristics of the proposed sites and of possible important evolutions of the safety rules. Thus, among other things, for all those parts (also important to objectives of safety and of health protection) not tied to the characteristics of the specific sites, ENEL can be authorized to place advance orders for the manufacture of components. This will enable the nation's industry to schedule the actual work load for the next few years on the basis of commitments over the entire program (contract program).

14. In application of all that has been set forth above, the criteria on purchasing (identification of subsystems) and of standardization, on the basis of which the national industry will have to prepare its own program for construction of the next powerplants, are to be specified. This program will have to bring to light organizational aspects and problems of preparation of the principal components with the pertinent time schedule for planning, manufacturing and setting in operation.

15. The main benefits are expected with regard to times in the planning and safety analysis phase (performed mostly once and for all) and in the individual unit testing phase. With regard to planning, the program reveals how preplanning of the main components affects development of detailed planning of the civil engineering work. Construction times of the powerplants are assumed to be 6 years for all the units on the basis of data encountered also internationally. With regard to testing times, it is assumed that the estimated definition of procedures and methods for evaluating the tests clearly determined before they start can make it possible to keep the time down to 1 year for the first two units. It has been assumed that this time can be reduced slightly later for the last two units under the plan.

16. In addition to the already mentioned advisability of reviewing the authorization procedures for nuclear plants covered by DPR 185/64 and always with reference to thi0 decree, the competencies of CNEN are to be specified in relation to the competencies of other agencies assigned tasks of supervision and checking of plants under construction. Basic matters pertaining to existing regional competencies, assignment of functions with regard to approval (already tasks of EMPI [expansion unknown] and ANCC [expansion unknown]) and competencies of ISPEL [expansion unknown] in matters of health supervision in the field of nuclear energy, must be tackled.

17. A final aspect to be taken into account, predominantly institutional in nature, is the aspect of the position of CNEN, which should be such as to make possible conditions more adequate for carrying out the role assigned to it (see also the trend of the bills, under examination at present, on modifications to the law establishing the CNEN).

Appendix C

Infrastructures for Coal Transportation

1. The steam coal consumption estimated by the PEN amounts to 12-15 million metric tons a year by 1985 and will increase to 34-44 metric tons a year in 1990.

These amounts include ENEL's requirements for supplying powerplants converted to coal and new powerplants whose location is given in appendix A and non-ENEL plants (cementworks, brickworks, self-producers, municipalized companies, other industries).

2. Coal receiving ports can be subdivided depending on their capacity for handling colliers in accordance with the following classification:

Small ports able to receive ships with a full load up to 30,000-40,000 gross tons.

Medium-sized ports able to receive ships with a full load included between 30,000-40,000 and 60,000-80,000 gross tons or large-tonnage ships (80,000-120,000 gross tons) after a suitable lightening phase in a large-sized terminal.

Large ports, or coal ports, able to receive large-tonnage ships with a full load from 80,000 to 120,000 gross tons and over. Moreover, transhipment of coal can be performed in these ports to small-tonnage craft (20,000 gross tons) used for making small ports.

3. At present there are, in Italy, capabilities for handling (still for steam coal) fully loaded ships of a maximum of 50,000 gross tons only at ENEL's dock at La Spezia and the oven-coke dock at Vado. All the other ports can handle only ships with a smaller tonnage. On the other hand, ships with a gross tonnage of 100,000 gross tons, with a lightened load, have already been received at ENEL's La Spezia and Fusina powerplants. With regard to non-ENEL markets, the ports of Savona, Taranto and Naples can be supplied directly with ships of a medium and large tonnage. The other ports (La Spezia, Civitavecchia, Vibo, Bari, Ancona, Ravenna, Venice) can be supplied, once the unloading facilities have been developed, only after a phase of transhipment in a large terminal.

4. The new coastal powerplants scheduled are intended, in most cases especially for the largest powerplants (Piombino, Gioia Tauro, Brindisi or Taranto, Abruzzi), to be equipped with large receiving terminals. They can, at the same time, be used for lightening the load of ships with a medium and large tonnage, in order to make it possible to supply powerplants located at medium-sized ports, and for transshipment, in order to make it possible to supply smaller-sized ports.

5. Considerations of a logistic and economic nature suggest the advisability of constructing a first transshipment terminal on the Adriatic and a second one on the lower middle Tyrrhenian. The port of Trieste can be proposed for the first one, while for the second one, a choice can be made, in agreement with ENEL, between Milazzo, Gioia Tauro and Piombino. The port of Savona/Vado should also be developed.

6. The Trieste terminal, which can be built in a short time, between 3 and 4 years, could be able to handle large-tonnage ships, up to 150,000 gross tons, to supply, by land, users in northeastern Italy--and possibly Austria and south Germany--(railway or even coal pipeline), by sea the ports of the north central Adriatic, for amounts of 3 million metric tons for non-ENEL users, by means of transshipment and for similar amounts for ENEL by means of lightening the load or transshipment for powerplants on the upper Adriatic. There is a preliminary plan for construction of a terminal with the following characteristics:

Port handling capacity:

two docks for unloading ships up to 150,000 gross tons
one dock for transshipment to ships up to 40,000 gross tons
one dock for loading lighters

Final movement capacity: 15 million metric tons a year.

Storage capacity: 2 million metric tons.

Investments: 150 billion lire.

The port improvement plan has already determined the area intended for the coal terminal, to be constructed in part by work of filling at sea. The terminal can be constructed in several time phases, depending on actual demand. A first phase of that terminal could be completed by 1985.

7. The terminal for the lower middle Tyrrhenian should be chosen on the basis of the construction priority of the ENEL powerplants to be supplied directly. Moreover, it is to be used for supplying ENEL powerplants by means of transshipment or load lightening or both and for non-ENEL supplying, including the ports of Sardinia and Sicily. This terminal, suitable for moving at least 10 million metric tons of coal a year, can be chosen between the ports of Gioia Tauro, Milazzo and Piombino. With regard to the port of Gioia Tauro, at present in completion phase, docks might be built for unloading coal from ships with a tonnage greater than 80,000 gross tons, in addition to a dock for reloading coal on small-tonnage ships. A coal wharf for supplying the local electric powerplant is in process of executive planning by ENEL in the radstead of Milazzo.

This wharf will have a capacity for handling ships up to 120,000 gross tons on one single docking. This wharf could be supplemented with the infrastructures needed for reloading coal on small- and medium-tonnage ships. It is possible to construct docks for unloading ships up to 150,000 gross tons and docks for transshipment to coasting ships, in the roadstead of Piombino, which might be involved in an increase of traffic for the present local users.

8. Expansion of Savona/Vado is necessary for supplying the ENEL powerplants at Vado, Bastida Pancarana and Chivasso, and also the remote heating plants in Lombardy and Piedmont and non-ENEL users in that same area.

9. A preliminary study has been made for development of the port of Savona and for linking the dock with the S. Giuseppe di Cairo railway yard by means of a conveyor belt replacing the present railway line. Executive planning for expanding the oven-coke dock at Vado is in progress together with the studies for the port of Savona. Once authorization has been obtained, work can be completed within 2 years.

10. There is a study-proposal pertaining to a variant of the present improvement plan for the port of Vado, in which a port structure for handling colliers is provided. Because there are no areas available for coal storage in the port zone, use of the S. Giuseppe di Cairo storage yard is provided for with a link by conveyor belt that would cover 50 percent of the entire run (8 kilometers) on a newly determined layout (8 kilometers) over the areas of the existing cableway. The estimated technical time is 5 years for achievement of the Vado "complex."

11. The two alternative projects of Savona and Vado might be made compatible, if they are carried out in two different time phases. First phase: development of the port of Savona (3 years), in order to satisfy as soon as possible the needs of the north Italian market (ENEL powerplants at Bastida Pancarana and Chivasso), the non-ENEL market amounting to something on the order of 6 million metric tons a year, and expansion of the oven-coke basin in Vado to make it possible to move 3.2 metric tons a year.

Second phase: completion of the Vado terminal to meet the future increasing demand for coal in the long term.

12. In the ports (see point 3) for covering the non-ENEL requirements capable of handling ships with a tonnage varying from 10,000 to 40,000 gross tons supplyable after transshipment, there are facilities for unloading and moving coal with varying and, at any rate, limited capacity.

Most of the cases do not have adequate storage areas and some of them are completely lacking in storage facilities. Studies are now being made to improve the receiving, moving and storage facilities for coal intended for non-ENEL consumption.

13. Transportation within the territory, by a link between the coal reception ports and the users, has different connotations for the non-ENEL market and for the ENEL market.

14. The non-ENEL sector, consisting predominantly of users with a low unit consumption widely distributed within the territory, has, in most cases, a need for highway transportation. Railway transportation is advantageous only in cases of long distances (over 100 kilometers), high traffic volume (greater than 100,000 metric tons a year) and already existing railway networks and connections justify their use. The results of a detailed study show that of 5.8 million metric tons in 1985, only 1.6 metric tons can be moved profitably by rail. This movement increases to 2 million metric tons in 1990, in view of a total demand of

of 9.4 million metric tons. More than 60 percent of this traffic is destined to develop in northern Italy through the ports of Savona, La Spezia and Venice. Coal movement by truck, although sizable on the whole, does not seem to give rise to special traffic problems, because it is distributed over short distances and in a large number of directions.

15. The ENEL powerplants with a high unit consumption located inland (Bastida, Chivasso and a site in Umbria) can be supplied only by rail by means of a programed traffic with considerable volume and intensity. An examination of the load of the railway netwrok reveals that the Cairo Montenotte-Alessandria line, connecting with the Padua Plain, is a particularly critical route for shipments coming from the port of Vado/Savona. Development of the non-ENEL market by 1990, completion of ENEL's Bastida and Chivasso powerplants and the possible implementation of remote heating projects make an expansion of the railway line, or still better its possible doubling, necessary on that route. Excluding the line indicated above and the possible supplying of coal for the powerplant in Umbria, it seems, on first examination, that for the rest of the nation's territory, the anticipated rail traffic should not involve especially great problems.

16. With regard to river transportation, there are preliminary studies pertaining to the transportation of coal on the only Italian waterway that can be considered seriously, namely the Padua waterway (Po and associated canals). The indication emerges from those studies that, at present, very modest movements can be made on the Po. With regard to the canals, the Fissaro-Tartaro-Bianco [White] Canal system, close to completion, takes on special importance. For increasing the capacity on the Po, it will be necessary to provide for an adequate straightening of the river with work needed for making its maintenance and reliability of navigation constant. Improvement of the river routes should, at any rate, be included in a broader context that will take into account both the movement of coal and other bulk cargo. From that point of view, the possibility also comes up of establishing a point that could be located in the area of the Po delta or of the lagoon for reloading river barges for supplying users in the Padua hinterland.

Appendix D

Urgent Actions for Placing the Caorso Nuclear Powerplant in Operation

1. Absolute priority in the scope of the initiatives for making the supply of electricity adequate must be assigned to the neasures required for placing two large plants in commercial operation by the end of November 1981: the Caorso nucleoelectric powerplant (840 megawatts electric) and the fuel-oil-fired powerplant at Porto Tolle (1,280 megawatts electric) for the first two units. It is a question of having an sizable contribution of power in the supply of electrical energy for the winter peaks. With regard to Porto Tolle, the difficulties that had prevented the powerplant's supply and therefore its going into operation up to now have been removed with recent agreements with the local authorities.

2. Specific action programs have been prearranged for the Caorso nucleoelectric powerplant, in coordination with all the agencies concerned and consistent with rules for safety and protection of the environment. The nuclear tests, arranged by CNEN, were performed in a series of phases and were completed on 2 May 1981 with the endurance test. The test results were examined and approved by CNEN

on completion of each individual phase. There still remains a series of problems, identified by CNEN, whose solution is indispensable for a favorable opinion on issuance of the permit for commercial operation by the Ministry of Industry.

The pertinent actions, already undertaken, are summarized in outline form in the accompanying diagram.

3. By 31 July 1981, a period of testing under power had been carried out for purposes of revealing the data requested by the control authority (CNEN-DISP). Structural inspections of the primary circuit will take place in the next 3 months up to 31 October 9181. Performance of anything else requested by the control authority will be carried out.

4. For the purpose of developing the action of superintendence at the Caorso plant in the forthcoming period of startup and in order to make regular operation of the plant possible in the shortest possible time, an intervention assigned to that undertaken was decided on. The ad hoc group that will avail itself of the organic collaboration of Ansaldo Mechanical will perform the following tasks, among other things:

Monthly meetings with the Consultative Committee of Experts for the Caorso Powerplant, open to the OSL [Workers Union Organizations].

Periodic meetings withe social forces and in particular with the OS [Union Organizations] of the workers.

Supervision with regard to problems pertaining to filling the staffs for operating and maintaining the powerplant, to bringing the workers professionally up to date and to other organizational aspects.

5. With regard to the organizational aspects, it is necessary to put in final form the documents that exist in provisional form. Their completion consists essentially of an accurate work of revision and editing. Incorporation of the personnel of the powerplant is also in progress as well as review of the Outside Emergency Plan in agreement with the local authorities. In addition to the above, it is necessary to perform work of maintenance and adjustment to ensure the greatest degree of readiness of the plant for resumption of operation.

6. The size of the problems still pending, in part ascribable to the turnkey system of supply for the Caorso powerplant, and the actions already started for solving them make it possible to predict that the Caorso powerplant can be in normal operation before the 1981-1982 winter peak, in a state of complete safety.

[Tables on next page]

Table 2A: Coal
Recapitulation of Investments
(billions of 1980 lire)

Investments	1981-1983	1984-1990	1981-1990
Mining activity	500	1,350	1,850
Italy	100	250	350
Abroad	400	1,100	1,500
Sea transportation	100	650	750
Ocean-going ships	100	550	650
Coastwise ships		100	100
Receiving infrastructures	200	400	600
Distribution	300	300	600
Thermoelectric powerplants	280	7,520	7,800
Synthetic fuels and coal-oil	200	1,000	1,200
Italy	180	820	1,000
Abroad	20	180	200
Total	1,580	11,220	12.800
1981-1985 PNRE research expenditure			412

Table 2B: Nuclear Energy
Recapitulation of Actions
(billions of 1980 lire)

Actions	1981-1983	1984-1990	1981-1990
Powerplant construction			
Construction of plants	1,100	8,000	9,100
Development of capacity of the industrial system	490	720	1,210
Fuel cycle	350	860	1,210
Development of safety technologies and control activities	470	900	1,370
Total	2,410	10,480	12,890
1981-1985 PNRE research expenditure (including fusion)			613

The investments referring to CNEN activity are, for the first 5-year period, the investments of the plan decided on by CIPE, expressed here in 1980 lire and including administrative expenditures.

Table 2C: Natural Gas
Recapitulation of Investments
(billions of 1980 lire)

Investments	1981-1983	1984-1990	1981-1990
In Italy			
Support for Algerian gas	750	—	750
Development of methane pipeline network	300	1,000	1,300
Urban distribution network	500	1,500	2,000
Storage developments	50	100	150
Turbogas powerplants	180	100	280
Abroad			
Algeria-Italy gas pipeline	300	—	300
Infrastructures for developing imports	100	2,100	2,200
Total	2,180	4,800	6,980

Note: Mining investments for working new deposits and the research and development expenditures included in investments for oil are not included here.

Table 2E [2D missing]: Hydroelectric Energy
Recapitulation of Investments
(billions of 1980 lire)

Investments	1981-1983	1984-1990	1081-1990
Construction of new powerplants, reactivation of deactivated plants and small powerplants	1,200	3,900	5,100
1981-1985 expenditures for PNRE research			8

Table 2F: Geothermal Energy
Recapitulation of Investments
(billions of 1980 lire)

Investments	1981-1983	1984-1990	1981-1990
Plants for the production of electricity and for utilization of low-enthalpy fluids	300	700	1,000
1981-1985 expenditures for PNRE research			60

Caorso Nuclear Powerplant

Schedule of Activities for Issuance of Commercial Operation Permit

Activities	July	August	September	October	November	Notes
Administrative Aspects						
Organization of support of powerplant	O X					
Completion of powerplant staffing	O				X	
Personnel training program	O					
Powerplant record file	O				X	
Quality guarantee program	O	O		X		
Updating technical specifications, operation manual, operating rules	O	O	X			
Technical Aspects						
Tests of recirculation circuit	O	X				
Anchorages	O			X		
Primary circuit inspection (ITS [expansion unknown])		O		X		
Checking turbine for steam leaks			X.....			Performance of general test of emergency plan before the end of October
Setting up of emergency control center				X		
Maintenance, checking and general adjustment of powerplant				X		

Legend: O = submission of documentation to CNEN
X = Completion of activity

Table 2G: Renewable Sources and Substitute Fuels
Recapitulation of Investments and Appropriations for Incentives
(billions of 1980 lire)

	1981-1983	1984-1990	1981-1990
Solar energy			
Low temperature	200[1]	800[1]	1,000
Concentration distribution systems	10		
Tower plants			
Photovoltaic conversion	50	120[2]	210
Wind energy	10		
Biogas from biomasses	20[3]		
Energy from wood			
Substitute fuels	40	150	190
Total	330	1,070	1,400
1981-1985 expenditures for PNRE research			265

[1]Represent the part of incentives provided by saving and rational use of energy in the civil and residential sectors pertaining only to low temperature applications of solar energy.

[2]The state of development of technologies and of their applications and also of the degree of adjustment of the budget that will be attained in the 1981-1983 3-year period make a definite evaluation of the amount of appropriations needed after 1983 impossible. The figure given is, however, for guidance.

[3]These appropriations for incentives are appropriately coordinated with the activities already scheduled for zootechny (Law Number 984 of 27 December 1977).

Table 2H: Electricity Transmission and Distribution
Recapitulation of Investments
[billions of 1980 lire]

	1981-1983	1984-1990	1981-1990
Energy transmission and distribution	3,500	8,500	12,000
Rural electrification	500		
Total	4,000	8,500	12,500 [sic]
1981-1985 expenditures for PNRE research*			167

*including Lmdi [expansion unknown] 40 for research on systems and components for generating electricity.

Table 21: Saving and Rational Use
Recapitulation of Appropriations for Incentives
(billions of 1980 lire)

	1981-1983	1984-1990	1981-1990	PNRE 1981-1985
a. Saving in industry[1]				
Energy diagnosis service	3		3	
Information to industry	5	3	13	
Training program for experts and technicians in energy management	12	12	24	
Demonstration projects and dissemination of results obtained	30	30	60	
Incentives for energy saving investments	690	1,610	2,300	
Subtotal	740	1,560	2,400	400
b. Saving in the civil sector	540	1,440	1,980	250
c. Saving in agriculture				
Experimental and demonstration projects on farms[2]	20	20[2]	40	
Dissemination of results and technical assistance	30	30[2]	60	
Subtotal	50	50	100	15
d. Saving in transportation				
Development of motor vehicle prototypes and their components with high energy efficiency and their initial industrialization	500	900	1,400	
Development of industrial vehicle and bus prototypes and their components with high energy efficiency	200	350	550	
Development of components for other transportation means (ships, aircraft, trains, and so on) with high energy efficiency	150	320	470	
Improvement of the energy efficiency of all motor vehicles, buses and industrial vehicles	80		80	
Development of the recycling of deactivated vehicles	90	210	300	
Expenditures for developing energy efficiency control structures	60	140	200	
Subtotal	1,080	1,920	3,000	410
e. Cogeneration and remote heating	150	350	500	
Total	2,560	2,420	7,980	1,075

[1]The above amounts include the appropriations provided by Law 673 and Decree-Law 2383 and exclude appropriations pertaining to distribution of renewable sources.

[2]The financial commitment required by this demonstration plan, amounting to about 20 billion lire, will be assumed on the budgets of the ministries concerned and also by the agencies already involved in the plan.

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SWEDEN, NORWAY AGREE ON NATURAL GAS PIPELINE PROJECT

Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 81 p 26

[Article by Sophie Petzell]

[Text] Norsk Statoil has signed an agreement with the National Swedish Power Administration for a joint preliminary projection of the big pipeline for natural gas from Nordkalotten through Sweden with connection down to the continent.

The Swedish Power Administration has already been given the task by the Swedish government to find out, together with Swedgas, how to build the natural gas pipeline from North Norway. The Swedish Power Administration has received a grant of 75 million kronor for investigations into the matter. If the pipeline is built, it will become Sweden's largest industrial project ever--the costs have been evaluated at 20 billion Swedish kronor.

According to the agreement entered into last Friday, Statoil will now look into the economic and geographical possibilities of building the pipeline from the find at sea to the Swedish border. The Swedish Power Administration will take over the Swedish side somewhere near Trerikrosset and will again leave the task to Statoil at the Scania border. Statoil will look into the possibilities of carrying on the pipeline to the continent.

Uncertainties

Minister of Industry Nils G. Åsling tells SVENSKA DAGBLADET that the arrangement constitutes another step on the road toward the realization of the pipeline. The fact that the Norwegians now take part in the projecting is very important, he says, but the uncertainty is still great. It is uncertain how big the Norwegian gas and oil finds at Nordkalotten actually are.

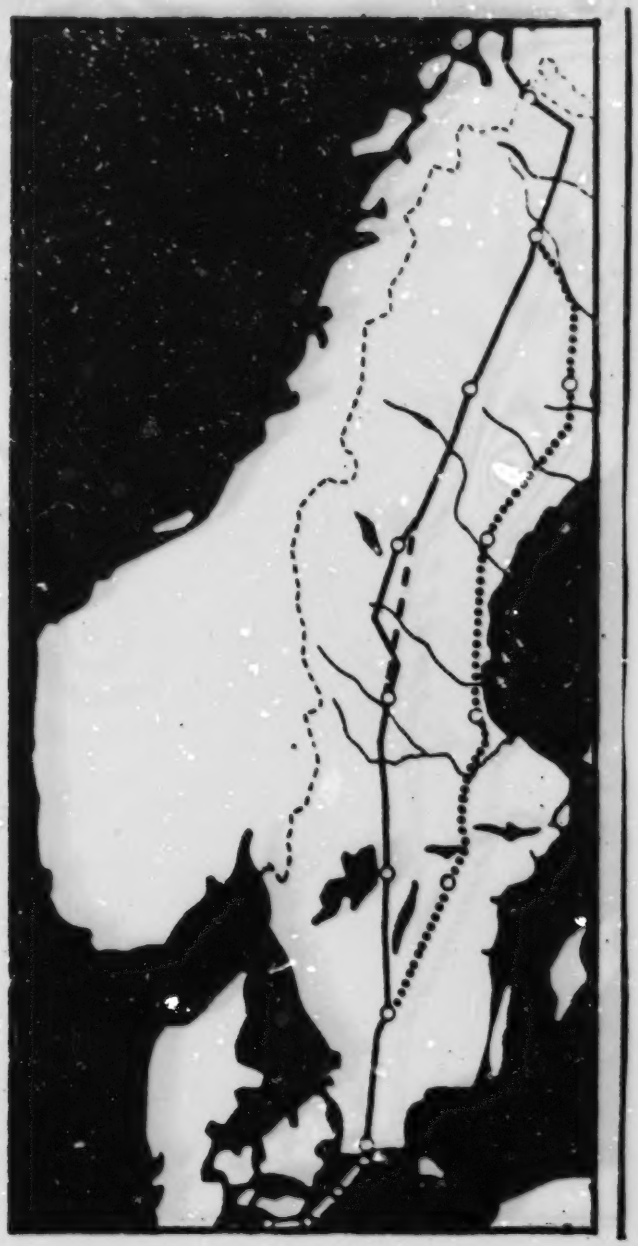
Another few years of projecting will be needed before one becomes certain.

If it turns out that the gas finds are relatively small, it will be more profitable to cool the gas and transport it by LNG [liquid natural gas] ships to the places of destination or to use it directly for the chemical industry. If, however, the finds are large enough, the giant project with the pipeline will be carried through.

Ready in 1983

Statoil and the Swedish Power Administration will have to have their report ready by July 1983. At that time, more details on the gas finds will, moreover, be available. A joint study group will work together with the Norwegian and Swedish working parties.

The idea is for Swedish consumers to get gas from the pipeline, which, at the same time, will re-export gas to the continent.



Norsk Statoil will investigate the route of the gas pipeline in Norway and from the Scania border further on to the continent. The Swedish Power Administration and Swedgas will investigate the route in Sweden. The chart shows some of the alternative routes through Sweden that have been discussed.

7262
CSO: 3109/46

REPORT ESTIMATES PROFITABILITY OF NORWAY, SWEDEN PIPELINE

Stockholm DAGENS NYHETER in Swedish 28 Nov 81 p 8

[Article by Bjorn Lindahl]

[Text] In order for a gas pipeline through Sweden from North Norway to be profitable, the Norwegians must make an enormous find of gas off Troms.

The annual production must amount to at least 18 billion cubic meters in order for the project to be profitable. That corresponds almost to the entire Swedish oil consumption.

This conclusion was drawn in an inter-Scandinavian report requested by the Nordic Council of Ministers. The survey has been going on for 18 months, and the report on the survey will be presented on 7 December.

A relatively small share of the gas, 4 billion cubic meters annually, may be sold at Nordkalotten and in Sweden. Finland has shown interest in a connecting pipeline from the Luleå area right across Bottenviken [northern part of Golf of Bothnia].

The study has been working with three different alternatives for gas transport, viz. 6, 12, and 18 billion cubic meters annually. The costs would then be 14, 19, and 27 billion kronor, respectively, in terms of the current money value.

If a small find is made, and the gas price becomes low, it will be worthwhile to transport the gas via LNG vessels from Norway. The advantage of such a solution is that it may be expanded gradually, whereas a gas pipeline must be made ready before it can be utilized, which involves heavy capital expenditure.

During the build-up phase of a commercial find, the report expects the employment generally to be distributed with 7,000-8,000 people in North Norway, 1,000-1,500 people in Norrbotten and 600-800 people in Finnish Lapland.

The report also makes concrete recommendations as to what may be done to improve the Nordkalotten area for the oil activities.

Among these things are:

Increase the competence of enterprises at Nordkalotten through research and development contracts.

Set up oil consultants in the Lapland, Norrbotten and Nordkalott committee.

Evaluate the possibilities of utilizing the training facilities in Norrbotten and the Finnish Lapland for training of personnel attached to the oil industry.

Find out which Swedish and Finnish enterprises may be suitable for supplies.

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COMMITTEE TO EXAMINE ALTERNATE ENERGY SOURCES

Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 10

[Article by Bo Ostlund]

> [Text] Already in slightly more than 25 years, Sweden must base its energy supply on energy sources which today are so insignificant that they do not even appear in the energy balance sheets.

That is the point of departure for the work to be performed by the government's parliamentary committee on nuclear power replacement--and, preferably, without ending up in new political deadlocks on energy.

The committee includes the old guard which in 1979 fought each for their line in the referendum on nuclear power, but since then the Swedish parliament has adopted its energy policy resolution in which it says that nuclear power must be eliminated by the year 2010.

The chairman of the committee will be Director-General Hans Lowbeer, and the committee will include the former chief advocate of Line 1, Per Unckel, M.P. (Conservative Party), the Line 2 strategists Hadar Cars (Liberal Party) and Birgitta Dahl (Social Democratic Party) and the former Line 3 leader Borje Hornlund (Center Party) with his Line 3 friend Hans Francke (Communist Left Party).

The government has appointed as experts Gunnar Lundberg, Ministry of Industry, and Krister Nilsson, Ministry of Labor.

Minister of Energy Ingemar Eliasson fully appreciates the difficulties which the committee will be up against--right now, nuclear power accounts for nearly 40 percent of the Swedish power supply, in a few years (1985-86) it will account for well over half the entire power requirements.

This will have to be replaced by domestic renewable energy sources. In 25 years.

There are those in kanslihuset [Swedish government office building] who already today are saying that we are now seeing the embryo of a new big energy commission.

For if the Swedish politicians seriously mean to eliminate nuclear power and get out of the dependence on oil, at the same time as the rivers which are left must remain intact, and at the same time as log-fire stoves are stopped, and the forest raw materials must primarily go to the forest industry for our export, it will be a question of the biggest techno-economic challenge which any industrial country has faced so far.

7262
CSO: 3109/48

BRIEFS

SOLAR ENERGY PROFITABILITY EXAMINED--It is still uncertain how important solar energy will become in the energy supply of Sweden. The state should, therefore, continue supporting research on solar energy for perhaps another 10 years. Not until the nineties, if, indeed, then, will solar energy become competitive. This appears from the report Solar Energy Research from the Swedish Energy Research Board. The report is an evaluation of the contribution made by the state in the area and will, in time, be sent to the government. The government grant for solar energy research amounts to approximately 80 million kronor a year. In the report, it is proposed to retain that level up to 1990. The future of solar energy depends on the development of less expensive sun seekers, for radical new designs are needed, the costs must be lowered appreciably in order for solar energy to be able to compete with oil. If the research efforts are successful, solar energy may provide 5 terawatt-hours (billion kilowatt-hours) of energy annually in the nineties. Sweden's total energy consumption is well over 400 terawatt-hours. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 9]

OIL FIRMS PREPARE CRISIS PLANS--Oil firms in Sweden prepare for future difficult times. All of them are going in for lighter products, such as gasoline--here, the market will not shrink as for fuel oils. None of the oil firms operating in Sweden has said that they intend to back out. None of them shows any profits this year--some are operating at a loss. Svenska Petroleum accounts for the heaviest losses. The state-owned firm does not have it own gasoline-pump chain either. Swedish oil imports have dropped since last year, and this trend is most likely to continue. All of the firms know that it is primarily the quantities of fuel oils which are decreasing. Gasoline sales continue and increase somewhat, despite the price increases. It is here that the future is found in Sweden. No alternative and inexpensive fuel for vehicles exists, nor will it be found within the foreseeable future, even if concentrated efforts are made in respect of ethanol. The already established international firms and the cooperative OK [Swedish Oil Consumers' Union] are having a hard struggle against Svenska Petroleum on account of the continued shrinkage of the market. All of them find that SP, which receives government support this year, distorts the competition. SP will remain, though its size will be reduced. Incidentally, cooperation is being discussed between SP and OK. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 81 p 27]

7262
CSO: 3109/48

DESPITE UNSOLVED PROBLEMS, USE OF WOOD CHIPS INCREASES

Stockholm DAGENS NYHETER in Swedish 17 Nov 81 p 12

[Article by Åke Lidzell]

[Text] Wood chip firing in the country is increasing but is subject to problems which must be solved. This was confirmed at the inauguration last Monday by County Governor Harald Pettersson of the country's first big wood chip terminal at Hissmofors outside Ostersund.

Here, Nydo Energy, owned for 50 percent by Nynas Petroleum and the Swedish Forest Service, respectively, produces approximately 250,000 cubic meters from forest land per year. Sixty-five percent of this quantity, 170,000 cubic meters, go to Ostersund's District Heating Plant, Inc., OFAB. The entire energy yield is equivalent to 10 percent of the oil consumption of Jamtland county.

The biggest problem with wood chips is the production of an even quality with a fairly exact moisture content and weight. Only when this problem has been solved can the industry develop fuel systems which suit large-scale and small consumers.

The fact is that approximately 40 percent of the wood is left over as waste at the felling places. That part and peat play a big role in the government's energy proposal which aims at lowering the current dependency on oil from 67 percent to 40 percent by the year 1990.

"In Jamtland, 5 million cubic meters of wood raw materials are felled annually, and, in addition, 2 million thus becomes waste," said County Governor Harald Pettersson. Out of this quantity, one may, with a clear conscience, use one-third (700,000 cubic meters) for wood chip firing. Which today provides jobs for 90 men in the lumber companies and 10 men with Nydo in Hissmofors, an area subject to a high rate of unemployment.

The wood chip terminal has a catchment area of a radius of approximately 100 kilometers. The major advantages over mobile wood chip choppers are:

1. One may mix different raw materials of different moisture content to obtain an even quality.

2. Wood in pole lengths is sorted out--the operation in the boilers becomes safer.

3. Secure supplies--small storage costs for buyers.

4. The raw materials are stored and may be chipped according to the demand.

"The waste of wood in the country is equivalent to approximately 6-7 million tons of oil per year," said Nydis managing director, Lars Ojefors. The total quantity of peat corresponds to the present oil import for 100 years (!) and, within 10 years, it should be possible for peat to replace 3 million tons of oil per year.

Østersund's District Heating Plant, OFAB, now gets one-third of its energy needs from wood chips, equivalent to 13,000 cubic oil. By 1990, 75 percent of the oil will have been replaced. So it is hoped.

But the new wood-chip-firing plants of OFAB not only take up much more space than oil burners. They are also three times more expensive, totalling 23 million kronor. Out of the overprice, the state pays half.

One oil-produced megawatt costs approximately 170 kronor as against 110 kronor for the wood chip-produced megawatt.

Out of the wood chip terminal's 8 million, the State Industrial Board has contributed 3.6 There, 6,000 cubic meters may be stored under roof.

Chip-firing already takes place in several municipalities, among them Mora, Vaxjo and Boden, but the wood chip terminal at Hissmofors is the first one of its kind.

"We need 100-150 terminals around the country," estimates Lars Ojefors. "Now, we shall get experience at Hissmofors."

Nydo's competitors will also learn to study that experience.

Nydo has a concession for birch wood and other wood up to a 10 centimeter thickness.

7262
CSO: 3109/48

NEED FOR GOVERNMENT JOB CREATION PROGRAM DISCUSSED

Hamburg DIE ZEIT in German 20 Nov 81 p 17

[Article by Dieter Piel: "Pressure Is Increasing--Even Though it Will Do Little Good: Bonn Can Hardly Avoid a Job Creation Program"]

[Text] The castle in which the enemies of so-called "short term activism" and the opponents of "job policy programs" have entrenched themselves is still standing. It was a foregone conclusion that the men under siege would survive the attack by 26 leading trade unionists who had made an appointment for last Thursday with the Bonn cabinet and who had one particular demand in mind: to manage the rapidly increasing unemployment, the state would have to come up with multi-billion mark spending programs as quickly as possible.

It is still only a question of time when this much-demanded program will come about --and a question of semantics as to its name. It cannot be simply designated a "program" inasmuch as eager Hans-Dietrich Genscher and slightly disenchanted Graf Lambsdorff have stated at every opportunity that state spending programs are hardly anything but expressions of nervousness and of political impotence.

Judging from the FRG chancellor's hints, the moment could arrive in January, at the end of which month the cabinet traditionally issues its annual economic forecast for the new year. Helmut Schmidt has indicated that he would be "open" to any suggestions which could be discussed in connection with that annual economic report. Another possible turning point for Bonn's fiscal policy could be the moment when the monthly unemployment figure reaches 1.7 or even 1.8 million. Within the cabinet there are somber predictions that this point could be reached as soon as next February.

Only vague speculation is possible to date about the events of that unspecified but probably unavoidable day, because the necessity for additional investment expenditures by the state has too long been ingored while emphasizing government economy, despite an increasingly poor outlook for the economy. No thought whatever had been given to the size and purposes of justifiable additional expenditures.

The onesidedness of this attitude is now coming home to some of the steadfast cabinet spokesmen who until now, in concert with Bundesbank President Karl-Otto Poehl, had been preaching against any temptations of engaging in job creation politics. Says one of them: "We could have made some changes in the size of the

budget and new debt at the latest during the last budget deficit (which was taken care of 3 weeks ago)." But for official purposes, the chancellor's motto stands: no additional expenditures above the planned DM 240.47 billion; no new debts beyond the planned DM 26.50 billion; no tax increases; no cuts in the "safety net" of social security. And for all that, it is planned to pursue budgetary policies "appropriate" to the economic situation. The word is getting around that this would be difficult to accomplish.

Inasmuch as increase of 2.8 percent above this year's spending at a time of significant inflation and a weakening economy would indicate the conduct of an extremely "pro-cyclical," i.e., economy-depressing policy, it is likely that within a few weeks a decision will be made to initiate that which is still considerad abominable today: more debt. So as not to lose the image of economy consciousness, there will no doubt be some cuts in expenditures also. The Laender will be the primary beneficiaries of those cuts.

Great Expectations

The parliament has already received their proposals for cuts in the overloaded social programs, for a speedup in reforming the right of asylum law and for reducing the stream of payments under the Federal Law for the Advancement of Education. Ratification of these proposals will produce breathing space and money--the Laender have an almost greater law, of these than has the Federation. The Laender will be able to do what would have seemed hopeless just a few months ago: contribute to further, investment-stimulating expenditures, such as in housing construction.

The probable extent of such a program will certainly lag far behind the proposals of the Federation of German Trade Unions (DM 50 billion within 5 years) and still farther behind the recommendations of the German Institute for Economic Research (DIW) in Berlin, which advocates DM 130 billion during the same period. Anyone forecasting an annual volume of about DM 3 billion should be just about correct.

Unavoidable Disappointments

The arguments will continue until it happens. While the DIW is fighting for a long-term growth offensive by the state and for this purpose demands "a massive increase in public investments," the Federation of German Banks can see salvation only in "cost-reducing salary contracts for 1982." Still higher taxes or an additional governmental bond issue to finance job creation programs would serve only to deprive the private sector of funds for productive purposes. Bank cooperatives are warning also that "both of these measures would further depress the already low incentives for investment."

But even if a program would see the light of day after all, all those would suffer disappointments who:

- expect a quick upturn in the economy and employment. A period of at least 6 months elapses until government contracts are issued and in any case, possible additional government contracts would involve projects which would result in only medium and longterm benefits in energy, employment and environmental matters;

- would expect, as a result of official efforts, more distributive latitude for the trade unions--this would be opposed by the Bundesbank's resolve to cling to its policy of stability and not to miss an opportunity for improving the foreign trade situatuon;

- would expect to see a repetition of employment inpacts similar to those which were possible during the 1960s--times have changed. Policies similar to those advocated by British economist Keynes would have little prospect of success today.

Stuttgart Metal District Chairman Franz Steinkuehler and other trade unionists appear to have tremendous illusions about these impacts on employment. Government projects do nothing for employment so long as it remains "below the productivity threshold," when, in other words, new orders can be absorbed by efficiency measures or so long as men and machines do not work at full capacity and with variable work schedules. Given these conditions, the state can today hardly do more than to reduce the rate of loss of employment in the years 1983 and 1984.

The construction sector is the only one where the government could see to it that those estimated 150,000 workers stay employed in 1982 who under today's circumstances must count on losing their jobs--if the government were to make quick and courageous decisions. Such courage would of course cost more than money. It would have to be extended to include the amendment of anti-investment laws, especially those which supposedly benefit rent protection. Appropriate action in the building sector could at the same time prevent another dramatic increase in building costs in case of an eventual upturn in the economy, due to the nonavailability of previously furloughed personnel.

But in the other sectors, be it a crash development of a district heating network or environmental protective measures, every mark spent by the state would probably entail another DM 1.40 pf private investment. Such a "multiplier" of 1.4 would in the 1960s have been considered ridiculously low. Even at the start of the state's 4-year "Future Investment Poogram" (ZIP), which was responsible for an investment of more than DM 20 billion in 1977, Bonn counted on a "multiplier" of 1.8. In the meantime it has become obvious that such expectations are too ambitious.

9273
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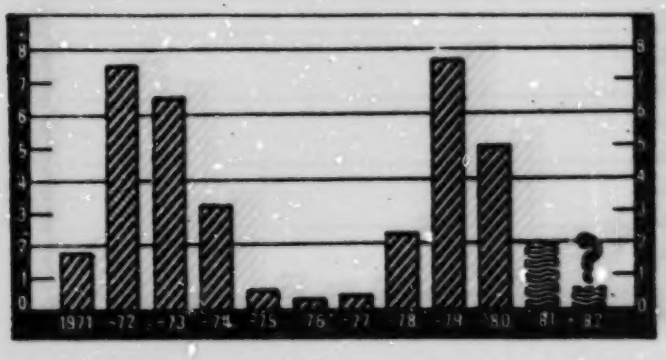
ECONOMY BEGINS DOWNTURN AFTER THIRTY MONTHS OF GROWTH

Stockholm DAGENS NYHETER in Swedish 11 Nov 81 p 7

[Article by Bo A. Ericsson]

[Text] Helsinki--After 2 1/2 record years jobs and the economy have begun to darken in Finland too. Recently many businesses have started to issue layoff warnings and job closings, unfilled jobs have declined in number and unemployment has started to rise. Right now about 110,000 people lack work and it is feared that in a few months the figure could increase to around 130,000--or about 6 percent.



This shows how Finnish economic growth has developed since the beginning of the 1970's. After the record year of 1979-80 a sharp downturn set in this fall. Just now Finland is actually in a state of what is called zero growth. The job market is expected to deteriorate gradually.

Unemployment

Close to 15,000 jobs are threatened next year within Finnish industry as a result of the downturn that has now begun. After a few years of decline unemployment turned upward again this fall. But not all Finnish industries are starting to feel hard times today. In shipyards for example order receipts are good and jobs are guaranteed for several years into the future.

It is the generally poor activity of the economies of western Europe that is now beginning to make an impact in Finland too. In the past this could be compensated for through sharply increasing exports to the Soviet Union. In this way Finland has been able to handle the increasing oil bills.

But now a balance has been achieved in Soviet trade they say at the Finance Ministry and no further increase in exports eastward can be expected next year. This means harder times are approaching for the job market.

The decline comes after a period when Finland had the largest economic growth in the entire western industrialized world.

This has meant the addition of as many as 160,000 new jobs since 1978--about 50,000 in industry, the rest in the public sector and in private services--while at the same time wages increased in real terms.

This employment gain has no counterpart in the other Nordic countries. Not even Sweden with a job market almost twice as big as Finland's reached similar figures in this period.

Zero Growth

And 1981 also started out well but especially in the fall a sharp downturn occurred, so sharp that Finland has what is called zero growth just now.

Thanks to a good first half the final result for the year will be a growth of around 2 percent.

Against this background forecasts for 1982 have had to be revised downward several times in the fall and it is quite generally agreed now that the economy next year can't grow more than between 0 and 1 percent.

Developments in western Europe generally will be decisive for this. What the Finance Ministry hopes for is a recovery next fall but this forecast is not entirely sure.

Thus it seems that Finland can expect a further deterioration of the job market in 1982--when the country actually needs the exact opposite to happen.

Next year the general number of people in the most productive age groups will increase while Finland now has a so-called migration surplus with Sweden.

It has occurred because fewer Finns are moving to Sweden today and the poor job market is a factor--while at the same time Finns in Sweden are increasingly starting to move home. These people can now find it hard to get a job.

Good Years

During the good years Finland was able to sharply reduce unemployment but not to any less than around 4 percent.

It is true that there are more jobs but at the same time the number of those seeking work is rising, industry has been rationalized and automated and the shortage of professional workers grew. Simultaneously the enormous regional differences between industrialized Finland and other parts of the country remained unchanged. Today for example unemployment in the Helsinki area is no more than about 2 percent while in eastern and northern Finland it lies around 9-10 percent.

The Labor Ministry in Helsinki is now counting on a rise in unemployment to up around 130,000 in the next few months. Already today there are 10 people out of work for each vacant job and almost 40 percent of the unemployed are young people.

Deficit

It is mainly through increased job training that they intend to try to combat this development. Due to inflation and the relatively large deficit in the budget there is little chance that jobs will be supported through increasing stimulation via financial policy, according to the Finance Ministry.

At the Finnish Employers' Association they say that private investments fell off sharply since the summer and 1982 will probably lead to the loss of about 15,000 jobs in industry.

About devaluation of the Swedish kronan they said that it was not an important reason for the downturn. It did affect some branches "but it was not a knock-out blow."

It is mainly parts of the wood industry along with the textile industry that are doing poorly today. The engineering industry also reports having felt the effect of stinging blasts. On the other hand the shipyard industry has reported a good order situation.

Wave of Warnings

People in the Finnish LO [Federation of Trade Unions] are seriously concerned about the wave of warnings released by the market downturn. The employers are overreacting, they say. The competitive situation of firms is not as bad as some directors claim.

"Now the employers must accept their responsibility," they say, "and not get rid of people due to short-term calculations of profitability. Our unemployment is already too high."

At the same time LO wants an expansion of retraining activities in firms hit by the crisis and more attention given to the point that state support for industry can also create new jobs.

Even though the economic winds are now getting harsher in Finland too most observers seem to think that the labor market will remain steady in the time ahead.

For one thing a presidential election is coming up with a subsequent transition period and for another no contract negotiations are likely at the end of this year--Finland is in the middle of a 2-year agreement right now.

And in a year when it is again time to discuss wages the hope is, as we said, that a recovery will be under way.

6578
CSO: 3109/44

PRECIOUS METALS BEING RECOVERED FROM JUNKED EQUIPMENT

Paris L'USINE NOUVELLE in French 12 Nov 81 pp 88-89

[Article by Jean Roume: "Salvage of Precious Metals. The Know-How of Midax."]

[Text] The growing use of precious metals in many areas of high technology has made salvage a growth industry. The job requires not only mastery of advanced techniques, however, but also an exacting sense of service, two traits of the young firm Midax.

"There is still much to be done in the area of industrial salvage of precious metals," summed up Marie-Jose and Michel Diamand. Five years ago they founded the specialized firm Midax, with a capital of 100,000 francs. Marie-Jose Diamand is the president-director general and her husband is manager.

Midax's capital has grown to 2.3 million francs through reinvestment of profits. Staff has grown from 3 or 4 individuals to almost 40, divided among the sales department, the scrapyard at Colombes and the laboratory. Sales volume in 1980 was 100 million francs, exclusive of taxes.

That year production of salvaged metal was approximately 500 kilos for palladium, almost the same for gold, 150 kilos for platinum, and 1,000 tons per month for zinc, silver, copper, germanium, selenium, etc. The clientele (scrap suppliers and purchasers of refined metals) is divided about equally between France and foreign countries, with a majority in English-speaking countries.

"Our firm has not yet reached its optimum size," said Michel Diamand, "even in our particular area which is that of an intermediary between the large and the small in the business."

Industrial salvage of precious metals appears to be a growth industry, since it is at the hub of several current phenomena: a new interest in such metal, now classified "strategic" because of its use in many areas of high technology; rapid development of the industries that use it (data processing, but also energy, transportation, etc.); and a larger and larger volume of scrap and industrial waste containing traces of precious metals. Finally, industrial firms have become more attuned to the advantages of a better and more complete assessment of their metallic scrap.

Industrial salvage of precious metals in 1981, however, does not in the least resemble the picturesque gold rushes of the last century. "It is a business which requires not only a mastery of advanced techniques, often perfected through personal know-how, but also an exacting sense of customer service," emphasized Marie-Jose Diamand.

Solutions Inspired by American Refiners

Midax receives between 400 and 500 tons of miscellaneous industrial scrap per month, especially obsolete telephone and electromechanical materiel, as well as discarded computers, factory and mine waste, and miscellaneous lots. All of this has the common characteristic of containing from one to several tenths of a gram of precious metals per ton. It has to be "demolished, burned, crushed, enriched, and concentrated," Michel Diamand summed up. "Starting with infinitestimal and complex metal contents, we can produce, for example, a simple concentrate of 100 grams of gold per ton which specialized refiners can treat and transform into ingots."

But the customer service aspect is at least as important. Precious metals, and others, contained in a batch of scrap can be bought for cash or reprocessed for the client, or replaced by new precious metals produced by the firm or bought by it on the international market. "Our scrap suppliers are often at the same time users of new precious metals which we provide," noted Michel Diamand. This was how Midax began specialized departments for dental gold and jewelry alloys.

These complex relations between the salvager-reprocessor and the supplier-client present a number of problems which Marie-Jose and Michel Diamand are trying to solve innovatively, following the example of American refiners of precious metals. "Transactions must be absolutely clear if we are to give the client the best financial service," explained Michel Diamand. "Although Midax is a trading firm--that is, in general owners of raw materials which it buys, transforms, or sells--we more or less eliminate all risk of a speculative nature and earn our profit solely on our industrial operations and customer services."

The firm has a permanent agreement with the Bank of France and with customs which allows it to deal on foreign futures markets in commodities and currency. "I am in constant communication with our brokers in London and Chicago," explained Michel Diamand. Either we protect ourselves or we protect our clients. Each transaction in scrap or precious metals is therefore guaranteed until it is concluded, and thus reduces the consequences of any upward or downward variation in the market to a minimum. On a practical level, this lets me, for example, pay cash for the kilos of gold and palladium in telephone materiel, although it will take a few weeks before we are physically able to use these reprocessed metals."

A Great Deal of Informational Work

Techniques for extracting and reprocessing precious metals are undergoing constant change. "We must always make ourselves move more quickly," said Michel Diamand.

A furnace which will soon be installed at the Colombes scrapyard will save time and will complete the salvage equipment.

But the area of service, he believes, "is where there is the most to be done." One example would be destroying, under supervision, the outmoded components of data processing research like in Silicon Valley; another would be a more complete coverage of the risks of fluctuations in exchange rates, especially since the restrictions imposed this summer. "French industrialists are not yet all up to date on the advantages that a quick and optimal recycling of their scrap can bring them. Keeping too much too long turns into speculation and, most often, results in losing money one way or another. There is still a great deal of information to be disseminated in this area."

9720
CSO: 3100/121

COST OF STEPS TO REDUCE UNEMPLOYMENT VIEWED

Paris L'USINE NOUVELLE in French 5 Nov 81 p 78

[Article by Jean-Paul Le Guern: "Ministry of Labor--An Employment Budget"]

> [Text] An additional 143 percent to finance unemployment compensation, a doubling of the financing for partial unemployment compensation, and increased support for ANPE [National Employment Agency] and AFPA [Association for Adult Professional Training].... The employment bill is now over 35 billion francs.

Create public sector jobs in order to better combat unemployment--without any cynicism this phrase could be used to describe the 1982 budget of the Ministry of Labor. The former administration added several hundred persons to the ANPE staff, but the present government has really shifted into high gear.

One thousand additional posts will be a record for ANPE. At AFPA the creation of 250 new posts will round out the 300 called for in the budgetary measures of last July.

One innovation is the impending recruitment of business economists who will work with regional labor directors. Their job will be to help the latter understand the facts behind the layoffs requested by firms that are having problems.

The number one priority in expenditures is also for increasing employment. Financing unemployment compensation, including state contribution to UNEDIC [National Union for Employment in Industry and Commerce] improving compensation in overseas departments and territories, renewal of the metallurgy social welfare agreement, and aid for the long-term unemployed who have exhausted their payments, will go from 11.8 to 28.6 billion francs, an increase of 143 percent.

Another defensive measure is financing partial-unemployment compensation which has more than doubled, going from 286 to 601 million francs. One hundred two million francs have been destined to prevent layoffs and facilitate redeployment of workers. Finally, 10 million francs will be reserved for economic and social audits of firms in trouble.

Offensive expenditures are not lagging behind. ANPE's subsidy has gone from 10.4 to 1.4 billion francs (+39 percent), and APFA's from 1.5 to 2 billion (+27 percent). Three hundred ninety million francs have been set aside for jobs that will be created by local governments and associations. One billion six hundred thousand has been reserved for hiring the handicapped, and 12.5 million will be used to finance firms' experiments in innovating and creating jobs.

The overall "employment" bill is over 35 billion, and this does not include the "youth with a future" plan and solidarity contracts whose funding is being provided by other ministries.

Another priority of the Ministry of Labor is the strengthening of cooperation, negotiation and workers rights. For this, union subsidies have gone from 22.3 to 34.4 million francs (+54 percent). Money for creating conciliation boards has more than tripled: from 6 to 20 million francs, of which 3.5 million will be used to establish a supreme conciliation council.

In addition, 15 safety engineers will be placed at the disposal of regional labor directors. Subsidies for encouraging workplace improvements will increase from 25 million to 34 million francs.

In sum, the budget is 40.2 billion, a 110 percent increase over the previous one, and it plays a not insignificant role in the overall budget deficit (95 billion francs). Its supporters say that it is all for a good cause. No doubt. Hopefully this increase in funds will be accompanied by increased effectiveness, which can only logically be expected.

9720
CSO: 3100/121

BANKS' FORECAST: INCREASED EXPORTS ECONOMY'S ONLY BRIGHT SPOT

Stockholm DAGENS NYHETER in Swedish 3 Nov 81 p 8

[Article by Bjorn Anders Olson]

[Text] Swedish exports will increase by 6-7 percent next year, and Swedish export enterprises will regain lost market shares. At the same time, the rate of imports will remain unchanged, as a consequence of which the large deficit in the terms of trade will drop. However, the increase in exports is the only bright spot in the weak Swedish economy.

The two largest banks in the country--the Commercial Bank and the S-E Bank [Skandinaviska Enskilda Banken]--agree on this in their market reports.

Concurrently with the expected upswing in business activity next year, the world trade will increase, perhaps at a total rate of 3-4 percent. Swedish enterprises will increase their exports at an even higher rate, by 7 percent according to the Commercial Bank, by 6 percent according to the S-E Bank.

It is, first and foremost, the devaluation--the depreciation in the value of the Swedish krona--which improves the competitiveness of the Swedish enterprises.

Even if the export will be a good pace-setter, it is almost the only expansive element of the Swedish economy in 1982.

The Commercial Bank states that investments as well as the consumption in the public and private sectors will drop next year. As a result, a largely unchanged import volume is expected next year compared with this year.

Better Balance

Together with the increase in exports, the bank, therefore, expects the deficit in the terms of trade to drop 'appreciably' next year, from a deficit of 16-17 billion kronor to a deficit of perhaps 10 billion kronor next year.

Here, the prognoses of the Commercial Bank differ from those of the S-E Bank as well as from those of the government.

The government expects no change in the large deficit in the terms of trade--'increased imports'--whereas the S-E Bank expects the deficit to drop by a couple of billion kronor--'high interest costs, among other things'.

Otherwise, the evaluations are largely concordant.

The increase in exports will cause an improvement for Swedish industry in the second half of 1982.

But, beforehand, we may expect a further downswing and an increased rate of unemployment. Already today, there are 7 unemployed for each available job.

The Commercial Bank states that those who are in danger of becoming unemployed should instead be trained as skilled workers within the industries. The lack of skilled labor is always a hampering factor in a period of economic upswing.

In contrast to previous devaluations--the devaluation in the fall was the fourth devaluation in 5 years--the banks predict that industry, this time, will take back lost market shares abroad.

This will happen despite the fact that the competitiveness of Swedish industries, according to the Commercial Bank, now as at earlier devaluations, is clearly unsatisfactory.

The S-E Bank points out that, compared with other industrial nations, Swedish industry has today approximately the same relative cost level as in the early seventies.

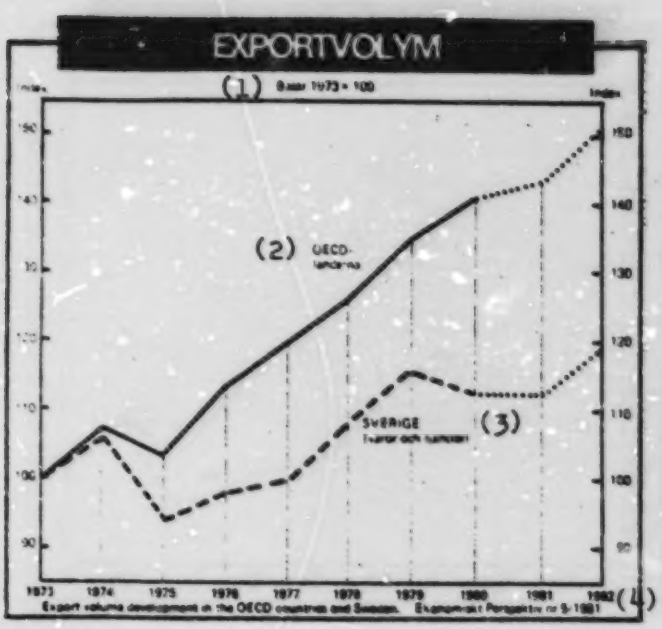
In the meantime, the Swedish competitive power has been greatly weakened, which has had the effect that, while the total industrial production within the OECD area has increased by 15 percent since 1974, the output in Sweden has dropped during the same period.

The bank assumes, however, that Swedish industry today has a better earning power than at the last devaluation in 1977.

At the time, the Swedish industries pocketed the devaluation gains in the form of higher prices. That will not happen this time, it is believed. Instead, it might even be possible to lower the prices in foreign exchange, and the demand for Swedish products would thus increase. For that reason, the devaluation will provide a badly needed lift to Swedish industry.

But according to the banks, that will not suffice.

The devaluation must be coupled with a number of other measures with a view to lowering the consumption and transferring resources to industry.



Export Volume

Key:

1. Base year
2. OECD countries
3. Sweden (goods and services)
4. EKONOMISK PERSPEKTIV No. 5 1981

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CSO: 3109/46

LARGE WORLD RELIGION PEACE CONFERENCE TO BE HELD IN 1982

Stockholm SVENSKA DAGBLADET in Swedish 21 Nov 81 p 12

[Article by Hans Green]

[Text] A large international church meeting for peace will be held in Stockholm in September or October of next year, with the Nordic churches as arrangers. But there will be competition for the Swedish peace meeting from a similar conference in Moscow being arranged by Patriarch Pimen of the Russian Orthodox Church.

Patriarch Pimen and Pope John Paul in Rome had been considered as cosponsors of the Stockholm conference. However the Vatican has announced that the pope as a matter of principle did not wish to act as a cosponsor.

The initiative for the church peace conference spanning the globe was taken from the beginning by Archbishop Olof Sundby who hoped that the Christian churches of the entire world would send representatives to such a conference. The World Council of Churches also expressed willingness to support the peace meeting but could not act as a sponsor.

On Tuesday the Finnish Archbishop Mikko Juva, the bishop of Copenhagen, Ole Berthelsen and the bishop of Oslo, Andreas Aarflot met with Olof Sundby in Uppsala. The latter two are the most prominent spokesmen of the Danish and Norwegian churches.

Rome Positive

"The Roman Catholic Church has said it would gladly send representatives to the Stockholm meeting," Archbishop Olof Sundby told DAGENS NYHETER. "It is my understanding that the Vatican is entirely positive about the Stockholm peace meeting but it has said it could not serve as a sponsor."

The Russian peace conference is of a different type, according to Olof Sundby. It will include all religions, including Moslems, Hindus and Buddhists in addition to Christian churches.

"On Tuesday in Uppsala we discussed the preparations made so far for the Stockholm conference and now hope that we can issue invitations to all the Christian

churches of the world to come to Stockholm next fall," said Olof Sundby. The other Nordic archbishops will now make contacts in their homelands to arrange continued preliminaries. It is also intended to have a number of free church leaders in the Nordic countries cosponsor the meeting.

The church peace meeting will be held in Stockholm primarily as a result of the big ecumenical world meeting in Stockholm in 1925, initiated and sponsored by then Archbishop Nathan Soderblom. Five years later he received the Nobel Peace Prize.

6578
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BRANDT ON TENDENCY TOWARD 'EUROPEANIZATION'

Hamburg DIE ZEIT in German 20 Nov 81 p 12

[Article by Gunter Hofmann: "A European Panorama--Willy Brandt in Budapest"]

[Text] Budapest, November - The scene: an immaculate, stylish atmosphere in a guest residence dating back to glorious times on Budapest's Verhalom Square. Willy Brandt faces about one dozen prominent Hungarian scientists and politicians across a round table. They ask careful, exploratory questions. Brandt replies ponderously, without flourishes. The time: a few days before Leonid Brezhnev's visit in Bonn. The subject matter under discussion in the guest residence: the future of Europe.

From a number of different starts, the talk always ends up centering on the same thing: what is Europe's future role; what status could it occupy? Could there be, for instance, a nuclear-free zone and if so, for some states or for all of them? He would not want to "discourage anyone," says Brandt softly, "from pursuing his own thoughts," but it would not be easy to separate some parts of Europe from the rest. If one were to start with a nuclear free zone in Northern Europe, what about the Baltic? And if the Baltic were to be included, what about its bordering states to the south? Schleswig-Hostein or Mecklenburg, Leningrad, "not to mention Riga" --they all would have to be included.

Or might all of Europe become free of nuclear arms? Brandt interjects that he has on occasion been identified with the "zero option." Does that mean, someone in Moscow asked him, a Europe totally free of nuclear weapons? It does not; but at the time Brandt replied that he "would not object to it," either.

Europe without nuclear arms? That would only be thinkable if it were in the interest of both superpowers. Or if, as some experts maintain, "intelligent non-nuclear weapons" could replace atomic arms. Willy Brandt therefore vacillates between "no" and "yes"; maybe so, but if so, later.

Another theme: today's European security. "You can always dream," says a member of the Hungarian Central Committee, "but it would not be practical." Both sides quickly agree that today's issue is only global parity. They are of course representing their official positions; but the differences do not appear unbridgeable. Perhaps, says Brandt hopefully, new SALT talks will start in the spring. And he does not neglect to mention what would have to happen on the Soviet side if the NATO twin resolution would not "need to be implemented." The time is getting short;

it would have to be evident by the fall of 1983 whether the negotiations on land-based medium range missiles, to which Washington wants to restrict itself, have resulted in anything that would "make a postponement possible."

Then a third approach to the subject: one reads with increasing frequency that Europe is faces with extreme alternatives, "Finlandization or Americanization." Which of these alternatives will come about?

Thereupon Willy Brandt unfolds a multifaceted European panorama, which he knows how and loves to do. "Thatcherism" in Great Britain, as he calls the experiment, is in his opinion doomed to failure. "Mitterandism" in France, which he hopes will be strong enough to bring about change, has not yet prevailed; unemployment and inflation are on the increase, the flight of capital continues—"it reminds me terribly of the year 1936," says Brandt, of the reaction by French industry to Leon Blum's Popular Front regime. What remains in this panorama are the "fanatical Germans," who have "converted their fanaticism into a policy of muddling through."

Americanization? The FRG's economic politics are oriented toward swimming free of Big Brother (incidentally: Hungary is trying to do the same thing). And what about foreign policy? Hosts and guest seem in agreement that "in their own interest, they had best remain loyal to their partners, as long as the world needs treaty systems." Succeeding generations would perhaps no longer require them.

Finally, a fourth approach: Willy Brandt speaks of an increasing tendency towards "Europeanizing" Europe, using Peter Bender's expression. None of the Hungarian participants talks about this concept. Brandt talks more freely. Didn't the Europeans try to avoid being drawn into the Afghanistan mess? The governments of both Germanys saw it the same way and thereby discovered a new feeling of commonality. It has been somewhat pushed into the background by the situation in Poland--"but it exists." Europe, which the last war had flattened into a mere map, is beginning to look three-dimensional once again.

To recapitulate: not Americanization, not Finlandization, but Europeanization. But this, Brandt adds, has a chance of succeeding only if this goal, a European identity, does not "appear threatening to anyone."

Brandt did not restrict his plea for extending detente beyond the borders of Europe, especially of including North-South problems into the politics of the two superpowers, to deal with global problems in a global manner ("this was the sentence that impressed me the most," admitted one of the Hungarians), to this gathering. He presented similar arguments in Budapest to an international congress on North-South problems. A congress incidentally which was European dominated, with attendance by scientists from Warsaw, Belgrade, Prague and Budapest, aside from those coming from Rome, Paris, Amsterdam and Mexico City. That in itself was a first, a careful opening, carefully indicated as a willingness to talk in Eastern Europe.

The end result: surely not everyone is being listened to like Brandt; many find it easy to engage in a dialogue with him. Still: at the round table in the guest residence on Verhalom Square in Budapest there appears to be greater insight into the significance of the term "Europeanizing Europe."

9273
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GOVERNMENT FACES UNIONS' DISPLEASURE OVER UNEMPLOYMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Nov 81 p 1

[Article by Fritz Ullrich Fack: "The Winter Of Fate"]

[Text] It is not just an accident that Helmut Kohl has been talking in ever more confident tones of an impending change of government in Bonn. Whether he will be proved right remains to be seen. But at least this much can be said: the government now in power can look forward in the next few months to the toughest endurance test of its history.

The crisis will not be the result, as many observers thought this summer, of the rearmament question. Despite the belligerant noises being heard on this issue from some quarters of the SPD--this weekend the Saarland SPD let itself be heard from in this regard--, the chancellor with some skill should be able to next spring's party convention to evade a confrontation on this issue. The great showdown on the issue of nuclear armament, which Eppler and his associates had predicted, will probably not come to pass; it has already been pretty well deferred until 1983.

The danger comes from another quarter. This weekend the trade unions gave voice to their discontent in other than muttered tones, this time openly, loudly and in surprising strength--70,000 demonstraters in Stuttgart alone--against the government's policies. For schmidt this is an ominous danger signal, since the trade unions themselves and their spokesmen in the SPD are his actual political constituency, whose favor he has courted for years with particular zeal and with substantial success. Apart from the communist influenced organizations, the trade unions have supported him on foreign policy, national security and energy policy--including the expansion of nuclear energy. But now opinions are splitting on the issues of economic and fiscal policy.

The alienation began last September when Schmidt, under pressure from his coalition partner, dismissed almost without comment the German Labor Federation's two most important demands--creation of an employment program and the financing of additional expenditure by a supplementary surcharge upon the personal income tax. That there remained in the end hardly even the hint of an employment policy component in the retrenchment program was, for Labor Federation chairman Vetter, a severe loss of prestige for himself and a signal to his organization to open fire on the balky FDP and in particular Count Lambsdorff. The latter's idea of an economic policy "course change" with the help of cutbacks in the widespread social security net (Genscher:

"social hammock") was seen by unions and even middle-of-the-road SPD members as a declaration of social policy warfare.

The Free Deomcrats for their part have for some time been pursuing their strategic goal of expanding their constituency toward the middle. In line with this they have paid little heed to the engaged ecologists, the Green movement and the anti-nuclear movement, demanding firm support for Genscher's foreign and security policies and pushing for support among liberal and left-liberal members of the middle class, especially among the self-employed, with a strictly market-oriented fiscal and economic course. It is there that Lambsdorff's concepts of the necessary "change of course", of productivity orientation and the liberation of private initiative, the dismantling of the welfare state and the army of bureaucrats finds its strongest resonance.

It is in the light of this background, according to leading Free Democrats, that the "stringent committment" must be seen, not to entertain the idea either of an employment program or the fiscal possibilities that have been presented so far, in other words neither tax increases nor a departure from the "politically fixed" new indebtedness limit of DM 26.5 billion for the next fiscal year. No one has yet come up with any other possibility for financing.

For the Free Democrats these are, or so they claim, "bottom lines". And in fact they can hardly be reduced without a substantial loss of sympathy among the newly courted potential voters. This is the nub of the present dilemma in the coalition: the leadership of both parties have only very narrow room available for such maneuver as would enable understanding in economic and fiscal policy. The welfare and redistribution state flourished as long as there was money in the till; leading Free Democrats freely admit to this. But now, when the money is lacking, the conflicting interests are colliding with a vengeance.

If Count Lambsdorff admits to a certain resignation these days, then that is no doubt a factor of the manifest hopelessness of the situation. The mutual blockade leads to a situation where nothing will work any longer, neither stimulation with the help of the state nor an adequate encouragement for private initiative; the long drift into the valley is accelerating.

How long Schmidt can withstand the growing pressure of the trade unions in the face of growing unemployment for the sake of maintaining the coalition and can defer an employment program is an open question. When the dam breaks, it is not likely that Lambsdorff can be counted on any longer. And then the odds on a continuation of the coalition will grow extremely thin.

9878
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KOIVISTO'S 'NON-POLITICAL PROFILE' DOMINATES IN CAMPAIGN

Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 4

[Article by Jan-Anders Ekstrom]

[Text] Helsinki--An epoch in Finnish politics has ended with the announcement last week that President Urho Kekkonen will resign. The time up to 17-18 January when the electoral election will be held will be characterized by febrile political activity. This weekend the Liberals and the People's Democrats/Communists will be choosing their presidential candidates. Then the other parties will follow suit. The Social Democrats will be naming Mauno Koivisto as their candidate on 18-19 November.

According to opinion polls Koivisto has the support of 60 percent of the voters and in a direct election he would be fairly sure to succeed Kekkonen. But when the electors meet on 26 January the presidential game could be won by some compromise candidate.

"People don't regard me and I don't regard myself as a political person in the true sense."

These were the words of the deputy president, Prime Minister Mauno Koivisto, who in a few weeks will be named Social Democratic presidential candidate. The statement comes from a book that has just been published which consists mainly of interviews with well-known citizens.

There are many who feel that it is precisely this "non-political profile" that is the main reason for the 57-year-old prime minister's great popularity. There must be something special about a man whom 50-60 percent of the Finns, judging by the latest opinion polls, would like to see as the next president of the republic.

This is what one of Koivisto's prospective opponents in the upcoming presidential election, editor-in-chief Jan-Magnus Jansson, said in a newspaper interview:

"The secret of Koivisto's popularity lies in his personality, in the fact that he is a skillful politician who at the same time gives the impression that he is not

a politician. At present there is a very strong mood against politics. The people want a change. Many people see in Koivisto a different kind of person from President Urho Kekkonen who has been both esteemed and admired but who also possesses a statesmanlike genius that may seem alien to many people. Koivisto is more apt to give the impression of being an ordinary person."

Koivisto himself in the book referred to above said that "it is understandable of course that I prefer to interpret the support as a recognition of what I have done and not as something resulting from other secondary factors.

"But it is clear that those who in general hold opinions that differ from mine stress that my support has nothing to do with what I have brought about."

But he did concede that it is a "somewhat delicate matter" when one has support outside one's own party and even outside the government coalition parties.

Among the recently published books and pamphlets more or less directly tied to the presidential election there is a little book that draws portraits--in most cases rather spiteful ones--of the presumptive presidential candidates and others active in the presidential drama. Koivisto who unlike most of the others is given friendly treatment is portrayed here under the title, "The Lonely Sheriff."

According to this sketch Koivisto is "by nature very obstinate, independent and a loner." He has long since "raised himself above the Social Democratic Party as well as the other parties," although on the other hand he "holds his own party in high esteem."

He is an impassioned thinker--who at meetings and deliberative sessions holds long, complex philosophical monologues, he does not make decisions quickly and he is not a heavy-handed leader. He does not like to spend his evenings at meetings, he doesn't like to listen to long speeches himself and he has a hard time making decisions, especially in large groups of people. He arrives at decisions when he is alone in his workroom, during a walk or in the country while he cuts wood for the sauna.

He masters economic policy, he can guide domestic policy but foreign policy is his problem. Not because he doesn't know enough about international policy or about handling foreign policy. It is because he "has not been able to present proof of foreign policy reliability." He has a hard time with the "foreign policy liturgy," which is important in this context. But he speaks Russian well as a result of 20 years of laborious study.

'Confident and Honorable'

According to the book Koivisto has deliberately aimed at becoming president. What makes him president is not great deeds of statesmanship but "a confident, honorable attractive person who has been shown to the people on TV for almost 20 years now." He has become known for his honesty because he "doesn't make any pretences and he makes no promises." He has the nerve to appear before an

audience of LO [Federation of Trade Unions] members with the news that there is no chance for wage hikes at present (and gets applause for doing so afterwards).

It is part of the picture that during the more than 2 years he has been prime minister in the current four-party government he has become increasingly secure. It was a high point for him personally when he refused to resign last spring even though President Kekkonen virtually ordered him directly to do ao.

All in all the picture is recognizable to political observers. There are probably many other aspects to the Koivisto phenomenon.

He himself does not seem to agree with all these assessments. In the book referred to at the beginning of this article Koivisto commented among other things on his alleged indecisiveness and his penchant for philosophical deliberations.

He thought the charge of indecisiveness was "strange" considering that in his first period as prime minister in the late 1960's he was often accused of the opposite, of being self-willed and not discussing things enough with others.

"I don't think I have much trouble making decisions but of course it is harder to make a difficult decision than it is to make an easy one."

He added that "it is safest if the toughest decisions are made by those who don't benefit from them."

Open Mind

"My personal attitude is that I try as far as possible to keep an open mind to everything and I try to keep the situation open to democratically-elected bodies."

Of the philosophical bent he said:

"When I present my case in a multifaceted way the idea is that those listening to me should also be forced to think a little--that is an ancient doctrine. If one wants to influence people one should offer them only the components and let them draw their own conclusions. Then the ideas are their own. If I try to push my own ideas in final form on them it can be hard to get them across. Thus I make use of the opportunities offered by the Finnish language to express my ideas in a multifaceted way."

A little further on the old volleyball player summed up his personal philosophy in these words:

"One should never reveal all one's thoughts. Sometimes one should release trial balloons and perform feints against the domestic as well as the foreign net and then wait and see what happens. Especially in the political struggle which can at times be very ruthless one should always have something in reserve."

6578
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LEADERS EXPRESS VIEWS ON BASQUE COMMUNIST MERGER

Santiago Carrillo's Views

Madrid MUNDO OBRERO in Spanish 6-21 Nov 81 pp 36-38

[Article: "Dossier on the Convergence Process in Euskadi"]

[Text] Santiago Carrillo

In the report submitted by Comrade Jaime, from the party's Secretariat, there is a clear, categorical determination of the positive nature of a convergence process and, in the long run, one of merger between the Basque Communist Party and Euskadiko Ezkerra [Basque Left]. There is such a clearcut, concrete analysis of all the positive aspects of the evolution in Euskadiko Ezkerra that, although this is an essential matter, to borrow Jaime's comment, I shall not dwell on it. What I do say is that when we make this assertion, we do so with complete sincerity, and not with a maneuvering intent. For that has been our position for many years, a position in favor of this process of convergence and of creating a Marxist Party in Euskadi.

The issue of Eurocommunism has come up in this regard, and has appeared in all our debates. And, apropos of the views that have been expressed, questioning whether the Communist Party is now the instrument for the transformation or not, I would like to say that one of the features of the Eurocommunist strategy is its view that the Communist Party is not the only instrument for the socialist transformation; that, together with the Communist Party, other parties and other forces must also be instruments for socialist transformation in that Eurocommunist strategy. Therefore, I have no use for the argument that the Communist Party is not the instrument, because I am convinced in advance that the Communist Party alone is not the instrument; but that it is a fundamental instrument, an essential instrument,as a Communist Party, I have not the slightest doubt. And although the Socialists may have won the elections in France and in Greece, on which we all congratulate ourselves, and although they may win them in the future in Spain, the Communist Party will continue to be an extremely important and fundamental instrument for the socialist transformation of the society.

Why? I could dwell at great length on the explanation of the reason. However, in a very sketchy way I would like to say that, owing to its ideological base and its composition, because of the fact that it is fundamentally a party of the working class, the Communist Party, a party with the features of the Communist Party, even

though it may have a different name (in Catalonia it is called a Unified Socialist Party, but it is the Communist Party), it is an essential element in a revolutionary process of transformation.

Those of us who are along in years have seen the Socialists win elections often, and we have also seen the Communist Parties considered dead often; and perhaps because of this we are no longer so impressed by certain phenomena that occur, phenomena which obviously create doubts and vacillation among the party's members. The party's history is replete with processes of that kind; and nevertheless, I repeat, we have not refused, we are not refusing and I believe that the Communist Party cannot refuse to play its role as such a Communist Party, with that name,or as a revolutionary Marxist party, or a unified socialist one, but with a Eurocommunist strategy, and as a party of the working class.

And we are advocates of a new political formation, which we have defined and have expressed; but a new political formation, taking into account the historical experience of the unifying processes, not only in our country but outside of it as well; taking into account the different roots of the forces which might participate in the unifying processes. And for this reason, we have defined the new political formation (and in this connection, Jordi Sole Tura made an interesting suggestion), we have defined the new political formation as a confederation, as something like a confederation of socialist forces wherein each one keeps its own philosophy, keeps its own militancy, but one composing what in the political realm would correspond to the historic bloc of which we have so often spoken.

In this regard, there has been a desire to avoid the situation which the Basque comrades call the rough draft. It is not a rough draft; it is a basis of agreement which has been given to the party as a document to be discussed by the party as a whole, without the Central Committee's determining whether or not there must be a revision.

The famous rough draft is a marvel of abstraction and ideologism; it evades all the concrete problems which are part of the practice of a revolutionary political party. The rough draft is not a Eurocommunist rough draft; no, it is not.

And here in Jaime's report, and in the very lively debate that we have had, which I consider quite normal, it has been clearly demonstrated that this rough draft is not the rough draft of a Eurocommunist party. And the comments by Comrade Pilar Brabo, claiming that a party which is dissociated from the real socialism and from social democracy, simultaneously, is a Eurocommunist party, have no grounds. That party could be the PSOE [Spanish Socialist Workers Party].

The other day, Comrade Pilar Brabo, far less critical toward the PSOE than the PSOE's critics, said that the PSOE is a socialist and not a social democratic party; and she said that at a time when the PSOE was holding its congress, excluding its left, and when the PSOE was appearing as the party of moderation, a foe of the nationalizations that have been attempting to modernize the country by 25 years.

I am not saying that Pilar should have attacked the PSOE, but I think that such a party, which is neither on the side of the "real socialism" nor on that of social democracy, could also be the PSOE, or could be any populist party, or any nationalist party.

The fact that one is not a full-scale advocate of the "real socialism" nor an advocate of social democracy does not mean that one is a Eurocommunist.

But from the remarks made here by some Basque comrades, and from the support which they received from another Central Committee member, the logical conclusion that would have to be drawn is that, if the Communist Parties, and concretely those in Euskadi and Spain, are no longer a suitable instrument, for the very reason that the Basque comrades are going to join the process of a merger of Euskadiko Ezquerra, what remains for us to do is to close the door and attempt, however and at whatever price, to join the Socialist Party, which is relatively far stronger than Euskadiko Ezkerra.

Everything Except Liquidate the Communist Party

With those views of the Communist Party as a valid or invalid instrument at a time when we are in the midst of a campaign attempting to bolster bipartisanism, and approaching general elections in which they will try to reduce us, the posing of these questions by our ranks and by the Communist Party leadership is an objective contribution to the policy of polishing off the Communist Party. And that is the actual situation.

I made the comment in the Executive Committee, and someone recalled it here: We are willing to do everything for unity, everything except liquidate the Communist Party, everything except that.

And the problem is that there are areas of this country in which the Communist Party has never managed to become firmly entrenched in the past, in which we have very weak roots and in which we shall need a period of time, I don't know how long, to take root and become strong.

Whereas in others, especially those in which the Republic dominated during the Civil War, we do have roots, we do have forces, and we do have a very sizable base at the outset.

Comrades, we must have revolutionary patience and tenacity, and when a leader of the Basque Communist Party, as Sigis has done here, brings up the matter of our telling him where the Basque Communist Party is going to obtain more strength than it has today, my answer is that Sigis does not deserve to be a leader of the Basque Communist Party if he is incapable of seeking the response and the strength himself, which is the role of the leadership of the Basque Communist Party.

I believe that the trade union option, and I am now embarking on the program document, in a Eurocommunist policy is no small matter. And it is no coincidence that we have a trade union option, the Workers Commissions, which has not come into existence to be a transmission line of the Communist Party, but rather of the very needs of the working class struggle;moreover, it has acquired a deepseated entrenchment.

And I cannot imagine a Communist Party (it has been noted here, and I repeat it, Nico mentioned it) that does not have its transmission line already, but does have its influence among the working class in a trade union organization of the Workers Commissions type; a trade union organization which has a concept of the struggle,

which has developed in both the economic and social, as well as the political areas, and which has an entire tradition of taking root, not only with the organization, but also with the spontaneity of the workers movement in our country for many years.

And the comrades from the Basque Communist Party leadership have submitted various accounts here. Roberto Lertxundi has said, has hinted that the new party will end up backing Workers Commissions, but Chemi Cantera, who is on the committee that is preparing the trade union planks, has stated, speaking on behalf of Euskadiko Ezkerra , that Euskadiko Ezkerra would not back the Workers Commissions. He stated that clearly.

This goes to show that the EIA [Basque Revolutionary Party] planks have not been overcome so much as it would appear.

To us, in a Eurocommunist program the option for Workers Commissions is a fundamental issue.

There is the subject of terrorism. I was shocked to observe the indignation of some comrades today, because they seemed to infer that we were blaming them for weakness toward terrorism. No, it is not that. We all know that the Basque Communists have coped bravely with the terrorism, and in Madrid as well. To the comrade who was asking where there had been demonstrations against terrorism, I would reply that there have been street demonstrations against terrorism in Madrid and other parts of Spain, too, not just in Euskadi. But we have always recognized and proclaimed the merits of the Basque comrades in that struggle.

However, comrades, it is not that, but something else. The attempt on the part of the right in this country, and the extreme right, to associate terrorism and the Communist Party is obvious to everyone; that is obvious.

There is an obvious attempt that could be under way to associate the Communist Party and terrorism. And that is why, when we make the convergence and propose to make the organic merger with a party which has for several months been supporting the terrorism of ETA P-M [Basque Fatherland and Liberty Group (Political and Military)] a group that has proclaimed a truce, a truce, it seems essential to us that this new unified party have a clearcut political and ideological position toward terrorism. Because we are concerned over the future of Euskadi, but we are also concerned over the future of the Spanish Communist Party as a whole, and want to preclude the possibility of associating the Spanish Communist Party with the propaganda and activity of our right and extreme right wing adversaries relating to terrorism.

Hence, that is a major issue. It is not a reproach of the Basque Communists, because they have not struggled; it is a major issue.

In the area of international policy, what shocks me is that every time there is talk about Eurocommunism, and mention is made of international issues and international relations, the comrades here agree that there will be no discussion of international policy, which is actually something definitive concerning the positions of Eurocommunism.

And we must recall, comrades, that one of the visible heads of Euskadiko Ezkerra made a statement after 23 February in which he said that it was willing to enter

NATO. We must recall that, because it was written in INTERVIU. This goes to show that the steadfastness of the positions on principles was not very great; at least that.

And there is the topic of relations with the party.

Comrades, we must be very clear in this respect. And I would like to tell Manolo Azcarate this this is not a matter of a "transformation" in the relations with the Spanish Communist Party; there is no "transformation", there is a break, pure and simple, here. That is obvious. In a transformation, we would all be in agreement. Here, there is a break.

But it must be said that this break has not been made by Euskadiko Ezkerra, nor EIA. This break has been made by the Executive Committee and the Central Committee of the Basque Communist Party; they have made it. And they have made it starting by denying us leaders of the Spanish Communist Party any right to intervene in the process of unity in Euskadi.

That is contained in the resolution of 12 September; it has been on the radio, and I have heard it personally: the denial of any right of the Spanish Communist Party to intervene in that process.

And in the contacts that we have had here (mention was made of a contact in July), I want to say that we have not been informed of anything relating to a process of contacts, or discussion with Euskadi Ezkerra ; we have not been informed of anything, but have been totally disinformed, and not only disinformed, but excluded.

And I think that the exclusion of the Spanish Communist Party is the biggest mistake made by the EPK [Basque Communist Party] leadership: first the real exclusion, and then the overt, public exclusion. It has been the biggest and most serious mistake.

And that we have been very discreet, too discreet; and that was the meaning of the permissiveness mentioned by Ballesteros, failing to take the initiative to intervene. We could have held a discussion with Euskadiko Ezkerra; we did this so as not to undermine your authority and your prestige. We did not do it so that you could autonomously discuss and resolve, and so that no one could claim that you were acting under conditions imposed, remote-controlled by us. But we were mistaken in this regard. I criticize myself.

We should not have done that. We should have intervened, and perhaps we could have rectified that process and prevented what might have been an abortion, instead of unity, now. And we did this out of too much respect for the autonomy of the Basque Communist Party and its leadership.

The other mistake made by the leadership of the Basque Communist Party before this was to exclude from the EPK leadership and the unifying process a very important sector of the Basque Communist Party which had arrived at a formula for agreements on Plank 7, a sector which is Eurocommunist but which had a different concept of what the unity process should be.

And obviously, comrades, that concept of what the unity process should be is no small thing. It is a fundamental thing, because on it depends whether or not there will be actual unity in the end.

And there has been comment here on the example of Mexico, but in Mexico the merger was achieved after 5 years of unity of action by the parties which attained it.

And in 1936 unity was achieved in the PSUC [Unified Socialist Party of Catalonia] and unity was achieved in the JSU [Unified Socialist Youth] after several years of unity of action, wherein there occurred the struggle against the fascist terrorism during 1933-34, the October revolution of 1934, the subsequent struggle against the government of the black 2-year period, the struggle to create the Popular Front and the victory of the Popular Front.

In other words, it was a period of unity of action which made it possible to achieve that unity of the youth and PSU in Catalonia during 1936.

And, in addition, there was an open ideological discussion, wherein the stenographic records of the discussions were published (I am referring now to the youth), which were known to everyone and discussed by everone. And everyone knew in which areas we were in agreement, and in which areas we differed; for we still differed in many respects.

And there was open debate; and it was the unity of action that created the conditions for unity. Despite everything, it is an experience that must be taken into account in evaluating something said by Comrade Paco Frutos; despite everything, that unity was broken. And today, in Catalonia, we have the PSCU and the Socialist Party; and in Spain, we have the Communist Youth and the Socialist Youth.

And I say that this is an almost prophetic statement because, obviously, all the problems and contradictions that you set aside now to hasten the merger will be posed for you once you are joined. And, actually, that could blow up, that could explode in the worst manner.

And you tell us: "Have confidence in us." And Charli stressed that in a very natural way: "Have confidence in us; within that new formation, later on, we shall succeed in establishing organic ties with the Communist Party."

Comrades, how can you want us to have confidence in you when you are in that organization, if now when you are an organization of the Spanish Communist Party you have broken with us? How can you want us to have confidence? How can you want us to believe that? We cannot believe it.

And this matter of the relations between the united party in the Basque Country and the Spanish Communist Party is something that we cannot give up. And this has been brought up in Catalonia, for example, where there is an independent party; and the Catalonian comrades, at least a large portion of them, have understood it. The Communist Party cannot give up having its correspondence in Catalonia, and if it is not the PSUC, it will be something else. And I tell you, the Spanish Communist Party cannot give up having its correspondence in Euskadi. It cannot give this up, and it is not a matter of a bird in the hand being worth more than two in the bush.

It is a matter of our being a party with a total concept of the revolutionary transformation of this country, and needing an organization that will operate in the entire

country, which could be called the Basque Communist Party or be called something else, but which must have a correspondence with us. And we are not asking for the organic control of that potential party, no. What we are asking for is an association which we can study between that party and the Spanish Communist Party.

And that is the least we can ask if we sacrifice the organization of the Spanish Communist Party in Euskadi, which is the Basque Communist Party.

And I want to say that the Basque Communist Party does not have the sovereignty to decide on everything, as has been claimed here this afternoon. Your Statutes are here, not those of the PCE; yours, approved at the Fourth Congress.

And Article 4 states that, "The PCE-EPK, by reason of the national features of Euskadi, devises and implements its policy with complete autonomy;" which is something else; but it adds: "Linking it with that of the Spanish Communist Party, of which it is a part." The Basque Communist Party is not a sovereign, independent party; it is a Communist Party which is part of the Spanish Communist Party, and which devises its policy with complete autonomy, linked to that of the Spanish Communist Party.

And neither the Statutes of the Basque Communist Partynor those of the Spanish Communist Party state that the Central Committee of the Basque Communist Party can dissolve the Basque Communist Party. It cannot dissolve it; it has no power to dissolve it. In the philosophy of our Statutes, I think that this could be done by a Congress of the Basque Communist Party and a Central Committee of the Spanish Communist Party which agree on the need to do this, and not otherwise.

But, in any event, the problem is that you have conducted that process so that, excluding the Spanish Communist Party and a sector of the Basque Communist Party, you have reached a time when, I'm not sure whether it is 45, 50 or 60, but 45 would suffice for me, or 40 percent of the members of the Basque Communist Party are rebelling against the manner in which the process of unity is being carried out.

What you are going to perform thereby is an abortion, you are going to achieve the abortion of something that was a promise; and I want to say that, even though you might do what you propose, breaking the party insofar as we are concerned, we would continue to struggle for an agreement, for rapprochement, for unity among the Basque Communists of the EPK and of the PCE with Euskadiko Ezkerra, and also with the Basque Socialists.

The danger is that you are going to have a hope aborted. And what are you offering us in exchange? And not only here. The other day, at the meeting with the Executive Committee which you did not attend, to which you sent two delegates, what did you do at that meeting? You refused to discuss the situation of Euskadi in a complete manner, and you called upon us to discuss only the condemnation of the so-called "splinter groups." And since we did not agree to that, and since we wanted to exercise our right to examine the situation, you left the meeting, you had a press conference already called, which means that you had actually planned and dealt the blow.

What do you offer us? What do you propose to us? That we authorize the division of the EPK, backing you who have broken with us, who have violated the Statutes of

the Spanish Communist Party, backing you against those who have acted badly in calling that assembly, which ought not to be convened, but who in the end uphold the Spanish Communist Party?

Do you want us to do that? We cannot do that; at least my vote will never be cast to do that.

What do you propose to us? We propose to you, first, that this assembly not be held; second, that all the penalties be cancelled; and, third, that there be called what should have been called already: a special congress to decide on how to carry out the process of unity in Euskadi.

What is the purpose of that proposal? Well, the purpose of that proposal is the mediation mentioned by Jordi Sole Tura; because we are willing to intervene in an attempt to arrive at an agreement between the party's two sectors on the issue of unity, so that the special congress will be a congress of unity.

We are not interested in removing this one, or that one, or someone else from the leadership. We are not seeking anything of the sort. What we want is a process of unity that is carried out with a united Basque Communist Party. That is a position of mediation, of mediation to restore the unity of the Basque Communist Party, mediation to create the conditions for a genuine unity with Euskadiko Ezkerra.

If you reject that, then you put us in the awkward position of adopting measures and otherwise intervening in the process. If you do not want that mediation, if you reject that mediation, then you force us to say: "Well, all right, we shall intervene in Euskadi."

Our proposal is actually a proposal for mediation, the only proposal possible. On that basis, there can be a discussion, we can see how the unity is to be achieved, in what direction the unity will proceed, what types of unity, anything that we want. And on that basis, we also commit ourselves to the process of unity in Euskadi.

That is the issue as it is posed.

And I would like to say that we shall comply with Article 38 of the Statutes, which consists of things to be complied with. In other words, that the Central Committee will make a decision here that is binding on you. And if you reject it, then you obviously break with the Spanish Communist Party; it is very simple.

We did not want to resort to those methods previously. And Nico explained the patience and care that we took to deal with the problem, and that is why we have not condemned that letter which Charli mentioned. But the resolutions made today by the Central Committee are compulsory for the entire party. And we shall implement them.

I shall conclude by saying a few words about a matter which, however we may express it, is of concern to everyone in one way or another. And it is that there will be elections in this country very soon, that we shall not go as far as 1983. And we cannot remain from now until the elections involved in these problems, making our percentage drop, drop, drop and drop. And, in my opinion, we have 2 or 3 months to solve these internal problems. And when I say these internal problems, I am also

referring to the problem that exists at present in the PSUC, which concerns us especially because we could receive a tremendous blow there if we do not succeed, with the comrades from the PSUC, in eliminating the situation that we definitely have now. We have a very limited period of time to put the party in order, and to have 7, 8 or 9 months to recover an image of seriousness, consistency and responsibility for the Spanish Communist Party. If we do not do that, we shall have a defeat in the elections, when we might not have a great victory, but we could indeed progress. And I do not think that what Comrade Felipe Alcaraz said about Andalusia was any kind of triumphalism, but rather responds to a reality. And in other places as well, I believe that the party is expanding its space and that, as the PSOE engages in a more erroneous, and more ambiguous policy, with Calvo-Sotelo, the party's sphere of influence and of possibilities will expand. In my opinion, the size of the demonstration against NATO and against the colza has been highly significant.

We cannot commit suicide; we must solve those problems. And let it not be claimed that we are proposing administrative measures; our proposal does not contain a single administrative measure. It is (as I have said) a proposal for mediation.

Now if that is rejected, there are some statutes and there are administrative measures, I would call them organic, which we would have to take if we do not want to cease being the Central Committee of the Spanish Communist Party.

We shall submit a proposal in writing, which will be distributed among the comrades. There is also the proposal made by Pilar Brabo, in writing, which you shall also have. We shall vote on it. Pilar Brabo has proposed secret voting. If 10 percent of the Central Committee requests secret voting, it must necessarily be made secret, and means extending the session for a long time.

But that also means something else. I would like to tell it to Pilar Brabo. Just as the secret vote is fully justified when candidacies are concerned, demanding the secret vote when adopting a policy position is involved means thinking that the Central Committee is a kind of UCD [Democratic Center Union] parliamentary group, wherein there are comrades who vote differently from the way they would with the secret vote. I think that this is an insult to the members of the Central Committee. In any event, if there is 10 percent, we shall obviously do it with a secret vote; but I think that this shows a rather low opinion of the political and civic courage of the members of this Central Committee.

Jaime Ballesteros' Views

Madrid MUNDO OBRERO in Spanish 6-21 Nov 81 pp 10-15

[Article: "Meeting of the PCE Central Committee, 22 October"]

[Text] Jaime Ballesteros

This special plenary session is taking place in accordance with Article 38 of the Statutes approved at the 10th Congress, which are currently in effect in the party. As the aforementioned article states: "In the event that conflicts arise which have proven impossible to surmount through the party's ordinary work methods, relating to the individual policy in the area of the parties of a nationality, country or region, the Executive Committee, in a special manner, through its initiative or at

the request of the party or parties concerned, will convoke the plenary session of the Central Committee to examine the dispute, and the latter will decide upon the matter."

As I believe you all know, we are faced with a clearcut instance of conflict between the leadership of the PCE and that of the EPK, which proved impossible to surmount through the party's ordinary work methods. Hence, in accordance with the party's legality and democracy, this Central Committee must decide on the matter. As prescribed in the same Article 38, we have also invited the EPK's Executive Committee.

This involves a decision on the situation created in the EPK and between its leadership and the leadership of the PCE following the process of talks with the EIA and EE for the convergence and possible merger with the EPK, for the purpose of creating a new party in Euskadi.

The possibility of this convergence was something already anticipated and fostered by the party for some time. As early as the conference held by the EPK in France during 1970, there was a statement of this desire on the part of the EPK to turn in that direction, and to do whatever was possible to promote that opportunity. It was already discerned that among certain ETA forces an evolution might be caused that would lead toward Marxist, democratic positions. The PCE's leadership was in complete agreement with that orientation.

At the EPK's Fourth Congress, this possibility was formulated more concretely, linking it with the notion that EE, in its political evolution, which was hailed as positive, would definitely overcome both the problem of terrorism and that of independentism. We, the PCE leadership,were in full agreement with this orientation, and these resolutions from the EPK's Fourth Congress.

I would like to begin by stressing the importance of a possible convergence between the EE and EPK. To foster, favor and achieve the success of that convergence would be a major step toward overcoming the division between the nationalism of the left and the EPK in Euskadi. It would mean progressing in the possibility of creating a new party in Euskadi, a new workers, Marxist and Eurocommunist political formation, a Eurocommunist Basque national party. We view, and have always viewed this prospect as something highly important, something that it befits us to promote, something that must be followed very attentively, with the necessity of developing orientation and political practice that would benefit that possibility.

The possibility of creating this new party would unquestionably increase the strength of the most conscious portion of the Basque working class, and would be important not only to Euskadi, but also to all of Spain. I do not think that any of us here are unaware of this fact. It would be a major step toward consolidating and defending democracy, and toward increasing the weight of the working class and of Eurocommunism in Euskadi and all of Spain, and toward lending more strength to the prospect for progress, both in Euskadi and throughout all of Spain.

On this (it need not be stressed) there has always been complete unity within the EPK, among its leaders and among the leaders of the PCE. I have commented previously on the positive progress of EIA-EE, and I would like to speak briefly on this subject. As was noted at the EPK's Fourth Congress and as has been observed subsequently, the EE and EIA have made real, positive progress, progress in the abandonment of terrorism.

We all know how the dissociation from and abandonment of terrorism on the part of the EIA or the Political-Military linked with the EIA have represented a major step in the consolidation of democracy, and in the prospect that Euskadi may advance and become normalized with the process in all of Spain; a major step in giving up what still remains of terrorism. That step on the part of the EIA and EE has, without doubt, been something very positive from the standpoint of their evolution and overall political repercussions. There have also been some major steps with regard to a lesser stress on independentism; I would call it a lesser stress. I shall discuss this later, because some problems still remain in this regard.

There have been major steps in the statements on behalf of Marxism and in an effort for Marxist analyses in some of the subjects that they have worked on, and in the texts emerging from their Congress. There has been an entire series of advances in statements and reflections on the value of a democratic path to socialism, and on the value of democracy combined with the process of emancipating the working class and the society. What doubt can there be that in the EIA's materials there is still ambiguity and contradictions, and I would say even a certain amount of doctrinalism; but here I would like to stress the major, and even very major progress.

I think that we are all agreed on this too, on the positive quality of the evolution of EIA and EE, along with the contradictions and ambiguity. It is this progress which has made this process of convergence that is sought and desired by everyone a real possibility. In that positive evolution of EE, we must assess primarily the courageous effort made by the EE comrades; this is, without doubt, the essential thing. They have gone through their experience of struggle, and this experience has led them to Marxist positions on a great many issues. But perhaps it would not be inappropriate to point out that an element which has fostered and aided that political evolution of EE has unquestionably been the existence and the policy of the EPK; the values which the EPK has had in Basque policy, its struggle against terrorism, amid a very difficult situation not at all propitious for us during that period wherein the positive evolution of EE has been occurring. We must not underestimate the success of the EPK during that period. If we were to underestimate it, we would lose all perspective on Euskadi. The EE evolution is also a success, as I have noted, because of the influence on Euskadi of the ideas of Eurocommunism, of our policy toward terrorism, of our political practice and of our strategic concept. Without the presence of the PCE in general and the EPK in particular, and of their policy, and the positive contribution that they have made throughout this entire period, the EE evolution would not be easy to understand.

I think that we are all unanimous in the view that the EE evolution has been positive, in general, and there is agreement on this.

The question must be asked as to whether the EPK evolution has been as positive. The EPK has made an unquestionable contribution to the pacification of Euskadi; it has had an isolated, forceful struggle for a long time against terrorism; and it has applied an overall view of the state there in the entire process of transition to democracy, when that view hardly existed in Euskadi. But now, when terrorism has started to decline, when it has become isolated from the masses, despite the fact that for a time there has still been the terrorist problem, now when the EPK has had to start reaping the results of that just policy which it had under the most difficult circumstances, now the question must be asked whether the EPK's political evolution during this latter period has been the most positive one. I do not consider this a question that is superfluous to ask.

In brief, comrades, I would like to make it clear to the Central Committee that we are not discussing either the possibility nor the feasibility of a process of convergence with EIA-EE to create a new Eurocommunist, Marxist, workers formation in Euskadi; that we are not discussing the unquesionably positive steps taken by EE during this period; that we are not discussing the great importance of that potential process of convergence, not only for Euskadi but also for all the people of Spain.

Then wherein lies the discussion? Wherein lie the opposing positions within the EPK leadership, between the majority of the EPK leadership and the PCE leadership? What is the dispute in which we are involved? The problem lies in how this process of convergence is being carried out by the EPK leadership. A poor method, mistakes in the party's leadership to bring this process to a successful conclusion, serious mistakes could cause the abortion of the process, even though there are these real possibilities which all of us endorse and observe.

But, furthermore, in this problem of how the process is being conducted by the EPK, we are not confronted merely with a problem of form and procedure. We are confronted with a problem of political content, of political clarification.

With regard to the method, I would like to point out that, from the outset, this process has been carried out behind our back, behind the PCE's back. We have not been informed of anything about the talks with EE, about those held before September, before the time when the EPK Central Committee approved the letter of 12 September addressed to EIA-EE requesting the initiation of formal negotiations for the merger; nor have we been told anything about the subsequent talks, about what was said at them, and about the different positions that existed. During this entire process, action has been taken behind the back of the PCE leadership. But, in addition, action has been taken without the proper reporting to the EPK leadership organs. The manner in which the decision was made by the EPK Central Committee to send the letter to EIA requesting the initiation of negotiations is symptomatic: At a plenary session of the Central Committee at which that was not even on the agenda, and at which it appeared necessary to write that letter so as to send it within 24 hours because this had been requested by EIA and that Central Committee, without having prepared to debate a letter of such scope and a problem of such scope, there was no other recourse than to adopt that resolution and approve that letter.

The process has been carried out without the guarantees that would enable the EPK as a whole to participate in that process, expressing its agreement or disagreement on each position in the discussions; which would have resulted in its feeling as if it were a participant and having confidence in that process. This was not done, and it was a process essentially carried out at the top level of the two parties, EIA and EPK.

I would like to comment on the matter of the EPK Central Committee's letter which I have mentioned, a letter requesting of EIA the initiation of negotiations, and sent on 12 September. At the outset, at the beginning of that letter, some very serious concessions were made. That letter states that the EPK will conduct the negotiations with complete freedom and decision-making capacity of its own; in other words, the break with the PCE has been included as soon as there is a request for the initiation of talks, and a violation of the PCE Statutes has been included, taking a position apart from them. Because the EPK is part of the PCE, it is an organization of the

PCE, and it cannot say at the initiation of the negotiations that it will hold them with complete freedom and decision-making capacity of its own. And that is apparently noted in the letter sent to the EIA, in a gratuitous manner. I assume it to be unthinkable that this would be a response to a prior demand from EIA-EE; it was apparently something included in that letter in a gratuitous manner.

Secondly, in that letter there is mention of dissolving the organic bonds that currently exist with the PCE. In this regard also, at the outset, before the negotiations begin, a serious concession is made, clinching the previous concession. It is obvious that the bonds with the PCE of that potential new Basque formation which might emerge from the convergence with EE could not be the same that the EPK has now; they would have to be different. Our opinion in this regard is clear: different bonds, an open, very flexible position toward that, but the need for an association with the PCE on the part of that new formation, an association with the Communists of the entire Spanish State; because that is fundamental for the Basque working class and fundamental for the working class throughout all of Spain; because that is fundamental to the real existence of a prospect for transformation of progress and transformation of Spain. I shall comment on this matter, which is essential, in more detail later. But in the letter of 12 September, requesting the initiation of negotiations, mention is made of dissolving the bonds with the PCE. No mention is made of a possible transformation, no mention is made of criteria of flexibility, but only of dissolving the bonds with the PCE. And it must be clearly stated that those concessions have, in the first place, detracted strength from the EPK in the negotiations, in the negotiating process. With those concessions at the outset, the EPK has become weaker at the time for negotiations, because what lends more strength to the EPK in the negotiations is its being part of the PCE. It is that overall reality of being part of an organization extended over the entire state, which has a strategy of its own, which has a clearcut personality and which has a political space and area of its own. But those concessions have also aroused distrust, dissatisfaction and opposition from the EPK's rank and file; because they feel part of the PCE and, favoring a process to create a new formation in Euskadi, and desiring to encourage that entire prospect, they clearly realize that this potential new formation must be associated with the PCE, with the Spanish Communists as a whole, in one way or another, and that anything else, denying that or abandoning that, is impossible, because it would mean an enormous weakening of the opportunities of the working class in Euskadi.

Hence, in that letter as a whole there are serious political elements which have hampered the success of the negotiations on the process of convergence with the EE, and which have divided the EPK. In view of this situation, the PCE Executive Committee met in a joint session with the EPK Central Committee. At that meeting, the resolution from which you have, we analyzed the situation and the mistakes made by the EPK leadership in conducting the process; we analyzed the serious political ambiguities that remained in the negotiations; and we studied how to redirect matters so that the process would not fail, so that the EPK would not be broken and so that this process, the chances of which are real, might reach a satisfactory conclusion.

And we must comment on several political matters because, as I have said, this is not just a problem of methods or procedure, with the unquestionable significance that the latter have. It is, primarily a political problem. In the first place,

there is the matter of the relationship of that potential new formation with the PCE. As I noted before, this is a critical matter associated with the entire issue of the Spanish revolution, an issue and a consideration of the Spanish revolution that is not included in the EIA texts nor in the joint draft prepared by the EIA and EPK. But it is the entire issue of the revolution, and the context of the revolution; because there is no context of the revolution in Euskadi. The context of the revolution is Spain, something which does not by any means preclude the specific qualities and autonomous aspects within that revolution and within the process of the social and political transformation of Spain that Euskadi has, as do other nationalities and regions. Mention is made in the EIA materials of the historical bloc, as a driving force of that revolution to make the social change; but the historical bloc is not an historical bloc of Euskadi. There is no historical bloc in Euskadi, there is an historical bloc in Spain, within which there will be Basque idiosyncracies, as there are Catalonian, Galician and Andalusian idiosyncracies, and those of other places. But, very concretely, there will be Basque idiosyncracies within that historical bloc; yet the historical bloc which must head, direct and hegemonize the social and political transformation has a national framework involving all of Spain. It cannot have a Basque framework; there is no Basque historical bloc. And there must not be any confusion about these matters; it is impossible to undertake negotiations without discussing these matters, without discussing them, or with confusion about these matters; because what is at stake is the influence and the very perspective for creating that new formation, which will be a formation linked with all the Communists of Spain and which will be a serious, historic step forward in the consolidation of the ideas of Eurocommunism in Euskadi, in the elimination of the division between nationalism of the left and communism in Euskadi, and a decisive step in the progress of all the Communists in Spain. The working class needs a political instrument, as a class, in the state as a whole; the working class cannot advance toward phases of progress without a political instrument, as a class, on the state level. It cannot advance with autonomistic parties; it will not advance toward its transformation in Spain, it will not advance toward occupying more political space and toward having greater hegemony in the entire society. A workers party confined to the autonomistic context cannot become consolidated as a class party either. I am convinced that a workers party confined to the national context will either fit into or become associated with a state party, or succumb completely to nationalism. And failing to understand this, or making concessions in this regard, is dangerous. If the class political instrument extended to all of Spain and with the scope of all of Spain, which the working class needs, is not guaranteed, Marxism, Eurocommunism, our party and the working class would have only the PSOE as a state instrument; and that would be a very obvious danger which, moreover, would not bring about an increase in the progressive or socialist essence of the PSOE, but would rather lead the PSOE to social democracy. There must be clarity concerning these matters, and steadfastness in their defense.

These are matters on which we Communists cannot yield, and very closely linked to this matter, as has been made clear in everything that I have said, is the problem of the relations between that potential new Basque formation and the PCE, and Spanish Communists as a whole; and that must be discussed in advance. On the other hand, we cannot afford to dispense with that association, that bond, in advance.

There is another issue which is also very important, namely, the trade union issue. In the event that we succeed in our action, and implement it, what kind of trade union policy with the new Basque formation have? Which will it support, ELA-STV [Basque Workers Solidarity] or CCOO [Workers Commissions]? Will have an exclusively Basque nationalist perspective on the trade union movement, or will it have a perspective based on a trade union movement whereby, affirming the Basque national cause, and affirming the status of a nation that Euskadi has, it becomes associated and integrated with the entire class-based trade union perspective of all Spain, in the CS de CCOO [Trade Union Confederation of the Workers Commissions]? But these are critical issues which must be discussed, and which cannot be withdrawn from the discussion or from the party as a whole, nor withdrawn from the rank and file in Euskadi. These are critical issues because, in the documents of its Congress, EIA still opts for the ELA-STV perspective, and is opposed to the CCOO. With regard to the latter, it only proposes to favor the CCOO movement that is opposed to the ANE [National Accord on Employment] agreements; in other words, there is an attempt to divide the CCOO, to weaken it, to lead part of the CCOO to oppose the resolutions adopted by the CCOO. That is to say, we are again faced with the problem of whether the trade union instrument needed by the working class is an autonomistic union or a union for all Spain, which would not exclude the individual features of each nationality and each region, in that trade union movement as well. Because this is not a matter of a trade union model; it is not a matter of how EIA views the features of the union as a trade union model, or of whether that model resembles or approaches the model of trade unionism created by the CCOO. That is not the problem. The problem lies in whether there is backing for the CCOO, whether the trade union perspective includes the CCOO or is opposed to the CCOO; and whether it is based on an autonomistic trade union perspective, or a trade union perspective that includes all of Spain.

Because, in the negotiations, we must negotiate viewing the essential political issues concretely, and not on ideological generalities, which are important; I am not saying that they are not; but, in the negotiations, the fundamental aspect lies in the very concrete, immediate and long-range issues, which should not be left ambiguous or excluded.

We noted these matters at the joint meeting of the Executive Committees. A clearcut opinion was expressed by the Executive Committee. We emphasized the need to reestablish the party's unity in Euskadi, because only a united Basque Communist Party can have the necessary strength with which to make this process culminate successfully. If that negotiation process were to be accompanied by a process of division and rupture within the EPK, it is unquestionable that nothing worthwhile would result from it. We underscored the need to reestablish the unity of the EPK as a necessary requirement so that all those possibilities for convergence of the EE, leading toward a new formation, may be really carried out and implemented. And we also emphasized the need for a certain amount of reconsideration of the negotiating process; a redirection of the negotiating process, on the following bases: unity of action between EIA-EE and EPK; unity of action in the trade union area, in the mass movements, in the districts, in the town halls, wherever we have forces, in parliamentary activity, as well as in political initiatives, and in the most important campaigns; a unity of action that would create an atmosphere conducive to mutual political activity amoung the rank and file and among the cadres in one group or another; because the process of unity between two parties to create a new one

cannot be achieved only at the top level of two parties, without their participation in a practical experience of unity in multiple action, that is plural in all respects. There must be unity of action in all those areas and, secondly, we emphasized the need for complete publication of the negotiations, and of the discussions that are held in the negotiating process on the political and ideological issues.

There must be complete publication of those discussions, all of them, with the speeches of all the members of those commissions; there must be a publication of the stenographic records; the EE-EIA and EPK rank and file must be informed, so that they may express opinions, and so that this process will become a reality that gradually takes shape, wherein the differences are settled; a real process in the real existence and activity of those parties, and not in the alleged reality of a discussion behind four walls among the heads of two parties.

And in that discussion between the EIA-EE and EPK, there must be a clearcut dealing with the matter of the process of socialist transformation in Spain, including the socialist transformation of Euskadi; and that matter must be dealt with in a direct, open, concrete and clearcut manner. This entails clearly discussing the Eurocommunist policy, and the problem of Eurocommunism, without ambiguity, but clearly and directly; and it also entails discussing the matter of the relations with the PCE, which neither of the two issues can leave in the shadows.

The statement by the PCE Executive Committee was very careful; we made an effort to write it so that it would be a type of statement in which the words were carefully chosen to facilitate matters for the EPK leadership, so that it would not be thought that we were meddling in the process, and so as to respect the leadership of the EPK heads in that entire negotiating process. We were careful about form so as not to create problems. We talked about recommendations, we used that term; but it must be said that none of this was of any use, because what was discussed and approved on that occasion has been totally unfulfilled. The process continued, such as it was; it continued, and at a fast rate, without the necessary clarifications and corrections. Stress was placed again on independent decision-making; and there was stress on the mistakes. All this increased the division within the EPK, increasing the division among its leadership. Four days after the meeting between the two Executive Committees, and the resolutions adopted on that occasion, the draft proposal for an agreement between EIA and EPK, prepared by the joint commission, was published. Matters had already been decided.

And I shall comment on some of the political topics which appear in this draft. Before embarking on them, I would like to note in passing that there is also continued stress, as at the outset, on the fact that, should the convergence between the EIA and EPK take shape, it would mean the elimination of the confrontations between Socialists and Communists, as well as the elimination of the confrontations between the left wing nationalists and the Communist Party. There is continued emphasis on an idea which is not realistic, which exaggerates the problem; because if success is achieved with the convergence between EE and EPK, there will be no elimination of the division between Socialists and Communists. That is another war, that is another terrain, that is another scenario, with different protagonists. The convergence between EIA-EE and EPK is aimed at taking a very important step in eliminating the division between the left wing nationalists and the Communist forces, but it has nothing to do with the division between Socialists and Communists.

However, there are far more important problems; there is the problem of independentism. And the independentist perspective appears clearly in the draft prepared by the joint commission of the two parties, EPK and EIA. Mention is made of the conquest of full autonomy for Euskadi; mention is made of independence as the complete assumption of national sovereignty; and even a gradualism is established wherein three phases are demarcated for that accomplishment of full sovereignty and independence. In the first phase, certain gains are made, namely, the Statute of Autonomy, which must be put to the maximum use. In the second phase, the federal state occurs, which is a step beyond; and the third phase is the independence of Euskadi in a Socialist Europe. In other words, the entire current democratic process and its possibilities for evolution are considered from an independentist standpoint, thereby failing to fulfill one of the statements from the EPK's Fourth Congress, requiring EE, in order to clarify positions and be able to progress in the convergence with them, to clearly surmount the problem of terrorism and independentism; and that if those situations were not surmounted, there could be no process of convergence, nor would negotiations be in order. And this perspective of independentism appears in the draft.

No mention is made of backing for the Constitution. The status for the labor movement appears, and I shall read a sentence from this draft, as: "a participation in the common struggle of all the workers with an independent strategy within the autonomous context of the class struggle which is Euskadi.' All those concepts that I have mentioned are in the context of an exclusively Basque class struggle, and an independent Basque strategy. In the draft, we must say so clearly, there are still nationalist positions persisting in EIA, which are not Marxist, class positions. They are nationalist positions that EIA has inserted therein. And we cannot accept that.

Generally speaking, with regard to the latter observation, we must say that there is no evidence anywhere of what the EPK has contributed to the draft, because the entire content of the draft was already in the texts of the EIA, and of its Congress. It is not clear what the EPK contributed when it was time to write that draft. And in it, mention is made again of the historical bloc relating to the Basque Country; the process of socialist transformation is placed in the Basque Country again; and there is still a lack of clarity on a subject of such great importance as this to the problem of the revolution. And nothing appears in the draft about Eurocommunism; it is not merely that it is not formulated. It is not a matter of a name; that is not the fundamental problem. For example, in all the discussions, nothing is said about international policy. When it is time to create that new party, one notes a silence on international policy. And it is not fitting to propose an organic unity without clarifying the issues of international policy, the position toward the blocs, the independence of the Spanish revolution, the non-interference of some states in others, and of some parties in others. If these matters are not discussed, something essential to and consubstantial with Eurocommunism, what will emerge is not a Eurocommunist Party, but rather a party the nature of which we cannot know. And it must be said that nothing appears in the draft concerning an express, formal statement rejecting terrorism. It might also be said that there is nothing in favor of terrorism. That is good! But when it is time to make a draft for the merger of two parties in Euskadi, when one party comes from the Abertzale [patriotic] nationalist movement linked with terrorism, when it is time to write the basic texts for that, the

issue of terrorism must be brought up directly, and there must be an express repudiation of the terrorist perspective. It is not fitting to fail to discuss this. This requires express, formal rejection. And no mention is made about the PCE's association either. There is a continuation along the line of the letter of 12 September, and the draft on negotiations between the two parties again goes on without any mention of a prospect for association with the PCE, a flexible perspective, to be discussed opening, so as to find the means.

When this problem of the relations between the two parties is created, it is stated in the following manner, commenting: "The party (which might emerge) will maintain political relations based on cooperation and collaboration with all the forces taking a similar line of struggle against exploitation and oppression, both in the international area and particularly in the State, and preferably with those whose tactical or strategic options coincide with it (with the new party) at all times." With the forces taking a similar line; and we have already seen what the problem of the line, which is a series of ambiguities, is like in this entire process.

It is clear, of course that this paragraph is not directed toward an association with the PCE as a partisan context in the Spanish State as a whole.

And we must say that in the joint draft there is no trade union policy, no option for a trade union perspective and no clearcut position on this subject. This means that there persists the position of backing for ELA-STV, the position opposed to CCOO; and that the nationalist position persists in the trade union area.

Therefore, this draft continued to commit all the political errors that we had noted in the first letter, wherein the EPK Central Committee requested the opening of negotiations with EIA. The party's Secretariat assumed a public position toward this draft, before the entire party as a whole, stressing the need to guarantee the party's unity, the need to redirect the entire process on the basis of unity of action and full publication of the debates. At the same time, we emphasized a group of matters which I have mentioned; matters which had to be discussed and be made clear in the negotiating process. This was rejected again by the EPK leadership, and it continued ahead adopting measures and progressing along the path that it had taken. And we must give another reminder of the fact that it continued ahead in complete statutory illegality; it continued taking steps toward the break with the PCE; it continued emphasizing complete freedom and capacity for making its own decisions; it continued exacerbating the political errors in the manner of conducting the negotiations. This has brought about an increasingly greater break within the EPK, a greater division; and has given rise to an extremely serious situation within the EPK.

And in this regard we should recall that the EPK is part of the PCE, and is subject to its discipline and, particularly, its leadership, particularly its secretary general and the majority of the EPK leadership. We should recall that the EPK is not an independent party, but rather an organization of the PCE, which unquestionable operates with the most extensive autonomy, but an organization of the PCE, as the statutes indicate. And on this process that we have been experiencing during recent weeks, we also want to make a self-critical reflection. And it is that, on our part, on the part of the PCE leadership, there has been too much

permissiveness toward the behavior that has been assumed by the majority of the EPK Central Committee; that there has been too much permissiveness, and concern for reaching a political solution that would unite us with the EPK. And we have neglected to adopt measures with respect to the negative elements that we have been observing day after day, which have been clearly in evidence since the letter of 12 September. We have committed excessive permissiveness for which we here are responsible. Permissiveness does not always help unity; sometimes it helps to destroy democratic centralism and to weaken the party. And we have brought respect for the EPK's autonomy to the extreme of not taking any initiative on our own with regard to EE, no direct initiative. This does not make sense, and it has not helped the satisfactory direction and success of the process.

I do not wish to stress the steps taken since the letter of 12 September by the majority of the EPK leadership against the PCE, taking the EPK to the brink of liquidation; the haste in accelerating the agreements, making essential relinquishments; haste perhaps due to the impact of repeated electoral defeats, and possibly owing to the loss of confidence in the prospect of the political space of a Communist Party in Euskadi. But there may have been a loss of confidence in its own strength, in its own political personality, and in its own policy that the EPK has been making; a lack of confidence in that, with a concern for the electoral policy. Perhaps that is the origin of the haste. And in all that I have been saying, I wish to state clearly that the fundamental responsibility lies with the majority of the EPK leadership, and lies essentially with its secretary general. And in these mistakes lies the cause for the division of the EPK, for the break that virtually exists at present. We have criticized the convocation of an assembly made by a group of comrades who have fought the type of action taken by the majority of the EPK Central Committee. We have criticized it in the statement of the Executive Committee, requesting that it not be held. We believe that this assembly should not be held as it has been convoked, and we have complete confidence that the convoking comrades will understand this. But, at the same time, there is no doubt that this entire state of division and confrontation which is destroying the EPK, which has weakened it in the negotiations and which has already placed it in a serious serious situation whereby those negotiations may fail, that this entire situation has been created as a result of the decisions made by the majority of the EPK Central Committee. We have criticized the convocation of that assembly, but the fundamental liability for the situation that we have reached lies with the majority of the EPK Central Committee and its secretary general. We cannot fail to analyze this; we must distinguish between fundamental liabilities and other liabilities which we must also without doubt indicate.

We find the penalties adopted by part of the EPK Central Committee, which are another example of illegality, and of wanting to solve the problem in that manner. They are another clear, obvious example of illegality, because Article 64 of the Statutes states that no organization can penalize one of its members if he is a member of a higher organ of the party; and this organ, the higher one, is authorized to impose the penalties, if they are in order, either at the initiative of the lower organization or on its own initiatve. And Ormazabal and Tueros, members of the PCE Central Committee, have been dismissed from leadership positions; and the EPK Central Committee does not have the authority to dismiss them from its Central Committee. We, this Central Committee, are the only ones who can dismiss. Comrades, it is impossible to plan the creation of a new Marxist party liquidating the PC; and those decisions on penalties are the party's liquidation. They are the beginning of the party's formal liquidation. We are faced with a process of the

party's liquidation. And I wish to give a reminder that, for some time, since before this process, there has been a policy to remove from the EPK's centers of leadership the comrades who had doubts about the procedures, and who, incidentally, represented the major groups, with the most militancy and the greatest electoral entrenchment. The unity of a party cannot be created in that way; what is done thereby is to destroy a party. Comrades, we cannot disregard the fact that we are facing a hard, difficult situation, forcing us to make unpleasant decisions; but they must be made. Decisions for what purpose? For the purpose of not abandoning the recomposition of the EPK, because we cannot abandon it; for the purpose of reestablishing democratic normality and the Statutes in the EPK, and of reestablishing the relations between the EPK and PCE; measures aimed at a proper redirection of the process of convergence with the EE, accompanied by guarantees and sincerity, so that this process may become a reality, in an attempt to save it, because this process is at the brink of failure, or of resulting in something that would be a caricature of the process.

And the proposals which we submit to the Central Committee are as follows:

In the first place, to cancel all the penalties adopted by the Central Committee and the other leadership organs of the EPK. That is an obvious, necessary, essential measure which must be adopted; because with that course of action and, moreover, some of it is clearly illegal, with that course of action there will be no progress toward the unity of the EPK, nor will the possibility of creating that new labor formation become a reality.

Secondly, to expressly convoke the special EPK congress, for the following purposes: to reestablish the party's unity, and to discuss, with complete democracy, to discuss and agree on the manner in which the process of convergence with the EE should be conducted, so as to achieve that new formation. Also, to discuss the class and political content, which must be discussed in that process of convergence.

Thirdly, to appeal to the comrades convoking the assembly of 25 November not to hold it as announced.

Comrades, the Central Committee must also manage to assume its reponsibilities when they are hard and unpleasant. And this holds true if we want to save the EPK, if we want to preserve its unity; and also if we want to seriously propose that the possibility which we all affirm and in which we all believe, of proceeding toward convergence with the left wing nationalist forces so that, through unity of action and a clear, consistent discussion of the political and ideological problems, we may advance toward the successful creation of a Eurocommunist, Marxist, workers organization in the Basque Country, will be a major gain in the prospects for the presence of Eurocommunism and the new party of the working class, and its strength in the Basque Country, and, simultaneously, to strengthen the area that the working class and its allies have in the entire Spanish political situation, with a view toward the future. If we really want to consider these problems seriously, those measures must be adopted.

I ask you in the name of the Secretariat to back these measures, and urge that this special session of the PCE Central Committee manage to undertake the redirection

of the process to where it has been taken by part of the majority of the EPK Central Committee, the process of convergence in Euskadi; and manage to really deal with the problems involved in restoring unity to the EPK and the relations between the Basque Communists and the Communists in the entire State as a whole.

2909
CSO: 3110/38

FOREIGN MINISTER: NO MORE LARGE-SCALE VIETNAM AID PROJECTS

Stockholm SVENSKA DAGBLADET in Swedish 25 Nov 81 p 7

[Article by Kaa Eneberg]

[Text] Sweden will not embark on big new aid programs of the Bai Bang type in Vietnam. This was announced to parliament by Foreign Minister Ola Ullsten (Liberal) on Tuesday. He indicated that Swedish aid will have a different direction in Vietnam in the future than it has had so far.

Ullsten was answering a question from Conservative Marten Werner who wanted to know if Sweden would take part in building a big modern pharmaceutical industry in Vietnam.

Marten Werner who visited Vietnam recently felt it is important that Sweden not embark on new projects before the big forestry project is completed in Bai Bang.

He also felt new projects should not be started with Swedish aid before "the war is ended." He pointed out that Vietnam has 200,000 men in Kampuchea and 60,000 in Laos.

But Marten Werner did not request drastic cuts in aid to Vietnam, the country that has received most Swedish assistance for many years.

And no reduction of Vietnam aid is being considered. DAGENS NYHETER has learned that a delegation from the aid organization, SIDA [Swedish International Development Authority], has gone to Vietnam to discuss new aid agreements for 2 years to start the next budget year, July 1982. The delegation has no instructions to talk about reduced national limits, as they are called. They are negotiating with the Vietnamese on continuing 365 million kronor in aid annually, an amount the Vietnamese are now receiving as they have done for the past 2 years. In real terms the frozen level means a reduction in Swedish aid during this period.

SIDA has already rejected Vietnam's desire to take part in the construction of a modern antibiotics factory.

The project has been judged too technically advanced. On the other hand SIDA would be glad to support existing production of basic medicines with deliveries

of raw materials, for example. They also want to cooperate in improving distribution and usage of medicines.

Swedish aid will also continue to go to the existing Bai Bang project and the two hospitals, the children's hospital in Hanoi and the Uong Bi hospital in the province of Quang Ninh.

The gigantic Bai Bang can be used to train personnel to be employed in paper mills in southern Vietnam. Sweden has already delivered some raw materials and spare parts there.

In Quang Ninh Province SIDA will focus on rural health care, especially primary health care with the emphasis on women and children. There SIDA would like to cooperate with the UN children's fund, UNICEF, or other international bodies.

The program discussion now going on in Vietnam is aimed mainly at an exchange of views between the two sides on assistance for the next agreement period. After Christmas the Vietnamese will present their "wish list," their formal request on aid for various projects.

For several years now Sweden has been the only western nation giving aid to Vietnam.

6578
CSO: 3109/51

ROLE OF OPPOSITION PARTIES IN ECONOMIC POLICY DEBATE AIRED

Stockholm SVENSKA DAGBLADET in Swedish 12 Nov 81 p 2

[Editorial]

[Text] How much can parliamentary debates on economic policy, like the one that took place yesterday, actually tell the Swedish people?

That each party or group of parties considers itself to represent economic expertise and wisdom is just as clear as the feeling that opposing parties do not understand the nation's economy (if they aren't downright wicked and malevolent). One's own policy not only worked in the past but will work in the future. It is exactly the opposite with the policies of one's opponents, their path is lined with failures and their proposals for the future will lead to the downfall of the nation.

A good deal of debate time was devoted to quarreling about the coming tax reform. Reducing the value-added tax, reducing interest and devaluation are also well-worth discussing. And certainly there is no reason to downgrade the importance of the size of the extra deduction for roots in taxing income from forestry.

To be sure there are bright points in the sleepy repetitions during the long day's journey into night. Economy and Budget Minister Rolf Wirten was able to effectively demonstrate a long list of contradictions in the Social Democratic crisis program. Conservative group leader Gosta Bohman made it clear why his party could not approve the tax reform and explained austerely and instructively the combination of supply stimulants and austerity policy.

And of course one can be diverted for a while by Olof Palme's speaking ability or Kjell-Olof Feldt's sharp humor.

But even so.

Economic policy is not primarily a question of technique, of choosing the right weapon from a scientifically developed arsenal. Economic policy is a question of an ideological choice of direction, a choice that concerns which social system we will have and how our children's and grandchildren's life environment will be formed.

Such a choice of direction involves work. Politicians have long told us that we can live off of granting benefits to each other. But we can only live off of productive work. There must be a renaissance of the value of work; it should begin in the schools but it also means that work, absolutely and relatively, must become profitable in an entirely different way than it is now. Marginal tax reduction is only a step in that direction.

We must rethink things radically when it comes to our view of business conditions. Enterprise and investments in risky ventures should be encouraged instead of being stifled under political guardianship. It should not be regarded as a bad thing to earn money.

Will we have more or less coercion? Will we expand room for individual decisions at the expense of collective decisions or will we continue to develop toward increased collectivization? If we choose less coercion and less collectivization it means that politicians and organization bosses must thoroughly reconsider what they are now doing.

Economic policy is primarily ideology. But we didn't hear much of that in the parliamentary debate. Even though reports from a number of parliamentary committees were involved and even though naturally the questions the committee members had been struggling with for weeks had to be discussed there should have been room for both aspects in a debate that covered 32 statements announced in advance, a number of replies and was expected to last from morning well into the night.

Much of the trouble is due to parliament's poor debate system and poor debate traditions. Talk about contempt for politicians; Sweden's parliament seems dominated by contempt for the people. Aren't members of parliament suffocated themselves when they have to listen to the same old songs, for that matter? Or are the only ones who listen the small minority forced to do so?

Some blame also lies with the mass media. If anyone deviates from the conventional track and says an entirely different policy is needed, not just small embellishments on the regular old policy he is reprimanded and insulted (see the box below [not included]).

The new leader of the Conservative Party, Ulf Adelsohn, is not a member of parliament and he is not caught up in its debate pattern. He should develop a new art of political speaking that helps people understand what is in question, grasp the connection between economics and ideology, realize a decisive choice of direction is involved, realize we can't continue in the same old path as before.

If he takes the chance--and he should--he will be reviled on many editorial pages. He can take that calmly. The people will understand.

6578
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POLL INDICATES NEW ENVIRONMENT PARTY RAPIDLY GAINING SUPPORT

Stockholm DAGENS NYHETER in Swedish 23 Nov 81 pp 1, 5

[Article by Bo G. Andersson]

[Text] The newly-formed Environment Party would get into parliament if an election were held today. It received a hefty 4 percent in the latest IMU [Institute for Market Surveys] voter opinion poll. The Social Democrats declined slightly while the other parliamentary parties remained at the same level.

The Environment Party was founded this September as an offshoot of the People's Campaign Against Nuclear Power. One of the forces behind its origin was former Liberal member of parliament Per Gahrton.

In the previous poll the Environment Party received 1.5 percent. The 2.5 percent increase is the only statistically reliable change in the poll which was conducted from 19 October to 11 November. About half the 855 people interviewed could have been influenced by the submarine affair and the tax settlement between the government and the Social Democrats.

The Social Democrats declined 3.5 percent to 49.0 and the Center Party dropped 0.5 to 10.5. The Conservatives remained at 23.5 percent, the Liberals at 6.0 percent and VPK [Communist Left Party] at 3.5.

Incredible Boost

"An incredible boost to our party's work before the election."

That was journalist Sven Aner's comment on the latest IMU report which was presented in DAGENS NYHETER yesterday.

He is one of the people behind the Environment Party which received the support of 4 percent of the voters in the poll. In an election today the party would get several representatives into parliament. In the previous IMU poll the party received only 1.5 percent.

"It is fantastic that we should have 200,000-250,000 Swedes behind us in such a short time. Now it will be exciting to follow future SIFO [Swedish Institute for Public Opinion Polls] and IMU polls to see if the trend continues," said Aner.

The Environment Party was founded as late as 20 September in Orebro. It has divisions in about 30 communities and about 2000 registered members.

So far the party has simply presented its policy in a brochure--a "miniplatform"--a few thousand copies of which have been circulated. A detailed program is being prepared at this time and will be presented to the congress to be held in Uppsala on 5-6 December.

Quality of Life

People inside the party stressed that this is not a single-issue party or party of dissatisfaction.

"The parties of dissatisfaction that exist are often dependent on slogans and make it easy for themselves by promising more money for the individual. That is as far from our policy as one can come," said Sven Aner.

"For example we stress global solidarity and single out issues involving the quality of life. These are more important than a steadily rising standard of living."

But the party will also take a stand on the so-called pocketbook issues, the ones that affect everyday economy.

"At the congress in Uppsala we will confirm an economic crisis program and we will also take a stand on what kind of wage-earner fund we want."

Apprenticeships

The Environment Party--like the Conservative Party, incidentally--wants to combat youthful unemployment through the reintroduction of some type of apprenticeship system. Young people should be able to get jobs in industry at wages lower than those specified in contract agreements.

Shortening work hours is another way of dealing with unemployment, in the view of the party.

In the election campaign the emphasis will lie on contacts with people on the street and in the squares. "We can't afford it and we don't want to carry out a campaign with the help of printed materials as the other parties do," they say.

The party has a functioning party leadership. The present leader, Eva Sahlin from Hok outside Hudiksvall will end her 3-month period of service at the congress. Her successor will be Inger Paulsson from Ostersund.

Stop JAS Plane

The Environment Party also wants a temporary halt to the JAS airplane project. The decision should be postponed past the 1982 election to make a broad democratic debate possible.

The Environment Party also wants defense funds redistributed. Civil defense should be reinforced considerably in order to provide more shelters and protective masks, among other things.

All citizens should have training in self-protection and civil resistance. Public works should be directed toward building a national and regional supply apparatus that could deal with catastrophes, the party says.

Poll Measures Attitudes--Not a Forecast

"The IMU report should be seen more as a measurement of political attitudes than as a forecast of the 1982 election.

"Voting behavior in an election sometimes differs sharply from attitudes during intervening periods. Therefore one should differentiate between the present figures for the Environment Party and what it might get in an election."

These words were spoken by political scientist Olof Pettersson of Uppsala in a comment on the high figures for the Environment Party in the latest IMU measurement of party sympathies.

"It is extremely difficult to say anything about the party's chances in the parliamentary election on the basis of this poll. But it is reasonable to assume that their sympathizers lie somewhere between 1.5 and 4 percent of the electorate.

"Experience shows that all small parties have a harder time the closer we get to an election. Talk about 'wasted votes' always comes into the picture," he said. "To avoid being affected by such a discussion a party should remain stable at 5-6 percent for a considerable period."

Olof Pettersson, who has studied the voting habits of the Swedes in several parliamentary elections, believes that the IMU poll does express an opinion, especially among young people who are turning against the established parties and their environmental policies.

"The interesting thing is what will happen to these people as the election gets closer. Will the Environment Party also be able to offer them an acceptable alternative when it comes to the economy, wage-earner funds, etc. when that time comes? That is what will determine whether or not the party gets into parliament."

6578
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PAPER STUDIES LATEST POLL SHOWING SURGE BY ENVIRONMENT PARTY

Stockholm DAGENS NYHETER in Swedish 22 Nov 81 p 2

[Editorial by Svante Nycander]

[Text] The Environment Party made a sensational move up to the magical 4 percent barrier in the latest IMU [Institute for Market Surveys] poll. It seems that Per Gahrton has more followers today than Lars Werner. Even if an element of chance was involved one can be sure that after this the Environment Party will be taken seriously in the debate and that it will emerge as an alternative for doubtful and dissatisfied voters.

The upsurge for the Environment Party was matched by minus figures for the Social Democrats and KDS [Christian Democratic Party] but the underlying voter trends are sure to affect the nonsocialist parties too. Per Gahrton's anti-nuclear power party has probably attracted some voters from both the middle-spectrum parties which in turn regained some of their sympathizers from the Social Democrats.

Making due reservations for uncertainty with regard to a single poll one may assume that the Environment Party has some support in the area of political opinion. After the nuclear power referendum the older parties have shown less interest in environmental issues and welfare problems in relation to economic crisis issues.

The IMU poll was conducted between 19 October and 11 November. It only partially registered any reaction there might have been to the tax proposal and the submarine affair. The government parties have reason to hope for plus points on both issues. In the poll they remained at the same low level as they had in the past, 10.5 percent for the Center Party and 6 percent for the Liberals.

Big changes, the political meaning of which is not quite clear, have occurred in Sweden during the past year. One can point to two events that turned developments onto new tracks: the SAF/LO [Swedish Employers' Confederation/Federation of Trade Unions] settlement of 3 February and the tax compromise arrived at by the Center Party, the Liberals and the Social Democrats.

There is a strong connection between these two agreements. The three-party government presented its tax proposal on 3 February 1981, the same day the wage

settlement was reached. The proposal reflected the situation before the agreement. The government did not believe broad agreement on economic policy was possible and daringly opted for a tax reform in the shape it wanted. LO said no thanks to the government's offer to negotiate on tax issues. When the government proposal became known in detail Gunnar Nilsson said it should now be clear to everyone why LO had refused to take part in "this comedy."

But the moderate agreement between SAF and LO had opened up new perspectives which gradually became clear to the Center and Liberal parties during the spring. The settlement of the tax issue on that remarkable night was in reality the logical continuation of the new understanding on the labor market.

It was not a capitulation as the Conservatives charge. The tax proposal "would have looked different if the labor movement had formulated it," wrote Gunnar Nilsson in AFTONBLADET recently. "It is after all a compromise."

The pattern has become increasingly obvious. The Social Democratic report on the crisis this summer was a step toward more realism in the economic debate. The Social Democrats and LO accepted devaluation by 10 percent in September--a measure that would have been called a betrayal of wage earners if the climate had been worse.

Today Gunnar Nilsson is trying to find a formula to organize workers around a line of restraint in the 1983 contract negotiations. He himself made a strong contribution to the climate improvement that has occurred.

The tax compromise set off a government crisis with a big debate on a possible new election. The Conservatives clashed with the middle parties and the nonsocialists with the Social Democrats. The Conservative leadership has continued to depict the tax reform as a "catastrophe." Through the beating of the waves could be glimpsed the contours of a new political situation. It is possible to have objective discussions across bloc barriers. This can be noticed on the defense question, for example. The chances of reaching agreement on a new Swedish airplane system are considerably greater than they appeared a year ago.

This development has been possible because the middle parties and the Social Democrats have been able to preserve some mutual respect for each other in spite of everything. The present isolation of the Conservative Party is not due to the fact that the tax proposal is objectively unreasonable from the party's point of view--on the contrary. The explanation lies in the Conservative conviction that Sweden's economy can be wrested onto the right course only through a fight with the Social Democrats and the trade union movement, not through cooperation with them. "Olof Palme--Enemy of the Wage Earner" is the title of one of Gosta Bohman's speeches (reproduced in his book, "Course toward the Future," 1981). Bohman expressly regards the Social Democrats as "the Number 1 enemy of the wage earners." Why should he try to reach an agreement with them?

For the sake of the country one hopes for a continuation of the cooperation that started at Blasieholmen in February and has since been completed in the form of

the tax compromise. The low opinion poll figures for the Center and Liberal parties bear witness that nonsocialist voters are not clearly aware, unfortunately, that this is the way leading to prosperity and economic health. When will a far-sighted policy begin to produce results, including results in the form of increased voter confidence?

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6578
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BOOK EXAMINES LOSS OF RESPECT VOTERS HAVE FOR POLITICIANS

Stockholm DAGENS NYHETER in Swedish 8 Nov 81 p 2

[Editorial by Tore Winqvist]

[Text] An element of contempt for politicians is running through the western world, the part of the world where one is not supposed to like one's politicians; at least that is what we are told by the mass media in all the countries affected. Political scientists in the United States, the EC countries and here at home say roughly the same thing in somewhat less crude terms, so there is good reason for politicians to examine themselves while the average distrustful voter should become aware of what he can and cannot demand from his representatives.

There is a distrustful, malicious contempt for politicians in our own country too. Part of the witch hunt surrounding our current defense minister is due to this. When Allan Fagerstrom sneers in AFTONBLADET at "that stupid devil" he is appealing to a widespread and ignoble envy that likes to believe that the higher-ups in society are both dumber and more dishonest than the average Swede. In reality nine out of ten people would make worse objective mistakes than our least fortunate statesmen. At certain times a high degree of shrewdness, caution and tactics is required here.

And it is precisely these qualities politicians are often criticized for: they are too smart, unreliable, tough and coldly calculating. In a number of political science studies throughout the 1970's Swedish voters increasingly agreed with such statements as, "You can never rely on any party's intent to keep its promises" (a shift to the affirmative of around 12 percentage points). And, "The parties are only interested in people's votes, not in their opinions" (25 percent more replying yes than in the past).

Attitude tests like this do not give an exact picture of how much people distrust politicians but they do give evidence that the distrust has increased considerably. Associate Professor Soren Holmberg recently discussed various possible explanations in the book, "Swedish Voters."

The shift in governments is not a major reason: the decline affects all parties almost equally. Of several factors involved the two most important are probably the increased importance of the mass media in people's concepts of society and

reality and a general, hard to define but important change in the so-called spirit of the times.

In accordance with their roles politicians in democracies must criticize and oppose each other. It is natural for Party A and its followers to have "little confidence" in Party B and its representatives. If--as now seems to be the case--people's traditional class or personal ties to a certain party are weakening it is of course easier for the feelings of distrust to be dispersed to include the whole politician category. The evil intentions one attributes to others are generalized but the good intentions one claims for oneself are not.

Part of the picture of the informed, intelligent modern person is a certain skepticism of the "they can't fool me" type. If it gives status to be seen as relatively sophisticated many people stress or exaggerate this attitude; it also seems that this trait is stronger the less politically informed one is.

The general appearance of the parties in the so-called service democracy also plays an important role in the declining respect the public has for them. According to the democratic ideal the basic task for each party should be to shape public opinion for--and thus help bring about--a better society whether socialist, liberal, conservative or whatever one wants to call one's ideas. Instead they often seem to take the views of the voters as fixed and as something not much can be done about, making the main goal an effort to show that one's own party can best accommodate existing demands, especially the purely materialistic demands.

If the party contest is shifted from opinion formation to exploitation the bidding and the expectations of those not in the know are screwed up to unrealistic levels. Sooner or later people will become disillusioned.

If this major reason for the antipolitical backlash is further reinforced by the fact that most party people are recruited from the ranks of professional speakers and if they grant themselves favors many consider to be undeserved there is always some danger of fascist tendencies or at least a Glistrup phenomenon.

What can be done then to create reasonable trust in politicians and at the same time make them worthy of such trust?

More massive direct contact via TV by active party members, not just party leaders, is one way. One often has contempt for people one doesn't know personally.

Another method is to be careful about retirement items, pensions and professional politicians according to the rule of Stig Stromholm and Sven Delblanc among others.

Political scientists, philosophers and other scientists should be able to make an impact through a systematic, rapid and as much as possible nonpartisan surveillance of the everyday political work. Who is contradicting himself about what, who is employing persuasive definitions and other tricks? A kind of voluntary political consumer information service should force parties to weigh the vote points certain kinds of demagoguery unfortunately can give against the loss of

prestige that would be the cost if such tricks were unmercifully and irrefutably disclosed.

The Tingstenian vision of political scientists and others serving as a kind of housecleaning service for politics has not lost its relevance; on the contrary.

6578
CSO: 3109/49

SOLDIERS UNION DEMANDS FORTY-HOUR WEEK

Amsterdam DE TELEGRAAF in Dutch 6 Nov 81 p 3

[Report by Arnold Burlage: "Non-commissioned Officers 'fight' for 40-hour week -- 'Work Conditions for Retrenchments'"]

[Text] Amersfoort, Friday--Non commissioned officers in our army are planning work-rule campaigns if a 40-hour work week is not officially initiated for all the military.

The military want that from now on overtime is paid out or is fully compensated for in free time.

The unexpected extra costs for the defense budget are estimated at 273 million guilders. The military believe that "normal work conditions" must have priority over further retrenchments in defense and in their salaries.

In the next consultation between Minister of Defense H. van Mierloo and the military unions these hard demands will be brought up. The non-commissioned officers' organization "Ons Belang," which has almost 10,000 members, confirmed that yesterday.

Right

"We finally want the minister to give us the right which has been in existence for a long time for industry and for civil servants," says Robert Joustra, secretary of the biggest organization for non-commissioned officers. If the demands of the military are not met, there are plans for actions in the army. The spokesman of "Ons Belang" confirms that there are plans, amongst others, for the setting of a definite limit on overtime by the military.

All Right

"We are not mercenaries, but we demand that a distinction be made between war- and peace time. Economizing in a responsible manner is all right, but the work hours of the soldiers must not be abused," said the secretary of Ons Belang.

The improved work- and rest period regulation is to be in effect for career soldiers (57,000) and conscripts (55,000). "Ons Belang" estimates the costs of the "normal work conditions" at 273 million guilders.

Estimate

"The financial consequences of our demands cannot be predicted exactly. Overtime is not officially listed by the army. We have had to estimate that carefully. Therefore the costs could ultimately turn out to be less or more than expected," according to the spokesman.

8700
CSO: 3105/41

CENTER PARTY APPROVAL OF JAS LAUDED

Stockholm SVENSKA DAGBLADET in Swedish 9 Nov 81 p 2

[Editorial: "Center Says 'Yes' to JAS"]

[Text] The Center Party now seems to have decided to say 'yes' to the JAS military aircraft. That is a reasonable interpretation of the information that that party's Riksdag group has agreed to take "a positive position" on the JAS. The information is gratifying. After the dramatic events of the last few weeks, it seems to be at least as urgent as formerly that Sweden should demonstrate its ability to develop a military combat aircraft of its own single-handedly. A decision to do so will be interpreted by the world around us as proof that it is our firm intention to continue to safeguard our independence in the future, as in the past. The JAS has value as a symbol which can scarcely be overestimated.

To that can be added other important aspects of the question which were touched upon by Minister of Defense Torsten Gustafsson in a speech this weekend. Gustafsson emphasized the importance of the defense effort for employment and technical development in Swedish industry. Defense orders provide jobs for tens of thousands of people and are responsible, for example, for 10 percent of employment in the machine-building industry.

It is to be hoped that a parliamentary majority is now going to be obtained for a favorable decision on the JAS questions. It is not clear what the final position of the Social Democrats is going to be, but it naturally would be of extreme importance if they declared their willingness to back the project.

A Social Democratic 'yes' to the JAS unquestionably would be one way of restoring confidence in social democracy as a guarantee for a strong Swedish military defense program.

9266
CSO: 3109/40

PAPER EXAMINES OPPOSITION TO JAS IN SOCIALIST PARTY

Stockholm SVENSKA DAGBLADET in Swedish 11 Nov 81 p 2

[Editorial: "JAS: Socialists Still Saying 'Oh, Really?' on It"]

[Text] Stop the JAS!

Under the heading, the chairman of the SSU [Swedish Social Democratic Youth Association], Jan Nygren, calls upon the Social Democrats to say 'no' to the JAS aircraft in an article on the editorial page of AFTONBLADET (Social Democratic Party) on Tuesday. Nygren found support for such a 'no' in the defense resolution of the Social Democratic Party's congress.

If one turns back to page 4 in the first edition of AFTONBLADET, one finds the heading, "Palme says 'yes' to the JAS." The views on defense policy within the Social Democratic Party can hardly be illustrated in a better way. However, it is that party's own fault that it got itself into that situation. The party congress at the end of September and the beginning of October was not able to take a position on the JAS; it did not feel that it had sufficient data to be able to do so. However, in his speech to the congress, Olof Palme expressed himself in such terms that many deputies got the idea that a Socialists 'no' was to be expected. And now, a little more than a month after the adjournment of the congress, a Social Democratic 'yes' to the JAS is on the way!

They say that the Social Democrats will not be able to avoid a quite painful discussion of their elaborate maneuvering on defense policy--of course, the congress's decision means lower expenditures for total defense and, within the total defense budget, a reallocation from military to civil defense. But there is also reason actually to welcome the tune that was played in a prominent position in STOCKHOLMS-TIDNINGEN (Socialist) on Tuesday. Those in the Social Democratic Party who favor defense have felt more and more uncomfortable in recent years. But now the Social Democratic party congresses are giving themselves a reprimand because they wrote in "the questionable demand for a reduction of our military outlays 'in real terms'" in full consciousness of what they were doing, under the overall heading of "rearmament."

In general, STOCKHOLMS-TIDNINGEN's argument on the JAS question is identical with that which has been presented in these columns: there are defense-policy reasons, technological reasons and industrial-policy reasons which favor the JAS. The deciding factor must be the purely military evaluation of it. If that then can fall in line

with high demands for technological development and aspects having to do with industrial policy, the argument naturally is strengthened. However, where the party congress's position on defense questions is concerned, there are several windings to be expected along the road which perhaps will lead to the Socialists' finally saying 'yes' to the JAS. There must be more compensatory jobs in Sweden from the two American engine manufacturers which are in a tug of war with each other for orders worth billions of kroner. There must also be more civilian jobs to preserve employment in Norrbotten, so to speak.

In that way, the Social Democrats are meeting the powerful metal industry workers' union halfway. Nevertheless, as a consequence of the dualism of the party's defense policy, it is a hazardous argument: shall Swedish defense depend upon whether a few hundred jobs can be transferred to Lulea or not? If so, then a vote of 'yes' on the JAS, and if not, then a vote of 'no'!

To STOCKHOLMS-TIDNINGEN's credit be it said that it argues, from the point of view of military requirements, that we naturally cannot imagine having a defense program without an air force and that it is hard to imagine a Swedish air force without a good many aircraft, and that they should be Swedish-built to the extent possible.

Under any circumstances, the new way of thinking must not be allowed to result in a delaying of the Defense Committee's work--of course, the final verification is to take place on 27 November. Now it is rumored that the Social Democrats on the Defense Committee will not take a stand on the JAS--a miserable performance by miserable people!--because it just isn't a military question but a question of industrial policy instead.

STOCKHOLMS-TIDNINGEN thinks that continued delay "would be too bad" and urges universal unity. As far as SVENSKA DAGBLADET is concerned, it will use more forceful words. It would be inexcusable to continue the tug of war on defense policy. If the Social Democrats do not reach a decision, the nonsocialists parties will take the responsibility for a defense resolution next year. The Swedish people would regard anything else as neglecting the nation's defense.

Then it cannot be helped if the Social Democrats are told, in the harsh words of Lieutenant Zidens to his men: "You have been moving like a bunch of toads and now you have gotten behind again."

9266
CSO: 3109/40

LARGEST POST-WORLD WAR II MILITARY EXERCISE TO START

Stockholm DAGENS NYHETER in Swedish 11 Nov 81 p 15

[Text] The largest exercise by the defense forces in Sweden since World War II is to be held in Norrbotten in March 1982.

More than 20,000 men are to participate in the exercise, which is being called "Norrsken." A large number of the units involved come from Central Sweden and are to be transported up to the maneuver area by air, train and highway, after mobilization, and be put into the "fighting" directly. This exercise will replace a number of other refresher maneuvers which are planned for various units in Central Sweden and in Norrland. The additional cost for the large, joint exercise is calculated at 7 million kronor.

During the "Norrsken" exercise, 2,500 men will be transported to Norrbotten by air, 4,500 men will go by train and 12,000 on the highways by automobiles and buses. The Air Force will participate with close to 200 aircraft and helicopters. Flight units in Skane are to operate in Upper Norrland from their home bases in Skane. Full-scale, combat-type medical care will be provided, from personnel giving treatment at field hospitals at the front to transportation out of the military area.

Roads are to be blown up and repaired in order to provide realistic practice. The exercise is to last 11 days. To clean up after the exercise, school children are to be employed during the summer to tidy up in the woods as a summer job. The big exercise is also going to have an audience. Civilians will have opportunities to watch the fighting for 3 days.

A visiting day for 10,000 spectators is being planned in Boden.

9266
CSO: 3109/40

BRIEFS

SUPPLEMENTARY DEFENSE BUDGET OUTLAYS--Defense will get 156 million kronor for surface attack vessels, including new motor torpedo boats, and 71 million kronor more for the patrol ship which is to be produced at the Karlskronavarv. On the whole, those amounts take price changes into consideration. This is evident from the supplementary budget for almost 1 billion kronor which the government wants the Riksdag to approve. [Except] [Stockholm DAGENS NYHETER in Swedish 10 Nov 81 p 6] 9266

CSO: 3109/40

END

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21 DECEMBER 1981

West Europe Report

No. 1874

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FOREIGN COUNTRIES SAID TO AID TURKISH TERRORISTS

Istanbul MILLIYET in Turkish 2 Nov 81 p 12

/Test/ Ankara--Special Dispatch--The General Staff Martial Law Coordination Chairmanship has issued a statement pertaining to its work in the period from 12 September 1980 through 12 September 1981 and stated that the large scale aid received by terrorism in Turkey from foreign countries has been documented.

The statement says that a clear link has been established between the organizations known as THKP-C/ML /Turkish People's Liberation Party-Front/Marxist-Leninist/, Dev-Sol /Revolutionary Left/, TKP-ML /Turkish Communist Party-Marxist-Leninist/ and TKP /Turkish Communist Party/ and foreign countries. The statement adds that members of the TKP in particular were given training at the "Social Sciences Institute" in a foreign country. The statement continues: "All these examples clearly show that the terrorists receive financial aid, weapons and materiel from foreign countries. In addition to direct dispatch of arms this foreign support takes the form of sale of weapons through smuggling networks organized and encouraged by foreign states."

There Are 662 Destructive, Divisive Organizations

The statement notes that currently there are 662 organizations abroad involved in destructive and divisive activities against Turkey and that 286 of these are on the extreme left, 109 are on the extreme right, 27 are secessionist organizations and 240 are reactionary organizations. The statement adds that in the past year there were 5,789 incidents and that 74 percent of the incidents occurred in the 6 largest provinces. According to the statement 60 percent of these incidents were initiated by leftist, 3 percent by secessionist and 2 percent by rightist groups; the originators of 35 percent of the incidents have not been determined.

In Clashes, 174 Terrorists Were Killed

The statement says that 282 persons lost their lives in anarchic incidents in the past year and that 55 of these were security officials; in addition, 174 terrorists were killed in clashes they were involved.

The statement adds that in the same period 660 persons were wounded and that 11 of these were security officials. The statement notes that there was a drop in the number of incidents of all types /presumably compared to the previous year/ and that 43,140 persons were detained for various charges.

Captured Weapons

The statement lists the weapons captured in the course of raids as follows: 37,388 infantry rifles, 5,277 automatic rifles, 49,959 carginas, 3,360 automatic pistols, 523,435 pistols, 2,338,730 rounds of ammunition, 11,113 /units/ of explosive material, 1 mortar, 23 rocket launchers, 70 walkie-talkies.

The statement notes that the organization known as Dev-Sol has made an arms support agreement with the foreign country it has links with and that it has been documented that the agreement entailed the dispatch by TIR trucks of 100 pistols, 300 Kalashnikov automatic rifles, 300 automatic pistols, 500 hand grenades, 20 silencers and 10 rocket launchers.

The statement says that 24,183 rifles, 615 automatic rifles, 2,474 automatic pistols, 132,532 pistols and 635,707 rounds of ammunition were surrendered to security forces by the people in accordance with the law issued by the National Security Council. The statement adds that a total of 75,103 rifles and 661,821 pistols were captured through raids and voluntary surrender in the past year.

The statement says that currently there is a total of 29,929 persons in jail, 3,731 of which are under custody, 24,300 are under arrest and 1,898 are serving sentence. The statement adds that 65 persons have been sentenced to death; 16 of these sentences have been confirmed and 10 have been executed. The statement also says that there are search warrants for 14,505 persons.

The statement says that of the 342 petitions filed in connection with torture and bad treatment 104 have been found groundless and 40 have been considered serious and that as a result legal action has been brought against 89 officials, 3 police officials have been punished and 11 security officials have been fired.

According to the statement:

"The struggle will continue until all illegal organizations are totally eradicated. The support and help given by our people to the security forces in the battle against anarchy and terror is deeply appreciated. We are confident that we will attain our goal through the joint efforts of the security forces and our people."

9588
CSO: 4654/52

COST OF LIVING REACHES ALL TIME HIGH

Nicosia CYPRUS MAIL in English 18 Nov 81 p 1

[Text] The cost of living index for October has moved 1.55 points to a new high of 158.29 points making it almost certain that index-tied wages will be boosted by another nine percent as from January next.

The Department of Statistics and Research of the Ministry of Finance has announced that the index for October moved to 158.29 points compared to 156.64 points in September, having gone up by 5.90 points since June last.

The increase is officially attributed to higher prices for fruit and perishables, fresh milk, electricity and maintenance and repairs of dwellings.

The cost of living allowance is adjusted every six months and therefore the index average for the period July to December will determine the allowance for the period from January next.

The index for June stood at 152.39 points and index-tied wages and salaries, of public servants, government employees and most of the workers covered by collective agreements received a 6 percent increase in the cost of living allowance.

9 Percent

On the assumption that there is no fall from the present rate, the allowance for the next period from January 1, based on the average for the current second half of the year, will be 9 percent, according to a trade union official.

The Minister of Finance has proposed a freeze or revision of the present system of cost of living allowance calculation in order to check the spiral of wages chasing prices.

However, at a meeting with the Minister, representatives of the trade unions strongly opposed any such idea and demanded instead more strict control of prices.

At his recent relevision appearance, the Minister of Finance defended the government's proposal for revision of calculation which, he said, feeds inflation and makes Cypriot products uncompetitive both at home and abroad but promised that no unilateral action will be taken.

The Minister, Mr Afxentiou said that he hoped an agreed prices and incomes policy could be worked out.

CSO: 4600/143

ECONOMY-FINANCE MINISTER DELORS INTERVIEWED

Paris LE NOUVEL ECONOMISTE in French 9 Nov 81 pp 36-41

[Interview with Jacques Delors, minister of economy and finance, by Jean-Pierre Sereni of LE NOUVEL ECONOMISTE, date and place not specified.]

> [Text] So that France will remain an important player on the European and even the world gameboard, Jacques Delors appeals to the French for a "profound reconciliation," and "change within pluralism," as he explained to LE NOUVEL ECONOMISTE.

At the Socialist Party Congress in Valence he did not leave the bench of his federation, Correze. The most popular of Pierre Mauroy's ministers, if you believe a recent Sofres poll, nevertheless had a lot to say, and an appeal to make. The problems of a mixed economy, that bumpy synthesis of public and private omnipresent throughout the West, will not instantaneously disappear once the structural reforms promised by the new administration are implemented. There must be a long and patient effort both to revive competition that has been too often dormant and to limit the powers of the influential, first of all of the state and its offspring, public enterprise.

[Question] You have now been at the Rue de Rivoli for almost 6 months. From this privileged vantage point of French society and the way it works, have you in any way modified your idea of France?

[Answer] France is more unchangeable than changeable. I expected modern factors to be more widespread among the small and large leaders. Business and industry have an attitude toward the state similar to an adolescent's toward his father--vengeful, vindictive, and whiny. Is it a game? Once at home do they set to work and forget this ritualistic dialogue?

[Question] There are also advantages...

[Answer] France has two advantages over its neighbors: a feeling of nation, of a collective that must survive and have its say; and a taste for work which is still very widespread despite the damaging effects of unemployment.

[Question] When will the unemployment trend be reversed?

[Answer] Towards the end of 1982, beginning of 1983, but it will not be possible unless we abandon, in our public discussions, our detestible habit of talking about a civil cold war. One of the prime responsibilities of those in power today is to reconcile the French with themselves. There comes a time when dramatic talk poisons the environment.

[Question] Should an appeal be made to relax?

[Answer] There are three ways of looking at the future: not to face it and to talk a lot about slow growth; to fear it to the point of not discussing it; or to face it directly. This last is stimulating and, even for the generations that have already worked a lot, it is worth rolling up your sleeves once more. So, let's look at the future directly and with enthusiasm without hiding the perils and difficulties from ourselves.

[Question] But how can you instill confidence in those who don't have it?

[Answer] You must accept change within pluralism. The two words don't automatically go together. Change means accepting a new conception of solidarity and new social relationships. Pluralism consists of respecting the ways of thinking and convictions of others; it does not mean asking them to renounce being themselves but to adapt to the new deal. Since there are positive values in everyone, we can arrive at an in-depth reconciliation by using these common riches as a foundation. The current political talk, on the right as well as the left, is dirtying the air and completely disregards the analysis of the eighties with its potentials, threats and constraints. It is time to remind the nation of them in order to mobilize around this survival goal. Otherwise, future generations will unfavorably remember those who left them a France which followed the blind path begun by Gisaard d'Estaing. In other words, a France with no longer anything to say about the affairs of Europe and the world.

[Question] Once the nationalizations are in effect, where would you place the French economy? Will it be socialist or still liberal?

[Answer] The French economy, like that of its neigbbors, will remain a mixed economy where the market and state intervention coexist. In reality, no matter what size of the public sector, all mixed economies have the same problems. Their inflexibility has increased dangerously since the sixties, and the struggle to distribute national revenue grows more and more intense among the different social groups. A final characteristic is that markets and competition are not functioning as well. The crisis has expanded the state's role in the economy, and it has become more unmethodical and less coherent. Consequently, the real problem facing us is to inject greater flexibility into the mixed economy.

[Question] But doesn't nationalization--that is, further strengthening of the state's role--work against this goal?

[Answer] The problem of size in our economies is separate from that of the size of the pullic sector. Large firms, professional organizations, union headquarters--no institution can really escape from it, either in France or abroad. Group economy predominates a bit everywhere.

[Question] But the fact still is that the very nature of the public enterprise does not give it any particular flexibility...

[Answer] Public firms must not be allowed to benefit from any special status which would let them avoid following the normal rules of the game. Rules of the game which of course will have been restructured and whose bases are competition on French and world markets and the visibility of action by the state, which should intervene on the basis of simple criteria defined by flexible planning. Public enterprises should not become, as they sometimes did in France and especially did abroad, companies of unlimited irresponsibility or potentates free from any control.

[Question] What will the penalties be?

[Answer] They will be twofold; they must fulfill the needs of the market and satisfy the contract implemented with the Plan. Since the end of the sixties the absence of sanctions has been one of the major weaknesses of mixed economies.

[Question] Will these public firms be given a special status?

[Answer] No. Abroad, for example, no distinction is made between a public company operating at a loss and a private company supported by the state. What we hope to do by extending the public sector to include industrial firms which provide goods rather than a public service is to have firms capable of meeting the two challenges of the eighties: the third industrial revolution and the new international competitiveness.

[Question] We are familiar with the market's penalty--bankruptcy. But what would the Plan's penalty be?

[Answer] The Plan should give public enterprises the means to be competitive and strong on the world market, which is their natural market, when faced with their important international competition. This will be accomplished by measures whose goals will be dictated by the market. For example, in one sensitive area for our future, microprocessors, the three French firms in the field should be able to furnish "y" percent of the French market and "x" percent of the European market within the next 5 years. I deliberately chose that example; currently Europe produces only 30 percent of its needs, and that is done under American license. Special measures seem better to me than the professional plan which leads to bureaucratic and disorganized allocations which by their very nature exclude any synergy.

[Question] Concretely, what will be in these special measures to link the large public enterprise to the Plan?

[Answer] The measures will contain the necessary means for reaching the goals and also the way to best encourage industrial production both before and after the actual production process. In the end, industrial development of the eighties will come about in two days: First by the large firm which encourages and keeps smaller firms around it, but also, and this is where the basic difference with the sixties lies, by the independent development of small firms that will be able to innovate on the sophisticated markets of the information economy. These two sources of creativity are already at work in America.

[Question] But how can the public sector help this movement?

[Answer] The small and medium-sized firms of the third generation will develop independently of the public sector, spontaneously. Tomorrow one worker out of two will be producing intangible goods, particularly information. Very individualized needs will arise which will be satisfied by firms situated at the intersection of a patent which does not belong to them and a know-how which is theirs alone.

I am not opposing small and large here to illustrate any kind of political symbolism, but because tomorrow's economy will have two poles: large firms with their subcontracting environment and with small and medium-sized firms associated with them, and a second new and original pole, the small and medium-sized firms created from the ideas of engineers or managers who, after having worked as employees for 10 or 20 years, implement a new idea and take their chances.

[Question] In what areas?

[Answer] The third industrial revolution offers us new possibilities, such as data processing, microprocessors, biotechnology, bioenergy, small appliances...We could of course miss this crucial meeting and simply become consumers of goods invented and manufactured elsewhere. It has already happened in history; some countries have missed the deadline for video tape recorders and have slipped in the area of mopeds.

[Question] Why? Because of the state or industrialists?

[Answer] There are two reasons. The relationships which have developed during the last 20 years between the state and large private groups were not good. It was a mixture of laissez-faire and administrative directing which did not necessarily encourage expansion and innovation. In any case, those who succeeded were often the least dependent on the state. On the other hand in West Germany, besides stronger support by the banks, there was an active policy of state financing of research which greatly helped German firms in certain areas. This, however, did not prevent the Japanese from being successful in Germany in certain important fields: mass market electronics and automobiles. Which, by the way, emphasizes the seriousness of the challenge to Europe.

[Question] Your technological priorities are apparently not very different from those of the former administration. Where do you find fault with them? With their goals or their methods?

[Answer] It was more a question of doing things incorrectly; the allocations and appropriations were not the best. A lot can be done by financing research as the Americans and Germans have shown, and this is the idea behind Jean-Pierre Chevenement's action. ANVAR [National Agency for the Valorization of Research] has gotten good results, and this method must be developed. Simply put, density favors creativity in the complex industrial fabric of the post-industrial society. Several research teams looking for a new product have more chances of finding it than a single team.

[Question] But won't the large public firms, with their strength and the support of the state, be able to take over these small and medium-sized firms, their ideas and their staff?

[Answer] Yes, this is a risk. Any serious criticism of the market is based on two arguments. To succeed on a market means reaching a position whereby you escape from the competition. More than a century ago Karl Marx understood this very well--competition kills competition. The second weakness of the market economy has to do with power. Safety and profitability are pushed to the background of a manager's concerns, to be replaced by desire for power and unfettered growth of his influence.

[Question] Will nationalized firms wield their power with more restraint?

[Answer] Their directors will probably be as power-hungry as their predecessors in the private sector, but it will be done within the open framework of planning and control by the public authorities, including the finance minister and Parliament. It will be better than the present secrecy.

[Question] Will you enact laws about this?

[Answer] Yes. The first legislative text on nationalizations was legal and political in nature. Next we must, in law, define some of the rules of the game which I have just outlined briefly. It means reconciling the independence of public firms and the restraint of their use of their powers. This is not a problem confined to public enterprise. For 15 years private groups closely associated with state orders have discreetly abused their power and relationships.

[Question] Will you require national firms to fulfill the same informational requirements as private companies?

[Answer] Yes, of course, that is my goal. They must give the Stock Exchange Operations Committee the same information as listed firms. Even if the state is the stockholder there is no reason to depart from the rule. Besides, they will have to do this if they want to function in their real sphere, the world, and especially if they want to borrow on the outside.

[Question] Why not bring back the Commission for Verifying Public Enterprises which was abolished in 1976?

[Answer] We must find a verification system for the state-stockholder which will correspond to the auditors for private stockholders, but this must be done by individuals who are familiar with the firm and according to a philosophy which recognizes, in this risky field, the right to make mistakes.

Control will function from two points of view, that of the state-stockholder and that of the nation. Within the state budget there will be appropriations for increasing the capital of the nationalizables, and so Parliament will be involved. This is one of the major discussions that will take place in the Senate during the debate on nationalizations. The nation's representatives must reconcile the autonomy of these firms with a system of checks which will not be overly fastidious.

[Question] Will the old public sector keep the current methods of control while the new will be exempt?

[Answer] In my opinion it would be preferable to distinguish between the performance of a public service and the supplying of a good or a service on a market. Those are

two very distinct concepts which the law of the future should take into account rather than maintaining a formal separation between "old" and "new" nationalizations.

[Question] Twenty-five percent public and 75 percent private constitutes a mixed economy. But with the opposite--75 percent public and 25 percent private--do you still have a mixed economy?

[Answer] If the level of the public sector is too large, you no longer have a mixed economy. You have to maintain a balance. After the nationalizations that threshold will not be reached and the mixed economy will function better as long as excesses of power are avoided and the rules of the game between the state and national firms are neither paralyzing nor too loose.

[Question] With practically all of finance being nationalized and 50 percent of industry the threshold won't be reached?

[Answer] It won't be 50 percent of industry. The French economy produces more and more services which are primarily provided by the private sector. The public sector represents a total of about 16 percent of the gross domestic product. Finance is another, very different, problem. In this area, two fundamental principles must be maintained; a banker must be able to refuse his assistance to a client if that is warranted, and the same client must be able to approach other establishments. It is not a question of transforming finance into a public service.

[Question] But how much room for movement will the banker have, sandwiched between his stockholder, the state, the Plan and stronger local governments?

[Answer] We will never go back to a plan which, like the one for 1945-1952 and because of the weakness of financing sources, set the criteria for granting long-term financing and gave preliminary authorization for issuing stocks and bonds or any guaranteed credit. This type of planning was adapted to a weak economy. Today the Plan need only establish priorities which will be implemented through fiscal measures, the budget and perhaps some kind of division of resources available for the long term. For example, if France decided to make a big effort to save energy, we would have to come up with the necessary resources at the expense of other goals but it could be done. The relative abundance of available capital in the French economy today means that we won't fall into a constraining system in which the head of the Plan's financial service gives the green light before any financial activity.

[Question] And local pressure? Won't it be very difficult for the nationalized banker to face that?

[Answer] Decentralization, which is the antidote to bureaucracy, is a reform which will not be easy to accomplish. It must be implemented day by day and a lot of habits will have to be changed because it is contrary to our way of thinking. The president, who is quite committed to this, sees it as the only way to bring responsibility to society and to contain the excesses of the central state. But on an economic level a clear distinction must be made between political duties and financial responsibilities. Banks should be independent of the local authorities and the distribution of financial aid should be protected from political influence. We must organize and protect this independence.

[Question] Owners readily define the feeedom of enterprise by four freedoms--that of prices, investment, financing, and internal organization of the firm. Do you agree with this definition?

[Answer] Yes, as for the freedom of prices. I took some provisional measures in that area in order to disengage France from inflation. Investment will remain free except abroad, where it must receive preliminary authorization which has been liberally granted ever since I have been at the Rue de Rivoli. I have taken into account our possibilities for change rather than the firm's type of industry, which illustrates the new style I mentioned at the beginning of our interview. And also, of course, our relations with other countries which, even when they are ultraliberal, more or less willingly accept foreign investment.

[Question] If the possibilities for changing decrease, would you then also reduce foreign investments?

[Answer] It was the same before we came along, even worse. A firm like Elf-Aquitaine was prevented from working. We are in a situation where we must keep an eye on our foreign currency reserves in relation to our objectives. We are responsible for the franc, and we belong to the European monetary system. We thus have a number of responsibilities and carrying them out implies overcoming the inevitable contradictions that are inherent in any economic policy.

[Question] And the third freedom, financing?

[Answer] Our concern is to increase financing possibilities and to reach a better balance between risk capital and long-term resources, and to bring the bank and the business firm closer together within the fram-work of bank reform. We have only begun thinking about this important reform, but I will point out that the French bank does not have a spontaneous attitude of taking over all the problems of a firm. Even if there are striking exceptions to this behavior such as the French tradition of discounting and three signatures on every paper.

[Question] Won't the nationalization of the banks cause bankers to avoid risk even more?

[Answer] A bank's profit is often linked to the absence of risk. In France there are few investment bankers or merchant bankers; this, by the way, is why I am so committed to preserving the network of relations and the synergy of Paribas, which is familiar with such jobs. But that implies that a reasonable margin and cash flow are still one criterion of good bank management.

[Question] But will the freedom of management remain so unhampered?

[Answer] Even in the most liberal countries, work organization within the firm must henceforth be negotiated with the employees. We do not need a law which reduces this freedom, but the organization of work must, one way or another, be negotiated with the workers.

[Question] But not investment or hiring?

[Answer] No, because then you wind up in a co-management system which French unions don't want. Improving the French system of industrial relations, which is indispensable for our economy's prosperity, should be done in a French manner and without mixing up styles. This leads to three aspects of what is called workers' rights: to be able to negotiate (salaries, workweek, internal policies of employment and training); to be better informed (within the joint production committee); and to be able to express oneself at the workplace, in discussions with supervisors and management.

[Question] The recovery seems to be geared towards consumption. But what about investment?

[Answer] I don't have any figures yet but I am rather pleased with the economic recovery process. For the moment it is neither too weak nor too strong. Going too fast would lead to cardiac arrest in the second half of 1982. Exports (+ 5 percent annual rate) and private demand are pulling the French economy satisfactorily.

[Question] Couldn't that be emphasized more?

[Answer] I had in mind the 1976 rebound which was too strong. When you start off that way, tendencies towards imbalance increase--internally through inflation and externally through the trade deficit. No one knows how to set a policy selective enough to have at the same time maximum possible growth, price deflation, and a limiting of the trade deficit. That's only found in books.

[Question] Even with a gentle recovery, if the international recovery is not on schedule, how long can we hold on by ourselves?

[Answer] This year, the upturn in exports, which account for 1 percent of growth, is due to the demands of OPEC and non-petroleum third world countries who have gone into debt. Next year OPEC's demand should stay the same, but that of the developing countries is less certain. And so we need a new impetus coming from the recovery of the industrialized countries. However, don't jump to conclusions. The ups and downs of the rate of exchange can modify everything, for better or worse. Last year the devaluation of the old world's currencies in relation to the dollar stimulated European sales on American markets. In 1982 the success of the French recovery will mean starting up again, especially in the EEC countries, which account for half of our trade.

[Question] Do you see a German recovery coming soon?

[Answer] It is the key economy for Europe, but before recovering it will have to get good results with its balance of payments and reevaluation of the mark in relation to the dollar. The German trade surplus has begun to increase again because of significantly increased exports and a quasistagnation of imports due to reduced activity. This should result in a distinct decrease in the current German deficit of payments in 1981 compared to 1980. But if the French recovery were followed by a German recovery, economic prospects would improve significantly in Europe. On the other hand, high interest rates in the United States and an artifically inflated dollar would obviously seriously handicap the German recovery.

[Question] While waiting for this improved situation, how much must we borrow abroad this year in order to finance our foreign deficit?

[Answer] Between 35 and 40 billion francs in 1981 and the same in 1982. For the time being things are going well; we are letting our firms act according to their own needs. The financing program is going normally.

[Question] How far can you go in divorcing domestic interest rates from international ones?

[Answer] There are two ways of doing this and they are both equally questionable. You can guarantee some financial credits, but this is more and more expensive for the budget. Or you can erect a more or less impermeable wall between the money market and the international market, which is a temptation to isolate ourselves.

[Question] Is there still room for the money market to fall?

[Answer] We have to see how the supply and demand, respectively, of capital evolves. The change these last few days is particularly favorable, since we went below 16 percent completely spontaneously. The monetary readjustment of last 3 October had all the expected good results. Everyone admits that the action was a success.

[Question] And the financial market?

[Answer] This year it will reach about 100 billion francs vs. 110 billion in 1980 and a forecast of 120-130 billion for 1982. Taking into account the 3-month freeze on operations because of the elections, that is a success. Savers had to be reassured. And I thus avoided upsetting any of the rules of the game. The reforms will be gradual and their goal will be to increase the volume of savings available for long-term placement and risk capital as well as better protecting mass savings.

[Question] What will the public treasury's needs be next year?

[Answer] That will depend both on the correct mechanism of financing the budget deficit (and in first place borrowing), and on the strength of activity. Theoretically the state's needs should reach 100 billion francs in 1982, less in 1983 if the recovery takes hold.

[Question] Aren't the planned fiscal measures liable to discourage savings?

[Answer] The most preoccupying concern at present would be the discouragement of managers and executives when the recovery begins. Knowing the rules of the game, they will have to take into account all elements of the situation: professional plans, interest for the job, and the place of management and staff representatives within the firm. My only message to them today would be to encourage them. They hold a central place in an innovative and competitive economy.

[Question] The government strategy seems to be favoring the small and medium-sized firms over the large firm owners. Why are the large firms being ostracized?

[Answer] In the assistance measures which were presented in the beginning of October, there is no discrimination between large and small firms, except for

certain measures which by their very nature are directed more towards the small and medium-sized firms whose specific difficulties of access to finance and innovation are known.

[Question] You have often mentioned the permanent causes of French inflation. Do they still seem to you to be so definite?

[Answer] With good collective discipline, French inflation could return to 8 or 9 percent while German inflation would be 5 percent. The residual difference is due to structural causes. We do not have the same basic social structures. In Germany, the percentage of employees is greater, the middle class smaller. In France the left and the right have chosen a different type of society with a lot of farmers, merchants, artisans, small-business men and others. Socially this is quite respectable, but it's expensive in terms of inflation.

[Question] And besides these social causes?

[Answer] There is much to be done in terms of competition, but being strict at this level threatens the future of some social categories. We're not to that point yet. In France we have a sort of corporate culture based on understandings between businesses and the state which is less frequently encountered in other countries. We also have an inadequate use of savings, at the expense of productive activities.

[Question] What are your weapons in the fight against inflation? You are against price controls, and you haven't set any norm for increase in the money supply. What do you propose to do?

[Answer] We have to take our lessons from the patent failures and the fleeting successes of my predecessors in this area. We are involved in a psychological and educational action based on demonstration to prove to the French that they will live better with a price increase of 10 percent rather than 14 percent. At the same time we are maintaining total salary freedom and almost total price freedom. Where competition doesn't enter in we must simply resort to restraints by business. We come up against the fundamental contradiction of the policy of competition: at any given time, there is a choice between competition which functions poorly and business restraint which works well. But a partisan of competition finds the latter reprehensible. In this area, the best is the enemy of what's good.

[Question] Does the present salary trend worry you?

[Answer] No. At the present time the trend is satisfactory. Strong enough to stimulate demand, but not too strong to fuel inflation.

[Question] Why doesn't union hostility to the price and income policy relent?

[Answer] There is a huge misunderstanding which I am trying to counteract by ensuring freedom of salary negotiation. How could I, who started up contractual policy in France between 1969 and 1972, do anything different? I am simply proposing a new deal which will be attractive to all players: the unions, business, and the general public, who identify, in the case in point, with the necessity of slowing down unnecessary changes.

[Question] There is a lot of talk about recapturing the domestic market, but not much has been done. What is the current status?

[Answer] This is a topic which the Socialists have been discussing for 7 years, but which business leaders have taken up only since 1979. Concern rose as our share in the market was constantly nibbled away. Today this is the domestic version of a larger situation--the state of our competitiveness, in all its aspects, from productivity to product quality. In textiles, for example, there is a new demand appearing for lower quality items. Adapting to this and supplying products for mass distribution is still competitive. In other areas the problem is different. With appliances the turnover for new products is too long. Recapturing the domestic market is not just a question of price and productivity but, in a larger sense, adapting to a continually changing demand.

[Question] We need to invest heavily in high technology areas in order to resist foreign competition and in traditional areas in order to modernize. We need to fill in the gaps just about everywhere. Will there be enough money to do all this at once?

[Answer] If you add the recession, which is reducing direct fiscal revenue, to the needs which result from the recovery and the industrial challenge, it's almost impossible. We have to find a minimal economic health which will produce complementary resources. Once that is done we will have to make choices, particularly financial ones. There won't be money for everything.

[Question] We've forgotten what year we're in?

[Answer] The eighties should be the years of the post-industrial society. Quality should replace quantity; our prosperity and our relative economic strength compared to the rest of the world must remain intact. Europeans were preparing to live through these years, but at the same time new values based on hedonism were spreading. And, surprise, the world became a difficult place once again. That is a pivotal problem, a universal one, not just a French one. Economic war is part of it. Of course, certain limited accords are possible: For example, enacting a large-scale economic agreement between the EEC, the United States and Japan; straightening out the international monetary system; doing a better job of recycling capital. Improvement can be made in all these areas but it will still be difficult because everyone wants his place in the sun. The advantage that Europe had in the beginning of the sixties has eroded.

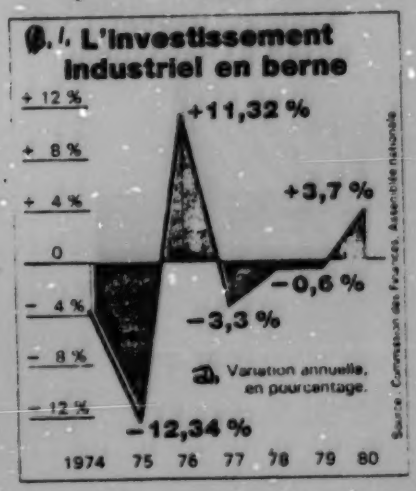
[Question] To the point of disappearing?

[Answer] Europe can only count on itself to remain a vital player on the world gameboard. In the future there will certainly be a temptation to forget Europe during large-scale planetary negotiations. The old world is at a crossroads. One road leads inexorably to decline, while the other, which I have proposed, opens up the stimulating paths of effort and progress.

Permanent problems

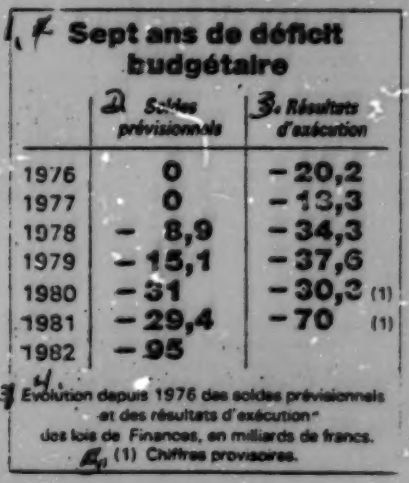
France has not escaped from the structural problems of the mixed economy. Despite the electronuclear program, the energy bill is higher than ever. Languid investment

explains the industrial apathy we have experienced since 1974. The development of public employment, constituting one-third of salaried employment, has perhaps attained its uppermost limit, especially with the stiff climb in the budget deficit which cannot be repeated next year, at least for psychological reasons.



1. The price of Energy
2. Percentage of energy bill (excluding purchases of nuclear fuel) compared to total imports.

1. Languid Industrial Investment
2. Annual variation in percent



1. Who Employs the 18 Million Salaried Frenchmen?
. State
3. Local governments
4. Public firms
5. Private Sector
6. Social Security

1. Seven years of budget deficit
2. Forecast
3. Actual
4. Forecast and actual deficits since 1976 resulting from the implementation of finance laws, in billion of francs
5. Provisional figures.

1. The Dragging French Economy
2. Japan
3. Italy
4. United States
5. West Germany
6. France
7. Belgium
8. The Netherlands
9. United Kingdom
10. Average annual variation in industrial production 1975-1980 in percent

9720
CSO: 3100/118

PASOK PLANS FOR ECONOMIC RECOVERY REPORTED

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 46, 12 Nov 81 pp 9-11

[Article by Nikos Nikolaou]

[Text] The collaboration of productive classes and the government is starting out with very good omens, while the government, through both its president and minister of coordination, is accomplishing spectacular openings to the business world. It seems that these openings arise from the government's conviction that today, as never before, mobilization on all sides of private factors is necessary if economic recovery is to be achieved. On their side, the productive classes hope that this collaboration will be developed on a permanent basis and they note with particular satisfaction that the government is planning to exercise an expansionist economic policy which will revive all of the businesses which are, as is known, at death's door.

Opposition circles are calling the openings to the business world a complete reversal of the government from its pre-electoral positions and maintain that it is clear that, under the pressure of events, essentially the same economic policy will be continued. A qualified government factor, when questioned about this by OIKONOMIKOS TAKHYDROMOS, stated categorically that there is no backing down on PASOK's part and he referred both to the "Proclamation of Government Policy" issued before the elections and to Andr. Papandreou's pre-electoral speeches in which the role of private initiative is recognized. The same factor called to mind that, speaking on 15 October in Syndagma Square, the PASOK [Pannellenic Socialist Movement] president said: "We believe in private initiative which, side by side with the collective effort, will fashion a new course for the Greek economy."

In any case, independent observors note that past words are no longer significant and that it is natural for what was said "with poetic license" before the elections to be readjusted in a realistic spirit.

The curtain of contacts between the government and productive classes opened last Monday, 9 November, when the president of the government received the board of the Association of Greek Industrialists [SEV]. As announced by SEV, A. Papandreou told them he considers Greek industry a factor of primary significance for the country's development. He affirmed that all the measures which relate to it will be discussed so that SEV's viewpoints will also be heard before definite decisions are taken. He added, moreover, that he believes in the primary role of private initiative and will see with satisfaction private initiative showing itself dynamically to the benefit of the national economy.

The next day, 10 November, the premier met with the members of the Administrative Committee of the Union of Commercial and Industrial Chambers of Greece [EEVEE] and confirmed that the government is not planning to make a monologue, but will exercise economic policy after first having a dialogue with the interested classes. Measures are not going to be taken by surprise and the productive classes' viewpoints will always be listened to with particular attention. Of principal significance is the premier's statement that, among the basic targets of the economic policy to be followed, will be: support of the value of the drachma; decentralization, in which the chambers will be called to take an active part; improvement in the productivity of the public sector; and restoration of the banking system and public lending. Particular attention for economic recovery, stressed the premier, will be given to strengthening supply, as well as to providing the necessary resources to private initiative for expansion of its investment work.

On his side, the president of the Administrative Council of EEVEE, Laz. Efraimoglou, had previously stressed that a sincere desire of the chambers is close cooperation with the government for stabilization and recovery of the economy and he had maintained that a basic economic choice will have to be taming inflation, parallel with a rise in productivity in the public sector. In addition, he said, domestic production will have to be increased with the expansion of investments to sectors with an intensive exporting orientation and advanced technology. Special attention will have to be given to reasearch for acquisition of a national industrial technology, as well as restoration of the banking system. Finally, Efraimoglou asked that there be re-establishment of realistic lending conditions for the public sector which today absorbs huge resources at very low interest rates, thereby depriving the private sector of the financing means so necessary for its expansion.

It is clear that there is already an identity of viewpoints both on the general direction of the economic policy, which will be expansionist, and, in part, on the goals. Such a concurrence is a very positive element which will decide to a great degree the success in practice of the government's economic policy.

Incentives

In any case, the enlistment of private initiative in the work of the economy's restoration and recovery will be decided to a large proportion by the stand which the government takes on the great issue of developmental incentives. This is because, at this moment, the fate of incentives (investment, but also export) is the most delicate, but also most acute, problem in relations between the government and the business world.

Stability of the institutional framework applying to incentives is one of the basic prerequisites for private initiative being activated investmentwise. Investment is, by nature, a long term thing and in order to risk it, the private person will have to have the convenience of planning it with the premises of the economic policy (that is, incentives) secure for a period of at least four to five years. Investments cannot occur when a complete reversal of incentives follows every political change. The investment climate in such a case is mortally injured.

At this opportunity, we note that there is some entanglement in application of Law 1116)81 which, as is known, established the new incentives for economic and regional development--that is, investment subsidies (free capital) and interest

subsidies. At any rate, Law 1116)81 did not "freeze," as was written and which the minister of coordination categorically denied.

The issue of the fate of Law 1116)81 was one of the essential items which the SEV Board discussed in its meeting last Tuesday, 10 November, with Minister of Coordination Ap. Lazaris. As was officially announced: "The minister stressed to the SEV representatives that the government will proceed in reforming the policy of incentives, the goal being for incentives to be closely tied to the targets of the new government's developmental program, as had also been announced before the elections. In the meantime, until the new incentives are developed with the cooperation of productive classes and the workers, the present system of incentives will continue to be in force. At the same time, however, procedures will be applied which will minimize non-productive use of credits and financial aid. More specifically, as concerns Law 1116, the minister referred to the serious problems which have been created by the way in which it is applied. The related inquiry which was conducted confirmed many cases of approvals made hastily and without essential supervision. The inquiry also verified violations of the priority system during examination of the submitted applications. Characteristic of the offhandedness with which Law 1116)81 functioned is that in the month of September--that is, with the Interim Government--approvals doubled in relation to the previous month."

On the part of New Democracy, satisfaction was expressed over the above statement on continuing application of Law 1116)81 and it was declared that "Whatever government seeks an increase in investments, regional development in particular, and wants to draw funds which are abundantly disposed of by EEC for this purpose, can do nothing but end in adoption of basically the same incentives."

According to our information about the government, there is at issue reformation not only of Law 1116)81 but also of all the incentives--that is, those provided on the basis of laws 4171)61, 2687)53, etc.; this must relate to both procedure and the method of evaluating submitted applications for submission to incentives and its purpose will be liquidation of gratuitous allowances to large capital, Greek and foreign, and, mainly, reinforcement of investments which promote: a rapid increase in supply of consumer goods which are presently in shortage; replacement of importing, or increase of exports, for improvement in the balance of payments; and an increase in employment positions.

In the first stage, this reforming will occur on the basis of the priorities of the 1982 investment and productive program (which in essence will be an emergency program for the restoration and swift recovery of the economy) and will be completed in the frameworks of the 1983-1987 five-year program.

Undoubtedly, the government is right to want to review the whole network of incentives (the ND government was preparing for something similar) since, according to common acknowledgement, it is, to a great degree, anachronistic and primitive and distributes money to just and unjust. The existing system certainly has its justification in the need for Greek industry to be guided in the first difficult years of manning it and for Greek products to be aided in "marching" abroad. But this stage must end now and the government is entitled, on the basis of its own strategic choices, to turn incentives toward those branches which are developing new technology, promoting exports, increasing employment, etc.--that is, to those branches whose reinforcement aids the whole economy in realizing the

necessary structural changes. Consequently, incentives will stop being crutches which keep anti-economic and outpaced branches and businesses on their feet.

Therefore, the direction of the incentives reforming is correct. That which is not correct is delaying for long the reviewing work because the confusion and ambiguity which will exist in the meantime will be strong anti-incentives for any investment to occur.

In this sense, the issue of reactivation of Law 1116)81 must end within the next few weeks at the latest. This law, despite its shortcomings (it excessively strengthened certain industrial branches of lesser importance), had two basic advantages. First, it was in a certain way correctly oriented toward the regions and, second, it reinforced (at least theoretically) new industries, that is, operations which were activated for the first time. For this reason also, the old industries preferred tax exemptions instead of subsidies.

Certainly, the impression that "the state distributes free money" also attracted many middlemen without financial resources, but basically it was a sound response to Law 1116)81 which managed to mobilize investment activities first known after 1974. It is characteristic that by the end of September there had been approval for submission to Law 1116)81 of approximately 356 applications, for investments totalling 39 billion drachmas which will create 16,559 work positions. For these investments, subsidies totalling approximately 12 billion drachmas will be paid by the state (in the form of free capital and subsidy of interest).

Consequently, it is necessary for the reforming of Law 1116)81 to happen at a very swift rate so that private investors know the frameworks of their business activity. Reforming of Law 2687)53 must also occur at a very swift rate--despite the thorny constitutional problems which the undertaking presents. The government has proclaimed that it is not going to maintain a negative stand on investments of foreign capital, under the condition that they will bring in advanced technology and will be under essential supervision. It is characteristic from this side that in the first important meeting Papandreou had with a foreign politician, specifically with the vice-president of the parliamentary group of the social democratic party, Horst Emke, he primarily discussed the possibility of obtaining investments from the German side in our country.

Salaries

In the 8 November issue of TO VIMA was published a very interesting report by M. Dimitriou about the income policy within 1982. It is not yet about definite decisions, and the information is derived exclusively from a plan which Finance Minister Drettakis had prepared (whereas the income policy will basically be formulated by Minister of Coordination Ap. Lazaris whose opinion carries weight in the decisions which the premier will make) but it still is indicative of government intentions. According to the Drettakis plan:

1. There will be a cost-of-living adjustment of salaries and wages every three or four months; it will occur essentially in stages and mainly on behalf of low and medium salaries and wages. In fact, it is considered certain that in the first phase at least there will be no cost-of-living adjustment for highly-paid persons.

2. The cost-of-living adjustment, which will begin from 1 January 1982, will be 15 percent because--as written in the same report--a plan but also a decision, of the Papandreou government for 1982 is for (despite encumbrances from the ND economic policy) the cost-of-living index to be held at levels lower than 15 percent (that is, 50 percent less than in 1981) and, in any case, not to exceed 15 percent.

3. The 15-percent adjustment of wages and salaries will be combined, first, with special increases in the minimum salaries and wages and, second, with appreciable tax reliefs for low and middle incomes. These reliefs will exceed in the first phase the present limits on non-taxable income by 25 to 30 percent.

4. A minimum wage will be designated for every Greek worker or pensioner which will be determined on the basis of two criteria: first, family needs and obligations (protected members, privately owned or non-privately owned home, etc.) and, second, the locality of the home with differentiation in urban, semi-urban and rural areas.

5. One intention of the government is for OGA [Farm Insurance Organization] and TEVE [Greek Craftsmen's and Tradesmen's (Insurance) Fund] pensions to approach those of IKA [Social Insurance Foundation]. For this purpose, in certain cases for pensioners, not only will there be a tax change but also stabilizing sums will be given by the state so the basic living needs will be covered.

6. The government is planning to give increases for 1982, which will approach 30 percent, to those remunerated with the minimum salaries and wages (600 drachmas and 13,000 drachmas respectively).

9247
CSO: 4621/58

PSI'S CRAXI, PS' JOSPIN HOLD ROME PRESS CONFERENCE

PM081005 Rome AVANTI in Italian 22-23 Nov 81 pp 1, 21

[Unattributed report on PS Secretary General Lionel Jospin, PSI Secretary Bettino Craxi 21 November press conference in Rome: "This Is How We Are Working Together for Peace and Justice"]

[Text] "We have recently been mounting a counteroffensive on the subjects of foreign policy." This is what deputy Bettino Craxi, PSI secretary, had to say about the considerable international activity that has characterized the party's action in recent weeks. Craxi gave a press conference yesterday together with French PS secretary Lionel Jospin, who led a delegation of his party on a visit to the PSI. The press conference covered several points, especially the relations that are being established between the parties, the French Socialists' contacts with the PCI, peace, disarmament and security, as well as some economic topics.

"The meetings that ended today," Craxi said, opening the press conference, "are situated within the framework of bilateral relations between the parties, which we want to intensify. We have had an opportunity to make an in-depth study of several issues, especially prospects for building a stable and secure peace and action in support of the people's struggle for the cause of democracy and freedom, which are under threat in various parts of the world.

"We were able to note," Craxi said, "the substantial identity of viewpoints on all the most important issues." Jospin made appreciate remarks about Italy and the Italian people and said he was pleased to note the identity of views with the Italian Socialists on the majority of subjects. He also mentioned his meeting with Pertini. The French delegation was received privately at the Quirinal Palace yesterday morning for a lunch with the president of the republic. "We are honored," Jospin said, "to have been received by President Pertini, toward whom the French people feel respect and esteem, which feelings we would like to convey to him." In answer to a question concerning a possible meeting between [PCI secretary general] Berlinguer and Mitterrand, Jospin said: "Berlinguer will come to France to meet with his counterpart, that is, the PCF secretary general. He will undoubtedly meet also with other figures from the political world, but his visit, if and when it takes place, will be a meeting between two communist party general secretaries." "Craxi added:

"The more socialists Berlinguer meets with, the better." The French Socialists will exchange many experiences with the Italian Socialists on various subjects (agricultural policy, regional decentralization, unemployment) and will take part in celebrations of the centenary of Giuseppe Garibaldi's death promoted by the PSI.

A joint draft resolution on armaments will be presented to the French and Italian European socialist deputies. The two parties share similar viewpoints on the problems of peace. Jospin stressed France's different position from the other Atlantic alliance members, pointing out that, though some assessments might not be absolutely identical, "the position on the balance of weapons in Europe can be identical. We want to ensure," he said, "that this balance survives." The PS secretary general added: "If the parties and young people mobilize for peace and against the deployment of new weapons, this is positive. But we are worried about the existence of missiles already deployed, without an equivalent on the other side." With regard to the so-called "zero option," the two secretaries expressed similar opinions. "There has been talk," Jospin said, "of various kinds of zero option. Sometimes the figure zero appears in all its splendor. It is positive that we hold a shared viewpoint on this problem." Jospin rejected the idea of freezing the situation. "That is not enough," he said. "There is a new situation that profoundly alters the terms of the debate."

Craxi, too, stressed the importance of the opening of the "negotiation chapter."

"It can only lead to further negotiations," he said. Craxi added that "France holds a logical stance because the problems of a nonintegrated system such as France's must be dealt with by the nations concerned. Italy, however, has an integrated military system. We, therefore, request that the European countries, including Italy, take part in the negotiations indirectly and in any case with coordinated decisions. The hope is that the start of negotiations on strategic weapons can open the way to more general reflections on weapons worldwide and on the policy of disarmament." Both secretaries placed great emphasis on the major powers' role: "Many things are changing," Jospin said, "both in the Eastern Bloc and in the West, and many innovations are emerging. We would like to help this evolution to be a positive one."

Craxi announced a number of joint initiatives between the parties, including an exchange of information on experience in decentralization in France and a meeting on "regionalization."

Analyses and meetings are also planned on subjects such as unemployment and relations with the industrial world [as published]. In this connection a conference will be organized in France and the PSI will organize a conference on unemployment on 7-8 December. A seminar will also be held on the training of cadres and the French will help to draft a socialist foreign policy plan to be presented next year.

A special meeting will then be held on agricultural problems at the European level, to formulate agreements similar to the joint document on armaments that the two parties presented in Strasbourg.

CSO: 3104/59

POLL GIVES SOCIALIST PARTY ABSOLUTE MAJORITY

Vienna DIE PRESSE in German 14/15 Nov 81 p 1

[Article by Ruth Pauli: "Poll Indicates New Social Democrat Peak; People's Party Under 42 Percent"]

[Text] Vienna--The Austrian Social Democratic Party has again come very close to an absolute majority. According to a new IMAS [Institute for Market and Social Analyses] poll which is still under lock and key, the governing party has again exceeded 49 percent. The Austrian People's Party, on the other hand, appears to have suffered clear losses. Compared to October, it slipped back 3 percent to 41.6 percent.

In an interview with DIE PRESSE, IMAS boss Andreas Kirschhofer confirmed that these figures tend to agree with those that his institute has worked out. In between the improvement of the Social Democrats and the decline of the People's Party is the Austrian Freedom Party, which is more popular than at the time of the national elections of 1979, but this year has seen better results. The alleged figure for the Freedom Party is 7.4 percent.

The office of Karl Blecha, deputy chairman of the Social Democrat Party, is not particularly astonished at this improvement. The Social Democrats do not have any poll figures of their own, but they have sensed the people's positive attitude toward them after the fall campaign, which has just ended.

The most recent gauging of the country's mood causes reserved reactions in the office of the People's Party chairman, Alois Mock. The Freedom Party could not be in such good shape, argues Mock's press secretary Herbert Vytiska. "Their share of the vote is unchanged--6.5 percent." Vytiska refuses to be specific about his own party's counts of People's Party sympathizers. The large opposition party is still above the result of the 1979 national elections (41.9 percent); its downward trend has been arrested.

At the beginning of October, People's Party headquarters passed on to the public reports about a massive strengthening of Mock's party. Of all Austrians polled by the People's Party, 44.7 percent had indicated their preference for it, 48.4 percent for the Social Democrats, and a mere 6.1 percent for the Freedom Party. IMAS figures recorded at the same time were 43.9 for the People's Party and 6.9 for the Freedom Party.

Vytiska does, however, concede a worsening of the position of the People's Party. "We feel the effects of the elections in Styria and in the VOEST." Their own pollster also noticed these swings, but the latter were not drastic.

Vytiska exudes confidence--even if he remains as guarded with his figures as with the voters' preferences--when asked about the success of the People's Party's catchword new direction. "In the last year the Austrian People's Party has increased its economic competence, and a new direction is exactly what large numbers of our people agree with."

9873
CSO: 3103/100

FLEMISH PARTY LEADERS DISCUSS ELECTION RESULTS

Brussels KNACK in Dutch 11 Nov 81 pp 26-31

[Report by Frans Verleven and Johan Struye on joint press conference]

[Text] Brussels, International Press Center, 0047 hours, off the record--Contrary to what this paper had feared, the Antwerp socialists were *not* wiped out. Bob Cools and Jos Van Elewijck, members of the House of Representatives, came Sunday night to tell us that. The socialist Lydia De Pauw-Deveen and the liberal Anne-Marie Neyts-Uyttebroeck can see no definitive arrangement for Brussels coming about before the municipal council elections of 1982, which will come as a deferred second round nearly a year from now. In the small hours of election night we discussed with them and with representatives of all of the Flemish parties what the Belgian voter made clear to his politicians with the surprising figures of 8 November.

Willy De Clercq, PVV [Party of Liberty and Progress, called "Liberals"] chairman: The Christian Democratic family's losses are greater than I had expected. We are the only set that made a tangible gain in all three regions. The PRL [Party of Liberty and Reform] now becomes the second biggest party of French-speaking Belgium, and with our 21 percent we are neck and neck with the Flemish Socialists. In 1977 we had dropped to 15 percent of the voters. In 1978 we won 100,000 votes and 5 seats; today we came up with 180,000 and 6 seats. When liberal standpoints gain this way all over the country, it is not a transient phenomenon. Our present position responds to a fundamental option, certainly in the Flemish part of the country.

Vic Anciaux, chairman of the People's Union [VU]: We had expected the PVV's gains, but not the scale of the losses of the CVP [Social Christian Party], and still less the volume of our own gains. We have definite positions to thank for that. We assigned priority to the principle that work and security for people must come, but at the same time we pointed out the link to constitutional reforms. There is no longer any solution but that the two communities be allowed to conduct their own policies. Thanks to that clarity the People's Union has regained its former position in a scant 3 years. It seems to me that the federalist will has now been expressed clearly enough by the Flemish voters. In today's context it has even become particularly hard to form a central government. I do think it possible that a consensus will come about among the Flemish parties. But without further constitutional reforms with real powers for the regional governments, even after this election we shall still go from one government crisis to another.

[Question] Has the CVP not risen above its normal sociological level thanks to the tactics of 1974 and 1978? Is it not bound to lose the extra votes that it

had all at once now, partly because of a failing party policy?

CVP Minister Gaston Geens: It is not only the figures that make it hard to form a government, but also the positions taken. We had lined up behind a strong program, and we are sticking to it. We were of the opinion that we must give absolute priority to socioeconomic policy. As far as we are concerned, it is possible to govern only in that light. Have we lived above our station? We respect the voter's verdict. And so we are going to close ranks and take a still stronger stand. Wherever we stand, we shall have to be taken into account. The party policy has certainly *not* failed. But our party's profile and what we have had to do in the government, of course, are two different things. We have played strictly according to the rules, but our opponents have not. With the kind of football that has been played the last few years, some of our supporters have blamed our opponents' faults on us. But we are going to take hold again. The citizens have expected us to take the responsibility for the entire national government. We have been in difficulties for years. Consequently, the voter thought that our side did not offer an adequate way out. We have not been able to formulate well enough outwardly precisely what we proposed as a program.

Karel Van Miert, chairman of the SP [Socialist Party]: I would not have thought the extent of the CVP's losses possible, nor that the People's Union would come out at least as strong as the PVV. Although we come from the same coalition as the CVP, we are holding our own. And no poll had predicted the showing made by Agalev [Anders Gaan Leven--an ecological party]. The cards were scrambled not a little. You will not arrive at a stable cabinet any the quicker for it. For the three parties that made gains did so from three entirely different angles of attack. We are holding our own, positively or negatively, because we presented our positions clearly. There was a consistent line in what we said and tried to do in the government and what we announced in the campaign.

[Question] For the first time since the creation of the Belgian state, the socialist family is coming out of the ballot box as the biggest political aggregation in the country, bigger than the Catholics. Would it not be better for the two socialist parties to act together now instead of strengthening their regional profiles? If Spitaels and Van Miert act together, they can lay claim to the post of prime minister.

Van Miert: Decidedly *not*. Relationships from the past no longer fit for the future. There is all too clearly a striving among us for still more closeness than is really there today. The Walloon socialists, after all, took the lead on the federalist theme. For me there is thus no way back to unitarism. After the urgent problems, such as the budget for next year, the coinage, and the coalition that should be formed, therefore, there must very soon be more discussion of the constitutional reforms.

Mark Dubrulle, leader of Agalev: Starting now, the ecological movement is a parliamentary factor; the greens have been recognized as a politically relevant fact. A number of politically homeless people have come to feel at home with us. You have people that are libertarian but not liberal who find a place with us, as well as others who are perhaps integral federalists, but for all that are not Flemish nationalists. You can go on and on that way with us, and that has resulted in an appreciable shift in the percentages. Vague as that may be for a lot of people, we do represent an alternative for them.

Hugo Schiltz, deputy chairman of the VU: This election provides the proof first of all that the operation of liquidating Flemish nationalism failed. If ever the rules of the game have been broken, it was the superfluous election that was brought about in the past to cause the People's Union to break its neck. But we are as strong today as ever before. Draw the lesson from that: that Flemish nationalism is an ineradicable factor that will have to be taken into account. With that I hope we can get a clearer political dialog in Flanders.

Herman De Croo, chairman of the PVV parliamentary delegation: The CVP's loss is to be blamed on its ambiguity, and on the wear and tear of 23 years in power. And *how*. For a whole generation they have been doing a *tour* of all ministries. We are now getting more proportion and a better balance. Besides, we are not only winning our votes back, we are picking up not a few new voters. In 1965 Omer Vanaudenhove, founder of the PVV, doubled our parliamentary representation, but even that pales beside our results today. Study the distribution of the seats among the three traditional families, and you will notice that alternatives are finally possible again. For years the CVP was the only one with any say. It issued the invitations, it asked who wanted to venture out into the world with it. That time is now past. The fact that other voices can be raised and that the CVP no longer has the game entirely in its own hands is to me the most positive result of Sunday's elections.

Louis Tobback, chairman of the SP parliamentary delegation: On this continent, with a few exceptions in the south, there has been a constant trend toward the right in recent elections. That is the case here in Belgium today as well. But even though we are now leaving the government, that conservative trend will *not* turn out to our disadvantage. The fact that for 3 years we have taken positive stands on socioeconomic options or points of foreign policy or defense may not give us any advantage, but we are still standing up. Thanks to that profile. To me the surprise is that the voter opted for clarity. Few would have predicted yesterday that the abstentions from voting would decrease. What do I learn from that? That the voter showed a definite craving for definiteness, which the CVP certainly did *not* possess. We may be standing at the beginning of an evolution; this not an ending.

[Question] Are you alluding to a split in the CVP?

Tobback: That is their affair.

Geens: Anybody that is gambling on that will find himself disappointed.

Tobback: If I had expressed the hope yesterday of a 10-percent loss for the CVP, I would have looked like a fool. For that reason I am not saying today that I am putting my stakes on a split in the CVP. For that is not what I am after; I am interested in a clear choice in politics. I think that we in the Netherlands must choose between a conservative and a progressive policy.

De Clercq and De Croo, in chorus: What is that? Who is that?

Tobback: Between Left and Right. It is evident that there is a difference between your program and ours. In any case the CVP is still the biggest party in Flanders. It must now choose with whom it will govern.

De Clercq: Aha, there the socialists are, again relying on the choice of the CVP.

Tobback: You are not going to choose with whom you will govern after all. Since we are not a candidate to govern with you, there is no choice left for you. The Liberals are surely not going to swallow their program because I will not conclude any compromise on the basis of the liberal program?

De Clercq: The worse beating the CVP gets, the more it has to say? Absurd.

Geens: At best I can only call the SP's results stabilization at the bottom. For years you have been on the elevator going down; now it is impossible to go any lower. The fact that we may have the key in our hands does not alter the fact that other formulas are mathematically possible. Only today you are no longer bound by certain constraints that existed in the past. With no invitation in the direction of anybody here at the table at all, I hereby declare that we shall only move on the basis of our platform. Take it or leave it.

[Question] There has just been a historic rejection of that platform by the people, and you are immediately facing the political environment with decisions again. That is strange behavior; you will make Spitaels think twice.

Gaston Geens: I am not addressing my statement solely to the partner that might want to get on board with us. There is a good deal to refute the charge that we came before the voters ambiguously. We were in a bind on may issues, for no other reason than that the others did not play by the rules. So now we are out of all that. Now we will only play according to our platform.

Guy Verhofstadt, chairman of the PVV Youth Organization: The most important thing is that the citizen, perhaps for the first time in many years, made a definite social choice. The liberal movement has never been so big, and the socialist movement almost never. Between them is the centrist bloc of CVP and PSC [Christian Social Party], which shrank. This is really the first time that the social choice has come to the fore so obviously. Not only between conservative and progressive, for that means nothing to me, but between liberalism and socialism. Moreover, a new line was indicated toward a new liberal alternative. What it depends on now is what the content of the government program will be. What the emphasis will be placed on in it. Whether the CVP is to determine with whom it will govern or not is of less importance. What is more important is whether a real liberal policy will take the place of such a centrist policy. Or an outspokenly socialist one. We are getting the chance of that for the first time because the result is so clear and because the center dropped so much in value.

Schiltz: It is not all that black and white. It would be an intellectual narrowness if only two choices of type of society were possible. Moreover, this is a Belgian way of working. You cannot behave as if the Walloon and Flemish socialism were identical. The Flemish socialism has quite a different face...

Van Miert: A prettier one.

Schiltz: And the PSC, too, has become a quite different type of party from the CVP, with widely differing positions on a number of points. Thus you cannot put all the differing sociological realities on a par, as if you had the political families there for the choosing. For that becomes an abstraction.

Jef Turf, vice chairman of the KP [Communist Party]: The clarity that we have just gotten from the electorate is only clear *against* the current policy. Nobody can doubt that the CVP, as exponent of the government policy, was rejected, but the clarity does not extend in the positive direction. There is no indication in what direction the choice must run. The winners of the election have a great deal in common, but still more on which they differ. What strikes me most is the hesitation of this 8 November. It almost looks like a first round; the country still does not know where to go. A great many questions remain unanswered. What about the budget, employment, defense? Thinking of the demonstration of 25 October, I feel that clarity can be given only by the action of the working class, or, say, in the streets.

Kris Merckx, PvdA [Labor Party] leader: As far as the big parties are concerned, there were no clear alternatives opposed to each other. The core of the matter is still the enrichment of the banks and the power of the holdings. SP and PS [the Flemish and French-speaking socialist parties] devote five little lines in their platforms to this. Just like Willy Claes, Guy Spitaels says that nationalization is neither desirable nor realizable. Not only are the liberals, the RAD [Respect for Work and Democracy] and the People's Union advancing; so are we. In Agalev's success, too, I see a rejection of the capitalist society. But in our view the thing that must constitute the counterbalance to the rightist offensive cannot come from parliament. The labor union opposition in the plants must take that up, it is there that work must be done for the *real* socialist alternative.

[Question] Will 1982, after the uprising against taxes, become the year of the revolt of the unemployed? The streets?

SP Minister Roger De Wulf: Enough sound understanding prevails among the workers; they understand that this world crisis is passing over our heads. They realize that efforts and sacrifices are necessary, and that the Flemish socialists clearly opt for social solutions to our problems. The crisis will not be solved unless it is done under orderly circumstances. I do not believe in riots and uprisings.

[Question] Even after devaluation, after indexing is done away with, after unemployment rises to 500,000?

De Wulf: That will not happen. Those are only forecasts. We can only approach those things if we do nothing about it. We can prevent all that if we take measures.

Schiltz: We can come out of it if a consensus is found, but I am afraid that it is not to be found between the political families across the two communities. I do not believe in a consensus at the Belgian level. I do believe in a Walloon and a Flemish consensus.

Geens: If the solution is to be reached only in the street, why are we still holding elections? But fewer are failing to vote than previously; 8 November confirmed that people believe in parliamentary democracy.

[Question] Can the triumphant liberals not experiment meanwhile with an alternative in the regional governments?

De Croo: I find it hard to accept the notion that representative parties such as the Socialists, the People's Union, and we ourselves [the PVV] are unable to

let each other know where they stand with regard to possible policies. It is well known that there are serious oppositions, but let us start somewhere. Possibly the objectives are not so far apart. The methods differ, but it is hard for me to imagine that we would pass each other by *a priori*. That taboos would prevail. It is only if we do not talk that we give the ambiguous CVP the chance to cast its nets on both sides of the boat.

Tobback: A coalition whose only tie is that it is *non*-CVP does *not* interest me as such. The PVV is not the German FDP [Free Democratic Party]. It has no Rudolf Augstein in its ranks, unfortunately, but it does have a Frans Josef Strauss. For all Flemish and indeed all Belgian parties this election must have put an end to the syndrome of the CVP state. It is over with that obsession. On Sunday the CVP ceased to exist as dominant party. It is now in the position that the PS [Socialist Party] has been in for years in Wallonia. Nor do I wish to restore it by patching coalitions together on a hodgepodge of programs. There are contradictions between the programs of the Liberals and the Socialists. Unless you swallow your Liberal model of society, which even I would deplore, I do not see how we can find a *modus vivendi*. But if the CVP comes to me tomorrow with the program of its ACV [Confederation of Christian Trade Unions], I can go along with that. If it comes to me just with its Leo Tindemans, however, I cannot. Consequently, I am waiting to see what the CVP comes forward with, for there really is a potential in that party that I could get along well with.

De Croo: Like the unicorn, you lay your head in the virgin's lap and leave the choice to her.

Tobback: I am leaving no choice at all to the CVP. I want to see first what shape it shows itself in. I admit that I naturally run the risk that its color will run.

Schiltz: Two options can be distinguished. Verhofstadt wants to go forward with a sort of ideological unitarism; I would rather try via the sociological reality. For the time being those are the policy levels at which something can be done that makes sense. For we must make very quick work of employment, of finances. I see the sound, effective policy levels on the plane of the provinces, the municipalities, the regions. *Not* the central state, for this election has left it powerless. Making a coalition for the whole of Belgium with the present distribution of seats is like our children's Japanese cube.

De Croo: It is the Hungarian cube, and I can put it together in 90 seconds.

Dubrulle: Anybody that thinks about concrete items, e.g. employment, will immediately find an ally in us. You go on and form governments; we are starting right now with the municipal council elections.

8815
CSO: 3105/42

SOCIAL CHRISTIAN PARTIES PONDER ELECTORAL DEFEAT

Brussels LE SOIR in French 12 Nov 81 pp 1, 2

[Article by G. Duplat and J. Van Hoorebeke "Post Mortem on Staggering CVP-PSC Defeat"]

[Text] Both in the CVP [Dutch-Speaking Social Christian Party] and the PSC [French-Speaking Social Christian Party], the time has come to count those who remained steadfast through last Sunday's electoral tempest. Who is to blame? What is the next step, tomorrow, and after that? On the Flemish side, there was surprise and anguish at the dimensions of the electoral defeat, which it was figured would hit its "little brother," the PSC, hardest. On the Francophone side, backbiting and recriminations have been averted, and a patient analysis of the causes of the decline is under way. Put to the test--in varying degrees--by the "opposition cure," the Social Christian political family must above all avoid seeing its forces consumed by adversity....

The CVP's defeat was most resounding right in the home district of President Leo Tindemans--"the Belgian who is the envy of Europe"! In the Anvers district alone, the CVP lost no fewer than three House and two Senate seats. Among the "victims" were one of the standard-bearers of the party's left wing, Tijl De Clerck. Tindemans is now being criticized for having "decapitated Martens" and constantly finding fault with Mark Eyskens. The CVP president himself is a subject of open controversy within the party. Some still cherish the hope of seeing him leave for an EEC post.

At Gand, Mr Wilfried Martens, thanks to an unprecedented personal publicity blitz, was more resilient: He lost only one seat. In other administrative districts, important personages were not reelected: Dries Lagae, one of the leaders of the "Boerenbond," was not elected in Louvain. In Brussels-Hal-Vilvorde, Eric Van Rompuy, the "bad boy" of the "CVP Youth," who seemed sure of getting a seat in the House, is back to square one! He is not hiding his deep disappointment.

"We have lost at several levels," he told us, "and first of all at the level of the communities. We did not show ourselves to be pro-Fleming enough. This gave a boost to the Volksunie. On socio-economic issues, despite our "JET [Youth, Economy, and Future] Plan," a "take it or leave it" affair, we were not able to make ourselves credible. This gave a boost to the liberals. Finally, there was the youth vote, the votes of the youngest and most individualistic, who reject all institutions and

groupthe CVP with "the establishment." They reject all tradition and have locked themselves into a policy of standing aloof," Mr Van Rompuy seriously fears that this portion of the electorate has been irretrievably lost the CVP.

To Remain in Power

The "great question" the CVP faces at this time, we learn from other sources, is whether Belgium should retain its present institutional structures. The extremism of Volksunie, which is calling for the creation of a Flemish state, can no longer be ignored, they add.

A strong faction within the party is urging going into the opposition as a cure for its electoral weakness. But others, led by ex-prime minister Wilfried Martens, believe it is preferable to remain in power, and they dream of forming a government with the liberals. In that regard, we have been assured that negotiations began the day after the balloting! The faction favoring participation at any price fears among other things that the party will distinegrate if it is in opposition. "If we do not get in the new government," one leader reportedly said, "the party may destroy itself!"

The PSC: Victim of "Families"

The PSC's dramatic defeat leaves party limitants literally overwhelmed. More than 130,000 voters deserted it, most of them apparently to join the liberals and the UDRT [Democratic Union for the Respect of Work]. The PSC has lost seven house members and four senators, nearly one-third of its parliamentary representation. Among the defeated, moreover, are to be found the head of the House [party] group, Raymond Langendries himself, who--too young to be given a fresh start in the Senate--finds himself without a seat.

What is even worse, the PSC is excluded from the French Community Executive, whereas under the most recent government it presided over it. The Social Christian "family" will no longer get to vote on all the decisions involving "personalizable" issues, as ideologically sensitive as such issues are. We note, finally, that the defeated deputies are all Christian Democrats and bereft of "family," even though it was the "Rightist" voters who left the party in greatest numbers.

What caused such a tornado, who bears responsibility for the defeat? The party's executive committee, which met Monday afternoon, has not really begun the analysis. Recriminations have at least been temporarily averted.

The "grass roots" composedin part of the "foliage [fronde]" of district presidents would like to set up a study group to assess the meaning of the vote, a group that would be composed of both candidates and noncandidates. But that idea has not caught hold...for the time being. The insurrection [fronde] may continue.

Four Causes

Four causes for the PSC defeat can be discerned:

1. The wear and tear of incumbency, mentioned above.
2. Ambivalence and contradiction. Its last year in the government was dramatic in that regard. The Floreffe congress had laid out a PSC economic and social program, but the voters had the impression that very little of that program could be seen in the running of the government.

In addition, the PSC acted indecisively and without a coherent strategy. It did not fight forcefully for its ideas. That "softness" had already been criticized in June at the two special executive committee meetings devoted to revitalizing the party. But it was in vain. In August, when the budget had to be drawn up, the PSC knuckled under. Several ministers were ready to give up their position on the government team rather than yield, but Mr Vanden Boeynants prevented them from doing so. It is ironic to note that it was the ministers most determined to resign who received the most votes in the elections (Maystadt, Wathelet).

In August and September, still under pressure from the district presidents, the PSC did try to change its spots, but is was too late. More seriously, instead of itself choosing the best issue to bring down the government--indexing or the budget--it allowed itself to be maneuvered by the PSF. Mr Vanden Boeynants and some of the PSC leadership clearly bear some of the responsibility for these tactical mistakes.

3. The family system. CEPIC [Political Center of Independents and Cadres], composed of "orphaned" Christian Democrats, ruined its own reputation with suicidal enthusiasm. At Tournai, in the Walloon area of Brabant, and even at Liege, when it saw itself disadvantaged by its placement on the parliamentary voting lists, CEPIC did not even campaign for the PSC. The presence of three Christian Democrats in alliance with the CSC [Confederation of Christian Trade Unions] at Coronmeuse, Noel de Burlin's anti-immigrant campaign, which was condemned by his fellow candidate Edouard Poullet, who himself had adopted an "anti-party" slogan, were so many signs of centrifugal tensions within the PSC.

4. The campaigns waged in recent months against "collusion" between CEPIC members and the youth front only added to the PSC's image problems.

What To Do?

So what can the PSC do now? Monday, nearly all the members of the executive committee opted for going into the opposition. The PSC wants to get out of the hot seat and let the others shift for themselves.

A congress may be held in the near future in order to try to create a new image for the party, and Mr Vanden Boeynants may well put his presidency of the party on the line. Gerard Deprez, the PSC's political secretary, might try to succeed him.

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LABOR BENEFITS BY DECREE: PROS, CONS

Council of Ministers Communique

Paris LE MONDE in French 20 Nov 81 p 12

[Article: "The New Social Policy"]

[Text] The employment situation is necessitating the adoption of important measures of a legislative nature.

But the crowding of the Parliamentary agenda and the concern to enable the Assemblies to have enough time to examine the dossiers on decentralization and the nationalizations do not permit one to foresee votes on these measures in short order.

The Council of Ministers has therefore decided to submit an orientation bill establishing the principles of the new social policy: the length of the work week and paid holidays, the retirement age, holding pensions and jobs cumulatively, solidarity contracts, etc.

This bill, which will be proposed for examination by Parliament during the present session, will enable the government, in conformity with Article 38 of the Constitution, to take by ordinance the technical measures necessary for rapid implementation of the provisions adopted by the Parliament.

The empowerment asked by the government will have a doubly innovative character:

--on the one hand, it is the legislature itself that will fix the broad outlines of the content of the ordinance, and consequently, the limits of the empowerment;

--on the other hand, the ordinances will be prepared in close concertation with all of the social partners, who will thus contribute to the preparation of them.

Additional Details; Commentary

Paris LE FIGARO in French 19 Nov 81 p 8

[Article: "Four Sectors of Application"]

[Text] Retirement at Age 60: Few Involved before 1982

Retirement at age 60 is an old slogan of the left. When they arrived in power, the Socialists very quickly decided to take concrete action. At the request of Pierre

Mauroy, Nicole Questiaux began, on 25 June, the discussions with the social partners. At the same time, she came to realize how complex the whole matter was and how unenthsiastic her interlocutors were. In effect, it emerged very quickly that the system of voluntary early retirement set up by the employers and the trade unions, and valid until 1983, remained more advantageous to its beneficiaries than retirement at age 60.

The fact is that early retirement ensures to the person who decides to voluntarily cease all job activity a guarantee of pay up to age 65 and equivalent to 70 percent of his last gross pay. Moreover, during this period he continues to accumulate, as if he were working, supplementary retirement points that will be used in calculation of his pension when the time comes.

First Problem

In moving the legal retirement age ahead by 5 years, the government would ensure to the wage-earner only a base pension equal to 50 percent of pay (50 percent of ceiling pay, or a maximum of Fr 2,860 per month). In order to reach a pension level close to the present pay guarantee, it would be necessary for the complementary-retirement systems operated by the social partners to grant them also full retirement at age 60. This is the first problem. But in any case, the total pension would remain lower than what it is today at 65, since these plans function by a point system and it is out of the question to "validate gratis" the 5 years not worked between 60 and 65. This logic has not escaped the trade-union organizations, which have all reaffirmed their adherence to this contractual system.

After discussions, Nicole Questiaux nonetheless worked up a draft bill which has not--far from it--gained the adherence of the partners. She would propose that right to retirement--in the initial phase, only the wage-earners' basic regime is involved--be a function of a double condition: age and duration of coverage. The age would effectively be lowered from 65 to 60, but the duration of coverage required would be raised from 35.5 years to 40 years. Thus, only those wage-earners who began contributing to the system before age 20 could take this retirement. In practice, all management staff would be excluded from it. On the other hand, a system of allowance points would enable those who do "exhausting work" or who do a "double day" (mothers with children or single fathers) to go on retirement at 55.

The figures relating to the bill are being worked out. All that is known is that at present, 71 percent of men and 56 percent of women at age 60 have 40 years of working life behind them. Therefore these people theoretically fulfill the conditions to qualify for the rights. But only 30 percent of them have a total of 40 years of /paid/ work to give them the right to a full pension. For all the others, and until the system for non-wage earners falls into line, provisions will have to be made, failing which the chosen few will be only the 30 percent. Meanwhile, so long as the pay guarantee exists, it is hard to see who would choose retirement at 60 with 50 percent or even 60 percent of ceiling pay rather than early retirement with 70 percent of last pay! In the immediate future, therefore, the bill would be of interest only to the government employees who do not have civil-service status or who work on contract and do not have a right to early retirement.

With Back to the Wall

In reality, Nicole Questiaux's bill, which deals only with Social Security old-age insurance, must have the effect of putting the social partners' backs to the wall:

before 1983, they will have to choose either an extension of the pay guarantee or retirement at 60 within the complementary regimes. The former has the advantage of being a mechanism that is suited to the current situation, is flexible, and can be modified in function of the demographic outlooks or of employment. The latter represents "durable social progress" that nonetheless presents the risk of costing the active working people of 1985, and--all the more--those of the year 2000, a lot when the numerically large age groups reach retirement age.

Job-Plus-Retirement Cumulation: the Trap

The bill for retirement at 60 is aimed at a double objective. First of all, a social-progress objective: to enable the workers who have the longest working lives to stop working earlier than they can today, without lowering their pension level.

Secondly, an employment objective: the aim is to make the maximum number of jobs available for young or unemployed workers. In this perspective, the government wants to limit "abusive" cumulations of a job and a retirement pension.

In Nicole Questiaux's view, cumulation is "abusive" in two kinds of situation: when it is connected with the exercise of an early-retirement right "based on a presumption of work exhaustion"; or when the income derived from work activity makes all or part of the pension superfluous." No precise income level has been specified yet.

The CGT and the CFDT have proposed the amount of 1.5 times the SMIC [Interoccupational Minimum Growth Wage]. It seems that in the Ministry of National Solidarity, this ceiling is considered a little low. Whatever amount is finally decided on, will it be the same for a bachelor as for a father who still has dependent children? That is the first question.

Diabolical

Second question: while in the present employment situation it may appear logical and moral to want to limit cumulations, the objective does not seem to be to keep a police watch on every pensioner either! A prohibition against cumulation already exists for those unfit for work, for veterans, and for workers on early retirement, for example. Those involved are subject only to a declaration on their honor. Is a more effective check possible, and isn't there a risk that "under-the-table" work will grow? While in the first phase the bill for retirement at 60 involves only wage-earners, the provision on cumulations should quite obviously apply to all the schedules. If it did not, military personnel, for example, could calmly continue to combine their pensions with paid work. And a former wage-earner could combine his pension with a work activity for which a wage is not paid.

Solidarity Contracts: Two Signatures...

The solidarity contracts were launched by Pierre Mauroy on 15 September, in his speech on the occasion of the reconvening of the Assembly. At that time, the prime minister expressed the hope of creating about 100,000 jobs for young people or for unemployed workers by granting financial aid to those enterprises which, by means of a new organization of work, would create permanent jobs (in the form of contracts with an open-ended time limit).

A month later, on 15 October, Jean Saint-Geomes was assigned the mission of fighting the battle against unemployment to a successful outcome--in particular, to make solidarity contracts known and get them signed. The conditions for benefiting from such contracts were known at the time. There are four of them:

--when the wage-earner agrees to go on retirement at 55, if he is replaced by a young person or an unemployed worker he will have the right to the pay guarantee and will receive 70 percent of his wage;

--when a wage-earner between 55 and 60 goes onto half-time work only, and again on the express condition that his semiretirement corresponds to a job opening, he will receive 80 percent of his pay: 50 percent paid by the enterprise and 30 percent by the state;

--when a firm reduces the work week sharply (more than 3 hours per week before 1983), the jobs thus created will be exempt from social contributions for a year or two;

--when a firm takes on an unemployed worker, it will be possible for him to collect from the ASSEDIC's [Associations for Promotion of Employment in Industry and Business] the equivalent of the unemployment benefit. The duration of the payment will then be in inverse proportion to its amount: long for an unemployed person at the end of his entitlement period, and shorter for someone laid off for an economic reason.

Tour of France

The prime minister then undertook a tour of France to explain these mechanisms. But as of today, only two contracts have been signed: one with the municipal administration of Gueret (providing for reduction of the work week to 37.5 hours and the creation of 40 jobs), and the other with the municipal administration of Lille. This latter contract provoked a lively reaction from certain trade unions which are contesting it.

In addition, some 15 firms are in talks on the subject, but it is unlikely that anything will come of them sooner than 3 or 4 months from now.

The fact is that the procedure is extremely complex.

On the one hand, the enterprises, after obtaining the judgment of the local employment committees, have to negotiate the contracts with their trade unions, because such contracts may run counter to the wage-earners' working and pay conditions. Such consultation inevitably takes a very long time.

On the other hand, the financial arrangements are still not defined. Thus, in some cases the state proposes to take the social contributions on itslef. Only a new law can give it this right. Dropping to 55 the age for entitlement to the pay guarantee also requires a law.

The Work Week: Only One Branch Agreement

The subject of the length of the work week was opened up exactly 3 years ago on the initiative of the CNPF [National Council of French Employers]. The employers

proposed to the trade unions an agreement that would reduce the work year from 1,920 hours to 1,816 hours in exchange for reciprocal agreements and better use of time.

Negotiations soon started, punctuated by various vicissitudes until the statement of disagreement in July 1980. The presidential election campaign was to reopen the debate. In his program, Francois Mitterrand indicated clearly that he wanted to have the means for going toward the 35-hour work week.

Reduction of the work week thus received a new legitimacy. First of all, it was no longer the response to a social aspiration. It was presented officially as a preferential means of combating unemployment.

People Less, Machines More...

Since the victory of the left has dealt a new hand, the Socialist-Communist government is putting the negotiations back on track. The dialogue was started up again at a solemn session under the charimanship of the prime minister, Pierre Mauroy. Furthermore, he granted the validity of a number of the employers' concerns and admitted, for example, that if people work less, the machines have to be able to work more, and the services be open to the public for longer hours.

Finally, on 17 July, after a marathon session worthy of great social negotiations, the partners reached a national interoccupational agreement, providing in particular for reducing the work week from 40 to 39 hours, generalization of the 5th week of paid vacation, an annual block of overtime not subject to authorization by the Labor Inspector, as well as measures permitting better use of equipment (weekend contracts, night work, overlapping work teams, etc). The specific modalities were to be defined at the level of the occupational branches (within the letter and the spirit of the protocol," with the possibility of arriving at a work week shorter than 39 hours, in exchange for additional counterparts. Two organizations refused to sign: the CGT, on the trade-union side, and the CGPME [General Confederation of Small and Medium-Sized Businesses] on the employer side.

Since then, discussions have been started in almost all of the 100 occupational branches. So far they have resulted in only one agreement, in the sugar industries (15,000 wage-earners).

A Leitmotiv

But a few days ago, the chairman of the social committee of the CNPF, Yvon Chotard, declared that he wanted to remain optimistic. Among the employers, as well as in the Matignon, for that matter, similar analyses were made, stressing that "at the end of the game the negotiators (employers and trade unions) will play their last cards and it will thus be possible to reach agreements." But for the last several weeks, the social climate has got heavier. Reduction of working hours is a demand that has appeared in or been grafted onto most of the conflicts: incidentally at Renault and Peugeot, but as a basic cause of the strike movements in the banks and savings-and-loan associations. The 35-hour week has become a leitmotiv, and the trade unions have manifestly tried to put on the pressure at the level of the enterprises.

The negotiators were scheduled to meet again on 1 December to draw up a balance-sheet of the negotiations, before meeting with the prime minister, as planned a long time ago.

Mauroy Explanation

Paris LE MONDE in French 20 Nov 81 p 8

[Article: "'It Is a Matter of Responding to the Legitimate Impatience of the French and to the Urgency of the Situation,' the Prime Minister Declares"]

[Text] Commenting on the decision taken by the Council of Ministers in the morning, Pierre Mauroy declared in the evening of Wednesday 18 November:

"The No 1 mandate that the French gave to the president of the republic and to the government is the battle for employment. The French are impatient. The government and the Parliamentary majority too.

"Implementation of the measures in favor of employment that I announced on 15 September requires that certain laws be passed. Traditionally, the autumn session of the Parliament is devoted to the budget. In addition, the government's desire for reform has led us to initiate discussion of some essential texts, such as decentralization and the nationalizations. The government further hopes that they will be passed before the end of the year, as well as other important proposals such as the 2-year plan and the law on rent control.

"Never since 1936 has such a legislative program been implemented so fast.

"But the French are also awaiting measures to change their daily lives: reduction of working hours, lowering of the retirement age, the 5th week of paid vacation.

"These measures, which result in a new distribution of labor, are also indispensable for winning the battle for employment. Furthermore, they will be supplemented by limitation of cumulation of a pension and a job, and implementation of the solidarity contracts.

"This is why the government is proposing to the Parliament the adoption of a social orientation law. Thus the members of Parliament will be able to declare themselves clearly on these various measures between now and the end of the year.

"For implementation of them, the government is asking them, in order to speed up the procedures, for authorization to take the necessary technical measures by ordinance.

"This quite simply involves application of Article 38 of the Constitution. It has already been used 15 times since 1958, for more than a hundred ordinances.

"It is a matter of responding to the legitimate impatience of the French and to the urgency of the situation. It is not a matter of stripping the Parliament of its prerogatives.

"The empowerment law will contain precise guidelines, the principles that the government must adhere to will be clearly stated, and the content of the ordinances will be prepared and discussed with all of the social partners.

"With respect for the rights of Parliament and for social discussion, we are providing ourselves with the means for acting fast.

"It is well understood, and I stress it, that this procedure is limited strictly to the measures contained in the social-orientation law. Reform of Social Security, reform of radio and television, and extension of the rights of workers, for example, will be adopted in accordance with normal legislative procedure."

Labor Minister Comments

Paris LE MATIN in French 20 Nov 81 p 7

[Interview by Laurent Carenzo with Minister of Labor Jean Auroux: "Jean Auroux: 'There Is a Time When Decisions Have to Be Clear-Cut and Rapid"; date and place not given]

> [Text] In an interview with LE MATIN, the minister of labor justifies the recourse to ordinances and hopes for a new distribution of roles as between law and regulation.

Jean Auroux, minister of labor, will be in the front line in the implementation of the ordinances announced on Wednesday at the conslusion of the Council of Ministers meeting. In an interview with LE MATIN, he pleads for efficiency and speed in execution of governmental decisions.

In his view, employment being the priority of priorities, it is indispensable to find the means for taking action rapidly, so as not to deceive the expectations o the French. There is no question, in doing so, of challenging contract policy or of doing any injury to Parliament's role of control. Nevertheless, and again in the name of effectiveness, Jean Auroux asks questions about a new distribution of roles as between the law and governmental decisions. In a troubled world, he essentially says, one should be able to act fast.

[Question] The government has just decided to take action, as regards employment, by means of ordinances. What is the justification for this emergency measure?

[Answer] A number of commitments had been made by the government at a time when the evolution of Parliamentary work, the Parliament's work load, were not properly evaluated. I would say that a certain confusion had taken root in people's minds: the fact of having an absolute majority should have resulted in very fast passage of laws. But the procedures of Parliament are very heavy and there are time-periods that cannot be compressed. There has been an equivocal state of mind that has made people think that such a large Parliamentary majority must somehow cancel out the constraints of time. We became aware that the rhythm of Parliamentary work could not be modified.

In the face of this relative slowness the development of the number of job-seekers seemed rapid. There was a sort of inadequacy between these two rhythms that have acquired different speeds--on the one hand, Parliamentary procedures that followed, if I may say so, their "senator's pace," and on the other, an evolution in the area of employment that was occurring at quite a different pace. We were confronted with the paradox that the desire of the government, of the members of Parliament, and in a word, of a majority of the French of 10 May, was not being translated into legislation and therefore into implementation. So by the ordinances, the rhythm of the reforms is being made to conform with the necessities of today.

[Question] With such an abrupt procedure, don't you fear that you are short-circuiting the negotiations on working hours and dealing a sharp blow to democracy and to contract policy?

[Answer] It is true that if we made an ordinance such as those that have been made previously, one might fear what you stress. But the way in which we are conceiving the carrying-out of this operation and the working-out of the decisions has the effect of making it a process that retains its democratic dimension. Essentially technical provisions are involved here. In 1936, when there was the 40-hour law, most of the concrete provisions were made by decree.

Furthermore, the substance of the ordinances will be prepared and voted on by the Parliament. There will therefore be Parliamentary control. The objectives will be voted on by the Parliament: 35-hour work week in 1985, with each going at his own speed and with 1982 constituting the first phase. The concrete implementation, the technical modalities, will be entrusted to the government, which will make them its business. Without distorting the objectives, which are up to the legislative branch. The Parliament will in a way give the government a mandate to implement the political choices that it will have defined. Furthermore, we will take into account, in working out the ordinances, the state of progress of the negotiations.

I have the very deep feeling that we are reconciling the necessities of effectiveness with those of democracy. Contract policy and social discussion will have their full places in the arrangement. What is being implemented is a different form of ordinance. It is not a decree-law or a royal fiat. This leads us to raise the question of the content of the laws--or more precisely, of their level of precision. Should laws be made that go into a lot of detail? Or to put it another way: in a troubled world that is constantly evolving, shouldn't one envision, in the very interest of the Parliamentary system, seeking the level of definition most suitable for reconciling economic and social effectiveness with the legislative expression of the Parliament's political will?

[Question] As regards the work week, are you going to interfere in the negotiations?

[Answer] Not at all. The more signed agreements we have, the more will the ordinances be able to take into account what the partners will have worked out and decided on. This will be particularly operational, and it will avoid the risk of the legal void that the work-week agreements presently under negotiation appear to have been in.

[Question] With this procedure of yours, aren't you saving on Parliamentary debate with its risks of upbidding by certain Socialist and Communist deputies? And aren't you also giving the employers a sort of gift?

[Answer] The problem of upbidding should not be exaggerated. The deputies who visit in their districts know that certain enterprises can digest a 38-hour week while others cannot. In our system, we can reply to stronger demands. Between the 40 hours of today and 35 hours in 1985, there is a place for intermediate positions by way of solidarity contracts. I have a weakness for thinking that a lot of people will find them to their advantage. The employers will effectively know the rules of the game without the ups and downs of a debate in Parliament, and the

trade-union organizations will have the foundations on which to put forward their demands. One should not exaggerate the difficulties that could be encountered. Remember the grounds for uneasiness that some people nourished at the time of the debate on energy. I believe there is a time when decisions have to be clear-cut and rapid.

[Question] Doesn't this procedure mean, in the last analysis, that the change in the actual lives of wage-earners will be later in coming?

[Answer] It is true that for the wage-earner, in his daily life, the change has not always been perceived in a very concrete manner. It is true that a number of the French have been turned off by some debates on fundamental questions (death penalty and nationalizations) while they had expectations of a more everyday nature.

[Question] Has the impatience of the wage-earners that could be perceived through the social conflicts played a part?

[Answer] In such a decision, all the parameters come into play. There is less an impatience than an expectation and a certain lack of comprehension in the face of certain delays. The workers say: "Everyone agrees about the objectives and nothing is happening." Imagine that the first of January comes with agreements signed but without its being possible to implement them. That is when contract policy would be in danger.

[Question] Finally, is it true that it is only for the Auroux report that there is no urgency?

[Answer] That is not true. For me, the sooner the better. The fundmental urgency today is employment. And the unemployed would find it hard to understand if new rights are given to an employed population that is decreasing. First of all, give work, and then give new rights to the employed. That is the logic of our priorities.

Deputies Comment

Paris LE MATIN in French 20 Nov 81 p 6

[Article by Nicolas Domenach: "'It is Valence Which is Continuing the Ordinances'--The Opposition Condemned the Government's Decision Yesterday"]

[Text] A gift! For the deputies of the majority as well as for those of the opposition, the government's decision to have recourse to ordinances appeared--after the shock of surprise--as manna from heaven. For their different reasons, obviously. The Socialists and the Communists considered that in any case, they would watch to make sure that Parliament is not really dispossessed, and that in view of the work load and blockage by the opposition, it is the only way to make progress fast in the direction desired by the voters. The RPR and UDF deputies, for their part, found it a deeply desired opportunity to get out of the torpor of the budget debate and to denounce "an irregular procedure, a proof of the weakness of a government unsure of its majority."

This recourse to ordinances made the corridors of the Palais-Bourbon tremble again yesterday. A trembling kept up by the opposition, which does not intend to let pass this "opportunity" to go back on the offensive. Thus the RPR group's steering committee met yesterday morning to "prepare the counteroffensive on the basic issues." For it will be a matter both of setting out social counterproposals and of denouncing the procedure employed, which, according to Claude Labbe, chairman of the group, "can be the doing only of a government unsure of its majority."

All the RPR deputies spoke out on this theme. Thus Robert-Andre Vivien: "It is a smoke screen for avoiding having to wash in public the dirty linen of their internal opposition with the PCF and within the PS." And the UDF deputies were not idle. But they added, as did Jacques Blanc, secretary general of the PR [Radical Party]: "The government is panicking in the face of the disarray of public opinion and the foreseeable failure of its policy." Bernard Stasi, delegate chairman of the CDS [Center for Social Democrats], joined in; "It is Valence which is continuing the ordinances. After the verbal vehemence, now we have the constitutional excesses. "He denounced, as did Olivier Stirn, the "contempt" in which Parliament was held. Jacques Toubon (RPR) put it this way: "The government is applying methods that it has denounced, because it is not succeeding in making Parliament function by the revolutionary procedure that it wants to establish." And while both sides are preparing to bring out again the statements by representatives of the left against the ordinances of 1967, they are also intending to do everything possible "in order for the Parliament to play its role in social matters."

That Parliament should not be reduced to being only a decorative object is also the concern of the Socialists and the Communists. For the latter, "this recourse to ordinances can only be an exceptional matter." But the government has been "forced into them by the repeated maneuvers of the right." "The opposition's obstructionism," added Francois Loncle (PS), "has prevented us from sticking to the calendar." Both sides declared they were somewhat solaced in view of their "killing" work load, according to Francoise Gaspard (PS). All the more so in that there is "urgency," they repeated in chorus: the voters had declared themselves.... "This procedure was necessary," concluded Louis Mermaz, president of the National Assembly, "if it was desired to implement reforms rapidly."

But all hoped, as did Claude Evin, chairman (PS) of the Cultural Affairs Committee, the Parliament would express its opinion in the debate on the orientation of the law. We will be "vigilant," they assured. All the more so in that the opposition is indeed intending to wage a "battle of the ordinances" in Parliament.

The Political Reactions

PCF: "Yes, as an Exception"

The Communist group in the National Assembly yesterday declared it is favorable to the government's decision to have recourse to ordinances, but on an exceptional basis. It hopes "that the social measures on which the majority has committed itself to the voters will be decided on in the shortest possible time," and asks that the trade-union organizations and the committees of Parliament be consulted.

LCR [Revolutionary Communist League]: The Content Should Be Clear"

For the LCR, recourse to the ordinance procedure "should correspond clearly to the will of the workers." "That is why," the LCR stresses, "the content of the orientation law that will serve as a basis for the ordinances should be clear, especially as regards the 35-hour week without any counterpart."

PS: "The Response to a Demand"

The government's decision corresponds to "a pressing demand by the group," Claude Estier, the Socialist group's spokesman, declared in the National Assembly yesterday. After great reforms such as decentralization and the nationalizations, "the group," he added, "strongly hoped that measures affecting the daily life of the French will be taken before the end of the year. Under these conditions, there were no other means than to have recourse to ordinances."

CFDT, FO, CFTC, CGC Comments

Paris LE MONDE 20 Nov 81 p 9

[Article: "The Trade Unions Express the Greatest Reservations"]

[Text] The government's decision to fix the principles of its social policies by an orientation law and ordinances is arousing the greatest reservations, even hostility, among the trade unions.

Thus the CFDT declares that it "has always been opposed to recourse to ordinances, because they take the national representation's prime prerogatives away from it." It goes on: "The CFDT therefore maintains its reservations in principle with regard to this procedure. It stresses the risks and the limits of the practice proposed: on the one hand, there is the danger that this exceptional procedure could be repeated, and on the other hand, because of the importance and complexity of the questions involved, the content of the provisions may suffer from the lack of a necessary confrontation. The CFDT consequently asks that the orientation law, which is to be passed by the Parliament as the government foresees, should fix precisely the objectives which the ordinances are to express on the technical level."

The FO [Workers Force], for its part, "regrets that the Council of Ministers took its decision without prior discussion." But it "takes note of the government's desire to conduct the necessary concertations in order for the social partners to be able to contribute their opinion before the publication of the ordinances."

The CFTC, for its part, stresses that it has "always preferred negotiated settlement of social problems on a basis of equality between employers and wage-earners, rather than by governmental decisions, which are necessarily more general and less well-suited to the particular situations." It adds, though, that "discussions with the employers on subjects such as the work week, wages or retirement are extremely laborious. To the extent that negotiation no longer leads to positive results, the CFTC issues a warning against the prospect of authoritarian and hasty decisions that run the risk of satisfying no one."

Finally, for the CGC [General Confederation of Managerial Personnel], "the government is again counting on taking, and getting Parliament to take, hasty decisions

concerning fundamental problems of our society. If there is an area in which discussion with the social partners should be conducted to the maximum, it is indeed that of social protection and that of the work week. Nor may the nation's elected representatives be excluded from this debate by the ordinance method."

As for the CGT, it is reported to be reserving the right to make its point of view known later.

CGT, CNPF, PME Reaction

Paris LE MATIN in French 20 Nov 81 p 6

[Article by Pierre Morville: "The Social Partners: No General Outcry, but...--the CNPF Considers that Concertation Will Not Be Jeopardized by the Government's Procedure"]

[Text] The CGT, the CFDT and the CNPF have taken time to think before commenting on the recourse to ordinances. On the whole, prudence seems to dominate the statements of position. The CGT and the CFDT reaffirm the necessity for debate and fo confrontation among the social partners. Yvon Chotard, for the CNPF, takes this concern into account, but does not want to judge "a method of government that is constitutional."

Yvon Chotard, vice president of the CNPF, stated at Melun yesterday, before a number of employers, the CNPF's position on the recourse to ordinances.

The employers' organization did not want to react immediately to the decisions of the Council of Ministers. But the details given throughout the day yesterday seem to have reassured the leaders of the CNPF. The CNPF does not in any case want to get into political polemics. Yvon Chotard said in substance that it is not up to the CNPF to make a judgment about the use of a method of government that is constitutional.

In the employer leader's view, the ordinance procedure should, however, favor concertation and negotiation among the social partners. The detailed statements by the minister of labor, Jean Auroux, have been well-received by the CNPF. In effect, the ordinances will not come into play before the end of the negotiations on work hours.

--The General Confederation of Small and Medium-Size Enterprises does not share the CNPF's optimism. In its view, "the decision to have recourse to ordinances breaks the concertation that the public authorities were claiming to be developing among the social partners. It establishes an extremely dangerous process of acceleration of the difficulties of the enterprises." The owners of small and medium-size enterprises consider that it amounts to a demagogic operation by the government, "a Christmas present to the wage-earners" which it is not yet known who is going to pay for.

--The CFDT recognizes that it was certainly necessary to have recourse to the "exceptional device of ordinances" in view of the delay built up on certain major projects. But the CFDT leaders consider that the government has a certain responsibility "for the encumbering of the debates in the National Assembly." It is, in fact, Pierre Mauroy who has fixed "the order of priorities." The CFDT is maintain-

ing its reservations in principle on the procedure. The procedure used, according to the CFDT, "may, because of the importance and complexity of the questions involved, suffer from the lack of a necessary confrontation." In order not to give too much latitude to the executive, the CFDT asks that "the orientation law passed by the Parliament fix precisely the objectives which the ordinances are to express on the technical level."

--The CGT conssiders that the government is partly in the right: "There are indeed some urgencies," explained Henri Krasucki yesterday, "but the CGT prefers debate as a method." In the view of the CGT leader, the essential thing will be the actual content of the governmental measures. "We hope that the government will not repeat, as regards the work week, the kind of mistake it made with Social Security. The workers will have to take part publicly in the debate," Henri Krasucki concluded; "concrete solutions on the subjects announced have to be found rapidly."

Opposition Examines Reasons

Paris LE FIGARO in French 19 Nov 81 p 1

[Article by Xavier Marchetti: "The Fear"]

[Text] The government wants to step up the pace. Recourse to ordinances will enable it to do so. This is a constitutional means, already used on several occasions well before it came into power. The fact that it is using it in turn is not shocking in itself.

What causes the problem is the reasons behind its choice of this procedure.

The ordinances, whether one likes it or not, produce a delegation of legislative power. Under this aspect, they always make for a suspicion that the executive has a dangerous propensity to what Valery Giscard d'Estaing once called "the solitary exercise of power." But it is true that in the case of an unstable or narrow Parliamentary majority, they can give the executive the ability to act faster.

This is not the case today. There is an abundant Socialist-Communist majority in the National Assembly. Moreover, it is master of the agenda. And one does not feel that it is ready to rise up against the government all at once. The ordinances, no matter what statement of empowerment they are surrounded with, are going to dispossess it.

Because of mistrust of it? It could be that the government is in effect protecting itself from upbidding and from factional struggles that lie within it. Excessive majorities are always the hardest to hold onto, and this one would not necessarily be an exception to the rule. One can grant this; but let us hear no more talk about "liberation" of the Parliament and full regaining of its rights.

And since the executive has stretched its credibility on this point, one can only seek other reasons that it has--at least two of them: constraint and fear.

Almost everything that is going to be affected by the ordinances relates, in the good logic of discussion, to contractual matters, to what should be the fruit of negotiation between social partners. This is true as regards the work week, the

retirement age, paid vacations, and to boot, the famous and phantom solidarity contracts. How can one help but see, then, that by way of ordinances, it is desired to constrain, for lack of being able, or knowing how, to convince. This may be put down to impatience; but let us hear no more talk about desired consensus.

And then there is fear. Within the PS itself, the government is beginning to be afraid of its extremists. On the Communist side, it observes clearly that a double game is starting: feigning to endorse positions for the sake of governmental solidarity, and out among the electorate, exploiting the growing discontent to the maximum. The surcharge levied on wage-earners for Social Security has served as a litmus paper. The Communists participate, but they set themselves apart. Tomorrow or the day after, they will cry treason. And it is desired to be able to use against them a whole series of social reforms that have taken on the force of socialist law. This is too clear not to be taken account of; but let us hear no more talk of majority cohesion on the left.

The ordinances: what they mean is that after 6 months, the government is no longer a tranquil force.

PS Attitude Change

Paris LE MONDE in French 20 Nov 81 p 9

[Article by Michel Debre: "Good Old Article 38"]

[Text] Should one be surprised or not by the government's decision to make use of Article 38 of the Constitution?

In the course of the Fifth Republic, and especially during the time when General de Gaulle was president of the republic, recourse to Article 38 was asked for on several occasions. I did so as prime minister. Georges Pompidou likewise. On each occasion, the Socialist and Communist opposition manifested a rejection that it expressed by its votes, and in 1967, even by a censure motion, which was defeated. The rejection was not only on the basis of the principles involved--that is, on the orientations of the measures which the government proposed to take by delegation of legislative power. Each time, the rejection was presented as a matter of principle: hostility to the very notion of ordinance.

The Socialists and Communists have been in government for not even 6 months. They are quite happy, it seems, by this decision of the Council of Ministers, to find good old Article 38 in the Constitution. This turnabout is not surprising, even if one may in retrospect be sorry for the somewhat irresponsible remarks made several years ago.

When the 1958 Constitution was worked out, I declared that the proper functioning of the Parliamentary system--that is, of the legitimate regime of the Republic--not only imposed a judicious separation of the domain of laws from the domain of regulations but that it was also proper to consider temporary delegation to the executive as normal. The essential thing in this matter is the temporary character, to which must be added the broad orientation debate that should precede and which is more important than the always eventual debate for ratification. In other words, while exceptional delegation is normal, it should always be done with clarity.

In the present case it is a matter, as one sees clearly, of proceeding, under conditions of extreme rapidity, to the passage of bills which would have been passed in any case but which would have given rise to great debates in the course of which numerous and pertinent observations would surely have placed the government and its majority in a difficult situation vis-a-vis the national interest. Behind the affirmation of a priority struggle against inflation and for employment, too many measures are actually leading to a revival of inflation and unemployment. Ideology is taking priority over policy, and we have arrived at a rebellion of the facts. This rebellion of the facts, in the course of the long debates, would have aided the opposition.

This, then, is the government's motivation.

But another constitutional observation can be made. The Socialist and Communist government, because the two parties that make it up had opposed, during the preceding legislatures, application of the measures that make it possible to accelerate Parliamentary procedure while at the same time respecting the Parliament's rights of discussion, did not want to make use of them and is doubtlessly still hesitating to do so. Thus it is condemned to going farther and asking Parliament for a delegation.

Ah, what a good Constitution the 1958 one is! It is as flexible as one could wish in respecting the Parliamentary system, and it is because of not having enough respect in depth for the Parliamentary system that the government is using a weapon whose value had for so long been denied by the people who today are in power.

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IKV'S FABER ON DEMONSTRATIONS, FURTHER PLANS

Amsterdam ELSEVIERS WEEKBLAD in Dutch 21 Nov 81 pp 16-17

[Interview with Mient-Jan Faber by Susanne Piët]

> [Text] "A good parliamentary democracy would turn its attention to the interior of the country as well. You can claim that it can: 'nuclear weapons out of the country.' If people are enthusiastic for Poland, they can also be enthusiastic for the peace movement. Security systems must be democratized. But that, too, will be hard with this government. The gentlemen have let themselves get locked into a pattern. Van Mierlo has spent days in Weinberger's bedroom, but it led to nothing."

It turns out to be no easy feat to storm the castle of that Netherlands crusader for peace and security, Mient-Jan Faber, secretary of the Interchurch Peace Council [IKV]. Gatekeeper Steven skilfully bars admission. On one occasion the secretary is in a meeting, another time he is on the telephone, and the next he "has just gone off on his bike to a speaking engagement." Call back? No, the secretary never does that. After many, many tries, Mient-Jan himself comes to the 'phone. An interview? Reluctantly he agrees, "But then they won't get through to me after all," he adds in a mumble.

The first of two appointments is at the IKV itself. Nobody can give directions; apparently they all travel by bicycle. Luckily somebody mentions the Peace Palace as a landmark. Is there such a thing as chance? A friendly girl with red boots offers tea, followed by the aforementioned Steven, who has to answer the telephone a few times. "No. I'm sorry, Mient-Jan is in conference; can you call back tomorrow?" By an uncontrolled movement I knock a number of cocktail toothpicks off the wall, which bear the same motto as every pamphlet in the stairwell: "Nuclear weapons must be driven out of the world, beginning with the Netherlands." The similarity to the slogan of the League Without a Name, which I swallowed unthinkingly long ago, occurs to me involuntarily: "Improve the world, beginning with yourself."

Mient-Jan, it seems, is still in conference with "Americans," who later turn out to be from Zimbabwe. I am puzzled to see an IKV colleague, evidently not to be discouraged by any climate, come along the corridor: long hair, a pointed beard, goat's-wool socks, and mountain-climbing shoes.

And then at last Mient-Jan Faber himself. It is just as he himself will later muse on the subject of interviews: "It strikes me that persons that you have come to know through the media, when you meet them in person turn out to be 'people.' You must see Wim Kok sometime on the TV; that is quite a machine." He seems a little awkward, laughs now and then, and pours tea from one of the numerous bright-colored pitchers--the plastic relics of a whole day of meeting and talking. He has a slight accent; it must be a Coevorden accent.

[Question] What did you mean by "But then they won't get through to me after all?" Was that a declaration, a challenge, or what?

[Answer] Maybe I meant it teasingly with a serious undertone. You do not get to know people through interviews. You get verbalized theories and stories. People are more complicated than that. Most things are not said, but done. The depth of things lies rather in nonverbal matters. What you say you have to have abstracted in a certain way. And to see behind that sometimes takes years. I hope, of course, that it never succeeds, for then it would all be over. There have to be surprises left in you. Interviews are the worst things; I am allergic to them.

[Question] Remarkable attitude for a man who is well known to spend his days talking.

[Answer] (He nods.) My feeling is that the work that I do is a very lonely occupation. You don't know anybody in my line. You run from one meeting to another. You plunge onto the train or into the car (if it is too late for the train); you do the whole of the Netherlands and you say nothing. Others have been concerned with you, but the other way around there are too many people around me. The expectations are always high. Suppose you get an invitation from Norg. You think: "Gee, Norg, to go and speak there." I have a firm arrangement with my wife that I will be at home in the evening. She is a nurse. In the mornings I take the children to school. But in Norg they say: "The peace movement is not just in The Hague." I feel that to be correct, and so off I go again.

And here in the office: you have to take a similar position toward all your colleagues. Anybody else can close up and go home, but I cannot. Well, that is not so bad, it suits me well enough. It is well known that I sit all by myself a great deal working things out and discussing them. I argue a great deal with myself. That often seems surprising to others. It is on the bicycle that you get your best ideas. I already had that habit when I was doing mathematics at the VU (Free University in Amsterdam).

[Question] I would be willing to bet that that slogan has worked well "commercially" for the IKV.

[Answer] It is a good product. And it is thoroughly thought through, you know. It has been a success for the IKV. In 1970, 3 percent of the people knew what the IKV was, and in 1978 55 percent. In our model it was understood that people would organize. They must know that it presumably would be a matter of a new life fulfillment. That is a good thing, the notion of: When I start anything, I will follow through on it. We are going to establish a power behind that thought. You have seen groups spring up in the country that were a nuisance to everybody. That is the best sales gimmick. And it is a very faithful public, too.

Abstract

[Question] Is it a life fulfillment for you, too?

[Answer] (Mumbled.) In practice you fill up your life. But in the long run? I do not know. It is not the only field you could work purposefully in. (Louder.) It is not the only post that is conceivable for me. I used to be a mathematician. That was entirely abstract. Almost nobody understood the least thing about it. They thought: He must surely be doing something socially relevant. But it was not that way. I found mathematics very interesting. I also find chess interesting. People are also interested in it. It was accidental. In the evenings in Amsterdam I took up activities in the field of development problems, for the IKVOS [Interchurch Training Work for Development Cooperation]. Then they asked for me for the IKV. I was almost convinced that I would lose my profession. My earnings were going down. I was also worried that I might not get out of that strange cluster of theologists, sociologists, and agologists (that seems narrow to me). Then I did get out of the box.

[Question] You have mentioned reasons for not doing it. What were the reasons for doing it?

[Answer] The challenge, I think. Especially to see whether you could change anything, in the political sense. When I came, I thought: Behind the IKV there are churches. I was introduced to the church leaders, of course. But I never saw them. Bishops--you rarely see them in any case, for they sit in ivory towers. And in Utrecht they sit in the clouds. I thought then: Perhaps politicians; they concern themselves with questions of peace. There will surely be contacts with ministers. But no. And there was no library, either. There was a shelf with a few books on it. I really did not know what they were working at. I knew Jan Pronk [then minister without portfolio for development assistance], so I thought: I will just ring him up. I got a secretary. I asked to have Pronk call back. Call back? How did I get that idea?

The first thing I did in the IKV was to look into what the organization represented.

I thought: Is there any general support? Then I wrote to people, but I got no answers. I thought: There are just clouds here, there is nothing substantial, there is no orientation point. I had the IKVOS, of course, with the field workers; there was at least structure there. My time and attention went in that direction. Until 1976, when we brought out a big issue of the VREDESWEEK, with interviews with Vredeling [minister of defense], Hannie van Leeuwen, and others. What they thought of the world situation. Well, everybody was equally pessimistic. After that week people said: We do not need to get involved in that; what are you really doing yourselves? We said: Now it has to come out. The paper became the occasion of a violent discussion. The basis was: Nothing but signaling. Are we just a bunch of voyeurs?

Conditions

[Question] Do you yourself believe in the slogan that resulted from that discussion?

[Answer] I think it is a good slogan. And tenable, too. But under certain conditions. Indeed, in the first place, that parliamentary democracy functions as

it should. Now everybody is too much taken up with what is being done in the alliances. They concentrate fabulously on the most powerful. The Lunses and the Weinbergers are examples of people that are under the influence of the Soviet Union. They are mesmerized by it. The peace movement does not allow itself to be bullied that way by the Soviet Union. Moreover, we think unsound policy is being pursued there.

A good parliamentary democracy would turn its attention to the interior of the country as well. You can claim that it can: "nuclear weapons out of the country." If people are enthusiastic for Poland, they can also be enthusiastic for the peace movement. Security systems must be democratized. But that will be hard with this government. The gentlemen have let themselves get locked into a pattern. Van Mierlo has spent 3 days in Weinberger's bedroom, but it led to nothing. What the Greeks are doing is extremely interesting, but it gets only little notices in the papers. Instead of Van der Stoel's and Van Mierlo's complimenting the Greek government, you get more the feeling that they think: For God's sake do not let it become known.

A secondary condition for the slogan is: reaction abroad. Otherwise we would have been idiots. But even with it we would have had little chance. That the reaction did come gave us a great kick. Then the third condition: The movement must toughen itself. The IKV must not float along depending on individuals with good emotions. "De Tijd" (refers to an article on tensions within the IKV that ELSEVIERS WEEKBLAD published recently) does not know what it is talking about, but (with a little laugh) it will soon be straightened out, anyway. What you see when you are trying to build up an organization is that people, and especially journalists, find it fun to stir up the tensions that arise in the process. Backbiting or an atmosphere of quarreling does not prevail among us by any means. Four telephone calls to people who, naturally, mentioned each other's names, turn out to suffice for a four-page article on "the war in the IKV." We are trying to make a good structure, so that you can deal with the government like a sort of labor union.

Parties

[Question] There is no such structure yet?

[Answer] No, our contacts are indirect. I do talk with those people, but there are no structured contacts. They are being established. Something is now being arranged with the PvdA [Labor Party] and the CDA [Christian Democratic Appeal]. But with the public authorities there is simply nothing doing. The only man that has seemed ready for contact during the last 4 years was Scholten. In spite of the fact that he is an uncompromising man, twice over. He was sympathetic when he approached it ethically starting from the bottom. But Van der Klaauw has never shown that he took any notice at all. And I have never had any word from Van Mierlo, who, according to what he said, would like to engage in a dialog. I let him know through Relus ter Beek (PvdA) that I was willing, but he came back with the word: There is no point in it. Then I think he feels himself under attack. He has a lot of self-confidence, he is vain, and he thinks he will do it. But then his hopes were disappointed, you know. Marcel van Dam said: I will not join in the demonstration against my friend. (With a grimace.) Hans is good only if he talks with us.

[Question] What do you really expect from the big demonstration on 21 November?

[Answer] You do not demonstrate just with the slogan. You must make it clear what you propose politically. And that is that we are against the modernization decision. The expectation is that there are a considerable number of people in the Netherlands that do not want the Netherlands government to continue along this path. It even looked as though the PvdA and D'66 [Democrats '66] would endorse the demonstration. Then the demonstration could have been a strong push toward that policy. The big problem is whether that will now succeed. The coalition parties have opted for another way. They have shifted, in other words, from strong stands against to a gradual acceptance. Consequently, there is nothing political about the demonstration. But the train is rolling. We must now try to be as serene as possible and gain members.

[Question] A failure?

[Answer] I thought the time was ripe. But that does not mean that should not have done it.

[Question] A disappointment?

[Answer] You know I just go from one frustration to another, especially in regard to politics. Still, sometimes something comes of it, so there is no reason to give up. But I do feel that the political parties have cruelly left us in the lurch. It was a declaration of intent; they are making it into a pious wish. You go along with the process. First the zero point, but the moment Van der Stoel and Van Mierlo take their places, it is all over.

[Question] You were speaking of the formal power circuit, but what part do you play in the informal power circuit?

[Answer] (Laughs.) That is secret; what did you think? Surely I would never tell that I function as an intermediary between members of the Second Chamber of different parties? Or that CDA members of parliament call me up to ask how the CDA meeting went off? That belongs to an unmentioned circuit.

[Question] A thankless rôle?

[Answer] Oh, for your understanding and your analysis it is indispensable, so that you know how it can go. I really do not hold it against those people. It is hard for members of parliament to keep pace with all the latest in military strategic goings-on. A typical example from the CDA: that party shouted for years that the short-range system must be gotten rid of. That sounds nice, but during that period the number was trebled.

[Question] To come back to the slogan: Mrs Klompé of Pax Christi was not greatly taken with it.

[Answer] She must have thought: What have they dragged in now? She probably felt it as a piece of arrogance, a thing that she herself is not entirely without. I am of the Dutch Reformed Church. In Coevorden we struck the Catholic boys on the mouth. But I have learned here how the Catholic power game is played. There

are a great many more wheels within wheels in it than in the Dutch Reformed. Catholics telephone a great deal. Marga Klompé sits in a web of contacts. That way she can manage things well, including things that do not concern her. She ought to have become a bishop, of course.

[Question] I wondered at the time why the IKV did not ask for immediate judgment against Alting van Geusau, if his accusation was unjust.

[Answer] I said at first: It is a form of muckraking. But the next day I saw the reactions, and then I thought: Now the game is about to begin. If you just stand by, the evil will punish itself. Suppose there is an uprising in the country. And I also felt that our principals, the churches, would have to defend us, for you can be defended against slander. Well, the boomerang effect did occur, but with the churches it was much harder. They did not dare. I think they expected a great deal of opposition if they supported us. The other day I again heard: "I'll see to it that your rooster does not crow again."

I hear that more from women than from men. Women come out with their opinions much more frankly. They have fewer diversionary maneuvers. They are more direct. Say whatever occurs to them. You really have the feeling that you know what they stand for. They do not use any dodges on you. In the case of male opponents there is always a thread running through their argument. (He reveals something more about women, when he says later in reference to the 21 November demonstration:) I personally do not care for crowds. I am not the kind of demonstrator that takes his placard out of his night stand. There is no reason in a crowd. Crowds are narrow, I would like to say, but that is sort of a woman's word. (Explicitly asked about women, he says:) I prefer to work together with them, although I can well understand that they organize separately. But I should not be talking about women. That is another subject that brings out profound argumentation in me.

[Question] The churches left you in the lurch. Can the IKV get along without the churches?

[Answer] It can get along even without the churches. But it is important that the churches are willing to create a platform for the peace council. I feel it is the duty of the churches to do that and also to involve non-church-affiliated people in it. You do sometimes come across a gospel inspiration. A proposal, for example, for a sign at the demonstration saying: "They that take up the sword"; then I get goose-pimples. If you inject that into the movement, you shut the others out.

Extension

[Question] What is the place of the churches in politics?

[Answer] It has been that churches and holders of political power sat side by side and even supported each other publicly. I grew up in Coevorden, and there was a sign on the church square there: "Mach geen fouten, stem op Schouten" [Make no mistakes, vote for Schouten]. Near the Catholic church we wrote: "Voor de domme: Romme" [For the stupid, Romme]. You even felt that politics was an extension of the churches. That time is past. The church has withdrawn from politics, at least in the literal sense. The churches now work by the formula: We

are the beacons in the sea, but the steering is done by politics. I cannot help smiling at that. But the churches do uphold livableness as a principle. They must, therefore, support movements against oppression, excessive armaments, etc. The church as corrector, yes, that is how it must be. But churches do not fit in with each other as people do. Two thousand years of unreliability, Gruyters once said. While he was a cabinet minister he also said: "When I shake hands with a Christian, I always count my fingers afterwards." (Laughs.)

Churches are a part of society; they constitute a part of political activity. In power politics churches have been one of the most traditional and long-term power institutions. A guarantee, then, with regard to the IKV? Nix, never rely on it, no carte blanche.

Image of God

[Question] To what extent is a question about your religion relevant to your function in the IKV?

[Answer] (Quick and brusque.) I have no religion. (Does not want to talk about it.) That sort of thing leads to abstractions. What is the meaning of life? To that I answer: It leads into the blue. (Then:) In church you learn how you must create God. To find people with no religion you must look in the churches. In my theology course I unlearn the making of an image of god. Ideals in the Platonic sense. How you must stand with your feet on the ground.

[Question] It offers you a survival kit?

[Answer] Yes, precisely. What is important to me is how people support each other. Solidarity. But as for religion: I call it cant. Ecclesiastical talk or religious talk is not a thing that you really acquire. And a church is not a thing with open doors. You slink into it. But that is nothing to talk about in an interview. Church services on radio and TV are also foolishness. Missions, too. Politics is all right. Politics is order. Working soberly, objectively. But if you are out to win souls by saying that you are better than the other fellow, you have to go stand in church with closed doors. Persuasion by means of ideologies, I feel, is of the Devil.

[Question] What is your political persuasion?

[Answer] I am a drifter. I have never been a member of any political party. By way of the IKVOS I came into contact with political parties, and I play volley ball with businessmen. During the election campaign they asked me: "What must I do now? I said: Just keep voting CDA. But you must start working in it.

(With regard to his own voting behavior he beats about the bush at first; then:) I go by power politics concepts. I do not believe in politics in detail. (And when that seems not to be enough:) I voted for Joop [Den Uyl]. Although we had previously had a bad VARA [Workers Radio Amateurs Association] interview. It was a real scene we were sitting there making. But in spite of that the man has a lot of possibilities in him. They need to support him and then give him a good dressing down. They do not do enough of that in that party.

[Question] What sort of place does nuclear armament have in overall politics?

[Answer] At the very least you can say that certain fields hit you in the eye: employment, women's problems (I have to say that; otherwise I'll have trouble at home). A lot of things are acute. But in political parties you see that they sometimes invest in one point in order not to have to in another. Because they are too firmly wedded to NATO. After the power struggle at election time, the PvdA's accent has come to be on employment. Yes, I think, that will work out well for you. I do not feel that that is good politics.

But I am not blind to other problems; I did come across them in the IKVOS. And when I talk with guest workers, for example, I feel that problem much closer at hand than nuclear weapons.

(Leans back.) I am transferable. I am not wedded to nuclear weapons. There are other things you can lose yourself in. (And then he must leave. For another speaking engagement. In Uithoorn.)

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PS LEADER REVIEWS PARTY POSITION ON MAJOR ISSUES

Lisbon O JORNAL in Portuguese 20 Nov 81 pp 4, 5

[Interview with Almeida Santos, vice-chairman of the PS parliamentary group, by Fernando Antunes; date and place not specified]

[Text] "The current PS [Socialist Party] leadership continues to enjoy the confidence of the party's members, who understand the internal and external problems that are being confronted. Some problems have already been solved, while others are on the way to resolution. The major problem (the complete restoration of internal unity) is entering upon a healing phase, if it has not already started." These statements were made by Almeida Santos, vice-chairman of the Socialist parliamentary group and member of the constitutional revision committee. In an interview conducted by Fernando Antunes, in which the spirit in which the Constitution is being revised was analyzed, Almeida Santos discusses the battle in which everyone in the PS is involved. As for the policy of alliances, it is his conviction that the PS will decide upon it only on the basis of the future parliamentary universe.

O JORNAL: "We shall not be a rubber wall, much less one of silence. Whoever tries to swim in mud will end up drowning in it!" This comment is part of a statement made by you in the Assembly of the Republic. What exactly were you trying to say with this position, which does not appear to be associated with a defensive stance?

A.S.: I made the assertion that you mention in the course of the political exploration that was made concerning the so-called "Timor Report".

From all the evidence, there was an attempt to create what it has now been agreed upon to term a "political act" , that is, a "tumor" to focus general attention, diverting it from a critical assessment of the immobility and mistakes of the "establishment".

[Question] Is that your idea of a "political act"?

[Answer] Isn't it the prevailing concept?

What I meant was that we would not allow this attempt to shift the direction of public opinion from current problems to past issues, or from an actual examination of the problems to the exploration of intrigue; and that, in connection with both the present and the past, we were in a position to be accusers, not accused.

At the same time, I attempted to give a signal that the grace period which must be given to any government at first to prove its worth had been spent. The present government was already beginning to "reveal itself."

The Charges of Concessions to AD Are Mere Speculation

[Question] Mention has been made of PS concessions regarding the constitutional revision and of secret agreements made with AD [Democratic Alliance] on sensitive matters. What credibility should be attributed to those rumors?

[Answer] They are mere speculation!

I never had any doubt that, with regard to the revision of the Constitution, the PS would end up being accused of two contradictory sins: by the PCP [Portuguese Communist Party], of "collusion" with AD for the destruction of April; and by AD, of "collusion" with the PCP to perpetuate the PREC.

But I was not counting on the accusatory libel beginning so soon!

Both AD and the PCP proposed in writing to the PS that separate talks be held. Although we are dialogers by nature, we politely refused to hold dialog outside of the Revision Commission area, although we were receptive to it, on an unlimited basis, within the latter.

[Question] And did they hold dialog?

[Answer] Of course!

[Question] Then how did this question arise?

[Answer] Immediately after the agreement on principle concerning the matter of the method for appointing the military commanders. Based upon the PCP's insinuations, this was the situation: PS, after the discussion of the appointment of commanders, showed a strange complacence toward the AD proposals. Later, that was the price of the latter's agreement with the FRS [Socialist Republican Front] proposal concerning the commanderships.

This is such a senseless and groundless accusation that the PCP did not even bother to note the fact that the PS agreement with the AD propositions following the issue of the commanderships had been accompanied by agreement on the part of the PCP itself!

However, this was only one aspect of the libel. In the other, the PCP claimed something that was substantially the reverse: the solution proposed by the FRS was, essentially, that of AD. The PS confined itself to giving the appearance of adopting it.

As one can immediately observe, if the FRS, prompted by the PS, had given AD that shameful appearance, the PS would be a creditor, not a debtor! So how could it be paying and not receiving?

In its eagerness to accuse, or in the haste with which it did so, the PCP did not even take the trouble to give the charge the slightest degree of likelihood!

What was the situation? Would the PS now have to account for the fact that its proposals attained success?

[Question] But is it not true that the PS proposal is or was at one time the AD's proposition?

[Answer] It is only true that the FRS proposal coincides in part with the solution advocated by Dr Sa Carneiro in a book on the revision of the Constitution which he published nearly 2 years ago.

However, even while he was living, Dr Sa Carneiro was not AD. In any event, after his death his spirit did not bring about the AD's acceptance of that and many other solutions outlined in the aforementioned book. In its plan, AD advocates that the appointment of the military commanders continue to be relegated to common law, with the obvious intention of establishing their designation by the government.

The PCP assumed a diametrically opposed position: that of entrusting to the president of the republic, "tout court" [exclusively], in the constitutional office, the free appointment of the military commanders.

The PS has assumed a less short-term and more balanced position. It is, in addition, the one which appears in most democracies.

First: If there is any problem which, owing to its importance, should be set forth in the Constitution, it is this. The PCP and AD admit its remarkable importance; however, inconsistently, they are relegating its treatment to the common law.

Second: Not only the government, not only the president, but both. The government is the country's organ of general administration, and also of military administration. It cannot be excluded from the appointment of the commanders without detracting meaning from the principle, which no one rejects, of the Armed Forces' subordination to the civilian authority. The civilian authority is also, but not only, the president of the republic.

On the other hand, the president of the republic is the supreme commander of the Armed Forces. This status, in a semi-presidentialist regime, cannot be a mere honor. It may not be as much as a position, but it must have essence. And it would not have that if the appointment of the military commanders were to bypass him.

Third: Therefore, the last word should be up to the president. The government proposes, and the president names.

I am told that a series of refusals is inconceivable. I confess that I do not understand? Why? What is to prevent the current president from notifying the government, even before any proposal, that the CEMGFA [Armed Forces Chief of Staff] in his confidence is the present one and that, so long as he is president, he will not accept his replacement by another?

In the event of this, what sense would there be in any proposal for substitution?

[Question] But is it not true that the PR's [president of the republic] designation must be countersigned by the government, thus giving the latter the last word?

[Answer] That is a spurious issue. When the countersigning of the nomination of someone that the government has to propose is involved, is the refusal of that countersigning possibly conceivable?

In this instance, the countersigning has only the significance of certifying that the designated entity was the one proposed and, at the most, that the one who must be it has also been heard.

Constitutions Are Not Made to Consider Certain Heads....

[Question] But suppose there is a stalemate. The PR did not name the one proposed by the government; the government does not propose the one whom the PR wants to appoint!

[Answer] That is also a spurious issue. The organs of sovereignty have to cooperate in the area wherein the exercise of the respective authority is interdependent.

A Constitution cannot be made or revised on the assumption of conflict, trickery, treachery or blows.

The same question is posed, or might be posed, with regard to the exercise of other authority of the government and the president.

The constituent legislator presupposes the conscientious, patriotic exercise of the respective authority by the president and by the government.

In any event, if there should be a conflict of authority, I remind you that the president can dismiss the government or dissolve Parliament, and that neither the government nor Parliament can dismiss the president or force him to resign.

If it should exist, the conflict would be resolved against the government, and not against the president.

And would not the stalemate created by the PR's naming of military commanders to whom the government was avowedly and directly hostile be more of a producer of conflicts?

[Question] In the entire case, the objection is made that the current president was elected with a group of powers (that is, the ones which he has at present) and that, changing them in the middle of his term would mean to some extent defrauding the direction of the popular vote, that is, the will of the people. Would that not be leaving for later the implementation of the president's new powers, until the end of his current term?

[Answer] This view was upheld by the PCP in the Revision Commission, but without success.

In order to have a leg to stand on, this proposition would have to be upheld in connection with all the powers of the president, and the powers of all the elective organs (including the Assembly of the Republic itself), and not just in connection with the president.

Obviously, no one upholds that!

This is the situation: The same people (interpreted as the same desire) which elected the president, with a certain number of powers, elected the deputies, with the power, among others, to change the powers of the president.

On the other hand, if we were to head in that direction, the Constitution would be by definition an instrument in a constant state of outdatedness: The powers of the elective organs would be changed a certain number of years ahead, going into effect when another change in them might perhaps be warranted.

The absurdity is more than obvious. And it is translated into the certain fact that Constitutions are not made as hats are; that is, considering certain, particular heads.

FRS Continues Operating in the Area of the Constitutional Revision

[Question] But, assuming that consensus were to be reached regarding the PCP proposal, would that not be a good solution, at least for the time being (since we are in a phase of consolidation of democracy)?

[Answer] I have no trouble agreeing that it might not be a bad solution so long as the current president remains in the presidency. But I would stress four points:

First: We have no guarantee, but rather the contrary, that a new majority consensus can be reached again to make another change in the solution which we advocate now, admitting that a current change would occur. The solution which is now currently good could become currently bad. It would suffice to imagine the possibility of the right's losing the government and winning the president.

Second: It is not worthwhile dealing with fantasies. And it is pure fantasy to admit that AD could reach agreement with the PCP proposal. Either the revision of the Constitution is made with a keen sense of the realities, or else it cannot be made.

Third: The AD's non-acceptance of the PCP proposal, assuming that there is not an FRS proposal acceptable to the former, would lead to the maintenance of the status quo (remission to common law), in other words, to the victory of the AD proposal!

Thus, the FRS proposal and its acceptance by AD was a "sine qua non" condition for failing to implement the view of the current majority.

Fourth: The solution proposed by the FRS, until the end of the current president's term, actually relates to the solution proposed by the PCP. There exist the military commanders whom the current president wants, named by the president. Not until they are replaced by the current president (still at the government's proposal) will the chiefs be changed during their term. If there is no convergence reached

between the president and the government in this respect, the commanders will continue to be what they are until 1985!

Until 1985, there will remain the uncertainty regarding who is to be congratulated and who is to be reproached for the results of the solution that is implemented. If, as the FRS wants, there is a balanced solution, no one will laugh at anyone.

[Question] Forgive my insistence, but now let us get to the point: is the agreement between the FRS and the president being obviously violated,at least in this respect, or is it not?

[Answer] I shall say again, if necessary, what I said before, and what has been said so many times. The agreement preserves the present balance of powers between the president and the Assembly of the Republic, in the light of the semi-presidential system.

It does not prohibit (nor could it) a change in the current powers of the president. It is not a rigidly fixed agreement. Moreover, it was already known at the time that some powers would have to be upset, at least as a result of the abolishment of the Council of the Revolution and the redistribution of its current politico-legislative powers.

Hence, the president of the republic would receive powers that he does not have (for example, the power of free dissolution of the Assembly of the Republic), and, consequently, and so as to maintain that balance, other powers of his must be curtailed.

In any event, the agreement which was signed was an agreement with a constitutional effect, and the power to name the commanders was not established in the Constitution. Furthermore, it is questionable whether the common law could give the president authority not called for in the Constitution.

On the whole (and this is the only thing that matters), the restriction of the powers of the president of the republic is not at issue.

[Question] Do you think that negotiation based on the need for a consensus between each of the parties which constituted the FRS until recently and AD, and negotiation between the FRS (as an autonomous political entity) and the Democratic Alliance, are the same thing?

[Answer] If they are not the same thing, from a practical standpoint the difference would not be great.

This is the situation: The PS, alone, in a convergence of vote with AD, could assure the necessary two thirds majority. The votes of the other FRS parties, regardless of what bloc of votes they are added to, would not bring about nor prevent the formation of that majority.

However, in politics, the arithemtical wieght of the vote alone is not what matters. The vote always has a political weight and significance. But, in this respect, the convergence of the positions of the PS, UEDS [Leftist Union for Socialist Democracy] and ASDI [Independent Social Democratic Association] has been the rule, almost without exception.

In the area of the revision of the Constitution (and not only within the narrow confines of the defense of its common plan), the FRS has continued to operate normally.

[Question] In that area alone?

[Answer] No! Also, to a certain extent, in the area of parliamentary cooperation.

[Question] Since there exists the constitutional requirement for a qualified majority of two thirds of the deputies present, what difficulties are cropping up at this juncture in obtaining that majority?

[Answer] There are matters wherein it has always been known, or is now known, that such a qualified convergence of votes is impossible.

There are others wherein it has always been known, or is now known, that such convergence is certain or possible.

Finally, there is an area wherein not until the end, and based on reciprocity in the spirit of openness, will it be known whether or not it is possible to reach any majority consensus, and to what extent.

Moreover, there are varying degrees of urgency. Concurrently with the issues on which it is necessary to reach agreement, so as not to impede the establishment of other fundamental agreements related to those issues (for example, the consequences of the abolishment of the Council of the Revolution), there are areas wherein the alternative consists of changing for the better (according to the view of the one who changes) or remaining as one is in all respects. In this regard, we shall certainly not be the ones most concerned.

[Question] Although the work on the constitutional revision is taking place behind closed doors, it is apparently assumed that AD has been making concessions regarding the powers of the president of the republic. Could it be said that there have been compensations on the part of the Socialists (or the group of PS, ASDI and UEDS deputies) with respect to those concessions?

[Answer] "Behind closed doors" is a manner of speaking. The work has been recorded in minutes which have already begun to be published. Everything is recorded in them, even the asides.

With regard to concessions, AD sometimes concedes and sometimes does not concede, depending on its feasibility. And this attitude does not vary on the basis of the issues. Hence, there is not actually any place for "compensation" on our part. There is a normal, mutual spirit of openness, from which the PCP itself is not dissociated. The Revision Co ission is a task force without concealment.

We might say that AD has not assumed a position of systematic blocking, which is constructive. But also, it was not to be expected that it would assume such a position. We would have reacted to blocking with blocking, and the present Constitution itches AD more than it does us.

We think that it could and should be improved, but it would not frighten us if, through no fault of our own, we were to continue to be governed by it.

In the entire situation, I consider that immobile effect to have been eliminated. And it would be a good thing for the admittedly temporary solutions in the text which is in effect to be exchanged for different ones.

Democracy is all the more beautiful because it is an unfinished work.

The Chapter Relating to Economic Organization Is the One Most Untouched To Date

[Question] In what respect could the PS give in to the AD demands under certain conditions?

[Answer] The PS does not give in to "demands". It agrees, when it agrees, to proposals; and never on "conditions" which do not involve a basic agreement.

The FRS made proposals for changes which it considers to be essential improvements. The parties comprising it, as well, have not failed to recognize that the one who bans hunting in his own preserve cannot hunt in the preserve of others. The combination of various proposals has been summarized in the search for specific improvements within the context of the new overall balances.

[Question] How far will the PS concessions regarding economic organization go?

[Answer] The chapter relating to economic organization has been, to date, and will probably continue to be the one most untouched of all.

This is certainly because it is there that the most unsolvable differences exist.

We shall be discussing again some of the points that we dealt with unsuccessfully.

[Question] Do you consider it possible to achieve a revision of the Constitution without lateral commitments on both sides resulting from this process?

[Answer] I shall take from your question the terms "commitment" and "lateral", and the expression "both sides".

If two converging votes are a commitment, or necessarily reflect a binding pact, then it may be said that there will be no revision without reciprocal commitments.

If the adjective "lateral" means dissociated from the open discussion within the Commission, the answer is that there have not been, nor will there be any commitments of that sort.

The opposing sides engaged in the revision of the Constitution are not just two, but nine. AD, in convergence with the PCP, could obtain the qualified two thirds majority. And there have been expressions of willingness (we have not yet reached the voting phase) of all stripes and tastes.

The Current PS Leadership Continues to Enjoy the Confidence of the Membership

[Question] In a communique issued recently, and following Dr Henrique de Barros' departure from the party, the PS standing commission suggested the minorities that would leave the party in the event that they did not feel comfortable. What do you have to say about this position?

[Answer] It cannot be discussed in terms of a "suggestion". If I am not mistaken, what the communique said was that the standing commission (which declared that it did not understand the attitude of Prof Henrique de Barros, in addition to regretting it), in spite of everything, understood even less the attitude of those who remained within the party, apparently to combat it more effectively.

As everyone knows, the PS is and must continue to be an open party, if it is not to lose its character. But there have been instances (fortunately rare, and not widespread) wherein the right to free discussion and free criticism has been exercised in terms of a direct battle against the party "qua tale", even through appeals (otherwise legitimate) for the formation of new parties.

Anyone who cannot withstand these extremes of temptation owes himself the consistency of ceasing to belong to a party with which he has stopped being identified.

I consider this the significance of the communique in question.

[Question] The PS is attempting to give an image of being an alternative to AD. Do you think that it will be such with the present leadership which, generally speaking, is outworn in the eyes of the public? And is it with decisions such as that to abolish the FRS coordinating commission that it will construct this alternative?

[Answer] The PS does not have to "give an image" of being an alternative to AD. The PS is that alternative. If not, what other political party is?

Unborn parties? Let them be born first, and later we shall see. The brief history of our Second Republic and of its young democracy already contains examples which suffice, from the votes in which those legitimate ambitions have been reflected.

If the PS were not an alternative to AD with its current legitimate, democratically elected leadership, then how could another be such without losing the lofty virtue of being a democratic party?

For reasons which are very current, the present PS leadership has been heavily attacked; but I would not say that it is so outworn on that account.

The time is not propitious for the political glory of those who must wage the difficult battles of democracy at the height of and with a persistent recession of the economies, particularly the most dependent and weak ones.

But the current PS leadership continues to enjoy the confidence of its members, who have understood the internal and external problems confronting it. Some problems have already been solved, while others are on the way to resolution. The major

problem (the complete restoration of internal unity) is entering upon a healing phase, if it has not already started.

There is again the impression, which is becoming increasingly strong, that there can be no democracy in Portugal without the PS.

It is recognized today that, having made the circuit of the miracles promised, the PS governments, in comparison with the others and taking the appropriate corrections based on current situations into account, were not bad governments.

The decision to abolish the FRS was not the killing of a front, but the verification of a demise. What remained alive (the parliamentary cooperation and that in the area of the revision of the Constitution) is still alive. If there was too much decision making, the exaggeration with which the political potential of the FRS as such was assessed, especially after the decision, was no less so.

I am not saying that the FRS was a mistake, but clear thinking demands that it be called a disappointment.

We have the greatest esteem and respect for our friends in the UEDS and ASDI. We are prepared to continue cooperating with them in the future.

But as allies, not as a conditioning factor.

Party Coalitions Or Lists?

[Question] What do you consider the alternative to AD: a PS alone, a PS allied with the PSD [Social Democratic Party] or the formation of a bloc dissociated from the present majority?

[Answer] It all depends on the results of the next elections. It has been said and repeated that we shall not make any alliances before them.

And speaking of alliances, on the premises of the constitutional revision there is still open the question of ascertaining whether nor not we shall establish the coalitions of lists along with the coalitions of parties.

In this regard, there may be the lure of the advantages which the Hondt method insures for the large concentrations of votes to be gained through the expedient of mere coalitions of lists, without a need to progress as far as a coalition of parties, which specifically entails a common program.

This solution would facilitate two things simultaneously: the dissolution of the present blocs, and the limited planning of others, although for mere electoral purposes. Now the deliberation undertaken by the PS relates only to coalitions of parties, not of lists. This, by definition, must precede the elections, on the basis of which it exists.

However, insofar as this is concerned, we must wait until the revision is made.

As for future alliances or non-alliances (PS alone, or PS with others), I repeat, it all depends on the new parliamentary universe.

Making a prediction of the party arrangements which will become unnecessary or necessary then to make the continuation of the present democratic regime on a partisan basis possible is mere futurology. Neither my forte nor my pleasure lies therein.

One thing is certain: the PS will, responsibly, do what the new situation requires of it to enable democracy to continue to be our rule of life. And, in the event that it has to chose from among several solutions, it will select the one which will most insure the achievement of democratic socialism.

Without taboos, but also without fantasies or delusions.

Mario Soares and the 1985 Presidential Elections

[Question] Do you think that Dr Mario Soares has a change of being a candidate in the 1985 presidential elections? And with what support?

[Answer] Of being a candidate? Of course. He is a native citizen, he is over 35 years old, and it is already evident that, even without his saying that he wants to be a candidate, the necessary signatures are appearing for him through spontaneous generation and in excess.

With what support? I shall answer with another question: What potential candidate at the present time would have more than he?

In any event, it is too soon to ask and reply. Four years from now, the world will be different, and our political universe will, too. And my comrade, Mario Soares, is maintaining a wholesome silence and great calmness in that respect. The obviousness with which certain political sectors and personages are already attempting to impede the success of that hypothetical candidacy is even somewhat amusing.

One thing is certain: Even some of those who, without reason, refused him a prime minister's profile, are recognizing a president's profile for him.

But the Portuguese sometimes engage in the sadistic pleasure of putting vinegar in wine.

[Question] Will the PS continue to use the political and technical cadres that it has available, belonging to the minorities, or not? How will it integrate them into the party leadership and battle?

[Question] There has been no deliberate intention on the part of the present party leadership to use certain cadres to the detriment of others, or to use only some, excluding the rest.

The last congress left some psychological aftermath and some queasy relations; but, in time, all this will be surmounted.

There have been (I admit) some hurt or at least distressed feelings, and some hesitancy about cooperating or accepting one kind of cooperation or other.

Hence the idea, which has spread to an unwarranted extent, that there have been intentions, or at least instances of excluding comrades, accompanied by a waste of intellects and wills.

I sincerely believe in our collective capacity to forget the offenses and to affirm the communion of ideas (which has never been seriously questioned), and particularly the ideal of comradeship, which is one of the virtues of democratic socialism.

There should be no doubt that the battle ahead will be a battle for everyone.

[Question] There are observers who, looking at the present PS leadership, have not hesitated to discern in it a triangle, the vertices of which in terms of a future plan would be a Mario Soares in the presidency of the republic, a Jaime Gama as secretary general of the party and an Almeida Santos as prime minister. Is this mere speculation, or the first smoke from a small fire?

[Answer] It would say that this view is not triangular, but "prismatic"! Insofar as I am concerned, I am certainly not a candidate at the vertex of the triangle. And since there can be no triangle without three vertices, it is obvious that the triangle does not exist.

There are observers who only conceive of the future in terms of intrigue. From that conspiratorial standpoint, the politicians are little subjects who spend their lives thinking up tricks.

I am not claiming that politics is the realm of innocence; but politics is also ideals, work and magnanimity.

And I may be naive in assuming that this is still the shortest route to success.

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CONSTITUTIONAL CHANGES IN TOP MILITARY PROMOTIONS DISCUSSED

Lisbon O JORNAL in Portuguese 13 Nov 81 p 10

[Article by Fernando Antunes: "Who Will Obtain General's Stars Yet To Be Decided"]

[Text] The system agreed upon by the parties for the appointment of the military commanders is not yet irreversible, and may even be "frozen" if the majority does not reach a compromise on other matters considered essential in the constitutional revision that is under way.

The appointment of the Chief of Staff of the Armed Forces, the deputy chief and the chiefs of the three branches of the Armed Forces by the President of the Republic, at the government's proposal, a system agreed upon for inclusion in the Constitution, resulted from AD's [Democratic Alliance] acceptance of the proposal contained in the FRS' [Socialist Republican Front] draft revision, and not from any accord negotiated between PS [Socialist Party], UEDS [Leftist Union for Socialist Democracy], ASDI [Independent Social Democratic Association] and AD, according to a guarantee given by both sides.

On the other hand, according to the FRS constitutionalists, this consensus has not resulted in its representing an irreversible commitment under all circumstances, particularly if AD does not compromise nor give up its radical positions with regard to other no less important aspects associated with it.

The acceptance of the FRS proposal, therefore, meant the abandonment of the proposition upheld by the Democratic Alliance, that is, the appointment of the military commanders exclusively by the government, without any interference from the president of the republic, which would leave it in the hands of mere current parliamentary majorities.

From this standpoint, the mechanism of the exclusive appointment by the government appears to be as unacceptable as that of their exclusive appointment by the president of the republic. Added in connection with the latter (it was claimed in the UEDS document) is the fact that, politically and for 5 years, he is answerable only to the electorate, and this holds true if he should possibly run as a candidate again; whereas, it might be argued in the government's favor that it is subordinate to Parliament, answerable to it and subject to its constant control.

Others maintain that the government is the organ of sovereignty with the greatest partisan proclivity, whereas the PR [president of the republic], democratically

elected, is the one from whom the greatest desire for partisan independence and national consensus could be required.

The UEDS document asked in a polemical manner those who advocated the appointment by the PR exclusively whether that might perchance be their position in the event that Gen Soares Carneiro had been elected; and, concurrently, those who fought for the government exclusively whether that would continue to be their proposition at the time when the opposition won the majority in Parliament....

'Governmentalization', 'Presidentialization' and 'Democratization'

With the consensus arrived at, AD will not make arbitrary appointments of the military commanders nor can the current president of the republic do so, nor would they be named arbitrarily by a future government of the left or the current president of the Assembly of the Republic, in the event of an impediment affecting Gen Ramalho Eanes.

According to the advocates of the solution that has been found, the consensus on the military commanders forced AD to give up its intention of "governmentalizing" the military forces, while at the same time precluding their "presidentialization", in favor of what they term "democratization", that is, their integration into a system aimed at better protecting the stability and operation of the democratic regime.

However, other observers have stressed that the areas of conflict will not be eliminated in the event that there should not be an accord between the two organs of sovereignty, the PR and the government; because it is not fitting, when analyzing this issue in the light of the current situation, for example, to assume that, when faced with proposals for the appointment of military leaders who do not have the "agrement" [approval] of the president of the republic, the latter would accept them against his will.

The government would have to substitute them until it found others who met with his acceptance. In such a stalemate, there would be no appeal to any other echelon. The "key" would always be in the hands of the organ of sovereignty to which the power of appointment belonged. What has been said (the same observers add) also holds true for the dismissal, inasmuch as the president of the republic would act only on the basis of a proposal originating in the government. Moreover, hypothetically, whether or not the present executive agreed with the military commands in office (CEMGFA [Armed Forces Chief of Staff], and chiefs and deputy chiefs of staffs), the president of the republic would always have the advantage, before and after the approval of the constitutional revision law. He might not dismiss them, although some day the government might remember to propose their dismissal.

Who Can Legislate Now

Let us observe the current situation in the area of the intervention and authority of the organs of sovereignty in military affairs, particularly the legislative context thereof.

The president of the republic inherently discharges the functions of president of the Council of the Revolution and supreme commander of the Armed Forces. Article 137 states that it is incumbent on him to hold the position of supreme commander, a stipulation with which AD does not agree, advocating that this reference be eliminated, because, in its opinion, there would still be the risk that the common law might assign him other powers in addition to those which he already has and which the Constitution establishes.

The Council of the Revolution, for its part, has the functions of a political and legislative organ in military affairs and, in that capacity, it is responsible for making laws and regulations regarding the organization, operation and discipline of the Armed Forces, in which respect its authority is exclusive. The Assembly of the Republic, in turn (line 1 of Article 167) has exclusive legislative authority in all matters relating to the organization of national defense, and the establishment of the duties stemming therefrom.

The government, for its part, is the organ for directing the country's overall policy and the superior organ of public administration. Military matters have been prohibited to it, as well as to the executives who preceded it since 1976; but, whatever the distribution of the powers of the CR [Council of the Revolution] among the other organs of sovereignty may be, there will certainly be an increase in the government's authority and responsibility concerning the problems involved in the organization of the Armed Forces and the national defense. There is nothing anomalous about this fact (as Freitas do Amaral stated in September, in Parliament, on the occasion of the submission of the program), because that is how matters stand in all countries, including those whose government system is a purely presidentialist type.

Successors to the CR Sought

When the Council of the Revolution is abolished, how can its functions be distributed and be formulated in the revised text of the Constitution of 1976?

1. In the legislative realm, according to the FRS plan, the Armed Forces are subordinate to the Assembly of the Republic, insofar as the organization of the national defense and the determination of the obligations stemming therefrom are concerned, as is the case now, wherein it holds complete legislative authority. In the same plan, however, Parliament is given the authority to legislate on the General Bases of the Organization and Operation of the Armed Forces. In the AD plan, that authority is maintained only in connection with the Organization of National Defense, while the power to legislate in areas not reserved for the Assembly of the Republic "falls" to the government; after it has been learned that the Organization and Operation of the Armed Forces is not included in the authority of Parliament. Line f) of Article 200, in the AD plan, in fact, states that it is up to the government to "make decree-laws in areas not reserved for the Assembly of the Republic."

Apparently underlying this "nuance" is the government's intention of trying to take the initiative for legislating, instead of agreeing that Parliament should do so.

2. From the standpoint of everyday organization and operation, the Armed Forces are subordinate to the government (this point is made in both plans being compared).

3. In the appointment of the higher military echelons, the Armed Forces will be dependent, in varying degrees, on the president of the republic and the government, as has been noted.

4. In the area of consultation, the Armed Forces participate in the Higher National Defense Council, an organ headed by the president of the republic, which includes representatives of the government, Parliament and the military hierarchy. From what we have learned, AD agrees to the creation of this organ, but thinks that its operation and its composition lack sufficient dignity to warrant its being part of the constitutional text. A certain amount of indecision regarding the true role of the Higher National Defense Council warrants the AD hesitation, according to a constitutionalist from its area.

The Political Component

The constitutional revision law, with the potential accomplishments and possible consensus, whether or not it is dissociated from the current temptations (the PS' firmness will be a determining factor in the elimination of some of the AD resistance), will inevitably have a great impact on the organization of national defense and of the Armed Forces. But it will not solve all the problems or provide all the solutions which the Armed Forces' subordination to the civilian authority must entail, specifically those of an organizational nature. It is the current holders of the executive power who are constantly giving a reminder of this.

In the area of promotions, for example, the government has already stated that it will be guided by criteria of political confidence because, in its interpretation, whereas up until now there has been a political component (statements by Freitas do Amaral in an interview on RTP [Portuguese Radio-Television System]) in the model followed for the promotions of general officers, that component would be legitimately absorbed by the government and not by the Armed Forces after the abolishment of the CR.

According to Freitas do Amaral, the undesirable partisanization of the Armed Forces would be avoided, something which, in the opinion of parliamentary observers, certainly does not invalidate what the vice-prime minister attempted to state during September, in Parliament, upon acknowledging the military institution's right to an appreciable degree of internal autonomy, whether for reasons stemming from a favorable overall orientation toward decentralization of powers, or for reasons specifically relating to the individual nature of the Armed Forces. Those who back his theory point out that it is one thing to consider that autonomy within its strict limits, but it is something quite different to acknowledge the Armed Forces' right to take options or express judgments of a political nature.

The Presidential Veto

According to Freitas do Amaral, minister of defense of the Eighth Constitutional Government, it is the political authority which must clearly define the missions assigned to the Armed Forces and, on the basis of this definition, promote the

submission of fundamental proposals for their restructuring, on the one hand, and for the means considered necessary (in the form of personnel, materiel and financial resources) for the efficient performance of the tasks resulting from those missions, on the other.

But none of this will be part of the Constitution, nor of the plans that have been submitted. If the government wishes to legislate in this respect, as it would appear, it will have to make an effort in the context of the constitutional revision that is under way to have that authority granted to it constitutionally. The FRS plan holds that this matter, namely, the Law of Bases for Organization of the Armed Forces, comes within the jurisdiction of Parliament, whereas in that of AD, it is to the government, owing to the exclusion of sides, that this authority is offered; something which, owing to its extreme complexity, will not fail to be analyzed in terms of consensus, in the absence of which the consensus obtained regarding the military commanders will hardly achieve victory.

Since the government has a majority in Parliament, it would not be difficult for it to have laws passed wherein the political and selective component that has been claimed would prevail over the different provisions as a whole. But it would possibly have to confront the veto of the president of the republic and the requirement for confirmation by two thirds of the deputies, in the event that the formula demanded by FRS for the Law on Organization of the Armed Forces should succeed, as is required in the text that is in effect on the subject of the organization of national defense.

Whereas, in the documents of the Assembly of the Republic (in the FRS plan regarding the Law of Bases for Organization of the Armed Forces and Organization of National Defense) the veto requires confirmation by a qualified majority of two thirds of the deputies (which would suffice to jeopardize the plans of the government and its majority), in the case of the executive documents, the veto of the president of the republic is even definitive, as one infers from the present constitutional text.

Hence, the presidential veto is always an influential conditioning factor in the passage of legislation wherein the government claims the legitimacy of what at a given time in history was considered an exaggerated political intervention in the affairs of the Armed Forces.

2909
CSO: 3101/11

ARMY STEPS UP PREPAREDNESS, INCREASES TRAINING CALL-UPS

Stockholm SVENSKA DAGBLADET in Swedish 6 Nov 81 p 9

[Article by Lars Porne: "Army Preparedness Increased: Conscripts to be Called Up Several Times a Year"]

> [Text] The Swedish Army's preparedness against surprise attack will be increased. The most visible step will be that the call-ups of conscripts will be spread over the entire year.

"We must adapt availability of units to the requirement for preparedness. It is the OB [Supreme Commander of the Swedish Armed Forces] who formulates the requirement," said one of the men behind the package of recommendations which is now on the OB's desk, Major Einar Jonasson of the Army Staff.

Preparedness questions have been under review for a long time in the Army Staff. The recommendations that have now been made can first be carried out during the defense period 1982-1985.

Secret Recommendations

It takes at least 2 years to change the training times for the conscripts, since the entire organizing process is affected. As it is now the conscripts are called up in one group once a year. In the air force they maintain their preparedness by calling up the conscripts four times a year.

That is the way it will be in the future in the army.

"OB's opinion is that we, to a larger extent than previously, need increased preparedness," said Major Jonasson to SVENSKA DAGBLADET.

"The submarine in the Blekinge archipelago is an illustration of that," he added.

The "package" consists of a number of recommendations of which some are still secret. They have been worked out at the initiative of the OB.

This is caused by the military-political and military-technical developments which have made it possible for an attacker to launch an attack without any spectacular

preparations. The attack can therefore come as a complete surprise. Availability of aircraft, helicopters, airfields and aircraft carriers has increased, and therewith the possibilities to transport troops rapidly.

Strengthen Norrland

Transport aircraft will be a part of the increased Swedish preparedness. Certain companies and battalions will in the future be transported by air for operations in other military areas than their own.

In order temporarily to increase preparedness it can be expected that overnight passes will be withdrawn during both basic and refresher training.

The resources in upper Norrland will be strengthened. More exercises will be held in Norrland terrain, and troops will be specially trained for the Norrland environment. Furthermore extensive supplies will be stored in Norrland so that troops which are rapidly transported there can have additional equipment immediately.

Also mobilization preparedness will be increased. The number of units which can be mobilized within 24 hours will be increased. That can be done by increasing local recruiting and decentralizing supply locations.

Inexpensive Improvement

Some units will carry out special mobilization exercises. Some mobilization places will be moved so that they will be nearer the units' wartime missions.

Following a government decision, basic training units can be held in extended service if increased preparedness is needed.

All this means that Sweden will retain general conscription and 7.5 months of initial service. Conscripted officers at the platoon leader level will in the future be trained for 15 months.

The planned measures will make it possible to increase Sweden's preparedness against surprise attack considerably without the expenditure of large amounts of money.

9287
CSO: 3109/45

NATION'S DEFENSE COMMITMENT FOUND INCREASED BY SOVIET SUB

May Dampen Unilateral Peace Movements

Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 2

[Commentary by Axel Waldemarson: "The U 137, the Peace Movement and the Future"]

[Text] Russian pressure for expansion had manifested itself from Alaska to India and from Turkey to Poland. "The Czar with an olive branch," it was said in Vienna "that is something new in history." But that admonition touched a string which was aching to be heard. The call from that precise quarter exceeded the pacifists' wildest dreams.

Barbara W. Tuchman, in "Det stolta tornet" [The Proud Tower] on Nicholas II's appeal to all nations in 1898 to take part in a disarmament conference.

What will be the effect of the U 137's unprecedented border violation?

In the first place, analyzing the immediate effects of the U 137 incident can be of interest. On the communist side, they quite rightly fear the consequences for the peace movement, which is strongly influenced by the extreme left. What has happened is going to have an effect on discussions of a Nordic nuclear weapons-free zone. It also cannot fail to have an impact on the tremendously big defense decision facing Sweden at the present time.

An excellent point of departure is the political situation in the strategic area which includes our part of the world and the Baltic region--that is, other countries bordering on the Baltic Sea.

Everybody knows how critical the situation in Poland is. In Finland, a political interregnum will prevail until the presidential election in January 1982.

The Norwegian government of the right became established after the support of the Christian People's Party and the Center Part was definitely secured.

While Denmark is concerned, it appears that an election is going to take place by spring, with a possible--note that we do not say probable--change in government occurring as a consequence.

The Nuclear Weapons-Free Zone

The Willoch government quickly gave a demonstration of its energy in the field of foreign policy. Foreign Minister Svenn Stray started out by setting very narrow limits for Ambassador Jens Evensen's assignments. Evensen succeeded in acquiring a key position with great freedom for maneuvering in the Norwegian Ministry of Foreign Affairs. It was also Labor Party member Jens Evensen who, in September of last year, increased the disruption in his party, already damaged by the debate about a Nordic nuclear weapons-free zone which had been started up again in September--a debate which quickly spread and also gained new life in Sweden.

Evensen's Restrictions

Now Stray has deprived Evensen of two important assignments. The first of those is the leadership in negotiations with the Soviet Union on establishing its boundaries with respect to Norway in the Barents Sea. In many quarters, Evensen is regarded as having been too compliant toward Moscow. In the second place, Evensen will not be permitted to negotiate with the Danes on the boundaries around Jan Mayen.

Evensen has been forbidden to foster any policy other than the government's official policy. That eliminates the posibility of any solo excursions by him on the nuclear-free zone question. The acid test for Evensen will come in a few months: He has promised to help on a book on Nordic security policy, perhaps with the draft treaty on a Nordic nuclear weapons-free zone which he says he has prepared--but in any case not yet delivered for submission as a bill.

More Than the Nordic Countries Are Affected

After the U 137 incident, it will be much easier in Sweden, in the zone debate, to push the old Unden demand that a bigger region than the Nordic countries has to be included, and most particularly the Baltic Sea, with the submarines armed with nuclear weapons which operate there.

The fact that a Soviet diplomat has just been expelled from Denmark because he paid money to an author to organize a campaign among intellectuals for a Nordic nuclear weapons-free zone cannot fail to affect the debate.

The zone question and peace demonstrations go hand in hand, so to speak, in the Nordic countries. If one of them is weakened, that deals a blow to the other branches of the radical-pacifist tree.

Since the peace marches and demonstrations have been directed against the West, opinion naturally is affected by occurrences like the U 137's trip into a Swedish area under military protection. The fact that members of the Left-Wing Communist Party make themselves available and work hard, insinuating themselves into the peace movements, makes the latter more vulnerable than would otherwise have been the case.

In Moscow, the protest movement has been portrayed as a proof that their policy has been correct.

In Norway, a counteroffensive against a peace movement unilaterally oriented in a single direction can be discerned.

The protesters against nuclear weapons are undermining NATO's negotiating position, the international research worker Arne Olav Brundtland writes in AFTENPOSTEN. He is the husband of Gro Harlem Brundtland (Socialist), the former prime minister and present leader of the opposition. He continues by saying: "The more the movement protesting against nuclear weapons prospers in its unilateral resistance to NATO's plans for modernization, the more hopeful the Soviet negotiators can be in regard to the idea that real negotiations are not necessary. The protesters against nuclear weapons are doing the job for them."

Problem for the Socialists

At the same time, it is clear that the peace movements have become a problem for the Social Democrats. Sture Stiernlof vouches for that with great frankness in an article in ARBETET (Socialist). Stiernlof, who formerly was the Press Wire Service, Inc.'s Moscow correspondent, has studied attitudes in West Germany; he notes that opinions are divided. Stiernlof classifies the well-known Social Democrat Egon Bahr among those who are favorably inclined and writes: "He does not take a negative view of the peace demonstrations. Erhard Eppler, of the SPD [Socialist Party of Germany], too, who is directly linked with them, has an argument that carries a great deal of weight. He says that the CDU [Christian Democratic Union] can perhaps win an election against the peace movements but that the SPD can only win an election with them. The question is whether a similar rule cannot be applied to the Swedish Social Democrats in the 1982 election."

Consequently, where the Swedish Social Democratic Party is concerned, it is a question of not getting on the wrong side of the peace movements but instead of capturing them to serve as supporting troops. That will be nowhere near as easy after the U 137 incident.

What Is That Going to Cost?

The relationship with the peace movements can become a dilemma for the Social Democrats. There are many indications of a strong desire for defense. Important decisions are just around the corner. The Social Democratic Party's congress declared itself in favor of lower amounts of money for defense than the nonsocialist parties. It calls for a shifting of the cost, within the total defense program, from military to civil defense. Within the Socialist International, Olof Palme urged the adoption of a resolution that the parties which belong to it should work out disarmament plans. Presumably there are going to be many politicians and commentators (Social Democratic) who now are horrified that the U 137 was able to penetrate so far into Swedish territorial waters but who nevertheless think that the cost of purely military defense can be limited.

But what will happen if a wave of pro-defense sentiment rolls up? To return to the Stiernlof dogma, how should the Social Democrats go about dealing with that wave and the peace movement, which will be so important where election prospects are concerned, at one and the same time?

Poll Registers Post-137 Defense Attitudes

Stockholm DAGENS NYHETER in Swedish 7 Nov 81 p 7

[Article by Dick Ljungberg: "Government and Defense Authorities Approved"]

[Text] Both the Swedish government and the military are definitely approved by the Swedish people for the way they handled the submarine incident. That is what

a rapid survey conducted for DAGENS NYHETER by the Institute for Market Research (IMU) indicated. Four Swedes out of every ten now want to have a stronger defense program. The negative attitude toward the Soviet Union, which already existed among Swedes before that incident, has now increased.

The survey was carried out by telephone in 2 days, Wednesday 4 and Thursday 5 November. Two hundred fifty-two interviews were conducted with a representative sample of the Swedish population in the age range from 15 to 74. The statistical margin for error (unreliability) is estimated at between ±4 and ±7 percent.

When the rapid survey was started on the Wednesday, exactly a week had passed since the Soviet submarine was detected in a Swedish area under military protection in the Karlskrone Archipelago.

At a dramatic press conference on Thursday, Prime Minister Thorbjorn Falldin revealed that the submarine probably carried nuclear weapons. The press conference began at 1630 hours.

The IMU conducted a special survey to determine whether there was any definite difference to be perceived between the answers that were given on Wednesday and those on Thursday, after the presence of nuclear weapons was revealed.

More Criticism of the Soviet Union on Thursday

The 252 interviews were quite exactly divided up between the 2 days and there was some tendency for those who answered on Thursday to favor defense somewhat more and to be somewhat more critical of the Soviet Union. But no statistically clear-cut difference between the two groups could be confirmed, rather to the surprise of those conducting the survey.

Every year since 1952, the Preparedness Committee for Psychological Defense has had surveys carried out on attitudes toward defense, among other things. From 70 to 80 percent of all Swedes have always supported the defense program. In the IMU survey (the detailed results of which are provided in the appended tables), 9 out of 10 Swedes, in round numbers, consider it very important or quite important for Sweden to have a strong defense program.

But have attitudes toward defense changed because of the submarine incident?

Women Want a Stronger Defense Program

According to the IMU, one-fourth of all Swedes think that the submarine incident has made them feel, more than ever, that it is important for Sweden to have a strong defense program. But two-thirds of all those interviewed do not think that the submarine changed their attitudes on this question.

The change among women, who ordinarily are more negative toward a strong defense program than men, is of interest in that connection. While 16 percent of the men think that a strong defense program became more important because of the submarine incident, the figure for women is 33 percent. Should our defense program become even strongerin view of what has happened, among other things? Yes, that is what almost 4 out of every 10 interviewees covered by the survey thought.

In former, similar surveys, approximately a fourth of the interviewees usually recommended a stronger defense program. The difference between that 25 percent and the 37 percent reported by the Swedish Institute for Public Opinion Polls can be interpreted as meaning that the demand for a stronger defense program increased after the submarine incident.

Gustafsson the Scapegoat

A clear majority--between two-thirds and three-fourths of all those interviewed--think that the government and the military handled the submarine incident very well or quite well. The 24 percent who thought that the government handled the matter poorly were given full opportunity to explain their views.

The most frequent objection was that the government's conduct was not firm enough and that they had been too indulgent and easy-going. "The Soviets would have been much harsher if a Swedish submarine had gotten into their waters" was a frequent reaction.

And Defense Minister Torsten Gustafsson became the government's special scapegoat. "He did not carry out his job," many people said.

Swedes Not Surprised

The IMU also asked what the Swedes' attitude toward the Soviet Union had been previously and in what way the submarine incident had changed it. Nineteen percent stated that their attitude toward the Soviet Union now had become more negative, but a full 80 percent said that their attitudes were unchanged.

The fact that the reaction against the Soviet Union was no sharper than it was is probably because a majority of Swedes have always had a negative attitude toward the Soviet Union. To put it in more specific terms, one can say that the Swedes were not particularly surprised by the Soviets' venture into the Karlsrona Archipelago. It was only what one could expect from that quarter.

It is apparent, from a comparison of the responses to the two questions on the Soviet Union, that a clear majority (78 percent) of the one-third of all interviewees who previously were neither favorably nor unfavorably disposed toward the Soviet Union feel that their opinions continue to be neutral. Two out of every 10 of these (18 percent) are more unfavorably disposed now.

Out of the majority of all those interviewed (63 percent) who say that they previously were very unfavorably or quite unfavorably disposed toward the Soviet Union, 8 out of every 10 (79 percent) [sic] feel that they have the same unfavorable disposition as formerly, while 2 out of every 10 (20 percent) feel even more unfavorably disposed than previously.

The following are the questions and responses in the IMU's survey concerning the submarine incident and Swedish public opinion:

Question: Do you think it is important or unimportant for Sweden to have a strong military defense program?

Responses in percentages of all those interviewed:

Very important	48
Quite important	38
Not particularly important	10
Not important	4

Question: Has the submarine incident changed your attitude on this question? Is it more important now than previously or less important than previously, or is there no difference in your attitude?

	All	Men	Women
More important	25	16	33
Less important	2	2	2
No difference	71	81	62
Uncertain/do not know	2	2	2

Question: Approximately how strong a military defense program should Sweden have at present?

Responses in percentages of all those interviewed:

Less strong than at present	7
Approximately as strong as at present	49
Stronger than at present	37
Uncertain/do not know	7

Question: How do you think the Swedish government has handled the submarine incident up to the present?

Responses in percentages of all those interviewed:

Very well	14
Quite well	54
Quite poorly	19
Very poorly	5
Do not know/no response	9

Question: How do you think the Swedish military has handled the submarine incident up to the present?

Responses in percentages of all those interviewed:

Very well	25
Quite well	49
Quite poorly	12
Very poorly	6
Do not know/no response	8

Question: Has the submarine incident changed your view of the Soviet Union? Are you more favorable now, more unfavorable now or is your view of the Soviet Union unchanged?

Responses in percentages of all those interviewed:

More favorable	0
More unfavorable	19
View unchanged	80
Do not know/no response	1

Question: What was your view of the Soviet Union previously, before the submarine incident?

Responses in percentages of all those interviewed:

Very favorable	0
Quite favorable	4
Neither favorable nor unfavorable	33
Quite unfavorable	37
Very unfavorable	24
Do not know/no response	2

Pollster Discusses Findings

Stockholm DAGENS NYHETER in Swedish 7 Nov 81 p 7

[Article by Dick Ljungberg: "The Head of the IMU Says That Criticism of the Soviet Union Has Increased Surprisingly Little"]

[Text] "What undoubtedly surprises me the most about the present survey is the fact that 'only' approximately 20 percent responded that their attitudes toward the Soviet Union had become more unfavorable because of the submarine incident." That is what Hans Alfredson, the head of the IMU [Institute for Market Research], says. His organization carried out an opinion poll concerning the submarine incident and Swedish public opinion for DAGENS NYHETER.

"But the reason for that is the fact that a majority of the Swedish population was already unfavorably disposed toward the Soviet Union," he says.

"Do the results you obtained coincide with those from earlier, similar surveys which were carried out for the Preparedness Committee for Psychological Defense, for example?" he was asked.

"On the whole, we can only try to make a comparison with earlier surveys with respect to certain points," Hans Alfredson said, "but even then we do so in the realization that the method and the questions are different.

"We have known for some time that there clearly is support among the Swedish population for a strong defense program, and that is substantiated here. We also have known for some time that quite a large group of Swedes want to have a stronger defense program. The submarine incident has further strengthened the position of those in that category. As many as 37 percent now want to strengthen the defense program.

"In earlier surveys, it was approximately 50 percent of those interviewed who, in one way or another, expressed the idea that the Soviet Union is not amiably inclined toward us. In the present survey, it was more than half (61 percent) who were very unfavorably or quite unfavorably disposed toward the Soviet Union. In spite of the difference, the level of response, in broad outline, is still the same," Hans Alfredson says.

Precision Is the Determining Factor

"Can you actually gauge Swedish public opinion by questioning only 252 people?" he was asked.

"The number of interviews to be carried out in a specific survey is determined by the precision (statistical reliability) one wants to impart to the result," Alfredson replied.

"It is a delusion that one has to interview several thousand people to find out what the Swedes are thinking--that is, when one arranges the size of the sample in relation to the group (population) one wants to survey.

"We thought that, in this survey, we could have an unreliability (statistical margin of error) of between ± 4 and ± 7 percent. That means that the proportion who think that it is 'very important' or 'quite important' for Sweden to have a strong defense program (86 percent) has an unreliability of approximately ±4.5 percent, for example. That is to say, the 'true' value lies between 81.5 and 90.5 percent, with a reliability of 95 percent.

"Therefore we considered the precision to be sufficient for this survey in consideration of the fact that, among other things, it was supposed to be carried out very rapidly, that we were supposed to produce a total result first of all and that it was not so important to see the various partial groups," Hans Alfredson said.

"If we had wanted to bring the margin of error down to ± 2 percent, we would have had to go up to a thousand interviews. But the total picture of public opinion is not changed if one gets a figure of 75 percent instead of 80 percent, for example," he said.

Naval Chief Sees Increased Defense Will

Stockholm DAGENS NYHETER in Swedish 7 Nov 81 p 7

[Article by Mats Holmberg: "Naval Chief Says Desire for Defense Increases"]

[Text] "It is nice to discover that our view has been generally accepted by the population. We have maintained for several years that the worsened situation around our borders called for a stronger defense program. Now people are seeing with their own eyes that perhaps there was something in what the terrible military people were saying."

That was the comment of Admiral Per Rudberg, the commander of the Swedish Navy, on DAGENS NYHETER's IMU [Institute for Market Research] report.

One-fourth of the Swedes whom the IMU questioned stated that the submarine incident reinforced their view that Sweden needs a strong defense program. Thus, 86 percent of all Swedes think that a strong defense program is very important or quite important--an alteration of views which, according to Admiral Rudberg, among others--should affect this country's policies.

"The people who are responsible for defense policy are elected by the people." he says. "They should take public opinion into consideration."

"Then should the submarine incident, in its extension, mean more money for defense?" he was asked.

"Yes, that is my view of the matter," Per Rudberg said.

"The fair wind blowing for the military after the submarine incident is not going to give rise to any suddenly-improvised public-relations campaigns," said Lieutenant Colonel Jan-Ake Berg, the chief of the Intelligence Section of the Defense Staff.

"We have a fixed plan we are following," he said. "But after this it will certainly be easier to work--to get to visit various organizations and talk about security policy, for example."

Jan-Ake Berg hopes that the Defense Committee will remember the reactions concerning the submarine, a short time form now, when it sits down to draw up guidelines for the organization of the defense program.

"It will be dangerous," Jan-Ake Berg says, "if the general population's fear in the wake of the submarine incident is too acute.

"I am concerned about how people will react to the information about nuclear charges aboard the submarine," he said.

"It would be unfortunate if people concluded that all Soviet ships around our coasts are armed with nuclear weapons and that consequently defending ourselves would be of no use." Jan-Ake Berg is soon to discuss with the commander in chief, among others, how to convince the general public that it is worth the trouble to concentrate on a strong conventional defense program.

Defense Minister Experiences Disfavor

Stockholm DAGENS NYHETER in Swedish 7 Nov 81 p 7

[Text] Defense Minister Torsten Gustafsson (Center Party) should resign, 45 percent of the Swedish people think: 24 percent believe he should remain while 31 percent of the population replu "I don't know" to the question.

This was in response to the direct question asked by the IMU [Institute for Market Research] in its opinion poll: The name of the present Swedish Minister of Defense is Torsten Gustafsson. Do you think he should resign or remain as Defense Minister?

Thus, the question is not directly related to the submarine incident, but it was asked in that connection, nevertheless. On Tuesday, Thorbjorn Falldin and Olof Palme had a vigorous debate in the Riksdag on two statements on neutrality which Defense

Minister Gustafsson made during the late summer and fall which attracted much attention. Sunday evening he made a statement on television that he could not imagine using force against the Russian submarine in any case, which also drew sharp criticism.

Acted Sluggishly

Even before the IMU's telephone interviewers got to the question as to whether Torsten Gustafsson should resign or not there were many who spontaneously said that he should resign.

That was in connection with an earlier question where those who thought that the government handled the submarine incident poorly got a chance to give the reasons for their answers. Criticism of Gustafsson was encountered frequently in that connection. He had behaved poorly, had acted sluggishly, been cowardly and irresolute, gone away at the wrong time and had not done his job, according to some of the replies.

'Euro-Communist' Party Chief Comments

Stockholm SVENSKA DAGBLADET in Swedish 9 Nov 81 p 6

[Text] "Now the second round of the campaign of persecution in connection with the submarine incident has gotten under way. Radiant military leaders are talking about a deathblow to the idea of a nuclear weapons-free zone."

That is what Alf Lovenborg said at the annual district conference of the Communist Party of Norrbotten in Kalix on Sunday. Where the question of nuclear weapons is concerned, it is clear, according to Lovenborg, that neither the government, the military leadership or the FOA [Defense Research Institute] can say with certainty whether there were nuclear weapons aboard the Soviet submarine.

"It is probable," the government says. Thorbjorn Falldin employs the phrase "with probability bordering on certainty." "I will do the same thing," says Lovenborg, "and say that with certainty, bordering on probability, the military leaders, together with the government, have perpetrated a gigantic bluff for obvious purposes which are harmful to our country. "The fact that the submarine went astray in Swedish waters naturally had to be condemned as a violation. We are in agreement with the government on that part of the incident. But, on the other hand, we do not hold with using what happened to whip up a psychosis with obviously provocative moves and becloud the purpose, "Lovenborg asserted.

'Moscow-Oriented' CP Chief Comments

Stockholm DAGENS NYHETER in Swedish 9 Nov 81 p 9

[Article by Willy Silberstein: "I Believe the Soviets Want To Disarm"]

[Text] "I continue to believe that both the people and the leaders in the Soviet Union want to have disarmament. But at the same time the Soviet Union is a great power and it acts accordingly--aggressively and ruthlessly."

That is what Left-Wing Communist Party leader Lars Werner told SVENSKA DAGBLADET. That statement came on the same day the Left-Wing Communist Party slipped back down below the magic 4 percent figure according to SIFO's [Swedish Institute for Public Opinion Polls] measurements, and that is the limit which determines whether or not a party gets into the Riksdag.

Lars Werner says he is not worried about the public opinion figures. The Left-Wing Communist Party frequently moves up and down; that always happens to small parties in the opinion polls.

"We have also been under 4 percent in earlier surveys," he says, "but I am convinced that we will remain in the Riksdag."

"Is the Left-Wing Communist Party going to lose votes because of the Soviet submarine?" he was asked.

"It is chiefly the parties to the right of us which link the Left-Wing Communist Party with the Soviet Union," he said, "but we certainly are going to feel what happened, even if only marginally.

"Obliterating, for a brief period of time, the traces of the old mistakes we made when we uncritically accepted what the Soviets said will not work," Werner said.

"We Certainly Will Remain"

On the other hand, Lars Werner is completely convinced that the Left-Wing Communist Party will remain inthe Riksdag even after next year's election.

"Will that also hold true if the Soviet Union invades Poland?" he was asked. "When Warsaw Pact troops marched into Czechoslovakia in 1968, the Left-Wing Communist Party was hit hard in voter figures that same year."

"I don't want to speculate on that. But the fact that the Left-Wing Communist Party was hit so hard in 1968 was due to the fact that only 4 or 5 years had passed since the party became more independent with respect to the Soviet Union." Lars Werner said that he was informed by Prime Minister Thorbjorn Falldin the day after the submarine went aground, but he did not know anything about nuclear weapons until the news was published.

"But we learned enough to be able to back the government's actions," he said.

"Aircraft Too Expensive"

There has been talk about increased financial allocations for defense because of the Soviet border violation. But Lars Werner wants to continue to cut down instead.

"We ought to have strong defense of our borders," he says, "but that can be achieved without increased allocations for defense. For example, why does Sweden have to have such an advanced air force? That costs too much money."

"During the referendum, the Left-Wing Communist Party had slightly more than 7 percent of the voters supporting it. The Communists have moved backwards since then. Why is that?" he was asked.

"The party is in a difficult position. Because of the situation in Parliament, we only influence policy when we support the nonsocialists, which naturally does not happen very often. We would be better off if we tied all our proposals together. The Left-Wing Communist Party should make it apparent that we are a credible alternative more forcefully than we are doing at present," says Lars Werner.

"I Know How It Feels"

When the interview was finished, he called after us, "Give my regards to your next interview victim, Ola Ullsten, and tell Ullsten I know how it feels to be at 5.5 percent!"

9266
CSO: 3109/39

DEFENSE COMMITTEE TO ASK FOR 200 MILLION FOR COASTAL DEFENSE

Stockholm SVENSKA DAGBLADET in Swedish 15 Nov 81 p 6

[Article by Erik Liden: "Defense Committee: 200 Million to Coastal Defense"]

[Text] The Defense Committee recommends increased resources for watching over coastal and archipelago areas, as one result of the submarine episode at Karlskrona.

In December the Defense Committee will recommend to the government that fully 200 million kronor more be allocated for the 5-year period 1982-1987.

Radar stations will be provided, sea surveillance centrals at Karlskrona, Malmo and Gothenburg will be more quickly expanded, coastal surveillance will get more aircraft, listening buoys will be purchased, four vedette boats (modified torpedo boats) will be procured and more helicopters for antisubmarine work will be ordered.

Furthermore the navy will procure towed hydrophones for the two new missile ships to be built at Karlskrona Shipyard. With modern techniques these can be operated at various depths and thereby complement the helicopters when submarine search is underway.

Helicopters to Blekinge

If the government decides to buy more helicopters it is probable that F 17 at Kallinge will get three or four new helicopters which can operate more quickly in the Baltic than can helicopters at Gothenburg and Berga, south of Stockholm.

Today it takes 4 hours to get a helicopter from Berga to a submarine search south of Karlskrona following a submarine alarm.

According to a previous decision by the OB [Supreme Commander of the Swedish Armed Forces], radar watch will be strengthened along the west coast and for border violations in the Torne Valley. The much discussed low altitude radar, which was ordered from ITT for 500 million kronor instead of L.M.Ericsson, will be used here among other things.

9287
CSO:3109/45

BRIEFS

SUBMARINE INCREASED DEFENSE COMMITTMENT--The submarine affair has caused more Swedes to want increased defense, and more now regard the Soviet Union as a threat. This was shown by a poll conducted by the National Psychological Defense Planning Committee. Most of those asked also believe that the government and the military acted correctly, while a significant minority--29 percent--thought that the measures taken were too weak. Fully 500 people participated in the poll, which was taken a couple of days after the Soviet submarine left Swedish territory. After the submarine affair 34 percent of those asked thought that the Soviet Union was a threat to Sweden, which is a significant increase compared with a previous poll. During the fall--when fully 1000 people were asked--the number was 14 percent. The view of the military has also changed. Before the submarine affair 22 percent believed that defense was too weak, and after the submarine affair the number increased to 42 percent. [Text] [Stockholm DAGENS NYHETER in Swedish 26 Nov 81 p 5] 9287

CSO: 3109/45

BRIEFS

RELIGION COURSES UNDER REVIEW--The Ministry of Education is studying the abolition or curtailment of religion courses. Authorities at the Ministry have taken this initiative following proposals made by partisan trade union leaders. As is known, the question had been discussed already in the past by trade unions in the educational field, which aimed at completely destroying the humanistic character of education. This proposal has received the support of government newspapers, which are regularly publishing the views of educators and "specialists" dealing with the abolition of religion courses in order to exert pressure. Educators and theologians have already brought the issue to the attention of the Church, and it will probably be taken up by the Holy Synod whenever official confirmation will be provided by theological schools and the Panhellenic Union of Theologians. [Text] [Athens AKROPOLIS in Greek 20 Nov 81 p 2]

CSO: 4621/79

DATASAAB ACCUSED OF FALSELY MARKING U.S. PARTS SOLD TO USSR

Stockholm GNISTAN in Swedish 20 Nov 81 p 1

[Article by Thomas Kanger: "GNISTAN Has Proof Against Datasaab: Re-Marked and Smuggled Sensitive Radar Components"]

> [Text] Here is proof that the leaders of Datasaab and L.M. Ericsson lie! In the much-publicized "Datasaab affair" the business leaders and the top men in the Ministry of Industry competed to protest their innocence. The only thing acknowledged was that export prohibition of certain American components was violated. "The export was entirely open," said both Erik Goliath, head of information at Datasaab, and Magnus Lemmel, director of L.M.Ericsson which now owns Datasaab. But GNISTAN can reveal how Datasaab smuggled out and re-marked the sensitive components.

The story of Datasaab's offense against the export prohibition goes back to 1974. The business, which was then called Stansaab, succeeded in hard competition with international electronics firms to get an order for an aircraft control system in the Soviet Union. Primarily it was for equipment for the new large airport at Moscow, but also two other airports were included. One was in Kiev in the Ukraine, the other in Mineralnye Vody, a small place north of Kaukasusbergen in southern Russia. The entire order was worth 319 million kronor.

The computer-controlled aircraft control system was equipped with so-called primary radar. This radar, in contrast to a secondary radar, can also track military aircraft. Since advanced components in the system were made in the United States, Stansaab was forced to apply for an export license, because of the military connection.

This was rejected by the American Department of Commerce in 1977 after several years of discussions.

The United States could not permit the Soviet Union to have access to extractors, the most important ingredients in the primary radar, which makes possible extremely clear radar pictures.

Since the entire aircraft control system was fairly useless to the Soviets without these components, there was an imminent risk that the whole deal would fall apart.

Stansaab's management then chose to put in a new license application in which the forbidden components were not included, and later in secret to send these over to the Soviet Union.

"We have delivered the equipment, and thereby violated the license," said Magnus Lemmel, director at L.M.Ericsson who looked into the question. "But all of this export happened openly, with customs papers. There is no truth to the claim that we smuggled. Neither have we re-marked any components."

"Pure Fantasy"

Erik Goliath, chief of information at Datasaab claimed the same thing.

"What has appeared in the press is pure fantasy," he said. "We are reported to have sent circuit cards by Russian courier. But they were just packed in the usual way and mailed. In certain cases they went by our employees' hand baggage. And no components were re-marked!"

But the delivery was more secret and shrewd than that. The "permitted" equipment was sent entirely openly, most often by Russian trucks. Thereafter the firm's employees on site in the Soviet Union contacted Stansaab and reported that things were broken and therefore they needed spare parts.

"But instead of spare parts the export-prohibited equipment was sent," said a technician who at the time was employed by Stansaab. The managers of the business estimated that the customs would not be interested in boxes marked "spare parts." And it turned out that they were correct!

We Have Proof

To further protect themselves against discovery the export-forbidden American components were re-marked. This has so far been frantically denied by L.M.Ericsson and Datasaab. Magnus Lemmel and Erik Goliath repeated the denial, and so far it was their word against ours. But GNISTAN has proof.

Caption: Two shift registers manufactured by the American firm Advanced Micro Devices. Export of these to the Soviet Union is prohibited by the American Commerce Department because they have military importance. So Datasaab's management had them re-marked by Rifa, a firm owned by L.M.Ericsson in Stockholm.

The above photograph shows two re-marked components. These are so-called shift registers. Their function is to store information until it is to be shown on a viewing screen. Without these components there would be no clear pictures.

The components were originally manufactured by the American firm Advanced Micro Devices, AMD. They were taken to the electronics firm Rifa outside Stockholm from Datasaab. There the American marking was removed and they were re-marked.

The new marking is "RIFA R743 RD 8599N."

This remarking makes the situation even more difficult for the already hard-pressed L.M.Ericsson. Rifa is owned by L.M.Ericsson.

Magnus Lemmel told GNISTAN that it is "incredible" that such re-marking took place. He also said that no other firm was involved in the export license violation.

GNISTAN, however, gladly offers the re-marked components for impartial analysis.

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END

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IMPORTANCE OF NORTH SEA GAS SEEN EQUALING ROLE OF OIL

Oslo ARBEIDERBLADET in Norwegian 24 Oct 81 p 6

[Text] The gas in the North Sea is becoming a constantly more important factor when the question of our future energy policy is debated. Those who are not experts connect North Sea activities first of all with oil. Now in the meantime gas is rapidly on the way to becoming just as important an element in this debate. ARBEIDERBLADET has taken a closer look at the perspectives this resource is opening up for our country.

The next large project to be carried out in the North Sea has to do with gas. Just in the last year a series of remarkably large gas finds have been made on the Norwegian continental shelf. It is now quite clear that there is at least just as much gas as oil in the bottom of the sea bordering our country.

Field 31, directly west of Bergen, is the largest find so far. The Deputy Administrative Director in Statoil, Henrik Ager-Hansen, recently said that the area probably contains 1,500 gas, converted into so-called oil equivalents. This means that Field 31 is at least as large as the Groningen field in Holland, today's largest gas field.

This gives the experts reason to believe that Field 31 will become Europe's largest supplier of energy at the beginning of the next century.

Until now only one block in the field, Block 2, has been tested for production. Seismic and geological investigations give reason to believe that the main body of gas in the field is in three other blocks. It is believed that the gas lies in a thick layer over a 700 square kilometer area. But several questions must be cleared up and technical problems solved before production at "Europe's largest gas field" can begin.

Deep Water

Today, boring for oil and gas goes to depths of 140 meters. At Field 31, boring must be done to a depth of 350 meters. The field lies in the middle of the Norwegian Channel. This implies a new and even more progressive technology than the one being used in the North Sea today. But the experts say that the problem can be solved.

A question that is at least as important is what is to be done with the oil at Field 31. It is assumed that the field can contain just as much oil as the Statfjord field. Shall one do as was done at the Frigg field where the gas was recovered first and where there is now no possibility of recovering large amounts of oil? Or

shall one rest one's soul with patience and bring up the oil first? In order to extract oil from such a large and thin layer as in Field 31, gas must be used as a driving force.

Shortly before it left office, the Harlem Brundtland government suggested that Statoil, Hydro, and Saga get the concession on the three blocks at Field 31, where all indications are that the main body of gas is located.

If the new government does not change this suggestion, and if the Storting agrees with it, this will mean several years of new investigations at Field 31. A better overview of the field must be obtained that will make possible the best possible utilization of the whole large area. If the politicians choose this solution and want the oil to be brought up first, gas production in Field 31 will not begin until the first decade of the next century. If the gas is taken directly from Block 2, gas production can begin at the end of the 1990s. Statoil and Norske Shell are the largest owners on Block 2. Shell is the operator at the field.

Sleipner and Frigg

No matter what happens, gas production of any kind on Field 31 is a long ways away. In the middle of the 1990s gas production in the Frigg field will end, and the decision must already be made now on which field is to take over from Frigg. With the exception of smaller fields such as Ula and Balder, only Sleipner can be ready for production by that time. But it is also important to find a gas field of usable size in the area around Statfjord to fill up the pipes that are to be built from there to Karsto. Both south and east of Statfjord there are several promising fields.

But most probably it will be Sleipner, which lies farther south, almost directly west of Stavanger on Field 15, that will be expanded first. It is assumed that Sleipner is just as large a gas field as Frigg. The problem is that about half of this gas is greatly contaminated by carbon dioxide gas, CO_2.

It is not yet known how this will be separated. The other half of the gas at Sleipner is of the same quality as the gas at Frigg. This gas will probably be transported through the pipe from Ekofisk far south in the North Sea to Emden in West Germany. Ekofisk still produces half of the gas on the Norwegian shelf, but the yield has already begun to fall. Ekofisk will produce all the way to the turn of the century, but as time goes on there will be plenty of room for gas from other fields in the pipeline from Ekofisk to Emden.

Prices

The price of gas depends upon what it costs to recover it from the sea bottom and how far it is to the place of delivery, or transportation costs. Transportation is an important consideration in the North Sea, particularly with the thought of possible large gas finds in northern waters. In the south, two pipes have already been built.

Ekofisk-Emden-Teeside has already been mentioned. In addition, there is a pipeline from Frigg to St. Fergus in Scotland. A third of the gas used in the British Isles goes through this pipe.

The next pipeline to be built is Statpipe's pipe from the Statfjord field to Karsto. A terminal will be built at Karsto that will separate the natural gas from the liquefied gas. The liquefied gas will be sent further by boat, and the dry gas will be sent further in the pipeline to Ekofisk and from there in the lines to Emden and Teeside.

No pipeline will be built from the northern areas to the south in the forseeable future. All indications are therefore that possible gas production in the north must be refined on land. There are several possibilities for further refinement. One possibility is to build an ammonia factory. Another is to use the gas to produce electricity. The finds that have been made at the Tromso strip up to now indicate that there are significant amounts of gas in the north as well.

9124
CSO: 3108/17

OIL'S ROLE IN INDUSTRY PLANNING SEEN INADEQUATE

Oslo AFTENPOSTEN in Norwegian 11 Nov 81 p 23

[Text] The oil age gave us an unusual opportunity to draw up long range goals for Norwegian industry and to realize them through systematic utilization of this new and large increase in our national economy. Today we must regrettably conclude that this possibility for the time being has been lost in a short-sighted increase in consumption both publicly and privately, according to SINTEF's [Company for Industrial and Technical Research] administrative director, Professor Johannes Moe, in a lecture at an industrial meeting at the Norwegian Technical College that ended today.

Moe pointed to the unpleasant effects this has had: high prices, low productivity, low level of competitiveness, problems for large sections of Norwegian industry, and increasing dependence on cash investments from oil activities.

"If we don't manage to escape from this vicious circle by again creating an all-around competitive industry, our descendants will be destitute the day the oil wells begin to go dry," Moe said. He advised against falling into a subsidized environment where oil and gas resources are used to compensate for Norway's lack of ability to compete internationally.

"Then the clearing on the Roros plateau will not deserve to be named in comparison with such lack of responsibility," the SINTEF chief said. He advocated a strategy based on both higher productivity and increased use of high technology as means of getting back on the path. The possibilities are there, but it presupposes that factory leaders, workers, and authorities stop blaming each other when something goes wrong. Instead, they must come together to make the effort necessary to prevent us from getting into a situation where we must accept a lack of competitiveness with the level of prices we have in Norway today. Then we will also have to accept a lower standard of living.

"The appearance of oil on our continental shelf and the enormous domestic market we have off shore in relation to the country's size is a natural competitive advantage for Norway. This advantage can have a decisive significance for the development of new industrial activity based on high technology and further development of already established industry," Moe said. "But first cooperation in research and development must be established between the oil companies, Norwegian machine industry, and research.

"If our machine industry manages to establish competitive production of individual parts or systems for the equipment offshore, it will at the same time have taken

an essential step on the road toward greater competitiveness in a series of other markets as well," the lecturer said.

Moe criticized Norwegian industry for not having sufficiently utilized the opportunities for cooperation with the oil companies. "Industry is standing before the unique situation that practically all the multinational oil companies with activities that to some extent stretch for over the petroleum sector have opened the doors to cooperation with Norwegian firms, both nationally and internationally. Instead of investigating what possibilities exist here, we see that industry has criticized the arrangements on the basis of isolated unfortunate and unintended incidents. New technology and entry tickets to new markets are rare goods that can be very difficult to buy with money. Therefore industry should get down to work to take the best possible advantage of our special situation," Moe said. He added that these possibilities are not limited to firms that work in offshore sectors.

If Norway is to develop high technology, this must be reflected in an educational policy. Director Moe called it a sad thing that the authorities by their negative attitude toward technical education have brought us into a situation where the lack of qualified workers seems to be a bottleneck.

"Since there has been no consistent effort in training, industrial development itself must be adjusted according to the availability of trained personnel, Moe pointed out. The Norwegianization of the oil activities that was carried out vigorously in the last half of the seventies will have to be slowed down at the beginning of the eighties. While unemployment threatens to become one of our greatest social problems, employment of Norwegians in our own oil activities must be slowed down. Not because we do not have the people, but because we have not given them the competence demanded in today's society.

Contributing to this situation is also the fact that the country is not willing to put a premium on expert efficiency. Without such a will, we can give up our long range possibility of being able to deliver competitive products based on advanced technology, he said.

A Norwegian industry based on advanced technology is only imaginable in an international picture, and the most important sources of knowledge--as well as the markets--lie beyond Norway's borders. Director Moe pointed to Norwegian establishments abroad through the purchase of viable firms as a profitable way of obtaining new knowledge as well as markets. The requirement is that one have human resources to create an integration between the firms abroad and at home; otherwise the foreign businesses will just be a monetary investment.

9124
CSO: 3108/17

EXPERT SEES OIL, GAS GIVING COUNTRY INCREASED WORLD ROLE

Oslo ARBEIDERBLADET in Norwegian 2 Nov 81 p 6

[Text] As an exporter of oil and gas, Norway will have increasing attention paid to it. We are becoming increasingly more important, particularly for the Western industrial countries. This puts increasing demands on our foreign policy, but gives us at the same time a better point of departure for an independent policy in this area. If we use good sense, the resources in the North Sea will be an advantage for us from the point of view of security and foreign policy as well. This is what the scientist, Martin Saeter, said to ARBEIDERBLADET.

Saeter has followed the developments in the North Sea from their meager beginnings in the 1960s. He is among those who best understand the international problems connected with oil and gas. Saeter divides his working day between the Norwegian Foreign Policy Institute and the university in Oslo.

"There is reason to stress that the natural resources at the bottom of the ocean off our coast have in no way placed us in a more difficult foreign policy situation. I tend to believe the opposite: the oil and the gas have improved our place in the world. It is also worth noticing that the basis for the policy of alliance and cooperation is the same even though we have become exporters of oil and gas. For a country such as the United States, this has only emphasized an already existing bond and significance. This applies to the other countries as well.

The Soviet Union and the United States

ARBEIDERBLADET: But will we not have to expect an increasingly stronger pressure from the Western countries to dispose of our resources as it best suits them?

Saeter: Yes, we will, and therefore there will also be an increasing responsibility for our foreign policy. The Americans say we should increase gas production significantly to reduce Western Europe's dependence upon Soviet gas, particularly West Germany's. In my opinion the United States is mistaken in thinking that a gas line between the Soviet Union and West Germany will make the Federal Republic unilaterally dependent upon the Soviet Union. I think that the dependence will go both ways and in the long run lead to a relaxation of tension.

ARBEIDERBLADET: Will a possible cooperation in gas in the north have the same effect?

Saeter: I think so. If we could imagine that the Soviet Union and Norway would cooperate in the export of gas from the northern areas to the continent through

Sweden, I would look quite positively on this. In my opinion, this would have a tension relaxing effect, not just in Norwegian-Soviet relations, but also between East and West on the whole It is also an advantage that the pipeline in this imagined case would go through a neutral country, Sweden.

ARBEIDERBLADET: But won't this give the Soviets the possibility of turning off the gas in an emergency?

Saeter: Yes, but this would have the greatest effect on the receivers of gas on the continent, and not on Norway. Besides, this possible gas delivery will not be so significant that their security will be threatened if delivery were to be stopped. Besides, such installations are so vulnerable that under no circumstances is it a problem to stop them if this is desirable.

The point is that such common projects produce mutual dependency that in the long run have a tension-relaxing and crisis-avoiding effect. The vulnerability also means that the activity in the North Sea has less military significance--it is impossible to defend the installations. It is true that Norway's strategic significance has increased, but this is because of weapons technology, not because of the activities in the North Sea.

ARBEIDERBLADET: How would the Americans have reacted to such a common project between Norway and the Soviet Union?

Saeter: The point of departure for both Norway and the United States is that the resources in the North Sea will not have caused any conflict of interest between the two countries. It is true that Norway has become a more important country for the United States, not least in an East-West connection, but for the United States the policy toward Norway will continue to be a part of the policy toward Europe. But obviously it is impossible to say how the United States would have reacted in such an imagined situation.

Europe

ARBEIDERBLADET: We already have a gas pipeline from Ekofisk to Emden in West Germany. Now a new pipeline is to be connected to this one, the line from Statfjord by way of Karsto to Ekofisk. Does this mean that as time goes on we will be strongly bound to the continent?

Saeter: Yes, but this gives us greater freedom of negotiation than a one-sided cooperation with the British would have led to. We must remember that when the Groningen field in the Netherlands stops exporting gas to the other European countries around the turn of the century, Norway will be the only exporter of gas in Western Europe. Already now the gas and oil on the Norwegian continental shelf gives us a significant card in our hands in negotiations with the cooperating countries in the Common Market and in EFTA [European Free Trade Association]. This will increase in the coming years.

ARBEIDERBLADET: Why?

Saeter: Because after the oil crisis in 1973 it became clear for everyone what a strong connection there is between international politics and economics. This is especially true for the transportation of oil from the Middle East to the Western industrial countries. Every country that, by importing from the North Sea, can

reduce its dependence on the partially unstable oil-producing countries in the Mid-east can feel safer because it is getting the oil and gas upon which its economic system is so very dependent. This makes Norway a very important partner for these countries. At the same time, it is also important for Norway to maintain good relations with the oil producing countries, not least because in the foreseeable future they must deliver the overwhelming part of the oil and gas the world needs.

9124
CSO: 3108/17

RELATIONS BETWEEN SPD, UNIONS AT LOWEST POINT

Hamburg DIE ZEIT in German 13 Nov 81 pp 15-16

/Article by Erika Martens: "Colleagues Against Comrades — Unions Feel Abandoned by the SPD"/

/Text/ The world appeared to be still in order at the end of July. Reassured, Chancellor Helmut Schmidt flew to the international economic summit meeting in Ottawa. Although the difficult debate over reshuffling the budget was yet to come, he believed his bedrock troops, the trade unions, to be on his side in the confrontation.

Today everything looks quite different. It is true that Schmidt has prevailed in the battles with his FDP coalition partner — at least for the time being — but the unions have meanwhile formed ranks behind the most vehement protest against the government since the end of the war, above all against the Social Democrats.

As a matter of fact, the bitterness in the labor organizations has never been as great as it is now. "If elections were tomorrow, a lot of functionaries wouldn't be making public appeals to vote SPD, the way they normally do." This is how a member of the Metalworkers Union /IG Metall/ describes the mood in his organization. For it is the feeling of many that the Social Democrats — the party of the working people and traditional partner of the unions — have abandoned their clientele.

IG Metall Chairman Eugen Loderer calculates bitterly that this year's budget decisions will cost the working man DM 10.5 billion in 1982, while the burden for business will be only 700 million. Though Economics Minister Lambsdorff rejects these figures as "one-eyed," and Employers Association President Esser is expecting greater burdens for the economy forthwith, this basically changes nothing for labor: The unanimous word coming from all the unions is that the reshuffling of the budget is "socially unbalanced."

Last Saturday at a DGB rally in Stuttgart, nearly 70,000 people protested this "attack on the social assets of the working people and favoritism for the rich and super-rich."

And the speeches that were delivered there were not very complimentary to the Social Democrats. Franz Steinkuehler, Stuttgart IG Metall district manager and SPD deputy state chairman, asked this question: "Where are the Social Democrats

headed with their present search for the best ways to deprive the working people of the social security victories they won in difficult strike battles." The combative metalworker unionist made an urgent appeal to his party colleagues to see to it "that the FDP in Bonn is returned to the role demanded by its 10 percent. See to it that at last we have the dog wagging the tail again, not the tail wagging the dog. See to it that at last they go back to practicing a working man's policy in Bonn."

There had already been anger in Bonn over the leaflet in which, vehemently attacking the government, the Stuttgart IG Metall called for participation in the demonstration. Finance Minister Hans Matthoefer protested to Steinkuehler in an eight-page letter in which he charges those who composed the leaflet with factual errors and reckless language. Steinkuehler's reaction was no less vehement. Angered, he charged in replying to his "dear colleague Matthoefer" "that the economic policy concept which you propagate and practice, the so-called supply-side economic policy ...will exacerbate our society's employment crisis and will not solve the government's financial crisis."

The frigid tone of both of these letters points up almost more sharply than the mutual allegations the deep rift that has opened up between the SPD and the unions. And this time Steinkuehler — who is usually happy to be spearheading a protest movement and is therefore often regarded in union circles as an enfant terrible — is not alone in his opinion. There have been rumblings in the labor organizations for weeks.

IG Metall chief Eugen Loderer reproached the government, saying that its decisions must at long last show a "Social Democratic face" again. Heinz Kluncker, the boss of the OeTV [Public Service, Transportation and Communications Union], intends to resist the planned cuts in income for public service employees with a labor dispute if necessary. Dieter Wunder, new chairman of the Education and Science Trade Union (GEW), threatened at his organization's most recent congress that "we'll have to withhold approval" of a government that knows of no way to reduce unemployment." Norbert Fischer, a member of IG Metall's executive board, angrily asked the Social Democrats this question: "Are you really surprised that the voters are deserting you?"

Even DGB Chairman Heinz Oskar Vetter, who is usually so moderate and statesmanlike, warned in view of rising unemployment of political protest actions by those affected and later by the workers as well. "The union will then be marching out in front; we don't want to get into the same doghouse into which all the parties are slowly working their way."

The unionists were moved to action mainly by the latest forecast for the unemployment figure, which is estimated to reach 2 million by the end of 1982. The unions have been calling in vain for an employment program since the spring of this year. And it was just recently that DGB chief Vetter again went public with proposals for combatting unemployment: Among his demands are interest rate reductions by the Bundesbank [central bank], binding promises on price discipline by business and the swift hiring of 1 million unemployed through the shortening of working hours.

Meanwhile, the pessimistic employment forecast seems to have given Bonn's Social Democrats pause after all. An SPD commission headed by Helmut Rohde has been developing proposals designed to reform the labor market. And Chancellor Helmut Schmidt reacted "with great sympathy" to the DGB's latest ideas on combatting unemployment.

According to Hans-Eberhard Urbaniak, member of the executive committee of the SPD group in parliament, his party group is taking the severe union criticism "very, very seriously." He says that the most important thing now is to get a dialogue started with the unions right away. "If this offer of Vetter's isn't seized on quickly, it can turn into a bad situation for the SPD, if not a fatal one," fears the SPD deputy. Two million unemployed would be simply "intolerable" for the SPD, and without an employment program "we're really in for it."

But as far as the unions are concerned, the debate over the budget and unemployment is the straw that broke the camel's back, for they have long been dissatisfied with the policies of the Bonn government. Heinz Oskar Vetter recently put the union's criticism in very basic terms with this complaint: "Those who set out a little more than 10 years ago to implement economic and social reforms today scarcely mention the word 'reform'.... There is no mention of the fact that we still have one thing and one thing above all: a logjam of reforms!"

As far as Vetter is concerned, codetermination is one of the main ones. But it is the impression of the unions that other SPD plans, although repeatedly confirmed in party congress resolutions, foundered in the daily routine of government of failed as the result of opposition from the Free Democrats. The chairman of the Food, Nonessential Good and Beverage and Restaurant Union (NGG) has this reproach for the coalition: "It isn't just the rising unemployment figures, the rising prices and the real decline in wages. There aren't even any reforms being instituted that don't cost any money — for instance, amendments to the Factory Organization Law and the Wage Agreement Law or the expansion of codetermination." The list could easily go on and on. Other unions deplore the lack of initiatives in vocational training and bankruptcy laws, in accident prevention and rules governing working hours.

And when it comes ultimately to basic union themes such as the lockout or the admissibility of warning strikes, the labor organizations quite simply want more solidarity from their comrades. Thus, they demand that the SPD must at least make its positions clearer as an autonomous party group in the Bundestag. Says Guenter Doding: "The voters are entitled to that; otherwise there's no sense of orientation."

But mixed with this resignation and bitterness are feelings of helplessness. For with all their criticism, leading union members are asking what the alternatives are. Even now the majority of their members want anything but a CDU government in Bonn. Of course, it must be conceded privately that there are many confirmed CDU voters among the working people. "They yell on the left and vote on the right." Many functionaries believe that the SPD partly has the drumbeating by the unions to thank for the fact that the last Budestag elections brought no change in administrations.

Many even see a positive side to the spectacular action by the 70,000 in Stuttgart. It is hoped that it might possibly stiffen the SPD's throughly shaken backbone and cause it to adopt a tougher stance vis-a-vis the Free Democrats. Moreover, it is sometimes advisable to provide an escape valve for pent-up emotions.

To the labor organizations, on the other hand, a campaign like this could be a question of self-preservation, especially considering the upcoming round of tough wage negotiations. For the pressure of expectations is great, and a heightened self-confidence could not harm the united union movement.

Proof that the unions do not want a final break is found in their recent decision offering to talk with the government, the party groups in the Bundestag, the Bundesbank and the employers.

Nevertheless, there is this perception in the SPD: "It has gotten colder." And its economic expert, Wolfgang Roth, even fears for social peace if the unions' new employment policy offensive should fail. He thinks that then the labor organizations would "be forced to go the way of the English."

7458
CSO: 3103/121

DISPUTE BETWEEN GOVERNMENT, PARTY HARDLINERS OVER ECONOMY REPORTED

Athens AKROPOLIS in Greek 15 Nov 81 pp 1, 2

/Text/ A serious dispute has arisen between leading economists of the Papandreou government and "hardliners" of PASOK's party machinery due to diametrically opposed views over coping with the economy which during the few weeks the new government has been in power has worsened alarmingly.

This information comes from reliable sources which add that new Bank of Greece Governor Arsenis has already warned the PASOK "diehards" that if they don't let him do his work the way he knows, he will take his hat and leave. "I do not intend," he said, "to become the Greek economy's gravedigger."

Objections

It is necessary to note that Arsenis who--according to all existing information--is a respectable person and outstanding economist, expressed strong objections when he was asked to leave his high position at the UN headquarters in New York and assume the administration of the Bank of Greece because he was apprehensive of many things. Finally, however, and under pressure by the premier, he consented to return to Greece.

The same sources add: While his collaboration with Papandreou and Coordination Minister Lazaris is excellent, his relations with other PASOK "leaders" are not good at all because of their systematic attempts to interfere and carry out the government's economic policy "on the basis of the movement's principles."

The Partisans

These party leaders insist that all that PASOK has promised in recent years and especially during the campaign must be implemented "here and now." But these promises cannot be realized for the very simple reason that they will spell the doom of the economy within 24 hours.

Of course, those responsible for the government's economic program and especially Lazaris and Arsenis who are experienced economists, know of this danger and are now becoming more aware of it. Indeed, according to our sources, the premier as well as these two economists have ascertained that if proper economic measures are not taken "here and now" inflation will reach about 42 percent at the end of

the first 6-month period of 1982 and that in such a case halting the economy's downslide would be rather impossible.

The Movement's Line

It is natural that this unpleasant prospect could take a dramatic turn if the government, instead of taking proper measures, decides to go ahead with realizing, albeit even in part, what Papandreou has promised. And this is exactly the reason for the dispute between those responsible for the government's economic policy and the "hardliners" who ignore or want to ignore the difficult economic situation the government faces and insist on "enforcing the movement's line..."

But there is more to it. Conflicts exist also among the financial ministers of the government. It is a fact that in the short period the new government has been in power there have been significant differences and disagreements among ministers on economic subjects such as whether or not to freeze the prices of certain goods, etc.

A direct effect of the situation prevailing in the government ranks is the inability to adopt any effective measure. Thus, the government has reached a point where it cannot do anything to control the situation even though for years now the PASOK leadership has proclaimed that not only has it long ago completed a program of government policy but that it also had prepared a program for the "first 100 days" which it would implement as soon as it would assume the governing of the country...

Being aware of all this, Papandreou is already realizing that he cannot say much in his statement next Sunday [in the Chamber of Deputies] on the government's program and that he cannot but implement fewer things [than he promised]. Specifically, it is expected that, beyond the general statements he will make and the attacks he will deliver against the previous government, Papandreou will announce only certain measures which will aim simply at partially satisfying popular demands and which will have no meaningful and long-term importance in the formation of economic developments. Such measures will deal with small increases in the salaries and wages of the working people (but in any case a smaller increase in the price index) and some tax relief. Also, under consideration is a series of measures which are expected to displease many working people. (Among these measures may be the abolition of overtime, forbidding pensioners to work, etc.).

Finally, what has been announced during the campaign about "socializations" seems to be assuming a new meaning.

The Allowances

It is particularly stated that leading government cadres on the one hand and PASOK "hardliners" on the other disagree strongly on the extent allowances of all kinds should be granted (increase of minimum wages and pensions beyond the limits the economy can withstand, a "rich" housing and insurance policy which will demand excessive amounts) as well as on the dimensions of the presumably popular policy in other sectors such as the socialization [of industries], prices, etc.

The main argument is that the financial ministers and cadres realize now the magnitude of the direct and indirect taxes to be imposed on people in order to satisfy the "popular" measures of the hardliners. An example is the issue of "socializations." If it takes the dimensions the hardliners want it will scare away private investors. This will result in an increase in state investments which in turn will again bring up the question of new and greater resources which can be obtained only through taxation or borrowing (note: which may not always be obtained under the same favorable conditions the previous government was getting).

Moreover, the fact is not accidental that the statements made on the government's program will be--as AKROPOLIS has already written--a pattern of a policy of general objectives rather than an adoption of a set of specific measures because the government will thus talk about granting allowances (increase in salaries and wages, tax relief, etc.) without the need for immediate justification of resources (and the increased taxes, of course) which will be needed.

7520
CSO: 4621/61

BUSINESS CIRCLES FAVOR NEW GOVERNMENT

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 44, 29 Oct 81 pp 9-10

[Article by Nikos Nikolaou]

[Text] The market has received the new socialist government with a feeling of trust, and the political succession of 18 October was effected smoothly, absolutely without any shock to the economy. The stock exchange did not panic, deposits have continued to increase, while commodity prices have remained steady, with very few exceptions.

This absence of reactions--which undoubtedly surprised many, who were expecting at the very least some strong creakings, if not actual upheavals (as happened, for example, in France in the initial days of the Mitterand presidency)--is due first of all to the cool-headed wait-and-see attitude toward the coming change which has characterized the conduct of the business world. As has been said quite properly: "The business world is waiting, wondering, and hoping: It is waiting for the first indications of the economic policy of the new government. It is wondering how this policy will find expression in the field of concern to it. And it is hoping that this will be the right policy for dealing with its problems."

At this moment one can say with confidence that for a number of months (at any rate, within the bounds of the period of grace which this party will ask for) the new government will have the warm support of the productive classes in its difficult work on stabilizing the economy, first of all, and subsequently on bringing about the economy's recovery. And this support will be warm because:

In the first place, for the time being PASOK's impressive electoral victory has paralyzed those who would like to begin engaging in guerrilla warfare against the government, for political reasons. And it is characteristic that the warmest congratulatory message to the government from a representative of the productive class bears the signature of a deputy minister of the junta government, Androutsopoulos!

Secondly, because the productive classes believe that the expansionist economic policy which will be followed by the new government is in line with their own interests as well.

Thirdly, because most businessmen now seem to believe that as a government, PASOK will not be effecting those advanced socioeconomic transformations which it was promising prior to the elections. We note at this point that many businessmen have been reassured considerably following the clarifications about PASOK's economic policy which were given a few days before the elections by I. Alevras at a meeting of industrialists and company officials. In these clarifications, which were given in writing and by order of the party, it was stated that:

- Aside from those branches which will be socialized, the provisions of the PASOK program for all the rest of the businesses, which amount to the overwhelming majority in the manufacturing sector, are for their uncontrolled and unhindered activity under the regime of private enterprise. And the latter not only will not be hurt, but perhaps will be strengthened for the first time by a series of truly positive and sound incentives--including credit, tax, and other incentives.

- PASOK is ready to discuss and perhaps to allow even substantial profits for sound manufacturing companies, but this will be done on the basis of controls and costing procedures.

But be that as it may, with critical problems rearing up in front of the government, the support of the productive classes is a precious asset to it, which it should utilize carefully and judiciously.

In the next few months, the nature of the relations which will be established between the government and the productive classes will be fully clarified, but at this moment there is no question of the willingness on both sides for close cooperation. Minister of Coordination Ap. Lazaris (who in his first contacts persuaded many that his approach to the situation is one of sober-mindedness and absence of dogmatisms) stated from the first moment of assuming his duties that the country's productive classes can rest assured that there will be a regular, candid, and constructive dialogue between the government and the vehicles of the economy. One of the principles and aims of the government, he added, is to immediately inform the Greek people, and necessarily also the productive classes, about its policy and the specific decisions which it will be making. And this is not all, because before it takes and implements any measure the government will try to get the views of the productive classes, so that a widely acceptable policy can be developed from the meeting of the various different conceptions.

Thus we have to wait for these fine proclamations to finally be put into practice as well. Because--as representatives of the productive classes point out--bitter experience from the past bears witness to the fact that by now whatever is said about close cooperation between the productive classes and the government amounts to a ceremonial verbal tradition which is repeated every time a new government is formed, only to be forgotten soon after when the crucial decisions are made by the ministers secluded in their offices and acting only under the influence of the almighty bureaucracy. Indeed, in connection with the "pernicious and malignant" activity of the latter, we should remind PASOK that if it were to succeed in crushing this bureaucratic monster and in modernizing and reforming public administration, it would render to the country the

greatest service one could hope for. From the standpoint of a contribution to economic development, this service would be, perhaps, much more valuable than many structural changes being proposed. And PASOK surely is in a position to make this alteration, because its impressive electoral victory is being likened to a sort of successful popular revolution which has panicked the State's bureaucratic machinery, which for the present has ducked its head, on the lookout for how it will profit in a few months from any inexperience exhibited on the part of ministers, so that it can be the master once again.

Skirmishes

In any case, we should not labor under the delusion that relations between the productive classes and the government will be idyllic, even in the few months of the grace period! Indulgence and cooperation will be given within such limits that there is no endangering of fundamental class interests on the one hand or sovereignty in making final decisions on economic policy on the other hand.

It is believed that some critical policy lines whose implementation will probably give rise to the first disputes with the business world are PASOK's election-campaign commitments concerning socializations, and price controls. On the other hand, the decisions made on income policy for 1982 undoubtedly will be important to the course of future relations between the government and trade unions. And the government should be making such decisions soon, since the national collective labor agreement should be rescinded before the end of the year.

But to return to the possible points of friction in relations between the government and the business world (the problems which arise in view of charting the income policy will be described by us in the next issue), as these concern socializations and price controls, we should note the following:

1. The statement which the Association of Greek Industrialists (SEV) hastened to make on the very eve of formation of the new government (this haste is due to anxiety on the part of those businessmen who are being threatened by socialization). In this statement (which was a paid insertion in all the newspapers except the OIKONOMIKOS TAKHYDROMOS), it is emphasized that following the political change what matters most now is to achieve a climate of confidence and calm. And the SEV observes the following in going directly to the "heart of the matter":

"We believe that what is needed is the immediate and clear fixing of the limits to the expansion of the public sector, to State interventionism, and to entrepreneurial experimentations. If we are to recover a taste for "venturing," the impulse for renovation and creation, the willingness to take risks, it is necessary for the scope of private business initiative to be clarified.

"We believe, moreover, that fanaticism and dogmatisms, no matter what their origins, must give way to a realistic, continuing, and structured dialogue. In this way the true facts will be discerned, the current possibilities will be assessed more accurately, the valuable experience of the productive classes will be taken advantage of, and experimentations and mistaken operations which we have no room for will be avoided."

In any case, the government's positions on the issue of socializations (the statements made on Saturday at Volos by the deputy minister of industry, I. Pitsioris, on the nationalization of the cement industries and the steel outfits were prompted largely by locality-related considerations of expedience) will be finalized with the government's declarations on its program to the Chamber of Deputies, which will be made about 20 November. Until then there will be vagueness and confusion concerning this crucial issue, which will be a retarding factor in any growth of industrial activity.

2. We should also note the reactions which were generated in the marketplace from the reports about abolishing the policy of liberalization with respect to prices and about returning to controls, or in the worst case to a price freeze (although the observation should be made that in this period of the initial days of the new government, industrialists and tradesmen are avoiding any increases in their prices).

According to our information, the commercial world reacted vigorously the instant that it heard the relevant reports, and it made it known that whether or not the marketplace is supplied on a regular basis depends on the existence of liberal mechanisms in the movement and handling of goods and in price formation.

In any case, Minister of Commerce N. Akritidis explained that the government's policy is to exert substantial control over prices and over cost formation, without this meaning a bureaucratic marketing control or a policing of the market in association with a "freezing" of prices. Specifically, in speaking to the employees of the Ministry of Commerce, the minister said among other things that:

"We are giving top priority to the question of controlling the market. Our own market is dominated by oligopolistic and in many cases monopolistic aberrations. This is a phenomenon which we do not encounter merely in our country, nor has it developed fortuitously in our country--rather, we meet it in all the countries of the capitalist area. These phenomena have been familiar ones; we are not discovering them just now, nor are we ourselves giving prominence to them for the first time. However, the political desire to deal with them in a substantial way has been lacking. One reason for this fact has been the stress on the mercenary spirit and the catering to the underground economy. The reactions have been many and diverse, such as those of the familiar "supplementary charges" or the "black market," which is the chief source of nourishment for inflation in our country. Therefore a primary political focus for us is our involvement in this sector--that is, in the oligopolistic and monopolistic sector--so that its entire economic activity may be controlled. We will exert a substantial control over prices and over cost and price formation in those areas which have a strategic character for the country's economy and for its marketplace."

In any case, at another point in his speech Akritidis stressed that the government intends to create at a later date new socialized agencies for both exporting and importing activities.

The Balance Sheet

Reliable economic circles reiterate that the economic policy of the government will become fully clarified only after the government makes its program declarations, and that consequently what is being said now should be treated with considerable indulgence, since many statements are being made under the influence of euphoria from PASOK's impressive victory.

The economic policy which will be charted with these program declarations will have a preeminently pragmatic character, since the a priori positions of PASOK must be accommodated to and revised on the basis of the actual data of the economy. A briefing of the ministers by the appropriate services has already begun with respect to the state of the economy which the new government is taking over--a state which, as Minister of Coordination Ap. Lazaris has said, is characterized by high rates of inflation, the large deficits in the budget specifically and in the public sector generally, the stagnation of investments, which is leading to negligible if not negative rates of growth, the widening gap in the balance of payments, and the increase in the public debt.

But the other day a ray of light was created by what may be the beginning of the phase of recovery of the economy. In fact, the latest study of economic conditions by the Economic and Industrial Research Institute states that the assessments and forecasts by industries which were formulated during September hint at a slight improvement in the business climate compared to June-July, with the added comment that industry has probably entered into the final stage of the depressed phase of the cycle.

In any case, profound reorganizations are taking place in connection with the institutions and agencies in anticipation of the development of the government's new economic policy. Thus, at the same time that all the administrations in organizations and banks are changing, it was announced also that:

- The Finance Committee, which was composed of various ministers, is being abolished and the responsibility for charting and implementing economic policy is being transferred to a committee which will be chaired by the premier himself. Its other members will be his advisers and some ministers. Thus it is clear that Andr. Papandreou intends to be in substantial control of economic policy. The Ministry of Coordination will continue to exist, with its name being changed simply to Ministry of National Economy.

- The Council of Ministers will meet once a week and will make collective decisions on economic measures.

Thus, as TO VIMA wrote, it is obvious that the new government under Papandreou will function in a manner entirely different from the way that the New Democracy administrations used to function, in keeping within the framework of the well-known statement by the premier that there are no ministerial fiefs, but rather a government which functions with continuity.

Meanwhile, Minister of Coordination Ap. Lazaris has announced that:

- Quite soon the government will go forward on drawing up a 5-year development program for the period 1983-1987, which will be submitted to the Chamber of Deputies before the end of 1982.

- By the end of the current year, a production and investment program will be drawn up for 1982. At this point, Lazaris stressed that one primary policy objective of the new government is to create the preconditions for popular participation at all levels of the decision-making process. It is not enough, he said, for a program to be drawn up--it should also be drawn up democratically, by the participation of the people. Only in this way will we be able to talk about an opportunity for the people to take their fate truly into their own hands. To this end, committees made up of ordinary citizens will be created at all levels, and these will take part in the drawing up and implementing of the program.

- There will be a reevaluation of all the projects in the Public Investments Program (which may lead to the suspending of execution of projects deemed to be unproductive), and this step will be accompanied by the decentralization of that program, with the decision-making mechanism being transferred to local self-government and to the nomes.

- A service will be created for control over bank credits, in order to prevent their diversion towards speculative investments.

Previously, Mr Lazaris had reiterated that one policy objective of the new government is to reverse the direction of the present unfavorable economic developments and to quickly pull the economy out of the recession, while keeping down inflation at the same time. As he emphatically stressed: The Greek economy is like a heavy vechicle which has gone off the road, and which now needs strong braking!

12114
CSO: 4621/47

SOCIALIZATION OF UNPROFITABLE ENTERPRISES PLANNED

Athens TA NEA in Greek 11 Nov 81 pp 1, 3

/Article by K. Kolmer/

/Text/ The socialization--in the form of turning the borrowed capital into shares--of the heavily indebted industrial enterprises will be one of the two solutions that the government may apply in its effort to save the problem-ridden enterprises.

/The strengthening of the problematic enterprises--provided they are viable--either through loans or through a form of socialization by turning into shares their capital, was one of the basic campaign promises of Premier Andreas G. Papandreou. The proposal had been analyzed in detail during his interview with TA NEA./ The other solution is a review of the problematic enterprises case by case. If the economic situation of an enterprise is found to be subject to improvement by a special committee, then the enterprise will receive support in the form of loans "to overcome its difficulties and to continue its productive task without obstacles."

This is the essence of the discussion Minister of Coordination Ap. Lazaris had with the economic editors following the second meeting he had with the presidium of the Association of Greek Industrialists /SEV/.

Credits to Industries

It was reported that during the minister's meeting with SEV there was an analytical discussion of liquidity and credits resulting from inflation and the downturn in economic activity. The industry spokesmen presented their views in dealing with the situation in order "to increase production, exports and employment."

With an inflation rate of 26 percent in 1980 and 25 percent this year, many enterprises in industry and small business face constantly increasing needs to finance the purchase of raw materials and to cover their payroll, to replace machinery and equipment and to refinance their customers.

The repeated and retroactive increase of interest rates have led to a blind alley at least 100 large and middle-sized enterprises. Because of the recession similar problems are facing many small business.

Viable Enterprises

The new government is concerned for more general reasons with the fate of the problematic enterprises. Because if they fail and close down, in addition to the more general problem for the economy as a whole, there will be an acute wave of unemployment which may have an undesirable impact on the Unemployment Funds, but above all on the working people themselves. More than 10,000 are in danger [of losing their jobs].

For these reasons, the government studies the following measures to save the industries facing financial problems:

First: It will establish a special review committee which will study in depth the question of heavily indebted enterprises and will determine which are viable and which are not. A subcommittee will help the committee's task by recommending in each case which method should be followed in each problem-ridden enterprise.

Second: The commercial banks, under a new system of guarantees, will refinance but on a different basis, those troubled enterprises which will be determined as viable.

Third: Side by side with the rescue of these enterprises, their social control will also be established.

a. One form of social control will be the changing of the loan obligations into shares.

b. Another form will be the participation of the employees in the capital of the socialized enterprise.

c. A third solution will be the public issue of shares, without excluding the former owners and previous shareholders to buy back into the enterprise by contributing capital.

It is not ruled out that the previous management may be retained in the enterprises which will acquire a wider social base, provided they have the necessary qualifications to manage the enterprise successfully--even in the minority.

Fourth: For those enterprises which have a ratio of one to seven between their own and capital from other sources and are determined to be not viable, their liquidation will proceed since in reality they have already reached a condition of insolvency. In such case, however, the salaries and wages already owed to employees will be secured.

"The question of the problematic and over-indebted enterprises"--Lazaris concluded--"is so significant for the national economy that the government has assigned high priority to its solution."

In another meeting to be scheduled in the next few days between the minister of coordination and business spokesmen there will be a discussion on the detailed procedures for the evaluation of the enterprises in conjunction with the reform of the system for new investment incentives being prepared by the government.

7520

CSO: 4621/57

ESTABLISHMENT OF STATE PENSION ORGANIZATION PLANNED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 45, 5 Nov 81 pp 52-53

/Article by Georgios And. Nezis: "A National Organization for Pensions Should Be Organized"/

/Text/ A modern state has an obligation to provide its citizens, besides other things, a) education, b) healthy housing, c) work, d) medical relief and e) pensions to the elderly.

A. The medical relief and pensions, being a form of "social insurance," are controlled today by numerous independent organizations of primary and auxiliary insurance of public (civil and military) and private employees, workers, farmers and all skilled personnel in general (merchants, craftsmen, lawyers, physicians, engineers, etc.).

The resources of the Social Insurance Organizations are: a) the insured's contribution; b) the employer's contribution and c) the income from taxation in most cases. The taxation is in the form of contributions or stamp duty or withholdings or increased contribution by the employer or increases in the price of purchases of goods by the state, etc.

The existing setup for social insurance and for the means of financing it has created a number of large problems which, while adversely affecting the country's social and economic life, do not seem to provide satisfactory pensions and medical assistance, do not cover all socially necessary pension cases and do not distribute the whole insurance burden in a humanly equitable and economically indispensable way.

B. I believe that the time is ripe to create an independent National Pensions Organization /EOS/ which would pay pensions--basic and auxiliary--to all citizens of the country who exceed a certain age limit regardless of whether they are public or private employees, workers, farmers, artisans, industrialists, merchants, professionals, self-employeds, or housewives with or without a particular occupation.

The existing Old Age Insurance Organizations--primary and auxiliary--should merge as soon as possible with EOS taking care of course not to harm the vested rights of pensioners or insured persons. EOS will provide:

a. A basic monthly pension to all pensioners (men and women)--an amount enough to cover their living needs regardless of whether they have made any contributions.

b. Auxiliary pension (a severance pay on the day they retire and subsequently a monthly amount) to all those who have paid contributions as insured. Such pension will be proportional to the insured's contribution and in such a case there should be, for example, 30 levels of contribution. From the EOS income from taxes--see "C" below--a considerable amount should be paid for increasing the auxiliary pensions for the first 12 levels. This amount of complimentary pension will be reduced gradually for the levels 13 to 30.

C. Today the social insurance organizations derive their income from a) employees' contributions and b) insured persons' contributions on a 2 to 1 ratio. The main disadvantage of the existing system is that the employer contributions burden more the busy enterprises (handicrafts, heavy industry) and less the rest of the enterprises where work constitutes a completely secondary production cost factor and secondary supplier of goods or services.

In the end this serious disadvantage is at the expense of the working people because it forces their wages and salaries downwards and limits the creation of jobs. It is for this reason that two large committees for studying the problem were established in Europe: a) the Economic and Social Committee of the European Communities and b) the Currency and Economic Affairs Committee of the European Parliament. According to extant information both committees have recommended that some general form of taxation replace the employer contribution.

Contractually, our country is obligated to replace all existing taxes on consumer goods and services with "a uniform tax on the added value of goods and services." I propose that such tax include the existing employer contribution as well as all forms of existing taxes on behalf of the old age insurance organizations.

A complete actuarial study will determine the necessary new taxation percentage which will provide the amount needed to cover the primary and auxiliary pensions and the cost of running EOS. In order to fully safeguard EOS it would be necessary to have a constitutional provision crediting EOS with the income derived from such taxation, such income to be used to cover its needs.

D. I believe that the proposed solution has a number of advantages most basic of which are the following:

1. It provides the possibility of separating the health and accident insurance branches and of establishing a special, independent Health Insurance Organization which will satisfactorily cover all sections of the country. It will operate with grants from the public budget.

2. It does not affect the level of salaries and wages because the employer will not have to take into account contributions on such level of salaries and wages.

3. It averts the absurdity of multiple insuring [of persons] and the impermissible situation whereby a person receives at the same time many pensions from various insurance funds.

4. It excludes violations because on the one hand the primary or basic pension depends only on the completion of a certain age limit--something which can be easily established--and on the other hand the auxiliary pension is closely connected with the amount of contributions by the insured.

5. It eliminates from now on the privilege of providing large pensions paid through taxation of the social whole (in the form of increased employer contribution or taxation).

6. It encourages savings because anyone wishing to receive a supplementary pension must himself pay his contributions for a number of years.

7. It provides the convenience to the insured of paying his insurance contribution directly to EOS through any bank branch.

8. It provides the convenience to an insured of paying his contribution together with the tax from earnings for services.

9. It provides the opportunity to introduce the system of punched cards for checking, at minimal cost, the (contribution) payments by each insured individually--a fact which develops a sense of security and assurance to the insured.

10. It limits to only one agency the responsibility of paying pensions, a fact which allows for more efficient structuring of the old age insurance system.

11. It eliminates the hardships thousands of enterprises (especially of craftsmen and businessmen) undergo for the audition of their insurance contributions, a task for which they spend considerable time since such auditing is done independently by each primary and auxiliary insurance organization.

12. It saves tremendous costs a) for confirming and collecting the EOS income, b) for the EOS operation and c) for paying pensions.

13. It excludes under the pretext of "public investments" the contributions to the auxiliary insurance funds of public employees.

14. It provides the freedom for a greater surcharge on ready-made products in favor of those produced by handicrafts and heavy industries which as a rule need more work time and skilled personnel.

15. It achieves equal taxation for local and foreign products.

16. It solves in a satisfactory manner the question of a plethora of taxes in favor of third parties, taxes imposed for (primary or auxiliary) social insurance.

17. It provides the possibility for EOS to accumulate enormous assets which could be used not for purchasing urban real estate but for economic development projects in the country under the condition, of course, that the organization will be entitled to the income derived from such projects.

18. It affords the state the freedom--since EOS will assume the task of paying henceforth all pensions--to give to the organization part of the state enterprise's property which will be transformed into mixed corporations (Public Power Corporation, Greek Telecommunications Organization, Agricultural Bank, Water Supply and Electric Lighting Organization, Hellenic Industrial Development Bank, etc.).

19. It will allow an improvement in pensions through increases in the cost of electricity, water, telephone rates, etc.--a cost which will burden in a just way the social whole.

20. It creates for the state budget the possibility of allocating for the National Health Organization the colossal amount it pays today for old age pensions.

The writer is aware of the reactions against such proposals but believes that it is about time for all of us to understand our obligations, to rise above our personal petty interests and to start putting in order the country's social and economic life.

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PROFILE ON KHRYSOSTOMOS SOFIANOS PUBLISHED

Nicosia O AGON in Greek 1 Nov 81 p 5

[Text] There was a time--and on this we must all concur--during which Khrysostomos Sofianos, the present chairman of PAME [Pankyprion Ananeotikon Metopon: Pan-Cyprian Renewal Front], was the most talked-about person in Cyprus. This was the period of August 1979.

Rumors were rife then about his being replaced at the Ministry of Education. There were strong pressures for retaining him directed at the President of the Republic. These pressures came from various quarters. Both from specific parties and also from mass organizations and labor unions.

The result of this rather energetic opposition to the possible removal of Sofianos from the ministry was that he stayed where he was.

But he was removed later, in that familiar "dead-of-night" fashion, between 9 and 10 September 1980.

In leaving the ministry, he announced at the same time the founding of the Pan-Cyprian Renewal Front.

Khr. Sofianos was also very well known for his activities in another field--that of opposition to the junta.

Following the triumph of the junta in Greece, he became involved in organizations whose activities were directed exclusively against the junta.

We note two characteristic facts:

When in 1968 Aslanidis visited Famagusta Gymnasium, Sofianos was the only teacher who did not attend his reception and who avoided shaking hands with him.

He resigned from the Central Administrative Council of OELMEK [Federation of Greek Secondary School Teachers of Cyprus] because this body did not take a stand against the junta.

But let us look more closely at the biographical sketch of the PAME chairman:

He was born in 1939, at Stroumbi in the district of Paphos. After graduating from Paphos Gymnasium in 1957 he attended the Cyprus Teachers' College for 2 years and received the certificate of primary-school teacher. In 1959 he was given a post as primary-school teacher and served in this position for 2 years. In 1961 he took educational leave and enrolled in the Athens School of Philosophy, from which he graduated in 1966. In the course of his attendance at the University of Athens he was awarded a scholarship by the State Scholarships Institute of Greece, as the top student in academic performance among his fellow students. In 1966 he returned to Cyprus and was appointed professor of secondary education. He taught for 1 year in this position at the Polemi Gymnasium, and for 2 years at the Famagusta gymnasia (first and second gymnasium).

In 1969 he was appointed professor at the Cyprus Pedagogical Academy, where for 3 years he taught Greek, philosophy, theory of education, children's literature, and sociology. Also during the same period he performed duties of superintendent and student counselor at the Cyprus Pedagogical Academy and was a member on departmental committees of the nation's Ministry of Education. Together with other people he played a leading role in publishing various periodicals both at the Pedagogical Academy and also in the Cypriot area more generally.

In 1972 he received a scholarship from UNESCO and went to the United States for graduate studies. He attended Ohio State University and received the degree of Master of Arts (M. A.) in Education in June 1973. He continued his studies at the same university, and in June 1975 he received the degree of Doctor of Philosophy (Ph. D.) in Education, with special concentration in the areas of the development of education and educational planning.

Between 1973 and 1975 he worked as an associate researcher at the Center for Human Potential Research at Ohio State University and participated in the planning of educational programs for the developing countries. He also collaborated on the planning of educational innovations and of educational development for the public schools in the state of Ohio. During the same period he worked also with a group of distinguished educators on founding the International Association for the Development of Secondary Education.

In July 1975 he was appointed university professor at Elmira College in the state of New York. He was a staff member in the department of secondary education, taught theory and philosophy of education, and took part in counseling and preparing teaching personnel for the schools of the state of New York. He also took part in projects aimed at the development of programs for a number of universities in the state of New York.

In the spring of 1976 he returned to Cyprus and was given a special-duty assignment at the department of advanced and secondary education of the Ministry of Education. In September of the same year, he was detailed part-time to the Teachers' Training Institute. He took an active part in the cultural, intellectual, and national life of Cyprus and published many of his studies in newspapers and periodicals. A number of his studies have been published independently in small books. He has also written the following:

(a) A new theory on assessing the objectives of Greek education (M. A. thesis).

(b) Educational development as a process of accommodation (Ph. D. dissertation). He has represented Cyprus in many international congresses, and has been a leading officer in the educational organizations POED [Pan-Cyprian Greek Teachers Organization] and OELMEK. On 5 October 1976 he was appointed minister of education by the late President Archbishop Makarios, and on 8 March 1978 he was reappointed to the same position by the current president, Spyros Kyprianos.

His wife's name is Kleopatra, nee Papageorgiou, from Stroumbi of Paphos, and the couple's two daughters are 18 and 14 years old. The former is studying architecture in East Germany, and the latter is in the third grade of the gymnasium level.

Basic Positions of PAME

We are publishing below some basic positions of PAME on the country's critical problems:

National Issue

On the national issue, PAME's objective is to have a Cyprus which is truly independent, sovereign, nonaligned, and demilitarized, a bridge of peace and reconciliation for the peoples, and not a base for the pursuit of any illegitimate interests which go counter to the peace-loving nature, temperament, and history of the Cypriot people.

PAME believes that this objective can be achieved on the basis of the present international and local conditions, through the establishment of a biregional federation with a strong central government, so that the unity of the State and the people can be guaranteed.

Within this framework, PAME believes that whatever their nationality and religion, the Cypriot people can live peacefully and constructively, with their human rights being safeguarded, precisely in the manner indicated in the provisions made in the resolutions of the United Nations and the summit agreements.

PAME believes that the above can be achieved by:

- The internationalization of the Cyprus problem and the continuation of its being considered within the framework of the United Nations.

- The systematic enlightenment of and recourse to the international factor.

PAME considers the establishment of a university in Cyprus to be essential. The delays being encountered in its creation and the behind-the-scenes fighting over its character and organization are evidence of the illegitimate meddling and pressures which are occurring, with unfavorable results with respect to the proper and well-rounded education of the youth of Cyprus.

Economy

PAME favors a mixed and balanced economic system, in which both private enterprise and a moderate amount of State interventionism can function properly. PAME adheres to a more equitable distribution of the national income, the elimination of tax evasion, and controls over profiteering and the inflating of prices. PAME will insist on modifications in the present tax system, because it considers this to be inequitable and very burdensome on the shoulders of the poorer classes of the people.

Agriculture and Stockbreeding

PAME stands firm on the need for continued governmental concern for agricultural and stockbreeding production, which constitutes the backbone of our economy. The natural resources of the country and the domestic raw materials must be utilized to the utmost. The development projects should be given special attention and should not be neglected, as is being done by the present government.

Reform

Living among us are some of the brains behind the coup and the treason. They are moving freely among the people, unrepentant about their crime, and insolently and shamelessly they dare to seek and take power. Some can be perceived in action under cover of certain election tickets. These people are dangerous. They must be held accountable for their actions, and there must be an end to the illegal activity which they are engaged in.

Church

Unquestionably the Church has the right and duty to energetically help in our struggle for national survival. But in no case is it allowed to lay claim to being a political guide, using as excuses the tradition of the ethnarch and the Turkish occupation. For PAME, Makarios was the last ethnarch of Cyprus. The economic capabilities of the Church should be used in an exemplary way on behalf of its Christian congregation and for Christian purposes, and not in order to engage in meddling or to exert behind-the-scenes influence, or for the creation of speculative businesses.

Relations With Greece

PAME seeks a close and steadfast cooperation with Greece, on an equal basis, with a refraining from interventions and pressures, a safeguarding of the authority of the Cypriot State, and with respect for the nonaligned policy which Cyprus is following.

Relations With Turkish Cypriots

PAME supports reconciliation and coexistence with the Turkish Cypriots, and it believes that together with them we must safeguard the sovereign rights of our State.

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SCHMIDT'S ROLE AS 'INTERPRETER' BETWEEN EAST, WEST EXAMINED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 21 Nov 81 p 1

[Text] In Bonn, Brezhnev will be encountering a chancellor whom the U.S. president is shielding with his peace offensive. Reagan has relieved the German host of work and the Soviet traveler of the initiative. The shadows of Moscow's submarines in foreign waters will becloud Brezhnev's protestations that the Soviet Union does not aspire to hegemony and blackmail. Schmidt has known the value of Brezhnev's words ever since their encounter in 1978, when the Soviet party chief promised approximate parity and then turned around and launched a huge intermediate-range arms buildup; the understanding at that time was that no one would seek superiority.

The chancellor, relieved of his illusions, nevertheless hopes now that Moscow's missile offensive can be brought to a halt, that the gulf between Soviet promises and deeds can be narrowed, because the NATO two-track resolution has meanwhile entered the picture. Schmidt is counting on a compelling Soviet interest in preventing counterarmament by the West — or holding it to a minimum — and he considers the pressure of time until deployment in 1983 to be beneficial. Nevertheless, the lever held by Western heads of government, and now by Schmidt as well, can turn into a fragile one since the will of the chancellor's party to wield it has become questionable. At least this is what Brezhnev is counting on. The movement that is being directed against Western security policy in the Federal Republic and elsewhere is working to Soviet purposes, intentionally or not.

Schmidt is convinced of the Soviet Union's awareness that any change of governments in Bonn which it might promote by means of the peace movement would bring to power an FRG administration that would go through thick and thin with Washington without pushing Europe's own interests to the fore, as the present leadership is doing. Schmidt thus makes himself interesting to Brezhnev and intends to enjoin him not to go too far in sowing German unrest. Because Schmidt is uncertain as to who really formulates Soviet security policy in Moscow and who is standing ready for the end of Brezhnev's time in office, he is now relying all the more on a Soviet desire to continue to do business with this chancellor. The humiliating treatment in terms of protocol accorded the Union politician Kiep on the occasion of his visit to Moscow seems to bear him out. But Schmidt ought to take warning from Moscow's choice of SPD travelers: Brandt, Bahr and Eppler. It can be no mystery even to the chancellor which strings on the Bonn instrument Brezhnev's people are seeking to play.

Brezhnev knows that his host in Bonn had expressed objections to the jurisdictional scope of the SALT-II negotiations because the SS-20 missiles and the Backfire bombers were not included. Schmidt expressed his concerns over Moscow's missiles to Brezhnev in May 1978 and to Gromyko in the summer of 1979, and these concerns were repeated to both Soviet politicians last summer following the NATO two-track resolution. Schmidt tied his destiny to the NATO decision in May 1981. Even now Schmidt intends to characterize as unavoidable the deployment of Western missiles as a counterbalance to those of the Soviets unless agreement has been reached in the limitation negotiations in Geneva by the end of 1983 — and this appears out of the question in so short a time. Schmidt considers the dual resolution necessary to safeguard the freedom of action of future governments in the face of Soviet pressures. What, then, is supposed to come out of the Bonn talks? Moscow has already rejected the American proposal with which Reagan made clear how the Soviet Union could prevent Western counterarmament: by removing its prior armament. Everyone knows that Moscow will not toss its missiles onto the rubbish heap. Up to last summer, Schmidt had made plain his skepticism with regard to the "zero option." In September, during Haig's visit, there were indications of a reversal. It was mainly Genscher who pushed for demanding the zero option, thus making Moscow's responsibility clear to the peace movement and to Brezhnev. Now this goal has been set for Geneva; Schmidt is going to reiterate it. But there might be the flicker of an idea in Bonn that the Soviet demand to include the British and French nuclear weapons in the Geneva negotiations is worthy of consideration. This would not apply to the American forward-based systems on submarines because Moscow would derive an unfair advantage. And Schmidt can wring nothing at all from the Soviets' repeated proposals to freeze intermediate-range weapons at their current level. Then the West would have none. On Monday Brezhnev will probably mention the moratorium again and add a little something to these ideas — in the hope that the Western peace movement will produce pressure that will work in this direction.

After Reagan's speech it seems almost unnecessary for Schmidt to have to explain to the visitor from Moscow the American intention to negotiate. Schmidt's claim to the role of interpreter for both sides, Moscow and Washington — without the role of mediator, however — has a labored effect. The chancellor's most important task is to keep his party on course. This is difficult for him because the threat of blackmail has not been mentioned for a long time. What ought to be done now is to ensure that the minute theoretical risk of nuclear self-destruction not continue to be overstressed and that the much more imminent danger of a political self-enshacklement by Western Europe not be denied any longer. So far, any mention of the first danger has only been adding to the second.

7458
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SPD FOREIGN POLICY SPOKESMAN VOIGT ON NUCLEAR-FREE ZONE

Bonn VORWAERTS in German 12 Nov 81 p 15

[Article by Karsten D. Voigt: "Nuclear-Free Zone in Europe — Thoughts on a Positive Utopia"]

[Text] A nuclear-free zone in Europe is one of the peace movement's chief demands. Karsten D. Voigt, foreign policy spokesman for the SPD group in the Bundestag, sees it as "a positive idea" which is consistent with the goals of the SPD.

The demand for a nuclear-free zone in Europe has its roots in the postwar tradition of the German and European peace movement and peace policy. It is consistent with Social Democratic aims and programs.

This demand is meeting with greater support at present than it has for the last 10 or 20 years. More citizens than in recent years are in fear of a new war, especially a nuclear war in Europe. I understand this fear. Present and future risks of war constitute justifiable grounds for these fears.

The goal of a nuclear-free zone in Europe is a positive utopia. This goal is attainable only over the very long term, however. Its realization must be attended by an altered political relationship between East and West in Europe, by a change in military force relationships in the sphere of conventional weapons, thus also by a change in the way security policy and military strategy are conceived in East and West.

Today the goal of a nuclear-free zone in Europe is still a dream of the future. But it does not have to remain a fundamentally unrealizable illusion if we can succeed in reawakening in the opposing armed camps of NATO and the Warsaw Pact the desire for negotiations, for a balancing of interests and a mutual limitation and reduction of conventional and nuclear arms.

Even the Godesberg Program in 1959 called for the establishment of a peaceful order in Europe, though at that time — at the height of the Cold War and a decade before the beginning of the social-liberal Ostpolitik — even small steps in this direction appeared to be illusory and removed from reality. As in 1969, we are again in need of more politicians who dare fight for their humane dreams, not letting go of their sense of realism and not disparaging even small steps taken in the right direction.

The establishment of a nuclear-free zone in Europe is no guarantee against warlike confrontations in Europe that could be decided with conventional weapons. If not preceded by a simultaneous reduction of conventional weaponry in Europe and of the capability for surprise attacks — through agreement on tank-free zones, for example — the establishment of a nuclear-free zone might even increase the probability of military conflicts between East and West.

Because a lengthy war conducted with modern conventional weapons would cause ravages similar even to those of a nuclear war, especially for the two German states, the establishment of a zone free of atomic weapons has to be accompanied by disarmament-policy and arms-control policy measures which also reduce the probability of conventional wars in Europe.

The establishment of a nuclear-free zone in Europe is no guarantee that Europe would be spared the consequences of a nuclear war between the USSR and the United States, either directly or indirectly. To be sure, under certain conditions it could be additional protection against Europe's having to suffer the consequences of a nuclear war, with neither the United States nor the USSR being affected by the use of atomic weapons.

As long as there are nuclear weapons in the world, there is also the danger of wars in which such weapons will be used. By reason of the intercontinental range of delivery systems for nuclear weapons, Europe can continue to be the target of these weapons even if they are no longer stored in Europe itself.

For this reason guarantees of a nuclear-free zone in Europe are necessary, particularly from the two world nuclear powers but also from the two alliance systems that continue to mark Europe's security order — NATO and the Warsaw Pact.

Guarantees by the world nuclear powers and by NATO and the Warsaw Pact against the use of atomic weapons in the territory of a nuclear-free zone do not constitute totally satisfactory protection so long as the competition in powers and systems between East and West and their leading powers, the USSR and the United States, extends to Europe and divides Europe.

It is for this reason that, with or without a nuclear-free zone, Europe's chief interest continues to be the prevention of any war, especially any nuclear war between East and West. This is why the Godesberg Program's call for a peaceful order in Europe remains topical even above and beyond the demand for a nuclear-free zone.

In the past 10 years of our social-liberal Ostpolitik we have not yet been able to effect a peaceful order in Europe, but we have drawn closer to this goal.

In terms of form, the most visible starting point for a peaceful European order is the Conference on Security and Cooperation in Europe (CSCE) and the planned Conference on Disarmament in Europe (CDE). This is because the United States, Canada and all European countries except Albania are participating. For this reason alone we have an interest in seeing that the CSCE follow-up conference in Madrid reaches agreement within the next few months on a mandate for a Conference on Disarmament in Europe.

However, the FRG's bilateral treaties with the GDR, the Soviet Union, the People's Republic of Poland and the CSSR are also important prerequisites for a peaceful order in Europe. The same is true of the Four-Power Agreement on Berlin.

Given a revival of the desire for cooperation between East and West, the Vienna MBFR negotiations on troop and arms reductions in Central Europe and the upcoming negotiations between the United States and the USSR on intermediate-range weapons could also bring us a few important steps closer to a peaceful order in Europe.

These negotiations contain opportunities for reducing the levels of conventional and nuclear arms in Europe, thus opportunities for gradually realizing disengagement concepts. Because justifiable doubt remains concerning the success of these negotiations, I consider it reasonable and necessary to discuss possibilities for alternative means to disarmament and the safeguarding of peace; without, of course, gambling away the opportunities offered to us by these negotiations. In this regard, strains are unavoidable between the willingness to enter into pluralistic and basically open-ended debate in the pre-parliamentary sphere and the necessity, despite all lingering doubts and even opposition, of having then to make binding and thus no longer open-ended decisions at the governmental level and in parliament after having taken this debate into account.

The concept of unilateral measures also deserves to be examined without prejudice—but also without illusions — with a view to determining how practicable it is in terms of disarmament and the safeguarding of peace, where its opportunities lie and where it involves prohibitive risks.

The withdrawal in the last 2 years of 1,000 tanks and 20,000 soldiers from the GDR by the Soviet Union and of 1,000 nuclear warheads from the FRG by the United States has demonstrated that steps which are unilateral in form but reciprocal in effect can help in a limited way to reduce armaments and also build trust between East and West.

Unilateral measures can, however, also be withdrawn unilaterally. This risk exists especially in crisis situations; in other words, at times when stability and calculability of political and military behavior have to stand the test when it comes to safeguarding peace. If Europe were to be free of nuclear weapons, this would mean such a fundamental change in the political and military situation in Europe that the concept of unilateral measures would be greatly overtaxed even if these measures were to be implemented simultaneously in East and West, reciprocally in other words. Therefore, the very one who is serious about calling for a nuclear-free zone in Europe cannot forgo as a means to this end the wearisome, protracted and often fruitless negotiations leading to disarmament and the safeguarding of peace.

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PASOK, ND PARTY POSITIONS ANALYZED

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 46, 12 Nov 81 pp 11-12

[Text] The future of the "New Democracy," but principally their own, seems to preoccupy increasingly more deputies of the present official opposition. Although one may perceive a calculating quality in this fact, the anxiety of many members of the parliamentary group does not stop them from realizing that there is need for some change even in this coalition. A change is required in regard to updating as well as improving the party's organizational machinery, which unreasonably attempted to shoulder the responsibility for the electoral defeat. However, by nominating new, younger individuals to the leadership of the ND, these would be better qualified to pull the coalition's chariot because they are younger. "We are seeking a 'life preserver' in the person of a different individual," a young deputy of ND typically declared.

At least for the time being, these facts do not mean that the confidence in the present leadership of the ND, or in Mr. Averoff, has been withdrawn. However, Mr. Averoff and Mr. Rallis, each for differnt reasons, appear to have been allowed to continue for a relatively limited time in the leadership positions of the coalition by the majority of the parliamentery group of the "New Democracy." In any event they will be replaced much sooner than the next elections.

This time limit has been mainly determined by the awareness of the need for unity at all costs in view of the grave danger of a fragmentation, as some officials of the ND characterize the possibility of a break-up of the coalition. On the other hand, this time limit is dictated by the need to elect and accept the best qualified individuals for a position of future leadership. In view of these facts, it may be possible, based on the individual chosen on 19 November (when the parliamentary group will meet) to be the parliamentary leader of the party, to receive an indication either of who is being groomed to assume the high position or the direction of intra-party policy, depending on the faction which the elected individual will represent within the party.

The awareness of the dangers of a break-up has calmed the storms about to break after the defeat of 18 October. One of the shocks that had no after-

effects was the attempt by Mr. Averoff to prevent the first meeting of the parliamentary group (which was not successful because it was pre-empted by Mr. Rallis) and the bitter arguments over the telephone between Messrs. Rallis and Mitsotakis, caused by the crushing electoral results of the ND in Crete, as revealed by leaks, etc.

The program declarations of the "quasi-independent" former Deputy Premier Mr. Averoff, are expected to give an indication of his strategy and thus ascertain the degree of his alienation and, what is said to be his effort to "draw forces to his side."

In any event, under the pretext of the call for elections, it appears that certain negotiations have begun--perhaps difficult to discern at the moment--whose long range aim is, not only the ideological definition of the party--which, because of electoral needs, had been open to erosion by the far-Right--but the appointment of a new leadership as well.

As far as the ideological aims are concerned, the call was clear. It is of interest to note that, in addition to the fact that the majority of those elected were both young in age and new to politics, of the 14 new seats won by the "New Democracy", 12 belong to cadres of middle of the road persuasion; one was won in Persia by Mr. Gougourelas who comes from the ranks of the "National Array"; and the remaining one by his son, Damianos, in Drama, who, altough he won by riding on his father's far-Right coat-tails, is said to have a different political orientation. The remaining candidates belonging to the "National Array" ranks went down to defeat, which shows that the turn to the right by the ND hurt rather than helped it in the end.

With regard to the new leadership, even though it is too early to mention a definite individual, there is a nucleus said to be composed of Messrs. I. Mboutos, K. Stefanopoulos, and A. Adrianopoulos, who appear to be interested in the developments of the future. At the moment, even though everyone speaks of unity the fact cannot go unnoticed that the unfavorable electoral results for the ND have stimulated the leadership ambitions of many favorite sons.

Greek-Turkish Matters

The decision of the government of Greece and Turkey to resolve, solely by peaceful negotiations, the existing differences so that the Aegean can become a sea of peace is undoubtedly very encouraging, even though Ankara came close to ruining the climate of optimism by trying to misinterpret the Greek peaceful offer by invoking a technicality (the Principle of Equity) whose acceptance by our country could only be interpreted as making concessions. In essence, the Turkish Premier Mr. Ulusu, in a clear attempt to probe Greek reactions, stated that (and this was immediately denied by the Greek Government) during the meeting of Mr. Papandreou with Turkish Ambassador Mr. Alatsam, there was a discussion concerning the Principle of Equity (Principle of Leniency-Justice).

What is this principle and why is Turkey invoking it? We will briefly explain it for the readers of O.T. [OIKONOMIKOS TAKHYDROMOS] in view of the fact that we will often refer to it concerning the Greek-Turkish matters, once the decision to continue the Greek-Turkish dialogue has been made.

This principle allows taking into consideration, for the solution of an international dispute, criteria which go beyond international rules of law (Ed. note. On which Greece bases its position). According to Professor G. Tenekidis: "Within the scope of the principle of equity, the parties must work in such a manner that, after taking into consideration all the circumstances which create a given situation, will apply the principles of justice." It is to be noted though, that the International Court has ruled that equity does not necessarily mean equality. The delimitation of boundaries should take into consideration, whenever possible, the return to each State of the entirety of the areas of the continental shelf which make up the natural undersea extension of its territory, in such a manner that these areas do not overlap the area of the natural extension of the other State. (Ed. note. Something that Turkey does not accept in view of the fact that it does not recognize that islands have also continental shelves).

PASOK-EEC

According to responsible governmental sources, the strategy of the government and the party vis-à-vis the European Economic Community has been completed. The same sources report that the subject of the referendum is not being pushed. It is, as they say, "dormant." The "strategy framework" sketched from there on has, as its maximum goal, the renegotiation of the entire integration agreement and, as its minimum goal, the partial renegotiations whenever possible. Until the realization of these goals, a strict policy will be followed in relation to the existing provisions of the agreement.

More specifically, it has been decided by the government party that initially the presence of our country in the EEC should be vigorous and full with the aim of becoming particularly active in the agricultural sector where Greek interests are most important. This goal aims at having our country considered a "problematic partner" and consequently, the EEC, by anticipating its reactions, will take seriously into consideration Greece's views whether they involve Community matters in general or--more importantly--Greek interests. In any event, the Greek position, as it will be formulated in the future, will be fully active and rational to the extent that the Community will not have any reason for substantial opposition or to characterize our country as an "opposition partner" when there is no reason to do so.

In the field of political cooperation, the strategy of PASOK will be more independent (as, for example, happened in the case of sending a military force to the Sinai) so that not only a pro-Western attitude will be expressed, but also views with a broader concept within the framework of a many-sided foreign policy whose implementation will preclude the possibility of negatively affecting our country's relations with another country whenever it must take a specific position regarding a major international question.

It is interesting though to note the comment by FINANCIAL TIMES regarding the subject of the relations between Greece and the EEC as they appear after the results of 18 October: "It is risky to forecast whether Mr. Papandreou is thinking of taking a partly cosmetic initiative, similar to the renegotiation by the Wilson Government of the terms of British integration, or wishes looser ties with the EEC despite Greece's full membership. He is not the only one who believes that by joining, Greece threw open its markets to competition from the Nine, while the markets of the Nine were already open to Greek industrial products, according to the regulations of the Joint Agreement. Logically, Mr. Papandreou is likely to ask for a longer transition period in order to protect Greek industry.

"A substantial renegotiation of the terms of integration would create turmoil in the Community. The EEC's machinery is already overburdened by the need for shaping a new agricultural policy and a new foundation for the budget of the Community. The serious agitation by Athens will prolong the negotiations for the integration of Portugal and Spain, which Mr. Papandreou welcomes as allies against the rich North.

"Greece requested and obtained its integration in the EEC in order to strengthen its democracy after the fall of the dictatorship. This argument is still valid. And Mr. Papandreou shares it as a man who had to run to save his life when the colonels' coup took place."

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GENERAL GIVES ASSURANCES ABOUT KING'S ROLE IN COUP ATTEMPT

Madrid EL PAIS in Spanish 10 Nov 81 p 17

[Article by F. Orgambides]

[Excerpt] Madrid's Captain General, Lt Gen Guillermo Quintana Lacaci, in an unequivocal way stated before the principal commands of Brunete Armored Division One on Sunday in Zaragoza that he was an "unusual witness" to the constitutional role played out by the king at the events on 23 February of this year and that he opposed those voices raised in an attempt to tarnish the image of Juan Carlos implicating him in an unsuccessful coup d'etat, an action he described as "unpleasant for all, for Spain and for the army." Quintana recalled that the Spanish constitution had been voted on by the people and that the mission of the armed forces was to defend it "from the first article to the last."

The Madrid captain general's address was delivered following a campaign luncheon held on the San Gregorio (Zaragoza) target and maneuver range. He had traveled there from Madrid to view some military exercises which, under the name of "Operation Armor 81," are being conducted recently by a section of the units comprising Brunete Armored Division One based in Spain's capital.

The main commands, the Brunete staff, a wide representation of division chiefs, officers and warrant officers, a large contingent of newspapermen who had been following the maneuvers, invited by Army General Headquarters, attended the luncheon.

Quintana began his remarks saying that at times the army is pictured to the public as a special class. A fact, which in his opinion, distorts reality. "We have the same origins as you," he declared, directing himself to the newsmen. We differ in that you dress as fellow countrymen because of your calling and we in uniform because of ours. We are from the same backgrounds. We come from the people, from the average middle class..."

Slander From 'Certain Elements Within the Press"

Later on the captain general of Madrid asked for Press objectivity. He specifically cited the case of a newspaper in the capital of Spain--the name of

which he ommitted (he was referring to EL ALCAZAR)--that published a calumny, "something untrue against our chief of staff, Lt Gen Jose Gabeiras, which, because he is our chief, did not go over at all well with us in the Army."

"I claim to tell the truth," Lieutenant General Quintana continued, referring now to the frustrated coup d'etat, "because, for instance, in February there were some unpleasant events for all, for Spain, and for those of us in our profession. Many communications media wanted to implicate his majesty, the king. As to that, Gentlemen, I am an unusual witness. A few moments after the Congress was assaulted, I received a direct communication from his majesty, the king, by telephone asking me how things were going and if I had the people in hand. I told him I did and he responded saying to hold them in the barracks."

Lieutenant General Quintana was more precise as to the hour, leaving clear the constitutional role of Juan Carlos for aborting the involutionist attempts by Lieutenant Colonel Tejero, declaring explicitly and emphatically:
"Gentlemen, if my king, my captain general of the armies, tells me what day he will be in the streets, I, standing at attention, would also be in the streets."

Continuing, the captain general referred to the constitution, citing it on several occasions as a permanent guide for the Spanish people, pointing out that the army accepted it completely "because it has been approved by the people." Quintana mentioned Articles 2 and 8, underscoring their importance to the army as a patriotic concept and recalling the significance of constitutional order as mentioned in the aforecited document. In this vein, he emphasized that the institutional order--whose guarantee and safeguard is the mission of the armed forces--is fully included in the text of the constitution "from the first article to the last." Towards the end of his talk, which he concluded with cheers for the king, Spain, the army and the armored division--which is most responsible for the First Military Region, controlling one-fourth of the units comprising the entire Spanish Army--he made mention of the separation existing between the civilian and the military citizen, underscoring the economic differences between them; for example, "...and I don't complain. I want to make it known," he indicated, "that I, as captain general of Madrid and at the peak of my career, earn a monthly stipend of 167,000 pesetas.

The difference in earnings of military personnel with respect to the rest of the citizens is, in Quintana's judgment, one of the causes that create dissociation in their society between both sectors since it produces a certain imbalance in their buying power. Nevertheless, this is a fact which, on the other hand, confirms what has already been expressed: "The military are supported in their military vocations and not by their economic drive."

Maj Gen Francisco Carbonell had spoken before the captain general of Madrid. General Carbonell, incumbent Chief of Brunete Armored Division One, who, along with his staff and Brig Gen Fernando Bendala, chief of artillery in this important unit, spent two days with newspapermen observing this military exercise said, "The armored division is a large unit of the army at the service of his majesty, the king, and our fatherland, Spain."

Brunete's chief and staff hosted newsmen on Saturday at the Command Post in the San Gregorio Camp, providing numerous contacts throught the hours the maneuvers took place. The newsmen spent the night in field tents, ate the daily rations, and toured the entire area of operations, some 4,000 hectares.

9908
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TURKES REARRESTED, TESTIMONY CITED

Istanbul CUMHURIYET in Turkish 15 Oct 81 pp 1, 6-7

[Text] Ankara (CUMHURIYET BUREAU)--NAP General Chairman Alpaslan Turkes is being questioned at the Ankara Martial Law First Military Court. The court has decided that, because Turkes was in contempt of the prosecution during his testimony, he should be rearrested and brought for questioning within 24 hours. The hearing judge, moreover, warned Turkes during his testimony about "speaking soberly, with maturity, dignity and gravity so as not to overstep the bounds of propriety."

The First Military Court removed from the NAP suit the files of 285 persons who were defendants in the Adana, Istanbul, Balikesir, Izmir, Bafra and Erzurum incidents contained in the indictment, thus leaving 301 [as published] defendants, including General Chairman Alpaslan Turkes and the party leaders, in the NAP suit.

The proceedings concerning the incidents which occured in these provinces and the defendants involved which the court presented as the rationale for its decision in this regard state that it is deemed necessary that these cases be heard separately in view of the amendments to Law No 1402, reading, "Since, in cases in which it has been ruled that trial should be held at the location where the alleged incidents occurred, it is deemed valuable that the hearing of witnesses, the confrontation and identification procedures or viewing of evidence if necessary in connection with such incidents [also be conducted at the location]...furthermore, to prevent the delay of justice, it is the decision of the court that differentiation should take place in accordance with Law No 353, article 120.

Defense attorney Can Ozbay said at yesterday's session, "Our defense of the defendants was predicated upon this indictment as a whole. Now a new situation has been created wich this ruling. Bearing in mind this new situation, we request that a period of time be granted, at least until the end of this week or the beginning of next week."

Turkes, maintaining in his defense yesterday that the prosecution was contradictory, said, "I cannot blame my friends among the prosecution. It seems to me that the indictment was drawn up by others to lay a trap for them and me."

The Ankara Martial Law Command First Military Court removed from the NAP suit the files of a total of 285 persons who were defendants in the Adana, Istanbul, Balikesir, Izmir, Bafra and Erzurum incidents contained in the indictment. Thus together with NAP General Chairman Alpaslan Turkes and the party leaders, 301 defendants are left in the NAP suit.

Yesterday's session of the NAP trial began as the judicial committee filed into the courtroom at 0915 hours. Following the roll call of defense attorneys and attorneys for the friends of the court, the judicial committee read a provisional decision.

The court decision states that the defendants involved in the Adana, Bafra, Balikesir, Izmir, Erzurum and Istanbul incidents cited in the indictment are to be "differentiated (separated) from this suit."

The decision on the separation of certain sections of the NAP suit reads in part as follows: "Whereas the investigation of the Adana, Bafra, Balikesir, Izmir, Erzurum and Istanbul incidents cited in the indictment was conducted separately and on site by the authorities, after which the files were sent to Ankara and combined by the Ankara martial law military prosecutor's office at the investigation stage there, and whereas public suit was brought against some NAP and NAP Youth Chapter members and suspects in anarchistic incidents and, in the proceedings concerning the alleged incidents in Adana, Istanbul, Bafra, Balikesir, Izmir and Erzurum and the suspects involved, it was deemed necessary that these cases be heard separately in view of amendments to Law No 1402, and whereas, in cases in which it has been ruled that proceedings should take place at the location in which the alleged events occurred, the hearing of witnesses, the confrontation and identification procedures or viewing of evidence if necessary in connection with the events are deemed valuable [at the location also], and from the standpoint of effectuation of the law during separate hearing of the cases, and from the standpoint, furthermore, of preventing the delay of justice by having to examine the other case files of each court, it is the decision of the court that differentiation should take place in accordance with Law No 353, article 120."

This decision by the judicial committee involves removal from the NAP case of 89 suspects in the Adana incidents, 21 in Bafra incidents, 87 in Balikesir-Izmir incidents, 21 in the Erzurum incidents and 67 in the Istanbul incidents.

Following the report of differentiation at the session, it was announced that defendant Hasan Alemlioglu died in Gulhane Hospital on 4 October. Court then recessed for one-half hour.

During the recess following the ruling to remove the sections concerning six locations from the NAP case, the defendants involved in these sections were brought out of the courtroom. Trial resumed following the half-hour recess. Upon resumption at around 1010 hours, the roll of defendants, defense attorneys and attorneys for the friends of the court was called again, after which some defendants

rose, saying that their names had not been read. It was determined that these five defendants were involved in the removed case files and they were brought out of the courtroom.

Trial judge Major Vural Ozenirler, following completion of the roll call of defendants and defense attorneys, read the names of persons whose attendance as friends of the court would continue, among whom were Ulker Yurdakul, Wife of Adana Security Director Cevat Yurdakul, and the wife and daughters of former DISK [Confederation of Revolutionary Worker Unions] President Kemal Turkler, The 22 [as published] persons whose attendance as friends of the court was sustained were listed as follows:

"Ibrahim Bastug, Kiyment Bastug, Kumru Bastug, Fadime Bastug, Yeter Kocakaya, Ulker Yurdakul, Sehri Celik, Imdat Bulut, Cemal Ilgaz, Tarim Dag, Fehmi Dag, Sultan Dag, Mehtap Dag, Turkan Dag, Sabahat Turkler, Nilgun Turkler, Yasemin Turkler, Omer Bircan, Halime Biran, Sevki Bircan, Kamuran Bircan."

The number of attorneys attending the trial as friends of the court was seen to be 34 and the number of defense attorneys, around 95. Some of the defense attorneys sat on their briefcases, as the section set aside for them was full. Neriman Albay, Fatma Sik, Ulker Yurdakul, Cemal Ilgaz and Sehri Celik were attending as friends of the court.

Following completion of the roll calls, defense attorney Sirri Erkus recalled that it had been ruled in provisional decisions rendered earlier with regard to counsel for friends of the court that one attorney could not attend as both a friend of the court and a defense attorney and said, "However, no decision has been made concerning attorney Emin Deger who is attending court in this status." Attorney Erkus contended that this was a conflict of interest.

In response, Judge Ozenirler pointed out to the counselor that the attorney in question was not present in the courtroom and that no further decision was necessary in this regard. The counselor replied, "Two attorneys on whom you ruled earlier are in the courtroom as defense attorneys," whereupon attorney Mustafa Cicek requested the floor. However, Judge Ozenirler said that this situation would be assessed at the end of the session. Several attorneys rose, asking for the floor, but Judge Ozenirler told them that the necessary action would be taken and there was no need for them to stand on procedure.

Following the verification of identity of defendants Mehmet Bicer and Nihat Ulkekul, whose identities had not been verified because they were not in attendance at prior sessions, the floor was given to attorney Can Ozbay. Can Ozbay said:

"The court just delivered a totally new ruling. Seeing that the indictment of our clients is a whole and that the defense is predicated upon the entirety of this indictment and since the tactics of our defense, which is one of the three essential pillars of justice, have entered upon a totally new phase, I shall request an out of court hearing.

"Some of our preprations concern clients in this case who were transported from various regions but who, despite the defense's request earlier in the trial for a careful review, have been removed from the court by a ruling made only today."

Judge Ozenirler: The differentiation decision was rendered, sir. Speak to the case being heard here.

Can Ozbay: Both our defense of Alpaslan Turkes and that of defendants who are presently in the courtroom as our clients were predicated on the whole of this indictment. Now a new situation has been created with this ruling. Bearing in mind this new situation, we request that a period of time be granted, at least until the end of this week or the beginning of next week.

These comments by attorney Can Ozbay created a furor in the courtroom, particularly among the members of the general executive board. Agah Oktay Guner shouted at the lawyers, "I do not agree," while the other defendants also shouted their disagreement with Ozbay's comments.

Nusret Senem, one of the attorneys ruled unable to attend court as both a friend of the court and a defense attorney, then rose and said, "The president of the bar made a decision concerning us. We presented it to the court. It is pointed out that no procedure was necessary there. No decision should have been rendered in this regard before the hearing began."

Attorney Nusret Senem's request for the microphone caused a reaction among the defense attorneys, with some of them saying, "Don't give it to him," while others said to Senem, "Talk without the microphone."

Demogoguery in Motion for Explication

Following the reading of a defense motion, 6 October requesting explication of the indictment and the inclusion of certain defendants in the case file, a letter pertaining to the motion from the Ankara Martial Law Command Office of the Military Prosecutor was also read. In this letter, the military prosecutor's office termed the motion "an act of demogoguery. For this reason, it must not be taken seriously."

After this letter was read, defense attorney Serafettin Yilmaz jumped to his feet, exclaiming, "I am not a demogogue, we are being insulted." A brief exchange between the judge and Yilmaz ensued, the judge saying, "I suggest you take the relevant procedures," to which counselor Yilmaz replied, "Certain things in the indictment are wrong. The prosecutor's office says that it wrote the letter to the National Security Council on the night of 12 September, but this is impossible." Friend of the court, attorney Tugrul Cakim also requested that the motion which they had submitted be read, describing it as "a request to specify our presence here." Cakin added that they had submitted the motion to be read before questioning got under way. Judge Ozenirler said that the motions would be read later and announced that the questioning would begin.

With the announcement that testimony would begin, around 15 photojournalists and 3 cameramen who were in the courtroom crowded to the stand where Turkes would speak. Turkes tood the stand, preparing to speak from behind a stand filled with files and books. Trial then proceeded, verbatim:

"The indictment was delivered to you earlier and read. It is alleged in the indictment that, through various actions, you personally committed the crime of forcefully attempting to establish one-man rule in contravention of the constitutional system as well as the principles of the Republic and democracy. In face of these charges, what do you have to say about these actions?

Alpaslan Turkes: The charge consists of lies and false accusations from top to bottom. My entire life, my speeches, my conversations, my actions refute these charges from top to bottom.

"Mr Justices, you are hearing the most important case in the history of our Republic. You are trying us. History, however, will try you as well as us and these gentlemen as well who serve as prosecution, and it will deliver the verdict. Losing one friend a day to the clutches of death, we engaged in a political struggle without deviating a hair's breadth from legality, to defend the independence of the state of the Turkish republic, its indivisibility from country and nation, and a free democratic system compatible with human dignity and based on the supremacy of law, against the great onslaught of ideological treason, conducted by means of unconventional warfare, to which Turkey was subjected.

"While we, and especially their families, still feel in our hearts the agony of the wounds of those friends of ours, led by the distinguished statesman Gun Sazak, we are here before you, condemned in advance without foundation, as defendants facing an indictment drawn up by a mentality dedicated to accusing us rather than functioning as a responsible government. The death penalty is demanded for 220 persons, including myself. Various heavy penalties are demanded also for 367 persons. No prosecutor in Turkish history has ever demanded this many death penalties."

Turkes maintained that the charges were completely without foundation and charged that the indictment had been compiled irresponsibly. Asserting that "the indictment is trivial compared to the gravity of the demanded sentences," Turkes then continued in part as follows:

"The concept of Ataturkist nationalism and the basic philosophy of our state have been accused of fascism.

"The indictment of nationalism by persons who act on behalf of the state and nation will have devastating consequences for the future of this nation whose national unity is under seige. Those who would divide Turkey henceforth will use this indictment as a license for incriminating Turkish nationalism which is a foundation stone of Turkish identity and the Republic of Turkey."

Telling of the murder of Mustafa Kuseyri at the Political Science Faculty of Ankara University before 1971, Turkes contended that Kuseyri had been killed by a Revolutionary Road member, but after this crime was attributed to NAP, the death of a worker during a brawl at an RPP rally in Adana was also blamed on them. He said that this was anti-NAP propaganda.

We Banned Bozkurts' Pamphlet

Stating that "every organization has its authorities and officers," Turkes said, "The party cannot be blamed for the attitudes and statements of persons who have no connection whatsoever with the party." He said that a pamphlet signed by the "Bozkurts" was distributed in Germany in which the statement "Radicalism is basic" appeared, and he continued as follows:

"This pamphlet went on for pages, incriminating us. Who are these Bozkurts? Is it possible that a paper whose distributors we do not know, whose owner is not specified

can be placed in as serious a document as an indictment, incriminating people and a party which have served the country for years? At any rate, we banned this document as soon as we heard about it."

Laughter

Turkes' statement about banning the pamphlet prompted laughter among the attorneys for the friends of the court. In response to this, one of the defense attorneys rose, addressing the bench to say, "The friends of the court find this most amusing," after which the defendants and defense attorneys in the courtroom began talking loudly. Avni Carsancakli, requesting the floor after the noise abated, said that he was near the attorneys for the friends of the court and they kept heckling Turkes.

Argument Erupts

Turkes explained that they had tried to augment the duties of the organs of political power, then said, "This indictment discusses my books, but falsifies them. This is, what appears there is not what I have written."

Judge Ozenirler told Turkes to confine his views to the charges in the indictment, while Military Prosecutor Soyer requested that the defendant be reminded of Law No 353, article 143. This request brough an immediate eruption of voices in the courtroom. Shouts of "Quiet," "Hear, hear," and "Get on with it," were heard from the defense attorney's section, with some defendants and spectators joining in. Defendant Sadi Somuncuoglu from his seat, "Absolutely not." When attorneys for the friends of the court also reacted to the tumult, defense attorney Serafettin Yilmaz rose and, pointing to the other defense attorneys warned them about imprudent behavior.

Prosecutor Soyer again took the floor amidst the noise and shouting, insisting on reading the article in question. No sooner had he said, "You are calling us liars, sir," than the courtroom again erupted in angry shouts and confusion. Judge Ozenirler was heard to say amidst the noise, "I'm sure no one wants the bench to enforce order. Please, everyone, calm down and listen." At this point, President of the Court Col Irfan Yucetan turned to the defendants and shouted, "Be quiet."

Dignified, Mature Manner Requested

When the noise abated, Judge Ozenirler invoked the article in question and instructed Turkes to speak "soberly, maturely, seriously, with dignity and more slowly so as not to overstep the bounds of propriety."

Turkes then said that he would heed the judge' warning and began to read, comparing his views from his book "9 Isik" [9 Lights] with the indictment. Turkes at this point presented to the court his books "Gonul Seferberligi" [Mobilization of the Heart] and "9 Isik" to be entered as evidence. The books were entered in the record. At 1200 hours, court recessed until afternoon.

Friends of the Court Motion

During the afternoon session, the attorneys for the friends of the court submitted a motion, contending that Turkes' reading his testimony from written documents

violated the law on trial procedure and requesting that this be prevented since he is forbidden to politicize his testimony. Judge Ozenirler reminded Turkes that, according to the law, he must not read his testimony from a written text. "However, you may refer to your notes because you have a lengthy statement," he added.

Turkes charged during his testimony that the text entitled "Baski ve Ihanet Uzerine," [On Oppression and Betrayal] which was allegedly found at NAP headquarters, had been written by an agent and said, "We are face to face with a provocation. This is provocation within provocation." He added that the handwriting in the documents in question should be analyzed.

Contending that they "were always within the bounds of legitimacy," Turkes explained the reasons for their requesting martial law in 1978. He maintained that their request for the imposition of martial law as well as their request for the establishment of State Security Courts would prove that it was their desire to support the powers of the state and he requested appreciation of this situation.

Turkes said that a bulletin distributed by the NAP in 1978 had called for the imposition of the aforementioned measures and that, in this context, they had called for immediate early elections. He added that, when this bulletin was published, the administration of the time had brought suit against them on the rationale that "they want the army to assume power," and pointed out that this case was now being heard in the Ankara Martial Law Command Second Military Court.

Turkes said that they were being tried in that suit under Article 141/3 of the Turkish Penal Code and requested that these case files be introduced by the court.

Expressing his views on the confidential documents contained in the indictment, Turkes said, "I was deputy prime minister at that time. I had drawn up those documents. Although I did not take a copy of them, I had information about them. I request the removal of certain confidential documents contained in this record."

Denies Order to Kill

The NAP General Chairman denied the charge that he had given the order to kill former DISK President Kemal Turkler and Adana Security Director Cevat Yurdakul and said, in part:

"That I gave the death order is a false charge. I was not asked a single question during my hours of interrogation at the prosecutor's office. Not a thing was said. I first learned that such a thing existed when the trial appeared in the press and on television. I deny this charge with disgust and loathing. I have never given an order for anyone to be killed in my life. Not Kemat Turkler, not Cevat Yurdakul, not anyone at all."

Radio Mechanism Altered

While speaking about the wireless allegedly found during a search of the NAP headquarters, Turkes picked up a radio which his attorneys had brought to the courtroom and said that the instrument called a "wireless" was similar to the radio he held in his hand.

Turkes said, "This is an 'Acito' brand, a radio found everywhere," and added that the radio permit was on it. Prosecutor Soyer interrupted to say that "they altered the mechanism" and requested that the court take the radio as evidence. The radio was returned to the defense attorneys.

Turkes who requested clarification of the date from which the charges against him in the indictment proceeded, dwelled on the word "Basbug [Commander]," He contended that the word "Basbug" was used with a variety of meanings in Turkey's 3,000-year history and said that the indictment charged that the term "Basbug" had become equivalent to the terms "Duce, Fuhrer and Cadillo," indicating that this was contrary to fact.

Turkes contended that the NAP headquarters building had been searched illegally. Charging, in addition, that the building had not been well guarded, he said, "The headquarters was burglarized, the windows were broken."

Turkes said that he was happy about the differentiation ruling adopted in the morning session and added that he gave a deposition concerning various crimes committed by party chairmen.

During the latter part of yesterday's testimony, Turkes said that genuine nationalism was being taken as outmoded nationalism. "Turkish nationalism is on trial. Ataturk and Ataturkism are being tried on Ataturk's 100th birthday."

The NAP General Chairman also noted that he had listened to "Bixim Radyo" recently and that it constantly attacked them.

Military Prosecutor Soyer then took the floor, requesting that Turkes be cited for contempt by the prosecution.

The judicial committee then retired for private discussion. After 2 hours and 10 minutes, the judicial committee returned a ruling that Turkes should be arrested under 143/3 of Law No 353 for contempt of the prosecution and owing to the defendant's being in detention, should be brought for questioning within 24 hours.

Trial was adjourned until 0930 today. Testimony in the case will continue today.

8349
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MILITARY ABOLISHES POLITICAL PARTIES

Istanbul CUMHURIYET in Turkish 7 Oct 81 pp 1, 9

[Text] Ankara (CUMHURIYET BUREAU)--The National Security Council [NSC] adopted the law abolishing the political parties whose activities were suspended on 12 September. According to the law adopted at the NSC's meeting yesterday, "All political parties in existence as of 12 September 1980 and whose activities were prohibited by NSC Communique No 7, together with all of their headquarters, provincial, district and other branch organizations, women's and youth chapters, representations, clubs and all support organizations and auxiliary organs established under other names" are abolished. The law specifies that "movable and real properties, including cash" of the political parties and all support organizations and auxiliary organs will be turned over to the Treasury. The third article of the law abolishing political parties states that the specifically-worded injunction given the Republican Peoples Party per the last will and testament of Ataturk will be carried out by the Presidential Secretariat General, reading verbatim: "The duty entrusted the RPP--the sole political party of that day--to administer per conditions stipulated in the last will and testament of Ataturk, founder of the Turkish Republic, all monies and stock in his possession as well as movable and real property at Cankaya shall in accordance with this will be fully and completely assumed by the General Secretariat of the President's Office as of the effective date of this law." The law specifies that political party caretakers will work together with other officials in the liquidation of these parties and says: "The liquidation procedure will automatically terminate the task of caretaker of the defunct political party." Article 6 of the law states that the provisions of the NSC Resolution No 52 on political parties will remain in effect, saying, "barring a new resolution by the NSC, the provisions of NSC Resolution No 52 of 2 June 1981 remain in effect." Another article of the law contains a provision rescinding Political Parties Law No 648, dated 13 July 1965, and its annexes and amendments. The verbatim text of the 9-article law reads as follows:

"Article 1--All political parties in existence as of 12 September 1980 and whose activities were suspended by National Security Council Communique No 7, together with all their headquarters, provincial, district and other branch organizations, women's and youth chapters, representations, clubs and all support organizations and auxiliary organs established under other names, have been abolished.

Article 2--All movable and real properties including cash of the abolished political parties and all their support organizations and auxiliary organs are to be transferred to the Treasury on the date on which this law enters into effect.

"Article 3--The duty entrusted the RPP--the sole political party of that day--to administer preconditions stipulated in the last will and testament of Ataturk, founder of the Turkish Republic, all monies and stock in his possession as well as movable and real property at Cankaya shall in accordance with this will be fully and completely assumed by the General Secretariat of the President's Office as of the effective date of this law.

"Article 4--Liquidation procedures for the transfer to the Treasury of the assets of political parties are to be carried out by the Finance and Interior Ministries in accordance with procedures and principles to be specified in a directive prepared jointly by these Ministries within 1 month at the latest.

"Article 5--In liquidation procedures for political parties assigned caretakers according to the provisions of Law No 2325, these caretakers will act jointly with other officials. The liquidation procedure will automatically terminate the task of caretaker of the defunct political party.

"Article 6--Barring amendment by a new [National Security Council] resolution, the provisions of National Security Council Resolution No 52, dated 2 June 1981, will remain in effect.

"Article 7--Political Parties Law No 648, dated 13 July 1965, and its annexes and amendments have been rescinded.

"Article 8--This law will enter into effect on the date of promulgation.

"Article 9--The Council of Ministers will enforce the provisions of this law."

Rationale of the Law

The rationale for proposing the law, presented to the Office of the Chairman of the National Security Council by National Security Council Members General Nurettin Ersin, General Tahsin Sahinkaya, Admiral Nejat Tumer and General Sedat Celasun, reads verbatim:

"The parliament and the government were abolished and the activities of political parties were fully suspended in the 12 September Operation carried out by the Turkish Armed Forces in the perception of its historic responsibility within the very grave and dangerous climate that gripped our country; it attracted notice following this date that members and leaders of certain political parties through their articles or speeches were engaging in political activities or actions with political overtones and NSC Resolution No 52 was adopted and promulgated for the purpose of preventing such activities and actions in respect to the peace needed by the Turkish society.

Constituent Assembly

"Since 12 September 1980, great efforts have been exerted and progress made toward the restoration to soundness and health in the way set out by Ataturk of the free democratic state and order of society so dear to the heart of the Turkish nation; the NSC adopted and promulgated the Constituent Assembly Law in order to achieve as soon as possible the objectives proclaimed on behalf of the Turkish Armed Forces at

the outset of the 12 September Operation and to restore the order of the free democratic state to soundness and health. The introductory portion of that law read as follows, in keeping with the goal of the 12 September Operation:

"'It has been resolved that the Constituent Assembly should be formed to write the Constitution and political parties and electoral laws with the legal arrangements necessary for establishment of a democratic, secular legal state to protect the existence and independence of the State of the Republic of Turkey, the integrity and indivisibility of the nation and the people and the tranquillity of society, and to ensure the supremacy of the law and that everyone has equal access to human rights and the fundamental rights within an understanding of social justice and national solidarity, and that the Constituent Assembly should be terminated upon the initiation of actual duty of the Turkish Grand National Assembly to be formed through general elections.'

Transitional Provisions

"In accordance with the program announced through various media by the NSC Chairman and Head of State when the 12 September operation began, the new constitution is to be prepared and submitted to the public, and the new constitution will enter into effect according to interim provisions contained herein and approved by the Turkish nation. The new parties law will be placed into effect according to the provisions of the Constitution to be approved by the nation, and general elections will be held and the National Assembly will convene according to the electoral law adopted by the Constituent Assembly after a period sufficient for the establishment and organization of new political parties.

Political Responsibility Conferral

"It is not considered appropriate to confer political responsibility upon the leaders of parties which, prior to 12 September 1980, were in power either singly or in coalition or which were the main opposition or an opposition party; however, no action has been taken to date to ban them, having been content merely with suspending the political activities of all political parties. Parliamentary democracy, doubtless, is a system realized through political parties. As stated also in article 56 of the 1961 Constitution, political parties are accepted as irrevocable elements of democratic political life. It proceeds from this that the destiny of our nation, as of all democratic countries having adopted a political parties system, is tightly bound to the idee-force of its political parties, to the orientation of thought and opinion and to the competence and integrity of the leaders.

"Political parties cannot be bodies which diminish or fragment the power of the state or divide the citizenry into enemy camps. Political parties may only engage in legitmate competition within the framework of the Constitution and the laws with an eye to programs that improve the conduct of state affairs and all public activities and provide peace and prosperity for all citizens.

Misconceived Democracy

"In order to eliminate the deep dissension, indeed cleavage, pervasive throughout our multiparty political life because of a misconceived democracy, a new political

party environment must be created, according to the new Constitution. Therefore, in order to make possible, following adoption of a new constitution and a new political parties law, the formation and activation of new parties in line with a new electoral and parties system appropriate to the needs of the country, to create a climate conducive to a political life which looks to the future, not to the conflicts of the past, and to enable the Constituent Assembly to conduct its affairs as the national objectives demand, free from shadow of any kind, it is deemed imperative that the political parties, together with all their organizations and auxiliary organizations, which were in existence on 12 September 1981 and whose activities have already been suspended, be abolished. The bill has been drawn up for this reason."

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SOLUTIONS TO BUNDESWEHR STAFFING PROBLEM DISCUSSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 24 Nov 81 p 12

[Article by Karl Feldmeyer: "Too Many Officers, Too Few Recruits — Personnel Problems in the Bundeswehr"]

[Text] Bonn, November — The office of defense minister is one of the most hazardous jobs that the chancellor has to assign. Of the six politicians who have held it so far, only the current chancellor managed to survive his time in office without injury. It remains to be seen whether Minister Apel, the seventh man in this political ejection seat, will be able to do the same. The most recent occasion for having to listen once more to criticism from parliament came during the Defense Committee's final deliberations on his budget for the coming year.

The time is long past when all parties in the Bundestag would give their unanimous approval to the defense budget. The CDU/CSU is charging that the government is not doing enough for external security; in Apel's party, on the other hand, there is increasing dissatisfaction over the size of the defense burden.

There is no hope of improvement. No end is in sight to the financial bottlenecks in the defense department. On the contrary, the "wave" of overdue tasks is getting bigger, and not only in weapons procurement and the infrastructure. The tasks just ahead will present new problems right where it hurts the most: in the area of personnel. If the Bundeswehr intends to maintain its present strength, the government will not only have to lay out more money for defense in the future; by the middle of this decade at the latest, it will have to demand an additional personal sacrifice from its younger citizens. The "pill blip," the drastic decline in the dirthrate, will start to reach the Bundeswehr by the middle of the decade. Consequently, beginning in 1986 there will no longer be enough recruits in the age groups in line for the draft. By the early 1990's, only about 140,000 men will be available each year, about 100,000 less than the Bundeswehr needs. If it does not intend to permit shrinkage in the number of recruits, the only alternative is to draw more heavily from the available population.

The proposed options under discussion are many and varied; the deadline by which a decision is to be made is uncertain. The government has no plans during this legislative session to take up the subject that will become acute in 1985/86. None of the possibilities mentioned thus far is satisfactory. This applies to the proposal to draft young foreigners living in the Federal Republic as well as to use women.

Arguing against conscription of a sizable number of foreign nationals are not only substantial legal difficulties but also the fact that those who are affected do not appear very willing to serve.

The experts also see more problems than benefits from opening the barracks to women. For political reasons a totally equal status for women is not under discussion — in other words, extension of the draft to include them. But their use as enlistees would also not help the situation. This would only mean substituting — expensive — enlistees for inexpensive draftees and it would also spoil the homogeneity of the troops. Using women would create soldiers with different rights and different duties, because women would not be trained for or assigned to combat duty.

So the idea of lengthening the period of compulsory service is gaining in importance. But that alone cannot close the gap; an extra month of military service can make up for only 10,000 men. Extending the service obligation from 15 months to 18 months would cover barely a third of the deficit, which will rise to 100,000 men in the next decade. But an extension beyond 18 months — to 2 years, for instance — is considered politically impossible. That leaves the options of increasing the proportion of those volunteering for longer service and introducing stricter standards for determining whether a young man is to be exempted from military service. The present percentage of exemptions for health or other reasons is astonishingly high — 58 percent; moreover, 10 percent of those eligible for the draft apply for the status of conscientious objector.

Compared to all this, another personnel problem seems downright secondary in importance: the staffing logjam. Nevertheless, it is causing increasing concern. The jam has its origin in the early years of the Bundeswehr, when it had to induct far more young career officers per age group than it really should have according to its staffing gauge. At that time there were gaps to be filled in the older age groups and among reserve officers. The result is that today the Bundeswehr has 2,600 more career line officers than it has staff positions (major to colonel). Since the next few years will see the retirement of age groups that are relatively small, thus opening up only a few billets, the logjam of those who cannot be promoted will continue to grow.

At the present time, 1,400 captains are overdue for promotion to major. This has a negative effect not only on commitment to the job but also on vitality. The Bundeswehr has an interest in having officers that are as young as possible, especially in troop billets, because they are not only capable of performing better physically but are also better able to relate to their young recruits. In 1972, captains were being promoted to major at the age of 32 on the average; in other words, they were making way for those in their middle 20's to become company commanders. Now these officers are having to wait until they are 36 to be promoted. In as little as 2 years the average age for promotion to major will be 39, and in 1985 it will be 40.

The same problem exists for professional military officers who have risen from the staff seargeants' ranks. A total of 2,200 senior lieutenants are in line for promotion to the rank of captain, and 2,7 00 staff sergeants are waiting to become first sergeants. The promotion logjam affects around 6,000 career soldiers, but its effects are being felt by the entrie army. But at a time when money to repair dilapidated barracks is being cut, 1.5 billion is not to be found for breaking the staffing logjam.

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CSO: 3103/123

NEW PROCEDURES FOR CONSCRIPTS SELECTION PLANNED

Athens ELEVTHEROTYPIA in Greek 14 Nov 81 p 16

/Text/ The system for the selection of conscripts is changing as of this year. Following the abolition of the Soldier Selection Council /SEO/, the draftees will fill out at home a draft card with information on their residence and they will deliver it to the police precinct of their area. They will be able to obtain it in any draft office or police station, and also in any municipal or communal office, with the exception of the municipalities of Athens, Piraeus, Thessaloniki, Larisa and Patrai where the interested parties will obtain the card in the police precincts.

Already in a circular letter by Deputy Minister of National Defense Andonis Drosogiannis, the draftees for the year 1985--those born in 1964--are called to report under the new system. Those being called will pick up the forms from the police stations and then fill them out at home according to the instructions printed on them. For those absent abroad (seamen) or those who cannot go to the police stations in person for reasons beyond their control (ill, imprisoned) the forms may be picked up by the head of family or guardian, by showing the identification card of the draftee or an affidavit of the municipality or community.

Those who will state in the draft card that they have a personal handicap or illness must attach a recent affidavit by a physician, a hospital or a clinic, without any /duty/ stamps.

Those reporting inaccurate data will be subject to criminal penalties and a 3-month additional military service. Those who fail to submit to the appropriate authorities their draft forms will face an additional 2 months of military service. The draftees cannot claim reasons beyond their control unless they submit the completed forms; otherwise, such reasons will not be considered. Those who fail to fill out the forms completely will be considered as having failed to submit the forms and they will be subject to 2 months of additional military service.

The period for submitting the draft card to the local police station is set between 20 November 1981 and 20 February 1982. The draftees must keep in mind that they must sign the draft cards in front of the military authorities.

7520
CSO: 4621/62

GOVERNMENT, EEC RELATIONS ANALYZED

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 44,29 Oct 81 pp 21-22

/Article by T. S. Konstandinou: "What Policy the New Government Can Follow Toward EEC"/

/Text/ The PASOK government is now a reality. Greece has already entered a new era. Another era--which in essence started with the civil war--closed on 18 October. The quest for change, as expressed by PASOK, can now be implemented. Political forces, social factors and institutions have now a "golden opportunity" to structurally modernize the economic and social system. The rise of PASOK to power proved the strength and resilience of the constitutional structures. The smooth change of the parties in power--an essential element of every democratic system--constitutes an irrefutable proof that the country now passes on to a new, qualitatively higher stage of political development.

Of course, the task shouldered by the new government in all sectors is truly Herculean. In this column we limit ourselves to a sketching of the problems relating to the relations between our country and the European Economic Community /EEC/. The first and basic questions emerging is: What "alternative policies" can the PASOK government apply toward the EEC?

As of this writing, the new government has not made any specific statement on this subject. But on the basis of older and recent statements by Andreas Papandreou and other party officials we can summarize the alternative policies presented by PASOK on the "EEC subject":

a) Conducting a referendum on our leaving or staying in the EEC (with a possible withdrawal if the vote is negative);

b) Renegotiating the arrangements provided by the Act of Induction to the EEC;

c) Refusing to comply with the rules of the EEC in the implementation of its economic policy.

The first alternative--a referendum--however desirable, cannot be implemented without the consent of President of the Republic Karamanlis. This is because the holding of a referendum belongs to the powers of the president. Article 44 of the constitution states:

"The President of the Republic may proclaim by decree the holding of a referendum on critical national issues."

Having in mind the views of the president on the question of European unification and on the role Greece will play in it, there is no likelihood that a referendum will be held. Only recently K. Karamanlis declared his unshakeable loyalty to European institutions. Being the protagonist of the country's European policy he is not going to allow it to endanger "his achievement," namely, the country's induction into EEC.

On the other side, as Papandreou emphasized, PASOK will not create a constitutional issue--correctly in our view--on holding a referendum on staying in the EEC or not. Consequently, alternative (a) should be ruled out for the time being.

The second solution which seems to be now opted by PASOK is the one of renegotiating the arrangements of the Act of Induction. The "renegotiation" seems to have the support of G. Mavros who recently decided to cooperate with PASOK. According to newspaper reports, Mavros regards as a "betrayal" the terms of the induction. The "renegotiation" could, of course, provide PASOK with a "middle solution" which would satisfy its followers while appearing that it keeps its promises and at the same time keeps Greece in EEC. But is the "renegotiation" a realistic or feasible solution?

Many believe that it is not feasible if the Greek file is reopened. They say that inevitably it will be tied to the induction of Spain and Portugal. One should keep in mind the tremendous problems these countries face in their effort to join the community. In that case, not only are we not going to gain anything more positive but we may even lose some of the advantages we already have. Moreover, there is no assurance that EEC will agree to a "renegotiation" although there is the precedent of Britain (1975) but Greece is not Britain! Therefore, the solution of "renegotiation" appears to be not only problematic but possibly counterproductive.

The third solution--disregard for the EEC arrangements--does not appear to be a likely alternative except as a means to force the EEC to throw us out of its ranks (although the Treaty of Rome makes no provision for expulsion or voluntary withdrawal). Because--responsible sources say--no one can really believe that it will be possible for Greece to apply only those provisions it finds profitable without some retaliation from other member-states or without being sued by the European Court. Unless, of course, a government is determined to be in constant "guerrilla war" with the EEC. But such a tactic will not serve the country's economic or political interests. It is evident that neither can the third solution--disregard of the EEC arrangements--be implemented. It is, of course, possible that the PASOK government will "interpret" certain EEC arrangements in such a way that will serve the Greek interests best.

But beyond that, what else could the PASOK government do on this subject? What policy could the government follow toward EEC, while remaining consistent with the party's broader political declarations?

We believe that if the preceding alternatives are ruled out the list of "alternative political solutions" will not be exhausted. First of all, PASOK may adopt a more "aggressive" policy within EEC to promote the Greek interests, which very likely it will do. Beyond that, the PASOK government may achieve significant goals with regard to EEC if it were to take advantage of the procedure for the review of the EEC budget and the revamping of EEC policies.

More specifically, the PASOK government should--if it has not already done so through our permanent delegate in Brussels--ask for a temporary suspension of the Mandate Group for the review of the EEC budget in order to present its views in a report. Something similar was done by the French socialist government as soon as it assumed office. In our view the procedure for the "revamping of the budget and policy" offers PASOK the opportunity to implement its goals without removing the country from EEC.

We also believe that PASOK should study carefully the "French experience" as stated recently by A. Papandreou. A lesson derived from this study is that EEC is "actively helping" the socialist government to deal with pressing economic problems. The recent revaluation of the German mark is, among other things, a gesture of support to France by Germany. Something similar can be done in the case of PASOK, especially since the party has strengthened its ties with the other socialist parties of the European Parliament and of Western Europe.

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CSO: 4621/48

SECURITY SERVICES UNIONIZATION DISCUSSED

Athens I KATHIMERINI in Greek 18 Nov 81 pp 1, 3

[Text] The syndicalist expression in the Security Forces is indispensable. The government wishes to know the vital issues which concern those who serve in the Security Forces until the syndicalist organization in this area becomes a reality.

This was stated by Public Order Minister Giannis Skoularikis in a broad conference at his ministry yesterday noon. The conference was attended by approximately 150 officers (down to the rank of first lieutenant of the gendarmery, and the cities police) noncommissioned officers and men of the gendarmery , the cities police, the fire fighting corps and the rural police.

The conference discussed broadly all the issues and problems which concern the Security Forces today. The minister, on his part, expressed the views of the government and of the ministry on these subjects. Subsequently, the representatives of the Security Forces presented their views on the questions and problems that concern them.

Syndicalism in the Security Forces, Skoularikis emphasized at the beginning of the conference, is not essentially ruled out by the constitution which accepts that those who serve in the Security Forces are entitled to express their problems like all other citizens.

Syndicalism in the Security Forces, the minister added, must be in such a way as to allow the sound expression of all the problems which concern the Security Forces. He pointed out that already the foundations are being set for its realization.

Skoularikis said also that the government attaches great significance to public order and emphasized that the rearrangement of the state and the social progress may go forward under conditions of social tranquility. The people must come to respect the Security Forces, but the Security Forces, too, must serve the people so that when a citizen meets a policeman he should feel that he is in contact with an organ that safeguards his protection, order and safety.

The Security Forces, the minister emphasized, must not be used as suppression and imposition units of state power to implement the government's policies. The government already tries to bridge the existing gap by creating the proper

conditions on both sides, so that the Security Forces will serve the people's individual and social rights.

Finally, Skoularikis informed the representatives of the Security Forces that the government is determined to implement the 5-day and the birthplace ban for police officers.

Spokesmen of the Security Forces

The specific problems and issues which preoccupy the Security Forces today were presented by their spokesmen present at the broad conference. The issues and problems were summarized as follows:

1. Implementation of the 5-day week for all persons serving in the Security Forces without exception.

2. Their equal ranking with other branches of public servants.

3. Overtime pay and night duty differential for those actively engaged.

4. Meritorious selection in recruitments, placements and transfers.

5. Insurance for police vehicles which today are uninsured so that in the event of an accident the cost is now being paid by the low-ranking police officers themselves.

6. The utilization and restructuring of the pension fund for the Security Forces.

7. Establishing a hospital for those who serve in the Security Forces.

8. Finding a solution for the free expression of their syndicalist problems.

9. Modernizing the regulations of the Security Forces.

10. Improving the educational system in the police academies.

11. Acceptance into the cities police and the gendarmery of individuals who are graduates of a Lykeion (junior gymnasium) in order to raise the educational level of those who serve in the lower ranks of the Security Forces.

Radical Measures

Minister Skoularikis characterized the issues raised as shocking and said that it is not a matter of discipline to cover the problems of the Security Forces but to find solutions. The government, he added, wants to change the obsolete regulations of the Security Forces so that those who serve in them are treated as human beings. Finally, he said that it will take a little time to study those questions and problems to set priorities and move on toward their solution.

Following the conference, Skoularikis, speaking to the press, said that during the conference he faced a multitude of issues. Many of them appeared to be minor or

isolated. However, they create a climate which requires radical measures. The minister said that at the conference it was shown that it is necessary to provide a syndicalist expression so that there will be a dialogue between the political leadership and those agencies which will represent the Security Forces and will express their views to seek appropriate solutions. The gap between the people and the Security Forces must be bridged.

Finally, Skoularikis stated that another similar conference will be held to discuss in greater detail those issues.

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CSO: 4621/63

DISSENSION AT EEC MEETING REPORTED

Athens I KATHIMERINI in Greek 18 Nov 81 p 1

/Article by Correspondent Rikhardos Someritis: "Greece Disagreed on Two Vital Issues with EEC"/

/Text/ Problems arose yesterday in Brussels in Greek-French relations following disagreements between the two countries when the council of foreign ministers of the "Ten" discussed, in the context of political cooperation, the problem of Chad and especially the question of European participation in the Sinai peace-keeping force. Indeed, Greek Foreign Minister Kharalambopoulos did not accept the views on Chad (removal of the Libyan forces and deployment of African peace-keeping force with international support) except after significant political adjustments in the original text which were designed to avoid any, even indirect, criticism on Qaddafi's involvement in Chad and any reference to direct aid, even of "humanitarian" nature by the "Ten," thus including Greece.

Immediately after that, Kharalambopoulos refused to accept a resolution by the Ten concerning the possible participation of forces from four European countries in the effort to oversee the Sinai following the Israeli withdrawal, as provided by the Camp David agreements. This text had been drafted after an intensive preparation and many changes to respond to Greek wishes--already expressed repeatedly--not to have Greece appear, through the community, even partially, that it approves the Israel-Egypt-U.S. agreements. The Greek minister regarded as "unacceptable" to the new government this document--which European observers characterized as "painless" and conciliatory--due to certain additions. At the same time, Italy's decision not to participate in the peace force without even a moral approval by all Ten ruled out a final compromise solution to present the text as a document of the "Nine."

French Objectives

It is reported that consultations continue primarily between Paris and Athens (Paris primarily wants the European participation in the Sinai to avoid an American monopoly on developments, and their cover by the Ten). It is possible that these difficulties that brought to a political opposition two socialist and kindred governments account for a new (short?) postponement in announcing the date--decided since last summer, i.e., before the election--for the official visit to Athens of French Foreign Minister Cheysson.

Kharalambopoulos Was Absent

A third event was noted by many observers, either with curiosity or with bafflement. As stated by the Greek foreign minister himself, he was not present in the conference room when his German counterpart Genscher described the conclusions of his recent visit to Turkey, noting that he is preparing a report concerning the composition (possible) of the aid to Ankara and the political developments in Turkey. According to reports, the German minister argued that other European leaders should visit Turkey to explain to the Turkish leaders that the restoration of democracy is desired by all Europe, noting that the leaders of the European democratic parties should do the same. He added that it is necessary to freeze the relations between EEC and Turkey until the first election. This approach is also supported by the French.

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CSO: 4621/64

RELATIONS DISCUSSED WITH IRAQ'S DEPUTY PREMIER

Athens TA NEA in Greek 11 Nov 81 pp 1, 3

/Text/ During the second week of December, Iraqi officials will again visit Athens so that the two countries will move forward with the formulation of the agreements which will be so significant for the Greek economy, and which were outlined yesterday by Greek Premier A. Papandreou and Iraqi Deputy Premier Tariq Aziz.

At the same time, there will be a joint Greek-Iraqi committee--at ministerial level with the participation of senior bureaucrats--which will push forward the implementation of the agreements and will oversee their functioning so that any technical or substantial problems that may come up will be immediately resolved.

As the premier and the Iraqi deputy premier stated--following their long private meeting at the premier's office--they discussed and agreed on joint investments and increased trade.

The premier refused to give more detailed information but substantiated reports from the Iraqi side that strong interest was expressed in the Greek weapons industry and the aircraft factory. It is expected that soon an agreement will be reached for a) the repair of Iraqi military aircraft at the Greek airplane factory and b) absorption of part of Greek weapons production by Iraq's Armed Forces.

It must be noted that the Greek aircraft factory may soon be able to start--with a new investment--the production of motors while the Greek weapons industry is fully capable of producing--with new investments, of course--in addition to rifles and machine guns other weapons as well as armed vehicles and tanks.

Special Meeting

The reports about the sale of weapons to Iraq as well as about the broader cooperation between the two countries in the sector of the weapons industry are indirectly reaffirmed by the fact that the Iraqi Deputy Premier Aziz and General Ouzouma who accompanied him met at the Ministry of Foreign Affairs with Deputy Ministers of National Defense A. Drosogiannis and G. Petsos in the presence of only the Greek ambassador to Baghdad, Evangelidis.

It must also be noted that the two deputy ministers participated also in the first Greek-Iraqi meeting and that General Ouzouma had a long discussion yesterday

at the Pentagonon with Petsos who is responsible for the Greek weapons industry and the aircraft factory.

In addition to the cooperation and the investments in the sector of the weapons industry, the Iraqi deputy premier discussed with the Greek premier a broad spectrum of economic and trade exchanges and investments in various sectors.

It must be considered as certain that Iraq will assure Greece in a privileged manner the supply of a significant part of its energy needs, which will increase with the prospect of new large investments in industry.

The Meeting

Premier Andreas G. Papandreou and Deputy Premier Aziz of Iraq had an hour and a half talk at the premier's office yesterday noon. Following the meeting the premier stated:

"I wish to repeat how happy I am over the visit of friend Deputy Premier Tariq Aziz. We had the opportunity in those few hours--because he came only yesterday and he is leaving today--to exchange views on a very broad spectrum, with the conclusion that the two countries can move forward in almost every sector toward close cooperation and exchange of products and views. With the opportunity of the departure of my friend, Tariq Aziz, I am sending warm greetings to President Saddam Hussein and express the wish that soon we will see him also visit Greece.

On the other hand, Tariq Aziz stated: "At the beginning of our discussion I conveyed to Mr. Papandreou greetings from our President Saddam Hussein and the strong wish of himself and of the Iraqi people to strengthen the bilateral relations between our two countries. We attach great importance to our cooperation with Greece for historical reasons, but also because our two countries are located in the same area. We have common views and common principles with our great friend Andreas Papandreou, the leader of PASOK and the premier of your country.

"We had sincere discussions on all questions of common interest in our bilateral relations, on the development of the situation in our region, and on international problems. I can say that we deeply understand each other's positions.

"There are many subjects on which our views are similar and this is an important condition for our cooperation in the future. We in Iraq and the Arab Socialist Party consider Andreas Papandreou a brilliant socialist leader, a brilliant leader of independence. I am happy with this visit which, although it ended too quickly, was very successful and I am satisfied with the results. I hope next time when I visit your country again I will stay longer."

To a question on the subject of trade between the two countries and to a request for more details, Papandreou replied: "I think it is too early. We have certain plans to increase trade as well as joint investments, possibly in sectors of common interest. I think there will be more details somewhat later."

Asked whether the Iran-Iraq dispute came up for discussion, Papandreou replied: "This is a matter of information in which we are interested. I can say, in general that life in Iraq is normal in all respects. Its development plans move forward while the country is being protectedfrom Iran's aggressive tendencies.

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CSO: 4621/56

PRIORITY ISSUES PROJECTED FOR SOLUTION

Athens TO VIMA in Greek 1 Nov 81 p 3

[Article by Vasilis K. Paikos]

[Text] In his first message immediately after the electoral outcome was clearly settled on Sunday night, 18 October, the new premier conveyed optimism, a relaxed attitude, and steadiness to all Greeks, regardless of the specific party preferences which they had expressed just a few hours earlier. In his interview for the American television network of ABC, he stressed and reinforced the nation's pride, without expropriating the country's negotiatory powers in any direction.

Andreas Papandreou has promised to be the premier of all Greeks. His political activities up to now attest to the sincerity of this intention of his, since these activities have managed not merely to please, but also--something much more important and profound--to be a voice for all the Greek people.

Thus it seems that in fact even as 19 October 1981 was dawning, the process of "change" was getting under way. It seems that a road really began to open up in directions which give hopes of and prepare for another kind of "life" for the citizens of this country.

It could not be said that the magic word "change," in whose name the overwhelming majority of the Greek people has been spurred on, has drawn inspiration, and has struggled, has an entirely specific and narrowly defined meaning.

For large groups of citizens, this word has assumed entirely different dimensions--other than and beyond the given programmatic commitments by that body which captured the trust of the majority of the people--since indeed the lack of political education in our country as well as the lack of experience in advanced social transformations are well known.

The Political Infrastructure

The swearing in of the new socialist government, the PASOK administration, means simply and solely that the road toward this "change" has been opened. A road whose end--if one assumes there is an end--is surely extremely far away. And of course it has become generally understood that the road in question is rocky,

uphill, and full of obstacles and traps. For the most part the difficulties involved are centered around the fact that this is the first socialist "experiment" ever tried in our country. In view of this, it is self-evident how "responsibly certain" ought to be every step which will be taken, since--as the premier himself correctly emphasized--no one has a right to disappoint the expectations and hopes of the people.

As is natural, within this process of "change" which has already begun--both on the exploratory and research level and also on a purely practical level--there is an assigning of certain priorities, certain principal options. This ranking of options and priorities is necessary not merely because it is impossible, of course, to do everything at the same time and right away, and not even simply because from the nature of things preparatory work and planning are needed for a long journey.

Such a ranking is indispensable above all because the country needs a suitable political infrastructure before it can accommodate the socialist seed and succeed in fertilizing it. Therefore it is natural for the government to consider first and deal immediately with those measures which could be called "institutional" and which will develop the political infrastructure on which the modern, progressive Greek State will be built.

The measures in question are those which will impart to the people the certitude that something new, something different is happening in the country. Measures which, moreover, will radically transform its conservative "spirit," the established political perception, and which will define the "quality" of the new Greek regime as it develops.

This political logic surely includes as well certain accommodations which have already been announced and implemented, such as the recognition of the National Resistance movement, the first positive signs of the depoliticization of the mass media, the abolition of censorship, the assuming of responsibility for the distribution, by the Press Ministry, of announcements on the activity and views of the parties, and so forth.

For the new socialist government the immediate and radical "settlement" of all the country's unresolved international issues is not an exceedingly urgent imperative, nor of course is the immediate socialization of all those sectors which PASOK made promises about in its program. These and many other matters which are in the nature of monolithic problems call for an exceptionally serious, responsible, arduous, and certainly lengthy preparation before they are ready to enter into the realization stage.

It is undoubtedly the case that economic issues--especially those which concern relief for the poorer classes--as well as matters of public health, educational issues, problems of the environment, and so forth, are pressing for consideration, since indeed the legacy bequeathed by the Right is extremely burdensome. However, each of these issues requires exceptionally careful maneuverings, so that each step which is taken can be securely made and can be effective. Each step should constitute a substantial and certain gain, so that there will be no backpedaling nor will the responsible government figures be compelled to engage in reexaminations, retractions, or revisions.

Furthermore, everything ought to be carried out--and it should be made clear that this is being done--within the framework of a uniform governmental policy, with objectives which are specific and known in advance, with a predetermined strategy and corresponding tactics, and of course the people should be given a precise explanation of not only the significance of the aims being pursued but also the logic of the planning and adjustments being made.

No citizen is going to harshly judge the PASOK administration if, for example, the cost-of-living adjustment of salaries and wages is delayed for a few months, especially as long as it is made clear that the delay is due solely to a heightened responsibility. In essence, the people have granted to the new socialist government of our country an allowance of time.

However, from the nature of things those areas where no allowance of time can be permitted include the cultivation and promotion of a modern, progressive, and qualitatively "elevated" political understanding and practice on the part of the responsible government agencies, the restoration of the moral "legitimacy" of the State, and also the commencement of a process of establishing a governmental structure which is friendly to the people.

In this sector and in parallel with the measures which have been taken already--as was mentioned above--it is essential to go forward with and if possible to complete those adjustments which will promote and support the democratization of public life, which will restore the full and unconditional expression of equality in civil rights, which will be conductive to unity and concord among all Greeks, and upon which the socialist political edifice will be securely based.

Thus, the recognition and vindication of the "National Resistance" needs to be arranged on a priority basis and by legislation. Of course, this will be supplemented by the unconditional repatriation of the political refugees. Other needed actions are to abolish by law the holidays which commemorate and "honor" the dividing of the Greek people and which perpetuate civil-war psychoses, and to destroy those "dossiers" which represent post-bellum rightist practice more than anything else.

Also needing to be arranged on a priority basis and by legislation are the establishing of a fair and sound electoral system and also the giving of the right to vote to people from the age of 18 years on. Not only is this measure not premature--as it may seem at first glance--but on the contrary it could be characterized as urgently needed for the purpose of restoring an equal and fair political treatment of citizens and their agencies and also for the purpose of helping the parties to begin making those adjustments which the new political reality permits and relinquishes to them. Furthermore, the rules of order of parliament ought to be modified, regardless of the supposition that with its present composition no opportunities for inequitable practices now present themselves.

All the above measures are deemed to be necessary for the sake of restoring esteem for "morality in government." Moreover, what we have here are adjustments which, despite their exceptional importance, do not require special and lengthy preliminary work; for these, a simple legislative accommodation is enough.

At the same time, we should not postpone the process of pushing forward a second category of institutional measures which will complete the democratic and progressive governmental infrastructure and which will prepare the soil for deeper political, economic, and social reforms. The measures in question are more complex and "exacting" adjustments, although both the people and the given social interrelations are at a stage mature enough to accept and to assimilate these measures.

As examples of such measures we could mention the separation of Church and State, guaranteeing citizens the right to have a civil marriage ceremony, measures which will help bring about the complete equalization of the two sexes, and even--at a third but not later level--the unrelenting and systematic combating of red tape as well as modernization within and removal of conservative structures from the swollen machinery of the State.

The Political Ethos, the "Wounded Prestige"

The people's condemnation of the New Democracy administrations certainly had reference to the specific political choices made, particularly in recent years--those choices which concerned the economy, health, education, the treatment of national issues, and so forth, as well as those choices which led to the reappearance of the extreme Right.

But above all, the people's disapproval concerned the mentality which the Right brought--or more correctly, brought back--to public life. A mentality which was manifestly reactionary, deeply undemocratic, a mentality which, in eliminating the initial hopeful signs following the change in government, led to the old party-line patterns of the most disgraceful past. The favoritism, the corruption, the graft, the complete politicization of the State--that which ultimately constitutes the rightist political perception--was what was rejected and condemned by the people's verdict of 18 October.

Consequently there immediately arises a necessity, a demand for the government to regain its "wounded prestige" so that it can function effectively in its progressive manifestation. Another urgently needed imperative is to dispel the distrust people have towards the country's political community, to restore its prestige as well--a prestige which has been shaken so much in recent years, especially during the election-campaign period.

This requires that extremely close attention be paid to every step, to the smallest maneuver, to the most "secondary" activity by the representatives of the new socialist government, in order to demonstrate that corruption is not inherent in the political faculty--a belief already entertained in some quarters and fostered by others--but has been an inevitable consequence, not a fortuitous one certainly, of the practice of the Right and of those strategies which it has followed in order to remain in power.

At this point we would be remiss if we failed to point out that there is a serious risk of misunderstandings arising from actions like those of certain ministers of the new administration who launched their activities by visiting their particular electoral districts, where they "presided over meetings" and

so forth. This example is mentioned not because we regard it as momentous or indicative, nor even because we see something deceitful in these initiatives. But since the practice of the past is so extensively encumbered with phenomena which have encouraged suspiciousness as to the quality and nature of stated purposes, it is clear how much attention is called for in the slightest action of the new socialist effort.

The political ethos, the "socialist ethos" (we do not ascribe to this term the almost metaphysical significance with which it has been charged in the past) needs to prevail in public life, so that along with a broadly progressive political perception it will be able to fortify and sanction daily the government's "praxis."

It would be a serious mistake to underrate high standards in public life--at least to the degree that they are determined by the practice of the principal government agencies--as something of a "luxury" which is useless, superfluous, or even only of secondary importance. They have within themselves an independent political weight, and they function catalytically in connection with the signification and interpretation of the activity, the achievements, even of certain of the shortcomings or omissions on the part of the agencies of authority, while at the same time they provide a sort of immediate, rudimentary political education for the people.

Popular Participation

A principal slogan of PASOK, not only in the election-campaign period but also throughout the 7 years it has been functioning as a party, has been "popular participation."

Of course this slogan and promise, which is the essence of the central political perception of the Panhellenic Socialist Movement and which is based on the conviction that nothing can be advanced and take root without broad popular support, is not something which can be regulated legislatively, at least not in its entirety. What is involved here is a political practice which will be mastered and broadened as the social transformation of Greek society proceeds.

But for now, one of the first steps should be to institute a "dialogue of trust" between the government and the people which will take the form of briefing the public, without falsification and above all straightforwardly, on every issue, and perhaps--why not--also the form of encouraging popular mobilizations in support of its efforts or for the purpose of averting dangers.

It is essential for this "relationship" to also take the form of encouraging the mediating potentialities of the mass agencies of the people on every issue of public interest.

The restoration of a relationship of trust between the government and the people takes on a particularly marked political significance above all in light of the negative political "precedent" which the Right has created throughout

its many years in office as the administration, according to which the people have been nothing other than the pariahs of public life.

Supposing the vision of substantial "popular participation" to have been embraced by the people and to have given the election victory to PASOK, it is certain that its materialization, its imprinting in practice, will be the most important instrument, the most powerful lever with the aid of which the process of "change" will be set in motion and will advance.

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COLUMNIST HITS IKV CRITICISM OF REAGAN'S PROPOSAL

Rotterdam NRC HANDELSBLAD in Dutch 24 Nov 81 p 7

/Article by J. L. Heldring: "Fear Surpresses the Other Voice"/

/Excerpt/ It is remarkable that the great propagandist for unilateral steps, M. J. Faber, secretary of the IKV /Interchurch Peace Council/ considers President Reagan's proposal to the Soviet Union unrealistic, because Reagan demands of the Russians...unilateral steps.

It is not a question of whether Faber is right in this analysis, but he loses his credibility when he recommends unilateral steps as realistic policy then condemns them as unrealistic policy, depending on whether the Netherlands or the Soviet Union is the one which must carry out such a policy.

Consequently Faber must look for better arguments to reject Reagan's proposals. Now he allows himself to be strongly suspected of partiality. Meanwhile has he also labeled immediately the Russian proposal for a moratorium--which would amount to a unilateral proposal by the West--as unrealistic?

Still may we not assume that the American proposals which, whatever their intrinsic merits may be, differ from the image of implacability and bellicosity which the Reagan government has projected, for that reason are unwelcome to the IKV which has benefited from that belligerent and uncompromising image?

Each step, however small it may be, which lessens the chances of a clash between the United States and the Soviet Union--consequently of a world war--deserves a better reception than the IKV has been willing to give Reagan's proposals--even if such a step means at the same time a step towards the elimination of the IKV itself. For: if peace is once assured, the IKV is unnecessary. Or it is going the same way as the churches, which very soon after their appearance, began to be regarded as a goal, instead of as a means.

If the IKV's reaction to Reagan's proposals was niggardly, somewhat sour, the reaction of the others was again somewhat too exuberant.

"A giant step forward," exulted Minister van der Stoel. Now that must still be obvious--unless it was not intended so much that the proposals had brought a Russian-American agreement closer, than that they suddenly showed a Reagan who was quite different from what we were accustomed to.

In short, the IKV, whose existence depends on the mass fear of war, is helped by an evil Reagan; Van der Stoel, who shudders at the idea of a breakup of the European-American alliance, benefits from a peace-loving Reagan. Hence his cry of exultation, which appeared a bit too much like the cry with which the drowning man greets the life buoy which is thrown to him.

8490
CSO: 3105/45

IKV SPOKESMAN CRITICIZES NATO'S ZERO OPTION CONCEPT

Rotterdam NRC HANDELSBLAD in Dutch 24 Nov 81 p 7

/Article by Doctoral Candidate L. J. Hogebrink, member of the IKV /Interchurch Peace Council/ on behalf of the Netherlands Reformed Church: "Zero Option: Proposal to get Euromissiles Stationed"/

/Text/ In recent months, FRG politicians especially have kept alive the idea of a "zero option." No one knew what was intended with that. It meant that NATO could get rid of the 572 cruise missiles and Pershing IIs without loss of face. For because of the resistance of the peace movement, they were gradually becoming too great a disintegrating influence in NATO itself.

That only became worse, as it became clearer, even in official reports, that the military argument behind the modernization decision of December 1979 was weak and that political motives especially were behind it, including now precisely the show of unity and firmness.

Moreover, it is now recognized behind the scenes by West German politicians that Schmidt as the first person responsible for NATO modernization (for the United States did not have any great interest in it at the end of 1977) has made a serious mistake. But if NATO now drops the whole matter, how must the Soviet side react to that?

Brezhnev asked that repeatedly of Brandt during his visit to Moscow in July. Western politicians asked it of each other. And we regularly asked it in the peace movement of NATO officials and everyone who was familiar with this subject. We never got an answer, except that the question was not relevant because the zero option was not a plausible option.

One thing was clear: it could not involve simply the elimination on one side of the 572 future NATO missiles and on the other side of all the medium range missiles which the Soviet Union has stationed on the ground since 1959. If that would be the proposal, that would definitely indicate that the zero option actually was not in earnest.

Still that has not happened. And remarkably, as appears from expressions of praise especially in the FRG and American press, but also in the Dutch press, President Reagan has scored a nice victory there. Only here and there is criticism heard that expectations now perhaps are too high.

Illusion

The zero option has never been effective as a serious negotiation offer. It was also not intended for that, it was for domestic consumption. During the famous "starting points" of 30 October 1979, the CDA /Christian Democratic Appeal/ managed at that time to conceal internal division. Moreover, "zero option" was not described then as dismantling of everything existing, but as "no further expansion." In other NATO countries, it was especially the socialist parties which resorted to the zero option to hide their support for the NATO decision from their angry supporters.

The hammering on the zero option for domestic consumption sorely offended many in NATO circles. In his yearly report in 1981, the American Defense Department chief emphatically called this result "unrealistic." The CDA Donner Report called the zero option "a beautiful illusion."

Schmidt hinted after Brandt's visit to Moscow that a zero option in which all Russian missiles had to be dismantled was extremely improbable. Still in his critical domestic position, he also advocated a zero option, whatever that might be. And under heavy German pressure, Secretary of State Haig finally admitted recently: a zero option was conceivable "under ideal circumstances."

It was somewhat painful to see how thankful Schmidt now proved to be. For "ideal circumstances" that could only mean that the Kremlin would burst out in sobs, would promise never to do it again, and would throw its whole arsenal of medium range ground based missiles on the scrap heap.

It is naturally not very probable, but really that now is the meaning of the zero option.

On 14 November Egon Bahr explained at a "Peace Forum" organized by the SPD /Social Democratic Party of Germany/ that a proposal such as Reagan now has made would not be a realistic rapprochement. It indicates the confusion in Bonn that Schmidt subsequently celebrated the proposal as proof of his policy's success. The fact that Moscow immediately rejected the proposal could not possibly have been "a disappointment" for Washington, as was asserted.

It is an unrealistic proposal. It is also a complete misjudgment of almost 25 years of nuclear policy.

But the Russians were less advanced than feared; their great missile production appeared intended for Europe. Beginning in 1959 the SS-4 and SS-5 were set up. After the Cuban crisis, when Moscow stationed SS-4 missiles in Cuba and was forced to again remove them, the Thor and the Jupiter were also withdrawn in 1963. Their role was assumed by the Polaris missiles on submarines assigned to NATO and by F-111 bombers in England.

After this France and England also developed their own nuclear forces. A continuous expansion and modernization process has been in progress among all parties since then. The SS-4 and SS-5 appeared in their turn as the latest of their generation.

Partial Lead

That fact that actually the western "answer" to the Russian medium range missiles has been concentrated to a considerable extent at sea since 1963 is ignored in Reagan's zero option. The fact that the Soviet Union still has to reckon with the nuclear forces of England, France and China is also disregarded. And likewise the fact is also overlooked that, outside the NATO program, America soon will have thousands of cruise missiles available at sea and in the air, which are partly intended for nuclear assignments in Europe.

For some time NATO has described the problem preferably as that of the ground based nuclear weapons systems in Europe. Then a frightful backlog is pointed out, for example of 3:1. Well, whoever had looked at the ground based medium range missiles in 1963 would have certainly seen something quite different, namely a Russian lead of 750:0. But for many years NATO has not been concerned about this partial Russian lead (ground based medium range missiles). For they were compensated for in many other fields.

The conservative FRG daily DIE WELT reported the day after Reagan's speech that this speech was decided upon "to counteract the growing resistance in Western Europe to new atomic weapons." In fact, the zero option, as now developed, does not have as its purpose preventing stationing, but carrying it out.

For disarmament proposals which are intended not so much for the negotiating table, but for public opinion, there exists a definite term: propaganda. This newspaper's main editorial of 19 November, called it "disconcerting" that IKV [International Council of Churches] Secretary Faber used this term so quickly. That quickness is explained by the fact that the IKV is not changing its opinion, which has already existed for 2 years about what sort of zero option is unrealistic, when the American president comes forward with it, this in opposition to the Netherlands' government.

Minister van der Stoel changed then and there his already distributed text of a speech in Leiden, in order to adapt. I consider that disconcerting, just as the few critical comments in much of our press. The Soviet Union is often accused of propaganda, and frequently rightly so. There is no reason to use another term when the United States is guilty of the same thing.

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CSO: 3105/44

ENERGY CONSUMPTION IN 1980 SHOWS DECLINE

Luxembourg LUXEMBURGER WORT in German 19 Nov 81 p 3

[Article: "Ministry of Energy: 'Dependence On Oil Must Be Reduced'--Energy Consumption Dropped in 1980 by 6.5 Percent From That of the Previous Year"]

[Text] Dependable delivery of oil, natural gas or coal is an important factor for guaranteeing the stability of national economies. The 1973/74 oil crisis caused a difficult situation for the European states and proved that we are too dependent on oil. Since that time the countries have tried to conserve energy or to develop new sources of energy (e.g., solar and nuclear) which are intended to reduce dependence on the Middle East's "black gold." When the Western European states presented a united front, the oil producers were no longer able to maintain price pressures. This led to price stability for a period of 5 years. But the war between Iran and Iraq and the consequent total cessation of oil exports from those countries proved that our economies are still very vulnerable. The current oil glut is caused by the economic situation.

In Luxembourg for instance there was a drop in energy consumption of 6.5 percent in 1980. This is primarily due to a crisis in steel production and also to some conservation measures. The energy ministry has attempted through an information campaign to show the consumers how energy can be conserved. Among other things, brochures were printed which contained practical advice; the ministry operated an information booth at the international autumn fair; and a postage stamp was issued with the "energy conservation" theme. Homeowners are motivated to use insulation in return for various subsidies.

Energy conservation in public buildings amounted to reductions of 2.9 percent in 1979 over 1978 and 7.8 percent in 1980 over 1979. The government will also try to reduce street and village lighting in future years; savings from this are projected to amount to about 4 million francs. Additionally, subsidies will be granted for the use and trial of new energy sources, among them solar energy and heat pumps.

The Share of Coal in Luxembourg Energy Consumption Rose to 47.1 Percent

Luxembourg's energy consumption is distributed among four sources: oil, natural gas, coal and electricity. During the last few years it was noted that the share of oil was reduced by 30.1 percent in 1979 and 26.8 percent in 1980. The coal share rose by the same percentage: 44.3 percent in 1979 and 47.1 percent in 1980. Natural gas accounts for 10.7 percent and electricity for 15.4 percent of energy requirements.

The energy ministry's view that our dependence on oil must be reduced became a reality during the last 2 years. It is hoped that new energy sources will contribute to attaining this goal in the future also. Should the steel crisis be overcome, we must avoid a renewed drastic increase in Luxembourg's oil consumption.

Coal, which as recently as 1963 took care of 80 percent of Luxembourg's energy requirements and which during subsequent years dropped to 41 percent, has today again risen to 47 percent. Coal imports originate in European Community countries, which is why deliveries are not endangered. They are secure until the year 2000 by virtue of the close contact between Luxembourg's steel industry and the coal mines of the Ruhr and Aachen. Because of the cost increases for oil the steel industry must have increasing recourse to coal. Care must however be taken to make sure that the use of coal does not exert a negative effect upon the environment.

The energy ministry's budget message additionally deals with the activities of the Cegedel [Grand Duchy Electric Co.] and the SEO [Our River Electric Co.] as well as with alternative sources of energy.

9273
CSO: 3103/131

INSTITUTE'S REPORT ON STATE OF ECONOMY IN FALL 1981

West Berlin DIW WOCHENBERICHT in German Vol 48, No 43/44, 29 Oct 81 pp 494-505

[Article: "The Economic Situation in the Federal Republic of Germany"

[Text] The economy of the Federal Republic of Germany still is in a state of recession: the overall economic production has been stagnating for a year; employment is declining and the number of unemployed is quickly approaching the 1.5-million mark.

This situation is attributable not only to the sharp rise in energy prices and to the unfavorable development of the world economy, but also to the positions taken by industry and labor and to the economic policy pursued.

Industry and labor negotiated wage increases that even at the time they were agreed upon showed that they would curtail the returns of the enterprises. Since the economic development had taken a more unfavorable turn than had been expected, the pressure was all the greater. In combination with the exchange rate-related rise in import prices, this resulted--what with the narrowing of margins for passing on the costs--in an extremely sharp decline in profits.

To be sure, the financial policy held out the promise of a course of consolidation; however, it did not consistently pursue this course, nor were the measures taken apt to generate greater confidence in the financial policy pursued. For the regional organs curtailed above all public investment orders. Other expenditures increased more rapidly than had been planned--and this happened not only because the economy did not recover to the degree expected, but also because some of the expenditures had been pegged too low (defense, interest). In addition, taxes were raised and higher levies were imposed on the postal service; moreover, the Federal Bank transferred gains to the Federal Government. Last but not least, contributions to the social insurance system were reduced as well and to this extent, the consolidation was effected at its expense. All told, the deficit showed a sharp increase already during the first half of the year. However, the resultant supportive effects on income circulation were offset by negative effects on interest and expectations.

In February, the Federal Bank had markedly raised its interest rate so as to counter the weakness of the deutschmark vis-a-vis the dollar and the partner currencies in the European monetary system and also the concomitant cost and price increases; subsequently, however, the Federal Bank refrained from further rate

increases, even though the deutschmark once again dropped in value vis-a-vis the dollar. At the beginning of October, the special lending rate was reduced from 12 to 11 percent, but the sharp increase in the interest rate in the spring dampened the economic development throughout the period under discussion.

Turning Point in the Development of the Exchange Rates

The weakness of the deutschmark dates from 1980, when the current accounts deficit was getting larger and larger. In 1981, the devaluation initially intensified, not least because the U.S. Government adopted a new economic policy which served to generate considerable confidence in the dollar. In the European monetary system, the deutschmark had weakened, because expectations were blocked by exchange rate changes and the higher interest rates abroad attracted investment capital. Conversely, the low interest rates in the Federal Republic attracted those who wanted to go into debt. This development was reversed, after the Federal Bank in February had increased its rates--raising the special lending rate from 9 to 12 percent. Subsequently, the deutschmark was at the upper margin, and the French franc, at the lower margin of the exchange rate range. At the end of the summer, the tensions in the currency system intensified and at the beginning of October, the key rates were changed. Since mid-August, the deutschmark has been recovering, even vis-a-vis the dollar, especially since the deficit in the current accounts balance is being reduced considerably and since the economic prospects in the United States are not improving as rapidly as expected.

Overall Economic Development Influenced by Devaluation of the Deutschmark

Well into the fall, the sharp decline of the deutschmark influenced the economic development in the Federal Republic: it raised the price of foreign goods and services and thus reduced the purchasing power of consumer incomes, lowering domestic demand. On the other hand, the decline caused part of the demand that otherwise would have been directed abroad to remain in the domestic market; moreover, it reduced the price of Federal German goods and services for foreign buyers, thus promoting exports. To a large extent, the devaluation of the deutschmark thus helped to turn around the current accounts balance.

Devaluation Promoted Exports...

Even though in most industrialized countries the economic development has been as weak as that of the Federal Republic, exports have been expanding considerably, primarily because as a result of the devaluation of the deutschmark and the--relative to the situation abroad--small price increases the competitiveness of the West German economy has increased considerably. The exporters have taken advantage of this for expanding their market share.

Exports to the dollar area, i.e. to the United States, have shown a marked rise, but exports to the OPEC states and other developing countries have expanded as well. Exports to the partner countries in the European monetary system have not increased as much, since the West German economy's edge over the producers in those countries has been limited to the--relative to these countries--lower price rise. Exports to Italy have not increased, since the government subjected imports to a cash deposit requirement so as to reduce the devaluation pressure on the lira. For lack of foreign currency, most of the state-trade countries kept down their imports from the FRG.

...and Curtailed Imports

Since the summer of last year, commodity imports have been declining in almost all categories. Aside from the improved competitiveness of the German economy, this is due to the low level of domestic demand and production. In addition, there were cutbacks in oil and in petroleum products. Recent expectations regarding a reversal of the exchange rate development may have contributed to the decline in imports.

The development of the import prices has been influenced above all by the devaluation of the deutschmark vis-a-vis the dollar. Thus, even though in the world markets the prices of raw materials--calculated in dollars--have been declining, these materials have become more expensive for the FRG. In terms of volume, the contrary development of exports and imports has served to increase considerably the commodity exchange surplus. Since the reversal of the exchange rate trend, the development of the terms of trade likewise has helped to augment the trade balance surplus.

Turning Point in the Current Accounts Balance

It is not only the surpluses in the trade balance that have been increasing: at the same time, the adverse trend in the services sector has markedly slowed. To be sure, the remittances of profits and interest to foreign countries have increased, but the deficit in the tourist traffic has slightly declined. In regard to the remittances, the debit balance has continued to rise on account of increased payments to the European Community. Even though expenditures and revenues in the current accounts balance still add up to a considerable deficit, this deficit has of late been markedly smaller than at the beginning of the year.

Private Consumption Reduced

Since the beginning of the year, private consumption--which in previous recessions had always been a factor promoting economic development--has been declining. In the fall, it was markedly lower as compared to the same period in the preceding year: due to the drop in employment, salaries and wages have been increasing only slightly; the rise in living expenses has reduced the purchasing power of the private consumers' total disposable income, and the savings quota has been increasing. The high interest rates have served to encourage saving and--in combination with the deterioration of the employment situation--to curtail borrowing. The negative effects of these influences were felt primarily in the consumer goods purchase sector.

Capital Investment on the Decline

While capital goods likewise have been affected by the economic recession, the slump has not nearly been as great as the pronounced pressure on returns would have led one to expect. It appears that the sharp rise in the cost of energy and labor made prematurely "obsolete" part of the production apparatus. The intensified necessity to effect structural changes gave rise to product and process innovations.

To a large extent, the drop in capital goods investments was caused by the high interest on financial investments that promised riskless and higher returns than did investments in material assets.

Sharp Decline of Construction Investment

Construction work has been declining on a large scale: in the public construction sector, primarily because of the cutbacks in the course of the tightening of fiscal policy; in housing construction, primarily because of the high interest rates. The decline in industrial construction reflects the general slackening of investment activity.

The cutbacks in state funds have affected above all underground construction projects. In the housing sector, construction of single-family homes has been falling off markedly. Construction of two-family and owner-occupied homes, on the other hand, has been aided by the expectation that the tax relief granted for such houses would soon be curtailed.

The increasing decline in orders has considerably narrowed the construction industry's margin for price increases. In road construction, the fall prices have increased only 1.5 percent over last year's level, whereas in housing and industrial construction, prices still exceed by 5.5 percent those registered in the preceding year. Previously, prices had shown 10-percent and higher increases.

Budgetary Deficits Higher Than Planned

The regional organs will not nearly be able to attain the objective to limit in 1981 their expenditures to 4 percent, and the deficit, to DM 56 billion. Even in the first 6 months, the deficit exceeded by DM 8.5 billion that of the corresponding period of the preceding year. This is only in part attributable to the fact that economic trend-related expenditures such as unemployment compensation rose more sharply, and tax revenues, more slowly than expected: in some sectors, above all in the defense sector, expenditures had been pegged too low.

This year, the expenditures of the Federal Government and of the states, the municipalities and the social insurance system will exceed by over 6 percent the level of the preceding year. The increase in government spending is not likely to slow significantly. On account of the rising debt and the higher interest rates, interest payments will increase rapidly and the income transfers to the private households will be greatly intensified on account of the increased payment of unemployment compensation.

As for tax revenues, the gains will only be slight, what with the economic slump and the tax cuts at the beginning of the year. To some extent, this is compensated by the increased payments of the postal service and by the excess-of-profit tax on the Federal Bank.

In regard to the social insurance system, the rise in receipts resulting from the raising of dues has been so extensive that this year the surplus will increase to DM 4 billion--a DM 2 billion increase over last year. For the regional organs, however, the financing gap will widen by DM 15 billion to DM 70 billion.

Production Stagnating

Leaving out of consideration seasonal influences and fluctuations in the number of workdays, the GNP--rather than increasing in the summer half-year--actually showed

a slight decline. The fact that in comparison with the previous year the rate of decline dropped from 1.5 percent in the 1st quarter to 0.5 percent in the 3rd quarter is attributable above all to last year's development, which was characterized by an upswing at the beginning of the year and by a subsequent slump.

Employment Declining

At first, the enterprises had tried to meet the decline in demand and production through a reduction of working hours and a phasing out of open jobs. The continuing pressure on returns forced them to resort to dismissal as another means of cutting back on labor. Since the spring, an increasing number of workers have lost their jobs through enterprise shutdowns and bankruptcies. In the fall, the number of gainfully employed persons had declined by 250,000, as compared to the beginning of the year, and by 300,000, as compared to 1 year ago.

Since the number of workers entering the labor market exceeds that of the workers leaving the work force, the rate of increase of the unemployed exceeds the rate of decline of the employed. With due regard to seasonal fluctuations, the number of unemployed is expected to approach the 1.5-million mark, which mark will be exceeded if seasonal unemployment is included; the annual average is expected to total 1.25 million, i.e. an increase of 400,000 over the preceding year. The unemployment rate will increase from 3.8 percent in 1980 to 5.4 percent in 1981.

Accelerated Price Rise

Despite the reduced demand in many markets, it is only in the construction sector that the price rise has slowed significantly: here the drop in demand has been especially pronounced. In the other sectors, the prise rise has remained practically unchanged and the consumer price index has risen at an accelerated rate. This is attributable primarily to the rise in the prices of foreign goods and services resulting from the decline of the deutschmark, to the resultant rise in the energy prices, to the make-up increases of state-controlled prices, and to the raising of excise taxes. As a result of all these influences, in the fall the consumer price index exceeded last year's level by 6.5 percent.

Signs of Interest Rate Reduction

Initially, the Federal Bank adhered to its restrictive monetary policy, which in February had been further tightened. The Central Bank's money supply increased only slightly, staying eventually at the lower margin of the Federal Bank's target range, the limits of which were set by the current 4- to 7-percent rates. The expansion level commensurate with the potential was not attained.

Nevertheless, the deutschmark's exchange value continued to decline. The continuing climb of interest rates in the United States and the confidence in the United States' new economic policy caused the dollar rate to rise from about DM 2.20 in mid-February to over DM 2.50 in the first half of August.

In the summer, the interest rates in the capital market and most interest rates on bank loans and deposits rose only slightly; previously, upon the introduction of the special lending rate, they had increased by 2 to 2.5 percentage points.

While the high interest rates dampened the credit demand of trade and industry, the credit expansion remained relatively strong, since on account of the sharp drop in returns many enterprises had to fall back on borrowed capital. Since as a result of the rise in interest rates money had become very expensive and since investment of liquid funds in financial assets yielded higher returns than did investment in material assets, funds were increasingly channeled to the stock markets and to long-term accounts.

In the foreign exchange markets, the situation changed in mid-August. The improvement of the German current accounts balance pushed up the deutschmark, while doubts concerning quick success of the United States' economic policy depressed the dollar; in addition, interest rates in the United States showed a slight decline. Consequently, the dollar rate dropped from over DM 2.50 to approximately DM 2.20 in the first half of October. Although in France both the Central Bank and the government tried to counter the pressure on the franc by raising interest rates and restricting capital movement, the tensions in the European monetary system increased greatly. Consequently, at the beginning of October the key rates were changed: the deutschmark and the Dutch guilder were appreciated by 5.5 percent, while the French franc and the Italian lira were devalued by 3 percent. However, the appreciation of the DM rate vis-a-vis the franc and the lira did not compensate the present differences in the price development. Nevertheless, after the restructuring of the key rates, the deutschmark dropped vis-a-vis the franc to the lower margin of the agreed-upon range (where it has since remained), primarily because the French interest rates clearly exceed the rates in the FRG and because in the foreign exchange markets another correction of the key rates is not expected for the time being.

Subsequent to the strengthening of the deutschmark, the interest rates in the FRG's money and capital markets began to decline; as compared to the interest rate peak of mid-September, the reduction totaled up to 1.5 percentage points. At the beginning of October, the Federal Bank reduced the special lending rate from 12 to 11 percent, thus signaling a slight lowering of bank interest rates.

Prospects

All of the participating institutes are agreed that for the time being the economic output is likely to remain at a low level. As to the question how pronounced this recession phase is going to be and how long it will continue before it is superseded by a new production upswing, the views differ: the institutes in Berlin, Essen, Hamburg and Munich do not expect a continuing large-scale decline; in contrast to the Kiel institute, they hold the turning point will come at an earlier date.* The quantitative forecasts clearly reflect this.

The divergent appraisals also reflect the pronounced uncertainty of a quantitative forecast at this time, especially in regard to the basic foreign economic conditions and the assessment of delayed effects in connection with monetary policy.

The four institutes base their forecast primarily on the following assumptions:

*See in this regard the assessment of the Kiel Institute for the Study of the World Economy, pp 501 ff.

--As has been pointed out in detail at the beginning, world trade will show renewed expansion in 1982. The economy of the Federal Republic will fully participate in this expansion.

--The trend toward appreciation of the deutschmark, above all vis-a-vis the U.S. dollar, will be continuing. This is indicated by continuing differences—favoring the FRG--in regard to the cost and price development. Moreover, the FRG's current accounts balance will continue to improve, while that of the United States will be deteriorating. Against the dollar, the institutes expect an appreciation trend toward a rate of DM 2. The need for accommodation—arising as a result of the continuing differences in the price rise rates--vis-a-vis the currencies of the European monetary system probably will be met only toward the end of next year. The rate of the imported price hikes will soon be abating; in particular, the oil price in deutschmarks is expected to decline further. Even though the international competitiveness of the German economy is likely to diminish, it will remain relatively satisfactory.

--The German Federal Bank pursues a potential-oriented policy, i.e. it utilizes the improvement in the exchange rate and in the current accounts balance to further the trend toward interest reduction.

--The financial policy basically follows the consolidation course outlined in the resolutions and declarations of intent concerning the 1982 Federal Budget. In this connection, attempts are made to reduce the so-called structural deficit primarily through cutbacks on expenditures, but also through tax increases. The overestimation of the economic recovery in the initial budgetary plans and the resultant consequences concerning state revenues and expenditures have led to renewed discussions concerning the attainable degree of restriction of the increases in expenditures and of the financing deficit. Thus the resolutions concerning the 1982 Federal Budget are likely to be modified. In the forecast, the projections for expenditures and for the state deficit are higher than would be justified in view of the September drafts.

--The 1982 collective bargaining round is expected to result in lower wage agreements, as compared to 1981. To be sure, the fact that at the time of the negotiations the rates of increase of the consumer price index will still be high—albeit lower than at present—will make it difficult to reach an agreement; but against these increases, there is the growing number of unemployed and this year's decline of profits.

Exports will continue to have an expansive effect on the economic development, and the improvement of the foreign economic conditions will exert an increasing influence on domestic demand. Interest rate reduction is an important factor in this regard. For the time being, however, these impulses are offset by the delaying effects of the financial policy pursued.

Exports Promote Economic Recovery

In the summer months, the volume of new foreign orders continued to increase. To some extent, this increase was due to large-scale orders and speculative orders based on exchange rate-related expectations. Thus the volume of orders in hand is high. Although the increase in foreign orders and in exports is likely to continue, it will be slowing down.

The appreciation of the deutschmark has again diminished the competitive edge of the German suppliers. As regards trade relations with the United States, this trend is likely to continue, for the nominal appreciation of the deutschmark vis-a-vis the dollar presumably will be greater than the difference in the rates of inflation between the Federal Republic and the United States. As for the trade relations with the countries of the European monetary system, the deutschmark will in real terms undergo renewed devaluation, and this will have a stimulating effect on exports to these countries.

In addition, there is the economic recovery in the Western industrialized countries and the concomitant expansion of world trade. In 1982, the average annual increase in commodity exports will amount--in real terms--to a sizable 5.5 percent (1981: 6.5 percent).

On account of the appreciation of the deutschmark, the opportunities for price hikes in the export sector will be diminishing, but the cost pressure will let up as well.

Increased Efforts Toward Consolidation of the State Budget

According to the September resolutions, in 1982 government spending was to expand by no more than 4.2 percent and the financing deficit was not to exceed DM 26.5 billion. It is planned to restrict state contributions and to impede improper claims. Personnel expenditures will be trimmed as well. Increased revenues represent another approach toward deficit reduction. The greatest contribution in this regard is the increased excess-of-profits tax on the Federal Bank. Furthermore, there is the increase in the duty on tobacco, champagne and brandy and the curtailment of tax allowances. Industry is to be provided with incentives in the form of more favorable depreciation regulations and of special "labor-related measures," which play only a secondary role, however (total amount: DM 1 billion, most of which is allocated to the steel industry).

For a probability forecast, the data of the initial budgetary drafts can only provide rough guidelines. Since the Federal Government has so far proceeded from overly optimistic assumptions concerning the overall economic development, the September resolutions must be modified. This goes not only for the increase, but also for the structure of the expenditures. Trend-related increases in expenditures and reductions in revenues probably will be compensated--at least in part--by cutbacks in other sectors. The states, too, will try to effect additional economy measures; most likely, they will curtail the municipal contributions. The municipalities can be expected considerably to reduce their investment plans, especially since the expenditures on public relief and interest are on the rise.

To a large extent, the development of the other expense items appears to conform to the initial declarations of intent: the nominal government consumption presumably will increase by no more than 5 percent; due to personnel cutbacks and pay-related measures, the personnel costs are unlikely to rise by more than 4 percent. In comparison with 1981, the income transfers to private households will expand at a markedly lower rate. Even though the pension increases exceed those of the last 2 years, this is offset by considerable cutbacks on other social contributions.

Although in contrast to this year there will be no tax cuts--excise taxes actually will be raised--and even though the excess-of-profits tax on the Federal Bank will exceed this year's level, state revenues will be increasing only slightly.

The financing deficit of the regional organs will be reduced by DM 10 billion to under DM 60 billion; the trade cycle-related deficit continues to grow, while the structural deficit is declining. However, the decline is largely attributable to an increased excess-of-profits tax on the Federal Bank (according to the forecast, a total of DM 6 billion). To some extent, the deficit decline is attributable to the social insurance system; it is primarily for this reason that the system's 1981 surplus will next year be superseded by a deficit.

Decline of Construction Activity Slowing

In the construction sector, the continued high interest rates, the persistent financial weakness of the state and the lowered income expectations of enterprises and private households are keeping demand down. This has been reflected in a--partly considerable--decline in the volume of new orders placed with the construction trade; the volume of orders in hand has diminished considerably.

So far, construction activity has dropped only slightly below the level of the preceding year, but in the near future it is likely to show a sharp decline. It is only now that the inhibitory delayed effects of high interest rates and the low demand in the public sector are felt in full. At best, there may be a low-level stabilization toward the end of 1982. On account of the especially unfavorable development in the coming winter half-year, the annual average construction investment volume of 1982 will fall short by 5 percent of the preceding year's level.

The decline in public construction investment will be especially pronounced. Thus the state again has a procyclical effect on the construction sector: just as in 1979 it contributed to the excessive strain on the building capacities, it now intensifies the recessive trends.

In the housing construction sector, too, demand is likely to remain weak for some time, for the income and employment expectations are still quite low. To be sure, there is good reason to assume that the interest rates will soon come down; experience has shown, however, that in such a situation prospective builders assume an attitude of wait and see. This is all the more likely, since the construction cost increases are on the decline. The planned changes in tax regulations likewise make a quick stabilization appear unlikely. To be sure, in the medium term the improved depreciation conditions in regard to construction of owner-occupied and rental housing can be expected to create additional demand; however, the planned restriction of the unlimited tax writeoff of loan interest on two-family homes to homes actually containing rental units has an inhibitory effect.

It is only in industrial construction that the decline in demand is likely to subside and to be superseded--in the first half of 1982--by an upswing. Among the stimulating factors--aside from the improvement of the investment climate--are the facilitation of degressive depreciation and the special support for district-heating investment within the framework of the government-state-program. It seems safe to assume that the trend reversal in regard to new orders in the industrial construction sector will in the course of the year trigger renewed construction activity.

The rise in building costs is likely to slow down further: in view of the pronounced weakness of construction demand, a decline of the rate of increase to 2 to 3 percent--as compared to the preceding year--can justly be expected in the second half of 1982.

End of Slump of Capital Goods Investment

From the end of 1979 to the fall of 1981, the--seasonally and price-adjusted--volume of domestic orders placed with the producer goods industry declined by one-tenth. Even toward the end of this period, the downward trend was unabated. This indicates that in the next few months investment activity will continue to decline. However, one cannot expect the capital goods investments to fall off as sharply as the volume of new orders. In this sector, demand is always subject to greater fluctuations than is investment activity. Another factor indicating that a sharp decline in producer goods investment is unlikely is the increasing stabilization of the enterprises' business expectations as revealed in the test results of the Ifo Institute [Institute for Economic Research].

Key conditions that are of crucial importance for the development of private investment activity will gradually be improving. Thus the cost-related pressure on profits is likely to subside. For one thing, the rise in the prices of imported advance services has slowed or--as a result of the appreciation of the deutschmark--has even been reversed. Secondly, in terms of piece-rate labor costs, the situation of the enterprises can be expected to improve. Moreover, the conditions governing financing with borrowed capital are getting increasingly favorable.

Measured against the direct demand effects, the financial policy is likely to have a restrictive effect. In regard to growth policy, contrary influences will make themselves felt. Against the degressive depreciations, there is the elimination of advance tax reductions for passenger cars; the planned restriction of tax allowances for pension provisions likewise has a dampening effect on the employers' expectations. Generally speaking, one must bear in mind that a policy of consolidation generates confidence and serves to reduce interest rates.

It appears safe to assume that investment activity will recover soon after the turn of the year; however, the recovery will initially be slow, since the financial strain caused by the enterprises' considerable profit losses during the downturn will be relieved only gradually and since the general uncertainty concerning the depth of future economic growth is undiminished. Capital goods investments can be expected to expand, beginning in the summer of 1982; in the second half of the year, they are likely to exceed the level of the second half of the current year. On an annual average, however, a decline of approximately 2 percent is to be expected.

Increasing [sic] Investment in Supplies

In the current year, the enterprises--pressured by high interest rates and unfavorable sales expectations--have considerably curtailed [sic] their investments in supplies. Through production cutbacks and cautious order placement, trade and industry apparently have succeeded in reducing undesirable inventories. At present, the stock-in-hand appears to approach--in many cases even exceed--the technically required minimum. In this process, the risk of sales losses due to incomplete

product assortments has been increasing. In combination with the drop in stock-keeping costs resulting from the reduction of interest rates, this will lead to a reversal in the supply cycle, which will have a stimulating effect on production.

Gradual Recovery of Private Consumption

Private consumption now appears to have reached its lowest point. This assessment is based on the fact that in connection with the appreciation of the deutschmark the rate of the price rise in private consumption will markedly slow down, i.e. the foreign trade-related drain of purchasing power will subside. Moreover, the savings quota can be expected to decline.

In the coming year, gross salaries and wages will be increasing by a mere 3.5 percent--what with the continuing decline in employment and the modest wage agreements assumed in this forecast; due to the--again fully effective--progression of the tax on wages, net salaries and wages will be increasing by no more than 3 percent. As has been pointed out in the chapter on the development of the national budget, the income transfers likewise will grow only slightly. However, in regard to distributed profits, including the income of self-employed persons, an accelerated rise is to be expected. All in all, the increase in disposable income will only slightly fall short of this year's average.

Owing to the effect of declining interest rates and of the--by now urgent--replacement of durable consumer goods, the savings quota can be expected to fall off. Consumer spending will continue to expand in the course of the year. Since the price rise is diminishing, real private consumption is likely to rise, presumably at a rate of approximately 2 percent. On an annual average, however, this will result in only a slight increase, as compared to 1981.

Rapid Reduction of the Current Accounts Deficit

The real depreciation of the deutschmark that occurred up to the late summer of this year will continue to have a dampening effect on imports. Even the expected appreciation of the deutschmark will not greatly affect the competitive position of the German producers. Imports will revive only when demand and production in the FRG show an appreciable increase. This increase is to be expected in the course of the first 6 months of 1982. At first, impulses will be generated primarily by the stock and supplies planning; above all, these impulses will stimulate imports of semifinished products. In 1982, the average annual volume of real commodity imports, which this year will be 1 percent below last year's level, is likely to show again a 1-percent increase. The price-adjusted foreign trade surplus, which even in 1981 will greatly exceed that of the preceding year, will continue to rise.

The recovery of the deutschmark will significantly slow the rise in import prices; goods to be paid in dollars, above all raw materials, actually are likely to become less expensive. The rate of decline of the import price rise will exceed that of the export sector, for the terms of trade of the Federal Republic are likely to improve before long. This will contribute to a rapid rise in the nominal trade balance surplus.

Since the deficits in the transfer balance and in the service transactions with foreign countries will not change very much, the activization of the trade balance will determine the trend of the current accounts balance. In 1981, the deficit of the current accounts balance (DM 25 billion) will be reduced by DM 5 billion, as compared to the preceding year; in 1982, the current accounts balance will approximate equalization.

Real GNP Increasing Again

In view of the trend reversal in domestic demand, overall economic production will again begin to rise in the first 6 months of 1982, provided that the favorable development of exports will continue. The rate of increase is likely to exceed the increase in the production potential so that a slight improvement of the overall capacity utilization is to be expected. On account of the low starting level at the beginning of 1982, the increase in the real GNP--calculated on an annual average--will amount to no more than 1 percent.

Further Deterioration in the Labor Market

Until the spring, the rate of decline in the number of employed workers will remain unchanged. Even after the production trend reversal, the downturn is likely to continue. For the time being, the enterprises will tap productivity reserves and discontinue working time restrictions (short-time work).

The drop in employment probably will not be halted until the second half of the year. In terms of annual averages, in 1982 the decline in the number of gainfully employed persons (350,000) will exceed this year's reduction (250,000). The number of employed workers will decrease by a little less than 300,000, i.e. by 1.5 percent.

The rate of increase in the number of unemployed will exceed the rate of decline in employment, since the number of persons entering the labor market continues to grow rapidly: the average annual increase in domestic and foreign individuals entering the labor market will amount to approximately 150,000.

Even though on account of the extremely unfavorable situation in the labor market another 150,000 persons will join the Quiet Reserve, the number of unemployed can be expected to rise over the entire year--even though this rise will show a slowing tendency. On an annual average, the number of unemployed will total 1.6 million, as compared to 1.25 million in 1981.

Price Rise Abating

The devaluation of the deutschmark was the crucial factor in regard to the acceleration of the price rise in the summer of this year. Upon reversal of the exchange rate trend, these price-inflating impulses have been weakening. To be sure, the effects of the import price rise of the last few months will be persisting for some time. Consequently, the price stabilization in the retail sector will initially be quite modest and the carry-over for 1982 will be relatively high (2.5 percent).

In 1982, the price climate will be determined by the narrow cost-transfer margins, which ultimately are a result of the tight-money policy. The price stabilization

is going to be impeded by the sharp increase in state-controlled prices, e.g. the prices of electricity, gas, district-heating and transportation. In addition, the postal rates and a number of special excise taxes will be raised, both of which measures will raise the cost of living by 0.6 percentage points.

Lower wage agreements and the renewed rise in productivity resulting from the economic upswing will noticeably reduce the labor cost pressure. All in all, the prise rise can be expected to slow down markedly. In the course of the coming year, the retail price rise will be reduced by half, as compared with the fall of the current year. On an annual average, however, it will still be as high as 4.5 percent.

In comparison with the majority of the research institutes, the Kiel Institute for the Study of the World Economy (IfW) expects the economic development in the FRG to be more unfavorable: foreign demand is expected to generate fewer and weaker impulses. To some extent, this is attributable to the fact that in the 1981/82 winter half-year all of the industrialized countries are likely to show a continuing decline in demand and production. Moreover, after the reversal of the exchange rate trend, a reaction to anticipatory foreign orders and exports and a temporary marked decline in exports are to be expected. Due to the continuing worldwide recession, the rate of increase in import prices will in 1982 be much slower than is expected by the majority of the institutes. Thus even the IfW forecast predicts--the more unfavorable assessment of the development of exports notwithstanding--a marked reduction in the current accounts balance deficit.

Moreover, the IfW expects the development of domestic demand to be slower. The recent policy of restriction is likely to result in a marked drop in production in the winter half-year of 1981/82. It is doubtful whether the interest rate reduction of October signifies a reversal of the restrictive monetary policy. Even if this were the case, due to the delayed effects of the monetary policy significant production impulses cannot be expected before the summer of 1982. Thus, in view of the identical forecasts concerning the wage agreements, one can safely assume that in 1982 the labor cost pressure will be much greater.

The continuing slump in the enterprises' returns and the persistently high nominal interest rates--coupled with lowered price rise expectations on the part of the investors--are likely to have a dampening and lasting effect on investment activity. It is especially in regard to producer goods investment that the IfW forecast is more negative than are the prognoses of the majority of the institutes. In view of the persistently low level of production development, the IfW does not expect inventories to be signficantly expanded in 1982.

Concurring with the majority of the institutes, the IfW expects an economic upswing to take place in the course of 1982; in the 1981/82 winter half-year, however, another production slump appears to be likely. The economic trend reversal will come at a later date. Thus, the institute predicts the real GNP will decline (by an annual average of approximately 1 percent) rather than increase. In the course of this development, the number of unemployed will be increasing until the end of the year, with the annual average totaling 1.75 million.

In view of these prospects, it is urgently necessary to establish the requisite conditions for a lasting investment recovery so as to create a sufficient number

of internationally competitive jobs. To accomplish this, it will be necessary--and this is affirmed by the majority of the institutes—not only to switch over to a potential-oriented money supply policy and a growth-promoting financial policy, but also to exercise great restraint in regard to wage policy: it would be expedient in 1982 to extend the present wage agreements by 1 year. Even though such a nominal wage freeze would not prevent unemployment from going up again in 1982, the collective bargaining parties would considerably improve the conditions for an expansion of employment in subsequent years.

Considerations Concerning Economic Policy*

According to the forecast presented here, in the coming year overall economic production will be expanding, whereas employment will continue to decline in the course of the year and unemployment will be increasing. The price rise will be slowing down and the deficit of the current accounts balance will continue to decline. To be sure, the economic development then will still be far from attaining the economic policy objectives; in contrast to the current year, however, the gap will be narrowing rather than growing.

It remains to be seen, however, whether the expected recovery will turn into a lasting upswing. Consequently, the economic policy makers must concern themselves with creating the conditions for independent economic growth--accompanied by continuing stabilization of the price level—so as to establish the key prerequisite for a lasting expansion of employment and a reduction of unemployment. This task calls for a consistent orientation toward medium-term requirements. This means abandonment of readily attainable, but short-lived success; it even means acceptance of temporary economic strain, if this proves unavoidable in the effort toward improving the conditions for economic growth. If in response to the continuing rise in unemployment a policy of economic activism were adopted, this would impede--rather than facilitate--relief of the developmental slump and lasting improvements in the labor market.

The basic elements of a medium-term economic policy and of a concomitant wage policy have repeatedly been pointed out in the joint remarks: the core theses read as follows:

--The monetary policy is to adhere to a potential- and stabilization-oriented course; it must not deviate from this course, even if mistakes are committed in other policy sectors. Thus such a monetary policy exerts a restrictive influence as soon as the prices exeed the supposedly "unavoidable" level. It would be wrong at that point further to tighten up the monetary policy.

--The wage policy must take into consideration modifications of the basic data. If the productivity increase diminished in the medium term, if the exchange relations vis-a-vis foreign countries deteriorate, and if the state--by raising excise taxes--increases the tax rates, the margin for real wage increases is reduced. If one wants to effect a lasting increase in the rate of employment, even the remaining margin must not be fully tapped.

*In some respects, the German Institute for Economic Research, Berlin (DIW) does not concur with these considerations. See pp 504 ff.

--In regard to the course of economic development, the financial policy should no longer be primarily concerned with control of demand; rather, it should focus on creating the basic conditions required. Thus, in regard to the consolidation of the state budget, the deciding criterion must be the improvement of the conditions for economic growth. To be sure, in abandoning the--less and less successful--anticyclical demand control, the financial policy should not adopt a procyclical approach, not even if on account of the citizens' waning confidence in the state's economic management demands are raised for a forced consolidation of the state budget during a recessive phase.

In the last few months, the organs in charge of monetary policy have been confronted with changes in some key conditions:

The deficit in the current accounts balance has declined; measures concerning restriction of the state credit requirements have been adopted and/or announced; the exchange rate of the deutschmark has been raised. This should make it easier for the Federal Bank to switch from its restrictive monetary policy to a course that is not only stabilization-oriented, but also potential-oriented.

It would be expedient, in the course of 1982 to expand the Central Bank's money supply at a rate of 5.5 to 6 percent. This would create the financial margin for a production increase within the framework of a potential increase of 2 to 2.5 percent, with due regard for the price rise of approximately 3.5 percent that in the short term can hardly be prevented. Adoption of this course probably would support the trend toward interest rate reduction. Aside from international influences, the extent of the interest rate reduction would depend on the degree to which the wage agreements make allowance for overall economic requirements and on whether progress is made in regard to the consolidation of the state budget. Even the trade cycle-related rise of the budgetary deficit could irritate the capital markets and temporarily impede the trend toward interest rate reduction.

The Federal Bank should announce its money supply target at an early date so that the state and the collective bargaining parties can use it as a guideline in preparing their decisions. The informative value of the target will be all the higher, the fewer qualifications are bound up with it. Moreover, the Federal Bank should dispense with a target range in favor of a target line, even if short-term and slight deviations from this line cannot be prevented.

The transfer of Federal Bank profits to the state budget does not jeopardize the money supply target, since the creation of currency involved in the utilization of the profits is known in advance and thus can be neutralized by means of compensatory operations.

However, observance of the potential-oriented course may be impeded by the intervention obligation within the framework of the European monetary system: as long as there prevails in the foreign exchange markets the view that the key rates will remain constant, the deutschmark will remain--as as the case last winter--at the lower margin of the range, because in important partner countries the interest rates exceed those in the Federal Republic. Since this situation is likely to continue in the near future, the process of interest rate reduction in the Federal Republic will be impeded. However, if the central banks in the partner countries relax their monetary policies to such an extent that the differences in the rates

of inflation are not reflected in corresponding interest rate differences—and on account of rising unemployment this is becoming more and more likely--the deutschmark is likely to be affected by appreciation expectations. If in such a situation the key rates are not changed rapidly, the money supply probably would increase at a rate incompatible with further stabilization of the price level. This dilemma could be overcome by a significant broadening of the target ranges.

Another reason why broadening of the target ranges is advisable is the fact that otherwise the international capital and service transfer would be restricted for the purpose of protecting the key rates. The most recent examples are the capital transfer controls in France and the cash deposit requirement in Italy. Such interventions set back the economic and monetary integration that was the objective of the European monetary system.

The tasks set for wage policy in terms of overall economic considerations make great demands on the understanding of the workers and the trade unions. This year the workers' real income has declined. But the decline in enterprise profits was even greater. That these two developments did not occur at the same time was largely due to the considerable deterioration of the terms of trade; the benefits of the redistribution were reaped abroad. The income distribution among enterprises and workers that resulted from this does not meet the requirements of a growth process supported by investments; it impedes creation of the additional jobs required. So the profit share must increase again. This conclusion was reached also by considerations focusing on the interconnection of the relative wage level and employment. After a year characterized by unfavorable real income development, the resultant necessity of restrained wage policy will not readily be recognized. Moreover, it is obvious that income expectations still do not conform to the reduced possibilities.

In the prognosis presented here, it has been assumed that the 1982 wage increases will fall somewhat short of this year's wage agreements, for the unfavorable profit situation will increase the employers' resistance against higher wage rate agreements and the high unemployment rate is likely to affect the position of the trade unions. Since the price rise presumably will be slowing down, such agreements will result in the course of the year in a slight increase in real wages; at the same time, there will remain a certain margin for profit redistribution. In terms of direction, such a development would be in accordance with the requirements; in terms of orders of magnitude, however, this contribution of wage policy would be negligible. Besides, if one makes allowance for the possibility that the economic development could be less propitious than is assumed here, a marked lag of the wage agreements behind this year's agreements would appear to be likely. In the past, wage agreements repeatedly proved too high, since the subsequent economic development was less favorable than expected.

Since the state put off for too long the consolidation of the public finances, the principle of stabilization of public demand and the principle of establishment of growth-oriented conditions can no longer be simultaneously observed. A consolidation of public finances based on a onesided orientation toward the financing deficit is inappropriate. Rather, the crucial factor is the way in which the deficit is reduced. Insofar as the so-called "Operation '82" is characteristic of this--and the qualification is necessary, since the operation was primarily concerned with the Federal Government and since revisions have already been announced--a contradictory

picture emerges. On the one hand, allowance is made for growth requirements through the granting of depreciation allowances and through the raising of excise taxes rather than income taxes; on the other hand, the--tax-reducing--revaluation of the pension provisions and the elimination of the advance tax deductions in connection with the value-added tax on business cars produce contrary effects. Regarding revisions of social service laws that would provide a solid foundation for social security, in many in many instances one finds only declarations of intent. In the financing efforts of the Federal Labor Office, the problem was merely put off; revenues are shifted from old-age to unemployment insurance.

Thus, in order to generate confidence and to meet the growth requirements, greater determination is called for in the enforcement of planned interventions. By themselves, measures to prevent improper claims for social services are not sufficient. Rather, the emphasis should be on tightening the system of social services. Only in this way will it be possible to effect cutbacks of the orders of magnitude required.

The effects of the state budgets on the economic development in 1982 cannot be unequivocally assessed. Applying the customary standards, one notes a restrictive effect. But this is compensated by the increase in confidence that cannot be measured by the customary concepts. If this increase in confidence is included in the considerations, the restrictive effects are offset at least in part, if not completely. The economic prospects would be more favorable--at least in the medium and long term--if the financial policy dispensed with transitional solutions such as the mere shifting of revenues from the old-age insurance to the unemployment insurance and if instead it decided on lasting solutions.

The German Institute for Economic Research, Berlin (DIW) differs from the other institutes in its view on the contribution of the financial and wage policies to the economic recession and on the short- and medium-term requirements to be imposed on both of these political sectors, if the conditions for economic growth and employment are to be lastingly improved.

There is no doubt that one of the means of attaining these objectives is the consolidation of the public finances. However, this consolidation can hardly be effected, if the change of course of financial policy is initiated through cutbacks on government spending during an economic downturn. It is characteristic of the misdirection that the state has assumed a leading role in the restriction of the demand for construction investments, whereas it should have supported construction investment by following a stabilization course.

Through a restrictive financial policy, the state is programming--via the deterioration of economic conditions--additional expenses (unemployment insurance) and reduced revenues (taxes and social insurance dues). Thus the possibility of making headway in the consolidation of the state budgets is getting more and more removed.

If trade and industry are to gain confidence, the hopes underlying a supply-oriented policy are not sufficient. Rather, to bolster medium-term expectations, the state must provide encouragement based on successful short-term stabilization measures. Thus, according to the DIW, financial policy must direct equal attention toward both demand and supply effects. Focusing on the establishment of basic prerequisites,

it will not be able to accomplish its task.

It appears that consolidation of the state budget will be attained only if at the proper time adjustments are made in those revenue and expenditure items, the generous treatment of which in the past gave rise to the present urgent need for consolidation: Here one should mention not only social services and their abuse, but also subsidies and excessive reductions of tax rates.

Wage policy has proved very adaptable in the last few years. The fact that in the last 2 years the rapid rise in piece-rate labor costs has led to undesirable shifts in the distribution relations is attributable not so much to overly high wage agreements as to the overall economic slump caused by foreign economic factors and by the financial and monetary policies. Wage agreements such as are assumed by this forecast to be likely in 1982 run counter neither to the requisite interest rate reduction, to a further appreciation of the deutschmark, to a stabilization of prices, nor to growth-promoting changes in the distribution relations. Rather, they represent a stabilizing continuation of the preceding agreements, thus helping not only to stabilize demand, but also to moderate the rise in costs.

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BANKING SECRECY CHALLENGES BY U.S. OFFICIALS VIEWED

Zurich NEUE ZUERCHER ZEITUNG in German 3 Dec 81 p13

[Article by "Cls.": "Delicate Questions on Banking Secrecy"]

[Text] The complaint lodged by the Swiss ambassador to the United States, Anton Hegner, with the U.S. Department of State has apparently succeeded in putting an at least partial stop through court action to the dispute between the SEC and the Bank of Italian Switzerland (BSI). The SEC had attempted to expand its investigation into insider deals transacted via BSI but being executed on U.S. stock exchanges by submitting a supplementary list of questions to the bank which went far beyond the information originally requested by court order (and supplied by the bank) and which brought BSI into conflict with existing banking secrecy regulations once again.

Strong Diplomatic Action in Washington

The Swiss demarche to the U.S. State Department was the result of a representation by BSI to the foreign ministry in Bern but it was also intended to explain the Swiss point of view to the Americans both in principle and in an official manner and to do away with possible misunderstandings. Federal district court justice Milton Pollack in New York apparently approved the SEC list of questions in the belief that Swiss silence on the matter thus far indicated either agreement in principle with the SEC action or at least indifference. But as Ambassador Hegner told Washington in no uncertain terms, Switzerland insists on having its laws--in this case, the banking secrecy law--respected and would ask that Swiss banks not to be pressured by American courts to break their obligation to secrecy. In his oral protest, he also pointed out that it is not the business of American courts to determine what is in the interest of another country and what is not.

Inadmissible Expansion of Investigation

As we reported earlier, BSI was ordered by district court judge Pollack on 16 November on the basis of a civil complaint by the SEC and under the threat of severe punishment to release the names of those of its customers who placed orders for stocks and profited from inside information about the impending takeover attempt of St. Joe Minerals by Seagram & Co last March. BSI supplied this information after obtaining waivers on the secrecy pledge from their clients. But this did not satisfy the SEC and at the commission's request, Pollack approved the additional list of questions which went a good deal beyond the matter being investigated and for the reply to which BSI would have required a new set of waivers.

BSI called this action entirely inadmissible and following Hegner's demarche, Pollack ordered most supplemental questions withdrawn. Among other things, the SEC was trying to find out whether BSI and its clients also made use of inside information in connection with other steps being taken by Seagram. After the failure of the St. Joe Minerals takeover attempt, Seagram tendered a takeover offer to Conoco Inc (which has since been taken over by Dupont) and later engineered an assumption of its own stock with an offer to purchase at 20 percent above the then market rate. One of the names of clients released by BSI and referred to by the SEC as the key figure in the purchase of St. Joe stock and stock options was that of Guiseppe Tome, an Italian who is president of Finvest in Geneva, who, the court maintains, is a close friend and adviser of Edgar Bronfman, the chairman and main stockholder of Seagram and Co.

Diverging Interests

After obtaining a court order, it was to be expected that the SEC would try to get as much information out of BSI as possible so as to to take stronger measures against insider trading on U.S. stock exchanges. But from the Swiss point of view this action is questionable both because Swiss law is being trampled underfoot and American law is being exported. The American view, however, is that foreign banks wanting to do business in the United States must operate according to U.S. laws and submit to local requirements for information. This line of argument served as the court's guideline in its judgment against BSI.

In a sworn statement, the State Department came out in favor of the SEC action. According to John Crook, a State Department legal adviser, this delicate matter calls for careful consideration of divergent interests and he adds that there is no real reason for an a priori deferment of American interests. At any rate, it is not entirely incomprehensible that U.S. authorities are unhappy about the fact that American law is being violated with impunity by Americans or foreigners behind the protective wall of Swiss banking secrecy.

A Solution Through Negotiation

It seems clear that this conflict which constitutes but one aspect of divergent legal views on the part of the United States and Switzerland (and numerous other countries) must be resolved through negotiation at some point; the more so, since this is not an isolated case and since more Swiss banks are likely to run into similar difficulties in the future. At present, the SEC is conducting a whole series of investigations into suspected insider transactions and is now examining virtually every large-scale takeover offer for possible violations of the law. In the case of Kuwait Petroleum's takeover offer to Santa Fe International, an oil drilling and engineering firm, assets of four Swiss banks (Bankverein, Kreditanstalt, Swiss American Securities and Lombard Odier) were secured. After the Swiss demrache in Washington, it is not thought likely by observers here that the federal district court having jurisdiction over this case will go as far as judge Pollack did in the BSI case.

But there is some doubt as to whether the Swiss demarche can hold U.S. authorities at bay for any real length of time. Various proposals for longer-term solutions of such cases have been made unofficially. One of these, which the SEC supports in principle, calls for Swiss banks requesting their clients to sign a routine statement which releases the bank from its secrecy pledge automatically in case of an SEC investigation. The banks, even more monosyllabic than usual on this particular subject, do not appear very keen about the idea. They would doubtless lose a certain part of the clientele, if they could no longer fully guarantee the anonymity of their customers. Various quarters have pointed out that the problem could be eliminated, if insider transactions were declared illegal in Switzerland as well and the SEC were to bring criminal action against suspected wrongdoers instead of civil suits. In such a case, the existing legal assistance agreement between Switzerland and the United States could presumably become operative.

9478
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POLITICAL STRUCTURES, PROBLEMS OF WALLONIA

Brussels KNACK in Dutch 18 Nov 81 pp 47-55

[Article by Loes van Mechelen and Frans Verleyen: "The Walloon Phantom -- The Politics of the Eternal Losers"]

[Text] Barely 3 days after the voters' verdict, CVP [Social Christian Party] President Tindemans started talking aloud about taking a cure in the opposition. With this loomed the danger of a national short circuit which nobody would be able to remedy. Furthermore, the political power relationships in Wallonia are now such that a balanced regional or community policy is not possible there. While King Baudouin was looking for his "informateur," it gradually became clear that there is only one government level which can more or less work: the Flemish regional government which can consist of a variety of natural coalitions.

It is known that the head of state looks upon this political map with limitless anxiety. For the time being, his method of pushing the centrifugal forces in the best way possible into the government seems to have no chance at all. According to the Palace criteria, the CVP has been the major disintegrative force since 1977. The government machinery (and its reform) became a toy in hands which were too erratic, and it has now practically gone to pieces. At the present time, there is no legal budget for 1982 at all.

But there is another concern: Wallonia itself. It is true that PS [Socialist Party (Walloon)] President Guy Spitaels claims that there is now a leftist and furthermore federalist majority in Wallonia, so that a strong domestic policy can be conducted there, within or even outside the constitutional authorities of the regional and community institutions. However, to this effect Spitaels adds up a number of people and parliamentary seats which do not quite belong together: 35 members of the PS, 2 communists, 8 members of the FDF-RW [Democratic Front of Brussels French Speakers - Walloon Rally], 4 ecologists and 4 others. Opposite this artificial progressive majority there is still a bloc of 18 members of the PSC [Christian Social Party (Walloon)], 24 members of the PRL [Liberal Reform Party (Walloon)], 4 members of the UDRT [Democratic Union for Respect for Work (Walloon)] and a few bourgeois elements within the FDF, which, when all is said and done, represents a practically homogeneous liberal alternative and thus can count on a better alliance in the Flanders. Furthermore, the PS can be perfectly blocked in the Walloon Regional Council (with three members as against three opponents). It is only within the three member community executive body that the PS holds a majority of two as against one liberal. The difficulty here is that the absence of the PSC from this institution would lead to all imaginable tensions if this party were to be compelled

to participate in a national formula. And if this does not occur, where does the CVP stand then?

The ballot box put an abrupt end to the major myths which have influenced Belgian politics over the last few years: the irresistability of the CVP bulldozer, the "significant" majority of the FDF in central Brabant, and red Wallonia. In spite of the fact that most of the Flemish media still have the same thing to say on the subject, red Wallonia has never existed unequivocally and it still does not exist. Furthermore, the connection between Walloon socialism and federalism is less a matter of course than would appear from the actions of Andre Cools or Guy Spitaels or the unions with the stamp of Gillon. On the other hand, there are also well trained federalists in the Walloon liberal camp: the most important one, and from a doctrinal point of view perhaps the most brilliant one in all of Belgium, is Francois Perin who in March of last year voluntarily disappeared from parliament.

Thus, there are conflicting data concerning the federalist option in Wallonia. This was also evident from the public opinion polls published this year on the subject. Those conducted by DE STANDAARD - LE SOIR (March 1981) and by LA CITE (23 October 1981) showed a nearly 60 percent majority of Walloons who prefer the maintenance of the unitary Belgian state. Only one-quarter of them frankly called themselves federalists. Hence, it is clear that members of the PS also vote for only social and not federalist goals, even though it is the most outspoken regionalists, such as Spitaels himself, Mathot, Busquin, Dehousse and Urbain, who obtained the best electoral scores on 8 November.

Constitutionally speaking, Belgium is not /yet/ [in italics] in a position to develop a national policy without that complicated Wallonia. The Flemish parties must realize that. And yet, they neglect -- and vice versa -- making as accurate a study as possible of what is actually going on in political Wallonia. They are not sufficiently aware of a number of Walloon characteristics: the pride with which the Walloons view their old industrial culture, the revival of Walloon folklore and dialects, the haste with which they attach themselves to a political party or leave it again, the cerebral character of numerous social discussions, and so on. But one characteristic sticks out above all the others: Wallonia, as a demographic and social and economic minority, has since the second world war suffered nothing but political and economic /defeats/ [in italics] within the Belgian framework. As a result, the Walloons have reached a state similar to Arab frustration, which must be taken into account in any political planning of the future Belgium, and even in its orderly breaking up.

Wallonia was the main creadle of resistance (the underground) against the Germans. After the liberation it appeared that this resistance would lead to leftist political majorities, but this process was broken off by the compulsory disarmament of members of the resistance and by the return of the government from London, which rapidly took part in the cold war in Europe. And yet, this London group had even less prestige in Wallonia than in Flanders. Consequently, the famous post-liberation Walloon congresses expressed their distaste for the framework of the Belgian state, a distaste directly influenced by their contempt for the Londoners. This came equally to the fore in the 1950 referendum on the return of King Leopold III. However, the large Walloon majority which appeared to oppose this was neutralized by the Flemish and the abdication. Here again a Walloon project failed. All subsequent questions would also be settled to their disadvantage: the decolonization of the Congo left deeper scars in the South than among the Flemish. The big winter

strike of 1960-1961 against the unitary act ran aground on the ACV [Confederation of Christian Trade Unions] - Flanders of August Cool, and could not prevent parliament from passing that law on 13 January 1961. Union leader Andre Renard who, as the animator of the federalist Walloon People's Movement, exerted a magnetic attraction on the labor movement as well as on the intelligentsia, died in June 1962 shortly after an unsuccessful Walloon demonstration. Meanwhile, the Walloon coal basins were being slowly but surely dismantled, while the coal basins in Limburg continued to receive their subsidies, and people began to expect the upcoming steel tragedy, but not for Sidmar. Trade unionism became confused in its traditional loyalty toward the one Belgium of the workers ("to be kept united") and toward the Socialist Party. In the end, the big leader of the seventies Andre Cools, drew his conclusions from this. Following his long battle for pre-federal Walloon structures (Egmont and later on) and against "irresponsible" trade unionism, he said properly goodbye to big politics. Just like Perin. In the meantime, Wallonia had received other heavily symbolic knocks: the large airplane purchase of 1975, whereby primarily the RW had expressed its veto against the F-16, did go to the Americans, to the disadvantage of the Walloon aeronautic industry. Since the advent of FLAG [Flemish Aerospace Group] and the probability that Flanders will shortly begin to produce in this sector, a new failure has been looming.

It is not only in the regional-economic area that Wallonia has been unable to achieve any success over the last 30 years. Even as a subdivision of the socio-cultural ("linked to the individual") French language status which Belgium proceeded from and with which the Walloons want to participate in the French culture, the road has become blocked. Following the determination of the language border, the elimination of the linguistic census, the exodus of the University of Louvain to Ottignies, the non-return of the Fourons and the increasingly Flemish nature of Belgian public and commercial life (with the September decree of 1973 as high point) and the dynamiting of the Egmont agreement, the French speaking community in Belgium has begun to realize that it must definitively give up its previously so superior opportunities. The only small point of light has been the gain of Comines-Mouscron, the parliamentary alarm bell and parity within the government. But this same alarm bell (the requirement to form special majorities in community matters) has also given the Flemish the opportunity to defeat an unfavorable statute in Brussels. Gradually, the French speakers are finding out that the knife cuts both ways.

For a short period of time they tried to establish and maintain a large French speakers' front (Andre Cools - Antoinette Spaak - Charles Ferdinand Nothomb) in the country as a counterweight. However, it quickly fell apart in the face of the CVP tactics and due to internal ideological or emotional contradictions. Because most of the Walloon speech makers have actually never cared for Brussels. Perin expressed his view of the inhabitants of Brussels as follows: "They have no interest in politics, but feel contempt for it. They are individualists, frondeurs and protesters who despise the state to which they owe their fortune. As far as they are concerned, the Flamingants are nothing but a bunch of hotheads from a mentally backward country. In their eyes, the Walloons are quick-tempered muddleheads who do nothing in their hideous industrial suburbs but dream about more or less anarchical red revolutions. It is always prudent to have a large number of gendarmes in Wallonia. Aside from the petty nobles and the superficial bourgeois who form the vainest and emptiest of all wordly communities (with the most beautiful specimen of this uncivil and parasitic race being found in the vicinity of the royal family), it is true that the Brussels intelligentsia includes 5,000 or 6,000 leftist

intellectuals who run after Jean-Paul Sartre, the Algerian Liberation Front, Sekou Toure and Fidel Castro. In thought they are always busy conducting other people's revolutions, but they hold their tongue when it is a question of Andre Renard. They are tense with regard to the Flemish and irritated by the Walloons."

The Walloon powerlessness to honestly form a front with that kind of Brussels has also carried through in its institutions. In contrast with the Flemish who have merged their own regional and cultural institutions into a single Flemish Council and regional government, the Walloons have sought refuge in the less practical /asymmetric/ [in italics] model, with a regional council and executive body for Wallonia and a separate regional government for the French speaking community, including Brussels.

The difficult contact between Wallonia and Brussels was not only apparent from the rapid disintegration of the French speakers' front, but also from a large number of economic documents. Michel Quevit's book on "The Causes of the Walloon Decline" was not very much read in Flanders, but for many politically interested Walloons it became a kind of bible. He did not immediately attribute the industrial crisis of his region to the fault of the Flemish, but to the world strategy of the multinationals who preferred to direct their investments toward Flanders (and far beyond). However, they were not at all hindered or disturbed in this by the central Belgian government, which meekly suffered the laws of capitalism. Worse even, this government (which was strongly colored by the Flemish majority) /helped/ [in italics] with this industrial shifting process, by making up about half of the investmenst costs incurred.

It is true that 67 percent was invested in Walloon steel and only 33 percent in Flemish steel (between 1959 and 1976), but the latter case involved job creating investments and the former involved a technical rationalization which eliminated thousands of jobs. Furthermore, the investment relationship is the reverse in the growth sectors: 31 percent for the Walloon metal/processing/ [in italics] industry and 65 percent for the Flemish. According to Quevit, this development is partly due to the dynamism of the Flemish Economic Association [VEV], effectively the industrial wing of the Flemish Movement, and now also the moving power behind FLAG. The Walloon employers never managed to get decently organized, through their own fault. Furthermore, there has never been a Walloon bank like the Kredietbank, and thus no Walloon investors' class. The Belgian French speaking capital was concentrated in the capital of the financial bourgeoisie and of the governments which were continuously led by Flemish.

All of this led to the "unequal treatment" and the tutelage of Wallonia which Spitaels used in the election campaign: 13 billion francs per year for Limburg, nothing but difficulties with regard to the financing of Cockerill-Sambre, which is moreover compelled to buy the coal for its blast furnaces in the Campine. This is not true for Sidmar, to the annoyance of former RW Senator and steel expert Yves de Wasseige. As regional minister, Jean-Maurice Dehousse had to fight desperately to be able to keep the last Walloon anthracite mine, the Roton, with its 2,000 workers open for another year at the cost of approximately 1 billion francs in state support. It did not do any good.

Next to these defeats, sometimes called community defeats, with regard to the Belgian-Flemish power complex, major mistakes were made within Wallonia itself: why didn't the Walloon employers organize themselves, why did they continue to sell

wood from the Ardennes as raw material rather than process it at home? These gaps lead to /ideological/ [in italics] condemnations of the economic game. These two kinds of setbacks explain the regular cooperation between the left and federalism in the South. But not only the left. The liberal head of list Baron Clerdent (former provincial governor, and former president of Cockerill-Sambre) is convinced that an internal Walloon economic consensus must be found, following the example of the Flemish. He also likes to point out that financially speaking time works against Wallonia: the longer one waits with the steel aid, the greater the losses will be. If all obligations since 1978 had been met, Cockerill-Sambre would already have suffered only one-half or perhaps one-third of its current losses. But Claes, Eyskens and Vandeputte are Flemish, and EC Commissioner Etienne Davignon is a member of the PSC which must subtly play the game of the multinationals...

This accumulation of disappointments has led to a certain paranoia in Wallonia, with wild but economically fruitless actions such as in Comines (the small school) or in support of Jose Happart in the Fourons. Spitaels justifies this, however, with the complaint: "There comes a time when a party has to save the essence of its respectability." Henceforth Spitaels does what Cools only called for. He heads for the complete industrial autonomy of Wallonia.

The Walloon socialists especially believe that the regionalization of the five national industrial sectors will turn out to the advantage of Wallonia. Indeed, this would leave them their own steel, one coal mine, some glass and 17 percent of the textile industry, while Flanders would be liable for 80 percent of the textile industry, Sidmar, the Limburg mines and the whole shipbuilding industry. Furthermore, Wallonia would no longer want to hear any talk about the large infrastructure works: let Flanders itself pay for Zeebrugge, we will go to Dunkirk. Indeed, it is firmly believed that Wallonia has received less industrial government aid than its share in the national tax pot would warrant. A recent memorandum (22 September) from the Walloon Regional Economic Council claims that between 1977 and 1980 Wallonia received only 24.2 percent of the aid, as against 75.8 percent for Flanders. As a matter of fact, the motion issued by the PS congress on 4 October does not lie about it. Autonomy must really be seized, not only for steel and industry but for the whole infrastructure, energy and -- because otherwise it would not succeed at all -- credit.

This radicalization temporarily excludes government cooperation between Christian democrats or liberals and the Walloon socialists. Because Wallonia is deeply divided internally, more so than the Flemish think. Walloon "consciousness" is not very big yet, and the bridging of doctrinal contradictions is much more difficult in Wallonia than in Flanders. Wallonia has never had a foreign ruler who forced it into a tradition of cooperation. A movement such as Free Wallonia cannot be compared at all to the whole network of organizations which sustain the Flemish Movement. And in what way can the Walloon dream be served by powerful French speaking politicians like Paul Vanden Boeynants, and even like Philippe Maystadt even though he belongs to the left wing of the PSC? Even they do not succeed in avoiding dissensions with regard to important political appointments or between the "fiery city" of Liege and the "black country," Charleroi. Wallonia continues to be plagued by too much politization of anything and everything and by too much verbalizing. The Flemish FLAG report was derisively put aside but not refuted. The statistically wrong image of a Wallonia which is constantly on strike, could not be undone among foreign investors, notwithstanding a couple large advertisements on the matter which Jean Gol published in the international press at the

time. And the only reason why the merger of the Walloon Council and the French speaking community council has not taken place is because then the PS would lose its quasi-dominance in political and economic Wallonia through the influx of too much bourgeoisie from Brussels. PSC Minister Michel Hansenne pleaded in vain for the merger, and even drew a blank in his own Christian union wing within the PSC. Even Yves de Wasseige believes that the Walloon difficulties can only become greater if Brussels is brought into it.

Finally, nobody does anything about the enormous handicap of stubborn Walloon monolingualism. Faced with the multinationalization of the economy and of technology, the Walloon movement locks itself up into its French and its regional languages, or into a vague love for France (certainly that of Mitterrand), which shows little interest however in the outlying areas north of Abbeville or Sedan. Even Francois Perin, who is clearly looking for an alternative nation for his people, only half believes in some kind of French solution. Perhaps, he says, at some point there will be possibilities for the existence of an independent Walloon nation within the European whole. But that is still so far away.

8463
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POLL ON PACIFISM, NEUTRALISM, ANTI-AMERICANISM

Hamburg DER SPIEGEL in German 30 Nov 81 pp 94, 96, 98, 101, 103, 106

[Unattributed article: "One Pacifist Out of Every Four Is Against Peace Movement"]

[Text] 35 percent of the FRG population feel "it would be best if we became a neutral country. Then we would not have to suffer as much from big-power tensions. As the Austrian example shows, neutrality is a good way to go about things." This is what an Emnid poll conducted on behalf of DER SPIEGEL came up with.

Does this mean that Romy Schneider, Alice Schwarzer, Hamburg's ex-mayor Hans-Ulrich Klose, Joseph Beuys and Heinrich Boell have a following among the population that is as large now as that of the SPD ? They and several hundred others came out in favor of a bloc-free Germany in a full-page newspaper advertisement.

Seven percent of the 2,150 men and women polled by Emnid on their feelings about pacifism said "I am a pacifist myself." The term pacifist had been expressly defined as someone who "opposes all types of weapons and any use of violence whatever." Another 25 percent do not consider themselves pacifists as such but feel that "this position is the correct one."

Now if one German out of every three is opposed even to rifles, how will it ever be possible to put medium-range missiles in place between the Elbe and the Rhine ?

When asked whether "anti-American sentiment is developing in the FRG," only 26 percent said "this is not so." The majority thinks otherwise. 21 percent said "that is correct" and 53 percent said "there is something to it."

Then the only question remaining is just strong this anti-American sentiment is ?

The three Emnid questions were designed to find out more about the isms most frequently cited in the FRG: pacifism, neutralism and anti-Americanism. Over the past few months, all sorts of statements have been made on the subject ranging from the contention that these isms all but determine political life and will force a policy shift on Bonn to the view that all this merely comes down to wishful thinking on the part of a handful of political scatterbrains.

If Emnid had merely asked the three questions and let it go at that, it would have contributed as little to the discussion as the other polling institutes. But the Bielefeld organization went a step further, checking out all answers meticulously.

Just how firm the conviction of the pacifists really is became evident when they were asked about military service, violence and the neutron bomb. The "neutralists" were asked how they felt about an American withdrawal from Europe. And as for the attitude of the FRG's population toward the United States, it has not been as thoroughly investigated for a long time as it was in the course of this SPIEGEL poll.

With regard to pacifism, two commonly held views turned out to be wrong. For one thing, those Germans who call themselves pacifists do not hold to this view as strictly as it is defined in school books and encyclopedias; and for another, the pacifists cannot be equated with supporters of the peace movement. Anyone who does so, will reach the wrong conclusions.

As a result of the months-long debate about peace and armaments, the terms "pacifist" and "pacifism" are not circumscribed as they were before. Many tend to regard anyone as a pacifist who speaks up for peace or takes part in some demonstration.

The definition with which Emnid prefaced the corresponding question tried to set more exact limits. Perhaps that is why only 7 percent actually called themselves pacifists. Polls conducted by other organizations had come up with higher figures.

As against the 32 percent who are pacifist or pro-pacifist, there are 22 percent who "consider this position wrong but are willing to accept it" and 17 percent who oppose it outright.

The opinions of those polled differ according to party affiliation. Among SPD supporters, about one-third each hold a positive, negative or indifferent view of pacifism. CDU/CSU and FDP supporters are more critical; supporters of the "Greens" are more positive by far.

One of the control questions concerned military service as well as alternatives to it. It was phrased in a general way so that it could be put to men and women alike.

"When citizens of the FRG become subject to military service, they have three options. They can join the Bundeswehr as volunteers and serve a longer term than draftees; they can permit themselves to be drafted or they can refuse to do military service and instead perform civilian substitute service. Which of these options most closely corresponds to your own view ?"

True to their principles, 63 percent of the pacifists came out in favor of refusing military service; but 21 percent said it would be consistent with their principles to become soldiers and 14 percent even said they would volunteer. The overall figures were: 22 percent in favor of volunteering; 61 percent in favor of compulsory service; 16 percent in favor of conscientious objection.

Another question was: "Does a soldier doing military service in the Bundeswehr contribute more to the preservation of peace than the peace movement ?" 63 percent of the pacifists said no, but 20 percent said yes with 17 percent not being able or not wanting to "say anything on this." The overall figures were: 51 percent yes; 26 percent no, and 22 percent no opinion.

When the question of the use of violence was raised in connection with the demonstrations, it turned out that most non-pacifists, too, are opposed to violence in such instances.

Seven percent of all those polled and 8 percent of the pacifists selected the answer: "When it comes to the attainment of important political goals it may happen that stones are thrown and people could then be hit by them."

19 percent of all those polled and 18 percent of the pacifists selected the answer: "If people are hit, that cannot be justified under any circumstances. Violent action directed against property, such as the breaking of windows, that is another matter. I consider that permissible under certain conditions."

74 percent both of all those polled and of the pacifists answered: "I am opposed to violent action in principle, both against people or property. There is no political goal which warrants the use of violence." It also turned out that the pacifists are not all in agreement on the main issues of the current confrontation.

When asked what the goal of the West should be, there even was a two-thirds majority for a policy of balance. One would think that the view that the West should "accept the superiority of the East" would be more in keeping with the opinions of those opposed to armaments on principle but in fact only a minority (24 percent) of German pacifists actually agreed.

30 percent of the pacifists came out in favor of the dual NATO resolution; 36 percent were opposed, and 25 percent had no opinion. And there is at least a minority (15 percent) among the pacifists that considers the neutron bomb a necessity, if disarmament negotiations fail.

Although many of the FRG's pacifists do not seem to be purists when it comes to their convictions, they do tend to agree in large measure on most issues.

In many instances, the figures are similar to or exactly like those of the supporters of the peace movement, who are active participants already or who "may" or "certainly will" participate in the future.

But it would be a mistake to call the two groups identical for that reason.

Those calling themselves pacifists were queried about the peace movement. Six percent said "I am opposed to it on principle." Seven percent said "I have some reservations." 14 percent said "I don't care." 30 percent said "I am for it in principle but will not participate actively." 25 percent said "I may actively participate." Five percent said "I will definitely take an active part" and 12 percent said "I am already taking part in it."

Conversely, not all those active in the peace movement are pacifists. Many have joined because they view the movement as one way of rebelling against established authority. The reservoir of protest which manifests itself in the struggle against nuclear power and in the occupation of housing is now trying to play a decisive role in the fight against missiles and neutron weapons.

Pacifists who think along peace movement lines but are presently not prepared to act accordingly might constitute a reserve that could be mobilized, if the conflict ever sharpened.

The Emnid survey made clear that there is a connection between the following two attitudes: 68 percent of the pacifists said they were for a neutralization of the FRG. But only one-third of the total sample held to this view.

The opposite view was concurred in by 63 percent of the sample and by 28 percent of the pacifists. The actual question was: "The FRG needs the political and military alliance with the United States and the other Western nations. A neutral Germany would be isolated and could not effectively resist pressure on the part of the Soviet Union."

The Mannheim methods analyst Manfred Kuechler, who conducted a special computer study of the data contained in the SPIEGEL survey, considers pacifism a key element in the desire for neutrality. Given otherwise concurrent views by two different population groups, he found that the number of neutralists will simply depend on how strongly held the pacifist views are by the particular group. Another key element, Kuechler says, are opportunist considerations arising from a given situation.

Many editorial writers and other commentators are wrong in assuming that the neutralist minority did not develop until after the missile debate began. In fact, it has been around for many years. A SPIEGEL survey conducted in April of the 1980 election year came up with exactly the same figures as the present survey in October 1981.

Almost the same percentage of FRG citizens support the neutrality idea regardless of the amount of schooling they received; of what their occupation is, and whether they live in a Hanse town of northern Germany or in Bavaria. One of the few exceptions was that among the "Greens" it was not a minority but a majority of 82 percent who came out in favor of neutrality.

Although the convictions of most, if not all, pacifists stood the test of severe examination, the view that the FRG should be neutral turned out to be somewhat less firmly held.

Anyone in favor of a neutral FRG without foreign troops ought logically to favor the withdrawal of American divisions from Europe as well. The idea that U.S. troops would leave Germany only to be stationed in Holland, Belgium and England instead would be all too naive.

But when the Emnid interviewers posed this very question, it turned out not to be the view held by the majority of the "neutralists." Only 24 percent would "welcome" an American withdrawal; another 38 percent would be "indifferent" to it; but all of 38 percent would "deplore" an American withdrawal from Europe.

The views of any number of neutralists were also less than firm when they were asked for their opinion on the following statement: "We would be all but lost without the Americans." This was the popularly phrased statement on the FRG's need for the alliance with the United States. Nonetheless, only 44 percent of the neutralists said the statement was false; 20 percent expressed no opinion, but 36 percent said it was "true."

The idea of a bloc-free Germany does not find one-third of the Germans so united that they might be referred to as a halfway homogeneous group. The views on the neutron weapon, for example, diverged quite sharply.

Although most pacifists and peace movement activists are against manufacturing and stationing the weapons without reservations (73 and 74 percent) only 44 percent of the neutralists responded in the same way. And in their view of the peace movement itself, their responses do not differ markedly from those of the overall sample.

The fact that the desire for neutrality is so easily dissipated among many of its supporters can be explained by its being a response to a question removed from reality. Most people do not view this issue as important at the moment and therefore take the easy way out when asked for their opinion on it.

This is not new to demographers. Up to the sixties, people in the FRG would often be asked whether they would be willing to make sacrifices for German reunification. The high number of positive responses earned headlines both for the survey results and the polling organizations but they were of no real political import.

And up to the 1980 election year, repeated attempts were made to determine the potential of political parties that either did not exist as yet or were virtually unknown. In these polls, the figures invariably came out much too high and party founders, who put their faith in the pollsters, failed to achieve their goal because of overoptimistic expectations.

Figures such as those in response to the neutrality question are indicative of a mood but not of political potential. This would only be possible, if and when FRG neutrality were not simply a matter of newspaper advertisements but of political debate. But for now that simply is not the case.

A lot has been said and written about anti-American sentiment in the FRG; but it was not clear so far whether this constitutes a real threat to the Bonn-Washington alliance or whether it is merely a paper tiger. Most of those polled by Emnid opted for the vague response "there is something to it" which is a reflection on this debate which lacks substance.

A somewhat clearer picture emerges when the responses to several questions dealing with attitudes not only toward the United States but also toward the Soviet Union are compared.

On some, if only a few, points most Germans agree. Some pro and con views notwithstanding, they agree that the United States is superior to the Soviet Union "in a number of fields." A broad spectrum, ranging from the Bavarian CSU to supporters of the "Greens," believe that America is ahead in industrial development, in science and technology as well as in social affairs. The number of those who consider both the education and training of young people in America to be superior to that in the Soviet Union is somewhat smaller. In only one field out of the five included in the questions the Soviets were ranked higher than the Americans and that was the military field.

At first glance it might seem that there is more or less general agreement both on these factual matters and the attitude toward the United States because in fact there was a clear pro-American majority among those polled by Emnid.

53 percent termed relations between the United States and the FRG "very good" or "good;" another 27 percent termed them "satisfactory." 19 percent said "adequate;" 5 percent said "inadequate," and 1 percent said "unsatisfactory."

The change of administration and policy in Washington did not pose problems for 68 percent of the West German population. 41 percent have as much faith in the United States as before; another 27 percent have more faith now than they did. These majorities were obtained among CDU/CSU, SPD and FDP voters.

Although these figures prove that anti-American sentiments are not held by a majority of the population, one German out of three says he has "little" or even "very little" faith in the United States and that is an indication of an impaired relationship to the Western superpower on the part of a minority.

Among Germans with a secondary school diploma, there even is a slight majority who say they have little faith . It has frequently been the case that views held by this above average group in terms of interests and information later were adopted by the rest of the population.

Nonetheless, it would be reading too much into the Emnid data cited thus far to conclude that they by themselves indicate that an anti-American attitude prevails.

The responses to seemingly unpolitical questions tend to clear things up further. When asked which nation "they liked best," those polled mentioned the Swiss most often (38 percent) and the Americans and French next (20 percent each). These were followed by the English (percent); the Spaniards (7 percent); the Poles (5 percent); the Belgians (3 percent) and the Russians (1 percent).

When the responses were broken down into smaller groups, the top three—Swiss, Americans and French—always remained the same; the only thing that changed was the sequence.

There were exceptions only among the peace movement activists and the "Green" voters. The most striking difference was that the "Greens" named the Americans least of all and relegated them to last place.

There were similar responses to a question asking those polled to place the Americans and Ronald Reagan as well as the Russians and Leonid Brezhnev on a popularity scale from -5 to +5.

The more positive the attitude toward the peace movement was, the higher the Russians and Brezhnev came out on the popularity scale and the lower the Americans and Reagan fell.

Among those opposed to the peace movement, the U.S. President got 2.5 points on the plus scale with Brezhnev getting -2.0 points on the minus scale.

Among the activists, on the other hand, both men came out at -1.6. For Reagan, that was a drop of 4.1 and for Brezhnev, a modest gain of 0.4 points.

There are other correlations among the various responses. In general it can be said that the attitudes to the peace movement and to the United States are inversely proportional.

Thus, 77 percent of those opposed to the peace movement but only 26 percent of the activists have great faith in the United States.

While the overall sample viewed Moscow in a more critical light than Washington, it was the other way around in some instances among the peace movement activists. Where there are different responses to the question of which of the two superpowers really is interested in disarmament negotiations, the overall sample generally assumes that it is the United States with the activists more often saying it is the Soviet Union.

A minority of the population, which identifies with the peace movement, holds to anti-American sentiments or rather to sentiments directed against the present U.S. leadership.

Among those opposed to or critical of the peace movement, on the other hand, the pro-American view is getting firmer.

A survey such as this can only give an indication of current public opinion but some responses do permit one to draw conclusions about things to come.

Whether opinions will further polarize will depend on political developments. But just how they will develop can be shown on the basis of this Emnid survey. The neutron bomb question presented those interviewed with four choices. They could

answer yes or no as well as yes or no with or without reservations. Most opted for the less restrictive responses.

But if the time ever came for actual dates and numbers as to where and when these weapons would be stationed in the FRG, then opiniions would become a great deal firmer. And at that juncture, most citizens would come out as sharply against the opposing view as those now do who opt for or against the neutron bomb without any reservations whatsoever.

This polarization process is far advanced already. Those who are already keeping their distance from the United States now say that their faith has declined even further and those who already feel a close tie to the Western superpower say that their faith has, if anything, increased.

Even individual decisions by Reagan seem to speed up this polarization process. Most citizens agree on only two of the five decisions cited by the Emnid interviewers: they are for the resumption of wheat shipments to the Soviet Union and against Regan's support of the military regime in El Salvador.

On the other hand, the decision to ship weapons to China; Reagan's economic and fiscal policies, and the mass dismissal of the air controllers confirm some in their favorable view of the President and others in their negative view.

In the main, anti-American sentiments are limited to a minority with ties to the peace movement; but there are contradictions in the views of others which are hard to gloss over and difficult to explain.

Most Germans do say they have great faith in the United States but at the same time 45 percent agree that the increase in U.S. military expenditures heightens the danger of a new war.

One could argue that those who voice both opinions tend to think the Reagan administration has no other choice in the face of the Soviet threat; but that will still not make the two views any more compatible.

Nor can another major contradiction be explained away—the dichotomy between this aspect of public opinion which views more weapons even for our side as a source of greater danger and the official government line which says that more weapons tend to afford greater security.

(1) **Pazifismus: Fast gleich viele Anhänger und Gegner**

(2) „Pazifisten lehnen Waffen aller Art und jede Anwendung von Gewalt ab. Was halten Sie von dieser Einstellung?" Emnid stellte fünf Antworten zur Wahl. Von je 100 Befragten entschieden sich für die Antwort

(3) 7 „Bin selbst Pazifist"

(4) 25 „Finde ich richtig, bin aber selbst kein Pazifist"

(5) 29 „Bin weder dafür noch dagegen"

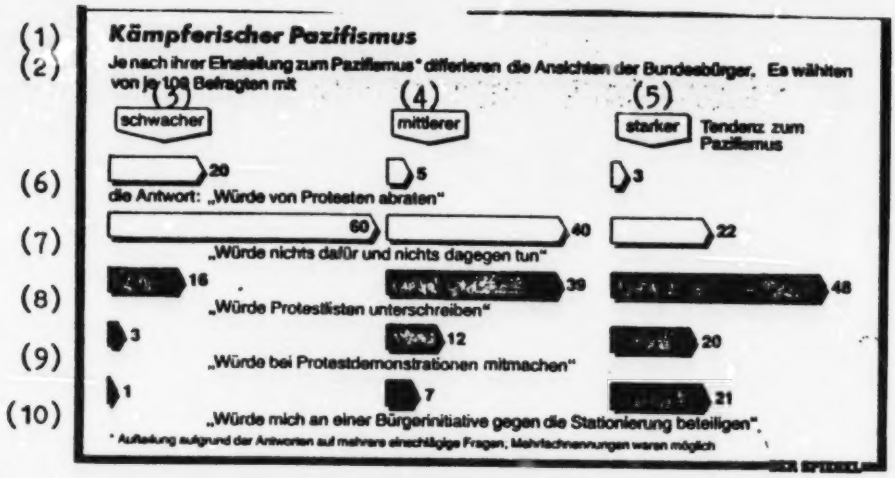
(6) 22 „Halte ich für falsch, dulde ich aber"

(7) 17 „Bin dagegen"

DER SPIEGEL

Key:

1. Pacifism: Almost as Many For as Against
2. "Pacifists are opposed to weapons of all kinds and to the use of violence. What is your opinion ?" There was a choice of five responses. The percentage figures appear below.
3. "I am a pacifist myself"
4. "I agree, but am not a pacifist myself
5. "I neither agree, nor disagree"
6. "I disagree, but am prepared to accept it"
7. "I disagree"



Key:

1. Militant Pacifism
2. Depending on their attitude toward pacifism (based on responses to several relevant questions, multiple responses permitted) the views of those polled tended to differ. Below are the percentage responses of those interviewed whose bent toward pacifism was
3. Weak
4. Moderate
5. Strong
6. "I would dissuade people from protesting"
7. "I would do nothing for or against it"
8. "I would sign my name to a list of protesters"
9. "I would take part in protest demonstrations"
10. "I would take part in a citizens' initiative to oppose stationing"

(1) **Jeder Dritte mit Abitur: Wehrpflicht verweigern**

(2) Auf die Frage nach der „eigenen Einstellung" zum Wehrdienst entschieden sich von je 100 Befragten für die Antwort

(3) 22 „Freiwillig zur Bundeswehr"

(4) [redacted] „Einziehen lassen"

(5) 16 „Wehrdienst verweigern"

(6) Die Antwort, die Verweigerung des Wehrdienstes entspreche ihrer eigenen Einstellung, wählten von je 100

(7) 29 Bundesbürgern unter 30 Jahren

(8) 12 Bundesbürgern ab 30 Jahren

(9) 11 früheren Volksschülern ohne Lehre

(10) 13 früheren Volksschülern mit Lehre

(11) 17 früheren Mittelschülern

(12) 33 Bundesbürgern mit Abitur

(13) 2 Gegnern der Friedensbewegung

(14) 4 Kritikern der Friedensbewegung

(15) 10 Gleichgültigen gegenüber der Friedensbewegung

(16) 18 Sympathisanten der Friedensbewegung

(17) 61 potentiell aktiven Anhängern der Friedensbewegung

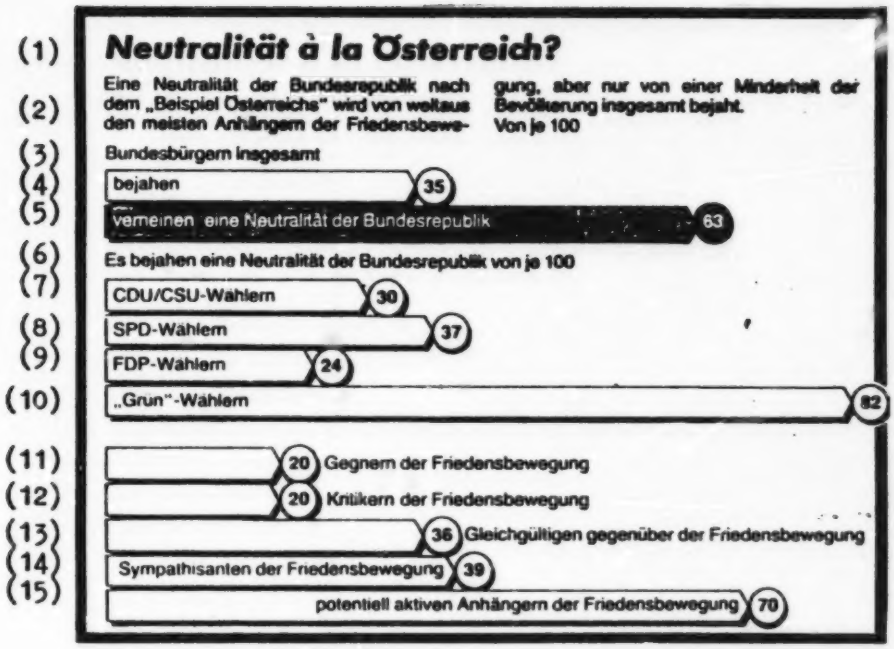
DER SPIEGEL

Key:

1. One out of Three with Secondary School Diploma Would Refuse to Serve
2. Listed below are the percentage responses to a question about "your own attitude" toward military service
3. "Would volunteer"
4. "Would wait to be drafted"
5. "Would be conscientious objector"
6. The percentage of those who said it was their own attitude to refuse to serve were:
7. Citizens below age 30
8. Citizens over 30
9. Former grade school students lacking vocational training
10. Former grade school students with vocational training
11. Former middle school students
12. Persons with secondary school diplomas
13. Opponents of peace movement
14. Critics of peace movement
15. Indifferent toward peace movement
16. Sympathizers of peace movement
17. Potential peace movement activists

Key:

1. 38 Percent of SPD Voters: Would Join Protest
2. "How would you react, if U.S. forces would put medium-range missiles in place near here ?" Percentages of following three categories:
3. Total sample; CDU/CSU voters; SPD voters
4. Would advise friends, colleagues, neighbors not to take part in protest
5. Would neither support, nor oppose
6. Would sign name to protest list
7. Would take part in protest demonstrations
8. Would join citizens' initiative to oppose stationing



Key:

1. Austrian-Style Neutrality ?
2. "Austrian-style neutrality" for the FRG was favored by most supporters of the peace movement but only by a minority of the total sample
3. The percentages for the total sample were:
4. In favor
5. Against
6. Percentages favoring FRG neutrality
7. CDU/CSU voters
8. SPD voters
9. FDP voters
10. "Green" voters
11. Opponents of peace movement
12. Critics of peace movement
13. Indifferent toward peace movement
14. Sympathizers of peace movement
15. Potential peace movement activists

(1) **Neutralisten: am liebsten CDU/CSU**

(2) Auf die Frage, welche Partei sie zur Zeit wählen würden, antworteten von je 100

(3)	Befragten insgesamt	Pazifisten	Befürwortern einer neutralen Bundesrepublik	potentiell aktiven Anhängern der Friedensbewegung
(4) CDU/CSU	50	33	43	20
(5) SPD	[redacted]	[redacted]	[redacted]	[redacted]
(6) FDP	[redacted]	[redacted]	[redacted]	[redacted]
(7) „Grün"	[redacted]	[redacted]	[redacted]	[redacted]

Key:

1. Neutralists: Would Prefer CDU/CSU
2. Percentages of those asked which party they would vote for at present, according to following four categories:
3. Total sample; pacifists; supporters of neutral FRG; potential peace movement activists
4. CDU/CSU
5. SPD
6. FDP
7. "Greens"

(1)

Bei Differenzen auf Distanz?

Was soll Bonn tun bei Differenzen mit den USA darüber, wie sich der Westen gegenüber der Sowjet-Union verhalten soll?
Je nach Parteipräferenz und nach der Einstellung zur Friedensbewegung gehen die Meinungen der Bundesbürger auseinander.
(2) Es meinten (in Prozent der Befragten), die Bundesrepublik solle

sich dem USA-Kurs anpassen	zu den USA auf Distanz gehen
(3) Befragte insgesamt: 51	[redacted]
(4) CDU/CSU-Wähler: 61	[redacted]
(5) SPD-Wähler: 49	[redacted]
(6) FDP-Wähler: 44	[redacted]
(7) „Grün"-Wähler: 11	[redacted]
(8) Gegner der Friedensbewegung: 84	[redacted]
(9) Kritiker der Friedensbewegung: 85	[redacted]
(10) Gleichgültige gegenüber der Friedensbewegung: 49	[redacted]
(11) Sympathisanten der Friedensbewegung: 45	[redacted]
(12) potentiell aktive Anhänger der Friedensbewegung: 18	[redacted]

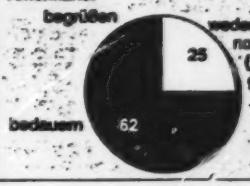
DER SPIEGEL

(1)

Go home, Ami?

Die meisten „Grün"-Wähler würden es begrüßen, „wenn die USA aus irgendeinem Grund ihre Truppen aus Europa zurückziehen würden". Aber nur eine Minderheit der Gesamtbevölkerung und aller anderen, von Emnid ausgezählten Teilgruppen der SPIEGEL-Untersuchung denkt so. Von je 100 Bundesbürgern würden einen Abzug der Amerikaner

(2)

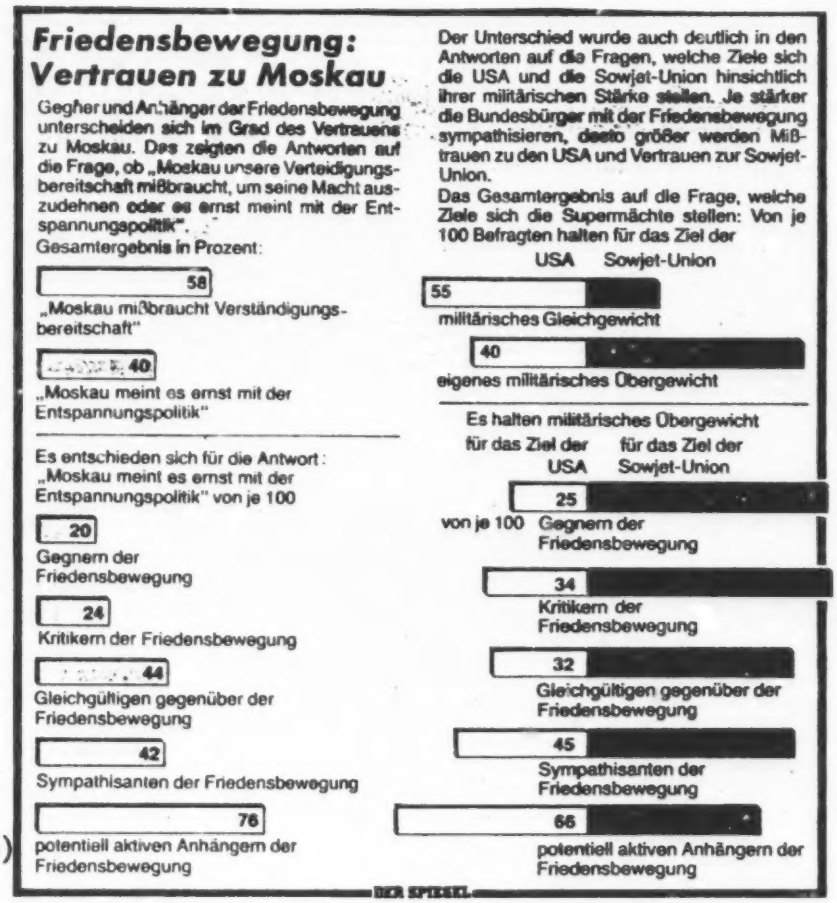


Key:

1. Most "Green voters would be happy "to see the United States withdraw its troops from Europe for whatever reason." But only a minority of the total sample thinks likewise. Percentages on troop withdrawal question follow:
2. Would welcome; would regret; would neither welcome, nor regret ("I don't care")

Key:

1. Keep Distance in Case of Conflict ?
2. What should Bonn do in case a conflict arises on how the West should deal with the Soviet Union ? Opinions differed according to party preference and attitude toward the peace movement. Percentages for those who said the FRG should adjust to U.S. policy and those who said it should keep its distance follow:
3. Total sample
4. CDU/CSU voters
5. SPD voters
6. FDP voters
7. "Green" voters
8. Opponents of peace movement
9. Critics of peace movement
10. Indifferent toward peace movement
11. Sympathizers of peace movement
12. Potential peace movement activists



Key:

1. Peace Movement: Confidence in Moscow
2. Opponents and supporters of the peace movement differ on the confidence they place in the Soviet Union. This is evidenced by responses to the question whether "Moscow abuses our readiness to negotiate in order to expand its might or whether it is seriously interested in detente." Percentages follow:
3. Moscow abuses readiness to negotiate
4. Moscow seriously interested in detente
5. Percentages for "Moscow seriously interested in detente"
6. Opponents of peace movement
7. Critics of peace movement
8. Indifferent toward peace movement
9. Sympathizers of peace movement
10. Potential peace movement activists
11. The differences were also evident in the responses to questions on what aims U.S. and Soviet military power pursue. The stronger the support for the peace movement, the greater the mistrust of the United States and the greater the confidence in the Soviet Union. Total sample response on what the superpowers' goals are, broken down into U.S. and USSR

12. Military balance
13. Own superiority
14. Percent response to question whether military superiority is goal of U.S., USSR
15. Opponents of peace movement
16. Critics of peace movement
17. Indifferent toward peace movement
18. Sympathizers with peace movement
19. Potential peace movement activists

9478
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END

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29 December 1981

West Europe Report

No. 1878

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WEST EUROPE REPORT

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LIBYA REPORTEDLY TO SELL LOW-COST PETROLEUM

Istanbul DUNYA in Turkish 26 Oct 81 p 1

[Article by Dinc Tayanc]

[Text] IPRAS [Istanbul Petroleum Corporation] has begun importing from Libya through a consortium of seven banks a total of $181 million in crude oil at $30.54 a barrel.

At a time when the average OPEC price is $35 and Libya tends to sell at no less than about $40 a barrel, it comes as a distinct advantage to IPRAS to be sold crude oil at $30.54 a barrel, financed through a consortium of six Turkish banks and the Arab Turkish Bank as the leader.

IPRAS, desiring to import crude oil from Libya, had applied some time ago to the Arab Turkish Bank, the Turkish Labor Bank, the International Industrial and Commercial Bank, the Construction and Credit Bank, Ak Bank, Osmanli Bank and Anadolu Bank. The application requested "formation of a consortium to open letters of credit for payment 30 days after the bill of lading is written and, in this way, the establishment of a mechanism to ensure the sharing of responsibilities as to procurement of foreign exchange to cover the sums of the transaction to be paid for by these letters of credit and the realization of importation by means of this consortium of banks."

In return, IPRAS is obligated to pay "all expenses, including letter of credit initiation fee and arbitrage expenses" arising from formation of the consortium and "all taxes, duties, fees, fines and similar charges imposed on the consortium banks or related to documents arranged or to be arranged between these banks."

Program

Another letter, also sent by IPRAS to the banks concerned, shows as follows the "importation program which [IPRAS] desires to finance within the consortium formed under Turkish Arab Bank leadership":

September 1981	$25 million
October 1981	52
November 1981	52
December 1981	52
Total	$181 million

Payment of Turkish lira equivalents of the letters of credit [L/C] in this monthly program, to be carried out in two parts, is envisaged as follows:

1. 25 percent at initiation of L/C
2. 25 percent at verification of L/C
3. The remaining 50 percent in "equal weekly installments" within 3 weeks of loading of the crude oil.

In addition, IPRAS "will pay .05 percent (5 one-thousandths) as an L/C inauguration commission, which commission would be shared among the consortium banks in proportion to their share holdings." This letter explained also that "a one-time verification commission of .01 percent (1 one-thousandth) of the L/C sum will be paid," in exchange for which "inauguration expenses, arbitrage expenses and taxes, duties, fees and fines arising from any interbank arrangement of documents will be met by the company."

Consortium Shares

As a result of these developments, the Arab Turkish Bank, as the leader, the Turkish Labor Bank, the International Industrial and Commercial Bank, the Construction and Credit Bank, Ak Bank, Osmanli Bank and Anadolu Bank signed a "protocol," according to which the Arab Turkish Bank is appointed the "agent" and made responsible for oversight of all phases from conduct of transactions to distribution of bank shares. In return, the terms of the protocol provide for IPRAS, designated the "client," to "pay Turkish lira coverage of L/C directly or through the agent to the participating banks proportionate to their shares."

Thus with the ability to form such a consortium for the first time, the purchase of crude oil has been made possible by means of a facility which Libya has provided to no other world nation, while at the same time making it possible for the IPRAS refinery not to stand idle.

Meanwhile, a step forward has also been taken allowing Turkish banks to start gaining familiarity with consortium formation and the nation to realize the imports it needs but which individual establishments cannot handle.

Consortium Banks, Shares

Bank	%	Foreign Exchange Provided ($)
Arab Turkish Bank, Inc.	19	10,000,000
Turkish Labor Bank, Inc.	19	10,000,000
International Industrial, Commercial Bank, Inc.	19	10,000,000
Construction, Credit Bank, Inc.	19	10,000,000
Ak Bank, Inc.	10	5,000,000
Osmanli Bank, Inc.	10	5,000,000
Anadolu Bank, Inc.	4	2,000,000

8349
CSO: 4654/47

FOREIGN TRADE DATA FOR AUGUST 1981 GIVEN

Nicosia KHARAVGI in Greek 25 Nov 81 pp 1, 7

[Excerpts] The Statistical and Research Division has published the monthly report on imports and exports for August 1981. The most significant characteristics of Cyprus' foreign trade in August 1981 was as follows:

1. Imports amounted to 33,419,000 pounds in comparison with 33,097,000 pounds in August 1980. During the period January-August 1981, imports amounted to 320,075,000 pounds in comparison with 291,883,000 during the same period in 1980, i.e., an increase by 9.7 percent.

2. Of the total imports in August 1981, 48.5 percent or 16,196,000 pounds came from the EEC countries. Eastern countries supplied Cyprus with imports amounting to 1,250,000 pounds or 3.7 percent of the total for August 1981. Imports from Arab countries amounted to 4,277,000 pounds or 12.8 percent. All other countries supplied Cyprus with the remaining imports in August 1981 amounting to 11,696,000 pounds or 35 percent of the total.

3. Total exports during August 1981 amounted to 16,838,000 pounds in comparison with 16,133,000 pounds during August 1980. For the period January-August 1981, total exports increased by 23.3 percent amounting to 157,269,000 pounds in comparison with 127,549,000 pounds during January-August 1980. Exports to Arab countries in August 1981 amounted to 8,097,000 pounds or 59.5 percent; exports to EEC countries amounted to 3,153,000 pounds or 23.2 percent; exports to Eastern countries amounted to 1,071,000 pounds or 7.9 percent; and exports to other countries amounted to 560,000 pounds or 4.1 percent.

4. The deficit in our foreign trade balance in August 1981 amounted to 16,581,000 pounds in comparison with 16,964,000 pounds in August 1980. For the period January-August 1981, the deficit amounted to 162,806,000 pounds in comparison with 164,334,000 pounds during the corresponding period in 1980.

5671
CSO: 4621/72

PURCHASE PRICE FOR NEW AIRCRAFT GIVEN

Nicosia I SIMERINI in Greek 22 Nov 81 p 1

[Excerpt] Stavros Galatariotis, chairman of the Cypriot Airlines Council, said one thing last night on television and another thing to the relevant parliamentary committee concerning the purchase of new aircraft.

Specifically, Mr Galatariotis said on television last night that two new aircraft whose purchase is now under consideration will cost 58 million pounds, although in a written statement sent to the relevant parliamentary committee, a copy of which we are publishing today, he states that the overall cost of the two new aircraft will be 90 million pounds and not 58 million.

Guarantees Requested

More specifically, we are informed that the government is being asked for guarantees for the 90 million pound amount in case two aircraft are purchased and a guarantee of 139 million pounds in case three are purchased.

AKEL's Position

Moreover, we are informed that the AKEL leadership does not want a discussion on the subject of the Cypriot Airlines Council in parliament and is making attempts to thwart it.

According to our information, the AKEL leadership has significant financial dealings with Mr Galatariotis through the Delta company which the AKEL completely controls.

5671
CSO: 4621/72

BRIEFS

LOANS FOR DEVELOPMENT BUDGET--At a special meeting yesterday, the ministerial council, under the chairmanship of Mr Kyrianou, president of the country, studied and approved the 1982 development budget. The development budget provides for expenditures of about 43 million pounds which will be financed by both domestic and foreign loans. The ministerial council authorized the minister of finance to submit the development budget to the house of representatives. [Text] [Nicosia I SIMERINI in Greek 22 Nov 81 p 1] 5671

AGREEMENT WITH ROMANIA--Mr Duma, Romanian deputy minister of foreign affairs, has stated that Romania will always be at our side and that Romania supports the peaceful settlement of the Cyprus question for one independent, free and united Cyprus. During the signing of a double taxation agreement between Cyprus and Romania, the deputy minister said that the political, economic and cultural relations between the two countries are steadily growing and are now very close. At the Ministry of Finance, the agreement was signed by Mr Duma for Romania and Mr Avxentiou, minister of finance, for Cyprus. The ceremony was attended by Marin Alexey, Romanian charge d'affaires in Cyprus, the general directors of the ministries of finance and foreign affairs as well as high-ranking officials of the ministries. Speaking during the ceremony, the minister of finance said that the agreement will undoubtedly contribute to the further development of economic cooperation between the two countries and will facilitate the implementation of other agreements signed between Cyprus and Romania in other fields. [Text] [Nicosia TA NEA in Greek 17 Nov 81 p 8] 5671

COST-OF-LIVING INDEX UP--The cost-of-living index rose 1.05 points in October and reached 158.29 points, while the index was 156.64 in September. This was reported in the announcement of the Statistical and Research Division which stresses that the rise is due to price increases in fresh fruit, milk and electric power. [Excerpt] [Nicosia O AGON in Greek 18 Nov 81 p 1] 5671

CSO: 4621/72

PRESENT STATE, FUTURE PROSPECTS OF TRADE WITH USSR

Stagnation in Trade

Hamburg DIE ZEIT in German 20 Nov 81 p 34

[Article by Wolfgang Hoffmann]

[Text] When Economic Minister Count Otto Lambsdorff took leave of Council of Ministers Deputy Leonid A. Kostandow after his 6-day tour of the Soviet Union at the end of September, they were both in agreement on their joint economic future, "Some things remain to be done."

This admission had valid grounds. The 10th meeting of the German-Soviet Economic Commission in fact demonstrated what had gone wrong with their relations: the old drive was lacking.

German exports to the USSR showed a deficit for the first time. This is only apparent in real terms, that is, after allowance for price increases. Imports from the Soviet Union are, to be sure, still showing a surplus, but if account is taken of the drastic price increases which Moscow has prescribed for its goods, a dramatic reduction in deliveries is evident behind the figures. Russian exports to the Federal Republic have declined by 20 percent in real terms.

The spectacular natural gas deal will of course cause an increase in the German-Soviet volume of trade. Count Lambsdorff has, to be sure, brought back with him to Bonn new ideas for the stimulation of trade. And the North Rhein-Westphalian Minister President Johannes Rau was enthusiastic after his talks: "Cooperation with Moscow will assure many jobs." But such euphoria cannot disguise the fact that trade relations between the Federal Republic and the Soviet Union have become riskier.

The Soviet Foreign Trade Minister Patolitschew described in the Social-Democratic VORWAERTS what was bothering the Russians: "The state of affairs regarding the contracts which we have concluded with certain FRG German firms have recently caused us some concern."

However, ceremoniously and politely that may have been formulated, the reproach for breach of contract could not be ignored. The Germans even admitted during the Moscow talks that there had been delays in some deals. But they were carefully reminded the Russians that this had been caused in part by American deliveries which, on the other hand, because of known facts--that is, because of Soviet intervention in Afghanistan--had recently been somewhat delayed in

many instances. It was moreover a good opportunity to confront the Russians with the fact that Soviet deliveries of natural gas had not exactly proceeded according to plan in accordance with the contract during the past winter.

The question of guilt and the causes of "certain" friction was, however, not gone into more deeply. Instead both sides solemnly affirmed how much importance they attached to long-term and lasting relations. The Russians know as well as the Germans not only that times have been better but also that future deals are laden with extraordinary political burdens. Afghanistan cooled the East-West climate for a long time. In addition the persisting political crisis in Poland threatens to bring about further aggravation.

If the Federal Republic had given in to American pressure, economic relations with the Soviet Union would be quite frigid. But up to now Bonn and the other Europeans have refused to punish the Russian invasion of Afghanistan severely by withdrawing Western technology. It was only a few days ago that Under Secretary of State Myer Rashish of the State Department tried to persuade the federal government to take a harder line. But the German economic minister waved him off. The American delegation had to return to Washington empty-handed.

The American efforts to broaden and increase the list of exports prohibited to the Eastern Bloc by the industrial nations which are members of the so-called CoCom (Coordinating Committee) have been equally unsuccessful up to now.

One German is indeed promoting the theme of "traffic without trade" even more strongly than the new men in Washington. Werner Obst, who a few years ago was still a high economic functionary in the GDR apparatus, has been advocating a strict boycott policy since his switch to the Federal Republic. Obst is convinced that the Soviet Union can only be impressed by the economic cudgel of the West.

The former GDR functionary does not oppose the natural gas deal with the argument which has been refuted in the meantime that the Federal Republic would thereby fall into a dangerous energy dependence. Obst has quite different objections: "The gigantic volume of gas deliveries at 40 billion cubic meters would bring the Russians a supplementary income of foreign exchange to the tune of 25 billion marks a year with great regularity starting in 1985." But Moscow would earn so much money that it would be able to push for technology imports from the West more strongly than it has been able to do up to now. Above and beyond that it would release considerable resources for a further "militarization of the economy." According to Obst "the natural gas deal would be a downright coup for the Russians in any case." To this Minister President Rau offers in reply the nice thesis "that you don't wage wars with the one you do business with." Historians know better. Before the outbreak of World War I, Germany was England's best customer and vice versa.

An economic embargo could if necessary be effective if all Western industrial nations participate and enforce it strictly and if the Soviet Union can be prevented from getting the denied technology by indirect means such as through their allies. The boycott would have to be directed consistently against the entire Eastern Bloc, a hardly feasible undertaking in practice and one which is politically questionable.

Such a total boycott would also have consequences for the Western economy as well. Some 150,000 jobs in Germany alone depend on exports to the East. A number of enterprises would have to declare bankruptcy because, for example, they carry out 50 to 70 percent of their export trade with the Soviet Union alone. The German chemical industry warns: "Am embargo would be a catastrophe."

In the Soviet Union on the other hand the economic catastrophe hoped for by the embargo advocates would fail to materialize. Heinrich Vogel, director at the Federal Institute for Eastern and International Studies, comes to the conclusion in a recently published study that "even a technology embargo maintained by all the Western states over a long period of time--which is hardly imaginable--could hardly lead to a serious disruption of the efficiency of the Soviet economy."

In addition the Soviets could even make domestic political capital out of a Western embargo and in fact use it to stabilize their system. In an article in the EUROPA ARCHIEV Heinrich Vogel demonstrates this with the example of the American grain embargo. "The real goal of the embargo--a pronounced additional reduction in Soviet production in the politically critical area of meat supplies for the people--was not achieved. Meanwhile the task of Soviet propaganda was made easier. With reference to the wicked acts of sabotage of the imperialists it could divert attention from the fact that USSR meat production had already declined at the beginning of 1979."

Lambsdorff on Expanding Trade

Bonn VORWAERTS in German 19 Nov 81 p 2 (Supplement)

[Article by Dr Count Otto Lambsdorff, Federal Minister for Economics]

[Text] Economic ties between the Federal Republic of Germany and the Soviet Union are not only rich in tradition. To this day they are full of vitality and filled with further development possibilities. Trade and cooperation will certainly be an important theme of the talks between the chancellor and Secretary General Brezhnev in Bonn.

We have no reason to strike a negative balance here or to deliver a pessimistic forecast. But trade and cooperation between the two countries could be significantly improved and the development of political ties certainly plays an important role in this connection. In any case the federal government is ready for further trusting cooperation with the Soviet Union in the economic field also.

The long-range development of a potentially large market is an aspect of our economic relations with the USSR which should no longer be underestimated. The Soviet policy of giving priority to large projects with foreigners in the West, has in the past made possible the conclusion of a number of very spectacular deals between large German and Soviet enterprises.

That will no doubt continue to be the case in the future but we note with satisfaction that the Soviet government is including in its calculations the capabilities and the specialized know-how of middle-level German enterprises. We support

this tendency and, in the most recent meeting of the Germans-Soviet Economic Commission, we drew attention to the possibilities which lie precisely in this area of our economy--with the full understanding of our Soviet counterparts. I have the impression that this has been well received in Moscow.

In recent years, German-Soviet trade has experienced a noteworthy upturn. The volume of goods exchanged rose from 1.4 billion marks in 1960 to over 2.8 billion marks in 1970 and should reach a total of 16 billion marks in 1981. Of course, the fact that real growth has not kept pace with these nominal increases for the past couple of years should not be overlooked. For the nominal growth rates, though still considerable, are due in large part to the price increases which have occurred in international trade. The higher costs for energy imports play a special role in these increases.

Looking at the structure of German exports we see that finished goods with a market share of 78 percent play a dominant role as they have in the past. But changes are nevertheless obvious. Although there were to some extent considerable losses in certain areas such as steel pipes, iron products, machinery and rolling mills as well as sheet metal, other areas such as chemical products, iron rods and bars, and above all agricultural products showed considerable growth.

The structure of German imports from the Soviet Union has, on the other hand, not changed for years. Natural gas, petroleum and fuel account for nearly three quarters, with the remainder being mainly chemical semi-finished and finished goods. If the large price increases for raw materials are taken into account, the balance of Soviet exports to the Federal Republic are no longer so convincing. For this reason in particular we are endeavoring to persuade the Soviet Union to broaden the structure of its exports in its own as well as in our interest.

Need for Improvement in Trade in Goods

The following comparison shows that this is fundamentally possible. Trade with the Soviet Union constitutes exactly 40 percent of our trade with Switzerland and its share of 2.2 percent of total German foreign trade would, in view of the economic significance of the Soviet Union, certainly be capable of increase. The Soviet government holds a similar view.

In any event such comparisons and market shares show that the overall economic significance, as well as the significance for employment policy, of German-Soviet trade is somewhat overstated in many articles and discussions. That cannot be a reason for us to have a low opinion of the significance of economic ties with the Soviet Union. It should rather stimulate both sides to reflect on ways in which trade can be improved.

It cannot be disputed that the further development of German-Soviet trade must be regarded in the light of general world economic and political considerations. The recessional weakness of the world economy in the wake of the oil price shock has had continuing effects in most countries in East and West. Realistically it has to be assumed that these world economic events will not be totally without consequences in German-Soviet trade.

At the same time the development of economic ties with the Soviet Union naturally also has a political dimension. Good economic relations can quite certainly contribute to the improvement of political relations. But they cannot replace the policy of detente. They key words "Afghanistan" and "arms control policy" characterize the current difficulties in the West's relations with the Soviet Union and they cannot be left out of account when one is reflecting on economic cooperation.

It thus seems to me appropriate to assume the following expectations in the economic relations between the two countries. The unusual price rises in energy imports create structural problems which will cause changes in the exchange of goods. Also the estimates for growth in the new Soviet five-year plan fall short of the results achieved in the last planning period.

Despite this we should not be pessimistic about the prospects for German-Soviet trade. In the Soviet Union the focus of investment policy will lie in the technical modernization of equipment in existing industries. Good opportunities for our middle-level industry to do business for the first time or to intensify existing business ties with the USSR should exist especially in this area. For the elevation of the standard of living--a main concern of the 11th Five-Year Plan--it is expected that more attention will be paid to light industry and consumer goods industries than heretofore. Here too trade can be intensified on the basis of the ability to deliver and the efficiency of German industry.

The Example of the Natural Gas Deal

Even so the energy industry area will be the key sector for development and for opportunities in German-Soviet trade. On the one hand the purchase of petroleum and natural gas from the Soviet Union produces the necessary foreign exchange which it can make available for the purchase of other goods also in the German market. The proposed new natural gas deal between several European importing countries and the Soviet Union is a good example of this. On the other hand in the energy sector there are especially large additional opportunities for cooperation.

The 10th meeting of the German-Soviet Commission for Economic and Technical-Scientific Cooperation which took place in September this year in Moscow and Novosibirsk went into precisely these questions in a very intensive way and emphasized that there is a number of possibilities for cooperation. A conceivable example would be in the area of coal refinement. Both countries are devoting special efforts to this area. German industry is in a position to offer the latest processes for the gasification as well as for the liquefaction of coal.

For the future we hope that conditions within the framework of East-West relations will permit further positive development of economic ties between the Federal Republic of Germany and the Soviet Union. In the current difficult world situation we consider economic exchange between East and West an important stabilizing factor even though it cannot make up for the lack of political agreement.

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FAILURE TO TAKE ADVANTAGE OF EEC ACCESSION DISCUSSED

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 45, 5 Nov 81 pp 27-30

/Article by Dr. Giorgos Bournous/

/Text/ It has been repeatedly stated that the country's induction into the EEC was, above all, a political choice. Beyond the political choice, however, there is another important aspect of the accession: its political implementation.

The recent economic governmental policy and philosophy of the New Democracy Party, as structured following the signing of the Treaty of Accession, especially after the last cabinet shuffle, and formally proclaimed during the electoral campaign--i.e., abolition of foreign exchange controls, liberalization of the banking system, etc.--was fully harmonized with the policy of unrestrained economic neoliberalism and monetarism of Thatcher's conservative government in Britain, whose adverse effects--inflation, record unemployment, social unrest--were admitted even by members of the British government.

The short but provocative chronicle of the officially declared "neoliberal" orientation of our economy by the last ND government might be interpreted as resulting from the obligations coming from the country's induction into the EEC. This would be a mistake. It was only a choice which was not only harmonized with but went much further in the direction of certain neoliberal monetarist circles in the Community with the British government the main political and ideological proponent.

The Accession Treaty, in spite of criticism leveled at it from time to time, continued to offer, at least until recently, certain significant opportunities for the preservation and strengthening of national controls which would allow in turn to a large extent the charting and implementation of an economic program having national developmental targets.

Yet, the government not only failed to adopt and utilize these opportunities to keep at least some control over the most sensitive sectors of national economy and especially in the banking sector which is the heart of the national economic and credit policy but, on the contrary, with considerable haste moved to a unilateral liberalization by eliminating even instrumentalities of national control, beyond any formal obligation of the country toward the EEC.

This liberalization was put into effect, at times silently, by failing to take certain legitimate protective measures, and at other times openly by specifically relinquishing periods of transition which had been agreed upon following negotiations between the Community and ministers of the preceding governments, in the Act of Accession.

Let us see in brief, however, what were the government acts and omissions, following the signing of the Act of Induction, which set the country on a course of total economic dependence and financial submission in the name of an advanced--even for the Community--economic liberalism. Even the more productive and internationalized British economy which has solved its energy problem found it difficult to bear such a liberalism successfully.

Buying Out Greek Enterprises

The government proved unable or did not want to follow the legislative developments in other member-states dictated by the necessity of dealing with the loss of control of national companies through the Anglo-Saxon method of "buying out" their shares, a method which started in the United States and has been spreading rapidly in the EEC countries since the early 1960s.

Thus, in a period of recession and economic crisis when the economic mergers through the method of share-buying rapidly increase in the EEC area and become a matter of intensive concern for the other member-states, even for those which were considered until now to have an effective defensive legislation on the subject of "buying out," our country enters EEC barefooted with a complete legislative vacuum on this subject.

In fact, the control of Greek enterprises is transferred by the majority of its stockholders, from one hand to the other, without any official administrative supervision or control.

The government could take a series of domestic control measures--totally legitimate and positive toward the Community--which have been enacted and are being implemented in other member-states even by the "neoliberal" British government.

Among those controls which are implemented more or less by all member-states, we single out the institution of "public offer to buy out" to protect the minority of stockholders; the control of legality; the control of public order and security; anti-monopoly control; foreign exchange control; compulsory consultation with the employees of the enterprises being purchased; state intervention to purchase significant national enterprises in danger of being purchased by foreign interests; and the prior approval by the government in the purchase of national enterprises which have benefited by special governmental incentives (Belgium)--a method which could be useful in the Greek case.

But instead of taking even a few such measures the government, failing to introduce exchange controls on the purchase of shares not registered in the Stock Exchange which Greece could have done until the first day of induction (1 January 1981) on the basis of the First Directive of the Council dated 5 November 1960 concerning

the capital movement (Article 3), [the government] enacted and widened the dangerous vacuum of Greek legislation on the purchase of Greek enterprises [by foreigners].

It is evident that this omission--because of the overwhelmingly larger number of family-owned corporations which are not registered in the Stock Exchange--may lead to the vertical transfer of control, not only of problematic and protected industries but also of healthy and dynamic enterprises as happened in the case of the companies of "Pitsos," "Elais," "Proodos," "Viamax," etc., thus leading to the de-Hellenization of the management and administration of domestic firms, even those which grew thanks to special state economic and credit support which came from the taxes and the deposits of the public.

But beyond the risks inherent in this "open door" policy on the question of control over Greek enterprises for charting and implementing a national economic policy, the buying out of Greek enterprises by foreign interests threatens to turn--because of the Community freedom in the movement of capital and payments--many enterprises which until now were earning foreign exchange (e.g., tourist) into channels for the loss of foreign exchange.

Liberalization of the Banking System

The liberalization of the banking system started with great haste, beyond the formal requirements of the induction agreement, behind a clever--we have to admit--attack against its "state monopoly" character and at the same time the vague and generalized invocation of Community rules, deliberately ignoring(?) that the banking sector of the member-states has remained in essence outside of the spirit and the rules of free competition which the EEC Treaty imposes generally on enterprises.

In fact, the latest governmental action for "adjusting" our banking system to the Communal regime exceeded in terms of liberalism even such member-states as Britain which have a strong and intensively internationalized private banking capital, something which does not correspond either to the structure, the interests or the immediate prospects of our banking system as a basic agent and lever for the development of our national economy.

Specifically, the Monetary Commission hastened immediately after the induction (1/1/81) to abolish all discretionary restrictions on the establishment and operations of branch offices not only of the Communal banks as it should have done first, but of all foreign banks. This liberalization took place without at the same time taking the necessary domestic control measures, thus easing the unhindered expansion of all foreign banks which are already "galloping" at the expense of the Greek banks (15 percent of all deposits in commercial banks in 1980. See OIKONOMIKOS TAKHYDROMOS, 1 October 1981, p 58).

The most significant event, however, was the unilateral governmental decision to abandon the right given our country by Directive 77/780/EEC (Article 3) to retain for a transitional period of 12 years (7, with an extension option for another 5), the most essential institutional control instrument, the examination of "economic necessity" in the operation of new banks, branches of foreign banks, etc., in

various parts of the country--something three other member-states (France, Italy, Ireland) sought and were successful in maintaining.

But this is not the only issue. The Monetary Commission with its 314/4 June 81 decision was not limited only to a premature "compliance" to the Communal regime. It went even further than the obligations imposed by the same EEC instruction to other member-states for the period after 1989!

In this way the Commission not only liberalized the creation of new banks and branches of Communal banks as it should have done after the end of the 12-year transitional period but abolished the control of "economic necessity" for the operation of foreign banks in general, i.e., of even third countries, as well as the branches and cashier windows of all foreign banks.

The consequences? Any foreign bank will be able with only 1 billion drachmas in initial capital to open in any part of Greece any branches of cashier windows--cashier windows have low operational costs--and to collect drachmas from deposits which, as is known, are lately increasing, especially in the provinces. In this way, the road opens wide to the foreign banks to expand their retail banking operations, something which has not happened even in the more liberalized banking markets of the EEC (Britain, Germany).

On the other hand, the simultaneous abolition of credit restrictions on the operations of foreign banks, which among other things were designed to control their expansion and the obligatory long-term financing of Greek industry and public enterprises--this financing because of the administratively-determined low interest rate which did not permit significant profit margins--may have other undesirable consequences on the control and functions of the credit system.

If [the government] continues to regulate at a low level of interest rates for middle to long-term loans it will risk the possible diversion of a large volume of funds to speculative short-term loans and investments (e.g., imports). On the other hand, if interest rates are set free there will be the danger of stalling a national development financing program as those banks will enter all branches of credit with profit-making criteria reaching possibly the point when they will affect directly and decisively, with the volume of their liquid assets, the choices and directions of our national credit and economic policy.

In fact, the liberalization of interest rates and the philosophy of free, without state intervention, bank competition to which the government's propaganda for banking "reform" has repeatedly and officially resorted, will facilitate the active and multifaceted penetration of foreign and especially American banks which already occupy an overwhelming position among foreign banks in the Greek economy. This will happen because this liberalization will contribute to the decompartmentalization of certain sensitive branches of credit being by their very nature closed to foreign banks due to the subsidies of interest rates by public credit institutions for reasons of social or developmental policy (middle to long-term credit, small to medium-sized businesses, agriculture, housing, etc.).

It must be noted at this point that the liberalization of interest rates is not required by the EEC. On the contrary, the EEC Commission on two occasions--one

of them recent (see Joce No C 213, 26 Aug 1979, p 6)--had the opportunity to express officially its opinion that the administrative regulation of interest rates, as a measure of monetary policy of member-states, falls outside the Community rules on competition.

On the other hand, the multiformed and relatively more intensive state interventionism, with principal form the subsidy of interest rates, exists in the credit institutions of the continental member-states and especially in France, Italy and Belgium for socio-political reasons due to the comparatively larger proportion of small to medium-sized enterprises and their employees compared to Britain where the relatively less interventionism is related to the smaller number of small to medium-sized enterprises.

In light of this, the liberalization of the banking system may lead to a shrinking of the small to medium-sized enterprises in Greece which are the bankbone of our economy. It has often been said that the excessive concentration and the extensive state control (approximately 85 percent) over the banking system are responsible for its poor performance which was often designed to strengthen certain large individual enterprises beyond any private economic and banking criterion.

This view that may deceive those "mistreated" small to medium-sized enterprises by the "state monopoly" form of operations of the banking system is questioned for the following reasons.

The state support for certain individual enterprises is a practice which violates the Community regulations in a flagrant and clear manner (Article 92 of the EEC Treaty) and must stop one way or another. On the contrary, a policy of objective credit support for certain sectors or branches of economic activity for social and developmental reasons, implemented either through the support of certain specific credit agencies and nationalized banks (Article 90, paragraph 2 of the EEC Treaty) or through other banks in the context of a regional or sectional policy (Article 92 ff EEC Treaty), may be justified even under the existing Communal regime.

In this sense, the operations of our banking system may and must be democratized and modernized in the context of the EEC. This can be done with a just, objective socio-economically useful distribution of credits.

Such a distribution can be achieved under the state and social control of the credit system which is not banned by the EEC Treaty (Article 222) but on the contrary exists and is already expanding in several member-states such as France, Italy, Belgium, even Germany where the public law local savings banks and the central institutions /GIRO/ which serve primarily the bulk of the small to medium level bourgeois class, recently develop constantly at the expense of the private general banks (approxmiately 60 percent of deposits are controlled by the state controlled banking sector in Germany with a tendency to increase further).

By contrast, the liberalization of interest rates in general and the turn of the special public credit institutions to a free money market will deprive to a large degree the small to medium-sized borrowers from the present borrowing opportunities--the banks will lend at a lower rate to large depositor clients who will, thus,

be subsidized by the totality of small depositors--while at the same time the state will lose the possibility of direct control over the credit system which under the pressure of the marketplace will move away from serving the economic and social development needs of our country, following only the logic of profit.

But what is the prevailing problem? The need to increase the banks' profits or to strengthen and assist the Greek economy in general? Any Greek government is duty-bound to face this fundamental question before taking any action on any reform of the banking system, which will underestimate the real economic and social need for developing the country. If it chooses to serve the Greek economy instead of serving the banks, it should know that the legal and political possibilities exist to do so without coming into conflict with the Communal regime.

With regard to foreign banks, their presence and operation in our country is desirable and useful provided their expansion is controlled and no competitive climate is created in key sectors of our national credit and economic policy, a philosophy which has already been tried and is being implemented, as of now at least, in several member-states. Moreover, the much greater participation of foreign banks in the Greek market compared to other member-states does not justify the haste for new major openings of our banking sector, not even in the name of adjusting "in practice" our regime to any, Communal or not, liberalizing spirit.

Finally, the reduction of state interventionism in the name of a nebulous Communal liberalism in an economy such as ours with the familiar regional, economic, foreign exchange and social problems requires in principle and at a minimum a different relationship for credit participation of national and Communal sources, a fact which presupposes a different Communal policy on many subjects and sectors (credit, Insurance Fund, regional policy, budget, industrial policy, etc.).

Foreign Exchange Liberalization

Having to deal with a serious deficit in the balance of payments, the government should logically adopt measures which would minimize the dangers of further deterioration of the deficit that may result from the abolition of several significant exchange controls in the context of the induction agreement.

On the contrary, by showing unwarranted optimism, [the government] hastened to lift the existing reservation, in the last meeting of the OECD in 1980, assuming new obligations of an advanced foreign exchange liberalization toward the OECD member-states almost comparable to that existing toward the EEC member-states, exposing the country to even greater foreign exchange dangers.

There is more. In a recent display of forceful "liberalism" [the government] hastened to abolish unilaterally and immediately the cash advances for imports from any foreign country. Not only the EEC, but the (E) 1/4/31, 31 July 81 of the Ministry of Industry, by abandoning the 5-year transitional period (gradual reduction which previous ministers had achieved--Article 38 of the Accession Act) has created new short-term pressures on the balance of payments.

Public Enterprises

The government systematically ignored the fundamental escape clause in Article 90, paragraph 2 of the EEC Treaty to which several other member-states (France, Italy, Britain, etc.) have silently resorted for the legal and political average and the sanctioning given to the privileged treatment of public enterprises "of general economic interest" which constitute the agencies and levers of national economic and credit policy (e.g., public credit institutions) but also shields of control for sensitive sectors (e.g., Greek Telecommunications Organization, Public Power Corporation, Olympic Airways, etc.).

On the contrary, it proceeded with a planned attack against them by preparing the ground for their transformation into common competitive enterprises by abolishing their privileges (e.g., ATE, Olympic) or even the selling of their shares to private individuals (e.g., Agricultural Bank of Greece, Hellenic Industrial Development Bank) in an effort to "Americanize" the economy--in the United States even public utilities often operate under private control like common enterprises--far beyond even the most "liberal" spirit one could find in the Community. In fact, the EEC Commission, in an effort that goes back several years to oversee and control state supports given to the public enterprises of member-states, recently adopted Instruction No 80/723/EEC for the obligatory "transparency" (notification to the Commission) of the economic relationships between the member-states and the public enterprises.

But [the EEC Commission] exempted in the end from Instruction 80 the entirety of public utility and transportation enterprises, public banks and public savings banks. Moreover, the affected member-states (France, Italy, Britain) which have an extensive public enterprise sector appealed Instruction 80 to the European Court, asking the court to annul the Instruction because of the lack of authority on the part of the Commission to legislate questions which touch upon national economic policy and which belong to the competence of the Council of Ministers.

The government not only failed to intervene, as was its right, in favor of the positions of the three other member-states in order to defend the status of the Greek public enterprises, but instead applied the well-known propaganda against those enterprises which even the liberal EEC Commission did not want to place under its supervision for the implementation of the rules on competition (public credit institutions, transportation, public utilities).

Thus, in this subject as well, the government proved to be "more Communal than the Community" in liberalism, leaving the public enterprises legally and politically exposed to the competitive appetites of foreign capital.

Preserving the Privileges of Foreign Capital
(Legislative Decree 2687/53)

The negotiations between Greece and the Community over the famous Legislative Decree 2687/53 which provides for a complex of constitutionally sanctioned general and special privileges (protection against nationalization, tax and custom exemptions, special privileges, exclusivity, etc.) had concluded at that time that this legislation and the regime it created was in conflict with the Communal

regime for a number of valid and serious reasons, in our view, and therefore it should be modified or at least, because of the required constitutional procedure, "neutralized," that is, to cease its application to new investments after the induction (1 January 81) and on old ones after the end of the existing contracts.

Yet, a few months ago, the government (Ministry of Coordination) using all its legal powers, with a specific announcement in the economic press, concluded that this colonial regime of privileges for the foreign capital, which has no counterpart in the Community, does not conflict with the Communal regime, and that in any event, being a basic instrument of our economic policy, it must be preserved and defended in the event of a controversy with the Community.

Thus, a singular opportunity where the "liberal" legal regime of the Community allowed the elimination of this "colonial" law to replace it with a transparent, objective and equitable regime of incentives for foreign and domestic capital, was kicked away by the responsible governmental agencies in an unprecedented display of legal and political sensitivity toward the superior, in this case, Communal rules.

Conclusions

The above show that the government's "necliberal" policy for the implementation of the induction treaty exceeded the written restriction of the Act of Accession but also the most advanced "liberal" philosophy one can find in the Community. In fact, the previous government hastened, in the name of some undefined Communal rules, to open widely the doors of our economy not only to the Communal enterprises and banks but even to those of third countries (U.S., etc.).

Thus, [the previous government] created the conditions for a short-term expansion of the economic and foreign exchange pressures from abroad, and the related forces of the market from the interior (large importers, big merchants, big industrialists, etc.), pressures which could have been largely avoided by the introduction and intensification of legitimate controls toward the EEC and the preservation of all restrictions to third countries, something which would give great possibilities for a development effort even within the context of the EEC.

But there is also the other side of the coin--the close observance and resort to tried and true political, legal, institutional and administrative solutions and measures within the Community, which were systematically ignored until now, so that the Communal legality would be preserved but also our national interests would enjoy a truly equitable treatment in the spirit of mutual and balanced social and economic progress with the other member-states.

Thus, in general, in addition to the restoration of the necessary and legitimate controls, resorting to a series of general and special escape clauses in the EEC Treaty and the simultaneous nationalization and socialization of certain significant sectors and branches of the economy based on the models and the experiences of other member-states may become the starting point for a general developmental push forward for the Greek economy.

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PANEL DISCUSSES ECONOMIC RELATIONS WITH LIBYA

Istanbul MILLIYET in Turkish 25 Oct 81 pp 2, 4

[Panel discussion between Turks and Libyan trade representative, moderated by Ertugrul Soysal]

[Text] Participants (alphabetical order)

Melih Celet: general director, DESA (Hides Industry Company)

Mehmet Okumus: chairman, Turkish-Libyan Economic Cooperation Association; president, Okumus Company

Muhammad Sharshari: commercial adviser, People's Bureau, Libyan Socialist People's Jamahiriya

Prof Dr Nevzat Yalcintas: teaching member, Istanbul University; chairman, Libyan-Turkish Friendship Association

Ertugrul Soysal: moderator

Gulsel Kayir: assistant

Soysal: Welcome to MILLIYET. We would like to discuss with you today Turkish-Libyan relations, a topic we are sure is of interest to the public. If I may, I will give the floor first to Mr Nevzat Yalcintas, chairman of the Turkish-Libyan Friendship Association.

Yalcintas: I would like to thank MILLIYET for the invitation to hold an open forum on an important topic.

We may list as follows the basic ties which bind us and the Libyans: First, we have a common religion. We have historic ties founded in 4 centuries of coexistence. The Turkish and Libyan peoples shared a common destiny from 1551 to 1912. We have a unity of customs and traditions, the ties of a common way of life and culture, religiously and historically. And lastly, we have economic ties. I do not put this last because I consider it less important. It has gained importance over the past 5-6 years.

Brotherhood with Libyans as Comrades in Arms

I would like to say that there is no truth to the idea that the ties of friendship and brotherhood with Libya developed on an economic basis alone.

Why are we this close to Libya? First of all, Libyan-Turkish ties of brotherhood rest on comradeship in arms. Comradeship in military service is, in fact, the strongest, most lasting comradeship among men. A comrade in arms is a friend in need.

The Spanish took Libya in 1510 and, after governing it themselves until 1530, turned it over to the Crusaders. Both the Spanish and the Crusaders pursued a policy of Christianizing Libya. The Libyans at this time, however, asked the Ottoman rulers, as the Muslim caliph, to act personally. In 1551, a fleet commanded by Sinan Pasha was sent to Tripoli and, with the aid of Governor Turgut, the Libyan people were freed. The Italians launched an invasion of Libya in 1911 and found ranged against them together with the heroic Libyan people the Young Turks, Mustafa Kemal, Enver Pasha and Ali Fethi. And, finally, the Libyans once again took their place beside the Turks in the 1974 Cyprus Peace Operation to liberate the Turks whose enslavement was being attempted.

The second feature of Turkish-Libyan brotherhood is our shared way of life. There is no blot on Turkish-Libyan intercourse, our slate is perfectly clean. During World War I and the War of Independence, Turkish and Libyan fighters shed their blood side by side. Libyans died on Turkish soil, just as Turks died on Libyan soil.

The third feature is the people of Libyan origin living in Turkey and those of Turkish origin living in Libya.

Another special distinction is that the Libyan character and the Turkish character are practically the same. Both nations are obsessed with their liberty and independence. Libyans are quick to anger but of solid character. This, too, is a trait frequently attributed to the Anatolian people. They are generous and upright. They are hospitable.

Finally, I would like to say that the political and economic interests of Libya and Turkey point in the same direction, and this adds a special dimension to our friendship.

Soysal: I will turn now to the businessmen and ask our friend Mr Mehmet Okumus to explain commercial and industrial relations between Turkey and Libya. Your group is known to have agreements up to $100 million with Libya.

Okumus: I, too, would like to thank MILLIYET and Ertugrul Soysal for this open forum.

Libyan Orders $800 Million

Turkish-Libyan economic cooperation is quite new, having gained a new dimension, we may say, even in 1981. According to our information, orders are around $800 million. Of course, exportation is not giving orders. It takes time. It may go

into 1982 or 1983. We hope we can keep the orders, around 800 million or a billion, in these proportions.

There are some problems with quality, packaging and shipping in the goods produced by our business friends. Although it seems as if a great deal has been accomplished at the moment, the packaging and shipping problems have not been resolved. No "containers," no ships, for instance. The air transport problem has been resolved to an extent.

We do not stop at just selling a product but, after making the sale, have to discover what the consumer there needs and whether there will be buyers for the goods we send. Obviously, if the product answers no need in the economy of that country, our selling it is meaningless and will not continue.

Turkey has arrived at a good point. It is producing many products and is also producing high quality. Our prices are lower than world prices, but we, like every other country, have many problems with exportation.

Libya is a very new and growing nation. It has problems such as ports and storage. Some products are damaged, sometimes as the result of error on the part of the Turkish industrialist and sometimes because of local services there. However, the two sides must not get angry, blaming each other. My colleagues and I are firmly resolved upon doing everything possible to strengthen further our economic cooperation.

Soysal: I shall now give the floor to our distinguished guest, Mr Muhammad Sharshari, and ask to hear him as an expert on Turkish-Libyan relations.

Sharshari: Before I start, I want to thank you and MILLIYET for this opportunity. Turkish-Libyan relations do not consist, in fact, of an economic and commercial exchange. Turkey and Libya are brother nations; they have lived and fought wars together for many years. After the revolution, however, the Leader Qadhdhafi launched initiatives for cooperation with Turkey.

Qadhdhafi Launched Close Cooperation with Turkey in 1975

In January 1975, Qadhdhafi initiated talks by sending then Prime Minister Jallud to Turkey with a large delegation, and thus the foundation was laid for cooperation in economic and other areas between Libya and Turkey.

As we have seen since that date, relations between Libya and Turkey have swung graphically upward. Joint companies were established as the result of these agreements. Among them was the Arab Turkish Bank, established in 1977 along with the brother nation Kuwait, which makes a large contribution to Libyan-Turkish relations today. Air travel between the two countries was initiated the same year. The schedule, beginning with one flight each way, has expanded to three flights each way per week. Also, the joint Agricultural and Livestock Company was established in 1981. This company, headquartered in Ankara, successfully exported 100,000 head of sheep (approximately $13 million-$14 million) to Libya from Turkey in September, though it had just begun operation a few months earlier. The Maritime Transport Company was also established and began operating. With the purchase of containers, it will certainly contribute to economic and commercial relations between Libya and Turkey.

In 1974, Turkish companies began going to Libya to contribute to Libyan development. One or two companies in 1974 rose to 85 companies by the end of September 1981. The business volume of these companies in Libya began at around $24 million-$25 million in 1974, rising to $5 billion by the end of September. This is a firm figure received from the Housing Secretariat. It is expected to reach $7 billion by the end of the year, and this is highly likely.

85,000 Turks Employed in Libya Today

Turks contributing to Libyan development exceed 85,000, including workers, doctors, technicians and engineers, and are expected to reach 90,000-95,000 by the end of the year.

The 1975 agreements call for Libya to supply Turkey 3 million tons of crude oil a year. On the other hand, Turkey has around $850 million in export contracts to Libya as of the end of September 1981. This figure is expected to reach $1 billion by the end of the year.

Commercial products have expanded considerably as to variety. We may consider consider construction materials, clothing, food, meat, livestock, furniture and miscellaneous products.

Achieving figures this high in a short time, of course, has brought problems with it. Certain companies have complained. However, I would like to stress the need for us to sort out the sticky points together. These irregularities and snags may derive from the people's importing organizations in the Libyan Jamahiriya and they may be exportation errors by our Turkish brothers; it is necessary that we resolve them realistically in a brotherly spirit.

There is a ship, but no containers; cargo schedules are inadequate; customs and exportation regulations in Turkey are time consuming; delays result from bureaucratic red tape in Libya. Let us bring such things out in the open and try to resolve them.

Soysal: I would like to ask a question. As far as we have heard, most of our companies exporting from Turkey claim that payment for goods is transferred late or reaches them late. We have companies which complain mightily about this. Haven't you any suggestions?

Sharshari: Mr Soysal, a large part of the contracts already concluded are paid in the normal way by letters of credit. Delays occur in certain procedures involving the exchange of paperwork. The reasons for this, either the papers leaving here late or not getting to the necessary bank on time, stem from time-consuming red tape at the banks on both sides. As a remedy for this, Turkish Central Bank, Libyan Central Bank and other bank authorities met in Ankara for discussions in March 1981. They signed a banking agreement as a result. After the agreement was signed, a letter of guarantee for $750 million-$800 million was written by the Libyan banks directly to the Turkish banks by the end of August. Turkish workers' cables to their families which used to take months now arrive within 15-20 days. There is only a 5 percent-10 percent short fall in total Turkish exports, and this is usually in clothing.

We hope that all the short falls and delays will disappear as soon as possible and that we will have a fine, forward-looking operation.

Soysal: Thank you. Mr Melih Celet, would you, as a producer and businessman with close relations with Libya, discuss the pros and cons of the status of our commercial relations and your own problems and offer your suggestions?

Celet: Thank you very much, Mr Soysal. You will recall that we had your support when we first started this business in January. Our firm, as yet new in exporting to Libya, had certain reservations. Your support was valuable to the morale and rapid growth of our firm today. The people of our friend Libya also have a share in this.

Libyans Shared Prosperity in Squeeze

As we were fighting an economic war in 1979-1980, once again we found the Libyan people at our side. This is the major idea which, in my opinion, must be underscored. Glitches are bound to occur in such concentrated commerce. It is possible to clear them up through mutual understanding. It is a fact that when Turkish industry was in its darkest hour, the Libyan people shared their economic prosperity and wealth with the Turkish people and no [other] economic relationship is clipping along at this speed today. This must not be described in commercial terms alone. We owe it to friendship and brotherhood.

However, it is necessary to act on the premise that "business is business." It is necessary in buyer-seller relations that we pay attention to the concerns of the buyer. Our relations with the firms in Europe and America to which we exported women's handbags for years have ended today and 80 percent of it has been taken up by Libya. According to the information we receive, almost 50 percent of this type product sold in Libya is bought from us.

We, as industrialists, must go and see for ourselves what kind of product Libya likes and whether the product is in fact selling. We have a global agreement; they trust us and we select the style ourselves. If the product sent is not selling, our industrialist himself must find out why -- is it the color, the style, the packaging? And I think many of our industrialists are doing this.

It is not that there are not certain problems in Libya. There are times when 100 ships are standing off the Tripoli Port and, in a way, this is a great development. Goods are coming to Libya from all over the world and a great deal of teamwork and organization is required to handle the unloading, correct distribution, storage and organization of them, and certain difficulties arise because of this. However, I do think that speeding up payment would be helpful in enabling us to give them better service.

When orders are taken from Lbiyan firms, large contracts are concluded which may be long term with periodic shipments. If, when these periodic shipments are made, there would be an organization in the storage systems to keep in touch with ability to handle them and if the Libyan firm would keep in constant touch with the opposite firm and report on problems arising at the consumer end, I believe that goods' piling up and causing expense to the Libyan economy would be prevented, business would flow smoothly and there would be nothing else to cause problems.

Turks Not Ready to Export

Sharshari: There is this, too: Turkish industrialists are used to many years of Turkish-oriented business not open to the outside. As we have said numerous times, if even 15 percent of their production had been externally-oriented, perhaps none of these present snags would have occurred. When they fell into economic straits, industrialists were exporting because they had to at a time when they were not ready. A portion of these problems stems from lack of experience in foreign trade.

Among us, meanwhile, people's organizations were formed which sell at cost without a profit in order to procure the needs of our people. They need time because they are new. We would hope that our Turkish brothers would excuse us, bearing this situation in mind. I believe we will smooth out in the future.

Turkish bank authorities may be able to visit Libya frequently to ensure a bilateral banking dialogue and it may be one solution to send highly skilled employees to these banks if necessary. Certain banks have begun to do this.

Okumus: My impression of what we have been saying here is that if we have a great economic cooperation and if we have our brotherhood, then it requires mutual sacrifice. We will make the necessary sacrifice and so will they, and we will find the happy medium. We hope there will be joint Libyan-Turkish investments in industrial products, agriculture and tourism. We also hope for establishment of the Islamic Common Economic Union.

Sharshari: I would like to mention one important point. Exporters and industrialists need to make numerous trips to Libya. Gaining consumer approval after goods are sent is necessary and this research is necessary and must be continuous. If there was a more meticulous and concientious handling of Turkish products at the end of the line, they would gain approval in other countries also, not just Libya. Westerners consider the Middle East a competitor and everyone is concentrating on it. Large teams are being sent to conduct research. Our Turkish brothers should also be turning to such efforts from the standpoint of the country's future. Also, I would like to add this on the topic of Libyan-Turkish economic cooperation: The shipping problem has begun to be resolved. Two or three ships a week are going to Libya and there are one or two air flights daily.

Soysal: Professor, I shall give you the last word.

Yalcintas: Thank you, sir. For my final comment, I would like to present my thoughts on the direction in which our relations should go from now on. We see from the discussion of our three distinguished colleagues just now that there is an all-out explosion in the positive sense in economic relations between Turkey and Libya. Libya is giving Turkey preference in its imports. This is at the directive of the leader Qadhdhafi and others concerned. Many of our exporters in Turkey also have turned their efforts toward Libya. There are psychological bases for this, as in the reunion of two brothers long separated.

Turkish-Libyan Relations Promise Rich Future

Rich horizons are seen ahead.

There is no Turkish tourist bureau in Libya. Libyan travellers to Turkey must have a visa.

Second, more stress should be placed on cultural contacts. Especially television tapes such as a "Message" film that Libya prepared. Efforts in sports, the arts and the media would further the cooperation.

Third, student and teacher exchange should be stepped up. More Turkish students should study in Libya and more Libyan students in Turkey.

The fourth topic is language instruction. Ignorance of the language is a tremendous obstacle.

Fifth, measures should be taken to improve maritime and air transportation. There should be schedules out of Ankara and Izmir now. Communications possibilities should absolutely be developed.

The sixth point is that residential problems of Libyans in Turkey should be resolved. This occasionally presents situations abusive of brotherhood. I know of students who have left Turkey and gone to Europe to study because of these difficulties.

Seventh, there is the question of stepping up the solution of various problems affecting Turkish workers and contractors.

The eighth topic is working for further development of economic relations. There should be a unity that looks out for the interests of both sides.

I would like to point out that certain nations have begun an economic embargo of Libya just in recent weeks. Turkey, as a nation having endured just such an embargo, should firmly establish what its duty toward Libya is and should do its duty in an active way and on time.

The ninth area is foreign policy. We must not be content in foreign policy with the cooperation of the Islamic Conference Organization alone. The need is felt both for us and for Libya to pursue a more harmonious policy between Libya and Turkey and to develop further the existing cooperation. We all know that Libya has come under international pressure recently. Turkey, then, may have a role in dispelling this political pressure and may, through friendly initiatives, play the balanced, active role it should.

Finally, there is the need to step up realization of joint projects in industry, agriculture, transportation and communications.

It is seen that Turkish-Libyan friendship rests on deep-seated spiritual, historical and geographical foundations. And its vitality today rests on economic and political interests. Looking at all these aspects, the goal which clearly

emerges today is for both sides to strengthen further these ties firmly, quickly and conscientiously to allow the interests of both sides to flourish under healthy development in the years ahead. Again, thank you.

Soysal: My dear friends, I thank each of you individually.

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DEVELOPMENT OF MARITIME CAPACITY HIGHLIGHTED

Organization Problems Examined

Istanbul DUNYA in Turkish 20 Oct 81 p 2

[Article by Prof Dr Selahattin Tuncer]

[Text] In a nation surrounded on three sides by water and having thousands of miles of shoreline, it is not necessary to explain the importance of maritime transportation. Nevertheless, the Turkish Merchant Fleet is a transportation sector which has been neglected and left alone for years. This is what we have experienced as an administrator who has worked and sweated in this sector for many years. Despite certain short-term, sporadic efforts at development in this field by former governments, they were never successful.

The resurgence and regrouping that occurred in all areas after 12 September has taken place in the maritime transport sector also and a serious, positive effort has been made to rebuild the Turkish Merchant Fleet through encouragement measures, with quick positive results. These efforts fall into two major categories: First, the fleet has been supplemented with new, powerful ships and tonnage has almost doubled in a short time. The second development has to do with organization and the establishment of new organizations which will be closely concerned with the problems of the Turkish Merchant Fleet and pursue an energetic maritime commerce policy.

The Turkish Merchant Fleet consists of two separate sectors, the public and the private. I regret to say that these two sectors are strangers, at odds with each other. However, cooperation and coordination between these two sectors is an absolute must if the Turkish Merchant Fleet is to develop and compete in international waters.

Finally, let me make the point that the Turkish Merchant Fleet has enough problems as a sector without making distinctions as to public or private. We may list these problems generally as economic, technical, financial and organizational. We believe that these problems should be taken up, debated and resolved in seminars at an international level.

Having thus stated the issue in general, we would like to address, insofar as a brief article allows, the organizational problems of the Turkish Merchant Fleet and the recent changes in this area.

I. Ministry of Communications and Transportation

The Ministry of Communications and Transportation is the official body responsible for Turkey's marine, surface and air transportation and communications affairs. The duties of this ministry, brought into being by the "Law on the Organization and Duties of the Ministry of Communications and Transportation" No 4770, 6 July 1945, are defined as "to conduct public communications and transportation services on land and water and in the air and to direct, coordinate, set rates for and oversee operations established for this purpose."

A very old, tradition-bound establishment, the Ministry of Communications and Transportation has created within itself subsections and organizations to monitor and oversee maritime communications and transportation affairs. Now let us mention briefly the organizations under the Ministry of Communications and Transportation which deal with maritime communications and transportation and their duties.

1. Communications and Transportation Assembly: An important organization which serves as a consultative body subordinate to the ministry. Headed by the Minister or Undersecretary and composed of office chiefs and general directors, the Communications and Transportation Assembly meets at least twice a year to discuss problems involving Turkey's communications and transportation policy, adopt measures to ensure coordination between systems and present these advisory resolutions for the approval of the ministry.

Basic policy decisions on maritime communications and transportation in Turkey are made and implemented by the Communications and Transportation Assembly.

2. Office of Ports and Maritime Affairs: The largest and most important body concerned with maritime affairs in the Ministry of Communications and Transportation, its duties are listed in detail in the law. Among the duties of this office are: "To examine the measures and credit requirements to enable the Turkish Merchant Fleet and the Turkish coastal fleet at every tonnage to develop concurrently with the needs and desires of the country and to make the necessary proposals and initiatives."

3. Following the increase in development and importance of maritime transport and the ship building industry, two additional organizations were set up under the Ministry of Communications and Transportation which were not contained in the original law. They are, in order:

A) Maritime Communications and Transportation Directorate General: Was set up and began operating under the Ministry of Communications and Transportation by authority granted by the Budget Laws for the purpose of developing the merchant fleet and resolving its growing problems.

B) Shipyards and Ship Building Directorate General: Was set up and began operating also under the Ministry of Communications and Transportation as an excepted agency with the growth of the ship-building industry and shipyards in Turkey, charged with resolving problems of this type.

II. A New Body: Prime Ministry Maritime Organization

With the augmentation of the Turkish Merchant Fleet and the weight and importance of problems pertaining to maritime communications and transportation, the organizations and agencies under the Ministry of Communications and Transportation seemed inadequate for the task and the need was felt for reorganization. The "Prime Ministry Maritime Organization" was established for this purpose by Law No 2512, which was published in RESMI GAZETE No 17436 on 22 August 1981. This new organization, under the Office of the Prime Minister, operates on two levels and, according to the law, with a personnel complement of 130 persons. Now let us attempt to become better acquainted with this new organization and its divisions:

1. Supreme Coordination Council for Maritime Interests and Concerns: A top-level advisory body, the organization and duties of which are set by law as follows:

A) Organization: This council is headed by the Prime Minister and consists of the relevant Minister of State, the Ministers of National Defense, Internal Affairs, Foreign Affairs, Finance, Public Works, Commerce, Health and Social Assistance, Customs and Monopolies, Agriculture and Forests, Communications and Transportation, Industry and Technology, Energy and Natural Resources and Tourism and Information, the Undersecretary of the State Planning Office, the Undersecretary for the Environment and the President of the Scientific Council of the Turkish Scientific and Technical Research Organization.

As seen, the Supreme Coordination Council for Maritime Interests and Concerns is a rather populous, high-level advisory body.

B) Duties and Endeavors: The law places the council's duties under two general headings. The Supreme Coordination Council for Maritime Interests and Concerns is a top-level coordinating body concerned with maritime affairs and is charged with coordinating the different public organizations. It also has decision-making authority involving maritime affairs.

The Council will meet at least twice yearly. The Prime Minister may convene the Council when necessary.

The duties of the Council's secretariat will be conducted by the Prime Ministry Undersecretariat for Maritime Affairs.

2. Prime Ministry Undersecretariat for Maritime Affairs: This is the second echelon of the new body. The new undersecretariat is not yet a completed body. It will organize its own Research and Development Boards and Directorate Generals as needed.

A) Organization: The Prime Ministry Undersecretariat for Maritime Affairs is, as it name implies, a new undersecretariat under the Office of the Prime Minister. Its attachment to the Prime Ministry independent of the Ministry of Communications and Transportation is a mark of the importance of its endeavors.

Undersecretaries attached to the Prime Ministry sit on the Supreme Coordination Council for Maritime Interests and Concerns, but the Undersecretary for Maritime Affairs does not. As the duties of Secretariat of this council will be performed

by the Prime Ministry Undersecretary for Maritime Affairs, he will naturally be present at its deliberations.

B) Duties: The duties of the undersecretariat are listed in seven paragraphs of article 4 of the law as follows:

"As related to the maritime interests and concerns of the State on the seas and in domestic waters:

"To formulate national maritime policy for the stimulation and development of maritime commerce, the merchant fleet and the ship industry in cooperation and coordination with the ministries concerned and the Maritime Planning Organization [as published] for submission to the Supreme Coordination Council for Maritime Interests and Concerns; to devise and monitor programs to effect and enhance general development plans;

"To explore, in cooperation and coordination with the ministries concerned, legal, economic, political and similar issues involving international maritime affairs as related to the protection of our national rights and interests;

"To offer guidance as to state maritime policy and strategy to the ministries and other public bodies whose services are concerned with maritime affairs and to ensure coordination among them;

"To coordinate the study of both organic and inorganic marine and sea-bed resources to ensure the most economic utilization of them;

"To establish research and development bodies;

"To cooperate in making the necessary arrangements for the promotion, effectualization and popularization of maritime transport-related occupations nationwide;

"To serve as the Secretariat of the Supreme Coordination Council for Maritime Interests and Concerns, implementing the Council's decisions."

As seen, the new undersecretariat covers a rather broad and important spectrum of activities.

C) Directive: The duties and activities of the Supreme Coordination Council for Maritime Interests and Concerns and the duties, powers and modus operandi of the Prime Ministry Undersecretariat for Maritime Affairs will be specified in a Directive to be issued by the Prime Ministry within 6 months of 22 August, the effective date of the law. Work on this is still in progress.

III. Efforts to Establish Chamber of Maritime Commerce

Preparations were made years ago for the establishment of a separate Chamber of Maritime Commerce in Turkey, like the chambers of commerce and industry, to serve ocean transport interests. The public hears of similar initiatives from time to time. In fact, there is a need for the establishment of a public body to bring together those employed in maritime commerce, to protect their interests and to

provide professional support and solidarity. Indeed, there are examples of just such professional organizations in many other countries, but efforts in this area in Turkey have been fruitless and inconclusive.

Last August, the Turkish Ship Owners' Union in Ankara renewed efforts for the establishment of a Chamber of Maritime Commerce and submitted proposals. The union members, however, could not come to full agreement on the form the chamber should take or the date it should be established, and work has now been postponed indefinitely.

The Turkish Merchant Fleet exceeds 2 million tons today, representing considerable growth. The private sector has unique problems waiting for resolution. Professional solidarity, at least, is needed. The problems of maritime commerce are being dealt with under the chambers of commerce. Moreover, with reorganization of maritime transport under way in the public sector, the private sector, too, ought to be doing something to get their efforts for an Association off the ground.

Evaluation and Conclusion

The first suggestion for the solution of the problems of a certain sector in Turkey has traditionally been to propose a ministry in that area. In fact, the first proposal made for finding a realistic solution to the problems of the Turkish Merchant Fleet was that a Ministry of Maritime Affairs be formed. It is not difficult to find examples of such ministries in Western nations with thriving merchant fleets. Certain circles have seen no objection to development of the same model for Turkey also. The upshot of this controversy has been to proceed with formation of a two-tiered Advisory Council, the substance of which we have seen briefly above, with an Undersecretariat for Maritime Affairs attached to the Prime Ministry. A middle road has thus been found in resolving the organizational problem. Such a development must be welcomed.

In this way, the new, two-tiered organization will offer guidance to the ministries and other public bodies whose services involve maritime affairs, ensuring coordination among them in the implementation of the maritime commerce policy and strategy which the Government will follow. Doubtless, this new task is an important one.

Service is irregular and inefficient because affairs of maritime commerce in Turkey have been scattered among the Ministry of Communications and Transportation, the Ministry of Industry, the Ministry of Commerce, the State Planning Organization and the Prime Ministry Office of Encouragement and Implementation. Thus I think the newly formed Council and Undersecretariat will bring these disorganized services together and make it possible to pursue an effective maritime transport policy.

Modern Management Techniques Urged

Istanbul DUNYA in Turkish 20 Oct 81 p 8

[Interview with Electronics Master Engineer Erdal Aksoy, executive board chairman of Aksoy Holding Corporation, by Osman Ondes]

[Text] Question: You who lead the field in the more modern maritime transport and management of the future have the additional responsibility of informing our younger generations about our maritime interests. As we begin the interview, I

will ask you as chairman of the board of directors to tell us about the Aksoy Holding Corporation.

Answer: Aksoy Holding Corporation's general structure is this:

Aksoy Holding Corporation is the parent organization of four maritime transport companies.

The first one is Detas Maritime Transport and Trade Corporation which runs four tankers.

The second company would be Aksoy Maritime Transport and Trade Corporation. It manages the M/T Batu, which has begun hauling one of Turkey's important requirements.

Third is the Master Engineer Erdal Aksoy Marine Enterprises Liquid Fuel Shipping Company which has two tankers.

The fourth company is Bogazici Petroleum Collective Company which distributes oil and owns gasoline stations. We also have two additional firms which will be reactivated when they get their new ships.

And, finally, we are a partner is the Transbalkan Maritime Lines Marine Transport Corporation.

The Aksoy Holding Corporation fleet thus consists of the following ships: M/T Aksoy (formerly Sivas), M/T Batu, M/V Detas, M/T Birinci, M/T Ucuncu, M/T Dorduncu, M/T Varan and L/T Garzan. However, this total represents our fleet 4 months ago. We have now added to our fleet the M/V Osman Aksoy, a 40,000 dwt bulk carrier.

My interest in maritime commerce is closely tied to my business life, which I began at a very early age. Actually, I am a master engineer in electronics. I knew as a child exactly what I wanted to do. I nurtured my affinity for the sea with small tankers, hauling crude and refined oil and vegetable oils. Later I bought the tankers M/T Varan and L/T Garzan. Then, after a while, I added the M/T Aksoy to my fleet.

Realizing that one-sided progress can be risky, I added the cargo ship M/V Detas to my fleet. And finally I bought the M/T Batu with the understanding that chemical shipping, which was nonexistent in Turkey, would be done by Turkish bottoms.

Now we have entered a joint venture with the Transbalkan Corporation. We intend to develop Turkey's Ro-Ro shipping with these two firms working together.

In my opinion, the first condition for success is good management. If it is managed right, it is even conceivable through foresight and planning to own Ro-Ro ships.

I would like to point out that there are certain problems plaguing us here. The great drawback is the lack of trained personnel in Turkey having the training and experience to handle the specialized ships. For example, I am being urged to get

a Reefer, in other words, a refrigerated vessel, but there are no personnel with the training or experience to man a ship of this class. On the other hand, Turkey is planning for the exportation of fresh fruits and vegetables as well as meat. Investments in this are growing steadily, but a training institute to keep in step with the technological development required by maritime commerce is not being developed. This is a very important omission.

Yet one personnel error can cause the whole shipment to rot. In the same way, vis-a-vis the risk in ammonia and LPG shipping, I am thinking about working "Time Charter" abroad for a year, or even taking advantage of opportunities abroad, to gain some valuable experience and then bring it back to Turkey. During this time, I would be doing "time charter" custom work and still earning foreign exchange for my country. But my primary goal is to set an example of modern shipping management in Turkey. It is not my goal to have a lot of ships, but first to run an efficient and modern shipping business. Along these lines, I want to establish a business network run by computers. In taking this step, I am making the first attempt at a maritime transport company in Turkey that manages its affairs by data processing systems.

First of all, we have to set up modern management. In my capacity as an electronics master engineer and with my university and on-going professional experience, I feel that a computer-operated maritime shipping business is something I have to do.

I should note that taking the first step in this area is a duty I have set for myself, basically a moral obligation to my country, because my state made it possible for me to study and earn a technical specialty. If I am now heading a group of companies prospering in maritime commerce, then I say I should bring modern management in this field to both my firm and my country. I believe that once I take the first step, there will other firms to surpass it quickly.

Question: You have a many-faceted maritime business. In fact, the firms are engaged in many kinds of shipping despite the economic imbalances in maritime transport. You have been successful with tankers, but you are also getting into specialized ships -- LPG/ammonia and sulfuric acid tankers, for instance. This will be my question. How did we transport sulfuric acid until you got in the business? Is your business adequate? What should be done?

Answer: I realized years ago that a one-dimensional business is very risky in maritime commerce. This is why I have the bulk carrier in my fleet, but, while starting in Ro-Ro shipping, I am also getting up my nerve to go into specialized shipping.

As for the transport of sulfuric acid, Turkey's annual requirement is 500,000 tons of sulfuric acid, 40 percent of which comes from the domestic market and 60 percent from foreign countries. However, after the phosphoric acid units started operating at the Bagfas-Bandirma Fertilizer Factories, they began producing sulfuric acid which they could sell to the Nitrogen Industry. This being the case, the Nitrogen Industry was happy to have local production since it would no longer need to import. The figure quoted to us was that 24,000 tons would be shipped monthly. Even so, they are not drawing off this amount at present. The reason for this is that they had to keep their import contracts until the last minute,

perhaps rightly so, thinking that we would be unable to get our ship, which has a haulage capacity of 30,000 tons per month, into service as soon as they wanted.

In the end, the contribution in service and foreign exchange that one chemical vessel can make by cutting imports by 70 percent-80 percent of its capacity has been quite large. Just as Turkey will no longer be importing acid, it will be hauling domestic acid in a Turkish bottom, even avoiding importation of 300,000 tons of acid annually.

As for anhydrous ammonia, it takes a great deal of courage to get a ship of this type, but somebody in Turkey had to demonstrate this courage. I thought about it a great deal; I did a lot of studying about it. Finally, I made my decision and started preparations for hauling anhydrous ammonia in Turkey. The producing firms always ship in their own vessels or by contract vessels. They have a sort of cartel and do not welcome foreign ships in their midst.

Nevertheless, Turkey imports around 400,000 tons of ammonia per year direct from the shipper and one of its highest freight bills is for ammonia.

With a $12-million ship with which we would bring the 400,000 tons of ammonia to replace the $160 million [as published] if it was $40 per ton (imported from the USSR, Japan and the United States), we would both own the ship and also close this deficit.

However, it is certain that they will try to block Turkish ownership of such a vessel. As I said, the seller controls the market, being able to get whatever profit he demands from the source as well as from haulage. In this case, he will set the FOB and CIF prices as he sees fit, forcing the factories to buy CIF.

He will keep the price difference between FOB and CIF low, seeking ways to keep the Turkish firm out.

In this case, if the Fertilizer Factories, as the buyer, can prevail and succeed at the purchase stage in buying FOB, we can make $160 million for Turkey. This is a trump card that we must play; we must put up this fight.

I am going to take courage in hand and make the plunge. I believe that "we have an obligation to open this door."

In a few years, our ammonia facilities will come on line. At that time we will be in the position of not being able to carry the ammonia we produce to our factories. If I can hold out in the beginning and survive, when our own ammonia factories start producing, we will already have this know-how and with the help of protective provisions of the Cabotage Law will be able to do this shipping.

Question: What element or elements exist to relieve the difficulties you mentioned at the shipment stage? [I ask] because there are certain examples encountered in practice. Dialogue sometimes breaks off between state-owned firms. The producer and the one who hires the shipper are not the same. Then, by law, the carrier who charges least may be chosen regardless of the flag he flies. This situation usually ends in conflict.

How do you expect to resolve these difficulties?

Answer: The buying firms must insist on getting the true FOB price, because buyers prefer CIF. With such agreements, they avoid haggling with the transport companies and enjoy delivery right to their door. FOB, however, represents a national savings in foreign exchange, but requires some extra work.

If our State Economic Enterprises and private fertilizer factories can resist this for the sake of the country and succeed in buying the product at the point of manufacture, what they will have succeeded in doing is keeping $160 million in Turkey.

Question: It is necessary to have an excellent dialogue at this stage. While the matter is still approaching the start-up stage, it is necessary that a climate be created in which discussion can take place with the state and private-sector cement [as published] factories. Otherwise, the danger exists that the difficulties mentioned would continue because of statutory grandfathering.

Answer: This is completely in the hands of the SPO [State Planning Organization]. The SPO must take into account the capacity of our ships and unconditionally bind its firms to FOB purchasing. Once the outside sees that Turkey will definitely be buying FOB, they will start quoting true FOB prices; that is, FOB purchase prices will come down. The basic element is that the SPO stipulate FOB purchasing.

Question: If the sellers make up a global cartel, could they raise their FOB prices to create a high cost element?

Answer: Let's not worry about high FOB prices. The basic influential factor that comes to mind should be the price of ammonia on world markets and competition. If three or four companies are producing ammonia, they are very careful not to let someone else pick off their customers. They have competition among themselves, but sometimes they market their own product through one another. When demand for ammonia is high but demand is low, these companies may form a price-fixing cartel.

Question: How long will it take to get the anhydrous ammonia ship?

Answer: It will take something like 3 months. The reason is that we have just bought a 40,000-ton bulk carrier, enabling us to act more quickly on the second ship.

There is a pitch of development in Turkey, especially in maritime transport. I must say that I nave spent many anxious days in the past 5 or 6 years with a European complex, a transfers complex and a European banks complex. Most of the time, I came back empty-handed. However, we see that these attitudes are improving lately. Buying a ship, of course, is not up to me alone. Efforts by all the other organizations involved have to converge also. In this framework, I used to be envious of the European banking system. I was always complaining about Turkey, saying "What kind of banking system is this for buying ships?" Today I see very positive developments in banking as in all areas. The banks have embarked on very constructive development. I am especially grateful to my own banks. These banks are offering modern banking services. We had a cocktail party to celebrate final delivery of the chemical tanker we bought from England. The British company director told me in so many words:

"When they first told me that a client from Turkey wanted to buy a ship, I said to my chartering manager, the one you talked with, 'There goes our TELEX bill. You get hundreds of people from Turkey with such requests but nothing ever comes of it.' "But my young manager insisted. Of course, his personal discussions with you played a role in this. He handled this project -- we were not expecting to find in Turkey a concept of business management as we think of it. You left us behind as to efficiency. Our cables were answered instantaneously. Unfortunately, we had always had to wait for months for Turkish replies to any cables we sent. But you --we got to the point where we could not answer yours!

"I saw a perfect concept of business management. I began to doubt if it was actually serious."

The British general director's comments notwithstanding, I had asked my bank at that time to become involved to keep my respect intact vis-a-vis the foreign firm. I asked that they exert every effort so that my price bargaining might be effective. Just imagine, I settled at $4.5 million for a ship that the Turkish Maritime Transport Corporation had programmed $22 million-$23 million for.

The Central Bank subsequently confirmed to Britain: "We will honor this transfer momentarily." The winners in this were myself as a company, the Treasury as the state and our Turkey as a whole.

As a consequence. I would say that it is necessary that the organizations with which we must work together exhibit the same development. Each organization concerned at the stages I mentioned exhibited the same perspicacity and speed. This means confidence in our country abroad.

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MARCHAIS SPEAKS ON URBAN PROBLEMS, YOUTH UNEMPLOYMENT, PCF PROPOSALS

Paris L'HUMANITE in French 20 Nov 81 pp 5, 6

[Speech by Georges Marchais 19 November 1981 at Venissieux]

[Text] By correspondent Philippe Dibilio. Georges Marchais, secretary general of the PCF, yesterday evening addressed about 5,000 people of the Lyon area in a tent in the heart of Minguettes ZUP [priority urbanization area] in Venissieux. There, in the living environment familiar to them, he enunciated the PCF's proposals for creating a good life in the big housing areas. A theme of his statements was the necessity, as an indispensable tool, for commitment by everyone to restore to the cities a life worthy of our time. This kind of struggle is not alien to the people of the housing developments, and yesterday evening the Minguettes tent was charged with this energy. It is an energy strongest among the youth, which was the main element of the audience, enthusiastic certainly, but also profoundly concerned. The young people, the audience applauded the PCF secretary general and the leadership with him including Francette Lazard and Mireille Bertrand, member of the Political Bureau, Andree Lefrere, Pierre Zarka and Andre Gerin, members of the Central Committee, J. Capievic, mayor of Vaulx-en-Velin, C. Vallin, senator-mayor of Givors, and PCF elected representatives and department officials.

The presence of G. Marchais and the presentation of the PCF's position had also attracted the attention of a number of associations active in the ZUP--of tenants as well as owners, of parents of schoolchildren, and of sports activities; also representatives of trade unions and of the association of Algerians in Europe, all of whom joined the reception given at the town hall before the meeting. The youth were also in the forefront, not putting on a show of petty violance, but explaining to P. Zarka their problems, their difficult life, and also their struggles.

Responsibility for the deterioration of conditions in the big housing areas was blamed on Barre and Collomb, who--in collaboration with the owners--had driven the workers out of the center of Lyons to crowd them into the eastern part. J.-P. Magnon emphasized that the Communists have not given up on this issue.

This was demonstrated by mayor of Venissieux, Marcel Houel, in approving the selection of his town so "the party could explain on a national level the problems of residential concentrations throughout France. He recalled that "even before the first pick broke ground in Minguettes, we struggled to be admitted to the councils and meetings of experts planning the project. Later, we pressured the national education officials to triple the education facilities, which had been considerably underestimated. Also, we often had our views prevail on questions concerning urbanism and the environment. It was not by accident that there are 90 hectares of green space on the Minguettes site. We extracted commitments and signatures from all the ministers concerned at the time, but needless to say they ended up not honoring their commitments or their signature." Today, things have changed, because the elected representatives have been received by several ministers. Marcel Houel then turned over the rostrum to Georges Marchais.

Georges Marchais, in his speech, after greeting Venissieux Mayor Marcel Houel and the other Communist mayors present on the platform, began by announcing the main topic of his presentation: "the right of each woman and man to have a better life in the large cities."

He said: "To a communist, engaging in politics means nothing other than doing everything possible to help workers, young people, and families to have a better life in a more just and free society; a brotherly society, respectful of each individual, regardless of origin, occupation, or education; a friendly and open society in which each person--man or woman, child or adult--will find his full role, will be recognized, included, listened to, involved, in which each will feel confident and secure.

"Yes, in all the big cities the young and not so young have the right to live, to really live; the right to training, to a trade, a job, to recreation and culture, a right to rest and security.

Success Depends Primarily on the Popular Movement

"Yes, in all the large cities the young and not so young have a right to genuinely humane relationships, with mutual respect, and each contributing all the richness of his individual personality. What we are proposing is that we live happily, live together in the large cities. I am convinced that today this is possible."

The PCF secretary general reviewed, from this point of view, the new possibilities available today. He pointed out that management's resistance "demonstrates to us that we are on the right road. This resistance spurs us, in particular,

to expand our activity in the country, at the level of our cells, to help all areas make maximum progress in the policy that the French people have chosen. Keep in mind: success depends above all on the popular movement, on the involvement of the workers. The hardest is yet to be done in bringing success to the new policy chosen by the French people. A long step has been taken with the victory of the Left. There are now significant opportunities for meeting the needs of the people and the country. But the answer to the question: "Will these opportunities be fulfilled or not?" will not come only from above. What is necessary is a tenacious struggle of all involved to overcome the resistance, thwart the pressures, and surpass the obstacles raised by the Right and management. The key to success is in your hands, it is yours, workers.

"For--and I repeat--new opportunities have opened up in numerous areas. Only to cite a few examples: professional training, company contracts, and priority education zones. It is now possible to make progress on all these matters. It is up to us to together come up with new methods to solve them wherever they arise!"

It was thus in this context that Georges Marchais discussed the question of life in the large cities, "not only to define the problems, but to propose solutions."

Reasons for the Difficulties in the Worker Cities

He recalled: "An element of the press, radio, and television have composed their big headlines about several worker cities in the Lyon area. They have, as we say, put Venissieux and several other towns "on page one." First of all, incidents were echoed and amplified by a large number of newspapers and broadcasts. So many pieces of bad fiction. So many B Westerns. There was even faking, which offended information professionals. If you believed in the storytellers, you would think Venissieux was all fire and blood, and lived each night like Chicago under Al Capone, in the ferocity of a rodeo. No sign of an honest presentation of events, or any serious research into their causes. And this was not for lack of information, which the mayors of the concerned towns had been explaining for years.

"It is true that the workers, families, and young people who live in the worker cities on the edge of the towns often have a difficult life. And this is something new. It is also true that some of these big housing areas have been or are now the context for unacceptable violence. Some say: "These explosions of violence are an inevitable accompaniment to big housing developments, to concrete." Others, or the same, adds: "Delinquency, drugs, and racism are the effects of a social crisis, but nothing or very little can be done about this crisis, it is inevitable."

In other words, you must resign yourselves to the situation in the housing development areas. Because it would be inevitable.

About the degradation of social life and the deterioration in human relations we can do nothing. The lack of understanding and hostility which sometimes develop between young and adult, immigrant and Frenchman, unemployed and employed, person without professional training and one who has it: we can do nothing about it. In final analysis, every big development would be "unlivable" by definition. The big housing areas would be condemned by fate. The HLM [moderate rent housing]

would be damnable, and in the view of those who hold such ideas it would no doubt be necessary to simply cancel this workers' achievement.

"In brief, for families with the means to do so, there would be no alternative but to leave the big developments as quickly as possible, and by abandoning them leaving to collect there the most deprived, most defeated, and most injured by the crisis. Well, this evening in Venissieux, in the name of the French Communist Party, I say: no! No to this despair. No to this refusal to change life in the working class housing developments. No to the creation of ghettoes in France.

Carefully Define the Problems

"Let us try first of all to carefully define the existing problems. There is no doubt that they are serious, very serious--and even urgent--in a number of developments in France, and not only in the Lyon area. But an apocalypse is not sweeping all the towns. And every development is not, far from it, being transformed into a concrete jungle. Also, though it is true that many housing developments were badly planned and badly carried out, they are not all oppressively colorless. In many municipalities, particularly those with communist mayors, the elected, the associations, and the residents have thought about things and taken action. They have established and obtained gymnasiums, creches, schools, hostels, meeting places and cultural centers, and green areas. To my knowledge, for example, no television program has mentioned that Venissieux, where we are now, is not only the site of the incidents which have been reported, but also the town which won the prize for the housing development with the best flower plantings.

"What then are the real causes of the problems? Is it the housing developments or the moderate rent housing which create the difficulties for the workers, families and young people? No, I believe: it is the exploitation of which they are victim in the capitalist society. They experience this exploitation first of all in their work place. But it extends--more and more--into all their living conditions. It extends to the place where they live. Thus, year after year it has been the policy of the Right to concentrate in housing developments the families who are suffering most from unemployment, from price increases, and from school problems. It is in this policy, and not elsewhere, that we must seek the principal cause of the difficulties developing in the large housing areas.

All the Problems Concentrated in One Place

"Isolating and concentrating in one place all who are suffering the most from the crisis is an inhumane and dangerous policy, because it means concentrating unemployment, high living costs, and lack of training, and because this concentration accumulates and multiplies the effects of these problems. It is in these big housing areas where the most exploited workers live, it is here that transportation is longest and most tiring. It is here that there is the most unemployment, particularly among youth. It is here that social segregation and educational failure are most pronounced. It is here that vocational training is most cruelly lacking. It is here that children are most often left to their own devices. It is in the housing developments that buildings and area are allowed to deteriorate, for lack of means to maintain them. It is there that promoters have built apartments of poor quality, badly insulated, poorly sound-proofed, subject to

deterioration and cracks, and where people are most stacked up than housed. It is there that delays in rent payment and the shameful procedure of seizures and expulsions are most common.

"It is in these housing developments, for all these many reasons, that families of different ethnic backgrounds and customs living together can produce intolerance and incite racism, where loneliness or distress can continue unseen in the anonymity, where the relationships between individuals can fall apart, and where the indispensable elements of any real human relationship--respect for others, a feeling of solidarity, and confidence--can decay and disappear.

"I say again, the situation is grave. But it is not the result of chance or destiny. Indeed, opposite to this France of the moderate rent housing and the big worker cities, there is the France of the chateaus, the luxury homes, and luxury apartments. Real estate speculation and promotion have grabbed the land freed by closing of factories and the bad state of agriculture. Families of modest means have been pushed out to the outskirts of towns or to distant suburbs. Today there are sections, centers of large towns, and entire districts of Paris or Lyon which the privileged intend to reserve for themselves. They make them veritable "forbidden towns" to workers. If the worker cities are to achieve renewal, this situation must be tackled.

Five Categories of Measures To Create a Good Life in the Large Cities

"The scope of the problems requires that effective measures be decided on and implemented rapidly. What is needed is exceptional measures, and this applies particularly to the big housing developments where the situation has become especially critical. This is why I am presenting this evening a series of concrete, constructive proposals. We will present them to the government in the near future. At the same time, I address myself to all who live in these worker cities. I say to you, I say it to all: Let us unite our efforts to halt the degradation of the worker cities and to transform them into places where life is good. I say again; today we can do it.

1) Give Young People Real Vocational Training and Create Jobs

"The first package of measures--which has top priority--is to give the young people, who are so numerous in the worker cities, real professional training and create for them the necessary jobs. We must assure to the young people, and particularly all those who have failed in school, a genuine vocational training which will both equip them for social living and give them good preparation for factory environment. This point was made by Minister for Vocational Training Marcel Rigout, right here in Venissieux, a few weeks ago. I am happy about this government objective, which should include preparation of an urgent vocational training plan and creation of jobs, with priority attention to the worker cities, freeing the necessary resources.

"Other government measures could serve as assisting factors. For example, the local employment committees come to mind. Their mission is to keep track of industrial development and employment, and to play an active role in making proposals in this area. Thus, opportunities could be found to create jobs in neighboring

factories for the unemployed in housing developments. In the same way, contracts of solidarity reached with nearby factories should make it possible to hire young people of the worker cities on a priority basis. Along with this, provisions must be made for rapid establishment of enterprises in the industrial zones or joint development zones near these worker cities. These training and employment measures are essential. There are others concerning recreation, sports, and activities. They require the development of facilities.

"All this is necessary for the young people, who are at the heart of the problems we are discussing this evening. Allow me therefore, and I much enjoy doing so, to speak particularly to them. Directly, and, as they say, "without mincing words." For they have a right to frankness, and I am sure they appreciate it.

Best Course Is Joint Action

"This is what I want to tell them: You are sons and daughters of factory workers, laborers. Those of you who voted contributed in large numbers to the victory of 10 May. Today you are demanding, and I understand this attitude. All communists understand it, and I would add: they share it. That is why we say to you: the world of your dreams and your hope will not fall from the sky. Don't wait with your arms dangling at your side to see how things will develop. Nothing good will be done for you without you yourselves. The proper course is joint action, solidarity. Some of you may be thinking as you listen: "That is all words. Struggle together with others, why? That doesn't change anything. The important thing is to work things out alone..." If you think that, you are deceiving yourself, or someone is deceiving you. Naturally, you don't have to believe on the basis of my word alone. So I will give an example, which you can verify.

"Management practices, as you know, restrict young workers, ever more numerous, to insecure jobs, without any guarantee of continuation of training. We communists have said: "Temporary means slavery. We must get rid of these slave trader practices." At first, it must be said, they rather laughed at us. They said: "But don't you see, the economy needs temporary employment; it is an inevitable stage." Even the youth in temporary employment did not want to join the struggle with us. They sometimes explained: "We agree with you, but the battle is lost from the start. Temporary employment is too valuable to the managers, they will never give it up..." But that did not discourage us. We conducted drives, many of them, in the union with all who were willing to act.

"And today, where are we? Today, other voices are being raised to condemn these practices. The government has made commitments. In several enterprises, the young people, the workers, together with the CGT [General Confederation of Labor] and the Communists have forced managers to permanently hire young temporary employees. All this is not just words: it is fact. It is worth the effort of struggle, of uniting to act. It is indeed the effective course. And for you it is the course of dignity, liberty, and responsibility. Confidentially, the managers like laid-back youth, who don't bother with politics or the union. The managers are very fond of sheep, and they like hoodlums, because both categories leave them an empty stage so they can exploit, oppress, pressure, and manipulate the young. That is why I tell you: Don't let anyone tell you stories, and don't let yourself be

drawn into all the things that debase the youth and degrade the human being. Hooligans are not heroes. Struggle to change society. Even if it is difficult, you will succeed, we will succeed together.

Appeal to the Youth

"Therefore, I appeal to you: reject blind violence, vandalism, everything that destroys the life in your cities. Fight against drugs. I appeal to you: oppose racism, you French young people and also you young immigrants. And know this, because the money newspapers, so prompt to incite hatred, will not tell you: in France, in all circumstances, the Communist Party has opposed racism and xenophobia. Yesterday, against colonialist wars; today, defending the right of peoples to independence and freedom. As I also said in Paris on Monday at a big meeting in solidarity with Cuba, Latin America, and all peoples struggling for freedom: Racism is a shameful plague on the human race. We are fighting it and will fight it relentlessly, at all latitudes, in our own country and anywhere else, whatever form it takes and whatever people it afflicts. For to us all workers are brothers, whatever their skin color and language. Whether called Mohamed or Maurice, Fatima or Francoise, Moussa or Michel, a human being is a human being, a worker is a worker. We respect them all equally and say to them all: struggle struggle together!

"Again I appeal to you: Don't listen to those who preach ignorance and tell you that there is no point in learning, reading, or informing yourself. Struggle to achieve education under good conditions; not to repeat boring and outdated set lessons, but to acquire a real, good trade for our time, useful to society; to learn what is happening in the world, where you are coming from and where you are going; not to leave to a few privileged people the advantage of knowledge and mastery of the great forces of the sciences and technology; not to leave the immense potential in the hands of the exploiting classes, who want to continue to convert nuclear energy into bombs, rockets into missiles of death, and the robot into creator of unemployed. These advances can instead be used to eliminate unemployment and misery, to conquer the major afflictions such as starvation, and to establish a world without weapons and war. In summary, to liberate the human race.

2) Improve Education and Child Recreation

"The second package of measures I am proposing concerns education and child recreation. It is a matter of drying up at the source the flood of school failures and individuals without training. Action is necessary at the level of the school itself. The minister of national education has established "priority zones." The big cities must be involved first. It is urgent to make available the financial resources and to create the necessary positions to improve teaching conditions without delay, taking account of the very high number of children of foreign origin and the burden of those behind in school and the school failures. These supplementary resources must be used to make the schools in these areas centers of pedagogical and social innovation, using the initiative of the teachers, parents, local elected officials, and workers organizations. It will thus be possible to establish smaller classes, well adapted to the sociological structure of these areas. Better teaching methods will be encouraged. New educational

cycles will be studied, as well as educational teams including, along with teachers, educational psychologists, career counsellors, and school doctors. Finally, workers cities must be provided a sufficient number of high schools and vocational schools to make possible genuine professional training.

"Aside from school life, there is the whole time the child spends outside school. Often, the parents do not get home until late in the evening, after work and transportation time. Often, by force of circumstances, a child's only area is the stairwell, the basement of the street. These conditions are a hindrance to development of his personality. I am aware that in respect to projects undertaken for children much is being done here at Venissieux as well as in other municipalities administered by communists. We must further develop these assets. Municipalities must be given increased resources to enable them to broaden the scope of semi-educational activities, sports, and child recreation. I would add: What an improvement it would be in this respect to decrease the working time of the parents, in the direction of 35 hours.

3) Reject Ghettoes of Misery

"Reconstruction of a genuine social fabric in the cities involves a third package of measures: We must resist the process which has gradually been making them veritable ghettoes of misery, where families are jammed in--French people and especially immigrants--the most deprived, the most affected by the crisis. This combination of racist practices and efforts to socially deport the most deprived, which was the prerogative of Giscardian administration, and is still practiced by reactionary mayors in driving the workers out of the town centers, must cease. What should be done therefore is to stop the deterioration of life in the cities which forces the departure of the least endowed. We must enable all to feel at ease there and to live in pleasant conditions. Certainly, we should aid the poorest families to overcome the difficulties which beset them. This is the purpose of all the measures we are proposing for employment, professional study and training, and recreation. There should be concrete measures to enable the municipalities to resolve all the social problems they face.

"Thus, we must immediately get rid of the worker cities of transit or concentration of the type that is spreading around the large cities, and assure the affected families decent housing conditions. We must also put an end to seizures and evictions. In addition to general measures to reduce the burden of rent and charges on the budget of moderate income families, we must decide on a moratorium on rent debts resulting from unemployment or social difficulties. We must give the social committees which already exist or are being formed the means to resolve problems in the long-term way. Finally--and I say above all--we must give the mayors, who know better than anyone else the problems and needs of their towns, control over housing allocations. The prime minister has made some commitments in this regard. That is fine. Let us institute them without delay.

"It is also necessary, in the interest of all and to prevent manifestations of racism and xenophobia, to oppose excessive concentration of immigrant families in certain areas and certain worker cities. This implies reaching agreement that these areas and worker cities cannot accept any more immigrants. We raised this problem during the presidential election campaign. A campaign of hate, in which

meanness vied with calumny, was orchestrated against us. In retrospect, we do not claim that our stands in regard to the situation of immigrant workers were all without fault, without some tendency to want to resolve the problems ourselves in place of those actually involved. But we had the courage to forcefully raise the questions which today everyone recognizes as topical.

"I propose, to examine the problems posed by this necessary deconcentration of immigrant families, the establishment of a departmental commission including the elected representatives, representatives of the immigrant labor establishing committees, and representatives of the administration. Placed under the authority of the regional council, this commission should study, in particular, possibilities for housing immigrant families in quarters or sections where there are now only a few or none at all. And if there is no social housing in these sections--well, some must be constructed. In this way solutions could be found to the problems faced by these families, and the clear racism--of the municipalities of the Right--would be effectively thwarted. The commission I am proposing should suggest appropriate solutions to the numerous cases of overcrowding of housing. It should also work to insure that the immigrant family reunion program which the government has approved will be carried out under favorable conditions after a case by case study. Let it be said in passing that having pushed for this for many years at the side of the immigrants we congratulate ourselves on finally seeing this legitimate demand fulfilled.

4) Improve Housing and Urban Conditions

"A number of worker cities and quarters of the housing developments are today very rundown. Essential work must be undertaken immediately to rehabilitate them. This work can include renovation of outside walls, adding thermal and sound insulation. It could include interior modifications to apartments desired by the tenants to convert large ones into several smaller ones. It could even include demolition of some buildings, if necessary. Naturally, to do this it is necessary to free funds and eliminate fully and finally the unjust system which ties awards to the Giscardian procedure of the national contract. Ever since its establishment in 1978 we have continued to oppose this system. The prime minister, in accordance with Francois Mitterrand's very firm commitments during the electoral campaign, has reaffirmed his opposition to the system and stressed the need to modify it. We can get rid of this system without waiting for the new law on financing of housing which the cabinet has decided to introduce. In an urgent situation extraordinary measures can be used: large funds are available, they must be allocated without counterpart, that is, without the national contract obligation.

"Also, there must be a new joint policy on transportation which will "unlock" the worker cities, which must also have real links to the center-city so people can travel easily inside cities. The proposals of Minister of State for Transportation Charles Fiterman are moving in this direction, I am glad to say.

5) Assure Security

"Finally--my fifth proposal--steps must be taken to effectively combat delinquency and assure personal security. Indeed, security is an essential part of freedom. We cannot allow it to be threatened. Certainly, we do not confuse organized

banditism with the excessive delinquency which is spreading here or there. But we reject both of them. It is up to the government to decide on prompt and effective measures against delinquency and criminal behavior. Protection of individuals and public and private property, without social discrimination, must be the priority task of the police. The police must therefore intervene wherever there are centers of delinquency, violence or drug activity to warn and isolate the delinquent minorities and bring to justice those who have violated the law. Measures must be developed to enable reeducation and reintegration of delinquents.

"I also propose establishment of a true social policy of prevention, which is the only thing that can sever the roots of the existing delinquency and crime. We believe that local elected officials should have authority over use of the police for personal security. In the near future, they must be enabled, in constant coordination with the state services, to play a more important role in development and application of effective measures for prevention, and combat of delinquency and drug traffic."

Appeal to Communists in the Large Cities

Georges Marchais concluded by reminding, as he had done at the beginning of his speech, that the key issue is indeed "worker involvement, popular mobilization." He made the following appeal to communists and their cells: "We have a major task in the big cities, commit your strength, abilities, energy, and devotion to contributing--however hard it may be--to the solution of the existing problems. And do it with a warm heart, hand outstretched, always trying to bring together, unite the people, all people, around specific, achievable objectives, keeping in mind all that has become possible today. Do this with a practical spirit, one less of denouncing than achieving, less of criticizing than constructing. Being a participant in the struggle and in government of your cities now, means acting in this way."

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PASOK, KKE DISPUTE OVER AGRICULTURAL SYNDICALISM

Athens I KATHIMERINI in Greek 15-16 Nov 81 p 4

/Article by Kostas Dedes: "PASOK Disputes and Skirmishes Over Packing Farmers' Unions"/

/Text/ Disputes and skirmishes which may lead to serious clashes have started between PASOK and KKE over "packing" agricultural unions and especially the General Confederation of the Greek Agricultural Unions /GESASE/. These skirmishes have assumed the character of a "mild fight" aiming at reexamining the status of agricultural unions in relation to the country's induction into EEC and at defining the "tactic" GESASE should follow on the government decisions on agricultural issues and especially prices. The contradictions among the agricultural unions are evident in the memoranda and telegrams they have sent to the Ministry of Agriculture following the announcement on prices for citrus fruits. The Korinthia Farmers' Union specifically expressed "the pleasure of the citrus fruit growers for the announced prices which cover the production costs" and thanked the government. On the contrary, the Argolis Union of Farmer Cooperatives and the Argolis Farmers' Unions point out that "the price the government has fixed does not cover the production costs and does not allow for decent profit margins" and calls on the government "to take immediate steps to end the immunity of monopolies which establish high cost factors in a merciless way."

According to reports, PASOK controls the first of the above farmers' unions /Argolis/ while KKE controls the rest.

Two GESASE Trends

The conflicts on the agricultural policy are not limited to the farmers' unions only but exist among the GESASE hierarchy members as well. They have been smouldering for some time but have remained dormant for the sake "of unity and the defeat of the Right."

Two trends--according to reports--have developed in GESASE. The first is expressed by the confederation's president, St. Bazianas, who was a PASOK parliamentary candidate (but who failed to be elected) and who belongs to the party's left wing. The second trend is represented by GESASE Secretary General Dim. Desyllas who belongs to KKE and leans toward the "hard" wing of the party--the wing, that is, which is unequivocally against Greece's participation in EEC.

Already the two trends have aired their dispute which, however, have not been broadened as yet. The PASOK trend wants GESASE to follow a "moderate policy" and to avoid, in contrast to what was going on in the past, the dynamic confrontations with the government in the event their demands are not met. On the contrary, the KKE trend insists that the farmers' unions should continue to be groups of pressure and protest--a tactic which favors the differentiations as concerns PASOK on subjects of economy and which constitutes the precondition for attracting the voters who are displeased with the government's policy. This KKE trend is also supported by the "Desyllas trend" for GESASE's control. The resolution the confederation adopted 2 days ago supports the view that the "Desyllas trend" appears to be successful.

Specifically, the resolution includes known KKE words and phrases about "the struggle against EEC, against its anti-farmer policy and the serious negative impact on the farmer families and against the domestic and foreign capital. It also states--and this proves the extent the KKE positions prevail in GESASE--that "GESASE and the country's agrarian movement will support every government effort in this direction (that is, ignoring, abolishing violating, suspending EEC rules and regulations)."

The resolution has provoked the "ire" of the PASOK cadres and especially those--and they are many--who support the country's presence within the "EEC walls" but with a broader participation status. The "ire," moreover, has reached peak proportions because GESASE has made public its resolution before the premier could make clear the status of our relations with EEC in his statement /in the Chamber of Deputies/ on the government's program and during the EEC London summit meeting. The "Baziani trend" seems to have lost "points" the moment the resolution was amended with the phrase: "Presidential Decree 614/81 which instituted the 'producer group' for burying our products in trash dumps should be abolished." This demand is considered irrational and anti-agrarian because if satisfied it will allow the producers to enjoy lower withdrawal prices for surplus products from the EEC Agricultural Fund given that the prices established for the "producer groups" are much greater than those paid to independent farmers or to farmers members of cooperatives. Also, in the event such demand is satisfied, EEC will stop the income and other assistance allowances to the Greek producers in which case the state budget will be compelled to pay not only these allowances but also the prices for withdrawing the surplus products--something the government does not want since it is obligated to meet the needs of other classes also.

GESASE's negative stand toward the "producer groups" was dictated mainly by the KKE views and influence. According to KKE assessments, Greek agriculture will develop--through the institution of the "producer groups"--closer ties with EEC and there is danger, especially if benefits are derived, of the farmers "accepting" our cooperation with the European communities.

Quantitative Claims

The rest of the GESASE demands (I KATHIMERINI, 12 November 1981) aim at achieving quantitative and not qualitative objectives.

In its resolution the confederation pays particular attention to the issue of prices, subsidies, income supports and pensions and insists on the "adjustment of the agricultural debts on a new basis and on the adjustment the previous government made demagogically and inadequately" (specifically, it wants a 5-year freeze of the debts after which period their payment will be made in five interest-free installments).

The confederation does not refer--except for its vague proposals on cleansing the trade cycle in farm products--to the most important problem Greek agriculture faces today. It does not mention the danger our farm economy faces from the "aging" of the farm population with the result that in a short while we will have farms but no farmers. It does not propose anything specific concerning the establishment of viable--large, that is--farm establishments (which yield an income exceeding 600,000 drachmas annually) nor is it concerned about the low productivity in the agricultural sector which is mainly due to the dispersed small land parcels. On the contrary, it champions the free distribution to landless and small farm owners of cultivable and cultivated state and church owned land regardless of whether such action will render the enlarged land parcels viable and productive as well.

If GESASE's sole aim is to distribute land to 10,000 landless farmers--who found employment someplace else and are not young in age--and not to improve the agricultural infrastructure (structure of farm ownership) then it is not difficult for one to understand the real purpose behind such a move: /KKE wants/ to be always a channel of protests and claims because this is the only way it can justify its existence and define its position in relation to the leftist opposition.

The need to define its profile--the KKE's objective in this case is to gain control of GESASE--aims at repeating the slogans (which the government could not possibly satisfy) and thus justify the soundness of its policy. In addition KKE will not be accused of "ideological tilting" and fellow-travelling.

It seems, however, that PASOK will oppose actively KKE's attempt to control GESASE and the farmers' unions. Some of its cadres have become aware of the various "movements" as well as of the "conspiracies" within the confederation ranks and are thus taking "strategic" positions. Agriculture Minister K. Simitis has said that the government intends to recognize the farmers' unions. Yet, the possibility should not be excluded that agricultural syndicalism may--in the event the government fails to exercise control over it--be under GESASE's supervision if and as long as the federation's administrative council "is chosen in a way different than the one followed until today and is allowed to express the political orientations of the farmers' world."

7520
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PCI'S LEDDA ON JOINING SINAI PEACEKEEPING FORCE

Rome RINASCITA in Italian 6 Nov 81 p 5

[Article by Romano Ledda]

[Text] Italy's baffling and peril-fraught decision to join the multilateral force. Attrition in the Sinai sands.

The Italian government's decision to provide Italian military units to man a multilateral force in the Sinai lends itself to more than one general consideration and raises a disquieting question as to Italy's foreign policy.

Let's try to get the facts straight. Article 4 of the treaty between Egypt and Israel (better known as the Camp David accords) called for the presence of "UN forces and observers" to maintain security in the Sinai. The issue in these terms raised a number of problems as far back as 1978 which have yet to be resolved. "Security" for whom, and against what perceived peril? Possible second thoughts by the Israelis, who might decide to come back once they had left? Preventing a possible ill-considered act of rashness on Egypt's part? It would be strange indeed if, even in the act of signing the agreement Begin and Sadat felt so little mutual trust. No question but that the hard-liners in Israel were reluctant to give up the Sinai. But was that sufficient to set so sweeping a precedent? And so began the process of casting about for other solutions: an outside military force would serve, in addition to its ostensible guarantee purpose, as a military bolster for a "separate peace" unshared by the other Arab countries, and which evoked only tepid enthusiasm in the European nations; in the second place, it would serve to block or contain any Palestinian thrust from Gaza.

The doubts and shadows deepened once it became clear that the appeal to the United Nations was a purely diplomatic expedient. It was quite out of the question that the United Nations (not so much because of the Soviet veto as because of the alliance between Arab and non-aligned nations) would swallow a bilateral agreement sponsored by the United States, lending it the backing of an international force under the aegis of the Security Council. And as it turned out, lacking a solution with continuity, the U.S., Egypt, and Israel decided that United States forces would mount guard in the Sinai, under the flimsy veil

of a few contingents from the Fiji Islands. The pattern thus started to emerge very clearly, and under a dubious sign: Camp David would be defended to the knife despite its ever more audible creakiness, and regular United States troops (not military advisers) would be landed in the Middle East.

These, as of yesterday, were the plain, bald facts. Now, all of a sudden, the picture is changing, with the opening of a mind-boggling gap between words and actions. Four European governments (although as I write Italy's is the only one to have taken a decision) are reported ready to take part in the undertaking. The reasons, if we are to credit the words of the Italian government, are pure acrobatics in some instances, and grave indeed in others. Into the first category falls a dazzling play on words, arguing that we would be going into the Sinai to open up a new set of negotiations different from those of Camp David, but at the same time to uphold the Camp David accord as the basis for stable peace in the region. The new package would involve every imaginable ingredient: UN resolution 242, the Camp David accords, the Fahd plan, and the Venice declaration. The confusion could hardly be greater, yet it is not thick enough to hide the substance of the decision: a guarantee for Camp David, and a military one as well as a moral one. And this explains why, to this very day, the "Ten" -- thanks to opposition from Greece's Papandreu -- cannot agree even on their oft-promised joint declaration.

Among those in the second category -- the very grave reasons -- falls the desire to prove that Italy "opposes with practical action of clear significance the threats and the attempts to impose hegemony in the region." You don't have to be an expert in diplomatic jargon to see what is going on here: it is a specific step in the direction of joining in the "strategic consensus" sought by the United States. Translated, the jargon means that the sole key to understanding the crisis in the Middle East is that of the "Soviet threat," and it is against that threat that all forces are to coalesce, setting aside all the myriad local feuds (and we have known for decades how strong and deep they run) that underlie the Arab-Israeli conflict. It is all very well to argue that this option could be softened by other political moves (formal recognition of the PLO, for instance, a gambit not to be overlooked, but one of which, for the time being, there is not the slightest tangible indication). The basic decision remains as primary, while the rest is relegated to corollary status or, at most, as an indication of an unresolved but aggravated contradiction.

Let's try, though, while sticking with the facts, to broaden our inquiry. The crisis in the Middle East is already explosive, symbolic in its manifold aspects of the general international crisis. Its potential for violence has risen to very high levels, from the angle of direct military action, of weapons buildup, and even of terrorist devices. What we have here is not a decline, but a rise in belligerency, along with the heightening of tensions which interact synergistically, with each quarrel stemming from those that went before, thus enhancing them and rendering any solution increasingly difficult.

On top of this you have the increasingly close-knit character of the region per se, and of the region vis-a-vis the rest of the world, insofar as economic and political factors are concerned. And lastly you have the high level of involvement on the part of both superpowers in a complicated spiral of action and reaction. Well, then, into this precarious powderkeg they are going to drive a force which is nominally international but in fact something very different from the United Nations' "blue-hats." It is in fact a partisan force, and, what is more, a force utterly alien to the states on the African continent and in the Arab-Islamic region.

What will be the upshot? Let's take the most ordinary case, certainly not an impossible one in that situation: an assault, an incident triggered by any of the multifarious groups devoted to stirring up trouble in the region. What would be the consequence?

But let's move on now to less ad-hoc political issues. An armed force moves into the Sinai. It consists primarily of contingents from NATO powers. It is all very well to say, "No, this is not the Alliance itself, but several of its member governments acting under bilateral agreements." But do they really believe that the other side will see the decision is so harmless a light? For months, now, there has been strong pressure on the Atlantic Alliance to expand its area of intervention; we have long been hearing demands for an "Atlantic" task-force to be committed to the Middle East or in the Gulf of Arabia. It will be difficult indeed to stop people from perceiving a link between the two, and the power-bloc logic will be strengthened thereby, with a consequent escalation of danger which is hard to foresee (what would in fact happen if other international forces were to be fielded in the region?).

Even all of this, though, does not suffice. On the very day when the government decided on Sinai, Foreign Minister Emilio Colombo welcomed the general secretary of the Arab League, Chedli Klibi, and talked of a European-Arab dialogue. Here again we perceive some disparity between words and deeds. Let's try to put ourselves on the other side of the Mediterranean, and then ask ourselves whether or not yesterday's decision will be read and interpreted as the umpteenth proof of a consumers' front deployed against a raw materials procuders' front, and as dread confirmation of a tendency to view the problem of energy supplies in terms of military security.

"What a lot of foolishness in a single move!" exclaimed a ranking member of the European Parliament the other day. That foolishness, though, is not painless for European policy or for the Middle East crisis. The former once again turned out to be nonexistent, incapable of climbing out of the confining shell of second-class status and -- in the best of cases -- of ambiguity, and hence incapable of producing a European spokesman with political initiative of his own. How can anyone be surprised if, once again, the Arab countries turn to Washington, rather than to Paris, or Bonn, or Rome, since those capitals continue to delegate to their most powerful ally the decisions on political, diploma-

tic, and military strategy? The latter -- the solution to the crisis -- grows ever more unsure, and will doubtless beget more destabilizing shocks, since it continues to be based -- and this tim with some European support -- on a one-sided vision and on selfish interests which will inevitably cause still more painful suppuration in the region's historical and political wounds.

Why? Because this is still one of the core issues in the crisis. Its solution must come in the area through the Palestinian question (in the sense of a state) and through restoration of all territories occupied by the Israelis in 1967; outside the area, it must come through international guarantees to the Palestinians and to the Israelis that neither America nor the Soviet Union can make alone. Only an international agreement among all the states in the region -- with a guarantee from the superpowers jointly arrived at -- can open the way to a just peace. No wonder that LE MONDE, while justifying the step taken by the four European governments, talks of "the danger of adventure"; that AVANTI! on 31 October (promptly disavowed by the next day's edition) speaks of "a tough test for the Europeans"; or that various and sundry socialist and Christian democrat cabinet ministers voiced their doubts and reservations. One can only ask why Italy is moving so frivolously and so hastily along this line, why it is making itself a kind of pathfinder for operations which the other European governments contemplate more cautiously.

France will go into the Sinai, but France is still embroiled with its American ally over the dollar, over Central America, over South Africa and over the North-South negotiations. Holland will also opt to go in, but meanwhile it refuses to allow missiles in its territory. Even Lord Carrington, who is one of the U.S.A.'s trustiest allies, feels a need to rush into the Middle East. Not Italy. Italy will agree to anything at all, and is always first to agree to whatever-it-is, with a gung-ho zeal which is, to say the least, suspicious. Isn't it time, really, to say clearly, to Parliament and to the public, what particular responsibilities have been placed upon our country (and accepted by our governments) by NATO in the Mediterranean? The question is an urgent one, and too many things have already happened which demand an answer.

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KURDISH PRESS BLASTS RETURN TO DEMOCRACY AS SHAM

Huddinge ROJA NU in Turkish Sep 81 pp 4-5, 7

[Article by "Dilawer": "Return to Democracy Is a Lie!"

[Text] The military junta which seized power by force of arms on 12 September 1980 has been in office for 1 year. During this year, through the demagoguery of preventing "anarchy and terrorism," /state terrorism/ [in boldface] based on oppression, persecution and massacre has become the rule. By this method, existing social dissent has been restrained -- for the time being. The military junta, however, is not content with this alone. It is also trying, under the so-called "legal planning required for the return to democracy," to perpetuate and systematically /institutionalize/ [in boldface] fascism.

Despite all efforts, the state terrorism which the junta is practicing cannot be concealed. However, the perpetuation and institutionalization of the regime is able to be concealed from many domestic and foreign circles by the lies about "returning to democracy." And a basic contributing factor to the junta's power is this particular aspect, this indirect domestic and foreign support.

Return to Democracy Is a Lie

All the announcements made by the junta about returning to democracy are nothing but talk, because the junta's reason for being and true purpose are not conducive to this. Even in the formative stage, while making its plans and preparations, the junta was not designed for the establishment and perpetuation of a democratic order. On the contrary, it was readied for the purpose of eliminating the relatively democratic rights and institutions which had existed previously and establishing a totalitarian regime openly based on force.

The pre-junta administration was one which intended to eliminate existing rights and silence the masses, but which could not quite find in itself the power to do so. This administration was not overthrown because this was its intent and it was trying to bring about an oppressive regime. That is, it was overthrown, not because it was antidemocratic, but, on the contrary, because it failed to bring about this oppressive regime. From this standpoint, the junta's reason for being is to bring about this oppressive regime at which the others failed.

As known, the Turkish monopolistic bourgeoisie was in "the worst crisis in history" prior to 12 September. It had become unable to go on as before, furthering its power by the old methods. Because of the severe economic crisis, the nation had become vulnerable to violent agitation which could threaten the bourgeoisie. The fascist terror it had created itself had, like a Frankenstein, become threatening, because antifascist forces had emerged which were uncowed by the fascist terror, were resistant to it and were gradually spreading. Developments were bringing these forces to the stage where they could unite -- against this fascist terror which had been created -- and could form in the future "near threats" in a much different context.

At the same time, important developments were taking place also in the Middle East. Neighboring Iran had ceased to be imperialism's policeman, becoming a boiling cauldron of anti-Americanism. An extensive region of Iranian Kurdistan came under the administrative, political and military control of Kurdish revolutionaries. National democratic forces in Turkish Kurdistan also began to take on serious dimensions. Thus Turkey, the only Middle Eastern member of NATO, was on the brink of "civil war" and would soon "be lost."

The Turkish monopolistic bourgeoisie was unable to dispel by existing means this economic and political crisis. New ways out were needed. Despite all the efforts made with the "24 January Economic Stabilization Measures Package" and the semimilitarized administration, the wished-for laws could not get passed and the semimilitary government could not ensure "peace and tranquillity." The "economic package" placed into effect had become doomed as a "package" since the political configuration needed could not be brought about.

As long as a semimilitary-fascist regime was unattainable under the guise of parliament, preparations were made and carried out for a direct military-fascist government.

In this way, the generals set out, not on a train whose destination was democracy, but by boarding a train going in the opposite direction, the fascism train with its regime of oppression, persecution and blood which rejects democracy. This train has been travelling in this direction with pretty much success during this year.

Awaking on the morning of 12 September, Turkish democrats who were once even alleged to be leftists -- whose very liberalness, never mind their proclivities for democracy, is debatable -- welcomed with Ataturkist zeal and tears of joy the "heroic Turkish army" setting out to restore democracy. With undiminished hope and patience, they are still waiting in vain for the generals' train to pull in at democracy, praying for salvation to follow.

The "legal planning" which the military junta has introduced during this year is actually such as to make a clean sweep of even the tiniest remnants of hope of those circles. And beyond this, the outlines are being drawn of a system making painfully clear that there is no intention to return to democracy even in the future.

Democracy

Democracy, that is, bourgeois democracy, is a system of rights and freedoms and the institutions to safeguard them which has never been fully realized, which, especially in our time, has expanded the class struggle when there was no "near threat" to its own power but contracts in times of serious danger.

In its most developed form, democracy is a form of government which the bourgeois ideologues call "pluralist democracy," what was attempted -- to a degree -- in Turkey with the 1961 Constitution.

This system requires, first of all, a constitution to bind the basic human rights and freedoms to rules in the broadest sense. This constitution requires a freely-elected parliament to perform the legislative function. There is an executive organ elected by the parliament or directly by the people and a completely independent and impartial judiciary, that is, courts.

Constitutional bodies are also required to protect and check the rights and freedoms of individuals against the state such as a constitutional court, a supreme court of appeals and a council of state.

Moreover, the existence of economic, democratic and political organization for every social class, stratum and group in society is a must. It is essentially this characteristic that gives it the name "pluralist democracy."

Laws Passed

As soon as the military junta assumed power, it set about the task of eliminating in one stroke all the basic institutions and rules of democracy. Parliament was abolished. The Constitution was suspended. Political parties, unions and associations -- those considered associations and unions, of course -- were enjoined from all activity. Elected local governments were eliminated with one decision. The legislative and the executive directly and the judiciary indirectly were assembled in the hands of a five-man gang of generals. Thus democracy was wiped out, leaving not even so much as a shell.

On 12 September, democracy ceased to be in substance and form; the head of the gang of generals promised that "the necessary legal planning will be undertaken for the return to democracy in due time."

During this past year, an average of two laws every 3 days (!) were issued. A large portion of the "necessary legal planning" has thus been completed. Now let us look at this "legal planning" and try to explain the fiction of democracy.

The first order of business was to change the martial law act. Not even a shred was left of the individual rights and freedoms, a little of which may be found in even the harshest police state. The period of police detention was first raised to 30 days, then 90 days.* [footnote omitted]

Martial law officers will be able to search individuals and their homes and workplaces at any time night or day, under any circumstances. These officers -- the police and military -- are authorized to target and use arms against anyone they

view as suspicious. Also, if these officers commit some other crime in the course of their duties and are to be investigated, they may not be arrested until the conclusion of the investigation.

Sentences of up to 3 years handed down by martial law courts will be final with no appeal. If the commander deems this sentence inadequate, however, he will be able to appeal. A single judge will pronounce sentences of up to 5 years. Defendants and their attorneys in military courts will be allowed only a two weeks' grace period at most for defense preparations -- lest a completed job be spoiled.

Martial law commanders will be able to censure, seize and close down newspapers at will. And, not being content with this, they may close down or even take over the company which prints the newspaper.

Any individual or individuals employed by the public at any level may be fired from their jobs immediately and without cause being shown as deemed necessary by the martial law command.

Beyond all these provisions of the law, the martial law commanders and their lieutenants will not be held responsible either criminally, legally or financially for any action or procedure undertaken in their duty zones.

Next, a provisional constitution was proclaimed by law, that is, by an arbitrary decision of the five-man junta. It is impossible to find such a constitution in any of the military interventions, coups and juntas which have occurred to date. More correctly, it is a constitution of such craft and subtlety and prepared with such duplicity and meanness as to defy conception by anyone -- even the devils.

The 1961 Constitution, which was abolished earlier, is reinstated, except the parliamentary powers in that constitution are turned over to the junta and the power of the head of state to the head of the junta. The basically important and unprecedented aspect is this: If the laws passed and henceforward to be passed by the junta do not conform to this constitution, the constitution will automatically change to conform to these laws. If this decision of theirs is not at a sufficiently high level to preclude being bound by the constitution and if it violates any current law, then that law will automatically change to conform to the decision.

This "blank check" type of provisional constitution exemplifies the form, concept and philosophy of the law inherent in the order which the junta wants to bring about.

Even the most primitive government adheres to the rules it lays down itself or indicates that it is bound by them. The gang of generals, however, announces frankly at the outset and in advance that it will not adhere to the rules it lays down itself. Any decision it makes will have the force of constitutional law. Should it be in violation of the constitution, however, the constitution will automatically change and that decision will be considered constitutional.

Thus the constitution does not exist in actuality. Any time the gang of generals meets and makes some decisions, the constitution becomes the decisions that suited their fancy that day. With this constitution, the fascist junta has

contributed to the literature of world political law the model for a "constitution which may automatically change every day." Perhaps they, too, like Kemal Yasar, may even win the "Nobel" prize.

The independence of the judiciary has also been skillfully eliminated. A resolution was adopted abolishing the "Supreme Council of Judges," which existed before and was portrayed as the cornerstone of judicial independence. In its place, a new council was formed whose members are appointed by the junta chief and which will be headed by the minister of justice. Thus the final blow to the independence of the judiciary was a legal one.

Moreover, the judiciary check against the legislative and the executive was also ended. According to a provision placed in the constitution, laws which have been and will be passed cannot be cited as unconstitutional. There can be no recourse to the Council of State for the halt of enforcement and repeal of the decisions made.

Another law which has been passed provides for the formation of a "Supreme Control Council" subordinate to the head of state. By means of this council, the head of state (junta chief) will exercise control over all state agencies, the State Economic Enterprises, parties, unions, associations and similar organizations.

The Universities Bill also completely demolishes -- assuming they existed before -- the autonomy and freedom of information of the universities. The universities are indirectly bound to the junta chief.

Special Law for Kurdistan

Now, as for the "State of Emergency Law," for which the draft has been prepared and which will soon -- before the Constituent Assembly convenes -- be promulgated, it makes plain how savage an order of barbarism the "democracy" which is to be restored will be.

This law has been prepared especially for Kurdistan -- in light of the rich experience gained from Kurdistan's past revolts and resistance and for implementation in advance of any "possible" (!) Kurdish struggle for freedom.

According to this law, a region may be isolated, by populace and locality or regionally as a whole, in all respects of mass planning such as economic, commercial, transportation, communications and health. The regional commander, if he deems it necessary, will be able to exile en masse the populace of the region, either partially or completely, to an entirely different region. (You recall the Kurdish and Armenian forced migrations and displacement of the past!)

All moveable and real property belonging to private individuals in these regions may be seized and taken by force by the regional commander or governor.

Military courts, which will be made up entirely of line officers, will be able to pronounce speedy sentences, including the firing squad and similar death penalties. Decisions of these courts will be final and may be executed immediately or upon approval by the regional commander.

Moreover, a special provision has also been placed in this law. According to this provision, in regions where a state of emergency is declared -- that is, in Kurdistan -- no proceedings will be brought against the personnel on duty for any crime committed or action and procedure undertaken, nor will any investigation be conducted. Those assigned in these regions will not be held responsible in any way.

This new law is a reincarnation of the famed "Establishment of Public Order Law" and the "Independence Courts" implemented in the bloodiest, most oppressive fashion in Kurdistan in the past. It has been prepared, however, with a more Ataturkist, "pure Turkish" mentality. Moreover, since it is intended to "achieve a modern level of civilization," it also envisages taking advantage of developing modern technology for the comtemplated genocide.

However, because this new "Kurdistan Law" is more Ataturkist than the former model, it is more of a democratic law. That is because in the time of Ataturk, the massacre and displacement took place first and then the amnesty law was passed. Now, however, the law is being passed first and then the massacre and displacement will occur.

This, then, is the basic and "necessary legal planning" for the democracy whose restoration is contemplated and awaited with as yet undiminished hope. It would be well also to look at the "Constituent Assembly" which is to pass the remaining laws.

Constituent Assembly or Dry Dung?

It has now become clear what the formation will be of the Constituent Assembly, which the junta hailed as the most important step toward the "return to democracy" and is so considered by those at home and abroad who are waiting anxiously -- and perhaps nostalgically -- and which is even now in the process of formation.

This assembly will consist of two bodies, one the NSC [National Security Council] and the other called the "Consultative Assembly." The NSC, as known, consists of the five-man gang of generals. The Constituent Assembly will consist of a 160-man body of devoted functionaries which the gang of generals will appoint.

The selection of this 160-member "Consultative Assembly" will be conducted by the election-by-appointment system left over from the "one chief-one party" period. At that time, the candidates were designated around Ataturk's raki table, the lists were drawn up at RPP headquarters and the electorate, consisting of party delegates in the provinces, elected these unopposed candidates. Those who won election in this way then took their seats in the Turkish Grand National Assembly. However, 40 members of this consultative assembly will be chosen and appointed directly by the junta. The remaining 120 -- one-third of the candidates selected and nominated by the governors -- will again be selected and appointed by the junta.

That is, 40 members the junta will appoint, 120 members the junta will first choose and then appoint. Exactly like the comment attributed to Demirel: "In the summer, we will get electricity from Bulgaria. In the winter, they will supply us..."

This appointed assembly, the majority of which will probably be retired officers and dyed-in-the-wool Ataturkists, will have no power and guarantee of its own in spite of this totally subordinate status.

This assembly will prepare the constitution and the laws governing political parties, elections and unions. These laws it prepares will be subject to approval by the five-headed body of generals (NSC). If they do not approve, they will change them to suit their own fancy. In this altered form, they will be published and placed into effect immediately, without even considering it necessary to send them back for further discussion.

This is how this assembly and the legislative power of this assembly will be. This assembly, fashioned by the fascist junta, is a match for more than just the assemblies of Ataturk's time. It is a puppet assembly to outdo also Sultan Hamit's 1876 "Parliament." To whatever extent the assembly of 1876 resembled a consultative assembly, it still had many powers. Moreover, that assembly consisted of elected members.

This constituent assembly of the junta's bears no characteristic whatsoever that conforms, as an assembly, to bourgeois democracy's own rules. Such an assembly, rather than being an assembly, will be a piece of "dry dung" which "neither stinks nor leaves a stain." [This analogy rests on a play on words in Turkish.]

Our Rights Will Establish Democracy

"The fascist junta knows what it ultimately wants from its legal planning and its constituent assembly. In fact, the regime is making no secret of the specifics. But, as with fascism everywhere, this regime is generating the propaganda needed to keep the support of the masses."

While engaged in these legal manipulations on the one hand, the junta is busy on the other filling all key state positions in administration, economics, technical fields, local government and similar areas either with military officers directly or with retired officers. If one follows the shuffling and reappointments able to be carried by the censure-sensitive press alone, one may see how hundreds of officers are brought to key positions at a stroke.

Yes, the generals are on the way, but they are not on a road returning to democracy but a road of no return. An ostensibly civilian government may even be formed in the future. But it will be nothing other than a civilian cloak worn over the uniforms. The fascist administration will pass from chiefs wearing epaulets to chiefs wearing ties.

What the junta has done so far is a mirror image of what it will do in the future. Fascism does not stop at coming to power alone, but institutionalizes itself so that it might be permanent. Those who are waiting for the junta to return to democracy will be waiting for some time to come. Those who find positive aspects in the junta because it has taken an anti-NAP stance and who do not consider the junta fascist on the premise that it has its positive side will be dawdling on this road for some time to come.

Those who expect democracy from the bourgeoisie, let them go on waiting. As for those who wish to destroy fascism, the situation is quite different. The essential matter is the masses and the democracy which the working class and our people will introduce.

Fascism will surely be destroyed. But duty lies not in having another bourgeois government replace the fascist government, but in the destruction of fascism by our people and their establishment of their own democratic people's government.

8349
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ILHAN SELCUK SCORES 'AMERICAN STYLE' POLICY

Istanbul CUMHURIYET in Turkish 25 Oct 81 p 2

[Article by Ilhan Selcuk: "Stability?"]

[Text] I read the distinguished journalist Mehmet Ali Birand's column in MILLIYET. The "secretary general of the Foreign Ministry of a European nation was said to have assessed developments in the Middle East thusly: "Egypt has become uncertain since Sadat's death; the situation in Cairo is shaky. Saudi Arabia may go at any moment and a pro-Soviet government come to power. The situation in Iran is gradually worsening and the danger of a divided country is growing. The war with Iraq may flare up again. The war in Lebanon may spread to other countries.

"If you add to this situation in the Middle East PASOK's coming to power in Greece with its anti-American attitude and then add the crisis in Poland, things look bad all over."

The solution?

To augment the importance of a Turkey committed to NATO and precisely applying IMF and OECD conditions.

Such an analysis, which at first glance seems to fall in line with Turkey's interests, ought to cause us pause, because it seems that any Middle Eastern government the West (the American-dominated West) has backed to date has later gone astray. What happened in Syria? What happened in Iraq? What happened and is happening in Iran? How did the Egyptian plan get into such a tight corner? Why was Lebanon dragged into civil war? And the most important question of the day:

--"Saudi Arabia is the world's oil baron; it has more petrodollars than it can count. First in oil production is the Soviet Union, second is the United States and third is Saudi Arabia. Why is such a country insecure?"

Answer:

--"Because the communists won't stand for it."

I should think everyone would laugh at such an answer. There is no communism in Saudi Arabia. The rule of the Holy Law applies; there is no leeway whatsoever in this regard. But why can a country which has hoisted sail on a sea of wealth not achieve "stability"?

This, then, is the key question.

There is a sense of doom about any Middle Eastern regime backed by the West. This perception must be probed for a thorough grasp of all its dimensions. If Turkey assumes a position in the Middle East according to the desires of the "Americanized West," can it achieve "stability"? Which American-backed regime in the Middle East has been able to survive so far?

If we probe a little further, we would reach this conclusion: "American-style policy" lies at the root of Ataturkist Turkey's steady progression toward worsening crises over the past 30 years. This policy ended up bringing the country to the brink of civil war so that the Army was forced to take full control of the government. I think it would be well to look back and underscore these two assertions from the past:

1. We will put a millionaire in every neighborhood.
2. We will be Little America.

Well, we put a millionaire in every neighborhood, because a million is no longer worth anything. We have not become Little America, because we are Turkey. We have not been able to industrialize, but have formed the internationally wealthy. We produced bogs of terrorism and anarchy, and now we are trying to restore peace and order to the country.

This is the balance sheet.

If you want to know the truth, no government or regime can do what the reactionary powers of America and the West demand of the Middle Eastern people, because the concept of a "stable state" cannot be reconciled with policies which violate social justice and progress. This is as firm and valid as a law of physics. Turkey can no longer do what the "Americanized West" wants it to do in the Middle East.

The premise of taking its place within the world of "progress and civilization of the West," however, is essentially unavoidable. What Ataturk adopted from the West was not its reactionary line, but its progressive line.

Is it possible in our time to perceive and interpret Kemalism in any other way?

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SIRMEN CHARTS PAPANDREOU'S PLOYS AGAINST TURKEY

Istanbul CUMHURIYET in Turkish 6 Dec 81 p 3

[Editorial by Ali Sirmen: "Papandreou's Calculation"]

[Text] Turkish foreign policy will enter an active phase during the NATO Autumn meeting to be held in Brussels this December. Here the Turkish foreign minister will confront the Greek prime minister. Andreas Papandreou will use this meeting as an opportunity to once more renew his charges against Turkey.

What does Papandreou want?

The Greek prime minister wants to withdraw from NATO's military wing on the grounds that the organization cannot adequately protect his country from Turkey. Moreover, he wants to open for discussion the status of U.S. bases in his country. Meanwhile, Andreas Papandreou is bent on reviewing his relations with the EEC and demands total Greek sovereignty over the Aegean. What's more, the new Greek prime minister is set on clinching this sovereignty permanently. Furthermore, Mr Papandreou, by constantly waving the spectre of a Turkish threat, hopes to secure two goals. On the one hand, he wants to stimulate the army's chauvinist feelings and, by championing this attitude, avoid a repeat of the events of April 1967. On the other hand, using the influence of this chauvinism, he both wants to make the people forget their economic hardships by erecting an outside danger and hopes to make politics the captive of his own policies.

I wonder if Andreas Papandreou really intends to set his relations with the EEC on a new track that could perhaps result in severance of these relations. What do you think?

Frankly, it is very hard to answer "yes" to this question. Such a departure is made impossible by Greece's dependence on Europe. Yet, Andreas Papandreou is striving to secure certain advantages to Greece's benefit by trying an extortion policy Greece has perpetuated for years, taking advantage of its image as the West's spoiled child.

All right, I wonder if Andreas really intends to go as far as breaking relations with Washington and leaving NATO's military wing.

It is also tough to say "yes" to this one.

In fact, Andreas is considering the use of NATO and the U.S. as tools with which to pressure Turkey.

Papandreou is not that inexperienced a politician as not to understand that this crude ploy would never be swollowed by the other sides. So arises the question of what the Greek prime minister does trust in.

We believe Andreas Papandreou thinks that if any Aegean-coast country presses hard enough, the pressure generated will fall upon its targeted neighbor.

Andreas Papandreou, who offers the world his own interpretation of Turkey's current transition period, is doing his utmost to further lower the temperature in Ankara-Europe relations. He plans to poison attitudes against Ankara in European bodies where Turkey will not be in attendance and reckons that these bodies will be easily able to pass resolutions against Turkey.

Once there is a freeze in Europe's relations with Ankara or should relations break off completely as Papandreou hopes, then the Greek prime minister is convinced that Turkey will be more susceptible to U.S. pressure.

I wonder if in such a situation there would be a rapprochement between Ankara and Washington that would in no way benefit Greece but instead dash Papandreou's calculations.

It seems that the Greek prime minister has accounted for this possibility. Papandreou has two weapons in such an eventuality. First is the extortion policy aimed at NATO and the U.S. Papandreou is content to keep a constant climate of tension using this policy and in no way plans to go any further with his threats, calculating that Washington will stay on a course that will bring about the pressure he wants on Ankara.

Another boost for Papandreou's U.S.-targeted policy is the Greek lobby, which still exists--even though it lost some of its strength in the last election. In deftly using his extortion policy abroad, the Greek prime minister wants to mobilize the Greek lobby in the U.S. The Greek Orthodox Church's influence over Greek-Americans and its chauvinist line are seen in Athens as factors that will facilitate Papandreou's strategem.

So it is that Papandreou, using threse calculations, plans to settle to his liking both the Cyprus and Aegean problems by intensifying European, NATO and U.S. pressure on Turkey and thus aims to make the splashiest debut to be seen in recent Greek policy.

What Papandreou does not realize is that once his final calculations are made, Ankara will then be able to pursue a cool-headed, common-sense policy to neutralize all strategems.

In light of Papandreou's crudely calculated ploys, it appears that Ankara's counter-policy will turn into a major diplomatic confrontation in the days ahead.

CSO: 4654/90

SIRMEN CALLS FOR SHOW OF TURKISH FOREIGN POLICY WILL

Istanbul CUMHURIYET in Turkish 5 Dec 81 p 3

[Editorial by Ali Sirmen: "They Are Justified and We Are Too..."]

[Text] U.S. Secretary of Defense Weinberger has come to Turkey for talks. Moreover, Secretary of State Haig will also visit our country this month. It would surely be naive to think that these two top-level U.S. officials will be content simply to discuss trivia while in Ankara or "world conditions" in general.

The full scope of issues that deeply concern both nations will be addressed during the high-level Turkish-U.S. talks in Ankara.

We believe that Ankara, whose relations with Europe are strained, is not hopeful of normalized relations in the near future. Since both parties are in fact defending their views and show no sign of altering their positions, positive developments are not expected in this area.

During talks with U.S. officials, Ankara may ask that Washington help fill the vacuum to be created by the impending rupture with part of the West. Since Turkey is an important flank country that makes major contributions to NATO, Washington should greet this as a natural request.

The interesting thing is that, with respect to assistance among friends, the Reagan team, currently holding the reins of power in Washington, is seen as deeply committed to the principle that the team with the aid in reciprocated.

The visits of the two secretaries, Weinberger and Haig, who champion this view, come at a time when the U.S. is looking for new sites in the Middle East and wants new bases as well as support for the "Mobile Force" [Rapid Deployment Force].

The government in Ankara should not be surprised when it receives requests along these lines from the two distinguished envoys. Ankara should realize, however, that the U.S. secretaries will base their requests on reasons justified from their own perspectives.

They may say, "Turkey must reciprocate the aid."

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GOVERNMENT EYES COAL AS ALTERNATIVE TO OIL

Nicosia CYPRUS MAIL in English 2 Dec 81 p 1

[Text]

THE Cyprus government is going ahead with investigations about the technical and economic feasibility of using coal as an alternative to oil energy.

This was confirmed yesterday by the Minister of Commerce and Industry Mr C. Kittis who opened a one-day seminar on «Coal as a long-term alternative» at the Ledra Hotel, in Nicosia.

«We are at the final stages of commissioning a comprehensive study on this subject», the Minister said.

Guest speaker at the seminar, organised by the American Centre and the Cyprus Ministry of Commerce and Industry, was Mr John Byam, chief of Combustion Projects Branch of the U.S. Department of Energy's Marghantown Energy Technology Center.

The Minister noted that oil with easy extraction, transportability and multiplicity of uses and low cost quickly substituted coal but by 1973 prices increased fourfold and further increases in the subsequent years brought about the «energy crisis».

For Cyprus, the Minister said, the problem is even worse due to the exclusive dependence on imported oil for the energy needs which correspond to 60 per cent of the domestic export foreign exchange earnings.

Constraints

The problem of starting to use coal now are many and cover a very wide field such as the technical constraints that exist in converting existing installations, transportation within Cyprus, ports, discharging, handling and storage facilities etc., but the government, Mr Kittis said, is determined to explore every available opportunity that may alleviate the burden of the oil bill and has decided to investigate thoroughly both the technical and economic feasibility of using coal in Cyprus primarily for use in electricity generation and industrial purposes.

The seminar was also attended by the Minister of Communications and Works Mr G. Hadjicostas and introductory remarks were also made by US Ambassador Mr Raymond Ewing, while the Director General of the Ministry of Commerce Mr M. Erotokritos acted as moderator.

Seminar participants include officials of the Ministries of Commerce, Finance, Communications, Electricity Authority and other government and private industry sectors.

CSO: 4600/149

BRIEFS

WINDMILLS FOR ENERGY--Salonica--The DEI [Public Power Corporation] will install windmills for the production of cheap electricity on the Greek islands beginning in mid-1982. These are the well-known windmills, that may solve the problem of electricity supply in the islands, where a kilowatt of electricity from diesel plants costs 30 drachmas. The first 5 wind-powered 20-kilowatt mills will be installed in Kythnos. This information was issued by Polytechnic Institute Professor Xanthis G. Vakhtsevanos. He added that significant amounts of energy and synthetic fuels can be produced from garbage,an initiative that would also solve the problem of pollution. [Excerpt] [Nicosia I SIMERINI in Greek 29 Nov 81 p 9]

CSO: 4621/86

COUNTRY LEADS IN PER CAPITA INVESTMENT IN SOLAR ENERGY

Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 81 p 28

[Text] Sweden is an industrial country in a class by itself with regard to how much is invested per capita and per year in the research and development of solar energy technology.

The work here in Sweden cost almost 10 kronor per capita last year as compared to barely 3 kronor per capita last year in the United States, which comes second. This means that there is a great interest in solar energy, although there has lately been a shift in the estimate of when the breakthrough will take place as well as which the most significant technical problems are.

Passive Heat

There are several different methods of recovering solar heat. So-called passive solar heat involves constructions that make it possible to recover solar heat directly. This is a reliable method that is continuously being improved.

The method involves facing buildings toward the south with the southern facade within the reach of sunlight. The use of the different rooms is considered, as well as how air flows within the building. Insulation, closed facades toward the north and possible heat storage in combination with fans and thermostat equipment may also be part of the picture.

In general ordinary buildings have about 10 percent of their heat requirement covered by solar heat. Through careful planning and construction this amount can be increased to around 30-40 percent.

It should become possible to introduce passive solar heat methods in new developments already during the 1980's, according to a group for evaluation within the Delegation for Energy Research, in a recently completed evaluation of national research work in the area of solar heat.

Difficult To Evaluate

Even if passive solar heat methods are now considered so efficient that the investment costs are covered, the methods that are called active solar heat are more uncertain. These methods involve the use of some kind of sun collectors in combination with heat storage.

Such a system can certainly be profitable already today for a single house, according to the Delegation for Energy Research. The problems arise in attempts to evaluate the large scale application. According to the Delegation for Energy Research, a commercial breakthrough would at the earliest take place some time in the 1990's, if even then.

The large scale storage of solar heat has so far been the reason for the most concern. Although one has to go all the way down to the Mediterranean area in order to get as many hours of sunshine as we have in Sweden, the problem remains that we have the most sun when we need it the least. The concern has thus been to find suitable methods to store the heat that is recovered during the summer, for example in rock chambers or in the ground.

Expensive Sun Collectors

Now the Delegation for Energy Research is of the opinion that there are storage methods with reasonable costs, while the sun collectors are currently too expensive.

But although the Delegation believes that many earlier evaluations of the possibilities of solar heat have been too optimistic, it is also considered too early to decide that certain specific components are uninteresting. Experimental facilities for testing and development should be constructed also in the future, but one should be more restrictive with costly experimental facilities, according to the delegation.

The report also emphasizes that it is important for the municipalities to consider the introduction of solar heat in their energy planning.

Experiments with solar heat are currently underway or being planned by several municipalities in Sweden. The largest project is the so-called Lyckebo project in Storvreta of the municipality of Uppsala.

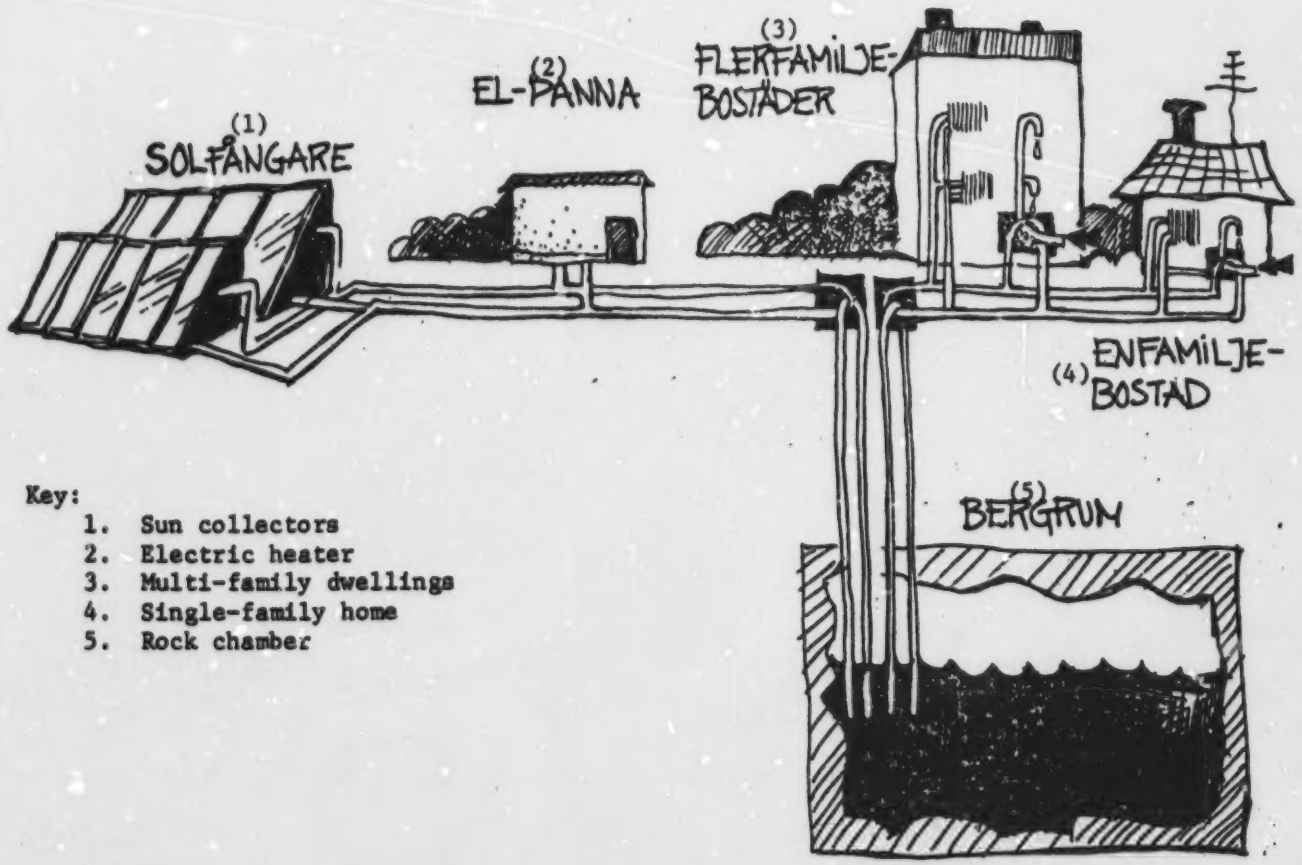
The plan is that 550 dwellings and one service center will in the future have their heating needs covered by the sun.

In Lyckebo the heat from sun collectors will be stored in a waterfilled rock chamber. In order to cover the entire annual requirement there is a need for 20,000 m^2 of sun collectors.

In the beginning only 3,000 m^2 are being used with the hope that the sun collector technology will develop and become cheaper with time.

Meanwhile solar heat will be supplemented by an electric heater.

"We believe that solar heat will be very important in the municipality in the future," says Lars Astrand, chief of Uppsala Power Heat Co., Inc., who is responsible for the project together with HSB the National Association of Tenants' Savings and Building Societies, the Scanian Cement Works and the National Council for Construction Research.



Key:

1. Sun collectors
2. Electric heater
3. Multi-family dwellings
4. Single-family home
5. Rock chamber

The illustration shows the so-called Lyckebo project in Uppsala. Sun collectors heat water that is stored in rock chambers and later used for the heating of dwellings.

15 Years of Development

"The problem is only that the time perspective keeps getting shifted. We do, on one hand, expect to have the first sun collectors in operation already in 1983. But it will take quite a long time before we know with any certainty whether or not we have succeeded. Fifteen years is probably a reasonable time of development."

Lars Astrand believes that one has to start somewhere. He is hereby supported by Bengt Nordstrom, project leader at Vattenfall, where experimental activities with solar heat are nowadays also run.

According to him, it would be irresponsible not to prepare for the possibility of recovering solar heat, even if the profitability lies far ahead in the future.

Some time around 1985 one should be able to have a clear idea about the usefulness of solar heat, according to the latest opinion of most of the evaluators.

9662
CSO: 3109/47

TWO LARGE WIND ENERGY FACILITIES TO BEGIN OPERATING IN 1982

Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 81 p 28

[Text] Purely theoretically one-third of all the current energy consumption in Sweden could be produced with wind power. The use of wind power could be further extended during the 1990's. Wind power is interesting but nothing on which to build reliable energy resources.

This evaluation of the usefulness of wind power is made by the head of the Swedish Academy of Engineering Sciences, Gunnar Hambraeus. This opinion is on the whole shared by most experts. The reason for the reluctance is simply that the experience from the operating of the wind power facilities has so far not been extensive enough. One can at the same time predict a row of problems before operating on a commercial scale.

Prototypes Being Produced

The first Swedish prototypes are, however, now being produced. The Council for Energy Production Research is delegating the construction of an aggregate at Nasudden of Gotland and one in Maglarp in the southwest of Scania to Vattenfall and Sydkraft. Both aggregates are expected to start the test operation next summer. The Maglarp aggregate of Sydkraft is a little ahead of Vattenfall's aggregate with regard to the time schedule.

The two aggregates are partly constructed in a different way. The Nasudden aggregate thus has its turbine to windward while the Maglarp turbine is on the leeward.

"Based on our own experience so far it is not possible to say which solution is the better one. Through the simultaneous use of different solutions we expect to cut down the development time," says Viktor Mets, who is the chief of the Nasudden project of Vattenfall.

Although there is an exchange there is not much to be gained in terms of information from abroad. The work in the United States is certainly very advanced. There are three gigantic facilities in operation and Vattenfall has one man there to follow the development. Continuous information is received from the United States, but it is not yet sufficient. The same applies to the Tvind project in Denmark, about which at one point very much was written. Nothing has been written about it recently, according to Viktor Mets.

All aggregates that are currently operating have had small defects--in the hydraulic system, in the controlling functions and so on. One aggregate in the United States was close to a total breakdown once.

"This was due to too much of a rush. What we need is a long-term experience of operation in order to get knowledge about the annual energy production and to take into account all possible variables," says Viktor Mets.

"It is not possible to rush and even if the work of the Nasudden project has been more successful than expected, one or two prototypes cannot solve all the problems."

Which are the largest uncertainty factors for wind power? According to Viktor Mets security is no longer a big problem due to modern technology of structural strength. There is, however, not much knowledge about the most suitable and economical size. There is also almost no information about operation and maintenance costs.

Location Is the Hardest Problem

The largest question mark regards the location. The norm of the Council for Energy Production Research is that the wind power aggregate has to be placed at least 250 m from a permanent development. The main concern is noise, about which there is not much information, but which is being avoided.

"In order for wind power to serve a purpose, thousands of aggregates are probably necessary," says Viktor Mets. "At the same time they have to be placed where there is the most wind and where the wind is even, that is primarily around the coasts. This is also where you find our most densely populated areas."

"The question is then, where and how close together can the aggregates be placed without the noise being too unbearable, if there is any noise at all. How large can the aggregates be, or are several small aggregates better than a few large ones? And how will this affect the scenery? This might involve such a disturbance of the scenery that most people would not be willing to go along with it."

Despite the reluctance the situation for wind power is still considered good in Sweden. Now it is necessary to have plenty of time to make a detailed evaluation. Around 1985 there should be enough on which to base the next step of the program: to build one or several group stations with about 10 aggregates in each one.

9662
CSO: 3109/47

INDUSTRY INCREASES ENERGY CONSERVATION EFFORTS

Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 81 p 29

[Text] "There is at the present time a clear interest within Swedish industry to reduce the dependency on oil and to keep energy costs down. But to conserve is not the primary concern. The industrial energy use has to be determined by the ambition to produce."

This is stated by Bo Helmersson, chief of the Federation of Swedish Industries. He says that even if the energy proposition of the spring contained a great deal that is positive, the future energy needs of industry have been overestimated by the government. There has at the same time been an underestimation of industry's capacity to save energy.

It is in the best interest of industry to reduce the specific use of energy, that is the use of energy per unit produced. There is also the ambition to increase the production. Therefore the total energy consumption has to be allowed to grow if it is necessary, according to Helmersson.

"The most important thing is to cut down the dependency on oil. This means that electricity, especially the use of electricity in combination with heat pumps that is most interesting for industry at the present time."

A Decrease by One Percent

Industrial energy consumption corresponds to about 40 percent of the total national energy consumption. It is difficult to get a unanimous idea of the possibilities of reducing energy consumption. The goal set up in the energy proposition is an annual reduction in the specific consumption by 1 percent until 1990.

A newly published report that has been produced with the support of the Delegation for Energy Research, "Energy--for what purpose and how much?" claims that energy consumption in Sweden can be cut down by half by the end of the century, simply through the use of technology that is already known and economically advantageous.

Energy-saving technology is, however, not always the same thing as profitability in the viewpoint of business economics in the current situation. An example of this is so-called speed control, which involves speed control of a fan or a pump in order to get the exact volume flow desired. In a report on efficiency

investigator Arne Jonsson estimates that speed control would result in 32 percent savings of the total electricity consumption of, among other things, fans and pumps. In absolute figures the savings would amount to 4.5 TWh per year or equal to the electricity production from a nuclear power plant.

The problem is the initial outlay which is so high that the technology is considered unprofitable in relation to the current energy prices.

Turbines Are Turned Off

Backpressure power is another example which currently does not present any direct incentive for investment.

Due to energy saving measures that result in reduced energy requirements in the procedures and due to the fact that oil is expensive and electricity is cheap, backpressure power is also unprofitable at the moment.

The Federation of Swedish Industries therefore points out that there is a trend toward turning off even the backpressure power turbines that already exist in order to buy electricity instead from the general network.

It is clear that the current good availability of electricity as well as the price of electricity are of great importance in the industrial energy planning. Energy saving investments have to meet the yield requirements in competition with other necessary investments.

The reduction of the specific energy consumption generally requires new investments and the authorities are not, according to the industrial opinion, sensitive enough to the profitability demands necessary for a business which are far tougher than, for example, those of the municipalities.

Strict Attitude Toward Bank Loans

Would not an increase in energy prices make it more profitable to invest in energy saving measures? "Yes, this is seemingly correct," says chief engineer Torsten Simmons of the Holmen Group Company, one of the large industrial energy consumers.

"But the price increases do affect energy requirements that cannot be eliminated through conservation, and that will make the economic situation even harsher, especially since it is not a matter of artificial increases that do not affect our foreign competitors. Fuel oil, for example, is now burdened with fees to the oil reimbursement fund."

"But when this money is returned to industry for energy saving measures or for the transfer to solid fuel, it is done in the form of a loan with largely the same terms as the banks. But the problem is not the possibility to borrow money, but that we currently have to restrict our borrowing for solidity reasons."

The necessary investments, the reimbursement, environmental and social investments are then primary matters for the businesses.

The investments for energy savings reach a level that most businesses cannot afford, when the energy costs are weighed.

Subsidies would be one way to solve the problem, but such a solution is traditionally met with skepticism within the private sector.

"The businesses have to be able to stand on their own feet," says Bo Helmersson. "And why would one give up the requirements for profitability in order to use alternative technologies and fuels like coal, when our water power is an unbeatable domestic energy source, combined with nuclear power."

"Coal is certainly indispensable for some parts of the production and there are great possibilities for businesses that have their own peat resources or that have access to forest raw material to use these sources as replacement fuel for oil. We ought to now invest in electric heat economy."

9662
CSO: 3109/47

INCREASED USE OF PEAT IN ENERGY PRODUCTION EXPECTED

Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 81 p 29

[Text] There are 5 to 6 million hectares of peat land spread all over the country in Sweden. The energy contents of these is estimated to correspond to approximately 3 to 4 billion tons of oil or more than 100 times annual oil consumption.

The use of peat fuel on a large scale has not yet started in Sweden, but the interest is growing rapidly and in August of this year processing concessions were granted for 13,000 hectares and investigation concessions were granted for a total of 63,000 hectares.

The parliament's decision regarding energy policies last spring is based on the assumption that the use of peat is going to increase substantially. In 1990, 3 billion tons of oil will be replaced with domestic fuel, mainly forest raw material and peat. It is, however, not certain how much peat can be exploited. Its location in southern Sweden has for the most part been charted, but in northern Sweden much inventory work remains to be done. The areas that have to be spared from the digging of peat for the protection of nature are currently being mapped out by the National Environment Protection Board.

The Use of Peat Fuel for Heating Purposes

The main future role of peat will above all be as fuel for industrial use as well as for heat-electric stations and hot water plants. Plans are already being made for hot-water plants and heat-electric stations using peat fuel in Gallivare, Ostersund, Umea and Skelleftea. ASSI's Lovholmen plant in Pitea uses peat for part of its fuel, but the peat is for the time being imported from Finland.

Although peat harvesting techniques have been known and used in Sweden for a long time, there are still several problems involved with its exploitation. The main thing is that the production season is very short--between 2 and 4 months in one year. Dehydrating it is the most significant hindrance for around-the-year harvesting.

The transport problems are also substantial, but development work is going on within the framework of the energy research program.

Environmental Protection

Environmental protection is also a problem. Peat cannot in the true sense be listed as one of the renewable energy sources since it takes around 1,000 years for a new peat bog to develop if a pit is filled up with water. It is therefore most likely that forest will be planted after the exploitation.

One reason why peat harvesting has not been done to any significant extent is the regulations for the harvesting of peat fuel. The harvesting is regulated by the mineral law, the nature conservation and environmental protection laws, among others.

Now the Ministry of Industry has looked over the regulations for the harvesting of peat and suggested in a memorandum a list of simplifications, above all that the concession requirement be waived for small scale harvesting and that the county councils will be in charge of the permit granting.

Another hindrance that has been emphasized in the use of domestic fuel, both forest raw material and peat, is that there is not yet any organized trading. The producer is usually also the consumer. Intense competition in domestic fuels can also be expected in a near future.

9662
CSO: 3109/47

STUDY SHOWS TRENDS IN ENERGY CONSUMPTION

Geneva JOURNAL DE GENEVE in French 10 Nov 81 p 11

[Article by Jean-Pierre Gattoni: "Balance Sheet from the Department of Energy -- Only 2 Percent of Swiss Energy Derived from Coal; Fifty Years Ago, the Share of Coal Was 65 Percent"]

> [Text] Berne -- These are the two most spectacular developments in our energy consumption: in 1930, the share of coal in energy consumption was 65 percent. Fifty years later, it has been reduced to 2 percent. Conversely, 50 years ago the share of liquid and other fuels was only 7.7 percent. Today it has gone up to more than 70 percent.

This information and a mass of other date, in the form of balance sheets and perspectives, are included in a study which has just been published by the Federal Department of Energy. The occasion for it is the 50th anniversary of the department, which was established on 1 October 1930 (indeed, at that time it had a different name: Federal Department of Electrical Economy). All the themes related to energy have been dealt with in this study entitled "Swiss Energy Economy 1930 - 1980," both in their national amd their international dimensions. All of this in nearly 270 pages.

Share of Petroleum

We will limit ourselves here to a few data which relate to energy consumption in Switzerland over the last 50 years, and which have been treated by Mr Jean Cattin, chief of the energy economics section. It becomes immediately apparent that the development of primary energy consumption (forms of energy which are to be found in nature and which man has not converted) has multiplied by six from 1930 until 1980. However, this development has been very irregular. The average increase has been limited to 1.4 percent per year from 1930 to 1980. On the other hand, it reached 5.3 percent from 1950 to 1980. It is very clear here that this development corresponds to the demographic and economic growth of the post war years.

However, in order to have a very precise idea of energy consumption, it is necessary to take the "final" consumption into account; this "final" consumption includes both primary energy sources (coal, gas, wood) and converted energies (gasoline, electricity, etcetera). Here too, however, one notes that consumption has accelerated primarily during the last 30 years (an average of 4.7 percent per year).

As of 1960, the share of coal, which amounted to 65.1 percent in 1930, rapidly decreased at a high rate (minus 12 percent per year). Today this share has been reduced to only 2 percent approximately. Liquid and other fuels, which represented only 24 percent of the energy consumption in 1950, later experienced an impressive growth: from 50.7 percent in 1960 to 77.4 percent in 1970. It took the first energy crisis in the early seventies to make the Swiss people aware of our dependence on foreign suppliers. The share of petroleum products has been stabilized today in the neighborhood of 70 percent. It is clear that in this development of energy consumption, electricity is becoming more and more important (9.5 percent in 1930 and 18.6 percent in 1980), and this is a good thing because it is one of the links in the chain leading to a certain energy independence. As for wood, it can be said that it went exactly the opposite direction. Here is a significant point of comparison: in 1945, firewood represented 30 percent of all energy consumption. At the present time, it has been reduced to the smallest share: 1.4 percent.

A final interesting point: what is the share of consumer groups in this consumption? The share of industry has regularly decreased over the last 30 years: 30.5 percent in 1950 and 23.2 percent in 1980. The share of households, artisans and services seems to have become stabilized in the neighborhood of 51 percent. In the final analysis, it is transportation which has a tendency to "burn" more and more energy. Its share in consumption was only 14.7 percent in 1950; today it is 26 percent.

8463
CSO: 3100/143

DGB EXECUTIVE MEMBER PFEIFFER ON EMPLOYMENT MEASURES

Bonn VORWAERTS in German 12 Nov 81 pp 19, 20

[VORWAERTS interview with DGB Executive Member Alois Pfeiffer: "Signal Expected From SPD; Should Crisis Financing Be Continued?"]

> [Text] Some 1.366 million unemployed. The German labor unions are to an increasing extent pushing for political employment measures to be taken by the Federal Republic and state governments. In particular they expect more impetus from their old fighting partner, the SPD. Alois Pfeiffer is the head of the economic policy division in the DGB [German Labor Union Federation] directorate.

[Question] Mr Pfeiffer, within the shadow cast by the new unemployment figures, the DGB has once again come into view more clearly. What are the German labor unions proposing?

[Answer] The German labor unions feel that the correctness of their position as well as of their misgivings has been confirmed. May I remind you that as early as 1977 we presented a full-employment program which was not intended to be in the nature of just a seasonal program or something similar, but one which constituted programmatic concepts as to how the necessary restructuring of our economy can, in conjunction with the public investment requirements, be steered along paths which have a work-generating effect.

[Question] And is it on this basis that the DGB is building up its new proposals?

[Answer] I object somewhat to your reference to "the new proposals." For in March of this year we have persistently built up the so-called 50-billion program on the basis of our full-employment program of 1977. It is a well-known fact that we have in the 50-billion program demanded for a 5-year period investments, including public and private ones, in each case amounting to DM 10 billion, in addition to the other planned measures, especially in the areas of energy, housing construction, environmental protection, research, and occupational training.

[Question] Nevertheless, the discussion concerning employment policy measures has been accelerated by the DGB initiatives.

[Answer] The only new element in the discussion is basically the fact that the unemployment figures force us to give even more thought to them. For, after all, for how long is one going to subsidize crises and crisis effects instead of using the same resources for trying to counter these crisis effects?

[Question] What do you expect from the social democrats?

[Answer] I expect the social democrats in the federal government to take up once more the ideas which until the end of August had played a substantial role in the party and in the parliamentary fraction (they did have working groups then, and program concepts). I am afraid that unless the SPD sends out a signal soon (and by SPD I mean the party, the parliamentary fraction, and the Social Democratic members of government), they will cause a certain measure of damage to worker morale which will not be possible to repair within a foreseeable time.

[Question] What particular aspects do you have in mind?

[Answer] In our program we have taken very seriously the proclaimed policies of this government such as, for instance, the one calling for distancing ourselves from dependence on oil. For this reason we included in our focal demands appeals for the promotion of energy policy measures such as those involving remote heat supply and similar measures. It is a known fact that within the SDP there did prevail to a far-reaching extent the opinion that there was an urgent need for some things to be done in the housing construction sector.

[Question] Is it not a fact that the Laender of the Federal Republic also have a considerable share in this?

[Answer] That is the reason why our criticism is directed not only at the federal government. I understand the fact that basically the federal budget authorities' function is not an investment budget function and that they can merely provide initiatives. Our criticism is therefore directed to at least the same extent as at the Bundesrat.

[Question] And how do you propose to finance what you recommend?

[Answer] Well, we have proven that a very large part of our 50-billion program finances itself. After quite carefully implemented projections we are reckoning with the need for investments amounting to approximately DM 60 billion in the public sector, local transport, transport bottlenecks, housing environment, and energy. Our program called for an amount in the vicinity of 50 billion for the 5-year period. You can see from this alone that we have produced no phantasized figures, but that this is a concrete program.

[Question] And how many jobs would that create?

[Answer] Approximately 230,000 new labor positions per year. If you express this in terms of the costs occasioned by the unemployment, which amounts to DM 20,000 annually per person, one arrives at an amount of DM 5 billion. This would be one-half of what we demanded. If it were possible at the same time to get the Bundesbank to utilize fully its latitude for action on the present, cautious path of lowering interest rates and even to go a little beyond this, then it becomes clearly apparent that the financing of such a program lies within the sphere of possibility. If one adds to this the element of the existing need, then it is indispensable. For otherwise we would be continuing to subsidize crisis costs as heretofore.

[Question] What does the DGB consider to be indispensable socio-politically--even in view of the financial situation of the Federal Republic and the states?

[Answer] I consider any disruption of the network of our social system to be unacceptable. One may safely discuss with us so-called abuses. One can do something about that. No labor union member will object to this. But it is impossible for us to give our consent to a situation in which 1.4 million unemployed persons--of which perhaps a few hundred or thousand engage in abuses--and those most severely affected by the crisis are penalized as well.

8272
CSO: 3103/118

NO BENEFIT FOR ECONOMY FROM CONSTRUCTION ABROAD

Hamburg DER SPIEGEL in German 30 Nov 81 pp 60, 62

[Article: "Big Margins--The Large Construction Firms Sign Billion Mark Contracts In Foreign Countries. The German Economy Gets Little Out Of It"]

[Text] Guenther Herion occasionally finds something to be glad about in his crisis-torn profession.

The president of the German Building Construction Association considers his industry's contribution to the "recycling of petrobillions" to be "remarkable."

By all appearances, it seems to be just that. While in this country construction activity is taking a nosedive, while this year several thousand construction firms are closing up shop and while soon probably more than 100,000 construction workers will swell the ranks of the unemployed, construction is booming abroad--especially in the OPEC countries.

Wherever something big is being built these days in OPEC member countries, the Germans are usually involved. This should really mean that a part of the billions spent on oil which is being guzzled up by our furnaces and automobiles is coming home to the FRG.

Already in 1980 foreign construction contracts climbed to a record high of DM 10 billion. This figure will be exceeded this year.

German construction firms are busier than ever abroad. They are tarring roads, digging canals and constructing buildings; they build airports and superhighways, concrete bridges and rail lines, apartments and factories, sports arenas and hospitals.

The Philipp Holzmann Corporation for instance, the biggest among the construction giants in Germany as well as in all of Europe, today has a foreign order backlog of just over DM 8 billion. The Frankfurt firm is building the Baghdad Central Bank and the Riyadh airport, the Zobe Dam in Nigeria and a railroad stretching 685 kilometers clear across Gabon. In Saudi Arabia the firm is building a whole city in the sand, including a luxurious palace for the Emir of Tabuk.

Its competitor, Hochtief, is similarly busy in the Saudi desert. Having completed a supermodern pilgrims' landing facility in Jiddah costing DM 8 billion, the Essen firm is now building a military air base. In Iraq, Hochtief, as the manager of a consortium, is constructing a dam across the Tigris near Mosul which will be 3 kilometers long and 100 meters high. This tremendous wall in the river will cost almost DM 2 billion.

Bilfinger + Berger are getting big orders especially in excavation projects. In Libya, the Mannheim firm is building several roads and bridges in the vicinity of Tripoli. In Nigeria, the Germans participate in constructing the new capital of Abuja. In Iraq, the firm is just now working on "Expressway Number One." Bilfinger + Berger have a total order backlog of almost DM 6 billion.

Other firms too are reporting business deals amounting to billions of marks. Strabag, Zueblin, Dyckerhoff & Widmann, Wayss & Freytag. Even smaller firms are occasionally receiving nice bids from the Orient. Wesel's Trapp enterprise for instance was favored with Iraqi contracts. Trapp's head, Ernst Joachim Trapp, is trying to find an explanation for this glorious windfall: "The Iraqis are known as the Prussians of the Orient," he says. "Maybe this is the reason for a certain congeniality."

In the overall picture, contracts from abroad worth about DM 25 billion are currently swelling the order books of German construction firms--nine-tenths of that figure from the OPEC states. One might think that this would constitute a magnificent compensation for the FRG's budget deficit.

Nothing of the kind: the many billions that the firms are boasting about are mostly bypassing the FRG. The German economy sees almost none of it.

That is the bottom line of a report from Munich's Ifo Institute for Economic Research which was prepared by the researchers for the Ministry of Economics and which is to be published next year (Behring, Gluch, Russing: "Developing Tendencies in German Construction Abroad"--Ifo Institute Publication Series).

With their questionnaires and calculations the Munich scientists managed to reduce the big figures to a convincing presentation. According to Ifo, construction activity abroad is "of only insignificant importance" for employment and income of FRG citizens. In comparison with overall industrial productivity, these billion-mark deals are "totally insiginficant."

The number of Germans working on foreign construction sites is surprisingly small. The industry has sent a mere 8,000 employees abroad, one-half of 1 percent of all construction workers.

Those who are sent, a small managerial minority, are a tiny group compared with the 75,000 "locals," as the hard-working day laborers are called in the trade jargon: Indians, Pakistanis, Egyptians, Algerians, Filipinos, Somalis.

Experts of the Hochtief firm have calculated that in constructing Jiddah's fabled King Abd el-Aziz Airport alone, 13,000 workers from 35 countries had been employed. In building Iraq's Mosul Dam, the Essen firm is even employing some hardworking Chinese.

The same is pretty much true for other construction sites. Duesseldorf's Boswau + Knauer, for instance, is constructing 10 major plants in Algeria costing DM 220 million. Barely 100 Germans are engaged in preparatory work and 1,000 locals are doing the heavy work.

The fact that "the large majority of wages and salaries is paid to foreigners" is recognized by the Ifo researchers to stem from the firms' employment policies. It seems obvious also that not all earnings made by Germans abroad "are returned to Germany."

The German economy does not even make any significant profits from purchases made for construction jobs abroad. Sand, gravel and rock are available in sufficient quantities locally. Bitumen, cement and steel are purchased on the world market.

"We buy where we can do so most cheaply," says Helmut Kaeber, comptroller of the Frankfurter Allgemeine Bau-Union (abu). The abu is currently engaged in several multi-million projects in African countries. According to Kaeber, only "10-20 percent" of the total value of the contract returns to the FRG.

Even the profits often remain outside. True, most firms charge "higher than average profit margins" in construction projects abroad, according to Ifo. But in their overwhelming urge for expansion the firms invest large sums of money in establishing foreign subsidiaries. On occasion they buy out entire enterprises. Bilfinger + Berger has swallowed St. Louis's Fru-Con; Holzmann annexed the Jones-Group in Charlotte (United States) and Hochtief bought Thiies-Holding in far off Australia.

Whatever is left over is invested in international capital markets for interest. During the past fiscal year alone, Hochtief had interest earnings of DM 97 million--always 3-4 times the amount paid to stockholders.

And whatever larger sums the firms do invest in Germany still do not necessarily constitute a gain for the German economy.

It happens that the construction giants are purchasing each other: Holzmann, number one in the industry, recently acquired 18 percent ownership of number four, Dyckerhoff & Widmann. Hochtief, number two among the big ones, reacted immediately--by acquiring 20 percent of Holzmann.

9273
CSO: 3103/140

NEW PRICE FORMULA FOR SOVIET GAS DEAL

Duesseldorf HANDELSBLATT in German 23 Nov 81 p 11

[Article by tio: "Soviets To Use Gas Income for German Purchases"]

> [Text] Essen--"In the past, the USSR has always used income from natural gas deliveries to the Federal Republic for purchases in the Federal Republic. We shall do so in future." This was stated by Nicolai G. Ossipov, Soviet deputy minister of foreign trade, at the press conference on the occasion of the signing of the fourth natural gas agreement between Ruhrgas AG, Essen, and the Soviet Union.

The 5,500 km pipeline (it costs $15 billion) from Urengoy in Siberia to West Europe, however, will use pipe from not only the Federal Republic but also Italy, France and Japan. Ossipov labeled as "provocative" inquiries by journalists regarding the assurance of Soviet natural gas supplies. The colossal investments would be senseless if interruptions were intended. He assumed mutual trust. The Soviet Union was helping to solve West European energy problems, and in turn would profit from it.

Yuri Baranovsky, general manager of Sojuzgasexport, pointed out that, in the 13 years of Soviet natural gas exports to Western Europe, there had not been a single day where a delivery was missed. The Soviet Union honors its contracts. Up to now, total gas deliveries to West Europe amount to 130 billion m^3. Ossipov excluded natural gas cutbacks, which had occurred occasionally in winter, from happening with the new pipeline, since it is being built solely for export and has no linkups with the Soviet domestic network. Ruhrgas boss Klaus Liesen explained that the amount of the fourth Soviet gas contract for the Federal Republic--deliveries will start as of 1984 and run for 25 years--was reduced from a planned amount of 12 m^3 annually to 10.5 billion m^3, due to the estimated reduction of overall energy consumption. A surprise factor in the new agreement are deliveries to Berlin of up to 700 million additional m^3 per year. This quantity will not be transported via the Ruhrgas network (the border station is Waidhaus on the CSSR border), but one pipeline will go north from the CSSR through the DDR to West Berlin. This is still to be negotiated.

New Price Formula

A new formula was found for establishing prices in the fourth Soviet gas agreement. Liesen stated that the agreed price in the future is predominantly tied to the price development of heating oil, thus is mainly oriented toward market competition in heating fuels. The new price elements are as follows:

--A minimum price, to which Sojuzgas is entitled in any case. This arrangement guarantees the supplier the protection of a certain minimum efficiency of the project which is financed by the supplier as far as the German border.

--The contractual price is to reflect the market situation, and is to take into account changes in the energy price level in the FRG. There is no connection between the minimum and contractual prices.

--A general "price renegotiation clause." This gives both partners a chance to negotiate price adjustments. Under this clause, price adjustment talks within a period of 3 years are considered appropriate.

Liesen emphasizes the fact that this pricing system has nothing to do with the crude-oil-parity formula, which relates to crude oil prices, and which supposedly was brought up by the Russians at the beginning of negotiations.

Ossipov and Baranovsky feel assured that after this "pilot agreement" with Ruhrgas, negotiations with France and Italy as well as Holland, Belgium, Austria and Switzerland will soon get under way. Ossipov stated that the 1.5 billion m^3 reduction in the amount contracted annually by the FRG was placed without difficulty among other West European gas customers. Had all requests for Russian natural gas been filled, the Soviet Union could have supplied 60 billion m^3 per year, instead of 40 billion m^3 as now planned.

Liesen said that the U.S. delegation recently traveling in West Europe to call attention to the dangers of overdependence on Soviet natural gas, did not contact Ruhrgas. "We know nothing about U.S. offers which could be defined as alternative proposals to the Soviet gas project," said Liesen. The recent discussion of possible delivery of Alaskan gas to the FRG via submarine tankers were labeled by the Ruhrgas boss as "rather futuristic and very far off."

9917
CSO: 3103/134

DISPUTE OVER GOALS OF YOUTH WORK AT DGB CONFERENCE

Duesseldorf HANDELSBLATT in German 23 Nov 81 p 3

[Article: "DGB Youth: Large Head, Small Body"]

[Text] At the 11th DGB Youth Conference in Willingen, DGB Chairman Heinz Oskar Vetter again warned against misuse of trade unions for purposes fundamentally extraneous to union goals. DGB youth called upon Vetter to intensify efforts at the factory level.

The 11th DGB Youth Conference was characterized by violent fights--most of them conducted surreptitiously from the wings--over the goals and content of DGB youth work. An eclat, a walkout by some trade union delegations and a premature breakup of the conference, was avoided only with difficulty.

Vetter stated before the 146 youth conference delegates representing 1.15 million DGB trade unionists below the age of 25, that it is evident that DGB youth work is in a deep crisis. According to DGB figures, not even 0.5 percent of the 1.2 million members below age 25 are active in DGB youth groups. "In the area of youth, we are dangerously close to becoming an organization with a large head and a small body," Vetter stated.

Some 1.2 million young DGB members constitute a binding mandate to work at the foundation. Vetter: "If we do not base our work on this mandate, we must not be surprised if non-union organizations use this weakness to exploit the large number of young trade unionists as a broad base for their own purposes unrelated to trade unionism."

Vetter explained and defended the DGB Executive Board resolution, prohibiting DGB youth participation as an organization in the Bonn peace demonstration of 11 November. The resolution came under heavy fire at the DGB youth conference. The reservations of the DGB Executive Board, even in retrospect, were justified.

The youth conference produced a position paper on union youth work, emphasizing the priority of work in industry and administration and pointing to the dangers of exploiting union youth groups for party political purposes. On the surface, the fight developed over referral of the position paper to the DGB Congress as demanded by the youth committee of IG Chemie [Chemical Workers Union]. In view

of urgent appeals to avoid a split by DGB Executive Board member Karl Schwab, responsible for youth policies, and by other full-time DGB youth functionaries, the position paper was only "accepted" by the Congress. Further proposals on union youth work were referred to the youth committee as material for further study.

The true goals and content sought by the majority of delegates (estimated at 70 percent of all delegates, especially those from IG Metall [Metalworkers Union], Railroad and Postal Union, HBV [Trade, Banks, and Insurance Union], and parts of OTV [Public Service, Transportation, and Traffic Union]) who are influenced by the DKP youth organization, SDAJ, became clear in a motion on union youth work introduced by the DGB youth conference of Lower Saxony. In it, solely the NATO two-track decision was singled out as endangering peace. Delegates of IG Chemie, IG Bergbau [Miners Union], Bau-Steine-Erden [Construction Workers Union], but also the youth secretaries of IG Metall and DGB youth secretaries Richter and Brauser forcefully denounced the one-sided statement on armament policies which runs counter to DGB resolutions. GEW [Education and Science Labor Union] Executive Board member Frank von Auer declared that, through this motion, he felt himself "shut out" as a Social Democrat.

The SDAJ-oriented majority of the delegates hardly participated, however, in substantive discussion of the motion and continued their tactic--already evident in preceding days--of "ducking" challenges by the delegates of IG Chemie and IG Bergbau. Speakers for IG Metall especially accused IG Chemie and IG Bergbau of putting pressure on the youth conference by threatening a possible walkout.

In view of high youth unemployment the delegates demanded that the federal government pass an immediate program aimed against youth unemployment. It should create additional vocational training places. The delegates also supported a fundamental reorganization of the economic system. To ensure jobs in the long term, key industries and other enterprises dominating the market and economy must be turned into community property.

A prolongation of the youth conference, demanded by the delegates in view of the great amount of unfinished business, will probably not be realized. DGB Executive Board member Karl Schwab, in charge of youth affairs, stated that he could not support before the Executive Board the continuation and financing of the conference. On Schwab's recommendation, the unfinished business was referred to the DGB youth committee for further study and resolution.

9917
CSO: 3103/136

MAUROY PROJECTIONS ENCOURAGE RENEWED BUSINESS HIRING

Paris L'EXPANSION in French 20 Nov 81 pp 86-87

[Article by Gerard Moatti: "Pierre Mauroy at the L'EXPANSION Forum: 'We Are Recovering. Hire People!'"]

[Text] "You are here and we are here — for a long time to come. What are we going to do together?" Pierre Mauroy tossed off as his opening gambit to some 600 business leaders (a record attendance) present at the L'EXPANSION Forum on 10 November. He came to engage in a dialogue, to reassure, but above all to convince. He said that the mandate the French have given the Left in bringing it to power is to eliminate unemployment. The objective the government has set itself is to reverse the employment trend before the end of 1982. Its means: recovery of the economy and job sharing. On these two points the government has need of the employers.

"Don't let your foreign competitors profit from the recovery." In other words we will create the resumption of demand; it is up to you to hire people and invest. But growth, even if strong, will not suffice to turn back unemployment and absorb the 250,000 additional jobseekers who appear on the market every year. A certain amount of job sharing is necessary. With the reduction in the legal number of working hours to 39, joint contracts and public sector hiring, "that means from 300,000 to 400,000 jobs that can be created between now and the end of 1982," the prime minister believes. On condition that employers believe this. To convince them, Pierre Mauroy has redoubled his assurances. Money? It will retain its value. Profits? They are legitimate and necessary. The authority of business leaders? Out of the question that it will be interfered with, even though we may dream — but for some later time! — of a "true democracy" in the business world.

If the employers did not really fall under his spell, it was a little because they had that very morning been impressed by Francois Ceyrac's guarded, but pessimistic talk. The president of the CNPF's [National Council of French Employers] political testament took formal note of the "serious misunderstanding between business firms and the new government" and reproached the latter on three counts: for underestimating or deliberately ignoring the importance of external constraints on an economy that is largely open to trade; for instilling in the minds of the French the conviction that it is possible to live better without danger and that their living conditions have therefore been artificially austere up to now; and lastly for claiming to have broken with capitalism while asking private firms, by nature capitalist, to help it with this task.

The Oasis of the Public Sector

Francois Ceyrac felt that this misunderstanding contributes toward explaining the deterioration of a social climate "which for a few months was almost not of this world": the acts of violence, "not only verbal," the denunciations, the accusations of fraud, of sabotage are realities that singularly contrast with the spellbinding appeals for confidence. "We have reached a point," he concluded, "where the need for a clearer and calmer social dialogue is called for."

The concerns of business leaders were also expressed in the very concise analysis chairman and managing director of Nobel-Bozel Claude-Alain Sarre made of the different expense items of the firms in question as they are to be presented in 1982:

Under the heading of purchases, the cost of raw materials and energy should not increase any more than in 1981, on condition that the exchange rate of the franc remains unchanged. Now the monetary readjustment of 4 October was very slight and no one can rule out a further depreciation of our currency.

Wage costs will be saddled with the inevitable increase in expenses associated with the deficit of the social protection system. They will also risk being contaminated by an expanded public sector which the government wants to turn into an "oasis" and a social "laboratory."

The entry for financial expenses will inevitably be more of a burden than in 1981: Bank lending rates are from 2 to 3 points higher than they were before 10 May, stagnation of the stock exchange sharply limits the possibilities of increasing capital and, lastly, companies that borrow on the bond market will be subjected to the "dispossession effect," a consequence of public deficits that force the government to borrow. Claude-Alain Sarre noted that over a fourth of the growth anticipated for 1981 is constituted by the growth of inventory. Now, if the cost of credit remains at its present level, businesses will avoid accumulating inventory. Growth would then be much less than the 3 percent that has been announced.

And lastly, the tax measures adopted since last summer constitute both a dissuasive factor and a sizable extra expense for business firms. The total tax bill for firms is at any rate much higher than the total amount of supplementary aid grants for industry.

Claude-Alain Sarre concludes that this burdening of costs will jeopardize the urgent tasks of rejuvenation of the industrial apparatus, the conquest of new markets and improvement of cost prices.

Paradoxically, it is a labor union official who will demonstrate that not all possibility of linking employers with the "new logic" has been compromised for good. With his realistic and good-natured verve, Andre Bergeron has defined the content of a sensible "change": yes to the reduction in the number of working hours — but it would be better if all industrialized countries moved at the same pace in this direction — and in any case priority granted negotiation to avoid harsh legislative measures poorly adapted to the realities of business firms; yes to restraining social expenses by getting those who are socially insured to act responsibly, a process that must begin in school; yes to letting wage earners express themselves,

but on condition that they do not confuse such freedom of expression with self-management, that they are wary of "rallies with poorly-defined contours" and that they preserve the union's role of privileged participant in the discussion.

And yes to profits, the FO [Workers Force] leader asserted, thus expressing a philosophy that could, after all, provide the key to a social consensus: "I hope you earn a lot of money. That way I can take a little of it away from you!"

11,466
CSO: 3100/149

CAPITAL FLIGHT DANGER CALLED 'WET FIRECRACKER'

Paris LE NOUVEL ECONOMISTE in French 23 Nov 81 pp 40-41

[Article by Sylvain Gouz: "Fraudulent Capital Flights"]

[Text] Billions of francs leave France every month. Not only through the underground channels the Customs Officials Union of the CGT [General Confederation of Labor] reports. Legal capital flights are still much bigger than fraudulent ones.

Will the battle of the franc be fought on the Franco-Swiss border? Even though the facts go back several years, the two complaints that have been spectacularly lodged by the Customs Office against the Bank of Paris and the Netherlands, charged with having aided in the transfer of funds abroad (29 million francs in gold coin to Canada to the account of a manufacturer from Toulouse in one case and 181 million in the other), could lead us to think so. Just as do the blistering statements of Mr Alain Mauger, the secretary general of the Customs Officials Union of the CGT, who assesses capital exports since the beginning of the year at 40 billion francs. Aside from capital flights properly speaking, by smugglers or through clearing transactions between banks, we find the effects of deferred payment, a technique which, for exporters, consists of deferring repatriation of their foreign exchange, or account juggling between subsidiaries of international combines. In short, this sizable figure probably includes all illegal exports of capital.

The revelations of the CGT Customs Officials Union have surprised the Budget Ministry, as they have the Customs Office which is subordinate to it. In Budget Minister Laurent Fabius' office Mr Mauger's "outburst" was directly connected with the discussion in the National Assembly of the ministry's budget a few days later and, therefore, with the creation of jobs in the Customs Office, rightly judged to be insufficient by Mr Mauger. "Forty billion, that's probably more than the balance of payments deficit. It's inconceivable," a colleague of the minister said. Without denying the existence of the capital flight, the minister declined to cite figures.

And for good reason. Even if it does unmask those who are involved, as in the Paribas case, the distinction between legal and fraudulent flights of capital is often impossible to make. The Bank of France, which checks and signs for bank notes on their return from abroad, for example, from Switzerland, is incapable of knowing whether they correspond to the expenses of real tourists who go to ski on the slopes of the Valais or come from smugglers carrying suitcases attracted by numbered accounts in Zurich or Geneva.

Nor is there any direct way for the Treasury to determine whether a commission on a sale that is paid abroad corresponds to a real service or disguises a concealed transfer of funds. An export bill undervalued by a French firm can constitute a secret nest egg outside the country.

Thus with the exception of Mr Mauger neither the Customs Office nor the Treasury nor the Bank of France has any real way of estimating the size of the capital flight. A shared certainty, however, this flight unfailingly shows up under the different balance of payment headings. The balance of payment deficit — one of the parameters of the solidity of the franc — includes the illegal emigration of capital. But the balance of payments is an indicator for movements of capital; it is made up of troughs and crests. The deepest trough, in 1980 as in 1981, was foreign trade with a deficit of 52 billion francs last year.

Smaller but structural for at least 10 years, the unilateral transfers deficit (17.6 billion last year) will probably grow a bit. Not so much because of money sent by immigrant workers (about 10 billion francs), nor of aid for development, but because of the French contribution to the Common Market, sharply increasing as a result of the financial compromise reached in May with Great Britain.

A prominent crest that will make it possible to compensate for part of these two troughs is the usual surplus provided by the services. Major engineering, banking, transportation and tourism operations will partially compensate for foreign exchange lost elsewhere: a 35-billion-franc bonus last year. Despite a difficult start for the year (the first half of 1981 was in recession compared to that of 1980), the Rue de Rivoli has high hopes of recording a surplus of the same size. Hopes, however, which Mr Jacques Plassard, director of REXECO [expansion inknown], who sees the [plus] balance for the services melting like snow and falling to zero.

With two troughs that cannot be absorbed and one crest that is slowly flattening out, the current balance of payments will wind up in the red in 1981, as it was in 1980, but a tad higher: between 35 and 40 billion francs versus 33 billion last year. Then added to this there is a second trough: long-term capital movements. And first of all a mandatory item: commercial credit. "Our professional equipment sales have advanced by 7 billion over the first 9 months of the year as compared with the same period in 1980. It is impossible to make such sales without credit for our buyers," the Quai de Branly explains. There will therefore be an inflation of from 2 to 3 billion in these capital flights which had last year already risen to 15.5 billion.

An inescapable inflation. Just as is the jump in purchases of foreign securities by the French. But for other reasons: "During the first 5 months of the year there has been a sharp rise in the rate of purchases by residents. the Treasury Department notes. A speculatory situation that was stopped by the introduction of foreign currency certificates on 21 May." We must admit that this foreign currency certificate system is extremely dissuasive: The value of the security dollar needed to buy American shares in Paris fluctuates about 6.50 francs, whereas on the foreign exchange market greenbacks are traded at less than 5.60 francs. But the foreign exchange certificate does not work the other way round and thus does not prevent foreigners from reselling their French securities. Which is why a negative balance of from 5 to 7 billion francs has been forecast for this year.

On the other hand, the increase in French investments abroad and foreign investments in France is in line with the announced intention of the administration. For the Avenue de Matignon, when the Canadian firm, MITEL [expansion unknown] (telephony), plans to establish itself in the Vosges or the American firm, Ford, to extend operations to Bordeaux, this is simultaneously in line with the campaign against unemployment and the need for renewing investments. Likewise, in the opposite direction, the spectacular green light granted Elf-Aquitaine to buy out Texas Gulf last summer or Lafarge Coppee to acquire the American cement company, General Portland, is in response to the government's desire to "strengthen the big French combines in those markets that generate profits."

This is an attitude that has been severely criticized by the Communist Party, whose daily, L'HUMANITE, has recently on two occasions in the space of just a few days expressed its mistrust. Of both the "excess of French investments abroad, "which must be ended, and the "American offensive in France."

The fact remains that, applauded or contested, these French investment operations abroad work to the disadvantage of the balance of payments only very slightly: according to the estimates, from 2 to 3 billion francs for 1981. The fact also remains that most of these long-term capital movements are subject to the scrutiny of the Treasury Department services and that opportunities for using them to illegally repatriate capital are limited.

On examining the figures, the "bomb" set off by the CGT Customs Officials Union looks more like a wet firecracker.

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INFLATION, UNEMPLOYMENT SEEN WORSENING IN 1982, 1983

Paris LE NOUVEL ECONOMISTE in French 23 Nov 81 p 42

[Article by Jean-Pierre Robin: "Recovery, Inflation and Unemployment..."]

[Text] An investment strike, a halt to employment, the actions that have been instituted are moving at a good clip. Fortunately, the real situation is less extreme. The AFEDE (French Association of Business Firm Economists) survey, which LE NOUVEL ECONOMISTE published as an exclusive, contributes valuable evidence of the fact. Business economists instead exhibit calm in their prognoses (see table), which have a quite specific function, to provide a macroeconomic framework for the budget estimates of their own companies.

The first finding: Businesses have taken formal note of the economic recovery launched last summer. France is entering a phase of moderate expansion (2.8 percent in 1982 and 2.9 percent the following year). They are particularly counting on more constant consumer demand. As for the French export markets, they should become more active again next year, advancing by about 6 percent in volume. It will be up to exporters to remain sufficiently competitive to take advantage of these opportunities. On the other hand, private economists are still very reserved in their judgments on investments. At the most they expect a slight improvement, but one which will be very far from compensating for the 6-percent drop recorded this year. That is, in 1983 production investments will probably remain under what they were in 1980. Similarly, AFEDE analysts do not anticipate any improvement on the employment front. Of course, they recognize the fact that the government is following a very voluntary policy. They estimate that between 50,000 and 140,000 jobs will be created in the public sector next year. Business economists are also banking on a sharp drop in the number of working hours (1.5 hours a week, at least during the next 2 years, with a simultaneous extension of paid vacation time of 2.5 days). But this will just barely permit stabilization of unemployment at its present level. Since the drop in the number of working hours will serve to create half the additional jobs, the other half being represented by a very necessary improvement in productivity.

Even more worrisome is the fact that business firms do not believe in a deceleration of inflation, which would probably result in a rate of 15.2 percent in 1982. Among the reasons for their scepticism is the pressure of wages, due to a new reevaluation of the SMIC [Interoccupational Minimum Growth Wage] [raising it] by 4 or 5 percent next year. As a result of sharp increases in French prices, the franc will probably be devalued again in relation to the Deutsche mark (DM). The average exchange rate

for the DM would probably be 2.70 francs next year as against 2.35 in 1981. This estimate gives us cause for concern. But evidently business firms feel that their ability to compete on foreign markets is at stake.

Economic recovery to be consolidated in 1982, reevaluation of low wages, gradual drop in the number of working hours and devaluation of the franc. Thus these are the assumptions that today seem to be most probable in professional circles. Assumptions associated with greater uncertainties than usual and the government is still far from having revealed all its plans. About 10 percent of the business economists feel that the government could beef up its employment policy more than it has. Through stricter control over wage income and the money supply, it would then be possible to create more jobs (1.5 percent less purchasing power equals 200,000 more jobs, the AFEDE estimates). As a result, the rate of inflation would only be 13.5 percent. Another possible scenario is a skidding of wages and prices, feared by 40 percent of the AFEDE analysts, with a rate of inflation of 17.5 percent, a new drop in investments and an additional aggravation of the unemployment situation. Business economists therefore assume responsibility for Mr Jacques Delors' equation: One more percentage point of inflation means 50,000 fewer jobs.

What Business Economists Expect

	1982	1983
Gross domestic product	++2.8 %	+ 2.9 %
Household consumption	+ 2.6 %	+ 3.1 %
Bssiness firm investment	+ 1.4 %	+ 1.9 %
Consumer prices	+ 15.2 %	+ 15.3 %
Hourly wage (in terms of purchasing power)	+ 3.5 %	+ 4.2 %
Average wage (taking into account the drop in the number of working hours)	+ 1 %	+ 1.7 %
Unemployment	1,930,000	1,940,000
Current balance of payments deficit (in billions of francs)	- 40	- 45
Public debt (government + local communities + social security)	- 130	- 100
Cost of imported raw materials	+ 16 %	+ 14 %
Price per barrel of oil (in dollars)	38	44
Francs per dollar	5.65	5.80
Francs per Deutsche mark	2.70	2.80

Source: AFEDE

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FDF, RW PARTIES VIEW ELECTION LOSSES

Brussels LE SOIR in French 14-15 Nov 81 p 2

[Article by Jacques van Hoorebeeke: "The FDF-RW, Nursing its Wounds, Clings to its Brussels-Wallonia Strategy"]

> [Text] The FDF [Democratic Front of Brussels French Speakers] and the RW [Walloon Rally] -- as one may suspect -- are not happy. Following the big swing in the elections, which deprived the Brussels federalist party of 40 percent of its troops -- although it still remains the top party in the region -- and deprived the RW of half of its representatives, the time for mea culpas has unquestionably come. Even though, for all that, the two groups are not basically questioning their strategy of rapprochement "Brussels-Wallonia," the very strategy which -- if one believes the current word -- has done more harm to the FDF and the RW than good.

In spite of the "iron morale" which she is said to be maintaining, Mrs Antoinette Spaak, president, coldly analyzed the net setback her party has suffered. "The road was narrow," she explained to us, "between the new federalist road of Guy Spitaels, which was aligned to ours, and the road taken simultaneously by the PRL [Party of Liberty and Walloon Reform] and by the UDRT [Democratic Union for Respect for Work], which translated, both in different words, the fact that the voters are fed up in the face of tax costs and the economic decline of the region."

It is indeed tempting to tie the defeat of the Brussels party to the economic-social "centrism," which also harmed the PSC-CVP [Social Christian Party (Walloon-Flemish)]. Bringing together people of socialist, Christian and liberal backgrounds, the FDF may indeed have suffered from its compromises during an election campaign centered around the "left-right" axis.

Mrs Spaak sees another reason for the defeat of her party in the fact that it did not manage to present a new list of personalities at the polls. "We do have young people who are capable of taking over. We should have used them better and sent them off to the barricades!"

"A third real cause for the decline -- this is obvious -- is the circumstances under which our alliance with the RW progressed. We were induced to strengthen an agreement with the RW at a time when the image of that party had become definitely bad as a result, specifically, of the defections of certain leaders on the very eve of the election. The Brussels electorate took exception to these dissensions.

Having said this, I remain absolutely convinced that the essential solidarity between the Brussels region and Wallonia -- and more specifically between my party and the RW -- remains an important element of our political strategy. As a matter of fact, today all the other French speaking parties have adopted the same tactics."

Is there still a future for the FDF? "Certainly. More than ever. It is obvious that the CVP will radicalize -- if one might call it that -- its positions on Brussels. Mr Tindemans himself has already stated this. It will also be necessary to keep a close watch to see that the PS [Socialist Party (Walloon)] and the PRL honor the promises they made to the inhabitants of Brussels."

Meanwhile, in the field, the FDF is losing primarily its young members of parliament. Three representatives were not reelected: Guy Brasseur, Mrs Marion Banneux and Michel Parent. In the Senate, Messrs Georges Desir, secretary general of the party, Serge Moureaux, Luc Bernard, Mrs Mathieu-Mohin and Dr Payfa did not make it. It will undoubtedly be possible to give some of them a second chance as provincial senator or as coopted member. But the places will be costly. In the province of Brabant, the second seat of provincial senator will be hard to get. Among the candidates who are supposed to have priority there are, in order, Messrs Georges Desir and Serge Moureaux.

The party's defeat is also noticeable in the preferential vote scores. While Serge Moureaux and Roger Nols improved their score, Mrs Spaak simply remained the same, but she holds the record number of votes for French speaking candidates in Brussels. A "new face," Dr Piccart, mayor of Molenbeek, obtained a good score and primarily in his municipality. It should be noted that the FDF seemed to have held its own better in the workers' strongholds -- Molenbeek, but also Anderlecht -- than in the "bourgeois" municipalities.

For the RW, the defeat was also bitter. Its number of representatives has been reduced by half: it went from four to two. It had three direct senators in the previous assembly. It no longer has any.

With 104,013 votes (or 5.5 percent of the Walloon electorate), the RW is still ahead of the Communist Party which has been reduced to a total of 80,648 (or 4.3 percent). But it has been overtaken by the Ecology Party (118,868 votes or 6.3 percent). The latter has unquestionably eaten away at the RW, as has Etienne Duvieusart's Walloon Independence Party, which gathered 31,069 votes, or 1.6 percent.

When one recalls, for example, that in our youth survey the RW received a popularity score in the neighborhood of that of the PS (about 16 percent), one is tempted to associate its defeat with the internal dissensions which have been tearing it apart since January, when it concluded an institutional association agreement with the FDF. "However, when you analyze the results of the election," they told us at the RW, "there is nothing to indicate that it was the Wallonia-Brussels strategy which led the party to defeat. On the contrary, in certain districts, specifically around Namur and in Walloon Brabant, where such a strategy has been particularly advocated, the party is doing best, if not progressing."

As far as the president, Henri Mordant, is concerned, the major cause of his party's decline is "the deterioration of its image, due to internal dissensions.

Secondly, there is the fact that in 3 months time, the socialists have adopted the community theses we have always defended, and the fact that renegades from our party, such as Yves de Wasseige and Jean Mottard, have given credence to socialist sincerity. On the other hand, it is obvious that, by adopting a suicidal policy, the supporters of the 'Walloon' list have caused us to lose a goodly number of votes, without any positive gain for themselves."

Cost of a Representative

Mr Mordant also noted that his party is dogged by bad luck in terms of the distribution of seats: 1 representative costs them 52,000 votes, while the liberals get 1 for a little more than 20,000 votes. As for the ecologists, they have 4 seats of 30,000 votes in the Senate. The RW has none.

"In spite of everything," added the president of the RW, "we also have a few reasons for satisfaction: 1. the RW is still indispensable to the Walloon regional council in order to ensure a progressive majority there. 2. In order to achieve the relative success it has, the PS has been forced to completely radicalize its federalist theses. It would be hard, I think, for the PS to extricate itself from its promises. 3. As far as our Wallonia-Brussels strategy is concerned, we have suggested a solution which remains original and very legitimate: based on the sovereignty of the two regions, to establish a community relating to issues which are the object of their mutual choices. It is in any case a better solution than the regionalization laws of August 1980. In addition, I don't see how the socialists could obtain satisfaction for their priority demands -- regionalization of the large sectors, of credit, of scientific research, of agriculture -- in a national negotiation process which would remain subject to the law of the strongest, that is to say of Flanders."

Finally, according to Joseph Bonmariage, who directs the RW study center, "the idea for which the RW leads the fight is more topical than ever. In any case, the RW will still have a role to play as spur for the other French speaking parties and as a center for thought, where those who want to establish a real progressive force in Wallonia can meet and find sustenance."

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BRANDT AT HANNOVER SPD CONGRESS, ARMS LIMITATION DISCUSSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Nov 81 p 6

[Article by Tgn: "Hannover SPD Wants To Help in Arms Buildup Prevention; Party Congress Endorses Oertzen Statement That the 'Peace Movement Clearly Shows America the Risks Involved in Its Posture'"]

[Text] Hannover, 22 November--On Sunday SPD Chairman Brandt warned against defeatist slogans with a view to possible successes of the arms limitation negotiations. At the party congress of the Hannover District SPD, which has approximately 58,000 members, Brandt stated that he disagrees with those who are of the opinion that these negotiations are doomed to failure to begin with or that they do not correspond to German interests. Brandt stressed the significance of the negotiations for the Federal Republic also. He pointed out that both world powers had declared their willingness to discuss everything: the different categories of nuclear weapons as well as the conventional weapons and forces relationships and, upon American initiative, even the subject of a surprise attack.

The controversy concerning the question of whether or not the federal government must abide by its consent to the NATO double decision was referred to by Brandt as being an erroneous one.

Brandt appealed to the German Social Democrats to get together and to let the negotiating parties know what is expected of them. He said he is in favor of "formulating as much as possible of that upon which we are agreed" at the federal level congresses in April 1982 in Munich and in October 1983 in Bonn. Brandt rejected as pure illusion the assumption that it will be possible to "bale out" in the hope that the Federal Republic will remain an "unscathed Legoland."

The SPD chairman's hope for an intra-party consensus concerning the question of securing peace had been fulfilled by the Hannover party congress on Saturday following lengthy and lively discussions. A basic motion based on 23 proposals was debated by the district chairman. According to District Chairman Oertzen, who has been in office since 1970 and who has now been reelected for the fifth time, the federal government is thereby to be supported in providing as much influence as possible on the upcoming negotiations between Washington and Moscow.

With numerous votes against and some abstentions, the proposal for an arms moratorium was approved. In accordance with it, the United States and the Soviet Union should, for the duration of their negotiations, enter into an agreement calling for a mutual ban on the production and deployment of new nuclear weapons systems both in the East and in the West which, according to the resolution, would mean that the decision to deploy new NATO medium-range weapons would be suspended for the entire duration of the negotiations. The following kind of a "zero option" was demanded by way of an objective: to achieve maintenance of the "relative nuclear deterrence balance" on the lowest possible level by a "considerable reduction" of the Soviet medium-range missile armament and by "prevention" of the deployment of new NATO medium-range missiles in Europe. In this regard it is stated in the resolution that political experience favors the assumption that "the Soviet Union will be more prepared to accommodate the negotiations if, as an alternative, it would have to reckon with the deployment of the new NATO medium-range missiles." On the other hand, the United States would have to understand that "it will endanger the unity of NATO if it will not conduct the talks seriously to achieve the objective of the zero option." The resolution notes that a strong peace movement directed against the NATO missile deployment in West Europe does not represent any weakening but rather a strengthening of the position of the federal government which is intent on making clear to the United States "the political risks of their posture."

The party congress also pleaded for far-reaching restrictions concerning "arms exports" from the Federal Republic. It was stated that exports of this type should be permitted to be sent only to those member states of the Atlantic Alliance and the states of the OECD which are democratically legitimized and which observe the principles of the human rights declaration.

The only surprise on the occasion of the new district chairman election was the fact that there was also a Turkish woman, Elcin Kuersat, 32, who was a candidate for one of the 17 committee member positions and who was elected with 167 votes. The young woman, who is a certified commercial specialist, teaches at business schools in Hannover, and has been an SPD member for only 4 years, is thus the first foreign executive board member of an SPD district or Land organization in the area of the Federal Republic. Chairman Oertzen was reelected without any opposition with 201 to 26 votes. There were three abstentions. The deputy chairmen, Kasimier and Riege, were also confirmed in their positions. The overall result of the executive board elections may be said to have confirmed Oertzen's left-of-center course for his leadership of the Hannover SPD district.

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PRESIDENTIAL RACE ENTERS FINAL PHASE AS CANDIDATES NOMINATED

Liberals Seek 'Profile' With Sipila

Helsinki HUFVUDSTADSBLADET in Swedish 3 Nov 81 p 2

[Editorial by Jan-Magnus Jansson]

[Text] The candidacy of Helvi Sipila gives the Liberal People's Party an opportunity to create a profile even though a few discordant notes have sounded about her race, writes Jan-Magnus Jansson.

The approaching Liberal nomination of Helvi Sipila as that party's presidential candidate is not without interest. For a long time the party has been in the position of desperately needing to create a profile for itself. As the lineup looks now the upcoming presidential election offers a golden opportunity to do so.

As a person Sipila has several advantages from the viewpoint of the Liberal People's Party. She stresses that she is not affiliated with a party which is certainly not a drawback at the very least in these "antipolitical" times. That means she can attract voters who are not wild about LFP [Liberal People's Party] as such. And she can hardly be accused of lacking foreign policy experience. It is true she has not worked in Finnish foreign policy. But her experience in international relations forms a chapter that if handled properly can be used to introduce new angles of approach into the debate.

Sipila's weakness, of course, is that with rivals with many years behind them as ministers, party leaders and the like she lacks any real experience in Finland's domestic policy, an area where the president's activity is just as important when one comes right down to it as it is in foreign policy. But precisely because she is a political blank slate she could come up with some surprises and we must look out for that. Among other things the point has been made that some of the so-called single-issue movements might be interested in her candidacy.

Finally it must be regarded as a plus that LFP has introduced a woman in the election campaign even though we are not among those who feel that sex considerations should be given real emphasis in such a serious context as a presidential election.

Sipila has not been promoted as the party's candidate without a few sour notes being sounded. LFP vice chairman Paavo Nikula has said publicly that in his opinion the party should be standing directly behind Koivisto. Nikula may not have much support for his standpoint within the party leadership but it has received widespread attention and is something of a burden to Sipila's nomination from the very start.

LFP should not have any trouble achieving a respectable election result with its candidate. The trouble will come when a decision has to be made about who will get the party's votes if Sipila has no chance in the final round. The party leadership has let it be understood that they want to support a nonsocialist candidate no matter what the circumstances. But there is a certain pressure in favor of Koivisto among party voters. However the Liberals are not alone on that problem, of course.

SKDL's Neutrality Stand Discussed

Helsinki HUFVUDSTADSBLADET in Swedish 10 Nov 81 p 2

[Editorial by Jan-Magnus Jansson]

> [Text] An animated discussion on Finland's neutrality with several new elements was held in connection with Kivisto's nomination by the SKDL [Finnish Democratic People's League] council. Jan-Magnus Jansson comments.

The debate that flared up at the SKDL council meeting about the question of Finland's neutrality which led to an animated exchange of views among party chairman Aarne Saarinen, SKDL's former chairman Ele Alenius and SKDL's general secretary Jorma Hentila is not without interest for outsiders as well. Once more we must note that the parties most openly displaying not only their personal but also their ideological differences of opinion today are the communists and the People's Democrats. In that way one gains insight into thought processes and deliberations which in other quarters are carefully concealed.

We noted earlier that the discussion last spring on the passage in the third parliamentary Defense Committee's report concerning the VSB [Friendship, Cooperation and Mutual Assistance] Pact was more outspoken and controversial than any other foreign policy debate in many years. In connection with that one could note that the mutual foreign policy line provides room for interpretation on fairly important details. The exchange of opinions at the SKDL council meeting indicated that even in that party there are varying foreign policy ideas even if one leaves out the minority communists who consistently have a different point of view than that held by the majority in our country.

In his very personal statement Saarinen said that especially within the Center Party "and among the people at the civil servant level who shape its foreign

policy" far too much emphasis is put on Finland's neutrality. Finland can pursue an "independent" foreign policy, said Saarinen. But, he said, Finland is tied to the Soviet Union through the Friendship and Mutual Assistance Pact and anyone who is not without commitments cannot be neutral. Saarinen went on to refer to Kekkonen's famous words that Finland is not neutral on issues involving war and peace and drew the conclusion that on the contrary Finland is "highly partisan" on such issues and that it has pledged itself to defend world peace together with the Soviet Union.

The interesting thing was that Saarinen's statement drew a response not only from Ele Alenius but also from Jorma Hentila. Alenius pointed out among other things that by uniting the VSB Pact and neutrality Finland has won its greatest foreign policy successes. Without neutrality Finland could not have served as host for the European Conference on Security and Cooperation, Alenius stressed.

SKDL league secretary Jorma Hentila sought the middle of the road politically in a speech that gave the impression of being carefully thought out even though it was given without reference to a manuscript. Hentila presented many arguments supporting the utilization of the idea of neutrality. Among other things he said that our neutrality is based on the introduction to the VSB Pact, that Finland is not a member of any military alliance and that obligations under the VSB Pact are strictly limited. However at the same time Hentila criticized people who have "recently" tried to make Finland's foreign policy passive with references to neutrality, thereby neglecting to work for peaceful development.

The most interesting reference in Hentila's statement was his claim that the VSB Pact directly commits us to work for a peaceful development. Hentila may have been referring to Article 3 of the VSB Pact in which the parties to the treaty promise to participate loyally in all measures aimed at maintaining international peace and security in accordance with the principles of the United Nations. The article has been generally read as a further confirmation of the obligations already included in the statutes of the United Nations. But both Saarinen's and Hentila's remarks indicate that people in SKDL would recognize it as a special commitment to activity in the area of peace initiatives.

In a preliminary evaluation of Saarinen's speech it is perhaps easiest to include it among the many examples of outspokenness communist veterans have started to utter increasingly in recent times. Saarinen referred directly to a book by Paavo Vayrynen that just came out which obviously started his adrenalin flowing. But in view of the fact that Saarinen is not only frank but a compulsive tactician as well one may see more in it than that. In a situation in which Saarinen has had to take a hard line to quell political overtures to the effect that he himself ought to run for the presidential post he may have felt the need to balance things by taking a stand as close as possible to that of the minority communists. They flatly reject any talk about neutrality. At the same time Saarinen did not neglect the opportunity to put down the minority by pointing out that the Center Party--which has had the flanking support of the Taistoites on the presidential issue among others--is devoted to an exaggerated cult of neutrality.

Among other things Hentila's charges about passivity in foreign policy deserve more attention. We have said before that Kekkonen's foreign policy stresses both the VSB Pact and neutrality and that it does not view them as opposites but on the contrary as complementary elements. But in interpreting the "line" when it comes to concrete situations one can place the accent in different ways. The diplomatic principle has been the statement taken from the introduction to the VSB Pact that Finland stands outside conflicts of interest between the superpowers. This was applied most recently when Finland abstained from voting in the United Nations in connection with the resolution on Afghanistan.

President Kekkonen has certainly also said that Finland is not neutral on questions involving war and peace. If the sentence is to be regarded as a concrete guideline for action and not just as an elegant phrase it sometimes conflicts with the neutrality rule. A great many questions involving war and peace also touch on superpower interests. One is then confronted with the difficult problem of how to weigh the two rules against each other.

It should be pointed out that when it concerned our vital interests Finland has not hesitated to take peace initiatives that have been regarded as non-neutral by many outsiders. For example we are calling for a Nordic zone free of nuclear weapons which is in line with our own interests despite the fact that the Soviet Union supports it and the United States opposes it.

In general though we have tried to concentrate on initiatives that have won the approval of both superpowers--and of course they have more chance than any others of being carried out. In the current situation too Finland's diplomacy would be ready to spring into action for the cause of peace if the conflicts had not intensified to such an extent that the chances for successful initiatives are extremely small.

If the situation in Europe alters it might be possible to continue along the route of peace-promoting measures.

The discussion in SKDL makes it very interesting to see how the neutrality issue is dealt with in the party's election statement. The UKK [National Coalition Party] declaration of 1978, formulated by the six parties which then stood behind Kekkonen's reelection, spoke of "a peace-promoting, active neutrality policy benefiting international peace and security." The doctrine of SKDL before the upcoming election gives an indication of how much the situation has changed when the parties are going into the election now with different candidates.

Paper Comments on Virolainen Victory

Helsinki HUFVUDSTADSBLADET in Swedish 24 Nov 81 p 2

[Editorial by Jan-Magnus Jansson]

[Text] With the vote in Kuopio the first act in the presidential election, the nomination of presidential candidates, is over in practice. One has often noted

the "Americanization" of our presidential election which occurred after 1950 when Kekkonen, for the first time as a presidential candidate, toured the nation and mingled with the voters. The same tendency is underlined by the fact that we have now for the first time in Finnish history had a real primary election, an open competition for the support of party members between two people aspiring to the position of being the presidential candidate for one party. The struggle turned into a political drama that held all the people spellbound, a conflict characterized by unusual sharpness and ruthlessness. But everything we have learned from other countries tells us that primary elections can be just as harsh and bitter as any presidential election.

Johannes Virolainen triumphed with a convincing, not to say politically devastating, superiority over his opponent. It isn't hard to understand the satisfaction the tested giant must feel about a victory he won primarily through his own efforts "with bare hands" and against the opposition of the established party hierarchy. It would also be understandable if Virolainen and his supporters see what happened as a success for grass-roots democracy, a protest against the attempt to lead and manipulate the party to the advantage of his opponent.

In the conflict over nomination people's champion Johannes Virolainen opposed cabinet politician Ahti Karjalainen. It isn't really so surprising that Virolainen took home the victory in the party field he knows like the back of his hand while Karjalainen has only been a member of parliament for a short time and despite his indisputable merits has never been a popular person.

The fact that Virolainen won by such a large margin is not unimportant. It was apparently part of his plan to force his opponent into a party vote and get a result so good that it would make it hard for the party leadership to switch horses in the presidential election itself. From the party leadership's point of view it would naturally have been better to spare Karjalainen the humiliating defeat at the congress. In that case it would have been easier than it is now to hold him in reserve for the final decision by the electoral assembly.

The party leadership seems to be convinced that the chance to occupy the presidential seat has been reduced or even lost altogether as a result of Virolainen's nomination. The party leadership has stressed time after time that only Karjalainen could become president because he is the only one who could get the support from other parties that is needed for a majority among the electors.

It is obvious that the main thought here is that the majority communists (not to mention the minority wing) might be ready to vote for Karjalainen but not for Virolainen. They apparently assume that the nonsocialist parties too would rather rally around Karjalainen than around Virolainen. That is a debatable premise. While Karjalainen is highly regarded in prominent political and especially economic circles he runs into hard opposition among the broad group of voters on whom in the final analysis the electors will depend. This is very obvious among regular Swedish People's Party voters while the attitude toward Virolainen is generally mildly critical to favorable. It is hard to believe that conditions are much different among the rank and file of the Conservative Party or the Liberal People's Party.

One can draw a certain parallel between events in the Social Democratic Party and those in the Center Party in the sense that both have had to choose between a candidate with more solid foreign policy credentials and one having the ear of a large mass of voters. This discussion was concluded quietly in the Social Democratic Party long ago and Koivisto was chosen instead of Sorsa. In the Center Party the same conflict was played out in the open and a veteran of foreign policy and foreign trade had to bite the dust while a veteran of organizational democracy and parliamentary politics won out. Even though one must assume that foreign policy will continue to be given a high priority among the tasks of the president one might say that the way things are lined up now the election will be strongly dominated by domestic policy.

The strong feelings displayed at the Center Party congress were striking. In order to understand that one must recall that for a long period of time the party has been kept "in order" by the president's controlling hand. Now that the controller himself is prevented from intervening it doesn't help his descendants to appeal to his name and authority. The Center Party has been an instrument for the president's foreign and to some extent also his domestic policy. Perhaps what happened at Kuopio can be interpreted as meaning that the old Maalaisliitto, the nationalist-oriented farmers' party, with elemental force broke through the superstructure erected by the leaders of the present Center Party.

If Johannes Virolainen is smart--and one must presume that he is--his first job will be to subdue the passions stirred up by his own campaign and to restore peace to the party. And not just because the election is approaching and it is necessary for the Center Party to present itself as a united party after the long build-up. Virolainen's doings will be examined very closely both inside and outside the boundaries of this country. It is therefore important for him that the forces conjured up by the campaign don't overdo things in the future.

It is unusual in our politics that an entire party leadership is repudiated by its party congress on important issues. It happened most recently when the Social Democratic ministerial wing was overridden by other forces in 1957. That led to a party split. It is unlikely that anything like that will happen in the Center Party. The idea that Virolainen and his supporters have the inclination or the capability for a far-reaching "purge" in Rovaniemi in 1982 is probably a myth in view of the strong position most of the Center leaders have in their own election districts. But we can probably expect the discussion to be hot there too and the balance of party forces will probably change.

Karjalainen Gives Virolainen Cold Shoulder

Helsinki HUFVUDSTADSBLADET in Swedish 24 Nov 81 p 9

[Text] Dr Ahti Karjalainen, who lost the struggle for presidential nomination in the Center Party Sunday, will not run as an electoral candidate for the victor, Johannes Virolainen. In a newspaper statement yesterday Karjalainen indicated that the party congress had made a "foreign policy choice."

Karjalainen told ILTA-SANOMAT that he did not feel he had any moral obligation to run as an electoral candidate for Virolainen.

"We have represented different lines. I had my own supporters and Virolainen had his. Now Virolainen has won and the matter is clear.

"It was a foreign policy choice for reasons not entirely dependent on us," he said and added that "attitudes toward Finland's foreign policy influenced some of the delegates at the congress.

"The fact is they didn't care about the warnings that were issued."

Of these warnings Karjalainen said that they didn't come out of thin air, there was a reason for them. There were quite a few reasons for warning the party about adopting this course.

Karjalainen also let it be understood that old barriers broke down during the congress as a result of the fact that Kekkonen was no longer in power. "In the campaign carried out within the Center Party there was at least one helping of rancor toward Kekkonen which came out during the meeting."

It is impossible to say how PRAVDA's widely-noted article influenced the selection, according to Karjalainen. But naturally the PRAVDA article was "an important and considerable stand."

Uniform Tendency

ILTA-SANOMAT noted that Karjalainen supporters saw a certain similarity between the nominations in the various parties: SKDL chose Kivisto and not Saarinen, the Social Democrats chose Koivisto instead of Sorsa and the Center Party chose Virolainen instead of Karjalainen.

"One can't avoid noting such a political development in comparison to certain periods in the past. It appears that the downplaying of foreign policy factors will gain ground," said Karjalainen.

He would not speculate on his own continued chances in the presidential election. However according to him the possibility of a "dark horse" should be taken seriously. "Our election system means that anything at all can happen but this does not mean I am living under some kind of illusion or that I should speculate on this possibility."

In an interview with ILTA-LEHTI Karjalainen also said that he could not run as an electoral candidate backing Virolainen. He added that such a candidacy would "be in conflict with my foreign policy convictions." He also said he was very concerned about the course the Center Party had adopted.

Right-Wing Party Backs Koivisto

Helsinki HUFVUDSTADSBLADET in Swedish 29 Nov 81 p 14

[Text] "Mauno Koivisto is no socialist. He is a Social Democrat!" said Georg C. Ehrnrooth, stressing the second part of Social Democrat when he explained yesterday why the Constitutional People's Party (PKP) can and should back Koivisto in the presidential election.

The extra Constitutional Party congress gathered Saturday in Helsinki and unanimously approved the party committee's recommendation to back Koivisto in the election.

Only one out of 28 speakers held a different opinion, considering it impossible for the Constitutional Party to back a socialist. But he was immediately pulled up short by party chairman Georg C. Ehrnrooth who emphasized the point for him that the entire party committee unanimously supported the proposal.

No support was given to a line different from the one proposed and they were able to establish that the speaker who expressed the dissenting view was not even a delegate entitled to vote.

Praise

There were no other false notes. On the contrary Koivisto was praised with considerably more enthusiasm by the Constitutional Party than he was by his own party delegation which congratulated him in extremely restrained terms.

The Constitutional Party cited Koivisto as a unifying force in Finnish politics, one who had come up from the ranks of professional politicians and stands above parties, a person without personal drawbacks, a statesman and a badly-needed economic expert.

The election goal for the Constitutional Party is to bring about a change in domestic policy.

"It must happen now!" declared party chairman Ehrnrooth. "In 6 years it might be too late. The Center Party's K [Kekkonen] line clique domination must be broken. There must be an end to foreign policy discrimination. And our Nordic democracy must be strengthened."

Opposition to Center Party

Opposition at the congress was directed primarily against the Center Party and especially its potential "dark horse," Ahti Karjalainen, who literally seemed to act as a red cloak for the Constitutional Party people.

Mauno Koivisto himself has said the support of both the Constitutional Party and the Finnish Rural Party made a somewhat painful impression on him.

That didn't bother Georg C. Ehrnrooth.

"Does anyone believe the Conservative Party would have welcomed our support if we had been able to offer it?" he wondered.

"The presidential election is a personal election, not a party election. We are not working for the Social Democratic cause. We are supporting Koivisto.

"He is a moderate, Nordic-minded Social Democrat who does not represent the fraternity of party politicians but on the contrary economic expertise and political experience after 4 years as prime minister.

"Let us now instead make Koivisto's election campaign easier."

To keep Koivisto from being too dependent on the left he should also be elected with nonsocialist votes, Ehrnrooth added.

Realism

Ehrnrooth says it is sensible that the Constitutional Party is not nominating its own candidate this time but is backing another candidate.

"PKP has displayed sound judgment with this decision!"

The fact that the Conservatives and the Swedish People's Party, among others, are nominating their own candidates was termed an expression of egoism and a sign that they can't recognize political realities, according to Ehrnrooth.

"Now the old nonsocialist parties are issuing warnings about 'the socialist, Koivisto,'" said Ehrnrooth. "They would rather support a candidate who because of his personal qualities is quite unsuitable as president.

"The parties who voted for socialist K. A. Fagerholm in 1956 are now warning us about socialism! Fagerholm, like Tage Erlander and Mauno Koivisto, is a Social Democrat who stressed democracy.

"The elections of 1956 and 1978 made it clear that the presidential election is a personal election," added Ehrnrooth. "In 1956 the Conservatives and most of the Swedish People's Party voted for a Social Democrat while the communists supported the nonsocialist opponent. And in 1978 all the popular front parties plus the Conservative Party voted for the same person.

Nothing Socialized

"Koivisto has not socialized anything," added Ehrnrooth. But Ahti Karjalainen helped support the record-high tax increases under Martti Miettunen's 'emergency government,' which involved something of a record in tax increases."

On Karjalainen's minus side Ehrnrooth further noted that he made derogatory remarks about defense and that he had made a name for himself for hitting out wildly with the foreign policy bat.

"The clique domination of the K line received its sentence in Kuopio but it is not out of the action even so," Ehrnrooth warned.

Who Will Be in the Final Round?

"Instead of coming with references to Mitterrand's France we should now be concentrating on the question of which candidate the parties will support after their own have dropped out of the race.

"Those who refuse to answer openly have something up their sleeves!"

Ehrnrooth rejected the "Mitterrand effect" on the grounds that the Social Democrats gain ground at the expense of the communists and with the occasional support of nonsocialist voters. It is entirely different from a parliamentary election.

Paasikivi-Kekkonen-Koivisto?

What was noteworthy about the praise of Koivisto is that they concentrated on domestic policy. The PKP congress skated over foreign policy with a few references.

Ehrnrooth noted that the president also guides foreign policy but stressed that on this point too he is subject to parliamentary regulations. In recent times this has been pushed into the background.

"Koivisto has all the prerequisites for continuing current foreign policy. He is completely competent! Perhaps we may get a Paasikivi-Kekkonen-Koivisto line."

The general debate followed the same line as the one outlined by the Constitutional Party chairman. Out of around 150 delegates 28 spoke. Some excerpts:

"The political realities should be respected!" (Jussi Sundqvist)

"We should see to it that Koivisto is elected in the first round." (Axel Grandell)

"Businesses need an expert in market economics like Koivisto. He won't socialize anything." (Jorma Pukkila)

"From 15 to 20 percent of Koivisto's supporters are nonsocialists. And Virolainen will be replaced in the end with Karjalainen. That is a reality." (Kaj Schichman)

"Koivisto should be Finland's executive director!" (Lasse Koskinen)

"Koivisto has no personal problems that could be a security policy risk." (Heikki Eskelinen)

"Under no circumstances can we support the Center Party candidate, not the official one and even less a possible black horse." (Kurt Stromsten)

"When Virolainen was in the government taxes went up. Now they are being kept down." (Jukka T. Helin)

"We are not an extreme right-wing party! You have fascists in Abo. Not here." (Fred Koroleff)

"Surely no one would claim that 60-70 percent of the people of Finland have turned into socialists." (Panu Toi- [as printed])

Where's Koivisto?

The only discordant note was struck by Tapio Saalasti. He wondered where presidential candidate Koivisto was and looked around the hall. He explained briefly that a Constitutionalist could never vote for a socialist!

After establishing that Saalasti was not a delegate entitled to vote and that no other voices had been raised against Koivisto, party chairman Ehrnrooth was able to pound the gavel on the unanimous decision of the congress: the Constitutional People's Party will work in all phases of the election for the election of Mauno Koivisto.

The Constitutional Party will go to the polls alone. An election alliance with the Rural Party had been discussed but people in PKP would not stand behind the sham candidacy of Veikko Vennamo.

When it comes to election success the predictions vary. Party optimists talk of 10 electors while those in more neutral political quarters recall that the Constitutional Party was unable to get a single parliamentary seat in the last parliamentary election.

Westerholm Discusses Campaign Goals

Helsinki HUFVUDSTADSBLADET in Swedish 29 Nov 81 p 15

[Interview with Raino Westerholm by Staffan Bruun]

> [Text] When Raino Westerholm ran in the 1978 presidential election he was the major alternative to Urho Kekkonen. The election went well. The Finnish Christian League got 24 electors. It will be considerably more difficult for Westerholm in this election. And he doesn't hide the fact that people in the party are already speculating about who will get the votes in the final rounds.
>
> "We have informed people who are willing to run as dark horses. I think they could gain broad support," said Westerholm, but he refused to mention any names.

[Question] What qualities should the president of Finland have?

[Answer] He should definitely have a feeling for foreign policy. He must be very resolute on that point. He must know the realities. He can't live in a dream world; he must know what he is doing. He should maintain good relationships with East and West, especially with the East.

He should also have a very good ethical basis. He is an example and a model for all the people.

[Question] In 1978 you were Kekkonen's main opponent. Does that mean you don't back Kekkonen's policy?

[Answer] The word opponent is totally erroneous. In the area of foreign policy we have always backed the Paasikivi-Kekkonen line.

There have been differences on domestic policy. In that sphere we are more in favor of the Paasikivi line and stress the ethical side. For example Paasikivi had the Bible on his bedside table. And he really read it.

[Question] So far in the election campaign a lot has been said about contacts with the East. What do you have to show in that area?

[Answer] We are a young party, a small party. We have only been in parliament 10 years. It takes time to get into the picture. I have been on Fabriksgatan and I have taken part when the October Revolution was celebrated. I have met people from the embassies. Once we had a party with foreign ambassadors at which the Christian League explained its policy. We were also asked questions and among other things we had a discussion with Soviet representatives. All my contacts have been positive.

[Question] From the point of view of foreign policy is it possible to elect Raino Westerholm as the president of Finland?

[Answer] There should be no problem on that score. On the basis of my fundamental Christian view I have embraced the Paasikivi-Kekkonen line. I feel we should maintain good relationships with all nations. Ideology plays no role. I also have good contacts with communists here at home.

[Question] Things went well in the last election. What kind of profile will the Christian League project now when there are eight candidates?

[Answer] Our profile is the same as it was then. Now we have eight candidates which means that party programs and party policies will emerge in an entirely different way. Therefore voters will seek out the parties they support in other respects. It is possible that I won't get all the votes I got in the previous election. Even so I think we will get Christian votes from other parties, from mobile voters who support me personally.

[Question] You didn't succeed in the last parliamentary election. Does that make this campaign more difficult?

[Answer] Not at all. Most of our people know what the situation was then. We tried to get two candidates elected in Kymmene County and for that reason we divided the votes. We had not anticipated that one of the Rural Party candidat would get so many votes that he would steamroller us, which is what happened.

[Question] Won't the real problems come when you go out to the voters? You must think you are the best man for the presidential post since you are running for it. But you have never been a cabinet minister and you are not now sitting in parliament.

[Answer] I have never had problems in dealing with the public. A young party has special problems, of course. We cannot make an impact in the same way as older parties. But I have never run into any difficulties out in the field, never.

[Question] But didn't credibility suffer?

[Answer] No. Our Christian line is so special that our supporters will certainly back us. They will spread the message. TV, radio and the papers keep an active eye on what is being said. For this reason it is not as important to get out in the field this time. The message will certainly get through anyway.

[Question] Why should people vote for Raino Westerholm instead of some of the other candidates?

[Answer] Because Raino Westerholm is such a very good candidate.

[Question] The Unification Party has announced its support for you. What does that mean?

[Answer] The support has at the very least a positive psychological effect. For the Unification Party it probably means that the party will survive until the next municipal election. The support can also mean that in some election districts the Unification Party will get a candidate elected. There are districts where they are still quite strong. The advantages are mutual. Of course it is positive that there are people from an entirely different party who support me.

[Question] The general impression is that you don't have a chance of getting to the final round in the election. Who will the Christian League electors vote for in the second and third rounds?

[Answer] We have decided to vote for me as long as this is possible. Hopefully this will be until the last round. We have the impression that the dispute within the Center Party and the lack of agreement between the Center Party and the Conservatives will give an outside compromise candidate a chance. The Swedish People's Party is counting heavily on Jan-Magnus Jansson. We are counting just as heavily on Raino Westerholm.

But if I am not still there in the final rounds we will look over the candidates who are still in the picture. If there are none who support our Christian ideas and program we will look for an outsider for our people to support.

[Question] What do you think voters will say about a dark horse?

[Answer] I don't think the voters will be ungrateful if we find a Christian person. We have already been in touch with outsiders and everyone has thought that was a good idea. But since we haven't found any who would run in this phase they chose to nominate me. Our goal is to find someone who stands above parties and is unaffiliated. That is by no means inconceivable for our people.

[Question] If Koivisto opposes Virolainen in the last round? Who would the Christian League electors vote for then?

[Answer] We haven't speculated that far ahead. We're not at all sure that Koivisto will stay in the running that long. There will be many negotiations before we get that far. It would be a great mistake to mention names at this point. Therefore we are committed to trying to arrive at the best solution in later rounds. And then it won't be me but the electors who will decide.

[Question] Is it possible that the Christian League would back a Social Democrat, Mauno Koivisto?

[Answer] We have made it clear that we cannot support a socialist. Even if he is a Social Democrat. We consider the Christian League to be a nonsocialist party. We have two criteria. We are a Christian party. And we are a nonsocialist party. We will stick with that. Therefore we cannot support anyone from the left even though we will be glad to cooperate with the left. This is not a hard and fast thing. I know there are people in our party who could vote for the left but I am sure that our electors will try to behave in a uniform manner. And the overwhelming majority of our electoral group will certainly not vote for a socialist candidate.

[Question] The most prominently mentioned nonsocialist candidates are Virolainen, Jansson and Holkeri. Which of them do you prefer personally?

[Answer] As I said, I won't begin to speculate on names. Our electors are looking for someone who best represents our ideals. I won't go into who that might be.

[Question] Are any of these three inconceivable for the Christian League?

[Answer] I won't be making the selection, the electors will. Therefore I won't commit myself. As a party chairman I can influence the elector group but I can't make the decisions.

[Question] But won't you recommend someone to the group?

[Answer] Yes, but I won't mention names.

[Question] But don't your voters have a right to know where their votes will go in a situation where Raino Westerholm is out of the picture?

[Answer] Their votes will go to a person who best represents our opinions and principles. I won't talk about the person since it is possible we will come up with a dark horse. I have held discussions with quite a few possibilities. I know there are people we can turn to.

[Question] Then it is realistic to assume you will choose a dark horse?

[Answer] It is not at all unrealistic. Paavo Vayrynen has also mentioned that possibility and Ahti Karjalainen's name. Therefore one can assume that is a possibility. But it is nonproductive to speculate on names.

[Question] Are the people you have talked with those who can get the support of more than one party?

[Answer] I have that impression.

[Question] Who are the people concerned?

[Answer] If I told you their names they would probably be annoyed. They would probably like to remain in the background until they have enough support.

[Question] In the final round will the Christian League demand government participation in return for supporting a nonsocialist candidate?

[Answer] That is a question I am often asked. I have set no price on our votes. The important thing is to have Christian principles permeate our society. If someone takes up these Christian principles in the government we are very satisfied. That can be done without us. But it can also be done with us in the government. For me the question of government participation is not the most important. The important thing is that our principles are included in the work of the government.

[Question] In other words the price for Christian electoral votes could be a promise for a new abortion law or a new alcohol bill?

[Answer] It is very possible that we will present principles, but that is not the price. It is a result of our basis. I don't like the word price.

[Question] If things turn out so that you are elected president with the support of the voters or by other means, what is the most important thing you would like to accomplish?

[Answer] First a new government would have to be set up. In that context it is important that government coalitions vary. There should be a healthy competition among the parties. Then I think the whole society could be built up in a new way. I would not change everything. For me it is more important to change attitudes than it is to change laws. If one can succeed in the former the latter will come of itself.

[Question] Which of the vital issues would you start working on as newly-elected president?

[Answer] First of all the high level of unemployment. Especially among young people. Family policy must also be given a high priority. Our birth rate has declined. It is so low that there will be fewer of us after 1990. The third important thing is that those with the lowest incomes and people with special problems should get help. I am especially thinking of the handicapped. For times of crisis we should have adequate stockpiles of agricultural products and we should count on domestic energy.

[Question] Would you dissolve parliament?

[Answer] No, that is unnecessary. It only has a year to go and I don't think public opinion will change that much. I believe the president can influence parliament and the government just by stating his views.

[Question] In the 1978 election you got 24 electors. How many will you get this time?

[Answer] I would bet on 15 to 20.

Raino Westerholm--Thumbnail Biography

Raino Olavi Westerholm was born in 1919. Chief forester: 1943. Employed in Kymi in Kymmene 1945-1978. Vestry member (1952-55, 1969-72), town and city councillor in Kuusankoski (1965-80); member of parliament 1970-79. Chriaman of Finnish Christian League since 1973. Married to Sirkka-Liisa Eirola. Four children. Special interests: spiritual work, music, fishing.

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SKDL IN INCREASING DISARRAY AS CAMPAIGN CONTINUES

Candidate Kivisto Profiled

Helsinki HELSINGIN SANOMAT in Finnish 9 Nov 81 p 9

[Article by Kalle Heiskanen: "Kivisto Wants Unity"]

[Text] Chairman Kalevi Kivisto would have liked greater unity in the preparation and decisionmaking process connected with the presidential question in the SKDL [Finnish Peoples Democratic League]. Kivisto was elected on Sunday in the SKDL's Federated Council as the presidential candidate of the Communists and People's Democrats by a vote of 39 to 7.

Kivisto pointed out that a candidate outside of the circle of active politicians had been sought for a long time in the SKDL's presidential work group.

According to information obtained by HELSINGIN SANOMAT persistent efforts were made to persuade Governor Paavo Aitio to run. The last telephone call to Turku was made a couple weeks ago. At the same time representatives of the Soviet Communist Party came to hold discussions with the leadership of the SKP [Finnish Communist Party]. Aitio, who was a presidential candidate in 1962, declined for health reasons.

In the discussions between Finnish Communists and the CPSU the hope was expressed that the presidential candidate would be a Communist. Kivisto is not a member of the Finnish Communist Party.

Earlier in the fall a discussion about the presidential candidacy was also held with Assistant Director Anna-Liisa Korpinen (formerly Tiekso). Korpinen declined immediately.

At the decisive meeting on Sunday Kivisto's opposing candidate was First Secretary Mirjam Vire-Tuominen. The Taistoites had brought up Tuominen's name on Saturday in the Central Committee of the SKP after Chairman Aarne Saarinen declined to accept the nomination.

Presidential candidate, Education Minister Kivisto, hopes for a unified election campaign within the organization. The SKDL presupposes a unified conduct on the part of its electoral representatives in all phases of the presidential election.

A written obligation is not, however, required, stated SKDL First Secretary Jorma Hentila.

The Taistoites, who opposed Kivisto's nomination until the very end, will according to minority sources approach the election of electoral representatives under the banner of foreign policy. Kivisto's name will hardly be mentioned.

Aalto Will Not Speculate

The manner in which Taistoite electoral representatives will act in the final election is still open. The minority has criticized Kivisto for his pro-Mauno Koivisto and anti-Ahti Karjalainen statements.

SKP First Secretary Arvo Aalto stated that he considers speculation on the Koivisto--Karjalainen axis to be unnecessary before the results of the electoral college are clarified. If the leftwing seems to have a chance of strengthening itself in these elections, it could become possible in the opinion of Aalto to negotiate the strengthening of leftwing cooperation.

The speeches in the Federated Council warned against becoming Koivisto's satellite in the final phase of the presidential elections, on the one hand, and, on the other hand, against supporting the Center Party, whose chairman "eats People's Democratic ministers".

Lars D. Eriksson stated that the Center Party is one of the most reactionary foreign policy forces in the country. "To me it is clear that we People's Democrats must do everything possible in the forthcoming elections to elect a leftwing president," stated Eriksson.

On the other hand, leftwing speakers suspected that a Social Democratic candidate will obscure the SKDL's profile and drive the Center Party to the right.

Alppi Proposed

SKDL Vice Chairman Ulla-Leena Alppi proposeed Minister Kivisto as a presidential candidate. She emphasized that Kivisto has the ability and skill not only to promote the traditional values of the workers' movement, but also to clarify the new challanges of our times. At the same time MP Alppi hoped for a real discussion of political problems.

"The reiteration of Kekkonen's name as a patent solution to every foreign policy and other challenge facing us is as such quite empty. A real appreciation of President Kekkonen's life's work will be how to continue this work in the future," stated Alppi.

"It is as clear as day that in politics even a speech is a positive act, but in my opinion Urho Kekkonen's legacy cannot be redeemed with the continual repetition of cliches," noted Alppi.

Saarinen Was Preferred

MP Pentti Liedes proposed Democratic Women's World League First Secratary Mirjam Vire-Tuominen as a candidate. He referred to Vire-Tuominen's extensive experience

in peace work and pointed out that in addition to President Urho Kekkonen she is the only Finnish citizen to receive the Lenin Peace Prize.

However, Liedes would have preferred Chairman Aarne Saarinen as presidential candidate. He and other members of the leftwing regretted Saarinen's refusal, on which he put the seal at the Saturday meeting of the SKP Central Committee.

A Politician Nearly By Chance

Kalevi Kivisto, 40, became a politician partly by accident. The intent was that in the parliamentary elections of 1972 he would only be an annoyance to the Taistoites in Central Finland so that the former majority MP's would be elected.

However, things went quite differently. He received more votes than any other People's Democrat and the peacefulness of the researcher's ivory tower was exchanged for a harried life out of a suitcase between Jyvaskyla and Helsinki.

Kivisto almost believes that his political career is not the result of his own aspirations and efforts, but of the confidence expressed by others. It would be strange to hear the statement "I worked like the devil" from Kivisto's mouth.

Originally Kivisto was to become a teacher. While playing the clarinet together with Voitto Ahola on small stages in the area of Kurikka, Kivisto dreamed about school chums, a girl named Sirkka, and a future together as a teacher of bright-eyed, towheaded children.

Interests in addition to music such as SKDL youth work and sports interfered with school work to the degree that in his university exams he received a couple of C's and A's. His performance was also affected by a latent disease of the lungs.

After completing school Kivisto got his Sirkka, but not his little red school house. Tuberculosis did in fact strike and lost after a year's struggle. At that time Kivisto changed his major in education to social studies.

In his major of educational sociology he received a licentiate degree and wrote a textbook. A doctoral dissertation has remained only a dream.

Just Like a Scholar

Kivisto has not been able to separate himself from the academic world. He speaks in a quiet, peaceful tone of voice frequently using complex phrases, which are not easily understood by the traditional working class.

His closest aides have decided that in the election campaign Kivisto cannot use any sentences containing more than three words.

In his dark blue overalls Licentiate Kivisto is still far from being a broad shouldered, cursing, calloused iron worker. However, the iron workers' attitude toward Kivisto is perhaps helped by the fact that First Secretary Arvo Aalto's overalls do not fit as well as Kivisto's .

SKDL Federated Council Chairman Kalevi Kilpi has had to dispel doubts about Kivisto's proletarian image. According to Kilpi among previous presidential candidates only Eino Kilpi has a stronger working class background than Kivisto: Eino Kilpi was the child of an unmarried women who put him through the university while working as a washerwoman.

Kivisto's mother is a textile worker, who is now living on an unemployment pension, his father a former carpenter, he has three sisters in secure middle class professions, and his wife Sirkka works as a bookkeeper in a small enterprise. Kivisto has three children, the youngest of whom, Karoliina, was according to stories born from the joy Kivisto experienced when he left the Miettunen Government.

He Does Not Speak Loudly

Kivisto, who has been a government minister for 5 years, never speaks loudly in the government. In spite of this, his political weight is of a completely different class than, for example, Taisto Tahkamaa, who frequently makes his presence known.

The tactics of this long-term education minister is to achieve the desired goal though negotiations, conciliation, and avoiding dangerous situations. He is ready to give in in small issues if this will ensure that success is achieved in the important questions.

In the early stages of his political career some considered it a sign of weakness that he would logically defend his views in a tight situation with a quiet voice. Now officials and political opponents in the ministry understand Kivisto's style.

Kivisto knows how to be tough. In the preparations for the budget last fall the Ministry of Finance returned Kivisto's porposal in a rather badly mutilated form. Kivisto became angry. He sent Finance Minister Ahti Pekkala a stern letter in which he urged that the whole Ministry of Education cease operation. In addition, the engraged education minister demanded that the ministry's proposal to withdraw be presented together with the budget. And in conclusion Kivisto announced that he himself intends to resign from the government.

New negotiations were conducted on the budget for the Ministry of Education. The ministry did not cease to function, Kivisto is still a minister.

Visibility Increased

Kivisto's visibility increased in the spring when First Secretary Aalto left the government and Kivisto became the leader of the SKDL's ministerial faction. Also his duties increased. As a counterweight to growing pressures his family life has become more stable since the family now lives in Espoo. He is no longer the head of the household just on infrequent weekends.

The first measure of Kivisto was taken in his new role last spring in the so-called application controversy. He found common language with Prime Minister Mauno Koivisto and the government remained intact.

Cooperation with Koivisto became even closer in the budget nogotiations in the fall. On the contrary, Kivisto put more distance between himself and Paavo Vayrynen since according to the understanding of the SKDL Vayrynen bent Koivisto's ear about an issue which in reality would have resulted in the dissolution of the government and the blame would have been placed on the SKDL as well as Kivisto.

In the present government his closest working partner is Labor Minister Jouko Kajanoja. Also common language was easily found with Pirkko Tyolajarvi.

The offices in the Ministry of Education are quite close to each other. Kivisto and Par Stenback generally support each other when a question in the government concerns their ministry. This is completely different from social ministers Katri-Helena Eskelinen and Sinikka Luja-Penttila, who with tears in their eyes argue over the smallest issues.

What Is The Neighbor's Attitude?

Kivisto's nomination as presidential candidate was opposed the most vehemently by the Taistoites. Kivisto's relations with the Soviet Union, in particular, concern the Communist minority wing.

When Kivisto states that he has businesslike relations with his Soviet colleagues, the Taistoites point out that that also apparently seems to be the case with all the other ministers of education.

Kivisto is accused of dragging his feet in the normalization of relations between the SKDL and the CPSU. Apparently for reasons of correctness Kivisto did not want to appear that he could put matters in order immediately after Ele Alenius. Kivisto was elected in 1979. Alenius fall in the eyes of the Soviets began when he as chairman of the SKDL adopted a critical attitude toward the 1968 occupation of Czechoslovakia.

The minority Communists have pointed out that Kivisto also wrote critical articles about the events in Czechoslovakia in August 1968.

Kivisto Will Not Become President

Kalevi Kivisto will not become the president of Finland. Instead he may even lose a lot from his political position if the SKDL makes a poor showing in the election and the small electoral faction does not become the decisive factor in electing a new president.

Then the minority will not be shy at next summer's meeting in Kuopio in placing the blame for this election defeat on Chairman Kivisto.

Kivisto himself has said that the People's Democratic electoral faction will not in any event be able to assist in the election of Ahti Karjalainen. Kivisto himself considers Mauno Koivisto to be the better man. After initial difficulties Kivisto has learned to understand Koivisto and indeed Koivisto is a socialist. This is important for Kivisto.

Committee Divides Over 'Neutrality'

Helsinki HELSINGIN SANOMAT in Finnish 9 Nov 81 p 9

[Article: "Neutrality Difficult Point in Election Campaign Platform"]

[Text] The SKDL was not able to reach an agreement on an election platform on Sunday. The inclusion of a concept on neutrality in the platform caused particular controversy. The SKDL's Socialists want a mention of neutrality, the Communists are opposed.

Foreign Minister Paavo Vayrynen (Center Party) should place less emphasis on Finland's neutrality, recommended SKP Chairman Aarne Saarinen. He was amazed at the emphasis placed on neutrality in Vayrynen's recently published book.

According to Saarinen it is a fact that Finland is not a nonaligned country. He referred to the YYA [Friendship, Cooperation, and Mutual Aid] Agreement concluded with the Soviet Union, which places certain well-defined obligations on Finland.

"Can a country which is not unbound be neutral in such issues in which it is bound? Is it a question of some kind of an apologetic, shameful position?" argued Saarinen.

He wondered why there is a desire to obscure the facts and harp on neutrality when Finland is not neutral in questions of war and peace, but is aligned with the Soviet Union in defending world peace.

Saarinen also urged "Vayrynen and others" to recommend Finlandization to the other nations of Europe "since it is the only way to European independence and the achievement of security".

Bank Director Ele Alenius (People's Democrat) was of a different opinion on the concept of neutrality than Chairman Saarinen. Alenius pointed out that Finland has achieved the best possible foreign policy results on the basis of neutrality and the YYA Agreement.

The YYA Agreement has been the basis for the development of good relations between Finland and the Soviet Union, the development of good relations with other countries and opportunities to work on behalf of maintaining peace in the world are based on this neutrality, explained Alenius.

He pointed out that it is because of these very concepts that the CSCE was held in Helsinki. Alenius demanded that the CSCE policy be made the basis of Finland's foreign policy. In his opinion its basis is neutrality.

The differences were carried over from the large hall to the committee in which a decision on the SKDL's election platform was to be made. However, the SKDL's Socialists and Communists were not able to reach a unanimous decision on including a definition of neutrality in the platform. A discussion of this issue will be continued in various work groups.

Saarinen's 'Neutrality' Stand Attacked

Helsinki UUSI SUOMI in Finnish 10 Nov 81 p 3

[Editorial: "The Finnish Communist Party and Neutrality"]

[Text] Finland's policy of neutrality surprisingly became the central subject of discussion at a meeting of the SKDL's Federated Council, in which Chairman Kalevi Kivisto was elected presidential candidate. The emphasis on the theme of neutrality, which is of interest from a foreign policy point of view, can be explained in two ways.

On the one hand, this discussion is related to overall policy; Ahti Karjalainen, who is competing for the Center Party's presidential candidacy, indeed complained about the Communists a few days ago for the fact that they have criticized the Soviet Union. In criticizing Finland's policy of neutrality SKP Chairman Aarne Saarinen probably now reciprocally wants to confirm that the Communists, if anyone, are on the right track with respect to foreign policy.

The internal conflict among the Communists is another reason for bringing up the policy of neutrality. Saarinen wants to place the church in the center of the village or make the SKP majority as visible as possible in the interpretation of neutrality between the Taistoites and the Alenius-Kivistoites. With this action Saarinen makes a compromise of his own interpretation of neutrality, which makes it easier for the Communists to reach an agreement on this issue than on other pronounced differences.

Whether as a Communist or a tactician or both Saarinen is, however, incorrect in his interpretation of neutrality. He is wrong in stating that "neutrality is no value in itself".

For a country in Finland's position neutrality is a value in itself.

Neutrality is a basic premise for us. Its elimination from the list of goals in accordance with he demands of the SKP's Taistoites would place Finland on the path of conjuncture [situation] politics. Watering it down as is now proposed by the SKP majority, would result in an endless internal dispute over various interpretations and various manners of implementing a neutral policy.

Saarinen is also incorrect in accusing Finland's foreign policy and neutral policy of passiveness: looking inward as well as drawing away from questions of war and peace. Saarinen does not take into consideration -- as one unilaterally familiar with a policy of neutrality -- that the present international situation limits the opportunities of a small country to carry out a visible, outward directed foreign policy.

There can, of course, be many opinions on the degree of activism, and if the SKP Chairman means just that, then it is not a question of attempting to change our neutral policy line.

The YYA Agreement supports the policy of neutrality contained in Finland's foreign policy in an exceptional manner. The agreement contains certain obligations, certain conditions are mentioned in it, and our conduct in a crisis situation is realistically defined. The agreement does not in any way prevent Finland from carrying out an active policy of neutrality, to the contrary, the YYA Agreement obligates us to remain outside of the conflicts of the superpowers.

The present foreign minister was the last to publicly state the essence of Finland's policy of neutrality: we are consistently striving to remain outside of the conflicts of the superpowers.

This was the most important goal of President Urho Kekkonen's life's work. He worked on behalf of this in words as well as deeds. It is hoped that in these presidential elections this premise will be approved in all democratic quarters.

In the background of this discussion on neutrality within Communist circles there are thus many factors, and several of them can be characterized as one-time arguments, specifically designed for this particular situation. But one must also ask to what degree this discussion reflects pressures for actually changing Finland's policy of neutrality when the search for cooperation between the SDP and the Communists in the presidential question acquires further expression. How far are the Social Democrats prepared to go in bringing our neutral policy closer to the "questions of war and peace" cherished by the SKP?

Stalinists Fear 1982 Membership Purge

Helsinki UUSI SUOMI in Finnish 10 Nov 81 p 3

[Article: "Minority Fears New Conditions, SKP Will Renew Membership Books"]

[Text] The Finnish Communist Party will renew its membership books in the latter part of next year.

In the party's minority there is a fear that the membership book renewal, which is in the hands of the majority, will also contain methods by which the minority will either be forced to support the majority line in decisions or leave the party.

First Secretary Arvo Aalto stated on Monday that there has been no talk about changes in the text of the membership books that would have this intent in mind.

Aalto states that the membership book renewal is timely since the current membership books in the hands of older members are already filled with various entries and notations.

As is the case with other parties the Communist Party also has difficulties in collecting membership dues. It is apparent that the Communists now have an exceptionally large amount of unpaid membership dues since according to information coming from the party one-third of the membership has failed to pay recent membership dues.

In the SKP membership dues are tied to a member's income.

Income from membership dues is of considerable economic significance to the SKP. Therefore, it should be expected that a campaign to recruit new members will also be tied to the exchange of membership books.

Paper on Saarinen's Attack on Vayrynen

Helsinki HELSINGIN SANOMAT in Finnish 11 Nov 81 p 2

[Editorial: "Aarne Saarinen's Strange Outburst"]

[Text] At the Sunday meeting of the SKDL's Federated Council SKP Chairman Aarne Saarinen discussed Finland's foreign policy in a manner which even startled party comrades. Saarinen accused Foreign Minister Paavo Vayrynen of "obscuring the facts" and "harping on neutrality".

In his new book Vayrynen discusses foreign policy in every way except independently. After having emphasized the importance of the YYA Agreement, as is the custom, Foreign Minister Vayrynen had the following to say about neutrality, among other things:

"Finland has chosen a policy of neutrality as its basic foreign policy line. This is a natural selection for a country which is outside of any military alliances and which needs good cooperative relations in all directions because of its small size. The essence of Finland's neutral policy is that we consistently strive to remain outside the conflicts of the superpowers. This aspiration of Finland has also been confirmed in the introduction of the YYA Agreement. Our neutrality with respect to superpower conflicts provides us with good conditions for maintaining good relations with all countries. The success of our policy of neutrality is demonstrated by the fact that Finland has no enemies anywhere, but partners in cooperation everywhere."

What is being "obscured" and "harped on"?

Saarinen's outburst does not seem only unjustified. In addition, he contradicted himself.

Saarinen stated that the YYA Agreement establishes "certain precisely defined obligations" for Finland. In this matter the foreign minister, who writes the following, concurs: "The essence of the agreement lies in the fact that Finland agrees to prevent the use of its territory for an attack against the Soviet Union. This is in complete accord with what Finland as an independent country would otherwise do: we will defend our country's territorial integrity and we will do everything within our power to prevent an attack directed against our country."

Ssarinen, on the other hand, explained "certain precisely defined obligations" to mean a binding alignment. He asks: "Can a country which is not unbound be neutral in such issues to which it is bound?"

Naturally, Finland will not be neutral if it is attacked -- or if the Soviet Union is attacked through its territory. Nor will Finland be neutral in questions of war and peace, but, for its part, will strive to work on behalf of peace against

war -- as most certainly nearly all neutral and nonaligned countries do. This does not, however, mean that Finland is bound without any further consideration to carry out the policies of the Soviet Union or the Warsaw Pact in everything and everywhere.

If Saarinen indeed wants to change the established interpretation of the YYA Agreement in such a way that Finland should become a kind of nonvoting member of the Warsaw Pact, he should say so openly and clearly before the elections so that the voters will know what stand to take.

Parliamentary Group Suspends More Stalinists

Helsinki HELSINGIN SANOMAT in Finnish 11 Nov 81 p 3

[Article: "Remaining Taistoites Suspended from Faction"]

[Text] Dissension in the SKDL's Diet faction continues in spite of approaching presidential elections. On Tuesday Taistoite Communists voted contrary to the SKDL faction's decision in the Diet, which will result in new disciplinary action on Thursday.

Four of the 11 Taistoite MP's are presently suspended from the SKDL faction until the end of November. The majority in the SKDL Diet faction will present suspension notices to the remaining seven on Thursday.

Various opinions on the severity of the penalty were presented on Tuesday. One suggestion was a suspension lasting until the end of November when the whole faction would again be together in the beginning of December. According to another suggestion the present offenders would receive a suspension of the same duration as the four previous offenders. Thus the suspension would last until the end of December.

The SKDL faction became divided when a vote was taken by the Diet in the second deliberation of the child subsidy payment by employers. The government proposed that this payment not be collected at all next year. The SKDL majority was also of this opinion.

The Taistoites, for their part, considered that the payment should be restored. They lost by a vote of 153 to 11.

On Tuesday the Diet also conducted an animated discussion on new legislation concerning family names. The bill received extensive support. Its only opponents were the Christian League and the Rural Party. The Christian League especially was irritated with the government's proposal. Acccording to them it breaks down the foundation of marriage, family, and even ancestry.

Suspended Stalinists Counterattack

Helsinki HELSINGIN SANOMAT in Finnish 13 Nov 81 p 15

[Article: "SKDL Diet Faction Set Off a Time Bomb, Division Threatens to Deepen"]

[Text] The SKDL Diet faction is threatened by a long-term division in December. On Thursday the faction decided that the Taistoites will be expelled from the faction's membership until the elections are over inasmuch as they are still rebeling in the Diet.

On Thursday the SKDL Diet faction suspended the remaining seven Taistoites until the end of November. Thus all 11 minority Communist MP's are now outside of the faction.

The decision was made as a result of a vote of 19 to 6 taken by the majority. The reason for this suspension of the Taistoites was that on Tuesday they voted for the restoration of child subsidy payments by employers, which was contrary to the decision of the Diet faction.

The SKDL Diet faction will be faced with the moment of truth in December when a vote on the budget is taken. A common line behind which the divided faction could stand is now being urgently sought within the faction. The most difficult questions will be related to the budget's defense appropriations as well as funds for children's daycare and national health care.

Wahlstrom: Membership No Longer Approves

SKDL Diet Faction Chairman Jarmo Wahlstrom stated that the membership of the People's Democratic movement can no longer approve of the fact that representatives of the movement, for example, are divided into various camps in the Diet.

Wahlstrom also justified the controversy over the matter of child subsidy payments by employers, which divided the ranks of the Communists. In his opinion this was the central issue of the government's budget agreement. The faction had no chance of disengaging itself from it without at the same time endangering the whole budget agreement in the Diet.

The SKDL would not have been able to overturn the government's proposal, according to which child subsidy payments will not be collected from employers next year, by any other means, stated Wahlstrom. He hopes that this division is a temporary phase in the activities of the SKDL Diet faction. In his opinion the unity of the Diet faction is one of the most important conditions for restoring unity to the SKP and whole People's Democratic movement.

Taistoites: We Do Not Approve

The seven Taistoites suspended from the faction submitted a dissenting opinion on the decision, in which they announced that they do not approve of the penalty given them. In our opinion we are acting in accordance with Communist principles, the decisions of the 19th Congress of the SKP, and the interests of the working class, they stated.

In the opinion of the minority Communists it was a question of an important decision in principle, the transfer of child subsidy payments from capitalist circles to the wage earner. The decision means a 2.4-billion markka gift to employers, they stated.

A dissenting opinion was signed by the suspended members, Mikko Kuoppa, Aarne Koskinen, Ensio Laine, Pentti Liedes, Irma Rosnell, Sten Soderstrom, and Esko-Juhanni Tennila.

Rerpresentatives Seppo Toiviainen, Marja-Liisa Salminen, Pauli Puhakka, and Marjatta Stenius-Kaukonen were preveiously suspended from the membership of the SKDL faction until the end of November. They violated a decision of the faction in connection with the handling of the street payment bill.

Presidential Race Platform Agreed On

Helsinki HELSINGIN SANOMAT in Finnish 13 Nov 81 p 15

[Article: "SKDL Election Platform: YYA Agreement Disparaged"]

[Text] The Finnish Peoples Democratic League, which made its presidential campaign platform public on Thursday, has taken note of interpretations disparaging the YYA Agreement. The SKDL has also observed attempts to reduce Finland's activism in the promotion of peace and detente.

The platform states: "In SKDL circles it is being perceived that the broad support enjoyed by our foreign policy line does not, however, mean unanimity in all foreign policy questions. Attempts to reduce our country's activism in the promotion of peace and detente have become evident. It is as if 'enlightened selfishness' is being emphasized at the expense of universal responsibility. Attempts have been made to give disparaging interpretations of the YYA Agreement, which is central to our country's security policy. The SKDL rejects such aspirations."

The SKDL's slogan in the forthcoming presidential elections is "SKDL -- a decision for peace". In its campaign platform the SKDL emphasized the importance of continuing President Urho Kekkonen's life's work in the area of foreign policy. "Under President Kekkonen's leadership Finland has stabilized its international position and has acted with results on behalf of strengthening European security in accordance with its active and peaceful policy of neutrality based on the YYA Agreement."

According to the SKDL, historical experience has demonstrated that the People's Democrats were correct in resolving the 1956 presidential elections in favor of Kekkonen even though the SKDL and Kekkonen have held differing views on foreign trade and economic policy.

The SKDL considered the rivalry over narrow party tactics to be an erroneous start for the election campaign.

Communist Party Chairman and SKDL Vice Chairman Aarne Saarinen defined statements made in his neutrality speech on Thursday.

He is of the opinion that he was incorrectly understood. "Of course, in a certain way Finland is neutral, but this neutrality is limited and conditional. I have criticized the overemphasis placed on neutrality."

Saarinen emphasized points contained in the YYA Agreement subject to contradictory interpretations -- especially the introduction of the agreement. In it it states that the parties concerned will take into consideration Finland's aspiration to remain outside of superpower conflicts.

In Saarinen's estimation the introductory portion of the agreement seems to provide a premise for overemphasizing neutrality and underestimating the other obligatory articles of the agreement.

Paper Comments on Widening CP Split

Helsinki UUSI SUOMI in Finnish 13 Nov 81 p 2

[Editorial: "A Divided SKP?"]

[Text] The SKP, which has been waging an internal struggle for more than a decade, is now more divided than ever before in any previous phases of its internal conflict. In spite of the decisions adopted at last spring's congress, the party has waged a bloody internal struggle over presidential candidates. As a consequence of all this the Diet faction finds itself in a situation which can be compared to an open split.

This event can be compared only to the siutation resulting in the split of the SMP [Finnish Rural Party] a full 10 years ago. However, it must be admitted that the SMP and the SKDL are completely different parties. Nevertheless, it is difficult to believe that unity can still be restored to the Communist Diet faction.

However, it is just as impossible to believe that the Finnish Communist Party and its accessory, the Finnish Peoples Democratic League, would make such a final split that the Taistoites would form their own faction or outright party. Moreover, they came into the Diet through the SKDL.

When the presidential elections are over, compromises will certainly once again be sought.

Kivisto Tells Campaign Goals, Stand

Helsinki UUSI SUOMI in Finnish 14 Nov 81 pp 10-11

[Article by Tuomas Keskinen: "Socialists' Saint Becomes Involved"]

[Text] Kalevi Kivisto, SKDL chairman and education minister, is currently carrying out his socialist obligation by being a presidential candidate. A poor showing awaits him in January, but this will hardly stop him from campaigning. In a situation in which there is no way out Kivisto may elect a bourgeois president for the country. The real goal is: to get the SKDL into the government.

In essence Kalevi Kivisto, 40, the Finnish Peoples Democratic League's presidential candidate, is a socialist saint. There is something priestly about him, and it is not just from the fact that he dresses in black.

Kalevi Kivisto's quiet manner of speaking -- extremely quiet -- contains at every moment a strong moral tone and this is accentuated by a perpetual honesty. No doubt Kivisto is honest.

Honesty in politics is a rather relative word since in politics there is neither honesty or falsehood nor is there a mathematically correct solution. It is a question of human affairs. But without honesty -- which does not exist in politics -- politics would not amount to anything. The word honesty will not make politics honest, the word falsehood would be more apropos, but this does not exist either.

As a type Kalevi Kivisto is a paragon of honesty, open, and gives straight answers to all questions. He thinks over his answer to each question separately. It would seem that he does not consider how he should answer, but he answers the question.

On television Kalevi Kivisto analyzes issues with all the seriousness of a man of the cloth. In a slightly more informal interview he is freer, an outright vivacious individual.

The presidential candidacy firmly established Kivisto's position among Socialists and in the leftwing. It is doubtful that his defeat in the elections, which is expected, will hurt him. The situation is different from Rafael Paasio's case in 1962.

Spiritual Struggle

Kalevi Kivisto explains how he became a presidential candidate: spontaneously in an organizational deliberation. But there was much more to this. The SKP's Taistoites rebelled against him and this was "a difficult experience".

At the same time he had to wage a spiritual renunciation struggle with SKP Chairman Aarne Saarinen, whom in addition to Taistoites many members of the majority and the Soviet Union wanted. "It is difficult to say," states Kivisto in answering the question as to whether Saarinen had the majority behind him in the SKP Central Committee. This was not considered since Saarinen declined to accept the nomination.

This, on the other hand, in Finland was interpreted as "a patriotic act". Kivisto does not exactly agree with this: "Saarinen made an independent decision on the basis of what he considered to be the will of the organization."

During its entire existence the SKDL has been considered as a cover organization for the SKP. Does this change the picture?

"In the 1950's the SKDL was seen as an organization aiding the SKP. The situation changed during the chairmanship of Ele Alenius. The picture of the People's Democrats became many-sided. I hope that this selection will change the picture even further," states Kivisto.

In their arguments with the Communists the SKDL's Socialists have indeed strengthened their position. Kivisto states that ideologically the memberships overlaps with the Social Democratic Party and that the Social Democratic Party's leftwing

is "very close to us". More important than competition, however, is fruitful cooperation.

For years already the trend has been toward the Social Democrats. When will this change?

"Hopefully, soon. Perhaps when the SKP resolves its internal differences," assumes Kivisto. He sees the conflicts in the party, which are wearing out the rank and file, as the reason for the decline in support.

Presidential candidate Kalevi Kivisto's problem continues to be the SKP minority, which does not seem to be behind him. However, he himself has not yet given up hope: "I am still not throwing in the towel. Even on their part this was not considered to be a personality question, but an organizational policy question."

Criticize Others

First and foremost the SKDL will now promote its own man, Kivisto. Then a leftwing Koivisto will be supported. This is how the policy of the movement has been seen and how it is being explained. The candidate himself answers slightly more enigmatically and goes a little further in the selection of alternatives:

"When the movement nominated its own candidate, it also demonstrated that it does not approve of the other available candidates. Now it can also criticize the other candidates.

"What happens in the next round can be discussed only after the results of the electoral college are known. We are ready to present our goals as openly as possible. Our conduct and actions will determine their accomplishment. In this we will resolve with whom we can reach a joint agreement on goals and also secure our role in the next presidential term."

Kivisto will not be satisfied with "deals made behind closed doors" or "transactions" since in politics they "cannot be trusted at all". "The sale of indulgences cannot be conducted by votes, it would lower the value of politics and the voters," condemns Kivisto.

But, but, his presidential solution is closely intertwined with the forthcoming government solution. The movement must get into the government:

"When we evaluate what chances we have for accomplishing our goals, we must consider the condition that we are able to participate in the building of society at the government level. Taking present conditions into consideration this will be possible only by securing a cooperation of the left and the center. In this cooperation the goals of the leftwing are naturally closer to each other."

The Government Game

According to Kivisto this cooperation has strengthened the development of relations between Finland and the Soviet Union. Domestic policy also has an effect in this direction, emphasizes Kivisto and refers to history: "This was tangibly experienced in 1958."

The leftwing is closer within itself than the SKDL and the Center Party in new foreign policy challenges, disarmament, the peace movement, development aid work, and in questions concerning the violation of human rights.

"The Center Party is quite hesitent in these questions, passive, " estimated Kivisto.

In a No Win Situation Kivisto Seeks a Suitable Bourgeois Candidate for President

He is not all concerned about the leftwing's role in Finland's future: "The leftwing parties and the trade union movement represent such a large force that no one can govern this country by disregarding them.

"Also it is strategically important that the SKDL participate in the government," emphasizes Kivisto once again, and after that there is no doubt that the presidential elections will play an essential role in future government solutions.

Even a Bourgeois Candidate Is Acceptable

Now candidate Kalevi Kivisto will be faced with a contradictory situation. He supports leftwing cooperation and turns his back on the Center Party, which he, however, will need in a future Finland. Now we get to the core of the matter:

"This does not at all mean that we will automatically support the Social Democrats in the presidential elections. If, for example, the leftwing becomes a minority in the electoral college and it becomes a reality that we will have to vote for a member of the bourgeoisie, even in that situation it would be important that the leftwing could be able to see together with someone else whom it will be supporting.

"This matter should not be seen primarily as a question of personalities, but as a question of principle and a strategic issue," evaluated Kivisto.

Even in that situation the Social Democrats would apparently be behind their own, you would be electing a member of bourgeoisie?

"Everything depends on the actual situation. The leftwing's strategy in elections in the 1930's, for example, was quite flexible. Now we need the same kind of flexibility and imagination."

At that time the leftwing -- Social Democrats -- first attempted to elect K. J. Stahlberg in 1931, but P. E. Svinhufvud was elected. After 6 years the goal was to get rid of Ukko-Pekka and thus Kyosti Kallio was elected. This resulted in the birth of cooperation between the center and left, the continuation of which Kivisto is even now promoting.

Out of the Dilemma a Dark Horse

There is a Dark Horse in the picture, or at least its shadow, and this is not particularly pleasing to the politicians.

"On the other hand, I would consider it important that since we are now faced with elections whose final result is not clear, no Dark Horses should be introduced. It would seem a little like a deception of the people if the electoral college comes up with a candidate who has not previously been shown.

"This possibility, however, is not excluded if we end up in a situation from which there is no way out," estimated Kivisto.

It now seems that the rightwing Constitutionalist Party and the SMP [Finnish Rural Party] are supporting the Socialists. What does this mean?

"The Constitutionalists will most likely not receive one single electoral representative, or one at the very most. The SMP, on the other hand, can be considered the property of the leftwing in this matter," laughs Kivisto.

A few weeks ago Kivisto became known from his Koivisto--Karjalainen stand and otherwise by his personal rejection of Karjalainen. For that he was even criticized by Aarne Saarinen. Kivisto now says:

"It was more of a Karjalainen and TIEDONANTAJA position. The only conclusions one should draw from this is that Karjalainen and Koivisto are opposing candidates."

Will Koivisto be exchanged for Sorsa in the final count?

"It has been argued that we would then demand this. That idea is, however, strange to me. That, if anything, would be a deception of the people.

"Even from the point of view of leftwing cooperation this kind of an exchange would not be justified. Even as prime minister Sorsa was more of a practical politician than Koivisto and protected the interests of his party even in questions of leftwing cooperation. Koivisto remains distant and looks at questions of cooperation over a longer perpective, also from a higher level of principles," stated Kivisto in evaluating his colleagues.

And if Johannes Virolainen were Koivisto's opposing candidate?

"For us this would be perhaps a slightly simpler matter. I have the impression that the minority's attitude toward Virolainen is cooler than toward Karjalainen. This would perhaps help our electoral college faction as far as unanimity is concerned," decided Kalevi Kivisto.

In a bourgeois majority situation everything depends on Kivisto's opinion on "how the alternatives stack up".

A President's Revolution

If a member of the leftwing is elected, would he also be a socialist while he is president, much has been said about this. Now we ask Kivisto whether he should be a socialist?

"He must remain above the parties, but he cannot become a nonperson overnight.

"I hope that a leftwing president would promote those values which are important to the leftwing and that he would attempt to keep the leftwing in a central position in political life," contunues Kivisto, a Socialist and a presidential candidate.

He emphasizes that legislative work belongs to the Diet and the Diet will determine changes in the social system.

"The president will not foment a revolution in Finland," he conjectured.

But he could help in promoting a revolution?

"In forming a government he could influence affairs in such a way that the leftwing would be included."

Thus a leftwing president would first of all be a leftist from an ideological point of view?

"Naturally, the president's actions would be directed by his own set of values, otherwise he would be a nihilist. But one must consider the president's position and be a realist."

It would perhaps be a game of chance to elect a president with such arguments. Urho Kekkonen was at times frightfully leftwing?

"At times he was quite radical in domestic policy."

Koivisto could go quite far to the right?

"(laughs). Hopefully not."

He can be quite stubborn?

"Yes, but realistic in questions of cooperation.

"The Center Party attempted to smoke us out of the government in the spring and the fall in connection with the budget negotiations. It attempted to cut off the branch of leftwing cooperation," continued Kivisto on cooperation.

A Socialist Would Have To Resign

If Kalevi Kivisto were elected, would he be a socialist president?

"Yes. How could I give up my own philosophy?"

Would you appoint a purely bourgeois government, could you appoint such a government?

"Naturally, I would try to form a government of the left and the center. But in a situation in which only a bourgeois government is possible, the president would have no other choice but to appoint such a government.

"The year 1958 and Fagerholm's third government are good examples of this. Kekkonen did not want to appoint such a government, but considered that there was no room for movement." compares Kivisto.

"But if the country had a People's Democratic president and he were compelled to appoint a bourgeois government, then in such a situation the president would indeed have to deliberate his position thoroughly. If it would seem that the situation would remain the same for a long time, the president should consider whether he could continue in office," estimated Kivisto.

He should resign?

"In such a situation the president's position would become quite untenable."

A Neutral Finland

Is Finland a nonaligned state? This is a timely question for Kivisto after Aarne Saarinen drew his own lines on this subject at a meeting of the SKDL.

"Yes, in the sence that the YYA Agreement defines this issue. Finland has the right to remain outside of the conflicts of interest of the superpowers and this is the way it will conduct itself. Finland is thus nonaligned.

"But if the agreement is put into effect, then Finland will be bound or aligned.

"Let us remember that the third article binds the parties to the agreement to promote actions aimed at peace within the framework of the UN. Thus Finland is bound to support peace against war.

"The agreement determines Finland's foreign policy more extensively than just relations with the Soviet Union. Saarinen wanted to criticize such positions as the position, for example, that required us to consider the Vietnam war as a conflict of interest of the superpowers and to place Finland under the protection of neutrality even though there was a moral obligation to take a stand on that issue," states Kalevi Kivisto in explaining Comrade Saarinen's speech.

"A neutrality that requires us to crawl into a shell must be criticized."

Should we make our neutrality the subject of doubt, or limit it, as Saarinen did?

"This is not what he meant. The words he used were perhaps not completely thought out as one should do when discussing issues concerning international politics," criticized Kivisto.

Will a neutral policy statement be included in your election campaign platform?

"We did not intend to use this term as a sword, but the issue will be discussed. I defined Finland's foreign policy above. With the conditions mentioned it is a policy of neutrality," assures the respondent.

Will your party tighten its hold on Finland's neutral policy? Finland has appeared in many places together with other neutral countries in Europe. Will we voluntarily drop out of such groups?

"Not necessarily. But we have criticized the fact that Finland carries out the stands of this bloc a little too slavishly."

Kivisto states that he has attended general meetings of UNESCO. There were no problems at these meetings, but he points out that Finland should also be independent within the bloc of neutral countries.

Can we afford to be morally neutral in all issues?

"Indeed we can and we should have the ability."

A Criticism of Communism

Let us talk about the criticism directed at socialist countries by the SKDL's Socialists. Kivisto is amazed at how Ahti Karjalainen as a member of the bourgeoisie wants to prevent idealogical self-criticism and criticism of individual aspects of the socialist system by those who have a positive attitude toward socialism.

"How can Karjalainen allow members of the bourgeoisie to present bourgeois ideas at all, ideas in which socialism is subjected to total criticism," asks Kivisto.

He considers it "natural and self-evident" that, for example, Soviet newspapers have responded to this criticism in the cases of Ele Alenius and Ilkka-Christian Bjorklund, for example.

"They are not Marxist-Leninists, and, therefore, it is natural that they are criticized as representatives of an ideologically different kind of Marxism," estimated Kivisto.

At the same time he complains: "When our discussion partner (the Soviet Union) operates on a scale so different from ours, we tend to see issues differently, that the question is something other than an ideological question."

In Finland we are frightened, is that what you mean?

"We see in this a political maneuvering and not an ideological discussion.

"It is important for us that we can hold a concrete discussion on those goals with which socialism is developed. We must deliberate these issues so that we can be trusted when we say that socialism means an expansion of democracy in Finland in all respects," argues Kalevi Kivisto.

His problem is the credibility of Finland's and his comrades' socialism in an actual situation. This is what he is now struggling to achieve with his presidential candidacy.

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ALTHING DEBATES EFFECT OF DANISH SPY CASE, USSR SUB IN SWEDEN

Foreign Minister: 'Serious Matter'

Reykjavik MORGUNBLADID in Icelandic 11 Nov 81 p 17

[Text] Hot debates in the united Althing yesterday resulted from a question Ragnhildur Helgadottir (Independence Party) posed to Foreign Minister Olafur Johannesson on whether he considered recent news of a spy case in Denmark, connected with the so-called peace movement regarding Soviet financing, and the running aground of a Soviet nuclear sub in a restricted area of a neutral nation, Sweden, was a reason to "now undertake a study of how the attempts of the Soviets to undermine the NATO alliance from within affects Iceland, or whether it has already been investigated satisfactorily." Perhaps there was also reason to ask, said Helgadottir, whether members of the current administration see any reason to revise their views about the trust the People's Alliance has enjoyed within the administration.

Alarming News From Sweden and Denmark

Ragnhildur Helgadottir (IP) said that the alarming news from Sweden and Denmark arrived so to speak simultaneously, that a Soviet submarine, equipped with nuclear weapons, was found within the territorial limits of the neutral Sweden, and that the Soviets were financing Danish parties, operating under the cover of peace of disarmament.

Icelanders are peace-loving people who want to ensure their freedom and security. Most of us favor the policy pursued by the Icelandic Government of membership in the NATO alliance. Others feel the best way would be undefended neutrality. The Congress of the Independence Party emphasized the aim "that Icelanders be allowed to live in Iceland without interference and aggression by others. With this as a guiding light, Iceland has taken a position in the struggle between the East and the West and joined the group of free nations. A certain responsibility goes along with this position... It must be supported by uniting Icelanders even more than they have been until now to face the danger that results from increased military activities in the Atlantic Ocean... Icelandic defense policy involves that Icelanders make their own proposals regarding defenses and evaluate the need of defense and the arrangement of the defense.

"Internal security must also be paid attention, and the necessary measures must be taken so that the foreign states or their puppets, foreign or Icelandic, do not undermine the state's security and the nations independence from the inside."

The spy case involving the Danish peace movement undeniably arouses questions about whether something similar could happen in this country--and thereby a number of unsuspecting people would have been caught in serving different interests than they planned. Unfortunately, almost nothing is better suited to undermine peace and security in Europe than the demand of unilateral disarmament. One can only guess how much a defenseless and unarmed area would be respected by a state that sails a nuclear submarine aground in a neutral state, a country that has, however, a strong defense.

As soon as this submarine is back home, the news from Moscow that is religiously reported by the state broadcast here in the country, is hammering on the demand of nuclear free Nordic countries. The peaceful people living in the Nordic countries have thereby been grossly insulted.

It is obvious that the choice position of the Soviet imperialism is that as many of the European countries as possible remain outside NATO and be unprepared with regard to defense, and the friends of the Soviet Union here in the country, carry on a constant scare propaganda aiming at defenseless West Europe.

The Swede Lars Verner, the one and the same THJODVILJINN quotes today, said in an article that was published in NEWS FROM THE SOVIET UNION (the Soviet organ in this country, published in opposition to the prevailing laws that are designed to prevent foreign newspaper publishing) about nuclear free Nordic Countries shortly before the submarine incident: "Such an area would promote greater stability in the Nordic Countries; detente and it would facilitate disarmament. It would lead to a positive effect in Europe in general--and would open the way for Denmark, Iceland and Norway to leave NATO"!

In news connected with the Danish spy case, some parties of the so-called Danish Peace Movement are discussed: the Democratic Coalition of Danish Women; the Danish Youth Communist Organization; the Printers Organization; the World Peace Council; the Friendship Alliance of Denmark and the USSR; the Friendship Alliance of Denmark and East Germany. The mother organization is the World Peace Council which has its home base in Moscow. The Icelandic WPC committee has about 100 members and on the board are two staffers of the NEWS FROM THE SOVIET UNION, who also are active within the People's Alliance. Some influential people within the People's Alliance have been closely connected with these movements: the Icelandic Women's Culture and Peace Organization and the Icelandic Peace Committee.

Ivar Jonsson, president of MIR [the Icelandic-Soviet Cultural Society] says in NEWS FROM THE SOVIET UNION this summer:

"We in the MIR cultural society have had extensive and good connections with the Soviet Union along with the Icelandic peace committee MFIK. We will continue to work toward strengthening Icelandic-Soviet relations, and I am of the opinion that our work will promote the preservation of peace in North Europe."

On 7 November this year, THJODVILJINN deplores the Soviet "submarine visit" to Sweden, but the next day, Svavar Gestsson's predecessor as chairman of the People's Alliance is the main speaker at the MIR celebration to commemorate the revolution!!

Helgadottir then referred again to the events in Sweden and Denmark; and pointed at our membership in the NATO alliance as a way to secure the defense security and independence of the nation. Helgadottir further posed the questions to the foreign minister that were mentioned in the beginning of this article.

Serious Matters Obviously To Be Discussed

Foreign Minister Olafur Johannesson said that both these events being discussed here were obviously serious news that obviously should be discussed in the Icelandic Althing. Johannesson said that he would discuss the events in Denmark based on news received, but the submarine affair in Sweden was an open case that the Swedish Government had made a statement about.

According to news, an extremely questionable spy case of the nature that could happen anywhere, Iceland included, had surfaced in Denmark and it was necessary to be on the alert. We have neither a secret police nor security police, said Johannesson, and it is uncertain that there is interest in establishing such institutions, and I expect that we are not well equipped to handle an event such as the one that has occurred in Denmark. We have the Immigration Office and general law enforcement that enforce the laws of the country, and among other things, check on foreigners; and perhaps the small population makes it easier to enforce the law. The alertness of the citizens must be depended upon besides, and that their law-abiding sense will make them notify the police if they suspect any such activity being carried on by foreigners or Icelanders working for them.

I will, of course, obtain exhaustive information about these matters in Denmark. They may be of the nature that requires special arrangements to be made, but that would then be a case for the Ministry of Justice and the minister of justice. We will also follow up on what regulations will be made or what measures will be taken in the neighboring countries as a result of this.

With regard to the running aground of the Soviet submarine in the Swedish archipelago, the Swedish Government considers that to be an extremely serious and gross offense, that can neither be excused with faults in the navigation instruments nor the captain's error. The offense becomes more serious because this was a restricted area. What is most serious, however, and seems to be proven and not protested by the Soviets, is, that the sub was equipped with nuclear weapons. How this submarine got through the archipelago and into the restricted area is an unsolved puzzle, but the stranded sub was discovered by fishermen!!

The defense station at Keflavik Airport is primarily a surveillance station whose role it is to monitor the submarine and airplane traffic around the country. The likelihood of the Swedish incident happening here is therefore not very great, although I cannot say definitely that a submarine could not get to the coast somewhere around the country.

The foreign minister said that it would be necessary to review an ordinance from 1939 concerning warship and military air traffic of foreign countries over Icelandic territory, but that was now being reviewed by the Ministry of Justice and the Ministry of Foreign Affairs jointly. Laws must be made about foreign military transportation within Icelandic territory; their trips and stops in Icelandic harbors; make the regulations less ambiguous. "I do not see any reason to," said the foreign minister, "elaborate especially on a nuclear-free zone nor the activities of peace movements unless a special reason requires it during the discussion."

Postponed Meeting

At this stage, the president announced that the parliamentary meeting had to be postponed because of a meeting at the board of the Economic Development Institute. Ragnhildur Helgadottir protested this postponement as the work of the parliament was more important than the work of that institution, although important. The foreign minister agreed with Helgadottir and called the postponement a disgrace, as well as the minister of commerce and others, but this arrangement was said to have been agreed upon a few days earlier, among other things, because of delays in executing important matters at the Economic Development Institute (as some of the board members had been busy because of their work in the Appropriation Committee during recent weeks). Svavar Gestsson, minister of social affairs, felt that Helgadottir had dealt his party a heavy hand and defense was necessary and he expected a continuation of the debate the following Thursday.

Improper To Attack Peace Movements

Gudrun Helgadottir (People's Alliance) said it was only good that the Althing discussed foreign affairs. What was bad, however, was to attack the peace movements at the same time. The disarmament issue is the most important in our foreign policy, said Helgadottir, and said that our membership in the NATO alliance and thereby in the defense chain of the United States, was a tragedy. It had been difficult to make the Icelandic public understand the great difficulties of being in this military alliance, primarily because of falsified news in MORGUNBLADID, but now more and more people are seeing through this web: the desire of the United States to attack, which had been best proven in Vietnam.

Helgadottir then criticized statements made by the foreign minister about the activities of the Keflavik Defense Station and asked why the other Nordic countries did not establish a comparable surveillance station. She quoted Jens Evansen, the well-known Norwegian marine biologist, who had elevated debates about nuclear-free Nordic countries above party politics, and she mentioned a long list of Norwegian Social Democrats and others, who were in favor of this idea. It had been Kekkonen himself, the president of Finland, who was the first to broach this idea.

Then Helgadottir quoted special articles in an agreement of a special session of the United Nations concerning disarmament, which dealt with nuclear-free zones. Icelanders ought to support the demand for nuclear-free Nordic countries, said Helgadottir and the incident in Sweden should intensify that among the Nordic people.

"I have been a member of the Icelandic Women's Culture and Peace Organization for a long time," said Helgadottir, "and I have not been aware of remote control nor that it has received money from abroad. But on the other hand, I remember that Icelandic Social Democrats have received funds from Sweden without being brought to court."

She also mentioned frequent visits made by city council members and members of parliament to the Soviet Union, in the name of this and that, and that they were not all members of the People's Alliance.

"We must declare neutrality," said Helgadottir, "and that Iceland will never be used for military purposes; rid ourselves of military installations in Keflavik and Stokksnes and leave NATO. This ignorant talk that has been heard from various people here in the Althing concerning foreign affairs, is a disgrace to the Icelandic nation."

The debate was postponed and will probably be resumed this coming Thursday.

Soviet's Icelandic Periodical Discussed

Reykjavik MORGUNBLADID in Icelandic 13 Nov 81 p 7

[Commentary by Staksteinar]

[Text] What Are the Reactions in Iceland?

A Soviet nuclear submarine running aground on the coast of the neutral Sweden; Danish spy case and Russian financing to a Danish "peace movement" that is fighting for unilateral disarmament in Western Europe and the dispersion of the NATO countries, has aroused attention all over the world. Ragnhildur Helgadottir (IP) posed the timely question to Foreign Minister Olafur Johannesson, off the record at the Althing, whether it had been studied exhaustively how the attempts of the Soviet Union to undermine the NATO alliance from inside are undertaken in this country? Is there reason, she asked, to revise the trust that the fellow members of the People's Alliance in the administration have shown the party recently.

Reliable Information Obtained

Foreign Minister Olafur Johannesson said that he would obtain reliable information regarding the Danish spy case, which, according to news, was quite alarming. These matters may be of a nature that special steps must be taken, but that would then be a matter for the Ministry of Justice, said the foreign minister. The running aground of a Soviet submarine in the archipelago of a neutral state, is a very serious matter, which cannot be excused either with faulty navigation equipment nor the captain's error. What makes it even more serious is that it was a restricted area. The most serious aspect of this incident is, however, that the submarine was equipped with nuclear weapons.

The foreign minister said that the events that are now being reported from Denmark, could happen anywhere, even in Iceland, and it was necessary to be on the alert. Perhaps we are not well equipped to handle such incidents, as we have neither a secret police nor a security police. We must depend on the vigilance of the police, the Immigration Office and last but not least that of the public, if there is any suspicion of such activities here in the country.

The defense station in Keflavik is primarily a surveillance station for submarines and airplanes, said the minister. Of course, it is impossible to say with certainty that a submarine cannot get to the coast somewhere on our long coastline, but I do not think that the likelihood is great because of the available surveillance. The foreign minister emphasized the necessity of revising the ordinance from 1939, which is obsolete, concerning traffic of warships and military aircraft over Icelandic territory, as well as stops in harbors, and in reality it is necessary to pass new laws concerning foreign military transport within our territory.

Attempts To Weaken the Defense Cooperation of the Western States

The chairman of the Icelandic Women's Culture and Peace Organization, of which Gudrun Helgadottir said she had been a member for a number of years, is also the editor of NEWS FROM THE SOVIET UNION, which is published by the Russian Embassy on dubious legal premises. The chairman of the Icelandic peace committee is also a staff member of the above-mentioned Russian propaganda periodical in Icelandic. The connection of these people with the People's Alliance has never been doubted either. The same can be said about the connection of most of the leaders of the "opponents to the military base" with the People's Alliance, which obviously is their home base.

The chairman of the Icelandic-Soviet Cultural Society, MIR, said in the NEWS FROM THE SOVIET UNION: "We in the cultural society MIR have had very good and extensive connections with the Soviet Union along with the Icelandic peace committee and the Icelandic Women's Cultural and Peace Organization. We will continue to strengthen the Icelandic-Soviet relations and I am of the opinion that our work will promote the preservation of peace in Northern Europe." Here again we have the "Russian peace," and it has flourished widely, in Hungary; in Czechoslovakia and Afghanistan, not to mention the taste (in other words the nuclear taste) that the Swedes got of the peace within the restricted military area of the Swedish Army.

Sometimes THJODVILJINN puts on a face of protest toward the Soviet Union, as, for example, when the Danish/Swedish scandals occurred the other day. Nonetheless, the former chairman of the People's Alliance takes on the role of the main speaker, along with the Soviet ambassador, at a revolution party held by MIR, the day after THJODVILJINN was "shocked" by these incidents!

It is therefore quite natural to ask whether there is a reason to revise the trust that the fellow members of the People's Alliance in the administration have shown to the party. Everyone who has supported the People's Alliance in good faith, should ask himself or herself that question and answer honestly.

Independence Youth on Peace Movement

Reykjavik MORGUNBLADID in Icelandic 13 Nov 81 p 13

[Article: "'People Should Beware of Soviet Union Peace Prattle'--Says Heimdallur Board Resolution"]

> [Text] MORGUNBLADID has received the following resolution from the Board of Heimdallur, the Independence Party's Youth Organization in Reykjavik, which was passed at a board meeting 7 November of this year:

In light of the events that have taken place recently, whereby the propaganda methods practiced by the Soviets have been disclosed, the Board of Heimdallur, the Independence Party's Youth Organization in Reykjavik, emphasizes the importance that every individual should beware of the peace prattle coming from the Soviets, which has been accepted and presented by their representatives in this country.

The Board of Heimdallur further points out the likelihood of the possibilities that it may still be far off that all the subversive activities that the Soviets practice are revealed, but the number of Soviet Embassy personnel in the countries of Western Europe indicates extensive activities.

The number of individuals who earlier favored unilateral disarmament for the Nordic Countries, now realize to what such steps would lead, as well as realizing who the people are in control of these measures.

A Soviet submarine, equipped with nuclear weapons, runs aground in Swedish territory, which is declared nuclear-free; Soviet diplomats are expelled from West Europe because of subversive activities; and well-known men in the "European peace movement" are found guilty of spying and planning agitation activities on behalf of the Soviets.

In light of these facts, the Board of Heimdallur emphasizes the necessity that Icelanders stay in defense cooperation with our friendly nations, so that the peace in Western Europe may continue to be secured, as has been done with the buildup of the NATO alliance since its founding in 1949.

Financing of Soviet Periodical Questioned

Reykjavik MORGUNBLADID in Icelandic 13 Nov 81 p 2

[Article: "Icelandic Merchant Vessels: Expense in Soviet Union Paid in Icelandic Kroner in Icelandic Banks"]

> [Text] In debates on foreign affairs in the Althing yesterday, Eidur Gudnason (PP) said that Icelandic merchant vessels that are involved in transporting goods to and from the Soviet Union, must pay harbor dues, tonnage dues and unloading dues in Icelandic kroner in Icelandic banks. Gudnason asked what happened to this money.

Gudnason asked further who would receive payments, how much and for what because of the periodical NEWS FROM THE SOVIET UNION, which is published here in the country. He also mentioned the Icelandic Women's Culture and Peace Organization and said he was wondering if that organization received financing from the Soviet Union.

Gudnason said that the People's Alliance MP's were fighting each other in white-washing themselves of any relations with the Soviets and the Soviet stamp as Gudnason phrased it. Thereby he was referring to, among others, Svavar Gestsson, chairman of the People's Alliance, who also spoke off the record during the debate on foreign affairs yesterday. Gudnason said furthermore that current and former chairmen of the People's Alliance were undertaking different tasks, as Ludvik Josepsson had been the main speaker at a meeting of the Soviet-Icelandic Society on the 8th of this month.

Gudnason said that the same vacillation and hypocrisy was presented by the People's Alliance in the chambers of Althing as had characterized the Soviets' argumentation; ever since 1930, the argumentation of Icelandic Communists had been but an echo of the Soviets' policy and all that time they had been loyal to the Soviet Union.

MP on Size of USSR Embassy

Reykjavik MORGUNBLADID in Icelandic 13 Nov 81 p 17

[Article: "Eighty-Eight Soviet Citizens in the Embassy. Why So Many More Personnel in the Soviet Embassy Than in Other Embassies? Asked Eidur Gudnason in the Althing"]

> [Text] There are 88 people working in the Soviet Embassy here, which is a considerably higher number than in the embassies of other countries. As an example, there is a total of 25 people here on behalf of the American Embassy.

This information was supplied by Eidur Gudnason during debates on foreign affairs at the Althing yesterday.

He said that there are 88 Soviet citizens here on behalf of the embassy; 15 diplomats are registered on behalf of the Soviet Union; 24 do other jobs; 35 are wives and many of them work part time at the embassy, according to Gudnason and a total of 14 children and teenagers are registered.

There are seven diplomats registered on behalf of the American Embassy; 12 other personnel and four wives, a total of 25. France has six diplomats at their embassy and one other staffer. There are three British diplomats and two other personnel here. Seven Chinese diplomats and 13 other personnel are registered.

Gudnason said he found it impossible to understand why the Soviets needed all these people compared with the manpower in the other embassies. He made a request to the foreign minister that it be required that the Soviet Embassy would not have any more personnel than other embassies.

Danger of SS-20 Cited

Reykjavik MORGUNBLADID in Icelandic 13 Nov 81 p 17

[Article: "Birgir Isleifur Gunnarsson: Two Hundred SS-20 Aimed at West Europe"]

[Text] What Would be the Reaction to a Soviet Sub in the Faxa Bay With Neutrality as the Sole Weapon?

The Soviet Union already has about 250 SS-20's, each of them carrying three 500-kiloton warheads. It is estimated that soon the Soviet Union will have at its disposal over 300 such SS-20's with 900 warheads, each of which will be more powerful than the Hiroshima bomb in Japan at the end of World War II. Two-thirds of these short-range missiles are aimed toward West Europe; the others toward targets in China, Japan and Korea. This information came from Birgir Isleifur Gunnarsson (IP) during a debate on foreign affairs in the United Althing yesterday.

The reaction of leaders in West Europe to balance this is a plan of Pershing-II missiles and 464-cruise missiles to secure defense readiness against this established armament of the Soviet Union which is mainly aimed toward West European states. It is noteworthy, says Gunnarsson, that the so-called peace movement in West Europe, which accepted Soviet financing of its activities in Denmark, does not make itself heard to any extent until after countermeasures in Denmark had been planned. While the Soviets were establishing their armaments, which called for countermeasures, this movement was mainly occupying the seat of peace.

Gunnarsson referred to the demand of the People's Alliance that Iceland leave NATO. How would we react, without any defense cooperation, if our potential neutrality would be violated in the same manner that Sweden's neutrality was violated recently with the visit of the Soviet submarine. Not to mention if the crew of such a submarine would contemplate coming ashore. "We could, of course, call Sigurjon, the police chief," said Gunnarsson, "or the coast guard. What result that would yield is anybody's guess."

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RESULTS OF CISL CONGRESS REPORTED

Rome CONQUISTE DEL LAVORO in Italian 2 Nov 81 pp 1-2

[Text] In a conference room in a Rome hotel, on 27 October, the CISL (Italian Confederation of Labor Unions) General Council completed, one might say, the work of the 9th Congress, which is still very much alive due to its important, positive achievements. This General Council--composed of 238 trade union officials, including many new names and faces (about 45 percent of the members were replaced)--had to elect the organization's top leadership. Let us take their results in order.

First they adopted a proposal of the president to co-opt (with only 3 opposing votes) Carmelo La Malfa, the last one to be elected by a similar vote among the candidates of the Congress.

Then they elected the Secretary General: Pierre Carniti received 215 out of 222 votes (there were 4 blank ballots and 3 voided or dispersed votes) and was thus reelected as the leader of the CISL for the next 4 years.

In accordance with the Secretary General's proposal, the Deputy Secretary General was elected next: Franco Marini was confirmed, he too by a large majority in the office he already holds. He received 176 votes out of 225 (39 blank ballots and 10 voided or dispersed votes).

At this point Carniti proposed that the General Council reelect the outgoing secretariat, because it is able to fully meet the requirements of political leadership and unity of the organization and because of the authority and legitimacy conferred on it by the results of the voting at the 9th Congress. "You will not find Manlio Spandonaro among the candidates," Carniti said. "He has asked not to be renominated. But he will remain involved in the organization's activities as coordinator of pensions; he already has specific duties in this field, assigned to him by the CISL, which he has performed, and continues to perform, in an exemplary way." The assembly warmly applauded Spandonaro, who Costanini also thanked over the microphone, expressing the deep appreciation of retired members and the esteem of the entire CISL.

Thus the list of 8 candidates for the confederation's secretariat were approved, as was the derogation from the provision of the statutes which limits tenure in office to two consecutive terms (derogation for Romei and Ciancaglini), and the

confederation's outgoing secretariat was reelected by the following votes (votes in parentheses): Delpiano (170), Crea (169), Merli Brandini (167), Ciancaglini (157), Sartori (154), Romei (153), Colombo (146) and Pagani (143).

Next the new Executive Committee was elected, now that its membership has been reduced by the CISL's new statutes to 45 (plus the secretariat of the confederation). Only 43 of the 45 members were elected in this election (of which we give details elsewhere), because the leadership of two important territorial entities is still incomplete. This organ's membership reflects a balanced distribution among horizontal and sectorial entities (plus Spandonaro and Gabaglio for the special tasks assigned to them by the confederation).

As we already know, the CISL has 71 members in the Unified Leadership. Besides the whole Executive Committee (55 members counting the secretariat), 16 more members have been added to the Unified Leadership by the CISL to "complete" its representation (elected unanimously with an open vote): Bergamaschi R., Cannavale, Caracciolo, Deruda, Duca, Frandi, Geronmin, Guerrieri, Guzzonato, Lanzarini, Lombardi, Marcaccio, Melinelli, Morese, Tesi and Zanin.

The presidents of the "enti" (bodies) were also elected.

For Inas the new president is Alberto Gavioli (replacing Baldini, who is resigning because of his health). Vice presidents: Ulivi and Antonini. A third vice president will be designated by the next General Council.

For Ial, Di Napoli Cataldo and Bosso were reelected as president and vice president respectively. For Etsi Giorgio Craviotto was reelected president. For Cenasca the elections to replace the present officers were postponed in view of the ongoing restructuring of this body.

Cadario, Marcone, Ravizza (full members), Pastorelli and Lami (alternate members) were elected for the Confederate College. Bracchi, Iozzi, Fossati, Toni and Torre were elected as arbiters for the Confederate College. These elections for the College, like those for the "enti," were unanimous.

The General Council is divided into Advisory Commissions, as we know. Given the experience of the existing commissions, it was decided to leave it up to the (territorial) entities to put forward proposals for a balanced distribution of their representatives within the various commissions.

There were two more items on the agenda: the regulations for the application of the new statutes and the provisions for issuing 1982 membership cards. The regulations were deferred to the next General Council. As for the important and delicate matter of membership cards, it was decided to ask the Executive Committee to work out a detailed proposal and submit it for debate and the decisions of the General Council.

We give a separate account of Carniti's report on meetings with the government and on the new, promising search for unified agreements about the cost of labor.

We apologize for the excessive narrative and the not aimless detail with which we have described, extremely succinctly, the deliberations of the first meeting of the General Council after the Congress. Now that the leadership of the CISL is constituted, its members will have to get down to work to fulfill the promises that have been made and the expectations which the CISL Congress has given rise to among workers and in the country.

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AMENDMENT OF CONSTITUTIONAL MILITARY ARTICLES CHALLENGED

Lisbon O MILITANTE in Portuguese Nov 81 pp 13-16

[Text] The 1976 Constitution of the Republic entrusts the Armed Forces, as a military institution, with five functions which it is important to recall in order for us to better understand the problems and the various provisions which are being discussed today in connection with the amendment of the constitution.

Article 273 sets forth the five functions which fall to the military institution and thus to the Armed Forces: (1) to guarantee national independence, state unity and the integrity of the territory; (2) to guarantee the pursuit of the 25 April 1974 Revolution; (3) to guarantee the regular functioning of democratic institutions and the implementation of the constitution; (4) to guarantee conditions which will allow the peaceful and pluralistic transition of Portuguese society to democracy and socialism; and (5) to collaborate in the tasks of national reconstruction.

Article 275, in its first paragraph, further establishes lack of party affiliation, stating specifically that the Armed Forces are in the service of the Portuguese people and not of any party or organization, being strictly nonparty in nature. Paragraph two provides that its members may not utilize their branch, position or duty to impose influence, or hinder the choice of a given democratic political path.

How is it possible to guarantee such functions and such strict nonpartisanship?

It is more than obvious that the basic question lies in the form and the interdependencies through which the links between the military establishment and the sovereign bodies are established.

For it is thus, without anyone feeling the need to justify it, that the entire discussion focuses on the authority to choose the holders of the highest ranking posts in the Armed Forces and, secondarily, the power to determine and influence their general regulatory norms and their operation.

The 1976 Constitution resolved the problem by establishing the Council of the Revolution as the sovereign body, giving it all legislative and administrative authority in the military sector and making control of the constitutionality of laws, whether before or after the fact, and also the verification of unconstitutionality by omission, dependent upon it. It made the president of the republic, president of the Council of the Revolution, since he, having been elected by direct

and universal suffrage and nominated by groups of citizen electors and not by political parties, seemed to be free of any direct party dependency, as well as having the greatest democratic electoral legitimacy.

This solution has been tested throughout these recent years and has had the support of more than 90 percent of the constituent deputies.

Still today no better solution has been suggested, and the argument that the Council of the Revolution is not democratic because its members, except for the president, are not elected by popular suffrage, is but false reasoning mouthed by those whom it serves.

The proof of this also lies in the fact that no one, even those who have attacked the Council of the Revolution most violently, has questioned the existence and the continuation in all of the proposed amendments of the other sovereign bodies which are not elected and which have functions of equal importance. We are speaking of the courts.

In view of the proposed amendments to the constitution and the fact that both the AD [Democratic Alliance] and the FRS have proposed that the Council of the Revolution be eliminated, one must necessarily consider the various consequences, and specifically the most important issue of the incorporation of the military establishment as a democratic institution and its relationship with the organs of sovereignty.

There appears no doubt that this question is essential to the defense and consolidation of the constitutional democratic system. That the fulfillment of the constitutional task of the Armed Forces as defined in terms of the five functions listed above and set forth in article 273 will depend on the solution found to the problem of relating the military institution to the sovereign bodies is not doubted by anyone either.

It is within this framework that a more detailed analysis of the various positions and the possible agreements between the FRS and the AD on the choice and appointment of the Armed Forces Chief of Staff (CEMGFA), his deputy (vice-CEMGFA), and the Chiefs of Staff (CEMs) of the three branches of the Armed Forces must be undertaken.

On this matter, the AD has had formally and tactically varied attitudes, but basically, it has always defended making the Armed Forces and the military hierarchy entirely and exclusively dependent on the government.

This total and exclusive dependence does not exclude the possibility that the president of the republic may have the formal power to appoint the military commanders. It is worth recalling that Sa Carneiro's proposal for constitutional amendment and those of the AD took this form.

In other words, the AD and the entire Portuguese right wing as a whole know that they need to dominate, control and domesticate the Armed Forces for the achievement of their antidemocratic plan and a return to 24 April.

The AD and the entire Portuguese right wing acknowledge the possibility of winning and maintaining a majority in the Assembly of the Republic and the government, but,

above all since the 7 December defeat, they have no faith at all in the possibility of electing a president of the republic in free elections, even if they are manipulated as were the legislative elections and the last presidential election. Therefore the AD and the entire right wing see no alternative for their plans to liquidate the democratic regime other than complete subjection of the Armed Forces to the government.

But the seriousness and the dangers in the present situation are the results not so much of the antidemocratic plans of the AD as of the fact that the FRS and PS [Socialist Party] have put forward as an amendment proposal, where the relation of the Armed Forces to the organs of sovereignty is concerned, precisely the solution urged at one time by Sa Carneiro and in the electoral proposals of the AD.

Let us look more closely. The PS and the FRS proposed that the CEMGFA, vice-CEMGFA and CEMs be appointed and dismissed by the president of the republic on the recommendation of the cabinet. In other words, the cabinet would make a fully free choice and the president of the republic would have the formal right to appoint. That the power of appointment is purely formal here is understandable, and we think that any refusal to appoint would come down to a political decision which would be difficult to justify, and that even in such a case, any refusal might be followed by new proposals still more negative than the preceding ones. What would be needed in the end is a clarification of the formal aspect of the authority of the president of the republic to appoint and remove military commanders and the real nature of the authority of the cabinet to choose (recommending those it sees fit). In other words, if this constitutional provision were to be approved, the cabinet and the AD could see to it that their candidate who lost in the 7 December elections was appointed as CEMGFA, thus converting the resounding defeat imposed upon him by the Portuguese people at the polls into a victory.

But still more important is the fact that we see that through the governmentalization of the Armed Forces, permanent instability would be introduced within their ranks. In fact, successive and frequent changes in military command appointments, for reasons having to do with the governmental situation, would be likely to provoke a dangerous changes of hierarchic changes, criteria for selection and promotion, internal operational norms, standards of military conduct and ethics which would affect the democratic nature of the military establishment overall and threaten the implementation of its highest mission, the defense of the integrity of the country and the democratic constitutional system.

Under the specific conditions in the Portuguese democracy, not yet fully free of the trauma and consequences of 48 years of fascist dictatorship, to link the Armed Forces with the sovereign organ of government which is par excellence the most party-affiliated of them all such as to place them at its full disposal would constitute a fatal risk.

The AD and the other reactionary right-wing forces clearly understand this, and that is why all of their efforts are focused on winning the approval of the PS for changes in the constitution which, in a more or less concealed fashion, lead to the achievement of this goal.

Some efforts at justification by analogy with the constitutional situations in other countries, specifically in capitalist Europe, can not conceal the fact that there

are, when it comes to the constitutional incorporation of the Armed Forces, the most widely varying systems, including direct and total dependence on the president of the republic. Such a comparative study, carried out objectively and seriously, could only lead us to the conclusion that it is the historical conditions in each country that dictate the solution, and that there is not a priori or on principle any democratic or undemocratic formula.

It would not help democrats in general or the socialists in particular to relate the surrender which such an agreement would represent with abstract "justifications on principle" or inadequate and false comparison with systems in other countries. In any case, the result thereof would be disastrous to Portuguese democracy.

How is it possible to remain blind to the evidence of these dangers? For is it not true that the simple announcement of the agreement between the FRS and the AD to the constitutional amendment commission has already enabled the AD and its government to launch a campaign to destroy stability, aimed at the current military commanders, the president of the republic, and in the final analysis, Portuguese democracy?

There is still time to prevent that agreement from being consummated. It is necessary for Portuguese democrats, and among them, the socialists, to unite their efforts so that the authority of the president of the republic to appoint military commanders will not be reduced to a mere formality.

The possible participation here of other sovereign bodies with specific responsibilities should not affect the material limitations on amendment or the balance and interdependence among the organs of authority, nor should it lead to a reduction of the present authority of the president of the republic in the military sector, for if it does, it may constitute true subversion, a blow dealt to the constitution and a dangerous threat to Portuguese democracy.

5157
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ANTITERRORIST COOPERATION WITH SPAIN POSSIBLE

Lisbon O JORNAL in Portuguese 13 Nov 81 p 3

[Article by Manuel Lopes]

[Text] Madrid--ANOP-A decision on greater cooperation in the antiterrorist struggle, technical information and cooperation with Spain in the organization of antiterrorist groups in Portugal were the main results of the official 2-day visit paid to Spain by Portuguese Minister of Internal Administration Angelo Correia at the beginning of this week.

The Portuguese delegation, which included, in addition to the minister, the commander in chief of the PSP [Public Security Police], Brigadier General Almeida Bruno; commander in chief of GNR [Republican National Guard], General Passos de Esmariz; the chief and deputy chief of the information and public relations staff; and the deputy commander of the general staff of the PSP, visited and inspected the exhibitions put on by the rural antiterrorist units, the civil guard, the UAR, the Special Operations Groups, the national police, and the famous GEO, established on the basis of the related bodies in Germany and England. Minister Angelo Correia said he was "very impressed" with the training and organization of these elite bodies and he publicly acknowledged the "progress" of the Spanish security forces. He said that the Spanish experience could "benefit" Portugal. Sources in the Portuguese delegation reported that Minister Angelo Correia has decided to sponsor the establishment of special groups in Portugal, which were authorized by the legislature in 1979 but have remained in the planning stage. Their structure and operations will however be adapted to Portugal's circumstances and needs.

Forces Trained by the ETA?

The problem of greatest concern to the Spanish authorities, in which they have indicated special interest, is the antiterrorist effort. Greater cooperation on the part of Portugal is urged, since sources in both countries acknowledge that ETA [Basque Fatherland and Liberty Group] members are known to have stayed in Portugal and traveled abroad, specifically to Latin America, when they felt "harassed" in Spain, because they are less noticeable in Portuguese territory. These sources said, however, that the ETA has no logistics support in Portugese territory. However, members of the Portuguese delegation voiced the unconfirmed suspicion that ETA members may be training the 25 April Popular Forces.

Although terrorism in the two countries has "different origins and basic characteristics," the authorities of the two nations will undertake greater cooperation.

The visit paid by the Portuguese delegation appears to have been "positive" in various respects, at least in terms of the decision on criteria for collaboration between the two departments in joint security areas, expanded to the civil safety and firefighting and prevention sectors in the frontier zones. It was also decided that there will be greater collaboration and contacts between the civil governors on the frontiers. Work groups will also hold meetings, and next year, the Spanish minister of interior is scheduled to pay an official visit to Portugal.

No agreements were signed, and following the 3 hour working session, both ministers were rather evasive and reluctant to discuss the content of the arrangements agreed upon.

Minister Angelo Correia said that he was "very satisfied with the results" and impressed with what he saw in Spain.

5157
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AZCARATE EXPLAINS DISAGREEMENT WITH PCE

Madrid EL PAIS in Spanish 25 Nov 81 p 16

[Article by Manuel Azcarate, former member of the Central Committee of the PCE: "My Strange Expulsion from the Central Committee"]

> [Text] Eurocommunism is mainly a search for a third way capable of counteracting the narrowness of traditional communism which has focused on the Soviet model, according to this author, and new forms of political work should be taken up. Differing on these issues from the opinion of the leading nucleus in the secretariat of the PCE does not, however, as this former member of the Central Committee of the PCE explains, mean disputing the main guidelines set forth at the 10th PCE Congress, although, the author says, this was the reason for his expulsion from the Central Committee of the PCE.

Serious events have occurred and are occurring within the communist party. Carrillo has said that they are "more serious than when Claudin and Semprun were expelled . . ." Perhaps he is right, particularly if it is not possible to slow or halt the involuted process toward a traditional, a paleocommunist party, in which we are involved.

1. What is the basic problem?

In order to play its historical role in the current era of Spanish society, the communist party needs modification, renewal, greater flexibility for a series of basic aspects in its functioning, in its internal life. It is not merely a Spanish problem. This is a requirement faced today by any party which wants to carry through the strategy and the ideas of Eurocommunism. But it is not surprising that in our country, and in a party which has spent 40 years underground, with all that this entails in terms of the essential centralism and the equally essential limitations on democracy, the problem is characterized by much greater difficulties.

It is not in my opinion a question of setting aside democratic centralism. But this concept can be crystallized in terms of very different realities. Today a communist party must guarantee within its internal functioning a transparent, public and free political and theoretical debate which allows all communists, whatever their differing opinions, to feel at home in their party, to have their ideas and at the

same time to carry out the majority decisions in the implementation of a political line.

It is obvious that that a discussion of this kind may give rise to differing opinions, and therefore to various trends or movements. I am opposed to the factions, to the organized divisions which personalize debate and reduce its ideological content, pushing toward concerns of an internal electoral nature. I do not believe that there is a formula (at least I have none) for meeting this need for internal debate, even with movements or trends, while at the same time preventing them from taking shape in organized factions. But unresolved problems go bad if an effort is made to conceal or deny them. What is needed then is an open attitude which allows experimentation, a search for new solutions, and not the ossification of the methods of the past.

Difference Regarded as a Crime

Discussions such as that I urge would put an end to one of the worst traditions in the communist movement, that wherein difference has tended to be regarded as a crime, and one who differs as a criminal. In Spain, the complex path of adapting to a state made up of autonomous bodies is added to these general problems. I, for my part, advocate advancing boldly toward federal party structures. But this is not the problem today. Proposals of a federal type were rejected at the 10th Congress. What I have urged in these paragraphs is not in conflict with the decisions of the 10th Congress.

Therefore, the problem of "accepting the 10th Congress" is a false one. What is involved is establishing in what form, in what spirit and with what purpose the decisions of that congress should be implemented--in a spirit of integration, synthesis and openness, and thus progress, or with a closed and intransigent spirit.

No Barriers Between the Party and Its Policy

2. Is it merely a question of a concept of the party, excluding specifically political problems? I voted in favor all of the political theses of the congress. I was even among those who drafted the international thesis, and the president, and reporter to the congress, of the commission which reworked the draft proposal and gave it its final form. The written texts contain ideas, and the problem then is to convert them into political realities. And in my opinion, it is not possible to establish an impenetrable barrier between the concept of the party and its policy.

If we want to deal with the new problems which are taking on primary importance in the modern era--the defense of peace, feminism, youth problems, ecology--the party must establish a new relationship with the social movements. It must recognize that these problems will not be incorporated in the revolutionary process thanks to political parties exclusively. These parties must share the active role with the social movements in a number of respects. I rejected the thesis of Prof Touraine, who in fact regards the role of the political parties, and specifically the parties working toward socialist transformation as outdated. I on the contrary believe that this role could become more important in the modern era. Concretely, I am persuaded that the communist party must play an essential role in the advances

towards socialization in Spain and Western Europe. But this requires that it be capable of adopting a new form of pursuing politics, and consequently major changes in its functioning.

Eurocommunism--Search for a Third Path

Eurocommunism is basically a search for a third way which can move beyond the narrowness of traditional communism, focused on the "Soviet model," and the impotence of social democracy, which has controlled the government in a large part of Europe for long years without having been able to avoid the very serious crisis being experienced by our continent. It is necessary to find other solutions. But Eurocommunism will demonstrate the necessity for it and its historic role not only through proposals and theoretical concepts (although it is essential to advance in this realm), but above all by ensuring that communists participate and see themselves as the protagonists in the various contradictions evident in contemporary society.

Therefore it is not possible to emerge from the communist party crisis by returning to the "hard and pure party" of the traditional concept. Carrillo said in his report to the recent Central Committee meeting that neither synthesis nor integration is possible. Can a majority believe that it has the answer to everything, and that therefore the role of the minority is to keep silent and obey? This would not be the implementation, but a caricature of democratic centralism. On the contrary, what is needed is a policy of synthesis, of integration, of discussion, which not only does not hinder but encourages, favors and stimulates a broader and more efficient policy for relating to the masses and mobilizing them with a view to the acute problems of the country.

3. But the most serious aspect of the current moment probably does not have to do with these basic problems, which could be examined within the party, its leading organs, and the Central Committee itself given more time and calm. The most serious thing is the hasty and brutal fashion in which some of those of us who maintained views different from those of the leading nucleus in the secretariat, indeed within the framework of the 10th Congress, were eliminated from the Central Committee.

My view, borne out by experience, is that at least since the 10th Congress, Carrillo has clearly sought to eliminate us before the end of the year, using the justification that an "orderly party" is needed to take up the electoral tasks in 1982.

The very process of expelling us from the Central Committee was strange. There was no resolution explaining the reasons for this step. Some reproached us during the discussion for "factional efforts," for 2 years, according to some, but only 1, according to others. But the expulsion was not approved for this reason. Formally, we were expelled solely because we refused to endorse two or three statements, the "minimal acceptable correction." Can this be a serious basis for whether or not one belongs to a central committee or not? In other words, if I were a bit more cynical or more eager to hold an official post I could still be a member of the Central Committee today. We could not accept this ceremony of "retraction" (as it was termed in advance on National Radio by Jaime Ballesteros on the very morning of the Central Committee session which voted us out), for the sake of the dignity of the party and that of each of those accused. What a shame and embarrassment it

would have been to the PCE if the press had been able to publish a headline reading "Six Central Committee Members Publish a Retraction!"

The very vote on our expulsion was a "blanket" affair. Marking "Yes" on the ballot meant all six of us would be expelled, without leaving this or that member of the Central Committee any possibility of voting for the expulsion of one, for example, but not another.

Matters are more serious still if we remember that the preceding day, four members the Central Committee had been expelled for other reasons. In 2 days, the Central Committee was stripped of 10 percent of the membership elected at the 10th Congress. This is no small thing. I believe that there are few precedents (I am speaking of recent times) for methods of this sort within communist parties. This was a return to anachronistic, absurd, humiliating procedures.

These expulsions are but a part of a complex of penalties which have extended to other aspects of the party. The deterioration the PCE is suffering is reaching a serious level, and I do not believe that it can be limited to the organizational sector.

International themes in themselves have not been at issue in the matter of our expulsion, and it would be absurd for me to exaggerate the importance on the international level of my exclusion from the party leadership, as international relations official specifically.

But it is not possible to conceal the fact that our expulsion increases the weight within the party of the sectors most committed to the traditional attitudes of sympathy and admiration for the Soviet Union. This is the reason for my fear that the very clear position that has characterized the PCE with regard to relations with the Soviet Union and the CPSU in recent times is being weakened.

I would like to conclude this article on a note of hope. Perhaps the most significant aspect of the present time is the great breadth of the protest raised against the policy of penalties within the party (in various ways and to various degrees). Perhaps the most important aspect of the most recent Central Committee meeting was not the expulsions in themselves, but the fact that a third of its members refused (by voting against them or by abstaining) to approve them, and that some of the key leaders of the party most closely associated with the workers movement, such as Marcelino Camacho, Nicolas Sartorius, Gutierrez Vargas and others, along with such prestigious intellectuals as Carlos Paris, attempted, and faced with the intransigence of Carrillo and the hard-line nucleus of the secretariat, to find a political solution.

5157
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PCE MAY FACE DIFFICULTIES IN REPLACING OUSTED OFFICIALS

Madrid EL PAIS in Spanish 11 Nov 81 p 25

[Text] The provincial leadership may have serious difficulty in finding replacements for the present party council members over whom the threat of expulsion hangs, if that threat is implemented. This is because of the majority of advocates of European renewal, and members of other groups supporting them, to be found on the list of communist candidates for the Madrid municipal election. According to the estimates of the communist council members who might be ousted from their posts after expulsion from the party, more than a third of the candidates from among whom the provincial party committee must be elected would be unwilling to replace those expelled, and in any case, their disagreement with the official party leadership would prevent their being chosen to serve on the council. The PCE leadership, for its part, is guaranteeing the continuity of municipal administration if the expulsions predicted become a fact.

According to the estimates drafted by the groups referred to, nine of the candidates would certainly be available to the provincial party leadership for appointment to the council. The first of these candidates, Jose Rafael Galvez Baca, who is currently unemployed, attends all of the plenary sessions and permanent committee meetings of the council and closely follows municipal life, although this periodical was able to learn that he did not enjoy the favor of the provincial party leadership when it came time to seek a successor to Alfredo Tejero, who left the party early last September. Galvez Baca, he himself explained to EL PAIS, had a problem of a political nature within the group.

Above Galvez Baca on the list were Julio Segura, an economist, and Algel Sopena, a doctor who currently lives in Switzerland, which would make his membership in the council very difficult. Segura, a signatory of the petition for the meeting which brought about the internal crisis in the PCE, seems clearly excluded from the replacement operation.

Following the name of Galvez Baca on the list is Adolfo Pinedo, the present provincial party secretary, who also seems an unlikely choice for membership in the council as representative of a party which, because of the shortage of potential members, must demand the full dedication of its members. Then comes another European renewal advocate, Dionisio Martin Aguado, a Leninist who, just like the others in this faction, would take the side of the victims of the reprisals; Macario Barjas, a veteran militant of the Workers Commission structure; and another renewal advocate, Narciso Torrente; and finally, Adolfo Pastor, a member of the

Workers Commissions in the workshops and offices sector who, according to these same sources, would qualify for the council because of his official status.

The talks held with the council members under criticism justify the surmise that of the remaining 32 candidates, eight would be prepared to accept council membership. The PCE leadership, for its part, gave assurance yesterday that finding replacements for the public officials who might be expelled poses no problems, either in terms of the professional qualification of possible replacements or their readiness to accept the appointment to responsible posts.

Municipal Administration Guaranteed

The municipal political secretary of the provincial committee of the PCE, Manuel Rico, gave the PSOE [Spanish Socialist Workers Party] assurance yesterday of the continuity of municipal government in Madrid if the present communist council members are replaced.

In statements made to the official news agency, the EFE, Manuel Rico said that both the urban development administration and the traffic and transportation council--municipal administrations mentioned by EL PAIS in its issue last Sunday as those of greatest concern to the socialists in the event of a change in the present office holders--"are equipped with excellent technical teams under the political direction of communist council members Eduardo Mangada and Jose Luis Martin Palacin. If both of these individuals leave these sectors, there are others on the PCE electoral list who could perfectly well pursue these same policies, advised by the party."

As to the education department, headed by Christina Almeida, who is also threatened with expulsion, Manuel Rico expressed the belief that her replacement would create no problem and would not interfere with the rhythm of municipal administration.

In any case, according to Rico, the provincial committee of the PCE, which will take up the question of replacing the council members in question, will meet with the Madrid Socialist Federation to discuss the details.

With regard to the document signed by more than 70 communist municipal officers in the province of Madrid protesting the attitude adopted by the party leadership, Manuel Rico termed it "yet another element to exert pressure on the provincial committee to prevent dismissal of the council members."

In Manuel Rico's opinion, "those who signed the document have the right to express their views in public, but we believe they should discuss them internally first, because the party still has not received this document, which we only know of through the press."

Some of the signatories assured this newspaper that the document has been sent to the party by mail, "following the practice of written summonses sent to us for meetings at which, without the possibility of any discussion, we are informed of the decisions to impose penalties which the leadership has adopted."

In this connection, it has been possible to note a certain municipal uncertainty about the conduct of the leftist sector in the local government, which is again currently passing through a difficult stage.

5157
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PSOE SEEN AS HARDENING POSITION TOWARD UCD ADMINISTRATION

Madrid EL PAIS in Spanish 29 Nov 81 p 18

[Text] The leadership of the PSOE [Spanish Socialist Workers Party] has hardened its opposition role substantially in recent days, because of the non-fulfillment of various agreements entered into with the government on subjects concerning the autonomies and municipalities, and on support of the National Agreement on Employment. However, it does not appear that this attitude foreshadows imminent political action by the principal opposition party, in what some are beginning to describe as the predictable end of the crisis of the UCD [Democratic Center Union] and the government as "operation return" was making positions more authoritarian or clearly turned to the right.

The socialists' confrontation with the government in parliament during the budget debate last Friday does not mean a change of strategy by the PSOE leadership, various members of the executive board of this party told EL PAIS yesterday. Some of them explicitly denied that behind that attitude there were political activities in the making. In their opinion, it was a question of tactical pressure to prevent the agreements signed between the party and the government, or between the latter and the union heads from becoming simple "wastepaper." Nevertheless, the leadership of the PSOE has prepared a document on the political situation--along the lines of previous statements by the top organs of the PSOE--in which they diagnose the current political setup and demand that the agreements which were signed be carried out, so as to avoid breaking the National Agreement on Employment (ANE). They also call for firmness in the face of threats of coups d'etat, and express concern that internal crises in the political parties may keep the country paralyzed for weeks.

According to them, the document under preparation also analyzes the regrouping of the forces of the right and the significance of recent political movements, but it does not put forth any particularly new proposals, as it is rather more in the line of a diagnosis.

At this time, the socialist position is one of awaiting the solution of the internal crisis of the UCD and reorganization of the government, without taking the initiative in the political field. A motion censuring the cabinet which might arise from the crisis is expressly ruled out, nor do they envision attempts to make future political relations conditional on demands for participation on the executive board.

Together with a critical assessment of the outcome of the crisis of the UCD and the government, which is practically certain, the leaders now are concerned with denouncing what the leader of the UGT [General Union of Workers], Nicolas Redondo, described to the Plenum of the Congress as "the government's surrender to pressures from the CEOE [Spanish Confederation of Business Organizations], and they foresee a "hot autumn" as a result of the right's responding with "tough positions toward the moderation of the unions." This is the reason for the parliamentary counter-attack carried out by the PSOE in support of the UGT's demands for refund of the union's resources.

Classic Debate

"It was a classic debate," asserted a socialist leader. "The party gave a pat on the back and endorsement to the UGT, and energetically supported an important union claim."

"What is happening is that the position has hardened a bit. We are not prepared to let things pass, as if the matter of whether or not the agreements which we signed with the government or those of the UGT that we support were not important." All this in the context of a "vigilant attitude" toward "operation return," which according to the PSOE the Spanish right has embarked upon, and which will probably crystallize in two election bids: one centered around Manuel Fraga, and the other with Calvo Sotelo and "Suarezism."

8131
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NEW ANTITANK HELICOPTERS FOR BUNDESWEHR

Zurich NEUE ZUERCHER ZEITUNG in German 28 Nov 81 p 6

[Text] During the Hungry Wolf Maneuvers last November, the (PAH) BO-105P antitank helicopter of the Sixth German Army Air Regiment lies in wait only a few meters above the rear slope of a wooded hill. In good visibility, on a slightly hazy day in late amtumn, one can overlook everything in the Holstein landscape within the maximum range of 4,000 meters of the wire-guided HOT antitank missiles. The incredibly maneuverable helicopter reached this position from a tricky low and contour flight, in part between feared high tension wires. It must climb vertically only a few meters and expose itself only for a maximum of 6 seconds in order to launch a HOT against a tank 4 km away.

The PAH-1 as Acrobat

The guided missile, however, is not launched during the maneuver--it would be far too expensive. The only firing done is with a simulator device. But, Maj Beversdorff, squadron captain in the army air regiment, which is under the command of the 6th armored infantry division in Schleswig-Holstein, demonstrates with laughing pride the entire acrobatic flight potential of his twin engine machine. The superior maneuverability of the German helicopter by Messerschmitt-Boelkow-Blohm is to be demonstrated to an eye witness of the TOW missile missions in Vietnam of the already "antiquated" American Huey Cobra AH-1 G at the beginning of the 1970's. The witness, sitting on the pilot seat to the left of the flight commander and gunner, feels all of the shallow dives and curves in his stomach, until the freedom of mobility just barely above the tree tops, farmers and black-and-white cows gives him a sense of dreamy euphoria. The P version of the BO-105 represents a weapon platform of improved efficiency, airframe and engine, but without night or all-weather flight capabilities. It is being introduced in the Bundeswehr as first generation PAH-1. The M version, on the other hand, is to replace the Alouette-II'III link-up helicopter (VBH) on the BVH squadrons.

At approximately mid-1983, after a delay of at least 1 year, the German army air regiments are to have a total of 212 PAH-1 and 100 BO-105 VBH at their disposal. The antitank helicopter will be distributed among the 16th, 36th and 26th PAH regiments under the command of the three corps in Lower Saxony, Hessen and Bavaria. One regiment of a total of 56 PAH-1 is divided into 2 squadrons of 28 helicopters each. Four swarms having seven PAH-1 each form such a squadron.

The PAH squadron in Hungry Wolf so far has only half of its helicopters. Rearmament began in April of this year. Forty-six pilots in the flight deployment platoon and 68 men in the maintenance platoon consisting of three maintenance squads each are standing ready for the three swarms. In the "Brisk Fray 81" fall maneuver, one PAH swarm had already been deployed alongside the 17th armored infantry brigade. It normally covers a front of approximately 1-1/2 km. The PAH-1 carries enough fuel for 1-1/2 hours plus a 10-minute reserve. This corresponds to an approximate flight time of 1 hour in combat. Since rearming and refueling takes approximately 1 hour, three to five missions can be flown in 1 day. Since the PAH-1 is a first generation antitank helicopter, night time and bad weather ground this helicopter, although it represents the army's most modern and most maneuverable antitank system to date.

The Bundeswehr's PAH-1 is not a heavy, armored combat helicopter like the Soviet Mi-24 Hind A/D/E deployed in Afghanistan, nor is it an armored fighter helicopter like the future American AH-64 A Apache with hellfire missiles and 30 mm chain cannon. The BO-105 P resembles the light-winged Voltigeurs, except for the fact that they don't fly in front of their own lines, but--because of their vulnerability--always remain behind them and sight and engage their targets from there. Part of their maneuverability is the vertical "popping-up" from the ready to the firing position, while the heavy Cobras and, even more so, all Soviet combat helicopters must first make their "battle jump" in order to engage their targets from above. While over enemy territory, they are thus very exposed and are armed accordingly, in contrast to the PAH-1, which operates defensively while covered. As always, the conflict between protection and maneuverability results in different conceptions. The SA.342 Gazelle of the French forces demonstrates that until now Europe has given preference to maneuverability. A joint German-French production for a second generation PAH-2/HAC with night flight capability, which was supposed to be introduced during the second half of this decade, has come to a standstill. A tendency toward stronger armament and greater protection is now evolving because of the Apache, which is suitable for night and all-weather combat, but also because of the threat from Soviet combat helicopters.

Rapid Development of Second Generation

The development of combat helicopters appears to move at a breathtaking speed. The PAH-1, which is being delivered to the troops only now and which is to be used at least until the end of the decade, is already antiquated, at least in part. Two and one-half hours of flight time, eight antitank missiles of a new generation, large caliber on-board canons, modern laser and infrared homing and guidance systems, as well as night deployment capability--these are just a few of the demands for the PAH-2.

In spite of this, the Bundeswehr decided on the introduction of the available "one bird in the hand" rather than wait for the "two in the bush" which, once ready, may in turn be antiquated also. In the difficult to survey Schleswig-Holstein terrain, where the antirocket tanks--rearmed from canons to missiles--do not have a good firing field, the PAH squadron represents the link between the antitank ground support of the air force and antitank surface weapons. It seems reasonable that in future more and more antitank weapons will be placed on helicopters because of their speed, maneuverability and rapidly increasing efficiency. However, this trend is limited by more than just the horrendous cost involved. Because it is clear that it may involve an essential element of modern antitank warfare, but not the only weapon system carrier.

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SCENARIOS VIEW MILITARY'S POSSIBLE RESPONSES TO WAR

Possible Military Responses

Paris LE POINT in French 30 Nov 81 pp 58-65

[Text] A few rare spots in France are still taboo. The three Armed Forces War Colleges (army, air force, and navy) grouped together at the Military College in Paris are among them. Movie cameras and microphones have never violated their (real) "secrets." There the general staff--which has never been afraid of the word "selection" or of its content--every year perfects the training of about 100 of its best cadres. Most of them are in command positions and are at the right age: between 35 and 40 years old. If there were a serious crisis or even a war tomorrow, much would depend on the self-control and ability in the field of those decisionmakers.

At the Military College, whether one is a sailor, an airman, or a "footslogger," as soldiers are called in military slang, one of the most prized exercises is known as the scenario. On the appointed day, the colonel acting as professor presents his "students" with the basic outline of a given situation--one considered plausible, obviously, since otherwise the exercise would be simply an intellectual pastime. It is then up to the young officers to describe what might happen next and to imagine how France might respond in that particular case: "Let us suppose that a serious naval encounter between Libya and Tunisia occurs on such and such a day at such and such an hour" (see Scenario Two below).

So, what LE POINT is suggesting to its readers today is--other things being equal--a sort of quick immersion in the Military College. With due allowance for the arbitrary features inevitable in an exercise of this kind, but with a concern to present the main possibilities, we have put together four scenarios. In each case, we have then briefly imagined how France might react, considering the means at its disposal and the alliances in which it is involved.

Here it is appropriate to stop for a moment and make something clear.

First of all, these scenarios are not meant to be the most plausible, but simply plausible. In other words, imagining a "surgical" strike by Soviet SS-20's does not mean that we consider such a possibility highly probable, especially in these days of so-called indirect strategy--the idea that cutting off a country's sources of raw materials enables one to obtain at much less cost what war and the firing of SS-20's

would make possible at the cost of almost inevitable reprisals. For a country such as France, however, it is not possible to get around the possibility of a Soviet surgical strike in the medium term that might destroy our military installations while leaving our population practically intact. Whence our fourth scenario.

The second observation is that while they are usually obscured, several schools of military thought exist in France. We can single out the most characteristic at the two extremes. The first, basically, has never believed in the French deterrent force. It bases its hopes on the United States and the huge coalition of NATO forces. The other--at the opposite extreme--believes that France, while respecting the demands of its alliances and recognizing the natural bonds of solidarity linking it to its neighbors, must think primarily of preserving its own autonomy of action.

Between those two extremes, there are 100 subschools quarreling with each other. And of course, those opposing viewpoints are found in response to any scenario that one might come up with. Where one side will emphasize France's specific role--for example, its ability to launch nuclear weapons if the Americans hesitate in the face of a Soviet attack--the other will stress, on the contrary, the overall role of the Allied forces under U.S. leadership. In other words, there is no inevitable scenario. In describing them, choices must be made.

In setting up our scenarios, we found that the various experts we consulted responded in ways that shed light on that phenomenon. Is it possible to imagine Soviet paratroopers taking over the Albion Plateau? No, says one; yes, says another. Is it possible to imagine a Soviet conventional attack on Europe without the immediate use by Moscow of tactical nuclear weapons? Yes, says one; no, says another. Is it possible to imagine that the French would use tactical nuclear weapons if the Red Army--in a hypothetical case--were approaching our frontiers? Yes, says one; no, says another.

Actually, LE POINT has made a rod for its own back in adopting, as an exception, the scenario method. But we have done so deliberately, on the basis of an established fact and for a definite purpose.

The established fact is that in France since 10 May 1981, everyone (or almost everyone) is in favor of the French deterrent force. At least verbally. In fact, however, that assent covers a good number of mental reservations almost everywhere. But since the strategy of deterrence apparently meets with general approval, let us examine in specific detail how it might work.

The purpose: obviously, our scenarios spotlight the cracks in our military apparatus, or at least its limitations. There is no doubt that France cannot do everything or afford everything. But the choice is clear, and the new government has realized it, just as Valery Giscard d'Estaing did: a deterrent force that remains at a standstill would make no sense. It would soon be rendered obsolete by the adversary's technological advances. Reflection is therefore called for.

And while not dispelling certain ambiguities, the new government reflected very quickly. Following in the wake of his predecessor, Francois Mitterrand made a certain number of important decisions as early as 30 October.

First, he approved the building of a successor to the Pluton tactical nuclear weapon. Already named "Hades," the missile will have a range twice that of Pluton.

Second, he confirmed what he himself had announced shortly after his election: France will build a seventh nuclear submarine, this one of a new generation.

Lastly, the chief of state has followed in Giscard's footsteps by also confirming that France will equip itself with a truck-mounted mobile missile to complement our Strategic Naval Force.

But certain ambiguities remain. Francois Mitterrand visibly supports the Atlantic Alliance more than his predecessor did. Where Giscard refused to commit himself on the Pershing 2's and cruise missiles that NATO intends to deploy to checkmate the Soviet SS-20's, Mitterrand says clearly at every possible opportunity that France hopes its allies will accept the deployment of those missiles on their soil so that the balance of forces will be restored.

At the same time, however, the same Mitterrand also makes remarks concerning defense during his press conferences that force one to classify him as very orthodox in terms of General De Gaulle's policy: it is the national soil that takes precedence. It is primarily the national soil that must be defended.

That impression is not contradicted when one listens to his entourage, where there is constant talk of a French "sanctuary" and where it is also said, in substance, that we French have no alternative except a strategy of deterrence, because the gap with the supposed Soviet enemy is too "fantastic" in terms of conventional forces.

In short, an ambiguous sort of language is developing: on the diplomatic level, the talk strongly favors the Atlantic Alliance, which logically would mean closer integration by France with its allies in that alliance; on the military level, the talk is strongly reminiscent of De Gaulle, and it very nearly reminds one of the period when France--in calm seas, it is true--was the bad pupil in the Atlantic class.

Scenario One: France Intervenes in Africa; Moscow Threatens

It is 25 July 198_. Following the brutal death of Mr X, an African president, disturbances immediately break out at various points in the country in question. In the capital, three French residents are attacked by an isolated group. Liaison in the provinces reports general insecurity. At the COA (Armed Forces Operational Center) in Paris, the file on the country in question is brought out.

The 450 men stationed in Port-Bouet, Ivory Coast and the 500 men in Libreville, Gabon are placed on alert. But the minister of defense warns the Elysee Palace that their effective means of action are "very limited." Tripoli hails the action by the "anti-imperialist forces." On Friday the 26th, a phone call from the Ministry of External Relations to the Elysee Palace reports disaster: a cooperant has just been killed. The beginnings of panic are now visible among the thousands of French citizens living in that African country.

In the afternoon, the Defense Council holds a special meeting. The minister of external relations announces that Morocco and Senegal have been consulted and have

agreed to allow any necessary refueling of French Transall transport planes at their bases. The president decides to send 1,200 paratroopers from the 11th Paratroop Division to the country in question on 20 of the 39 French Transalls. The landing craft "Ouragan" is ordered to sail from Brest with two tank landing ships (the "Blavet" and the "Trieux") and three escort vessels carrying 900 men from the Ninth DIMA (Marine Division). They are to leave within 36 hours and arrive within 10 days. The aircraft carrier "Foch" is prepared at Toulon to take on 1,500 men, 30 helicopters, and 10 Super Etendards. The minister of state for transportation requisitions Boeings and DC-8's from Air France and the UTA [Air Transport Union]. The first flight is scheduled for that very night.

The Ministry of External Relations steps up its contacts aimed at sending an "inter-African force" to the scene. Moscow issues a warning to Washington. On Saturday the 27th, an AFP bulletin reports: "A Boeing 747 returning empty to Paris was hit on takeoff by a SAM-7 missile fired by an unidentified commando group. The aircraft crashed on the runway." There is an immediate strike by civilian pilots. In the country concerned, panic increases. An anti-French demonstration takes place in the capital's suburbs. Paratroopers surround the airport. In Paris, the press is losing patience: when can the French expect to be repatriated? In private, one minister says: "We have reached a dead end. The main thing now is to hold on until the fleet arrives."

Analysis: No Heavy Transport Planes

In the above scenario, there is no "miracle" military solution making it possible under any circumstances to quickly solve the hypothetical problem of evacuating several thousand French citizens for humanitarian reasons. The prime objective would in fact be to send a sufficient number of men and especially enough equipment to the scene as quickly as possible--meaning by air--to insure the safety of our nationals. The official plans provide in particular that in the case of an operation taking place 6,000 kilometers from France, a group of 400 men with their heavy weapons and about 20 combat vehicles would be on the spot within 48 hours. After 5 days, a group of about 1,000 men would be there. At such a distance, it is estimated that naval support would require about 20 days. In the scenario under discussion here, the distance between Paris and the country in question would mean that, unlike what happened in Kolwezi, where American help was vital, it would be possible to send men aboard Transalls that could refuel, as one example, in Rabat and Dakar. As early as the first quarter of 1982, France may have the first of its 25 new Super Transalls, which can be refueled in flight, in addition to its 39 Transalls.

To carry out such an operation, France, which has logistics bases in the Central African Republic, Gabon, Senegal, Djibouti, and Ivory Coast, can rely on its 13,000 men (including 6,000 conscripts) from the 11th Parachute Division, its 8,000 men (including 4,000 conscripts) from the Ninth Marine Division, and the 2,400 enlistees from the completely new 31st Brigade. There remains this headache: despite the possible requisitioning of aircraft from Air France and the UTA, there is a total absence of heavy transport planes like the American C-141's. Almost all experts feel that in case of a severe blow, only such planes would enable France to send all the indispensable equipment to the site quickly. Otherwise, France would again have to call in outside logistical help.

The fact is, however, that the political context may make that kind of help a touchy matter.

Scenario Two: Paris Helps Tunisia Against Qadhdhafi

It is 1100 hours on 11 September 198_. A telex arrives from the French Embassy in Tunis: "Tension on the maritime frontier between Tunisia and Libya as a result of constant dispute over offshore petroleum." At 1500 hours, Qadhdhafi accuses Tunisia of violating Libyan territorial waters. At 1800 hours, an AFP bulletin reports: "Very serious engagement off Tunis between a Libyan missile patrol boat and a Tunisian corvette. A Tunisian offshore oil platform reportedly machinegunned by a Libyan patrol boat." At 1900 hours, pursuant to the accords between the two countries, Tunisia calls for France's "peacemaking" help.

At 0900 hours on Friday, the Elysee Palace issues a communique: "France has decided to send the aircraft carrier 'Clemenceau,' the frigate 'Duguay-Trouin,' and six other vessels to Bizerte." The general staff announces that travel time will be 48 hours once the ships are under way. There is a violent exchange of communiques between Tripoli and Tunis. Six French Jaguars from Tunis fly over the "hot" zone.

On Sunday the 14th, the fleet is within sight of the Tunisian coast. As a matter of prudence, the "Clemenceau" remains in the Tunis area. At 1300 hours, 3 of the carrier's 20 Super Etendards are fired on by Libyan surface-to-air missile batteries while on an armed reconnaissance mission. They respond with rockets and gunfire. At 1500 hours, Colonel Qadhdhafi denounces "an unjustifiable act of aggression by French imperialism on Libyan soil." He demands that the "Clemenceau" leave Tunisian waters. Paris rejects the terms of the ultimatum and warns Tripoli. At 1800 hours, 12 Tupolev-22's (Soviet medium bombers delivered to Libya in 1978) approach at low altitude and fire air-to-surface missiles known as "Kitchens" at a forward detachment of the French fleet. The gunboat "d'Estienne d'Orves" is hit and sinks. Their mission accomplished, the Tupolev-22's head quickly for their base in the Sebha Desert, pursued for a time by Crusaders from the carrier. Rescue operations are immediately launched from the "Clemenceau" to pick up the crew from the "d'Estienne d'Orves."

A nonstop meeting is going on at the Elysee Palace. The general staff stresses the numerical strength of Libya's forces and the quantity of Soviet-made equipment at Qadhdhafi's disposal. The head of the SDECE [Foreign Intelligence and Counterintelligence Service] is present, and he emphasizes the role of the so-called Islamic Legion, officered by Soviet, East German, and even Italian mercenaries. The president obviously rules out any nuclear retaliation against Libya. Discreetly, emissaries from the Elf and Total [petroleum] companies, which are solidly established in Libya, advise the Elysee Palace to exercise "caution." It is decided that a "significant" counterraid will mobilize all the Super Etendards from the "Clemenceau," the air force Jaguars on the ground in Tunis, and a reinforcement of Mirage III's from France. During the night, the "Clemenceau" and its escort move eastward so as to be in the best position to launch their aircraft.

Analysis: All Depends on our Carriers

In this scenario, France, which is linked to Tunisia--and other countries--by defense accords, intervenes in a peacemaking and deterrent role. But it finds itself caught

in the machinery of a confrontation with a Libya which, in this hypothesis, is not stopped by our "deterrent" power and which strikes.

The two French aircraft carriers--the "Clemenceau" and the "Foch"--have been fitted out in recent years to carry tactical nuclear weapons, with which the Super Etendards can be equipped at any moment on orders from the president of the republic. But a heavy mist hangs over the doctrine of possible use of that form of argument. In any case, France rules out its use against a nonnuclear power. In the scenario under consideration, therefore, everything depends on the deterrent power of our aircraft carriers, which are veritable floating airbases and which are valuable when no airport in the immediate vicinity of the enemy is available. In this case, the deterrent power has been partially breached, since 12 Tupolev-22's are considered to have sunk the "d'Estienne d'Orves." The fact remains that the aircraft carrier itself is intact and has powerful means of response continuously available in the form of the approximately 40 planes and helicopters of all types that it carries. In this scenario, the "Clemenceau" uses only a portion of those means for reasons that are exclusively political: the government refuses to become further involved. The role of the aircraft carriers poses the problem of their future. They are both over 20 years old. Giscard d'Estaing decided in 1980 to replace them with two nuclear-powered carriers by the year 2000. Mitterrand has not confirmed that decision. But to tell the truth, neither has he canceled it.

Scenario Three: Poland Collapses; USSR Attacks FRG

It is 5 November 198_. With winter and new food restrictions approaching, violent riots break out in Poland. The party divides into two camps, with only a minority remaining favorable to Moscow. The majority proposes the establishment of a government of national union with the church and Solidarity. But time presses, because Jaruzelski's military government can no longer control the riots. A major portion of the army refuses to fire on the crowd, and there are fraternization scenes.

On 14 November, Brezhnev decrees a general mobilization in the USSR. Moscow has decided to intervene directly. Cautious, the Soviet general staff decides to commit 41 divisions supported by a symbolic Bulgarian contingent and a number of elite East German divisions.

In the West, NATO orders a general alert. Demonstrations in support of the Polish people take place in France and the United States. The governments of those two countries send very firm formal demands to Moscow. The other European governments merely protest.

For the Soviets, the invasion of Poland gets off to a bad start. Entire regiments of the Polish Army go underground to resist the Red Army. The "police operation" turns into static warfare in the field and guerrilla warfare in the cities.

On the Baltic coast, meanwhile, several thousand Polish refugees try to reach Sweden on makeshift skiffs. On 20 and 22 November, numerous naval incidents are reported between Soviet warships and Swedish and West German vessels trying to pick up refugees.

After about 10 days of fighting, the Soviet general staff considers the situation a matter for concern. It is true that the Polish Army as such has been beaten, but

entire units have gone underground, and resistance in the cities is extremely stiff. The analysis sent to the Politburo by the Soviet general staff runs as follows: at best, the Red Army will control the country within 6 months. But during that time, the contagion may spread and lead other Warsaw Pact countries into riots. Conclusion: since the entire Soviet military apparatus has been mobilized and NATO has merely instituted alert procedures without a general mobilization, the general staff proposes a lightning attack on the FRG, with Hamburg to be taken as a "pawn." The objective is the dismantling of NATO's principal forward nuclear bases and the signing of an agreement to neutralize Central Europe.

On 26 November, the 20 divisions of the Soviet group in the GDR, supported by 30 divisions from the USSR, attack the FRG.

On 28 November, the Allied forces have been driven back all along the northern front. NATO asks France to keep its position among its allies, and the FRG's chancellor insists that the 50,000 French soldiers stationed in Bavaria move to the front without delay and that the French First Army be ready to move.

At 2300 hours on 28 November, the USSR warns France not to intervene in the conflict on penalty of "incurring the reprisals of the Soviet people."

On 30 November, Paris hopes that the front will form up again or that the United States will decide to use its tactical nuclear weapons. Meanwhile, the regiments equipped with Plutons--that is, tactical nuclear weapons--are ready to enter the FRG.

On 2 December, the Red Army has Hamburg, the northern part of the FRG, and the straits of Denmark under its control. But the United States has still not raised the conflict to the nuclear threshold. On the contrary, it is trying to regroup its conventional forces in southern Germany for a conventional counteroffensive. The USSR proposes the start of negotiations aimed at neutralizing Central Europe and dismantling U.S. nuclear bases in Europe.

On 3 December, the president of the French Republic declares that "the vital interests of France are in peril." He orders the First Army to march on Hamburg. The Tactical Air Force's Mirage III's, equipped with nuclear weapons, go into action against the Red Army.

Analysis: Limitations of French Nuclear Armament

According to official texts, France's tactical nuclear weapons are intended "to deliver the final and formal warning" by the government to a possible enemy that might be jeopardizing the country's vital interests. If the enemy persists in his intentions, he will have to expect--having been duly warned--that if necessary, France will use its strategic nuclear weapons to strike at the heart of an annually increasing number of Soviet cities. But beyond the doctrine, tactical nuclear weapons continue to divide experts and specialists in France. For some, there is no need for those weapons to be particularly powerful. They say that a "symbolic" strike would be enough to prove the country's absolute determination to a supposed enemy. Others, on the other hand, insist that even though it may mean not ruling out the hypothesis of a possible nuclear war that would result in millions of dead in Europe, a tactical strike fired as a "final warning" makes no sense unless it hits the opponent's conventional forces hard and simultaneously halts their momentum, at least temporarily.

Only then, they say, will it be possible for Moscow and Paris to begin the crucial dialogue--the dialogue for survival--at the highest level. In current conditions, France has real but limited tactical nuclear armament. There are two explanations for this: first, the dominant school of military thinking over the past 20 years has so far rejected anything that might, rightly or wrongly, make it seem that France accepts the idea of a nuclear war in Europe. And second, France did not have the resources--financial or technological--for more sophisticated armament. Specifically, this means that France has five nuclear artillery regiments with a total of 30 Pluton rockets mounted on AMX-30 tank chassis. Their range is 120 kilometers. Headquarters for those regiments are in Laon, Suippes, Mailly, Oberhoffen, and Belfort. For its part, the Tactical Air Force has 75 planes, all capable of firing the AN-52 nuclear bomb with its power of about 20 kilotons--that is, two squadrons of Mirage III-E's and three squadrons of Jaguar A's. LE POINT's scenario--which assumes that the Americans are reluctant to fly to the assistance of the Europeans--spotlights two phenomena that a good number of French experts consider plausible: first, the risk of a French warning strike would in no way halt the steamroller constituted by the conventional forces of the Warsaw Pact countries. Their superiority over the NATO forces, notably in the way of tanks, is genuinely overwhelming. As for the use of Mirage III-E's and Jaguar A's, it could become tricky if the enemy's air force were in widespread control of the skies and the French planes also faced the problem of evading the "steel umbrella" constituted by the opponent's anti-aircraft batteries. Lastly, for lack of an observation satellite--technologically within its reach--or other means of automatic reconnaissance functioning in real time, France may experience serious difficulties in what the military call "target acquisition" with a view to a tactical strike--in other words, selecting a target when the troops are not "in contact." Aware of the limitations of French nuclear armament and concerned to beef it up, Francois Mitterrand and the Defense Council decided as early as last 30 October to equip France with a successor to the Pluton (that decision had been made only in principle by Giscard d'Estaing). To be called the "Hades," it will have a range of 250 kilometers (instead of 120 for the Pluton) and it is said that it will be mounted on a wheeled carrier (instead of the tank chassis carrying the Pluton). The missile will therefore be much more mobile. France is also going ahead with technological development of the neutron bomb, which was begun under Giscard d'Estaing. No decision to build it has officially been made to date. But one cannot help noticing that the Hades missile (which theoretically will be operational beginning in 1992) could be easily equipped with a French enhanced-radiation weapon. According to its supporters, the neutron bomb would enable the French First Army--whose headquarters are in Strasbourg--to constitute a real deterrent force. The general opinion is that it would be risky, considering the relationship of forces, to make such a judgment concerning the First Army today.

Scenario Four: War in Persian Gulf; Moscow Strikes in France

On 10 June 198_, Ayatollah Chariat Madari's government resigns in its final admission of the Iranian prime minister's powerlessness to halt the civil war that has been raging since Khomeyni's death a year earlier. Taking advantage of the additional political confusion, the Toudeh Party, linked to Moscow and the only organized political force in Iran, takes power with the help of young revolutionary officers who undertake to induce important members of the army to follow them. The new "Islamic and revolutionary" government is recognized by Libya and the USSR.

On 12 June the new regime, at grips with the civil war, accuses Iraq and Saudi Arabia indiscriminately of armed interference in Iran with U.S. help. It calls on Colonel Qadhdhafi to deliver weapons. Two days later, it requests military aid from Moscow. The United States places its forces in the region on alert. Reagan speaks on television to say that his country will not sit back and watch military intervention in the Gulf without reacting.

On 17 June, the Americans announce that a Red Army contingent of 70,000 men is on its way to Tehran from Kabul. At an emergency session of the UN Security Council, the Soviet delegate says that his country was asked to intervene in Iran by that country's legal government. Washington announces that the U.S. Navy will control all maritime movement in the Gulf. France, Great Britain, and New Zealand agree to participate in the blockade. With its 15 ships, the French Navy is the second largest naval force in the area. Paris also decides to send air reinforcements to Djibouti. The United States does the same at Diego Garcia.

On 19 June, the Soviet troops are in control of Tehran, and 40,000 men are continuing their advance toward the south--that is, toward Shiraz and the Abadan refineries. Reagan puts the RDF (Rapid Deployment Force) into operation. In other words, 2,000 Marines carried by the Seventh Fleet land in southern Iran, while the 82d Airborne Division is rushed to the area by way of Egypt and Israel.

On 21 June, despite sizable air cover, the Marines are overrun by sheer numbers, since the Red Army in Iran is being reinforced constantly. The Pentagon estimates that 10 divisions are now engaged in the area or are about to be.

Washington then decides to use its tactical nuclear weapons. As participants in the naval operation, France, Great Britain, and New Zealand are informed. Protected by F-14 fighters, the F-4's aboard the carrier "Kittyhawk" proceed with the tactical nuclear bombing of Soviet columns in southern Iran. On the night of 21 June, the Soviet delegate to the Security Council reads a message from Leonid Brezhnev accusing Washington of being the first to use nuclear weapons since the bombing of Hiroshima. An hour later, Backfire bombers drop tactical nuclear weapons on U.S. and allied naval forces in the Gulf.

At 0500 hours, thousands of kilometers from there, units of the Red Army enter West Berlin.

At the same moment, the USSR fires what can be considered a warning salvo: an SS-20 missile fired at a NATO base in Wiesbaden, near Frankfurt, and another fired at the French Strategic Air Force reservation in Avord. Two nose cones fall on the French Mirage IV base. The first police reports show 2,000 dead and 10,000 wounded, all from burns, in the immediate vicinity of the airbase. To justify the Soviet action, Radio Moscow announces: "France has become an accomplice to U.S. nuclear aggression."

The decision is now up to the president of the republic alone. Three options are open to him.

1. Do nothing.

2. Initiate a massive strike by all our strategic forces (nuclear missile submarines and rockets from the Albion Plateau) against Soviet cities. But in this case, France

would be exposing itself to a strike by the USSR, a response that might purely and simply wipe it off the map.

3. Lastly, the chief of state could respond at the same level--that is, by firing on a Soviet base or even an oil refinery, using either an SSBS rocket from the Albion Plateau or submarine missiles.

Analysis: Terrible Double or Nothing of Horror

The above scenario spotlights the strategic upheaval being brought about by the appearance of increasingly accurate strategic nuclear missiles. General Gallois, the "high priest" of French-style deterrence, likes to recall that in the early 1960's, strategic missiles could miss their targets by 2 or 3 kilometers. To be sure of hitting a target, therefore, strategic rockets had to carry loads measured in the megatons. According to experts, today's Soviet SS-20's are accurate to within 240 to 400 meters even though not yet fitted with guided warheads. Their payloads are currently 150 kilotons. And in theory, the American Pershing 2 rockets being built in the United States should be accurate within 50 meters at a distance of 1,800 kilometers by 1986. Progress is constant on both sides. There is no reason to believe that the Soviets will not also reach such heights very soon.

This means that the medium-term prospect of a "surgical" strike destroying almost all of the opponent's military sites while preserving--or almost--the civilian population is beginning to be plausible. Nuclear warfare, long a synonym for the apocalypse, is therefore once again becoming a possible reality as technology progresses. As hits become more direct, the nuclear payload carried by the missile can be further reduced, and collateral damage can be further diminished. At the same time, all fixed targets become ideal targets even if deeply buried. In a nightmare scenario, the Soviet Union could, at the time and on the day it chooses, obliterate its enemy's key military installations in less than 10 minutes and place the latter before the double-or-nothing choice of horror: either fire what remains of its nuclear forces, with the resulting risk of being annihilated altogether, or buckle under. Naturally, such a scenario applies with even more force to a nonnuclear country.

France therefore intends to do everything possible to obtain the means of letting a possible aggressor know that the political benefits to be expected from a first strike would be out of proportion to the losses that France would still be able to inflict on it.

At the present time, the strategic deterrent force rests on an unequally balanced tripod. The first element: 36 Mirage-4 bombers carrying the AN-22 nuclear bomb with a power of over 60 kilotons, or three times that of the bomb dropped on Hiroshima. Fifteen of those Mirage-4's will see their service life prolonged and will be equipped with the new ASMP (air-to-surface medium range) missile. The second element: the Albion Plateau in Haute-Provence, which includes two fire units. The first is equipped with nine S-3 missiles with a range of over 3,500 kilometers. They carry a 1-megaton warhead. The second will be similarly equipped by the end of 1982. Lastly, the third--and principal--element: the Strategic Naval Force (FOS). It comprises five missile-launching nuclear submarines (SNLE's), each equipped with 16 M-20 missiles: two-stage ballistic missiles with a range of over 3,000 kilometers and a single one-megaton thermonuclear warhead. In 1985, the sixth French SNLE--"L'Inflexible"--

will put the new M-4 missile with its six warheads into operation. It has a range of over 4,000 kilometers. Eventually all of the SNLE's, with the exception of the oldest ("Le Redoutable"), will be partially refitted to carry the M-4 missile. But France will continue to have at least two SNLE's at sea at all times, and that number will soon be increased to three, as it already is during two-thirds of the year. The seventh SNLE, whose construction has just been approved in principle by Francois Mitterrand, should replace "Le Redoutable" when the time comes. It will belong to a new generation of vessels. The credibility of the deterrent force depends on the SNLE's (which, according to most experts, will be safe for at least 20 or 30 years from any decisive progress in detection techniques). Despite the burying and hardening of silos, Albion's credibility is in fact declining. As for the Mirage-4's, they are reaching a venerable age. The problem for France immediately becomes one of not allowing everything to depend on its SNLE's alone in the future. How? One thing is certain: mobility is the only answer to the growing accuracy of enemy missiles. Aware of that need, Francois Mitterrand has in fact just confirmed the decision in principle that was made by Giscard d'Estaing: France is going to build a surface-to-surface ballistic missile mounted on a truck. Its maintenance will probably be entrusted to the air force. But some people are wondering: is that system of movement by truck viable in the narrow confines of French territory?

Nuclear Indian Wrestling: Rules of the Game

Paris LE POINT in French 30 Nov 81 pp 66-67

[Article by Pierre Lellouche]

> [Text] Except in Africa, France would not be on the front line in case of a conflict. Elsewhere, its fate may depend on the U.S. attitude.

In the case of crisis situations erupting in Africa, France would very probably find itself on the front line. But the same would not be true in Europe or the Middle East. In those two regions, the conditions of a French response would depend greatly on the conduct of the two superpowers, particularly that of its American ally.

Actually, Europe and the Middle East are the only theaters where the armed forces of the two big powers are already facing each other and the only ones where they might engage in a direct confrontation, using nuclear weapons if necessary.

In Europe, the rules of the deterrence game are known and posted, although vague. On the NATO side, the doctrine is that of flexible response, which says that in case of Soviet conventional aggression, the Alliance's conventional forces would respond at first by trying to stop the invasion. If those defenses collapse, the United States is supposed to be the first to use tactical nuclear weapons. If that action is not enough to stop the Red Army, the United States should then have recourse to its intercontinental nuclear weapons based in the United States or carried on submarines.

The Americans have always been careful, however, to emphasize that there is no automatic connection between the various levels of escalation. Very logically, they would therefore seek to limit the fighting as much as possible both geographically--

by restricting it to European territory--and, above all, in its seriousness. Washington would obviously find it an ideal solution if the war were restricted to the conventional level, if it went no further than the use of tactical nuclear weapons at most, and, above all, if an intercontinental escalation between the superpowers could be avoided. That explains Ronald Reagan's confused explanations to the effect that a nuclear conflict in Europe would not necessarily lead him to "push the button" starting all-out Soviet-American nuclear warfare. For the Europeans, on the other hand, it would be better, as Henry Kissinger remarked somewhat ironically, to see "the superpowers carry on a war over their heads."

In one of LE POINT's scenarios, the United States is faced with the collapse of part of NATO's defense lines and simply regroups its forces for a conventional counterattack. But if the Americans decided to cross the nuclear threshold, their military would certainly not lack the means for doing so, considering the 6,000 tactical nuclear weapons of all kinds that they have in Europe. The fact remains that most of those weapons are subject to so-called "double-key" control, meaning, for example, that Washington is to obtain the agreement of the West German Government before bombing Hamburg.

Unlike the situation in Europe, the rules of the deterrence game in the Middle East are not fixed at all. The region is obviously vital to the West. It has suddenly become a second theater of direct confrontations between the superpowers as a result of two key events:

1. The fall of the Shah of Iran--a Western "policeman"--whom the United States has had to replace by stationing its Seventh Fleet in the Gulf Region.

2. The invasion of Afghanistan, which now places the Red Army within 500 kilometers of the Strait of Hormuz.

At the same time, the region has become nuclearized, since the U.S. Naval Air Force is equipped with nuclear weapons, as are the Soviet forces deployed on the borders of Iran and Afghanistan.

For the West, defending the petroleum in the Gulf is extremely difficult. Geographic proximity gives the USSR a major advantage on land and at sea. Neither the Western naval forces in the Gulf nor the intervention force of 2,000 Marines offsets that superiority. It is obviously in order to remedy that imbalance that Washington is setting up a rapid deployment force which, except for the 82d Airborne Division, still exists only on paper.

The "Carter doctrine" proclaimed in January 1980 declares the Gulf zone to be vital to the United States and its allies and commits Washington to respond by every means, including the use of tactical nuclear weapons, if there is direct aggression by the USSR in the area. The trouble is that, considering the forces facing each other, the Carter doctrine would place the United States in a very disagreeable dilemma if its conventional forces were overrun.

Either it would use its tactical nuclear weapons, with the probable result that there would be retaliation in kind against the naval forces in the region (see the scenario) or even in Europe.

Or, failing that, it would admit defeat and abandon all or part of the region to the Soviets.

Since Ronald Reagan came to power, certain Pentagon experts, while not officially rejecting the Carter doctrine, are thinking that instead of using tactical nuclear weapons, it would be better to retaliate against "one of the USSR's weak spots," this time very near the United States: in Cuba. But in such a game of weak spots, who would be the ultimate winner? Europe also has a weak spot of its own: Berlin.

Political Planning Dictates Strategy

Paris LE POINT in French 30 Nov 81 pp 66-67

[Interview with Pierre Dabezies, director of the Center for Political Studies on Defense; date and place not specified]

> [Text] Pierre Dabezies, 56--former paratroop colonel, professor of public law, director of the Center for Political Studies on Defense, Paris deputy allied with the Socialist Party, and reporter for the navy budget--here gives his opinion concerning LE POINT's scenarios.

Pierre Dabezies: To tell the truth, your scenarios put me on the spot. Not so much because of their content, which is interesting! There are other scenarios that can be imagined, of course, and your choice is not what mine would be. But after all, they do cover a number of cases that might actually have to be faced. No, it is the method itself which leads me to make some remarks--two basic remarks.

The first concerns the "choices" which France--which is neither the United States nor the Soviet Union--cannot evade. When you describe these various scenarios from Africa to the Mediterranean and from Central Europe to Northern Europe, you are in some sense photographing all our weaknesses at once--all our gaps. You lend credence to the idea that "defense" is solely the sum of all the equipment we can line up. From that standpoint, the solution is simple: here we need aircraft carriers and long-distance aircraft, there--among other things--we need satellites and bombers, and elsewhere, we need every imaginable weapon and missile. Result: either we double the budget, which is unrealistic, or we scatter a few funds here and there, which is ineffective! So it is the opposite procedure that must be used, even though the politicians are often reluctant to do so for fear of making a mistake, pushed as they are by the military and the engineers, who are inclined to ask for everything. It is political planning which determines strategy, and strategy determines the equipment that must be built. There is no possible alternative in our case, because we cannot afford everything! But we are lucky: nuclear deterrence is there to help us!

LE POINT: Deterrence? But what if it doesn't work in the future, or works only partially?

Answer: Wait. I am getting to my second point. While it is unarguable that the Soviets have achieved parity with the Americans in more than one field--and even superiority in some cases--and thus constitute a danger, it is no less true that a phenomenon of collective psychology is developing, whether deliberately or spontaneously, which runs counter to our security. I am thinking of Reagan speaking of a

"limited war" to scold the Europeans and carrying grist to the mill of the pacifists, whom he wants to censure. I am also thinking of the former supporters of "psychological action" in Algeria who, by dint of talking about Mao and his unstoppable methods, led one more prosaic colonel to say: "They are a pain in the neck! If they are right, we might as well leave now!" In short, the military exaggerate the threat that they are supposed to manage, the technicians push their weapons and the use that can be made of them, the Europeanists and supporters of the Atlantic Alliance preach tactical nuclear warfare to prove that it is necessary to be linked to the allies, and others, talking as though they had an SS-20 in one pocket and a neutron bomb in the other, demonstrate that the Soviets can scalp Europe without touching a hair of the Americans' head! The scenario of specific and progressive intervention is dominant, the "battle" rules the roost, and deterrence--the strategic Cinderella--is tending, on the contrary, to be discredited.

Question: You are certainly pessimistic!

Answer: Not at all. In my opinion, not only does overall deterrence remain, but everything must be done to strengthen it. It remains because while the Soviet soldier knows how to pass through the Iron Curtain, he does not know what shape he will be in when he reaches Brest! Everything must also be done to strengthen it because Europe cannot afford a war when no one can say just how limited it will be.

Question: In that connection, what should we think of the latest decisions by the Defense Council?

Answer: We should approve of them! Whether it is a question of the seventh SNLE, the mobile missile, or even the Super Pluton, whose range makes it more a deterrent than a tactical weapon, I feel that overall deterrence is being strengthened as a result.

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CSO: 3100/160

JOBERT CITED ON USSR GAS DEAL, IRAQI REACTOR

PM180917 Paris FRANCE-SOIR in French 12 Dec 81 p 2

[Interview with French Foreign Trade Minister Jobert by Benoit Rayski: "The United States Has Offered Us Nothing in Exchange"--date and place unspecified]

[Excerpt] Question: Let us discuss matters dealt with by your ministry, contentious matters such as the gas contract with the USSR, which might make us dependent on the Soviet Union.

M. Jobert: To cover a gas consumption figure of 44 billion cubic meters in 1990, we need to import nearly 20 billion cubic meters annually over the next 10 years. Of this, we are going to buy 8 billion from the Soviet Union. The remaining 12 billion will be found elsewhere. In 1990 Soviet gas imports will account for 4 percent of French energy consumption. You must admit that this hardly constitutes servitude! It is true that the United States has approached all the European countries involved and asked them not to conclude contracts with the Soviets.

Question: Didn't it do that out of pure malice?

M. Jobert: Everybody means well, but there are interests at stake: the United States had previously approached the European countries and asked them not to supply grain to the Soviet Union. It was the first to abandon that constraint. This time the approach was: "Don't buy Soviet gas; we'll give you something in exchange." What exactly this "something" is has never been explained. The U.S. move was thus essentially political. It met with a suitable response from the Europeans very quickly.

Question: Another contentious issue is the rebuilding of the Iraqi nuclear station at Tammuz....

M. Jobert: To state the obvious, if the station had not been bombed, we should not be talking about it again today. Thus it was the aircraft which created the incident. Without the bombing, the French Government would have carefully carried out the agreement that had been concluded, unless this would have resulted in something that was not envisaged. A recent report by the International Atomic Energy Agency in Vienna established that none of the reasons given to justify the bombing were valid. The station, as built, could scarcely promote nuclear proliferation. Those are the facts. In any case, I am certain that the French Government has absolutely no desire to promote nuclear proliferation.

Question: Of course, but I was under the impression that the government wished to introduce morality into the sphere of armament sales and to take special precautions where nuclear energy is concerned....

M. Jobert: Nuclear energy is not armaments. We manufacture armaments; there is no question of selling indiscriminately. So far as nuclear power is concerned, at the end of this century--a period so characterized by nuclear energy--it must certainly be accepted that civilian technology is within everyone's reach, even in the Near East. From this point, anyone who wants to and has the knowhow will branch out toward military use of the atom.

Question: In this regard Iraq is surely scarcely one of the most peaceful or reliable countries in the Near East?

M. Jobert: If you told Iraq that, it would say "we were the ones who were bombed."

Question: If I understand it correctly, the Tammuz station will be rebuilt by France in the normal way?

M. Jobert: At the moment, no one knows if the station is to be rebuilt or not. We are open to talks with the Iraqi Government on the terms for rebuilding.

Question: But if these talks have lasted so long, this must be because the problem is not simple?

M. Jobert: It is not a difficult question. So far, our Iraqi interlocutors have not spelled out what they want.

CSO: 3100/188

GOVERNMENT, INDUSTRY SEEN INCREASING DIALOGUE ON PROBLEMS

Paris LE NOUVEL ECONOMISTE in French 30 Nov 81 pp 30-31

/Article by Marie-Louise Antoni and Claude Bunodiere: "From Invective to Dialogue"/

/Text/ Before 10 May, it was a duel with capped foils and family quarrels. Today it is firing the bazooka and the war of movement. It is no longer a time for truce between management and the government. But beyond shattering statements, a new fact has appeared for a week: the start of genuine dialogue where outrageous language does not exclude frankness.

Messrs Henri Krasucki and Georges Marchais condemn the enterprise managers, saboteurs of the leftist experiment. The managers, in exchange, accuse the government of being the grave digger of the economy. Pierre Beregovoy, secretary general of the Elysee and the ministers Laurent Fabius and Jean Auroux, who came Monday to bring good news and legitimacy to the last of the management movements founded, the SNPMI [Company for New Processes in Mechanics and Industry] of Gerard Deuil, were only entitled to gibes and invectives: the outcry about governmental policy proved to be stronger than all the bitterness of a certain management about a "purring" CGPME [General Confederation of Small and Medium-Sized Businesses] or a "dominating" CNPF [National Council of French Employers].

It is an error in governmental tactics which should encourage the official strategists to reconsider their scheme to divide management. This is especially so at the moment where with the election of Yvon Gattaz, successful general manager of an enterprise of 900 persons, the CNPF shows a desire for evolution and adaptation. It was an unexpected, but very significant election. With his deceptive simplicity, his humor and his contagious enthusiasm, Yvon Gattaz is the prototype of the average employer and is proud of it. He approaches the five major concerns of the CNPF (see interview) with his usual pragmatism and optimism. Confident in the results of his company, Radiall, he can hit home with some fundamental principles without complications in the matter of management and the economy. The "enterprise charter" outlined by the movement which he has created,

l'Ethic, guarantees his aptitude for social dialogue. His militancy which has been strictly on the side of the employers for 10 years does not allow suspecting him of any political aims.

In short, confronting a government ready itself to recognize its errors--yesterday to reverse itself on the right of veto of wage earners on layoffs and on taxation of operating equipment, today to revise its positions on investment assistance--the CNPF is headed by a man ready to move forward to explain himself.

What is the double limit of these new strategies? For a diversified management it is the burden of the crisis which increases the differences between the strong and the weak. For the government, it is arbitration which always has to take place between the theoreticians and the pragmatists. It has a common risk: leading to division when the goal is to unite.

Unity and Dialogue

The employer group faces a dual imperative: reorganizing its forces and finding a method for dialogue with the government. Without being caught in this trap: it must appear like the reserves of the political opposition. Nor must it fall prey to this other risk: in case of failure of the left, being picked as a scapegoat. Where is the right way?

Yvon Gattaz--After having been successively, for 35 years in the management of a very large company (Citroen), then founder of a craft enterprise before becoming general manager of a company which has 900 workers today, I believe I am one of the oldest "employers" and I know all aspects of enterprise the best. I am convinced that: enterprises, regardless of their size, have mutual interests. Having said that and taking into account the goals set by the government, the risk exists of seeing the nationalized industries favor retaining or increasing their own workers with respect to their subcontractors. It will be necessary to judge on the basis of evidence.

As regards employer unity, we must not overlook the usefulness of what I would call the "peripheral" movements. By way of example, for 6 years, whether it involves the creation or perpetuity of enterprises, an organization such as Ethic has passed its tests as a laboratory for ideas. Today, before the seriousness of the social situation, economically and eventually politically--the first two factors date from before 10 May--the urgency, all sensitivities forgotten--is for unity. I have repeated that for 6 years: we must fight for a doctrine of enterprise, become teachers to explain its role and its needs. Not in using political terminology--on

that level, every enterprise manager will always be suspected of defending his personal interests--but quite simply, much more concrete and credible, that of arithmetic.

Expenses and Competitiveness

"You have never had so much assistance and funds." The government says to the industrialist. "Professional tax increasing, wage costs increasing, weakness in the stock market etc, we have never had such difficult operating conditions," the employers retort. Beyond the dispute over the figures, the key point remains: the future of French industry's competitiveness.

Yvon Gattaz [Y.G.] I especially have faith in the drive of its exporters. The accomplishments have been considerable for 10 years. But if to expensive money and the accumulation of expenses there is now added a policy of investment assistance systemically based on the creation or maintenance of jobs, then the party is going to be less and less enjoyable. In this sense, the government's policy seems somewhat disconcerting to me and indicates its failure to recognize enterprise's daily problems. I will continue to say it. I have already fought--with some results--against this tax, which is obviously poorly designed, that is the tax on wealth. In the same way, I am going to fight against this disastrous tax which I call "l'Enaoud": This "customs duty," the reverse of the professional tax, which penalizes French products and not those which come from abroad, consequently encouraging imports.

The Social Policy "New Look"

In social policy, after emotion and anger, we need realism. The employers are seeking new rules for the game: discussions on working hours are underway. The Auroux report has been submitted to the rank and file. While awaiting the verdict, negotiation and persuasion are prevailing over the opposition.

Y.G. I believe that Auroux wanted to show some moderation in his report and I am sure he made a special effort to understand the problem of enterprises. Obviously, he avoided expressing fundamental idealogy. But all the results of some measures have not been evaluated thoroughly. We are now in the study stage. When it has been completed, we will go to the government leaders, without a partisan spirit, saying to them: "Have you estimated well the risk for enterprise and employment of such or such measure?" Of course, as president, I will follow these subjects in collaboration with Yvon Chotard, who remains as chairman of the social committee. He is a good negotiator. I have confidence in him.

Stable Employment

The government has an obsession about employment. The employers are obsessed with profitability: The risk of divorce is genuine. Hence the urgency for the employers, beyond their justified criticisms, of making their own proposals.

Y.G. The speech which the government gives us and which goes as follows: "Show civic spirit and employ personnel" has a disturbing faulty reasoning. Now that we have 2,000 bankruptcies per month they always speak of creating new jobs and they forget the first priority: preserving those which exist. "The failure" of management today is employing too many.

In this field I have no other message to convey than my own experience. All the Radiall strategy for 20 years has been based on both boldness and caution. Boldness on the subject of research, new products, new machines and commercial policy and the concept of social relationships. Extreme caution--some bankers would say "retrogressive"--in financial matters. And we also observe extreme caution in matters of employment.

The government is attacking the problem the wrong way: unemployment is not a problem itself, it is a result of the deterioration of the enterprises' growth and prosperity. Genuine stable employment is profitable employment. I admit that I have no solution outside of improvement and growth. Merely be assured that we will study attentively, as soon as the documents are issued, all the ideas proposed by the government, beginning with solidarity contracts.

Plan and Consistency

The CNPF does not hide its concern about the interim plan (1982-1983). While it agrees on the stimulation of advanced technologies, economic revival or growth, it observes a certain lack of consistency. Is it possible to support both public employment and the production machine? The employers also emphasize some deficiencies. It concentrates too much on France, the plan lacks an overall estimate of its cost.

Y.G. Let us not be too negative. I do not agree with the argument for the extension of the public sector or even some aspects of energy policy, but I think there are good ideas in this plan: The effort concentrated on research and the desire to exploit our inexhaustible deposit of gray matter.

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CONSERVATIVE PAPER VIEWS JORGENSEN EFFORT TO RETAIN RULE

PM171203 Copenhagen BERLINGSKE TIDENDE in Danish 12 Dec 81 p 8

[Editorial: "The Election Weather Vane"]

[Text] When government formation negotiations are begun after an election campaign, account is often taken of what is generally called the election weather vane. The normal understanding of what this phenomenon involves is that every election result contains a trend. This tendency does not necessarily mean that a group of parties or a single party has won a majority. But the total movement within the electorate is registered as an increase in support for one or another major philosophy.

In the phase in which the acting prime minister finds himself at the present he is busy reading the election weather vane. However, up to now he seems to be in some confusion about the correct interpretation of the election results. He could quite legitimately have a lot of good reasons for dissociating himself from the ideas put forward by [Radical Liberal] Nils Helveg Petersen for a broadly based government embracing the four old parties or at least comprising the Social Democrats, the Radical Liberals and one of the major nonsocialist parties. But he is on the wrong track when he dismisses the idea for the following reason: "It is theoretical speculation to propose that after an election defeat the Social Democratic Party should establish firm ties with the right in the Folketing chamber." It is quite true that the Socialist People's Party won the exact number of seats which the Social Democrats lost. But Anker Jorgensen should not forget that the Socialist Left Party lost one seat and also that a significantly smaller number of votes were given to parties on the extreme left than in the previous election. Moreover, the Single Tax Party, which often voted with the left of the chamber, has disappeared from the Folketing, and the Radical Liberal Party has lost one seat.

Whether Anker Jorgensen likes it or not, the election's main trend is that progress has been made by the parties which do not count themselves part of the left. This is a weather vane which should play a part in the political soundings which are now taking place. The Social Democrats, as the party with the most seats, has a duty to take the first soundings. But it would be regrettable if the party soundings were to have as their point of departure the party's liberty to interpret the election result freely and without reference to the true state of affairs.

It could be that the Social Democrats after closer analysis of the election result will draw the conclusion that it is better for the party to seek to regain the votes

lost to the Socialist People's Party than to hunt its supporters who went over to the Center Democrats. But if this is the party political calculation and if this goal is to be achieved through stifling cooperation with the Socialist People's Party, it is hard to understand why society as a whole should have to suffer under these party political endeavors. It is even more difficult to see why the Social Democrats could not more easily achieve this goal as an opposition party. At least this would accord better with the electionweather vane.

CSO: 3106/32

HOLKERI COMMENTS ON PRESIDENTIAL CAMPAIGN, USSR TIES

Helsinki UUSI SUOMI in Finnish 31 Oct 81 pp 13-15

[Interview with Harri Holkeri by Tuomas Keskinen]

> [Text] The long-line conservative Harri Holkeri, who now has cloistered himself in the peace of the Bank of Finland, will return to the limelight next Wednesday [2 December]. He is going to be asked to become a presidential candidate, and it is believed that he will consent. There is no doubt that he is going to cleanly conduct a magnificent, streamlined campaign. The outcome will be decided by the people of Finland--the nation, as Holkeri would put it himself. The candidate himself promises to say something later, at the meeting of the electoral assembly.

Words like "nation" and "national unity" will be repeated often in bank director Harri Holkeri's speech these days. Of course, that has nothing to do with the presidential game. Holkeri is not a candidate, and he is not aspring to become one.

However, ever since the summer of 1979, everyone with an open eye on political life has had a hunch that Holkeri would become a presidential candidate. In 1979, Holkeri left the leadership of the Conservative Party, and with it, the daily political routine, as he transferred to the board of the Bank of Finland. A step forward is going to be taken again on Wednesday when the party's board of representatives asks Holkeri to become a candidate. He will consent, and the Party Conference will decide on the matter.

The Conservative Party will embark on the electoral battle from an internally sound but externally rather unpredictable position. Holkeri appeals strongly to party loyalists, but the uncommitted crowd, the majority, constitute a puzzle which will be solved only during the night of 18 January 1982. It's not far off; thereis no time to squabble.

The uncommitted segment will be pinned down on 26 January at the latest in the electoral assembly voting. As early as the following day, we will have a new president. Will it be Harri Holkeri?

As a presidential candidate, Holkeri has set himself that goal, and he does not seem to anticipate any trouble with motivation or doubts.

"I Have Had it Easy"

Harri Holkeri is not pleased with the presidential debate: it has been of questionable quality. However, he offers no further elucidation:

"The weapons that have been used in it will not only harm the mutual relations between the political groups, but they also can cause misunderstandings in the world at large."

"I have had it easy as far as this goes, but some people have been subjected to smear campaigns."

[Question] What did you think when you got the news that Urho Kekkonen would step down?

[Answer] "One phase in the history of the nation has ended and a new one is beginning."

[Question] What will that new phase be like?

[Answer] "There is every chance that the development will continue securely from this point on as well. Our position does not depend only on ourselves; however, we can influence it by adapting to pressures from the outside world."

"Ours is basically a healthy nation."

[Question] How will we secure a safe development?

[Answer] "The basic condition is our relationship with our neighbors, most of all with the great super power neighbor, the Soviet Union. The good relationship we have created with it is now also the basic condition of our external security."

"This relationship is maintained precisely by developing it. If the relationship begins to tread water, it will regress."

"I have been led to understand that the USSR leaders continue to take the stand which was prevalent at the signing of the YYA [Friendship, Cooperation and Mutual Assistance] Treaty, that it is of essential importance for their country that there should not be a threat from Finland's direction or through it, and that this peaceful situation be stable."

"A Superpower Might React"

[Question] Is it possible, considering present circumstances in Finland, that the USSR leaders might start having doubts about our line?

[Answer] "I don't believe so. But a superpower might react in a very decisive way in order to secure its basic interests. There is no reason to begin experimenting to find out what the breaking point is. It would be an inconceivable action."

[Question] Finland has had a clear [foreign policy] line from Paasikivi to Kekkonen. We will have now new events to contend with, the world will change, and a new person will lead Finland's foreign policy. Is there reason to fear that conflicts will emerge in Finland?

[Answer] "I believe that the new head of state will get the whole nation's support, regardless of his political background or the way he is chosen. The national unity created during the Kekkonen era will certainly adhere that long."

[Question] What if differences of opinion emerge regarding the interpretation of foreign policy?

[Answer] "Of course it is possible that they may emerge; we have had them also during Kekkonen's presidential terms. But I don't believe that differences of opinion will be hard to resolve. They only center on details."

"The Shop Is Closed"

[Question] Do we have a valid social agreement?

[Answer] "Yes we do, since we tolerate each other. Finland is as a nation more tolerant than before."

"I have tried to translate into Finnish the word 'consensus' which does not mean the same as 'unanimity.' The Finnish equivalent could be 'collective tolerance' [yhteissietamys], preparedness to tolerate some circumstance in a situation when it is impossible to bring forth one's own, ideal solution. It appears that the rest of the world, also, considers us to be quite proficient at this."

[Question] The Conservative Party has been in opposition since 1966. Are you now trying to change this arrangement?

[Answer] "New arrangements come about naturally. We have ingrained problems in the coalition set-up. However, they have nothing to do with the current presidential election."

"Kekkonen has been unduly blamed for the present coalition arrangement.

The reason for this has been the existence of conflicts between the parties." "In some statements, attempts have been made to intertwine the presidential election and the governmental solution, either in order to maintain the present basis or to create a new one. These statements don't make sense. In this connection, we cannot meddle with the parliamentary process. It is an apparatus quite separate from the presidency."

[Question] The Conservative Party, in other words, cannot be bought by governmental power positions?

[Answer] "That shop is not open now."

"In 1966, when the SKDL [Finnish People's Democratic League] came into power, the president made an offer of a government by all parties. The Conservative Party refused and chose opposition voluntarily. My impression was that Kekkonen had nothing against the Conservative Party becoming a government party. I had an opportunity to learn to understand the realities of the situation, as I was a liquidator after the last parliamentary elections."

"Immense Power"

[Question] Does our parliamentarianism work?

[Answer] "It is now in force, and no one has broken the rules. However, the changes in the power structure are somewhat slow to manifest themselves in Finland. Some have made cooperation agreements that contradict the direction of movement. But it is precisely on the account of parliamentarianism that this slowness will be removed."

"The citizens' voting rights are an enormous power."

[Question] So you believe that the Conservative Party will continue to grow?

[Answer] "Yes, I do. At the same time, the other parties will come to resemble the Conservative Party more and more."

[Question] Would you make the presidential election more bourgeois? Is that an ideological problem?

[Answer] "Finland is a bourgeois country and it is natural that the Conservative Party should attempt to ensure that a person who favors this system will be chosen as president."

[Question] Will the Conservative Party persistently advocate its own candidate to the end?

[Answer] "Yes, of course."

In Favor of a Socialist

[Question] In 1956, the Conservative Party almost immediately gave up its own, truly competent candidate, Sakari Tuomioja and began to support the Swedish-speaking socialist candidate K.A. Fagerholm, who did not belong to the church, against the other bourgeois candidate. Now again, the bourgeois alternative is being touted by the Conservative Party. What is there about the Conservative Party that we can trust?

[Answer] "The electoral situation is always unique, but I myself have criticized the 1956 proceedings. There is a lot to learn from that election, but only apropos of 1956, not 1982."

[Question] As a young man, you were working in the Honka coalition office in 1961. Was there something in it worth learning about, as has been now intimated?

[Answer] "I was there for a short period on orders from the party. I worked as a kind of settler of the estate. My most important work was done as secretary of the meetings that abolished the Honka coalition."

[Question] Then the Conservative Party turned off its light and voted for Kekkonen.

[Answer] "Yes. During the electoral campaign we announced we were in favor of a bourgeois person."

[Question] Are you scared by the change in France: the leftist take-over, the Mitterrand phenomenon and its potential manifestation in Finland?

[Answer] "It is not possible in Finland."

"This scenario is being used for two purposes: first, to scare people, and secondly, to suggest that if it is possible in France, it would also be possible in Finland. In other words, it is a nightmare for some, a dream for others. For me, it is neither."

[Question] France first had a presidential election, and after that, parliament was dissolved. Why couldn't this happen in Finland?

[Answer] "That is up to the future president. I imagine that dissolving the present parliament before the fact does not make any sense. Let's first see whether the parliament is capable of taking care of its duties or not."

"The parliament cannot be a part of some peculiar theoretical game."

Moral Obligation

[Question] If it's possible for the nonsocialist parties to form a majority coalition, is it most likely that a new candidate, a dark horse, will be chosen?

[Answer] "No. Every presidential candidate is attempting to become president."

[Question] Is the bringing up of a dark horse a suspicious strategy?

[Answer] "Yes, it is. Choosing appropriate public candidates so that they suit the electoral system is a most important task, even a moral obligation to the voters. One must really think hard before starting to change names."

"If games are played with these matters, the entire political life of the nation can end up badly compromised."

[Question] So you don't approve at all of dark horses?

[Answer] "I see it as a very questionable strategy."

"Of course, the electoral assembly will have received the authority to consider this matter very thoroughly, that is, according to the spirit of the constitution. But if the election is conducted as obviously as it is by using candidates' names, then speculation over dark horses involves a suspicious amount of perfidiousness."

[Question] If you yourself were a candidate, how would you intend to lead the working of your electors?

[Answer] "It might be that I have my own ideas of how to manage these matters."

[Question] And you will also state them publicly at the appropriate time?

[Answer] "Yes."

[Question] Are there fears in the Conservative Party that they are supporting the wrong side again?

[Answer] "Well, that is a justified fear if they intend to support Harri Holkeri," laughs Harri Holkeri in the Bank of Finland, a day after Kekkonen has announced his withdrawal.

[Question] How will you continue your career if you are not chosen president?

[Answer] "If I am chosen to be a presidential candidate, I will try to become president."

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KOIVISTO AFTER NOMINATION COMMENTS ON FOREIGN POLICY

Helsinki SUOMEN KUVALEHTI in Finnish 13 Nov 81 pp 24-26

[Article and interview by Antti Blafield with Mauno Koivisto; place and date not given]

[Text] Mauno Koivisto opened his presidential campaign on Sunday, November 8, in Forssa. The place was carefully chosen: In 1903, the Social Democratic Party ratified its party program, which aimed at socialism, at Forssa. The time was carefully chosen: Before and after Koivisto's speech came performances by the Red Army.

Nine hundred people were sitting in the Forssa sports hall: the anniversary celebration of the October Revolution arranged by the Forssa district division of the Finland-USSR Society was sold out. It had been sold out even before it was known that Mauno Koivisto would be a speaker.

Koivisto entered with security men and an adjutant without much fuss, and the audience received him in like manner. The eager applause started by a couple of elderly women finally got the people of the Hame province clapping their hands a few times.

The main attraction of the festival was the Leningrad military district troupe of singers and dancers. The group presented as its ninth piece Oskar Merikanto's song "On the Sea" in Finnish.

After that, the soldiers left the stage and Mauno Koivisto took the podium to deliver his first public speech since the beginning of the Urho Kekkonen's sick leave.

Pattern

Koivisto's staff had founded the foreign policy line statement on the accustomed blueprint.

First, a mention was made of the anniversary. "The Great Socialist October Revolution started 64 years ago yesterday."

Koivisto too sees a clear convergence between the revolution and Finland's independence. "For Finland, the victory of Leninist national politics opened the road to independence a year later."

It was then time to remember the hosts. "Finland-USSR Society was established in October of 1944 to garner the widest possible citizen support for the foreign policy advocated by the Finnish government which aimed at good neighbor relations. "Distrust has to be abolished, friendship must be established," said Prime Minister Paasikivi in his first independence day speech after the signing of the armistice.

After Koivisto stated that today "there is good reason to be satisfied," he emphasized: "This has not lessened the need to continue the work towards maintenance of good relations and towards strengthening mutual cooperation."

"It is good to recall what J.K. Paasikivi said in his farewell interview with the Swedish paper DAGENS NYHETER in the summer of 1955: 'It will always be most important for Finland to maintain a good relationship with the Soviet Union. Geography and history demand that this be the case.

"Paasikivi made his statement 26 years ago...There has been a noticeable change for the better in the international situation, but the main content of Paasikivi's message is still relevant. He had learned his history lesson, and he knew that certain facts of international politics will not change. The notion that it is possible to play on the international political cycles is dangerous and treacherous."

YYA [Friendship, Cooperation and Mutual Aid] Treaty

After citing the lessons of history, Koivisto quoted the first article of the YYA Treaty: "Finland undertakes in the agreement to defend its territory with all available powers in the event that Finland itself, or the Soviet Union, through Finnish territory, were subject to military attack. It would do that as an independent state in any case."

After the military article, Koivisto emphasized neutrality: "The preface to the agreement takes into account Finland's endeavor to stay clear of conflicts between the major powers. Paasikivi had expressed a special wish for this decree to be added to the treaty and he had authorized Urho Kekkonen to negotiate this matter as his personal agent. This section of the agreement was to be of central importance when Urho Kekkonen, as president of the republic, undertook to develop Finland's neutrality policy and to give it its present active and peace-oriented content."

"YYA agreement is a unity in which all the components are important. Nothing has happened that would justify interpreting the agreement in a new way."

After discussing the two central parts of the YYA agreement, Koivisto spoke about the benefits of the agreement.

"In the future, as well as today, we must be able to see to it that the opportunities offered by the long-term cooperative program will be utilized to further mutual interaction as well as to increase export and import in a balanced way."

From Finland's Eastern relations, Koivisto widened the scope to Finland's foreign policy in general. "Finland's security and its stable international position after World War II have been built primarily through skillful foreign policy, and as the armament technologies of the superpowers have developed immensely, the significance of this has only been emphasized."

Realism

"Urho Kekkonen's starting point has been the same geopolitical realism represented in its purest form by Snellman and Paasikivi. But where Paasikivi felt that the best peace-time activities of smaller nations involved developing the nation's own material and spiritual life, Kekkonen's basic attitude has been more active. This is well illustrated in Kekkonen's "Tamminiemi" book where he quotes historian E. G. Palmen: 'In order to salvage its own position, a small nation must come up with intelligent proposals in order to fend off the dangers before they become too great.'"

"It is to our own advantage that we should attempt to influence development in the world, where our fate is being resolved. A small country like Finland cannot express its aspirations for peace nowadays by withdrawing into itself. We don't want to involve ourselves in the superpowers' conflicts so as to start furthering the interests of one to the other's detriment. It is precisely this [attitude] that enables us to further our role in working towards the solution of problems in the interest of the entire international community."

"Finland's active, peace-oriented foreign policy" also made us the hosts of the ETYK meeting, "which strengthened respect for our foreign policy everywhere in the world."

Speaking of ETYK, Koivisto made his only statesmanlike statement, an assurance by a leader of foreign policy; "For its part, Finland will do all it can in order to further and consolidate the development set in motion in the Helsinki ETYK conference."

Position

After discussing ETYK, Koivisto spoke of the war threat and disarmament. "The recent development of nuclear weapons strategy has increased uncertainty not only in Central Europe but also closer to us. For this reason, we must continue in all possible ways the endeavors for securing the Nordic nuclear-free zone, an idea that President Kekkonen set forth already 18 years ago. At the same time, we have to do all we can on our part to fend off the threat of a nuclear war. This is permanently possible only by complete nuclear disarmament and generally the abolition of all mass destruction weaponry."

The final conclusion was that "our country's international position is stable and peaceful, better than ever before in our history, in spite of the fact that international tension has increased in the past years." However, there is reason for vigilance; again in the words of Paasikivi: "One must keep both feet firmly on the ground, one's head cool, but one's heart warm."

Addendum

SUOMEN KUVALEHTI had an opportunity to present Mr Koivisto 6 questions.

[Question] You have made a name for yourself in the past few years with a so-called low profile policy. Would it be possible to transfer this way of making politics also to foreign policy, and if so, what would it mean?

[Answer] "We have had before in Finnish foreign policy a line definable as low-profile. Paasikivi's way of thinking was exactly that--that a small country would be wiser to keep its mouth shut, and even though Urho Kekkonen has been more active and shown more initiative, we have nevertheless generally used a sordine--Finland has not participated in the tumult going on in the wide world, and in conflict situations, it has not made special comments whereas Sweden, for example, sometimes has. Whatever we call this policy, it is always reasonable that a small country like ours should be fairly reticent in expressing its opinion in the international arena."

[Question] Do you regard the tag "low profile politics" appropriate?

[Answer] "Well, it can be sometimes a little misleading, but Kekkonen did warn against raising Cain, I don't remember now in what context. This is the beginning of a long line of argument which starts from the premise that there can be two extreme ends: idealism and realism in foreign policy. Each country will have to take a place on this axis depending on its situation. But that is a long story."

[Question] What sort of initiatives could Finland take in the present international situation?

[Answer] "The follow-up meeting of ETYK is in session in Madrid, and for its part, the Finnish delegation is attempting to exert influence towards bringing the meeting to a successful conclusion. A long time ago already, Kekkonen made an initiative regarding the Nordic nculear-free zone, and this is continuously attracting a lot of interest. Also, on the UN forum, Finland has shown initiative. Whether it will be very significant or not, there can alwyas be situations where Finland's initiative will matter."

"Finland's initiative played a major role in the way the European security and cooperation meeting proceeded in the early 1970's. It is at any rate in Finland's interest to attempt to exert influence toward peaceful solutions."

[Question] Kalevi Sorsa has already proposed that the YYA Agreement be remade. Do you agree?

[Answer] "He seems to have stated what should have already been done. It is a little difficult now to join that discussion, but apparently the time is not very far any more for a serious discussion on continuance of the YYA agreement in its present form, even if it still continues in force for a long time. Most of all, this is a question of what would be a natural context for it to come up."

[Question] You have mentioned yourself that your personal relations with the East are not much to boast about. What does that mean?

[Answer] "Well, yes. It was for me a major source of surprise when UUSI SUOMI printed this statement in a huge headline. At the very beginning, the interviewer asked what my personal relations with the Soviet Union leadership were. I answered, referring to them, that they are nothing to boast about. So then it got changed into this. One wonders who cooked up that headline. I could have of course answered that they were nothing to boast about but also nothing to complain about. I have myself felt that all my meetings with the Soviet representatives have been profitable."

[Question] What is your opinion of the present foreign policy debate?

[Answer] "Well, there hasn't been much actual debate as yet."

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PAPER COMMENTS ON DECLINE BY LEFT IN STUDENT ELECTIONS

Helsinki UUSI SUOMI in Finnish 6 Nov 81 p 2

[Editorial: "Challenge for Parties"]

[Text] The student union elections in the universities of the country brought a large victory for the nonaligned. All political parties suffered notable losses, especially the parties of the left.

The drift that started in the two previous student elections has strengthened now, and the university community is moving in the same direction towards nonalignment as the rest of society.

The results of student elections constitute a challenge to the political parties. The surrender of Finnish society in the 1960's and 1970's to partisan politics and the monopolization by the parties of decision-making powers, including even the naming of the candidates, is proving ever more clearly to have gone to excesses which have alienated both the citizen voters and even the unions.

The parties are facing a necessary period of change if they want to hold onto their voters. According to studies, the number of shifting voters is growing, and without any doubt, those parties which know the language of the period of change are going to get the best reactions from these shifting voters. The increasing unwillingness of the citizens to commit themselves to one party most certainly does not indicate a decreasing willingness to vote, but merely a lessening inclination to choose according to traditional party lines.

It has been relatively easy for the parties to continue the well-trodden path in national and municipal elections, because in them the voters are not offered the alternative of nonalignment. The student elections are a discomfiting example of an election situation where alignment is not called for. The students have had an opportunity not to acknowledge, or even become aware of their party leanings, and the result manifests itself as a surprisingly large victory for nonalignment.

According to expert opinion, decreasing participation in the student elections is a sign that peace has set in and that there is no need to debate big questions and reforms.

Nevertheless, the students' willingness to participate in the management of common affairs has not decreased; they are only concentrating their energies--rather in the spirit of the 1950's--more vigorously in studies and pursuing degrees. The student unions have gone back to their former job of managing routine organizational matters without serving their members with major topics of debate.

On the basis of the elections, it can be commented that the students on the whole are satisfied with the present university organization. The satisfaction is not even shaken by the central problem, which is the increasing financial indebtedness of students.

In spite of the overwhelming election victory of the nonaligned section, the Conservative Party is still the largest group in the universities. The breakdown of the the left, and especially the communists, indicates a social change which manifests itself as a weakening of collective thinking and party alignment and a strengthening of individual needs.

In the light of their declining party support, it seems that the young students of today are not indicative of what the nation will be tomorrow; instead, the university world appears to point the way to others as far as stressing individualism.

The growth of individualism is only beginning to accelerate in Finland. According to research, it is a question of a long-standing development, based on the period of change in the industrialized societies. The same direction is apparent in all European multi-party countries; and even those most set in their political ways--Finland, Switzerland and Sweden--have started to move along with the others towards freedom from general party policy alignments. Those parties which either don't dare or don't know how to prepare themselves for change, will suffer in the near future.

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FINNISH PAPER VIEWS END OF 'POLISH SUMMER'

PM161309 Helsinki HUFVUDSTADSBLADET in Swedish 14 Dec 81 p 2

[Rafael Paro editorial: "The 'Polish Summer' Is Over"]

[Excerpts] The rest of the world has taken Sunday's events in Poland fairly calmly. In various camps some sort of decisive action has been long expected. How the man in the street in Poland is reacting we still know little about. The borders are closed, telephone and telex communications have been cut, censorship has been reintroduced in the country. The Poles have locked themselves in to look to their own affairs.

However, more than ever before in history Poland's affairs are the concern of us Europeans. On our grotesquely armed continent there is no more room left for solving conflicts through arms. This is why the tug-of-war in recent months over the shape of Polish society has been far from a safe and risk-free game.

The "Polish summer" lasted for 17 short months. It gave the majority of the country's 35 million inhabitants hopes for a new future. However, it now seems as if the dream of socialist renewal has been crushed in a single night.

Now all trade union activity is forbidden. Discussion and debate have been terminated for today. The Polish Military Council for National Salvation is ruling the country. Reactions in the other Warsaw Pact capitals show that the action did not come as a surprise. Developments in Poland have not only been an ideological, political and military burden for them but also a major economic burden. The fraternal socialist nations are hoping for the return of law and order in Poland.

People in the West are not perplexed, merely a little surprised. People are prepared to wait and see as long as events can be seen to lie in the hands of the Poles themselves. Any form of fraternal help from some other socialist country would probably sharpen attitudes.

The events in Poland in recent years affect the whole of Europe and have repercussions on the whole of the international situation. It is obviously a minority of the Polish people who have acted and assumed responsibility in accordance with their view of what the hour demands. How the majority of the population will see and accept this initiative the near future will show.

CSO: 3109/66

FRENCH ADMIRAL URGES EUROPEAN DEFENSE TIES

PM111145 [Editorial Report] Paris LE MONDE in French 9 December 1981 carries on page 2 an 800-word article by retired Vice Adm Paul Delahousse entitled "Europe: Object or Protagonist," arguing a case for European cooperation on defense. He urges the creation of a "European pillar in the Atlantic Alliance," asserting that this would be welcomed by France's European partners and by the United States which would "probably like nothing better than to see the Europeans ensuring their defense more effectively." He goes on to say that "the ball is in the French court" and to urge a French initiative on initial dialogue between France, Britain and the FRG which could later lead to consultations at a wider European level.

CSO: 3100/188

AVEROF ANSWERS QUESTIONS ON DEVELOPMENTS

NC211130 Athens AKROPOLIS in Greek 20 Dec 81 pp 1, 12

[Exclusive interview granted by New Democracy leader Evangelos Averof to AKROPOLIS correspondent Pavlos Kamvisis--date and place not given]

[Excerpt] Question: The previous party leadership was accused by a portion of the party and the popular base for its tactics to maintain a "calm climate." What are your views on this issue and what do you intend to do?

Answer: I have never disagreed with the tactics for a "calm climate." I can conclusively state that we are: rightists from the viewpoint of fatherland and traditions; liberals from the viewpoint of political views and our opposition to totalitarianism; center-leftists, I would say, from the viewpoint of progressive spirit and a more just distribution of the national income. We differ from many of our opponents who believe that economic and social justice can be brought about through state interventionism and a totalitarian economy. We believe that social justice can be brought about not through reforms but, primarily, through the increase of the national income and that this increase, as proved on a world-wide scale, can be achieved only when the economy relies on private initiative--always under control, naturally--to the degree allowed by the social, economic and technical conditions of every age.

Question: New Democracy's defeat in the election was, certainly, also the result of mistakes during its 7-year administration of the country. What, in your opinion, were these mistakes?

Answer: There were mistakes. To err is human. They are not such, however, as to justify our defeat in the election. I could say that we lost the election because the slogan for change "had an influence" among the masses, because our opponents in conducting their demagogy promised everything. In answer to the promises we countered with a responsible spirit, we presented our serious creative effort and announced a program which could have been realized without remaining empty promises. Perhaps this is where we should look for the reasons for our defeat.

Question: A great portion of public opinion accuses the PASOK government of speedily proceeding with the establishment of a party state, with the "takeover" of the state. You have also stated this. How will you deal with this situation?

Answer: The pogroms unleashed by PASOK are self-evident. Nothing like this happened in the past 150 years. It is well known what PASOK's aspirations are, it wants a party state.

I much fear, however, that without realizing it, PASOK is committing a grave mistake and that it is working for others. Here is an important example: Today it fights with all available means against the legal and free trade unions, it tries to destroy their structure and administration in order to have new administrations installed. Its goal is to take over the administrative bodies of the trade unions. I foresee, however, that the KKE, with the experience and organization it possesses, with the psychological pressure it will exert, will reap great benefits than PASOK in the final outcome of this operation.

With all its strength, new democracy will oppose, this effort for a party state. With all available legal means it will protect the people who are being persecuted, humiliated and abused by the Green [PASOK's color] Guards. The battle will be waged in the Chamber of Deputies and the courts, whenever needed, stating emphatically that when new democracy returns to power it will reinstate all those who will have been persecuted for party reasons.

Question: After your briefing by the prime minister the other day on the latest developments in Greek relations with the EEC and NATO, you refused to make any concrete statement. I ask: After your "interesting," as you described it, briefing does your recent statement (16 Dec 81) that "you fear that the government conducts foreign policy primarily based on criteria of a domestic policy," still stand?

Answer: These are delicate subjects. They cannot be exposed to public discussion, particularly while they are still in a state of development.

On the last sentence that "the government conducts foreign policy based on criteria of a domestic policy," I comment: It still stands. We have a small example with a great reverberation: the notorious veto on the communique at the NATO defense minister's conference. One--this was primarily a Turkish veto which in the end became a Greek veto. Two--from the viewpoint of foreign policy it was not a success. What did it give us? It caused the irritation of many countries, some of which even attempted to help us, during the NATO defense minister's conference, with great efforts. There-by contrast this appears to have been a domestic policy victory because it gave the excuse for domestic boasting and for the organization of a peoples fiesta.

Question: How do you view the reports that the Turks are sending new strong forces to Cyprus?

Answer: These reports must be true because otherwise the government could not have broadcast them in such an emphatic way. If, consequently, these reports are true then this is a very grave matter. I cannot comment upon it at this very moment. The government must study this matter exhaustively and it must reach the appropriate conclusions, particularly in respect of continuation of the dialogue. In international affairs where regulations do not have any executive authority the saying: "Those who are in possession are the happier" does apply. Those who are in possession are all the more happier so long as the occupation continues.

This creates numerous personal interests; it creates numerous psychoses among the people; it creates obligations or even the enslavement of the political leadership which cannot easily conduct a policy contrary to the psychosis of public opinion. Care is, therefore, essential. Care is essential for the entire issue, particularly after the indication that this is a large-scale reinforcement of the occupation forces in Cyprus.

CSO: 4621/93

PSI'S CRAXI CONDEMNS POLISH MILITARY'S HARD LINE

PM211117 Rome AVANTI in Italian 15 Dec 81 pp 1, 8

[PSI Secretary Bettino Craxi commentary: "Roots of Crisis"]

[Text] The need for a free trade union and for new freedoms in a communist society immediately seemed like an extraordinary phenomenon and an exceptional novelty. The change that was taking place in Poland in the direction of greater pluralism was welcomed as a sign of a thaw and of a possible transformation or correction, in a democratic direction, of the rigidity of the communist authoritarian system. It seemed more natural for this to take place in Poland, that is, in a society that had partly resisted the excesses of Stalinization and collectivist bureaucratism and which had on several occasions produced substantial reactions. Poland has remained loyal to deep-rooted social and religious traditions and not even the communist regime and the pressure of Soviet imperialism in Eastern Europe succeeded in eliminating an aspiration to freedom and a proud spirit of independence. At the root of this crisis, that is now plunging toward confused and worrying prospects, there is a political issue and a national issue, over and above the serious economic malaise and the trade union aspect. This remains the root of the problem. It is in order to prevent the development of a political process inspired by a desire for more democracy and more independence that recourse is being had to the mobilization of the armed forces and to emergency repressive measures, while in the background there looms the potential threat of a foreign invasion.

This remains the fundamental issue. Simplistic analyses which cite errors of management and conduct run the risk of seeming like analyses of convenience, designed expressly not to indict on the one hand the Polish communist system and on the other the responsibility and the presumption of the Soviet Union. Gierek cannot be put on trial, as Gomulka was yesterday and Jaruzelski could be tomorrow. It has been of little use in the past. It will be of little use in the future. If repression and force are used for dealing with a process that could have been tackled and moderated by means of tolerant evolution, the Polish crisis will encounter no solutions.

At present we still fear the worst, namely, that the dramatic crisis could plunge to disaster. We hope that this prospect can be averted, though the military's sudden adoption of a hard line bodes no good. There are both Polish domestic problems and international problems which threaten to become seriously exacerbated. The economic crisis--already critical and growing worse--requires from Polish society

an effort that can only result from a line of concord and of understanding toward the new demands being put forward by the broadly representative people's forces. International relations, to restore whose equilibrium such a laborious effort is being made, would become extremely envenomed, difficult and critical if Poland were to become the theater for a national tragedy and for acts of oppression and outside interference. The Polish communist leaders--certainly pushed along this path by heavy Soviet pressure--have taken a dangerous and irresponsible decision, setting military force against a trade union which rallies no less than 10 million Polish workers. The USSR continues to behave like an imperial power that sets the power logic above all other considerations. We must have the courage to declare that we are witnessing a decline that has reached an advanced stage that brings it into conflict with the people's rights and the course of history.

Repressive measures and limited sovereignty are bound to encounter growing opposition everywhere, but especially in the European countries, which have more experience of and can appreciate the values of a democratic civilization. Nothing must be done that might prompt an exacerbation of the Polish situation and, at the same time, an exacerbation of the international situation. But neither must anything be done that might seem like passive indifference and thus encourage the current repression and a regression from the gains that have characterized the growth and the popular success of the solidarity movement. It is necessary to reassert strong solidarity with the Polish trade union movement and democratic movement, to protest vigorously against the arrest of trade union leaders and militants and to demand a return to a climate of tolerance and dialogue.

This is the only path that can enable Poland to surmount its crisis. There must be a mobilization of democratic public opinion, of which the socialist party is, and will remain, an active and militant part, alongside the Italian trade union movement. The PSI directorate urges all party members to adopt in all forums suitable political initiatives to condemn what has happened, to express solidarity with the Polish people and workers, to discourage any tendencies toward an exacerbation and to vigorously demand a return to normality.

CSO: 3104/67

BERLINGUER DISCUSSES POLAND ON ITALIAN TV

PM211535 Venice L'UNITA in Italian 16 Dec 81 pp 1, 22

[Report on PCI Secretary General Enrico Berlinguer 15 December press conference on Italian television by Ugo Baduel : "Berlinguer: New Historical Phase Must Begin With Exhaustion of Capacity for Renewal in Eastern Bloc"]

[Text] Rome--A number of more or less pertinent and not always obvious questions, a few petty attempts at propagandist manipulation, a stubbornness on the part of some journalists in refusing to understand the clearest words: On the whole, Comrade Enrico Berlinguer's television press conference last night was, in any case, out of the ordinary. The main topic of discussion was Poland, as was natural and right, though in the second part some political topics concerning our country were broached.

However, the dramatic Polish situation was the focal point of general interest--both on the part of the journalists present (from GIORNALE NUOVO, IL MESSAGGERO, NUOVA SARDEGNA, THE TIMES, GAZZETTA DEL SUD, LA NAZIONE AND IL GAZZETTING) and on the part of the viewing audience. "It has been asserted that Berlinguer's remarks tonight to millions of television viewers will be very important," one newspaper wrote yesterday morning. And of course there was an air of expectation.

The first question made it possible to broach the core of the subject immediately: It concerned Sunday's PCI Directorate document and the headline of the editorial in yesterday's L'UNITA ("Thorough Analysis Needed"). Do you really believe that your analysis has been "thorough," the journalist asked?

The PCI Directorate, Berlinguer replied, met immediately after it learned of Saturday night's serious events in Poland and said what had to be said immediately. In other words, it expressed our strict condemnation of the state of siege proclaimed in Poland, our condemnation of the arrests and restrictions of democratic and trade union freedoms; it demanded that the detainees be released and that the freedoms be restored; that it be made possible to resume the path of dialogue among the various components of Polish society to find a political solution, not based on force, to the serious crisis disrupting the whole of Poland.

At first, Berlinguer said, there were serious errors of economic approach and of administrative methods committed by the ruling communist party, which prompted a split between the government and broad masses of citizens, first and foremost the working class. It cannot be denied that there were subsequently extremist thrusts

of various kinds in the party itself and in the trade union organizations: This is an objective fact which in no way alters our stance, which seems to me entirely lucid and clear.

In general terms, Berlinguer continued, it can also be said that what has happened in Poland prompts us to believe that in fact the driving capacity for renewal in the East European societies--or at least in some of them--has been running out. I am talking, the PCI secretary general explained, about a driving thrust which was apparent for long periods and which began with the October Socialist Revolution, the greatest revolutionary event of our era. This event subsequently led to a series of movements and struggles for the emancipation of the peoples and also to a number of gains. Now we have reached a point where that phase is coming to a close, and to ensure that the socialism that has been realized in the Eastern Bloc countries can experience a new era of renewal, the following two fundamentals are essential:

1--The detente process must continue (clearly the exacerbation of international tension and the arms race lead to an increased rigidity on the part of various kinds of regimes, including those regimes);

2--It is necessary that progress be made in the West, in Western Europe, by a new kind of socialism that is indissolubly linked with the values and principles of freedom and democracy and that is based on them; and this is our party's fundamental policy, strategy and inspiration, which are now newly confirmed. A contribution in this direction was made by the L'UNITA article that was mentioned.

In answer to the last question of the press conference, Berlinguer himself reaffirmed these concepts. Yours is still an incomplete analysis, one journalist argued somewhat aggressively: in other words, you are still not "thorough" in your appraisal of those political regimes and systems.

In fact, Berlinguer objected, what you want is not a thorough reflection: What you want is drastic definitions and petty formulas. Instead, I have raised an issue which I consider the most fundamental of all. When I say that an entire phase is over in the movement for socialism that stemmed from the October Revolution, that it is a matter of embarking on another one, first and foremost in the capitalist West, and when again I say that this new phase can greatly help the Eastern Bloc regimes themselves to regenerate themselves in the direction of a real democratization of their political life, it seems to me that this is the real "fundamental" issue now facing the workers' forces and the democratic forces of the Western world and in our country.

Many other aspects were broached, still in relation to Poland, but also more generally the international situation. Peter Nichols of THE TIMES, for instance, asked whether the communists are irritated by the pope's peace initiatives.

Berlinguer replied that the pope's remarks, especially recently, condemning the arms race are correct remarks which heed and reflect the will of millions and millions of believers who have demonstrated with us or independently in Italy and in Europe. In particular the PCI secretary general expressed approval of the pope's decision to send his representatives, chosen from the members of the Papal Academy of

Sciences, to various powers (the United States, the USSR, France, Britain) to expound the catastrophic disasters that a nuclear conflict would cause. The demand for a ban on all nuclear weapons is shared by us too, as it is by all peace movements. With regard to Eastern and Western Europe, its unity and shared civilization, too, the pope expresses a concept that we do not consider alien, albeit in different terms.

Answering a journalist who described the indissoluble link between democracy and socialism confirmed in Sunday's PCI Directorate communique as a "happy heresy," Berlinguer said that the Italian communists believe that the fundamental teachings given to them first by Marx and later some of Lenin's teachings retain their validity, but that there is an entire section of these teachings, of this heritage, that has lapsed and has been abandoned--and abandoned by the Italian communists themselves, with the new developments in their formulations, which concentrate on the subject of the roads to socialism and the forms and modes of socialist building in economically developed societies with democratic traditions, such as the West European societies. Berlinguer proceeded from this to a reexposition of the entire subject of the "third say" formulated by the PCI.

With regard to the Atlantic Alliance, the PCI secretary general said that the PCI now recognizes it, but demands that Italy act within it with more initiative and autonomy with a view to working for international detente and the elimination of the blocs. In principle, moreover, Berlinguer added, it definitely cannot be said that all states that do not belong to the Western alliance do not have guarantees of security, because there are countries in Europe--ranging from Austria to some Scandinavian countries and Yugoslavia--which do not belong to any alliance. In short, it is a matter of choices regarding international political requirements: we believe that the issue of Italy's pullout from the Atlantic Alliance should not now be raised; we believe that the issue of more autonomous options within the context of the alliance should be raised.

There were many more questions and answers concerning both international issues (China's stance on the Polish situation and the USSR, for instance, or the PCI's declared intention to undertake initiatives of its own, including international ones, in connection with the Polish crisis) and domestic issues. With regard to international matters, Belinguer took the opportunity provided by a question concerning Latin America to point out once again--and to deplore the fact forcefully--that whereas the PCI condemns all regimes everywhere that repress freedom and democracy in any way, not a single word of condemnation has ever come from [DC secretary) Piccoli with regard to the terrible repression and massacres carried out by the Christian Democrat Duarte's junta in El Salvador.

Next Italy's problems were discussed. Berlinguer denounced the aims of those who are aiming cynically at further early elections for petty partisan interests; he confirmed--recalling the head of state's remarks--the severe verdict which the communists issue on the indulgence shown by various parties toward some of their representatives involved in the P2 scandal. In answer to a specific question, he said that he acknowledged the sensitivity demonstrated by Socialist Labriola in relinquishing his post as lower house floor leader, albeit tardily.

There were two questions and answers concerning Sardinia too. With regard to the Sardinian regional government, Berlinguer said that it has done good work and that the communists certainly are willing to extend it to other forces, including the DC, as long as, however, no blind crisis is opened up and the dialogue among the political forces takes place on specific points of policy.

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BERLINGUER'S STRASBOURG TALKS ON POLAND, GOLAN

PM220957 L'UNITA in Italian 18 Dec 81 pp 1, 22

[Dispatch on PCI Secretary General Enrico Berlinguer 17 December press conference in Strasbourg by Arturo Barioli: "Brandt and Berlinguer Have Long Conversation About World Crisis"]

[Text] Strasbourg--A lengthy and in-depth conversation with Socialist International chairman Willy Brandt; a press conference for correspondents of the most prominent European newspapers and press agencies; and a speech to the European parliament about Europe's crucial problems: PCI Secretary General Comrade Enrico Berlinguer's stay in Strasbourg was brief but intensive. The rumours of a possible meeting with Brandt had been circulating since Tuesday and aroused the interest of journalists, to whom Berlinguer replied as follows: "I had a lengthy and in-depth meeting with Willy Brandt such as we have already had and will have again, since we both consider it normal for exchanges of viewpoints to take place between two parties that are an important part of our countries' political life and which exert major influence in European political life.

"The exchange of ideas broached matters concerning both countries and both parties and the international situation as a whole, with special attention to arms reduction, detente and the North-South dialogue. As is known, Brandt presided over the proceedings of the UN Commission which drew up a substantial report on the problems of a new international economic order. At its Central Committee meeting our party made its own contribution to tackling these problems with the peace and development charter that we are presenting to all the progressive forces of Europe and the Third World. We also discussed individual situations that are prompting grave concern, such as those in Poland, in the Middle East following Israel's annexation of the Golan Heights, and in Central America. We also talked at length about the EC, its state of crisis and the problems posed for the leftwing forces by the exacerbation of the economic situation in all European countries."

There were numerous questions from journalists about Poland, and the Italian communists' stance and initiatives in that regard. In this connection Berlinguer recalled the decisions of the PCI Directorate, which condemned the proclamation of the state of siege and the measures aimed at suppressing civil and democratic rights and spoke out for the full restoration of democratic and trade union rights, for the resumption of the dialogue among all components of Polish society to facilitate a political solution to the Polish crisis and for a new thrust to detente. Denying

any desire to regard events in Poland "as a purely domestic matter for Poland," Berlinguer said that "they deeply concern us not only from the foreign policy viewpoint but also as a communist party that has always adhered tenaciously to the defense of the principles of freedom and democracy in all countries throughout the world and, therefore, now in Poland too, where they have been violated."

Next Berlinguer referred to his recent television press conference, stressing that "the events in Poland prompt us to deepen our analysis of the general problems of the struggle for socialism in Europe and throughout the world."

"We proceed," Berlinguer told a German newsman, "from the observation that we have seen the end of the phase in the socialist building struggle that was opened and begun by the Soviet socialist revolution and that has lasted several decades. October 1917 was the greatest world revolutionary event of our era: it led to the building of the first socialist state, the Soviet Union which, through asperities, heroism and also major tragedies, freed itself from the terrible backwardness of czarism and was able to stand up victoriously to nazis and to make a decisive contribution to its defeat, while sustaining very major sacrifices. This led to the birth of several socialist states in Europe.

"The October Revolution smashed the unchallenged rule of capitalism and imperialism; made possible the birth of communist parties throughout the world; and imparted a thrust to their struggles for economic and political amancipation and to the struggles of the revolutinnary, liberation and independence movements of the former colonial peoples of Africa, Asia and elsewhere.

"All the gains that stemmed from the 1917 Revolution for the masses of workers and working people in so many countries and the changes that it caused and subsequently brought about in world balances in favor of the cause of socialism have been, and still are, of great improtance: unless those changes had occurred," Berlinguer pointed out, "we would not be here talking about how to more forward and transcend them.

"But, looking at the overall experience of the entire socialist and communist workers movement from its emergence to the present day, the various phases of its history, the forms that have characterized its gains and victories and the causes of its errors and tragedies we say: just as the first phase in the life of the world workers movement--the socialist and social democratic phase--was eventually exhausted and transcended by the second phase which began with the October Revolution, the birth of the communist parties and the Third International, so now, in the eighties, this second phase has also exhausted its driving force and is historically concluded. I believe," Berlinguer added, "that we have now entered a new phase in the life and struggles of the world workers movement, the third phase that must constitute an improvement on the two previous ones and that we Italian communists have called the third way. In other words, it is a matter of building socialism in the Third World countries and the economically developed countries which have democratic traditions, such as those of Western Europe--and this within observance of the values and rules of democracy. This is a path that demands original and new political, economic and social solutions different from the existing ones in the Soviet Union and the countries where socialism has hitherto been realized. The advance in Europe and throughout the world of this struggle for a different kind of socialism would also make a major contribution to the regeneration process in Eastern Bloc countries."

In answer to a question about his opinion concerning the advisability of economic sanctions against Poland, Berlinguer said: "They would harm the Polish people, would be interpreted as another hateful hostile act against them and would not assist the quest for a political and peaceful solution. That would impart an impetus toward an exacerbation of the situation and a stiffening on the part of the various political and social systems, whereas detente, arms reduction and a policy of broad relations could facilitate a process of democratization in all social systems." With regard to Israel's annexation of the Golan Heights, Berlinguer said: "The action carried out by Israel is extremely grave, a patent violation of international law and of UN resolutions and a challenge and provocation to the entire Arab world and to the countries of the Western world and of Europe which have spoken out in favor of the UN decisions and against unilateral acts. It is a decision which makes it even more absurd to stand by the decisions to send a multinational force to Sinai, involving four European countries including Italy. We criticized that decision when it was taken, but we now believe that the four European countries and the EEC should review it, since it would provide an endorsement of the act of force committed by Israel." Last, Berlinguer was asked whether Europe can still play a role of its own on the international scene. "In a world laden with tension, particularly as a result of the rivalries between the two major powers," Berlinguer replied, "there is now a greater need than ever for a Europe different from the one that exists--a Europe that will play an autonomous role on its own initiative for detente, disarmament, the development of the underdeveloped countries and the peoples' independence and freedom. This is also essential for surmounting the serious economic difficulties--particularly unemployment--that Europe is experiencing." The PCI secretary general's speech to the European parliament dealt mainly with Europe.

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PAPERS VIEW INCONCLUSIVENESS OF DANISH ELECTIONS

PM141319 [Editorial Report] Norwegian newspapers of 10 December carry editorials on the outcome of the Danish Folketing election. The papers comment on the main voting trends--losses for the Social Democrats and Liberals and gains for the Conservatives, Center Democrats and the Socialist People's Party--but are uniformly gloomy in their predictions for government formation, given the new situation in a Folketing with nine parties, none with a natural majority, and an approximate balance between the socialist and nonsocialist blocs.

ARBEIDERBLADET writes on page 4: "Given the situation in Denmark at the moment the country needs anything but long and uncertain government formation negotiations. Swift and effective measures to combat unemployment and the poor economic situation are needed, but in the immediate future nothing is likely to happen.

"What Denmark needs is a period of at least 4, ideally 8 years with a government capable of pursuing a consistent policy. A government which at the same time has the authority to ensure a reasonable distribution of the burdens and social balance. This will not be possible for a minority government, which would have to compromise its way from issue to issue.

"What is needed is money for investment and for a long-term employment plan which can be carried through without interruption and which can give employees security.

"Unfortunately we see no possibility of this given the present election result."

AFTENPOSTEN in its page 2 editorial shares ARBEIDERBLADET's concern: "The major and crucial question is, however, whether it will be possible despite all the political disagreements to form a workable and working government. What economic policy would a possible future nonnsocialist government be able to pursue--all the more so since the Liberals' and Conservatives' program of action only has the support of the Progressive Party? It would probably not be long before an impasse were reached. No matter how incredible it may sound, it is therefore impossible to exclude the possibility that the result of the Folketing election could be that the Social Democrats, the election's big losers, will continue to rule. If this does happen it will only come as confirmation of the fact that in Danish politics almost anything can happen."

CSO: 3108/30

PAPER PONDERS SOVIETS' BALTIC INTENTION IN SUB AFTERMATH

PM091717 Stockholm SVENSKA DAGBLADET in Swedish 3 Dec 81 p 2

[Editorial: "The Sea of Peace--Latest Developments"]

[Text] The captain of submarine 137 would have been wise to have done his homework better in the Soviet Navy's counterpart to MARINNYTT [Swedish Naval publication]. There he would have been able to learn from a senior colleague, Admiral Panteleyev, some useful tips on how to behave when navigating in archipelagoes. One should for instance bear in mind that winds in archipelagoes can be treacherous, and one should remember one's vessels' turning circle in order not to run aground during navigation.

The Soviet Union does not have archipelagoes to any great extent. The admiral quite rightly refers to problems which may be encountered in maneuvers in Finnish or Swedish waters.

As we have said, Captain Guzhin would have done well to ponder this advice. Then he would have avoided running aground off Karlskrona to the amusement of all and sundry and causing considerable irritation for his government, to say nothing of his admiral at home in Kaliningrad. Hopefully, the captain is a very able and well-trained seaman; otherwise it would be doubly hazardous to entrust the care of nuclear arms to him. Nevertheless Sweden must politely but most firmly decline to provide training grounds for the navigational exercises so warmly recommended by Admiral Panteleyev.

Alongside the interesting report of the problems of navigation in archipelagoes, SVENSKA DAGBLADET's readers have been able to read that the Russian ships waiting with growing impatience outside Swedish territorial waters for their ingloriously grounded comrade had marines on board. Of course, we would all like to hope and believe that Swedish Commander in Chief Lennart Ljung is right when he says that this does not need to be interpreted as preparations for an armed rescue attempt.

This is not the point. The marines, as their name indicates, are a special force exceptionally well trained and well equipped for landing operations. It is well known that the Soviet Union's Baltic marines often carry out large-scale exercises involving this type of operation. Most recently there were exercises on the Estonian island of Saaremaa which attracted much attention. Since it would be unreasonable to assume that the Baltic marines are intended for use on Soviet territory, it is obvious that the Soviet Union's Baltic neighbors should ask themselves whether there are any other large islands in the vicinity which could attract the attentions of the scheming Russian admirals....

In certain circles in Sweden--one recalls famous names like Alva Myrdal [Swedish disarmament expert] and Maj Britt Theorin [Social Democratic disarmament champion], not to mention others--it is claimed that the type of war which involves elements such as invasion from the sea is no longer possible. It is therefore unnecessary to equip the Swedish armed forces to counter such threats.

It is only unfortunate that the military leaders and experts on the other side of the Baltic have a different view. And they probably have greater practical influence on the course of events than the prophets of the Swedish peace movement.

CSO: 3109/66

UK CP OFFICIAL REAFFIRMS POSITION ON POLAND

PM211709 London MORNING STAR in English 19 Dec 81 p 3

[Article by Gerry Pocok, head of UK CP International Department: "Polish Democracy Is First Casualty"]

[Text] The events of the last few days in Poland have caused widespread concern. The resort to military rule after the long months of fierce debate conflict and compromise is a setback to the hopes aroused and agreements reached.

It cannot be otherwise. For the whole basis of the process that has taken place in Poland since August 1980 was the democratisation of Polish society, the development and extension of socialist democracy.

In fact all are agreed--the party, solidarity, the government--that it was precisely the absence of democracy and involvement of the people that was the major cause of the economic, social and moral collapse.

It was the process of democratisation which brought the legalisation and growth of solidarity with a membership of nearly 10 million, including many communists. It brought rural solidarity and many other institutions with mass support.

The Polish parliament, the Sejm, has been reinvigorated. Many new laws have been adopted, others are in the pipeline. The Polish United Workers Party itself has undergone many changes, not only in its leadership but at all levels including the way in which the 9th extraordinary congress of July this year was prepared and carried through.

Principles

It was this congress that confirmed the estimate of the causes of the critical situation already made by the Central Committee: that they were due to departures from the fundamental principles of socialism.

It is unquestionably true that the tumultuous events sparked off in the Gdansk shipyard in August 1980 have been compounded of many elements, including anti-socialist ones, and those who just had no confidence that promises would be kept.

This too was understandable, given all that had gone before. In a statement it made in September 1980 the Communist Party of Great Britain said: "Previous crises,

in 1956, 1970 and 1976 had shown that although socialism had brought tremendous advances to the Polish people in the postwar period, there had also been gross violations of socialist democracy and a failure, even after these were revealed, to make the necessary changes with the speed and on the scale that was needed."

The news of the shootings this week must make many Poles feel that history is repeating itself once again, and that they are witnessing yet another failure to carry through reform.

The other factor is that throughout this 16 months the main force bringing about change and reform has been the mass pressure of millions of ordinary Polish people.

This pressure has taken many forms but the main one is solidarity. Without this pressure there would have been no Gdansk agreement, no legalisation of solidarity and rural solidarity, no 5-day week, no new laws and no special congress of the PUWP.

There would still have been the economic difficulties, shortages, large-scale corruption and the lack of democratic involvement.

All this had profound effects on the PUWP itself. As the July extraordinary congress noted there are sections of the party opposed to any real change. And those who did want genuine change were working in entirely new situations for which there were few guidelines.

The decree setting up the martial council of national redemption pledges itself to continue the reforms and renewal, and that pledge is to be welcomed.

But democratisation of society, the full participation of people in decision making are the essence of the renewal, and these have been the first casualities.

That is why our party has called for the immediate release of the trade union representatives who had been detained, the restoration of all democratic rights, and return to civil rule.

No one can deny the desperately serious situation in Poland--economically, financially, politically. The severe economic problems caused by mismanagement have been made many times worse by the effects of the inflation and crisis of the capitalist world, and this can only be partially offset by the generous help given by the other socialist states.

But the lesson of the past is that economic reform and democratic reform are two sides of the same coin. They cannot be separated.

In terms of Poland, this means establishing, through dialogue, a political partnership between the PUWP, solidarity, the church and other institutions. But this can only be a genuine partnership if it is a partnership of independent bodies.

Differences

In recent weeks the political temperature in Poland had risen. There were big political differences of opinion. Let me once again refer to the British communists'

recent congress when the party said: "The Polish people have to overcome both the efforts of those who seek to block change, and of those, including sections of solidarity who are motivated by anti-socialist and reactionary motives."

For example, the authorities gave great publicity recently to extracts of speeches made by solidarity leaders, including Lech Walesa, which included calls for the replacement of the government.

The Solidarity National Council meeting last Saturday adopted a series of demands, and stated that government failure to accept them by December 31 would lead solidarity to organise a referendum which would ask among other things whether people would favour the setting of a provisional government.

The government responded to these provocative developments by jumping in the blanket measures against the Polish people as a whole. But there is no indication of any attempt to use the normal processes of law against anyone suspected of illegal acts.

Of course sovereign states have the right to take emergency powers in special circumstances. But these must remain subject to civilian control and parliament. This is not what happened in Poland.

It is sometimes argued that solidarity was more than just a trade union, that it made political demands. It is hardly likely that a trade union born in the circumstances in which solidarity appeared would be just like a trade union that had developed over generations in a capitalist society.

Nor do communists believe that trade unions should only have views on what are considered "trade union matters."

Trade unions are democratic mass organisations of working people and rightly speak out on many issues. At the recent all-European trade union conference in Geneva, solidarity rubbed shoulders with the TUC. The Soviet trade unions and all the rest, and joined with them in issuing an appeal against nuclear weapons.

It is also the case that Polish workers do not have years of experience of negotiation, and this may account for some economic demands being formulated and pressed that were quite unrealistic in the circumstances.

Solidarity, like the party, was working in a situation for which there was no precedent.

At the meeting of the Central Committee of the PUWP held at the end of November there was agreement that the Sejm be asked to grant emergency powers to the government, including a ban on strikes. It is true that this proposal attracted a lot of criticism, including from the church, but why was the proposal not carried through?

Particularly as there was a session of the Sejm planned for this week.

Democracy

Communists in Britain are for a continual extension and development of democracy and decision making by the people. That means a trade union movement independent

of the state. That's why we support solidarity in Poland and are totally opposed to Tory anti-trade union legislation here.

Our programme, "The British Road to Socialism" stands for the primacy of parliament. The same should apply for Poland.

Throughout the months of crisis in Poland, the Communist Party has emphasised three things: Firstly, the great achievements of people's Poland, notwithstanding all the shortcomings; secondly, that it is for the Polish party and people themselves to overcome their problems without outside intervention; thirdly, our solidarity with the Polish Communist Party and people.

In expressing our views on the present situation in making known our support for the immediate release of those detained, restoration of democratic rights and return to civilian rule we reaffirm those three points.

CSO: 3120/29

PAPER SEES REGRESSION IN PAPANDREOU CYPRUS REMARKS

NC131003 Nicosia I SIMERINI in Greek 13 Dec 81 p 1

[Editorial: "Wrong Conclusion"]

[Text] Last Friday night the Greek Cypriots watched [on Nicosia television a videotape of] Mr Papandreou's press conference. They carefully listened with interest to what he said about NATO, the Aegean and Cyprus. They particularly listened to questions which the newsmen put to him and the answers which he gave. The questions were clear, but difficult. The answers were in accordance with the difficult questions. Mr Papandreou did not do badly. He failed to give satisfactory replies and to brief the Greek people on their pertinent questions. However, he has the excuse that he could not embark on details that refer to current foreign policy and future foreign policy planning.

We will dwell particularly on two very important positions put forward by Mr Papandreou in connection with the Cyprus problem and Turkey. The first position is the basic prerequisite that any progress in the Cyprus problem is the withdrawal of "all the foreign military forces" from Cyprus. Mr Papandreou is rightly describing it as a basic prerequisite. However, he failed to say, he cannot say, how this prerequisite can possibly be implemented. How are the Turkish troops going to leave? Obviously this applies for the British troops as well...who will pressure the Turks to leave and to whose pressure is Ankara going to give in? In the past, as well as today, the behavior has been the other way round. The economic and military aid to Turkey has been, and still is, "unlimited" as the Greek prime minister called it.

The second position refers to a serious assessment. The assessment is that the Turkish minister of defense gave the impression at NATO that Turkey favors peaceful settlements. Mr Papandreou's conclusion is "totally" wrong. Turkey could not conquer Cyprus through peaceful means, just as it cannot conquer the Aegean through peaceful means. It has conquered half of Cyprus militarily. It knows that it could conquer the Aegean militarily. This assessment is a matter of common and political sense. This is so because the history of Turkey and its successes at the expense of the Hellenic nation in the last 50 years do not allow room for other assessments or conclusions.

But beyond the said two positions, Mr Papandreou also made a prediction for the future, a prediction and a decision. If the inter-Cypriot talks and the famous

"evaluation" fail, then we will again go to the United Nations. But is this going to be progress? Is this going to be a step toward a Cyprus solution? No, this would be a solution of necessity. We must do something after the failure, because the recourse to the United Nations would simply be an action to keep us "busy." In fact, it would be retrogression.

From the aforesaid, it can easily be concluded that we are in a fluid situation. There is no fresh, concrete, practical approach but, there are fresh optimistic moves on the part of Greece for a breakthrough of the "indifference" toward the Cyprus problem. There is desire and courage to gradually put the Cyprus problem on the basis of the theoretically perfect slogan that the Cyprus problem is a problem of liberation. But how and who will achieve this is a very burning chapter, and no one dares to open it yet. And, of course, this question is not connected with our president's impressive statement that he has succeeded in ensuring discussion of the Cyprus problem at this year's UN General Assembly whenever we want to. But what would the General Assembly say or do beyond what it has said and has done until today?

Mr Papandreou was asked about the current Greek-NATO relations and he said that they are "vague." He was asked what is going to happen with the replacement of the Rogers agreement; he said he does not yet know. He was asked who is commanding Greece's armed forces; he said the question is complicated and the answer difficult. He was asked what will be done with the balance of military forces that is developing in favor of Turkey; he said that this is a serious problem. These few answers provide a gloomy picture for the future. Papandreou has inherited burning and unresolved problems. He moves with courage and determination. The "restrained optimism" that he offers includes obvious elements of serious consideration and agonizing skepticism. The nation is on his side. Time will show where we are and to where we are heading. Until then, speaking less and doing more would probably be the best policy. At least the Turks have been following this policy and they have not suffered any loss!

CSO: 4621/88

ATHENS PAPER OBJECTS TO WITHDRAWAL FROM NATO

NC120950 Athens AKROPOLIS in Greek 11 Dec 81 p 1

[Editorial: "Struggle Inside NATO"]

[Text] Definitely there is no one who would disagree with Mr Papandreou's proposal at the NATO session that the alliance should guarantee our borders against any threat. This proposal has been reasonable and fair and nationally advantageous; however, there was no need for the ovation that followed, it was not an achievement and it did not involve any heroic actions. NATO is not the Warsaw Pact where none ever dares to disagree with the Soviet Union. Every NATO member state is free to put forward any objections to any question, and can even withdraw from the military wing or even from the political wing of the alliance without being in danger of invasion by the tanks of the "alliance."

The Greek prime minister's proposal was moderate and it was worded in such a way that even Turkey could accept it provided, of course, that it did not cherish any malicious intentions. The proposal was merely asking NATO to extend protection to its member states "against any threat to their territorial integrity, irrespective or origin." Unfortunately there was reaction to this proposal--such a reaction from Turkey's side is understandable, but this does not apply in the case of some other members states of the alliance.

However, if we agree with Mr Papandreou's demand for a NATO guarantee of our country's eastern borders, we would not have agreed with him at all if he considered the objections by some allied governments to this question as sufficient reason to withdraw Greece from the alliance. Although such a decision would not increase the security of our eastern borders, it would expose us to serious dangers. It would put us in an extremely disadvantageous position toward Turkey. It would deprive us of all aid from the West, which would have to rely exclusively on Turkey, in which case Turkey would be aided much more than it is being aided today. In case of a war in the Aegean we would not be able to count even on NATO's favorable neutrality, and we would thus be left unprotected from the Eastern bloc.

However, the fact that Mr Papandreou did not push things to the extremes during the NATO session is encouraging. On the contrary, he appeared to be inclined to stay and to struggle inside the alliance for Greek rights, just as he has done in the case of the EEC. We want to believe that he will follow a similar line in the future as well.

CSO: 4621/87

ATHENS 18 DEC MARCH DENOUNCES POLISH MARTIAL LAW

NC200926 Athens NEWS in English 19 Dec 81 p 12

[Excerpts] A peaceful but impassioned protest against the Polish military crackdown was held in Athens Friday, with thousands marching through the city center to the parliament buildings.

Police estimated that over five thousand people took part in the march, while other sources set the figure at up to 15,000.

The protest was organized by a newly formed "Committee of Solidarity With the People of Poland." Participating were all Greek student unions, with the exception of the Moscow-line communists. Also taking part were other unions including public power corporation employees and teachers. The independent line Greek Communist Party of the Interior (Eurocommunists) was also represented.

Chanting slogans such as "hands off solidarity," "independence and freedom for Poland," and "out with the tanks," the marchers made their way from the downtown university campus to the parliament building.

They had intended to hand a resolution to the parliament, but were unable to do so because it has closed for the Christman recess.

They reportedly intend to hand over copies at a later date both to parliament and to the Polish Embassy in Athens.

Police said that the majority of the demonstrators then dispersed peacefully, and there had been no incidents. However, they reported that a group of about 1,000 left-wing sympathizers who they termed "extremists" returned to the university campus where they continued to yell slogans some against the Communist Party of Greece.

Prime Minister Papandreou, meanwhile, told the cabinet during yesterday's meeting that the government does not yet have clear information on the situation in Poland, and this is why it rejected the main opposition's motion for a parliamentary debate at this point.

Although we are in contact with the Greek Embassy in Warsaw," Papandreou said, "the situation there seems to be, at present, hazy and confused."

As soon as the government has more concrete information it will brief the Greek people on the Polish situation, the prime minister said, adding that, at any rate, the PASOK government stands by its position in support of independence of all nations and nonintervention in the internal affairs of another country.

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END